

## **Submission from Farmers Link**

**5<sup>th</sup> June 2006**

Farmers' Link promotes sustainable food and farming and has links with farmers around the world. We are a small organisation with limited resources but have maintained a watching brief regarding supermarkets and their impacts on suppliers in recent years.

The UK food system is now dominated by large retailers who claim that providing cheap food to consumers is a key objective but the system has some intrinsic flaws that ignore important values (beyond immediate price) and make the current situation a temporary illusion.

A corporate supermarket's intention is to glean shareholder profits, which are derived at the expense of suppliers, processors and consumers. It is a highly successful business strategy, portraying itself as acting benevolently toward consumers, offering bargains and quality whilst concealing the huge costs to society arising from waste, increased demands on infrastructure, pesticide use, health and social impacts and the contribution to climate change.

At all stages waste arises from the supermarket approach, beginning with rejected produce which appears to be a sometimes arbitrary decision on the part of an individual buyer. This in turn links to pesticide use – farmers have cited the need to spray excessively in order to grow for visual perfection, potentially affecting both product taste and consumer health as well as impacting on biodiversity and health of agricultural workers. The costs of waste will affect consumers at some stage, not least at the point where it is collected by local authorities. Although it may be deemed that household waste is a by-product of modern living much of it is the plastic packaging of well-travelled, processed supermarket goods. Colourful packaging is the mark of sophisticated marketing that enables greater profits to be made from food but once used simply contributes to the mounds of waste that has to be transported, recycled when possible or sent to landfill. Local authorities spend a significant amount on moving waste, educating the public and meeting recycling targets but even something as simple as a carrier bag remains untaxed and cheap for supermarkets to distribute.

The burden on roads is similarly borne by wider society, and here the costs arising from accidents involving HGVs and increased incidence of respiratory disease ought also be taken into account. Stores may offer to pay for road works that usually end up as ways to redirect traffic straight into their own car parks.

The importance of social capital is increasingly being recognised together with its erosion as a consequence of modern lifestyles. Although supermarkets are not wholly responsible, the devastation of towns and small shops is a major factor in how ordinary social contacts are being destroyed. The impacts on networks for social cohesion and emotional and physical support are further compounded in terms of health costs by the far greater levels of processed foods widely advertised and promoted by manufacturers and retailers. Again supermarkets are not the only culprits but it is in their shareholders interest to sell more of these added value

products than fresh produce (which comparatively are often more expensive than those sold by small independent grocers).

Climate change is yet another factor. Supermarkets thrive on the ability to source globally, opting for cheapest source. The contribution to food miles is enormous and usually totally unreflected in the price. With research increasingly demonstrating the advantages of local food networks such enterprise is seriously impeded by the competition from unsustainable alternatives, maintained by the mechanisms cited above, that are depleting the environmental resources on which we all (as consumers) depend.

These are the briefest of explanations as to how the OFT's assertion that they are primarily concerned with consumers' interests is fundamentally flawed. Safeguarding consumer interest is crucially linked to the ability of primary producers to survive. The position that 'fair trading' is about providing cheap food to consumers is grossly undermined by the reality of enormous supermarket profits – surely these arguably could allow even cheaper prices? Allowing one business to thrive at the expense of others is hardly 'fair' or ultimately in the interests of consumers who may, over time find the product range on offer diminished as more farmers and processors are driven out.

Regarding evidence from suppliers we have heard numerous accounts of those forced out of business by aggressive supermarket tactics. Although this might seem the natural progression of competition practice consumer access to product and supplier survival are simultaneously at risk. Suppliers may be obliged to 'cut corners' (which can affect animal welfare, quality or safety) in order to achieve supermarket demands for cheap product. A group I spoke to recently had a supermarket come back to them offering a better price because the original intention to source more cheaply elsewhere had failed. This fickle approach seriously jeopardises suppliers. Depending on the product, farmers plan and grow crops over months, if not longer, which is not conducive to fickle demands created by supermarkets' attention to daily fluctuation, let alone the more damaging rejection of whole crops at the point of harvest. A guaranteed market is not essential but if there are few alternatives to supplying a supermarket and this route is denied a grower may not survive to the next time a supermarket seeks them out. Working parasitically supermarkets are jeopardising food security for consumers whilst presenting themselves as a secure and reliable source of food. Remove the growers (and the fuel required to transport the food) and the system seems far more vulnerable. Having visited a large distribution centre it is clear it would take only a power cut to wholly disrupt the flow of goods. By comparison a locally grown food can still be distributed.

Farmers Link was involved in Race to the Top, a project designed to encourage positive participation by retailers to address a range of environmental and social criteria. Ethical responsibilities of an affluent nation should not be taken lightly and the contribution to global insecurity caused by climate change, economic inequity and war are hardly justifiable to endorse imported produce if grown at the expense of those living in poverty. Whilst we endeavour to raise awareness about overseas farmers and the effects of corporate domination, UK consumers are often unaware of the effects of their choices. Impacts on overseas suppliers are important. In some instances attempts have been made to address this (through ethical codes and fair

trade certification) but widespread abuse (particularly regarding workers' rights, for example) occurs and it is difficult to perceive supermarkets' attempts as more than cynical green washing.

Lastly I would recommend that the Competition Commission proactively seek the views of farmers no longer in business. There may be little incentive for them to contact you directly but the numbers of companies no longer operating must be a relatively straightforward data collection exercise that would provide an insight into the scale of this problem. From my connections with local councillors I have heard the slightly sinister threats that can be used to prevent people speaking out and lack of evidence is not the same as lack of a problem.

Please email Farmers' Link if you wish to discuss any of the above. I hope that your enquiry provides useful address for an issue that many (farmers and consumers) have deep concerns about.

Regards  
Hetty Selwyn