

# THE FOOD AND DRINK INDUSTRY

Economic contribution  
and growth opportunities



## FOREWORD

**The food and drink industry is the UK's largest manufacturing sector, contributing £28.2bn to the economy annually and employing 400,000 people. We are a key part of the nation's £110 billion 'farm to fork' food chain.**

Our industry is critical to national security and the prosperity of our wider economy. We have a well-earned global reputation for provenance, quality and innovation.

The challenges we face in the next few years are unparalleled. The market environment in which we operate remains uncertain. We are a resilient and adaptable industry - we know there are huge opportunities available to our sector so we can sell more great British food and drink. Therefore, it is key that we identify how best to harness our own growth potential and improve productivity.

With this in mind, FDF commissioned Grant Thornton to undertake this independent research project identifying both the opportunities available to manufacturers and the barriers to growth. This was done through the collation of the latest quantitative data and by speaking at length with FDF members to add a qualitative perspective.

This research focuses on three core areas: innovation, trade and skills. All are framed against the backdrop of the UK leaving the European Union. The findings highlight the diversity of our industry, and in particular, how risks and opportunities can vary from business to business and across regions.

The findings also highlight the work we need to do to increase growth and how we can achieve this. The report makes a compelling case for Government to invest in the food and drink industry, identifying clear actions and areas of support. Our sector has long been a manufacturing success story but it is clear there is still much untapped growth potential.

In partnership with Government, the food and drink industry will seize upon these opportunities, maximising growth and boosting productivity. We believe the food and drink industry can be an engine for economic growth in the UK, while continuing to provide safe, innovative and nutritious food and drink to the nation.



**Gavin Darby**  
Chief Executive of Premier Foods  
and Food and Drink Federation President

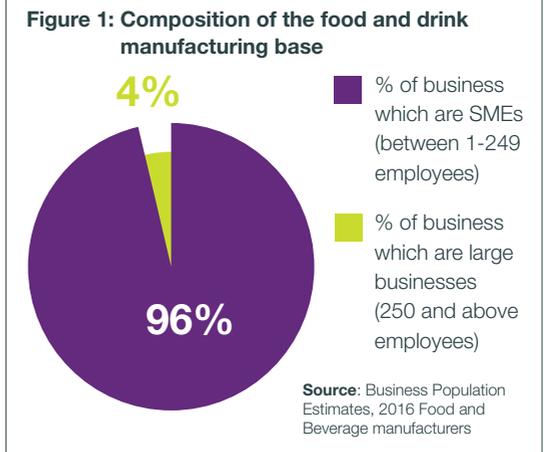
# A SIGNIFICANT ECONOMIC ENGINE ACROSS A DIVERSE BASE

**The Food and Drink Manufacturing sector is the largest manufacturing sector in the UK. In terms of economic contribution, it accounts for 17% of all UK manufacturing GVA (£28.2 billion)<sup>1</sup>. It comprises just over 6,800 businesses<sup>2</sup> and employees nearly 400,000 people<sup>3</sup>.**

It is also a growing sector. In terms of economic contribution (measured by GVA), between 1997 and 2015 the sector grew by 27%, making it the fourth fastest growing UK manufacturing sector over this time period and significantly outstripping average manufacturing growth of 13%. Between 2010 and 2015, business turnover grew by 28% with profits growing by 10%. Over this same time period employee numbers grew by 6%. This was significantly higher than the 1% growth experienced by the manufacturing sector as a whole, and was at a level that made the sector more comparable to the economy as a whole (which saw 7% growth)<sup>4</sup>.

**The sector's diversity is apparent in three main ways:**

- ▶ The composition of the business base – 96% of food and drink manufacturing businesses are small and medium sized enterprises (see Figure 1). This is compared to 99% for the UK as a whole<sup>5</sup>. The mix of both dynamic small businesses (146<sup>6</sup> of whom can be defined as scale ups) as well as large, globally recognised, organisations is a unique feature of the sector. The fact that both large and small businesses have experienced growth over the last five years underlines the fact that this mixed ecosystem is working.



