

News Details

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Only 78% of milk production costs covered in Germany

(Brussels, 16.07.2019) The quarterly cost figures for Germany show that only 78% of production costs were covered in April 2019. Cost of production amounted to 44.33 ct/kg in April; however, dairy farmers only received 34.56 ct/kg for their product. Producers thus lack 9.77 ct/kg to cover their costs. These figures come from the German quarterly cost studies published by the Farm Economics and Rural Studies Office (BAL). With the figures for April 2019, the calculation of milk production costs was adapted to the latest FADN data for 2017.

Johannes Pfaller, member of the EMB's Executive Committee and milk producer from southern Germany, says: "The persistent gap between the costs of milk production and the farm-gate prices paid shows that the dairy industry holds out on us dairy farmers; they pay us just enough so that they keep our milk coming, but there's nothing left for us." One cause of this is the market power imbalance to the detriment of the dairy farmers identified by the German Federal Cartel Office in the Milk Sector Study. "Altogether the price is not set in a functioning environment of competition and negotiation at the moment", says the German Federal Cartel Office. "We have to change something about this as soon as possible. And the orientation of the EU agricultural policy towards cheap raw materials for the dairy and food industry must also be brought to an end" says Pfaller.

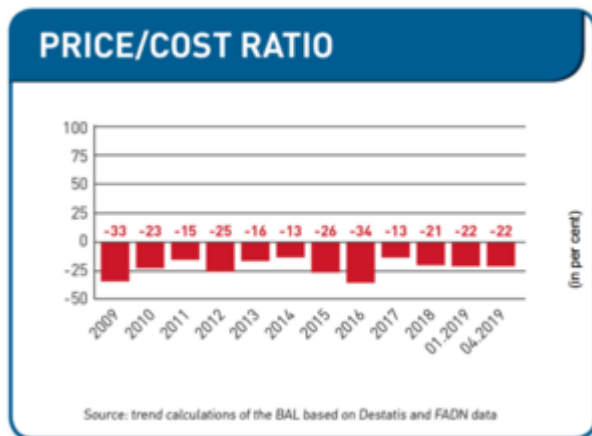
Evolution of milk production costs in Germany

[Here](#) you have the evolution of milk production costs in Germany from 2009 to April 2019.

Price-cost ratio (shortfall)

The price-cost ratio illustrates to which degree milk prices cover production costs. In April 2019, producers only recovered 78% of their production costs from the milk price; the shortfall was thus 22%.

Here you see the cost shortfall since 2009.



Milk Marker Index (MMI)

The Milk Marker Index represents the evolution of milk production costs. In April 2019, the MMI was at 107 i.e. production costs for German dairy farmers had risen by 7% as compared to the base year 2010=100.

Here you see the evolution of the Milk Marker Index over time.



Study on milk production cost in six key milk production countries

Cost calculations are regularly carried out in Germany but also in five other countries. They as well clearly show that milk producers are not paid cost-covering prices.

New: The calculations of milk production costs in Belgium, Denmark, France, Germany, Luxembourg and the Netherlands for 2017 are now available. You can find the study [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 Market Responsibility Programme.

Background: Commissioned by the European Milk Board and Germany's 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 Federal Statistical Office (Destatis), and has been updated every quarter since 2014.

[Download the data sheet here](#)

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