



## Will Exports Continue to Lead the Way?

Krysta Harden, President & CEO, U.S. Dairy Export Council

1

### What is the U.S. Dairy Export Council?

A business unit of DMI and a membership organization representing dairy farmers and over 110 companies.

### What is the mission of U.S. Dairy Export Council?

To enhance demand for U.S. dairy products and ingredients by securing access and assisting suppliers to meet market needs that facilitate sales. We accomplish this through research and collaboration with members, government, academia and numerous related organizations whose common goal is to ensure the health and vitality of the U.S. dairy industry.

### Who can join?

USDEC members must: Have a U.S. base of operations | Be exporting or have an interest in exporting U.S. dairy products | Have a connection to or interest in the U.S. dairy industry

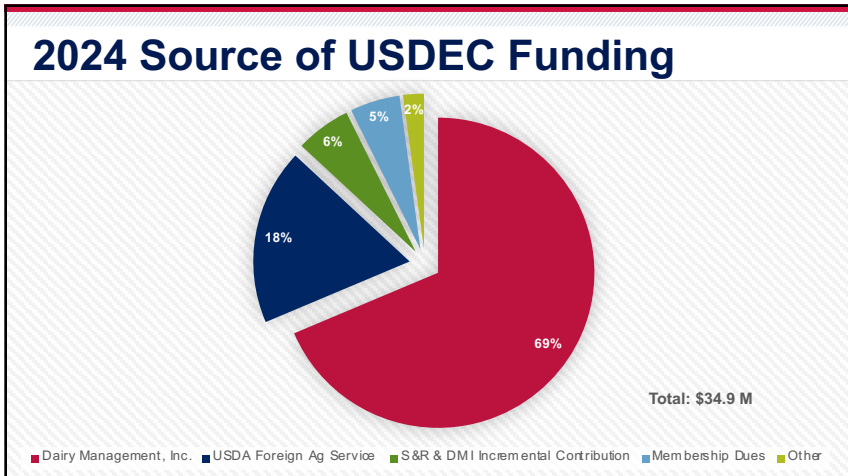
### Who are the members and board members?

Members comprise over 110 organizations, including state and regional checkoff boards, dairy processors, agribusinesses, trading companies, and cooperatives who together form a unique partnership to build global markets for U.S. dairy products. USDEC board consists of farmers and industry, ensuring transparency and accountability across the organization



