



# **SUSTAINABLE FARMING AND FOOD**

Emerging challenges

**Discussion paper**

Food Ethics Council

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# Contents

<b>Foreword by Jonathon Porritt .....</b>	<b>2</b>
<b>1 Introduction .....</b>	<b>3</b>
1.1 <i>About this paper</i> .....	3
1.2 <i>Policy context</i> .....	4
<b>2 Farming the land .....</b>	<b>6</b>
2.1 <i>A strategy for sustainable land use</i> .....	6
2.2 <i>Paying for public goods</i> .....	8
2.3 <i>Do farm size and structure matter?</i> .....	9
2.4 <i>Questions</i> .....	11
<b>3 Global climate .....</b>	<b>12</b>
3.1 <i>Farming, food and climate change</i> .....	12
3.2 <i>Mitigation in farming</i> .....	13
3.3 <i>Mitigation in the food sector</i> .....	14
3.4 <i>Adaptation</i> .....	15
3.5 <i>Questions</i> .....	15
<b>4 Biodiversity and animal welfare .....</b>	<b>16</b>
4.1 <i>Effects of UK consumption</i> .....	16
4.2 <i>Enforcing legal standards</i> .....	17
4.3 <i>Regulation by the private sector</i> .....	18
4.4 <i>Questions</i> .....	18
<b>5 International development .....</b>	<b>19</b>
5.1 <i>Why agriculture matters</i> .....	19
5.2 <i>A vision for the CAP</i> .....	20
5.3 <i>Other scenarios</i> .....	21
5.4 <i>Questions</i> .....	22
<b>6 Consumers and public health .....</b>	<b>23</b>
6.1 <i>Managing demand</i> .....	23
6.2 <i>Supply-side constraints</i> .....	24
6.3 <i>A responsive supply chain</i> .....	25
6.4 <i>Questions</i> .....	25
<b>7 Governance .....</b>	<b>27</b>
7.1 <i>Devolution</i> .....	27
7.2 <i>Subsidiarity</i> .....	28
7.3 <i>Food sovereignty</i> .....	29
7.4 <i>Questions</i> .....	30
<b>Acknowledgements .....</b>	<b>31</b>
<b>About the Food Ethics Council .....</b>	<b>31</b>

## Foreword

There has been much progress in recent years towards securing more sustainable food and farming in the UK - not least through the ongoing Sustainable Farming and Food Strategy, CAP reforms, and the Secretary of State's recent focus on One Planet Farming. And there is now very broad agreement that the fundamental principles on which this progress is based, such as the decoupling of production and subsidy, are sound ones.

But the journey is by no means over. Practical delivery questions still need answers. For example, to what extent will UK agriculture be expected to deliver public goods such as biodiversity, let alone take up the full land use challenge of climate change, and by what means will these be costed and paid for? How exactly can food and farming in the UK help deliver One Planet Living? On some issues, including that of food security, there remains disagreement as to the best way forward, and we believe there is still some very problematic ambivalence in the way the Government talks about the future of farming in the UK.

New challenges are constantly evolving as understanding develops and circumstances change. We need to be proactive in identifying and addressing these challenges if we are to successfully achieve long-term sustainable food and farming in the UK. In short, there is much discussion still to be had.

I warmly welcome this Food Ethics Council discussion paper as part of this very important debate.

**Jonathon Porritt CBE**

**Chairman, UK Sustainable Development Commission**

# 1 Introduction

When David Miliband became Secretary of State at Defra earlier this year, he called upon farmers and the food sector to embrace the concept of 'one planet farming':

"we are living as if we had three planets' worth of resources to live with, rather than just one. So if we are to build a sustainable future... we need to cut by about two thirds our ecological footprint."<sup>1</sup>

As climate change, international development and further reform of the European Common Agricultural Policy (CAP) rise up the agenda, his call for a 'one planet' perspective is a timely reminder that to make UK farming and food truly sustainable we need to see beyond national borders: if we tackle problems in the UK without seeing the global picture, we risk simply outsourcing them to other parts of the world.<sup>2</sup> Yet, the task is not just to 'think global', but to do so at the same time as we address other issues, locally, regionally and nationally. Key among these is the role of agriculture as a land use within the UK.

## 1.1 *About this paper*

In this paper we explore some of the challenges that come with taking a global perspective on sustainable farming and food. We focus on six that we consider especially important and difficult:

- **Farming the land** – What role does agriculture have in the UK in light of competition from other land uses?
- **Global climate** – How can farming and the food sector meet the challenge of climate change without exposing the UK food supply to other environmental and economic shocks?
- **Biodiversity and animal welfare** – How far can we protect biodiversity and improve the animal health and welfare standards of our food, wherever it is produced, within the terms of our international trade commitments?
- **International development** – How can our international trade in food best support the wellbeing of people, animals and the environment in poor countries, within the UK and globally?
- **Consumers and public health** – How can agriculture promote the wellbeing of both people and the environment in the UK and internationally?
- **Governance** – How can we address the big challenges in sustainable farming and food, yet also give communities, regions and nations greater freedom to pursue their distinctive priorities?

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<sup>1</sup> Miliband, D. 2006. *One planet farming: speech at the Royal Agricultural Show*. Defra, London, July 3.

<sup>2</sup> The concept of 'one planet living' was coined by WWF – see [www.wwf.org.uk/oneplanetliving/index.asp](http://www.wwf.org.uk/oneplanetliving/index.asp) for more details.

In each case, we discuss whether several problems can be solved at once – capturing ‘win-wins’ – or whether we need to make trade-offs. While these challenges affect us all, we focus in this paper on the pivotal role of Government in shaping the rules and frameworks that can enable farmers, food businesses and citizens to take action.

## 1.2 Policy context

The *Strategy for sustainable farming and food*, published in 2002, gives Government a strong platform from which to lead a ‘one planet’ approach. The strategy aims to promote farming and food that respect environmental limits, not only within the UK but “wherever our food is produced and processed” (Box 1, overleaf).<sup>3</sup>

The principles underpinning the 2002 strategy were reinforced in 2005, when the UK adopted a new strategic framework for sustainable development, which states that we want to live within environmental limits and achieve a just society, and we will do so by means of sustainable economy, good governance, and sound science.<sup>4</sup> In keeping with this approach, Defra has adopted ‘one planet living’ as an explicit goal.

Since 2002, Government has led a wide range of initiatives to implement the *Strategy for sustainable farming and food* – from partnerships with stakeholders, such as the Food Industry Sustainability Strategy and the Fresh Start initiative, to research and advice services such as the Rural Business Advice Channel.<sup>5</sup> Recent developments include the *Sustainable farming and food strategy: forward look*, which builds on the concept of ‘one planet living’.<sup>6</sup>

The UK has also helped to achieve significant reforms of the CAP, in 2003, which ‘decoupled’ many agricultural subsidies from production and paved the way for new environmental stewardship schemes. Last year, HM Treasury (HMT) and Defra set out a vision to guide further reforms, with the explicit intention of fuelling debate. In the build up to the next opportunity to change the CAP, expected in 2008-9, and during a hiatus in international trade negotiations, there is benefit in debating further CAP reform not only with other member states but also with stakeholders at home and abroad. This is a chance to explore international dimensions of agricultural policy that featured only on the margins of the widespread debate that informed the *Strategy on sustainable farming and food*.

As policy makers reflect on progress in implementing the *Strategy for sustainable farming and food*, it is vital to consider how UK initiatives can help get our food system on track for *global* sustainability. To contribute to this process, we end each section of this paper with questions to stimulate debate among Government and stakeholders.

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<sup>3</sup> Department for Environment Food and Rural Affairs 2002. *The strategy for sustainable farming and food: facing the future*. DEFRA, London: 12.

<sup>4</sup> HM Government, Scottish Executive, Welsh Assembly Government and Northern Ireland Office 2005. *One future - different paths: the UK's shared framework for sustainable development*. DEFRA, London, March.

<sup>5</sup> Sustainable Farming and Food Strategy Implementation Group 2006. *The Sustainable Farming and Food Strategy, three years on*. London.

<sup>6</sup> Department for Environment Food and Rural Affairs 2006. *Sustainable farming and food strategy: forward look*. Defra, London, July.

**Box 1: Government's key principles for sustainable farming and food.<sup>7</sup>**

- Produce safe, healthy products in response to market demands, and ensure that all consumers have access to nutritious food, and to accurate information about food products.
- Support the viability and diversity of rural and urban economies and communities.
- Enable viable livelihoods to be made from sustainable land management, both through the market and through payments for public benefits.
- Respect and operate within the biological limits of natural resources (especially soil, water and biodiversity).
- Achieve consistently high standards of environmental performance by reducing energy consumption, by minimising resource inputs, and use renewable energy wherever possible.
- Ensure a safe and hygienic working environment and high social welfare and training for all employees involved in the food chain.
- Achieve consistently high standards of animal health and welfare.
- Sustain the resource available for growing food and supplying other public benefits over time, except where alternative land uses are essential to meet other needs of society.

