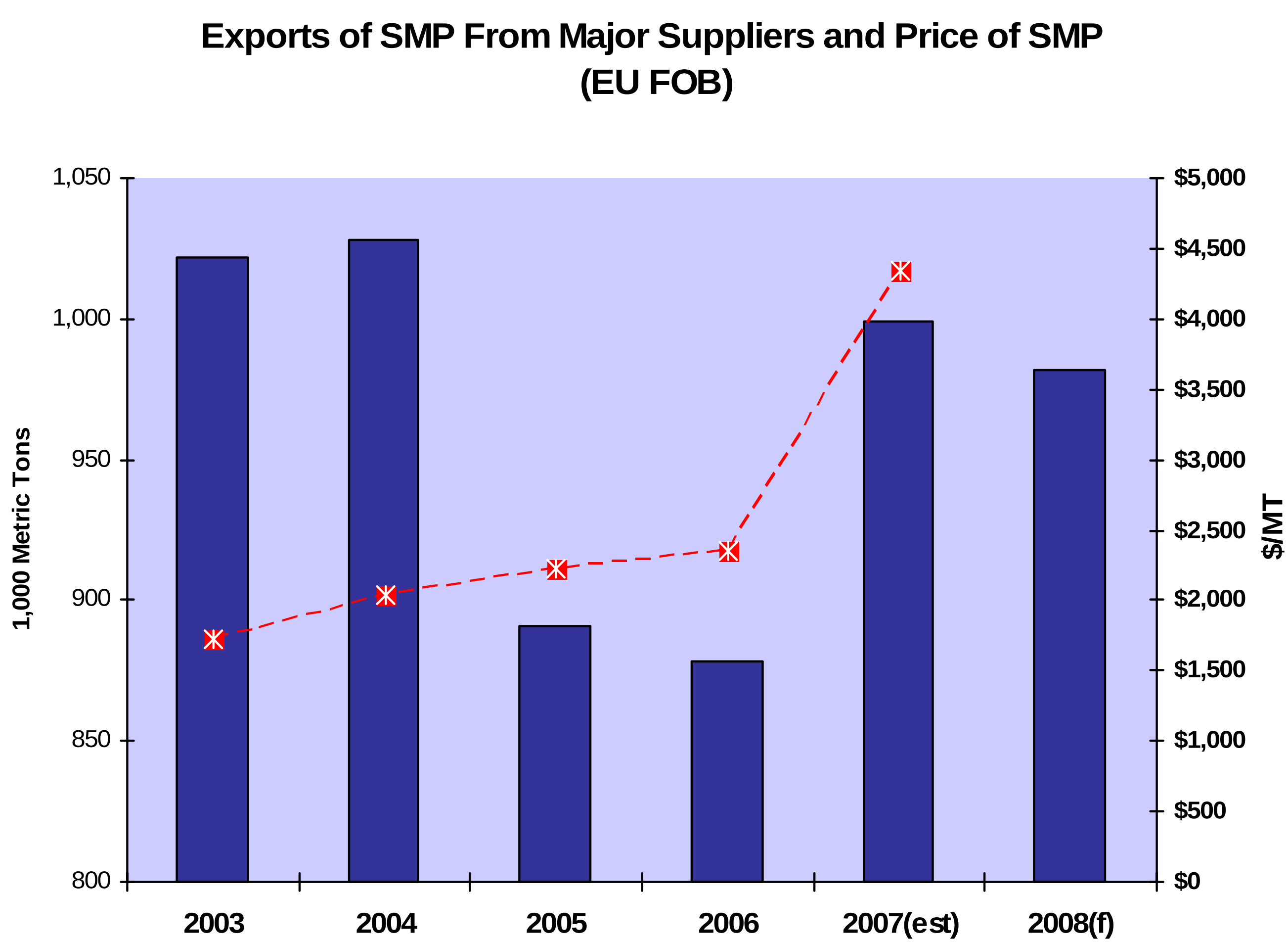
United States
Department of
Agriculture

Foreign
Agricultural
Service

Circular Series
FD 2-07
Dec 2007

Dairy: World Markets and Trade

Although the high prices of skimmed milk powder (SMP) experienced in 2007 were expected to draw supplies onto the market, exports of SMP from major suppliers in 2008 are forecast to decline. In principle, the key factors that fueled the sharp price increase of in 2007, i.e., drought in Australia, low buffer stocks, depreciating dollar, and continued global economic growth, are expected to prevail for much of 2008. The recent slip in prices, however, suggests that importers have improved their stock situation and thus have more latitude to delay and negotiate purchases. Further, there is concern that demand in certain countries may be flagging as higher prices are starting to filter through to consumers. It is probable that SMP prices will continue to weaken and although settling below the record 2007 levels will still surpass 2006 prices.



Note: Major exporters are defined as Argentina, Australia, EU-27, India, New Zealand, and the United States.

Dairy Production and Trade Developments

Summary

The outlook for 2008 points to relatively tight markets as exports of major dairy commodities are not expected to expand significantly while demand is likely to at least remain stable given that the world economy is forecast to grow at 3.5 percent. Although, high global dairy prices were expected to induce a sharp rise in milk output, factors such as high feed prices in the United States and drought in Australia are expected to temper any rapid expansion in global output. In fact, in Australia, the long anticipated recovery in milk production has not materialized as recent rainfall amounts have been insufficient to offset the effects of lingering drought conditions.

Over a longer-term horizon, the drought experienced by Australian dairy farmers is likely to hinder rapid expansion as Australian farmers are unlikely to put investment capital at risk given the recent history of dry conditions. This added risk premium is also likely to impact on the future prospect of the dairy industries of India and Argentina where Government policies resulted in outright bans on certain dairy product exports (India) or the imposition of a prohibitive export tax (Argentina). In both situations, any potential investors in the domestic dairy sector will have to contend with the reality that any investment returns from export markets may be jeopardized by Government policies favoring domestic political goals.

