

News Details

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Milk price doesn't cover 21% of production costs in Germany

(Brussels, 15 October 2021) According to the quarterly figures published by the Farm Economics and Rural Studies Office (BAL) – current figures of July 2021 –, production costs amount to 45.30 c/kg, whereas the farm-gate milk price was only 35.79 c/kg in the same period. Producers in Germany thus lack 9.51 c/kg to cover their costs.

Results for 2019 for Belgium, Denmark, France, Germany, Ireland, Lithuania, Luxembourg and the Netherlands have been published this year. You can find the complete study [here](#) and a video presenting the costs [here](#).

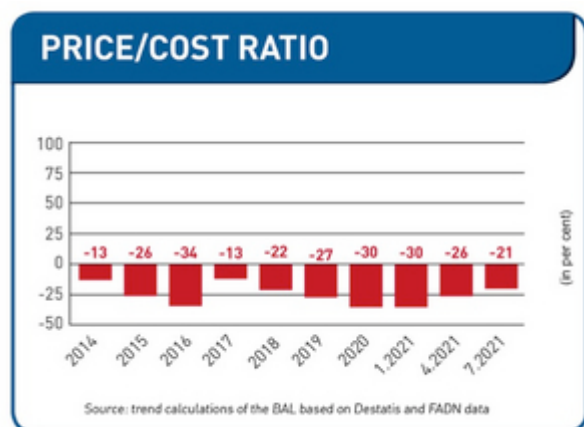
Development of milk production costs in Germany

[Here](#) you have the evolution of German milk production costs from 2014 to July 2021.

Price/cost ratio (shortfall)

The price/cost ratio illustrates to which extent milk prices cover the cost of production. In July 2021, producers only recovered 79% of their production costs from the milk price; the shortfall was thus 21%.

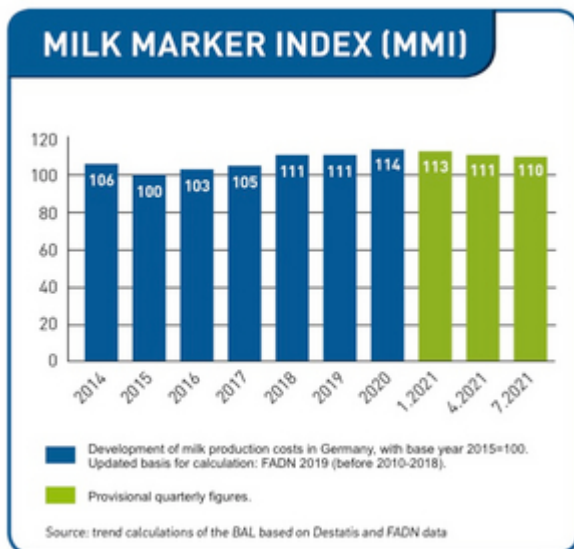
Here you see the cost shortfall since 2014.



Milk Marker Index (MMI)

The Milk Marker Index (MMI) represents the evolution of milk production costs. In July 2021, the MMI was at 110, i.e. production costs for German dairy farmers had risen by 10% 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](#).

New: Study on milk production costs in eight key milk producing countries

Cost calculations are regularly carried out in Germany but also in seven 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, Ireland, Lithuania, Luxembourg and the Netherlands in 2019 is available [here](#). In this [video](#), you will find a presentation of the costs as well as individual contributions from all cost countries.

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.

[Download data sheet here](#)

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