



Milk Production Costs 2017

→ France

In 2017, the production costs for one kilogram of milk in France were 45.14 cents. The price of milk, on the other hand, was only 34.42 cents and in the previous year only 30.18 cents per kilogram. Even if the milk price increased by 4.24 cents from 2016 to 2017, 24 % of the costs were not covered.

On average over the past ten years, gross investments were less than depreciation and net investments were negative (-0.17 cents/kg), meaning that the physical capital of French dairy farms has decreased.

Overview of milk production costs in France in 2017*

cost items	in cents / kg
+ bought-in feed	8.42
+ home-grown fodder (seeds, fertilizers, plant protection products, other)	3.08
+ livestock costs (veterinary costs, insemination, etc.)	1.69
+ building & machine upkeep	4.21
+ energy	2.69
+ contract work	4.42
+ wages paid	0.95
+ other indirect costs	4.04
+ rent paid	2.61
+ depreciation	8.22
+ interest and taxes	1.65
- production value of beef	-6.94
= incurred costs of milk production (only for delivered milk)	35.04
+ income variable (labour costs)	14.21
= total production costs	49.25
- subsidies	-4.11
= milk production costs	45.14
+ net investments (10-year average)	-0.17
= milk production costs including net investments	44.97

Development of investments in France 2007–2016 in cents/kg (based on FADN 2016)

year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Ø 10 years
gross investments	6.60	8.16	7.04	6.20	6.44	7.34	6.78	7.66	6.13	6.70	6.91
net investments (without depreciation)	-0.13	1.04	-0.41	-0.82	-0.42	0.47	-0.85	0.56	-0.72	-0.36	-0.17

Milk production costs in France in cents/kg (based on FADN 2015)

year	paid costs	+ income variable	= total costs	- subsidies	= production costs	net investments + Ø (2007-2016)	costs + net investments
2017*	35.04	14.21	49.25	4.11	45.14		44.97
2016	34.39	14.21	48.60	4.11	44.49		44.32
2015	35.64	14.21	49.85	4.11	45.74	-0.17	45.57
2014	36.86	18.34	55.20	5.53	49.67		49.50
2013	38.26	14.56	52.82	5.94	46.88		46.71
Ø (2013-2017)	36.04	15.11	51.14	4.76	46.38		

Development of milk production costs in France 2010–2017 (without net investments)

year	2010	2011	2012	2013	2014	2015	2016	2017*	Ø (2013-2017)
production costs in c/kg	41.51	42.67	43.81	46.88	49.67	45.74	44.49	45.14	46.38
farm gate milk prices in c/kg**	31.55	33.94	32.58	35.30	37.34	32.29	30.18	34.42	33.91
shortfall in c/kg	-9.96	-8.73	-11.23	-11.58	-12.33	-13.45	-14.31	-10.72	-12.47
shortfall in %	-24%	-20%	-26%	-25%	-25%	-29%	-32%	-24%	-27%
MMI (index. base year = 2010)***	100	103	106	113	120	110	107	109	

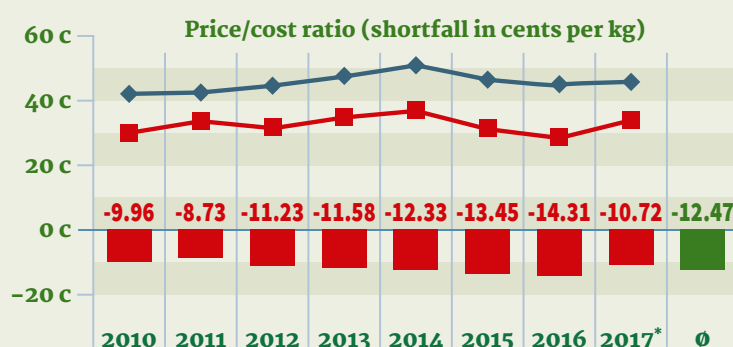
** Source: MMO of the EU 2018, natural fat and protein contents

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

Shortfall in milk production costs

The current results also serve as a basis for the calculation of the price/cost ratio. This ratio shows to which extent farm gate prices allow to cover production costs. On average over

the last 5 years, 12.47 cents or 27% of milk production costs in France could not be covered.



—■— farm gate milk price —◆— production costs Ø = 5-year average (Ø 2013–2017)