



#### **About Dairy UK:**

*Dairy UK is a lobbying organization that represents the interests of the whole dairy industry. This newsletter picks out issues of interest for milk producers, but Dairy UK is active for farmers in many other areas.*

*Set up in 2004, Dairy UK has established itself as an influential organisation. By effectively representing the interests of farmers, processors and milkmen, we can speak with a single voice on behalf of the whole dairy sector. Dairy UK compliments but does not duplicate the activities of the established farmer organisations.*

*Our activities are governed by a Board made up of representatives from all sectors of the industry, including two dairy farmers (Roger Evans and Gwyn Jones) nominated by the Farmers' Forum. Dairy UK's independent chairman is the Rt Honourable David Curry MP.*

*If you would like to find out more, just give us a call!*

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#### **February 2008**

### **Dairy UK addresses farmers in Hereford**

Tight cost control and further capacity rationalisation would help the dairy industry maximise profitability, according to Dairy UK director general Jim Begg.

Speaking at a meeting of the British Grassland Society meeting in Hereford on 12 February, he also cited a culture which saw environmental issues as an opportunity not a threat, and the careful exploitation of the Commission's "soft landing" strategy for quotas.

Begg said that Dairy UK opposed the 2% quota increase in 2008 because it appeared to be of no value to British dairy farmers and it would generate price instability. What was required from the Health Check were more measured quota increases combined with a flexible refund policy to cope with volatile markets.

Innovation was also key. This had already happened in UK supply chain arrangements, which would offer a degree of protection to dairy farm incomes in the future. They were the most advanced of anywhere in the world and were now being looked at by other countries. They were also creating real points of differentiation on dairy farms which would serve dairy farmers well in the post quota environment.

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### **Quota rise of 2% in 08 of no benefit to UK farmers**

The Board of Dairy UK has confirmed its opposition to plans to increase milk quotas by 2% this year, fearing that it could damage British dairy farmers. In a publication setting out its stall on CAP reform to be published this week, Dairy UK argues that the mooted 2% rise could undermine milk prices at the farm gate.

UK milk production is already significantly under quota, so there would be no benefit to farmers in the UK. However, studies for the Commission suggest that even a 2% annual increase in quotas would lead to a 4% fall in dairy commodity prices. The work goes on to predict that prices would be 11% down by 2015 and that the worst impact would be felt in the first year of quota liberalisation.

Dairy UK supports a "soft landing" for the dairy sector, but believes that a 2% quota increase this year would create price volatility. Some farming interests take a different stance. But if industry spurs farmers on to greater production now, there is less likelihood of export refunds being retained in the future.

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## Dairy UK makes NVZ submission to EFRA inquiry

Dairy UK has written to Parliament's Environment, Food and Rural Affairs Committee to voice its concerns about extending the NVZ action plan.

The submission to MPs highlights the impact Defra's proposals would have on dairy farmers' operating costs and draws on the results of the study commissioned by Dairy UK from Promar International. The capital cost of constructing suitable storage pits alone would reach an average of £40,000 per farm, rising to £55,000 if existing storage capacity were low.

Dairy UK also called for a substantial programme of government assistance, shorter closed periods, closer alignment between storage requirements and closed periods and pursuit of derogation to allow the whole farm nitrogen limit to be kept at 250kg per hectare. EFRA proposes to hold one oral hearing before preparing its report.

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## MPs interested in NOX and methane targets

Liberal Democrat MP Norman Baker has laid an early day motion in Parliament proposing that the government amend the Climate Change Bill to include targets for methane and nitrous oxide. In its current draft, the bill only focuses on CO2 emissions, but the changes could have a serious impact on the livestock sector, which produces both gases.

The motion has so far attracted signatures from 23 MPs, including 11 Labour and 9 Lib. Dem. It was widely expected that the issue of methane and nitrous oxide would be raised during debate on the bill, but so far there is no indication that the government is minded to amend it. The bill is currently in the House of Lords, before going to the Commons.

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## Dairy UK plans 'green report'

Dairy UK is planning to produce an environmental report that showcases green initiatives on dairy farms and the rest of the dairy sector.

The report is just one part of a Dairy UK initiative that aims to put the industry on the front foot over its strong environmental record – from the field to the supermarket shelf. It will present key figures on the industry's energy use, waste recycling and water efficiency, as well as case studies from specific sites.

Fortescue said: "As the dairy industry finalises the UK's first environmental road map, setting itself ambitious green targets, we felt that people should know more about what our members were doing.

"From the farm to the retail shelf, the dairy industry is doing more than any other sector to slash its environmental impact. Consumers expect their food to be produced in an environmentally sound way, and the dairy industry is delivering that."

