



## WORLD TRADE UPDATE

January - September 2011

During the third quarter of 2011 growth in world trade has continued. Skimmed milk powder however, showed slower growth compared to the first two quarters of 2011.

Compared to the first nine months of 2010, there was a strong increase in world trade in skimmed milk powder (+23%), non-skimmed milk powder (+17%) and cheese (+11%). Butter and butter oil showed a moderate increase (+6%).

Argentina, Oceania and the US played a key role in the increase in world trade during the first three quarters of 2011. Argentina contributed the most in terms of volume, as there was a substantial growth in trade in all product categories. With the exception of the strong decrease in non-skimmed milk powder exports, the US showed strong growth in all other product categories. Also New Zealand and Australia showed a strong increase for most of the product categories.

In terms of absolute volumes, New Zealand showed the strongest increase in non-skimmed milk powder. Over the last years, New Zealand has put more emphasis on the production and trade of non-skimmed milk powder. This went at the cost of cheese exports. However, the arrears in cheese exports have been diminished in the third quarter of 2011.

The EU export development over the first nine months shows a mixed picture. Trade of skimmed milk powder is still on a high level and cheese exports remained stable. On the other hand, EU exports of non skimmed milk powder and butter and butter oil decreased strongly.

### World trade overview by product

Till September 2011 (2011 compared to 2010)

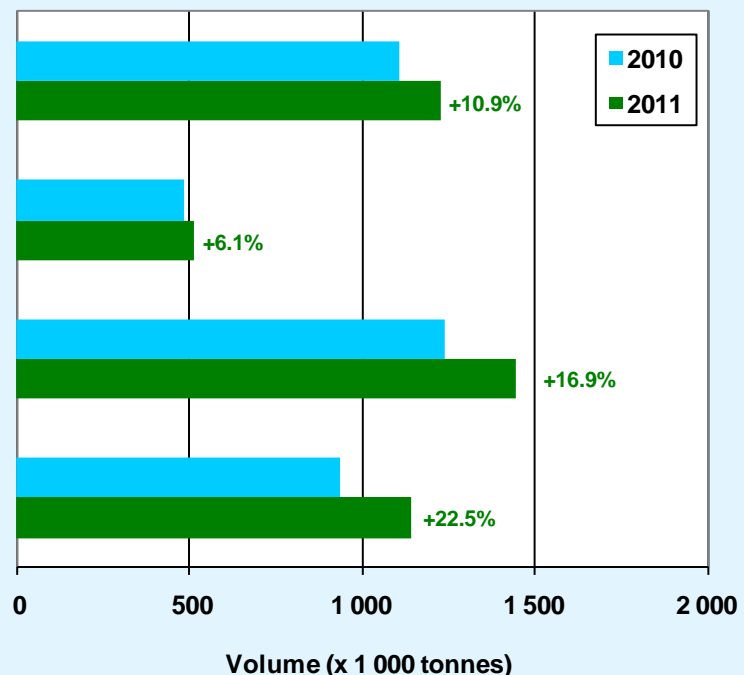
*Click on the links for detailed product overviews*

#### [CHEESE](#)

#### [BUTTER AND BUTTER OIL](#)

#### [NON-SKIMMED MILK POWDER](#)

#### [SKIMMED MILK POWDER](#)



## CHEESE

[Back to top](#)

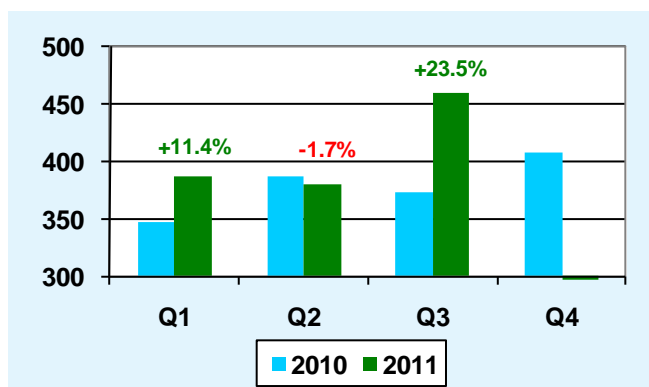
### Strong increase in global cheese trade in the third quarter

- In the first three quarters of 2011, global cheese trade increased by almost 11% compared to the same period in 2010, amounting up to a volume of almost 1.228 thousand tonnes;
- During the third quarter, on a balance, there was a strong increase, a recovery after a weaker second quarter.

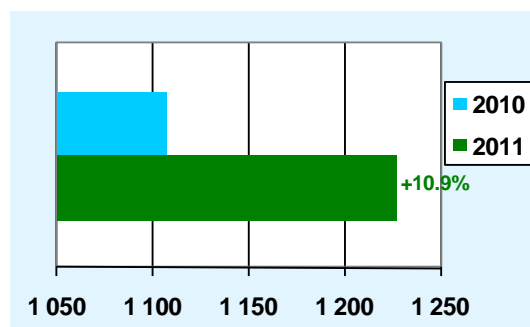
#### World trade volume development

Till September (2011 compared to 2010)

##### Quarterly (x 1 000 tonnes)



##### Cumulative (x 1 000 tonnes)

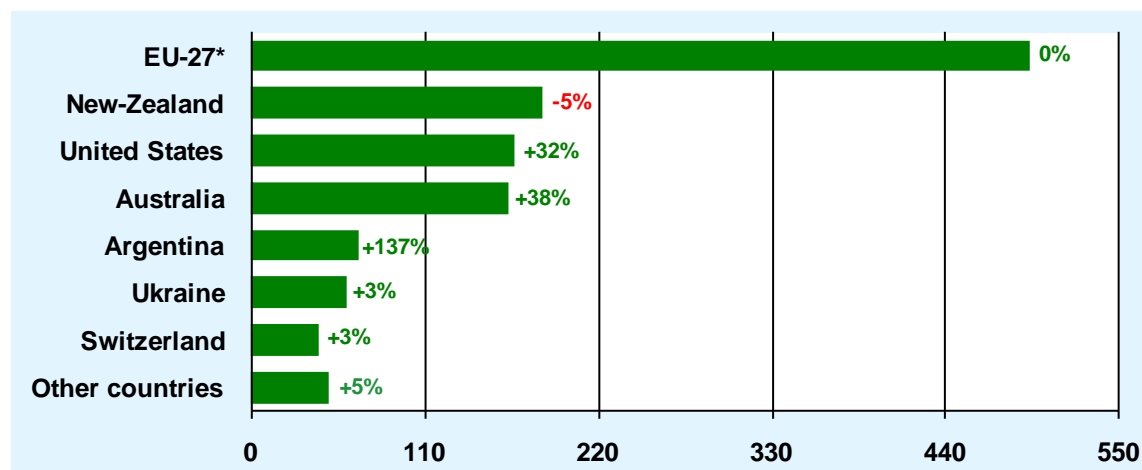


### Much more cheese from Australia, the US and Argentina

- Argentinean exports increased relatively the most. Growth increased by a remarkable 137%;
- EU exports remained stable over the first three quarters of 2011, which is comparable to the same period in the previous year. This development nullifies the growth in the first quarter;
- Trade from New Zealand decreased. In the third quarter, the arrears of the cheese exports have however somewhat decreased. Compared to the same period in 2010, exports were 5% lower in the first nine months of 2011. Exports of Australia increased by 38% in the first nine months of 2011;
- The US showed a strong increase in exports (+32%).

