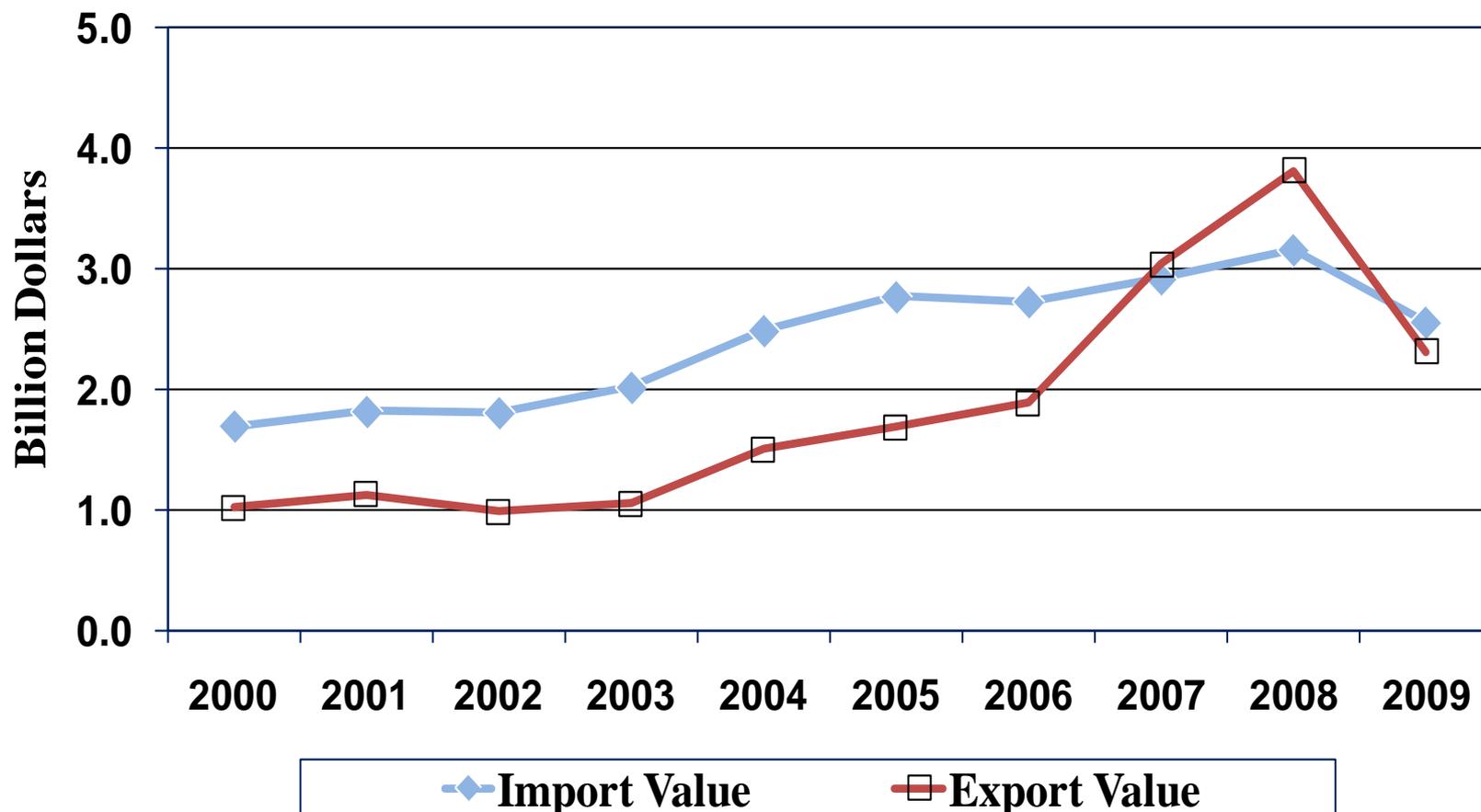


International Dairy Markets

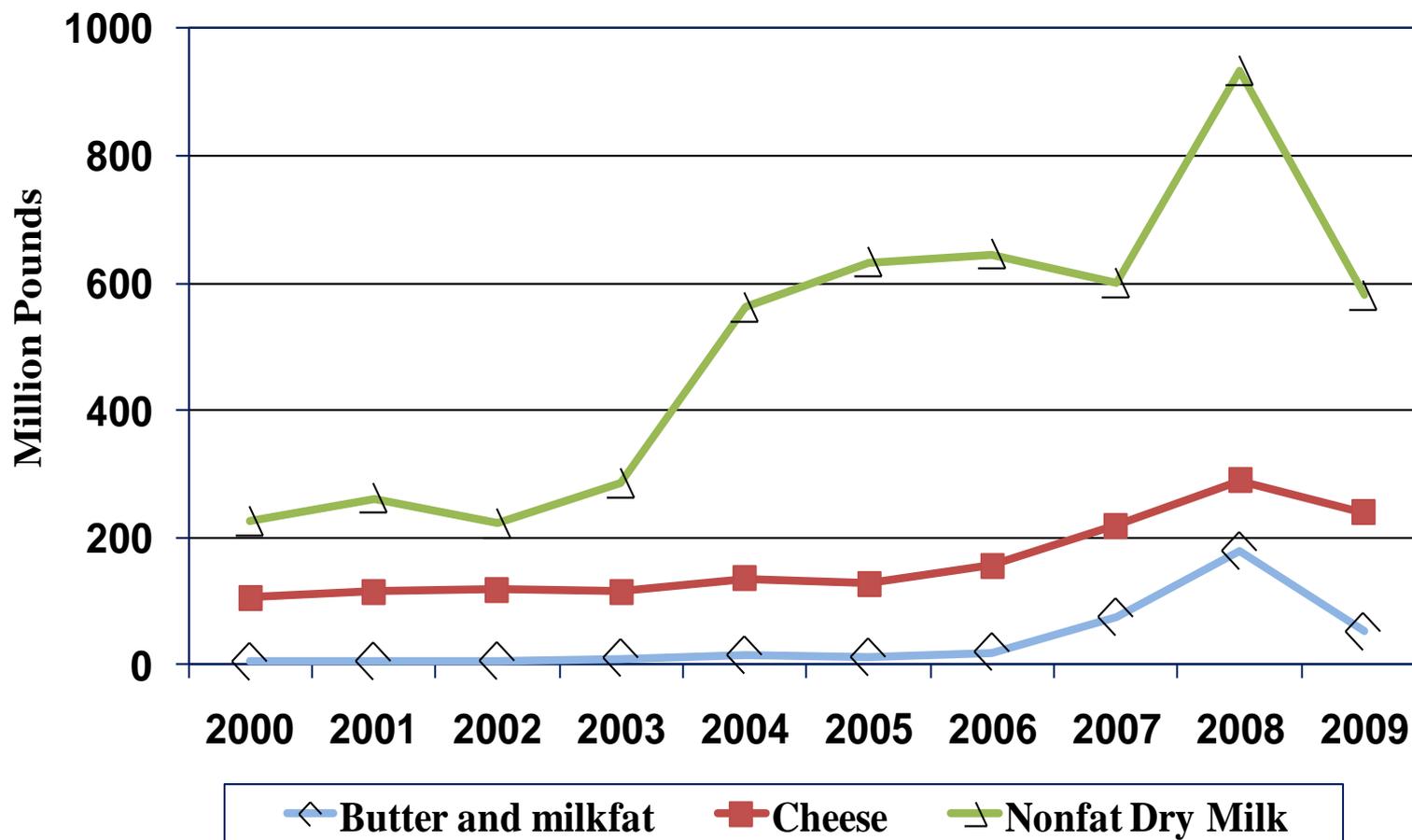
*Joseph W. Glauber
Chief Economist, USDA
April 14, 2010*



