

‘Credit, Calories and Climate’

Speech by FDF President Ross Warburton at the President’s Dinner

Good evening ladies and gentlemen and welcome to the annual Food and Drink Federation President’s Dinner. It is good to see so many of you here this evening – friends from member companies as well as from Government, regulators, Parliament, academia and the media.

With the cold economic winds continuing to blow outside, I hope all of you will take time off from your day to day worries and shelter in the warmth of this event, which has rightly built a reputation over the years for its excellent food (naturally), networking and bonhomie.

Our dinner also has a serious side – which is both the value we attach to the networking that happens and the quality of our guest speakers – and tonight is no exception.

First though, some thoughts of my own.

The current operating climate

It would be wrong of me not to use this opportunity to remind you of what is happening in the real world – and reflect on how events on the global stage are impacting our sector. But mindful of the fact that we’ve only had one course, I will try to do that quickly.

A year ago my predecessor Iain Ferguson spoke to you at a time when the biggest global concern was rocketing food and commodity prices. The economy was wobbling, sure, but most serious commentators were at that time predicting a bumpy ride to the end of the year; none were using the R word, let alone the D word.

Today, the volatility in commodity, energy and packaging prices as well as currencies, remains as a genuine concern for food and drink manufacturers. But we have also been forced to cope with an economic situation that has rightly been likened to riding a roller coaster – one that is mainly headed down, it has to be said.

The squeeze on credit caused by the meltdown of the banking sector has created genuine problems for our sector – particularly for the smaller companies in our membership who have been hit...

...initially, by the tightening of banking facilities and the difficulties securing new sources of funding to fuel expansion;

And then by the withdrawal of critical financial tools such as trade credit insurance – although we are pleased the Chancellor did announce some help on that front last week.

All these developments are taking place against a backdrop of economic slowdown, falling consumer confidence and increasing competition.

So it is really tough out there at the moment.

And as every one of our members in this room knows, that has forced all of us to change, because we recognise that what may have been a brilliant business strategy 12 months ago may no longer be fit for purpose. All of us are now rethinking what we are doing; redefining our goals and resetting our targets.

Nobody can ignore what is happening – at that applies to life at FDF too

FDF and our sector

That's why my priority as President is to ensure that our organisation has a clear focus on how we deliver the best possible value to our member companies. FDF isn't an ordinary business – it's a collective one that is greater than the sum of its parts.

Our key strength is our ability to harness those collective efforts of our members to make a real difference for society, focusing on our three priority areas of food safety and science, health and wellbeing and sustainability and competitiveness.

But I also want FDF to raise its profile as an organisation representing a hugely important *business sector* with those who are shaping the country's economic policies.

The UK food and drink industry is a vital High Value Manufacturing Sector offering world class capabilities in areas of production, logistics, sales, marketing and innovation.

Our sector is the UK's biggest manufacturing sector, employing 440,000 people directly and indirectly accounting for a further 1.2 million jobs in the food chain. There are 7,000 enterprises in our sector generating £72.6bn of turnover.

We are also highly innovative – spending £300m on R&D and launching 8,000 new products every year. And we export £7.5bn worth of products every year – all of it processed in some way.

Compared with, say, the motor industry, our sector is twice as important to the UK economy on virtually every metric¹. And, of course, we don't ask for state handouts when things get tough!

Food production is not only a vital part of the UK economy, it has a key strategic role to play in ensuring the nation's food security against the combined effects of climate change, higher global demand and increasing pressure on finite resources.

All parts of the food chain are inter-dependent and diversity is an important part of resilience. Our sector buys two-thirds of what British farmers produce – without domestic processing capacity the UK agricultural base would be less viable.

¹ *The Society of Motor Manufacturers and Traders says that automotive manufacturing provides 180,000 jobs, generates £51bn of turnover, contributes some £10.3 billion value-added to the UK economy and is 6.4% of the total for the whole UK manufacturing sector.*

And if you don't believe this is important, then listen to what our guest speaker John Beddington has to say in a few minutes.

