# Food industry faces unprecedented climate crisis risking UK supply chain collapse



The food industry is on the brink of a crisis that threatens to eclipse the challenges posed by the COVID-19 pandemic. An alarming memo, recently disclosed by insiders, raises an urgent warning about the imminent impacts of climate change on supply chains and food security in the UK. This communication from the group Inside Track x Food, comprising around 20 senior executives from renowned food manufacturers and retailers, articulates a stark reality: the industry is dangerously unprepared for the array of climate-related challenges it faces.

The memo paints a picture of a food system under siege from escalating climate risks, including soil degradation, erratic weather patterns, and severe water scarcity. According to the whistleblower group, the UK's food supply is nearing a critical juncture, with fears of widespread shortages looming due to increasingly unpredictable crop yields and quality. This sentiment echoes recent findings from the Energy & Climate Intelligence Unit, which indicated that the UK's self-sufficiency in food could decline from an average of 86% to as low as 78% this year, with wheat and oilseed rape showing particularly worrying decreases.

The memo critiques the prevailing corporate mindset, pointing out that many food companies operate with what can only be described as "wishful thinking." It asserts that businesses are relying on untested sourcing strategies to mitigate risks, rather than taking a proactive approach to developing resilient supply chains. An overarching concern is that decision-making across the industry is still largely reactive, driven by short-term financial considerations rather than long-term sustainability. This myopic focus has historically prevented meaningful collaboration among companies that could lead to more robust resilience plans.

Amidst these warnings, the competitive nature of the industry further complicates the situation. Executives highlight a culture of fear within supply chains, which stifles open dialogue about environmental risks. This reflects broader trends, as seen during the geo-political disruptions post-Brexit, which have also added complications for farmers and suppliers amid changing weather patterns. For instance, heavy rainfall across the UK has resulted in waterlogged fields, hampering both crop planting and harvesting, ultimately threatening food supply stability.

The urgency of the current moment cannot be overstated. The National Farmers' Union has called for heightened government support as food security comes increasingly into jeopardy. Many farmers find themselves trapped between rising operational costs and the necessity to adopt more sustainable practices, while grappling with reduced eligibility for government grants aimed at fostering agricultural reform. The economic pressures, amplified by climate change, paint a daunting picture for an industry expected to adapt rapidly to an evolving landscape.

This contention comes amidst a backdrop of escalating global commodity prices, which have risen dramatically due to climate-related impacts. For example, commodity prices for staples such as wheat and olive oil have surged due to adverse weather trends that have diminished yields. With predictions of further disruptions from extreme weather events, analysts are cautioning that rising food prices are likely to persist, with implications for economic stability in regions heavily reliant on agriculture.

Significant shareholders and investors are now being called into action, with the whistleblowers appealing directly to their attention. As Rachel Crossley from BNP Paribas Asset Management noted, the collective concerns raised by seasoned industry professionals should prompt investors to engage seriously with the future sustainability of the food sector. The call for transparency in climate risk reporting is gaining momentum, as many companies appear to treat such disclosures more as a compliance exercise than a clarion call for change. The growing recognition of the risks associated with climate change among stakeholders offers a glimmer of hope for transformative action within the food industry.

Yet, the path to reform is fraught with challenges. Executives have highlighted that even recent climate-induced shortages, like those seen in the aftermath of severe flooding in Malaysia, have not catalysed the required urgency for change. As food companies now face not just reputational harm but existential threats to their supply chains, the demand for a concerted and collaborative response becomes ever more pressing.

The experiences and insights brought forth by these whistleblowers underscore a crucial need for collective action in the face of environmental degradation. Their hopes are directed towards creating a “Covid-style” war room of leaders and stakeholders which could drive immediate and impactful initiatives to secure the industry’s future. This would entail significant investments in sustainable farming practices, climate resilience, and innovative logistics to safeguard against future shocks.

As climate-related disruptions become more frequent and severe, the industry's response—or lack thereof—will ultimately dictate its sustainability. The current signals suggest that unless immediate and collaborative steps are taken, the food supply system could find itself in a precarious state, facing either gradual decline or sudden collapse. The pivotal question remains: will this memo catalyse the necessary action, or will the food industry continue to operate under a veil of complacency, compromising its future and that of consumers?

