

ECONOMIC BULLETIN Q3 2019

Increase in turnover and manufacturing prices, stable industry employment and a positive trade performance

Food and drink industry

Moderate decrease in production, increase in turnover and manufacturing prices

- In Q3 2019, EU food and drink industry production decreased by 0.2% compared to the previous quarter.
- EU food and drink industry turnover increased by 0.3% compared to the previous quarter.
- The year-on-year comparison shows that food and drink industry production growth exceeded total manufacturing production growth (1.3% vs. -1.5% compared to Q3 2018). The year-on-year growth in food and drink industry turnover exceeded that of total manufacturing (3.1% vs. -0.4% compared to Q3 2018).
- Food manufacturing prices increased by 0.4% in Q3 2019 and were 1.5% higher compared to Q3 2018.

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Stable industry employment

- In Q3 2019, employment in food manufacturing increased by 0.1% and decreased by 0.5% in drink manufacturing.
- Year-on-year, employment growth in the food and drink industry exceeded that of total manufacturing (Q3 2019/Q3 2018: +3.4%, +5.1%, +1.1%).

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EU exports reached €31 billion

- EU exports of food and drinks totalled €31 billion in Q3 2019 (Q3 2019/Q3 2018: +11.4%).
- The trade balance reached a surplus of €12.1 billion (Q3 2019/Q3 2018: +28%).
- The top 5 products with the largest share in export value generated €15.8 billion in Q3 2019 (meat products, spirits, dairy products, wine - and cocoa, chocolate and confectionery).
- EU imports of food and drinks reached €18.9 billion (Q3 2019/Q3 2018: +2.9%).

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Agricultural commodities

FAO food price index decreased

- The FAO food price index decreased by 1% in Q3 2019 compared to the previous quarter and was up by 2% compared to Q3 2018.
- In Q3 2019, EU and world market commodity prices decreased for cereals (soft wheat, maize), WMP, soybean meal, cocoa, while prices increased for a variety of oils and oil crops, SMP and coffee.
- The year-on-year comparison demonstrates: an increase in world market prices for SMP, maize, WMP, rape oil, cocoa, sugar and soybean oil – and a decrease in prices for soybean meal, palm oil, coffee, rapeseed, soybean and soft wheat.

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Retail

Retail trade in foodstuffs continued its positive trend

- Q3 2019, retail trade in foodstuffs increased by 0.1% compared to the previous quarter.
- Year-on-year, retail trade in foodstuffs increased by 1.1%, while growth in total retail trade was up by 2.8%.
- Consumer prices increased by 0.3% in Q3 2019. Year-on-year, growth in consumer prices (2.5%) exceeded that of agricultural prices, inflation and food manufacturing prices.

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Focus on ...

Contribution of EU food and drink companies

- 294,000 EU food and drink companies, 99% of which are small and medium-sized enterprises (SMEs), serve more than 500 million consumers across the EU and many more abroad, satisfying a myriad of different tastes and culinary preferences.

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Methodology

- Except for imports and exports data which represent the evolution of the current quarter compared to the same quarter of the previous year, all other evolutions are represented with respect to the previous quarter (or month) of the same year.
- EU refers to EU28 in the text, unless otherwise specified.
- The EU food and drink industry is identified by NACE Rev.2 codes C10 (manufacture of food products) and C11 (manufacture of beverages).

Sources

European Commission, Eurostat data and indices (production, turnover, retail trade, employment, prices)

<http://ec.europa.eu/eurostat/home>

European Commission, Eurostat statistics explained

http://ec.europa.eu/eurostat/statistics-explained/index.php/Main_Page

European Commission, Eurostat Easy Comext Trade Data (based on division 10 & 11 of the NACE Rev.2 classification), CPA 2008

<http://epp.eurostat.ec.europa.eu/newxtweb/mainxtnet.do>

FAO Food Price Index

<http://www.fao.org/worldfoodsituation/foodpricesindex/en/>

European Commission, DG Agriculture and Rural Development (DG AGRI)

<https://ec.europa.eu/agriculture/>

European Commission, DG Agriculture and Rural Development (DG AGRI), Commodity price dashboard

http://ec.europa.eu/agriculture/markets-and-prices/price-monitoring/index_en.htm

European Commission, Eurostat News Release 185/2019, 'Volume of retail trade down by 0.6% in euro area - Down by 0.4% in EU28', 5 December 2019

<https://ec.europa.eu/eurostat/documents/2995521/10081936/4-05122019-BP-EN.PDF/5152b47a-8102-b056-d76b-4c9776cd1321>

About the quarterly economic bulletin

FoodDrinkEurope's Economic Bulletin is published on a quarterly basis. It covers a set of key indicators which highlight the major economic trends in the European food and drink industry: production, turnover, employment, external trade, key raw material prices, and retail trade.

For more information on FoodDrinkEurope and its activities, please visit: www.fooddrinkeurope.eu

ECONOMIC BULLETIN Q3 2019

Annex

Production and turnover of the EU food and drink industry

Production index

	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	y-o-y
Total manufacturing	107.2	106.5	107.3	106.3	105.6	
% change	-0.1	-0.7	0.8	-0.9	-0.7	-1.5
Food and drink industry	104.4	104.5	106.4	106.0	105.8	
% change	0.2	0.1	1.8	-0.4	-0.2	1.3

Source: Eurostat

The industrial production index (also called industrial output index or industrial volume index) measures the changes in the price-adjusted output of industry.

