



Import Watch

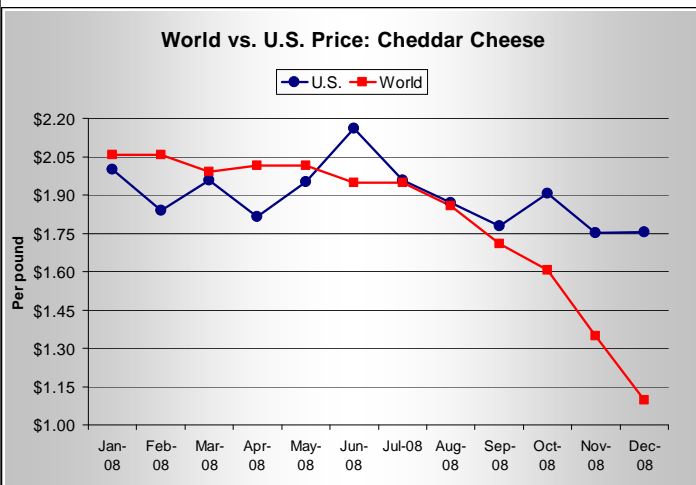
Fourth Quarter 2008

As world prices fall, imports rise

With the world economy following the U.S. economy into recession as 2008 came to a close, imports of certain dairy products increased. However, in total, imports of most dairy products were lower in 2008 than in 2007.

World dairy product prices plunge

Oceania's recovery from a significant drought and a sagging world economy had world dairy product prices in free fall as 2008 came to a close.

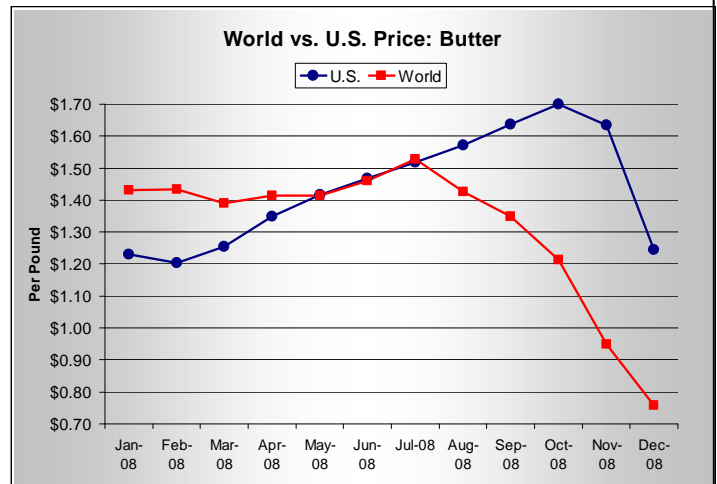


World cheddar cheese prices fell by nearly 50% during 2008 with the most significant drop occurring in the 4th quarter of 2008, putting the world price well below the U.S. domestic price. As a result, Cheddar cheese imports accounting for 60%, nearly 6,600 metric tons, of the total of 11,019 metric tons imported during the year came in during the fourth quarter.

Imports of butter and butter substitutes jumped in the fourth quarter of 2008 also. As with Cheddar cheese, the world price of butter collapse in the second half of the year, ending the year 50 cents below the U.S. price.


Butter and butter substitutes imports in the fourth quarter accounted for the lion's share of these prod-

ucts imported in 2008. For butter, 70% of the annual total — 3,661 metric tons of the 5,197 metric tons — arrived in the fourth quarter of the year. The same was true for butter substitutes with 84% of the 6,113 metric tons imported in 2008 coming in the fourth quarter.



For the other commodities Import Watch tracks, the percentage imported in the fourth quarter of 2008 weren't quite as dramatic:

Casein	+25.5%
Chocolate Block	+19.7%
Goya Cheese	+30.3%
Milk protein concentrate	+30.8%
Mixes & doughs	+26.4%
American cheese	+5.6%
Italian-type cheese	+47.4%
Food preparations	+12.6%

And, for the year, imports of butter, Cheddar cheese and American cheese were below 2007 levels. Import of butter substitutes, Italian-type cheese, casein, high protein content MPC and Goya cheese all closed the year with imports above 2007 totals. 

Commodities [Annual Quota] (2008 Safeguard Level)	Jan-Dec 2008 Metric Tons	Jan-Dec 2007 Metric Tons	Jan-Dec 2007-08 Growth Rate	% of 2008 Quota/Safeguard Reached*
QUOTA PRODUCTS				
Butter				
In-quota [6,977 MT]	4,993	6,410	-22%	72%
Over-quota	204	216	-6%	
<i>TOTAL</i> ¹ (8,119 MT)	5,197	6,627	-22%	64%
Butter Substitutes (Butteroil & AMF)				
In-quota [6,080 MT]	5,945	5,215	14%	98%
Over-quota	168	131	28%	
<i>TOTAL</i> ¹ (7,852 MT)	6,113	5,346	14%	78%
Cheddar				
In-quota [13,256 MT]	10,289	13,026	-21%	78%
Over-quota	730	1,048	-30%	
<i>TOTAL</i> ¹ (12,879 MT)	11,019	14,074	-22%	86%
American-type Cheese				
In-quota [3,523 MT]	2,558	2,849	-10%	73%
Over-quota	3,335	4,836	-31%	
<i>TOTAL</i> ¹ (8,616 MT)	5,893	7,685	-23%	68%
Italian-type Cheese				
In-quota [13,481 MT]	12,545	10,622	18%	93%
Over-quota	6,618	6,849	-3%	
<i>TOTAL</i> ¹ (22,934 MT)	19,163	17,471	10%	84%
Food Preparation				
In-quota [4,105 MT]	3,018	5,018	-40%	74%
Over-quota	17,148	45,028	-62%	
<i>TOTAL</i> ¹ (59,002 MT)	20,166	50,045	-60%	33%
<i>1. 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-Dec 2008 Metric Tons	Jan-Dec 2007 Metric Tons	Jan-Dec 2007-08 Growth Rate	Jan-Dec 2005-08 Growth Rate
NON QUOTA PRODUCTS				
Butter Substitutes (<45% Butterfat)	912	12,773	-93%	-95%
Casein	118,733	90,129	32%	22%
MPC (more than 40%, less than 90% protein)	49,650	50,306	-1%	12%
MPC (90% or more protein)	13,029	10,841	20%	21%
Total MPC	62,678	61,147	3%	14%
Chocolate Block	81,312	111,190	-27%	-33%
Goya Cheese	8,128	7,321	11%	-55%
Mixes and Dough	155,700	171,962	-9%	9%

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

- 1st quarter 2009, June 2009

- 2nd Quarter 2009, September 2009

- 3rd

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