

## An industry we can all be proud of

*Jim Moseley, FDF President*

### Speech at the Food and Drink Federation President's dinner 17<sup>th</sup> May 2011

Secretary of state, my lords, ladies & gentlemen, welcome to the FDF President's dinner.

I'm delighted that so many of you could make it – friends from member companies, colleagues from government, regulators and the media all coming together to celebrate the last 12 months in food and drink manufacturing and to look forward to the year to come.

My speech this evening will focus on two subjects that are of overarching importance to our sector – first the contribution that our industry and its growth, can make to economic recovery.

The second deals with the factors affecting the very products that we make – the health of the nation, the security of our food supply and our environmental impact. Both subjects are inextricably linked as I hope to highlight this evening.

But given the subject matter I am delighted that we have such senior representation from two ministries that are absolutely vital to our success – from the Department of Environment Food and Rural Affairs we welcome the new Permanent Secretary Bronwyn Hill.

And from the Department for Business Innovation and Skills the Secretary of State and our guest speaker tonight, the Right Honourable Dr Vince Cable. Now with our choice of guest you may be thinking, are we prioritising growth over food? Well, not a bit of it. Both are equally as important, it's just that Vince said he'd be prepared to have a quick look at the status of the FDF pension scheme and frankly that swung it for us.

That said, I have obviously used this evening to try and get a bit of financial advice myself. I mean what do you today? ..buy or sell? ..save or spend? ..mortgage or rent? Who knows?

Well one person that should is Dr Cable, surely one of the sharpest financial brains in the country today. So I asked Vince, "with all this turmoil, have you been able to make money?" "I've made a small fortune" he said. How? "well I started with a large one!"

Well I'm pleased to say that FDF and its members have continued to weather the economic storm. We remain both the UK's largest manufacturing sector and the most resilient through recession. Many argue that our resilience is simply because .. "people still have to eat even in recession."

Well that's true but every manufacturer here would tell you that the impact of recession on our sector has been huge. Consumer habits and shopping lists have changed. In-store promotions and discounts are both deeper and more frequent. And as consumers see their disposable incomes squeezed, our input costs – ingredients, fuel and utilities have all risen dramatically. So I would argue that our resilience has more to do with the responsiveness, the agility and efficiency of our industry, its deep understanding of our consumers and therefore it's ability to remove non value added costs.

And despite recession we have witnessed the 6<sup>th</sup> year of consistent export growth, with sales crashing through the £10bn barrier this year.

Now FDF's overarching objective is to maximise industry's competitiveness, so headlines that use phrases such as success story, export boom and growth sector suggest that we are doing a pretty good job. But when one considers the vast number of issues on which we represent industry and you review the successes we have enjoyed in the last 12 months you begin to realise that our staff do a fantastic job.

The change of Government meant that we had to adapt to a change of approach to food policy. We continued to demonstrate leadership in the debate on sustainable production and our revised Five-Fold Ambition received Government support. We exceeded our carbon reduction target a year early with contingent savings in water and waste to landfill.

The industry has taken a leading role in public health both north and south of the border. In Scotland government is directly funding a post in SFDF to promote reformulation amongst SMEs in particular – a first in partnership building.

In England FDF campaigned to make the responsibility deal a workable proposition. Many members signed, pledging to further reduce salt, eliminate artificial trans fats and embark on out of home calorie labelling.

We also championed the consumer in other ways, arguing that an adjudicator was required to police the new groceries code which in turn would protect choice and availability on shelves. Secretary of State, this remains a priority for many of our small and medium sized members, we must see a referee to accompany the rule book as soon as possible.

Throughout the last year, FDF endeavoured to create the right environment for our members businesses to thrive. Representing members interests in Europe on the food information proposal, lobbying for a technical solution on the low level presence of gm, presenting arguments in support of innovation, shaping the debate on employment regulation, ensuring that food manufacturing has a voice in the discussions on cap reform.

Whatever the issue and whenever it arises, FDF is an organisation that will stand up for its members' interests and strive to ensure that our industry can continue to write such positive headlines.

None of this would be possible without those who give willingly of their time and I would like to thank all of our officeholders. The Chairmen of our steering groups, Fiona Dawson from Mars, Martin Douglas from Cargill, Kraft's Nick Bunker, Paul Grimwood from Nestle and ABF's now retired John Sutcliffe. Our Treasurer Paul Freeston of apetito and SME Forum Chair, Jonathan Bye of Vimto complete that line up.

The industry insight that the team brings partnered with the unparalleled knowledge of our professional staff allows FDF to make effective, compelling and credible arguments.

Many thanks to my predecessor, Ross Warburton. Ross, your vision for the industry and strong leadership of FDF has placed the organisation on a firm footing and I'm delighted that you're still very

much involved, only last week hosting a visit to your Wakefield site for the Shadow Defra Secretary, Mary Creagh. (I hear that this week she will be going to Hovis so she can have ‘the best of both’!)

On your tables you’ll find a copy of our annual review. If you can get past the front cover ...I know, apologies for that but nature plays some cruel tricks... but if you can you’ll find we have reflected on the coalition a year down the line.

Secretary of state I’m sure you won’t mind me saying that the government’s agenda appeared bold and at times hectic. There has been much to applaud –

A cabinet commitment to cut red tape, a clearer focus for UK Trade & Investment, a commitment to support the manufacturing advisory service, 50,000 additional apprenticeships.

