

News Details

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15.01.2020

German milk production costs amount to 43.71 ct/kg in October 2019 as opposed to a price of only 34.23 ct/kg

(Brussels, 15.01.2020) The current calculation of German milk production costs shows that in October 2019 only 78% of these costs were covered. According to the quarterly figures published by the Farm Economics and Rural Studies Office (BAL), production costs amounted to 43.71 ct/kg in October 2019, whereas the farm-gate milk price was only 34.23 ct/kg. Producers thus lack 9.48 ct/kg to cover their costs.

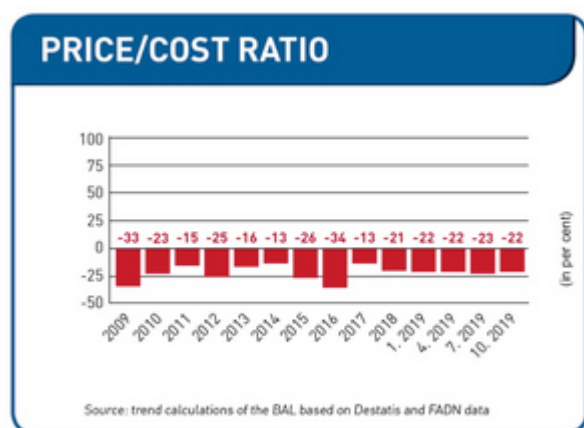
Evolution of milk production costs in Germany

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

Price-cost ratio (shortfall)

The price-cost ratio illustrates to which extent milk prices cover the cost of production. In October 2019, producers only recovered 78% of their production costs from the milk price; the shortfall was thus 22%.

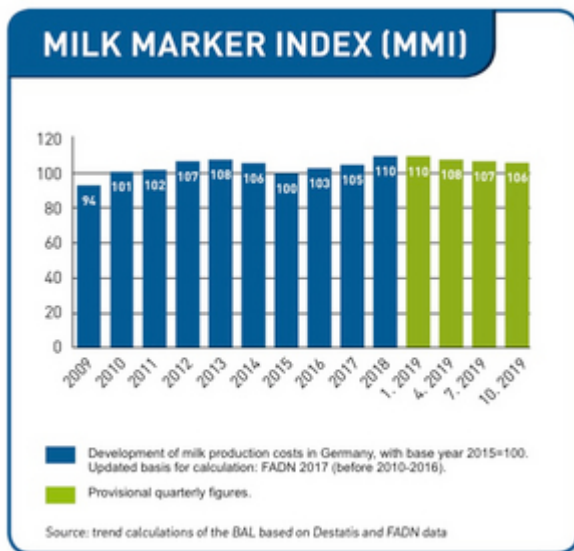
Here you see the cost shortfall since 2009.



Milk Marker Index – MMI

The Milk Marker Index (MMI) represents the evolution of milk production costs. In October 2019, the MMI was at 106, i.e. production costs for German dairy farmers had risen by 6% as compared to the base year 2015=100.

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



New: Study on organic milk production costs

In November 2019, information on milk production costs in the organic sector in Germany was published (period: 2011 to the most recent closed marketing year). You can find the study [here](#) (only available in German).

Study on milk production cost in six key milk production countries

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

The study on milk production costs in Belgium, Denmark, France, Germany, Luxembourg and the Netherlands in 2017 is available [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 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.

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