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Japan

Dairy and Products Annual

2011 and 2010 Market Outlook and Update for Japanese Milk and Dairy Products

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Report Highlights:
In 2011 Japan's national fluid milk output is expected to remain at 7.8 million MT, about the same level as the last year. The enhanced fluid milk subsidy program for domestic cheese manufacturing, if approved in 2011, will likely help to keep domestic cheese products price competitive with imports. While the government of Japan's purchases of the dairy minimum access TRQ for JFY 2011 may focus on non-essential products, butter purchases are possible under the JFY 2010 quota.

Commodities:
Select

Production, Supply and Demand Data Statistics:

Fluid Milk PS&D Table

Dairy, Milk, Fluid Japan	2009			2010			2011			
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Cows In Milk	848	848	848	840	840	830			825	(1000 HEAD)
Cows Milk Production	7,910	7,910	7,910	7,850	7,850	7,790			7,800	(1000 MT)
Other Milk Production	0	0	0	0	0	0			0	(1000 MT)
Total Production	7,910	7,910	7,910	7,850	7,850	7,790			7,800	(1000 MT)
Other Imports	0	0	0	0	0	0			0	(1000 MT)
Total Imports	0	0	0	0	0	0			0	(1000 MT)
Total Supply	7,910	7,910	7,910	7,850	7,850	7,790			7,800	(1000 MT)
Other Exports	0	0	0	0	0	0			0	(1000 MT)
Total Exports	0	0	0	0	0	0			0	(1000 MT)
Fluid Use Dom. Consum.	4,264	4,264	4,264	4,125	4,125	4,140			4,080	(1000 MT)
Factory Use Consum.	3,570	3,570	3,570	3,650	3,650	3,580			3,650	(1000 MT)
Feed Use Dom. Consum.	76	76	76	75	75	70			70	(1000 MT)
Total Dom. Consumption	7,910	7,910	7,910	7,850	7,850	7,790			7,800	(1000 MT)
Total Distribution	7,910	7,910	7,910	7,850	7,850	7,790			7,800	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0			0	(1000 MT)
CY. Exp. to U.S.	0	0	0	0	0	0			0	(1000 MT)

NFDM PS&D Table

Dairy, Milk, Nonfat Dry Japan	2009			2010			2011			
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Beginning Stocks	31	31	31	58	58	58			66	(1000

										MT)
Production	167	167	167	170	170	160			160	(1000 MT)
Other Imports	34	34	34	25	25	30			30	(1000 MT)
Total Imports	34	34	34	25	25	30			30	(1000 MT)
Total Supply	232	232	232	253	253	248			256	(1000 MT)
Other Exports	0	0	0	0	0	0			0	(1000 MT)
Total Exports	0	0	0	0	0	0			0	(1000 MT)
Human Dom. Consumption	152	152	152	160	160	155			160	(1000 MT)
Other Use, Losses	22	22	22	22	22	27			27	(1000 MT)
Total Dom. Consumption	174	174	174	182	182	182			187	(1000 MT)
Total Use	174	174	174	182	182	182			187	(1000 MT)
Ending Stocks	58	58	58	71	71	66			69	(1000 MT)
Total Distribution	232	232	232	253	253	248			256	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0			0	(1000 MT)
CY. Exp. to U.S.	0	0	0	0	0	0			0	(1000 MT)

Butter PS&D Table

Dairy, Butter Japan	2009			2010			2011			
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Beginning Stocks	23	23	23	30	30	30			35	(1000 MT)
Production	81	81	81	85	85	78			78	(1000 MT)
Other Imports	0	0	0	2	2	7			2	(1000 MT)
Total Imports	0	0	0	2	2	7			2	(1000 MT)
Total Supply	104	104	104	117	117	115			115	(1000 MT)
Other Exports	0	0	0	0	0	0			0	(1000 MT)
Total Exports	0	0	0	0	0	0			0	(1000 MT)
Domestic Consumption	74	74	74	77	77	80			80	(1000 MT)
Total Use	74	74	74	77	77	80			80	(1000 MT)
Ending Stocks	30	30	30	40	40	35			35	(1000 MT)
Total Distribution	104	104	104	117	117	115			115	(1000 MT)
CY Imp. from U.S.	0	0	0	0	0	0			0	(1000 MT)
CY. Exp. to U.S.	0	0	0	0	0	0			0	(1000 MT)

