



**Environment, Food
and Rural Affairs
Committee**

Tuesday 18 March 2025

Daniel Zeichner MP
Minister for Food Security and Rural Affairs
Department for Environment, Food and Rural Affairs
By email

Subject: Fairness in the food supply chain

Dear Daniel,

As you are aware, my Committee is currently conducting a thematic inquiry into fairness in the food supply chain. We are examining the ways in which the new Government can promote greater fairness and transparency in supply chains, as part of efforts to support producers and boost food security.

The focus of the Committee on fairness is in response to a policy priority identified as part of the Committee's engagement with stakeholders following its formation (see [section 4](#) of Stakeholder policy priorities: Consultation 2024–5). Our inquiry also builds on the work of the previous Environment, Food and Rural Affairs (EFRA) Committee (2019–24) on fairness in the food supply chain, which investigated how profitability and risks are shared within food supply chains and the system of monitoring and regulation of structural relationships and contractual practices in supply chains.

The previous EFRA Committee received 65 written evidence submissions and held five oral evidence sessions. This included taking evidence from organisations representing producers, major manufacturers and processors, supermarkets, and the former Minister for Food, Farming and Fisheries, Sir Mark Spencer. It also held a private roundtable with producers to discuss their relationships with other actors in the food supply chain.

To date, my Committee has received over 30 submissions in response to our call for evidence on the ways in which the Government can promote greater fairness and transparency in supply chains. On 11 February 2025, we held an engagement event with 12 organisations representing various stages of the supply chain, this event built on some of the discussions had during the Committee's first stakeholder engagement event in November 2024 which 24 organisations attended. We also received over 320 responses to a public survey which we launched shortly following our formation, many of which centred on issues of fairness in food supply chains.

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These various forms of engagement have updated the previous EFRA Committee's evidence base. Today, we have published a document which summarises the evidence that both this and the previous Committee have gathered.

It identifies five key areas that Government should focus on in the short term as it seeks to build fairness and resilience into the supply chain. Below, we have drawn interim conclusions in each of these areas which we intend to explore and test further as our inquiry develops.

1. Addressing the impact of inflationary pressures and recent rises in input costs on farmers

- In recent years, rising input costs and inflationary pressures have further exposed the imbalance in structural relations between producers and processors, manufacturers and retailers.
- In our and our predecessor Committee's examination of issues of fairness, stakeholders have expressed the need for the Government to think holistically about how to reform structural relationships within the food supply chain and contractual practices to introduce greater fairness in food supply chains. This is especially pertinent given the new Government's emphasis on boosting the UK's food security.

2. Promoting more equitable sharing of risks throughout food supply chains

- We and our predecessor Committee have heard evidence arguing that the burden of risk is often placed on producers in their relationships with processors, manufacturers and retailers. This makes producers particularly vulnerable to changes in production costs and weather events, as well as to economic and geopolitical shocks.
- We have consequently heard calls for Government to examine compensation schemes to help farmers with incidents such as flooding and other weather crises, with producers noting that they shoulder a disproportionate amount of risk.
- The benefits of allowing farmers to plan more strategically by encouraging longer contract lengths between producers and processors/retailers was also stressed to us, as part of efforts to increase food security.

3. Progressing the introduction and implementation of fair dealing powers across all sectors to reform contractual practices in supply chains

- Evidence indicates that the fair dealing powers provided under the Agriculture Act have the potential to bring greater fairness into the food supply chain through improving contractual practices.

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- We have received evidence that the sector-specific approach to the introduction of regulations is sensible given the differences that exist across supply chains. However, we have heard that there is a need to progress at speed with the introduction of regulations across all sectors to create a level playing field.
- Evidence suggests there is also a need to ensure that the Agricultural Supply Chain Adjudicator's office is sufficiently resourced, and its functions extended to proactively investigate potential breaches of compliance.

4. Consideration of the scope of the Groceries Supply Code of Practice and resourcing of the Groceries Code Adjudicator to monitor and regulate supermarkets' relations with producers

- Evidence both we and our predecessor Committee have received would suggest that there is merit in the Government considering lowering the turnover threshold for groceries businesses that are covered by the Groceries Supply Code of Practice. We have heard this could help to regulate businesses, still significant in size and influence, who currently fall outside of the Code's scope and promote greater fairness within supply chains.
- Many contributors to our and the previous EFRA Committee's inquiry have called for the scope of the Groceries Supply Code of Practice to be expanded to create a more unified regulatory framework and include upstream and mid-supply-chain businesses with significant annual turnover. There is merit in the Government exploring this proposal and considering the advantages and disadvantages of it in promoting fairness.
- Contributions from stakeholders also indicate that a review into the resourcing of the Groceries Code Adjudicator could highlight how enforcement of the Code could be strengthened.
- We have also received persuasive evidence that randomised visits to suppliers by the Adjudicator to proactively assess compliance with the Groceries Supply Code of Practice could help reduce the fear factor among producers in reporting instances of unfair dealing, with stakeholders also calling for greater use of the Adjudicator's fining and investigatory powers.

5. Establishment of formal mechanisms to facilitate information sharing between the Agricultural Supply Chain Adjudicator and Groceries Code Adjudicator

- While it is encouraging that there is informal collaboration taking place between the Groceries Code Adjudicator and the Agricultural Supply Chain Adjudicator, the majority of evidence we have received has been supportive of the establishment of a formal mechanism of information sharing between the two adjudicators to encourage collaboration and oversight across the food supply chain.



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- Some stakeholders have also raised concerns that the creation of two regulatory regimes risks creating regulatory fragmentation, and have therefore argued that the Government should consider how it will guard against intermediaries being created to evade the scope of GSCOP and the fair dealing codes.

We would welcome your consideration of these conclusions and the evidence we and the previous EFRA Committee have gathered so far. We look forward to discussing these issues with you in more detail during our upcoming accountability hearing on Tuesday 1 April.

Yours sincerely,

Rt Hon Mr Alistair Carmichael MP
Chair, Environment, Food and Rural Affairs Committee