#### Key global exporters (volume x 1 000 tonnes)

Till September 2011 (2010 as a reference)



\*Intra-trade not included

## CHEESE (CONTINUED)

[Back to 1st page cheese](#)

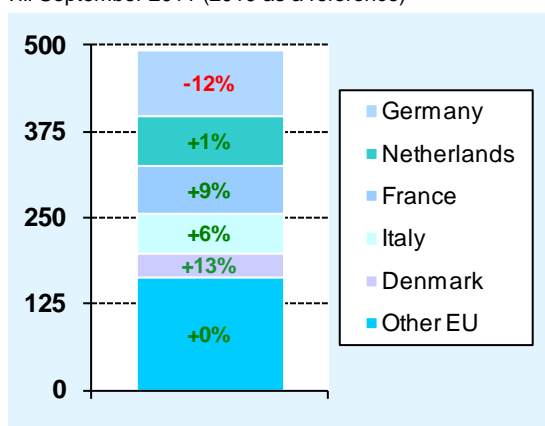
### EU-27: exports from Germany show strong decline

- The EU-share in global cheese trade decreased from 45% to 40%;
- Because of Russian trade barriers for several German cheese companies, Germany is the only country in the top-5 ranking that shows a decrease in trade. Expressed in volume, France showed the largest growth. Denmark, Italy and The Netherlands contributed positively to the EU-exports as well;
- Regarding the other EU countries, mainly exports from Lithuania increased. Remarkable is the decrease of Poland, Ireland and Finland.

### EU exports to third countries

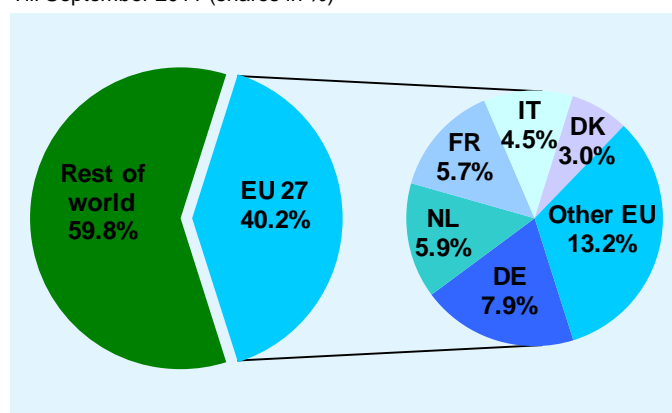
#### Development top 5 EU-27 (volume x 1 000 tonnes)

Till September 2011 (2010 as a reference)



#### Position of EU-27 in world trade

Till September 2011 (shares in %)

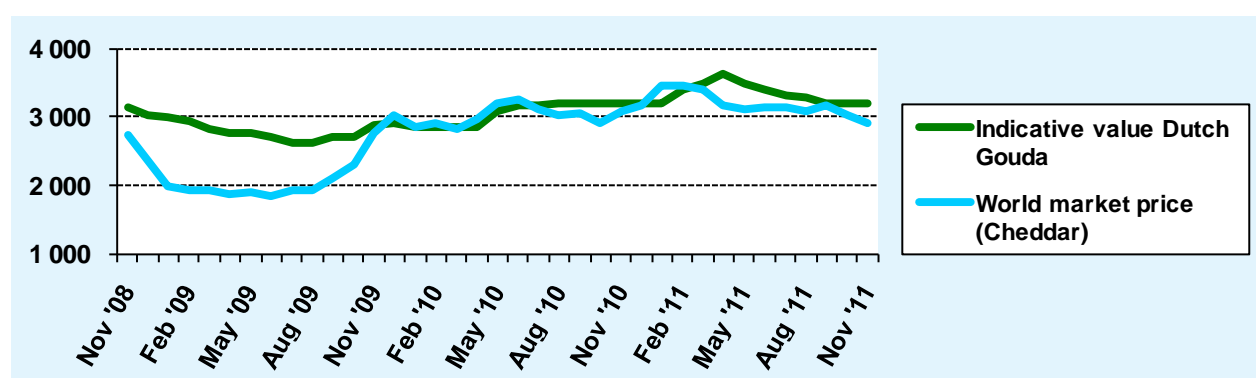


### Stable development of Dutch market price; World market cheese price in decline

- From May until September 2011, the world market price for Cheddar cheese showed a stable trend. The price has declined since October;
- Because of lower demand from Russia, exports of cheese declined in the third quarter of 2011 and world market prices have become under pressure;
- The indicative value of Dutch Gouda has remained stable since September 2011.

### Price development (€ per 1 000 kg)

Till November 2011, the world market price for Cheddar and the indicator value for Dutch Gouda (48 % d.m.)



## CHEESE (CONTINUED)

[Back to 1st page cheese](#)

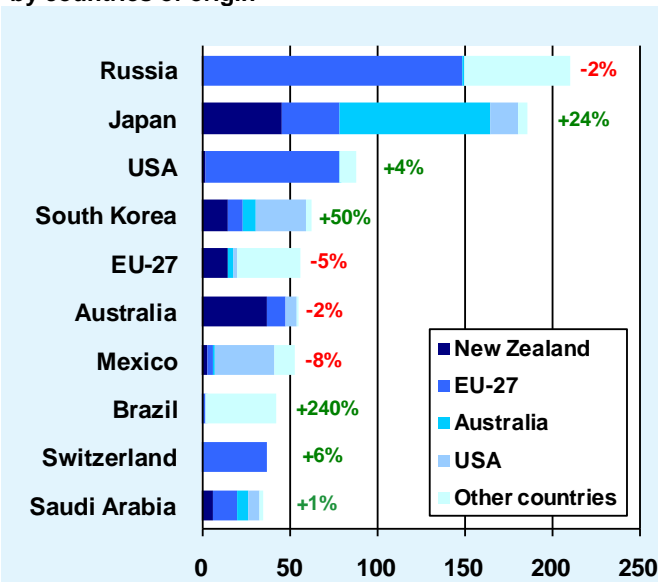
### Exports to Japan, Brazil and South Korea increased strongly

- The most important destination on the world market, Russia, showed a slight decline over the first nine months of 2011 (-2%). Mainly the biggest supplier, the EU, showed a decrease in exports;
- In terms of volume, cheese exports to Japan showed the biggest increase during the first three quarters of 2011. Exports mainly came from the Australia. Also New Zealand and the US showed an increase in exports;
- Exports to the US were 4% higher compared to 2010. The extra amount of volume mainly came from the EU. New Zealand and Australia showed substantial lesser exports;
- Exports to South Korea increased by half. Especially more product came from the US and the EU;
- Trade to the EU decreased by 5%. This decrease was almost entirely on the account of New Zealand. On the other hand, exports from Switzerland and Australia increased;
- Trade to Brazil increased substantially. Especially Argentina took advantage of this increase.