Cheese PS&D Table

Dairy, Cheese Japan	2009			2010			2011			
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	
Beginning Stocks	15	15	15	15	15	15			15	(1000 MT)
Production	45	45	45	47	47	48			55	(1000 MT)
Other Imports	184	184	184	200	200	205			210	(1000 MT)
Total Imports	184	184	184	200	200	205			210	(1000 MT)
Total Supply	244	244	244	262	262	268			280	(1000 MT)
Other Exports	0	0	0	0	0	0			0	(1000 MT)
Total Exports	0	0	0	0	0	0			0	(1000 MT)
Human Dom. Consumption	229	229	229	247	247	253			265	(1000 MT)
Other Use, Losses	0	0	0	0	0	0			0	(1000 MT)
Total Dom. Consumption	229	229	229	247	247	253			265	(1000 MT)
Total Use	229	229	229	247	247	253			265	(1000 MT)
Ending Stocks	15	15	15	15	15	15			15	(1000 MT)
Total Distribution	244	244	244	262	262	268			280	(1000 MT)
CY Imp. from U.S.	7	7	7	8	8	11			11	(1000 MT)
CY. Exp. to U.S.	0	0	0	0	0	0			0	(1000 MT)

Author Defined:

2010 Japan Dairy Annual Draft

Preface:

This report is an update to the ***JA 0014***, Japan Dairy Semi-annual (5/14/2010). Post made revisions to the last PS&D projections for 2010 based on the latest production, trade & stock, and other market data available and made 2011 outlook projections on a preliminary basis. In the Market Situation Update and Outlook section of the 2010 annual report, post noted that extremely hot temperatures that summer had effected the nation's supply and demand situation for milk and milk products.

The data discussed in this report are all based on the calendar year unless specified otherwise. For convenience sake, post's references on Japan's dairy minimum access commitment for a milk equivalent volume of 137,000 MT are based on fiscal year data (April – March). The conversion

coefficient post used to calculate milk equivalent volumes for each commodity are: NFDM (6.48), Edible Whey Powder (6.84), Butter (12.34), Dairy Spread (12.34), and Butter Oil (15.05)

2011 Market Outlook for Fluid Milk, NFDM, Butter and Cheese (New)

- National Fluid Milk Output Projected to Remain at the Same Level in 2011

Due to Japan's on-going economic recession, the food market continues to favor less expensive food items. This situation is expected to continue through 2011. Specifically, national dairy herd numbers are slowly trending down at 1 – 2% on an annual basis. The continued exit of farms in other milk producing regions in Japan may result in trimming the national dairy herd in 2011 down by 1% to 825,000 head (number of cows in milk – not including dry cows and heifers).

In 2011, however, the expected recovery in output per cow will likely hold Japan's annual milk output at the same level as 2010n at **7.80 million MT**. Regional output in Hokkaido, Japan's major dairy state, is projected up by 1 - 2 % accounting, which will contribute to roughly 50% of total fluid milk output and offset the reductions in other milk producing regions.

The projected utilization for fluid milk in 2011 is 4.08 million MT for drinking (down over 1% from last year) and 3.65 million MT for processing (up 2%). Similar to 2010, overall market demand for drinking milk, and the ingredient market for powdered milk products such as NFDM, whole milk powder, and prepared milk powder, will likely remain generally lethargic in 2011.

- Minimum Access Purchase of Butter and NFDM Not Foreseen in JFY 2011

Post does not expect any increase in production of domestic butter (unchanged at 78,000 MT) and NFDM (unchanged at 160,000 MT) but does expect more fluid milk for domestic cheese manufacturing in 2011 in Hokkaido. Even then, the projected supply of butter and NFDM will be sufficient relative to the demands foreseen for both commodities with few imports, if any, expected.

