FOOD PROCESSING SECTOR

COUNTRY PROFILE

UNITED KINGDOM

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1 GLOBAL FOOD & BEVERAGES MARKET

1.1 MARKET OVERVIEW

The food processing sector is involved in transforming raw agricultural products into processed food items that are suitable for consumption. It encompasses a wide range of activities, including harvesting, sorting, cleaning, packaging, preserving, and distributing food products. Food processing involves various techniques and technologies to enhance the quality, safety, and shelf life of food. Some common processes include cutting, grinding, cooking, pasteurization, canning, freezing, and dehydration. These processes often involve the use of machinery, equipment, additives, and other ingredients to modify the characteristics of the raw materials. The food processing sector plays a crucial role in meeting the global demand for safe, convenient, and nutritious food products. It not only helps to extend the availability of seasonal produce but also allows for the development of a wide variety of food options. This sector covers a broad range of products, including fruits, vegetables, grains, dairy products, meat, poultry, seafood, bakery items, beverages, and prepared meals. Food processing companies may operate at different scales, from small-scale local businesses to large multinational corporations. They must adhere to strict quality control and safety standards to ensure that the processed foods meet regulatory requirements and consumer expectations. Overall, the food processing sector contributes significantly to the economy, employment, and food security by adding value to raw agricultural products and making them suitable for consumption on a mass scale.

In the year 2022, the global food and beverages market exhibited an impressive valuation of $6,730.8 billion[1]. This expansive market displayed an intriguing perspective when scrutinized from the standpoint of per capita consumption, amounting to $862.8.[2] Additionally, in relation to the vast expanse of the global GDP, the market held a significant share of 6.32%.[3]

[1] Food and Beverages Global Market Briefing 2023 – The Business Research Company, December 2022
[2] Ibid
[3] Ibid

When examining the various segments within the food and beverages market, it becomes evident that the domain of meat, poultry, and seafood claimed the top position, boasting a substantial market share of 22.3%. Following closely behind, the dairy food sector made a commendable showing at 14.0%, while the realm of bakery and confectionary held its own at a captivating 13.8%.[4]

The global food and beverages market grew from **US $5437.42 Bn in 2017 to US $6730.88 Bn in 2022**[5]

The market grew at a compound **annual growth rate (CAGR) of 4.36%**[6]

FIGURE 1

Global Food & Beverages Market, 2017-2018

1.2 EMERGING TRENDS

The food and beverages market are being influenced by several significant trends, which are as follows:

- Functional drinks for hydration & nutritional benefits
- High pressure pasteurization of fruits & vegetables
- Increasing demand for clean label products
- Individual quick freezing (IQF) technology
- Robotics and automation in meat processing
- Premiumization of pet foods

[4] Food and Beverages Global Market Briefing 2023 – The Business Research Company, December 2022

[5] Ibid

[6] Ibid

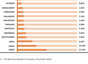
2 INDIAN FOOD PROCESSING SECTOR

2.1 OVERVIEW

In the year 2022, the food and beverages market witnessed Asia Pacific emerging as the dominant region, boasting a substantial valuation of $2,793.3 billion. This impressive figure accounted for a noteworthy 41.5% share of the global food and beverages market. Trailing behind, Western Europe secured the second position with a respectable share of 23.3%, while North America followed closely at 21.4%.[7]

FIGURE 2

Country wise split of Asia Pacific Food & Beverages Market, 2022



[7] Food and Beverages Global Market Briefing 2023 - The Business Research Company, December 2022

Within the Asia Pacific region, India's food and beverages market held the position of being the third largest, following the likes of China and Japan. In the year 2022, the market revenue reached an impressive sum of US $269.77 billion, thus commanding a significant 9.66% market share within the vast expanse of the Asia Pacific market. [8]

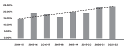
The Indian food processing sector has experienced rapid growth, exhibiting an impressive average annual growth rate of over 9 percent since the fiscal year 2014-15[11]. This sector plays a pivotal role in establishing strong connections between the industry and the agriculture sector through a comprehensive range of activities that encompass farming, aggregation, processing, packaging, storage, and distribution.