- ▶ The geographical spread of businesses and employees – one of the food and drink manufacturing sector's defining characteristics is its national presence. Unlike many other manufacturing industries – such as automotive where a strong regional bias is apparent (see Figure 2) – the food and drink manufacturing sector spans the length and breadth of the United Kingdom in terms of both employment and businesses. As such the sector plays a crucial role at both a local and sub-regional level, as well as the national level as noted above. The view from a number of the industry leaders consulted as part of this study was that in many local areas the food and drink manufacturing sector is a critical part of local communities.

<sup>1</sup>Source: ONS Annual Business Survey

<sup>2</sup>Source: BEIS Business Population Estimates

<sup>3</sup>Source: ONS Business Register & Employment Survey

<sup>4</sup>Source: ONS Business Register & Employment Survey

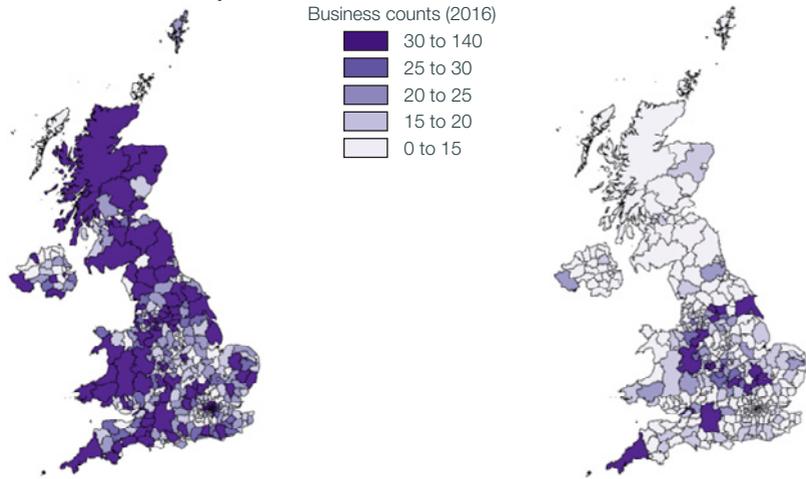
<sup>5</sup>Source: BEIS Business Population Estimates

<sup>6</sup>Source: <http://www.scaleupinstitute.org.uk/scale-up-businesses>. Number is based on selection of businesses within the 'manufacture of food products' and 'manufacture of beverages' sub-sectors.

**Figure 2: Geographical spread of businesses**

**Food and Drink Manufacturing Business Heat Map**

**Automotive Business Heat Map**



► The nature of different industries within the sector – looking within the sector it is instantly apparent how diverse it is with businesses ranging from the processing of fish and meat products to the manufacture of chocolate, bakery goods and ready meals. This variety not only offers a breadth of different opportunities but it also highlights the vital role that the sector plays in creating a link between raw materials and the end shopper and consumer.

**Evidence of improving productivity, with significant potential to realise more**

Improving the UK’s productivity remains a key objective for the Government and is one of the primary drivers in the creation of the Industrial

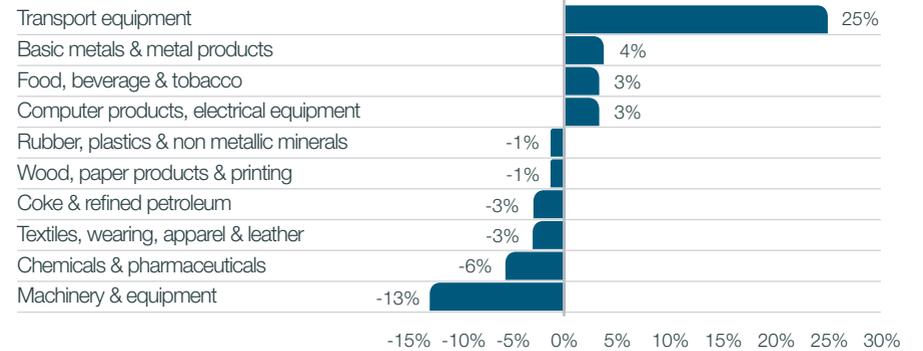
Strategy. As a sector, productivity (measured by GVA per job) improved by 3% between 2010 and 2015. It is one of only four manufacturing sectors to record positive productivity growth during this time period (Figure 3), although it was significantly lower than the 25% growth experienced in the transport equipment sector. Given this high level of growth has most likely been driven by significant advances in automation and robotics there is a clear opportunity for the food and drink manufacturing sector to follow suit. If the analysis looks at a ten-year time period between 2005 and 2015 the food and drink manufacturing sector is one of only two manufacturing sectors (the other being transport equipment) to have shown consistent GVA growth over the past decade. This is further evidence of the positive economic contribution being made by the sector <sup>7</sup>.