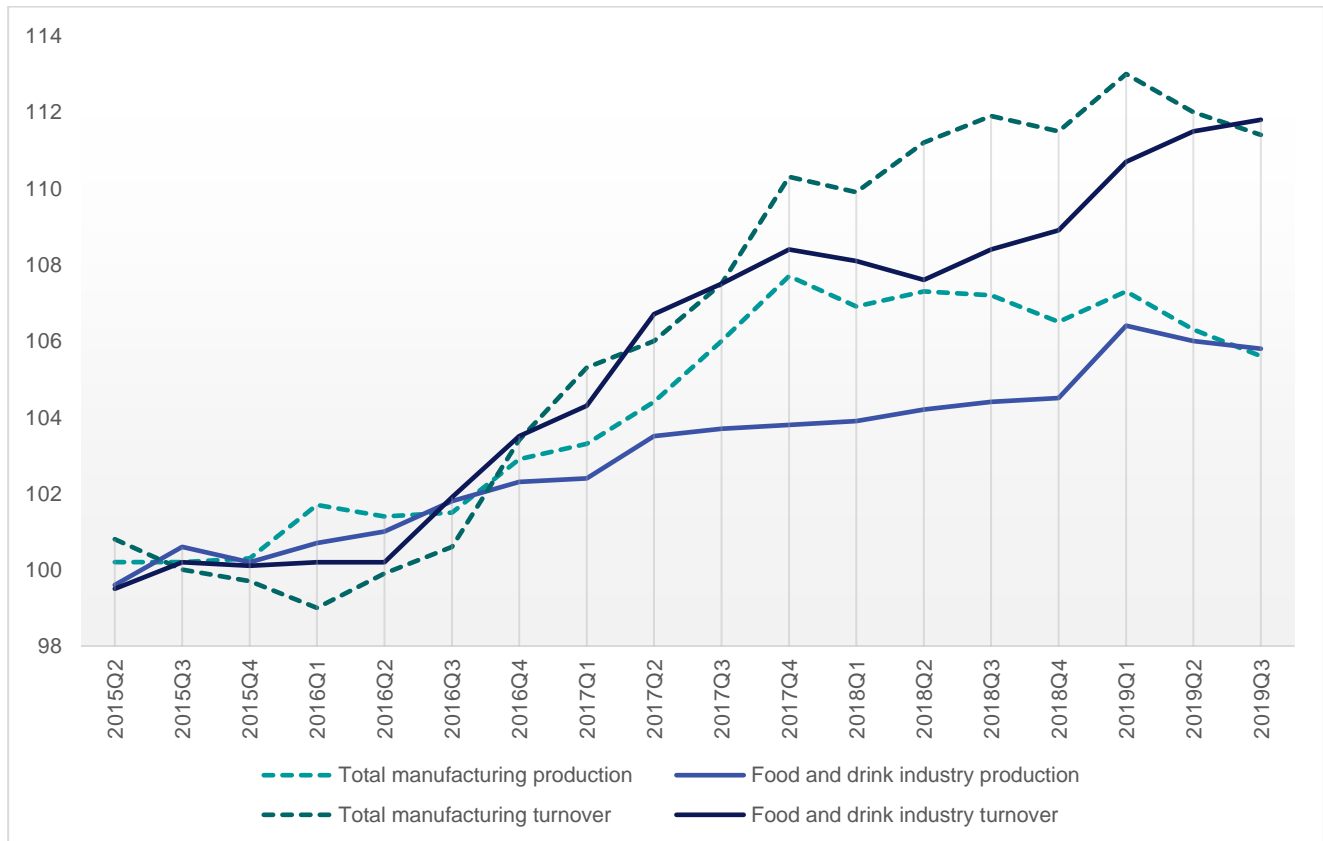
Turnover index

	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	y-o-y
Total manufacturing	111.9	111.5	113.0	112.0	111.4	
% change	0.6	-0.4	1.3	-0.9	-0.5	-0.4
Food and drink industry	108.4	108.9	110.7	111.5	111.8	
% change	0.7	0.5	1.7	0.7	0.3	3.1

Source: Eurostat

The index of industrial turnover measures the development of turnover (sales) in the European industry (it is influenced by changes in prices of the traded industrial goods and by changes of the traded volumes of goods).

EU quarterly manufacturing production and turnover, 2015-2019 (2015=100)



Source: Eurostat

Food and drink production by Member State

Member State	2019 Q2 / 2019 Q1 (% change)	2019 Q3 / 2019 Q2 (% change)	2019 Q3 / 2018 Q3 (% change)
EU	-0.4	-0.2	1.3
Austria	0.6	0.3	2.3
Belgium	0.8	-2.3	-1.6
Bulgaria	-2.3	1.2	5.6
Czech Republic	0.7	-3.2	-2.5
Denmark	0.3	0.5	0.8
Estonia	-0.7	4.2	6.0
Finland	1.7	-0.9	0.4
France	-0.1	-1.5	-1.0
Germany	-0.6	0.7	1.9
Greece	-0.2	1.0	3.0
Hungary	1.0	-0.7	5.0
Italy	0.2	0.6	4.3
Latvia	1.0	-1.3	-1.9
Lithuania	-1.9	1.4	6.1
Netherlands	0.8	0.0	0.0
Poland	0.2	-1.4	2.5
Portugal	0.5	-5.2	0.9
Romania	0.1	-1.3	1.4
Spain	-1.2	-1.0	1.9
United Kingdom			

Source: Eurostat. No data available for Croatia, Cyprus, Ireland, Luxembourg, Malta, Slovakia, Slovenia, Sweden

