

# ECONOMIC BULLETIN Q4 2017

## Growth in production, sales, employment and record exports

### Food and drink industry

#### Increase in production and sales, and lower manufacturing prices

- In Q4 2017, EU food and drink industry production increased by 0.3% compared to the previous quarter.
- EU food and drink industry turnover increased by 0.8% compared to the previous quarter.
- The year-on-year comparison shows that total manufacturing production growth exceeded food and drink industry production growth (5.0% vs. 1.9% compared to Q4 2016). The same trend is observed for turnover (6.9% vs. 4.9% compared to Q4 2016).
- Food manufacturing prices decreased by 0.2% in Q4 2017 and were 2.6% higher than in Q4 2016.

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#### Sustained growth in employment

- Employment in the EU food and drink industry increased by 0.8% in Q4 2017 and remained on a growth path since Q2 2015.
- In the long term, employment growth in the food and drink industry continues to outperform the one in the manufacturing industry (Q4 2017/Q4 2012: +6.0% vs. +4.5%).

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#### EU exports reach €28.7 billion

- EU exports of food and drink products totalled €28.7 billion in Q4 2017 (Q4 2017/Q4 2016: +4.9%).
- The trade surplus reached €9.8 billion in Q4 2017.
- The top 5 products with the largest share in export value generated €13.9 billion in Q4 2017 (meat products, wine, spirits, dairy products, chocolate and confectionery).

- EU imports of food and drink products reached €18.9 billion (Q4 2017/Q4 2016: +1.5%).

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### Agricultural commodities

#### Decrease in the FAO food price index

- The FAO food price index decreased by 3% in Q4 2017 compared to the previous quarter and was up 1% compared to Q4 2016.
- In Q4 2017, EU prices for soft wheat increased slightly and decreased for sugar, SMP, WMP and corn. World market prices for oils and oil crops, and cocoa increased and decreased for dairy, cereals, sugar and coffee.
- The year-on-year comparison shows an overall decline in world market prices for the main agricultural commodities, with the most significant decrease observed for sugar, SMP, cocoa, coffee and WMP.

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### Retail

#### Volume of retail trade reaches peak

- Despite some fluctuation in Q4 2017, the volume of retail trade in foodstuffs reached a peak in November 2017.
- Year-on-year retail trade growth in foodstuffs increased by 1.0%, whereas total retail trade was 2.6% higher compared to December 2016.
- Consumer prices increased by 1.2% in Q4 2017, and were 2.9% higher compared to Q4 2016.

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## Methodology

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- 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](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)

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

European Commission, Eurostat News Release 36/2018, 'Volume of retail trade down by 0.1% in both euro area and EU28', 5 March 2018 <http://ec.europa.eu/eurostat/documents/2995521/8713875/4-05032018-AP-EN.pdf/7eeeb7fc-59a4-4ee0-a596-d71f48673cc9>

### 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](http://www.fooddrinkeurope.eu)**

## ECONOMIC BULLETIN Q4 2017

### Annex

#### Production and turnover of the EU food and drink industry

##### Production index

|                                | 2016 Q4 | 2017 Q1 | 2017 Q2 | 2017 Q3 | 2017 Q4 | y-o-y |
|--------------------------------|---------|---------|---------|---------|---------|-------|
| <b>Total manufacturing</b>     | 109.4   | 110.2   | 111.6   | 112.8   | 114.9   |       |
| <b>% change</b>                | 1.0     | 0.7     | 1.3     | 1.1     | 1.9     | 5.0   |
| <b>Food and drink industry</b> | 106.3   | 106.1   | 107.4   | 108.0   | 108.3   |       |
| <b>% change</b>                | 0.3     | -0.2    | 1.2     | 0.6     | 0.3     | 1.9   |

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.

