

Defra Public Consultation on Draft Food Industry Sustainability Strategy

FDF Overall Comments

1. The food and drink manufacturing industry plays a leading role in the UK economy being the single largest manufacturing sector in the UK with a turnover of £69.4 billion, of which £9.7 billion is exported. The industry employs some 500,000 people, 3.8 million when taking into account the whole food chain and ancillary industries.
2. The food and drink manufacturing industry exists to provide safe, wholesome and high quality products that its consumers want and at a price they are prepared to pay. This is a commercial reality bearing in mind that the industry operates in an intensely competitive UK and global market. It therefore follows that for companies to pursue the sustainability agenda it has to be seen to contribute in some way to overall profitability.
3. By its very nature, food and drink manufacturing lies at the very heart of sustainability as food production sustains the UK's population. The industry is a key part of the food chain that allows our largely urban society to exist.
4. Sustainable development is not a new concept to the food and drink manufacturing sector:. It has long been committed to minimising the impact of its activities on the environment; to using natural resources wisely; to pursuing social progress and to playing a leading role in the UK economy. The industry is continuing this commitment by making a full and active contribution to the development of the Food Industry Sustainability Strategy (FISS).
5. FDF considers it important that sustainable development policy is taken forward holistically based on the social, environmental and economic dimensions which are inextricably linked and cannot be addressed in isolation. For example, as industry moves to meet consumer demands on healthy eating, new or reformulated products may well have impacts on manufacturing processes in terms of total energy and water use.
6. We welcome inclusion in the draft FISS of references to FDF's work, most notably our Food and Health Manifesto, ethical trading, fair pay as well as several specific case studies regarding our members' activities on sustainability issues. We are also pleased to see included a number of the FDF KPIs taken from our 2002 Sustainability Report.
7. As evidence of the industry's broader engagement and influence, our European Association, CIAA, published earlier this year an Environment Review detailing the steps taken by the European food and drink industry to improve environmental management and performance, following an earlier survey of members; company case studies have also been included. This illustrates the fact that a large number of UK manufacturing companies have significant European if not global operations and as such are often controlled from centres outside the UK.

8. It should also be borne in mind that consumers can, through their purchasing decisions, make a significant contribution to achieving sustainable food production. Raising consumer awareness of the issues involved, to enable them to make informed choices, must therefore be a key part of any overall strategy.
9. Many companies already have innovative programmes in line with sustainable development practices, as cited in the draft FISS. In particular:
 - 9.1 Unilever works with growers in East Anglia and Humberside to measure its frozen pea brand's impact using a series of sustainability indicators (para 2.1.19, pg 12).
 - 9.2 Member companies participate in Business in the Community as well as the FDF Community Partnership Awards; in addition some members run their own community activities such as Cadbury Trebor Bassett's "Community – You Can Make A Difference" initiative and the Unilever's East London Schools Partnership (paras 3.1.7, 3.1.11 and 3.1.15, pages 18 – 19).
 - 9.3 Work by some member companies to raise awareness and uptake of CSR practice in the industry under the BITC "Plough to Plate" initiative (para 3.1.16, pg 19).
 - 9.4 The acknowledgement given by FDF members to the benefits of CHP and the significant number of sites that have already invested in this technology, although further investment will require a more favourable economic situation (para 4.1.16, pg 22).
 - 9.5 Participation by FDF member companies in the Climate Change Agreement including the recent agreement by FDF to tighten the existing 2010 target by up to 3% (para 4.1.17, pg 23).
 - 9.6 FDF is promoting a programme of industry engagement with the Carbon Trust regarding energy efficiency best practice (para 4.1.22, pg 24).
 - 9.7 Work by FDF member companies on a range of actions to reduce the environmental impact of packaging, including the specific case studies included from Nestlé UK Ltd and Hilldown Holdings Ltd (pg 26 and para 4.2.15, pg 27).
 - 9.8 Further adoption of waste best practice measures by installations subject to PPC legislation (para 4.2.18, pg 28); measures taken by FDF member companies to avoid and minimise waste illustrated through case studies included from Walkers Snack Foods Ltd and Unilever Purfleet Margarine factory (pg 28 and 30).
 - 9.9 The Scottish FDF, a devolved division of FDF, has formed a Scottish Food Chain Group, which is developing, in conjunction with Envirowise, a framework for action on waste and resource efficiency (para 4.2.24, pg 30).
 - 9.10 FDF has established a dialogue with the Waste and Resources Action Programme (WRAP) in order to identify opportunities for member participation in its various initiatives.

