

## → Denmark Milk production costs 2019



By 2019, the cost to produce one kilogram of milk in Denmark had risen to 41.44 c/kg. Almost all cost headings – most notably feed costs as well as costs for energy and building and machinery upkeep – showed an upward trend. In contrast, producer prices for milk had decreased by 2.79 c/kg since 2017. This led to a shortfall of 18% in 2019.

On average over the five years leading up to 2019, production costs were 40.02 c/kg and producer prices only 33.37 c/kg. In these years, paid costs of milk production were fully covered by the milk price plus CAP payments only in one year (2017: +1.46 c/kg). In the period from 2015 to 2019, an average dairy

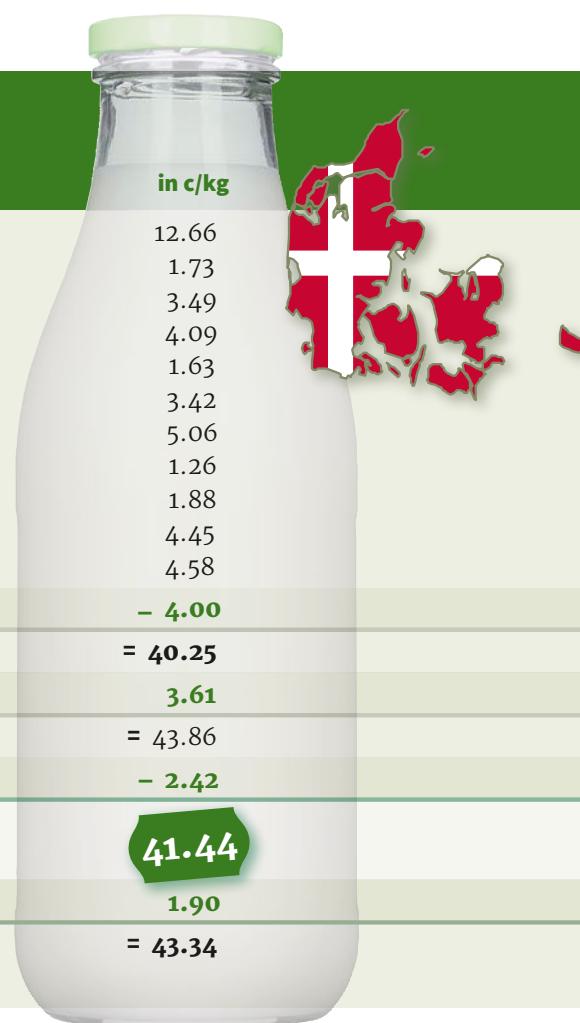
farm in Denmark did not generate any income from milk production alone (-2.87 c/kg after deduction of production costs from milk price and CAP payments), and this is before any consideration of labour costs as per the income variable.

The income variable for 2019 was calculated on basis of an average hourly wage of 30 euros (including employer contributions). Since 2010, investments by Danish dairy farms have decreased by 86%.

### Overview of milk production costs in 2019<sup>2</sup>

#### Cost items

	in c/kg
Purchased feed	12.66
Fodder production (seeds, fertilizers, plant protection products, other)	1.73
Livestock costs (veterinary costs, insemination, etc.)	3.49
Building & machinery upkeep	4.09
Energy	1.63
Contract work	3.42
Wages paid	5.06
Other farming overheads	1.26
Rent paid	1.88
Depreciation	4.45
Interest and taxes	4.58
<b>- Production value of beef</b>	<b>- 4.00</b>
<b>= Paid costs of milk production (for collected milk only)</b>	<b>= 40.25</b>
<b>+ Income variable (labour costs)</b>	<b>3.61</b>
<b>= Total costs</b>	<b>= 43.86</b>
<b>- CAP payments</b>	<b>- 2.42</b>
<b>= Milk production costs</b>	<b>41.44</b>
<b>+ Net investments (10-year average)</b>	<b>1.90</b>
<b>= Milk production costs including net investments</b>	<b>= 43.34</b>



### 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	11.99	6.44	6.74	4.60	6.21	5.52	5.34	5.37	5.87	4.98	6.31
Net investments (without depreciation)	7.11	1.69	1.97	0.08	1.62	0.99	1.20	1.33	1.97	0.99	1.90

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

Year	Paid costs	+ Income variable	= Total costs	- CAP payments	= Production costs	+ Net investments (Ø 2009 – 2018)	= Costs + net investments
2019 <sup>2</sup>	40.25	3.61	43.86	2.42	<b>41.44</b>	<b>1.90</b>	43.34
2018	39.20	3.54	42.74	2.42	<b>40.32</b>		42.22
2017	37.92	3.60	41.52	2.48	<b>39.04</b>		40.94
2016	37.76	4.08	41.84	2.43	<b>39.41</b>		41.31
2015	38.26	4.07	42.33	2.45	<b>39.88</b>		41.78
Ø 2015 – 2019	<b>38.68</b>	<b>3.78</b>	<b>42.46</b>	<b>2.44</b>	<b>40.02</b>	-	-

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

Year	2012	2013	2014	2015	2016	2017	2018	2019 <sup>2</sup>	Ø 2015 – 2019
Production costs	41.94	42.85	42.76	39.88	39.41	39.04	40.32	41.44	40.02
Milk price*	34.04	38.63	39.67	31.03	28.83	36.90	35.96	34.11	33.37
Shortfall in c/kg	<b>-7.90</b>	<b>-4.23</b>	<b>-3.09</b>	<b>-8.85</b>	<b>-10.58</b>	<b>-2.14</b>	<b>-4.36</b>	<b>-7.33</b>	<b>-6.65</b>
Shortfall in %	<b>-19%</b>	<b>-10%</b>	<b>-7%</b>	<b>-22%</b>	<b>-27%</b>	<b>-5%</b>	<b>-11%</b>	<b>-18%</b>	<b>-17%</b>
MMI (index, base year = 2015)**	105	107	107	100	99	98	101	104	-

\* 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)

