Sustainability as a business opportunity for Europe's food and drink industry

Jesús Serafín PÉREZ – CIAA President

IFAMA Conference

22 June 2011

Frankfurt

The CIAA at a glance

The CIAA represents the entire food and drink industry at the European level, supporting and promoting its **richness and variety. The membership includes:**

- **26** National Food Industry Federations

- **26** European Sector Associations

- **19** Major companies producing in Europe

The CIAA Mission is to:

Pro-actively help to develop an environment in which Europe's food and drink companies can **compete** for **sustainable growth**, meet the needs of **consumers** and play their part in delivering the objectives set out in the **EU 2020 Strategy – smart, sustainable, inclusive growth:**

http://europa.eu/press_room/pdf/complet_en_barroso___007_-_europe_2020_-_en_version.pdf

The EU F&D industry in figures (2009)

Turnover	Employment	SMEs[1]	
€954 billion (-4.0% compared to 2008) Largest manufacturing sector in the EU (12.9%)	**4.2 million people** (-1.5% compared to 2008) Leading employer in the EU (13.5%)	**48.2%** of food and drink turnover **62.8%** of food and drink employment	

| External trade	Number of companies	Value added (% of EU GDP)	Consumption (% of household expenditure)
Exports €53.7 billion (-8.0% compared to 2008) **Imports €50.8 billion** (-14.2% compared to 2008) **Trade balance €3.0 billion** Net exporter of food and drink products	**310,000[1]** Fragmented industry	**2%** Stable	**13.1%** Slight increase
	EU share of global exports	R&D (% of food and drink output)	
	18.6% (20.4% in 2000) Shrinking share in global exports	**0.37%[2]** Insufficient R&D expenditure	

