

V. INTERNATIONAL

International Dairy Trade Overview

Weak world dairy prices and a drop in demand levels for U.S. dairy products led to decrease in 2009 over 2008, in both total value and total quantity exported. The value of 2009 dairy exports was \$2.235 billion, down 40.4 percent over 2008. Total volume of non-fluid products traded dropped 16.1 percent from 3.03 billion pounds in 2008 to approximately 2.54 billion pounds. At the same time, the value of dairy imports declined in 2009, the U.S. also imported \$251.5 million more than it exported.

Dry whey was the largest total exported dairy product by volume in 2009 with 790.3 million pounds exported, which is an increase of 2.3 percent over 2008. Nonfat dry milk exports decreased by 37 percent; the U.S. exported 545.9 million pounds in 2009, down from 862.4 in 2008. Lactose exports increased by 74 million pounds, making them the third most exported dairy product in 2009. Rounding out the top five were other dairy products, such as infant formula, albumin and malted milk (259.5 million pounds), and cheese and curd (239 million pounds).

Nonfat dry milk, which was the main driver in terms of total dairy export dollar sales in 2008, decreased by 62.5 percent in 2009 accounting for \$517.7 billion of total export value. Cheese and curd exports were the second largest source of dairy export revenue in 2009, down 24.4 percent from 2008 to \$430.2 million. Dry whey (\$409 million), other dairy products (\$394.4 million), and lactose (\$142.3 million) rounded out the top five dairy export categories.

Mexico (\$637.4 million) and Canada (\$333.4 million) remained the largest purchasers of U.S. dairy products in 2009. These two countries purchased significant amounts of nonfat dry milk, cheese and other dairy products. China imported \$137.5 million in dairy products, followed closely by the Japan, which imported \$131.4 million in 2009. The Philippines rounded out the top five by importing \$78.1 million worth of dairy products. These five countries together accounted for approximately 59 percent of the total dairy export revenues in 2009.