Food and drink turnover by Member State

Member State	2019 Q2 / 2019 Q1 (% change)	2019 Q3 / 2019 Q2 (% change)	2019 Q3 / 2018 Q3 (% change)
EU	0.7	0.3	3.1
Austria	-0.8	0.5	2.9
Belgium	4.9	0.7	6.1
Bulgaria	-2.1	-2.1	3.0
Czech Republic	0.3	-0.6	3.2
Denmark	-0.5	3.4	5.3
Estonia	-0.3	3.8	7.7
Finland	2.2	-0.5	2.7
France	1.9	-0.3	3.6
Germany	2.0	0.1	3.3
Greece	2.1	0.0	2.0
Hungary	-0.4	-0.1	4.9
Italy	0.1	0.8	3.1
Latvia	0.2	-0.1	4.8
Lithuania	-1.9	0.9	7.5
Netherlands	-0.8	0.8	0.6
Poland	0.7	-0.9	5.3
Portugal	0.4	-0.6	2.5
Romania	1.2	2.8	4.5
Spain	0.4	-0.8	3.9
United Kingdom	-1.6	1.7	2.1

Source: Eurostat. No data available for Croatia, Cyprus, Ireland, Luxembourg, Malta, Slovakia, Slovenia, Sweden

Employment in the EU food and drink industry

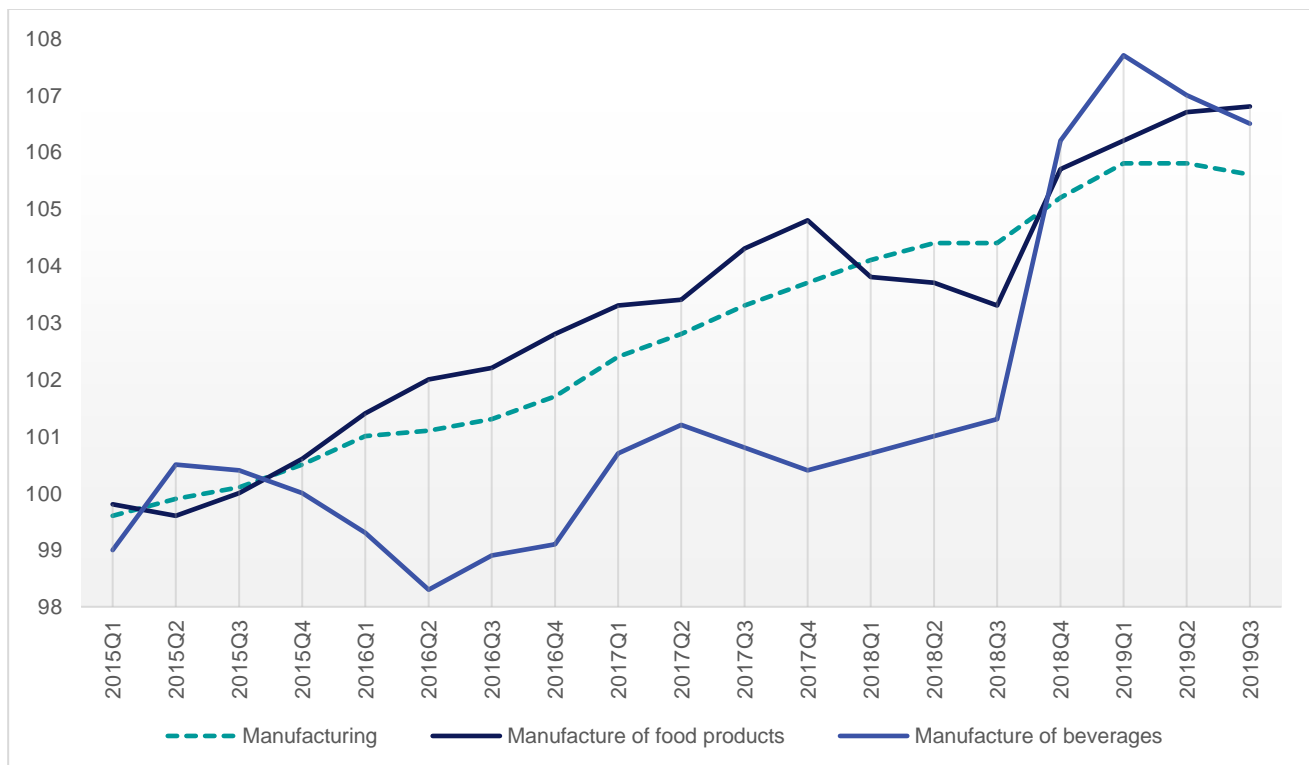
Employment index

Employment	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	y-o-y
Total manufacturing	104.4	105.2	105.8	105.8	105.6	
% change	0.0	0.8	0.6	0.0	-0.2	1.1
Food industry	103.3	105.7	106.2	106.7	106.8	
% change	-0.4	2.3	0.5	0.5	0.1	3.4
Drink industry	101.3	106.2	107.7	107.0	106.5	
% change	0.3	4.8	1.4	-0.6	-0.5	5.1

Source: Eurostat

The labour input measures the number of persons employed in the total manufacturing industry vs. the food and drink industry in the EU, seasonally adjusted.

