

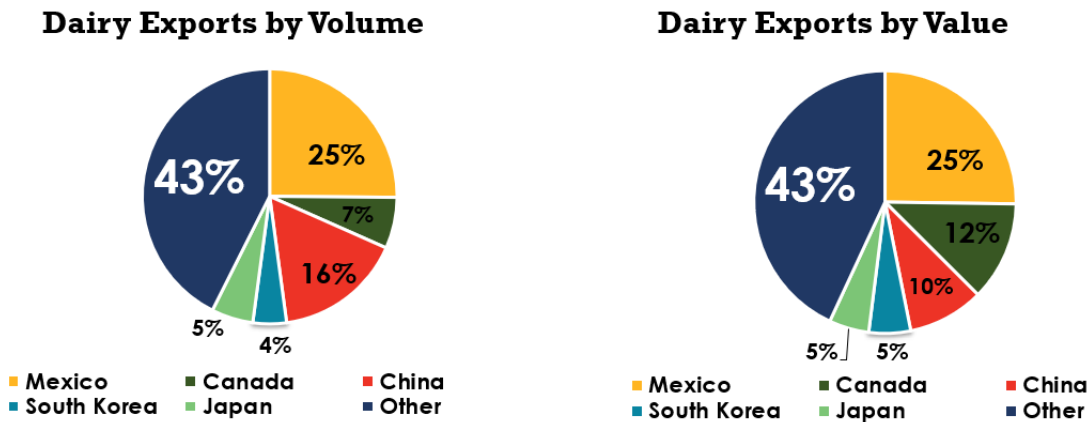
AFBF FEDERAL MILK MARKETING ORDER WORKING GROUP
BACKGROUND ON INTERNATIONAL TRADE IN DAIRY
AUGUST 2019

Issue:

As with many other agricultural products, export markets serve as a very important demand source for U.S. dairy products. In 2018, the U.S. exported nearly 16% of its dairy production on a total-milk-solids basis. The share of dairy product production exported varies by product, with some markets highly dependent on export markets. For example, in 2017, approximately 46% of dry whey produced in the U.S. was exported and 57% of skim milk powder/nonfat dry milk was exported. This background paper examines who our top trading partners are in dairy products, as well as our market share by product group in some of the world's top dairy importers.

Background:

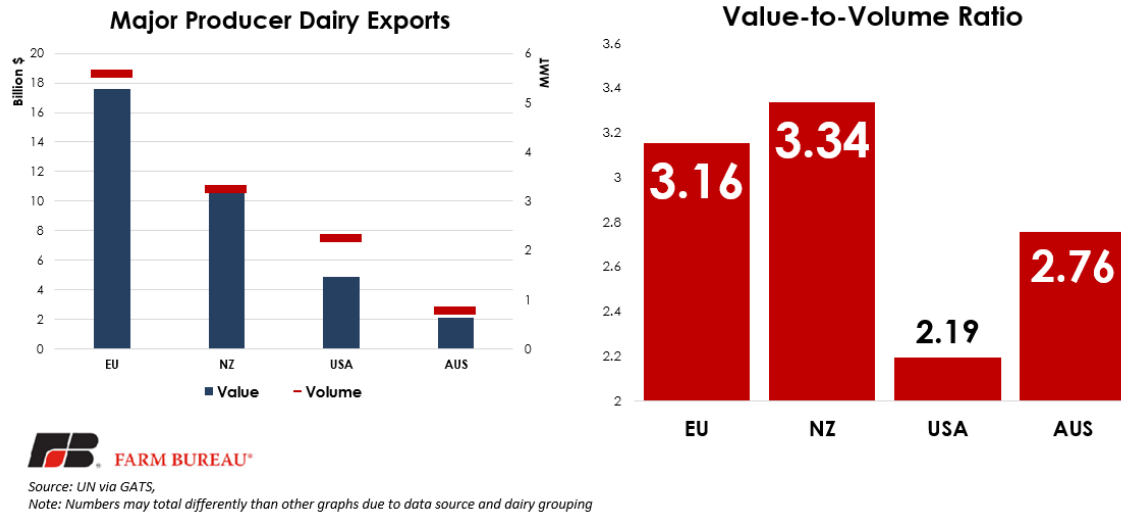
Figure 1. U.S. Dairy Exports



Source: USDA GATS

Figure 1 shows a three-year average of U.S. dairy exports on both a value and volume basis, coming in at \$5.2 billion and 2.2 MMT. Our top export destinations for dairy products are some of our closest trading partners in other agricultural goods as well. Mexico accounts for 25% of our dairy exports on both a value and volume basis. Canada is our next largest market when examining dairy exports on a value basis, mostly driven by value-added products such as infant formula. However, on a volume basis China rises to our number two export market for dairy products.

