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**Macro-level analysis of food supply  
chain dynamics and diversity**

**National report – UK**

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# **Macro-level analysis of food supply chain dynamics and diversity**

**UK**

*SUS-CHAIN WP2 National Report (deliverable 8.2)*

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## **1 General Description of FSCs in the UK- the historical perspective**

### ***1.1 Introduction***

Food Supply Chains (FSCs) in the UK can be seen as a response to a set of economic, social and political processes over a long period of time. Food supply chains in the UK evolved in the latter half of the 19<sup>th</sup> century and the early part of the 20<sup>th</sup> century in a largely unprotected market for agricultural products and in ways that were explicitly connected to the (then) British empire. The UK's early industrialisation, coupled with the existence of the empire market for manufactured products, created a pattern of trading which made the UK more dependent on imported food and more strongly connected to distant suppliers than many (most) other European countries.

### ***1.2 The industrial revolution and its impact on FSCs***

In the mid-late 18<sup>th</sup> century, a marked increase in productivity of UK agriculture occurred which created, for most regions, an exportable surplus out of rural areas which was seen as essential in feeding a rapidly growing industrial population (Martin 2000). Before the repeal of the Corn Laws<sup>1</sup> in 1846 (the principal means for supporting UK farmers in the early modern period) the UK agro-food system and associated food supply chains can be seen as overwhelmingly intra-national and predominantly regional or sub-regional in character (Tracy 1989). Wheat was the one major food commodity that had long been internationally traded, although other less significant food and drink products had long figured in international trade, including wine, sugar and spices.

The development of improved transport systems was an integral part of the industrial revolution. Initially, the canal system enabled the movement of non-perishable bulk products (albeit slowly). Subsequently, the railway system had an enormous impact on the pattern of food production and distribution, enabling much greater regional specialisation of more perishable food raw materials, for example, milk and meat. Such improvements had a profound impact on the movement of food, enabling the movement of more perishable products. Improved shipping and refrigeration were crucial in internationalising food supplies to the UK in the later 19<sup>th</sup> century.

For the century after the repeal of the Corn Laws, a more open policy of sourcing food raw materials was seen as a way of keeping food prices as low as possible and maintaining competitiveness in manufactured goods, as wages were significantly influenced by the price of bread (wheat). The impact of this was not felt in the UK farm sector until the 1870s, when north American supplies of wheat 'kicked in' and when a selective pattern of decline in British agriculture set in, particularly in cereals areas. The 1914-18 war raised doubts about this international approach to food sourcing, and such doubts were compounded by the situation in the Second World War, during which a highly regulated food and farming economy emerged.

A number of factors led (most of) the UK to develop a highly favourable farm structure. Early enclosure, an open trading economy and primogeniture combined to create a size structure of farms in the UK by the mid-19<sup>th</sup> century markedly larger than in any other European country, the legacy of which is still clearly visible today.

From the 19<sup>th</sup> century, the importation of food in ports locations led to major processing, refining and manufacturing industries developing in these centres. For example, sugar refining and jam production were typical port industries. No sugar beet industry existed in the UK until after the First World War (1914-18). The rise of refrigerated shipping in the late

19<sup>th</sup> century created opportunities for port-based meat processing. As well as providing a source of food raw materials, ports also emerged as centres of animal feedstuff manufacture

As late as the 1840s, the failure of particular crops in particularly remote regions of the UK was associated with famine and widespread destitution. This indicates the continued dependency of some remoter rural regions on locally produced staple foods.

The 1930s was a period in which many European countries supported their domestic agricultural sectors by a variety of means (Tracy 1989). In the UK, a number of state marketing boards (to support the marketing of domestic produce, including milk, eggs, potatoes) were established in the 1930s in the face of internationally oversupplied food commodity markets and pressure to support domestic producers. There was a major public debate about whether to limit import access to 'empire' suppliers and although a more protectionist set of policies emerged these were modest compared to other parts of Europe (Tracy 1989).

The principal legacy of this international approach was that by 1939 the UK was only 30% self-sufficient in temperate foodstuffs (Lowe *et al.* 1986). Food shortages and the demoralised state of farming led to the setting up of the *Committee on Land Utilisation in Rural Areas*, alongside a number of other inquiries which dealt with post-war reconstruction. Chaired by Lord Justice Scott, its report in 1942 became known as the Scott Report (Lowe *et al.* 1986). The idea of a beneficial relationship between farming and the rural landscape was asserted in the much quoted phrase that 'there is no antagonism between use and beauty'.

### **1.3 The post Second World War settlement**

During the Second World War, food production and marketing were regulated tightly in the face of food shortages. A post-war commitment was made to support domestic food production and the principles of this support were laid down in the 1947 Agriculture Act. The support to farmers was based on a deficiency payments system, which still allowed imports to enter the country without significant tariff barriers or import levies. Over the 1960s, a range of import duties was introduced, although throughout this period, empire produce was allowed into the UK duty-free. The deficiency payments system enabled the retention of strong links with colonial suppliers and sustained a strong port-based food industry, whilst at the same time as affording for the first time in almost a century the prospect of long-term public support for farmers. About half of the raw materials for the UK food industry come from UK sources (Burns *et al.* 1983).

The increased importance of off-farm inputs and the orientation of output towards commodity markets was a feature of the post-war farm sector. The increasing use of chemicals (as in fertilisers and pesticides) led to environmental damage. Technological innovation led to large reductions in the workforce, which fell by 70% between 1950 and 1989 (and has continued to decline since), leaving farms short of labour to carry out such work as dry-stone walling, hedge laying etc.

### **1.4 Entry to the European Community**

The UK entered the European Community in 1973, in so doing reorienting its domestic agricultural support policies to those of Europe, although special agreements were made to ensure continued access of some empire production, especially of Australasian produce.

The convergence of policy environments with EC accession can be seen as the end-point in the consideration of the historical context of the UK agro-food complex.

In this period, there was a rapid growth of major supermarket retailers particularly since the Retail Prices Act (1964) (see section 3) and this had profound upstream consequences on processors and, to a degree, farmers. The emergence of growing corporate power of the supermarkets was paralleled by considerable change in many sectors of the food industry, with a concentration of ownership in some sectors and in the emergence of many food companies with a range of interests in the sector. The net result is that the corporate retailers are now the principal power brokers with the FSC and both farmers/producers and the processors / manufacturers have lost ground. The manufacturers have suffered loss of power mainly through the huge increase in own-labelled goods (see sections 2 &5).

The growing power of the supermarkets has been associated with the shortening of supply chains, largely through the decline of the traditional wholesale sector. Increasingly food supply chains are shorter in terms of the number of actors, even if longer in terms of distance.

### **1.5 Conclusion**

The structural characteristics of FSCs in the UK were laid down in the 19<sup>th</sup> and early 20<sup>th</sup> centuries, but transformed in the late 20<sup>th</sup> century by the rise to primacy of multiple food retailers.

The open door policy adopted by the UK after the reform of the Corn Laws enabled the emergence of a large-scale food processing sector, particularly in the ports and with particular reference to imported products. For example, the sugar processing/refining sector was dominated by a handful of firms. However, throughout the UK there was still a residual set of regional and even local FSCs. Many agricultural feedstuffs plants, confectionery, meat killing and cutting plants and dairy plants operated at a regional scale (Burns *et al.* 1983), although there was some regional specialisation with pastoral districts in the north and west having a larger proportion of firms producing animal products exported outwith the region and the south and east having a greater emphasis on cereals, horticulture and field vegetables. The processing, packing and distribution sectors mirrored these regional concentrations of production.

However, the period to 1930 was one which weakened national food supply chains and connected the UK to a predominantly empire set of overseas suppliers. Although in the post-war period domestic self sufficiency increased very considerably, the residual regional and local FSCs were subjected to intense pressures, with a much more national set of food chains assuming dominance in the last three decades of the 20<sup>th</sup> century. This has been driven by a combination of factors, principally price pressures from supermarkets and scale economies in processing and distribution.

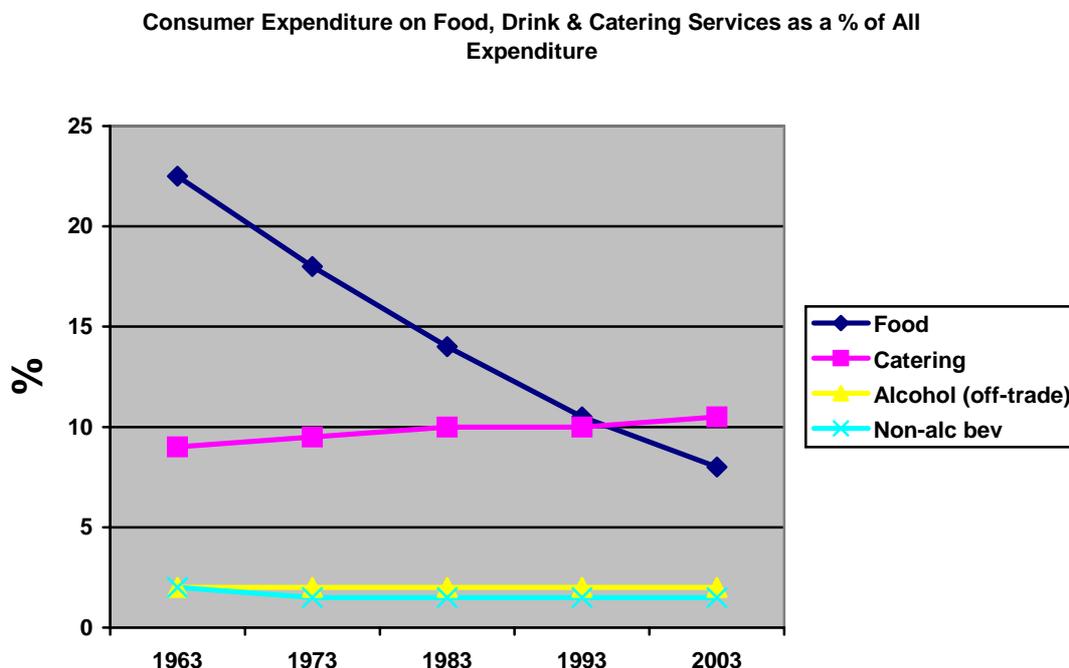
The most significant structural changes in FSCs in the UK can be seen as:

- The early development of a relatively favourable structure of farming as a result of early enclosure and inheritance practices;
- A relatively early specialisation of food production at national level based on the relative ease of movement of food products into and within the UK;
- The emergence in the 19<sup>th</sup> century of an open-door policy for foods encouraging imports (with preference for 'empire' (= UK colonial) produce) resulting in pressures on UK farmers and the early emergence of large scale port-based processing in the 19<sup>th</sup> century;

- The residual importance of regional-scale processing and distribution until the last few decades of the 20<sup>th</sup> century;
- The rise of the market power of the multiples and the tight margins on food producers and processors (especially since the 1970s);
- A distancing of consumer from an understanding of or connection to food processing or production (associated in the 1990s with growing consumer unease about certain aspects of food production);
- The coexistence within the packing, processing and distribution system of a range of types of firm from multinational to local, including co-operatives and corporations, in a sector often characterised by intense competition;
- The emergence of highly concentrated ownership in some (e.g. sugar, jam manufacture, margarine manufacture) but not all food production sectors;
- The shortening of food supply chains to the multiples and the loss of transparency in price formation; and
- The emergence in the last few decades of new short-chain direct marketing initiatives including farm shops, PYO, farmers' markets etc.

## 2 General configuration of FSCs in the UK

In 2002 consumers expenditure on food and drink came to nearly £141 billion (DEFRA National Statistics), representing around 21% of total consumers expenditure. The catering and retail food purchase components of this have experienced very different trends. The overall pattern of expenditure can be seen in Figure 2.1.1



**Figure 2.1.1** Changing patterns of consumer expenditure on food

A useful diagram describing the UK agri-food chain can be found at in Section 4 (Figure 4.1.1).

### 2.1 Agriculture

Within the UK food-chain, the **agricultural industry** accounts for gross value added of £8.2 billion, equivalent to 1.2 per cent of gross domestic product. In the UK, agriculture has a declining share of GDP. National self-sufficiency has declined rapidly in the late 20<sup>th</sup> century, to 62.2% for all food and 74.9% for 'indigenous' food in 2002, after rising post WWII from a nadir of about 30% self sufficiency. The trade deficit in the food industry reached £10.65bn in 2001. A large proportion of the overall food trade gap is accounted for by imports of *fruit and vegetables*. In 1996 these products accounted for 50 per cent of the UK food trade deficit. Currently an equivalent of an extra 4 million ha are 'farmed' abroad to feed the UK. Exports of unprocessed food are worth £851 million and are equivalent to 0.5 per cent of total exports.

Agriculture's share of GDP is now one of the lowest in the world, reflecting the UK's *post-industrial economy*. Free trade has shaped UK agriculture (and the agricultural landscape) for over 150 years.

The UK still has a very large number of farm businesses that have *little market power* and which have tended to supply commodity markets as *price takers*. Whilst on the continent

farmers have sought to overcome this through co-operative buying and marketing ventures, *UK farmers have tended to maintain their independence*, with exceptions in some sectors such as horticulture. Businesses upstream and downstream of farming have consolidated in recent years, as a result of market pressures. The companies that remain are often large international businesses. Farming has not and cannot consolidate as far or as fast as the industries it works with. The result is that farmers have found themselves unable to negotiate effectively with much larger companies.

Farming has always been more fragmented than the industries around it, but the existence of subsidy has also been seen to have discouraged structural adjustment in some sectors of farming.

Nevertheless agriculture still provides 527,000 jobs (equivalent to 2.0 per cent of total employment), though *only about half are full-time*.

**Table 2.1** Position of UK agriculture within the national economy

	Average 1990-92	2000	2001
<b>Agriculture's contribution to total economy gross value added</b>			
<b>at current prices</b> (£ million)	<b>7522</b>	<b>6535</b>	<b>6418</b>
<b>volume index</b> (1995=100)	<b>106.2</b>	<b>104.4</b>	<b>90.7</b>
<b>% of total GVA</b> (current prices)	<b>1.4</b>	<b>0.8</b>	<b>0.7</b>
<b>Workforce in agriculture ('000 persons)</b>			
% of total workforce in employment	2.4	2.2	2.2
<b>Imports of food, feed and drink (£m)</b>			
Imports from the EU	8406	10910	11694
Imports from the rest of the world	4250	6107	6706
% of total UK imports	10.2	7.6	7.9
<b>Exports of food, feed and drink (£m)</b>			
Exports to the EU	4381	5348	5197
Exports to the rest of the world	2519	3389	3415
<b>UK self-sufficiency in food as a % of:</b>			
all food	74.4	66.5	62.5
indigenous type food	85.7	80.0	74.7
<b>Household expenditure on food &amp; drink (£m)</b>			
	<b>67250</b>	<b>92758</b>	<b>98500</b>
<b>Retail price indices</b> (1995=100)			
Food	90.8	104.7	108.2
all items	89.0	114.2	116.3

Source: DEFRA

There are about 300,000 minor registered UK agricultural holdings. The number of agricultural businesses (which may comprise several holdings) is less clear, though some 150,000 are registered for VAT. The great majority of these are very small, with *only 2,800 having a turnover of £1 million or more and fewer than 300 having a turnover of £5 million or more*. UK agriculture has been in crisis since 1998, and net farm incomes are still far below their 1994/5 levels (Table 2.1).

UK agricultural livestock numbers are in long-term decline, and the situation worsened in 2001 following the outbreak of foot-and-mouth disease.

## **2.2 Food and drink manufacturing**

The **food and drink manufacturing industry** is the single largest manufacturing sector in the UK, with a turnover of £66.2bn; a gross value added of a little under £19 billion, equivalent to 2.6 per cent of gross domestic product and accounting for 14.2% of the total manufacturing sector. Like agriculture, its share of GDP is in *long term decline* because, as consumers' incomes rise, they spend a decreasing proportion on food. The UK household share of spending on essentials has halved in 40 years, with *total spending on food declining from 26.0% in 1958 to 18.3% in 1978 and 10.3% in 1998*. However, during the 1990s the industry has managed to slow the decline somewhat by introducing many new high value added products and by increasing exports. The industry employs 455,000 - 500,000 people. This represents 12.9% of all manufacturing workforce in the UK

(equivalent to 1.7 per cent of total employment) of which about 85 per cent are full-time. Exports of food and drink were worth *£8.6 billion* in 2001 and are equivalent to *5 per cent of total exports*, of which 60.6% went to EU members. *£2.8 billion* of this total is alcoholic drink, of which, Scotch whisky accounts for three-quarters. Only about 8000 businesses are classified as food/drink manufacturers and the *industry is highly concentrated*. Although the largest 10 food manufacturers account for only 21 per cent of the industry's turnover, for many products *three firms account for over 75 per cent of turnover* (Table 2). The restructuring of the meat-processing industry continued in 2001, and many of the remaining businesses are becoming larger, vertically integrated operations. The degree of concentration of ownership of food and drink manufacturing in the UK is reflected in the fact that only three of the top 15 European food and drink manufacturers in Europe in 1994 were not UK-based (Strak and Morgan 1995). At global scale, the UK contained 22 of the top hundred food manufacturing firms in 1974 (Burns *et al.* 1983).

**Table 2.2 The Top 20 Food and Drink Manufacturers in the UK and Ireland, 2001**

Rank	Company	Turnover	Pre-tax Profits	Ownership/Status
1	Unilever(Food)	£14.5b	£1.1b*	plc
2	Diageo	£11.9b	£1.4b	plc Guinness/GrandMet merger
3	Cadbury	£4.6b	£756.0m	plc
4	Schweppes Associated British Foods	£4.4b	£247.0m	plc
5	Tate& Lyle	£4.2b	-£228.0m	plc
6	Scottish& Newcastle	£3.6b	£262.0m	plc
7	South African Breweries	£2.6b	£455.0m	plc
8	Allied Domecq	£2.6b	£419.0m	plc
9	Bass Brewers	£1.8b	£160.0m	Interbrew of Belgium
10	Mars UK	£1.8b	£91.2m	Mars Inc US
11	Nestle UK	£1.8b	£67.3m	Nestle SA, Switzerland
12	Uniq	£1.7b	£35.6m*	Includes convenience foods business and Malton Foods plc
13	RHM	£1.7b		Doughty - Hanson formerly Tomkin's food division
14	Kerry Group	£1.6b	£106.4m	Irish co-op/plc
15	Hillsdown Holdings	£1.6bE		Hicks, Muse, Tate& Furst, US
16	Glanbia	£1.5b	£48.9m	Irish co-op/plc formerly Avonmore Waterford Group
17	Northern Foods	£1.4b	£94.6m	plc
18	Dairy Crest	£1.3b	£33.6m	plc
19	Fyffes	£1.3b	£4.6m	Irish plc
20	Irish Dairy Board	£1.2b	£21.0m	Irish dairy co-ops

Source: The Prospect Shop, Business & Finance, company accounts. \* operating profits.

### **2.3 Food and drink wholesaling**

The **food and drink wholesaling industry** accounts for gross value added of *£4.6 billion*, equivalent to 0.6 per cent of gross domestic product. It provides 220,000 jobs (equivalent to 0.8 per cent of total employment) of which about 80 per cent are full-time. It is divided into three broad categories: delivered, cash & carry and food service (catering wholesaling). Within these categories are commission agents, commodity brokers and wholesalers who trade on behalf of others as well as those who trade on their own account. A little over 17,000 businesses are classified as food/drink wholesalers. A few large companies dominate the delivered and cash & carry categories, but foodservice is much more diverse with many specialist operators. Overall the largest 10 firms account for 17 per cent of turnover. The formation of *symbol and buying groups* in the independent retail sector has

gone some way to protect the remaining independent convenience stores while sustaining the delivered wholesale sector.

## 2.4 Food and drink retailing

**Food and drink retailing** accounts for gross value added of £12.5 billion, equivalent to 1.8 per cent of gross domestic product. It provides nearly 950,000 jobs (equivalent to 3.5 per cent of total employment) of which only 36 per cent are full-time. About 60,000 businesses with 90,000 outlets are classified as mainly or specialised food/drink retailers and the industry is highly concentrated: the *largest 10 account for 62 per cent of the industry's turnover* (Table 2.3).

**Table 2.3 Market shares of Top 10 UK food retailers (%)**

	<b>2003</b>
Total Market Size (£bn)	52.9
Tesco	23.2
Sainsbury's	15.7
Asda	13.9
Safeway	9.0
Somerfield (inc. Kwik Save)	6.1
Morrisons	5.3
Co-ops	3.2
Waitrose	3.1
Marks & Spencer (est.)	2.7
Iceland	2.4

Source: Taylor Nelson Sofres, 12 weeks to 17 May 2003

The return on invested capital of UK retailers is in the region of 10%, in marked contrast with UK agriculture, with an aggregate figure of around 0.5% (Table 2.4).

**Table 2.4 Profitability of top UK food retailers in comparison to UK agriculture**

	Net Profit 1999 (£ million)	Net Profit 2000 (£ million) <sup>1</sup>	Net Profit 2001 (£ million) <sup>1</sup>	Profits as % of revenue 2000 <sup>3</sup>	Profits as % return on invested capital
Tesco plc	£ 606	£ 674	£767	5.8 %	11.0 %
Sainsbury plc	£ 598	£ 349	£262	3.4 %	9.0 %
Asda Group	£ 317				
Safeway plc	£ 243	£ 167	£224	5.0 %	7.3 %
Somerfield plc	£ 159	£ -15	£ -7	-0.1%	0.8 %
Morrison's plc	£ 107	£ 119	£142	5.4 %	15.2 %
Total Top 6	£ 2,030	~£ 1,611 (est.)	£1,712 (est.)		
'UK agriculture' (233,000 holdings) <sup>2</sup>	£ 2,358	£ 1,540 m	£1,710 (est.)	10.2%	0.48 % <sup>5</sup>

Sources:

<sup>1</sup> Source: Hoovers<sup>2</sup> Total Income from Farming (TIFF): business profits plus income to workers with an entrepreneurial interest (farmers, directors, partners, spouses and most other family workers)—Source: DEFRA<sup>3,4</sup> Source: IGD<sup>5</sup> Based on Table 1.6 of *Farm Incomes in the United Kingdom 2000/2001*, DEFRA, as return on assets. Assets include land and buildings, machinery, crops, livestock and liquid assets, estimated at £320 billion

Because consumers spend a decreasing proportion of their income on food as their incomes rise, food retailers can only grow their business by selling more added value products, by increasing their market share or by diversification. Independent grocers, greengrocers and butchers have declined sharply in numbers and the increase in supermarket opening hours is starting to have an effect on neighbourhood stores (confectioners, tobacconists and newsagents) and off-licences. This has led to a decline in the trade of food wholesalers such as cash & carry, delivered wholesalers, fruit and vegetable wholesale markets and meat wholesale markets. Within the food wholesaling industry, however, food service is expanding as it follows the growth in the catering industry.

The growth of the retailers, coupled with increased concerns about food safety, traceability and quality, has also led to changes in the food chain. Many, but not all, of the supermarkets source their food products through *preferred suppliers* (e.g. meat processing plants, vegetable packing plants) which in turn have groups of designated producers supplying them, to a particular specification. Thus the *role of some of the intermediary steps in the food chains (e.g. livestock marts) is reduced* and the *requirements of the retailer may be communicated more directly to the producer*.

## 2.5 Non-residential catering

The **non-residential catering industry** accounts for gross value added of over £11.8 billion, equivalent to 1.7 per cent of gross domestic product. It provides 1.1 million jobs (equivalent to 4.1 per cent of total employment) of which about 36 per cent are full-time.

About 90,000 businesses with 250,000 outlets are classified as caterers. Concentration is low with the largest 10 firms accounting for 21 per cent of turnover.

In contrast to household food, consumers' expenditure on meals out is increasing as a proportion of total consumers' expenditure because as consumers' incomes rise, they spend an increasing proportion on non-essential goods. The increase in expenditure on food service is providing an important stimulus to growth, though this growth is more sensitive to the economic cycle than household food consumption.

Many of these trends are a consequence of, or closely linked to, social and economic trends. With increased affluence, changing family and working patterns, the influence of technology, the media and travel, consumers are spending less time on food preparation and formal meals in the home. The *market is becoming increasingly segmented*, with important new market sectors developed in the last twenty years, including cook-chill and other convenience foods, ethnic, vegetarian and organic foods, and a steady increase in meals eaten or prepared away from the home.

## **2.6 Change in FSCs in the UK**

The dominant trend in FSCs in the UK has been one of concentration of production capacity and market share. Quasi-oligopolistic structures have emerged in many parts of the food chain with the exception of the farm level. This trend towards oligopoly is most evident in the retail end of the food chain, common but less visible in the food manufacturing sector, and not at all developed in the farm sector.

Sustainability (as normally construed in wider discourses of development) has not been a significant driver of change in FSCs in the UK. The principal changes have been driven by intense competition (caused principally by downward pressure on prices by retailers) and by shortening supply chains in terms of the number of stages, rationalisation of structures (e.g. through mergers and asset disposals).

Sustainability has become a significant topic in academic critiques of FSCs in the UK, alongside issues relating to trust, health related concerns about food quality and concerns over the damaging effects of 'unfair' competition. Sustainability (as understood in most academic discourses) has tended to inform critiques of the mainstream food sector and shape the emergence of alternative food supply chains, although there are some signs that mainstream FSCs are accommodating (expropriating?) some of the elements of the alternative food sector.

The sustainability critiques of UK FSCs have focussed on a number of facets of sustainability, including:

- Environmental aspects of sustainability (e.g. organic food, LEAF, NGO-driven initiatives etc., especially to reduce road miles)
- Social aspects of sustainability (e.g. ethical trading, community food schemes)
- Economic aspects of sustainability (e.g. food production, processing and distribution within local economies, farmer controlled businesses etc.)

In addition, the growing demand (from consumers and supermarkets) for quality assurance has led to a range of quality assurance schemes.

Most of these initiatives have begun as small-scale actions covering one or more aspect of sustainability. Some, such as the organic movement and the fair trade movement, have

expanded considerably. Uptake by leading food retailers has been instrumental in that expansion. In other cases, short chain marketing initiatives by-passing the major retailers have been established. Some of these are individualistic responses (such as direct sales from farms), whilst others are group efforts. Some are bottom up initiatives facilitated by farmers themselves; others are instigated by other bodies, such as development agencies or consortia of actors. The following list provides a categorisation of initiatives, a selection of which is considered further in Section 6.

- The Internet
- Facilitatory initiatives
- Ethical initiatives
- Health initiatives
- Community/consumer initiatives
- Producer initiatives
- Public procurement initiatives
- Local or localised initiatives
- Retailer/processor initiatives

### **3 Overview of the regulatory and policy environment and institutional setting in the UK.**

Since 1945, the direction of British agriculture has been extensively linked to governmental intervention. Following the end of World War II the overriding policy objective was the establishment of conditions under which domestic agricultural production could increase. Of critical importance was the 1947 Agriculture Act, which effectively underpinned farming and food policy until Britain's entry to the EU in 1973. It had two principal aims. Firstly, the promotion of a stable agricultural sector that would enable fairer returns for farmers, principally through a system of deficiency payments. Secondly, the creation of an efficient system of food production. The NFU (National Farmers' Union) had assumed a powerful negotiating position on behalf of farmers during the War, and this continued afterwards as the Ministry of Agriculture needed the cooperation of the farming community to facilitate the implementation of its policies. The NFU was seen as providing a coordinated voice for farmers, and this relationship was institutionalised through the NFU involvement in the Annual Price Review negotiations which concerned an estimated 80% of gross agricultural output. The NFU were given a statutory right to bargain in this process and other groups were specifically excluded (Marsh and Rhodes 1992; Martin 2000; Smith 1992). As a result, "the NFU became a quasi-autonomous instrument of government policy" (Martin 2000: 71). On joining the EU in 1973, the agricultural policy community widened to include DG VI and the Council of Agricultural Ministers, but farming bodies still had preferential access with environmental and consumer groups being poorly represented (Marsh and Rhodes 1992; Smith 1992).

Britain's entry to the EU in 1973 transferred control from London to Brussels and was the most significant policy event since the 1947 Act, although it did not fundamentally change the existing agricultural objectives. Nevertheless, it did mean that guaranteed prices and deficiency payments were replaced by the CAP's individual commodity support prices and import levies. It also meant that the Commonwealth's contribution to the UK food supply declined from 12% in 1969 to 5% in 1987, although the Lomé Convention allowed for the continued import of tropical products which could not be produced in Europe, without tariffs being imposed (Martin 2000). Guaranteed markets and prices (irrespective of demand) meant that agricultural producers were isolated from the market for their products. Whilst production was below overall consumption, budgetary and political pressures for change were not excessive. But from the 1980s, food surpluses and their associated costs, rising concerns from environmentalists and consumers about the adverse externalities of exclusively productionist policies, and pressure from the world trade organisations to abolish subsidies by 2000, led to various reforms such as the introduction of milk quotas in 1984, the MacSharry Reforms in 1992, and Agenda 2000 (Europa 2002; Martin 2000; Smith 1992). Sir Richard Butler (President of the NFU at the time) described the imposition of milk quotas as "a watershed for farming, and the end of an era in which agricultural expansion was automatically accepted as a desirable goal" (quoted in Lowe *et al.* 1986: 1). Coincidental to the MacSharry reforms was the deregulation of the UK milk market in 1994 and the termination of the MMB, which enabled producers to access a greater variety of alternatives for marketing their milk (Martin 2000; MDC 2003).

The Scott Committee Report in 1942 suggested that there was a beneficial relationship between modern farming and the rural landscape. However, throughout the 1980s there were growing concerns about the accuracy of this depiction, and in 1991 even MAFF in its publication *Our Farming Future* noted a potential conflict between "farmers as producers and farmers as stewards of the countryside" (quoted in Martin 2000: 181). Between the 1940s and the 1980s the agricultural policy context was heavily production orientated, with the NFU and MAFF as the central institutional actors. However, food production and the

utilisation of the countryside has become increasingly contested and political, incorporating a broad range of issues and interests, such as: heightened consumer awareness of the production of their food; a succession of food scares and associated concerns over food safety (most notably BSE and Foot and Mouth); nutritional issues; environmental concerns and conservation; and recreation and leisure. This has led to a dilution of the previous production-orientated policy community (Jordan *et al.* 1994). Most particularly, the succession of food scares from the late 1980s led to a loss of public confidence in the food system. The NFU/MAFF relationship, which had been set up to deal with production oriented priorities, was ill equipped to deal with consumer-related concerns and came under increasing pressure (Flynn and Marsden 1992; Marsden *et al.* 1994).

Since the 1960s, and in particular the Retail Prices Act (1964)<sup>2</sup>, the balance of power within the food chain has shifted from farmers and manufacturers to corporate retailers, and by the 1980s the latter had achieved economic dominance. This dominance was extended by the 1990 Food Safety Act<sup>3</sup>, which effectively gave them “political legitimacy for regulatory control” within the food chain (Marsden and Wrigley 1996: 40). It shifted responsibility for food quality control away from the public environmental health inspectorate, towards the retailers who had to show ‘due diligence’ and that they had taken ‘all reasonable precautions’ “in the manufacture, transportation, storage and preparation of foodstuffs” sold in their stores (Doel 1996; Flynn and Marsden 1992; Flynn *et al.* 1994; Marsden and Wrigley 1996: 40)<sup>4</sup>. In response to these impositions the retailers have developed Hazard Analysis Critical Control Point (HACCP) systems as a means of identifying potential hazards at each stage of production and supply (Marsden *et al.* 1997). As retailers have taken more direct responsibility for the quality of the produce they sell, there has been the growth in ‘own label products’ (which now account for 45% of all food sales in the UK) (Flynn and Marsden 1992; Lang 1999) and the use of ‘preferred suppliers’ as they seek to control/regulate quality throughout their food supply chains (Flynn *et al.* 1999; Marsden and Wrigley 1996).

Quality and safety, rather than quantity and price have become the main issues within the FSC and the corporate retailers have sought to distance themselves from the series of health crises by stressing the quality and safety of the food in *their* stores. There has been a growth of (largely private sector initiative) quality assurance schemes (QAS) which seek to positively differentiate food produce from the ‘norm’, and there are now approximately 50 on-farm QAS within the UK. (Morris 2000: 437) identifies four broad groups of QAS, determined by the organisations responsible for their establishment. Firstly, farmer and farm industry QAS, such as *Farm Assured British Beef and Lamb* (FABBL). Secondly, food processing industry QAS, such as *Birdseye’s Pea Sourcing Policy*. Thirdly, food retailer QAS, such as *Sainsbury’s Partnership in Produce*. Fourthly, independent organisations’ QAS, such as the Royal Society for the Prevention of Cruelty to Animals’s *Freedom Foods Scheme*. However, despite the appearance of being ‘independently’ established, many QAS are in fact linked, with most being dominated by the large retailers. For example, the latter may insist that their suppliers only source their produce through a particular QAS<sup>5</sup>, and this then puts pressure on producers to conform to particular QAS if they wish to supply the large retailers (Ilbery and Kneafsey 2000; Morris 2000).

QAS can be seen as part of the reregulation of the agro-food system by the private sector following its deregulation by the state, to some extent in response to perceived consumer concerns about the origins of their food. But they are also a means of creating demand in a static market and (Young and Morris 1997: 9) suggest that QAS may in fact be “more about competition within the industry rather than [a] fundamental change in food production”. Under the NFU/MAFF corporatist model, it was the state who effectively controlled quality within the food chain, but increasingly it is now the corporate retailers who

are both defining and controlling quality, as they effectively construct 'consumer interest' as a means of retaining their competitive advantage (Marsden *et al.* 1997; 1998; Marsden and Wrigley 1995). In dealing regularly with consumers, the corporate retailers are seen by government as sensitised to consumer confidence and as the "barometers for government in the testing of what is seen to be legitimate policy" (Marsden *et al.* 1998: 489). In essence, these regulatory changes exemplify a change from public to private interest regulation, which has resulted in the regulatory domain becoming more closely aligned with the consumption end of the food chain, rather than the production end (Marsden and Wrigley 1995; 1996). Flynn *et al.* (1994: 92) suggest that this "trend of concentration in UK food retailing is probably the most important process driving the restructuring of market and regulatory relations in the food system".

More recently (Flynn *et al.* 2003), they suggest the possible re-emergence of a stronger public interest in food quality and safety, evidenced by the formation of the Food Standards Agency (FSA) in 2000 which was designed to restore public confidence in the food system<sup>6</sup> through providing a science-based and objective assessment of risk. Secondly, the replacement of the Ministry of Agriculture, Fisheries and Food (MAFF) by the Department of Environment, Food and Rural Affairs (DEFRA), which has a more substantial consumer orientation and ability to address the problems associated with the modern food system. As a result, consumers have become better represented in the institutions of government. However, this drive towards risk-based assessment and rigorous compliance has also reinforced the corporate retailer approach of supply chain management through HACCP analysis etc., essentially endorsing their power within the food supply chain<sup>7</sup>. Effectively there is a bifurcation within food regulation in the UK between, firstly, the public interest regulation of small independent retailers by the environmental health and trading standards officers at a localised geographical level. Secondly, the private interest regulation of the corporate retailers whose own FSC (non-geographical) regulation is self-imposed (higher than baseline standards), where the EHO/TSO effectively act as an 'external guarantor' of their internal quality control procedures (Flynn *et al.* 1999).

Other relevant policy initiatives within this context include the 2000 Rural White Paper (DETR 2000) which has as its vision: a *living* countryside, with thriving rural communities and access to high quality public services; a *working* countryside, with a diverse economy giving high and stable levels of employment; a *protected* countryside in which the environment is sustained and enhanced, and which all can enjoy; a *vibrant* countryside which can shape its own future and with its voice heard by Government at all levels. The Countryside Agency's (CA)<sup>8</sup> *Eat the View* campaign suggests that consumers must be encouraged to relate their purchasing decisions to the management of the countryside and the viability of rural economies, by reconnecting them with what they eat and how it is produced. As part of this process the CA is keen to develop "local marketing and branding initiatives which utilise unique features such as production systems, locality, breed, landscape and local customs in the promotion of products" (CA 2002: 4). Similarly, the Policy Commission on the Future of Farming and Food<sup>9</sup> in its report *Farming and Food: a Sustainable Future*<sup>10</sup> (DEFRA 2002a: 6), stressed the importance of re-connecting the various elements of the food chain, and that "the real reason why the present situation is so dysfunctional is that farming has become detached from the rest of the economy and the environment". The report highlighted the critical role Regional Development Agencies can have in overcoming distribution problems and enabling processing facilities within their regional economic strategies. In its policy response to the Curry Report, DEFRA (*The Strategy for Sustainable Farming and Food*) aims to "promote a competitive and efficient farming and food sector, which protects and enhances the countryside and wide environment, and contributes to the health and prosperity of all our communities".

At European level, the reform of the Common Agricultural Policy agreed in 2003 shifts the form of regulation in the farm sector away from production support and towards direct payments. It can be argued that such an approach will lead farmers to reduce levels of production, especially in more marginal areas and this could result in adverse knock-on effects in some areas. However, alongside the decline in production-oriented support there has been an increase in the level of support for diversified enterprises on farms and rural development, as well as a necessity to introduce agri-environmental programmes, which are likely to impact beneficially on the environmental sustainability of farming systems. The use of the Organic Aid Scheme provides an example of how more sustainable farming systems can be supported by CAP reform. CAP reform is undoubtedly mediated by international pressures from the World Trade Organisation, in which forum the regulatory legitimacy of the reformed CAP will be scrutinised.

Over the last decade a raft of European policy initiatives have been available in disadvantaged areas (formerly Objective 1, 2 or 5b areas; now under Agenda 2000, Objective 1 or 2) since the reform of the so-called Structural Fund in the late 1980s. These designations have embraced many rural areas in the UK. The programmes for such areas often include policy instruments that affect local food production, processing or distribution.

In addition, other European legislation (PDO etc.) offers protection of the name and place/area of production for producers subject to scrutiny and approval. Such measures have only been adopted for relatively few food and drink products in the UK, but are much more widely adopted in countries with more local or regional specialities. Producer group co-operatives and a history of regional culture and food consumption are major factors in determining the existence of PDOs and PGIs in particular areas - especially France and Italy. PDOs and PGIs in these regions are a means of preserving their regional traditions and economically marginal enterprises from international competition. "This is much less evident in a country such as the UK, where the regional significance of both food production and consumption habits were pulverised during the Industrial Revolution into a kind of a 'placeless foodscape'" (34). Demands then for PDOs and PGIs are most likely to come from those businesses who see it as a good marketing opportunity, rather than as a means of protecting SMEs, for example Scottish and Newcastle PLC. (Newcastle Brown) (Ilbery, B., Kneafsey, M. and Bamford, M. (2000) 'Protecting and promoting regional speciality food and drink products in the European Union'. *Outlook on Agriculture*, 29 (1), pp. 31-37).

## 4 Sector by sector summary of FSCs in the UK

### 4.1 *The UK food chain in brief*

UK agri-food sector – comprising the agriculture, fisheries, food and drink and catering industries - accounts for around 7.7% of gross domestic product in the UK and currently provides around 12% of total employment (3.3 million jobs) and 5.2% of total.

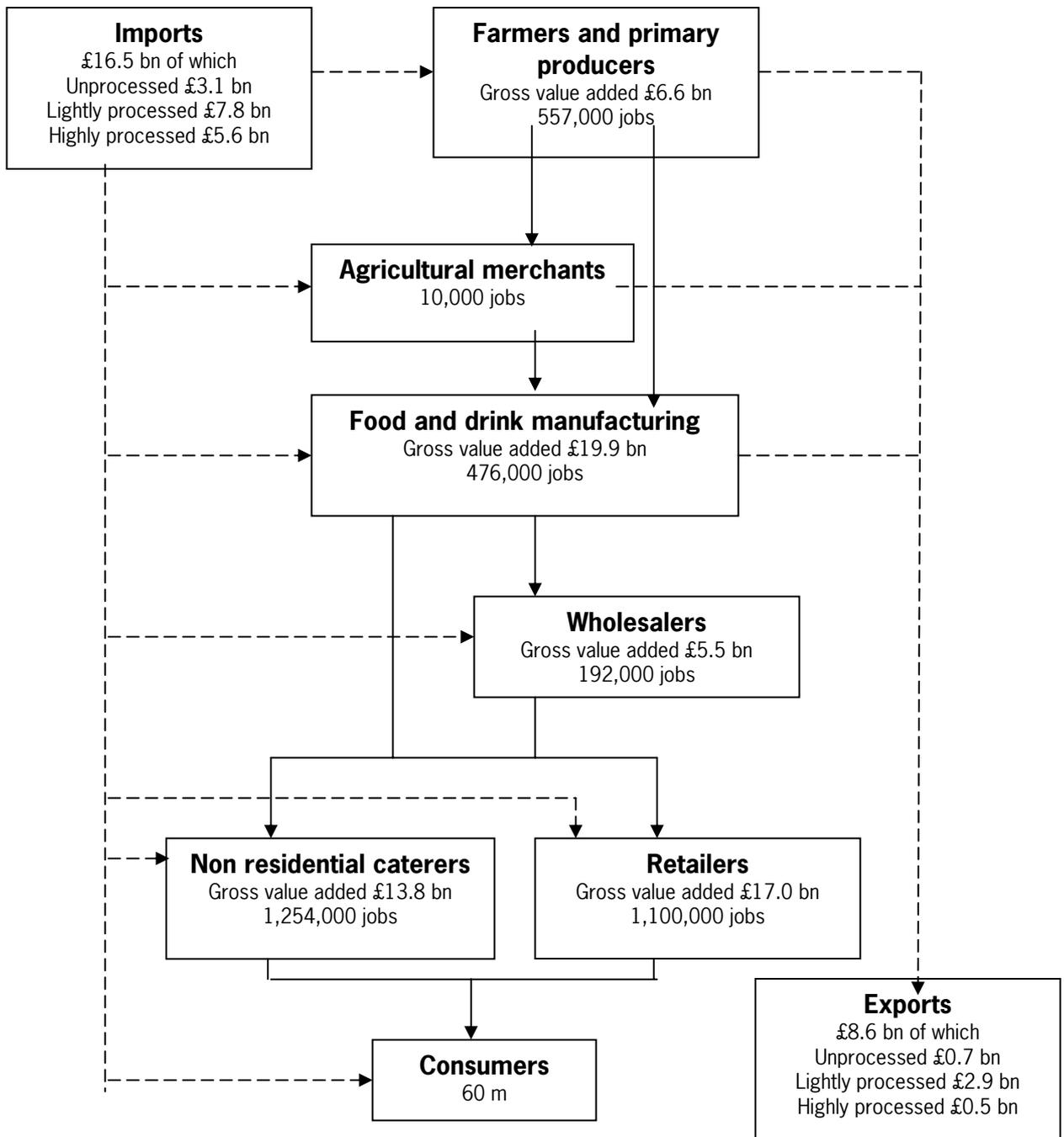
Agriculture's share of GDP and employment – 0.8 % of GDP in 2000 and 2% of total employment – and is on a declining trend (down from 3% of GDP 30 years ago) reflecting underlying trends in consumption patterns and technology. Food and drink manufacturing comprise 2.5%, wholesaling 0.5%, retailing 2.1% and food service 1.7%.

(Figure 4.1.1). The UK's trade deficit in the food sector has been worsening in recent years (£7.42 billion in 2000).

Food and drink processing is a relatively stable and mature industry, and total sales amounts to about **£70 billion** (or 15% of manufacturing activity). Food processing accounts for 80% of the industry's total sales, of which meat, dairy and bakery products account for about half. These are mostly national companies; only one of the global top 50 industrial meat and poultry players are based in the UK.

**Figure 4.1.1 The UK Food Chain**

Source: DEFRA <http://www.defra.gov.uk/farm/sustain/newstrategy/econ/section1.pdf>



## 4.2 Fresh Produce: Fruits and Vegetables

### 4.2.1 Current structure of the UK Fresh Produce market

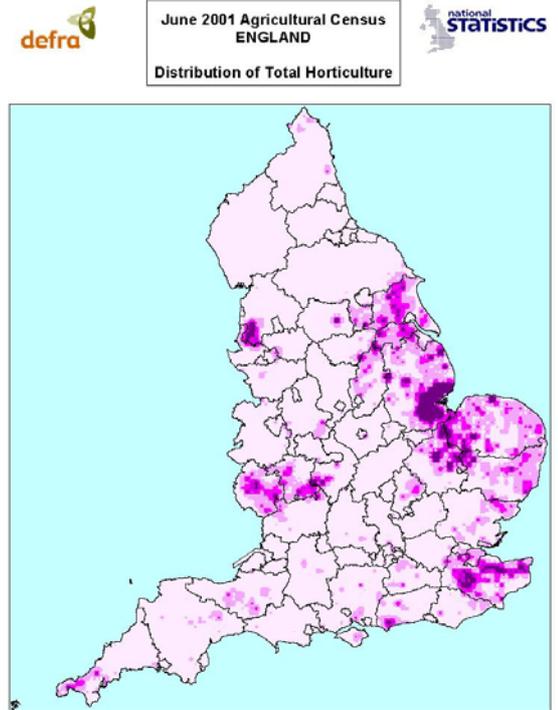
Figure 4.2.1 Distribution of total horticulture

The UK **vegetables** market was valued at **£3.63 billion** in 2000, with sales up by 11% since 1996. Growth in real terms was also positive, at 9% over the same period (Mintel).

The UK **fruit** market was valued at **£3.06 billion** (Mintel). Production in the UK is geographically highly concentrated within areas of eastern England (Figure 4.2.1).

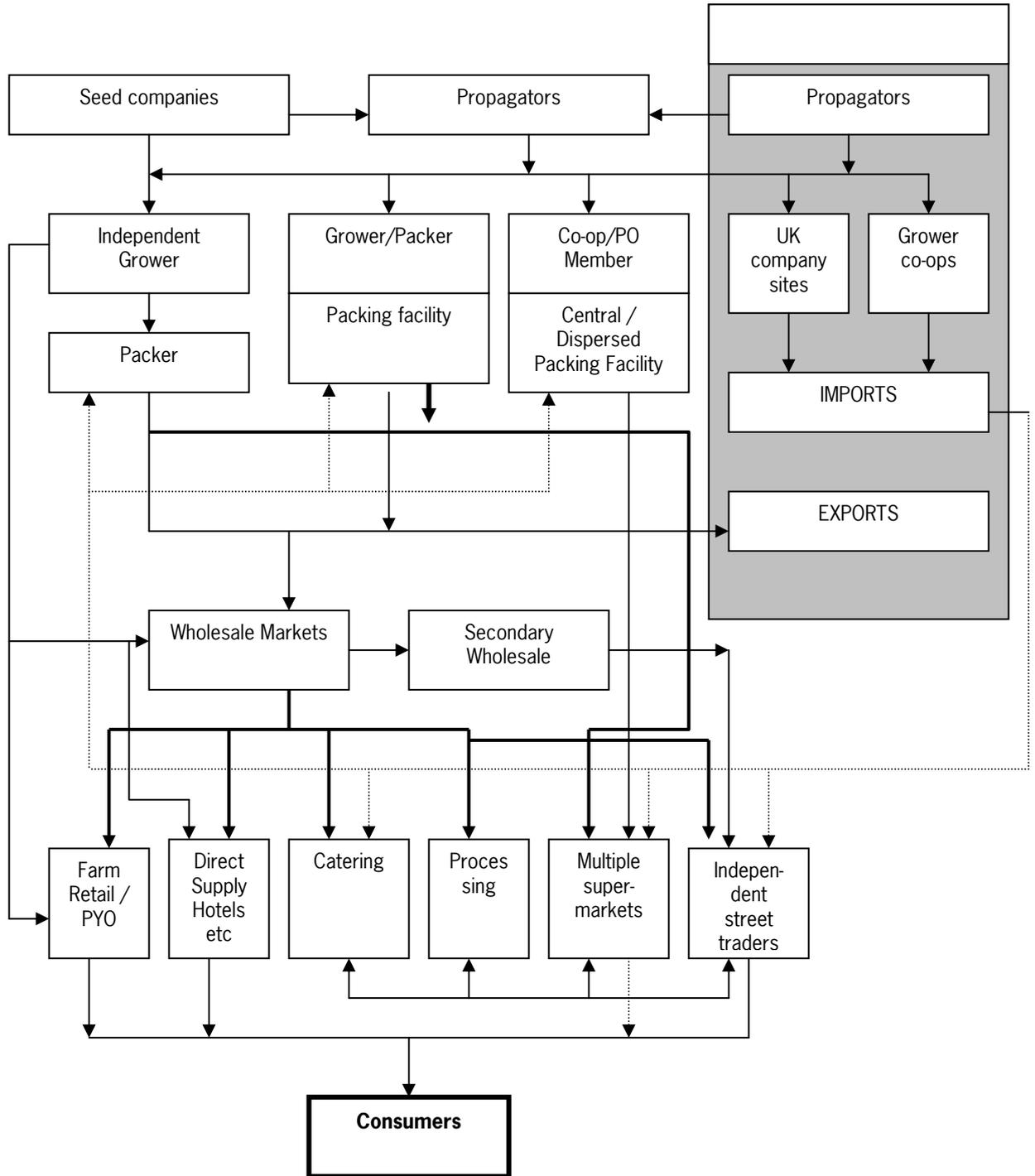
The overall structure of UK fruit and vegetable chains is illustrated in Figure 4.2.2.

The structure and dynamics of the UK fresh produce industry are **substantially different than those in other major European countries**. The UK has long been a **major importer** of fresh produce. Over the past decade, UK domestic producers of fresh produce have lost substantial share in their own markets to imported products (Figures 4.2.3 & 4.2.4). In 1991, the UK producer value shares of the domestic vegetable (including potatoes) and fruit markets were 76.5 and 19.4 per cent, but these figures had declined to 71 and 10.4 per cent, respectively, by 2001. When potatoes are excluded, national self-sufficiency in vegetables is much less. Despite a national **5-a-day health campaign** to increase consumption of fruits and vegetables, there is **a crisis in national primary production**, partly driven by a mismatch between domestic varieties and changing consumer preferences. The decline in domestic production is mirrored in data of planted area, with the area under vegetables declining from 178,000 to 137,000 ha and under fruit from 40,000 to 30,000 ha over the decade.



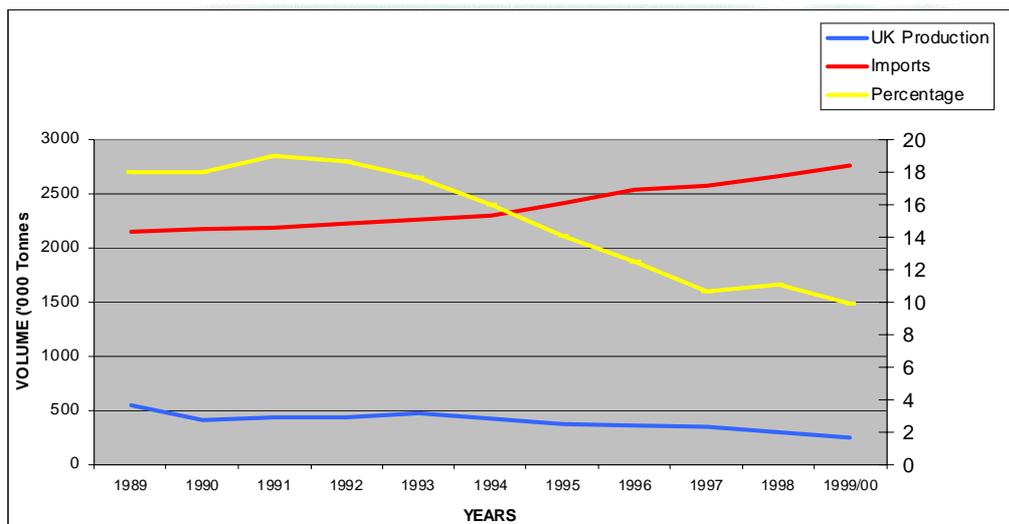
**Figure 4.2.2 The UK Salads and Vegetables Supply Chain**

(source: DEFRA Food Chain group [www.defra.gov.uk/foodrin/fdchain/fdchain.pdf](http://www.defra.gov.uk/foodrin/fdchain/fdchain.pdf))



————— Homegrown salads and vegetables

..... Imported salads and vegetables



**Figure 4.2.3 Trends in imports and self-sufficiency, UK apples**

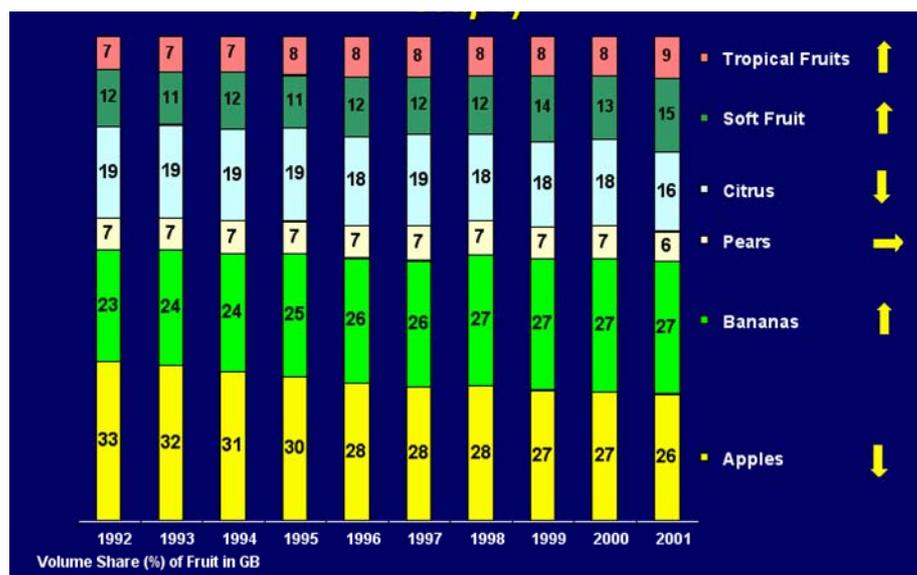
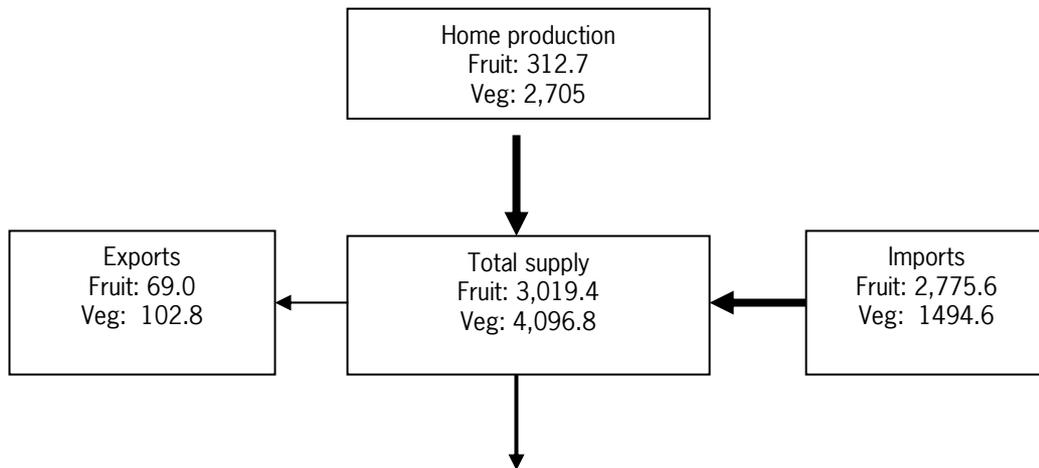
Source: Alistair Robertson (Worldwide Fruit). UK Top Fruit—the Fight Back. Presentation to Parliamentary British Fruit Industry Group, 10 December 2001. <http://www.worldwidefruit.co.uk>

Bananas have overtaken apples as the most popular **fruit** (Figure 4.2.5). Fruit has seen a rapid increase in value terms in the produce market, and volume growth has been even steeper. Fruit is able to play a more versatile role in eating occasions from snacking to being part of a meal. The development of more varieties with specific characteristics such as sweetness, size and so on has also given consumers greater assurance about the quality on offer. As with vegetables, longer-established ranges such as bananas, apples and oranges have suffered from a **commodity-type status**, but this is being addressed with the introduction of more specific variety types as well as packs such as organic, children's and Fairtrade.

