THIS IS RUBBISH

HOW INEQUALITY DRIVES FOOD WASTE

BUSINESSES WASTE FOOD TOO

About 2.8 to 6.1 million tonnes of edible food is wasted by UK businesses[1] – enough to lift everyone currently going hungry in the UK out of food poverty. Many food businesses waste more in a day than a consumer does in a year. For instance, a single UK farm estimated that they wasted 21 million portions of carrots per year, mainly on cosmetic grounds, enough for over 10,000 people to enjoy their 5-a-day for a year[2]. Because food waste is so much more concentrated in a few businesses rather than spread between millions of consumers, tackling this is practically easier.

The idea that the vast majority of the UK's food is wasted by consumers is an enduring myth (see box below). About half of the UK's food waste occurs before it gets to the consumer – somewhere between 36 and 61% [3]. The same story is true for most other wealthier countries – between 47% to 66% of Europe's total food waste occurs in businesses[4]. So reducing food waste in our households, while still important, must be coupled with significant efforts to reduce business waste too.

SUPERMARKETS OFFLOAD RISKS & COSTS

Supermarkets dominate the UK retail market – with the big 4 (Tesco, Sainsbury's, Asda and Morrisons) selling two thirds of the food we buy[5]. Because supermarkets control the bottleneck between thousands of smaller suppliers and millions of consumers, this gives them a huge amount of power over their suppliers, like farmers and food processing factories. This unequal power balance means that they can offload risks and costs onto their suppliers – and food waste is no exception. UK supermarkets actually waste very little food themselves in-store, but their policies are often partially responsible for the far larger amounts of food wasted by their suppliers.

Some examples of this include:

- **Rejecting produce for being the wrong size, shape or colour:** Supermarkets routinely reject food (particularly fruit and vegetables) for being the wrong size, shape or colour – often referred to as "wonky" veg. Supermarkets often try to blame this on consumers, but a survey of UK farmers published in 2018 found that 66% of farmers responding to the survey believed cosmetic rejections were "primarily driven by retailers". Many survey respondents believed that supermarkets use cosmetic standards as an excuse to reject produce when they can "get a lower price elsewhere or their demand has fallen" and that supermarkets taking over from wholesale markets and grocers has led to less outlets for lower grade produce[6].

- **Last-minute order cancellations:** Supermarkets also sometimes cancel orders at the last-minute, leaving farmers with produce which they may try and fail to sell elsewhere before the produce rots. The Groceries Code Adjudicator, the UK's regulator of Unfair Trading Practices, found evidence that UTPs like last-minute order cancellations cause widespread food waste[7].
- **Incentivising overproduction:** Many UK farmers have reported that they routinely overplant crops, because supermarkets threaten to fine or delist them if they do ever undersupply produce even if there has been bad weather and low yields that year[8]. A cauliflower farmer interviewed by This Is Rubbish said that they chopped up 300,000 perfectly edible cauliflower because they were overproducing to ensure a continuity of supply for supermarkets[9]. Guy Singh-Watson of Riverford Organic has said that "From my experience, when I used to supply the supermarkets you generally grew about a third more than you thought you would sell, just to make sure that the supermarket buyer didn't have a tantrum if you ran short, and so routinely you have more than you can sell and so you just mow it off and plough it in – that's the normal thing to do."[10] When multiple farmers overproduce, this tends to create gluts of produce in good years, which means supply outstrips demands and the price crashes below the cost of harvesting the produce.

When food waste is caused by supermarkets, but the costs are born by their suppliers, supermarkets have very little incentive to reduce the waste, and their suppliers have limited power to do so by themselves. This is a clear market failure, and needs interventions to solve.