Although EU exports of SMP recovered strongly in 2007, the United States is the only major exporter of dairy products forecast to increase sales of SMP in 2008. For other major trading nations, exports of cheese and WMP in 2008 are expected to grow at the expense of butter and SMP. This shift towards WMP and cheese is part of a long-term trend towards products that can be readily branded into value added products for sale to consumers. In contrast, products such as butterfat and SMP tend to be used as ingredient sources for the production of dairy and other products.

The question for 2008 is where global dairy prices will settle. Not unexpectedly, following such a sharp spike in 2007, SMP markets appear to be in a correction phase and prices will probably settle at around $3,000 per ton to $4,000 per ton. WMP and butterfat prices also appear to be retreating while cheese prices are showing some resiliency underscoring strong demand. In principle, demand for dairy products in 2008 should remain strong particularly in Asia where GDP growth is forecast to grow by 5 to 6 percent and in the case of China, over 10 percent. The competitive edge the United States has capitalized on as a result of a weakening U.S. dollar is expected to continue as the real dollar exchange is expected to fall by 5 to 6 percent against the Euro and Chinese Yuan. Nevertheless, the financial turmoil as evidenced in the credit markets coupled with high energy costs are contributing to volatile market conditions which may undermine global economic growth.

Milk Production: 2008 Forecast Summary

In a surprising reversal, milk production in Australia for the 2007/08 (July/June) season is now expected to decline by 5 percent to 9.4 million tons; this would be the third consecutive year of falling production and the lowest level recorded since 1997/98. The long running drought which began in CY 2002 continues to plague the sector and farmers face low reserves of irrigation water and a lack of feed grains. Although farmers have been reaping the benefits of high global prices, production cost particularly feed costs remain high.

The longer-term outlook is mixed as it appears that even if there is a resumption of average rainfall amounts any expansion in milk output will be constrained. Further, with a history of drought, producers are unlikely to be willing to risk investing substantial capital amounts in expanding dairy facilities unless the threat of drought recedes.

Following a poor production season, 2008 milk production in Argentina is forecast to rebound by 6 percent to 10 million tons largely as a result of increased milk per cow output. In late 2007, the Government of Argentina imposed an export tax covering the difference between the international price of dry milk and a capped domestic price level of $2,100 per ton. This in effect signaled the Governments intent to prioritize domestic social policies at the expense of the dairy industry. While there have been no indications as to whether this export tax will be re-imposed in 2008, any surge in domestic price inflation for dairy products will likely trigger this export tax.

Milk production for the 2007/08 (April/May) season in New Zealand is projected to increase moderately by 1.5 percent to 15.8 million tons; the limited availability of cows and poor weather conditions are expected to hamper production. Nevertheless, dairy producers are reaping the benefits of a strong international market with export earnings surging and an announced milk price 43 percent higher than last year. Although there are concerns over the availability of land, high entry capital costs, and the environmental impact of dairying, milk output is anticipated to grow buy 4-6 percent in 2008/09.

EU-27 milk production forecast for 2008 is pegged at 133.4 million tons representing a half-percent increase from 2007. Robust export demand and growing domestic consumption have led to sharply higher domestic prices thus providing an incentive to farmers to increase milk output. Although, producers will have greater leeway to expand production since the milk production quotas for the EU-15 countries are set to expand by half a percent as agreed under the 2003 CAP reform; nevertheless, there are concerns that dairy farmers will be facing higher feed costs thus undermining profitability and output.

In the future, there may be further quota increases since the EU Commission issued a report recommending a rise in the EU-27 milk quota by 2 percent starting April 1, 2008. This would add an additional 2.84 million tons of milk quota to the current cap of 142 million tons and would likely lead to the increased production of cheese and WMP and to a lesser extent butter and SMP. There is, however, a great deal of uncertainty not just over the proposed quota increases but also over the phase-in period and issues such as quota mobility (currently allocated on a country-by-country basis) that have to be resolved in the upcoming 2008 “Health Check”. In principle, the EU Commission will attempt to recommend a path that allows for the termination of quota’s by

2014/15 while ensuring producers a “soft landing”. For the near future, this means allowing dairy farmers sufficient leeway in milk production to meet expanding domestic demand while not resorting to use of intervention supports or export restitutions to dispose of surplus product. Although EU export restitutions for dairy and other products were suspended, the recent re-introduction of a pork export subsidy underscores the EU’s continuing willingness to use export subsidies to meet political and/or economic objectives.

In the United States, 2008 milk output is forecast to increase by nearly 3 percent to 86.4 million tons as dairy producers continue to expand cow numbers and boost per cow milk output. Nevertheless, dairy farmers face the challenge of higher feed costs which is likely to lead to a weaker milk-feed ratio relative to 2007. The all milk prices are expected to average around $18.50 per cwt in comparison to the $19.15 per cwt estimated in 2007.

Cheese:

Among major trading nations, exports of cheese are expected to remain strong in 2008 with only Australia showing any significant decline. Australian exports of cheese are forecast to decrease by 7 percent reflecting the drought impacted drop in milk output. New Zealand exports of cheese are also forecast to fall by a marginal one percent but this is more a reflection of the low level of available exportable stocks; cheese production is in fact expected to increase by 7 percent. In the EU-27, high world cheese prices are expected to lead to a substantial gain of exports to reach 635,000 tons – a 6 percent jump from estimated 2007 shipments and nearly 17 percent above the average of the past 5 years.

U.S. exports of cheese are projected to reach a record 95,000 tons in 2007 and are expected to expand by a further 5 percent in 2008. However, U.S. domestic demand remains strong and price levels will play a pivotal role in determining export volumes.

Import market demand is forecast to remain robust in 2008 with Russia as the leading purchaser. Russian cheese imports have been growing at an annual pace of around 11 percent during the past 5 years and are expected to increase by a further 4 percent in 2008. The Russian Government is concerned by rapidly rising domestic prices and has taken steps to ease the importation of dairy products. The import ban on Ukrainian dairy products has been lifted, restrictions on Belorussian dairy products have been postponed, and some Bulgarian dairy processors have been cleared to export to Russia.

