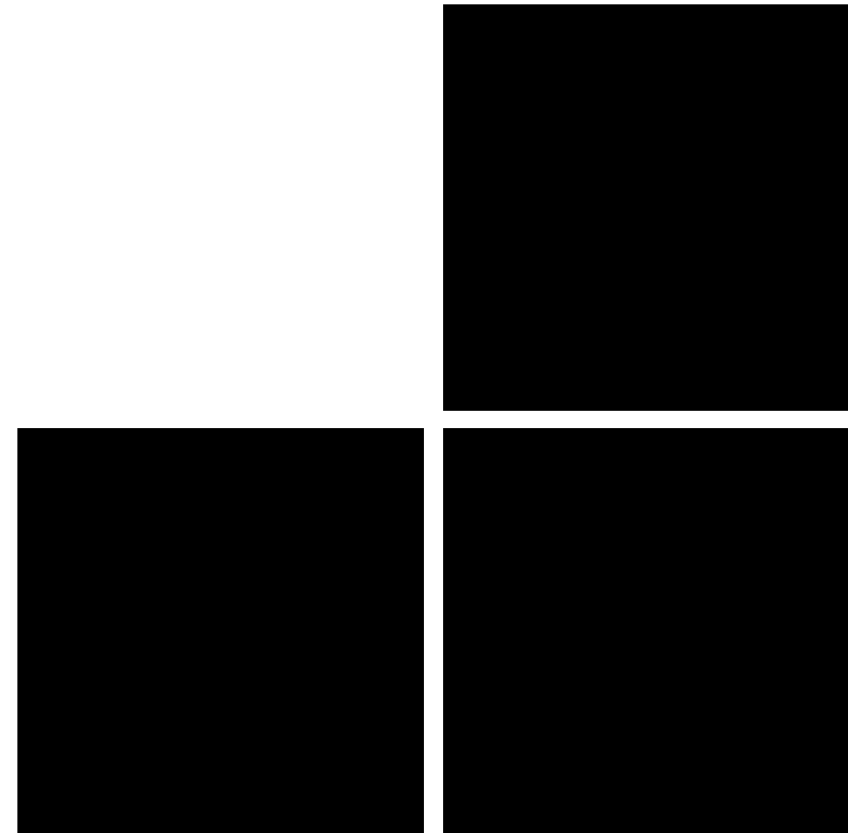

Yorkshire Food in a Challenging World

Siôn Roberts
Chief Executive

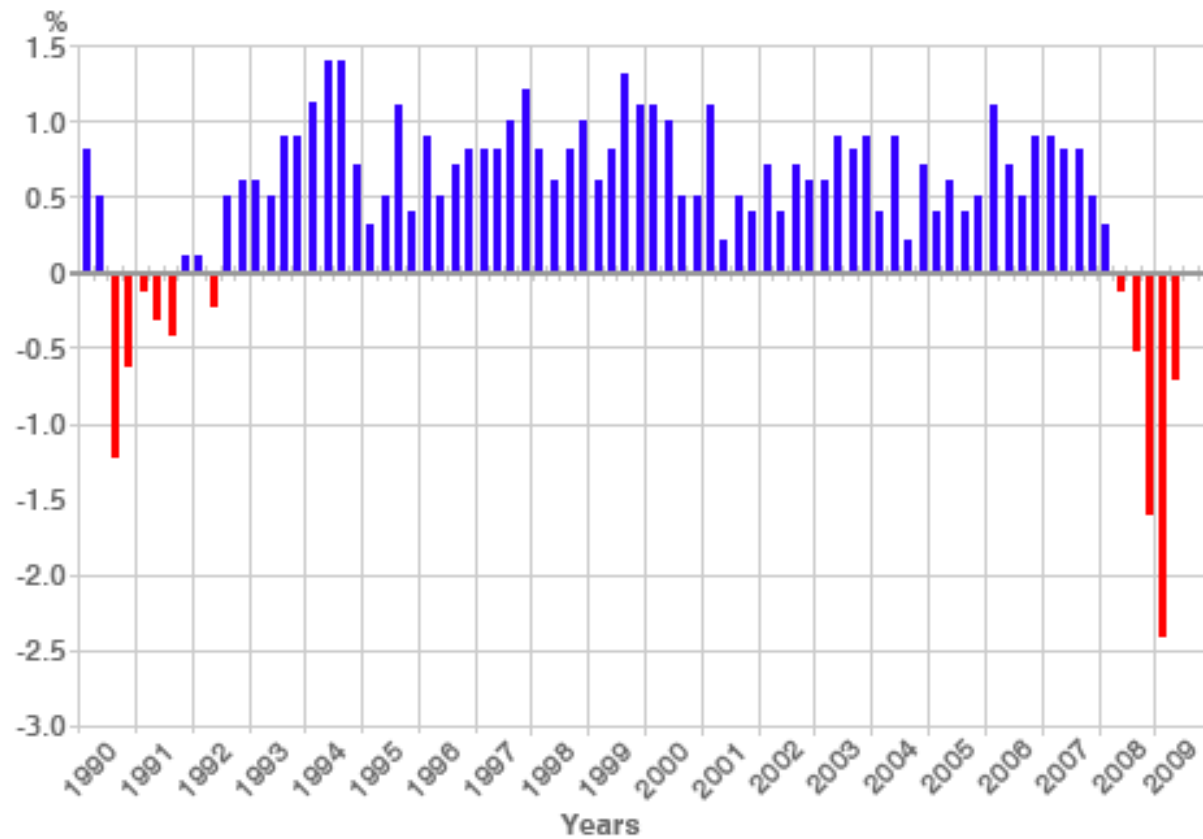


We never had it so good...

- § Sixteen years of growth at home
 - § China emerged as key economic player
 - § Oil prices sky-rocketed
 - § Commodities boomed
-

