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MILK SECTOR – (4) IMPACT ON MILK MARGINS OF A PRICE REDUCTION COMPLEMENT ON MOUNTAIN AREAS

This analysis on the *Milk sector – (4) Impact on milk margins of a price reduction Complement on mountain areas* is a contribution to the Impact Assessment of the Health Check of the Common Agricultural Policy (CAP). It is part of the Annex F Microeconomic (FADN) analyses.

For more information on the Health Check:
http://ec.europa.eu/agriculture/healthcheck/index_en.htm

The Farm Accountancy Data Network (FADN) is a European system of sample surveys that take place each year and collect structural and accountancy data on the farms, with the aim to monitor the income and business activities of agricultural holdings and to evaluate the impacts of the Common Agricultural Policy measures.

The FADN field of survey covers only the farms exceeding a minimum economic size (threshold) in order to cover the most relevant part of the agricultural activity of the EU Member States, i.e. at least the 90% of the total Standard Gross Margin (SGM) covered in the Farm Structure Survey (FSS). For 2005 data, the sample gathers approximately 75 000 holdings in the EU-25, which represent 4 millions farms out of a total of about 10 millions farms (40%) included in the FSS.

The rules applied aim to provide representative data along three dimensions: region, economic size and type of farming. FADN is the only source of micro-economic data that is harmonised, i.e. the bookkeeping principles are the same in all EU countries.

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MILK SECTOR – (4) IMPACT ON MILK MARGINS OF A PRICE REDUCTION COMPLEMENT ON MOUNTAIN AREAS

Executive Summary

This chapter analyses the impact on milk margins in **mountain** areas of the price reduction that would result from the phasing-out of milk quotas. It complements the milk chapter (3).

The **impact of the price drop on the margin per ton** would **not be significantly higher** in the **mountain areas** of **EU-15**, but it would be in the **EU-10**. The margin would decrease by 15% in the LFA mountain areas of the EU-15 instead of 16% on total average (all areas), but by 26% instead of 14% in the EU-10. The percentage of farms remaining with positive margin would be 95% in the LFA mountain areas of the EU-15 instead of 96% on total average (all areas), but of 89% instead of 97% in the EU-10.

The share of the milk margin in the farm income is higher in the LFA mountain areas of the EU-15. Therefore, even though the impact of the margin per ton is not significantly higher, **the income might be more affected**. Moreover, their initial income level is already significantly lower for both the EU-15 and EU-10. The main national peculiarities would be for Sweden and Poland, where the mountain milk farms would be significantly more affected than their respective national average.

1. PROBLEM DEFINITION

In the absence of a decision to extend the national reference quantities beyond the 31 March 2015, the milk quota regime would effectively expire. Since dairy production is relatively capital intensive and investment decisions have to be taken in a longer time frame than most other sectors, an early strategy would allow the sector to gradually adjust to a quota-free policy environment. The phasing-out of dairy quotas is supposed to create a milk price reduction, in parallel to an increase of production. In these analyses, the impact of the phasing-out option creating the highest milk price reduction is studied. This chapter complements the milk chapter (3) as concerns the particular impact on **mountain areas**. The objective is to assess whether or not the share of producers that might choose to change orientation in reply to the price reduction is higher in the mountain areas, and if yes to analyse why[1]. To approach the mountain areas, two different FADN classification variables have been used: the Less-Favoured Areas class and the altitude class.

The next section reminds the core elements of the **methodology** applied. The third section describes the **characteristics** of the milk specialised farms in the mountain areas in comparison with the total average (all areas). The fourth section analyses the **impact of the price reduction on milk margins** for the mountain areas at EU and national level when possible.

[1] The first and second milk chapters should be considered as useful background information to interpret the results of this analysis.

2. METHODOLOGY

Basically the same methodology as used for the other chapters has been applied. The reader should refer to the first section of this note for a more detailed presentation of the methodology applied. The core elements are the following:

- The model of allocation of costs for milk[2] is used to estimate the margin;
- We use the **margin over variable costs =** Total receipts from milk[3] – specific costs[4] – farming overheads[5] – wages.
- The simulations are based on **2005**[6] data and on a sample of **milk specialised farms**[7].
- The simulations compare the '2007' margins to the estimated margins with the price reduction. The '2007' margins are estimated on the basis of the 2005 margins, applying the **decoupling of the dairy payments**[8].

The price reductions applied by Member State are based on the preliminary results of the study *Economic analysis of the effects of the expiry of the EU milk quota system*[9].

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[2] The detailed description of the model is available in the first chapter. It must be noted that family production factors, i.e. land, labour, assets and in particular the asset that milk quota can represent in some Member States, are not included in the costs' estimation.

[3] 'Total receipts from milk' includes the subsidies linked to milk production, i.e. possible subsidies on dairy cows, on cows' milk, products of cows' milk and the dairy premium for 2005 (if not decoupled). The super levy is deducted.

[4] Specific costs: feed and other specific livestock costs.

[5] Farming overheads: contract work, upkeep of machinery, motor fuel, car expenses, upkeep of land and buildings, electricity, heating fuels, water, insurance.

[6] 2005 FADN data have been updated for Malta, Italy, Sweden, the United Kingdom and Slovenia (weighting coefficients) since the last note *Dairy sector – Impact on milk margins of a price reduction* (15.JAN08 000955). This explains slight changes in the data for these member States.

[7] Farms within types of farming (TF): 41 Specialists dairying, 43 Cattle dairying, rearing and fattening combined, 71 Mixed livestock, mainly dairying, 81 Field crops – grazing livestock combined and with a specialisation rate greater than 50%. The specialisation rate is calculated according to the following: for the EU-15, the share of milk output & subsidies in the total output & coupled subsidies, for EU-10, the share of milk output in the total output. The very small number of milk specialised farms for **Cyprus** and **Greece** does not allow displaying any data for these Member States in 2005. Moreover, the 2005 results should be interpreted carefully for the following Member States because of a low percentage of dairy cows covered: **Czech Republic, Hungary, Lithuania, and Slovakia**. The FADN sample of milk specialised farms in the EU25 covers **68% of the dairy cows in 2005**: Table 9 in annex.

[8] The decoupling of the dairy payments has to be implemented at the latest in 2007. They are not any more linked to the margin, but enter into the total income. In the Member States of the EU-15, the EU dairy payments are taken out from the total milk receipts. In the Member States of the EU10 not applying the Single Area Payment Scheme (SAPS), i.e. Slovenia and Malta, 30% of the EU dairy payments are taken out from the total milk receipts. The dairy Complementary National Direct Payments (CNDP) applied in certain Member States of the EU10 remain coupled, i.e. included in the margin.

[9] IEI, Economic analysis of the effects of the expiry of the EU milk quota system, December 2007. Contract 30-C3-0144181/00-30. The price reductions applied correspond to the highest price decrease obtained in the different options studied.

Member State	Price drop (%)	Member State	Price drop (%)
Belgium	-6.61	Sweden	-4.89
Luxembourg	-6.61	UK	-3.54
Denmark	-6.20	Czech Republic	-5.95
Germany	-6.11	Hungary	-4.37
Greece	-4.06	Poland	-6.06
Spain	-12.20	Cyprus	-5.63
France	-5.63	Estonia	-5.63
Ireland	-7.63	Latvia	-5.63
Italy	-4.59	Lithuania	-5.63
Netherlands	-9.02	Malta	-5.63
Austria	-7.22	Slovakia	-5.63
Portugal	-6.04	Slovenia	-5.63
Finland	-5.79		

For the rest, the simulations are made *"all other things being equal"*. It means that the structures, the milk quantity produced, the number of annual work units used, etc. are supposed to remain identical.

The **Less-Favoured Areas (LFA) class** divides the farms into four groups:

— Not in less-favoured areas;

— In less-favoured not mountain areas;

— In less-favoured mountain areas;

— No significant areas in the Member State or region.

The analysis is focused on the comparison between the average of the farms in "less-favoured mountain areas" and the average of all the farms.

The **altitude class** indicates the location of the majority of the Utilised Agricultural Area (UAA) of the holding:

(1) At less than 300 metres;

(2) At from 300 to 600 metres;

(3) At above 600 metres;

(4) Data not available.

As a result of this analysis, the percentages of farmers remaining with negative margin, switching to a negative margin or keeping a positive one with the price reduction always refer to the sample of milk specialised farms.

3. CHARACTERISTICS OF THE MILK SPECIALISED FARMS IN THE MOUNTAIN AREAS

3.1. Average characteristics at EU level

The **LFA mountain** areas and the **>600m** altitude class gather respectively **17%** and **12%** of the **milk specialised farms of the EU-25** (Table 1 and Table 2).

The milk specialised farms of the LFA mountain areas have on average a **lower number of dairy cows**: 27 dairy cows instead of 38 dairy cows for the total average (all areas) and 40 for the non-LFA areas. They produce significantly **less milk**: on average 166 tons in comparison to 254 tons for the total average (all areas) and 329 tons for the non-LFA areas. The trend is similar for the >600m altitude class, although the gap is less marked: they have 29 dairy cows and produce on average 174 tons of milk.

The **average producer price** is significantly higher in the LFA mountain areas (333 €/t) and to a lesser extent in the >600m altitude class (316 €/t) than the total average (297 €/t). The **variable costs** are also higher for the LFA mountain areas: 213 €/t instead of 184 €/t for the total average and for the non-LFA areas. For the >600m altitude class, the difference can not be considered significant: 185 €/t compared to 184 €/t.

This leads to a **higher margin** for both the LFA mountain areas (137 €/t) and the >600m altitude class (131 €/t) in comparison to a total average margin of 115 €/t, i.e. respectively 20% and 14% higher.

Table 1: Characteristics of milk farms by LFA area in the EU-25

EU-25	Variables	(1) not in less-favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas[10]	Total
Representativeness (2005)	Sample farms	4 174	4 795	2 365	334	11 668
	Farms represented	144 594	173 296	70 685	19 980	408 554
	% of farms represented	*35%*	*42%*	***17%***	*5%*	*100%*
Structural information (2005)	Forage area (ha)	40	34	35	43	37
	Dairy cows (LU)	48	31	27	71	38
	Total labour (AWU)	2.08	1.87	1.86	1.64	1.93
	Milk yield (kg/cow)	6 920	6 219	6 184	7 593	6 649
	Milk production (tons)	329	194	**166**	541	**254**
Milk margin information (€/t of milk)	Average 2005 producer price	296	281	**333**	309	**297**
	Receipts with decoupling of dairy payments	296	282	350	309	299
	Variable costs	184	180	**213**	163	**184**
	Margin with decoupling of dairy payments	112	102	**137**	146	**115**
Income (2005)	*% of 2005 milk margin in FNVA*	*70%*	*61%*	*77%*	*103%*	*71%*
	FNVA (€)	56 478	33 987	34 119	88 730	44 647
	FNVA /AWU (€/AWU)	27 175	18 147	**18 324**	54 075	**23 105**
Direct payments (2005) (€)	*% Direct payments /FNVA*	*36%*	*49%*	***63%***	*23%*	***43%***
	% Environmental payments /FNVA	*2%*	*7%*	***11%***	*2%*	***5%***
	% LFA payments /FNVA	*0%*	*7%*	***16%***	*0%*	***4%***
	% Other dairy subsidies /FNVA	*0%*	*1%*	***9%***	*0%*	***1%***

Source: EU FADN – DG AGRI, Milk allocation costs model.

Table 2: Characteristics of milk farms by altitude in the EU-25

EU-25	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available[11]	Total
Representativeness (2005)	Sample farms	7 273	2 732	1 312	351	11 668
	Farms represented	255 267	97 505	48 095	7 686	408 554
	% of farms represented	*62%*	*24%*	***12%***	*2%*	*100%*
Structural information (2005)	Forage area (ha)	38	30	38	63	37
	Dairy cows (LU)	43	29	29	45	38
	Total labour (AWU)	1.99	1.90	1.67	2.05	1.93
	Milk yield (kg/cow)	6 822	6 212	5 992	7 421	6 649
	Milk production (tons)	294	182	**174**	330	**254**
Milk margin information (€/t of milk)	Average 2005 producer price	294	295	**316**	324	**297**
	Receipts with decoupling of dairy payments	297	295	316	324	299
	Variable costs	180	190	**185**	241	**184**
	Margin with decoupling of dairy payments	117	105	**131**	83	**115**
Income (2005)	*% of 2005 total milk margin in FNVA*	*74%*	*62%*	*71%*	*61%*	*71%*
	FNVA (€)	50 529	33 138	35 504	52 499	44 647
	FNVA /AWU (€/AWU)	25 373	17 482	**21 209**	25 568	**23 105**
Direct payments (2005) (€)	*% Direct payments /FNVA*	*40%*	*48%*	***47%***	*72%*	***43%***
	% Environmental payments /FNVA	*3%*	*8%*	***11%***	*15%*	***5%***
	% LFA payments /FNVA	*3%*	*7%*	***12%***	*7%*	***4%***
	% Other dairy subsidies /FNVA	*2%*	*0%*	***0%***	*0%*	***1%***

Source: EU FADN – DG AGRI, Milk allocation costs model.

[10] This class corresponds to milk specialised farms mainly from the Netherlands, but also a few from Cyprus, Poland and Slovenia.

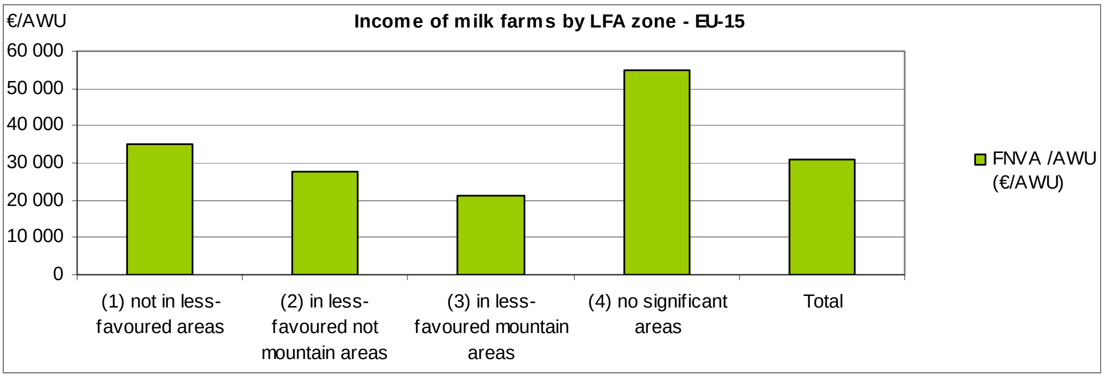
[11] This class corresponds to milk specialised farms mainly from Sweden, but also a few from Poland, Spain and Ireland.

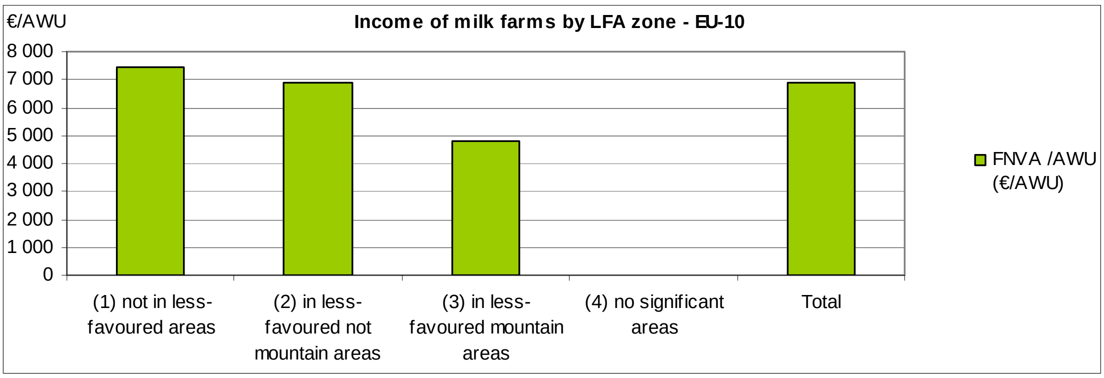
The **average income** (FNVA/AWU[12]) is also significantly lower for the LFA mountain areas (18324 €/AWU) and to a lesser extent for the >600m altitude class (21209 €/AWU), compared to the total average (23105€/AWU).

Moreover, for the LFA mountain areas, the **farm milk margin** represents on average a slightly higher **share of the total Farm Net Value Added (FNVA)** of the farm: 77% compared to 71% for the total average (all areas) and to 70% for the non-LFA areas. It means that the evolution of milk price might have a slightly greater impact on the income in the milk specialised farms of the LFA-mountain areas. For the >600m altitude class, the share of milk margin in the FNVA is the same as the total average. The **direct payments** represent a significantly greater share of the FNVA for the LFA mountain areas (63%), a slightly greater for the >600m altitude class (47%) in comparison with the total average (43%).

Table 3 and Table 5 present the same data for the **EU-15**; Table 4 and Table 6 for the EU-10. The LFA mountain areas concentrate 21% of the milk specialised farms in the EU-15 and only 8% in the EU-10. The characteristics of the milk specialised farms in the LFA mountain areas and in the >600m altitude class identified above for the EU-25 are more marked for the EU-15. However, in the EU-10 the farms do not show the same pattern: they have indeed a lower margin (57 €/t for the LFA mountain and 35 €/t for >600m altitude) than the total average (97 €/t). Nevertheless, as concerns the income, the pattern is always the same for the LFA areas in the EU-25, EU-15 and EU-10 but it has a lower level for these areas (Figure 1). Regarding the altitude classes, the income is lower for the intermediate class 300-600m in the EU-10 and for the >600m class in the EU-15.

Figure 1: Income of milk specialised farms by LFA areas in the EU-15 and EU-10





Source: EU FADN – DG AGRI, Milk allocation costs model. The class *(4) no significant areas* corresponds to milk specialised farms mainly from the Netherlands, but also a few from Cyprus, Poland and Slovenia.

[12] The income indicator used is the Farm Net Value Added, which is the remuneration of the fixed factors of production (work, land and capital), whether they are external or family factors, divided by the total number of Annual Work Units.

Table 3: Characteristics of milk farms by LFA zones in the EU-15

EU-15	Variables	(1) not in less-favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	3 154	2 888	2 142	324	8 508
	Farms represented	108 014	97 891	61 250	19 702	286 857
	% of farms represented	*38%*	*34%*	***21%***	*7%*	*100%*
Structural information (2005)	Forage area (ha)	47	46	37	43	44
	Dairy cows (LU)	57	44	29	71	48
	Total labour (AWU)	1.99	1.78	1.78	1.63	1.85
	Milk yield (kg/cow)	7 043	6 507	6 278	7 613	6 835
	Milk production (tons)	403	285	**180**	544	**325**
Milk margin information (€/t of milk)	Average 2005 producer price	301	291	**338**	309	**303**
	Receipts with decoupling of dairy payments	300	291	356	308	305
	Variable costs	187	189	**213**	163	**188**
	Margin with decoupling of dairy payments	113	102	**143**	146	**117**
Income (2005)	*% of 2005 total milk margin in FNVA*	*71%*	*62%*	*78%*	*103%*	*73%*
	FNVA (€)	69 724	49 620	37 588	89 209	57 340
	FNVA /AWU (€/AWU)	35 027	27 899	**21 148**	54 855	**31 033**
Direct payments (2005) (€)	*% Direct payments /FNVA*	*37%*	*51%*	***62%***	*23%*	***43%***
	% Environmental payments /FNVA	*2%*	*8%*	***11%***	*2%*	***5%***
	% LFA payments /FNVA	*0%*	*6%*	***16%***	*0%*	***4%***
	% Other dairy subsidies /FNVA	*0%*	*1%*	***9%***	*0%*	***1%***

Source: EU FADN – DG AGRI, Milk allocation costs model.

Table 4: Characteristics of milk farms by LFA zones in the EU-10

EU-10	Variables	(1) not in less-favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	1 020	1 907	223	nd	3 160
	Farms represented	36 579	75 405	9 435	nd	121 697
	% of farms represented	*30%*	*62%*	***8%***	*nd*	*100%*
Structural information (2005)	Forage area (ha)	20	19	25	nd	20
	Dairy cows (LU)	19	15	15	nd	16
	Total labour (AWU)	2.34	2.00	2.41	nd	2.13
	Milk yield (kg/cow)	5 825	5 118	5 013	nd	5 365
	Milk production (tons)	110	76	**75**	nd	**87**
Milk margin information (€/t of milk)	Average 2005 producer price	243	234	**254**	nd	**240**
	Receipts with decoupling of dairy payments	247	236	259	nd	243
	Variable costs	152	133	**202**	nd	**146**
	Margin with decoupling of dairy payments	95	103	**57**	nd	**97**
Income (2005)	*% of 2005 total milk margin in FNVA*	*61%*	*57%*	*39%*	*nd*	*58%*
	FNVA (€)	17 364	13 692	11 604	nd	14 728
	FNVA /AWU (€/AWU)	7 429	6 862	**4 811**	nd	**6 908**
Direct payments (2005) (€)	*% Direct payments /FNVA*	*30%*	*41%*	***76%***	*nd*	***39%***
	% Environmental payments /FNVA	*2%*	*2%*	***11%***	*nd*	***2%***
	% LFA payments /FNVA	*0%*	*8%*	***26%***	*nd*	***7%***
	% Other dairy subsidies /FNVA	*2%*	*1%*	***3%***	*nd*	***2%***

Source: EU FADN – DG AGRI, Milk allocation costs model.

Table 5: Characteristics of milk farms by altitude in the EU-15

EU-15	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	4 784	2 178	1 219	327	8 508
	Farms represented	164 809	68 976	45 978	7 095	286 857
	% of farms represented	*57%*	*24%*	***16%***	*2%*	*100%*
Structural information (2005)	Forage area (ha)	49	35	37	66	44
	Dairy cows (LU)	58	35	29	46	48
	Total labour (AWU)	1.95	1.76	1.58	2.05	1.85
	Milk yield (kg/cow)	7 044	6 359	6 030	7 485	6 835
	Milk production (tons)	409	221	**176**	348	**325**
Milk margin information (€/t of milk)	Average 2005 producer price	300	304	**318**	327	**303**
	Receipts with decoupling of dairy payments	303	303	318	326	305
	Variable costs	185	194	**184**	245	**188**
	Margin with decoupling of dairy payments	118	109	**134**	82	**117**
Income (2005)	*% of 2005 total milk margin in FNVA*	*76%*	*64%*	*73%*	*61%*	*73%*
	FNVA (€)	70 126	41 227	36 036	55 025	57 340
	FNVA /AWU (€/AWU)	35 924	23 451	**22 846**	26 901	**31 033**
Direct payments (2005) (€)	*% Direct payments /FNVA*	*40%*	*49%*	***46%***	*73%*	***43%***
	% Environmental payments /FNVA	*3%*	*8%*	***11%***	*16%*	***5%***
	% LFA payments /FNVA	*2%*	*6%*	***11%***	*7%*	***4%***
	% Other dairy subsidies /FNVA	*2%*	*0%*	***0%***	*0%*	***1%***

Source: EU FADN – DG AGRI, Milk allocation costs model.

Table 6: Characteristics of milk farms by altitude in the EU-10

EU-10	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	2 489	554	93	24	3 160
	Farms represented	90 459	28 529	2 117	592	121 697
	% of farms represented	*74%*	*23%*	***2%***	*0%*	*100%*
Structural information (2005)	Forage area (ha)	19	19	57	21	20
	Dairy cows (LU)	16	16	27	21	16
	Total labour (AWU)	2.06	2.23	3.77	2.15	2.13
	Milk yield (kg/cow)	5 351	5 434	5 091	5 742	5 365
	Milk production (tons)	86	86	**135**	122	**87**
Milk margin information (€/t of milk)	Average 2005 producer price	238	243	**256**	239	**240**
	Receipts with decoupling of dairy payments	242	245	259	239	243
	Variable costs	137	166	**224**	115	**146**
	Margin with decoupling of dairy payments	105	79	**35**	124	**97**
Income (2005)	*% of 2005 total milk margin in FNVA*	*61%*	*50%*	*21%*	*68%*	*58%*
	FNVA (€)	14 824	13 582	23 946	22 215	14 728
	FNVA /AWU (€/AWU)	7 185	6 096	**6 347**	10 342	**6 908**
Direct payments (2005) (€)	*% Direct payments /FNVA*	*36%*	*46%*	***78%***	*32%*	***39%***
	% Environmental payments /FNVA	*2%*	*3%*	***13%***	*0%*	***2%***
	% LFA payments /FNVA	*5%*	*9%*	***31%***	*3%*	***7%***
	% Other dairy subsidies /FNVA	*2%*	*1%*	***2%***	*0%*	***2%***

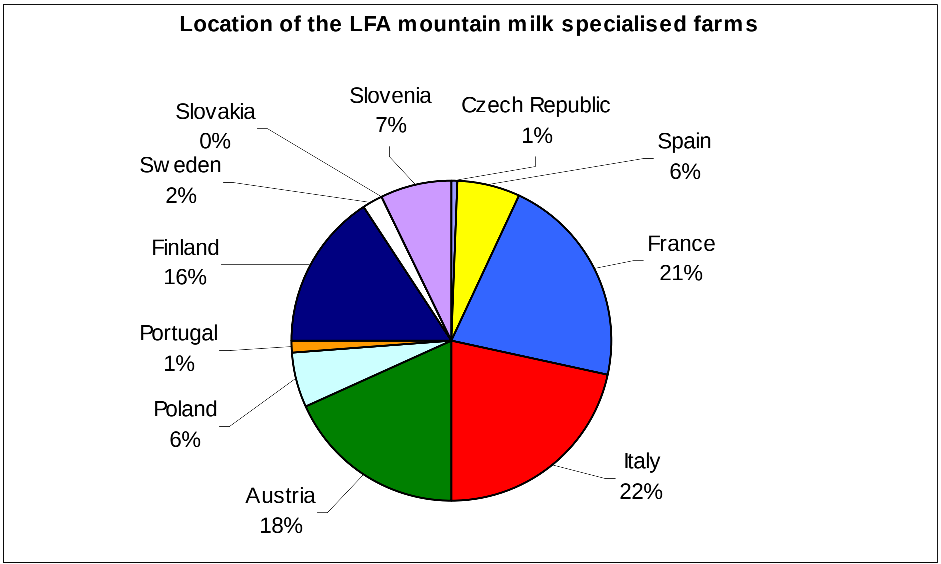
Source: EU FADN – DG AGRI, Milk allocation costs model.

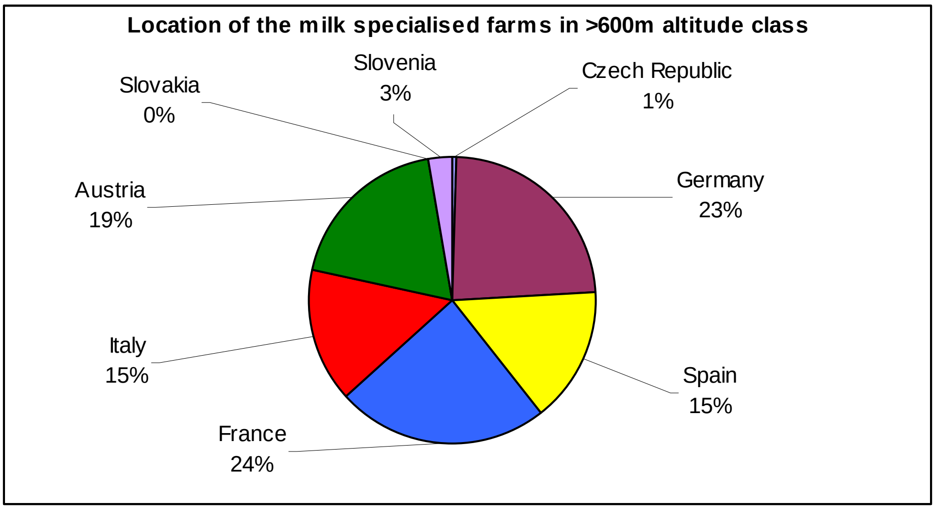
Therefore, according to the analysis of the EU average, the mountain areas (LFA mountain areas and/or the >600m altitude class) in the **EU-15** seem to valorise the regional characteristics of milk production with a significantly **higher price**, which allows covering the often **higher variable costs** linked to these regional mountainous characteristics, and so, obtaining a **better margin**. However, the milk farms in LFA mountain areas produce less milk on average and have a significantly **lower income**. In the **EU-10**, the pattern is slightly different because the higher price in the mountain areas does not totally cover the higher costs and therefore, the milk margin is on average lower.

3.2. Average characteristics at national level

The detailed data of the milk specialised farms by Member State, and by LFA areas and altitude classes are displayed in the annexes. The main data are also displayed in Table 8 of the next section. The analysis of these data shows that the **characteristics of the mountain** milk farms (LFA mountain areas or >600m altitude class) are **not identical for all the Member States**. The aggregate data at EU-25, EU-15 and EU-10 levels reflect an average of different Member States, weighted according to the share of mountain milk farms in the Member States. Figure 2 illustrates where the mountain milk farms are located in the EU-25. The milk specialised farms in LFA mountain areas are mainly in Italy, France, Austria and Finland. The ones in the >600m altitude class are mainly in France, Germany, Austria, Italy and Spain. The average results EU-25 are therefore mainly driven by these Member States.

Figure 2: Location of the "mountain" milk specialised farms





Source: EU FADN – DG AGRI

The main national peculiarities in comparison to the EU-15 average are the following:

- In **Spain** the milk specialised farms in LFA mountain areas produce on average more milk than the total average (276 tons instead of 233) and have a lower milk margin due to the higher costs.
- In **France,** although the average milk producer prices are higher for both the LFA mountain areas and the >600m altitude class, and the average milk margins are slightly lower than the total average due to high costs.
- In **Portugal**, the situation is different, with slightly lower prices for both LFA mountain and >600m altitude class, but slightly higher margins because of lower variable costs.

It should be also noted that in Italy, Austria and Finland, the LFA mountain areas gather respectively 55%, 72% and 77% of the milk specialised farms, and therefore they have a big importance for milk production in these Member States.

The main national peculiarities in comparison with the EU-10 average are the following:

- In **Poland, Slovakia** and **Slovenia**, the milk specialised farms in the LFA mountain areas have on average a lower price than the total average.
- In **Czech Republic**, the income of the milk farms in LFA mountain areas is slightly higher than the total average.
- In **Slovakia** and **Slovenia**, the income is also higher for the milk specialised farms in the >600m altitude class.

It is important to remind that the results for **Czech Republic** and **Slovakia** might not reflect entirely the reality of the national milk production because the milk specialised farms in these Member States cover a particular low percentage of dairy cows.

This reflects the **high heterogeneity of the milk farms' characteristics and of the opportunities for milk production in the different LFA mountain** areas (and/or >600m altitude class) **among the EU-15 and the EU-10**. The conclusions on the mountain areas drawn for the EU-15 and for the EU-10 in the previous section can not be generalised to all the LFA mountain areas and the >600m altitude class, at the national level. This might reflect also a high heterogeneity of the different LFA mountain areas and the different regions within each Member State[13].

4. IMPACT OF THE PRICE REDUCTION ON MILK MARGINS FOR THE MOUNTAIN AREAS

The price reductions applied are presented in the first section.

4.1. Impact analysis at EU level

Table 7 and Figure 3 present the main results for the mountain areas and the total average (all areas) in the EU-25, EU-15 and EU-10. The detailed data by Member State are displayed in the annexes. On average, the *% of reduction of the margin due to the price drop* would not be significantly higher in the mountain areas of the **EU-25 and EU-15**.

[13] For a presentation of the regional differences of milk production and of the distribution of milk margins in the EU, please refer to the note *Milk margins in the European Union (2004)*, 09.10.07*025856.

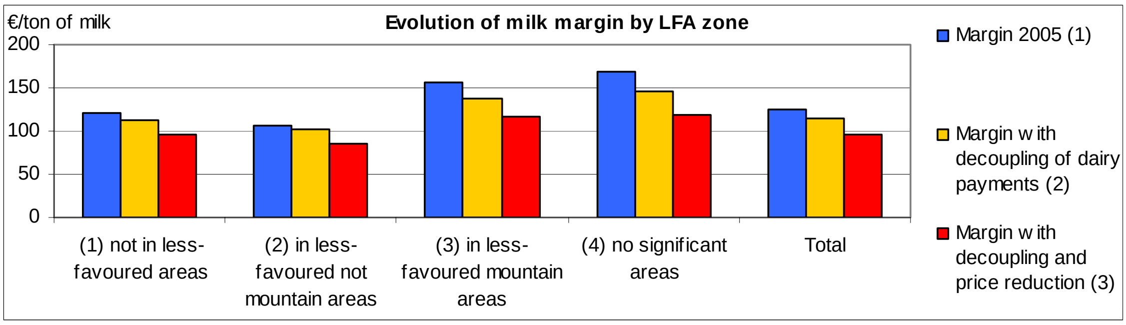
Similarly, the *% of farms remaining with a positive margin* would not be significantly lower in the EU-25 and EU-15.

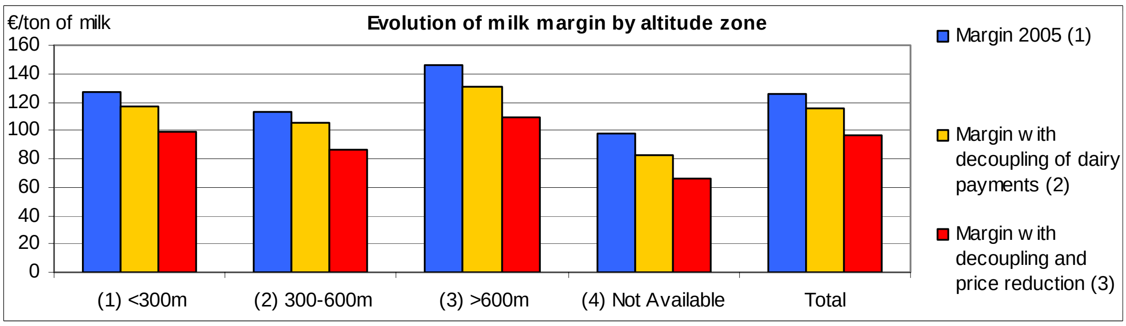
Table 7: Impact of the price reduction on milk farms for the mountain areas (EU)

Member State	Variables	LFA mountain (A)	> 600 m (D)	Total (B)	((A)-(B))/(B)	((D)-(B))/(B)
EU-25	*% of farms represented*	*17%*	*12%*	*100%*	-	-
	Milk production (tons)	166	174	254	***-35%***	***-32%***
	Average 2005 producer price (€/t of milk)	333	316	297	***12%***	***7%***
	Margin with decoupling of dairy payments (€/t of milk)	137	131	115	***20%***	***14%***
	% of reduction of the margin due to the price drop	*-15%*	*-17%*	*-16%*	-	-
	FNVA /AWU (€/AWU)	18 324	21 209	23 105	***-21%***	***-8%***
	% of farms remaining with positive margin	*94%*	*95%*	*96%*	*-3%*	*-2%*
EU-15	*% of farms represented*	*21%*	*16%*	*100%*	-	-
	Milk production (tons)	180	176	325	***-44%***	***-46%***
	Average 2005 producer price (€/t of milk)	338	318	303	***11%***	***5%***
	Margin with decoupling of dairy payments (€/t of milk)	143	134	117	***22%***	***15%***
	% of reduction of the margin due to the price drop	*-15%*	*-16%*	*-16%*	-	-
	FNVA /AWU (€/AWU)	21 148	22 846	31 033	***-32%***	***-26%***
	% of farms remaining with positive margin	*95%*	*95%*	*96%*	*-2%*	*-1%*
EU-10	*% of farms represented*	*8%*	*2%*	*100%*	-	-
	Milk production (tons)	75	135	87	***-14%***	***56%***
	Average 2005 producer price (€/t of milk)	254	256	240	***6%***	***7%***
	Margin with decoupling of dairy payments (€/t of milk)	57	35	97	***-41%***	***-64%***
	% of reduction of the margin due to the price drop	*-26%*	*-42%*	*-14%*	-	-
	FNVA /AWU (€/AWU)	4 811	6 347	6 908	***-30%***	***-8%***
	% of farms remaining with positive margin	*89%*	*90%*	*97%*	*-8%*	*-7%*

Source: EU FADN – DG AGRI, Milk allocation costs model.

