National Milk Producers Federation's

# Import Watch

*Third Quarter 2011*

## Dairy product imports reflect continuing downward trend

While imports of butter and casein jumped in the third quarter of 2011, the overall trend of declining dairy product imports continues. For the nine major dairy product categories *Import Watch* tracks, the quantity of products imported has dropped 49% when comparing year to date totals through the third quarter of 2005 to the totals through the third quarter of 2011.

### Butterfat imports mixed

Through the third quarter of 2011, imports of butter substitutes are down dramatically. Quota, over-quota and non-quota imports are down 89%, 8,328 metric tons less, compared to the same period in 2010. However, imports of butter are up 19%, 447 metric tons, in the third quarter compared to year-to-date totals in 2010.

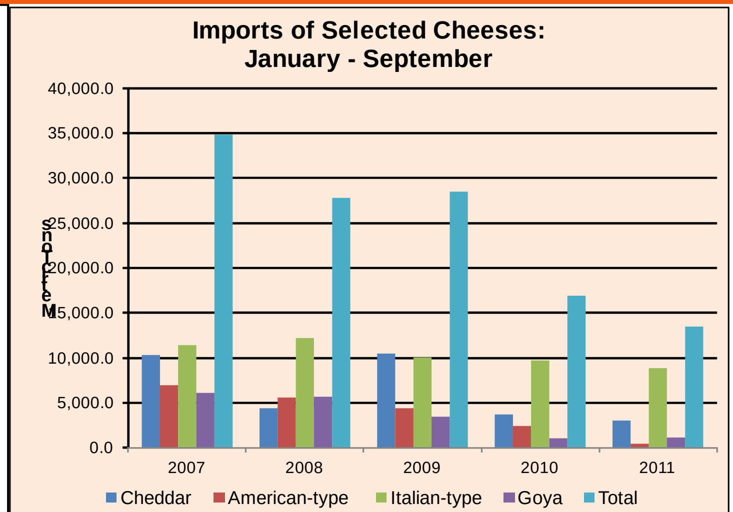
### Cheese imports continue to decline

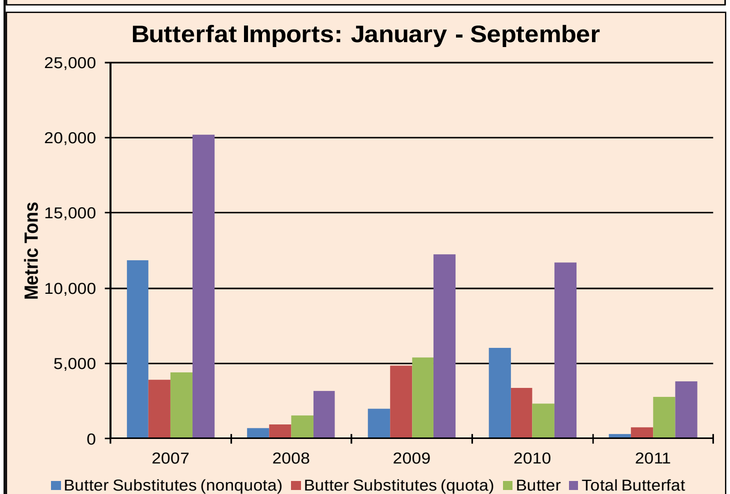
The total level of the imported cheeses *Import Watch* follows is down 20%. America-type cheese registered the biggest drop from 2010, down 81%, followed by cheddar imports down 18%, and Italian-type cheeses down 8%. This reflects strong world demand for cheese as well as adequate domestic supplies available in the U.S.