We need a policy framework which recognises sustainable food production as a top Government priority in its own right. Clear support for our sector – both in terms of words and deeds – would help to attract the skills and investment required to enhance our future productive potential.

And right now it is also important that politicians, policy makers and regulators accept the importance of focusing *their* work in these difficult economic times. Otherwise, public policy initiatives that were perfectly logical twelve months may be seen as yet more inappropriate regulatory burden for firms currently grappling with some pretty serious challenges.

We have always said that the priority for Government should be to develop policy approaches that build on the power of industry to invest, innovate and understand consumers' needs.

But the current economic climate has clearly changed some of the rules of engagement. To maximise the stretched resources of the food industry, and ensure true partnerships are developed, it is critical that policy is underpinned by sound scientific evidence; is practical and realistic; and implemented within a reasonable timeframe.

What we want from Government

So what specifically do we want from Government that isn't there right now?

Well, a vision for the food sector, such as that promised in the Food Matters report, would be a welcome start.

One that is underpinned by a political appreciation of the importance of processors to the success of the overall UK economy.

In short, a commitment to make the food sector a genuine strategic priority for Government; a sector given the same level of focus as that enjoyed by, say, car making. Because that's what is missing.

I agree it is pretty odd that we even have to ask for such a thing. Is food really so unimportant?

Well, a survey of member companies conducted by the University of Reading a couple of years ago found that the leaders of our industry felt they received little support from Government. Worse, they feared that our sector was all too often made a scapegoat by policy makers who failed to appreciate the positive role it played in the overall economy.

Sadly, I know that many chief executives feel the same way today, despite the increased political attention given to our sector in the wake of last year's Cabinet Office Food Matters report.

Strategic importance of the food industry

Government should start to change these negative perceptions, initially by making a clear statement about the strategic importance of our sector to the UK economy.

Why is that important?

Well, we think this would send a signal to potential entrants into the industry that this is a valued and valuable industry, with good long-term career prospects and security

We also think it would send a signal to investors that the UK food industry is a good place to invest and a sector with a future.

And we think it would send the same signal to the heads of multi-national companies whose UK bosses need to compete against their colleagues across Europe for corporate investments to be made in this country.

Cut the red tape

We know that our members believe regulatory issues are the biggest threat to the future competitiveness of this sector.

I am not talking here about measures related to food safety. Protecting consumers is our top priority and we will always work closely with regulators to ensure people can have trust in the food they are buying.

But we are worried about the myriad of other legislative burdens, non-evidence-based interventions, excessive social regulation, regulatory creep as well as quasi-regulation dressed up as if it had legal power, which all impacts the way our members do business and ultimately undermines the UK's attractiveness as a place in which to invest in manufacturing.

The good news is that there are signs Government is starting to get to grips with this.

BERR under the leadership of Lord Mandelson is trying to ensure that Whitehall Departments are serious about ensuring Government introduces no more regulation than necessary during the current recession.

But much more could be done.

And while this may sound like sacrilege to law-makers, I think it is essential that we have a moratorium on further regulation and quasi-regulation for the food industry.

At the same time, Government must work with us to ensure that it is more effective in shaping future EU legislative proposals. Recent issues relating to a European regulation on crop protection products is a wake-up call for us all.

Industry leadership

In return for strategic level support from across Government – an appropriate framework for policy making – and the right sort of partnerships – I believe this sector will continue to show genuine leadership in the way it responds to society's concerns about big issues such as the health of the nation or the wellbeing of the planet.

Where's the evidence for that, I hear people ask?

Well, look at the way in which FDF members are making a real difference to the environment, reducing their impacts under the auspices of our Five-fold Environmental Ambition.

We are making significant progress against the commitments in all five pillars of our Ambition.

But I will just take one example.

Our members have set themselves stretching targets set to reduce CO2 emissions by twenty percent by twenty ten and by thirty percent by twenty twenty, compared with nineteen ninety.

