

Briefing

February 2024

KEY MESSAGES

For Farmers:

Collaborative cooperative working is key, with differentiated, distinctive products to lift farmers out of the commodity market. Support is needed for innovation, marketing and environmental benefits. *See Case Study 1 – Organic Beef & Sheep*

For Government:

A better, clearer regulatory framework based on cross-departmental policy making is needed, alongside robust trade deals that apply standards equally to all. More local procurement and market regulation which includes true environmental and health costs will benefit the sector. *See Case Study 2 – Responsible Public Procurement*

For Processors, Retailers and Food Businesses:

Transparency throughout the supply chain will reconfigure the economics of the businesses and attract ESG investors. Integrity in contracting and paying farmers is the foundation of farmers receiving a return for all the different outputs they produce. *See Case Study 3 – Transparent Margins*

Creating Fair & Equitable Supply Chains

Headlines, Summary and 4 Case Studies from the FFCC Farming Leadership Group Symposium, June 2023

FOOD, FARMING AND COUNTRYSIDE COMMISSION

“How can food and farming supply chains transform to support a fair and equitable future?”

“J’aime mon métier mais j’aimerais en vivre” (“I love my life but I’d like to make a living”), on the front of a tractor in a French farmers’ protest blocking motorways outside Paris, shows that the problems of supply chain fairness are not unique to this country. Nor are they new – since the Domesday Book landowners, farmers and governments have been competing over who benefits from the land.

In 2024 the numbers of farmers leaving sectors as varied as poultry, dairy and horticulture combined with the biggest farming and countryside policy upheaval in 70 years sharpens the need for solutions and the answer to the question – “how can food and farming supply chains transform to support a fair and equitable future?”.

The Food, Farming and Countryside Commission (FFCC) is convening a series of cross-cutting symposia to explore how to tackle the challenges blocking the transition to more agroecological ways of working. Farming leaders examine critical areas for future food, farming and land use with the goal of enabling farming to be a force for sustainable change.

The first symposium, “Finding the Finance for Growth” was held in January 2023 and concluded that certainty on future farm policy was imperative; targeted investment was needed to shift practices; tenant farmers were key agents of change; government data collection frameworks need to improve; and risks and profits are not distributed equally across the supply chain.

The second symposium in June 2023 picked up this last supply chain point and the key messages, headlines and four case studies from the day are detailed here. The third symposium “From Food Security to Food Resilience” is scheduled for March 14th 2024.

For Citizens and Consumers:

Consumers must be able to afford quality food and must be confident in its health and nutrition standards. It is for government to implement economic and social policies that ensure everyone can afford food produced to these standards.

Executive Summary

This cross-cutting symposium brought together over 30 FFCC Farming Leadership Group members and guest experts. Our speakers included farmers from the arable, poultry, and beef and lamb sectors. Also attending were representatives from private finance, public procurement, ethical certification and levy bodies, with participants in the room joining from civil service, civil society, agricultural policy, environmental and farming organisations.

Spanning four sessions “The Story So Far”; “Models and Challenges in Creating Fairer Supply Chains”; “Solutions to Inspire Us”; and “Final Thoughts from the Leadership Group”, the range of speakers took a collective look beyond emerging success stories to what learnings can be taken from other countries, industries and markets. Questions included where risk in transitioning to a more agroecological food system is currently concentrated, and the power dynamics that leverage this - in particular how can farmers and communities take more ownership of shaping the supply chain? Can this approach “decommodify” food and move farmers from being price takers to price makers?

Above all, the meeting considered whether it is enough for farmers to unite and become a powerful force for transformative change, or do we need broader, systemic shifts to revolutionise our food supply chains? The symposium recognised united farmers as a starting point for proof-of-concept development at individual and group level, with collaboration and unity seen as key drivers of progress and innovation. However, for alternative models to succeed at scale, a systemic rethink of how nutritious food that doesn’t cost the earth can be accessible to all in society was required. This would need significant reframing and integration of policy, supply chain transparency, finance mechanisms and much more, but attendees thought it was an objective worth going for.

