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The Babcock Institute

for International Dairy Research and Development



International Dairy Notes

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U.S. PRESENCE IN WORLD DAIRY MARKETS EXPANDING RAPIDLY IN 2007

Based on the first four months of the year, 2007 is shaping up as a banner year for U.S. dairy exports. Through April, export value was up 28 percent over the same period in 2006 and volume had gained 34 percent. Over the same time, U.S. dairy imports were down 1 percent in value and were even with last year in volume. At this pace, the U.S. would sell \$2.3 billion worth of dairy products overseas in 2007 and cut its dairy trade deficit to about \$300 million, the smallest deficit since 1994.

Showing the strongest growth among U.S. dairy exports so far this year is whey, with export volume over 2006 up 24,000 MT (25 percent) and value up \$70 million (80 percent). Reflecting tight world markets for milk powders, the unit value of U.S. whey exports in 2007 has averaged \$1,333/MT compared to \$930 last year. Nonfat dry milk prices have also been higher than last year, offsetting slightly smaller U.S. export volume to leave export value unchanged. Cheese exports have shown surprising strength to date, up almost 7,000 MT (\$29 million).

To date in 2007, East Asia (mainly China, Japan and Korea) and Southeast Asia have shown the largest increases in U.S. dairy product shipments—\$95 million more than 2006. Shipments to Mexico (+\$37 million) and Canada (+\$16 million) are also up substantially.

U.S dairy exports have benefited from flat milk production in Europe and Oceania in 2006. This resulted in the allocation of limited milk supplies into cheese and other higher-valued dairy products and reduced production of nonfat dry milk, whey, and other dry milk products. Milk production in the United States was up nearly 3 percent in 2006, yielding exportable supplies of nonfat dry milk and whey. Most analysts expect tight world markets for dairy products to continue through 2008, which bodes well for further gains in U.S. exports.

U.S. Dairy Exports, January–April 2007

	Value in \$1,000			Volume in Metric Ton		
	2006	2007	% Change	2006	2007	% Change
Non-Fat Dry Milk	180,561	181,053	0	86,311	80,353	-7
Whey	88,518	159,060	80	95,307	119,345	25
Cheese	77,003	105,947	38	23,379	30,003	28
Ice Cream	18,962	18,370	-3	8,957	8,167	-9
Dry Whole Milk & Cream	6,297	6,387	1	3,896	3,786	-3
Yogurt/Other Ferm	4,484	9,625	115	1,198	1,864	56
Fluid Milk & Cream	5,239	6,984	33	7,097	8,446	19
Butter/Milkfat	2,973	9,247	211	1,598	4,402	175
Casein	7,217	9,545	32	1,110	1,451	31
Condensed/Evaporated Milk	3,276	13,717	319	4,282	11,002	157
Other Dairy Products	166,373	199,242	20	109,757	190,371	73
Total Exports	560,904	719,177	28	342,892	459,191	34
Total Imports	877,032	866,396	-1	261,853	262,087	0