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2



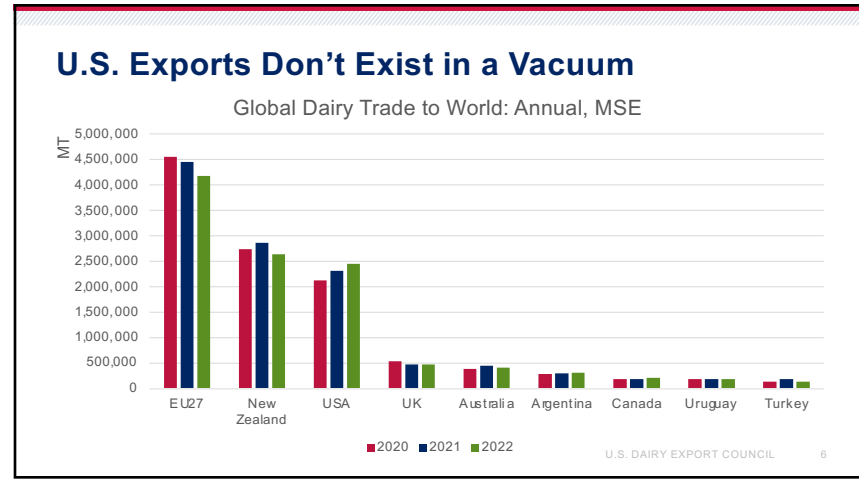
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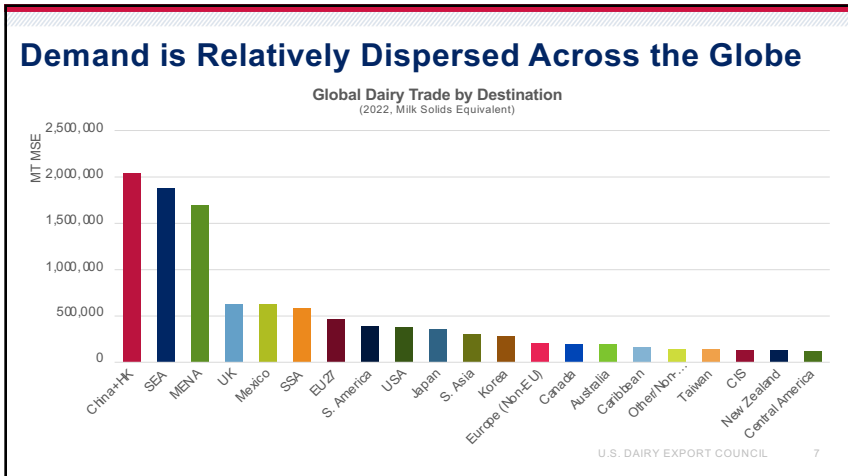
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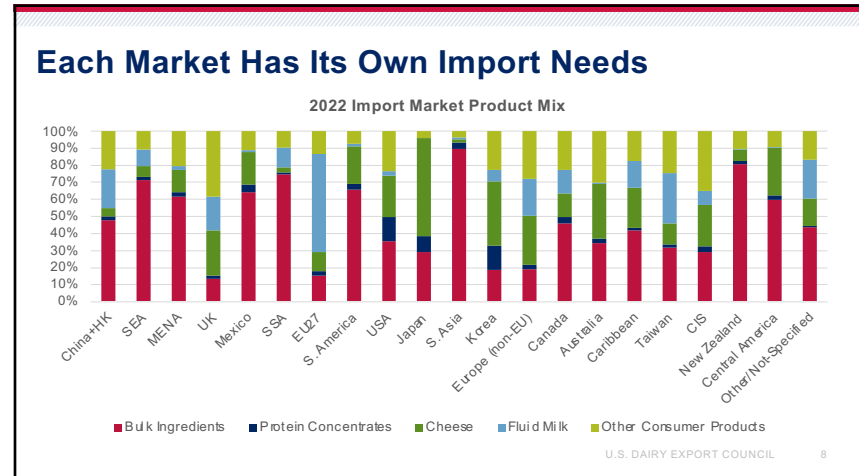
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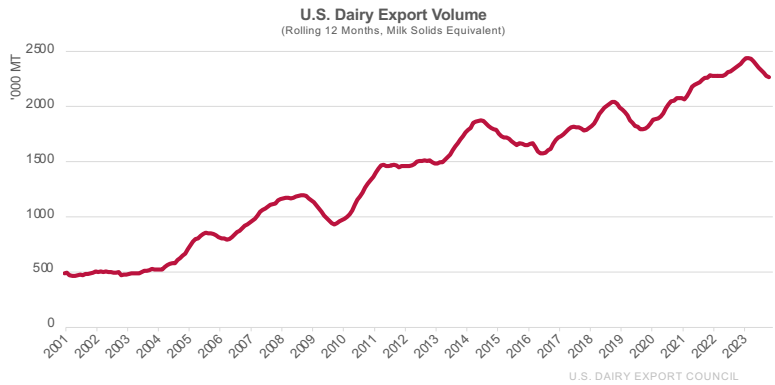


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### U.S. is Still on Clear Trajectory Despite Complexity



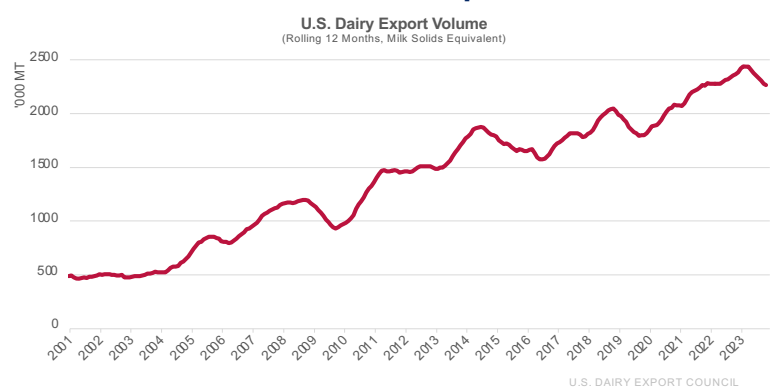
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### But That Doesn't Mean It's Always Smooth Sailing



