



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - Public distribution

**Date:** 10/12/2007

**GAIN Report Number:** CH7080

## China, Peoples Republic of

### Dairy and Products

### Annual Report

### 2007

**Approved by:**

William Westman  
AGBEIJING

**Prepared by:**

Jianping Zhang, Eric Trachtenberg, & Tanya Franke

---

**Report Highlights:**

China's total 2008 milk production is expected to increase by nine percent to 39.1 MMT with cow milk accounting for 97 percent of output. Non-fat dry milk (NFDM) production is expected to increase by two percent to 65,000 MT in 2008. Whole-fat milk powder (WFMP) production in 2008 is expected to increase by nine percent to 1.3 MMT due to strong domestic demand. Despite increasing costs of production, higher international prices have pushed domestic production upwards and reduced imports. China's NFDM and WFMP imports in 2008 are expected to fall by seven and 11 percent to 39,000 MT and 51,000 MT respectively. China's whey imports in 2007 are also expected to fall by 12 percent, but import value is expected to increase considerably as a result of higher international prices. The United States is the second largest whey supplier to China. AQSIQ has accepted USDA/AMS export health certificates for U.S. dairy exports to China.

---

Includes PSD Changes: Yes  
Includes Trade Matrix: No  
Annual Report  
Beijing [CH1]  
[CH]

## Table of Contents

<b>Executive Summary</b> .....	<b>3</b>
<b>Production</b> .....	<b>3</b>
Rising Milk Production .....	3
Subsidies in Raw Milk Production .....	4
Recovering Non-Fat Dry Milk (NFDM) Production.....	5
Rising Whole-Fat Milk Powder (WFMP) Production .....	5
Decreasing NFDM Consumption .....	5
<b>Consumption</b> .....	<b>6</b>
Increasing WFMP Consumption .....	6
Decreasing Traditional Imports While Increasing Non-Traditional Imports .....	6
<b>Trade</b> .....	<b>7</b>
USDA/AMS Certification Accepted .....	7
Quarantine on E. Sakzakii Strengthened .....	7
Increasing Exports.....	8
<b>Other Relevant Reports</b> .....	<b>8</b>
<b>Tables</b> .....	<b>9</b>
Dairy Trade Matrix .....	12
Dairy Import Tariffs.....	16

## Executive Summary

The Chinese dairy industry is expected to grow in 2008 but at a slower rate than previous years. Post expects China's beginning-year dairy cow stocks in 2008 to fall below 10 percent for the first time in the last four years. Considerable increases in production costs and low raw milk procurement prices have negatively affected 40 percent of backyard and small scale dairy farmers. As a result of this and high beef prices, some farmers slaughtered their dairy cows for beef while large commercial dairy farms were not significantly impacted. Post believes this situation is temporary because it has already received attention from top Chinese leaders. The Chinese Government has decided to provide subsidies for raw milk production beginning in October 2007.

China's total milk and cow milk production in 2008 is expected to increase by nine and eight percent to 39.1 MMT and 38 MMT respectively. Cow milk is expected to account for nearly 97 percent of China's total milk production. Non-fat dry milk (NFDM) and whole-fat milk powder (WFMP) production in 2008 is expected to increase by two percent and nine percent to 57,000 MT and 1.2 MMT respectively. Increased domestic production and higher international dairy product prices will constrain imports in 2008.

China's NFDM and WFMP imports in 2008 are expected to decrease by seven and eleven percent to 39,000 MT and 51,000 MT respectively. The United States does not export WFMP to China. However, U.S. NFDM exports will be impacted because the United States is the 3<sup>rd</sup> largest supplier to China. U.S. whey exports to China in 2008 will be strongly challenged by French whey products partly due to a smaller increased price margin and less strict French whey standards which will lead to a wider usage in China. China's non-traditional imports, such as cheese, are expected to increase by 30 percent in 2007 and 2008 due to strong demand and little domestic production. U.S. cheese exports to China are expected to reach record 1,000 MT in 2007 despite New Zealand and Australia accounting for 75 percent of China's cheese imports.

