



The Dairy Manifesto

Feeding Britain's
Future

Dairy
UK

Dairy is Important to the UK



The result of this General Election will shape the future of our nation for many years to come. The policies of the new Government could significantly impact the dairy sector, affecting our ability to trade and thrive.

Dairy products are a staple in fridges across the UK, found in 96% of homes. As a sector, we take our responsibility to feed the nation very seriously and we're proud that our products are loved both by the British public and consumers around the world.

Our expertise lies in producing high quality, nutritious, safe and sustainable products that meet the needs of the consumer. Dairy plays a significant role in the UK economy, it is the bedrock of many rural communities, is important to the British environment and to food security.

We need our future Government to recognise the importance of dairy to the UK and to work in partnership with us. In the following pages we've set out the areas the next Government needs to address in order to ensure we have a vibrant and thriving dairy industry, fit for the future.

Paul Vernon
Chair, Dairy UK

"Dairy plays a significant role in the UK economy, it is the bedrock of many rural communities, is important to the British environment and to food security"

Dairy's Contribution to the UK Economy

Dairy is the UK's largest agricultural sector and has a huge part to play in the UK's long-term economic plan to bring growth, jobs and security to all parts of the country and all parts of the economy.



Milk is found in 96% of fridges across the UK



92% of UK adults purchase cheese on a regular basis



81% buy spoonable yogurt on a regular basis



24,000 people are employed in the dairy processing sector



Dairy farms currently employ 50,000 directly and in supporting industries



In 2018 the value of UK milk production totalled £4.5bn



The volume of milk production in 2018 was 15bn litres, a 44m litre increase from 2017



In 2018, over 92% of dairy exports went to the EU market, representing a trade value of £1.2bn



In 2018 the UK dairy herd totalled 1.9m cattle

Finding a way through Brexit

Avoiding the Catastrophe of a 'No Deal' Brexit

UK Dairy's biggest trading partner by far is the EU, accounting for £1.2bn in dairy exports. A 'no deal' Brexit would be a disaster for both the dairy sector and our consumers. Getting a withdrawal agreement with the EU is therefore essential.

The next Government must avoid a no deal Brexit and ensure that the dairy sector can continue to trade without disruption and the additional burden and cost of disruptive customs checks.

At present, the EU has said it will not recognise the equivalence of UK organic dairy products until the UK is a third country outside the EU. This could disrupt the export of UK organic products to the EU and so the incoming Government administration needs to ensure this is urgently resolved.

Effective Trade Policy

Our future trading relationship with the EU must be based on the continuation of frictionless trade, with no tariff or non-tariff barriers preventing valuable trade. The UK dairy industry is currently internationally competitive and has the opportunity to prosper post-Brexit, if trade policy is fair and balanced.

The tariffs proposed in March 2019 by the Government for the UK, once outside the EU's Customs Union, would expose the industry to a flood of cheap imports from countries with much lower standards. This tariff policy must be reviewed with urgency by the new Government, so that it does not disadvantage the UK.

We call upon the new Government to staunchly defend UK standards as they apply to dairy products and production. Imports not meeting these high standards should not be permitted or allowed to compromise the quality of products within the UK market.

If the dairy sector is forced to compete with countries producing dairy products to lower standards, a robust and strictly enforced consumer country of origin labelling system must be put into place, within both the retail and food service sectors, so that British consumers can see and trust what they are buying.

In a Brexit scenario, we call on the new Government to:

- Review the temporary tariff policy published by the previous Government and in the event that we do not reach a trade deal with the EU, put in place a tariff policy that works for and not against the dairy sector;
- Defend and protect UK standards;
- Strengthen country of origin labelling.

Finding a way through Brexit

Collaboration on the Protocol for Northern Ireland

The proposed trading arrangements for Northern Ireland within the existing deal could impose a severe burden on UK dairy companies operating across the Irish Sea. It is essential that the trading protocol for Northern Ireland is crystal clear and that the industry be given a voice in the development of these arrangements owing to the unique nature of the industry.

Working Together on Free Trade Agreements

The voices of individual food sectors must be heard in future Free Trade Agreements. We call upon the new Government to guarantee that the dairy industry will be directly consulted when Free Trade negotiations begin. We cannot have a scenario where the agriculture sector is sacrificed, and loses out to the benefit of other sectors.

