

Sustain's response to DEFRA's Food Industry Sustainability Strategy

1. Background

- 1.1 *Sustain: the alliance for better food and farming* advocates food and agriculture policies and practices that enhance the health and welfare of people and animals, improve the working and living environment, enrich society and culture and promote equity. We represent over 100 national public interest organisations working at international, national, regional and local level (see www.sustainweb.org/member_details.asp).
- 1.2 Sustain has been involved, along with several other Sustain member organisations, with the development of the Food Industry Sustainability Strategy (FISS), and while there has been considerable progress over the past two years, we still feel that the document is disappointing.
- 1.3 This submission is the result of consultation with our membership, but does not represent the detailed views of the entire membership. Several members have also submitted their own responses, focusing on their particular area of expertise.

2. Sustain comments

2.1 In summary:

2.1.1 Sustain welcomes the use of targets in the strategy, as we understand that these have been useful, for example, in helping the public sector to make progress with becoming better equal opportunities employers. Thus, under equal opportunities, the target to 'double the representation of women and ethnic minorities in skilled, and administrative and managerial grades by 2010' could help the private sector to make significant improvements.

2.1.2 However, the FISS fails to recognise the limitations of consumers' ability to drive sustainability through the food industry and there seem to be very few incentives or penalties for either consumers or the industry to give priority to sustainability over (say) price or advertising.

2.1.3 We would therefore like to see a legislative framework which (i) compels 'laggards' to come up to scratch, (ii) offers clear and

challenging targets which the industry MUST meet within a specified time period, thereby creating a “level playing field” and (iii) rewards market leaders who have already achieved sustainability targets prior to legislation.

2.1.4 Finally, Sustain regards the FISS as only the current phase in a longer process. DEFRA should continue discussions with the private and public interest sectors about tackling fundamentals such as reducing consumption of whole categories of food and drink, and investing in the infrastructure to support shorter, more local and more sustainable food supply chains. The FISS also needs to be regularly monitored, reviewed and updated.

- 2.2 While we welcome the progress made on FISS over the past two years and are broadly supportive of the targets outlined in the draft strategy, nevertheless sustainability does not appear to be fully integrated into the strategy and some of the targets are weak. Others, such as those on health and safety at work, strike us to be plain good practice and are insufficiently ambitious. We would not like to see any further weakening in the final version of FISS and propose DEFRA be explicit about how it intends to push the industry forward on sustainability, rather than simply reinforcing existing best practice or regulatory minima in some areas.
- 2.3 We note that FISS concerns itself only with the food chain beyond the farm gate. However many Sustain members would strongly urge DEFRA not to overlook fairness in trading. Examples of supplier abuse are most common beyond the farm gate, since very few farmers/growers actually supply retailers directly. Supply chain management and the narrowing of the supply base sets up its own pattern of competition between suppliers which allows exploitation by supermarket buyers. Primary producers are indirectly affected, but this is very much also a post-farm gate issue.
- 2.4 We note therefore, with mounting concern, the failure of successive Competition Commission inquiries to tackle the abuse of buyer power by the major supermarkets. It is abundantly clear that the voluntary approach is not working, and we support proposals by a wide range of organisations for this to be replaced by robust legislation.
- 2.5 In addition, we contend that the FISS must connect directly with other aspects of government policy on sustainable farming and food. There should, for example, be a clear link to the range of activities resulting from the Strategy for Sustainable Food and Farming – particularly the Organic Action Plan. In addition, government’s pesticide reduction initiative needs to be linked to the FISS, since a significant proportion of pesticides used on farms are used as a direct result of cosmetic standards for fruit and vegetables set by the major supermarkets.

2.6 We understand that the structure of the document reflects the three pillars of sustainability: economic, environmental and social. However, we have specific criticisms:

- Food miles make an environmental impact through, for example, emissions and road congestion but the matter is also clearly concerned with (economic) supply chain logistics. Thus, changes in, for example, fuel taxation and planning law may be needed to encourage investment in infrastructure to optimise local food procurement.
- The separation of the three pillars of sustainability into “silos” offers opportunities to ‘cherry-pick’. Industry might be expected to focus on economic priorities, rather than environmental or social issues. Sustainability needs to be integrated into all industry activities, and not appear to be just an option from a menu which also includes (say) efficiency, workforce development and health and safety.
- This silo approach means that some issues are misfiled (so to speak). A clear and regrettable example of this is ethical trading which has been classified as a “social” issue, when it is clearly an economic trading system and a way of moving the “zone of profitability” downstream. It should be noted that retailers such as the Co-op have well-planned marketing strategies for fair-trade goods which allow them to offer these as own-brand goods with profit margins large enough to absorb increases in global commodity prices. Ethical trade in the industry is an economic challenge, as well as a moral and social responsibility.
- The intention of the Ethical Trading Initiative to ensure payments of a ‘living wage’ needs more clearly defining. It could for example be defined against the cost of a basket of basic living commodities – food, clothing, shelter etc. in the UK and set proportionally against those costs in the country concerned.
- The silo approach largely fails to explore the interactions – tensions, as well as mutual reinforcement - between the economic, environmental and social aspects of sustainable development.
- To focus on Science Based Innovation, Workforce Skills, and Retail Crime in the ‘Primarily Economic’ chapter is unhelpful. It may imply that only the *economic performance* of processors, manufacturers and retailers is considered as ‘sustainability’, and ignores the effects which the industry has on the economic performance of other actors such as producers, suppliers, workers, and independent retailers.

2.7 There seem to be few market or legislative incentives for the targets to be realised, or market or legislative penalties if they are not met. On the basis of previous experience, the absence of incentives and penalties almost guarantees that the targets will not be met. By contrast, the Irish plastic shopping bag tax shows how effective fiscal measures can be, and experience with reducing

unnecessary packaging in the 1990s shows that industry can welcome legislation¹.

- 2.8 Some of the case studies are dated. This is worrying, since it indicates either that the food industry has no more recent examples to give (so activity has stagnated) or that there is a lack of willingness to provide new examples of good practice.
- 2.9 The opportunities for making the food industry more sustainable are not at all reflected in the infrastructure which serves the supply chain. Large retail and catering companies, for example, have global and national supply chains which, while offering customers convenience, consistency and low prices, have a negative impact on the environment and (some argue) the economy, once external factors are taken into consideration. We would argue that the regionalisation and localisation of supply chain infrastructure would support a more sustainable and diverse food economy. However, despite the welcome target for a reduction in food miles, there are currently no obvious plans for developing sustainable infrastructure in the draft FISS.
- 2.10 A final, more detailed point concerns some references. The link to the Marks & Spencer's apple packaging data on p11 does not appear to exist, and the validity of the study has been questioned by Sustain members. Confusingly, the next example from Unilever gives the same web-link reference.
- 2.11 In conclusion, we commend DEFRA for its persistence with the FISS in the face of industry intransigence over a period of some two years. We urge you to maintain the current targets, and strengthen and extend them wherever possible. However, we are certain that the targets will not be met unless they are underpinned by fiscal and/or legislative incentives and penalties. DEFRA should continue to work with the private and public interest sectors not only to monitor, evaluate and regularly update the FISS, but also to address fundamental issues around the volume and type of food produced and consumed, and the nature of the supply systems that provide it. If issues such as these are not tackled, the farming and food system will continue to fall a long way short of being sustainable.

ENDS

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¹ A Friends of the Earth report *A Superficial Attraction – the voluntary approach and sustainable development* (1995) reports that the packaging industry's Producer Responsibility Group asked government to regulate, as it was clear that not all companies would comply with its voluntary scheme.