U.S. cheese imports are expected to slip by 3 percent to 190,000 tons which would represent the fifth consecutive year of declining imports. As in 2007, the high world cheese prices coupled with a weaker U.S. dollar are expected to erode significantly the competitive advantage of imported cheeses leading to a softening of import demand.

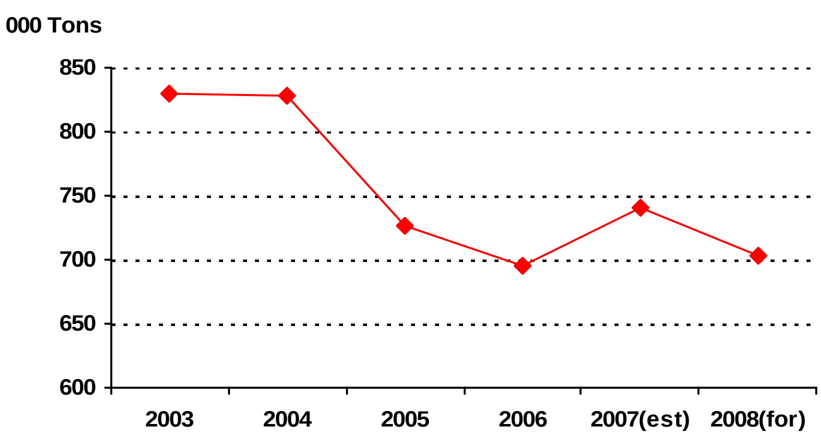
Major Markets For Cheese As Reported by Exporters			
Country	Jan.-Sept.	Tons	Change %
Algeria	2006	17,169	
	2007	15,369	-10.5%
Australia	2006	47,768	
	2007	47,534	-0.5%
Canada	2006	20,909	
	2007	20,077	-4.0%
El Salvador	2006	15,645	
	2007	15,210	-2.8%
Japan	2006	148,866	
	2007	164,023	10.2%
South Korea	2006	31,139	
	2007	35,341	13.5%
Mexico	2006	49,029	
	2007	59,691	21.7%
Russia	2006	145,667	
	2007	164,069	12.6%
Saudi Arabia	2006	50,595	
	2007	44,019	-13.0%

Source: GTIS

Butter

In general, trade in butter in 2008 is forecast to decline since additional milk volumes are likely to be channeled into production of cheese and WMP at the expense of butter and SMP. In New Zealand, butter production is expected to remain unchanged from 2007 but with stocks at low levels, exports are forecast to decline by 2 percent to 393,000 tons. In the EU-27, the situation is similar with the increased milk production being primarily used for the production of cheese. EU-27 exports of butter are pegged to drop by 8 percent to 240,000 tons. In Australia, the slide in milk output is anticipated to result in lower butter production and thus exports are expected to drop by 13 percent.

Exports of Butter - New Zealand, EU-27, Australia



Skimmed Milk Powder

Summary of Major SMP Exporter Forecasts for 2008
(Thousand Tons)

	2005	2006	2007 (est.)	2008 (for.)
Australia	141	189	175	168
New Zealand	221	243	327	312
EU-25	190	88	170	155
United States	277	287	255	275
Total	829	807	927	910

Note: Australia July-June, New Zealand June-May years

Exports in 2008 for the major exporters of SMP are forecast to decline slightly by 2 percent with the United States as the only nation expected to experience an increase in shipment levels over 2007. This comes after a surprising decline in U.S. exports of SMP during 2007 that are estimated to have dropped by 11 percent. This was largely attributable to the draw of milk into the production of cheese as firm domestic demand led to higher prices; in 2007 U.S. cheese production is estimated to have grown by 1.5 percent while SMP production dropped by 3.2 percent.

Major Markets For SMP As Reported By Exporters

Country	Jan-Sept	Tons	% Change
Algeria	2006	47,446	
	2007	69,951	47%
China	2006	45,381	
	2007	28,316	-38%
Egypt	2006	25,592	
	2007	18,539	-28%
Indonesia	2006	65,156	
	2007	73,749	13%
Malaysia	2006	50,642	
	2007	61,084	21%
Mexico	2006	57,214	
	2007	80,458	41%
Philippines	2006	78,593	
	2007	79,690	1%
Singapore	2006	38,071	
	2007	33,073	-13%
Thailand	2006	36,700	
	2007	40,501	10%
Vietnam	2006	30,420	
	2007	30,865	1%

Source: GTIS

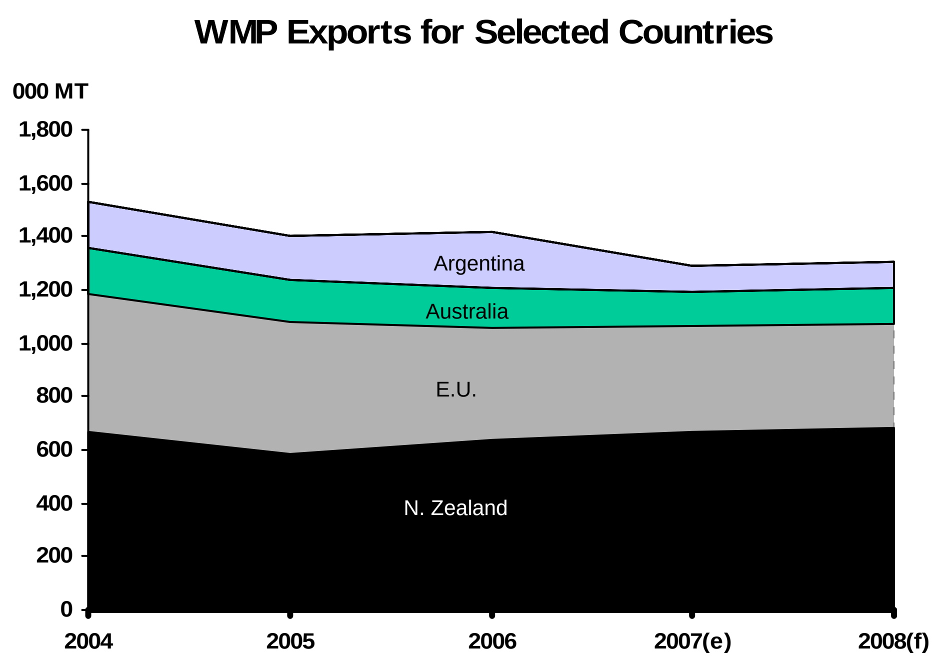
In Australia and New Zealand, exports of SMP are anticipated to decline due to lackluster milk output and increased production of cheese and WMP, respectively.

