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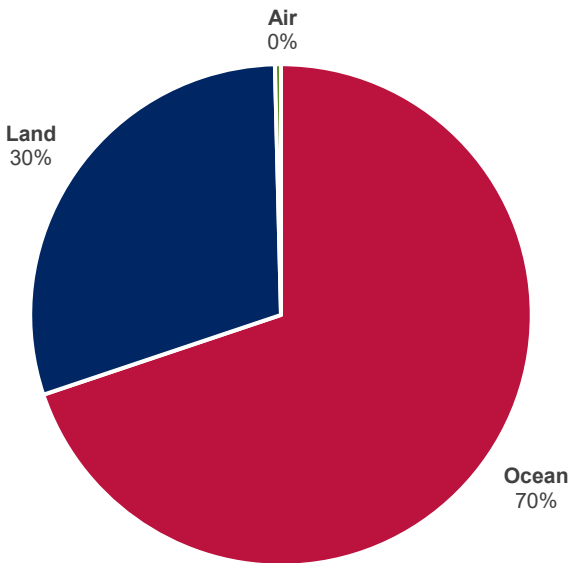


Supply Chain Disruptions: Impact & Outlook for U.S. Dairy Exports

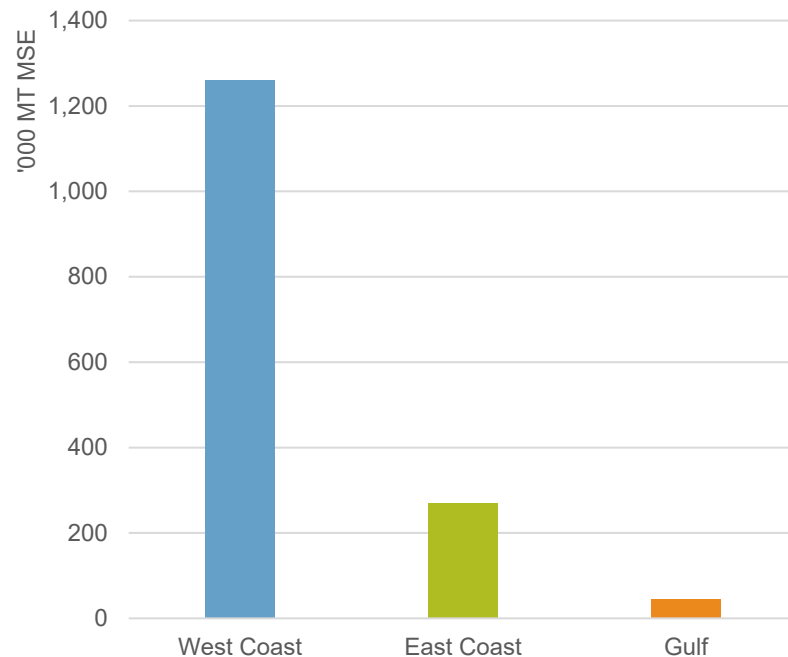
USDA Agricultural Outlook Forum

Setting the Stage: Ocean Freight is Crucial to U.S. Dairy Exports

2021 U.S. Dairy Exports by Freight Type

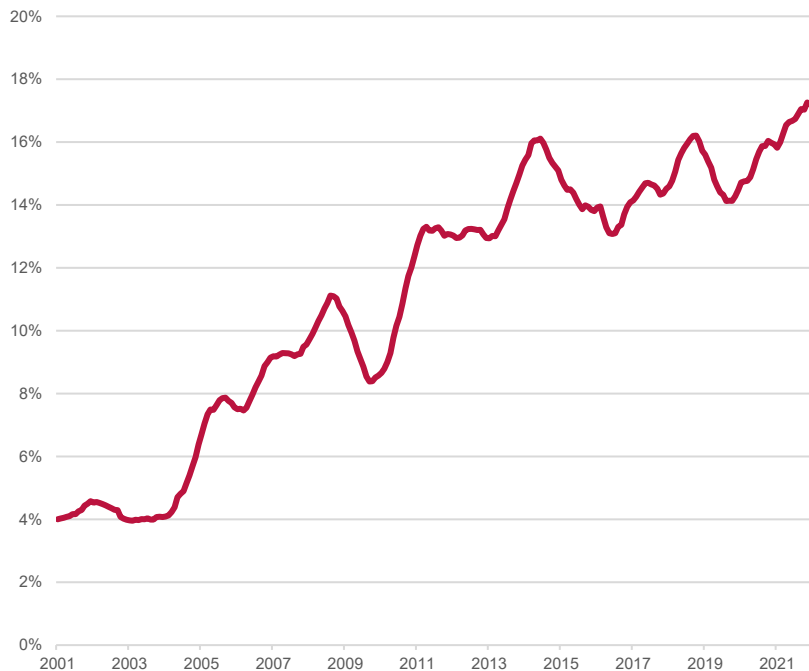


2021 U.S. Ocean Freight Dairy Exports by Port of Exit

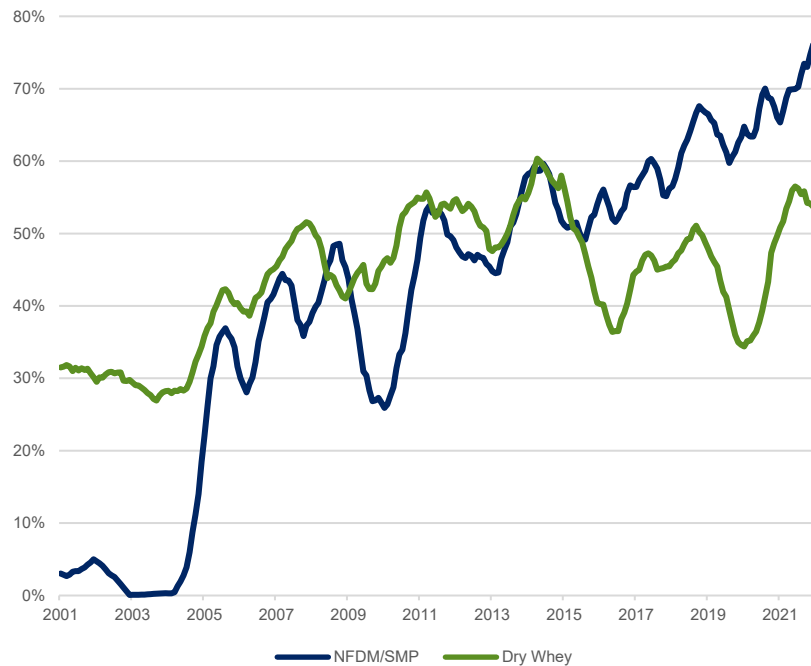


Exports Crucial to U.S. Dairy & Milk Checks

Percent of U.S. Dairy Production Exported
(Rolling 12 Months)

