



Import Watch

Second Quarter 2011

Imports reflect demand, strength of price

Imports of the dairy products *Import Watch* tracks were up in two of three categories, reflecting increased demand and the strength of U.S. prices in the first six months of 2011. However, in each category, it was the larger volume of one product that resulted in the total increase.

Italian cheese pushes category higher

While total cheese imports for the first six months of 2011 were higher than during the same period in 2010, it was primarily Italian cheese varieties that resulted in the category's increase. Over quota Italian cheeses, primarily in bulk form for further processing, were the primary driver.

However, total cheese imports for the first half of 2011, at 9,526 metric tons, are well below the 20,695 metric ton average of the previous five years.

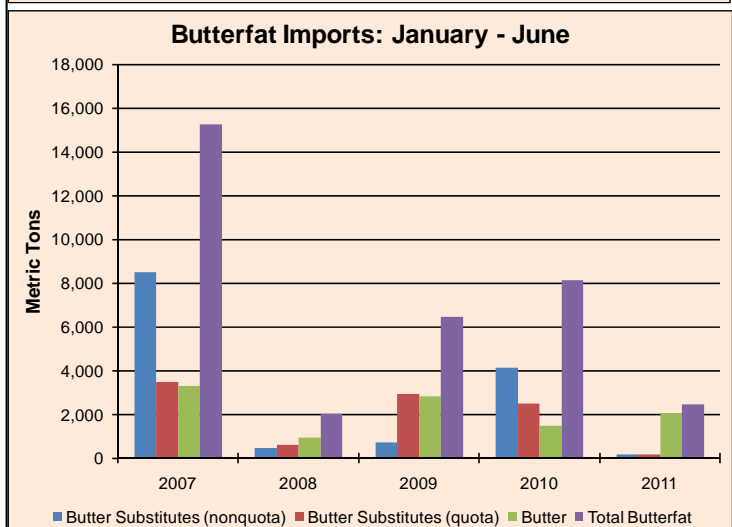
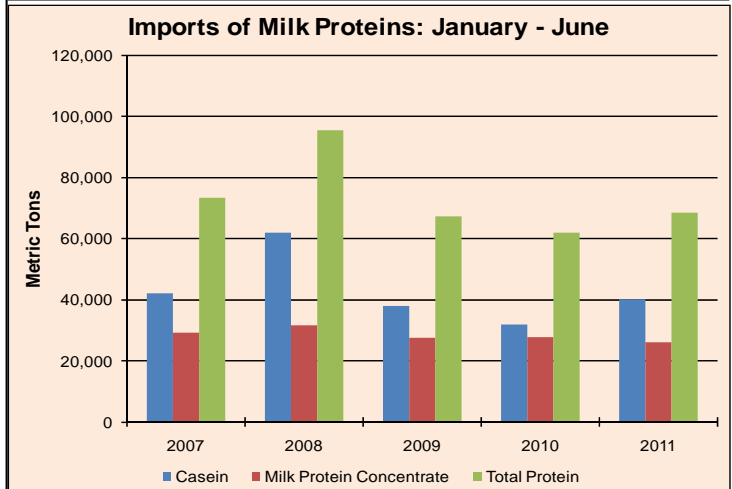
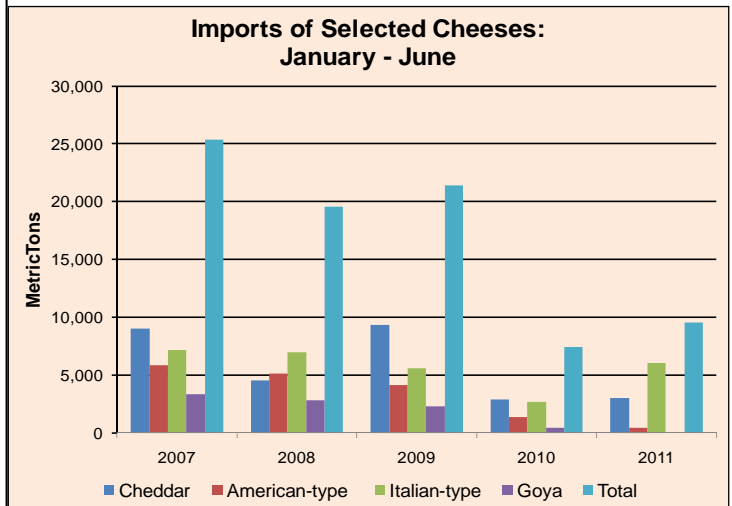
Casein imports move total proteins up

Though milk protein concentrate (MPC) imports registered a decline of 1,780 metric tons compared to the first six months of 2010, it was a jump in casein imports of 8,287 metric tons that moved the total protein category higher. But again, the casein imports in the first six months of 2011, at 40,289 metric tons, were under the average of the previous five years of 43,258 metric tons.

