A Note from the Authors

- **What is this?** This is **USDEC’s International Demand Analysis** from our Strategy & Insights Department, published monthly. This report outlines the latest global dairy trade trends and data combined with our own commentary analyzing demand in the key markets for cheese, NFDM/SMP, whey (0404.10), and WPC80+ alongside shorter summaries for lactose, butterfat and WMP – all with a forward-looking lens and US exporter viewpoint.

- All comparisons are year-over-year unless otherwise noted.

- **If you have any questions, comments or suggestions on how to improve the report, send us an email at w loux@usdec.org or scain@usdec.org.**
Table of Contents

I. Executive Summary

II. Cheese

III. NFDM/SMP

IV. Whey (0404.10)

V. WPC80+

VI. Other Products
   a. Lactose
   b. Butterfat
   c. WMP
Global Dairy Demand Market Commentary

OVERVIEW

2021 YEAR-END

- Global dairy trade in 2021 grew by 4.1% in 2021, an increase of 404,878 metric tons (MT) of milk solids (MSE). That rate was virtually identical to the year prior (+4.1%) and a full percentage point higher than the five-year average of 3.1% per annum.

- As we’ve talked about in past reports, China carried demand in 2021 with global dairy exports to the country increasing by 19%, or 415,014 MT MSE, year-over-year (YOY). By contrast, the rest of the world held close to flat, declining by 10,136 MT MSE.

- China’s appetite for fluid milk products almost single-handedly boosted both liquid milk/cream and WMP trade in 2021, increasing by 13% and 4%, respectively. Demand from China was also crucial – albeit to a lesser extent – in supporting a global increase of cheese (+8%) and whey (+7%) trade. Rounding out the major products, SMP (+1%), butterfat (-1%) and lactose (-0%) were relatively stagnant by comparison despite growth from China in those products.

DECEMBER 2021

- In December, global trade eked out growth of 1% (+9,244 MT MSE) despite declines from Europe, New Zealand and the United States as the secondary exporters (Australia, Belarus, Argentina and Uruguay) all increased volumes.

KEY TAKEAWAYS

2021 YEAR-END

- Despite an ever-evolving global pandemic and shipping disruption, global dairy demand didn’t miss a beat in 2021, thanks in large part to the United States, which grew by more than the rest of the world’s major exporters combined.

- China was clearly the driving force on the demand side in 2021, but trade to the country did slow substantially in the second half. In the first half of the year, global dairy exports to China increased by more than 400,000 MT MSE. In the second half, trade to China declined by 23,000 MT MSE. That second half decline has mostly come from sharply slowing purchases of sweet whey and permeate, but trade of SMP has also declined in H2 after stocking up in first part of the year.

DECEMBER 2021

- Global dairy demand appears in strong shape heading into 2022 given that secondary exporters are substantially increasing exports. Effectively, buyers are sourcing from whoever has product available. Even Turkey and India (who aren’t factored into the data…yet) have increased their export volumes substantially in the back half of the year as global prices have risen.
Global Dairy Demand Market Commentary

COMPETITOR ASSESSMENT

2021 YEAR-END

• With milk production out of Europe barely managing to grow (+0.1%), exports from the bloc struggled to match 2020 volumes, increasing by a negligible amount in 2021 (+0%, +8,466 MT MSE). Cheese, whey and fluid milk/cream were the only substantial increases for the EU27+UK with declines in SMP, IF, WMP, lactose and butterfat.

• New Zealand fared better, increasing their exports by 4% (+104,292 MT MSE) thanks to a strong 2020/21 season and running down internal inventories to meet China’s demand. However, export growth wavered in the second half of the year (-1%, -13,593 MT MSE).

• Slow growth from the other major exporters combined with record exports out of the U.S. meant U.S. dairy reached a record high in global market share in 2021 (22%).

DECEMBER 2021

• With declines from the Europe, New Zealand and the U.S. in December, gains from Australia (primarily SMP, cheese and WMP to China and SEA) and Argentina (WMP to MENA and whey to MENA & China) were enough to keep demand positive for the month.

