

Fair supply chains



OUR ASK

Establish minimum standards to promote a fair and functioning supply chain and provide arbitration or oversight to uphold them, as well as increasing the powers and resource of the Groceries Code Adjudicator.

Why it's needed

The Agriculture Act 2020 gave Ministers increased powers to tackle unfair dealings in the supply chain and there is scope to use these powers more effectively. The next government must use the powers provided by the Act to address sector-specific issues relating to supply chain fairness.

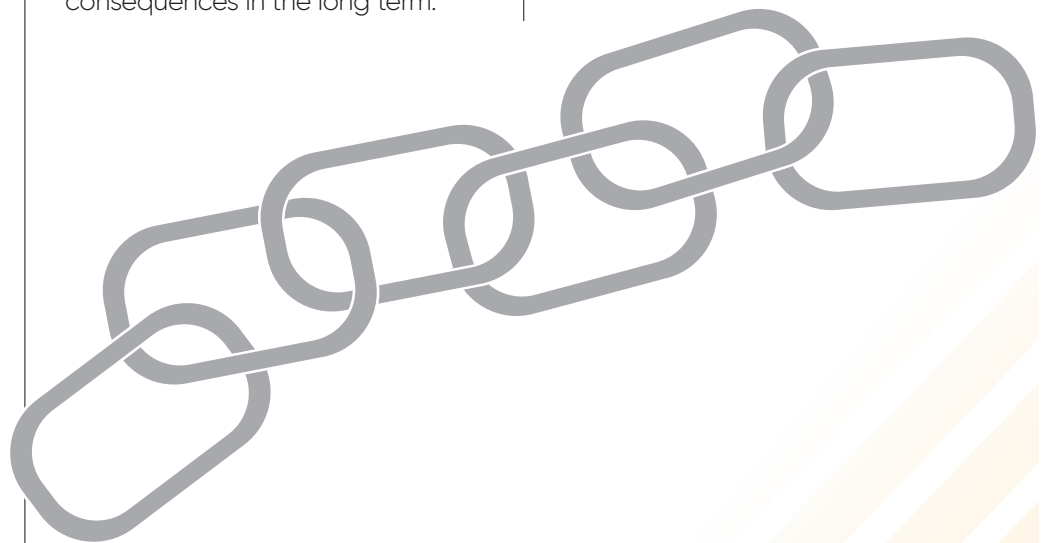
The effects of Brexit, combined with the Covid-19 pandemic and exacerbated by the war in Ukraine, have caused widespread disruption in the UK's agri-supply chains. This disruption has exposed several vulnerabilities throughout the chain, and it is now clear that some supply chains have become unfit for purpose.

An industry built on long-term goals, fairness and transparency is fundamentally more sustainable and resilient than an industry being eroded by short-term decision-making. We have seen this routinely happen with price

matching between the major multiples and the discounters driving aggressive commercial strategies.

Part of the power imbalance across the agri-supply chain is the buying power of the grocery sector and its ability to apply short-term pressure onto suppliers, with a lack of understanding of the consequences in the long term.

We have seen this in both the horticulture and poultry sectors over the past two years, where many growers and producers have not been able to secure the sustainable returns they need due to aggressive buyer tactics, resulting in empty supermarket shelves in some cases.



Consumers will have noticed a lack of British eggs on the supermarket shelves over the past two years. A billion less eggs were produced in 2022 compared to 2021, with many poultry businesses pausing production or leaving the industry altogether because of rising energy prices.

The Groceries Supply Code of Practice (GSCOP) is only applied to UK retailers with an annual turnover of over £1 billion. This doesn't capture the considerable number of influential organisations that fall outside the scope of GSCOP and its enforcer, the Groceries Code Adjudicator

(GCA). For example, the food service and manufacturing sector has some large influential players who source from the same supply chains as retailers regulated under GSCOP.

What it would deliver

Farmers and growers don't want to see empty shelves and will continue to work and innovate in order to give consumers the choice they value.

Supply chain reforms will help to ensure that buyers, processors, manufacturers and distributors show the same due diligence to maintaining full shelves through fair and sustainable sourcing.

A reduction in the turnover threshold of the GSCOP would mean more retailers and food service/manufacturing businesses are regulated to ensure they act fairly towards suppliers. The GCA has been effective in reducing the levels of suppliers who have experienced a breach of the statutory fair purchasing code and so it is imperative that the independence of the GCA from the Competition and Markets Authority is maintained.

The NFU has welcomed the reviews into both the horticulture and poultry supply chains and would like to see progress made as a matter of urgency. Without timely action, we risk losing farming businesses in these sectors and, most importantly, risk our country's food security.

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Produced by:
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December 2023



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NFU Mutual