

23.08.2017

"Milk Market Review" study: Dairy industry was unable to sell additional milk volumes adequately



© MEG Milch Board

This study was carried out due to the violent collapse of farm-gate prices in Germany during the most recent milk crisis in 2015 and 2016, as well to find out whether this was unavoidable considering market conditions. Prices did not plummet so drastically in other EU countries.

The *Büro für Agrarsoziologie und Landwirtschaft* was commissioned by producer organisation MEG Milch Board to investigate further by analysing the market for different milk products on the basis of available market data. However, they also looked at milk volumes, product flows in the EU and in third countries, farm-gate prices in the EU and much more.

One can summarise as follows:

- In terms of sales, the dairy industry was not prepared for the increase in supply volumes.
- The milk surpluses accrued between 2013 and 2015 could not be dealt with solely by export to third countries.
- They were mainly pushed on to the already saturated EU internal market as "cheap cheese".
- This flood of cheap products from Germany led to very significant decreases in export prices as compared to other EU countries, and was a decisive factor in the extreme drop in producer prices in Germany.
- The substantial volume increase, coupled with very poor value creation with regards to all important export products, contributed to a price collapse.
- Milk surpluses were "sold off" for the smallest of profits, without any regard for falling producer prices.
- The resulting competition for market share led to German producer prices unnecessarily falling even further as compared to other EU countries.

Conclusions:

The crisis was thus triggered by milk production that was not aligned with market needs. The position of the MEG Milch Board w.V. presented in the "RoadMap Milch & Markt" over two years ago remains very relevant even today. Their key demands refer to contractually fixed milk volume, quality, term of contract as well as milk supply price. No litre should be left on the farm, if the listed criteria are not contractually determined. Implementing milk sales on the basis of contracts, as set out in the RoadMap Milch & Markt, would have, at the very least, tempered the crisis. This is what we have to continue to fight for!

MEG Milch Board Press release of 20 July 2017

Brochure "Marktreview Milch" and study "Marktreview Milk" (in German)

[<<< back](#)