Written evidence submitted to EFRA inquiry on Fairness in the food supply chain

1. British Berry Growers (BBG) is a crop association representing 95% of all English and Welsh commercial soft fruit growers, as well as those in Scotland. In this context, berries are strawberries, raspberries, blackberries and blueberries.

2. BBG submitted evidence to the previous EFRA Committee on Fairness in the food supply chain (reference FSC0020). In this new submission we comment on the Grocery Supply Code of Practice (GSCOP) and promote statutory obligations to cover the whole supply chain.

3. GSCOP is limited in its powers and scope, addressing only contractual issues. It is not broad enough in what it covers, for example, it does not include payment terms.

4. GSCOP is limited in its application to only the top 14 retailers, and the use of service providers by retailers can enable them to abrogate their responsibilities under GSCOP.

5. GSCOP is limited in its effectiveness and does not address the imbalance of power between retailer and grower. The recent EY report, *The British berry industry in focus,* highlights this imbalance and says: "Increasing cost pressures from supermarkets are placing financial pressure on growers, who are shouldering the rising cost of production in an energy, resource and labour-intensive industry. This is damaging the financial viability of the domestic berry industry."

6. BBG is seeking to redress this imbalance through the introduction of statutory obligations throughout the supply chain.

7. Growers of British berries invest heavily in their crop systems, accommodation, and Infrastructure to ensure the consumer receives high quality, consistently supplied, ethically grown berries. The trading relationships between the retailers, growers, and other stakeholders should properly reflect this investment and manage the associated risks.

8. A major challenge is the disconnect between the long-term investment in production that growers have to make, especially in plants which are planned two to four years ahead, depending on the crop, and the short-term retailer planning/decision-making horizon.

9. Growers' programmed volumes are often confirmed shortly before cropping starts, which is years after the grower has committed to producing the crop. This practice again allows retailers to drive down the price for a crop that is already effectively committed.

10. A further challenge is that fixed price and volume contracts, agreed in advance, do not account for weather and yield variability.

11. Statutory obligations should include a requirement to:

    a. Pay all suppliers on time, in full and to always consult with suppliers in advance and agree any changes to payment terms and conditions.

    b. Agree production programmes with producers that offer certainty and stability, with no significant material change. A material change would be a reduction of more than 15% in any one year and should be based on an agreed mutual scorecard outcome. This will take two years to put in place and will align the financial commitment and lead time the grower has to commit to secure plant material for the growing season. The lead time will be different for each berry type.

c. Provide price certainty to suppliers - either for a season, or on a specified volume of product - with no unexpected, unilaterally imposed changes. This will also offer greater predictability for retail buyers and simpler budgeting/forecasting for retailers.

d. Commit to fair market prices, with recognition of costs associated with production.

e. Plan promotional activity in advance with growers and seek to adopt a flexible, production led approach to the timing of promotions to help manage supply and demand. The plan should be based on expectations of product availability but allow flexibility to help manage the impact of unforeseen availability challenges.

12. These statutory obligations should apply to all trading relationships throughout the food supply chain.

British Berry Growers
24th January 2025