

making connections

**consumer perspectives on farming and food
conference report 19 June 2002**

About the National Consumer Council

The National Consumer Council is a consumer policy and research organisation with a special focus on the needs of disadvantaged consumers. We look for the big consumer issues of the future and lobby to shape today's consumer policy debate. We are independent of government, but benefit from a close working relationship, pressing our case in a way others cannot. And we have sister organisations in Wales and Scotland, and strong links in Northern Ireland, providing a good basis for us to represent all consumers in the UK and in Europe.

We are a non-profit-making company limited by guarantee and funded mostly by the Department of Trade and Industry.

Our objectives are to work to:

- **Develop markets and public services that work for everyone by finding the right balance between free markets, regulation and self-regulation;**
- **Create smart, streetwise, skilled consumers by promoting access to high quality education, information and advice;**
- **Provide solutions to the problems of exclusion by tackling the barriers that put goods and services out of reach;**
- **Ensure decision-makers everywhere are consumer aware by strengthening consumer representation;**
- **Achieve the right balance between innovation and consumer protection by improving the understanding, communication and management of risk and uncertainty.**

Please check our web site at www.ncc.org.uk for up-to-date news about our publications, policies and campaigns. We can often make our publications available in braille or large print, on audio tape or computer disk.

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making connections: consumer perspectives on food and farming

Purpose

The National Consumer Council's (NCC's) conference was held in conjunction with the Department for Environment, Food and Rural Affairs (DEFRA). It took place at a crucial time in the debate on farming and food, reinforcing the widely held perception that action is long overdue. The conference was an integral part of the stakeholder process for input into the Curry report. It followed a number of regional stakeholder engagement seminars held by DEFRA and provided conclusions to stakeholder involvement. In addition, the government was finalising the details of the spending round and the Common Agricultural Policy (CAP) mid-term review was imminent.

Food and agriculture are priority areas for the NCC as they are major consumer concerns. Following the Policy Commission's report into the *Future of Farming and Food*, the conference provided a forum for debate specifically from a consumer perspective, with inputs from a wide range of key stakeholders. These included representatives from agriculture and farming trade associations, consumer organisations, and retail and trade associations.

Key themes and findings

The conference addressed the following five themes from a consumer perspective:

- **CAP reform** – the CAP is in need of a radical overhaul. The current system of subsidies to farmers is inefficient, damaging to the environment, public health and markets, and costly to the consumer and taxpayer alike.
- **Food chain inefficiencies** – inefficiencies in the food chain need to be investigated and addressed. This can be done most effectively by the proposed new Food Chain centre outlined in the Curry Commission’s report.
- **Farm assurance schemes** – in order to be of use to consumers, these need to be made real and robust. They should be standardised behind a single mark or logo, properly policed and enforced and their standards effectively communicated. Consumers are confused by the number of schemes operating in the market and mistakenly think that assurances, such as the red tractor, cover animal welfare and environmental standards.
- **Sustainable development** – consumers are better educated, concerned about the ways in which their food is produced, and have a greater awareness of environmental and animal welfare issues. Reform of agricultural policy at UK and EU levels should include the introduction of more sustainable practices, with greater attention paid to environmental management and protection measures, as well as a strategy for rural development. Resources should be shifted from pillar 1 (market support measures) of the CAP to pillar 2 (rural development and agri-environment schemes) in order to facilitate these developments. Modulation was also seen as one way of doing this.
- **Public health and nutrition** – greater emphasis is needed on the benefits of healthy eating via a macro-population approach. The problem was lack of imagination among policy-makers, contradictory agricultural policies and planning, an incoherent communications strategy to get the message across, and a general lack of joined-up government.

Making connections work for consumers

The Rt Hon Margaret Beckett MP, Secretary of State for Environment, Food and Rural Affairs, acknowledged that farmers had become disconnected from their market. Agriculture and food production as a business activity needed to be connected with the market in order to compete and thrive successfully – this is the life blood of any business.

Consumers want to see a sustainable, profitable, modern, diverse and adaptable food industry. They want to be confident of sound standards of hygiene, animal welfare and food quality. They want transparency, information and advice on nutrition, and do not want to have to pay twice for their food – as tax payers and as consumers – in the way the present CAP demands. It was acknowledged that consumer dissatisfaction is matched by producer dissatisfaction. Both are drivers for change and, when combined, produce a vital lever for reform. It was also acknowledged that a new settlement is needed in order to establish a long-term and stable relationship with British food and farming which will lay the foundation for future prosperity.