LOOKING AHEAD

2022 OUTLOOK

• As we’ve said for months, import demand in Southeast Asia and the Middle East-North Africa is expected to be robust in 2022 given depleted inventories in both regions, which should support global trade – even counting on a slowdown from China.

• However, with milk production slow to pick up in all the major exporting regions – even the smaller ones who grew exports in December – the question for global trade in 2022 will be supply rather than demand.

• Given production constraints (and subsequent product mix focus), we expect cheese to be the largest growing export product, particularly for the U.S., in 2022. Theoretically, that would support whey volumes as well. However, the outlook is slightly murkier for whey given slower purchases from China, high freight costs reducing the returns on exported permeate, and the strong domestic pull for proteins in the U.S. and Europe.

• Overall, the lack of supply and strong demand should keep global prices well-supported at least through the first half of the year.
Executive Summary: 2021 Full Year

Source: USDEC, Trade Data Monitor

Global Dairy Trade (Milk Solids Equivalent)

YOY Change in Total Milk Solids Trade by Supplier in 2021

YOY Change in Total Milk Solids Trade by Market in 2021

YOY Change in Global Dairy Trade by Product in 2021

Source: USDEC, Trade Data Monitor
2021 Year-End, Milk Solids Equiv.

Note: Size of bubble denotes total imports.
Source: USDEC, Trade Data Monitor
Executive Summary: December 2021

Monthly Global Exports of Total Milk Solids to World (30-Day Months)

YOY Change in Global Total Milk Solids Trade: Latest Month (Dec), Ranked by Largest Market

YOY Change in Global Dairy Trade: Latest Month (Dec), Ranked by Total Product Trade

Source: USDEC, Trade Data Monitor
Month of December 2021, Milk Solids Equiv.

- **Mexico**: +3% (+1,282 MT)
- **S. Am**: -28% (-10,723 MT)
- **MENA**: +26% (+27,788 MT)
- **SEA**: +22% (+28,009 MT)
- **JPN+KOR**: +7% (+5,881 MT)
- **Oceania**: -20% (-5,787 MT)
- **China**: -17% (-45,828 MT)

Note: Size of bubble denotes total imports
Source: USDEC, Trade Data Monitor
Average Global Export Price

Global Average $/KG of Milk Solids Exported
Cheese Market Commentary

OVERVIEW

2021 YEAR-END

• Cheese trade in 2021 was positive virtually across the board, both in terms of suppliers and markets, as global cheese trade jumped 8% (+170,843 MT) – nearly twice the five-year average.

• Gains in cheese imports were relatively spread out with no market increasing imports more than 41,000 MT and, of the major markets, only Japan (-6%) and Korea (-4%) declined.

• On the supply side, all the major exporters except Uruguay and Canada increased cheese volumes with the EU27+UK leading the pack (+6%, +53,148 MT) followed closely by the United States (+14%, +49,267 MT).

DECEMBER 2021

• In December, cheese trade was more mixed than 2021 overall with just a 2% increase (+3,915 MT). Large declines to China (-21%), Japan (-12%), Australia (-21%), Chile (-22%), and the U.S. (-11%) were offset by more product moving to Southeast Asia (+33%), Mexico (+22%) and MENA (+12%, even though Algeria fell off a cliff with a decline of 64%)

KEY TAKEAWAYS

2021 YEAR-END

• 2021 was marked by acceleration in global cheese trade thanks in large part to growth in China (+28%, +40,135), driven by cream cheese for cheese lollipops, and Latin America (+20%, +58,889 MT), which benefited from a recovering tourism sector and improved economic situation.

• Unlike some other products, cheese was relatively consistent throughout the year – posting a first half increase of 9% and a second half increase of 7%.

• With a 6% decline, Japan lost its title of largest cheese importing market to Russia (assuming you exclude intra-EU27+UK trade). Given the cheese market’s exposure to foodservice, some disruption in demand due the pandemic is not unexpected, but even still, on an annualized basis, trade to the country reached its lowest ebb in three years.

