



Jason Clay: “Not price, but availability is the future issue”

“Should consumers have a choice about buying unsustainable products?”, Clay asks. “I think not,” he replies. “Should producers have a choice to make them? No. Why should we have unsustainable products at all? The only way out, is for industries to work together,” says Jason Clay, WWF’s Senior Vice President of Market Transformations.

Business as usual is not enough

We have to wake up and realize that we would need three planets instead of one if we continue business as usual. With a growing population and increased consumption, we already need 1,25 planets, which shows that the global food system is already unsustainable. Agriculture uses 33 per cent of the land, increasing that amount by 0,6 per cent each year. By 2050, we will need 24 per cent more land for agriculture. That is not possible, so we have to double production on all agricultural land.

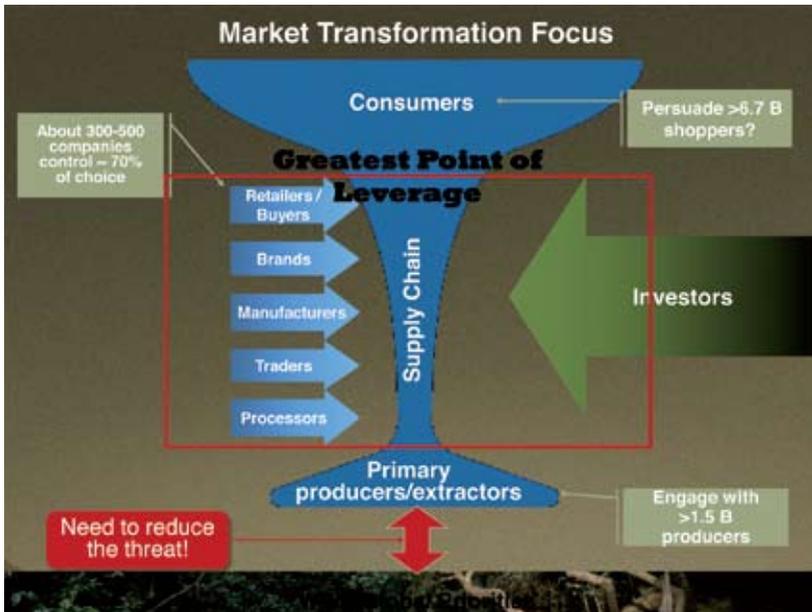
It’s not only about land, it’s also about water. Climate change will make production more unpredictable. Crop losses will increase from both drought and floods. Banks will find agriculture very risky. From a resource perspective, food is too cheap if you put a price on water, land use, fair wages, etc. Yet, today, one billion people don’t have enough food. And, about half of the world’s farmers aren’t able to feed themselves.

The development of a country depends on food security. If we continue business as usual, in 2050, food security will have decreased dramatically for many countries. Consequently, infant malnutrition and mortality will rise; many children will not achieve their full mental capacity. Development will be held hostage to food shortages. There will be more diseases and more severe epidemics. Social conflicts, famines, food refugees and failed states will increase.

Focus on the largest producers

The main threats to biodiversity and key nature areas of the world come from how 15 commodities are produced. About 300 to 500 companies worldwide control 70 per cent of the trade of each of these commodities: buyers, processors, brand manufacturers, retailers and investors. However, just 100 companies control the trade of 25 per cent of all 15 commodities. We must focus on these companies and how they manage their supply chains if we want to reduce the impacts of producing commodities in key places like the Amazon, Coastal Eastern Africa and Borneo. WWF is already engaged with 40 of these companies.

While working with these companies, it is important to be strategic. What can each company do? This also holds for retail and the financial sector. What are you big to, what is big to you, what is the biggest risk to you, what is the biggest risk to your industry, what's reducing the risk worth to you? And most important, where are the biggest opportunities to reduce key impacts and improve financial performance? These are the questions to answer in order to make strategic decisions.



Working together on precompetitive issues

Within a sector, companies have to work together on precompetitive issues. One company is rarely big enough to shift an entire industry and on average 85 per cent of the key impacts in the value chain are outside the control of retailers and brands. Still they have responsibilities in their supply chain. By working together, companies can exert pressure as an entire industry. Examples are the application of the Equator Principles for finance, the development of global standards for key commodities that all companies can use to purchase products, a soy and beef moratorium on deforestation in Brazil and an overarching, open-source sustainability index.

By 2025, availability rather than price will be the issue driving food supply chains. The organizations in a supply chain will be partners more than adversaries, and companies will make fewer spot purchases and have more longer-term contracts. Coca-Cola for example already does that through 17-year contracts with Turkish farmers, because their fruit trees live 17 years. As a result of the contracts, the farmers have access to longer term, cheaper credit. Coca-Cola is even pursuing the ability to purchase carbon credits from the farmers in addition to the fruit.

Measuring impacts

We manage what we measure. But what impacts should we measure? What is acceptable now, won't be with 9 billion people. We have to shift our thinking from maximizing one variable to optimizing a number of variables. This will likely lead to an index which will allow us to define what is acceptable and what isn't, as well as help producers improve their performance beyond what is required by government regulation. The government, for its part, can then redouble its efforts to improve the performance of those at the bottom.