Thus, GOJ's purchases of dairy commodities for the JFY 2011 dairy minimum access TRQ is expected to be diversified (edible why, butter oil, and dairy spread) and purchases of NFDM or butter are unlikely to be considered unless unexpected shortages occur. The situation will likely leave year ending stock levels of both commodities relatively high; for butter at 35,000 MT and for NFDM at 69,000 MT, while keeping a modest downward pressure on market prices throughout the year.

- GOJ's Enhanced Fluid Milk Subsidy Aims to Boost Domestic Cheese Outputs in 2011

The world market price for cheese, and particularly for imported cheese products, has been on the rise again in the latter half of 2010 erasing an exchange advantage due to the strong yen. Assuming market prices hold stable in 2011, post projects a modest growth in consumption for the 2011 cheese market, up by 5% to 265,000 MT. Total imports are projected up by 2% to 210,000 MT.

U.S. cheeses have not followed this trend with the exception of rising prices; thus, it is uncertain if American cheese can keep the momentum created during the previous year and hold an annual entry level of 10,000 MT in Japan's cheese market (See 2010 Cheese Section).

Meanwhile, MAFF has reportedly proposed creation of an enhanced cheese subsidy program for JFY 2011 amounting to JP Yen 8 billion for the next fiscal year budget in the 2011. This program, if approved, could have multiple effects on the Hokkaido dairy industry and change the distribution pattern of fluid milk processing in 2011. The goals of the subsidy are: 1) to substantially raise the use of competitively priced fluid milk available to processors and boost domestic cheese outputs (estimated at 55,000 MT, up by 15% from last year); 2) fill the idle capacity of Hokkaido's cheese plants (a max capacity of 70,000 MT a year); and 3) keep domestic cheese price competitive with imports.

Furthermore, the above mentioned program is said to envisage a discontinuation of the fluid milk subsidy payment for cream production. If realized, it would indirectly encourage an alternative use of domestic NFDM by cutting the current use of liquid concentrated skim milk, a cream by-product, for some low-priced processed drinking milk products, which have been selling well in the market.

2010 Market Situation Update and Outlook (Revised)

- Extreme Summer Temperatures Affect Nation's Fluid Milk Output in 2010

Post substantially revised the previous national milk output projection for 2010 downward upon incorporating reduced numbers for dairy cows in milk (830,000 head, down 2%) at the beginning of the year and taking into account the effect of the heat wave this summer on the nation's fluid milk production. The new output projection is **7.79 million MT**, down 1.5% from the previous year forecast.

Post's preliminary utilization of fluid milk for the 2010 has also been revised and is now projected down by 3% at 4.14 million MT for drinking and marginally up (less than 1%) by 3.58 million MT for processing from last year.

For January to August 2010, a slight decline was seen in monthly outputs in Hokkaido, the region that accounts for nearly 50% of national fluid milk production, while a continued decline (about 2- 3%) persists in the output of other milk producing regions. Heat fatigue, sickness of cows, and losses were reported across the country due to extremely high temperatures prevailing through late September.

According with the situation outlined above, higher than usual volumes of fluid milk were shipped out from Hokkaido to major milk consuming regions this summer alleviating the deficit of milk supply for drinking use; thus, decreasing the availability of fluid milk in Hokkaido for processing butter and NFDM (See NFDM and Butter Section).

Modestly Lower NFDM Production Forecast in 2010

The increased fluid milk subsidy for expanded domestic cheese production in JFY 2010 is an added factor contributing to lower use of fluid milk for NFDM and butter this year (See Cheese Section). On a preliminary basis, NFDM and butter productions in 2010 are projected at 160,000 MT (down by 4%) and 79,000 MT (down by 2%) respectively from last year (both substantially lower than the previously forecast numbers).