- 9.11 FDF has worked on the Responsible Packaging Code, published under the aegis of INCPEN, which addresses the challenge of further optimisation and minimisation of packaging waste.
- 9.12 FDF member companies have already taken initiatives to reduce water consumption and to recover or recycle water; this is further illustrated through inclusion of case studies for Walkers Snack Foods Ltd and Burton Marmite factory (para 4.3.6 pg 33 and 36).
- 9.13 FDF is committed to working with Envirowise to raise the profile of its best practice services and to encourage industry uptake. In particular FDF has started discussions with Envirowise over producing a water savings guide for members and FDF will be involving Envirowise in its Energy and Water Forum on 29 September 2005 (para 4.3.16, pg 35).
- 9.14 FDF members are pursuing a range of initiatives to improve vehicle fleet utilisation and efficiency; this is further illustrated in the specific case study included from Cereal Partners UK on work to rationalise its packaging configuration for its range of breakfast cereals (para 4.4.12, pg 39).
- 9.15 FDF is committed to working constructively with Government and other stakeholders on a range of nutrition and health issues as set out in its Food and Health Manifesto (pg 45).
- 9.16 Food and drink manufacturing companies are collaborating with the Equal Opportunities Commission to encourage best practice, including FDF's Fair Pay Challenge work being led by Unilever (paras 5.3.8, 5.3.14, pg 51 -52).
- 9.17 FDF is working with HSC in the context of its 'Recipe for Safety' initiative to reduce injuries, including participation in a new Food Manufacturing Health and Safety Forum aimed at achieving further reductions in injuries and occupational ill-health in the sector (para 5.4.11, pg 54).
- 9.18 FDF is committed to establishing recognisable and useable benchmarks to measure occupational ill-health cases and has advocated two additional targets in its detailed comments to reduce incidents and lost work days.
- 9.19 Work by the Biscuit, Cake, Chocolate and Confectionery Alliance to develop an action plan on child labour (pg 56).
- 9.20 Work by FDF's Ethical Trading Working Group to draw up a declaration of ethical trading values linking to proactive endorsement of ILO conventions and recommendations (para 5.5.12, pg 57).
- 9.21 Work by FDF member companies on applied R&D such as the case study included regarding the collaboration between Northern Foods and Glasgow University to investigate the use of microwave radiometry in food products for non-invasive temperature measurement (pg 60).
- 9.22 Supporting the Government in its intentions to extend the Viper Model to include the food manufacturing, retail and service sectors (para 7.1.8, pg 71).

10. FDF also notes that the draft FISS proposes several new initiatives and actions to which the industry is invited to sign up. FDF would be particularly interested in discussing the following proposals further with Government:

- 10.1 To agree a set of CSR criteria for the food industry which reflects the contribution that it is best placed to make and ways of measuring progress; to consider as part of this work the issue of representation of women and ethnic minorities in skilled, administrative and managerial grades (pg 20 and pg 53).
- 10.2 To raise its rate of energy efficiency improvements across the supply chain to reduce its greenhouse gas emissions, making a full contribution to the goals set out in the Energy White Paper and UK Climate Change Programme. Also to improve its emissions savings in the context of rising production levels (para 4.1.5, pg 20).
- 10.3 To reduce the amount of food and packaging waste that is produced each year, both by the industry itself and by consumers of its products, without compromising food safety; to recycle or otherwise gain value from waste that does arise (para 4.2.6).
- 10.4 Following the establishment of a baseline for plastic/paper and other main packaging streams to discuss how to use this information as a waste efficiency KPI and where necessary agree targets for improvement (para 4.2.33, pg 32).
- 10.5 To contribute to sustainable waste management through continuing to play a full part in the domestic packaging regime as well as by reducing the industry's own wastes by 15 – 20% by 2010 subject to the establishment of better base data to confirm or otherwise the feasibility of this target; to also contribute to Defra's and WRAP's work with retailers (pg 32).
- 10.6 To develop a more comprehensive data set on the industry's current water use, identifying current levels of demand by key food industry sub-sectors (para 4.3.12, pg 34).
- 10.7 Following the establishment of a water use baseline as per 6 above, to discuss water efficiency KPIs and where necessary challenging targets for improvement (para 4.3.18, pg 36).
- 10.8 In support of 10.7 above, to work with Envirowise on best practice guidelines for water saving measures for the food and drink industry (para 4.3.2, pg 32).
- 10.9 To discuss with BRC and CSDF what more the industry can do to reduce the domestic level of the environmental and social costs associated with the industry's food miles and to report back to Government (pg 41).
- 10.10 Further ways of working constructively with Government and other stakeholders on a range of nutrition and health issues as set out in the FDF Food and Health Manifesto (pg 45).
- 10.11 To cut all deaths and serious injuries per thousand workers in the sector by at least 10% by 2010 (pg 55).