Annus horribilis

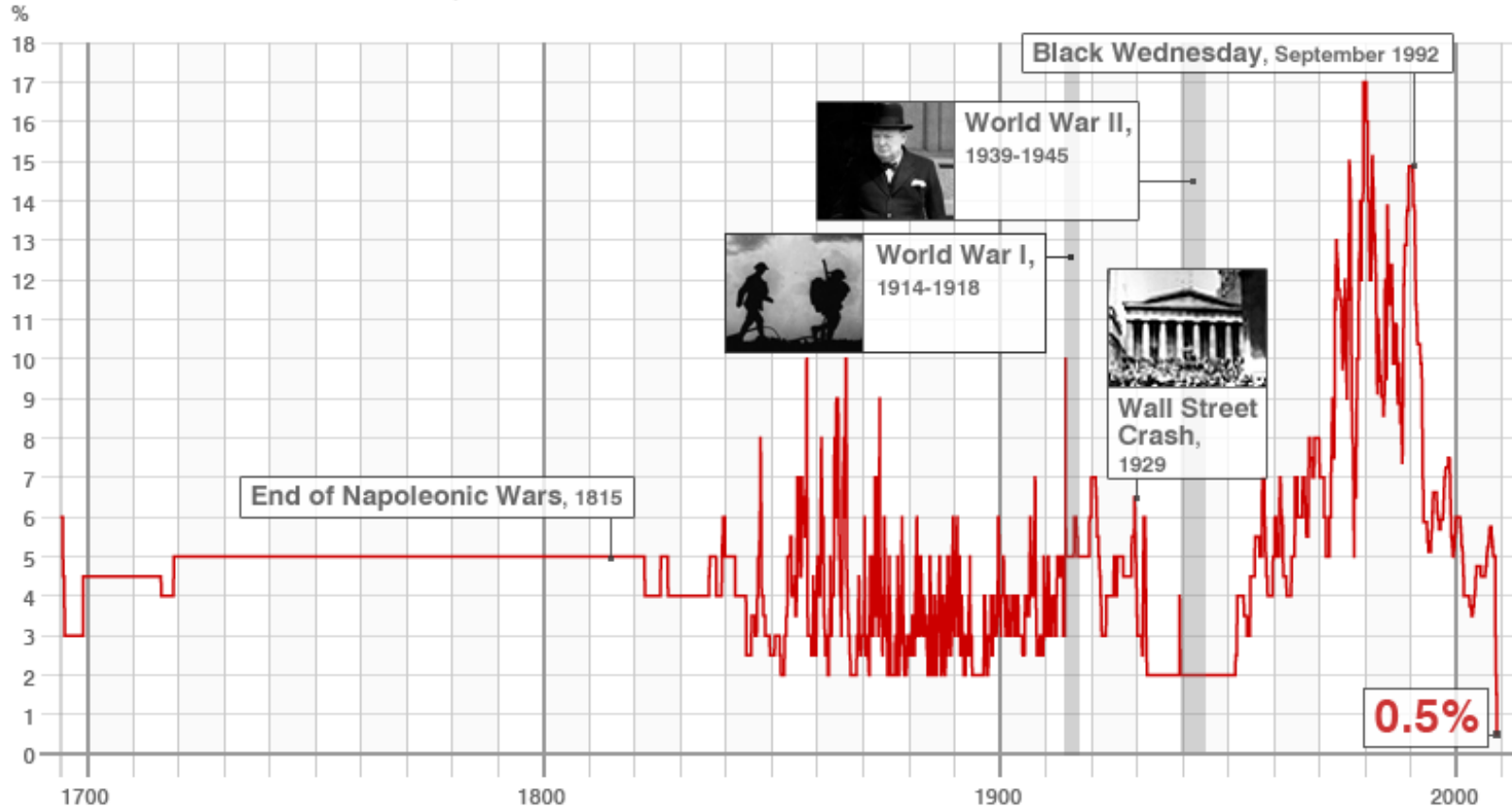
GDP growth, quarter on previous quarter



SOURCE: ONS

Monetary policy breaks new ground

BANK OF ENGLAND INTEREST RATES, 1694-2009

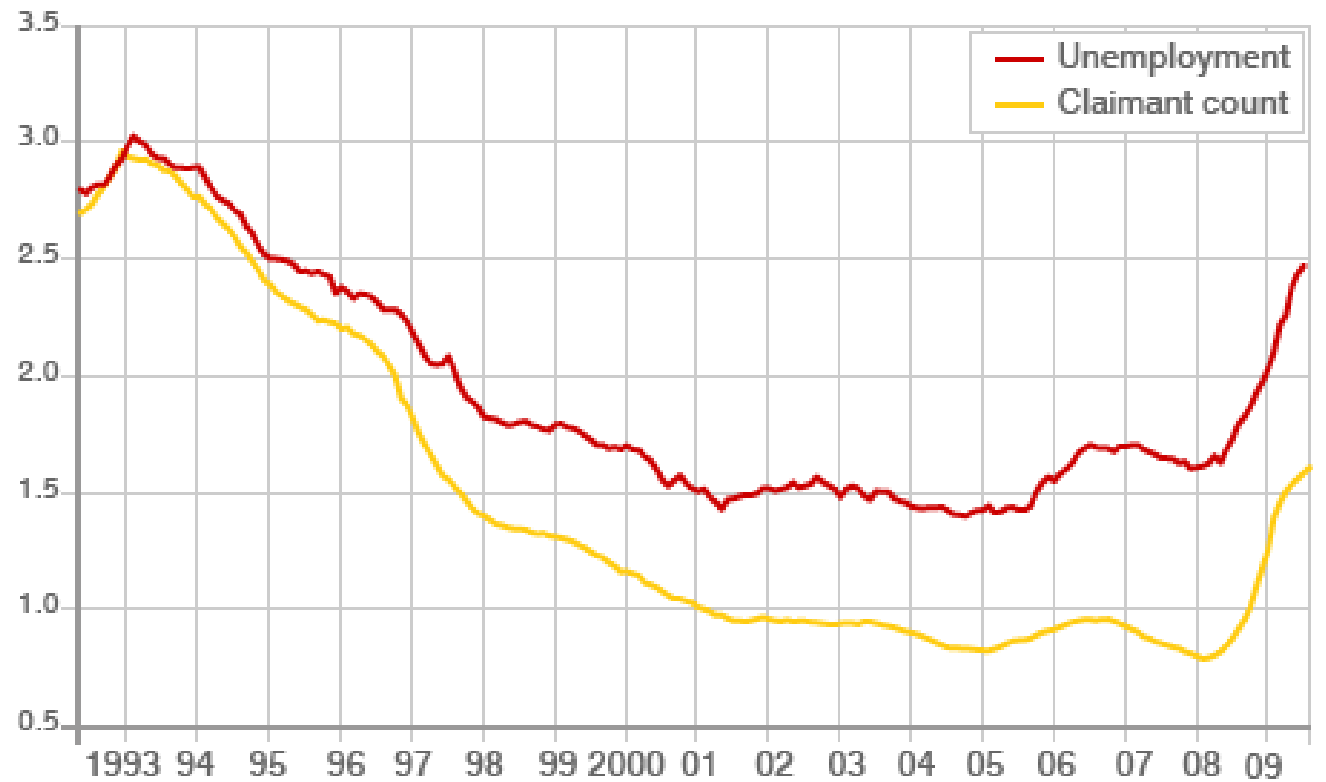


SOURCE: Bank of England

Unemployment still climbing

Unemployment in the UK 1992 - 2009

Number (millions)



SOURCE: ONS

The recession and its aftermath

- § This was not a ‘usual’ recession but what is sometimes called a ‘balance sheet’ recession.
 - Appears we are not about to relive the 1930s
 - We may even avoid a Japan style lost decade

