



Confédération des industries agro-alimentaires de l'UE
Confederation of the food and drink industries of the EU



Data & trends of the European Food and Drink Industry 2009



Introduction

Welcome to the 2009 Data & Trends Brochure of the food and drink industry in the EU. This brochure contains key statistics and figures, offering you the opportunity to evaluate trade activities, appreciate the role of the food and drink industry in the food chain as well as providing an overview of data on R&D and innovation developments. As per previous years, the document is structured into three sections: 'Structure of the Industry', 'Markets and Consumption' and 'World Trends' - covering the whole food and drink industry. This report will provide you with a comprehensive picture of the structure and economics of our industry, the largest manufacturing sector in the EU



Jesús Serafín Pérez
President of CIAA

About CIAA

CIAA represents the European food and drink industry and its mission is to help pro-actively develop an environment (enlarged EU and global markets) in which all European food & drink companies, whatever their size, can compete effectively for sustainable growth, meeting the needs of consumers and playing their part in delivering the targets set in the new EU 2020 strategy.

CIAA's permanent secretariat, based in Brussels, maintains close contacts with European and international institutions and has become a major partner in consultations on food-related developments.

CIAA has become a trusted partner as a result of its longstanding work, in particular on horizontal food issues such as food quality and safety, nutrition and health, novel foods, labelling, the Common Agricultural Policy, international trade issues, sustainable development, respect for the environment and EU enlargement.

Membership of CIAA is made up of:

- 26 national federations, including 3 observers;
- 29 EU sector associations;
- 22 major food and drink companies.

CIAA co-ordinates the work of more than 700 experts, grouped in Committees and Expert Groups around the following three themes: Competitiveness, Food and Consumer Policy, Environment.

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This report presents EU-27 data unless otherwise specified.

At a glance

the EU food and drink industry in 2008

<p>Turnover</p> <p>€ 965 billion (+3.2% compared to 2007)</p> <p>Largest manufacturing sector in the EU (12.9%), ahead of the automobile and chemical industries</p>	<p>Employment</p> <p>4.4 million people (+0.8% compared to 2007)</p> <p>Leading employer in the EU (13.5%), ahead of the fabricated metal, machinery & equipment industries</p>	<p>SMEs¹</p> <p>48.7% of food and drink turnover</p> <p>63.0% of food and drink employment</p>	
<p>External trade</p> <p>Exports € 58.2 billion (+6.4% compared to 2007)</p> <p>Imports € 57.1 billion (+8.4% compared to 2007)</p> <p>Trade balance € 1.1 billion</p> <p>Net exporter of food and drink products</p>	<p>Number of companies</p> <p>310,000³</p> <p>Fragmented industry</p>	<p>Value added (% of EU GDP)</p> <p>2%</p> <p>Stable</p>	<p>Consumption (% of household expenditure)</p> <p>13%</p> <p>Slight increase</p>
<p>EU market share of global export market</p> <p>17.5% (24.6% in 1998)</p> <p>Shrinking share of EU exports in global markets</p>		<p>R&D (% of food and drink output)</p> <p>0.37%²</p> <p>Insufficient R&D expenditure</p>	

(1) 2006 data

(2) EU-15 figure in 2006

(3) 2007 data

Structure of the food and drink industry

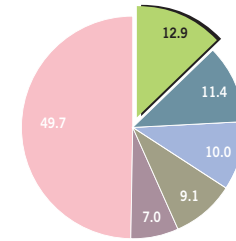
The food and drink industry in the EU

		2007	2008/2007*	2008*
Turnover	€ billion	935	↗3.2%	965
Value added	€ billion	199		
Employees	million	4.4	↗0.8%	4.4
Companies	thousand	310		

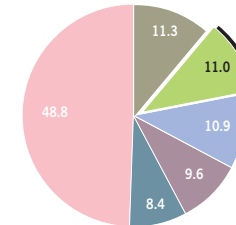
(*) CIAA estimates based on Eurostat figures in current prices
(-) not available

Source: Eurostat, SBS and CIAA calculation

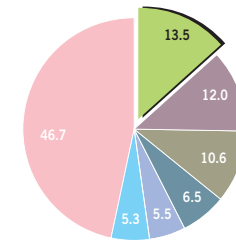
Share of turnover in manufacturing industry (%)



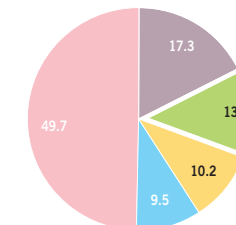
Share of value added in manufacturing industry (%)



Share of employment in manufacturing industry (%)



Share of the number of companies in the manufacturing industry (%)



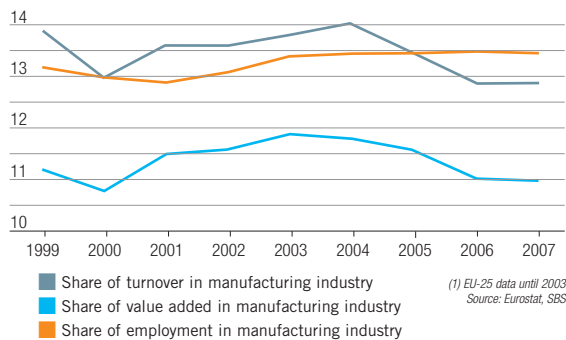
- Food and drink
- Automobile
- Chemicals
- Machinery and equipment
- Fabricated metal products
- Others
- Publishing and printing
- Furniture

Source: Eurostat, SBS, 2006

The food and drink industry in the manufacturing sector

- The food and drink industry is the single largest manufacturing sector in the EU in turnover and employment terms, ahead of automobile, chemicals and machinery industries. It is the second leading manufacturing sector in terms of value added and number of companies in the EU.
- The share of the food and drink industry in the manufacturing industry in terms of turnover, value added and employment registered slight variations of around one percentage point since 1999.
- Over the last ten years, the food and drink industry has had relatively limited but stable annual growth both in terms of production (1.8%) and value added (1.1%).
- Labour productivity for the food and drink industry is lower than for manufacturing as a whole. In 2008, it decreased by -1.5%.

Share of food and drink industry turnover, value added and employment in EU¹ manufacturing industry, 1999-2007 (%)



Labour productivity, profitability and investment in the manufacturing industry

	Labour productivity ¹ €1000	Gross operating rate ² %	Investment per employee €1000
Manufacturing	49.7	9.4	6.9
Food and drink products	40.6	9.0	7.5
Automobile	64.4	5.0	11.5
Basic metals	71.9	9.3	12.2
Chemicals	100.0	12.9	14.0
Textiles	27.0*	8.2*	4.2

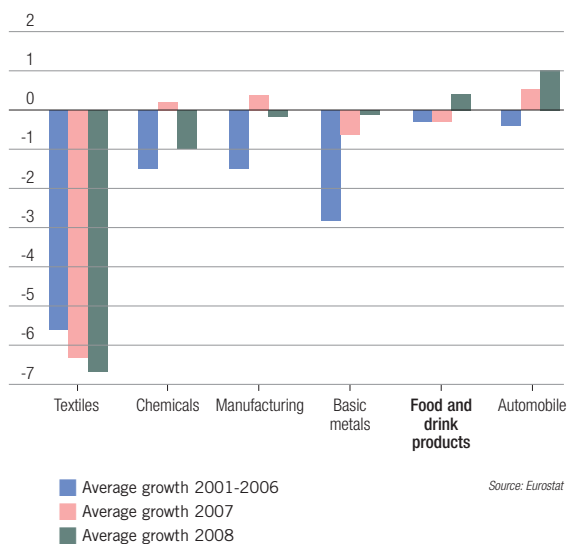
(*) 2005 data
(1) Value added per employee
(2) The gross operating rate is the gross operating surplus expressed as a percentage of the turnover generated. The gross operating surplus is value added minus personnel costs. It is an indicator of profitability
Source: Eurostat, SBS, 2006

Labour productivity growth, 1996-2008 (%)

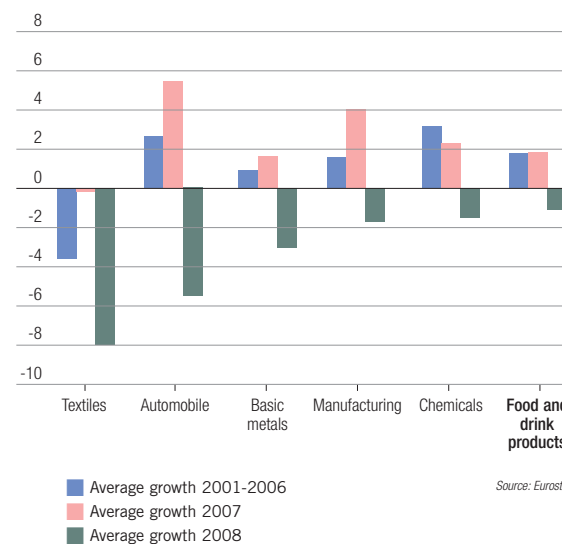
	1996-2000	2000-2005	2005-2007	2008
Manufacturing	4.7	2.3	2.8	0.1
Food and drink products	2.6	2.2	0.9	-1.5

Source: Eurostat, SBS

Employment growth rate in the EU, 2001-2008



Production growth rate in the EU, 2001-2008



SMEs in the food and drink industry

- The food and drink sector includes over 310,000 companies.
- The food and drink industry is composed of a diverse range of companies from SMEs (defined as having less than 250 employees) to large companies.
- The food and drink industry is a fragmented industry. SMEs make up 99.1% of the food and drink business population. These companies generate 48.7% of food and drink turnover and employ 63% of the sector's workforce.
- Large companies account for just 0.9% of all food and drink enterprises but they provide 51.3% of the turnover, 52.8% of the value added and contribute to 37% of the sector's employment.