Employment in the EU food and drink industry compared to manufacturing, 2015-2019 (2015=100)



Source: Eurostat

Food industry employment by Member State

Member State	2019 Q2 / 2019 Q1 (% change)	2019 Q3 / 2019 Q2 (% change)	2019 Q3 / 2018 Q3 (% change)
EU	0.5	0.1	3.4
Austria	0.8	-0.2	2.2
Belgium	0.1	0.5	1.4
Bulgaria	-2.6	-1.8	1.3
Croatia	-0.8	3.6	-0.1
Czech Republic	0.0	-0.4	0.9
Denmark	-0.4	-0.1	0.8
Estonia	0.4	-0.6	-0.7
Finland	8.1	-8.8	-5.0
France	0.4	0.1	1.3
Germany	0.4	0.3	1.6
Greece	1.5	na	na
Hungary	0.4	0.6	3.0
Ireland	-1.7	1.4	0.4
Italy	-0.4	-3.2	-3.4
Latvia	1.6	0.6	1.9
Lithuania	0.0	-0.5	0.3
Netherlands	0.8	na	na
Poland	0.4	-0.1	0.9
Portugal	-0.2	0.3	0.8
Romania	-0.9	-0.6	0.9
Spain	5.5	4.2	10.5
Sweden	1.9	1.2	1.4
United Kingdom	-1.3	0.2	0.2

Source: Eurostat. No data available for Cyprus, Greece, Luxembourg, Malta, Slovakia, Slovenia

Drink industry employment by Member State

Member State	2019 Q2 / 2019 Q1 (% change)	2019 Q3 / 2019 Q2 (% change)	2019 Q3 / 2018 Q3 (% change)
EU	-0.6	-0.5	5.1
Austria	0.2	-0.5	-1.0
Belgium	0.5	1.1	3.7
Bulgaria	-3.1	0.6	-2.6
Croatia	2.6	5.5	8.2
Czech Republic	1.0	-1.9	3.2
Denmark	1.4	0.4	6.5
Estonia	-1.7	2.1	2.4
France	0.4	0.2	2.5
Germany	0.0	0.6	1.5
Greece	-1.5	na	na
Hungary	2.0	0.7	7.0
Ireland	-5.6	-27.0	-26.8
Italy	1.0	3.6	2.0
Latvia	-0.9	-0.9	-5.0
Lithuania	0.4	0.1	2.3
Netherlands	0.4	na	na
Poland	0.1	-0.2	1.6
Portugal	0.7	0.8	4.7
Romania	-0.3	-0.5	0.8
Spain	-4.6	-5.5	6.2
Sweden	2.3	2.3	15.6
United Kingdom	-2.0	0.0	4.3

Source: Eurostat. No data available for Cyprus, Finland, Greece, Luxembourg, Malta, Netherlands, Slovakia, Slovenia

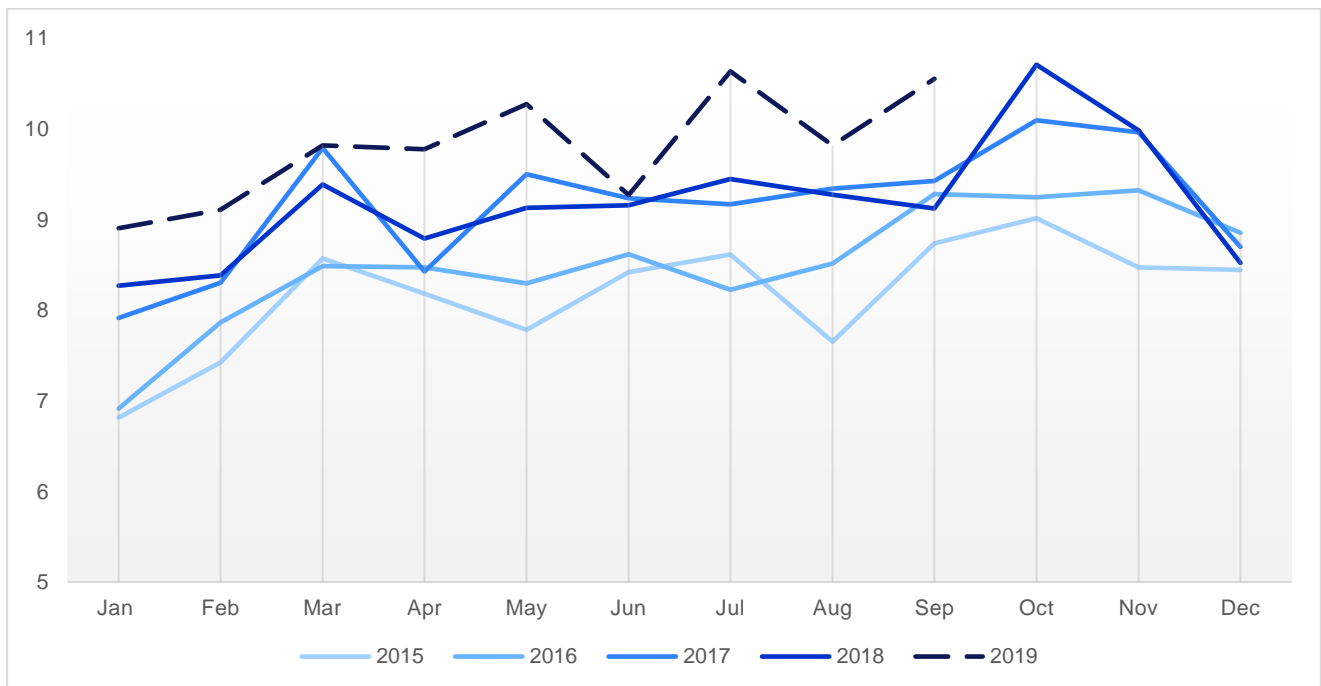
External trade

EU food and drink trade (€ billion)