DECEMBER 2021

• Slightly slower December figures, particularly out of New Zealand (-15%, -5,724 MT), seem to be more attributable to lack of supply as opposed to demand-driven.
COMPETITOR ASSESSMENT

2021 YEAR-END

• **For the EU27+UK**, mozzarella and fresh cheeses were the varieties of choice in 2021, mozz export volumes increased by 14% (+16,089 MT) and other fresh cheeses climbed by 28% (+22,438 MT). Also, with Italy posting unusually strong milk production (at least compared to other member states), hard cheeses, like parmesan and asiago climbed 9% (+3,223 MT). Gouda and cheddar, on the other hand, took steps back – falling 4% and 12% respectively.

• **For New Zealand**, they had more of virtually every variety with cheddar and gouda-type cheeses climbing 12% (+17,680 MT) and mozzarella and fresh cheese increasing by 13% (+14,637 MT). However, it’s worth remembering that available supplies mostly reflected the 2020/21 season, not the most recent figures which have been far weaker.

DECEMBER 2021

• Although the EU27+UK did manage growth of 2% (+1,580 MT) in Dec, most of their gains were concentrated in MENA. Cheese exports to the rest of the world declined by 2.5% (-1,582 MT).

LOOKING AHEAD

2022 OUTLOOK

• For the United States, recovery from Japan and Korea, the U.S.’ #2 and #3 market will be key to setting another record for U.S. cheese exports in 2022. Positively, we expect a rebound to occur as foodservice demand fully reopens in both markets.

• A continued boom in Latin America’s cheese imports would naturally be a positive development for global trade as shipments were largely stagnant from 2018 to 2020. **Optimistically, Latin America is positioned to maintain growth driven by an improved economic outlook** (assisted by vaccines), but don’t be surprised by a slight regression in 2022 from South America – 2021 data looks rather anomalous to my eyes.

• Is China’s cheese demand returning to trend? Cheese shipments to the country have been flat since August after climbing by more than 40,000 MT through the first seven months. We believe it’s likely that China bought more cheese than it needed in the first half of the year, but fundamentally, we are optimistic that Chinese consumers – particularly young consumers – are turning to cheese as a low-sugar, high-protein snack that should pay substantial dividends as we anticipate growth in both the short and long-term.
Global Overview: Cheese

Global Cheese Exports to World (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Global Overview: Cheese

Monthly Global Exports of Cheese to World (30-Day Months)

Source: USDEC, Trade Data Monitor
Global Overview: Cheese – Last 12 Months

Source: USDEC, Trade Data Monitor
Global Overview: Cheese – Latest Data

Source: USDEC, Trade Data Monitor
Trade Flows: Cheese

Last 3 Months: YOY Change in EU27+UK Cheese Exports

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<tr>
<th>Region</th>
<th>Change %</th>
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<tr>
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<td>Japan-Korea</td>
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<td>Europe</td>
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<td>China</td>
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Source: USDEC, Trade Data Monitor

Last 3 Months: YOY Change in New Zealand Cheese Exports

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<th>Region</th>
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<tr>
<td>Mexico</td>
<td>14.1%</td>
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<tr>
<td>ROW</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

Source: USDEC, Trade Data Monitor
Trade Flows: Cheese

Cheese Exports to World (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Source: USDEC, Trade Data Monitor
Cheese Exports to South Korea

Monthly Global Exports of Cheese to South Korea (30-Day Months)

Source: USDEC, Trade Data Monitor
### Japan

#### Cheese Exports to Japan

**Monthly Global Exports of Cheese to Japan (30-Day Months)**

- **2019**
- **2020**
- **2021**

**World Cheese Exports to Japan**

**Source:** USDEC, Trade Data Monitor
Australia

Source: USDEC, Trade Data Monitor
Southeast Asia

Cheese Exports to SEA (Rolling 12 Months)

Global Cheese Exports to SEA (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
South America

Cheese Market Share in S. America (Rolling 12 Months)

Source: USDEC, Trade Data Monitor

Monthly Global Exports of Cheese to S. America (30-Day Months)

Global Cheese Exports to S. America (Rolling 12 Months)
NFDM/SMP Market Commentary

OVERVIEW

2021 YEAR-END

• While not runaway growth, global trade of NFDM/SMP in 2021 was up 1% (-21,791 MT) compared to 2020.

