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**2007 PRESIDENT'S DINNER SPEECH - 12 APRIL 2007
OPERATING IN A WORLD OF CHANGE**

[Introduction]

My Lords, Ladies and Gentlemen, members of the Food and Drink Federation, Partner Organizations and our Guests – it is my great pleasure to welcome you here tonight. In particular there are two guests I'd like to extend a special welcome to:

- firstly, Malcolm Earnshaw who retires tomorrow as Director General of ISBA [*Incorporated Society of British Advertisers*]. Having served the Mars family of businesses with distinction for over 33 years, Malcolm was appointed as Director General of ISBA in July 2000. Since that time he has effectively been the voice of the British advertising industry bringing a deep understanding of business to this important role at just the right time. We in the FDF are particularly grateful to him for his understanding of our issues, and his thoughtful and forthright involvement in defending our right to advertise.
- Secondly, I'd like to welcome Sir Christopher Meyer KCMG as our guest speaker. Sir Christopher has had a distinguished career in the diplomatic service culminating in his appointment as British Ambassador to the United States, the UK's top diplomatic appointment, from 1997 until early 2003. In that role it was Sir Christopher who first introduced Tony Blair to George W Bush following which relations between Britain and the United States have rarely been closer. His time in Washington also covered the September 11th attacks and the Monica Lewinsky scandal. His memoirs published in November 2005 entitled "DC Confidential" made headlines on both sides of the Atlantic and are essential reading for all political aficionados. Since retiring from the diplomatic service in 2003, Sir Christopher has served with distinction as the Chairman of the Press Complaints Commission.

Sir Christopher will speak following our dinner, after which he will present the Community Partnership Awards.

Sir Christopher, we are delighted that you are joining us this evening.

[General overview]

As the son of a Scottish farmer and having worked my entire career for either Unilever or Tate & Lyle, I have been involved in the food and beverage industry all my life. I have also served on the Food and Drink Federation's Executive Committee for over 15 years. And so it is with some personal experience that I can say that the UK food and beverage industry is currently facing a period of unprecedented change. Whether it is our concerns about the health of the nation, or our growing concerns about the health of the planet, industry and society as a whole are faced by many challenges.

The public is rightly concerned about how best it can address the diet, health and lifestyle issues that confront them today, and this has led to increasing pressure on our industry from the Government, regulators, and other bodies. But our industry takes our responsibilities very seriously and we can be proud of the positive actions we are taking to meet these challenges, whilst at the same time continuing to provide consumers with safer, cheaper and more nutritious food than ever before.

It is important that we recognise these achievements and do not allow them to be lost in the face of hostile media coverage.

While it will not be possible for me to address all the challenges facing our industry this evening, I hope to touch on a few of them...and in particular the key issues of obesity, nutritional labelling and sustainability. But first, I would like to talk briefly about recent developments within the FDF.

[FDF Restructure]

As many of you here today know, at the beginning of this year we restructured the FDF to ensure we are in the best position to respond to the challenges now shaping the world in which we operate. The new structure gives FDF a sharper focus around three key priority areas for our industry:

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

The vast majority of the work in developing this new structure was undertaken by my predecessor, Gavin Neath, and I would like to take this opportunity to thank him for his personal commitment and efforts in driving this project forward.

Strategic steering groups have also been created to direct FDF's work in each of these three priority areas and importantly to provide member leadership in the consultative and strategic process. Each of these groups is chaired by a new FDF vice president:

- Salman Amin of PepsiCo UK, who chairs Health and Wellbeing;
- Jim Moseley of General Mills, who chairs Food Safety and Science; and
- Fiona Dawson of Masterfoods, who chairs Sustainability and Competitiveness.

FDF has also created a new SME Forum, led by FDF Deputy President Paul Freeston of Apetito, recognising the importance of small and medium sized businesses to the industry.

Finally, the senior leadership team is completed by Ross Warburton who remains as Treasurer, overseeing FDF's key Finance Committee.

In the short time that this new structure has been in place, real progress has been made in a number of important areas and I would like to thank each member of the senior leadership team for giving their time and energy to the FDF.

These changes build on the FDF's core strengths of technical expertise and a deep understanding of the industry. Our aim is to be the authoritative voice of the industry and I believe this new structure will ensure that the FDF is even more focused on delivering results in the areas that have the biggest impact on our members' businesses.

