News Details

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Press release: Large deficit in French dairy sector

New study on milk production costs in France shows: milk prices do not cover production costs

(Paris, 27th February 2014) A new scientific study on milk production in France shows that in 2013, milk production costs in most regions ranged from approximately 40 to 45 cents per kilogramme of milk.[1] The costs are thus significantly higher than the average farm gate milk price of 33,8 cents per kilogramme.[2] As a consequence, dairy farmers in the whole of France had to face important deficits.

The above-mentioned study was launched by the European Milk Board (EMB) and the MEG Milch Board w.V. and carried out by the Büro für Agrarsoziologie und Landwirtschaft (BAL). It is based, among others, on the data of the European Commission's Farm Accountancy Data Network (FADN).

The deficit situation, as clearly revealed by the study's results, is a source of great concern to the EMB and its French member organisations APLI (Association des Producteurs de Lait Indépendants) and OPL (Organisation des Producteurs de Lait). Romuald Schaber, EMB President, finds clear words for his concern: "Unfortunately, this study clearly depicts the current situation: due to too low milk prices, the French dairy sector looses all future perspectives. Dairy farmers in France would need a price of 45 cents per kilogramme on average." According to Véronique Le Floc'h from the OPL, the chronic deficit gradually disintegrates the French dairy sector: "Every day we see or we hear about colleagues who have to give up production - everywhere, in the whole of France." APLI President André Lefranc adds: "We have to put an end to this languishing. The political leaders have to recognise the data and take measures."

A study on the dairy market in Germany published last year showed that German dairy farmers are facing a similar situation. Deficits are also very common among milk producers in Germany. As a consequence, the number of dairy farms is dropping continuously, which might cause milk production to disappear entirely in some regions.

It is foreseen that similar studies on milk production costs will also be carried out in other European countries. "These studies will most probably show as well that there is a big gap between the cost of production and farm gate milk prices", states Romuald Schaber.

Table: Cost of milk production in France, overview according to milk regions

Milk Region	Production costs in cents/kg (total; but excluding imputed costs)	Subsidies in cents/kg	Production costs after deducting subsidies, in cents/kg
Nord-Picardie	49,33	6,04	43,29
Normandie	47,41	6,24	41,17
Grand-Ouest	40,02	5,74	34,28
Centre	44,53	5,68	38,85
Grand Est	47,66	6,84	40,82
Poitou-Charentes	45,64	5,75	39,89
Auvergne/Limousin	53,82	7,89	45,93
Sud-Ouest	51,47	7,00	44,47
Sud-Est	56,79	8,21	48,58

"In the dairy sector in Europe, the question is not anymore *whether* there is a chronic deficit or not, but *how large* the deficit is and *when* the majority of dairy farms will have disappeared", Schaber adds. The installation of a monitoring agency could stop this negative trend. Thanks to such a body, supply would be adapted to demand, thus allowing cost-covering prices. "If the EU does not want to jeopardise and lose the last remaining dairy farms, it has to take action. The setting up of a monitoring agency in the near future would be the right way to go", emphasises Schaber.

The study in production costs in France is available online at the following address:

http://www.europeanmilkboard.org/en/milk-production-costs.html

Download this press release (pdf)

Contacts:

EMB President - Romuald Schaber (DE): +49 (0)160 352 4703

APLI President - André Lefranc (FR): +33 (0)608 282 576

OPL President - Véronique Le Floc'h (FR, EN, DE): +33 (0)0603 756 645

President of the France MilkBoard - Paul de Montvalon (FR, EN): +33 (0)683 347 925

Coordinator of the MEG Milch Board - Ute Zöllner (DE, EN): +49 (0)551 507 649 11

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typo3/#_ftnref1[1]with 3,3 percent proteins and 4,0 percent fat, excl. VAT

typo3/#_ftnref2[2]Price of milk with 3,8 percent fat and 3,2 percent proteins; source: Agreste Conjoncture lait 2014

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