



Import Watch

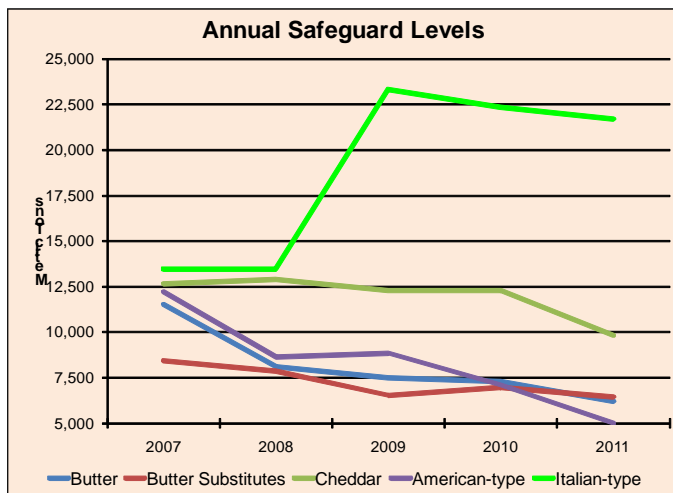
First Quarter 2011

Import safeguard levels lower

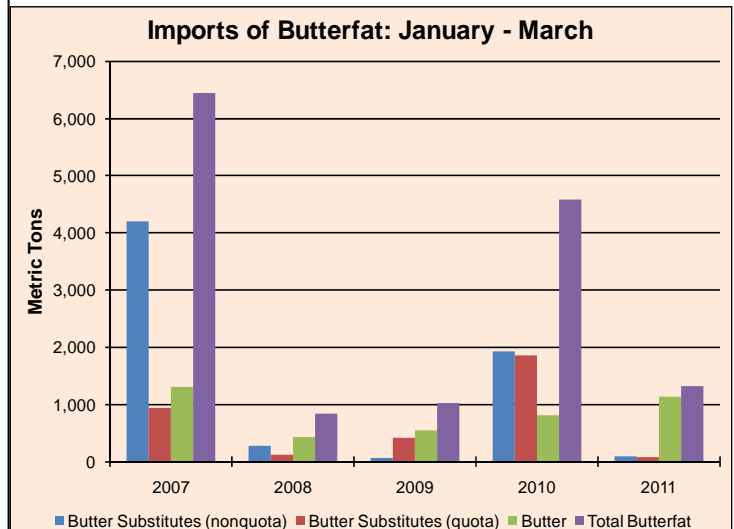
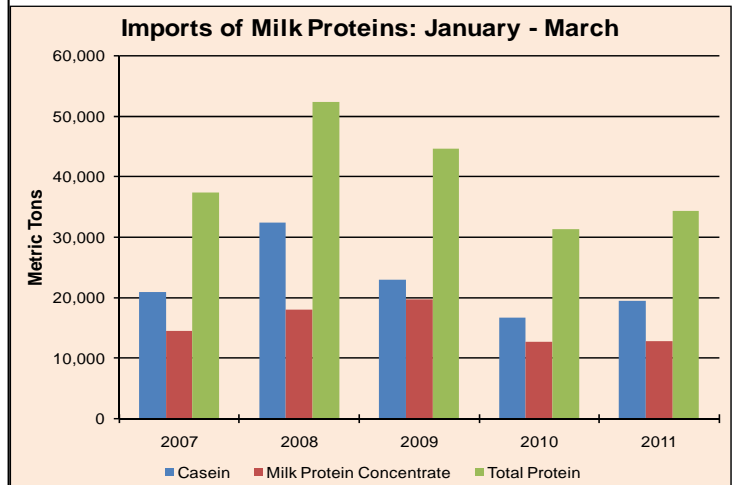
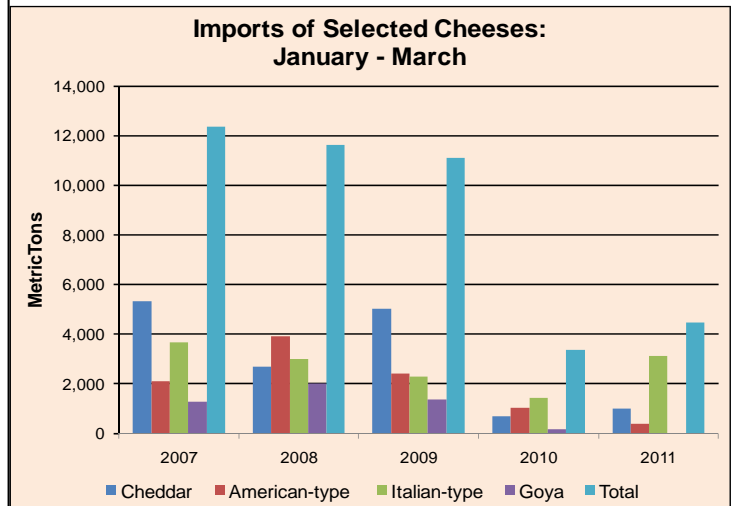
Since its inception, *Import Watch* has provided the percentage of the import safeguard level reached for dairy products with quotas. As can be seen on the back page, import data is reported on the basis of quota products (like Cheddar cheese) and those same products brought in not under a quota or over quota.