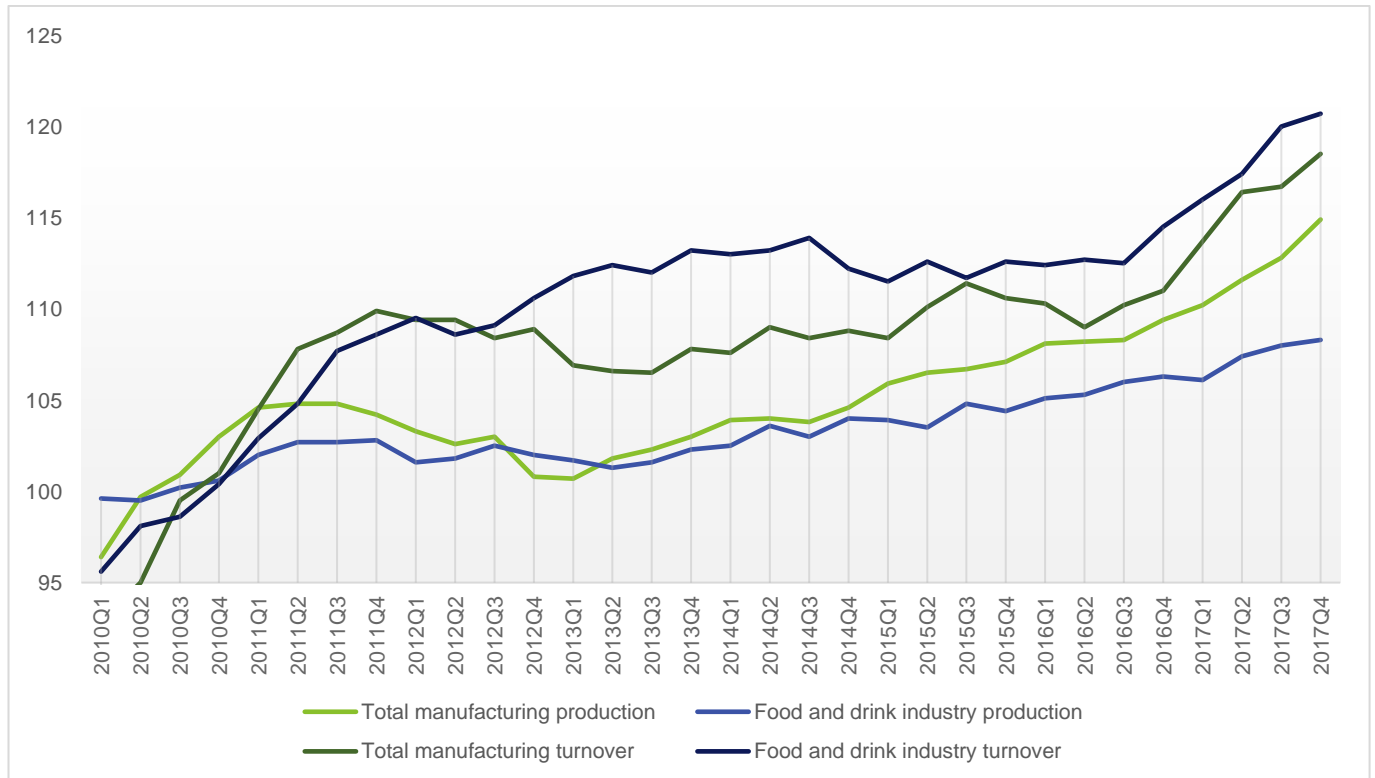
##### Turnover index

|                                | 2016 Q4 | 2017 Q1 | 2017 Q2 | 2017 Q3 | 2017 Q4 | y-o-y |
|--------------------------------|---------|---------|---------|---------|---------|-------|
| <b>Total manufacturing</b>     | 113.7   | 116.4   | 116.7   | 118.5   | 121.5   |       |
| <b>% change</b>                | 2.4     | 2.4     | 0.3     | 1.5     | 2.5     | 6.9   |
| <b>Food and drink industry</b> | 116.0   | 117.4   | 120.0   | 120.7   | 121.7   |       |
| <b>% change</b>                | 1.3     | 1.2     | 2.2     | 0.6     | 0.8     | 4.9   |

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, 2010 - 2017 (2010=100)



Source: Eurostat

## Food and drink production by Member State

| Member State   | 2017 Q3 / 2017 Q2<br>(% change) | 2017 Q4 / 2017 Q3<br>(% change) | 2017 Q4 / 2016 Q4<br>(% change) |
|----------------|---------------------------------|---------------------------------|---------------------------------|
| EU             | 0.6                             | 0.3                             | 1.9                             |
| Austria        | 0.5                             | 1.6                             | 2.6                             |
| Belgium        | 0.5                             | 1.3                             | 3.0                             |
| Bulgaria       | -0.5                            | 1.8                             | 1.7                             |
| Czech Republic | -2.4                            | 0.9                             | 1.3                             |
| Denmark        | 0.6                             | 1.5                             | 1.6                             |
| Estonia        | -2.1                            | 1.9                             | 1.0                             |
| Finland        | 0.7                             | -0.2                            | 3.0                             |
| France         | -0.5                            | -0.7                            | -0.4                            |
| Germany        | 0.8                             | -0.3                            | 1.9                             |
| Greece         | 1.5                             | -0.3                            | 0.5                             |
| Hungary        | 0.3                             | 2.7                             | 2.6                             |
| Ireland        | -3.3                            | 6.0                             | 3.6                             |
| Italy          | 1.7                             | -1.5                            | 0.0                             |
| Latvia         | -0.8                            | 1.2                             | 5.4                             |
| Lithuania      | 3.6                             | 1.9                             | 4.7                             |
| Netherlands    | 2.6                             | 1.5                             | 3.2                             |
| Poland         | 1.3                             | 1.6                             | 5.6                             |
| Portugal       | 2.9                             | -1.8                            | 1.9                             |
| Romania        | -0.4                            | 0.7                             | 5.1                             |
| Spain          | 0.0                             | -0.1                            | 0.5                             |
| Sweden         | -1.4                            | 0.6                             | 1.0                             |

Source: Eurostat. No data available for Croatia, Cyprus, Luxembourg, Malta, Slovakia, Slovenia, United Kingdom

## Food and drink turnover by Member State

| Member State          | 2017 Q3 / 2017 Q2<br>(% change) | 2017 Q4 / 2017 Q3<br>(% change) | 2017 Q4 / 2016 Q4<br>(% change) |
|-----------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>EU</b>             | 0.6                             | 0.8                             | 4.9                             |
| <b>Austria</b>        | -0.1                            | 1.6                             | 6.1                             |
| <b>Belgium</b>        | 2.2                             | 0.1                             | 6.0                             |
| <b>Bulgaria</b>       | 2.9                             | 2.3                             | 7.7                             |
| <b>Czech Republic</b> | -1.7                            | 2.0                             | 2.8                             |
| <b>Denmark</b>        | 3.6                             | 1.0                             | 4.1                             |
| <b>Estonia</b>        | -0.1                            | 0.3                             | 4.7                             |
| <b>Finland</b>        | 0.2                             | na                              | na                              |
| <b>France</b>         | -0.1                            | 0.3                             | 3.4                             |
| <b>Germany</b>        | 0.2                             | 1.0                             | 6.5                             |
| <b>Greece</b>         | 1.0                             | -0.9                            | 1.1                             |
| <b>Hungary</b>        | -0.7                            | 1.8                             | -0.5                            |
| <b>Ireland</b>        | -1.0                            | 2.5                             | 3.8                             |
| <b>Italy</b>          | 0.5                             | -0.1                            | 1.1                             |
| <b>Latvia</b>         | 1.3                             | 0.2                             | 9.1                             |
| <b>Lithuania</b>      | -0.5                            | 0.6                             | 4.4                             |
| <b>Netherlands</b>    | 2.9                             | 0.2                             | 5.8                             |
| <b>Poland</b>         | 1.9                             | 2.0                             | 7.7                             |
| <b>Portugal</b>       | -1.7                            | 3.7                             | 5.3                             |
| <b>Romania</b>        | 1.4                             | 0.7                             | 7.4                             |
| <b>Spain</b>          | -0.9                            | 2.1                             | 4.8                             |
| <b>Sweden</b>         | 0.0                             | 1.2                             | 2.4                             |