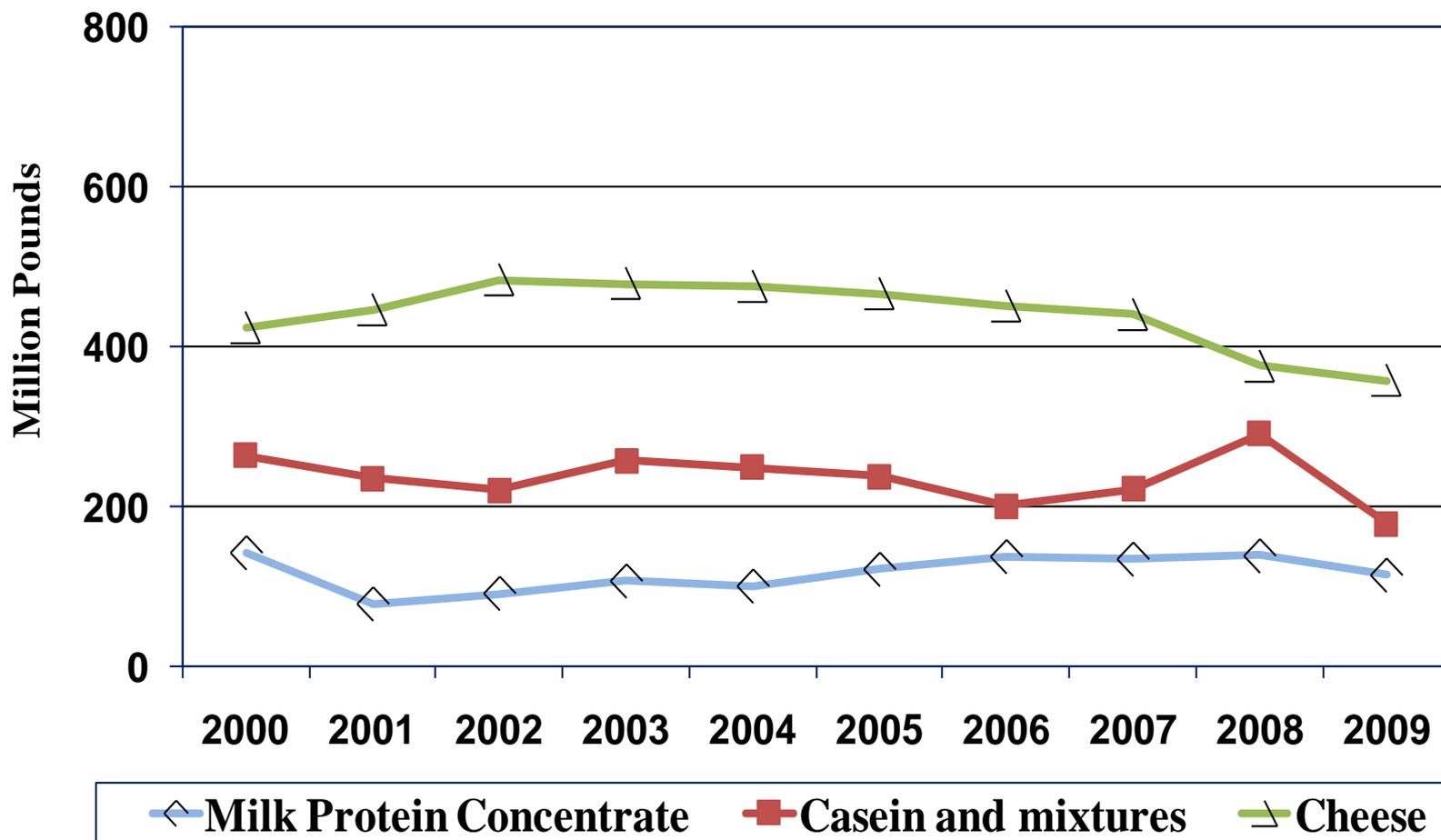
Value of U.S. Dairy Product Imports and Exports



U.S. Exports of Selected Dairy Products



U.S. Imports of Selected Dairy Products



Top Ten Markets for U.S. Dairy Products, 2009

Value of Sales (Mil. \$)

(1) Mexico	643
(2) Canada	400
(3) China	138
(4) Japan	132
(5) Philippines	78
(6) South Korea	77
(7) Indonesia	66
(8) Vietnam	57
(9) Saudi Arabia	42
(10) Malaysia	38

Top Exporters of Dairy Products to the U.S., 2009

Value of Imports (Mil. \$)

(1) New Zealand	597
(2) Canada	345
(3) Italy	279
(4) France	159
(5) Netherlands	130
(6) Mexico	121
(7) Australia	115
(8) Ireland	89
(9) Denmark	85
(10) Argentina	71

Dairy Export Incentive Program (DEIP)

Purpose is to develop foreign markets and to counter EU export subsidies.

Under the URAA, DEIP exports are limited by quantity (July/June) to 68,201 tons of nonfat dry milk, 21,097 tons of butterfat and 3,030 tons of cheese. Annual (October/September) monetary limits are \$82.5 million for nonfat dry milk, \$30.5 million for butterfat and \$3.6 million for cheese.

USDA constantly evaluates conditions to determine whether program implementation is justified.

DEIP is implemented through an “invitation to bid” issued to dairy exporters.