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<sup>7</sup> DEFRA 2002. *The strategy for sustainable farming and food: facing the future*. Department for Environment, Food and Rural Affairs, London: 12, original emphases.

## 2 Farming the land

The Secretary of State's call for 'one planet farming' highlights the need to promote sustainable farming and food within the UK instead taking land out of agriculture and outsourcing poor practice. He underlined how important this makes agriculture to the economy, the environment and society:

“farming is at the heart of our society, our economy and our cultural heritage. It's about people, food, landscape and the environment. It touches every member of society every day... farming is important not just for the countryside but for the whole country.”<sup>8</sup>

Yet, farming for food production is under intense pressure from other potential land uses, such as growing energy crops, housing, transport infrastructure and forestry. How can this competition be mediated in the interests of sustainable development? Is it enough simply to pay farmers for delivering environmental and social benefits? Does the structure of the farming sector matter?

### 2.1 *A strategy for sustainable land use*

Agricultural policy in England has steered clear of attributing the shape of the farming sector any value as such, or stating how important farming is considered to be relative to other land uses. The stance of the *Strategy for sustainable farming and food* is to treat farming as a collateral effect of the market and public policies aimed at promoting other benefits, not as an end in itself. Can this *laissez faire* approach to farming as a land use meet our objectives for sustainable development, within the UK and globally? Could we reap greater benefits and avoid some current trade-offs by taking a more strategic approach, having a clearer vision of how much land should be farmed and of what type of farm business represents best practice? Could Government take a view on how the 243,000 km<sup>2</sup> of land in the UK might best be used in the public interest – for farming food or energy crops or for land uses such as housing, transport infrastructure and forestry – without compromising the autonomy of land managers?

The Soil Association, for example, argues that a shift towards organic farming could make high-quality, environmentally sustainable food more affordable and readily available, and at the same time provide a boost to rural communities – organic farms employ on average about a third more people than non-organic enterprises.<sup>9</sup> In a recent report, it says:

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<sup>8</sup> **Miliband, D.** 2006. *One planet farming: speech at the Royal Agricultural Show*. Defra, London, July 3.

<sup>9</sup> **Rose, C.** 2006. *Food and values: a recipe to save British farming*. Soil Association, Bristol. **Maynard, R. and Green, M.** 2006. *Organic works*. Soil Association, Bristol.

“Neither managed decline nor new subsidy will ensure farming has a sustainable future. We don’t need more subsidies, not even for organic farming, but government’s role does matter... We need a clear statement of government support for the type of farming which enhances the quality of life – through the food it produces, the environment it protects, and the values it promotes.”<sup>10</sup>

In fact, in some parts of the UK, such an approach is already policy. The *Strategy for sustainable farming and food* is a strategy for England. By contrast in *Farming for the future: a new direction for farming in Wales*, published a year before the English strategy, the Welsh Assembly Government (WAG) insists that the structure and character of the farming sector is central to its view of sustainable rural development:

“There are some who advocate a polarisation in agriculture, so that food would be produced intensively in lowland areas while upland areas are allowed to revert to wilderness, or are managed primarily for tourism. The National Assembly Government rejects such arguments... The objective should be to promote agriculture which is sustainable economically, environmentally and socially in all areas.”<sup>11</sup>

This difference in policy between Wales and England in part reflects their contrasting agricultural landscapes: whereas only 10 percent of agricultural land in England is designated a Less Favoured Area, in Wales the figure is 77 percent, while in Scotland it is 84 percent and in Northern Ireland 70 percent.<sup>12</sup> Yet it also derives from a different attitude to the economic, social and cultural value of farming among decision makers in Cardiff and London. Defra is already obliged to respect the different policies of the devolved administrations in EU negotiations, but should it also consider whether a more strategic approach to sustainable land use might reap dividends in England as well?

Indeed, in the long run, a strategy for sustainable land use might help Government optimise the public benefits provided through rural development support. It could also improve public procurement: Government already promotes responsible public purchasing, including buying from local producers, through Defra’s Public Sector Food Procurement Initiative,<sup>13</sup> and promoting sustainable farming, food processing and efficient short-distance distribution networks through other policy initiatives could complement this agenda. A strategy could also promote better co-ordination between policies on agriculture and others on planning, housing and regional development. It could help decision-makers compare the value of competing land uses – such as agriculture, forestry, housing, recreation and physical infrastructure, say for transport or energy generation – at national, regional and local scales. An effective strategy would need to be sensitive to the environmental, social, cultural and economic values of competing land uses, and to the costs of changing land use, for example reverting built environments to agricultural production.

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<sup>10</sup> Rose, C. 2006. *Food and values: a recipe to save British farming*. Soil Association, Bristol: 6.

<sup>11</sup> WAG quoted in Morgan, K., Marsden, T. and Murdoch, J. 2006. *Worlds of food: place, power and provenance in the food chain*. Oxford University Press, Oxford: 161.

<sup>12</sup> Morgan, K., Marsden, T. and Murdoch, J. 2006. *Worlds of food: place, power and provenance in the food chain*. Oxford University Press, Oxford: 145.

<sup>13</sup> Sustainable Procurement Taskforce 2006. *Procuring the future: sustainable procurement national action plan*. Defra, London.

## 2.2 Paying for public goods

Underpinning Government's *laissez faire* attitude towards the structure of the farm sector and farming as a land use is a commitment to ensure that where farmers and other rural land managers can only provide important benefits to society with support from taxpayers, the state will pay. The Policy Commission, the *Strategy for sustainable farming and food* and the 2003 reforms of the CAP have firmly established the principle that the public sector should pay for public goods that the market cannot provide. Government's *Vision for the CAP* reiterates it, arguing that paying for environmental and social benefits out of the CAP's rural development budget (known as 'Pillar II', whereas 'Pillar I' covers market and direct support) is the only credible long-term rationale for public payments through the CAP. Already, for example, farmers can apply through the Entry-level Stewardship Scheme to provide a range of environmental management benefits (such as hedgerow management, stone wall maintenance, low-input grassland and buffer strips) in return for payments of £30 per hectare, per year across the whole farm.<sup>14</sup>

The success of Government's approach to agricultural policy reform hinges on this commitment. The aim is to cut public spending on agriculture and to make farming more responsive to market demand. Thus, the *Vision for the CAP* projects "a considerable reduction in total spending by the EU on agriculture and bringing this into line with other sectors":<sup>15</sup>

"The challenge for the EU is to remove current distortions so that by the second half of the next decade EU agriculture is treated no differently from other sectors of the economy."<sup>16</sup>

As distortions are lifted, the logic goes, inefficient farmers will go out of business. However, this process of restructuring will only promote sustainable development to the extent that 'efficiency' is measured in environmental and social terms, as well as economic. In other words, public benefits that are not provided by the market need to be fully rewarded at public expense or else required by regulation.

Is this condition being met now and can it be met in the future?

- Farmers already provide **environmental and landscape benefits** that appear to be supported neither by the market nor under existing Pillar II schemes. The National Farmers' Union and the Campaign to Protect Rural England estimate the uncompensated cost to farmers in England of landscape management outside agri-environment schemes at £412 million per year.<sup>17</sup> Such uncompensated costs amount to a perverse penalty on good practice and they are not economically sustainable. Their effect on some farmers' balance sheets is

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<sup>14</sup> Defra 2006. *Entry Level Stewardship (ELS): what are the key features of ELS?* Available at [www.defra.gov.uk/erdp/schemes/els/default.htm](http://www.defra.gov.uk/erdp/schemes/els/default.htm).

<sup>15</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 16.

<sup>16</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 15.

<sup>17</sup> Campaign to Protect Rural England and National Farmers' Union. 2006. *Living landscapes: hidden costs of managing the countryside*. CPRE and NFU, London and Stoneleigh.

buffered in the short term by the SPS. However, the current SPS is only temporary and so the state must offset these costs in the longer run. How Government combines public payments and regulation in achieving this depends in part on how far UK standards are also expected of competing imported foods (see Section 4.2, below).

- Despite some farmers providing 'extra' environmental benefits through sustainable land management practices that are not publicly rewarded, farming and food production in the UK are **not yet environmentally sustainable**. For example, agriculture contributes to water pollution and declines in biodiversity. Some of these problems can be remedied downstream – the annual cost to taxpayers and consumers of cleaning up environmental pollution from farming is estimated at hundreds of millions of pounds<sup>18</sup> – but others, such as species loss, cannot. Even where remedial measures are possible, prevention may be cheaper as well as better than cure once the external costs of environmental damage and benefits from good agricultural practice are fully accounted for.
- Pillar II spending on agriculture is currently focused on the environment whereas **other public benefits** to society are marginal to policy. Could public support encourage broader benefits and cost savings? At present, for example, a conservative estimate puts the costs of overweight and obesity in England at £6.6 to £7.4 billion per year.<sup>19</sup> In Canada modellers estimate that policies leading to a one percent decrease in the price of all fruit and vegetables would save thousands of lives at a cost per statistical life saved that compares favourably with other Government programmes<sup>20</sup> – would the same be true in the UK and other EU countries?