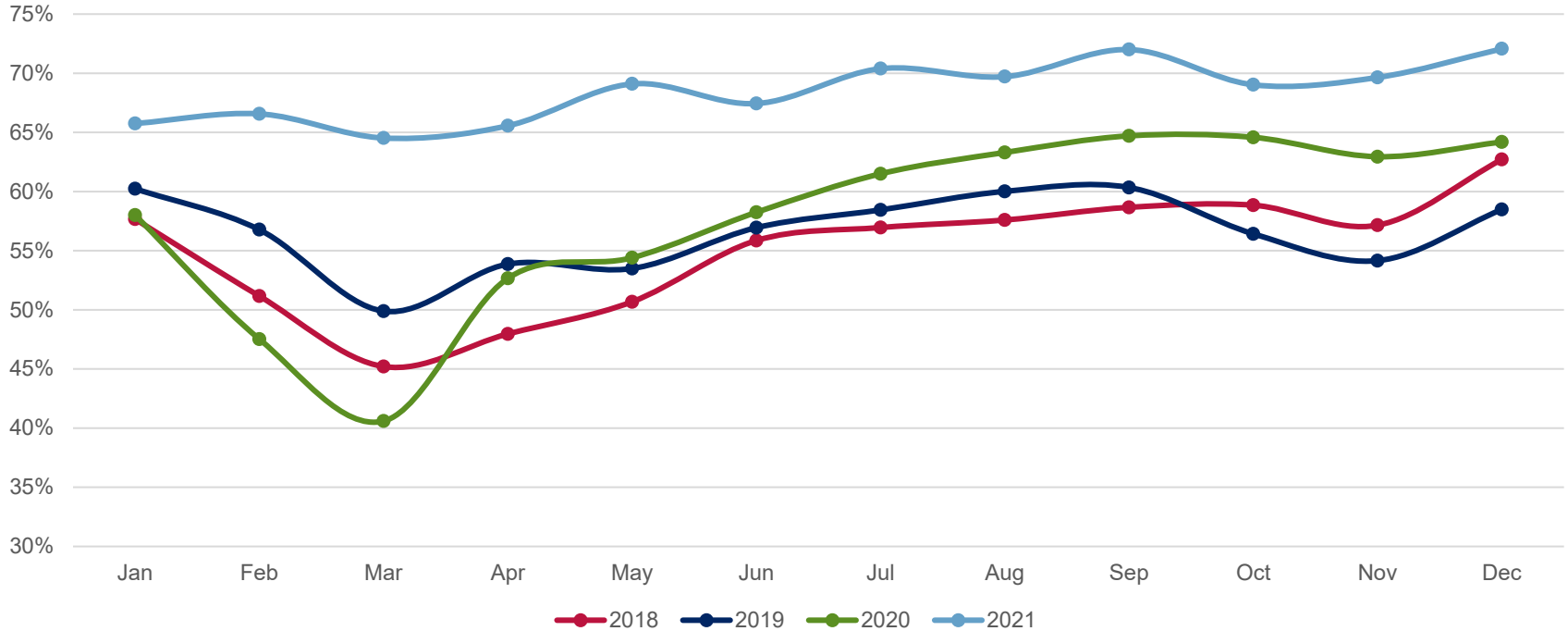


Percent of U.S. NFDM/SMP & Dry Whey Exported
(Rolling 12 Months)



