

News Details

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16.01.2023

October 2022 in Germany: Milk production costs covered

Long-term cost coverage as a basic prerequisite for stable production

(Brussels, 16 January 2023) According to the quarterly updated cost study by the Bureau for Rural Sociology and Agriculture (BAL), the production costs - for October 2022 - amounted to 47.51 ct/kg, while the average farm-gate milk price in the same period was 59.33 ct/kg. This means that the costs were covered during this period. As can be seen from the development of milk production costs in the past years, cost coverage was achieved only a few months earlier - in July 2022 - for the first time since the study came into existence.

The trend had already become apparent in April 2022. Since then, producer prices have continued to rise, reaching almost 60 cents in October 2022. Long-term cost-coverage and the necessary reforms to achieve this are indispensable for a sustainable and stable agriculture. We call on politicians, now more than ever, to create framework conditions for a crisis-free and robust milk market. For dairy farmers across Europe, prospects for the long term are the basic prerequisite for stable production and for the younger generation to take over the farms to continue producing dairy.

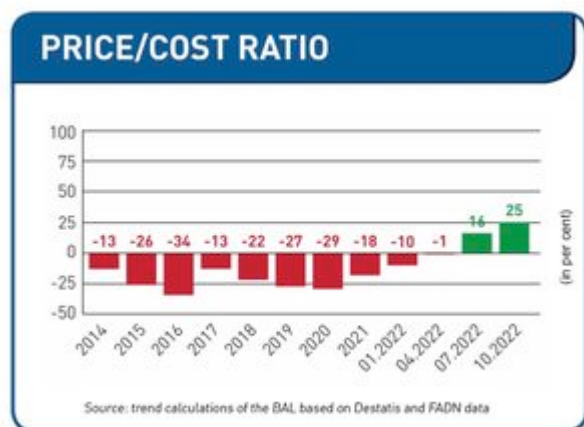
Development of milk production costs in Germany

[Here](#) you have the evolution of German milk production costs from 2014 to October 2022.

Price/cost ratio

The price/cost ratio illustrates to which extent milk prices cover the cost of production. In October 2022, milk prices covered the cost of production. Cost coverage was at 125%.

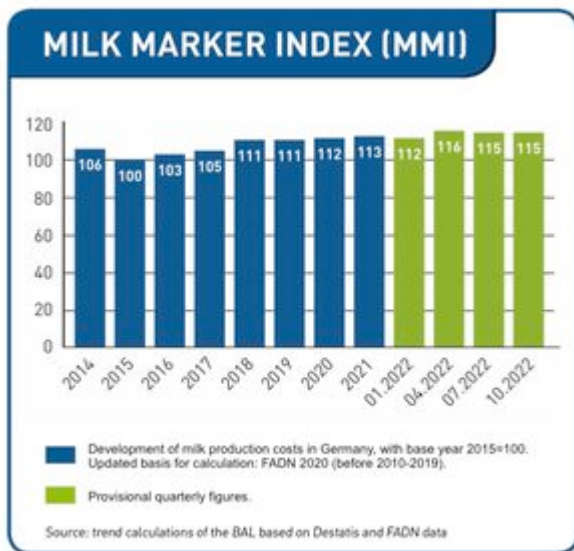
Here you see the evolution of the price/cost ratio since 2014.



Milk Marker Index (MMI)

The Milk Marker Index (MMI) represents the evolution of milk production costs. In October 2022, the MMI was at 115, i.e. production costs for German dairy farmers had risen by 15% 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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