Nobody has more than a hunch as to what level of public spending is necessary to implement current UK commitments to sustainable farming and food, and would offer the best value-for-money. While many, such as the Countryside Agency put the long-term cost as high as around two-thirds of current CAP spending, the crucial point is that we should not bank on cuts in spending that might have knock on costs.<sup>21</sup> Indeed, the right level of spending will be a moving target, since it rests not only on regulatory factors beyond Government's direct control, such as the international trading environment, but also on shifting public expectations around issues like water quality and public health.

### *2.3 Do farm size and structure matter?*

As Government takes its *Vision for the CAP* to EU negotiations, it will face questions over its aim to cut public spending on agriculture. According to the European Commission, a second aspect of the vision will also prove

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<sup>18</sup> For estimates and discussion, see **EFTEC and IEEP** 2004. *Framework for environmental accounts for agriculture*. Defra, DARDNI, Scottish Executive and WAG, July.

<sup>19</sup> **House of Commons Select Committee on Health** 2004. *Third report*. TSO, London, May 10.

<sup>20</sup> Cited in **National Heart Forum** 2006. *National Heart Forum response to "Towards a reform of the common market organisation for the fresh and processed fruit and vegetable sectors – Consultation document for impact assessment"*. NHF, London, July.

<sup>21</sup> **Countryside Agency** 2001. *A strategy for sustainable land management in England*. Countryside Agency, Wetherby, June.

controversial for some other EU members: its indifference to the structure of the farming sector is at odds with countries that provide special support to small-scale or 'family' farmers.<sup>22</sup>

Agricultural policy has to date seen plenty of heated debate about whether public benefits from farming bear any relation to the size of the farm, but less by way of analysis. Claims that small-scale or 'family' farms are more in keeping with the principles of sustainable development than larger farm businesses are often vague – how exactly would 'family' ownership of farms, or other businesses for that matter, promote sustainable development? Meanwhile, claims that size and ownership do not matter are heavy on warnings against romanticism and on examples of big farm businesses that meet high standards, but narrow in their view of the potential scope of public benefits from agriculture. After all, if we join with the Secretary of State in recognising that “farming is at the heart of our society, our economy and our cultural heritage,” then the prospect that some social and economic structures provide greater benefits or value than others is worth taking seriously.<sup>23</sup> Aspects of farm structure to explore further in relation to sustainable development include farm tenure, intergenerational accountability, employment practices and linkages into the local economy.

Meanwhile, the effect of the current mix of policy and market conditions is to promote farm consolidation. Yet, as we suggested in Section 2.2, this is not necessarily because larger units are more sustainable, environmentally, socially or even economically. Seemingly 'size-neutral' policies may sometimes inadvertently disadvantage smaller businesses, because bureaucracy has its own economies of scale. Schemes to reward the provision of public benefits under Pillar II need to be continually vigilant that they are accessible to smaller-scale farmers and land managers.

Current market conditions are difficult for farming in general, which campaigners say now takes only 7.5 pence in every pound of food sold to consumers compared with 50 pence 50 years ago, but they are especially challenging for smaller businesses.<sup>24</sup> Consolidation along the supply chain has put farmers in a weak position when selling their produce, leaving all but the largest farms with minimal bargaining power if they want access to the mainstream retail market. After all, Tesco, Asda, Sainsbury's and Morrisons together account for more than 70 percent of the £95 billion UK groceries market and Tesco's sales alone account for more than 30 percent.<sup>25</sup> The Competition Commission is now investigating the sector, having previously found that 27 different buying practices that operate against the public interest.<sup>26</sup> But even if buying was fair, the heavily centralised, large-volume distribution networks operated by the major supermarkets would maintain very high barriers to entry for farmers.

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<sup>22</sup> This issue was highlighted in comments by the European Commission's Peter Berkowitz at the joint National Farmers' Union and Royal Society for the Protection of Birds event: *Celebrations and challenges: a new future for farming*, 18<sup>th</sup> July 2006.

<sup>23</sup> **Miliband, D.** 2006. *One planet farming: speech at the Royal Agricultural Show*. Defra, London, July 3.

<sup>24</sup> **Friends of the Earth** 2005. Alliance calls for urgent action to end supermarket abuse. *Press release*, February 21.

<sup>25</sup> **Office of Fair Trading** 2006. *The grocery market: the OFT's reasons for making a reference to the Competition Commission*. Office of Fair Trading, London, May.

<sup>26</sup> **Competition Commission** 2000. *Supermarkets: a report on the supply of groceries from multiple stores in the United Kingdom*. Competition Commission, London: 6.

In keeping with the findings of the Policy Commission, the *Strategy for sustainable farming and food* does not make special provision for small or 'family' farmers. While it makes sense not to privilege some *farmers* over others, it does not necessarily follow that some approaches to farming, or even that some kinds of land use, could not benefit the public interest more than others. So, taking an approach that makes no provision for farm size or structure as such demands that we do more to unpack the full range of public costs and benefits associated with farming, and to review whether in practice farm consolidation carries a hidden public expense. In the interests of better regulation and to promote innovation in sustainable farming and food, we must also ensure that the policy environment and market conditions do not penalise small farm businesses or create excessive barriers to entry. Government already recognises that small farm businesses face some special challenges, yet it must ensure that tailored support schemes, such as the Fresh Start initiative that helps people get into farming and English Food and Farming Partnerships, which promotes co-operative marketing, are carefully monitored and receive the funding they need to succeed.

## 2.4 Questions

What role does agriculture have in the UK in light of competition from other land uses?

- Would adopting strategies for sustainable land use in England and the devolved administrations help us to meet a wider range of the UK's goals for sustainable development ?
- How effective is a 'case-by-case' approach to supporting public goods at capturing win-wins across different aspects of sustainable development?
- Are some farm business types better than others for sustainable development?

### 3 Global climate

Climate change, the UK Government's top environmental policy priority, poses a complex challenge for our food system. A changing climate could directly threaten agriculture in the UK and other countries, particularly in low-lying areas that are vulnerable to rising sea levels, and the commitment to 'one planet living' signals the urgent need to mitigate the contribution food production makes to this problem while also helping agriculture adapt to a changing environment. Yet, according to the analysis behind Government's *Vision for the CAP*, such mitigation measures could themselves threaten food security by limiting global agricultural production or trade. So among the key questions we face on climate change is a dilemma: can the farming and food sectors respond without compromising in other ways the availability of affordable, healthy food?

#### 3.1 *Farming, food and climate change*

While agriculture accounts for less than one percent of UK GDP it contributes about seven percent of our total greenhouse gas emissions.<sup>27</sup> Much of this is in the form of gases other than carbon dioxide, such as methane and nitrous oxide, which have an even stronger warming effect.<sup>28</sup> Agricultural processes such as digestion in ruminant animals and the decomposition of waste account for 46 percent of all UK methane emissions from farming.<sup>29</sup> Two-thirds of nitrous oxide emissions come from farming, notably from the use of fertilisers.

When we look at the whole food chain the contribution to climate change is even greater. Combined, the production, packaging, transport, retail and preparation of our food is estimated to account for 29 percent of the UK's total energy consumption.<sup>30</sup> A study for the European Commission finds that what we eat has more impact on climate change than any other aspect of daily life, accounting for 31 percent of the global warming potential of products consumed within the EU.<sup>31</sup>

Emissions from food transport have been the focus of particular concern. 'Food miles' are not a simple measure of climate impact because, for instance, HGV distribution is more fuel efficient per tonne kilometre than using smaller

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<sup>27</sup> Defra 2006. *Sustainable farming and food strategy: forward look*. Defra, London, July: 38.

<sup>28</sup> Defra 2006. *Sustainable farming and food strategy: forward look*. Defra, London, July: 38.

<sup>29</sup> Defra 2006. *Sustainable farming and food strategy: forward look*. Defra, London, July: 38.

<sup>30</sup> Smith, A., Watkiss, P., Tweddle, G., McKinnon, A., Browne, M., Hunt, A., Treleven, C., Nash, C. and Cross, S. 2005. *The validity of food miles as an indicator of sustainable development: final report*. Department for Environment, Food and Rural Affairs, London, July: 33.