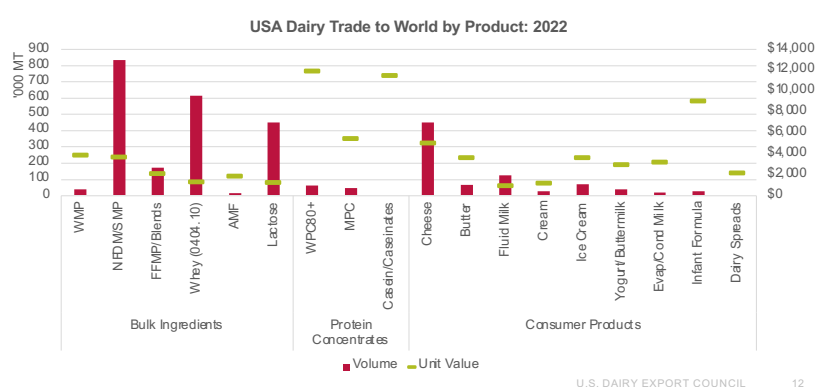
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### How Can the U.S. Grow its Export Volume?



11

### Where Can the U.S. Maximize its Portfolio?



12

### How Can the U.S. Increase Its Value?

Product	Highest Value <sup>1</sup>	Middle	Lowest Value
Butter	European Union	New Zealand	<b>United States</b>
Cheese	European Union	<b>United States</b>	New Zealand
Fluid Milk	New Zealand	<b>United States</b>	European Union
WPC80+	European Union	<b>United States</b>	New Zealand
MPC	New Zealand	<b>United States</b>	European Union
Casein/Caseinates	New Zealand	European Union	<b>United States</b>
NFDM/SMP	New Zealand	European Union	<b>United States</b>
WMP	European Union	New Zealand	<b>United States</b>
Whey (0404.10)	New Zealand	European Union	<b>United States</b>
Lactose	New Zealand	European Union	<b>United States</b>