• Overall, China was the market posting the strongest growth in NFDM/SMP imports over 2021, up 19% (+67,701 MT). That increase was largely driven off an incredibly strong first half of the year, up 53% (+76,921 MT), as imports have lagged in H2 down 5% (-9,825 MT) as stock have grown considerably in 2021.

• Mexico also saw a comeback in 2021 after lower imports from pandemic-induced economic challenges; up 17% (+48,168 MT). Mexican and Chinese growth help offset declines in other markets in 2021 – especially the large decline in MENA, down 13% (-53,339 MT).

DECEMBER 2021

• Global trade of NFDM/SMP in December fell 3% (-4,913 MT) year-over-year with tight supplies and shipping congestion widespread.

• Only a few markets saw an increase in SMP demand in December; SEA (+19%, +8,954 MT), MENA (+34%, +7,942 MT), Central America & Caribbean (+55%, +1,857 MT) and Eurasia (+6%, +511 MT).

KEY TAKEAWAYS

2021 YEAR-END

• SEA and China made up roughly half of all NFDM/SMP trade. SEA finished 2021 up 1% (+4,800 MT) with China up 19% (+67,701 MT).

• China’s inventory levels increased significantly in 2021, reaching a high in July. While those have reportedly come down in recent months, they are still uncharacteristically high for this time period. As such, those high inventory levels created a headwind to maintaining strong NFDM/SMP imports in the back half of 2021 as four of the last five months of 2021 saw declines.

DECEMBER 2021

• China resumed its trend of lower NFDM/SMP imports in December, down 25% (-10,979 MT) after a slight gain in November.

• After being down through the first part of 2021, MENA’s NFDM/SMP imports were more mixed in the back half of 2021 with December imports up significantly (+34%, 7,942 MT), which is a bullish signal heading into 2022.
COMPETITOR ASSESSMENT

2021 YEAR-END

• The U.S. was the big winner in NFDM/SMP exports in 2021, up 10% (+82,354 MT). Australia was the only other major producer that saw an increase in 2021, up 22% (+28,514 MT).

• The EU and NZ, which combined make up nearly half of all NFDM/SMP exports, contracted in 2021; -4% (-30,056 MT) for EU and -8% (-28,458 MT) for New Zealand.

• Lack of milk supply in major competitors paired with a focus on cheese production has allowed the U.S. to take market share away from NZ and the EU. The U.S. is now firmly the largest NFDM/SMP exporter in the world.

DECEMBER 2021

• Smaller suppliers stepped-up their exports in December with Australia up 66% (+8,501 MT) Uruguay up 211% (+3,428 MT). Belarus and Canada were also up to a lesser extent.

• However, the increase was not enough to offset the decline from the US, EU and NZ leading to December being down 3% (-4,913 MT).

LOOKING AHEAD

2022 OUTLOOK

• The lower NFDM/SMP imports in the back half of 2021 seems to be driven by the stock build-up in China and not by lower demand. Chinese NFDM/SMP consumption is at some of the highest levels we’ve seen over the last few years. While we expect NFDM/SMP imports to China to be fall behind 2021 in the near-term, we could see Chinese imports pick back up around mid-year as stocks are worked down and consumption grows.

• Mexico’s NFDM/SMP imports were down significantly in 2020 with pandemic induced economic challenges, but we saw a return to imports in 2021. Moving into 2022, we expect Mexico’s demand to be strong.