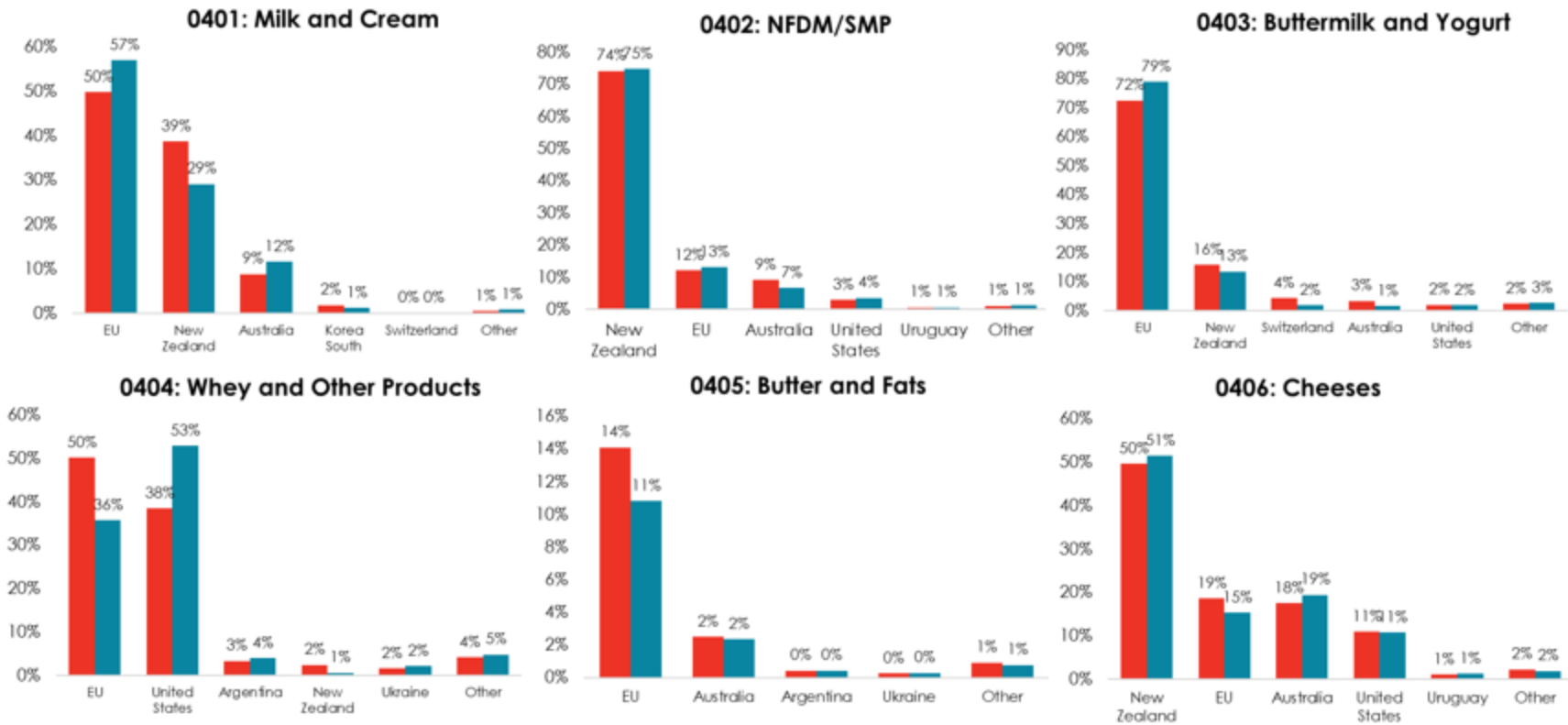
Figure 3. Major Dairy Exporters



Figures 4 through 8 examine some of the top destinations for U.S. dairy exports: China, Japan, South Korea, Mexico and Canada. In each of these countries, 6 aggregated product codes for dairy products are broken out by destination. These product codes all fall under the “04” product heading, and so do not include items such as infant formula. Using this data, we can view the market share in each of our top export markets on both a value and volume basis and compare our share to some of our top competitors.

