



FOOD AND DRINK INDUSTRY REPORT 2020

fdf food & drink
federation
passionate about food & drink

In partnership with:

 Santander

Foreword



Ian Wright, CBE
Chief Executive, FDF



These are testing times for food and drink manufacturing businesses. A heightened focus on the role of plastics in food packaging is likely to mean tougher regulation. Similarly, concerns about health and obesity rates already mean that UK manufacturers face significant challenges from government (and there is much more to come). Finally, I fear our future trading relationship with the EU will continue to be overshadowed by uncertainty for a long time to come.

When the going gets tough, it's important above all to have good friends you can count on. FDF's purpose - our mission - is to be that good friend to food and drink businesses.

Santander is certainly a very good friend to FDF. Our partnership enables us to extend the reach and quality of our services to FDF members and Santander customers alike. Santander experts offer us wise counsel and access to their extensive network of contacts. We have learned a great deal from them and, I hope, the obverse is true too.

Though their expertise is wide-ranging, Santander offers a particular capability around exports. As you will see in this report, UK food and drink exports have been a singular success in recent years, achieving strong (in some cases double-digit) year-on-year growth. But we start from a relatively low base, in that only around one-in-five of our food and drink businesses are exporters. In some competitor markets, that proportion is much higher.

Encouraging more businesses to overcome their concerns about exporting is a high priority for FDF and for Santander. We are seeking to persuade the Government to invest (alongside us) in more specialist support to help companies take advantage of more export opportunities. We know that the world loves the provenance, impeccable quality and fabulous taste of UK food and drink, so now is the time to seize that opportunity.

It is a great pleasure to work with Santander and I commend this paper to you.

A handwritten signature in black ink that reads 'I Wright'. The signature is written in a cursive, slightly stylized font.

Foreword



Andrew Williams
Head of Food & Drink Sector
Santander



Santander is delighted to be associated with the FDF and its Industry Review paper. The report provides a crucial insight into the current sentiment felt by those operating in the sector.

We're at a delicate moment in the UK's economic cycle. With Brexit on the near horizon, the UK's food and drink industry will be a vital element of business and output in the UK, both domestically and internationally.

The food and drink industry is the UK's largest manufacturing sector, contributing £31.1bn to the economy annually and employing 450,000 people. It is a key part of the nation's £121 billion 'farm to fork' food chain.

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

The challenges we face in the next few years are unparalleled and the market environment in which we operate remains uncertain. We're aware that the challenges include a changing consumer landscape, pressures on margins, Brexit, sustainability, nutrition and the continual need to invest in technology and innovation.

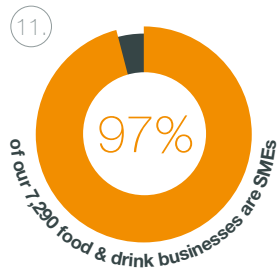
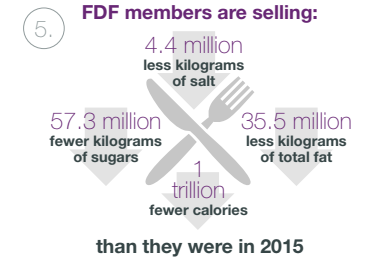
However, this is a resilient and adaptable industry with huge opportunities available to our sector, so that we can sell more great British food and drink. Therefore, it is key that we identify how best to harness our own growth potential and improve productivity.

This report focuses on five core areas – International trade, innovation, skills, packaging and regulatory changes – all which provide both challenges and opportunities.

Santander is fully committed to supporting food and drink manufacturers and has a dedicated sector team and specialist relationship teams working closely with professional organisations such as the FDF and DIT. We want to assist the industry to seize opportunities, maximise growth and boost 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.

A handwritten signature in black ink, reading "A. Williams" with a long, sweeping horizontal line extending to the right.

Our Industry at a Glance



Sources: 1, 3, 6, 11, 12, 14: The Office for National Statistics. 2: Eurostat. 4: The British Soft Drinks Association. 5, 9: FDF Ambitions. 7, 8: Her Majesty's Revenue & Customs. 10: The Department for Environment, Food & Rural Affairs. 13: UK Commission for Employment and Skills. 15: FDF Business Confidence Survey.

