

EUROPEAN FOOD AND DRINK INDUSTRY ECONOMIC BULLETIN – Q1 2015 HIGHLIGHTS

A mixed first quarter performance: Production declined, turnover (sales) as well as employment increased and exports continue to prosper

Food and drink industry

Production, turnover and manufacturing prices: slight decrease of production while sales up

- From the fourth quarter of 2014 to Q1 2015, European food and drink industry production decreased by 0.3%. Despite sluggish production growth in recent quarters, production in Q1 reached its second highest level since 2010.
- After a decline during Q3 and Q4 2014, European food and drink industry turnover has resumed its growth in Q1 (+0.8%).
- The year-on-year comparison shows that overall manufacturing turnover performed better than food and drink industry turnover (0.3% vs. -0.6% compared to Q1 2014). This is also the case for production.
- Manufacturing prices decreased for the third consecutive quarter i.e. -0.2% in Q1 2015 (-2.2% compared to Q1 2014).

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Employment: modest but positive growth in Q1

- Employment in the European food and drink industry increased by 0.3% in Q1 2015, similar to manufacturing.
- While labour input in the food and drink industry remained on a positive growth trend it continues to exceed average employment level growth in the manufacturing industry (Q1 2015/Q1 2010: +1.5% (food and drink industry) vs +0.2% (manufacturing)).

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External trade: good performance despite Russian ban

- Exports of European food and drink products to non-EU countries reached €22.8 billion (Q1 2015/Q1 2014: +6.4%).
- The positive EU trade balance stood at close to €5.7 billion.

- The top 5 best performing export products generated €10.7 billion (meat, dairy, spirits, wine, processed fruit and vegetables).
- Exports to the majority of key non-EU markets increased by up to 27%, while exports to Russia decreased by 52%.
- EU imports of most food and drink products increased by 7.4% in value terms.

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Agricultural commodities

Prices: FAO commodity price index at 5-year low

- The FAO Food Price Index confirms the general downward trend of commodity prices and stands at its lowest level since September 2009.
- EU and world markets prices slightly increased for corn/maize, soft wheat, SMP, WMP in Q1 compared to the previous quarter, but remained significantly lower compared to Q1 2014.
- EU sugar prices declined, while world sugar prices remained almost unchanged.
- Prices for all major oils and oil crops declined and so have prices for cocoa and coffee.

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Retail

Retail sales: slight decline

- The monthly comparison shows that retail trade in foodstuffs was down by 0.5% and 0.3% in February and March 2015 respectively. This follows the negative EU trend which registered a 0.6% decline in total retail trade for March as compared to February 2015.
- Year-on-year, total retail sales grew twice as fast as those of foodstuffs (+2.5% vs. +1.7% compared to March 2014).
- Consumer prices were up 0.6% from the previous quarter (-0.7% compared to Q1 2014).

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Note

- Except for imports and exports data which represent evolution of the current quarter compared to the same quarter of the previous year, all other changes are represented with respect to the previous quarter (or month) of the same year.
- Europe refers to the European Union or EU28 in the text, unless otherwise specified.
- The EU food and drink industry is identified by NACE-rev2 codes C10 (food) and C11 (drinks).

Sources

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

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

Eurostat statistics explained

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

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 AGRI, Commodity price dashboard

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

Eurostat News Release 80/2015, 'Volume of retail trade down by 0.8% in euro area', 6 May 2015

<http://ec.europa.eu/eurostat/documents/2995521/6817577/4-06052015-AP-EN.pdf/0c365184-8b3b-4479-8c9b-4d18a359b85a>

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 trade and retail trade.

