SPEECH GIVEN BY JULIAN HUNT, DIRECTOR OF COMMUNICATIONS AT HEALTHY FOODS EUROPEAN SUMMIT, 23 OCTOBER 2007

SLIDE ONE

Thank you…

And thank you for inviting me to join today's debate and put industry's side of the story on labelling – which I will do, as well as putting our work on this issue into the proper context. Labelling is, after all, only one of the ways in which industry is responding to society's concerns about the health of the nation.

Now, many of you will be aware that the UK Government published its far-reaching Foresight report on obesity last week.

As the report pointed out, the causes of obesity are complex, multi-factorial and have evolved over a number of generations.

I have put this slide together to capture some of the ways in I think society has changed out of all recognition in the past 50 years, and with it our relationship with food and our ability to lead a healthy lifestyle.

We are living longer, although it's not entirely clear whether quality of life is actually improving; there are more single person households; we work harder than ever and stay later at the office. Families are different too; the nuclear family is changing. We are more likely to have 2.4 cars than 2.4 kids.

Many consumers lack the time to cook, or don't have the skills, and have a complicated and often contradictory relationship with food.

We roughly consume the same calories as we did 50 years ago but expend far fewer in our daily activities. As Foresight notes, addressing – indeed reversing – this fundamental move towards a more sedentary lifestyle is going to be a key part of any solution to the obesity issue.

Society has moved from one where the problem was lack of food in the early post-war era, when we spent more than a third of our disposable income on food and drink, to one where food is readily available, with more choice and better quality than ever, and all of it costing us less in real terms than ever.

All of which presents many challenges – for policy makers as well as for industry.

Little wonder that the Foresight team warned that when it comes to tackling obesity there are no magic bullets that can be fired to solve this problem. All of us have a role to play if we are to reverse the worrying trends that have been identified.

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That said, I sometimes fear that because ours is a big industry we have become an easy target for criticism and too many people are happy to keep pointing a gun loaded with magic bullets in our direction rather than trying to deal with the huge issues underlying obesity.

In fact, as I will try to explain this morning, the UK food and drink industry is now leading the world in many aspects of the health and wellbeing debate.

SLIDE TWO

I should also remind us that this debate is not new for our industry. In fact, for some years now we have been locked in what investors have called the ‘corporate battle for health’ as food companies have responded to the many pressures outlined here and, in the process, have been identifying where the new opportunities lie in the fast-changing business landscape.

For instance: when the Deloitte management consultancy recently asked senior executives at leading UK food and beverage businesses what they thought were the major consumer trends currently affecting their companies, health came out as a clear number one.

So if health and wellbeing is important, what have we been doing?

To help answer that, I thought I would first start by explaining a little about how we work at FDF, which is the leading representative body for UK food and drink manufacturers.

Earlier this year, we restructured to ensure we were in the best position to respond to the challenges now shaping the world in which our members operate.

Our new structure gives FDF a sharper focus around three key priority areas:

Food Safety and Science;
Health and Wellbeing; and
Sustainability and Competitiveness

Strategic steering groups have been created to direct our work in each of these three priority areas. Each group is chaired by a CEO from a member company and provides the leadership necessary to ensure that we continue to deliver results for members. We have also created an SME Forum, to recognise the importance of small and medium sized businesses to the industry.

The Health and Wellbeing Steering Group is directing our work in areas such as front-of-pack nutrition labelling, reformulation, marketing and workplace wellbeing.

Our decision to put this emphasis on health and wellbeing reflects the fact that our industry is absolutely committed to playing a positive role in the debate about obesity, as well as other health and diet issues.

Our commitment is also longstanding: the work of our new Steering Group builds on the commitments we set out in our groundbreaking industry Food and Health Manifesto, which we launched way back in 2004.

As I have highlighted, labelling is one aspect of our work.

And in January of this year, after a great deal of market research, the biggest joint initiative ever undertaken by the UK food and drink industry was launched. This £4m campaign explains how consumers can use Guideline Daily Amount labels on the front of packs to assess the calories, sugars, fat, saturates and salt that are suggested for a balanced diet. By knowing what's inside the food they are buying, consumers can make better-informed decisions about what they are eating.

GDAs are not new – they have been appearing on the back of food packs for a decade, are based on sound science and the GDA values were drawn up by a group of experts drawn from a wide variety of stakeholders, not just industry. The Government and FSA's 6g a day salt target, for instance, is a Guideline Daily Amount.

To date, more than 50 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.

Research conducted by leading independent market researchers Millward Brown since the launch shows that 80 per cent of consumers are aware of GDA labels, 84 per cent think they are quick to read and easy to use and, significantly, 54% say they have already used the labels to make healthier choices.

On the back of the success here in the UK, the GDA approach is also gaining acceptance among retailers and manufacturers right across Europe, which is another really positive development.

By December of this year, GDA labels will be appearing in 25 out of the 27 EU member states. The same, consistent labelling will be appearing on more than 1,000 brands and 8,000 product lines – and this does not include the roll out plans of leading retailers including Aldi, Co-op Switzerland, Tesco, Delhaize, Edeka, Lidl, Metro, Monoprix and Rewe.

Back here in the UK, much has been made in the media, and elsewhere, of the differences between our support for the GDA scheme and the Food Standards Agency's promotion of its traffic light scheme.

We do not see this as a battle.

And I think the sometimes rather shrill criticism directed our way loses sight of one important fact: just four years ago, nobody was talking about front of pack labelling; today, all of us share a common goal of helping consumers better understand what constitutes a healthy, balanced diet.