EXPLOITATION OF FARMERS EXPORTING TO THE UK

This power imbalance between UK supermarkets and their suppliers is even more extreme when they are importing food from poorer farmers overseas. Several investigations of farmers in the Global South exporting to Europe found that they are often victim to last-minute order cancellations and flexing cosmetic standards[11]. For instance, Peruvian citrus fruit producers reported that often they experienced a 50% exportability rate for tangelo oranges, mostly for cosmetic reasons. Fruits rejected from export were then often dumped domestically, depressing prices and forcing farmers to bury 10–40% of total production[12]. This represents a huge loss of money, time and resources.

An estimated 80% of mangoes grown in Senegal are deemed unacceptable for export to Europe, mainly due to cosmetic reasons like skin blemishes, with only some sold to local markets leading to about 65% of the nation's mangos (88,000 tonnes) being wasted[13].

Small-scale producers tend to be excluded from supplying supermarkets because they lack the 'infrastructure, technology, financing and institutional support needed' to comply with supermarkets' 'increasingly stringent quality-control and certification standards'[14].

OUT OF THE FRYING PAN, INTO THE FIRE?

It is ironic that supermarket policies can cause such high levels of food waste for poorer farmers exporting to the UK and Europe, because supermarkets often portray themselves as the saviours of food waste in poorer countries.

This is because in poorer countries food waste is often caused by infrastructure problems like lack of storage or refrigeration, or disjointed long supply chains. Supermarkets keen to lever their way into the huge and growing economies of countries like India and China have been keen to portray themselves as technical saviours – asking that restrictions to them doing business be lifted so that they can modernise supply chains and reduce waste. For instance, when the Indian parliament was discussing whether to lift restrictions on Foreign Direct Investment in retail in 2010-11, Carrefour submitted recommendations, claiming they would modernize Indian supply chains to reduce food waste[15].

However, what supermarkets tend to hide is that they bring their own food waste generating practices. So in entering into relationships with supermarkets, farmers in poorer countries may be swapping one food waste problem for another – out of the frying pan, into the fire.

COLONIAL LEGACIES

It is rarely questioned why poorer countries tend to have poorer infrastructure to store food and prevent it from rotting. The role of wealthy nations and multinational corporations' exploitation of poorer countries in creating (and perpetuating) this situation is often overlooked.

For hundreds of years Britain and other European states colonised large swathes of the planet, subjugating millions of people. This was hugely damaging to the economies of many countries – for instance, India, which was a comparatively wealthy country with a booming textile trade when it was initially colonised, experienced no increase in per capita income in nearly two hundred years of colonial rule between 1757–1947, and from 1872–1921 (the height of British empire) the average life expectancy of Indians fell by 20%[16].

Meanwhile, profits, food, precious metals and raw materials flowed out of the colonies to Britain and other countries, forming a pivotal role in the enrichment of Europe and the US. Millions of hours of slave labour were exploited, and land used to produce food and resources in the colonies freed up labour power domestically from farming to work in the factories of the UK's Industrial Revolution[17]. In the North American colonies, Europeans benefited from over 222 million hours of forced labour by African slaves between 1619 and the abolition of slavery in 1865 representing approximately $97 trillion at 1993's minimum wage[18].

MONEY STILL FLOWS FROM POORER TO RICHER COUNTRIES

But the shocking truth is that the patterns of exploitation established under the British Empire are in many ways continuing today, albeit in a different form. In 2012 alone, developing countries received just over $2 trillion, including aid, investment and income from abroad, but $5 trillion flowed out of the developing world to rich countries – a net $3 trillion outflow, 24 times the size of the global annual aid budget[19]. This is a combination of debt repayments, repatriated profits, intellectual property rights payments and capital flight (often to tax havens). It is estimated that in 2015, a net total of 10.1 billion tonnes of materials, and 379 billion hours of human labour was appropriated by high-income nations from the rest of the world's people[20]. 64 countries now spend more on debt repayments than they do on health, including Gambia, Ghana, Zambia, Laos, Lebanon and Pakistan[21].