Source: Eurostat. No data available for Croatia, Cyprus, Luxembourg, Malta, Slovakia, Slovenia, United Kingdom

## Employment in the EU food and drink industry

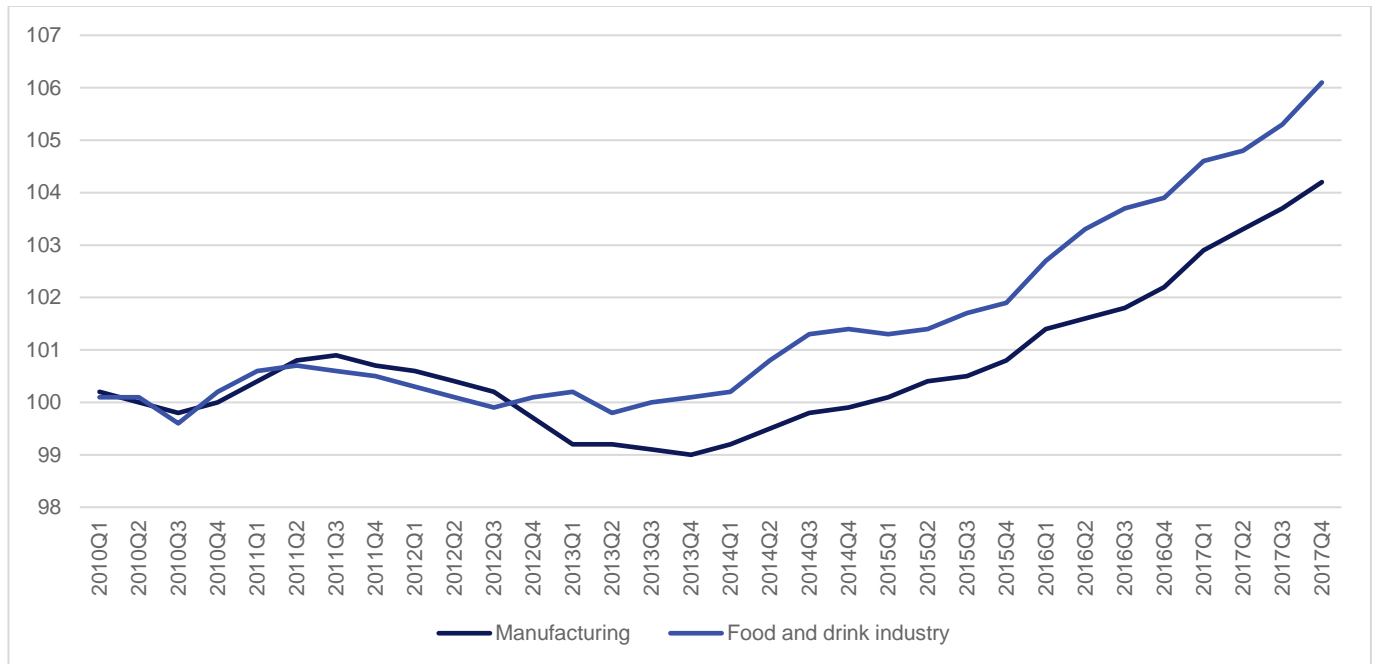
### Employment index

| Employment                     | 2016 Q4 | 2017 Q1 | 2017 Q2 | 2017 Q3 | 2017 Q4 | y-o-y |
|--------------------------------|---------|---------|---------|---------|---------|-------|
| <b>Total manufacturing</b>     | 102.2   | 102.9   | 103.3   | 103.7   | 104.2   |       |
| <b>% change</b>                | 0.4     | 0.7     | 0.4     | 0.4     | 0.5     | 2.0   |
| <b>Food and drink industry</b> | 103.9   | 104.6   | 104.8   | 105.3   | 106.1   |       |
| <b>% change</b>                | 0.2     | 0.7     | 0.2     | 0.5     | 0.8     | 2.1   |

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, 2010-2017 (2010=100)



