



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

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## Germany

### Dairy and Products

**German dairy farmers exceeded their milk quota by 362,000 MT in milk year 2003/04.**

### 2004

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**Report Highlights:**

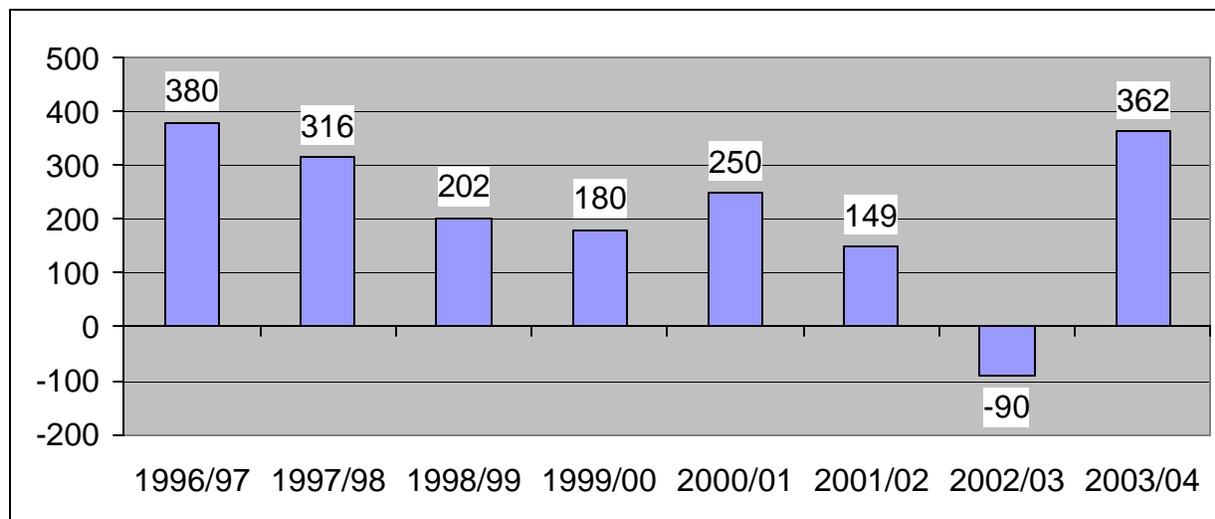
German dairy farmers exceeded their milk quota by 362,000 MT or 1.3 percent in milk year 2003/04. This is the highest amount that they have overshot their milk quota since 1996/97. As a result farmers have to pay a superlevy of U.S. \$ 158 million (Euro 129 million) in total.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Berlin [GM1]  
[GM]

In milk year 2003/04 (April /March) German dairy farmers exceeded their milk quota by 362,000 MT or 1.3 percent based on adjusted fat content. This is the highest overshoot since 1996/97. The German quota for 2003/04 was 27,769,340 MT.

**Table 1: Quota overshoot by German Dairy Farmers in 1,000 MT**



The reason for the high milk deliveries lies in the farmers' underestimating the German milk production potential. In 2002/03 milk deliveries had fallen 90,000 MT short of the quota. Also, it was the common perception that the heat and drought of the Summer of 2003 would result in lower feed stocks (hay and silage) and consequently in lower milk production. In combination, this led farmers to believe that their own overproduction would be compensated for by lower production of other producers. When in January of 2004 it became apparent that this was a misconception, it was too late to reduce production enough to evade a superlevy.

According to EU common market organization for milk and milk products, German farmers now face a superlevy of U.S.\$ 158 million<sup>1</sup> (Euro 129 million).

<sup>1</sup> Exchange rate: U.S. \$ 1 = Euro 0.8145, 1 Euro = U.S. \$ 1.2277 as of July 6, 2004