

LTO International comparison of producer prices for milk

2005



*prezzi di latte • melkprijzen • prix du lait
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COLOPHON

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Foreword

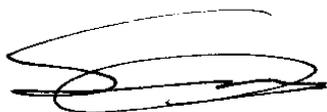
You have before you the results of the research work for another year in the form of the LTO's international milk price comparison for 2005. This is how we keep our finger on the pulse of the market for farmers' milk, with the dismantling of European dairy policy in the background.

The prices paid in 2005 have fallen for the fourth successive year. Moreover this fall is less than could have been feared on the basis of the reduction in intervention prices. The market itself has become more important in determining the price achieved and, last year, the international market situation was good. In particular, milk protein is almost competitive on the world market without any support.

Further dismantling of European market support will lead to greater fluctuation in prices and possibly to greater differences between dairy companies. Choices made at company level will play an even greater role in the results. In consequence this milk price comparison will be even more interesting in the next few years and have a greater importance for the dairy sector.

The market and value added will play an even greater role in determining price. It seems to me that there is not much point in trying today to make forecasts for the price of milk in 2015. What we do know is that by then the cost of quota will have disappeared from our milk costings. Further there seems to be little sense in basing operational management structurally on dairy premium/single farm. Premium costs along the whole chain will be of essential importance. A free market will offer better opportunities for the enterprising dairy farmer.

I hope that this milk price comparison will contribute to your understanding of the development of milk prices and market relationships. I should like to thank everybody who made a contribution to the realization of this publication.



Siem-Jan Schenk
Chairman Dairy Committee Dutch Organisation for Agriculture and Horticulture (LTO-Nederland)

1. Introduction and contents

1.1 Introduction

At the request of the Dairy farming committee of the Dutch farmers union (LTO-Nederland), the LTO International Milk Price Comparison is published monthly (www.milkprices.nl). This is a comparison of the milk prices paid by large European dairy companies and is produced in association with European Dairy Farmers (EDF), which collates and provides the milk price data. The calculations are performed by Dutch Dairy Board (Productschap Zuivel).

The aim of the LTO International Milk Price Comparison is to improve the transparency of the dairy market for farmers.

With the method chosen a calculation is made to determine what price a dairy farmer would receive if the milk were to be supplied in a specific composition, quality and amount to another dairy company.

Chosen standards are:

- 4.20% fat and 3.35% protein;
 - annual delivery of 350,000 kg;
 - total bacterial count is 24,999 per ml and somatic cell count 249,999 per ml.
- The prices are exclusive of VAT, ex farm and inclusive of supplementary payments for the distribution of end-of-the-year profits.

It must be emphasised that this is not a comparison of the average milk prices paid. The average milk price paid by a dairy company is dependent on the actual composition, quality, amount, etc. of the milk supplied. It is also not possible to draw any conclusions with regard to the performance of the companies on the basis of the milk prices paid. After all, many more factors play a role in the assessment of this.

After the end of each calendar year a report is presented containing the calculated milk prices for the year concerned. The monthly milk prices are weighted on the basis of the national seasonal pattern of deliveries to get a calendar year average.

The annual report is published when the supplementary payments over the preceding financial/calendar year are also known and can thus be incorporated in the calculated milk prices. In this report the calculated milk prices for calendar year 2005 are presented.

1.2 Contents

In chapter 2 firstly the milk prices for 2005 are presented followed by information about the dairy market. A review of the trend in milk prices in recent years in relation to the dairy premium is given in chapter 3. Producer prices for the current milk price year 2006 are given in chapter 4. Finally further information about the calculated milk prices per company is presented in chapter 5.

Both this report and previous publications can be downloaded via the Internet (see the colophon).

2. Milk Prices 2005

Milk price comparison

The average calculated milk price¹ of fourteen large European dairy companies in 2005 was € 28.65 per 100 kg standard milk². This is € 0.70 per 100 kg, i.e. 2.4%, lower than in 2004.

Table 1 Milk prices 2005 and 2004
Per 100 kg standard milk (VAT excluded and supplementary payments are incorporated)

