United States
Department of
Agriculture

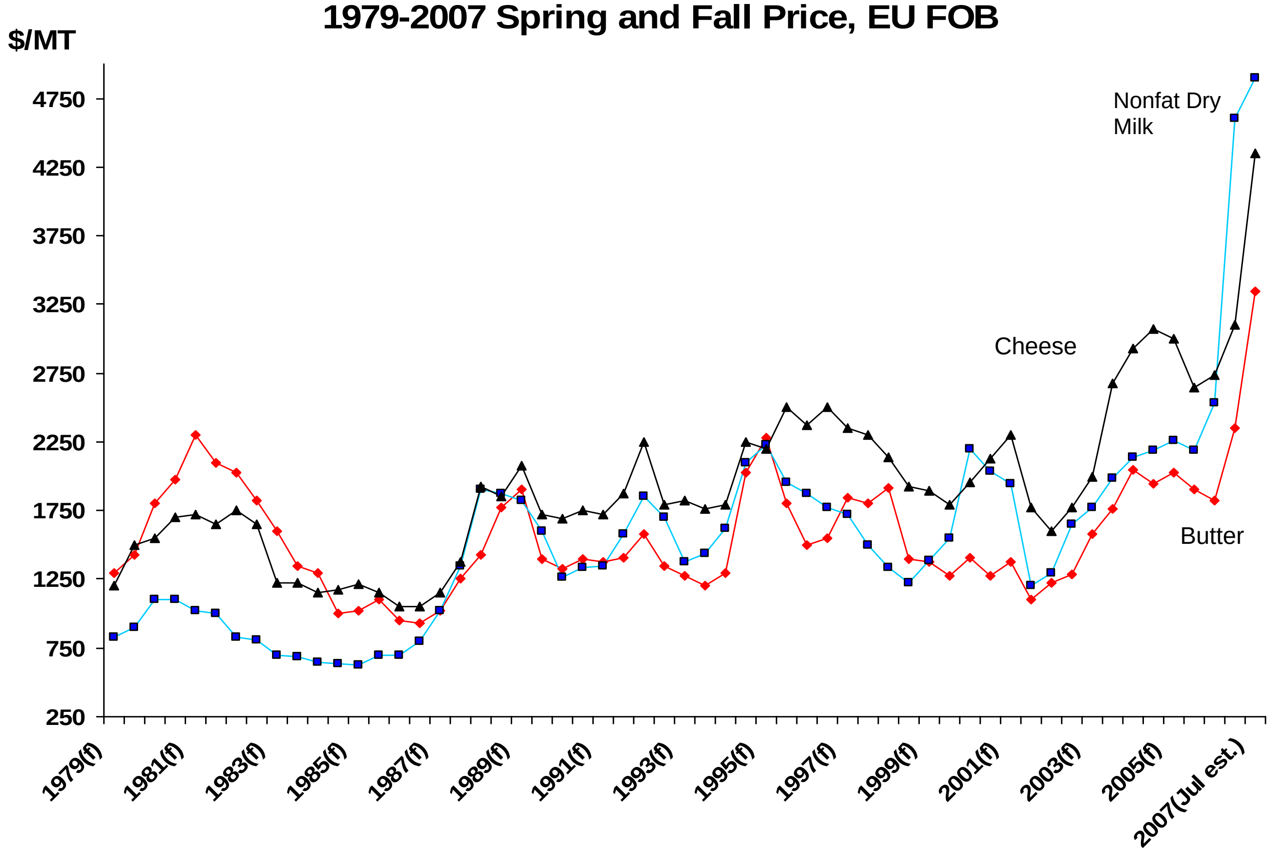
Foreign
Agricultural
Service

Circular Series
FD 1-07
July 2007

Dairy:
World Markets and Trade

The price increases experienced by global dairy markets during the past year have been unprecedented as the graph below highlights. With no substantial buffer stocks available in the form of U.S. Government (CCC surplus) stocks or EU intervention stores, the up-side potential for prices in the face of any excess demand increased dramatically. As global demand expanded, particularly in fast-paced growth economies of Asia, exportable supplies were limited by drought in Australia and strong domestic consumption in the United States and the EU. The result was meteoric rise in prices to record levels.

Historical Prices for Butter, Nonfat Dry Milk, and Cheese
1979-2007 Spring and Fall Price, EU FOB



Dairy Production and Trade Developments

Summary

During the past six months, global dairy markets have experienced an explosive increase in product prices due to a convergence of several events. First, the decline of the EU in global dairy markets (particularly milk powder markets) was far more rapid and acute than had originally been anticipated and was punctuated by the suspension of all dairy export subsidies. Second, a crippling drought in Australia led to a shortfall in Australian milk output reducing available exportable supplies. Finally, although not as critical, the export restrictions imposed by Argentina and to a lesser extent, India, added further uncertainty to supply lines stretched thin by strong demand. This demand was particularly evident in the rapidly growing economies of the Pacific Rim where an expanding middle class population is consuming more sophisticated processed foods. This led to increased imports of dairy ingredients. There are other variables that have played a role; a weak dollar that to some extent mitigated the sharp rise in import prices and in certain importing nations, the significant growth in oil revenues fueled demand.

For the balance of the year and into 2008, there is a great deal of uncertainty over the likely track of prices. From a logical perspective, the fundamental factors that promoted the rapid escalation in prices will continue to persist. Exportable dairy product supplies are not expected to grow significantly either from the major Oceania suppliers or the EU and United States. In the United States, strong internal demand for dairy products such as cheese is diverting milk away from nonfat dry milk production. In the EU, the situation is similar. The recent suspension of all EU export restitutions for dairy products is directly related to growth in internal consumption of cheese while milk production is held steady by quotas.

On the economic front, although the world economy is forecast to slow down in 2007 it is nevertheless expected to grow by a healthy 3.5 percent annually; down moderately from the 4 percent registered in 2006. In the critical Asian countries, China is anticipated to grow at a robust 10.2 percent while the rest of Asia is forecast to expand at a more modest 4.5 percent. This would suggest that dairy markets will remain well balanced.

