Extended Abstract
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Paper/Poster Title	**The Fruit and Vegetables Sector and the Producer Organisations in the UK – Short-term pressures and Long-term challenges?**

Abstract prepared for presentation at the 98th Annual Conference of The Agricultural Economics Society will be held at The University of Edinburgh, UK, 18th - 20th March 2024.

Abstract		*200 words max*
Fruit and Vegetable (F&V) self-sufficiency has reduced since 1985, in the last years the reliance on import in the supply-chains have been highlighted by shortages in the retail sector. F&V growers have faced short-term pressures since 2019 that have been well reported. This has led to an increase focus on food security with calls to develop the UK horticulture sector with demands from stakeholder for stronger support. Those demands were relayed by the Farm to Fork summit in May 2023. The current horticulture support policy is delivered through Producer Organisations, a collaborative structure with a specific competition exemption. Their market share varies significantly between group of crops, but their trajectory mirrors the sectors' evolution with some strong points. We analysed available data from the Farm Business Survey and June survey statistics to understand the scale of the challenges faced by the growers in terms of structure and price evolution. We evidence limited economic challenges and a recent downward trend in production. Based on the literature market power imbalance with buyers remains an issue but with very limited quantitative data to evidence it. We question future trends in the British Fruit and Vegetable sector and future links with policy.		
Keywords	Fruit & Vegetables, Horticulture, Agricultural Cooperation, CAP, Agricultural Transition	
JEL Code	Agricultural Markets and Marketing; Cooperatives; Agribusiness Q130 see: www.aeaweb.org/jel/guide/jel.php?class=Q)	

Introduction	*100 – 250 words*
Fruit and Vegetable (F&V) self-sufficiency has reduced since 1985, in the last years the reliance on import in the supply-chains have been highlighted by shortages in the retail sector. F&V growers have faced short-term pressures since 2019 that have been well reported. This has led to an increase focus on food security with calls to develop the UK horticulture sector with demands from stakeholder for stronger support.	

In the UK Farm to Fork Summit, the Prime Minister and Secretary of State for announced that "Fruit & Vegetables Aid Scheme for England from 2026, expanding the scheme to ensure that more growers, including those involved in Controlled Environment Horticulture such as glasshouses, can access investment."[1]

Two areas of interest arose, the first one was to diagnose the current state of the wider F&V sector and better understand its structure to understand its current role and challenges; we wanted to understand the economic state of the sector, highlighting potential vulnerabilities preventing the sector to increase its production.

The second aimed at understanding the current structure of the support through Producer Organisations and its scale. This is a recognised group of growers who are given exemptions from competition law with the intent to give them greater market power w.r.t retailers. They may coordinate production, share sensitive information, and negotiate as one. The F&V Scheme currently provides a financial incentive to join or form these POs.

Methodology	***100 – 250 words***

We analyse and confront data from sources including public DEFRA horticultural statistics[2], the farm business survey[3], and data provided in confidence from the Rural Payments Agency (who run the current F&V Scheme). We focused on edible horticulture and tried to improve our analysis by grouping crops into different categories.

We analyse the evolution of a range of economic variables to understand the farm structure, the evolution of the sector and assess the impact of recent changes.

We look at the value and volume of production to understand where POs have the potential to significantly influence the market for group of crops, and where they do not. A literature review complemented the approach above to provide insight on the market conditions and wider challenges for the supply-chain.

Results	***100 – 250 words***

We highlighted the diversity of horticulture farms that can be found in DEFRA's data with a high number of producers having some of those crops as a complementary activity, specialists on each crop would represent a relatively small proportion of growers the majority combining several types of crops. The production of horticultural products is highly localised in the UK with some regions and productions less represented in POs; like the West Midlands or the South-West.

We struggle to evidence strongly the economic challenges that prompted this analysis based on existing data with limited evidence of the inputs price pressure on

1 An update following the UK Farm to Fork summit held at 10 Downing Street on 16 May 2023. - GOV.UK (www.gov.uk)
2 Latest horticulture statistics - GOV.UK (www.gov.uk)
3 FBS Farm Business Survey

farm business incomes for the different types of farms. Despite this the sector shows an overall decline since Brexit which is mirrored broadly by PO members, and we found some evidence of market power imbalances in the supply-chain.

POs do not have a significantly differently trajectory compared to the rest of the sector, they seem to have grown more in some productions than other (soft fruit compared to protected crops). PO trajectories were different in the UK compared to the EU, much less successful and numerous. Their role in addressing the market power imbalances in the supply chain in the UK were limited and growers joined to benefit from the scheme. Based on the literature market power imbalance with buyers remains an issue even for POs but with very limited quantitative data to evidence it.

At the same time, the total funding paid to PO kept increasing with 1st Pillar support diminishing for field vegetables since the beginning of BPS withdrawal.

Discussion and Conclusion	***100 – 250 words***

Existing analysis of the sector's problems has been limited by its relative complexity and lack of data. However, using what is available we were able to add some nuance to concerns raised by industry.

The current F&V aid scheme linked with POs is an interesting scheme for growers that are inside POs but with limited success compared to the EU. This cannot be linked specifically to the UK trends on F&V production.

We question future trends in the British Fruit and Vegetable sector; likely future pressures and policies available.