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FEDERALIMENTARE
Federazione Italiana dell'Industria Alimentare

Perspectives for Food 2030

Research, New Technologies and Sustainable Production

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THE EUROPEAN AGRO-FOOD INDUSTRY IN FIGURES

Turnover € 836 billion (2,6%)

Largest manufacturing sector in the EU (13.6%), ahead of the automobile and chemical industries

Value added as a share of GDP **1.8%**

Employment 4.0 million people

Leading employer in the EU manufacturing industry (13%), ahead of the fabricated metal and machinery & equipment industries

282,600 companies

Fragmented industry

Formal R&D as a % of food and drink output **0.24% in 2004**

Still insufficient formal R&D expenditure, but informal 1,6% in 2004

Exports € 48 billion (+5.3% compared to 2004)

Imports € 43 billion (+5.5% compared to 2004)

Trade balance €4.5 billion

Net exporter of food and drink products

EU market share of global export market **20%** (24% in 1997)

Shrinking share of EU exports in global markets

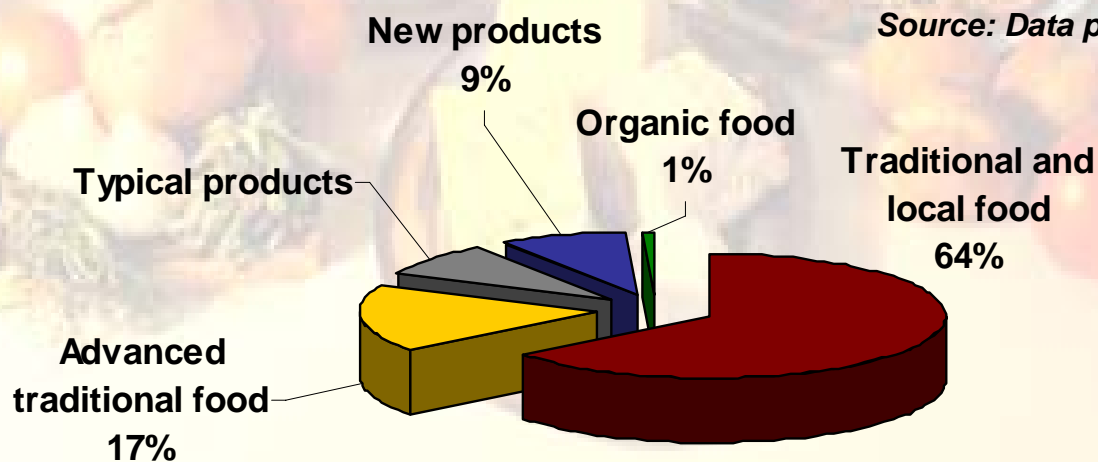
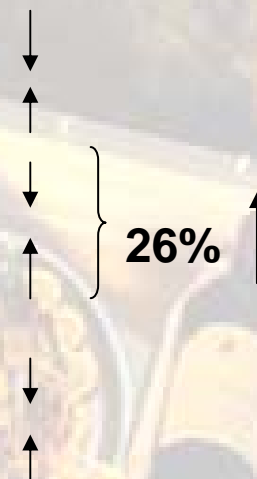
THE ITALIAN FOOD & DRINK INDUSTRY

A pillar of the national economy

- Second manufacturing sector
- Along with agriculture, induced activity and distribution, the Food and Drink Industry is the central element of the first economic sector of the Country.
- Industry buys and processes 70% of the national agricultural raw materials
- Industry is generally recognized as the ambassador of Made in Italy in the world considering that almost 80% of the Italian agro-food export is represented by high quality industry brands.

TOTAL TURNOVER BY PRODUCT (2006)

PRODUCTS	BIL. €	%
Traditional and local food	71	64%
Advanced traditional food	19	17%
Typical products (PDO, PGI and wine)	9,5	9%
New products (novel, functional, healthy, ready to eat, etc.)	9,5	9%
Organic food	1	1%
TOTAL	110	