There is, however, a sense of unease following such a steep rise in global dairy prices in so short a period of time. For example, nonfat dry milk (NDM) was trading at around $2,300 per ton (EU FOB) in July 2006 and is now quoted at a record-setting $5,000 per ton - over a 115 percent increase in one year. Consequently, there is an intuitive expectation that inevitably prices are cyclical and demand will flag particularly once the impact of these high prices are fully transmitted to consumers. Nevertheless, it is difficult to envisage a scenario in which global prices in 2007 or 2008 drop dramatically to the EU intervention (support) levels or the lower U.S. price support levels.

Milk Production: 2007 Forecast Summary

The Australian dairy industry is still in turmoil due to the extensive and severe drought that is reducing the herd size and impacting production. For 2006/07 (July-June), the milk output forecast is revised down by 2 percent to 9.785 million tons – a decline of 6 percent from the previous year. This would also represent the lowest level of production since 1997/98 and is 16 percent below the peak level reached in 2001/02.

For 2007/08, assuming normal rainfall, depleted fodder reserves and historically low water supplies are expected to constrain milk output to a 5-10 percent increase. The dairy industry is heavily reliant on irrigation accounting for some 60 percent of irrigated water use in Australia. However, dairy prices are strong and forecast to increase, although not expected to spur any significant growth in production.

Despite a slow start to the season due to cold wet weather, the New Zealand 2006/07 (April/May) forecast is raised by 1 percent from the December forecast to reach a record 15.6 million tons – a near 3 percent increase over the previous year. For next year, the outlook is positive. Strong export earning boosted this year's payout to dairy farmers to NZ$ 4.35/kg milk solids (US$3.20/kg milk solids) and is predicted to exceed NZ $5.00/kg ms for next season (US 3.68/kg ms). Although high capital costs (particularly land), environmental concerns, water issues, and available suitable land are challenging growth in the dairy sector, the relatively high rewards are expected to provide an incentive for farmers to not only convert to dairying but also promote further investment in expanding current dairy facilities. Consequently, for 2007/08, milk production is forecast to grow by 2-3 percent to 16 million tons.

In the EU, the milk production forecast for 2007 is raised by nearly 1 percent to 131.5 million tons. This represents a 1 percent increase from the drought impacted 2006 season but is below the 2005 total despite two subsequent annual expansions of 0.5 percent in milk quota limits. Milk production in the EU has been virtually stagnant with annual growth over the past 5 years and 8 years only averaging 0.1 percent and 0.2 percent, respectively. During this period growing domestic consumption of cheese and fresh dairy products has effectively squeezed out the available milk supplies for the production of NDM, whole milk powder (WMP), and butter.

Summary of Major Milk Producer Forecasts for 2007 and 2008
(Million Metric Tons)

	2005	2006	2007 (Dec)	Change	2007(July)	2008 (For.)
Australia	10,429	10,395	10,000	-215	9,785	+5-10%
EU-25	131,652	130,400	130,600	+900	131500	n.a.
New Zealand	14,500	15,200	15,400	+200	15,600	16,000
United States	80,286	82,508	83,007	+574	83,581	85,445

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

In the United States, the milk production outlook has steadily improved in the past few months although low hay stocks and the demands of the rapidly expanding ethanol industry are creating uncertainty. These high feed costs have lowered the milk-feed ratio tempering any rapid expansion in output. However, in recent months, strong domestic demand and a booming export market for NDM and other dairy products have led to a strong resurgence in prices and an improvement in the milk-feed ratio. The 2007 all-milk price is expected to hit a record $19.00-$19.30 per hundredweight. Consequently, the 2007 milk production forecast is raised by nearly 1 percent to 83.6 million tons; this also represents an increase of 1 percent from the previous year. For 2008, the benefits of higher prices are expected to lead to higher milk output; milk is forecast to increase 2 percent to 85.4 million tons partly due to an additional leap day and modest rise in milk per cow output. For 2008, the all-milk price is forecast at $18.20-$19.20 per hundredweight.

Cheese:

The Australian cheese export December forecast for 2006/07 (July/June) has been raised by 6,000 tons to 201,000 tons; nevertheless, this still represents the lowest export level since 1999. This reflects the lower availability of cheese for the export market due to lower milk production – as a result of the drought – that in turn is expected to lower cheese production. In contrast, New Zealand's cheese export (December) forecast for 2006/07 (June/May) has been revised-up sharply by 15 percent to 300,000 tons as a result of strong milk production. This would represent a reversal from the prior declining short-term trend (2003-2006) during which cheese exports fell by around 3 percent annually. For 2008, cheese exports are anticipated to grow by a further 2 percent to reach 307,000 tons.

In the EU, cheese production in the first quarter of 2007 grew by 4 percent but is expected to slow during the summer period as milk deliveries decline resulting in an overall increase in forecast cheese production of nearly 2 percent. Although EU cheese shipments to the United States have declined over the past three years, sales of all cheeses to Russia have been growing at an average annual pace of nearly 14 percent underscoring the importance of this market to the EU. Consequently, the December 2007 EU cheese export forecast is raised by 11 percent to 550,000 tons.

Long-term trend projections by the EU Commission indicate that for the EU-27 cheese production during the 2005-2013 will expand by a total of 10 percent and will likely use nearly 85 percent of the additional increase in milk expected to be delivered over this period. In effect, this implies that the volume of milk to process into such products as NDM and butter will be extremely limited.

Based on exporter reports, Russia has eclipsed Japan and the United States as the largest cheese market in the world with a 3-year average annual growth rate of 9 percent. In contrast, exporters are reporting lower shipments to the U.S. cheese market. U.S. trade data for cheese indicates that imports during January-May 2007 compared to the same period in 2006 are down 6 percent. U.S. cheese exports are set to expand rapidly if the pace reported during the January-May 2007 is maintained – up 35 percent compared to the same period last year. During this same period, U.S. shipments of cheese to such key markets as Mexico jumped over 50 percent, while exports to Japan and South Korea also grew sharply by 43 percent and 24 percent, respectively.

