

## Brexit, trade tariffs and the battle to ensure British Sugar hits sweet spot

Paul Kenward has developed a taste for one of the UK's less celebrated products, writes **Marcus Leroux**

**A**s a procession of lorries and tractors dumped their cargoes at a factory in Newark, Paul Kenward was surveying not the growing mounds of beets, soiled, misshapen lumps that look like parsnips on steroids, but one of Brexit's innumerable battlelines.

On one side are commercial interests and pro-leave MPs, the likes of American Sugar Refining, owner of the Tate & Lyle brand, which campaigned loudly for Britain to leave the European Union so that it could be free to import cheap raw sugar cane from sunnier climes, and an influential cabal of Conservatives, who identify sugar as a classic case of EU protectionism. One of their number, Daniel Hannan, the MEP considered by many to be one of the intellectual driving forces of Brexit, said last month: "We shouldn't be growing beet at all. It's a crop created by distortive subsidies."

On the other side is Mr Kenward. The boss of British Sugar, the sole purchaser of Britain's beet crop, is alarmed by calls to scrap the EU's protective tariff on sugar imports, fearing in turn that Britain could become a dumping ground for cheap, subsidised sugar and arguing that "all we ask for in world sugar is a level playing field."

"That will mean different things to different people, but to us sugar beet grown in the UK is grown without direct subsidy. We're not subsidised. There's no specific tax treatment for British sugar or its growers."

"If you look at Brazil, Thailand, India, that's not the case. It's a very political product in those countries and sugar is very heavily supported." Support that includes volume quotas, export price guarantees and soft loans, a language evocative of a bygone era of policy and one with which Britain must reacquire itself after leaving the European bloc. "The only country in the world which has a domestic sugar industry but doesn't have a significant tariff is Australia and that's because it's a very long way from anywhere."

Mr Kenward defends his corner with an academic interest in the facts. The arable farmers of the east of England, who grow beets as a break crop, probably can count themselves lucky to have a former president of the Oxford Union in the same corner, one, indeed, who is unfazed by the encroachment of politics into the day job (which is perhaps hardly surprising from someone married to Victoria Atkins, the Conservative MP who is a junior Home Office minister).

Though conceding that tariffs do not need to be so high, he is not keen on the



The EU sugar market is being liberalised just as Britain is leaving the bloc, but Paul Kenward sees big opportunities ahead

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to get it to the level of purity we have in one pass at a beet factory."

That's because "the sugar beet is a machine for turning sunshine into energy and into sugar" and because British growers had improved their yield by 25 per cent in the past decade. "European beet is some of the most cost-efficient sugar in the world. The yield we get per hectare of land is higher than it is in Brazil, Thailand. And the factories are very efficient as well."

British Sugar has four such factories, where the beets are carried by conveyor into a flume, where they are washed and sliced into slim, chip-like shapes called cossettes. The sugar is extracted and the solution made continuously more concentrated through several stages of being boiled in a vacuum. Staff in a control room look at the sugar crystals forming to ensure that nothing happens too quickly or too slowly (because an unusual granule size can cause havoc for the food manufacturers).

It is an energy-intensive process, but besides the sweet stuff British Sugar throws off an enormous amount of byproducts, including electricity from the steam it generates and animal feed from the beet leftovers. Some of the soil washed off the vegetables ended up in the Olympic Park. Even the pebbles end up in fish tanks.

If Mr Kenward, 45, defends his industry with the zeal of a persuaded convert, that's because he is. After spending a few years in consultancy helping companies to adjust to the early days of internet disruption, he set up his own tailoring business, which he sold before taking a job at Associated British Foods' small central function. Then he became a right-hand man to George Weston, the company's overall boss and scion of the Weston dynasty that controls most of ABF's shares.

He believes that his background as a consultant is coming in useful. The EU sugar market is being liberalised, just in time for Britain leaving the bloc. This means that prices are no longer propped up by restrictions on production, but, on the other hand, it is free to export.

"It is such a transformation that is happening and needs to happen at British Sugar. We've gone from a highly regulated market overnight to one where, if we want to win business, we have to win from a customer that has a choice and we have to win it on price, on quality or on service. That's a normal way of doing business to almost anybody in the world. But within the sugar market in the EU, that's unusual."

That ought to stand the company in good shape after Brexit, which is when Mr Kenward reckons that the real work will begin. "People are beginning to work out what this free-trade debate means," he said. "If you look at America and that battle between Trumpian nativism and America First and free trade, it is beginning to get worked out and understood."

"We've not had control of our own trade policy for 40 years and I'm not sure those debates have really started to happen."

Not everywhere, perhaps, but in one corner of Nottinghamshire, it certainly has.

### Q&A

#### Who has been your mentor?

At EMI I loved working for Peter Palmer, who was the senior vice-president, commercial, for Europe. He is the most values-driven and self-directed executive I know

**Does money motivate you?** Up to a point, but, as I look back at my career, the common thread has been

seeking out challenges and meaningful work

#### What has been the most important event in your working life?

Joining ABF in 2007. It feels like a natural home, with a blend of real autonomy for trusted management teams and support from a (mostly) benevolent centre

#### Who do you most admire?

People who persevere; who have the confidence to be themselves; who are self-directed and work hard and smart; who combine self-awareness and a drive to improve ... and a sense of humour. I could point to examples of each, but not sure I could name someone who has all of those

#### What is your favourite television programme?

*Frasier*, below. Wonderful characters, beautifully written and acted

#### What does leadership mean to you?

Telling a compelling story. Leaders need to listen to customers, suppliers and their teams to develop the right story

#### How do you relax?

Family, food and friendship

### CV

**Born:** November 10, 1973  
**Education:** Dr Challoner's Grammar School, Amersham; Lady Margaret

Hall, Oxford University, modern history

**Career:** 1992: scholar, Arthur Andersen; 1996: president, Oxford Union; 1996: associate, OC&C Strategy Consultants; 1999: commercial director, Europe, EMI Recorded Music; 2002: founder, managing director, Addison & Steele Tailoring; 2007-present: ABF plc, including: 2007-10: head of business development, ABF centre; 2010-11: director of strategy, AB Sugar; 2011-16: managing director, Westmill Foods; 2016-present: managing director, British Sugar  
**Family:** Married to Victoria Atkins MP, one son



government scrapping them and relying instead only on targeted anti-dumping duties for specific cases where it can prove unfair competition. "If we get into a world where every year or every month lobby groups are lobbying the government to say 'here's our understanding of the economics of, in our case, sugar production in Brazil', you would need the wisdom of Solomon to understand exactly

what you need to protect against or adjust for."

But how can grey, drab England compete with Brazil and Belize in the business of turning sunlight into sugar? Successfully, it seems. Cane might grow in tropical parts of the world, but farming it is difficult. Moreover, according to Mr Kenward, the cane is "very fibrous and difficult to crush and extract sugar from. You have to process it a number of times