We have set these ambitious targets because we recognise that UK food and drink manufacturing overall accounts for some twelve million tonnes of greenhouse gas emissions each year. This represents eleven percent of UK food chain emissions and just under two percent of UK total emissions from all sources.

Now, the latest figures available under our voluntary Climate Change Agreement with Government show that our members reduced their carbon emissions by seventeen percent in two thousand and six. This is not only a sign of how they are improving their processing efficiency, and saving money, it also represents savings averaging fifty eight thousand tonnes of CO2 emissions per year.

On the health of the nation, we are proud of the way that our members have not only responded to complex problems such as obesity but are now leading the world with our work around initiatives such as nutrition information, recipe changes to popular brands and workplace wellbeing.

On labelling, we are currently awaiting publication of the Food Standards Agency's research into the effectiveness of the various nutrition information schemes currently in market. It's worth stressing, I think, that we remain convinced that the use of front-of-pack labelling based on Guideline Daily Amounts is helping to improve the food literacy of UK consumers.

We should also not lose sight of the fact that our experiences in providing extra information on both the front and back of packs here in the UK has shaped the ongoing debate in Brussels on an EU-wide labelling regulation, within which any voluntary UK-specific approach to labelling will have to fit.

The next twelve months are going to provide some interesting discussions on this subject, and we'll make sure that industry's voice is heard, as the debate grinds on.

Conclusion

I'll hope you'll agree with me when I say that...

Our sector has a good track record of demonstrating active leadership on issues such as the environment and the health of the nation.

Through our work, we believe we are making a *real* difference to society.

And while it is tough out there, our sector has demonstrated its resilience in previous downturns and will, I am sure, come through this recession and maintain its place as the biggest, most vibrant and highly successful component of UK manufacturing.

But in return for our many positive contributions to the UK economy, we do expect Government to provide the strategic support for our sector that has clearly been lacking in recent years. Don't misunderstand me: FDF really values the strong working relationships we have forged with policy makers, legislators and regulators – which ensures we enjoy a healthy dialogue on the key issues at stake for both businesses and consumers – but we need to make sure the context for that dialogue is one which values our industry.

We also want Government to live up to its promise of limiting unnecessary regulatory burdens in the recession.

And we need the appropriate structural support of Government to help us recruit and retain the sort of talent our sector needs, particularly as we start coming out of the recession.

Finally, tonight is also an opportunity for us to thank publicly three important people who have worked closely with FDF and its members over the years, and who will soon be leaving their positions.

Professor Colin Dennis, who steps down as DG of Campden, a position he has held with enthusiasm and distinction for 20 years.

Richard MacDonald – who has been at NFU for 32 yrs, and a DG for 13 yrs. Through set aside, BSE, Foot and Mouth, CAP reform, Ben Gill, Peter Kendall and yet still manages to look completely on top of things.

and finally...

Dame Deirdre Hutton – who steps down as Chair of FSA to take up her new position as Chair of the Civil Aviation Authority. Under Deirdre's leadership to FSA has enhanced its position as the trusted source of advice on food safety to consumers, and speaking as a nervous but frequent flyer, I shall be watching keenly for what she has to say about flight safety. We wish them all well.

And whilst I am thanking people, can I on your behalf, thank the staff at FDF not only for putting tonight together, but for the exceptional work they carry out on our behalf throughout the year.

Before I sit down, it's my pleasure to introduce our guest speaker for this evening.

Professor John Beddington. Prof Beddington was appointed Government Chief Scientific Adviser at the beginning of last year, following many years as Professor of Applied Population Biology. Given his academic speciality, it is no surprise that he takes a keen interest in how we as a nation, and as a planet are going to feed ourselves in a sustainable way in the future.

John, we are delighted that you've took time to come and talk to us tonight, and I'm very much looking forward to what you have to say.

Thank you for listening. John the platform is yours...