



→ France Milk production costs 2019

By 2019, production costs in France had risen to 52.54 c/kg. This was mainly due to an increase in the income variable but also to a significant rise in feed costs compared to 2017. The farm-gate milk price in 2019 was as low as 33.33 c/kg. This implies a shortfall of 37% for French dairy farmers.

Between 2015 and 2019, the costs for farming inputs and general operating costs (paid costs) alone were an average 36.20 c/kg. In the same period, dairy farms had a combined income of 37.02 c/kg from the farm-gate milk price and CAP payments linked to milk production. This means that their

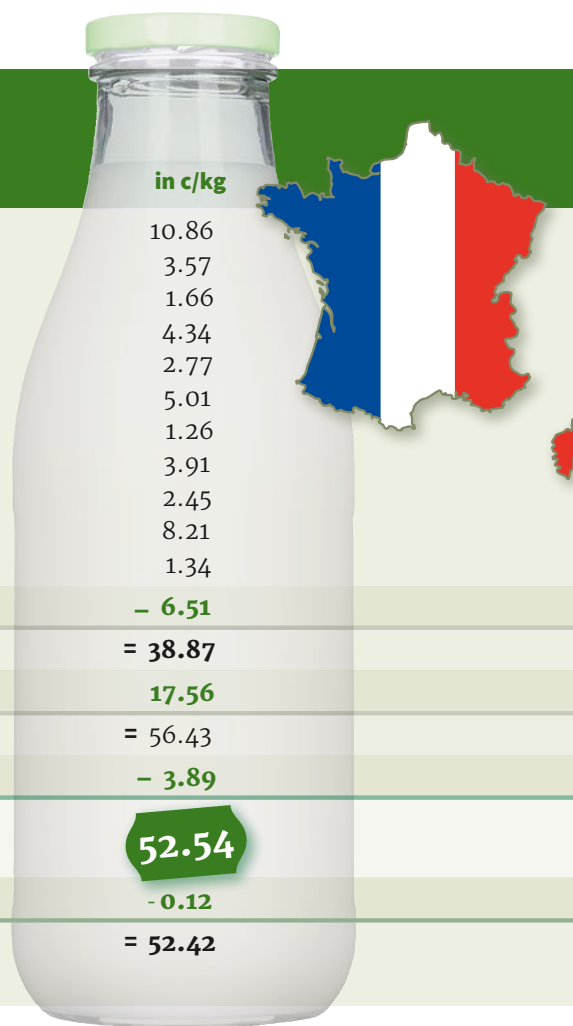
real income was a paltry 0.82 c/kg on average, which is merely 5% of labour costs as per the income variable. Since 2018, the income variable has been calculated on the basis of an hourly wage of 26.66 euros (including employer contributions, before 21.62 euros).

The extremely poor income situation on French farms is also mirrored in the evolution of net investments, which were, on average, negative over the last ten years (-0.12 c/kg). The average dairy farm in France, therefore, survives on write-offs and the value of their physical capital has diminished.

Overview of milk production costs in 2019²

Cost items

	in c/kg
Purchased feed	10.86
Fodder production (seeds, fertilizers, plant protection products, other)	3.57
Livestock costs (veterinary costs, insemination, etc.)	1.66
Building & machinery upkeep	4.34
Energy	2.77
Contract work	5.01
Wages paid	1.26
Other farming overheads	3.91
Rent paid	2.45
Depreciation	8.21
Interest and taxes	1.34
- Production value of beef	- 6.51
= Paid costs of milk production (for collected milk only)	= 38.87
+ Income variable (labour costs)	17.56
= Total costs	= 56.43
- CAP payments	- 3.89
= Milk production costs	52.54
+ Net investments (10-year average)	- 0.12
= Milk production costs including net investments	= 52.42



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	7.06	6.21	6.46	7.36	6.80	7.68	6.47	6.82	6.68	8.06	6.96
Net investments (without depreciation)	-0.41	-0.83	-0.42	0.47	-0.85	0.56	-0.38	-0.22	-0.23	1.09	-0.12

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 ²	38.87	17.56	56.43	3.89	52.54		52.42
2018	37.25	16.95	54.20	3.89	50.31		50.19
2017	34.85	13.25	48.10	3.89	44.21	-0.12	44.09
2016	34.39	14.21	48.60	4.11	44.49		44.37
2015	35.64	14.21	49.85	4.11	45.74		45.62
Ø 2015 – 2019	36.20	15.24	51.44	3.98	47.46	-	-

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	49.67	45.74	44.49	45.14	44.49	44.21	50.31	52.54	47.34
Milk price*	37.34	32.29	30.18	34.42	30.18	34.42	32.84	33.33	33.04
Shortfall in c/kg	-12.33	-13.45	-14.31	-10.72	-14.31	-9.79	-17.47	-19.21	-14.30
Shortfall in %	-25%	-29%	-32%	-24%	-32%	-22%	-35%	-37%	-30%
MMI (index, base year = 2015)**	110	101	99	100	99	98	111	116	-

* 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)