Exports Snapshot H1 2019

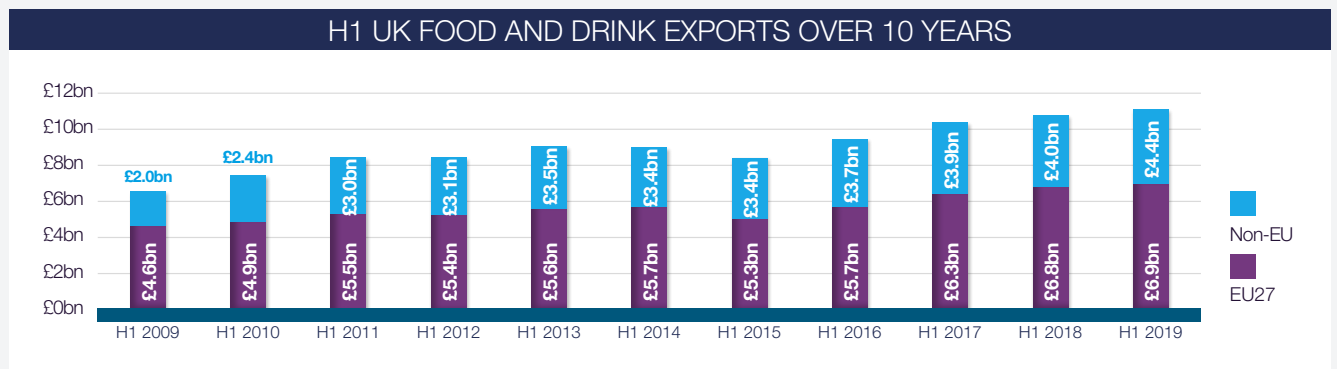
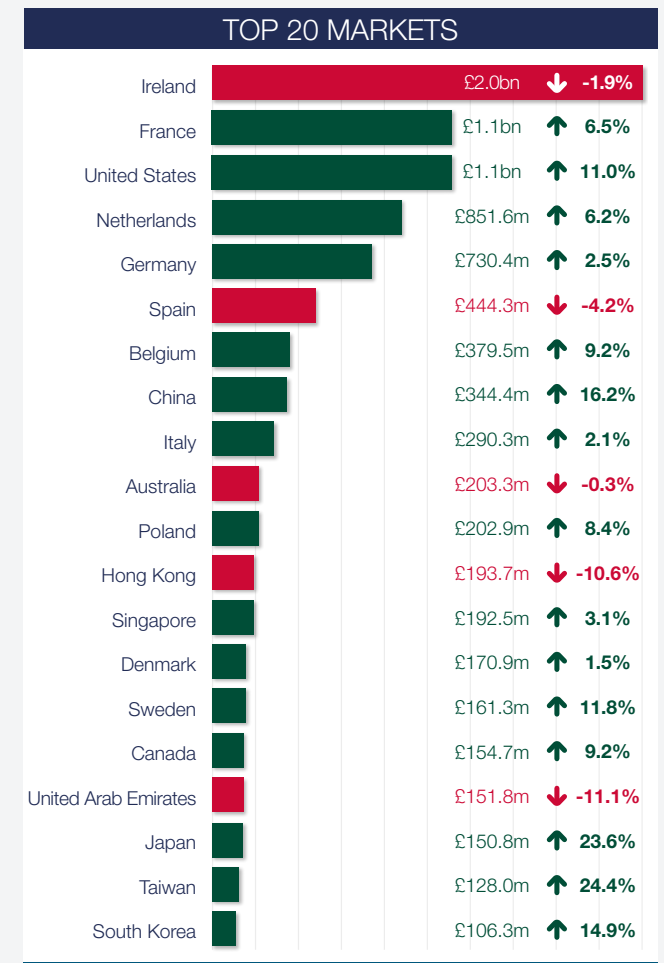
Executive Summary

- H1 2019 exports of food and drink increased by 5.1% (y-o-y) to £11.3bn. This has largely been driven by growth in the value of exports to non-EU countries (+9.8%), with growth over four times that of exports to the EU.
- The UK's food and drink trade balance has declined, indicating that relative dependence on imports has increased by 0.8% since H1 2018.
- While year-on-year growth in the value of food and drink exports exceeded 11% in Q1, the second quarter of the year saw a decline on the same period in 2018 (-0.6%). Evidence from members suggests that the figures we reported in Q1 were significantly inflated by the impacts of stockpiling.
- In line with this, a large proportion of members have reported that they predict exports in the wider UK economy to decline over the remainder of 2019.
- Exports to the UK's top trading partner, Ireland, have fallen in value on H1 2018, for the first time since H1 2015. The two key drivers of this decline were weaker exports of cereals & flours and meat-based products. On the other hand, growth to the UK's remaining top five markets (France, USA, Netherlands, and Germany) has been positive.
- Other key markets that have seen negative growth include Spain, Hong Kong and the UAE, where the value of a variety of exported products has fallen, including: sauces, ice-cream, meat products, and confectionary.
- All of the UK's highest value exported products have grown in H1 2019, with whisky, salmon, wine, gin, and pork increasing by over 10% on the same period last year. Salmon, beef and gin have also all seen volume growth above 10%.

FDF analysis of Her Majesty's Revenue & Customs data

KEY INDICATORS			
	H1 2018	H1 2019	Change
All food & drink	£10.7bn	£11.3bn	5.1%
EU	£6.8bn	£6.9bn	2.3%
Non-EU	£4.0bn	£4.4bn	9.8%
EU share	63.0%	61.4%	-1.6pp
Non-EU share	36.9%	38.6%	1.6pp
Trade balance	-£12.2bn	-£12.3bn	-0.8%

TOP 10 PRODUCTS				
	H1 2019	Change		
		Value	Value (%)	Volume (%)
Whisky	£2.2bn	£220.5m	10.9%	9.2%
Salmon	£400.1m	£87.8m	28.1%	24.7%
Chocolate	£357.2m	£15.9m	4.7%	3.7%
Wine	£349.3m	£46.3m	15.3%	-11.4%
Cheese	£348.3m	£19.5m	5.9%	5.8%
Gin	£333.5m	£49.2m	17.3%	16.1%
Beef	£276.4m	£7.8m	2.9%	13.5%
Pork	£256.3m	£35.8m	16.2%	9.6%
Breakfast cereals	£242.1m	£0.5m	0.2%	3.9%
Beer	£239.1m	£2.8m	1.2%	3.9%



UK food and drink exports hit £22.6bn¹ in 2018, playing a critical role in the success and economic contribution of the sector. Santander and FDF work in close partnership to help UK businesses seeking to export quality UK food and drink.

