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Brazil

Dairy and Products Annual

Annual Dairy Report

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Report Highlights:

The outlook for the Brazilian economy in 2011 calls for continued economic growth above 5 percent, with lower inflation and a continued increase in consumer purchasing power. Post forecasts dairy production to increase around 3 percent in 2011, supported by domestic demand.

Post revised production and export estimates for dairy products for 2010 to reflect new estimates made by trade sources. These estimates call for lower rates of growth for dairy production and exports than those previously estimated. In general, domestic demand is supporting the expansion in production this year.

Commodities:

Dairy, Milk, Fluid

Production:

Post projects fluid milk production to increase by 3 percent in 2011 and reach a record of nearly 31 million metric tons. The increase in production is supported mostly by stronger domestic demand due to increased consumer disposable income. The decrease in the production of fluid milk in 2010 is attributed mostly to the international credit crisis, higher production costs and lower exports opportunities. However, increased domestic consumption helped the sector from a further decline in production, as consumer purchasing power remained constant.

Consumption:

Brazil dairy consumption is estimated at 142 liters per capita/year but the recommended value by Food and Agriculture Organization (FAO) is 210 liters per capita/year. Consumption of fluid milk is forecast to increase by 3 percent in 2011. The increase is derived mostly from an estimated increase in industrial use, supported by higher disposable consumer income.

The value of drinking milk products increased 10 percent in 2010. This was due to the strong performance of long-life/UHT milk, which accounts for the bulk of total sales, and the recovery of unit prices of raw milk which had previously suffered a steep decline as a result of the economic crisis. Sales of long-life/UHT milk increased by 3 percent in volume terms during 2010 compared to previous year average of 1 percent.

Dairy only flavored milk drinks showed the fastest growth within drinking milk products, in 2010 with an 8 percent increase in volume terms (see table 1). These products have a milk base that is flavored (chocolate, vanilla, etc) and ready to drink. This category benefited from the rising demand for convenient and nutritive products amongst children and young consumers. Recently, multinational and national dairy companies have launched several new products in the area of "functional foods". Ingredients or components most used in these new products are active lactobacillus, calcium, soy fractions, "omega-3" fatty acids and cholesterol-lowering sterols. This appears to be a trend for dairy products.

An important aspect of domestic fluid milk consumption is the increased competition from non-dairy products, such as soymilk and other specialty lactose-free products. As more companies enter this market, prices decline and consumption increases. Health concerns are behind the major increase in consumption of these non-dairy products. Dairy only flavored milk drinks and soy beverages are expected to achieve the fastest growth rates in volume terms between 2010-2015, with 6 percent and 5 percent respectively. Soy beverages will continue to benefit from the growing demand for healthier products, while dairy only flavored milk drinks will be able to capitalize on their convenience aspect coupled with the appeal of being rich in vitamins and minerals.

Table 1 - Sales of Drinking Milk Products by Category: Volume 2005-2010

	2005	2006	2007	2008	2009	2010
Flavored Milk Drinks (Million liters)	220.40	245.90	265.81	296.22	314.07	337.04
- Dairy Only Flavored Milk Drinks (Million liters)	204.70	225.80	246.20	277.32	295.40	317.50
- Flavored Milk Drinks with Fruit Juice (Million liters)	15.70	20.10	19.61	18.90	18.67	19.54
Flavored Powder Milk Drinks ('000 mt)	208.47	218.96	218.99	230.25	234.81	239.03
- Chocolate-based Flavored Powder Drinks ('000 mt)	167.26	175.46	175.44	184.47	188.16	191.55
- Malt-based Hot Drinks ('000 mt)	40.52	42.77	42.77	44.97	45.83	46.65
- Non-Chocolate-based Flavored Powder Drinks ('000 mt)	0.70	0.73	0.79	0.81	0.82	0.83
Milk (Million liters)	5,776.50	5,975.30	5,632.40	5,719.61	5,845.60	5,964.81
- Fresh/Pasteurized Milk (Million liters)	1,356.80	1,364.00	1,370.00	1,288.01	1,295.02	1,267.48
- Long-Life/UHT Milk (Million liters)	4,419.70	4,611.30	4,262.40	4,431.60	4,550.58	4,697.33
Powder Milk ('000 mt)	259.64	273.14	259.48	244.14	262.23	271.70
Soy Beverages (Million liters)	149.44	194.28	247.67	297.53	328.18	351.29
- Soy Milk (Million liters)	39.15	50.32	62.91	73.79	79.09	83.37
- Soy Drinks (Million liters)	110.29	143.96	184.76	223.74	249.09	267.92

Source: Euromonitor International

Prices

The average price of fluid milk (type “C”) paid to producers during Jan-Sep 2010 was R\$0.74 in Sao Paulo state.