<sup>31</sup> Tukker A, Huppes G, Guniee J, de Koning A, van Oers L, Suh S, Keerken T, Van Holderbeke M, Jansen B and Nielsen P 2005. *Environmental impact of products (EIPRO): Analysis of the life cycle environmental impacts related to the total final consumption of the EU25*, European Science and Technology Observatory and Institute for Prospective Technological Studies, full draft report, April 2005: p92. Cited in **Sustainable Consumption Roundtable** 2005. *Double dividend? Promoting good nutrition and sustainable consumption through healthy school meals*. Sustainable Development Commission and National Consumer Council, London: 3.

vehicles and shipping by sea is more efficient than air-freight.<sup>32</sup> Nevertheless, a major Defra-commissioned study points out that “in like for like systems, where food supply chains are identical except for transport distance, reducing food transport will improve sustainability”.<sup>33</sup>

Meanwhile, climate change is already having marked effects. As Defra explains:

“Globally, the ten hottest years on record have all occurred since the beginning of the 1990s. Current climate models predict that global temperatures could warm from between 1.4 to 5.8°C over the next 100 years, depending on the amounts of greenhouse gases emitted and the sensitivity of the climate system.”

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A report by the University of East Anglia Climate Research Unit and the Country Landowners and Business Association says this is already affecting farming across northern and southern Europe.<sup>35</sup>

### 3.2 Mitigation in farming

Mitigating the contribution farming makes to climate change means shifting towards more a sustainable farming sector, for example using methods reliant on fewer chemical inputs such nitrogen fertilisers and fuel oil, and producing foods that make energy-efficient use of available resources. Government can help to lead such a shift through, for example, training, advice, incentives and penalties. Crucially, there is no benefit in reducing emissions by phasing out productive agriculture in the UK if it means that we substitute imports produced at a similar or greater cost to the environment. Furthermore in the long run, depending how climate change affects different parts of the world, the UK and other parts of Northern Europe may become major net exporters of food in order to meet global demand.

But, if the sustainable farming, based on lower inputs and affordable technologies, became the norm not only in the UK but across Europe and globally, could the world grow enough food? The conventional wisdom is that such a shift would see food production drop dramatically. However, recent projections suggest that a shift to organic farming, which is one approach to sustainable agriculture, would have more complex effects on global production and could actually improve food security in some regions of the world including Sub-Saharan Africa.<sup>36</sup> If sustainable farming did lower production in the UK, then reducing food waste – which accounts for over 30 percent of all food produced and bought in the UK<sup>37</sup> – could substantially reduce pressure on food supplies.

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<sup>32</sup>Shipping by air and sea both rely on long-distance HGV distribution on arrival in this country and may also travel far by road in the countries of origin.

<sup>33</sup> **Smith, A., Watkiss, P., Tweddle, G., McKinnon, A., Browne, M., Hunt, A., Treleven, C., Nash, C. and Cross, S.** 2005. *The validity of food miles as an indicator of sustainable development: final report*. Department for Environment, Food and Rural Affairs, London, July: v.

<sup>34</sup> **Defra** 2006. *Climate change: what is climate change?* Available at <http://www.defra.gov.uk/environment/climatechange/about/index.htm>.

<sup>35</sup> **University of East Anglia** 2006. Climate change and the European countryside. *Press release*, August 30.

<sup>36</sup> **Rosegrant, M. W., Sulser, T. B. and Halberg, N.** 2006. *Organic agriculture and food security*. Rural Development Joint Organic Congress, Denmark, May.

<sup>37</sup> **Vidal, J.** 2005. More than 30% of our food is thrown away - and it's costing billions a year. *Guardian*, April 15.

### 3.3 Mitigation in the food sector

When it comes to transport and processing, the food sector's impact could be reduced by shortening its supply chains, particularly for perishable seasonal produce.[amend in light of comment above] Government can promote this through sustainable public procurement, and also by helping to build the infrastructure, institutions and skills to underpin the more energy-efficient processing and transport of food for local consumption. Combined with low-input production processes and reduced packaging required for fresh produce, well-organised local food distribution networks promise major environmental benefits.

But would a more localised food system be more vulnerable to disruption? Government's *Vision for the CAP* argues that national food security is best served by extensive food imports, so that supply chains can remain open in the face of regional price shocks or wars.<sup>38</sup> It also points out that self-sufficiency is an illusion in a world where we import two-thirds of the pesticides and oil used in the UK.<sup>39</sup>

While it is clearly appropriate to distinguish food security from self-sufficiency, at least four factors suggest that, far from representing a trade-off, shortening supply chains might actually enhance food security:

- One of the most important shocks to supply could be **oil price rises**, which would affect long-distance food transport from any origin and particularly affect gas-guzzling air-freight. Rising food prices are already attributed to increases in fuel costs<sup>40</sup> and, while there is more to food security than 'cheap' food, higher food bills will hit hardest the three million low-income adults and 400,000 children suffering from 'food poverty', who are already not fed properly by today's standards.<sup>41</sup>
- If changes in food transport went hand-in-hand with **more sustainable production** methods – as they must, to make a significant difference to greenhouse gas emissions – then we would import fewer chemicals and less oil.
- Even if transport cost rises were not imminent it might make sense to maintain and improve **productive capacity** in the UK because the challenge and cost of rebuilding it should the need arise could be steep.
- Long-distance distribution networks are **more centralised** and more dependent on the smooth running of transport infrastructure than autonomous and more localised distribution networks. This, business leaders told a House of Lords Committee discussing 'supply chain vulnerability' in 2005, means that even localised problems can have a national impact.<sup>42</sup>

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<sup>38</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 47-48.

<sup>39</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 48.

<sup>40</sup> Barrow, B. 2006. Cheap food era 'over' as prices rise 10pc in supermarkets. *Daily Mail*, August 23.

<sup>41</sup> The Policy Press 2006. New study reveals true levels of poverty in Britain. *Press release*, January 24. For a definition of food poverty see Christie, I., Harrison, M., Hitchman, C. and Lang, T. 2002. *Inconvenience food: the struggle to eat well on a low income*. Demos, London.

<sup>42</sup> House of Lords Science and Technology Committee 2005. *Minutes of evidence*. London, November 3.

### 3.4 *Adaptation*

Adapting to climate change means responding to new markets as well as new environmental conditions. In the medium term, for instance, farmers might need to grow new food and energy crops, use different varieties, face new pests or cope with higher flood or drought risks, while changing growing conditions world-wide may give UK farmers a new comparative advantage.<sup>43</sup>

The most immediate issue is how farmers will adapt to the growing demand for biofuels, as oil prices rise and users look towards renewable energy. Government is broadly in favour of farmers growing more crops for fuel and industrial materials, setting up a Biomass Task Force with a remit to stimulate the development of biomass energy.<sup>44</sup> However, Defra knows biofuels are not a panacea for reducing emissions – it takes energy to grow, process and distribute them, so the total efficiency relies heavily on how this is done and on what fuel they are replacing.

But could growing more biofuels also compromise global food security? The food company Unilever predicts that developing biofuels would have a big effect on the prices of food oils, leading to changes in food processing and potentially affecting public health.<sup>45</sup> The UN Food and Agriculture Organisation, meanwhile, is concerned at the pressure biofuels could place on food production and water resources both globally and regionally.<sup>46</sup>

### 3.5 *Questions*

How can farming and the food sector meet the challenge of climate change without exposing the UK food supply to other environmental and economic shocks?

- If we promote sustainable agriculture and shorter supply chains, would this increase or decrease the vulnerability of the UK food supply to environmental or market shocks?
- If the UK became a major net exporter of food to adapt to changing global demand, how would that affect any environmental benefits from promoting shorter supply chains for food consumed in the UK?
- How might producing more energy crops affect the supply of sustainable food?

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<sup>43</sup> Defra 2006. *Sustainable farming and food strategy: forward look*. Defra, London, July: 42-44.

<sup>44</sup> Defra 2006. *Sustainable farming and food strategy: forward look*. Defra, London, July: 41.

<sup>45</sup> Mortished, C. 2006. Food prices would soar in biofuels switch, says Unilever. *Times*, August 7.

<sup>46</sup> Doyle, A. 2006. Biofuels may strain UN goals of ending hunger. *Reuters*, August 23.

## 4 Biodiversity and animal welfare

The *Strategy for sustainable farming and food* aims to preserve biodiversity and support high standards of animal health and welfare, not only in the UK but wherever our food is produced and processed. The concept of 'one planet living' highlights this international responsibility. In practice, however, it is difficult to ensure that imported products consistently meet the environmental and other standards we expect of foods that are home-grown, and that when we raise standards in the UK we do not simply 'outsource' the problems we are trying to solve. Enforcement could be improved but it will remain more difficult at long-distance. How far does freer trade in agriculture, as foreseen in the *Vision for the CAP*, therefore come at a cost to biodiversity and animal welfare?

### 4.1 Effects of UK consumption

Since the 1980s, the UK has made progress domestically in reducing the impact of farming on biodiversity and improving farm animal health and welfare, helped recently by such initiatives as the Entry-level Stewardship Scheme and the *Animal health and welfare strategy*, which have followed from the *Strategy on sustainable farming and food*. Many challenges remain but, by and large, they are on the agenda.

