

News Details

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47.73 cents: German dairy producers' costs for 2022 reach all-time high

Producers deeply concerned over falling milk prices

(Brussels, 17 April 2023) According to the quarterly updated cost study by the Farm Economics and Rural Studies Office (BAL), production costs for 2022 stood at 47.73 ct/kg, while the average producer price in the same period amounted to 53.18 ct/kg. Costs were thus covered on average over this period. The costs for January 2023 were on a roughly similar level, at 47.70 ct/kg - an increase of 0.19 cents compared to [October 2022](#). The January producer price of 56.91 cents, however, was 2.42 cents below the price for October 2022. Based on the developments in milk production costs over the past few years, 2022 has seen these costs reach their highest level to date.

These developments in producer prices are a cause for concern, as they continue to slide downwards due to higher volumes and declining demand, and not only in Germany. This pushes the necessary long-term cost coverage for the sector further and further away. Meanwhile, EU policymakers are hinting that they will simply let this trend carry on and do not see any need, for example, for voluntary volume reductions. This is bad news both for farmers and consumers, because instead of turning to the tried and tested crisis instrument of voluntary volume cuts and finally introducing the necessary reforms to stabilise milk production in the EU, the sector is being driven back into a serious crisis.

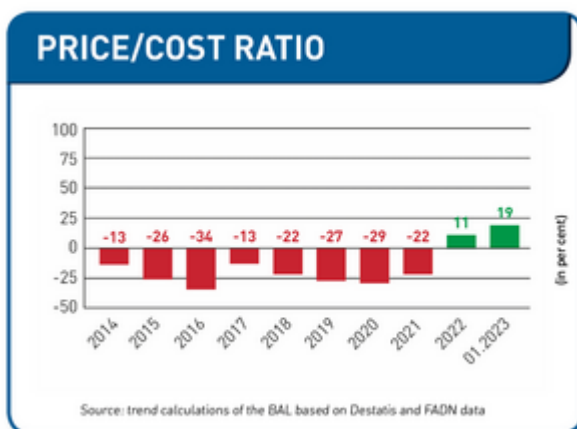
Development of milk production costs in Germany

[Here](#) you have the evolution of German milk production costs from 2014 to January 2023.

Price/cost ratio

The price/cost ratio illustrates to which extent milk prices cover the cost of production. In January 2023, milk prices covered the cost of production. Cost coverage was at 119%.

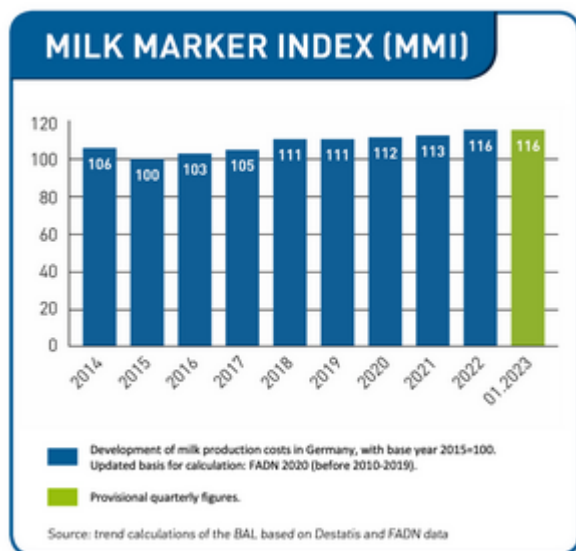
Here you see the evolution of the price/cost ratio since 2014.



Milk Marker Index (MMI)

The Milk Marker Index (MMI) represents the evolution of milk production costs. In January 2023, the MMI was at 116, i.e. production costs for German dairy farmers had risen by 16% 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 current data for 2021/22 [here](#).

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.

The 2019 study on milk production costs in Belgium, Denmark, France, Germany, Ireland, Lithuania, Luxembourg and the Netherlands is available [here](#). You can find an update for 2021 with an outlook for the first quarter 2022 [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.

In an open letter from the international farmers' organisations ECVF and EMB to the EU institutions, other important elements for a functioning EU dairy sector were also presented. You can see this open letter [here](#).

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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