These actions demonstrated that your government was not only pro-business but also listening to business.

Whilst these tactical interventions were welcome, demonstrating that this was a government keen on action, they often highlighted the need for a clear strategic agenda for food.

The first two items on that agenda are crystal clear. First, the implications of the Foresight report. And second, the Government’s desire to see a resurgence of UK manufacturing to aid the rebalancing of the economy.

Let’s start with Foresight. Their work left us in no doubt about the course of action that we need to pursue if we are to meet the twin challenges of food security and climate change.....we need to produce more, from less and with less impact ! .....it’s a tough challenge but one that we have already embarked upon. However to enable us to progress faster, the report also raised some points that will require Government support. So given our representation from Defra (and its shadow) this evening may I offer the following plea

First - the subsequent actions from the Foresight report must be joined up and simultaneous, we cannot afford for there to be a policy vacuum around food or that space will quickly transform into a marketplace for single issue policy making.

The second is the reference to exploring new technologies that could improve taste, increase productivity, prolong shelf-life and reduce waste and I encourage Government to look at these potential enablers proactively, using science rather than emotion as a basis for decision.

I mentioned in my introduction that the agendas of BIS and Defra are inextricably linked and here is an excellent example, increasing output is a pre-requisite of foresight, increasing output is a pre-requisite of BIS. However if our potential growth markets are embracing and utilising new technologies that we have rejected for whatever reason, then our ability to export and grow will be limited if not impossible.

**Let’s move to growth** – Secretary of State, when you set out your vision for growth you issued a clear challenge that it must be strong, sustainable, shared and balanced.

As an industry that touches the four corners of the country with a demonstrable track record of good corporate citizenship enjoying a robust demand for our products, rest assured UK food and drink passes those tests with flying colours.

We were delighted to see our sector highlighted in the Government's advanced manufacturing growth review in November. Let's be clear, your department and Defra and the Treasury have recognised that we must be part of a successful future for UK plc.

### **But are we sufficiently ambitious?**

Across the globe we know that there will be millions of new consumers for high value added food and drink products that we produce. At the same time we will face stiff competition from the emerging economies as they add value to their own products initially displacing imports and potentially becoming exporters in their own right.

We have to be at the forefront of new technologies, new products and new processes if we are to make the most of this opportunity.

We need to reduce the barriers that slow or inhibit our progress and we need to remove the distractions that have no added value for our consumers but deflect us from focussing on growth as our priority.

As I look around this room I see businesses that have built their reputations over decades of consistent high quality delivery, companies that have spent £millions on retaining loyal consumers and brands that have become part of everyday life. They will do the right thing when it comes to consumers.

Trust is already a central pillar of these businesses but we need it to form the solid foundation for a new partnership between industry and Government. A one-sided deal isn't a deal and there has to be a pay-off for business as well.

Secretary of State, I think you'll find that the companies of the food and drink industry make good partners – we're not ruthless, calculating or tribal!

And so, I want us, together, to develop a shared comprehensive growth strategy for food, stressing that we're not so naive as to think that this will be easy or that there are a few levers that we could magically pull. To do this we will need a much better understanding of how to maximise the growth potential of the UK food and drink industry – and indeed what the full scale of that potential might be. From there we will identify the opportunities for accelerating growth and articulate the policies required to help our competitive position.

Thereafter it's about implementation and working with you to realise that potential ...in the same way that we have worked with your colleagues to reduce the environmental impact of our production or to improve public health, our industry now requires government to work with us to maximise our impact on the economy.

I'm incredibly proud, as I know many of my colleagues here tonight will be, to work in the food and drink industry.

And it's easy to see why – we're proud everyday to provide consumers with a far greater range of more affordable, innovative, safe and healthy food products than anywhere else in the world. And it's not just our products but our processes too – our ability to manufacture products today that will be on the shelf tomorrow, all the measures we take with our factories, supply chain and packaging to reduce our impact on the environment and the way we support our local communities.

And I want to encourage our members not just to continue but to accelerate their proud record of delivery, whether it's economic, providing exciting career opportunities for the next generation of scientists or through the development and extension of our voluntary initiatives.

But I also want others to share the pride in our achievements. Embracing the positive aspects of processing and the innovation that we invest in. Admiring UK food and drink as a glowing example of manufacturing success. Believing that this industry can play its part in a rebalanced UK economy.

**Then we will really have an industry that we can all be proud of.**

Thank you.

It now gives me great pleasure to introduce this evening's guest speaker the right honourable Dr Vince Cable.

Educated at Cambridge, Dr Cable became an economic adviser to the government and subsequently the chief economist at shell. Interestingly at a time when we could all afford petrol..! Winning Twickenham for the liberal democrats in the 1997 election, he has since played a prominent role in the Liberal Democrat shadow cabinet. Deputy Party Leader from 2006 to 2010, he was then appointed secretary of state for business innovation and skills in the coalition.

Dr Cable rose to public prominence and popularity during the global financial crisis in 2007 although he had campaigned on the high level of personal debt since 2003. His views won him several parliamentary awards.

Never afraid to speak his mind; brave enough to take on the press. And win, as confident on the dance floor as he is on the floor of The House. Dr Vince Cable.