



Llywodraeth Cymru  
Welsh Government

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## **WRITTEN STATEMENT BY THE WELSH GOVERNMENT**

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**TITLE**        **Statement on the Dairy Sector**

**DATE**        **11 July 2012**

**BY**            **Alun Davies, Deputy Minister for Agriculture, Food,  
Fisheries and European Programmes**

It is well understood that neither the Welsh Government, or UK Government, can intervene directly in setting the milk price as it is a commercial matter between milk producers and the purchasers of their milk. However the recent cuts in the milk price that most milk producers receive for their milk are of concern to us all.

The dairy sector is key to the future of Welsh agriculture and important to the wider Welsh economy. The Welsh Government's Programme for Government identifies dairy as a sector where the Government will seek to provide additional levels of support where possible and appropriate.

To this end I hosted a Welsh "Dairy Summit" last month which sought to involve the industry in discussions about what support the industry needs from the Welsh Government and how this support and other interventions can best be delivered. The event was attended by representatives of the industry, producers, purchasers, processors and retailers and will inform the decisions I will make to take forward support for the whole dairy industry. I will make a further statement on this matter.

At the same time the Welsh Government has been fully engaged in negotiations and discussions to support the industry's initiative to agree a Voluntary Code of Practice on contracts that relate to milk supply. Should negotiations fail I will not hesitate to bring forward legislation to introduce the EU package proposals, though this is not my chosen route of action.

I will be making a further written statement before the summer recess to update Members on the progress being made on the Working Smarter initiative. This represents a fundamental re-working of how regulation of agriculture works in Wales. It is not simply about "red tape" but is far more ambitious and seeks to

reduce not only the burden of regulation but also to introduce a system of regulation that is appropriate and fair.

Separately, The Welsh Government will do all it can to encourage fairness in the operation of the supply chain. I wrote to BIS last month making the case for the UK Government to strengthen the powers of the Groceries Code Adjudicator to monitor the operation of the Grocery Supply Code of Practice, which applies to large retailers. My support for fairness is due to a conviction that it would be of benefit to all involved in the wider supply chain. I understand that the Adjudicator would be able to intervene where unfairness is suspected or reported. I hope that the UK Government will now agree to strengthen the powers available to the proposed Adjudicator in the legislation.

Finally the Welsh Government continues to support CAP pillar one direct payments to farmers at current levels. I am very disappointed that the UK Government seeks to make substantial reductions to these payments. The impact of such cuts would be to drive many Welsh farmers to bankruptcy. This would be devastating to not only dairy but to all sectors of agriculture in Wales. Taken together the Welsh Government has taken both a practical and a far-sighted approach to ensuring that the Welsh dairy industry emerges from the current difficulties in a stronger position to succeed in the future. It is the determination of the Welsh Government that the Welsh dairy industry will continue to be a vibrant and profitable part of Welsh agriculture.