

MINUTES – INNOVATION: A KEY FOCUS FOR THE FOOD AND DRINK INDUSTRY

All-Party Parliamentary Food and Drink Manufacturing Group meeting

Tuesday 10 May 2011

Jubilee Room, Westminster Hall

Attendees:

Parliamentarians

1. David Amess MP
2. Nicholas Blaney, Private Secretary to Baroness Wilcox
3. **Russell Brown MP (Vice Chair)**
4. Madeleine Burns, Office of Mark Spencer MP
5. Lord Corbett of Castle Vale
6. Emma Davies, Office of Jim Cunningham and Brian Donohoe MP
7. Nigel Dodds OBE MP
8. Hannah Dolan, Office of John Stevenson MP
9. **Lord Dykes (Treasurer)**
10. Baroness Howe
11. Lord Hoyle of Warrington
12. Marcus Jones MP
13. Baroness Masham of Ilton
14. Anne McIntosh MP
15. Nigel Mills MP
16. Duke of Montrose
17. Caroline Nokes MP
18. Cho Oliver, Office of Chi Onwurah MP
19. Chi Onwurah MP
20. Lord Palmer
21. Bob Russell MP
22. Jim Shannon MP
23. Mark Simmonds, Office of Chi Onwurah MP
24. John Spellar MP
25. Mark Spencer MP
26. **John Stevenson MP (Chair)**
27. Elizabeth Truss MP
28. Mike Weatherley MP
29. Heather Wheeler MP
30. Bill Wiggin MP
31. **Baroness Wilcox (Speaker)**

FDF Member companies

32. Tim Charles, apetito
33. James Clark, Coca-Cola Enterprises
34. Suzannah Cooley, Coca-Cola Enterprises
35. Paul Freeston, apetito
36. Tasmina Hoque, Kraft Foods UK Ltd
37. Jonathan Horrell, Kraft Foods UK Ltd
38. **Jim Moseley, FDF President, General Mills (Speaker)**
39. Andrew Riley, McCain Foods (GB) Ltd.
40. Ian Stone, apetito

Stakeholders

41. Jocelyn Bailey, Policy Connect/APMG
42. Clair Baynton, DH
43. Chris Brock, LFC
44. Richard Cienciala, DH
45. Andrew Curtis, SNACMA
46. Alison Gleadle, FSA
47. Georgina Gould, Government Office for Science
48. Thomas Kohut, Policy Connect/APMG
49. Andrea Martinez-Inchausti, BRC
50. Calum Murray, Technology Strategy Board
51. Roy Norton, DEFRA
52. Jon Poole, IFST
53. Gary Stephenson, Devro plc
54. Elizabeth Warham, Government
55. Nick von Westenholz, NFU

FDF Representatives

56. Nina Blunck, FDF
57. Angela Coleshill, FDF
58. Barbara Gallani, FDF
59. Terry Jones, FDF
60. Selga Speakman-Brown, FDF

Mission Statement:

To consider the issues of concern to the food and drink manufacturing industry and to raise awareness of these matters in Parliament.

Summary:

The All-Party Parliamentary Food and Drink Manufacturing Group met on Tuesday 10 May to discuss the importance of innovation in the food and industry and barriers to it.

Food and Drink Federation (FDF) member companies apetito, Coca-Cola Enterprises, Kraft Foods UK Ltd and their subsidiary company Cadbury, McCain Foods (GB) Ltd showcased examples of health/science innovation, sustainable/packaging innovation, consumer innovation and product reformulation. The meeting was chaired by John Stevenson MP. Jim Moseley, President of FDF and Managing Director of General Mills, and Baroness Wilcox, Under Secretary for Business, Innovation and Skills each gave short presentations to discuss their perspective and experience of the topic.