(1) 2007 data
(2) 2006 data

Population growth

Total world population in billions: probabilistic projections until 2100 (green 95% interval; blue 60%; pink 20%).
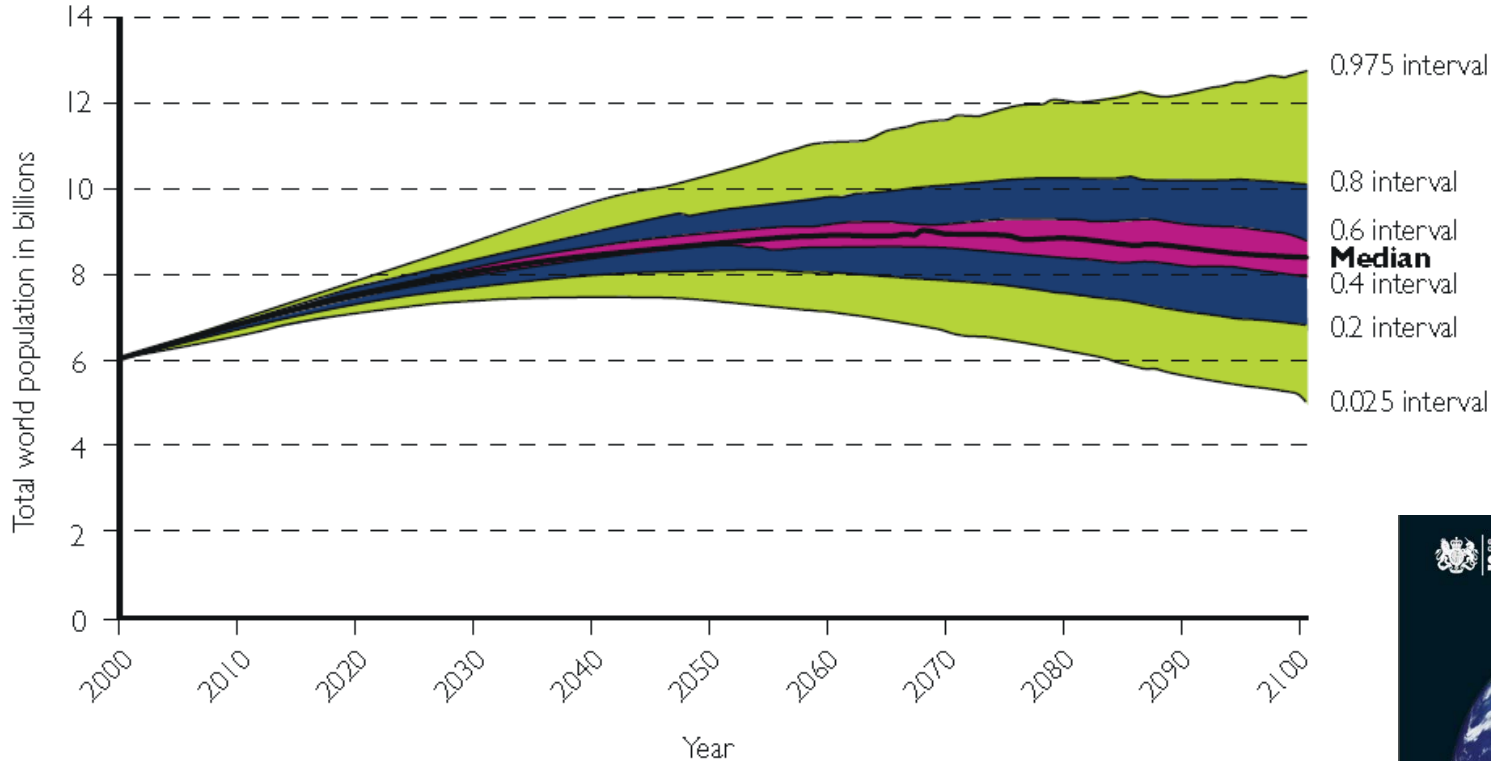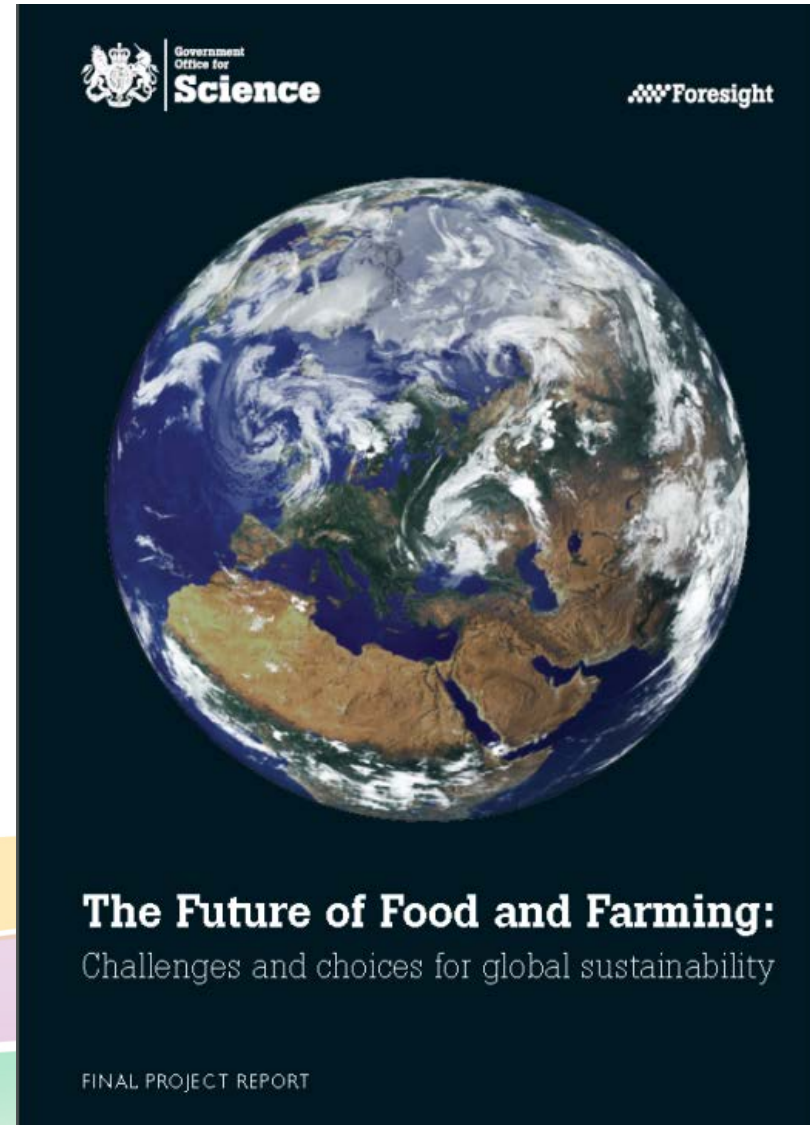