Food and drink companies directly employ 4.4 million people in the EU.

Employment in this sector is:

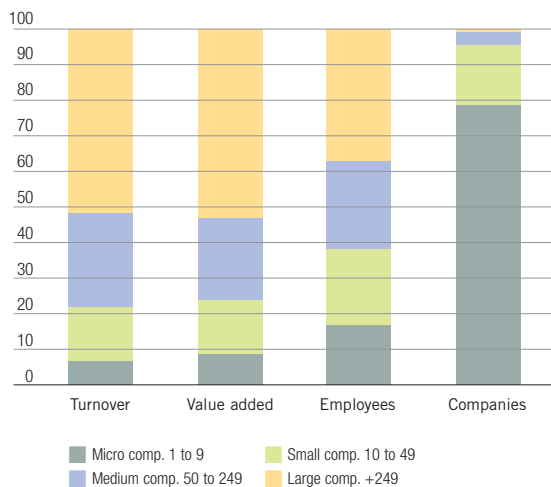
- relatively stable: the number of employees in the food and drink industry decreased less than in other manufacturing sectors (page 5).
- spread over the EU Member States (page 9)
- distributed in a balanced way according to the size of companies (page 6).

Turnover, value added, employees and number of companies in the food and drink industry and in the manufacturing industry by size-class (%)

		Micro comp.	Small comp.	Medium comp.	SMEs	Large comp.
		1 to 9	10 to 49	50 to 249		+ 249
Turnover	Manufacturing	5.6	12.6	21.2	39.4	60.6
	Food and drink	6.5	15.2	26.9	48.7	51.3
Value added	Manufacturing	7.3	15.5	22.5	45.4	54.6
	Food and drink	8.5	15.4	23.3	47.2	52.8
Number of employees	Manufacturing	13.9	20.4	25.1	59.4	40.6
	Food and drink	16.5	21.4	25.2	63.0	37.0
Number of enterprises	Manufacturing	80.7	14.8	3.6	99.2	0.8
	Food and drink	79.1	16.4	3.6	99.1	0.9

Source: Eurostat, SBS size-class, 2006

Turnover, value added, employees and number of companies by size-class in the food and drink industry (%)



Source: Eurostat, SBS size-class, 2006

Labour productivity by size-class in the food and drink industry

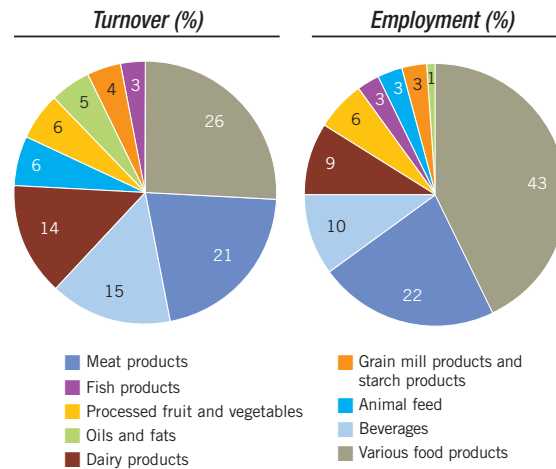
Labour productivity (€ 1000)	
> Micro companies	21
> Small companies	29
> Medium companies	38
SMEs	31
Large companies	61

Source: Eurostat, SBS size-class, 2006

Sectors of the food and drink industry

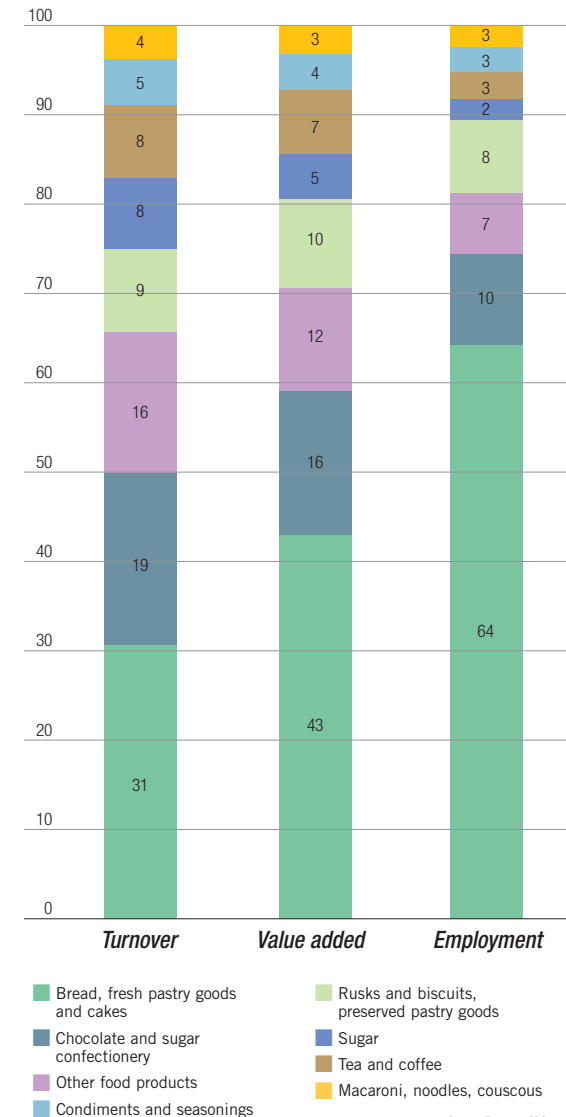
- The “various food products” category is the largest sub-sector, representing 26% of total turnover and 43% of the workforce. It is a heterogeneous group which includes bakery, pastry, chocolate and confectionery products as well as pasta and baby food.
- The meat sector, beverages and dairy products are also key branches of the industry and, together with the “various food products” category, represent 76% of the total turnover and 84% of the total number of employees.

Distribution of turnover and employment in sub-sectors



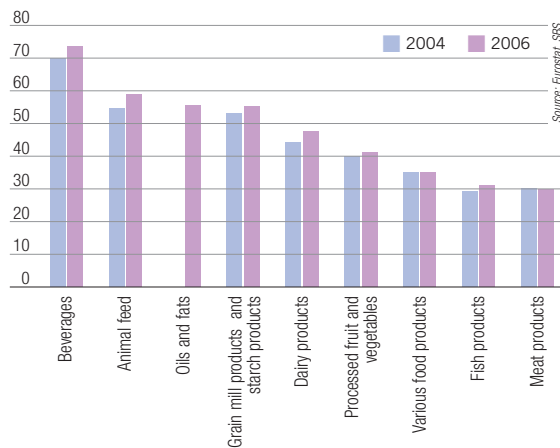
Source: Eurostat, SBS, 2006

Breakdown of the composition of the “various food products” category (% in terms of turnover, value added and employment)



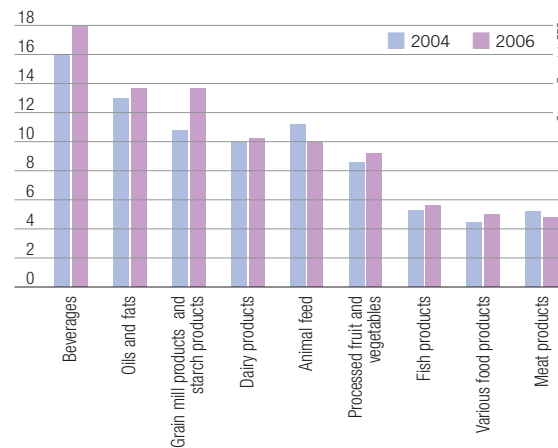
Source: Eurostat, SBS, 2006

Labour productivity¹, 2004-2006 (€1000)



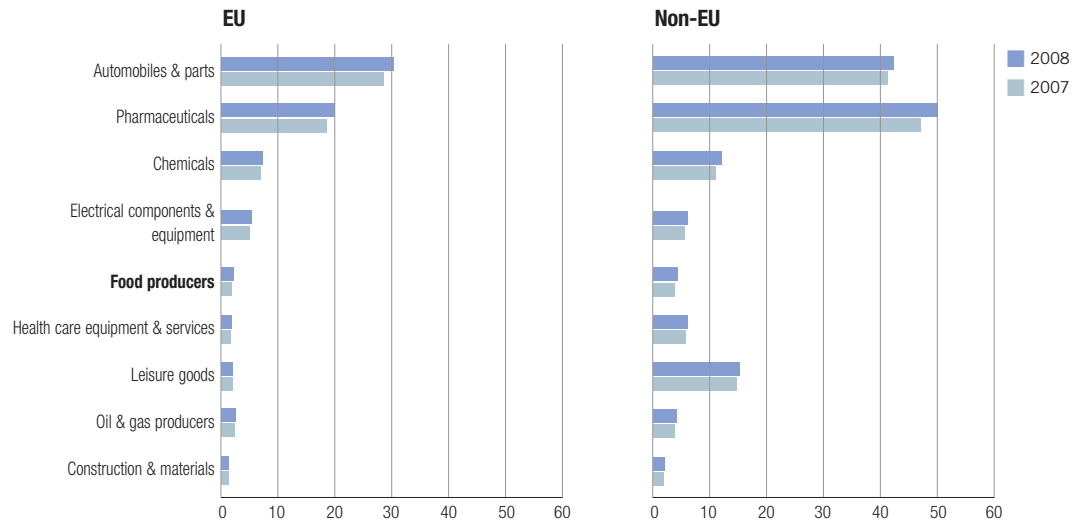
(1) Value added per employee

Investment per employee, 2004-2006 (€1000)



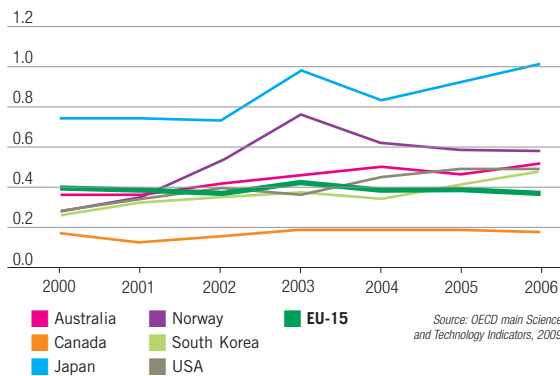
- R&D investment of food and drink manufacturers has traditionally been at a very low level when compared to other industries. However, food and drink companies both within and outside the EU have displayed resilience in the economic crisis, allowing them to maintain similar levels of R&D investment.
- The food and drink industry's R&D expenditure (R&D investment as a percentage of output) in EU-15 has been the lowest when compared to a majority of developed countries. The R&D expenditure levels are higher and continue to increase in Japan, the USA, Australia and South Korea, while EU-15 has experienced a relative stagnation at 0.37% in 2006, close to 2005 levels (0.38%).
- Similarly, the level of R&D intensity from large food and drink companies (ratio of R&D investment on a company's net sales) within the EU is much lower when compared to non-EU companies. This gap is narrowing since 2007, mainly due to a relative decrease in intensity outside the EU.