AOSIQ (the General Administration of Quality Supervision, Inspection, and Quarantine) accepted the USDA/AMS export health certificate for U.S. dairy products to China. The unified certificate will assist AOSIQ in identifying eligible goods and should facilitate the exportation process.

China mainly exports liquid milk and WFMP. Its exports of the two products in 2008 are expected to increase by 14 and 15 percent to 50,000 MT and 75,000 MT respectively due to competitive prices. China's increased exports will not impact U.S. exports because each focuses on different export markets.

*Note: No data included in this report is official. All official USDA data is available at <http://www.fas.usda.gov/psdonline>.*

## Production

### Rising Milk Production

Post forecasts China's beginning year 2008 dairy cow stocks to increase by nine percent to 14.9 million head. Consequently, post forecasts China's total 2008 milk production to increase by eight percent to 39.1 MMT with cow milk production set to increase by nine percent to 38 MMT. Cow milk production is expected to account for 97 percent of the total milk production. In general, milk production continues to move in the same direction discussed in the last Dairy Annual (CH6100). Despite rising demand, the pace of domestic dairy production growth is constrained by rising production costs.

The slower growth will be visible in 2008 when the rate of increase in the number of milk producing cows is expected to fall below ten percent. This sharp slowdown from the average 22 percent increase every year from 2003-2006 is a result of increasing input prices, especially feed costs. The average corn price was up 18 percent to RMB 1,570 (\$209.3) MT from January to August 2007. The average price for alfalfa in the first half of 2007 increased over 20 percent to about RMB 1,140 (\$152) MT in 2007. In addition, increasing labor costs, water, electricity, and transportation have cut into the profits of dairy farmers. Dairy farmers' profit decreased from RMB 3,000-4,000 (\$400-533) per head a couple of years ago to currently RMB 1,000 (\$133) or less according to the dairy industry. Credit has also tightened. The government mandated bank loan interest rates to rise 5 times in 2007 from 6.1 percent at the end of 2006 to 7.29 percent in September 2007. This has made it more difficult for dairy farmers to pay back their loans for buying cows. Furthermore, prices for raw milk offered by processing plants have changed very little. Fierce competition between processing plants for sales of dairy products has driven sales prices down. As a result, they have tried to keep raw milk procurement prices at low levels.

The Chinese dairy sector is very conventional. Over 70 percent of the cows are raised by backyard or small scale farmers. Each herd is made up of less than twenty cows. As a result, average milk production per cow is about 30 percent lower than the world average. The lack of cold storage has also depressed producer prices. Since raw milk cannot be kept long, dairy farmers have to accept the low prices offered by the closest processing plants. As a result, 40 percent of small "backyard dairies" are losing money in 2007. A Porcine Reproductive and Respiratory Syndrome (PRRS) pork disease breakout has occurred at the same time which has cut pork and total meat supplies. Therefore, low profitability and current high beef prices have encouraged dairy farmers to slaughter dairy cows for beef. The slaughter has lowered the number of milk producing cows. These factors have cut milk production growth despite rapidly increasing demand. Post adjusted its forecast for China's 2007 total milk and cow milk productions down to 36.1 MMT and 35 MMT respectively based on this situation.

Post believes that low milk prices cannot be sustained for long, especially since this issue has attracted considerable attention among the Chinese leadership. To avoid a situation similar to the pork supply shortage and high prices, China decided to provide subsidies to dairy farmers. Other favorable policies are also expected, such as loan forgiveness for dairy farmers who have loans from January 1, 2006 to June 30, 2008. These policies should assist the dairy industry after 2008 when these incentives will have an impact.

### **Subsidies in Raw Milk Production**

On September 27, 2007, the State Council issued the "Opinion on Promoting Sustainable and Healthy Development of the Dairy Industry [2007] Memo #31." On September 30, 2007, MOA announced the implementation measures to carry out Memo #31. Starting in 2007, the Chinese Government will subsidize dairy farmers with RMB 500 (\$66.7) for each high quality heifer with bloodlines tested and registered by official breeding centers mostly under MOA. It will also subsidize standardized large commercial dairy farms to improve water, electricity, waste treatment, disease control, and milking facilities. Farms culling cows for disease control reasons are eligible for a subsidy.