Month	2007	2008	2009	2010
Jan	0,5112	0,6513	0,6331	0,7125
Feb	0,5186	0,6837	0,6358	0,7393
Mar	0,5496	0,7110	0,6385	0,7415
Apr	0,5732	0,7554	0,6536	0,7492
May	0,6176	0,7776	0,6871	0,7400
Jun	0,6507	0,8050	0,7378	0,7456
Jul	0,7096	0,7925	0,8189	0,7560
Aug	0,7638	0,7637	0,8171	0,7485
Sep	0,7843	0,7173	0,7862	0,7425
Year Average	0,6310	0,7397	0,7120	0,7417
(in U.S.\$)	0.37	0.44	0.42	0.44

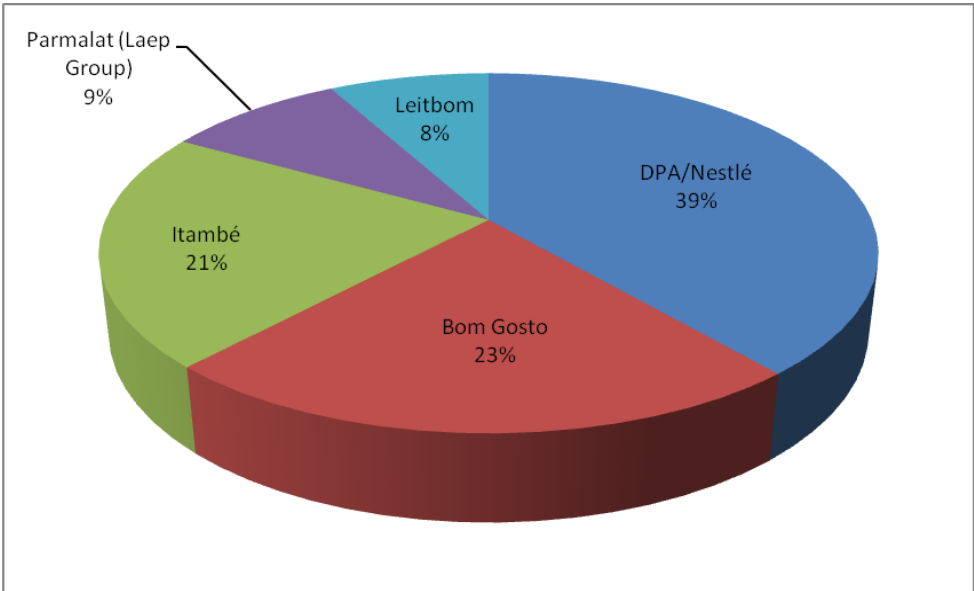
Source: Cepea

Average Exchange rate for Sep 2010: 1 US\$ = 1.70R\$

The Brazilian dairy sector experienced further consolidation in 2010. Laticínios Bom Gosto Ltda invested in strategic acquisitions, including Cedrense in Santa Catarina state during November 2009. In addition, Laticínios Bom Gosto acquired a production facility located in Garanhuns (state of Pernambuco) from Parmalat Brasil SA Indústrias de Alimentos SA and another plant in Barra Mansa (state of Rio de Janeiro) from Nestlé Brasil Ltda. In early 2010, Monticiano Participações established a

consortium together with Gloria Alimentos and Ibituruna, in which Laep Investments (the owner of Parmalat) will lease the assets of both companies to Monticiano and will also license the Parmalat brand until 2017. The potential merger between Cooperativa Central dos Produtores Rurais de Minas Gerais Ltda (Itambé), Centroleite, Confepar, Cemil and Minas Leite is expected to intensify the competition within milk, especially for Brasil Foods SA (BRF), Dairy Partners Americas Brasil Ltda (DPA) and Laticínios Bom Gosto Ltda. Distribution will become an important issue for these companies in terms of increasing or even maintaining their volume shares. Value-for-money products such as fortified UHT milk will continue to remain a niche, and are not expected to have any impact on the rankings of these companies in the short term.