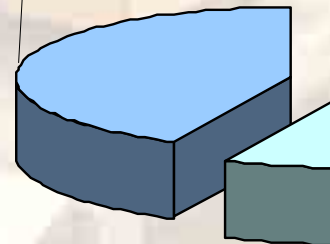


Source: Data processing and estimates and Federalimentare

TOTAL DIRECT EMPLOYMENT OF THE ITALIAN FOOD & DRINK INDUSTRY

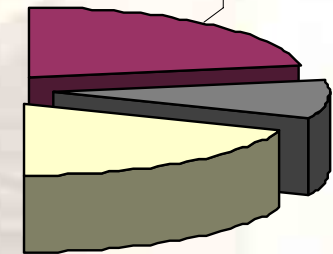
Quality and safety controls and management	85500	↑
Logistic and stock	35100	↓
Trade and sales	74100	↑
Administration and finance	27300	↑
Production	167700	↓
Total	390000	—

Production
43%



Administration
and finance
7%

Quality and
safety controls
and
management
22%



Logistic and
stock
9%

Trade and sales
19%

Source: Data processing and estimates and
Federalimentare

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COMPETITIVENESS IS AT RISK

In spite of the positive figures reached in 2006, the food & drink industry is penalized by some structural gaps that hold down its growth and its capacity to compete.

The main factors that penalizes the growth of the food & drink industry are:

1. extreme fragmentation of production (only 20% of the companies above the threshold of 9 units – 6500 - and the remaining 30.000 firms tied to such a small dimension – 3/9 units).
2. structural lacks and logistics
3. exaggerated costs of production like energy and services
4. low quality offer of infrastructures

INNOVATION IS A MAJOR KEY TO SUCCESS

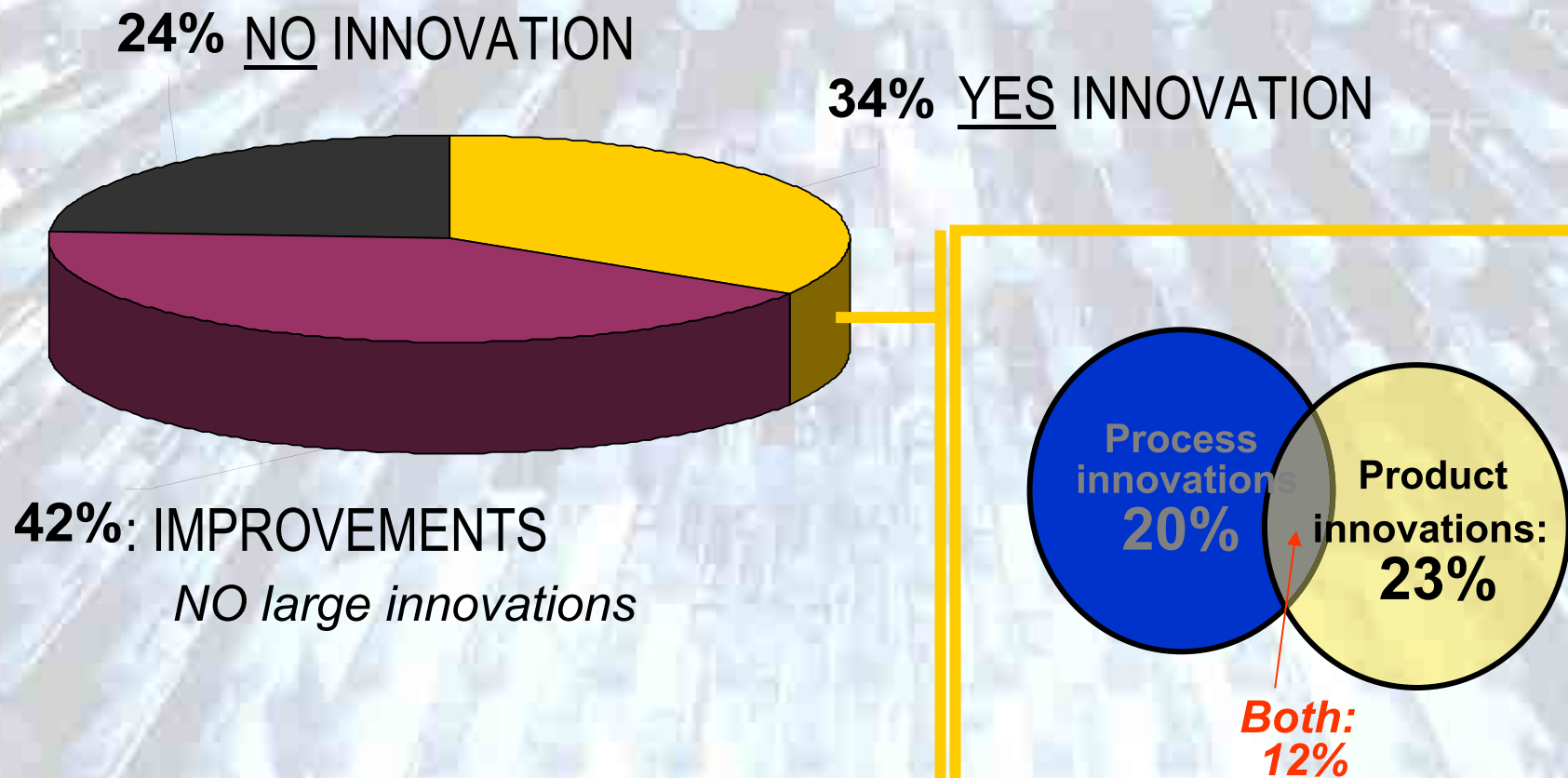
- One key asset of the food & drink Industry is its cultural diversity and its longstanding food traditions.
- Innovation is essential when responding to consumer needs with respect to quality, health, diversity, and convenience at the best possible price.
- The recipe, the manufacturing process, the packaging or the services provided to consumers, can determine the innovative character of a product.