Internationally, however, our record is less impressive. Four examples illustrate the costs of our food system to biodiversity and to animal health and welfare:

- **Palm oil** can be found in one in every ten products in UK supermarkets.<sup>47</sup> Ninety per cent of the world's palm oil comes from Malaysia and Indonesia, particularly from plantations on the islands of Borneo and Sumatra. The low-land forest that is the prime target for this growing industry – which is expected to double production by 2020 – is the only remaining habitat of the orang-utan. Destruction of this habitat is leading to rapid declines in the orang-utan population which, if they continue, will see the species extinct within 12 years.
- Like palm oil, much of the **soya** consumed in the UK, in processed foods and animal feed, is also grown at the direct expense of primary tropical forest. In 2005, figures released by the Brazilian government revealed that the Amazon rainforest was being destroyed at the highest rate ever, much being cleared to grow soya for export to Europe and China.<sup>48</sup> Brazilian soya production is estimated to have almost doubled between 2000 and 2005 and over the twelve months to August 2004, 26,000 square kilometres were chopped down – a six per cent increase on the previous year.<sup>49</sup> Almost half of the clearance took place in the Mato Grosso region, where soya

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<sup>47</sup> **Buckland, H.** 2005. *The oil for ape scandal: how palm oil is threatening the orang-utan*. Friends of the Earth, The Ape Alliance, The Borneo Orangutan Survival Foundation, The Orangutan Foundation (UK), The Sumatran Orangutan Society, London, September.

<sup>48</sup> **Kingstone, S.** 2005. Amazon destruction accelerating. *BBC Online*, May 19.

<sup>49</sup> **Toepfer International** 2004. *Statistical information about the grain and feedstuff market*. Toepfer International, Hamburg. **Kingstone, S.** 2005. Amazon destruction accelerating. *BBC Online*, May 19.

production is expanding rapidly. In 2003-4, the EU imported 15 million tonnes of soya, while Brazil accounted for over a third of world exports.<sup>50</sup>

- More than half the **pigmeat**, including pork, bacon and processed pork products, that we consume in the UK is imported. In 2004, the British Pig Executive estimated that 70 percent of all imported pigmeat would not meet minimum UK standards on animal welfare.<sup>51</sup> For example, pig farmers in other EU countries can use stall and tether systems, which stop sows moving around, that have long been banned in the UK on animal welfare grounds.<sup>52</sup> The UK has an independently audited quality assurance scheme for pigmeat but countries supplying the UK, including other EU countries, are not obliged to take part.
- Avian influenza has prompted public concerns about **poultry** imports from countries such as Thailand that have been affected by the deadly H5N1 virus. Measures to restrict the spread of the disease have focused on confining poultry so as to restrict their exposure to infected wild birds. However, critics, ranging from medical journal the Lancet to the group BirdLife International, suggest that intensive poultry farming leading to poor standards of animal health and welfare have played a major part in the epidemic.<sup>53</sup>

#### 4.2 *Enforcing legal standards*

Many standards on animal health and welfare that apply in the UK are set by the EU. As the pigmeat example illustrates, however, the UK also has further standards on animal welfare. Producers importing from other countries, within or beyond the EU, are not obliged to meet these additional standards.

Within the terms of the world trade rules to which the UK and the EU are signatories through the World Trade Organisation (WTO), we should in principle be able to ensure that imported products meet any reasonable standards we expect of home-grown food. Whether standards count as reasonable is judged against benchmarks set by the World Organisation for Animal Health (OIE). However, the OIE's emphasis is on controlling animal diseases. Indeed, animal welfare is a marginal consideration and countries that seek to enforce animal welfare standards on imports are put in a weak position by WTO rules mean that they cannot discriminate between products according to how those products were produced. Moreover, EU enforcement of animal welfare standards on imported products is weak, relying on third countries saying that they comply.

Meanwhile, environmental issues such as terrestrial and marine biodiversity loss fall largely outside the scope of trade regulation, not least because standards on products are considered more legitimate than standards on how they are produced. While it would clearly be unfair to require expensive, specious standards of producers in other countries, in the absence of trading standards covering production processes it is difficult for the UK to promote the more sustainable use of global environmental resources through our international trade. In principle this should not

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<sup>50</sup> **Toepfer International** 2004. *Statistical information about the grain and feedstuff market*. Toepfer International, Hamburg.

<sup>51</sup> **Newswire, P.** 2004. TV chefs back stand against pork imports. *PR Newswire*, September 1.

<sup>52</sup> **Elliott, V.** 2006. Farmers ambush Tesco's meat counter. *Times*, March 27.

matter, since environmental issues are covered by other international agreements such as the Convention on Biological Diversity, yet those non-trade agreements contain few or no sanctions against signatories that fail to comply.

### 4.3 *Regulation by the private sector*

In practice, standards set by the private sector have a greater impact on animal health and welfare and biodiversity in countries that import food to the UK and other EU countries. The major UK retailers, in particular, have achieved significant improvements in animal welfare standards internationally. However, private sector regulation is inevitably patchy and appears to have been weaker in the food service sector than in food retail.<sup>54</sup>

The task of raising the environmental standards of imported food consumed in the UK also falls heavily on the private sector. Enforcement is in practice left to voluntary initiatives by food businesses, such as the July 2006 announcement by some of the largest European food firms to cease using soya grown illegally in the Amazon in response to a campaign by Greenpeace.<sup>55</sup> While this initiative is welcome it also illustrates the weakness of voluntary compliance – soya grown in illegal conditions outside the Amazon does not appear to be covered by the agreement and increasing demand for biofuels will see growing pressure to clear rainforest to grow 'deforestation diesel'.<sup>56</sup>

### 4.4 *Questions*

How far can we protect biodiversity and improve the animal health and welfare standards of our food, wherever it is produced, within the terms of our international trade commitments?

- How should responsibilities for enforcing environmental and animal welfare standards be shared between Government and the food sector, for example through voluntary agreements and regulation?
- How much weight should be given in international trade agreements to the difficulty that governments face in enforcing standards on imported products at a distance and in other national jurisdictions?
- Can multilateral environmental agreements such as the Convention on Biological Diversity achieve the impact needed to promote sustainable agriculture and, if not, what changes to international trade agreements might make them more effective at promoting good practice?
- What forms of support do Government and the food sector in the UK already provide to help producers in other countries meet the standards expected of UK producers?

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<sup>53</sup> Blythman, J. 2006. So who's really to blame for bird flu? *Guardian*, June 7.

<sup>54</sup> Compassion in World Farming benchmarks the performance on animal welfare of the major UK retailers: **Compassion in World Farming 2006. Supermarkets and farm animal welfare - 'raising the standard'**. Compassion in World Farming Trust, Petersfield.

<sup>55</sup> **Food Navigator** 2006. European food giants to shun illegal Amazon soy. *Food Navigator*, August 24.

## 5 International development

Farming and the food sector need to operate within biological limits. As we discussed in Sections 3 and 4, this implies reducing emissions from food transport and enforcing consistently high environmental and animal welfare standards on food consumed in the UK. Equally, however, sustainable development is about social justice and the 'one planet' ethic highlights the need for policies on food and agriculture to support international development, in the broad sense of promoting fairness, autonomy and wellbeing for people in all parts of the world. Government's *Vision for the CAP* argues that opening up access to EU markets, by removing import tariffs, eliminating costly standards that present 'non-tariff barriers' to trade and increasing food transport, is the best way to achieve this. Does this mean that, internationally, the environmental and socio-economic objectives of agricultural policy are at odds?

### 5.1 Why agriculture matters

The deadlock over the Doha round of WTO negotiations, ending in July 2006 in collapse, has seen international development move further into the public eye and up the policy agenda. Agriculture has been at the centre of wrangling over agreements to open up further international markets. This is because of the important part farming plays in the economies of many poor countries and in their food security, and also because policies on agriculture restrict trade more than policies in most other sectors.

As Government's *Vision for the CAP* recognises, agriculture is vitally important to poor countries. It accounts for 40 per cent of the gross domestic product of the world's poorest countries, 35 per cent of exports and between 50 and 70 per cent of total employment.<sup>57</sup>

"Three quarters of the world's poorest people live in rural areas, and are either wholly or partly dependent on agriculture, the proportion in the poorest countries being as high as 90 per cent."<sup>58</sup>

Not only are agriculture and trade in food central to the economies of poor countries, but they also directly affect hunger and malnutrition. The first of the eight Millennium Development Goals (MDG) adopted by the United Nations in 2000 focuses on reducing hunger, not simply because it is a serious problem in its own right but also because it is a major cause of the wider deprivation targeted by the other MDGs.<sup>59</sup> In 2000-2, 852 million people worldwide were undernourished, of whom 815 million lived in poor countries.<sup>60</sup>

Agricultural support in the EU and other OECD countries – estimated at \$280 billion in 2004, of which \$133 billion went to EU producers – undercuts agriculture in poor countries and compromises their development.<sup>61</sup> Market

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<sup>56</sup> Lynas, M. 006. Frankenstein fuels. *New Statesman*, August 7.