	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	y-o-y
Exports	27.8	29.2	27.8	29.3	31.0	11.4%
Imports	18.4	19.0	18.6	18.9	18.9	2.9%
Balance	9.4	10.2	9.2	10.4	12.1	28.0%

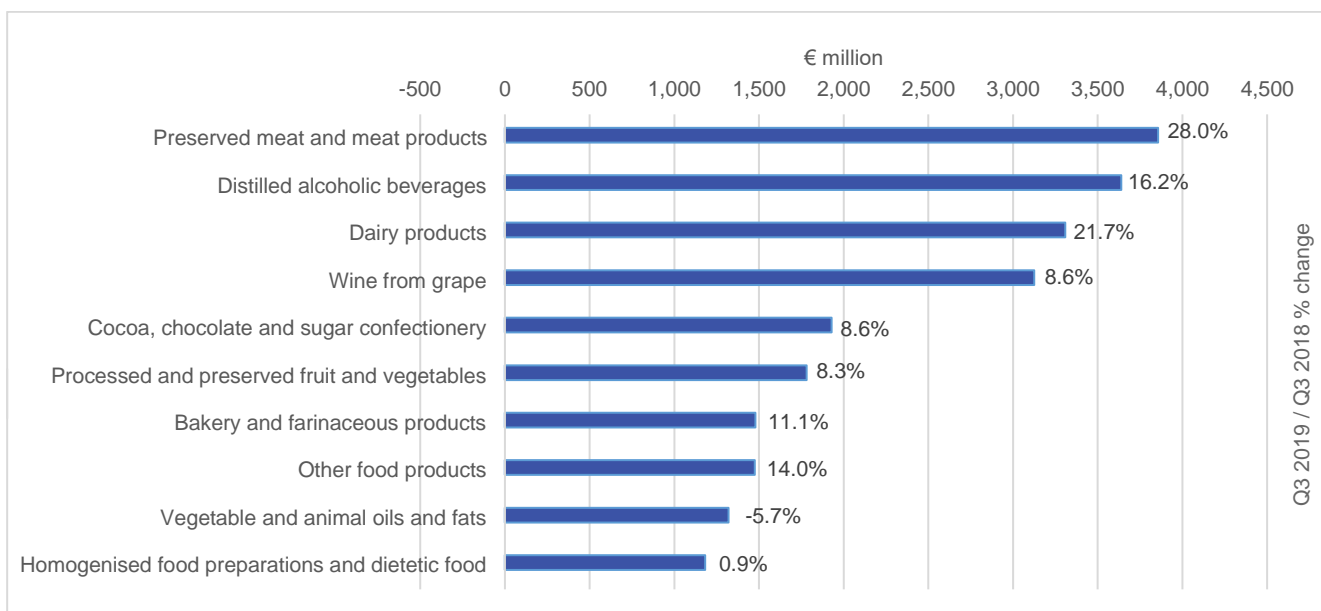
Source: Eurostat

EU food and drink exports, 2015-2019 (€ billion)



Source: Eurostat

Export performance by sector, Q3 2019



Source: Eurostat - COMEXT, Nace Rev.2, Division 10 & 11

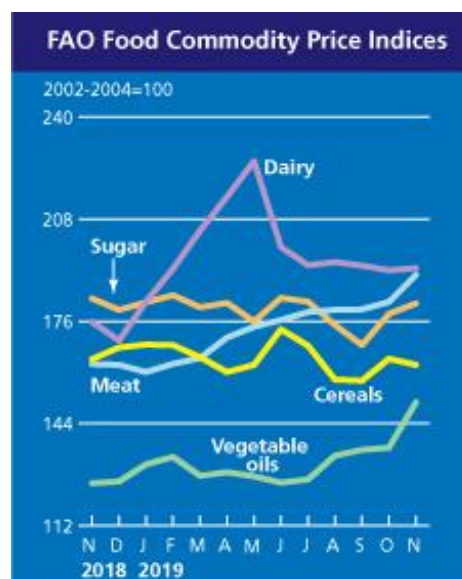
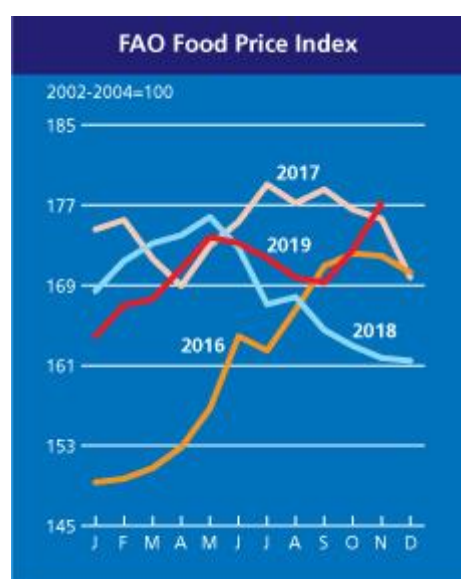
EU food and drink trade by sector