But this is truly ground-breaking stuff in what is a very complex area. So there are understandably going to be differences in opinion as to the best approach to achieve our shared goal of improving the food literacy of consumers.

But to repeat. All of us share the same objective to improve the food literacy of consumers and all the schemes share much in common and we should not forget that GDAs feature prominently on the back of virtually every pack now in market.

With that in mind, we are pleased to be part of the Nutrition Strategy Steering Group which is a partnership between the FSA, the Department of Health, NGOs, industry and retailers that will set the framework in which we will evaluate the front-of-pack labelling schemes being used in the market, based on an approach that will determine which factors are positively driving consumer behaviour towards making healthier choices. Because in the end it is consumer behaviour, not attitude or personal preferences, which is the important factor here.

Interestingly, one benefit of the move towards GDA front-of pack labelling is that it is helping drive reformulation in the industry. We hear from our retail colleagues that they are setting new internal benchmarks, based on the GDA labelling, that is guiding all their product development work. And we know that the GDA scheme is focusing the minds of manufacturers on the nutritional content of their foods. After all, nobody wants to be on shelf with products with the highest calorie or salt contents.

And that I am confident that will help to continue fuelling one of the biggest and most important trends in the market – which is reformulation and the development of products with a better for you proposition.

Why do I say that? Well, a survey of our leading members suggests that since 2004 an impressive £15bn worth of their products have been reformulated to have lower levels of salt, fat or sugar compared. In addition, a further £11.5 billion worth of products have been launched in lower salt, fat or sugar variants.

Our research is backed up independent data from the Mintel consultancy which shows how many products have been launched since 2003 on a health proposition such as lower in fat, salt or sugar.

In fact, since 2003, Mintel says more than 5,200 products have been launched on such a proposition, which is almost a quarter of all products launched in the grocery market in that time.

Add in the fact that Mintel says 3,000 products have been developed to be free of artificial additives or colourings, driving forwards the growing consumer demand for 'natural' food products, and you get a sense of how huge this particular trend is in the market.

There are other significant developments underway, such as the phenomenal recent growth in functional foods, like cholesterol-reducing products, which have come from nowhere to be worth anything up to £1.7bn a year. Another sign of industry innovating to meet a real consumer need.

Or how about the work that industry has been doing on the trans fats issue – which is never too far away from a sensational newspaper headline? Here too, retailers and manufacturers have been taking out partially hydrogenated vegetable oils – and in a way that does not increase the overall saturated fat levels in foods.

Reformulation is also happening right across Europe.

It is also happening across Europe. When our sister organisation in Brussels, the CIAA, surveyed its eleven biggest members last year, it found that they had put 4,000 product reformulations or innovations on the market in the past three years, representing 40% of all products they sold to Europeans.

All of which is really important when you remember that consumer demand is arguably the most powerful force for change in our industry.

When coupled with industry’s desire to respond to society’s concerns about the health of the nation, it has created a key competitive driver for our members, as they respond to some dramatic changes in the shape and structure of entire food categories either through reformulation or npd.

And there is plenty of emerging evidence that consumers are listening to the debate about food and health, are embracing the new choices on the market and are changing their purchasing habits.

The evidence is to be found, for instance, in the comments made in the annual top product surveys published by leading trade magazine’s the Grocer and Checkout, which both found that reformulated products or those with a healthier product proposition were out-performing the market.

Within those reports you will find plenty of examples of the changes underway in the market.

Here’s just one example.

This data from The Grocer’s annual top products survey shows one of the really big new trends within the soft drinks sector: the rapid growth of juice drinks and smoothies. And don’t forget carbonates were actually down the year before, so sales have been fairly static in the past couple of years, with any growth driven primarily by low calorie or sugar-free variants.

It’s also important to stress that a lot the reformulation work now underway is not being in isolation. Here in the UK, we also recognise the importance of building strong and constructive working relationships with key partners if we are to generate positive health outcomes. Take those that have come in the area of salt reduction which are the direct result of the successful partnerships forged between industry, the FSA and others.

The success of this partnership has been widely acknowledged and the UK’s work on salt reduction is now being held up as an example of best practice by the European Commission, which is keen to see similar approaches being adopted elsewhere in Europe.

Which is very important in the context of the European Commission’s new strategy for dealing with the health issues caused by poor nutrition and lifestyles.

The Commission’s strategy paper was extremely pragmatic and we supported the approach taken. It talked about the importance of encouraging physical activity, as well as the positive role to be played by industry working in partnership with others to find solutions to tackle the complex issues at the heart of the obesity debate. It also talked about the need for citizens to take more responsibility for their lifestyles – and those of their children – and about the importance of having well-informed consumers who are better placed to make rational decisions.

In launching the strategy, EU Health Commissioner Markos Kyprianou noted that the rise of obesity across the Continent makes improving the diets and physical activity levels of Europeans a top public health priority. He also challenged industry on a number of fronts.

But as I have hopefully highlighted today, the industry here in the UK is leading the world when it comes to reformulation, extending consumer choice with better for you variants and healthier alternatives, developing new categories to meet consumer needs, and improving the nutrition information we carry on our packs.

Yet, we should not lose sight of the fact that while all this work is important, and will make a genuine difference, they cannot provide the entire solution to the nation’s obesity problem.

But as a responsible industry we are taking action and we want to be right at the heart of developing new ideas for tackling what remains a complex, yet hugely important issue for us all.

Thank you.