R&D investment in EU and non-EU countries (€ billion)



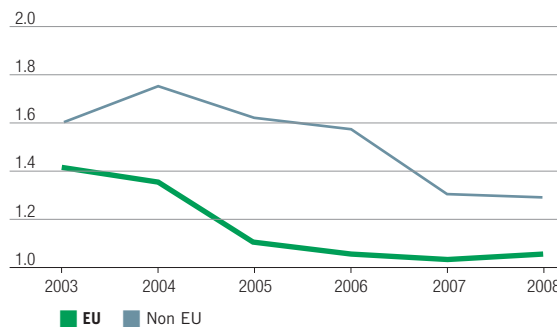
Source: The 2009 EU Industrial R&D Investment Scoreboard, European Commission, JRC and DG RTD

R&D as a percentage of industry output for food and drink industries in various countries (%)



Source: OECD main Science and Technology Indicators, 2009

R&D intensity in EU and non-EU food and drink companies (%)



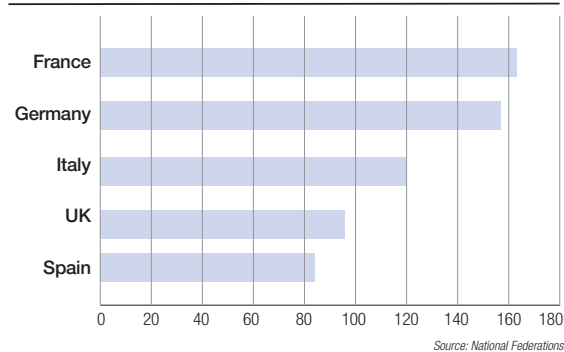
2003 - 2005: top 700 EU and non-EU companies
 2006 - 2008: top 1000 EU and non-EU companies
 The term "EU company" refers to companies whose ultimate parent has its registered office in a Member State of the EU. Likewise, the term "non-EU company" is applied when the ultimate parent company is located outside the EU.

Source: The 2009 EU Industrial R&D Investment Scoreboard, European Commission, DG RTD and JRC

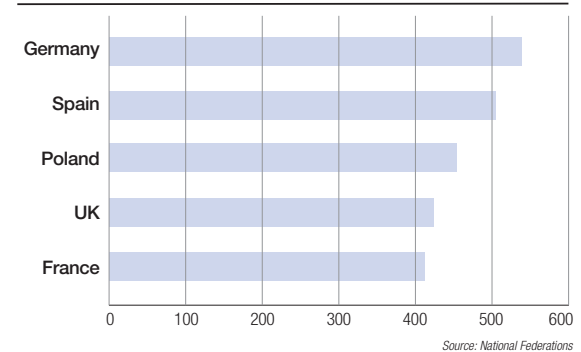
The food and drink industry in EU Member States

- The food and drink industry is a pillar of the EU economy. This sector features in the top 3 manufacturing activities in terms of sales in several Member States.
- France, Germany, Italy, the UK and Spain are the largest EU food and drink producers.
- The sales growth rate registered important discrepancies between Member States. The number of employees continued its downward trend in several Member States. However, the EU employment growth rate is slightly positive (+0.8%).

Top 5 Member States in terms of food and drink industry sales, 2008 (€ billion)



Top 5 Member States in terms of food and drink industry employment, 2008 (1000)



Food and drink industry data as published by National Federations¹

	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SE	SI	SK	UK	
Net sales²																												
(€ billion)																												
2007	11.0	36.9	3.9	1.4	10.3	146.8	22.7	1.2	82.0	9.6	154.4	11.5	8.0	24.2	113.0	1.8	3.0	0.8	0.3		38.5	12.4	10.1	16.4	2.0	3.3	106.5	
2008	12.1	40.4			11.9	156.3	23.6	1.1	83.0	10.5	162.9	12.1		24.2	120.0	1.5					39.0	12.5	11.2	16.4	2.1	3.6	96.0*	
2008/2007 (%)	↗10.0	↗9.0			↗15.3	↗6.5	↗4.0	↘7.8	↗1.2	↗9.4	↗5.5	↗5.2		↗0.0	↗6.2	↘15.3					↗1.3	↗0.8	↗11.2	↗0.0	↗3.0	↗9.4	↘9.9	
Rank ³	5 th	2 nd			5 th	5 th	1 st	2 nd	1 st	4 th	1 st	1 st	3 rd	2 nd	2 nd	-					1 st	1 st	1 st	-	4 th	5 th	10 th	1 st
Employment																												
(1000)																												
2007	58.0	89.6	106.3	12.4	121.9	530.0	66.0	17.3	488.0	34.8	415.0	72.1	101.5	43.2	410.0	33.0	50.6	4.6	2.9	122.9	420.0	108.5	206.7	56.6	15.2	33.7	437.0	
2008	56.6	88.8			128.1	535.0	65.6	16.7	502.0	34.6	412.5	71.8		40.7	407.0						122.5	450.0	109.5	205.1	55.4	14.4	34.8	424**
2008/2007 (%)	↘2.4	↘0.8			↗5.1	↗0.9	↘0.6	↘3.5	↗3.0	↘0.6	↘0.6	↘0.4		↘9.4	↘0.7						↘0.3	↗7.1	↗0.9	↘0.8	↘2.1	↘5.5	↗3.1	↘3.0

(1) or by National Statistics Institutes or Eurostat

(2) or production value (in current prices)

(3) Rank of the food and drink industry in the manufacturing activities in terms of turnover at national level

(*) UK turnover decrease due to UK-EU exchange rates. UK turnover increased by 4.6% in £ terms.

(**) UK employment decrease due to reclassification of UK manufacturing data

Source: National Federations and CIAA (details available on request)

Markets and consumption

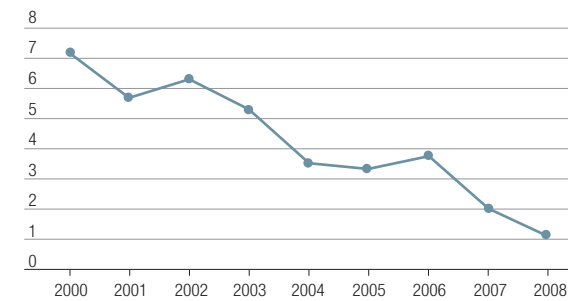
EU key trade figures (€ million)

	2006	2007/2006	2007	2008/2007	2008
Export	51,998	↗5.1%	54,672	↗6.4%	58,173
Import	48,237	↗9.2%	52,655	↗8.4%	57,079
Balance	3,761		2,017		1,094

Source: Eurostat, Comext

- The EU is a net exporter of food and drink products with a trade surplus of €1.1 billion in 2008. However, a negative trend in the EU trade balance continues as the value of imports grows faster than the value of exports. Nevertheless, volumes of EU external trade in 2008 remained almost unchanged compared to the previous year. Therefore, differences in terms of value mostly seem to reflect the particularly high prices of agricultural raw materials in this period.
- The USA is by far the most important destination for European food and drink products. Despite a 10% drop in value of exports in 2008, the American market still represents 17% of total EU food and drink sales. On the other hand, EU exports to the majority of emerging countries continue to grow. Exports to Ukraine and Hong Kong witnessed impressive increases in 2008 of 57% and 36% respectively.
- Imports from the “new world” agricultural players become increasingly important. Products from Brazil, Argentina and China, together represent nearly 30% of total EU food and drink imports. Meanwhile, Indonesia, Thailand and Malaysia provide Europe with products worth as much as the joint value of the imports from traditional producers, such as USA and Switzerland.

