

International Milk Price Margin Comparison

The International Farm Comparison Network (IFCN) has released the results of a study showing that margins between farm gate and consumer milk prices vary widely among countries. In their 2001 study, *International Comparison of the Margin Between Farmer and Consumer Price*, researchers with IFCN in Germany evaluated the farm and consumer prices for fresh milk and butter from nations:

- Western Europe - Germany (DE), Sweden (SE), UK;
- Eastern Europe - Hungary (H), Poland (PL);
- North America - Canada (CA), Mexico (MX), USA (Wisconsin (WI) and California (CA));
- South America - Argentina (AR), Chile (CE).

Milk prices

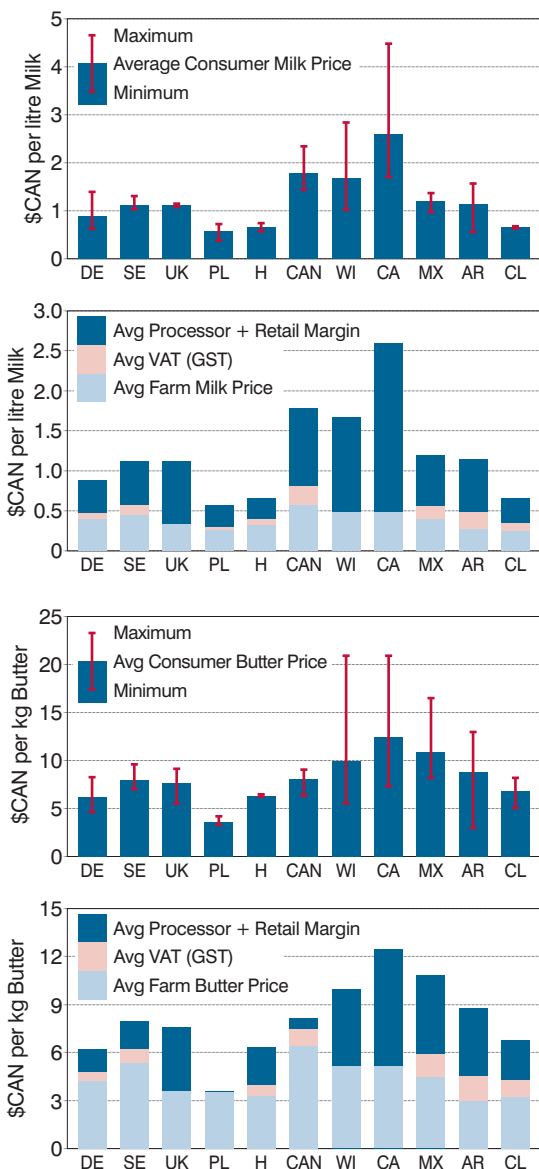
Milk prices are summarized in the two upper graphs on the right. Average consumer milk prices varied from a low of 57¢/litre in Poland to a high of \$2.58/litre in California, a range of slightly over \$2.00 (all prices converted from German DM to Canadian \$ at 1 dm = \$ 0.717101). Consumer milk prices also varied widely within jurisdictions. At the extreme, California prices varied from \$1.80 to \$4.50/litre. Average Canadian consumer milk prices, at \$1.79/litre, were higher than any but California.

Average farm-gate milk prices varied by only 32¢/litre between countries, accounting for only a small proportion of the difference in consumer prices. At 57.5¢/litre, Canada had the highest farm-gate fluid milk price.

Butter prices

Butter price comparisons are shown in the bottom two graphs on the right. As with milk, California had the highest average consumer butter price (\$12.40/kg) and Poland the lowest (\$3.59/kg). The Canadian price (\$8.10/kg) was intermediate. Compared with milk, farm-gate butter prices accounted for a higher proportion of the consumer price in all countries

These findings indicate that, of all the countries studied, Canadian farmers received a better share of the consumer dollar for milk and butter.



The IFCN's results are consistent with recent Dairy Farmers of Canada research showing that Canadian milk producers receive higher returns than their foreign counterparts, while providing consumers with products at lower prices than consumers in the US.

sources: Dairy Farmers of Canada; T. Hemme & B. Kirsch, *International Comparison of the Margin Between Farmer and Consumer Price for Dairy Products*, IFCN, 2001