U.S. DAIRY EXPORT COUNCIL 13

13



14

### Today's Tug of War: Sluggish Demand + Weak Supply



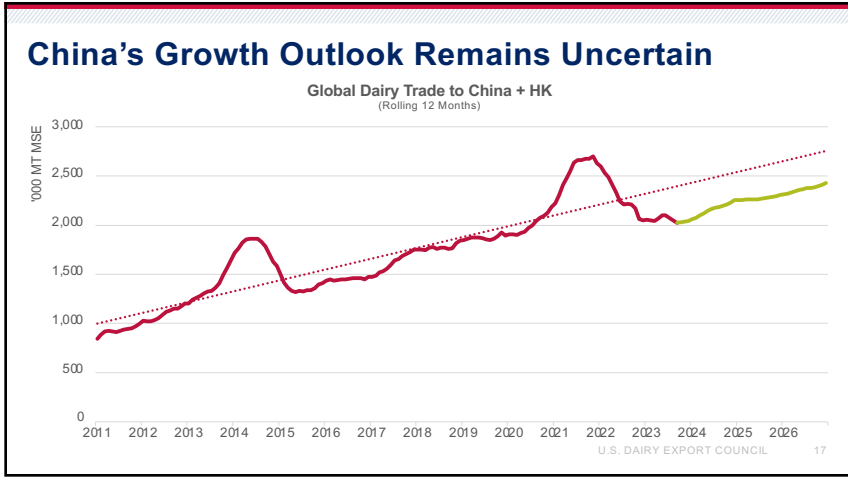
U.S. DAIRY EXPORT COUNCIL 15

15

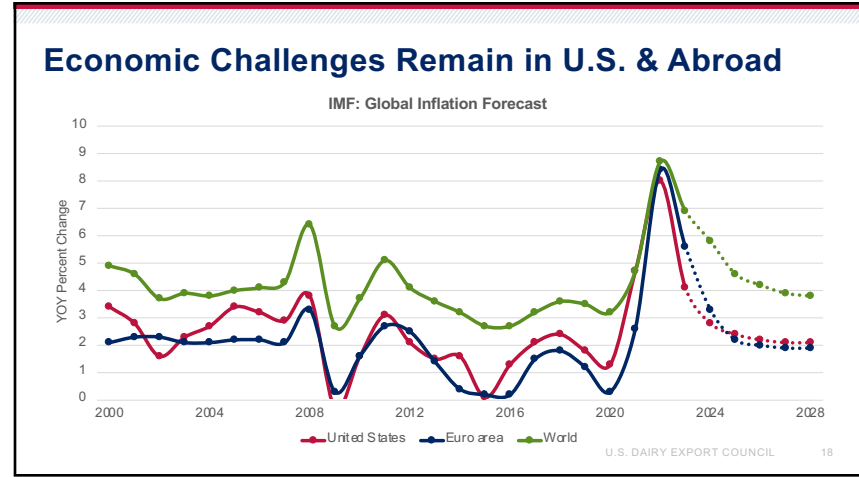


U.S. DAIRY EXPORT COUNCIL 16

16



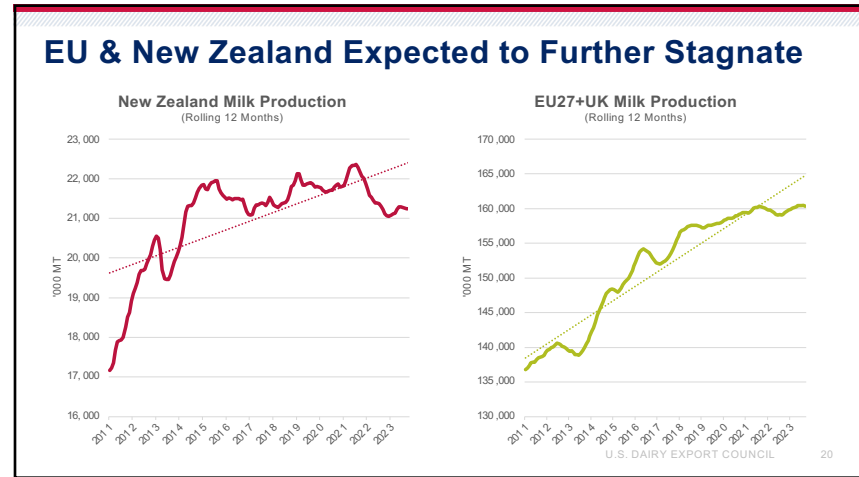
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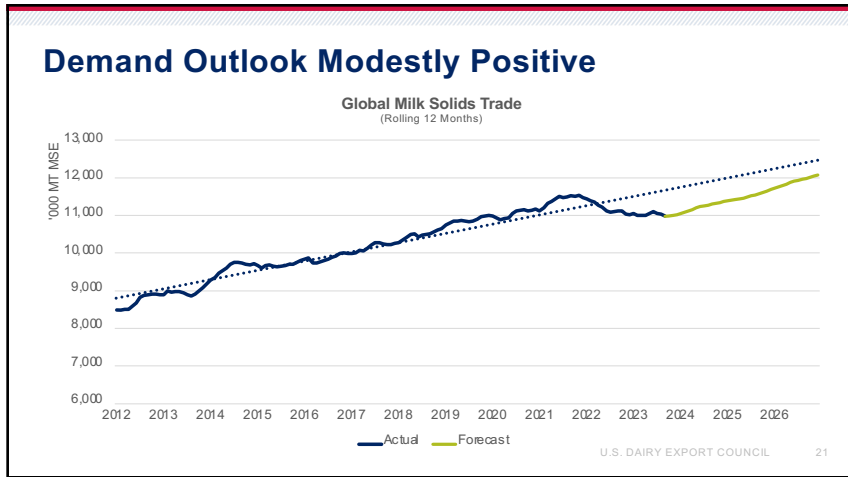
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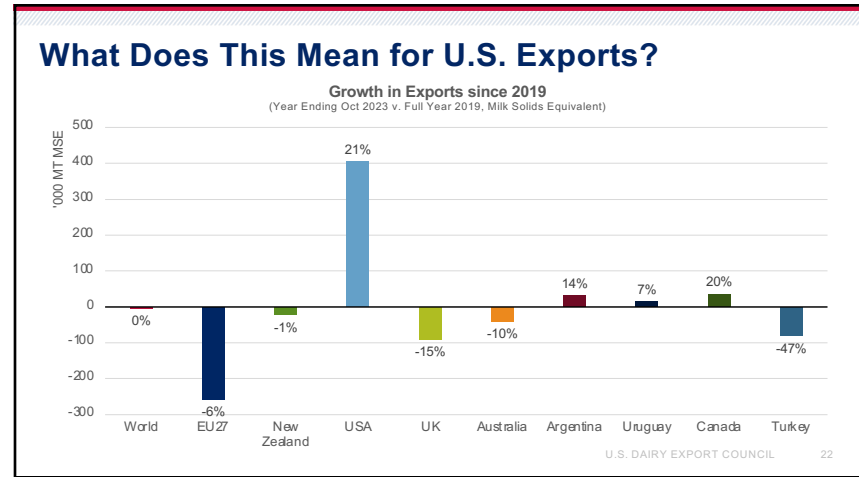