Source: Modified from Figure 1 of DR1 (Annex E refers) and Lutz and Scherbov (2008)

The case for urgent action in the food system:
- Convergence of threats
- The food system is failing
- A unique time (opportunity) in history

Three key messages
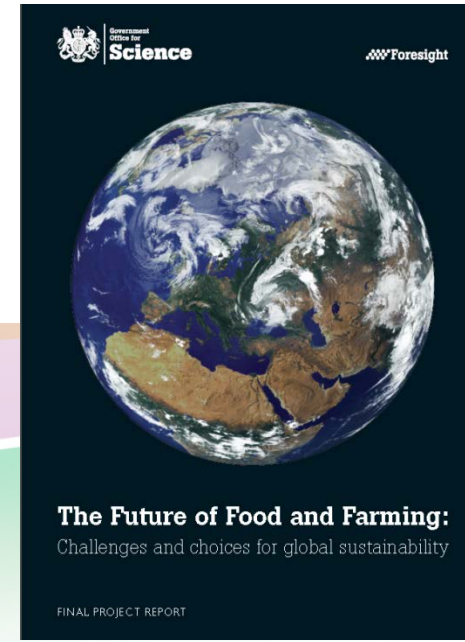
- **Radical redesign of the global food system**

- **Doing nothing is not an option**

- **Policies and decisions outside of the food system also critical**

Government Office for **Science** **Foresight**

The Future of Food and Farming:
Challenges and choices for global sustainability

FINAL PROJECT REPORT

The (current) food system is failing on sustainability...

- Agriculture currently consumes 70% of total global water withdrawals from rivers and aquifers, many of which are overexploited

- Of 11.5 billion ha of vegetated land on earth, around 24% has undergone human-induced soil degradation

- Agriculture directly contributes 10-12% of GHG emissions

Undernourishment data versus the MDG target

Source: Oxfam (2010) Data cited from FAO Hunger Statistics (from 1969 to 2006); UN (2009)
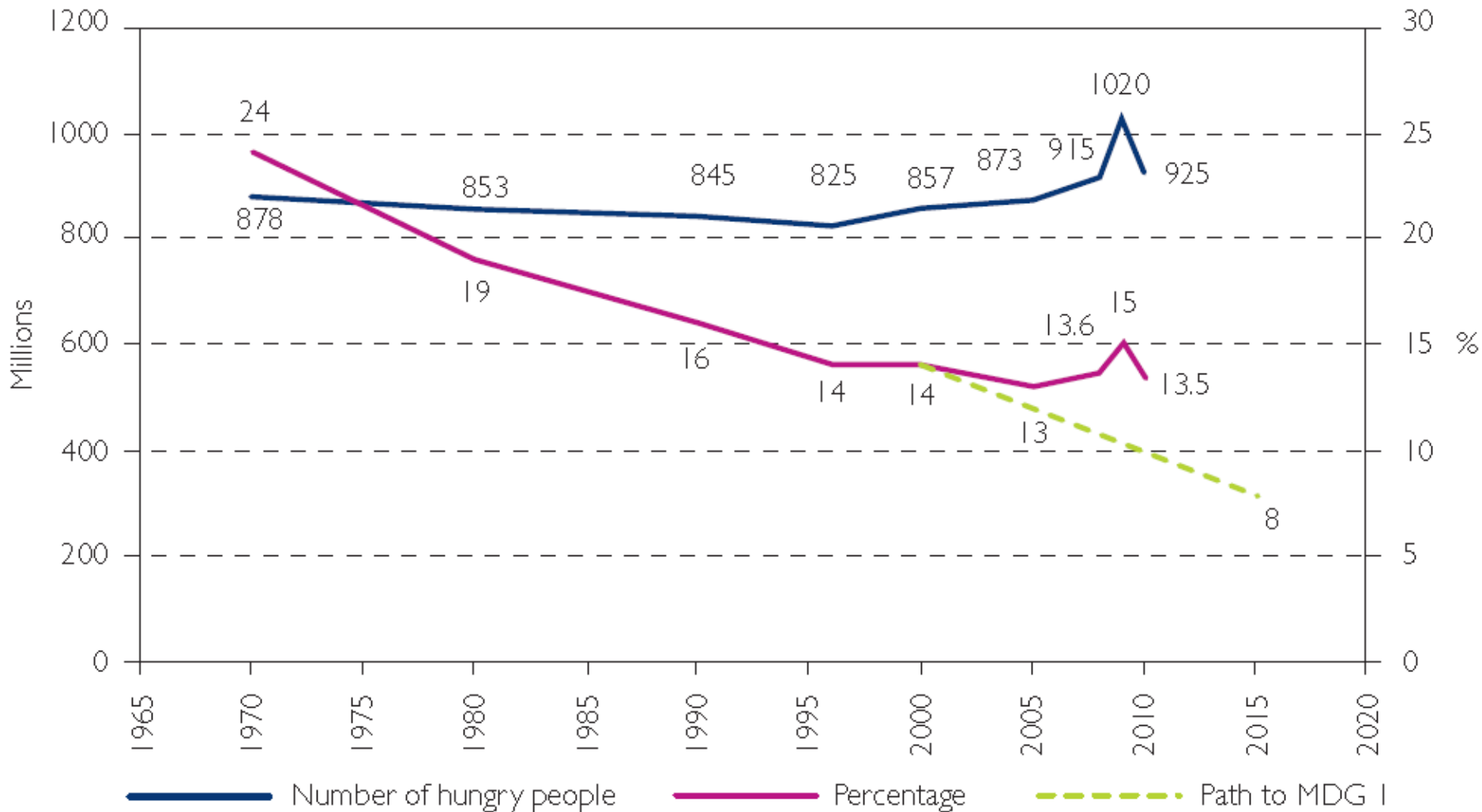
Five Challenges