Sector / Period	Exports			Imports			Balance		
	Q3 2018	Q3 2019	change	Q3 2018	Q3 2019	change	Q3 2018	Q3 2019	change
	€ million			€ million			€ million		
Food and drinks	27,826	30,998	11.4%	18,385	18,910	2.9%	9,441	12,088	28.0%
10 Food products	19,529	21,774	11.5%	16,764	17,339	3.4%	2,766	4,435	60.4%
11 Beverages	8,297	9,224	11.2%	1,621	1,571	-3.1%	6,676	7,653	14.6%
101 Preserved meat and meat products	3,013	3,857	28.0%	1,632	1,547	-5.3%	1,381	2,310	67.3%
1011 Processed and preserved meat	2,109	2,895	37.3%	1,028	967	-5.9%	1,082	1,929	78.3%
1012 Processed and preserved poultry meat	463	479	3.5%	190	151	-20.4%	273	328	20.0%
1013 Meat and poultry meat products	441	483	9.3%	415	429	3.3%	26	54	103.3%
102 Processed and preserved fish, crustaceans and molluscs	1,002	1,085	8.3%	4,963	5,095	2.7%	-3,961	-4,011	1.2%
103 Processed and preserved fruit and vegetables	1,644	1,782	8.3%	2,135	2,158	1.1%	-491	-377	-23.3%
1031 Processed and preserved potatoes	410	453	10.3%	13	11	-18.2%	397	442	11.3%
1032 Fruit and vegetable juices	205	227	10.9%	542	507	-6.4%	-337	-280	-16.9%
1039 Other processed and preserved fruit and vegetables	1,029	1,102	7.1%	1,580	1,640	3.8%	-551	-538	-2.3%
104 Vegetable and animal oils and fats	1,401	1,321	-5.7%	3,957	4,081	3.1%	-2,557	-2,760	8.0%
1041 Oils and fats	1,296	1,215	-6.3%	3,925	4,045	3.1%	-2,629	-2,830	7.7%
1042 Margarine and similar edible fats	105	106	1.6%	33	37	13.0%	72	69	-3.5%
105 Dairy products	2,718	3,309	21.7%	194	187	-3.6%	2,524	3,122	23.7%
1051 Dairy and cheese products	2,630	3,214	22.2%	173	167	-3.0%	2,457	3,047	24.0%
1052 Ice cream	89	95	7.0%	21	20	-8.4%	67	75	12.0%
106 Grain mill products, starches and starch products	853	909	6.5%	510	534	4.6%	343	375	9.4%
1061 Grain mill products	396	441	11.3%	410	436	6.3%	-14	5	-135.3%
1062 Starches and starch products	457	468	2.4%	100	97	-2.5%	357	370	3.8%
107 Bakery and farinaceous products	1,332	1,479	11.1%	207	233	12.8%	1,125	1,246	10.8%
1071 Bread; fresh pastry goods and cakes	214	250	16.9%	40	47	15.9%	173	203	17.1%
1072 Rusks; and biscuits; preserved pastry goods and cakes	920	997	8.4%	151	167	10.8%	769	830	7.9%
1073 Macaroni, noodles, couscous and similar farinaceous products	198	232	17.4%	16	19	23.9%	182	213	16.9%
108 Other food products	6,445	6,829	6.0%	2,788	3,134	12.4%	3,657	3,695	1.0%
1081 Sugar	243	118	-51.4%	253	335	32.4%	-10	-217	2039.7%
1082 Cocoa, chocolate and sugar confectionery	1,775	1,928	8.6%	806	928	15.1%	969	1,000	3.2%
1083 Processed tea and coffee	557	612	9.8%	495	537	8.5%	62	74	20.2%
1084 Condiments and seasonings	402	431	7.3%	237	258	8.9%	165	173	5.1%
1085 Prepared meals and dishes	1,002	1,082	8.1%	228	244	6.7%	773	838	8.5%
1086 Homogenised food preparations and dietetic food	1,173	1,183	0.9%	12	13	6.7%	1,161	1,170	0.8%
1089 Other food products n.e.c.	1,294	1,475	14.0%	756	819	8.4%	538	656	21.9%
109 Prepared animal feeds	1,042	1,122	7.7%	363	368	1.6%	679	754	11.0%
1091 Prepared feeds for farm animals	720	752	4.4%	169	155	-8.3%	551	596	8.3%
1092 Prepared pet foods	322	371	15.2%	193	213	10.2%	128	158	22.7%
110 Beverages	8,297	9,224	11.2%	1,621	1,571	-3.1%	6,676	7,653	14.6%
1101 Distilled alcoholic beverages	3,134	3,640	16.2%	434	406	-6.6%	2,699	3,234	19.8%
1102 Wine from grape	2,878	3,124	8.6%	696	674	-3.3%	2,182	2,451	12.3%
1103 Cider and other fruit wines	77	77	-0.8%	9	8	-6.8%	68	68	0.0%
1104 Other non-distilled fermented beverages	39	44	12.8%	4	4	3.3%	36	40	13.9%
1105 Beer	882	917	4.0%	171	144	-15.7%	711	773	8.7%
1106 Malt	238	245	2.6%	1	1	56.7%	237	243	2.5%
1107 Soft drinks; mineral waters and other bottled waters	1,048	1,177	12.4%	305	333	9.3%	743	844	13.6%