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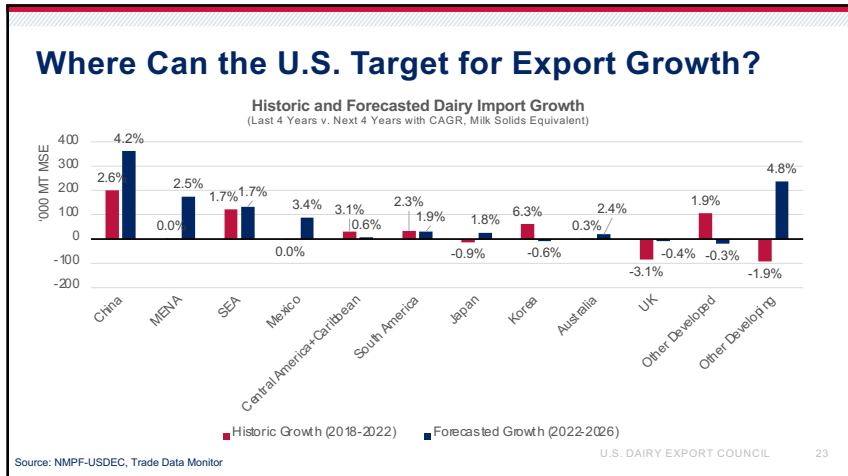
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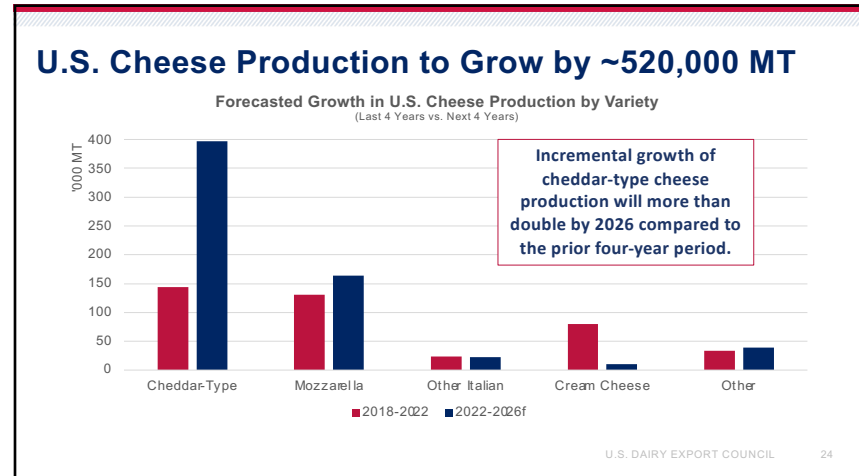
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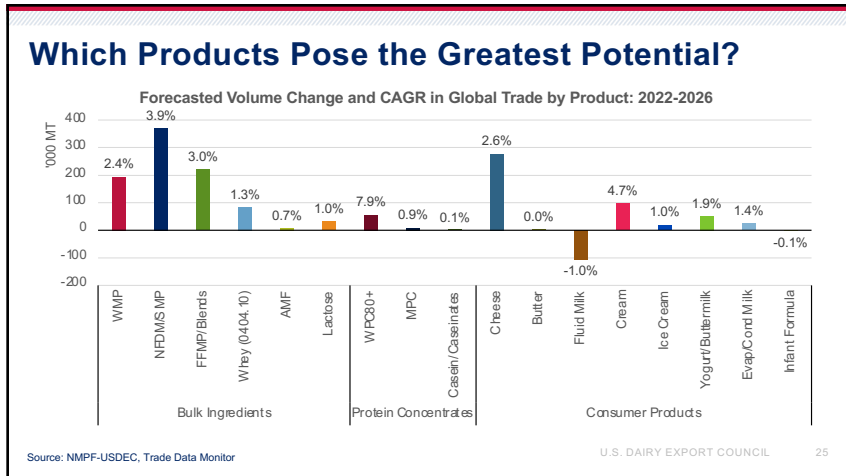
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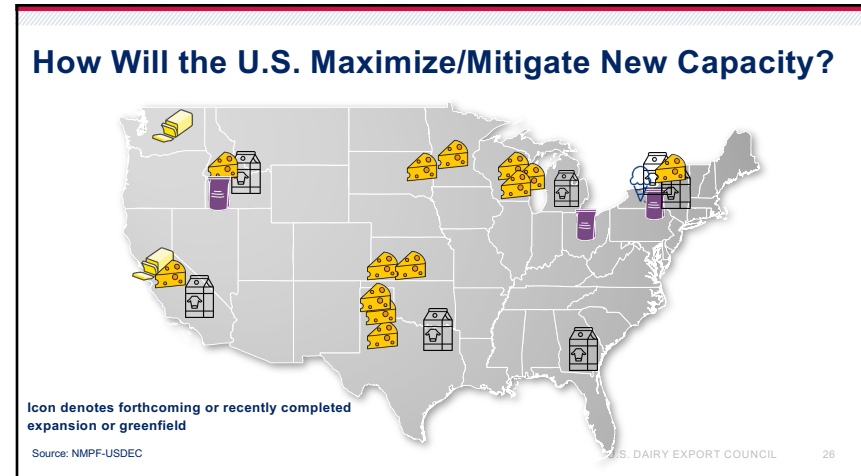
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26

