

**WRITTEN QUESTION TO THE MINISTER FOR ECONOMIC DEVELOPMENT BY DEPUTY
S.S.A.P. POWER OF ST. BRELADE**

ANSWER TO BE TABLED ON TUESDAY 29TH APRIL 2008

Question

“Would the Minister explain how and why imported fresh milk, such as 'St. Ivel (with Omega 3)' (which contains fresh whole milk, Omega 3 (derived from fish oils) and milk proteins), is allowed to be sold in Island supermarkets and would this situation change if the Jersey Dairy decided to sell fresh milk with an Omega 3 additive?”

Answer

The Customs and Excise (Import and Export Control) (Jersey) Order 2006 requires that '**cows milk in liquid form**, whether or not processed' shall not be imported except under the authority of a licence. The purpose of this restriction is to protect the local dairy industry. Licences for milk based products are only issued by Custom and Excise Department following consultation with the Economic Development Department (Rural Economy Section). EDD only recommend the issue of import licenses on modified milk products where ingredients have been added to pure milk that provide a nutritional benefit and where an equivalent product is not available locally. Close liaison is maintained with Jersey Dairy prior to any licence being issued.

Examples of fortified milk products would be St Ivel Advance which contains Omega 3, or Flora Pro-Activ which contains plant sterols to help reduce cholesterol. Customs and Excise have currently issued licenses to some 4 businesses permitting them to import 'Omega 3' type products. For completeness other similar products which are currently licensed on import include 'mini pots' of milk and cereals which include a portion of milk in each carton ('Kellogs 2 Go') as similar products are not available from the local industry.

EDD and Jersey Dairy have been monitoring the effect of modified milk products on the Island milk market. The total liquid milk sales in Jersey amount to approximately 9.5m litres per annum. Information available to Jersey Dairy would suggest that retail sales in Jersey of Soya, Goats and Omega 3 (St Ivel Advance) milk in 2007 totaled circa £320k of which Omega 3 milk accounted for circa £110k. Using retail price per litre of 94.5p this suggests that sales of Omega milk in Jersey were circa 116k litres. Omega 3 products therefore account for 1.2% of the total milk market.

In addition, the latest market figures show that for the 52 week period ending 24/02/08, volume sales of modified milk have fallen by 35.0% to 17.1m litres, 9.2m litres less than the previous year. Consumer expenditure has also fallen over the period, by 30.8% (£6.6m) to £14.8m. The decline in sales would seem to be based on the price differential over pure milk, the products fishy taste and a realisation that you would have to drink 25litres to get the same omega 3 as one piece of salmon.

Jersey Dairy did actively consider introducing naturally enhanced omega 3 milk produced by adjusting a cow's diet with a natural meal made from lupin seed. The size of the potential market and the current declining sales in the UK of omega 3 products have demonstrated the investment costs by Jersey Dairy in the omega 3 market would not be economic. With the above in mind Jersey Dairy have no objection to the current modified milk products on sale.