

Iain Ferguson, FDF President
2008 FDF President's Dinner – Thursday 1 May 2008
The Waldorf Hotel, London

I hope you have all enjoyed your dinner so far. I hope not to interrupt your enjoyment for too long but I do want to tell you about the FDF and what we have been doing since our last annual dinner.

I would like to begin by looking at some of the changes that took place this year. We embedded FDF's new structure around our three Steering Groups for Health and Wellbeing, Food Safety and Science, and Sustainability and Competitiveness. This has given us a more effective way to ensure that members are fully engaged in the organisation's agenda and its work. I would like to thank Fiona Dawson, Salman Amin and Jim Moseley for leading the work of these three Steering Groups. The new structure has also allowed us to harness better the considerable talents and efforts of FDF's staff.

During the year, FDF said goodbye to some long-serving members of staff, including John Wood, our highly respected Food Safety and Science Director and Company Secretary Bob Price, both of whom had served this organisation well over many decades. I want to publicly thank them for their efforts over the years, particularly John Wood who did so much to enhance the credibility of FDF by ensuring its work was always rooted in science.

However, we have also welcomed some new blood, Helen Munday has joined us as our new Director of Food Safety and Science and Charlotte Lawson will join FDF shortly as the new Director of Member Services, having spent 11 years with Food from Britain. They are both valuable additions to Catherine Street and will help Melanie and the entire FDF team deliver the best results for our members.

There have been other changes too – during the year we agreed to integrate the Biscuit, Cake, Chocolate and Confectionery Association and have welcomed new members as well as BCCCA staff into FDF as part of a new sector group.

Looking ahead in my second and final year of Presidency, I see three key themes affecting the industry: health and wellbeing, the environment and food inflation.

When it comes to the health of the nation, I don't need to remind you that FDF members have been working on a far-reaching health and wellbeing action plan since 2004. And, as a result, our industry is now widely recognised as leading the world in areas such as reformulation, labelling and workplace wellbeing.

On reformulation, it's worth remembering that a lot of work has been done (for example on salt levels) through a positive working relationship with our regulator, the Food Standards Agency, and this has set a model that others in Europe are now hoping to emulate. We now look forward to working constructively with the agency on its saturated fat and energy programme – which we all recognise will be a rather more difficult issue.

There are no easy solutions to the complex issue of obesity. That point was clearly made in the recent Foresight report, which painted a pretty grim picture of the future impact of growing obesity levels, associated health problems and rising costs to society of so-called lifestyle diseases.

Our track record as a good corporate citizen – and our close relationship with consumers through our brands – makes us acutely aware of the positive role we must play in the challenging issues we now face.

That's why FDF and its members are keen, as always, to play a positive role in helping the Government bring to life its *Healthy Weight, Healthy Lives* obesity strategy published earlier this year.

One of the key themes of the strategy is the recognition that if Government is to achieve its ambitions it must develop strong working partnerships with industry leaders. How best to make this a reality has been an important point of discussion in our ongoing meetings with health ministers and senior officials. We recognise it's not easy but we stand ready to be willing partners, and want to work constructively to deliver solutions that will make a positive difference for consumers.

Part of that is our responsibility to make it easier for consumers to opt for healthier choices by providing them with clearer on-pack information.

To date, more than 65 manufacturers, retailers and foodservice companies have adopted GDA nutritional labelling in a consistent way, on the front of something like 20,000 product lines here in the UK. On the back of the success here in the UK, the GDA approach is also

gaining acceptance among retailers and manufacturers right across Europe, and a GDA-style approach to nutrition labelling has been adopted by the European Commission within its proposed consumer information regulation.

Much is made in the media, and elsewhere, of the differences between our promotion of the GDA scheme and the Food Standards Agency's promotion of its traffic light scheme.

I think it's worth stressing again that we have never seen this as a battle.

We are now keen to see the FSA carry out truly independent research that will allow us all to determine which labelling formats and schemes are helping inform shoppers about the foods they are buying and that are helping them to change their behaviour. Alongside that the companies who have invested in front of pack labelling (of whatever variant) are building up their own understanding of the impact it has had on their customers. We are all learning – to ensure we continue to deliver the best results for consumers. And we shouldn't lose sight of the fact that just four years ago nobody was even talking about front of pack labelling. In many ways, our customers are already benefiting from this work. We can see changes in purchasing patterns and new innovation is focussed on healthier products.

