

# ECONOMIC BULLETIN Q1 2016

## Moderate growth in production and sales, stable employment and strong exports

### Food and drink industry

#### Moderate increase in production and sales

- In Q1 2016, EU food and drink industry production increased by 0.5% and hence reversed the downward trend of the previous quarter.
- EU food and drink industry turnover increased by 0.3% from the previous quarter.
- The year-on-year comparison shows that food and drink industry turnover performed better than total manufacturing turnover (0.1% vs. -0.6% compared to Q1 2015). Total manufacturing production growth outperformed food and drink industry production (2.1% vs. 1.2% compared to Q1 2015).
- Food manufacturing prices decreased by 0.6% in Q4 2015 and Q1 2016, and were 1.1% lower compared to Q1 2015.

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#### Employment: stable in Q1

- Employment in the EU food and drink industry increased by 1% in Q1 2016.
- Employment in the food and drink industry remained on a positive growth trend, and in the long term, continues to outperform the average employment level growth in the manufacturing industry (Q1 2016/Q1 2011: +2.6% (food and drink industry) vs +1.3% (manufacturing)).

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#### External trade: EU trade surplus supported by continued strong sub-sector performance

- The trade surplus reached €5.8 billion in Q1 2016.
- Extra-EU exports of food and drink products totalled €23.3 billion in Q1 2016 (Q1 2016/Q1 2015: +2.2%).

- The top 5 products with the largest share in export value generated €11.1 billion in Q1 2016 (meat, dairy, wine, spirits, processed fruits and vegetables).
- Extra-EU imports of food and drink products reached €17.5 billion (Q1 2016/Q1 2015: +0.9%).

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### Agricultural commodities

#### Prices: FAO food price trend heads up

- Key factors: the increase in sugar prices and palm oil quotations more than offset the decline in dairy product prices - but the FAO price index still remains below the level of previous years.
- In Q1 2016, EU and world markets prices for most agricultural commodities decreased compared to the previous quarter. At the same time, prices for sugar and palm oil increased.
- The year-on-year comparison shows that the prices of most commodities have declined compared to their Q1 2015 level, except for sugar and cocoa.

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### Retail

#### Retail trade: decrease at the end of Q1

- Retail trade in foodstuffs registered moderate growth in January, February, and decreased in March 2016.
- Year-on-year, retail trade in foodstuffs increased by 2.4% vs. 2.8% for total retail trade compared to March 2015.
- Consumer prices were up by +0.1% compared to Q4 2015.

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## Methodology

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- Except for imports and exports data which represent 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

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

Eurostat News Release 108/2016, 'Volume of retail trade stable in euro area - Up by 0.5% in EU28', 3 June 2016

[http://europa.eu/rapid/press-release\\_STAT-16-2061\\_en.htm](http://europa.eu/rapid/press-release_STAT-16-2061_en.htm)

### 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 Q1 2016

### Annex

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

##### Production index

|                                | 2015 Q1 | 2015 Q2 | 2015 Q3 | 2015 Q4 | 2016 Q1       | y-o-y |
|--------------------------------|---------|---------|---------|---------|---------------|-------|
| <b>Total manufacturing</b>     | 105.46  | 105.97  | 106.27  | 106.70  | <b>107.68</b> |       |
| <b>% change</b>                | 0.7     | 0.5     | 0.3     | 0.4     | <b>0.9</b>    | 2.1   |
| <b>Food and drink industry</b> | 103.57  | 103.43  | 104.87  | 104.25  | <b>104.78</b> |       |
| <b>% change</b>                | -0.3    | -0.1    | 1.4     | -0.6    | <b>0.5</b>    | 1.2   |

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.