Export Target Markets

For over two years, the FDF has been working with its members, UK Government and partners across the food and drink supply chain to develop a Food and Drink Manufacturing Sector Deal. Producers identified five key growth markets as top targets for UK industry based on analysis produced by Grant Thornton – China, India, the Gulf (with a focus on the United Arab Emirates), USA and Japan². They have been highlighted as markets that offer significant opportunities for export growth but that businesses typically struggle to enter due to market complexity, cost and unfamiliarity.

¹ Food and Drink Federation, Exports Snapshot 2018, March 2019

² Grant Thornton, FDF Economic contribution and growth opportunities, June 2017

³ Government of Canada, Market Overview – Japan, Global Analysis Report

^{4,5,6} Her Majesty's Revenue & Customs

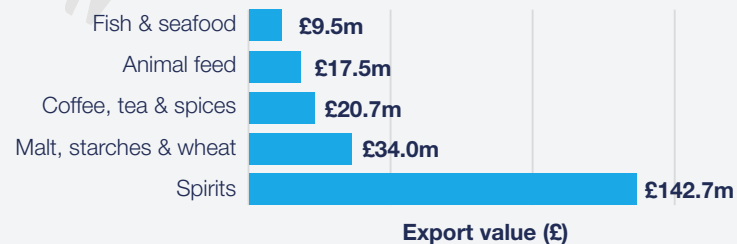
Santander Data sources: All from public domain including, Food & Drink Federation (FDF), Food & Drink Exporters Association (FDEA) and Her Majesty's Revenue & Customs (HMRC).

Japan

With a large middle class and one of the oldest populations in the world, packaged foods have been identified as a key growth opportunity for businesses exporting to Japan³. **UK food and drink exports have grown by 85%⁴ over the last decade to Japan, with a wide range of products being sold.** In 2018, whisky (£128m, +30%), coffee (£17m, -2%) and wine (£9m, -3%) were the UK's top three exported products⁵ to Japan. From the UK's top 20 exported products, cheese (+302%) and animal fats (+145%) recorded the fastest growth⁶.

An EU-Japan preferential trade deal has applied since Feb 2019, reducing Japanese tariffs and expanding opportunities to trade. However, if the UK leaves the EU with no deal, UK food and drink manufacturers will lose this access, until UK Government is able to secure a new agreement. As part of the Food and Drink Manufacturing Sector Deal, **FDF is working with Government to put in place additional food and drink specialists in Japan to support companies and drive increased export growth.**

Top 5 UK food and drink exports to Japan 2018



Source: Her Majesty's Revenue and Customs

Santander's insights

We believe that Japan presents an exciting opportunity for businesses in this industry. Exports in 2018 totalled £275m which represented an increase of 15%. During the first six months of 2019, export trade was £151m with a significant 23.6% increase year on year (YOY). Japan is the world's third largest economy, meaning this market demands high quality and differentiating products, which the UK is well positioned to satisfy.

We have strong partnerships within a network in Japan, which we're able to leverage to assist UK businesses with their international trade ambitions. As part of this, we're proud to have a banking partnership with Mitsubishi UFJ Financial Group, Inc. (MUFG).

Thanks to our strong relationship with Mitsubishi Shokuhin – one of Japan's largest food and drink distributors – we were recently able to introduce twelve UK companies to this market. They were able to showcase a range of superb quality products, including those of Royal Warrant Holding businesses and a variety of whisky and gin brands.

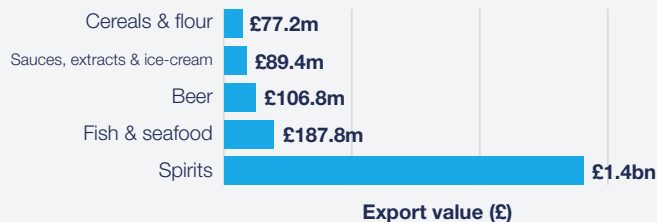
We'll continue to work and deepen relationships with this high-profile distributor and match its category demands to UK manufacturers, thus creating unique and bespoke opportunities for UK companies.

Looking forward, we're exploring opportunities that will be created with the 2020 Olympics in Tokyo along with UK Regional Food initiatives.

USA

As the world's largest economy, with the third largest population, the same language and similar consumer dynamics, the USA provides ample opportunities for UK food and drink exporters. **Exports to the USA have grown over the past ten years by 147% from £0.9bn in 2008 to £2.2bn in 2018 driven by strong growth in a diverse range of products⁷.** More than half the sales value in 2018 came from whisky exports at £1.1bn, followed by gin and salmon⁸.