• Trade data suggest SEA inventories are depleted, which should bode well for demand in 2022, provided of course there is product to be found. The U.S. became the number one supplier of NFDM/SMP to SEA in 2020 and held that share (44%) in 2021. A key piece in maintaining that success in 2022 is clearing supply chain difficulties.
Global Overview: NFDM/SMP

Global SMP/NFDM Exports to World (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Global Overview: NFDM/SMP

Monthly Global Exports of SMP/NFDM to World (30-Day Months)

Source: USDEC, Trade Data Monitor
Global Overview: NFDM/SMP – Last 12 Months

Source: USDEC, Trade Data Monitor
Global Overview: NFDM/SMP – Latest Data

Source: USDEC, Trade Data Monitor
Trade Flows: NFDM/SMP

Last 3 Months: YOY Change in EU27+UK SMP/NFDM Exports

-7.3% 10.0% 116.7%
-2.6% -2.5% -17.9% -17.7% -6.0%
-43.2%

Last 3 Months: YOY Change in New Zealand SMP/NFDM Exports

-7.8% -4.0% -19.7% 59.5% -31.3% 128.6%
-10.9% -17.9% -17.7% -24.1% -26.4%

Source: USDEC, Trade Data Monitor
Trade Flows: NFDM/SMP

SMP/NFDM Exports to World (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Mexico

SMP/NFDM Market Share in Mexico (Rolling 12 Months)

Monthly Global Exports of SMP/NFDM to Mexico (30-Day Months)

Global SMP/NFDM Exports to Mexico (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Southeast Asia

Monthly Global Exports of SMP/NFDM to SEA (30-Day Months)

Global SMP/NFDM Exports to SEA (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Southeast Asia: Country Breakdown

Monthly Global Exports of SMP/NFDM to Indonesia (30-Day Months)

Monthly Global Exports of SMP/NFDM to Malaysia (30-Day Months)

Monthly Global Exports of SMP/NFDM to Vietnam (30-Day Months)

Monthly Global Exports of SMP/NFDM to Philippines (30-Day Months)

Source: USDEC, Trade Data Monitor
China

Source: USDEC, Trade Data Monitor
Source: USDEC, Trade Data Monitor

U.S. DAIRY EXPORT COUNCIL
Whey Products (0404.10)
Whey (0404.10) Market Commentary

OVERVIEW

2021 YEAR-END

• Global trade of whey in 2021 was up 6% (+92,307 MT) compared to 2020.

• Global demand was well supported in 2021 with only a few smaller importers being down. China and SEA drove global demand last year, up 6% (+33,784 MT) and 12% (+48,619 MT) respectively. The next 5 largest importers were also up 2-15% for the year.

DECEMBER 2021

• However, of late, global trade of whey has faltered, and in December, it was down 12% (-15,502 MT) year-over-year.

• Overall, most countries were up in whey imports in December with SEA leading the way, up 17% (+5,176 MT); however, the widespread increase wasn’t enough to offset the dramatic decline in Chinese imports which were down 50% (-29,284 MT) in December.

KEY TAKEAWAYS

2021 YEAR-END

• While China and SEA drove the global whey market last year, China’s imports have slowed considerably in the back half of 2021. China embarked on a roughly 12-month period of steadily increasing whey imports starting in April of 2020, but since spring of 2021, there has been a significant pullback. We attribute the slowdown to weaker margins in the hog industry from lower pork prices and high feed costs.

DECEMBER 2021

• China continued their pullback in December, reaching the lowest ebb in nearly two years, even falling behind December 2019 levels, which was in the midst of the African Swine Fever low-ebb.

• Global whey prices had eased slightly in the months leading up to December which was supportive of the wider spread increase in imports among many countries as those who had potentially been waiting for prices to ease rejoined the market.
Whey (0404.10) Market Commentary

COMPETITOR ASSESSMENT

2021 YEAR-END

• The U.S. and the EU27+UK were the big winners in whey exports in 2021, up 10% (+51,703 MT) and 6% (+40,316 MT) respectively. Argentina also saw an increase in whey exports in 2021, up 19% (+9,804 MT) driven primarily by strong exports to China in the first half of the year as well as a surprise December.