And of course our industry relies on its people – we employ around 500,000 people around the country. So as an industry we have to invest in this valuable resource to remain competitive and effective. We estimate that our 20 biggest members are now providing around 3 million training hours each year at a cost of around £8 million.

I am delighted that Paul Wilkinson, Chairman of Improve, is with us tonight. As our sector skills council Improve has come a long way in its first two and a half years under his leadership – completing the first stages of the Sector Skills Agreement and a range of structural frameworks and standards for the sector. Being one of the first sector skills council's to secure government funding for a National Skills Academy is an achievement of

which Improve can be particularly proud and I know that an enormous amount of hard work is going on to turn the Academy into a major new resource for the sector. Going forward, the FDF will continue to work with Improve on the skills agenda and will also continue to encourage individual member companies to form closer links with Improve in the way which best meets their own needs and opportunities.

[Food Safety]

You will notice that the restructuring of FDF keeps food safety at the heart of our work. It is the industry's number one priority. Over the past year, we have worked closely with the Food Standards Agency and other stakeholders to develop guidelines for handling food incidents; and appreciated the opportunity to participate in the FSA's Horizon Scanning Workshop earlier this year. It's not often that you say 'thank you' to your Regulator but we really do appreciate the work that Dame Deidre Hutton and her team are undertaking in this important area. We sincerely hope that through our collective efforts all parties can benefit from the lessons learned in managing the series of incidents [*Sudan, Para Red, LLRice601*] that have affected the international food supply chain over the last couple of years. It is vital that all affected by such incidents work closely and constructively together to minimise the impact on public health and consumer confidence in the safety of the food they eat.

[Obesity]

FDF's emphasis on health and wellbeing reflects the fact that our industry is absolutely committed to playing a positive role in the debate about obesity, and other food and health issues, working with key parts of society including the family, community, schools and Government.

We are also very much committed to being a part of the solution. In fact, it is sometimes forgotten – or simply not recognised – that food and drink companies have made sweeping changes in the past few years in response to the concerns about rising obesity levels.

Indeed, the entire direction of the industry has seen a fundamental shift. A whole new sector for functional foods, or foods with added health benefits, has sprung up almost out of nowhere over the past five or so years, to become the mainstream movement that it is today.

Whilst there is much more we can do in the future, the industry deserves credit for what it has achieved so far, particularly in light of the fact that UK manufacturers are leading the world when it comes to the reformulation of products, the extension of consumer choice and the introduction of significantly improved nutrition labelling.

FDF's most recent survey shows that manufacturers have reformulated an impressive £11billion worth of products to have lower levels of salt, fat or sugar compared to the year before. A further £11billion worth of products have been launched with lower salt, fat or sugar variants. This work continues – and we were pleased to see that our progress in this particular area was acknowledged in the FSA's draft programme on saturated fat and energy intake. We very much welcome the challenge of working with the FSA and other food industry partners and stakeholders in trimming saturated fat intakes and helping consumers to achieve and maintain energy balance. I believe the industry's commitment, both here and at an EU level, to Guideline Daily Amount labelling will provide a sound platform for this further activity.

I am also encouraged by the increasing acceptance that obesity is a complex, multi-factorial issue and particularly that a person's energy input as well their energy output need to be considered holistically. The bare facts are that nowadays we expend far fewer calories in our daily activities than we used to and addressing – and reversing – this fundamental move towards a more inactive lifestyle is a key part of the solution. The work the industry is doing to reformulate its products to provide greater choice and better nutritional information for consumers and to promote programmes which encourage a more active lifestyle are I believe having a real benefit. But they cannot provide the entire solution to the nation's obesity problem.

[Nutritional labeling]

On the subject of nutritional labeling in January 2007 the biggest joint initiative ever undertaken by the UK food and drink industry was launched. This £4m campaign explains how people 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.

To date, more than 25 food and drink companies and six major retailers are using GDA nutritional labelling on the front of something like 15,000 product lines, amounting to almost 50% of UK retail food and drink packs. This is something the industry can rightly be proud of.

Much has been 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. Let me make this clear – we do not see this as a battle.

FDF is committed to building strong and constructive working relationships with the FSA, as it is with Defra, the Department of Health and the Department for Education and Skills.