The shift in the **vegetables** market has been towards more **convenient** products mirroring changes in eating habits particularly in smaller households, and popularity of specialised varieties. Prepacks offer easier shopping, transportation and fewer concerns about handling. The additional convenience comes at a premium price, when compared to loose products in weight-for-weight comparisons.

**Figure 4.2.4 UK Fresh Produce Chains, 2001**

Figures in '000 tonnes.  
Source: DEFRA Statistics



**Figure 4.2.5 Changes in the UK fruit market 1992-2001**

Source: Karl Jenkins (Taylor Nelson Sofres). European Fresh Produce Monitor 2002—changing consumer habits. Presentation to Eurofruit Congress 6-8 November 2002. Available at <http://www.eurofruitcongress.com/congress.htm>

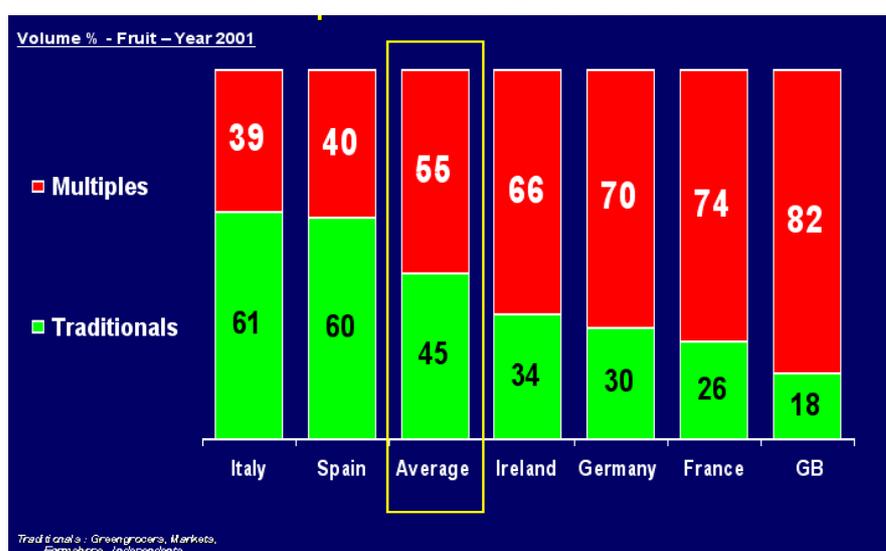
UK **supermarkets** have come to **dominate the retail trade for fresh produce** (80% of total by 1999); this is a higher level than in most European countries (Figure 4.2.6), although, the growth of supermarket share is high and still growing in most countries. UK supermarket chains are acknowledged world leaders in fresh produce central procurement and full range, value-added retail merchandising. The significant increases in multiple retail market share also reflect the recognition, by these retailers, of the importance of fresh produce to their sales efforts. **Fresh produce carries some of the highest profit margins of any product category in the store.**<sup>11</sup> In addition to total sales, fresh produce is also influential in determining the customer's preferred outlet, providing a

symbol of quality and high standards throughout the store. Hence, the fruit and vegetable sector is an important element in retailers' competitive strategies.

A survey of over 100 British apple and pear growers in 1999 showed that 85% felt that the multiples were not giving them a fair deal.<sup>12</sup> Dedicated farmer-suppliers also complain that supermarkets have such a hold over their business that they can dictate prices and product promotions.

When polled, the public voice their concerns about supermarket power, though without changing their buying habits.

**Figure 4.2.6 Market share of multiple retailers, fruit purchases, 2001**



Source: Karl Jenkins (Taylor Nelson Sofres). European Fresh Produce Monitor 2002—changing consumer habits. Presentation to Eurofruit Congress 6-8 November 2002. Available at <http://www.eurofruitcongress.com/congress.htm>

## 4.2.2 Institutions and Chain Governance

Fresh fruit and vegetables sector are very different from sectors dominated by EU policies, being largely unsubsidised and market-oriented, with unfettered competition from imports. The level of private sector governance is high, especially from multiple retailers. Fresh produce is usually own-brand, providing the supplier with very modest market power. As the fresh produce chain is relatively short, primary producers got involved in **due diligence** issues at an early stage.

### 4.2.2.1 Producer cooperatives

**KG Fruit** is a wholly-owned commercial marketing subsidiary of a soft fruit producers' cooperative (KG Growers) which has enabled the business to respond to the demands of the increasingly concentrated UK retail sector, through the development of products and supply-chain management. A strategic alliance has been formed with Alconeras in Spain, to offer a greater selection of fruit and ensure year-round procurement. The strategic alliance also enables the achievement of greater economies of scale on transport, packaging and other distribution costs.

#### 4.2.2.2 Consolidator-suppliers

UK supermarkets usually have direct links with preferred importers handling their year round requirements from across the world, and are increasingly moving to a single **category management** system with a small number of consolidator-suppliers, some specialising in very narrow product ranges such as brassicas or lettuce. Since supermarket companies are taking control of their logistics supply chains, negotiating **'factory gate' pricing structures** with their suppliers, distribution companies like Fowler Welch-Coolchain have moved down the chain to supply supermarkets directly.

**Fyffes** had a total turnover of £1 billion in the year ending April 2000. The company supplies the market-leading Fyffes brand, and in association with Geest, the Windward Island Banana Development Company. In November 1999, Fyffes and Capespan announced the completion of their alliance, with Fyffes acquiring 50% of Capespan International Holdings Ltd. In October 2000, the group announced the proposed restructuring of its UK activities, involving the closure of two Geest UK ripening centres and a reduction in the number of head office employees. One UK ripening centre was also to be closed, reducing the total number of such centres operated by Fyffes and Geest in the UK to six. The company also owns **worldoffruit.com** - the online fruit-trading site. At the beginning of 2001, the group announced that it was to scale back its activities in the online area, as a result of the downturn in trading in the dot.com sector as a whole.

**Capespan** International plc supplies the Cape, Outspan and Bella Nova brands. It was formed in 1994 as a joint venture between the South African fruit export organisations, Outspan International Limited and Unifruco Ltd. In 1998 Outspan International and Unifruco Ltd in South Africa merged to form Capespan (Pty) Ltd, followed by the alliance between Capespan and Fyffes in 1999.

**Geest plc** is a specialist supplier of fresh prepared food and produce, specialising in retailer brands. In the fresh produce sector the company supplies fruit, vegetables, salads and herbs. The company also supplies prepared produce in ready-washed, mixed and/or other prepared formats. The range includes pre-peeled, chopped and dressed fruit, ready-to-cook or reheat vegetables, stir-fry mixes and pre-washed bagged salads. In October 1999, Geest merged its imported fruit business **Worldwide Fruit** with the UK operations of **Enzafruit** of New Zealand, creating one of the UK's largest fruit importers. Enzafruit are the sole marketeers of apples and pears from New Zealand. At the end of 2000, the merged company acquired a further partner with the addition of **Northcourt** Group (owned by **East Kent Packers** and **Fruition** Groups). Northcourt represents around half of the UK domestic apple and pear industry. Worldwide Fruit now has a turnover in excess £120m, and with suppliers from both the Northern and Southern hemispheres, the company can "maintain a continuous dialogue with its retail partners 52 weeks of the year".

**Redbridge UK** has extensive interests in the fresh produce sector, with an annual turnover of over £200 million. The company has specialist divisions to deal with supermarkets, caterers, wholesalers and independents. The produce and flowers division supplies national and local markets. Redbridge owns **AFI**, a leading soft fruit supplier, which has an international network of specified growers, providing year-round supplies of soft fruits. Redbridge AFI and **Worldwide Fruit** have signed a marketing agreement to bring their soft fruit businesses together under the name of The **Summerfruit** Company.

**Greencore** plc acquired **Hazlewood Foods** at the beginning of 2001. The company's main interests are in chilled and prepared foods and snacks. However, it also has interests in glasshouse horticulture, supplying tomatoes, cress, beansprouts and organic herbs.

**Mack Multiples** is one of the largest suppliers of fresh fruits, vegetables and flowers in the UK. They supply the major supermarkets, catering operators, processors, wholesalers and independent retailers across the country and have annual sales in excess of £269 million of fresh fruits and vegetables from over 60 countries around the world. From each business units technical and commercial teams travel the world, seeking the best growers and exporters to meet demanding standards in respect of quality, consistency, food safety and value. Produce is shipped to the UK and is either delivered directly to customers or, where appropriate, is ripened, selected, packaged and stored for delivery.

**Fowler Welch – Coolchain** (owned by the **Dart** Group) is the UK's leading consolidator and distributor of fresh produce and horticultural products. The company operate a nationwide temperature-controlled distribution system for fresh produce, chilled foods and horticultural products delivering to the UK multiple retailers' regional distribution centres, including those of Asda, Safeway, Sainsbury and Tesco,

**Marshalls** is a family Owned with a turnover £36 million, specialising in Brassicas. They are Category Leaders for Sainsbury's Brassica Department, and also have accounts with Waitrose and Somerfield, among others.

**Langmead Farms** is a large horticultural enterprise is based in West Sussex specialising in lettuce of many different varieties, spinach and prepared salads. The company now stretches over 5000 acres of the southern coast and Spain. Langmead Farms were awarded the approval of Tesco 'One team' status, a harmonisation of the Quality Control procedures between Tesco and their suppliers.

#### *4.2.2.3 State support, promotion*

The [Horticultural Development Council](#) (formerly Apple and Pear Research Council) is the principal state body supporting the sector.

#### *4.2.2.4 Industry associations*

The [Fresh Produce Consortium](#) is a forum within which UK importers, growers and packers, wholesalers and retailers can meet and share problems and opportunities within the produce industry. It aims to anticipate and take action upon those issues that are likely to affect the industry; seek to influence UK and EU legislators to create an environment that will stimulate competition both within the single market and internationally; inform and advise members about key issues and relevant legislation and how they will affect their businesses; increase the consumption of fresh produce through generic promotion campaign; and assist the personal development of all those employed within the produce industry.

There are many speciality associations such as Tomato Growers Association, British Carrot Growers Association, British Independent Fruit Growers Association (BIFGA) etc.

### 4.2.3 Dynamic sectors re. sustainability

NGOs are critical of trends in fresh produce, in particular the reduction in domestic production and perceived disloyalty of major retailers to the domestic product (Table 4.2.1), failure to reduce pesticide residues and dependence, and ethics of sourcing out-of-season produce from developing countries such as Kenya.

**Table 4.2.1 Percentage of UK-sourced apples in survey of supermarkets**

(Conducted by Friends of the Earth, 2002)

[http://www.foe.co.uk/resource/briefings/british\\_apples\\_for\\_sale.pdf](http://www.foe.co.uk/resource/briefings/british_apples_for_sale.pdf)

Supermarket	UK %	EU %	Non-EU %
Marks & Spencer	56	18	25
Waitrose	45	43	11
Tesco	43	41	16
Asda	40	32	27
Somerfield	39	39	21
Sainsbury's	33	35	29
Safeway	32	60	7
Morrisons	31	40	29
Co-op	28	55	16
Average	39	40	20

The issue of pesticides in fresh produce does not go away, and is a key driver of the organic market. Friends of the Earth's pesticide league table ranks the UK top 10 supermarkets according to their policies on pesticides

([www.foe.co.uk/campaigns/real\\_food/press\\_for\\_change/league\\_table/index.html](http://www.foe.co.uk/campaigns/real_food/press_for_change/league_table/index.html)).

#### 4.2.3.1 Ethical Trade

**UK - Gangmasters.** 50% of 72,000 people employed by the food industry (planting, harvesting and packing) are supplied by Gangmasters. They provide the industry with a flexible workforce to meet the seasonal demands of planting, harvesting and packing crops and the market demands of fluctuating daily and seasonal retail requirements. There is evidence that abusive, evasive and fraudulent activities are frequent, including non compliance with national and/or agricultural minimum wage, unlawful deduction from wages and use of illegal immigrant labour. Voluntary codes of Practice have been developed in collaboration with the Government covering both field and packhouse workers. The supermarkets have adopted the packhouse code of practice as a supplier requirement

**Imports.** Much attention has been focused on labour conditions in the production of off-season and exotic fruits and vegetables, especially in Africa. As a result, the [Ethical Trade Initiative](#)—an alliance between retailers, trades unions and NGOs—has drawn up a base code of labour standards for suppliers to UK retailers to adopt.

#### 4.2.3.2 Organics

Demand for organic fruit in 2001/2 was at record levels (EUR 98.6 million) – a 20% increase over 2000/1<sup>13</sup> – though the rate of **growth of this sector is slowing down rapidly**. The organic citrus industry is also reaching its ceiling and growers are being warned against over-investment in this market segment. Organics provide retailers with a boost to total fruit market values, as a premium price is charged for organic foods. In the

organic fruit and vegetable sector around 85% is imported. Just over 2% of banana sales are of organic produce. Note that the major **industrial-scale suppliers** to the UK multiple retailers such as Langmead Farms have been extremely well placed to meet retailers' demands for organics, by establishing conventional and organic production systems within chain elements of logistics, quality control, traceability etc.

#### 4.2.3.3 Fairtrade

In 2002 the retail value of Fairtrade food sales in the UK reached £63 million, up by 90 per cent in the past two years. Fairtrade bananas now account for 35% of all Fairtrade sales and up to 40% of total banana sales in some supermarkets. 1.5 million Fairtrade bananas are consumed every week

#### 4.2.3.4 Labels—LEAFMarque ecolabel

LEAF (Linking Environment And Farming) is a system of integrated crop production. A "LEAF Marque" standard has been developed ([www.leafuk.org](http://www.leafuk.org)) and the first farmers have now been verified and passed and LEAF Marqued produce will be available in the shops in the summer of 2003. LEAF are working with Waitrose, Marks and Spencer, Safeway and others.

### 4.2.4 Traceability and assurance

#### 4.2.4.1 EUREP-GAP

Starting in 1997, multiple retailers—driven by the UK supermarkets—have harmonised their specifications on agricultural practices by creating the EUREP Guide of Agricultural Practices with a focus on food safety. At present, environmental criteria are 'wants' rather than 'musts'.

### 4.2.5 Judgement of sustainability and transparency

From a UK perspective, the sustainability of the sector is **declining**, when measured according to planted area, farm profitability and farm numbers and industry morale, equity in trading relations, genetic diversity, national self-sufficiency (especially for organics). Transparency is improving, thanks to Ethical Trade Initiative (imports) and the Food Safety Act.

### 4.2.6 Rural development implications

Compared to the English average of 1.8%, it is estimated that agriculture contributes up to 20% of the GDP in rural areas in the more remote parts of eastern and east-central England<sup>14</sup> which depend on horticulture, particularly the northern areas of Norfolk and eastern Lincolnshire. Norfolk has the highest reliance on agricultural income with figures of 5.7%. Compared to 1987, there were 24.5% and 15.1% fewer people employed on farms in Eastern England and the East Midlands respectively in 1997. Farmers are moving to employ a more flexible workforce, because they are cheaper to employ than full time workers. The reliance on agriculture as a main source of employment is now diminishing.

### 4.2.7 Bottlenecks against sustainability

Barclays Review of the Food and Drink Processing industry (November 2002) concluded that "many commodity food producers<sup>15</sup> are little more than sub-contractors in a distribution chain heavily influenced by the large multiple retailers. Profit margins therefore tend to be depressed and the majority of products command little brand loyalty."

Dynamism, including the introduction of more 'sustainable' lines, has largely occurred within this concentrated chain structure; retailers have welcomed the chance to de-commodify fresh produce with 'organic', 'Fairtrade' and 'local' branding.

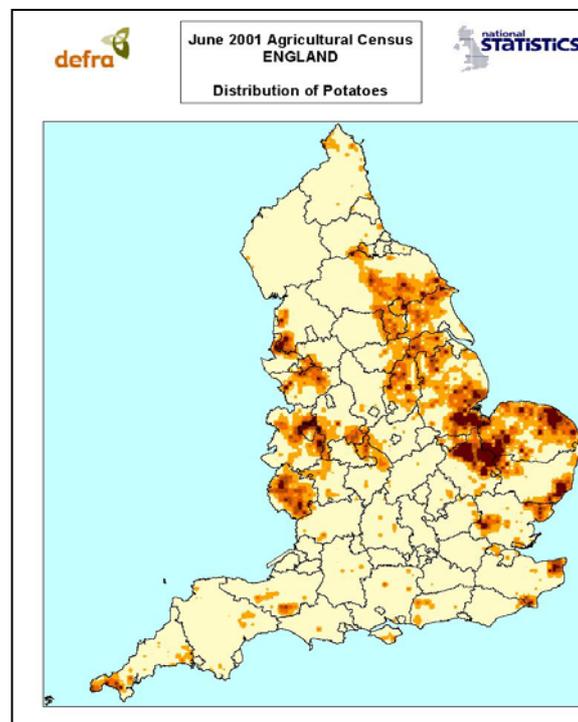
The contraction of alternative retail outlets, especially greengrocers, makes the development of more sustainable fresh produce chains particularly difficult where the development of those lines does not coincide with supermarket strategies of segmentation and value-added.

## 4.3 Potatoes

### 4.3.1 Structure and trends<sup>16</sup>

The UK potato industry is worth around **£3.3 billion** at retail level (1999-2000) and 90% of this value is derived from potatoes grown and processed in the UK. The UK raw potato retail market was valued at £1.58 billion in 2000, down 13.8% since 1997 (Mintel). This decline is due to intense competition from other alternatives, such as rice, pasta, breads and noodles which are perceived as more convenient, requiring little other preparation other than cooking. Retailers attach a commodity status to potatoes in-store, a situation exacerbated by the adoption of everyday low pricing (EDLP) by many of the major multiples. The sector is looking at ways in which it can add value to the sector; more varieties are being sold in prepack formats, with cooking uses/suggestions outlined on-pack. In addition research is being carried out into supplying more convenient fresh potato products, such as packs of varieties selected for their suitability for final use and ready-to-cook packs. Processed potato consumption is expected to overtake fresh by 2005.

Figure 4.3.1 Distribution of potatoes

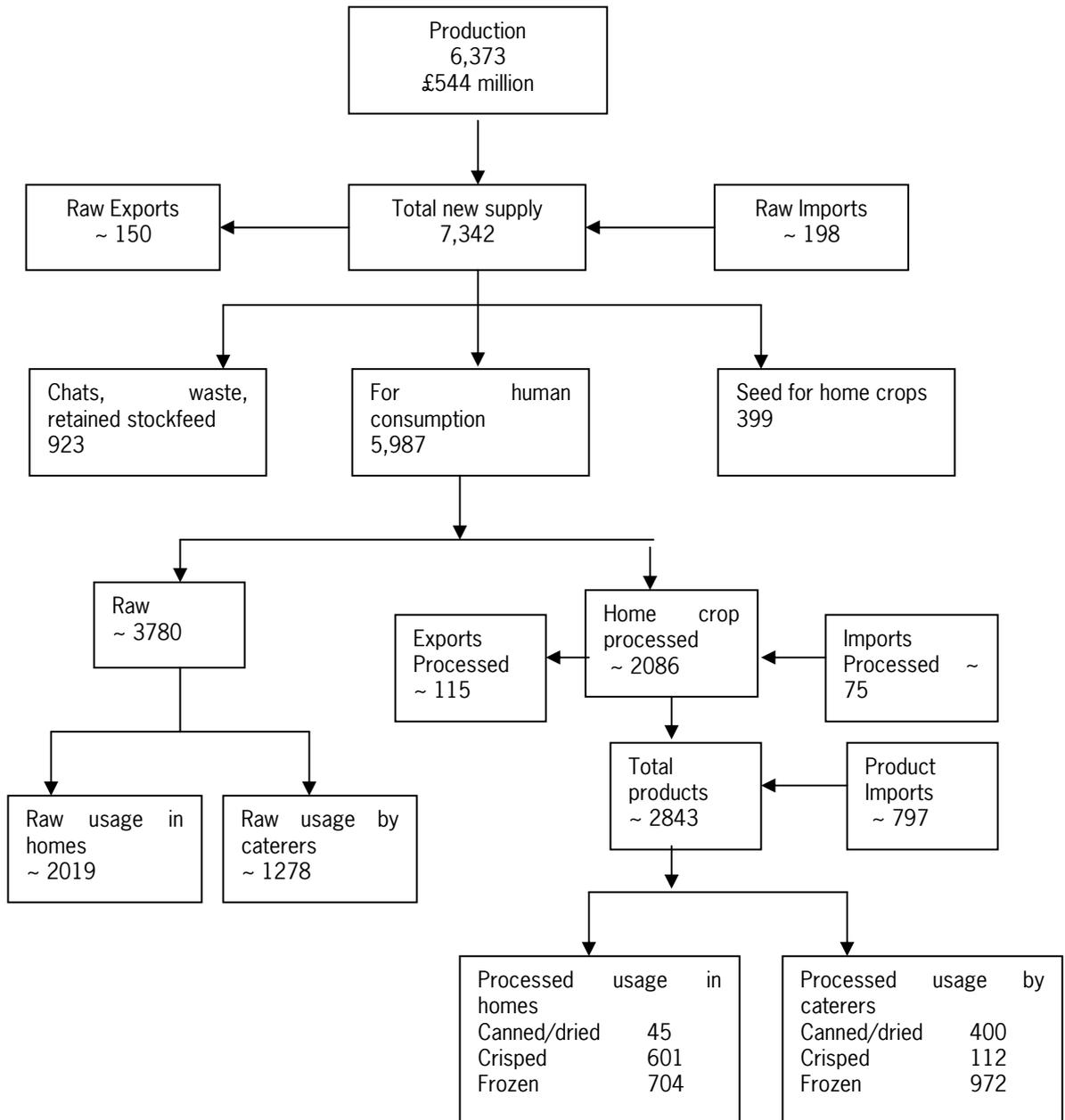


The British potato industry, as represented by British Potato Council levy payers, consists of about 6400 growers and 1500 purchasers. Potato production and use have become very specialist sectors of the food industry. Early production is found largely in Pembroke, Cornwall and East Anglia in the South, and in Ayrshire in the North. The largest areas of maincrop ware production are in the central and eastern lowland regions of England (Figure 4.3.1). Scotland accounts for 90% of all seed potatoes grown in Great Britain. The British Potato Council's estimate of total potato plantings for the 2003 crop year in Great Britain is 120,100 ha, compared with 217,000 ha 30 years ago. In the 1998/9 season, total GB potato production was estimated at 6.171 million tonnes. The farm gate value of the total crop for human consumption in 2002 was estimated at £544 million. Approximately 40% of the main crop goes for processing, with the remaining 60% is destined for the fresh market (Figure 3.2).

Global overproduction and retailer price wars have driven the profitability of the UK supply chains, particularly at grower level, to unsustainable levels in recent years. Even large potato growers are not making enough profit to reinvest for the long-term and this is laying the ground for an uncompetitive future. Potatoes growers, are frustrated with low farmgate prices<sup>17</sup> and are calling for "equality in the food chain". The NFU Potato Committee chairman stated in 2002 that "Growers are leaving the industry, never to return, because there is so little margin in it. Growers need a price that doesn't just keep their heads above water, but allows them to reinvest, for the future good of the industry."<sup>18</sup>

**Figure 4.3.2 UK Potato chain, 2002.**

Figures in '000 tonnes. Figures marked '~' refer to 99/00 data.  
 Source: DEFRA<sup>19</sup> and British Potato Council<sup>20</sup>



### 4.3.2 Institutions and Chain Governance

#### 4.3.2.1 Processing

UK Potato supply is dominated by large **fully integrated potato suppliers** such as MBM, AP Greenvale and Solanum, which also import to assure year-round supplies and conduct in-house breeding programmes, seed production and technical support, innovation and product development, provide logistics, quality control, account management to meet the stringent demands of retail and processors.

**MBM** is the UK market leader for conventional and organic potatoes. Operating from 16 different sites located around the country, MBM sources potatoes from all the main potato growing areas in the UK, and the import division sources from countries such as Spain, Majorca, Egypt and Israel.

**Greenvale** AP is a major supplier of potatoes and, as well as growing and packing produce the company also contract-grows potatoes in the Mediterranean basin and Europe, including organic potatoes, to provide year-round supplies. It handles over 800,000 tonnes per year. It operates five customer focused potato packing plants around the UK. In Summer 2000, the company acquired ES Black, a major supplier of pre-packed potatoes to Sainsbury's and Tesco. The move boosted Greenvale's share of the retail prepacked potato market to an estimated 25%. A closely associated farmer cooperative **AP Growers Ltd (APG)** is the UK's most successful potato co-operative. In 2001, Greenvale had turnover of around £150 million and employed over 800 staff at 13 UK sites. In 2000, Greenvale opened a potato processing plant at Wisbech, Cambridgeshire for processing potatoes into dehydrated potato flakes and flour for use in the snack manufacturing industry.

**Solanum** Ltd emerged in 2000 from the merger of Russell Burgess Potato with Sutton Bridge Limited, and like MBM and Greenvale, provides a three-way partnership with retail customers (including Waitrose, which sources organic potatoes from Solanum) and growers.

#### 4.3.2.2 Industry Associations

##### **British Potato Council.**

The [British Potato Council](#) (BPC) is a Non-departmental Public Body (NDPB) with operations funded by statutory levies paid by producers and trade purchasers of potatoes. The BPC's main functions are to fund research and development, transfer technology, collect and disseminate market information, and promote potatoes, at home and in export markets.

### 4.3.3 Dynamic areas

In common with the rest of horticulture, potatoes are an unsupported crop, and chain actors operate in an unfettered market.

#### 4.3.3.1 Organics

The majority of demand for organic produce is currently met by imports, including the potato sector. The main sources of imported organic potatoes into the UK are Israel and Austria where more arid climates favour organic techniques of production. Other sources

of supply include Egypt, Italy and Holland. Industry estimates of the area of organic potatoes grown domestically are 2,081 ha in 2000/01 (Table 4.3.1).

**Table 4.3.1 GB Estimated Area Trends**

(Source: British Potato Council, November 2001)

GB Organic Potato Production (ha)	1998/99	1999/00	2000/01
Land in conversion	180,000	317,000	n.a
Full Organic Status	60,000	103,000	n.a
Organic Combinable Area	9,650	10,800	n.a
Organic Fruit & Vegetable	3,000	3,510	4,922
Organic Potato Area	911	1,150	2,081
Potatoes as % of fruit & vegetable area	30%	43%	42%

However, there are some signs that the continued growth of organic production and sales has levelled off, with the sector constrained by high price, lack of UK-grown produce (food miles travelled are closely linked to the perception of healthier, fresher food) and limited choice. Until processing and ready meal demand for organics increases, organic growers who produce crops below fresh sale standards will have no outlets, unlike conventional producers who have the normal marketing structure to fall back on.

#### **4.3.4 Judgement of sustainability and transparency**

As for fruit and vegetables.

#### **4.3.5 Rural development implications**

As for fruit and vegetables.

#### **4.3.6 Bottlenecks against sustainability**

As for fruit and vegetables.

## 4.4 Cereals

### 4.4.1 Current structure of UK cereal sector

Cereal crops were grown on 3,245,000 ha in the UK in 2002, harvesting 23.1 million tonnes with a value of £2.19 billion. Cereal production is divided into **wheat** (16.1 million tonnes), **barley** (6.2 million tonnes) and **oats** (0.8 million tonnes). In England, production is concentrated in eastern and central parts of the country (Figure 4.4.1). **Maize** is grown on 120,000 ha, mostly in the west for forage rather than grain. The decoupling of direct payments for cereals in the CAP midterm review is likely to cause only a 3-5 per cent reduction in UK arable production.

The UK is the third largest producer of cereals in the EU, after France and Germany. Average UK cereals-producing farms are much larger and more specialized than in other EU member states. Yields are high, with wheat average 8 tonnes/ha in 2002. The UK is a net exporter of cereals; the UK imports higher quality milling wheat and exports feed barley and feed wheat.

**Net farm incomes for cereal farms have fallen sharply** at a UK level from a peak in 1995/96. Net income of cereal farms averaged £44,700 in 1995/98 but dropped to £3,300 in 2001/02 and £7,000 in 2002/03. Prices and cereal farm income recovered in 2003.

Domestic **wheat** usage is divided roughly equally between **animal feed** and flour **milling** (Figure 4.2). **Barley** usage is divided between **brewing/distilling** (34%) and **animal feed** (61%).

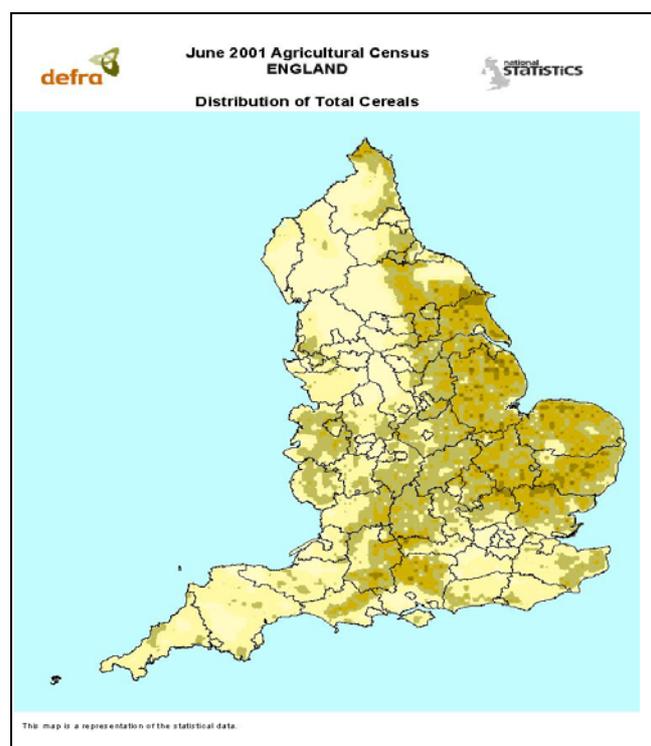
#### 4.4.1.1 Milling

The UK sources 84% home-grown wheat for domestic grist production (2003 data). Around 60% is bread flour; the remainder is used for biscuits, cakes, household flour and food ingredients and other ingredients (including starch).

#### 4.4.1.2 Animal Feed

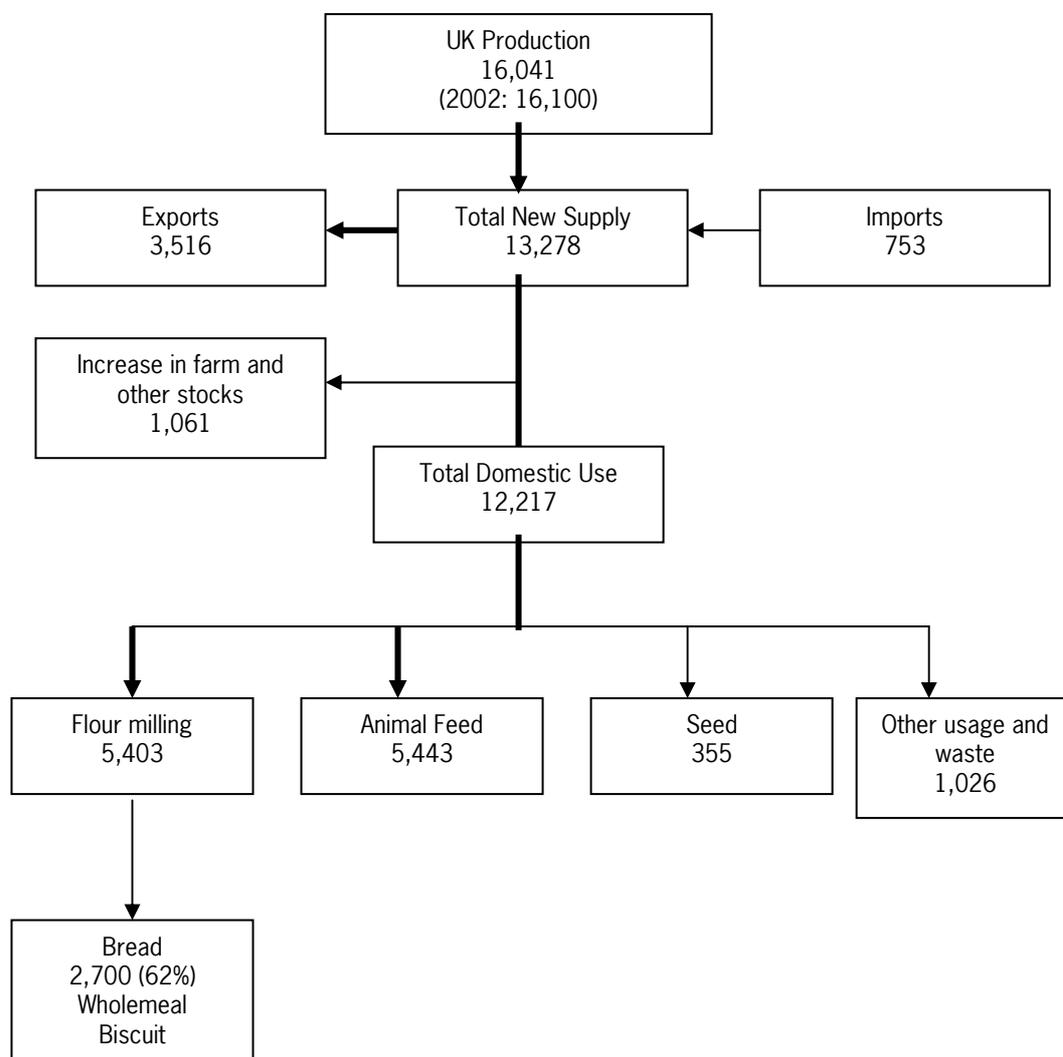
Animal feed is divided into straight and compound feed. The market share of straight feeds is likely to increase from 29% of total value in 2003 to a forecast 31% in 2007, gaining from the compound feed sector. In 2001/02, 10 million tonnes of compound feed and 6 million tonnes of straight concentrate (including 1.1 million tonnes of wheat and 1.4 million tonnes of barley) was fed to livestock in England and Wales, with 64% fed to cattle, 20% fed to pigs, 10% to poultry and 5% to sheep.<sup>21</sup> The UK imported 2.3 million tonnes of *non-cereal*/feed ingredients in 2000/01, half of which was soymeal and cake. The total value of purchased feeding stuffs was **£2.18 billion**.<sup>22</sup>

Figure 4.4.1 Distribution of total cereals



**Figure 4.4.2 Production and utilisation of wheat in the UK (1996) ('000 tonnes)**

(Source: [www.defra.gov.uk/farm/scehems/aapseval/annex7.pdf](http://www.defra.gov.uk/farm/scehems/aapseval/annex7.pdf))



#### 4.4.2 Institutions and Chain Governance

As with all bulk commodities, governance of the UK cereals chain has been weak and diffuse, but this is changing rapidly with the introduction of Identity Preserved technologies.

##### 4.4.2.1 Production

In 1997, farmer controlled businesses or cooperatives in the UK had only a 20% market share in the grains sector, compared to 69% in Ireland, 75% in Sweden and 85% in Denmark.<sup>23</sup>

##### 4.4.2.2 Structure of the bread and flour industry

The UK market for bread and bakery snacks is worth over £2.2 billion at retail sales value. The UK currently has around 32 flour milling companies with around 68 mills, with a total turnover from all sources of nearly £1 billion. The two largest companies **Rank Hovis** and **ADM Milling** (a wholly-owned subsidiary of Archer Daniels Midland Company), account for around 50% of flour produced in the UK. A number of flour milling companies form part of larger groups: Allied Mills is part of **Associated British Foods**, Rank Hovis is part of **RHM** and Smiths Flour Mills is part of **Northern Foods**.

The large factory baking industry ('plant bread') in the UK produces around three quarters of bread consumed in the UK. Two companies—**Allied Bakeries** and **British Bakeries** (RHM) account for around 55% of the market by value.<sup>24</sup> The third largest bakery is Warburtons. Most of the largest plant bakeries produce their own branded breads and also **own-brand** products for the multiple retailers. For example, British Bakeries' customers include Tesco, Sainsbury, Asda, Somerfield, Safeway and Co-op. Own label bread accounts for around 50% of the bread now sold in supermarkets. Supermarkets themselves have moved into **In-Store Bakery**, which now have a market share of 18%. The master/craft baker is in decline, with a market share of around 7%. Since 1994, retail sales value of bread has declined by 9%, and consumption has been declining since 1996. Prices of economy bread (eg Tesco Value) have fallen by 28% since 1995. **Multiple retailers** account for around 72% of bread volume sales.

##### 4.4.2.3 Structure of the compound feed industry

There are three broad categories of feed producer: National, Country and Co-operative Compounders. The number of national feed companies has declined from six twenty years ago to two—**BOCM PAULS** and **ABNA**. **BOCM PAULS** is the UK's leading animal feed manufacturer, and has a market share of around 22%, and sales in 2001 of £349 million. The second major player in the UK compound feed industry is **ABNA** Ltd, the agricultural group of **Associated British Foods**, with total group sales in 2000-1 of £862 million.

##### 4.4.2.4 Brewing/distilling

Multinationals increasingly dominate the industry as concentration has occurred in both ownership and plant size. Brewing and malting, the largest sector of the drinks industry in terms of both numbers of companies and sales turnover, has undergone considerable consolidation in the past two decades and is **now dominated by less than five large brewers**.

#### 4.4.2.5 Trading

A feature of the UK cereals trading sector is the **dominance of farmer-owned enterprises**. Farmer-owned businesses now account for 7 million tonnes, or 40%, of ex-farm trade in combinable crops.

**Grainfarmers** (formerly SCATS) is the largest farmer-owned arable and grain marketing business in the UK. Grainfarmers supplies the majority of the UK's major end-user flour millers, feed compounders, maltsters, crushers and processors. It has export facilities close to every major grain-producing region in the UK. An International Marketing Alliance with Louis **Dreyfus** "provides the business with worldwide market access and market intelligence." In April 2003, Grainfarmers [bought Dalgety's UK grain marketing business](#), which made Grainfarmers the largest grain marketing business in the UK with 8,000 members and an estimated 20% share of the UK grain market (4 million tonnes of grain, out of UK total production of 18 million tonnes). In 2001, Grainfarmers established a joint venture - The Organic Arable Marketing Group (OAMG) - which now markets over 25% of the UK's **organic** combinable crop.

The other major farmer-owned businesses in the sector are **Centaur Grain**, with 1,500 members and 1.5 million tonnes, **GrainCo** (part owner of United Cereals of Scotland in Scotland) with 2,000 members and 900,000 tonnes, and Fengrain, with 2,000 members and 600,000 tonnes.

Of the private grain traders, **Allied Grain** (part of ABF) is the second biggest collector of ex farm grain in the UK. **Nidera** UK Ltd (subsidiary of Nidera Handelscompagnie BV and formerly International Corn Company UK Ltd) now handles in excess of 1 million tonnes of grain per annum.

#### 4.4.2.6 Trade associations

**HGCA**. [HGCA](#) (formerly Home Grown Cereals Authority) is a Non-Departmental Public Body established under the Cereals Marketing Act 1965, with the purpose of improving the production and marketing of cereals and oilseeds grown in the United Kingdom. HGCA is funded by a statutory levy paid by growers, dealers and processors of cereals, and by growers of oilseeds.

**Nabim** is the trade association representing the interests of UK flour millers.

### 4.4.3 Traceability and assurance

#### 4.4.3.1 [Assured Combinable Crops Scheme \(ACCS\)](#)

The ACCS is an industry wide initiative covering one important link in the food chain in response to consumers demand for traceability and assurance. The ACCS is managed by Assured Crops Ltd, a Company formed by a number of industry bodies. Any producer of combinable crops in England and Wales is eligible to apply to join ACCS. Combinable crops covers both cereals, oilseeds, and protein crops. The ACCS aims to establish standards for the production, harvesting, on-farm handling and on-farm storage of combinable crops, and to verify producers compliance with them. The scheme, now entering its third year was originally set up to avoid a multitude of individual and differing schemes being imposed by end users in an effort to obtain the traceability and assurance they require for their customers.

#### 4.4.3.2 Trade Assurance Scheme for Combinable Crops (TASCC)

This scheme was initiated in response to the increasing consumer concern over safety, and the on farm crop assurance schemes. TASCC aims to protect the integrity of farm assurance between the farm gate and delivery to the first processor. By so doing it provides an independent verification that the trade is meeting its legal obligations under the Food Safety Act and associated regulations and codes of practice. It also anticipates moves both in the UK and EU to regulated food safety more closely. Both farmers and end users have been fully consulted during the development of the TASCC protocols. To become TASCC members, merchants and Co-operatives have to be independently audited in against Codes of Practice covering three main areas: laboratory, storage and haulage.

#### 4.4.4 Dynamic areas--market

The UK cereals chain is stable and there have been **few market signals** for more sustainable production systems. The UK organic wheat production area is continuing to expand, but from a very small base. In March 2003, a total of 28,600 ha of organic cereals were planted in England (9,092ha in conversion and 19,507 organic) equivalent to **1.1%** of total area.<sup>25</sup> Current estimates of 50% of organic breadmaking wheat and 80% of feed wheat for animal feed being imported indicate the potential for continued expansion of the UK production of organic wheat grain.

#### 4.4.5 Sustainability and transparency

Cereals comprise by far the largest proportion of the UK cropped area (**3.25 million ha** of a total of 4.57 million ha in 2002) and therefore cereal production has broad implications for the environmental and economic performance of UK agriculture. and, in comparison with fresh produce, rather insulated from public scrutiny because of the degree of processing that the crops undergo before consumption.

As far as **public policy** is concerned, the public's opposition to prairie-style cereal cultivation appears to be declining thanks in part to a concerted action by farmers, with 62% claiming they practice Integrated Crop Management, and government agri-environment schemes. But the very high public interest in countryside and wildlife—the main birdwatching organisation RSPB has 1 million members—means that cereal farmers in particular remain under special scrutiny from this influential strand of public opinion.

**Water quality.**<sup>26</sup> The main risks from arable farming to water pollution are soil erosion, nutrient losses from fertilisers and pesticide pollution. The area of arable crops treated with **pesticides** increased by 35% between 1986 and 1998 to 50 million hectares (the area sprayed multiplied by the number of applications). Over 25,000 tonnes of pesticides are applied annually to arable crops in Great Britain. The largest area sprayed is **wheat**, followed by winter barley. In 2000, 9% of **surface water** sites in England and Wales (137 out of 1,456) failed at least one pesticide standard, with 29 pesticides failing at least once. In 2000 in England and Wales 12% of groundwater sites monitored had at least one pesticide at concentrations above the **drinking water** limit. The most frequently occurring pesticides included atrazine, bentazone, simazine, chlorotoluron, diuron, mecoprop and isoproturon. **Phosphorus** loads from cereal land are estimated to have risen by 418% between 1931 and 1991. 70% of **nitrate** entering English waters is estimated to come from agricultural land. The approximate annual **costs of treating drinking water for pesticides** are about £120 million, for phosphate and soil £55 million, and for nitrate £16 million. Monitoring water supplies and supplying advice on pesticides and nutrients costs around £11 million; off-site damage from soil erosion is put at £14 million.

**Wildlife.** Twelve of the 66 **plant** species earmarked for special attention on the UK **Biodiversity Action Plan** (BAP) are arable plants. Many of the **bird** species that are dependent on arable land have suffered dramatic declines in the past 25 years. The two are connected – many farmland birds feed on seeds produced by annual plants that occur in arable and grass fields, or on insects associated with those plants. The decline of farmland birds has been well documented and the government has committed itself to conserving the population of 19 species which appear on the UK BAP. Numbers of tree sparrows have dropped by 95 per cent, the corn bunting by 88 per cent, the skylark by 52 per cent and lapwing by 40 per cent. But in July 2001, the British Trust for Ornithology reported large increases in 14 species of farm and woodland birds, including the song thrush and the tawny owl. Farmland **mammal** species, such as brown hare and the Pipistrelle bat have also undergone declines and appear in the UK BAP. There have also been serious declines in both numbers and diversity of insects on arable land. Species of insect, bee, moth and ground beetles associated with arable land feature in the UK BAP. CAP reform will allow the UK to divert more money into environmentally sensitive farming.

The **Countryside Stewardship Scheme** in England (plus equivalents in Scotland and Wales) which make payments to farmers and other land managers to enhance and conserve English landscapes, their wildlife and history are expanding, with a total of 343,132 ha by 2000/01 in England, plus 532,000 ha under the **Environmentally Sensitive Areas Scheme**.

#### **4.4.6 Rural development implications**

Linkages between UK cereal farming and rural development are small and indirect, with relatively small multipliers in local economies due to the extensive, mechanised cultivation and low level of added value in the rural sector.

#### **4.4.7 Bottlenecks against sustainability**

- Limited number of alternative chains.
- Low interest from processors and retailers apart from management of risk from contamination with GM, pesticides, pathogens, toxins.

## 4.5 Dairy

### 4.5.1 Structure of the UK milk market<sup>27</sup>

UK milk production is around 14 billion litres making it the 7th largest milk producer in the world and the 3rd in the EU, after Germany and France, with about 12% of EU production. Dairy farming is the largest single sector of agriculture in the UK, representing about 22% of UK agricultural production by value. There are approximately 20,000 dairy farmers in the UK<sup>28</sup> housing just over 2.2 million dairy cows in 2002/03<sup>29</sup>. The milk processing, manufacturing and distribution industry in Great Britain employs around 40,000 people. Dairy farm is highly capital-intensive.

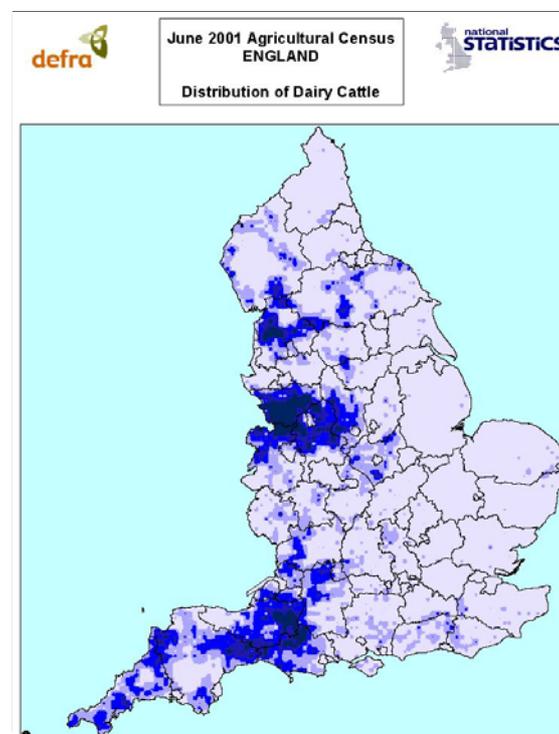
The main milk producing regions are in the wetter western counties more suited to grass production – Cumbria, Cheshire and Devon in England (Figure 4.5.1); Carmarthenshire in Wales; Dumfries and Galloway in Scotland; and Antrim, Down and Tyrone in Northern Ireland. The industry was worth £2.38 billion at farm gate prices in 2000 and approximately £6 billion at retail level.<sup>30</sup>

By European standards, the dairy herd in the UK is heavily skewed towards larger herd sizes. In Great Britain, on average, there are 92 cows in a herd (excluding herds of less than 10 cows). Since the late 80s, there has been a shift towards bigger herd sizes. The average dairy cow produces 6,462 litres per year. Since the mid-80s, cow numbers have declined—a process hastened by foot-and-mouth disease (5% of the national dairy herd was lost in 2001)—whilst yield per cow has increased allowing total milk production to remain remarkably stable.

The UK milk market is mature. Consumption has been declining and, with the average price also falling, market values have continued to decline in recent years. World dairy prices have fallen dramatically, and this influences the partly sheltered UK sector via the export market, which has suffered despite large increases in EU export subsidies for dairy products. UK **dairy farm incomes fell dramatically** in recent years, in spite of the technical efficiency of dairy production, largely as a result of raw milk prices falling at a much greater rate than input prices (i.e. the cost-price squeeze). Between May 1996 and May 2000 the average price of milk paid to farmers declined by 36%. And in the year ending May 2002, milk prices fell by 16%. For many producers the price they received for their milk was below the cost of production between 1999 and 2002. Much of this fall was attributed to the impact of currency changes.

Although the UK is basically (95%) self sufficient in milk it participates in a significant trade in milk products. In 1999, for example, the UK imported 272,000 tonnes of cheese (compared to UK production of 368,000 tonnes), mostly from Ireland, France and Germany; and 118,000 tonnes of butter (compared to UK production of 141,000 tonnes), mostly from Denmark, Ireland and New Zealand. In the same year the UK also exported 61,000

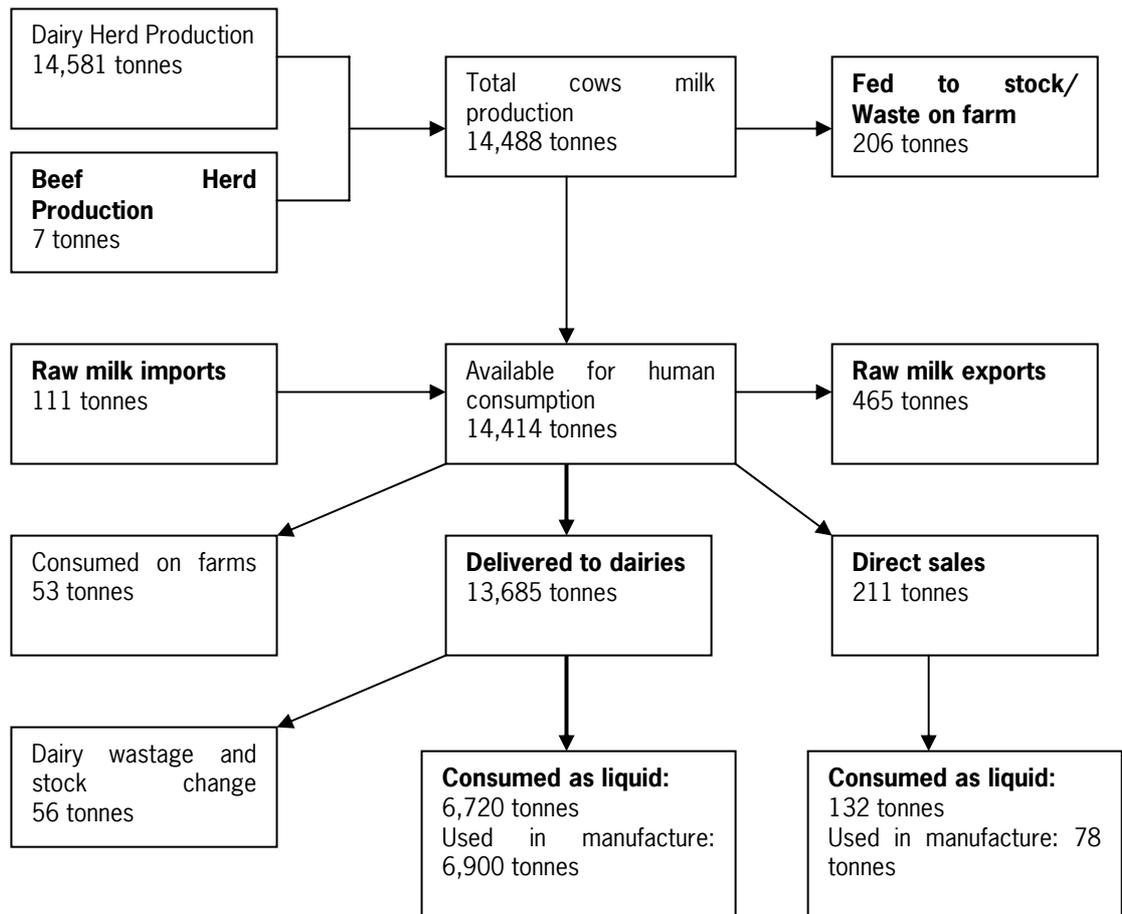
Figure 4.5.1 Distribution of dairy cattle



tonnes of cheese, mostly to other EU Member States and North America; 95,000 tonnes of cream (out of UK production of 272,000 tonnes), mostly to Belgium and France; 43,000 tonnes of butter, almost all to other EU Member States; and 132,000 tonnes of milk powders (out of UK production of 204,000 tonnes), of which 50,000 tonnes went to other EU Member States, with much of the rest going to Africa and the Americas.

**Figure 4.5.2 The UK dairy supply chain, 2000.**

Source: Sustain (2003) after DEFRA (2001)



## 4.5.2 Institutions and Chain Governance

### 4.5.2.1 Production<sup>31</sup>

Milk production in the UK (as in the rest of the EU) is limited by milk quotas (farmers have to conform with an individual milk quota or pay a penalty on excess output; the sector is supported through the operation of import levies and export refunds that keep EU prices above world levels [intervention prices]). But the recent history of the UK milk sector has been one of **deregulation**, with the **termination of Milk Marketing Boards** (MMBs) in the UK in 1994-95, which provided producers with a variety of alternatives for marketing their milk. Producers can **contract to supply their milk directly** to individual dairy companies and several companies have established umbrella organisations to represent producers supplying milk under these direct contracts. The second alternative open to producers is to join a **milk selling group**. These groups, which usually take the legal form of **co-operatives**, then sell on the milk to dairies. Income from the sale of milk to dairies is pooled and distributed to their members. It was this type of organisation that replaced the MMBs and to which nearly 70 per cent of producers in the UK initially subscribed. However, by April 2000 the volume of milk covered by all quota holding milk groups had fallen to just over 50 per cent of all UK milk. Initially the largest voluntary co-op was **Milk Marque** which succeeded the England and Wales MMB. However, following an investigation by the competition authorities, Milk Marque restructured itself into three separate regional co-operatives of roughly equal size – **Milk Link**, **Axis** and **Zenith** – which began operating in April 2000.

This stage in the supply chain is subject to continual change. There have been **consolidations in the number of milk selling groups** (including the three co-operatives that succeeded Milk Marque). Other groups have decided to change their status to become quota holding milk groups or to raise capital with the intention of **investing in directly processing**. For instance, in early 2002, Milk Link purchased Tanner Foods, one of the leading UHT milk companies, and has also announced a £30 million alliance with Express Dairies. Several have sought **closer commercial alliances with individual dairy companies**. The seven largest purchasers (of over 130 registered in the UK) such as Milk Link, **Dairy Farmers of Britain**, **United Milk** and **First Milk**, now account in total for about two thirds of the UK milk supply.

Average farmgate prices hide two distinct groups, with **producers selling direct to dairy companies** receiving prices that have largely kept up with – or have done better than – prices elsewhere in Europe, while those selling to Milk Marque's successors had received lower prices.