Dairy company	2005		2004		2005/2004		
	Milk price	rank	Milk price	rank	€	%	% (national currency)
Hämeenlinnan O.³	34.64	1	35.76	1	-1.12	-3.1%	
Danone	29.77	2	30.35	3	-0.58	-1.9%	
Bongrain	29.54	3	30.28	4	-0.74	-2.4%	
Lactalis	29.48	4	30.41	2	-0.92	-3.0%	
Arla Foods DK	29.21	5	29.79	7	-0.58	-2.0%	-1.8%
Arla Foods S	28.98	6	29.87	6	-0.89	-3.0%	-1.3%
Campina	28.87	7	29.32	10	-0.45	-1.5%	
Friesland Foods	28.84	8	29.62	8	-0.78	-2.6%	
Sodiaal	28.71	9	29.57	9	-0.86	-2.9%	
Milcobel	28.58	10	30.04	5	-1.46	-4.9%	
Glanbia	28.11	11	28.64	12	-0.53	-1.9%	
Humana	27.71	12	28.79	11	-1.08	-3.8%	
Nordmilch	27.28	13	27.65	13	-0.37	-1.4%	
Arla Foods UK	26.96	14	27.17	15	-0.21	-0.8%	0.1%
Kerry Agribusiness	26.90	15	27.50	14	-0.59	-2.2%	
First Milk	24.85	16	24.88	16	-0.03	-0.1%	0.7%
Average	28.65		29.35		-0.70	-2.4%	
USA	27.96		31.10			-10.1%	-10.0%
New Zealand	18.29		18.07			1.2%	-4.5%

Milk prices have fallen for the fourth successive year but the fall (2.4%) is less than could have been expected from EU market management. Indeed, on 1 July 2005, the intervention price was lowered by 7% for butter and 5% for skimmed milk powder, just as in 2004. Furthermore, the European Commission has substantially reduced export restitutions and internal support measures in the dairy sector in recent years. In 2005 the international market situation was regarded as relatively good.

Some changes have taken place at the top of the rankings. They concern changes in relative order of the French companies and a fall for Belgian Milcobel.

The Finnish milk price, based on the calculated price of the small dairy cooperative Hämeenlinnan Osuusmeijeri, remains at the top despite a more than average drop of 3.1%.

¹ Three milk prices are calculated for Arla Foods, i.e. for the Danish and Swedish member suppliers and for the English suppliers to Arla Foods UK. Therefore in total sixteen milk prices are calculated for the fourteen companies.

² This report is based on standard milk containing 4.2% fat, 3.35% protein, and a bacterial count of 24,999 per ml, a somatic cell count of 249,999 per ml and a yearly delivery of 350,000 kg. Unless indicated otherwise, the milk prices are exclusive of VAT, ex farm and inclusive of supplementary payments.

³ In this comparison of milk prices the price of Hämeenlinnan Osuusmeijeri is given. Previously this company's milk price was cited with the name Kymppi. For an explanation see chapter 5.

The French private dairy companies have maintained their high position in the rankings. Although the negotiations are getting increasingly difficult, agreements on milk price are being reached at national level. Nevertheless, within the scope of these agreements, the development of milk price can differ more and more between dairy companies, depending on their selection of products. The milk price of the cooperative Sodiaal is lower than those of the private companies in France.

After the substantial fall of last year the Danish/Swedish Arla milk price has maintained its 5th position. Although Danish and Swedish dairy farmers receive the same price, differences appear in the calculated milk prices as a consequence of variation in the exchange rate between the Swedish Krone and the Euro.

The Dutch dairy cooperatives pay an average milk price. Despite completely different policies with regard to distribution of profits and allocation to reserves the difference between the calculated milk prices of Friesland Foods and Campina is minimal.

The fall in milk price at Milcobel, at 4.9%, is the greatest. This was mostly due to a lower supplementary payment. For 2004 the member dairy farmers – the company was called Belgomilk then – got an extra high supplementary payment thanks to some one-off benefits.

The milk price of Irish Glanbia is somewhat higher than in previous reports because the winter milk premiums have been calculated into the price retrospectively. Glanbia has also made a supplementary payment in 2005.

The price of German Nordmilch has fallen less than that of Humana; Nordmilch's price is still lower than Humana's.

The only dairy farmers to get an increased milk price in 2005 were in the United Kingdom, although this was expressed in national currency. Nevertheless the milk prices of Arla UK and First Milk are at the bottom of the table, with the Irish Kerry Agribusiness.

Milk prices in the United States of America⁴ have fallen more than in the EU. The rise in the calculated milk price of Fonterra is entirely due to the rise in the value of the New Zealand Dollar relative to the Euro. Expressed in national currency Fonterra's milk price fell by 4.5%.

Dairy market

Price developments in the dairy market in the year 2005 showed considerable similarity to those of 2004. The year 2005, just as the year before, began with a rapid fall in the price of the basic dairy products leading to improved exports. The market remained stable for a long time owing to relatively low milk supply and good sales. Little use was made of intervention. On 1 July 2005 the intervention price was lowered by 7% for butter and 5% for skimmed milk powder. The market price for dairy products was, in general, able to develop thanks to favourable market conditions (smaller supply for an increased demand) and independently from the reduced intervention prices. Only the butter market was in difficulty. As a result of the substantial reduction in butter restitutions in June 2005 (-25%) the lower intervention price worked its way more rapidly into the market price than in the previous year. In the summer skimmed milk powder prices picked up thanks to the relatively low supply of fresh milk powder, stable export demand and rapidly reducing stocks, as well as the recovery of the dollar. At the end of 2005 demand fell again.