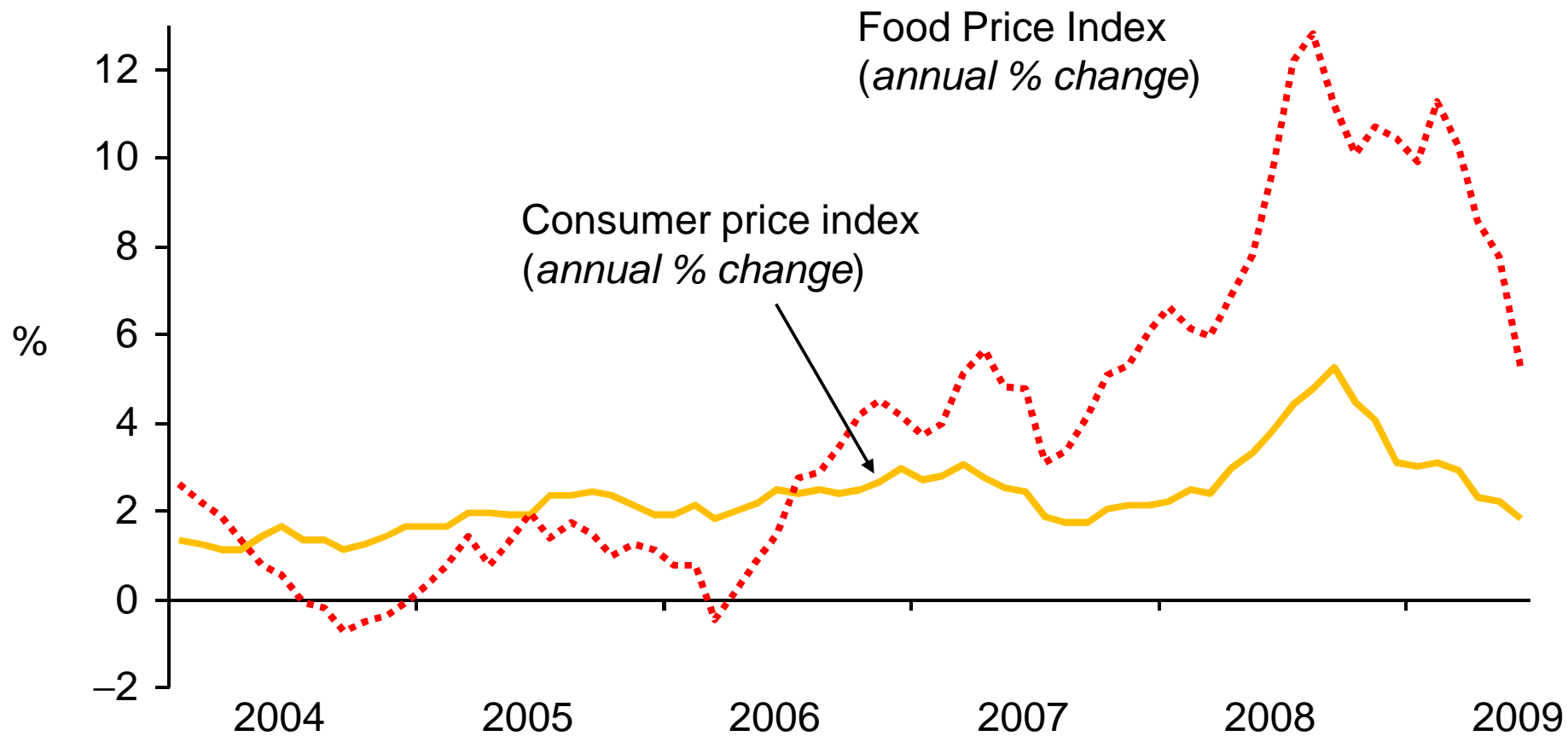
 - § But debt, deficits and unemployment look set to remain high

 - § This suggests
 - lower consumer expenditure, and
 - a higher cost of capital than before the crunch
-

