

Society of Food Hygiene and Technology 2007- Annual Lecture
Iain Ferguson, FDF President and Chief Executive of Tate & Lyle
Operating in a World of Change

Good morning ladies and gentlemen. It is an honour to have been asked to present the Society of Food Hygiene & Technology's 28th annual lecture. But before I begin I would like to thank the Chairman of SOFHT Jonathon Bayne, and Su Werran, SOFHT's Operations Director - who has co-ordinated all the arrangements for today's event.

I would also like to thank the chefs and kitchen staff here at *The Royal Garden Hotel*. Cooking for a room full of food technicians and food industry experts must be a bit daunting. However you will be pleased to know that following the publication of the Foresight Report, the organisers have scaled back the five courses to soup only - since they know many of you arrived by taxi rather than on foot!

At the heart of the Society of Food Hygiene and Technology is a down-to-earth philosophy which promotes knowledge-sharing throughout the entire food chain and the advancement of the industry as a whole.

SOFHT was founded in 1979 in what was, some might say, a more innocent age for the food industry. It began life supported by *Marks & Spencer's* as the first organisation of its kind not to require its members to have catering qualifications or a food-related degree - on the premise that those with no directly relevant qualifications were the most likely to need information and help!

The subject of my lecture today is “Operating in a World of Change”. And it is through organizations like SOFHT that the food industry can stand up and face the challenge of change together.

FOOD AND SOCIAL CHANGE

Food and social change have always gone hand in hand. Some might say social advancements made foragers into farmers and farmers into food processors!

In some respects I represent that evolution. As the son of a Scottish farmer I began my career in the food industry at the age of 10 – selling eggs, turnips and potatoes at the farm gate. I was on commission from my father, so it was an early introduction to the value of a cash sale! I eventually left the farm to start a long career in the food industry, having worked my entire career for Unilever and Tate & Lyle.

Let’s start at the farm. The urbanization of the UK economy and the sustained population growth that’s characterized modern Britain would not have been possible without the agricultural revolution in the 1750s. The development of new machinery and new farming methods meant that for the first time in history the UK farming industry could feed a population higher than 7.5 million – the population having always fallen after reaching this peak in the past.

As a direct result of better farming methods, the UK population level broke through this glass ceiling and the world’s population quickly went from millions to billions. And we’ve never looked back since...

Since then farmers, processors and retailers have been in a race to keep up with the need to feed more mouths, faster, better and cheaper than ever before. And today, food and drink manufacturing is the UK's largest manufacturing sector and a key customer for the nation's agricultural sector - buying three-quarters of what is produced.

Another driver of change throughout time has been conflict and exploration. It's fair to say that conflict gave us "convenience food". Smoking meat and fish, preservatives, canning (which started life as heat-treated food in sealed champagne bottles for Napoleon's army), freeze-drying, re-hydrated food and even free school dinners all have their roots in the upheaval of war or exploration.

But the enthusiastic adoption of convenience food by "civilians" has been driven by the changing role of the family and specifically women at work; a change itself linked to industrialisation and conflict. Reflecting this changing dynamic, the average cooking time for a meal in the UK has fallen to just over 10 minutes. The average time to sit down for dinner in the evening is now 7.47pm and only 36 per cent of us eat at the table. And reflecting shrinking household size - we are now more likely to have 2.4 cars than 2.4 children.

In the 1930s a wag once said, "The most remarkable thing about my mother is that for thirty years she served the family nothing but leftovers. The original meal has never been found." Just 70 years on, evening meals are more likely to be eaten on the move and be a single serve portion.

So, with this rapid change in domestic life, the need for healthy convenience and quick nutrition has become increasingly important. As food-processors replace home-makers in assembling meals for the

nation, people look to the food industry to fulfil an ever wider role; and with that shift comes greater responsibility to provide quality and choice for consumers.

Our 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 and less in real terms.

Rising commodity prices (caused by increased demand from emerging markets, crop failures due to extreme weather conditions and, in the case of cereals, competing products like bio-fuels) are putting pressure on the average British grocery bill. Just this week the *Daily Telegraph* reported Office of National Statistics data that suggested UK food prices are increasing at their highest rate for more than decade. Increased wheat, dairy, meat and vegetable prices mean on average food factories are paying 6% more for their raw ingredients than a year ago and these increases could potentially add £1000 to the annual UK family grocery bill.

But in the context of the last 40 years' steep downturn these pressures are perhaps not surprising. And it is little wonder obesity is not an issue just for the rich any more. One commentator suggests that at the start of 21st Century we now have the perfect diet for the physical demands of life in the early 1900s. All of which presents many challenges – for policy makers as well as for industry.