On the import side, the sharp rise in SMP prices experienced during 2007 has led to mixed results. In some markets such as China, Egypt, and Singapore import demand appears to have been negatively impacted based on preliminary shipment data through September 2007. In contrast, import demand appears to be up significantly in Algeria and Mexico, where import data indicate sharp increases of 47 percent and 41 percent, respectively.

For 2008, most major importing nations are expected to either increase or maintain steady import levels of SMP. In the key U.S. export market of Mexico, imports of WMP and SMP milk powder are projected to expand further by 12 percent. In 2008, imports of U.S. origin SMP, under the NAFTA agreement, enter duty-free.

Whole Milk Powder:

WMP trade in 2008 is not expected to expand significantly with Australia, New Zealand, Argentina, and the EU-27 forecast to ship some 1.3 million tons – up 1 percent from 2007. New Zealand remains the single largest exporter of WMP and for 2008, New Zealand's WMP exports are anticipated to grow by 1 percent to 685,000 tons. This will be slightly below the past 5-year average growth rate of nearly 3 percent annually. EU-27 exports of WMP are expected to decline marginally to 390,000 tons, well below the average annual pace of 465,000 tons registered during 2003-2007.



COWS MILK: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

Fluid Milk Production	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	7,734	7,905	7,806	8,041	8,145	8,140
Mexico	9,784	9,874	9,855	10,051	10,100	10,185
United States	77,289	77,534	80,254	82,462	84,095	86,410
Sub-total	**94,807**	**95,313**	**97,915**	**100,554**	**102,340**	**104,735**
South America						
Argentina	7,950	9,250	9,500	10,200	9,400	10,000
Brazil	22,860	23,317	24,250	25,230	26,750	28,890
Sub-total	**30,810**	**32,567**	**33,750**	**35,430**	**36,150**	**38,890**
European Union - 27 1/	**135,069**	**133,969**	**134,672**	**132,206**	**132,600**	**133,400**
Former Soviet Union						
Russia	33,000	32,000	32,000	31,100	32,000	32,725
Ukraine	13,400	13,787	13,423	13,017	13,100	13,150
Sub-total	**46,400**	**45,787**	**45,423**	**44,117**	**45,100**	**45,875**
South Asia						
India	36,500	37,500	37,520	41,000	42,140	42,890
Asia						
China	17,463	22,606	27,534	31,934	35,000	38,000
Japan	8,400	8,329	8,285	8,138	7,990	8,030
Sub-total	**25,863**	**30,935**	**35,819**	**40,072**	**42,990**	**46,030**
Oceania						
Australia 2/	10,636	10,377	10,429	10,395	9,870	9,400
New Zealand 3/	14,346	15,000	14,500	15,200	15,595	15,830
Sub-total	**24,982**	**25,377**	**24,929**	**25,595**	**25,465**	**25,230**
TOTAL SELECTED COUNTRIES	**394,431**	**401,448**	**410,028**	**418,974**	**426,785**	**437,050**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

OGA/FAS Dec 2007

COWS MILK: SUMMARY FOR SELECTED COUNTRIES

1,000 Head

Milk Cow Numbers	**2003**	**2004**	**2005**	**2006**	**(p) 2007**	**(f) 2008**
North America						
Canada	1,065	1,055	1,066	1,019	1,005	1,005
Mexico	6,800	6,800	6,850	6,875	6,885	6,887
United States	9,083	9,012	9,043	9,112	9,150	9,215
Sub-total	**16,948**	**16,867**	**16,959**	**17,006**	**17,040**	**17,107**
South America						
Argentina	2,000	2,000	2,100	2,150	2,150	2,150
Brazil	15,300	15,200	15,100	15,290	15,925	16,700
Sub-total	**17,300**	**17,200**	**17,200**	**17,440**	**18,075**	**18,850**
European Union - 27 1/	**26,498**	**26,018**	**25,355**	**24,944**	**24,344**	**24,000**
Former Soviet Union						
Russia	11,700	11,200	10,400	9,900	9,910	9,920
Ukraine	4,715	4,313	4,130	3,491	3,200	3,170
Sub-total	**16,415**	**15,513**	**14,530**	**13,391**	**13,110**	**13,090**
South Asia						
India	**36,500**	**37,000**	**38,000**	**38,000**	**38,000**	**38,500**
Asia						
China	4,466	5,466	6,800	7,900	8,700	9,500
Japan	964	936	910	900	890	890
Sub-total	**5,430**	**6,402**	**7,710**	**8,800**	**9,590**	**10,390**
Oceania						
Australia 2/	2,050	2,036	2,041	1,870	1,800	1,710
New Zealand 3/	3,842	3,920	3,970	4,100	4,163	4,200
Sub-total	**5,892**	**5,956**	**6,011**	**5,970**	**5,963**	**5,910**
TOTAL SELECTED COUNTRIES	**124,983**	**124,956**	**125,765**	**125,551**	**126,122**	**127,847**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.

(f) Forecast.

(1) Based on deliveries

(2) Year ending June 30 of the year shown.

(3) Year ending May 31 of the year shown.