About FoodDrinkEurope

FoodDrinkEurope represents Europe's food and drink industry, Europe's largest manufacturing sector in terms of turnover, employment and value added. FoodDrinkEurope works with European and international institutions, in order to contribute to the development of a legislative and economic framework addressing the competitiveness of industry, food quality and safety, consumer protection and respect for the environment. FoodDrinkEurope's membership consists of 25 national federations, including 2 observers, 26 European sector associations and 19 major food and drink companies. For more information on FoodDrinkEurope and its activities, please visit: www.fooddrinkeurope.eu

ANNEX TO THE EUROPEAN FOOD AND DRINK INDUSTRY ECONOMIC BULLETIN – Q1 2015

Production and turnover of the EU food and drink industry

Production index

	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	y-o-y
Total manufacturing	104.08	103.81	103.80	104.53	105.51	
% change	1.1	-0.3	0.0	0.7	0.9	1.4
Food and drink industry	102.51	103.62	103.50	103.97	103.63	
% change	0.3	1.1	-0.1	0.5	-0.3	1.1

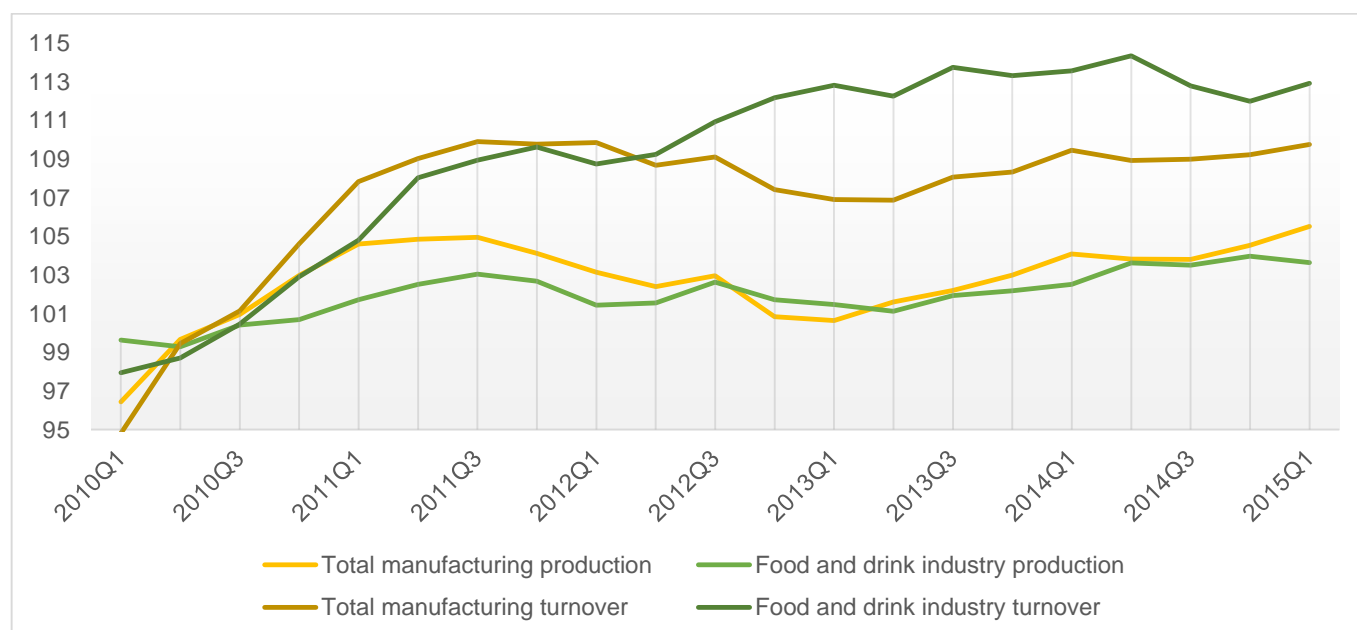
The industrial production index (also called industrial output index or industrial volume index) measures the changes in the price adjusted-output of industry.