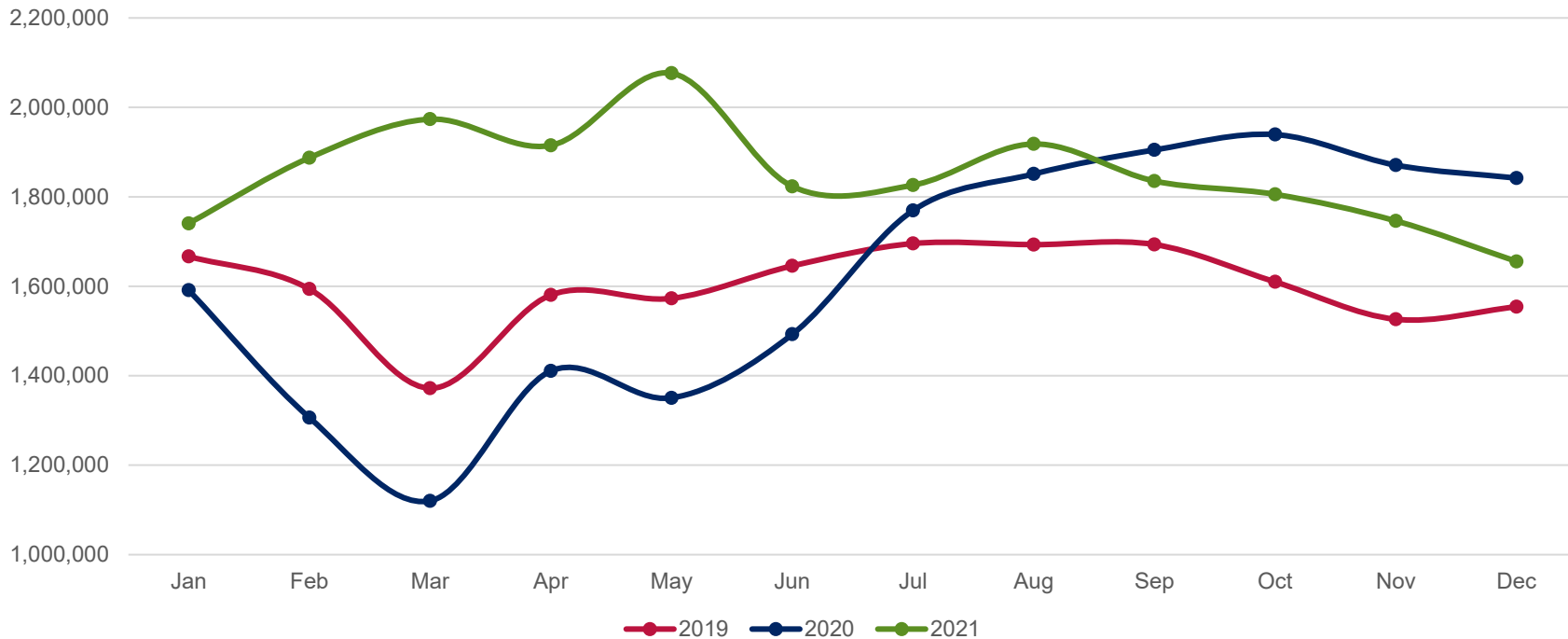
Carriers Preferring Empties over Goods

Percentage of Empties Boarded in LA-LB-Oakland



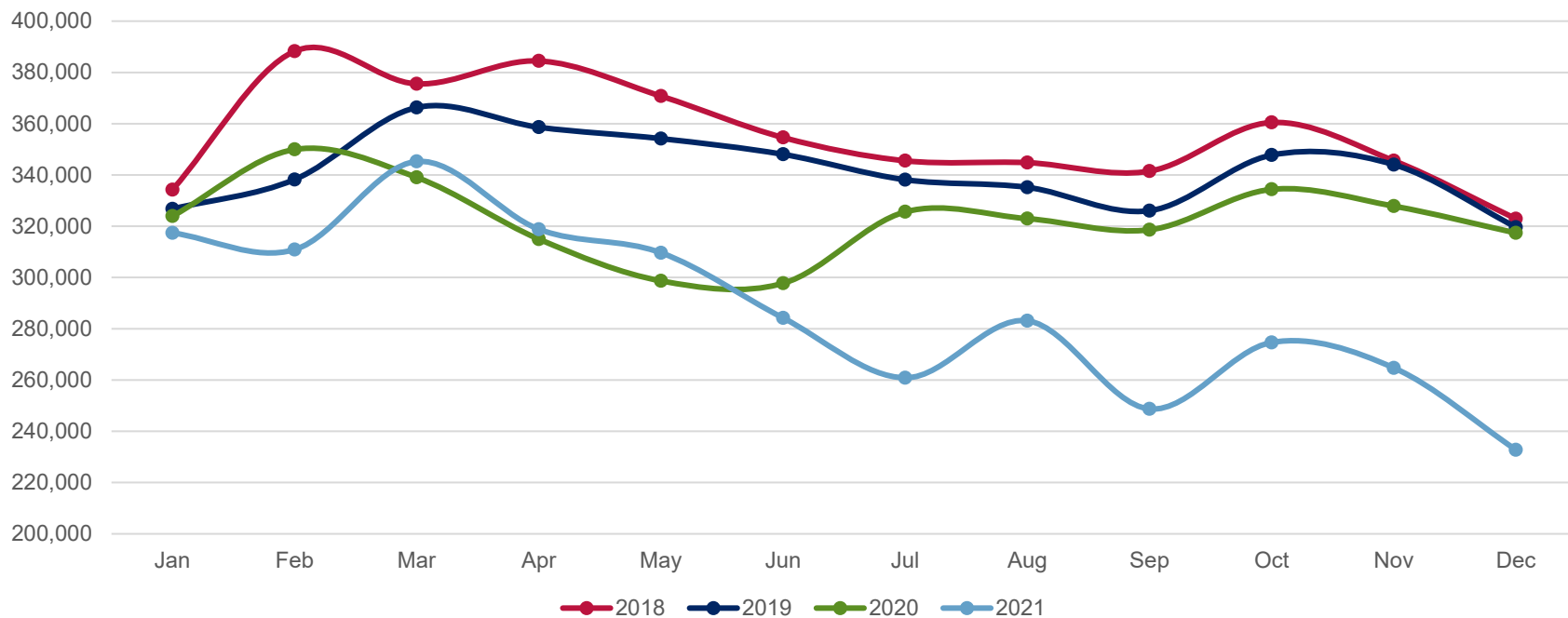
Productivity at Port Falling

