

RES-224-25-0036, Dr R Baines, Royal Agricultural College

01 Oct 04 – 01 Oct 05

Private Sector Environment Standards: Impact on Ecological Performance and International Competitiveness of UK Agriculture

Private environmental standards for agriculture have emerged as a key tool to manage quality, food safety and various intangible attributes relating to production practices - including impacts on the environment - within the supply chains of multiple food retailers and branded manufacturers and processors. UK supermarkets have been actively involved in the development of UK (and overseas) farm level standards and multiple retailers' claim that their integrating suppliers only source agricultural inputs from such 'assured' producers. At the same time UK supermarkets are under continual pressure to improve their own environmental performance. Part of their response has been to address environmental issues linked to their supply chains. Are such strategies aimed at reducing environmental impacts along the whole chain or only at the production level, or are the supermarkets using the environment for other purposes, for example to differentiate themselves in a fiercely competitive marketplace?

The research involved the following approaches:

- Benchmarking the scope of existing farm standards in relation to environmental regulations, market requirements and branding of such products.
- Verification of the findings from the benchmarking study for selected commodities from producer to consumer in order to define chain linkages.
- Interviews with standards makers and takers along selected supply chains including importers of produce (to compare UK with Import requirements).
- Evaluation of sectoral impacts on UK agriculture in terms of environmental performance, production costs and market access in terms of buyer-seller power.
- Development of policy proposals for public and private sector actors in order for them to consider the viability and consequences of such standards on the competitiveness and environmental responsibility of UK agricultural businesses.

The research found that:

- In the UK the mainstream farm standards, those promoted under the British Farm Standard, have been shown to address some elements of environmental protection with both crop and livestock schemes.
- There are examples of where 'environment' is taken further by some supermarkets, e.g. Farm Biodiversity Action Plans (Sainsbury's for premium fresh produce suppliers), conservation plans linked to FWAG (Tesco's Natures Choice), and the development of additional audit requirements for the Assured Produce Scheme linked to the LEAF audit (Waitrose's LEAF Marque brand). In addition, the main organic standards include requirements to address biodiversity.
- For overseas suppliers to UK supermarkets there is strong support from most of the main retailers for the EUREP scheme for fresh produce. This scheme mirrors the requirements of the Assured Produce Scheme with additional requirements for worker welfare and environmental conservation practices.

- Private baseline standards *are* a relatively level playing field. If producers can comply, then they can trade irrespective of country. Identifying private standards as ‘barriers to trade’ or sources of competitive disadvantage is therefore inaccurate.
- Where retailer requirements go beyond this baseline (such as the requirement to develop conservation or farm biodiversity action plans) it appears that the costs are being mainly borne by the producer and benefits trapped by the retailer. The research draws attention to the question as to whether it is possible to address this through policies relating to terms of trade between suppliers and retailers.