

Dairy industry to join together to manage milk supply

The government will temporarily relax elements of UK competition law to support the dairy industry through the coronavirus outbreak.

The intention is that the industry will work together to address current market challenges, avoiding waste and maintaining productive capacity to meet future demand.

With the UK's dairy farmers producing over 40 million litres of milk every day, the legislation, which will be laid shortly, will allow the industry to adapt to changes in the supply chain including decreased demand from the hospitality sector and reduced collection by retailers who have had to close.

The government has already relaxed competition rules to allow retailers, suppliers and logistic services to work together. While this has already allowed the dairy industry to redirect some of their supplies to retailers, today's announcement will enable further collaboration between dairy farmers and producers so they can avoid their surplus milk going to waste and harming the environment.

This could include sharing labour and facilities, cooperating to temporarily reduce production or identifying where there is hidden capacity in the supply chain for processing milk into other dairy products such as cheese and butter.

Dairy UK and the Agriculture and Horticulture Development Board (AHDB) will now lead work to bring the industry together to identify spare processing capacity, how to stimulate demand and how production could be temporarily reduced.

Environment Secretary George Eustice said:

Our dairy industry plays a crucial role in feeding the nation and it is essential that they are able to work together at this time.

We've heard loud and clear our dairy farmers' concerns which is why we are further suspending competition rules law to allow dairy farmers to work together on some of the most pressing challenges they are facing. I am also urging farm businesses to access the loans that are available from their bank to support them in this period.

We welcome our farmers' heroic efforts in ensuring food supplies remain resilient and will continue to support them through this difficult time.

The dairy sector is the UK's largest farming sector, with milk accounting for 16.85% of total agricultural output in the UK in 2018.

Of this, approximately 50% of UK dairy sector output is fresh milk and as such accounts for a significant amount of UK processing capacity.

The government encourages any farm business facing difficulties to access the range of support which has been put in place to help businesses manage this challenging period. This includes the Coronavirus Business Interruption Loan Scheme farming businesses can access. The government has been speaking to the banks and they are ready to support farm businesses as best they can.

Business Secretary Alok Sharma said:

COVID-19 presents an enormous challenge to the country. We must be adaptable and help businesses implement creative solutions to new problems.

Temporarily relaxing competition law for the dairy sector will mean farmers can work together to minimise waste of milk, and use it to make other essential dairy products.

This important step will help our dairy farmers weather this storm, providing support to a key sector in the British economy.

Today's announcement will help ensure this fresh milk does not go to waste, supporting industry to adapt to a temporary reduction in demand by collectively identifying opportunities for processing milk into storable milk products such as butter, cheese and skimmed milk powder.

The UK's food supply chain remains resilient and the Environment Secretary continues to meet regularly with representatives of the food and farming industry to ensure people can get the food and groceries they need.