

News Details

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Current figures for Germany:

Significant increase in costs and price drop exert further pressure on producers

(Brussels, 16 October 2023) According to the quarterly update of the cost study established by the Farm Economics and Rural Studies Office (BAL), milk production costs in Germany amount to 49.73 cents per kg (as of July 2023). With 46.87 cents per kg, costs were at a lower level in April 2023. The average farm-gate milk price fell significantly and was only 40.63 cents per kg in July 2023. In January, the price still amounted to 56.93 cents and in April to 45.11 cents. For July, the price/cost ratio shows a shortfall of 18 percent, which is a 37-point drop compared to January, when cost coverage was still 119 percent.

The European Milk Board is calling for the activation of a voluntary volume reduction scheme at EU level in order to achieve stable prices on the dairy market with the help of minor temporary reductions in milk volume.

Data sheet (July 2023)

Development of milk production costs in Germany

Here you have the evolution of German milk production costs from 2014 to July 2023.

Milk production costs in Germany												
Date of calculation: 15 July 2023												
Date of publication: 15 October 2023												
Year/ Reference month*	2014	2015	2016	2017	2018	2019	2020	2021	2022	Jan. 2023	Apr. 2023	Jul. 2023
Production costs in ct/kg	44.39	41.20	42.44	43.17	45.57	45.87	45.96	48.38	47.89	47.86	46.87	49.73
Farm-gate milk prices in ct/kg**	38.78	30.53	27.93	37.40	35.60	33.70	32.84	36.27	53.18	56.93	45.11	40.63
Price/cost ratio	0.87	0.74	0.66	0.87	0.78	0.73	0.71	0.75	1.11	1.19	0.96	0.82

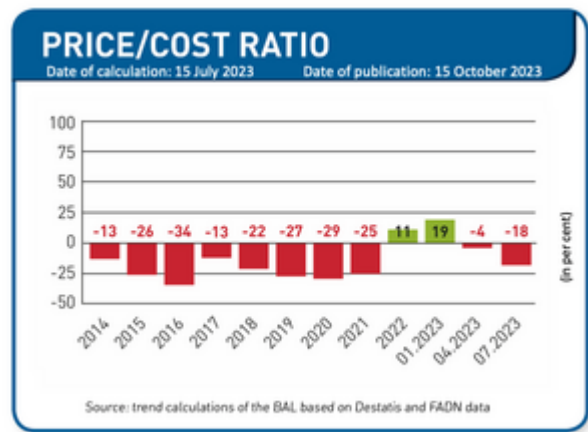
*Reference months: provisional figures. All values excluding VAT. Interpolation as from 2022 on basis of FADN 2022 (gross) and Destatis. Previously, basis for calculations FADN 2020 to 2022.

**All milk prices for 4% fat and 3.6% protein, as of 2020 farm-gate milk prices, previously prices delivered to dairy. Source: prices of conventional cow's milk, in: Statistical yearbook and Statistical monthly reports (Statistik), different years, www.destatis.de, FA: Bundesministerium für Ernährung und Landwirtschaft (Federal Ministry for Food and Agriculture, Germany).

Price/cost ratio

The price/cost ratio illustrates to which extent milk prices cover the cost of production. In July 2023, milk prices did not cover the cost of production. The shortfall was 18%.

Here you see the evolution of the price/cost ratio since 2014.



Milk Marker Index (MMI)

The Milk Marker Index (MMI) represents the evolution of milk production costs. In July 2023, the MMI was at 121, i.e. production costs for German dairy farmers had risen by 21% 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 2021/22 [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.

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.

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