



Food production and food security

Views, expectations and potential from the perspective
of a foods business

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Climate Change and Bioenergy, 3 – 5 June 2008 in Rome



Unilever: Who we are



- 400 brands: food, household and personal care products
- 180 000 employees
- Turnover € 40 billion, net profit € 4 billion (2007), 44% in dev'ing world
- Sales in 100+ countries, manufacturing sites in 76
- Every day 150 million consumers buy a Unilever product
- 2/3 of our raw materials come from agriculture
 - Black tea (we buy 12% of global production)
 - Tomatoes (7%)
 - Palm oil (4%)
 - Frozen peas, spinach (5%)



Christof Walter, Unilever, March 2008

Food security re-assessed



- The world faces unprecedented growth in food demand
- Food demand will double by in 2050
(driven by population growth to c. 9 billion + changing lifestyles)
- Need to maintain historic (net) growth in productivity to meet demand
- Could all be met through yield improvement on existing land
- But climate change and new bioenergy put extra strain on the supply-demand equation
- Any solution requires political will to invest in agriculture

Climate change

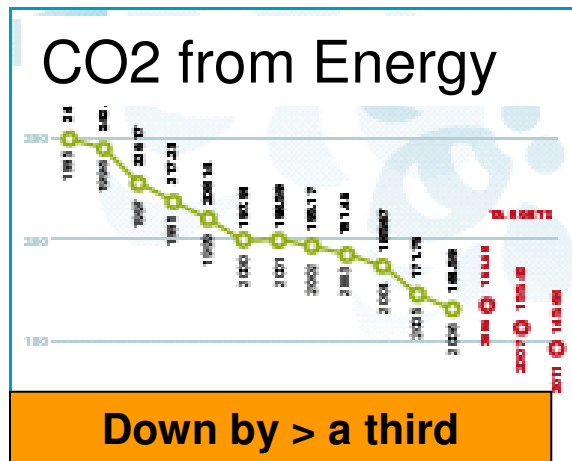


- Agriculture is both a large contributor and strongly affected
- and will have a key role to play in mitigation *and* adaptation
- Yet agricultural emissions – particularly land use change – are insufficiently addressed by policy
- ... and adaptation measures discussed often inadequate for the magnitude of projected change

What Unilever has done



- Cut manufacturing GHG emissions by >1/3 (1995 – 2006)
committed to reduce another 17% by 2010
-> total of 50% between 1995 and 2010
- Started looking at energy use in agriculture in our sustainable agriculture programme in 1996



Carbon Disclosure
Project Report 2006
Global FT500

**Included in Climate Leadership
Index for best practice in
climate change strategies**

Climate change, energy policy ...



- **Biomass** is a limited resource and our only source of food. But not our only source of renewable energy
- Bioenergy and food security policies need to be integrated
- **Energy policies:** Reduce, then increase efficiency and shift technology, only then look at bioenergy
- Use **bioenergy** where most energy efficiency and GHG-savings are biggest (heat & power)

... and food security

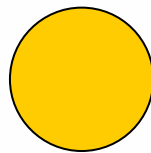


- Biodiesel and bioethanol **are** food and hence compete with food use
- **Production standards** can solve production issues, but not competition and other unintended consequences
- **Unintended consequences** are created by markets responding to demand induced by policies
- Unintended consequences are unintended, but not unforeseeable: Policy-makers have to act responsibly. Farmers can't solve these issues