So our industry has achieved a great deal. But let's be under no illusions. Whilst the work the industry is doing to reformulate its products to provide greater choice and introduce better nutritional information for consumers is important (and will make a real difference), we alone cannot provide the entire solution to the nation's concerns about diet and health.

Looking ahead to 2008, while the debate around health and wellbeing will continue, it is clear that food sustainability and environmental issues will be climbing up the agenda of the media and Government.

As the biggest manufacturing sector in the UK, we have a responsibility to provide leadership in these areas. And that's why last October, FDF launched its Five-Fold Environmental Ambition. Together we can make a real difference to the environment by focusing on five areas where our industry can have maximum impact:

CO2 emissions, landfill, packaging waste, water use and food transport miles. Our five aspirations are ambitious, but already many members have taken bold steps to start turning them into a reality.

In the wider world, strong demand from emerging markets, changing dietary patterns in China and India, new crop uses such as biofuels, and tumbling inventories have combined to cause the resurgence of food inflation. The World Bank estimates that global food prices have soared by 83% in the last three years.

So with agricultural products increasingly all things for all men – and consumer expectations of quality food at fair prices – the squeeze is on. 2007 saw food hit the headlines with tortilla riots in Mexico and pasta strikes in Italy, and more recently there has been rioting in Cameroon and Haiti. Governments, predictably, are keen that their consumers are cushioned from the impact and we have seen recent examples of tariff changes and price controls hastily implemented.

While 'blame' for rising prices is sometimes attached to increased demand for crops for industrial products - with some commentators questioning the ethics of corn-derived ethanol while hunger exists in the world – it must be remembered that demand for these products has been driven by concerns over fossil fuel use and also sustainability. The intent is good and the effect of these new uses is very much overstated. And it is through the pursuit of progress through science that we will find new, alternative crops or increase yields to meet future demand. It is worth remembering that the food share of wallet has declined from over 40% in 1950 to around 9% today here in the UK.

In the US recently, GMO corn varieties, with new higher yielding performance, helped farmers and agri-processors meet the entire 15% extra corn requirement for ethanol. In a sense this is nothing new. Historically farming has always embraced new technology to overcome supply issues. From the plough, to the tractor, to fertilizers, to agrochemicals - science has always prevailed to beat the 18th Century political economist Malthus and his well-known trap. But what is new, and rightly so, is that we now have to convince our customers of the value of technology before we have the freedom to apply it. Fundamental to any debate around the need to improve agricultural productivity is the sensitive issue of GM technology.

As a nation, we have to face up to the issue of genetic modification and as an industry we have to rise to the challenge of helping to foster a fair and scientific debate on an issue that has typically been clouded by suspicion and a lack of trust. I recognise that this is not easy and that we do not start with a clean sheet of paper. We need to work together through the supply chain – government, farmers, food processors and retailers – to overcome this challenge and, most of all, to give consumers a reason to trust us and open up the debate.

The current economic climate with rising food prices and concerns over food security and the long term availability of commodities may well give us the opportunity to start this process. It seems to me that we are at that moment in time where we have a duty to table these issues.

And there are signs that momentum is building. At the end of 2007 both the outgoing Government chief scientist (Professor Sir David King) and his successor (Professor John Beddington) called for ministers to reopen the case for GM crops and assess the environmental impact of new crops on their merits, case by case. And similar calls were made at this year's NFU Centenary conference.

Similarly there are signs of a shift in the media with notable articles in both the *Financial Times* and *Country Life*, with the latter condemning media campaigns which tapped in to 'the public's instinctive fear of developments it doesn't understand'. As natural resources deplete and we are faced with the prospect of rapid food inflation and in some countries civil unrest, perhaps it's time to move the debate on from simply talking about 'frankensteins foods' and tackle the real issues, and move from sound-bites to sound-science.

I believe that the FDF will play its part in this debate which must focus on the scientific evidence, as well as providing an honest assessment of the potential benefits for business and for individuals – whether they are in the developed or developing economies.

I am confident that our industry will rise to the challenges it will face in the year ahead. However, no part of the food chain can deliver significant change alone. It is only by collaborating, and by embracing science and innovation, that the food, farming and agri-processing sectors can deliver the best results for consumers as well as ensuring that we do so in a way that is truly sustainable.

FDF members can, I believe, have confidence that we are well placed to respond and that it will continue to play a leading role in articulating the views of food and drink manufacturers in the key debates affecting our industry.

I would like to take this opportunity to thank the FDF staff for all their good work. Let's raise a glass to the FDF team.

Thank you.