The factors that were responsible for the rise in prices on the world market in the previous two years also applied in 2005. They were mainly the strong demand from South-East Asia, North Africa and the Middle East combined with limited supply from Oceania. The higher prices on the world market had no price-raising effect on the internal market, and in fact kept this market stable, because of the falling exchange rate of the US dollar and the reduced subsidies in the EU.

⁴ The calculated milk prices for the USA are based on a conversion of the so-called Class III prices and the prices for New Zealand relate to the milk prices paid by the dairy cooperative Fonterra. These milk prices are calculated in the context of the LTO International Milk Price Comparison in order to provide an impression of the trends in milk prices in the 'rest of the world'.

3 Development of milk prices and dairy premium

Following the reform of EU dairy policy milk prices fell less in 2004 and 2005, in relation to 2003, than did the intervention prices for butter and skimmed milk powder and also less than the dairy premium of €2.37 per 100kg⁵ (graph 1).

Graph 1 Average milk prices in 1999 to 2005

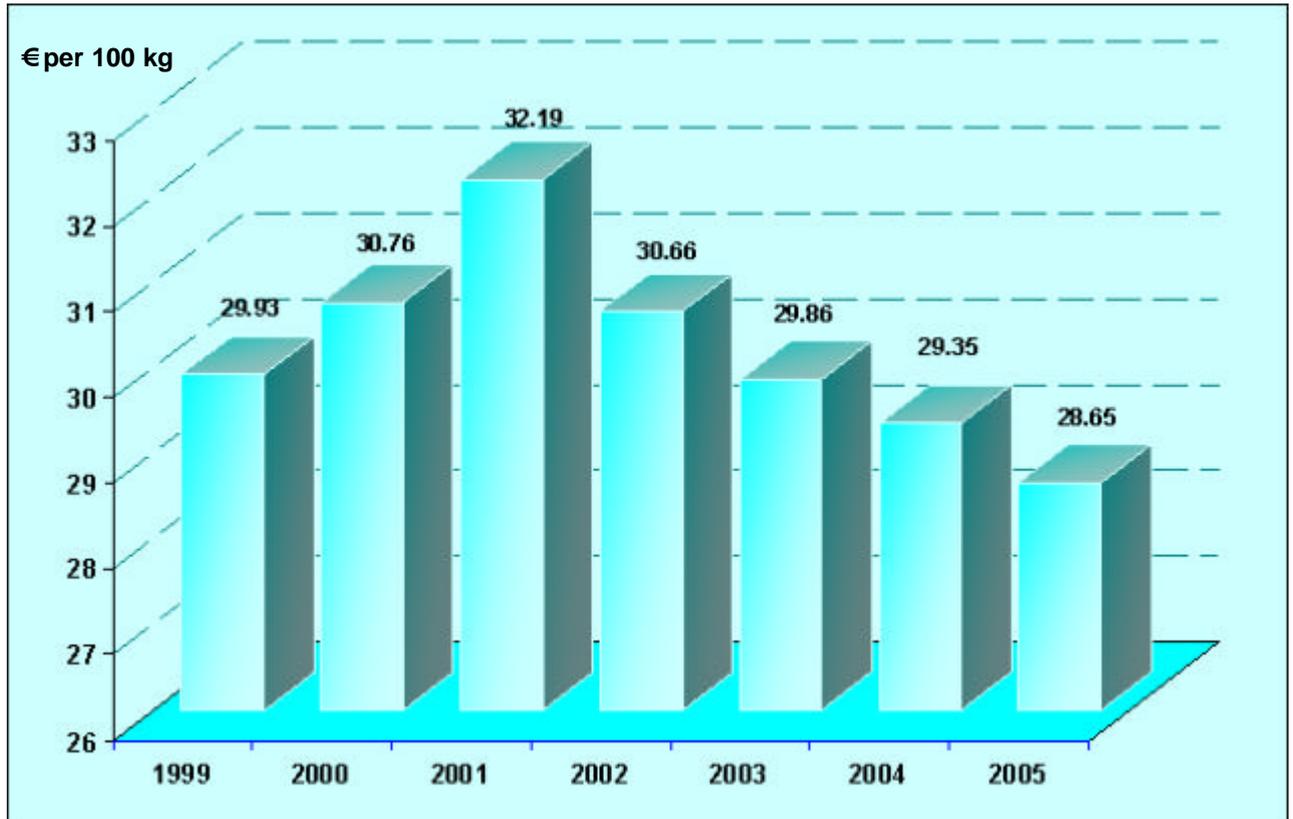


Table 2 gives a comparison between milk prices in 2005 and the average prices of the years 1999 to 2003 (rather than just with those of 2003). The reasons for choosing the average of this period are that these comparisons were started in 1999 and 2003 is the last year before the reform of EU dairy policy in 2004.