In a Brexit scenario, we call on the new Government to:

- **Recognise the unique nature of the dairy sector in Northern Ireland operating across the Irish border, and involve the sector in the development of the Northern Ireland Protocol;**
- **Involve the dairy industry in negotiations for both EU and non-EU free trade agreements.**

Agricultural Policy that Ensures a Positive Future for Dairying

Maintaining our Competitiveness

In a Brexit scenario, the UK will have a new Agricultural Policy and transition away from the Common Agricultural Policy (CAP). UK agricultural policy outside the CAP will shift from income support to expenditure on other objectives.

For the sector to stay competitive Government needs to provide transitional support, targeted at raising farm productivity, meeting the cost of rising environmental obligations, and to help in diversifying products and finding new markets.

Without income support dairy farmers will need to be more competitive to prosper in the post-Brexit environment. This requires investment across a whole range of areas. The Government should make available grant aid schemes in order to help farmers become more competitive.

Meeting our Environmental Obligations

The Government's Clean Air Strategy will impose significant new environmental obligations on farmers. As a sector, we want to play our part in meeting these obligations and improving our environmental footprint. However, to do so requires support from Government to invest in new technologies and farming practices.

Expanding into new Markets

Post Brexit, the world of dairy will change, and dairy processors may need to find new opportunities for British dairy both at home and abroad. This may mean diversifying the products they manufacture and that requires investment, product development, opportunity and sustained product promotion. In order that UK business can successfully compete Government should provide aid, through grants or other means to processors who wish to diversify their product portfolio for the purposes of import substitution or export.

In a post Brexit world, the UK will be competing with dairy products from EU countries who have access to EU funds under the regulation for the promotional of agricultural products on the domestic and third country markets. The UK will be at a disadvantage as this scheme will be closed to them. We call upon the new Government to ensure that the UK has a level playing field in terms of our ability as a country to promote our great British dairy products.

For the sector to be competitive Government should provide:

- **Grant aid to farmers for investment in productivity and environmental measures;**
- **Support for dairy processor investment to diversify products;**
- **Aid for the promotion of UK dairy products in the UK and in export markets.**

Developing Evidence Based Policy

The UK faces a number of challenges in terms of the rising burden of chronic diseases, the need to feed the nation, with the need to do so sustainably, safely, affordably and to high quality standards. These challenges are also opportunities for education, change and improvement but only if food, nutrition and environmental policies are based on evidence rather than emotion or who shouts loudest.

Food Security

A resilient and secure food system is essential for any nation and, in providing nutritious and affordable foods, the dairy industry is key to protecting food security. In the face of low margins, price volatility and the seismic step change that is Brexit, it's essential that the dairy industry is given the flexibility it needs to mitigate and act on the challenges it faces. A key part of this will be a regulatory framework which works to support the industry, rather than hinder it.

We want to work closely with Government Departments to create a successful and effective National Food Strategy to relay the importance of dairy in providing food security, and in providing livelihoods.

However the current formation of the Food Strategy Advisory Group excludes those representing individual sectors and only allows those who operate across sectors to have involvement. We need the incoming Government to review this approach and recognise the need to consult with individual sectors in building policy to ensure the voice of fundamentally important sectors like dairy is not lost.

Given the prominence dairy products like milk, cheese and yogurt have within fridges across the UK, the dairy sector must be part of conversations relating to food safety, security and of course standards. This is especially relevant in discussions around the regulation of raw milk contracts.

Such regulations would undermine milk processors' ability to respond to volatile market conditions whilst providing farmers with long term open ended secure contracts. We would see a range of unintended consequences, creating greater price volatility for farmers and reduced industry competitiveness and investment.