Productivity is and will continue to be an important metric for the sector. Three quarters (76%) of the businesses surveyed as part of this study stated that they actively measure productivity (using a range of different metrics). Nine in ten (93%) of whom stated that they had seen improved productivity over the last three years. This appears to have been largely driven by capital investment and upskilling the workforce. The majority of industry leaders consulted also noted the transformational impact that new machinery and technology has had on

their production processes. However, this has not been without challenge as modern manufacturing, automation and robotics pose both a significant risk and opportunity for the sector.

In order to understand how the sector can build on this strong economic contribution the study looked in detail at three specific growth opportunities and the associated barriers that would need to be addressed.

**Figure 3: Change in labour productivity 2010-2015**



<sup>7</sup>Source: ONS Labour Productivity

# 1 GROWTH OPPORTUNITY: SKILLS

## Opportunities across the full spectrum of skills

The traditional characterisation of food and drink manufacturing sector as low-skilled and consequently, low in pay is misplaced and wrong. Results from the Grant Thornton survey found that the skills mix of the respondent companies was fairly evenly split between the low skilled (requiring little or no experience, 31%), the semi-skilled (requiring some experience and training, 37%) and the skilled/highly skilled (requiring a degree or even a postgraduate degree, doctorate or professional qualification, 33%). These opportunities are present in every area of the UK. This emphasises the fact that it is possible to build an exciting and fulfilling career within the sector.

## A strong reliance on EU workers... but not just in the low skilled jobs

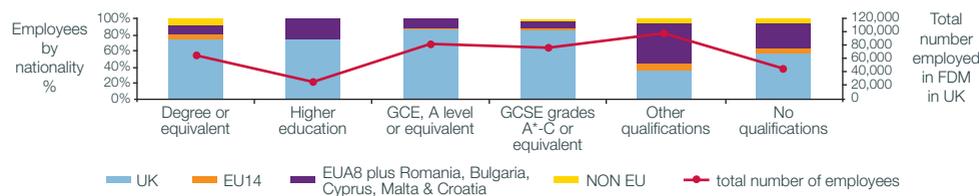
Using education levels as a proxy for skill levels within the food and drink manufacturing sector underlines the diverse nature of the workforce. In particular, different nationalities make up 38% of total employment in the food and drink manufacturing sector, more than twice the rate across the wider economy. It is vital to note that the common perception that migrant workers in the sector are unskilled is false. Though EU workers make up 38% of employees in roles which require no qualifications,

there is a significant proportion of workers who have different qualifications, such as an International Baccalaureate, working in the sector. Looking at the other end of the spectrum shows that around 19% of those working in higher skilled jobs (with a higher education or degree) are also from the EU<sup>8</sup> (Figure 4).

## Brexit could have significant implications for the growth of the sector

In this context, the EU Exit could therefore have significant implications for the sector. A number of companies noted that even if they were not directly affected, their supply chain could be negatively impacted. Despite this potential risk, the research found that only 18% of respondents had made any workforce projections – with a third of businesses (32%) stating that they do not believe Brexit will impact them. The main reason cited for not having made projections was the need for greater clarity around the implications of the EU Exit negotiations. There is clearly an important role to be played by industry and Government in supporting the sector to work through these implications as and when greater clarity emerges. The sector needs support to ensure that it is sufficiently prepared, particularly those sub-sectors and geographies that would appear to be more exposed to the risks than others.

**Figure 4: Qualification level by nationality in Food and Drink Manufacturing (FDM) businesses**



Source: Annual Population Survey, ONS ad hoc report

<sup>8</sup>Source: ONS Annual Population Survey

<sup>9</sup>Source: Department for Education

## The workforce is ageing

Another significant factor affecting the food and drink manufacturing sector is the age of the workforce. Respondents to the Grant Thornton survey said that on average they expected 10.5% of their workforce to retire within the next 10 years. However, from interviews conducted with senior industry leaders the reality may be much greater, with one noting that the figure could be as high as 20%. This combined with the EU Exit could present a double hit on the workforce and again requires appropriate preparation and support to ensure that it is effectively managed.

