

*"Barely a day goes by without a food news story, ranging from issues about healthy eating to product recalls and food scares."*

Food companies have to keep abreast of ever more demanding food law, including The Food Safety Act, food standards, weights and measures controls, labelling, process controls and enforcement responsibilities. Yorkshire and Humber is the UK's food processing centre, with some of the world's best-known names operating in the region. As a result, the Regional Development Agency, Yorkshire Forward, supports the food and drink industry as one of its key clusters.

Rollits, with offices in Hull and York, is ideally located to provide a full range of legal services to food companies regionally, nationally and internationally. In recognition of this we have set up a specialist food team, headed by Julian Wild to offer a co-ordinated service to food companies.



## Julian Wild joins Rollits as Food Group Director

Rollits is pleased to announce the appointment of Julian Wild as Food Group Director. Julian is a solicitor and has spent over 25 years in the food industry.

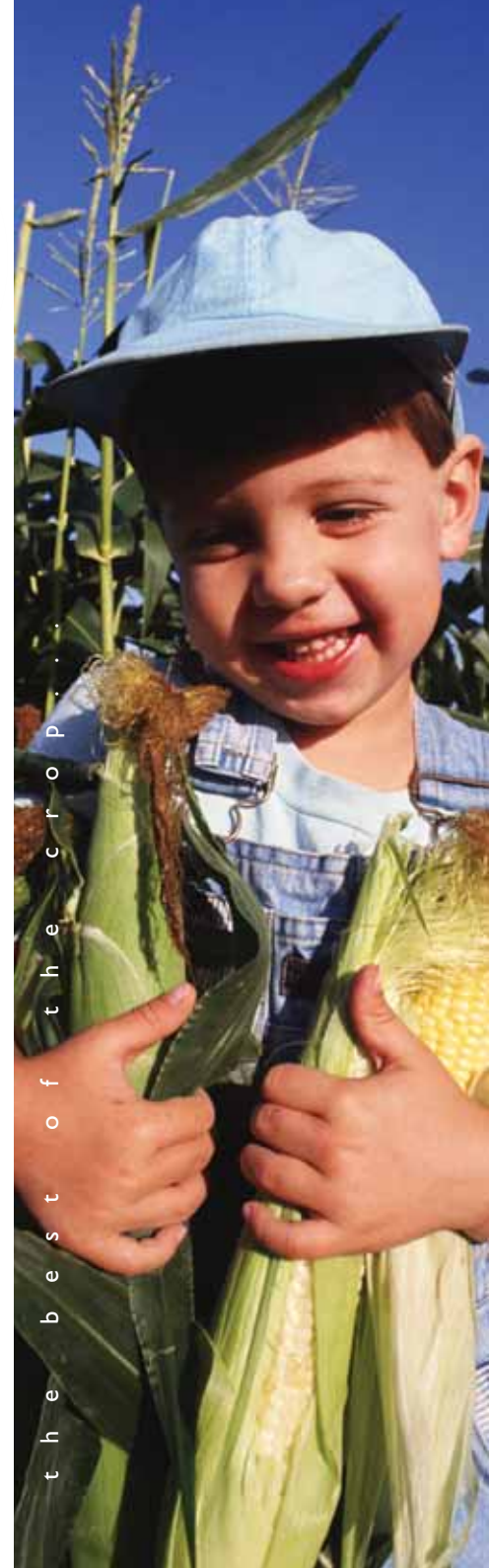


Julian Wild  
Food Group Director

Julian's principal role at Rollits is to head a new Food Group within the firm. As Food Group Director, Julian will use his extensive knowledge of the food sector to lead a legal team comprising of individuals drawn from various disciplines across the firm specialising in food law and mergers & acquisitions in the food sector. During his career at Northern Foods Julian was one of the leading M&A professionals in the UK food industry.

### SERVICES TAILORED TO THE FOOD INDUSTRY INCLUDE:

- mergers & acquisitions
- corporate finance
- company formations
- company secretarial
- commercial contracts
- food safety
- food standards
- trading law
- intellectual property
- health & safety
- environmental
- commercial property
- agricultural



the best of the crop



# Food Law

- what to look out for..

## THE NEW EU FOOD HYGIENE LEGISLATION WILL APPLY ON 1 JANUARY 2006.

Full details can be obtained from the Food Standards Agency website at [www.food.gov.uk](http://www.food.gov.uk) and the primary objective of the three regulations and two directives is to optimise public health protection by improving and modernising the existing EU legislation.

*The legislation will introduce a 'farm to fork' approach to food safety, by including farming in food hygiene legislation for the first time.*

The general hygiene requirements for all food business operators are laid down in Regulation 852/2004 and the new legislation will require operators (except primary producers) to maintain permanent procedures based on the HACCP principles, which will be more risk-based and flexible to meet the needs of business and enforcement authorities. The HACCP principles are crucial to food safety and consumer protection.

The farm-to-fork approach embraces farmers, growers and other primary producers. Their hygiene requirements are fairly basic and primary producers will not be required to apply HACCP procedures.

The FSA is in discussion with Defra as to how the legislation will be applied and enforced at primary production level.



The draft Food Hygiene (England) (No 2) Regulations 2005 are currently out for consultation and this closes on 13 December 2005. National legislation is required to give full effect to the implementing and transitional measures.

The Regulation on the Microbiological Criteria for Foodstuffs complements the food hygiene legislation and will apply to all food businesses involved in the production and handling of food. But the Regulation is flexible and risk-based, for example according to the size and type of business. It will also apply on 1 January 2006.

## OTHER LEGISLATION TO CONSIDER:

**The Bovine Products (Restriction on Placing on the Market) Regulations 2005** came into force on 7 November 2005. These regulations replace the Over Thirty Months Rule and allows OTM cattle born on or after 1 August 1996 into the human food supply, provided they have received a negative test result for BSE.

