

UK-wide consultation into dairy sector to tackle supply chain issues launched

The UK Government working with the devolved administrations have today [launched a consultation](#) seeking to end any unfair practices across the UK's dairy sector.

[Evidence gathered during the Groceries Code Adjudicator Call for Evidence in 2016](#) highlighted how unfair practices have persisted in the dairy industry. This consultation will explore whether regulations could be introduced to ensure farmers are treated fairly.

This evidence suggests unfairness in the supply chain has sometimes been caused by milk buyers having the power to set and modify the milk price in a contract, often with little notification. This leads to uncertainty and pricing that can be unfair to dairy farming businesses.

To supplement wider efforts to support dairy farmers during the coronavirus pandemic and into the future, the UK Government with the devolved administrations in Scotland, Wales and Northern Ireland have worked together to today launch a consultation seeking views from dairy farmers and processors across the whole country on whether future regulation could be used to strengthen fairness and transparency.

Proposals include an option to introduce a mandatory pricing mechanism within all contracts between dairy farmers and processors.

This would ensure the price paid for milk produced by the farmer is formally agreed within the contract, and that contract negotiations take place in a clear and transparent way.

Farming Minister Victoria Prentis said:

It is absolutely vital that our dairy farmers are paid fairly for their high quality produce and I am committed to cracking down on any unfair practices within the UK dairy industry.

I welcome all views to this consultation to determine how best we can guarantee fairness across the supply chain. This will help the industry continue its vital role in feeding the nation and ensure our dairy farmers can continue to be competitive in the future.

Scottish Rural Economy Secretary, Fergus Ewing, said,

I encourage all dairy farmers, processors and their representatives to take part in this consultation and ensure that their voices are heard on this matter.

Milk prices can vary and are often changed at short notice for a variety of reasons which can cause major issues for farmers in Scotland and across the UK.

It is vital that we look at any opportunity to address any potential imbalance that exists between buyers and producers and bring our supply chains closer together.

Welsh Government Rural Affairs Minister, Lesley Griffiths, said:

The proposals we are consulting on today aim to ensure our dairy farmers get the fair price for their high quality produce they deserve and have fairer conditions for their milk contracts. I urge the sector, farmers and anyone with an interest to get involved and have their say.

Today's consultation is just the latest action we are taking to support the sector during the challenging times of this pandemic. We will continue to work with the sector during these unprecedented times, so together we can ensure a resilient future for our Welsh dairy industry.

Northern Ireland Agriculture, Environment and Rural Affairs Minister, Edwin Poots MLA, said:

I am committed to raising the issue of fairness for dairy farmers in the marketplace in the strongest possible terms. I am pleased that Northern Ireland stakeholders will have the opportunity to take part in this UK-wide consultation and I strongly encourage all Northern Ireland stakeholders to respond accordingly.

Today's announcement is the latest action from UK governments to support dairy farmers, following the [Dairy Response Fund in England](#), which [opened for applications](#) on Thursday 18 June and [a similar support scheme in Wales](#) last month, which enables eligible English and Welsh dairy farmers to access up to £10,000 each to help them overcome the impact of the coronavirus outbreak.

This builds on recent action to [temporarily relax some elements of UK competition law](#) to allow suppliers, retailers and logistics providers in the dairy industry to work more closely together on some of the challenges they are facing.