News Details
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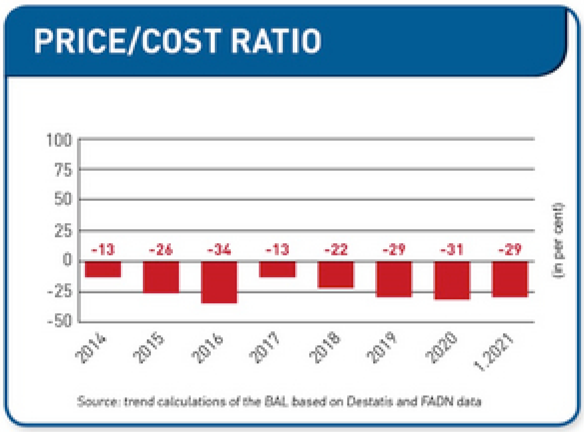
Current figures for Germany show: price covers only 71% of milk production costs

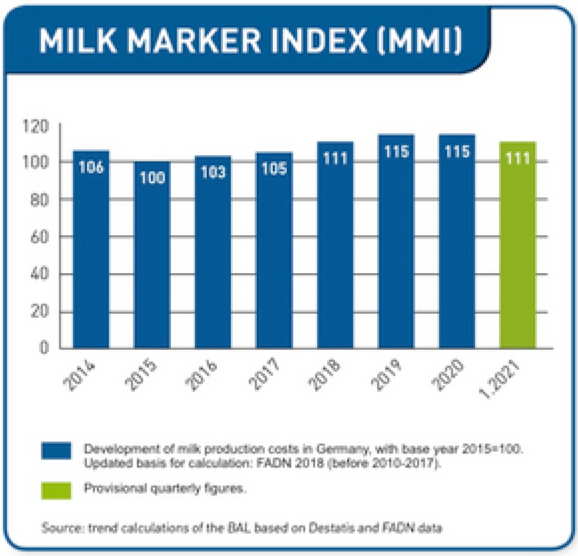
(Brussels, 15/04/2021) According to the quarterly figures published by the Farm Economics and Rural Studies Office (BAL) – current figures of January 2021 –, production costs amount to 45.76 ct/kg, whereas the farm-gate milk price was only 32.70 ct/kg in the same period. Producers in Germany thus lack 13.06 ct/kg to cover their costs.

Development of milk production costs in Germany
Here you have the evolution of milk production costs in Germany from 2014 to January 2021.

Price/cost ratio (shortfall)
The price/cost ratio illustrates to which extent milk prices cover the cost of production. In January 2021, producers only recovered 71% of their production costs from the milk price; the shortfall was thus 29%.
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 January 2021, the MMI was at 111, i.e. production costs for German dairy farmers had risen by 11% 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 the update for 2019/20 here.

Study on milk production costs in six key milk producing countries
Cost calculations are regularly carried out in Germany but also in five other countries. They as well clearly show that the prices paid to milk producers do not cover the cost of production.
The study on milk production costs in Belgium, Denmark, France, Germany, Luxembourg and the Netherlands in 2017 is available here. In a short video you can see all figures at a glance.

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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