Note: For JFY 2010, the subsidy level for fluid milk for processing use has been left unchanged from the last fiscal year at JP Yen 11.85/Kg. with the eligible volume quota of 185,000 MT lower than the previous year (See Table 2).

NFDM:

- NFDM Demand Up Modestly in 2010 Due to Extreme Heat

Reportedly the hot weather (frequently exceeding 35 degrees C) drove demand and increased sales of some milk based drinks (milk beverages, fermented milk products) and ice desserts this year that use NFDM. Interestingly, during these extremely high temperatures it did not substantially boost consumption of ice cream (See Tables 3 and 4) but rather resulted in higher consumption of sports/soft drinks/ice products.

Given the above, Japan's total NFDM use (mostly domestic product) in 2010 is projected only moderately up from the previous year at 155,000 MT, up by 2%, but not increased enough to counter the gradual building of stocks (estimated year ending stocks of 66,000 MT, up 14% from the year beginning) and prices lower than the previous year (See Tables 5 and 9).

Post does not anticipate imports of NFDM by Japan under the dairy minimum access TRQ during this fiscal year and the situation is expected to leave relatively large NFDM stock at year end, estimated at 66,000 MT, up 14% from the beginning of the year. The strong yen, on the other hand, has allowed imports for feed use to recover, which are projected to be 27,000 MT.

Note: Following the last year's pattern, production of processed drinking milk products showed double digit growth (up 15%) during January to August this year with strong sales in the market sustained during that period. Many processed milk products (for drinking) have been utilizing condensed skim milk with a base derived from cream production, thus an increase in sales of this product category has not necessarily led to increased NFDM consumption in Japan.

Butter:

- Butter Purchases an Option for the JFY 2010 Minimum Access TRQ

For the first eight months of 2010, butter consumption has been outpacing the last year mainly due to solid household consumption and improved bakery sales (See table 1). The above trend will likely hold through the remainder of the year. On a purely demand and supply basis monthly data seems to indicate that domestic butter supplies may become somewhat tight toward the end of the year, a peak sales season, with the extra demands anticipated from the confectionary and hotel/food service sectors.

Post did not previously anticipate butter imports under the minimum access quota for JFY 2011. However, there may be a chance this year for Japan to import under the quota in order to assure sufficient supplies are available in addition to ordinary imports in the peak season. Monthly butter stocks have been on a gradual decline (See Table 5). At the present point in time, it is not clear at what point purchasing decision/announcements will be made, but there are two possibilities, in the fiscal year third quarter (October to December, 2010) or the fiscal year last quarter (January – March, 2011).

By the end of September, Japan had committed the JFY 2010 dairy MA TRQ to import edible whey (3,278 MT), butter oil (909 MT), and dairy spread (595 MT) with a milk equivalent volume totaling about 43,450 MT out of the fixed 137,000 MT.

If butter commitments are filled, total butter imports may reach the 7,000 MT level (ordinary imports: 2,000 MT; minimum access imports: 5,000 MT estimated by post), leaving higher year end stocks estimated at 35,000 MT from the beginning of the year (See Table 7-A and 7-B).

As of yet there is not commitment through the end of March next year (additional whey may be a possibility).

Solid Cheese Consumption to Raise Imports in 2010

The Japanese cheese market has had a solid consumption recovery this year supported by strong household consumption and increased food service utilization. Therefore, the explanation found in the last semiannual report still holds valid except for post's import projection for American cheese, which has turned out to be substantially under our new estimate of 11,000 MT, up 60% from last year.

Accordingly, PS&D numbers were revised to reflect the positive situation and outlook for Japan's 2010 cheese market [Total consumption, up by 10% to 253,000 MT; Imports, up by 11% to 205,000 MT; and Domestic Production, up by 7% to 48,000 MT.]