Figure 3: Impact of the price drop on milk margins by LFA and altitude (EU-25)





Source: EU FADN – DG AGRI, Milk allocation costs model.

Regarding the **EU-10,** the price drop would cause a decrease of 26% of the margin in the LFA mountain areas and of 42% in the >600m altitude class, instead of a 14% decrease for the total average (all areas) EU-10. The higher % of decrease is also due to the lower absolute level of the margin in the EU-10 (97€/t to be compared to 117€/t in the EU-15). But the *% of farms remaining with a positive margin* would be also lower (89% instead of 97%).

Therefore, on average **the margin per ton in the mountain areas** would not be significantly more affected by the price drop in the **EU-15**, but it would be in the **EU-10**. It should be reminded here, that the share of the farm milk margin in the total FNVA is higher in the LFA mountain areas of the EU-15. Therefore, even if the impact of the margin per ton is not significantly higher, **the income** might be more affected. Moreover, as it is illustrated in Figure 1, the income level of milk farms in the LFA mountain areas is significantly lower for both EU-15 and EU-10.

4.2. Impact analysis at national level

Table 8 provides the same results by Member State (for the Member States with enough milk specialised farms in the mountain classes[14]). For the EU-15, the main national peculiarities comparing with the average are the following:

— In **Portugal,** the *% of farms remaining with a positive margin* would be 5% higher in the LFA mountain areas and 7% higher in the >600m altitude class.

— In **Sweden**, the LFA mountain areas would be significantly more affected than the total Swedish average: the margin per ton would decrease of 43%, to be compared to -22% for the national average. Moreover, the absolute level of the margin was already significantly lower: 38€/t instead of 7€/t. The *% of farms remaining with a positive margin* would be also significantly lower: 74% in the LFA mountain areas instead of 85% on average in Sweden.

For the EU-10, the main national peculiarities in comparison to the average are the following:

— The milk specialised farms in the LFA mountain areas of **Poland** might be more affected than the average: only 82% of them would keep positive margin, instead of 98% for the national average.

— **Slovenia** does not show very important differences between the mountain areas and the total average (all areas): the milk specialised farms in LFA mountain represent indeed 74% of the total.

[14] Confidentiality rule: data are not displayed for cells with less than 15 farms for one year.

Table 8: Impact of the price reduction on milk farms for the mountain areas by Member State

Member State	Variables	LFA mountain (A)	> 600 m (D)	Total (B)	((A)-(B))/(B)	((D)-(B))/(B)
Germany	*% of farms represented*	*nd*	*15%*	*100%*	*nd*	*-*
	Milk production (tons)	nd	196	309	*nd*	*-37%*
	Average 2005 producer price (€/t of milk)	nd	301	291	*nd*	*4%*
	Margin with decoupling of dairy payments (€/t of milk)	nd	119	93	*nd*	***29%***
	% of reduction of the margin due to the price drop	*nd*	*-15%*	*-19%*	*nd*	*-*
	FNVA /AWU (€/AWU)	nd	23 596	29 468	*nd*	*-20%*
	% of farms remaining with positive margin	*nd*	*96%*	*96%*	*nd*	*0%*
Spain	*% of farms represented*	*24%*	*38%*	*100%*	*-*	*-*
	Milk production (tons)	276	217	233	***19%***	*-7%*
	Average 2005 producer price (€/t of milk)	313	302	309	*1%*	*-2%*
	Margin with decoupling of dairy payments (€/t of milk)	145	163	154	*-6%*	***6%***
	% of reduction of the margin due to the price drop	*-26%*	*-23%*	*-25%*	*-*	*-*
	FNVA /AWU (€/AWU)	31 729	39 186	34 213	*-7%*	*15%*
	% of farms remaining with positive margin	*96%*	*98%*	*97%*	*-2%*	*1%*
France	*% of farms represented*	*25%*	*18%*	*100%*	*-*	*-*
	Milk production (tons)	213	210	278	*-24%*	*-25%*
	Average 2005 producer price (€/t of milk)	327	329	302	*8%*	*9%*
	Margin with decoupling of dairy payments (€/t of milk)	112	116	118	*-5%*	*-2%*
	% of reduction of the margin due to the price drop	*-16%*	*-16%*	*-14%*	*-*	*-*
	FNVA /AWU (€/AWU)	18 402	19 569	24 704	*-26%*	*-21%*
	% of farms remaining with positive margin	*95%*	*95%*	*98%*	*-3%*	*-3%*
Italy	*% of farms represented*	*55%*	*25%*	*100%*	*-*	*-*
	Milk production (tons)	159	111	299	*-47%*	*-63%*
	Average 2005 producer price (€/t of milk)	404	410	385	*5%*	*6%*
	Margin with decoupling of dairy payments (€/t of milk)	199	187	185	***8%***	***1%***
	% of reduction of the margin due to the price drop	*-9%*	*-10%*	*-10%*	*-*	*-*
	FNVA /AWU (€/AWU)	24 839	17 142	35 731	*-30%*	*-52%*
	% of farms remaining with positive margin	*96%*	*96%*	*96%*	*0%*	*0%*
Austria	*% of farms represented*	*72%*	*49%*	*100%*	*-*	*-*
	Milk production (tons)	110	103	116	*-5%*	*-11%*
	Average 2005 producer price (€/t of milk)	290	293	290	*0%*	*1%*
	Margin with decoupling of dairy payments (€/t of milk)	110	107	112	*-2%*	*-5%*
	% of reduction of the margin due to the price drop	*-19%*	*-20%*	*-19%*	*-*	*-*
	FNVA /AWU (€/AWU)	16 677	16 386	16 793	*-1%*	*-2%*
	% of farms remaining with positive margin	*92%*	*90%*	*93%*	*0%*	*-2%*
Portugal	*% of farms represented*	*23%*	*11%*	*100%*	*-*	*-*
	Milk production (tons)	105	130	183	*-43%*	*-29%*
	Average 2005 producer price (€/t of milk)	288	287	299	*-4%*	*-4%*
	Margin with decoupling of dairy payments (€/t of milk)	107	115	107	***1%***	***7%***
	% of reduction of the margin due to the price drop	*-16%*	*-15%*	*-17%*	*-*	*-*
	FNVA /AWU (€/AWU)	9 710	12 203	13 628	*-29%*	*-10%*
	% of farms remaining with positive margin	*97%*	*98%*	*92%*	*5%*	*7%*
Finland[15]	*% of farms represented*	*77%*	*nd*	*100%*	*-*	*nd*

[15] As regards **Finland**, which would seem more resistant to a price drop, one should note that the margin includes the **national aids** that are supposed to be constant in these simulations. A complementary analysis on the national aids is presented in the fifth milk chapter.

Member State	Variables	LFA mountain (A)	> 600 m (D)	Total (B)	((A)-(B))/(B)	((D)-(B))/(B)
	Milk production (tons)	199	nd	205	-3%	nd
	Average 2005 producer price (€/t of milk)	328	nd	327	0%	nd
	Margin with decoupling of dairy payments (€/t of milk)	152	nd	143	6%	nd
	% of reduction of the margin due to the price drop	-13%	nd	-13%	-	nd
	FNVA /AWU (€/AWU)	19 479	nd	19 032	2%	nd
	% of farms remaining with positive margin	96%	nd	94%	2%	nd
Sweden	*% of farms represented*	19%	nd	100%	-	nd
	Milk production (tons)	232	nd	363	-36%	nd
	Average 2005 producer price (€/t of milk)	330	nd	325	2%	nd
	Margin with decoupling of dairy payments (€/t of milk)	38	nd	74	-49%	nd
	% of reduction of the margin due to the price drop	-43%	nd	-22%	-	nd
	FNVA /AWU (€/AWU)	22 213	nd	26 054	-15%	nd
	% of farms remaining with positive margin	74%	nd	85%	-13%	nd
Czech republic	*% of farms represented*	29%	21%	100%	-	-
	Milk production (tons)	521	343	568	-8%	-40%
	Average 2005 producer price (€/t of milk)	278	256	240	16%	7%
	Margin with decoupling of dairy payments (€/t of milk)	-12	-25	9	-227%	-372%
	% of reduction of the margin due to the price drop	142%	65%	-179%	-	-
	FNVA /AWU (€/AWU)	10 658	9 454	10 228	4%	-8%
	% of farms remaining with positive margin	66%	nd	72%	-8%	nd
Poland	*% of farms represented*	4%	nd	100%	-	nd
	Milk production (tons)	28	nd	75	-62%	nd
	Average 2005 producer price (€/t of milk)	216	nd	233	-7%	nd
	Margin with decoupling of dairy payments (€/t of milk)	100	nd	116	-13%	nd
	% of reduction of the margin due to the price drop	-13%	nd	-12%	-	nd
	FNVA /AWU (€/AWU)	2 494	nd	6 862	-64%	nd
	% of farms remaining with positive margin	82%	nd	98%	-16%	nd
Slovakia	*% of farms represented*	44%	39%	100%	-	-
	Milk production (tons)	870	881	855	2%	3%
	Average 2005 producer price (€/t of milk)	245	248	250	-2%	-1%
	Margin with decoupling of dairy payments (€/t of milk)	-27	-10	-14	95%	-25%
	% of reduction of the margin due to the price drop	51%	134%	101%	-	-
	FNVA /AWU (€/AWU)	4 941	5 910	5 428	-9%	9%
	% of farms remaining with positive margin	nd	nd	44%	nd	nd
Slovenia	*% of farms represented*	74%	18%	100%	-	-
	Milk production (tons)	59	73	70	-15%	4%
	Average 2005 producer price (€/t of milk)	254	248	257	-1%	-4%
	Margin with decoupling of dairy payments (€/t of milk)	114	118	120	-5%	-2%
	% of reduction of the margin due to the price drop	-13%	-12%	-12%	-	-
	FNVA /AWU (€/AWU)	3 691	4 788	4 056	-9%	18%
	% of farms remaining with positive margin	97%	98%	95%	3%	3%

Source: EU FADN – DG AGRI, Milk allocation costs model.

5. CONCLUSION

This analysis shows that on average in the **EU-15** the milk farms of the **mountain areas** valorise the regional characteristics of milk production with a significantly **higher price**, which allows covering **higher variable costs**, and thus obtaining a **better margin**. However, they produce less milk and have a significantly **lower income**. In the **EU-10**, the pattern is slightly different because the higher price in the mountain areas does not totally cover the higher costs and therefore the milk margin is on average lower. It should be highlighted that the EU-15 gathers 70% of the milk specialised farms of the EU-25 and that the mountain areas of the EU-15 concentrate a higher share of the milk specialised farms than the ones of the EU-10 (21% in the EU-15 and 8% in the EU-10 for the LFA mountain areas).

The national analysis highlights the high **heterogeneity** of the milk mountain farms' characteristics and of the opportunities for milk production in the different **mountain areas** among the EU-15 and the EU-10. The conclusions drawn for the EU-15 and for the EU-10 can not be generalised to all mountain areas at national level. This might reflect regional heterogeneity of milk farms described in the first milk chapter.

The impact of the price drop on the margin per ton would not be significantly higher in the mountain areas of the **EU-15**, but it would in the **EU-10**. The margin would decrease by 15% in the LFA mountain areas of the EU-15 instead of 16% on total average (all areas), but by 26% instead of 14% in the EU-10. The percentage of farms remaining with positive margin would be 95% in the LFA mountain areas of the EU-15 instead of 96% on total average (all areas), but it would be 89% instead of 97% in the EU-10.

However, the share of the milk margin in the farm income is higher in the LFA mountain areas of the EU-15. Therefore, even though the impact of the margin per ton is not significantly higher, **the income might be more affected**. Moreover, their initial income level is already significantly lower for both the EU-15 and EU-10. The main national peculiarities would be for Sweden and Poland, where the mountain milk farms would be significantly more affected than their respective national averages.

It should be reminded that these simulations do not take into account the **expected increase of production** as a consequence of the phasing-out of dairy quotas and the possible consecutive structural adjustments. Moreover, the maintenance of the production and the consequent impacts would also depend on the **possibilities of alternatives** in the region and on the level of margin for these possible alternatives.

Annexes

Table 9: Number of farms in the FADN sample of milk specialised farms

	Sample of milk specialised farms in FADN 2005			FSS 2005	Comparison
Member State	Sample farms	Farms represented	Number of dairy cows represented	Total number of dairy cows	FADN sample / FSS
Belgium	223	5 440	248 341	549 330	45%
Cyprus	nd	nd	nd	24 250	nd
Czech Republic	182	1 399	126 552	440 500	29%
Denmark	369	5 028	501 441	557 870	90%
Germany	1 857	72 644	3 250 577	4 235 960	77%
Greece	nd	nd	nd	167 920	nd
Spain	682	18 752	704 132	1 001 920	70%
Estonia	186	1 570	79 629	115 230	69%
France	1 144	60 622	2 601 737	3 883 840	67%
Hungary	78	1 038	72 181	236 390	31%
Ireland	278	13 827	672 900	1 081 960	62%
Italy	1 341	28 316	1 337 295	1 860 180	72%
Lithuania	222	14 451	159 807	493 890	32%
Luxembourg	238	715	30 457	39 340	77%
Latvia	273	4 779	77 876	172 360	45%
Malta	38	91	5 863	7 270	81%
The Netherlands	324	19 702	1 408 167	1 433 200	98%
Austria	563	17 924	321 974	535 790	60%
Poland	1 908	91 126	1 310 871	2 853 740	46%
Portugal	232	4 402	124 657	287 290	43%
Finland	369	14 338	353 234	318 760	111%
Sweden	358	7 553	353 127	393 260	90%
Slovakia	43	227	32 164	193 200	17%
Slovenia	225	6 716	94 130	130 680	72%
The United Kingdom	519	17 469	1 742 128	2 065 070	84%
Total	**11 667**	**409 217**	**15 665 232**	**23 079 200**	**68%**

Source: EU FADN – DG AGRI, FSS 2005.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Member State	Variables	LFA mountain (A)	> 600 m (D)	Total (B)	((A)-(B))/(B)	((D)-(B))/(B)
EU-25	% of farms represented	17%	12%	100%	-	-
	Milk production (tons)	166	174	254	-35%	-32%
	Average 2005 producer price (€/ton of milk)	333	316	297	12%	7%
	Margin with decoupling of dairy payments (€/ton of milk)	137	131	115	20%	14%
	% of reduction of the margin due to the price drop	-15%	-17%	-16%	-	-
	FNVA /AWU (€/AWU)	18.324	21.209	23.105	-21%	-8%
	% of farms remaining with positive margin	93,8%	94,8%	96,4%	-2,7%	-1,6%
EU-15	% of farms represented	21%	16%	100%	-	-
	Milk production (tons)	180	176	325	-44%	-46%
	Average 2005 producer price (€/ton of milk)	338	318	303	11%	5%
	Margin with decoupling of dairy payments (€/ton of milk)	143	134	117	22%	15%
	% of reduction of the margin due to the price drop	-15%	-16%	-16%	-	-
	FNVA /AWU (€/AWU)	21.148	22.846	31.033	-32%	-26%
	% of farms remaining with positive margin	94,5%	95,1%	96,2%	-1,7%	-1,1%
Germany	% of farms represented	nd	15%	100%	nd	-
	Milk production (tons)	nd	196	309	nd	-37%
	Average 2005 producer price (€/ton of milk)	nd	301	291	nd	4%
	Margin with decoupling of dairy payments (€/ton of milk)	nd	119	93	nd	29%
	% of reduction of the margin due to the price drop	nd	-15%	-19%	nd	-
	FNVA /AWU (€/AWU)	nd	23.596	29.468	nd	-20%
	% of farms remaining with positive margin	nd	96%	96%	nd	0%
Spain	% of farms represented	24%	38%	100%	-	-
	Milk production (tons)	276	217	233	19%	-7%
	Average 2005 producer price (€/ton of milk)	313	302	309	1%	-2%
	Margin with decoupling of dairy payments (€/ton of milk)	145	163	154	-6%	6%
	% of reduction of the margin due to the price drop	-26%	-23%	-25%	-	-
	FNVA /AWU (€/AWU)	31.729	39.186	34.213	-7%	15%
	% of farms remaining with positive margin	96%	98%	97%	-2%	1%
France	% of farms represented	25%	18%	100%	-	-
	Milk production (tons)	213	210	278	-24%	-25%
	Average 2005 producer price (€/ton of milk)	327	329	302	8%	9%
	Margin with decoupling of dairy payments (€/ton of milk)	112	116	118	-5%	-2%
	% of reduction of the margin due to the price drop	-16%	-16%	-14%	-	-
	FNVA /AWU (€/AWU)	18.402	19.569	24.704	-26%	-21%
	% of farms remaining with positive margin	95%	95%	98%	-3%	-3%
Italy	% of farms represented	55%	25%	100%	-	-
	Milk production (tons)	159	111	299	-47%	-63%
	Average 2005 producer price (€/ton of milk)	404	410	385	5%	6%
	Margin with decoupling of dairy payments (€/ton of milk)	199	187	185	8%	1%
	% of reduction of the margin due to the price drop	-9%	-10%	-10%	-	-
	FNVA /AWU (€/AWU)	24.839	17.142	35.731	-30%	-52%
	% of farms remaining with positive margin	96%	96%	96%	0%	0%
Austria	% of farms represented	72%	49%	100%	-	-
	Milk production (tons)	110	103	116	-5%	-11%
	Average 2005 producer price (€/ton of milk)	290	293	290	0%	1%
	Margin with decoupling of dairy payments (€/ton of milk)	110	107	112	-2%	-5%
	% of reduction of the margin due to the price drop	-19%	-20%	-19%	-	-
	FNVA /AWU (€/AWU)	16.677	16.386	16.793	-1%	-2%
	% of farms remaining with positive margin	92%	90%	93%	0%	-2%
Portugal	% of farms represented	23%	11%	100%	-	-
	Milk production (tons)	105	130	183	-43%	-29%
	Average 2005 producer price (€/ton of milk)	288	287	299	-4%	-4%
	Margin with decoupling of dairy payments (€/ton of milk)	107	115	107	1%	7%
	% of reduction of the margin due to the price drop	-16%	-15%	-17%	-	-
	FNVA /AWU (€/AWU)	9.710	12.203	13.628	-29%	-10%
	% of farms remaining with positive margin	97%	98%	92%	5%	7%
Finland	% of farms represented	77%	nd	100%	-	nd
	Milk production (tons)	199	nd	205	-3%	nd
	Average 2005 producer price (€/ton of milk)	328	nd	327	0%	nd
	Margin with decoupling of dairy payments (€/ton of milk)	152	nd	143	6%	nd
	% of reduction of the margin due to the price drop	-13%	nd	-13%	-	nd
	FNVA /AWU (€/AWU)	19.479	nd	19.032	2%	nd
	% of farms remaining with positive margin	96%	nd	94%	2%	nd
Sweden	% of farms represented	19%	nd	100%	-	nd
	Milk production (tons)	232	nd	363	-36%	nd
	Average 2005 producer price (€/ton of milk)	330	nd	325	2%	nd
	Margin with decoupling of dairy payments (€/ton of milk)	38	nd	74	-49%	nd
	% of reduction of the margin due to the price drop	-43%	nd	-22%	-	nd
	FNVA /AWU (€/AWU)	22.213	nd	26.054	-15%	nd
	% of farms remaining with positive margin	74%	nd	85%	-13%	nd

Source: EU FADN - DG AGRI, Milk allocation costs model.

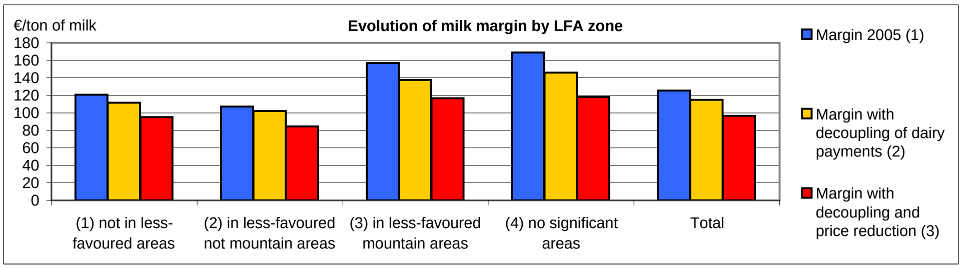
Member State	Variables	LFA mountain (A)	> 600 m (D)	Total (B)	((A)-(B))/(B)	((D)-(B))/(B)
EU-10	*% of farms represented*	*8%*	*2%*	*100%*	-	-
	Milk production (tons)	75	135	87	***-14%***	***56%***
	Average 2005 producer price (€/ton of milk)	254	256	240	***6%***	***7%***
	Margin with decoupling of dairy payments (€/ton of milk)	57	35	97	***-41%***	***-64%***
	% of reduction of the margin due to the price drop	*-26%*	*-42%*	*-14%*	-	-
	FNVA /AWU (€/AWU)	4.811	6.347	6.908	***-30%***	***-8%***
	% of farms remaining with positive margin	*89,0%*	*89,9%*	*96,9%*	*-8,1%*	*-7,2%*
Czech republic	*% of farms represented*	*29%*	*21%*	*100%*	-	-
	Milk production (tons)	521	343	568	*-8%*	*-40%*
	Average 2005 producer price (€/ton of milk)	278	256	240	*16%*	*7%*
	Margin with decoupling of dairy payments (€/ton of milk)	-12	-25	9	*-227%*	*-372%*
	% of reduction of the margin due to the price drop	*142%*	*65%*	*-179%*	-	-
	FNVA /AWU (€/AWU)	10.658	9.454	10.228	*4%*	*-8%*
	% of farms remaining with positive margin	*66%*	*nd*	*72%*	*-8%*	*nd*
Poland	*% of farms represented*	*4%*	*nd*	*100%*	-	*nd*
	Milk production (tons)	28	nd	75	*-62%*	*nd*
	Average 2005 producer price (€/ton of milk)	216	nd	233	*-7%*	*nd*
	Margin with decoupling of dairy payments (€/ton of milk)	100	nd	116	*-13%*	*nd*
	% of reduction of the margin due to the price drop	*-13%*	*nd*	*-12%*	-	*nd*
	FNVA /AWU (€/AWU)	2.494	nd	6.862	*-64%*	*nd*
	% of farms remaining with positive margin	*82%*	*nd*	*98%*	*-16%*	*nd*
Slovakia	*% of farms represented*	*44%*	*39%*	*100%*	-	-
	Milk production (tons)	870	881	855	*2%*	*3%*
	Average 2005 producer price (€/ton of milk)	245	248	250	*-2%*	*-1%*
	Margin with decoupling of dairy payments (€/ton of milk)	-27	-10	-14	*95%*	*-25%*
	% of reduction of the margin due to the price drop	*51%*	*134%*	*101%*	-	-
	FNVA /AWU (€/AWU)	4.941	5.910	5.428	*-9%*	*9%*
	% of farms remaining with positive margin	*nd*	*nd*	*44%*	*nd*	*nd*
Slovenia	*% of farms represented*	*74%*	*18%*	*100%*	-	-
	Milk production (tons)	59	73	70	*-15%*	*4%*
	Average 2005 producer price (€/ton of milk)	254	248	257	*-1%*	*-4%*
	Margin with decoupling of dairy payments (€/ton of milk)	114	118	120	*-5%*	*-2%*
	% of reduction of the margin due to the price drop	*-13%*	*-12%*	*-12%*	-	-
	FNVA /AWU (€/AWU)	3.691	4.788	4.056	*-9%*	*18%*
	% of farms remaining with positive margin	*97%*	*98%*	*95%*	*3%*	*3%*

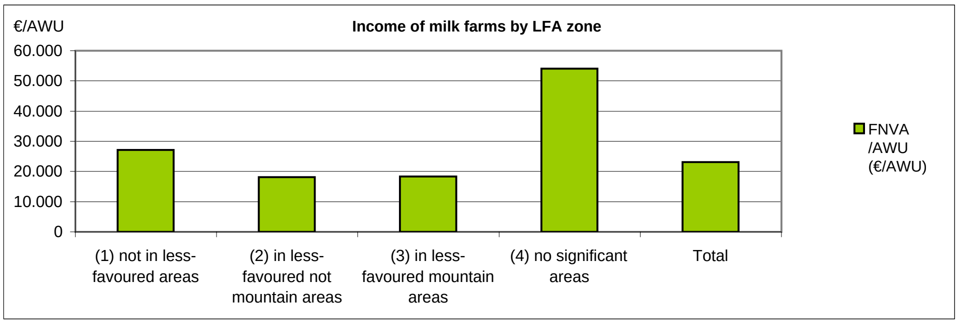
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
EU-25	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	4.174	4.795	2.365	334	11.668
	Farms represented	144.594	173.296	70.685	19.980	408.554
	% of farms represented	*35%*	*42%*	***17%***	*5%*	*100%*
Structural information (2005)	Forage area (ha)	40	34	35	43	37
	Dairy cows (LU)	48	31	27	71	38
	Total labour (AWU)	2,08	1,87	1,86	1,64	1,93
	Milk yield (kg/cow)	6.920	6.219	6.184	7.593	6.649
	Milk production (tons)	329	194	**166**	541	**254**
Milk margin information (€/ton of milk)	Average 2005 producer price	296	281	**333**	309	**297**
	Receipts 2005	305	287	370	332	309
	Receipts with decoupling of dairy payments	296	282	350	309	299
	Receipts with decoupling and price reduction	279	264	330	281	280
	Feed costs	80	76	101	62	79
	Other specific costs	19	18	18	21	19
	Farming overheads	70	73	84	77	73
	Wages	15	13	10	4	13
	Variable costs	184	180	**213**	163	**184**
	Margin 2005 (1)	121	107	157	169	126
	Margin with decoupling of dairy payments (2)	112	102	**137**	146	**115**
	Margin with decoupling and price reduction (3)	95	85	**117**	118	**97**
	((3)-(1))/(1)	*-21%*	*-21%*	*-26%*	*-30%*	*-23%*
	((3)-(2))/(2)	*-15%*	*-17%*	***-15%***	*-19%*	***-16%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*70%*	*61%*	*77%*	*103%*	*71%*
	FNVA (€)	56.478	33.987	34.119	88.730	44.647
	FNVA /AWU (€/AWU)	27.175	18.147	**18.324**	54.075	**23.105**
Direct payments (2005) (€)	Total direct payments (EU & national)	20.469	16.695	21.518	20.464	19.049
	% Direct payments /FNVA	*36%*	*49%*	***63%***	*23%*	***43%***
	Environmental payments	1.139	2.265	3.837	1.835	2.117
	% Environmental payments /FNVA	*2%*	*7%*	***11%***	*2%*	***5%***
	Less-Favoured Areas payments	26	2.254	5.553	1	1.926
	% LFA payments /FNVA	*0%*	*7%*	***16%***	*0%*	***4%***
	Other dairy subsidies (national)	92	278	2.946	147	667
	% Other dairy subsidies /FNVA	*0%*	*1%*	***9%***	*0%*	***1%***

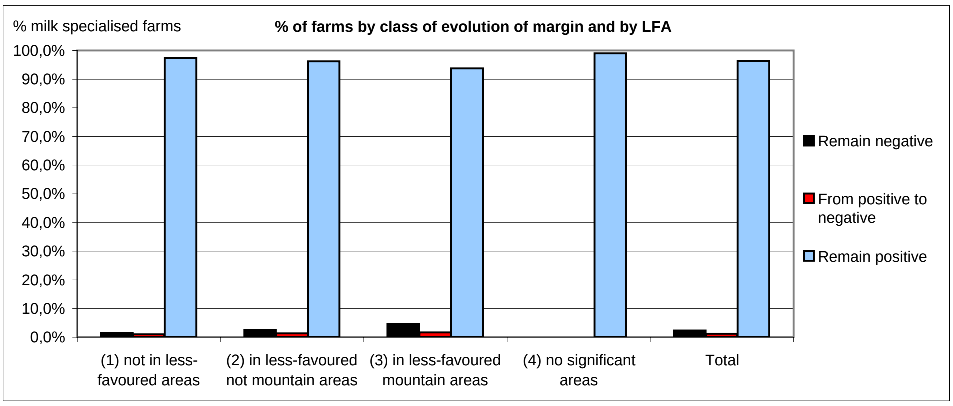


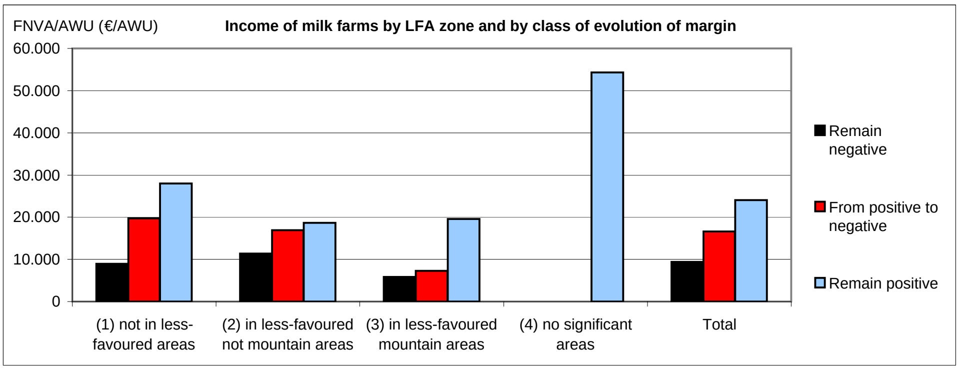


Source: EU FADN - DG AGRI, Milk allocation costs model.

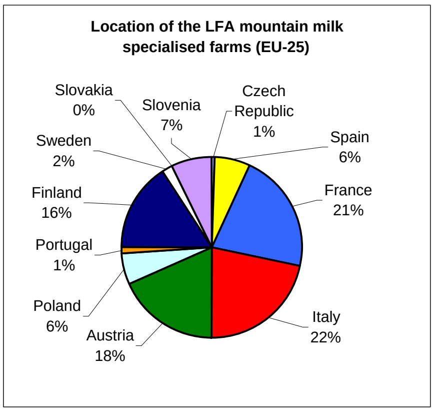
The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

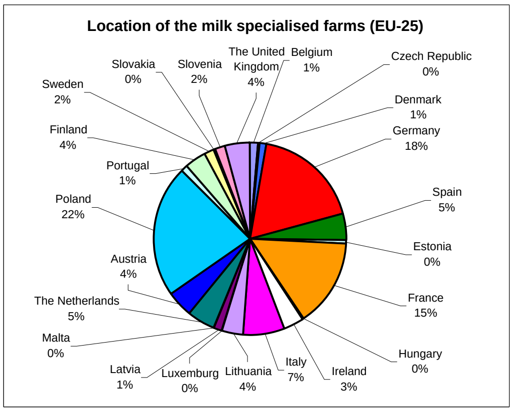
Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	107	192	125	nd	425
	Farms represented	2.253	4.210	3.197	nd	9.723
	Margin 2005 (1)	-31	-35	-37	nd	-34
	Margin with decoupling of dairy payments (2)	-37	-37	-51	nd	-39
	Margin with decoupling and price reduction (3)	-51	-54	-68	nd	-55
	((3)-(2))/(2)	*40%*	*44%*	***34%***	*nd*	***40%***
	FNVA /AWU (€/AWU)	8.914	11.390	5.864	nd	9.387
From positive to negative	Sample farms	71	82	39	nd	194
	Farms represented	1.459	2.339	1.185	nd	5.111
	Margin 2005 (1)	13	13	29	nd	14
	Margin with decoupling of dairy payments (2)	9	9	9	nd	9
	Margin with decoupling and price reduction (3)	-7	-9	-14	nd	-9
	((3)-(2))/(2)	*-174%*	*-201%*	***-257%***	*nd*	***-194%***
	FNVA /AWU (€/AWU)	19.684	16.946	7.267	nd	16.641
Remain positive	Sample farms	3.996	4.521	2.201	331	11.049
	Farms represented	140.882	166.747	66.303	19.788	393.720
	Margin 2005 (1)	126	117	168	169	133
	Margin with decoupling of dairy payments (2)	117	111	148	146	122
	Margin with decoupling and price reduction (3)	101	94	127	118	103
	((3)-(2))/(2)	*-14%*	*-16%*	***-14%***	*-19%*	***-15%***
	FNVA /AWU (€/AWU)	28.015	18.639	19.568	54.339	24.018
Total	Sample farms	4.174	4.795	2.365	334	11.668
	Farms represented	144.594	173.296	70.685	19.980	408.554
	Margin 2005 (1)	121	107	157	169	126
	Margin with decoupling of dairy payments (2)	112	102	137	146	115
	Margin with decoupling and price reduction (3)	95	85	117	118	97
	((3)-(2))/(2)	*-15%*	*-17%*	***-15%***	*-19%*	***-16%***
	FNVA /AWU (€/AWU)	27.175	18.147	18.324	54.075	23.105
	% of farms remaining with negative margin	*1,6%*	*2,4%*	***4,5%***	*nd*	***2,4%***
	% of farms switching from positive to negative	*1,0%*	*1,3%*	***1,7%***	*nd*	***1,3%***
	% of farms remaining with positive margin	*97%*	*96%*	***94%***	*99%*	***96%***





Source: EU FADN - DG AGRI, Milk allocation costs model.



