

IFA LIQUID MILK COMMITTEE

Milking 365

IFA's roadmap for liquid milk production in Ireland

Winter 2026-27

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Welcome

Producing a year-round supply of fresh milk requires extra labour and incurs substantial additional costs. Processors' premiums for liquid milk production have been eroded by the considerable decline in the base milk price over the past 18 months, leaving farmers financially vulnerable. Without additional support from all stakeholders in the sector, we will continue to see farmers exit the production of fresh milk.

Henry Dunne, IFA Liquid Milk Chair

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01 The liquid milk sector – a distinct cohort of the Irish dairy industry

Currently, only c. 1,100 of Ireland's 16,500 dairy farmers produce fresh milk daily for direct human consumption. These farmers are known as liquid milk farmers.

Most farmers in the Irish dairy sector instead operate a spring-calving milk production system.

In this system, cows calve in the spring (February to April) and cease milk production in winter (December to January). This system aligns with the grass-growing season, ensuring that a high proportion of the cows' diet is met with grass, a low-cost feed (see Table 1). Milk produced from this system is processed into long-shelf-life products such as butter, powders, and cheese, which can be exported globally.

A smaller, distinct cohort of dairy farmers operate a liquid or fresh milk production system to supply fresh milk and cream for the domestic market. This system calves cows in both spring and autumn. Although grass remains a key component of the cows' diet in this system, it relies on more high-quality grass silage and grain feed concentrates to feed autumn-calving cows in winter, when grass is unavailable. This results in higher feed costs than spring-calving milk production systems.

Operating this system requires additional labour on farm. It is estimated by Teagasc that an additional four hours of labour per cow per year is required compared to a spring-based system. For a 100-cow herd, this additional labour demand equates to an approximate cost of €8,000 annually.

Table 1 – Feed costs per kg of dry matter (Teagasc 2024)

Dietary component	Cost – cent/kg dry matter	Cost as % of grazed grass
Grazed grass	9.4	n/a
Pit silage	22.2	236%
Dairy ration	35.5	378%

Table 2 – Key differences between spring milk and liquid milk production systems (Irish Cattle Breeding Federation, 2025 and Teagasc, 2025)

Performance indicator	Spring	Liquid
Litres/cow	5,412	6,095
Kg milk solids/cow	441	488
Butterfat %	4.31	4.25
Protein %	3.60	3.54
Tonnes dairy ration fed/cow	1.4	2.1

1,100

of Ireland's 16,500 dairy farmers produce fresh milk daily

€8,000

estimated annual cost of labour for a 100-cow liquid milk herd



02 Stakeholders in the liquid milk sector

The following are the key stakeholders in the Irish liquid milk sector:

Liquid milk farmers

Liquid milk farmers produced 866m litres of milk in 2025. Approximately half of the milk is exported, and the other half supplies the domestic fresh milk market.

Milk processors

While dairy farmers operating liquid milk production systems underpin the sector, several other stakeholders are involved. Most of the fresh milk produced in Ireland is processed by seven milk processors. These include six dairy co-operatives: Aurivo, Centenary, Clona, Lakeland Dairies, Lee Strand and Tirlan, and a privately owned milk processor, Strathroy. All processors pay a premium in addition to the standard manufacturing milk price (i.e. the base price) for milk destined for the domestic fresh milk market conditional on meeting certain quality and volume requirements.

Retailers

The outlets where fresh milk is sold are numerous, but five major supermarket retailers (Aldi, Dunnes Stores, Lidl, SuperValu and Tesco) dominate grocery retail, with a combined market share of 94%. In the Irish fresh milk market, it is estimated that approximately 70% of fresh milk sales in retail outlets are now sold as 'private label' according to industry sources. Private label sales in 2-litre packs were retailed at an estimated average discount of 15% compared to farmer-owned brands (National Milk Agency, 2025). Examples of farmer-owned brands are shown in Figure 1.

Figure 1. Examples of farmer-owned brands.



