

Bumps in Silk Road

In Shanghai for the 51st World Food Business Summit, CIES members discussed 'local' issues relating to China's emergence as a world economic power, as well as 'global' issues, such as food safety.

Western Model "will not work"



China's economic growth at current projected rates would lead to a collapse of economic and environmental support systems, according to Lester Brown, founder and

President of environmental lobby Earth Policy Institute. Brown told more than 800 CEOs and senior management of the world's largest retailers and their suppliers that the "American Dream" was already out of reach for China and India.

"Our global civilisation today is on an economic path that is environmentally unsustainable, a path that is leading to economic decline and eventual collapse," he said. "If China's economy continues to expand at 8% a year, its income per person will reach US levels in 2031. If at that point China's per capita resource consumption were the same as in the United States today, then its projected 1.45 billion people would consume two thirds of the world grain harvest. Its paper consumption would double the world's current production. There go the world's forests."

Oil consumption would also exceed current world production levels, Brown added. "The western economic model – the fossil-fuel-based, auto-centered, throwaway economy – is not going to work for China. If it does not work for China, it will not work

for India, which by 2031 is projected to have a population even larger than China's. Nor will it work for the 3 billion other people in developing countries who are also dreaming the American Dream."

Brown said that a new economy founded on sustainable energy was imperative in order to reverse decline and restore the Earth's natural systems. "One way or another, the decision will be made by our generation," he said. "Of that there is little doubt. But it will affect life on Earth for all generations to come."

Food, Wage Pressures in China



Addressing the World Food Business Summit, Dr Fan Gang, Director, National Economic Research Institute, China Reform Foundation, said that urbanisation is rapidly accelerating

in a country where 35% of the labour force are farmers who earn the equivalent of €375 a year. Rural workers are relocating out of agriculture into other, higher-earning industries in cities.

As a result of this mass migration, competition for urban jobs is high. This competition is what is keeping wages low. "It is not because the government keeps them low," Dr Fan argued. It will take China between 10 and 20 years at its current rate of economic growth to reach "wage equilibrium" – what Dr Fan defined as the end of the disparity between urban and rural earners.

Urbanisation also means that land is in demand. With only 120 million acres of arable land in the whole of China, does urbanisation represent a threat to China's food supply? Dr Fan said that the Chinese food supply is not under threat. While food imports could increase to as much as 10% of total consumption to offset a controlled reduction in arable land, China still remembers its

famines of the early 1960s and, in particular, the role that international trade embargoes had played. "That memory is still relevant," Dr Fan said. "Self-reliance continues to be the policy of the government."

Global Food Safety Breakthrough



Leading international retailers have reached a landmark agreement on food safety standards.

Roger Corbett, Chairman of CIES, reported that, under the umbrella of the

Global Food Safety Initiative (GFSI), seven retailers have come to a common acceptance of the four GFSI benchmarked food safety schemes:

- BRC - British Retail Consortium Global Food Standard
- IFS – International Food Standard
- SQF 2000 – Safe Quality Food Scheme
- Dutch HACCP Scheme (Option B)

Each scheme has now aligned itself with common criteria defined by food safety experts from the food business, with the objective of making food manufacture as safe as possible. As a result this will also drive cost efficiency in the supply chain. The GFSI vision of 'once certified, accepted everywhere' has now become a reality.

Carrefour, Tesco, Metro, Migros, Ahold, Wal-Mart and Delhaize have agreed to reduce duplication in the supply chain through the common acceptance of any of the four GFSI benchmarked schemes. The current Chairman of GFSI, Roland Vaxelaire, Director of Risk, Responsibility and Quality for Carrefour said: "I can only encourage other retailers to follow this example and apply the GFSI philosophy in order to continue to drive cost-efficiency for all players throughout the supply chain, whilst making food as safe as possible." 