⁵ To compensate for the reduction in intervention prices, from 2004 dairy farmers receive an income supplement (dairy premium). The level of the dairy premium can vary from member state to member state or farmer to farmer according to the modulation discount, the distribution of the national dairy envelope and the inclusion in the single farm premium. The maximum dairy premium has gone from €1.18 in 2004, €2.37 in 2005 to €3.55 per 100 kg in 2006 and beyond.

Table 2 Fall in milk prices in 200 in comparison with average prices in 1999 to 2003
In Euros per 100 kg of standard milk and in terms of percentage.

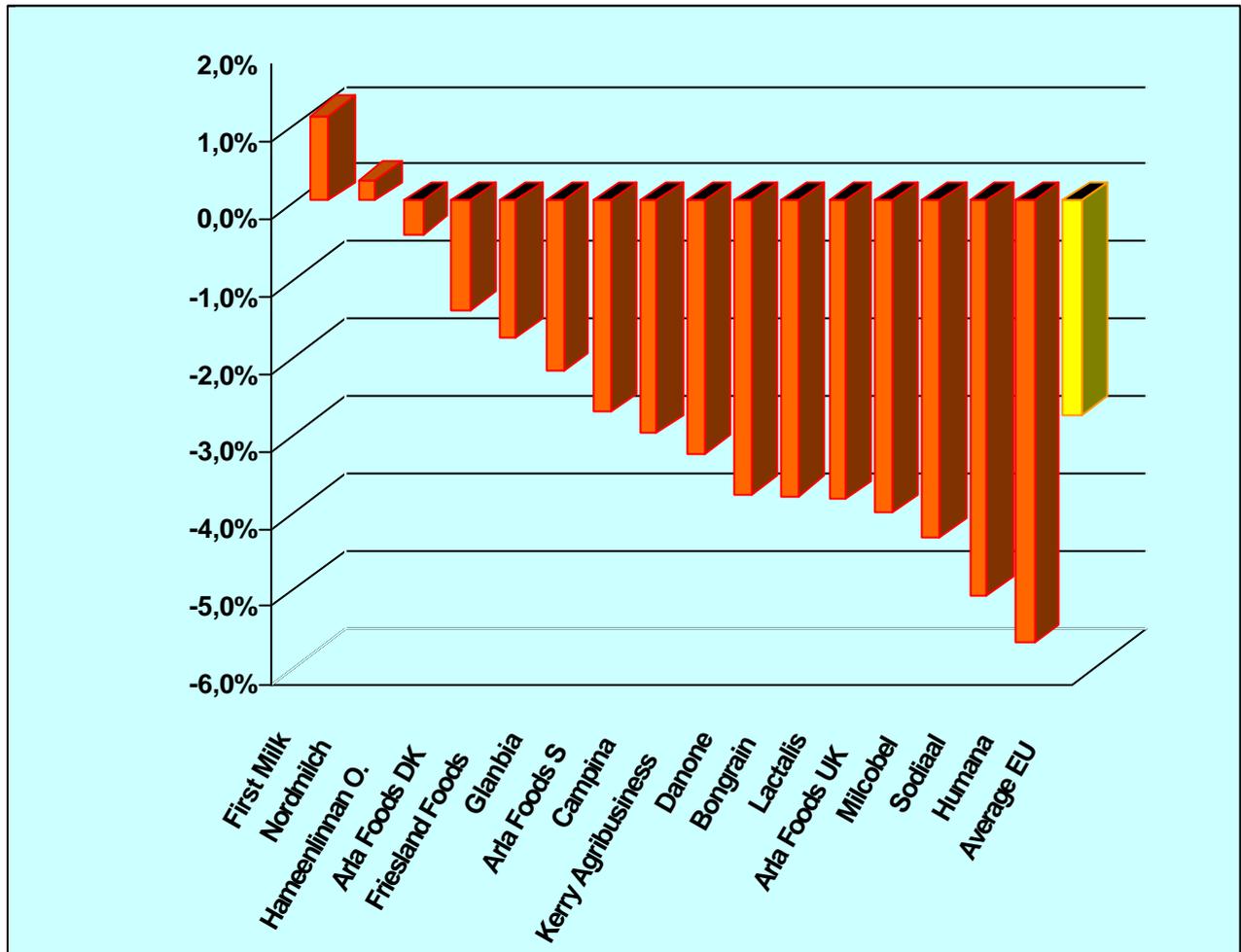
	€100kg	%
Hämeenlinnan O.	-0.25	-0.7%
Arla Foods UK	-0.78	-2.8%
First Milk	-0.89	-3.4%
Milcobel	-1.62	-5.4%
Danone	-1.80	-5.7%
Kerry Agribusiness	-1.90	-6.6%
Glanbia	-1.90	-6.3%
Bongrain	-1.98	-6.3%
Lactalis	-2.09	-6.6%
Nordmilch	-2.20	-7.5%
Campina	-2.41	-7.7%
Sodiaal	-2.62	-8.4%
Friesland Foods	-2.66	-8.4%
Arla Foods DK	-2.89	-9.0%
Humana	-2.99	-9.8%
Arla Foods S	-3.46	-10.7%
Average	-2.03	-6.6%