## There are already a number of hard to fill roles

A third employment pressure facing food and drink manufacturing companies is the ability to attract the right talent. Based on responses to the Grant Thornton survey it is clear that while food preparation, logistics and supply chain logistics are generally considered easy or very easy to fill. However, R&D roles, engineering and technical/quality control roles are a much greater challenge, regardless of company size. Industry leaders feel that the sector suffers from an image problem, particularly when compared to other manufacturing sectors such as automotive or pharmaceutical. These are often perceived to be more exciting, innovative and better paid. It was a perception that was deemed by these industry leaders to be incorrect as the sector provides genuine opportunities to build a career, both through the opportunities presented by new technologies but also because it was seen as a recession-proof industry. This perception therefore needs to be changed through better communication and awareness raising.

## There is a new type of job emerging which will require new skills

The move to modern manufacturing, increased automation and the greater introduction of robotics within the sector will bring with it greater levels of growth in higher skilled roles. While this will assist in changing the perception of the industry and help drive productivity and growth, there is a need to ensure that the sector is appropriately equipped to fill these roles. A particularly important element of this will be the

upskilling of those in mid-tier jobs which are the most likely to be lost – not least because these roles would appear to have the most UK nationals working in them. Further work is therefore required to ensure that UK food and drink manufacturing has a workforce that is fit for purpose.

## The need for better connections with education

One important area that can help to address a number of the barriers related to skills is through greater connections between education providers and businesses within the sector. It is something that over half of the respondents to the Grant Thornton survey felt was either poor or very poor. Better connections are essential to growth as they would help to ensure that businesses have the supply of employees that they need; as well as helping to change the perception of the sector, particularly at school age. There is clearly potential, with three-quarters (74%) of the survey respondents believing that the technical education provided in the local area created work ready employees, alongside a number of food and drink manufacturing organisations sponsoring students and partnering with universities.

It is critical that the sector has the supply of highly qualified people it needs, not just now but in the future. It is an area in which the UK can perhaps learn from its European counterparts, with France and Spain both cited by industry leaders as providing an effective supply of talent in the sector.

As part of this, the Apprenticeship Levy does offer potential to provide the pipeline of talent – with a third of the respondents to the Grant Thornton survey citing apprenticeships as the means of filling the potential gap left by EU workers in light of the EU Exit. It is also an area in which the food and drink manufacturing sector already does well, with a stronger supply of experienced apprentices than other sectors with 67% of food and drink manufacturing apprentices aged 25+, compared to 44% of apprentices in all sectors<sup>9</sup>. However, if the Levy is to really help transform the sector, there is a need for greater clarity as a number of industry leaders were still unclear about how it will be implemented and sceptical about how successful it might be.

# 2 GROWTH OPPORTUNITY: INNOVATION

**Innovation, whether it be in products or processes, is a significant growth opportunity for the food and drink manufacturing sector. It is one that will also have an equally positive impact on improving productivity. Businesses in the sector are embracing innovation in a range of different ways and doing so in partnership with different organisations. This highlights some important lessons around how to better support and encourage innovation.**

## It is a sector that is continually innovating

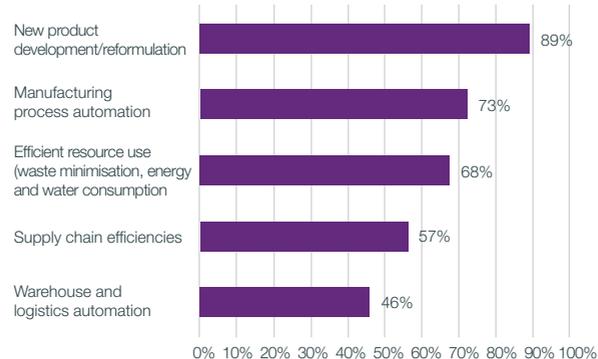
Based on the survey it was apparent that nine in ten businesses were involved in new product development (89%). This underlines the critical role that new product development plays in the sector. Interviews backed this up, with industry leaders talking repeatedly about the importance, indeed crucial nature, of new product development and innovation for health.

The dynamic nature of the sector underlines its importance to the economy as it is continually investing and evolving and is further evidence that the sector is insulating itself against changing consumer trends or economic cycles.