Major Markets for Cheese As Reported By Exporters – CY 2003-2006
(Metric Tons)

	2003	2004	2005	2006	3-Year Av. Change
Russia	171,380	211,854	246,844	214,966	9.1%
Japan	193,791	231,131	213,042	210,971	3.5%
United States	214,843	215,108	204,668	201,008	-2.2%
Mexico	66,574	72,938	72,083	66,334	0.1%
Saudi Arabia	75,507	75,040	73,934	65,195	-4.6%
Australia	44,026	50,953	51,743	63,460	13.3%
Korea South	35,481	44,215	43,767	43,067	7.3%
Switzerland	31,532	32,844	31,440	32,607	1.2%
Canada	25,255	26,068	28,338	28,724	4.4%
Algeria	22,811	22,884	23,867	28,091	7.4%
Total	**881,201**	**983,034**	**989,726**	**954,425**	**2.9%**

Source: GTIS Note: Includes fresh cheese.

Butter:

The Australian butter 2006/07 (July/June) export forecast was adjusted down slightly to 70,000 tons – a decline of 15 percent from the previous year. Australian shipments of butter have been falling for the past decade averaging a decrease of 3 percent annually as the focus has shifted to exports of cheese and WMP. During this period shipments of cheese and whole milk powder have risen by 4 percent and 4.5 percent, respectively.

The New Zealand 2006/07 (June/May) butter export forecast is raised by 8 percent from the last forecast to reach 400,000 tons that highlights the recovery of exports to almost identical to levels attained in 2003 and 2004 prior to a sharp drop in 2005. In 2005, New Zealand was hit by adverse weather in the form of a cold wet season that set back milk production by 3 percent.

Although the EU butter production December forecast for 2007 is raised only marginally, the butter export forecast is raised 18 percent to 260,000 tons reflecting the attractive returns from strong global dairy markets. Following several years of decline (2003-2005), domestic EU butter consumption is expanding and coupled with the increase in exports, has led to the depletion of intervention stocks. As a result, EU export restitutions have been suspended. Over the long-term, the EU Commission is projecting a decline in butter production and exports due to lower market and intervention prices and the diversion of milk to higher value added products.

Russia – the largest world import market for butterfat – is expected to increase imports of butterfat in 2007 by 13 percent to reach 130,000 tons. The EU and New Zealand are the key suppliers to this market.

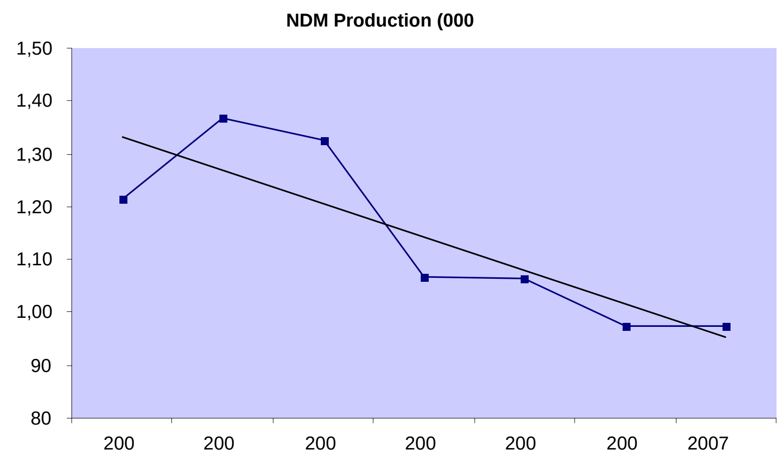
Nonfat Dry Milk:

The Australian 2007 (July/June) NDM export forecast is adjusted down by 6 percent from December reflecting the severity of the drought and reflects a drop of nearly 9 percent from 2006 (July/June). In sharp contrast, the New Zealand 2007 (June/May) export forecast is raised by around 26 percent and means that NDM exports are expected to jump by nearly 28 percent compared to 2006. During the past 5 years, New Zealand's NDM production has been growing at an average annual pace of 4.6 percent and is projected to increase by 10 percent in 2008 to reach 335,000 tons. Since most of the production is exported, shipments in 2008 are expected to grow by 7 percent to 331,000 tons.

Summary of Major NDM Exporter Forecasts for 2007
(Million Metric Tons)

	2005	2006	2007 (Dec 06)	Change	2007 (July 07)
Australia	141	192	187	-12	175
New Zealand	221	243	245	+ 65	310
EU-25	195	88	120	-20	100
United States	287	290	295	-25	270
Total	844	813	847	+8	855

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



Although the EU 2007 forecast for NDM production is adjusted upwards due to improved milk deliveries, production will now be equal to the previous year. Exports of NDM in 2007 are expected to rebound from last's year precipitous drop (55 percent) but forecast at 100,000 tons are well below the average of 200,000 registered during the past 5 years. The EU currently has no intervention stocks of NDM and due to strong internal prices, export subsidies have been suspended.

The U.S. export NDM forecast for 2007 is revised down to 270,000 tons due to expected lower production. Although domestic milk production is expected to increase, high returns from the production of cheese and whey are diverting milk and skimmed milk supplies from the manufacture of NDM (including skim milk powder). Consequently, despite record global prices of NDM, cumulative U.S. shipments during the January-May 2007 are down nearly 10 percent relative to the same period last year.