OGA/FAS Dec 2007

COWS MILK : SUMMARY FOR SELECTED COUNTRIES

MT/Head

Fluid Milk Production Per Cow	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	7.26	7.49	7.32	7.89	8.10	8.10
Mexico	1.44	1.45	1.44	1.46	1.47	1.48
United States	8.51	8.60	8.87	9.05	9.19	9.38
South America						
Argentina	3.98	4.63	4.52	4.74	4.37	4.65
Brazil	1.49	1.53	1.61	1.65	1.68	1.73
European Union - 27 1/	5.10	5.15	5.31	5.30	5.45	5.56
Former Soviet Union						
Russia	2.82	2.86	3.08	3.14	3.23	3.30
Ukraine	2.84	3.20	3.25	3.73	4.09	4.15
South Asia						
India	1.00	1.01	0.99	1.08	1.11	1.11
Asia						
China	3.91	4.14	4.05	4.04	4.02	4.00
Japan	8.71	8.90	9.10	9.04	8.98	9.02
Oceania						
Australia 2/	5.19	5.10	5.11	5.56	5.48	5.50
New Zealand 3/	3.73	3.83	3.65	3.71	3.75	3.77

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

OGA/FAS Dec 2007

COWS MILK: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

Fluid Milk Consumption	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	2,810	2,835	2,831	3,058	3,060	3,018
Mexico	4,352	4,349	4,266	4,305	4,275	4,253
United States	27,173	27,288	27,231	27,310	27,393	27,500
Sub-total	**34,335**	**34,472**	**34,328**	**34,673**	**34,728**	**34,771**
South America						
Argentina	2,050	1,800	1,800	1,900	2,000	2,100
Brazil	12,391	12,743	13,400	13,755	14,582	15,756
Sub-total	**14,441**	**14,543**	**15,200**	**15,655**	**16,582**	**17,856**
European Union - 27 1/	**35,560**	**35,190**	**34,932**	**34,084**	**34,000**	**34,000**
Former Soviet Union						
Russia	13,350	12,900	12,850	12,000	12,000	12,095
Ukraine	3,450	5,112	5,441	4,929	5,075	5,100
Sub-total	**16,800**	**18,012**	**18,291**	**16,929**	**17,075**	**17,195**
South Asia						
India	34,000	35,500	36,600	39,920	41,130	42,680
Asia						
China	7,661	10,315	12,500	13,809	14,820	15,900
Japan	5,035	4,955	4,775	4,648	4,515	4,485
Sub-total	**12,696**	**15,270**	**17,275**	**18,457**	**19,335**	**20,385**
Oceania						
Australia 2/	1,982	2,020	2,145	2,127	2,223	2,200
New Zealand 3/	360	360	360	360	360	360
Sub-total	**2,342**	**2,380**	**2,505**	**2,487**	**2,583**	**2,560**
TOTAL SELECTED COUNTRIES	**150,174**	**155,367**	**159,131**	**162,205**	**165,433**	**169,447**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

OGA/FAS Dec 2007

CHEESE PRODUCTION: SUMMARY FOR SELECTED COUNTRIES 1/

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	342	345	352	291	297	300
Mexico	126	134	143	145	147	150
United States	3,882	4,025	4,150	4,325	4,389	4,461
Sub-total	**4,350**	**4,504**	**4,645**	**4,761**	**4,833**	**4,911**
South America						
Argentina	325	370	400	480	475	515
Brazil	460	470	495	528	580	640
Sub-total	**785**	**840**	**895**	**1,008**	**1,055**	**1,155**
European Union - 27	**6,205**	**6,481**	**6,625**	**6,801**	**6,870**	**6,975**
Former Soviet Union						
Russia	335	350	375	405	420	430
Ukraine	169	224	274	217	243	260
Sub-total	**504**	**574**	**649**	**622**	**663**	**690**
Asia						
Japan	35	35	39	40	41	47
Korea	23	24	24	28	30	32
Philippines	6	6	5	6	7	7
Taiwan	14	17	16	18	20	20
Sub-total	**78**	**82**	**84**	**92**	**98**	**106**
Oceania						
Australia 2/	368	389	375	362	360	335
New Zealand 3/	301	305	297	292	308	329
Sub-total	**669**	**694**	**672**	**654**	**668**	**664**
TOTAL SELECTED COUNTRIES	**12,591**	**13,175**	**13,570**	**13,938**	**14,187**	**14,501**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Excludes fresh cheese
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

FAS/OGS/ISA Dec, 2007

CHEESE CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES 1/

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	348	358	365	307	314	317
Mexico	204	214	230	229	233	238
United States	4,054	4,180	4,279	4,433	4,509	4,572
Sub-total	**4,606**	**4,752**	**4,874**	**4,969**	**5,056**	**5,127**
South America						
Argentina	310	338	350	422	440	460
Brazil	463	468	491	529	578	635
Sub-total	**773**	**806**	**841**	**951**	**1,018**	**1,095**
European Union - 27	**5,793**	**6,061**	**6,219**	**6,339**	**6,375**	**6,450**
Former Soviet Union						
Russia	498	528	615	625	660	680
Ukraine	110	133	164	179	188	202
Sub-total	**608**	**661**	**779**	**804**	**848**	**882**
Asia						
Japan	229	254	251	247	256	262
Korea	59	65	69	72	77	82
Taiwan	13	17	16	18	20	20
Sub-total	**301**	**336**	**336**	**337**	**353**	**364**
Oceania						
Australia 2/	230	230	223	225	215	205
New Zealand 3/	28	28	28	28	28	28
Sub-total	**258**	**258**	**251**	**253**	**243**	**233**
TOTAL SELECTED COUNTRIES	**12,339**	**12,874**	**13,300**	**13,653**	**13,893**	**14,151**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Excludes fresh cheese
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

FAS/OGS/ISA Dec, 2007

CHEESE IMPORTS: SUMMARY FOR SELECTED COUNTRIES 1/

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	24	24	25	25	25	25
Mexico	78	82	89	86	88	90
United States	216	214	209	206	195	190
Sub-total	**318**	**320**	**323**	**317**	**308**	**305**
South America						
Argentina	1	0	2	2	2	2
Brazil	6	4	3	6	5	5
Sub-total	**7**	**4**	**5**	**8**	**7**	**7**
European Union - 27	**127**	**104**	**93**	**99**	**105**	**110**
Former Soviet Union						
Russia	175	190	250	230	250	260
Ukraine	2	3	6	9	10	12
Sub-total	**177**	**193**	**256**	**239**	**260**	**272**
Asia						
Japan	194	219	212	207	215	215
Korea	36	41	44	44	47	50
Philippines	6	6	5	6	7	7
Taiwan	14	17	16	18	20	20
Sub-total	**250**	**283**	**277**	**275**	**289**	**292**
Oceania						
Australia 2/	51	49	49	61	64	65
New Zealand 3/	2	2	2	3	3	3
Sub-total	**53**	**51**	**51**	**64**	**67**	**68**
TOTAL SELECTED COUNTRIES	**932**	**955**	**1,005**	**1,002**	**1,036**	**1,054**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:
- (p) Preliminary.
- (f) Forecast.
- (1) Excludes fresh cheese
- (2) Year ending June 30 of the year shown.
- (3) Year ending May 31 of the year shown.