Source: Eurostat

**Food and drink industry employment by Member State**

| <b>Member State</b>   | <b>2017 Q3 / 2017 Q2<br/>(% change)</b> | <b>2017 Q4 / 2017 Q3<br/>(% change)</b> | <b>2017 Q4 / 2016 Q4<br/>(% change)</b> |
|-----------------------|---|---|---|
| <b>EU</b>             | 0.5                                     | 0.8                                     | 2.1                                     |
| <b>Austria</b>        | 0.6                                     | 0.3                                     | 3.0                                     |
| <b>Belgium</b>        | 0.2                                     | na                                      | na                                      |
| <b>Bulgaria</b>       | -0.6                                    | 1.1                                     | -0.9                                    |
| <b>Croatia</b>        | 0.2                                     | 0.8                                     | -4.2                                    |
| <b>Czech Republic</b> | -0.1                                    | na                                      | na                                      |
| <b>Denmark</b>        | 0.1                                     | 0.3                                     | 0.8                                     |
| <b>Estonia</b>        | -0.8                                    | na                                      | na                                      |
| <b>Finland</b>        | 8.9                                     | 2.3                                     | 1.5                                     |
| <b>France</b>         | 0.1                                     | 0.5                                     | 0.8                                     |
| <b>Germany</b>        | 0.7                                     | 1.1                                     | 4.0                                     |
| <b>Latvia</b>         | 0.1                                     | na                                      | na                                      |
| <b>Lithuania</b>      | -0.9                                    | na                                      | na                                      |
| <b>Netherlands</b>    | 0.2                                     | na                                      | na                                      |
| <b>Poland</b>         | 0.0                                     | -0.2                                    | 1.4                                     |
| <b>Portugal</b>       | 0.6                                     | 1.2                                     | 2.7                                     |
| <b>Romania</b>        | 0.4                                     | 0.7                                     | 1.5                                     |
| <b>Spain</b>          | 1.8                                     | 3.3                                     | 6.7                                     |
| <b>Sweden</b>         | -1.4                                    | 1.4                                     | 0.5                                     |
| <b>United Kingdom</b> | -0.6                                    | na                                      | na                                      |

Source: Eurostat. No data available for Cyprus, Greece (discontinued), Hungary, Ireland, Italy, Luxembourg, Malta, Slovakia, Slovenia, United Kingdom

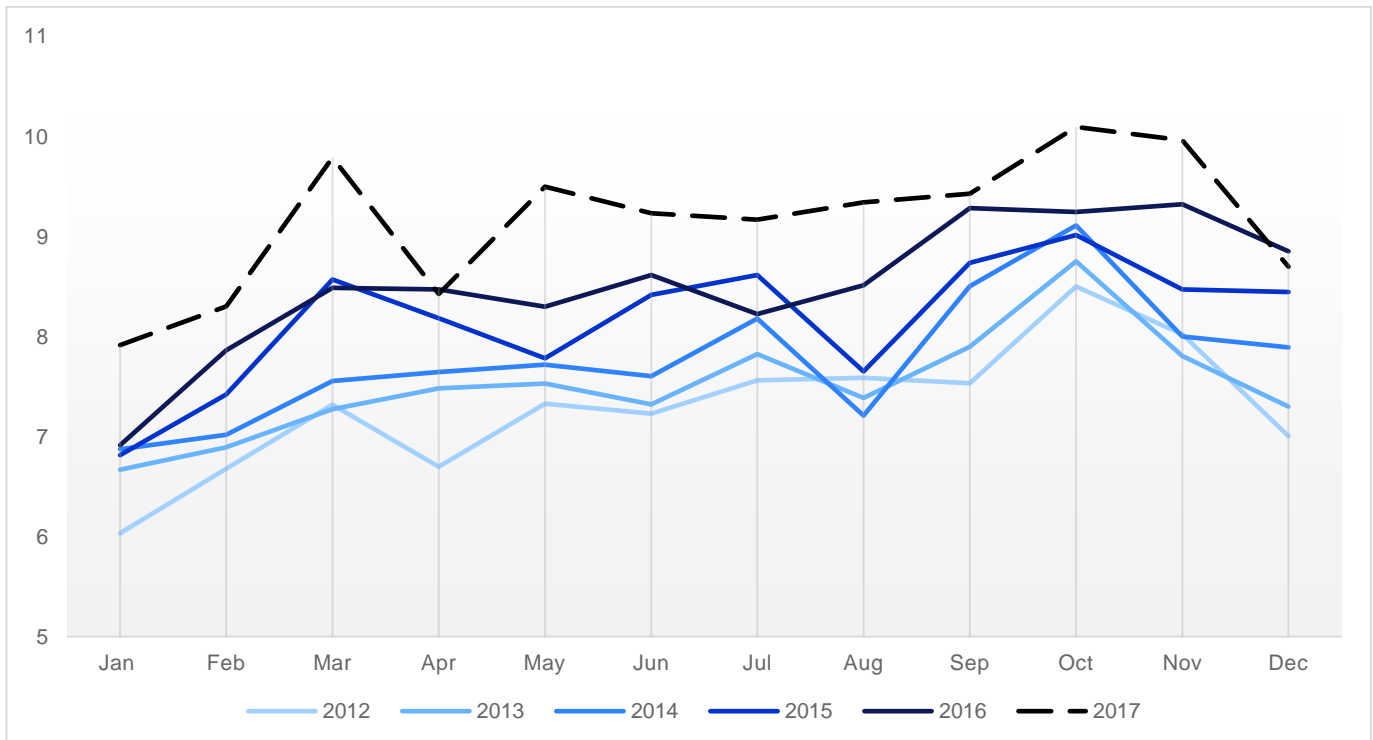
## External trade

### EU food and drink trade (€ billion)

|                | 2016 Q4 | 2017 Q1 | 2017 Q2 | 2017 Q3 | 2017 Q4 | y-o-y % change |
|----------------|---------|---------|---------|---------|---------|----------------|
| <b>Exports</b> | 27.4    | 26.0    | 27.2    | 27.9    | 28.7    | 4.9            |
| <b>Imports</b> | 18.7    | 18.5    | 19.0    | 18.5    | 18.9    | 1.5            |
| <b>Balance</b> | 8.8     | 7.5     | 8.2     | 9.5     | 9.8     | 12.0           |