Speaker key

JS John Stevenson MP, Chair, All-Party Parliamentary Food and Drink Manufacturing Group

JM Jim Moseley, President, FDF and Managing Director, General Mills

BW Baroness Wilcox, Parliamentary Under Secretary for Business, Innovation and Skills

JS I'd like to thank the parliamentarians for attending this afternoon, the stakeholders, and of course the companies, particularly those who are demonstrating some of their products. I think we all accept that manufacturing is starting to make a bit of a comeback. It's been growing over the last few months, and it's an important part of our economy. As part of the manufacturing industry, food and drinks, represents around 15%. On top of that, directly it's about 400,000 jobs. I think, for our parliamentarians, invariably food and drinks manufacturing usually has a presence in most of our constituencies.

The key issues for the manufacturing industry and particularly for the food and drink sector, I would say, are many. We've got skills, we've got training, we've got sustainability, health, regulation, etc, but today we're concentrating on innovation. Now innovation and R&D, the food and drink element of it, represents about 4% of the national spend. And the industry itself, I understand, produces around about 6,000 new products a year. So as you can see, it's an extremely important part of our economy.

I would like to introduce our first speaker, who is Jim Moseley. Jim is the President of the Food and Drink Federation. He has spent 35 years in the food and drink industry. Starting his career with FMC Meat Ltd, he then joined Ovaltine, manufacturer of Wander Foods, where he was responsible for the UK launch of the sports drink, Isostar. Recruited by Tulip International as the Sales and Marketing Director, he spent 12 years with the group before moving to General Mills as Managing Director. Today Jim is responsible for a broad portfolio of high-profile products, including amongst others Haagen-Dazs, Green Giant and Nature Valley in the UK, Ireland and the Nordic markets. In addition, Jim has served as chairman of the Provision Trade Federation, is currently President of the Food and Drink Federation, and is a board member of the CIAA. Thank you, Jim.

JM Thank you very much, John.

I'm actually delighted to be here to represent to you both the Food and Drink Federation and General Mills and talk to you about our sector. I guess there are three things that I really want to

say. One is the importance of the sector which I represent. Number two is the importance of innovation to that sector, and then number three is the importance of you to actually driving more growth and more innovation for our sector.

So as John said, he's given most of the facts already about the sector, we are the single largest manufacturing sector in the UK. I'm also delighted to say that we're pretty resilient, so even though we've been through a recession, we are still growing. We've seen some down trading, we've seen some changes in consumer habits over the last two or three years, but we're still growing and we're probably growing at something like 10% higher than the average for UK manufacturing. So it's a pretty resilient industry. My own agenda is for action to accelerate that growth, to be an even more important contributor to the rebalancing of the economy.

And that brings me to innovation because innovation is absolutely key to our industry. In some respects it is the absolute lifeblood of our industry, and as John said, typically in UK food and drink, we are producing something like around 6,000 different products every year. And that's because the pace of consumer lifestyles changes, habits in terms of diet and so on, is changing very frequently in our industry. And our innovation is constantly meeting consumer needs. There's a great opportunity over here at apetito that I've taken to show how we're developing products that are meeting needs. Consumer demands are changing, so where we talked in the old days about producing products that meant convenience, health or taste, today we also see that there are new dynamics coming in. So people are looking at the credentials of brands and organisations in terms of their environmental impact and so on. So we see new innovations around sustainability and such like.

Not only products and sustainability, but I'd also say that there's great innovation in the food industry process. So there are very few countries that you can go to as busy MPs, arrive at 11:00 at night at the airport and yet manage to pick up a chilled ready meal on your way to home and actually cook it and prepare it, and it would be superb. In the UK you can do that because you can place an order as a retailer this morning. Those goods will be in the central depot tonight, and they'll be on the shelves tomorrow. And that's an incredibly short chain that we have developed as a complete industry, and I think one of the world-leading processes. So it's not just products; it's processes as well.