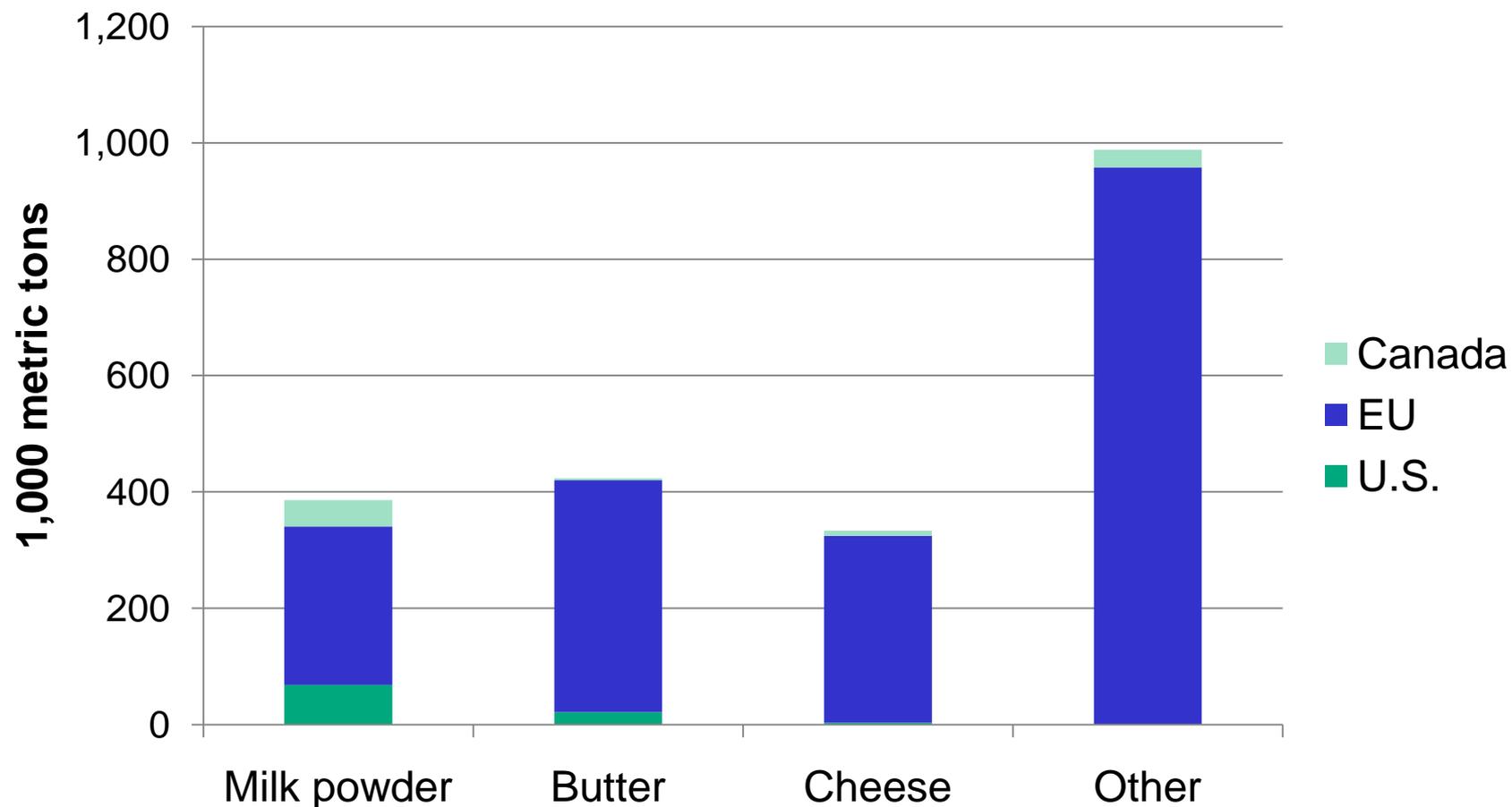
Exporter bids for a payment bonus are evaluated and allowable bonuses are estimated to cover the