### Top 10 destinations on the world market

Till September 2011 (2010 as a reference)

#### Development of total volume (x 1 000 tonnes), divided by countries of origin



#### Position development of countries of origin

	NZ	EU-27	AU	USA	OTHER
Russia	-47%	-5%	37%	-94%	12%
Japan	14%	-2%	38%	58%	51%
USA	-53%	11%	-81%	-	9%
South Korea	8%	93%	37%	114%	-32%
EU-27	-27%	-	42%	23%	2%
Australia	-14%	20%	-	82%	21%
Mexico	1%	-34%	177%	-6%	-5%
Brazil	-100%	9%	-	4009%	277%
Switzerland	-	6%	-	-	-100%
Saudi Arabia	-13%	-8%	13%	35%	-2%

\*volume in 2010 = 0 tonnes

### Greatest increases (volume in tonnes) ↑

Till September 2011, development compared to 2010

Destination:	Absolute increase	Percentage increase
Japan	36,390	24%
Brazil	29,675	240%
South Korea	20,815	50%
China	6,065	35%
Malaysia	5,235	57%
Chile	4,650	77%
Singapore	4,165	54%
United States	3,585	4%
Taiwan	3,305	34%
Venezuela	3,120	15%

### Greatest decreases (volume in tonnes) ↓

Till September 2011, development compared to 2010

Destination:	Absolute decrease	Percentage decrease
Libya	7,105	72%
Mexico	4,795	8%
Russia	4,080	2%
EU 27	3,015	5%
Algeria	2,935	20%
Kazakhstan	1,930	20%
Egypt	1,620	9%
Australia	1,000	2%
Turkey	755	35%
Cuba	700	25%

## BUTTER AND BUTTER OIL

[Back to top](#)

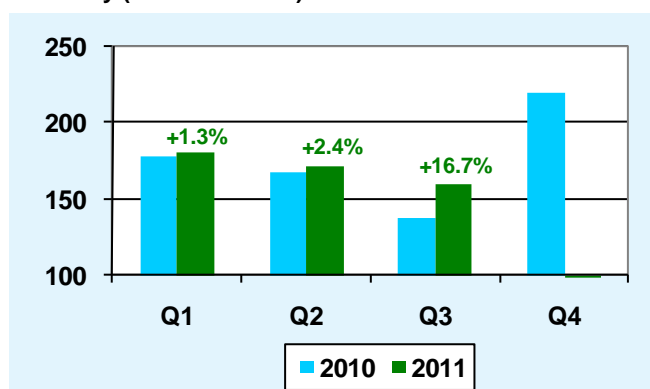
### Strong increase in world trade during third quarter

- In the first three quarters of 2011, world trade in butter and butter oil increased strongly (+6%), up to a volume of 511 thousand tonnes;
- After two quarters of moderate growth, trade increased substantially in the third quarter of 2011 (almost + 17%).

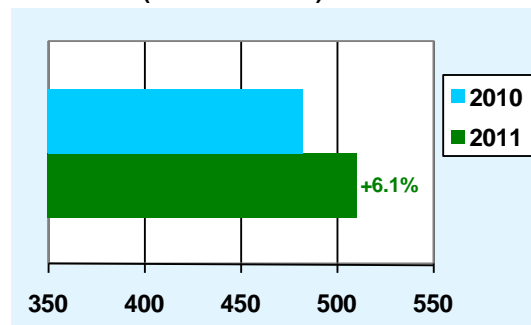
#### World trade volume development

Till September (2011 compared to 2010)

Quarterly (x 1 000 tonnes)



Cumulative (x 1 000 tonnes)

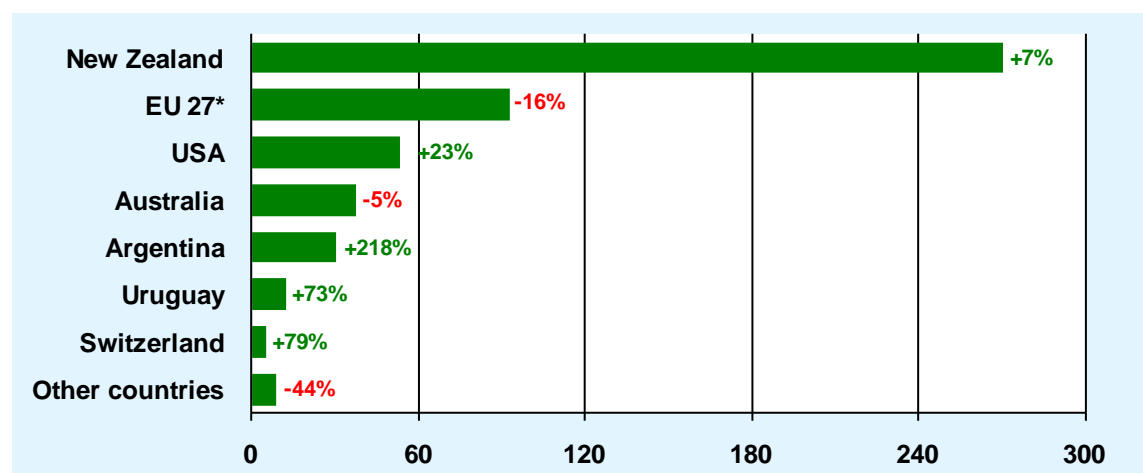


### Strong recovery of New Zealand exports

- After the shrinkage in the first quarter of 2011, New Zealand's exports showed a strong recovery. Mainly during the third quarter, trade showed a significant increase;
- EU exports shrank substantially until September 2011. In the first quarter there had been still growth. However, the following quarters showed a sharp decrease;
- The US showed a strong increase in exports compared to the same period in 2010. Growth mainly took place during the first half year of 2011. The third quarter however, showed a strong decrease;
- Prominent climbers in exports are South American countries such as Argentina and Uruguay. Both countries showed fierce growth in the third quarter;
- Of all other countries exports of Brazil decreased strongly.