FAS/OGS/ISA Dec, 2007

CHEESE EXPORTS: SUMMARY FOR SELECTED COUNTRIES 1/

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	11	11	9	9	8	8
Mexico	0	2	2	2	2	2
United States	52	61	58	71	95	100
Sub-total	**63**	**74**	**69**	**82**	**105**	**110**
South America						
Argentina	23	31	45	58	45	55
Brazil	3	6	7	5	7	10
Sub-total	**26**	**37**	**52**	**63**	**52**	**65**
European Union - 27	**539**	**524**	**499**	**561**	**600**	**635**
Former Soviet Union						
Russia	10	10	10	10	10	10
Ukraine	61	94	116	49	65	70
Sub-total	**71**	**104**	**126**	**59**	**75**	**80**
Oceania						
Australia 2/	207	212	227	202	212	198
New Zealand 3/	290	289	265	267	309	305
Sub-total	**497**	**501**	**492**	**469**	**521**	**503**
TOTAL SELECTED COUNTRIES	**1,196**	**1,240**	**1,238**	**1,234**	**1,353**	**1,393**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Excludes fresh cheese
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

FAS/OGS/ISA Dec, 2007

BUTTER PRODUCTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	84	84	84	75	77	80
Mexico	77	88	93	109	121	130
United States	564	565	611	657	693	711
Sub-total	**725**	**737**	**788**	**841**	**891**	**921**
South America						
Brazil	**72**	**75**	**77**	**79**	**82**	**85**
European Union - 27	**2,153**	**2,164**	**2,155**	**2,035**	**2,040**	**2,040**
Former Soviet Union						
Russia	280	270	275	290	300	310
Ukraine	148	138	118	104	97	95
Sub-total	**428**	**408**	**393**	**394**	**397**	**405**
Asia						
India	2,450	2,600	2,749	3,050	3,360	3,610
Japan	80	80	84	80	77	80
Sub-total	**2,530**	**2,680**	**2,833**	**3,130**	**3,437**	**3,690**
Oceania						
Australia 1/	163	132	131	129	117	110
New Zealand 2/	405	418	340	390	419	419
Sub-total	**568**	**550**	**471**	**519**	**536**	**529**
TOTAL SELECTED COUNTRIES	**6,476**	**6,614**	**6,717**	**6,998**	**7,383**	**7,670**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:
(p) Preliminary.
(f) Forecast.
(1) Year ending June 30 of the year shown.
(2) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec-07

BUTTER CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	92	93	86	79	76	81
Mexico	117	141	144	158	171	180
United States	594	604	611	641	654	667
Sub-total	**803**	**838**	**841**	**878**	**901**	**928**
South America						
Brazil	**76**	**75**	**77**	**79**	**82**	**85**
European Union - 27	**1,897**	**1,948**	**1,943**	**1,934**	**1,940**	**1,903**
Former Soviet Union						
Russia	440	437	385	400	420	440
Ukraine	140	103	94	96	89	89
Sub-total	**580**	**540**	**479**	**496**	**509**	**529**
Asia						
India	2,449	2,608	2,743	3,055	3,360	3,615
Japan	89	88	86	89	88	88
Taiwan	12	11	12	11	13	14
Sub-total	**2,550**	**2,707**	**2,841**	**3,155**	**3,461**	**3,717**
Oceania						
Australia 2/	60	60	65	62	55	55
New Zealand 3/	26	26	26	26	26	26
Sub-total	**86**	**86**	**91**	**88**	**81**	**81**
TOTAL SELECTED COUNTRIES	**5,992**	**6,194**	**6,272**	**6,630**	**6,974**	**7,243**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:
(p) Preliminary.
(f) Forecast.
(1) Year ending June 30 of the year shown.
(2) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec-07

BUTTER IMPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	20	28	24	15	13	20
Mexico	40	53	51	49	50	50
United States	15	23	16	17	16	14
Sub-total	**75**	**104**	**91**	**81**	**79**	**84**
South America						
Brazil	**4**	**1**	**1**	**1**	**2**	**2**
European Union - 27	**93**	**93**	**81**	**84**	**88**	**88**
Former Soviet Union						
Russia	160	170	110	115	130	135
Ukraine	0	0	0	0	0	0
Sub-total	**160**	**170**	**110**	**115**	**130**	**135**
Asia						
India	1	10	1	10	10	15
Japan	13	7	6	4	9	8
Taiwan	12	11	12	11	13	14
Sub-total	**26**	**28**	**19**	**25**	**32**	**37**
Oceania						
Australia 2/	7	9	10	10	13	14
New Zealand 3/	0	0	1	1	1	0
Sub-total	**7**	**9**	**11**	**11**	**14**	**14**
TOTAL SELECTED COUNTRIES	**365**	**405**	**313**	**317**	**345**	**360**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Year ending June 30 of the year shown.
(2) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec-07

