

FDF Scotland response to the Just Transition Committee call for evidence.

The Food and Drink Manufacturing Industry

Food and Drink Federation (FDF) Scotland represents the food and drink manufacturing industry in Scotland. We are Scotland's largest manufacturing sector, accounting for 30 per cent of total manufacturing turnover¹. Our gross value added to the economy is £3.6billion, representing 30 per cent of Scottish manufacturing value added². We have 1080 food and drink manufacturing businesses, employing 44,000 people, which represents 24 per cent of the Scottish manufacturing workforce³. In 2017, manufactured food and drink exports from Scotland increased by 10 per cent to £6.4billion⁴.

What do you see as the main economic opportunities and challenges associated with meeting Scotland's climate change targets?

The makeup of the industry in Scotland will pose a challenge as 97% of food and drink manufacturers are micro to medium sized. To see a transformation in the food and drink manufacturing sector will require many small-scale interventions. This differs from other key manufacturing sectors in Scotland.

COVID-19

The COVID-19 crisis has meant demand for some companies and products has increased greatly, other businesses – particularly those who serviced hospitality or speciality retail and have seen their customers disappear – are now facing extremely difficult times. Where possible, food and drink businesses have been doing their best to adapt by suspending or reducing operations, cancelling non-essential investments, reducing spending and diversifying. The reality of this is in the short term, businesses will be looking for ways just to survive and minimise staff redundancies.

The food and drink sector will look very different in a post COVID world, it is not yet clear what the long term changes in shopper behaviour will be but our industry is adaptable and is already looking for ways to diversify and move forward. Recovery planning for a green and fair recovery is underway through the Scotland Food and Drink Industry partnership. FDF Scotland would welcome the opportunity to discuss recovery proposals with the Commission in more detail when plans are published shortly.

Decarbonisation to net zero –

The Food and Drink Federation (FDF) have published a report which sets out how the food and drink industry can achieve the ambitious target of a net-zero carbon footprint by 2050 and the support it will require from government.

As energy is a reserved matter, the Scottish Government's powers to act on some of the recommendations in the report will be limited however the principles that apply to a transition to net zero by the food and drink manufacturing industry are applicable in Scotland.

¹ Source: Scottish Annual Business Statistics.

² Source: Scottish Annual Business Statistics.

³ Source: Scottish Annual Business Statistics. Figures include tobacco manufacturing.

⁴ Source: Exports Statistics Scotland.

The report, [Decarbonisation of Heat Across the Food and Drink Manufacturing Sector](#), looks at what industry, its partners and governments, can do to support the crucial transition to carbon neutrality.

Key conclusions from the report

It is should be technically possible to fully decarbonise the emissions from heat from the 'FDF sub-sector' by 2050 if the electricity grid fully decarbonises and there is sufficient access to decarbonised gas, mainly via hydrogen. The maximum technical potential of the 'FDF sub-sector' to decarbonise is 100% versus 2012 emissions .

In reality, there are a number of barriers that exist and they will impede the maximum technical potential from being achieved. The barriers arise from limited knowledge in the sector around some of the decarbonisation options, the financial burden of switching to low carbon energy sources or technologies, and the lack of confidence in switching to new technologies without compromising product quality or production efficiencies. It is likely the 'FDF sub-sector' will reduce emissions from heat by approximately 64% versus 2012 actual emissions, and 69% versus 2050 business as usual emissions without additional interventions.

The greatest contribution to the decarbonisation of heat is likely to come from changes to boilers; either switching to low carbon fuels or electrifying the processes that the boilers provide heat to. Decarbonisation savings should increase markedly after 2035 once decarbonised gas and/or hydrogen should become available and the electricity grid has fully decarbonised. We support the work of the Industrial Clusters Mission34 to look at the role of hydrogen and how the regulatory framework could develop to take account of commercial and operational issues,

Actions need to be undertaken by different stakeholders (i.e. food and drink sector, appliance manufacturers, energy providers) to enable the transition from a realistic prediction of a 64% reduction versus 2012 emissions towards the maximum technical potential of a 100% reduction. The scale of change required means that co-ordinated step changes are required and not just independent nudges.

The following Associations are members of the Food and Drink Federation:

ABIM	Association of Bakery Ingredient Manufacturers
BCA	British Coffee Association
BCUK	Breakfast Cereals UK
BOBMA	British Oats and Barley Millers Association
BSIA	British Starch Industry Association
BSNA	British Specialist Nutrition Association
CIMA	Cereal Ingredient Manufacturers' Association
EMMA	European Malt Product Manufacturers' Association
FA	Food Association
GPA	General Products Association
MSA	Margarine and Spreads Association
SMA	Salt Association
SN	Sugar Nutrition UK
SNACMA	Snack, Nut and Crisp Manufacturers' Association
SPA	Soya Protein Association
SSA	Seasoning and Spice Association
UKAMBY	UK Association of Manufacturers of Bakers' Yeast

UKTIA United Kingdom Tea & Infusions Association Ltd

Within FDF there are the following sector organisations:

Biscuit, Cake, Chocolate and Confectionery Group (BCCC)

Frozen Food Group

Ice Cream Committee

Meat Group

Organic Group

Seafood Committee