#### Key global exporters (volume x 1 000 tonnes)

Till September 2011 (2010 as a reference)



\*Intra-trade not included

## BUTTER AND BUTTER OIL (CONTINUED)

[Back to 1st page  
butter and butter oil](#)

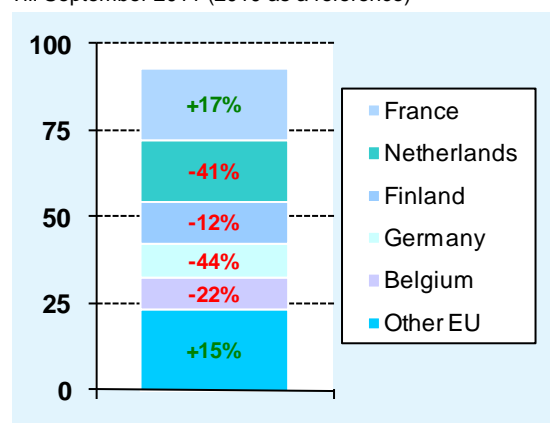
### EU-27: The Netherlands and Germany show strong decrease

- EU's share in world trade decreased strongly from 23% in 2010 to 18% in 2011;
- In the top-5 ranking, only France shows growth. The other four large export countries showed a strong decrease. Particularly the Netherlands and Germany showed a significant decline in exports;
- Exports from other EU countries increased by 15%. Especially Denmark and Poland showed a sharp increase in exports.

### EU exports to third countries

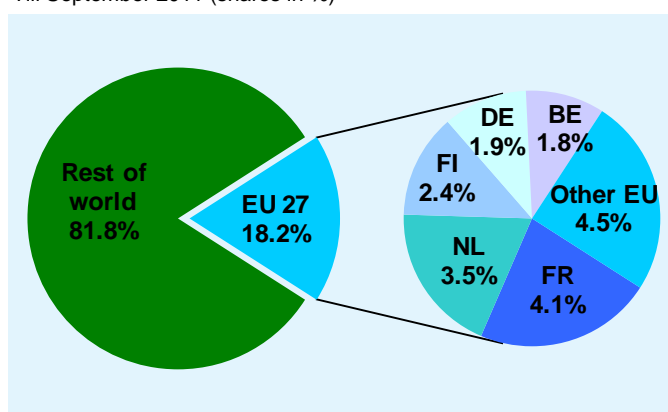
#### Development top 5 EU-27 (volume x 1 000 tonnes)

Till September 2011 (2010 as a reference)



#### Position of EU-27 in world trade

Till September 2011 (shares in %)

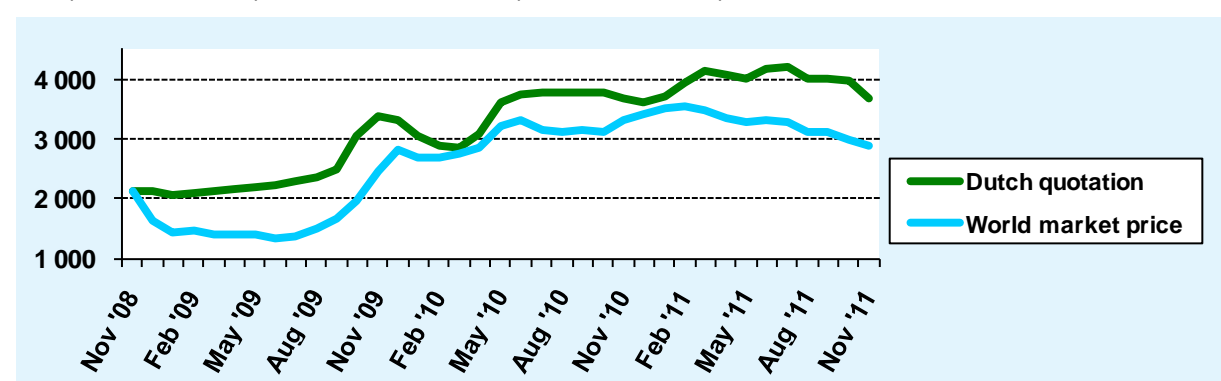


### Decrease of prices

- The EU butter price has become under pressure since August. After the peak in July, the price has decreased steadily. In November this decrease speeded up;
- The world market price has been showing a declining trend for some time, but still remains at a relatively high level. Since March 2011 the price has been decreasing gradually. In October, the world market price dropped under 3,000 euro's for the first time in 2011;
- At the moment the EU is significantly more expensive than competitive suppliers from the rest of the world. The price difference between the EU and the world market quickly has become larger during 2011.

### Price development (€per 1 000 kg)

Till September 2011, comparison of the world market price with the Dutch quotation



## BUTTER AND BUTTER OIL (CONTINUED)

[Back to 1st page  
butter and butter oil](#)

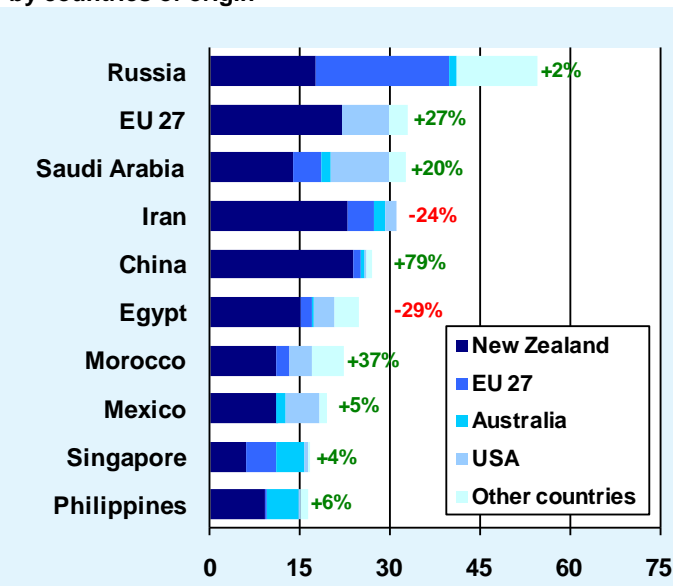
### EU takes substantially more product from the US and Switzerland

- Trade on Russia, the most important destination on the world market, increased by 2% this period. Growth is mainly on the account of Argentina, Uruguay and the Ukraine. Supplies from the US have ceased totally. Also the EU and New Zealand showed a strong decrease in exports;
- Exports to the EU has increased by 27% in the first three quarters of 2011. Especially the US and Switzerland showed a substantial increase in exports to the EU. Trade of New Zealand increased slightly;
- There was less export to Iran and Egypt. The EU lost shares on both markets. New Zealand and the US noted a growth of exports to Iran, but there was a decline in trade to Egypt;
- Exports to China increased relatively the most. Especially New Zealand supplied more to China;
- Also exports to Saudi Arabia and Morocco increased substantially. The largest part of the extra volume in Saudi Arabia came from the US, New Zealand and, to a lesser extent, Argentina. The former two mentioned countries expanded their trade to Morocco substantially.