### 4.5.2.2 Processing

There are over 100 dairy processors in England and Wales. These range from small local dairies and specialist cheesemakers processing less than 1 million litres of milk a year to large national and international companies producing a variety of milk products and supplying supermarkets with liquid milk in addition to providing a doorstep delivery service. About 86% of the milk processed in England and Wales is utilised by around 20 companies processing more than 100 million litres per annum. There has been a considerable degree of **plant rationalisation** among dairy companies in order to match capacity to supply and meet the demands of the changing markets. In the late 1980s and early 1990s, capacity in the manufacturing sector was reduced by a total of 12 million litres per day (approximately

25% of manufacturing capacity). In spite of this rationalisation, **profits** among processing companies are not high by food industry standards.

If the merger of **Express Dairies** and **Arla Foods plc** is approved, the 'Big Six' milk processors may have consolidated to a '**Big Three**' in control of around 80% of total UK liquid milk sales, within the space of only 3 years: **Arla Foods UK** (Sweden/Denmark—39%)

- **Dairy Crest** (23%)
- **Robert Wiseman Dairies** (19%)

**Arla.** After trading in the UK for many years, MD Foods of Denmark began investing in UK milk production facilities in 1990. Arla Foods was established in April 2000 by the merger of Arla of Sweden and MD Foods of Denmark, becoming the third largest supplier of fresh milk processing approximately 2.4 billion litres of raw milk per annum. Arla is Europe's largest dairy co-operative, processing seven billion litres of milk a year and employing nearly 20,000 people worldwide. Arla is creating a state of the art liquid milk 'superdairy' at Stourton (Leeds). The company is heavily promoting **Cravendale PurFiltre**; other branded lines include **Harmonie** organic milk, **Lactolite** lactose-reduced milk, and the **Gulp** brand in the flavoured milk sector. In March 2003 the boards of Arla Foods and **Express Dairies** (the UK's second largest dairy group) approved a merger of the two companies. The merged company will also distribute the leading butter brands Lurpak and Anchor. In May 2003 the UK's Office of Fair Trading officially requested the European Commission to review the merger; the Commission's initial review concluded that the merger provides no concerns surrounding the procurement of raw milk. As a result, the OFT will only be considering fresh processed milk and fresh non-bulk cream. The merger decision was probably influenced by Safeway's transfer of all of the milk supply agreements it had with Express to its rivals Robert Wiseman and Dairy Crest, which offered lower prices. Express Dairies has an estimated 28% of retail sales of milk in 2001 and is the largest supplier of liquid milk to the supermarket chains for own-label and it also produces branded milk lines with Dale Farm and Express milk for England and Wales and the Scottish Pride and Highland Fresh brands in Scotland. Express Dairies was de-merged from **Northern Foods** in 1998, and took over **Glanbia's** liquid milk operations in 1999.

**Dairy Crest** was set up in 1979 by the Milk Marketing Board to use the surplus milk production of the time to produce dairy products. In November 1994, with the demise of the Board, ownership of Dairy Crest was transferred to the Residuary Milk Marketing Board allowing the company to shrug off the role of buyer of last resort for surplus raw milk. In August 1996 Dairy Crest floated at a valuation of £171.4m. Since then, it has continued to grow via a series of acquisitions, the largest of which was the buyout in July 2000 of **Unigate** (from Uniq), fending off a bid from Robert Wiseman. More recently, the purchase of Somerset and Wiltshire Dairies has enabled Dairy Crest to take a leading position in the organic milk market. Dairy Crest Group plc is the largest broadly based dairy food company in the UK, with leading brands Clover, Cathedral City, Davidstow, Friij and, through a joint venture, the Yoplait brands. Dairy Crest employs around 8,000 people at locations throughout Great Britain. They also have an 80% interest in Wexford Creamery in Ireland. Dairy Crest has most recently unveiled two new superdairies at Gloucester and Chadwell Heath. These both have a potential capacity of 500 million litres and should enable the company to replace some of the older sites in its possession.

**Robert Wiseman** supplies up to 75% of milk in Scotland and is now steadily expanding south from this traditional base. Already now established in the North of England, a new 500 million litre capacity superdairy at Droitwich in the Midlands will enable the group to

further establish itself across much of the rest of the country. Currently one of the more aggressive operators, Robert Wiseman recently announced a three-month trial through Sainsbury's, which may enable the company to achieve a significant foothold in England, and particularly the southern half of the country. Less focused on brands than some of the other major groups, Robert Wiseman has introduced Scottish **organic** milk and the Fresh'n'Creamy brand, a 5% full-fat milk, into the independent sector in Scotland and the North of England.

**Müller** and **Nestlé** are market leaders in the UK **chilled dairy market**, while Unilever and Arla Foods Fonterra are positions first and second in the **yellow fats** sector. In **cheese**, Irish-based **Glanbia** is the largest cheese maker in the UK as well as one of the world's top five cheesemakers, supplying most of the major multiples for own-label product, which dominates the UK cheese market—own label is valued at £833 million of the £1 billion pre-packed hard cheese sector. Mintel estimates that Cheddar accounts for over half of total cheese sales by value in 2001.<sup>32</sup>

The milk market has several characteristics which are affecting the operation and sustainability of the chain:

- a) **Lack of brand penetration in liquid milk**, Branding too is becoming more common, particularly in the newer, higher-profile sub-sectors of the market. The flavoured milk sector, for example, has a number of key brands, each with their own advertising campaigns targeting children, while the growing soya milk sector is also based around a small number of key brands. Additionally, Robert Wiseman, Highgrove and Dairy Crest have all introduced branded milk lines onto the shelves.
- b) **Shift in preference from home delivery to retail purchasing** which has also added to the decrease in value, as supermarket prices are noticeably lower than those seen in home delivery rounds.
- c) **Increasing supermarket purchasing power** is exerting downward pressure on processors' margins in this sector. The major multiples are presently **rationalising their supplier bases** to benefit from scale economies and lower costs, putting further pressure on liquid milk processors. The six largest retailers are all now supplied with liquid milk from the leading four dairy companies: three now have only two suppliers and the others are likely to continue to reduce their supplier base. The large dairies are also raising the stakes by introducing **new large-scale 'superdairies'** to enhance their production and delivery capabilities further along the supply chain.
- d) **Increased supply-side competition**. It is clear that deregulation has served to **increase competition on the supply side**, with other co-operatives joining the fray, such as the 1,000-strong Milk Group in the North West, and United Milk based in Wiltshire. Furthermore Organic Milk Suppliers is a growing co-operative of over 300 members focusing on organic milk production. Fragmentation at the farm-level amidst consolidation both pre and post farm-gate places dairy farmers in a weak and vulnerable position.<sup>33</sup> Despite the relatively large farm size in the UK, there is no equivalent to the large farmer co-operatives controlling substantial processing facilities that are a prominent feature of the industry in several EU countries. **Only about 10% of processing capacity is owned by producer cooperatives**, compared with the European average of around 50%, though this is rising rapidly. Competition authorities may also bar the formation of co-operatives big enough to influence pricing. As a

result, British dairy farmers appear not well placed to achieve price increases or to negotiate lower input costs.

- e) **Emergence of supply chain governance.** The **changing marketplace** has resulted in many **milk buyers being able to demand different requirements of their individual producers** compared with the previous pooling arrangements. This has led to the emergence of **different standards** for hygiene and compositional quality, seasonality requirements and transport and collection options. Furthermore, a number of milk buyers are imposing on their suppliers standards regarding stockmanship, welfare and hygiene in order to meet the supposed aspirations of consumers and to give a competitive marketing edge.

There is a high probability of **renewed downward pressure on retail prices**. Levels of concentration in farming and processing will be increasing, with larger farmers tending to dominate direct supply to dairies. High-cost farmers will be under pressure to co-operate in order to reduce overheads. In practice, with consumer demand not matching the growth in supplier capacity, the increased capability of the Big Three dairies will form the basis for a new round of intense inter-dairy competition. This may in time lead to more consolidation.

#### 4.5.2.3 Industry associations

The **Dairy Council** (formerly the National Dairy Council) is funded by interests on all sides and acts as a central voice for the industry.

#### 4.5.3 Areas of dynamism

**Organic.** The Soil Association Annual Report for 2001 reported that UK production of organic milk rose by 115% between April 2000 and April 2001 to 70 million litres, although this is still only a tiny fraction of UK total milk production of over 14 billion litres. Organic milk consumption has traditionally exceeded the capacity of UK organic dairy farmers to supply it, and in 1999/2000 40% of the organic milk consumed in the UK was **imported**, mostly from Denmark and Germany. However, 2001 has seen a large increase in organic milk production in the UK as the many farmers who put their herds into conversion in 1999 have become fully organic. This has led to **oversupply** in the market for organic milk, a proportion of which has had to be sold into conventional markets. As a result, the average farmgate premium for organic milk over conventional milk has weakened. The Soil Association says that many of its members are being driven out of business because the producer price has dropped from 29.5p a litre to 18p, a third less than production cost.<sup>34</sup>

The organic dairy sector is now worth £148 million (18% of the total organic retail market), led by supermarket **own brand** labeling. For example, Waitrose organic milk makes up 15% of its total mil sales. Companies such as **Yeo Valley** and **Rachel's Organic Dairy** (the UK brand of **Horizon** Organics, the US number organic milk, dairy and juice brand) have successfully built organic milk and yoghurt brands. On 1 July 2003, the **Dean Foods** Company—one of the US leading food and beverage companies—acquired Horizon Organic Holding Corp.

Although research conducted by the British Cheese Board suggests that only 1% of consumers actively seek out **organic cheeses** at present, Mintel believes that the comparatively nascent sub-sector of organic Cheddar could be set for rapid expansion to 2006.

**Wildlife and other branding** – example of [White and Wild](#), with 3p premium from every sale split between the Wildlife Trusts and farmers who have signed up to a bio-diversity plan to encourage wildlife back onto their farms.

**Direct farmer action over prices.** [Farmers for Action](#) have successfully employed direct action against supermarkets and milk processors to gain price increases or, as in the recent example of Lidl, reverse a price cut.

#### **4.5.4 Sustainability and transparency**

Sustainability issues around dairy have recently been summarised in a report by Sustain.<sup>35</sup>

#### **4.5.5 Rural development implications**

The depression in the UK dairy sector has profound implications for communities in farm-dependent areas of western UK, such as Wales.

#### **4.5.6 Bottlenecks against sustainability**

There are limited opportunities for niche marketing of milk and particularly cheese, but liquid milk is still very much a commodity, with all the characteristics of market which allow downstream processors and especially retailers to **accumulate value** and **extract cost and quality improvements** through constantly leveraging **dependent suppliers**.

## 4.6 Poultry

### 4.6.1 Current structure of the UK Broiler market

Figure 4.6.1 Distribution of broilers

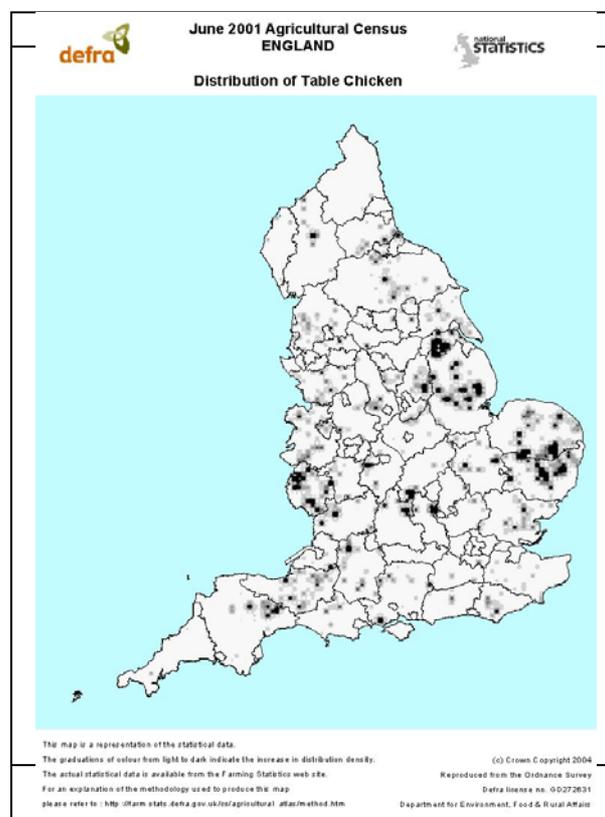
Chicken accounts for 40% of UK meat consumption, twice the volume of beef and 50% more than pork.<sup>36</sup> The UK has **highest per-capita poultry consumption in Europe**. The sector has showed dynamic growth, with demand up by 14% in the 5 years to 2001 but is, according to Mintel, showing indications of maturity. Chicken and other poultry have benefited from consumer demands for healthier alternatives to red meat and for more convenience foods. Chicken has a position of a versatile, healthy and value-for-money ingredient in the restaurant trade.

The **poultry production chain is very short, integrated, and consumer-driven**. At any one time there are approximately six million broiler **breeder hens** in the UK producing the fertile eggs to provide a supply of chicks required by those producing table poultry. Breeding birds are largely in the hands of some a relatively small number of industrial-scale **integrated companies** with their own hatcheries and parent

flocks which provide a constant supply of hatching eggs. The geography of broiler production in the UK is influenced by the location of these integrators' production facilities (Figure 4.6.1). Integrators also operate their **own feed mills**, which has meant a loss of commercial poultry feed production. Total integrated poultry feed production, at nearly 3 million tones, is almost the same as commercial poultry feed production (Feed Quarterly).

Birds are normally reared from day-old to 18 weeks of age on premises which are separate from the laying farm. Some 780 million broiler chicks are currently placed annually in the UK. Most of the UK supply comes from domestic production, but lower-priced **imports** are taking an increasing share of the market, growing from 7% to 20% in the past decade; 40% of chicken breast meat eaten in the UK is now imported. The emergence of countries such as Brazil and Thailand as major low-priced producers poses some threat to the UK industry. Increasing mergers or strategic alliances with foreign producers is anticipated.

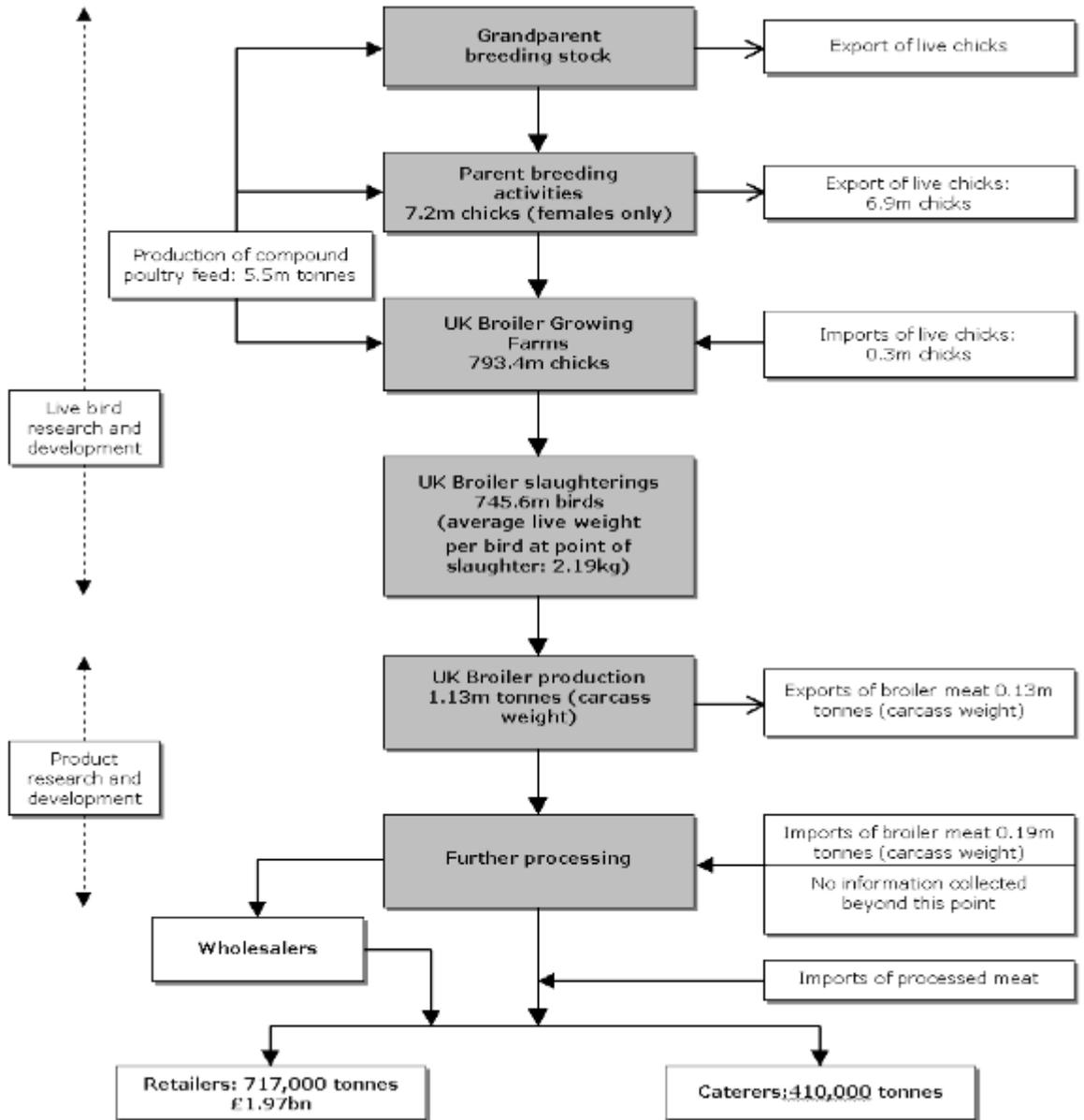
The total retail poultry market is worth around £1.9 billion in 2001/02 and is growing at 6% in value terms. The chicken **restaurant** sector has shown strong growth in recent years; sales reached £488m in 2002, an increase of 5.6% at current prices on the previous year. Chicken is an important menu item in many other catering outlets, especially ethnic food outlets, sandwich shops and pub restaurants. **Retail** poultry sales fall can be categorised as fresh, cooked and frozen in the **primary** market, and **value-added** (Figure 4.6.2). Fresh poultry is by far the largest category (60%), but sales of fresh whole birds are declining as new products, such as poultry strips and chunks, cater for the growing market for quick-cook solutions. Sales of frozen poultry (15%) have shown the weakest growth, declining by 2% in 2001/02. Value-added chicken such as fresh or frozen ready meals and

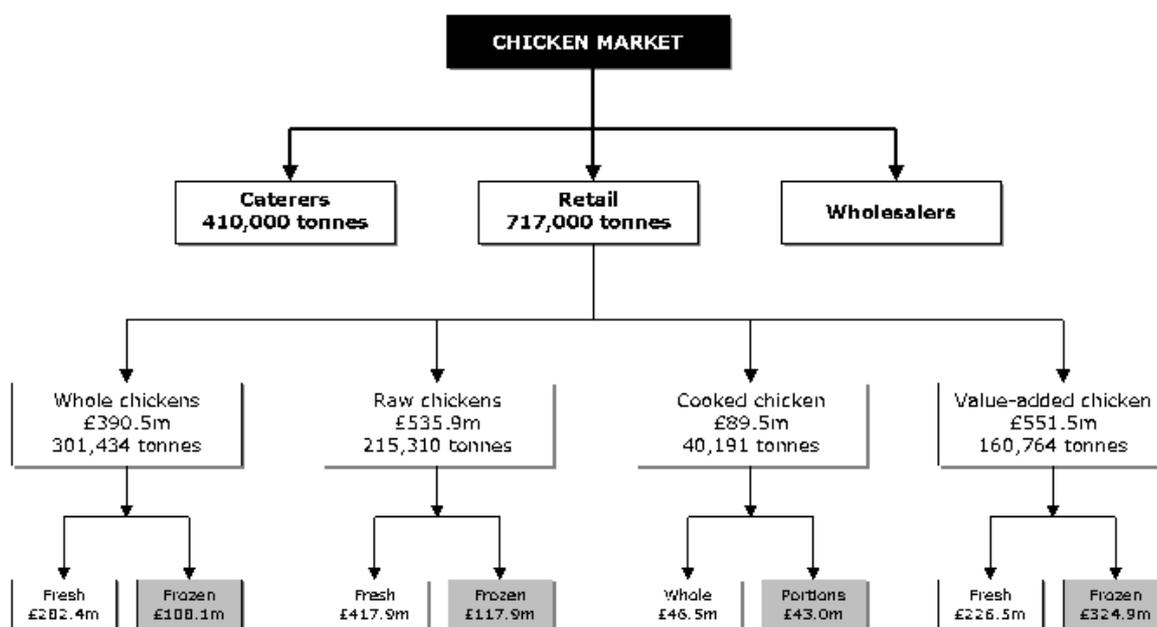


meal centres (ie where chicken provides the main part of the meal, but to which something needs to be added to complete the meal), is rapidly growing sector and now accounts for 35% (value) of the market (Figure 4.6.2).

**Figure 4.6.2 The UK broiler chicken market (1998)**

Source: DEFRA <http://www.defra.gov.uk/foodrin/poultry/flow1.htm>





Source: DEFRA <http://www.defra.gov.uk/foodrin/poultry/flow2.htm>

#### 4.6.2 Chain institutions and governance

Poultry is similar to fresh produce and pig farming, in that it is not subsidised by the taxpayer. The liberalised trade regime raises concerns about imports undermining national standards for food safety and animal welfare, and calls for clear country of origin labelling. The **multiple retailers are the main governors of the poultry chain**, as production is mainly **own brand** and the multiples have almost **90%** of the market by value.<sup>37</sup>

##### 4.6.2.1 Top industry players

Specialist **primary breeding** is dominated by two companies – **Cobb Vantress** and **Ross** (part of the **Aviagen** group, itself owned by **Advent** International). Both have pedigree stock in this country and carry out the complete selection and breeding programme for their national and international operations, typically through four generations.

Of the integrated companies producing broilers and value-added products, **Grampian Country Food Group** is the dominant player (Table 4.6.1).

**Grampian Country Food Group** is “the UK's leading independent agri-food business” with a group turnover of £1.45 billion. It produces fresh and frozen chicken, pork, beef and lamb products for the retail, wholesale and foodservice sectors. Grampian produces **nearly a third of all UK-reared chickens**, slaughtering and packaging 3.8 million chickens per week. Grampian supplies 200 million chickens a year to Asda, Tesco, Sainsburys and Marks & Spencer as well as restaurants, butchers and markets. The company produces a huge range of chicken products. These include the ‘super roaster’, fillets, thighs, drumsticks; cooked whole birds and portions and numerous convenience products. In December 2001, Grampian bought the business of Thailand based chicken products manufacturer Golden Foods International Co. Ltd, from the Dutch multinational Wessanen. Golden Foods which was renamed **Grampian Foods Siam** exports chicken products from Thailand to Europe. The group now operates at 43 principle locations, employing almost 21,000 people

throughout the UK, Thailand and The Netherlands, such as the £7.2 million State-of-the-art factory on Anglesey for deboning and filleting poultry, which opened in 1999.

**2 sisters** was formed as a result of a number of mergers and acquisitions made by Hillsdown Holdings plc in 1992, it was sold to Hicks Muse, Tate & Furst (HMTF) in 1999. In November 2000 2 Sisters Food Group—the UK's leading privately owned poultry company—acquired the chicken processing interests of HMTF making it the second largest producer in the UK. Today group turnover is over £300 million and supply the leading UK food retailers, food manufacturers and food service companies. The principle facility is based in Scunthorpe North Lincolnshire where it specialises in primary chicken production.

The **Faccenda Group** claim to be the country's second largest poultry processor with an annual turnover of about £300 million. It operates seven plants, and slaughters about 2.1 million chickens a week, of which one million are cut into portions.

**Sun Valley** is a producer, marketer and distributor of 700 tonnes of poultry-based products a week, and has annual sales of more than £300 million to major retail customers including Sainsbury's, Asda (Wal-Mart), Morrisons and the Big Food Group (Iceland). Sun Valley's top food products account is with McDonald's. It produces about half of all chicken products used in 4,500 McDonald's restaurants in 46 countries across Europe. The company's main site is at Hereford and at others at Wolverhampton and Orléans, France.

**Moy Park.** Based at Craigavon, Northern Ireland, and with further sites in Northern Ireland and France, Moy Park supplies own label and customer branded products to retailers throughout Europe. Owned by OSI Industries/US.

**Padley's.** Padley's are one of the leading retailer's **own label** chicken suppliers in the UK. Trading in the retail chicken market for over 30 years, Padley's originally supplied only fresh raw whole and portioned products to a total retail chicken market. This is now worth close to £3bn, and still accounts for around 60% of Padley's turnover. Today Padley's trade in all 8 core chicken categories, and with six out of the seven major multiple retailers. Padley's is the leading private company within the poultry sector and employs around 3,500 people, with a turnover in excess of £200 million. Padley's process up to 2 million birds per week for customers in the retail, foodservice and export markets. Padley's four main operational sites are based in Lincolnshire and East Anglia, at Grantham, Anwick (near Sleaford), Bury St Edmunds and Wisbech.

**Table 4.6.1 The top UK poultry players, 2001**

(Partly based on Rabobank, 2001)

Company	Ownership	Recent activity	M&E	Poultry sales 2001 £ million (estimates)	Global connections	UK retail customers
<a href="#">Grampian Country Food Group</a>	Independent	Bought Marshalls, Golden Foods		600	Thailand, Netherlands	Asda, Tesco, Sainsburys, Marks & Spencer, Safeway, Waitrose Tesco
<a href="#">2 Sisters /Premier</a>	Independent UK.	Bought Premier from Hicks Muse		300		
Faccenda Group	Independent	Bought Webbs		300		
Sun Valley	Cargill/US	JV with Sadia (Brazil)→ Concordia Foods		263.8	Sun Valley Thailand, France, Honduras	Sainsbury's, Asda, Morrisons, Iceland
<a href="#">Moy Park</a>	OSI Industries/US			192.3		Spar
Padley's	Independent			190.6		

Other major players are Bernard Matthews, the largest suppliers in the turkey market. The company produces 13 million turkeys worldwide and production is concentrated in East Anglia, UK; in Germany where the company owns Bartsch, a well-known cooked meats manufacturer; in Hungary where they own SaGa, the leading poultry producer and in New Zealand where they prepare 1.2 million lambs each year. They now employ over 5500 personnel worldwide and 3400 of these are local people to Norfolk, UK.

#### 4.6.2.2 Industry associations

The [British Poultry Council](#) is the umbrella trade association for companies engaged in breeding, hatching, rearing and processing chickens, turkeys, ducks and geese to produce poultry meat.

The [British Chicken Association](#) provides market and other information on the UK chicken sector.

**Table 4.6.2 Retail poultry meat sales, UK (2001)**

Source: Meat and Livestock Commission (2002)

Supermarkets (including Co-ops and freezer centres)	84.0 %
Butchers	8.5 %
Independent grocers	2.3 %
Other retail grocers	5.2 %

#### 4.6.2.3 NGOs

Many NGOs are extremely active in animal welfare issues, and have developed an effective lobby.

- RSPCA [Freedom Food](#).
- Compassion in World Farming CIWF

#### 4.6.3 Areas of dynamism—sustainability/alternative production

The most dynamic issues around UK broiler production are **food safety** (especially *Salmonella* and *Campylobacter*), **adulteration** (injection of water, beef proteins etc.) and **animal welfare**. Farm assurance schemes were introduced by the food industry in the 1980s to boost consumer confidence in livestock products through traceability and full transparency. The public face of farm assurance in the UK is the little red tractor or 'British Farm Standard'. This standard encompasses a number of individual schemes that include chicken (**Assured Chicken Production**). It was launched by the National Farmers Union of England and Wales in 2000. An independent organisation, Assured Food Standards(AFS), has been set up to manage the little red tractor logo.

**Animal welfare.** Welfare of broiler chickens has been a matter for considerable public concern throughout the 1990s, especially high stocking density, bone disorders, and air pollution, though this interest may have peaked. The welfare credentials of the British Farm Standard for broiler chickens are considered to be weak, allowing a basic stocking density of 34kg/m<sup>2</sup> (around 18 birds per m<sup>2</sup>). The NGO Compassion in World Farming (CIWF) conducts an annual review of supermarkets and animal welfare.

This **misuse of antibiotic growth promoters** in factory farming has led to the emergence of bacteria which are resistant to some of the antibiotics used to treat serious human diseases.

As with organic production, the **large integrated producers have been very adept at adapting to more 'sustainable' production systems**, such as organic and free range poultry production. For instance free range, barn reared and organic chicken rearing and processing are speciality areas where Premier Foods (2 Sisters) offers a range of branded and private label products. 2 Sisters has won the RSPCA Alastair Mews Award three times "for their outstanding contribution to farm animal welfare" and in January 2001 were awarded the KFC Supplier of the Year Award. Nine out of 10 major retailers sell free range or organic chickens.

#### 4.6.4 Rural development implications

Because chicken production is so industrialised, the main connection with rural development results from employment (and unemployment) in rural areas associated with poultry processing. Many of the hotspots of the chicken industry (Figure 6.1) are in areas without many alternative employment opportunities. The poultry sector is one of the the major rural employers in the UK. The potential impact on a small market town of the closure of a single relatively large firm such as a processing plant may be very severe, as exemplified by the recent loss of 350 jobs with the closure of the Brandon's turkey processing plants factory at Dalton near Thirsk and question mark over 650 more jobs at the Abergavenny plant, after the company went into receivership after period of increased competition from cheaper imports, including turkeys from Brazil and Eastern Europe.

The higher labour costs in the UK mean that pressure on wages and jobs will continue, especially when EU enlargement removes tariffs on imports from CEE counties (Table 4.6.2).

**Table 4.6.3 Comparison of processing and distribution costs**

Country	Labour cost (US\$/month)	Cost of freight to EU (US\$/tonne)	Tariff
Brazil	350	170	11-15-80
USA	1,500		
Thailand	120	180	11-15-80
UK	1,700	0	0
Hungary	242	58	0*

## 4.7 Eggs

### 4.7.1 Current structure of the UK egg industry

In 1995 there were about 32 million laying hens in the UK distributed among about 28,000 holdings. The industry has been moving steadily towards greater **specialisation** and **larger units** but with a continuing population of small poultry flocks often on mixed farms.

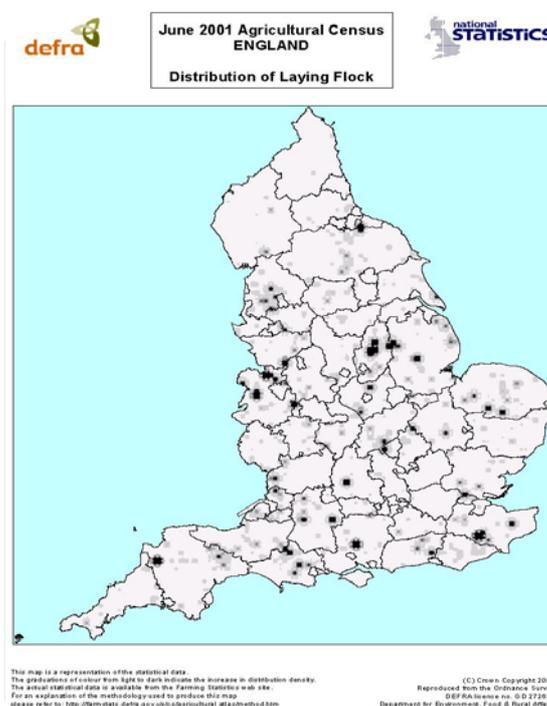
In 2003, there were 27,823 hen farms supplying eggs in the UK, according to figures from DEFRA<sup>38</sup>. Over 96% of these farms had flocks with less than 5,000 laying birds per unit, leaving less than 1,000 larger farms. Of these 600 had between 5,000 and 20,000 laying birds, while there were 300 large units with in excess of 20,000 laying birds. These largest farms held just under 80% of the national laying stock, and will generally be part of **integrated production and distribution networks**.

Production is changing, with the proportion of laying cage eggs decreasing as more units **switch to free-range or barn production**. Nearly one in four eggs (23%) now come from free-range hens, with around 5% from barn (perchery) systems, and the remaining 72% from laying cage (battery) farms.

The proportion of eggs going into the retail sector for direct sale has risen over the last few years to around 62%, with the remainder split evenly between the catering and manufacturing sectors (Figure 4.7.2). Typically the processing sector uses laying cage eggs, and particularly Class B or C 'seconds', but increasingly barn and free-range eggs are being used. Free-range and even organic free-range eggs are now in demand from processors, who release products under 'organic' labels.

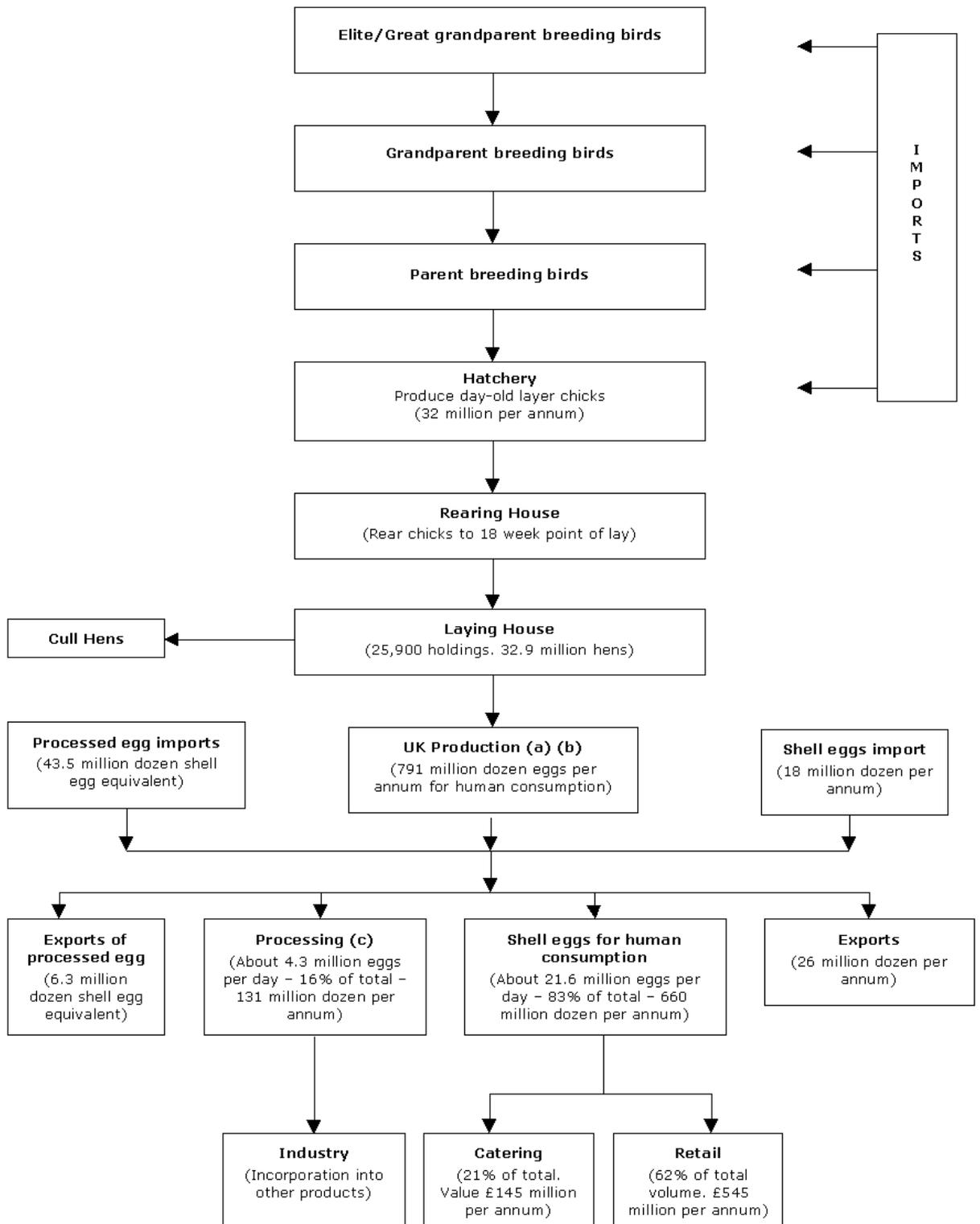
The UK eggs industry has recovered since the mid-1990s, when it was plagued by harmful perceptions in terms of health, quality, disease and animal welfare. Eggs have also been remodelled as healthy, convenient meal/snack options and this too has attracted time-poor modern consumers. Free-range eggs to lead growth.

Figure 4.7.1 Distribution of laying flocks



**Figure 4.7.2 UK Egg Chain**

Source: DEFRA <http://www.defra.gov.uk/foodrin/poultry/flow4.htm>



### 4.7.2 Chain institutions and governance

As for poultry, there are no direct intervention or market support arrangements in the egg sector. As a result, market prices closely reflect the supply and demand position.

**Legislation** in the poultry sector (planning, health, welfare, environment etc.) has been collated by DEFRA (<http://www.defra.gov.uk/foodrin/poultry/legislation.htm>). Increasingly eggs bound for the retail sector are coming from UK farms, as these are subject to the requirements laid down to achieve the 'Lion Mark' – a Code of Practice to ensure the high standards of food safety. Many retailers are now not accepting eggs without the mark as part of steps to raise quality standards and perceptions among the public. **EU** regulations are redefining acceptable welfare practice, particularly with respect to laying cage production, with new cages being introduced and future bans in place on older systems. These changes, combined with consumer preferences, are likely to persuade more units to switch to free-range production.

The egg chain is also **retail-driven**. Free-range eggs will continue to benefit from increasing popularity, brought on by the associated notions of being healthier and better tasting than other types. Unremitting pressure from the retail sector players, some of whom completely ban laying cage eggs from their shelves, will also add to their popularity and increase sales figures, while decreasing market value of battery eggs.

#### 4.7.2.1 Supplier-packers

The Big Four main egg producers have **consolidated** to a Big Two, with a third emerging from the crowd of smaller players (Table 4.7.1).

**Table 4.7.1 Leading suppliers' shares of the UK retail egg market, 2001**

(Source: Mintel)

	billion eggs	%
Deans Foods	2.16	35
Stonegate Thames Valley	1.85	30
Freshlay	0.49	8
Others	1.67	27
Total	6.17	100

**Deans Foods.** Deans Farms acquired the Daylay operation from parent company Hillsdown Holdings to form Deans Foods. The new company has grown to become the largest egg producer in the UK, with an output of over 40 million eggs per week, giving it a share in the region of **35% of the retail market**. Deans claims to have been at the forefront of the development of free-range and barn production and, more recently, organic systems as well. Over one third of the company's total output now comes through these production systems. Deans also produces organic eggs for Tesco under the Down to Earth label, and for Sainsbury's as Organic Select. Deans Feed Division produces feed for its own laying hens and also sells output to external customers.

**Stonegate Thames Valley.** Stonegate Farmers Ltd was the largest egg producer in the UK. As the market contracted, however, overcapacity led to the purchase of Thames Valley Eggs Ltd, then the second-largest producer. The combined force of **Stonegate Thames Valley** has been streamlined into a £120 million operation supplying around 30% of eggs reaching the retail sector. About 95% of eggs go into **own-label**. Laying cage production

now supplies 62% of the company's output, with regular free-range eggs at 27% and organic free-range and barn eggs both taking around 5% apiece. The company explains the leaning away from laying cage production, in comparison to the national output, as reflecting their supply profile to top retail chains such as Waitrose and Sainsbury's, and a lower level of input to the service sector. This balance is expected to swing further towards free-range eggs in the years ahead.

**Freshlay** is a family firm which has long been the largest packer in the South West of England. With the consolidation among the other leading producers, and with its own acquisitions such as Barradale Farms, the company has established itself as the number three supplier in the UK.

#### 4.7.2.2 Multiple retailers

The multiple grocery chains continue to dominate distribution of eggs (Table 7.2). The size and turnover of the retail giants allows them to stock the complete range of eggs, including free-range, organic and enriched eggs. They can also stock a variety of pack sizes to suit all tastes and requirements, and all at prices lower than other egg-selling outlets. Other outlet types continue to decline as a result.

**Table 4.7.2 UK retail distribution of eggs, by volume, by type of outlet, 1996-2000**

Source: Mintel

	million eggs 2000	%	% change 1996-2000
*			
Multiple grocers	4,054	71	+17.5
Co-ops & small grocers	628	11	+9.2
Farm stores	286	5	-29.0
Specialists*	257	5	-44.1
Market stalls	200	4	-30.6
Milk roundsmen	171	3	-40.6
Others**	114	2	-60.4
Total	5,710	100	-0.7

including greengrocers & butchers

\*\* including department stores

Farm stores may prove slightly more resilient, especially for free-range sales, as they are able to guarantee the method of production used, and customers are able to build knowledge and confidence with a particular producer. However, as farms/farm shops are found mainly in rural areas, this will continue to represent a very small proportion of the market.

#### 4.7.2.3 Industry associations

[British Egg Industry Council](#)

[British Free Range Egg Producers Association](#)

#### 4.7.2.4 NGOs and animal welfare organisations

The **RSPCA Freedom Food** Scheme and the British Egg Industry Council Lion Code of Practice lay down standards of welfare for hens producing free range and barn eggs. Some

other organisations are also developing their own quality assurance and welfare schemes. Producers are being encouraged or required, largely due to the influence of the supermarkets to meet the standards laid down by these bodies.

#### **4.7.3 Areas of dynamism—sustainability/alternative production**

**Strong power of supermarkets and “gatekeeper” role.** With their market dominance (share and own label) the strongest retailers have the power to impose demanding requirements upon their preferred poultry suppliers. Upmarket multiples such as Waitrose and Marks & Spencer banning are removing cage eggs from their shelves, and others such as the Co-op are reducing the proportion of such eggs from their stock.

#### **4.7.4 Sustainability and transparency**

As for poultry meat.

#### **4.7.5 Rural development implications**

As for poultry meat.

#### **4.7.6 Bottlenecks against sustainability**

As for poultry meat.

## 4.8 Pork

### 4.8.1 Current structure of the UK pork industry

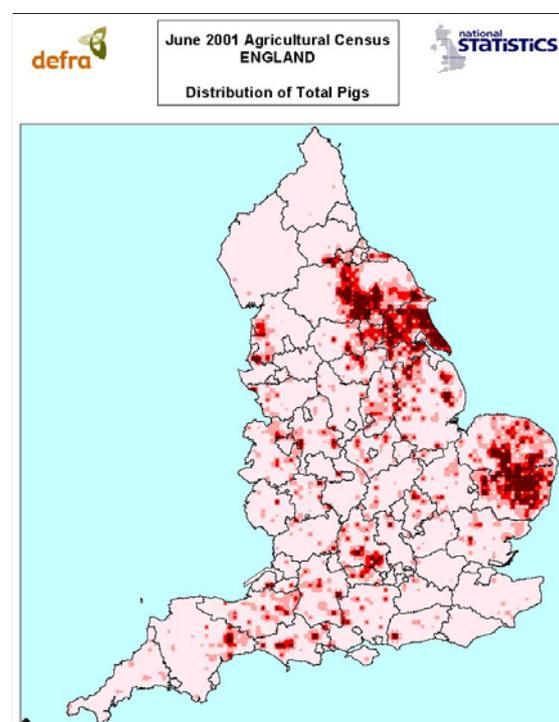
Pig production in the UK tends to be concentrated down the Eastern side of England and Scotland, mainly because of its close links with cereals production (Figure 4.8.1) Around 85% of the total UK breeding herd is located in England. There are about 14,000 pig holdings in Britain.

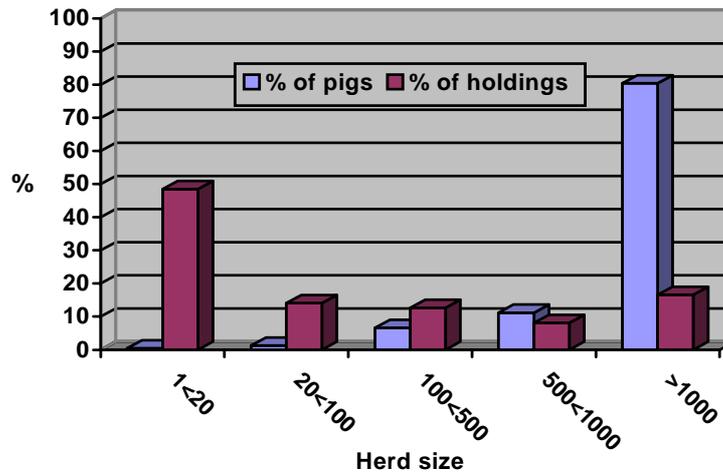
A growing proportion of pigmeat (around 60%) is now **processed**, rather than being sold as fresh pork (Figure 4.8.3). Much of this processed meat enters the **catering** market, or the fast growing ready-meals sector. The catering market now accounts for more than 30 per cent of all pigmeat sold in the UK.

**Structural changes** are occurring in pig production with more small or specialised pig farms quitting the industry and consolidation in herds. Herds over 1000 head constitute only 16.6% of holdings but 80.4% of total UK pig numbers. At the other extreme, herd sizes of 1-19 constitute nearly half of all holdings, but contribute a negligible 0.5% of the national herd (Figure 4.8.2).

In contrast to the rest of the EU, nationally the **pig herd has fallen significantly** in recent years due to cyclical and structural factors, though the underlying trend has been in place for at least 20 years. This has had a major knock-on effect to the large pig processing sector. Competitors in the EU have structural advantages e.g. they are more highly integrated, such as Dumeco in the Netherlands – a producer co-operative that now controls almost 80% of Dutch production and processing capacity. Those outside the EU have significant price advantages; advances in productivity in the UK have been matched by competitors.

Figure 4.8.1 Distribution of total pigs



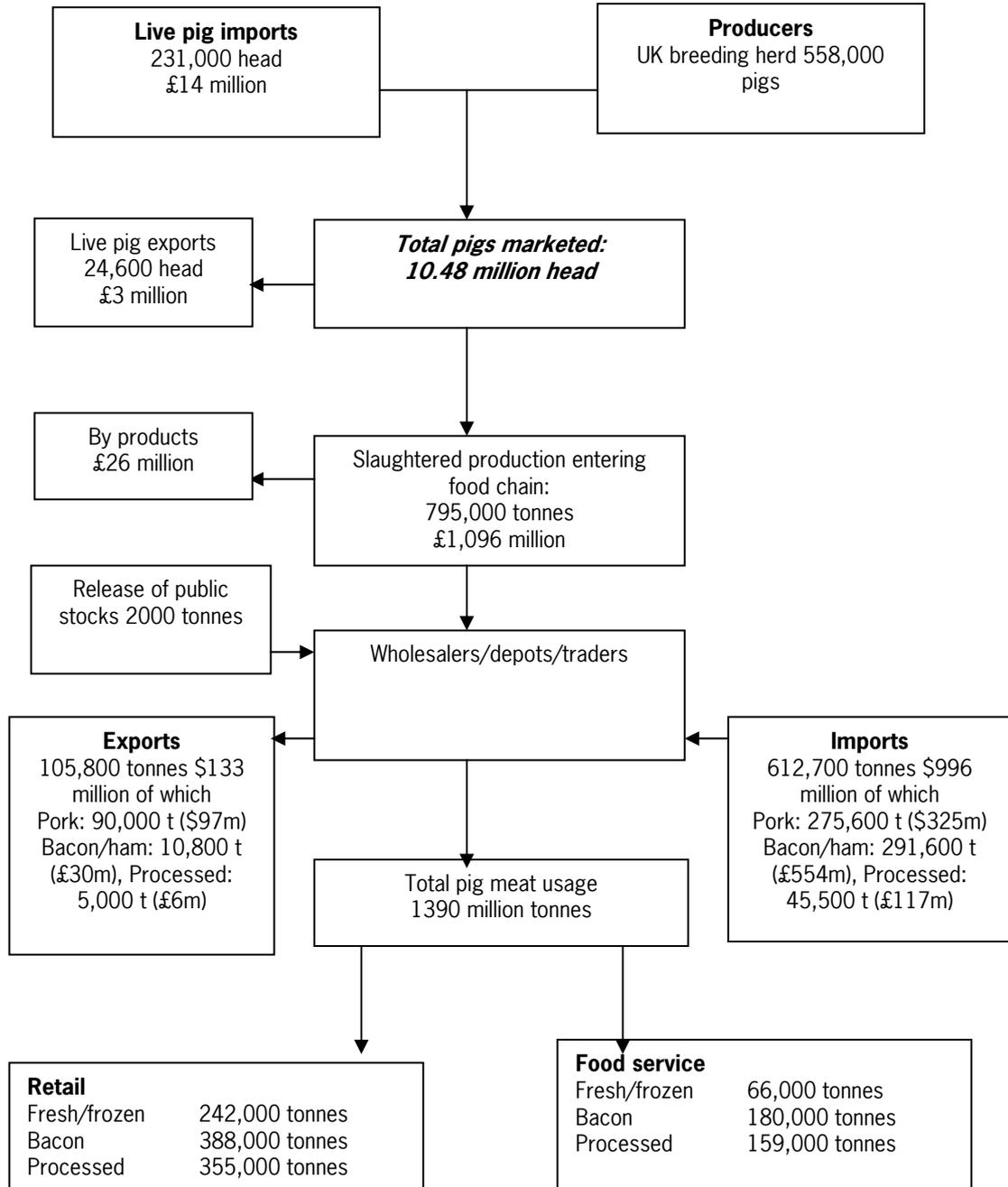
**Figure 4.8.2** Distribution of UK pigs by herd size, June 2002 (MLC)

The trend towards fewer pig farmers seems to have been hastened by the **price crisis**. Pig producers in the UK had **negative incomes** in 1998 and 1999 (also 2000-2?). Total employment on pig farms, and in industries supplying pig farmers, was estimated to have fallen by 25,000 between

New **disease** concerns, namely Porcine Dermatitis Nephropathy Syndrome (PDNS) and Post -Weaning Multisystemic Wasting Syndrome (PMWS) are further adding to the difficulties of the industry affecting productivity and thus eroding returns.

**Figure 4.8.3 The UK Pig Marketing Chain, 2002**

Source: Meat and Livestock Commission *Pig Yearbook 2003*.



## 4.8.2 Institutions and chain governance

### 4.8.2.1 Production and Marketing

A major development in recent years has been the growth of various forms of **contracted production** where the principal is a **commercial company** which is responsible for marketing the stock. This sector, which has been dominated by feed compounding firms now handles 40% of total UK pig production. But there has been a recent decline in ownership of livestock operations of by commercial feed compounders—BOCM PAULS has discontinued the pig production operations carried on under the BOCM PAULS banner and has written down its investment in Breckland Farms Ltd. In 2000, ABNA disposed of its integrated pig business to Dalehead Foods Ltd for £10 million.

**JSR Farming Group.** [JSR Pig Production](#) is one of the leading pig producers in the UK, managing sows in nucleus and multiplication units strategically located in East Yorkshire, Lincolnshire, Cheshire, the Wirral, Oxfordshire and Shropshire. JSR Arable Farms operate and manage land extensively throughout Yorkshire, Lincolnshire and Aberdeenshire totalling over 6400 ha with a substantial acreage of potatoes for seed, pre-pack and processing, sugar beet and onions, and are the UK's biggest grower of vining peas.

**Dalehead**, which processes an average of 40,000 pigs per week reared on UK cereals-based feeds, is supplied about 25% of these direct from its subsidiary British Quality Pigs (**BQP**), which maintains a dedicated feed mill.

A further 30 per cent is marketed through **co-operatives** or **Farmer Controlled Businesses** (FCBs). The Coop/FCB sector comprises 10-15 businesses such as the [Meadow Quality Group](#) which effectively compete for farmers' custom. Most have relatively little control over their members' businesses: in relation to the larger processors they are relatively weak sellers, and it is legitimate to question what role some of them think they perform.

The remainder are sold directly to abattoirs with a small percentage going through livestock markets.

The crisis in pork production in the UK has stimulated all of these companies to look at ways of restructuring and working together in order to improve the bargaining power of the production sector, and add value to the industry. The growing popularity of meals taken outside the home was largely ignored by meat processors. Despite producers becoming individually larger and many selling through groups, they are no match for the power of the processors. As a result, **a significant proportion of the additional costs falling on the industry in recent years has been passed to the primary producer**, often without negotiation.

The tradition of UK producers selling pigs to the highest bidder through a marketing company which acts as the go-between to secure the best price for each batch of pigs, regardless of origin or outlet, will decline, and the pork chain will **more closely resemble the poultry chain**. The major retailers are demanding **consistency** above everything else - consistent supply, consistent quality and a consistent price. This is only possible with a close partnership between each component of the pork chain, the geneticist, the producer, the processor and the consumer. The trend is towards **'pork chain management'** with three essential components<sup>39</sup>:

- A clearly defined *supply agreement* between producer and processor, based on a commitment from both sides to supply/purchase an agreed number of pigs on a **stabilised pricing structure** (i.e. cost of production plus a fixed premium). The key requirement of the processor is for a consistent, uniform product and slaughter contracts will increasingly call for tighter weight specifications to achieve this.
- A recognised *quality agreement*, i.e. the ABM Quality Assurance Scheme, which promotes standards of excellence in production and husbandry practices through regular auditing and which would also attract a quality premium.
- A *meat quality agreement* including lean meat percentage, the distribution of lean meat through the carcass, and a range of eating quality traits such as meat colour, pH, tenderness and taste.

A pig production company would only expand a facility with a **contract supply agreement** with a processor.

It is unlikely that British pigmeat can satisfactorily compete in world commodity markets, and must, therefore, distinguish itself as something different and with an enhanced value. With the widespread uptake of Quality Assurance schemes at both production and processing levels (Farm Assured British Pigs Scheme and British Meat Quality Standard Mark), these systems have been extended to include aspects of animal welfare, conformity to legislation, food quality monitoring and traceability.

Technologies such as [UPB Porcofram](#) DataPorc marketing programme will be increasingly used to bring together producers, processors and retailers, “providing total Food Chain Solutions to meet the ever changing requirements” of retail customers.

#### 4.8.2.2 Processing

Similar pressures as in production have operated in the **processing sector** for some time with fewer than ten abattoir/ processors purchasing 80 per cent of pigs. Although processors have consolidated, they are still less commercially powerful than the major retailers, and less concentrated than the milk and poultry chains.

In 1998, about 12 companies accounted for about 70% of the British pig kill. The remaining 30% is processed by 150 to 200 non-specialist abattoirs. Abattoir numbers in England have declined by 57% since 1987. Vertically integrated slaughterers and processors include Grampian, Flagship Foods (Dalehead), Glanbia and George Adams.

#### **Grampian Country Foods**

Grampian now employs some 21,000 people at over 40 locations in the UK, Holland and Thailand and is a market leader in the supply of meat and poultry products to the UK retail market. In October 1991, Uniq (formerly known as New Unigate PLC) sold its loss-making pig meat business Malton Foods to Grampian Country Foods for £33.5 million. Grampian Country Foods then became the **UK's biggest pork processor**, taking Grampian's turnover from £ 870m to £ 1.38bn.

#### **Dalehead Foods**

Flagship Foods (a merger between [Dalehead Foods](#) and Roach Foods) supplies the red meat market through its Dalehead Foods division, a UK-based, integrated pigmeat processor. The group employs 1,600 people and has annual sales of over £200 million. Dalehead Foods was established in 1969 and is now the largest independent and integrated pigmeat processor in the UK. In 1999, Dalehead Foods Holdings Limited merged with Roach Foods in a £150m deal. The amalgamation created the second largest supplier of

pork, bacon and cooked meats to UK supermarkets, a market worth £3 billion annually. In 2000 it acquired **BQP**, the UK's largest pig production company. BQP operates over 250 farms, mainly in East Anglia. The company supplies retail packed pork to supermarket chains, as well as pork cuts for further processing.