difference between global and domestic prices.



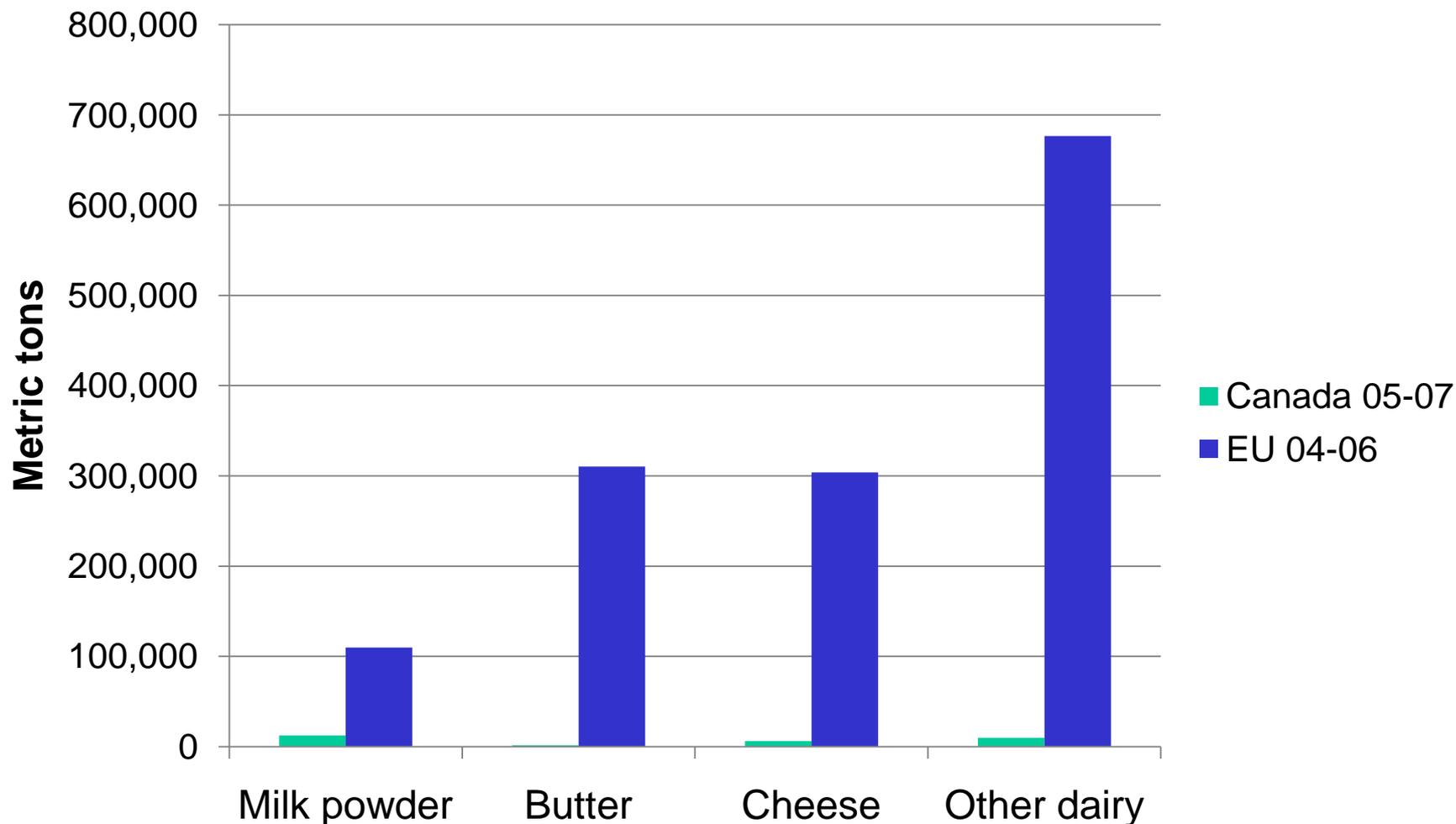
CCC Net Removals and DEIP Activity, 2003-09