In India, the food processing sector extends its support to a wide array of products, encompassing traditional food items such as food grains, spices, fruits, and vegetables, as well as modern processed foods like baked goods, dairy products, superfoods, infused products, nutraceuticals, and convenience foods. Its contributions to the economy are substantial, with a multiplier effect on employment, as it employs 12.2% of the total workforce in the Indian registered manufacturing sector. In the fiscal year 2021-22, the remarkable contribution of processed foods to India's total Agri-Food Exports reached an astonishing 22.6%. The percentage share of food processing industries in the overall Indian manufacturing GVA was 10.54% at 2.37 lakh crores (US $31.9 Bn) in 2020 - 21.[12]

[8] Food and Beverages Global Market Briefing 2023 - The Business Research Company, December 2022
[9] Ibid
[10] Ibid
[11] MOFPI Data
[12] Ibid

FIGURE 3

Percentage share of processed foods exports in agri - food exports



India's agri - food exports grew from
US $36,171.92 Mn in 2014 - 15 to US $ 46,113.3 Mn in 2021 - 22.[13]

India's processed food exports grew from
US $4959.44 Mn in 2014 - 15 to US $10,420 Mn in 2021 - 22.[14]

[13] MOFPI Data
[14] Ibid

2.2 KEY GROWTH DRIVERS

The food and beverage sector hold substantial significance as a contributor to the Indian economy. Forecasts indicate that the Indian processed food market is poised to witness remarkable growth, with expectations of reaching a valuation of USD 470 billion by the year 2025. This projection signifies a substantial increase from its previous valuation of USD 263 billion in the fiscal year 2020. The key growth drivers for the growth prospect of the sector are

- Strong economic growth
- Increased disposable income
- Demand for higher quality products and premiumisation
- Improvements in logistics infrastructure
- Modernisation of cold chain infrastructure
- COVID-19 pandemic accelerating the shift towards healthier and more hygienic products
- Industrial automation
- Manufacturing process improvement

This upward trajectory is expected to trigger a substantial surge of opportunities across the entire value chain of processed foods.

2.3 KEY OPPORTUNITIES

The following are the high potential opportunities in the food processing sector of India

FOOD PROCESSING MACHINERY

The machinery sector for food and beverage processing in India experienced a growth rate of 6.3% in the year 2021. Regionally (Asia Pacific), it stood as the fourth largest in terms of production value. Looking ahead, the industry's turnover is projected to achieve a compound annual growth rate (CAGR) of 4.5% during the period of 2021-2026. Furthermore, it is anticipated that the industry will regain pre-pandemic levels by the year 2024.

The machinery sector for food and beverage processing relies primarily on the expansion of domestic markets for its growth. In the year 2021, exports constituted 9.4% of the overall production output, indicating that the industry's focus is predominantly on catering to domestic demand.

FIGURE 4

Regional Comparison of Machinery Production Value, 2021

India's is the fourth largest producer
in terms of production value in Asia Pacific

India represents a significant 9.0% share
of the total production value in the Asia Pacific region.

OILS & FATS

During the period from 2016 to 2021, the Indian oils and fats market exhibited robust growth. The key drivers behind this growth were rapid urbanization, an expanding middle-class population, increased income levels, and enhanced purchasing power among consumers. In 2021, the Indian oils and fats market generated total revenues of $12,235.3 million, showcasing a noteworthy compound annual growth rate (CAGR) of 7.3% over the period from 2016 to 2021. Moreover, the market witnessed a steady increase in consumption volume, with a CAGR of 6% during the same timeframe, culminating in a total volume of 10,436.2 million kilograms in 2021. By the end of 2026, the market's volume is projected to reach 12,300.1 million kilograms.

Among the segments within the market, the vegetable oil segment emerged as the most lucrative in 2021, amassing total revenues of $8.0 billion, accounting for a significant 65.6% of the market's overall value. The sunflower oil segment also made a substantial contribution, generating revenues of $2.0 billion in 2021, which equates to 16% of the market's collective value.

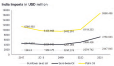
FIGURE 5

Oils & fats market volume forecast, 2021 - 26, million kilograms.