Shipments of NDM January-May 2007 versus 2006
(Metric Tons)

Exporter		Jan	Feb	Mar	Apr	May	Total Jan-May	% Change
Argentina	2006	762	2,167	2,845	1,471	1,095	8,340	
	2007	2,171	1,587	1,845	692	965	7,260	-12.9%
Australia	2006	13,804	13,696	16,286	14,226	14,379	72,392	
	2007	14,817	10,966	10,999	13,251	12,017	62,051	-14.3%
EU-27	2006	13,877	13,078	12,274	8,782	11,088	39,229	Jan-Mar
	2007	4,554	8,253	15,108	n.a.	n.a.	27,915	-28.8%
New Zealand	2006	24,354	21,599	25,350	26,401	26,385	124,088	
	2007	26,547	28,263	26,505	28,916	25,372	135,602	9.3%
United States	2006	13,749	22,757	23,308	26,528	30,295	116,636	
	2007	16,738	22,011	21,689	19,915	24,895	105,249	-9.8%

Source: GTIS

Major Destinations for Exports of U.S. NDM 2004-2006
(Metric Tons)

Destination	2004	2005	2006	% Change 06' vs 05'
Mexico	90,178	106,166	65,942	-37.9%
Indonesia	13,337	23,419	36,264	54.9%
Philippines	22,788	22,522	33,332	48.0%
Malaysia	11,431	14,089	19,027	35.0%
Vietnam	7,575	16,591	15,852	-4.5%
Egypt	3,474	3,393	15,409	354.2%
Algeria	2,768	9,460	13,042	37.9%
China	4,492	3,152	12,675	302.2%
Singapore	4,757	5,495	6,977	27.0%
Thailand	5,939	7,704	5,999	-22.1%
Total	166,738	211,990	224,518	

Whole Milk Powder:

The 2007 forecast for WMP shipments from major exporters at 1.6 million tons is largely unchanged from the previous December 2006 projection. There are, however, some individual country revisions. The export forecast for Australia is lowered by 11 percent due to a fall in expected milk production resulting in a 10 percent drop in exports in comparison to 2006. The New Zealand forecast is also reduced marginally but still represents a 4 percent increase over the previous year.

In the EU, the 2007 export forecast has been revised up and is now expected to be at the same level as estimated for 2006. Nevertheless, there is concern that the removal of export subsidies and high world prices will negatively impact on purchases of EU WMP from the critical African markets.

Major Markets for Whole Milk Powder As Reported By Exporters – CY 2003-2006 (Metric Tons)

	2003	2004	2005	2006	3-Year Av
Algeria	136,419	171,562	170,067	167,264	-1.3%
Venezuela	92,081	123,407	96,849	120,479	1.4%
Saudi Arabia	84,780	109,870	92,070	90,493	-9.0%
Nigeria	54,722	70,634	56,294	67,945	0.2%
China	98,774	96,145	76,093	73,458	-2.2%
Sri Lanka	54,520	57,220	65,377	65,144	6.9%
Indonesia	79,301	68,850	78,505	77,714	6.5%
Malaysia	92,748	91,302	70,610	71,227	-0.9%
UAE	29,439	42,559	43,696	52,819	11.8%
Cuba	28,376	39,392	51,148	46,042	9.9%
Total	**751,161**	**870,940**	**800,709**	**832,584**	**-2.0%**

Source: GTIS

COWS MILK: SUMMARY FOR SELECTED COUNTRIES

1,000 Head

Milk Cow Numbers	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	1,084	1,065	1,055	1,066	1,049	1,029
Mexico	6,800	6,800	6,800	6,850	6,875	6,885
United States	9,139	9,083	9,012	9,043	9,112	9,120
Sub-total	**17,023**	**16,948**	**16,867**	**16,959**	**17,036**	**17,034**
South America						
Argentina	2,150	2,000	2,000	2,100	2,150	2,180
Brazil	15,600	15,300	15,200	15,100	15,050	15,020
Sub-total	**17,750**	**17,300**	**17,200**	**17,200**	**17,200**	**17,200**
European Union - 25 1/	**25,140**	**24,456**	**23,963**	**23,400**	**22,970**	**22,340**
Former Soviet Union						
Russia	12,200	11,700	11,200	10,400	9,900	9,910
Ukraine	4,918	4,715	4,313	4,130	3,840	3,800
Sub-total	**17,118**	**16,415**	**15,513**	**14,530**	**13,740**	**13,710**
South Asia						
India	**36,000**	**36,500**	**37,000**	**38,000**	**38,000**	**38,500**
Asia						
China	3,420	4,466	5,466	6,800	8,100	9,300
Japan	966	964	936	910	900	895
Sub-total	**4,386**	**5,430**	**6,402**	**7,710**	**9,000**	**10,195**
Oceania						
Australia 2/	2,369	2,050	2,036	2,041	2,045	1,950
New Zealand 3/	3,749	3,842	3,920	3,970	4,100	4,140
Sub-total	**6,118**	**5,892**	**5,956**	**6,011**	**6,145**	**6,090**
TOTAL SELECTED COUNTRIES	**123,535**	**122,941**	**122,901**	**123,810**	**124,091**	**125,069**

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/OGC/ISAD July 2007

COWS MILK: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

Fluid Milk Production	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	7,964	7,734	7,905	7,806	7,773	7,650
Mexico	9,560	9,784	9,874	9,855	10,051	10,100
United States	77,140	77,289	77,534	80,253	82,462	85,445
Sub-total	**94,664**	**94,807**	**95,313**	**97,914**	**100,286**	**103,195**
South America						
Argentina	8,500	7,950	9,250	9,500	10,300	10,800
Brazil	22,635	22,860	23,317	24,025	24,745	25,365
Sub-total	**31,135**	**30,810**	**32,567**	**33,525**	**35,045**	**36,165**
European Union - 25 1/	**131,040**	**131,847**	**130,620**	**131,652**	**130,400**	**131,500**
Former Soviet Union						
Russia	33,500	33,000	32,000	32,000	31,100	32,000
Ukraine	13,860	13,400	13,787	13,423	12,890	13,100
Sub-total	**47,360**	**46,400**	**45,787**	**45,423**	**43,990**	**45,100**
South Asia						
India	36,200	36,500	37,500	37,520	38,750	40,050
Asia						
China	12,998	17,463	22,606	27,534	32,800	38,100
Japan	8,385	8,400	8,329	8,285	8,134	8,090
Sub-total	**21,383**	**25,863**	**30,935**	**35,819**	**40,934**	**46,190**
Oceania						
Australia 2/	11,608	10,636	10,377	10,429	10,395	9,785
New Zealand 3/	13,925	14,346	15,000	14,500	15,200	15,600
Sub-total	**25,533**	**24,982**	**25,377**	**24,929**	**25,595**	**25,385**
TOTAL SELECTED COUNTRIES	**387,315**	**391,209**	**398,099**	**406,782**	**415,000**	**427,585**

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

Notes:
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- (f) Forecast.
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- (3) Year ending May 31 of the year shown.