### Top 10 destinations on the world market

Till September 2011 (2010 as a reference)

Development of total volume (x 1 000 tonnes), divided by countries of origin



Position development of countries of origin

	NZ	EU-27	AU	USA	OTHER
Russia	-6%	-12%	-54%	-100%	342%
EU 27	1%	-	-	139%	307%
Saudi Arabia	25%	-11%	-8%	33%	54%
Iran	10%	-72%	-2%	62%	-100%
China	96%	24%	-24%	66%	9%
Egypt	-22%	-67%	-88%	-23%	54%
Morocco	39%	27%	-100%	18%	147%
Mexico	4%	-10%	13%	4%	26%
Singapore	4%	-14%	20%	126%	10%
Philippines	-20%	-36%	170%	-94%	60%

### Greatest increases (volume in tonnes)

Till September 2011, development compared to 2010



Destination:	Absolute increase	Percentage increase
Japan	12,535	460%
China	11,960	79%
Algeria	10,635	184%
EU 27	7,065	27%
Morocco	6,025	37%
Saudi Arabia	5,350	20%
Canada	4,710	122%
Thailand	3,350	60%
Peru	2,435	110%
Malaysia	2,385	27%

### Greatest decreases (volume in tonnes)

Till September 2011, development compared to 2010



Destination:	Absolute decrease	Percentage decrease
United States	13,550	54%
Egypt	9,955	29%
Iran	9,775	24%
India	8,430	99%
Syria	1,510	23%
Armenia	1,305	31%
Yemen	1,205	65%
Vietnam	1,150	11%
Australia	1,105	8%
Cuba	1,020	52%

## NON-SKIMMED MILK POWDER

[Back to top](#)

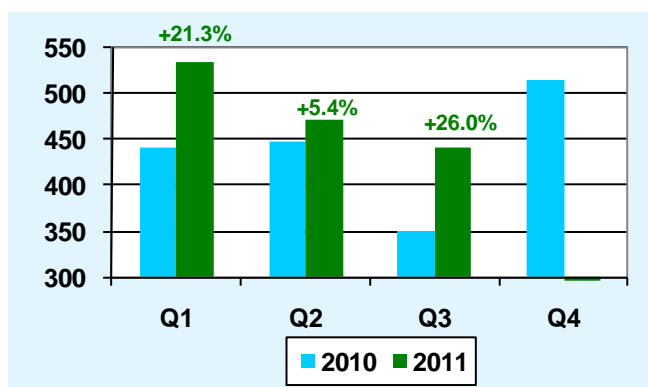
### Significant growth in world trade in the third quarter

- Global trade of non-skimmed milk powder increased in the first three quarters of 2011 by 16.9%. Trade volume amounted to over 1.4 million tonnes;
- In the third quarter of 2011 growth (+26%) was substantially higher than the second quarter.

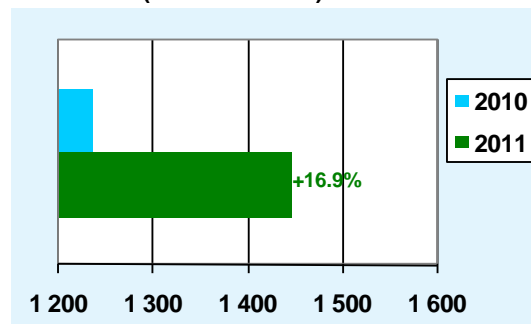
### World trade volume development

Till September (2011 compared to 2010)

#### Quarterly (x 1 000 tonnes)



#### Cumulative (x 1 000 tonnes)

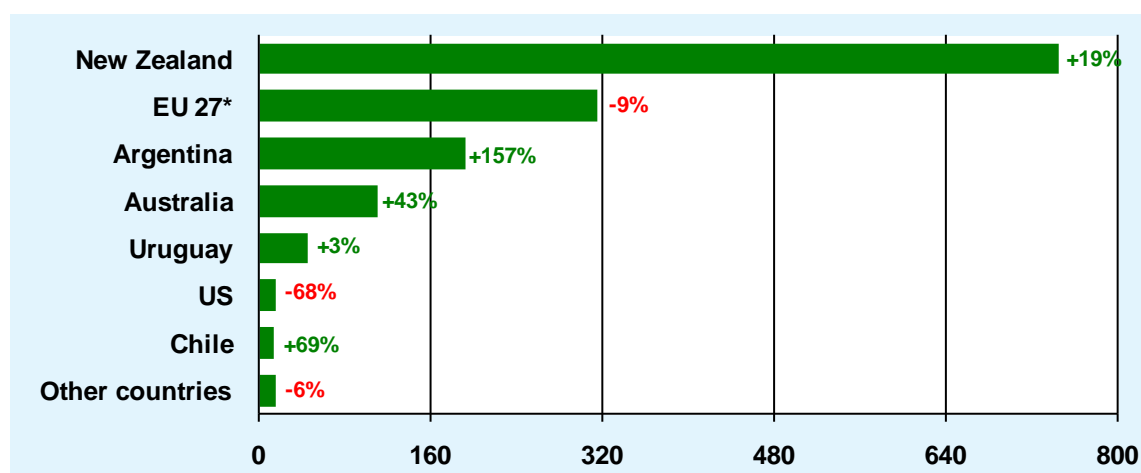


### Oceania and South American countries in the lead

- A substantial part of the growth in exports came from market leader New Zealand, which grew by almost one-fifth during the first nine months of 2011;
- On a balance, EU exports have decreased by 9% in the first three quarters of 2011. In both the second quarter as the third quarter of 2011, diminution of trade speeded up;
- Argentinean exports increased substantially during the first three quarters of 2011. Trade increased by two and a half times in this period. Also Australia and Chile show a strong growth, with 43% and 69% respectively. Trade of Uruguay increased slightly (+3%);
- US exports were down by a remarkable 68%.

### Key global exporters (volume x 1 000 tonnes)

Till September 2011 (2010 as a reference)



\*Intra-trade not included

## NON-SKIMMED MILK POWDER (CONTINUED)

[Back to 1st page  
non-skimmed milk powder](#)

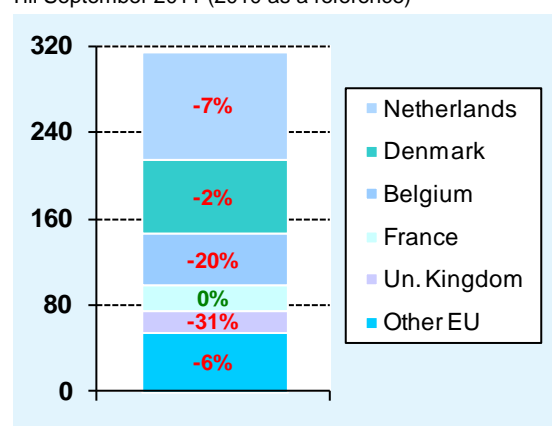
### EU-27: decrease in world trade share

- The EU-share in world trade amounted to 22%, while this share had still been 28% in the same period of 2010;
- With the exception of France, all top-5 countries showed a decrease in trade. The strongest decrease was shown in Belgium and the UK;
- Regarding the other EU countries, there was a decrease in exports of mainly Sweden (-8%), Poland (-14%) and Germany (-8%). Remarkable is the increase in trade of the Czech Republic (+34%).