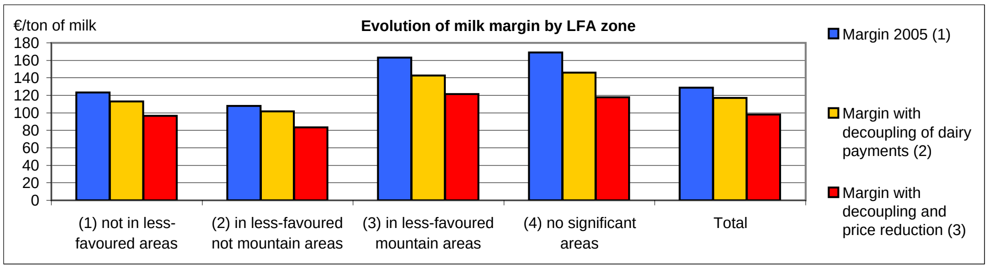


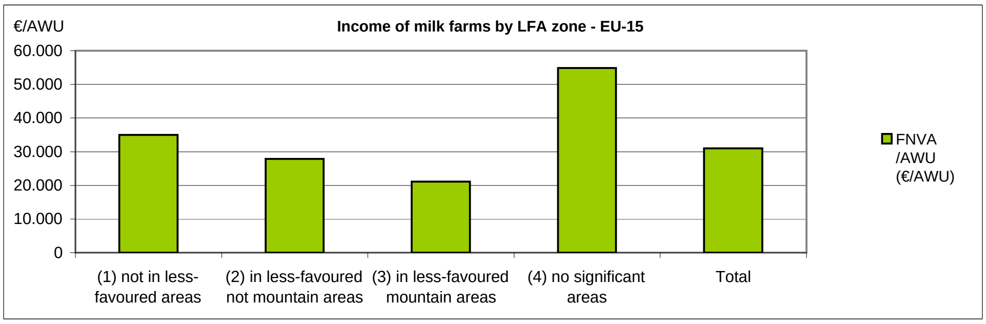
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
EU-15	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	3.154	2.888	2.142	324	8.508
	Farms represented	108.014	97.891	61.250	19.702	286.857
	% of farms represented	*38%*	*34%*	***21%***	*7%*	*100%*
Structural information (2005)	Forage area (ha)	47	46	37	43	44
	Dairy cows (LU)	57	44	29	71	48
	Total labour (AWU)	1,99	1,78	1,78	1,63	1,85
	Milk yield (kg/cow)	7.043	6.507	6.278	7.613	6.835
	Milk production (tons)	403	285	**180**	544	**325**
Milk margin information (€/ton of milk)	Average 2005 producer price	301	291	**338**	309	**303**
	Receipts 2005	310	297	377	332	317
	Receipts with decoupling of dairy payments	300	291	356	308	305
	Receipts with decoupling and price reduction	284	273	335	281	286
	Feed costs	81	78	103	61	80
	Other specific costs	20	20	18	21	20
	Farming overheads	71	78	85	77	76
	Wages	15	14	8	4	12
	Variable costs	187	189	**213**	163	**188**
	Margin 2005 (1)	123	108	163	169	129
	Margin with decoupling of dairy payments (2)	113	102	**143**	146	**117**
	Margin with decoupling and price reduction (3)	97	84	**122**	118	**98**
	((3)-(1))/(1)	*-22%*	*-23%*	*-25%*	*-30%*	*-24%*
	((3)-(2))/(2)	*-15%*	*-18%*	***-15%***	*-19%*	***-16%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*71%*	*62%*	*78%*	*103%*	*73%*
	FNVA (€)	69.724	49.620	37.588	89.209	57.340
	FNVA /AWU (€/AWU)	35.027	27.899	**21.148**	54.855	**31.033**
Direct payments (2005) (€)	Total direct payments (EU & national)	25.637	25.262	23.481	20.374	24.687
	% Direct payments /FNVA	*37%*	*51%*	***62%***	*23%*	***43%***
	Environmental payments	1.433	3.824	4.236	1.847	2.876
	% Environmental payments /FNVA	*2%*	*8%*	***11%***	*2%*	***5%***
	Less-Favoured Areas payments	22	3.098	5.945	0	2.335
	% LFA payments /FNVA	*0%*	*6%*	***16%***	*0%*	***4%***
	Other dairy subsidies (national)	0	355	3.341	0	835
	% Other dairy subsidies /FNVA	*0%*	*1%*	***9%***	*0%*	***1%***

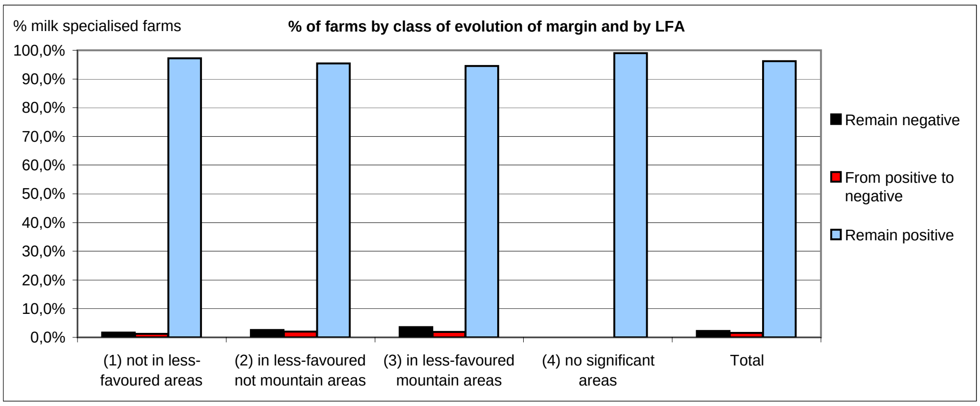


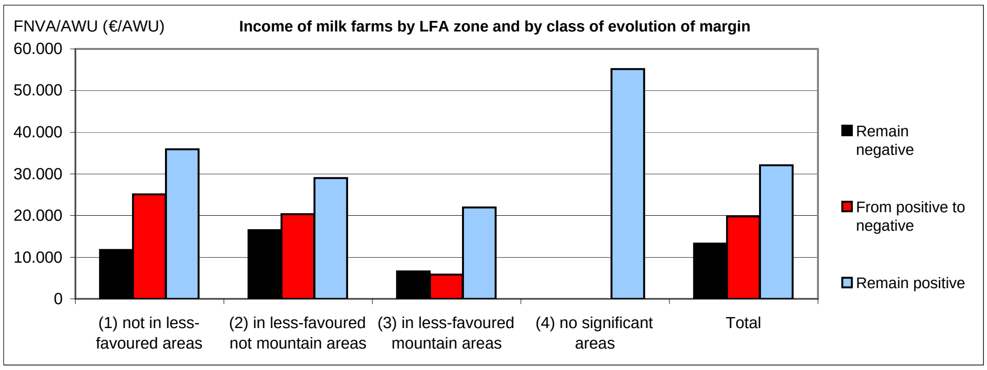


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	66	114	83	nd	264
	Farms represented	1.748	2.538	2.202	nd	6.552
	Margin 2005 (1)	-30	-35	-22	nd	-31
	Margin with decoupling of dairy payments (2)	-38	-37	-43	nd	-38
	Margin with decoupling and price reduction (3)	-52	-54	-61	nd	-55
	((3)-(2))/(2)	*38%*	*46%*	***42%***	*nd*	***43%***
	FNVA /AWU (€/AWU)	11.722	16.529	6.588	nd	13.261
From positive to negative	Sample farms	49	57	33	nd	141
	Farms represented	1.279	1.924	1.142	nd	4.473
	Margin 2005 (1)	14	14	34	nd	16
	Margin with decoupling of dairy payments (2)	10	9	9	nd	10
	Margin with decoupling and price reduction (3)	-7	-10	-15	nd	-9
	((3)-(2))/(2)	*-167%*	*-203%*	***-259%***	*nd*	***-191%***
	FNVA /AWU (€/AWU)	25.093	20.324	5.828	nd	19.808
Remain positive	Sample farms	3.039	2.717	2.026	321	8.103
	Farms represented	104.988	93.429	57.906	19.509	275.832
	Margin 2005 (1)	128	117	170	169	135
	Margin with decoupling of dairy payments (2)	118	111	150	146	123
	Margin with decoupling and price reduction (3)	101	93	129	118	104
	((3)-(2))/(2)	*-14%*	*-16%*	***-14%***	*-19%*	***-15%***
	FNVA /AWU (€/AWU)	35.934	29.011	21.967	55.129	32.077
Total	Sample farms	3.154	2.888	2.142	324	8.508
	Farms represented	108.014	97.891	61.250	19.702	286.857
	Margin 2005 (1)	123	108	163	169	129
	Margin with decoupling of dairy payments (2)	113	102	143	146	117
	Margin with decoupling and price reduction (3)	97	84	122	118	98
	((3)-(2))/(2)	*-15%*	*-18%*	***-15%***	*-19%*	***-16%***
	FNVA /AWU (€/AWU)	35.027	27.899	21.148	54.855	31.033
	% of farms remaining with negative margin	*1,6%*	*2,6%*	***3,6%***	*nd*	***2,3%***
	% of farms switching from positive to negative	*1,2%*	*2,0%*	***1,9%***	*nd*	***1,6%***
	% of farms remaining with positive margin	*97%*	*95%*	***95%***	*99%*	***96%***





Source: EU FADN - DG AGRI, Milk allocation costs model.

Summary by Member State for the LFA mountain areas and the total average

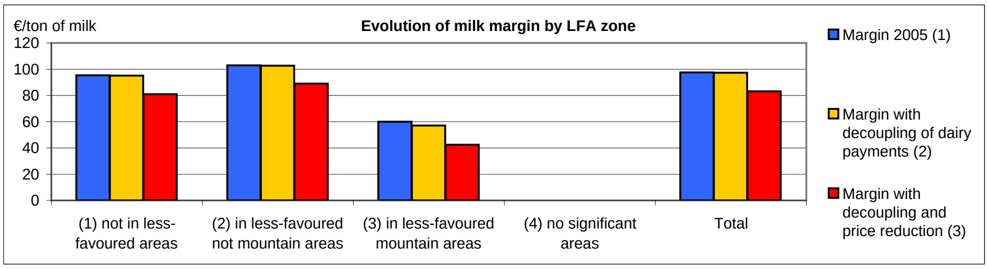
Member State	Variables	LFA mountain (A)	Total (B)	((A)-(B))/(B)
EU-15	*% of farms represented*	*21%*	*100%*	-
	Milk production (tons)	180	325	***-44%***
	Average 2005 producer price (€/ton of milk)	338	303	***11%***
	Margin with decoupling of dairy payments (€/ton of milk)	143	117	***22%***
	% of reduction of the margin due to the price drop	*-15%*	*-16%*	-
	FNVA /AWU (€/AWU)	21.148	31.033	*-32%*
	% of farms remaining with positive margin	*95%*	*96%*	*-2%*
Spain	*% of farms represented*	*24%*	*100%*	-
	Milk production (tons)	276	233	***19%***
	Average 2005 producer price (€/ton of milk)	313	309	*1%*
	Margin with decoupling of dairy payments (€/ton of milk)	145	154	***-6%***
	% of reduction of the margin due to the price drop	*-26%*	*-25%*	-
	FNVA /AWU (€/AWU)	31.729	34.213	*-7%*
	% of farms remaining with positive margin	*96%*	*97%*	*-2%*
France	*% of farms represented*	*25%*	*100%*	-
	Milk production (tons)	213	278	*-24%*
	Average 2005 producer price (€/ton of milk)	327	302	*8%*
	Margin with decoupling of dairy payments (€/ton of milk)	112	118	***-5%***
	% of reduction of the margin due to the price drop	*-16%*	*-14%*	-
	FNVA /AWU (€/AWU)	18.402	24.704	*-26%*
	% of farms remaining with positive margin	*95%*	*98%*	*-3%*
Italy	*% of farms represented*	*55%*	*100%*	-
	Milk production (tons)	159	299	*-47%*
	Average 2005 producer price (€/ton of milk)	404	385	*5%*
	Margin with decoupling of dairy payments (€/ton of milk)	199	185	*8%*
	% of reduction of the margin due to the price drop	*-9%*	*-10%*	-
	FNVA /AWU (€/AWU)	24.839	35.731	*-30%*
	% of farms remaining with positive margin	*96%*	*96%*	*0%*
Austria	*% of farms represented*	*72%*	*100%*	-
	Milk production (tons)	110	116	*-5%*
	Average 2005 producer price (€/ton of milk)	290	290	***0%***
	Margin with decoupling of dairy payments (€/ton of milk)	110	112	***-2%***
	% of reduction of the margin due to the price drop	*-19%*	*-19%*	-
	FNVA /AWU (€/AWU)	16.677	16.793	*-1%*
	% of farms remaining with positive margin	*92%*	*93%*	*0%*
Portugal	*% of farms represented*	*23%*	*100%*	-
	Milk production (tons)	105	183	*-43%*
	Average 2005 producer price (€/ton of milk)	288	299	***-4%***
	Margin with decoupling of dairy payments (€/ton of milk)	107	107	*1%*
	% of reduction of the margin due to the price drop	*-16%*	*-17%*	-
	FNVA /AWU (€/AWU)	9.710	13.628	*-29%*
	% of farms remaining with positive margin	97%	92%	***5%***
Finland	*% of farms represented*	*77%*	*100%*	-
	Milk production (tons)	199	205	*-3%*
	Average 2005 producer price (€/ton of milk)	328	327	***0%***
	Margin with decoupling of dairy payments (€/ton of milk)	152	143	*6%*
	% of reduction of the margin due to the price drop	*-13%*	*-13%*	-
	FNVA /AWU (€/AWU)	19.479	19.032	***2%***
	% of farms remaining with positive margin	*96%*	*94%*	***2%***
Sweden	*% of farms represented*	*19%*	*100%*	-
	Milk production (tons)	232	363	*-36%*
	Average 2005 producer price (€/ton of milk)	330	325	*2%*
	Margin with decoupling of dairy payments (€/ton of milk)	38	74	***-49%***
	% of reduction of the margin due to the price drop	*-43%*	*-22%*	-
	FNVA /AWU (€/AWU)	22.213	26.054	*-15%*
	% of farms remaining with positive margin	*74%*	*85%*	*-13%*

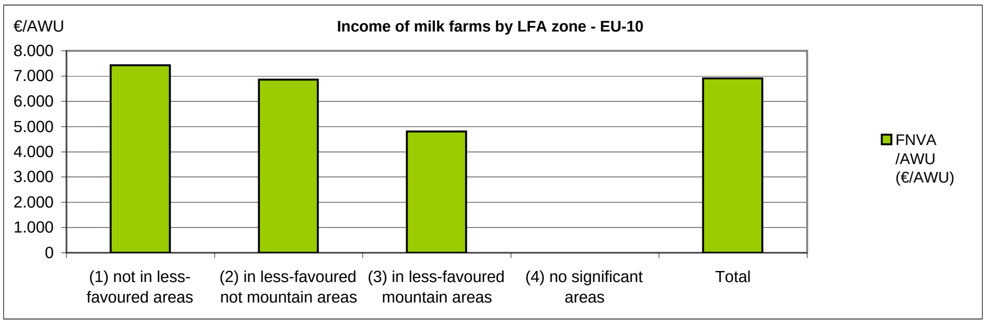
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
EU-10	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	1.020	1.907	223	nd	3.160
	Farms represented	36.579	75.405	9.435	nd	121.697
	% of farms represented	*30%*	*62%*	***8%***	*nd*	*100%*
Structural information (2005)	Forage area (ha)	20	19	25	nd	20
	Dairy cows (LU)	19	15	15	nd	16
	Total labour (AWU)	2,34	2,00	2,41	nd	2,13
	Milk yield (kg/cow)	5.825	5.118	5.013	nd	5.365
	Milk production (tons)	110	76	**75**	nd	**87**
Milk margin information (€/ton of milk)	Average 2005 producer price	243	234	**254**	nd	**240**
	Receipts 2005	247	236	262	nd	243
	Receipts with decoupling of dairy payments	247	236	259	nd	243
	Receipts with decoupling and price reduction	233	222	244	nd	229
	Feed costs	71	65	69	nd	68
	Other specific costs	12	10	19	nd	11
	Farming overheads	50	47	75	nd	50
	Wages	20	11	38	nd	16
	Variable costs	152	133	**202**	nd	**146**
	Margin 2005 (1)	95	103	60	nd	98
	Margin with decoupling of dairy payments (2)	95	103	**57**	nd	**97**
	Margin with decoupling and price reduction (3)	81	89	**42**	nd	**83**
	((3)-(1))/(1)	*-15%*	*-14%*	*-29%*	*nd*	*-15%*
	((3)-(2))/(2)	*-15%*	*-13%*	***-26%***	*nd*	***-14%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*61%*	*57%*	*39%*	*nd*	*58%*
	FNVA (€)	17.364	13.692	11.604	nd	14.728
	FNVA /AWU (€/AWU)	7.429	6.862	**4.811**	nd	**6.908**
Direct payments (2005) (€)	Total direct payments (EU & national)	5.208	5.572	8.774	nd	5.759
	% Direct payments /FNVA	*30%*	*41%*	***76%***	*nd*	***39%***
	Environmental payments	269	242	1.244	nd	329
	% Environmental payments /FNVA	*2%*	*2%*	***11%***	*nd*	***2%***
	Less-Favoured Areas payments	35	1.158	3.006	nd	962
	% LFA payments /FNVA	*0%*	*8%*	***26%***	*nd*	***7%***
	Other dairy subsidies (national)	363	179	381	nd	274
	% Other dairy subsidies /FNVA	*2%*	*1%*	***3%***	*nd*	***2%***

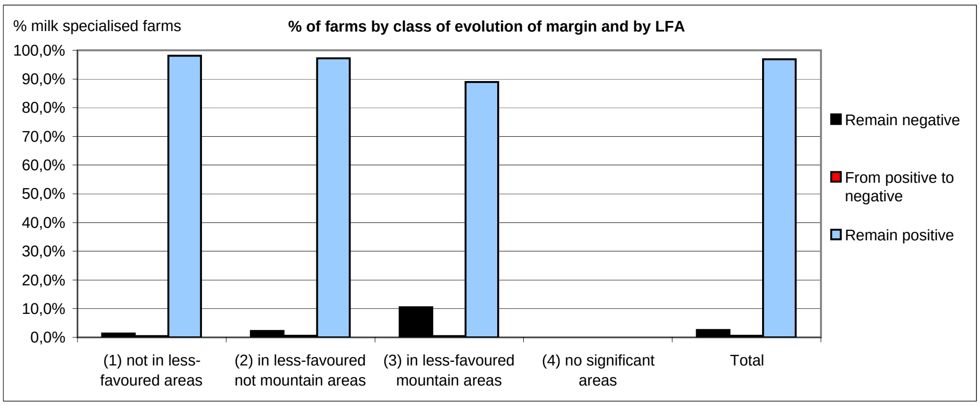


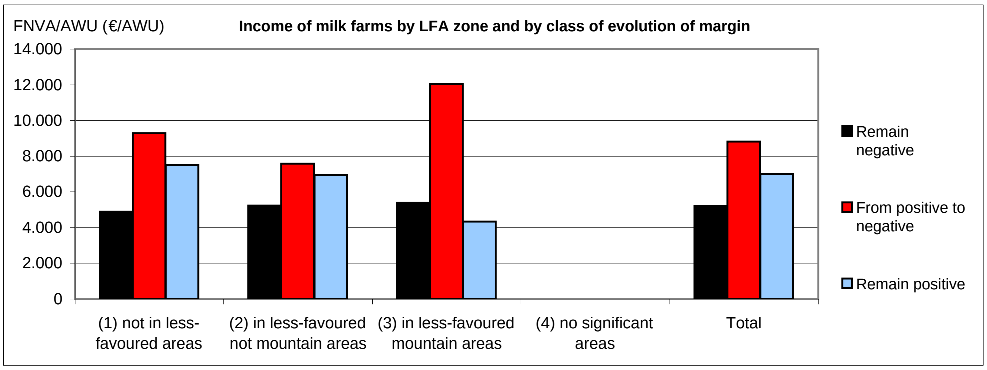


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	41	78	42	nd	161
	Farms represented	505	1.671	995	nd	3.171
	Margin 2005 (1)	-31	-38	-65	nd	-43
	Margin with decoupling of dairy payments (2)	-31	-38	-65	nd	-43
	Margin with decoupling and price reduction (3)	-45	-52	-80	nd	-58
	((3)-(2))/(2)	*46%*	*37%*	***24%***	*nd*	***34%***
	FNVA /AWU (€/AWU)	4.896	5.238	5.404	nd	5.215
From positive to negative	Sample farms	22	25	6	nd	53
	Farms represented	180	415	43	nd	638
	Margin 2005 (1)	7	8	7	nd	7
	Margin with decoupling of dairy payments (2)	7	7	6	nd	7
	Margin with decoupling and price reduction (3)	-8	-7	-10	nd	-8
	((3)-(2))/(2)	*-222%*	*-188%*	***-248%***	*nd*	***-210%***
	FNVA /AWU (€/AWU)	9.291	7.576	12.055	nd	8.826
Remain positive	Sample farms	957	1.804	175	nd	2.946
	Farms represented	35.894	73.318	8.397	nd	117.887
	Margin 2005 (1)	106	115	109	nd	111
	Margin with decoupling of dairy payments (2)	106	115	105	nd	111
	Margin with decoupling and price reduction (3)	92	101	90	nd	97
	((3)-(2))/(2)	*-13%*	*-12%*	***-14%***	*nd*	***-13%***
	FNVA /AWU (€/AWU)	7.503	6.955	4.336	nd	7.001
Total	Sample farms	1.020	1.907	223	nd	3.160
	Farms represented	36.579	75.405	9.435	nd	121.697
	Margin 2005 (1)	95	103	60	nd	98
	Margin with decoupling of dairy payments (2)	95	103	57	nd	97
	Margin with decoupling and price reduction (3)	81	89	42	nd	83
	((3)-(2))/(2)	*-15%*	*-13%*	***-26%***	*nd*	***-14%***
	FNVA /AWU (€/AWU)	7.429	6.862	4.811	nd	6.908
	% of farms remaining with negative margin	*1,4%*	*2,2%*	***10,5%***	*nd*	***2,6%***
	% of farms switching from positive to negative	*0,5%*	*0,6%*	***0,5%***	*nd*	***0,5%***
	% of farms remaining with positive margin	*98%*	*97%*	***89%***	*nd*	***97%***





Source: EU FADN - DG AGRI, Milk allocation costs model.

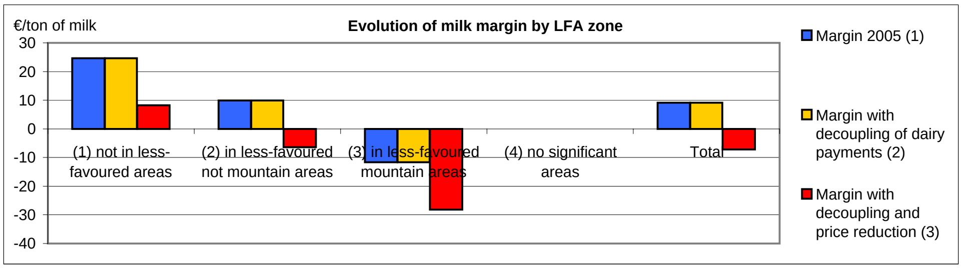
Member State	Variables	LFA mountain (A)	Total (B)	((A)-(B))/(B)
EU-10	*% of farms represented*	*8%*	*100%*	-
	Milk production (tons)	75	87	***-14%***
	Average 2005 producer price (€/ton of milk)	254	240	***6%***
	Margin with decoupling of dairy payments (€/ton of milk)	57	97	***-41%***
	% of reduction of the margin due to the price drop	*-26%*	*-14%*	-
	FNVA /AWU (€/AWU)	4.811	6.908	*-30%*
	% of farms remaining with positive margin	*89%*	*97%*	*-8%*
Czech republic	*% of farms represented*	*29%*	*100%*	-
	Milk production (tons)	521	568	*-8%*
	Average 2005 producer price (€/ton of milk)	278	275	*1%*
	Margin with decoupling of dairy payments (€/ton of milk)	-12	9	*-227%*
	% of reduction of the margin due to the price drop	*142%*	*-179%*	-
	FNVA /AWU (€/AWU)	10.658	10.228	*4%*
	% of farms remaining with positive margin	*66%*	*72%*	*-8%*
Poland	*% of farms represented*	*4%*	*100%*	-
	Milk production (tons)	216	233	*-7%*
	Average 2005 producer price (€/ton of milk)	216	233	***-7%***
	Margin with decoupling of dairy payments (€/ton of milk)	100	116	*-13%*
	% of reduction of the margin due to the price drop	*-13%*	*-12%*	-
	FNVA /AWU (€/AWU)	2.494	6.862	*-64%*
	% of farms remaining with positive margin	*82%*	*98%*	*-16%*
Slovakia	*% of farms represented*	*44%*	*100%*	-
	Milk production (tons)	870	855	***2%***
	Average 2005 producer price (€/ton of milk)	245	250	***-2%***
	Margin with decoupling of dairy payments (€/ton of milk)	-27	-14	*95%*
	% of reduction of the margin due to the price drop	*51%*	*101%*	-
	FNVA /AWU (€/AWU)	4.941	5.428	*-9%*
	% of farms remaining with positive margin	*nd*	*44%*	*nd*
Slovenia	*% of farms represented*	*74%*	*100%*	-
	Milk production (tons)	59	70	*-15%*
	Average 2005 producer price (€/ton of milk)	254	257	***-1%***
	Margin with decoupling of dairy payments (€/ton of milk)	114	120	*-5%*
	% of reduction of the margin due to the price drop	*-13%*	*-12%*	-
	FNVA /AWU (€/AWU)	3.691	4.056	*-9%*
	% of farms remaining with positive margin	*97%*	*95%*	***3%***

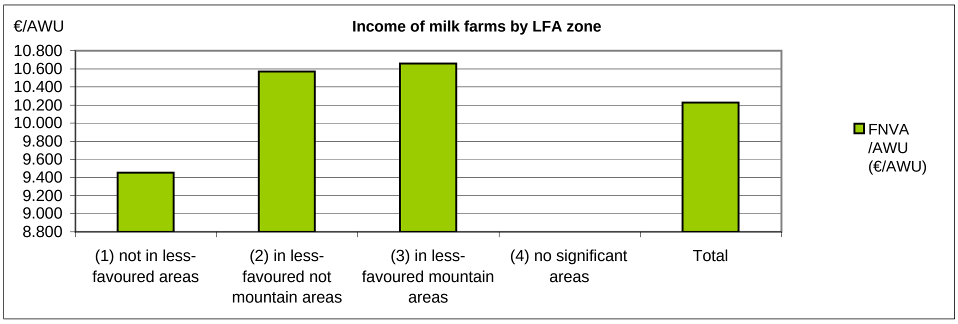
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
CZECH REPUBLIC	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	60	71	51		182
	Farms represented	459	538	401		1.399
	% of farms represented	*33%*	*38%*	***29%***		*100%*
Structural information (2005)	Forage area (ha)	121	177	205		167
	Dairy cows (LU)	86	90	96		90
	Total labour (AWU)	10,55	10,36	10,61		10,49
	Milk yield (kg/cow)	6.764	6.570	5.400		6.272
	Milk production (tons)	581	591	521		**568**
Milk margin information (€/ton of milk)	Average 2005 producer price	275	273	**278**		**275**
	Receipts 2005	275	273	278		275
	Receipts with decoupling of dairy payments	275	273	278		275
	Receipts with decoupling and price reduction	259	257	261		259
	Feed costs	88	82	84		84
	Other specific costs	14	18	17		17
	Farming overheads	82	93	97		90
	Wages	67	71	92		75
	Variable costs	251	263	**290**		**266**
	Margin 2005 (1)	25	10	-12		9
	Margin with decoupling of dairy payments (2)	25	10	**-12**		**9**
	Margin with decoupling and price reduction (3)	8	-6	**-28**		**-7**
	((3)-(1))/(1)	*-67%*	*-165%*	*142%*		*-179%*
	((3)-(2))/(2)	*-67%*	*-165%*	***142%***		***-179%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*14%*	*5%*	*-5%*		*5%*
	FNVA (€)	99.741	109.511	113.034		107.312
	FNVA /AWU (€/AWU)	9.454	10.572	**10.658**		**10.228**
Direct payments (2005) (€)	Total direct payments (EU & national)	47.259	67.091	76.762		63.352
	% Direct payments /FNVA	*47%*	*61%*	***68%***		***59%***
	Environmental payments	2.000	7.223	9.477		6.154
	% Environmental payments /FNVA	*2%*	*7%*	***8%***		***6%***
	Less-Favoured Areas payments	2.548	12.932	25.771		13.206
	% LFA payments /FNVA	*3%*	*12%*	***23%***		***12%***
	Other dairy subsidies (national)	0	0	0		0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***

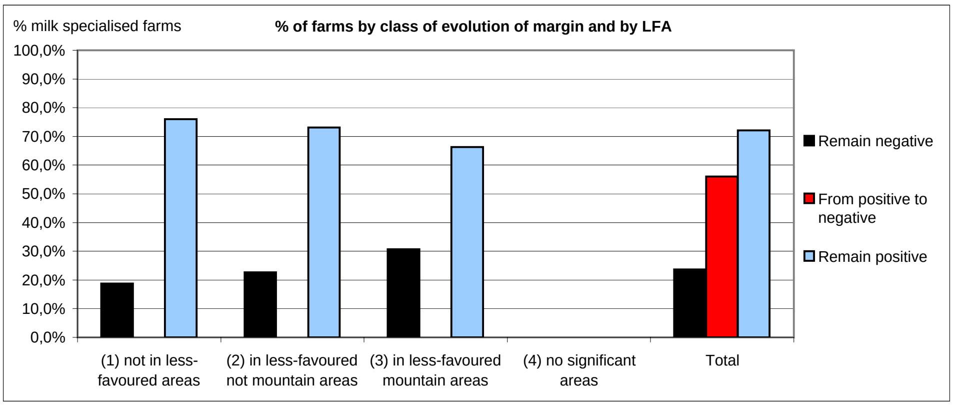


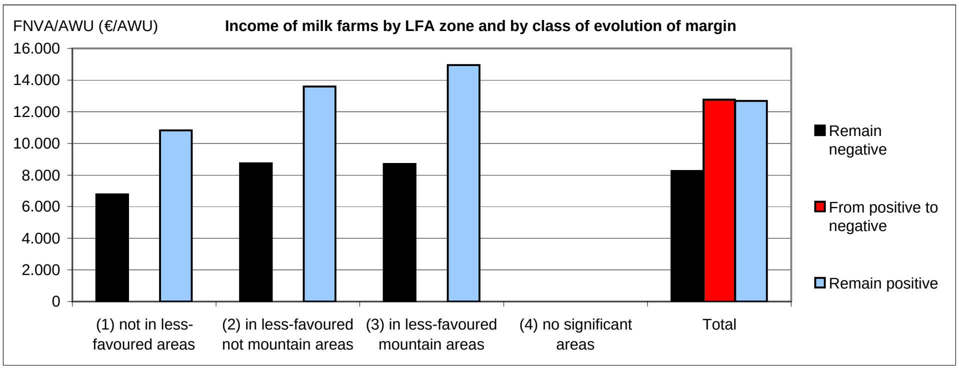


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	17	24	24		65
	Farms represented	86	122	123		331
	Margin 2005 (1)	-40	-36	-69		-47
	Margin with decoupling of dairy payments (2)	-40	-36	-69		-47
	Margin with decoupling and price reduction (3)	-57	-52	-86		-63
	((3)-(2))/(2)	*42%*	*45%*	*24%*		*35%*
	FNVA /AWU (€/AWU)	6.777	8.745	8.700		8.258
From positive to negative	Sample farms	nd	nd	nd		15
	Farms represented	nd	nd	nd		60
	Margin 2005 (1)	nd	nd	nd		9
	Margin with decoupling of dairy payments (2)	nd	nd	nd		9
	Margin with decoupling and price reduction (3)	nd	nd	nd		-7
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*-178%*
	FNVA /AWU (€/AWU)	nd	nd	nd		12.773
Remain positive	Sample farms	36	43	23		102
	Farms represented	349	393	266		1.008
	Margin 2005 (1)	76	76	70		75
	Margin with decoupling of dairy payments (2)	76	76	70		75
	Margin with decoupling and price reduction (3)	59	60	54		58
	((3)-(2))/(2)	*-21%*	*-22%*	*-24%*		*-22%*
	FNVA /AWU (€/AWU)	10.812	13.594	14.954		12.686
Total	Sample farms	60	71	51		182
	Farms represented	459	538	401		1.399
	Margin 2005 (1)	25	10	-12		9
	Margin with decoupling of dairy payments (2)	25	10	-12		9
	Margin with decoupling and price reduction (3)	8	-6	-28		-7
	((3)-(2))/(2)	*-67%*	*-165%*	*142%*		*-179%*
	FNVA /AWU (€/AWU)	9.454	10.572	10.658		10.228
	% of farms remaining with negative margin	*18,7%*	*22,7%*	***30,7%***		***24%***
	% of farms switching from positive to negative	*nd*	*nd*	*nd*		***56%***
	% of farms remaining with positive margin	*76%*	*73%*	***66%***		***72%***



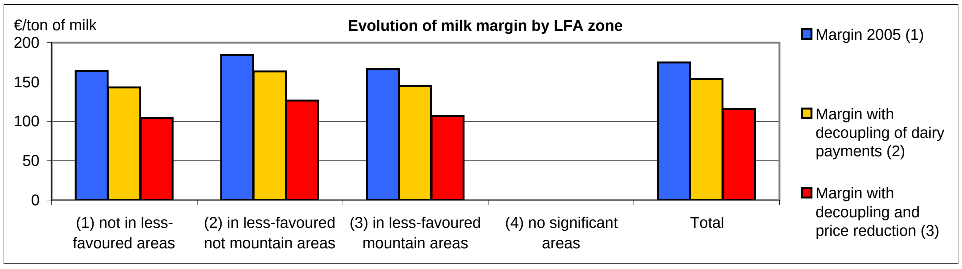


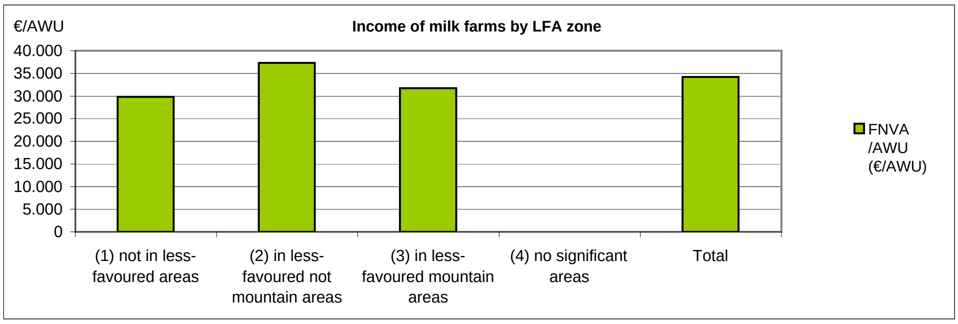
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
SPAIN	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	131	283	268		682
	Farms represented	3.751	10.427	4.574		18.752
	% of farms represented	*20%*	*56%*	***24%***		*100%*
Structural information (2005)	Forage area (ha)	15	18	23		19
	Dairy cows (LU)	39	34	43		38
	Total labour (AWU)	1,63	1,41	1,67		1,52
	Milk yield (kg/cow)	6.379	6.021	6.373		6.195
	Milk production (tons)	249	208	**276**		**233**
Milk margin information (€/ton of milk)	Average 2005 producer price	315	304	**313**		**309**
	Receipts 2005	336	326	334		330
	Receipts with decoupling of dairy payments	315	304	313		309
	Receipts with decoupling and price reduction	277	267	275		271
	Feed costs	109	102	113		107
	Other specific costs	22	14	18		17
	Farming overheads	40	23	32		29
	Wages	2	3	4		3
	Variable costs	172	141	**168**		**155**
	Margin 2005 (1)	164	185	166		175
	Margin with decoupling of dairy payments (2)	143	163	**145**		**154**
	Margin with decoupling and price reduction (3)	105	126	**107**		**116**
	((3)-(1))/(1)	*-36%*	*-32%*	*-36%*		*-34%*
	((3)-(2))/(2)	*-27%*	*-23%*	***-26%***		***-25%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*84%*	*73%*	*87%*		*78%*
	FNVA (€)	48.695	52.601	52.950		51.904
	FNVA /AWU (€/AWU)	29.801	37.346	**31.729**		**34.213**
Direct payments (2005) (€)	Total direct payments (EU & national)	8.369	8.845	9.093		8.811
	% Direct payments /FNVA	*17%*	*17%*	***17%***		***17%***
	Environmental payments	0	12	51		19
	% Environmental payments /FNVA	*0%*	*0%*	***0%***		***0%***
	Less-Favoured Areas payments	0	275	429		257
	% LFA payments /FNVA	*0%*	*1%*	***1%***		***0%***
	Other dairy subsidies (national)	2	74	30		49
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***

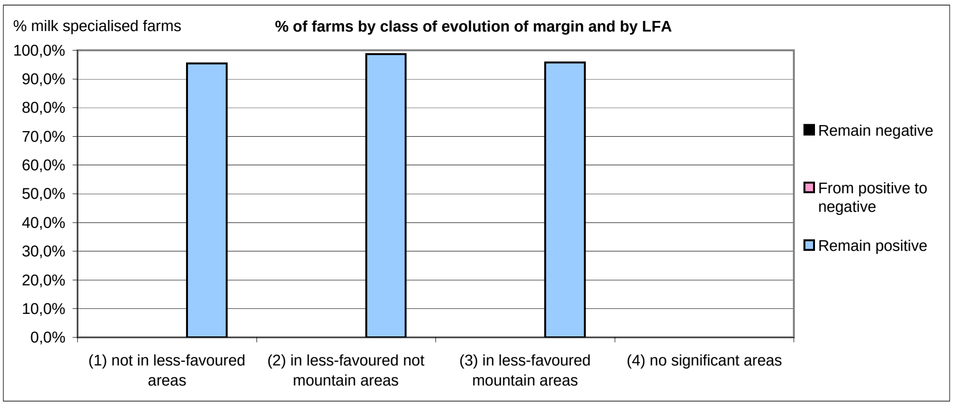


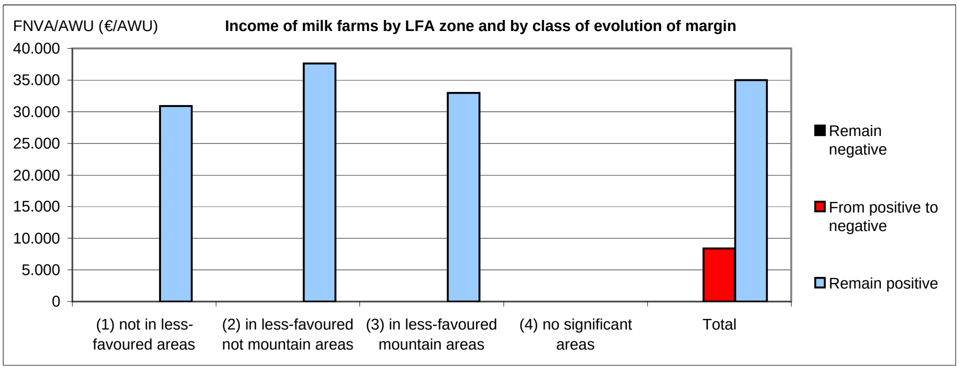


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
From positive to negative	Sample farms	nd	nd	nd		17
	Farms represented	nd	nd	nd		374
	Margin 2005 (1)	nd	nd	nd		36
	Margin with decoupling of dairy payments (2)	nd	nd	nd		13
	Margin with decoupling and price reduction (3)	nd	nd	nd		-24
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*-285%*
	FNVA /AWU (€/AWU)	nd	nd	nd		8.377
Remain positive	Sample farms	126	278	254		658
	Farms represented	3.580	10.285	4.378		18.242
	Margin 2005 (1)	169	185	173		178
	Margin with decoupling of dairy payments (2)	148	164	152		157
	Margin with decoupling and price reduction (3)	110	127	114		120
	((3)-(2))/(2)	*-26%*	*-23%*	*-25%*		*-24%*
	FNVA /AWU (€/AWU)	30.906	37.626	32.948		34.969
Total	Sample farms	131	283	268		682
	Farms represented	3.751	10.427	4.574		18.752
	Margin 2005 (1)	164	185	166		175
	Margin with decoupling of dairy payments (2)	143	163	145		154
	Margin with decoupling and price reduction (3)	105	126	107		116
	((3)-(2))/(2)	*-27%*	*-23%*	*-26%*		*-25%*
	FNVA /AWU (€/AWU)	29.801	37.346	31.729		34.213
	% of farms remaining with negative margin	*nd*	*nd*	*nd*		***nd***
	% of farms switching from positive to negative	*nd*	*nd*	*nd*		***2%***
	% of farms remaining with positive margin	*95%*	*99%*	***96%***		***97%***