To take Africa as an example, while £162 billion flows into Africa each year, $203 billion actually flows out – meaning that a net $41 billion is extracted every year, mainly enriching wealthy corporations and countries at Africa's expense[22]. In fact, over three times as much money leaves Africa in illicit financial flows ($67.6 billion) than is given to Africa in international aid ($19.7 billion), with an additional $32.4 billion flowing out as multinational company profits, and $18.0 billion in debt repayments by governments[23].

Most people would like to see an end to global food poverty. You may have even donated or given time to causes to try to end it. We have all experienced the sense that, despite all our best efforts, it seems like poverty will always be with us – we see it with rough sleepers on the street, and images of hunger on our TVs. But food poverty is not inevitable. The efforts of everyone trying to end global food poverty are currently undone by the multinational corporations funnelling money and resources out of the system, and hoarding these profits. Humans have designed this system, and we can and must stop this happening.

TAX HAVENS

Often this money is funnelled out of poorer countries into or through offshore tax havens. According to the Corporate Tax Haven Index 2019, the UK and its Overseas Territories, Crown Dependencies and Commonwealth territories account for about 40% of the world's corporate tax avoidance risk – with the top 3 worst counties for tax avoidance all associated with the UK (the British Virgin Islands, Bermuda and the Cayman Islands) and the UK itself ranking number 13[24]. Other top offenders are the Netherlands, Switzerland and Luxembourg – who together with the UK the Tax Justice Network calls the "Axis of Avoidance"[25]. When the UK government talks about cracking down on tax avoidance, it rarely acknowledges that the UK itself plays a significant role in running tax havens and has great power to end this practice.

In addition to enabling tax avoidance, tax havens play a key role in hiding corruption through their secrecy.

MONEY DRAINED OUT OF SOLVING FOOD POVERTY AND WASTE

Centuries of money, resources and labour being funnelled out of poorer countries has entrenched high levels of food poverty, meaning many people cannot afford to buy food. The number of undernourished people not taking in enough calories to sustain a life of normal activity remained the same between 1990 and 2012, at roughly 1.5 billion people[26]. Outside of China, which has seen significant poverty reduction in the last few decades, the number of people living on less than $2.50 per day globally has remained about the same between 1990 and 2010, and the number of people living on $5.50 per day has *increased*[27].

The flow of resources from low to high-income countries has also reduced the ability of low-income countries to invest in the infrastructure needed to prevent food from rotting in fields and warehouses, resulting in catastrophic levels of waste occurring alongside great food poverty. Grain is often stored outside with relatively little protection, such as under tarpaulins, where it is vulnerable to pests or rot in bad weather. As an example, in just 19 African countries including Nigeria and Uganda, approximately 6.6 million tonnes of cereal grains were wasted post-harvest in 2012, with approximately 13.5% of grain wasted across sub-Saharan Africa, enough to feed 48 million people[28].

POST-COLONIAL CONTROL

Most people would agree that the British Empire belongs in the history books, and people deserve to democratically run their own countries. Ex-colonies have achieved independence from the old Empires of Europe, and of course have a greater degree of autonomy than in the past. So why do money and resources still flow out of lower-income countries to multinational corporations and richer regions?

Unfortunately, new forms of control have replaced the old structures, and still exert a high level of control over some low-income countries.

For instance, in the 1980s a debt crisis engulfed lower-income countries around the world, due in part to the rising price of oil and the United States hiking up interest rates in response to a domestic recession (in what became known as the "Volcker Shock"). This meant that the debt of many developing countries spiralled[29]. In response, global financial institutions like the World Bank and International Monetary Fund (IMF), which are predominantly controlled by the world's richest countries (particularly the US and EU) lent money to lower-income countries. However, they only lent money as loans (with interest) and on the condition that lower-income countries implement structural adjustment programmes (SAPs)[30]. SAPs required countries to remove protections for their own people and industries, and remove restrictions on multinational companies freely operating – including allowing them to move money and goods more freely in and out of the country. Lower-income countries were also advised to turn their back on industrialisation, and return to specialising in the export of low-value raw materials to richer countries[31], including cash crops like coffee, tea and sugar (often the same crops exported under colonialism). This meant that they often prioritised the production of food for export over feeding their own populations. To this day, the World Bank still offers scores to countries based on how "business friendly" they are in their influential annual *Doing Business* reports, which encourages countries to compete to boost their score and attract businesses by lowering taxes and slashing regulations designed to protect workers and the environment[32].