EU food and drink trade balance, 2000-2008 (€billion)



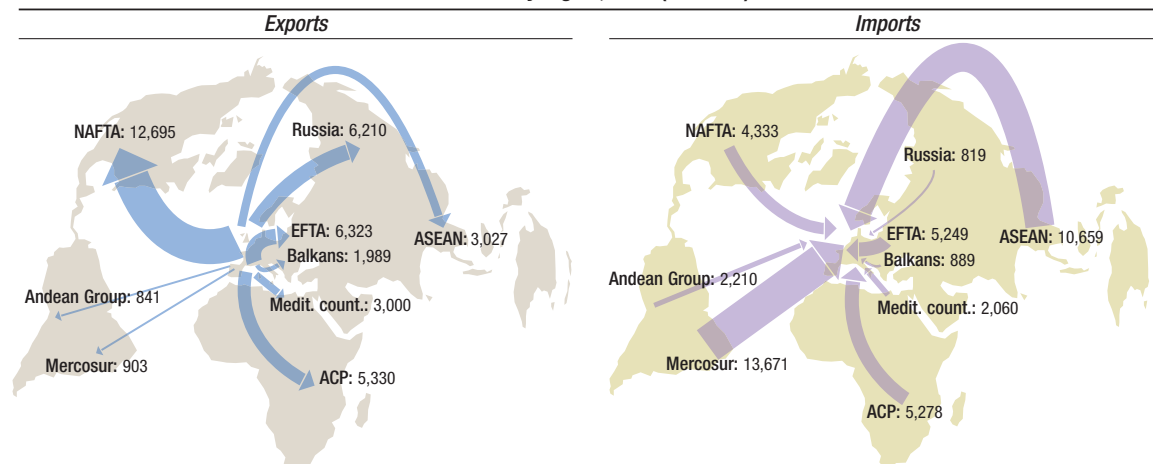
Source: Eurostat, Comext

Top EU trading partners, 2008 (€ million)

Exports		Imports	
	'08/'07		'08/'07
USA	10,169	Brazil	6,814
Russia	6,210	Argentina	6,341
Switzerland	4,081	USA	3,352
Japan	3,425	China	3,346
Norway	2,042	Switzerland	2,690
Canada	1,938	Indonesia	2,542
China	1,404	Thailand	2,373
Australia	1,380	Turkey	1,751
Hong Kong	1,210	Malaysia	1,730
Ukraine	1,208	New Zealand	1,613
Saudi Arabia	1,183	Norway	1,558
Singapore	1,093	Chile	1,436
South Korea	1,012	India	1,400
Algeria	931	Australia	1,071

Source: Eurostat, Comext

EU trade by region, 2008 (€ million)



Note: ACP: Africa, Caribbean and Pacific countries; Andean Group: Bolivia, Colombia, Ecuador, Peru and Venezuela; ASEAN: Association of Southeast Asian Nations; EFTA: European Free Trade Area; Mercosur: Brazil, Argentina, Uruguay and Paraguay; NAFTA: Canada, USA, Mexico.

Source: Eurostat, Comext

Exports to emerging countries, 2000-2008

	Rank ¹	2008 € million	2008/2000
China	7	1,404	↗216%
Turkey	18	774	↗88%
Brazil	20	739	↗49%
South Africa	21	653	↗131%
Mexico	23	588	↗2%
Thailand	26	450	↗18%
Morocco	28	358	↗43%
Philippines	29	348	↘-1%
Egypt	31	321	↘-46%
Malaysia	33	309	↗11%
Indonesia	38	257	↘-12%
India	51	159	↗84%
Chile	61	114	↗38%
Colombia	64	108	↗29%
Argentina	73	87	↘-52%
Peru	83	69	↗14%

(1) Rank in top countries of destination for EU food and drink exports

Source: Eurostat, Comext

Imports from emerging countries, 2000-2008

	Rank ²	2008 € million	2008/2000
Brazil	1	6,814	↗95%
Argentina	2	6,341	↗120%
China	4	3,346	↗148%
Indonesia	6	2,542	↗135%
Thailand	7	2,373	↗99%
Turkey	8	1,751	↗90%
Malaysia	9	1,730	↗167%
Chile	12	1,436	↗115%
India	13	1,400	↗126%
Morocco	16	984	↗61%
South Africa	19	857	↗48%
Peru	23	651	↗59%
Philippines	27	471	↗60%
Colombia	30	385	↗90%
Mexico	32	360	↗99%
Egypt	43	186	↗253%

(2) Rank in top countries of origin for EU food and drink imports

Source: Eurostat, Comext

Extra-EU trade by sector in 2008

Top EU food and drink product exports and imports, 2008 (€ million)

Exports			Imports		
		Rank ¹ in 2000			Rank ² in 2000
Wines	6,248	2	Oilcake	8,893	1
Spirits	6,211	1	Palm oil	4,224	15
Food preparations	3,227	6	Fish filets	4,159	3
Cheese	2,567	5	Crustaceans, molluscs	3,907	2
Pork meat fresh, frozen	2,508	4	Wines	2,457	4
Concentrated milk	2,379	3	Prepared and preserved fish	2,266	6
Animal feed, pet foods	2,301	9	Fruit juice	1,566	5
Malted beer	2,064	7	Coconut oil	1,546	16
Malt extract, prepared	2,055	10	Prepared and preserved meat	1,476	17
Chocolate	1,938	12	Sugars	1,433	10
Pastries, biscuits	1,818	11	Fruit preparations	1,391	12
Offal, poultry meat	1,606	16	Frozen fish	1,358	7
Soft drinks	1,449	31	Beef meat fresh, frozen	1,287	9
Olive oil	1,315	14	Sheep, goat meat	1,116	8
Frozen fish	1,065	17	Food preparations	1,096	18

Source: Eurostat, Comext
(1) Rank of the same product within top exports in 2000

Source: Eurostat, Comext
(2) Rank of the same product within top imports in 2000

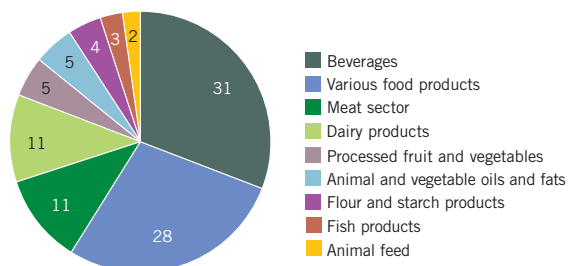
- The EU's export structure remains quite stable. Beverages and various processed products such as bakery, chocolate, confectionery, pasta, prepared meals etc. account for 60% of EU food and drink exports. Together with high value added dairy products, they also contribute significantly to the positive EU general trade balance.
- However, after a period of regular growth in recent years, some beverages experienced significant declines in export value in 2008. This was particularly the case of spirits, exports of which decreased by 7% and of mineral waters and soft drinks, exports of which decreased by 10%.
- The most remarkable decrease in exports affected producers of processed fruit and vegetables. The trade deficit of the sector increased by an additional € 377 million.

Exports by sector 2007-2008 (€ million)

	2007	2008	'08/'07
Beverages	17,832	17,613	-1%
of which spirits	6,610	6,174	-7%
wines	5,936	6,140	+3%
mineral waters and soft drinks	2,290	2,058	-10%
Various food products	15,528	16,106	+4%
of which biscuits, preserved pastry goods	1,314	1,425	+8%
Chocolate and confectionery	3,001	3,183	+6%
Dairy products	6,552	6,554	0%
Meat products	5,386	6,139	+14%
Processed fruit and vegetables	3,236	2,751	-15%
Animal and vegetable oils and fats	2,540	2,992	+18%
Flour and starch products	1,973	2,063	+5%
Fish products	1,773	1,983	+12%
Animal feed	1,128	1,220	+8%

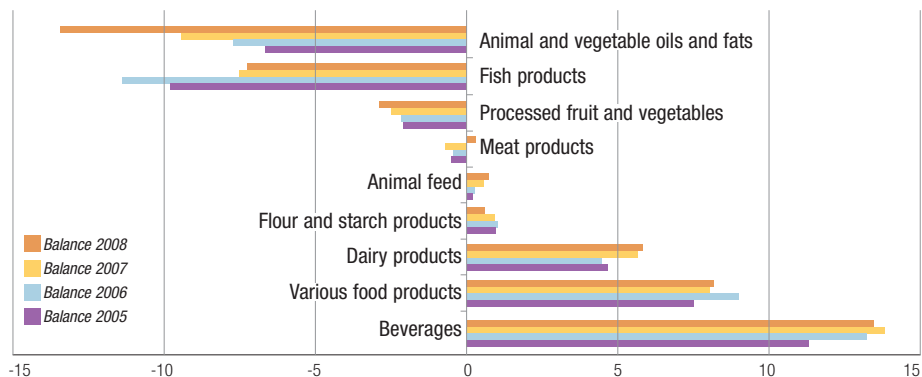
Source: Eurostat, Comext

Share of main sectors in the EU food and drink exports, 2008 (%)



Source: Eurostat, Comext

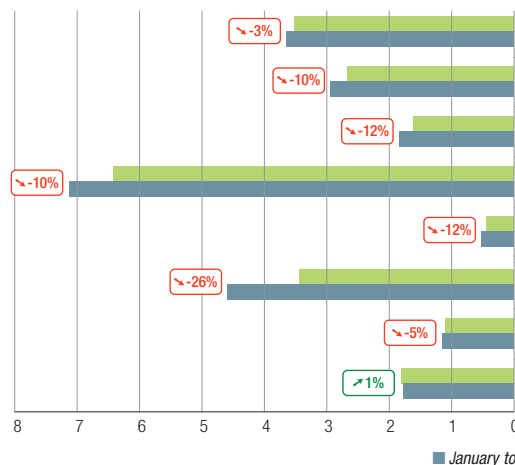
EU food and drink sectors' balance, 2005-2008 (€ billion)



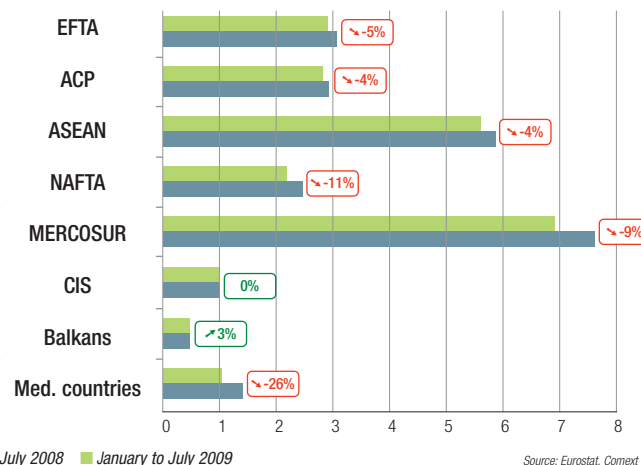
Source: Eurostat, Comext

- EU food and drink product exports decreased by 10% during the first seven months of 2009 in comparison to 2008. This reflects a shrinking demand in foreign markets, some protectionist tendencies related to the global economic crisis and global price trends.
- All major categories of EU food and drink exports have been affected. The highest reductions were observed for concentrated milk (-33%) and pork meat (-21%). However, spirits and wines, frozen fish, cheese, waters and olive oil did not escape the double-digit decrease either.
- At the same time, the value of imports shrank by 8%. This can also be explained by a return to lower agricultural prices in 2009 following the 2007/2008 spike, and the effects of the economic downturn.
- During the first seven months of 2009, the trade balance remained slightly positive.