BUTTER EXPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	12	17	20	18	16	16
Mexico	0	0	0	0	0	0
United States	12	9	9	11	35	40
Sub-total	**24**	**26**	**29**	**29**	**51**	**56**
South America						
Brazil	**0**	**1**	**1**	**1**	**2**	**2**
European Union - 27	**321**	**353**	**340**	**248**	**260**	**240**
Former Soviet Union						
Russia	0	0	0	0	0	0
Ukraine	18	42	24	13	8	6
Sub-total	**18**	**42**	**24**	**13**	**8**	**6**
Asia						
India	2	2	7	5	10	10
Sub-total	**2**	**2**	**7**	**5**	**10**	**10**
Oceania						
Australia 2/	110	75	70	82	80	70
New Zealand 3/	399	400	316	366	400	393
Sub-total	**509**	**475**	**386**	**448**	**480**	**463**
TOTAL SELECTED COUNTRIES	**874**	**899**	**787**	**744**	**811**	**777**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Year ending June 30 of the year shown.
(2) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec-07

NONFAT DRY MILK PRODUCTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	91	90	73	72	75	76
Mexico	150	155	155	183	190	200
United States 1/	721	641	695	686	664	680
Sub-total	**962**	**886**	**923**	**941**	**929**	**956**
South America						
Argentina	31	35	40	30	24	24
Brazil	108	110	113	117	128	135
Sub-total	**139**	**145**	**153**	**147**	**152**	**159**
European Union - 27	**1,334**	**1,074**	**1,074**	**955**	**975**	**975**
Former Soviet Union						
Russia	145	125	110	110	115	120
Ukraine	71	78	78	80	78	80
Sub-total	**216**	**203**	**188**	**190**	**193**	**200**
Asia						
China	83	68	60	55	56	57
India	200	235	256	295	320	345
Japan	183	183	187	181	175	180
Korea	26	25	24	18	21	20
Sub-total	**492**	**511**	**527**	**549**	**572**	**602**
Oceania						
Australia 3/	215	203	206	221	205	190
New Zealand 4/	289	274	225	247	304	317
Sub-total	**504**	**477**	**431**	**468**	**509**	**507**
TOTAL SELECTED COUNTRIES	**3,508**	**3,151**	**3,143**	**3,103**	**3,178**	**3,240**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Includes NDM production plus preliminary estimate of other SMP production.
(2) Based on deliveries
(3) Year ending June 30 of the year shown.
(4) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec, 2007

NONFAT DRY MILK CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	39	54	71	75	66	70
Mexico	291	300	311	294	310	335
United States	657	624	572	435	409	420
Sub-total	**987**	**978**	**954**	**804**	**785**	**825**
South America						
Argentina	18	19	18	10	9	12
Brazil	112	112	115	122	127	132
Sub-total	**130**	**131**	**133**	**132**	**136**	**144**
European Union - 27	**1,029**	**968**	**963**	**896**	**830**	**845**
Former Soviet Union						
Russia	180	170	165	140	150	160
Ukraine	21	15	21	16	18	19
Sub-total	**201**	**185**	**186**	**156**	**168**	**179**
Asia						
China	133	127	115	116	94	91
India	186	230	225	245	250	285
Indonesia	105	115	121	132	145	147
Japan	175	189	197	201	185	185
Korea	33	31	30	29	27	27
Philippines	96	94	77	78	81	82
Taiwan	23	17	19	20	22	23
Sub-total	**751**	**803**	**784**	**821**	**804**	**840**
Oceania						
Australia 2/	35	20	35	38	40	42
New Zealand 3/	5	5	5	5	5	5
Sub-total	**40**	**25**	**40**	**43**	**45**	**47**
TOTAL SELECTED COUNTRIES	**3,138**	**3,090**	**3,060**	**2,852**	**2,768**	**2,880**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.

(f) Forecast.

(1) Includes NDM production plus preliminary estimate of other SMP production.

(2) Based on deliveries

(3) Year ending June 30 of the year shown.

(4) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec, 2007

NONFAT DRY MILK IMPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	2	2	4	3	3	3
Mexico	129	141	155	111	120	135
United States	1	1	5	2	2	2
Sub-total	**132**	**144**	**164**	**116**	**125**	**140**
South America						
Argentina	1	0	0	0	0	0
Brazil	7	4	5	9	4	5
Sub-total	**8**	**4**	**5**	**9**	**4**	**5**
European Union - 27	**62**	**30**	**10**	**21**	**25**	**25**
Former Soviet Union						
Russia	60	65	70	45	50	55
Ukraine	1	0	0	0	0	0
Sub-total	**61**	**65**	**70**	**45**	**50**	**55**
Asia						
China	51	61	55	62	42	39
India	0	15	0	0	0	0
Indonesia	120	125	135	140	147	154
Japan	43	37	34	32	32	32
Korea	5	4	6	7	7	8
Philippines	110	120	87	95	98	100
Taiwan	23	17	19	20	22	23
Sub-total	**352**	**379**	**336**	**356**	**348**	**356**
Oceania						
Australia 2/	4	2	4	5	6	3
New Zealand 3/	0	1	1	1	1	0
Sub-total	**4**	**3**	**5**	**6**	**7**	**3**
TOTAL SELECTED COUNTRIES	**619**	**625**	**590**	**553**	**559**	**584**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.
(f) Forecast.
(1) Includes NDM production plus preliminary estimate of other SMP production.
(2) Based on deliveries
(3) Year ending June 30 of the year shown.
(4) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec, 2007

NONFAT DRY MILK EXPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p) 2007	(f) 2008
North America						
Canada	36	16	6	13	8	8
Mexico	0	0	0	0	0	0
United States 1/	141	231	277	287	255	275
Sub-total	**177**	**247**	**283**	**300**	**263**	**283**
South America						
Argentina	14	18	22	21	12	12
Brazil	3	2	4	4	5	8
Sub-total	**17**	**20**	**26**	**25**	**17**	**20**
European Union - 27	**337**	**277**	**190**	**88**	**170**	**155**
Former Soviet Union						
Russia	25	20	15	15	15	15
Ukraine	51	63	57	64	60	61
Sub-total	**76**	**83**	**72**	**79**	**75**	**76**
Asia						
China	1	2	2	1	4	5
India	23	10	40	50	60	60
Indonesia	18	12	10	10	5	5
Japan	0	0	0	0	0	0
Korea	0	0	0	0	0	0
Philippines	14	16	18	18	18	18
Sub-total	**56**	**40**	**70**	**79**	**87**	**88**
Oceania						
Australia 3/	193	187	141	189	175	168
New Zealand 4/	314	305	221	243	327	312
Sub-total	**507**	**492**	**362**	**432**	**502**	**480**
TOTAL SELECTED COUNTRIES	**1,170**	**1,159**	**1,003**	**1,003**	**1,114**	**1,102**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.