India's agri-food imports are dominated by three primary commodities: Palm Oil, Soya-bean oil, and Sunflower seed oil. Collectively, these imports accounted for a significant sum of US $16,767.33 million in 2021.

FIGURE 6

India's top agri-food imports in 2021, USD million



COLD CHAIN INFRASTRUCTURE

India currently holds the position of the global leader in milk production, ranks second in the production of fruits and vegetables, and boasts a significant output of marine, meat, and poultry products. The majority of these commodities are highly susceptible to temperature variations, necessitating precise storage and transportation conditions. The cold chain market in India demonstrated a revenue of USD 24.9 billion in 2022 and is projected to attain USD 57.5 billion by 2027. This indicates a robust compound annual growth rate (CAGR) of approximately 14.27% between the years 2023 and 2027.

The surge in demand for cold chain infrastructure stems from multiple factors, including heightened requirements from the healthcare industry, expansion of organized food retail, growth in the processed food sector, and a shift towards increased consumption of fruits and vegetables. Additionally, the COVID-19 pandemic has had a positive impact on the overall cold chain market, leading to an increased need for cold storage and temperature-controlled logistics across various sectors. Over the past two years, the government has actively engaged in numerous cold chain development initiatives. Moreover, organized players have prioritized the augmentation of cold storage capacities to accommodate the storage and distribution of COVID-19 vaccines and medcations.

FIGURE 7

Market Size & Growth Forecast - India Cold Storage Market, in USD Billion

- The implementation of a proficient and reliable cold chain storage infrastructure enhances the transportation and storage of products sensitive to temperature fluctuations, resulting in extended shelf life and minimized spoilage risks from the point of origin to the point of consumption.
- Numerous stakeholders from various industries are actively engaging in the development of a dynamic and seamless cold chain storage system that adheres to the necessary standards and regulations.
- Anticipated growth in this segment is projected in the coming years, driven by a growing interest from third-party logistics providers and institutional funds. This increased attention highlights the potential for significant expansion and underscores the attractiveness of the cold chain storage market

3 UK - COUNTRY OVERVIEW

The United Kingdom(UK) is a sovereign country in Western Europe comprising England, Scotland, Wales and Northern Island. Parliamentary democracy is the form of government in the UK, with a Constitutional Monarch as its head. The following table highlights key facts about UK.

CAPITAL	LONDON
AREA	242,945 SQ KM
POPULATION (2023 estimates)	67.7 MILLION
CURRENCY	POUND STERLING
LANGUAGES	ENGLISH, SCOTS, ULSTER SCOTS, SCOTTISH GAELIC, IRISH, WELSH, CORNISH
LIFE EXPECTANCY	79 YEARS (MEN), 83 YEARS (WOMEN)

HEAD OF STATE	KING CHARLES III
PRIME MINISTER	RISHI SUNAK
GOVERNING PARTY	CONSERVATIVE PARTY
GLOBAL POPULATION RANK	20
URBAN - RURAL POPULATION (2018)	URBAN: 83.4% RURAL: 16.6%

4 UK – ECONOMY OVERVIEW

The UK has the sixth-largest economy in the world with a GDP of US $ 3.13 trillion economy and is a member of the G7 group of leading industrialized countries. The country is known for its service sector. The UK is also a major exporter of goods such as machinery, chemicals, and pharmaceuticals. In 2023, the manufacturing sector accounted for 9.5% of total UK economic output (Gross Value Added) and 8.1% of jobs in 2022.[15] Some of the key facts of UK economy is listed below

GROSS DOMESTIC PRODUCT PER CAPITA (CURRENT USD) (AS OF 2021)	US $ 46,510
GDP (CURRENT USD)	US $3.13 TRILLION
TOTAL FINAL CONSUMPTION EXPENDITURE	US $ 4,15,535
HOUSEHOLD SAVING RATIO	9.3%
CPI INFLATION	10.4%
ECONOMIC GROWTH	0.4%

[15] UK Parliament
[16] World Bank Country Statistics - UK
[17] Office for National Statistics, Government of UK