The overall market price decline, combined with the strong yen has been a major factor in pushing total imports higher than was previously forecast. The weakened Euro has contributed to a good recovery in European cheeses for direct consumption and has effectively offset the resumed price rise that began this year in the EU. Meanwhile, the high prices for cheese in Australia and New Zealand appear to have reduced the competitiveness of their products and curtailed their growth in 2010. That said, NZ and the EU are still the major stakeholders for the zero tariff TRQ (62,400 MT for JFY 2010) for natural cheeses (to be blended with domestic natural cheeses to manufacture processed cheese).

For January to August 2010, Japanese cheese imports were up 11% from last year to 130,815 MT due to marginally lower average CIF prices for the period @ US$ 4.56Kg (See Table 8-A and 8-B). It is noteworthy that American cheese experienced a significant import price decline (down 20% at US$ 5.64/Kg.) for the first eight months of this year, which seems to have led to an unexpected spike in Japan's imports this year, up by 89% to 8,359 MT. According to USDEC Tokyo, increased uses for both natural and processed American cheeses by the Japanese food service/bakery industry, and bulk

products, for shredding/slicing were mainly attributable to this year's growth. It is unclear whether American cheese will be able to keep up the same pace for the rest of the year with reports of upward price trends in the United States at CME. Annual imports of American cheese are forecast to easily exceed 10,000 MT level for the first time in recorded history possibly reaching the 11,000 MT level if the current pace is kept.

Initially, reduced import prices and relatively high prices for fluid milk for processing are thought to have made imported cheeses more competitive and have resulted in a reduction in the pace of growth in domestic cheese production, which has resulted in recent years in the creation of idle manufacturing capacity for newly built cheese plants in Hokkaido (the total annual production capacity in Hokkaido is said to be around 70,000 MT).

The GOJ subsidy program to expand the use of fluid milk for cheese and cream production (JFY 2010 Reported Budget Allocation: JP Yen 5.8 billion, 25 yen/Kg for cheese and 12 Yen/Kg to be paid to farmers) in addition to an incentive payment program for the use of fluid milk for value added cheese products (JFY 2010 Reported Allocation: JP Yen 2.9 billion, 20 yen/Kg to be paid to farmers) appears to have effectively countered the above mentioned price disadvantage with imported products this year. Fluid milk utilized for cheese production in Hokkaido this year has increased due to the above programs.

End of the Report:

Table 1: Japanese Household Consumption of Dairy Commodities (YTD 2010)

Quantity										
		2006	**2007**	**2008**	**% Chg.**	**2009**	**% Chg.**	**2009**	**2010**	**% Chg.**
	Unit	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Aug**	**Jan/Aug**	**Jan/Aug**
Milk	Liter	94.24	90.90	86.14	-5%	84.99	-1%	55.85	56.81	2%
Cheese	gram	2,325	2,385	2,271	-5%	2,394	5%	1,523	1,664	9%
Butter	gram	507	500	465	-7%	484	4%	305	318	4%
Margarine	gram	1,383	1,381	1,433	4%	1,387	-3%	928	848	-9%
Yogurt										
Milk Beverage										
Lactic Acid Bacteria Drink										
Powdered Milk	gram	556	463	472	2%	447	-5%	286	244	-15%
Bread for Toast/Sandwich	gram	19,102	19,115	19,495	-1%	19,900	2%	13,299	13,540	2%
Confectionaries										
Expenditure										
		2006	**2007**	**2008**	**% Chg.**	**2009**	**% Chg.**	**2009**	**2010**	**% Chg.**
	Unit	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Aug**	**Jan/Aug**	**Jan/Aug**

