

STUDY REGARDING THE DYNAMIC OF THE MILK PRODUCTS PRICES

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Abstract: Analyzing the dynamic of the average price of cow's milk in the EU countries, it is observed the maintaining of it at relatively close values in most countries. Comparing the price of butter capitalized at European and world level in 2014, it appears that it is 2.5 times higher on the European Union market compared to the world price, the same thing is found also in case of powdered milk, but the difference is lower, in the sense that, the price of this product on the European Union market is higher than the world price of 1.4 times.

Key words: milk, capitalization, price, dairy products

INTRODUCTION

Along with vegetables, a fruit, cereals, meat and eggs, milk is a basic element in a healthy diet because, thanks to its nutrients, milk contributes to maintaining and improving health if it is drunk every day [3,4,7].

In the opinion of nutritionists, the recommended daily consume of milk is at least 250 ml, more than double of the current daily consume in Romania[9].

In case milk and dairy products chain, the notion of milk, without indicating the species, from which it comes, is understood as the cow's milk [1,5,6]. Where it comes from other species, the origin must be specified: sheep, goat, buffalo milk, etc [2,8]. Depending on different criteria in the practice of capitalization, different names may also be found:

- after composition, situation according to which the milk can be whole, normalized and with sour cream;
- after the primary transformation processes (regarding the composition), the milk can be: raw, pasteurized, sterilized, concentrated and powdered;
- by origin, the milk may be: of cow, sheep, whole or mixed.

MATERIAL AND METHODS

In order to prepare this scientific paper, we carried out a comparative analysis of the prices of milk and dairy products on the market of the countries within the European Union.

RESEARCH RESULTS

From the analysis of the average price of cow's milk, the highest price in 2014 is practiced by Finland (37.2 euro/100 l), followed by Greece (36.1 euro/100 l) and Italy (35.5 euro/100 l).

Regarding the prices of processed milk products, it is important to point out that in 2010 the international market was marked by two important events:

- introducing the "euro" as a means of payment for the 12 EU Member States that use it; thus, all market prices, processing subsidies or export refunds were calculated according to the euro exchange rate and could be converted into national currency at fixed (established) rates;

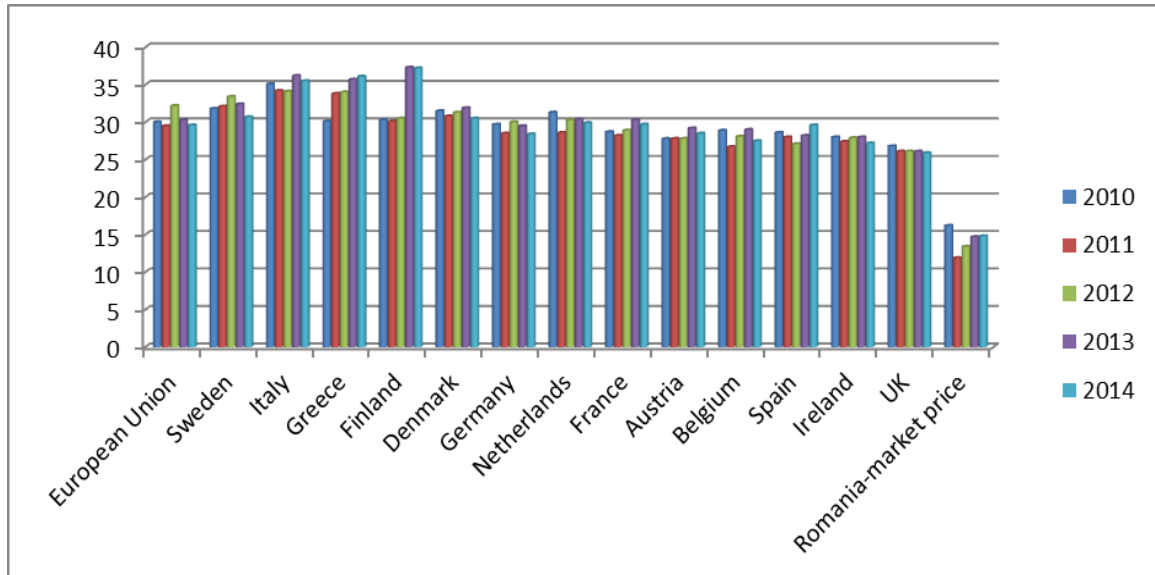


Figure 1. Milk prices at producer in the European Union and Romania, 2010 - 2014 (euro/100 liters)

• in the first part of the year 2010, for the dairy sector, have been made key decisions, in connection with the new operation of the quota system (from 01.04.2000) and the mechanism for supporting dairy prices in the European Union in the coming years.