5 UK - FOOD PROCESSING SECTOR OVERVIEW

The agri-food sector has a significant impact on the UK economy. In 2020, the sector contributed US $ 144.72 bn or 6% to the national Gross Value Added in 2020. Moreover, the sector provides employment to 4.1 million people in Q1 2022, which accounts for 13.4% of Great Britain's employment. Total consumer expenditure on food, drink, and catering amounted to US $298.90 bn in 2021. Additionally, the UK's food and drink exports were valued at US $ 25.16 bn in 2021. These figures highlight the importance of the agri-food sector to the UK economy, both in terms of employment and revenue generation. [18]

Since January 2022, due to high demand, prices of food and non-alcoholic beverage have risen significantly, while staples such as meat, bread, dairy, and cereals witnessed the highest price rises. Prices change on a weekly basis, with year on year increases as high as 50 percent on essential grocery items.[19]

5.1 FOOD PRODUCTION TRENDS

The major sub-sectors in UK product basket are products involving Cereals, Fruits and Vegetables, Red Meat, Poultry Meat, and Milk. All the product sub-sectors witnessed growth over the years except cereals production. Cereals saw a dip in production in 2020 owing to COVID induced lockdowns and bounced back in 2021 . The table figure below captures the production trend under various sub-sectors since 2017.

[18] Department for Environment, Food and Rural Affairs, Government of UK
[19] Invest India

FIGURE 7

UK Food Production Trends 2017-2021

	2017	2018	2019	2020	2021
Cereals	101.9	93.4	113	84	99.1
Fruits & Vegetables	97.9	90.8	91.2	92.4	88.7
Red meat	87.8	88.1	90.9	92.2	90.8
Poultry meat	163.2	171.4	169.5	174.9	175
Milk	100	100.3	101.7	101.8	101.7

Cereals   Fruits & Vegetables   Red meat   Poultry meat   Milk

The overall production of cereals in the UK has experienced fluctuations over the years. However, in 2019, there was a notable increase of 21% compared to 2018. This rise can be attributed to a combination of factors, including an expansion in cultivated area and improved yields. However, the year 2020 witnessed a sharp decline of 26% compared to 2019, primarily due to the impact of the COVID pandemic. With easing of lockdown restrictions in 2021, there was a subsequent recovery with an increase of 18% in cereal production.

Poultry meat has witnessed substantial growth compared to the index year. Since 2017 total production of poultry meat resumed an upward trend, rising by 3% between 2019 and 2020.

UK Food Production Trends 2017-2021

5.2 GROWTH DRIVERS

The food and beverages sector in the UK is influenced by several key growth drivers. Some of these drivers include:

Changing Consumer Preferences:

Shifting consumer preferences towards healthier, sustainable, and ethically sourced food and beverages are driving growth in the sector. There is a growing demand for organic, plant-based, and locally produced products. Consumers are also seeking products that cater to specific dietary requirements and preferences, such as gluten-free, vegan, and allergen-free options. This supplemented by diverse foreign diaspora in the country, has immense demand for diverse processed food based upon country specific taste palettes.

Innovation and New Product Development:

Continuous innovation and the development of new and unique products are driving growth in the sector. Companies are introducing novel flavors, ingredients, and packaging formats to attract consumers and cater to their evolving tastes and preferences. The introduction of functional foods, beverages with added health benefits, and convenience-oriented products also contribute to the sector's growth.

Digital Transformation:

The adoption of digital technologies is revolutionizing the food and beverages sector. E-commerce platforms, online food delivery services, and direct-to-consumer models are driving growth by providing convenience and expanding reach, especially in the post-pandemic retail scene. Digital marketing, social media, and personalized customer experiences also play a crucial role in promoting products and driving sales.

Sustainability and Environmental Concerns:

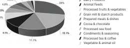
The growing emphasis on sustainability and environmental stewardship is influencing the food and beverages sector. Consumers are increasingly demanding eco-friendly and ethically produced products. Companies that adopt sustainable practices, reduce waste, and focus on responsible sourcing are likely to benefit from this trend and experience growth.

These key growth drivers shape the direction and growth of the food and beverages sector in the UK, prompting companies to adapt and innovate to meet changing consumer demands and preferences.