From table 2 it appears that the calculated milk price has fallen less, on average, than the level of the dairy premium, in comparison with the period 1999 to 2003. However it is also apparent that this is not the case for all dairy companies. For dairy farmers who delivered milk to Arla, Humana, Sodiaal and the Dutch dairy companies the fall was greater.

4 Advance milk prices 2006

In the first four months of 2006 the advance milk prices paid have averaged € 0.75 per 100 kg, thus 2.8% lower than in the corresponding period the previous year.

Graph 2 Development (%) advance milk prices from January to April 2006
With regard to the same period in 2005.



As can be seen from graph 2 (see also appendix 2, table 5) there is a substantial variation in milk price changes between the companies from plus 1.1% for First Milk to minus 5.7% for Humana.

The fall in milk price reflects the development of the market in the first months of 2006. Above all the market for butterfat remains weak. Intervention stocks of butter have therefore already reached the ceiling of 50,000 tons. The prices of skimmed milk powder and cheese are holding up better but even for these products quoted prices have fallen since the beginning of the year.

5 Additional information on calculated milk price per company

Selected dairy companies

In the LTO International Milk Price Comparison sixteen milk prices for fourteen major European dairy companies from eight different countries are calculated. Three milk prices are quoted for Arla Foods, specifically for the Swedish and Danish member dairy farmers and the British suppliers to Arla Foods UK.

Of the fourteen dairy companies, seven belong to the twenty largest dairy concerns in the world (see Table 3). Dairies included in the LTO International Milk Price Comparison are underlined.

Table 3 Top 20 World dairy companies

Company	Land	Dairy turnover (€ billion)
1 Nestlé	Switzerland	14.3
2 Dean Foods	USA	7.2
3 <u>Lactalis (incl. Galbani)</u>	France	7.2
4 <u>Danone</u>	France	7.2
5 Dairy Farmers of America	USA	7.2
6 Fonterra	New Zealand	6.6
7 <u>Arla Foods</u>	Denmark/Sweden	6.2
8 Kraft Foods	USA	5.2
9 Unilever	The Netherlands/UK	5.0
10 <u>Friesland Foods</u>	The Netherlands	4.2
11 Meiji Dairies	Japan	3.6
12 <u>Campina</u>	The Netherlands	3.6
13 Parmalat	Italy	3.5
14 <u>Bongrain</u>	France	3.3
15 Morinaga Milk Industry	Japan	3.2
16 Land O'Lakes	USA	3.1
17 Schreiber Foods ¹⁾	USA	2.4
18 Saputo	Canada	2.4
19 Dairy Crest	United Kingdom	2.1
20 <u>Nordmilch</u>	Germany	2.1

1) Estimate

Source: Rabobank International 2006, ranked by dairy turnover in EUR billions, 2005 + mergers & acquisitions in 2006.

The other seven dairy companies for which milk prices are calculated, i.e. Sodiaal (F), Milcobel (B), First Milk (UK), Glanbia (IRL), Kerry (IRL) and Hämeenlinnan Osuusmeijeri (FIN) were selected because of the desired national spread. With the exception of Finnish company Hämeenlinnan Osuusmeijeri in their countries all the companies rank among the largest companies.

Hämeenlinnan Osuusmeijeri (Finland)

Hämeenlinnan Osuusmeijeri is not a large dairy company but has been taken for the purposes of this milk price comparison to provide an indication of the development of milk prices in Finland. Together with a number of other Finnish dairy companies Hämeenlinnan Osuusmeijeri formed the Kymppi group. Kymppi, together with other dairy cooperatives are the owners of Valio. Valio is the largest Finnish dairy company and processes approximately 85% of Finnish milk production. Following the break up of the Kymppi group the Hämeenlinnan Osuusmeijeri milk price is no longer listed under Kymppi but under its own name.