We call on the new Government to:

- **Consult with individual sectors in building the National Food Strategy, to ensure the voice of fundamentally important sectors like dairy is not lost;**
- **Review proposed measures to regulate raw milk contracts, in recognition of the threat it poses to the sector and to food security.**



Developing Evidence Based Policy

The industry's commercial practices are evolving rapidly in response to the challenges that it faces. There has been significant innovation in the range and diversity of contracts offered to farmers by processors and much greater depth of collaboration and co-operation throughout dairy industry supply chains. Regulation would cut across these developments. The competitiveness of the industry means contractual relations should be allowed to develop in response to market needs. Any incoming Government needs to therefore recognise the complexity of this market, and move away from a decision to impose regulations on contracts.

Nutrition

Dairy foods like milk, cheese and yogurt provide British consumers with valuable and essential vitamins and nutrients in a compact, affordable and accessible package. They are important sources of calcium, high quality protein, B vitamins, phosphorous, iodine, and zinc, amongst others. Milk's role as a vital source of childhood nutrition has long been recognised by school milk and food voucher schemes across the UK and worldwide.

We call on the next Government to recognise this within nutrition and health policy, taking into account the large body of scientific evidence behind the health and nutritional benefits of dairy. Moves to target milk-based drinks or singling out individual nutrients such as fat mean that nutritious dairy products are treated in the same way as junk foods, and their nutrients ignored.

The nutritional composition of milk, cheese and yogurt is unique. Currently not one of the products marketed as a dairy 'alternative' can boast the same nutritional composition. This must be recognised, and the incoming Government must uphold existing labelling law to prevent substitute products using dairy terms, in order to mislead consumers in the erroneous belief that they have the same characteristics and health benefits as dairy products.

We call on the Government to:

- **Exempt milk-based drinks containing over 75% milk content from any extension of the soft drinks levy, in recognition of their nutrient-rich nature;**
- **Uphold existing labelling law on dairy terms, preventing substitute products from misappropriating terms and misleading consumers as to their nutritional quality.**



Developing Evidence Based Policy

Environment

The environmental challenges we face, from the climate emergency to plastic pollution, are well documented, and dairy processors stand firm in the commitments of the UK Dairy Roadmap to deliver an environmentally sustainable future for our industry. Dairy UK looks to Government to recognise the proactive steps being taken by dairy processors and to support this transition through evidence led policy.

Since 2008, dairy processors participating within the Climate Change Agreement (CCA) scheme have delivered an improvement in energy efficiency of over 20%, whilst also significantly reducing their carbon emissions. Under the revised Net Zero target, it is clear these improvements will need to continue. We therefore call on Government to confirm the Phase III of the CCA scheme beyond 2023.

Under the Dairy Roadmap and also the UK Plastics Pact, Dairy UK and our members have committed to eliminate unnecessary single use plastic, to maximise recycled content and improve recyclability and reusability of our packaging. Whilst we have set upon a clear direction of travel, this will require the support of Government and the wider packaging value chain.

Reforms to the producer responsibility system, the implementation of a deposit return and a plastic packaging tax all provide opportunities to deliver improvement, however it is imperative these are evidence led, and considered in the round.

It is also imperative that environmental policy is developed by taking into account the full and undistorted evidence related to dairy farming and production. It should not be driven by emotive messaging from those with anti-livestock agendas . For instance, in respect of greenhouse gases:

- **Methane:** The production of methane gas by the British dairy herd has actually contributed to a global cooling over the past 20 years. As methane is a short-lived gas that decays out of the atmosphere after 10 years, the decline in the stock of methane associated with British dairy farming over the past 20 years has contributed to global cooling over that period.

For the sector to be competitive Government should:

- **Recognise the proactive steps being taken by dairy processors on sustainability and to support this transition through evidence led policy;**
- **Confirm Phase III of the Climate Change Agreement Scheme beyond 2023;**
- **Government support for packaging and recycling innovation.**

Developing Evidence Based Policy

- Pastureland is a major source of carbon sequestration and storage in soils. Changing land use could result in the release of this carbon.
- Nitrous Oxide emissions from dairy farming are being significantly reduced by changes in slurry management techniques.

A wide range of technologies exist which would enable dairy farmers to offset remaining greenhouse gas emissions, such as power generation from anaerobic digestion and solar power.

British dairying is sustainable and has an integral part to play in creating a sustainable food system, both domestically and globally. It is important that its contribution is seen in the wider context of sustainability, rather than only a limited focus on greenhouse gases or other like concerns.