### EU exports to third countries

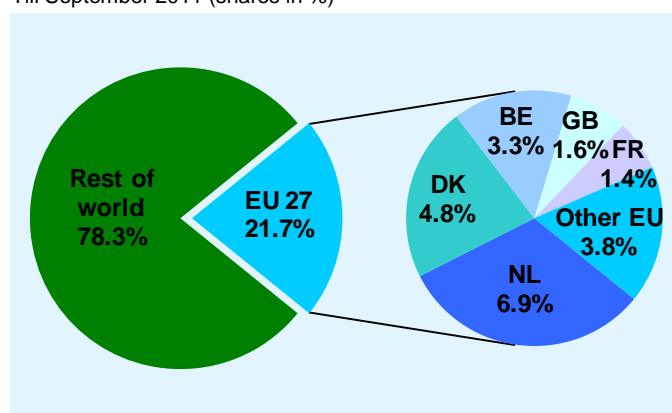
#### Development top 5 EU-27 (volume x 1 000 tonnes)

Till September 2011 (2010 as a reference)



#### Position of EU-27 in world trade

Till September 2011 (shares in %)

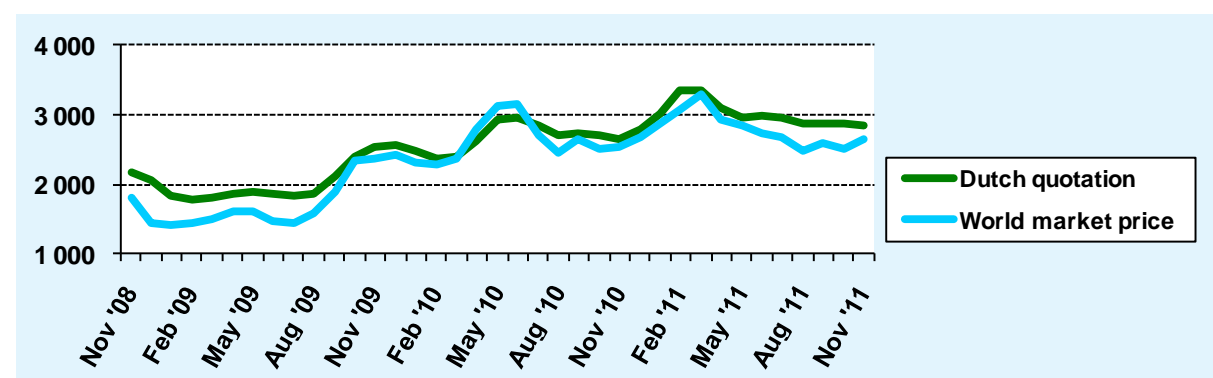


### Uncertainty due to fear of worsening of economic situation

- EU prices of non-skimmed milk powder have been decreasing since October. The prices are slightly higher than the international market is willing to pay for; which is reason for a decreasing demand in exports;
- The world market price on the other hand, showed a slight increase from August onwards. The difference between the world market price and the EU therefore decreased rapidly. This increase continued, as the latest results of the GlobalDairyTrade tender at the beginning of December showed a slightly higher price on a balance;
- Internationally, there is a fear that the slow global economic growth will slow down demand. This might lead to more price pressure in the coming year.

### Price development (€ per 1 000 kg)

Till September 2011, comparison of the world market price with the Dutch quotation



## NON-SKIMMED MILK POWDER (CONTINUED)

[Back to 1st page non-skimmed milk powder](#)

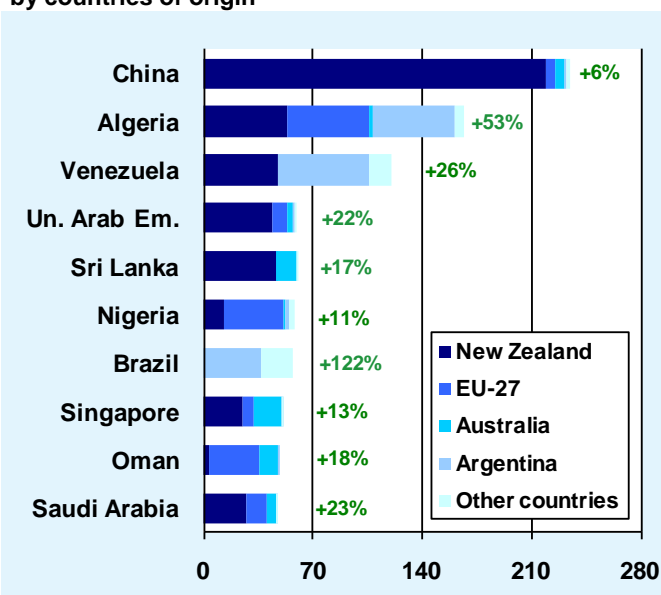
### Strong growth in exports to Algeria and Brazil

- Exports to China, the most important destination worldwide, increased by 6% in the first nine months of 2011. Especially New Zealand, who control this market by a share of over 90%, made a good profit out of this development. Australia and the EU traded a lot less;
- In terms of volume, trade to Algeria increased the most. Especially New Zealand and Argentina showed strong increase. From the EU there was a decrease;
- Trade to Venezuela increased strongly as well, by 26%. Remarkable was the decrease in exports from New Zealand. Growth was almost entirely on the account of Argentina;
- Remarkable is the strong increase in exports to Brazil. The neighbouring countries Argentina and Uruguay traded a lot more. Exports from Argentina doubled and exports from Uruguay even tripled;
- Exports to Middle Eastern countries (United Arab Emirates, Oman and Saudi Arabia) showed a strong increase as well. Mainly volume from Australia and New Zealand increased. All other countries shown in the top-10 ranking of destinations showed growth as well.