- 10.12 To go beyond what the FISS is proposing through a commitment to establish recognisable and useable benchmarks to measure occupational ill-health cases and in particularly advocating two additional targets to reduce incidents and lost work days (see also detailed comments).
- 10.13 To work through our Sector Skills Council, Improve Ltd, to raise the NVQ qualifications of manufacturing employees (pg 64).
- 10.14 To support the Government in its intentions to extend the Viper Model to the food manufacturing, retail and service sector as part of delivering better regulation (para 7.1.8, pg 71).

Summary

We hope that the above comments show clearly our unequivocal commitment to sustainability in our production processes. The attached annex gives detailed comments on specific issues.

FDF Detailed Comments

Chapter 1: Introduction

1.1.3

Some of the data given in Chart 2, 'The UK Food Chain – Q1 2004' appears to be out of date, when compared to the latest published data. FDF requests that the latest figures be included as follows:

- total Consumers' Expenditure on food, drink and catering services is £152.6bn (2004; source: ONS);
- the gross value added figure for food and drink manufacturing is £20.5bn (2003; source: ONS);
- total food and drink manufacturing jobs is 500,000 (source: FDF current estimate);
- the number of enterprises is 7270 (2003; source: ONS);
- total imports amount to £21.9bn (2004; source: Food from Britain);
- total employment figures for catering are 1,401,000; grocery retailers, 1,171,000; food and drink wholesalers 187,000; agricultural wholesalers 23,000; (2004; source: 'Agriculture in the UK' publication);

Chapter 2: Sustainable Consumption and Production

Shaded box (page 10) : Priority themes for Delivery of SCP

FDF strongly agrees with the statement that 'a robust evidence base is essential to enable development of policies which will target major impacts at the most appropriate point in the lifecycle ...' However, this pre-requisite appears to have been overlooked in the remaining chapters of the FISS, in that targets have been proposed despite significant gaps in the evidence base.

Chapter 4: Primarily Environmental

Energy Use and Climate Change

As a major energy user the food and drink manufacturing industry fully acknowledges and accepts its responsibilities to improve the energy efficiency of its activities and to fully contribute to the UK national effort to reduce emissions of greenhouse gases.

FDF believes that all energy and emissions reduction policies and goals for the sector should be set in the context of UK national policy and measures as set out in the Energy White Paper (2003) and the UK Climate Change Programme (2000). Conclusions and action points on emissions reductions stated in the FISS should therefore fully reflect and be consistent with these policies and measures.

The UK Kyoto target is a 12.5% reduction in Greenhouse Gases by 2010 from a 1990 baseline. The UK has also set a national target of a 20% reduction in CO₂ emissions by 2010 against a 1990 baseline.

The UK Climate Change Programme (2000) details the measures adopted by the UK Government to achieve these targets. The main areas to affect food and drink manufacturers are the Climate Change Levy (CCL), Climate Change Agreements (CCAs) and the EU Emissions Trading Scheme.

The Government recently conducted a public consultation on the 2004 review of the UK Climate Change Programme. Publication of this review is due at the end of the year.

The review stated that the UK is predicted to meet its Kyoto targets but forecast of CO₂ emissions indicate reductions of only 14 – 15% compared to the target of 20% by 2010.

A principle aim of the UKCCP review is to identify what additional measures need to be adopted to put the UK back on course to meet its 20% target.

The EU Emissions Trading Scheme is the primary mechanism being adopted to address emissions from the electricity supply and manufacturing industries. The aim of the trading scheme is meet the required reduction of CO₂ in the most cost-effective way. The scheme covers 46% of UK CO₂ emissions.