What it has meant for food and farming

§ Commodity boom and food inflation

Inflationary pressures



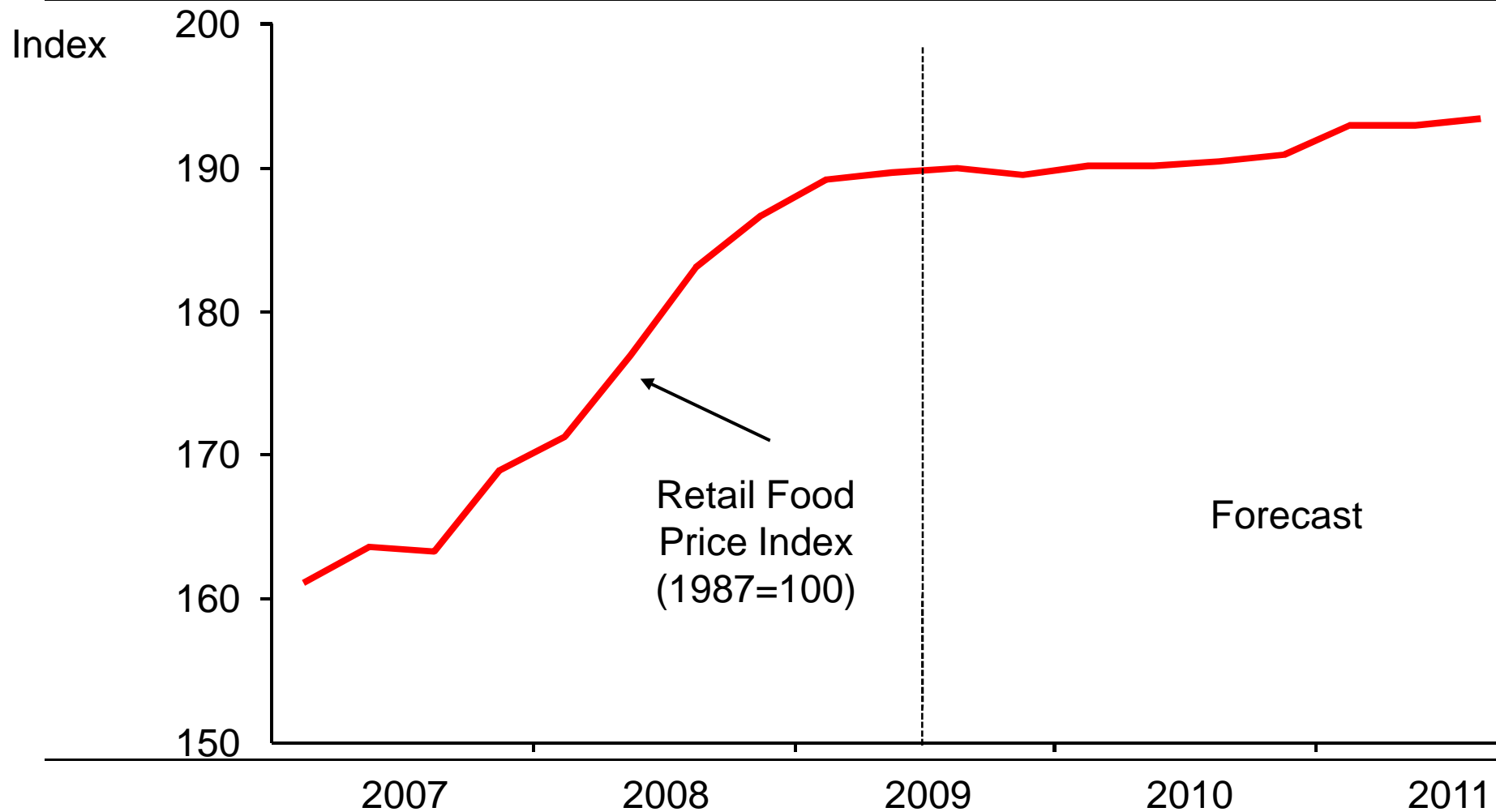
What it has meant for food and farming

- § Commodity boom and food inflation
 - § Commodity bust but not food deflation
 - impact offset in part by sterling depreciation
-