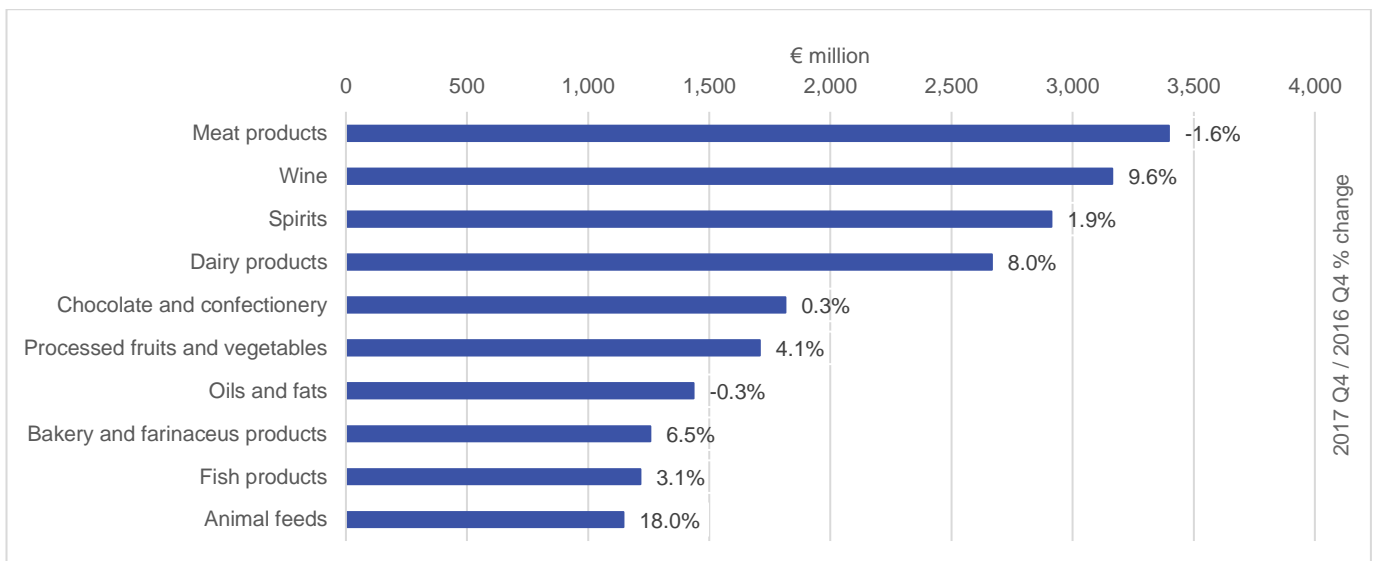
Source: Eurostat

### EU food and drink export, 2012-2017 (€ billion)



Source: Eurostat

### Export performance by sub-sector in Q4 2017



Source: Eurostat



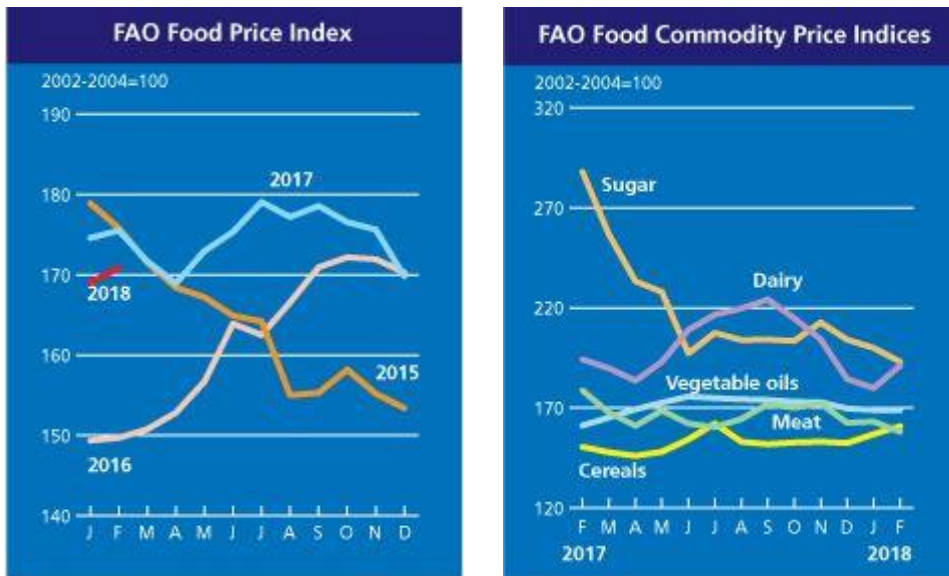
## Trade by sub-sector in value and volume in Q4 2017