The UKCCP review is looking at how the trading scheme will make further contributions towards the 20% target.

The final EUETS National Allocation Plan was published in May 2005. In its allocation methodology decision the Government decided that allocations to industry would be made based on Business As Usual (BAU) taking into account existing climate change policies. The electricity supply industry would contribute the additional burden required to meet UK targets. The stated reason for this is that taking allowances from other industry sectors would have a greater impact on UK competitiveness as these sectors are more exposed to international competition. Food and drink manufacturers are clearly exposed to international competition.

4.1.5

FDF believes that all energy and emissions goals for the sector should be set in the context of the goals set out in the Energy White Paper and the UK Climate Change Programme. A revised version of the UKCCP is due to be published this summer and any conclusions drawn from the FISS should take into account the findings of this review.

4.1.11

Please see our comments under Para 4.1.22.

4.1.13

The UK Government only applied for temporary exclusion for those sites that requested it. 18 FDF member sites have not applied and are now included in the EUETS as from January 2005. 36 sites applied for, and have been granted, temporary exclusion, by the European Commission.

4.1.15

FDF fully supports the work of the Carbon Trust, engaging with it in the following ways:

- Promoting Carbon Trust services to the industry through mail shots, making members aware of Carbon Trust energy guides, best practice advice, energy events etc. and by directly referring CCA participants to the Carbon Trust for further guidance;
- Carbon Trust speakers are regular presenters and exhibitors at the annual FDF Energy Forum;
- FDF and the Carbon Trust are jointly implementing the Carbon Trust Food and Drink Sector 2004/5 Plan. This involves detailed site energy evaluation in three sectors – canning, industrial baking and frozen and chilled foods. This work will lead to the presentation of workshops and best practice guides for wider dissemination in the industry;
- FDF is working with the Carbon Trust to implement technology specific site surveys to augment the current general surveys. Initial focus is on refrigeration technologies;
- The Carbon Trust's 'Carbon Management Programme' has been trialed with 50 leading companies to help them develop a systematic approach to manage the risks and realising the opportunities that climate change presents. A number of major food and drink manufacturing companies have played a leading role in the programme. These include: Britvic, Dungannon Meats, GlaxoSmithKline, HJ Heinz, Kraft Foods, RHM, Scottish and Newcastle, Unilever Bestfoods, Walker Snack Foods and Warburtons. The major food retailers are also involved with this programme;
- FDF's Energy Manager holds regular liaison meetings with the Carbon Trust to discuss and action energy saving initiatives for FDF members.

4.1.16

Food and drink manufacturers acknowledge the environmental benefits of CHP. A significant number of sites have already invested in this technology. In 2002 the food and drink industry generated 1965 GWh of electricity (DUKES table 1.9).

However, further investment in CHP by the industry is unlikely given the very unfavorable economics of installing and operating CHP plant at present. FDF believes that the

Government should bring forward additional measures to improve the financial viability of CHP.

4.1.17

The last two sentences contradict each other. The first states a figure for additional carbon savings allowing for sector growth. The last sentence then says growth will cancel out these savings!

FISS needs to refer to DTi work looking at sector growth and emissions projections as part of the UKCCP and EUETS Phase II process.

FDF is currently conducting a detailed analysis of carbon saving delivered under its CCA. These will aim to make forward projections to 2010 taking into account various growth scenarios, new and future CCA, targets and incorporating the impact of the EUETS which affects the larger sites in the EUETS. FDF will share this work with Defra when complete.

4.1.22

DTi DUKES energy data has been used to provide data on the overall emissions performance of the industry. The statements and conclusions presented in 4.1.22 are based on this data.

For food and drink manufacturers the data shows a reduction in own fossil fuel emissions from 8,402 kTeCO₂ to 6,895 kTeCO₂ from 1990 to 2003. This cut of 18% in emissions is noted in 4.1.22.

Over this same period electricity use rose from 9.85 to 10.56 TWh (delivered basis) i.e. a rise of 7%. However, because of changes in the types of fossil fuels used to generate this electricity and because of efforts by the industry to improve energy efficiency in a period of growing output, the emissions of carbon dioxide from electricity use have fallen from 5,234kTeCO₂ to 4,563kTeCO₂ over the same period - a cut of 13%.