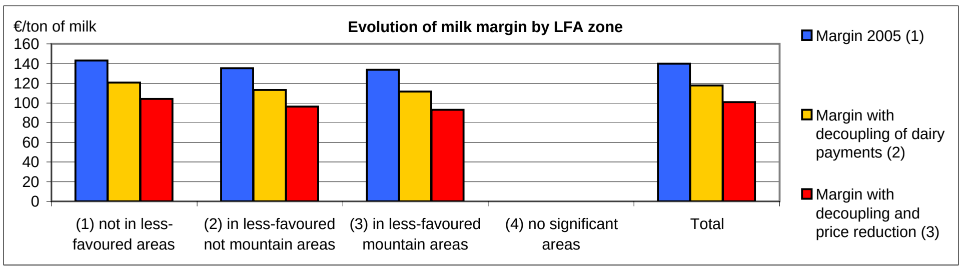


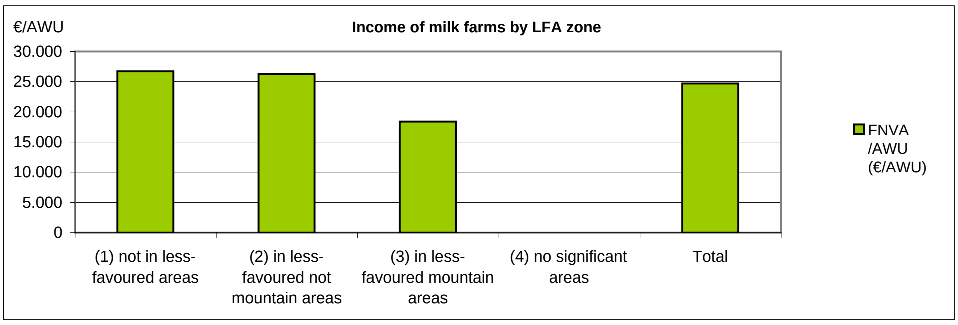
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
France	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	618	240	286		1.144
	Farms represented	36.422	9.149	15.051		60.622
	% of farms represented	*60%*	*15%*	***25%***		*100%*
Structural information (2005)	Forage area (ha)	49	69	60		55
	Dairy cows (LU)	44	47	37		43
	Total labour (AWU)	1,77	1,72	1,64		1,73
	Milk yield (kg/cow)	6.762	6.401	5.731		6.481
	Milk production (tons)	299	302	**213**		**278**
Milk margin information (€/ton of milk)	Average 2005 producer price	296	300	**327**		**302**
	Receipts 2005	318	322	348		324
	Receipts with decoupling of dairy payments	295	300	326		302
	Receipts with decoupling and price reduction	279	283	308		285
	Feed costs	71	78	88		76
	Other specific costs	11	12	15		12
	Farming overheads	89	91	108		93
	Wages	4	4	4		4
	Variable costs	175	186	**215**		**184**
	Margin 2005 (1)	143	135	134		140
	Margin with decoupling of dairy payments (2)	121	113	**112**		**118**
	Margin with decoupling and price reduction (3)	104	96	**93**		**101**
	((3)-(1))/(1)	*-27%*	*-29%*	*-30%*		*-28%*
	((3)-(2))/(2)	*-14%*	*-15%*	***-16%***		***-14%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*90%*	*91%*	*94%*		*91%*
	FNVA (€)	47.430	45.039	30.256		42.805
	FNVA /AWU (€/AWU)	26.740	26.259	**18.402**		**24.704**
Direct payments (2005) (€)	Total direct payments (EU & national)	24.653	28.426	22.175		24.607
	% Direct payments /FNVA	*52%*	*63%*	***73%***		***57%***
	Environmental payments	1.132	2.530	3.131		1.840
	% Environmental payments /FNVA	*2%*	*6%*	***10%***		***4%***
	Less-Favoured Areas payments	0	1.019	7.900		2.115
	% LFA payments /FNVA	*0%*	*2%*	***26%***		***5%***
	Other dairy subsidies (national)	0	0	0		0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***

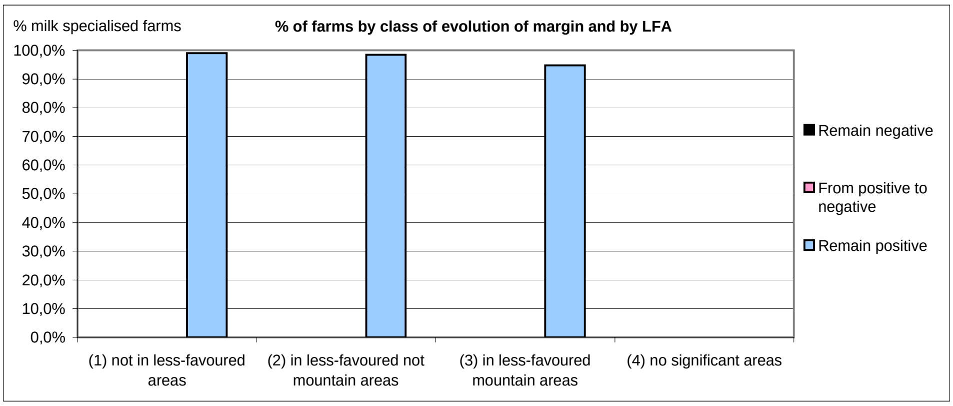


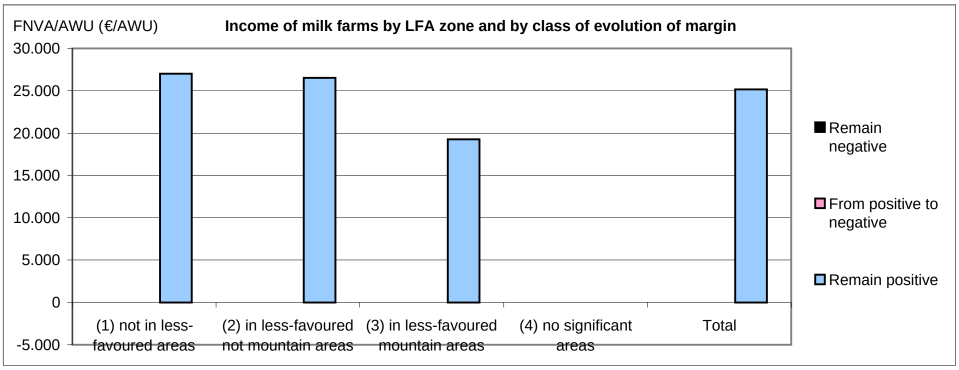


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	nd	nd	nd		16
	Farms represented	nd	nd	nd		885
	Margin 2005 (1)	nd	nd	nd		-6
	Margin with decoupling of dairy payments (2)	nd	nd	nd		-31
	Margin with decoupling and price reduction (3)	nd	nd	nd		-47
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*53%*
	FNVA /AWU (€/AWU)	nd	nd	nd		-10
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	612	237	272		1.121
	Farms represented	36.072	9.007	14.261		59.339
	Margin 2005 (1)	144	136	140		142
	Margin with decoupling of dairy payments (2)	121	114	118		120
	Margin with decoupling and price reduction (3)	105	97	99		102
	((3)-(2))/(2)	*-14%*	*-15%*	*-16%*		*-14%*
	FNVA /AWU (€/AWU)	26.997	26.531	19.266		25.157
Total	Sample farms	618	240	286		1.144
	Farms represented	36.422	9.149	15.051		60.622
	Margin 2005 (1)	143	135	134		140
	Margin with decoupling of dairy payments (2)	121	113	112		118
	Margin with decoupling and price reduction (3)	104	96	93		101
	((3)-(2))/(2)	*-14%*	*-15%*	*-16%*		*-14%*
	FNVA /AWU (€/AWU)	26.740	26.259	18.402		24.704
	% of farms remaining with negative margin	*nd*	*nd*	***nd***		***1%***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
	% of farms remaining with positive margin	*99%*	*98%*	***95%***		***98%***

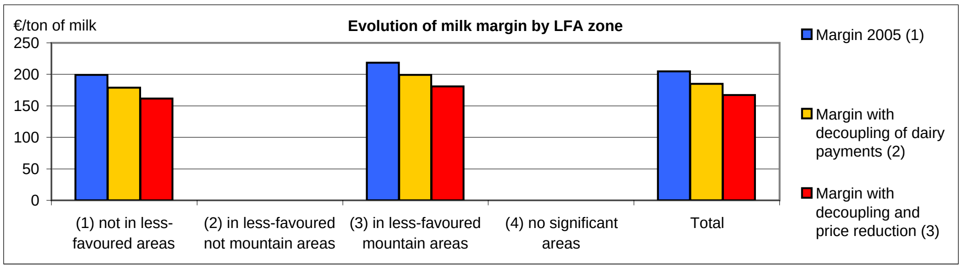


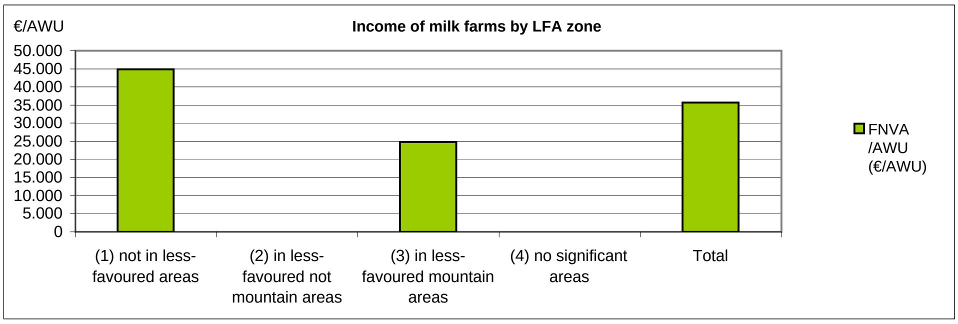


Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
France	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	571		773		1.344
	Farms represented	12.671		15.309		27.980
	% of farms represented	*45%*		*55%*		*100%*
Structural information (2005)	Forage area (ha)	23		25		24
	Dairy cows (LU)	67		29		46
	Total labour (AWU)	2,55		1,78		2,13
	Milk yield (kg/cow)	6.931		5.512		6.447
	Milk production (tons)	467		**159**		**299**
Milk margin information (€/ton of milk)	Average 2005 producer price	378		**404**		**385**
	Receipts 2005	397		422		404
	Receipts with decoupling of dairy payments	377		403		384
	Receipts with decoupling and price reduction	359		385		367
	Feed costs	126		136		129
	Other specific costs	15		13		14
	Farming overheads	42		45		43
	Wages	15		11		14
	Variable costs	198		**204**		**200**
	Margin 2005 (1)	199		218		205
	Margin with decoupling of dairy payments (2)	179		**199**		**185**
	Margin with decoupling and price reduction (3)	162		**181**		**167**
	((3)-(1))/(1)	*-19%*		*-17%*		*-18%*
	((3)-(2))/(2)	*-10%*		***-9%***		***-10%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*81%*		*79%*		*80%*
	FNVA (€)	114.707		44.210		76.134
	FNVA /AWU (€/AWU)	44.899		**24.839**		**35.731**
Direct payments (2005) (€)	Total direct payments (EU & national)	23.180		8.661		15.236
	% Direct payments /FNVA	*20%*		***20%***		***20%***
	Environmental payments	813		1.424		1.147
	% Environmental payments /FNVA	*1%*		***3%***		***2%***
	Less-Favoured Areas payments	133		1.374		812
	% LFA payments /FNVA	*0%*		***3%***		***1%***
	Other dairy subsidies (national)	0		0		0
	% Other dairy subsidies /FNVA	*0%*		***0%***		***0%***

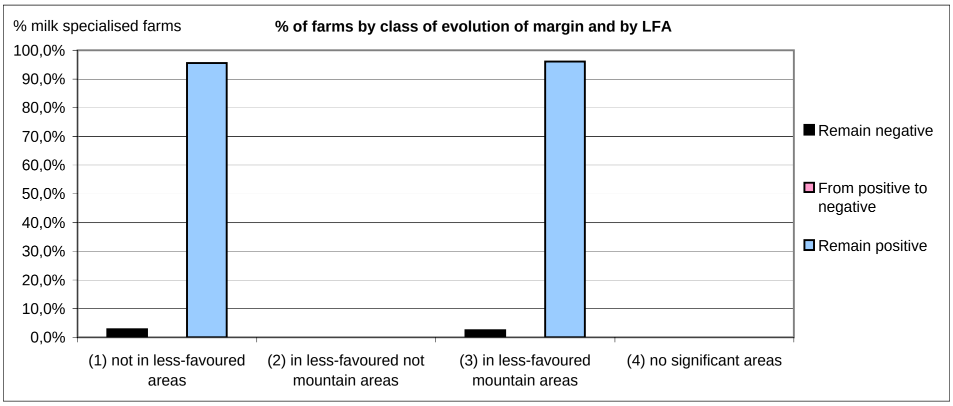


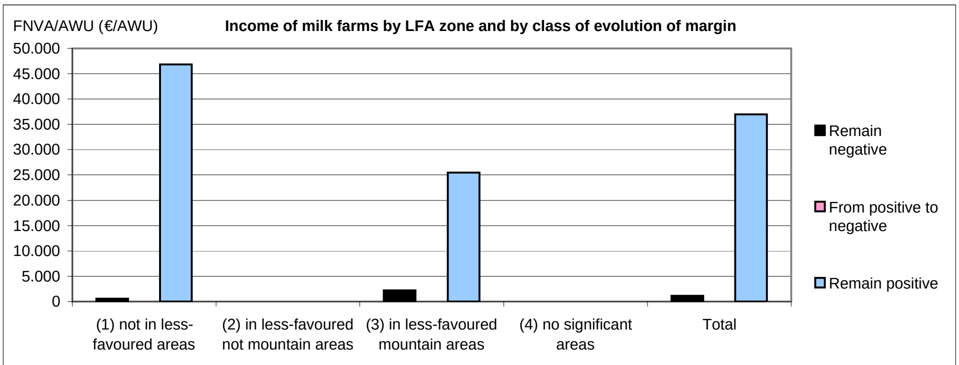


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	16		29		45
	Farms represented	360		330		690
	Margin 2005 (1)	-26		-21		-25
	Margin with decoupling of dairy payments (2)	-46		-44		-46
	Margin with decoupling and price reduction (3)	-62		-61		-61
	((3)-(2))/(2)	*33%*		***38%***		***34%***
	FNVA /AWU (€/AWU)	562		2.192		1.128
From positive to negative	Sample farms	nd		nd		nd
	Farms represented	nd		nd		nd
	Margin 2005 (1)	nd		nd		nd
	Margin with decoupling of dairy payments (2)	nd		nd		nd
	Margin with decoupling and price reduction (3)	nd		nd		nd
	((3)-(2))/(2)	*nd*		*nd*		*nd*
	FNVA /AWU (€/AWU)	nd		nd		nd
Remain positive	Sample farms	550		736		1.286
	Farms represented	12.101		14.790		26.891
	Margin 2005 (1)	206		223		211
	Margin with decoupling of dairy payments (2)	185		204		191
	Margin with decoupling and price reduction (3)	168		185		173
	((3)-(2))/(2)	*-9%*		***-9%***		***-9%***
	FNVA /AWU (€/AWU)	46.857		25.462		36.990
Total	Sample farms	571		773		1.344
	Farms represented	12.671		15.309		27.980
	Margin 2005 (1)	199		218		205
	Margin with decoupling of dairy payments (2)	179		199		185
	Margin with decoupling and price reduction (3)	162		181		167
	((3)-(2))/(2)	*-10%*		***-9%***		***-10%***
	FNVA /AWU (€/AWU)	44.899		24.839		35.731
	% of farms remaining with negative margin	*2,8%*		***2,5%***		***2,5%***
	% of farms switching from positive to negative	*nd*		***nd***		***nd***
	% of farms remaining with positive margin	*96%*		***96%***		***96%***

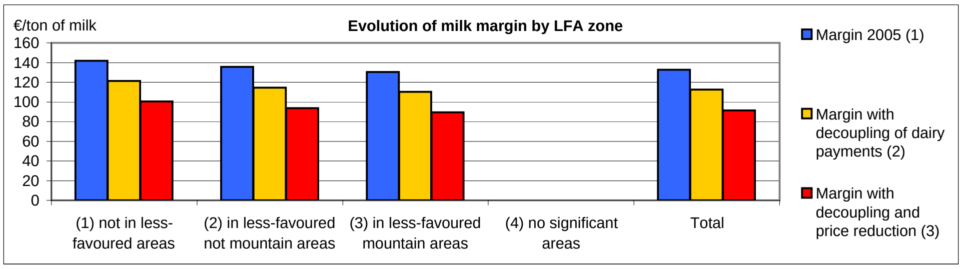


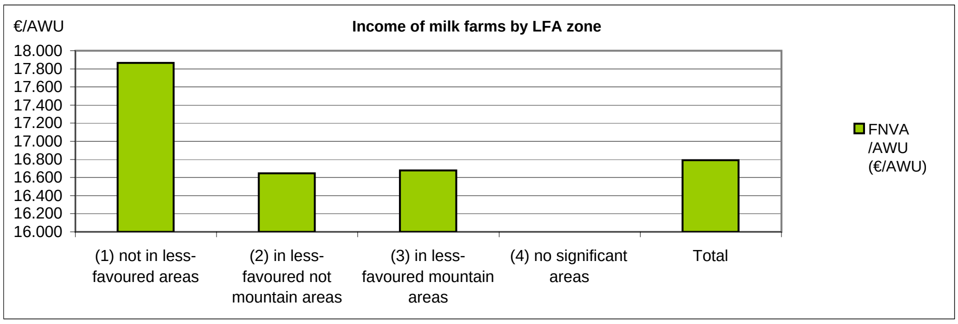


Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

AUSTRIA	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	63	108	392		563
	Farms represented	1.854	3.244	12.826		17.924
	% of farms represented	*10%*	*18%*	***72%***		*100%*
Structural information (2005)	Forage area (ha)	19	19	30		27
	Dairy cows (LU)	22	19	17		18
	Total labour (AWU)	1,66	1,69	1,68		1,68
	Milk yield (kg/cow)	6.312	6.445	6.458		6.437
	Milk production (tons)	139	124	**110**		**116**
Milk margin information (€/ton of milk)	Average 2005 producer price	290	290	**290**		**290**
	Receipts 2005	311	311	310		310
	Receipts with decoupling of dairy payments	290	290	290		290
	Receipts with decoupling and price reduction	269	269	269		269
	Feed costs	63	64	68		67
	Other specific costs	16	17	19		19
	Farming overheads	88	93	90		90
	Wages	3	1	2		2
	Variable costs	169	176	**180**		**178**
	Margin 2005 (1)	142	136	130		133
	Margin with decoupling of dairy payments (2)	121	115	**110**		**112**
	Margin with decoupling and price reduction (3)	100	94	**89**		**91**
	((3)-(1))/(1)	*-29%*	*-31%*	*-32%*		*-31%*
	((3)-(2))/(2)	*-17%*	*-18%*	***-19%***		***-19%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*67%*	*60%*	*51%*		*55%*
	FNVA (€)	29.602	28.192	27.963		28.174
	FNVA /AWU (€/AWU)	17.867	16.645	**16.677**		**16.793**
Direct payments (2005) (€)	Total direct payments (EU & national)	16.430	17.951	19.669		19.023
	% Direct payments /FNVA	*56%*	*64%*	***70%***		***68%***
	Environmental payments	5.838	6.087	7.592		7.139
	% Environmental payments /FNVA	*20%*	*22%*	***27%***		***25%***
	Less-Favoured Areas payments	0	2.562	4.567		3.732
	% LFA payments /FNVA	*0%*	*9%*	***16%***		***13%***
	Other dairy subsidies (national)	0	0	0		0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***

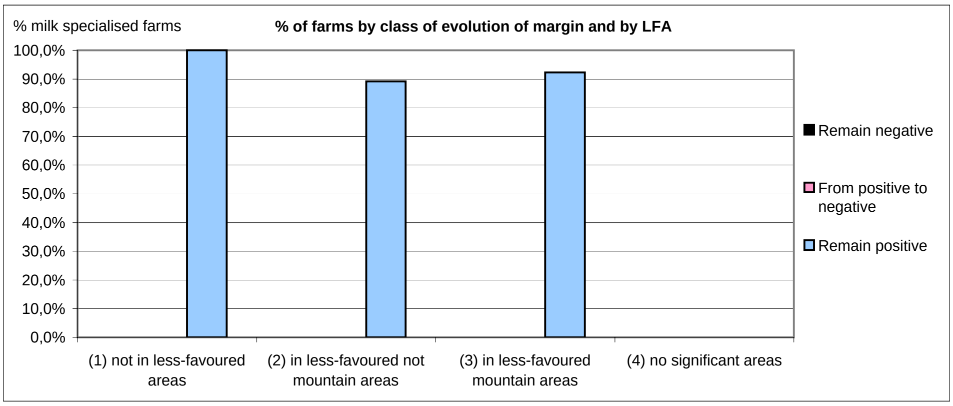


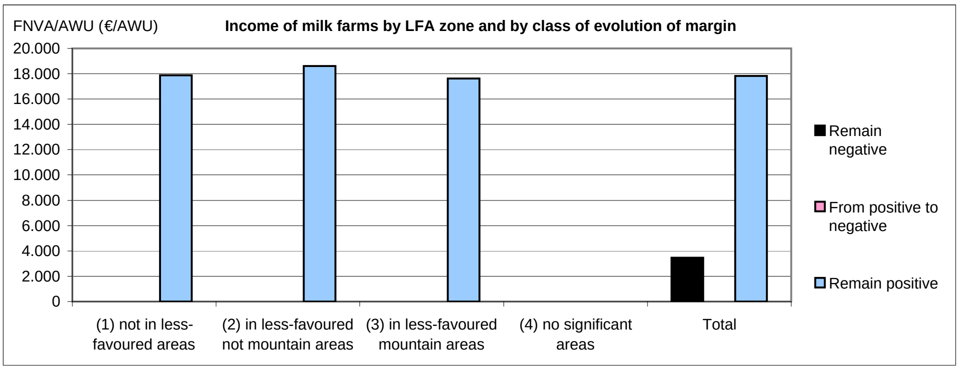


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	nd	nd	nd		15
	Farms represented	nd	nd	nd		870
	Margin 2005 (1)	nd	nd	nd		-11
	Margin with decoupling of dairy payments (2)	nd	nd	nd		-30
	Margin with decoupling and price reduction (3)	nd	nd	nd		-50
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*66%*
	FNVA /AWU (€/AWU)	nd	nd	nd		3.459
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	63	104	375		542
	Farms represented	1.854	2.892	11.838		16.584
	Margin 2005 (1)	142	143	136		138
	Margin with decoupling of dairy payments (2)	121	122	115		117
	Margin with decoupling and price reduction (3)	100	101	94		96
	((3)-(2))/(2)	*-17%*	*-17%*	*-18%*		*-18%*
	FNVA /AWU (€/AWU)	17.867	18.621	17.634		17.835
Total	Sample farms	63	108	392		563
	Farms represented	1.854	3.244	12.826		17.924
	Margin 2005 (1)	142	136	130		133
	Margin with decoupling of dairy payments (2)	121	115	110		112
	Margin with decoupling and price reduction (3)	100	94	89		91
	((3)-(2))/(2)	*-17%*	*-18%*	***-19%***		***-19%***
	FNVA /AWU (€/AWU)	17.867	16.645	16.677		16.793
	% of farms remaining with negative margin	*nd*	*nd*	***nd***		***4,9%***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
	% of farms remaining with positive margin	*100%*	*89%*	***92%***		***93%***



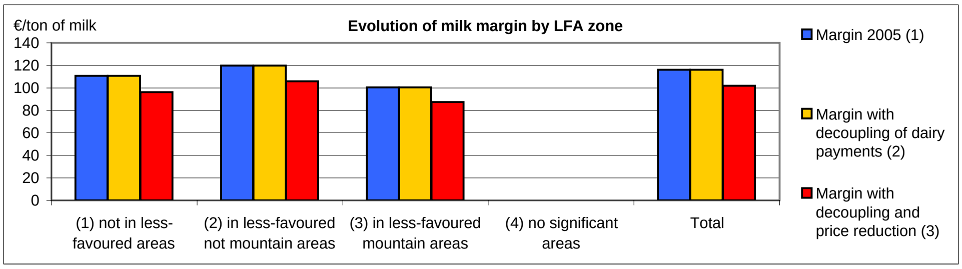


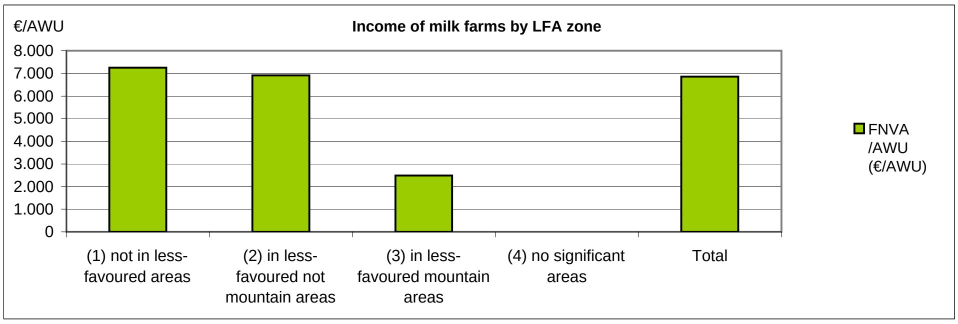
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
POLAND	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	565	1.323	18	nd	1.908
	Farms represented	27.688	59.460	3.895	nd	91.126
	% of farms represented	*30%*	*65%*	*4%*	*nd*	*100%*
Structural information (2005)	Forage area (ha)	12	13	10	nd	13
	Dairy cows (LU)	16	14	7	nd	14
	Total labour (AWU)	1,99	1,81	1,60	nd	1,86
	Milk yield (kg/cow)	5.696	4.961	3.847	nd	5.188
	Milk production (tons)	92	70	**28**	nd	**75**
Milk margin information (€/ton of milk)	Average 2005 producer price	237	232	**216**	nd	**233**
	Receipts 2005	237	232	216	nd	233
	Receipts with decoupling of dairy payments	237	232	216	nd	233
	Receipts with decoupling and price reduction	223	217	203	nd	219
	Feed costs	64	62	49	nd	62
	Other specific costs	11	9	10	nd	10
	Farming overheads	42	39	56	nd	40
	Wages	9	2	0	nd	5
	Variable costs	127	112	**115**	nd	**117**
	Margin 2005 (1)	111	120	100	nd	116
	Margin with decoupling of dairy payments (2)	111	120	**100**	nd	**116**
	Margin with decoupling and price reduction (3)	96	106	**87**	nd	**102**
	((3)-(1))/(1)	*-13%*	*-12%*	*-13%*	*nd*	*-12%*
	((3)-(2))/(2)	*-13%*	*-12%*	***-13%***	*nd*	***-12%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*70%*	*67%*	*71%*	*nd*	*68%*
	FNVA (€)	14.453	12.502	3.989	nd	12.732
	FNVA /AWU (€/AWU)	7.252	6.914	**2.494**	nd	**6.862**
Direct payments (2005) (€)	Total direct payments (EU & national)	3.362	4.242	2.589	nd	3.903
	% Direct payments /FNVA	*23%*	*34%*	***65%***	*nd*	***31%***
	Environmental payments	15	5	113	nd	13
	% Environmental payments /FNVA	*0%*	*0%*	***3%***	*nd*	***0%***
	Less-Favoured Areas payments	0	752	458	nd	510
	% LFA payments /FNVA	*0%*	*6%*	***11%***	*nd*	***4%***
	Other dairy subsidies (national)	0	0	0	nd	0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***	*nd*	***0%***

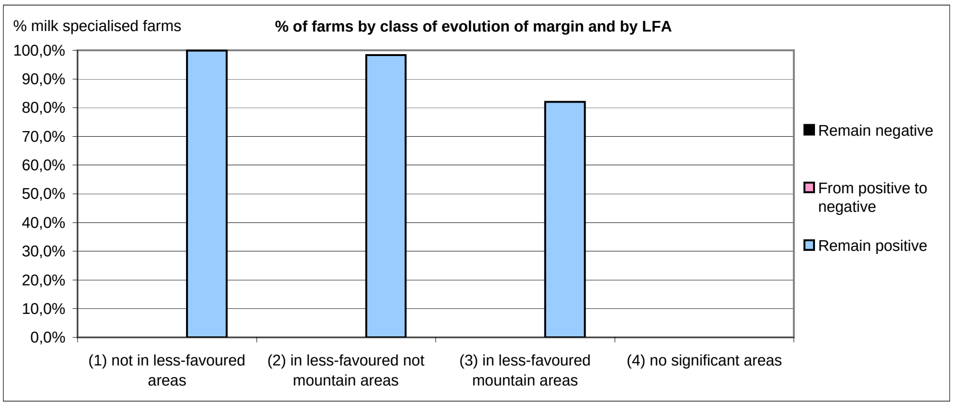


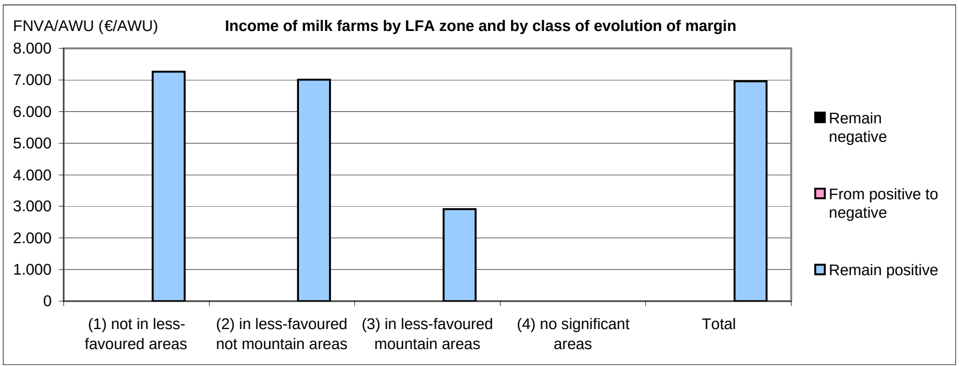


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	nd	nd	nd	nd	nd
	Farms represented	nd	nd	nd	nd	nd
	Margin 2005 (1)	nd	nd	nd	nd	nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd	nd	nd
	Margin with decoupling and price reduction (3)	nd	nd	nd	nd	nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*	*nd*	*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd	nd	nd
From positive to negative	Sample farms	nd	nd	nd	nd	nd
	Farms represented	nd	nd	nd	nd	nd
	Margin 2005 (1)	nd	nd	nd	nd	nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd	nd	nd
	Margin with decoupling and price reduction (3)	nd	nd	nd	nd	nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*	*nd*	*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd	nd	nd
Remain positive	Sample farms	563	1.310	16	nd	1.891
	Farms represented	27.666	58.494	3.197	nd	89.441
	Margin 2005 (1)	113	121	110	nd	118
	Margin with decoupling of dairy payments (2)	113	121	110	nd	118
	Margin with decoupling and price reduction (3)	98	107	97	nd	104
	((3)-(2))/(2)	*-13%*	*-12%*	***-12%***	*nd*	*-12%*
	FNVA /AWU (€/AWU)	7.257	7.007	2.915	nd	6.959
Total	Sample farms	565	1.323	18	nd	1.908
	Farms represented	27.688	59.460	3.895	nd	91.126
	Margin 2005 (1)	111	120	100	nd	116
	Margin with decoupling of dairy payments (2)	111	120	100	nd	116
	Margin with decoupling and price reduction (3)	96	106	87	nd	102
	((3)-(2))/(2)	*-13%*	*-12%*	***-13%***	*nd*	*-12%*
	FNVA /AWU (€/AWU)	7.252	6.914	2.494	nd	6.862
	% of farms remaining with negative margin	*nd*	*nd*	***nd***	*nd*	***nd***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***	*nd*	***nd***
	% of farms remaining with positive margin	*100%*	*98%*	***82%***	*nd*	***98%***



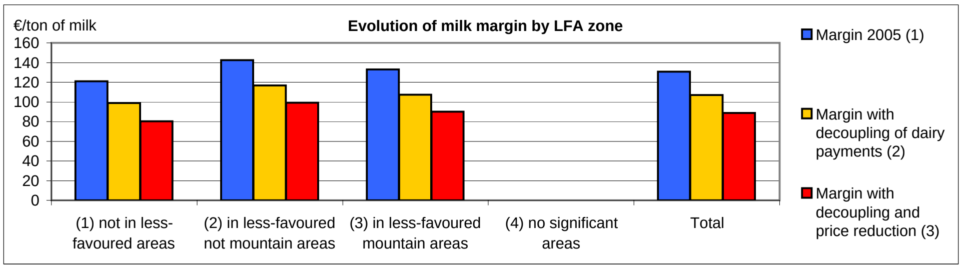


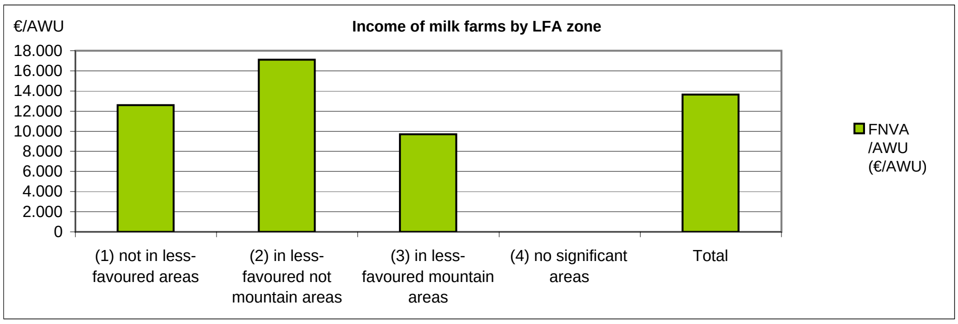
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
Portugal	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	73	107	52		232
	Farms represented	1.329	1.773	906		4.007
	% of farms represented	*33%*	*44%*	***23%***		*100%*
Structural information (2005)	Forage area (ha)	9	26	16		18
	Dairy cows (LU)	37	30	18		29
	Total labour (AWU)	2,40	1,59	1,86		1,92
	Milk yield (kg/cow)	7.361	5.323	5.811		6.234
	Milk production (tons)	270	158	**105**		**183**
Milk margin information (€/ton of milk)	Average 2005 producer price	307	292	**288**		**299**
	Receipts 2005	329	317	314		322
	Receipts with decoupling of dairy payments	307	292	288		299
	Receipts with decoupling and price reduction	288	274	271		281
	Feed costs	123	106	118		116
	Other specific costs	30	14	19		22
	Farming overheads	45	44	38		43
	Wages	11	10	6		10
	Variable costs	208	175	**181**		**192**
	Margin 2005 (1)	121	142	133		131
	Margin with decoupling of dairy payments (2)	99	117	**107**		**107**
	Margin with decoupling and price reduction (3)	80	99	**90**		**89**
	((3)-(1))/(1)	*-34%*	*-30%*	*-32%*		*-32%*
	((3)-(2))/(2)	*-19%*	*-15%*	***-16%***		***-17%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*108%*	*83%*	*77%*		*92%*
	FNVA (€)	30.267	27.268	18.035		26.175
	FNVA /AWU (€/AWU)	12.606	17.116	**9.710**		**13.628**
Direct payments (2005) (€)	Total direct payments (EU & national)	9.368	11.761	7.195		9.936
	% Direct payments /FNVA	*31%*	*43%*	***40%***		***38%***
	Environmental payments	74	2.804	500		1.378
	% Environmental payments /FNVA	*0%*	*10%*	***3%***		***5%***
	Less-Favoured Areas payments	0	2.758	2.327		1.746
	% LFA payments /FNVA	*0%*	*10%*	***13%***		***7%***
	Other dairy subsidies (national)	0	0	0		0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***

