



# Import Watch

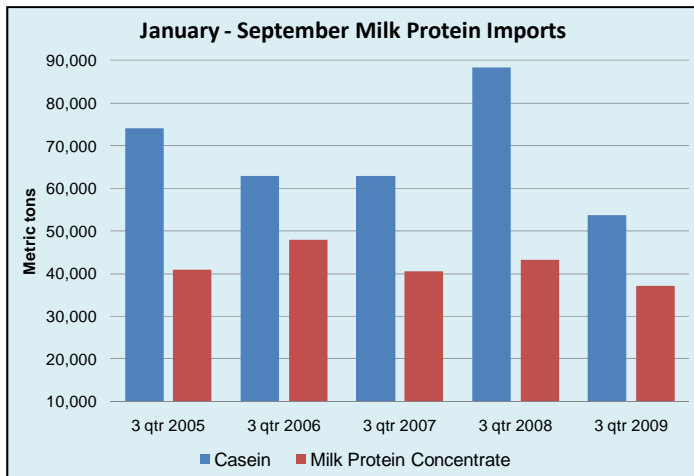
Third Quarter 2009

## Imports of some products drop dramatically

The third quarter of 2009 saw a significant decline in imports of some of the dairy products *Import Watch* monitors. Imports of other dairy products continued to register gains over year earlier levels, but remained below the average of prior years.

### Imports of milk proteins down

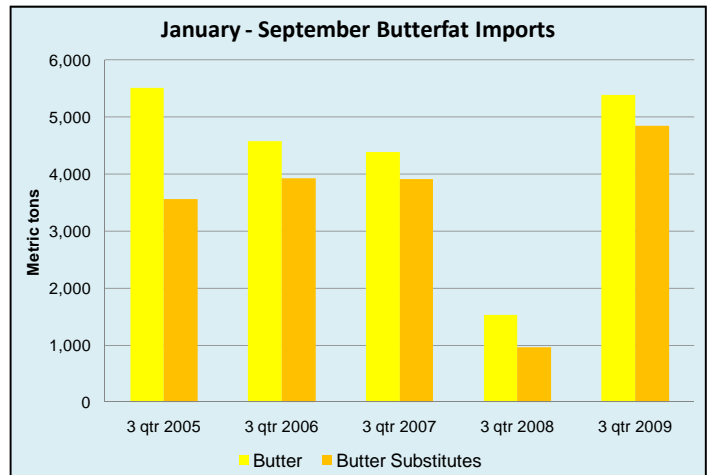
Imports of casein and milk protein concentrates (MPC) were down 42% and 21%, respectively compared to the level imported in the third quarter of 2008. Through the first nine months of 2009, imports of casein and caseinates are down 39% and MPC imports are down 14% compared to the first nine months of 2008. Both products are also down compared to the previous four years as well.



### Butterfat imports are up in 2009

Imports of butter and butter substitutes (butter oil and anhydrous milk fat) were up significantly in the first nine months of 2009 compared to the same period in 2008, 269% and 428% respectively. However, percentages can be deceiving.

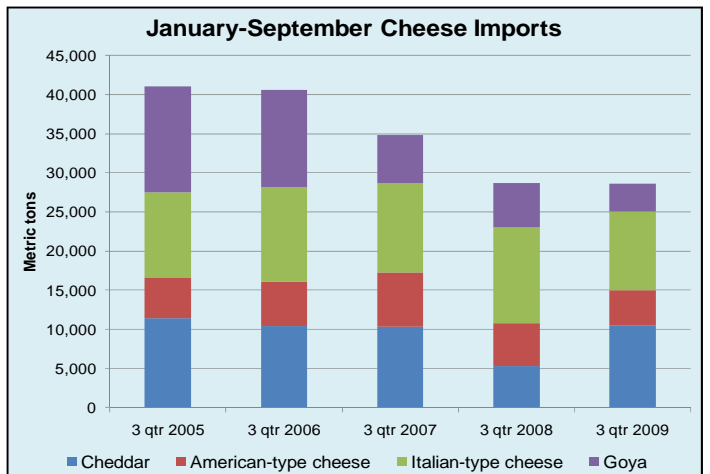
Imports of butter and butter substitutes were down dramatically in 2008 compared to the previous three years as well as 2009, as the following graph shows.