Adding these two contributions together to give the overall impact on emissions of CO₂ from the food and drink manufacturing sector from 1990 to 2003 shows emissions fell by 16% from 13,636kTeCO₂ to 11,458kTeCO₂.

The analysis presented in the 4.1.22 Action Point does not acknowledge the real picture and appears to conclude that the net reduction in emissions is 9%. This figure appears to be based on taking the 18% cut in own fossil fuel emissions and reducing it to 9% because electricity consumption has risen.

FDF considers this analysis to be wrong for the following reasons:

- CO₂ emissions from industry electricity use fell by 13% from 1990 to 2003.
- You cannot directly offset energy (electricity) directly against carbon dioxide (own emissions) to derive a new figure for carbon dioxide emission. Energy and emissions are not the same thing. The important issue is the carbon intensity of energy production and the FISS analysis needs to reflect this.

- The carbon intensity of electricity generation has fallen over the period 1990 - 2003. This is mainly due to a switch from coal to gas. This reduction is reflected in the emissions factors used to calculate emissions from electricity.
- The emissions factors used to calculate the CO₂ emissions from electricity are those published by Defra in a CCA paper and which are used by Defra to publish CCA results. In order to be consistent with the CCAs the FISS need to use the same methodology.

This issue highlights the problem of trying to look at emissions from the food and drink industry in isolation to the rest of the UK and the electricity generating mix in particular. The food and drink industries emissions should be evaluated in the light of the UK Climate Change Programme and not in isolation as in the FISS. Failure to do so invites possible distortion of the true picture of what the industry is actually achieving as part of its contribution to the UK Climate Change Programme (UKCCP).

Waste

4.2.11 – 4.2.15

Arising from the EU Packaging and Packaging Waste Directive and the implementing UK Legislation, the food industry already carries substantial obligations to recover and recycle materials as a result of the challenging targets. Additionally the food manufacturing industry is subject to the Packaging (Essential Requirements) Regulations which lay down requirements that all packaging must meet in order to satisfy single market aspects of the EU Directive. These include, inter alia, its recoverability, recyclability and for it to be the minimum amount to achieve the essential functions of packaging. The manufacturing sector has also committed to go beyond legal requirements, FDF being one of a number of organisations to have produced the Responsible Packaging Code published under the aegis of INCPEN. This Code addresses the challenge of the need for further optimisation of packaging and minimisation of waste. FDF has also established a dialogue with the Government's Waste and Resources Action Programme (WRAP) with a view to identifying opportunities for member participation in its various initiatives.

4.2.16

In respect of its own wastes, food manufacturing is not a wasteful sector. Most off-specification products, by-products and co-products generated in association with food and drink processes are put to beneficial use, either directly or by being processed for food or feed use, taking into account food safety considerations. In some cases, such materials are spread onto agricultural land where this is of agricultural and/or ecological benefit. This efficiency has been highlighted, for example, by the Environment Agency in its 'Spotlight on Business Environmental Performance' report published last year, where the food industry and minerals industry are highlighted as two sectors recovering the highest proportion of their wastes.

Two examples to illustrate the efficiency of food and drink processing and its commitment to sustainability are first in the coffee sector, where spent coffee grounds are incinerated with energy recovery; secondly in the British beet industry, where all inputs are transformed into sustainable products and nothing is wasted. The sugar beet itself, after the sugar is extracted, is marketed for high energy animal feed. Molasses, the final syrup from which no more

sugar may be extracted, is used as a feedstock by the fermentation industry. The small amount of soil adhering to the sugar beet is marketed to landscapers, architects and farmers, ensuring that this valuable non-renewable resource is used in a sustainable way. The lime products produced as part of the purification process are sold under the LimeX brand for soil conditioning. Even the stones delivered along with the sugar beet are separated, graded and washed and sold to the construction industry. More than 75 per cent of a sugar beet is water, which requires treatment before being returned to the environment. The beet industry has invested in extensive treatment facilities including aerobic and anaerobic digestion. Methane (biogas) is recovered from the digesters and this non-fossil fuel is used to fuel boilers.

We also acknowledge that both the Animal By-Products Regulations, which will apply fully from the end of 2005, and the Landfill Regulations, will further increase the pressure on manufacturers to reduce the amount of waste sent to landfill. Furthermore, approximately 400 of the larger food and drink manufacturing installations are covered under the PPC Regulations, of which prevention and minimisation of waste and emissions to the environment are key aspects, coupled with the general requirement to demonstrate use of best available techniques and continual improvement.