Total TEUs Processed by Major California Ports



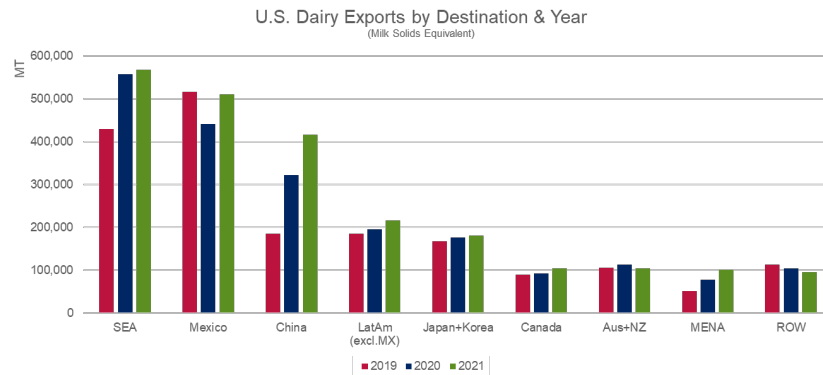
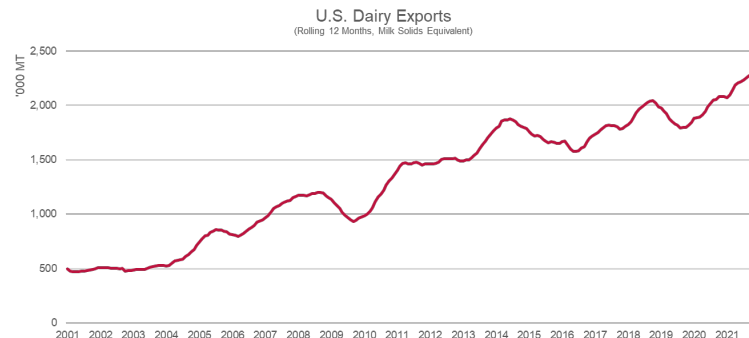
Ultimately Meaning Fewer Loaded Export Containers