National Milk Agency

The Oireachtas established the National Milk Agency (NMA) to regulate the supply of milk for liquid consumption throughout the State under the Milk (Regulation of Supply) Act 1994. Farmers fund the Agency by paying a levy of 0.155 cent/litre. Milk produced within the State cannot be sold or supplied for liquid consumption unless it has been purchased under a contract between a registered producer and a registered processor. The Agency also plays a role in ensuring the economic sustainability of liquid milk production.

National Dairy Council

The National Dairy Council (NDC) is a non-profit organisation responsible for promoting and protecting the reputation of Irish dairy. Farmers fund the Council by paying a levy of 0.07 cent/litre. In 2009, it introduced the NDC Guarantee (Figure 2). Milk or cream sold with the NDC Guarantee informs consumers that the product is produced and processed in the Republic of Ireland.

The Agri-Food Regulator

An Rialálaí Agraibhia (Agri-Food Regulator) is an independent statutory Office established under the Agricultural and Food Supply Chain Act 2023. The Agri-Food Regulator promotes fairness and transparency in the agri-food supply chain. Effective from 31 December 2026, S.I. No. 629 of 2025 grants the Office new, expanded powers to legally compel larger businesses across the food supply chain to provide price, margin, and market data. As the Office was only recently established, it has not had significant involvement in the sector; however, its expanded role and powers could be pivotal in providing transparency across the fresh milk supply chain.

Figure 2. The National Dairy Council Guarantee.