		<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
CCC Net Removals								
(Includes DEIP):								
Butter	Mil. lb.	29	-7	0	0	0	0	25
Cheese	Mil. lb.	41	6	-2	0	0	0	1
Nonfat Dry Milk	Mil. lb.	664	105	-81	64	0	111	246
DEIP Exports:								
Butter	Mil. lb.	22	1	0	0	0	0	25
Cheese	Mil. lb.	6	6	0	0	0	0	1
Nonfat Dry Milk	Mil. lb.	149	106	0	0	0	0	80

EU Dominates WTO Export Subsidy Commitments ...



... as Well as Subsidized Exports



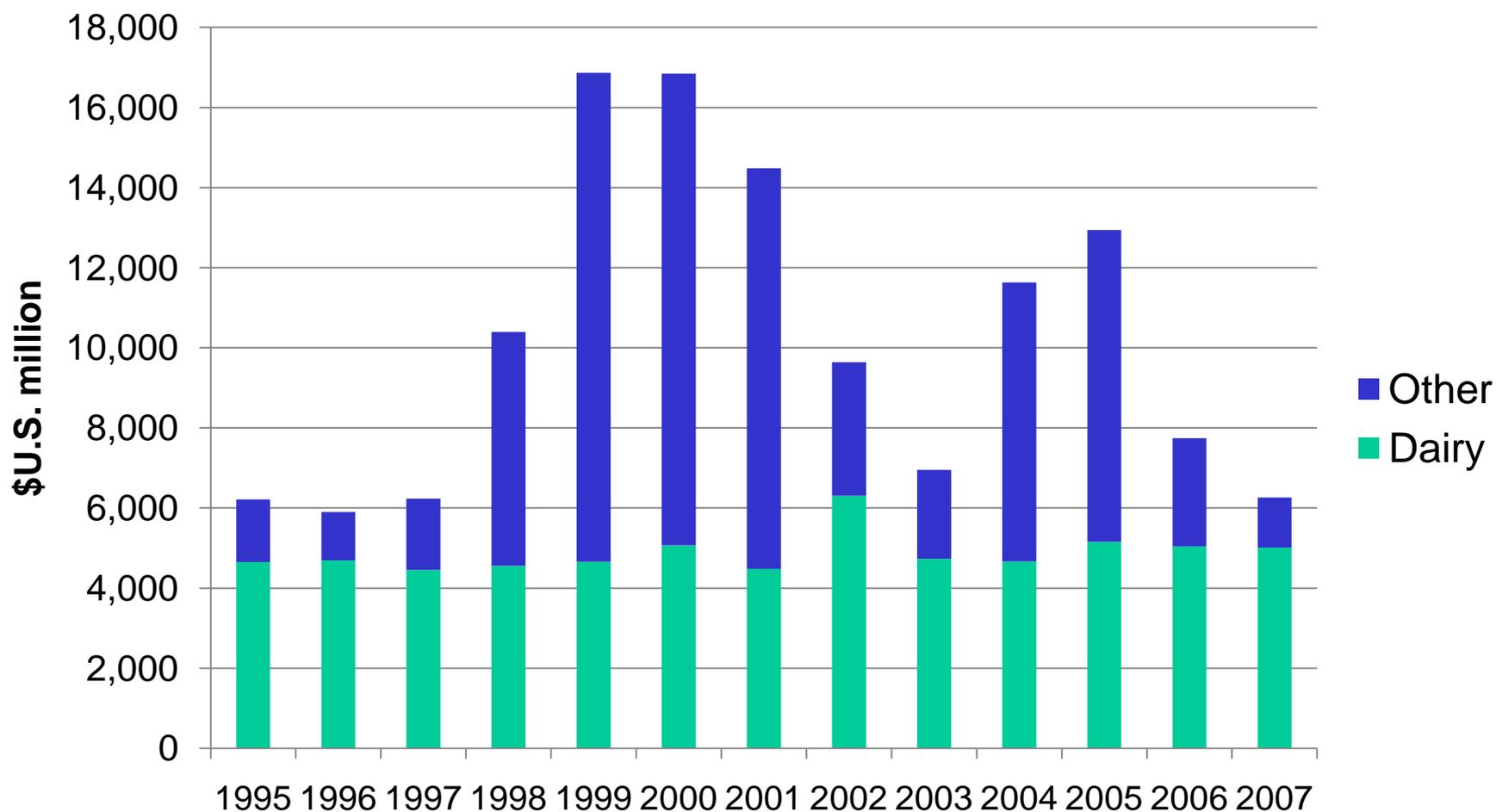