Loaded Outbound TEUs Processed at Major California Ports
(30 Day Months)



Despite Port Delays, Record Year for U.S. Exports

Category	2021 (MT)	20-'21 % Change	20-'21 Vol Change (MT)
Total Export Value	\$7.75 Billion	▲ 18%	▲ \$1.2 Billion
Total Milk Solids	2,299,481	▲ 10%	▲ 214,698
SMP/NFDM	892,528	▲ 10%	▲ 82,355
Dry Whey Products	613,943	▲ 10%	▲ 57,509
Whey (0404.10)	549,849	▲ 10%	▲ 51,363
WPC80+	64,094	▲ 11%	▲ 6,146
Cheese	404,675	▲ 14%	▲ 49,267
Lactose	393,035	▲ 4%	▲ 15,988
Butterfat	57,487	▲ 121%	▲ 15,988
WMP	39,645	▲ 3%	▲ 1,110



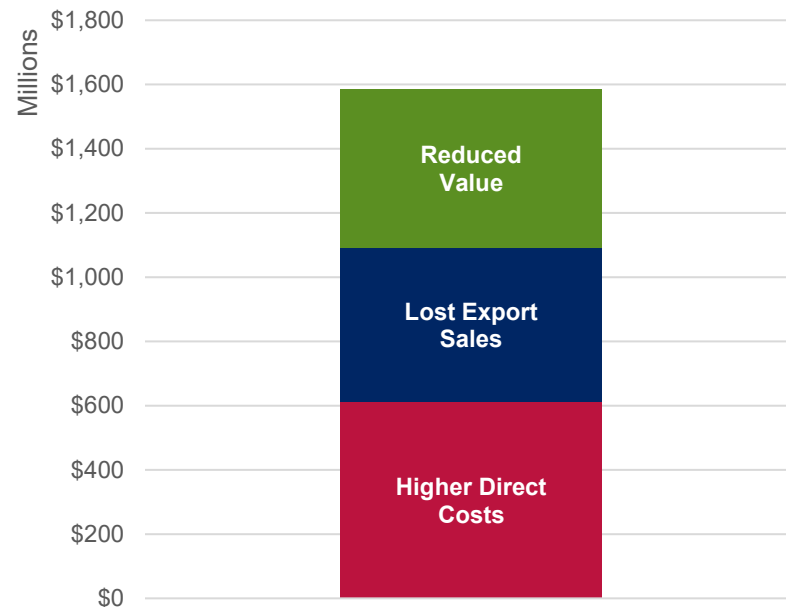
So, What Was the Cost to U.S. Dairy Exports? Over \$1.5 Billion!