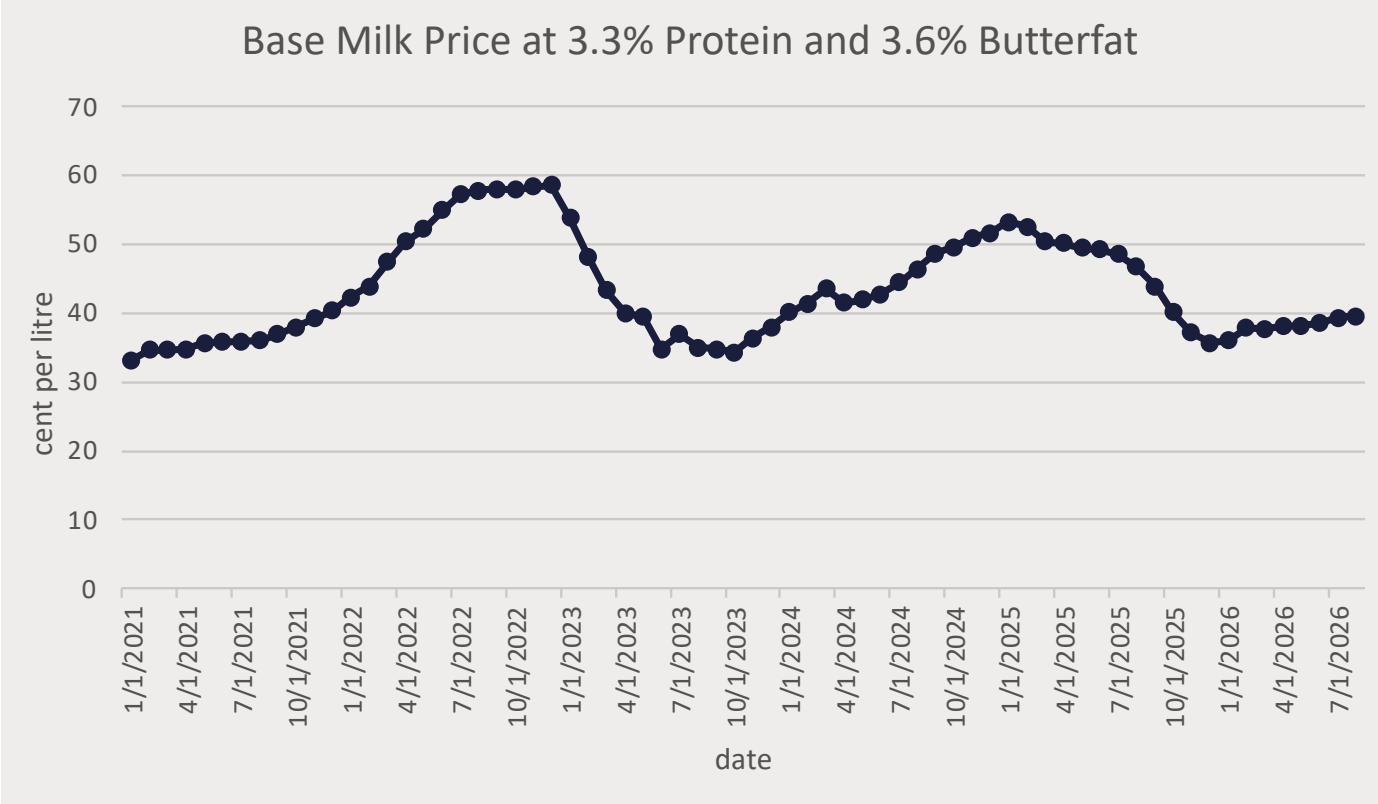


03 Economic cost of liquid milk production

The economic cost of operating a liquid milk production system has come into sharp focus in the past 24 months. Input prices remain stubbornly high while the farmgate price for milk remains subdued.

The premiums offered for liquid milk production (estimated at 10-14 cent/litre) do little more than offset the fall in milk price of about 13 cent/litre over the past 18 months. The most recent decline in milk price, which commenced in the latter half of 2025, left liquid milk farmers particularly exposed, as it came at a time when their input and labour costs are greater than those incurred on a spring milk production system.

Figure 3. Average farmgate base milk price at 3.3% protein and 3.6% butterfat.



Teagasc economic analysis shows that fixed and variable costs on liquid milk farms rose by 32% between 2021 and 2025 (see Table 3) and are estimated to rise to 46% above 2021 levels this year. In the past 24 months fixed and variable costs alone have risen by 7 cent/litre while the base price of milk has fallen by approximately 13 cent/litre (Figure 3). As the premium value is effectively eroded by the fall in base price, there is a shortfall of 7 cent/litre (due to rising input costs) which must be met.

7c/litre

shortfall due to rising input costs

Table 3 – Cost of production on liquid milk farms

Costs	2021	2022	2023	2024	2025	Proj 2026
Feed	553	745	746	697	704	735
Fertiliser	148	253	187	165	186	247
Vet	91	101	97	101	109	120
AI / Breeding	46	51	49	53	55	58
Contractor	163	182	196	225	267	319
Other var. costs	176	196	216	232	243	248
Total variable costs	**1,177**	**1,528**	**1,491**	**1,473**	**1,564**	**1,727**
Total fixed costs	**757**	**869**	**899**	**923**	**992**	**1,091**
Total costs	**1,934**	**2,397**	**2,390**	**2,396**	**2,556**	**2,818**
Fixed and variable costs (cent/litre)	**29**	**36**	**36**	**36**	**39**	**43**
Net change since 2021	**-**	**24%**	**24%**	**24%**	**32%**	**46%**

Source: Teagasc

**All figures used in this analysis are based on split-calving herds from the Teagasc eProfit Monitor. The figures quoted are for cost categories associated with running a commercial dairy farm business prior to capital repayments, own wages and taxation.



04 Stakeholder requirements

Clearly, the current market return from liquid milk production is insufficient to retain farmers in the sector. The number of liquid milk farmers in Ireland has declined consistently over the past 30 years (from 3,344 farmers in 1995) and currently stands at 1,094 suppliers (National Milk Agency Annual Report 2025).

The downward pressure on the retail and wholesale price of fresh milk has fundamentally undermined the economic sustainability of the liquid milk sector.

It is vital that all stakeholders in the sector work to return better premiums to liquid milk farmers to halt the sector's decline. Below, the IFA Liquid Milk Committee has outlined key issues and recommendations for each stakeholder.

Processors

Given the limited market for fresh milk and the sizeable contracts driven by the buying power of the five major supermarket retailers, retailers and processors have both contributed to downward pressure on wholesale milk prices, as competition for major retail contracts prioritises volume over value. This rinse-and-repeat exercise has left the sector unable to return sufficient milk prices to producers.

In this environment, primary producers have little or no protection. Processors need to focus on adding value to current market returns to overcome these challenges. Farmer-owned brands (Figure 1) command a higher retail price than private label products. Placing greater emphasis on these creates the potential to pass higher margins back to the farmer.