In 2005 Hämeenlinnan Osuusmeijeri made a supplementary payment of 2.5 Eurocents per litre which was a pleasant surprise for Finnish dairy farmers as this payment in 2004 was 2.0 Eurocents per litre. Hämeenlinnan Osuusmeijeri also paid compensation for loss of interest on this sum as milk producers did not receive the payment until April. Accordingly the figure is not corrected for loss of interest. By the same token there is no correction for invested capital, the member dairy farmers of Hämeenlinnan Osuusmeijeri having received interest compensation in conformity with market value.

Bongrain, Danone, Lactalis and Sodiaal (France)

French dairy companies fix a basic price per month for milk with 38 grams of fat and 32 grams of true protein⁶ expressed in Euros per 1000 litres. After a great deal of very difficult negotiations between milk processors and dairy farmers at national level agreements were also reached in 2005 on the development of the basic price in comparison with the corresponding period in the previous year.

Dairy companies that are relatively more dependent on the sale of industrial products such as butter and skimmed milk powder have been allowed to lower their prices further (flexibility deduction) from September 2005. On the basis of these recommendations the basic price in France in 2005 fell by €0.78 per 100 litres.

The calculated milk prices of the four French dairy companies fell variously between €0.58 for Danone and €0.92 for Lactalis. The product combination of Danone, however, does not meet the criteria for additional lowering of the milk price using the flexibility deduction.

By and large this explains, Danone's higher milk price and lower price reduction.

Arla Foods (Denmark and Sweden)

Arla's milk price fell 2%. For its financial year October 2004 to September 2005 Arla made supplementary payment of 5.6% (2003/04: 5.2%) of the so-called basic value of the milk delivered. After correction for the period the payment relates to the calculated milk price is € 1.39 and € 1.63 per 100 kg of standard milk for the Danish and the Swedish member dairy farmers, respectively. The difference in supplementary payment arises because the Swedish Arla members are compensated by a supplement for the fall in the Swedish Krone against the Danish Krone. Despite this the calculated milk price of the Swedish Arla suppliers is lower than that of their Danish colleagues and has fallen further. This can be explained by the fact that the milk price comparison is related not to the financial year but to the calendar year. It is precisely in the last few months of 2005 that the Swedish Krone fell more than in the corresponding period the previous year. The calculated milk prices in Euros thus fell more in the calendar year 2005 than in the 2004/05 financial year. This currency effect will be compensated in the next financial year so that on balance the Swedish dairy farmers will receive the same milk price as their Danish colleagues.

A part of Arla's supplementary payment (about €0.40 per 100 kg) is not made available to the members directly but by the issue of compulsory member certificates. This sum in member certificates is taken into consideration in calculating the supplementary payment. A correction has been applied for loss of interest as the members get no interest on these certificates.

Friesland Foods and Campina (Netherlands)

In May 2006 the member dairy farmers of Friesland Foods received a supplementary payment of 5.0% of the advance milk price for 2005 (2004: 7.3%). Alongside this the member dairy farmers of the

⁶ In France (and in USA) protein content is not determined as in other countries on the basis of total nitrogen content but on true protein. A correction is made for this in calculating the comparative milk price.

cooperative Friesland Foods received an extra 1.0% of the advance milk price, pro rata the quantity of milk delivered in 2005, as a share in the distribution of profits (dividend A).

Corrected for dividend A, the calculated supplementary payment for the period in question works out at € 1.61 per 100 kg of standard milk.

For Campina the 2005 supplementary payment of € 0.09 per kg of fat and € 0.47 per kg of protein has been converted into standard milk, for the purposes of milk price comparison, and corrected for the period the payment relates to and for capital invested (member certificates)⁷. The supplementary payment comes to € 1.77 per 100 kg.

Milcobel (Belgium)

Milcobel's 2005 milk price fell more than the average essentially because of a lower supplementary payment. The supplementary payment on the quantity of protein delivered was € 0.07 per kg or € 0.23 per 100 kg of standard milk. The high supplementary payment in 2004, of € 0.91 per 100 kg, was mainly due to some incidental benefits paid via the supplementary payment to the member dairy farmers of what then was still Belgomilk.

Glanbia and Kerry (Ireland)

In Ireland a distinction is made, for payment purposes, between liquid milk and manufacturing milk. The comparison of milk prices for the Irish companies is based on manufacturing milk. This leads to an underestimate of the average milk price paid because liquid milk commands a higher price. In the case of Glanbia about 16% of the milk is sold as "liquid milk".