Milk	Yen	17,987	17,237	16,589	-4%	16,571	0%	10,883	10,847	0%
Cheese	Yen	3,151	3,315	3,655	10%	4,002	9%	2,573	2,616	2%
Butter	Yen	687	721	802	11%	840	5%	532	543	2%
Margarine	Yen	752	755	870	15%	962	11%	928	848	-9%
Yogurt	Yen	8,047	7,950	7,860	-1%	8,138	4%	5,504	5,647	3%
Milk Beverages	Yen	1,035	1,105	1,173	6%	1,198	2%	780	802	3%
Lactic Acid Bacteria Drink	Yen	3,021	3,478	3,316	-5%	3,239	-2%	2,187	2,210	1%
Powdered Milk	Yen	1,015	850	868	2%	832	-4%	527	460	-13%
Bread for Toast/Sandwich	Yen	8,248	8,249	8,901	8%	8,926	0%	6,030	5,833	-3%
Confectionaries	Yen	75,463	76,160	78,970	4%	80,402	2%	53,461	52,774	-1%
Source: Household Statistic Ministry of Internal Affairs and Communications (Compiled from E-Stats Data System)										

Table 2: Government Subsidy Payment and Eligible Fluid Milk Quota for Processing

	Unit Subsidy Payment		**Eligible Volume**
	Yen/Kg.	**Type**	**Million MT**
JFY1995	11.49	deficiency payment	2.30
JFY1996	11.49	deficiency payment	2.30
JFY1997	10.87	deficiency payment	2.40
JFY1998	10.84	deficiency payment	2.40
JFY1999	10.80	deficiency payment	2.40
JFY2000	10.30	deficiency payment	2.40
JFY2001	10.30	direct payment	2.27
JFY2002	11.00	direct payment	2.20
JFY2003	10.74	direct payment	2.10
JFY2004	10.52	direct payment	2.10
JFY2005	10.40	direct payment	2.05
JFY2006	10.40	direct payment	2.03
JFY2007	10.55	direct payment	1.98
JFY 2008	11.55	direct payment	1.95
JFY 2008 (Revised)	11.85	direct payment	1.95
JFY 2009	11.85	direct payment	1.95
JFY 2010	11.85	direct payment	1.85
Source: ALIC Monthly			

Table 3: Japanese Fluid Milk Utilization of Drinking Category (YTD 2010)

Unit: 1,000 Kilo Liters

				Revised		**Updated**	**New**	
	2007	**2008**	**% Chg.**	**2009**	**% Chg.**	**2009**	**2010**	**% Chg.**
	Jan/Dec	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Dec**	**Jan/Aug**	**Jan/Aug**	**Jan/Aug**
Total Drinking Milk Products	4,039	3,951	-2%	3,804	-4%	2,522	2,477	-2%
Regular Milk	3,592	3,509	-2%	3,180	-9%	2,120	2,023	-5%
Processed Milk	446	442	-1%	625	41%	402	454	13%
Milk Beverages	1,312	1,241	-5%	1,180	-5%	784	801	2%
Fermented Milk	844	813	-4%	821	1%	560	567	1%
Lactic Acid Bacteria Drinks	173	179	4%	199	11%	141	127	-10%

Note: Processed Milk: low fat, high fat, vitamin and mineral fortified, calcium enriched
Milk Beverages: flavored milk (coffee and fruits flavored)
Fermented Milk: Yogurt etc.

Source: MAFF

Table 4: Japanese Production of Processed Milk Products (YTD 2010)

Unit: Metric Ton

				Revised		Updated	New	
	2007	2008	% Chg.	2009	% Chg.	2009	2010	% Chg.
	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Aug	Jan/Aug	Jan/Aug
Butter	75,058	71,698	-4%	80,998	13%	57,723	55,329	-4%
Cream	103,109	107,535	4%	104,898	-2%	67,708	67,479	0%
Whole Milk Powder	14,027	13,543	-3%	12,565	-7%	10,283	10,148	-1%
Prepared Milk Powder	30,039	30,197	1%	34,914	16%	22,480	21,657	-4%
Skim Milk Powder (NFDM)	172,545	158,179	-8%	167,256	6%	115,260	113,285	-2%
Ice Cream (Unit: kilo liter)	134,035	126,179	-6%	128,614	2%	85,855	87,608	2%

Source: MAFF

Table 5: Monthly Ending Stocks of Butter and NFDM (YTD 2010)