Source: Eurostat - COMEXT, Nace Rev.2, Division 10 & 11

Prices of agricultural commodities

FAO Food Price Index



Source: FAO Food Price Index

Main agricultural commodity prices

Agricultural commodity	Q3 2019 average	EU		Q3 2019 average	WORLD	
		Q3 2019/ Q2 2019	Q3 2019/ Q3 2018		Q3 2019/ Q2 2019	Q3 2019/ Q3 2018
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Maize	164	-0.3	-4.4	151	-4.5	10.9
Soft wheat	168	-10.1	-7.1	178	-3.4	-0.4
DAIRY						
SMP	2,102	5.5	35.8	2,309	3.2	31.9
WMP	2,898	-1.0	3.2	2,791	-2.6	8.0
SUGAR						
White sugar	323	0.8	-7.2	284	-4.1	2.4
				USD/T	% change	% change
OILS AND OIL CROPS						
Soybean oil				774	4.6	1.1
Soybean				366	3.4	-1.3
Soybean meal				340	-2.3	-13.1
Rapeseed				421	1.9	-2.2
Rape oil				870	6.3	3.0
Palm oil				570	0.4	-6.8
COFFEE AND COCOA						
Cocoa				2,305	-2.0	2.9
Coffee				2,181	3.2	-3.6

Sources: World prices: FAO (cereals), CIAL (dairy), USDA (sugar); EU prices: DG AGRI; own calculations

Retail trade

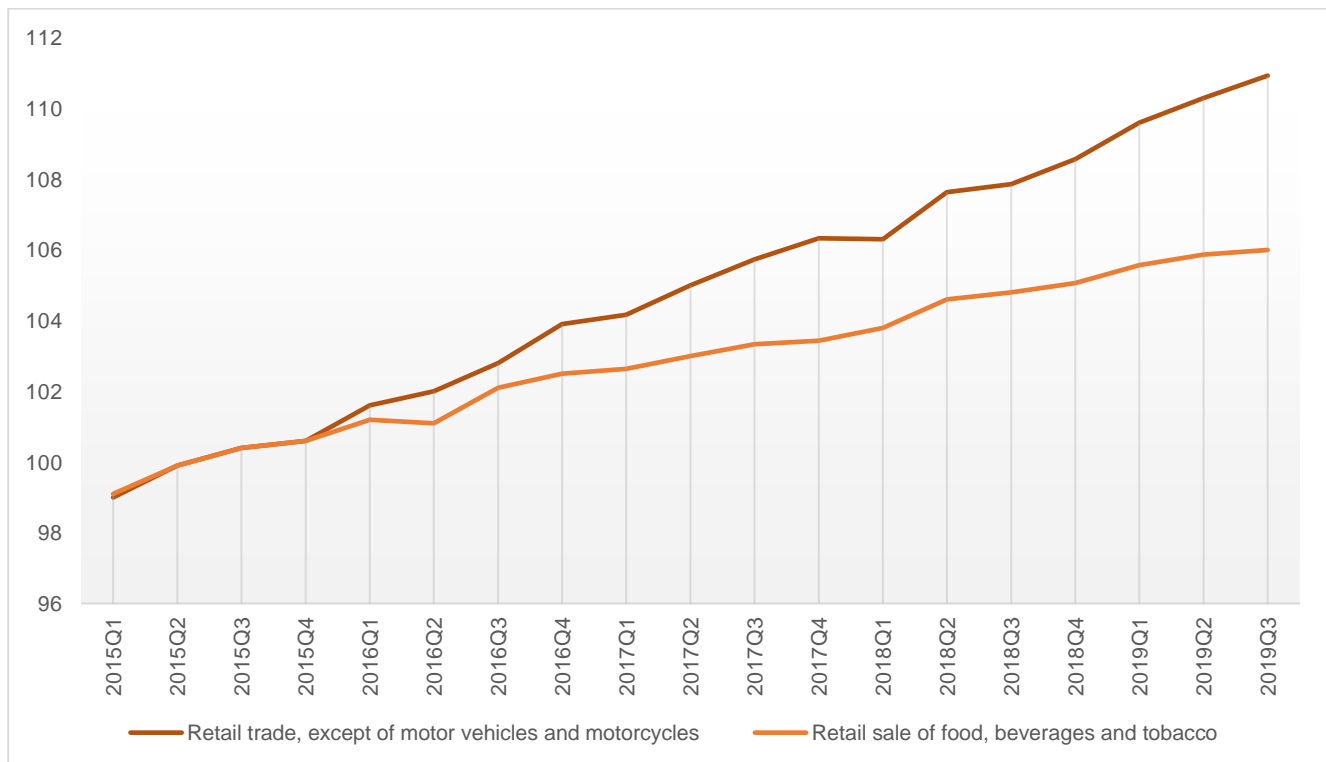
Retail sales index

	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	y-o-y
Total retail trade	107.9	108.6	109.6	110.3	110.9	
% change	0.2	0.7	0.9	0.6	0.6	2.8
Food, drinks and tobacco	104.7	104.9	105.3	105.8	106.0	
% change	0.2	0.2	0.3	0.2	0.1	1.1

Source: Eurostat

The index of the volume of retail trade measures the evolution of the turnover in retail trade, adjusted for price changes (deflated), i.e. the evolution of the total amount of goods sold, based on data adjusted for calendar and seasonal effects.

