

Germany Milk production costs 2019

By 2019, the cost to produce one kilogram of milk in Germany had risen to 47.44 c/kg. Because of extreme droughts since 2018, feed costs increased sharply. At the same time, the milk price decreased by 3.70 c/kg between 2017 and 2019, which means that the price-cost gap widened even further.

The shortfall in Germany was an average 25% over the five years from 2015 to 2019. An average dairy farm in Germany was unable to generate any revenue during this period from milk production alone, i.e. without CAP payments. The cost of farming inputs and other general operating costs (paid costs) alone amounted to an average 34.60 c/kg between 2015 and 2019. The farm-gate milk price during this period was merely 33.03 c/kg. It was only with CAP payments (2.99 c/kg) that farms were able to earn 1.42 c/kg. This is, however, only about 12% of labour costs as per the income variable. The income variable for 2019 was calculated on basis of an average hourly wage of 22.50 euros (including employer contributions, weighted according to usual collectively-negotiated standards in the federal states). Investments on farms shrank significantly, above all during the 2015/16 crisis.

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Overview of milk production costs in 2019 ² 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	11.23 3.11 4.08 4.25 3.60 2.62 2.83 2.11 2.52 6.01 1.23
- Production value of beef	- 5.38
= Paid costs of milk production (for collected milk only)	= 38.21
+ Income variable (labour costs)	12.14
= Total costs	= 50.35
- CAP payments	- 2.91
= Milk production costs	47.44
+ Net investments (10-year average)	1.64
= Milk production costs including net investments	= 49.08

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	5.88	6.91	8.17	7.23	9.48	6.54	5.67	5.04	6.83	7.50	6.92
Net investments (without depreciation)	0.69	1.14	2.54	1.68	3.50	1.57	1.05	0.23	1.77	2.26	1.64

Year	Paid costs	+ Income variable	= Total costs	- CAP payments	= Production costs	+ Net investments (Ø 2009 – 2018)	= Costs + net investments
2019 ²	38.21	12.14	50.35	2.91	47.44		49.08
2018	36.34	12.14	48.48	2.91	45.57		47.21
2017	33.76	12.44	46.20	3.03	43.17	1.64	44.81
2016	32.81	12.73	45.54	3.10	42.44		44.08
2015	31.88	12.31	44.19	2.99	41.20		42.84
Ø 2015 - 2019	34.60	12.35	46.95	2.99	43.96	-	-

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	2019 ²	Ø 2015 - 2019
Production costs	44.08	45.90	44.39	41.20	42.44	43.17	45.57	47.44	43.96
Milk price*	32.90	38.75	38.78	30.53	27.93	37.40	35.60	33.70	33.03
Shortfall in c/kg	-11.18	-7.15	-5.61	-10.67	-14.51	-5.77	-9.97	-13.74	-10.93
Shortfall in %	-25%	-16%	-13%	-26%	-34%	-13%	-22%	-29%	-25%
MMI (index, base year = 2015)**	107	111	108	100	103	105	111	115	-

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.