EFFP food inflation forecast



Forecast level of food prices

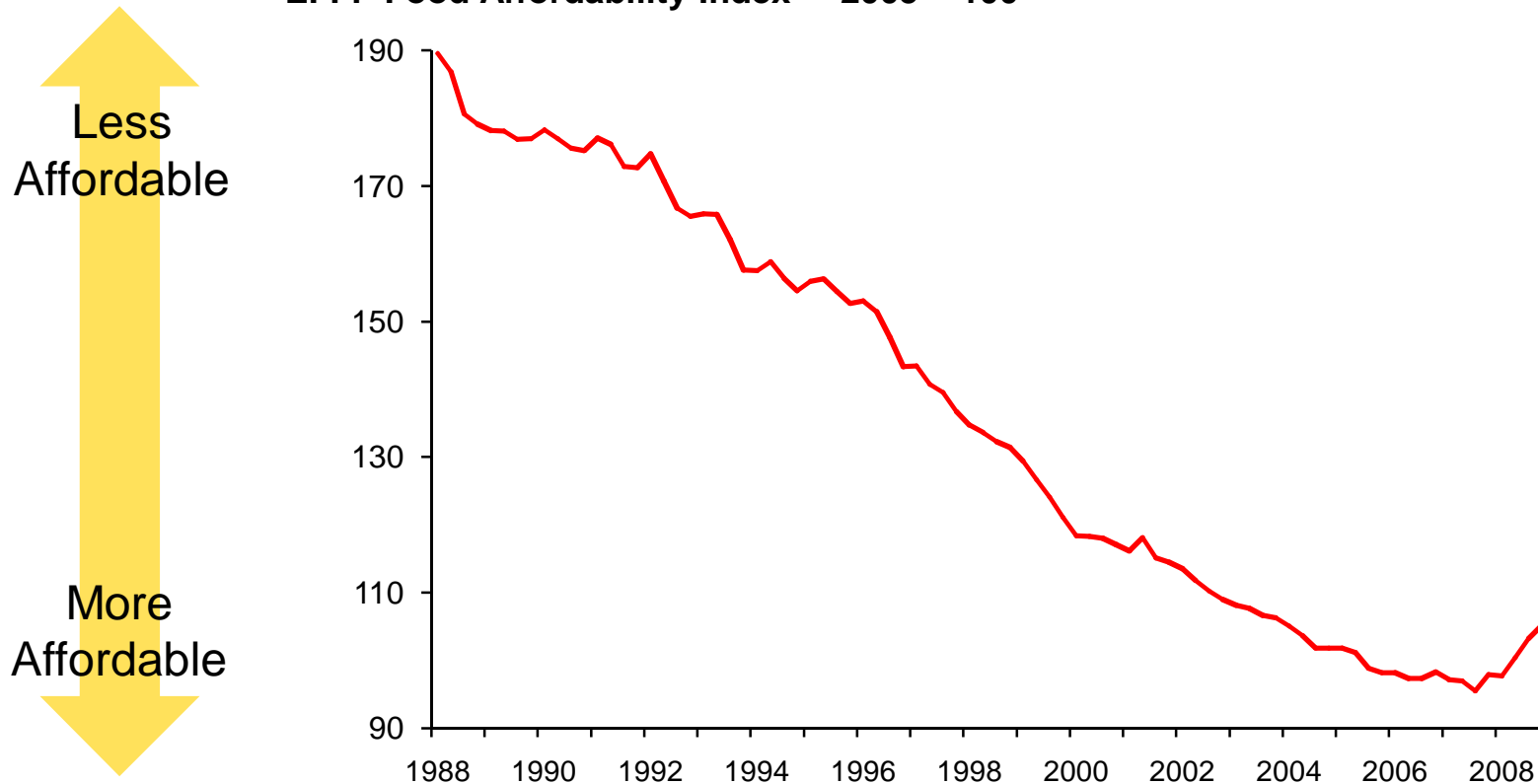


What it has meant for food and farming

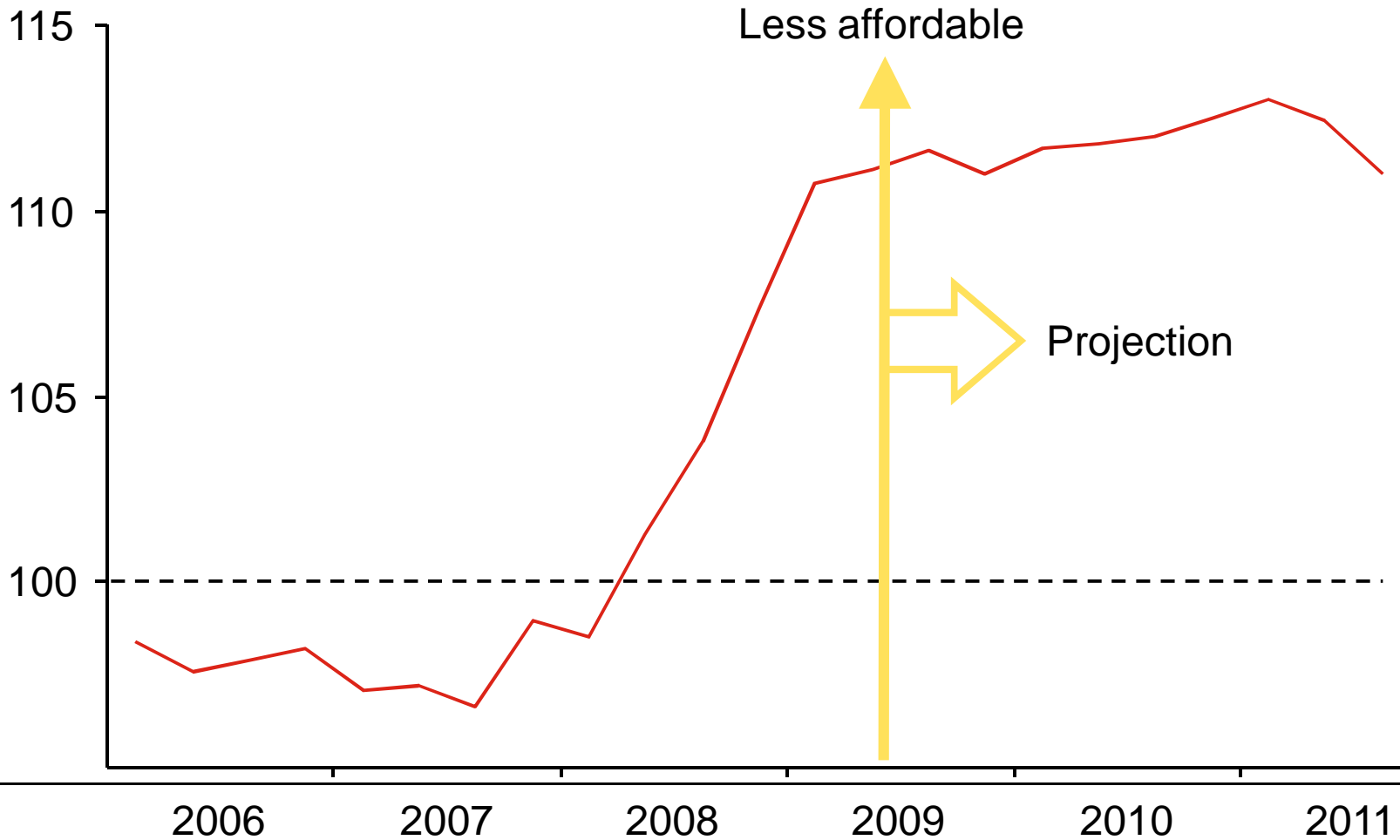
- § Commodity boom and food inflation
 - § Commodity bust offset in the UK, in part, by sterling depreciation
 - § Consumer retrenchment, but less than for non-food
-