**Higher
Costs**

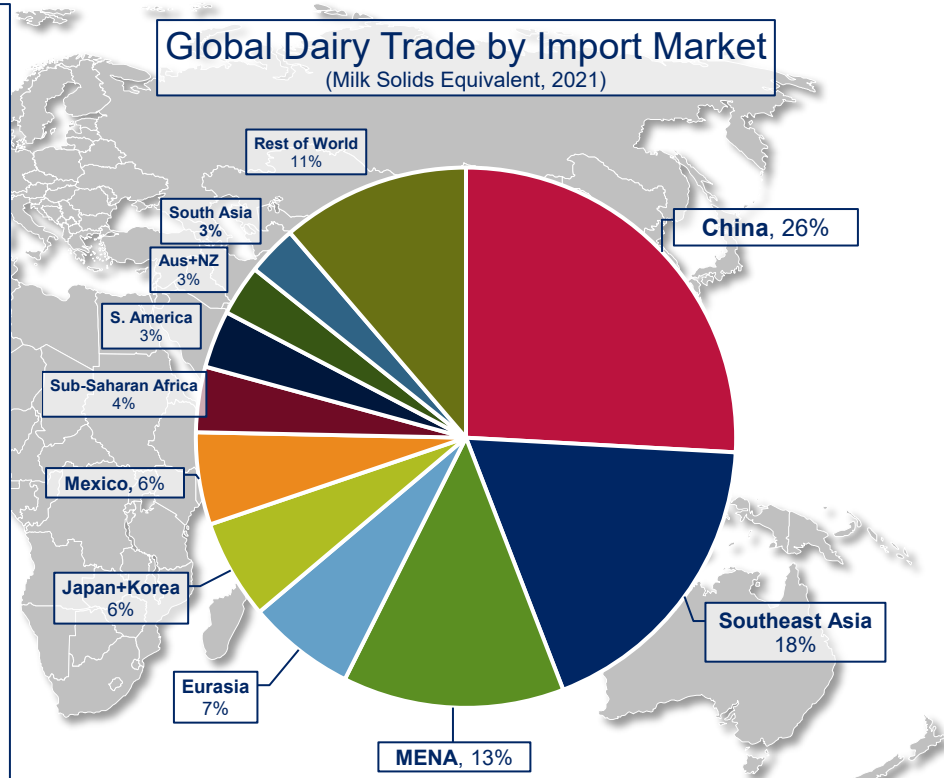
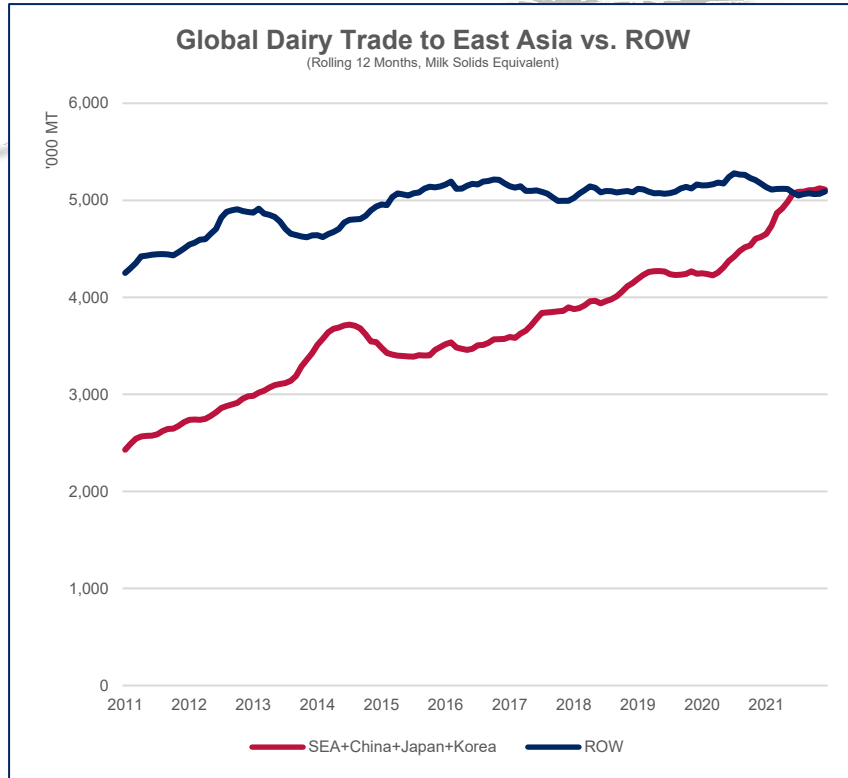
**Reduced
Value**