However, innovation within the sector does not just relate to new product development. The report identified:

- Automation, particularly the role that robotics has played and will continue to play in transforming the sector.
- Improving the supply chain and associated logistics with industry leaders noting the work they had done in aligning farmers, manufacturers and retailers in order to get scale and drive efficiency.
- Responding to consumer choice and the trend towards convenience.
- Helping respond to particular policy issues such as health, wellness and wastage.

**Figure 5: Types of innovation engaged in by food and drink manufacturing businesses**



Source: Grant Thornton survey and interviews

Note: 37 survey responses



The role the sector can play in helping support and address major policy challenges is particularly important and, as such, it is vital that Government and industry continue to explore how best they can work together for mutual benefit.

## There is a need to look beyond tax credits

In terms of supporting innovation, the Grant Thornton survey found that just over half (54%) of respondents had accessed R&D tax credits in order to support innovation. Although this is positive, the view from industry leaders was that while tax credits were beneficial, they were not the whole answer in terms of how industry can be best supported to innovate. The perception was that Government needs to better understand the range of factors that affect business investment decisions so that suitable support can be designed and implemented.

## There is a willingness to collaborate

In seeking to innovate, the survey found that nearly half (46%) of the respondents have an on-going collaboration with higher education or research initiatives. This is encouraging and further work

should be done to ensure that barriers to knowledge transfer (such as academic language, the capacity to absorb the knowledge within the business and the management of IP) are addressed.

However, on a positive note, collaboration is not just with academics. Industry leaders also identify collaborations with different organisations throughout the supply chain. How best to support and facilitate these types of collaboration between the supply chain is an area that warrants further investigation, not least because the benefits are potentially significant.

## Understanding consumer behaviour is vital

The influence of the consumer continues to grow and behaviours continue to change. For the food and drink manufacturing sectors this means that it is vital businesses understand the latest trends and how best they can innovate to respond to them. This has the potential to be very costly for business and as such it is essential that they are able to identify key trends as that they are able to develop and commercialise new products at pace.

# 3 GROWTH OPPORTUNITY: TRADE

**Trade, both imports and exports, plays a critical role in the success and economic contribution that the sector can make. It is an area that is likely to change significantly over the next decade and as such it is imperative that the industry understands its current position and is clear on its priorities for the future. In this context, there is an important role for Government and industry to work together.**

## The UK is not self-sufficient in food

By nature of its geographical position and size, the UK is not self-sufficient in food and drink and as such runs a trade deficit. The largest deficit is in fruit and vegetables (as the UK doesn't have the climate to ensure production of the diverse range of products that consumers increasingly demand) and in meat (as consumption outstrips domestic supply), followed by tea and coffee which are not grown in temperate climates. The only food category where the UK has a trade surplus is drinks – largely sustained by the alcoholic drinks category, particularly whisky. More recently the UK has increased its dependence on imports – which has grown by 3.2% on average each year between 2012-16, compared to exports which grew by 2.5% over the same time period<sup>10</sup>.

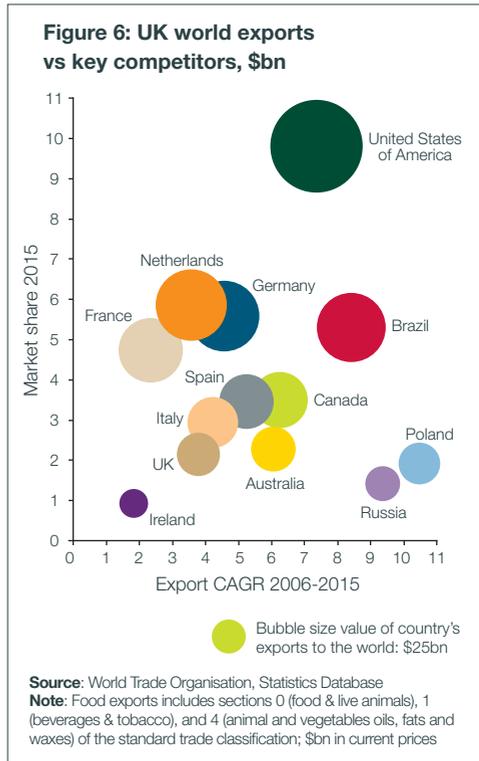
## Almost half of raw materials are sourced abroad, with the EU a major market

Just over half (52%)<sup>11</sup> of food consumed in the UK originates here. In contrast, businesses from the survey cited that around a third is sourced from the EU. Although it should be noted that there are complex sourcing supply chains in

place. The main driver for importing raw materials was the lack of a competitive domestic supply.