Exports to major trading blocs (€ billion)



Imports from major trading blocs (€ billion)



Source: Eurostat, Comext

Top EU food and drink product exports and imports, January to July 2008-2009 (€ million)

EU key trade figures (€ million)

	2008	January to July 2009	2009/2008
Export	33,176	29,864	-10%
Import	32,273	29,734	-8%
Balance	903	130	

Source: Eurostat, Comext

	Exports		
	2008	2009	2009/2008
Spirit	3,383	2,941	-13%
Wines	3,505	2,886	-18%
Food preparations	1,898	1,807	-5%
Cheese	1,479	1,303	-12%
Malt extract	1,236	1,228	-1%
Pork meat	1,509	1,194	-21%
Beer	1,224	1,166	-5%
Concentrated milk	1,494	1,001	-33%
Bakery products	941	917	-3%
Chocolate	900	872	-3%
Poultry meat	883	844	-4%
Waters	866	760	-12%
Olive oil	747	661	-12%
Frozen fish	658	557	-15%
Prepared vegetables	554	492	-11%

Source: Eurostat, Comext

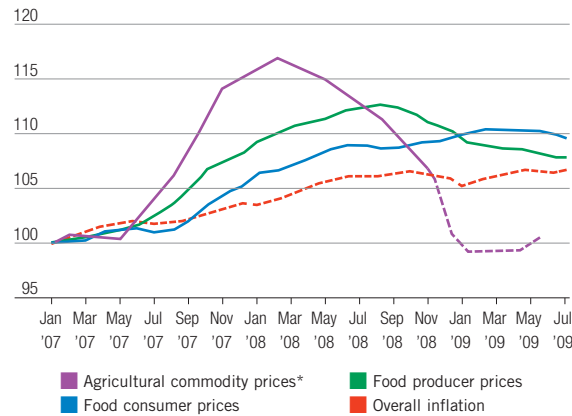
	Imports		
	2008	2009	2009/2008
Oilcake (soybean)	3,903	3,628	-7%
Fish fillets	2,359	2,331	-1%
Crustaceans	2,006	1,747	-13%
Palm oil	1,707	1,570	-8%
Wines	1,370	1,327	-3%
Prepared fish	1,235	1,287	+4%
Fruit juices	1,088	958	-12%
Prepared meat	830	848	+2%
Meat of sheep, goat	760	767	+1%
Beef meat	746	725	-3%
Sugar	779	712	-9%
Frozen fish	759	674	-11%
Prepared fruit	766	671	-12%
Food preparations	619	645	+4%
Prepared seafood	518	523	+1%

Source: Eurostat, Comext

Prices of agricultural raw materials and food products

- During 2007 and early 2008, agricultural raw material prices rose rapidly, resulting in rising food producer and food consumer prices, albeit at a slower rate.
- Since the second quarter of 2008, prices of agricultural raw materials have been plummeting. Food producer prices followed agricultural raw material prices in the downward trend. Consumer prices remained high for a longer period of time.
- World sugar prices increased significantly since January 2009, boosted by demand and supply shortfalls. Following an important decline which started in mid-2007, prices of dairy products has been slowly recovering since mid-2009.
- The evolution of food consumer prices and inflation shows major discrepancies between Member States. In general, in November 2009, food prices in most Member States were lower than the previous year.

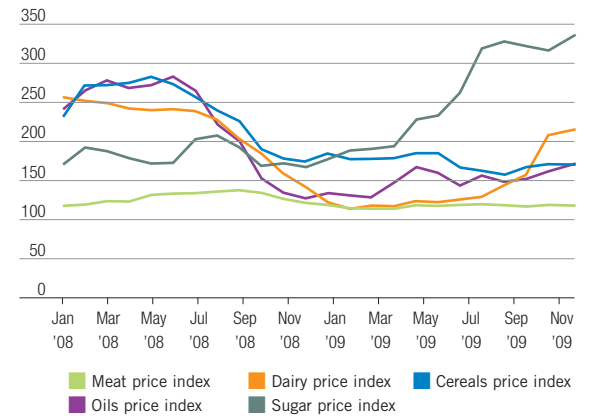
Price developments along the food supply chain (monthly price indices), January 2007 - July 2009



(*) Quarterly data for agricultural commodity price index. From 2009, the index has been extrapolated based on price levels of major commodities available in Agriviews database.

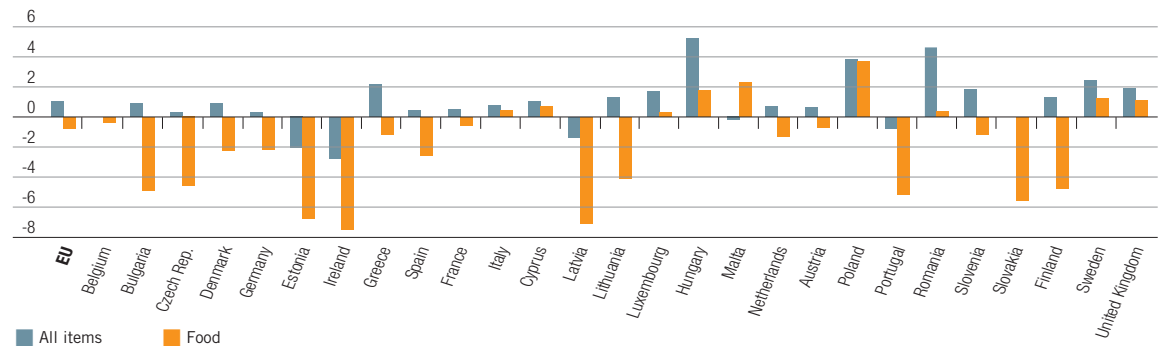
Sources: Eurostat, Agriviews

Evolution of world prices for selected agricultural raw materials, January 2008 - November 2009



Sources: FAO. For definition of indices: <http://www.fao.org/worldfoodsituation/FoodPricesIndex/en/>

Comparison between food prices and consumer price inflation¹ in the Member States (November 2009/November 2008)



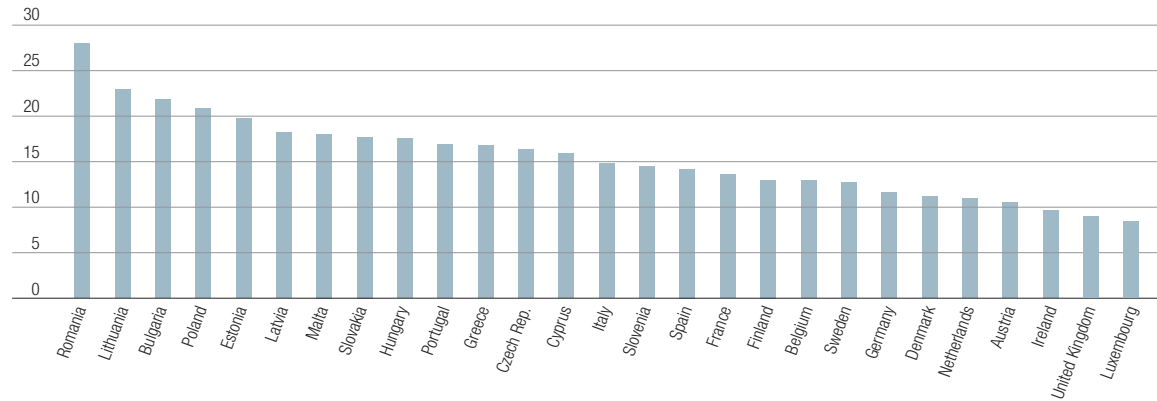
(1) Inflation measured by the annual average rate of change of the harmonised index of consumer prices for all items.

Sources: Eurostat, Harmonised indices of consumer prices (HICPs)

Consumption of food and drink products

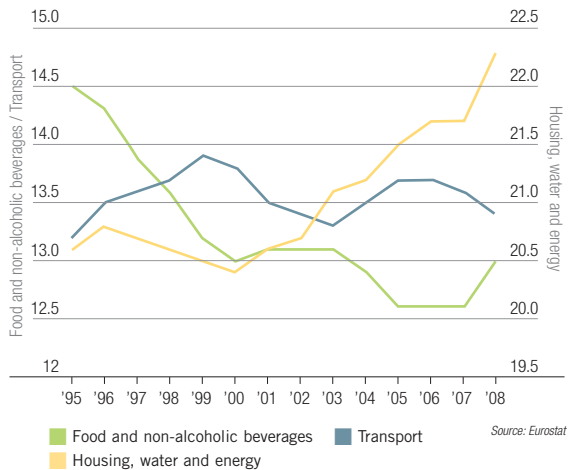
- In 2008, households spent on average 13% of their expenditure on food and non-alcoholic beverages.
- Foodstuffs rank third in the consumption expenditure of households by category, after “housing, water and energy” and “transport”.
- For the first time since 1995, consumption expenditure on food and non-alcoholic beverages has increased at the expense of other categories such as clothing, recreation and culture (from 12.6% in 2007 to 13% in 2008). This trend, which is observed in most Member States, can be explained by the economic and financial crisis.

