



Food Research
Collaboration

Shaping the National Food Strategy

Rethink vegetable supply chains as networks not markets

By Jan Moorhouse

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This series of Policy Insights provides opportunities for experts from academe and civil society to highlight gaps and opportunities in emerging food policy. The aim is to put detailed, specialist knowledge into the public domain at this critical time.

Food policy in England is in a state of flux. The UK's departure from the European Union opened the way for clean-sheet approaches to agriculture and trade, and required the UK to take responsibility for many areas of food regulation previously overseen by the EU. Evidence of the food system's adverse impacts on climate and habitats has prompted urgent calls for food policy to reverse these trends. And Covid's consequences have shown where the system lacks resilience – for example in ensuring food supplies for the vulnerable.

In July 2021, the Independent Review for the National Food Strategy, led by Henry Dimbleby, produced a comprehensive analysis of the state of the UK's food system, and a set of recommendations – but the report was advice, not policy. A White Paper will follow, outlining the Government's own intentions and proposals. Legislation – whether an omnibus 'Food Bill' or a patchwork of measures to augment existing policy – may then be brought forward to implement the plans.

While policy is developed, there are opportunities for improvements and course-corrections. We hope these Insights will help to inform that process. If you would like to contribute, please contact the [Food Research Collaboration](#).

Rethink vegetable supply chains as networks, not markets

Policy-makers devise remedies for food supply chains as if they were **markets**: but in reality they are **networks**, which makes a big difference. Policies tailored to support networks could work better than recent, market-oriented policies. This article focuses on the English vegetable sector, a small but pivotal part of a healthy and environmentally friendly food supply chain.

Vegetable growers face many supply chain challenges, none more pressing than the problem of making enough profit to stay in business. According to Kantar Worldpanel, in the UK 96% of fresh vegetables are sold in supermarkets¹, so growers need to engage with the big retailers and with the 'packer' organisations that act as coordinators of supply. Growers often blame the supermarkets and packers for creaming off profits. In desperation some growers have switched to other crops such as rape seed, others have retired or stopped farming altogether, and imported produce has risen to meet demand, with imported vegetables now accounting for almost 45% of supply². The supermarkets, on the other hand, say they are just trying to deliver quality and value to their customers, and broadly governments agree: governments find the supermarkets invaluable for keeping food prices low and quality standards high. Given that supply chains have such an important impact on what is available and affordable, policy-makers need to think carefully about how they support the different actors in the supply chain (the growers, the packer organisations and the supermarkets) to create wealth for the nation – and health for consumers – within environmental limits.

I think there is an important point that is missed relating to UK food supply chains: that they are assumed to be *markets* when they are really *managed networks*. Interactions in networks are not market-like (i.e., transactional, instantaneous, discrete, dyadic and arm's length), but are network-like: interactive, planned, entangled, and involving state, community and commercial actors building trust and commitment over time. In networks, resources are embedded and 'sticky', so switching to new arrangements is not cost-free or easily accomplished. Networks are very useful – they enable effective coordination of complex activities, but unlike well-functioning markets they can enable the more powerful actors to become entrenched. Networks can't be left to themselves, they need to be managed - and state and community actors have a role to play in network management.

For much of the first two decades of the 21st century, a 'global markets' narrative argued that state intervention in food supply chains was inefficient and bad for the environment. In the UK, the publication of the 2002 Sustainable Farming and Food Strategy (SFFS)³ ushered in a 'turn to the market' as the basis for a sustainable food policy, and for the vegetable sector its policy initiatives focused on helping growers *compete* better and be better *marketers*. Since then a slew of market-oriented initiatives has been created to support growers. These include: a Groceries Code Adjudicator (GCA) to enforce fairer contracts between supermarkets and growers; Producer Organisations (POs) to enable growers to combine forces and offer attractive, competitive options for supermarkets that want all-year-round supply; the Food Chain Centre (FCC) to help growers become more efficient; and Red Tractor (RT) to help growers improve the quality of their produce and command higher prices. But the policies did not always work as well as anticipated – growers were wary

of reporting their only customer to the GCA for fear of the cancellation of next year's contract; growers could not easily form POs because that would mean curtailing existing arrangements with a big retailer; and the benefits of lower costs from FCC initiatives and higher prices from using Red Tractor to signal quality continued to accrue to the supermarkets and packers not to the growers.

"Renewed support for wholesale markets would allow the development of new managed networks to provide alternatives to the supermarket supply chains for growers"

Now the time has come to explore the value of network thinking. Markets are assumed to be natural, inescapable and inevitable, rather than something constructed, shaped and performed by actors and institutions^{4,5}. Network thinking side-steps ideological critiques and defences of markets and instead focuses on *how interactions actually take place between interdependent organisations, and how the actors attempt to improve their position in the network*⁶. In networks there is a legitimate role for the state to determine and enforce governance of the supply chain. Policy based on networks is a longer-term approach, and involves an acceptance that costs and risks can't just be passed back down the supply chain to 'blow-out' on suppliers. Because, as one Defra official told me, *'soon Asda [and other supermarkets] won't have anyone to buy carrots from'*⁷.

Recent disruptions in supply provide an opportunity for policy-makers to review a market-oriented food policy. **The first step is to think of vegetable supply chains as networks not markets.** It would mean a more active role in supply chain governance for communities and the state, for example by including a stricter supplier harm test in competition regulation, increased powers for the GCA, and extending the Groceries Supply Code of Practice to cover indirect suppliers to the supermarkets, as well as the direct suppliers currently covered. Allowing local authorities greater scope to regulate local grocery monopolies, and regulation or incentives for increased retail space for vegetables would give back some control of the retail context. Renewed support for wholesale markets would create opportunities for the development of new managed networks to provide alternatives to the supermarket supply chains for growers, and a 'fair trade' label for growers could augment the quality focus of the Red Tractor marque. The PO model did provide vital support for growers in return for environmental compliance, and it could be developed to support more vertical supply chain collaboration and interdependence, not just horizontal cooperatives.

Finally, network thinking helps policy-makers adopt a 'macro-marketing' perspective on consumption patterns across different parts of an economy. In the past, policy approaches to sustainability focused on sustainability *within*, say, the vegetables sector, but food sustainability could be better achieved by adopting a systems-wide perspective, for example by supporting the replacement of consumption of less sustainable foods with more sustainable produce such as vegetables. These are not new ideas – in fact they can be traced back to writers as diverse as Wroe Alderson and Karl Polanyi. The current review of national food policy, and the forthcoming White Paper, present an appropriate time to revisit network ideas to improve supply chains.

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The Food Research Collaboration is an initiative of the Centre for Food Policy. It facilitates joint working between academics, civil society organisations and others to improve the sustainability of the UK food system, and to make academic knowledge available wherever it may be useful.

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