

What's the future for UK food & drink manufacturing? Opening remarks Nick Bunker, Kraft UK & Ireland

*The Big Debate: What's the future for UK food and drink manufacturing? –
10 September 2010*

Good afternoon everyone. On behalf of the Food and Drink Federation, I would like to welcome all of you to today's event.

FDF's Competitiveness Steering Group – which I Chair – has been working this year with the Institute for Manufacturing at the University of Cambridge on a project designed to help us, as a trade association, articulate more clearly the value of our sector to the UK economy.

As part of that project, we have undertaken a major scenario planning exercise to explore how our sector may develop in the future and identify how industry and Government should work together to ensure the continued growth and success of our economically-important sector.

The scenario planning work would not have been possible without input from many of you in this room – so I would like to thank you for all your support in making it happen.

I would also like to thank my colleagues who are participating in today's event – that's FDF President Ross Warburton; FDF Director General Melanie Leech; Simon Baldry, Managing Director of Coca-Cola Enterprises GB; Nick Hussey, who runs Manufacturing Insight; and Professor Mike Gregory who heads the Institute for Manufacturing.

I am sure you will agree it's a great line-up of distinguished speakers and experts to help us discuss today's big question: 'what's the future for UK food and drink manufacturing'?

In answering that, let's start with a brief reminder about some of the positive themes to emerge from IfM's work.

Its value report published in July confirmed our status as an important, high-value manufacturing sector offering world class capabilities in areas of production, logistics, sales, marketing and innovation.

The IfM researchers also highlighted the fact that the food and drink sector has been one of the most resilient elements of the manufacturing sector throughout the economic turbulence in recent years; it invests heavily in innovation, R&D and new products; and it provides well-paid and secure employment – despite the image that some may still have about our role as an employer.

Whichever metric you choose, ours is clearly a successful sector.

But when thinking about our resource-constrained future such success cannot – and should not – be taken for granted.

I was struck by the fact that all those who took part in the IfM’s scenario work – whether from industry, Government or civil society groups – recognised that ‘business as usual’ will no longer be good enough.

They rightly felt we need to change the rules of the game and that will require more leadership from Government (as well as from industry); the creation of genuine partnerships between the food sector and different Whitehall departments; and a willingness on all sides to accelerate the good work that is already underway.

Now, the report being published today by the IfM confirms many of the issues that we all know will impact our sector in the medium to long term, described within the framework of four possible scenarios that will emerge over the next 10 to 20 years.

The report paints a picture – and not always a very pretty one either – of the very real challenges that food and drink manufacturers will have to address as we look to maintain the nation’s future food security against the combined effects of climate change, higher global demand for agricultural products and increasing pressure on finite resources.

And in any debate about the UK’s ongoing food security we should not lose sight of the fact that food manufacturing is a major customer of British agriculture – buying as much as two-thirds of what farmers produce. We are the key link in the food chain and it’s clear that we will play a vital role in any efforts to produce more food – and to produce more sustainably – in the UK.

We also know that our sector’s future sustainability is highly dependent on the skills of our people and their ability to innovate. Changing consumer demand, rapid changes in technology and new product development mean that to remain competitive, the sector must improve its productivity and performance. This is heavily reliant on the capability of its existing workforce and the ability to attract talent for the future.

With over a third of the workforce due to retire in the next 20 years we believe that support for promotion of the sector as a career of choice is a vital key to our future growth.

These are just some of the issues that we must get to grips with in the years ahead.

Professor Gregory will talk in more detail about the project in a moment and some of the other key learnings from the IfM's work.

But I don't need to remind any of you that some of the things – not least increasingly volatile ingredients prices – are not tomorrow's issues, they are already directly impacting our businesses today.

Agreeing how industry and the Government should work together to respond strategically to those sorts of challenges is rightly a priority for FDF...

...as is encouraging the Government to put our sector at the heart of its economic thinking as we seek to rebalance the UK economy.

IfM's new research clearly shows that there remains a strong appetite among all of us involved in food policy to keep working with Government to put in place a strategy for the future of the UK food production.

We have made some progress under the Food 2030 banner, but more must now be done to co-create a positive vision for the future based on strong evidence, consistent regulation and, ultimately, consumer engagement...

...all underpinned by proportionate and balanced policy making that reflects the key strategic role our sector will surely play in ensuring the nation's future food security.

We all appreciate that's easier said than done.

But as the UK's biggest manufacturing sector, we also want to see a fiscal framework that, among many other things, promotes resource efficiency, stimulates innovation and ensures, above all else, that the UK will attract the level of investment that will be needed if our sector is to continue thriving in the decades ahead.

When you look at all the challenges we face – from the health of the nation to the health of the planet – it's clear we can only respond effectively if we have a successful food manufacturing sector here in the UK.

A successful industry that is able to keep stepping up to the plate...

...and innovating so that we are able to produce more from less, building on the work FDF members are already doing under the auspices of our Five-fold Environmental Ambition...

...partnering with Government to improve the health of the nation through a shared social responsibility...

...or developing new technologies to help us mitigate the impact of climate change.

And I think this gets us right to the heart of today's debate.

In short, what does Government need to do to ensure that the UK remains an attractive place for future investment in food and drink manufacturing?

And how do we galvanise the industry to ensure it keeps responding innovatively to the many challenges that lie ahead?

Like my colleagues in FDF, I am positive about the future for food and drink manufacturing here in the UK. I remain convinced that our sector will successfully adapt to the many changes happening around it, benefiting society as a whole. And I am confident that we will be able to work with our colleagues across Government to bring these broad ambitions to life, in a way that genuinely values the UK's food and drink manufacturing industry.

That's my upbeat perspective – but I think it's time we heard an independent view about the future of our sector.

So please welcome Professor Mike Gregory from the Institute for Manufacturing at the University of Cambridge.

Thank you.

– Ends –