4.4.20

FDF does not support a general extension of existing EU rules on origin marking, believing that the current legislation lays down sufficient obligations to avoid confusion and meet consumers' general information requirements. Whilst the industry is willing to give information on the origin of ingredients in response to consumer enquiries, the label is not necessarily the best way of doing this, both from a practical and logistical standpoint. FDF members therefore prefer to utilise other means of communication such as consumer care lines and which provide the degree of flexibility required when ingredients may be sourced from several origins.

4.2.25

FDF welcomes the planned expansion of Envirowise's work on best practice in waste minimisation. FDF has worked with Envirowise on a number of occasions in the past on waste and other environmental issues. Specifically the Scottish FDF, a devolved Division of FDF, has formed a Scottish Food Chain Group (comprising the National Farmers Union of Scotland, Sea Fish Industry Authority, Scottish Retail Consortium, Scottish Grocers Federation, British Hospitality Association as well as the SFDF), which is developing, in conjunction with Envirowise, a framework for action on waste and resource efficiency. This includes working on the development of a programme of workshops and an outline specification for research into what waste streams are generated by the food chain and what the options are for handling or disposing of such waste.

4.2.32

FDF would like to emphasise the importance of taking forward the work identified by the second indent, that of establishing the levels of 'food waste' arising across all sectors of the food industry. FDF is aware that the evidence base for waste, other than packaging waste, is currently incomplete and hence needs to be improved before any targets can be considered..

4.2.33

In reviewing any initiative/programme designed to meet the targets set by FISS, FDF believes that a full supply chain analysis needs to be conducted. The reason for this is that some cost reductions in one part of the chain can add to costs in another.

For example, whilst requiring products to be delivered in shelf ready packaging has the superficial appeal of reducing packaging costs and reducing costs a particular retailer, there could well be a situation where the costs, rather than being taken out of the supply chain altogether, are just passed back to another point in the chain. Furthermore the situation could arise where the added costs to the other parts of the chain are greater than those saved in another area. This is conceivable, for example, where shelf ready packaging is not standard through out the industry causing with suppliers having to run their lines inefficiently, having to accommodate additional inventories, and run their transport operations sub optimally.

In many instances manufacturer's supply chain configurations are in response to retailer demands, if UK supplying companies' concerned wish to retain their business, rather than lose it to competitors (who may well be based overseas and not subject to similar environmental considerations.) This situation needs to be acknowledged within the FISS. Therefore any non achievement of a particular target, should it occur, needs to be assessed by a full supply chain analysis to understand the dynamics.

Water

4.3.2

Regarding the challenge of promoting greater water efficiency, FDF proposes to work with the Envirowise on developing best practice guidelines for the manufacturing sector. It is also worth noting that greater water efficiency will be driven by implementation of the EU Water Framework Directive which will lead to tighter conditions on water abstraction licences and effluent discharge consents, as well as increases in associated charges. Reducing water usage is also a key part of IPPC including the application of best available techniques for water efficiency.

4.3.12

FDF would like to confirm its willingness to work with Defra on improving the evidence base on water use to enable a baseline to be established and therefore a means to measure future efficiency gains.

Food Miles

Pie Chart page 36: 'UK Food Vehicle – Kilometers by Transport Mode (2002)'

As this Chart illustrates, nearly half of the total UK food miles is accounted for by domestic car use. This is clearly an aspect out of the control of food and drink manufacturers.

4.4.3

FDF looks forward to studying the findings of the AEA Technology Research once the report is published. We note however the key finding that food miles gave rise to around 20 million

tonnes of carbon dioxide emissions in 2002. FDF would like to understand how this figure has been derived.

FDF notes the figures in Table 1 showing that well over 50% of the total external costs associated with transportation of food arise from domestic congestion. We also note that transportation of imported agricultural produce by sea does not give rise to any significant impacts. As far as imported ingredients are concerned this is the usual mode of transport used by food manufacturers who generally do not use air transport, either long or short haul. Air transport is also not used for finished goods.

4.4.6

As evident in the report of the Wise Moves Project, the economics of buying diesel has led manufacturers to create an extremely fuel efficient and low polluted supply chain in cooperation with their customers, with the latter's continued commercial pressure ensuring such efficiencies are maintained.