Our experts saw huge potential for the next chapter in the UK’s long history of food production to be a positive one, living up to its promise to develop and demonstrate best practice throughout the supply chain. By honouring and enhancing existing world leading standards which reflect a significant level of ambition, and embracing the interdepartmental nature of food system policy, government could set the context to nurture the inspiration and hope that we saw in the symposium.

Headlines

As one participant said, “*farming policy is on a journey but currently, no-one knows the destination*”. The UK could be a global exemplar in animal welfare, net zero and habitat restoration, increasing food security and sovereignty. Yet we need more clarity in the ambition for UK farming to drive the policies that accelerate progress towards it.

It was in this context that symposium participants discussed how food and farming supply chains can help support a fair and equitable future. Their conclusions – areas of consensus and opportunities for further collaborative work – are presented here focussed on the different stakeholders involved in food supply chains. Three Case Studies drawn from the day conclude this report and point the way forward.

INSIGHTS FOR FARMERS

Cooperation and collaboration: Farmers are stronger when they work together. We heard that collaboration through producer cooperatives has a long history but is less common in the UK than in many other countries. There have been examples of these being undermined by buying practices, and acting to avoid this in the future would support the success of these structures.

Decommodification: A definition of commodity was proposed as ‘undifferentiated product with widespread demand and variable value’. We heard that commodity markets make farmers ‘price takers’, and differentiating produce through provenance, practice or story adds value through the supply chain if effectively marketed, allowing farmers to be ‘price makers’.

Certification: An international ethical trading certification scheme was presented to demonstrate how market-based certification can successfully improve fairness for producers. Over 2 million farmers worldwide are involved in the scheme, testament that they can trade to high standards and be delivered benefits. Positive environmental, social and economic

outcomes have been well documented over time. With certification labelling, there is a perceived risk of confusing the customer or giving the false impression of higher environmental standards than required by schemes. Better regulation of claims made on labels and more harmonisation of metrics could help both farmers and consumers navigate the value of certification.

Case Study 1 – Beef and Sheep – sets out the benefits of one example of collaboration, decommodification and certification.

INSIGHTS FOR GOVERNMENT (LOCAL AND NATIONAL)

Policy Context: Governments carry the responsibility of creating the right policy environment to support positive change. But Food System sustainability and fairness crosses many departmental boundaries, ranging from trade, planning, and public procurement to agri-environmental accounting and social security. Integrated policy levers are needed, including to address the current affordability and marketing issues of food that is fairly produced and traded. Avoiding a siloed mentality is key.

Regulation: One integrated policy lever is the regulation of markets to account for the true environmental and health costs of food production and transport, with an appropriate balance between regulatory enforcement and farmer incentives such as ELM.

Procurement: With all political parties making pledges that public sector food procurement will be local and sustainable if they come to government, it is timely to promote the feasibility of this. Changing the rules of what is paid for would have positive effects: a barrier to uptake of more regenerative cropping practices can be lack of recognition in the public goods payment system for in-crop measures that may reduce yield but enhance biodiversity. If there was a payment proportional to that already available for stand-alone

habitat creation, it would mean sustainable, agroecologically farmed grain could be sold at the same 'affordable' price as that 'conventionally' produced in a high input high output farming system where negative externalities are uncoded.

We heard details in **Case Study 2 – Responsible Public Procurement** – of how responsible local procurement in schools brought economic, environmental and nutritional benefits.

Trade: Government trade regulations were identified as a major influence on the food system. Since leaving the EU in 2020, the platform on which UK farmers trade is more heavily influenced by multinational companies given preferential market access through international trade deals. It was discussed how some of these are undermining the market position of UK farmers working to specific environmental, labour and welfare standards that are more costly to comply with than those used to produce imported produce.

As a relatively small trading nation, arguably the UK has little power to influence traders who have the option of simply going elsewhere. It was suggested that market regulations on equivalent standards for imported produce would reduce the influence of pricing that drives a race to the bottom or outcompetes domestic suppliers.