Unit: 1,000 Metric Ton

	Butter							NFDM						
	2007	2008	% Chg.	2009	% Chg.	2010	% Chg.	2007	2008	% Chg.	2009	% Chg.	2010	% Chg.
Jan	24.1	19.7	-18%	25.5	29%	32.6	28%	68.8	41.4	-40%	36.3	-12%	65.1	79%
Feb	23.6	19.4	-18%	26.7	38%	32.8	23%	69.2	42.6	-38%	38.7	-9%	67.7	75%
Mar	23.2	19.4	-16%	28.1	45%	32.6	16%	68.3	42.8	-37%	43.1	1%	69.7	62%
Apr	23.1	19.9	-14%	29.6	49%	32.5	10%	68.9	43.4	-37%	49.5	14%	71.8	45%
May	23.8	21.2	-11%	32.3	52%	34.1	6%	69.1	43.3	-37%	55.1	27%	74.8	36%
Jun	24.4	21.1	-14%	33.6	59%	34.5	3%	65.3	42.1	-36%	55.4	32%	74.5	34%
July	23.7	20.7	-13%	34.0	64%	33.9	0%	59.7	38.4	-36%	54.5	42%	71.3	31%
Aug	23.6	22.9	-3%	35.0	53%	33.1	-5%	53.9	35.0	-35%	55.0	57%	68.6	25%
Sept	20.3	22.4	10%	34.3	53%	0.0		46.0	29.9	-35%	53.6	79%	0.0	
Oct	18.8	21.9	16%	32.9	50%	0.0		40.3	27.6	-32%	52.9	92%	0.0	
Nov	16.4	22.3	36%	31.3	40%	0.0		36.7	27.2	-26%	53.8	98%	0.0	
Dec	15.8	22.5	42%	29.6	32%	0.0		38.1	30.5	-20%	58.3	91%	0.0	

Source: ALIC Monthly

Table 6: Japanese Imports of Non Fat Dry Milk (YTD 2010)

Unit: Metric Ton

				Revised		Updated	New	
	2007	2008	% Chg.	2009	% Chg.	2009	2010	% Chg.
	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Dec	Jan/Aug	Jan/Aug	Jan/Aug
For School Lunch Program	2,405	2,258	-6%	2,109	-7%	1,600	1,512	-6%
For Feeds	31,032	27,028	-13%	22,143	-18%	13,821	16,344	18%
For Other Use (Current Access)	2,351	2,940	25%	10,082	243%	9,073	2,500	-72%
Total NFDM Imports	35,788	32,226	-10%	34,333	7%	24,493	20,356	-17%

Source: ALIC Monthly

Table 7-A: Japanese Imports of Butter (YTD 2010)

Unit: Metric Ton (Customs Clearance)

					% Change
Rank	Country	2008	2009	2010	- 10/09 -
		Jan/Aug	Jan/Aug	Jan/Aug	Jan/Aug
0	-- World --	9,918	242	1,562	545%
1	Netherlands	966	0	659	
2	New Zealand	2,387	109	457	318%
3	Australia	2,778	69	132	93%
4	Germany	197	1	110	19021%
5	France	89	34	103	202%
6	United States	3,193	26	94	261%
7	Others	309	4	7	88%
Source of Data: Japan Customs (World Trade Atlas)					

Table 7-B: Average C&F Price of Imported Butter (YTD 2010)

					Unit: US$/Kg
					% Change
Rank	Country	-/ KG - 2008	-/ KG - 2009	-/ KG - 2010	- 10/09 -
		Jan/Aug	Jan/Aug	Jan/Aug	Jan/Aug
0	-- World --	4.28	5.29	4.64	-12%
1	Netherlands	5.44	0	4.49	
2	New Zealand	4.23	2.59	3.92	51%
3	Australia	4.06	4.49	4.41	-2%
4	Germany	5.92	15.64	4.21	-73%
5	France	16.25	15.51	9.67	-38%
6	United States	3.71	5.16	4.44	-14%
Source of Data: Japan Customs (World Trade Atlas)					

Table 8-A: Japanese Import of Cheese (YTD 2010)