Farmers have made progress towards understanding consumers' needs, but they still have a long way to go. The present malaise between consumers and producers can only be ameliorated through serving differentiated and competitive markets. However, farming also provides society with other benefits, such as environmental assets and attractive, managed landscapes. These benefits deserve to be supported by society at large.

The future of agriculture requires action from the government, a huge culture change from farmers, and for the food chain to become as efficient and competitive as possible. It is a competitive world, and what consumers want out of the market is key.

CAP reform

There was broad consensus that the CAP was in need of a radical overhaul. It costs UK taxpayers £3 billion per annum, and EU consumers pay higher prices for their food than anywhere else in the world. The CAP has been the main driver behind the separation of farmers from their markets and environment, and has caused markets to become distorted. Resources now need to be switched from production subsidies and market price supports into environmental management and protection schemes and rural development measures. This came from the recognition of the intrinsic role farming plays within local economies and in the preservation of the British countryside. The contentious issue was how this could be achieved, especially in relation to the issue of funding and practical implementation.

Modulation was widely recognised as the most practical and progressive option for diverting money away from compensation payments. This would allow the government to reduce compensation payments. Modulated funds would, however, have to be match funded by the Treasury, a prospect which was still uncertain at the time of the discussion. Changes in the EU rules were desirable to enable modulated funds to be spent on a wider range of objectives.

Margaret Beckett stated her commitment to pushing the reform agenda hard, together with her political counterparts in other Member States and the European Commission itself. She cited her desire to see a wider role for rural development and environmental protection and enhancement.

Some farmers are worried that they will not receive the same levels of payment under this system as with the present system. One conference participant objected completely to the principle of modulation, believing it would require more taxpayers money and would lead to more levels of bureaucracy. He favoured a renationalisation or repatriation of agricultural policies to each individual country because each state has different needs and priorities. He argued that food production should be the bonus of an environmental and social policy.

This was not seen as a feasible option and it was argued that a repatriation of agricultural policies would encourage nationalist 'beggar-my-neighbour' competitive policies, with producers competing on price and low priority given to the environment, consumers and health.

Food chain efficiency

The efficiency of the food chain was a recurring conference theme and generated much concern. From the perspectives of low-income consumers and consumers generally, inefficiencies in the food chain prove costly. Especially since low-income consumers spend between 25 per cent and 30 per cent of their income on food. Consumers want safe food and value for money, so unnecessary costs must be squeezed out of the food chain. Long, convoluted food chains disconnect producers from consumers and market signals are diffused before they meet the farmer. The recently established Food Chain centre, chaired by Deirdre Hutton (the NCC's chairman), will attempt to address these problems and has received a commitment for 50 per cent funding for projects up to £300,000 from government. The centre is currently analysing the red meat chain and identifying where efficiency savings can be made to the benefit of all players from farmers through to consumers.

Iain Ferguson, senior vice president, Unilever, led the discussion on the new Food Chain Centre which he said will lean heavily on the work and experience of Efficient Consumer Response (ECR). ECR is both an organisation and model for creating clear information flows and helping people to benchmark how efficient they are against the best producers and take that best practice for their own company. Collaboration is also a key theme and suppliers will be encouraged to group themselves together so that they can participate and the English Collaborative Board will help suppliers create the critical mass of production in order that they become viable partners in an ECR-type approach.

A website is being developed for the Food Chain Centre so that all the information is freely available.

A number of other issues were also raised regarding the food chain and inefficiency:

- Concern over the concentration of supermarket power and the general competition issues this raises.
- Cost distribution and how prices are set between the farm gate and the shelf.
- Impact of aviation freight and travel on the environment.
- The apparent lack of support for transparency initiatives by supermarkets which hinders trust and needs to be addressed in order to fulfil the aims of the Curry report.
- The need to examine the nature of relationships along the food chain and foster an ethic of co-operation with neighbours.

Public health and nutrition

Tim Lang, Professor of Food Policy, Thames Valley University Centre for Food Policy, gave a presentation on the costs of diet-related ill health to the economy. He cited savings of £10 billion to be made if food and farming had a 30-year plan yoked to saving health costs. Britain continues to sit top of the league on diet-related disease tables and good nutrition messages continue to be poorly communicated to consumers and young people. Two-thirds of UK advertising money is spent on advertising inappropriate ingredients, foods and drink.

The situation in Britain was related to a poverty of imagination among policy-makers who were failing to act on public health indicators which could feed into policy solutions. As people get richer, they consume more animal fats, and die prematurely from associated diseases. Farmers continue to be paid for producing things that are bad for people's health and should instead be producing less animals for consumption, and less milk, cream and cheese. However, as demand for fruit and vegetables has grown, the UK has simply imported them.