Given this position and the recent devaluation of the pound, some industry leaders questioned whether the UK needs to look into more detail at import substitution and understand if this presents an opportunity to drive further growth.

## The UK's market share of exports has remained stable – albeit showing slower growth than most competitors



Across the world, the value of global food exports had a combined annual growth rate of 7% between 2006 and 2015. Over the same time period UK exports grew by 4%, although the UK retained a market share of 2.2%. Over that time period the only major changes in market share were France which lost 0.9% while it was Poland that saw the highest growth in exports and subsequently increased its market share from 0.4% to 1.9% (Figure 6)<sup>12</sup>.

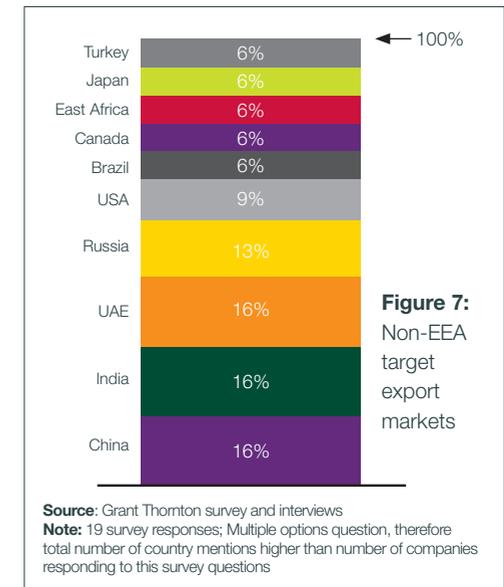
Within this context, it is encouraging to note that 93% of the businesses surveyed as part of this study currently engage in exports – an increase of 14% from the 2011 Grant Thornton study. Despite the high number of businesses surveyed that are engaging in exports, the majority are still very much focused on meeting local UK demand with exports accounting for under 10% of UK turnover for 58% of the sample.

## Europe and the USA remain key export markets with a shifting focus towards Asia and the Middle East

In terms of key export markets the European Economic Area – particularly Ireland, followed by France, Netherlands and Germany – were seen as the key trading partners of the businesses surveyed. A finding in line with the HMRC UK export statistics.

The European Economic Area also remains the market with the greatest perceived potential for the industry – 69% of survey respondents stated that it had high or very high potential for the food and drink manufacturing sector.

Outside of the European Economic Area the main export destinations were North America followed by Australia, Canada, the UAE and Japan (Figure 7).



<sup>10</sup>Source: HMRC Trade Statistics

<sup>11</sup>Source: Defra Food Statistics Pocketbook

<sup>12</sup>Source: World Trade Organisations Statistics Database. Food exports includes sections 0 (food & live animals), 1 (beverages & tobacco), and 4 (animal and vegetables oils, fats and waxes) of the standard trade classification; \$bn in current prices

China, India and the UAE were seen as the top three markets that businesses surveyed would like to target, a view that was based on the increasing wealth and growing middle class of these countries. Complexity, costs, the need to identify a local distributor and high import tariffs (particularly in India), as well as questions around consumer demand and affordability, were all cited as barriers to exporting to these markets.

It is important that work is done to remove these barriers as it would appear the UK currently lags behind its EU competitors in targeting China.

### **A role for greater Government support in growing exports**

As non-EU markets are likely to become more important in a post-EU Exit world, food and drink manufacturing requires targeted, sector-specific Government support to compete on an equal footing with other export-oriented countries. From the menu of support measures provided in the survey, the main services that food and drink manufacturing businesses would like to benefit from are funding towards international trade fair participation and market development trips, alongside targeted market research and mentoring/networking opportunities with experienced exporters. There is no great shortage of Government support available but the support available differs from region to region.

### **The EU Exit presents both significant threats & opportunities to the sector's international trade**

There are a range of opinions throughout the sector around whether the EU Exit represents an opportunity or a threat to the industry.