### Reference Map

1. Paragraphs 1, 2, 3, 4, 5, 6, 7, 8
2. Paragraphs 1, 2, 3, 4, 8
3. Paragraphs 1, 2, 4, 5
4. Paragraphs 2, 5, 6
5. Paragraphs 1, 2, 3
6. Paragraphs 1, 2, 4, 6

Source: [Noah Wire Services](https://www.noahwire.com)

## Bibliography

1. <https://www.thegrocer.co.uk/analysis-and-features/climate-whistleblowers-why-we-had-to-speak-out/704672.article> - Please view link - unable to able to access data
2. <https://www.ft.com/content/74aa573a-0e3b-4d30-b676-47400abbc62e> - UK farmers are facing significant challenges due to unprecedented rainfall, leading to difficulties in harvesting and planting crops. England has experienced its wettest 18 months since 1836, resulting in flooded agricultural lands. The National Farmers' Union has called for increased government support as food security and profitability are endangered. The unpredictable weather has affected not only local but also European farmers, exacerbating trade complexities post-Brexit. Supermarkets are seeking alternative sources, but there's a push to secure domestic supply in the face of potential shortages. The government has offered grants, but many farmers are not eligible, resulting in reduced spring crop planting and potential future shortages. Rising production costs and the need for sustainable practices are pressing concerns. Farmers are also shifting towards environmental schemes due to economic pressures. The overall situation demands a strategic approach to ensure long-term food security and sustainable farming practices.
3. <https://www.reuters.com/world/uk/historically-wet-winter-damage-uks-food-self-sufficiency-says-think-tank-2024-05-12/> - The UK's ability to produce its own food is projected to decline by nearly 10% this year due to an exceptionally wet winter, according to the Energy & Climate Intelligence Unit (ECIU). Excessive rainfall left large areas of farmland waterlogged, preventing crop planting and damaging existing crops. Consequently, UK self-sufficiency in food is expected to drop from an average of 86% (2018-2022) to 78% this year. Wheat self-sufficiency could fall to 68% from 92%, and oilseed rape to 40% from 75%. Poor harvests are also anticipated for potatoes and onions. Increased reliance on imports may slow down the reduction in food inflation, which dropped from a 45-year high of 19.2% in March 2023 to 4% a year later. The National Farmers' Union has cautioned that consumers may be affected, though Sainsbury's CEO Simon Roberts expressed confidence in maintaining product availability. The analysis precedes a 'Farm to Fork Summit' hosted by Prime Minister Rishi Sunak, focusing on the food supply chain and highlighting climate change as an immediate threat to food security.
4. <https://www.ft.com/content/125e89c0-308a-492f-ae8e-6834847d1186> - The article discusses the impact of climate change on global food prices and the rising concerns among central banks about sustained inflationary pressures. Agricultural yields are decreasing, and input costs are rising due to changing weather patterns, leading to historically high prices for commodities such as olives, wheat, palm oil, and coffee. Climate change is causing frequent extreme weather events, such as heatwaves, droughts, and floods, which further exacerbate the situation by damaging crops and increasing production costs. This persistent inflationary trend challenges traditional monetary policy approaches, which often exclude volatile food and energy prices from core inflation measures. The consequence is heightened inflation, particularly in developing economies where food constitutes a large share of household expenditure. The article calls for central banks and governments to reconsider their responses to food price shocks, possibly incorporating measures like price controls, subsidies, and stricter market regulations to mitigate the broader economic impact.
5. <https://www.reuters.com/sustainability/climate-energy/escalating-emissions-how-red-sea-disruptions-are-driving-up-carbon-emissions-2024-05-28/> - The recent surge in attacks on ships navigating the Red Sea has forced shipping companies to divert their routes, significantly raising carbon dioxide emissions due to longer journeys. This disruption has compounded existing supply chain issues stemming from the COVID-19 pandemic, extreme weather, trade protectionism, and increased freight costs. Major companies are struggling with increased third-party emissions, which impact their sustainability goals and could result in higher shipping costs and potential taxation on emissions. Rerouting, primarily around the African continent, has added significant time and emissions to shipments, making it harder for companies to meet climate targets. Firms such as PepsiCo, Nestle, and Maersk face challenges in maintaining sustainable operations, with some considering shifting to air or truck transport, which are more carbon-intensive. The crisis is prompting a shift toward localizing supply chains to reduce emissions and costs, while investors express concerns over missed climate targets due to these challenges.
6. <https://www.axios.com/2023/08/07/climate-commodities-food-supply> - Extreme weather events and climate change are significantly impacting global food supply and commodity prices, with recent heat waves, floods, and wildfires posing serious threats to crop yields. As the planet warms, the stability of major crops like corn, wheat, and rice, which constitute 42% of global food calories, is at risk. Long-term climate projections suggest substantial reductions in crop yields, necessitating urgent climate mitigation and adaptation measures. Disruptions in the supply chain, such as recent geopolitical tensions and severe droughts, further exacerbate commodity price volatility. Developing climate-resilient crop varieties and relying on drought-tolerant crops like sorghum are proposed solutions, but these require more research and grower incentives. Experts warn that record-breaking heatwaves are becoming frequent across multiple global breadbaskets, ushering in unprecedented climate challenges to food security.