

News Details

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New milk price agreement in France







A new agreement on milk prices was signed in France. This agreement includes an increase of the milk price by 10% compared to 2009. This means that producers will obtain a basic price of 32 cents for their milk (3,8% fat and 3,2% protein) Given the increased prices for fodder and the redemption of loans that producers had to take out during the last year this price increase does not suffice. If one takes a look at the poor months at the beginning of the year it becomes clear that the average basic milk price 2010 of about 30 cents per litre does not cover the full production costs of milk producers in France.

French milk price is coupled to German milk price

The agreement also stipulates that the French milk price is tied in with the German milk price. This regulation becomes effective retroactively as of July 2010. The milk prices in both countries may at most deviate by 0.8 cents/litre. Otherwise the prices are aligned with each other. We run the risk that the prices will pull each other down. As many German dairy products are exported to other European countries, it is crucial for dairies that their products are always a little cheaper than the products of local suppliers. If the French dairies, however, adjust their prices to the lower prices of German products, we will enter into a vicious circle.

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