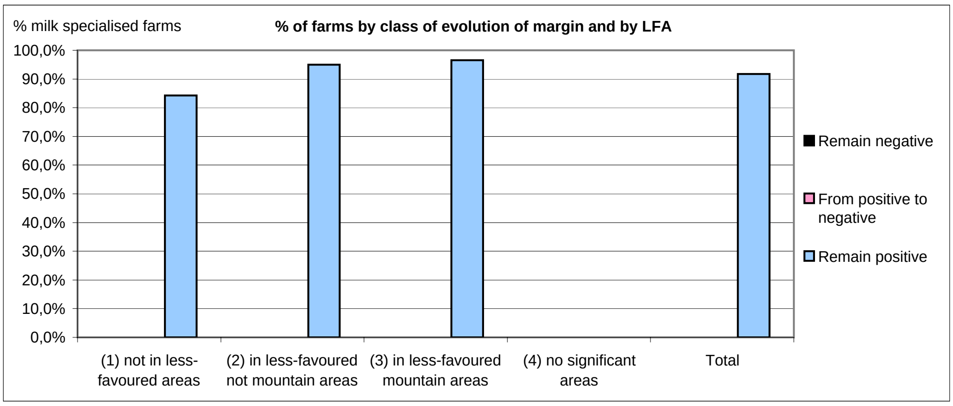


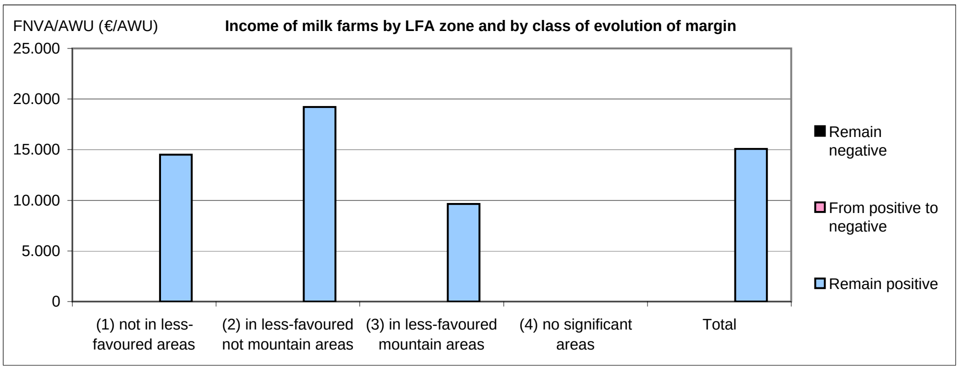


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	62	103	49		214
	Farms represented	1.120	1.683	875		3.678
	Margin 2005 (1)	135	139	137		137
	Margin with decoupling of dairy payments (2)	114	118	112		115
	Margin with decoupling and price reduction (3)	95	104	94		99
	((3)-(2))/(2)	*-16%*	*-12%*	***-15%***		***-14%***
	FNVA /AWU (€/AWU)	14.494	19.210	9.641		15.071
Total	Sample farms	73	107	52		232
	Farms represented	1.329	1.773	906		4.007
	Margin 2005 (1)	121	142	133		131
	Margin with decoupling of dairy payments (2)	99	117	107		107
	Margin with decoupling and price reduction (3)	80	99	90		89
	((3)-(2))/(2)	*-19%*	*-15%*	***-16%***		***-17%***
	FNVA /AWU (€/AWU)	12.606	17.116	9.710		13.628
	% of farms remaining with negative margin	*nd*	*nd*	***nd***		***nd***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
	% of farms remaining with positive margin	*84%*	*95%*	***97%***		***92%***



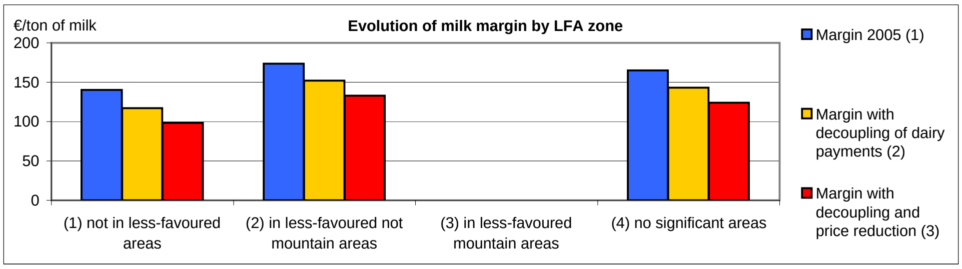


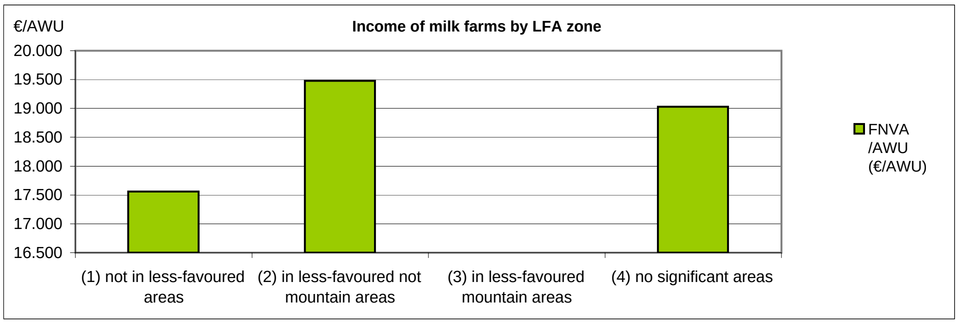
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

FINLAND	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
		LFA zones				
Representativeness (2005)	Sample farms		85	284		369
	Farms represented		3.290	11.048		14.338
	% of farms represented		*23%*	***77%***		*100%*
Structural information (2005)	Forage area (ha)		26	30		29
	Dairy cows (LU)		27	24		25
	Total labour (AWU)		2,13	2,09		2,10
	Milk yield (kg/cow)		8.468	8.279		8.326
	Milk production (tons)		227	**199**		**205**
Milk margin information (€/ton of milk)	Average 2005 producer price		324	**328**		**327**
	Receipts 2005		393	443		430
	Receipts with decoupling of dairy payments		369	422		408
	Receipts with decoupling and price reduction		351	403		389
	Feed costs		96	106		104
	Other specific costs		28	29		29
	Farming overheads		117	121		120
	Wages		11	13		13
	Variable costs		252	**270**		**265**
	Margin 2005 (1)		140	174		165
	Margin with decoupling of dairy payments (2)		117	**152**		**143**
	Margin with decoupling and price reduction (3)		98	**133**		**124**
	((3)-(1))/(1)		*-30%*	*-23%*		*-25%*
	((3)-(2))/(2)		*-16%*	***-13%***		***-13%***
Income (2005)	*% of 2005 total milk margin in FNVA*		*85%*	*85%*		*85%*
	FNVA (€)		37.458	40.801		40.034
	FNVA /AWU (€/AWU)		17.561	**19.479**		**19.032**
Direct payments (2005) (€)	Total direct payments (EU & national)		48.931	52.943		52.023
	% Direct payments /FNVA		*131%*	***130%***		***130%***
	Environmental payments		9.408	6.640		7.275
	% Environmental payments /FNVA		*25%*	***16%***		***18%***
	Less-Favoured Areas payments		14.067	13.169		13.375
	% LFA payments /FNVA		*38%*	***32%***		***33%***
	Other dairy subsidies (national)		10.288	18.512		16.625
	% Other dairy subsidies /FNVA		*27%*	***45%***		***42%***

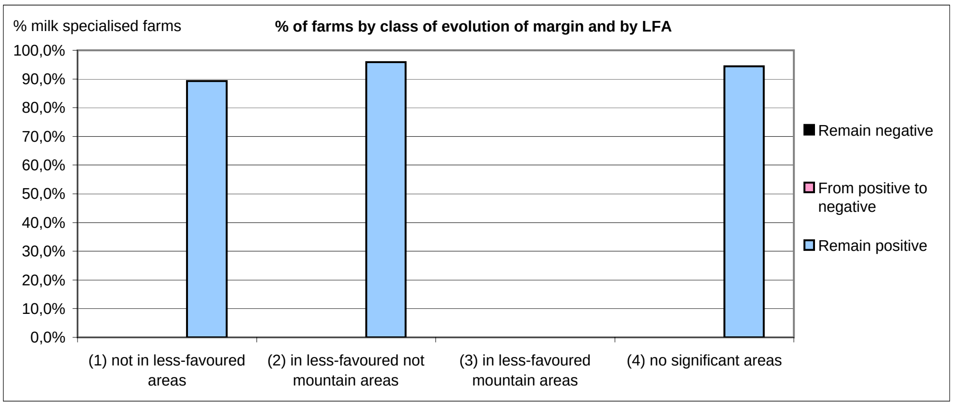


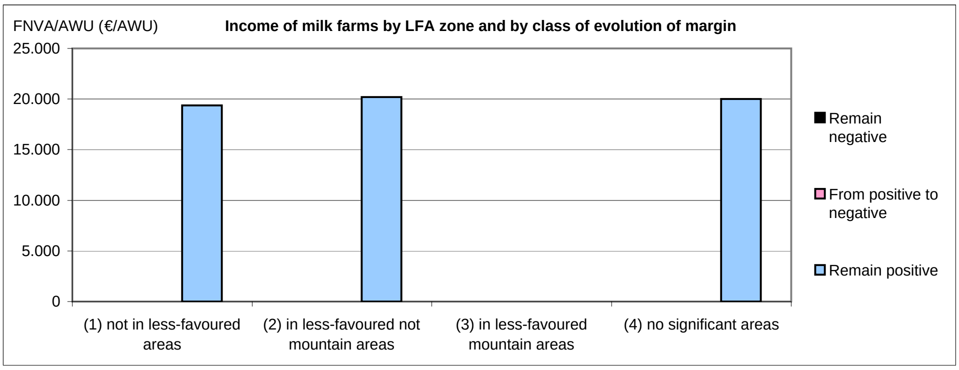


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms		nd	nd		nd
	Farms represented		nd	nd		nd
	Margin 2005 (1)		nd	nd		nd
	Margin with decoupling of dairy payments (2)		nd	nd		nd
	Margin with decoupling and price reduction (3)		nd	nd		nd
	((3)-(2))/(2)		*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)		nd	nd		nd
From positive to negative	Sample farms		nd	nd		nd
	Farms represented		nd	nd		nd
	Margin 2005 (1)		nd	nd		nd
	Margin with decoupling of dairy payments (2)		nd	nd		nd
	Margin with decoupling and price reduction (3)		nd	nd		nd
	((3)-(2))/(2)		*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)		nd	nd		nd
Remain positive	Sample farms		78	275		353
	Farms represented		2.937	10.596		13.534
	Margin 2005 (1)		150	179		172
	Margin with decoupling of dairy payments (2)		127	158		151
	Margin with decoupling and price reduction (3)		108	139		132
	((3)-(2))/(2)		*-15%*	***-12%***		***-13%***
	FNVA /AWU (€/AWU)		19.389	20.194		20.014
Total	Sample farms		85	284		369
	Farms represented		3.290	11.048		14.338
	Margin 2005 (1)		140	174		165
	Margin with decoupling of dairy payments (2)		117	152		143
	Margin with decoupling and price reduction (3)		98	133		124
	((3)-(2))/(2)		*-16%*	***-13%***		***-13%***
	FNVA /AWU (€/AWU)		17.561	19.479		19.032
	% of farms remaining with negative margin		*nd*	***nd***		***nd***
	% of farms switching from positive to negative		*nd*	***nd***		***nd***
	% of farms remaining with positive margin		*89%*	***96%***		***94%***



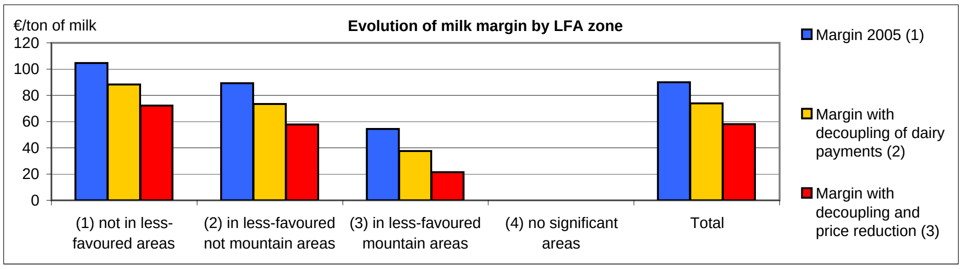


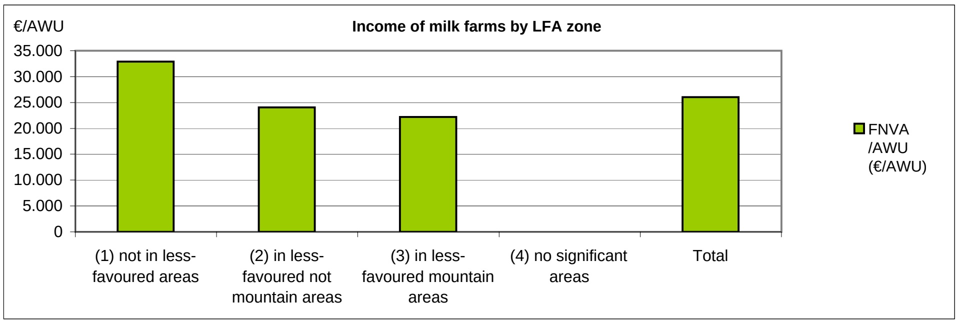
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

SWEDEN	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	79	194	85		358
	Farms represented	1.887	4.253	1.413		7.553
	% of farms represented	*25%*	*56%*	*19%*		*100%*
Structural information (2005)	Forage area (ha)	68	67	80		70
	Dairy cows (LU)	58	46	33		47
	Total labour (AWU)	2,13	2,08	1,81		2,04
	Milk yield (kg/cow)	7.874	7.836	7.111		7.753
	Milk production (tons)	459	363	**232**		**363**
Milk margin information (€/ton of milk)	Average 2005 producer price	330	321	**330**		**325**
	Receipts 2005	346	337	347		341
	Receipts with decoupling of dairy payments	330	321	330		325
	Receipts with decoupling and price reduction	313	305	314		309
	Feed costs	95	94	110		96
	Other specific costs	16	18	25		18
	Farming overheads	103	107	130		108
	Wages	27	28	28		28
	Variable costs	241	247	**292**		**251**
	Margin 2005 (1)	105	89	54		90
	Margin with decoupling of dairy payments (2)	88	73	**38**		**74**
	Margin with decoupling and price reduction (3)	72	58	**22**		**58**
	((3)-(1))/(1)	*-31%*	*-35%*	*-60%*		*-36%*
	((3)-(2))/(2)	*-18%*	*-21%*	***-43%***		***-22%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*69%*	*65%*	*31%*		*61%*
	FNVA (€)	70.112	50.106	40.165		53.245
	FNVA /AWU (€/AWU)	32.897	24.056	**22.213**		**26.054**
Direct payments (2005) (€)	Total direct payments (EU & national)	37.631	37.770	59.426		41.786
	% Direct payments /FNVA	*54%*	*75%*	***148%***		***78%***
	Environmental payments	8.489	9.064	13.513		9.752
	% Environmental payments /FNVA	*12%*	*18%*	***34%***		***18%***
	Less-Favoured Areas payments	103	3.927	10.968		4.289
	% LFA payments /FNVA	*0%*	*8%*	***27%***		***8%***
	Other dairy subsidies (national)	0	0	0		0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***

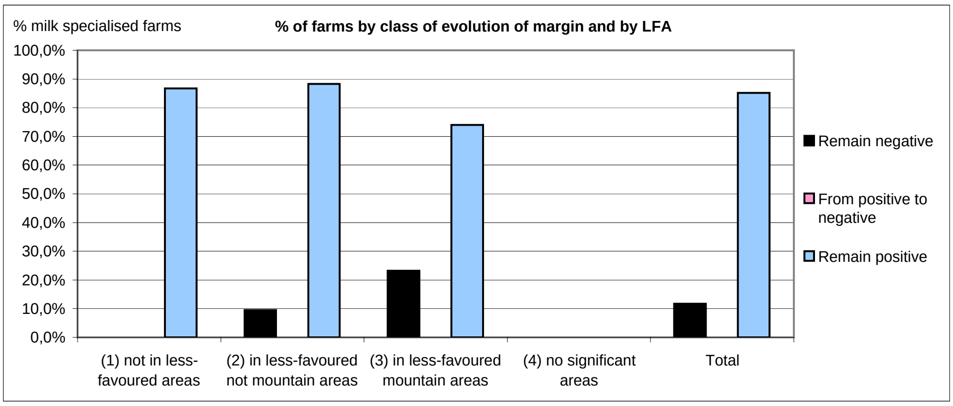


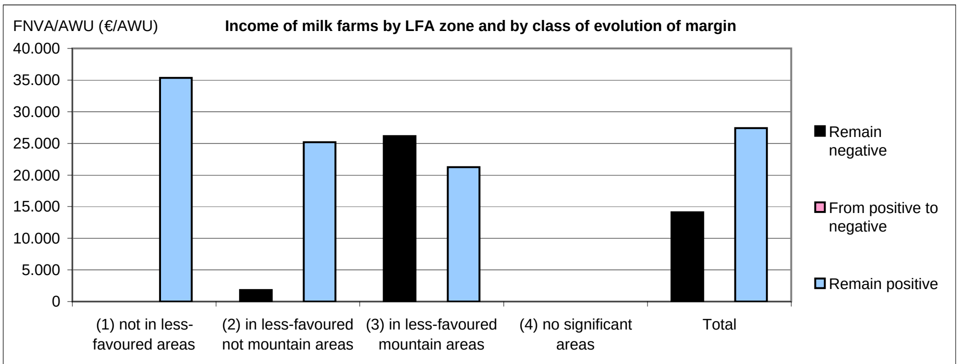


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	nd	21	20		49
	Farms represented	nd	405	328		887
	Margin 2005 (1)	nd	-29	-10		-14
	Margin with decoupling of dairy payments (2)	nd	-46	-27		-32
	Margin with decoupling and price reduction (3)	nd	-62	-43		-47
	((3)-(2))/(2)	*nd*	*35%*	***60%***		***51%***
	FNVA /AWU (€/AWU)	nd	1.823	26.125		14.116
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	67	169	63		299
	Farms represented	1.636	3.753	1.046		6.436
	Margin 2005 (1)	118	99	79		103
	Margin with decoupling of dairy payments (2)	102	83	62		87
	Margin with decoupling and price reduction (3)	85	68	46		71
	((3)-(2))/(2)	*-16%*	*-19%*	***-26%***		***-18%***
	FNVA /AWU (€/AWU)	35.356	25.177	21.233		27.422
Total	Sample farms	79	194	85		358
	Farms represented	1.887	4.253	1.413		7.553
	Margin 2005 (1)	105	89	54		90
	Margin with decoupling of dairy payments (2)	88	73	38		74
	Margin with decoupling and price reduction (3)	72	58	22		58
	((3)-(2))/(2)	*-18%*	*-21%*	***-43%***		***-22%***
	FNVA /AWU (€/AWU)	32.897	24.056	22.213		26.054
	% of farms remaining with negative margin	*nd*	*9,5%*	***23,2%***		***11,7%***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
	% of farms remaining with positive margin	*87%*	*88%*	***74%***		***85%***



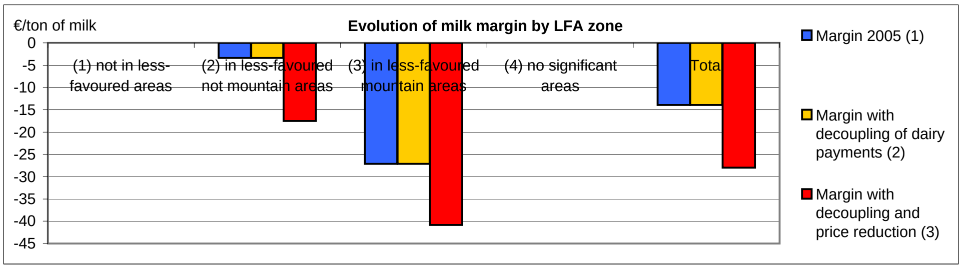


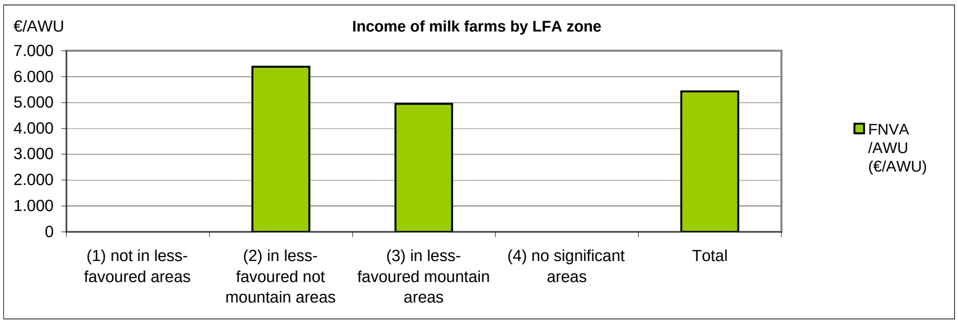
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
SLOVAKIA	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	nd	16	20		43
	Farms represented	nd	78	101		227
	% of farms represented	*nd*	*34%*	*44%*		*100%*
Structural information (2005)	Forage area (ha)	nd	499	569		434
	Dairy cows (LU)	nd	157	167		141
	Total labour (AWU)	nd	22,38	26,03		20,17
	Milk yield (kg/cow)	nd	6.499	5.198		6.042
	Milk production (tons)	nd	1.021	**870**		**855**
Milk margin information (€/ton of milk)	Average 2005 producer price	nd	251	**245**		**250**
	Receipts 2005	nd	251	245		250
	Receipts with decoupling of dairy payments	nd	251	245		250
	Receipts with decoupling and price reduction	nd	237	231		236
	Feed costs	nd	79	77		76
	Other specific costs	nd	26	29		29
	Farming overheads	nd	80	83		91
	Wages	nd	68	82		68
	Variable costs	nd	254	**272**		**264**
	Margin 2005 (1)	nd	-3	-27		-14
	Margin with decoupling of dairy payments (2)	nd	-3	**-27**		**-14**
	Margin with decoupling and price reduction (3)	nd	-17	**-41**		**-28**
	((3)-(1))/(1)	*nd*	*419%*	*51%*		*101%*
	((3)-(2))/(2)	*nd*	*419%*	***51%***		***101%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*nd*	*-2%*	*-18%*		*-11%*
	FNVA (€)	nd	142.880	128.646		109.492
	FNVA /AWU (€/AWU)	nd	6.383	**4.941**		**5.428**
Direct payments (2005) (€)	Total direct payments (EU & national)	nd	125.540	147.571		111.201
	% Direct payments /FNVA	*nd*	*88%*	***115%***		***102%***
	Environmental payments	nd	21.229	21.080		16.643
	% Environmental payments /FNVA	*nd*	*15%*	***16%***		***15%***
	Less-Favoured Areas payments	nd	50.086	73.949		50.011
	% LFA payments /FNVA	*nd*	*35%*	***57%***		***46%***
	Other dairy subsidies (national)	nd	0	0		0
	% Other dairy subsidies /FNVA	*nd*	*0%*	***0%***		***0%***

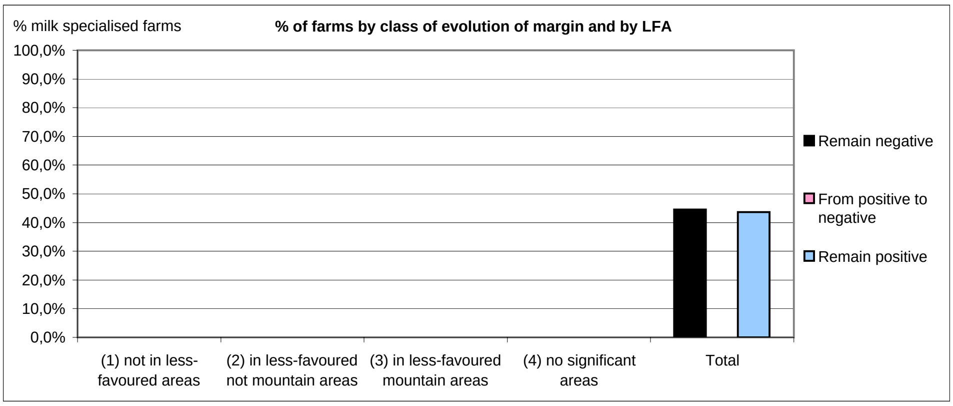


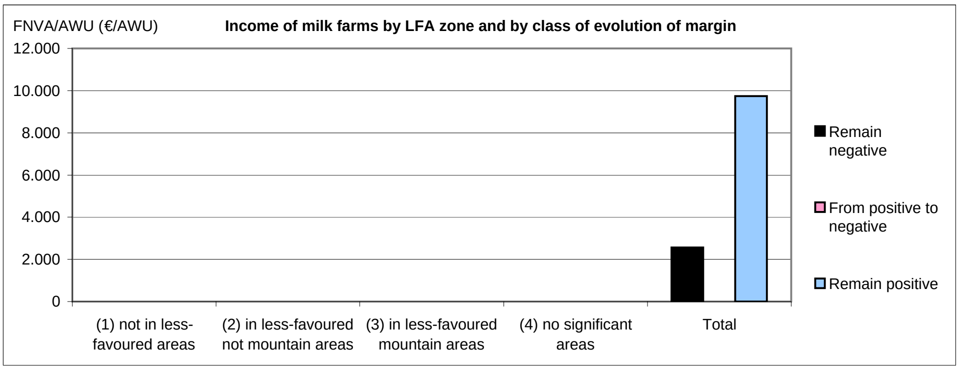


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

		LFA zones				
Class of evolution of margin	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	nd	nd	nd		22
	Farms represented	nd	nd	nd		101
	Margin 2005 (1)	nd	nd	nd		-69
	Margin with decoupling of dairy payments (2)	nd	nd	nd		-69
	Margin with decoupling and price reduction (3)	nd	nd	nd		-83
	((3)-(2))/(2)	*nd*	*nd*	*nd*		***20%***
	FNVA /AWU (€/AWU)	nd	nd	nd		2.568
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	nd	nd	nd		16
	Farms represented	nd	nd	nd		99
	Margin 2005 (1)	nd	nd	nd		42
	Margin with decoupling of dairy payments (2)	nd	nd	nd		42
	Margin with decoupling and price reduction (3)	nd	nd	nd		27
	((3)-(2))/(2)	*nd*	*nd*	*nd*		***-35%***
	FNVA /AWU (€/AWU)	nd	nd	nd		9.747
Total	Sample farms	nd	16	20		43
	Farms represented	nd	78	101		227
	Margin 2005 (1)	nd	-3	-27		-14
	Margin with decoupling of dairy payments (2)	nd	-3	-27		-14
	Margin with decoupling and price reduction (3)	nd	-17	-41		-28
	((3)-(2))/(2)	*nd*	*419%*	***51%***		***101%***
	FNVA /AWU (€/AWU)	nd	6.383	4.941		5.428
	% of farms remaining with negative margin	*nd*	*nd*	***nd***		***44,5%***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
	% of farms remaining with positive margin	*nd*	*nd*	***nd***		***44%***



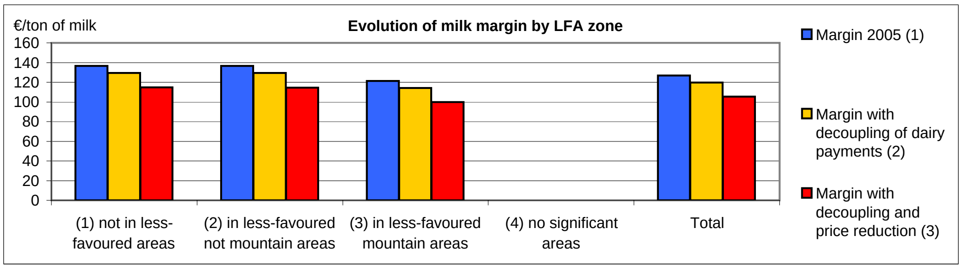


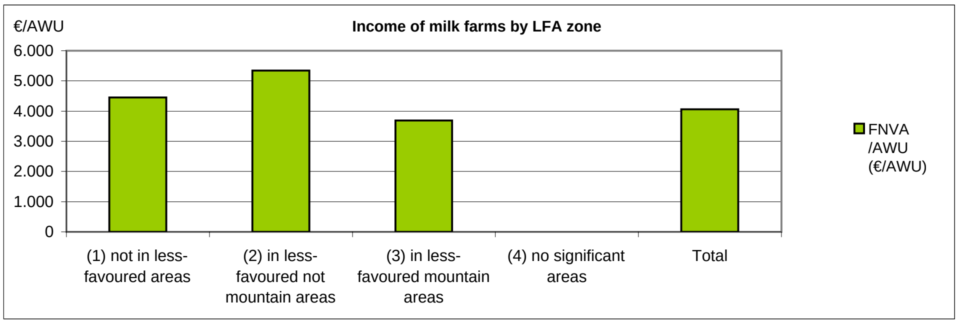
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		LFA zones				
SLOVENIA	Variables	(1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Representativeness (2005)	Sample farms	50	37	134	nd	225
	Farms represented	991	760	5.037	nd	6.840
	% of farms represented	*14%*	*11%*	*74%*	*nd*	*100%*
Structural information (2005)	Forage area (ha)	12	14	12	nd	12
	Dairy cows (LU)	18	17	11	nd	13
	Total labour (AWU)	2,21	2,22	1,91	nd	2,00
	Milk yield (kg/cow)	5.574	5.502	5.278	nd	5.368
	Milk production (tons)	100	96	**59**	nd	**70**
Milk margin information (€/ton of milk)	Average 2005 producer price	261	265	**254**	nd	**257**
	Receipts 2005	281	283	273	nd	277
	Receipts with decoupling of dairy payments	274	276	266	nd	269
	Receipts with decoupling and price reduction	259	261	251	nd	255
	Feed costs	72	74	64	nd	68
	Other specific costs	20	18	21	nd	21
	Farming overheads	51	53	64	nd	60
	Wages	2	1	2	nd	2
	Variable costs	145	147	**152**	nd	**150**
	Margin 2005 (1)	136	136	121	nd	127
	Margin with decoupling of dairy payments (2)	129	129	**114**	nd	**120**
	Margin with decoupling and price reduction (3)	115	114	**100**	nd	**105**
	((3)-(1))/(1)	*-16%*	*-16%*	*-18%*	*nd*	*-17%*
	((3)-(2))/(2)	*-11%*	*-12%*	***-13%***	*nd*	***-12%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*140%*	*110%*	*102%*	*nd*	*109%*
	FNVA (€)	9.817	11.880	7.065	nd	8.101
	FNVA /AWU (€/AWU)	4.452	5.348	**3.691**	nd	**4.056**
Direct payments (2005) (€)	Total direct payments (EU & national)	4.841	7.611	5.358	nd	5.588
	% Direct payments /FNVA	*49%*	*64%*	***76%***	*nd*	***69%***
	Environmental payments	504	1.748	1.065	nd	1.090
	% Environmental payments /FNVA	*5%*	*15%*	***15%***	*nd*	***13%***
	Less-Favoured Areas payments	93	1.360	1.741	nd	1.451
	% LFA payments /FNVA	*1%*	*11%*	***25%***	*nd*	***18%***
	Other dairy subsidies (national)	1.294	1.062	714	nd	848
	% Other dairy subsidies /FNVA	*13%*	*9%*	***10%***	*nd*	***10%***

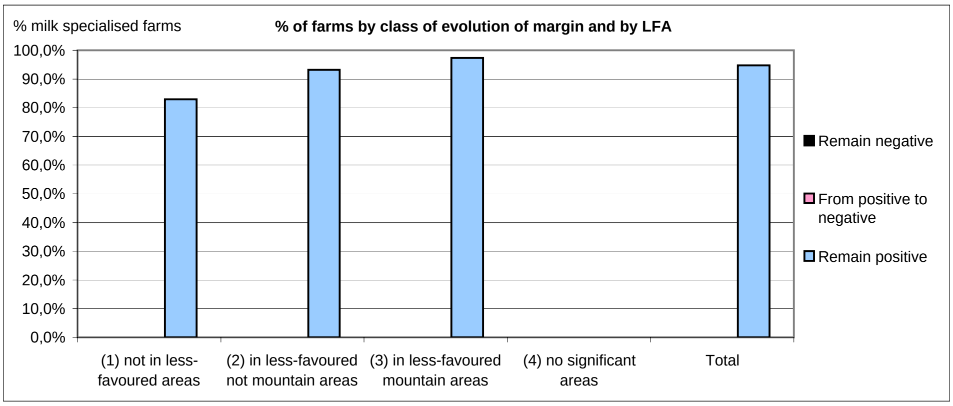


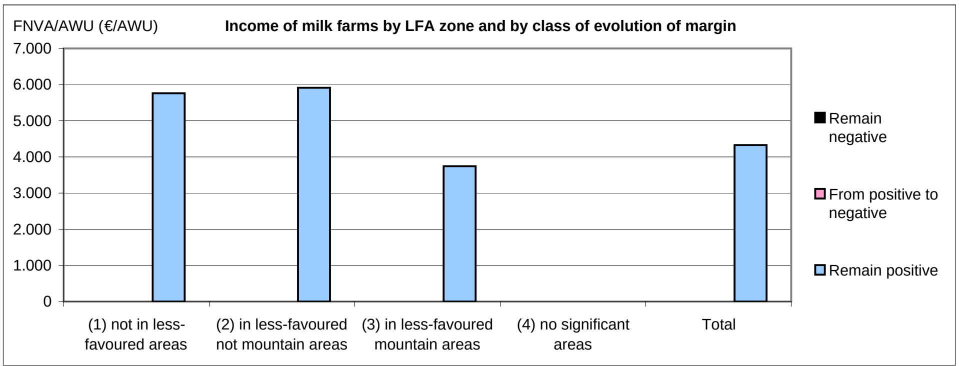


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	LFA zones: (1) not in less favoured areas	(2) in less-favoured not mountain areas	**(3) in less-favoured mountain areas**	(4) no significant areas	Total
Remain negative	Sample farms	nd	nd	nd	nd	nd
	Farms represented	nd	nd	nd	nd	nd
	Margin 2005 (1)	nd	nd	nd	nd	nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd	nd	nd
	Margin with decoupling and price reduction (3)	nd	nd	nd	nd	nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*	*nd*	*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd	nd	nd
From positive to negative	Sample farms	nd	nd	nd	nd	nd
	Farms represented	nd	nd	nd	nd	nd
	Margin 2005 (1)	nd	nd	nd	nd	nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd	nd	nd
	Margin with decoupling and price reduction (3)	nd	nd	nd	nd	nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*	*nd*	*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd	nd	nd
Remain positive	Sample farms	48	35	131	nd	218
	Farms represented	822	708	4.903	nd	6.484
	Margin 2005 (1)	141	146	123	nd	131
	Margin with decoupling of dairy payments (2)	134	139	116	nd	124
	Margin with decoupling and price reduction (3)	120	124	102	nd	109
	((3)-(2))/(2)	*-11%*	*-11%*	*-12%*	*nd*	*-12%*
	FNVA /AWU (€/AWU)	5.759	5.911	3.741	nd	4.326
Total	Sample farms	50	37	134	nd	225
	Farms represented	991	760	5.037	nd	6.840
	Margin 2005 (1)	136	136	121	nd	127
	Margin with decoupling of dairy payments (2)	129	129	114	nd	120
	Margin with decoupling and price reduction (3)	115	114	100	nd	105
	((3)-(2))/(2)	*-11%*	*-12%*	*-13%*	*nd*	*-12%*
	FNVA /AWU (€/AWU)	4.452	5.348	3.691	nd	4.056
	% of farms remaining with negative margin	*nd*	*nd*	***nd***	*nd*	***nd***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***	*nd*	***nd***
	% of farms remaining with positive margin	*83%*	*93%*	***97%***	*nd*	***95%***