FAS/OGC/ISAD July 2007

COWS MILK : SUMMARY FOR SELECTED COUNTRIES

MT/Head

Fluid Milk Production Per Cow	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	7.35	7.26	7.49	7.32	7.41	7.43
Mexico	1.41	1.44	1.45	1.44	1.46	1.47
United States	8.44	8.51	8.60	8.87	9.05	9.37
South America						
Argentina	3.95	3.98	4.63	4.52	4.79	4.95
Brazil	1.45	1.49	1.53	1.59	1.64	1.69
European Union - 25 1/	5.21	5.39	5.45	5.63	5.68	5.89
Former Soviet Union						
Russia	2.75	2.82	2.86	3.08	3.14	3.23
Ukraine	2.82	2.84	3.20	3.25	3.36	3.45
South Asia						
India	1.01	1.00	1.01	0.99	1.02	1.04
Asia						
China	3.80	3.91	4.14	4.05	4.05	4.10
Japan	8.68	8.71	8.90	9.10	9.04	9.04
Oceania						
Australia 2/	4.90	5.19	5.10	5.11	5.08	5.02
New Zealand 3/	3.71	3.73	3.83	3.65	3.71	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.

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COWS MILK: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

Fluid Milk Consumption	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	2,884	2,810	2,835	2,831	2,823	2,778
Mexico	4,080	4,352	4,349	4,266	4,305	4,344
United States	27,002	27,173	27,288	27,231	27,310	27,393
Sub-total	**33,966**	**34,335**	**34,472**	**34,328**	**34,438**	**34,515**
South America						
Argentina	1,990	2,050	1,800	1,800	1,900	1,960
Brazil	12,295	12,391	12,743	13,175	13,309	13,445
Sub-total	**14,285**	**14,441**	**14,543**	**14,975**	**15,209**	**15,405**
European Union - 25 1/	**34,471**	**34,633**	**34,234**	**34,064**	**34,030**	**34,050**
Former Soviet Union						
Russia	14,350	13,350	12,900	12,850	12,000	12,000
Ukraine	3,300	3,450	5,112	5,441	6,086	6,219
Sub-total	**17,650**	**16,800**	**18,012**	**18,291**	**18,086**	**18,219**
South Asia						
India	33,500	34,000	35,500	36,600	38,840	41,875
Asia						
China	5,678	7,661	10,315	12,500	14,750	16,900
Japan	5,002	5,035	4,955	4,775	4,645	4,550
Sub-total	**10,680**	**12,696**	**15,270**	**17,275**	**19,395**	**21,450**
Oceania						
Australia 2/	1,966	1,982	2,020	2,145	2,127	2,000
New Zealand 3/	355	360	360	360	360	360
Sub-total	**2,321**	**2,342**	**2,380**	**2,505**	**2,487**	**2,360**
TOTAL SELECTED COUNTRIES	**146,873**	**149,247**	**154,411**	**158,038**	**162,485**	**167,874**

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.

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CHEESE PRODUCTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	350	342	345	352	350	351
Mexico	145	126	134	143	145	147
United States	3,877	3,882	4,025	4,150	4,325	4,412
Sub-total	**4,372**	**4,350**	**4,504**	**4,645**	**4,820**	**4,910**
South America						
Argentina	370	325	370	460	475	488
Brazil	470	460	470	480	495	505
Sub-total	**840**	**785**	**840**	**940**	**970**	**993**
European Union - 25	**5,993**	**6,100**	**6,371**	**6,480**	**6,580**	**6,700**
Former Soviet Union						
Russia	340	335	350	375	405	420
Ukraine	129	169	224	274	210	200
Sub-total	**469**	**504**	**574**	**649**	**615**	**620**
Asia						
Japan	36	35	35	39	39	42
Korea	20	23	24	24	24	26
Philippines	5	6	6	5	6	7
Taiwan	11	14	17	16	18	20
Sub-total	**72**	**78**	**82**	**84**	**87**	**95**
Oceania						
Australia 2/	413	368	389	375	362	360
New Zealand 3/	312	301	305	297	285	319
Sub-total	**725**	**669**	**694**	**672**	**647**	**679**
TOTAL SELECTED COUNTRIES	**12,471**	**12,486**	**13,065**	**13,470**	**13,719**	**13,997**

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/OGS/ISA July, 2007

CHEESE CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	358	348	358	365	366	367
Mexico	210	204	214	230	229	233
United States	4,006	4,054	4,175	4,274	4,430	4,510
Sub-total	**4,574**	**4,606**	**4,747**	**4,869**	**5,025**	**5,110**
South America						
Argentina	350	310	338	405	420	440
Brazil	479	463	468	472	490	501
Sub-total	**829**	**773**	**806**	**877**	**910**	**941**
European Union - 25	**5,593**	**5,713**	**5,961**	**6,083**	**6,152**	**6,250**
Former Soviet Union						
Russia	465	498	528	615	625	660
Ukraine	94	110	133	164	170	150
Sub-total	**559**	**608**	**661**	**779**	**795**	**810**
Asia						
Japan	240	229	254	251	246	247
Korea	51	59	65	69	69	73
Taiwan	11	13	17	16	18	20
Sub-total	**302**	**301**	**336**	**336**	**333**	**340**
Oceania						
Australia 2/	225	230	230	223	220	215
New Zealand 3/	28	28	28	28	28	28
Sub-total	**253**	**258**	**258**	**251**	**248**	**243**
TOTAL SELECTED COUNTRIES	**12,110**	**12,259**	**12,769**	**13,195**	**13,463**	**13,694**