Professor Lang called for a culture change which should begin with young people. This would include teaching young people how to cook, and building exercise into everyday life. Policy needed to be built into the supply chain with a long-term vision that focuses on the five 'E's:

- efficiency
- economy
- environment
- equitable
- ethical.

Assurance schemes

Issues relating to information, transparency and traceability were prominent conference themes. They were particularly mentioned within the framework of labelling and 'differentiated markets' – a term coined by Helen Browning who felt this to be a more appropriate term than 'niche' markets. Assurance schemes were paid particular attention because they are the means through which standards are recorded and regulated on fresh British produce.

The NCC's research among low-income consumers showed that consumers wanted safe, nutritious food, which meets animal welfare standards, is environmentally friendly, and cheap. They also want meaningful and useful information. Consumers are bemused by the quantity and poor quality of information available to them and, although the red tractor scheme is widely recognised, it is not comprehensively understood. Consumers do not know what it delivers or what to expect of it. For example, many think that the scheme covers animal welfare and environmental standards which is not the case. In addition, the red tractor scheme is not properly policed and has been unable to fulfil little more than legal requirements.

Anna Bradley, Director, National Consumer Council, called for assurance schemes to be made more robust and better communicated to consumers. This would require a strong government lead. Self-regulatory voluntary arrangements and assurance schemes must deliver a single set of baseline standards that consumers can trust and have confidence in. They must be independent of the schemes themselves, be transparent and have a clear sense of commitment to the consumer. Consumers should be involved in setting standards, and adequate funding must be available so that the scheme can work.

It was envisaged that, as schemes become rationalised and more established in the consumer consciousness, new methods of quality assurance could be introduced. These included a gold crown or organic crest.

Helen Lo, National Farmers' Union representative, also brought attention to the need to earn consumer trust which would only arise through building a foundation of knowledge, experience and information. Consumers need to be shown that they are being listened to and that the industry is responding to their needs. Consumer trust therefore lies in the ability of industry to continually strengthen these foundations. This was highlighted in the Commission's report as important in putting the food and farm industry back on the right track.

Sustainable development

Sustainable agriculture was identified as part of the solution to the threat that comes from climate change. This was recognised within the context of flood management where effective upland land management could contribute significantly to mitigating flooding by helping to reduce the run-off from heavy rain. For too long, however, the food and agricultural sector has been part of the problem. Discussion on sustainable development focused on standard intensive agricultural practices through food distribution processes and transportation, waste disposal, and energy use and carbon emissions that contribute to climate change.

Farming also plays an important role in the lives of rural communities and the interconnectedness of the industry with the rural economy – especially tourism – was recently reflected during the foot and mouth crisis. Through diversification and switching to environmentally sound farming practices, the industry can bring prosperity to rural areas and restore the natural beauty of the countryside.

The reform of the CAP featured quite strongly in these discussions since a strategy towards sustainable agriculture at EU level necessarily holds implications for the way in which farming and food is managed in the UK. However, in light of the recent passing of the US Farm Bill, Lord Whitty stated that aims to modernise and inject a culture of sustainability in UK agriculture could not be held up by CAP reforms or US policies and the UK must press ahead with its agenda for reform as outlined in the Policy Commission's report.

Other areas that were given attention and discussion time included government procurement policies, particularly through the NHS which is the largest buyer of food in the UK. Supermarkets were again targeted as stakeholders whose operational systems continue to remain largely unsustainable in terms of food miles incurred and energy consumption – sources of greenhouse gas emissions and thus a contributory factor to climate change. Richard Burge, Chief Executive of the Countryside Alliance, suggested that supermarkets should demolish national distribution centres, set up regional buying policies and publish food miles, while another participant directed attention to the irony of importing fruit and vegetable via air freight so the population could be healthy on a mode of transport that emits carcinogenic substances into the atmosphere.

Richard Wakefield, Chief Executive of the Countryside Agency, said it was wrong for human beings to see themselves as somewhat separate from the environment in which they live. Tim Lang demonstrated the links between agriculture and the health of the nation, and thus the economy. Consumers are increasingly demanding locally produced food as they become more educated and aware of environmental and animal welfare issues. Consumers are no longer just concerned with the end product but want to know what goes on in between - from farm to fork. Supermarkets therefore have a crucial role to play in satisfying that demand and are needed to deliver locally and play a role in local economies.