There often tends to be a similar pattern to what was viewed in figure three with the U.S. market share of several of these products having a greater share on a volume basis relative to a value basis. This is very pronounced in Figure 4, which examines Chinese dairy imports, in the whey product category. Our market share on a volume and value basis have the opposite relationship that the EU does. This does not hold for every product in every country, but it does appear to be a somewhat common theme. Figure 7 for Canada and Figure 8 for Mexico show the strong ties between the countries as a result of trade deals and geographic proximity. The U.S. accounts for a large majority of the market share for most of the dairy product imports for both of these countries.

Figure 4. China Dairy Import Market Share: 3 Year Average

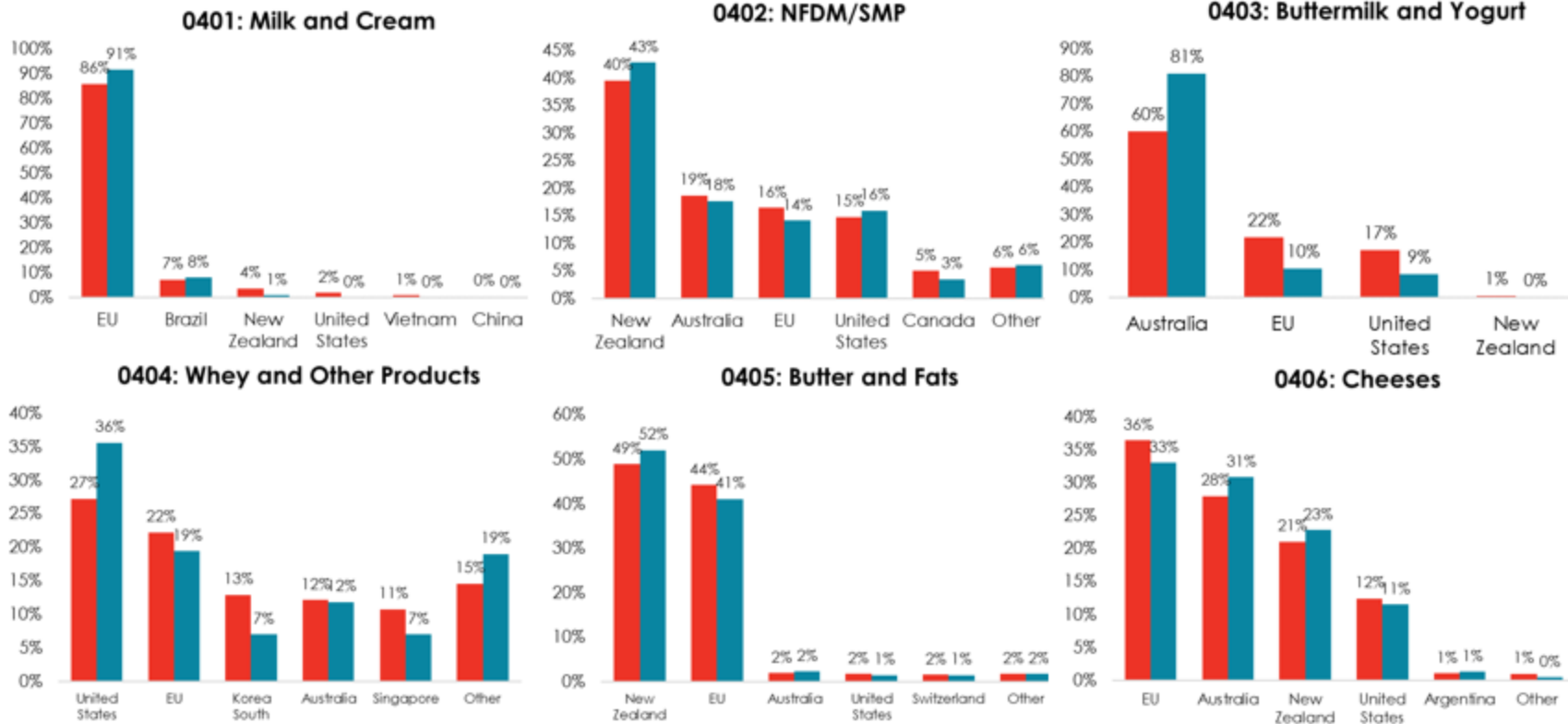


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Source: Global Trade Atlas

Figure 5. Japan Dairy Import Market Share: 3 Year Average

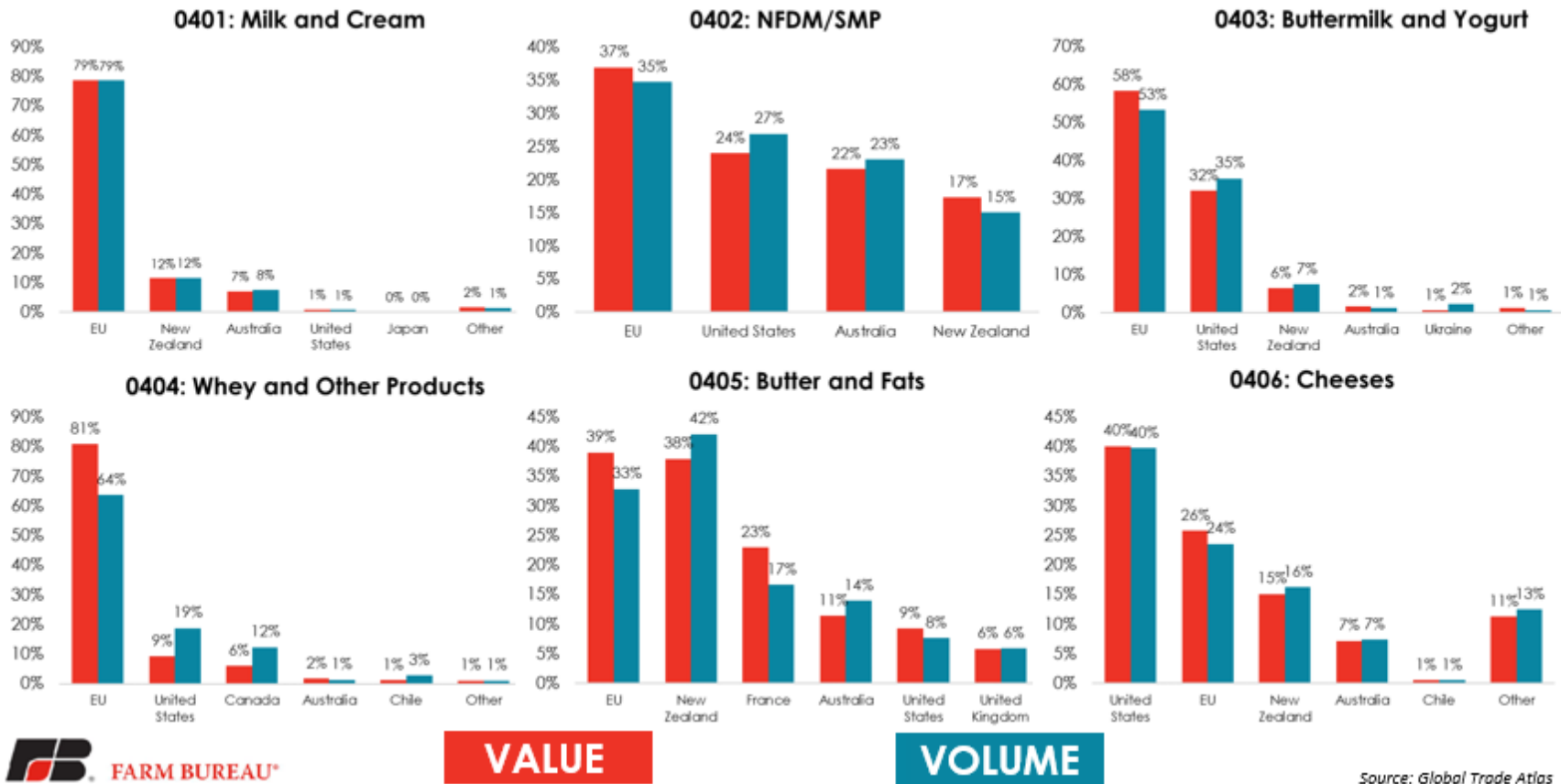


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Source: Global Trade Atlas

Figure 6. South Korea Dairy Import Market Share : 3 Year Average

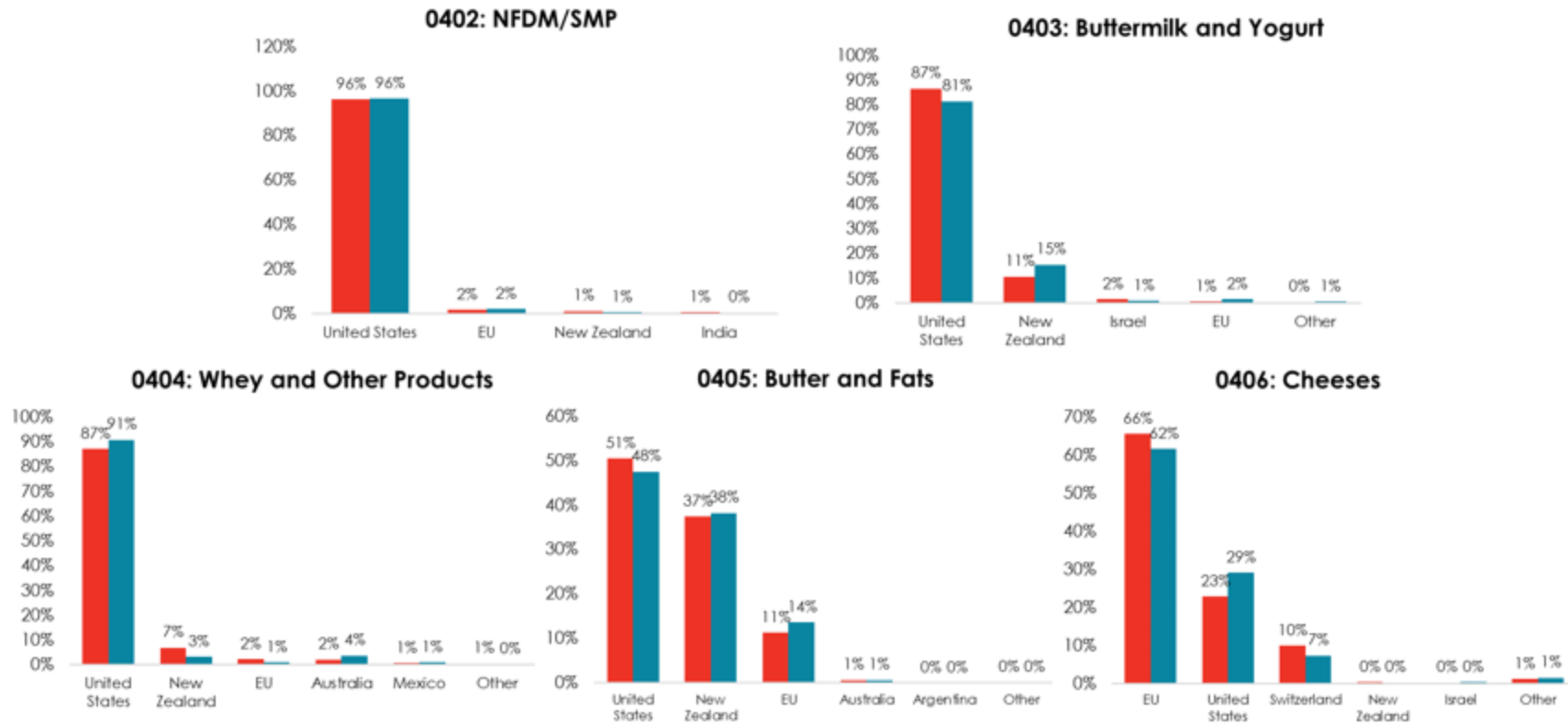


