

News Details

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Current milk production costs in Germany: 46.69 ct/kg for October 2020

(Brussels, 15/01/2021) According to the quarterly figures published by the Farm Economics and Rural Studies Office (BAL) – current figures of October 2020 –, production costs amount to 46.69 ct/kg, whereas the farm-gate milk price was only 32.64 ct/kg in the same period. Producers in Germany thus lack 14.05 ct/kg to cover their costs.

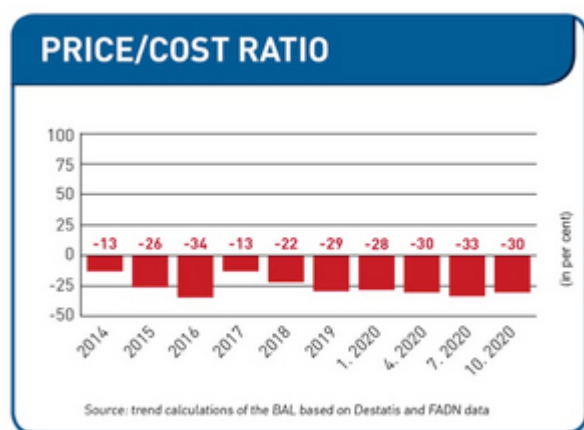
Development of milk production costs in Germany

[Here](#) you have the evolution of milk production costs in Germany from 2014 to October 2020.

Price/cost ratio (shortfall)

The price/cost ratio illustrates to which extent milk prices cover the cost of production. In October 2020, producers only recovered 70% of their production costs from the milk price; the shortfall was thus 30%.

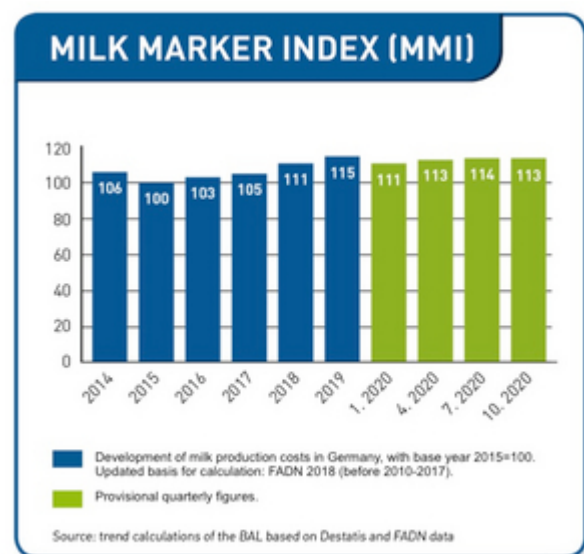
Here you see the cost shortfall since 2014.



Milk Marker Index (MMI)

The Milk Marker Index (MMI) represents the evolution of milk production costs. In October 2020, the MMI was at 113, i.e. production costs for German dairy farmers had risen by 13% as compared to the base year 2015 (2015 = 100).

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



New: 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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