Government should:

- **Recognise the sustainability of the sector as a whole, and not be driven by emotive messaging rather than evidence.**

More Partnership, Less Red Tape

As an industry we are keen to work with Government to further build on our proven capacity for self-regulation.

We have an incredibly strong record on self-regulation and take pride in going above and beyond what's expected of us, taking ever greater strides forward to improve the way we operate.

We therefore call on the incoming Government to recognise our strengths in these areas, and work with us to ensure these successes can continue.

- The Red Tractor Assurance Scheme is the foremost example of the sector acting with initiative to improve and drive forward farm standards for animal health and welfare, food safety and environmental protection. The scheme has high standards that are robustly enforced. It should be recognised as the benchmark for public procurement standards.
- The UK Dairy Roadmap is also an excellent example of how the sector has come together proactively and sought to minimise and improve its environmental impacts. The ten year anniversary report of the UK Dairy Roadmap demonstrated how effective this approach was, showing that dairy farmers had reduced their greenhouse gas emissions by 24%; an 18% increase in energy efficiency; 95% of ex-factory waste being sent to landfill and a reduction in water consumption by processing sites of 23%.
- The sector has also taken strident action on plastics, packaging and food waste, becoming a signatory of the Courtauld Agreement and the WRAP Plastics Pact, to ensure our products are produced and sold in the most sustainable packaging possible.
- Exposure to international trade means that the UK market for dairy products is intensely competitive and volatile and Brexit will only make the market more challenging. Current contractual practice recognises processors' need for flexibility as well as farmers' need for security, provided by open ended evergreen contracts. The previous Government has proposed intervening to regulate contracts between processors and farmers. This would de-stabilise relationships between farmers and processors, creating insecurity for farmers and the likelihood of greater volatility in farm gate prices.

We call on Government to recognise:

- **The effectiveness of the Red Tractor Assurance Scheme;**
- **The success of the UK Dairy Roadmap;**
- **Sector proactivity on plastics and packaging;**
- **The need for flexibility in the sector to meet the needs of global trade.**



Dairy UK is a processor-led organisation representing farmer-owned co-ops and private dairy companies, supporting them in the production of safe, nutritious and sustainable dairy foods well loved by the UK's consumers.

Our members collect and process about 82% of the milk produced in the UK providing employment and contributing to the UK economy.

Our mission is to promote the consumption of great tasting British dairy products at home and on the international market.

We have strong partnerships with farmers and stakeholders along the entire supply chain to promote the goodness of dairy. We also work with MPs, Civil Servants and Government to promote a better understanding of the dairy sector and its products.

Our key areas of focus are:

Promoting the nutrition and health benefits of dairy. Dairy foods are part of dietary guidelines worldwide and are recognised for the contribution they make to the nutrition of all age groups. We work hard to ensure that the benefits of real dairy are recognised, using science-based information;

Showcasing the commitment of our sector to sustainability; by sustainability we mean the environment, the economy and society and encouraging our members to achieve their commitment to continuous sustainable improvement;

Ensuring that any form of Brexit works for the UK dairy sector and that the voice of dairy is heard in future trade agreements.

Underpinning all of these focus areas is our considerable expertise in food safety and quality. We work alongside our members and with organisations such as the Food Standards Agency and National Milk Laboratories to ensure that the dairy foods produced by our members meet the highest standards.

We also work with our international colleagues to promote the interests of UK dairy, working with the European Dairy Association, the International Dairy Federation as well as the Global Dairy Platform, building relationships across borders to share knowledge, best practice and expertise to global organisations like the United Nations.

The work of Dairy UK doesn't stop there, we touch on many areas including:

- Assurance - our Dairy Transport Assurance Scheme guarantees that milk collection meets safety requirements, best practice and the needs of the customer. More than 90% of milk haulage capacity in this country is Dairy Transport Assurance Scheme certified, across a fleet of 1,300 vehicles and 2,000 drivers;
- Employee Safety: our Occupational Health and Safety Committee works with our member companies to promote best practice in employee safety in the processing environment;
- Asset Recovery: our Asset Protection Team return around 40,000 metal milk trolleys to their owners each year, worth an eye-watering £2.1 million.

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