As far as MPC imports are concerned, there is no question that the downward trend is continuing.

Butter imports register a small increase

Imports of butter were up slightly compared to the first six months of 2010, but total imports of butterfat dropped by 70%, driven by a 94% drop in butter substitute imports. This dramatic reduction was the result of no imports from Canada and dramatically reduced imports from New Zealand. 



| Commodities [Annual Quota] (2010 Safeguard Level) | Jan-Jun 2011 Metric Tons | Jan-Jun 2010 Metric Tons | Jan-Jun 2010-11 Growth Rate | % of 2011 Quota/Safeguard Reached* |
|---|--------------------------------|--------------------------------|-----------------------------------|--|
| QUOTA PRODUCTS | | | | |
| Butter | | | | |
| In-quota [6,977 MT] | 1,842 | 1,412 | 30% | 26% |
| Over-quota | 240 | 87 | 176% | |
| <i>TOTAL</i> ¹ (6,188 MT) | 2,082 | 1,499 | 39% | 34% |
| Butter Substitutes (Butteroil & AMF) | | | | |
| In-quota [6,081 MT] | 141 | 2,444 | -94% | 2% |
| Over-quota | 49 | 61 | -20% | |
| <i>TOTAL</i> ¹ (6,441 MT) | 190 | 2,506 | -92% | 2% |
| Cheddar | | | | |
| In-quota [13,256 MT] | 2,578 | 2,371 | 9% | 19% |
| Over-quota | 450 | 515 | -13% | |
| <i>TOTAL</i> ¹ (9,825 MT) | 3,029 | 2,886 | 5% | 22% |
| American-type Cheese | | | | |
| In-quota [3,523 MT] | 424 | 1,405 | -70% | 12% |
| Over-quota | 9 | 3 | 191% | |
| <i>TOTAL</i> ¹ (4,979 MT) | 433 | 1,408 | -69% | 9% |
| Italian-type Cheese | | | | |
| In-quota [13,481 MT] | 2,436 | 2,491 | -2% | 18% |
| Over-quota | 3,648 | 205 | 1683% | |
| <i>TOTAL</i> ¹ (21,719 MT) | 6,084 | 2,696 | 126% | 28% |
| Food Preparations | | | | |
| In-quota [4,105 MT] | 2,455 | 4,085 | -40% | 60% |
| Over-quota | 313 | 8,101 | -96% | |
| <i>TOTAL</i> ¹ (30,575 MT) | 2,768 | 12,186 | -77% | 9% |

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-Jun 2011 Metric Tons | Jan-Jun 2010 Metric Tons | Jan-Jun 2010-11 Growth Rate | Jan-Jun 2008-11 Growth Rate |
|--|--------------------------------|--------------------------------|-----------------------------------|-----------------------------------|
| NON QUOTA PRODUCTS | | | | |
| Butter Substitutes (<45% Butterfat) | 190 | 4,136 | -95% | -61% |
| Casein | 40,289 | 32,002 | 26% | -35% |
| MPC (more than 40%, less than 90% protein) | 20,190 | 20,956 | -4% | -16% |
| MPC (90% or more protein) | 5,974 | 6,988 | -15% | -22% |
| Total MPC | 26,164 | 27,944 | -6% | -17% |
| Chocolate Block | 11,997 | 11,631 | 3% | -74% |
| Goya Cheese | 0 | 429 | -100% | -100% |
| Mixes and Doughs | 67,099 | 72,974 | -8% | -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:

- 3rd Quarter 2011, December 2011
- 4th Quarter 2011, March 2012

- 1st Quarter 2012, June 2012
 - 2nd Quarter 2012, September 2012
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