Turnover index

	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	y-o-y
Total manufacturing	109.45	108.92	108.98	109.22	109.75	
% change	1.0	-0.5	0.1	0.2	0.5	0.3
Food and drink industry	113.56	114.33	112.78	111.98	112.92	
% change	0.2	0.7	-1.4	-0.7	0.8	-0.6

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 - 2015 (2010=100)



Source: Eurostat

Food and drink production by Member State

Member State	2014 Q4 / 2014 Q3 (% change)	2015 Q1 / 2014 Q4 (% change)	Q1 2015/Q1 2014 (% change)
EU	0.5	-0.3	1.1
Austria	3.5	-7.0	0.9
Belgium	0.3	1.2	1.3
Bulgaria	1.0	3.0	2.2
Czech Republic	4.6	0.4	4.5
Denmark	-0.3	1.9	1.8
Estonia	0.6	-4.4	-1.6
Finland	0.1	-2.4	-3.2
France	-0.3	0.5	0.9
Germany	0.9	-0.7	-0.6
Greece	1.8	1.3	2.9
Hungary	-0.2	4.8	5.8
Ireland	2.4	0.6	10.3
Italy	0.8	-0.4	0.8
Latvia	-0.5	-2.4	-4.6
Lithuania	4.7	-0.6	0.6
Netherlands	0.9	-1.3	2.3
Poland	1.3	2.9	1.5
Portugal	-13.9	-9.8	-5.1
Romania	1.5	2.3	4.6
Spain	-0.1	0.5	0.6
Sweden	-2.8	-4.1	-8.5
United Kingdom	0.5	-1.0	1.7

Source: Eurostat, Short-Term Business Statistics, NACE Rev. 2, March 2015. No data available for Croatia, Cyprus, Luxembourg, Malta, Slovakia, Slovenia

Food and drink turnover by Member State

Member State	2015 Q1 / 2014 Q4 (% change)	2015 Q1 / 2014 Q1 (% change)	Q1 2015/Q1 2014 (% change)
EU	-0.6	0.8	-0.6
Austria	1.0	-0.4	0.7
Belgium	-2.1	-1.9	-2.5
Bulgaria	0.4	5.3	6.2
Czech Republic	-0.4	2.4	1.1
Denmark	-1.5	1.1	-0.7
Estonia	-2.0	-3.6	-2.5
Finland	-2.9	-0.3	-2.0
France	-0.1	0.3	-0.2
Germany	-1.7	0.0	-3.5
Greece	1.5	0.5	0.5
Hungary	1.0	5.1	7.2
Ireland	2.3	0.2	5.4
Italy	0.7	2.0	1.8
Latvia	-0.1	-0.6	-5.3
Lithuania	2.1	-2.7	-7.9
Netherlands	-0.3	3.4	2.7
Poland	0.3	0.2	-2.9
Portugal	0.7	0.2	-1.8
Romania	2.1	1.2	4.1
Spain	-1.8	3.8	0.9
Sweden	-1.7	-3.1	-6.4

Source: Eurostat, Short-Term Business Statistics, NACE Rev. 2, March 2015. No data available for Croatia, Cyprus, Luxembourg, Malta, Slovakia, Slovenia, United Kingdom

Employment in the EU food and drink industry

Employment index

Labour input (% change)	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	y-o-y
Total manufacturing	0.1	0.2	0.3	0.2	0.3	1.0
Food and drink industry	0.2	0.6	0.4	0.2	0.3	1.5

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.

