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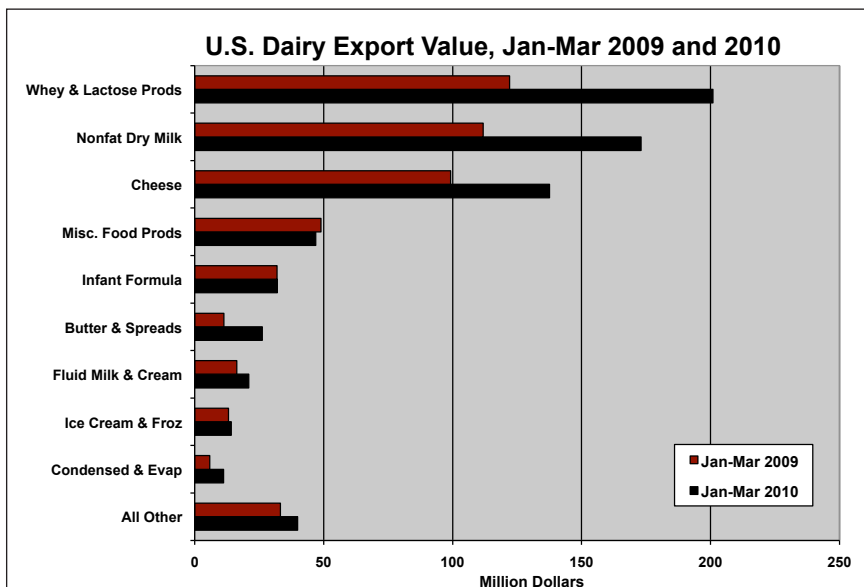
International Dairy Notes

May 2010

U.S. dairy exports recovering from depressed 2009.

Due largely to global economic recession, U.S. dairy exports in 2009 were down 40 percent in value from 2008. Dairy imports to the U.S. also fell, but only by about a third as much as exports. As a result, the U.S. dairy trade surplus went from more than \$1 billion in 2008 to \$100 million in 2009.

Nonfat dry milk/skim milk powder and butter exports dropped the most, together accounting for three-quarters of the overall loss in export value. Exports of whey and lactose—particularly important to Wisconsin—were up nearly 10 percent on volume, but down one-sixth in value due to much lower world prices.



World dairy markets so far in 2010 have shown considerable improvement over last year. Economic growth in developing economies — particularly East and Southeast Asian countries, which are big markets for U.S. dairy products — has been robust, generating strong demand for dairy products. Stronger demand has elevated world dairy prices by 50 to 90 percent over year-earlier levels. Currently, world prices for the leading U.S. dairy export items (cheese, nonfat dry milk/skim milk powder and whey) are above wholesale prices in the U.S., indicating good export opportunities for U.S. dairy companies.

In fact, U.S. dairy companies are taking advantage of these opportunities. Through March, the value of U.S. dairy exports was up 40 percent (\$280 million) from the same period in 2009. Whey led the way, with exports up 65 percent (\$79 million) due to much higher prices and 25 percent larger export volume. Nonfat dry milk and cheese exports were up by 55 percent (\$61 million) and 39 percent (\$38 million), respectively.

While U.S. dairy exports were higher for nearly all regions, first quarter growth was particularly strong in Asian countries (\$109 million). China's dairy imports from the U.S. doubled, from \$25 to \$50 million. This underscores the seriousness of recent threats by China to halt U.S. dairy imports because of a dispute over sanitation requirements.