• The boost in Argentinian exports over the last year, primarily to China, can also be attributed to Chinese buyers attempting to avoid West Coast congestion out of the US.

• Through much of 2021, the U.S. has been priced above the EU and NZ; however, limited supplies in the EU and growing domestic demand, meant that higher prices didn’t incentivize switching suppliers as the U.S. increased its share of the global market by 1%.

DECEMBER 2021

• Argentina doubled their whey exports in December (largely to China and a combination of smaller importers), up 103% (+3,216 MT) while the U.S. (-26%, -12,508 MT) and the EU27+UK (-7%, -4,133 MT) were both down.

LOOKING AHEAD

2022 OUTLOOK

• There has been a pullback in China’s whey demand over the last nine months of 2021, which as mentioned in the other blurbs can largely be attributed to lower expansion incentives in the pork industry. Pork prices in China need to see some upward movement to encourage investment. With healthy inventories and high freight costs hurting exporter margins on permeate, we anticipate demand from China to struggle in the first half of the year. Additionally, the high levels of imports we saw in start of 2021 make for some difficult YOY comparisons.

• As we’ve reported throughout the year, the EU27+UK struggled with milk production in 2021, and 2022 is not expected to be much better. With lower milk output, they have focused in on cheese production which is supportive of the whey stream. But even still, with growing internal demand for concentrates, exportable supplies are likely to remain tight in 2022, which puts the US in a good position to meet that growing global whey demand.
Global Overview: Whey (0404.10)

Global Whey (0404.10) Exports to World (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Global Overview: Whey (0404.10)

Monthly Global Exports of Whey (0404.10) to World (30-Day Months)

Source: USDEC, Trade Data Monitor
Global Overview: Whey (0404.10) – Last 12 Months

Source: USDEC, Trade Data Monitor
Global Overview: Whey (0404.10) – Latest Data

YOY Change in Global Whey (0404.10) Trade: Latest Month (Dec), Ranked by Largest Market

Source: USDEC, Trade Data Monitor
Trade Flows: Whey (0404.10)

Source: USDEC, Trade Data Monitor
Trade Flows: Whey Products

Whey (0404.10) Exports to World (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
China

Whey (0404.10) Exports to China (Rolling 12 Months)

Monthly Global Exports of Whey (0404.10) to China (30-Day Months)

Global Whey (0404.10) Exports to China (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Southeast Asia

Whey (0404.10) Exports to SEA (Rolling 12 Months)

Monthly Global Exports of Whey (0404.10) to SEA (30-Day Months)

Global Whey (0404.10) Exports to SEA (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Southeast Asia: Country Breakdown

Source: USDEC, Trade Data Monitor
WPC80+ Market Commentary

OVERVIEW

2021 YEAR-END

• Global trade of WPC80+ reached another record with total trade of 144,586 MT in 2021, an increase of 20% (+24,134 MT).

• Even as China took a small step back in 2021 (-4%, -1,634 MT), maintaining anything close to their 2020 figure is impressive. In fact, despite the 2021 decline, China purchased 41% more WPC80+ than in 2019, highlighting that 2020’s sharp jump reflected real consumption gains.

DECEMBER 2021

• Despite a decline from the United States, global trade of WPC80+ in December marked the 17th straight month of growth. Proteins remain in demand around the world – an admittedly obvious statement given where prices are today. The question remains whether there will be enough global supplies to meet demand.

KEY TAKEAWAYS

2021 YEAR-END

• Active lifestyles and a desire for healthy eating has led to an explosion of demand for concentrated dairy protein, both within the United States and Europe, as well as globally traded proteins.

• Japan and Korea were the stars of 2021 in terms of protein concentrates. While the two markets were sizeable pre-COVID, 2021 boosted volumes to another level.

• For Korea, in the past 18 months, WPC80+ trade to the country has more than doubled (+3,010 MT) on an annualized basis. Japan has been similar, but the growth has been even greater. WPC80+ volumes to the countries have increased by 65%, a gain of an astonishing 10,007 MT, over that same time period.

