

## Belgium Milk production costs 2019

By 2019, the cost to produce one kilogram of milk in Belgium had risen to 46.78 c/kg. This was mainly due to increases in the cost of purchased feed and fodder cultivation. However, the farm-gate milk price of 33.05 c/kg was well below 2017 levels. This price covered little more than paid costs of an average 31.37 c/kg. This means that 29% – almost one third – of total costs were not covered.

In the last five years up to 2019, producer prices were an average 30.98 c/kg, i.e. only 70% of milk production costs were actually covered.

Through the milk price alone, Belgian dairy farmers generated a meagre average revenue of 2.19 c/kg over the last five years. Paid costs of milk production in this period were an average 28.80 c/kg. Together with CAP payments, dairy farms earned a total 4.40 c/kg. This is only about a fourth of the current income variable of 17.46 c/kg calculated for Belgian dairy farmers. For 2018 and 2019, this income variable was calculated on the basis of an average hourly wage of 26 euros (including employer contributions).

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Overview of milk production costs in 2019 <sup>2</sup> Cost items	in c/kg	
Purchased feed Fodder production (seeds, fertilizers, plant protection products, other) Livestock costs (veterinary costs, insemination, etc.) Building & machinery upkeep Energy Contract work Wages paid Other farming overheads Rent paid Depreciation Interest and taxes	12.59 2.72 3.29 2.24 1.88 2.97 0.25 0.75 1.92 5.20 1.45	
- Production value of beef	- 3.89	
= Paid costs of milk production (for collected milk only)	= 31.37	
+ Income variable (labour costs)	17.46	
= Total costs	= 48.83	
- CAP payments	- 2.05	
= Milk production costs	46.78	
+ Net investments (10-year average)	2.74	
= Milk production costs including net investments	= 49.52	

## Development of net investments 2009 - 2018 (in c/kg, FADN 2018)

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Ø 10 years
Gross investments	7.60	9.84	7.22	8.39	9.66	8.49	6.53	5.44	6.94	8.86	7.90
Net investments (without depreciation)	2.61	4.51	1.80	2.99	3.71	3.20	1.40	0.93	2.08	4.18	2.74

Year	Paid costs	+ Income variable	= Total costs	- CAP payments	= Production costs	+ Net investments (Ø 2009 – 2018)	= Costs + net investments
2019 <sup>2</sup>	31.37	17.46	48.83	2.05	46.78		43.34
2018	28.82	17.46	46.28	2.05	44.23		42.22
2017	27.85	17.37	45.22	2.30	42.92	2.74	40.94
2016	27.32	16.79	44.11	2.31	41.80		41.31
2015	28.63	18.07	46.70	2.36	44.34		41.78
Ø 2015 - 2019	28.80	17.43	46.23	2.21	44.01	-	-

## Composition of milk production costs 2015 - 2019 (in c/kg, FADN 2018)

Development of milk production costs 2012 - 2019 (in c/kg, without net investments)

Year	2012	2013	2014	2015	2016	2017	2018	2019²	Ø 2015 - 2019
Production costs	43.41	46.12	45.40	44.34	41.80	42.92	44.23	46.78	44.01
Milk price*	30.19	37.22	36.00	27.93	26.70	35.05	32.19	33.05	30.98
Shortfall in c/kg	-13.22	-8.90	-9.40	-16.41	-15.10	-7.87	-12.04	-13.73	-13.03
Shortfall in %	-30%	-19%	-21%	-37%	-36%	-18%	-27%	-29%	-30%
MMI (index, base year = 2015)**	98	104	102	100	94	97	100	106	-

Source: MMO of the EU 2020, natural fat and protein contents. The Milk Marker Index (MMI) reflects the development of milk production costs. \*\*



## Price/cost ratio (shortfall)



2 All results of 2019: trend calculations by BAL based on FADN 2018 and Eurostat.