| FLOW                            | VALUE_IN_MMN_EUROS |               |             |               |               |             |              |              |            | QUANTITY_IN_1000 tonnes |               |             |               |               |             |         |         |  |          |  |  |
|---------------------------------|--------------------|---------------|-------------|---------------|---------------|-------------|--------------|--------------|------------|-------------------------|---------------|-------------|---------------|---------------|-------------|---------|---------|--|----------|--|--|
|                                 | IMPORT             |               |             | % change      |               |             | EXPORT       |              |            | Trade Balance           |               |             | IMPORT        |               |             | EXPORT  |         |  | % change |  |  |
|                                 | Q4 2016            | Q4 2017       |             | Q4 2016       | Q4 2017       |             | Q4 2016      | Q4 2017      | trend      | Q4 2016                 | Q4 2017       |             | Q4 2016       | Q4 2017       |             | Q4 2016 | Q4 2017 |  |          |  |  |
| <b>Food and drink</b>           | <b>18,650</b>      | <b>18,937</b> | <b>1.53</b> | <b>27,411</b> | <b>28,746</b> | <b>4.87</b> | <b>8,760</b> | <b>9,809</b> | <b>12%</b> | <b>16,879</b>           | <b>17,923</b> | <b>6.19</b> | <b>13,815</b> | <b>15,025</b> | <b>8.76</b> |         |         |  |          |  |  |
| Food                            | 17,202             | 17,401        | 1.16        | 19,710        | 20,635        | 4.69        | 2,508        | 3,234        | 29%        | 15,546                  | 16,385        | 5.40        | 10,384        | 11,368        | 9.48        |         |         |  |          |  |  |
| Drink                           | 1,449              | 1,536         | 6.01        | 7,701         | 8,110         | 5.32        | 6,252        | 6,575        | 5%         | 1,333                   | 1,538         | 15.41       | 3,431         | 3,657         | 6.58        |         |         |  |          |  |  |
| Meat products                   | 1,647              | 1,694         | 2.87        | 3,455         | 3,398         | -1.65       | 1,808        | 1,703        | -6%        | 477                     | 477           | 0.03        | 2,043         | 2,055         | 0.57        |         |         |  |          |  |  |
| Wine                            | 703                | 709           | 0.91        | 2,885         | 3,163         | 9.64        | 2,183        | 2,454        | 12%        | 367                     | 366           | -0.25       | 617           | 673           | 9.10        |         |         |  |          |  |  |
| Spirits                         | 407                | 467           | 14.77       | 2,856         | 2,912         | 1.95        | 2,450        | 2,445        | 0%         | 80                      | 92            | 16.07       | 384           | 381           | -0.76       |         |         |  |          |  |  |
| Dairy products                  | 192                | 198           | 2.79        | 2,468         | 2,666         | 8.04        | 2,275        | 2,469        | 8%         | 50                      | 55            | 8.71        | 1,036         | 1,084         | 4.65        |         |         |  |          |  |  |
| Chocolate and confectionery     | 916                | 858           | -6.27       | 1,808         | 1,814         | 0.33        | 893          | 956          | 7%         | 215                     | 252           | 17.03       | 396           | 417           | 5.15        |         |         |  |          |  |  |
| Processed fruits and vegetables | 2,371              | 2,298         | -3.06       | 1,642         | 1,709         | 4.08        | -729         | -590         | -19%       | 1,905                   | 2,005         | 5.25        | 1,395         | 1,408         | 0.96        |         |         |  |          |  |  |
| Oils and fats                   | 4,171              | 4,121         | -1.20       | 1,440         | 1,435         | -0.33       | -2,731       | -2,686       | -2%        | 8,676                   | 9,346         | 7.73        | 1,086         | 1,065         | -1.99       |         |         |  |          |  |  |
| Bakery and farinaceous products | 201                | 208           | 3.62        | 1,180         | 1,257         | 6.49        | 980          | 1,049        | 7%         | 83                      | 89            | 7.63        | 490           | 515           | 5.07        |         |         |  |          |  |  |
| Fish and seafood products       | 4,918              | 5,116         | 4.02        | 1,179         | 1,215         | 3.11        | -3,739       | -3,900       | 4%         | 1,177                   | 1,178         | 0.05        | 480           | 456           | -5.05       |         |         |  |          |  |  |
| Animal feeds                    | 282                | 331           | 17.14       | 972           | 1,146         | 17.95       | 689          | 815          | 18%        | 305                     | 360           | 17.98       | 801           | 835           | 4.34        |         |         |  |          |  |  |
| Grain mill and starch products  | 434                | 537           | 23.87       | 924           | 955           | 3.35        | 490          | 418          | -15%       | 618                     | 768           | 24.30       | 1,149         | 1,133         | -1.37       |         |         |  |          |  |  |
| Mineral waters and soft drinks  | 211                | 227           | 7.69        | 793           | 879           | 10.82       | 582          | 652          | 12%        | 579                     | 714           | 23.33       | 938           | 1,033         | 10.22       |         |         |  |          |  |  |
| Beer                            | 117                | 119           | 2.48        | 834           | 808           | -3.09       | 717          | 688          | -4%        | 300                     | 358           | 19.41       | 824           | 886           | 7.55        |         |         |  |          |  |  |
| Processed tea and coffee        | 588                | 570           | -3.00       | 571           | 592           | 3.65        | 0            | 22           | 83%        | 41                      | 41            | -0.67       | 82            | 88            | 7.03        |         |         |  |          |  |  |
| Cider                           | 7                  | 9             | 34.38       | 58            | 69            | 19.31       | 51           | 60           | 17%        | 4                       | 5             | 24.61       | 39            | 49            | 24.89       |         |         |  |          |  |  |