**Glanbia** is an Irish-based foods group (Irish co-op/plc) with its main interests in the cheese sector. The company supplies the UK red meat market through its Glanbia Fresh Meat UK division, which is the UK's second largest pigmeat processor. This comprises two abattoirs, primal cutting plants and centrally prepared meat operations which deal with the UK multiples as well as the export market. The company has ties with pig marketing groups in the UK, enabling it to offer continuity and traceability of supply. The product range supplied by Glanbia includes fresh, chilled and frozen pork products. Tesco is a major customer. In 2002, the company focused its interests more sharply, with the sale of its foodservice business to Peter's Food Service and the closure of its cooked meats business in the UK.

**Tulip Food Service Ltd.** supplies a range of pigmeat products, and represents 16% of the Tulip Food Company, which was formed through the merger of Tulip International, Danish Prime and Steff-Houlberg with a turnover of ~€ 700 million.

**George Adams** is a vertically-integrated family business with a turnover in excess of £140 million and supplies most of the major multiples and convenience sector with chilled "food on the move" products as well as sausages. The company has over 2000 employees, based at six modern manufacturing sites throughout Lincolnshire. George Adams supplies Asda, Iceland, Marks and Spencer, Morrison's, Safeway and Sainsbury.

#### 4.8.2.3 Retail

The multiple retailers dominate the retail market for pork and bacon (Table 8.1).

**Table 4.8.1 Retail pork and bacon sales, Great Britain (2001)**

Source: Meat and Livestock Commission (2002)

	Pork	Bacon
Supermarkets (including Co-ops and freezer centres)	78.2 %	84.0 %
Butchers	17.3 %	8.5 %
Independent grocers	0.8 %	2.3 %
Other retail grocers	5.9 %	5.2 %

#### 4.8.2.4 Industry associations

[British Pig Association](#)

[National Pig Association](#)

[Farm Assured British Pigs](#)

[Meat and Livestock Commission](#)

The British Pig Industry Support Group (BPISG)

#### 4.8.2.5 Animal welfare associations

[Viva](#) – includes a recent report on pig farming.

[Compassion in World Farming](#) with annual ranking of supermarket performance

[RSPCA](#) Freedom Foods

### 4.8.3 Areas of dynamism—sustainability/alternative production

**Animal welfare.** The UK has introduced new stringent animal welfare schemes for pigs. The use of stall and tether housing has been prohibited from January 1 1999, but no new installations have been allowed since October 1 1991. This significantly increases costs per pig. These costs affect the competitive position of the UK's pig producers and the same welfare regulations cannot be legally imposed on foreign sources of pigmeat. [Example of Scotpigs]. The UK pig herd is divided into the breeding herd and the fattening stock (those killed for meat). 30% of the breeding sows are kept outdoors, 70% indoors. Almost all the piglets from the outdoor sows are then reared intensively indoors, but many retailers are now offering **outdoor reared** meat.

The catering market now accounts for more than 30 per cent of all pigmeat sold in the UK. Caterers are rarely attacked by consumers over their sourcing and animal welfare policies. where **origin of primary product is less obvious to consumers.**

**Environment.** With regard to water pollution, there are 61 Nitrate Vulnerable Zones in England and Scotland, and around 17% of total pig production falls within these boundaries.

**Food safety.** Increased awareness of food safety issues has prompted new food safety legislation or more rigorous application of existing legislation. Farm assurance and industry assurance schemes to provide traceability have been one reaction to this. The increased costs associated with these schemes has been borne by the industry worldwide. The ban on the use of MBM in pig feed in the UK because of BSE in cattle increases costs per pig in the British pig industry without obvious gains in the consumer market place.

**Antibiotics: growth promoters and risks resistance.** As for poultry meat.

### 4.8.4 Sustainability and transparency

As for poultry meat.

### 4.8.5 Rural development implications

As for poultry meat.

## 4.9 Beef

### 4.9.1 Current structure of the UK beef industry<sup>40</sup>

The UK has the second largest beef herd in the EU, behind France. Beef production accounts for around a quarter of agricultural output in Wales, Scotland and Northern Ireland, compared to around 10% for England (Figure 8.1). Over half of the farms in the UK today are livestock farms. Around two thirds of UK beef cows and sheep are on hill farms (Less Favoured Areas or LFA) with the majority of lowland beef cows on farms in England. 38.9% of the UK's agricultural land area is taken up by grassland, and 25.6% by rough grazing. The traditional basis of beef farming in the LFA is the keeping of suckler beef herds which produce weaned calves for finishing in the lowlands

Of the four main cattle producing countries in the EU, the UK has the largest herd sizes with 31% of herds of more than 100 cattle and only 22% of herds of size less than 20.

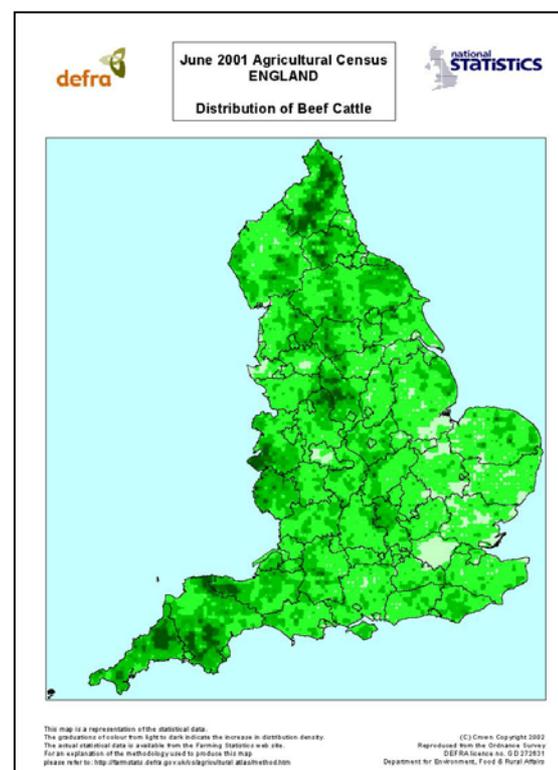
The value of UK beef and veal production in 2002 was £2,024 million of which 1,117 million was from subsidies.<sup>41</sup>

**Net farm income** fell significantly for both hill and lowland cattle and sheep farms from a peak in 1995/6. The average level of net farm income for lowland cattle and sheep farms has been close to zero over the last 3 years, whilst that for hill farms have fared slightly better in part due to higher levels of direct subsidies. The two major influences were the exchange rate of sterling, and the drop in consumption of beef arising from BSE fears and the beef export ban in 1996. Over the decade as a whole, average incomes for cattle and sheep farms have been lower than for all other farm types. For 2002/3, incomes for cattle and sheep farms recovered somewhat, to £9,500 per farm for hill farms and £7,000 for lowland.

The UK is only 71% self-sufficient in beef and veal consumption, with over half of **imports** originating from Ireland. Any future price increase (as a result of lower domestic supplies) will be inhibited by import pressure. Competitors outside of the EU have price advantages e.g. Australian and Argentinean steak meat for the UK catering trade, if purchased through EU concessionary tariff free schemes, can be 30% cheaper than the home produced equivalent.

There is likely to be continued **pressure for re-structuring** in the industry with smaller farms being merged (directly or indirectly) into larger businesses (which are better able to realise scale economies), and **processors procuring all livestock direct from the producing farms** without intermediaries adding cost.

Figure 4.9.1 Distribution of beef cattle

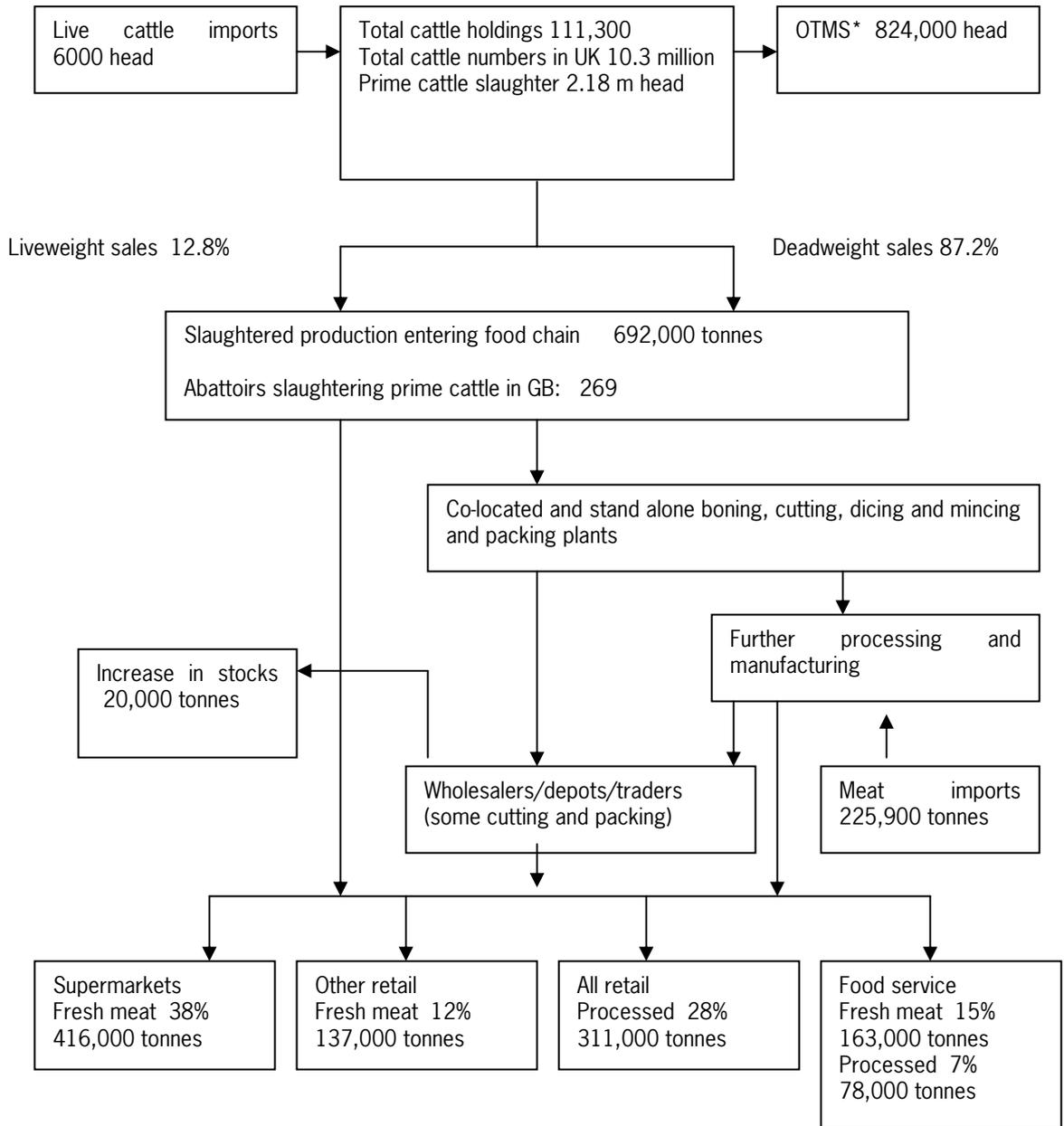


The Government has paid almost £280 million in compensation to farmers following the **BSE** crisis and has paid £2.7 billion in payments and compensation as a result of the **foot-and-mouth** crisis.

BSE had a profound effect upon on consumption clearly evident, although consumption has since recovered to long-term trend level, and sales of beef (and veal) have enjoyed a recent recovery in terms of both volume and value. Assurance schemes, promotions, a return of consumer confidence in beef and the availability of reduced fat and convenience cuts have all been important factors (Mintel).

**Figure 4.9.2 The Beef Marketing Chain 2002**

(Source: MLC, 2003)



## 4.9.2 Institutions and chain governance

As a supported market, the beef sector has a high degree of **intervention**. Subsidies have accounted for 40- 50% of the market value of beef. A list of programmes and schemes can be found at the DEFRA website ([www.defra.gov.uk/farm/schemes/beef.htm](http://www.defra.gov.uk/farm/schemes/beef.htm)). In fact, the industry is also being affected by what is perceived to be expensive **over-regulation** with a disproportionate part of the burden falling on the smaller producers, distributors and retailers, and especially affecting the survival of small and medium-sized slaughterhouses. Demands of the private sector, especially processors and retailers, is accounting for an increasing share of this regulatory burden.

The influential 'Curry Report' on the future of food and farming<sup>42</sup> considered the red meat sector to be in need of urgent attention, with the **supply chain is too long** and **messages are being diffused before reaching the primary producer**. They called for an integrated approach to supply chain management with "efficient consumer response".

Traditionally beef has had a low level of branding and promotion. But since the late 1990s the multiple supermarkets have been developing their own-label products to improve segmentation and perceived value.

### 4.9.2.1 Production and processing

Marketing groups such as **Southern Counties Fresh Foods**, **Meadow Valley Livestock** and **North Country Primestock** purchase beef through their membership. Some groups specialise in regionally identified produce such as the Llyn Beef Group, who market their cattle through the abattoir in Caernarfon as 'Llyn' branded beef to the Booker catering company; and Fell Bred, a partnership between farmers in Cumbria, an auctioneer, an abattoir, Dale Speciality Foods, and Booths Supermarkets. Most of the major processors operate some form with producer groups, but the primary (upland) producers have been slow to be brought into these arrangements.

### Beef

The beef processing sector has undergone major consolidation in recent years. Over the past 15 years, mostly in the name of the EU, around 1,000 abattoirs have been closed in the UK partly because of new meat hygiene inspection charges – leaving just over 300 operating today. Some big names have also been affected. For instance, **Midland Meat Packers**, one of the UK's leading beef processors, closed in February 2003 due to the loss of their export business plus the loss of a major supermarket contract, believed to be Asda.

The trend is clearly away from spot markets and towards **integrated packer-processors contracting with dedicated producer groups** to reduce cost and ensure traceability and consistency. Farmers receive a **guaranteed forward price**, so that they know the costs and the profit margin they will receive.

**ANM.** The [ANM Group Ltd](#) is one of the largest farmer-owned agri-businesses in the UK with 7500 farmer-shareholders, and is one of the UK's leading meat businesses. The company's meat division includes **Scotch Premier** and **Yorkshire Premier Meat**. Major customers include the multiples. The company has been concentrating its operations on processing in a shift away from more upstream operations and in 2001 the meat division was the major contributor to company profits.

**ABP.** Anglo Beef Processors ([ABP](#)) is a subsidiary of the **Irish Food Processors** Ltd (IFP). IFP also incorporates Anglo Irish Beef Processors Ltd in the Republic of Ireland. ABP company operates through 13 plants nationally, employing over 1,500 staff and generating sales of over £319 million. ABP's stated aim is to be the preferred partner of multiple retailers, manufacturers and caterers for the supply of fresh and frozen meat and meat products. The group has dedicated retail packing facilities throughout the UK, supplying fresh beef, lamb and pork in shelf-ready packs for the major retailers. ABP is committed to working with producer groups to procure all livestock direct from the producing farms, buying as close to their plants as possible to minimise, and to build long term relationships with producers through '**Producer Processor Alliances**'.

**St Merryn Meats** is involved in the slaughter and production of beef and lamb as well as the packing of lamb legs. St Merryn's is the major supplier of beef to **Tesco**. Beef products supplied by the company include stir-fry strips in two flavours, a ready roast beef joint with horseradish and pepper, and a beef rib-eye joint with chilli and garlic dusting, all supplied through Tesco. Works with the '**St Merryn Meats Producers Club**'.

The [Foyle Food Group](#) is a leading producer of beef and lamb in the UK, Ireland and Europe, with annual throughput at its 6 sites of 50,000 tonnes of beef per year and 10,000 tonnes of lamb per year. The Foyle Valley **Producer Club** consists of local farmers and was set up with the aims of "enhancing traceability, quality assurance and developing closer links from the farmer through to the consumer." The Foyle Food Group deals with leading global retailers including **Tesco** and **Albert Heijn**.

The [Kepak Group](#) is one of the leading meat processing companies in Europe with processing facilities located in the preferred beef production regions of Ireland and the U.K., exporting to the main EU and third country markets. It has a slaughtering capacity in excess of 250,000 beef in deboning and retail packing facilities. Livestock are procured direct from producers under the group's own Livestock Quality Assurance Scheme for assured quality and traceability of all products. Associated **producer groups** include the [Keenan / Kepak Beef Club](#) in Ireland, which is a feed company-producer-processor alliance resembling the pork systems.

#### 4.9.2.2 Trade organizations

**EBLEX (English Lamb and Beef Executive)**—the new body that represents the Meat and Livestock Commission beef and lamb levy payers in England.

The [National Beef Association](#) is an independent body representing the interests of UK beef farmers

[Welsh Lamb & Beef Promotions Ltd.](#) is a farmer controlled agricultural cooperative of some 7200 members that is dedicated to the promotion and marketing of branded Welsh Lamb and Welsh Beef in target markets at home and abroad.

#### 4.9.2.3 Retail

The multiple supermarkets dominate beef retailing, with around 80% market share (Table 9.1), the according to Mintel, the position of butchers is beginning to show greater stability.

**Table 4.9.1 Retail sales of UK beef and veal 2002**  
(Meat and Livestock Commission)

Supermarkets (including co-ops and freezer centres)	80.3 %
Butchers	15.2 %
Independent grocers	0.4 %
Other retail outlets	4.0 %

### 4.9.3 Sustainability and transparency

#### 4.9.3.1 Organics

Domestic meat producers are providing only around 55% of domestic demand.<sup>43</sup> For beef production, hill and upland conversion has far exceeded lowland conversion, resulting in insufficient availability of organic farms able to finish the large numbers of cattle and sheep. This is particularly relevant for England, where there has been little conversion of farms appropriate for stock finishing (often largely arable farms in central and eastern England).

Over the past five years a significant premium for organic livestock products has been achieved, and this has been mainly because conventional prices collapsed. Marketing problems have emerged for livestock farmers, with buyers using lower conventional prices to 'talk down' the organic price, whilst the retail price to the consumer has remained little changed. Changes to the organic standards for converting livestock (simultaneous conversion of land and livestock) and the UK government's Organic Action Plan will result in a jump in the quantity of UK organic beef available. Some retailers are committed

#### 4.9.3.2 Locality branding.

The major supermarkets have been coming under increasing political pressure to source domestic meat, rather than imports. Some of the multiple retailers have attempted to work with domestic producers to secure home grown supply. At the beginning of 2002, Sainsbury's announced that it aimed to stock 100% British-sourced meat, organic meat and dairy products by January 2004. The company planned to develop partnerships with UK farmers and suppliers as well as R&D organisations to increase the amount of British-grown organic food. In May 2002, Somerfield gained retail distribution rights for the new Celtic Pride Welsh Lamb Brand. The brand is a joint venture between the Welsh Meat Company (600 producers) and Oriel Jones, a processor. Safeway only stocks British outdoor-bred pork. Tesco also offers a fully British range of pork, as does Sainsbury's in its prepacked range.<sup>44</sup>

**Animal welfare.** Slaughter is now concentrated in larger slaughterhouses and distances from farm or market to slaughter may increase accordingly. The risks of welfare being compromised are likely to increase with longer and/or more complex journeys. Welfare and journey time.

### 4.9.4 Rural development implications

Primary beef production in the UK is closely connected to the economies of Less Favoured Areas, such as uplands of Wales, Scotland and Northern Ireland.

### 4.9.5 Bottlenecks against sustainability

The rapid decline in abattoirs limits the development of alternative chains serving farmers markets, and other routes of farm diversification, as well as having animal welfare consequences (longer transport times).

## 4.10 Sheepmeat

### 4.10.1 Current structure of the UK sheep sector

There are approximately 75,000 sheep producers in the UK. Nearly 30% of the EU sheep breeding flock is to be found in the UK. Around 65% of the UK breeding sheep flock are in extensive systems in LFAs (45% in England, 75% in Wales, 90% in Scotland—Figure 4.10.2, and 80% in Northern Ireland), with around 1-2 ewes/ha. In Wales, a quarter of agricultural output is accounted for by the sheep sector, with over 5 million Welsh sheep in the hills. Within the LFA, the traditional hill sheep enterprises produce lambs either finished on-farm or sold for fattening in the lowlands, and draft hill ewes for use in upland and lowland flocks to provide cross-bred breeding stock for other lowland flocks. Upland farms generally combine sheep production with cattle rearing.

Figure 4.10.1 Distribution of total sheep

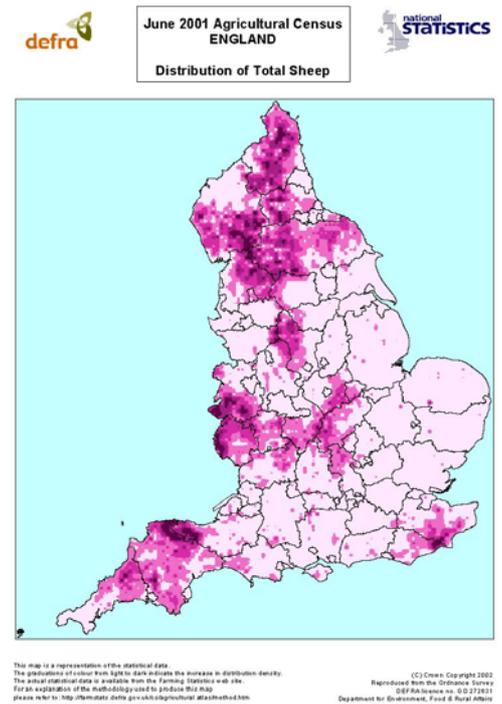
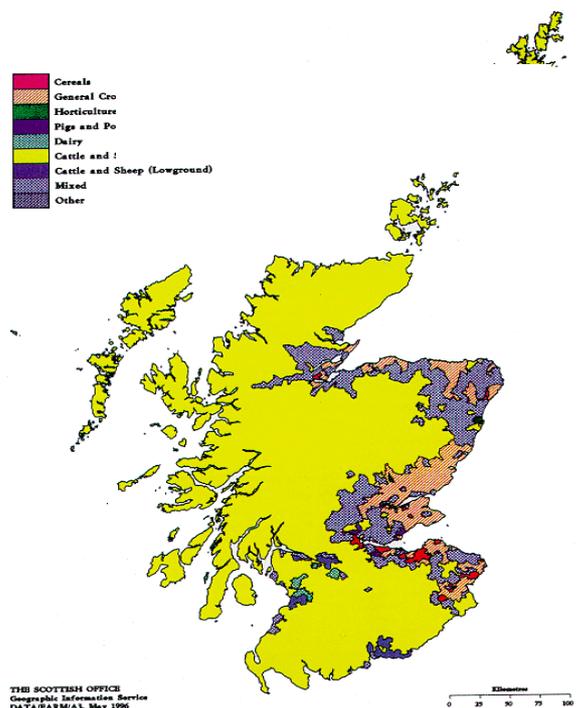


Figure 4.10.2 Farm types in Scotland

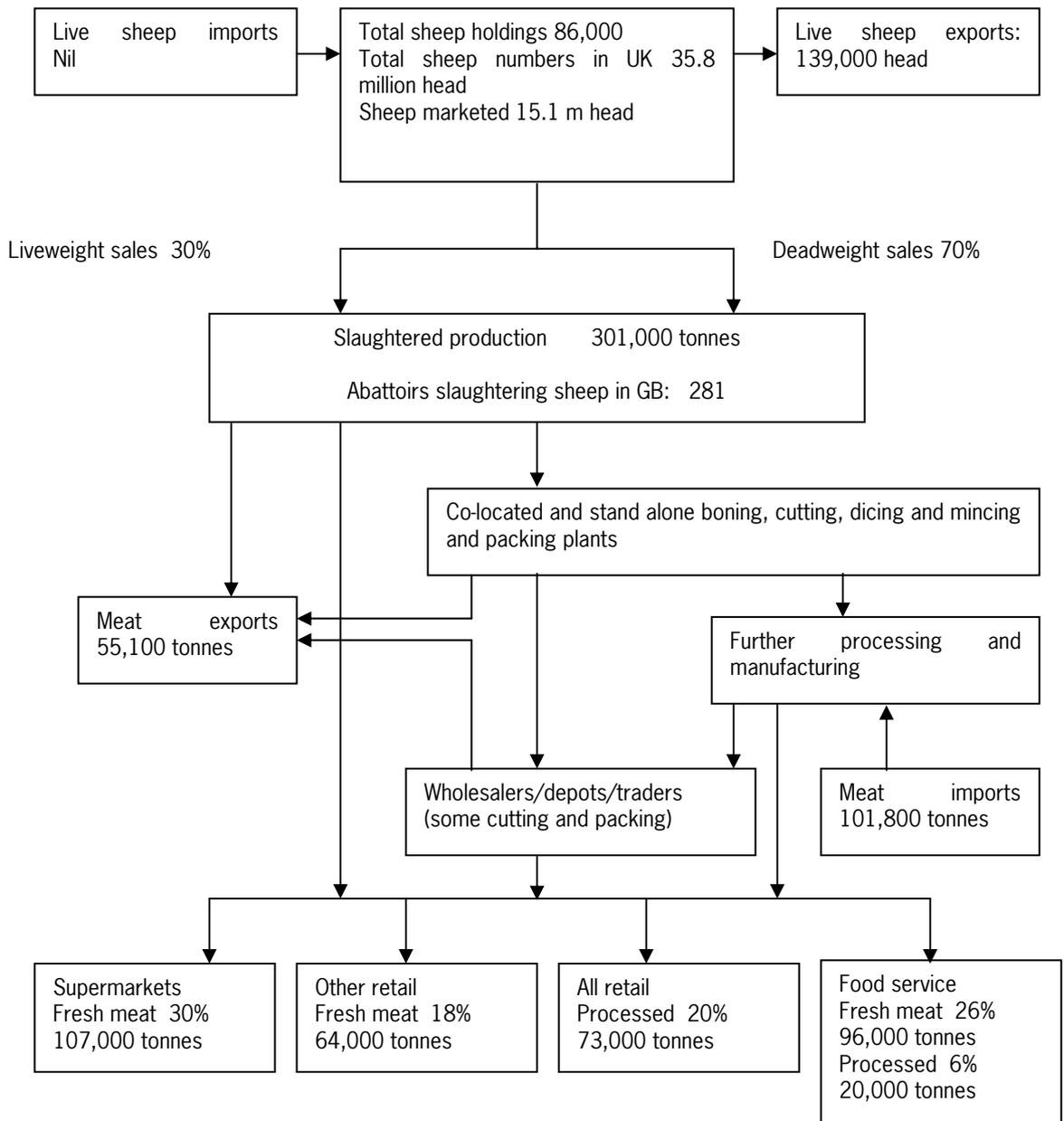
Nationally the flock is in decline from the peak sustained from 1990 to 1998. The national flock could stabilise at about 16 million breeding ewes (compared with over 21 million in the mid 1990s); there is a drift of the flock away from lowland areas. The sector is still **heavily dependent on subsidies**; the value of production in 2002 was £840 million, of which £248 was subsidies.<sup>45</sup> Slumps in the price of lamb in 1998 and 2001 led to considerable unrest among sheep farmers and accusations of processor and retailer price-gouging.

**Competitors outside of the EU have price advantages** e.g. New Zealand can air freight chilled lamb cuts to the UK under concessionary tariff free schemes, to sell at lower prices than the home produced product.



**Figure 4.10.3 Sheepmeat marketing chain 2002**

Source: MLC (2003)



#### **4.10.2 Institutions and chain governance**

Similar to beef.

##### *4.10.1.1 Trade associations*

[National sheep association](#)

#### **4.10.3 Sustainability and transparency**

English Nature estimates that more than 250,000 ha of England's Sites of Special Scientific Interest are being damaged by overgrazing and over-intensive sheep management.

##### *4.10.1.2 Organics and wildlife-friendly lamb*

RSPB lamb. In August 2002, the Royal Society for the Protection of Birds and Severn Trent Water teamed with a group of organic farmers to launch a range of wildlife-friendly organic Welsh lamb.

##### *4.10.1.3 Regional branding*

Safeway has English brand lamb in 134 of its English stores. The meat was branded Northumbrian lamb, West Country lamb or English lamb, dependent upon location.

#### **4.10.4 Rural development implications**

As for beef.

#### **4.10.5 Bottlenecks against sustainability**

As for beef.

## 4.11 Sugar

### 4.11.1 Current structure of the UK sugar industry

In common with the EU as a whole, the UK is **producer, importer, consumer and exporter of sugar**. In 2000/01 production was 1.44 million tonnes (from **sugar beet**), consumption 2.34 million<sup>46</sup>, imports (mainly from ACP **cane sugar**) were 1.34 million tonnes, and exports 631,000 tonnes.

UK is a relatively minor player in the world sugar market. Taken over a five year period, the UK accounted for just over 1% of world production, 3.5% of imports and 1.5% of exports.

Sugar beet is an important spring sown crop in the UK, with 9 million tonnes of sugar beet produced from approximately 150,000 hectares on 9,000 farms, mainly in the East of England and the West Midlands as part of an arable rotation (Figure 11.1).

Three-quarters of UK sugar consumption is sold direct to industrial users such as soft drinks and confectionery manufacturers. Consumption remains more or less constant, with small seasonal variations e.g. increases in ice cream and soft drink consumption in summer; and in chocolate and confectionery at Christmas and Easter.

### 4.11.2 Institutions and chain governance<sup>47</sup>

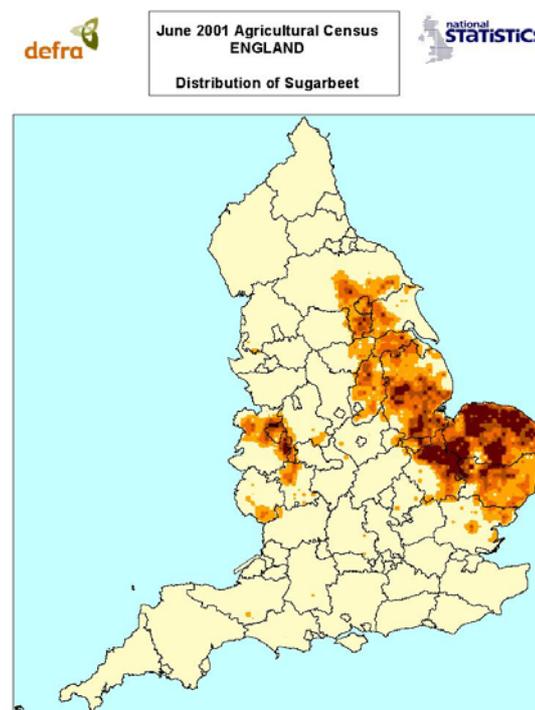
#### 4.11.2.1 Production

Sugar beet production in the UK is highly regulated. The controversial **EU sugar regime**<sup>48</sup> stabilises the market for sugar through applying a system of quotas and price support to production and marketing of beet and cane sugar from certain ACP and least developed countries.

#### 4.11.2.2 Sugar processing and distribution

The system of sugar production in the UK is a “**legally sanctioned quasi-duopoly**” (Cox et al, 2002) with high levels of profitability and an unusually privileged position in terms of power in the chain. The two manufacturers granted a quota to produce sugar in the UK are **British Sugar (Associated British Foods)**, who produce sugar from home-grown sugar beet; and **Tate and Lyle**, who import and refine raw cane sugar. Tate & Lyle and the Silver Spoon brand from British Sugar dominate the pure sugar sector, with nearly 80% of value sales between them in 2002. There are only a handful of other brands, with Whitworths and Billingtons the main names.

Figure 4.11.1 Distribution of sugarbeet



**Billington's** is a privately-owned family company specialising in natural cane sugars. were the first to source a certified organic cane sugar for the UK market. They now offer one of the most comprehensive ranges of natural and unrefined organic cane sugars in Europe. Billingtons holds a share of over 50% of the organic sugar market in the UK.

**Whitworths** takes around 5% of the retail sugar market, and also supplies the food industry. Its management team bought out the company in 2001, for a reported £15 million.

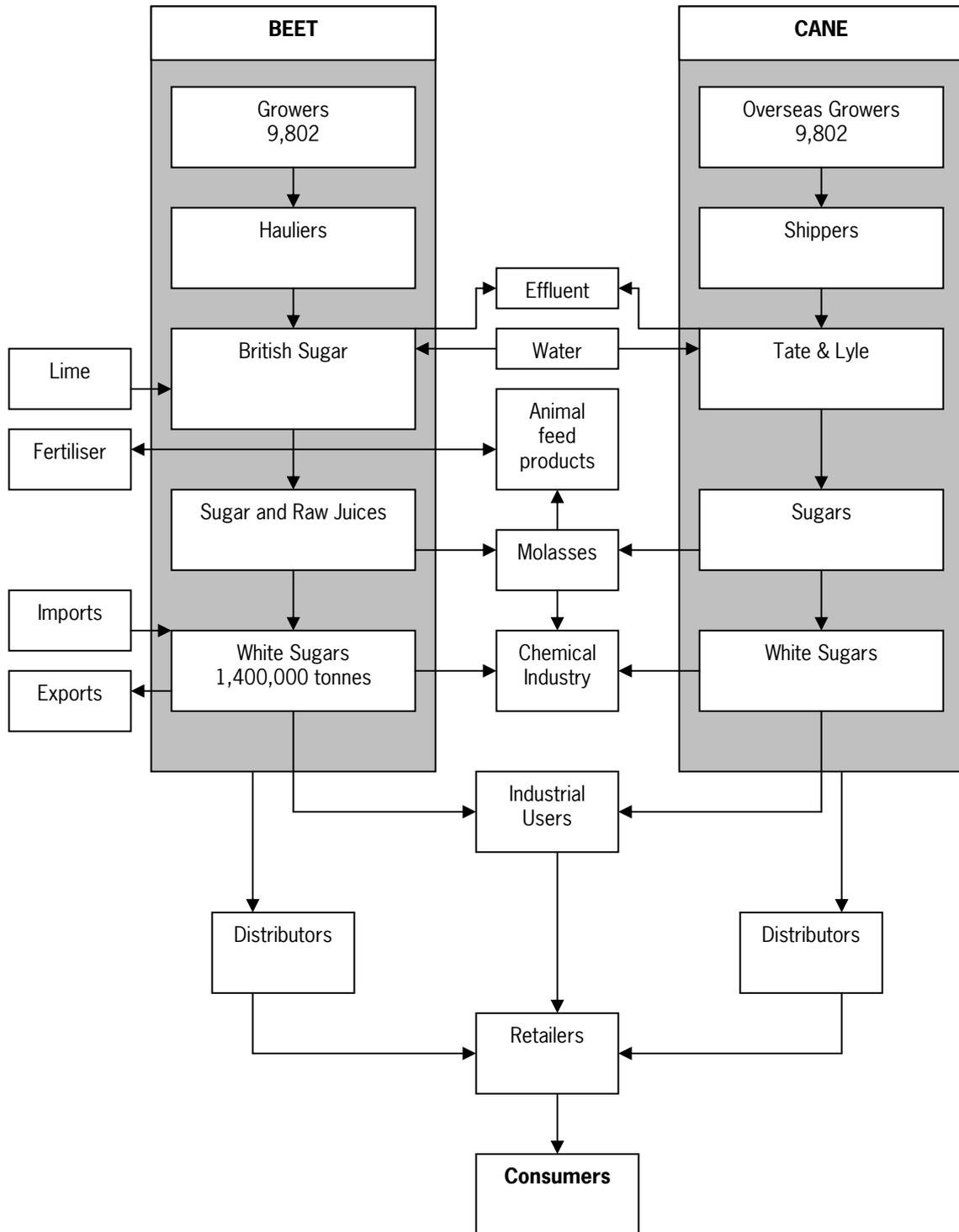
**Associated British Foods** (Silver Spoon brand.). British Sugar is the sole domestic producer of sugar, working with around 7,000 farmers around the UK to supply around 9 million tonnes of sugar beet, from which in the region of 1.4 million tonnes of white sugar enters into the retail sector and the food industry in general. The core sugar brand, Silver Spoon, is the leading sugar brand in the UK selling four million bags of sugar a week, and is consistently ranked among the largest 30 brands in the UK grocery sector. Recently the company has looked to further expand the range by offering an organic white granulated sugar, which has already grown to take a 10% share of the sub-sector. British Sugar contracted with 39 of the country's organic growers to grow organic sugar beet according to Soil Association standards. A new addition is the first organic beet sugar from UK-grown beet. The company has also moved into low calorie sugar and artificial sweeteners. A sister company of British Sugar, Germain's, is the sole provider of pelleted seed in the UK, from varieties from six British Sugar-approved seed companies.

**Tate and Lyle** represents the other main brand of sugar sold in the UK. In this case, sugar cane is imported and refined at a rate of over 1 million tonnes per year at the company's London refinery plant. Much of the production goes to supply the food industry for products such as soft drinks and confectionery, as well as going direct to retail. As with British Sugar, Tate & Lyle does not supply sugar for retailer own-label lines. The company has had mixed fortunes worldwide, and in 2001 sold off much of its US operation. Their organic range amounts to roughly 20% of the UK organic sugar market.

The largest markets for sugar are the confectionary, bakery and soft drinks markets. By the early 1990s, three companies (Cadbury Schweppes, Nestlé Rowntree and Mars) produced nearly 70% of all the confectionary consumed in the UK. The ice cream and soft drinks markets are also highly concentrated. But the dominants of brands is being challenged by multiple retailers' own brands, but Cox et al. note that "the retailer's power in the relationship is not as marked for sugar-based goods as it is for other products".

**Figure 4.11.2 UK sugar chains – beet (1998) and cane**

(source: DEFRA Food Chain group [www.defra.gov.uk/foodrin/fdchain/fdchain.pdf](http://www.defra.gov.uk/foodrin/fdchain/fdchain.pdf))



#### 4.11.2.3 Trade organisations

The [British Beet Research Organisation](#) is a non-profit making company set up jointly by British Sugar plc and the National Farmers' Union. The objective of the BBRO is to commission and implement research and technology transfer designed to increase the competitiveness and profitability of the UK beet sugar industry in a sustainable and environmentally acceptable manner. Research funding is provided jointly by UK beet growers and the processor (British Sugar plc).

The [Sugar Bureau](#), the trade association for the UK sugar industry, is funded principally by British Sugar and Tate and Lyle and focuses mainly on dietary issues related to sugar consumption.

#### 4.11.3 Sustainability and transparency

The UK Sustainable Development Commission has recently compared the sustainability of UK domestic beet production versus imports of cane production.<sup>49</sup>

#### 4.11.4 Dynamic areas

**Organic** sugars are becoming more popular in the UK, with sales growing by upwards of 30% per year (40-50,000 tonnes in 2000). Billingtons is the major supplier, with over half the market coming from its range of granulated, demerara, and caster cane sugar. Tate & Lyle supplies organic granulated, caster and demerara sugar in 500g bags and sugar sticks, while Silver Spoon has introduced 1kg bags of granulated organic sugar in an attempt to widen the market into the mainstream.

**Fairtrade** sugar: also as ingredient of Fairtrade chocolate etc.

Most significant sustainability issues in the sugar chain are as follows:

- **Declining price of raw sugar traded on the world market**, fuelled by return of world sugar production to a position of over-supply, and protectionist sugar regimes (EU and US). Sugar is one of the most heavily subsidised agricultural commodities in the world.
- **Skewed market**. Beet sugar competes with more labour-intensive and pro-poor cane sugar crop; sugar beet production costs within the EU are much higher than cane prices (see Oxfam [report](#))
- **Health impacts of increasing sugar consumption**; long-term global sugar consumption continues to increase at an average of 2% per annum and the 2001/02 season was estimated to be 134 million tons
- **Labour conditions on plantations**. Working in sugar plantations can be backbreaking work with very poor wages.
- **Environmental pollution**. Sugar **cane** is usually grown as a monoculture. Production in many countries has moved to marginal areas removing natural rainforests, mangroves and other sensitive environments. Cane sugar has been responsible for reduced wildlife biodiversity, polluted rivers and seas, eroded fertile soils, careless use of pesticides and fertilisers, poor management of irrigation, air pollution from burning cane, and damage to coral reefs. The processing of sugar cane has also been shown to be very polluting, especially in poorer countries. Sugar **beet** production is heavily dependent on pesticides, contributing to the decline of weeds, insects, mammals and birds in farmland areas in the UK.
- The introduction of genetically modified (GM) herbicide resistant sugar beet

DEFRA, working closely with English Nature, British Sugar, the National Farmer's Union, the RSPB and other stakeholders, produced a detailed report on Sugar Beet and the Environment in June 2002.<sup>50</sup>

The UK Sustainable Development Commission has also commissioned a [study](#) comparing the import/sugar cane and UK/beet chains, based on a selection of indicators for sustainability.

#### **4.11.5 Rural development implications**

As for potatoes. Sugar beet growing is a totally mechanised operation with only **50-man hours per hectare** required to grow a typical crop, compared with 500 man-hours 30 years ago (British Sugar).

#### **4.11.6 Bottlenecks against sustainability**

As for potatoes.

## 4.12 Sea fish

### 4.12.1 Current structure of the UK fishing industry<sup>51</sup>

While the fishing industry comprises only a small part of the UK economy; it is of great importance to the economies of several coastal regions and provides a livelihood for many communities. In 1998, the contribution of fisheries to GDP at current prices was less than 1%, but its share of GDP for agriculture, forestry and fisheries was up to 5%.

In 1998 the **UK fishing fleet** consisted of some 7,639 vessels, employing around 17,847 fishermen . It is reported that a further 635 vessels are registered in the Channel Islands and Isle of Man UK landings declined by 31% from 1994 to 1999 and imports increased by 15%.

Total sales of fish and fish products from the primary and mixed sectors of the UK fish processing industry in 1999 are estimated at around **£1.48 billion** (including sales to other processors), with approximately £330 million from the primary sector and £1,150 million from the mixed sector. Primary sector sales represent a 16% increase in value in real terms, highlighting the trend of fish and fish product prices rising above the rate of inflation.

Auction markets were the main route of supply to an increased proportion of primary processors in 1999. Mixed processors rely more heavily on **direct contracts** and **direct imports** than on auction sales.

**Primary processing.** In 1999 there were around 565 companies involved in the processing of salmon and whitefish in the UK. This is a decrease of over 21% since 1995. Margins and operating profits have been shrinking and the primary sector was hovering around the break even point for 1999. The mixed sector also suffered from low margins and operating profits in 1999. Because it remains difficult to source fish for some processors, **rationalisation** of the industry will continue during which the least economically efficient businesses will become no longer viable and the reduction in the number of operating units will continue. The Plimsoll Portfolio Analysis<sup>52</sup> estimates that 31% of companies in the fish processing industry are in serious financial danger. Some smaller companies may merge or be bought by larger companies and the trend to larger average size of company will continue, as the minimum efficient scale of operation increases due to increased fixed costs. Once the rationalisation of the industry slows down, the remaining firms are likely to be bigger and are more likely to be geared up for **obtaining supplies via direct routes and from imports**. The remaining firms will be the most economically efficient of the firms currently trading, and after a market readjustment, will be able to trade profitably in fish processing.

Primary sector sales to the retail sector have decreased markedly but there has been an increase in sales to pubs, hotels and restaurants. For mixed processors retail is still the biggest single customer group with supermarkets accounting for 64% of mixed sector fresh sales (Table 12.1) and 88.6% of frozen sales (when freezer centres are included) (Table 12.2). The market share of fishmongers and market stalls has declined dramatically.

**Table 4.12.1 Household Purchases of Fresh Fish by Outlet in the UK, 1988 - 1998.**

Market shares as %. Source: SALMAR (2001)

	1988	1998
Supermarkets	16.0	64.2
Market stalls	16.1	5.0
Mongers	48.9	20.6
Other outlets	19.0	10.2
Total	100	100

**Table 4.12.2 Household Purchases of Frozen Fish by Outlet in the UK, 1988 - 1998.**

Market shares as %. Source: SALMAR (2001)

	1988	1998
Supermarkets	57.4	71.9
Freezer Centres	19.8	16.7
Other outlets	22.8	11.4
Total	100	100

Frozen seafood remains a key sector maintaining its steady performance and continuing to account for more than half of all purchases by volume but the real star of in-home consumption is the chilled sector. Up 10% in value and 4% in volume, this sector's performance consolidates the trend of recent years. Seafood ready meals (constituting 20% of total chilled seafood) and shellfish (10%) are also success stories. For both, year-on-year volume and value growth is more than 10%, reflecting consumer demand for high-quality convenience foods.

#### 4.12.2 Institutions and chain governance

**Multiple retailers.** Significant changes have taken place in the structure of UK seafood industry since the late 1980s. These changes have their origin from both the supply and demand side. The supply side changes are attributable to the **reductions in catching opportunities** associated with **stock depletion** and consequent **quota restrictions** put in place by stricter fisheries management regimes. From the demand side, relative changes may be due to increasing importance of foreign outlets for UK seafood as against domestic outlets. Firms at every level in the distribution chain have faced a variety of supply and marketing problems, though arguably the most fundamental difficulty within the UK market is that consumer demand for fisheries products in general is essentially static due to low price and income elasticities. Consequently, competition amongst retailers has intensified, leading to the **dominance of the multiples** at the expense of the smaller retailers, mainly fishmongers.

This in turn has increased the monopsonistic power of the large retail distributors over the processors and wholesalers. Large supermarket chains have **exerted considerable influence over the processing sector** requiring them to meet strict health and safety regulations, packaging and processing requirements, and to keep prices competitive. Only the largest of processors have been able to install the infrastructure necessary to meet these requirements. In addition, only the largest of processors are in a position to be able to purchase fish cheaply in bulk (most often imported fish) and to absorb any losses they might incur as a result of the need to supply fish at a constant price to supermarkets. The result of this has been that there are now fewer, larger processors.

**Environmental Groups.** The development of labelling in response to issues of overfishing, dolphin by-catch etc. has been led not by consumer demand, but by (1) environmental interest groups, concerned fisheries management authorities and (2) commercial organisations who see traditional fisheries management measures as failing to adequately maintain stocks and supplies of fish to the market. The most high profile labelling initiative to evolve out of these concerns has been the **Marine Stewardship Council**.

#### **4.12.3 Sustainability and transparency**

Small niches for sustainably sourced fish have been developed through NGO and private sector action.

##### *4.12.3.1 Ecolabelling: Marine Stewardship Council*

The Marine Stewardship Council (MSC) was created in 1996 by Unilever and WWF with the objective of reversing the continued decline in the world's fisheries. By creating a standard, certifying fisheries and marketing the certified products to consumers, the MSC aims to encourage responsible fishing practices and to provide a chain of incentives throughout the supply chain. The MSC has operated independently since 1999. The first fisheries started coming forward for certification in 1999 and some of the first certified products are already in the market place: Alaska Salmon, Burry Inlet Cockles, Loch Torridon Nephrops, New Zealand Hoki, South West Mackerel Handline Fishery, Thames Herring and Western Australian Rock Lobster. Ten other fisheries are also currently going through the certification process.

##### *4.12.3.2 Organic Farmed Fisheries*

Interim UK Organic Aquaculture Standards have been developed by the three UK organic certification bodies active in this sector. But consumers have mixed reactions to the use of the 'organic' label on farmed fish. In particular, committed organic consumers regarded the semi-intensive farming practices, use of cages and cage loadings as being incompatible with the 'organic' principle.

##### *4.12.3.3 Short supply chains*

Safeway has launched an initiative of selling locally landed fish at its stores in the Southwest via shortened supply chains, in partnership with *Fresh From the West*, a Falmouth-based supplier.<sup>53</sup>

## **5 Drivers of change in FSCs in the UK**

### **5.1 Political factors**

The principal political strength in FSCs in the UK is widely considered to be the retail multiples. Farmers were historically important but their pre-eminence in rural and food related policy making can be seen to have declined since the 1970s. The food manufacturing sector is heterogeneous and does not comprise a tightly organised grouping for political purposes. It is difficult to assess how this political power is wielded, but in certain policy arenas, such as competition policy in food retailing, governments have tended to back away from inquiry into the retail sector, although it might be contended that this is because of evident oligopolistic competition. Both major political parties in the UK have prominent individuals with strong food retail backgrounds.

There are a number of 'green' NGOs that have been active in FSC-related work. These NGOs are often active in one particular sphere (e.g. animal welfare, biodiversity or landscape/environment protection, but their lobbying and advocacy in relation to FSCs often transcends their formal remits. The RSPCA has campaigned actively for animal welfare and has collaborated with retailers to develop the Freedom Foods brand. The Soil Association has been the principal but by no means the only NGO active in relation to organic food. As well as operating as a membership organisation, the Soil Association has been a campaigner for the organic movement and has engaged in the wider policy debate, especially in relation to reform of the CAP. The RSPB has promoted food from farms operating bird-friendly farming systems. The scope for national discretion in the composition and use of some EU rural development schemes has led to active –'rent-seeking' behaviour by pressure groups. In addition to the green NGOs active in FSCs, some arenas, such as fair trade and labour standards, have been strongly influenced by development-oriented NGOs.

Food-related NGOs are not particularly well developed historically in the UK. However, Sustain has emerged as a significant co-ordinating NGO over a relatively short period of time. It is an umbrella organisation for 100 NGOs with an interest in sustainability in the FSC from both a farming and health standpoint. They have also published many important reports, most notably the 'Food Miles Report' (Paxton 1994). The Soil Association has been active in a number of sub-regional scale 'Food Futures' projects. There are also a number of regional organisations such as East Anglia Food Links and Somerset Food Links. Particular interest has been shown in relocating public procurement, which could have a significant effect on local demand and shorten supply chains.

It is not yet clear as to whether the Curry report on the future of food and farming will significantly impact on FSCs in ways that enhance sustainability. Whilst the analysis resonates with many positive suggestions relating to the development of the alternative food sector, the extent to which more than tokenistic environmental enhancement will arise from the recommendations is open to question. However, the demand for a more market driven food system at the farm end of the chain is undoubtedly forcing farmers to focus much more on consumer demand and may provide a platform for the extension and further development of more sustainable FSCs.

## 5.2 Economic factors

The principal economic structures driving change in the food industry in the UK are:

- The highly concentrated food retail sector, characterised by high (but also highly variable) profitability in comparison to other sectors of FSCs;
- The competitive processing sector, substantial segments of which have experienced relatively low rates of profit and substantial changes in ownership; and
- The farm sector which is in a state of economic depression, induced, *inter alia*, by the strong 3 Euro relationship, by the market structures in the FSCs in the UK and compounded by outbreaks of disease such as Bovine Spongiform Encephalopathy (BSE) ('Mad-Cow Disease') with its human impact via vCJD and Foot and Mouth Disease.

Over the 20<sup>th</sup> century, the FSCs in the UK became more and more globalised, principally because the UK opened its doors to overseas food supplies from an early date in contrast to other European countries. To a considerable degree, food markets in the UK have been, until relatively recently, commodity markets, rather than differentiated niche markets, giving processors the opportunity to search globally for commodity inputs. For example, poultry meat (especially for the catering sector) is widely sourced, including major imports into the UK from Brazil and Thailand. The inclusion of agricultural and food products in the Uruguay Round of WTO subjects agricultural and food products to the critical scrutiny of the WTO and impacts significantly on the prospects for UK agriculture (Marsh 2001).

Over the last 30 years there has been a marked change in the pattern of food expenditure. These changes can be seen as a product of an increasingly affluent population spending a rising proportion of food expenditure on eating out, as well as demand shifts induced by changing social patterns, particularly a rise in females in the workforce and the effect of this on convenience food purchase.

Food retailers have been able to use their market power to drive down prices to suppliers (including both processors and farmers) and have been highly active in developing own-brand products. Whereas some sectors of the food industry in the UK were characterised by transparent price formation in wholesale markets, particularly in the fruit and vegetable sectors, wholesale markets are now essentially markets of last resort for most producers. Transparent price formation now only applies to the small proportion of produce traded outwith the supermarket sector. In intensive livestock production, contract production is now widespread.

The food retail sector is differentiated both between stores, with retailers able to use point of sale information to determine local preferences and between stores, with a number of discount supermarkets targeting poorer households in urban rather than peri-urban locations. Whilst the two largest UK supermarkets are UK-owned, the discount end of the market is dominated by a broader pattern of ownership. At the upper end of the quality scale, retailers such as Marks and Spencer and Waitrose are both UK owned firms. US food retailers have bought into the UK food retail sector with the purchase by Wall-Mart of ASDA. Morrison's acquisition of Safeway is now proceeding to give Morrisons, a relatively recent entrant to the national scene, a significant position in the market. This takeover was influenced by the competition watchdog's view that a takeover of Safeway by any of the 'Big Three' retailers would "operate against the public interest at both a local and national level".

The food processing sector has also experienced rapid structural change. A combination of over-capacity in some sectors e.g. meat and milk, and tight margins in others, has led to a concentration of ownership and horizontal and vertical integration. As a result of the BSE

crisis in the UK, the red meat industry, an already precarious industry, was forced to restructure to survive.

The catering sector experienced considerable growth in response to increased demand. Major fast food chains such as McDonald's grew rapidly from the late 1980s. This had knock on effects in creating a demand for contract growing of raw materials. However, there are some signs that the growth of the fast sector has levelled off.

Outside the mainstream elements of the food system, an alternative food system has begun to emerge. This tends to be smaller scale, more regionally focused (although some speciality producers supply over long distances). Part of the drive to create new food firms has been the desire of farmers to add value by processing and then marketing their produce through different supply chains.

The mainstream food sector has proved adept at taking up certain products from the alternative food sector and mainstreaming them. Organic food is perhaps the best example of this, although it has been suggested that the economic advantage of local or regional sourcing may drive certain changes in the food system for major retailers in the foreseeable future. To date, the alternative food sector remains a comparatively small niche, although its dynamism invites predation from the larger scale components of the industry.

### **5.3 Social factors**

Two types of social factor have been the principal drivers of change in food purchasing behaviour, with important consequences for FSCs. First, there have been household level socio-demographic changes that have impacted on food purchase behaviour. Second, consumers' tastes have changed to create a more complex and diverse range of demands for more differentiated products. Amongst a minority of consumers, there is an ambivalent attitude to supermarkets and other large-scale elements of the FSC, which has provided a context in which an alternative food sector has been able to develop. Mintel (Mintel 2003) note the preference of UK consumers for locally grown produce, but other qualitative market research-type studies suggest that those exhibiting a strong interest in local food are a relatively small segment of the market and that quality and price are principal concerns (IGD 1998).

The household changes include changes in the composition of households (there are now more single person households and the nuclear household is no longer the dominant household type) and changes in the role of individual members of the household (with working women creating a demand for more pre-prepared food and ready meals). The latter has created substantial opportunities for value-added activity in the food chain.

Greater affluence, overseas travel and the widespread promotion of food in the media have all created a more diverse demand for food. Often, but not exclusively, these new demands have tended to substitute the exotic for the vernacular, increasing road (or air) miles and generating more globalised patterns of food movement, often with negative effects on environmental sustainability (e.g. tiger prawn production in Asia, green bean production in Kenya and Zambia).

In the shadow of the dominance of the mainstream actors in the food industry, there is a discernible set of values that is critical of much of the behaviour of the globalised food industry. The localisation critique is fuelled by a concern for the environment, worries about the health attributes (and risks) of certain types of food, distaste for the behaviour of corporate giants (or their suppliers) with respect to their employees and a search for

differentiation in food. This loose coalition of food activists has helped to drive the demand for and sustain a range of food-related initiatives and micro-businesses.