Fluid Milk Acquisition from Top 5 Dairy Producers – 2010



Source: Valor Economico, Leite Brasil, CNA and Embrapa Gado de Leite

Trade:

Brazil imports insignificant volumes of fluid milk and packaged UHT milk imports are sold by companies from Argentina and Uruguay with commercial interests in Brazil. Brazil is expanding exports of sweetened condensed milk to diverse markets such as Venezuela, Philippines, Paraguay, and the United States.

The strong value of the Brazilian currency combined with strong domestic demand and firm prices of raw materials have discouraged Brazilian exports of milk powder and created an unusual situation. Export sales of condensed milk surpassed those of milk powder, historically the most important among Brazilian dairy exports.

Another effect of the strong Brazilian currency is that imports of dairy products also increased, since the imported products are more competitive than domestic milk. Moreover exporters are facing difficulties

to export milk to Venezuela, a traditional customer, due to payments defaults. Argentina and Uruguay are currently supplying Venezuela.

Tariff Rate Table

Tariff Number (HTS)	Product Description	Rate (%) (1)	Other Info
0401.10.10	Milk and Cream, UHT	14	Mercosul: Zero
0401.10.90	Milk and Cream, UHT	12	Mercosul: Zero

Note: (1) MERCOSUL's Common External Tariff (CXT). The CXT is applied to all imports other than from MERCOSUL. These tariffs are assessed on the CIF value of the product.

Stocks:

Current milk and dairy product stocks held by major dairy companies are considered operating stocks to meet short term demand for their products. There are no government held stocks of milk or milk products in Brazil.

Policy:

President Lula and Agriculture Minister Rossi launched the 2010/11 Agriculture and Livestock Plan (PAP) on June 7, 2010. The new PAP entered into effect on July 1 and emphasizes reducing the cost of financing and increasing support to middle-income producers. Of note, the Government is initiating a Low Carbon Agriculture Program (ABC) to address sustainability and a program that provides financing for on-farm storage to improve infrastructure.

Dairy cattle producers and dairies can benefit from the following programs of the 2010/11 PAP Plan:

1. Interest Rates. The Government decided to maintain last year's level of subsidized interest rates at 6.75 percent, with interest rates offered to middle-class producers set still lower at 6.25 percent. These are considered negative interest rate offerings when compared to market interest rates around 3 to 4 percent per month for working capital.
2. Production and Marketing Credit. The amount allocated to finance production and marketing costs is R\$75.6 billion, a 14 percent increase over last year's plan, of which R\$60.7 billion is offered at a fixed interest rate of 6.75 percent with the remaining R\$14.7 billion offered at market-influenced interest rates, historically around 15 percent.
3. Government support programs including the Minimum Price Program are allocated R\$5.2 billion (US\$2.9 billion).
4. Investment Credit. Total funds available for financing investment in farm and livestock programs is R\$18 billion (US\$10 billion) at subsidized interest rates of ranging from 5.5 to 9.5 percent per year. Investments include:

- a) The Low Carbon Agriculture Program (ABC) created and funded with R\$2 billion with a purpose of recovering degraded land areas, forest planting and other sustainable measures. The program's goals are to recover 15 million hectares of degraded land and reduce CO2 emissions by 176 million tons by 2020.
- b) Lending to promote on-farm storage set at R\$2 billion
- c) Lending to sugar producers in the Center-South to build inventories and incentives for Northeastern fruit growers to boost output totaling \$R2.4 billion.

Milk producers are also entitled to state dairy development programs designed to increase productivity through pasture improvement and animal genetics. State government programs are also developed to assist and improve social and economic conditions of small milk producers. However, the most important state subsidy program to milk producers is the exemption of the state value-added tax (ICMS) on the sale of milk by producers and cooperatives. This benefit, however, is only available to a few states in Brazil, mostly in the center-west and south regions.