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/OGS/ISA July, 2007

CHEESE EXPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	17	11	11	9	8	9
Mexico	0	0	2	2	2	2
United States	54	52	61	58	71	90
Sub-total	**71**	**63**	**74**	**69**	**81**	**101**
South America						
Argentina	26	23	31	52	55	58
Brazil	2	3	6	11	8	7
Sub-total	**28**	**26**	**37**	**63**	**63**	**65**
European Union - 25 1/	**516**	**514**	**516**	**492**	**529**	**550**
Former Soviet Union						
Russia	5	10	10	10	10	10
Ukraine	37	61	94	116	50	60
Sub-total	**42**	**71**	**104**	**126**	**60**	**70**
Oceania						
Australia 2/	218	207	212	227	202	201
New Zealand 3/	277	290	289	265	260	300
Sub-total	**495**	**497**	**501**	**492**	**462**	**501**
TOTAL SELECTED COUNTRIES	**1,152**	**1,171**	**1,232**	**1,242**	**1,195**	**1,287**

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/OGS/ISA July, 2007

CHEESE IMPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	28	24	24	25	26	25
Mexico	65	78	82	89	86	88
United States	214	216	209	204	203	195
Sub-total	**307**	**318**	**315**	**318**	**315**	**308**
South America						
Argentina	1	1	1	2	2	2
Brazil	11	6	4	3	3	3
Sub-total	**12**	**7**	**5**	**5**	**5**	**5**
European Union - 25	**116**	**127**	**106**	**95**	**101**	**100**
Former Soviet Union						
Russia	130	175	190	250	230	250
Ukraine	2	2	3	6	8	10
Sub-total	**132**	**177**	**193**	**256**	**238**	**260**
Asia						
Japan	204	194	219	212	207	205
Korea	31	36	41	44	45	47
Philippines	5	6	6	5	6	7
Taiwan	11	14	17	16	18	20
Sub-total	**251**	**250**	**283**	**277**	**276**	**279**
Oceania						
Australia 2/	45	51	49	49	50	51
New Zealand 3/	1	2	2	2	3	3
Sub-total	**46**	**53**	**51**	**51**	**53**	**54**
TOTAL SELECTED COUNTRIES	**864**	**932**	**953**	**1,002**	**988**	**1,006**

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/OGS/ISA July, 2007

BUTTER PRODUCTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	77	84	84	84	81	82
Mexico	70	77	88	93	109	110
United States	615	564	565	611	657	656
Sub-total	**762**	**725**	**737**	**788**	**847**	**848**
South America						
Brazil	**70**	**72**	**75**	**77**	**78**	**79**
European Union - 25	**2,226**	**2,226**	**2,154**	**2,140**	**2,055**	**2,055**
Former Soviet Union						
Russia	280	280	270	275	290	300
Ukraine	131	148	138	118	105	110
Sub-total	**411**	**428**	**408**	**393**	**395**	**410**
Asia						
India	2,400	2,450	2,600	2,749	3,050	3,425
Japan	83	80	80	84	80	82
Sub-total	**2,483**	**2,530**	**2,680**	**2,833**	**3,130**	**3,507**
Oceania						
Australia 2/	164	163	132	131	129	115
New Zealand 3/	380	405	418	340	390	419
Sub-total	**544**	**568**	**550**	**471**	**519**	**534**
TOTAL SELECTED COUNTRIES	**6,496**	**6,549**	**6,604**	**6,702**	**7,024**	**7,433**

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 Jul-07

BUTTER CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	86	92	93	83	88	88
Mexico	107	117	141	144	158	160
United States	581	594	604	611	641	656
Sub-total	**774**	**803**	**838**	**838**	**887**	**904**
South America						
Brazil	**78**	**76**	**75**	**77**	**77**	**78**
European Union - 25	**1,999**	**1,983**	**1,937**	**1,924**	**1,948**	**1,952**
Former Soviet Union						
Russia	400	440	437	385	400	420
Ukraine	110	140	103	94	92	90
Sub-total	**510**	**580**	**540**	**479**	**492**	**510**
Asia						
India	2,399	2,449	2,608	2,743	3,045	3,420
Japan	88	89	88	86	89	89
Taiwan	10	12	11	12	12	13
Sub-total	**2,497**	**2,550**	**2,707**	**2,841**	**3,146**	**3,522**
Oceania						
Australia 2/	50	60	60	65	62	60
New Zealand 3/	26	26	26	26	26	26
Sub-total	**76**	**86**	**86**	**91**	**88**	**86**
TOTAL SELECTED COUNTRIES	**5,934**	**6,078**	**6,183**	**6,250**	**6,638**	**7,052**

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 Jul-07

BUTTER EXPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	17	12	17	20	18	18
Mexico	0	0	0	0	0	0
United States	3	12	9	9	11	15
Sub-total	**20**	**24**	**26**	**29**	**29**	**33**
South America						
Brazil	**0**	**0**	**1**	**1**	**2**	**2**
European Union - 25	**222**	**307**	**354**	**345**	**254**	**260**
Former Soviet Union						
Russia	0	0	0	0	0	0
Ukraine	15	18	42	24	18	20
Sub-total	**15**	**18**	**42**	**24**	**18**	**20**
Asia						
India	3	2	2	7	10	10
Sub-total	**3**	**2**	**2**	**7**	**10**	**10**
Oceania						
Australia 2/	125	110	75	70	82	70
New Zealand 3/	353	399	400	316	365	400
Sub-total	**478**	**509**	**475**	**386**	**447**	**470**
TOTAL SELECTED COUNTRIES	**738**	**860**	**900**	**792**	**760**	**795**