Household consumption expenditure in the EU: food and non-alcoholic beverages, 2008¹
(% of total household consumption expenditure)



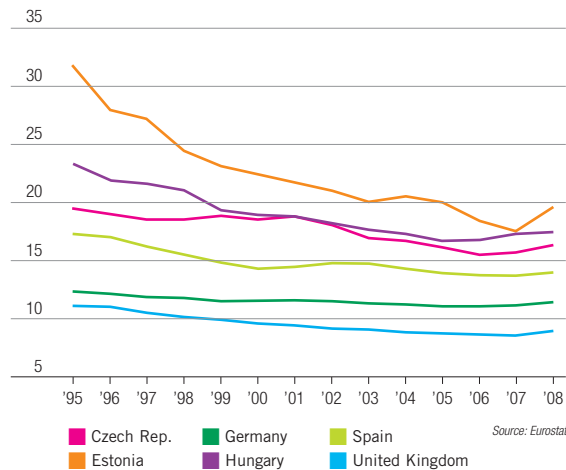
Source: Eurostat
(1) 2008 data or latest available data

Share of the top 3 household expenditures in the EU, 1995-2008 (%)



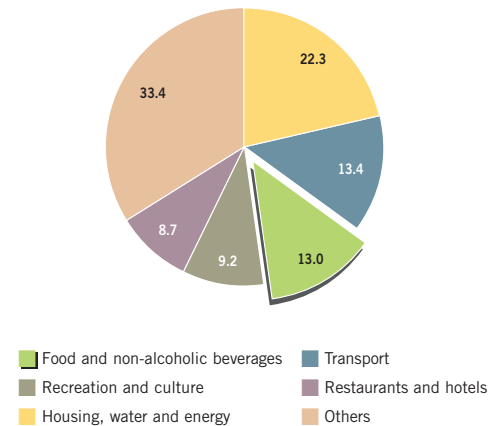
Source: Eurostat

Share of the household expenditure spent on food and non-alcoholic beverages in some Member States, 1995-2008 (%)



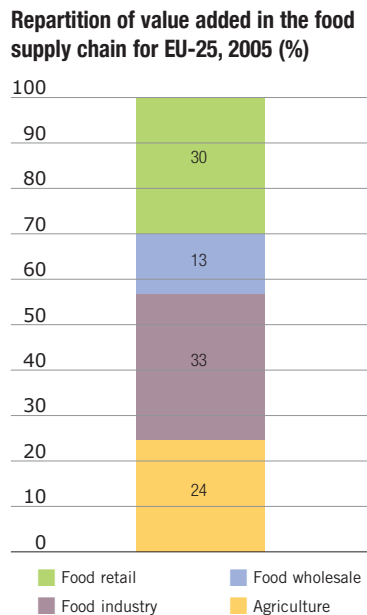
Source: Eurostat

Consumption expenditure of households on goods and services in the EU, 2008 (% of total household consumption expenditure)



Source: Eurostat

- The food chain connects three important sectors: the agricultural sector, the food and drink industry and the distribution sector. Together they account for more than 5% of EU value added and 11% of employment in the EU.
- In 2007, together they generated a total turnover of around € 3,300 billion and provided direct employment for 27 million people.
- The food and drink industry generates more than a quarter of the turnover and a third of the value added of the whole food chain whereas its share in terms of employment is much less (16%).



Source: Eurostat and Commission document SEC(2009) 1445

Structural overview of the food chain

		Agricultural holdings	Food and drink manufacturers	Wholesale of agricultural and food products	Food and drink retail
Number of operators	x 1000	14,482 ¹	310	273	891
Number of employees	million	12.2 ²	4.4	4.5	5.8
Turnover	€ billion	346	935	1,005	1,011

(1) 2005 data

(2) Number of employees expressed in annual work units, which are full-time labour equivalents

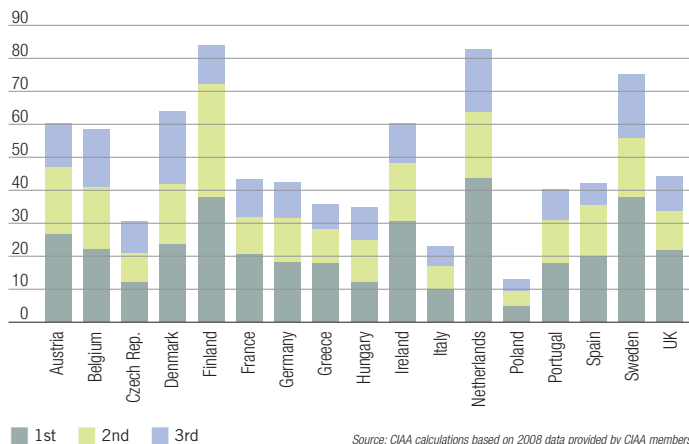
Source: Eurostat and CIAA, 2007

- The food supply chain has a unique and complex structure that includes a very fragmented market for the industry and an oligopolistic market of large retailers.
- Food and drink companies face considerable pressure from retailers on product prices, especially discounters, including through the increased share of private label products (retailer “own branded” products) in large retail chains.
- The share of private labels has risen significantly over the past number of years, reaching 89% of their entire product range for certain retailers. Retailers using private labels have higher bargaining power, while the industry’s capacity to negotiate is declining. The evolution of private labels triggers concerns about the decrease in consumer choice and the possibility for brand development and innovation.

According to the European Commission, concentration in the retail sector is exceedingly high in most EU countries: UK’s top 4 retailers account for 65% of the market, Finnish top 2 retailers for 75%, Latvian top 2 for 60%, Dutch top 3 for 83%, Slovenian top 3 for 63%, Portuguese top 5 for 63%, and German top 5 for 90%.

Source: Commission Communication COM (2009) 591

Current market share of the three largest retailers in various Member States



Private label share of top retailers

Rank	Company	Private label share 2007 (%)	Private label share 2008 (%)	Change 08/07
1	Wal-Mart	38	39	↗
2	Carrefour	35	36	↗
3	Metro Group	17	18	↗
4	Tesco	48	50	↗
5	Schwartz Group	61	60	↘
6	Severn&l*	28	30	↗
7	Target	15	16	↗
8	Costco	16	18	↗
9	Auchan	25	25	=
10	Kroger	25	26	↗
11	Aldi	94	89	↘
12	Safeway (USA)	25	25	=
13	SuperValu	18	16	↘

(*) includes consolidated operations only

Source: Planet Retail Ltd, quoted in Economic Downturn spurs on sophisticated private labelling, Press release 11 February 2009

World trends

Food and drink industry worldwide, 2008

	<i>Total sales* (€ billion)</i>	<i>Total sales compared to previous year (%)</i>	<i>% of total manufacturing sales</i>	<i>Employees (x1000)</i>
Australia	49.1	0.1	17.0	206
Brazil	103.9		17.5	1,412
Canada	55.8	-0.4	13.5	231
China	345.0		12.9	7,068
Japan	220.0	-0.2	10.0	1,400
Mexico	32.0		23.9	310
New Zealand	15.9	-6.6	23.4	63
United States	481.5	-2.9	12.4	1,691

(*) For Mexico and Japan: 2006
For USA: 2007

Source: CIAA (details available on request)

- In a number of countries, in particular New Zealand and Mexico, the share of the food and drink industry in the manufacturing industry is high, reaching almost one fourth of manufacturing output.
- The economic downturn has influenced food and drink sales worldwide. The USA experienced a slight decrease in output.
- Labour productivity (expressed as output in € per employee) in developing countries is still lagging behind levels in industrialised countries. EU levels fall between those in the most labour productive countries (i.e. USA) and the least productive (i.e. China).

Productivity of the food and drink industry worldwide

	<i>Labour productivity (output in € per employee)</i>	
	<i>2007</i>	<i>2008*</i>
USA	285	
Australia	256	238
New Zealand	220	252
Canada	205	242
EU	214	220
Japan		157
Mexico		103
Brazil	59	74
China	42	49

(*) For Mexico and Japan: 2006

Source: CIAA (details available on request)

EU food and drink products on world markets

- The EU is an important player in the world food and drink market. It is the largest exporter and importer in food and drink products worldwide (excluding intra-EU trade).
- The EU share of the global export market for food and drink products has been shrinking over the last years (from 24.6% in 1998 to 17.5% in 2008). This is primarily due to strong competition from Brazil and China and more recently, the growing importance of South-East Asian exporters, such as Malaysia and Indonesia (market share increase respectively from 2.7% and 2.8% in 2007 to 4.2% and 4% in 2008).
- Compared to the USA, the EU trade balance has resisted generally better to pressure from emerging economies over the last ten years. The EU trade balance remained slightly positive in 2008. Meanwhile however, the USA trade balance has been slowly improving in the last years (over \$6 billion growth between 2006 and 2008) while the EU trade balance for food and drink products has been progressively decreasing.
- The performance of EU products in expanding markets like China and India, measured as the share of EU goods compared to imports of food and drink products from other origins, registered a slight upward trend in 2008, but was clearly weaker in more mature markets, such as USA and Australia.

