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CIES World Food Business Summit News: International Retail Thought Leaders Meet in New York

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-By Don Longo

Years of excess and good times have left a residue of “disquiet, economic and political change,” said Gareth Ackerman, chairman of South African retailer Pick n Pay Holdings, on the first day of the recently completed 53rd World Food Business Summit.

The Summit, sponsored by CIES, brought together more than 650 CEOs and senior managers of the world’s food and consumer goods retailers and manufacturers from 40 countries for three days of networking and thought leadership. Speakers on the first day of the event included Pierre Olivier Beckers, chairman of CIES -- The Food Business Forum and president and CEO of Belgium-based international retailer Delhaize Group; Dr. Michael Mandelbaum, a professor at the Johns Hopkins School of Advanced International Studies; Prof. Robert Watson, chief scientific advisor for the U.K. Department for Environment, Food & Rural Affairs (DEFRA); and Steven Burd, chairman of U.S. grocery retailer Safeway.

Ackerman, who also served as chairman of this year’s summit, also said: “As players in the industry, we must guard against our primary role being denuded: our role is to look after the interests of the consumer. We can never take that trust relationship for granted.” Ackerman concluded players should do all they can to enhance that trust, while industry collaboration should focus on consumer rights and result in lower cost and a safer, more sustainable food chain.

Beckers of Delhaize emphasized the current economic crisis should be addressed with optimism, not fear. “The financial crisis will punish those who refuse to adapt. If you can keep your humor and your optimism, and summon original and fearless thought, then you have already won half the battle,” said Beckers. He added the food business would benefit from the fact that food purchases can’t be postponed the way some nonfood purchases can.

Mandelbaum noted the global economy remains at risk. Among those risks are that the various cures employed by governments will be inadequate, the enormous debt created by the U.S. government will create crippling inflation, and that turbulent times will lead to economic nationalism and protectionism.

However, he pointed out, “The worst didn't happen” -- the system didn’t collapse and banks are beginning to make loans again. Recession across the world will have “a purging and reorganizing effect.” Some sectors will decline and manpower and capital will refocus on other sectors. “In the long term, this will raise GDP. In the short term, it will be painful for those who lose their jobs,” he said.

Demand for food will double within the next 25 to 50 years, primarily in developing countries, said Watson of the U.K. Department for Environment, Food and Rural Affairs. At the same time, crop yields are projected to decline by as much as 20 percent by 2020 due to climate change, and animal

diseases are likely to spread more quickly.

Biofuels and Genetically Modified Products

The challenges are to produce, region by region, the diverse array of crops, livestock, fish, forests, biomass (for biofuels) and commodities needed over the next 50 years, in an environmentally and socially sustainable manner. In some cases, the technology to achieve this already exists: "We do not need genetically modified (GM) food to feed the poor in Africa today," Watson said. But in other cases, success will depend on the development of new and emerging biotechnology, such as GM, which can potentially help with productivity, drought, temperature and pest resistance. However, the technology continues to concern some consumers and governments. "I see very little evidence of health risks," Watson said; however, he warned against making generalizations. "Consumers will need to see real benefits before GM products are accepted in Europe," he said.

Universal Health Care Insurance

Safeway chairman Burd is among the vanguard of retailers, manufacturers and drug companies that are looking for a seat at the table in discussing health care reform. In the United States, the cost of health care is increasing as a percentage of GDP, while 15 percent of the population has no health insurance. Lowering the cost of health care requires improving the general health of the population and increasing the efficiency of the health care system.

"All Americans should be required to have insurance," Burd said. However, if individuals were obliged to pay the full cost of "unhealthy behavior," they would be motivated to change. These ideas form the basis of Burd's "market-based health care reform," for which he is lobbying U.S. policy makers via the Coalition to Advance Healthcare Reform (CAHR), which he founded. Members include Coca-Cola Enterprises, PepsiCo and Hershey, along with pharmaceutical companies GlaxoSmithKline, Pfizer and Merck. Burd contends all health care plans should include differential premiums and thus incorporate incentives for "healthy behavior." He projects the plan would achieve health care cost savings of \$800 billion.

CIES, which produces the World Food Forum, also revealed it was merging with the Global CEO Forum and the Global Commerce Initiative (GCI), two global retailer and manufacturer collaborative platforms. The new organization will be called The Consumer Goods Forum and be governed by a board of directors consisting of an equal number of manufacturers and retailers. The new group will be headquartered in Paris.

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