INSIGHTS FOR PROCESSORS, RETAILERS AND FOOD BUSINESSES

Fair reward: Currently the food system rewards farmers mainly for their production outputs – it provides little recognition of environmental stewardship, boosting biodiversity or social justice. Environment, Social and Governance concerns are increasingly important as consumers demand products that meet their environmental and social standards. Pressure from the finance sector is changing what food retailers are doing on behalf of shareholders and consumers. We heard that 60% of Gen Z are concerned about the green credentials of the goods and services

they buy compared to 35% of Boomers. 80% of companies now have ESG reporting including requirements from the Taskforce on Climate-Related Financial Disclosures (TCFD) and the Taskforce on Nature-Related Financial Disclosures (TNFD). These reporting initiatives are bringing ESG concerns into mainstream investment decisions.

Although ESG investing aims to drive the food system changes needed to address the multiple climate and nature crises, there are financial interests for large retailers in retaining the status quo. There is a need to incentivise change at farm level, but there is a danger farmers carry all the risk of that change whilst seeing few of the rewards. A better coordinated expression of the shared principles of regenerative, responsible agroecological systems would provide clarity for these impact investors, and income for farmers doing the right thing.

Transparency: Meaningful and lasting progress in the field of supply chain fairness will take a broad spectrum of interventions described by one participant as an 'ecosystem of solutions'. For processors, retailers and food business this includes increased transparency and integrity in contracting and payment of farmers. At present, the risks and profits are not distributed equitably across supply chains, with farmers feeling they take the most risk for the least reward.

In **Case Study 3 – Transparent Margins** we heard how open and transparent dealings between suppliers and buyers shared risk and reward more equitably. A "benevolent dictator" buying organisation is needed to enforce this approach, and participants discussed how this could be scaled up, perhaps using a non-overlapping network of buyers.

INSIGHTS FOR CITIZENS AND CONSUMERS

Affordability: Participants observed that while commodity markets have arguably been successful at keeping food prices down, they have yet to make sustainable food available for all. Food produced to

good environmental and welfare standards is still out of reach of the poorest households due to structural factors, including housing cost and benefit levels. The symposium felt that it is the responsibility of farmers to produce high quality food, and the responsibility of the government to ensure everyone can afford that food, through improved fiscal and welfare policy.

Labelling: The importance of citizens and consumers having accurate data to inform choice was highlighted. Promoting sustainable practices and outcomes at point of sale can drive sustainable change across the food system, but consumers must navigate different or conflicting priorities in defining sustainable, regenerative and other terms and there was a concern that this confusing landscape allows for greenwashing in sustainability claims.

Case Study 4 – Building Trust shows how transparency – and a lot of hard work – assures citizens and consumers that claims are authentic.

The New Zealand Merino wool story was given as a positive example: consumers run their phone over a “baa” code label to get information about where the sheep that produced their wool was farmed, and what sustainability measures were in place. The initiative has expanded from a single farmer in 2018 to 440 farms today.

Case Studies

CASE STUDY 1 – BEEF AND SHEEP

The symposium heard from a farmer who had been forced to adopt organic farming on tenanted land by his landlord, a transition which initially “horrified” them. However they found that instead of being approached by people trying to sell inputs, people wanted to share knowledge and give advice. Their system moved towards regenerating soils and a speaking slot at a large industry conference led to an approach from a burger chain that liked their story.

By working collaboratively with the processors to shift mindsets, instead of using only the two traditional cuts for burgers the chain moved to using 80% of the animal with steaks being sold separately. Other farms have since been recruited and are being supported to implement higher environmental and welfare standards, receiving higher payments for their carcasses, rewarding farmers to implement change. By putting a greater emphasis on the value and ethos of nutrient-dense food grown and reared in a responsible manner, the process has put the fun back in farming and improved the mental health of many of those involved. Participants said this was a great example of collaborative cooperative working, with differentiated, distinctive products.