Local government subsidies vary. For example, some local governments provide 20-30 percent subsidies for farmers to buy high quality cows. Heilongjiang Province, one of the largest dairy producing provinces, takes RMB 0.1 (\$1.3 cents) per kilogram of raw milk as a dairy cow risk fund to help dairy farmers when necessary. Starting in September 2007, the

province will allocate RMB 10 million (\$1.3 million) to subsidize dairy cow insurance. It requires the provincial government, county government, and a dairy farmer to pay RMB 100 (\$13) each to buy insurance for a cow that produces at least 5 MT of milk a year. Some provinces will provide RMB 1,500 (\$200) to farmers to buy Holstein or other high-quality cows. The old program that the Central Government began in early 2006 to subsidize RMB 30 (\$4) for two straws of frozen Holstein bull semen used for artificial insemination will be extended into the next couple of years. Improving genetics in this manner will likely help Chinese dairy production to develop steadily.

### **Recovering Non-Fat Dry Milk (NFDM) Production**

Post forecasts China's non-fat dry milk (NFDM) production in 2008 to recover by three percent to 65,000 MT. Domestic NFDM production dropped considerably from peak year 83,000 MT in 2003 to 60,000 MT in 2005 when domestic poor-quality milk powder caused food safety problems during 2004-2005. Those problems did not necessarily occur with NFDM products; however, NFDM sales were impacted most because Chinese people do not traditionally drink NFDM. When consumers had trouble distinguishing which products had problems, they chose not to buy non-traditional products, such as NFDM. China started stepping up quality control for milk powder in 2006, and Chinese consumers' confidence in domestic milk powder has gradually recovered. Older citizens' demand for NFDM, for health reasons, has been increasing since 2006. Increased domestic demand and lower imports in 2007, because of higher international prices, has driven domestic production upward. However, increasing production cannot offset decreased imports. This trend is expected to continue into 2008, since China's main suppliers, New Zealand and Australia, have suffered serious droughts causing milk prices to rise considerably.

### **Rising Whole-Fat Milk Powder (WFMP) Production**

Post forecasts China's WFMP production to increase by 10 percent to 1.3 MMT because of strong domestic demand. Decreased imports of WFMP, as a result of higher international prices paired with strong domestic demand, will drive domestic WFMP production to continue to rise in 2007 and 2008. Some Chinese processing plants made a significant change over the past year by shifting from using imported WFMP to domestic WFMP for making reconstituted drinking milk or other dairy products, such as yogurt, ice cream, and baked goods. These changes were made to save production costs resulting from higher international prices. Increased domestic production is expected to offset lower imports. Low Chinese prices that are ten percent below international levels are expected to increase WFMP exports and drive domestic production further in 2008.

### **Decreasing NFDM Consumption**

Post forecasts China's NFDM consumption in 2008 will fall by two percent to 99,000 MT because of fewer imports. Although NFDM is not traditional Chinese milk, it is getting popular among older citizens in large cities for health reasons. Since domestic production is small, imports have played an important role in supplying milk for consumers. The Chinese consumption of domestic and imported NFDM in 2006 was almost half imported and half domestic. However, NFDM is mainly consumed by older citizens who are price-sensitive consumers. Domestic consumption varies inversely with changes in international prices. International prices are expected to constrain China's imports in both 2007 and 2008, and China's NFDM consumption in 2007 and 2008 is expected to decrease by 17 percent and 2 percent respectively. However, a small increase in domestic production cannot offset

decreasing imports. The pace of decrease in 2008 is expected to be even lower because NFDM prices in some countries are expected to become lower in the second half of 2008. Decreasing Chinese imports are expected to impact 62 percent of U.S. exports to China in 2007 and 20 percent in 2008.