				Unit: Metric Ton (Customs Clearance Basis)	
					% Change
Rank	Country	2008	2009	2010	- 10/09 -
		Jan/Aug	Jan/Aug	Jan/Aug	Jan/Aug
0	-- World --	123,558	117,569	130,815	11%
1	Australia	58,695	53,839	56,268	5%
2	New Zealand	34,580	32,394	34,122	5%
3	United States	4,856	4,427	8,359	89%
4	Germany	5,077	6,308	7,724	22%
5	France	4,262	4,330	5,232	21%
6	Denmark	5,138	5,052	5,046	0%
7	Netherlands	3,705	3,439	4,501	31%
8	Italy	3,424	3,807	4,097	8%
9	Argentina	2,468	2,438	3,001	23%
10	Ireland	152	552	1,497	171%
11	Others	1,199	984	968	-2%
Source of Data: Japan Customs (World Trade Atlas)					

Table 8-B: Average C&F Price of Imported Cheese (YTD 2010)

					Unit: US$/Kg
					% Change
Rank	Country	-/ KG - 2008	-/ KG - 2009	-/ KG - 2010	- 10/09 -
		Jan/Aug	Jan/Aug	Jan/Aug	Jan/Aug
0	-- World --	5.27	4.58	4.56	0%

1	Australia	4.55	3.86	3.9	1%
2	New Zealand	4.65	4.05	4.01	-1%
3	United States	7.24	7.09	5.64	-20%
4	Germany	5.21	3.78	3.68	-3%
5	France	9.12	9.06	9.34	3%
6	Denmark	7.05	6.32	6.42	2%
7	Netherlands	6.04	4.42	4.18	-5%
8	Italy	12.02	9.95	9.86	-1%
9	Argentina	4.6	3.4	3.53	4%
10	Ireland	4.27	5.16	3.49	-32%
Source of Data: Japan Customs (World Trade Atlas)					

Table 9: Average Wholesale Price of Dairy Products for Bulk Users (YTD 2010)

Butter (JP Yen/Kg.)							
	2007	2008	% Chg.	2009	% Chg.	2010	% Chg.
Jan	944	984	4%	1,164	18%	1,081	-7%
Feb	944	995	5%	1,176	18%	1,073	-9%
Mar	944	1,016	8%	1,177	16%	1,074	-9%
Apr	944	1,060	12%	1,178	11%	1,060	-10%
May	944	1,074	14%	1,173	9%	1,057	-10%
Jun	945	1,091	15%	1,158	6%	1,051	-9%
July	946	1,124	19%	1,164	4%	1,049	-10%
Aug	950	1,136	20%	1,131	0%	0	-100%
Sept	956	1,143	20%	1,114	-3%	0	-100%
Oct	965	1,154	20%	1,102	-5%	0	-100%
Nov	968	1,162	20%	1,085	-7%	0	-100%
Dec	977	1,163	19%	1,086	-7%	0	-100%
NFDM (JP Yen/25 Kg.)							
	2007	2008	% Chg.	2009	% Chg.	2010	% Chg.
Jan	13,004	13,300	2%	14,994	13%	14,981	0%
Feb	13,019	13,327	2%	15,033	13%	14,955	-1%
Mar	13,019	13,505	4%	15,160	12%	14,957	-1%
Apr	13,019	14,096	8%	15,226	8%	14,922	-2%
May	13,019	14,311	10%	15,254	7%	14,884	-2%
Jun	13,041	14,646	12%	15,241	4%	14,751	-3%
July	13,049	14,697	13%	15,172	3%	14,656	-3%
Aug	13,063	14,769	13%	15,030	2%	0	-100%
Sept	13,078	14,831	13%	14,949	1%	0	-100%
Oct	13,136	14,951	14%	14,943	0%	0	-100%
Nov	13,146	14,953	14%	14,931	0%	0	-100%
Dec	13,257	14,982	13%	15,005	0%	0	-100%
Source: ALIC Monthly							