#### **5.4 Technical factors**

A number of technical factors have impacted on FSCs in the UK over the last 30 years. Most of the technical changes have favoured the processes of concentration evident throughout the FSC, but some of the changes have also helped to nurture more local and sustainable food systems. The technologies in the UK are no different from those found in other European countries, although the extent to which there is a demand for the new technologies is culturally mediated and may be shaped by national factors. For the commodity food processors, the prospect of cheaper inputs derived from GMOs is a clear attraction. However, there remains a profound consumer scepticism about GMOs that is likely to delay its adoption, although the depth of UK public distaste for GMOs may be less profound than in more southern European cultures.

Changes in the costs of mobility and the ability to ensure effective cool chain management from the field to the plate for goods in transit has enabled much more distant sourcing of food. Central distribution depots act as hubs from which retail and other establishments are supplied by food distribution and retail firms. However, speciality food producers have also been able to exploit the relative speed and cheapness of the movement of food products, often through the use of mail order systems.

Economies of size and scale in processing have nurtured a concentration of ownership. Even in simple tasks such as the pasteurisation of milk, considerable scale economies exist which foster the concentration of ownership and increases the movement of product.

The internet (combined with relative ease of moving produce to the final consumer) provides a means for small-scale firms to reach a wider market. For some farmers who sell direct to the final consumer, internet sales can dovetail with other types of direct sale such as farmers markets and farm shops but ensure a much wider market areas is reached.

## 6 Catalogue of sustainable food supply chain initiatives

### 6.1 Introduction to Section 6 of WP2

The purpose of this section is to identify sites of dynamism (both actual and potential) within the food supply chain that exhibit the potential to increase its overall sustainability. This is a useful exercise in itself, but also provides an important step in choosing the subsequent case studies for an in-depth evaluation. In pursuit of this aim, it is worth briefly identifying the significance of the report of the Policy Commission on the Future of Farming and Food (The Curry Report), as well as the speciality and local food sectors, to the emergence of FSC sustainability initiatives. Section 6 provides an overview of such initiatives, which have been divided into a suggested typology of nine, with a number of examples being highlighted within each element of the typology. Clearly these divisions are not sacrosanct and it will become apparent that there is considerable crossover between them, but they have been utilised to help clarify the nature of sustainable FSC initiatives.

1. The Policy Commission's remit was to advise the government "on how to create a sustainable, competitive and diverse farming and food sector which contributes to a thriving and sustainable rural economy" (DEFRA 2002a: 5). The central theme of its report is the reconnection of the various elements of the FSC and improving communications between all the actors concerned. It is an important focus for discussions on sustainability within the UK's FSC, and some of its key recommendations include:

- Making use of the public's current enthusiasm for local food or food with a clear regional provenance to add value within the domestic FSC, and they draw a distinction between local and locality food.
- Re-establishing consumer confidence in the FSC.
- Highlighting the Regional Development Agencies (RDA) as having a critical role to play in overcoming distribution problems and enabling processing facilities within their regional economic strategies. The Department of Health (DoH), Food Standards Agency (FSA), DEFRA and Primary Care Trusts, as part of local strategic partnerships, were also highlighted as being important.
- Food From Britain (FFB), and its Regional Food Groups, should develop domestic markets in addition to their focus on export markets.
- A recognition of growing diet-related health problems and the need for greater coherence across government departments. Coupled with this was a recognition that UK producers and suppliers can benefit from the opportunities this presents.
- Support for public procurement initiatives and the extension of 'best value' to include the promotion of healthy eating and an acknowledgement of wider sustainable development issues.
- A recognition that there needs to be more co-operation between primary producers, in order to offer the scale and continuity of supply demanded.

2. Speciality food and drinks can be differentiated from mainstream products through: the manufacturing process (e.g. hand-crafted); the raw materials used (pure, unique, organic materials); product quality; packaging (linked to branding); the exploitation of regional identity; and marketing processes (DTZ 1999). The market for speciality products is recognised to be growing, and one of the principal problems to be addressed is how relatively small rural businesses can reach their potential customers without diluting their quality standards, or losing control over production and distribution. How can they deal with

large companies with enormous buying power? How can the special nature of the product be retained once it becomes more widely available?

**3.** DEFRA (2003a) suggests that “the local food sector in the future could have an important role in creating a thriving rural economy, supporting rural and urban communities, tackling health and economic inequalities within the UK, enhancing the environment, promoting healthy eating and enabling sustainability...However, there are potentially conflicting views of how the local food sector might develop in practice” (36-37). Essentially there is a dichotomy between a sector which is concerned with ‘added value’ and producing speciality foods to a niche market, and a sector which is concerned with enabling community access to fresh, local food. This dichotomy is tending to drive local food initiatives. On the one hand the focus is on business and market development for small producers, as well as seeking linkages to supermarkets. On the other, local food initiatives are seen as contributing towards local economic, social, environmental and health benefits. The local food sector is perceived as having the potential to grow, but “currently lacks the diversity of supply and infrastructure at an appropriate scale to support much growth in the processing, distribution and marketing of local food” (DEFRA 2003a: iv). It is important to recognise that the local food sector is not isolated from the wider food sector in the UK, and that producers may well sell their produce through a number of different outlets at varying scales.

Section 6.2 now sets out the suggested typology of sustainable FSC initiatives, before briefly summarising the main elements of each of its components. Details of the initiatives itemised in the typology are then given within Annex 1.

### *1.1 A typology of sustainable food supply chain initiatives*

<b>The INTERNET</b>	<b>Facilitatory Initiatives</b>	<b>Ethical Initiatives</b>	<b>Health Initiatives</b>	<b>Community / Consumer Initiatives</b>	<b>Producer Initiatives</b>	<b>Public procurement Initiatives</b>	<b>Local or localised Initiatives</b>	<b>Retailer / processor Initiatives</b>
<ol style="list-style-type: none"> <li>1. BigBarn</li> <li>2. Taste of England</li> <li>3. NFU SourceDirect</li> </ol>	<ol style="list-style-type: none"> <li>1. DEFRA</li> <li>2. Food Links UK</li> <li>3. Somerset Food Links</li> <li>4. EAFL</li> <li>5. Food Futures</li> <li>6. Skye &amp; Lochalsh FF.</li> <li>7. RDA, GO, LAs</li> <li>8. FSA, LACORS, LGA</li> <li>9. IGD - BITC</li> <li>10. Eat the View</li> <li>11. WDFLT</li> <li>12. FF Britain</li> <li>13. Tastes of Anglia</li> <li>14. The NT</li> </ol>	<ol style="list-style-type: none"> <li>1. Fair trade</li> <li>2. Fair trade towns</li> <li>3. Ethical trade</li> <li>4. Sainsbury's socially responsible sourcing</li> <li>5. Slow Food</li> </ol>	<ol style="list-style-type: none"> <li>1. Five a Day</li> <li>2. National School Fruit Scheme</li> </ol>	<ol style="list-style-type: none"> <li>1. CSA</li> <li>2. Stroud CSA Project</li> <li>3. Food Poverty Network</li> <li>4. The Growing Communities Project</li> <li>5. City farms and community gardens</li> <li>6. Hartcliffe Health &amp; Environmental Action</li> <li>7. Birdies Food Co-op</li> <li>8. Newham Food Access Partnership</li> <li>9. Cumbria's Health Action Zone</li> </ol>	<ol style="list-style-type: none"> <li>1. Farm producer groups</li> <li>2. Graig Farm Organics</li> <li>3. Eostre Organics</li> <li>4. Farm shops, PYO, Farmgate sales</li> <li>5. Riverford Farm Shop</li> <li>6. Farmer-controlled businesses or co-ops</li> <li>7. Producer certification schemes</li> <li>8. LEAF Marque</li> <li>9. Little Red Tractor</li> <li>10. Care of British Farming</li> </ol>	<ol style="list-style-type: none"> <li>1. Public procurement</li> <li>2. Sustainable food chains</li> <li>3. St. Peter's School, Bridgford</li> </ol>	<ol style="list-style-type: none"> <li>1. Farmers' Markets</li> <li>2. Hampshire FMs</li> <li>3. Allotments</li> <li>4. ARI</li> <li>5. Box schemes</li> <li>6. The Abel and Cole School Box Scheme</li> <li>7. WI Markets</li> </ol>	<ol style="list-style-type: none"> <li>1. Race to the Top</li> <li>2. Local producer access</li> <li>3. Local supply / sourcing</li> <li>4. Somerfield Local Life</li> <li>5. Waitrose Locally Produced</li> <li>6. Specialist shops</li> </ol>

### **6.1.1 The Internet**

The Internet promises to be a dynamic new development for the marketing and promotion of food. Certainly, most of the multiple retailers (most particularly Tesco) market considerable volumes of produce through Internet sales. The Internet also offers opportunities for the local food sector, and the smaller food producer. Essentially its main advantage is that it allows for direct (although perhaps geographically distanced) connections between the producer and consumer of a particular food product. The Curry Report specifically recognises the potential of the Internet within the modern food system (DEFRA 2002a):

“The Internet in particular provides great opportunities for bridging the gap between producer and consumer, by creating an intimacy and wealth of information that it would be hard to convey through any other medium except for personal contact”.

It provides a cost-effective means of promotion and marketing, which is relatively easy to continuously update. Web sites are often used as a portal to other associated web sites, such as with the ‘virtual farmers’ markets’ BigBarn and Taste of England. Local authorities, NGOs, and RDAs also often provide a portal facility, that can usefully inform the browser about particular initiatives. The initiative’s own website can then go into greater detail about what they offer, and their underlying rationale.

Over the last two years or so there has been a proliferation of online food suppliers. For example, The Independent Newspaper in May 2003 printed a supplement which contained contact details and a brief description of what they describe as the 50 best on-line food suppliers (Muir 2003). These range from the Fine Cheese Company, Japanese groceries, the Fish Society, various organic box producers, Graig Farm, Riverford Farm, to Fortnum and Mason. In other words, the Internet provides an opportunity for food producers of all sizes and philosophies to market their produce, although the emphasis is on speciality and/or high quality produce which attracts a premium price. However, the Internet is still in its infancy as a medium for the FSC, dependent upon wider access and in particular ‘broadband’ technology.

### **6.1.2 Facilitatory initiatives**

A number of initiatives aimed at facilitating sustainability within the FSC can be identified, emanating from a variety of perspectives.

Food Links UK is a network of 26 local food link organisations intent on supporting the local food sector and working towards fairer, healthier and more sustainable local food systems, with East Anglia FL and Somerset FL being two of the most established organisations. Each FL organisation will have its own agenda, but is likely to include support for the development of FMs, producer and consumer cooperatives, box schemes, community gardens, allotments and so on. The Soil Association’s Food Future projects had similar aims in wanting to develop sound structures for the development of the local food sector. The Countryside Agency, in its Eat the View initiative, was intent on increasing consumer understanding about the links between the goods they buy and the countryside they cherish, and in helping develop the market for products which support a more sustainable approach to farming and land management.

RDAs and local authorities (LAs) are identified (e.g. in the Curry Report) as having an important role to play in influencing and promoting greater public access to sustainable food, supporting local food businesses, and developing local food economies within their regions. Their focus is on both local food and locality food, with these bodies being seen as able to facilitate the valorisation of local food production assets, as well as developing locally oriented food economies. Critically, the RDAs and LAs need to work in partnership with other local level actors such as the local food links organisations, local/regional food groups, food and drink manufacturers, retailers and distributors, producers/growers (at all scales).

The IGD *Business in the Community* (BITC) initiative involves 700 member companies being committed to continually improving their positive impact on society, and it aims to be a genuine partnership between business, local authorities, trade unions and government, with the BITC Rural Action Campaign specifically highlighting the need to identify best practice examples of local sourcing initiatives in order to strengthen market towns and community development. The BITC initiative should also be seen in relation to the Race to the Top initiative, as well as to specific corporate retailer initiatives that aim to improve sustainability within the FSC. A joint statement by the LGA (Local Government Association), LACORS (Local Authorities Coordinators of Regulatory Services) and the FSA (Food Standards Agency) (FSA 2002), also stresses the need to coordinate their respective arenas of responsibility in order to ensure a safe, nutritious and sustainable food supply, and as part of this process they have published a number of case studies that demonstrate how these objectives might be achieved.

### **6.1.3 Ethical initiatives**

There is clearly a growing demand amongst consumers for produce that has been 'ethically' traded. Ethical initiatives can be divided into those that involve Fairtrade produce, and those that involve businesses adhering to a set of more ethical trading practices. Fairtrade produce usually involves UK-centred NGOs working directly with developing-world producer cooperatives. For example the Fairtrade foundation, Traidcraft and Oxfam. More recently, Fairtrade towns, churches, and schools have emerged which have raised the general awareness of fairtrade issues. Fairtrade produce has generally been sold through alternative trading circuits and outlets, but increasingly is being sold through the large corporate retail chains. Some of these chains are now selling their 'own brand' lines of Fairtrade produce and developing their own trading relationships. This is raising concerns that the original objectives may get lost, or become diluted. In January 2003, the Soil Association and the Fairtrade Foundation launched a pilot project that combines both organic and fair trade certification and applies to both British as well as imported goods. This project recognises that many farmers in the UK are also struggling to remain in business due to inequitable trading relationships, and require help.

The Ethical Trading Initiative (ETI) is primarily concerned to ensure that decent labour relations exist within the production process for goods sold, and most of the large corporate retailers, such as Tesco and Sainsbury's, recognise it. Although not directly related to sustainability within the FSC, it does indicate the growing importance of ethical issues generally. Allied to the ETI are individual company approaches, such as Sainsbury's *Socially Responsible Sourcing* policy, which aims at improving the traceability of all its own-brand produce, both food and non-food.

#### 6.1.4 Health-related initiatives

<sup>54</sup>“Cancer and coronary heart disease account for 60% of early deaths in the UK, and a key feature of the government’s prevention strategy to reduce early deaths from these diseases is action to improve diet and nutrition, most notably through encouraging an increase in vegetable consumption. Current recommendations are that everyone should eat at least five portions of a variety of fruit and vegetables each day, and the DoH has been responsible for the development of the *Five a Day* initiative (which includes the National School Fruit Scheme). The main barriers to eating more fruit and vegetables have been identified as access and availability, and attitudes/awareness. Funding for the initiative comes from the New Opportunities Fund, and the Primary Care Trusts and local authorities will have a critical role to play, but so too will the schools involved. In terms of food, it is hoped that the initiative will provide an opportunity for British farmers to supply some of the extra fruit and vegetables that will (hopefully) be demanded as a result of this initiative. It is estimated that the initiative could expand the market for fruit and vegetables by 2 million tonnes per year, and currently 75% of the vegetables eaten in this country are grown by British farmers. The Curry Report suggests that “making fruit and vegetables the easy choice for consumers requires the support of the food industry. At a time when our food and farming industries need to find new and sustainable ways forward, the five-day program offers significant opportunities not just for health, but for local food economies too” (DEFRA 2002a).

#### 6.1.5 Community initiatives

These are wide ranging, although generally localised and small in scale, and include: community supported agriculture initiatives (such as in Stroud), which are intent on establishing partnerships between producers and consumers; city farms and gardens which aim to empower local communities with respect to food and the provision of open space; and consumer food cooperatives, that are often intent on improving awareness about food and providing encouragement for healthy eating. Frequently these initiatives are run by community organisations, such as ‘Growing Communities’ (GC) in North London, which was set up to make a positive contribution towards sustainable development. By working together on a range of local projects, including a neighbourhood food growing project and a local organic vegetable box scheme, they hope to improve the food available, the community they live in and the environment. GC also runs Stoke Newington farmers’ market and they are committed to supporting small local producers/farmers, and to continue to make connections with local farms and to support cooperative ventures such as East Anglia Food Links.

#### 6.1.6 Producer initiatives

There are number of interesting producer initiatives aimed at improving the sustainability of the FSC, ranging from a few producers to large cooperatives.

The Eostre Organics Cooperative is composed of small and medium-sized producers in East Anglia. Their produce is locally sourced from its members where possible, and supplemented by imports from overseas associates in order to guarantee the environmental, ethical and cooperative origins of the food they sell. Outlets for the produce include FMs throughout East Anglia, as well as a range of independent retail outlets which include farm shops and consumer cooperatives. They also supply box schemes to three

community food programmes in London, in order to ensure a wider access to high-quality sustainable food.

The Graig Farm Producer Group (GFPG) supplies Graig Farm Organics (GFO) and has 200 producer members. Producers are paid a fair price for their produce and GFO operates a system of labels and bar codes that enables complete traceability of the meat it sells. The intention is very much to provide a comprehensive, high-quality alternative to supermarket shopping and to allow smaller producers to regain some control over the marketing of their produce. GFO uses a number of outlets: their own farm shop; a national mail order service; an Internet shopping site; and around 100 retail outlets across the UK. It exemplifies attempts to improve communications between producers and consumers, enabling consumers to better understand where their food comes from, and producers to become reacquainted with why they are producing food.

Farmer-owned retail outlets are also increasing in numbers and include, farm gate sales, pick-your-own and most notably farm shops. It is the latter that are the most dynamic, often developing associated restaurants and cafes. The Riverford Farm Shop is a particularly interesting example, where the intention is to provide a 'one stop food shop' and genuine alternative to supermarkets, whilst ensuring traceability and farmer-control. It also sells the produce of a local producer cooperative.

On a larger scale, the LEAF (Linking Environment and Farming) Marque was set up by a range of actors including farmers, environmentalists, food and agricultural organisations, consumers, the government and academics to develop and promote Integrated Farm Management. The web site has a large list of companies and organisations that are committed to the scheme, which significantly includes most of the multiple retailers. From the producer's perspective, the LEAF Marque enables access to quality food markets that attract a premium price. Correspondingly, it provides consumers with a guarantee that the produce they are buying comes from farms committed to incorporating high environmental standards. It is this latter environmental focus that differentiates it from the Little Red Tractor (British Farm Standards) scheme, which is primarily aimed at engendering consumer confidence in UK-produced food, by simplifying the many existing independently inspected farm assurance schemes into a single easily recognisable symbol at the point of purchase. Critics of the latter scheme suggest that the standards are not nearly as exacting as consumers are being led to believe.

The Plunkett Foundation suggests that 2002 was the year in which Farmer Controlled Businesses (FCB), or farmer-owned cooperatives, came back into fashion and were seen as a means of improving the viability of UK farming: partly as a result of the Curry Report observations that the FCB sector is undeveloped in comparison to other countries within Europe, and partly because local economic policymakers are beginning to look beyond farmers' markets etc. and the speciality food sector, in seeking to stimulate the local food economy and ensure its sustainability. The Plunkett Foundation website contains details of over 500 agricultural FCB, which exist for the benefit of their members in terms of obtaining lower farm input prices, higher farm output prices, or the development of markets that might not otherwise exist.

### 6.1.7 Public procurement initiatives

The Curry Report encouraged all public bodies to try and promote healthy eating through their procurement policies, noting that current interpretations of 'best value' may be too narrow to allow public bodies to take into account wider sustainable development issues when setting supply requirements. The Sustainable Development Commission also believes that the National Health Service (NHS), due to the scale of its food purchasing, can send powerful messages back up the food chain to wholesalers and producers. Currently, sustainability is not a criterion used within NHS food procurement policies, nor Public Sector Catering (PSC) generally, which includes schools, hospitals, prisons, and government departments. The PSC covers approximately 61,500 outlets and is responsible for 1.8 billion meals annually. Critically, if the demand for locally produced food increases, then the supply must grow to be able to meet it. St. Peter's School, Bridgford is the most commonly used case study of how a school opted out of the local education authority catering contract and became responsible for its own school meals budget. Sourcing their food locally was deemed better value when assessed not just in terms of cost, but also in terms of its overall 'quality'. Sustain, as part of an initiative called *Sustainable Food Chains*, have also identified a wide range of initiatives that incorporate sustainability into public-sector procurement.

### 6.1.8 Local / localised initiatives

Food Links organisations such as East Anglia FL and Somerset FL, and various Food Futures programmes have been instrumental in setting up/facilitating many local initiatives, such as farmers' markets (FMs). FMs have proved to be very popular with a wide range of actors and now number over 450 in the UK. Local Agenda 21 issues dominated the early markets, and the main objectives can be defined according to producer benefits (e.g. improved profit margins), consumer benefits (e.g. traceability), and wider economic (e.g. town centre revitalisation), environmental (e.g. food miles and packaging reduced) and social benefits (e.g. social/community interaction). Allotments have also attracted recent attention as a means of contributing towards healthy eating and activity, and in 2003 the £500,000 Allotments Regeneration Initiative was launched, intent on stimulating people to grow food on urban allotments, both as individuals, and through community projects.

'Box schemes' are also intent on allowing consumers to make direct connections with the nature of the produce they are buying, and to allow producers to regain some control over the marketing of their produce. Many are locally oriented, run by individual producers supplying relatively small numbers of consumers. However, there are also now some larger schemes run by cooperatives of producers, or companies dedicated to supplying produce to consumers year-round, which means buying-in some of the produce. Abel & Cole are organic wholesalers who deliver boxes to around 30 schools in London as well as 6000 individual customers. 75% of their supplies are British by volume, which corresponds to over 200 hectares of organically certified land in the UK being utilised to supply their business. The company is intent on working in partnership with producers and in taking environmental responsibility for their business activities.

WI Markets also need to be recognised in this context as a forum for generating extra income for farming families, although participants are not necessarily involved with farming.

### 6.1.9 Retailer initiatives

It is apparent from the examples above that retailers are variously engaging with FSC sustainability issues. A particularly interesting initiative is Race to the Top (RTTT), which involves 6 of the top 10 multiple retailers as well as trades unions, small farmer and countryside organisations, environmental and wildlife organisations, animal welfare groups, and public health groups. RTTT is concerned to track how supermarkets are performing over the next five years in terms of creating a greener and fairer food system resulting in improved social, environmental and ethical performance within the food supply chain. Supermarkets are the principal gatekeepers within the modern food system and therefore their business strategies can have a major influence on rural communities and the social and physical environment. RTTT is financially supported by DEFRA and the Esmée Fairbairn Foundation, and the project is coordinated by the International Institute for Environment and Development (IIED).

A number of supermarkets have highlighted their commitment to sourcing local food, but there is some scepticism that their interest is more about rhetoric than any meaningful reality<sup>55</sup>. However, there are two local-oriented retailer initiatives that are worth highlighting, namely *Somerfield Local Life* and *Waitrose Locally Produced*. Within its initiative, Somerfield defines 'local' as being from within 30 miles of the store concerned, so that their customers can identify the products as being sourced from close to home. In addition to the 'locally produced' element of the scheme, there is also a 'regionally produced' element. Produce within the latter scheme comes from within a recognised geographical boundary such as Wales, or the West Country. As with many other local/regional sourcing initiatives there is a potential shortfall in the produce available, unless the local infrastructure is improved. The principles sound hopeful, but the acid test will be whether local producers are able to retain a reasonable profit share and not become overburdened with 'conventional' supermarket buying practices and quality impositions.

Waitrose stress that its *Waitrose Locally Produced* initiative is a partnership between themselves and small-scale food producers, and companies who emphasise quality rather than quantity. Their focus is on local products which have been produced within a 30 mile radius of the branch from which they are sold. Regional products may also be supplied from a slightly larger area, for example the South West. Thirty miles is considered a significant figure, because Waitrose suggest this is the distance that most people consider as local. Waitrose has a Small Producers Charter which sets out its policy towards developing working relationships with potential suppliers. The objectives of the charter include: celebrating real food and traditional methods; recognising the variety and regional differences within British food; ensuring consumer access to food grown within their region in support of the region's economy; developing a long-term relationship with producers whereby they (as retailers) do not seek to dilute the integrity or quality of the produce sourced; and to develop long-term relationships with the producers concerned based on trust.

## **7 Issues summary: the UK**

### **7.1 Institutional changes in FSCs**

The principal change in UK food chains at institutional level<sup>56</sup> over the last 40 years has been the emergence of large retailer dominance, which has resulted in a hollowing out of parts of the food chain, a reduction in terms of the number of actors, but not necessarily the physical distance of food movement, a weakening of the position of farmers and manufacturing in a climate of relatively weak resistance by farmers and intermediary food chain actors and general compliance by the majority of the general public. This primacy of the large-scale retailers has driven many of the changes in FSCs in the UK.

The knock-on effects of this dominance by food retailers has been a restructuring of food manufacturing, wholesaling and distribution, to create large-scale, multi-enterprise food processing firms, which often operate on tight margins to meet retail specifications.

The declining importance of food in the national economy (as well as MAFF's (now DEFRA's) apparent inability to react to food scares and a growing consumption perspective) has prompted a restructuring of the former Ministry of Agriculture Fisheries and Food. In England, the former agricultural ministry has been reconstituted as the Department for Environment Food and Rural Affairs and in Scotland as The Scottish Executive Environment and Rural Affairs Department. Over the last 15 years a progressively more broad-based rural agenda has been promoted by MAFF (and subsequently DEFRA) with two White Papers and a critical approach adopted to the CAP (although a miserly perspective on modulation has meant limited funding for rural development).

The dire economic position of UK agriculture from the late 1990s (precipitated more by the strength of the pound and other economic factors than by the high profile food scares of BSE, vCJD and the Foot and Mouth Disease Outbreak in 2002) prompted a major inquiry into food and farming in the UK (the Curry Report), which makes extensive recommendations for farming and food industries and has at its heart the objective to better reconnect farmers and consumers (and indeed food production with its consumption). At the same time, Regional Development Agencies in England and national governments in Wales and Scotland have been taking a strategic view of the food and drink industry. Various issues (quality assurance, trust, reconnecting farmers to consumers, food chain competitiveness, environmental management, training and education) form key themes in the various reports. Local and 'locality' food is explicitly singled out in the Curry Report as an area with growth potential, although it does not figure in the Scottish Food and Drink Strategy, which constitutes a similar document for the Scottish food sector.

In addition to macro-level institutional activity, there has been a proliferation of local level activity by NGOs, local authorities, partnerships and consortia focussing on sustainability in food production from environmental, health, social and rural development perspectives or any combination thereof. The environmental and health agendas have begun to influence the behaviour of the large retailers.

The regional/sub-regional agenda has been promoted actively by some counties and is likely to be further boosted by the activities of regional development agencies in England and by national level agencies in Wales and Scotland.

In a variety of arenas, from local food marketing to public procurement, there are substantial differences from area to area, reflecting the extent of local activity and the dynamism of particular actors or agencies, rather than the intrinsic potential of these areas to accommodate sustainable food chain initiatives.

## 7.2 Areas of dynamism

### 7.2.1 Production: Shifts in power along mainstream agrifood chains

- The UK farming sector is diverging between “Rural World 1” is part of consolidated supply chains with a high level of collaboration (associative relationships) with supplier-integrators and retailers, and “Rural World 2”—the ‘shrinking middle’ of family farming who are residual suppliers to retail/wholesale or bulk commodity markets. This is driving a marked concentration of capital, land, expertise and technology, and access to markets amongst Rural World 1, the largest industrial sector of farmers. The establishment of shorter chains in the form of alliances and direct contracting between input suppliers (e.g. feed), industrial-scale processor-suppliers and retailers, is taking place across the entire sector, in the name of traceability and consistency of product. Even complex chains such as beef, lamb and cereals are starting to resemble the highly industrialised poultry, pig and fresh produce chains. In other words, the drive for assurance, complete traceability and ‘due diligence’ (a cornerstone of segregation within more ‘sustainable’ chains) as a result of BSE and the Food Safety Act (1990), is itself a driver of vertical integration. Livestock production companies such as Foyle and grain traders such as Nidera are catching this wave and building traceability and assurance into their entire operations, including their associated producer ‘clubs’.
- Despite the tradition in UK farming of cooperating less in agricultural marketing and processing than the rest of Europe, these new systems are forcing farmers into collaborative production arrangements. A production group will only expand their operations when they have a contract supply agreement with a processor or retailer.
- These short chains look less like “farming”. There are no spot markets and no price discovery (prices are set on a ‘cost plus’ basis) and there is a loss of autonomy. The Barclays Review of the Food and Drink Processing industry (November 2002) concluded that “many commodity food producers<sup>57</sup> are little more than sub-contractors in a distribution chain heavily influenced by the large multiple retailers”. Profit margins therefore tend to be depressed and the majority of products command little brand loyalty. The lobbying power of the farming industry in government has declined.
- These highly consolidated chains also create spaces for alternative chains. The range of forms by which alternative chains are created and sustained is considerable, but their overall scale remains small. There is a prospect for scaling up some of these alternatives, for example in the area of public procurement.

### 7.2.2 Processing

- Processing is experiencing very rapid consolidation, as seen in milk processing, egg production etc., as companies struggle to maintain critical mass and economies of scale to deal with retail demands. The size of contracts with the multiples means that the move of one retailer contract can undermine the viability of huge businesses. Examples include Midland Meat Packers, which was forced to close after loss of a large retailer meat contract, and Express Dairies, which was forced into the Arla camp after loss of a retailer’s milk contract, both with severe local consequences for employment.
- The companies involved in processing and supplying these commodities, such as Grampian, Arla and Glanbia, have a low public profile because most of the sectors are dominated by retailer own label. The UK has the highest penetration of own

label in Europe. The companies are mostly national rather than global; only one of the global top 50 industrial meat and poultry players is based in the UK.

### **7.2.3 Retail**

- The domination of multiple retailers in the food sectors studied in this report is overwhelming—averaging almost 80% market share. Further structural change in the UK is mediated by competition authorities, which have limited the actions of the big three in terms of takeovers, but allowed a relatively new group Morrisons, to become a major player. A degree of internationalisation is evident, with one of the UK big three firms now US-owned and the largest UK owned firm has developed major operations in other countries.
- An alternative food sector has emerged in the UK in the last 10-15 years. Although it has a small share of the market, it is seen as dynamic and adaptable, although where it has proved successful in creating new niche, supermarkets have often proved adept at reaching into that niche and offering similar produce.

## ***7.3 The relative performance of FSCs with regard to sustainability and transparency and the significance of emerging initiatives***

As articulated in the Brundland report and elsewhere, sustainability embraces economic, socio-cultural and environmental dimensions. FSCs in the UK have been restructured by processes of aggressive competition, leading to highly concentrated patterns of ownership at retail and processor levels. This has largely pushed socio-cultural and environmental sustainability concerns into the shadows and imposed on the whole UK food chain a 'survival of the fittest' mentality. Environmental sustainability concerns have been more widely articulated in recent years, both in terms of production processes and in terms of road or air miles and have been modestly embraced by most players, often for market positioning reasons. Socio-cultural concerns are more weakly articulated, except in the fair trade arena, where the Co-operative Wholesale Society has played a leading role in raising the profile.

In general, the corporate retailer dominated, commodity-based food system in the UK has become distinctly less sustainable in the last 30 years, at least in environmental terms. Over the last decade, the prevailing ideology regarding the food system has been to source from anywhere in the world and to seek to dismantle those elements of agricultural policies that are barriers to free trade. Although a degree of regulation has been introduced through the Food Safety Act (1990), much of the quality assurance operated by the dominant retailers is through EFSIS, which although operating within the FSA, is an industry driven scheme<sup>58</sup>.

In general, trends in FSCs in the UK over the last 20-30 years can be seen to have reduced transparency (although over the last five this has changed with respect to sourcing but not pricing) and to have reduced sustainability. Food retailing is a highly competitive oligopoly, which has created enormous price pressure on processors and farmers. Farmers have been additionally disadvantaged in European terms by a UK government that has long been antagonistic to an unreformed CAP, but also one which has been unprepared to increase modulated payments for wider rural development initiatives (probably because of the increased costs to the Treasury due to match funding obligations).

At the same time as these macro-level changes have taken place, there has been a widely publicised counter-trend towards more local food systems, which although relatively insignificant in terms of market share has shown dynamic growth in some areas and has

attracted a great deal of academic and 'chattering class' interest. There are two elements here that merit attention: first those alternative elements that are drawn into the mainstream; and second, those elements of the alternative food system with the capacity to grow significantly whilst retaining their 'alternative' credentials.

A small number of initiatives, which began as small parts of an alternative food sector, have been mainstreamed through their adoption by major retailers. The most obvious of these are organic food and fair-traded food where, in both cases, specialist processing sectors have emerged to support retail demands. The extent to which major retailers might engage in alternative sourcing strategies based more on the local or sub-regional/regional food/farm sector offers one major area of interest. A second area of interest is the extent to which there may be scope for developing more sustainable food supply systems to institutional buyers in the catering sector (hospitals, schools etc.).

Food retailers have also engaged with those (such as farmer organisations) promoting quality assurance schemes that deliver a degree of assurance on the label, though they have long operated their own EFSIS quality assurance system. Quality assurance serves two purposes: to indicate to the consumer the provenance of the good (Little Red Tractor logo etc.) thereby creating a degree of transparency and potentially trust; and to satisfy the retailer of suitable standards in processing and distributing the product. Unless retailers feel that commercial advantage can be gained from consumer-oriented labelling, disinterest is likely to ensue. There is also a danger that consumers will become confused by the multiplicity of assurance labels.

Other parts of the alternative food sector have grown rapidly from a low base (e.g. farmers markets, farm retail) and are less vulnerable to expropriation/appropriation by the dominant retail sector. So proportionately the sales through farmers markets have undoubtedly increased far more rapidly than major food retailers sales. They nonetheless remain a small, if growing sector.

Further, at a time of CAP reform, major difficulties in the farm sector, recent institutional changes at Ministry levels, further changes pending as a result of a major inquiry into the way rural support is delivered (The Haskins Inquiry) and major public sector concern about the operation of the food system (reflected in the Curry Commission) there seems to be abundant scope for innovation/change in FSCs. The extent to which there will be enhanced sustainability in FSCs is questionable. At least three directions of change are possible. Indeed, all may occur contemporaneously, although not necessarily affecting the same stakeholders.

- (i) a consolidation and dissemination of best practice in the management of short food supply chains through the support of bodies such as the English Food and Farming Partnerships, through RDA support and through DEFRA grant schemes (the Agricultural Development Scheme (in practice a supply chain/ marketing grant).
- (ii) The emergence (and semi-mainstreaming) of alternative food supply chains often at local/regional level and often with the support of consortia of NGOs and farmer groups as well as local/regional development agencies.
- (iii) The further development of agri-environment schemes, with an entry-level scheme that requires all producers under major quality assurance schemes to be 'signed up', as indicated within the latest CAP proposals, in terms of 'cross compliance'.
- (iv) An increase in public procurement initiatives that deliberately source local produce (notwithstanding various EU regulations).

Whilst the first may do a little to enhance sustainability and transparency although it may modestly assist rural development, the second is the arena where, if scaling up occurs, more profound impacts on sustainability, transparency and rural development may arise. However, IIED's Race to the Top is working to exhort and encourage supermarkets to increase the extent to which sustainability is incorporated into their behaviour and to bridge the gap between their market driven behaviour and wider public (and policy) concerns about sustainable development.

#### **7.4 The significance of Sustainable Food Supply Chains and their potential to be scaled up**

- UK food markets are very mature. The food and clothing sectors are experiencing price deflation, in comparison with service sectors. Retailers are locked into a zero-sum game of intense competition with buying power being brought to bear on their supply chains.
- Main market dynamism is around *convenience* rather than sustainability, such as 'meal solutions' in line with changes in eating habits: a general reduction in food preparation times and family meal occasions.
- Dynamism within the introduction of more 'sustainable' lines has largely occurred within concentrated chain structures. Processors and retailers have welcomed the chance to de-commodify fresh produce with 'organic', 'Fairtrade', 'free range' and 'local' branding. As Renard (2003)<sup>59</sup> notes, the trend towards retailers creating their own Fairtrade labels suggests the possibility of *replicating conventional trading relationships*. The largest integrated suppliers of fresh produce in the UK, such as MBM and Greenvale in potatoes, and Langmead Farms in salad crops are industrial-scale companies leading the race for organics, rather than organics providing an alternative niches for smaller scale chain actors. The same is found with eggs; Deans, with a massive 35% market share, claims to have been at the forefront of the development of free-range and barn production and, more recently, organic systems. These major suppliers to the UK multiple retailers, with preferential market access, are extremely well placed to meet retailers' demands for organics, by establishing parallel conventional and organic production systems within unified chain elements of logistics, quality control, traceability etc. to meet a diversity of customer (ie retailer) needs. Supermarkets have increased their domination of the organic market, accounting for 82 % of sales.
- The alternative food sector has showed dynamism, although the sustainability of some elements of the alternative food sector is questionable. Particularly in the mail order sector small-volume long-distance movement may arise which increases road or even air miles.

### **7.5 Bottlenecks to enhanced sustainability in FSCs**

The principal bottleneck is retailer demand (they might argue that it is customer demand), which they are transmitting up the food chain. Market research data are ambivalent. Whilst some sectors such as organics have shown strong growth, general consumer understanding of organics is limited to a general perception of it as 'more natural' and 'tastier' food. Some research shows consumer preferences for domestic sourcing; other shows that price and quality considerations tend to drive food choices and that embodied attributes such as environmental commitments of the producer, ethical concerns about production systems, or a desire to support local businesses are important only to a minority of consumers. However, many consumers have doubts about food quality and little trust in regulatory institutions.

A second bottleneck is the inertia created by the scale and structure of the existing agro-food complex, with large-scale processors and distributors operating with tight margins and locked into established market structures and supply chains. Whilst there may be innovation in this sector it is principally cost-driven. Sustainability gains may or may not be a by-product of such actions.

A third bottleneck is that many policy instruments still remain locked into ensuring support of business competitiveness. Where competitiveness can be enhanced through sustainability initiatives, there is no conflict. However, the unilateral imposition of a tax to account for environmental externalities in food distribution would provoke uproar.

A fourth bottleneck/constraint is government attitudes to a more open trading policy, which remain in the UK devoted to a free trade agenda. Unless environmental and ethical elements can be effectively built into the modus operandi of the WTO (and the ability of global corporations to dictate its agenda suggests otherwise), the WTO will often be a barrier to enhanced sustainability. However, a regulatory agency that embodied these concerns could have profound effects on sustainability.

Opportunity for sustainability gain may arise because of the battle for increased market share by retailers. No-one can afford not to stock organic food amongst the major retailers. Oligopolistic competition may stimulate imitative behaviour and firms may seek to use environment and sustainability as 'public good' arenas through which to attract public endorsement for their brand.

Other opportunities for enhancement of sustainability come from the growth of small-scale initiatives where successes have been proved by experience. In this case, access to finance and advice, and suitable infra-structural support (such as providing/ensuring cutting plant/abattoirs) would seem to be the principal barriers to growth.

### **7.6 Stakeholder perceptions regarding sustainable FSCs**

For primary producers of food, survival of the business is the principal determinant of behaviour. The exhortations of green NGOs and government will fall on deaf ears amongst many farmers unless there is economic benefit to be derived from so doing. Even then, a residual productivist ethic creates difficulties, although some initiatives such as LEAF, which promotes integrated farm management principles, has succeeded to a degree in operating in this win-win arena.

Processors are often locked into supermarket buyers by contractual arrangements and have limited room for manoeuvre. Some have adapted to more sustainable products but product authentication may require separate lines from normal products and this can require major investment. Within the processing sector, a number of firms may have adopted EMSs which might be seen to support some aspects of sustainability.

Retailers are principally driven by pursuit of profit. Where this coincides with environmental or social sustainability concerns, they will engage. It is not inconceivable that they will maintain a stance on environment and sustainability to nurture their 'public good' credentials. Their concern for bad press may make them engage in sponsorship of some types of sustainable production (such as local sourcing initiatives).

Such evidence as exists is ambivalent about consumer perceptions of sustainability in FSCs. Sustainability is only a serious concern for a minority of consumers and the concept of sustainability is so malleable as to mean different things to different consumers. One consumer buying air-freighted Kenyan organic green beans may believe that he is supporting environmentally friendly practices. Buying conventional food locally may be more sustainable in environmental terms, but such food choices may be guided by a different set of drivers, such as a sense of attachment or belonging to a particular community.

There is a general feeling, supported to a degree by evidence, that British consumers are deracinated from the agricultural roots of their food to a greater degree than most other European countries. In spite of this general deracination of an urban public from its rural roots, recent socio-economic and demographic trends suggest that people value the British countryside very highly and a proportion of this relatively affluent clientele may buy food locally thereby enhancing local sustainability (whilst still making most of their food purchases in supermarkets).

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## Annexe 1 Catalogue of sustainable food supply chain initiatives

### 1 Context: The Curry Report<sup>60</sup>

This section highlights issues within the Curry Report that are pertinent to the development of sustainable food initiatives.

Appointed in August 2001, their remit was to "advise the Government on how we can create a sustainable, competitive and diverse farming and food sector which contributes to a thriving and sustainable rural economy, advances environmental, economic, health and animal welfare goals, and is consistent with the Government's aims for Common Agricultural Policy (CAP) reform, enlargement of the EU and increased trade liberalisation" (5). Their remit covered England and was reported to DEFRA.

"Our central theme is reconnection. We believe the real reason why the present situation is so dysfunctional is that farming has become detached from the rest of the economy and the environment...The key objective of public policy should be to reconnect our food and farming industry: to reconnect farming with its market and the rest of the food chain; to reconnect the food chain and the countryside; and to reconnect consumers with what they eat and how it is produced" (6).

"The retail and catering industries fully participate in this chain, and are an essential channel in reflecting customer demand. Good communication throughout the supply chain works to provide the products customers need, of the quality they require, when they need them" (10). "Through their purchasing decisions they reflect their concerns and aspirations for the world we live in" (10). The idea that the government becomes a facilitator, rather than a regulator within the food industry.

"We believe that one of the greatest opportunities for farmers to add value and retain a bigger slice of retail price is to build on the public's enthusiasm for locally-produced food, or food with a clear regional provenance. Increasing the market share of such food would have benefits for farmer and consumer alike. In discussing this area, we draw a distinction between local food – which comes from near the purchaser – and what we have called 'locality food', which comes from farther afield but has a strong sense of provenance" (43).

The Regional Development Agencies (RDA) were highlighted as having a critical role in overcoming distribution problems and enabling processing facilities within their regional economic strategies. Local Education Authorities (LEAs) were charged with enabling children to visit working farms at least once. The DoH, FSA and DEFRA were also encouraged to produce a strategy that promoting healthy eating. Primary care trusts, as part of local strategic partnerships, were highlighted as having a critical role to play. Councils were encouraged to provide suitable sites and facilities for farmers' markets (FMs), particularly in areas under-supplied by other retail outlets.

"Quality regional foods convey a sense of their place of origin, of its own distinctive landscape, breeds and culture into the wider world. Their sale and distribution is likely to be most successful if conducted as a group initiative, providing sufficient volume to warrant the necessary investments, particularly in marketing. We think that the time has come for locality food marketing to become mainstream in Britain as it already has in France and elsewhere. The Countryside Agency has done excellent work in pump-priming some schemes, but we think that management of regional food should now transfer to a specialist body such as Food From Britain, and its Regional Food Groups" (46). The FFB has focused

principally on export markets, but should now turn more of its attention to domestic markets as well.

"Farming and food production have got to be reconnected with the countryside" (67). A high quality environment "is the biggest competitive advantage for the rural economy" (69).

"Apart from public concerns about food safety, there is increasing recognition of the impact that the farming and food industry has on the health of the nation" (96). There needs to be more coherence across government departments.

The Internet is seen as being able to provide "an intimacy and wealth of information that it would be hard to convey through any other medium except for personal contact" (98).

"There is evidence of a growing health problem in England arising from nutrition...meeting the five-a-day target could provide a significant opportunity for English fruit and vegetable producers, whose share of the domestic market has fallen sharply" (102).

Public procurement can have a significant impact in that the public sector provides food for many people. "The development of local food distribution networks is encouraged by the 'critical mass' purchasing that public bodies can deliver, thereby allowing cost-effective distribution into other local outlets as well" (104). Best Value should be extended to include the promotion of healthy eating, as well as to acknowledge wider sustainable development issues, such as those within transportation of food, and the Government's commitment to tackling climate change.

In response to the Curry Report, DEFRA has published *The Strategy for Sustainable Farming and Food*. This strategy aims to "promote a competitive and efficient farming and food sector, which protects and enhances the countryside and wider environment, and contributes to the health and prosperity of all our communities"<sup>61</sup>.

"The Curry Report and the evidence in our wider consultation emphasised the two priorities of reconnecting all the elements of food chain and in particular farmers with their markets, and strengthening links between the various elements of the food chain through co-operation and working together" (15). In terms of reconnecting the market several initiatives are identified (15):

- "adding value, including promotion of local and regional foods and FMs;
- assurance schemes, to help re-establish consumer confidence;
- organic action plan, to help create a sustainable and competitive organic farming and food sector;
- export promotion, offering tailored assistance to smaller producers;
- improving efficiency along the food chain;
- public procurement, ensuring that British producers can be fairly considered, within procurement rules;
- farm diversification, helping farmers exploit new markets and new sources of income while remaining in farming; and
- business advice to assist producers in pursuit of these objectives".

"Primary producers need to offer the scale and continuity of supply sought by their customers, gain efficiencies of scale and introduce more professional approaches to their businesses. Working together provides one obvious solution. Many farmers and growers are already members of cooperatives or other groupings. However, far fewer are members of cooperatives here than in many competitive nations" (21). DEFRA is intent on setting up

an English Farming and Food Partnerships body to promote co-operation, and the development of cooperative relationships.

The importance of nutrition and diet to reducing deaths from cancer and heart disease is recognised as being second only to smoking prevention. “We make our own choices about what we eat, but we need clear and consistent information on what constitutes a healthy diet. The role of Government is to ensure that all consumers are able to exercise the right to choose a healthy diet if they wish. This must apply to all consumers, irrespective of income, or where people live” (37). “Treating diet-related ill-health costs the NHS an estimated £2 billion each year. Society will benefit through reduced NHS and welfare costs. And British industry can benefit as well, if producers and suppliers can work together to seize the opportunities that better diet presents” (38).

## 2 Context: The Speciality food sector

The DTZ report in 1999<sup>62</sup> provides a comprehensive overview of the UK speciality food and drink sector. The report suggested that “Speciality food and drink products should be differentiated from mainstream or commodity products, target niche markets and command a premium price. Differentiation can be achieved through a variety of ways including: manufacturing process (e.g. hand-crafted); raw material (pure, unique, organic materials); product quality; packaging (linked to branding); exploiting regional identity; or marketing and distribution support” (p. i).

The regional speciality food groups (RFG) were identified as the principal support for this sector, together with Business Links, trade associations and local authorities. The fact that RFG are local and accessible was seen to be critical. Important linkages between speciality food and drink, and the tourist industry were also identified, including hospitality/catering. It is estimated that there are about 3100 speciality food producers in the UK, of which about 70% are based in rural areas, 21% in regional towns, and only 9% in cities or conurbations. There are estimated to be 52,000 full-time jobs in the sector, contributing £3.6 billion, or 5% of the entire food and drink industry (1998 figures). In addition, it is suggested that local income multipliers are relatively high, in that many (64%) of SFP source a high percentage (>50%) of their speciality ingredients from the locality in which they operate. 45% also sell more than half of their goods into local marketing outlets. A very low percentage of SFP were intent on exporting their produce. 20 product categories were identified, of which dairy, bakery, meat and beer dominate. N.b. the report stresses that their figures are estimates at best, and that the precise number of firms is almost impossible to establish.

Speciality food producers (SFP) tend to be locally focused, in terms of both buying their raw ingredients and selling their finished products. Export orientation is often a low priority. The supermarket multiples, wholesalers, tourist outlets and farm shops, and the hospitality/catering industry were identified as the main outlets. The key priority identified for the speciality food sector was identified to be marketing and promotion for the food producers concerned, as well as financial control and the development of management skills. A, B, C1 socio-economic groups tend to buy SFP, in that they have higher disposable incomes.

Food From Britain (FFB) is the national organisation promoting the UK food industry, together with 10 regional/local groupings (Heart of England Fine Foods, Taste of Anglia etc), and separate organisations in Wales, Scotland and Northern Ireland. It is at the regional/local level that SFP can obtain most practical support, although the report suggested this support was under-resourced. The type of assistance given by these groups includes: tradeshows; advice on marketing, packaging, distribution etc; HACCP (Hazard Analysis Critical Control Point) and trading standards training; publicity etc. Three marketing activities in particular are appreciated by SFP: meet the buyer events; in-store promotions; and local/regional trade shows. The suggestion within this report is that most SFP are intent on being local businesses, and are not so concerned to grow and export their produce.

SFP are often small rural businesses. A major decision, and the predominant issue of concern amongst SFP, is where/how to market their produce. Independent specialist food retailers have decreased rapidly over the last 35 years. The small size of many SFP limits their manufacturing and distribution capability. This can be problematic in servicing large multiples. There is also concern amongst small SFP in dealing with these large companies and their enormous buying power. Also, once the product becomes more widely available,

there is concern that it may lose its 'special' nature and become less appealing to more specialist outlets.

"The market for speciality products is growing, therefore one of the biggest problems facing companies is how to best use their often limited resources to reach potential customers without risking falling quality standards or a loss of control over production and distribution"<sup>63</sup>. Dealing with multiple retailers can be problematic as discussed, and another outlet option is FMs which would allow the predominantly small firms to retain their independence. There is also considerable scope to link in with the tourism sector, to further develop gastronomic tourism.

### 3 Context: The Local food sector

The cross-departmental (including members from DEFRA, DoH, CA, FSA) report *Local food: a snapshot of the sector*<sup>64</sup> provides a comprehensive overview of the local food sector. The data for this report was collated between September 2002 and February 2003. Over 500 stakeholders within the local food sector were consulted. The report suggests that: "there are few strategies or frameworks within which local food is explicitly mentioned in public policy at national or regional level. However, projects in the local food sector have successfully gained public funding for their work towards objectives such as neighbourhood renewal, improved diets and promotion of healthy eating, support for the rural economy [and] urban/rural linkages" (p.iii). Within this process, primary care trusts and local authorities are identified as having played a key role in the development of local food sector initiatives. The scope of the sector is difficult to pin down in that it is highly complex, however it is dominated by micro-level business activity, often driven by particularly dynamic individuals. In particular, organisations and individuals who facilitate links between different enterprises is highlighted as being critical for further development within this sector. Claims for the benefits of the local food sector are difficult to substantiate, and the report identifies a need for more effective ways to measure the interactive impacts of many local food projects. Certainly, individual producers benefit, and cumulatively this can benefit the rural economy. Food is identified as providing a good focus for community projects, and to some extent improvements in diet and local food cultures. Local food system contributions to CO2 emissions is less certain, in that the issues are highly complex. The problems faced by the local food sector, with its preponderance of micro-businesses, shares similar time, training and regulatory issues with other micro-businesses in other sectors. The local food sector is perceived as having the potential to grow, but "currently lacks the diversity of supply and infrastructure at an appropriate scale to support much growth in the processing, distribution and marketing of local food" (p. iv). The report also strongly identifies that the local food sector is not seen, even by its strongest proponents, as precluding regional, national or international trade. The local food sector is relevant to a number of government policy objectives, which are considered further within the section on the Curry Report.

There is no single definition of 'local food'. The National Association of Farmers' Markets (NAFM) recommend a 30 mile radius from individual markets. The county boundary is also sometimes used for FMs, as well as other schemes such as 'Tastes of Lincolnshire'<sup>65</sup>. The Soil Association do not define local food as such, rather sustainable local food economies, which are: "a system of producing, processing and trading, primarily organic and sustainable forms of food production, where the physical and economic activity is largely contained within and controlled within the locality or the region where it was produced, which delivers health, economic, environmental and social benefits to the people in those areas"<sup>66</sup>.

F3 define local food systems in terms of their principles, namely to”:

- Increase biological diversity in production systems;
- Reduce consumption of energy in distribution of food;
- Reduce packaging waste in distribution and consumption;
- Increase retention of the food pound in local economies;
- Increase local employment in food production, processing and sale;
- Improve access to diverse and high-quality food for all”<sup>67</sup>

Some supermarkets also have local and/or regional sourcing policies. These are usually somewhat vague in their definition, but critically need to be recognised by consumers as being local. In some cases this may simply be that the product is from a particular county, or even UK origin. Waitrose ‘locally produced’ is exceptional in having a particular geographic restriction. Essentially, supermarket ‘local’ foods are aimed at the speciality market. Amongst food enterprises, local food was most often associated with ‘high-quality’. Amongst stakeholders, local food was perceived as being able to deliver value-based objectives, although there was some debate as to whether it should be primarily aimed at adding value, or improving access<sup>68</sup>.

Determining what should be included within the local food sector is complex, but includes: farmers, abattoirs, processors, manufacturers, retailers, and catering and hospitality businesses. Many farm businesses are also seeking to add value to their products and to sell directly to consumers via outlets such as farm shops, PYO, mail order, the Internet, and FMs. Community-oriented projects may also be local, such as community gardens, allotments and home-grown produce, although these may have little or no economic impact on the food sector. Direct sales to non-local customers may contribute to the local economy, but are not normally considered to be part of the local food sector. It is clearly very difficult to establish the parameters of the local food sector with any degree of precision, and estimates of its total turnover are therefore very sketchy, but estimated to be between 1-5% of the total grocery market.

The local food sector is also enormously diverse, dominated by micro-businesses which are in many cases less than six years old. Direct sales through FMs, farm gate, farm shop, and local retailers predominate. Economic survival was usually the primary objective, but educational, health promotion, environmental and social issues were also often important. Often initiatives were driven forward by dynamic individuals. Generally, local food sector initiatives are not coordinated, although there are often complex interactions between them. These interactions take time to develop, and FMs may have a part to play in building up social contacts in networks. In other words, co-operation grows through participation, rather than being imposed from without.

Because local food is perceived to deliver a wide range of objectives, it has support from many different organisations. These interests include environmental, economic, social etc, often extending beyond simply the production and distribution of food. Local Food Link organisations have an important role as both coordinators and initiators of local food schemes. A critical role for local enabling groups is to publicise local food through directories and food festivals. Food festivals are also important in terms of tourism. The local food sector is not isolated from the wider food sector in the UK. For example producers may well sell their produce through a number of different outlets at varying scales.

Supermarkets can have a dramatic effect on the local food sector. A new supermarket can adversely affect sales in local shops and indeed farm shops. Planning can have an important role in mitigating these effects within an overall local strategy. In essence,

supermarket policy is based on centralised purchasing of high volumes, and yet consumer demands are leading supermarkets to source local, or at least regional produce. E.g. Asda's Taste of the Lakes initiative, or Waitrose's 'Locally Produced' label. Despite the latter's desire to increase the range on offer, this affects only a small number of products overall. Booth's are a regionally-based supermarket, and have a policy of sourcing locally and regionally where possible at the core of their marketing.

Measuring the outputs of the local food sector are very difficult. As outlined above, the sector is very complex, but also the goals and variety of outputs of those involved. Measuring economic, social, health, education, community, environmental benefits in a comparative manner is problematic. CSA are not concerned with large profits, yet they may ensure a business's survival. FMs can help promote business development, and may overlap with growing existing local food activities and tourism activities. Local food schemes may also have a higher local economic multiplier. Many community projects may be primarily about social benefits – such as City farms and community gardens. They often entail an integrated and holistic approach that may incorporate: community cafes; community allotments; increasing interest in food; increasing the uptake of fresh produce, or teaching cooking skills. Nevertheless, it is not realistically possible to establish the added value to rural economies through using local food, rather than using vegetables from other sources<sup>69</sup>.

The development of the local food sector would seem to have potential. There is considerable public interest in the sector. Public policy would seem to offer considerable scope, in particular the National School Fruit Scheme, whereby local producers could meet the demands of the scheme. Small producers selling through supermarkets stress the need to try and retain as much control as possible, and not be overly dependent upon one outlet. Barriers to the development of local food enterprises include: financial, whereby banks are often insufficiently responsive; a lack of local infrastructure, and in particular the closure of local abattoirs and the loss of small independent retailers; excessive legislative burdens; a lack of available advice; consumer ignorance as to why particular products may cost more than others.