## Consumption

### Increasing WFMP Consumption

Post forecasts China's WFMP consumption in 2008 to increase by eight percent to 1.2 MMT. Domestic demand for WFMP is strong yet varies. Higher-priced functional domestic WFMP, such as for blood sugar control, is popular in urban areas while lower priced ordinary WFMP is popular in rural areas. Brand name products are becoming more popular because of food safety concerns. Imported finished and pre-packaged brand name products mainly focus on infant or children's milk powder at various ages in large-medium cities. Imported and domestic WFMP in large-sized packages are mainly used by processing plants to make reconstituted drinking milk, yogurt, and ice cream. A significant change in 2007, and most likely in 2008, is that higher international WFMP prices will drive some processing plants to shift from using imported WFMP to domestic WFMP. This shift does not impact U.S. exports because U.S. WFMP exports to China are very small.

### Decreasing Traditional Imports While Increasing Non-Traditional Imports

Post forecasts China's non-fat dry milk imports in 2007 and 2008 to decrease by 32 and 7 percent to 42,000 MT and 39,000 MT respectively. The United States is the third largest supplier to China after New Zealand and Australia. Because China is price-sensitive in DFDM imports, decreasing Chinese imports are expected to impact U.S. exports most. U.S. exports to China in 2007 and 2008 are expected to fall by 62 and 20 percent to 5,000 MT and 4,000 MT respectively. This is a sharp contrast with 13,107 MT exports from the United States to China in 2006. U.S. average export prices from January to August 2007 increased by 69 percent from \$1,990 to \$3,360 per ton from the same period in 2006. It was 27 percent higher than the world average level. That explains why U.S. exports have declined faster. Conversely, Post believes this is not a long-term trend. With more stable international prices, China's imports will recover quickly because domestic demand remains strong, and domestic production cannot keep pace with demand.

Post forecasts China's 2007 and 2008 WFMP imports to decrease by 23 and 11 percent to 57,000 MT and 51,000 MT respectively partly due to higher international prices and partly due to increased domestic production. The average import price from January to August 2007 increased by 14 percent from \$2130 to \$2430 per MT compared with the same period in 2006. Chinese processing plants normally import large quantities to produce reconstituted drinking milk or yogurt and ice cream. Higher international prices have pushed some Chinese processing plants to switch from using imported WFMP to domestic WFMP. This trend is expected to continue into 2008 because China's main suppliers, New Zealand and Australia, have suffered serious droughts causing dairy product prices to rise considerably. China's decreasing WFMP imports will not impact the United States because U.S. exports are small.

Post forecasts China's whey import volume in 2007 to decrease by 12 percent to nearly 166,900 MT, but import value is expected to increase by 60 percent due to higher international prices. U.S. exports to China had the same situation as it was the largest supplier in 2006 and second largest supplier in 2007. China's import price from the world during January-August 2007 increased by 83 percent from \$1,000 to \$1,830 per MT, while from the United States increased by 120 percent from \$730 to \$1,610 per ton compared with

the same period in 2006. As a result, U.S. whey exports to China in 2007 are expected to decrease by 44 percent to about 27,910 MT, but its export value is expected to increase by 23 percent. This trend is expected to continue into 2008 because global whey supplies in 2008 are expected to be tight, and China does not produce whey. French whey exports to China during January-August 2007 increased by 2 percent in volume despite higher prices compared to the United States. France mainly exports dematerialized whey powder used to make infant and children's formula milk powder. There is almost no substitute in China. The United States exports mainly sweet whey powder used to make reconstituted UHT milk, dairy drinks, yogurt, ice cream, chocolates, and baked goods (with 12-34 percent protein), or to make feed (with 4 percent protein). Increased domestic WFMP production can substitute part of U.S. exports when prices are too high. Post feels that this may not be a long-term trend because whey is a byproduct of cheese and it is more economical than WFMP. China's import tariff for whey is the lowest among all imported dairy products.