In addition to these federal and state programs, milk producers also benefit from financing programs from large dairies, such as Nestle, which are specifically designed to increase milk productivity and quality. These programs are only available for those integrated milk producers with these respective dairies.

Production, Supply and Demand Data Statistics:
 PSD: Dairy, Milk, and Fluid (HTS: 0401.10.10; 0401.10.90)

Dairy, Milk, Fluid Brazil	2009			2010			2011			
	2009			2010			2011			
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
	USDA Official Data		Old Post	USDA Official Data		Jan	USDA Official Data		Jan	
			Data			Data			Data	
Cows In Milk	17,023	17,023	17,200			17,600			18,200	(1000 HEAD)
Cows Milk Production	30,335	30,335	28,795			29,948			30,846	(1000 MT)
Other Milk Production	0	0	0			0			0	(1000 MT)
Total Production	30,335	30,335	28,795			29,948			30,846	(1000 MT)
Other Imports	2	2	1			1			2	(1000 MT)
Total Imports	2	2	1			1			2	(1000 MT)
Total Supply	30,337	30,337	28,796			29,949			30,848	(1000 MT)
Other Exports	2	2	30			40			45	(1000 MT)
Total Exports	2	2	30			40			45	(1000 MT)
Fluid Use Dom. Consum.	11,230	11,230	10,895			11,234			11,503	(1000 MT)
Factory Use Consum.	18,505	18,505	17,371			18,125			18,700	(1000 MT)
Feed Use Dom. Consum.	600	600	500			550			600	(1000 MT)
Total Dom. Consumption	30,335	30,335	28,766			29,909			30,803	(1000 MT)
Total Distribution	30,337	30,337	28,796			29,949			30,848	(1000 MT)

Commodities:

Dairy, Cheese

Production:

Note: There are no official statistics on production and consumption of cheese in Brazil. OAA production estimates for cheese are based on trade sources and also include “informal” cheese production.

Post also revised cheese production in CY 2010 which increased by 5.5 percent compared to previous years. Post forecasts cheese production in 2011 to increase by over 4 percent boosted mostly by higher domestic demand for cheese, principally from the fast-food industry.

Consumption:

Current Brazilian cheese consumption is estimated at 3.23 kilos per person per year below the recommended value by FAO is 9 kilos/person/year. Human consumption of fresh cheese is expected to continue to increase in 2011, but most of the increase in demand will continue to come from the fast-food industry, institutional and domestic consumers of other “specialty” cheeses (Gruyere, Camembert, Brie, Gouda, and Cheddar).

There is fierce competition within the cheese sector, characterized by a high degree of fragmentation and the bulk of sales are concentrated in products offering only low margins such as mozzarella and “queijo prato” (plate cheese) semi-hard cheese. This has stimulated manufacturers to invest in value-added products such as unprocessed cheese fortified with fibers or prebiotics and reduced fat spreadable processed cheese fortified with fibers. Polenghi Indústrias Alimentícias Ltda was the pioneer in this respect, launching its Polenguiño brand extension in reduced fat and fortified with fibers and calcium varieties.

'000 tons	2005	2006	2007	2008	2009	2010
Processed Cheese	63.39	75.47	77.22	74.91	76.00	76.79
- Spreadable Processed Cheese	59.49	71.27	72.82	70.33	71.25	71.85
- Unspreadable Processed Cheese	3.90	4.20	4.40	4.58	4.75	4.94
Unprocessed Cheese	343.70	365.90	389.88	406.40	424.91	454.44
- Hard Cheese	144.03	152.98	160.89	170.84	178.66	190.68
- Soft Cheese	199.67	212.92	228.99	235.56	246.25	263.76
Cheese	407.09	441.37	467.10	481.31	500.91	531.23

Source: Euromonitor International

Mozzarella and “queijo prato” accounted for more than 74 percent of unprocessed cheese retail value sales during 2010. This type of cheese is very popular due to the tradition among Brazilians of eating cheese with French bread for breakfast or brunch. Moreover, it is readily accessible in terms of cost, the average price for 1kg of mozzarella or “queijo prato” being between US\$15-20.

