

Global Consumer Goods Forum calls for food security

The Global Consumer Goods Forum's Summit was opened in London yesterday by its current chairperson, Gareth Ackerman, chair of Pick n Pay Stores and was addressed by the Prince of Wales.

The summit brought together the senior leadership of retailers, manufacturers and service providers from 70 countries to deliberate on the implementation of best practices along the value chain and set the global agenda for the consumer goods sector.

Ackerman said that food security was one of the most important issues facing the global retail industry. "We meet at a time when the global economic environment is still reeling from the effects of a world-wide recession and is facing new threats markets are battered by concern over Europe's financial system. Consumer demand remains suppressed in the face of declining disposable incomes and tight credit.

"Added to this is the profound shift in the sentiments and expectations of our customers. Consumers have embraced a new era of consumer activism, in which they are seeking old-fashioned value, convenience and choice. They are generally better informed, more demanding and savvier than any previous generation and that mastery of information has enabled them to exercise choice with a power and freedom that was totally foreign to their forebears."

Survey coincides with activists' views

In his address, Ackerman referred to the latest issue of the Top of Mind survey, which is based on the views of food business executives around the world - among the top four issues on the list are corporate responsibility, the competitive landscape and food and product security. "It is important to observe that these concerns coincide with those generally advanced by consumer activists," he said.

He elaborated on the complex issue of sustainable development, linked to health through malnutrition, as well as sustainable economic development, environment, and trade. "In most developing countries, agriculture is the largest source of employment and international agriculture agreements are crucial to a country's food security. There is thus a stimulating debate afoot among World Trade Organization's member states about the liberalisation of markets and its implications for food security of whole communities.

"In the midst of such debates, there is a desperate need for a rapid return to stability and predictability in world markets if manufacturing, supply chain and retailing of consumer goods is to flourish to the benefit of the communities and societies which we operate."

He said that business will drive innovation most readily, create competitive advantage most effectively and generate tax-yielding profits most efficiently when government is proactive in its role of setting the standards and rules within which to operate. He said that where governments fail to put in place unambiguous, predictable and consistent legislative and policy frameworks, the sustainable development of business becomes difficult.

Nationalisation of land

"In South Africa, an on-going debate about the nationalization of land is a case in point and indicative perhaps of a possible trend in many emerging economies. Ambiguity and uncertainty threaten food security and lack of clarity about land tenure will make it difficult for farmers to raise capital.

"This is a vital necessity as food security confronts the broader global community with considerable challenges, including changing climate, declining soil fertility and water limitations. This is intensified as farmers face tougher access to credit and a shift to bio fuel production. We can never take food and water for granted. Challenges such as these are unequivocally business. We have no choice but to place retailing in the larger social and environmental context which will define how we

we are doing our work."

Retail diversity necessary

"A further threat to food security is the global corporate consolidation in food retailing, distribution and production - in the US, the top five food retailers now control more than half of all grocery sales in the country."

He said the challenge was to explore ways of recreating real retail diversity that provides operating space for both small locally owned outlets that source a majority of their products locally and the large chains that are uniquely able to offer economies of scale and shopping convenience.

"For many of us, a very large percentage of all goods procured is sourced from a small number of large companies, most them multi-nationals. To address this imbalance, we need to take a more proactive role in the nurturing of small business initiatives, with the express purpose of ensuring the development and sustainability of small-scale agricultural and other enterprises.

"I have confidence that consumer confidence will be restored in 2010/11, as consumers look toward a fresh economic state and adapt to a new era of restraint. In that climate, there will be a renewed insistence on value for money, a more vigorous demand for transparency on the part of our companies, and a muscular emphasis on the primacy of environmental and ethical issues," he concluded.

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