Labour input in the EU food and drink industry compared to total manufacturing, 2010-2015 (2010=100)



Food and drink industry employment by Member State

Member State	2014 Q4 / 2014 Q3 (% change)	2015 Q1 / 2014 Q4 (% change)	Q1 2015/Q1 2014 (% change)
EU	0.2	0.3	1.6
Austria	0.7	0.1	1.0
Belgium	-0.3	-0.4	-0.6
Bulgaria	-0.7	1.4	1.4
Croatia	-1.4	0.0	-4.8
Czech Republic	0.4	0.8	0.3
Denmark	0.2	0.2	0.0
Estonia	0.4	0.2	5.8
Finland	2.3	7.0	8.9
France	0.2	0.3	0.7
Germany	0.2	0.7	1.3
Ireland	2.0	1.0	4.2
Latvia	-1.1	-1.2	-4.5
Lithuania	0.8	1.3	2.2
Netherlands	0.5	0.4	1.5
Poland	0.2	-0.1	0.4
Portugal	0.0	0.1	0.9
Romania	0.2	2.4	0.9
Spain	-1.5	-2.0	3.9
Sweden	1.0	-0.5	3.2
United Kingdom	2.4	1.1	6.6

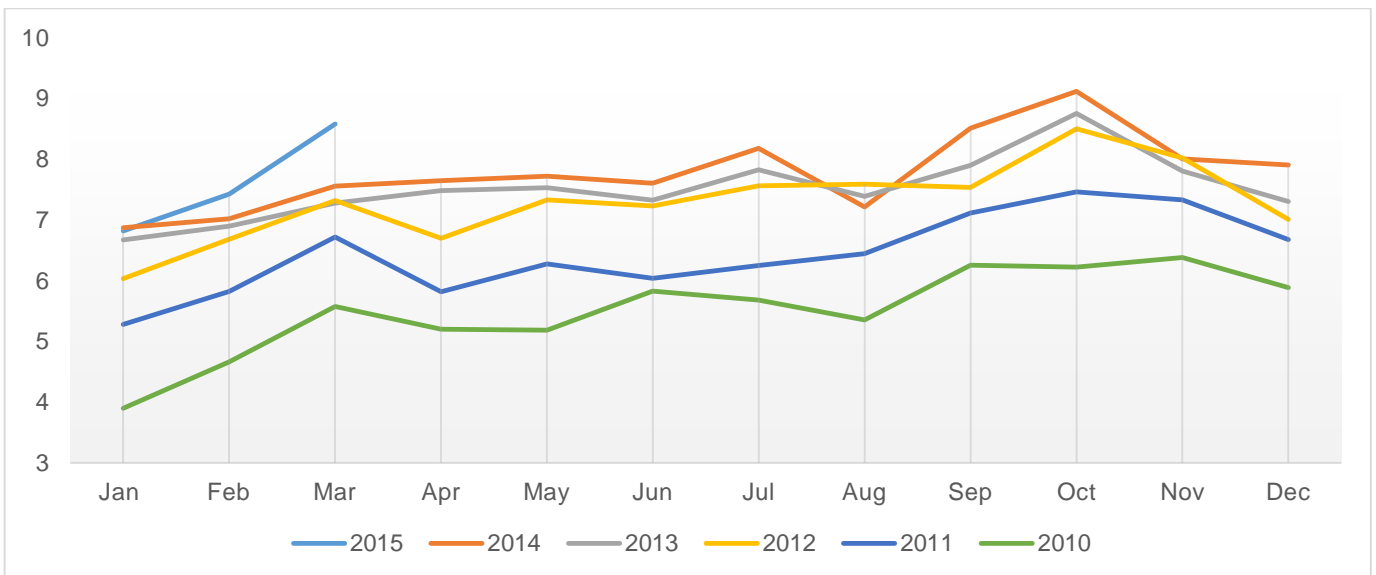
Source: Eurostat, Short-Term Business Statistics, NACE Rev. 2, August 2015. No data available for Cyprus, Greece, Hungary, Italy, Luxembourg, Malta, Slovakia, Slovenia

External trade

EU food and drink trade (€ billion)

	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2015 Q1
Exports	21.4	22.9	23.9	25	22.8
Imports	15.9	16.9	17.1	17.9	17.1
Balance	5.5	6	6.8	7.1	5.7