Top 5 UK food and drink exports to the USA 2018



Data Source: Her Majesty's Revenue and Customs

Food and drink exporters targeting the USA can benefit from the support of an active Department for International Trade (DIT) presence focussed on food and drink, which provides excellent support for UK exporters. Exporting to the USA can be challenging due to the high number of market access barriers – both technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) barriers – as well as differing standards for quality checks or ingredients. This can make it a complex and challenging market for food and drink exporters and justifies industry's request for further resources to support and promote UK food and drink exports.

^{7,8} Her Majesty's Revenue & Customs

Santander Data sources: All from public domain including, Food & Drink Federation (FDF), Food & Drink Exporters Association (FDEA) and Her Majesty's Revenue & Customs (HMRC).

Santander's insights

The USA is also the largest export destination for the food and drink sector outside the EU. During the first six months of 2019, export trade amounted to £1.1bn which represents a 11% increase YOY, and therefore remains a great opportunity for UK manufacturers.

Food and drink revenue in the USA amounted to over US\$2000bn in 2018 where US\$742bn of this represented store sales. As such, the market for the food and drink industry is forecast to grow at an average of 11% per annum to 2023. (ref Statistica)

We know that the supply chain for food and drink (F&D) imports to the USA is complex and sometimes daunting for many exporters. There's a need to build relationships and make arrangements with many partners in this chain and in most cases an importer, broker, agent and distributor are all required in order to get the product to market. Therefore we're working directly with five main distributors in the USA, who are very experienced in importing UK brands. These partners are supporting UK companies by easing some of the difficulties that come with finding suitable contacts within this chain and simplifying the overall supply chain process.

These distributors share market intelligence regarding product demand, trends and category gaps, which we then match to UK companies. These UK manufacturers can then build relationships with the distributors who will manage their brands and sales in this significant market.

We recently took ten UK companies to the Summer Fancy Food trade show in New York. Many of these companies had already been introduced to appropriate distributors ahead of the visit, and the show was used to further explore opportunities and agree initial orders.

We're continuing to work with our cohort of distributors which service Wholesale, Retail, Foodservice and e-commerce channels in the States in order to develop opportunities (in relation to category demand) for F&D companies in the UK.

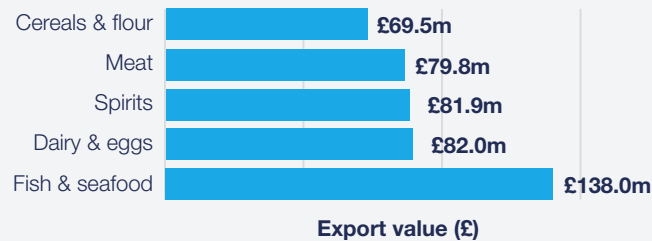


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China

Strong economic growth and increasing urbanisation in China are driving rapid growth in the middle class and with it the purchasing power of its 1.4bn consumers. **While current rapid UK export growth to China is dominated by commodity sales, there is also a significant opportunity to grow sales of premium products, with an emphasis on provenance, quality, health and sustainability.** The top five products exported to China in 2018 were pork (£77m, +11%), whisky (£77m, +25%) and salmon (£73m, +4%)⁹.

Top 5 UK food and drink exports to China 2018



Data Source: Her Majesty's Revenue and Customs

Exporting to China, is not without its challenges, not least because of regional cultural variations which require a sophisticated approach to identify and develop export opportunities. As a result, many successful exporters begin with a highly targeted strategy focusing on major cities. To support UK food and drink, the Agriculture and Horticulture Development Board (AHDB) and Department for Environment, Food and Rural Affairs (Defra) co-fund a dedicated food and drink specialist. **This provides a strong food and drink focus in market and has helped open new market access opportunities, increasing the volume and value of UK exports.** FDF is working with the government to replicate this model for branded food and drink, to better support UK businesses seeking to export to China.

⁹ Her Majesty's Revenue & Customs

Santander Data sources: All from public domain including, Food & Drink Federation (FDF), Food & Drink Exporters Association (FDEA) and Her Majesty's Revenue & Customs (HMRC).

Santander's insights

We can see the opportunities for export to China are clear from its pure scale and growth rates. Chinese imports of food and drink were worth around £54bn in 2018, where they sourced goods from 93 countries, again showing that there are great opportunities for UK Manufacturers in China.

UK food and drink exports to China grew by 10% YOY in 2018 to £623m. During the first six months of 2019, export trade was seen at £344m representing a 16.2% increase YOY.

As with many destinations globally, gaining traction with the right partners in China is sometimes difficult and this dissuades UK exporters from attempting to access this lucrative and growing market. In order to assist companies who want to trade with China, we've partnered with two UK based consolidators who specialise in exports to this market. Together, we've created a streamlined and simplified the process for UK companies.

This consolidator model has many benefits for UK companies. The consolidator has the experience in market, established distributor and buyer contacts, facilities to assist product certification/licensing as well as the efficiencies for export logistics. This provides a solution to many of the issues faced by UK companies, assisting the growth of exports to this market.

The consolidators are sharing market intelligence regarding product demand, trends and category gaps, which we then match to UK companies, providing a warm introduction for these demand-led opportunities.

Chinese imports of food and drink were worth around



India

India is a key market for the UK food and drink industry, worth £163m¹⁰ in 2018 and one that FDF has prioritised in partnership with both Santander and the UK India Business Council (UKIBC). **FDF CEO Ian Wright has led a range of in-market activities, including a Trade Mission to Delhi and Mumbai earlier this year.** Delegates representing some of the UK's biggest food and drink businesses and organisations, showcased UK food and drink at the India Food Forum.