As a general trend during the period 2010 - 2014, there are large annual fluctuations in the evolution of world prices for butter, cheese and skimmed milk powder

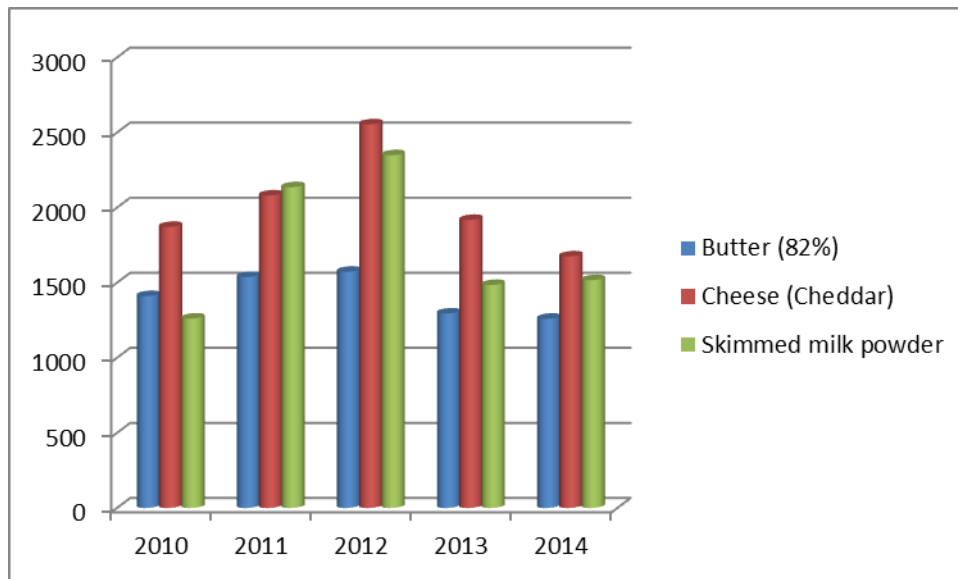


Figure 2. Evolution of world prices at dairy products (euro per tonne)

As it can be seen, the price of processed milk products (excluding skimmed milk powder) is registering decreases in 2014 compared to 2013.

Compared to world prices, dairy prices on the European Union market are far superior.

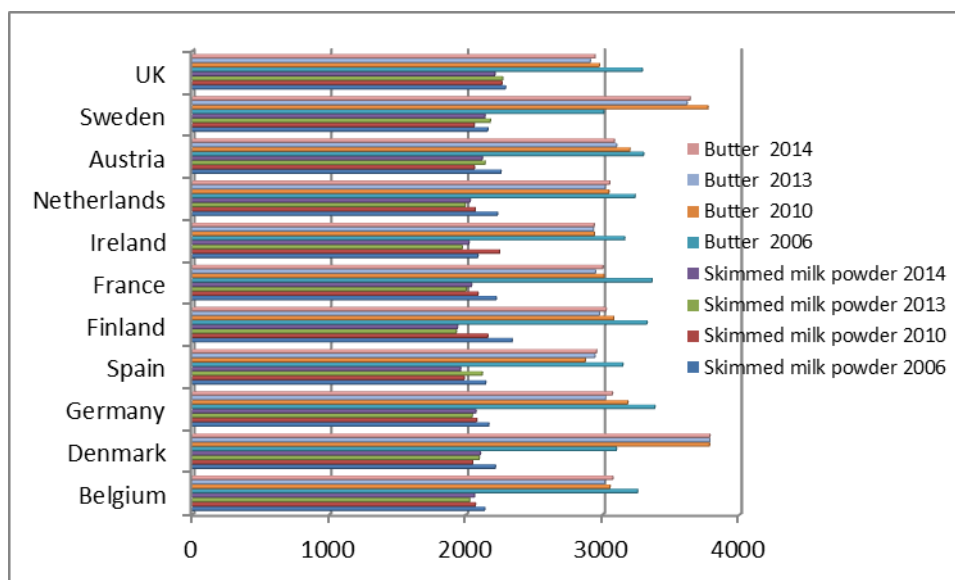


Figure 3. Evolution of dairy products prices in the European Union (euro per tonne)

The milk production costs in Romania are lower than in Hungary, Poland or Slovakia, according to a report from the Competition Council. On the other hand, the latest price comparisons in the EU made by Eurostat (the European Union statistical institute) shows that Romania had the most expensive fresh milk in 2008.

On the local market, fresh cow's milk starts at a price of less than 1 leu per liter on farms and reaches on the store shelves at 3-4 lei per liter. Price cuts will only come from more efficient production, through the creation of several farmers' cooperatives that will also be involved in the dairy industry, is the conclusion of the Competition Council's investigation on the milk market finalized in September this year.

Because the farm structure is very fragmented, transporting milk to processing plants is difficult to be made: a processor works with thousands of suppliers, which implies high costs. There are many small collection points on the market that also generate costs.

Only milk transport from farmers at the factory represents 30% from the purchase price of the raw material. Then it must be paid the package, staff, processing, distribution and promotion costs, to which are added store fees and added value tax.

CONCLUSIONS

In the case of butter, in the year 2014, higher prices than the European Union average (3244 euro/tonne) are recorded in Sweden (3637 euro/tonne) and Denmark (3781 euro/tonne). The same we can be said with regard to skimmed milk powder, meaning that in Sweden and Denmark the price of this product is above the average price in the European Union.

It can be said that the prices of all dairy products in the European Union countries are well above international prices.

The lack of large farms and of the involvement of livestock farmers in milk processing makes the local industry to generate about 900 million euros yearly, three times under the potential generated by the 4.7 billion liters of milk produced annually, from which only 20% get to the processing industry.

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