Obstacles to higher research and development activities must be overcome. Better performances in innovation require concerted action from both the food & drink industry and public authorities.

ITALIAN FOOD INDUSTRY: THE RESEARCH CHALLENGE

2,6% of yearly turnover
(*around 2.700 mil. Euro*) is devoted
to quality, control, food safety and
applied research

INNOVATION IN THE ITALIAN FOOD & DRINK INDUSTRY



Towards 2030

- Consumers will change
- Ways of consumptions will change
- The market of raw materials will change
- Products will change in content and convenience
- The value system connected to food will change
- Technologies will change
- Industry organisation and structure will change

Ways of consumptions will change

- what we eat: calories ==> “experience” ==> nutrition & health, variety
- when we eat: regular meals ==> grazing & snacking
- where we eat: in-home ==> out-of-home
- with whom we eat: social ==> individual
- how we prepare our food: from scratch ==> ready-to-eat + heat & eat

INNOVATION AND NUTRITIONAL VALUE

- The content of salt in cured ham has been reduced of 15% during the last few years
- The caloric content of:
 - 100gr of cooked ham has been reduced from 400 to 200
 - 100gr of salame Milano has been reduced from 450 to 330
 - 100gr of pancetta has been reduced from 650 to 350

MONTANA

POWER

*carne magra in gelatina
ideale per chi pratica
attività fisica*

Idrattamentazione equilibrata, con un Minus
venerale proteico e un Minus femore salutare, è
adatto soprattutto per chi pratica attività fisica.
Montana Power è un prodotto unico perché
non contiene carboidrati ma apporta 20g di
proteine e permette il suo sostanziale
permeabilità di grassi e carboidrati.

Un modo pronto e gustoso, quindi, di
nutrirsi e potenziare l'efficienza
muscolare e quella dell'attività fisica.
Montana Power è una vera rivoluzione
nel mondo della carne in gelatina e apre
completamente un'era nuova di prodotti.

Montana Power:
tutto il resto è debole!

20g
di proteine
a porzione
solo l'1,2% di grassi

ESPT APPROVATO

Approvato dal leader nella certificazione del Personal Fitness Trainer

MONTANA POWER

Tutto il resto è debole.



Carne in gelatina

Concentrato di carne giovane, così sola e gustosa

Le usi classici della carne in gelatina (conservazione, cottura alla
pentola e nel pasticciccio), un gusto nuovo, un'azione
difficile di carne, di grasso, di sale e di acqua, un
10g di proteine e solo 1,2% di grassi.

Cal. 210kcal

Proteine 20g

Grassi 1,2g

Fino per 100g di 20g

Carne per 100g di 10g

Cal. 210kcal



The market of raw materials will change

The main question is: what is the future of the agricultural production in Europe?