India is a key growth area, with UK exports growing by 265% over the last decade from £45m to £163m¹¹. In 2018, UK spirits were a significant source of growth to India, with their value rising by 34.9%; making spirits the fastest growing category among the UK's top 10 food and drink exports to India.

Top 5 UK food and drink exports to India 2018



Data Source: Her Majesty's Revenue and Customs

However, high import tariffs mean UK food and drink has not yet been able to fulfil its export potential in India. To address this issue, UKIBC recently put in place a dedicated food and drink specialist in India to enhance the essential support that is available to UK businesses.

^{10,11} Her Majesty's Revenue & Customs

Santander Data sources: All from public domain including, Food & Drink Federation (FDF), Food & Drink Exporters Association (FDEA) and Her Majesty's Revenue & Customs (HMRC).

Santander's insights

India is a country with 1.3bn consumers with increasing discretionary incomes and varying food patterns. Although currently not in the Top 20 destinations for UK food and drink exports, we've identified clear opportunities for UK companies to engage with the vibrant £305bn Indian food market, which is expected to reach £500bn by the end of 2020.

Navigating trade with an emerging market is not easy, which is why we've developed a network of partners in India to help UK businesses that wish to explore and take advantage of the potential that prevails. These include Yes Bank (our partner bank) and Sannam S4 who are on hand to help UK companies explore, enter and expand in this dynamic market.

In addition, we're aligning plans with five key food and drink distributors in India, covering the major cities and main channels to market. The distributors are sharing market intelligence regarding product demand, trends and category gaps, which we then match to UK companies. UK manufacturers then build relationships with the distributors who will manage their brands and sales in this significant market.

We'll be leading a trade mission to India focused around a major food show in Q3 2020. In addition, we will be supporting World Food India later in 2020. This event is becoming one of the world's largest as India aggressively develops its Food Park projects. This provides opportunities for UK companies involved in food manufacturing, food brands and the supply chain, including packaging, refrigeration, cold chain, processing, food machinery and foodservices.

There are many opportunities for UK companies to engage with the vibrant

£305bn Indian food market,

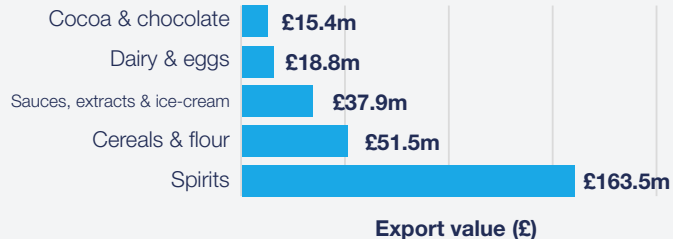
which is expected to reach £500bn by the end of 2020.



The United Arab Emirates (UAE)

The United Arab Emirates (UAE) has a population of 8.6m people in the UAE, of which 88% are foreign citizens¹². **FDF members highlighted the UAE as one of the top three untapped markets they would like to target based on the country's scale, sizeable middle class and appetite for quality western products¹³.** Packaged food sales are popular with local consumers who enjoy the convenience and variety of products and continue to grow in the UAE, reaching a value of US\$4.7bn in 2016¹⁴. The UK already sells a range of products to the UAE, with whisky (£148m, +13%), breakfast cereals (£31m, +4%) and chocolate (£15m, -19%) within the top five categories in 2018¹⁵.

Top 5 UK food and drink exports to the UAE 2018



Data Source: Her Majesty's Revenue and Customs

The main barriers food and drink manufacturers report are the complexity and costs associated with investing in a market with which the company is unfamiliar and the need to identify a distributor. As part of the Food and Drink Manufacturing Sector Deal, FDF is working with Government to put in place additional specialists in the UAE and Gulf region to better support UK exporters.

¹² Government of Canada, Consumer Profile - United Arab Emirates, May 2019

¹³ Grant Thornton, FDF Economic contribution and growth opportunities, June 2017

¹⁴ Government of Canada, Market Overview - United Arab Emirates, Global Analysis Report

¹⁵ Her Majesty's Revenue & Customs

Santander Data sources: All from public domain including, Food & Drink Federation (FDF), Food & Drink Exporters Association (FDEA) and Her Majesty's Revenue & Customs (HMRC).

Santander's insights

Santander works closely with our in-country partner, British Centres for Business, to support connections with key distributors and retailers in the Gulf region.

The food and drink sector continues to expand in this vibrant market and this has been fuelled by increased tourism and leisure, as well as the UAE being a growing global hub.

The market has had its challenges, and operators are looking for high quality, niche products to help them with differentiation. This is where we believe UK manufacturers can benefit from these dynamics and requirements.

UK food and drink exports to the UAE totalled £360m in 2018, representing an increase of 2% YOY. Although Q1 2019 slipped by 8% with exports of £75m, the opportunities in Dubai are significant and this particularly applies to UK manufacturers who are able to supply the food service sector.

