## News Details
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16.10.2017

# Current costs of milk production in Germany: 41 cents/kg

## Costs still not covered despite lower production costs

*(Brussels, 16.10.2017)* The German Office for Agriculture and Agricultural Sociology (*Büro für Agrarsoziologie und Landwirtschaft, BAL*) has been calculating the real costs of milk production for Germany since 2012. In addition, it works out to what extent producers' costs are covered, based on farm-gate milk prices. This takes into account the items of means of production, labour costs and subsidies received. Here are the current figures for the third quarter of 2017:

Milk production costs in Germany (July 2017)

| Year | Paid costs | + Income parameter | = Total costs | – Subsidies | Production costs |
|---|---|---|---|---|---|
| In cents per kilo | | | | | |
| **2017 (Q3)** | 30.85 | 12.81 | 43.66 | 2.68 | **40.98** |
| **2017 (Q2)** | 31.87 | 12.81 | 44.68 | 2.68 | 42.00 |
| **2017 (Q1)** | 31.81 | 12.81 | 44.62 | 2.68 | 41.94 |
| **2016** | 31.04 | 12.81 | 43.85 | 2.68 | 41.17 |
| **2015** | 32.00 | 12.81 | 44.81 | 2.68 | 42.13 |
| **2014** | 35.36 | 13.3 | 48.66 | 4.27 | 44.39 |
| **2013** | 37.60 | 13.22 | 50.82 | 4.92 | 45.90 |
| **2012** | 34.69 | 14.46 | 49.15 | 5.07 | 44.08 |

Despite lower costs and higher prices there is still no equilibrium, as the price/cost ratio documents:

| **Price/cost ratio Germany**<br>**As per July 2017** | |
|---|---|
| Milk production costs in cents/kg | 40.98 |
| Current milk price in cents/kg | 37.19 |
| Price/cost ratio | 0.91 |

With coverage of 0.91, there is still an evident average deficit of 9%.

EMB President Romuald Schaber comments on the current figures: "Of course it is encouraging that the cost gap is slowly shrinking. However, if you consider the losses we have sustained in recent years, the prices are still not enough to close this gap and initiate deferred investments. And unfortunately, these figures also show that the dairy farmers are not benefiting enough from the current boom in butter prices."

*Background:*

*The cost study, jointly commissioned by the European Milk Board (EMB) and the MEG Milch Board from BAL (German Office for Agriculture and Agricultural Sociology) calculates the costs of producing milk throughout Germany. It is based firstly on data from the European Commission's Farm Accountancy Data Network (FADN), and secondly, to update those data, on the German Federal Statistical Office'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.*

*Additionally, a price/cost ratio is published on a quarterly basis. It shows the ratio between the officially recorded raw milk prices paid to the farmers and the milk production costs.*

Please click here for more information on the BAL cost calculation

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