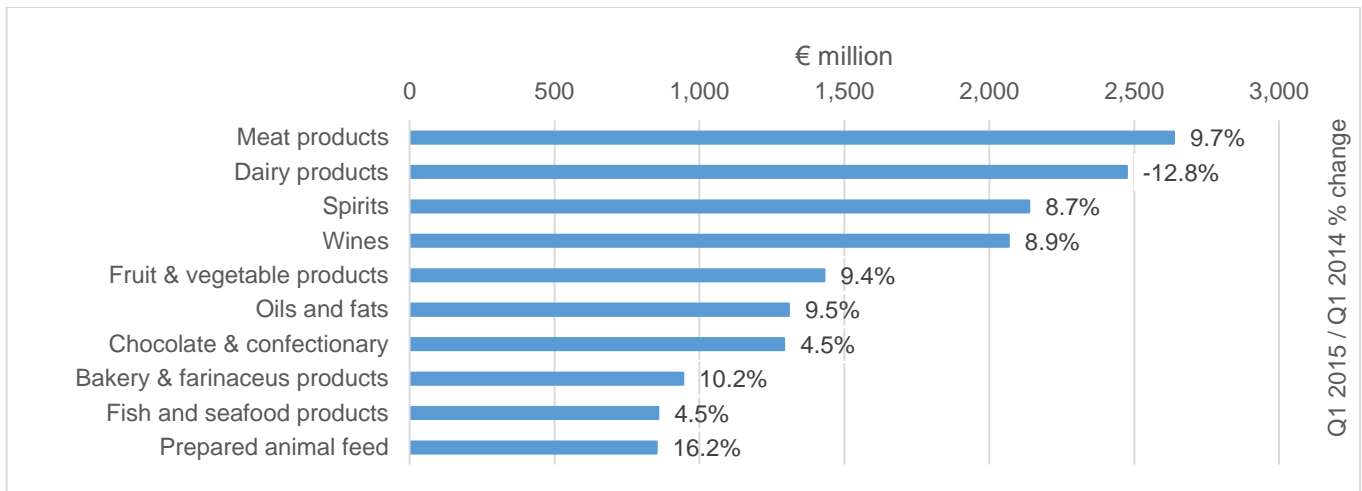
Trend in EU food and drink export, 2010 - 2015 (€ billion)



Key exports markets

	€ million	Q1 2015 / Q1 2014 % change
United States	3,935	21.8
China	1,647	23.9
Switzerland	1,343	4.1
Japan	1,092	2.0
Hong Kong	884	22.5
Russia	818	-52.5
Norway	750	4.2
Saudi Arabia	691	26.8
Canada	622	11.6
Australia	566	12.7

Source: Extracted from Eurostat Easy Comext, own calculations

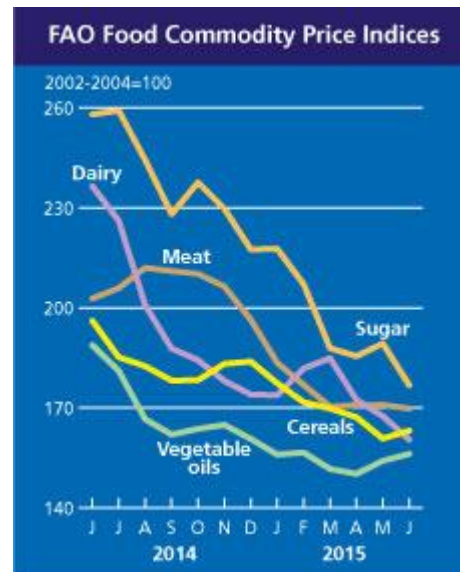
Export performance by sub-sector**Trade by sub-sector in value and volume**