We must not forget that all of us share a common goal – to help consumers better understand what constitutes a healthy, balanced diet and lifestyle – but there are differences in opinion as to the best approach to achieve that goal. This is not surprising given the complexity of the issues we face and if we didn't disagree on some things probably one side or the other would not be doing their job properly. Indeed I would not be surprised if both labelling approaches work in the sense of helping consumers to improve the balance of their diet – after all no single advertising campaign works for all consumers.

The FDF fully appreciates being part of the Nutrition Strategy Steering Group and working in partnership with the FSA, the Department of Health and NGOs to evaluate the front of pack labelling schemes being used in the market. We are encouraged by the assurance from the Steering Group that robust and science-based evidence will be used to determine which factors are positively driving consumer behaviour towards making healthier choices. In the end it is consumer behaviour, not attitude or personal preferences, which is the important factor here.

[Sustainability]

Changes in behaviour are also critical to another issue which is now moving to the forefront of the social and political agenda – sustainability and climate change.

FDF has long been a champion of sustainability. Indeed, we developed a sustainability strategy for the food and drink manufacturing sector in 2002 – which Defra subsequently built on and extended to all sectors beyond the farmgate.

Take climate change, the biggest sustainability challenge facing our planet. In response, the food and drink manufacturing sector has reduced its carbon dioxide emissions by 15.2% between 1990 and 2005 and is continuing to do more under a voluntary Climate Change Agreement with Government. Members are also proactively working to minimise packaging, reduce waste and increase recycling rates. During the year ahead, FDF will be working with members to re-evaluate the sector's sustainability, with the aim of improving further our

economic, environmental and social performance. It is also important that we establish milestones against which our progress can be measured.

As renewable fuels become increasingly popular, setting the price of carbon, and the fuel versus food debate will be key issues for the industry. The FDF supports the role that renewable energy from agricultural sources can play in tackling climate change and fuel security. However, ready accessibility to agricultural raw materials is essential for UK food and drink manufacturers – as purchasers of over two-thirds of domestic agricultural output – to meet consumer demands for food. As such, it is also a priority to ensure that EU and national policies formulated to increase renewable energy are managed in a way which avoids distorting the availability of agricultural raw materials for food and animal feed. I was pleased to see that FDF's lobbying alongside others paid off when the conclusions of the European Summit last month reflected our concerns.

We need to take such lobbying successes into areas like the Carbon Trust's proposals on carbon footprints. FDF welcomed the Trust taking the lead in this important debate when its proposals were launched. Not least because achieving a single methodology for measuring carbon for industry as a whole is essential. Consultation and pilot of the Trust's proposals is an important first step to that end. But let's not fool ourselves – this is a complex issue. Therefore to be effective the methodology must be practicable, based upon sound science and easily understood by consumers. In addition, we must learn lessons from the nutrition and health labeling debate. If carbon labeling is to be widespread – and the position will not be clear until the Carbon Trust's consultation has run its course – our sector must be closely involved in its development from the outset. It is far better to shape the debate early and from the inside rather than reacting later from the outside when the policy has already been firmed up. It is therefore pleasing to see that some FDF members are already involved in the Trust's work. The FDF, for its part, will work closely with the Trust during the trial to contribute to its thinking

[Conclusion]

In conclusion then, the industry should be proud of what it has achieved over the past 30 years – and I have no doubt whatsoever that the next 30 years will see even more positive achievements. The industry has made great strides in areas such as product reformulation, food safety, which remains the bedrock of all our businesses, and the reduction of our environmental impact. As yet there is so much more we can and will do.

I would like to take this opportunity to thank all our member companies as well as Melanie Leech and her dedicated team at the FDF for their hard work, commitment and professionalism over the past year.

Looking forward, it is important that our industry:

- is involved and is seen to be having a positive role to play in addressing some of the key issues facing society such as rising levels of obesity and climate change;
- that we get credit for what we have done, for example for the very significant way in which we are reformulating our foods to help tackle health challenges and to meet consumer demand;
- and that we ensure we remain at the forefront of the key debates going forward.

The industry is facing more challenges now than ever before but I am confident that FDF has the right structure, expertise and people to meet those challenges head-on for the benefit of our members, consumers and society as a whole.

Thank you.