For some businesses (albeit the minority) the EU Exit represents a positive opportunity to import raw materials from non-EU markets at a lower cost and remove EU import restrictions and tariffs. Alongside this, there is the perceived potential to negotiate new trade agreements and to explore issues around import substitution.

For other businesses, the EU Exit means a change to the status quo which brings with it volatility and uncertainty. Food and drink manufacturing businesses that source ingredients from abroad have already experienced a negative effect through the devaluation of the pound which resulted in a sharp increase in the cost of raw materials and, therefore, higher production costs, which have to be shared with their customers and subsequently consumers. This negative impact was also felt by companies that import finished goods. For many, the costs associated with any tariffs being imposed on existing trade with the EU represent a major risk on margins. A risk that is exacerbated for those with cross-border integrated supply chains in the industry.

In this context, some companies have begun to engage in detailed scenario planning for a future outside the single market and customs union. However within our sample this exercise was limited to a few companies, mainly multinationals; the majority of companies interviewed contemplated the uncertainty of the situation and complexity of the task. Given the potential scale of the risk there is an urgent need for policy development and a clear Government plan. As without this, scenario planning will be extremely costly and prone to errors. However, for this to happen, the food and drink manufacturing sector must also come together to define priorities and educate the Government on the impact that particular scenarios would have on the industry post-EU Exit.

# RECOMMENDATIONS

## SKILLS

The food and drink industry needs talent. A looming skills gap left by an aging workforce means we need to attract 140,000 new recruits by 2024. These issues are not new, but the need to address this has never been more urgent as findings show. Perceptions of the industry mean we struggle to attract people and potential employees fail to recognise the industry as high-tech and with a wide range of fulfilling careers on offer, instead choosing careers in other manufacturing industries. Simultaneously, there is uncertainty regarding future access to EU workers, who are highly valued and make up 32.5% of the industry's skilled and high-skilled workforce.

The idea that jobs in food and drink manufacturing are low-skilled and poorly paid is untrue. As this report confirms, there are a variety of different roles on offer in our industry at all skill levels, with low-skilled work making up only a small fraction of roles. In reality to ensure the industry remains competitive, we are moving towards greater automated production, investing both in new technologies and our people to ensure they have the new skills required to support future growth.

With just 34.7% of respondents to the survey saying they felt apprenticeships would fill the gap left behind by EU workers, we need further support from Government to increase the apprentice workforce in food and drink. Similarly, any new immigration policy must prioritise food and drink as the UK's largest manufacturing industry and allows new workers from the EU to enter our sector.

The food and drink industry has developed a number of industry specific apprenticeships up to degree level in order to fill the skills gap. Due to

the geographical spread of the industry, a number of educational providers across the country are required and investment is needed to ensure these providers have the equipment and capacity to provide these specific skills. Government must support industry in order to bridge this gap.

## INNOVATION

With consumer demand driving product innovation, our industry is dedicated to providing consumers with a wide range of quality, safe and nutritious products. We are committed to reducing sugar levels and working with Government on key policy issues, such as obesity.

Our industry possesses a global reputation for being at the forefront of product innovation. When surveyed about innovation type, 90% of respondents said they were engaged in new product development, while more than 70% were engaged in manufacturing process automation and almost 70% engaged in efficient resource use, including the reduction of water and energy use. Almost half of survey respondents are currently engaged in an on-going collaboration with higher education or research initiatives. There is close work being undertaken with businesses in the agri-supply chain but further support on how to facilitate cross-supply chain working remains a priority for industry.

Food and drink manufacturers are identifying opportunities for precompetitive research, particularly around automation. In order to build best practice, businesses within the sector are also looking to innovations in other industries.

With many manufacturers engaged in long-term calorie reduction programmes, we're looking to



## RECOMMENDATIONS

work with Government on a holistic calorie reduction programme alongside manufacturers. We ask Government to help facilitate further innovation through support for fundamental and applied research, which could encourage understanding of how healthier foods can become the foods of choice for consumers.

### TRADE

The ability of UK food and drink businesses to continue growing their exports and supplying the products UK consumers know and love will depend on the outcome of a range of negotiations as the UK leaves the EU. This includes talks to set the terms of the UK's future trading relationship with the EU, establishing our WTO tariff schedules and maintaining seamless access to the full range of EU trade agreements. These could have significant impacts for the ability of manufacturers to source essential imported ingredients and raw materials. The report identifies that a lack of domestic supply drives the need to import raw materials from the EU and often from further afield. UK producers typically add value to these imports by manufacturing into finished products that are increasingly in demand across the world.