### Top 10 destinations on the world market

Till September 2011 (2010 as a reference)

Development of total volume (x 1 000 tonnes), divided by countries of origin



Position development of countries of origin

	NZ	EU-27	AU	ARG	OTHER
China	13%	-54%	-51%	50%	-24%
Algeria	70%	-6%	504%	345%	-41%
Venezuela	-21%	-100%	-	186%	-5%
Un. Arab Em.	32%	-16%	51%	24%	-33%
Sri Lanka	10%	-99%	62%	-	-21%
Nigeria	26%	3%	13%	-39%	453%
Brazil	-	-	-	114%	137%
Singapore	11%	-8%	42%	-(*)	-69%
Oman	106%	-15%	1008%	-40%	-100%
Saudi Arabia	46%	-1%	7%	-13%	9%

\*volume in 2010 = 0 tonnes

### Greatest increases (volume in tonnes) ↑

Till September 2011, development compared to 2010

Destination:	Absolute increase	Percentage increase
Algeria	57,460	53%
Brazil	31,195	122%
Venezuela	24,455	26%
China	12,280	6%
Mexico	11,115	54%
Un. Arab Emirates	10,540	22%
Saudi Arabia	8,625	23%
Sri Lanka	8,590	17%
Bangladesh	8,315	41%
Oman	7,070	18%

### Greatest decreases (volume in tonnes) ↓

Till September 2011, development compared to 2010

Destination:	Absolute decrease	Percentage decrease
Russia	16,205	84%
India	4,355	44%
Libya	3,705	41%
Vietnam	3,255	13%
Kuwait	2,860	22%
Dominican Rep.	2,285	15%
Senegal	2,170	13%
Turkey	1,655	89%
Sudan	1,565	8%
Nicaragua	1,470	22%

## SKIMMED MILK POWDER

[Back to top](#)

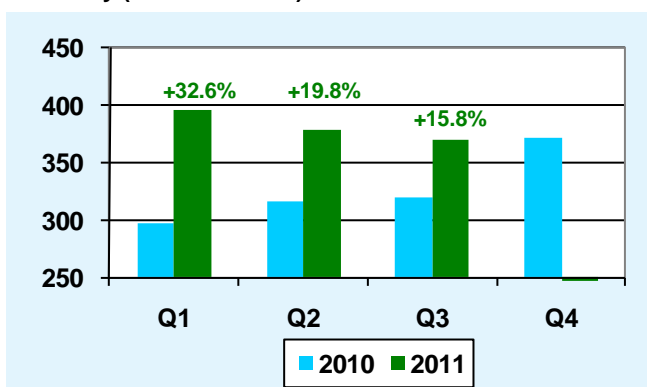
### Strong growth in global skimmed milk powder trade persists

- In the first three quarters of 2011, global trade of skimmed milk powder amounted to 1.145 thousand tonnes, which is 22% above the level of the same period of 2010;
- There is a undiminished strong growth of global trade. After the remarkable increase in the first half year, there was also a significant growth in the third quarter (+16%).

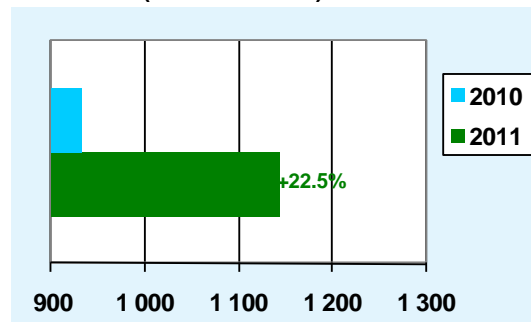
#### World trade volume development

Till September (2011 compared to 2010)

Quarterly (x 1 000 tonnes)



Cumulative (x 1 000 tonnes)

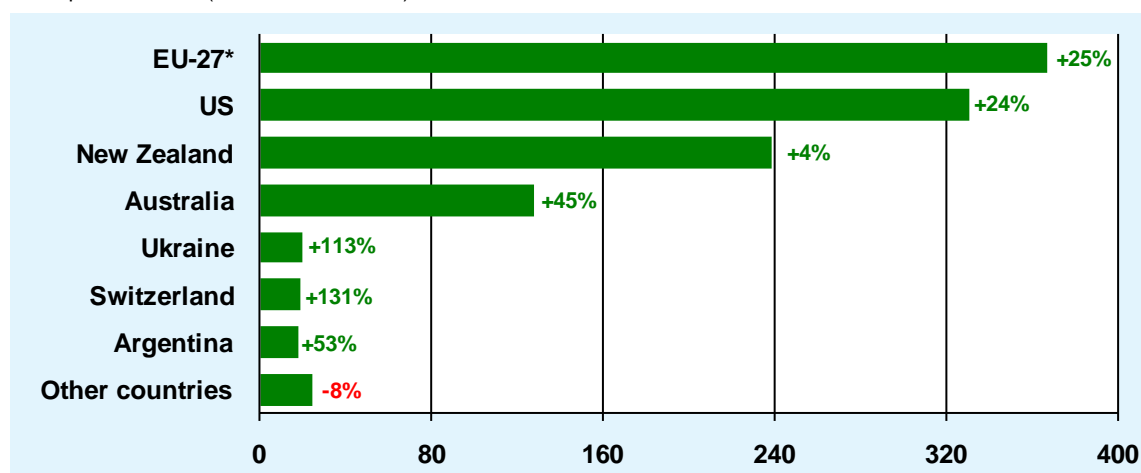


### Increase mainly from the EU, US and Australia

- The EU showed an increase of 25% in exports. The rapidity in growth, however, has slowed down;
- The US traded in the first nine months of 2011 24% more than the year before as well. During the third quarter, trade increased however only slightly;
- After the relapse in 2010, exports from New Zealand have recovered. Because of the increase in the second and third quarter, the volume on a balance has increased by 4%;
- In the first nine months of 2011, Australian exports were up by 45%, thus strongly recovering from the decrease of 2010;
- Remarkable is the strong increase in Ukrainian exports and exports from Uruguay. Both countries more than doubled in export volumes.

#### Key global exporters (volume x 1 000 tonnes)

Till September 2011 (2010 as a reference)



\*Intra-trade not included

## SKIMMED MILK POWDER (CONTINUED)

[Back to 1st page skimmed milk powder](#)

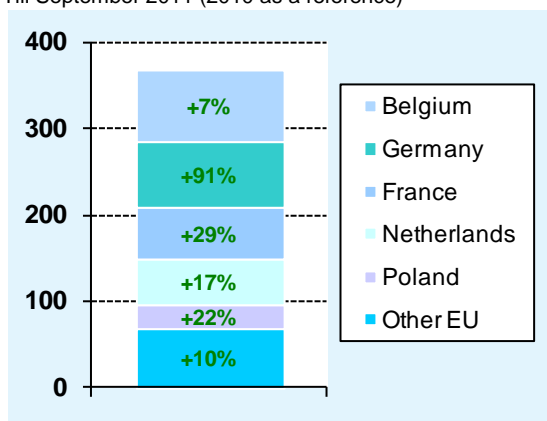
### EU-27: German exports almost doubled

- The EU export share on the global trade market amounted to 32%, somewhat higher than the same period of 2010;
- All major SMP exporting member states increased their exports sharply. German exports increased the most, almost doubling in volume;
- Furthermore, export volumes of other exporters in the EU were up significantly on a balance. Especially Ireland's exports showed a substantial increase.