1. Balancing future demand and supply sustainably

2. Addressing the threat of future volatility in the food system

3. Ending Hunger

4. Meeting the challenges of a low emissions world

5. Maintaining biodiversity and ecosystem services while feeding the world

CIAA Priorities to address these challenges

Security of supply and price volatility

⇒ **Availability of agricultural raw materials and reform of the CAP:** The F&D industry needs access to steady supplies of raw materials that are safe, which correspond to specific quality criteria and are competitively priced.

⇒ **Biofuels**: For CIAA, the primary role of EU agriculture is and should remain the production of agricultural raw materials for food and feed.

⇒ **Food security and price volatility**: The CIAA wrote to G20 Ministers ahead of their meeting today highlighting that Europe's F&D industries rely on access to adequate supplies of agricultural raw materials, from the EU and third countries. This is essential to ensure manufacturers' competitiveness.

Environmental sustainability

European Food Sustainable Consumption & Production (SCP) Round Table:

Official launch:	6 May 2009 in Brussels
Vision:	Promote science-based, coherent approach to SCP in the food sector, consider interactions across the entire food chain
Working areas:	Methodology, communication, continuous improvement
Scope:	Food and drink products across the entire life-cycle
Food actors:	24 European food chain organisations
Co-chairs:	European Commission (DGs ENV, SANCO, JRC, ENTR)
Support:	UNEP, European Environment Agency
Observers:	National governments, Eurogroup for Animals, WWF, seats offered to consumer groups and other NGOs
Participation:	EU-level organisations subject to expertise and commitment

European Food Sustainable Consumption & Production (SCP) Round Table (2):

3 key objectives of the SCP RT:

1. Establish scientifically reliable and uniform **environmental assessment methodologies** for food and drinks

2. Identify suitable **tools and guidance for voluntary environmental communication** to consumers and other stakeholders

3. Promote **continuous environmental improvement** measures along the entire food supply chain

Key deliverables in 2011:

- Harmonised Framework Methodology by the end of 2011

- Recommendation on the use of communication tools for environmental information

- Recommendations on eco-innovation and R&D

SCP Round Table website: www.food-scp.eu

Environmental sustainability

- Climate change and the EU Emissions Trading (ETS):

  →*CIAA advocated free allocation for carbon leakage sectors and equal treatment for cogeneration*

- New Energy Efficiency Framework:

  → *CIAA spoke at Commission's Energy Sustainability Week (April 2011) & advocates incentives for energy efficiency technologies (CHP)*

- Water: *CIAA set up a Water Ad Hoc Group in March 2011 looking to contribute to the European Commission's new water strategy: "Blueprint for Safeguarding Europe's Water"*

- Food Waste: *Industry produces relatively low amounts of food waste; all policy options to be considered based on sound statistical evidence, consumer education is key.*

TWO PLANETS

We would need two planets for 2030

WE STILL HAVE TIME