The current draft of the milk roadmap sets targets for processors of a 30% reduction in energy use, 50% reduction in water use and zero waste to landfill by 2020. Targets for dairy farmers include a 20% reduction in greenhouse gas emissions, 70% of non-natural waste to be recycled or recovered and 40% of energy used on farms to be sourced from renewable sources.

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## Call for voluntary Bluetongue vaccination

Dairy UK is backing calls for a voluntary programme of Bluetongue vaccination, after initial reports from government hinted that there would be no compulsory scheme.

The news came last week as further cases of BTV were discovered in Dorset and south Wales, sparking extensions to the Protection Zone. A total 70 premises have now been infected. Dairy UK Board members accepted the argument that a voluntary approach would be quicker and cheaper, and therefore more effective.

Defra's economic analysis suggests that the overall costs associated with the bureaucracy and enforcement of a compulsory programme make it around 50% more expensive than voluntary vaccination. Advice from stakeholders in the farming industry has been that take-up is likely to be high in a voluntary scheme.

Defra will present its proposal for discussion at the forthcoming meeting of the Bluetongue Stakeholder Group on 20 February.

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## Dairy UK quizzed on cutting down dairy consumption

Dairy UK was interviewed last week by environmental charity Green Alliance on the role of animal protein in people's diets. The charity, which has worked closely with Defra in the past, is gathering stakeholders' views on a message encouraging consumers to eat less animal protein in order to protect the environment. It is being sponsored by Asda and Defra.

Dairy UK set out a strong case for the nutritional benefits of dairy products, and explained that not all protein is the same. We illustrated dairy's key role in tackling obesity and explained that the industry took green issues seriously. Recently this has been given added impetus through the development of the Milk Road Map.

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## EU red light for traffic lights

The European Commission has proposed new rules on how to label food products, including dairy. At its heart is compulsory front-of-pack nutritional labelling, which will force manufacturers to detail the sugar, fat and salt content of their food. The proposals include stricter country of origin labels on packs.

Dairy products in re-usable glass bottles are exempt from the new rules, allowing milkmen to carry on delivering to the doorstep. But other products in a re-usable glass bottle – such as orange juice – still have to provide the mandatory nutrition information. Dairy UK is lobbying for a change on this.

Dairy UK was quick to welcome the broad thrust of the regulation, which plumped for nutritional labelling similar to the Guideline Daily Amounts used widely in the UK. EU countries cannot enforce alternative labelling schemes, leaving a question mark over the red-amber-green labels developed by the UK's Food Standards Agency. These would mark cheese and butter as 'unhealthy' red.

Dairy UK director-general Jim Begg said: "In its current form, the proposal's unequivocal support for GDA-style labelling looks like a major victory for consumers and for common sense. I hope that the FSA takes careful note of opinions throughout Europe on this issue."

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## BBC coverage boosts doorstep milk

The milkman got a major boost last month thanks to Dairy UK, after significant coverage from BBC Breakfast TV on Wednesday, 23 January.

Dairy UK Board member and bottled milk buyer, Les Knipe, featured along with BMB Council member, Chris Sheldon, in the BBC1 television feature, which was pulled together by Dairy UK. Les and Chris were able to promote the benefits of doorstep delivery to over two million morning viewers.

Backing up this major coverage, Dairy UK's processing manager, Edmund Proffitt, promoted the doorstep website [www.findmeamilkman.net](http://www.findmeamilkman.net) in 18 live BBC local radio interviews and a studio spot with Nick Campbell's Five Live breakfast show, all held back-to-back.

The publicity sent interest in the website through the roof, with more than 40,000 hits in 48 hours – a hundredfold increase on normal levels of web traffic. The site has had more than 400,000 hits since it was set up in July 2006.

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## A National Food Policy for Scotland

The Scottish Government has launched a consultation exercise on Scotland's first national food policy. Cabinet secretary Richard Lochhead said the aim was to boost jobs and business in the food sector, help make food healthier and minimise the environmental impact of food production, manufacture and retail.

Dairy UK Scotland director Kirk Hunter was invited to the event, which was opened with a discussion paper called "Choosing the right ingredients".

Proposals in the paper include:

- New traceability schemes to help consumers
- Greater innovation in low-fat, low-salt and low-sugar food
- Working with producers and retailers to deliver a more sustainable food chain
- Teaching children how to cook and helping them learn about nutrition
- Promoting more affordable, healthier and clearly labelled Scottish produce

The document is aspirational and sets out the Government's overarching vision, but detailed policy measures are lacking at this stage.

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