Prices

Average wholesale prices of Brazilian-produced cheese by major types are:

Type	US\$/Kilogram
Minas (fresh farmer type)	15.62
Mozzarella	17.44
Provolone	25.14
Parmesan	50.09

Notes: (1) Prices for Sao Paulo market, as of 10/27/2010.
 (2) Average Exchange Rate for Oct 2010: US\$ 1.00=R\$1.70

Given further consolidation occurring within the drinking milk sector, the same trend is expected for cheese since many companies that produce long-life/UHT and fresh/pasteurized milk also manufacture cheese. As the major players in both areas strengthen their businesses through acquisitions or joint-ventures, this is likely to stimulate small and medium-sized companies into improving their operations by investing in machinery, extending distribution, reducing costs and diversifying the product portfolio.

Trade:

Cheese imports in 2011 are projected to remain at same volume as in 2010 level mostly because of higher domestic production. Argentina and Uruguay remain as the main suppliers of cheese to Brazil, due to the preferential tariff treatment derived from the MERCOSUL agreement.

Exports of cheese are projected to increase slightly in 2011, but at slower rate, due the valuation of the Brazilian currency.

Tariff Rate Table

Tariff Number (HTS)	Product Description	Rate (%) CXT *	Other Info
0406.10.10	Cheese, Mozzarella (1)	28	Mercosul: 27%
0406.10.90	Cheese, Other	16	Mercosul: zero
0406.20.00	Cheese: Grated or Powdered	16	Mercosul: zero
0406.90.10	Cheese, with a fat content less than 36 %, by weight (1)	28	Mercosul: 27%
0406.90.20	Cheese with a fat content superior or equal to 36 % and less than 46%, by weight (1)	28	Mercosul: 27%

* CXT: MERCOSUL Common External Tariff. The CXT tariff is applied to all imports other than from MERCOSUL. These tariffs are assessed on the CIF value of the product.

Note (1): Effective June 1, 2001, these types of cheeses were included on the "exception list" of the Common External Tax (CXT), of the MERCOSUL, per Resolution 16/01, of the Foreign Trade Chamber (CAMEX), which altered Annex Two of the Decree Number 3,704 of December 27, 2000. The 27% tax is charged in addition to the Import Tariff of 16 percent for all imported cheeses, including MERCOSUL members.

Stocks:

There are no government held stocks of milk or milk products in Brazil.

Production, Supply and Demand Data Statistics:

PSD: Dairy, Cheese

Dairy, Cheese Brazil	2009			2010			2011			
	2009			2010			2011			
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
	USDA Official Data		Revised Post	USDA Official Data		Revised Post	USDA Official Data		Jan	
			Data			Data			Data	
Beginning Stocks			0			0			0	(1000 MT)
Production			614			648			675	(1000 MT)
Other Imports			16			16			16	(1000 MT)
Total Imports			16			16			16	(1000 MT)
Total Supply			630			664			691	(1000 MT)
Other Exports			6			4			5	(1000 MT)
Total Exports			6			4			5	(1000 MT)
Human Dom. Consumption			624			660			678	(1000 MT)
Other Use, Losses			0			0			0	(1000 MT)
Total Dom. Consumption			624			660			686	(1000 MT)
Total Use			630			664			691	(1000 MT)
Ending Stocks			0			0			0	(1000 MT)
Total Distribution			630			664			691	(1000 MT)

Commodities:

Dairy, Butter

Production:

Note: There are no official statistics on production and consumption of butter in Brazil. OAA production estimate for butter is based on trade sources, and also includes "informal" butter production.

Butter production is projected to increase by 2.6 percent in CY 2011, reflecting an increase in domestic demand, despite strong competition from margarine.

Trade:**Prices**

Type	US\$/kilogram
Salted	14.97
Unsalted	12.74

Notes: (1) Prices for Sao Paulo market, as of 10/27/2010.

(2) Average Exchange Rate for Oct 2010: US\$ 1.00=R\$1.70

Tariff Rate Table

Tariff Number	Product Description	Rate (%) CXT *	Other Info
0405.10.00	Butter	16	Mercosul: Zero
0405.90.10	Butter Oil	16	Mercosul: Zero

* CXT: MERCOSUL Common External Tariff (CXT). The CXT tariff is applied to all imports other than from MERCOSUL. These tariffs are assessed on the CIF value of the product.

