

SPEECH BY MEURIG RAYMOND, DEPUTY PRESIDENT  
OF NFU TO DAIRY SUMMIT  
11<sup>TH</sup> JULY 2012  
CHECK AGAINST DELIVERY

I must start by thanking you all for coming, thanking you for giving up a day, managing your business so you can get away or getting someone else to do the milking.

But I know most of you had no choice but to come today – because if you didn't get on that bus or catch that train... in 5, 10 or 20 years' time you might just look back and say:

**I wonder if we could have made a difference if we'd stood up and said "enough is enough?" This is the final straw.**

The fact that this room; this room in the centre of London is full of people; busy dedicated dairy farmers to be specific, sends a very clear message.

A message about the dire situation the dairy industry finds itself in. The 600 who gathered in Staffordshire last week and the 350 in Scotland on Monday only emphasise the strength and depth of feeling.

Never before have I seen before such an outpouring of horror and anger from farmers.

Nor have I ever seen such a show of unity and determination to right the wrongs that have been inflicted on dairy farmers.

I'm speaking to you today as part of a coalition of dairy representatives, to my left/right you will see

Nigel Miller president of NFUS,

Stephen James VP of NFU Cymru,

David Handley Farmers for Action,

Ian Macalpine of RABDF,

Richard Elliot of the Tenant Farmers Association.

I look in front of me and I see Dairy Crest Direct, Wiseman milk partnership, the Arla foods milk partnership, the Young Farmers Association and the list goes on.

(Addressing the minister)

Minister – I'd like to welcome you here today and thank you for taking time out of your schedule to see and hear first-hand how serious things have become for the dairy farming sector.

Farmers, Dairymen and representatives of the many supporting industries have travelled the length and breadth of the UK because they have no choice.

**They have been pushed to the brink.**

Minister, in May and June this year the majority of dairy farmers saw their milk price cut by as much as 2 pence per litre, when the three major liquid dairy processors led price cuts.

**These cuts were cuts to the bone and beyond, they were farmers' investment, depreciation and profit – gone.**

**By almost any cost of production calculation these took farmers into loss making territory.**

Today we are here because someone somewhere thought those cuts weren't enough – someone thought, if they can take that, they can take some more. And so to the stunned astonishment of dairy farmers the length and breadth of the UK the announcements were made by Arla, Dairy crest and Wiseman, **that a further 1.65 to 2 pence per** could be taken from farmers businesses –

**well we are here because it can't.**

These latest cuts are the feed bill,..... the wages,..... the housekeeping – .....these cuts will take us massively into loss making territory with many farmers losing up to 6 p a litre.

Minister we need your help – we are here because the country needs the dairy farmers of this country but simply doesn't realise what those same dairy farmers are being put through,

**by a market place that doesn't work and isn't fair.**

(Address the audience)

Back in 2010, the retail sector went to war – it started with discount retailers promoting milk to get recession hit shoppers through the door. Next we saw the major multiples take on the discount retailers, in an attempt to entice back lost customers. Unfortunately, our liquid milk processors were all too eager to facilitate this spat, by competing with each other to sell cheaper and cheaper milk to these supposedly important customers –

and what did they do?...

**they gave away the farmer's margin.**

And do you know what the real irony is in all of this? Our own survey of 1000 consumers shows that only 22% know the price of milk. Three quarters think it is higher than it is. And, even then, 62% say they would willingly pay 5p a pint more if that ensured farmers get a fair price.

Luckily for these processors who were so weak at selling milk, 2011 brought high commodity prices – specifically cream, which reached £1.60/kg at its peak. When we demanded to know why farmers weren't getting any of that value we were stonewalled.

Well now we know why – it was because the cream was subsidising the liquid milk. Those deals done in 2010 are now coming back to bite us. Cream fell as low as 85 pence per kg, and could no longer cover up the deflationary discretions of our supply chain partners. Now farmers are facing cuts of up to 4ppl, when farm gate costs of production are at an all-time high.

So where next? .....here are some demands. Of retailers, processors and government. And a big call to consumers..

Some retailers give a fair price for liquid milk. One that is guaranteed to meet the costs of production..

Sainsburys, Tesco, M&S and Waitrose.

But Asda, Morrisons and the Co-operative don't deliver a milk price that even covers farmer's costs of production.

I'm not going to stand up here and say any of these businesses are perfect – how many retailers have a strategy to maintain an acceptable milk price for farmers supplying milk to produce their cheese?

While I mention it, what about all the other dairy brand holders? .....Cathedral city, Cravendale, Robert Wiseman – this isn't just the responsibility of a handful of large retailers, this is the responsibility of every major dairy brand holder – the responsibility to do their bit to ensure dairy farmers receive a milk price which either consistently covers cost of production, or that allows a farmer to receive the price highs as well as the lows.

Yesterday, retailers said they support UK dairy farmers. Well, if that's the case, let's see the evidence. It's time to step up to the mark and show it. Stop buying milk from processors who pay less than the cost of production to British dairy farmers.

This is all long term – for everyone in this room, strategies, policies and principles are not going to get us through the winter.

**They aren't going to help those dairy farmers that can't pay their bills now.**

For that we need the immediate reversal of planned and recent price cuts. It was these cuts that put most dairy businesses into the untenable position they now find themselves, and it is to make this single demand that this coalition of organisations has come together.. (*gesture to top table*)

**Reverse these cuts by the 1<sup>st</sup> of August.**

(Address Minister again)

| And now Minister, there is something Government can do.

| The Dairy sector needs a permanent fix – it needs a long term solution for these recurring problems, of imbalance of power and inequality of supply.

We need a legislative solution to dairy contracts which meets the needs of the UK dairy industry. [Minister, you've argued that the European dairy package is too restrictive.](#)

| That's why we've worked so hard and for so long on a voluntary code

**Now the talking has got to stop and the action has got to start.**

I'm calling on you Minister to deliver **contract legislation** that fits the needs of this industry.

I just don't accept that the government can't act in this area.

There are any number of cases where Parliament has legislated to ensure fair contract terms. The Sale of Goods Act 1979, the Consumer Protection Act, 1987, the Supply of Goods and Services Act 2000, Distance Selling Regulations 2000. There are regulations covering Timeshares, Holiday Products, Resale and Exchange contracts, banking and consumer credit contracts, employment contracts and, of course, agricultural tenancies.

### **Now we need the Dairy Contracts Act (2013)**

We recognise this can't happen tomorrow. So in the meantime, we have prepared our best and final compromise on a voluntary code of contractual best practice. In it we have stated that where a milk buyer retains pricing discretion, then a farmer should have the right to terminate the contract on three months' notice, in the event of a disagreement on price – given where we find ourselves, this is the minimum protection that farmers have demanded to continue doing businesses in a supply chain that continues to fail them.

And finally, to consumers. We want you to support British dairy farmers. Our recent consumer survey shows that nearly three quarters of them would find it hard to live without milk for a week. We want those consumers to ask those who sell them their milk: are you paying a fair price?

My last message is to retailers, processors, government and consumers:

**It's time to back our dairy farmers.**