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About Dairy UK:

Dairy UK is a lobbying organisation that represents the interests of the whole dairy industry, from milkmen and farmers to processors and co-ops.. 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 nominated by the Farmers' Forum. Dairy UK's chairman is Mark Allen.

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

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Times are tough but we stand united, says Dairy UK's Jim Begg



A record number of profit warnings have been issued by dairy companies in the UK this year. Private and listed companies alike are responding to tough trading conditions with an extensive programme of rationalisation measures. They have closed plants, reduced staff and cut out non-profitable parts of their businesses.

It's been tough on farms as well. A poor year for forage has hit milk production and farmers have struggled to keep their heads above a tide of rising costs. Meanwhile, the CAP Health Check has delivered an uncertain policy framework for the whole sector, with question marks over the very principle of quota abolition.

Finally, the global market for dairy commodities has weakened considerably. The point is that the dairy supply chain is bearing the pain of this short-term economic spasm equally.

Somewhere in the distance lies genuine economic prosperity for the UK's dairy industry. There is strong consumer demand and a growing population in Asia and the developing world. Costs are also set to fall, with the oil price down 65% from its peak, fertiliser falling and animal feed cheaper than last year. This will bring some welcome relief to farmers and processors alike.

In a volatile environment, short term price swings can mask long term prospects. It only takes modest changes in global milk production for commodity markets to re-balance and prices to recover. In the meantime, our job at Dairy UK is to make sure that politicians and civil servants are doing everything they can to support this proud industry. That's why we're backing calls for export refunds and asking government to show its support.

Dairy companies pitch for €2.4m EU promotional funding



The Milk Marketing Forum (MMF), operated through Dairy UK, has just applied for €2.4 million of EU funds for a proposed three year promotional campaign. MMF is seeking co-funding for a multi-million pound marketing and promotion campaign centred on the liquid milk market.

London based advertising agency Mustoes has been selected to assist in the process and undertake the activity, if the application for funding is successful. Brussels is expected to rule on the fate of the application in May/June 2009. MMF's members include Dairy Crest, Arla Foods, Milk Link, Wisemans, Dairy Farmers of Britain and First Milk.

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Farmers Forum targets imported animal disease



Roger Evans, new Chairman of the UK Dairy Farmers' Forum, is pushing for action to find ways of stopping the importation of cattle diseases. The Forum is meeting animal health experts at DairyCo and other sector organisations in January to look at ideas such as a herd health status card.

Mr Evans, who farms in Shropshire, was recently elected Chairman of the Farmers' Forum with Cornish farmer Rex Ward becoming Vice Chairman. Both men will take a seat on the main Board of Dairy UK.

Mr Evans said: "The issue of importing costly animal diseases like Bluetongue and Johne's is of critical importance to the whole dairy supply chain. There are already some efficient measures in place to stop disease spreading in the domestic market. We must now find new ways of tackling the problem of buying in diseases from abroad."

Commenting on his appointment, Mr Evans continued: "This marks a new beginning for a revitalised Farmers' Forum. We intend to represent a rigorous and proactive farmer voice to the Board of Dairy UK and are looking forward to tackling key issues."

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WTO negotiations still stumble on



World trade talks are stumbling towards another ministerial meeting in Geneva to try and pull together a final deal. A new draft agreement for agriculture has been put forward and could be discussed at a meeting in the New Year.

However, the prospects for success aren't clear. Observers say that the US must square differences with India and China before progress can be made. Crawford Falconer, head of the farm talks, has also stated that more time is needed to work with WTO members.

Only one issue of importance for dairy remains unresolved. It concerns whether specific tariffs can be retained for the sector, or whether they will have to be converted to ad-valorem tariffs, which are less effective when prices fall. Dairy UK is working through the EDA to lobby the Commission on the issue.

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Public nominates Milkman of the Year 2008



Dairy Crest milkman Shaun Bunn has won the much-coveted title of Milkman of the Year 2008. He accepted the title at his depot outside Norwich and has been basking in the media coverage that has surrounded this year's awards.

The 42-year old milkman was nominated for the award by hundreds of customers, and judged by a panel including the Chairman of the Dairy UK's BMB Council, and Board member, Les Knipe and Dairy UK's Manager, Regional Services, Kevin Gotts.

Highland Spring again sponsored the awards, which showcased the very best in the doorstep sector and provided a great opportunity to remind the public about the role of milkmen and their part in British culture.

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Last chance to tweak the CAP Health Check



European dairy companies are hoping for a final opportunity to inject some certainty into the quota measures of the CAP Health Check. Minor changes to the text of the political agreement can still be made before it is endorsed by the European Council in January.

Working through the European Dairy Association, Dairy UK wants to make sure that the two reviews of quota policy in 2010 and 2012 don't reopen the principle of abolishing the quota system altogether. Other key measures in the Health Check package include:

- 1% quota increase each year for the next five years, except Italy where the increase is 5% in 2009
- Halving the butterfat co-efficient to 0.09 for those producers whose fat content is above their butterfat reference level. This will equate to quota increases of:
 - o UK 1.0%
 - o Belgium 3.4%
 - o Denmark 2.3%
 - o Germany 1.8%
 - o France 0.9%
 - o Ireland 2.0%
 - o Netherlands 1.5%
- Allowing member states to provide aid to the dairy sector at the regional level either from deductions to single farm payments or from state aid.
- Status quo for Private Storage Aid for butter and the use of tendering for intervention only after the ceilings of 30,000 tonnes for butter and 109,000 tonnes for SMP have been reached.

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Dairy Partnership launches review of fat levels in liquid milk



Dairy UK has commissioned research to identify milk types with the best consumer appeal for the future. The move is part of industry efforts to work in partnership with the Food Standards Agency. Scientists at Campden BRI will try to find lower fat levels for whole and semi-skimmed milk that still satisfy consumer demand.

Dairy UK Director General Jim Begg said: "This research will identify potential improvements in the composition of milk. We hope it will indicate a preference for a range of milks that are even healthier. Once the findings have been published in the spring, it would be down to individual dairy companies to act if they chose to.

"In the end, though, it comes down to the consumer. We have no intention of providing anything other than the wholesome, safe and tasty milk that shoppers like."

The first stage is to identify the optimal range of fat levels in milk via a panel. Results will feed into a home placement study, then to broader focus groups.

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