Current WTO Boxes

- Amber: most trade-distorting; tied to price or output; currently subject to annual limits
- Green: none or minimally trade-distorting; decoupled support, no limit on support
- Blue: trade-distorting but has production-limiting features; no limit on support
- *De minimis* test: up to 5% support allowed for product specific and non-product specific amber

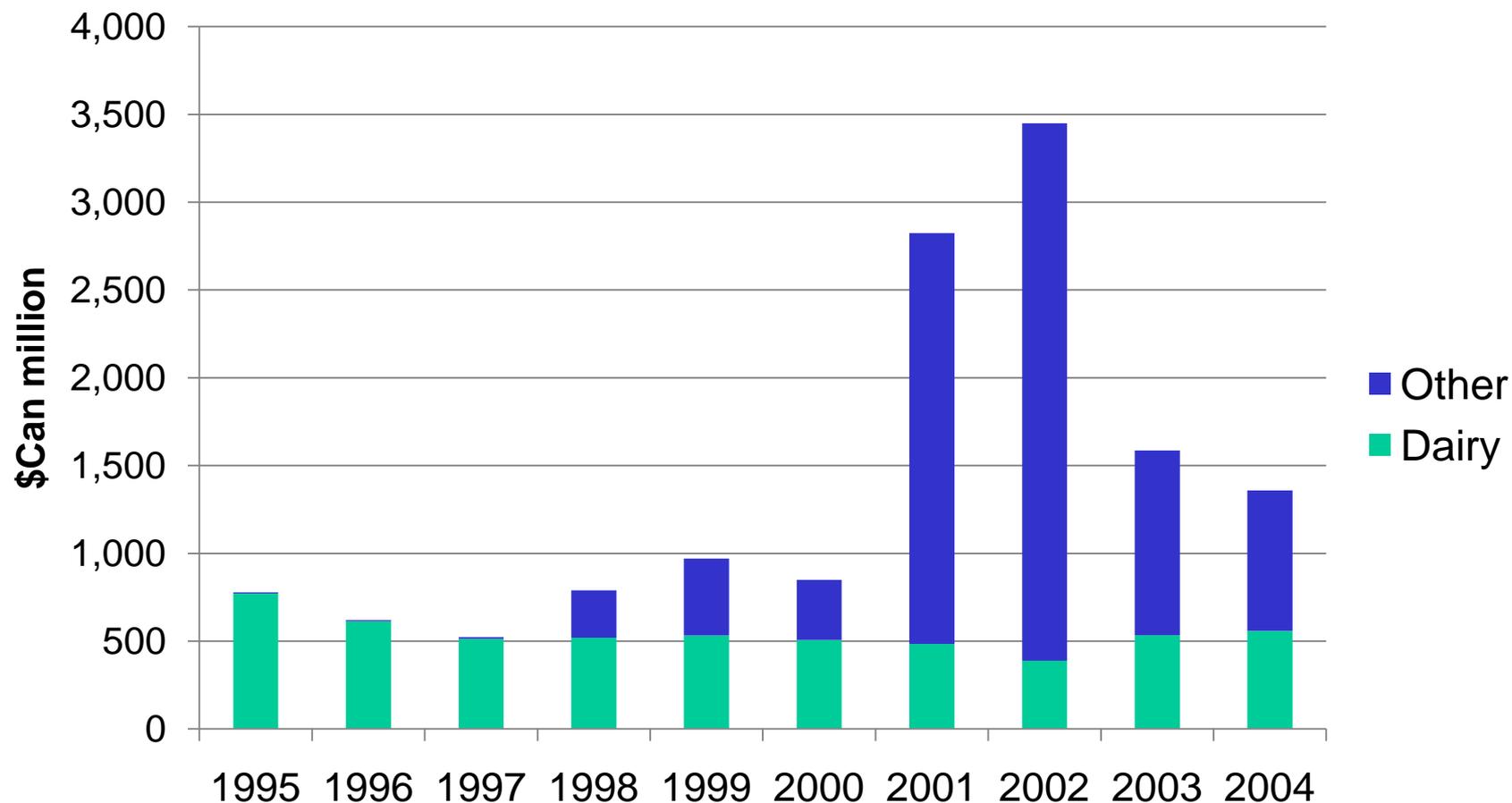
Where Do U.S. Farm Programs Fit?