**Lost
Opportunity**

Costs of Shipping Disruption on U.S.
Dairy Industry

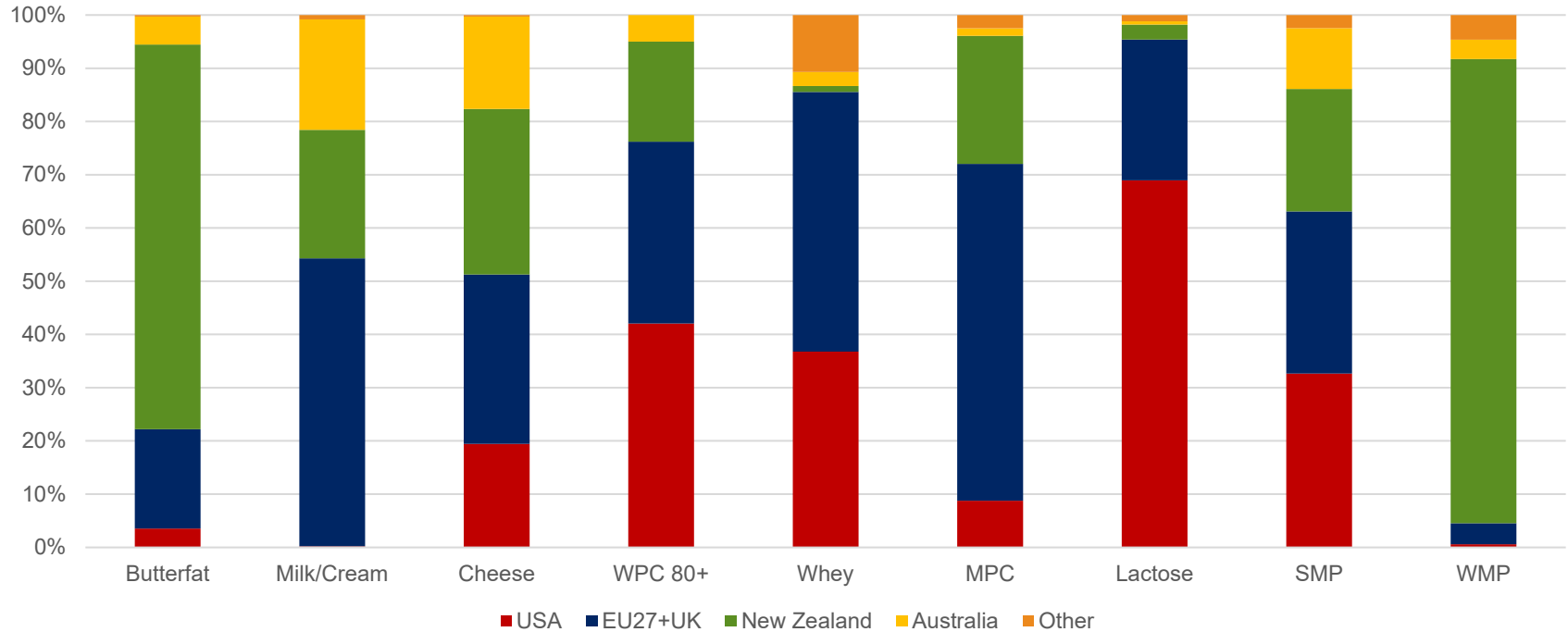


Asia Markets Are Essential to U.S. Dairy



And Highly Competitive

East Asia 2021 Imports - Market Share



What Can We Do About Disruption?

USDEC has advocated to...

1. Pass the Ocean Shipping Reform Act
2. Leverage administrative authority for creative solutions (e.g. USDA-Port of Oakland Partnership)
3. Incentivize loaded containers over empties
4. Increase truck weight limits
5. Invest in infrastructure & equipment at port
6. Find and train more truck drivers
7. And more...



