Sweet Nothings: Consumer Ethics and the Political Economy of Sugar

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Over the years the UK sugar industry has been accused of undermining competition and healthy eating, the costs of which have been borne by poor farmers abroad and out-of-pocket and overweight consumers at home. Now the tide of bad publicity has changed. British Sugar started importing cane sugar from Africa and India in 2004, a decade before Tate & Lyle had caused the cane case to sink.

The economy of sugar has been healthy in recent years, but the costs of this have been borne by poor farmers abroad and out-of-pocket and overweight consumers at home. Now the tide of bad publicity has changed. British Sugar started importing cane sugar from Africa and India in 2004, a decade before Tate & Lyle had caused the cane case to sink.

Tate & Lyle’s decision to sell its bags of sugar under the Fairtrade label deal transfers an additional £2 million to 6,000 cane growers in Belize per year. It was intended to appeal to consumer interest in ethics and provenance. Yet what was also important was that the industry in Belize was comprised of many small-scale growers anyway, and that Tate & Lyle had sourced cane from the country for 30 years and so had the capacity to implement the Fairtrade certification system. In other words, the company was ‘hitting on a good story’ that needed to be told.

Another consideration is that retail sugar sold in high street shops account for just 20% of UK consumption. The vast majority is still as industrial sugar to food and drink manufacturers. For these customers, the priorities remain price, quality and security of supply. In this respect, the more significant change in trade relations has been caused by reform of the European Union sugar regime. The part-liberalisation of the long protected regime resulted in a decrease in domestic EU production by about a third, an end to the preferential trade agreement with the excolonial sugar producers, and the opening of the EU market to the Least Developed Countries. European sugar supply is concentrated in a handful of companies and many of these have invested abroad to harness the new duty-free export opportunities. British Sugar has brought control of the African sugar cane producer, flows to process cane grown in countries such as Zambia in its European refineries. In a joint venture with MTR Phol, Asia’s biggest sugar company, Tate & Lyle has invested in Laos.

British Sugar and Tate & Lyle were two of the first companies to work with the Carbon Trust, a company set up by the UK government to accelerate the move to a low-carbon economy. This work involved calculating the carbon footprint of their sugar and committing to reduce this every two years. The rationale behind this agreement was to pre-empt claims that Tate & Lyle’s ‘food miles’ or British Sugar’s ‘uncompetitive beet’ made them environmentally unsound. However, the intended result was not so much to win consumer approval as it was to prevent scare stories in the press and secure confidence among shareholders.

The recent ‘greening’ of production should be seen as part of an effort to reduce exposure to energy prices and maximise return on raw materials. The small carbon footprint of sugar (380g of CO₂ per kg bag for Tate & Lyle, and 500g for British Sugar) is reflective of previous investments in energy efficiency. Both companies use co-generation technology in their factories to generate electricity and useful heat. This enables them to reduce reliance on a single fuel – Tate & Lyle’s refinery is now powered mainly by burning wheat feed – as well as export electricity to the national grid and sell carbon credits.

Capturing the heat generated from beet processing, British Sugar has become the UK’s biggest supplier of domestic tomatoes, growing 190 million a year in the country’s largest glasshouse. This is indicative of a wider trend in the industry to move into alternative markets, namely in ‘non-sugar food’ and ‘non-food sugar’. While British Sugar now produces tomates, one of Tate & Lyle’s most profitable products is the sweetener Splenda. This is made by reformulating sugar so it is not metabolised by the body and is therefore calorie-free. This product contributes 5% of revenue but 23% of profit; a ratio which is inverted for the lower-profit ‘natural’ sugar. The company has sought to develop other ingredients that serve a specific dietary function, using extensive consumer research and its new ‘Wellness and Nutrition Centre’ to uncover and validate their particular health benefits.

The ‘non-food sugar’ market refers to the transformation of sugar into industrial products like fuels or materials. Strictly speaking, this involves more than just sugar. British Sugar is making ethanol from sugar beet at its factory in Wissett, and in partnership with BP and chemical company DuPont will produce biofuel from wheat at its purpose built refinery in Hull. Likewise, in a US subsidiary, Tate & Lyle has begun making a bio-chemical from corn that is used in fabrics, cosmetics and cleaning liquids. By making products from agricultural biomass instead of fossil fuels, crop processors across the EU and US have garnered significant political support for what has been dubbed the ‘bio-based economy.

Consumer ethics have not been the driving force shaping how the sugar industry functions. To the extent that an ‘ethical turn’ can be discerned in the industry, it has been because certain practices which were happening anyway have been seized upon and highlighted by the processors. In this sense, consumer ethics have been epiphenomenal. More important factors have been international changes in political regulation, commodity markets and changing dietary patterns – particularly the fall in table sugar, sweet spreads and preserves.

Trade

Sugar consumption in the UK, thousand tonnes

International development

UK sugar processors are publicly-owned companies that have to satisfy their shareholders. To do so they have sought to get off the treadmill of commodity production in traditional markets by becoming less energy intensive, targeting markets in Asia, and widening their product portfolio. In this way they can be seen in the same vein as Lawrence and Burch’s assessment of food corporations, which are depicted as reconfiguring their activities in the Global North toward healthier products, whilst simultaneously selling products of dubious health benefits to the South. To this we can also add the sale of renewable products in the Global North as crop processors seek to profit from government mandates to reduce climate change. These strategies of accumulation also affect industry concentration as some companies expand as a means to strengthen their market position, while others, such as Tate & Lyle, come under investor pressure to divert their sugar division and concentrate on ‘food ingredients and bio-based operations’.

Fabric entrepreneurs

Trans-national sugar processors

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The shape of things to come? Coca-Cola plans to sell 2 billion plastic bottles made of 30% sugar-cane-derived plastic; one of its biggest selling drinks replaces sugar with artificial sweetener.

Over the years the UK sugar industry has been accused of undermining competition and healthy eating, the costs of which have been borne by poor farmers abroad and out-of-pocket and overweight consumers at home. Now the tide of bad publicity has changed. British Sugar started importing cane sugar from Africa and India in 2004, a decade before Tate & Lyle had caused the cane case to sink. Further, both companies have launched organic sugars and publicly pledged to reduce their greenhouse gas emissions. This research asks: have these changes resulted from a new consumer ethics; and do they represent the ‘embedding’ of a large-scale conventional food system?