

Press Release

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BREXIT: Don't spill the Milk A completely new dimension of a milk crisis

With less than a year to go until Brexit, many sectors are concerned about what impact the UK leaving the European Union will have. The dairy industry is no exception.

Dairy matters. There are 700,000 dairy farms across the European Union, 12,000 milk and processing sites, and more than 300,000 people working in the sector. Any shock to this sector will, in other words, affect the industrial and societal backbone of rural Europe.

Even more importantly, dairy matters to consumers. Affordable and high-quality milk, cheese, butter and other products, rich in protein and healthy natural fats, are a mainstay of European diets. Disruption to supply chains as a result of Brexit may force up prices, limit choice and potentially drive people to less healthy and nutritious alternatives.

The European dairy industry is integrated across borders. Therefore, limitations on free and frictionless trade will have a particularly negative effect. Tariff barriers are only one of our concerns; other issues such as maintaining access to skilled labour, minimising delays at customs, regulatory divergence – all of these may also serve to disrupt our sector.

To put this into context, the 2014 Russian ban on imports of dairy products triggered a crisis in the European dairy sector. Significant changes were needed in the very short term for exports of large volumes of milk and dairy products. New markets had to be found and unlocked very rapidly. The results of sudden changes in milk price and urgent intervention by the EU Commission are adversely affecting European and global dairy markets to this day.

Yet, **compared to the experience of the Russian ban, BREXIT has the potential to create a completely new scale of milk crisis.** Volumes of EU-27 butter sold in the UK are three times higher than were EU-28 butter exports to Russia. For cheese, EU-27 exports to the UK are twice the volumes we used to sell to Russia. These are just some small examples.





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So, Brexit is a major concern for the dairy industry. Dairy UK and the European Dairy Association have jointly developed a 'Future UK-EU Dairy Framework' setting out the outcomes the dairy sector hopes to be achieved in the current negotiations between the UK and the EU.

It is our main priority that the relationship between the EU and the UK remains as close as possible to the *status quo* after Brexit and throughout a transition period.

The UK should preferably remain part of, or at least as close as possible to, the EU Single Market and the Customs Union. This would secure the free movement of milk and dairy products between the EU and UK with no tariffs or quotas from either side for milk and dairy products, and limit non-tariff barriers to trade (SPS/TBT) as much as possible. The EU and UK should have no (significant) divergence in the regulatory sphere when it comes to policies affecting dairy and dairy products and a level playing field should be sustained.

As they debate the future relationship between the UK and the EU, we urge decision-makers on both sides of the Channel to take these observations into account and to do all they can to avoid damaging our industry – and not to harm the consumers we serve. Don't Spill the Milk.

ABOUT THE EUROPEAN DAIRY ASSOCIATION

The European Dairy Association represents the voice of dairy processors in the European Union. The membership of EDA consists of the associations of dairy processors in EU Member States.

FOR MORE INFORMATION

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