Food service customer numbers compare with Paris and London - Dubai, has more restaurants per million population than New York and operational restaurants and cafes in the emirate of Dubai reached 11,813 at the end of 2018. The region currently has 700 hotels with over 110,000 rooms and plans to increase capacity to add almost 20,000 rooms over the next twelve months.

Following a successful trade mission at the end of 2018, we're helping UK manufacturers gain access to Emirates Flight Catering, Emirates Leisure & Retail Group, and Maritime & Mercantile International (MMI). MMI supplies major franchises, hotel groups and several airlines as well as controlling all alcohol into the UAE. Retail connectivity points include Lulu, Spinneys and Al Maya.

We took another nine companies to the UAE in November 2019 for bespoke meetings with key buyers in both retail and food service channels. EXPO 2020 provides further opportunity, with an expected 25 million visitors, and we're in close contact with distributors who are sourcing products for this major event next year.

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Workforce Pressures

The UK economy as a whole is facing workforce pressures with new records being set in official statistics that demonstrate the tightness of the labour market. The latest unemployment figures of less than 4% are the lowest seen since 1975. Furthermore, 76% of the adult population are in employment (the joint highest on record) and yet there are still a 813,000 vacancies waiting to be filled nationwide.

The effects of these tight labour market conditions are reflected in the findings of our Q3 2019 Food & Drink Business Confidence Report. As an industry, food and drink manufacturing will need 140,000 new recruits by 2024 to meet the expectations of a predicted UK population of 69 million people. However, 42% of food and drink businesses expect the supply of permanent workers to decrease in 2019, compared to just 6% who think it will increase. Food and drink businesses are even more concerned about the availability of temporary labour, 87% expecting this to decrease this year and none expecting it to increase.

Over a quarter of food and drink manufacturing's more than 450,000-person workforce are from the EU, working in roles at all skill levels. Workers from the EU make up 12% of the 4 million people working across the entirety of the UK food chain. Therefore, working with government to secure a new immigration system that allows businesses from across the food chain to access the labour they need is a key priority for FDF.

It is also crucial that food chain businesses and the government redouble their efforts to upskill and train the UK workforce to meet the skills requirements of the future. FDF is working to support domestic workforce and skills requirements in partnership with government and other food supply chain organisations through the Food and Drink Sector Council, who have published ['Preparing for a Changing Workforce'](#) report.



Developing Automation

The UK has a strong R&D base for food and drink manufacturing in the UK as highlighted by the ‘Made Smarter Review’¹ which outlined a potential £55.8bn value to our industry through the adoption of known digital technology over the next decade. However, food and drink manufacturing lags behind other manufacturing sectors in terms of technology adoption and process engineering.

65% of countries with an above-average number of industrial robots per 10,000 employees are in the European Union – with Germany and Sweden topping the list. The UK is the only G7 country that has a robot density below the world average of 74 units with 71 units, ranking 22nd. The International Federation of Robotics concludes that the general UK industry is highly in need of the necessary investment to modernise and increase productivity. The low robot density rate is indicative of this fact².

Despite effective adoption by many large manufacturers, there are many businesses, including the long tail of SME businesses, that are underinvesting in engineering innovation and the adoption of technology.

Businesses often struggle to engage with the opportunities available even with known and well-used technology and engineering innovation. This reticence is often linked to a shortage of time, resource and expertise to engage fully with this agenda.

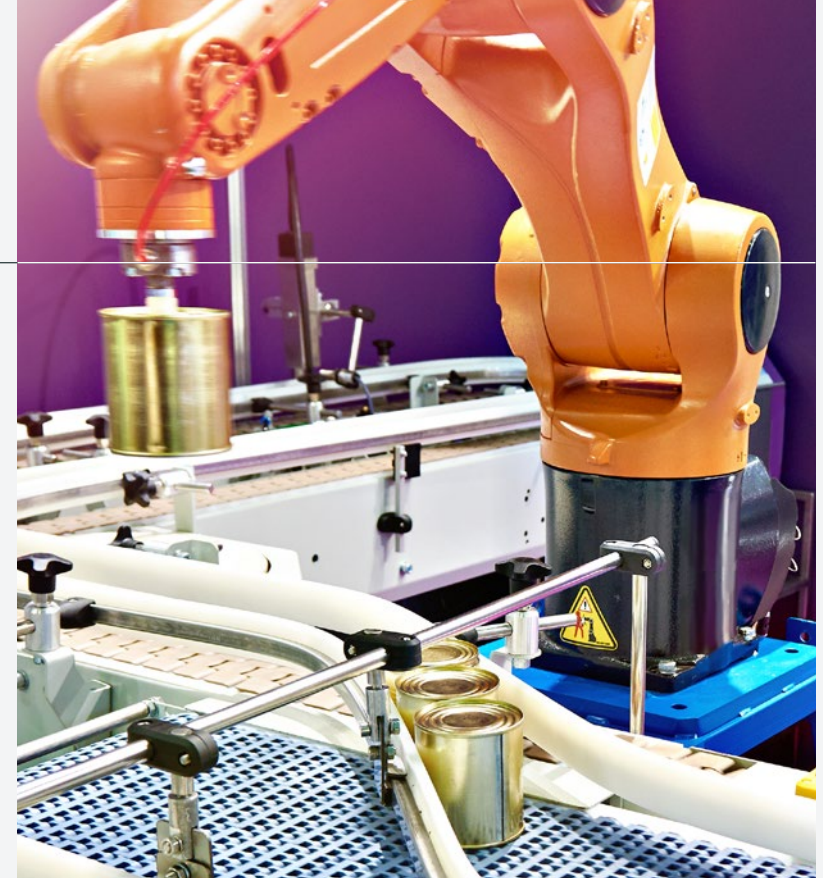
Consequently, food and drink manufacturers are unable to realise the increases in both productivity and margin that could be found by revising their current operations, and understanding the potential benefits of capital spending on new equipment.

