

# Organic producer Case Study

## – Produce World Ltd



### Information from Andrew Burgess ARAgS FRSA December 2014

#### Who are Produce World?

Produce World is one of the largest vegetable growing and marketing organisations in the UK. They are a family business that started in 1898 when they began growing vegetables in the Peterborough Fens and running a fruit & vegetable shop in London. Today Produce World remains a privately owned business with active involvement from the fourth generation of the Burgess family. Currently produce world employ over 1000 members and have sales over £250million of which Organic production represents £30-35million.

Currently Produce World is the largest organic vegetable business supplying the UK multiple retail sector which in turn accesses 80% + of the fresh vegetable market. Organic production started in 1997. Produce World has made organic food affordable for all by efficiency through scale and developing the productivity of its organic farms. This has given the lower income consumer the ability to afford organic produce which is extremely valuable. Furthermore they use their organic knowledge to improve their production systems and sustainability of their conventional production. The organic products are either accredited with the LEAF marque or organic logo in all retailers.

#### The Produce World Organic Grower Group – the scale of the organisation

Currently Produce World has around 20,000 acres of organic land in its grower group. This includes their own organic farming company Taylorgrown Ltd alongside 22 other growers (including 2 in Italy, 2 in Spain & 1 in Israel). Out of all the production units 15/23 farms are mixed holdings of organic & conventional production. The 8 that are 100% organic all converted in stages and could not have gone organic if 100% conversion had been the rule. A conversion process is vital to organic production as it allows for the physical conversion while maintaining financial sustainability.

Produce World, due to the scale of their operations, have some processors who are mixed and some who are solely organic. For example carrot and root bed processing are solely organic; however onions have a shared site for processing. This is currently all monitored by the certification bodies, who are happy that contamination is not occurring.

#### Why did you start producing organically?

Produce World started in organic at the request of its customers; however production increased when there was realisation that a more holistic approach to agriculture incorporating science was a testing ground for sustainable techniques. Organic has led to the development of discussions around pesticide reduction and soil health improvement in all of Produce World's production. Produce World believe that it is vitally important to keep organic production as part of the business in order to help develop more sustainable production systems across all of their production. They have used techniques developed for the organic sector to grow conventional crops more sustainably. Andrew Burgess, Director of Agriculture states that they really enjoy the collaborative nature of the organic sector and conventional production and that combining investment adds value to the supply chain overall.

## Produce World Growers Group & its importance to UK organic in general

Produce World is a highly valued organisation within the UK as they supply all of the major retailers and are by far the largest producer of organic vegetables, probably in the order of 40% of the market. However due to the scale and nature of organic farming and mixed rotations they also contribute heavily to other markets such as cereals, beef, pork, poultry, eggs & dairy. The role of Produce World within the UK should not be underestimated.

## The impact of the proposed regulations and the impact on the consumer

The existing dedicated organic companies within Produce World would stabilise at their current outputs and would not achieve the expansion needed to meet the increased consumer demand in organic products. Any expansion in the businesses would be slowed and piecemeal as they would only be able take on small areas of land at a time. This would reduce expansion in response to a growing market.

Vitally, where Produce World growers are involved in mixed enterprises the consequences would be worse still as there is not one which could be 100% organic at the moment. This would lead to 15/23 producers ceasing organic production altogether reducing the availability of organic vegetables at a time when demand is rising. Overall this would have a massive negative outcome for UK organic availability which would lead to either to market shrinkage or import substitution. Imports would have negative environmental footprints as well as price consequences and a reduction in choice for the consumer.

In terms of possible new entrants to the organic sector this would be devastating and virtually totally exclude any large scale businesses from considering conversion. All of the growers working for Produce World did not convert in one go but over a period of time, this is even applicable to the most ardent organic producers. Conventional producers need time to develop and protect themselves from market volatility and certification issues.

With a 2 year conversion period and the low levels of organic conversion payments it would be nigh impossible to withstand the cash-flow hit of converting a large holding in one lump. Furthermore it takes time and learning from mistakes to learn how to farm organically and no one should be pushed faster than they feel sensible.

For example, Andrew Burgess explained that his best organic farm; Houghton in Norfolk (3500 acres); has been on this conversion journey for 10 years and has only just this year put the final block into conversion.

## It is unnecessary to have a 100% organic holding and it does not improve the integrity of the product

For Produce World the potential option of registering separate units will be very bureaucratic and will also have the effect of making mixed enterprises difficult to identify, monitor and risk assess in terms of inspection regimes and purchasers due diligence, which could lead to an increase in food fraud.

The organic proposals raise the barriers to entry as few farms would be able to convert totally in one block. Transparency regarding the total enterprise is essential in building trust and assessing risk, this regulation lessens transparency in the supply chain.

## Overall impact

Produce World shows the impact of the proposals not just on producers but shows how regulation can affect consumers due to increase price, diminished availability and more need to import organic goods. This is not what consumers desire; they wish for shorter supply chains, traceability and affordable food produced in a sustainable manner.