Investment Summit 2025

Karen Betts – Opening Speech

Ladies and gentlemen, good afternoon. And welcome to FDF's second annual Investment Summit. It's great to see so many of you here.

I want to thank Newton for their kind sponsorship and partnership this afternoon. It's been a pleasure working with them on our Investment Summit again. You'll find their excellent, updated Future Factory report in your SmartParc bag. And we'll be hearing from Wil Schoenmakers later, Newton's Global Head of Retail and Consumer Goods.

I'm also very grateful to SmartParc and Schneider Electric for their sponsorship today. It's SmartParc's bag that you were given at the door, which contains the reports we'll be referring to today, for you to read at your leisure. SmartParc has also generously sponsored our drinks this evening.

Now, let's begin.

So why are we here? Because we're all part of the UK's hard-working food and drink manufacturing industry, at the heart of the everyday economy, ensuring that everyone, everywhere has a wide range of delicious, nutritious and affordable food and drink. And because there's a growth opportunity that our industry wants to seize. The opportunity is set out in FDF's Ambition for Growth, a report we've published today.

Our ambition, which aligns with the government's ambition for economic growth, is – over the next ten years – to see a doubling of annual investment in our sector. As a result:

- our sector's GVA will rise by more than a third to 50bn pounds
- our exports will grow by more than a third to 35bn pounds
- the UK will cement its place as a global hub for R&D and for developing healthier food and drink, supported by the UK's strong science and academic base, and
- we'll achieve a 50% reduction in carbon emissions across the food and drink supply chain, including through investment in the circular economy.

This ambition is achievable, and it's in the sights of the manufacturers here today. But we won't get there alone. To do that, we need a renewed partnership with government – that recognises the centrality of the food and drink industry to society and the economy, and the jobs we support everywhere across the country. We believe our ambition should form the basis of a new government and industry partnership for growth in our sector, including as part of the government's Food Strategy.

Our sector's ability to achieve the goals set out in FDF's Ambition for Growth depends on investment. Food and drink companies know we need to invest:

- To remain competitive, at home and abroad
- To play our full part in addressing the challenges we face as a country – from tackling climate change and the impact of food production on the environment to improving diets and reducing obesity, raising productivity and advancing skills, and ensuring the resilience of the food supply chain.
- And we know we need to invest to ensure we bring consumers with us. Because there's no point us making sustainable, healthy food in the factories of tomorrow if not enough people want to buy it.

So, our Ambition for Growth sets out a pathway to drive focussed and increased investment into food and drink manufacturing. We suggest a range of mid-term measures we think are necessary. I won't go into them all, you can read them in our report. But I'd like to draw your attention to four critical things:

- First, we must ensure that food and drink receives government research and development funding proportionate to the scale of the challenges we're facing, which isn't the case now. At the moment, our sector receives 0.1% of the government's R&D funding for businesses. 0.1%. By comparison, aerospace receives over 12% - and given everyone needs to eat and drink every day, this prioritisation deserves to be looked at.
- Second, government must come good on its commitment to review and reform regulation. Our industry is highly regulated for good reason, but there's plenty of scope for modernising and simplifying it, to free companies to focus on growth.
- Third, we want government to broaden R&D tax credits to include healthier product innovation, to make it easier for companies of all sizes to start or expand work to change recipes; and to extend existing funding in robotics and technology to food and drink manufacturers, rather than restricting it to heavy industry.
- Finally, on skills we need a strategic approach with Skills England on how our sector ensures we have the pipeline of skilled workers we need to guarantee future food production.

We're suggesting a range of shorter-term measures too, that would make a difference now:

- First, government must maintain stable definitions of healthy food and drink in all regulations aimed at driving healthier choices for consumers. Stable definitions give companies the confidence to invest in new recipes and new products. But constantly shifting the policy goalposts undermines these investments and damages investor confidence.

- Second, government must introduce fit for purpose rules to enable companies to bring food samples into the UK for research and development. This problem has been dragging on for over a decade. It's undermining UK R&D and pushing companies to shift this to mainland Europe.

- Third, government needs to help food and drink companies use the UK's new trade deals to grow export markets, recognising the complexity of exporting food and drink. An export support fund, which could cost as little as two and a half million pounds, would be transformational for smaller companies. A programme like this in Wales has increased Welsh food and drink exports by 47% since 2019.

All the measures we're proposing matter in themselves, but also because of the signal government would send by acting on them. That food and drink matters, and that government is willing to partner with industry in solving societal challenges.

In our panels this afternoon, you'll hear some brilliant examples of the work going on at the cutting-edge of our industry. These examples point the way to what's possible when companies get the right investment. You'll hear how technology can transform food and drink manufacturing, about the astonishing ingredients development that's making food tasty and better for our health. About transformations in recyclable food packaging, the big steps being taken to prevent food waste, and about innovation with farmers to respond to our changing climate.

But the level of investment and innovation that some companies are achieving isn't reflected across our sector's 12,000 businesses. The costs of running a food business in the UK are very high. Some of this is explained by rising commodity prices. But much of it is about facing into the headwinds of high energy prices, rising rates and utilities, the costs of EPR and raised employer National Insurance contributions. This is fuelling food price inflation – which rose again this morning – and has sent business confidence to new lows. Despite companies' best efforts, with margins wafer thin after the last inflation cycle, cost rises are again filtering into the price of food on shop shelves. In these circumstances, raising the finance to invest is very hard. We hope the Chancellor will recognise this next week, and that her Budget will explicitly support food and drink business growth.

Ladies and gentlemen, John F Kennedy used to say that the time to repair the roof was when the sun was shining. I often think the fact that shop shelves are consistently stocked with so much choice drives an assumption that the sun is shining in our sector. And that the problems we're facing can be solved another day. I don't believe that's true. A partnership between government and industry to ensure we have the investment and growth we need to ensure, in turn, that our food sector is strong into the future is long overdue.

Thank you.