

FOOD management

TODAY

July/August 2013

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We need
a global food strategy
to avert a global crisis



Maple Food's
CEO Michael
McCain gives
his view

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Towards a global food strategy

- from discourse to dialogue



The 35th Annual Campden Lecture at Campden BRI was a real call to action by Michael McCain, president and CEO of Maple Leaf Foods Inc., Canada. Here we reproduce what he said.

My call today is for an industry/government/stakeholder dialogue that will lead to a global food strategy robust enough to avert a global crisis. Many in industry are inherently suspicious of the 'big government' that industrial strategies can bring to mind. Let me assure you that I am not calling for a 'big government' approach, nor do I think that would be helpful. However, we do need smart government rules and incentives in place to reach our objectives.

This is not the time for dogma on any side. No 'invisible hand' is likely to get us to where we need to be in the time frame in which we need action. In a

tragic sense there has always been a crisis in our food system, in that many millions have gone hungry in a world that could have fed them. What is new is that an exploding, increasingly urbanized population threatens to extend that tragedy to additional millions, and drive up food costs for billions more, if the food industry cannot meet an enormous production challenge.



It is often said that there are no facts in the future, but one would have to be willfully blind not to see the inevitable and ongoing conflation of food shortages, mismatches of food supply with need, environmental degradation, and dramatically rising food prices that will, if unresolved, lead to unprecedented levels of poverty and geopolitical instability.

What we face over the next 50 years, as we all know, is a crisis of a scope that threatens to dwarf our imagination to resolve. We have to feed two billion people more than we are feeding now, with a diet likely more heavily reliant on meat and other animal proteins, and do so without the easy solutions we have relied on to increase food production in the past - more land and water, rising yields and cheap energy.

It is obvious that this challenge can only be met if the world undergoes a massive transformation in our approach to food production and distribution.

The world is awash in scholarly thinking about potential solutions. They range from the very macro of biotechnology to the very micro of increasing production on small plots of land in sub Saharan Africa. I am not the person to add materially to that discussion, and in fact I suspect that many in this room are more expert than me.



While I claim no special expertise, I have been made optimistic by what I have read and heard about. I believe the tools and ideas exist or will exist to meet the challenge of food production. However, I remain less optimistic about whether we will employ those ideas and tools in an effective and timely way to actually prevent the crisis from occurring. I'll tell you why.

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I'm a practical person. I have a bias for action over inaction. I like to base decisions on evidence rather than speculation or opinion. With the exception of food safety, which is table stakes for those involved in food production, I don't let the perfect be the enemy of the good.

We are in the process of dramatically transforming Maple Leaf Foods through modernization, technology, systems and scale. I can assure you that we are doing so on the basis of best analysis and evidence, not on the basis of theory or preference.

In my view there are two fundamental problems that block the world from acting now, when we need to, to transform our food production.

The first hurdle is that there is far too little public awareness of the looming crisis, of the crisis as the globally integrated problem that it is, and of the consequences of inaction. This discussion is contained to the policy elites at think tanks and NGOs, but we need ordinary

citizens to get more engaged and to be more informed about the choices we face. In the absence of this public awareness, citizens make choices and push government policy in directions that are purely related to personal preference and are unrelated to solving the impending food crisis.

The second problem is that there is too much intransigence, too little practicality, and too little sense of the broadest public good among the stakeholders that are central to resolving the problem. There are, without question, a number of legitimate public interests in this challenge. I'll broadly define these respective interests as:

1. Availability - is there enough food to feed everybody?
2. Affordability - can people afford to feed themselves and their family?
3. Sustainability - can we do this in a way that reverses environmental degradation and preserves our environment for future generations?



4. Nutrition - does the food we are making meet people's nutritional needs?
5. Animal welfare - are we raising livestock in a way that is compatible with our values?

Food safety in this is a 'given' as we have to do all this with safe, great tasting food, produced in a safe working environment. At Maple Leaf, we call that our safety promise.

It is not that these interests are unimportant. They are all important. However, they are not all compatible. We need to arrive at a prioritization of these interests and an accommodation of the most important elements of each.

...we certainly need to be using the technologies that we do have at our disposal, starting with genetic modification.