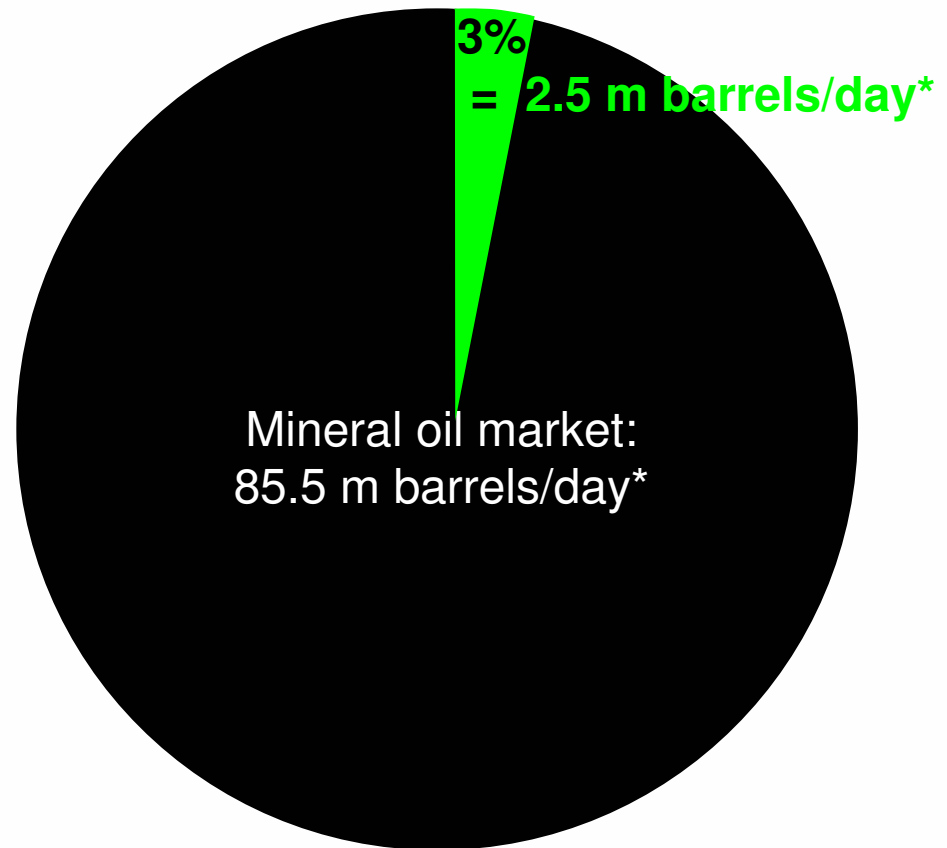
Just to get a sense of proportion



Edible oils market:
2.5 m barrels/day*



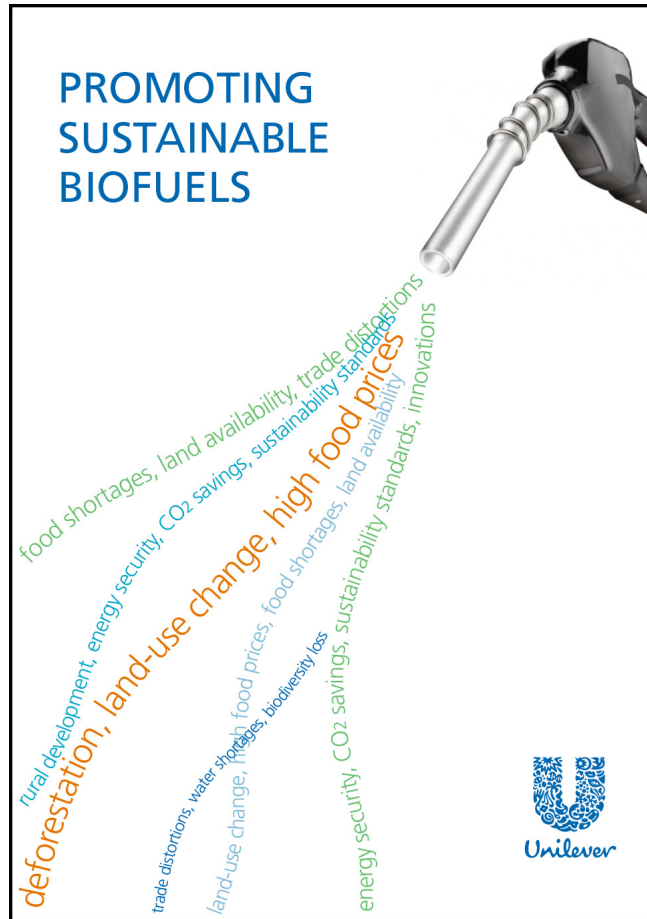
* Areas to scale.



Data source: Oil World 2007

For more about Unilever's position on biofuels

see our brochure



How is Unilever affected?



The confluence of climate change and rising food demand is directly relevant to our business, e.g.

- Doubling of vegetable oil prices
 - Difficult to put healthy and affordable products on the market (which is our brand proposition), as RSO is substituted with less healthy oils
 - Cost
- Access to raw materials: today, other crops are more attractive to farmers; but there could be instances of physical un-availability in the future
- Shifts in area suitable to grow raw materials in the near future: sunken investment in supply chains and fixed assets

Summary



- Food security needs to be re-assessed in the face of unprecedented growth in food demand, climate change and new bioenergy
- Investing in yield improvement in agriculture will be key
- Unilever has track record of working with farmers on better practices, leading to higher yields
- Need to develop comprehensive policies for food security at the global level, hand in hand with comprehensive policies for energy security and climate change at the global level