CASE STUDY 2 – RESPONSIBLE PUBLIC PROCUREMENT

A team of entrepreneurs spent 18 months working out how they could influence public procurement to improve market access for local produce. Selecting specific existing regulations to support the shift to responsible procurement, these were highlighted to 60 schools in the county to encourage them to pivot away from national (or even multinational) suppliers. The goal - to supply all schools with produce from regional farms for the first time - was achieved, and dozens more primary suppliers with higher sustainability credentials were enlisted.

The food cost less because of shorter and more logical supply chains, with the schools saving 6% on their spend and carbon emissions from distribution dramatically reduced. Farmers were able to set their own price and were paid 100% of what they bid. Logistics charged a margin on top and the technology provider took a small cut. The outcome is a system where the infrastructure is in place so shorter supply chains can work, overcoming a lot of the barriers to logistics around local procurement.

Local and national government departments have shown an interest in taking the learnings to be used in aspects of procurement and inform changes to the

national frameworks. The project is socially just, environmentally conscious and supports more sustainable agriculture.

CASE STUDY 3 – TRANSPARENT MARGINS

Participants heard an example where the economics of supply chains were reconfigured through open and transparent dealings between suppliers and buyers, improving the situation for both. Producers gave an honest account of their costs on a weekly basis and were paid a fixed percentage profit over this. Processors were not competing against each other because each was allocated a region of the UK by the retail chain, and beneficial practices were shared across the company.

The symposium noted that this model has not become the norm in the UK, raising questions about current market barriers to scalability. The disadvantage is that this model still relies on a benevolent dictator – with producers at risk of strategy or personnel changes in the buying organisation. This risk could be mitigated by government regulation, or multiple buyers collaborating together. ESG finance would also be interested in this more equitable approach.

CASE STUDY 4 – BUILDING TRUST

Participants heard how building trust is crucial, both with farmers and with customers who support sustainable practices. To achieve this, the company set out five key standards. Customers wanted assurances that these standards are being met consistently: we heard how transparency has been key to achieving this.

The company spent a lot of time showing food system actors all aspects of the transition they're supporting – taking them on farm walks into fields teeming with biodiversity. Once they had the buy-in, then came the long process of testing and learning to ensure everyone benefits.

We also heard the value of communicating the human aspect of these processes. Both in terms of getting citizens to understand the hardships of farming, but

also to humanise sustainability in a way that resonates with all, the hard work of constant authentic communication has really paid off.

The Way Forward

The Farming Leadership Group brought the symposium to a close with their conclusions from the day's expert presentations and discussions.

The FLG commented that the food system is just that – a system – and it needs to be approached as a whole system to bring about real change. Taking the outputs from the preceding Finance symposium, adding these Supply Chain conclusions and the results from the forthcoming Food Security and Food Resilience event would give us truly holistic coverage of the issues.

However, shifting the whole system takes time and we need some quick wins to convince people that change is possible. These quick wins would be sector specific bitesize innovations. From that foundation the argument to scale up and change the whole system could be built.

Leadership, diversity of thinking and the right governance need to sit at the supply chain table to facilitate real and lasting change. Deciding together what food security, a just transition and responsible food production means for each stakeholder will inform the journey to achieve these goals and accelerate the positive changes already underway.

Finally, the FLG commented that it is too easy to identify problems not solutions. Co-creating a positive vision of the future will enable communication to people across the supply chain, from farmers to consumers, of inspiring stories of hope. We can't wait for government, and instead need to create a tipping point so that the government gets on board, and as one FLG member said "create a parade that politicians can get to the front of."

FURTHER READING

[FFCC Symposium #1 Working Paper – Finance for Growth](#)

[Sustain Report](#)

[Oxford Farming Conference 2023 Report](#)

[Oxford Farming Conference 2024 Report](#)

[Shirley Cramer FFCC Blog](#)

[MacMillan & Cusworth Co-operatives in the UK](#)

[Duncan Rawson Nuffield Report](#)

[Dairy Legislation Update](#)

[Farm Business Survey](#)