For Glanbia since October 2001 the calculated milk prices have been corrected with the following winter milk bonuses:

	Eurocents per litre
October	6.98
November	8.38
December	8.38
January	6.98
February	5.03

Kerry does not offer a winter milk bonus. Kerry's milk price is one of the most consistent of all dairy companies participating in the price comparison. In the period from January 2004 to the beginning of 2006 the milk price has been adjusted only once, with a reduction of € 0.87 from June 2005.

Glanbia retains € 0.28 per 100 litres from the milk price. The dairy farmers can have this retained capital back after 5 years ("coop loan stock") with 30% interest. In view of the interest on this loan the sum is not included in the milk price for the purpose of this comparison.

In 2005 Glanbia once more made a supplementary payment, of 0.33 Eurocents per litre on this occasion, paying 0.11 cents in January and 0.22 cents in February 2006. Correcting for the period in question, the supplementary payment calculates out at € 0.32 per 100 kg.

⁷ Member suppliers are obliged to purchase nominal member certificates. Because no interest is paid, a correction is made. Although a part of the supplementary payment takes the form of an issue of bonds no correction has been made for this, the reason being that these bonds generate interest and are tradable.

Humana Milchunion eG and Nordmilch (Germany)

The milk prices paid in 2005 by the German companies were reduced relatively more than the average (in the case of Humana Milchunion) and less (Nordmilch).

In Germany every dairy company determines a basic price for milk with 3.7% fat and 3.4% protein. In general the monthly changes to the milk prices paid are the result of adjustments to the basic price. However, Humana did lower the value of fat in July 2005 (for the first time since 2002!) Nordmilch, after a change in January 2004, again reduced the value of fat and raised the value of protein in October 2005.

In December 2005 Humana made a supplementary payment of € 0.75 per 100 kg of milk delivered in the period January to September 2005. In this milk price comparison this interim supplementary payment of € 0.75 per 100 kg has been calculated retrospectively into the monthly prices for January to September 2004.

The member suppliers of Nordmilch and Humana are obliged to purchase shares in their company at, respectively, € 4.00 and € 5.11 per 100 kg of milk delivered. In addition both companies retain a sum of € 0.25 per 100 kg of milk delivered. At Nordmilch this happens monthly whereas at Humana it is calculated into the interim payment in November/December. So far in this milk price comparison Humana's milk price has been reduced in accordance with the sum retained. In the calculation of the Humana milk price from 2001 this retention has been excluded retrospectively because the shares are in the name of the holder. The dairy farmers of Nordmilch and Humana receive no compensation for introduced capital and the milk price is corrected accordingly for loss of interest, at minus € 0.14 per 100 kg and minus € 0.17 per 100 kg, respectively. This is done in the form of a negative supplementary payment.

Arla Foods U K and First Milk (United Kingdom)

First Milk retains 0.5 pence per litre (ppl) from the milk price every month and deposits it in a member investment account⁸. First Milk's milk price is not adjusted for this because the accumulated sum remains in the name of each farmer, interest is paid on the sum at the market rate and, in due course, the sum is paid off.

In this comparison of milk prices First Milk's calculated price is possibly underestimated as a consequence of the milk payment system used by the company. In this system the monthly milk price relates to the quantity of milk delivered in the relevant month. Dairy farmers can thus significantly affect the level of their milk price by adjusting the seasonal pattern of their deliveries of milk. In the calculation of the average milk price in this publication it is assumed that the seasonal pattern for the whole of the U K applies and that of a few previous years.

First Milk has not lowered the milk price since January 2004. From March and October 2005 the milk prices paid have even been raised slightly. Because the exchange rate for the British Pound has fallen by 0.85%, however, the milk prices expressed in Euros have remained (almost) the same.

Since the takeover by Arla 0.5 ppl has been retained by Arla Foods U K to build up capital. Just as in the case of First Milk this is not included in the calculation of the milk price.

Neither Arla Foods U K nor First Milk make a supplementary payment.

⁸ In November 2004 First Milk decided to activate the "Member Investment Account" to finance the purchase of shares in Robert Wiseman Dairies. This means that 0.5 pence per litre will be retained from the milk price every month from December 2004 to March 2007. Once a year, with the August milk cheque, the interest is paid at the market rate on the money retained.

Appendix 1 Aim, method and assumptions

See appendix 1 of the previous report International Comparison of producer prices for milk 2002 for further information in detail (www.milkprices.nl). In this appendix the chosen method and assumptions are summarized.