The DEFRA<sup>70</sup> report suggested that “the local food sector in the future could have an important role in creating a thriving rural economy, supporting rural and urban communities, tackling health and economic inequalities within the UK, enhancing the environment, promoting healthy eating and enabling sustainability... However, there are potentially conflicting views of how the local food sector might develop in practice” (36-37). Essentially there is a dichotomy between a sector which is concerned with ‘added value’ and producing speciality foods to a niche market, and a sector which is concerned with enabling community access to fresh, local food. This dichotomy is tending to drive local food initiatives. On the one hand the focus is on business and market development for small producers, as well as seeking to link to supermarkets. On the other, local food initiatives are seen as contributing towards local economic, social, environmental and health benefits. Most consumers would like to see local food in supermarkets, providing that it retains its integrity. Supermarkets themselves identify the following as barriers to stocking more local food:

- Lack of clear premium price for local products;
- Concerns about the quality of products supplied;
- The logistics of dealing with many smaller producers.

It may be that local food should be sold through a different infrastructure (rather than supermarkets), but currently there is a lack of logistical infrastructure to allow for the

growth of the sector to a great extent. FMs can be seen as a useful necessity for producers. Local food also has the potential to supply the public sector to a greater extent than it does, particularly in terms of fresh produce and meat. Likewise it can be an important contributor to tourism and to the hospitality industry.

The concentration of food retailing within the multiple retailers and the decline of local retailers was seen as a major impediment to smaller producers. Likewise, consumers were seen as needing greater convenience than is often offered by local food sector initiatives. Some options identified included: increasing the level of local produce in local shops; greater numbers of FMs, which are open more often; access to local food outlets in the evening; and a general intention to increase consumer convenience. The fragmented nature of the local food sector also makes it difficult to improve its coordination, particularly as many initiatives are the result of individual entrepreneurship. The sector generally lacks structures which can provide producers with support in terms of processing, distribution and marketing, whether this be in terms of commodities or speciality food products. It is suggested that research is needed into what the most effective structures might be. Lack of funding guidance and support can constrain the development of local food projects that have the potential to contribute to sustainable development.

Barriers to growth include the extreme fragmentation of the sector. At present, much of the local food sector depends upon direct sales, which in itself necessarily limits its quantitative impact. Is the future in developing a local distribution infrastructure, or in working with the large corporate retailers? Will the latter be prepared to operate on a 'fair trade' basis, or will be producers' margins gradually be eroded? There is a need to strategically coordinate the fragmented nature of the sector. Also to monitor and evaluate the impact of local food, such as in economic, environmental, social and health indicator terms. The closure of many small local enterprises is identified as a major constraint. Similarly, the decline in independent retail outlets/shops was seen as a major threat to the local food sector.

F3 as part of its Flair project has attempted to gauge the size of the local food sector following a survey of 2143 businesses, as follows<sup>71</sup>. Meat products were found to be the most significant, accounting for 25% of product availability. This has also been supported by an increase in consumer demand for traceability, particularly in meat products. In contrast, very few cereal products are offered. Unlike the meat sector, cereal producers have not come under the same economic pressure and consequently have not needed to access alternative markets.

Survey of UK local food business, by commodity and format.

Meat	25%	Farm retail	37%
Fruit	21%	Processing	21%
Veg	14%	Production	17%
Dairy	11%	Retailing	17%
Eggs	10%	Catering	5%
Bakery	5%	Distribution	4%
Honey	3%		
Fish	2%		
Cereals	2%		
Other	7%		

FLAIR has sought to gauge the impact of the local food sector on sustainable development, through the portal of five capital assets, namely:

- Natural capital – goods and services provided by nature.
- Financial capital – the stocks and flows of finance.
- Physical capital – infrastructure utilised.
- Human capital – individual skills and knowledge.
- Social capital – interactions and cohesiveness of communities.

<sup>72</sup>This impact is assessed on the basis of a survey of food enterprises undertaken in 2002. In terms of *human capital*, the types of benefit include: generating greater employment opportunities at a local level and the encouragement of skills transfer and training; in terms of *financial capital* it is support for local services and suppliers, and increased retention of money within the local economy; *physical capital* in terms of supporting local shops and markets; *social capital* through improvements to diet and health due to increased access to nutritious food, increased social contact between people, an increased understanding of the links between food, environment and health, an increased opportunity for community involvement, and greater co-operation and collaboration between businesses; in terms of *natural capital* issues such as encouraging farmers to adopt more environmentally friendly production systems, generating fewer food miles, enhancing the viability of traditional farming systems, and the conservation of soil, water and improvements to air quality. FLAIR suggest that the local food sector can make a positive contribution to sustainable development in both rural and urban areas, and that it can also help to restore the environmental, social and economic assets of a region. Their research from this survey also suggests that there is continued growth within the local food sector, although there are some particular barriers that limit the expansion of the market for local produce, most particularly:

- A lack of infrastructure, and in particular local abattoirs.
- A lack of time and/more money to diversify.
- Excessive bureaucracy.

The public sector is highlighted as a particular area for potential growth.

#### 4 Context: The Organic food sector

<sup>73</sup>The Soil Association (SA) highlights the nutritional benefits of organic food. They also emphasise the lower levels of additives, pesticides and antibiotics, as well as the absence of genetic manipulation. The hidden costs of intensive farming, such as pesticides in water, as well as food miles are also highlighted. With respect to food miles, the SA estimate that 15% of the produce sold at FMs is now organic.

- Demand for organic food increased by 55% between 1999-2000 and a third between 2000-2001. The UK market for organic food is currently over £920 million.
- There are 3865 organic farmers in the UK (600 in Wales, 700 in Scotland, 100 in Northern Ireland). There are 2000 processing facilities in the UK.
- The area of organic land in the UK almost doubled between April 2001-2002.

<sup>74</sup>The UK organic market for food and drink expanded by 15% in terms of sales between April 2001 and April 2002. The area of fully organic farmland is now 458,600 hectares, almost double that of just one year ago. Including land in conversion the total is 729,550 hectares (April 2002), 4.3% of the agricultural land area in the UK.

- UK organic food sales are £920 million (April 2002).
- Imports account for 65% of sales. Supermarkets still stock imports even where UK produce is available. This is largely because they may be cheaper.

- 79% of households made at least one organic purchase during the year. Prospective new purchasers are now less, and future growth must be through increasing expenditure among existing consumers.
- About 8% of consumers account for 60% of sales. Critical to increasing sales amongst the remaining consumers is raising their awareness of the issues concerned.
- Supermarket domination increased, and they now account for 82% of sales. Sales from farm shops fell by 9%, with sales from independent retailers increasing by 2%.

Increasing demand has led to supply chain problems, similar to those in other European countries, but experience suggests that as the market develops this will become less of an issue.

In terms of processing there are also large growth areas, in part because a number of high-profile food companies have now launched organic lines. This has helped facilitate market growth by encouraging consumers who might not otherwise have tried organic alternatives, to do so. Processing within the organic sector is constrained to some extent by the relatively small size of the market. This inevitably constrains economies of scale<sup>75</sup>.

## 5 The Internet

<sup>76</sup>The Internet promises to provide an exciting new development for the marketing and promotion of food. Certainly, most of the multiple retailers (most particularly Tesco) market considerable volumes of produce through Internet sales. The Internet also offers opportunities for the local food sector, and the smaller food producer. Essentially its main advantage is that it allows for direct (although perhaps geographically distanced) connections between the producer and consumer of a particular food product. The Curry Report also recognises the potential of the Internet within the modern food system<sup>77</sup>:

“The Internet in particular provides great opportunities for bridging the gap between producer and consumer, by creating an intimacy and wealth of information that it would be hard to convey through any other medium except for personal contact”.

It is also a cost-effective means of promotion and marketing, which is relatively easy to continuously update. E-mail groups allow for interested parties to be constantly updated about new initiatives, seasonal produce etc. The Internet also allows for interested parties to be simply linked together, both in terms of providing information, but also hopefully to generate compatible initiatives. Nevertheless, there is no direct human interaction, and therefore the website must be designed to provide many of the aspects that would otherwise be supplied by this direct interaction.

Over the last two years or so there has been a proliferation of online food suppliers. For example, The Independent Newspaper in May 2003<sup>78</sup> printed a supplement which contained contact details and a brief description of what they describe as the 50 best on-line food suppliers. These range from the Fine Cheese Company, Japanese groceries, the Fish Society, various organic box producers, Graig Farm, Riverford Farm, to Fortnum and Mason. In other words, the Internet provides an opportunity for food producers of all sizes and philosophers to market their produce, although the emphasis is on speciality and/or high quality produce which attracts a premium price.

## 6 The Internet: Big Barn

“In the short-term BigBarn acts as a user-friendly directory displaying the location of producers on a map specific to the consumer’s postcode. Producers are offered a free listing and consumers encouraged to register their interest in local food. Over the longer term BigBarn wants to provide consumers with a viable alternative to the supermarket and become the online solution for everything local. By providing producers with the knowledge, technology, and a customer base BigBarn will help them team up and provide a ‘local online’ service to compete with the supermarkets”<sup>79</sup>.

<sup>80</sup>BigBarn heralds itself as: *The virtual farmers market: putting fresh produce on the map*. Its mission is to become recognised as *the* website on which to find the best ‘locally produced’ produce available. It is intended to provide a service for both producers and consumers. BigBarn was conceived by Anthony Davison in 2000, who in doing some research for an MBA, established that consumers no longer trusted supermarkets, and would like to buy more local produce, if only they knew where to find it. BigBarn is intent on addressing this problem.

BigBarn facilitates consumers knowing exactly what they are buying, by putting them in touch directly with the people who produce it. BigBarn operates through the use of postcodes, whereby on entering a postcode it is possible to see who and where the local food producers are. The website suggests that BigBarn allows visitors to:

- Gain access to over 4500 independent food producers and to gain information about their goods and services via links to their website.
- Buy local produce directly from the producer, rather than having to buy produce through a middleman.
- Find specialist food producers throughout the UK, who will deliver directly to the consumer.
- Access producers who have endeavoured to produce food with flavour and taste, rather than aiming their production at supermarket buyers and shelf life.

All rural retailers in the UK are able to promote themselves for free on the BigBarn website via an icon. In order to do this, they must meet two criteria:

1. they must sell directly to consumers;
2. most of the produce they sell must come from their local area.

BigBarn do not conduct any quality checks themselves, although they will display any quality standards icons associated with a registered body that producers may have. BigBarn point out that buying directly from the producer enables personal communication between the buyer and the seller and that no local business can survive unless it has a satisfied customer base. They ask that if anyone is dissatisfied with a service, they let BigBarn know. There is a hotlink for complaints about particular businesses which are currently displayed on the BigBarn map.

BigBarn is used as a successful case study of rural diversification within the DEFRA response to the Curry Report, where it is described as follows<sup>81</sup>:

An enterprising Bedfordshire farmer has used a DEFRA grant to respond to the increasing interest in locally-produced food by setting up a website linking consumers across England with producers on their doorstep. BigBarn.co.uk is the brainchild of Anthony Davison and is designed to help consumers anywhere in the country to shop locally and boost sales for local producers. Visitors to the website can see where they can buy local produce, including farms, shops, and markets. Those without Internet access can telephone BigBarn for a copy of the maps. The site now gets more than 9000 hits per day and employs four people. More than 4500 producers and suppliers, including around 400 in the East of England, have signed up to the site. Anthony said: 'I wanted to diversify and get away from driving a tractor. I received a Rural Enterprise Scheme grant to help get the project off the ground. It's impractical for many small farmers and producers to advertise widely themselves, so the website provides an easy way for producers to reach their target audience, and consumers to have confidence in knowing where their food has come from'.

## **7 The Internet: Taste of England**

Taste of England is described as a virtual farmers' market. It was set up in 1999 as a means of extending the capacity of FMs. As with FMs it allows small-scale independent producers to sell their produce directly to consumers. It is promoted as providing access to "great speciality food and drink direct from farm gate to your plate". They currently list over 800 producers, each of whom can be accessed through this website. Search facilities are available which allow access through type of food or drink, name or region. In terms of quality assessment, the website says that it cares passionately about quality and is looking at the various quality standards initiatives that are being introduced, such as the British Meat Quality Standard Mark. Nevertheless, they make the point that individual consumers can build their own relationship directly with the producer.

This particular website is used as a case study by the Institute of Grocery Distribution (IGD) in its local sourcing, growing rural business report. The project is known as Rural Action, and focuses on practical measures to encourage business involvement in three key areas: building enterprising communities, strengthening market towns and supporting local sourcing<sup>82</sup>.

## **8 The Internet: NFU SourceDirect**

<sup>83</sup>This initiative is described as being a new service from NFUonline, and yet it is actually accessed through the BigBarn website. It appears to be directly associated with BigBarn although the site is intent on linking “wholesale buyers in the retail and food service sectors with local producers of primary and processed agricultural produce”. Indeed, the website suggests going to the main BigBarn website if you are a consumer wishing to source smaller quantities of local produce for home consumption. In other words this initiative is aimed at a different scale from the original BigBarn initiative.

The use of icons for individual producers and a search method linked to postcodes and place names is utilised in the same way as within the BigBarn website described above. It would appear that only NFU members are able to access this facility, as the form to apply for listing specifically asks for NFU membership details. The NFU also explicitly takes no responsibility for the quality of any produce listed through this site:

“The NFU does not give any express or implied endorsement, representation or warranty in respect of any goods or services available through or promoted on or through NFU SourceDirect”.

## 9 Facilitatory initiatives: DEFRA

<sup>84</sup>DEFRA, in its introduction to its 2003-2006 strategy, says that in terms of farming and food and facing the future, its target is “to deliver more customer-focused, competitive and sustainable farming and food as measured by the increase in agriculture's gross value added per person excluding support payments; and secure CAP reforms that reduce production-linked support, enabling enhanced EU funding for environmental conservation and rural development”. To this end they identify five main priorities:

- Priority 1 – a more effective food chain.
- Priority 2 – influence the global context of the food chain.
- Priority 3 – enhance the environment through farming.
- Priority 4 – invest in people and knowledge for the future.
- Priority 5 – achieve healthy communities.

## 10 Facilitatory initiatives: Food Links UK

Food Links UK is an association of 26 local food link organisations. It was established in 2002 as a network of organisations active in supporting the local food sector and working towards fairer, healthier, and more sustainable local food systems<sup>85</sup>. Its members have the following vision for sustainable local food systems: "Systems of producing, processing and trading, foods from sustainable production systems including organic where the physical and economic activity is controlled within the locality or region where it was produced, which delivers health, economic, environmental and social benefits to the people in those areas"<sup>86</sup>. This website also has a very comprehensive list of food links 'hot links', although to activate these, membership is required.

Food Links UK aims to provide a national voice for local food groups which aim to achieve a fairer, healthier and sustainable food system<sup>87</sup>. Food Links UK aims to<sup>88</sup>:

- Act as an advocate of the local food sector at a national and European level.
- Deliver innovative policy that increases the local food sector and its capacity to effect change within the overall food system.
- To provide a focal point for its members, and to facilitate fundraising.
- To develop and coordinate projects at national and regional levels.

Food Links UK members include: Bristol Local Food Link Network; Buckinghamshire Food Group; Calderdale and Kirklees Food Futures Partnership; Cornwall Food Links; North Dorset Food Links; West Dorset Food and Land Trust; Leicestershire Food Links; Wiltshire Food Links; Powys Food Links; Forth Valley Food Links; Skye and Lochalsh Enterprise; Somerset Food Links; South West Food Link Partnership; Dorset Food Links; East Anglia Food Links (EAFL); Forest Food Links; Gloucestershire Food Links; Herefordshire Food Links; Devon Food Links; London Food Links; Nottingham Food Initiatives Group; Oxfordshire Food Group; Sheffield Organic Food Initiative; Soil Association Food Links<sup>89</sup>.

EAFL and Somerset Food Links are profiled in the following sections.

## 11 Facilitatory initiatives: Somerset Food Links<sup>90</sup>

Somerset Food Links (SFL) was set up in 1999 with the aims of:

- Helping producers sell more of their produce locally;
- Raising awareness of the benefits of locally produced food;
- Helping consumers find ways to buy locally produced food;
- Helping people get access to fresh, affordable food;
- Educating people about the benefits of locally produced food.

SFL has been instrumental in:

- Setting up *Farmers' markets* in the Mendip and South Somerset areas. SFL have supported the formation of a company called Somerset Farmers' Markets Ltd, which is managed by a mixture of both producers and people representing the communities in which the FMs are held.
- Supporting Somerset 'FM Direct' which is a *direct delivery service* for local food and drink.
- Working with community groups to enable *consumer cooperatives* that can spread the cost of buying fruit and vegetables. Larger orders and discounts are then possible, and the cooperatives are able to buy directly from local suppliers. SFL provide advice on where the nearest co-op is, and how to set up a food co-op for yourself. They also provide best practice advice, a directory of local suppliers, and small grants to facilitate the start-up of a new co-op.
- Producing a comprehensive *Food Links Directory* of producers who sell directly to the public. This incorporates information on FMs, village markets, WI markets, independent growers and producers, and box schemes. The 2000 version has 137 entries, up from 104 in 1999. SFL is working towards a local accreditation scheme, but in the meantime consider that direct consumer-producer communication is the best guarantee for individual consumers<sup>91</sup>.
- Facilitating *producer cooperatives*, which help groups of producers to jointly market or distribute their products, to buy materials or packaging, or to share machinery or other equipment. These groupings are normally formalised into a company, such as the Somerset based Organic Milk Suppliers Co-operative. This can help reduce overheads and help improve the marketing of the members' produce. SFL offers initial advice and contacts, a grant towards the registration of the cooperative, and also small grants towards the development of the cooperative.
- Providing support for producers and others wishing to set up or expand *box schemes* through providing advice and small grants. The Food Links Directory also lists details of the local box schemes, which are usually vegetables, but also include fruit, meat or dairy produce.
- Provide advice to people wishing to grow their own food, such as on *allotments* or *community gardens*. The benefits of both are extolled as being cheap and fresh food, fitness, and sharing skills and produce. SFL provide information on where allotments and community gardens are located; how the community garden project can be developed, including the dissemination of best practice; and offering small grants for the development of community gardens or an allotment society. They also help coordinate training courses in basic gardening skills.

SFL will award grants for those initiatives which support the aims of SFL and which are located in, or will mainly benefit, the communities in Mendip and South Somerset District

Council areas. Any initiative awarded a grant must agree to occasional monitoring of the project. Grants are made for up to £250.

The South West Regional Development Agency provides funding to the Somerset Food Links project<sup>92</sup>.

An evaluation of the local food links schemes in the South West of England established the following outputs for the Somerset Local Food Links project as at summer 2000<sup>93</sup>:

- Two food directories have been published.
- 6 FMs developed and managed.
- Thirteen grants to the local food sector.
- Four training seminars organised, resulting in 28 qualifications in basic food hygiene.
- Organising a food conference and report.
- Advice, information, and the dissemination of three newsletters.

This report suggests that the results of these outputs have led to:

- Increased cooperation between producers.
- Safeguarding existing businesses.
- Increases in employment opportunities.
- Increased viability of community food projects.

This in turn has led to the following outcomes:

- An increased understanding of food and food issues.
- More equitable methods of distribution of healthy local food.
- An improved culture of co-operation.

## 12 Facilitatory initiatives: East Anglia Food Link

<sup>94</sup>EAFI was founded in 1997 as a not-for-profit cooperative. Its “origins lie with members of the farming community of East Anglia who wanted to develop a sustainable future for food production, and with consumers seeking to support the development of a fairer and more equitable food system”. “The aim of EAFI is to promote and support the long term growth of cooperative and local food economies as a key element of a strategy towards sustainable development”. It is intent on representing all parts of the food chain (including farmers and growers, consumers, retailers, processors, local authorities, and community groups). Membership is open to any individual or organisation that shares the aims of EAFI, and its board is representative of all elements in the food chain, including farmers, consumers and independent retailers. Key elements in its approach include: the promotion of environmentally and socially responsible food production; the development of community based local food economies; and the development of interactive links between producers and consumers. To this end EAFI seeks to: assist in the increase of organic food production in the region and develop regional markets for the produce; support the development of FMs; provide training for farmers in co-operative and direct marketing; create local and regional collaborative projects aimed at enabling long-term sustainable local food economies; working with public bodies to develop local food initiatives; and assist and develop “local, national and transnational partnerships and projects to create models of sustainable agriculture and local development appropriate to all geographical levels”.

EAFI was responsible for delivering the Norfolk Food Futures project. It also offers help in the development of allotments and community growing projects. It is seeking to develop organic and local produce public sector meals services. It has facilitated the establishment of Eostre organics, through the Organic East project, which is a co-operative that sells produce through box schemes, farm shops and independent retail outlets. They are conducting the Broad and Rivers Supply Chain Project to map the food supply chain in Eastern Norfolk. They are involved with the Norfolk Five-a-day project, and in particular with fruit and vegetables in village shops.

EAFI is intent on co-operating with like-minded organisations at local, regional, national and international levels. For example, it is a founding member of AlimenTerra, which is a European-wide network of sustainable food organisations. It is also part of Food Links UK and a member of Sustain. At a more local level, it coordinates its actions with health authorities and district councils, and its projects on village shops involve working with ViRSA (Village Retail Services Association).

EAFI projects include:

- *The Broadland Food Forum*, which is intent on developing a food system that meets the needs of all the Broadland people, including farmers, shopkeepers, restaurants, tourists, people living on low incomes and/or with poor access. Examples of the Forum’s work include: helping schools and hospitals to source local and/or organic food; FMs; supporting village shops and making links to local producers. An important aspect is bringing the various elements of the food system together, to see how they might support each other.
- *Community food projects*. These are intent on improving access to healthy food, and are often in partnership with local health authorities. Growing your own schemes on allotments for example.
- *The Norwich Food Group Co-op*. This is a consumer buying group that allows co-op members to access top quality food at lower prices than in supermarkets. It also

ensures availability of food in areas of the city that otherwise lack food shops. EAFL were instrumental in bringing people together to create the Co-op, and continue to sit on the steering group.

- EAFL have also been involved in providing technical assistance in the development of *allotments*.
- They offer training and assistance in *local and direct marketing and sourcing*, which incorporates producer groups, retailers, caterers, and consumer co-ops.
- Encouragement for local/organic produce to be used in schools and *public sector catering*.
- Developing the sourcing of local/organic produce for *special events* in the region.
- Advice on setting up *FMs*, including publishing a FM 'Toolkit'.
- Providing advice on establishing *home delivery* systems.
- Organising *conferences and workshops*.
- Establishing Eostre Organics, which is a producer co-operative (details under producer initiatives).
- Over the last three years EAFL have sought to develop sustainable solutions for *public sector catering*. This is starting to bear fruit, in that the Eostre Organics co-op is now supplying an educational establishment.
- EAFL is linking its message on local and sustainable food production with the Cambridgeshire Environmental *Education* Centre at Stibbington, together with the promotion of the 'five-a-day' message.
- EAFL is also seeking to support *village shops*.

Critically, EAFL envisages local food systems as being based upon co-operation and openness, not simply geography, in order to create a fair and sustainable food system. As such, it is working with partners across Europe to create new food systems that are based upon co-operation. "The cornerstone of localisation is the creation of a new relationship between producer and consumer at all geographical levels. Trade should be a positive instrument for creating an interactive and long-term relationship between all stakeholders in the food chain, not a means of exploiting one for the profit of another. A localised system is not about creating barriers to trade but is primarily concerned with the empowerment of food producers and consumers. The aim is to develop a co-operative food system that fosters trade at the most appropriate distance and in products that meet the needs of the community in question". In order to achieve this, new partnerships need to be formed that can facilitate the creation of the necessary production, transport and distribution infrastructures.

### 13 Facilitatory initiatives: Food Futures

The Food *futures* project was developed by the Soil Association in order to provide a more structured support base for the development of the local food sector. It was partially funded by the National Lottery's community fund, and following an initial pilot in Leicestershire, led to a further 11 programmes across the UK which ran between 1998-2001. Funding was also provided at a local level by local authorities, health authorities, development agencies, training and enterprise councils. "The Food *futures* approach is based on community development 'best practice' – designed to be participatory, to build on local achievements and to work with a diverse group including farmers, retailers, consumers, the voluntary sector, local government and health authorities. Truly sustainable enterprises will only be realised if the people who use them are genuinely involved with their development. By their very nature the solutions need to be locally appropriate and locally owned to succeed. Thus community-based food growing and distribution schemes are created, alongside networks which provide strategic support to the local food sector"<sup>95</sup>. Although developed by the Soil Association, the project was not exclusively organic in its focus.

Food *futures* was all about partnerships working together to develop sustainable local food economies. 160 organisations were involved and around 1600 people. £700,000 worth of new funding was secured to develop the local food sector. Over 100 new local food projects resulted, and over 5000 local food sector contacts were put onto a database<sup>96</sup>.

The Soil Association (SA) defines a sustainable local food economy as: "A system of producing, processing and trading, primarily of organic and sustainable forms of food production, where the physical and economic activity is largely contained and controlled within the locality or region where it was produced, which delivers health, economic, environmental and social benefits to the communities in those areas"<sup>97</sup>. The SA recognises that not all food is available locally, yet 75% of the organic produce sold in the UK is imported, and much of this could be produced in the UK. In part, Food *futures* is geared towards encouraging this to happen.

Each programme began with a launch, the intention being to generate interest and enable individuals to work more collaboratively. The intention was to provide a forum in which people with similar interests could meet, when they might not otherwise have done so. Part of the process was to map out what is already happening in the areas concerned, and to develop a joint vision for the future. In essence, the programmes were intended to<sup>98</sup>:

- Set up at least three new local food initiatives, such as food co-ops, FMs, box schemes.
- Establish a local food network.
- Increase access to healthy and fresh food for those who might otherwise not have access.
- Develop a partnership forum and collective strategy to continue the development of the local food economy beyond the life of the programme.

The range of initiatives generated vary between the different programme areas. More details are available if necessary.

The benefits of running a Food Futures programmes were identified as being<sup>99</sup>:

- The opportunity to turn LA 21 targets into action.
- Economic regeneration.

- Increased community participation.
- Health and environmental improvements.
- New and strengthened local markets for farmers.
- An increased support for farmers and growers.

The Food *futures* programmes were essentially all about ‘learning by doing’. A number of recommendations resulted<sup>100</sup>:

- The government must create national frameworks for local food.
- The infrastructure for local food needs to be improved.
- The public needs to be educated about local food.
- The regulatory context for local food needs to be considered.
- Finance needs to be more accessible for small businesses. For example, the processing and marketing grant scheme has a lower limit of £70,000, and therefore is unavailable to many small-scale farm processing and marketing operations.
- The government needs to adapt trade policy that encourages local food.

#### **14 Facilitatory initiatives: Skye and Lochalsh Food Futures**

<sup>101</sup>“Skye and Lochalsh Food Futures is a partnership initiative supported by Skye and Lochalsh Enterprise, Leader II, the Soil Association and the National Lottery Charities Board. One of 11 such schemes in the UK, the aim of the project is to develop a sustainable local food economy by encouraging local producers, food associations, consumers and the hospitality sector to work together to promote local food for local people”. Over 50 people interested in the future of food and drink in Skye and Lochalsh attended the launch in 1999 and it was decided that there should be three principal action groups working together on: developing a box scheme, producing local meat, and providing information on integrated distribution and marketing. It was identified that co-operation amongst those involved in the project was critical.

One component of the project has been the setting up of a food link van to deliver produce from eight suppliers. The value of the produce delivered in this way was estimated at more than £14,500. To cover the costs of this distribution service, a 10% levy on the value of goods being delivered was being charged, that will drop once the numbers involved increase. A second component of the scheme has been to set up a Food and Learning Alliance, with the aim of increasing awareness of, and uses for, locally produced food. In terms of box schemes, at the time of the inception of the Food Futures programmes there were only two box schemes in Skye and Lochalsh, selling between 25-30 boxes of produce mainly to neighbours. Since then, five more growers have become involved and at the height of the season 80 boxes per week are provided, generating a turnover of £4800. Progress has also been made in terms of increasing the sale of locally produced meat to local hoteliers etc. A machinery ring has also developed, which has illustrated the benefits of cooperative working.

#### **15 Facilitatory initiatives: RDA Strategies/Govt. Offices/Local authorities**

The report *Local food: a Snapshot of the Sector*<sup>102</sup> found that few regions had a formal strategy on food, although there were various strategies with an impact on the local food sector. Both RDAs and GOs were found to provide funding for various local food initiatives, as well as helping to coordinate ERDP projects and SEED lottery fund distribution. Support varied from helping to coordinate FMs; mapping the local sector; supporting rural recovery;

and improving health & diet. Regional Food Groups, such as Taste of the West, were identified in all the RDA regions except London. Many of these were given support from Food from Britain (FFB) to develop business services such as trade directories and publicity material. The FFB, under DEFRA's Regional Food Strategy, will receive funding for three years from April 2003 to implement a national (England) programme of regional food initiatives. These will cover raising consumer awareness and increasing competitiveness. At a regional level, the relevant Regional Food Groups will deliver further activities. This initiative is aimed at complementing the RDAs own regional food strategies, particularly in relation to processing facilities and distribution issues<sup>103</sup>.

Local level public policy, such as that of local authorities and primary care trusts, can have a significant impact on food issues. For example, in terms of public sector catering and meals services; the supply and management of allotments; and the promotion of fruit and vegetable availability through local schemes. It is suggested that food is a critical component of local policy, and yet the development of a wide-ranging food strategy is highly complex, necessitating coordination between many different partners. Policy areas related to local food include: health; rural economy; LA 21; rural development; tourism; environment; community development; quality of life; food safety and standards; allotments; and education. Some examples of public sector involvement at the local level include: support for FMs through providing sites and promotion, and their coordination; local food directories; food festivals; the promotion of local markets; funding of research into food supply chain barriers; community development work in relation to food; providing support for community-led food and health initiatives through providing pump-prime funding and advice. The DEFRA led report on local food highlighted the key role of the public sector in the development of the local food sector. However, it also identified significant variations between authorities, and the need for best practice dissemination. The LGA, LACORS and FSA were identified as developing a programme of best practice (discussed below). The significance of public sector procurement at the local level was also seen as having the potential to make a significant impact at the local level<sup>104</sup>.

Sustain, as part of their *Sustainable Food Chains* initiative, have produced a briefing paper which identifies what the English RDAs are doing to support sustainable food economies<sup>105</sup>. Sustain identifies that RDAs "have an important role to play in the regions, influencing and promoting greater public access to sustainable food, supporting local food businesses, and developing local food economies in their regions" (3). They briefly appraise the issues, initiatives and future issues of the English RDAs. Each of the regions have particular needs.

*Advantage West Midlands includes:* improving the IT infrastructure within agriculture and the food sector in Shropshire; the Market Towns Initiative will receive approximately £2 million in order to improve links between rural producers and urban consumers through having country markets in cities; there is an initiative to develop a West Midlands Regional Food Network.

*East of England Development Agency:* within this region the economic importance of agriculture and food manufacturing is highlighted; the Market Towns Initiative is being actively supported; Taste of Anglia, as a regional branch of FFB, is actively seeking to market produce from the region.

*East Midlands Development Agency:* a Rural Action Plan has established the role of the EMDA to the rural development of the region; again the Market Town's Initiative is highlighted; specific rural spending programmes have also been outlined for various projects. Future initiatives include working with the Heart of England to improve rural tourism and gain further funding.

*London Development Agency:* “Over 10% of Greater London's area is farmland (13,566 hectares) with an estimated 500 farms occupying this area. 500 hectares is under fruit and vegetable cultivation producing an estimated 8400 tonnes a year, contributing about £3 million to London's economy, and providing around 3000 jobs...[However] smaller horticultural enterprises are struggling and do not receive any support through the CAP. Overall the area under cultivation is in decline. The food industry however contributes significantly to the city's overall GDP, and accounts for around 11% of total jobs in the city” (5). Current initiatives include the promotion of the Borough Market; a feasibility study into food clusters in West London and various food access initiatives. There is also support for a regional food link group, London Food Link, and the development of a London food economy strategic framework.

*North West Development Agency:* the rural environment is particularly critical here, including a national park. Foot and Mouth also hit particularly hard in this area. There is a recognition that there needs to be a comprehensive reorganisation of the agricultural sector, which includes the development of a regional policy. Environmental and business diversification are high on the agenda. The NWDA sees itself as a facilitator, with local level partnerships actually delivering objectives.

*One Northeast:* problems with urban areas dominate this region, meaning that rural development has not been the main focus. Nevertheless, the food and drink sector contributes over £2 billion to the regional economy, and involves over 25,000 jobs. There is a wide range of quality food and drink manufacturers, retailers and distributors of all scales within the region. Issues include developing rural tourism, and focusing on marketing opportunities for local and traceable foods. Rural economy diversification also. Ideas of Integrated Rural Development.

*South East of England Development Agency:* relatively prosperous, yet there are pockets of rural deprivation. Agriculture is seen as critical to ensuring successful countryside management. A key objective within SEEDA's regional economic strategy is the boosting of rural tourism through local produce. FMs are an important component of this. There is research into the extent of abattoir closures. Farm diversification is an important focus, as is the integration of agriculture. “SEEDA is working with farmers groups, local food groups and other agencies to promote the development of local food products from more sustainable land management through the South East Food Group Partnership” (8).

*South West Regional Development Agency:* this is a predominantly rural region, and rural development is at the core of SWRDA's activities. The DEFRA founded Organic Information Service is important in this region. The large numbers of small scale and low intensity farms in the region mean that it is suited to organic management. The Riverford Organic Vegetables cooperative and vegetable box scheme is highlighted as a success story (detailed under producer initiatives). SWRDA is giving business advice to farmers following FMD. There are various food and drink and tourism initiatives aimed to promote local purchasing and the use of local produce by hotels etc. SWRDA is also working with the Dorset Food and Land Trust to extend their Food Links Project. They are also funding the South West Local Food Partnership which is intended to act as a regional support network for all food link projects in the region.

*Yorkshire Forward:* 21% of the area is a National Park. There are major post-FMD problems. The Market Towns Initiative is very active. The agency is intent on developing the food and drink sector over the next five years (as one of five such sectors). They have

also conducted research into organics and local food networks in partnership with the Northwest RDA and One Northeast.

Sustain, in its briefing paper on the English RDA, provides a series of recommendations<sup>106</sup>. They point out that the original RDA legislation did not require the agencies to contribute to sustainable development, Sustain believes they should. RDA contributions to the development of sustainable food economies includes such elements as local food events, food directories, FMs, organic production, and diversification initiatives. Post-FMD there has been an emphasis on short-term responses to this problem, rather than a longer term approach/strategy. Sustain are also concerned that “there has been more emphasis placed on regional *locality* foods for export rather than *local* foods for meeting the needs of communities in the regions” (10).

Sustain believes that the RDAs should produce regional food economy strategies that encompass economic goals, but also environmental, social, and health priorities. They should also provide money for technical support and marketing advise. They should also develop local food economy targets within their strategies, and in particular support the development of local food networks/partnerships, farm shops, FMs and producer cooperatives. RDAs should also develop sustainable food procurement initiatives<sup>107</sup>.

**16 Facilitatory initiatives: FSA, LACORS, LGA**

<sup>108</sup>A joint statement by the LGA (Local Government Association), LACORS (Local Authorities Coordinators of Regulatory Services) and the FSA (Food Standards Agency), is aimed at promoting good practice amongst local food and healthy eating initiatives.

“The Food Standards Agency, on behalf of central government, and the Local Government Association and LACORS, on behalf of local government, share the aim of promoting the production of, and access to, safe, sustainable, and nutritious food with the aim of improving community health and well-being. In recognising this joint aim, the FSA, the LGA and LACORS undertake to work together and support each other's respective activities towards these aims. To this end, each organisation agrees to commit resources and effort, commensurate with its functions, general responsibilities and within its own operational priorities. The FSA acknowledges the key role that local authorities will play in achieving its aims, particularly in relation to food safety and foodborne disease reduction, nutrition and food inequalities as well as improving the enforcement of food standards and hygiene laws. The agency will support the work of local government and its representative and coordinating bodies, where these objectives coincide<sup>109</sup>.”

The vision outlined in this document concentrates on activities that are intended to enable people to achieve a healthy balanced diet. There are a number of case studies on how food policies and community action on food supply can help promote healthy eating. These case studies are used to illustrate innovative ways in which authorities have responded to the challenges surrounding food (see below).

“Future success in promoting a safe, sustainable and nutritious food supply depends on a successful working relationship between central and local government, between central decision makers and local practitioners, between the FSA and the representatives of local government. This document builds on this partnership theme and seeks to establish a set of common aims in support of better joint working in all those policy areas that involve food”.

Local authorities policies impact on food issues in the community in many different ways. These include providing meals for those in their care; the supply of allotments, encouragement for fresh fruit and vegetable production. Also the need to recognise the advantages of having a coordinated local authority food policy. The suggestion in this policy is that local authorities can have a major part to play in influencing diet and food safety for the better.

A number of the case studies included in this vision are given below<sup>110</sup>.

**Stockton on Tees Borough Council: an holistic, multi agency based food policy<sup>111</sup>.**

This case study is indicative of the community leadership role that councils can take, whereby food issues can be considered holistically when drawing up, for example, the local community plan or LA 21 strategies.

"The authority, in conjunction with its partners, has developed a local food policy for the area. The policy is highlighted in the Community Plan, the local Health Improvement Programme and is also an objective of the LA 21 strategy. The policy is multi-agency based and aims to improve provision, safety and accessibility of healthy, nutritious food and therefore help to reduce food & diet related illness and death. Objectives include":

- promoting the provision of a range of food outlets to increase consumer choice and the availability of healthy food;
- supporting sustainable food production and supply;
- providing nutritionally balanced meals in schools, educational establishments, workplaces and community facilities;
- reducing barriers to healthy eating;
- promoting healthy and safe food through educational initiatives; and
- supporting measures to ensure the foods are clearly and adequately labelled.

The focus has been on food, not simply food safety.

**'Greater Nottingham' Food Initiatives Group<sup>112</sup>.**

This case study concerns the role local authorities can have in reducing poverty through linking local food production and access issues, such as through the development of food cooperatives.

"The group is an extensive network of organisations and groups... with the common interest of encouraging organisations and individuals to eat healthy, affordable food from sustainable sources including locally grown organic food and to increase the food dimension within community development work. Members include the City Primary Care Trust, the Health Authority, local authorities, Greater Nottingham Groundwork Trust, the Countryside Agency, voluntary food projects, local food growers and food retailers. First-year achievements have included:

- establishing a strong food network of over 350 'names';
- running awareness raising activities and also workshops to deliver a food strategy;
- supporting projects including FMs and food growing projects;
- publishing a local food directory *Notts Nosh*.

Future objectives include:

- the preparation of a local food strategy for Greater Nottingham;
- research into food poverty and the barriers to healthy eating in the local setting;
- guidance for local schools on eating healthy and sustainable food; and
- championing food issues and the social economy".

In addition to the above, Somerset County Council's Food Links Project is highlighted as an initiative aimed at regenerating rural communities. This project is discussed at length elsewhere. Other initiatives given within this document include a community education

project that revolves around a community cafe, as well as a healthy eating in low income communities project as part of an LA 21 initiative.

## **17 Facilitatory initiatives: IGD/Business in the Community**

Business in the Community (BITC) is a movement of 700 member companies committed to continually improving their positive impact on society. It was set up in 1982 and it provides a platform for developing and sharing best practice within business. It intends to be a genuine partnership between business, local authorities, trade unions and government. In 1987 Prince Charles became president of the BITC. BITC is committed to reducing its negative impact on the environment<sup>113</sup>. In July 2001 BITC launched its Rural Action Campaign, which "focuses on practical measures to encourage business involvement in three key areas: building enterprising communities, strengthening market towns and supporting local sourcing"<sup>114</sup>. With respect to the latter, the IGD was asked to identify best practice examples of local sourcing initiatives. This guide aims to:

- Demonstrate how small food producers are meeting consumer needs.
- Identify the key routes to market which local food producers are adopting.
- Highlight key learning points and advice.

The local sourcing guide<sup>115</sup> seeks to estimate the market size for local food. It suggests that it is limited, but growing. This is suggested as being the result of a number of factors:

- Multiple retailers are increasingly sourcing local foods in response to consumer demand.
- There are more marketing opportunities, such as through FMs and Internet sales.
- Consumers are looking for more transparency in the provision of their food, and local/traditional foods fulfil this.
- Consumers are seeking greater diversity and specialist produce.
- Instinctively many consumers have an affinity with local and rural businesses, and wish to support them if possible.

The case studies are intended to show how the problems faced by local food producers in accessing the marketplace can be overcome. The sourcing guide also gives extensive information on how local producers can overcome many of the problems they may face. The case studies in the local sourcing guide include<sup>116</sup>:

- A small, independent, family owned butchery business, selling meat and meat products, prepared on the premises from native and rare breeds of beef, lamb, pork and game.
- A small cheese producer who used to sell through local shops, restaurants and wholesalers. They then opened a farm shop, before being approached by Waitrose to sell their cheese to them.
- How a pickles and chutney firm sources locally and why.
- Duchy Originals as a high quality brand using mainly local ingredients.
- Plus a number of others that very briefly show how relatively small local producers can access the supermarkets.

## **18 Facilitatory initiatives: Eat the View**

The Countryside Agency through its *Eat The View* initiative is intent on using the market to encourage both the production and consumption of products that help to enhance the countryside. It is all about making the connections between the quality and diversity of the English landscape, and the farming and food production which has had a fundamental role

in its development. Farming occupies 76% of the land area in the UK, and the majority of this is managed to produce food.

“Consumer support for England’s farmers and land managers is important to the future of our countryside. It is crucial that people make the link between the goods they buy and the countryside they cherish and that they understand that through their purchases they can exert a positive effect on the way the countryside is managed. The Eat the View initiative is working to make these links and to help develop the market for products which support a more sustainable approach to farming and land management”<sup>117</sup>.

However, in recent years the farming industry has been in crisis, as farmers and growers have seen their share of the total food market shrink from 50% in the 1950s, to less than 10% by 2000. There has also been an increasing lengthening within the food chain and disconnection between producers and consumers. There is a growing tendency for convenience and processed food, with most people buying the bulk of their food in supermarkets. Seasonality has been overcome in the process. Education on rural and food production is lacking in many schools, and there is a need to educate children about the links between what they eat and where it comes from. The foot and mouth crisis has helped to bring the whole issue to a head, and there is growing interest in supporting regional and local products. This point is endorsed within the Curry Report and its recognition that farmers should build on the current public enthusiasm for local food, or food with a clear regional provenance<sup>118</sup>.

“The Eat the View initiative is the Countryside Agency’s response to a call from the Prime Minister at the Agriculture Summit held in March 2000, to reconnect the consumer with the countryside. Through Eat the View the Agency is working in partnership with a wide range of organisations, to improve the market for products which:

- Come from forms of land management which enhance or protect an area’s distinctive landscape, wildlife, and historic features and which help conserve soil and water resources.
- Strengthen the sense of place of the area in which they are produced and in doing so provide an opportunity for the farmer to ‘add value’ to the product.

The activity of the CA within the Eat the View initiative is focused upon<sup>119</sup>:

- Raising consumer awareness of the links between the products they buy and the countryside they value.
- Helping increase demand for locally and regionally distinctive products that help reinforce the character of the countryside.
- Working to enhance market opportunities for producers and growers as a result of product identity with the land management systems that promote the character, diversity and environmental value of the landscape”.

“Eat the View have been working with regional food groups to raise the profile of regional food products through promotional events, websites and consumer guides, helping to strengthen the links between products and a county”<sup>120</sup>. The initiative is intent on encouraging local producers to supply the UK market, thus reducing the unnecessary importation of produce that can be grown within the UK, thereby contributing to the environment. The initiative is also intent on improving the access to fresh local food, which in certain areas (food deserts) is denied to people. The social benefits of Eat the View include community participation, which can allow for local ownership within the food chain, and in the process contribute to the overall development of the community. Direct retailing can likewise put local communities more directly in touch with the producers of their food.

Through making these connections, economic benefits can be achieved through improved local economic multiplier effects.

“However, direct retail outlets such as FMs and farm shops, while valuable to the local economy and helping to provide a diversity of outlets for producers, are only a small part of the market. We have to recognise that the bulk of food shopping is now done in supermarkets and that these large retailers and food processors have a valuable role to play in supporting sustainable products from the regions in which they are based. Many companies have already begun to realise the potential in this area. There is scope to build on this further, so that consumers are reconnected with the countryside they cherish while supporting a sustainable, profitable agricultural industry”<sup>121</sup>.

The Eat the View initiative is working with many different partners to try and achieve their objectives. For example they are working with the Cotswolds AONB (Area of Outstanding Natural Beauty), and the Peak District National Park in order to try and develop an environmental quality mark. This would then allow producers to add value to their produce, whilst also allowing consumers to make more direct connections with their purchases, and the landscapes that produce them. The CA is also intent on linking the Eat the View initiative with its other work, such as the Market Towns initiative and support for FMs. A number of case studies are given within the Eat The View promotional brochure.

National Parks Authorities and AONB also seek to make connections between food production and the landscape. Local food projects may then develop that are aimed at both tourists and local people<sup>122</sup>. Likewise the recent NFU co-ordinated ‘Care of British Farming’ campaign.

### **19 Facilitatory initiatives: West Dorset Food and Land Trust**

The WDFLT is proposing to develop a Centre for Local Food, which provides space for both commercial food businesses as well as community food initiatives. The intention is to provide an infrastructure which facilitates the processing, distribution and marketing of local produce. Research suggests that there is currently a dearth of these services in this area, which is restricting the development of the local food sector<sup>123</sup>.

### **20 Facilitatory initiatives: Food from Britain**

FFB aims to foster the regional speciality food and drink industry through the use of a range of business development and marketing services<sup>124</sup>.

"Initiatives introduced by Food from Britain are channelled through regional and county speciality groups. These offer services to help speciality producers find new customers and promote their goods to a wider audience as well as helping retailers find the very best in local produce"<sup>125</sup>.

### **21 Facilitatory initiatives: Tastes of Anglia**

Tastes of Anglia is a non-profit organisation which works with producers, processors, retailers and caterers within East Anglia in order to bring high-quality food and drink from within the region to consumers. It was formed in 1992 and is concerned with speciality food and drink producers, and examples of the speciality products available include: traditional and smoked hams, poultry and game, rare breeds meats, as well as award-winning wines, preserves and fruit juices<sup>126</sup>.

Tastes of Anglia help with business development, which includes providing information and advice on developing new markets. They also promote public awareness of what is being produced within the region, such as through publishing a consumer guide, and a Gourmet Discovery Food Trail Map. They also stage an annual two-day rural festival, which is intended to provide a showcase for their members produce. This provides a chance for consumers to sample the best of what the region has to offer in terms of food and drink production. This festival is extensively promoted. Tastes of Anglia also promote their members' produce at various other food fairs, including the International Food and Drink Exhibition<sup>127</sup>.

## **22 Facilitatory initiatives: The National Trust**

“Nearly 90% of National Trust land is farmed and the Trust has 700 tenants who rent whole farms and a further 1300 who rent or graze land. The current farming crisis has led many of these to diversify and offer additional services and products. In order to support this diversification the Trust has put together a directory of farm foods and crafts, covering products such as fresh fruit and vegetables, organic meat, ceramics and metal work. By making a purchase from these farms you will support the Trust's tenants, their rural communities and the environment”<sup>128</sup>.

The NT's tenants and grazers are seen to play a critical role in the conservation of the landscape. The NT has provided £600,000 of trust funds in order to help farm tenants find new sources of income that will enable them to continue to farm in an environmentally sound manner. As part of this process, they have produced a directory of Farm Foods and Crafts that are available from NT tenants. There is a caveat printed on the front page of the directory that stresses that the NT tenants are independent, and that therefore the standards of individual producers are the responsibility of the tenant concerned, and not the National Trust. The directory lists nearly 130 farm-based enterprises.

### 23 Ethical initiatives: Fair Trade Networks

Fair Trade organisations aim to benefit the producer cooperatives they work with, not simply to maximise their own profits. These producer cooperatives are encouraged to actively provide benefits for their local communities, such as health care and education, as a result of their 'Fairtrade' sales<sup>129</sup>. Fair trade standards stipulate that traders must<sup>130</sup>:

- Pay producers a price that covers the cost of sustainable production and a living.
- Pay a premium that allows producers to invest in their community's development.
- Make partial advance payments to producers when requested to do so.
- Sign contracts that allow for long-term planning by the producers.

Fairtrade retail sales in the UK were £45 million in 2001, up from £22 million in 1999. This represents a growth of 51% between 1999-2000 and 40% between 2000-2001.

Retail value (£million)	1998	1999	2000	2001
Coffee	13.7	15.0	15.5	18.5
Tea	2.0	4.5	5.1	5.6
Chocolate/cocoa	1.0	2.3	3.6	4.5
Honey products	N/a	> 0.1	0.9	1.7
Bananas	N/a	N/a	7.8	14.6
<b>Total (£million)</b>	<b>16.7</b>	<b>21.8</b>	<b>32.9</b>	<b>44.9</b>

Source: <sup>131</sup>

There is clearly a growing demand amongst consumers for produce that has been 'equitably' traded. What is also apparent is that the large retail chains are increasingly involved in its marketing. For example, the Co-op was the first supermarket to stock bananas with the Fairtrade Mark in January 2000, and by September 2002 Tesco, Sainsbury's, Waitrose, Safeway and Asda were all selling Fairtrade Mark bananas. By the end of 2002, Sainsbury's were selling one million Fairtrade Mark bananas a week, and also now have their 'own brand' Fairtrade Mark coffee, tea, chocolate and bananas<sup>132</sup>. However, there is some evidence that this trend towards mainstream retail outlet involvement in the sale of Fairtrade Mark goods is leading to tensions within the alternative trade movement. On the one hand, there is an appreciation that it has certainly enabled an increase in the sales of fairly traded produce. But on the other hand, there are concerns that the values of alternative trade are being diluted by the ideology of the market (which it was originally envisaged as sidestepping), in the drive to increase trading presence. The trend towards retailers creating their own Fairtrade labels also suggests the possibility of replicating conventional trading relationships<sup>133</sup>. The tension, therefore, is between the maintenance of alternative trading relationships, and increasing market share.

In the 2002 annual review of Traidcraft<sup>134</sup> (a fairtrade company with sales exceeding £10 million p.a.), the company reported a 100% growth in sales to supermarkets and other wholesale customers, as well as a 65% growth in mail order sales. The company have also now established an on-line shopping site, together with Oxfam. They envisage growing their retail sales to supermarkets as a means of communicating the message about their work, but are also aware that trading with large companies also brings risks. As such, they are also intent on growing their on-line and mail order business.

In January 2003, the Soil Association and the Fairtrade Foundation launched a pilot project that combines both organic and fair trade certification which applies to British, as well as

imported foods. The intention is to ensure that farmers in the UK receive a fair price for their produce, which existing trading practices (for example with multiple retailers) do not always allow. This project recognises that farmers around the world are receiving prices for their produce which does not provide them with an equitable living, and that this also applies to farmers in the UK context. Under Fairtrade standards, the price paid to farmers must cover the costs of production and provide a margin for profit and investment. Additionally, buyers should engage in long-term relations with producers. UK businesses applying for this new certificate must demonstrate that they are making a contribution to social, cultural and environmental development. This may be evidenced through staff training, public access, recycling programmes, engaging with the community, and support for organic philosophies. The scheme is intended to enable consumers to directly influence the ability of farmers to remain on the land, and to promote ethical trading practices<sup>135</sup>.

## 24 Ethical initiatives: Fair Trade Towns

At a public town meeting on 27th April 2000, Garstang, Lancashire declared itself the world's first Fairtrade Town. This initiative caught the imagination of the local people and politicians, and the Fairtrade Foundation subsequently launched the Fairtrade Town Goals and Action Guide in September 2001 for those who want to create similar Fairtrade towns, cities or zones. There are now 17 towns listed on the website including Chester, Leicester, Stroud, Nottingham and Newcastle. There are also initiatives for making schools Fairtrade, as well as churches and universities<sup>136</sup>.

The Garstang Oxfam Group have been campaigning on fair trade since its formation in 1992. The campaign to make Garstang a Fairtrade Town developed during Fairtrade Fortnight in 2000. At that time there were five traders in Garstang who were selling Fairtrade goods. There are now 16, and many more using Fairtrade goods on their premises. Since Garstang has become a Fairtrade Town, the awareness of the Fair trade Mark within the town has risen to over 70%, compared to a national average of 20%<sup>137</sup>.

This fair trade initiative is given greater impetus by the announcement by the Fairtrade Foundation and the Soil Association to share their expertise, as well as extending the Fairtrade concept to UK farmers as well. The idea that Fairtrade is about farmers all over the world (including those in the UK) being able to receive a fair price for quality produce. An important part of the process is to bring the producer and consumer closer together by forging more direct links. This aspect of Fairtrade was the principal theme for the Fairtrade Fortnight 2002 in Garstang. Booths (the regional supermarket chain) in Garstang now stocks Fairtrade Easter Eggs<sup>138</sup>.

The Fairtrade Foundation Fairtrade Town initiative set out five goals that towns or cities must obtain before being granted Fairtrade Town status. These include: having a list/guide detailing the number of retail outlets; cafes and catering establishments that stock Fairtrade produce; as well as having a Fairtrade steering committee that is actively reviewing the towns work towards Fairtrade status and its future plans. In order to achieve the status the town must have at least 20 local businesses /organisations /churches that switch to fair trade products, such as tea and coffee, as well as getting the local council to procure fair trade tea and coffee through its catering contract<sup>139</sup>.

Achieving Fairtrade status has tended to increase the quantity of fair trade produce sold in the towns concerned, as well as raising awareness of what fair trade is all about. For example, in Chester, three further cafes have switched to Fairtrade tea and coffee, and supermarkets have started to stock more Fairtrade produce<sup>140</sup>.

An article in the Guardian describes the Garstang initiative as being the birthplace of a new economy. “90 of the town’s 100 businesses, both its schools, its local council, its Chamber of Commerce, its churches, garages and hairdressers all sell or actively promote food that pays a fair price to farmers in developing countries, as well as a small social premium”. The suggestion is that the concept of fair trade produce is starting to take off. Ten years ago it was very much a fringe concept, operated by developmental charities, selling a very limited range of produce. Now it is just starting to become more mainstream, but the big question remains how far can it go. Comparison is made to organic food, which remained on the fringes for some time, but has more recently taken off, partly in response to the series of food scares. The suggestion is that a growing awareness amongst consumers about the lack of justice in world trade, may herald the beginning of a rapid growth in Fairtrade produce. The Co-op in particular is highlighted as a supermarket that is starting to take Fairtrade produce seriously. For example, in Garstang, they now sell more than 20 different products. Garstang may prove to be the originator or catalyst for wider spread initiatives, in that there are now more than 80 other towns and cities, including London, Cardiff, Edinburgh, who have applied to become Fairtrade communities. Essentially, this requires a commitment to selling a certain amount of fairtrade produce, promoting it, and using it in official meetings<sup>141</sup>.