### EU exports to third countries

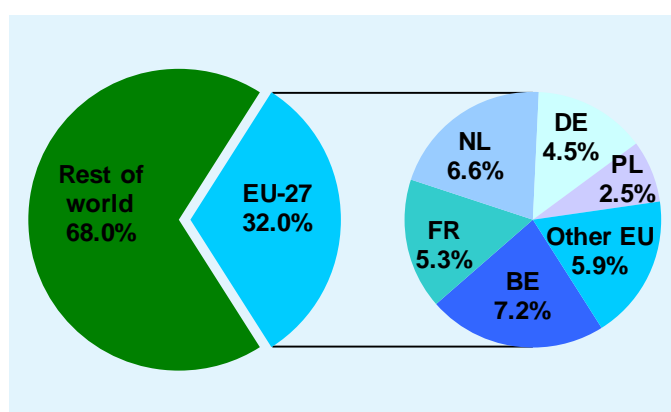
#### Development top 5 EU-27 (volume x 1 000 tonnes)

Till September 2011 (2010 as a reference)



#### Position of EU-27 in world trade

Till September 2011 (shares in %)

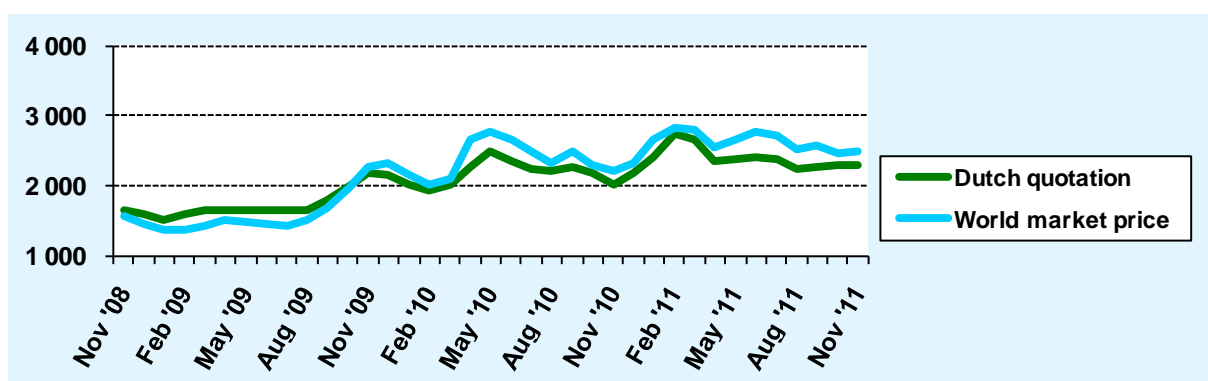


### Skimmed milk powder from the EU remains competitive

- After the decrease of the price level in July and August, EU prices remained practically stable. The world market price shows a similar trend;
- The EU price level has been under world market level for some period, resulting in the fact that EU product is in demand on the global market;
- Results of the GlobalDairyTrade tenders of half November and at the beginning of December show an increase in the skimmed milk powder price;
- Internationally, there is a fear for a further worsening of economic prospects. This may lead to more price pressure in the coming year.

### Price development (€ per 1 000 kg)

Till September 2011, comparison of the world market price with the Dutch quotation



## SKIMMED MILK POWDER (CONTINUED)

[Back to 1st page  
skimmed milk powder](#)

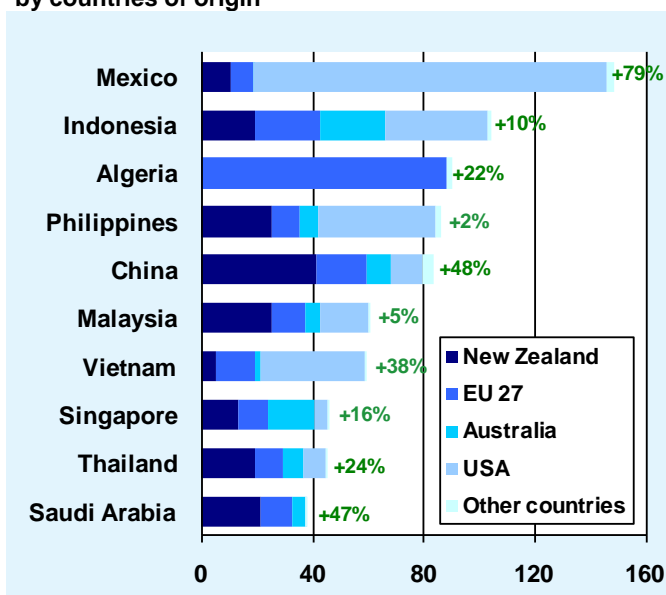
### Exports to Mexico increase strongly, China growth market

- The exports to Mexico, at this moment the most important destination on the world market, increased by 79%. The US contributed mostly to this growth. Also the EU showed an increase in exports to Mexico;
- Exports to Algeria increased by over one-fifth, being almost entirely supplied by the EU;
- After a shrinkage in trade to Indonesia, exports showed a strong increase again in the first half year. On a balance, exports even increased strongly. The largest part of this volume increase came from Australia and the US. The EU and New Zealand lost some shares in exports to Indonesia;
- Exports to China almost doubled. All important countries of origin show a strong increase in volume;
- All other important destinations in Asia, such as the Philippines, Malaysia, Vietnam, Singapore, Thailand and Saudi Arabia took a large share in the increase in trade. The extra volume of exports mainly came from the EU. The US also traded a lot more to these countries, with the exception of Saudi Arabia. To this country, and to Thailand as well, New Zealand exported extra volume. Exports of New Zealand to the other four destinations on the other hand, shrunk.

### Top 10 destinations on the world market

Till September 2011 (2010 as a reference)

Development of total volume (x 1 000 tonnes), divided by countries of origin



Position development of countries of origin

	NZ	EU-27	AU	USA	OTHER
Mexico	15%	2449%	260%	75%	127%
Indonesia	-6%	-18%	86%	12%	385%
Algeria	-31%	26%	-	-100%	-10%
Philippines	-11%	17%	-19%	12%	17%
China	31%	133%	63%	20%	73%
Malaysia	-7%	28%	-7%	19%	-86%
Vietnam	-46%	88%	41%	52%	244%
Singapore	-33%	65%	68%	165%	-75%
Thailand	31%	38%	-4%	44%	-87%
Saudi Arabia	82%	30%	5%	-86%	-41%

\*volume in 2010 = 0 tonnes

### Greatest increases (volume in tonnes)

Till September 2011, development compared to 2010



Destination:	Absolute increase	Percentage increase
Mexico	65,525	79%
China	26,915	48%
Brazi	22,225	273%
South Korea	16,900	321%
Vietnam	16,345	38%
Algeria	16,330	22%
Saudi Arabia	12,070	47%
India	10,465	69%
Indonesia	9,155	10%
Thailand	8,870	24%

### Greatest decreases (volume in tonnes)

Till September 2011, development compared to 2010



Destination:	Absolute decrease	Percentage decrease
Russia	29,145	59%
Turkey	5,760	80%
Libya	3,925	63%
Morocco	3,150	47%
Yemen	3,110	16%
Peru	2,870	26%
Kazakhstan	2,385	50%
Venezuela	1,895	50%
EU 27	1,205	49%
Dominican Rep.	1,075	21%