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FOOTNOTES

[1] This compares with roughly 4.5 million tonnes of edible food wasted at consumer level
[2] (Bowman, 2018, p. 5)
[3] The range is so high because 1) there is a wide range of estimates for how much is wasted on farms, and 2) depending on how you define "food waste" has a big effect on the proportions – for instance, whether you just count edible food, or whether you count in the total "food surplus" which is often edible to humans but fed to livestock instead.
[4] The 47% figure comes from the EU's own study (FUSIONS, 2016, p. 4) and the 66% figures comes from the UN Food and Agriculture Organisation's study (FAO, 2011). One of the main differences between these studies is that FUSIONS estimates food waste at primary production at only 1-2% of production, whereas the FAO estimates average agricultural and postharvest food waste in Europe at 15% of edible food production intended for human consumption. The reality is very unlikely to be as low as 1-2%, as this is at odds with the most reliable studies. A variety of studies find far higher levels of primary production food waste than FUSIONS including (ADEME, 2016; Roels, 2017; Bowman, 2018; Johnson *et al.*, 2018; WRAP, 2019).
[5] This is calculated by value. The top 8 supermarkets own over 90% of the UK's food retail market (Statista, 2020)
[6] (Bowman, 2018, p. 5)
[7] (Quinn, 2017)
[8] (Bowman, 2018, p. 6)
[9] For this moving testimony, see This Is Rubbish's Stop the Rot campaign video (This Is Rubbish, 2015).
[10] (Bowman, 2018, p. 6)
[11] (Colbert and Stuart, 2015; Colbert, 2017)
[12] (Colbert, 2017, p. 9)
[13] (Colbert, 2017, p. 9)
[14] (UNI Global Union, 2012, p. 14)
[15] (Antony and Macaskill, 2011)
[16] (Davis, 2002, pp. 311–12)
[17] (Pomeranz, 2009)
[18] (Hickel, 2015, 2017b, p. 74)
[19] A report by Global Financial Integrity (GFI) and the Centre for Applied Research at the Norwegian School of Economics estimated that the Net Resource Transfer from developing countries was $3 trillion in 2012 (GFI *et al.*, 2015, p. 17 Chart 7). This factors in rough estimates for same-invoice faking and misinvoicing of services and intangibles, which are difficult to detect and make up about $1 trillion of the total – the rest of the $2 trillion which are based on more robust data are made up mainly by trade misinvoicing and other capital flight (GFI *et al.*, 2015, p. 17 Chart 6). If China is excluded from the list of developing countries, the total declines, but it is still a significant over $2 trillion outflow in 2012 (GFI *et al.*, 2015, p. 21 Chart 9). The total annual Net Resource Transfer from developing countries to richer countries has been steadily growing – particularly since around 2005 (GFI *et al.*, 2015, p. 17 Chart 7). A more accessible explanation can be found by Dr Jason Hickel, Senior Lecturer at Goldsmiths University (Hickel, 2017a, 2017b, p. 25).
[20] (Hickel, 2020) citing (Eora, 2020)
[21] (Jubilee Debt Campaign, 2020)
[22] (Curtis and Jones, 2017)
[23] (Curtis and Jones, 2017)
[24] (Tax Justice Network, 2019)
[25] (Tax Justice Network, 2019)
[26] (FAO, 2012)
[27] (Alston, 2020)
[28] (COMCEC, 2016, p. 19)
[29] (DESA, 2017, p. 59)
[30] (DESA, 2017, p. 63)
[31] (DESA, 2017, p. 64)
[32] (Hickel, 2014; World Bank, 2020)