Production, Supply and Demand Data Statistics:
PSD: Dairy, Butter

Dairy, Butter Brazil	2009			2010			2011			
	2009			2010			2011			
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan	
			Data			Data			Data	
Beginning Stocks	0	0	0			0			0	(1000 MT)
Production	86	86	76			78			80	(1000 MT)
Other Imports	1	1	7			8			9	(1000 MT)
Total Imports	1	1	7			8			9	(1000 MT)
Total Supply	87	87	83			86			89	(1000 MT)
Other Exports	5	5	2			4			5	(1000 MT)
Total Exports	5	5	2			4			5	(1000 MT)
Domestic Consumption	82	82	81			82			84	(1000 MT)
Total Use	87	87	83			86			89	(1000 MT)
Ending Stocks	0	0	0			0			0	(1000 MT)
Total Distribution	87	87	83			86			89	(1000 MT)

Commodities:

Dairy, Dry Whole Milk Powder & Nonfat Dry

Production:

Note: There are no official statistics on production and consumption of powdered milk in Brazil. OAA estimates for powdered milk production (nonfat and whole milk) are based on trade sources.

Post forecasts total powdered milk (both whole and nonfat) production to increase by 2.2 percent in 2011. The following factors support higher Brazilian powdered milk production in 2011:

- a. Expansion of production capacity due to the long-term investment funds provided by the National Bank of Economic and Social Development (BNDES) at subsidized interest rates.
- b. Higher sanitary standards for imported milk, combined with higher import tariffs and import procedures, which reduced imports of subsidized milk and led multinational and Brazilian companies to invest in domestic powdered milk production.
- c. Higher allocation of government funds for social programs at the federal and state levels, due principally to 2011 being a general election year.
- d. There are two new milk powder plants scheduled to enter into production, and should increase overall production capacity.

Consumption:

Post forecasts 2011 powdered milk consumption to increase by 1.5 percent supported by higher domestic demand.

Prices

Average wholesale prices of powdered milk, by type, are:

Type	US\$/kilogram
Whole milk powder	9.78
Nonfat dry milk powder	12.32

Notes: (1) Prices for Sao Paulo market, as of 10/27/2010.
(2) Average Exchange Rate for Oct 2010: US\$ 1.00=R\$1.70

Trade:

Between January and April CY2010, Brazil exported dairy products valued at US\$ 51 million. Milk powder represented 23.6 percent of the total valued at US\$ 12 million and sweetened condensed milk represented 28.4 percent valued at US\$ 14 million. Their market share has inverted when compared to the same period in CY 2009 when Brazilian exports reached US\$ 73 million, 52.2 percent for milk powder and 20.8 percent for sweetened condensed milk.

Although the prices of milk powder are recovering in the international markets and therefore could stimulate Brazilian exports, the strong Brazilian currency is a disadvantage to export. Currently, milk powder prices are around US\$ 4,000/mt for exports. During Jan – Oct 2010, the average exchange rate was US\$ 1.70 which was not favorable to exports.

Sweetened condensed milk is exported at US\$ 1,600/mt and is sold mainly to Angola, Nigeria and Peru, providing profitability for the exporter because it uses less raw material. Nine liters of milk are used to produce one kilogram of powdered milk whereas only two liters are required to produce one kilo of sweetened condensed milk. This is one factor that makes a difference when the spot market price are high for fluid milk, i.e. in September the average value was US\$ 0.44 per liter.

In terms of volume, Brazil exported 3,112 mt of milk powder and 7,750 mt of sweetened condensed milk between January and April CY 2010.

Imports of milk powder sold by companies from Argentina and Uruguay with commercial interests in Brazil, significantly increased in 2009. The Brazilian government is likely to take measures to prevent higher dairy imports from Argentina and Uruguay. One of the measures could apply to the non automatic license for imports from those countries and establishing a quota. Trade analysts attribute this increase to two factors: a) valuation of the Brazilian currency relative to the U.S. dollar in 2009; and, b) lower fluid milk production.