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 Jul-07

BUTTER IMPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	19	20	28	24	22	23
Mexico	37	40	53	51	49	50
United States	16	15	23	16	17	16
Sub-total	**72**	**75**	**104**	**91**	**88**	**89**
South America						
Brazil	**8**	**4**	**1**	**1**	**1**	**1**
European Union - 25	**92**	**92**	**93**	**82**	**84**	**85**
Former Soviet Union						
Russia	120	160	170	110	115	130
Ukraine	0	0	0	0	0	0
Sub-total	**120**	**160**	**170**	**110**	**115**	**130**
Asia						
India	2	1	10	1	5	5
Japan	4	13	7	6	4	7
Taiwan	10	12	11	12	12	13
Sub-total	**16**	**26**	**28**	**19**	**21**	**25**
Oceania						
Australia 2/	7	7	9	10	11	12
New Zealand 3/	0	0	0	1	1	1
Sub-total	**7**	**7**	**9**	**11**	**12**	**13**
TOTAL SELECTED COUNTRIES	**315**	**364**	**405**	**314**	**321**	**343**

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 Jul-07

NONFAT DRY MILK PRODUCTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	83	91	90	73	66	64
Mexico	150	150	155	155	183	190
United States 1/	724	721	641	695	686	652
Sub-total	**957**	**962**	**886**	**923**	**935**	**906**
South America						
Argentina	34	31	35	32	32	34
Brazil	107	108	110	113	117	125
Sub-total	**141**	**139**	**145**	**145**	**149**	**159**
European Union - 25 2/	**1,369**	**1,326**	**1,066**	**1,065**	**975**	**975**
Former Soviet Union						
Russia	140	145	125	110	110	115
Ukraine	63	71	78	78	80	85
Sub-total	**203**	**216**	**203**	**188**	**190**	**200**
Asia						
China	72	83	68	60	55	55
India	185	200	235	256	295	340
Japan	183	183	183	187	181	185
Korea	35	26	25	24	23	23
Sub-total	**475**	**492**	**511**	**527**	**554**	**603**
Oceania						
Australia 3/	261	215	203	206	221	200
New Zealand 4/	255	289	274	225	247	304
Sub-total	**516**	**504**	**477**	**431**	**468**	**504**
TOTAL SELECTED COUNTRIES	**3,520**	**3,500**	**3,143**	**3,134**	**3,122**	**3,188**

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 July, 2007

NONFAT DRY MILK CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	46	42	58	74	66	56
Mexico	287	291	300	311	294	300
United States	491	657	624	572	435	403
Sub-total	**824**	**990**	**982**	**957**	**795**	**759**
South America						
Argentina	16	18	19	14	14	14
Brazil	123	112	112	114	122	130
Sub-total	**139**	**130**	**131**	**128**	**136**	**144**
European Union - 25	**989**	**1,013**	**950**	**947**	**914**	**895**
Former Soviet Union						
Russia	170	180	170	165	140	150
Ukraine	20	21	15	21	15	15
Sub-total	**190**	**201**	**185**	**186**	**155**	**165**
North Africa						
Algeria	110	93	90	85	61	55
Sub-total	**110**	**93**	**90**	**85**	**61**	**55**
Asia						
China	107	133	127	101	119	134
India	195	186	231	225	240	280
Indonesia	95	105	115	121	132	145
Japan	223	211	222	227	226	225
Korea	34	33	31	30	31	29
Philippines	90	96	104	74	76	79
Taiwan	31	23	17	19	19	18
Sub-total	**775**	**787**	**847**	**797**	**843**	**910**
Oceania						
Australia 2/	35	35	20	35	35	44
New Zealand 3/	5	5	5	5	5	5
Sub-total	**40**	**40**	**25**	**40**	**40**	**49**
TOTAL SELECTED COUNTRIES	**3,067**	**3,254**	**3,210**	**3,140**	**2,944**	**2,977**

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 July, 2007

NONFAT DRY MILK EXPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	49	36	16	6	11	11
Mexico	0	0	0	0	0	0
United States 1/	126	141	231	277	287	270
Sub-total	**175**	**177**	**247**	**283**	**298**	**281**
South America						
Argentina	22	14	18	16	18	20
Brazil	3	3	2	4	4	5
Sub-total	**25**	**17**	**20**	**20**	**22**	**25**
European Union - 25 2/	**267**	**339**	**283**	**194**	**88**	**100**
Former Soviet Union						
Russia	20	25	20	15	15	15
Ukraine	43	51	63	57	65	70
Sub-total	**63**	**76**	**83**	**72**	**80**	**85**
Asia						
China	0	1	2	2	1	1
India	10	23	10	40	55	60
Indonesia	15	18	12	10	10	5
Japan	0	0	0	0	0	0
Korea	0	0	0	0	0	0
Philippines	12	14	16	18	18	20
Sub-total	**37**	**56**	**40**	**70**	**84**	**86**
Oceania						
Australia 3/	231	193	187	141	192	175
New Zealand 4/	248	314	305	221	243	310
Sub-total	**479**	**507**	**492**	**362**	**435**	**485**
TOTAL SELECTED COUNTRIES	**1,046**	**1,172**	**1,165**	**1,001**	**1,007**	**1,062**