We need these different interests and perspectives to leave their respective podiums and sit down together prepared to drive to solutions and action. And, as much as possible, we need to seek answers that tap into the magic of the word 'and,' without succumbing to the tyranny of the word 'or.'

We also need this dialogue to be informed by reality. For example, many are appalled by the waste of our world and insist that the answer is reduced consumption. There is lots of waste, and I will touch on this later. But given a multiplying population and changing consumption patterns in the developing world, reduced consumption is simply not a reasonable basis for planning. We have to assume that the world will need dramatically more food than is produced now. As the UN Council on Food Security says in its latest report: "Meeting the challenge calls for yield increases and overall productivity gains in food and agricultural production."

I believe the answers, not all of which are available or known now, will be found by embracing these six principles:

1. Technology is our friend, not our enemy
2. Waste is everyone's enemy
3. We have the tools for productive food production; we need to use them
4. Resist the influence of the urban elite
5. Accept the modest cost of a sustainable future, and that there may not be one
6. Promote responsible consumption in a balanced diet.

Let's start with the need for technology. One of the most evident needs in order

to meet the global food challenge is greater productivity.

Historically, increasing the amount of arable land in production has been a key tool for increasing the amount of food produced. We are now at a point where any increase in the amount of land in production will be tragic, as it will involve cutting down the remaining forests that are so critical to our ecosystem. Therefore, we must increase the productivity of the land already in production. This is a fact, not a theory.

Can we do this? History suggests that investments in innovation and new technologies will pay off.

Technologies such as farm implements, fertilizer, and pesticides - all controversial for various reasons in their day - have resulted in dramatic increases in productivity. In 1920, American farmers, on average, produced 30 bushels of corn per acre. By 2009 that had increased more than five-fold to 164 bushels per acre. Nor are such increases restricted to advanced economies. In the late 1960's fertilizer helped India and Pakistan double grain production in just a few years, saving millions from starvation.

We will quite likely ultimately need technologies and innovations not yet invented to ultimately meet production needs. But we certainly need to be using the technologies that we do have at our disposal, starting with genetic modification.



Opponents of GM foods are going to have to accept that a complete ban on usage will result in the starvation of millions and the impoverishment of millions more. They are also going to have to accept that it is crunch time, decision time, and they have no hard evidence to justify a ban. It's a morally unacceptable position to take on the basis of unsubstantiated suspicions and fears.

We can ease the burden of increasing food production if we make a serious effort to tackle waste. There are many estimates, but I will quote a very thoughtful report by the UK's Institute of Mechanical Engineers: "Due to poor practices in harvesting, storage and transportation, as well as market and consumer wastage, it is estimated that 30-50% (or 1.2-2 billion tons) of all food produced never reaches a human stomach."

At The World Economic Forum in Davos this year, the President of Iceland said 20% of fish bio mass caught is thrown overboard. A great amount of food in developed nations is thrown out because of lack of refrigeration.

For those of us operating in developed countries, there is profit in waste. We cannot allow that to blind us to the need for change. We have to own our part of solutions. Almost two billion tons of produce are thrown out every year because of the way it looks.

These kinds of practices need to end. We can be smarter than that.

A last word on waste. I cannot think of a policy that has wasted more food than government incentives to convert grains to fuel. Something we can do immediately is for western government to end their subsidies and support for grain based fuels. In exchange for very marginal environmental benefit, we have



threatened the affordability of food for millions. This is the kind of politically motivated trade-off we can no longer afford.

The food supply issues continue to be, and will continue to be, most acute in sub Saharan Africa. In aggregate, food production there is not keeping up with population growth.

There are a number of local governance issues that could make a difference, notably doing more to empower women.

However, there are production-related issues that should also be addressed.

An exhaustive country by country UN study concluded: "The main factors

that would help improve the level of transformation of African agriculture would include the use of improved seeds, an increase in the cropland irrigated, increased use of modern inputs, availability of credit, and access to markets, good extension advice, and adequate returns through undistorted prices for inputs and outputs." The agriculturally developed

world needs to materially ramp up its oversight of knowledge transfer, including teaching and training, even if it means putting a new competitor in the global field. In Canada, the President of the University of Guelph, Alastair Summerlee, has personally championed projects just like this.