Argentina and Uruguay are the major suppliers of powdered milk to Brazil, accounting for 89 percent of total imports, comprised mostly of whole milk powder (83 percent of the total imported). The United States continues to be competitive in other dairy ingredients such as whey powder and lactose, accounting for 11 percent of total imports in 2009.

Tariff Rate Table

Tariff Number (HTS)	Product Description	Rate (%) CXT *	Other Info
0402.21.10	Whole Milk Powder (1)	28	Mercosul: 27%
0402.21.20	Nonfat Milk, Powder (1)	28	Mercosul: 27%
0404.10.00	Whey Powder (2)	28	Mercosul: 27%

* CXT: MERCOSUL Common External Tariff. This tariff is applied to all imports other than from MERCOSUL. These tariffs are assessed on the CIF value of the product.

Notes:

1. Effective June 1, 2001, milk powder was included in the “exception list” of the Common External Tariff (CXT), of the MERCOSUL, per Resolution 16/01, of the Foreign Trade Chamber (CAMEX), which altered Annex Two of the Decree Number 3.704 of December 27, 2000. The 27 percent tax is charged to all markets in addition to the import tariff of 16 percent to all markets, including MERCOSUL members.
2. Effective August 26, 2002, whey powder was included in the “exception list” of the Common External Tariff (CXT), of MERCOSUL, per Resolution 21, of the Foreign Trade Chamber (CAMEX), published in the Diario Oficial (Brazil’s Federal Register) on August 26, 2002. The 27 percent tax is charged in addition to the Import Tariff of 14 percent to all markets, including MERCOSUL members.
3. In addition to the above tariffs, the Brazilian Foreign Trade Board (CAMEX) published the final report of their official dumping investigation, with the following results:

Country	Companies	Applied Rates (%)
New Zealand	New Zealand Dairy Board	3.9
	All other companies	3.9
European Union	All companies, except Arla Foods Ingredients Amba (see note below)	14.8
	Cerealin S.A.	16.9
Uruguay	All companies (see note below)	16.9

Note: Argentina, and later Uruguay, negotiated with Brazilian officials a minimum export price for powdered milk exports to Brazil. Arla Foods Ingredients from Denmark also negotiated a minimum export price. The minimum price was established at US\$ 1,900 per metric ton, FOB, and calculated using USDA’s price list.

Stocks:

There are no official government stocks of powdered milk in Brazil.

Policy:

Please see section under Fluid Milk.

Production, Supply and Demand Data Statistics:

PSD: Dairy, Dry Whole Milk Powder

Dairy, Dry Whole Milk Powder Brazil	2009			2010			2011		
	2009			2010			2011		
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Beginning Stocks			0			0			0 (1000 MT)
Production			473			500			510 (1000 MT)
Other Imports			57			37			39 (1000 MT)
Total Imports			57			37			39 (1000 MT)
Total Supply			530			537			549 (1000 MT)
Other Exports			15			6			10 (1000 MT)
Total Exports			15			6			10 (1000 MT)
Human Dom. Consumption			515			531			539 (1000 MT)
Other Use, Losses			0			0			0 (1000 MT)
Total Dom. Consumption			515			531			539 (1000 MT)
Total Use			530			537			549 (1000 MT)
Ending Stocks			0			0			0 (1000 MT)
Total Distribution			530			537			549 (1000 MT)

PSD: Dairy, Nonfat Dry

Dairy, Milk, Nonfat Dry Brazil	2009			2010			2011			
	2009			2010			2011			
	Market Year Begin: Jan 2009			Market Year Begin: Jan 2010			Market Year Begin: Jan 2011			
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan	
			Data			Data			Data	
Beginning Stocks			0			0			0	(1000 MT)
Production			125			130			134	(1000 MT)
Other Imports			11			10			10	(1000 MT)
Total Imports			11			10			10	(1000 MT)
Total Supply			136			140			144	(1000 MT)
Other Exports			1			3			5	(1000 MT)
Total Exports			1			3			5	(1000 MT)
Human Dom. Consumption			135			137			139	(1000 MT)
Other Use, Losses			0			0			0	(1000 MT)
Total Dom. Consumption			135			137			139	(1000 MT)
Total Use			136			140			144	(1000 MT)
Ending Stocks			0			0			0	(1000 MT)
Total Distribution			136			140			144	(1000 MT)