While in the past, urbanisation's human impact has been largely felt at home, global industrialisation means that we are now more aware of the wider impact of our actions. As the environmental cost of industrialisation

and unchecked consumption of fossil fuels is now better understood, this too has made its effects felt on the food industry - highlighting the need for all of us to be more cognisant of our environmental footprint and sustainability. Indeed, the legacy of these factors means that the UK food and beverage industry today is currently facing a period of unprecedented change.

The role of the food industry in society has changed significantly over the last 60 years. It is now a given that the industry can sustain a large, urbanite population, with easily accessible, good quality, nutritious food. It is assumed that food hygiene, product safety and provenance are to the highest standard – any breakdown in this is high-profile and damaging. As you know in this game, success is silence!

But what has changed in the last five to ten years is a desire to do all of this with minimal impact on the environment and a shift in the perceived responsibility for nutrition and health. These pressures combined with an active media ensure that debate is lively, far-reaching and fast-paced!

The establishment of the *Food Standards Agency* in 2000 in some respects was a turning point and it has proved, I believe, to be a positive development for the UK food industry. Effectively founded after the BSE crisis in the late 1990s, the FSA de-links production and regulation and reflects a changing attitude in government to the food industry. And as we would all agree, the need for science and evidence based decisions and clear unemotional communications is paramount.

What is clear today is that our industry takes its responsibilities very seriously. Just under 30 years ago we were adding sell-by dates to

products for the first time – just think how far we have come since then. We can be proud of the positive actions we are taking to meet modern challenges, whilst at the same time continuing to provide consumers with safer, cheaper and more nutritious food than ever before.

While it will not be possible for me to address all the challenges facing our industry today, I hope to touch on a few of them - and in particular the key issues of food safety and science, health and well-being and competitiveness and sustainability. As many of you will know we have recently re-structured the *Food & Drink Federation* around these three core issues, creating strategic steering groups headed by leaders from member companies.

FOOD SAFETY AND SCIENCE

I'll begin with food safety and science, which is at the heart of our work. It is, after all, the industry's number one priority.

We work closely and constructively with our regulator, the FSA, to ensure a proportionate, risk-based response to any incidents that may crop up in the food chain – and there have been a number this year, including avian flu (with a new outbreak making headlines this week), foot and mouth disease, guar gum, melamine, red 2G and smoke flavourings. We share the same priority: minimising the impact of such incidents on public health and thus maintaining consumer confidence in the safety of the food they eat.

Through the year, we have also worked with the FSA in developing guidelines for preventing and responding to food incidents; we participated in the independent review of the Sudan 1 incident; and we have also participated in the FSA's Food Fraud Taskforce.

Arguably our biggest headaches in this area come when the science underpinning the decision-making process is overlooked or ignored.

Take the recent debate about additives and colourings – sparked by the publication of Southampton University study commissioned by the FSA. Now, the FSA’s initial response to the results of the study was pretty sound – it reminded consumers that this was not a health or safety issue, and that while the study did not provide conclusive proof or evidence of a direct link between these colours and hyperactivity,

But as you know, this study has resulted in widespread calls for extra labelling, ‘negative lists’ and a UK ban on the particular azo colours used in the study. The FSA has found itself under attack for attempting to take a decision based on what the science actually told us – rather than what others wanted it to say. And its response to that pressure has been interesting to observe.

The future use of these particular colours will, of course, now be decided in Europe. They will be considered by the European Food Safety Authority as part of its ongoing review of food additives – and we await their advice which is due to be sent at the end of January to the European Commission for a final decision.

But in responding to the furore that followed publication of the Southampton Study, one of the biggest challenges for industry has been to keep reminding policy makers, NGOs and the media that retailers and manufacturers have been working on this issue for many years – responding to consumer demands for so-called ‘naturalness’ in products.

In the case of FDF, it's clear from conversations with our leading members that most have either stopped using these particular colours, are towards the end of major reformulation projects, or have just a handful of products in their portfolios that have yet to be changed (usually for genuine technical reasons).

The way in which the study has been received by the media and some NGOs demonstrates just how important it is for the food industry to keep championing sound science and evidence-based decision making.

By doing so we may be able to dissuade other parties from emotionally responding to data extrapolated from small samples. As an industry, it is vital that we continue to keep driving research, rather than being buffeted by it, so that the tail does not keep wagging the dog, if you like.

Not easy, I know. And I am not suggesting that I have any simple answers as to how we do prevent the tail from wagging.