In 2018, FDF began negotiations with the government for a Sector Deal which included a proposal to deliver direct support to businesses in two areas:

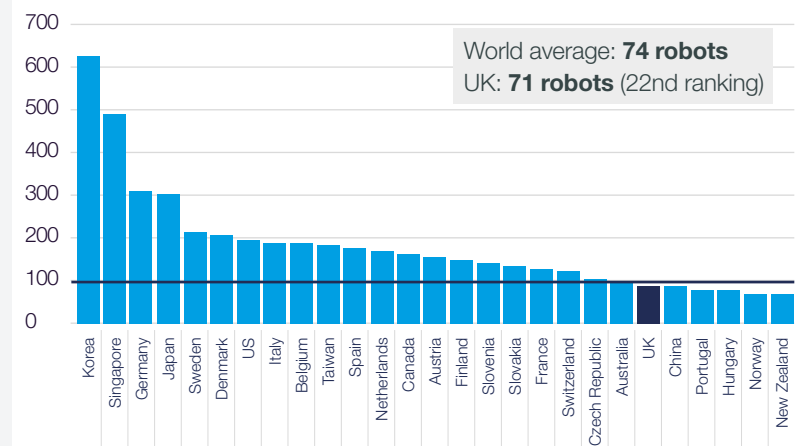
1. A short term, low cost intervention for individual businesses (match funded by government) that includes direct advice and guidance to maximise productivity of existing equipment and processes.
2. Opportunities for longer term, collaborative projects that access academic knowledge to identify solutions to common manufacturing and engineering problems at sub sector or even sector wide level.

In early 2019 both industry and government agreed to put the Sector Deal negotiations on hold, due to the political uncertainty and the stretched resources of both sides, and was approved by FDF’s President’s Committee and Board. We continue to see significant benefits to the sector for the adoption of technology and support to businesses in this area. On this basis, our advocacy for industry and Government co-investment and promotion of the opportunities remain a priority for FDF.

Although there is no active movement around the sector deal negotiation, FDF, stakeholders and partners are hopeful that negotiations will be resumed in the near future.



Number of installed industrial robots per 10,000 employees in manufacturing, 2016



¹ Made Smarter Review, Professor Juergen Maier, CEO Siemens UK
² International Federation of Robotics, February 2018 press release

Sustainable Packaging

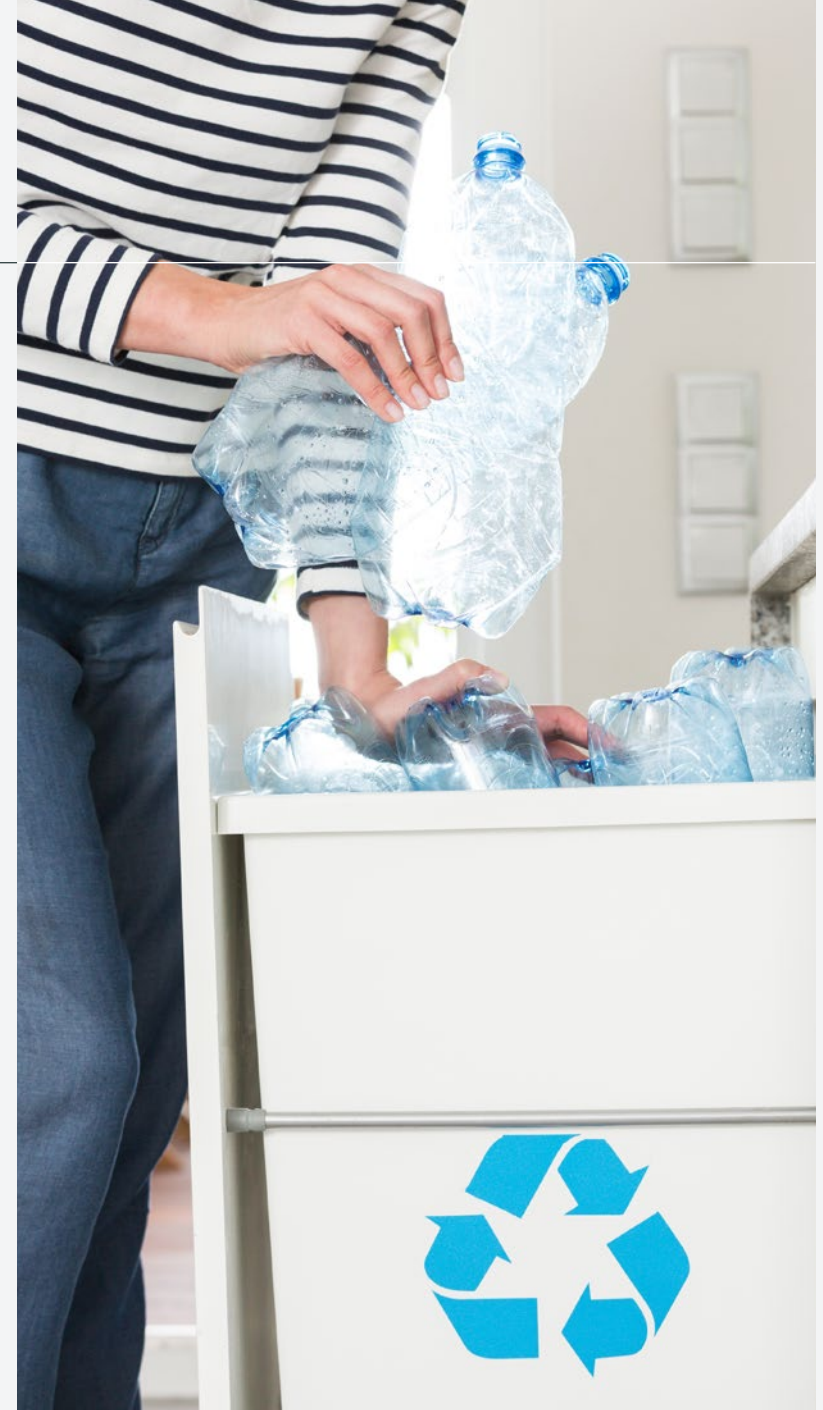
The industry fully recognises that the production, use, and disposal of plastics and other packaging is having a real and growing impact on the global environment. This is particularly so when plastics packaging finds its way into the environment, as litter for example, rather than being disposed of responsibly and kept in the circular economy.

