

→ Netherlands Milk production costs 2019

In 2019, producing one kilogram of milk in the Netherlands cost 44.54 c/kg. With an average milk price of only 32.75 c/kg, farms had to deal with a shortfall of 26%.

In the last five years leading up to 2019, farm-gate milk prices were an average 32.15 c/kg. With the applicable CAP payments (1.80 c/kg), Dutch dairy farms generated an average revenue of 33.95 c/kg. The shortfall to simply cover their paid costs (costs of farming inputs and general operating costs) was thus 1.93 c/kg. Paid costs over the last five years were an average 35.88 c/kg.

The average dairy farm in the Netherlands only makes an insignificant profit that barely allows it to survive and needs

write-offs to stay in business. As a result, investments on Dutch dairy farms have dropped sharply since 2015.

The income variable for labour costs on family farms was 9.21 c/kg in the last five years since 2015. It was calculated on the basis of an average hourly wage of 24.00 euros (including employer contributions).

Overview of milk production costs in 2019²

Cost items

Purchased feed	11.58
Fodder production (seeds, fertilizers, plant protection products, other)	1.36
Livestock costs (veterinary costs, insemination, etc.)	4.18
Building & machinery upkeep	1.61
Energy	2.76
Contract work	2.60
Wages paid	1.16
Other farming overheads	2.46
Rent paid	2.03
Depreciation	5.46
Interest and taxes	3.49

- **Production value of beef**

- 1.81

= **Paid costs of milk production (for collected milk only)**

= 36.88

+ **Income variable (labour costs)**

9.24

= Total costs

= 46.12

- **CAP payments**

- 1.58

= **Milk production costs**

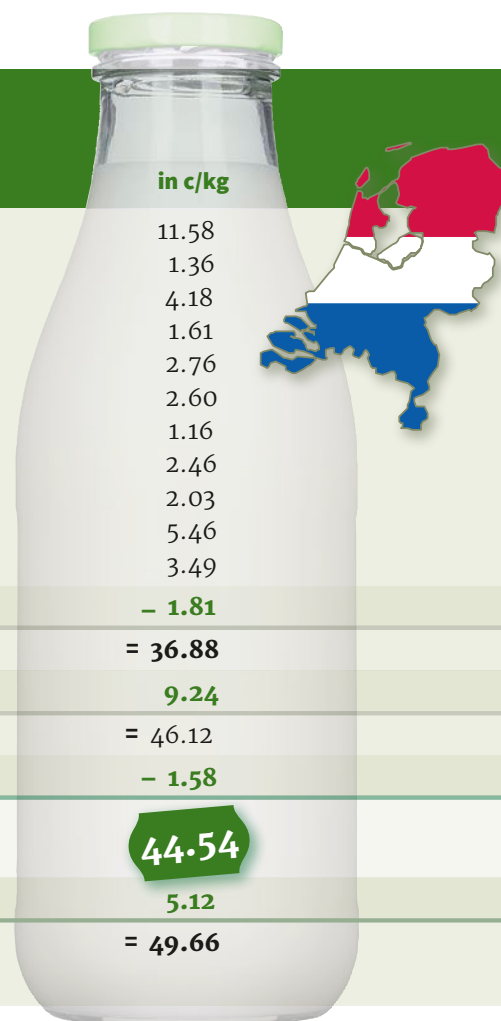
44.54

+ **Net investments (10-year average)**

5.12

= **Milk production costs including net investments**

= 49.66



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	12.47	9.56	10.85	12.84	10.99	13.77	12.26	6.43	6.39	8.71	10.43
Net investments (without depreciation)	7.29	4.15	5.22	7.21	5.28	8.38	7.15	1.53	1.39	3.55	5.12

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	36.88	9.24	46.12	1.58	44.54	5.12	49.66
2018	36.50	9.24	45.74	1.58	44.16		49.28
2017	35.76	9.14	44.90	1.70	43.20		48.32
2016	34.93	9.12	44.05	1.98	42.07		47.19
2015	35.32	9.31	44.63	2.17	42.46		47.58
Ø 2015 – 2019	35.88	9.21	45.09	1.80	43.29	-	-

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	42.96	44.57	46.47	42.46	42.07	43.20	44.16	44.54	43.29
Milk price*	32.38	37.40	38.90	30.75	28.75	35.45	33.03	32.75	32.15
Shortfall in c/kg	-10.58	-7.17	-7.57	-11.71	-13.32	-7.75	-11.13	-11.79	-11.14
Shortfall in %	-25%	-16%	-16%	-28%	-32%	-18%	-25%	-26%	-26%
MMI (index, base year = 2015)**	101	105	109	100	99	102	104	105	-

* Source: LEI 2020, farm-gate milk prices at 3.7% fat.

** The Milk Marker Index (MMI) reflects the development of milk production costs.

Price/cost ratio (shortfall)

