

Breaking News on Food & Beverage Development - Europe

Previous page : [Tesco offers better deal to dairy farmers](#)

Tesco offers better deal to dairy farmers

By Chris Mercer

04/04/2007 - **Dairy industry leaders in the UK have welcomed an announcement from supermarket giant Tesco that it would pay more money to dairy farmers via new direct contracts.**

Tesco said it would offer direct contracts to around 850 farmers and pay them 22 pence per litre (ppl) for their milk. Current farmgate milk prices across the industry average around 18ppl.

The move follows sustained public pressure on retailers and processors to offer dairy farmers a better deal, and comes as the Competition Commission intensifies its probe of the UK grocery supply chain.

Dairy leaders welcomed the Tesco announcement.

"It is the most significant and encouraging development in the dairy industry for a very long time," said Peter Kendall, president of the National Farmers' Union (NFU).

"This sort of arrangement is exactly the kind of thing that the NFU has strongly advocated in our Vision for the dairy industry," he said, adding the NFU would work closely with Tesco on the new deal.

Industry association Dairy UK, which represents producers and processors, also praised Tesco for committing to direct contracts with dairy farmers on liquid milk.

Concerns about the state of dairy farming in Britain have been thrust into the public spotlight recently, after industry figures revealed three producers were quitting every day on average - including some larger, more efficient businesses.

Competition Commission investigators are currently scrutinising the dairy supply chain more closely, in the second part of their grocery chain investigation.

It has encouraged producers to step forward with evidence to back up tales of mistreatment at the hands of retailers and processors - something both of these groups strongly deny.

Tesco said it would encourage farmers to join producer clubs, bringing them closer to both it and processors.

It also used this week's announcement to launch a new 'localchoice' milk, which will see Tesco stores sourcing milk either in or close to their home county. The milk will be slightly more expensive than its standard counterpart.

Apart from on 'localchoice', Tesco said retail milk prices would not go up as a result of its new offer to dairy farmers.

The supermarket failed to mention, however, that it had already raised milk prices by two pence on one and two-pint containers, and four pence on four-pint products last month.

Copyright - Unless otherwise stated all contents of this web site are © 2000/2007 – Decision News Media SAS – All Rights Reserved. For permission to reproduce any contents of this web site, please email our Syndication department: [contact our Syndication department](#). Full details for the use of materials on this site can be found in the [Terms & Conditions](#).

[contact the editor](#)