In Italy, the full application of decoupling system since January 1° 2005 caused a significant decrease in the production of grain and beef

Beginning from 2003, the beef sector in the EU – which had always been largely exceeding - has undergone a reversal process which transformed it in a sector showing a constant irreversible deficit, (with consumption overtaking production by 466.000 tons in 2007 up to 729.000 in 2013, according to EU forecasts)

As to the CAP future, both farmers and processors all over the EU share a common interest: having long-term adequate prospects to give them certainties on how to work



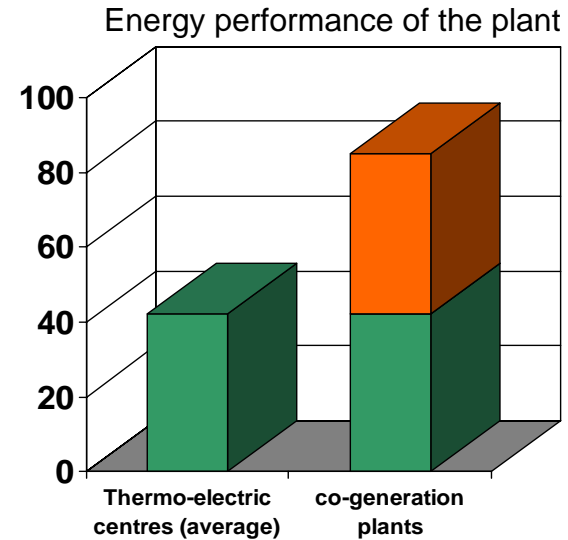


Examples of Inalca RD projects

- Application of enzymatic processes for the extraction of proteins, protein hydrates and other substances from organic bases
- Identification of innovative solutions concerning quality control activities on the production line
- Research into protection factors of metal packaging
- new process technology to improve the hygiene of cuts destined for mincing or vacuum packing
- New systems for purifying and recovering waste water
- Feasibility study for skin preservation treatment other than salting

1. Reduction and optimisation of energy consumption

- 3 cogeneration plants producing electrical power – 11 Megawatt and similar amount of heat energy.
- For the significant effects on energy saving of these investments, Inalca has obtained energy efficiency certification (so called white certificates).



Cogeneration plant in Castelvetro



The expectation is to reduce by 3% the energy consumption in the first year.

2. Valorisation of biomasses

- Composting plants to recover the sludge produced by the purification plants installed at Inalca premises.
- The product obtained by this plant can be used as a natural fertiliser.
- New investments (high pressure prototype) in course to improve the characteristics of the product on the soil.



Thank to this investment we valorise more than 50,000 t/year of sludge excluding this material from waste cycle

A. Realisation of a heat valorisation plant

- Realisation of a plant capable of heat treating the approximately 100.000 tonnes of processing sub-products obtained from its production activities (bones, fat, pre-stomach content etc) for the production of electricity and heat energy (approximately 10 Megawatts).



ADVANTAGES

- Initiative centred on the new European policy tending towards incentives for bio-energy (green certificates); this type of energy should represent at least 20% of the electricity produced in EU by 2020.
- Significant savings on the current costs for the disposal of these animal by-products which are currently a serious burden, not only for the industry but also on farmers.
- Use of an integrated technology (rendering connected to circulating fluid) innovative and never used before.

B. Realisation of a BIOGAS plant

- Realisation of a plant (annexed to the Ospedaletto premises) for the production of biogas through the anaerobic digestion of sludge from the purification plants, pre-stomach content and blood.



ADVANTAGES

- Possibility of reducing the cost of disposal of the above mentioned products by approximately 85% thanks to the possibility of producing electricity from the biogas produced during anaerobic digestion.
- The energy produced is also considered as bio-energy with EU incentives (green certificates) for its positive environmental impact.

One of the answers is Food for Life



Italian Food for Life brings together national key stakeholders of the agro-food sector (the food industry, farmers' representatives, agrochemical and breeding companies, retailers, researchers, processors, consumer organisations, regulatory bodies, policymakers and governments) *to enhance investment in research and development and stimulate innovation in this area.*

ITALIAN FOOD FOR LIFE

- Will stimulate research and technological innovation in the agro-food sector at a national level.
- Will strengthen the scientific and technological basis of our food and drink industry.
- Will encourage the development and international competition, especially to help the Small and Medium Enterprises.

The technology Platform “Italian Food for life” is a unique opportunity not only to promote the coordination of the research activity of primary products and nutrition, assuring whether the direction, whether enough critical mass, but also to guarantee transfer of know-how to the companies.



Thanks for the attention