



Dairy vision for 2030

In order to thrive, and survive, the UK dairy industry needs to change the way it operates over the next ten years. Environmental pressures, consumer trends and concerns, a shifting marketplace and new technologies will all impact on our industry. We cannot ignore this shift: we need to farm differently in the future and demonstrate this to protect and promote our industry.

Without a doubt, the biggest threat to dairy farming in the UK today is environmental. While the vegan lobby puts animal welfare at its heart, it's important to remember that 'true' vegans make up a small percentage of consumers. In fact, as recent research from Kantar suggests, 100% of households in the UK have made a dairy purchase in the past year. Whilst animal welfare will remain a concern, what we increasingly see is consumers that are changing buying habits as they become increasingly concerned about the environmental impact of livestock farming, and dairy farming in particular.

Pressure has already started to come from consumers to change the way we farm and political pressure is also increasing. We need to rapidly and proactively address this challenge to avoid a situation where there is a paradigm shift in consumer demand for dairy or where legislation makes dairy farming difficult in the UK.

As an industry we can reduce our greenhouse gas emission by 30% by the year 2030. Kite Consulting's Dairy 2030 Report, to be launched at Dairy Tech, will demonstrate how we will do this.

There is no doubt that the UK dairy industry can rise to this challenge and reduce its environmental footprint while maintaining milk supply (or even increasing it if the industry and policy makers require us to). We can do this by focusing on developing environmentally efficient animals and production systems and implementing change to current practices.

Fundamentally, the UK is a good place to produce milk. Our geography and infrastructure count in our favour.

Our temperate, wet climate makes the UK an ideal place to grow the high-quality forage that can drive our systems. This forage is often grown in places no other crop would efficiently thrive.

What's more, UK dairy producers are innovative, having learnt to live with uncertainty and challenge as a result of a volatile milk market over the past decade. They have shown themselves to be resilient, open to new ideas and adaptable.

We are an industry that can deliver a significant reduction in greenhouse gas emission through science, technology and good management, and by using the latest innovations and developments.

Change of this scale requires a different way of thinking. Some of the options may not be popular with every farmer - for example, the adoption of more mixed farming practices or even taking some land out of agricultural production. But unless we drive the change required, the industry will be forced to change and it is better to drive progress and maintain public trust, than be seen as environmental laggards, potentially damaging the reputation of the industry further.

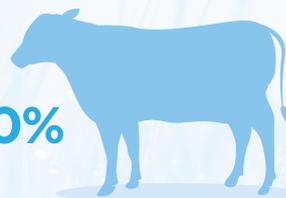
How to deliver the 30% reduction



FUTURE OF DAIRY INTO 2030 ENVIRONMENTAL IMPROVEMENTS



Over 30%
Reduction in GHG emission



14%
Reduction from increased milk yield per cow



7.5%
Reduction from increased feed conversion efficiency



7.5%
Reduction from better health and fertility with technology and breeding



10%
Reduction Improved usage of nitrogen to reduce NO2





As an industry we have many of the tools and skills already available to help us deliver this reduction. Adopting new technologies and attracting and upskilling new and existing high-quality workers to help deliver this reduction will be crucial.

Increasing Yield

Increasing yield per animal and reducing the number of livestock will be a cornerstone to achieving this reduction. Our model looks at increasing the average yield per cow from 7,968 ECM litres in 2019 to 11,080 ECM litres by 2030, but we are expecting improved genetics, management and feed efficiency to increase yield per cow across all systems.

This increase will remove over 520,000 animals from dairy production in the UK (and remove a similar number of calves from the industry). This will allow, in some instances, land to be available to offer the public for environmental options, with a payment being made to the farmer for such. In addition the herd reduction will contribute to global cooling as cow numbers fall and methane emissions are reduced.