## **25 Ethical initiatives: The Ethical Trade Initiative**

<sup>142</sup>The Ethical Trading Initiative (ETI) aims to ensure that the conditions of workers producing goods for the UK market meet, or exceed, international standards. The ETI is an alliance of trade unions, NGOs, and companies, and it is concerned with ‘ethical sourcing’. This entails making sure that labour and human rights practices within the supply chain are acceptable. The ETI was originally a result of ordinary consumer concerns. The ETI contains members who are also within the Fairtrade movement, but ethical sourcing and fair trade are different. Ethical sourcing concerns decent labour relations/human rights within the production process, and is not simply concerned with the fairness of the trading relationship (as in Fairtrade). The ETI is developing codes and monitoring systems that will help to ensure that the conditions of workers around the world will be improved. Amongst the company members are: Asda; the CWS; Sainsbury; Marks & Spencer; Safeway Stores; Somerfield Stores; and Tesco. The ETI has nothing to do with a company’s environmental performance. Nor does it have an accreditation agency, rather “it primarily exists to share experience and promote learning about implementing international labour standards in international supply chains”. “The ETI is based on the principal of incorporating internationally-agreed standards into codes of labour practice”, and there is a ‘base code’ which set out 9 basic provisions concerning employment/labour.

## **26 Ethical initiatives: Sainsbury’s Socially responsible sourcing**

<sup>143</sup>“Socially Responsible Sourcing is considered a key part of the relationship between Sainsbury’s and own-brand suppliers”. It is suggested that this “represents a vital part of the company’s responsibilities to its customers, shareholders and other stakeholders who take an increasing interest in this aspect of the business”. The company drew up a ‘company code of conduct’ in 1998, which was reviewed in 2000 to ensure that it corresponded with the ETI base code.

The complexity of modern supply chains is highlighted, and the need for traceability, monitoring and auditing programmes. This sourcing initiative relates to both primary

agricultural products as well as non-foods. Within this context of food, the initiative breaks it down into various categories which include fruit and vegetables; fish; meat and perishables; grocery and ambient stable products (such as canned products and wines); and commodity products (such as tea and coffee). Traceability varies between the different sectors. For example, there is 100 percent traceability of meat and fish, but this is more complicated for other produce such as fruit and vegetables. In these cases, Sainsbury's seeks to influence their suppliers to ensure that the supply of produce meets Sainsbury's standards.

## **27 Ethical initiatives: The Slow Food Movement**

The Italian association was founded in 1986, and the international movement in 1989. Essentially, it is a movement concerned to protect the right to taste. There are now over 77,000 members in 48 countries, about half of whom are in Italy. Slow Food and its component eco-gastronomes are concerned to maintain an equilibrium with the environment they live in. The movement started with cheese, but has since developed. The movement is intent on raising the profile of local products, and it is intent on promoting local artisans. Local rootedness and decentralisation are hallmarks of the movement<sup>144</sup>.

The Slow Food movement is an international eco-gastronomic movement. The first local chapter in the UK was set up in the late 1990s, and there are now 15 local chapters with over 1000 members. Slow Food was founded in 1986 in response to the growth of the fast food culture. There was concern that the latter would have a detrimental impact on the world's culinary heritage<sup>145</sup>.

## 28 Health initiatives: Five a Day

Many community food projects are intent on meeting health objectives, such as increasing the uptake of fresh produce, or teaching cooking skills.

<sup>146</sup>“Cancer and coronary heart disease account for 60% of early deaths. A key feature of the government’s prevention strategy to reduce early deaths from these diseases is action to improve diet and nutrition... Current recommendations are that everyone should eat at least five portions of a variety of fruit and vegetables each day... Yet average fruit and vegetable consumption among the population in England is less than three portions a day. Consumption tends to be lower among children and people on low incomes”. The main barriers to eating more fruit and vegetables are identified as:

- Access and availability.
- Attitudes and awareness.

As such, the government-led 5 A DAY programme is intent on increasing fruit and vegetable consumption by:

- Raising awareness of the health benefits.
- Improving access to fruit and vegetables through targeted action.

It has been estimated that eating five portions a day of fruit and vegetables could reduce deaths from such diseases as coronary heart disease (CHD), strokes and certain cancers by up to 20%. Increasing fruit and vegetable consumption is suggested as second only to reducing smoking, as a cancer prevention strategy.

£10 million has been provided by the New Opportunities Fund (lottery good cause distributors) to fund five a day community initiatives. Sixty-six Primary Care Trusts in England have set up an array of five a day schemes that are intended to make it easier for families on low incomes to access fruit and vegetables. By November 2002 four of these schemes had been approved for funding, with a further 50 in February 2003. These initiatives will be informed by the pilot DoH initiatives which were set up to test the feasibility and practicality of these types of initiative<sup>147</sup>.

One of the outputs of the pilot evaluations was the publication of the booklet<sup>148</sup>. This set out how the development of local 5 A DAY initiatives, intent on increasing fruit and vegetable consumption, can help to achieve national targets for disease prevention, but also in the process help to support local and regional strategies on food, health, economic development and sustainability. The five a day programme includes establishing 5 a day local initiatives, but also working with retailers, producers, distributors and caterers. It also includes the National School Fruit Scheme (discussed below). The range of initiatives within these pilot programmes included breakfast clubs and community allotments. Evaluation following these pilots indicated a positive impact in terms of awareness of, and access to, the intake of fruit and vegetables.

“Making fruit and vegetables the easy choice for consumers requires the support of the food industry. At a time when our food and farming industries need to find new and sustainable ways forward, the five-day program offers significant opportunities not just for health, but for local food economies too. The report of the Policy Commission on the future of farming and food (the Curry report) recognise the impact of food and farming industries on diet and health”<sup>149</sup>.

Total funding for the initiative is £104 million (from the New Opportunities Fund): £52 million to increase the consumption of fruit and vegetables; £42 million to extend the National

School Fruit Scheme pilots; and £10 million to establish local 5 a day initiatives. In order to achieve its aims to increase the consumption of fruit and vegetables the health service must develop partnerships. Prospective partners include local authorities, whereby primary care trusts need to work with them to develop local retail strategies which make shopping for fruit and vegetables easier, as well as improving the provision of fruit and vegetables in schools and other local authority service areas, such as residential homes<sup>150</sup>.

"5 A DAY offers important opportunities to strengthen local food economies. In the UK as a whole, around 7 million tonnes of fruit and vegetables are eaten each year. If average consumption rose to five portions of fruit and vegetables a day, this would expand the market by 2 million tonnes. Almost three-quarters of the vegetables eaten in this country are grown by British farmers. 5 A DAY therefore provides a focus for initiatives that involve local farmers and growers"<sup>151</sup>. In this respect the range of partners relevant to the food industry include: retailers, growers and producers, suppliers and distributors, farmers, caterers, local food networks, allotment groups.

## **29 Health initiatives: National School Fruit Scheme**

The National School Fruit Scheme is part of the 5 A DAY programme to increase fruit and vegetable consumption. Under the scheme, all four to seven year-old children in state schools will be entitled to receive a free piece of fruit or vegetable each school day (currently either an apple, banana, pear or satsuma). This will eventually entail distributing around 440 million pieces of fruit to over 2 million four to seven-year-olds in some 18,000 schools across England each year<sup>152</sup>. The scheme has £42 million funding from the New Opportunities Fund. The intention is to introduce children to fruit and vegetables from a young age, and to give them a positive experience of eating fruit and vegetables which hopefully will serve them well in health terms as they grow older.

It has been piloted and will be fully operational in 2004. One element of the pilot evaluation was to establish how best to get the fruit into schools – 'from farm to school gate'. What is the best way to purchase and distribute the food? Who should be involved in this process? How can the best quality and value be obtained? How much local flexibility is there within this process?

### 30 Community/consumer initiatives: Community Supported Agriculture

Community Supported Agriculture (CSA) can be defined as “A partnership between farmers and consumers where the responsibilities and rewards of farming are shared”<sup>153</sup>. CSA are a reflection of the communities of people involved in them and many different formats are possible. Within the UK, there are whole farm CSAs; customer supported box schemes; food growing projects; and community allotments. All involve direct public participation. They enable consumers to directly influence how their food is produced, and in turn how their countryside is managed. Producers gain by not having to worry about the marketing of their produce. The benefits include: supporting the local economy; consumers gain access to fresh produce and information about where their produce has come from; producers become part of the community and directly responsible to it.

The CSA model dates back 30 years to Japan, and evolved in certain parts of Europe in the 1960s. The UK version was introduced in 1985 and the Soil Association estimates that there are over 100 CSA-type initiatives in the UK. CSA are all about making links between producers and consumers. Events may celebrate the seasons, Apple Day, traditional festivals etc. The Soil Association can provide information and advice on what CSA are available, and how to begin organising one. They have produced a CSA Action Manual, although they are unable to provide funding<sup>154</sup>.

What differentiates CSA from other direct marketing schemes, such as box schemes and FMs, is the idea of mutual support and commitment. Membership of CSA within the UK range from 12 to over 300 people. Annual shares range from £110 to £800 in return for a weekly supply of vegetables throughout the growing season. Reference <sup>155</sup> provides great details of CSA in the UK, including 11 case studies, which could be used as an example is necessary.

### 31 Community/consumer initiatives: The Stroud CSA Project

<sup>156</sup>The inspiration for this project came from two principal sources:

- The Gaia Theory, which in CSA terms is effectively translated into community support replacing the free market.
- The bio-dynamic agriculture approach inspired by Rudolf Steiner. This principally involves looking at the farm as a self-contained and evolving organism.

The creation of this CSA involved bringing together sufficient consumers who were willing to submit to supporting the farm’s annually agreed budget. In return for this commitment, they share in all the farm’s produce between them. The project is underpinned by a number of cooperative and social principles:

- The farmers and growers should be paid a fair and adequate salary.
- Supporters should be encouraged to identify with the farmer, and to volunteer their time.
- Everyone wishing to join the scheme should not be excluded on the grounds of cost alone.
- The whole enterprise shall operate in an open and transparent way and full participation by all stakeholders will be encouraged

The Stroud CSA Project was launched on July 20<sup>th</sup> 2002, at which time there were 20 participants. The number has since risen to 40.

### 32 Community/consumer initiatives: The Food Poverty Network

The directory of projects on the Food Poverty Projects Database lists over 260 *community food projects*, which between them carry out more than 700 activities<sup>157</sup> (the directory is also available online). These range from growing and selling food, to cooking and eating. The database is maintained by the Food Poverty Network, which is part of Sustain. All the projects are working at the local level, and the principal intention is to improve access to healthy food for people on a low income. The initiatives include cooperatives, community cafés, school breakfast clubs, cooking clubs, food growing projects, community gardens, LETS, and farmers' markets. Each of the projects is briefly summarised and contact details given. "The Food Poverty Network exists to support local food projects, and campaign on their behalf for changes to government policy that would help to end food poverty" (2).

### 33 Community/consumer initiatives: The Growing Communities Project

"Growing Communities is a North London organisation set up to make a positive contribution towards sustainable development. By working together on a range of local projects, including a Neighbourhood Food Growing Project, a local Organic Vegetable Box Scheme and a weekly Farmers' Market we hope to improve the food we eat, the community we live in and the environment"<sup>158</sup>.

Growing Communities:

- Supply 120 households with a weekly bag of fresh, seasonal, organic vegetables through a box scheme.
- Converted derelict urban land into vegetable production.
- Enable the people of Hackney to buy fresh local produce and to meet the growers/farmers responsible at the Stoke Newington FM.
- Enable inner city Londoners to gain health benefits from gardening.
- Makes the local environment a greener and healthier place in which to live.
- Organises trips to organic farms in Buckinghamshire and Oxfordshire.
- Enables a place for social interaction.
- Provides detailed recipe suggestions via its web site.

*The Growing Communities organic box scheme* was started in 1994. The intention was to provide fresh, seasonal organic produce, but also allow people to meet up and co-operate through the medium of food. All the produce is certified organic. None is purchased outside Europe (apart from bananas) and some is grown within Hackney itself. Details are given on the web site as to what is included in the various boxes available. The system involves a pickup scheme, rather than a delivery service. The boxes are available at three sites in Hackney and members are encouraged to walk or cycle to the pickup point, or to share a lift where cars are used. Payment is encouraged by standing order, in part because the scheme is committed to local food suppliers. It is also possible to pay in part for the vegetable box using LETS<sup>159</sup>.

*Growing Communities Neighbourhood Food Growing.* "Neighbourhood food growing makes environmentally sound use of local land that might otherwise be wasted. It brings healthy food and sustainable growing techniques right into the city and enables even more people to get involved"<sup>160</sup>. the scheme also provides small amounts of produce for the box scheme. Regular workdays are organised, which include people of all ages and experience. At one of the projects, unemployed people working towards NVQs in horticulture are given experience. Within this section of the web site there is also a comprehensive overview of the benefits of growing food in urban locations and communities. The suggestion is that by

making over a relatively small proportion of the green space in London, 18% of the fruit and vegetables consumed in London could be grown there. This section also includes encouragement for councils to make better use of the allotments available to their communities. Likewise for the development of city farms, community and school gardens etc. These statistics are taken from the Sustain *City Harvest* report.

One of the Growing Communities' gardens is at Oaktree which is described on the web site by one of its growers<sup>161</sup>. There are rows of flourishing vegetables, heavily laden fruit bushes and a lawn where kids can mess around in a paddling pool and adults sit under the shade of a sun umbrella after working in the garden. It's such a sanctuary in Hackney. It is also described as being a wildlife corridor, and the preservation of wildlife habitats within the city was an important goal of the project. Gardening at Oaktree not only provides exercise and tranquillity, but also high-quality produce. The garden is also often visited by primary school children whom teachers are keen to educate about how food is grown etc. The children appear to be fascinated by what is involved. The children are able to actually get involved in the growing process. Growing Communities is intent on expanding the educational opportunities within its food growing projects. These growing projects are very much about building a sense of community and improving the local environment, as well as growing food.

*Growing Communities Farmers' Market*<sup>162</sup>. On 3rd May 2003, growing communities launched the Stoke Newington FM. This was the UK's first FM where all the producers and farmers are either organic or bio-dynamic. It is a weekly market, and the produce is from farmers and producers close to London. The produce includes various meats, eggs, cheese, dairy produce, vegetables, cakes, artisan breads etc. By being all organic, James Pavitt (the coordinator of the NAFM) suggests that it is even more environmentally beneficial than non-organic FMs. "Growing Communities is committed to supporting small local food producers and farmers. Only producers less than 70 miles from London have been invited to attend the market. Growing Communities is particularly aware of the problems faced by farmers and growers close to London where inflated land values and the lack of retail opportunities for smaller producers can lead to many producers getting out of farming or small-scale food production".

<sup>163</sup>The web site contains extensive snippets of information about what the project is all about. This includes highlighting how they are constantly accessing new producers to provide produce for their box scheme and FM, and contrast the produce available with that in supermarkets. They also stress how they have increased the quantity of UK produce and their intention to continue making connections with local farms and to support co-operative ventures such as EAFL.

<sup>164</sup>Growing Communities was set up as a not-for-profit company limited by guarantee in 1997. It is run by a voluntary management committee and all households ordering vegetables can also have a direct say in the organisation's development. Growing Communities has an annual turnover of more than £40,000. It receives funding from:

- Community Fund (National Lottery Charities Board).
- Esmee Fairburn Trust.
- The Network Foundation.

### 34 Community/consumer initiatives: City Farms & Community Gardens

There are 65 City farms in the UK and 520 community gardens in England. Combined they have an annual turnover of about £8 million. The Federation of City Farms and Community Gardens (FCFCG) aims to promote, support and represent groups and currently has a membership of 225<sup>165</sup>.

The FCFCG website is the principal source of information on city farms and community gardens<sup>166</sup>. “City farms and community gardens are projects working with people, animals and plants. Each one is unique. They are (or are aiming to become) community-led and managed, empowering those involved through a sustainable approach to what they do”. FCFCG point out that the cooperative/community growing of food in early agricultural systems was the norm. It is only since land ownership has developed that land has fallen into fewer and fewer hands, in the process taking control away from the many and giving it to the few. During the 1960s community action rapidly increased as various groups decided that they wanted to take more control over their food supply through creating a community garden. The community garden movement in the US provided inspiration for this.

Since then many community gardens have been established, and in 1972 the first city farm was established in Kentish Town, London, which included farm animals. “A city farm is simply a community garden with farm livestock”. This first farm was influenced by the children’s farm movement in the Netherlands. Following this initiative other city farms were set up in London, and in 1976 the first one outside London was established in Bristol. There are now 65 city farms across the UK. From the early 1980s community gardens have become more established, and by the year 2000 there were at least 520. The FCFCG suggests that the interest in city farms and community gardens is still very high and they expect that more and more will be created.

Each city farm and community garden is different, reflecting the needs of the local people and the availability of land. They are commonly found in built-up areas, and were often created as a response to a lack of green space within communities. They vary in size from 10m<sup>2</sup> (which is the smallest community garden) to 39 hectares which is the largest city farm. What they have in common includes:

- Aiming to respond to the changing needs of the community.
- Improving previously derelict or under used land.
- A commitment to educating people about farming and gardening.
- Working towards social and environmental sustainability. This includes using organic methods and recycling.

There are over 1200 city farming and community gardening projects in the UK, which provide a wide range of benefits:

They provide high-quality open spaces and offer many social training opportunities. They employ 350 full-time staff and over 15,000 volunteers. They have a combined annual turnover of around £8 million. They contribute to the physical and mental health of their communities, and contribute to community cohesion and development. They are also often producers of fresh food, and allow many communities to come into contact with the way in which food is produced. They attract over 3 million visitors and regular users each year, of which 50,000 are school pupils.

The FCFCG has a database of over 1000 community gardening and farming groups around the UK. Much of this is accessible through their web page, which can be downloaded in Word format.

Each of the 65 farms in the UK is unique, but they have the following basic characteristics:

- They keep livestock.
- They are managed by the local community.
- They are usually in an urban environment.
- They are open to the public and usually grow food crops. Many will also have a wildlife area and a community garden.

Community gardens are also unique, but again have the following basic characteristics:

- They all grow food crops and/or other plants, but they do not keep farm animals.
- They are managed by their local community.
- They have often been developed on derelict or waste land in an urban environment.
- They provide educational opportunities.

Community gardens are found in public parks, school grounds, allotments sites, disused waste land, hospitals, and city farms.

There is also a comprehensive list of hot links to other websites which are FCFCG member projects, or who are involved in similar types of project<sup>167</sup>.

### **35 Community/consumer initiatives: Hartcliffe Health and Env. Action Group. *Food for All, Wholefood Co-op***

The above project was started in 1993 as a response to the low quality and number of shops on the Hartcliffe estate on the outskirts of South Bristol<sup>168</sup>. This consumer co-op now orders between £500-£1000 of food at a time. Individuals may then buy in bulk or very small quantities. Promotional stalls are held monthly at the local health centre. The co-op also provides healthier tuck at two local primary schools. Honey is provided by a local beekeeper. The intention is to supply fruit and vegetables from the local city farm.

### **36 Community/consumer initiatives: Bridies Store Organic Food Co-op, Glastonbury**

<sup>169</sup>Although Glastonbury still has a variety of small shops, the prices tend to be high. This organic food co-op was set up to provide cheap and accessible organic produce. It provides wholefood produce, such as dried fruit, rice and flowers, as well as a fruit and vegetable section. In season, the latter are purchased as locally as possible, and out of season they are bought on the basis of keeping food miles to a minimum, both from the point of view of freshness and due to wider environmental concerns.

The co-op has 120 members and a turnover of £40,000 per year. It is a community led non-profit making project which is run by volunteers. The social and community aspect of it is considered very important. Somerset Food Links provided a £250 grant by way of support.

### **37 Community/consumer initiatives: Newham Food Access Partnership**

<sup>170</sup>The NFAP is a “borough-wide umbrella group/forum for providers and advocates of food access projects. The partnership consists of 22 members, and they include statutory, voluntary and community groups”. Their mission is to “alleviate food poverty and improve the health and, welfare and prospects of all residents of the London Borough of Newham”.

Their aims include:

- Promoting and encouraging healthy eating.
- Increasing consumption of fresh fruit and vegetables and families on low incomes.
- Supplying quality fresh fruit and vegetables to communities in deprived areas at affordable prices.
- Improving access to fresh fruit and vegetables in areas that are classified as a ‘food desert’.
- Expanding and developing food access projects in schools.
- Raising awareness of healthy eating messages, and in particular the five a day initiative.
- Increasing knowledge and skills concerning the buying and preparation of fresh fruit and vegetables.

They have the following objectives:

- To deliver and support quality food access projects.
- To ensure that all projects are community led.
- To ensure that projects are viable and sustainable.
- To promote the value of food projects as a means of promoting a healthy population.

The range of food projects undertaken by the 22 members include: community growing projects, such as community gardens; food cooperatives; box schemes for families on low incomes; and a fruit delivery scheme.

### **38 Community/consumer initiatives: Cumbria’s Health Action Zone**

<sup>171</sup>“A food co-operative set up on the Northside Estate in Cumbria forms part of a chain of 12 similar schemes being established within the NHS Health Action Zone targeting high priority estates. The co-ops, serving 500-600 households, aim to improve residents’ diets and offer food producers in the area a new and reliable sales outlet. The Northside co-op is run by local volunteers and supplies fresh produce to 40 families on the estate. All produce is grown on local farms and supplied direct”. A survey suggests that some people on the estate are now eating twice the fresh produce that they did before.

### 39 Producer initiatives (farm producer groups): Graig Farm Organics<sup>172</sup>

Graig Farm Organics was started in 1988 by Bob and Caroline Kennard, who, in returning to the UK after 10 years abroad, were appalled at the blandness of British meat. Initially, they produced high-quality chickens which were compassionately reared. The demand for these chickens grew rapidly and consumers started to ask for similar quality lamb, beef and pork. As the market expanded, the Kennard's farm could no longer supply sufficient animals. As a result, the Graig Farm Producers Group was formed, which works very much on a co-operative basis. At this point the Kennards decided that organic certification was critical to ensuring a reliable standard of produce. All the butchery and processing is carried out on Graig Farm to a high quality. The intention is very much to work as a team, which involves farmers, management, butchers and staff, in order to produce the quality and service demanded by the consumers. Bob Kennard is intent on improving the communication between producers and consumers. Consumers to better understand where their food comes from, and farmers to be reacquainted with why they are producing the food.

Graig Farm Organics (GFO) is also intent on integrating with and benefiting its local community, principally through developing a policy of buying its inputs as locally as possible. Sixteen local staff are employed, and many of the Graig Farm Producer Group members who supply animals to GFO are within a 20 mile radius. The corollary is that the two largest expenditure items at Graig Farm (staff and livestock) remain within the local community.

There are now around 200 members of the Graig Farm Producer Group (GFPG) from across Wales and the Borders, and in some cases beyond. Nearly all the meat sold through GFO has been sourced from members of the GFPG. This ensures that GFO knows the history of the meat it sells, and is able to build up good working relationships with the farmers who supply animals to it. This is seen as enabling an increase in the volume available, whilst still maintaining the quality of the produce on offer. The advantages of this system to consumers are considered to be:

- GFO's knowledge of the farmers and farms from where the produce comes.
- The animals are sourced as locally as possible.
- There are no middle men involved, which means that the prices are kept very competitive.

The advantage of the GFPG to GFO is seen to be:

- Total traceability within the food supply chain should any problems with quality arise.
- The ability to plan future production with the farmers in the producers group, thereby ensuring a continuity of supply and quality for consumers.

The advantages of the GFPG to the producers concerned are suggested as:

- Rapid feedback on the quality of the animals and meat produced, allowing for changes to be made as necessary.
- The opportunity to meet with other producers to share problems etc.
- The option of sharing resources within the group.
- A guaranteed market for their produce at fair prices.

The produce from Graig Farm Organics is labelled as such, and marketed through a combination of outlets, which include: their own farm shop; around 100 retail outlets across the UK; a national mail order service; and an Internet shopping site. "The producer group is aimed at offering organic farmers a regional market for their produce, as well as a regional identity and a source of 200 stories of human interest to tell the consumer". The intention is to benefit both producers and consumers. Members of the producer group are

encouraged to market their produce directly to local consumers through FMs, for example, if they want to, however there is an understanding that this is time-consuming and necessarily limited. In this sense, GFO is seen as facilitating producers marketing their produce on a regional basis.

The range of organic produce available now includes: beef, lamb, mutton, pork, chicken, turkey, local game, goat meat, fish, dairy, bread, groceries, vegetables and fruit, soups and salads, alcoholic drinks, a gluten-free range, and pet food. Producers are paid a fair price for their produce, and GFO is supportive of the fair trade system. All the meat and dairy produce comes from within the UK, and livestock journey times are minimised by insisting on local processing where possible. In order to provide a credible alternative for producers (rather than selling directly to large processes), regional producer groups such as Graig Farm Organics, must have something positive to offer. This includes providing a greater marketing strength than individual producers can achieve. Training courses are also offered; cheap inputs can be collectively sourced; and social interaction with like-minded producers is possible.

From the consumer perspective, the intention is to enable complete transparency within the provision of their food, which gives them confidence. Open days are organised, and each pack of meat is clearly labelled with the identity of the producer and a description of his farm, as well as offering an Internet address for further information. The quality of food on offer is also of a high quality. The website also offers a selection of profiles of members within the GFPG. GFO also highlights that they have a traceability system for the produce from the GFPG, which consists of “a system of labels and bar codes on each carcass...The bar-coding system is maintained as it passes through the various stages of processing at Graig Farm. With details of each farm which supplies us on our database, we can print a label for each pack of meat, explaining about each farm”. They suggest this is a unique system within the British organic food sector.

The GFO Internet site is comprehensive, providing extensive details on the underlying rationale, as well as comprehensive listings and links to GFOs approximately 100 retail outlets. The intention is very much to provide a comprehensive, high quality, alternative to supermarket shopping, which still offers consumers the convenience they demand. In addition to the comprehensive list of UK retail outlets, there is also an on-line shop facility, as well as a mail order service, and a selection of restaurants that use Graig Farm produce. Profiles are also given of individual producers.

GFO mail order service can be accessed either online, or by sending the order by post, fax or telephone. The orders are despatched by overnight courier. The meat is butchered especially for each order. The website states that if customers would rather not use the online shop, they can be sent full written details of the mail order service available.

#### **40 Producer initiatives (farm producer groups): Organics East – Eostre Organics<sup>173</sup>**

The Eostre Organics regional organic producers' co-operative for East Anglia was established as part of the EAFL Organics East cooperative project. The latter is supported by DEFRA under the Rural Enterprise Scheme, and the former was officially launched in April 2003. The intention is to ensure a fair co-operative food system that sustains the environment and ensures a healthy society. Reconnecting producers and consumers, and communities within towns and rural areas, is seen as important in the creation of “a global network of communities [rather than] a globalised food system of isolated individuals”. The Eostre Organics charter aims to:

- Supply independent retailers and processors, consumer cooperatives and buying groups, and the public sector.
- Provide high-quality seasonal produce, and to enable consumers of all incomes to access it.
- Encourage a co-operative ethos amongst all its staff and members.
- Operate with complete transparency and provide full information on its functioning.
- Favour local and seasonal produce, with the intention that imports from further afield should complement, rather than replace, local produce. In these cases, UK and European produce should come from cooperatives with similar aims to its own, and produce from outside Europe should be ‘fairtrade produce’.
- Minimise the distance food travels and cut out unnecessary intermediaries.

“Eostre Organics can supply a full range of fresh fruit and vegetables, along with a selection of processed Italian foods, to outlets across the East of England and in London. Our produce is local wherever possible, but supplemented by imports to ensure a complete sustainable alternative to the independent shopper. By sourcing all our produce from our members and associates, we can guarantee the environmental, ethical and cooperative origins of all our food”. Eostre Organics can supply both box and community schemes for a range of budgets, and they already supply three community food programmes in London, which helps to ensure a wider access to high quality sustainable food. Eostre Organics also operates its own market stalls at Norwich’s daily market, as well as in London. Individual cooperative members also sell at other markets and FMs in East Anglia. The cooperative also sells to a range of independent retail outlets across East Anglia, that include farm shops and urban consumer cooperatives.

There are many box schemes within the Organics East cooperative. Many of these are run by individual farmers, who may supplement their produce from the co-operative. The organic box schemes offer a mixture of organic vegetables and sometimes fruit. The emphasis is very much on seasonal and local produce. The boxes provide a dependable outlet for the producers, and consumers have a convenient means of accessing fresh, seasonal, and often local produce. Details of the individual box schemes in operation are comprehensively given on the website<sup>174</sup>. One of the schemes ‘Green Ventures’ delivers into southeast London. Set up in Camberwell in 1996, it now supplies 100 bags of produce a week to 70 members. Costs are kept to a minimum through using voluntary labour, and LETS arrangements are also possible. Similarly, the ‘Reunite Edmonton’ organic box scheme in North London started in September 2001 with ten members, which has now grown to over 30 members. From April 2002 eggs were also supplied, and there is a possibility of supplying dry goods as well. ‘Growing Communities’ started as an organic scheme in 1994, and now supplies to 100 households every week, with collection points in

Stoke Newington, Clapton, Islington, and Sainsbury Park. Some of the food for this scheme is grown on community gardens created from derelict urban land.

Eostre Organics members are small and medium-sized farms in East Anglia. Their produce is supplemented from produce from within the UK and Europe from members of associated cooperatives. The emphasis is on local produce, although there is an appreciation that certain produce needs to come from further afield. In making associations with compatible cooperatives, environmental and ethical standards can be assured. In addition to retailing the produce from the cooperative, Eostre Organics is working with EAFL to develop sustainable food procurement in the public sector – most notably so far through supplying the Stibbington Centre for Environmental Education in Cambridgeshire, but also to some primary schools in Norfolk. An Italian partner within the cooperative, El Tamiso, provide a useful example of how daily produce is supplied to schools in Venice.

#### **41 Producer initiatives (farmer-owned retail): Farm shops, farm gate sales, PYO**

**Farm shops:** These are retail enterprises that are associated with a particular farm, but staffed separately. The Farm Retail Association (FRA) estimates that there are between 2500 and 3000 within the UK, and research in 1997 suggested that farm shop sales were increasing at 20% per annum. Many have now also developed restaurants and cafes associated with the farm shops, and in 2002 the total turnover of farm shops was estimated to be circa £1.5 billion. Farm shops need to ensure that they have a mix of produce all year round in order to retain commercial viability. The FRA encourages their members to adopt a Code of Practice whereby produce from the home farm and other local farmers' produce dominates, and only where this produce is not available should the farm shop consider selling other produce from within the county, region, or perhaps even imported<sup>175</sup>.

Farm shops provide direct interaction between the producer and the consumer, as well as allowing farmers to retain total control over their produce, more so even than at a farmers' market. However, farm shops are difficult to sustain in areas that are geographically remote from consumers. Farm shops are important to the rural economy in that they provide employment. They also enable producers to explain to consumers about their production methods. In some cases they may also provide a tourist destination, as well as contributing to the social life of the local community<sup>176</sup>. Perhaps use the Freerangers from within<sup>177</sup> as a case study.

**Farm gate sales:** This also represents retail sales from farms, but is more makeshift than farm shops and is likely to be seasonal, or on a part-time basis<sup>178</sup>.

**PYO:** These are seasonal and include crops such as asparagus, soft fruit, orchard fruit, vegetables & flowers. PYO is generally in decline due to changing lifestyles, although the FRA estimates that there are still more than 1000 farms involved, which in some instances can generate £100,000 worth of sales, often alongside other on-farm retailing<sup>179</sup>.

**42 Producer initiatives (farmer-owned retail): Riverford Farm Shop<sup>180</sup>**

The Watson family have farmed at Riverford Farm since 1951 and achieved organic status in 1988. Since 1951 the original farm has expanded and now totals 800 acres. The farm is run on the basis of respecting the countryside and the people who depend upon it. Three businesses are associated with the Riverford Farm:

- Riverford Farm Foods and two farm shops.
- Riverford Organic Dairy.
- Riverford Organic Vegetables.

Between them these businesses employ up to 120 people during the harvest season, and therefore contribute significantly to the local economy and community. The general public is encouraged to visit the farm during the summer months on various organised farm walks.

#### Riverford Farm Shop.

An underlying philosophy of RFS is to bring consumers back in touch with where and how their food has been produced. The RFS started in Totnes in 1984 selling bread, sausages and other pork products. It has since grown enormously to include a bakery, delicatessen, butchers, greengrocers, dairy, whole foods, wine merchant, fish, soft fruit. The intention is to provide a 'one stop food shop' and it also provides good parking, a children's play area, and a knowledgeable and personal service. In 1998 a second shop was opened at Yealmpton, near Plymouth. This is known as Riverford at Kitley, and includes a fish counter, plant centre, and café. There is also a PYO next to the shop.

Details of the individual products and the production methods employed are given on the website. For example, that the pork is not certified organic in that this would be prohibitively expensive. This is explained clearly, as well as explaining how the pork is actually produced. The provenance of the organic beef and lamb is identified, along with where it is butchered. Similarly with poultry. The shop also sells pies, pastries, preserves etc, which have been produced in the Riverford kitchen. The source of the ingredients within these processed products is identified.

The purchasing policy of the Riverford Farm Shop is to stock the produce of other local artisan food producers within the area. This includes local organic ice cream, eggs, cider, biscuits, cereals and cheeses. The shop's philosophy includes minimising food miles and supporting the local economy generally. Whilst buying local is given preference, there is also a recognition that certain items cannot be provided locally and must be sourced from overseas. The example of olive oils, vinegar, pasta, rice, and fair trade coffee and tea are given.

Stocking organic wine in the shop started as a hobby but has since become a serious part of the business. The wine is bought direct from the producers which means that Riverford are able to offer competitive prices as well as knowing how it has been made. Comparison is made with cheap conventional wines which are described as being heavily processed. The benefits of organic wine are also briefly described. They now stock over 100 different organic wines which are available through the Riverford Organic Vegetables and delivery service as well as through the shop.

The Riverford Farm Shop is also keen to ensure that it is honest and open about the produce it sells. As such "every product in Riverford Farm Shops is colour-coded: green for certified organic, cream for conventional products which we stock because they are of

exceptional quality or locally produced. Blue labels are for food from suppliers 'in conversion', food produced significantly more sustainably than the norm but where practical problems make going fully organic unfeasible (Riverford Pork for example). As well as this, products from the South West are labelled with a Gold Star and from the UK with a Silver Star. We stock as much Fair Trade produce as possible and make sure the Fair Trade Mark is prominently displayed".

#### Riverford Organic Vegetables.

"Riverford Organic Vegetables is a founder member of the South Devon Organic Producers Co-operative, formed in 1998 to meet the increasing demand for top quality organic produce in the UK". The overall acreage within this cooperative is now 600 acres, and the majority of the produce within the vegetable box scheme will have come from one of the cooperative members. "Riverford act as marketing agent for co-op members, giving them a secure market for their produce and helping to ensure the continued viability of these small to medium-sized mixed Devon farms. By sharing expertise and using efficient farming practices we can ensure that the vegetables reach your table from the field with a freshness and flavour that is difficult to match and in a way that allows for sustainable farming in one of the country's most beautiful countryside areas". Riverford Farm is the largest farm within the co-operative, and is also the packing and distribution centre. The other members of the cooperative are detailed on the website.

Details of the Riverford Organics Box scheme are given on the site, which is updated weekly to accommodate the seasonal nature of the produce. Five standard boxes are available, together with 'extras', which are listed on the website.

All the Riverford businesses are interactive, and as detailed above some of the produce (such as wine) is also available through the Riverford Organic Vegetables home delivery service. If prospective customers fall outside the delivery area for this service, there is also a mail order service that includes fresh meat, bacon, sausages and cooked hams. It is possible to order this online. The website stresses that the Riverford Organic Vegetables delivery service is operated by the farm, rather than using a delivery service, in order that the produce arrives in good condition.

In addition to the home delivery and box scheme itemised above, the website also includes a list of retailers in Devon, Cornwall and Dorset that stock Riverford Organic Vegetables – a total of 32 outlets.

#### The Riverford Farm Dairy.

Riverford Farm's 800 acres gained organic status in 1988, and the dairy herd in 1995. They now have their own dairy processing and packing facility, which means that it is now possible to buy Riverford Farm's organic milk directly from the farm. This milk is also available through the Riverford Organic Vegetables home delivery schemes. The website also explains that the milk is pasteurised but not homogenised, and the reason why this is the case. In addition to selling through the shop and the home delivery scheme, the milk is also sold through the Organic Milk Suppliers Cooperative. This means, for example, that it may be included within Yeo Valley organic yoghurt.

The three Riverford Farm businesses are also intent on conservation issues. This includes recently entering into a Countryside Stewardship agreement. Recycling is also highlighted as being important, and a number of initiatives undertaken by the various businesses are

given as examples. For example, the vegetable boxes are reusable and average six journeys.

Graig Farm Organics is also clearly an example of a successful farm shop, but it has been discussed under farm producer groups above, rather than as a farm shop.

### **43 Producer initiatives: Farmer controlled business or cooperatives**

The Plunkett Foundation suggests that 2002 was the year in which farmer-control businesses came back into fashion, and were seen as a means of improving the viability of UK farming. They suggest three elements as being responsible for this<sup>181</sup>:

- The Curry Report on the Future of Food and Farming, which identified that the FCB sector in the UK was relatively undeveloped in comparison to other countries on the continent.
- Post Foot and Mouth many farmers seem to be more open to co-operation in their business development plans.
- Local economic policymakers are beginning to look beyond FMs and the speciality food sector in seeking to stimulate the local food economy.

The Plunkett Foundation believes that collaboration is the key to the future success of developing FCB initiatives. Whether this be through joint marketing, joint branding, or joint purchasing. David Button (Chairman of the Plunkett Foundation) considers that it is crucial that FCB and collaboration are well conceived. He suggests that<sup>182</sup>:

“The farmer cooperative business model is indeed relatively straightforward and, if it doesn't stray from a few tried and tested principles, highly effective. It is a fact of life that small business units are highly vulnerable to the market power of larger competitors, customers or suppliers. Unfortunately, farmer businesses are, by their very nature, small units, whilst food produce buyers and farm inputs suppliers are often large multinational players. Given these circumstances, it is only a small step to suggest that professional, committed and disciplined farmer co-operation is an effective way to improve the competitive position of individual farms. However, my experience shows that to realise this goal, farmer cooperatives must stick to a few simple guidelines”.

Firstly, this entails not overstretching the cooperative by borrowing money from external sources. Secondly, “member commitment and discipline are vital to success. Cooperatives are more than the sum of their individual parts, and only by working together effectively can they establish sound commercial organisations and improved market penetration. This means that enforceable member agreements (supply or purchasing contracts) are essential, and they must set out, both to members and the cooperative itself, their obligations to each other. The cooperative must operate as efficiently as any other commercial organisation with whom they trade, and this cannot be achieved if members fail to deliver produce or purchase goods or services in accordance with commitments given and upon which the cooperative has acted”<sup>183</sup>. Thirdly, it is critical that the cooperative has a clear vision of its core objectives, and constantly re-evaluates that they are continuing to achieve them. When cooperatives are well-managed, they can be extremely effective businesses that dominate their individual sectors. The dairy sector is a prime example in many countries. However, this is dependent upon ensuring the basic precepts outlined above.

David Button concludes by saying that<sup>184</sup>:

“The Curry Report has renewed interest in farmer cooperatives, but has also raised expectations which may be difficult to deliver. Public investment in farmer cooperative development does pay off, but in the medium- to long-term. It is vital that the strongest advocates of public support for farmer collaboration present realistic expectations of the potential achievements. Farmer cooperation won’t save the UK agricultural sector like a wonder drug, but it does have the capacity to enable tangible improvements to farmers’ livelihoods in the longer term. More importantly, it can start being reassessed as a viable business model, neither better nor worse than investor-owned businesses, but having tangibly different objectives”.

The Plunkett Foundation has a reference library which is open to researchers. They also have a comprehensive online directory of over 500 agricultural cooperatives and farmer-controlled businesses, as well as detailed statistical information on the sector as a whole<sup>185</sup>. The directory seeks to provide a definitive guide on the current scope, scale and developmental trends of the FCB sector in the UK. The facts and figures review provides a status report of the trading activity for the whole of the FCB sector, and its context within the agricultural industry as a whole. Once a business has as its exclusive focus a return on investment for shareholders who may or may not be farmers, then such businesses are no longer eligible to be included in the FCB directory. Nevertheless, “Co-operative models of business can and should possess the same qualities of commercialism, progressiveness and competitiveness as are demonstrated in the farm businesses for whose benefit they exist”<sup>186</sup>.

FCB exist for the benefit of their members, who are almost invariably farmers. This benefit may be delivered in a number of different forms: lower farm input prices; higher farm output prices; the creation of markets that might not otherwise exist. Benefits within FCB cannot always be measured in simply financial terms, and therefore it is difficult to compare them directly with businesses whose sole motivation is financial profit. The directory has detailed analyses of the turnovers of FCB. The point is made that overall turnover within FCB has increased considerably as a result of the formation of milk marketing cooperatives, which have replaced the role previously performed by the Milk Marketing Boards. It would appear that sector analyses of the various FCB is given within the directory<sup>187</sup>. The directory lists 409 records in England; 121 records in Scotland; 47 records in Wales; and 38 records in Northern Ireland. No details are currently available to the research team, in that access to the database requires an annual subscription of £50 (which has yet to be taken out)<sup>188</sup>.

#### **44 Producer initiatives (certification schemes): LEAF Marque**

<sup>189</sup>LEAF (Linking Environment and Farming) was set up in 1991 by a group of farmers, environmentalists, food and agricultural organisations, consumers, government and academics to develop and promote Integrated Farm Management, based on work in Germany that had been carried out since 1986. LEAF is governed by an Advisory Board which is composed of 30 members representing farmers, supermarkets, environmental and consumer groups, educational establishments, national government departments and industry bodies.

Integrated Farm Management is at the core of LEAF. It is concerned to enable farming to be viable, and to produce wholesome and affordable food whilst protecting the environment. It combines modern technology with traditional farming methods. The LEAF scheme is:

"A whole farm policy providing the basis for efficient and profitable production which is economically viable and environmentally responsible. IFM integrates beneficial natural processes into modern farming practices using advanced technology. It aims to minimise environmental risks while conserving, enhancing and recreating that which is of environmental importance".

The LEAF Marque for food from LEAF farms was launched in November 2002 as "the consumer's guarantee that the producer operates their business and production processes to the LEAF integrated farm management and environmental standards". The LEAF Marque enables the reconnection of farmers with consumers, and also responds to the Curry Report proposals for a 'broad and shallow' environmental audit system. In commenting on the relevance of the LEAF Marque to the Curry Report, Caroline Drummond, LEAF Chief Executive stated<sup>190</sup>:

"Whilst recognising the value of the Red Tractor Scheme, the report also called for it to be expanded on, particularly with regard to environmental issues. The LEAF Marque does just this – providing a clear indication of higher environmental production standards".

From a producer's perspective, the LEAF Marque is promoted as enabling access to quality food markets that attract a premium price. In part this is through providing transparency within the food chain and demonstrating sustainability, along with profitability, in the production of food. Essentially, it is a way of proving that the food has been produced in a sustainable way at a time when the farming industry is under close scrutiny for what are perceived to be its unsustainable credentials. The LEAF Marque is described as "the certification standard that provides the environmental complement to crop and livestock assurance schemes", and it costs producers between £80 to £245 per annum.

The LEAF Marque is ensured through an audit which seeks to manage farming systems and allow farmers to adopt a fully integrated farming approach. The audit is seen as an essential part of farm assurance, at a time when farmers are being challenged to demonstrate their commitment to both their customers and the environment in which they operate.

"Investment in LEAF Marque certification is a commitment to consumers and the food industry that is about standards, traceability and sustainability. By providing the evidence industry needs to demonstrate the standards consumers demand, LEAF Marque provides the producer with a genuine commercial advantage in the demanding premium and assured farm markets". Farmers are independently inspected by food certification organisations who have been licensed by the United Kingdom Accreditation Service (UKAS).

The LEAF Marque provides consumers with a guarantee that the producer of the food they are buying is committed to farming according to IFM principles which incorporate high environmental standards. The scheme also allows each producer to be tracked via their ID number on the LEAF web site. In addition, either prospective producers, or consumers, can visit any one of a nationwide network of 42 LEAF demonstration farms. Visits can be booked online. In May 2003, the first National Trust holding joined the LEAF Demonstration Farm Network.

The LEAF web site<sup>191</sup> has a large list of companies and organisations that are committed to the scheme, which significantly includes most of the multiple retailers, including Waitrose, Marks and Spencer, Safeway, Tesco, Sainsbury, and Asda.

#### 45 Producer initiatives (certification schemes): Little Red Tractor

<sup>192</sup>The web site for the little red tractor claims that when you buy food that carries its stamp you can be sure that the food has been produced to stringent standards that have been independently inspected. The standards include environmental issues, food hygiene and safety, as well as animal welfare. The initiative for the little red tractor came from British farmers and growers and was introduced in June 2000.

The intention was to simplify the many already existing independently inspected farm assurance schemes, by providing a single easily recognisable symbol at the point of purchase. Its technical name is the British Farm Standards, but it is colloquially known as the Little Red Tractor. It can be found on beef, lamb, pork, chicken, milk, cereals, vegetables, fruit, and salads. Its produce is available in all sizes of shops on 550 product lines.

"British Farm Standard is about ensuring that farmers and growers are producing food to meet a set of agreed standards of good agricultural practices that are checked regularly by trained inspectors and are trusted by the public. The UK is a world leader in farm assurance with over 78,000 farmers and growers committed to the scheme supplying between 65% and 90% of output in the main commodity sectors".

The British Farm Standard was set up to engender public confidence in the way food is produced in the UK. Nine different assurance schemes are included within the BFS, covering 6 sectors of production: beef and lamb, pork, poultry, dairy, vegetables, cereals and oilseeds. For example, the FABBL scheme is part of the BFS, and 1.4 million cattle and over 6 million sheep are currently included within that scheme. There are over 450 trained inspectors, each of which has been specifically trained in their field, in order to carry out impartial and consistent inspections. The BFS web site includes examples of producers within the scheme whose details can be looked at.

The assurance schemes recognised within the BFS are:

- Cereals, oilseeds, pulses: Assured Combinable Crops (ACC).
- Fruit, vegetables and salads: Assured Produce (AP).
- Beef and lamb: Farm Assured British Beef and Lamb (FABBL); Farm Assured Welsh Lamb (FAWL); Northern Ireland Farm Quality Assurance Scheme (NIFQAS).
- Dairy products: National Dairy Farm Assured Scheme (NDFAS).
- Chicken: Assured Chicken Production (ACP).
- Pork: Assured British Pigs (ABP).
- Integrated schemes: Genesis.

The BFS is managed by an independent organisation 'Assured Food Standards', and it is they who set the standards for producers, processes and packers, in ensuring that only those that deserve the logo can use it. AFS works with the existing assurance schemes, each of which has their own detailed standards and inspections systems in place. AFS examines what these are and determines whether they are up to the BFS. AFS are owned by various sections of the agri- food industry, including several of the existing farm assurance schemes, the NFU, and the MLC. AFS is run by a board that includes representatives of three of the assurance schemes, although the majority of directors are independent of these schemes. They include directors from the retail and food-processing sectors, academics, consumers, and the environment. Recently the RSPB joined the board.

The BFS is principally about providing confidence in the food industry and food supply chain. BFS and farm assurance schemes generally are about demonstrating that 'due diligence' has been adhered to throughout the food chain.

Any scheme recognised by AFS must operate to ISO Guide 65 (or European standard EN 45011). The BFS incorporation of farm assurance standards is supplemented by standards which consider the production, handling and processing of food at every stage of the food chain. This includes how livestock are handled during transport, or the standards for abattoirs and food factories.

However, this scheme is not without its critics, whose point of view has not been explored here, suffice it to say that a Friends of the Earth analysis of the scheme suggests that the standards are not nearly as exacting as consumers are being led to believe<sup>193</sup>.

#### **46 Producer initiatives (public relations): Care of British Farming**

The NFU has recently (14<sup>th</sup> April 2003) launched a national campaign intent on reconnecting people with the countryside. It concerns promoting what British farming contributes to society, and goes under the slogan of 'Care of British Farming'. The intention is to promote the idea that farming is an integral part of rural life, and that Britain's tourist industry depends upon a beautiful countryside – 75% of which is managed by farmers. The campaign is co-ordinated by the NFU, and was initiated by a group of farming organisations. The website is intended as a coordination point for activities and there are leaflets and posters available to publicise the campaign<sup>194</sup>. The website provides a number of 'farming facts' that demonstrate what the campaign organisers consider as important contributions that farming can make to society. These include environmental issues, but also economic and food issues. As part of this process, there are hotlinks to farmers' markets, farm shops, and BigBarn, as well as flagging up how the quality of British food is assured through the British Farm Standard (or Little Red Tractor), with 75% of British farm production being farm assured in some way or another.

An important impetus for this campaign was a survey that showed how the population has become increasingly disconnected from the countryside, with many having little idea about what British farmers provide to society. For example, less than one in ten people knew that British farmers grow most of the food eaten in Britain. And 90% of people now have no family connection with farming, compared to nearly 25% two generations ago. The Director General of the NFU, Richard MacDonald, in support of the campaign said that: "Our world-renowned countryside is the birthright of the whole nation. This campaign is about helping people reconnect with their rural roots and develop a greater appreciation of things that were once instinctive to us"<sup>195</sup>.

For his part, Mark Pendlington, CLA Chief Executive said that: "We are issuing an invitation to the public to visit the countryside. We hope this will help people make better informed choices about food and help them to appreciate why our beautiful landscape looks the way it does"<sup>196</sup>.

## 47 Public Procurement initiatives

Since January 2002, a partnership that contains farming, health, sustainability, and public procurement actors have been working together in Powys, Wales. The intention is to demonstrate the potential of locally produced food to deliver social, environmental and economic benefits to public sector catering, thereby satisfying 'best value'. The partnership is known as the Powys Public Procurement Partnership (4P) project. The work has considered four main areas<sup>197</sup>:

- Demonstrating that the procurement of local food (that is organic where available) represents 'best value' to the NHS and local authorities, not simply the lowest price.
- Research into EU legislation on public procurement, and how this is being approached in other EU countries.
- Raising awareness of the issue and engaging with the political process.
- Exploring practical supplies of local (organic where available) food for local schools and hospitals.

The Curry Report certainly encouraged public procurement:

“We encourage all public bodies to try and promote healthy eating through their procurement policies. We note that current interpretation of Best Value may be too narrow to allow public bodies to take into account wider sustainable development issues when setting supply requirements<sup>198</sup>.”

However, in reality, Public Sector Catering (PSC), which includes schools, hospitals, prisons, and government departments, fails to deliver. The PSC sector covers approximately 61,500 outlets and is responsible for 1.8 billion meals annually, and yet its provision is based on cheapness and administrative simplicity, rather than nutritional quality. The NHS is the largest single institutional caterer in the UK, providing over 300 million meals at an estimated cost of £500 million. Yet, if demand for locally produced food from this quarter is to be increased, the supply must be able to meet it. Unlike the organic sector, where 75% of the domestic demand is currently imported.

“Promoting locally nutritious food as part of a healthy eating environment should be aimed first and foremost at the people who need it most – the young and the sick. Far from being exemplars of healthy eating, however, school meals and hospital catering are at best perceived as fuel for unflattering jokes, at worst part of the cocktail of diet-related problems that afflict pupils and patients<sup>199</sup>.”

However, 'local management of schools' initiatives mean that many now have more autonomy, and are able to develop a self-managed food service that allows them to opt out of the LEA catering service. Carwyn Jones, the then Rural Affairs Minister in Wales, in April 2002 in discussing the promotion of local food in schools stated: “Locally-sourced food is not only about providing schoolchildren with nutritious meals from quality products, it is also about helping the local economy, improving long-term health and looking after the environment<sup>200</sup>.”

Morgan and Morley suggest that “We might be on the cusp of a strategic 'tipping point' in the UK where a re-localisation of the food chain could conceivably begin in earnest”, although this is conditional upon a number of actions:

- Taking advantage of CAP reform and creating a regulatory framework which encourages the re-localisation of the food chain.
- Educate the public about the benefits of local food.

- Stimulate demand for local food such as through public procurement, and persuading supermarkets to stock more local food.
- Developing the supply chain for local food by improving the infrastructure, including creating a network of small abattoirs and providing better processing facilities for local producers. Public procurement initiatives could also stimulate local producers to form cooperatives, thus increasing their effective scale.
- Facilitate the promotion of healthy food, such as through the tax regime and restricting television adverts on low nutritional value food.

An important aspect of East Anglia Food Link's work is showing how public sector catering can become more sustainable and a key element of a new food system. It has been doing this over the last three years: firstly in terms of raising awareness that it is an important issue; and secondly in identifying and developing sustainable solutions that can be applied within the UK context. This has involved looking at schemes in other countries, most notably Italy and France, where positive examples exist. Recently, EAFL have facilitated Organics East, an organic producer co-op, supplying the Stibbington Centre for Environmental Education in Cambridgeshire. In turn, this initiative is being linked into educating children about the origin of the food they eat<sup>201</sup>. (This initiative is discussed under the section on producers).

The Sustainable Development Commission also believes that the National Health Service (NHS) through its public procurement policies can have a major impact on sustainable development. "Sustainable development requires the integration of economic, environmental and social outcomes into all policy-making and operational decisions. We believe that this should include the procurement of food and other supplies"<sup>202</sup>. The NHS, due to the scale of its food purchasing, can send powerful messages back up the food chain to wholesalers and producers. Currently, sustainability is not a criterion used within NHS food procurement policies. The NHS provides over 300 million meals a year at a cost of £500 million. This is mostly purchased through national contracts, with only a relatively small amount being sourced from local suppliers.

The NHS shopping list includes<sup>203</sup>:

- 12.3 million loaves of bread.
- 108 million pints of milk.
- 13500 tonnes of potatoes.

## 48 Public Procurement initiatives: Sustainable Food Chains

Sustain, as part of an initiative called *Sustainable Food Chains* aims to promote the use of sustainable food within public sector catering (PSC). Within this process they have defined sustainable food in terms of a number of criteria, which include that it is<sup>204</sup>:

- Proximate. Originating from the closest practicable source, or with the minimum amount of energy use.
- Healthy. As part of a balanced diet, not containing any harmful biological or chemical contaminants.
- Fairly or co-operatively traded.
- Accessible, both in geographical and affordability terms.
- Conforms to high animal welfare standards in both production and transport.
- Socially inclusive of all people within society.
- Encourages knowledge and understanding of food and food culture.

Sustain is intent on developing sustainability within and through increasing supplies to PSC. The total catering sector in the UK accounts for around 30% of food expenditure, of which PSC (including hospitals, government departments, schools and care homes) accounts for 7%. This encompasses over 60,000 outlets and 1.8 billion meals annually. The benefits of including more sustainable food within PSC are described as being<sup>205</sup>:

- Sustainable economic development;
- Environmental protection;
- Health improvement;
- Educational opportunities;
- Joined up government.

There are four legislative factors identified as making it difficult for public bodies to specify local suppliers. These relate to the WTO, the EU, the Local Government Act (1988), and the requirement to achieve best value (more details are available). Often there are also problems finding suitable producers. Nevertheless, this report and that of Morgan and Morley, identify many good examples of how these problems are overcome in other countries. They are less common in a UK context. Sustain argue that the rules on public procurement need to be changed to facilitate the wider sourcing of locally produced food, and they outline the benefits of doing this. They also argue that more money needs to be made available per meal within PSC, so that better nutrition and sustainability can be achieved<sup>206</sup>.

