Food tsar blames shortages on UK's 'weird supermarket culture'

The British government's food tsar has blamed Britain's "weird supermarket culture" for recent food shortages, calling it a "market failure".

Experts have criticised ministers for "leaving food policy to Tesco", and meeting large food chains rather than suppliers, who have been struggling with rising costs while locked into contracts with supermarkets, The Guardian reported.

Henry Dimbleby, the co-founder of the restaurant chain Leon, who advises ministers on a food strategy for England, said Europe was not facing such issues because they did not have the same cultural problems.

"There's just this weird supermarket culture, he said. A weird competitive dynamic that's emerged in the UK, and nowhere else in the world has it, and I don't know why that is."

Dimbleby earlier criticised the government's response to his recommendations, saying it was "not a strategy".

He said he found the current situation "frustrating" as people were focusing on remarks about turnips, rather than structural issues with the food system.

"I find it quite frustrating that everyone is suddenly worried about a gap of vegetables in February, when there are much bigger structural issues that need to resolve, and definitely the government on health has very explicitly gone backwards," he said.

Dimbleby disagreed with the environment secretary, Thérèse Coffey, who denied that the recent shortages of eggs and vegetables was a "market failure". He said: "This is a problem of market failure in the specifically British food system. It's going to get worse. The UK food system is, I think, unique – I don't know another system where the supermarkets have these fixed-price contracts with suppliers. So, basically, you have no effective market. It's a very difficult one for the government to solve, but it does need to be resolved."

Dimbleby said that in the UK lettuce prices in supermarkets were kept stable, whether there was a shortage or a glut, meaning farmers could not sell all their crop when they had too much, or get incentives to produce more during a shortage. He added: "If there's bad weather across Europe, because there's a scarcity supermarkets put their prices up – but not in the UK. And therefore, at the margin, the suppliers will supply to France, Germany, Ukraine."

Timothy Lang, an emeritus professor of food policy at the University of London, accused the government of ignoring Dimbleby's food strategy, saying: "His final report of our plan dealt very well with household food insecurity and other things like the junk food cycle, advertising marketing, because he thought those were winnable things from this government. And he was ignored."

Dimbleby believes the problem will get worse, and said he had foreseen this for some time, urging the government to "sort it out".

The National Farmers' Union (NFU) is asking the government to support its call for more workers to pick crops, more affordable and sustainable energy, and fairness in food supply chains. UK growers have been saying since well before the recent shortages in fresh produce became visible that they were facing a string of challenges, some intensified by the pandemic and Brexit.

The NFU estimated fresh produce worth £60m was left to rot in fields last year, as growers could not get enough workers to pick their fruit and vegetables at the right time.

The Department for Environment, Food and Rural Affairs said: "Our new farming schemes will support farmers to produce food profitably and sustainably, including £600m in grants for equipment to help farmers become more productive. This is part of the significant action we have taken to support the sector so far, alongside allocating 45,000 seasonal workers and wider government support on energy bills through the energy bills relief scheme.

● HESTHER NG/SOPA IMAGES

UAE officials deny report they're considering quitting OPEC

The United Arab Emirates has no plans to leave the OPEC alliance, officials said on condition of anonymity, denying a report that sent oil prices tumbling.

The Wall Street Journal reported earlier that a growing rift with Saudi Arabia meant the UAE was discussing quitting the producer group, a move that would potentially leave it free to lift output, Bloomberg reported.

The UAE has said publicly and privately it is sticking to a deal with fellow members of the OPEC+ alliance that will remain in effect for the rest of this year. Brent crude futures, after initially plunging as much as 2.8% on the WSJ's report, subsequently pared losses to trade above $85 a barrel.

Abu Dhabi has for some years contemplated what alliances best suit its long-term interests, as it seeks to monetize increases in production capacity. That project brought it into conflict with Saudi Arabia and other OPEC+ nations in 2021, igniting a feud that almost splintered the entire coalition, though a compromise was found.

If the UAE did suddenly leave OPEC, it could cause a political fallout not just with Saudi Arabia, one of its biggest trading partners, but with other Persian Gulf allies such as Kuwait and Iraq.

UAE discussions about leaving the group had dated back at least two years but the disadvantages outweigh the benefits, said a person with knowledge of the Emirati position. The UAE would risk upsetting many neighbors and wants to avoid that outcome, especially with energy markets so jittery in the aftermath of Russia's "military operation" in Ukraine, the person said.

Earlier this year, RBC Capital Markets LLC said that Abu Dhabi might push for a higher production OPEC+ quota, given that its current target of about 3 million barrels a day is well short of official capacity levels of more than 4 million.

State-run Abu Dhabi National Oil Co. is investing billions of dollars on a further jump in capacity to 5 million barrels a day, which is expected to take until 2027.

Sultan Al Jaber, chief executive officer of Adnoc and an influential figure in the emirate, is "looking to monetize the substantial investments" in production capacity, RBC said.

Nonetheless, there aren't yet any signs that the UAE's aspirations put it on an imminent collision course with the rest of the Organization of Petroleum Exporting Countries.

Last month UAE Energy Minister Suhail Al Mazrouei, speaking to Bloomberg television in Dubai, reiterated that the country remains committed to OPEC+ production for the rest of 2023.

Japanese Unions Seek Biggest Pay Rise in 25 Years for Workers

Labor unions at major Japanese companies are demanding workers get their highest pay raise in 25 years, according to the Japanese Trade Union Confederation, as surging prices squeeze household budgets across the nation.

Union officials submitted their requests for monthly wage increases, which resulted in demands for an average increase of 4.49%, or 13,338 yen (US$98) per month as of March 1, according to a press release on Friday.

The last time members of the confederation sought an increase of more than 4% was in 1998, it said, according to Bloomberg.

The wage negotiations highlight the difficulties Japan is facing in getting large-scale wage rises to take hold amid higher food and fuel prices.

The Bank of Japan has said that increases in pay are crucial to its goal of achieving steady, demand-led inflation.

In wage talks between the confederation, known as Rengo, and the Japan Business Federation that began in late January, both sides are working to raise compensation, which they agree should increase relatively sharply amid rising inflation.

Rengo itself is asking for about 5%, the largest hike in 28 years.

● REUTERS

NEWS IN BRIEF

Bitcoin, ether slide

● BLOOMBERG/GETTY IMAGES

CNBC – Cryptocurrency prices fell on Friday as investors weighed the latest financial woes at Silvergate Capital and assessed what a potential bankruptcy at the crypto bank could mean for the broader crypto industry.

Bitcoin dipped by more than 5% to $22,261.22, according to Coin Metrics. Ether lost 5.5% and traded at $1,555.37.

Saudi Arabia to build two solar plants in Uzbekistan

REUTERS – Saudi Arabia's ACWA Power will build two solar plants in Uzbekistan with a total capacity of 1.4 gigawatts and three power storage systems with a combined capacity of 1.2 gigawatts, Uzbekistan's Energy Ministry said on Saturday.

The two parties have signed investment agreements on the project worth $2.5b and deals under which Uzbekistan will buy power from the facilities, the ministry said in a statement.

Eni signs cooperation accord with UAE's ADNOC

REUTERS – Italian energy company Eni has signed an accord with Abu Dhabi National Oil Co (ADNOC) for cooperating in promoting the energy transition as Prime Minister Giorgia Meloni visits the UAE, WAM said.