Although official UK packaging recycling rates have increased from 31% in 1998 to 64% in 2017 the UK food and drink manufacturing industry acknowledges that it shares a responsibility to do more to manage the negative impacts of packaging on the environment. We are committed to working collaboratively with our value chain partners and other stakeholders including national and local Governments and consumers to deliver a truly circular economy for food and drink packaging in the UK. We also require the UK governments to provide a cohesive policy framework and for consumers to recycle and dispose of their waste responsibly.

The industry uses packaging primarily to protect its products and to ensure they are delivered safely and in good condition from the point of production to the point of consumption. Packaging therefore helps to ensure that food and drink gets used for its intended purpose and is not wasted. The environmental impact of wasting food is many times that of packaging.

There are many factors which influence the use, choice and design of food and drink packaging. These include cost, technical considerations related to intended use, recyclability, suitability of materials available, legal requirements and Government policy. This contributes to the challenge of identifying and implementing meaningful change to packaging systems given the need to avoid unintended consequences for say food safety or food waste.

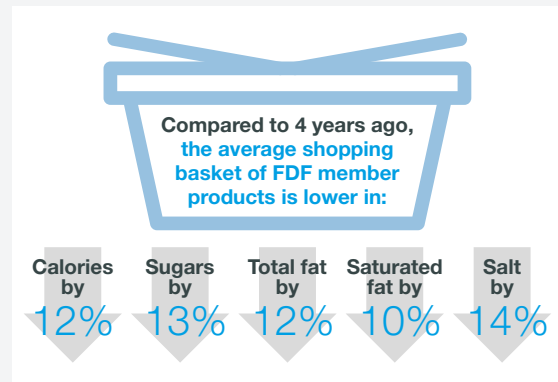
Recognising the importance and urgency of delivering improved environmental outcomes, the industry is fully committed to working with Governments and other key stakeholders on reforming the current packaging producer responsibility system and on related matters covered by the recent set of packaging consultations. It is vital that Government engages meaningfully with industry in developing the second stage consultation proposals and that these recognise the specificities of food and drink packaging including the legal constraints on using recycled content.



Feeding Change

Health and nutrition sits at the heart of our members' work. At a time when one in three children are leaving primary school overweight or obese, industry's ground-breaking work to tackle this issue is more important than ever.

Food and drink manufacturers have for many years been active participants in the fight against obesity – ahead of the Government's Childhood Obesity Plan. The pace of this work is accelerating. It can be seen on every supermarket shelf whether by way of new products, reformulation – changing the recipes of products – or by offering appropriate portion sizes, as well as using marketing to drive consumers towards these products.



FDF members' voluntary action is delivering substantial changes. **As a result, large amounts of calories, salt, sugars and saturated fat have been removed from the average shopping basket.**

We recognise more needs to be done and our commitment remains strong, however, reformulation takes time and companies need to be able to actively market reformulated products and new innovations to consumers for them to be a success.

Food and drink manufacturers are proud of the food we make and our track record of anticipating consumer trends and meeting consumers' needs. Companies make it easy for people to choose the food that best suits their family by making it easy to make an informed decision about the foods they buy. They do this through provision of clear nutrition labelling and ingredient information on food packaging and supporting families to have a balanced approach to more indulgent foods, for example through the 'Be Treatwise' campaign.

We know we have a responsibility to help people achieve a balanced diet. We will continue to play our part, but we cannot solve the nation's health issues alone and call on Government to ensure a genuinely holistic obesity strategy is introduced and delivered, to target actions where they are needed most.



**Santander International
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**Food and Drink
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