Sources: Eurostat Easy Comext; own calculations

## Prices of agricultural commodities

### FAO Food Price Index



Source: FAO Food Price Index

### Main agricultural commodity prices

| Agricultural commodity    | Q4 2017 average | EU                  |                     | Q4 2017 average | WORLD               |                     |
|---------------------------|-----------------|---------------------|---------------------|-----------------|---------------------|---------------------|
|                           |                 | Q4 2017/<br>Q3 2017 | Q4 2017/<br>Q4 2016 |                 | Q4 2017/<br>Q3 2017 | Q4 2017/<br>Q4 2016 |
|                           | EUR/T           | % change            | % change            | EUR/T           | % change            | % change            |
| <b>CEREALS</b>            |                 |                     |                     |                 |                     |                     |
| Corn                      | 157             | -5.1                | 1.7                 | 127             | -2.2                | -9.7                |
| Soft wheat                | 163             | 1.0                 | 7.1                 | 149             | -6.2                | -8.0                |
| <b>DAIRY</b>              |                 |                     |                     |                 |                     |                     |
| SMP                       | 1,527           | -13.1               | -24.6               | 1,527           | -11.3               | -29.1               |
| WMP                       | 2,777           | -9.0                | -4.0                | 2,469           | -9.0                | -12.5               |
| <b>SUGAR</b>              |                 |                     |                     |                 |                     |                     |
| White sugar               | 411             | -17.4               | -13.8               | 324             | -0.6                | -35.7               |
|                           |                 |                     |                     | USD/T           | %                   | %                   |
| <b>OILS AND OIL CROPS</b> |                 |                     |                     |                 |                     |                     |
| Soybean oil               |                 |                     |                     | 871             | 1.6                 | -1.2                |
| Soybean                   |                 |                     |                     | 400             | 0.3                 | -2.9                |
| Soybean meal              |                 |                     |                     | 362             | 4.0                 | -1.3                |
| Rapeseed                  |                 |                     |                     | 703             | 2.3                 | -6.5                |
| Palm oil                  |                 |                     |                     | 431             | 1.3                 | -0.6                |
| <b>COFFEE AND COCOA</b>   |                 |                     |                     |                 |                     |                     |
| Cocoa                     |                 |                     |                     | 2,048           | 2.8                 | -18.1               |
| Coffee                    |                 |                     |                     | 2,581           | -7.6                | -16.4               |

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

## Retail trade

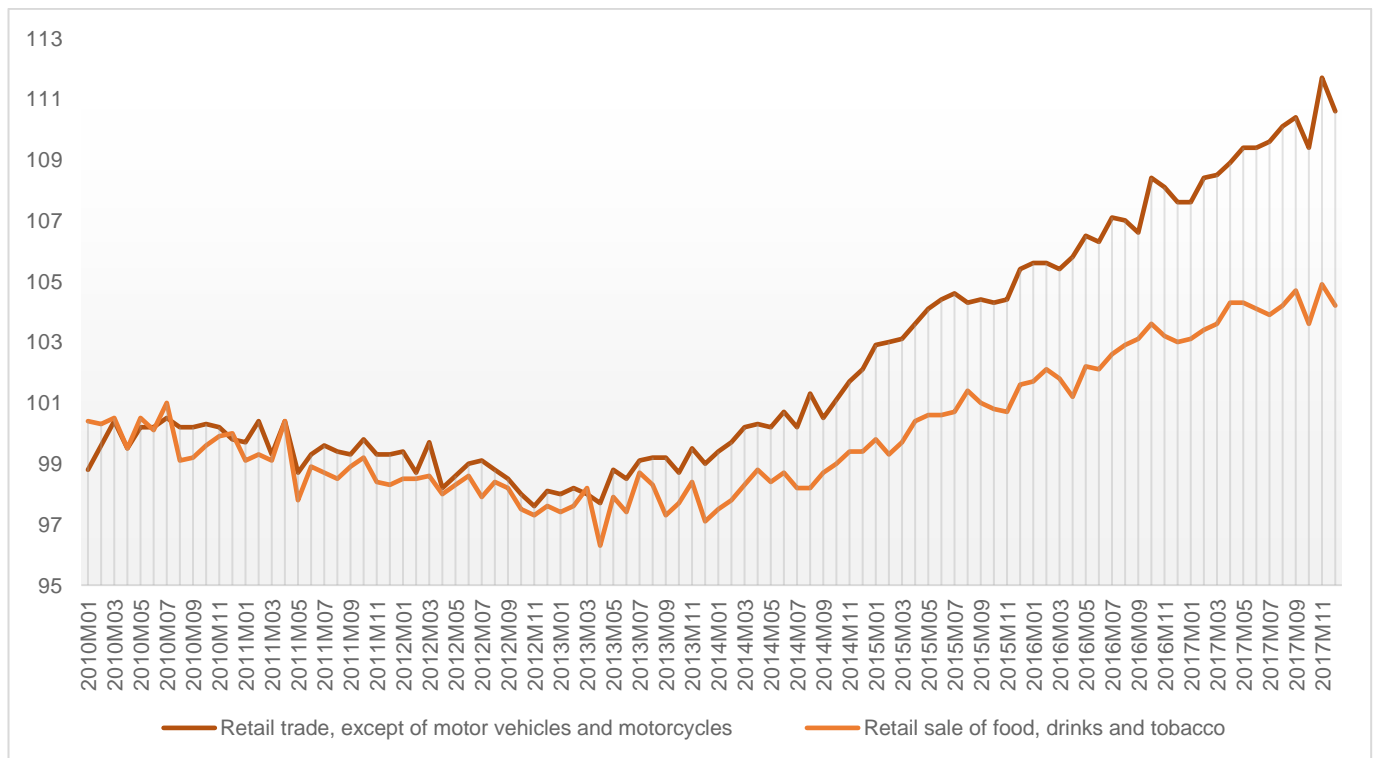
### Volume of retail trade (% change)

|                                 | Aug-17 | Sep-17 | Oct-17 | Nov-17 | Dec-17 | y-o-y |
|---------------------------------|--------|--------|--------|--------|--------|-------|
| <b>Total retail</b>             | 0.6    | 0.3    | -0.9   | 2.1    | -0.9   | 2.6   |
| <b>Food, drinks and tobacco</b> | 0.2    | 0.3    | -1.0   | 1.3    | -0.6   | 1.0   |

Source: Eurostat

The index of the volume of retail trade measures the monthly changes of the deflated turnover of retail trade.