<sup>57</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 51.

<sup>58</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 51.

<sup>59</sup> FAO 2005. *The state of food insecurity in the world 2005*. Food and Agriculture Organisation, Rome, Italy.

<sup>60</sup> FAO 2004. *The state of food insecurity in the world 2004*. Food and Agriculture Organisation, Rome, Italy.

<sup>61</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 52, fn 8.

price support, which accounted for \$167 billion in the same year, is the most damaging form, keeping domestic prices high, keeping imports out and encouraging overproduction that floods world markets and depresses prices.<sup>62</sup>

## 5.2 *A vision for the CAP*

These problems are not considered in depth in the *Strategy for sustainable farming and food*, but they take a prominent place in the case for further reform of the CAP that Government sets out in its *Vision* paper. Government's priorities for reform are to cut public spending and reduce the 'distorting' effect of the CAP on world markets. It argues that the measures needed to achieve these aims are also in the interests of international development.

In the UK Government's vision, further reforms of the CAP would eliminate:

- **Export subsidies** – Plans are already in place substantially to reduce EU agricultural export subsidies by 2010 and to eliminate them by 2013. EU export subsidies are widely agreed to compromise international development but their impact, compared to other aspects of the CAP, is relatively small.
- **Import tariffs** – By raising EU prices for some foods and creating barriers to trade, import tariffs also help EU producers to sell cheaply abroad. According to the *Vision for the CAP*, "The World Bank anticipates that over 90 per cent of the gains from freeing global agricultural trade from barriers and subsidies would come from removing tariffs".<sup>63</sup> The impact on the economies of poor countries would be mixed: some would gain in the short term, some would not be able to exploit the immediate opportunities offered by opening EU markets but might benefit in the longer term, and others, particularly countries which currently benefit from preferential (reduced tariff) access to EU markets, would lose out for the foreseeable future.<sup>64</sup>
- **Direct payments** – Until the 2003 reforms, direct payments were linked to production. Since then, around 60 percent of EU direct payments have been 'decoupled' from production, with farmers now receiving support through the Single Payment Scheme (SPS) based on the area that they manage or the amounts they have received to date.<sup>65</sup> CAP support could in future be significantly reduced and, in CAP-speak, shift from Pillar I (market and direct support) to Pillar II (rural development). While both rural development support and decoupled direct payments are currently permitted under WTO rules, being classed as 'non or minimally trade-distorting', even decoupled direct payments affect world prices whereas the long-term rationale for Pillar II payments is more robust (see Section 2.2).

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<sup>62</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 51-2.

<sup>63</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 53.

<sup>64</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 57.

<sup>65</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 58-59.

### 5.3 Other scenarios

The UK Government's analysis of how the reforms it envisages to the CAP would affect poor countries echoes the view of international financial institutions such as the World Bank. However, it raises a range of important issues for debate:

- **Effect on world prices** – The World Bank view that equivalent agricultural policy reforms in the US would help to raise world prices has been challenged by researchers at the University of Tennessee, commissioned by Oxfam USA.<sup>66</sup> According to their models of US agricultural reform, market management, where some market interventions are maintained, offers the best deal for poor countries. The US analysis does not translate to the EU, of course, but in the absence of similar research on the CAP it raises the question of whether proposals to date have considered a sufficiently broad range of plausible policy scenarios.
- **Benefits are conditional** – As the *Vision for the CAP* notes, major benefits to poor countries from EU liberalisation depend fundamentally on additional conditions being met, including investment in the infrastructure needed to trade, help with adjusting to 'preference erosion' and protection for poor countries from forced liberalisation.<sup>67</sup> These conditions are not being met and it is questionable whether they will be, since they are not integral and enforceable components of the agricultural trade framework. In making informed comparisons of the pros and cons of different CAP reform packages for international development it is important to consider their effects under scenarios where these accompanying conditions are not fully met.
- **Impact within poor countries** – Just as there would be pronounced winners and losers among poor countries, so there would be within them. Where poor countries benefit economically from liberalisation of the CAP, a substantial portion of those rewards may fall to large landowners and international companies. Corporate concentration in the food supply chain creates its own market distortions and puts producers in a weak position to benefit from increased access to EU markets.<sup>68</sup> Indeed, EU market access is irrelevant to many small-scale producers who will continue to depend on local and regional trade, including the half of the world's 852 million hungry who live in remote rural areas.<sup>69</sup> If the effects of CAP reform on international development were modelled in broader terms, with a greater focus on distributional issues compared with GDP, the optimal reform package might not be wholesale liberalisation. It is unclear how far current analyses of the effects of alternative CAP reform packages rely on GDP as a proxy for international development, compared with broader concepts of wellbeing in keeping with sustainable development.
- **Standards or barriers** – While it is clearly vital to prevent rich countries from requiring producers in poor countries to meet expensive, specious standards for products that they import, the obstacle this poses to expecting high environmental, animal welfare and labour standards of both domestic and imported products and

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<sup>66</sup> Ray, D., De La Torre Ugarte, D. and Tiller, K. 2003. *Rethinking US agricultural policy: changing course to secure farmer livelihoods worldwide*. Agricultural Policy Analysis Centre, University of Tennessee, Knoxville, TN.

<sup>67</sup> HM Treasury and DEFRA 2005. *A vision for the Common Agricultural Policy*. HMSO, London, December: 7, 56.

<sup>68</sup> Murphy, S. 2006. *Concentrated market power and agricultural trade*. IATP, Minneapolis, MN, August.

<sup>69</sup> UNDP and FAO estimates cited in Windfuhr, M. and Jonsen, J. 2005. *Food sovereignty: towards democracy in localised food systems*. ITDG Publishing, Bourton-on-Dunsmore, March.

their production should not be overstated. For example, a major study of 'food miles' commissioned by Defra concluded that:

"imports from developing countries account for a relatively small proportion of total food miles (3%), and over 90% of these imports would probably be unaffected by policies to reduce food miles. To address any further concern, it would be possible to monitor the value of imports from developing countries to ensure that policies are not having any adverse economic impact. Policies that affected developing country imports (i.e. to reduce food miles) could also be accompanied by other policies (e.g. trade reform, development assistance and encouragement of more sustainable production)."<sup>70</sup>

In exploring these issues, we face a shortage of progressive alternative CAP reform scenarios with which to compare the package proposed in Government's vision. Within the limited horizons of political negotiations among EU and WTO member governments, where the options are more or less liberalisation of agriculture in rich countries, the UK's preference for wholesale liberalisation scores relatively well on international development. However, the need to find reforms that favour *both* international development *and* other environmental and social objectives of sustainable development, in keeping with the commitment to 'one planet living', demands that we consider a broader range of scenarios.

#### 5.4 Questions

How can our international trade in food best support the wellbeing of people, animals and the environment in poor countries, within the UK and globally?

- What other CAP reform packages besides wholesale liberalisation warrant serious analysis?
- Given that poorer producers often trade over short distances, how could international trade rules best reduce poverty and increase food security?
- Do rich countries have a responsibility to promote international development through agricultural policy reform, or simply to avoid distorting world markets?
- How well do the measures of development underpinning Government's approach to CAP reform reflect the broad notions of social and environmental wellbeing behind its framework for sustainable development?

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<sup>70</sup> Smith, A., Watkiss, P., Tweddle, G., McKinnon, A., Browne, M., Hunt, A., Treleven, C., Nash, C. and Cross, S. 2005. *The validity of food miles as an indicator of sustainable development: final report*. Department for Environment, Food and Rural Affairs, London, July: 79.

## 6 Consumers and public health

As a nation, we need to eat more healthily and we have some policies in place to support this. The five-a-day campaign, for example, promotes consumption of fruit and vegetables. Yet, if we did all eat more healthily, could agriculture respond?<sup>71</sup> Instead of UK farms producing more fruit and vegetables to meet this demand, would we see more being imported, potentially by air, so would we gain public health at a cost the environment? Could Government reduce this potential trade-off, helping UK food production towards a healthier nutritional profile, without spawning new problems such as over-supply or imposing unfair restrictions on international trade?