FLOW	VALUE_IN_MLN_EUROS									QUANTITY_IN_1000_tonnes					
	IMPORT			EXPORT			Trade Balance			IMPORT			EXPORT		
	Q1_2014	Q1_2015	% change	Q1_2014	Q1_2015	% change	Q1_2014	Q1_2015	trend	Q1_2014	Q1_2015	% change	Q1_2014	Q1_2015	% change
Food and drink	15,945	17,120	7.4	21,442	22,814	6.4	5,497	5,694	3.6	16,175	15,753	-2.6	11,751	12,510	6.5
Food	14,833	15,929	7.4	15,887	16,723	5.3	1,054	794	-24.7	15,305	14,499	-5.3	8,670	9,319	7.5
Drink	1,112	1,191	7.2	5,554	6,091	9.7	4,443	4,900	10.3	870	1,255	44.2	3,081	3,191	3.6
Meat products	1,651	1,793	8.6	2,404	2,637	9.7	752	845	123%	466	453	-2.8	1,499	1,637	9.2
Dairy products	265	171	-35.6%	2,838	2,475	-12.8	2,573	2,304	-10.4	89	57	-35.6	966	970	0.5
Spirits	302	311	3.1	1,968	2,138	8.7	1,666	1,827	9.7	64	57	-11.4	304	283	-6.7
Wines	538	577	7.3	1,899	2,067	8.9	1,361	1,490	9.5	343	326	-5.0	452	468	3.7
Fruit & vegetable products	1,943	2,189	12.6	1,309	1,431	9.4	-634	-757	19.4	1,945	1,843	-5.3	1,115	1,245	11.6
Oils and fats	3,850	3,987	3.6	1,195	1,309	9.5	-2,655	-2,678	0.9	8,363	8,177	-2.2	964	1,064	10.3
Chocolate & confectionery	631	738	17.0	1,237	1,293	4.5	605	554	-8.4	2,337	1,914	-18.1	1,654	1,805	9.1
Bakery & farinaceous products	156	178	14.1	856	944	10.2	700	766	9.3	77	82	6.1	406	405	-0.2
Fish and seafood products	3,757	4,113	9.5	821	858	4.5	-2,936	-3,255	10.9	1,172	1,157	-1.3	435	419	-3.8
Prepared animal feed	203	237	16.3	734	853	16.2	530	616	16.2	253	203	-19.7	663	665	0.3
Grain mill and starch products	436	459	5.2	749	819	9.4	312	360	15.1	606	615	1.6	905	1,043	15.2
Beer	79	89	12.8	684	793	16.0	605	704	16.4	209	228	9.3	739	789	6.8
Soft drinks & mineral waters	188	206	9.5	670	755	12.7	482	549	13.9	250	637	155.3	911	952	4.4
Processed tea & coffee	476	517	8.7	482	514	6.8	6	-3	-149.9	44	37	-15.0	74	72	-2.8
Cider	4	7	63.3	48	49	1.0	44	42	-5.2	4	6	60.5	35	35	-1.0

Source: Extracted from Eurostat Easy Comext, own calculations

Prices of agricultural commodities

FAO Food Price Index



Source: FAO Food Price Index - including own calculations to highlight quarterly developments

Main agricultural commodity prices

Agricultural commodity	EU			WORLD		
	Q1 2015 average	Q1 2015/Q4 2014	Q1 2015/Q1 2014	Q1 2015 average	Q1 2015/Q4 2014	Q1 2015/Q1 2014
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Corn	150	4.2	-11.3	151	9.5	-1.7
Soft Wheat	184	7.8	-5.1	193	1.7	-0.4
DAIRY						
SMP	2,084	3.3	-37.3	2,278	15	-34.9
WMP	2,576	7.9	-31.4	2,514	17.4	-32.1
SUGAR						
White Sugar	420	-5.7	-31.5	329	0.7	0.7
				USD/T	%	%
OILS AND OIL CROPS						
Soybean oil				774	-6.5	-20.7
Soybean				411	-6.4	-31.4
Soybean meal				431	-8.5	-25.9
Rapeseed				406	-3.1	-23.4
Palm oil				683	-4.5	-25.0
COFFEE & COCOA						
Cocoa				2,917	-2.4	-1.2
Coffee				3,060	-14.3	0.7