But innovation is absolutely key to us as an industry. It keeps us very fresh; it keeps us dynamic. Linked to innovation is also reformulation, and I'm sure lots of you will be very aware that FDF members particularly have been very keen to reformulate products as part of the Responsibility Deal. So saturated fats, trans fats, salt, sugar: all of those ingredients have been addressed, and a huge amount of reformulation has been going on over the past years to make our products healthier as well as more convenient as well as retaining their taste. Taste is important. I say that because some of the latest reformulation targets actually make the manufacturer of certain of the country's favourite products, actually extremely difficult to do and retain the taste that consumers want. So that's one of the slight barriers to too much reformulation. But that's also a part of our innovation process.

The second thing I want to talk about is not only the role of innovation, but innovation in terms of how it can grow our industry. So as I said, we need to keep fresh. We need to keep pace with

consumer lifestyles and changes. We also need to compete in a very global market. And some of our competitors are also producing products very rapidly with new technologies that sometime we find a barrier to use. And one of the things I would say in terms of your ability to help us grow is to look at some of those barriers to innovation.

That's the third element I want to look at. We have some barriers. We have, for example, some new technologies, which even the Foresight Report talks about as being essential if the UK is to be able to produce enough food from limited resources going forward. I would like government to look very closely at some of those new technologies and lead the debate on them from a science base. I think some of our technologies have lost out because of emotions amongst consumers which are not science-founded or science-based. So I would encourage government very much to look at the science behind some new technologies that would allow us to get into new product development faster.

I would also encourage you to look at some of the other barriers to new product development. The Novel Foods Regulation, which is the European regulation that I'm sure some of you will be familiar, actually does slow down a lot of developments for big industry. I can think of certain products which have been three or four years sitting in that regulation waiting to get approval but have real consumer benefits. While that waiting is going on, our competitors can catch us up and overtake us. So I would encourage you to look and take a real interest in the EFSA [European Food Safety Authority] and the European regulations where they act as a barrier.

The Food Information proposal is another. So in the UK, a lot of food manufacturers are innovating around health and reformulating but are actually unable to talk about some of the health benefits on the packaging of food. And again the Food Information proposal is acting therefore as a slight barrier to that innovation. So I would encourage you very much to look at those regulations and those barriers because as far as I'm concerned, the more barriers we can take down to innovation, and the more industry can innovate and grow and outpace its international competition, then the faster we can grow and be a major contributor to the rebalancing of the economy.

So those are the messages that I really wanted to get across. I would also say that a key word in all of this is trust. I've talked about food regulations, which are there to ensure the safety of new products for consumers, and I've talked about new technologies, biotechnology, nanotechnology, which all have the ability to frighten consumers. As major food companies, we spend an absolute fortune on keeping our consumers loyal to our brands. To do that, we have to deliver very safe, very nutritious, convenient products, and that is what we're trying to do. I do not think you'll see an industry in the UK which is taking chances with consumers' health by introducing new products and new technologies too rapidly. But what you do see is maybe a boilerplating of that, which is actually slowing the speed of our innovation down.

So that's the message that I would leave with you, and it now gives me great pleasure to introduce our next speaker, Baroness Wilcox. And this is where I have to refer to my notes because you have an amazing background. Baroness Wilcox is the Parliamentary Under Secretary for Business Innovation and Skills. She has over 30 years – and that's less than me – 30 years' experience in the food industry, including running the family fishing business, the Capstan

Fisheries, and Channel Foods Ltd, and also several years as a non-executive director at Cadbury Schweppes. So a very highly successful businesswoman, she was made a life peer in 1996 and has had an extremely busy parliamentary career, including high-profile roles in both opposition and in government today, sitting on nine committees in the first seven years in the Lords. So I think, Baroness, you understand what it takes to be successful in this industry. We were talking before about deliveries to Marks & Spencer and Sagebridge and Tesco and saying, there's no room for leeway there. We have to be on time and in full. So I think your experience coupled with your role as a minister at BIS makes you absolutely ideally placed to speak today.

BW You're very kind.

