Press release

Dutch milk price nowhere near covers the costs!

Today the Dutch Dairymen Board (DDB) presented the results of the study into the production costs for a litre of milk in the Netherlands. With a cost price of almost 45 euro cents for 2013, the production costs for a litre of milk are considerably higher than the average milk price paid in 2013, which was just over 37 euro cents. This means there is a coverage deficit of 16 percent, and this is just for 2013.

The method used to calculate the production costs for a litre of milk in the Netherlands was developed in 2012 by the Büro für Agrarsoziologie und Landwirtschaft (BAL - Office for Agrosociology and Agriculture) in Germany at the request of the European Milk Board (EMB), which the DDB is a member of. First the cost price for a litre of milk in Germany was calculated and this was published in January 2013. In January 2014, the results for France followed and now the DDB is publishing the costs of producing a litre of milk in the Netherlands.

The study is based on the data gathered by the EU and calculated in the Farm Accountancy Data Network, which is recognised by all EU member states. Since the European Commission is presenting the results with a delay of no less than three years, this makes it tricky to have a substantive discussion about the situation in dairy farming. This is based solely on assumptions and 'gut feelings', with the level of the milk price paid being taken as the starting-point. These are incomplete and - as can been seen from the cost price calculated - incorrect assumptions.

What also makes this study unique is that for the first time a remuneration has been calculated for self-employed dairy farmers – and family members who help with the work – that is not based on flat-rate assumptions. The remuneration calculated at the request of the DDB may refer to rates based on 'BV Nederland'. The functions and responsibilities of a dairy farmer have been weighed in the market on the basis of a database consisting of two million employment contracts.

Together the three studies give an excellent picture of the differences and similarities at cost level in the EU's three main dairy countries. And they provide insight into the so-called 'level playing field' of European dairy policy and the Dutch government's role in this, which is lagging a long way behind in the EU as regards investment, incentive and sustainability funds for dairy farmers.

Since the year 2000 the fact that Dutch dairy farms have been undermined by means of a milk price that is structurally too low has already resulted in the closure of 37% of Dutch dairy farms. Because the selling prices for producers in agriculture are too low, the Netherlands is now characterised by a high degree of aging. Family businesses, which are a characteristic feature of the sector, are disappearing.

It is up to politicians, dairy farmers and citizens/consumers to accept their responsibility and work on changes in dairy and agricultural policies that make it possible to achieve fair pricing. Not by handing out more subsidies, but by creating conditions that will also make it possible for dairy farmers to generate a milk price from the market that covers the costs of production.

The entire study can be downloaded from 25 June from www.ddb.nu

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