Post forecasts China's 2008 cheese imports to increase by 30 percent to about 17,000 MT due to strong domestic demand and little domestic production. U.S. exports during January-August 2007 increased by 34 percent to 756 MT, and total exports to China are expected to be at a record of 1,000 MT even though New Zealand and Australia dominate 76 percent of China's cheese imports. In China, 80 percent of cheese is sold to Western fast food chain restaurants, Pizza Huts, high-end hotels, and bakery shops. The other 20 percent are sold through supermarkets for home consumption. Although cheese is not a traditional dairy food item for the Chinese, it is getting popular because of the influence of the ever growing Western food restaurants, bars, and hotels in China, especially among the younger generation. Increased incomes in China have allowed many consumers to be able to afford to eat out or buy cheese for home consumption in large cities. The increasing cheese consumption trend in China will continue over the next few years.

## **Trade**

### **USDA/AMS Certification Accepted**

On February 7, 2007, AQSIQ sent a letter to FAS Beijing to confirm its acceptance of using USDA/AMS certificate for U.S. dairy exports to China. During the transition period (it is not known how long), U.S. exporters can use both new and old export health certificates. The unified AMS export health certificate will allow AQSIQ to export U.S. products more efficiently (Please contact USDA/AMS for additional information about dairy exports).

### **Quarantine on E. Sakzakii Strengthened**

On April 30, 2007, AQSIQ issued the "Notice of Strengthening Inspection and Quarantine on Imported Dairy Products" ([2007] No. 298) to various Entry-Exit Inspection and Quarantine Offices (CIQs) to strengthen tests for Enterobacter Sakazakii. The Notice stresses that imported dairy products cannot be sold or used before CIQ tests them and issues the import health certificate (IHC) for qualification. If E. Sakazakii is detected on pre-packaged dairy products, the goods will be returned or destroyed. If it is detected on dairy materials for further processing, the goods are allowed to enter China to be heat treated at the entry ports or at the final destination under the supervision of CIQ. This policy does not significantly impact the United States because it mainly exports dairy products, such as whey, to China.

## Increasing Exports

China's drinking milk exports in 2008 are expected to increase by another 14 percent to 50,000 MT based on a 19 percent increase in 2007 as a result of competitive prices. The export market will not change in 2008. Hong Kong is expected to continue accounting for 88-90 percent of China's total exports. Although the average export unit price in January-August 2007 increased 1.7 percent, it remains competitive because of higher international dairy prices. In addition, the rising RMB exchange rate against the Hong Kong Dollar benefits exporters.

Post forecasts China's WFMP exports to increase by at least 15 percent to 75,000 MT. If international prices continue to be high in 2008, China's exports may increase further. A significant change over the past year since Post's previous forecast in the last dairy annual report (CH6100) is that China's WFMP exports are almost doubled from 22,689 MT in 2006 to 43,604 MT during January-August 2007. This resulted from competitive prices and availability of the product to increase domestic production and market promotion in non-traditional export markets, such as Thailand, United Arab Emirates, and Bangladesh. Although the average Chinese export unit price increased by 13 percent to \$2.2 per kilogram during this period, it was still 10 percent cheaper than the international price \$2.44 per kilogram. However, it is difficult to say how long the lower prices will last because of increases in production costs. Major processing plants jointly announced in the Nanjing Declaration on June 21, 2007 for self-discipline to stop distorted price competition which became effective on July 23, 2007. Increased China's WFMP exports will not impact U.S. exports because of different export markets.

## Other Relevant Reports

[CH7066 – FAIRS Country Report - China](#)

[CH6821 - China Exporter Guide](#)

## Tables

## PSD Table

Country Commodity	China, Peoples Republic of Dairy, Milk, Fluid								
	2006			2007			2008		
	USDA Official	Revised Post Estimate	Post Estimate New	USDA Official	Estimate Post Estimate	Post Estimate New	USDA Official	Forecast Post Estimate	Post Estimate New
Market Year Begin		01-2006	01-2006		01-2007	01-2007		01-2008	01-2008
Cows In Milk	8100	8100	7900	9300	9300	8700	0	0	9500
Cows Milk Production	32800	32800	31934	38100	38100	35000	0	0	38000
Other Milk Production	1165	1165	1091	1220	1220	1100	0	0	1105
Total Production	33965	33965	33025	39320	39320	36100	0	0	39105
Other Imports	5	5	4	5	5	4	0	0	4
Total Imports	5	5	4	5	5	4	0	0	4
Total Supply	33970	33970	33029	39325	39325	36104	0	0	39109
Other Exports	37	37	37	40	40	44	0	0	50
Total Exports	37	37	37	40	40	44	0	0	50
Fluid Use Dom. Consum.	14750	14750	13809	16900	16900	14820	0	0	15900
Factory Use Consum.	19183	19183	19183	22385	22385	21240	0	0	23159
Feed Use Dom. Consum.	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	33933	33933	32992	39285	39285	36060	0	0	39059
Total Distribution	33970	33970	33029	39325	39325	36104	0	0	39109
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0