5.3 KEY SUB-SECTORS

Key sub-sectors of the food & beverages industry in the UK can be assessed based on product wise consumption or domestic demand. Retail sales can be a ideal indicator for assessing consumption or demand. The following image indicates segmentation sub-sector wise sales in the domestic market in 2021.

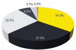
Market segmentation of Sub-sector wise food sales in the UK.[11]



Similarly, in terms of beverages sector, soft drinks, beer and blended spirits form the major share of retail sales in the UK. The image below indicates segmentation of beverages sales in 2021.

[11] Office of the National Statistics, Government of UK

Segmentation of beverage sales in 2021



From the above retail demand or consumption pattern, it can be concluded that the key processed food sub-sectors in the UK are :

PROCESSED MEAT

Processed meat is of key importance in UK food preference, as it features highly on domestic consumption as well as export basket. Processed meat includes red and poultry meat that are treated, cured, smoked, fillet etc.

BAKED PRODUCTS

Baked products is a key product segment in the food basket of UK. The retail sales of packed and processed baked goods has grown substantially with the emergence of online retail.

ALCOHOL

Alcohol is one of the major exports of the UK. The agro-climatic uniqueness of UK, especially in the midlands and Scottish highlands, provide a distinct flair to malted and distilled barley, grains etc

Office of the National Statistics, Government of UK

6 FOOD PROCESSING: KEY STAKEHOLDERS IN THE UK

The food processing sector in the UK is governed and regulated by various stakeholders, which is crucial for strengthening and supporting the industry. Some of the key stakeholders in the sector are as listed below.

6.1 GOVERNMENT INSTITUTIONS

NAME	OBJECTIVE
Department for Environment, Food and Rural Affairs (DEFRA)	Responsible for formulating and implementing policies related to agriculture, food, and the environment.
Department for International Trade (DIT):	Promotes UK food and drink exports and supports businesses in international trade.
Ministry of Housing, Communities and Local Government (MHCLG)	Deals with planning and development issues that may impact the food processing sector, such as zoning and infrastructure.

6.2 REGULATORY BODIES

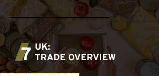
NAME	OBJECTIVE
Food Standards Agency (FSA)	Ensures food safety and hygiene, sets standards for food production and labelling, and provides advice to consumers and businesses.
Food Standards Scotland (FSS)	Regulates food safety and standards in Scotland.
Health and Safety Executive (HSE)	Ensures compliance with health and safety regulations in the workplace, including those specific to the food processing industry.
Local Authorities	Local authorities are responsible for enforcing consumer protection laws, including regulations related to food labelling, weights, and measures

6.3 INDUSTRY ASSOCIATIONS

NAME	OBJECTIVE
Food and Drink Federation (FDF)	Represents the interests of the food and drink manufacturing industry, including food processors, and works to promote their growth and competitiveness.
British Meat Processors Association (BMPA)	Represents meat processors in the UK, providing support, advocacy, and promoting best practices within the sector.
Federation of Bakers (FOB)	Represents the interests of the baking industry, including bread and other baked goods manufacturers.
British Frozen Food Federation (BFFF)	Represents companies involved in the frozen food sector, including frozen food processors, distributors, and retailers.

6.4 MAJOR INDUSTRY PLAYERS

COMPANIES	SECTOR	CORE COMPETENCY
Diageo PLC	Beverage	Alcohol (Johnny Walker, Smirnoff)
British Food PLC	Sugar & Confectionery	Hot beverages, Vegetable oils
ABP Food Group	Processed Food	Beef, Meat
United Biscuits	Bakery & Confectionery	Biscuit, Savory Snacks
Lakeland Dairies	Dairy	Milk Powder, Skimmed Milk



7 UK: TRADE OVERVIEW

The UK is a major trading power in the Europe and has maintained strong relations in post-BREXIT Europe. Considering the overall trade of UK, the following sections indicates key export and import products along with UK's trading partners.

7.1 KEY EXPORT PRODUCTS & PARTNERS

The following products are top exported items and destinations in the UK in 2023.