Food was becoming ever more affordable

EFFP Food Affordability Index 2005 = 100



Forecast affordability of food (2005 = 100)



Food affordability

- § Food not becoming more affordable every year as over past 20 years
 - § Consumers looking for value for money
 - § Consumers also altering their shopping patterns
 - Organic vs fair trade
 - Value vs premium
 - § But changes not straight forward
-

What it has meant for food and farming

Longer term challenges

- § Still need to increase world food production by 50% by 2030
 - Population & economic growth in developing world
 - Urbanisation and changing diets
 - Bio-fuels still form alternative market for grain

 - § But using less energy and water

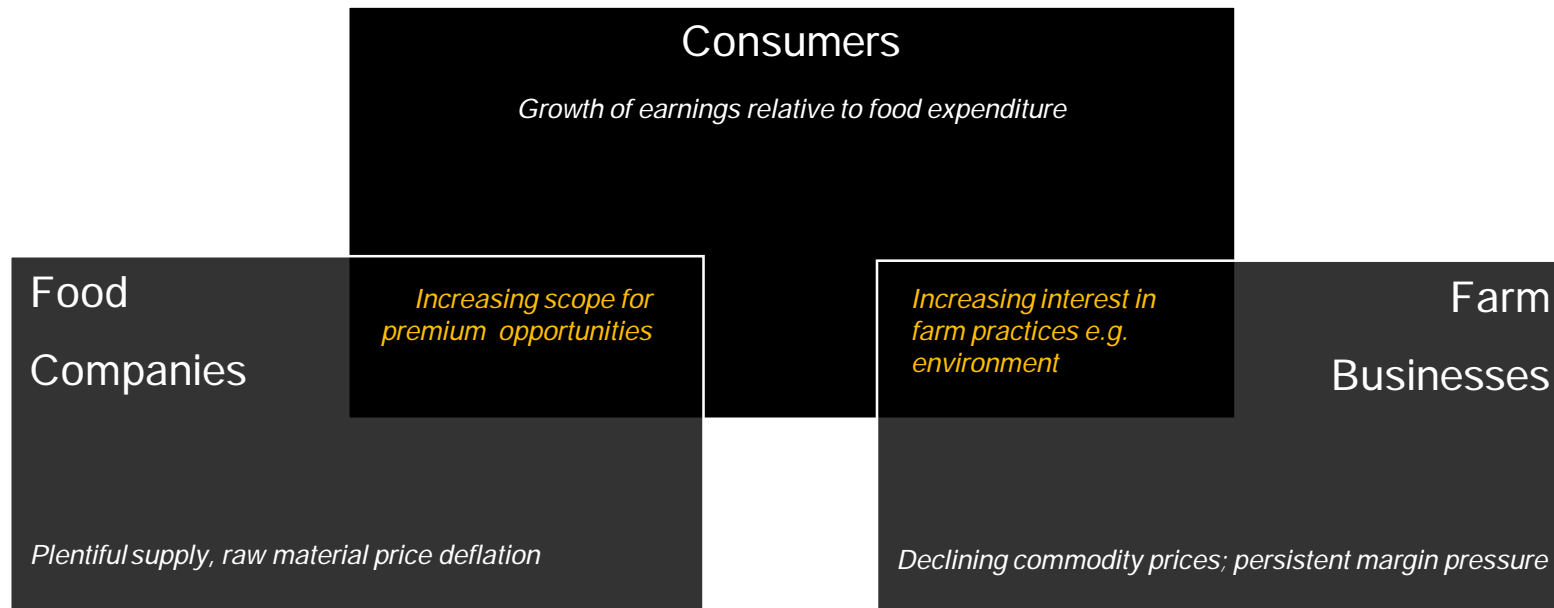
 - § While responding to pressures from climate change