DECEMBER 2021

• December was a continuation of 2021’s trends – Japan and Korea climbed a collective 65% (+1,228 MT), while China fell slightly (-11%, -395 MT).
WPC80+ Market Commentary

COMPETITOR ASSESSMENT

2021 YEAR-END

• The EU27+UK, New Zealand and the U.S. all increased their protein exports in 2021 – not a major surprise given the returns of manufacturing protein concentrates and recent investment in capacity.

• Europe focused its growth on India (+189%, 6,472 MT), backfilling for the United States given non-tariff barriers, and Japan (+126%, +4,612 MT). Focus on those markets meant less available for China (-18%, -3,078 MT)

• New Zealand, on the other hand, focused on the United States (+67%, +2,695 MT) and China (+18%, +1,170 MT), but volumes to Japan (+9%, +446 MT) and India (+43%, +675 MT) certainly did grow as well.

DECEMBER 2021

• In December, both Europe and New Zealand managed to grow, but it was New Zealand that shone – increasing its exports by 53% (+1,279 MT) off increased shipments to Singapore (+304 MT), Japan (+297 MT) and the U.S. (+241 MT).

LOOKING AHEAD

2022 OUTLOOK

• Like many other products, WPC80+ prices have climbed to the highest point in years. In December, the average export price reached $9,292/MT. These prices could dissuade manufacturers from launching new products featuring dairy proteins, but given the lack of inventories in many markets, particularly Southeast Asia, we anticipate demand growth to remain solid despite the high prices.

• We expect health and wellness, particularly in the sports nutrition space, will remain a key trend in many markets around the world. That should enable Japan and Korea to maintain elevated import levels even if the growth rate slows.
Global Overview: WPC80+

Global WPC80+ Exports to World (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Global Overview: WPC80+

Monthly Global Exports of WPC80+ to World (30-Day Months)

Source: USDEC, Trade Data Monitor
Trade Flows: WPC80+

Global WPC80+ Trade: L12M, Ranked by Largest Market

- China: 26%
- Japan+Korea: 22%
- S. Asia: 10%
- USA: 8%
- S. America: 4%
- Canada: 6%
- Europe: 7%
- SEA: 7%
- Aus+NZ: 3%
- Other: 2%
- MENA: 2%
- Mexico: 1%
- Eurasia: 1%
- SSA: 1%
- Canada: 6%
- S. America: 4%
- SEA: 7%
- USA: 8%
- S. Asia: 10%
- China: 26%

Source: USDEC, Trade Data Monitor

Global WPC80+ Trade: L12M, Ranked by Largest Market

Global WPC80+ Trade: Last 12 Months, Ending Dec

YOY Change in WPC80+ Trade to World: Last 12 Months, Ending Dec

- USA: 20%
- EU27+UK: 11%
- New Zealand: 37%
- Australia: 29%
- Belarus: -9%
- Canada: -54%
- #N/A: -79%
- Global Exports: -54%
Global Overview: WPC80+ – Latest Data

YOY Change in Global WPC80+ Trade: Latest Month (Dec), Ranked by Largest Market

Global WPC80+ Trade: Latest Month (Dec)
Trade Flows: WPC80+

Source: USDEC, Trade Data Monitor
Trade Flows: WPC80+

WPC80+ Exports to World (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
China

WPC80+ Market Share in China (Rolling 12 Months)

Global WPC80+ Exports to China (Rolling 12 Months)

Monthly Global Exports of WPC80+ to China (30-Day Months)

Source: USDEC, Trade Data Monitor
Korea

WPC80+ Market Share in South Korea (Rolling 12 Months)

Monthly Global Exports of WPC80+ to South Korea (30-Day Months)

World WPC80+ Exports to South Korea

Source: USDEC, Trade Data Monitor
Southeast Asia

WPC80+ Market Share in SEA (Rolling 12 Months)

Monthly Global Exports of WPC80+ to SEA (30-Day Months)

Source: USDEC, Trade Data Monitor
Other Dairy Products
Global Overview: Lactose

**Key Takeaway:** For the full year, global lactose trade slightly lagged behind 2020 (-0%, -2,791 MT) though despite the small decline, remains largely on its long-term trend (+3% CAGR since 2011).