Here's a highly unwelcome added layer of complexity. We have to massively increase food production while decreasing, not increasing, the environmental footprint of food production. We need to agree on that. We are in a vicious circle. Our atmosphere recently passed a long-feared milestone of CO₂ gas in the atmosphere of 400 ppm. According to best available evidence, the earth has not experienced levels this high in at least three million years. Feeding the world contributes as much as 25-30% of total GHGs.

The planet is being damaged by current farming practices, and cannot possibly sustain increases in land damage, water usage and emissions that would be historically commensurate with the



increases in food production that will be occurring in the coming decades. And the environmental damage we have already done is negatively impacting on current food production, a trend one can expect to continue if not accelerate. Sustainability is not an optional component to any global food strategy - it is essential. As Hillary Clinton has said, something is not transformational if it is not sustainable.

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The food industry needs to really inculcate the reality of the bottom line of environmental sustainability. We cannot try to force policy makers into a choice between supply and the environment. We have to invest in the innovation and technology that will be required, especially in the area of reducing the use of carbon and the demands on water.

A primary reason why sustainability takes a back seat is the perception that it is unaffordable. This is where co-ordinated action by government is essential. No one company can be a first mover. No company can afford to take on a cost burden that makes them uncompetitive. But cost is a relative concept, not an absolute one. If the cost burden is equal on all players then there is no disincentive for making investments in sustainability.

Experience suggests that once those investments are made, companies might find that the change in practices will save, not cost, money. A focus on sustainability will drive out unnecessary costs in energy use and packaging among other areas. That will lower costs of production.

But the critical first step is for the right set of rules to be in place. In the same way that no sport can function without rules and referees, the food industry needs a clear set of rules in order for us to play the game the way it needs to be played to avert this crisis.

Consumers have to play a role in any viable solution, and we have a role to play in getting them to do that. Those of us in the food industry need to exercise leadership toward responsible consumption in a balanced diet.

There is no shortage of faddish advice about food and nutrition. The latest one sweeping the developed world is that wheat is bad for you. What malarkey! We can't afford to get sideswiped by junk science. There is no good food or bad food; just good diets and bad diets.

Speaking of faddish, we also need to be extraordinarily cautious about food strategies that have become something of the cult of an urban elite, but actually work against finding solutions to this global food crisis. For example, things like 'locavore diets' and 'organics' are simply not scalable and would exacerbate an already critical gap in affordability, availability and sustainability. This group of people appears to believe they are doing the right thing, which is admirable, but they are immune to the effects or not





properly informed of the consequences. A global food strategy must meet the needs of the many, not the affluent few.

The food industry needs to collaborate on every dimension of this...

1. Actual awareness of caloric rules and what causes weight gain... calories in and calories out... remain poorly understood. The consumer needs education.
2. Obesity is a complex issue, one that is effected by many factors, including nutrition, socio-economic conditions, and genetics. The western world is currently experiencing this major health epidemic, and what is clear is that no particular food product or diet is the cause, but improved understanding of nutrition and diet by people will help. Industry must play a role through promotion of responsible consumption and healthy lifestyles.
3. Given future scarcity, we need to wring every bit of nutrition we can out of our food. Promoting nutritional value in the foods we consume, and maximizing the nutritional value of food, ought to be part of our mission.

I believe in the power of market forces, and I most strongly believe that only private enterprise will unleash the creativity and the investment to solve the global food challenge.

In conclusion, this problem is one of global proportions and interlocking policy areas. It cannot be solved in policy silos or by countries or companies acting in isolation. It requires public support and coordinated action. It cannot be solved with industry in pitched battle with the environmental movement or other stakeholders.

I'm a free enterpriser. I believe in the power of market forces, and I most strongly believe that only private enterprise will unleash the creativity and

the investment to solve the global food challenge.

But the market will only be able to do what it can if the policy frameworks are right. That will require the kind of dialogue that is not now occurring. The private sector is essential to that dialogue but cannot convene it or lead it. That requires government. This is the kind of issue that the G20 group of world leaders ought to take on to provide global leadership, just as it did with financial sector reform after the economic crisis of 2008. It can bring the most important economies together and convene the multi stakeholder consensus that is required. This group has shown signs that it is aware of the issue but not of the urgency. Local political considerations continue to trump global food security realities. World leadership, through this group, needs to step up and take the bigger view.

We can do this. We have the capacity. Let us quickly focus on the urgent and the important." **FMT**

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