### 6.1 Managing demand

The *Strategy for sustainable farming and food* included a commitment to produce “healthy products in response to market demands, and ensure that all consumers have access to nutritious food, and to accurate information about food products”.<sup>72</sup> As concern about ill-health related to people’s diets and lifestyles has escalated since then, and especially since August 2006 with the Department of Health’s publication of estimates that around 13 million people in the UK would be obese by 2010, Government has largely maintained this attitude to public health.<sup>73</sup>

In *Choosing a better diet*, an action plan on food and health promised by the strategy, and in other statements before and since, Government has acknowledged a role for itself in promoting healthy eating while also emphasising the responsibility of individuals to make ‘healthy choices’ in the marketplace.<sup>74</sup> The focus has been on promoting demand-side changes.<sup>75</sup>

Hence, the measures set out in *Choosing a better diet* and in subsequent statements such as the *Food industry sustainability strategy* are primarily directed at:

- Improving public sector food **procurement and provision**, particularly in schools and hospitals.
- Encouraging consumers to adopt healthier **lifestyles**, for example through ‘social marketing’
- Improving **labelling** and consumer food information.
- Considering whether to restrict the **marketing** of unhealthy foods to children.

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<sup>71</sup> Lobstein, T. 2004. Suppose we all ate a healthy diet..? *Eurohealth* 10: 8-12.

<sup>72</sup> DEFRA 2002. *The strategy for sustainable farming and food: facing the future*. Department for Environment, Food and Rural Affairs, London: 12.

<sup>73</sup> Zaninotto, P., Wardle, H., Stamatakis, E., Mindell, J. and Head, J. 2006. *Forecasting obesity to 2010*. DH, London, August 25.

<sup>74</sup> Department of Health 2005. *Choosing a better diet: a food and health action plan*. Department of Health, London, March 9.

<sup>75</sup> Food Ethics Council 2005. *Getting personal: shifting responsibilities for dietary health*. Food Ethics Council, Brighton, December. Food Ethics Council 2006. *Behaviour change by getting personal: can ‘personalised nutrition’ help make good health the norm*. Food Ethics Council, Brighton, May.

- Working with food manufacturers to reduce **business-to-business** demand for fats, sugars and salt.

These initiatives will make a difference: for instance, the National Audit Office estimates that ‘smarter’ procurement could raise nutritional standards and promote sustainability, at the same time saving taxpayers £220 million in food and catering costs by 2010-11.<sup>76</sup> Yet the extent to which demand-side interventions improve public health, and the environmental and economic costs or benefits that this incurs, depends on how responsive agriculture is to shifts in market demand.

## 6.2 *Supply-side constraints*

Agricultural supply is heavily insulated from shifts in end-consumer demand. Improvements in consumer information and marketing can chip away at the top-most layer, but a host of other factors make agricultural production slow to respond to consumer trends. Agricultural supply is:

- **Several steps removed from most end-consumers** – Each business-to-business transaction from the farm gate through to processing, distribution and retail introduces additional demands. Where corporate concentration limits competition, as in food retail, these intermediate demands become particularly important. Arguably, for example, the supply chain promotes consumer expectations on the aesthetics of fresh produce that contribute to high levels of waste and pesticide use.
- **Rooted in the natural environment** – At the very least, agricultural response times are limited by growing periods and the rhythm of the seasons. Furthermore, considerable capital may be invested in specific agricultural land uses, in the form of drainage, orchards or buildings.
- **Heavily shaped by past and current policies** – The market distortions that are prominent in arguments for reform of the CAP also constrain the extent to which UK agriculture can contribute to improvements in public health.

With the prospect of further reforms to the CAP, the last of these points warrants close attention. The CAP prior to the 2003 reforms contained an array of perverse incentives from a public health perspective, including subsidising the production of milk fat and keeping up prices for fruit and vegetables.<sup>77</sup> Some of the public health problems with the CAP were reduced, not necessarily with public health in mind, by the 2003 reforms. Yet decoupling agricultural policy from production may not be enough to erase the legacy of past interventions precisely because agriculture is relatively inelastic. Furthermore, critics argue that the 2003 reforms created new supply-side problems, notably a disincentive for fruit and vegetable growing, since they:

“introduced a single farm decoupled payment for growers of cereals, beef and several other commodities, allowing farmers to change type of crop grown or not to grow anything at all without loss of subsidies.

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<sup>76</sup> National Audit Office 2006. *Smarter procurement in the public sector*. TSO, London, March 30.

<sup>77</sup> Schäfer Elinder, L. 2004. The EU Common Agricultural Policy from a public health perspective. *Eurohealth* 10: 13-16.

However, fruit and vegetable growing is excluded. This means that farmers wishing to switch their land use to growing fruit and vegetables will be penalised (compared to farmers of other crops), as they are therefore not entitled to receive the new single payment.”<sup>78</sup>

### 6.3 *A responsive supply chain*

The insulating or 'distorting' effects on agricultural production of supply-chain concentration and agricultural policy can be addressed in ways that are obvious in principle, if difficult in practice. Section 2.3 has already mentioned, for example, that the grocery sector is under scrutiny by the Competition Commission. When it comes to CAP reform, the solution is not for public health alone to determine the outcome, but for it to play a more prominent and explicit role, alongside other aspects of sustainable development, than it has done to date – it does not feature, for instance, in the rationale for further reform laid out in Government's *Vision for the CAP*.

Yet the challenge does not end there. Even if these distortions were eased, agricultural supply would remain inelastic to the extent that it is rooted in the natural environment. It is therefore questionable how far agricultural production could shift towards a more nutritious profile, that supported improvements in public health, without additional help from policy makers. Interventions that might in principle address this challenge include:

- **Providing support for agricultural restructuring** – This might range from public investment in specialist infrastructure to training in new agricultural techniques. Support for agricultural restructuring carries a cost. However, the country also faces a giant public health bill that would be reduced if appropriate spending in agriculture could offset some of that cost.
- **Market management measures**, including quotas and trade regulations – These might enable stable growth in relevant sectors while preventing dumping on world markets. In effect, such an approach recognises that the immediate commercial pressures on farm businesses may be a poor mirror of the public interest. Just as the international development implications of CAP reform scenarios that include market management warrant more serious analysis than they have received to date (Section 5.3), so too do the public health implications. Could appropriate market management enable the EU improve public health, the economy and the environment, while helping producers at home and abroad make a better living from farming, or would it simply insulate agriculture further from end-consumer demands?

### 6.4 *Questions*

How can agriculture promote the wellbeing of both people and the environment in the UK and internationally?

- What are the main challenges in making agricultural supply more responsive to public health needs? How does

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<sup>78</sup> **National Heart Forum** 2006. *National Heart Forum response to "Towards a reform of the common market organisation for the fresh and processed fruit and vegetable sectors – Consultation document for impact assessment"*. NHF, London, July.

Government share responsibility with the food sector for addressing these?

- If our nation's diet reflected public health advice yet agricultural production remained stable, with the adjustment made through increased imports and exports, how significant would be the environmental impact?
- What health or other non-environmental costs or benefits are associated with shorter supply chains and local food systems?
- What are the top public health priorities for future reform of the CAP?

## 7 Governance

To promote sustainable farming and food, policy makers need to see the big picture. That is one of the key messages from the previous sections of this paper. Yet it is also vital to keep sight of the detail – the same policy, for example, can have different effects in different places. How can the right balance be struck?

In this final section of the paper, we briefly explore how the power to shape agricultural policy is shared within the UK, with Europe and through global trade rules, and how it is being redistributed. Sometimes the rationale given for redistributing power is *democratic* or *substantive* – that it would lead to fairer or more effective policy outcomes – but, particularly within Europe, we also discuss how changes in governance might play an *instrumental* role in brokering wider policy reforms.<sup>79</sup>

### 7.1 Devolution

Within the UK, the range of policy instruments that could promote sustainable farming and food extend beyond Defra's remit and in some instances are enforced by local government. They include rules on labour standards, health and safety, trading standards and planning. Many aspects of agricultural policy also fall under the remits of the devolved administrations. This makes sense, not only for reasons of national autonomy, but also because of the diverse rural landscapes in different parts of the UK (Section 2.1). Within England, some aspects of rural development policy are being devolved to regional bodies.

A challenge for UK policy makers is to ensure that their position in EU and international negotiations on agriculture reflects not only the interests of England, as set out in the *Strategy for sustainable farming and food*, but also Wales, Scotland and Northern Ireland. In Section 2.1, for example, we noted that the position of the Welsh Assembly Government differs markedly, in certain respects, from that of Defra. The Scottish Executive has also set out a distinctive *Forward strategy for Scottish agriculture*.<sup>80</sup> The position in Northern Ireland is contained within the broader *Strategic plan 2006-2011* of the Department of Agriculture and Rural Development.<sup>81</sup> The UK approach to CAP reform needs to accommodate these diverse positions.

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<sup>79</sup> Stirling, A. 2004. Opening up or closing down? Analysis, participation and power in the social appraisal of technology. In: Leach, M., Scoones, I. and Wynne, B. (eds), *Science, citizenship and globalisation*. Zed, London: 218-231.

<sup>80</sup> Scottish Executive 2006. *A forward strategy for Scotland: next steps*. Scottish Executive, Edinburgh, March 1.

