May 2020



Thank you for contacting me about support for dairy farmers.

Our dairy industry plays a crucial role in feeding our nation and I know this is a very difficult time for the sector, particularly for suppliers of the food service trade. As demands shifts, we need to ensure that individual farmers are protected. I have made Ministers aware of all the concerns you raise.

It is welcome that eligible dairy farmers in England will be able to access up to £10,000 each to cover 70 per cent of their lost income during April and May. This will help farmers continue to operate and sustain production capacity without any impacts on animal welfare.

I understand that between 5 and 10 per cent of total milk production goes to the food service trade and there is therefore a small proportion of milk production that currently has no home. I am pleased that some elements of competition law have been relaxed to make it easier for processors to come together to maximise production, processing and storage efficiency until shops, restaurants and pubs are able to open again.

It is welcome that the dairy industry can access various Government backed loan schemes. The COVID-19 Business Interruption Loans scheme is available to farmers, milk buyers and milk processors. In addition, the new Bounce Back Loan scheme, which will apply to businesses including those operating in agriculture, will ensure that the smallest businesses can access up to £50,000 loans.

The Agriculture and Horticulture Development Board, together with Dairy UK, are launching a new £1 million campaign to drive consumption of milk and other dairy products. It is encouraging that the Government is working very closely with the NFU, the dairy industry and others to understand the difficulties in the supply chain and to ensure that farmers are supported through this difficult period.

Some in the sector have been arguing for an approach where the Government funds a "production reduction" scheme similar to that which was deployed in 2015. Ministers have considered these proposals carefully but have concluded that they would not work in the current circumstances. This situation is very different to 2015 where there was a structural oversupply and a prolonged period of low prices and I think the scheme which has been put in place will be more effective.

Thank you again for taking the time to contact me.


Yours faithfully,

**CHRIS HEATON-HARRIS MP**

**MEMBER OF PARLIAMENT FOR DAVENTRY**