### New Capacity Assessment

- 1) With the new cheese capacity forecasted, we expect a **structural surplus of cheddar-type cheese and whey proteins** over the next three years, which will further elevate the importance of exports to farmers and processors.
- 2) Absent a surge in demand, we expect **low prices to “buy” demand** (either at home or abroad), but to the detriment of U.S. dairy farmers and processors.
- 3) Challenge to U.S. Dairy will be **to measurably grow demand for cheese and whey proteins at home and abroad and to elevate the value of those products.**
- 4) Longer term, the additional state-of-the-art capacity will **enable the U.S. to grow its cheese and protein exports substantially** with the potential to become so engrained in the international market that U.S. prices rarely diverge from global prices, **enhancing our reliability and building “sticky” demand** – thereby laying the groundwork for even greater volume & value growth beyond 2026.

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27

## U.S. Dairy: diverse, highly efficient, sustainable

- **11% of global milk supply**  
(226.2 billion pounds)<sup>1</sup>
- **3% of the world’s cows**  
(9,448,000 dairy cows)<sup>1</sup>
- **Most productive dairy industry in the world**  
(2022: 24,000 pounds of milk/cow)<sup>1</sup>
- **World’s lowest GHGE intensity**  
(Emissions per gallon of milk produced)<sup>2</sup>

Sources: 1 USDA Milk Production Report 2023; 2 USDA Ag Census 2017 analysis; FAO and GDP Climate change and the global dairy cattle sector – The role of the dairy sector in a low-carbon future.