<sup>81</sup> Department of Agriculture and Rural Development (Northern Ireland) 2006. *Strategic plan 2006-2011*. DARDNI, Belfast.

## 7.2 *Subsidiarity*

At an EU level, member states are gaining growing autonomy over CAP spending. In particular, the 2003 reforms of the CAP offered member states different options for implementing the Single Payment Scheme and the capacity, within certain limits, to supplement rural development funds by 'modulation' and 'co-financing'. The UK played an important role in shaping this outcome.

However, a more thoroughgoing renationalisation of agricultural policy has also been on the CAP reform agenda. The concept received most attention when it was proposed in 2003 in a report to the European Commission by André Sapir, a leading Belgian economist.<sup>82</sup> The Commission chose not to follow Sapir's proposal. Similarly, Defra's new Secretary of State has said he is poorly disposed to this idea.<sup>83</sup> Nevertheless, the concept may resurface in future CAP negotiations and therefore warrants debate. Not least, offering greater control over CAP funds to member states could seem an attractive bargaining chip to reform-minded Governments.

The basic proposal would be to devolve responsibility for agricultural spending to member states while at the same time maintaining the CAP's role as a common framework for agricultural trade. Current and projected net transfers between member states would be maintained for the foreseeable future, so there would no losers from the process, yet governments would gain more say on how their money was spent.

The EU principle of 'subsidiarity' holds that decisions should be made as close to the people they affect as possible. The main attraction of renationalisation is that it could allow the member states of an expanded EU greater autonomy to pursue their distinctive sustainable development needs. It also creates greater incentives for governments to allocate support and tackle fraud effectively, breaking the current deadlock where even pro-reform member states may defend failing aspects of the CAP in order to preserve the income they provide. Furthermore, such an approach could form the basis of a reform package that accommodated the sometimes starkly different priorities for agriculture of EU members such as France and the UK.

However, renationalisation also carries considerable risks. Many factors, including the short cycle of national elections and the international character of many environmental problems, means that it is often more effective to make and implement policies that promote sustainable development at a supra-national level. In practice, this means that it may be very difficult to safeguard agri-environment and rural development spending from major cuts, even if measures were taken to ring-fence current levels. Member states might, for example, redirect rural development budgets towards projects like road building. Yet it is plausible that EU member states could gain greater autonomy in some areas of agricultural policy without compromising sustainable development.

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<sup>82</sup> **Economist** 2005. The battle of the budget. *Economist* May 3.

<sup>83</sup> **House of Commons Environment Food and Rural Affairs Committee** 2006. *Uncorrected transcript of oral evidence*. TSO, London, July 12.

### 7.3 Food sovereignty

Policies in Europe and the UK are framed, in turn, by the international agreements into which we have entered, notably through the WTO. The collapse of the Doha round of negotiations in July 2006 has left the future of the WTO in limbo. Existing agreements still stand, but measures aimed at further opening up international markets, particularly in agriculture, have reached a hiatus. Even when the Doha round was in progress, bilateral trade agreements were proliferating and now that WTO negotiations have stalled these may play an increasingly prominent role in shaping international trade.

The complex bargain we strike with other countries through such agreements extends well beyond agriculture. Government might make concessions on agricultural trade in exchange for wider reforms in other countries that could benefit the UK economy, or in the interests of responsible global citizenship. Yet, as we saw in Section 5, Government actually argues that its slated agricultural trade reforms are in the direct interest of both the UK public and people in poor countries.

In Section 5.3, we asked whether a sufficiently wide range of CAP reform scenarios had been compared in enough detail for their effects on international development and the global environment. World-wide, many development groups, community organisations and some national governments have gone further, calling for a new framework for international agricultural trade, focused more directly on the aims of eliminating hunger and malnutrition, and promoting sustainable farming and food.

Calls for a different approach to agricultural trade centre on the concept of 'food sovereignty', championed by Via Campesina, a movement which represents tens of millions of peasant farmers around the world. While 'food sovereignty' does imply devolving governance from specific global institutions, notably the WTO, it does not necessarily mean eliminating global governance on agricultural trade or reasserting national borders. Distinct from national sovereignty or self-sufficiency, it is defined as "the right of individuals, communities, peoples and countries to define their own agricultural, labour, fishing, food and land policies, which are ecologically, socially, economically and culturally appropriate to their unique circumstances."<sup>84</sup> According to Via Campesina, "food sovereignty does not negate trade, but rather, it promotes the formulation of trade policies and practices that serve the rights of peoples to safe, healthy and ecologically sustainable production".<sup>85</sup>

The starting point for 'food sovereignty' is that half of the world's 852 million hungry live in remote rural areas and depend on producing their own food.<sup>86</sup> However trade reform has been meant to work in principle, argue groups such as Via Campesina, in practice such people have been poorly served by liberalisation, which has exposed them to new risks and provided few compensating benefits.<sup>87</sup> Moreover, the benefits of EU market access would

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<sup>84</sup> International NGO/CSO Planning Committee quoted in **Windfuhr, M. and Jonsen, J.** 2005. *Food sovereignty: towards democracy in localised food systems*. ITDG Publishing, Bourton-on-Dunsmore, March.

<sup>85</sup> FAO (2005) State of food and agriculture. FAO, Rome: pp. 108-9.

<sup>86</sup> UNDP and FAO estimates cited in **Windfuhr, M. and Jonsen, J.** 2005. *Food sovereignty: towards democracy in localised food systems*. ITDG Publishing, Bourton-on-Dunsmore, March.

<sup>87</sup> **Windfuhr, M. and Jonsen, J.** 2005. *Food sovereignty: towards democracy in localised food systems*. ITDG Publishing, Bourton-on-Dunsmore, March.

be out of reach to them. While 'food sovereignty' is primarily a set of principles for building a more effective policy framework, rather than a clearly-defined agenda, some points of overlap and tension with the UK *Vision for the CAP* are apparent. For example:

- They agree that there should be **no forced liberalisation** in poor countries. However, while Government is confident this can be achieved within the current WTO framework, proponents of 'food sovereignty' argue that in practice poor countries have already suffered heavy pressure to open their markets to imports from rich countries.
- They agree that **dumping is a major problem** that warrants a robust response. Yet, while Government believes that blanket liberalisation in rich countries is the most effective response, some proponents of 'food sovereignty' argue that market management in the EU could not only prevent dumping but also promote environmental and social benefits.<sup>88</sup>
- They agree that an **international framework** is needed to govern international agricultural trade. However, some proponents of 'food sovereignty' question whether the WTO Agreement on Agriculture is fit for purpose, and have proposed other institutions such as an International Convention on Food Sovereignty.<sup>89</sup>

'Food sovereignty' raises challenging questions for the UK position in EU and international negotiations. It also challenges the way policies and international agreements are made – who is directly involved, which interest groups have access to the negotiations and what criteria underpin decisions. The provenance alone of these questions – direct from one of the key constituencies that agricultural trade reform is intended to serve – means that they deserve to be taken seriously.

#### 7.4 Questions

How can we address the big challenges in sustainable farming and food, yet also give communities, regions and nations greater freedom to pursue their distinctive priorities?

- How can the UK give greater weight to its devolved administrations in EU and other international negotiations on agriculture?
- How can any potential benefits of renationalising the CAP be captured without compromising our capacity to promote sustainable farming and food?
- Could demands from poor countries for greater autonomy on agricultural policy be met within existing international frameworks on trade and, if so, how?

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<sup>88</sup> **European Platform on Food Sovereignty** 2006. *Principles on which a new Common Agricultural Policy should be based*. UK Food Group, London.

<sup>89</sup> **Windfuhr, M. and Jonsen, J.** 2005. *Food sovereignty: towards democracy in localised food systems*. ITDG Publishing, Bourton-on-Dunsmore, March: 15.

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## About the Food Ethics Council

The Food Ethics Council is an independent champion for better food and farming. We challenge government, business and the public to tackle problems ethically, providing research, analysis and tools to help. At the time of writing this paper, the members of the Council were as follows:

- **Ms Helen Browning:** (Chair) Organic farmer; Food and Farming Director, Soil Association
- **Prof Ruth Chadwick:** Director, ESRC Centre for the Economic and Social Aspects of Genomics, University of Lancaster
- **Dr Elizabeth Dowler:** Reader in Food and Social Policy, Department of Sociology, University of Warwick; Registered Public Health Nutritionist
- **Ms Jeanette Longfield:** Coordinator, Sustain – the alliance for better food and farming
- **Dr Peter Lund:** Senior Lecturer, School of Biological Sciences, University of Birmingham
- **Prof Ben Mepham:** Director, Centre for Applied Bioethics, University of Nottingham
- **Prof Kevin Morgan:** Director, Regeneration Institute, Cardiff University
- **Dr Kate Rawles:** Freelance consultant and environmental philosopher
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