- Amber (AMS): dairy and sugar price support programs, MILC payments, marketing loan program (LDPs and MLGs); current limit is \$19.1 billion
- Non-product specific amber: crop insurance, crop counter-cyclical payments
- Green: previous PFCs, direct payments, conservation, disaster, food assistance

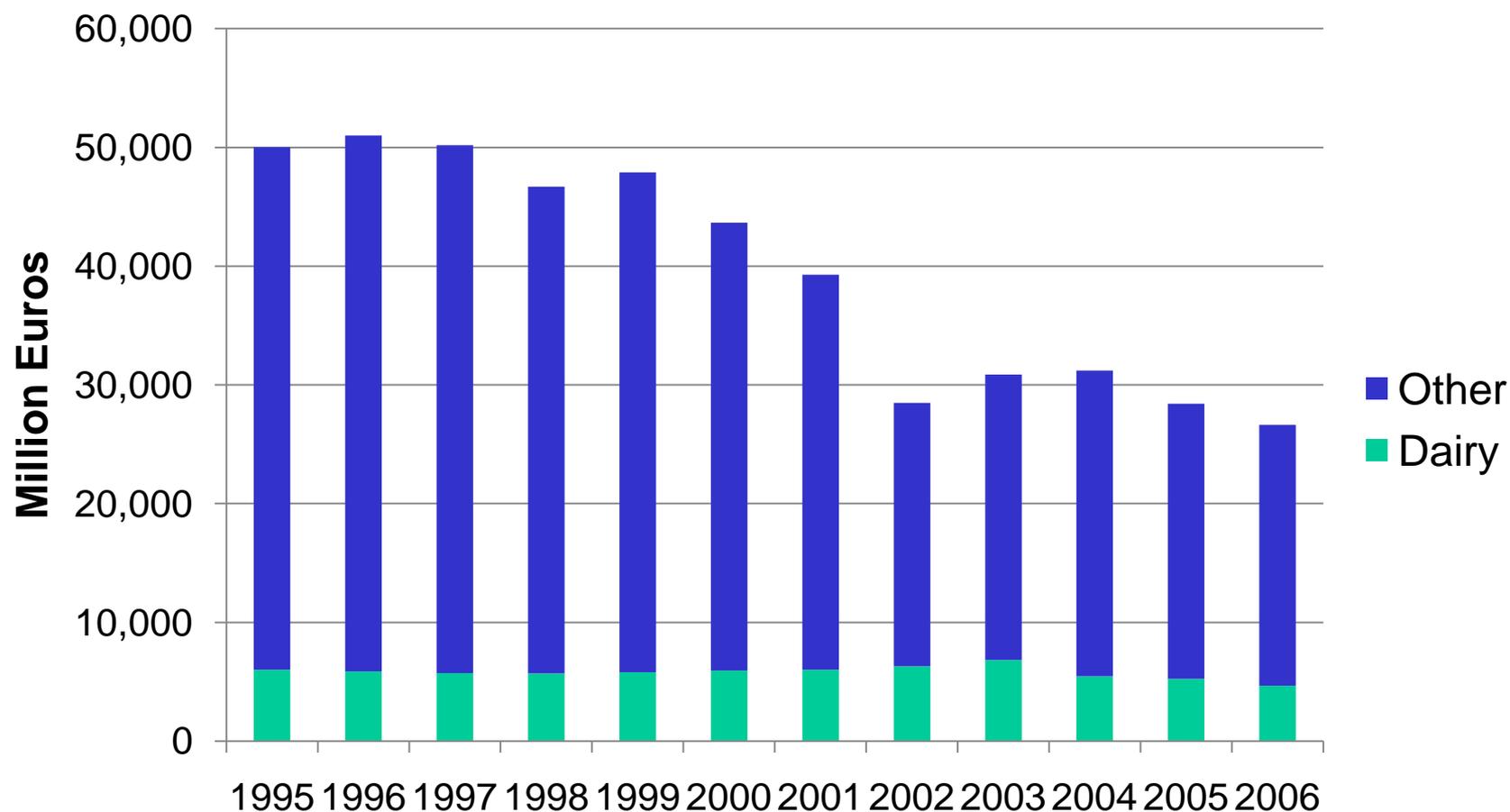
U.S. Total and Dairy AMS



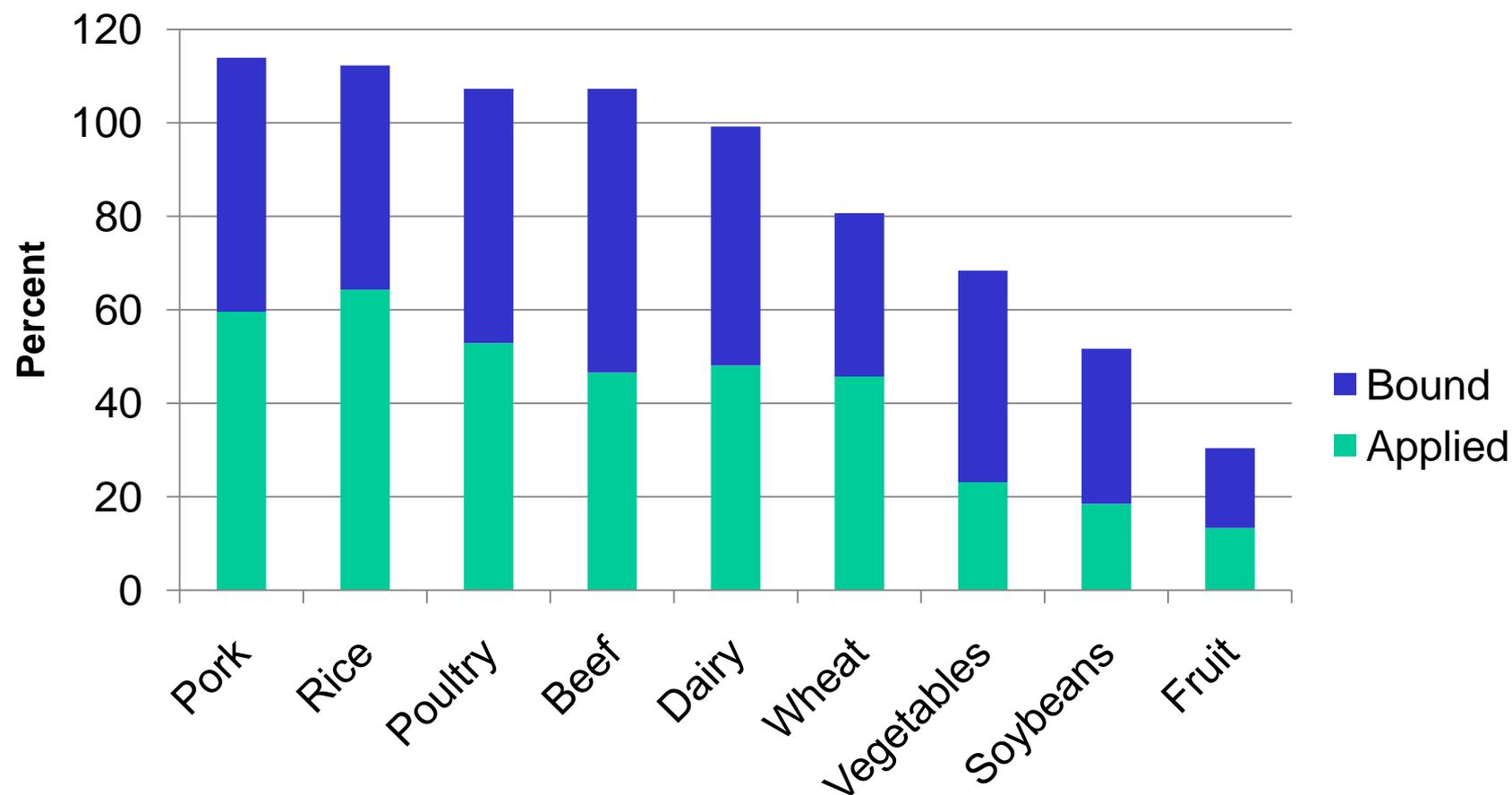
Canada's Dairy AMS



EU Dairy AMS



Dairy Tariffs Remain High



Many Countries Have High Dairy Tariffs