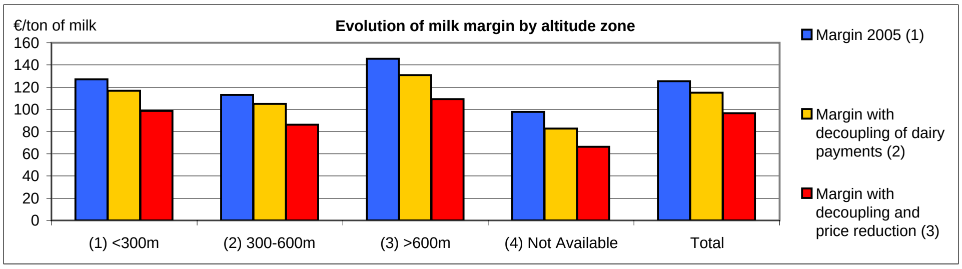


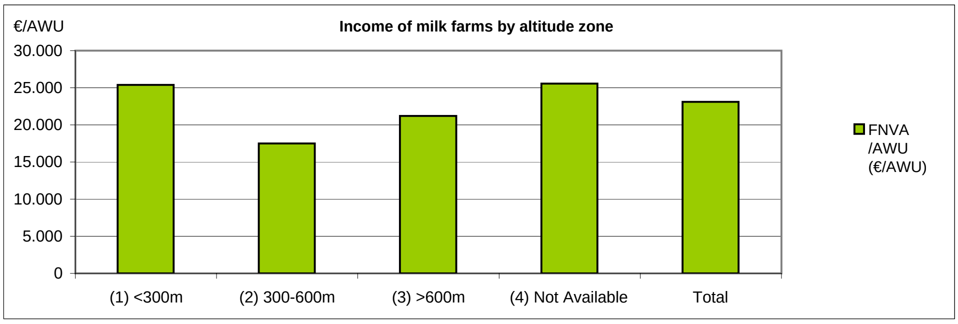
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		Altitude zones				
EU-25	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	7.273	2.732	1.312	351	11.668
	Farms represented	255.267	97.505	48.095	7.686	408.554
	% of farms represented	*62%*	*24%*	***12%***	*2%*	*100%*
Structural information (2005)	Forage area (ha)	38	30	38	63	37
	Dairy cows (LU)	43	29	29	45	38
	Total labour (AWU)	1,99	1,90	1,67	2,05	1,93
	Milk yield (kg/cow)	6.822	6.212	5.992	7.421	6.649
	Milk production (tons)	294	182	**174**	330	**254**
Milk margin information (€/ton of milk)	Average 2005 producer price	294	295	**316**	324	**297**
	Receipts 2005	307	303	331	339	309
	Receipts with decoupling of dairy payments	297	295	316	324	299
	Receipts with decoupling and price reduction	279	276	294	307	280
	Feed costs	77	81	84	94	79
	Other specific costs	20	17	17	17	19
	Farming overheads	70	78	78	105	73
	Wages	13	13	6	25	13
	Variable costs	180	190	**185**	241	**184**
	Margin 2005 (1)	127	113	146	98	126
	Margin with decoupling of dairy payments (2)	117	105	**131**	83	**115**
	Margin with decoupling and price reduction (3)	99	86	**109**	66	**97**
	((3)-(1))/(1)	*-22%*	*-24%*	*-25%*	*-32%*	*-23%*
	((3)-(2))/(2)	*-15%*	*-18%*	***-17%***	*-20%*	***-16%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*74%*	*62%*	*71%*	*61%*	*71%*
	FNVA (€)	50.529	33.138	35.504	52.499	44.647
	FNVA /AWU (€/AWU)	25.373	17.482	**21.209**	25.568	**23.105**
Direct payments (2005) (€)	Total direct payments (EU & national)	20.087	15.989	16.784	37.584	19.049
	% Direct payments /FNVA	*40%*	*48%*	***47%***	*72%*	***43%***
	Environmental payments	1.424	2.525	4.037	7.943	2.117
	% Environmental payments /FNVA	*3%*	*8%*	***11%***	*15%*	***5%***
	Less-Favoured Areas payments	1.324	2.200	4.260	3.853	1.926
	% LFA payments /FNVA	*3%*	*7%*	***12%***	*7%*	***4%***
	Other dairy subsidies (national)	1.042	49	37	1	667
	% Other dairy subsidies /FNVA	*2%*	*0%*	***0%***	*0%*	***1%***

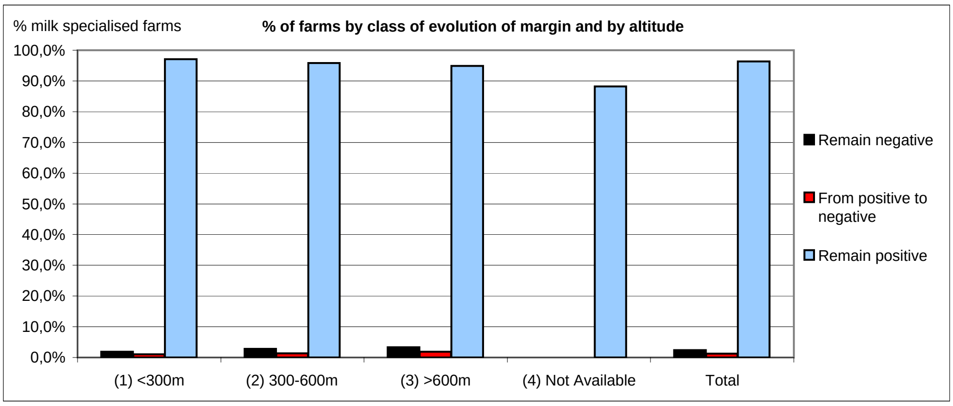


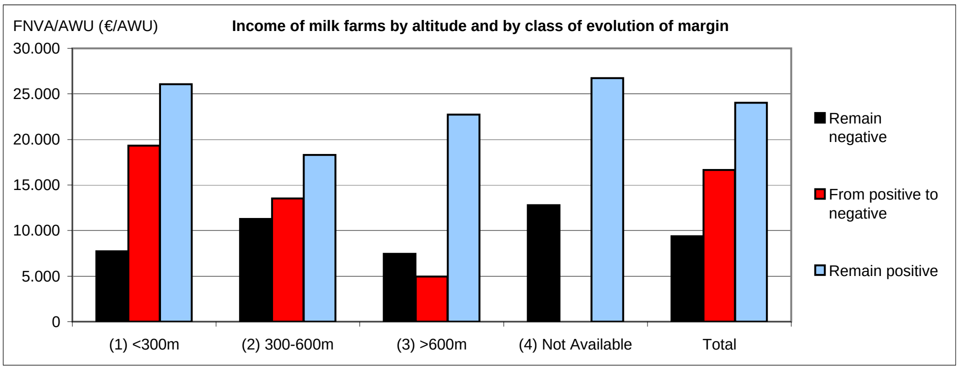


Source: EU FADN - DG AGRI, Milk allocation costs model.

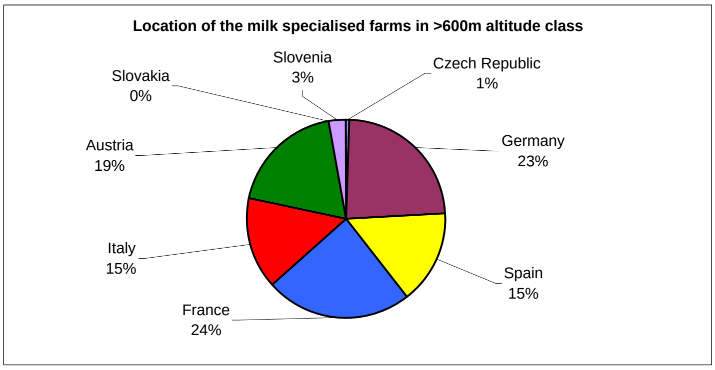
The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	Altitude zones (1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	180	133	70	42	425
	Farms represented	4.667	2.732	1.600	725	9.723
	Margin 2005 (1)	-38	-32	-36	-14	-34
	Margin with decoupling of dairy payments (2)	-45	-34	-45	-31	-39
	Margin with decoupling and price reduction (3)	-60	-51	-62	-47	-55
	((3)-(2))/(2)	*33%*	*49%*	***39%***	***52%***	***40%***
	FNVA /AWU (€/AWU)	7.713	11.269	7.448	12.797	9.387
From positive to negative	Sample farms	116	50	20	nd	194
	Farms represented	2.751	1.296	882	nd	5.111
	Margin 2005 (1)	14	11	27	nd	14
	Margin with decoupling of dairy payments (2)	9	9	14	nd	9
	Margin with decoupling and price reduction (3)	-8	-9	-6	nd	-9
	((3)-(2))/(2)	*-187%*	*-209%*	***-141%***	*nd*	***-194%***
	FNVA /AWU (€/AWU)	19.334	13.537	4.938	nd	16.641
Remain positive	Sample farms	6.977	2.549	1.222	301	11.049
	Farms represented	247.849	93.477	45.613	6.780	393.720
	Margin 2005 (1)	132	128	154	110	133
	Margin with decoupling of dairy payments (2)	121	119	139	96	122
	Margin with decoupling and price reduction (3)	103	100	117	79	103
	((3)-(2))/(2)	*-15%*	*-16%*	***-16%***	*-17%*	***-15%***
	FNVA /AWU (€/AWU)	26.056	18.288	22.717	26.724	24.018
Total	Sample farms	7.273	2.732	1.312	351	11.668
	Farms represented	255.267	97.505	48.095	7.686	408.554
	Margin 2005 (1)	127	113	146	98	126
	Margin with decoupling of dairy payments (2)	117	105	131	83	115
	Margin with decoupling and price reduction (3)	99	86	109	66	97
	((3)-(2))/(2)	*-15%*	*-18%*	***-17%***	*-20%*	***-16%***
	FNVA /AWU (€/AWU)	25.373	17.482	21.209	25.568	23.105
	% of farms remaining with negative margin	*1,8%*	*2,8%*	***3,3%***	*nd*	***2,4%***
	% of farms switching from positive to negative	*1,1%*	*1,3%*	***1,8%***	*nd*	***1,3%***
	% of farms remaining with positive margin	*97%*	*96%*	***95%***	*88%*	***96%***





Source: EU FADN - DG AGRI, Milk allocation costs model.

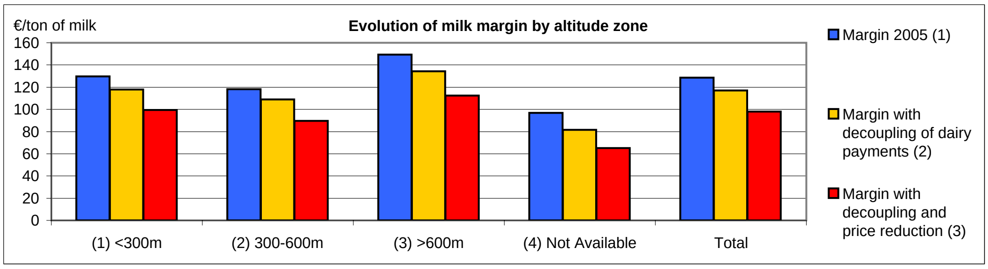


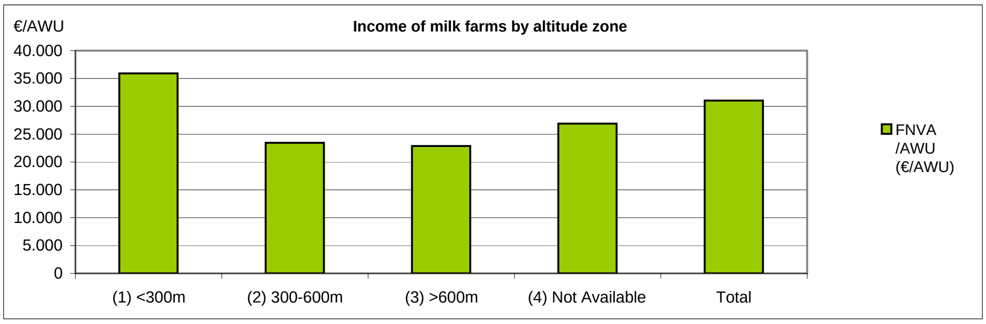
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		Altitude zones				
EU-15	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	4.784	2.178	1.219	327	8.508
	Farms represented	164.809	68.976	45.978	7.095	286.857
	% of farms represented	*57%*	*24%*	***16%***	*2%*	*100%*
Structural information (2005)	Forage area (ha)	49	35	37	66	44
	Dairy cows (LU)	58	35	29	46	48
	Total labour (AWU)	1,95	1,76	1,58	2,05	1,85
	Milk yield (kg/cow)	7.044	6.359	6.030	7.485	6.835
	Milk production (tons)	409	221	**176**	348	**325**
Milk margin information (€/ton of milk)	Average 2005 producer price	300	304	**318**	327	**303**
	Receipts 2005	315	312	333	341	317
	Receipts with decoupling of dairy payments	303	303	318	326	305
	Receipts with decoupling and price reduction	285	283	296	310	286
	Feed costs	78	83	85	95	80
	Other specific costs	21	17	17	17	20
	Farming overheads	73	82	77	106	76
	Wages	13	11	4	26	12
	Variable costs	185	194	**184**	245	**188**
	Margin 2005 (1)	130	118	149	97	129
	Margin with decoupling of dairy payments (2)	118	109	**134**	82	**117**
	Margin with decoupling and price reduction (3)	100	90	**112**	65	**98**
	((3)-(1))/(1)	*-23%*	*-24%*	*-25%*	*-33%*	*-24%*
	((3)-(2))/(2)	*-16%*	*-18%*	***-16%***	*-20%*	***-16%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*76%*	*64%*	*73%*	*61%*	*73%*
	FNVA (€)	70.126	41.227	36.036	55.025	57.340
	FNVA /AWU (€/AWU)	35.924	23.451	**22.846**	26.901	**31.033**
Direct payments (2005) (€)	Total direct payments (EU & national)	28.213	20.002	16.696	40.134	24.687
	% Direct payments /FNVA	*40%*	*49%*	***46%***	*73%*	***43%***
	Environmental payments	2.082	3.381	4.081	8.605	2.876
	% Environmental payments /FNVA	*3%*	*8%*	***11%***	*16%*	***5%***
	Less-Favoured Areas payments	1.637	2.632	4.116	4.126	2.335
	% LFA payments /FNVA	*2%*	*6%*	***11%***	*7%*	***4%***
	Other dairy subsidies (national)	1.447	2	17	0	835
	% Other dairy subsidies /FNVA	*2%*	*0%*	***0%***	*0%*	***1%***

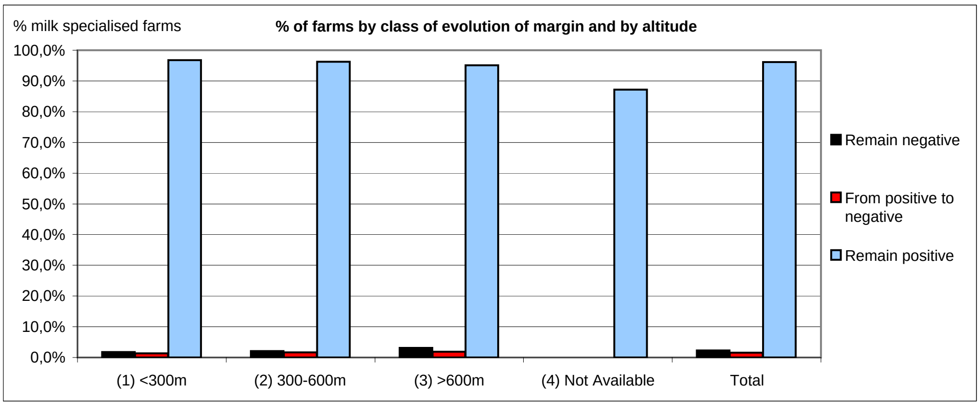


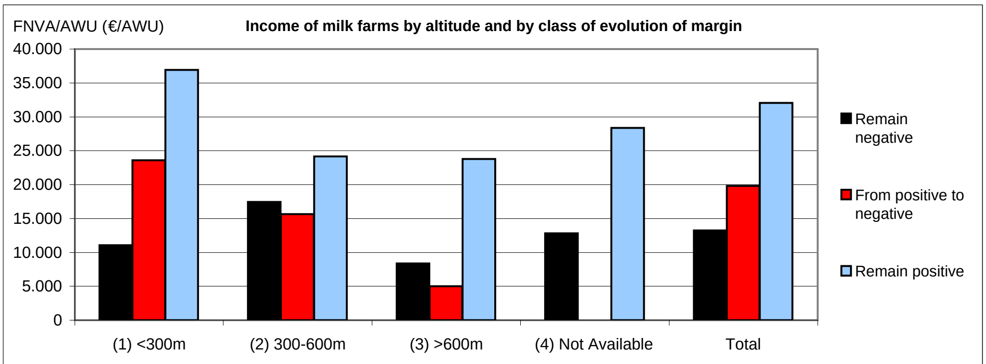


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	Altitude zones (1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	113	67	42	42	264
	Farms represented	2.984	1.427	1.416	725	6.552
	Margin 2005 (1)	-40	-27	-26	-14	-31
	Margin with decoupling of dairy payments (2)	-48	-29	-39	-31	-38
	Margin with decoupling and price reduction (3)	-63	-46	-58	-47	-55
	((3)-(2))/(2)	*32%*	*61%*	***47%***	***52%***	***43%***
	FNVA /AWU (€/AWU)	11.055	17.430	8.385	12.797	13.261
From positive to negative	Sample farms	82	33	18	nd	141
	Farms represented	2.272	1.166	853	nd	4.473
	Margin 2005 (1)	16	12	28	nd	16
	Margin with decoupling of dairy payments (2)	10	9	15	nd	10
	Margin with decoupling and price reduction (3)	-8	-9	-6	nd	-9
	((3)-(2))/(2)	*-186%*	*-203%*	***-140%***	*nd*	***-191%***
	FNVA /AWU (€/AWU)	23.601	15.673	4.995	nd	19.808
Remain positive	Sample farms	4.589	2.078	1.159	277	8.103
	Farms represented	159.552	66.383	43.709	6.188	275.832
	Margin 2005 (1)	134	130	155	110	135
	Margin with decoupling of dairy payments (2)	123	121	140	95	123
	Margin with decoupling and price reduction (3)	104	101	118	78	104
	((3)-(2))/(2)	*-15%*	*-16%*	***-16%***	*-18%*	***-15%***
	FNVA /AWU (€/AWU)	36.948	24.139	23.770	28.389	32.077
Total	Sample farms	4.784	2.178	1.219	327	8.508
	Farms represented	164.809	68.976	45.978	7.095	286.857
	Margin 2005 (1)	130	118	149	97	129
	Margin with decoupling of dairy payments (2)	118	109	134	82	117
	Margin with decoupling and price reduction (3)	100	90	112	65	98
	((3)-(2))/(2)	*-16%*	*-18%*	***-16%***	*-20%*	***-16%***
	FNVA /AWU (€/AWU)	35.924	23.451	22.846	26.901	31.033
	% of farms remaining with negative margin	*1,8%*	*2,1%*	***3,1%***	*nd*	***2,3%***
	% of farms switching from positive to negative	*1,4%*	*1,7%*	***1,9%***	*nd*	***1,6%***
	% of farms remaining with positive margin	*97%*	*96%*	***95%***	*87%*	***96%***





Source: EU FADN - DG AGRI, Milk allocation costs model.

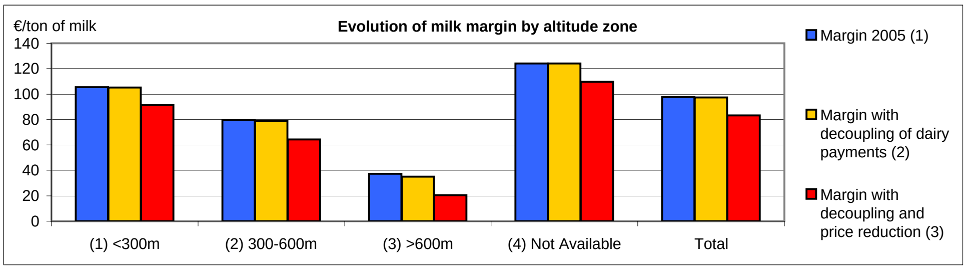
Member State	Variables	> 600 m (D)	Total (B)	((D)-(B))/(B)
EU-15	*% of farms represented*	*16%*	*100%*	-
	Milk production (tons)	176	325	***-46%***
	Average 2005 producer price (€/ton of milk)	318	303	***5%***
	Margin with decoupling of dairy payments (€/ton of milk)	134	117	***15%***
	% of reduction of the margin due to the price drop	*-16%*	*-16%*	-
	FNVA /AWU (€/AWU)	22.846	31.033	*-26%*
	% of farms remaining with positive margin	*95%*	*96%*	*-1%*
Germany	*% of farms represented*	*15%*	*100%*	-
	Milk production (tons)	196	309	***-37%***
	Average 2005 producer price (€/ton of milk)	301	291	***4%***
	Margin with decoupling of dairy payments (€/ton of milk)	119	93	***29%***
	% of reduction of the margin due to the price drop	*-15%*	*-19%*	-
	FNVA /AWU (€/AWU)	23.596	29.468	*-20%*
	% of farms remaining with positive margin	*96%*	*96%*	*0%*
Spain	*% of farms represented*	*38%*	*100%*	-
	Milk production (tons)	217	233	***-7%***
	Average 2005 producer price (€/ton of milk)	302	309	***-2%***
	Margin with decoupling of dairy payments (€/ton of milk)	163	154	***6%***
	% of reduction of the margin due to the price drop	*-23%*	*-25%*	-
	FNVA /AWU (€/AWU)	39.186	34.213	*15%*
	% of farms remaining with positive margin	*98%*	*97%*	*1%*
France	*% of farms represented*	*18%*	*100%*	-
	Milk production (tons)	210	278	***-25%***
	Average 2005 producer price (€/ton of milk)	329	302	***9%***
	Margin with decoupling of dairy payments (€/ton of milk)	116	118	***-2%***
	% of reduction of the margin due to the price drop	*-16%*	*-14%*	-
	FNVA /AWU (€/AWU)	19.569	24.704	*-21%*
	% of farms remaining with positive margin	*95%*	*98%*	*-3%*
Italy	*% of farms represented*	*25%*	*100%*	-
	Milk production (tons)	111	299	***-63%***
	Average 2005 producer price (€/ton of milk)	410	385	***6%***
	Margin with decoupling of dairy payments (€/ton of milk)	187	185	***1%***
	% of reduction of the margin due to the price drop	-10%	-10%	-
	FNVA /AWU (€/AWU)	17.142	35.731	*-52%*
	% of farms remaining with positive margin	96%	96%	*0%*
Austria	*% of farms represented*	*49%*	*100%*	-
	Milk production (tons)	103	116	***-11%***
	Average 2005 producer price (€/ton of milk)	293	290	***1%***
	Margin with decoupling of dairy payments (€/ton of milk)	107	112	***-5%***
	% of reduction of the margin due to the price drop	-20%	-19%	-
	FNVA /AWU (€/AWU)	16.386	16.793	*-2%*
	% of farms remaining with positive margin	90%	93%	*-2%*
Portugal	*% of farms represented*	11%	100%	-
	Milk production (tons)	130	183	***-29%***
	Average 2005 producer price (€/ton of milk)	287	299	***-4%***
	Margin with decoupling of dairy payments (€/ton of milk)	115	107	***7%***
	% of reduction of the margin due to the price drop	-15%	-17%	-
	FNVA /AWU (€/AWU)	12.203	13.628	*-10%*
	% of farms remaining with positive margin	98%	92%	*7%*

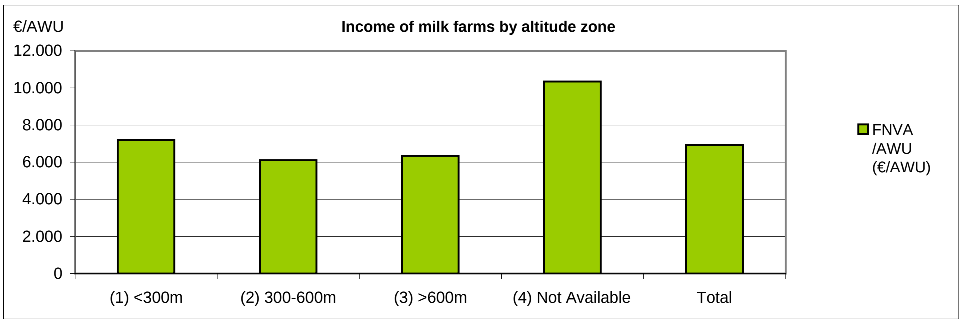
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		Altitude zones				
EU-10	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	2.489	554	93	24	3.160
	Farms represented	90.459	28.529	2.117	592	121.697
	% of farms represented	*74%*	*23%*	***2%***	*0%*	*100%*
Structural information (2005)	Forage area (ha)	19	19	57	21	20
	Dairy cows (LU)	16	16	27	21	16
	Total labour (AWU)	2,06	2,23	3,77	2,15	2,13
	Milk yield (kg/cow)	5.351	5.434	5.091	5.742	5.365
	Milk production (tons)	86	86	**135**	122	**87**
Milk margin information (€/ton of milk)	Average 2005 producer price	238	243	**256**	239	**240**
	Receipts 2005	242	246	261	239	243
	Receipts with decoupling of dairy payments	242	245	259	239	243
	Receipts with decoupling and price reduction	228	231	244	224	229
	Feed costs	68	69	70	65	68
	Other specific costs	10	14	21	10	11
	Farming overheads	46	58	79	39	50
	Wages	12	25	55	0	16
	Variable costs	137	166	**224**	115	**146**
	Margin 2005 (1)	105	79	37	124	98
	Margin with decoupling of dairy payments (2)	105	79	**35**	124	**97**
	Margin with decoupling and price reduction (3)	91	64	**20**	110	**83**
	((3)-(1))/(1)	*-13%*	*-19%*	*-45%*	*-12%*	*-15%*
	((3)-(2))/(2)	*-13%*	*-18%*	***-42%***	*-12%*	***-14%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*61%*	*50%*	*21%*	*68%*	*58%*
	FNVA (€)	14.824	13.582	23.946	22.215	14.728
	FNVA /AWU (€/AWU)	7.185	6.096	**6.347**	10.342	**6.908**
Direct payments (2005) (€)	Total direct payments (EU & national)	5.282	6.286	18.687	7.021	5.759
	% Direct payments /FNVA	*36%*	*46%*	***78%***	*32%*	***39%***
	Environmental payments	227	456	3.085	0	329
	% Environmental payments /FNVA	*2%*	*3%*	***13%***	*0%*	***2%***
	Less-Favoured Areas payments	752	1.155	7.401	578	962
	% LFA payments /FNVA	*5%*	*9%*	***31%***	*3%*	***7%***
	Other dairy subsidies (national)	305	164	483	18	274
	% Other dairy subsidies /FNVA	*2%*	*1%*	***2%***	*0%*	***2%***

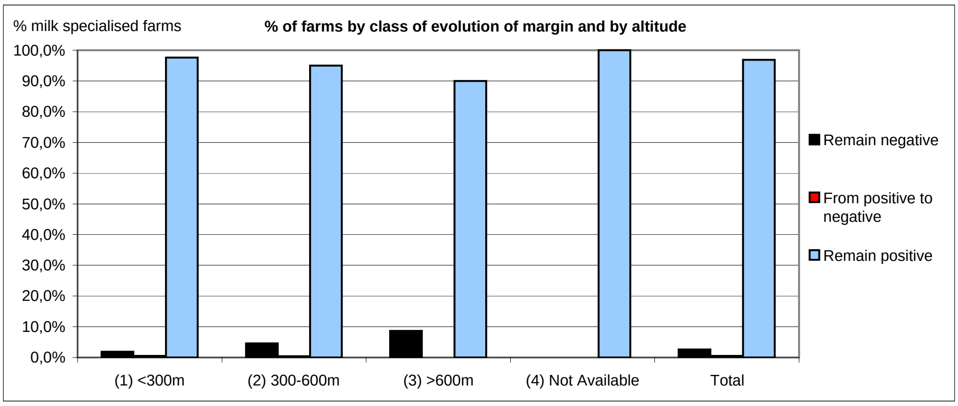


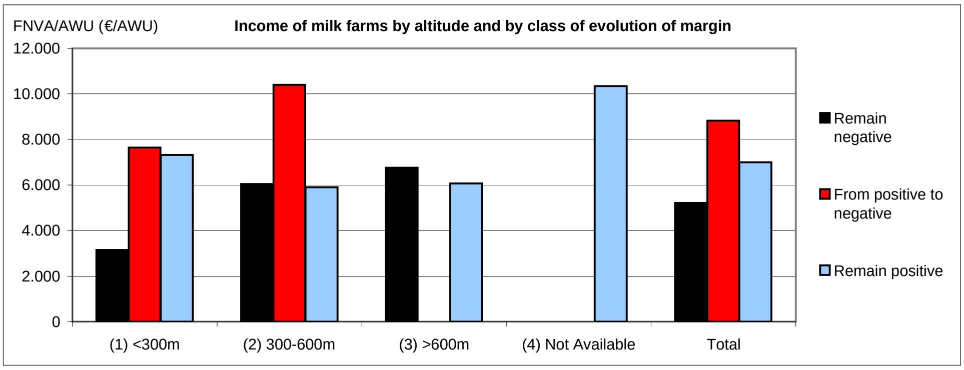


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	Altitude zones: (1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	67	66	28	nd	161
	Farms represented	1.683	1.305	183	nd	3.171
	Margin 2005 (1)	-31	-46	-53	nd	-43
	Margin with decoupling of dairy payments (2)	-31	-46	-53	nd	-43
	Margin with decoupling and price reduction (3)	-43	-61	-68	nd	-58
	((3)-(2))/(2)	*41%*	*33%*	***29%***	*nd*	***34%***
	FNVA /AWU (€/AWU)	3.154	6.039	6.753	nd	5.215
From positive to negative	Sample farms	34	17	nd	nd	53
	Farms represented	479	130	nd	nd	638
	Margin 2005 (1)	7	7	nd	nd	7
	Margin with decoupling of dairy payments (2)	7	7	nd	nd	7
	Margin with decoupling and price reduction (3)	-7	-9	nd	nd	-8
	((3)-(2))/(2)	*-197%*	*-229%*	*nd*	*nd*	***-210%***
	FNVA /AWU (€/AWU)	7.641	10.394	nd	nd	8.826
Remain positive	Sample farms	2.388	471	63	24	2.946
	Farms represented	88.297	27.094	1.904	592	117.887
	Margin 2005 (1)	112	109	110	124	111
	Margin with decoupling of dairy payments (2)	112	108	106	124	111
	Margin with decoupling and price reduction (3)	98	94	92	110	97
	((3)-(2))/(2)	*-13%*	*-13%*	***-13%***	*-12%*	***-13%***
	FNVA /AWU (€/AWU)	7.322	5.901	6.064	10.342	7.001
Total	Sample farms	2.489	554	93	24	3.160
	Farms represented	90.459	28.529	2.117	592	121.697
	Margin 2005 (1)	105	79	37	124	98
	Margin with decoupling of dairy payments (2)	105	79	35	124	97
	Margin with decoupling and price reduction (3)	91	64	20	110	83
	((3)-(2))/(2)	*-13%*	*-18%*	***-42%***	*-12%*	***-14%***
	FNVA /AWU (€/AWU)	7.185	6.096	6.347	10.342	6.908
	% of farms remaining with negative margin	*1,9%*	*4,6%*	***8,6%***	*nd*	***2,6%***
	% of farms switching from positive to negative	*0,5%*	*0,5%*	*nd*	*nd*	***0,5%***
	% of farms remaining with positive margin	*98%*	*95%*	***90%***	*100%*	***97%***





Source: EU FADN - DG AGRI, Milk allocation costs model.