UK food and drink exports reached £20bn for the first time in 2016. Food and drink exports are a UK success story and a sign of how highly UK products are thought of overseas, but just one in five food

and drink manufacturers currently export. The UK has 2.2% of the global food and drink export market but that share is considerably behind international rivals such as France (4.7%) and Germany (5.6%). Currently, more than half of the UK's exports head to EU nations, and the EEA remains the UK's most important export market, but many of those manufacturers surveyed are already identifying new markets. Manufacturers highlighted China, India and the UAE as the top three untapped markets they're looking to prioritise based on their scale.

As we head for a future outside the Common Agricultural Policy, it is clear from the report's findings that food and drink manufacturers are increasingly focused on expanding into new markets. There is rising demand for UK food and drink in non-EU countries and now is the time for Government to work in partnership with industry to scale-up its provision of specialist export support for food and drink. One of the main obstacles highlighted by those manufacturers looking to export to untapped markets was the need to identify a distributor in the local market. This and other specialist export support is more readily available to food and drink manufacturers in rival European nations. To take advantage of new opportunities created as we leave the EU, Government should look to Bord Bia as inspiration in creating a specialist export organisation that will turbocharge sales of UK food and drink globally and fulfil the industry's export potential.

# CONCLUSION

**The findings from Grant Thornton provide a robust evidence base from which we can build our economic contribution, helping us to identify growth opportunities for the UK food and drink manufacturing sector, as well as the obstacles that must be traversed in order to achieve this growth.**

This report confirms that the food and drink industry is astonishing in its reach to every part of the country, providing jobs in every region. We produce a diverse range of products, many of which are at the heart of our national identity. We are known throughout the world for producing delicious, high quality products. There is huge diversity within our industry, not just in the food and drink we produce but also in terms of the skills and people required to deliver them.

The industry's geographical spread is a key theme that runs through the report, highlighting our importance to every corner of the nation. Unlike other industries there is no focal point where larger manufacturers are clustered together and where educational institutes can align to the needs of a sector.

With the help of Government we can navigate this unique obstacle and ensure we have the educational provisions needed to train our future workforce.

Although the industry is widely celebrated at a regional and global level, it is not an obvious destination for potential employees. We look forward to working with Government to enhance the image of our industry, raising awareness of the range of exciting careers on offer for all skills levels.

The proactive work we are undertaking around innovation, particularly with regards to reformulation, is indicative of our willingness to work in partnership with Government. The

industry continues to act ahead of the curve when it comes to public health initiatives. This bodes well for future work, as Government looks to harness our industry's growth potential.

With such a small proportion of food and drink manufacturers currently selling abroad, addressing the clear need for specialist export support for the industry is one of the most obvious ways in which we can achieve growth in the short term. This will help to drive productivity improvements in many SMEs, which represent 96 per cent of the food and drink manufacturing sector, while developing trade relationships outside the EU in advance of leaving the EU.

Most importantly this report identifies the huge opportunities available to us at a time of great economic uncertainty, allowing us to enhance the positive economic contribution we make to the UK economy. It outlines the external and internal factors to be considered and identifies the risks to growth we face as an industry. The issues facing the food and drink industry are complex but by working in partnership with Government, we believe clear and simple solutions can be identified allowing our industry to achieve its full potential. Harnessing the growth of the UK's largest manufacturing sector has the capability to increase prosperity both now, over the next decade and beyond.

# ABOUT FDF

**The Food and Drink Federation (FDF) is the voice of the UK food and drink industry, the largest manufacturing sector in the country.**

The Food and Drink Federation (FDF) is the voice of the UK food and drink industry, the largest manufacturing sector in the country. We account for 19% of the total manufacturing sector by turnover and employ around 400,000 people in the UK across 6,815 businesses. We are an incredibly diverse sector, speaking on behalf of global brands and thriving small businesses.

We help our members operate in an appropriately regulated marketplace to maximise their competitiveness.

We communicate our industry's values and concerns to Government, regulators, consumers and the media. We also work in partnership with key players in the food chain to ensure our food is safe and that consumers can have trust in it.

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