Take the issue of trans fats as another example of what can, and sadly all too often does, happen.

This has become something of a cause celebre for the media in recent years – with plenty of sensational headlines about the 'killer fats in our foods'.

The reality, as always, is very different. The evidence suggests that trans fats (both manufactured and those that occur naturally) account for just over one per cent of the energy intake of most consumers – which is half the safe limit. The really challenging public health issue here in the UK is

not, in fact trans fats, but our high levels of consumption of saturated fat. Anyway, retailers and manufacturers have been working hard on this issue for a number of years, and our members have committed to taking out trans fats in a way that does not increase the saturated fat levels in foods. That's an important point, often overlooked.

Despite these facts, we recently saw health secretary Alan Johnson call, out of the blue, for the FSA to explore whether there was sufficient evidence to introduce a ban on trans fats in the UK, apparently (if you believe the way some newspapers covered the story) as a way of tackling obesity.

The FSA has started gathering the evidence around trans fats and we look towards its board meeting in December where we can, hopefully, expect a sensible, science-based response to be made.

But this distraction has delayed FSA's far-reaching work on its saturated fat and energy programme – which is regrettable, I feel.

The way in which science is presented in the media is a whole lecture topic in itself – but there is no doubt that it does cause us problems, not least because I fear that many consumers are now desensitized by the sensational coverage of food-related stories in recent years.

One small example will, I think, make my point. The recent study by the World Cancer Research Fund attempted to identify the links between diet, exercise, weight and cancer. One of the key messages for me was that the secret of a long and healthy life is eating a balanced diet and taking a sensible amount of exercise.

But that point was lost in the resulting media storm that suggested the report's authors were calling for a ban on bacon – resulting in a number of Save our Bacon campaigns in newspapers. As always, British consumers have voted with their wallets – and I read last weekend that retailers enjoyed bumper sales of bacon and other meats.

HEALTH AND WELLBEING

And that leads me neatly into the second key driver of change, which is the issue of “health and wellbeing”. The recent Foresight report concludes that the UK population is not greedier or biologically different to previous generations but that we have become “passively obese” due to major changes in society. The statistics are alarming. If current obesity patterns continue, by 2050 60 per cent of men, 50 per cent of women, and 20 per cent of children will be obese.

The study states: “Obesity is a result of technological progress that exceeds the pace of human evolution and changes in food availability”. The inevitable result of that theorem is actual acceptance that the food industry cannot provide the entire solution to the nation's obesity problem. We cannot escape the fundamental tyranny of the energy in/energy out equation.

Indeed the study itself recognises that there is no single solution to tackle obesity. Tackling obesity, the study acknowledges, is like tackling climate change – it is complex and will require cross-cutting changes to our society.

So we all have a responsibility at a government, industry, community and individual level to addressing this problem. And the food industry should

be proud of what we have achieved so far. We have long been committed to playing a positive role in improving the health of the nation.

Many of us here today have worked directly with key parts of society including the family, community, schools, Government and organisations like the *British Nutrition Foundation* to develop and help promote positive messages about healthy lifestyles.

In fact, many of us are already doing this through workplace wellbeing schemes and individual brand marketing activities. Danone supplies free daily water, yoghurt, fruit and onsite massages; Heinz UK has the fantastically named “Absolutely flab-u-less” 12 week weight management programme; Tate & Lyle has an active occupational health programme including an award winning backcare initiative; and more than half of Cadbury Schweppes 4,000 employees have taken part in “Fit for Life” – including 1,500 in classes, workshops and therapies ranging from reflexology, smoking cessation, Pilates and salsa. And there are many more examples just like these.

As the largest manufacturing sector in the country, directly employing half a million people, FDF pledges to develop workplace schemes that promote healthy diets and healthy lifestyles has a potential to make a huge impact on the health of the nation.

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. Our industry is now widely recognized as leading the world when it comes to

reformulating products; extending consumer choice; and introducing improved nutrition labelling – particularly on the front-of-pack.

A new survey of FDF members confirms that the recipes used for at least £15bn worth of foods have less fat, sugar and salt, compared with 2004. In addition, a further £11.5bn worth of products have been launched as 'lower in' versions.

In fact, since 2003, Mintel data shows that more than 5,200 products have been launched on a lower in fat, salt or sugar proposition. This is almost a quarter of all products launched in the grocery market in that time.

Add in the 3,000 products developed to be free of artificial additives or colourings, and you get a sense of how huge this trend is in the market. And it's far more advanced than most other countries.