Processors' recent offering of secondary winter premiums has effectively undermined liquid milk farmers. Typically, these premiums are of lesser value and applied to low volumes of milk but, critically, are associated with an NMA contract which allows the milk produced under these premiums to be sold as fresh milk. One would have to question how ethical it is for milk processors to offer winter milk premiums that do not cover the additional production and labour costs associated with calving cows and producing milk at this time of year.

Retailers

The dominance of five major supermarket retailers in the grocery market has placed significant downward pressure on the wholesale price of milk because the volumes offered in retail contracts are so large. The sale of private label milk – 70% of total milk sales – at a lower retail price than branded milk has also eroded margins along the supply chain. While retailers strive to offer value to consumers, this persistent pressure to lower prices has eroded margins for liquid milk farmers to the point that there are now 66% fewer producers than in 1995.

70%

of total milk sales are private label

66%

fewer liquid milk producers than in 1995

While processors and retailers agree on contracts, we believe retailers have a responsibility to ensure farmers are adequately paid for the fresh milk they produce. In November 2025, the IFA Liquid Milk Committee wrote to the five major retailers, seeking an additional 5 cent/litre return to farmers due to challenging economic conditions. Unfortunately, no retailer committed any financial assistance.

Two of the five major retailers have adopted a strategy in which only private-label milk is available for sale on their shelves. This negates the opportunity for consumers to buy farmer-owned branded milk, which can provide a better return for producers. To give consumers the choice and better support liquid milk farmers, we ask that all retailers sell branded milk.

To give consumers the choice and better support liquid milk farmers, we ask that all retailers sell farmer owned branded milk.

Almost all liquid milk farmers in the Republic of Ireland pay a levy into the National Dairy Council (NDC). This is used to promote and protect Ireland's internationally renowned dairy reputation for excellent products that are sustainably produced. A core function of the NDC is to promote dairy consumption. The NDC Guarantee on dairy products ensures they are produced in the Republic of Ireland. Retailers should support the activities of the NDC by only selling milk with the NDC logo, since the activities of the NDC ultimately encourage dairy sales.

Maintaining relationships with each stakeholder across the supply chain is vital to keeping the sector viable. This responsibility extends to the retailers. The main buyers at each retailer must understand the liquid milk production system and engage regularly with primary producers through the IFA.

Government agencies

National Milk Agency

The Milk (Regulation of Supply) Act 1994 was introduced to regulate the supply of milk for liquid consumption throughout the State. The Act established the NMA to oversee its implementation. Article 6.2 states that any contract between a processor and producer must:

"in the opinion of the Agency, provides adequate compensation to the producer for raw milk supplied under the contract throughout the year, taking into account, in particular, in relation to the winter months, the economic cost of production of raw milk of suitable quality for heat treatment for liquid consumption all the year round"

To date, the NMA has assumed that a farmer's signature on the contract is sufficient to assume that the farmer is adequately compensated. However, in some cases the contract is issued prior to any negotiations taking place with the processor regarding premiums. Thus, farmers sign it blind without knowing what premium they will receive for milk the subsequent winter.

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We recommend that the Agency, in conjunction with the Department of Agriculture, Food and the Marine (DAFM), seek the advice of the Attorney General to scrutinise what authorities and responsibilities the Agency has to ensure adequate compensation for farmers. The IFA views the text "in the opinion of the Agency" as giving the Agency significant authority and responsibility that it has not applied to date, which could benefit liquid milk farmers.

We believe the Agency's core role is to safeguard the supply of fresh milk and farmers, as outlined in the Milk Act: "in particular, in relation to the winter months, the economic cost of production of raw milk of suitable quality for heat treatment for liquid consumption all the year round".

Typically, premiums agreed for liquid milk are applied to manufacturing base price. The manufacturing milk prices are updated monthly and can vary significantly from month to month. This results in additional volatility. Rather than change this pricing system, we recommend that the Agency be cognisant that this pricing mechanism can expose farmers to financial vulnerability when the base price is low. When global market prices decline, the Agency must introduce mechanisms that protect farmers' incomes. Persistent exposure to low manufacturing milk prices will undermine the consistent supply of fresh milk for the domestic market.