**New Rules introduced by EC Directive 89/2003** came into force on 25 November 2005 to make it easier for consumers with a food allergy to choose foods that are safe for them. The new rules amend the Food Labelling Regulations 1996 and require pre-packed foods sold in the EU to show clearly on the label if they contain any of the twelve listed allergens as an ingredient. The twelve ingredients are peanuts, nuts, eggs, milk, crustaceans, fish, sesame seeds, cereals containing gluten, soya, celery, mustard and sulphites. The regulations remove the 25% rule governing compound ingredients.

## HEALTHY EATING

M&S has announced that it aims to remove hydrogenated vegetable fats from all its products by mid 2006. Hydrogenated fats can raise blood cholesterol levels and increase the risk of coronary heart disease through the narrowing of blood vessels.

The Department of Health is advising that role models for children should not be used to

endorse or promote products high in fat, salt or sugar. Such adverts are accused of encouraging children to eat junk food. Gary Lineker's links with Walkers crisps and David Beckham's contract with Pepsi could be under threat.

The consumer magazine 'Which?' claims that some hams contain almost as much water and additives as meat, with canned, re-formed hams

picked out for special criticism. Ham producers have responded that water makes ham more succulent and is particularly suitable for wafer thin ham used in sandwiches.

The Food Standards Agency has published various surveys showing only low levels of contamination in fish, shellfish and fish oils. Consumers are encouraged to eat at least two portions of fish a week, of which one should be an oily fish.



# M & A hits new heights

## Food

The second half of 2005 has seen a significant pick up in mergers and acquisitions activity in the food and drinks sector. Perhaps even more remarkable have been the prices paid.

The UK chilled food market is going through a period of significant change as several of the major plcs, such as Northern Foods and Uniq, report disappointing performances from their chilled food businesses. Tough market conditions and intense pressure from the major retailers has had a severe impact on margins. But there have been winners and losers and some of the chilled players have taken an altogether more upbeat view of the market.

Kerry led the way in August with its acquisition of Noon, the market leader in Asian chilled ready meals, for £124m. In October Greencore cemented its position as the UK's leading sandwich maker by acquiring coffee shop supplier Oldfields for £11m. Later that month Bakkavor, which acquired publicly-quoted Geest in May for £580m, spent another £44m to acquire Hitchen Foods, a family-owned supplier of fresh cut vegetables and convenience salads to the major UK multiples.

In November the chilled meals market underwent yet more change as Premier Foods paid £27m to add meat-free Cauldron Foods to its range of healthy eating products, complementing the meat-alternative Quorn brand acquired with Marlow Foods for £172m in June.

Premier Foods has also been doing some clearing of the decks and exited tea with the £80m sale of the well-known Typhoo tea business and associated brands to the Indian company Apeejay. In Holland Premier also sold its Jonker Fris vegetable and fruit canning business to NPM Capital, who tied it in with the purchase of HAK BV from Heinz as part of a consolidation of the European preserved vegetable and fruit sector.

Frozen foods has been a very difficult sector in 2005 on the back of Sudan I and Para Red. Unilever announced a review of its Iglo, Findus and Birds Eye frozen activities and some of the biggest private equity investors have also been circling the well-known frozen branded businesses being sold by Heinz.

Also in frozen foods, ice cream has not been the easiest of categories, but Hill Station are making a substantial investment in a new factory at Cwmbran following the acquisition of Granelli McDermott and Loseley Dairy Ice cream.




*Many of the deals done since the middle of the year have been at prices in excess of 1 x sales. It is clear that the right opportunities in growth sectors or with attractive brands will still command premium values.*

Dairy companies have also had a tough time, with Arla, Robert Wiseman and Dairy Crest all reporting difficult trading conditions. The milk industry has seen almost constant rationalisation since the War and the latest development was Arla's October disposal of its London Food Service business to Dairy Crest for £4m.

In bakery products Finsbury Foods continued its cake and bread expansion with the acquisition of Glasgow cake businesses California Cake Company and Campbell's Cake Company (Enterprise Food Group), and the purchase of Bathgate bakers United Central Bakeries. These deals may total around £13m.

Sara Lee Corporation has recently announced the sale of its European nuts and snacks business in the Netherlands, Belgium and France to Pepsico for €130m, subject to regulatory approval.

Biggest deal in the soft drinks sector in this half year had been Cott's £76m August acquisition of Nelson-based Macaw, the largest privately-owned manufacturer of retailer brand carbonated soft drinks in the UK. However, this was dwarfed by the November announcement that Cadbury Schweppes had agreed the sale of its European beverages business to a private equity consortium, including Blackstone and Lion Capital, for £1.27bn.



The British Heart Foundation has launched Food4Thought to educate children about the food they eat and encourage them to make healthier choices. Burgers, hot dogs and chicken nuggets will be targeted in a nationwide billboard campaign.

Despite the Jamie Oliver television programmes about unhealthy school meals and the Government's ban on junk foods in school meals and vending machines, the British Medical Journal has published an article saying that pupils who eat school dinners are just as healthy, if not healthier, than those eating a packed lunch.

A new report from the FSA estimates that 22 million people are now trying to cut down on the amount of salt they eat. The FSA has been campaigning to reduce salt intake to 6g/day.

The Royal College of Nursing is supporting a Children's Food Bill introduced by Mary Creagh, the MP for Wakefield. The Bill is said to have cross-party support of over 200 MPs.

Farmers Weekly has reported that there may be a shortage of organic milk this winter as consumers' demand is exceeding farmers' ability to produce. Sales have grown by 50% in the last six months.

