

## Value creation study German dairies – Update 2021

### WHAT IS THE SCOPE OF THIS STUDY?

- Analysing value creation in 38 German dairies
- Are there differences between cooperative and private dairies?
- Comparing the evolution of farm-gate milk prices and value creation
- What part of value creation by dairies reaches milk producers?

### FINDINGS

- Value creation evolved positively in many of the dairies included in the study, even in the crisis years 2015/2016.
- No part of these gains is passed on to milk producers.
- During crisis situations, milk producers are left to bear the brunt of market risks alone.
- The increases in net value creation were adjusted toward reserves and accruals even in 2015/2016, instead of toward paying higher farm-gate prices.
- Reserves and accruals accounted for the largest portion of net value creation and, in some cases, were even higher than the farm-gate milk price.
- There were major differences in the level of net value creation between dairies.
- In contrast, farm-gate milk prices were relatively uniform.
- Fluctuations in milk price were very similar over time, irrespective of the extent or evolution of value creation in dairies.
- Exports are no guarantee for high value creation.

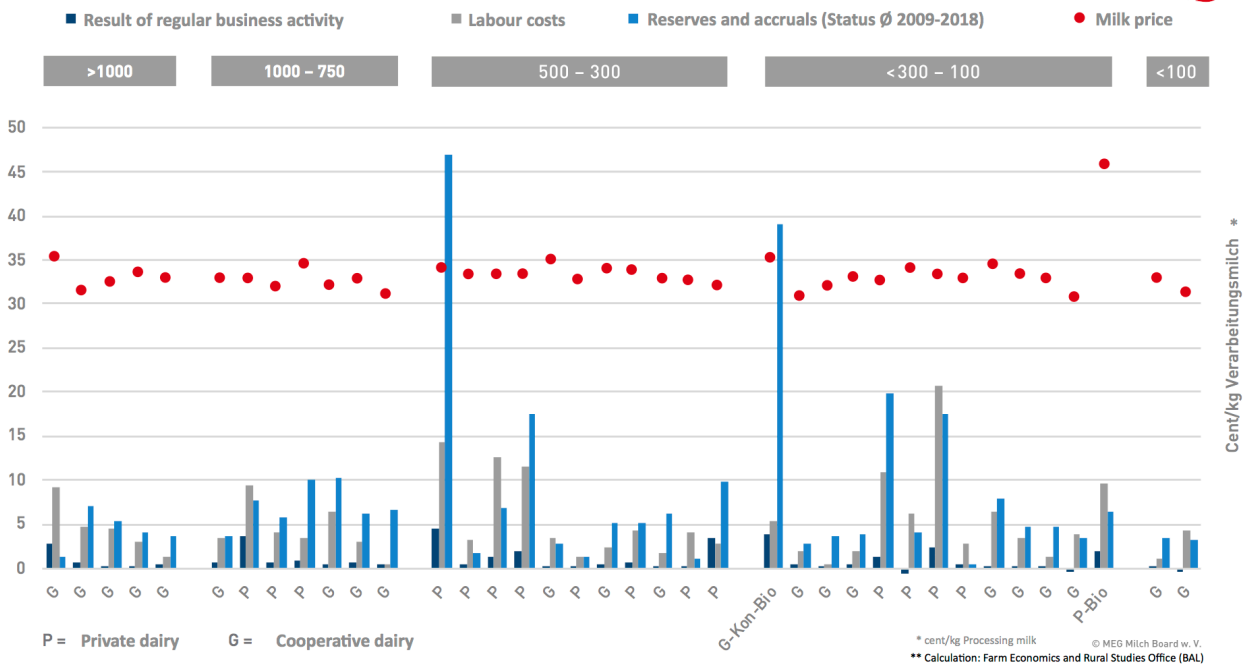
### CONCLUSION

- The compulsory preferential sale and purchase guarantees of cooperative dairies make competition in the dairy sector impossible.
- It is important for producers to be able to strengthen their position (pooling).
- Cooperative membership and delivery obligations must be decoupled through changes in compulsory preferential sale and take-back guarantees as well as their replacement with milk purchasing contracts.
- Article 148 of the CMO must apply to all without exception – private as well as cooperative dairies.

You can refer to the full study (in German) at [www.milch-board.de/milchmarkt](http://www.milch-board.de/milchmarkt).

## Average net value creation and farm-gate milk price 2009-2018

There is no competition when it comes to milk



Berechnungen: Büro für Agrarsoziologie und Landwirtschaft (BAL) :

## Net value creation and export strategy of ten large dairies and their relation to farm-gate milk price

