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23.11.2026

New EU Production Cost Figures

Dairy Farmers Face a 23% Cost Shortfall – Incomes Collapse Dramatically

Milk prices are falling sharply while production costs remain high – calculated hourly earnings drop to just €3.49

The economic situation of European dairy farmers has deteriorated significantly. This is shown by the latest calculations from the German BAL (Farm Economics and Rural Studies Office) on average milk production costs in the EU-27. While production costs remained at a very high level in the second quarter of 2026, averaging 56.36 cents per kilogramme of milk, the average milk price fell to just 43.20 cents. This meant that European dairy farmers were able to cover only 77% of their production costs. The cost shortfall increased from 8% in 2025 to 23% in the second quarter of 2026.

The development of farmers' incomes is particularly alarming: after deducting paid production costs, European dairy farmers were left with calculated earnings of just €3.49 per hour worked from milk prices and subsidies.

Just €3.49 per Hour – An Unacceptable Situation

In 2025, after deducting paid costs, milk producers were left with 10.58 cents per kilogramme of milk to cover their income. In the second quarter of 2026, this figure had fallen to just 2.23 cents. Converted into hours worked, this represents a decline in the calculated remaining income from €16.86 to just €3.49 per hour. This corresponds to only around 15% of the average hourly wage of €24.10 considered appropriate.
This development threatens the economic survival of many dairy farms and further exacerbates the already difficult situation regarding generational renewal in agriculture.

EMB Calls for Effective Market Regulation and Cost-Covering Prices

European dairy farmers urgently need prices that cover their production costs, including appropriate remuneration for their work. The latest figures clearly demonstrate that without effective market regulation and a stronger position for producers, further crises and farm closures are inevitable threats.

Furthermore, dairy farmers must be strengthened through fair supply contracts, effective price revision clauses and a consistent approach to price-setting based on actual production costs.The EMB therefore calls in particular for the activation of the voluntary milk volume reduction scheme, in order to reduce milk volumes in a targeted manner during crises and prevent further price declines. This instrument was already successfully implemented at EU level during the 2016 milk crisis.

For the European Milk Board, the latest figures once again demonstrate that the European dairy market urgently needs effective stabilisation instruments. When production costs remain persistently high while farm-gate prices collapse, farms cannot operate on an economically viable basis.

Background: The cost calculations were carried out by the BAL (German Farm Economics and Rural Studies Office) on behalf of the EMB. They are based on European farm accountancy data (FSDN, formerly FADN). The results for 2025 and the second quarter of 2026 are extrapolations based on provisional FSDN data for 2024 and current Eurostat data. In addition to paid costs, milk production costs include an imputed remuneration for dairy farmers' labour. Subsidies are deducted from costs as income. Net investments are not included in the final figures presented.

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