

Memorandum

Date: September 1, 2005
From: John Sheehan
To: File
Reference: Summary of October 2003 Conversations with
Industry Sources on Transportation Costs

Transportation Costs

IDFA indicate there are no CASEIN manufacturers in the USA.

Indications are that the figures used by the GAO for transportation of milk from NM to MN, as obtained from Select Milk Producers, appear reasonable - given the distance involved.

People in the dairy commodity brokerage business indicate that we do have domestic MPC production, from the Fonterra/DFA joint venture in NM which is now in production and possibly from another firm in New York (O-at-ka).

Fonterra is New Zealand Milk Producers and it is likely that they now have a plant here in the USA to meet the demand for their MPC's which they had previously only been able to meet via exportation from New Zealand. Producing here reduces their costs (transportation) and, of course, it would also reduce the amount which NZ would export by whatever the Portales, NM plant will be producing.