And on labelling – the industry's GDA scheme is now being used by 53 retailers, manufacturers and foodservice operators on something like 20,000 lines. It is also being adopted across Europe – with the German government recently backing a GDA approach for nutrition labelling. GDA labels will be in all 27 member states by the end of the year. And I see from reports in a number of informed trade journals over the weekend that the European Commission is also proposing GDA labels as a sensible way of informing consumers about the nutrition content of the foods they are buying.

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, is I believe, having a real benefit. But there is no silver bullet that can be

fired at the complex issue of obesity. In the end it is consumer behaviour and personal choice which is the important factor here. An unfair observation, I know, just before lunch arrives!

COMPETITIVENESS AND SUSTAINABILITY

My third and final driver of change is the issue of sustainability. As I have mentioned, commodities are under pressure. Demand patterns have shifted, some speculate irrevocably, due to explosive growth of emerging economies like India and China. Biofuels are an additional transforming dynamic - creating a convergence between energy and food markets.

And these shifts are happening at a time when consumer interest in environmental issues has never been higher. Companies that consumers know and trust are increasingly expected to act in a sustainable way. In 1990 the UK first regulated how calorie content was listed on foods, just 17 years later we are seeing carbon listed front of pack. It's a remarkable shift in thinking.

Three weeks ago the Food and Drink Federation launched its Environmental Manifesto. FDF's ambition is bold. We want to 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.

Climate change is arguably the biggest single challenge facing mankind and the planet. FDF aspires to a 30% reduction in CO₂ emissions by 2020 compared to 1990. This would result in savings of just over 1½ million tonnes of CO₂ per year, the equivalent of taking about 350,000 cars off the road each year.

My company, Tate & Lyle, is already in the process of constructing a new biomass boiler at its UK cane sugar refinery in London, which is due to be completed by March 2009. We firmly believe that good environmental practice is good business. The biomass boiler, which will use agricultural by-products like wheat husk, will significantly reduce energy costs at the refinery as well as reducing fossil fuel usage by 70% and carbon emissions by 30%. And interestingly because we are a net exporter to the National Grid – households can be supplied “green” energy via Tate & Lyle. We are also looking at ways of recycling the ash potentially for fertilizer or for use in the construction of building blocks, rather than going to landfill.

And speaking of landfill, while greenhouse gas emissions primarily arise from the burning of fossil fuels, upon which we depend for generating energy and raising steam. They also arise from the disposal of food waste to landfill, which can give rise to methane emissions which are 21 times more potent than carbon dioxide. As part of its five-part ambition, FDF aspires to end, from 2015, its members’ contribution to the 3 million tonnes of factory food and packaging waste which the sector as a whole sends to landfill every year.

The *Daily Mail* recently reported that families spend, on average, £16 a week on unnecessary food packaging. And of course the environmental cost of landfill is much higher. As a separate pledge, FDF aims to achieve an absolute reduction in the amount of packaging waste reaching households by 2010 compared to 2005. We also aim to raise consumer awareness about best practice for used packaging.

Water is perhaps the world's most precious and undervalued commodity. Just last month, the chief executive of the Chicago Mercantile Exchange told the *Times* newspaper that the concept of a global futures market in water "would not surprise" him. A stark message indeed. If achieved, FDF's pledge to reduce water use by 20% by 2020 compared to 2007 would save about 56 Olympic sized swimming pools full per day.

FDF's food transport ambition supports the wider target for the food chain, beyond the farm-gate, to reduce its environmental and social impacts by 20% by 2012 compared to 2002. If the target for the chain is achieved then the external costs of domestic food transport should fall by about £800 million per year.

These five aspirations are, we admit, ambitious, but it is only the start of the process. And many have already taken bold steps.

CONCLUSION

In conclusion, our industry should be proud of what it has achieved in recent decades – and I have no doubt whatsoever that the next few decades we will see even more positive achievements.

Looking forward, it is important that our industry:

- is involved and seen as a valid partner in providing solutions;
- is seen to be having a positive role to play in addressing some of the key issues facing society;
- that we get credit for what we have done;

- and that we ensure we remain at the forefront of the key debates going forward.

I am confident that together the industry will continue to meet these challenges head-on to the benefit of our members, consumers and society as a whole.

To conclude, food is fundamental to life.

Without food civilizations fall and the refined become savages - and with that I won't stand between you and your five-course meal for much longer! I would like to leave you with a thought "Why does man kill? He kills for food. And not only food: frequently there must be a beverage." So with that, once I've taken questions, let's move next door to lunch and raise a glass to SOFHT.