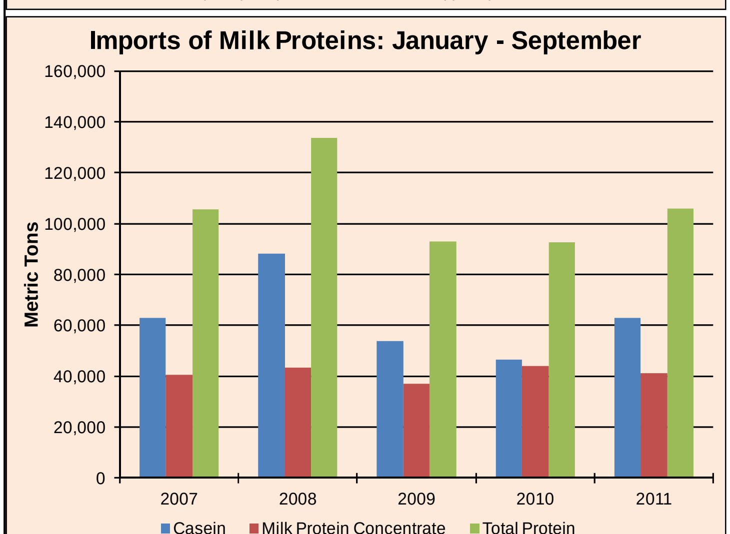
### Casein imports jump, MPCs flat

Imports of casein continue well ahead of 2010 levels, up 16,000 metric tons through the third quarter of 2011. It is interesting to look back over the third quarter data from previous years. It appears that casein imports are highest when U.S. milk prices are high. So far in 2011, the nonfat dry milk price is averaging $1.51 a pound. Similarly, in 2008 the nonfat dry milk price averaged $1.21 per pound.

Milk protein concentrate imports through the third quarter of 2011 are down 3,000 metric tons from the same period in 2010 and slightly under the five-year average for the third quarter.



| Commodities [Annual Quota] (2010 Safeguard Level) | | Jan-Sep 2011 Metric Tons | Jan-Sep 2010 Metric Tons | Jan-Sep 2010-11 Growth Rate | % of 2011 Quota/Safeguard Reached* |
|---|---|---|---|---|---|
| **QUOTA PRODUCTS** | | | | | |
| **Butter** | | | | | |
| In-quota | [6,977 MT] | 2,456 | 2,204 | 11% | *35%* |
| Over-quota | | 300 | 114 | 163% | |
| *TOTAL* [1] | (6,188 MT) | *2,756* | *2,318* | 19% | *45%* |
| **Butter Substitutes (Butteroil & AMF)** | | | | | |
| In-quota | [6,081 MT] | 701 | 3,275 | -79% | *12%* |
| Over-quota | | 67 | 91 | -26% | |
| *TOTAL* [1] | (6,441 MT) | *768* | *3,366* | -77% | *11%* |
| **Cheddar** | | | | | |
| In-quota | [13,256 MT] | 3,161 | 3,838 | -18% | *24%* |
| Over-quota | | 681 | 702 | -3% | |
| *TOTAL* [1] | (9,825 MT) | *3,842* | *4,541* | -15% | *29%* |
| **American-type Cheese** | | | | | |
| In-quota | [3,523 MT] | 453 | 2,342 | -81% | *13%* |
| Over-quota | | 12 | 107 | -89% | |
| *TOTAL* [1] | (4,979 MT) | *465* | *2,450* | -81% | *9%* |
| **Italian-type Cheese** | | | | | |
| In-quota | [13,481 MT] | 3,568 | 4,989 | -28% | *26%* |
| Over-quota | | 5,296 | 4,693 | 13% | |
| *TOTAL* [1] | (21,719 MT) | *8,864* | *9,682* | -8% | *41%* |
| **Food Preparations** | | | | | |
| In-quota | [4,105 MT] | 3,152 | 4,105 | -23% | *77%* |
| Over-quota | | 1,241 | 8,594 | -86% | |
| *TOTAL* [1] | (30,575 MT) | *4,392* | *12,699* | -65% | *14%* |

***1. Special Safeguard tariffs can be imposed when total imports, both in-quota and over-quota, exceed the applicable trigger level.***

****Neither the Safeguard Level nor the % of Safeguard Level include imports from countries with which the U.S. has FTAs.***

***However, the metric tons of product imported do include product from countries with which the U.S. has FTAs.***

| Commodities | Jan-Sep 2011 Metric Tons | Jan-Sep 2010 Metric Tons | Jan-Sep 2010-11 Growth Rate | Jan-Sep 2008-11 Growth Rate |
|---|---|---|---|---|
| **NON QUOTA PRODUCTS** | | | | |
| Butter Substitutes (<45% Butterfat) | 313 | 6,043 | -95% | *-54%* |
| Casein | 62,938 | 46,433 | 36% | *-29%* |
| MPC (more than 40%, less than 90% protein) | 31,640 | 33,269 | -5% | *-6%* |
| MPC (90% or more protein) | 9,397 | 10,785 | -13% | *-4%* |
| Total MPC | 41,037 | 44,053 | -7% | *-5%* |
| Chocolate Block | 17,078 | 16,794 | 2% | *-74%* |
| Goya Cheese | 1,138 | 1,052 | 8% | *-80%* |
| Mixes and Doughs | 101,656 | 109,428 | -7% | *-11%* |

***Import Watch*** is published quarterly by the National Milk Producers Federation. Issues covering the following time periods will be available by the following dates:

- 4th Quarter 2011, March 2012
- 1st Quarter 2012, June 2012
- 2nd Quarter 2012, September 2012
- 3rd Quarter 2012, December 2012

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