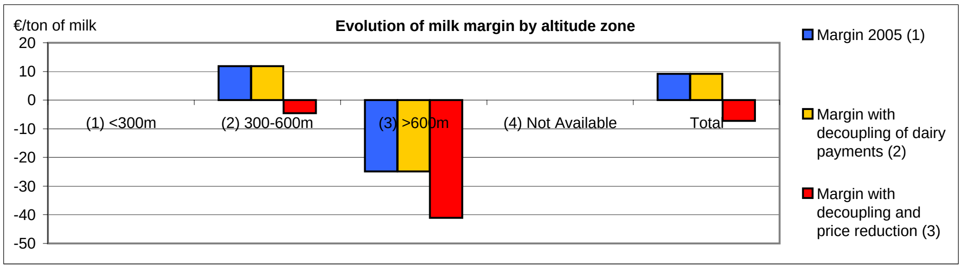
Member State	Variables	> 600 m (D)	Total (B)	((D)-(B))/(B)
EU-10	*% of farms represented*	*2%*	*100%*	-
	Milk production (tons)	135	87	***56%***
	Average 2005 producer price (€/ton of milk)	256	240	***7%***
	Margin with decoupling of dairy payments (€/ton of milk)	35	97	***-64%***
	% of reduction of the margin due to the price drop	*-42%*	*-14%*	-
	FNVA /AWU (€/AWU)	6.347	6.908	*-8%*
	% of farms remaining with positive margin	*90%*	*97%*	*-7%*
Czech Republic	*% of farms represented*	*21%*	*100%*	-
	Milk production (tons)	343	568	***-40%***
	Average 2005 producer price (€/ton of milk)	256	240	***7%***
	Margin with decoupling of dairy payments (€/ton of milk)	-25	9	***-372%***
	% of reduction of the margin due to the price drop	*65%*	*-179%*	-
	FNVA /AWU (€/AWU)	9.454	10.228	*-8%*
	% of farms remaining with positive margin	*nd*	*72%*	*nd*
Slovakia	*% of farms represented*	*39%*	*100%*	-
	Milk production (tons)	881	855	***3%***
	Average 2005 producer price (€/ton of milk)	248	250	***-1%***
	Margin with decoupling of dairy payments (€/ton of milk)	-10	-14	***-25%***
	% of reduction of the margin due to the price drop	*134%*	*101%*	-
	FNVA /AWU (€/AWU)	5.910	5.428	*9%*
	% of farms remaining with positive margin	*nd*	*44%*	*nd*
Slovenia	*% of farms represented*	*18%*	*100%*	-
	Milk production (tons)	73	70	***4%***
	Average 2005 producer price (€/ton of milk)	248	257	***-4%***
	Margin with decoupling of dairy payments (€/ton of milk)	118	120	***-2%***
	% of reduction of the margin due to the price drop	*-12%*	*-12%*	-
	FNVA /AWU (€/AWU)	4.788	4.056	*18%*
	% of farms remaining with positive margin	*98%*	*95%*	*3%*

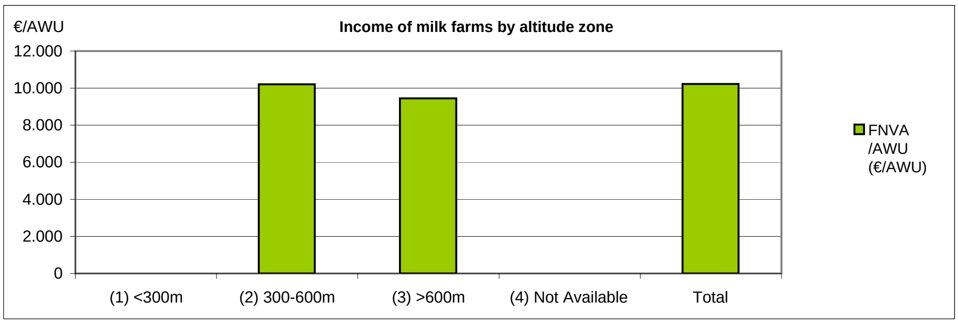
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		Altitude zones				
CZECH REPUBLIC	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	nd	142	30		182
	Farms represented	nd	1.042	292		1.399
	% of farms represented	*nd*	*74%*	***21%***		***100%***
Structural information (2005)	Forage area (ha)	nd	171	151		167
	Dairy cows (LU)	nd	95	68		90
	Total labour (AWU)	nd	11,14	8,04		10,49
	Milk yield (kg/cow)	nd	6.397	5.039		6.272
	Milk production (tons)	nd	607	**343**		**568**
Milk margin information (€/ton of milk)	Average 2005 producer price	nd	276	**272**		**275**
	Receipts 2005	nd	276	272		275
	Receipts with decoupling of dairy payments	nd	276	272		275
	Receipts with decoupling and price reduction	nd	259	256		259
	Feed costs	nd	86	76		84
	Other specific costs	nd	17	17		17
	Farming overheads	nd	88	108		90
	Wages	nd	74	96		75
	Variable costs	nd	264	**297**		**266**
	Margin 2005 (1)	nd	12	-25		9
	Margin with decoupling of dairy payments (2)	nd	12	**-25**		**9**
	Margin with decoupling and price reduction (3)	nd	-5	**-41**		**-7**
	((3)-(1))/(1)	*nd*	*-138%*	*65%*		*-179%*
	((3)-(2))/(2)	*nd*	*-138%*	***65%***		***-179%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*nd*	*6%*	*-11%*		*5%*
	FNVA (€)	nd	113.667	76.009		107.312
	FNVA /AWU (€/AWU)	nd	10.206	**9.454**		**10.228**
Direct payments (2005) (€)	Total direct payments (EU & national)	nd	65.412	57.515		63.352
	% Direct payments /FNVA	*nd*	*58%*	***76%***		***59%***
	Environmental payments	nd	5.884	7.754		6.154
	% Environmental payments /FNVA	*nd*	*5%*	***10%***		***6%***
	Less-Favoured Areas payments	nd	11.888	20.457		13.206
	% LFA payments /FNVA	*nd*	*10%*	***27%***		***12%***
	Other dairy subsidies (national)	nd	0	0		0
	% Other dairy subsidies /FNVA	*nd*	*0%*	***0%***		***0%***

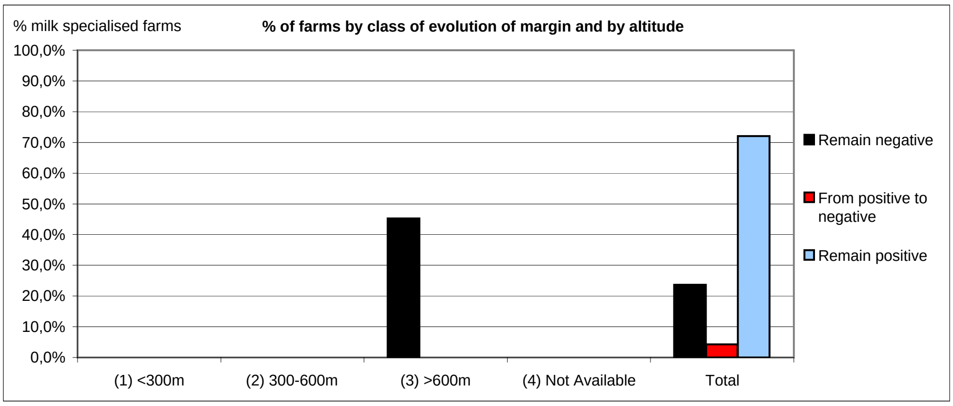


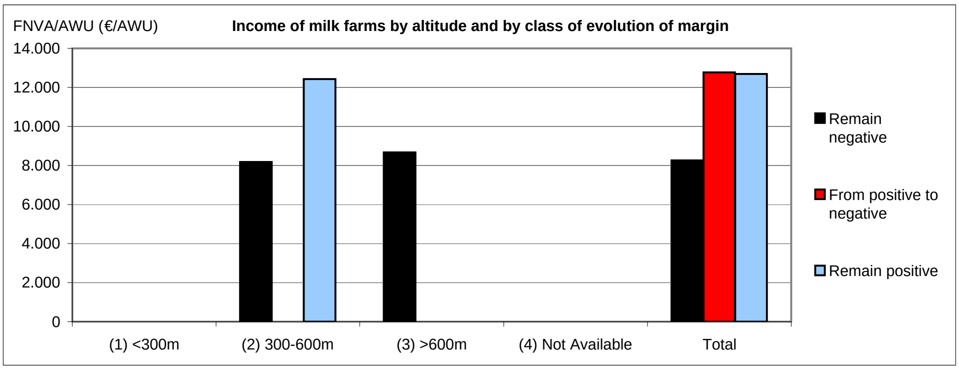


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	Altitude zones: (1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	nd	46	17		65
	Farms represented	nd	187	132		331
	Margin 2005 (1)	nd	-44	-60		-47,04
	Margin with decoupling of dairy payments (2)	nd	-44	-60		-47,04
	Margin with decoupling and price reduction (3)	nd	-60	-76		-63,29
	((3)-(2))/(2)	*nd*	*37%*	*27%*		0,34545068
	FNVA /AWU (€/AWU)	nd	8.176	8.664		8258
From positive to negative	Sample farms	nd	nd	nd		15
	Farms represented	nd	nd	nd		60
	Margin 2005 (1)	nd	nd	nd		9,23
	Margin with decoupling of dairy payments (2)	nd	nd	nd		9,23
	Margin with decoupling and price reduction (3)	nd	nd	nd		-7,24
	((3)-(2))/(2)	*nd*	*nd*	*nd*		-1,7843987
	FNVA /AWU (€/AWU)	nd	nd	nd		12773
Remain positive	Sample farms	nd	83	nd		102
	Farms represented	nd	800	nd		1008
	Margin 2005 (1)	nd	72	nd		74,58
	Margin with decoupling of dairy payments (2)	nd	72	nd		74,58
	Margin with decoupling and price reduction (3)	nd	56	nd		58,14
	((3)-(2))/(2)	*nd*	*-23%*	*nd*		-0,22043443
	FNVA /AWU (€/AWU)	nd	12.430	nd		12686
Total	Sample farms	nd	142	30		182
	Farms represented	nd	1.042	292		1399
	Margin 2005 (1)	nd	12	-25		9,15
	Margin with decoupling of dairy payments (2)	nd	12	-25		9,15
	Margin with decoupling and price reduction (3)	nd	-5	-41		-7,22
	((3)-(2))/(2)	*nd*	*-138%*	*65%*		-1,78907104
	FNVA /AWU (€/AWU)	nd	10.206	9.454		10228
	% of farms remaining with negative margin	*nd*	*nd*	***45,2%***		***23,7%***
	% of farms switching from positive to negative	*nd*	*nd*	*nd*		***4,3%***
	% of farms remaining with positive margin	*nd*	*nd*	*nd*		***72%***

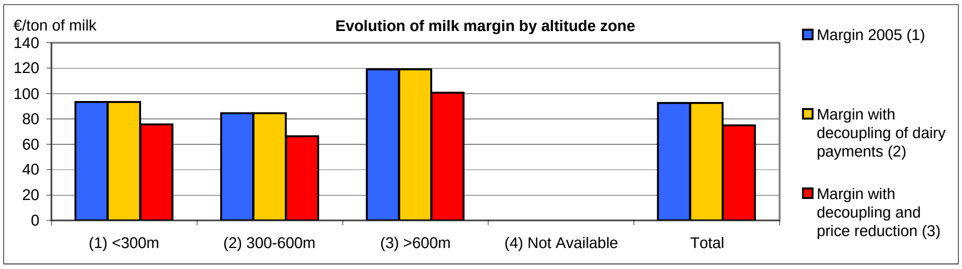


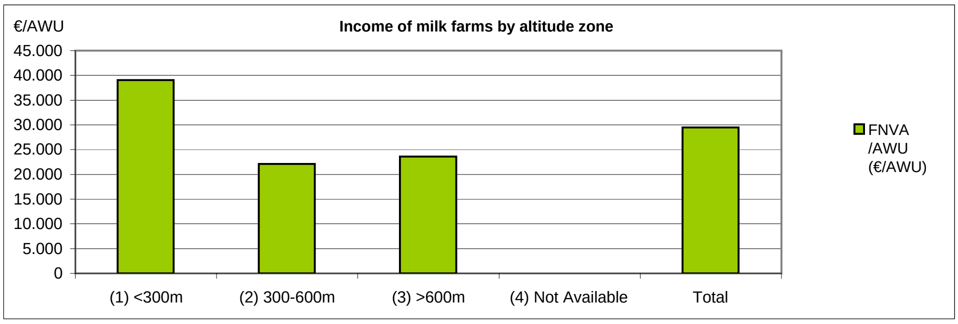


Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		Altitude zones				
GERMANY	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	972	700	185		1.857
	Farms represented	26.288	35.401	10.955		72.644
	% of farms represented	*36%*	*49%*	***15%***		*100%*
Structural information (2005)	Forage area (ha)	62	32	33		43
	Dairy cows (LU)	65	34	31		45
	Total labour (AWU)	2,21	1,74	1,58		1,88
	Milk yield (kg/cow)	7.402	6.384	6.347		6.912
	Milk production (tons)	478	219	**196**		**309**
Milk margin information (€/ton of milk)	Average 2005 producer price	285	297	**301**		**291**
	Receipts 2005	284	295	299		289
	Receipts with decoupling of dairy payments	284	295	299		289
	Receipts with decoupling and price reduction	267	277	281		272
	Feed costs	66	77	59		69
	Other specific costs	23	19	23		21
	Farming overheads	83	98	92		89
	Wages	19	16	6		17
	Variable costs	191	210	**180**		**197**
	Margin 2005 (1)	93	84	119		93
	Margin with decoupling of dairy payments (2)	93	84	**119**		**93**
	Margin with decoupling and price reduction (3)	76	66	**101**		**75**
	((3)-(1))/(1)	*-19%*	*-21%*	*-15%*		*-19%*
	((3)-(2))/(2)	*-19%*	*-21%*	***-15%***		***-19%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*52%*	*48%*	*63%*		*52%*
	FNVA (€)	86.132	38.498	37.168		55.535
	FNVA /AWU (€/AWU)	39.051	22.100	**23.596**		**29.468**
Direct payments (2005) (€)	Total direct payments (EU & national)	35.945	21.947	18.969		26.563
	% Direct payments /FNVA	*42%*	*57%*	***51%***		***48%***
	Environmental payments	2.120	3.563	6.038		3.414
	% Environmental payments /FNVA	*2%*	*9%*	***16%***		***6%***
	Less-Favoured Areas payments	1.024	2.720	3.733		2.259
	% LFA payments /FNVA	*1%*	*7%*	***10%***		***4%***
	Other dairy subsidies (national)	0	0	0		0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***

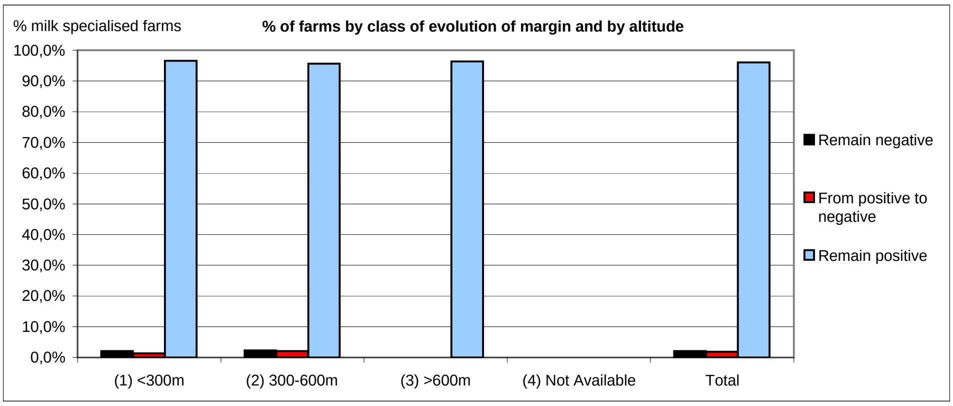


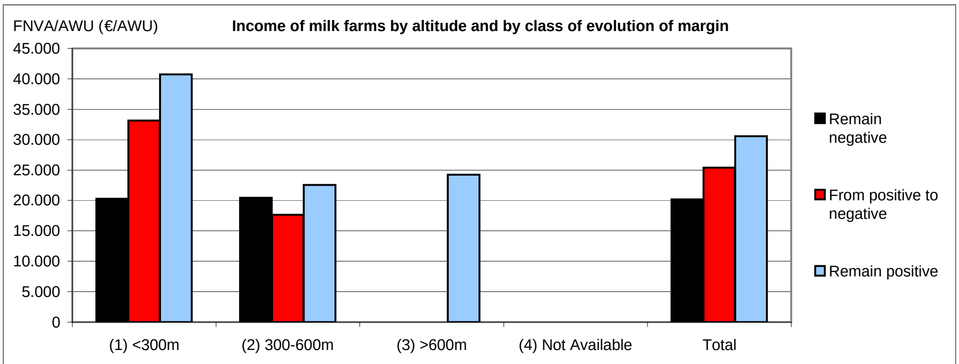


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	Altitude zones: (1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	40	45	nd		91
	Farms represented	548	810	nd		1.536
	Margin 2005 (1)	-43	-28	nd		-34
	Margin with decoupling of dairy payments (2)	-43	-28	nd		-34
	Margin with decoupling and price reduction (3)	-61	-46	nd		-52
	((3)-(2))/(2)	*40%*	*61%*	*nd*		*51%*
	FNVA /AWU (€/AWU)	20.282	20.448	nd		20.188
From positive to negative	Sample farms	29	19	nd		52
	Farms represented	360	754	nd		1.337
	Margin 2005 (1)	10	10	nd		10
	Margin with decoupling of dairy payments (2)	10	10	nd		10
	Margin with decoupling and price reduction (3)	-7	-8	nd		-7
	((3)-(2))/(2)	*-173%*	*-181%*	*nd*		*-174%*
	FNVA /AWU (€/AWU)	33.150	17.670	nd		25.411
Remain positive	Sample farms	903	636	175		1.714
	Farms represented	25.380	33.838	10.554		69.772
	Margin 2005 (1)	102	102	128		105
	Margin with decoupling of dairy payments (2)	102	102	128		105
	Margin with decoupling and price reduction (3)	85	84	109		87
	((3)-(2))/(2)	*-17%*	*-18%*	*-14%*		*-17%*
	FNVA /AWU (€/AWU)	40.709	22.576	24.263		30.565
Total	Sample farms	972	700	185		1.857
	Farms represented	26.288	35.401	10.955		72.644
	Margin 2005 (1)	93	84	119		93
	Margin with decoupling of dairy payments (2)	93	84	119		93
	Margin with decoupling and price reduction (3)	76	66	101		75
	((3)-(2))/(2)	*-19%*	*-21%*	*-15%*		*-19%*
	FNVA /AWU (€/AWU)	39.051	22.100	23.596		29.468
	% of farms remaining with negative margin	*2,1%*	*2,3%*	***nd***		***2,1%***
	% of farms switching from positive to negative	*1,4%*	*2,1%*	***nd***		***1,8%***
	% of farms remaining with positive margin	*97%*	*96%*	***96%***		***96%***



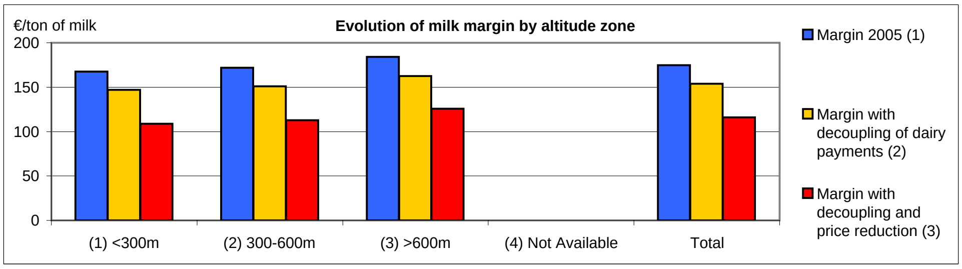


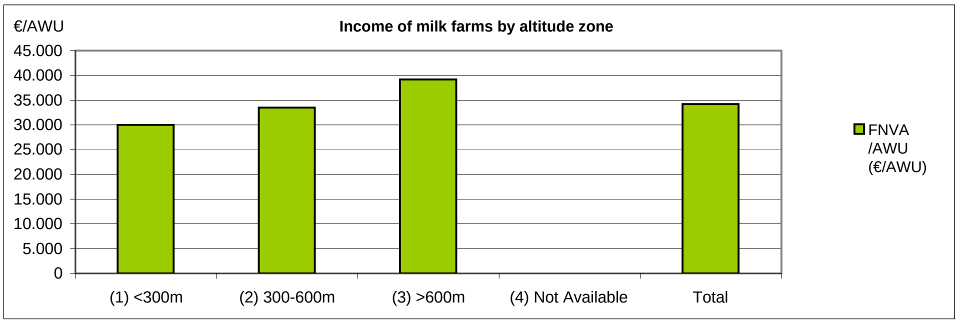
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		Altitude zones				
SPAIN	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	252	275	153	nd	682
	Farms represented	6.298	5.301	7.130	nd	18.752
	% of farms represented	*34%*	*28%*	***38%***	*nd*	*100%*
Structural information (2005)	Forage area (ha)	18	18	20	nd	19
	Dairy cows (LU)	38	39	36	nd	38
	Total labour (AWU)	1,58	1,60	1,40	nd	1,52
	Milk yield (kg/cow)	6.206	6.438	5.991	nd	6.195
	Milk production (tons)	238	249	**217**	nd	**233**
Milk margin information (€/ton of milk)	Average 2005 producer price	314	312	**302**	nd	**309**
	Receipts 2005	334	333	324	nd	330
	Receipts with decoupling of dairy payments	314	312	302	nd	309
	Receipts with decoupling and price reduction	276	274	265	nd	271
	Feed costs	110	108	102	nd	107
	Other specific costs	19	20	12	nd	17
	Farming overheads	36	29	23	nd	29
	Wages	2	5	2	nd	3
	Variable costs	167	161	**140**	nd	**155**
	Margin 2005 (1)	168	172	184	nd	175
	Margin with decoupling of dairy payments (2)	147	151	**163**	nd	**154**
	Margin with decoupling and price reduction (3)	109	113	**126**	nd	**116**
	((3)-(1))/(1)	*-35%*	*-34%*	*-32%*	*nd*	*-34%*
	((3)-(2))/(2)	*-26%*	*-25%*	***-23%***	*nd*	***-25%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*84%*	*80%*	*73%*	*nd*	*78%*
	FNVA (€)	47.244	53.629	54.859	nd	51.904
	FNVA /AWU (€/AWU)	29.981	33.461	**39.186**	nd	**34.213**
Direct payments (2005) (€)	Total direct payments (EU & national)	8.027	9.701	8.848	nd	8.811
	% Direct payments /FNVA	*17%*	*18%*	***16%***	*nd*	***17%***
	Environmental payments	35	13	10	nd	19
	% Environmental payments /FNVA	*0%*	*0%*	***0%***	*nd*	***0%***
	Less-Favoured Areas payments	197	347	243	nd	257
	% LFA payments /FNVA	*0%*	*1%*	***0%***	*nd*	***0%***
	Other dairy subsidies (national)	1	26	108	nd	49
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***	*nd*	***0%***

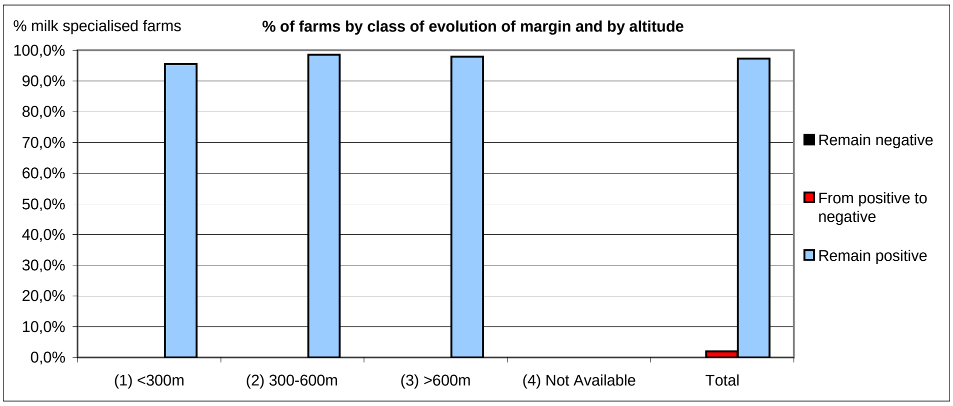


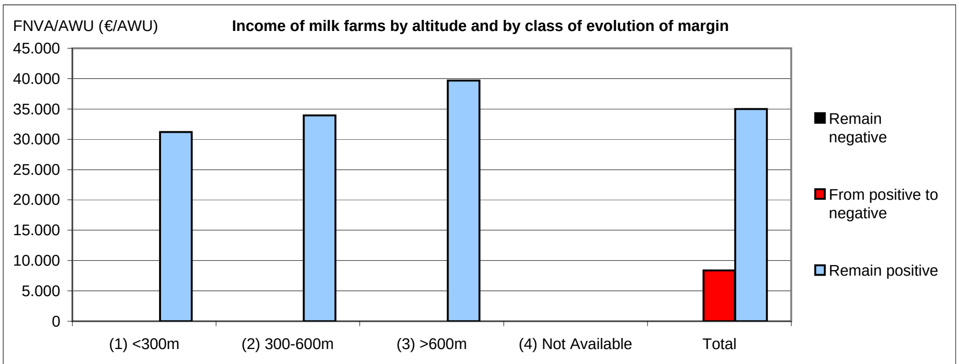


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	Altitude zones: (1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	nd	nd	nd	nd	nd
	Farms represented	nd	nd	nd	nd	nd
	Margin 2005 (1)	nd	nd	nd	nd	nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd	nd	nd
	Margin with decoupling and price reduction (3)	nd	nd	nd	nd	nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*	*nd*	*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd	nd	nd
From positive to negative	Sample farms	nd	nd	nd	nd	17
	Farms represented	nd	nd	nd	nd	374
	Margin 2005 (1)	nd	nd	nd	nd	36
	Margin with decoupling of dairy payments (2)	nd	nd	nd	nd	13
	Margin with decoupling and price reduction (3)	nd	nd	nd	nd	-24
	((3)-(2))/(2)	*nd*	*nd*	*nd*	*nd*	*-285%*
	FNVA /AWU (€/AWU)	nd	nd	nd	nd	8.377
Remain positive	Sample farms	239	268	149	nd	658
	Farms represented	6.014	5.222	6.982	nd	18.242
	Margin 2005 (1)	174	175	186	nd	178
	Margin with decoupling of dairy payments (2)	153	154	164	nd	157
	Margin with decoupling and price reduction (3)	115	116	127	nd	120
	((3)-(2))/(2)	*-25%*	*-25%*	*-22%*	*nd*	*-24%*
	FNVA /AWU (€/AWU)	31.181	33.915	39.653	nd	34.969
Total	Sample farms	252	275	153	nd	682
	Farms represented	6.298	5.301	7.130	nd	18.752
	Margin 2005 (1)	168	172	184	nd	175
	Margin with decoupling of dairy payments (2)	147	151	163	nd	154
	Margin with decoupling and price reduction (3)	109	113	126	nd	116
	((3)-(2))/(2)	*-26%*	*-25%*	*-23%*	*nd*	*-25%*
	FNVA /AWU (€/AWU)	29.981	33.461	39.186	nd	34.213
	% of farms remaining with negative margin	*nd*	*nd*	***nd***	*nd*	***nd***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***	*nd*	***2,0%***
	% of farms remaining with positive margin	*95%*	*99%*	***98%***	*nd*	***97%***



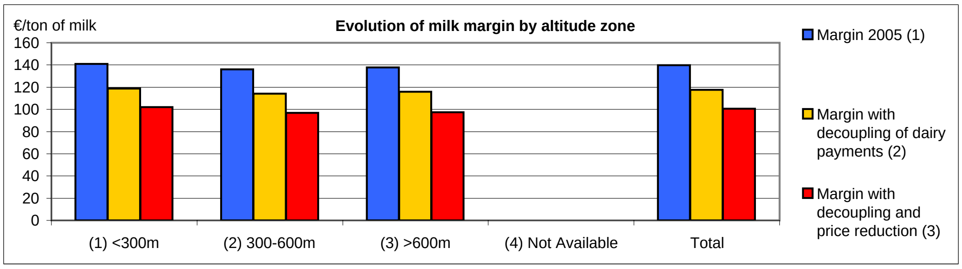


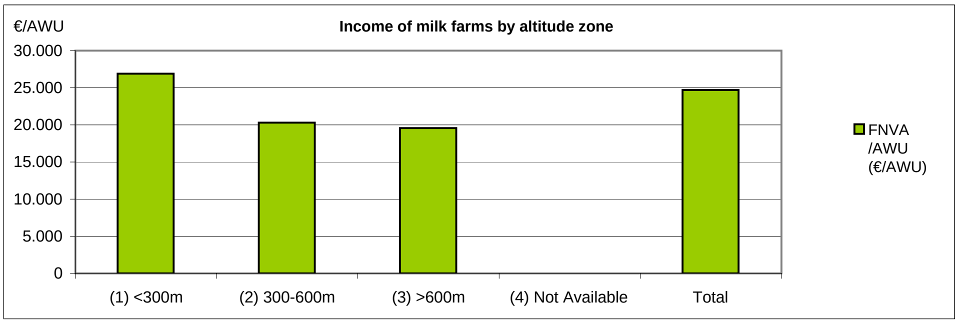
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		Altitude zones				
France	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	736	197	211		1.144
	Farms represented	41.016	8.497	11.109		60.622
	% of farms represented	*68%*	*14%*	***18%***		*100%*
Structural information (2005)	Forage area (ha)	51	64	63		55
	Dairy cows (LU)	45	42	37		43
	Total labour (AWU)	1,76	1,82	1,58		1,73
	Milk yield (kg/cow)	6.710	6.200	5.698		6.481
	Milk production (tons)	300	260	**210**		**278**
Milk margin information (€/ton of milk)	Average 2005 producer price	296	311	**329**		**302**
	Receipts 2005	318	332	351		324
	Receipts with decoupling of dairy payments	295	310	329		302
	Receipts with decoupling and price reduction	279	293	310		285
	Feed costs	73	79	87		76
	Other specific costs	11	12	15		12
	Farming overheads	89	100	107		93
	Wages	4	5	4		4
	Variable costs	177	196	**213**		**184**
	Margin 2005 (1)	141	136	138		140
	Margin with decoupling of dairy payments (2)	119	114	**116**		**118**
	Margin with decoupling and price reduction (3)	102	97	**97**		**101**
	((3)-(1))/(1)	*-28%*	*-29%*	*-29%*		*-28%*
	((3)-(2))/(2)	*-14%*	*-15%*	***-16%***		***-14%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*90%*	*96%*	*94%*		*91%*
	FNVA (€)	47.228	36.976	30.936		42.805
	FNVA /AWU (€/AWU)	26.908	20.282	**19.569**		**24.704**
Direct payments (2005) (€)	Total direct payments (EU & national)	25.105	24.855	22.579		24.607
	% Direct payments /FNVA	*53%*	*67%*	***73%***		***57%***
	Environmental payments	1.186	2.801	3.518		1.840
	% Environmental payments /FNVA	*3%*	*8%*	***11%***		***4%***
	Less-Favoured Areas payments	79	4.419	7.871		2.115
	% LFA payments /FNVA	*0%*	*12%*	***25%***		***5%***
	Other dairy subsidies (national)	0	0	0		0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***

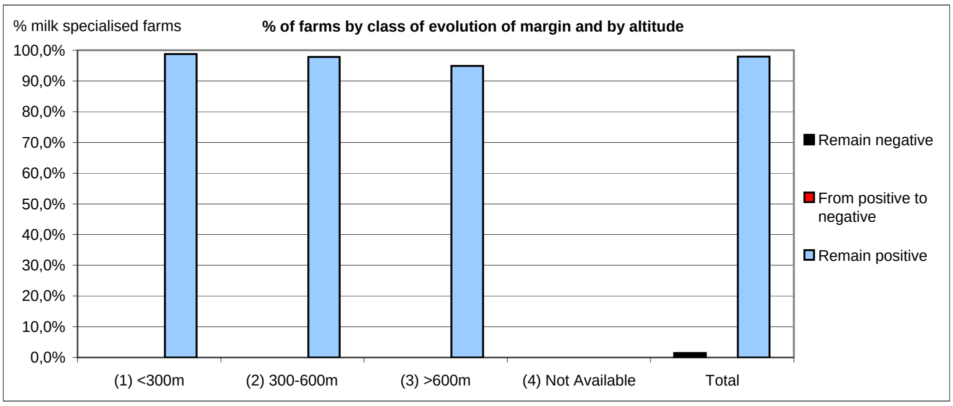


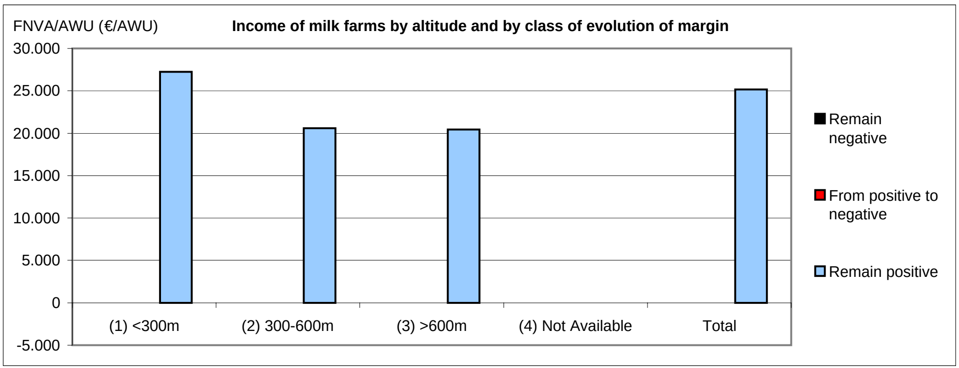


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	Altitude zones: (1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	nd	nd	nd		16
	Farms represented	nd	nd	nd		885
	Margin 2005 (1)	nd	nd	nd		-6
	Margin with decoupling of dairy payments (2)	nd	nd	nd		-31
	Margin with decoupling and price reduction (3)	nd	nd	nd		-47
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*53%*
	FNVA /AWU (€/AWU)	nd	nd	nd		-10
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	728	193	200		1.121
	Farms represented	40.488	8.313	10.538		59.339
	Margin 2005 (1)	142	138	143		142
	Margin with decoupling of dairy payments (2)	120	116	121		120
	Margin with decoupling and price reduction (3)	103	99	102		102
	((3)-(2))/(2)	*-14%*	*-15%*	*-15%*		*-14%*
	FNVA /AWU (€/AWU)	27.241	20.606	20.434		25.157
Total	Sample farms	736	197	211		1.144
	Farms represented	41.016	8.497	11.109		60.622
	Margin 2005 (1)	141	136	138		140
	Margin with decoupling of dairy payments (2)	119	114	116		118
	Margin with decoupling and price reduction (3)	102	97	97		101
	((3)-(2))/(2)	*-14%*	*-15%*	*-16%*		*-14%*
	FNVA /AWU (€/AWU)	26.908	20.282	19.569		24.704
	% of farms remaining with negative margin	*nd*	*nd*	***nd***		***1,5%***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
	% of farms remaining with positive margin	*99%*	*98%*	***95%***		***98%***



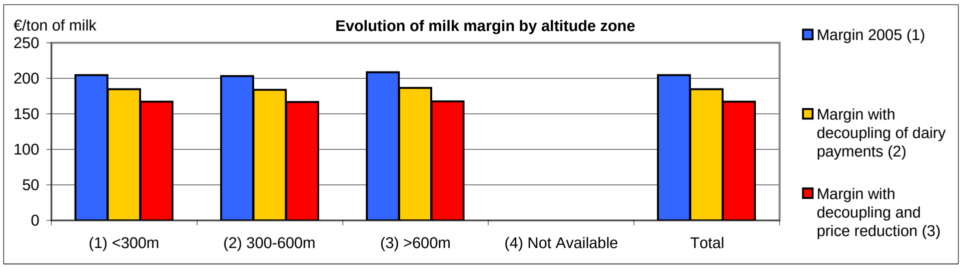


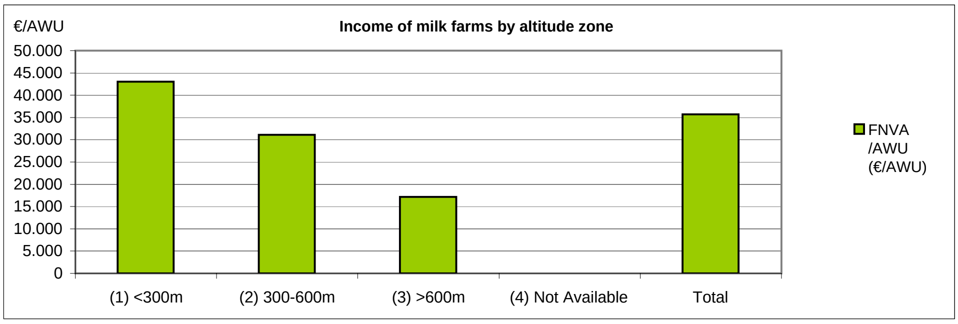
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		Altitude zones				
ITALY	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	659	323	362		1.344
	Farms represented	14.870	6.126	6.983		27.980
	% of farms represented	*53%*	*22%*	***25%***		***100%***
Structural information (2005)	Forage area (ha)	22	28	26		24
	Dairy cows (LU)	62	37	20		46
	Total labour (AWU)	2,43	2,01	1,60		2,13
	Milk yield (kg/cow)	6.617	6.320	5.533		6.447
	Milk production (tons)	413	235	**111**		**299**
Milk margin information (€/ton of milk)	Average 2005 producer price	386	368	**410**		**385**
	Receipts 2005	405	385	432		404
	Receipts with decoupling of dairy payments	386	366	410		384
	Receipts with decoupling and price reduction	368	349	391		367
	Feed costs	127	127	142		129
	Other specific costs	15	11	16		14
	Farming overheads	42	38	57		43
	Wages	16	7	8		14
	Variable costs	201	182	**223**		**200**
	Margin 2005 (1)	205	203	209		205
	Margin with decoupling of dairy payments (2)	185	184	**187**		**185**
	Margin with decoupling and price reduction (3)	167	167	**168**		**167**
	((3)-(1))/(1)	*-18%*	*-18%*	*-20%*		*-18%*
	((3)-(2))/(2)	*-10%*	*-9%*	***-10%***		***-10%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*81%*	*76%*	*85%*		*80%*
	FNVA (€)	104.624	62.513	27.416		76.134
	FNVA /AWU (€/AWU)	43.037	31.138	**17.142**		**35.731**
Direct payments (2005) (€)	Total direct payments (EU & national)	20.232	11.172	8.163		15.236
	% Direct payments /FNVA	*19%*	*18%*	***30%***		***20%***
	Environmental payments	748	1.323	1.843		1.147
	% Environmental payments /FNVA	*1%*	*2%*	***7%***		***2%***
	Less-Favoured Areas payments	211	1.009	1.919		812
	% LFA payments /FNVA	*0%*	*2%*	***7%***		***1%***
	Other dairy subsidies (national)	0	0	0		0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***