TABLE

UK exports of goods to the top 5 countries, main commodity and total value, March 2023

Partner country	Total value (USD)	Main commodity	Commodity value (USD)
USA	5,84,24,09,880	Mechanical appliances	1,40,37,02,361
Switzerland	5,13,79,49,632	Precious metals	4,69,55,65,708
Netherlands	3,85,39,51,547	Mineral fuels	1,31,18,83,960
Germany	3,81,11,07,332	Mechanical appliances	78,62,83,543
Ireland	2,82,04,29,893	Mineral fuels	47,87,73,930

HM Revenue & Customs, Overseas Trade in Goods Statistics

UK's export data as highlighted in the table indicates that USA, Switzerland, Netherlands, Germany and Ireland form the top 5 destination of overall exports from the UK. The main exported products included mechanical appliances, precious metals and mineral fuels.

7.2 KEY IMPORT PRODUCTS & PARTNERS

UK's top 5 overall imports and their corresponding trading partners are listed in the table below.

TABLE

UK imports of goods to the top 5 countries, main commodity and total value, March 2023[22]

Partner country	Total value (GBP)	Main commodity	Commodity value (GBP)
Germany	8,85,95,41,439	Motor vehicles	3,13,13,03,307
USA	7,52,70,53,344	Mineral fuels	2,41,73,04,810
Netherlands	6,33,10,34,171	Electronic equipment	90,09,52,769
China	5,45,11,96,715	Electronic equipment	1,24,21,09,718
France	4,40,69,18,190	Motor Vehicles	59,87,81,635

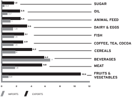
UK's import data as shown in the table above indicates that the major imported products to the UK are Motor Vehicles, Electronics, and Mineral Fuels, with Germany , USA, Netherlands, China and France forming the top 5 import sources.

[22] HM Revenue & Customs, Overseas Trade in Goods Statistics

7.3 FOOD & BEVERAGES: IMPORTS & EXPORTS

Overall Food and beverages trade (export and import) of UK in 2021 is as given below.

UK import and exports in various food categories, 2021^



The image above highlights a trade deficit on most food products except Beverages, where the imports are higher than exports for a given commodity. Fruits and vegetables formed one of the largest segments, where UK imported 10.8 billion GBP worth commodity from across the globe in 2021. This was followed by Meat, Beverages and Cereals.

^ HM Revenue & Customs, Overseas Trade in Goods Statistics

8 UK - INDIA TRADE

UK and India share historic trade relations spanning centuries. UK has been one of India's strongest trade partners since formation of the commonwealth. In 2022, India was UK's 12th largest trading partner accounting for 2.1% of UK's total trade[24].

8.1 UK EXPORTS TO INDIA

In 2022, the total UK exports to India amounted to £15.1 billion (an increase of 61.5% or £5.8 billion in current prices, compared to 2021). The table below indicates top 5 UK exports to India over the last three years captured at 4-digit HS Code.

Top 5 UK Exports to India over the last three years

Top 5 UK's Exports to India (USD million)						
HS Code	Product label	2020	2021	2022	% Growth	India's % share in UK's agri-food exports 2022
2208	Undenatured ethyl alcohol of an alcoholic strength of < 80%; spirits, liqueurs etc	134.833	205.158	356.977	164.75	91%
2309	Preparations of a kind used in animal feeding	3.166	3.196	6.04	90.78	2%
2106	Food preparations	5.592	5.28	4.697	-16.01	1%
1806	Chocolate and other food preparations containing cocoa	4.641	5.544	4.579	-1.34	1%
1904	Prepared foods obtained by the swelling or roasting of cereals or cereal products	3.821	3.425	3.834	0.34	1%

[24] Department for Business & Trade, Trade & Investment Factsheets - India

In 2022, UK's biggest export commodity to India was alcoholic beverages. Export of the commodity witnessed exponential growth over the years, reaching a growth rate of 165%.

Other major products exported by UK included Animal feeds, Food preparations (not elsewhere specified), Chocolate products, Breakfast cereals etc.

8.2 UK IMPORTS FROM INDIA

Total UK imports from India amounted to £20.8 billion in 2022 (an increase of 35.0% or £5.4 billion compared to 2021). The table below indicates UK's top 5 imports from India over the last three years captured at 4-digit HS Code.