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Source: Global Trade Atlas

Figure 7. Canada Dairy Import Market Share: 3 Year Average

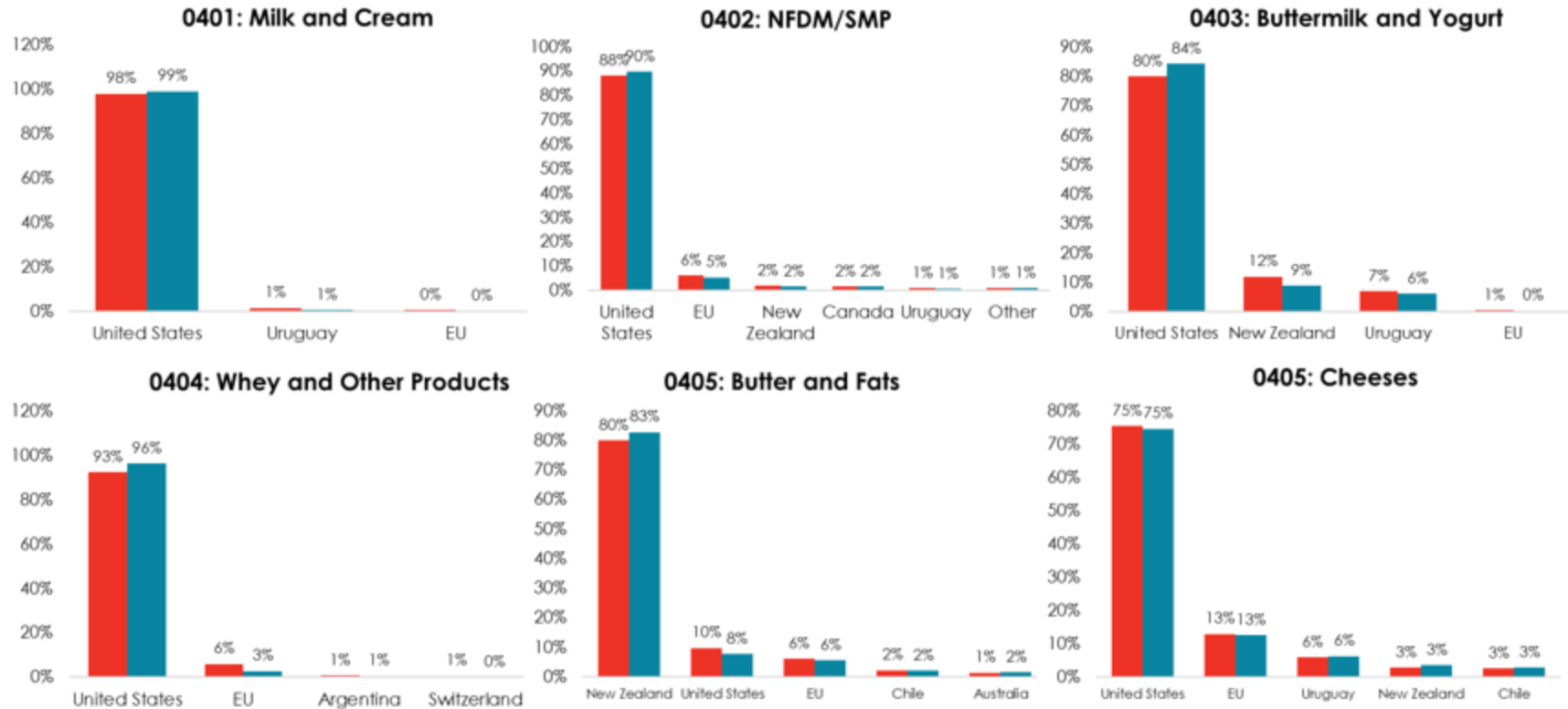


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Source: Global Trade Atlas

Figure 8. Mexico Dairy Import Market Share: 3 Year Average



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Source: Global Trade Atlas