Sustain have also published a second report, which specifically identifies initiatives within the UK that have sought to incorporate sustainability within public sector procurement<sup>207</sup>. Fourteen local and regional UK initiatives are identified; nine UK-wide initiatives; and seven European and international initiatives. Within the first group these include initiatives by: Belfast City Council; Birmingham Food Links; Common Cause Cooperative, Sussex; Cornwall Healthcare Trust; Cornish Schools; East Anglian Schools Fruit Scheme Harrogate Borough Council; Llanidloes Hospital and Llandrindod High School, Powys; Mapledene Early Years Centre, Hackney, London; Norfolk County Services; Somerset Schools; South Gloucestershire Schools; Sutton Borough Council; and St Peters Primary School, East Bridgeford, Nottinghamshire, which is discussed in further detail below.

The UK-wide initiatives include the British Nutrition Foundation Catering for Health Guide; the Countryside Agency project Eat the View; FLAIR; FSA/LGA Policy Group; Local Food Works; Public Procurement in Local Agri- food Chains – Learning the Lessons from Europe (a Cardiff University project); Sustainable Food Procurement in the NHS (being conducted by

Liverpool University); Sustainable Food Chains (an initiative by Sustain); and DEFRA's Sustainable Procurement Group. All of these initiatives are variously seeking to establish the feasibility and benefits of the public procurement of sustainable food<sup>208</sup>.

Whilst public economic initiatives are clearly of significant importance to improving sustainability within the UK agro-food system, it seems likely that this research area is already being extensively researched.

#### **49 Public Procurement initiatives: St Peter's School, East Bridgford<sup>209</sup>**

The most available case study of a public procurement initiative is that of St Peter's Church of England School, East Bridgford, Nottingham. In April 2000, following the deregulation of the school meals service, the school opted out of the local LEA catering contract and became responsible for its own school meals budget, which included finding new suppliers and negotiating its own contracts. The initiative has proved to be a great success, with high daily attendances at school meals. All the fresh meat comes from a local farm shop, which sources its supplies from local farms and uses a local abattoir. Likewise, there is a local organic fruit and vegetable supplier which costs the same as was previously charged for non-organic fruit and vegetables. Many of the other catering requirements are also sourced from local suppliers.

Much of the impetus for the initiative came from the catering manager, Jeanette Orrey, who was intent on putting beef back on the menu following the BSE crisis, which necessitated being able to fully trace all the food concerned. As part of this process she wanted to know where all the meat came from and how it was processed, which entailed visiting local farmers and farm shops. She was also able to negotiate a good price from the farm shop because she was ordering for 38 weeks of the year, and the farm shop believed in what the school were trying to do. The head teacher of the school, David Maddison, believes they are receiving 'value for money' with this approach:

"We use local suppliers because we get food that we can trust, which is of a high standard, properly produced and fresh, at a price we can afford. We believe in supporting local farmers and suppliers but we wouldn't if it wasn't also good value. In fact, sourcing our food locally is not only good value, it is better value, and 'value' defined not just in terms of its cost, but also in terms of its quality".

The school is also intent on making further linkages to this approach to school catering, throughout the school. Critically, this includes teaching children from a young age what food is all about. Food, nutrition, the impact of making particular food choices, are all actively incorporated within the overall curriculum. This is seen as an important contribution to the skills the children gain from their schooling. The school also believe that their initiative helps to sustain the local economy, as well as showing farmers that it is possible to develop mutually beneficial relationships with local organisations.

Jeanette Orrey also appreciates that this approach to catering gives a much greater sense of ownership, and the ability to integrate food as an important component of what the school is trying to achieve. Significantly, she also emphasises that this approach is at no added financial cost to the school: "I have negotiated in the same way you would deal with a national supplier and there is no added cost, but a lot of added value to the school and the community".

The overall benefits of this initiative are seen to be the chance to:

- Invest more in food.
- Be more confident in the quality of the food being purchased, because as far as possible it is locally sourced.
- Beneficial to the environment due to a reduction in food miles.
- Supportive of the local economy and farming community.

Due to the success of this example, Jeanette Orrey has set up a specialist company called Primary Choice which aims to provide other schools with information on how to set up an independent school's meals service. [www.primarychoice.co.uk](http://www.primarychoice.co.uk) See <sup>210</sup> for more details.

## 50 Local or localised initiatives: Farmers' Markets

Type of product(s):	A broad range of primary and processed food and crafts.
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### A - Organisation and governance of the "new" supply chain.

#### 1 - Boundaries of the supply chain and main actors

##### ➤ Main actors of the "new" food supply chain.

In most cases, local authorities have had a key role to play in the establishment of FMs. Other actors that have been involved include: producers, consumers, private companies, and local environmental/community groups. Initiatives such as 'food links' schemes and 'food futures' programmes have also been instrumental in setting up FMs, and regional development agencies have often provided funding.

##### ➤ Geographic limits of production.

A primary motivation for FMs is to reconnect producers and consumers within the food chain. As such, most markets impose geographic limits on how far producers may travel to the markets they sell at. There is usually a degree of flexibility, but between 50-80 km is usual, although the London FMs and other larger cities may extend this radius up to 160 km or so. In many cases, markets give preference to those producers defined as 'local' (commonly 50 km), accepting others where local producers are not available.

##### ➤ Size of the production (tonnes); value at the consumer level (€).

The estimated total turnover of FMs in the UK is £166 million<sup>211</sup> (approx. €230). This is divided amongst 450 markets, with some (such as Hampshire) much more financially vibrant than others. There is also considerable variation between product sectors. Around 7500 individual markets take place each year, supporting about 2500 farmers, growers, bakers and brewers<sup>212</sup>.

#### 2 - Collective organisation of the initiative

##### ➤ The Type of collective organisation.

In many instances FMs are organised on a county-wide basis, such as those in Hampshire, Somerset, Cumbria and Wiltshire. Initially, local authorities would have dominated these organisations and usually continue to have a watching brief, although producer-run companies/cooperatives have increasingly taken over. In other areas, most notably London, not-for-profit private companies may manage the markets. The NAFM<sup>213</sup>, and Scottish and Welsh equivalents also have a part to play.

##### ➤ Operation structures.

The operation structure of FMs is locally specific, with individual markets often free to determine their specific operating needs. Where county organisations are involved, there is likely to be date and frequency coordination between the markets. The NAFM has sought to provide an over-arching structure for the markets to follow, including who may sell at the markets and what may be sold.

### 3 - Social history of the initiative

#### ➤ Birth.

The first FM in the UK took place in Bath, England in September 1997. Initially conceived as a series of three pilot markets, the intense media interest and consumer support meant that the Bath market was soon established. Its format was then quickly mimicked by other early FM organisers, such as in Bristol.

#### ➤ Main objectives and intended beneficiaries at this time.

Local Agenda 21 issues dominated the early markets, and the main objectives can be defined according to producer benefits (e.g. improved profit margins), consumer benefits (e.g. traceability), and wider economic (e.g. town centre revitalisation), environmental (e.g. food miles and packaging reduced) and social benefits (e.g. social/community interaction). The emphasis varies between markets, depending upon who is driving the agenda.

#### ➤ Key historical events until now.

September 1997 – the first FM in Bath.  
 March 1999 – the setting up of the National Association of Farmers' Markets (NAFM), sponsored by the National Farmers' Union (NFU), Farm Retail Association (FRA), the Soil Association, and Envolve (an environmental NGO).  
 June 2002 – the launch of the NAFM certification scheme.

#### ➤ Future: main plans, intentions and bottlenecks.

Many FM organisers perceive a lack of producers, together with a necessarily restricted range of produce, as being a major limiting factor on the quantitative development of FMs. Likewise, a lack of local processing facilities, such as abattoirs. There is also frustration that FMs are largely frequented by the socio-economic classes of A B C1, and have until now failed to facilitate access to fresh produce for those on lower incomes.

### 4 - Marketing issues (strategies and difficulties)

- **Distribution channel.** FMs are founded upon the direct interaction between producers and consumers, which is both their strength and their weakness (in terms of extending their capacity).
- **Relevant consumer market.** Currently, over 75% of consumers at FMs are from social classes ABC 1, and the emphasis tends to be on speciality products rather than food access.
- **Main competitors.** There are not competitors as such, although where supermarkets stock local produce FMs could potentially lose producers and hence their vitality and viability.
- **Labelling.** The NAFM certification scheme allows affiliated markets to display its logo which denotes that the market concerned conforms to its criteria. Currently 225 out of 450 markets are members of NAFM, with 75 certified as at June 2003.

**B - Sustainability profile.**

<b>Agri-environmental</b>	
biodiversity of wildlife	
preservation of specific species /races	*
soil erosion	
water quality	
animal welfare	*
food-miles	*
other important aspects	

<b>Socio-territorial</b>	
regional employment and preservation of rural communities	*
food quality and typicity	*
preservation of landscapes	
mountain (marginal) areas keeping	
resistance to sprawl	
agri tourism	*
other important aspects	

<b>Economic</b>	
producers' income	*
possible succession for farms	
farmers' quality of life	*
higher net value per unit of product	*
higher net value added on regional level	*
other important aspects	

➤ **Rough assessment of the performance of the initiative.**

They contribute economically to the rural economy. They have enabled many farmers to establish links with other food outlets, such as restaurants. They have ensured the survival of many smaller farm businesses and enable rural/urban linkages. They provide a convivial social context. However, most research suggests that the 75% are frequented by ABC 1 consumers, and therefore they do not necessarily contribute to greater food access. They are an important *component* of local food and broader economic development strategies, but not a *panacea*. The SA estimates that 15% of total sales at FMs are organic<sup>214</sup>. Economically their impact is estimated to be about 0.3% of the food chain.

**C - Institutional support and regulations.**

In many cases, RDAs and LAs have provided sites, publicity, or funding for the operation and development of FMs. In terms of regulation, the NAFM have developed a comprehensive certification scheme. This defines criteria for producer participation at its affiliated markets, and is adopted at most non-affiliated FMs. It also sets out that markets must liaise with the local trading standards and environmental health officer. At a national level there is policy support in the Rural White Paper<sup>215</sup>, the Curry Report<sup>216</sup>, and DEFRA's response to Curry<sup>217</sup>.

**51 Local or localised initiatives: Hampshire Farmers' Markets**

<sup>218</sup>In July 1998, Hampshire CC's Economic Development Office was approached by a local sheep farmer to consider holding FMs in the county, having seen them operating in the US. As a result, a Hampshire FM Working Group which included Winchester City Council, the NFU, Hampshire Fare, Trading Standards and Environmental Health was set up. Criteria for participation were agreed and subsequently strictly enforced. These included that all the produce must be grown, raised, baked or caught in Hampshire or within ten miles of the county border. No bought-in produce or wholesalers were allowed and the TSO and EHO closely monitored the project. Four pilot projects were held in 1999, which proved to be a great success, attracting over 13,000 visitors on one of the days.

The feedback from the pilot markets held in 1999 was extremely positive from both producers and consumers. As such, Hampshire CC organised a programme of FMs around the county in 2000, in conjunction with the relevant local authorities and the NFU, and a full-time Hampshire coordinator was appointed. In 2001 funding was secured from the European Social Fund to support 62 markets across the county. There was also money to provide training for producers in marketing, display and business management. By this time Hampshire CC decided that the markets had become sufficiently well established to allow the producers/stallholders to run them themselves. As such, in 2001 they worked together with Business Link to set up Hampshire Farmers' Markets Ltd, a stallholder led company. This company took over the running of the markets from the 1<sup>st</sup> January 2002. Demand for Hampshire FMs grew, and during 2002 funding was secured from the England Rural Development Programme to fund a full-time coordinator, as well as a part-time assistant. The numbers of FMs that were being held in Hampshire expanded to 68.

Hampshire FMs were the first group of FMs to be certified under the National Association of Farmers' Markets (NAFM) certification scheme. This certification process includes an independent inspection of the markets, including the way they are managed, and the relationship they have with the TSO and EHO. During 2003, the market programme was increased still further to 83 markets being held at 13 different venues. The evidence suggests that consumers are increasingly using them as a regular shopping outlet. The turnover of the Hampshire FMs in 2001 was estimated at £1.5 million<sup>219</sup>.

However, the 'big four' supermarkets are responsible for 60% of UK food retailing, compared to about 0.3% for all the FMs combined. There is a need, therefore, to marry what is good about existing initiatives with the convenience and choice offered by the supermarkets. Consumer co-operatives; working with the supermarkets; enthusing consumers about the way their food is produced, helping them to establish a sense of ownership; low cost box schemes; and an emphasis on quality<sup>220</sup>.

## 52 Local or localised initiatives: Allotments

In 1944 there were 300,000 acres of allotments and gardens which between them produced nearly 50% of the UK's fruit and vegetable needs. Whilst the numbers of allotments available has dropped markedly since the 1950s, interest in and demand for them over the last 10 years has grown. They perform a useful social function in bringing people together; they also provide gentle exercise, as well as a useful source of fresh produce<sup>221</sup>.

<sup>222</sup>The National Society of Allotment and Leisure Gardeners (NSALG) dates back to 1901. It is intent on providing a unified voice, and the objectives of the society are “to help all enjoy the recreation of gardening and so promote their health, education and community fellowship”. To this end, they:

1. encourage the formation of gardening associations;
2. seek to safeguard their interest through improved legislation;
3. advise and assist on any problems facing the amateur gardener.

“The society aims to ensure that facilities are made available to all who desire to follow the recreation of gardening and endeavours to instil a better understanding of the fact that gardening is a recreation for the mind and body as well as a source of economic wealth both to the individual and to the nation”.

The NSALG provide advice on such things as: the duty to provide allotments; allotment closure; water supply; town planning; site facilities etc. They also provide a seed scheme and insurance facilities.

An example of what allotments can contribute to society is the Asian Healthy Community Network in Kirklees which has taken over some allotments in order to grow fresh quality food products. The benefits are seen to be exercise, quality food and building social and community links. As the production has grown, they have also catered for a conference that required ‘local food’ and have since developed links with a local Asian wholesaler. Partnerships have grown, and funding has been drawn from a number of sources<sup>223</sup>.

Allotments are important local green spaces that can provide people with fresh healthy food, as well as exercise and community interaction<sup>224</sup>.

<sup>225</sup>Recently, the government has ordered a national audit to monitor the use of allotments in preparation for a shakeup of the laws governing their use. The audit was triggered by concerns that too many allotments are being sold off to developers. In World War II, there were nearly 2 million allotments in the UK, now there are about 300,000. The current law on allotments dates from 1908 and dictates that people who rent allotments from a local authority or private landlord, must only use the land to grow fruit and vegetables for their family. In other words, they cannot grow food for commercial sale. However, with the growing interest in locally-grown food, some campaigners want the law changed to allow allotment holders to sell their surplus produce to markets. There is also an interest in preserving allotments as green spaces and facilitating schoolchildren and community groups learning about wildlife and food. However, it is certainly not the intention for allotments to become small growing businesses, these ideas are only concerned to allow surplus produce to be sold at local markets.

There is also resistance to these proposed changes amongst some traditional allotment holders, although the profile of allotment holders has changed. It is estimated that 20% of

tenants are now women, with some mothers keen to grow organic vegetables for their children.

### **53 Local or localised initiatives: Allotments regeneration initiative (ARI)**

<sup>226</sup>The Allotments Regeneration Initiative (ARI) was launched on 2<sup>nd</sup> April 2003. It is a partnership between the National Society of Allotment and Leisure Gardeners (NSALG), the Federation of City Farms and Community Gardeners (FCFCG) and QED allotments group. It is funded by the Esmée Fairbairn Foundation. £500,000 has been made available in order to promote the regeneration of allotments. The ARI is intent on stimulating people to grow on urban allotments, both as individuals, and through community projects. 900 allotment organisations have already registered their interest in the initiative.

The background to the ARI is that allotments have been a feature of the urban landscape for over a century, reaching their peak in the 1940s during the Second World War. From the 1950s their numbers declined, but more recently there has been a rise in interest in allotments, particularly from people wanting to grow high-quality, sustainable, local food. "A new generation of plot holders has emerged, including increasing numbers of women, families, and gardeners from ethnic minorities". Allotments are increasingly being recognised by local authorities and the UK government as contributing towards healthy eating and activity, community links and green spaces. This in part is a result of the 1998 Select Committee Inquiry into 'The future for Allotments'.

At the launch of the ARI in Birmingham, a number of common goals for the allotment movement were identified. These included that allotment associations should work together with local authorities to manage allotment stock, and to adopt a more proactive approach to allotment regeneration. A number of obstacles to allotment regeneration were also identified:

- that there has been under investment in allotments;
- many allotment associations and local authorities have been apathetic towards the management of allotments;
- many allotment sites are insecure in terms of their future;
- there is a relationship of mistrust between allotment associations and local authorities;
- many allotments are effectively derelict and risk being sold off.

### **54 Local or localised initiatives: Box Schemes**

Box schemes have declined by 10-20% since 1999, as organic food has been increasingly sold through FMs and supermarkets. Some box schemes have sought to formalise their relationship with particular groups of consumers or retailers. There are currently 300 box schemes, with a combined estimated turnover of £30 million<sup>227</sup>.

There are over 200 certified organic vegetable box schemes operating in the UK. They vary in their format, but essentially involve delivering a box of fresh, seasonal organic food directly to consumers, or at least to a central drop-off point. Most of the schemes are local, although there are now some larger schemes delivering more widely. Some of these include fruit, dairy produce, meat, wines and wholefoods in the boxes. The advantage of a box scheme to consumers is that it provides access to fresh local produce at reasonable prices. There is also an element of surprise which many of the box scheme recipients seem to appreciate. From the producers' perspective there is an increase in social

contact, as well as direct feedback from their customers. There is also minimal wastage, in that the boxes are picked to order. Initially, it takes some effort to set up a box scheme, but once running they are not too much work for producers to service. A drawback of local box schemes is that there are certain times of the year when there is nothing available to put in the box. To overcome this, producers sometimes join/form a co-operative. Work can then be shared and producers are able to concentrate on growing what they grow best, and others within the co-operative can do likewise<sup>228</sup>.

## 55 Local or localised initiatives: The Abel & Cole school box scheme

<sup>229</sup>Heathbrook School is in the middle of a deprived estate in London where there are few shops. The organic wholesalers Abel and Cole suggested using the school as a delivery point for their box scheme. Parents can order their weekly produce through a member of the parent teacher association and, in return, the school receives roughly a quarter of the total bill (£1320 to date), in that this is what Abel and Cole save in delivering to one pick up point rather than to about 35 individual households. Parents can pick up the produce at the same time as their children, which is convenient, environmentally friendly as well as providing access to fresh healthy produce. Parents also report that the scheme encourages their children to engage with the produce and to learn about what it means.

Abel and Cole deliver to around 30 other schools in the capital as well as 6000 individual customers. The company is intent on upholding the values underpinning the organic movement and aims to serve both producers and consumers. Around 75% of the company's supplies are from British organic growers and 50% of the retail price goes to the producer. The delivery vans run on gas, the boxes are returnable, and surplus produce is donated to charity. The company's joint managing director, Keith Abel, is quoted as saying that "we're trying to be human"<sup>230</sup>.

<sup>231</sup>Along with fresh fruit and vegetables, Abel & Cole also sell a selection of meat, breads, and pantry goods, all of which are certified by the Soil Association. The company is intent on working in partnership with farmers and growers and over the years have built up strong relationships with a network of organic farmers. They plan cropping schedules and agree prices in advance. This is intended to increase security for the farmer and to make them aware that their produce is appreciated. The company actively encourages producers to grow unusual varieties, which may not be available in supermarkets. This relationship ensures superb quality and variety at good prices, and is conveniently available to consumers. Consumers have a much closer relationship with the food they are buying. The company is also committed to supporting *British* farmers, and buy their produce as locally as possible, whilst ensuring they also achieve sufficient variety. Overall, 75% of their supplies are British by volume, which corresponds to over 200 hectares of organically certified land in the UK being utilised to supply their business.

The company seeks to play a positive role in the community:

- Any surplus produce is donated to charities for the homeless.
- Staff are recruited from the local community.
- English lessons are provided for their warehouse team where necessary.
- Fruit and vegetable boxes are regularly donated to good causes such as charity fundraising events.

They are also intent on taking environmental responsibility for their business activities:

- The delivery boxes are reusable.
- Packaging is minimised.

- Food miles are minimised and none of the produce is air freighted.
- The newer delivery vehicles run on LPG.

The company was started in 1993 to deliver fresh organic produce to people in London in the 'right way'. There are now 25 people working in the warehouse near Brixton.

## 56 Local or localised initiatives: WI Markets

<sup>232</sup>WI Markets were started in 1919 after the First World War, to provide places where surplus home-made and home-grown produce could be sold to the general public. WI Markets are open to all men and women over the age of 16. They are usually held on one morning a week, but sometimes more, throughout England, Wales and the Channel Islands. There are currently 471 WI Markets. A small deduction from sales proceeds covers administration expenses, and the remainder returns to the producer. All the produce complies with UK trading regulations, and all goods are sold at reasonable prices with respect to the locality in which they are held. All the Markets are closely regulated by health and safety standards.

Anyone with suitable produce may sell at the Markets, and WI Markets are suggested as fulfilling a number of needs:

- They encourage the production of first-class produce, and provide an outlet for home produce which helps the producers concerned earn extra money.
- The markets enable the public to buy home-made food, vegetables, and bunches of flowers direct from the producer's garden or allotment.
- They provide a convivial forum in which town and country people can interact.
- The Markets reduce the necessity for packaging and extensive distribution, and are characterised by personal integrity and commitment to the produce on sale.

The produce sold at WI Country Markets includes: preserves, baked products, honey, dairy produce, eggs, poultry, game, fish, fruit, vegetables, plants, craftwork and clothing. It is promoted as being high-quality local produce which is available at reasonable prices in an enjoyable atmosphere.

WI Country Markets publicity promotes the markets as:

- Having a turnover of £11 million per year, with 90% of the proceeds being profit and going back to the producer.
- Having 44,000 shareholders, each of whom have paid 5p for one share each.
- 13,000 producers and only two paid employees.
- They use 3 million tonnes of flour, fat and sugar every year and make nearly one million pots of jam, marmalade and pickles.
- They sell over one million garden shrubs, 780,000 fruit and vegetable plants, 500 tonnes of fresh produce and 200,000 bunches of fresh picked flowers.
- They serve 10,500 cups of tea per week.

In 1985, WI Country Markets launched a 'happiness hamper' scheme which provides produce to people with special needs in the locality of the markets concerned. These hampers provide a selection of fresh WI Market goods. In other words, it is something like a box scheme.

WI Markets became independent from the Women's Institute in 1995 and are now operating as a separate organisation, which is under the control of WI Country Markets Ltd. WI Markets are cooperatives and are run by their stallholders. As such everyone is expected to help run the markets they sell at. Unlike the National Federation of Women's Institutes, WI Markets are not a charity.

## 57 Retailer/processor initiatives: Race to the Top.

<sup>233</sup>RTTT is concerned to track how supermarkets are performing in terms of creating a greener and fairer food system resulting in improved social, environmental and ethical performance within the food supply chain. Supermarkets are the principal gatekeepers within the modern food system and therefore their business strategies can have a major influence on rural communities and the social and physical environment. RTTT is a collaborative project that involves an alliance of organisations that includes the major UK multiple retailers. There is a 'memorandum of understanding', which the participants in the project must sign. In so doing they then demonstrate a "commitment to the objectives and spirit of constructive engagement of the project".

"The aim is to track the social, environmental and ethical performance of UK supermarkets, and catalyse change within the UK agri-food sector and beyond. An alliance of farming, conservation, labour, animal welfare and sustainable development organisations has developed several indicators of supermarket performance. These will provide comparative data to track progress towards fairer and greener food over the next five years. By identifying and promoting best practice by supermarkets, the project will point to key issues for public policy, consumers, investors, retailers and campaigners".

Seven groups of indicators are to be employed, which include:

- animal welfare standards;
- biodiversity and landscapes;
- labour standards;
- regional sourcing and local development;
- public health;
- sustainability management and reporting;
- terms of trade with primary producers.

"RTTT will benchmark the major supermarkets annually using these indicators, and publish the results, along with case studies of best practice by supermarkets and their suppliers". RTTT will also allow consumers greater transparency in the provision of their food, in terms of understanding the relationship between their purchasing practices and the wider social and physical environment in which it has been produced, traded, distributed and finally retailed.

RTTT is financially supported by DEFRA and the Esmée Fairbairn Foundation, and the project is coordinated by the International Institute for Environment and Development (IIED).

### ***From the IIED (Bill Vorley).***

Mainly concerns fresh produce. RTTT entails a brokered relationship with the UK's principal multiple retailers (with IIED as main coordinator), involving: civil society actors; trades unions; small farmer and countryside organisations; environmental and wildlife organisations; animal welfare groups; public health groups; and UK-based retailers (who have a global supply base). Turnover involved is £ 60 billion (€ 87 billion). Some aspects include:

- Benchmarking of supermarket performance on multiple issues around food retail and sustainable development (environment, society, environment, equity).
- Selected indicators.
- Divided into thematic modules, each led by civil society actor.

- Overseen by an Advisory Group with representatives of retail, labour, farming, consumers, academia..
- Informed by Scientific Advisory Group.
- Mutual learning process—exploring the boundaries of corporate responsibility.
- Consultation in development and analysis since November 2000.
- Highlighting best practice.
- Measuring progress, with an annual publication of results over at least 5 years. First results due to be published in November 2003.
- Funding and institutional support from DEFRA.
- Not supported by the British retail Consortium.

### **58 Retailer/processor initiatives: Local producer access**

Retailer initiatives to facilitate local producer access. For example Sainsbury's has developed a Supplier Development programme which has run since 1998, which helps suppliers to deal with the various regulatory requirements regarding food production, packaging and transportation, when dealing with multiple retailers. Waitrose have established a Small Producers' Charter which aims to provide constructive advice to potential suppliers. Booth's are also actively involved in trying to facilitate the stocking of regional produce. The main problem is finding an efficient way for both the producers and the corporate retailers to enable the products to get into the stores. One method is to use supplier hubs, whereby small suppliers work together, or in association with larger suppliers. For example, Plumgarths act as an intermediary for 9 local suppliers in delivering 80 products into Asda in Kendal. These products are then promoted as Plumgarths at Asda, within the Taste of the Lakes initiative.

### **59 Retailer/processor initiatives: Local Supply/Sourcing**

Tesco in its *Tesco Farming Initiative* intends to promote its sale of British produce, as well as local sourcing. They currently stock 7000 locally sourced products. Over the last two years Sainsbury's have also added £60 million worth of British products. Asda have identified a £160 million sales potential for local products, and the intention is to have at least one locally sourced product in every store. Currently they buy from 2067 local suppliers, and have a dedicated local sourcing manager. Safeway also has locally grown products in some of its stores. However, small scale producers are difficult for supermarkets to deal with in terms of ensuring continuity of supply, and complying with their particular quality parameters. Supermarkets tend to reduce food to their own particular template in terms of quality, appearance etc. However there is considerable scepticism about the multiple retailers' local produce sourcing strategies, as the following reports start to explore.

In April 2001, Sustain sought to establish whether local food sourcing by supermarkets was simply PR, or whether it was the real thing<sup>234</sup>. In other words, whether new initiatives were more about rhetoric than reality. Overall, the survey found that only 4% of the produce surveyed was local, and that it received almost no in-store promotion. Concern was also expressed about what would happen if large supermarkets did source more local produce, in terms of the effect this would have on other independent local food initiatives such as FMs. However, in recognising that supermarkets sell 70% of the food we eat, if they stock local produce this was suggested as providing an overall positive effect in terms of sustainability within the food system. This survey briefly summarises the local purchasing policy of supermarkets, however it should be remembered that the report is now two years old and was not extensive. The Cooperative Wholesale Society comes out well in terms of its sourcing policy. Booths & Co. as a relatively smaller supermarket chain operating

specifically in a northern region of England, was identified as having a policy of sourcing at least 25% of its produce locally. It had successfully set up quality control programmes for local producers, and had established good communications with them. However the response from a respondent from the Somerfield supermarket is more typical and he is quoted as saying “Our stores are always being asked if they can stock local produce but due to the highly complex buying, distribution and quality assurance commitments faced by large supermarket groups it is incredibly difficult”. This seems to be at the nub of supermarkets sourcing and stocking local produce, and an area that needs more research.

Of the supermarkets surveyed in this survey, the only one not to have some sort of local sourcing commitment was Iceland. However, targets and specific details seemed to be hard to establish. The report made the point that with stores developing new initiatives in this context, it is important to research the significance/impact of them on local businesses, communities and economies. Local in this context was often conflated with regional/national, such as the Southwest or Scotland. The point was also made that customers did not have enough information or guidance on the local nature of some of this produce surveyed.

In June 2002, the Nottingham Friends of the Earth conducted a survey of local produce in supermarkets<sup>235</sup>. Apart from the Co-op, they not only had a poor response rate, but it was also apparent that only a minimal amount of local produce was available in the supermarkets concerned. The survey discovered that Sainsbury’s seemed to regard local as meaning ‘produce from the UK’. A number of others also stressed that they support British farmers ‘wherever possible’. Many of their responses paid lip service to buying local produce, although the reality seemed to be that a minimal amount was available in practice. The Co-op indicated that it is about to create a ‘local sourcing development manager’, who is intent on increasing the amount of locally produced goods on its shelves. This particular survey found that the labelling of local produce was also very poor. Part of the problem was suggested to be that large national companies find it difficult to deal with small local level producers.

<sup>236</sup>The CPRE believes that supermarkets must be more transparent about what they mean by local produce in their stores. For example in terms of the main ingredient having come from within 30 miles of the store. In particular they argue that supermarkets must make it clear to the consumer the distinction between local foods and locality foods. They make the point that although initiatives such as FMs, farm shops, and organic box schemes have been popular and successful, 75% of the food we buy comes from supermarkets. “So if the market share of local foods is to increase significantly, supermarkets will have to play a part. At the same time, their retailing of local food must make a positive contribution to local processors, farms and local economies”. However, this is contrary to what supermarkets have been doing in recent years as the distance between the producer and consumer has radically increased.

The CPRE questioned 10 supermarket chains about their policy on local food. All 10 recognised the local food sector as having potential. Some, such as Waitrose, had specific targets in place. All claimed to be consumer driven. ‘Local food’ tended to be equated with often quite large areas such as Wales, Scotland, and the South West. Booths was the exception, in that they source 25% of their 22,000 food lines from four particular counties. Marks and Spencer in Northern Ireland also source most of its food produce from that region. There was no clear consensus about how the supermarkets defined ‘local food’. In many cases the distribution of ‘local food’ was still tied in with their central distribution systems, although in a few cases products were delivered direct to the store where this was practical, although it is suggested this represented a tiny percentage of the food sold.

None of the nation-wide chains gave regional managers authority to source locally, apart from Safeway. However, although regional managers might not be able to source themselves, they could suggest suppliers and producers to the buyers. In general, local foods were not being promoted in the supermarkets, which is contrasted in this report with the situation in France, where local and regional foods are often heavily promoted in superstores. The CPRE is keen for supermarkets to make it clear to consumers what is meant by local produce, and to differentiate it within their stores. They suggest it is then possible for a 'virtuous circle' to develop, whereby as consumers' awareness and interest grows, so too does the demand. Local producers in turn respond by producing a wider range of local food etc etc. In the process the local economy benefits. The CPRE recognises that there is a tension between supermarkets selling more local produce, and the closure of local shops which inherently plough more back into the local economy.

Two more recent examples of what two supermarkets are doing in the way of local sourcing initiatives are given below: Waitrose Locally Produced, and Somerfield Local Life.

### **60 Retailer/processor initiatives: Somerfield Local Life Initiative**

In introducing their Local Life initiative, Somerfield quote the Curry Report and its recommendation to revitalise local food economies, and to take active measures to protect the environment through paying more attention to local, regional and national products. Somerfield identify that many of their customers are similarly concerned about wanting to support local producers, animal welfare, and wanting to protect the environment. Somerfield say that part of this initiative is to increase the contact and sourcing of products from local suppliers. Consumers will be able to recognise this produce through a specific labelling system which either identifies 'locally produced', or 'regionally produced' produce.

<sup>237</sup>“ Local Life is Somerfield's commitment to increasing the range and variety of locally and regionally produced foods in our stores. Through this, we aim to play our part in revitalising the local food economy and supporting the local communities in which we operate. Indeed, many of our customers would like to enjoy the taste of products from their local area, and to be assured that they are spending in the local economy, supporting local businesses, promoting local ties and traceable products, encouraging better production and welfare practices and helping the sustainability of our environment. Local Life aims to source and supply products that meet this aim, and to clearly label them in-store as items that have been grown or produced locally. Somerfield defines 'local' food as those products which are likely to be produced by small family businesses or producers within 30 miles of the store". Somerfield suggests that local to them means that their customers would identify the products as being sourced close to home. The local products are clearly labelled/identified with a 'Local Life – Locally Produced' logo. They are often delivered directly to the stores, and Somerfield state that "we do not intend to deprive our local suppliers of their existing outlets and have therefore committed not to undercut the prices charged for these products by other local retailers".

"We are also labelling regional ranges of fresh meat and vegetables, which are grown within recognised geographical boundaries such as Wales or the West Country. Our regional lines will be designed to reflect the taste and traditions of the British regions with food that is fresh, flavoursome and produced to high environmental and animal welfare standards. The first of several such initiatives will be the launch on 25 October 2002 of a new line in West Country Beef, grown and matured in the region". Somerfield consider that 'regions' have a particular and traditional geographical, historical or cultural identity. Produce sold under the

heading of regional will be labelled as 'Local Life – Regionally Produced', although in a different context the same produce may be labelled as 'Local Life – Locally Produced'.

In their publicity on the initiative Somerfield stress the fact that their stores are located within the community and that they are fully integrated into the local economy. They also encourage their consumers to support British farmers and British food through this scheme.

The initiative is suggested as having the following benefits to the customer:

- enhanced knowledge of the origin of the product;
- ability to spend money in the local economy and to support local businesses;
- reducing the gap between producers and consumers;
- supporting British farmers and producers, encouraging higher standards of animal welfare, and responding to environmental concerns;
- facilitating access to traditional foods and allowing greater contact with local life and the community.

In terms of benefits to the society:

- that it supports local farmers and producers and helps British agriculture to get back on its feet;
- supporting the local economy;
- moving towards more sustainable and environmentally benign forms of food distribution;
- maintaining local traditions and rewarding good husbandry in food production.

## 61 Retailer/processor initiatives: Waitrose Locally Produced

<sup>238</sup>Waitrose Locally Produced is intent on facilitating small-scale food producers and companies, which focus on quality rather than quantity, accessing a mainstream supermarket by selling to their particular local branches. Essentially the Locally Produced initiative incorporates:

- Local products made within a 30 mile radius of the branch where they are sold. Regional products may be supplied to a slightly larger area, for example the South West.
- Small suppliers with strong links to the local economy and community.
- Distinctive foods with local provenance, integrity and, in many cases, tradition.

Waitrose have been sourcing locally produced foods at most of their 140 branches for some time now, but they recognised that the demand for locally produced foods has been growing, and hence the development of their Locally Produced initiative.

Waitrose also has a Small Producers Charter<sup>239</sup>, which sets out its policy towards developing working relationships with potential suppliers. These suppliers are able to access this advice, even if they subsequently decide to go elsewhere. The intention is to develop positive contacts between suppliers and the retailer, and this Charter sets out to demonstrate that it is possible to get trust, support and commitment from a supermarket. It is particularly aimed at small-scale and regional producers. The Waitrose Small Producers Charter has as its objectives:

- An intention to celebrate real food and traditional methods.
- The recognition of variety and regional difference within British foods.
- Ensuring consumer access to food grown in their own region which also helps support the region's economy.
- The development of a long-term relationship with producers whereby they (as a retailer) do not want to dilute the integrity or quality of the products sourced.
- As part of the John Lewis Partnership, Waitrose believes in treating their producers as partners (whether they be large or small) "in a long-term relationship founded on trust".

Waitrose intend to facilitate the best of local and regional foods accessing their supermarket. Waitrose have always sought to access products from the areas in which they trade, but this initiative is most particularly aimed at working with smaller, local and regional suppliers of food products. They stress their desire to work with "small scale producers with strong links to the local economy and [to] make their products available in branches within a 30 mile radius of production. 30 miles is a significant figure, because this is the distance that most people consider local. Travel any further and you feel out of your area and the word 'local' becomes meaningless". Waitrose continually stress that they see it as a partnership between themselves and the producers, whereby they do not want the producers to change simply to facilitate access to the supermarket. For example, they say that "no one has to supply all our branches if they do not want to – nor do they need to grow their business any larger than they want. If the producer can only supply one Waitrose shop, that's fine: product integrity and producer choice are key".

**62 Retailer/processor initiatives: Specialist Shops**

The Guardian, in a special issue<sup>240</sup>, provides 20 pages of contact details about a wide range of specialist food shops and producers. The issue suggests that their comprehensive guide enables consumers to restore "the health to eating and the social fabric to shopping". To move away from anonymous produce in supermarkets, and to take more control over the food we are buying and eating.

There is a comprehensive list of bakers, cheesemongers, fishmongers, meat and poultry sellers, organic suppliers, FMs. Neal's Yard is profiled as an artisan cheesemaker. There are lists of vegetable box schemes and delivery rounds. Also vegetables and fruits sold through farm shops. Wine and beer makers are also highlighted. Fairtrade is also discussed and the web site lists a number of Fairtrade towns, such as Garstang, Frome, and Chester. There is also a list of food cooperatives, breakfast clubs, healthy fruit tuck shops. Food in schools initiatives are also highlighted.

This issue is a useful resource if this section needs to be built up.

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## END NOTES

- <sup>1</sup> The Corn Laws were a duty on imported corn (wheat) which operated to sustain domestic above world prices.
- <sup>2</sup> The Retail Prices Act (1964) allowed retailers to control the final selling price of the goods they sold, by abolishing retail price maintenance (Flynn *et al.* 1994).
- <sup>3</sup> The 1990 Food Safety Act was the result of EU pressure and domestic concerns over food hygiene following the succession of food scares in the late 1980s, and brought UK food law into line with the EU through introducing the concept of 'due diligence' (Harrison *et al.* 1997; Lang 1999).
- <sup>4</sup> The 1995 EU Food Hygiene Directive is also important in this context (Marsden *et al.* 1997).
- <sup>5</sup> For example, under Sainsbury's 'Partnership in Produce', the meat is sourced from Anglo-Beef Processors, who in turn only source their livestock from FABBL accredited farms (Morris, 2000).
- <sup>6</sup> Growing concerns in Europe that the regulation of the food chain had favoured economic actors over the public interest, led to the formation of the Directorate General for Consumer Protection (DG-XXIV), or DG-SANCO, in 1997. In 2000 the EFSA was set up and it now takes responsibility for food science in order to restore public confidence in the food system and to protect the public interest.
- <sup>7</sup> Concerns over excessive corporate retailer domination led to a Competition Commission inquiry (1999-2000) which recommended a 'code of practice' between the retailers and their suppliers to ensure fair trading practices.
- <sup>8</sup> The Countryside Agency is a statutory body with responsibility for advising the UK Government, and taking action on issues relating to the environmental, economic and social well-being of the English countryside.
- <sup>9</sup> The Commission on the Future of Farming and Food was set up to advise the Government on how to create a sustainable, competitive and diverse farming and food sector.
- <sup>10</sup> Known as the Curry Report, named after the Chairman of the Policy Commission, Sir Donald Curry.
- <sup>11</sup> García M *et al.* (2002). The impact of European private safety and quality standards on fresh produce exports from Mediterranean countries. Imperial College at Wye Food Industry Management Unit, Department of Agricultural Sciences. January 2002. <http://www.wye.ic.ac.uk/AgEcon/FIM/projects/medprod/WP2%20UK.pdf>
- <sup>12</sup> British Independent Fruit Growers' Association (1999). Submission to the Competition Commission, 10<sup>th</sup> November 1999. BIFGA, Staplehurst, UK.
- <sup>13</sup> Karl Jenkins (Taylor Nelson Sofres). European Fresh Produce Monitor 2002—changing consumer habits. Presentation to Eurofruit Congress 6-8 November 2002. Available at <http://www.eurofruitcongress.com/congress.htm>
- <sup>14</sup> DEFRA England Rural Development Programme, <http://www.defra.gov.uk/erd/default.htm> )
- <sup>15</sup> Including bread, meat, fish, fruit and vegetables, oils and fats, milk, cheese and butter, animal feeds and industrial starches
- <sup>16</sup> Mintel International Group (May 2001) *Fresh Fruit and Vegetables*
- <sup>17</sup> For instance, in Wales in 1999 potatoes were £45/tonne or 2p/lb, while the supermarket visible from the farm was charging over 20p/lb
- <sup>18</sup> *Graham Nichols*, Farmers' Weekly 23 January 2002
- <sup>19</sup> (<http://statistics.defra.gov.uk/esg/publications/auk/2002/5-8.xls>)
- <sup>20</sup> <http://www.potato.org.uk/docs/pdf/CORPORATE%20PLAN%20FINAL%20FOR%20WEBSITE.pdf>
- <sup>21</sup> <http://statistics.defra.gov.uk/esg/statnot/gflsur.pdf>
- <sup>22</sup> <http://statistics.defra.gov.uk/esg/publications/auk/2002/5-20.xls>
- <sup>23</sup> DEFRA (year?) *Farming and Food's Contribution to Sustainable Development: The Current Situation and Future Prospects..* <http://www.defra.gov.uk/farm/sustain/newstrategy/index.htm>
- <sup>24</sup> Flour Advisory bureau. [www.fabflour.co.uk/businessinfo.asp](http://www.fabflour.co.uk/businessinfo.asp)
- <sup>25</sup> DEFRA (2003) Organic Statistics England. <http://statistics.defra.gov.uk/esg/statnot/orgeng.pdf>
- <sup>26</sup> Information from the UK Government's Strategic Review of diffuse water pollution from agriculture in England. <http://www.defra.gov.uk/environment/water/dwpa/reports/dwpa01a.htm>
- <sup>27</sup> *Current situation and future prospects in the dairy sector* (<http://statistics.defra.gov.uk/esg/consult/default.asp>)
- <sup>28</sup> [http://statistics.defra.gov.uk/esg/publications/fiuk/2002/c5\\_t5.pdf](http://statistics.defra.gov.uk/esg/publications/fiuk/2002/c5_t5.pdf)
- <sup>29</sup> DEFRA Milk Statistics <http://statistics.defra.gov.uk/esg/statnot/milk.pdf> 30 June 2003
- <sup>30</sup> DEFRA Milk Task Force Report December 2001. <http://www.defra.gov.uk/farm/mtfreport/mtfreport.PDF>
- <sup>31</sup> <http://www.mdcdatum.org.uk/fcts/backgrou/backgrou.htm>

- <sup>32</sup> Mintel International Group Limited. *Cheese*. September 2001
- <sup>33</sup> Fearne A and Bates S (2000) *Co-operative Milk Marketing*. Report to the Milk Development Council Final Report (Volume I). <http://www.wye.ac.uk/CFCR/pdfdoc/milk-marketing.pdf>
- <sup>34</sup> *The Grocer*, 7 September 2002
- <sup>35</sup> Sustain (2003). Land of milk and money? A briefing on the dairy system and reform of dairy policies. [http://www.sustainweb.org/pdf/mm\\_summary.pdf](http://www.sustainweb.org/pdf/mm_summary.pdf)
- <sup>36</sup> Poultry: The Big Squeeze. *The Grocer*, 6 July 2002
- <sup>37</sup> British Chicken Association [http://www.britishchicken.co.uk/market\\_total.htm](http://www.britishchicken.co.uk/market_total.htm)
- <sup>38</sup> DEFRA *Egg Statistics Notice* 15 April 2003. <http://statistics.defra.gov.uk/esg/statnot/eggnotce.pdf>
- <sup>39</sup> The times they are changing. JSR Farming Group, <http://www.jsr.co.uk/news/latestnews/8.html>
- <sup>40</sup> DEFRA <http://www.defra.gov.uk/farm/agenttwo/strategy/annex3.pdf>
- <sup>41</sup> DEFRA Agriculture in the UK 2002 <http://statistics.defra.gov.uk/esg/publications/auk/2002/excel.asp>
- <sup>42</sup> FARMING & FOOD: A sustainable future. Report of the Policy Commission on the Future of Farming and Food, January 2002. <http://www.cabinet-office.gov.uk/farming/pdf/PC%20Report2.pdf>
- <sup>43</sup> DEFRA. *Action Plan to Develop Organic Food and Farming in England*. <http://www.defra.gov.uk/farm/organic/actionplan/prospects.htm>
- <sup>44</sup> Mintel International Group Limited. *Red Meat*. October 2002
- <sup>45</sup> <http://statistics.defra.gov.uk/esg/publications/auk/2002/5-14.xls>
- <sup>46</sup> DEFRA <http://www.defra.gov.uk/farm/arable/sugar/default.htm>
- <sup>47</sup> This section heavily reliant on Cox A et al. (2002). *Supply Chains, Markets and Power*. Routledge. Chapter 5 on “asset criticality in the industrial sugar supply chain”.
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- <sup>49</sup> Sustainability of Sugar Supply Chains <http://www.sd-commission.gov.uk/pubs/sugar/index.htm>
- <sup>50</sup> DEFRA. *Sugar Beet and the Environment in the UK* <http://www.defra.gov.uk/corporate/consult/eisugar/>
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- <sup>52</sup> <http://www.plimsoll.co.uk/index/fi30.htm>
- <sup>53</sup> For more information, see <http://www.racetothetop.org/case/case9.htm>
- <sup>54</sup> (DoH 2003a)
- <sup>55</sup> (Sustain 2001)
- <sup>56</sup> Institution is taken here to include any commercial, government or NGO organisation.
- <sup>57</sup> Including bread, meat, fish, fruit and vegetables, oils and fats, milk, cheese and butter, animal feeds and industrial starches
- <sup>58</sup> ‘EFSIS are the preferred inspection service to a wide range of specifiers worldwide. These include major multiple retailers, grocery independents, contract caterers, multiple catering outlets, fast food chains and a whole host of other companies operating in the food chain. EFSIS also inspect against various industry quality assurance schemes, covering an extremely extensive range of food products.’ <http://www.efsiss.com/>
- <sup>59</sup> Renard, M-C. (2003) ‘Fair trade: quality, market and conventions’. *Journal of Rural Studies*, **19**, pp. 87-96.
- <sup>60</sup> (DEFRA 2002a)
- <sup>61</sup> (DEFRA 2003a) page 5. i.e. not quoted from the original report.
- <sup>62</sup> (DTZ 1999)
- <sup>63</sup> (DTZ 1999) para. 4.15.
- <sup>64</sup> (DEFRA 2003a)
- <sup>65</sup> (DEFRA 2003a)
- <sup>66</sup> (DEFRA 2003a) p.11
- <sup>67</sup> (DEFRA 2003a) p.12
- <sup>68</sup> (DEFRA 2003a)
- <sup>69</sup> (DEFRA 2003a)
- <sup>70</sup> (DEFRA 2003a)
- <sup>71</sup> (F3 2002a)
- <sup>72</sup> (F3 2002b)
- <sup>73</sup> (Soil Association 2003b)
- <sup>74</sup> (Soil Association 2002b)
- <sup>75</sup> (Soil Association 2002b)
- <sup>76</sup> (F3 2001)
- <sup>77</sup> (DEFRA 2002a) P.98.

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- 78 (Muir 2003)  
 79 (F3 2001) P.35.  
 80 (Big Barn 2002)  
 81 (DEFRA 2002b) P.43.  
 82 (Taste of England 1999) ; (IGD 2001)  
 83 (NFU 2003)  
 84 (DEFRA 2003b)  
 85 (SUSTAIN 2003)  
 86 (Food Links UK 2003)  
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 88 (Food Links UK 2003)  
 89 (Food Links UK 2003)  
 90 (Somerset Food Links 2003)  
 91 (Somerset Food Links 2000b)  
 92 (CPRE 2001)  
 93 (F3 2002c) P.15.  
 94 (EAFL 2003a)  
 95 (Soil Association 2001a)  
 96 (F3 2001)  
 97 (Soil Association 2001a) p.8.  
 98 (Soil Association 1999)  
 99 (Soil Association 1999)  
 100 (Soil Association 2001a)  
 101 (Skye and Lochalsh Food Futures 2000)  
 102 (DEFRA 2003a)  
 103 (DEFRA 2003a)  
 104 (DEFRA 2003a)  
 105 (Sustain 2002c)  
 106 (Sustain 2002c)  
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 108 (FSA 2002)  
 109 (FSA 2002) p.3.  
 110 (FSA 2002)  
 111 (FSA 2002) p.9.  
 112 (FSA 2003) P.10.  
 113 (BITC 2003)  
 114 (IGD 2001) P.4.  
 115 (IGD 2001)  
 116 (IGD 2001)  
 117 (CA 2002) P.6.  
 118 (CA 2002) p. 9.  
 119 (CA 2002) p.10.  
 120 (CA 2002) p.10.  
 121 (CA 2002) p.13.  
 122 (DEFRA 2003a)  
 123 (CPRE 2001)  
 124 (CA 2002)  
 125 (FFB 2003)  
 126 (IATP 1998); (CA 2002)  
 127 (IATP 1998)  
 128 (NT 2003)  
 129 (Fairtrade Fed. 2003)  
 130 (Fairtrade 2003c)  
 131 (Fairtrade 2003b)  
 132 (Fairtrade 2003a)  
 133 (Renard 2003)  
 134 (Traidcraft 2003)  
 135 (Soil Association 2003a)  
 136 (Garstang 2003c) (Fairtrade 2003d)

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- <sup>137</sup> (Garstang 2003b)  
<sup>138</sup> (Garstang 2003d)  
<sup>139</sup> (Garstang 2003a)  
<sup>140</sup> (Garstang 2003a)  
<sup>141</sup> (Vidal 2003)  
<sup>142</sup> (ETI 2003)  
<sup>143</sup> (Sainsbury's 2003)  
<sup>144</sup> (Slow Food 2003)  
<sup>145</sup> (F3 2001) P.51.  
<sup>146</sup> (DoH 2003a)  
<sup>147</sup> (DoH 2003a)  
<sup>148</sup> (DoH 2003b)  
<sup>149</sup> (DoH 2003b) An extract from Hazel Blears MP introduction to the report, p.3.  
<sup>150</sup> (DoH 2003b)  
<sup>151</sup> (DoH 2003b) p.10.  
<sup>152</sup> (DoH 2003c) P.1  
<sup>153</sup> (Soil Association 2002a)  
<sup>154</sup> (Soil Association 2002a)  
<sup>155</sup> (Soil Association 2001b)  
<sup>156</sup> (F3 2002b)  
<sup>157</sup> (Sustain 2003)  
<sup>158</sup> (Growing Communities 2003)  
<sup>159</sup> (Growing Communities 2003)  
<sup>160</sup> (Growing Communities 2003)  
<sup>161</sup> (Growing Communities 2003)  
<sup>162</sup> (Growing Communities 2003)  
<sup>163</sup> (Growing Communities 2003)  
<sup>164</sup> (Growing Communities 2003)  
<sup>165</sup> (DEFRA 2003a)  
<sup>166</sup> (FCFCG 2003)  
<sup>167</sup> (FCFCG 2003)  
<sup>168</sup> (Somerset Food Links 2000a) P.7-8.  
<sup>169</sup> (Somerset Food Links 2000a) p.10.  
<sup>170</sup> (NFAP 2003)  
<sup>171</sup> (CPRE 2001) P.13.  
<sup>172</sup> Much of this information comes from p.22 of (Morgan and Morley 2002), which cites an extract of Bob Kennard's speech to the Soil Association Conference in Cardiff on 14<sup>th</sup> April 2001, with the remainder coming from (Graig Farm Organics 2003)  
<sup>173</sup> (EAFL 2003b)  
<sup>174</sup> (EAFL 2003b)  
<sup>175</sup> (DEFRA 2003a)  
<sup>176</sup> (IATP 1998)  
<sup>177</sup> (CA 2002)  
<sup>178</sup> (DEFRA 2003a)  
<sup>179</sup> (DEFRA 2003a)  
<sup>180</sup> (Riverford Farm 2003)  
<sup>181</sup> (Plunkett 2002)  
<sup>182</sup> (Plunkett 2002) p.5  
<sup>183</sup> (Plunkett 2002) p.6.  
<sup>184</sup> (Plunkett 2002) p.7.  
<sup>185</sup> (Plunkett 2003b)  
<sup>186</sup> (Plunkett 2003a) P.1  
<sup>187</sup> (Plunkett 2003a)  
<sup>188</sup> (Plunkett 2003c)  
<sup>189</sup> (LEAF 2003)  
<sup>190</sup> (LEAF 2002)  
<sup>191</sup> (LEAF 2003)  
<sup>192</sup> (BFS 2003)  
<sup>193</sup> (FOE 2002)

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- <sup>194</sup> (C/oBF 2003b)  
<sup>195</sup> (C/oBF 2003a) P.1.  
<sup>196</sup> (C/oBF 2003a) pp.1-2.  
<sup>197</sup> (Local Food Works 2002a) This reference provides a brief over of the main report - (Morgan and Morley 2002)  
<sup>198</sup> The Curry Report quoted in (Morgan and Morley 2002) P.20.  
<sup>199</sup> (Morgan and Morley 2002) p. 43.  
<sup>200</sup> Quoted in (Morgan and Morley 2002) p. 47.  
<sup>201</sup> (EAFIL 2003a)  
<sup>202</sup> (SDC 2002) P.1.  
<sup>203</sup> (SDC 2002)  
<sup>204</sup> (Sustain 2002a) P.2.  
<sup>205</sup> (Sustain 2002a)  
<sup>206</sup> (Sustain 2002a) This paper also has very good references to website pertinent to this sector.  
<sup>207</sup> (Sustain 2002b)  
<sup>208</sup> (Sustain 2002b)  
<sup>209</sup> (Local Food Works 2002b)  
<sup>210</sup> (Local Food Works 2002b)  
<sup>211</sup> (NFU 2002)  
<sup>212</sup> (NFU 2002) cited in (DEFRA 2003a) P.117.  
<sup>213</sup> NAFM (National Association of Farmers' Markets).  
<sup>214</sup> (Soil Association 2003b)  
<sup>215</sup> (DETR 2000)  
<sup>216</sup> (DEFRA 2002a)  
<sup>217</sup> (DEFRA 2002b)  
<sup>218</sup> (HFML 2003)  
<sup>219</sup> (CA 2002)  
<sup>220</sup> (F3 2002b)  
<sup>221</sup> (Scottish Community Diet Project 2002)  
<sup>222</sup> (NSALG 2002)  
<sup>223</sup> (DEFRA 2003a) P.31.  
<sup>224</sup> (DEFRA 2003a) p.53  
<sup>225</sup> (Local Food Works 2003b)  
<sup>226</sup> (ARI 2003)  
<sup>227</sup> (DEFRA 2003a)  
<sup>228</sup> (Soil Association 2002c)  
<sup>229</sup> (Local Food Works 2003a)  
<sup>230</sup> (Local Food Works 2003a)  
<sup>231</sup> (Abel & Cole 2003)  
<sup>232</sup> (WI Markets 2003)  
<sup>233</sup> (IIED 2003)  
<sup>234</sup> (Sustain 2001)  
<sup>235</sup> (Dawson 2002)  
<sup>236</sup> (CPRE 2002)  
<sup>237</sup> (Sommerfield 2003)  
<sup>238</sup> (Waitrose 2003a)  
<sup>239</sup> (Waitrose 2003b)  
<sup>240</sup> (Guardian (The) 2003)