

Response to the The National Assembly for Wales Agriculture and Rural Development Committee Review of Organic Farming From Sainsbury's

BACKGROUND

Sainsbury's Supermarkets was established in 1869 and is Britain's longest operating major food retailing chain. We aim to be the UK consumer's first choice for food shopping by reaffirming our lead in quality and offering outstanding value for money. Sainsbury's serves over 10.4 million customers a week and have around 460 stores across the UK. We offer over 23,000 products, 40% of which are our own brand. Around 142,000 people are employed in our stores in the UK. The combined turnover of Sainsbury's supermarkets during 2000/ 2001 was £13.8 billion.

For over 130 years, Sainsbury's has been committed to supporting British farming. We have a policy of buying British and labelling British wherever we can. We sell over £6 billion worth of British food each year. Of foodstuffs that can be grown in this country, we source over 90% from Britain.

We are delighted to be able to feed into this review by the Agriculture and Rural Development Committee on Organic Farming. We believe we are at the forefront of organic retailing in this country. We now sell over 1300 products and have introduced over 200 new products over past year. We currently sell £4 million worth of organic food a week.

We originally formed a partnership with our key organic suppliers in 1997 to tackle a range of technical and commercial issues. The Organic Partnership (or TOP) is part of our Partnerships in Fresh Foods and is an initiative specifically designed to reconnect all parts of the food chain to work collaboratively, share information and best practice. The 20 TOP suppliers meet regularly and discussions focus on how we can improve availability of organic products, reduce supply chain costs. The group also shares market information on consumer habits, support initiatives to increase British production, enhance the integrity of organic food and disseminate information direct to our stores.

We are aware that organic farming is subsidy dependent. We do not generally support subsidy-led initiatives preferring development within a free market. However, we are aware the playing field is far from level in the EU and British farmers are having to compete in a market which is not harmonious. If Government policy is not able to overcome obstacles to free trade, we would therefore have to advise a likewise response in order to support disadvantaged British farmers.

In addition, although at Sainsbury's we wholeheartedly support organic food production, it is just a part of our offer. We have to be in the business of responding to customer demand therefore sell a range of products to meet all tastes and pockets. Other forms of agriculture constitute the main focus of our customer offer.

Future prospects for organic farming in Wales

We believe the organic market will remain vigorous and will continue to expand. However, we also see that the organic sector is becoming increasingly subject to external influences. The attraction of the organic market has drawn in many newcomers over the last year or two, some of whom may have no care for the philosophy and aims of the organic movement. This means that the sector must not become complacent: it needs to innovate to create new and exciting products and help link consumers demands with farmers.

The challenge for organic food production is to differentiate itself from conventional food standards which are increasingly using fewer chemical inputs during production. The Welsh Assembly need to identify ways of achieving sustainable growth in the organic farming sector.

The organic sector needs to become more consumer focused. More and more people are buying organic foods. It is no longer purchased just by a minority of keen organic supporters. In fact 15% of all the yoghurts we sell are organic. We have found that 80% of our customers at one time or another have bought organic products and customers also see products as being for everyday use rather than 'special occasion' or 'weekend use'. However it is worth recalling that around 7% of organic customers are responsible for approximately 60% of the overall spend on organic products The challenge for the organic market, therefore, is to encourage greater numbers of consumers to buy organic and to find new and exciting organic products to appeal to consumers.

The appropriateness and achievability of current Welsh Assembly Government targets

We support the Welsh Assembly Government target to "establish the key role of organic agriculture and environmental policies in Wales, to extend the Welsh organic sector by increasing production of existing and new business to 10% of the Welsh Agricultural Products sector by 2005 and to exploit fully the growing market opportunities in Wales, the UK and elsewhere."

Sainsbury's support the need for an organic food production strategy and have been active in the Department of Environment, Food and Rural Affairs Organic Food and Farming Action Plan consultation. We also support SUSTAIN's Organic Food and Farming Targets Bill which requires that by 2010 at least 30 per cent of UK farmland is organic and that at least 20 per cent of the food consumed in the UK is organic. We were the first UK supermarket to sign up to this campaign as we want to reduce the amount of organic food which is imported, create a level playing field with the rest of the European Union and support organic farming in the UK.

Sainsbury's organic supply chain has already achieved a 10% reduction in the reliance on imports (60% against the UK market average of 70%). We have further pledged to decrease this figure by a further 15% to 45% by 2004 and will seek to ensure that key organic foods - meat and dairy - are 100% British sourced. We already have 100% British organic fresh milk, eggs, poultry and pork.

Regarding the price farmers are paid for organic food, Sainsbury's pricing stance remains that we do not believe in subsidising the retail price of organic foods and we believe prices should reflect the true cost

of organic production. We do not make additional profit on any organic products and we believe that our customers should be aware of the true cost of organic foods. We hope by doing this we are giving farmers the confidence to convert to organic production and guarantee them a market for their products.

Through TOP, our Organic Partnership, we are striving to make full use of the complete range of the organic crop whilst seeking to take costs out of the chain. We hope by doing this it will make organic food more accessible for customers. For example all excess apples from Organic Farm Foods are sent for use in Luscombe organic cider. We also use surplus organic milk in a range of organic cheeses.

CONCLUSIONS

We believe that at Sainsbury's we are more than doing our bit: by creating opportunities through partnerships and by helping reconcile the gap between farmers and society, creating a brighter and fresher future for agriculture in this country.

We support the need to create a sustainable and competitive organic food and farming sector and we look forward to seeing the results of this review over the next few months.

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