

News Details

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Belgian farm-gate milk price covers only 65 percent of production costs



Milk Production Costs Belgium 2016					
Region	Paid Costs	+ Income Rate	+ Production Costs		
			in Cents per kg		
Flanders	28.79	13.70	42.49	2.36	40.13
Wallonia	29.16	16.93	46.09	2.13	43.96
Belgium	28.93	14.70	43.64	2.27	41.37

(Brussels/Battice, 02.09.2017): A recent cost study shows that the costs of milk production in Belgium in 2016 were 41.37 cents/kg. As the farm-gate prices for milk were only 26.70 cents, this means only 65% of production costs were covered in 2016.

The study, jointly commissioned by the European Milk Board (EMB) and the Belgian Dairy Farmers' Association (*Milcherzeuger-Interessengemeinschaft* - MIG), calculates the current costs of milk production based on EU data and also takes into account the work input of the farm manager and family members working on the farm.

Milk production costs in recent years: no fair income for dairy farmers

Because farm-gate prices fell during the milk crisis of 2015, there was a 35% shortfall in coverage of production costs. In the last five years, in no year has a farm-gate price level been achieved that would have assured the dairy farmers of at least an adequate income.

Erwin Schöppges, EMB Board member from Belgium, comments on the rise in milk production costs in recent years: "We dairy farmers are all painfully aware day in, day out, that we are losing out across the board. For me the question is how long we can still carry on, when you see that in the last five years our production costs have not been covered and we are practically only running on reserve."

The development of milk production costs under the shadow of the milk crisis

Manifestly lower depreciation and interest paid show that scarcely any new investments were possible. Furthermore, the subsidies paid out to dairy farms in 2016 were only 2.27 cents a kilo, meaning they had decreased by more than 2 cents/kg milk in the last three years. Given the price-cost gap of almost 15 cents, the subsidies can barely help secure the farms' annual income. The current study makes it clear that the milk production costs must be covered by the farm-gate price.

"The results lay the hard facts on the table for all to see, and should make a few sit up", says Christian Wiertz, vice-president of the Belgian Dairy Farmers' Association MIG. "It must be evident from this to our politicians and the sector that despite working around the clock Belgian dairy farmers cannot even cover their costs, let alone generate an income."

What are the European Milk Board's demands?

Milk prices are currently recovering, thanks to the EU-wide volume reduction programme – yet Europe's dairy farmers are far from achieving cost-covering prices. The voluntary volume reduction scheme has clearly shown that the milk market can only be stabilised by managing supply. As the umbrella organisation of European milk producers, we call for our [Market Responsibility Programme \(MRP\)](#) to be enshrined by law in the Common Agricultural Policy. In times of market turbulence, this crisis instrument automatically triggers off stabilisation measures such as voluntary production cuts. This enables the EU to get to grips with the milk market's chronic crises.

Background:

The cost study, jointly commissioned by the European Milk Board (EMB) and the MIG from BAL (German Office for Agriculture and Agricultural Sociology) calculates the costs of producing milk throughout Belgium. It is based firstly on current data from the European Commission's Farm Accountancy Data Network (FADN), and secondly, to update those data, on the Eurostat's price indices for agricultural means of production like feed, fertilisers, seed and energy, and uses an income rate that calculates the performance of farm managers and family members.

[Please click here for the study on milk production costs in Belgium \(FR\)](#)

[Please click here for the short version of the study \(FR\)](#)

[Please click here for the data sheet \(EN\)](#)

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