



29<sup>th</sup> May 2020

**SECOND NOTIFICATION OF AN AGREEMENT BY DAIRY UK UNDER THE COMPETITION ACT 1998  
(DAIRY PRODUCE) (CORONAVIRUS) (PUBLIC POLICY EXCLUSION) ORDER 2020**

1. Further to the notification provided by Dairy UK on the 22<sup>nd</sup> May of activities falling under article 3.2 of the above order (which covered two capacity surveys undertaken by Dairy UK), this document is a notification of the third and final capacity survey undertaken by Dairy UK

**Operation of the Survey**

2. The third survey was sent to Dairy UK members and non-members on 20<sup>th</sup> May. The questionnaire is reproduced in annex I.
3. In summary the survey asked for:
  - Forecast weekly spare capacity and disposals over the five weeks ending 28<sup>th</sup> June
  - Actual weekly milk disposals over the two weeks ending 24<sup>th</sup> May
  - Consent to disclose the identity of the company to those companies forecasting milk disposals if they had spare capacity
  - Information on the method of milk disposal
4. As before replies were processed by a single member of Dairy UK staff: [REDACTED]  
[REDACTED]. Only aggregated and anonymised results were shared with Dairy UK members and external organisations.
5. The summary of the results of the survey was again communicated to Defra and devolved administrations. This summary document was then shared with Dairy UK members (reproduced as annex II).
6. As no companies forecast any requirement to dispose of milk then the identities of companies that had spare capacity was not shared with other companies.
7. Overall, the results of the survey, combined with milk production data recording seasonally declining milk production, show that the reasons for analysing industry capacity have now abated. Consequently Dairy UK is of the view that the exclusion order can now be withdrawn.

## **ANNEX I**

### **CAPACITY SURVEY QUESTIONNAIRE NO.3**

#### **1. CONTACT INFORMATION**

Company: \_\_\_\_\_

Point of contact (to whom the survey will be emailed in future):

Name: \_\_\_\_\_

Email address: \_\_\_\_\_

Please return to [REDACTED] by close of play Tuesday 26<sup>th</sup> May 2020.

#### **2. PROSPECTIVE MARKET DATA**

To assess:

- The total shortfall in capacity available to companies
- The volume of milk that might not be;
  - o Collected – and left on farm for disposal by UK country
  - o Processed – and diverted to non-food uses such as AD plants or destroyed
- The number of farmers affected by not having milk collected
- The amount of commercially available spare capacity in the industry

You are asked to provide forecasts covering the peak milk production season.

Taking account of:

- Forecast milk production from farmers supplying milk to you
- Demand for your products by your customers
- The capacity of your processing plant
- The capacity made available to you by whatever arrangement by other companies to take your milk that you cannot process
- The effect of any milk reduction measures you may have put in place

Please provide a forecast of:

**Table 1: Forecast of milk not collected or disposed of after collection**

<b>Week ending:</b>		<b>31/05</b>	<b>07/06</b>	<b>14/06</b>	<b>21/06</b>	<b>28/06</b>
<b>Milk not collected</b>						
<b>Number of farm collections missed</b>	England					
	Scotland					
	Wales					
	Norther Ireland					
<b>Number of farms affected</b>	England					
	Scotland					
	Wales					
	Northern Ireland					
<b>Volume of milk not collected: litres</b>	England					
	Scotland					
	Wales					
	Northern Ireland					
<b>Milk disposed of after collection: litres</b>						
	Milk					
	Cream					
	Skim					

To assess the volume of spare capacity available in the industry could you provide the volume of capacity that you could make commercially available to take milk, under whatever arrangement, from other companies (This would exclude capacity theoretically available but for which there is no commercial reason for its utilization, i.e.; there is no market or storage capacity for the resulting product).

**Table 2: Spare Capacity: maximum litres per day**

<b>Week ending:</b>	<b>31/05</b>	<b>07/06</b>	<b>14/06</b>	<b>21/06</b>	<b>28/06</b>
Milk					
Cream					
Skim					

**Analysis of Results**

The total forecast discarded litres from all companies will provide an assessment of the total shortfall in industry capacity.

If the total capacity available exceeds the volume of milk forecast to be discarded, then the information available to companies is not sufficient to make the market for raw milk redirect unwanted volumes to spare capacity. In which case, do you consent for Dairy UK to inform companies intending to dispose of milk of your ability to take extra volume?

Consent Declaration:

Yes: \_\_\_\_\_

No: \_\_\_\_\_

**3. RETROSPECTIVE MARKET DATA**

Given that forecasts are altered by events, and to check the industry's actual progress, weekly retrospective market data is requested. To keep the information timely could you provide information for the two weeks ending 17<sup>th</sup> and 24<sup>th</sup> May or the nearest equivalent for which you have data.

**Table 3: Actual Milk Discarded, Farmers Affected and Shortfall in Capacity**

Week ending:		17/05	24/05
<b>Milk not collected</b>			
<b>Number of farm collections missed</b>	England		
	Scotland		
	Wales		
	Norther Ireland		
<b>Number of farms affected</b>	England		
	Scotland		
	Wales		
	Northern Ireland		
<b>Volume of milk not collected: litres</b>	England		
	Scotland		
	Wales		
	Northern Ireland		
<b>Milk disposed of after collection: litres</b>			
	Milk		
	Cream		
	Skim		

For milk disposed of after collection, please provide some information on the method used (AD plant, etc)

Disposal route: \_\_\_\_\_

**Analysis**

Actual volume of milk discarded would be used to verify the accuracy of forecasts and to see how the industry had responded to the forecast situation.

If your company had put in place new measures to encourage farmers to cut production since the last reporting period for this survey could you please also provide further information.

New milk reduction measures: \_\_\_\_\_

2020

**THIRD DAIRY UK CAPACITY SURVEY**

Dairy UK's third and final capacity survey shows a continuing improvement in the availability of spare capacity. This primarily reflects the fact that the industry has passed the peak in milk production for this year.

Dairy UK Capacity Survey: Forecast Spare Capacity, Litres Per Day									
Week Ending:	First Survey			Second Survey			Third Survey		
	Milk	Cream	Skim	Milk	Cream	Skim	Milk	Cream	Skim
3 May	725,000	156,000	238,000						
10 May	693,000	156,000	238,000						
17 May	528,000	156,000	238,000	188,000	56,000	178,000			
24 May	1,957,000	156,000	238,000	313,000	74,000	178,000			
31 May	972,000	156,000	238,000	1,592,000	93,000	178,000	1,622,000	318,571	228,000
7 June				1,276,000	266,000	228,000	1,686,000	377,571	228,000
14 June				2,156,000	250,000	228,000	2,506,000	354,571	278,000
21 June							2,156,000	359,571	328,000
28 June							2,516,000	364,571	328,000

The survey was undertaken in the week ending 24<sup>th</sup> May requesting information on:

- forecast weekly milk disposals and spare capacity for the five weeks ending 28<sup>th</sup> June
- actual milk disposals over the two weeks ending 24<sup>th</sup> May

Unlike the first two surveys, no respondents reported a requirement to dispose of milk over the forecast period.

No actual milk disposals were reported for the two weeks ending 24<sup>th</sup> May.

The coverage of the survey did not significantly change compared to the second survey.

Survey	Number of Companies	Milk Volume: bn litres
1	32	11.35
2	22	9.12
3	19	9.08