2030 Scenario

UK Industry Outlook - 2030 - Maintaining 15bn

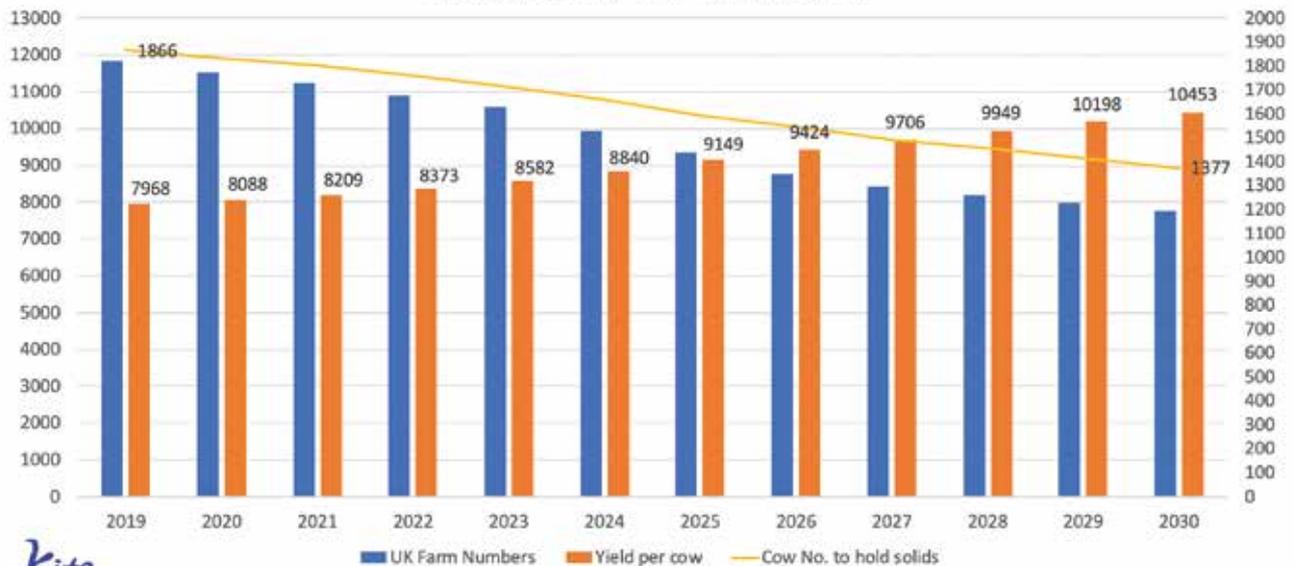


Table 1. UK Industry Outlook - 2030- Maintaining 15 billion litres

Year	2020	2030 (forecast)
Herds	11,670	7,890
Cows (million)	1.84	1.34
Milk yield (litres/cow)	8,090	1,080
Herd size	156	170
UK output (billion litres)	14.8	15.00



Nitrous oxide and methane

Nitrous oxide plays an increasingly important part in GHG emission and calculations, based on the recent re-assessment of the carbon footprint initiated by Oxford climate change centre and its significance in the Clean Air Strategy. Improved nitrogen fertiliser, slurry and manure management, both inside and outside buildings, will play an important role in UK dairy farmers hitting the 30% reduction aim.

Methane reduction, through improved management, the introduction of feed additives and supplementation will also be important.

We have not included sequestration in our figures at this time because, although we feel this area has huge potential for UK agriculture, it is still not proven.

Our full 2030 report, which will be available at DairyTech, will look in more detail at how we will deliver this target by looking at the following areas:

- Feed conversion efficiency
- Improved genetics
- Technology/ data
- Nitrogen efficiency
- Ammonia reduction
- Calving age and replacement rates
- Biodiversity
- Renewables

Brexit may well mean that the UK consumer may have access to food that is not produced under the same environmental control as the UK. However, our 'license to farm' in the UK is reliant on our willingness to change the way we farm and reduce our GHG emissions. UK dairy farmers have an opportunity to demonstrate that we understand the concerns of our customers and society and will work to provide lower GHG emissions.

There will be a role to play in informing consumers both at home and abroad of our environmental criteria and why there are attached costs to this.

We have the ability, the requirement from our consumers, and the desire as an industry, to farm in a more environmentally-friendly way. As we have with animal welfare standards, the UK dairy industry can and will lead the way in environmental policy. Whilst the political situation remains uncertain, our goal, and that of consumers, remains the same: to protect and enhance the environment whilst maintaining adequate high-quality food supply.

Get this right and we have the opportunity to use our sustainability, provenance and positive reputation to grow our marketplace both at home and abroad. Improving our environmental credentials will only add to our ability to sell our products across the globe.

With the next generation of farmers that we work with then we see a positive future for UK dairy to produce great nutritious natural food and lead the world in producing more from less.