The drought in Oceania combined with the strong demand for butterfat in Asia and the Middle East pulled butterfat away from U.S. markets. A prime example of this situation was the exports of butter and AMF from the U.S. in 2008, which were nearly 15 times the annual average of the previous eight years. Cooperatives Working Together (CWT) played a major role in this assisting members in exporting over 32,000 metric tons of butter and AMF.

### Cheese imports

Of the four cheeses *Import Watch* tracks, only Cheddar is up in both the third quarter and for the nine months of 2009 compared to 2008. 🌐



Commodities [Annual Quota] (2009 Safeguard Level)	Jan-Sep 2009 Metric Tons	Jan-Sep 2008 Metric Tons	Jan-Sep 2008-09 Growth Rate	% of 2009 Quota/Safeguard Reached*
<b>QUOTA PRODUCTS</b>				
<b>Butter</b>				
In-quota [6,977 MT]	5,073	1,376	269%	73%
Over-quota	314	159	97%	
<i>TOTAL</i> <sup>1</sup> (7,514 MT)	5,387	1,535	251%	59%
<b>Butter Substitutes (Butteroil &amp; AMF)</b>				
In-quota [6,080 MT]	4,434	839	428%	73%
Over-quota	414	119	248%	
<i>TOTAL</i> <sup>1</sup> (6,542 MT)	4,847	958	406%	68%
<b>Cheddar</b>				
In-quota [13,256 MT]	10,804	4,694	130%	82%
Over-quota	528	560	-6%	
<i>TOTAL</i> <sup>1</sup> (12,279 MT)	11,333	5,254	116%	70%
<b>American-type Cheese</b>				
In-quota [3,523 MT]	2,380	2,238	6%	68%
Over-quota	2,061	3,327	-38%	
<i>TOTAL</i> <sup>1</sup> (8,841 MT)	4,441	5,565	-20%	44%
<b>Italian-type Cheese</b>				
In-quota [13,481 MT]	6,694	6,777	-1%	50%
Over-quota	3,364	5,399	-38%	
<i>TOTAL</i> <sup>1</sup> (23,312 MT)	10,059	12,176	-17%	43%
<b>Food Preparation</b>				
In-quota [4,105 MT]	3,173	3,018	5%	77%
Over-quota	25,161	14,604	72%	
<i>TOTAL</i> <sup>1</sup> (52,093 MT)	28,334	17,622	61%	53%
<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-Sep 2009 Metric Tons	Jan-Sep 2008 Metric Tons	Jan-Sep 2008-09 Growth Rate	Jan-Sep 2006-09 Growth Rate
<b>NON QUOTA PRODUCTS</b>				
Butter Substitutes (<45% Butterfat)	2,102	686	206%	-79%
Casein	53,708	88,365	-39%	-15%
MPC (more than 40%, less than 90% protein)	30,721	33,554	-8%	-25%
MPC (90% or more protein)	6,455	9,772	-34%	-9%
Total MPC	37,176	43,325	-14%	-22%
Chocolate Block	25,874	65,273	-60%	-69%
Goya Cheese	3,584	5,663	-37%	-71%
Mixes and Dough	105,516	114,651	-8%	-3%

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

- 4th Quarter 2009, March 2010
- 1st Quarter 2010, June 2010

- 2nd Quarter 2010, June 2010
  - 3rd Quarter 2010, December 2010
- Please contact Jim Tillison, Senior VP Special Projects, with questions and comments at [jtillison@nmpf.org](mailto:jtillison@nmpf.org) or call 703-469-2375.