JM Ladies and gentlemen, Baroness Wilcox.

BW Well, thank you first to John Stevenson, the MP for Carlisle, for making it possible for us all to be here today. So thank you very much indeed for that. In fact, the last time I met you was over a rather sumptuous meal, so food all the way. Jim, the President, of course, for the food and drink manufacturing industry. As you could see, he held his notes and he didn't read one of them. It's absolutely marvellous. He knows his subject so well, passionate about his industry, and you couldn't have had a better speaker or better advocate there.

Me, of course, I've got to read out what I've got to make absolutely sure that I don't get off piste. The one thing that wasn't on my CV was that I'm also a minister for intellectual property, and that, I thought, was going to be Sleepy Hollow, but it turns out not to be at all. I know it, very interested in it, because of course I've had brand names of my own in the past, and at the moment we're fighting to get a Europe-wide brand for intellectual property. So it's very interesting all around for me to be involved and to be here today.

We've already heard the wonderful things that you do. We've already heard how good your industry is and how much we depend on it for our jobs, etc. It's an innovative industry, and there are reasons to encourage innovation in the UK food and drink industry, and that of course is not just to feed people at home. It is the fact that the future global food security absolutely depends upon the innovation from these very big industries that can invest in looking forward to the future, and I take on board the points you make about making sure that we are going try and help you all we can.

This topic was considered in the recent report from the Foresight team in the UK Government Office for Science, *The Future of Food and Farming: Challenges and Choices for Global Sustainability*. And the Foresight Report examined how the global food supply chain will need to provide food for a projected 9 billion people in 2050, up from 7 billion today. This will be challenging for a number of reasons. First, changing diets resulting in a disproportionate increase in demand for meat. Second, the increase in competition for natural resources, water, energy, land. And third, the need to adapt and mitigate against climate change.

The challenge is increased by the fact that we don't start from a good place. Of the current 7 billion global population, 2 billion are either hungry or don't have access to adequate nutrients. And the Foresight Report concludes, the scale of the challenge is such that actions are needed

throughout the food supply chain. The spread and uptake of existing best practice and technology will be important, but equally a continual stream of new innovation will be needed. The UK food and drinks industry's strong track record in innovation and its excellent skill base makes it well-placed to capitalise on all these opportunities, both at home and abroad. The industry has led the way in increasing resource efficiency, as we've heard, and the success of the voluntary Courtauld agreement in reducing food packaging and the subsequent savings to industry has just been one example. The industry has also played a valuable role in increasing consumer awareness of the sustainability of food production, and of course, I was chair on the National Consumer Council for seven years. So let me put that one as well.

How then is the UK government working with industry in supporting research and innovation in the food and drink industry? Well, first there is a recognised need for well-trained researchers. The advanced training partnerships developed by the Biotechnology and Biosciences Research Council provide postgraduate training in the food and drink sector through partnerships including universities, colleges, research institutions, retailers, and of course the industry.

Second, the new multi-partner Global Food Security Program is facilitating a more coordinated and collaborative approach between the public sector bodies involved in funding and commissioning, and the program joins up with the private sector and will do more so under this government that we are now enjoying.

Third, the Technology Strategy Board's sustainable agriculture and food innovation platform will play a key role with £90 million to invest over five years, and this will fund collaborative research between business and researchers to develop the new technologies that increase the food productivity and listen to all of the things that you've already heard here, so you don't need me to say this again. Opportunities exist with the launch yesterday of the TSB Nutrition for Life competition for collaborative research to stimulate innovation in the food and drink sector to support novel, safe, healthier, nutritious foods and processes.

And fourthly, the UK has the advantage of a world-leading research base in food crop science, including Rothamsted Institute and the John Innes Centre, the Genome Analysis Centre, and the Institute of Food Research, all located at Norwich Research Park, and the latter benefiting from, in the budget, £26 million proposed common investment. So this is all to the good.