The Agency should also review the contract templates provided by processors to assess whether existing contracts are fit for purpose and insist that all submitted contracts include prices. Given the nature of the system, contracts should be issued to farmers before the breeding season to enable them to make informed decisions about whether a contract is worth pursuing.

The Agri-Food Regulator

To date, farmers have been unable to determine the proportion of the retail price of fresh milk that is attributable to the processors. The margin retailers receive also needs to be determined. Providing this information would enable farmers to seek equity across the supply chain and inform consumers of the margins each stakeholder receives. This may encourage consumers to prioritise the purchase of farmer-owned brands of milk which provide better margins for primary producers.

Providing this information would enable farmers to seek equity across the supply chain and inform consumers of the margins each stakeholder receives.

We recommend that the Office uses the powers of S.I. No. 629 of 2025 to seek the wholesale prices of private label and farmer-owned brands of milk from the milk processors. This information will not only benefit the primary producer but should also enable the NMA to make more informed conclusions about adequate compensation for the primary producer.



05 Fairer share of market returns

In the past five years, liquid milk farmers have experienced significant change in the sector.

The price of 2-litre private-label milk (majority of milk sales) rose from €1.49 in 2020 to €2.25 today. Premiums paid to farmers for producing liquid milk in the same period increased from approximately 5-7 cent/litre to 12-14 cent/litre (paid over 4-6 months only).

Of the 38 cent/litre retail price increase, farmers received an additional 2.8 cent/litre (when split over the 12 months of supply) while processors and retailers share the remaining increase of 35 cent/litre.

While the increased premium was welcomed, in reality, it only returned an additional 2.8 cent/litre to liquid milk farmers, while over the same period costs increased by 13 cent/litre. While in the intervening years strong base prices helped offset the increased costs, this unfortunately is no longer the case as the base price remains weak with little improvement expected over the short term.

As mentioned elsewhere, the Liquid Milk Committee sought a return from retailers of 5 cent/litre last winter but was unsuccessful. This ask has now increased to 7 cent/litre based on the increased costs incurred in 2025 and projected for 2026. Crucially, the IFA Liquid Milk Committee believes retailers can return this 7 cent/litre margin without increasing the retail price of milk.

The ask this winter is for a fairer share of market returns. This period of weak base milk prices has eroded the value of existing liquid milk premiums. To safeguard the sector, retailers must return 7 cent/litre.

7c/litre

return from the retailer margin to liquid milk farmers this winter

06 Recommendations

In summary, our recommendations to stakeholders are:

1	A return of 7 cent/litre from the retailer margin to liquid milk farmers this winter to combat higher input costs and weak base milk prices
2	Safeguards applied to ensure liquid milk farmers are adequately compensated as per the legal requirements set out in the Milk (Regulation of Supply) Act 1994
3	Transparency across the supply chain of producer, processor and retailer margins
4	Prioritisation of farmer-owned brands of milk on retail shelves to return better margins to farmers
5	Promotion and prioritisation of milk with the NDC Guarantee
6	Sale of farmer-owned brands in all grocery stores





07 Conclusion

Without significant sectoral change and improved financial returns for liquid milk farmers, the sector faces its own demise. Producers cannot bear consistent exposure to financial volatility alone. When the base price of milk is weak, additional returns must be paid back to farmers.

Despite the recent increase to the retail price of milk, the share farmers receive is only approximately 2.8 cent/litre while the remaining 35 cent/litre margin sits with the processors and retailers.

A fairer share of the existing market return is what we seek. Government agencies must assist and exercise their duties to ensure liquid milk farmers are protected within the supply chain. We ask that all stakeholders take on board the recommendations set out in this strategy to protect the sector into the future.



Acronyms and abbreviations

AI	Artificial insemination
DAFM	Department of Agriculture, Food and the Marine
ICBF	Irish Cattle Breeding Federation
IFA	Irish Farmers' Association
NDC	National Dairy Council
NMA	National Milk Agency

Notes:

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