



# Import Watch

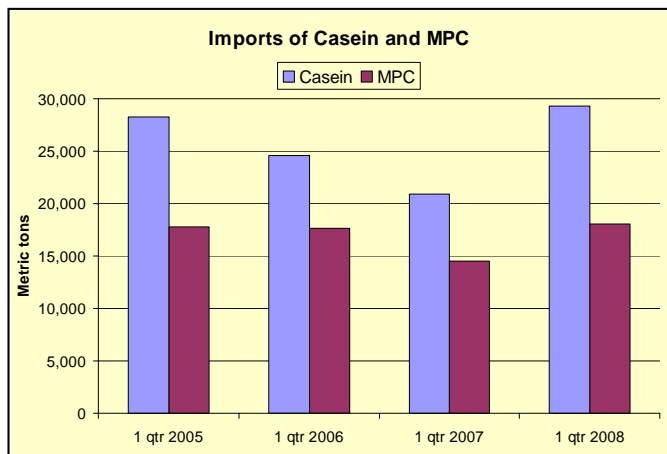
First Quarter 2008

## 1st quarter imports continue downward trend

Reflective of strong world demand and tight dairy product supplies, imports of dairy products in the first quarter of 2008 generally continued the lower-than-year-earlier-levels trend begun in 2007.

### Milk protein imports buck trend

Considering all the talk about world demand for milk protein, it is somewhat surprising that imports of casein and milk protein concentrates registered substantial increases in first quarter 2008 compared to the first quarter in 2007.

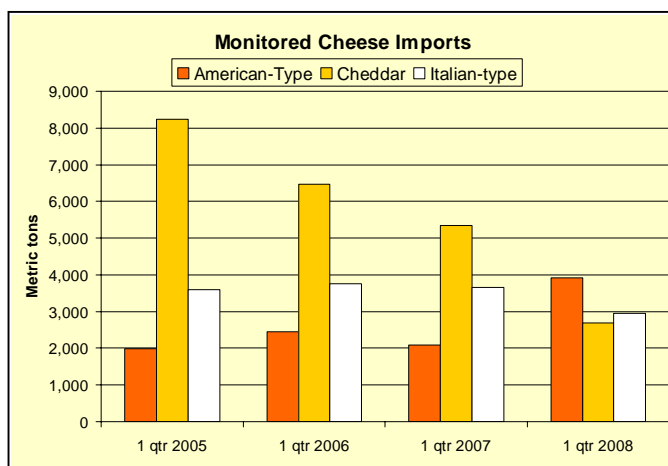


### Cheese, butter imports down

Given the strong demand for U.S. cheese and butter abroad, it is not surprising that imports of butter, butter substitutes and cheese are generally down. The only exception is American-type cheese which is up significantly compared to the first quarter of 2006, in fact, compared to the first quarter of the previous three years.

Butter imports were down

66% while butter substitutes (butter oil and anhydrous milk fat) registered an 87% drop. Non quota butter substitutes (containing less than 45% butterfat) dropped even more compared to the first quarter of 2007, down 93%.



### Italian-type cheese, so-called food prep imports

Imports of Italian-type cheese have nearly tripled in the last ten years, rising from a little over 6,000 metric tons to over 18,000 metric tons in 2007. In 2007, they accounted for approximately one percent of domestic production and sales of Italian-type cheeses. For the first quarter of 2008, these imports are down compared to the first quarter of 2007.

### New Products Added to *Import Watch*

Components of milk come into the United States in several forms. While some products monitored in the past have leveled off or even declined, others have increased dramatically over the past several years. That is why *Import Watch* is expanding the products it monitors to include Italian-type cheese as well as food preparations (containing as much as 78% milkfat) and mixes & dough.

*Import Watch* would like your feedback on these changes. Please e-mail your comments to [jtillison@nmpf.org](mailto:jtillison@nmpf.org).

Increases in imports of food preparations has been very dramatic. From just 24.6 metric tons in 1998, they increased to 45,134.9 metric tons in 2007. Since these contain significant levels of butterfat, a drop in the first quarter of 2008 is not surprising.

Imports of mixes and dough are down also.

Commodities [Annual Quota] (2008 Safeguard Level)	Jan-Mar 2008 Metric Tons	Jan-Mar 2007 Metric Tons	Jan-Mar 2007-08 Growth Rate	% of 2008 Quota/Safeguard Reached*
<b>QUOTA PRODUCTS</b>				
<b>Butter</b>				
In-quota [6,977 MT]	408	1,243	-67%	6%
Over-quota	29	60	-51%	
<i>TOTAL</i> <sup>1</sup> (8,119 MT)	437	1,302	-66%	5%
<b>Butter Substitutes (Butteroil &amp; AMF)</b>				
In-quota [6,080 MT]	81	916	-91%	1%
Over-quota	39	26	47%	
<i>TOTAL</i> <sup>1</sup> (7,852 MT)	120	942	-87%	1%
<b>Cheddar</b>				
In-quota [13,256 MT]	2,540	5,107	-50%	19%
Over-quota	159	228	-30%	
<i>TOTAL</i> <sup>1</sup> (12,879 MT)	2,700	5,336	-49%	20%
<b>American-type Cheese</b>				
In-quota [3,523 MT]	1,821	420	334%	52%
Over-quota	2,091	1,677	25%	
<i>TOTAL</i> <sup>1</sup> (8,616 MT)	3,912	2,097	87%	43%
<b>Italian-type Cheese</b>				
In-quota [13,481 MT]	1,170	1,778	-34%	9%
Over-quota	1,785	1,872	-5%	
<i>TOTAL</i> <sup>1</sup> (22,934 MT)	2,954	3,650	-19%	13%
<b>Food Preparation</b>				
In-quota [4,105 MT]	3,014	5,005	-40%	73%
Over-quota	6,206	6,848	-9%	
<i>TOTAL</i> <sup>1</sup> (59,002 MT)	9,221	11,853	-22%	16%
<i>I. Special Safeguard tariffs can be imposed when total imports, both in-quota and over-quota, exceed the applicable trigger level.</i>				
<i>*Neither the Safeguard Level nor the % of Safeguard Level include countries with which the U.S. has FTAs.</i>				
<i>However, the metric tons of product imported do include product from countries with which the U.S. has FTAs.</i>				
Commodities	Jan-Mar 2008 Metric Tons	Jan-Mar 2007 Metric Tons	Jan-Mar 2007-08 Growth Rate	Jan-Mar 2005-08 Growth Rate
<b>NON QUOTA PRODUCTS</b>				
Butter Substitutes (<45% Butterfat)	283	4,202	-93%	-94%
Casein	29,312	20,872	40%	4%
MPC (more than 40%, less than 90% protein)	13,262	12,728	4%	-5%
MPC (90% or more protein)	4,775	1,775	169%	27%
Total MPC	18,038	14,503	24%	4%
Chocolate Block	24,407	26,750	-9%	-18%

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

- 2nd quarter 2008, September 2008

- 3rd quarter 2008, December 2008

- 4th quarter 2008, March 2009

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