 - § And with some yield trends at low levels

 - § Despite recent falls commodity prices are likely to be both higher and more volatile in the next decade than in the last
-

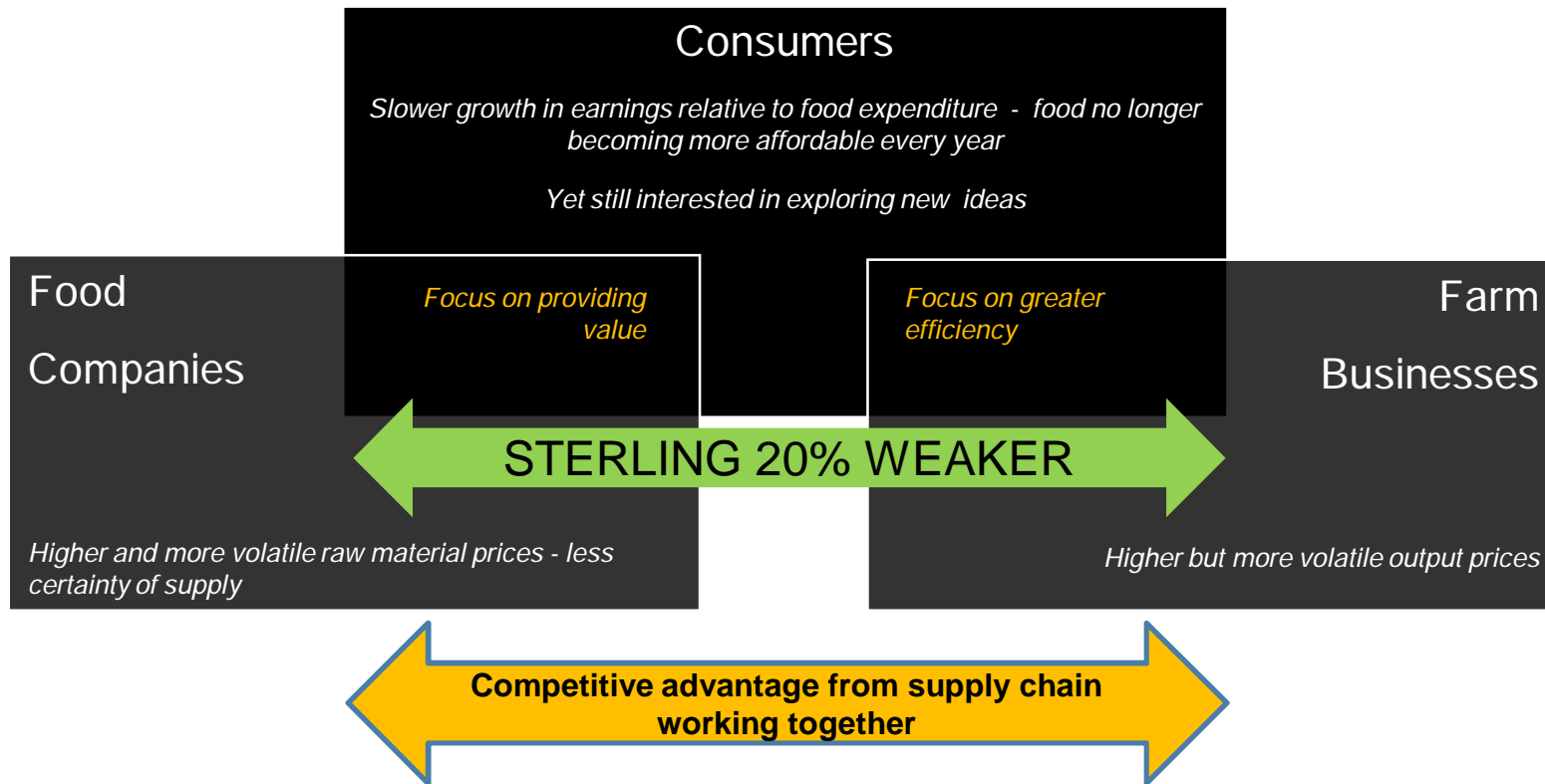
Back to Business as Usual?

Historic focus for food & farming industry



Back to Business as Usual?

Future focus for food and farming industry



Back to Business as Usual?

Competitive advantage through collaboration

- § Farm businesses and their food company buyers will need a heightened interest in productivity growth and efficiency.
 - § Increased output per hectare of farm land is the only way of helping to ensure global supply keeps pace with demand.
 - § New efficiencies are needed to reduce the use of energy and water per unit of output as well as helping to reduce the estimated 20 per cent waste across the food chain.
-

FARMING & FOOD, STRONGER TOGETHER