U.S. Dairy
Export Council

Ingredients | Products | Global Markets

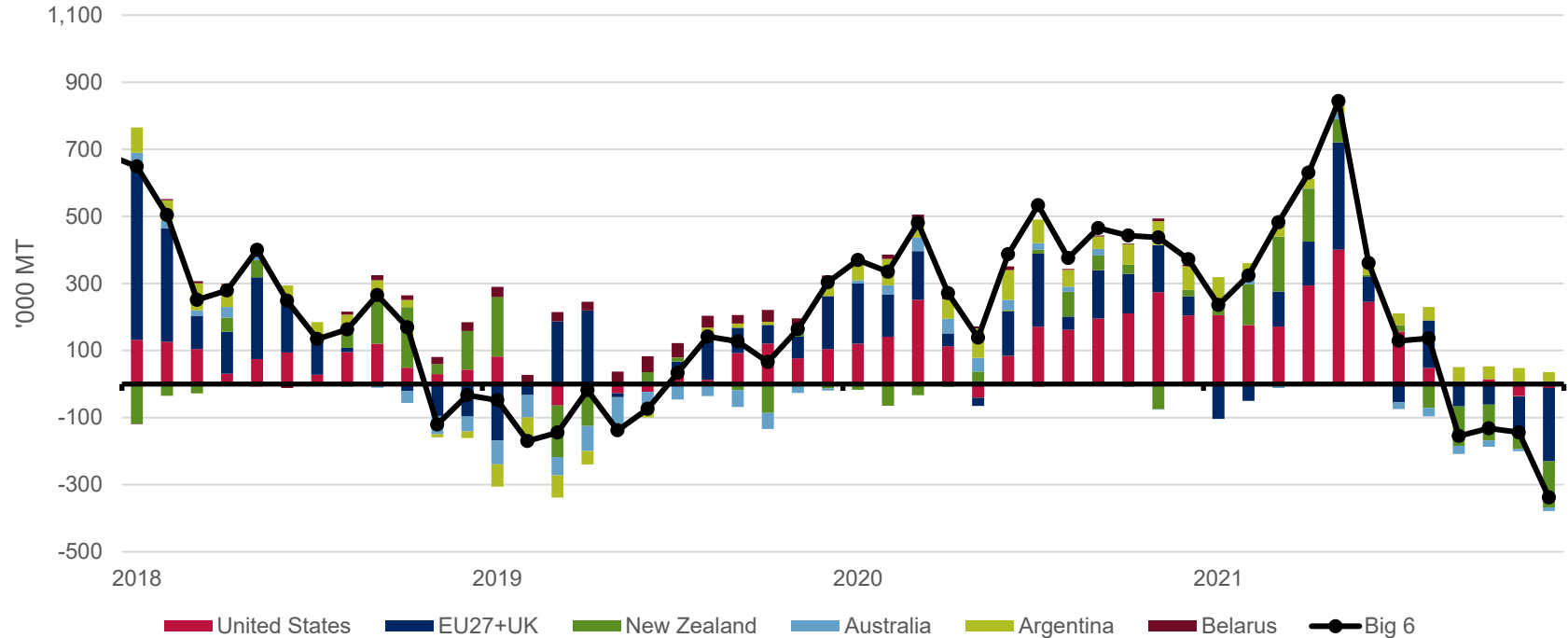


2022 Export Outlook

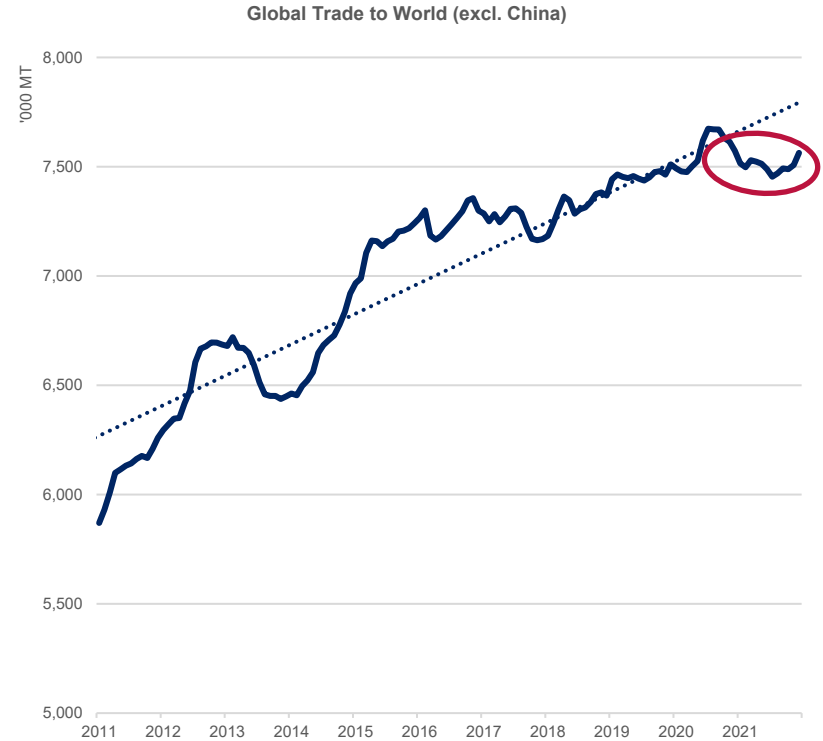


Is There Enough Milk to Meet Demand?

YOY Change in Milk Production by Major Suppliers



China vs. Rest of the World



Can Int'l Consumers Afford Record High Prices?

Global Average \$/KG of Milk Solids Exported



Key Factors to Watch in 2022

Supply: Milk Production (U.S. & Abroad)

Demand: China, Price Sensitivity

Wildcards: Supply Chain Congestion

Thank You

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