Source: World prices – FAO (cereals), CIAL (dairy), USDA (sugar) EU prices: European Commission, DG AGRI - including own calculations to highlight quarterly developments

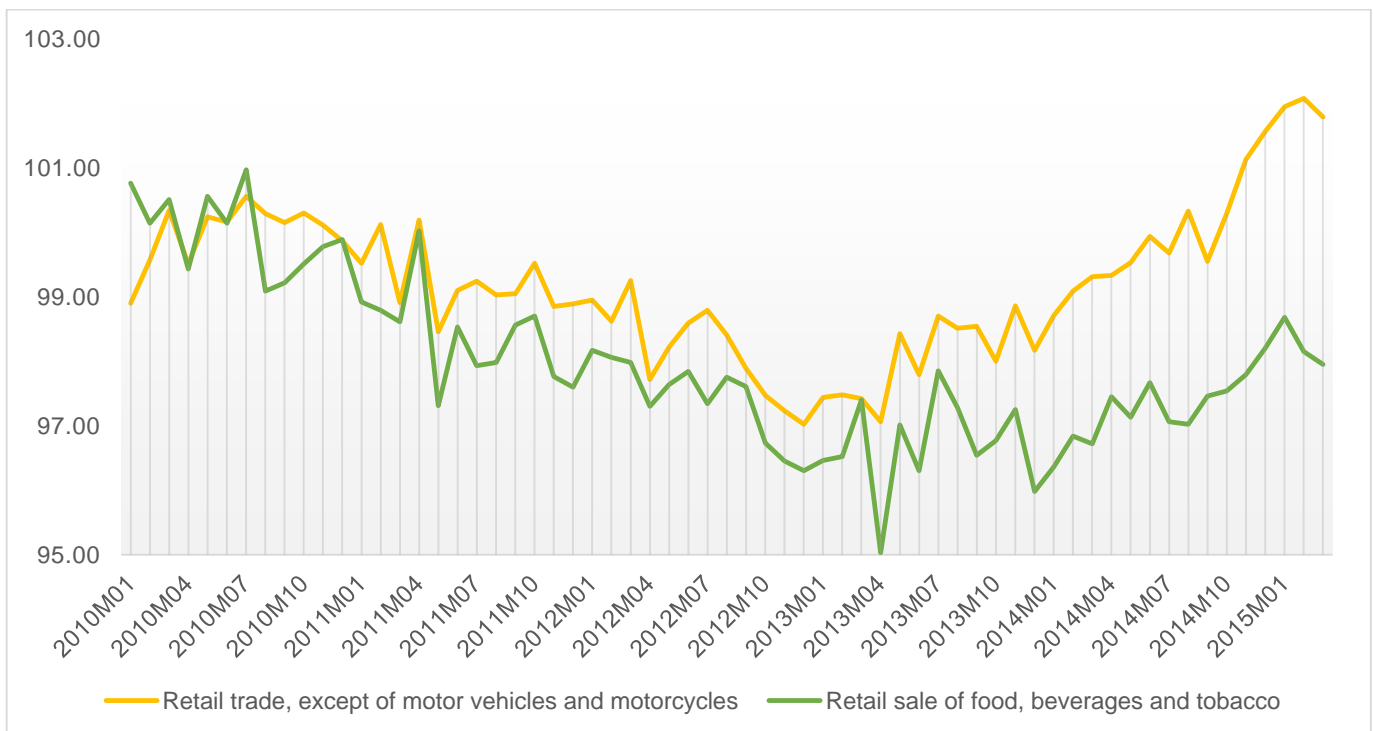
Retail trade

Volume of retail trade (% change)

	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	y-o-y
Total retail trade	0.9	0.4	0.5	0.1	-0.6	2.5
Food, drinks and tobacco	0.3	0.4	0.5	-0.5	-0.3	1.7