The safeguard level is the average of the most recent three years for which data on imports covered by quotas are available. When the safeguard level of a dairy product imported under quota is exceeded, additional duties can be imposed.

The interesting thing about that situation is that the imposition of additional duties is not automatic. An entity, such as NMPF, must request that this action be taken. That is one of the reasons NMPF tracks imports of dairy products and issues *Import Watch* quarterly.



Imports of most of the dairy products *Import Watch* tracks have been dropping in the last few years. As a result, the safeguard levels have been dropping as well, as the above chart shows. This is due to the growing demand for dairy products in developing nations and the EU greatly reducing export subsidies, both of which have raised world prices to levels that make the U.S. a less attractive market. 🌐



Commodities [Annual Quota] (2010 Safeguard Level)	Jan-Mar 2011 Metric Tons	Jan-Mar 2010 Metric Tons	Jan-Mar 2010-11 Growth Rate	% of 2011 Quota/Safeguard Reached*
QUOTA PRODUCTS				
Butter				
In-quota [6,977 MT]	959	752	27%	14%
Over-quota	180	54	234%	
<i>TOTAL</i> ¹ (6,188 MT)	1,138	806	41%	18%
Butter Substitutes (Butteroil & AMF)				
In-quota [6,081 MT]	50	1,827	-97%	1%
Over-quota	33	29	14%	
<i>TOTAL</i> ¹ (6,441 MT)	82	1,855	-96%	1%
Cheddar				
In-quota [13,256 MT]	1,623	1,378	18%	12%
Over-quota	163	207	-21%	
<i>TOTAL</i> ¹ (9,825 MT)	1,786	1,585	13%	10%
American-type Cheese				
In-quota [3,523 MT]	381	1,030	-63%	11%
Over-quota	4	2	137%	
<i>TOTAL</i> ¹ (4,979 MT)	385	1,032	-63%	8%
Italian-type Cheese				
In-quota [13,481 MT]	1,227	1,112	10%	9%
Over-quota	1,880	318	492%	
<i>TOTAL</i> ¹ (21,719 MT)	3,108	1,430	117%	14%
Food Preparations				
In-quota [4,105 MT]	1,625	4,065	-60%	40%
Over-quota	252	4,709	-95%	
<i>TOTAL</i> ¹ (30,575 MT)	1,877	8,774	-79%	6%

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-Mar 2011 Metric Tons	Jan-Mar 2010 Metric Tons	Jan-Mar 2010-11 Growth Rate	Jan-Mar 2008-11 Growth Rate
NON QUOTA PRODUCTS				
Butter Substitutes (<45% Butterfat)	98	1,925	-95%	-65%
Casein	19,503	16,665	17%	-40%
MPC (more than 40%, less than 90% protein)	10,527	9,928	6%	-20%
MPC (90% or more protein)	2,309	2,789	-17%	-52%
Total MPC	12,836	12,718	1%	-29%
Chocolate Block	6,912	6,203	11%	-72%
Goya Cheese	0	185	-100%	-100%
Mixes and Doughs	33,949	36,348	-7%	-13%

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 2011, September 2011
- 3rd Quarter 2011, December 2011

- 4th Quarter 2011, March 2012

- 1st Quarter 2012, June 2012

Please contact Jim Tillison, Senior VP Marketing & Economic Research, with questions and comments at jtillison@nmpf.org or call 703-469-2375.