

News Details

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April 2022 in Germany: costs nearly covered

Framework conditions must be set to ensure cost coverage does not remain a rare exception

(Brussels, 18 July 2022) According to the quarterly figures published by the Farm Economics and Rural Studies Office (BAL) – current figures of April 2022 –, production costs amount to 47.60 c/kg, whereas the farm-gate milk price was 47.20 c/kg in the same period. For the first time, costs are nearly covered.

For the EMB, it is clear that many milk producers have gone out of business due to costs continuously not being covered over the last years. This is one of the main factors underpinning the now tight milk supply which has driven up the price of milk. Cost coverage in the short-term will not solve the issue of an imbalanced production structure. Cost coverage should be the long-term rule rather than the exception and part of farmers' daily reality in order to secure stable food sovereignty. It becomes reliable when the price of milk is based on its production costs and when it includes a suitable income for farmers. To this end, framework conditions must be laid out in the EU and include sufficiently strong producer organisations that negotiate with several dairies, crisis instruments such as the Market Responsibility Programme (MRP), a socially sustainable CAP, and fair contracts or even mirror clauses on EU imports.

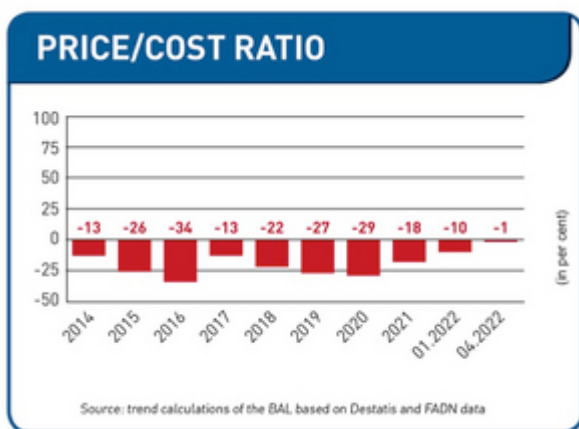
With the figures for April 2022, the calculation of milk production costs was adapted to the latest FADN data of 2020. Figures for 2021 for Belgium, Denmark, France, Germany, Ireland, Lithuania, Luxembourg and the Netherlands have been published recently. [Here](#) you can find these current calculations for 2021 as well as an outlook for the first quarter in 2022 for some countries.

Development of milk production costs in Germany

[Here](#) you have the evolution of German milk production costs from 2014 to April 2022.

Price/cost ratio (shortfall)

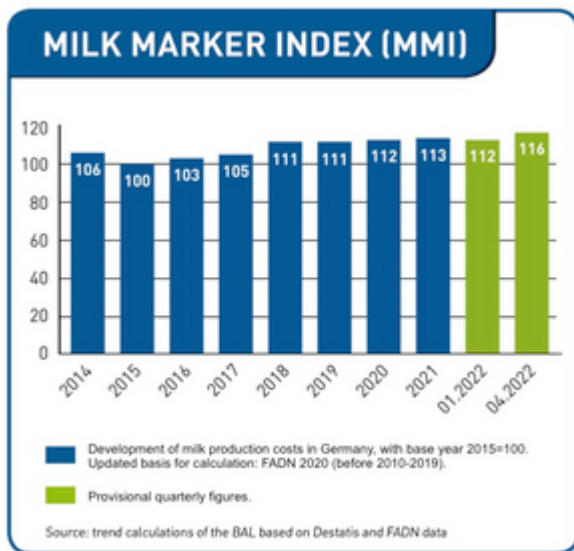
The price/cost ratio illustrates to which extent milk prices cover the cost of production. In April 2022, producers recovered 99% of their production costs from the milk price; the shortfall was thus 1%. Here you see the cost shortfall since 2014.



Milk Marker Index (MMI)

The Milk Marker Index (MMI) represents the evolution of milk production costs. In April 2022, the MMI was at 116, i.e. production costs for German dairy farmers had risen by 16% as compared to the base year 2015 (2015 = 100).

Here you see the evolution of the Milk Marker Index over time.



Study on organic milk production costs

In November 2019, a study on the cost of production of organic milk in Germany was published (period: 2011/12 to 2018/19). You can find this study [here](#) as well as current data for 2020/21 [here](#).

Study on milk production costs in eight key milk producing countries

Cost calculations are regularly carried out in Germany but also in seven other countries. They also clearly show that the prices paid to milk producers do not cover the cost of production.

The 2019 study on milk production costs in Belgium, Denmark, France, Germany, Ireland, Lithuania, Luxembourg and the Netherlands is available [here](#). You can find an update for 2021 with an outlook for the first quarter 2022 [here](#).

A chronic shortfall between production costs and milk prices – what is the solution?

The European Milk Board promotes a legally-anchored crisis instrument to counteract the chronic cost shortfall. The Market Responsibility Programme (MRP) observes and reacts to market signals by aligning production.

[Here](#) you have a short description of the EMB's Market Responsibility Programme.

Background:

Commissioned by the European Milk Board and the German producer organisation MEG Milch Board, the Farm Economics and Rural Studies Office (BAL) started compiling comprehensive data on milk production costs in Germany in 2012 for the study entitled "What is the cost of producing milk?". The calculation is based on data from the EU Farm Accountancy Data Network (FADN) as well as the German Federal Statistical Office (Destatis), and has been updated every quarter since 2014.

[Download data sheet here](#)

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