Top 5 UK Exports to India over the last three years

UK's imports from India (USD million)					
Product label	2020	2021	2022	% Growth	India's % share in UK's agri-food imports in 2022
Rice	157.37	166.85	161.68	3	15.87%
Crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine	101.20	132.67	128.43	-3	12.61%
Molasses resulting from the extraction or refining of sugar	8.35	26.01	69.62	733	6.83%
Tea, whether or not flavoured	39.41	44.36	55.21	40	5.42%
Vegetables, fruit, nuts and other edible parts of plants, prepared or preserved by vinegar	25.09	28.46	32.30	29	3.17%

- Rice and fish products formed a major share of products imported by the UK from Indi, in 2022.
- The value of top two import food products touched a threshold of USD 161.68 mn and USD 128.43 mn respectively in 2022
- Other important products imported include Tea, Fruits and Vegetables including nuts etc.

9 AREAS OF COLLABORATION

Ethical Foods

British consumers are becoming more conscious about their food choices. In 2020, they spent $11.3 billion on food and drink products that are considered "ethical," such as organic, Fairtrade, Rainforest Alliance, and Marine Stewardship (MSC) certified items. This marked a 12.3 percent increase from 2019, driven by lifestyle changes influenced by COVID-19 and climate concerns. The demand for plant-based, organic, and vegetarian products has risen. The table below presents the latest publicly available data, highlighting the key aspects of ethical shopping.

TABLE

Ethical Food & Drinks Sub-category Growth[27]

Category	2010 (USD mn)	2019 (USD mn)	2020 (USD mn)	% Growth (2019-2020)
Organic	1,991	3,207	3,535	12.6%
Fairtrade	1,477	2,305	2,563	13.6%
Rainforest Alliance	1,617	4,538	4,817	8.5%
Free-range eggs	566	1205	1488	26.2%
RSPCA Assured (Animal welfare)	774	3,282	3,500	9.0%
Sustainable Fish	163	1,241	1,104	-7.8%
Vegetarian Products	730	1,537	1,902	26.5%
Total	**7,318**	**17,316**	**19,020**	**12.3%**

This statistic highlights potential areas of collaboration for UK with India. With India's huge raw material base, companies in UK can make India as a base for procuring ethical foods for domestic markets by exploring joint ventures, investments in startups, contract farming etc.

[27] USDA UK Food Processing Country Report

Agri-tech / Processing technology

Taking impacts from challenges thrown by factors like Climate change, Ukrain war etc, the food prices have generally increased over the years in UK. UK has been at the forefront Processing technology, innovation and agri-technology including sustainable resource use technologies. There is a scope for MoUs between universities in the UK and India for joint R&D and commercialisation of agri & processing technology, and collaboration in the start up ecosystem.

Sustainable and Smart Packaging

Industry demand for ecologically friendly, sustainable packaging is rising, and financing is available in the UK to help create these goods. According to a 2019 YouGov survey, 82% of customers are actively attempting to limit their plastic trash, and nearly half of consumers would be ready to pay more for packaging that is more environmentally friendly. Further, India can leverage expertise and replicate models adopted by UK for promoting sustainable and smart packaging in Agri Food Sector. Also, India can benefit from the funding available for sustainable packaging as it is the need of the hour and aligns with the sustainability goals set by the government.

Functional Food

Demand for functional foods has been steadily rising (modified foods that claim to improve health). The potential for functional foods to prevent diseases related to nutrition, enhance physical and mental health, and boost consumer emphasis on preventative healthcare. The UK leads in sales of functional/fortified foods and beverages with a 23% market share and UK's market for Functional Food is expected to grow at a CAGR of 9.5% from 2001-2028. For fulfilling the proliferating demand companies can set-up green field projects in India with export orientation and catering to growing domestic markets.

Plant Based and alternative protein sources

The popularity of vegetarian and vegan diets is rising. Manufacturers are developing plant-based and alternative sources of protein, which is a very exciting development for the food industry. Frost and Sullivan reported in 2021 that the market revenue for plant protein ingredients is projected to reach £16.8 billion by 2026. India being well recognised for its vegetarian population can be a great partner to the UK in developing its agri food industry.

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