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

EU monthly retail trade volume by product group, 2010 - 2015 (2010=100)

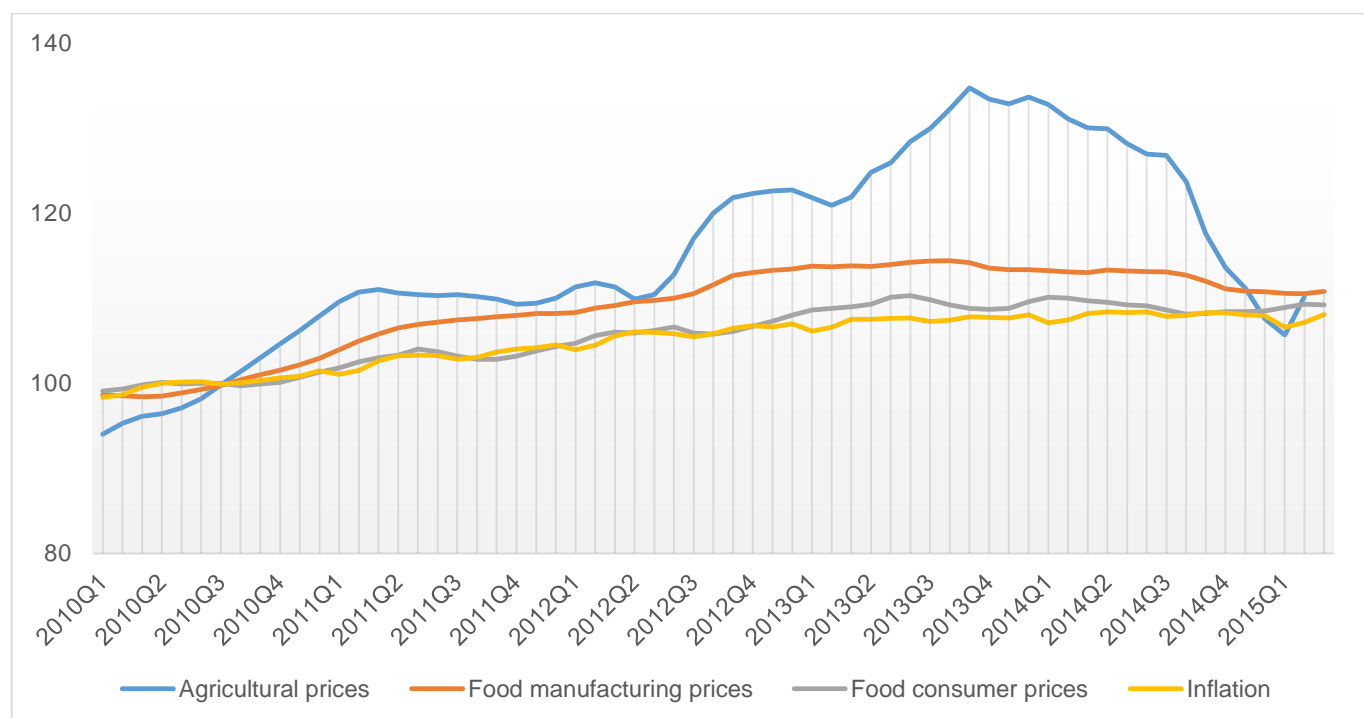


Sources: Eurostat; [Eurostat News Release 80/2015](#)

Price developments along the EU food chain

Price developments (% change)

	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	y-o-y
Agricultural prices	-1.5	-2.2	-4.4	-9.7	n.a.	n.a.
Producer prices	-0.3	0.1	-0.6	-1.5	-0.02	-2.2
Consumer prices	0.8	-0.6	-0.9	0.1	0.6	-0.7
Inflation	-0.2	0.7	-0.3	0.1	-0.8	-0.3



Sources: DG AGRI (Agriview); Eurostat