(f) Forecast.

(1) Includes NDM production plus preliminary estimate of other SMP production.

(2) Based on deliveries

(3) Year ending June 30 of the year shown.

(4) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec, 2007

WHOLE MILK POWDER PRODUCTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p)2007	(f) 2008
North America						
United States	18	19	14	14	14	16
Sub-total	**18**	**19**	**14**	**14**	**14**	**16**
South America						
Argentina	198	260	255	260	175	190
Brazil	390	420	440	465	505	535
Sub-total	**588**	**680**	**695**	**725**	**680**	**725**
European Union - 27	**865**	**857**	**858**	**800**	**770**	**760**
Former Soviet Union						
Russia	110	90	85	90	95	95
Ukraine	20	28	28	26	33	35
Sub-total	**130**	**118**	**113**	**116**	**128**	**130**
Asia						
China	865	857	858	800	770	760
Indonesia	46	45	48	48	47	48
Taiwan	7	6	5	1	1	1
Sub-total	**918**	**908**	**911**	**849**	**818**	**809**
Oceania						
Australia 2/	170	187	189	152	135	135
New Zealand 3/	619	628	585	611	653	685
Sub-total	**789**	**815**	**774**	**763**	**788**	**820**
TOTAL SELECTED COUNTRIES	**3,308**	**3,397**	**3,365**	**3,267**	**3,198**	**3,260**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec, 2007

WHOLE MILK POWDER CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p)2007	(f) 2008
North America						
United States	21	22	17	16	14	17
Sub-total	**21**	**22**	**17**	**16**	**14**	**17**
South America						
Argentina	84	86	98	54	85	90
Brazil	430	440	439	479	498	523
Sub-total	**514**	**526**	**537**	**533**	**583**	**613**
European Union - 27	**369**	**347**	**369**	**381**	**378**	**372**
Former Soviet Union						
Russia	124	109	110	100	115	120
Ukraine	12	10	8	9	12	14
Sub-total	**136**	**119**	**118**	**109**	**127**	**134**
North Africa						
Algeria	**0**	**0**	**0**	**0**	**0**	**0**
Asia						
China	821	898	951	1,071	1,142	1,236
Indonesia	63	65	75	74	75	75
Philippines	17	17	9	10	10	12
Taiwan	34	36	31	31	34	35
Sub-total	**935**	**1,016**	**1,066**	**1,186**	**1,261**	**1,358**
Oceania						
Australia 2/	25	23	22	27	27	27
New Zealand 3/	1	1	1	1	1	1
Sub-total	**26**	**24**	**23**	**28**	**28**	**28**
TOTAL SELECTED COUNTRIES	**2,001**	**2,054**	**2,130**	**2,253**	**2,391**	**2,522**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec, 2007

WHOLE MILK POWDER IMPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p)2007	(f) 2008
North America						
United States	3	3	3	3	2	2
Sub-total	**3**	**3**	**3**	**3**	**2**	**2**
South America						
Argentina	1	1	3	1	1	1
Brazil	33	21	25	31	20	20
Sub-total	**34**	**22**	**28**	**32**	**21**	**21**
European Union - 27	**6**	**4**	**3**	**3**	**3**	**2**
Former Soviet Union						
Russia	20	25	30	15	25	30
Ukraine	0	0	0	0	0	0
Sub-total	**20**	**25**	**30**	**15**	**25**	**30**
North Africa						
Algeria	**0**	**0**	**0**	**0**	**0**	**0**
Asia						
China	91	91	65	74	57	51
Indonesia	20	21	26	27	27	27
Philippines	42	45	35	40	42	45
Taiwan	27	30	26	30	33	34
Sub-total	**180**	**187**	**152**	**171**	**159**	**157**
Oceania						
Australia 2/	7	12	15	13	11	10
New Zealand 3/	2	2	1	1	1	1
Sub-total	**9**	**14**	**16**	**14**	**12**	**11**
TOTAL SELECTED COUNTRIES	**252**	**255**	**232**	**238**	**222**	**223**

Source: Counselor and attache reports, official statistics, and results of office research.
Notes:
(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

FAS/OGA/ISAD Dec, 2007

WHOLE MILK POWDER EXPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2003	2004	2005	2006	(p)2007	(f) 2008
North America						
United States	0	0	0	1	1	2
Sub-total	**0**	**0**	**0**	**1**	**1**	**2**
South America						
Argentina	100	177	162	210	95	100
Brazil	3	16	26	17	27	32
Sub-total	**103**	**193**	**188**	**227**	**122**	**132**
European Union - 27	**502**	**514**	**492**	**422**	**395**	**390**
Former Soviet Union						
Russia	6	6	5	5	5	5
Ukraine	8	18	20	17	21	21
Sub-total	**14**	**24**	**25**	**22**	**26**	**26**
Asia						
China	20	25	32	33	65	75
Philippines	25	28	26	29	32	33
Sub-total	**45**	**53**	**58**	**62**	**97**	**108**
Oceania						
Australia 2/	142	173	161	153	130	130
New Zealand 3/	614	669	585	634	670	685
Sub-total	**756**	**842**	**746**	**787**	**800**	**815**
TOTAL SELECTED COUNTRIES	**1,420**	**1,626**	**1,509**	**1,521**	**1,441**	**1,473**

Source: Counselor and attache reports, official statistics, and results of office research.

Notes:

(p) Preliminary.
(f) Forecast.
(1) Based on deliveries
(2) Year ending June 30 of the year shown.
(3) Year ending May 31 of the year shown.

FAS/OGA/ISAD   Dec, 2007