

An explanation of the official Dutch dairy quotations

Introduction

The secretary of the Commission Official Dutch Dairy Quotations (*Commissie Officiële Nederlandse Zuivelnoteringen*) gathers market information in preparation for the weekly meeting of the commission. This market information is obtained via telephone surveys conducted among various businesses that are representative of the dairy industry (being producers, trading companies and end users). During these calls, the businesses approached sum up transactions for the past week and give their opinions on recent developments in the market. The market information obtained is presented in a manner that makes it impossible to trace it back to specific businesses or individuals. The explanation below focuses on this market information and the quotations.

Explanation

The market information gathered consists of the prices of transactions for direct delivery. However, transactions that will be traded in the long term are taken into consideration too. These transactions include both purchase and sales transactions. A quantity of 25 tons per transaction is taken as the minimum quantity.

In the weekly price development survey:

- businesses are asked about the transactions applicable in the previous week;
- when transactions of Dutch origin (being butter, whole milk powder and skim milk powder) are concerned, businesses are also asked about their sales area (the Netherlands, the EU or other countries).

Businesses are asked for the 'ex-factory' prices charged for transactions involving products of Dutch origin. Free of charge delivery (franco) prices are requested for transactions involving EU products. Where possible, the premiums charged for branded products and speciality products, for example, are not taken into consideration.

The quotations relate to the prices paid for the direct delivery of the following products in accordance with the 2017 Intervention Regulation (*Regeling Interventie 2017*), of the type and nature and packaged as specified behind each product:

- a. Fresh butter made from sour or sweet cream, stating the EC approval number of the production company, packed in a carton with a capacity of 25 kilograms;
- b. Full-fat milk powder prepared in accordance with the spray drying process;
- c. Skimmed milk powder prepared in accordance with the spray drying process and in compliance with the ADPI extra-grade quality standard recognised in international trade;
- d. Skimmed milk powder for cattle feed purposes that has been prepared in accordance with the spray drying process and is in compliance with the conditions applicable for the calf milk industry, in bulk;
- e. Whey powder that has been prepared in accordance with the spray drying process, according usual merchantable quality, in bulk.

Explanation per product:

- a. Fresh butter made from sour or sweet cream:
Given the price difference applicable for butter from the various EU member states, businesses are asked for the origin of transactions involving European butter.

b. Whole milk powder ('Codex Standard'):

It is assumed that this product:

- has a fat content of 26%.
If milk powder is not in compliance with this criterion, powder with a fat content of 24% and 28% may be taken into consideration too. In this situation, the price must be extrapolated to milk powder with a fat content of 26%;
- has a protein content of at least 34% in the fat-free dry matter;
- has a maximum moisture content of 5%;
- is intended for human consumption;
- is no more than three months old;
- has been packed in multiple export bags (with a packing size of 25 kg).

c. Extra-grade skim milk powder ('Codex Standard'):

It is assumed that this product:

- has a maximum fat content of 1.5%;
- has a protein content of at least 34% in the fat-free dry matter;
- has a maximum moisture content of 5%;
- is intended for human consumption;
- has been packed in multiple export bags (with a packing size of 25 kg).

d. Skim milk powder for cattle feed purposes:

The term "in bulk" means: 'unpacked'.

e. Whey powder:

Businesses are asked about whey powder for cattle feed purposes. The term "in bulk" means: 'unpacked'.

The quotations are established for products of Dutch origin at ex-factory prices, excluding Dutch VAT. Given the limited production of skimmed milk powder for cattle feed purposes in the Netherlands, the price of this product is based on skimmed milk powder of EU origin (free of charge delivery).

If transactions involve products of Dutch origin at free of charge delivery (franco) prices, these prices have been converted.