### EU monthly retail trade volume by product group, 2010-2017 (2010=100)

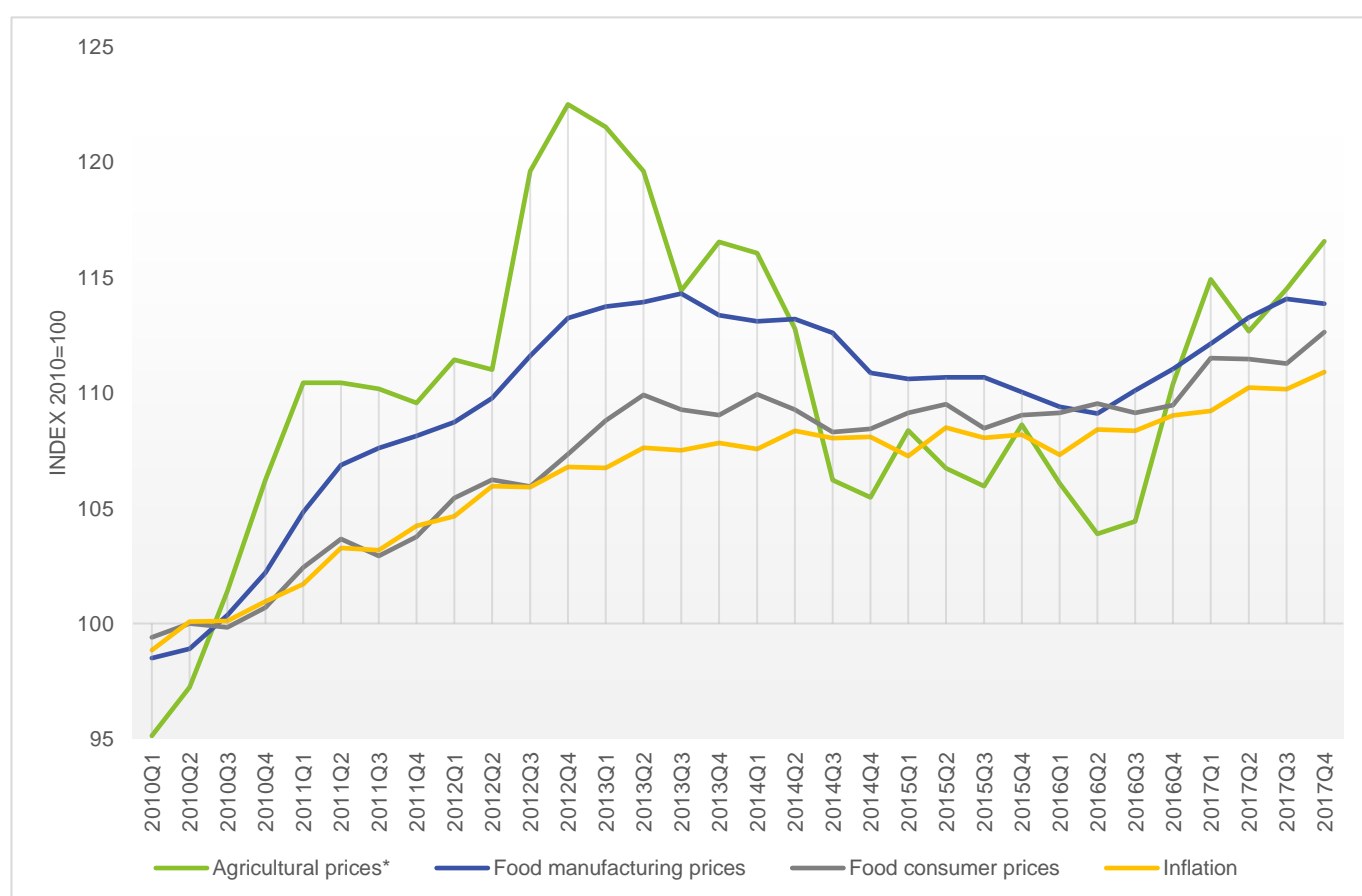


Sources: Eurostat; [Eurostat News Release 36/2018](#)

## Price developments along the EU food chain

### Price developments (% change)

|                                  | 2016 Q4 | 2017 Q1 | 2017 Q2 | 2017 Q3 | 2017 Q4 | y-o-y |
|----------------------------------|---------|---------|---------|---------|---------|-------|
| <b>Agricultural prices*</b>      | 5.7     | 4.1     | -2.0    | 1.6     | 1.8     | 5.6   |
| <b>Food manufacturing prices</b> | 0.8     | 1.0     | 1.0     | 0.7     | -0.2    | 2.6   |
| <b>Food consumer prices</b>      | 0.3     | 1.9     | 0.0     | -0.2    | 1.2     | 2.9   |
| <b>Inflation</b>                 | 0.6     | 0.2     | 0.9     | -0.1    | 0.7     | 1.7   |



\* Eurostat monthly indices for EU agricultural prices are not available since 2013. Until June 2017, the index is estimated based on Member States data weighted by their share in the agricultural output. Beyond, the index is estimated based on cereals, sugar, milk, meat, tomatoes and apples monthly prices weighted by annual production.

Sources: Eurostat and DG AGRI; own calculations