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 July, 2007

NONFAT DRY MILK IMPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
Canada	1	2	2	4	4	4
Mexico	132	129	141	155	111	110
United States	6	1	1	5	2	2
Sub-total	**139**	**132**	**144**	**164**	**117**	**116**
South America						
Argentina	0	1	0	0	0	0
Brazil	19	7	4	5	9	10
Sub-total	**19**	**8**	**4**	**5**	**9**	**10**
European Union - 25	**30**	**56**	**26**	**7**	**19**	**20**
Former Soviet Union						
Russia	50	60	65	70	45	50
Ukraine	0	1	0	0	0	0
Sub-total	**50**	**61**	**65**	**70**	**45**	**50**
North Africa						
Algeria	114	81	90	83	60	55
Sub-total	**114**	**81**	**90**	**83**	**60**	**55**
Asia						
China	35	51	61	43	65	80
India	0	0	15	0	0	0
Indonesia	110	120	125	135	140	147
Japan	44	43	37	34	32	40
Korea	4	5	4	6	6	7
Philippines	100	110	120	87	90	98
Taiwan	31	23	17	19	19	18
Sub-total	**324**	**352**	**379**	**324**	**352**	**390**
Oceania						
Australia 2/	3	4	2	4	5	6
New Zealand 3/	0	0	1	1	1	1
Sub-total	**3**	**4**	**3**	**5**	**6**	**7**
TOTAL SELECTED COUNTRIES	**540**	**562**	**567**	**494**	**491**	**532**

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 July, 2007

WHOLE MILK POWDER PRODUCTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
United States	21	18	19	15	14	17
Sub-total	**21**	**18**	**19**	**15**	**14**	**17**
South America						
Argentina	205	198	260	255	295	310
Brazil	355	390	420	440	465	485
Sub-total	**560**	**588**	**680**	**695**	**760**	**795**
European Union - 25	**870**	**865**	**857**	**858**	**810**	**805**
Former Soviet Union						
Russia	120	110	90	85	90	95
Ukraine	17	20	28	28	30	32
Sub-total	**137**	**130**	**118**	**113**	**120**	**127**
Asia						
China	577	750	832	918	1,030	1,150
Indonesia	45	46	45	48	48	47
Taiwan	6	7	6	5	6	6
Sub-total	**628**	**803**	**883**	**971**	**1,084**	**1,203**
Oceania						
Australia 2/	239	170	187	189	158	140
New Zealand 3/	540	619	628	585	634	655
Sub-total	**779**	**789**	**815**	**774**	**792**	**795**
TOTAL SELECTED COUNTRIES	**2,995**	**3,193**	**3,372**	**3,426**	**3,580**	**3,742**

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 July, 2007

WHOLE MILK POWDER CONSUMPTION: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
United States	25	21	22	18	16	17
Sub-total	**25**	**21**	**22**	**18**	**16**	**17**
South America						
Argentina	95	84	86	98	102	110
Brazil	426	430	440	449	469	500
Sub-total	**521**	**514**	**526**	**547**	**571**	**610**
European Union - 25	**357**	**368**	**343**	**367**	**382**	**377**
Former Soviet Union						
Russia	130	124	109	110	100	115
Ukraine	11	12	10	8	10	10
Sub-total	**141**	**136**	**119**	**118**	**110**	**125**
North Africa						
Algeria	**118**	**118**	**140**	**175**	**176**	**180**
Asia						
China	626	821	898	951	1,081	1,214
Indonesia	58	63	65	75	74	75
Philippines	30	17	17	15	16	18
Taiwan	35	34	36	31	31	30
Sub-total	**749**	**935**	**1,016**	**1,072**	**1,202**	**1,337**
Oceania						
Australia 2/	24	25	23	22	27	27
New Zealand 3/	1	1	1	1	1	1
Sub-total	**25**	**26**	**24**	**23**	**28**	**28**
TOTAL SELECTED COUNTRIES	**1,936**	**2,118**	**2,190**	**2,320**	**2,485**	**2,674**

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 July, 2007

WHOLE MILK POWDER EXPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
United States	0	0	0	0	1	2
Sub-total	**0**	**0**	**0**	**0**	**1**	**2**
South America						
Argentina	136	100	177	162	190	205
Brazil	24	3	16	26	23	15
Sub-total	**160**	**103**	**193**	**188**	**213**	**220**
European Union - 25	**520**	**502**	**517**	**493**	**430**	**430**
Former Soviet Union						
Russia	6	6	6	5	5	5
Ukraine	6	8	18	20	20	22
Sub-total	**12**	**14**	**24**	**25**	**25**	**27**
Asia						
China	28	20	25	32	34	36
Philippines	15	25	28	26	29	32
Sub-total	**43**	**45**	**53**	**58**	**63**	**68**
Oceania						
Australia 2/	213	142	173	161	155	140
New Zealand 3/	481	635	669	585	634	660
Sub-total	**694**	**777**	**842**	**746**	**789**	**800**
TOTAL SELECTED COUNTRIES	**1,429**	**1,441**	**1,629**	**1,510**	**1,521**	**1,547**

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 July, 2007

WHOLE MILK POWDER IMPORTS: SUMMARY FOR SELECTED COUNTRIES

1,000 Metric Tons

	2002	2003	2004	2005	(p) 2006	(f) 2007
North America						
United States	4	3	3	3	3	2
Sub-total	**4**	**3**	**3**	**3**	**3**	**2**
South America						
Argentina	0	1	1	3	0	0
Brazil	95	33	21	29	27	30
Sub-total	**95**	**34**	**22**	**32**	**27**	**30**
European Union - 25	**7**	**5**	**3**	**2**	**2**	**2**
Former Soviet Union						
Russia	16	20	25	30	15	25
Ukraine	0	0	0	0	0	0
Sub-total	**16**	**20**	**25**	**30**	**15**	**25**
North Africa						
Algeria	**116**	**123**	**161**	**167**	**172**	**175**
Asia						
China	77	91	91	65	85	100
Indonesia	33	20	21	26	27	27
Philippines	45	42	45	35	45	50
Taiwan	29	27	30	26	25	24
Sub-total	**184**	**180**	**187**	**152**	**182**	**201**
Oceania						
Australia 2/	3	7	12	15	13	16
New Zealand 3/	0	2	2	1	1	1
Sub-total	**3**	**9**	**14**	**16**	**14**	**17**
TOTAL SELECTED COUNTRIES	**425**	**374**	**415**	**402**	**415**	**452**

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.

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