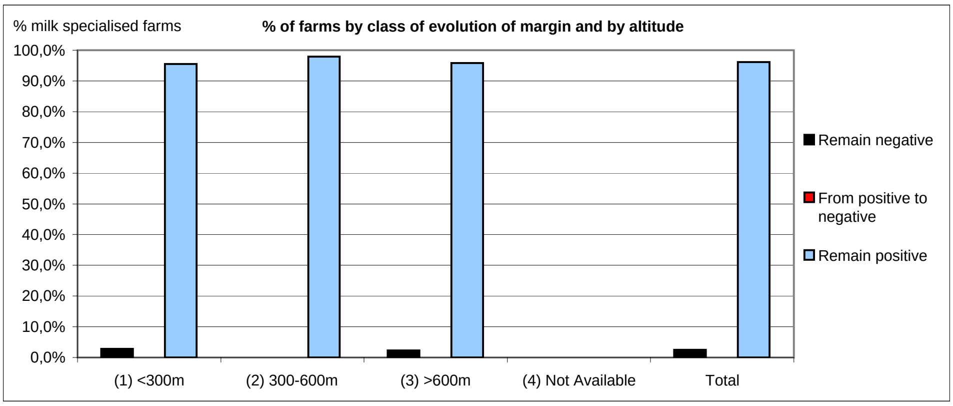


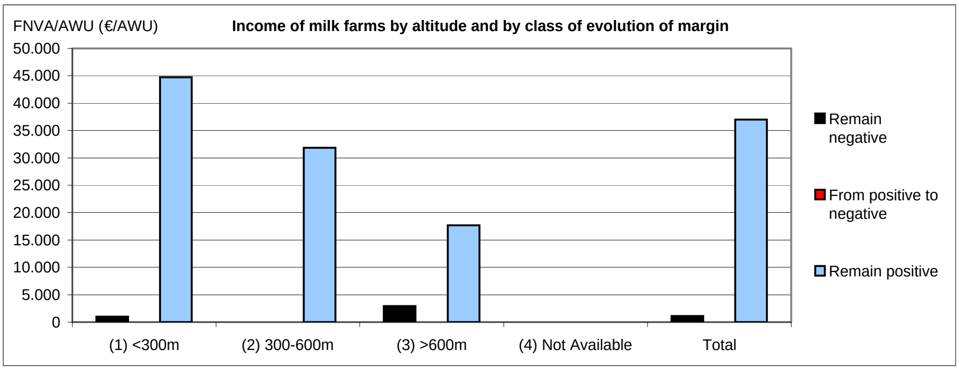


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	Altitude zones: (1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	19	nd	15		45
	Farms represented	414	nd	157		690
	Margin 2005 (1)	-25	nd	-32		-25
	Margin with decoupling of dairy payments (2)	-46	nd	-55		-46
	Margin with decoupling and price reduction (3)	-61	nd	-73		-61
	((3)-(2))/(2)	*33%*	*nd*	*33%*		*34%*
	FNVA /AWU (€/AWU)	1.015	nd	2.939		1.128
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	634	310	342		1.286
	Farms represented	14.201	5.996	6.693		26.891
	Margin 2005 (1)	211	206	213		211
	Margin with decoupling of dairy payments (2)	192	187	191		191
	Margin with decoupling and price reduction (3)	174	170	172		173
	((3)-(2))/(2)	*-9%*	*-9%*	*-10%*		*-9%*
	FNVA /AWU (€/AWU)	44.756	31.837	17.692		36.990
Total	Sample farms	659	323	362		1.344
	Farms represented	14.870	6.126	6.983		27.980
	Margin 2005 (1)	205	203	209		205
	Margin with decoupling of dairy payments (2)	185	184	187		185
	Margin with decoupling and price reduction (3)	167	167	168		167
	((3)-(2))/(2)	*-10%*	*-9%*	*-10%*		*-10%*
	FNVA /AWU (€/AWU)	43.037	31.138	17.142		35.731
	% of farms remaining with negative margin	*2,8%*	*nd*	***2,2%***		***2,5%***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
	% of farms remaining with positive margin	*96%*	*98%*	***96%***		***96%***



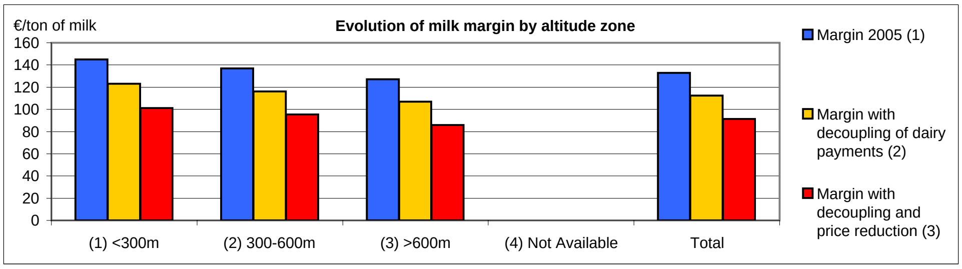


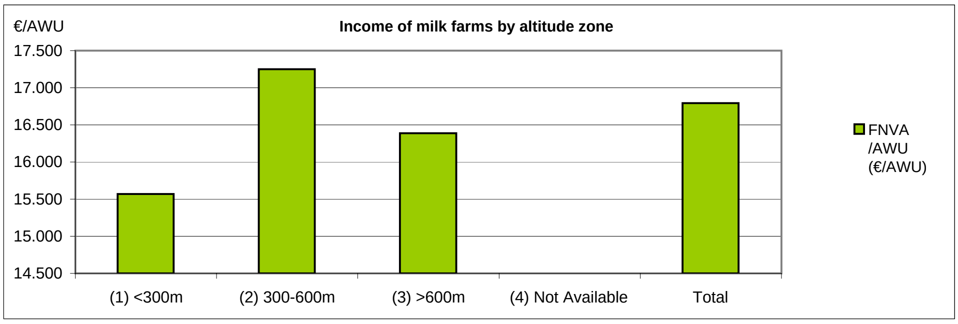
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		Altitude zones				
AUSTRIA	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	16	284	263		563
	Farms represented	382	8.807	8.736		17.924
	% of farms represented	*2%*	*49%*	***49%***		***100%***
Structural information (2005)	Forage area (ha)	20	22	31		27
	Dairy cows (LU)	23	20	16		18
	Total labour (AWU)	1,93	1,68	1,66		1,68
	Milk yield (kg/cow)	6.519	6.483	6.376		6.437
	Milk production (tons)	147	127	**103**		**116**
Milk margin information (€/ton of milk)	Average 2005 producer price	303	287	**293**		**290**
	Receipts 2005	325	308	313		310
	Receipts with decoupling of dairy payments	303	287	293		290
	Receipts with decoupling and price reduction	281	266	272		269
	Feed costs	64	64	70		67
	Other specific costs	17	16	21		19
	Farming overheads	96	88	93		90
	Wages	3	2	2		2
	Variable costs	180	171	**186**		**178**
	Margin 2005 (1)	145	137	127		133
	Margin with decoupling of dairy payments (2)	123	116	**107**		**112**
	Margin with decoupling and price reduction (3)	101	96	**86**		**91**
	((3)-(1))/(1)	*-30%*	*-30%*	*-32%*		*-31%*
	((3)-(2))/(2)	*-18%*	*-18%*	***-20%***		***-19%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*71%*	*60%*	*48%*		*55%*
	FNVA (€)	30.036	29.067	27.192		28.174
	FNVA /AWU (€/AWU)	15.568	17.251	**16.386**		**16.793**
Direct payments (2005) (€)	Total direct payments (EU & national)	20.276	18.298	19.700		19.023
	% Direct payments /FNVA	*68%*	*63%*	***72%***		***68%***
	Environmental payments	5.802	6.726	7.613		7.139
	% Environmental payments /FNVA	*19%*	*23%*	***28%***		***25%***
	Less-Favoured Areas payments	884	2.575	5.022		3.732
	% LFA payments /FNVA	*3%*	*9%*	***18%***		***13%***
	Other dairy subsidies (national)	0	0	0		0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***



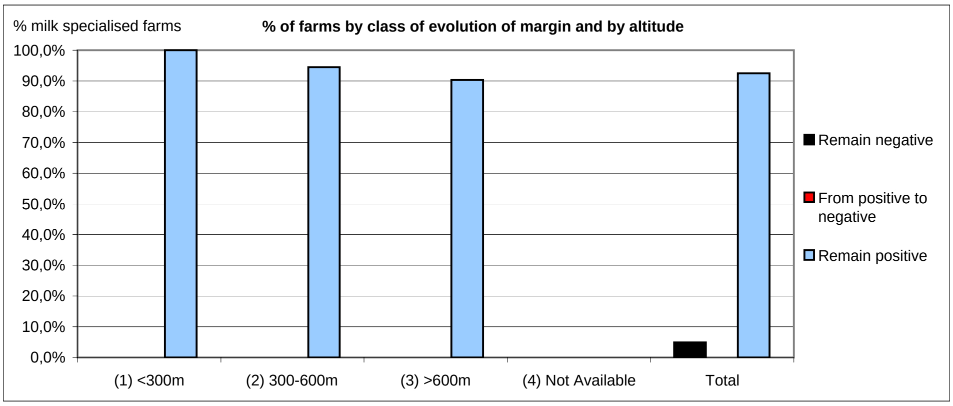


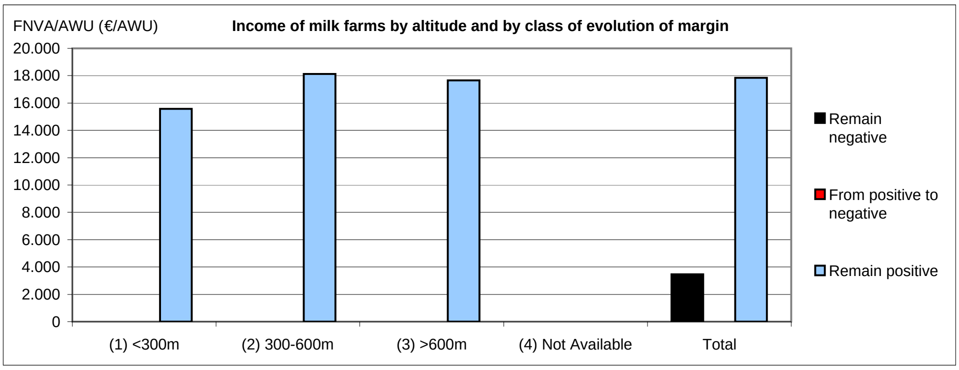
Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	Altitude zones: (1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	nd	nd	nd		15
	Farms represented	nd	nd	nd		870
	Margin 2005 (1)	nd	nd	nd		-11
	Margin with decoupling of dairy payments (2)	nd	nd	nd		-30
	Margin with decoupling and price reduction (3)	nd	nd	nd		-50
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*66%*
	FNVA /AWU (€/AWU)	nd	nd	nd		3.459
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	16	277	249		542
	Farms represented	382	8.318	7.885		16.584
	Margin 2005 (1)	145	140	134		138
	Margin with decoupling of dairy payments (2)	123	120	114		117
	Margin with decoupling and price reduction (3)	101	99	93		96
	((3)-(2))/(2)	*-18%*	*-17%*	*-19%*		*-18%*
	FNVA /AWU (€/AWU)	15.568	18.119	17.655		17.835
Total	Sample farms	16	284	263		563
	Farms represented	382	8.807	8.736		17.924
	Margin 2005 (1)	145	137	127		133
	Margin with decoupling of dairy payments (2)	123	116	107		112
	Margin with decoupling and price reduction (3)	101	96	86		91
	((3)-(2))/(2)	*-18%*	*-18%*	*-20%*		*-19%*
	FNVA /AWU (€/AWU)	15.568	17.251	16.386		16.793

	(1) <300m	(2) 300-600m	(3) >600m	(4) Not Available	Total
% of farms remaining with negative margin	*nd*	*nd*	***nd***		***4,9%***
% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
% of farms remaining with positive margin	*100%*	*94%*	***90%***		***93%***

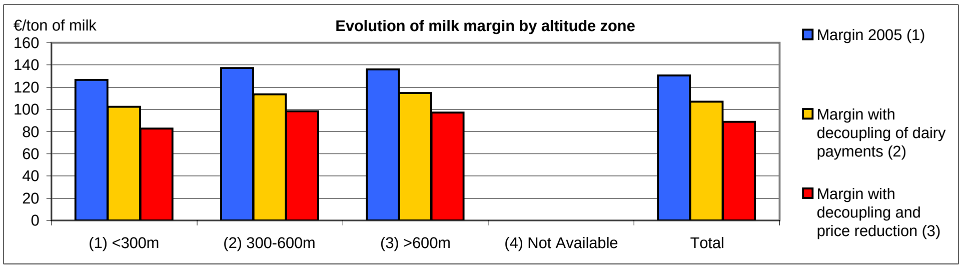


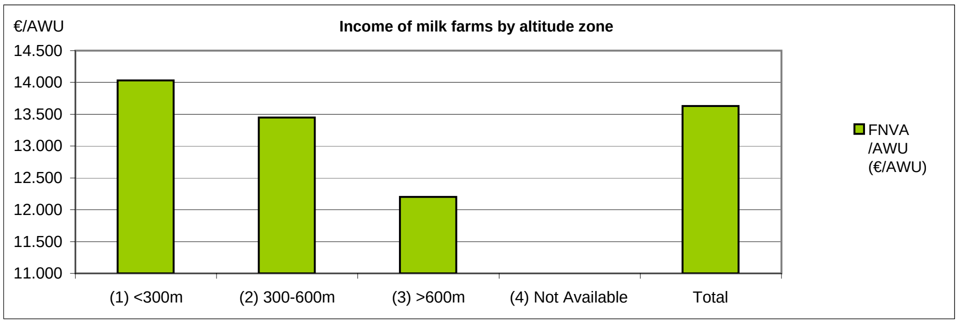


Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

		Altitude zones				
Portugal	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	97	101	34		232
	Farms represented	1.759	1.806	442		4.007
	% of farms represented	*44%*	*45%*	***11%***		***100%***
Structural information (2005)	Forage area (ha)	16	19	25		18
	Dairy cows (LU)	39	22	21		29
	Total labour (AWU)	2,26	1,64	1,71		1,92
	Milk yield (kg/cow)	6.493	5.823	6.082		6.234
	Milk production (tons)	253	128	**130**		**183**
Milk margin information (€/ton of milk)	Average 2005 producer price	324	253	**287**		**299**
	Receipts 2005	348	277	309		322
	Receipts with decoupling of dairy payments	324	253	287		299
	Receipts with decoupling and price reduction	304	238	270		281
	Feed costs	131	86	118		116
	Other specific costs	27	16	17		22
	Farming overheads	49	35	34		43
	Wages	14	4	4		10
	Variable costs	221	139	**173**		**192**
	Margin 2005 (1)	127	137	136		131
	Margin with decoupling of dairy payments (2)	102	114	**115**		**107**
	Margin with decoupling and price reduction (3)	83	98	**97**		**89**
	((3)-(1))/(1)	*-35%*	*-28%*	*-28%*		*-32%*
	((3)-(2))/(2)	*-19%*	*-13%*	***-15%***		***-17%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*101%*	*80%*	*85%*		*92%*
	FNVA (€)	31.721	22.085	20.816		26.175
	FNVA /AWU (€/AWU)	14.033	13.448	**12.203**		**13.628**
Direct payments (2005) (€)	Total direct payments (EU & national)	10.905	9.520	7.777		9.936
	% Direct payments /FNVA	*34%*	*43%*	***37%***		***38%***
	Environmental payments	520	2.339	871		1.378
	% Environmental payments /FNVA	*2%*	*11%*	***4%***		***5%***
	Less-Favoured Areas payments	991	2.254	2.677		1.746
	% LFA payments /FNVA	*3%*	*10%*	***13%***		***7%***
	Other dairy subsidies (national)	0	0	0		0
	% Other dairy subsidies /FNVA	*0%*	*0%*	***0%***		***0%***

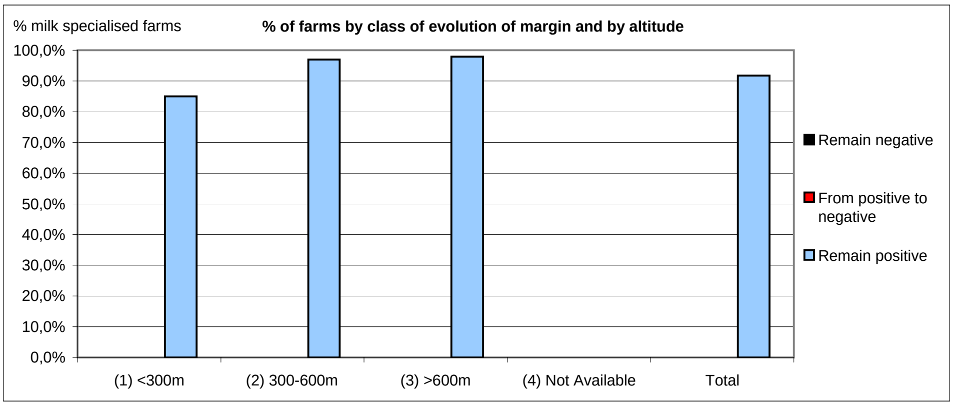


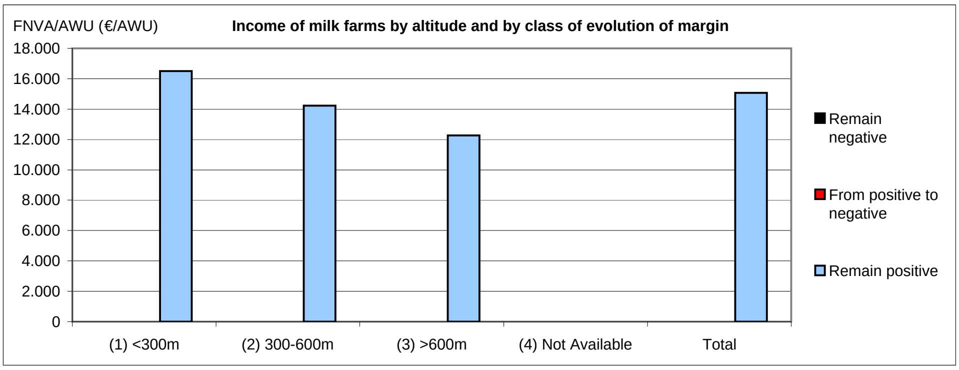


Source: EU FADN - DG AGRI, Milk allocation costs model.

The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
		Altitude zones				
Remain negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	84	97	33		214
	Farms represented	1.494	1.751	433		3.678
	Margin 2005 (1)	134	142	138		137
	Margin with decoupling of dairy payments (2)	114	119	116		115
	Margin with decoupling and price reduction (3)	96	103	99		99
	((3)-(2))/(2)	*-15%*	*-13%*	*-15%*		*-14%*
	FNVA /AWU (€/AWU)	16.507	14.226	12.277		15.071
Total	Sample farms	97	101	34		232
	Farms represented	1.759	1.806	442		4.007
	Margin 2005 (1)	127	137	136		131
	Margin with decoupling of dairy payments (2)	102	114	115		107
	Margin with decoupling and price reduction (3)	83	98	97		89
	((3)-(2))/(2)	*-19%*	*-13%*	*-15%*		*-17%*
	FNVA /AWU (€/AWU)	14.033	13.448	12.203		13.628
	% of farms remaining with negative margin	*nd*	*nd*	***nd***		***nd***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
	% of farms remaining with positive margin	*85%*	*97%*	***98%***		***92%***



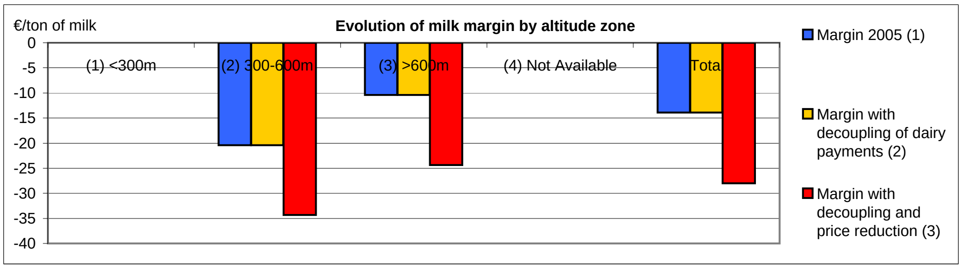


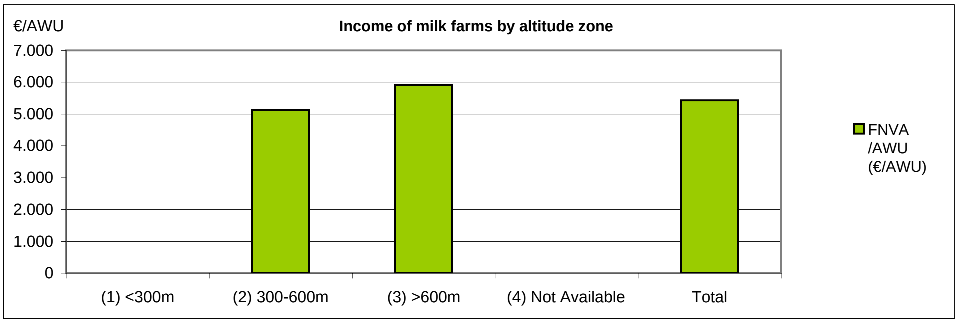
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

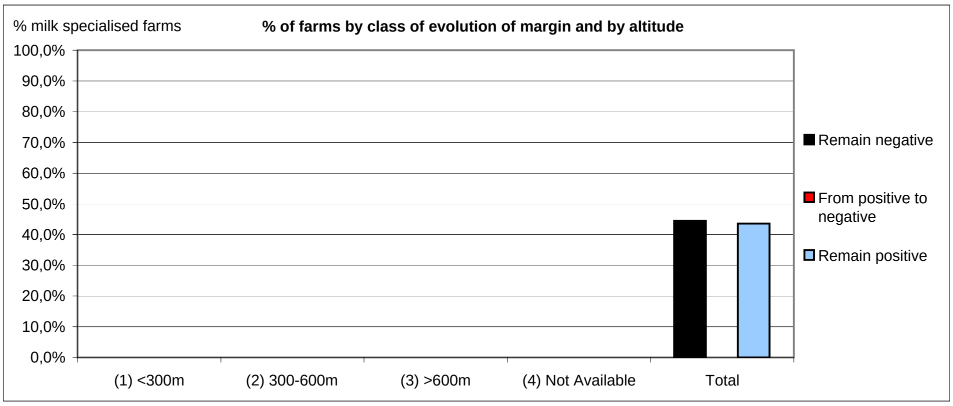
		Altitude zones				
SLOVAKIA	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	nd	19	17		43
	Farms represented	nd	91	88		227
	% of farms represented	*nd*	*40%*	***39%***		***100%***
Structural information (2005)	Forage area (ha)	nd	483	597		434
	Dairy cows (LU)	nd	154	172		141
	Total labour (AWU)	nd	23,99	24,91		20,17
	Milk yield (kg/cow)	nd	6.430	5.112		6.042
	Milk production (tons)	nd	988	**881**		**855**
Milk margin information (€/ton of milk)	Average 2005 producer price	nd	247	**248**		**250**
	Receipts 2005	nd	247	248		250
	Receipts with decoupling of dairy payments	nd	247	248		250
	Receipts with decoupling and price reduction	nd	233	234		236
	Feed costs	nd	83	72		76
	Other specific costs	nd	25	30		29
	Farming overheads	nd	83	80		91
	Wages	nd	76	75		68
	Variable costs	nd	267	**258**		**264**
	Margin 2005 (1)	nd	-20	-10		-14
	Margin with decoupling of dairy payments (2)	nd	-20	**-10**		**-14**
	Margin with decoupling and price reduction (3)	nd	-34	**-24**		**-28**
	((3)-(1))/(1)	*nd*	*68%*	*134%*		*101%*
	((3)-(2))/(2)	*nd*	*68%*	***134%***		***101%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*nd*	*-16%*	*-6%*		*-11%*
	FNVA (€)	nd	122.955	147.205		109.492
	FNVA /AWU (€/AWU)	nd	5.125	**5.910**		**5.428**
Direct payments (2005) (€)	Total direct payments (EU & national)	nd	130.078	146.142		111.201
	% Direct payments /FNVA	*nd*	*106%*	***99%***		***102%***
	Environmental payments	nd	19.660	22.686		16.643
	% Environmental payments /FNVA	*nd*	*16%*	***15%***		***15%***
	Less-Favoured Areas payments	nd	52.446	75.052		50.011
	% LFA payments /FNVA	*nd*	*43%*	***51%***		***46%***
	Other dairy subsidies (national)	nd	0	0		0
	% Other dairy subsidies /FNVA	*nd*	*0%*	***0%***		***0%***

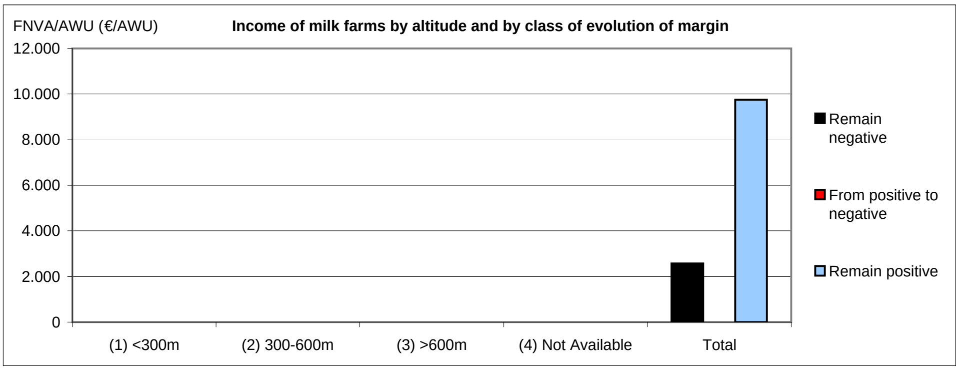




The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	Altitude zones: (1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	nd	nd	nd		22
	Farms represented	nd	nd	nd		101
	Margin 2005 (1)	nd	nd	nd		-69
	Margin with decoupling of dairy payments (2)	nd	nd	nd		-69
	Margin with decoupling and price reduction (3)	nd	nd	nd		-83
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*20%*
	FNVA /AWU (€/AWU)	nd	nd	nd		2.568
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	nd	nd	nd		16
	Farms represented	nd	nd	nd		99
	Margin 2005 (1)	nd	nd	nd		42
	Margin with decoupling of dairy payments (2)	nd	nd	nd		42
	Margin with decoupling and price reduction (3)	nd	nd	nd		27
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*-35%*
	FNVA /AWU (€/AWU)	nd	nd	nd		9.747
Total	Sample farms	nd	19	17		43
	Farms represented	nd	91	88		227
	Margin 2005 (1)	nd	-20	-10		-14
	Margin with decoupling of dairy payments (2)	nd	-20	-10		-14
	Margin with decoupling and price reduction (3)	nd	-34	-24		-28
	((3)-(2))/(2)	*nd*	*68%*	*134%*		*101%*
	FNVA /AWU (€/AWU)	nd	5.125	5.910		5.428
	% of farms remaining with negative margin	*nd*	*nd*	***nd***		***44,5%***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
	% of farms remaining with positive margin	*nd*	*nd*	***nd***		***44%***



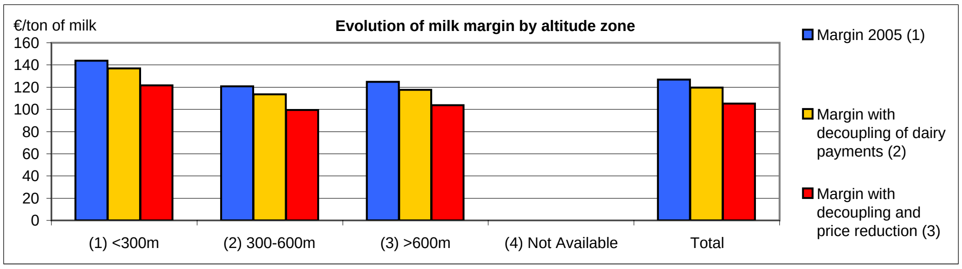


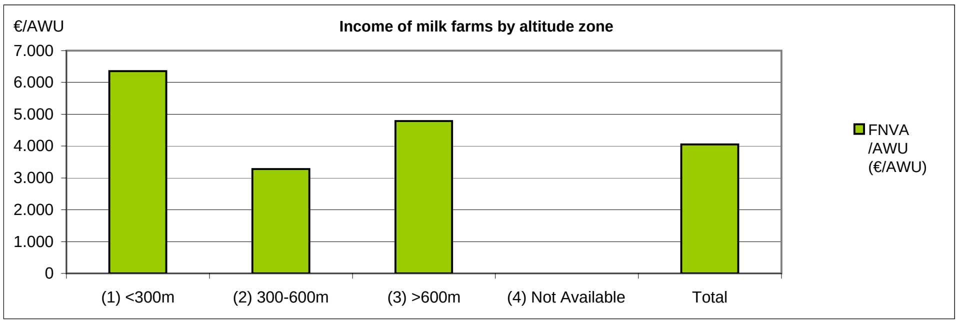
Source: EU FADN - DG AGRI, Milk allocation costs model.

Milk - Impact on milk margins of a price reduction - Complements on mountain / non-mountain areas

Milk specialised farms (TF41,43,71,81 & specialisation rate of at least 50%)
Basis 2005
Margins over variable costs
With decoupling of the dairy payments (as from 2007 onwards)
Costs and margins' estimations are provisional for Germany (and therefore the total EU-25 and EU-15).

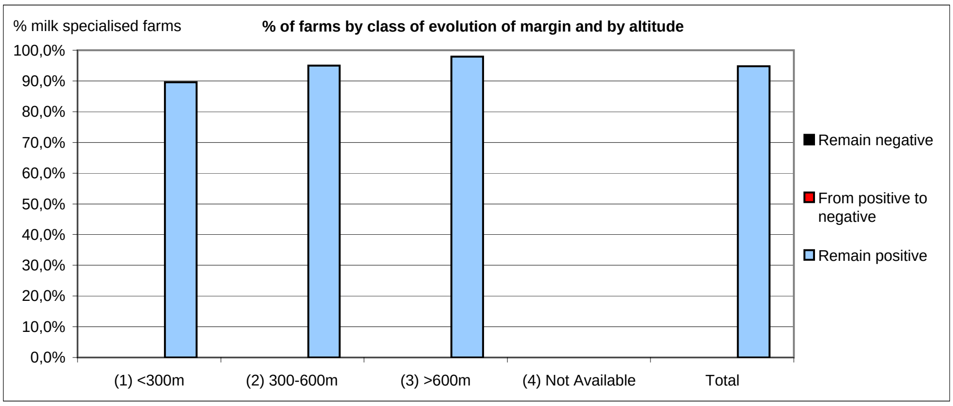
		Altitude zones				
SLOVENIA	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Representativeness (2005)	Sample farms	55	127	43		225
	Farms represented	925	4.687	1.228		6.840
	% of farms represented	*14%*	*69%*	***18%***		***100%***
Structural information (2005)	Forage area (ha)	16	11	15		12
	Dairy cows (LU)	21	11	14		13
	Total labour (AWU)	2,43	1,91	1,99		2,00
	Milk yield (kg/cow)	5.637	5.312	5.231		5.368
	Milk production (tons)	119	59	**73**		**70**
Milk margin information (€/ton of milk)	Average 2005 producer price	272	255	**248**		**257**
	Receipts 2005	290	274	266		277
	Receipts with decoupling of dairy payments	283	267	259		269
	Receipts with decoupling and price reduction	268	253	245		255
	Feed costs	74	67	61		68
	Other specific costs	20	21	20		21
	Farming overheads	51	64	57		60
	Wages	2	1	3		2
	Variable costs	146	154	**141**		**150**
	Margin 2005 (1)	144	121	125		127
	Margin with decoupling of dairy payments (2)	137	114	**118**		**120**
	Margin with decoupling and price reduction (3)	122	99	**104**		**105**
	((3)-(1))/(1)	*-16%*	*-18%*	*-17%*		*-17%*
	((3)-(2))/(2)	*-11%*	*-13%*	***-12%***		***-12%***
Income (2005)	*% of 2005 total milk margin in FNVA*	*111%*	*115%*	*95%*		*109%*
	FNVA (€)	15.476	6.272	9.524		8.101
	FNVA /AWU (€/AWU)	6.360	3.279	**4.788**		**4.056**
Direct payments (2005) (€)	Total direct payments (EU & national)	7.532	4.824	7.039		5.588
	% Direct payments /FNVA	*49%*	*77%*	***74%***		***69%***
	Environmental payments	1.356	838	1.852		1.090
	% Environmental payments /FNVA	*9%*	*13%*	***19%***		***13%***
	Less-Favoured Areas payments	959	1.304	2.383		1.451
	% LFA payments /FNVA	*6%*	*21%*	***25%***		***18%***
	Other dairy subsidies (national)	1.371	749	832		848
	% Other dairy subsidies /FNVA	*9%*	*12%*	***9%***		***10%***

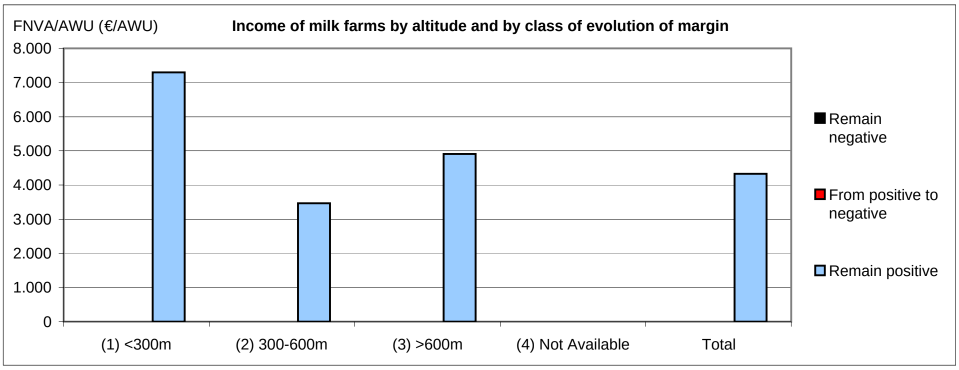




The classes compare the margins with decoupling of the dairy payments to the margins with decoupling and price drop.
nd: not displayed (confidentiality rule, less than 15 farms in the cell).

Class of evolution of margin	Variables	(1) <300m	(2) 300-600m	**(3) >600m**	(4) Not Available	Total
Remain negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
From positive to negative	Sample farms	nd	nd	nd		nd
	Farms represented	nd	nd	nd		nd
	Margin 2005 (1)	nd	nd	nd		nd
	Margin with decoupling of dairy payments (2)	nd	nd	nd		nd
	Margin with decoupling and price reduction (3)	nd	nd	nd		nd
	((3)-(2))/(2)	*nd*	*nd*	*nd*		*nd*
	FNVA /AWU (€/AWU)	nd	nd	nd		nd
Remain positive	Sample farms	53	123	42		218
	Farms represented	829	4.452	1.203		6.484
	Margin 2005 (1)	151	124	126		131
	Margin with decoupling of dairy payments (2)	144	117	119		124
	Margin with decoupling and price reduction (3)	129	103	105		109
	((3)-(2))/(2)	*-11%*	*-12%*	*-12%*		*-12%*
	FNVA /AWU (€/AWU)	7.298	3.467	4.904		4.326
Total	Sample farms	55	127	43		225
	Farms represented	925	4.687	1.228		6.840
	Margin 2005 (1)	144	121	125		127
	Margin with decoupling of dairy payments (2)	137	114	118		120
	Margin with decoupling and price reduction (3)	122	99	104		105
	((3)-(2))/(2)	*-11%*	*-13%*	*-12%*		*-12%*
	FNVA /AWU (€/AWU)	6.360	3.279	4.788		4.056
	% of farms remaining with negative margin	*nd*	*nd*	***nd***		***nd***
	% of farms switching from positive to negative	*nd*	*nd*	***nd***		***nd***
	% of farms remaining with positive margin	*90%*	*95%*	***98%***		***95%***





Source: EU FADN - DG AGRI, Milk allocation costs model.