Top 15 exporters of food and drink products, 2008

	Exports (\$ billion)	Share in world (%)
European Union	86.1	17.5
United States	54.2	11.0
Brazil	35.9	7.3
China	29.5	6.0
Argentina	23.0	4.7
Thailand	22.6	4.6
Malaysia	20.8	4.2
Indonesia	19.8	4.0
Canada	18.9	3.9
Australia	14.5	3.0
New Zealand	14.4	2.9
India	12.9	2.6
Mexico	8.9	1.8
Vietnam	8.7	1.8
Chile	8.2	1.7

Intra-EU is excluded from world trade

Source: WITS database

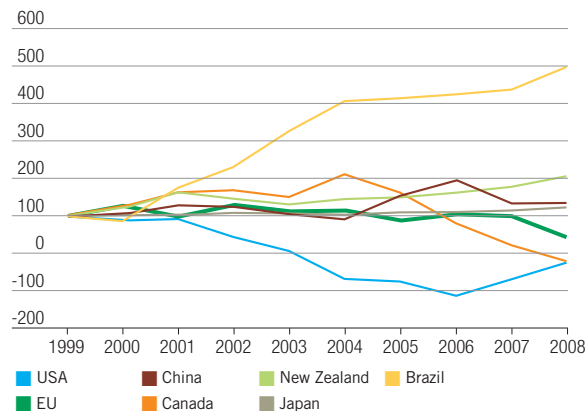
Top 15 importers of food and drink products, 2008

	Imports (\$ billion)	Share in world (%)
European Union	84.5	17.2
United States	71.0	14.5
Japan	42.3	8.6
China	24.1	4.9
Russian Federation	22.8	4.6
Canada	19.3	3.9
Mexico	13.2	2.7
South Korea	12.4	2.5
Hong Kong	10.3	2.1
Australia	8.2	1.7
Switzerland	7.7	1.6
United Arab Emirates	7.4	1.5
Malaysia	7.1	1.4
Singapore	6.7	1.4
Thailand	6.4	1.3

Intra-EU is excluded from world trade

Source: WITS database

Evolution of the external trade balance of various food and drink industries (1999=100)

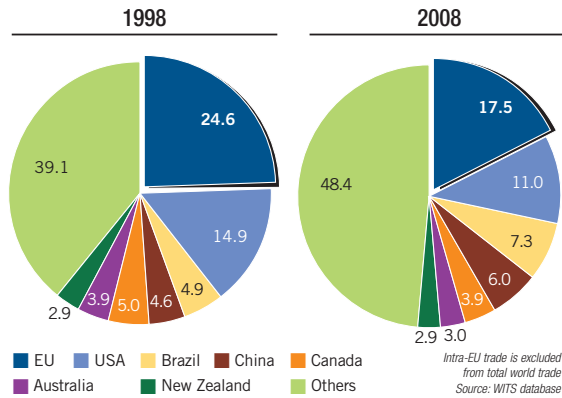


Intra-EU is excluded from world trade

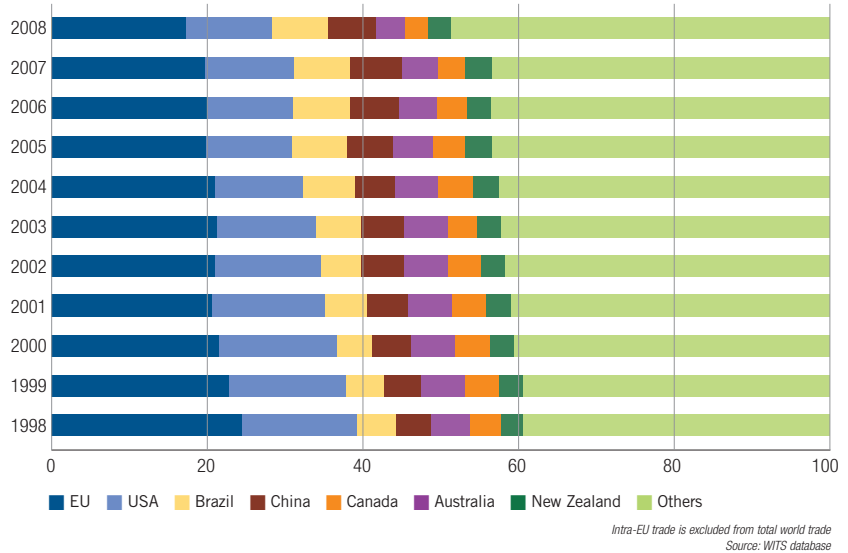
Source: WITS database

EU food and drink products on world markets

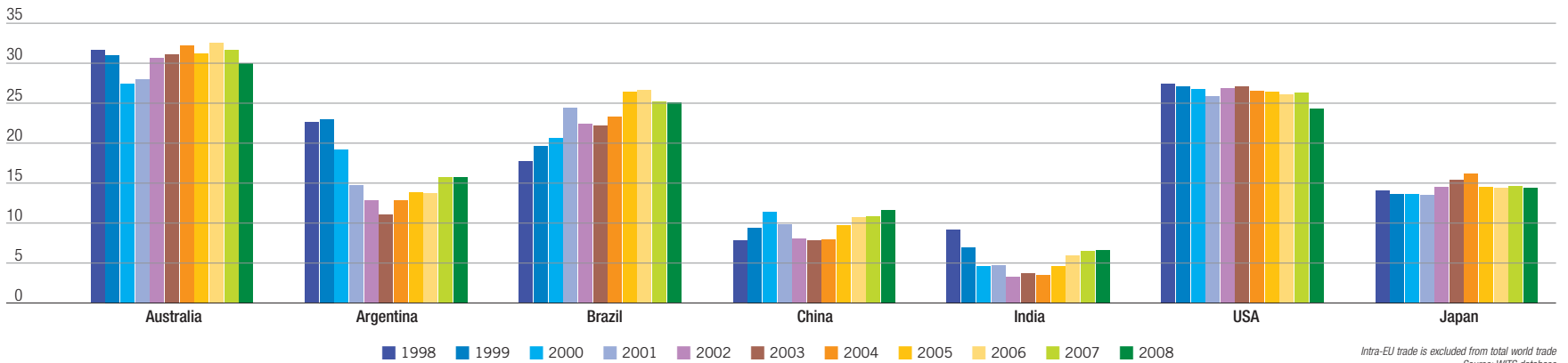
Market shares of world food and drink exports, 1998-2008 (%)



Share of various countries in world food and drink exports (% of total)

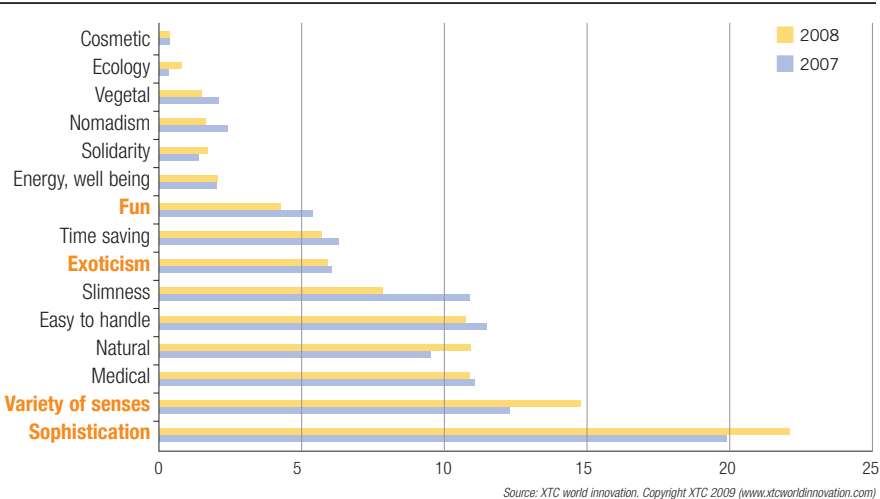


Share of EU products in total food and drink imports of various countries, 1998-2008 (%)



- Innovation can be divided into 15 trends, grouped together in 5 axes: Pleasure, Health, Physical, Convenience and Ethics.
- At a global level, the pleasure axis continues to drive innovation all over the world, except in North America.
- At a European level, the two leading trends are sophistication and variety of senses that show the sharpest progression. The health category is equally composed of medical and natural trends.
- The soft drinks and the ready-made meals are the two categories showing a clear progression. The dairy products category registered a general decrease in innovation but remains however, the most innovative category.

Share of the trends of food innovation in Europe: 2007 – 2008 (%)

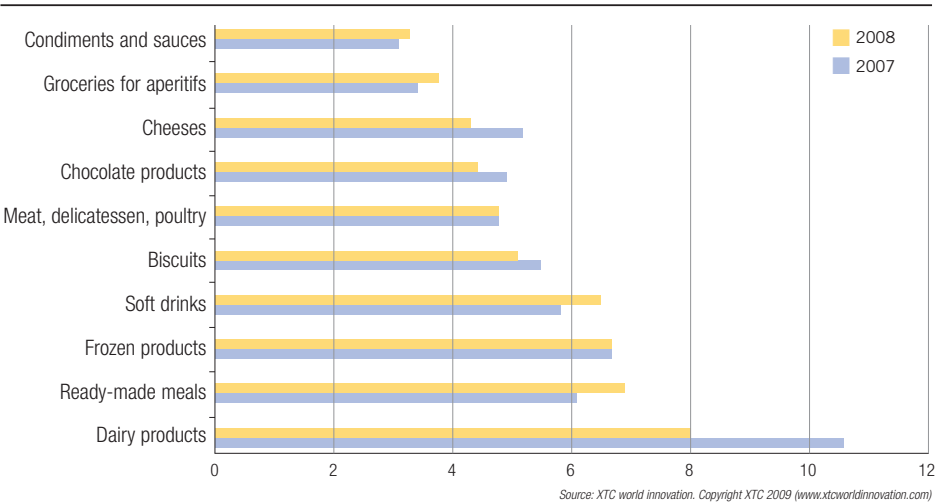


Trends of food innovation in Europe

Axis	Trend
Health	Medical
	Natural
	Vegetal
Pleasure	Sophistication
	Exoticism
	Variety of senses
	Fun
Physical	Slimness
	Cosmetic
	Energy, well-being
Convenience	Time saving
	Easy to handle
Ethics	Nomadism
	Ecology
	Solidarity