(Not Official USDA Data)

## PSD Table

Country  
CommodityChina, Peoples Republic of  
Dairy, Milk, Nonfat Dry

(1000 MT)

	2006		Post Estimate New	2007		Post Estimate New	2008		Post Estimate New
	USDA Official	Revised Post Estimate		USDA Official	Estimate Post Estimate		USDA Official	Forecast Post Estimate	
Market Year Begin		01-2006	01-2006		01-2007	01-2007		01-2008	01-2008
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	55	55	55	55	0	56	0	0	57
Other Imports	65	52	62	80	0	42	0	0	39
Total Imports	65	52	62	80	0	42	0	0	39
Total Supply	120	107	117	135	0	98	0	0	96
Other Exports	1	0	1	1	0	4	0	0	5
Total Exports	1	0	1	1	0	4	0	0	5
Human Dom. Consumption	119	107	116	134	0	94	0	0	91
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	119	107	116	134	0	94	0	0	91
Total Use	120	107	117	135	0	98	0	0	96
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	120	107	117	135	0	98	0	0	96
CY Imp. from U.S.	14	7	13	18	0	5	0	0	4
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0

(Not Official USDA Data)

## PSD Table

## Country

## China, Peoples Republic of

## Commodity

## Dairy, Dry Whole Milk Powder

(1000 MT)

	2006		2007		2008		Forecast		
	USDA Official	Revised Post Estimate	USDA Official	Estimate Post Estimate	USDA Official	Estimate Post Estimate	Post Estimate	Post Estimate	
Market Year Begin		01-2006	01-2006		01-2007	01-2007		01-2008	01-2008
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	1030	1000	1030	1150	0	1150	0	0	1260
Other Imports	85	60	74	100	0	57	0	0	51
Total Imports	85	60	74	100	0	57	0	0	51
Total Supply	1115	1060	1104	1250	0	1207	0	0	1311
Other Exports	34	34	33	36	0	65	0	0	75
Total Exports	34	34	33	36	0	65	0	0	75
Human Dom. Consumption	1081	1026	1071	1214	0	1142	0	0	1236
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	1081	1026	1071	1214	0	1142	0	0	1236
Total Use	1115	1060	1104	1250	0	1207	0	0	1311
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	1115	1060	1104	1250	0	1207	0	0	1311
CY Imp. from U.S.	1	0	1	1	0	1	0	0	1
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0

(Not Official USDA Data)

## Dairy Trade Matrix

China Fluid Milk Imports, 2005-2007 (Metric Tons)					
	Jan-Dec	Jan-Dec	Jan-Aug		Jan - Aug
	Quantity	Quantity	Quantity Comparison		% Change
Origin	2005	2006	2006	2007	2007/06
World	3,829	3,819	2,655	2,607	-1.81
New Zealand	1,798	1,472	948	1,362	43.67
France	610	758	565	542	-4.07
Australia	1,086	1,073	838	310	-63.01
Germany	131	105	41	208	407.32
United States	-	1	1	3	200.00
Other	204	410	262	182	-30.53
HS Code: 0401.1000, 0401.2000 and 0401.3000					
Source: WTA China Customs Statistics					