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28

## U.S. Dairy supplies a sustainable source of nutrition

**Legacy of progress**

Compared to 2007, in 2017 U.S. milk was produced using:

- 30% less water
- 21% less land
- 19% less greenhouse gas (GHG) emissions

➔

**Efficient production**

While leading the world in cow's milk production with ample growth potential, the U.S. dairy community contributes just 2% of total U.S. GHG emissions

➔

**Continuous improvement**

U.S. Dairy has embraced a bold commitment to **GHG neutrality by 2050** to support sustainable food systems

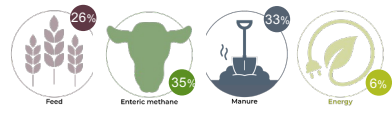
Sources: Capper JL, Casey RA. The effects of improved performance in the U.S. dairy cattle industry on environmental impacts between 2007 and 2017. U.S. DAIRY EXPORT COUNCIL International Dairy Journal. "Greenhouse gas emissions from milk production and consumption in the United States. A cradle-to-gate life cycle assessment circa 2008". (2013).

29

**For field and farm**

**U.S. Dairy Net Zero initiative**

Collaboration to advance research, on-farm practices, and new market development.




Estimated GHG contribution of each 'print' to the total\*

**For manufacturing**

**Processor working group**

- Develops industry guidance and best practices on GHGs, waste, and water
- Conducting packaging assessment and developing metrics




## Pioneering industry-wide efforts

\* Adapted from Thoma 2013, Regional Analysis of greenhouse gas emissions from USA dairy farms. A cradle to farm-gate assessment of the American dairy industry, circa 2008.

30

## It's all about claims

- Fonterra: "Grass-Fed Goodness"**  
Aggressive promotion of grass-fed as best
- Arla: "Standing up for Nature"**  
"Supports Biodiversity" criteria embedded in their Arla C.A.R.E program —being promoted on products
- Ivy's Reserve carbon neutral cheddar**  
Carbon neutral claims doubles the retail price
- Regen ag promotion by multinational food companies**  
Regenerative agriculture programs will have potentially significant impacts on sourcing requirements



**Gross Fed Goodness**

Grass is the most nutritious feed for dairy cows and is the most sustainable feed source. It is also the most environmentally friendly feed source. Grass-fed milk is healthier and tastier than milk from grain-fed cows.



**THE WORLD'S FIRST CARBON NEUTRAL CHEDDAR**

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31

## Meeting global demand: our advantage

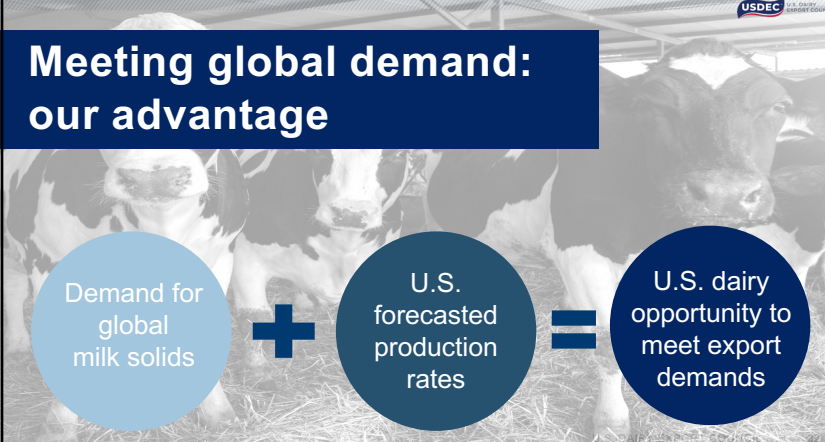
Demand for global milk solids

+

U.S. forecasted production rates

=

U.S. dairy opportunity to meet export demands



32



# Thank You

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