Source: XTC world innovation 2008. Copyright XTC 2009

The 10 most innovative food sectors in Europe: 2007 - 2008 (%)



The top world and EU food and drink companies in 2008-2009

Ranking of world agri-food companies by global food and drink sales

Name	Head-quarter	Year end	Sales in € billion	Growth to previous year (%)	Employees (x1000)	Main sectors
Cargill*	US	May09	83.1	-3.0	159	multi-product
Nestlé	CH	Dec08	68.9	2.2	283	multi-product
PepsiCo Inc.	US	Dec08	29.2	10.0	198	beverages, snacks
Kraft Foods Inc.	US	Dec08	28.5	16.8	98	multi-products
Archer Daniels Midland	US	Jun09	23.2	6.0	28	cereal and oilseeds processing
Unilever NV/Unilever Plc	NL/UK	Dec08	21.9	1.6	174**	multi-products
The Coca-Cola Company	US	Dec08	21.5	11.0	92	beverages
Mars Inc.	US	Dec08	20.2	20.0	65	prepared foods, confectionery
Tyson Foods Inc.	US	Sep09	19.7	4.4	117	meat
SABMiller Plc	US	Mar09	17.5	6.0	70	beer
Anheuser-Busch InBev	BE	Dec08	16.1	5.2	120	beer
Groupe Danone	FR	Dec08	15.2	8.4	80	dairy, waters, baby & med. nutrition
Kirin Brewery Company Ltd	JP	Dec08	14.8	27.9	36	beer, alcoholic beverages
Heineken N.V.	NL	Dec08	14.3	27.3	56	beer
Diageo Plc	UK	Jun09	14.5	15.0	24	alcoholic beverages
Associated British Food	UK	Sep09	10.7	12.0	96	sugar, starch, prepared foods
General Mills Inc.	US	May09	10.5	8.0	30	prepared foods
Suntory Ltd.	JP	Dec08	9.7	1.2	22	alcoholic beverages
Royal FrieslandCampina NV	NL	Dec08	9.5	5.0	21	dairy products
Asahi Breweries Ltd.	JP	Dec08	9.4	-0.1	16	beer, alcoholic beverages
Lactalis	FR	Dec08	9.3	6.9	38	dairy products
Sara Lee Corporation	US	Jun09	9.3	-2.5	41	prepared foods
ConAgra Foods Inc.	US	May09	9.1	10.1	26	prepared foods
Smithfield Foods Inc.	US	Apr09	8.8	10.0	57	meat, processed foods
Kellogg Company	US	Dec08	8.6	9.0	32	breakfast cereals, snacks
Vion	NL	Dec08	8.6	21.0	25	multi-products, ingredients
Dean Foods Company	US	Dec08	8.4	7.0	26	dairy products
HJ Heinz Company	US	Apr09	7.1	5.5	30	prepared foods
Fonterra	NZL	Jul09	7.0	21.0	16	dairy products
Cadbury Plc	UK	Dec08	6.9	6.0	45	beer, confectionery

(*) Cargill sales include food, agricultural and risk management products and services.

(**) The data include food and home/personal care products.

Ranking of European agri-food companies by European food and drink sales

Name	Head-quarter	Year end	Sales in € billion	Growth to previous year (%)	Employees (x1000)	Main sectors
Nestlé	CH	Dec08	17.6	-1.1	94.2	multi-product
Heineken N.V.	NL	Dec08	11.3	30.1	41.8	beer
Unilever NV/Unilever Plc**	NL/UK	Dec08	12.9	-3.6	30.0	multi-product
Groupe Danone	FR	Dec08	9.5	5.1	30.6	dairy, waters, baby & med. nutrition
Lactalis	FR	Dec08	8.5	-7.0	25.0	dairy products
Associated British Food	UK	Sept09	7.1	17.0	71.5	sugar, starch, prepared foods
FrieslandCampina	NL	Dec08	6.9	4.3	14.7	dairy products
Ferrero	IT	Aug09	6.3	2.1		confectionery
Danish Crown	DK	Oct09	6.0	-9.5	24.3	meat products
Stüdzucker	DE	Feb09	5.9	1.6	18.0	sugar, multi-product
Anheuser-Busch InBev	BE	Dec08	5.4	-4.4		beer
Carlsberg	DK	Dec08	5.0	15.7	18.9	beer
Oetker Group	DE	Dec08	4.3	14.1	24.7	multi-products
Barilla	IT	Dec08	4.0	5.1	16.2	beverages, confectionery
Nutreco	NL	Dec08	3.4	20.9	6.1	animal nutrition
Diageo Plc	UK	Jun09	3.2	4.5		alcoholic beverages
Pernod Ricard	FR	Jun09	3.2	9.4		alcoholic beverages
Kerry Group	IR	Dec08	3.0	-2.9	14.9	multi-product
Bongrain	FR	Dec08	2.9	4.8	14.2	dairy products
Barry Callebaut	CH	Aug09	2.2	-5.5	5.0	cocoa and chocolate products
Ebro Puleva	ES	Dec08	1.7	15.0	4.4	rice, sugar, dairy
Tate&Lyle	UK	Mar09	1.7	17.8	3.5	ingredients, prepared foods
Cadbury Plc	UK	Dec08	1.4	24.8	10.7	confectionery
Parmalat	IT	Dec08	1.2	-1.5	2.8	milk, fruit-based drink
Danisco	DK	Apr09	0.7	-0.8	3.4	ingredients

(**) The data include food and home/personal care products.

CIAA members

National Federations

-  **Austria**
FIAA – Fachverband Lebensmittelindustrie
-  **Belgium**
FEVIA – Fédération de l'Industrie Alimentaire /
Federatie Voedingsindustrie
-  **Czech Republic**
PKCR - Potravinářská Komora České Republiky
-  **Denmark**
FI – Foedevareindustrien
-  **Estonia**
ETL – Eesti Toiduainetööstuse Liit
-  **Finland**
ETL – Elintarviketeollisuusliitto
-  **France**
ANIA – Association Nationale des Industries Alimentaires
-  **Germany**
BLL – Bund für Lebensmittelrecht und
Lebensmittelkunde
BVE – Bundesvereinigung der Deutschen
Ernährungsindustrie
-  **Greece**
SEVT – Συνδεσμος Ελληνικών Βιομηχανιών Τροφίμων /
Federation of Hellenic Food Industries
-  **Hungary**
EFOSZ – Élelmiszerfeldolgozók Országos Szövetsége
-  **Ireland**
FDII – Food & Drink Industry Ireland
-  **Italy**
FEDERALIMENTARE – Federazione Italiana dell'industria
Alimentare
-  **Latvia**
LPUF – Latvijas Pārtikas Uzņēmumu Federācija
-  **Luxembourg**
FEDIL - Fédération des Industries Agro-alimentaires
Luxembourgeoises
-  **Poland**
PPFZ – Polska Federacja Producentów Żywności
-  **Portugal**
FIPA – Federação das Indústrias Portuguesas Agro-
alimentares
-  **Romania**
Romalimenta – Federația Patronala din Industria
Alimentara
-  **Slovakia**
UPZPPS – Unia podnikatel'ov a zamestnávateľ'ov
v potravinárskom priemysle na Slovensku
PKS – Potravinárska Komora Slovenska

-  **Slovenia**
GZS – Zbornica kmetijskih in zivilskih podjetij
-  **Spain**
FIAB – Federación Española de Industrias de la
Alimentación y Bebidas
-  **Sweden**
LI – Livsmedelsföretagen
-  **The Netherlands**
FNLI – Federatie Nederlandse Levensmiddelen
Industrie
-  **United Kingdom**
FDF – Food & Drink Federation

Observers:

- Croatia**
HUP – Hrvatska udruga poslodavaca
- Norway**
NBL - Næringsmiddelbedriftenes Landsforening
- Turkey**
GDF - Türkiye Gıda ve İçecek Sanayii Dernekleri
Federasyonu

Sectors

- Bakery**
AIBI
- Beer**
THE BREWERS OF EUROPE
- Bottled waters**
EFBW
- Breakfast cereal**
CEEREAL
- Broth & Soup**
FAIBP
- Chocolate, biscuits & confectionery**
CAOBISCO
- Dairy products**
EDA
- Dietetic products**
IDACE
- Fruit & vegetable juices**
AIJN
- Fruit & vegetable preserves**
PROFEL
- Ice cream**
EUROGLACES
- Intermediate products for bakery & confectionery**
FEDIMA
- Margarine**
IMACE
- Oils**
FEDIOL
- Pasta**
UNAFPA
- Pet food**
FEDIAF
- Processed meat**
CLITRAVI
- Processed potatoes**
EUPPA
- Sauce and condiment**
FIC
- Snacks**
ESA
- Soft Drinks**
UNESDA
- Soluble & roasted coffee**
ECF
- Spices**
ESA
- Spirits**
CEPS
- Starch**
AAF
- Sugar**
CEFS
- Tea & Herbal Infusions**
EHIA
ETC
- Vegetable proteins**
EUVEPRO
- Yeast**
COFALEC

Major food and drink companies

- ADM
- BARILLA GROUP
- BUNGE
- CADBURY
- CAMPBELL EUROPE
- CARGILL
- COCA-COLA
- DANONE
- FERRERO INTERNATIONAL
- GENERAL MILLS
INTERNATIONAL
- HEINEKEN
- HEINZ
- KELLOGG 'S
- KRAFT FOODS
- MARS
- NESTLE EUROPE
- PEPSICO
- PROCTER & GAMBLE FOOD
PRODUCTS
- SÜDZUCKER
- TATE & LYLE
- UNILEVER
- YILDIZ HOLDING

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