China Non-Fat Milk Powder Imports, 2005-2007 (Metric Tons)					
	Jan-Dec	Jan-Dec	Jan-Aug		Jan - Aug
	Quantity	Quantity	Quantity Comparison		% Change
Origin	2005	2006	2006	2007	2007/06
World	42,599	62,386	44,677	28,431	-36.36
New Zealand	22,313	36,061	25,159	14,892	-40.81
Australia	9,381	8,712	5,971	6,240	4.51
United States	5,910	13,107	9,635	3,078	-68.05
France	14	92	78	1,085	1291.03
India	1,603	1,180	1,180	551	0.00
Ukraine	441	2,607	2257	50	0.00
Other	2,937	627	397	2,535	538.54
HS Code: 0402.1000					
Source: WTA China Custom Statistics					

China Whole Fat Milk Powder Imports, 2005-2007 (Metric Tons)					
	Jan-Dec	Jan-Dec	Jan-Aug		Jan - Aug
	Quantity	Quantity	Quantity Comparison		% Change
Origin	2005	2006	2006	2007	2007/06
World	65,431	73,660	57,168	38,420	-32.79
New Zealand	60,265	68,810	53,301	35,216	-33.93
Australia	2,787	2,524	2,029	1,779	-12.32
United States	40	783	677	18	-97.34
France	512	561	0	0	0.00
Other	1,827	982	1,161	1,407	21.19
HS Code: 0402.2100, 0402.2900, 0402.9100 and 0402.9900					
Source: WTA China Custom Statistics					

<b>China Whey Imports, 2005-2007 (Metric Tons)</b>					
	Jan-Dec	Jan-Dec	Jan-Aug		Jan - Aug
	Quantity	Quantity	Quantity Comparison		% Change
Origin	2005	2006	2006	2007	2007/06
World	188,006	184,505	127,054	111,284	-12.41
France	44,277	47,293	32,610	33,121	1.57
United States	77,072	66,057	49,836	27,910	-44.00
Finland	8,881	11,360	7,535	8,475	12.48
Netherlands	13,861	8,816	5,694	7,561	32.79
Germany	1,305	4,802	3,028	5,799	91.51
Australia	12,824	11,266	7,135	4,278	-40.04
Argentina	797	2,475	1,226	4,019	227.81
New Zealand	2,845	2,620	1,436	3,889	170.82
Ireland	8,483	8,535	5,961	3,781	-36.57
Poland	3,684	7,363	4,488	2,808	-37.43
India	1,515	1,093	986	2,625	166.23
Ukraine	0	1,150	0	1,500	0.00
Canada	8,097	5,316	3,316	895	-73.01
Italy	246	2,443	1,843	884	-52.03
Mexico	240	550	300	700	133.33
Uruguay	0	150	100	480	380.00
Belgium	999	1,048	650	243	-62.62
Other	2,880	2,168	910	2,316	154.51
HS Code: 0404.1000 and 0404.9000					
Source: WTA China Custom Statistics					

<b>China Butter and Dairy Spread Imports, 2005-2007 (Metric Tons)</b>					
	Jan-Dec	Jan-Dec	Jan-Aug		Jan - Aug
	Quantity	Quantity	Quantity Comparison		% Change
Origin	2005	2006	2006	2007	2007/06
World	12,835	12,781	6,363	9,367	47.21
New Zealand	7,604	10,518	4,724	7,009	48.37
Australia	1,026	655	394	1,196	203.55
Finland	648	428	148	447	202.03
France	939	228	149	447	200.00
Belgium	814	217	179	190	6.15
Netherlands	146	225	183	188	2.73
Ireland	641	160	114	136	19.30
United States	0	120	116	13	-88.79
Other	1,017	230	356	- 259	-172.75
HS Code: 0405.1000, 0405.2000 and 0405.9000					
Source: WTA China Custom Statistics					

<b>China Cheese Imports, 2005-2007 (Metric Tons)</b>					
	Jan-Dec	Jan-Dec	Jan-Aug		Jan - Aug
	Quantity	Quantity	Quantity Comparison		% Change
Origin	2005	2006	2006	2007	2007/06
World	7,178	9,892	6,681	8,672	29.80
New Zealand	3,455	4,051	2,964	3,545	19.60
Australia	2,312	3,463	2,165	2,903	34.09
United States	307	810	564	756	34.04
Germany	169	353	245	373	52.24
Other	935	1,215	743	1,095	47.38
HS Code: 0406.1000, 0406.2000, 0406.3000, 0406.4000 and 0406.9000					
Source: WTA China Custom Statistics					