EU turnover in retail trade by economic activity, 2015-2019 (2015=100)

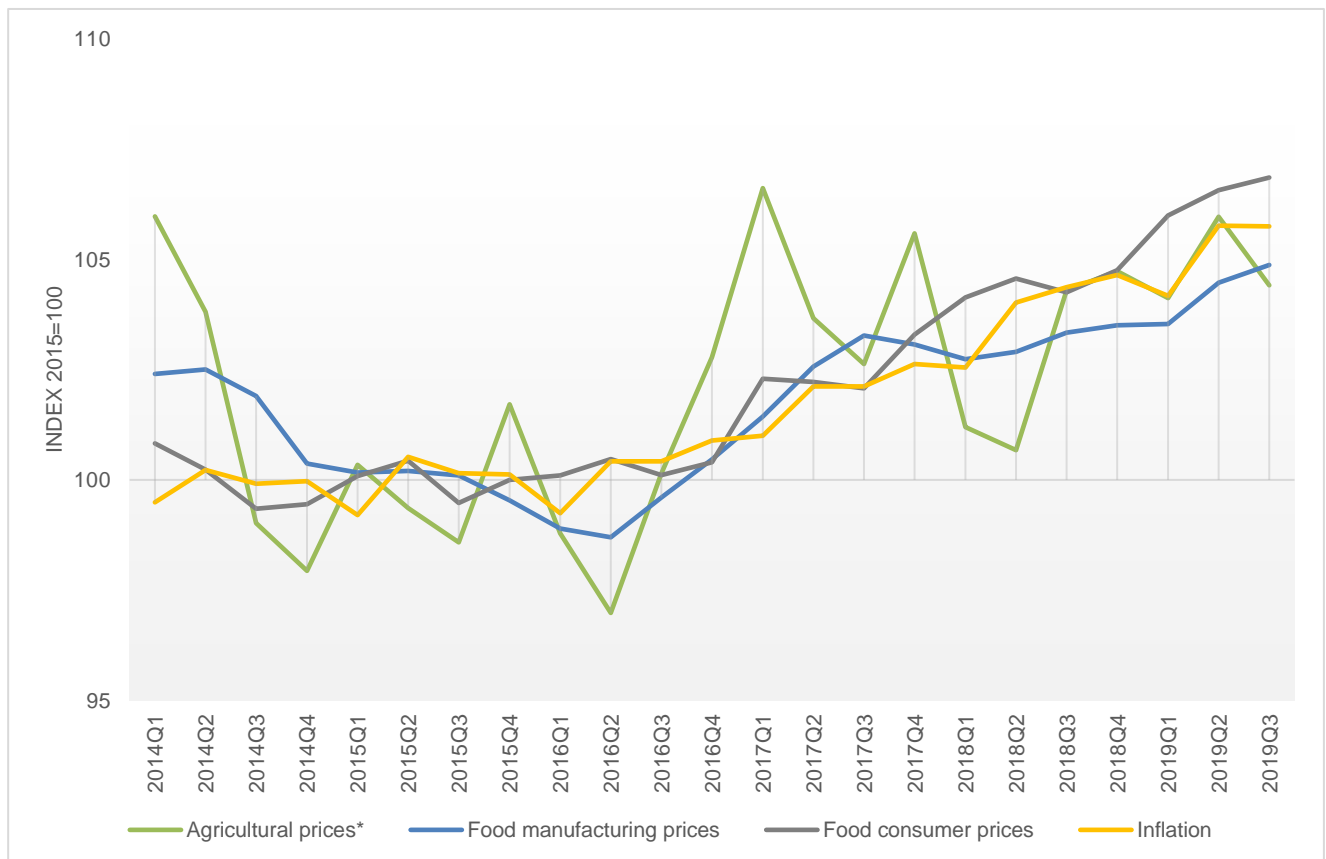


Source: Eurostat

Price developments along the EU food chain

Price developments (% change)

	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	y-o-y
Agricultural prices*	2.6	-1.3	2.6	-1.8	-1.5	0.1
Food manufacturing prices	0.4	0.2	0.0	0.9	0.4	1.5
Food consumer prices	0.4	-0.3	0.5	0.5	0.3	2.5
Inflation	0.3	0.3	-0.4	1.5	0	1.3

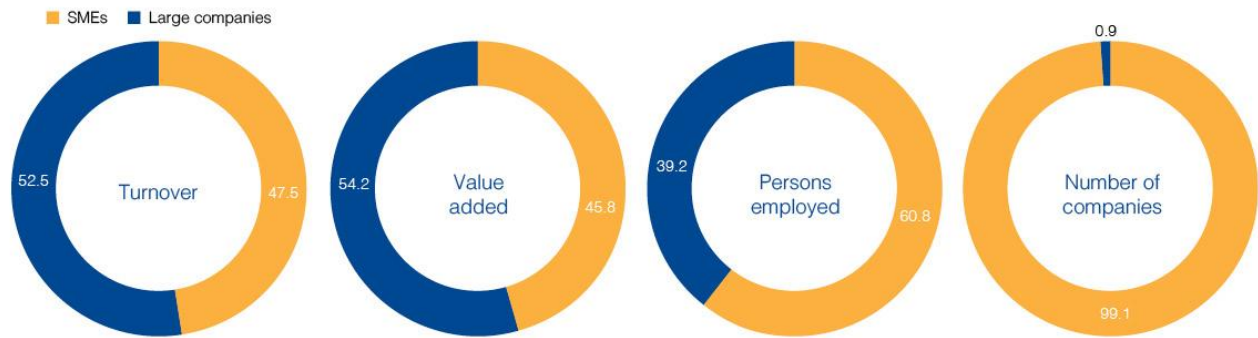


* Eurostat monthly indices for EU agricultural prices are available until December 2017. Beyond, the index is estimated based on cereals, sugar, milk, meat, tomatoes and apples monthly prices weighted by annual production.

Sources: Eurostat and DG Agriculture and Rural Development; own calculations

Focus on ...

Contribution of SMEs and large companies to the EU food and drink industry (2016, %)



Source: Eurostat (SBS)