These programs provide a strong framework to promote innovation in the food supply chain. This will benefit the industry, consumers, and the global community by providing an essential part of the solution to the challenges the Foresight Report so clearly identified. So I'm sure the government can look to the industry to rise to the challenge, take the opportunities offered, and build on its manifest strengths, working close together.

I think that's about all I need to say. Most importantly, it's wonderful to see the balance that you've managed to get here today. Instead of having all the people in the industry and just a few from parliament, somehow or other you've managed to get the balance right, so that everybody can learn from you today, and at the same time we can hear some of the worries from the MPs, from their area, from their constituencies. They want jobs; they want safety for their people. They want all the things that the food industry strives so hard to provide for us.

How many people have we got in the country now? 60 million people. 60 million people, and we were talking earlier, 20 million of them over the age of 65. And so products like this, apetito, for people who get to the time when they... what were you telling us? We get very quickly to the time when we can't swallow anymore. I got quite worried about this. From what my age provider was giving me, I'm well past it, but I am still managing to crunch through it all.

With all the range of the new products that are coming, the wonderful expertise, and I've supplied the food industry right from taking it out of the sea to putting it in a pack for you to walk out of the supermarket with at the end of the day, and that's the chilled food industry, the most difficult of all, referred to by you. Many countries of the world cannot cope with the chilled food industry because it is such a very fast-moving thing. I remember nearly having cardiac arrest trying to make sandwiches for Marks & Spencer with a shelf life of one day. It really, really was harrowing stuff, but anyway, I loved it, I enjoyed it, and I'm delighted to have been here today. I've had an opportunity to say thank you on behalf of us all for bringing us out.

JM Thank you very much indeed.

JS Just before we conclude, I'd just like to say two quick things. Firstly, a big thank you to both our speakers for very interesting speeches, just to hear what they've both had to say. Secondly, please do take an opportunity to go around and speak with the various companies who have come here today and discuss their products and see what innovation they are bringing to the industry. I'm just going to quickly say one or two things about each of them, just to give you a little bit of background.

We'll start with apetito. It's an award-winning global organisation with 50 years' experience in providing frozen food and catering solutions to care homes, local authorities, and hospitals. They also provide a frozen meal delivery service to the public and a private hot meal delivery service to local authorities. Today they are showcasing their health science innovation products. They are global leaders in this market and have recently relaunched a range of soft and pureed diet products.

Coca-Cola Enterprises, a manufacturer and distributor of soft drinks from both the Coca-Cola Company and other brand owners in Great Britain, Coca-Cola is the biggest grocery brand in Great Britain and includes a range of over 100 products. Throughout Great Britain they have a network of 22 sites, including seven manufacturing sites as well as logistic operations and sales offices, employing around 4,600 people. I'd also remind parliamentarians that there is, in fact, a visit to the Coca-Cola plant on the 14th of June, and all are welcome. Today they are showcasing sustainability and packaging innovation and how they plan to reach their 2020 commitment to reduce the carbon emissions of their business by 15%.

Kraft Foods work every day to provide consumers with quality brands they've grown up with. They are leading the industry with top-rated products in several categories, including biscuits, cheese, grocery, chocolate, and coffee. And interestingly enough, more than 25 of their European brands are over 100 years old. Today they are showcasing product reformulation and consumer innovation.

Finally, McCain Foods Ltd, an international leader in the frozen food industry, employing 20,000 people and operating 53 production facilities on six continents. And McCain is the world's largest manufacturer of frozen potato specialties and also produces a variety of other foods, including pizza, oven meals, juice and desserts, all of which can be found in thousands of restaurants and supermarket freezers in more than 160 countries around the world. Today they are showcasing product reformulation using their home chips, rustic chips, and simply potato range as examples of the good work that they are doing in this area.

So please do take the time to go around and have a look, and also there is some lunch at the back, which I think many of you already have. Thank you very much indeed for coming out.