# News Details

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15.10.2019

## Gap between production costs and milk prices in Germany is widening

*(Brussels, 15.10.2019)* The quarterly cost figures for Germany are available and show that only 77% of production costs were covered in July 2019. Even though production costs fell slightly in July, the farm-gate milk price also fell to below 34 cents. Production costs amounted to 44.28 ct/kg in July; however, producers only received 33.99 ct/kg for their product. Producers thus lack 10.29 ct/kg to cover their costs. These figures come from the German quarterly cost studies published by the Farm Economics and Rural Studies Office (BAL). The Milk Marker Index is converted to a new base year every five years. The MMI calculations for the 3rd quarter of 2019 published on 15 October 2019 were converted to the base year 2015 = 100. The calculations were adjusted accordingly.

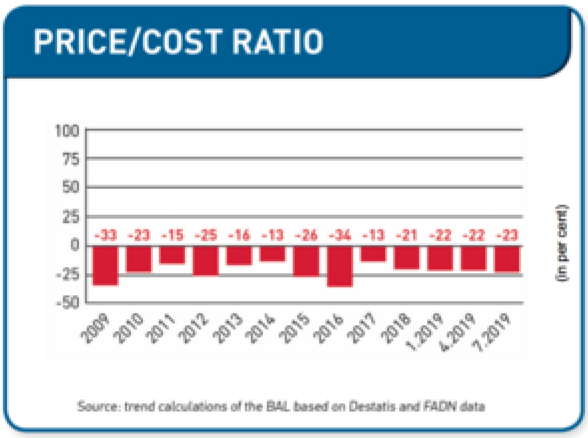
Evolution of milk production costs in Germany

Here you have the evolution of milk production costs in Germany from 2009 to July 2019.

Price-cost ratio (shortfall)

The price-cost ratio illustrates to which degree milk prices cover production costs. In July 2019, producers only recovered 77% of their production costs from the milk price; the shortfall was thus 23%.

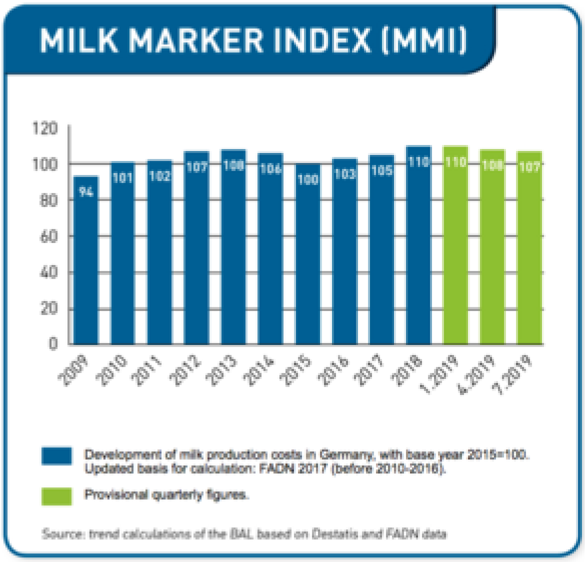
Here you see the cost shortfall since 2009.




Milk Marker Index (MMI)

The Milk Marker Index represents the evolution of milk production costs. In July 2019, the MMI was at 107 i.e. production costs for German dairy farmers had risen by 7% as compared to the base year 2015=100.

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




Study on milk production cost in six key milk production countries

Cost calculations are regularly carried out in Germany but also in five other countries. They as well clearly show that milk producers are not paid cost-covering prices.

New: The calculations of milk production costs in Belgium, Denmark, France, Germany, Luxembourg and the Netherlands for 2017 are now available. You can find the study 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 Market Responsibility Programme.

*Background: Commissioned by the European Milk Board and Germany's 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 Federal Statistical Office (Destatis), and has been updated every quarter since 2014.*

Download the data sheet here

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