Aim

The aim of the LTO International Milk Price Comparison is to improve the transparency of the dairy market for farmers by presenting a monthly comparison of producer prices paid by various dairy companies in the EU.

Method

The milk prices are based on the milk payment systems of the dairies and are calculated for standard fat and protein content, quality and quantity.

Chosen standards are:

- 4.20% fat and 3.35% protein;
- annual delivery of 350,000 kg;
- total bacterial count is 24,999 per ml and somatic cell count 249,999 per ml.

Milk payments receipts (one per dairy company) from 1999 onwards are collected by the European Dairy Farmers (EDF) from various members. These receipts constitute the main input of the project. The milk payment systems adopted by each company were analysed by means of these receipts. Together with additional information a calculation model is developed.

The monthly milk prices are weighted on the basis of the national seasonal pattern of deliveries to get a rolling 12-month average.

It must be emphasised that the result of these calculations is not a comparison of the average prices actually paid by the dairies, but the price each company would have paid for a certain standard quality and quantity of milk based on its own payment system

Appendix 2 Other information

Table 4 Average producer prices 1999 – 2005

In euro per 100 kg standard milk containing 4.2% fat, 3.35% protein, a bacterial count of 24,999 per ml, a somatic cell count of 249,999 per ml and a yearly delivery of 350,000 kg. The prices are exclusive of VAT, ex farm and inclusive of supplementary payments for the distribution of end-of-the-year profits.

	Average. 1999 t/m 2005	1999	2000	2001	2002	2003	2004	2005
Hämeenlinnan O.	34.98	33.61	33.94	35.29	35.88	35.71	35.76	34.64
Arla Foods S	31.58	33.01	34.62	30.87	31.74	31.95	29.87	28.98
Arla Foods DK	31.36	31.45	31.91	32.69	32.71	31.74	29.79	29.21
Danone	31.14	30.73	31.50	32.68	31.68	31.26	30.35	29.77
Lactalis	31.11	30.73	31.46	32.79	31.58	31.32	30.41	29.48
Bongrain	31.06	30.70	31.45	32.65	31.60	31.19	30.28	29.54
Friesland Foods	30,85	30.26	31.55	33.60	31.68	30.41	29.62	28.84
Sodiaal	30.70	30.15	31.66	32.78	31.30	30.71	29.57	28.71
Campina	30.66	30.45	30.48	32.88	32.51	30.11	29.32	28.87
Humana	30.00	29.23	30.49	33.16	31.06	29.59	28.79	27.71
Milcobel	29.95	28.17	31.37	32.23	29.63	29.61	30.04	28.58
Glanbia	29.54	30.09	30.64	31.51	29.16	28.66	28.64	28.11
Nordmilch	28.90	28.71	29.90	32.76	28.67	27.34	27.65	27.28
Kerry Agribusiness	28.34	28.44	29.17	30.22	28.32	27.86	27.50	26.90
Arla Foods UK	27.55	27.76	26.74	30.27	27.84	26.13	27.17	26.96
First Milk	25.49	25.33	25.32	28.76	25.14	24.15	24.88	24.85
Average	30.20	29.93	30.76	32.19	30.66	29.86	29.35	28.65
New Zealand	16.64	13.65	16.64	18.33	15.85	15.64	18.07	18.29
USA	29.03	28.76	26.42	36.66	27.50	24.82	31.10	27.96

Table 5 Milk prices paid in advance arithmetic average from January until May 2006
Compared to the same period in 2005.

	2006	2005	2006-2005	2006/2005	National valuta
First Milk	24.52	24.25	0.27	1.1%	0.7%
Nordmilch	26.74	26.66	0.07	0.3%	
Hämeenlinnan O.	30.24	30.37	-0.13	-0.4%	
Arla Foods DK	27.59	27.98	-0.39	-1.4%	-1.2%
Friesland Foods	25.38	25.82	-0.45	-1.8%	
Glanbia	28.97	29.60	-0.64	-2.2%	
Arla Foods S.	27.19	27.93	-0.74	-2.7%	0.0%
Campina	25.03	25.78	-0.75	-3.0%	
Kerry Agribusiness	26.63	27.50	-0.87	-3.3%	
Danone	27.86	28.92	-1.06	-3.8%	
Bongrain	28.61	29.70	-1.09	-3.8%	
Lactalis	28.42	29.52	-1.09	-3.9%	
Milcobel	27.51	28.62	-1.11	-4.0%	
Arla Foods UK	25.26	26.36	-1.10	-4.3%	-4.7%
Sodiaal	26.29	27.63	-1.34	-5.1%	
Humana	26.76	28.29	-1.53	-5.7%	
Average	27.06	27.81	-0.75	-2.8%	