- The three biggest lactose markets, China (+4%, +4,475 MT), New Zealand (+2%, +2,171 MT) and Japan (+3%, +2,271 MT), all grew even as India (-14%, -6,873 MT) had a substantial decline.

- Lactose trade has picked up in the second half of the year (+4%), and December was no exception – albeit not a very impressive one at just 0.3% growth.

- Compared to the rest of the dairy complex, lactose has been relatively available in the U.S. and U.S. exports have grown with it, increasing 4% (+15,988 MT) year-over-year. Rather, it was European supplies that waivered (-6%, -18,117 MT).

Source: USDEC, Trade Data Monitor
Lactose – China

Lactose Market Share in China (Rolling 12 Months)

Source: USDEC, Trade Data Monitor
Lactose – Japan

Lactose Market Share in Japan (Rolling 12 Months)

Monthly Global Exports of Lactose to Japan (30-Day Months)

World Lactose Exports to Japan

Source: USDEC, Trade Data Monitor
Global Overview: Butterfat

Key Takeaway: Global butterfat trade took a small step back in 2021 with exports for the full year down 1% (-5,048 MT) with lack of milk in Europe and New Zealand and incremental fat growth going towards cheese and WMP, respectively.

- With exports from New Zealand down 6% (-26,061 MT) and Europe down 12% (-29,708 MT), the U.S. was the supplier to grow its butterfat exports the most increasing exports by 121% (+31,531 MT), boosted by relatively available supplies and consistently competitive prices.

- There was a large divergence on market growth in 2021. China took a major step forward in butter and AMF imports (+21%, +24,977 MT). MENA on the other hand took a major step back (-15%, -24,611 MT) even as U.S. market share to the region sharply rose.

Source: USDEC, Trade Data Monitor
Butterfat – China

Butterfat Market Share in China (Rolling 12 Months)

Monthly Global Exports of Butterfat to China (30-Day Months)

Global Butterfat Exports to China (Rolling 12 Months)
Butterfat – MENA

Butterfat Exports to MENA (Rolling 12 Months)

Monthly Global Exports of Butterfat to MENA (30-Day Months)

Global Butterfat Exports to MENA (Rolling 12 Months)
Global Overview: WMP

Key Takeaway: Thanks nearly entirely to China’s demand (+32%, +227,511 MT), whole milk powder trade climbed by 4% in 2021 (+90,941 MT).

- Although China’s pace has slowed down from their rapid start to the year, WMP trade to the country in the second half still came in 10% above prior year levels. Although China continues to buy primarily from New Zealand, we have seen Uruguay make a concerted play into the market in 2021, nearly tripling their WMP to China in 2021 (+184%, +28,870 MT).

- We expect that China’s growth in 2022 will be slower than last year, but unlike SMP, we don’t believe their inventories are quite so onerous and domestic consumption of fluid milk products remains elevated, which should keep product flowing to the country.

- December was a bullish signal for MENA’s WMP demand, which lagged for nearly the entirety of 2021. Positively, in December, WMP trade to the region jumped 33% (+13,210 MT). Hopefully, a sign of things to come.

Source: USDEC, Trade Data Monitor
WMP – China

WMP Market Share in China (Rolling 12 Months)

Monthly Global Exports of WMP to China (30-Day Months)

Global WMP Exports to China (Rolling 12 Months)

Source: USDEC, Trade Data Monitor

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WMP – MENA

WMP Market Share in MENA (Rolling 12 Months)

Global WMP Exports to MENA (Rolling 12 Months)

Source: USDEC, Trade Data Monitor

U.S. DAIRY EXPORT COUNCIL 77
Reach Out for Questions & Comments

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