<b>China Fluid Milk Exports, 2005-2007 (Metric Tons)</b>					
	Jan-Dec	Jan-Dec	Jan-Aug		Jan - Aug
	Quantity	Quantity	Quantity Comparison		% Change
Destination	2005	2006	2006	2007	2007/06
World	33,590	38,622	24,937	29,378	17.81
Hong Kong	30,602	35,497	23,241	25,804	11.03
Singapore	249	1,027	561	1,270	214.46
Macau	1,593	1,196	719	1,080	50.21
Other	1,147	902	416	1,224	194.23
HS Code: 0401.1000, 0401.2000 and 0401.3000					
Source: WTA China Statistics					

<b>China Non-Fat Milk Powder Exports, 2005-2007 (Metric Tons)</b>					
	Jan-Dec	Jan-Dec	Jan-Aug		Jan - Aug
	Quantity	Quantity	Quantity Comparison		% Change
Destination	2005	2006	2006	2007	2007/06
World	1,520	988	744	2,427	226.21
Taiwan	765	449	321	779	142.68
Hong Kong	705	453	351	604	72.08
Philippines	0	0	0	450	0.00
United Arab Emirates	0	0	0	300	0.00
Other	50	86	72	294	308.33
HS Code: 0402.1000					
Source: WTA China Custom Statistics					

China Whole Fat Milk Powder Exports, 2005-2007 (Metric Tons)					
	Jan-Dec	Jan-Dec	Jan-Aug		Jan - Aug
	Quantity	Quantity	Quantity Comparison		% Change
Origin	2005	2006	2006	2007	2007/06
World	32,324	33,012	22,689	43,604	92.18
Taiwan	5,828	11,105	7,595	11,347	49.40
Hong Kong	12,530	10,154	6,934	7,861	13.37
Thailand	291	80	48	3,341	6860.42
Maynmar	4,291	4,283	2,516	3,320	31.96
Singapore	1,129	970	588	2,137	263.44
Angola	1,344	1,643	1,445	1,825	26.30
Israel	0	0	0	1,598	0.00
United Arab Emirates	513	590	125	1,541	1132.80
Bangladesh	0	0	0	1,317	0.00
Vietnam	110	208	153	907	492.81
Philippines	81	996	981	848	-13.56
Nigeria	0	0	0	576	#DIV/0!
Japan	1,029	977	608	552	-9.21
Iraq	1,360	834	834	183	-78.06
Other	3,818	1,172	862	6,251	625.17
HS Code: 0402.2100, 0402.2900, 0402.9100 and 0402.9900					
Source: WTA China Custom Statistics					

## Dairy Import Tariffs

Tariffs on Imported Dairy Products, Effective January-December 2007					
		General	MFN	V.A.T.	Effective Rate (mfn+vat)
Fluid milk	0401.1000	40%	15%	17%	34.6%
	0401.2000	40%	15%	17%	34.6%
	0401.3000	40%	15%	17%	34.6%
Powdered milk	0402.1000	40%	10%	17%	28.7%
	0402.2100	40%	10%	17%	28.7%
	0402.2900	40%	10%	17%	28.7%
	0402.9100	90%	10%	17%	28.7%
	0402.9900	90%	10%	17%	28.7%
Yogurt	0403.1000	90%	10%	17%	28.7%
	0403.9000	90%	20%	17%	40.4%
Whey	0404.1000	30%	6%	17%	24.0%
	0404.9000	90%	20%	17%	40.4%
Butter and dairy spreads	0405.1000	90%	10%	17%	28.7%
	0405.2000	90%	10%	17%	28.7%
	0405.9000	90%	10%	17%	28.7%
Cheese	0406.1000	90%	12%	17%	31.0%
	0406.2000	90%	12%	17%	31.0%
	0406.3000	90%	12%	17%	31.0%
	0406.4000	90%	15%	17%	34.6%
	0404.9000	90%	12.0%	17%	31.0%
Source: China Customs					