Shaded Box, Page 41, 'Action Point'

Noting the comments made under 4.4.3 and 4.4.6 above it is important to recognise that food manufacturing sector will find it difficult to significantly reduce its own food miles. More generally action to reduce impacts associated with the food industry's food miles needs to be reconciled against Government policy to promote a successful conclusion to the current Doha Development Round which, in turn, will rely on companies buying increased imports of agricultural raw materials for processing in the EU.

Chapter 5: Primarily Social

Nutrition and Health

FDF notes that the actions set out on nutrition and health reflect those being discussed on the Food and Health Action Plan of the 'Choosing Health' White Paper.

Equal Opportunities

Shaded Box, Page 53, 'Action Point'

Whilst the objective of increasing representation of women and ethnic minorities in skilled, administrative and managerial grades, is supported in principle, the need to develop the evidence base in this area so as to ascertain the current baseline means it is difficult to assess the feasibility of the target proposed.

Health and Safety

FDF would like to see a reference included in this section to the HSC's Securing Health Together Occupational Health Strategy which promotes industry to commit to five key targets for improvement in occupational ill-health by 2010. In turn, the food manufacturing industry realises the need to measure work-related ill-health and is committed to establishing benchmarks that are recognisable and usable in industry. We would therefore like to see included within the shaded box on page 55 headed 'Action Point', two additional targets expressed as follows:

- to reduce by 20% the incidents of work-related ill-health cases by 2010.
- to reduce by 30% the number of work days lost due to work-related ill-health by 2010.

Ethical Trading

5.5.6 – 5.5.10

Although FDF's Declaration of Ethical Trading Values is mentioned, the prominence given to the Ethical Trading Initiative, including in respect of the action point, could give the impression that this is the only major initiative in the area.

5.5.11

The specific reference to the Fair Trade Foundation risks giving the impression that the Government is endorsing one brand over another, which would be wholly inappropriate. Furthermore, FDF would like to point out that much cocoa is bought through auction rather than direct from producers and that this is not compatible with the Fair Trade approach. Many African farmers could suffer if the auction route is taken away, not to mention the danger of new monopolies arising.

Shaded Box, Page 58, 'Action Point'

Although the action to double the amount or percentage of food in supermarkets covered by the Ethical Trading Initiative is clearly identified as a retailer responsibility, FDF believes that the feasibility of such a target rests with the willingness of consumers to buy such products. FDF would therefore propose that any measure to encourage the adoption of ethical trading standards would be better focused on inputs in terms of supply chain practices and/or initiatives which encourage greater corporate commitment to this aim.

Chapter 6: Primarily Economic

Science-Based Innovation

6.1.1

The FISS should acknowledge the importance of the outputs of science-based innovation in terms of technological advance in keeping a viable food and drink manufacturing industry in the EU as opposed to transferring to countries with lower wage costs.

Shaded Box, Page 61, 'Action Point'

The proposal that the manufacturing sector should double absolute expenditure on R&D by 2010 is very aspirational given the international context in which the industry operates. Moreover the EU Lisbon agenda already aims to increase R&D expenditure to 3% of EU GDP by 2010 but it is currently 1.9% and falling. This is because much of the current EU social, environmental and food legislation is militating against such growth. For example, if nutrient profiles are introduced under the current EC Nutrition and Health Claims proposal, which de facto did not allow health claims on foods high in fats, sugars and salt, then this

would severely restrict R&D. This is because the amount and type of claim allowable would be severely limited eg research into production of cholesterol-reducing margarine would disappear. Similarly, the EC REACH proposal has the potential to impact on the cost and availability of a wide range of cleaning chemicals, machine lubricants and food contact materials (both packaging and inks) in use throughout the food chain which in turn is likely to have major negative implications for innovation and research into developing new products.

Workforce Skills

Shaded Box, Page 64, 'Action Point'

Whilst the need to increase the proportion of workers in the retail and manufacturing sectors with qualifications at NVQ Level 2 is supported in principle, the need to complete the evidence base in this area and thereby the current baseline, makes it difficult to assess the feasibility of the target proposed.

Partial Regulatory Impact Assessment

6. Compliance Costs for Business

6.1

Based on ONS 2003 data, the correct figures from manufacturers are 7,271 enterprises, gross value added £20.5 billion; based on FDF's own current estimate 500,000 jobs are provided by manufacturers.