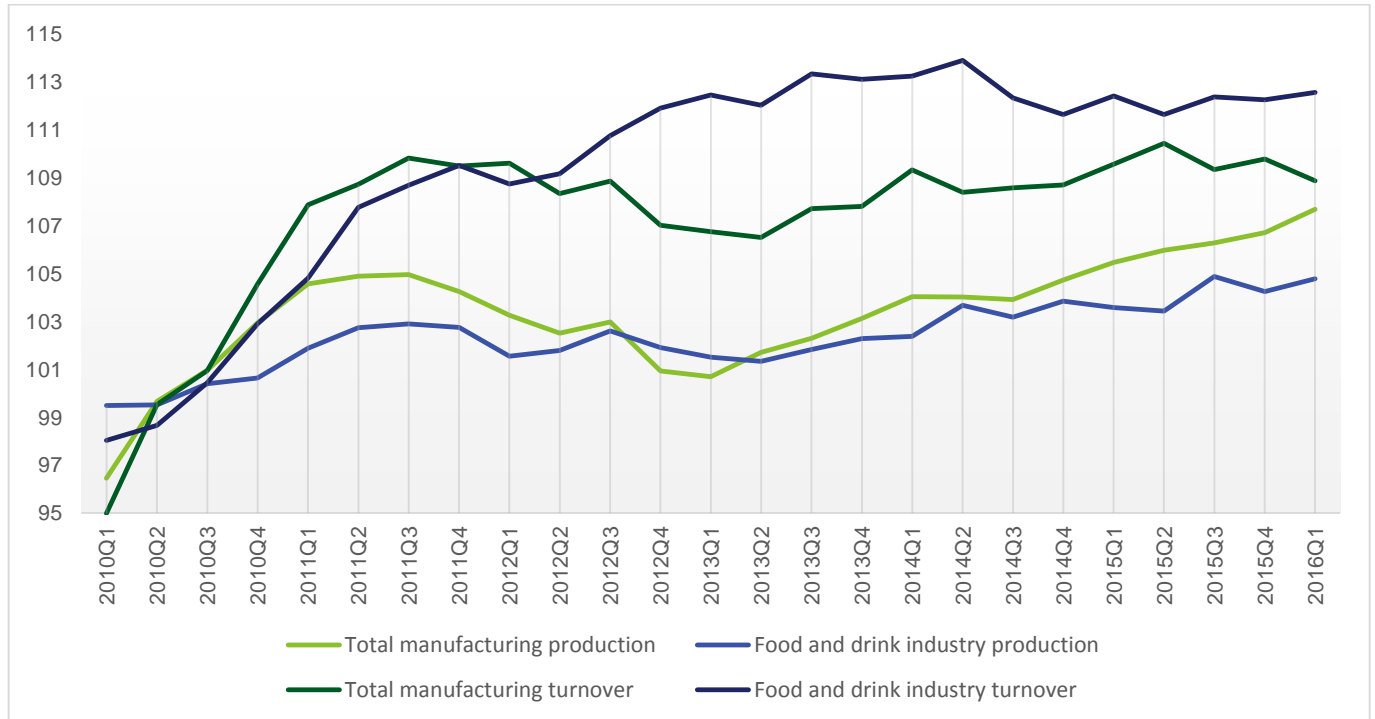
##### Turnover index

|                                | 2015 Q1 | 2015 Q2 | 2015 Q3 | 2015 Q4 | 2016 Q1       | y-o-y |
|--------------------------------|---------|---------|---------|---------|---------------|-------|
| <b>Total manufacturing</b>     | 109.56  | 110.43  | 109.34  | 109.78  | <b>108.87</b> |       |
| <b>% change</b>                | 0.8     | 0.8     | -1.0    | 0.4     | <b>-0.8</b>   | -0.6  |
| <b>Food and drink industry</b> | 112.41  | 111.64  | 112.37  | 112.25  | <b>112.56</b> |       |
| <b>% change</b>                | 0.7     | -0.7    | 0.7     | -0.1    | <b>0.3</b>    | 0.1   |

Source: Eurostat

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

## EU quarterly manufacturing production and turnover, 2010 - 2016 (2010=100)



Source: Eurostat

## Food and drink production by Member State

| Member State   | 2015 Q4 / 2015 Q3<br>(% change) | 2016 Q1 / 2015 Q4<br>(% change) | 2016 Q1 / 2015 Q1<br>(% change) |
|----------------|---------------------------------|---------------------------------|---------------------------------|
| EU             | -0.6                            | 0.5                             | 1.2                             |
| Austria        | 1.4                             | -8.2                            | -1.3                            |
| Belgium        | 1.3                             | 1.8                             | 4.3                             |
| Bulgaria       | 1.8                             | 2.6                             | 0.9                             |
| Czech Republic | 0.5                             | -4.8                            | -2.7                            |
| Denmark        | 0.6                             | 0.9                             | -0.5                            |
| Estonia        | 0.9                             | -0.7                            | 2.3                             |
| Finland        | -1.8                            | 1.9                             | 2.2                             |
| France         | -0.9                            | -0.3                            | 0.2                             |
| Germany        | 0.2                             | 1.0                             | 0.2                             |
| Greece         | 2.2                             | 2.2                             | 2.7                             |
| Hungary        | -0.8                            | 2.1                             | 2.3                             |
| Ireland        | -7.9                            | 6.1                             | 7.3                             |
| Italy          | -1.2                            | 0.8                             | -0.3                            |
| Latvia         | -4.3                            | 3.0                             | -0.3                            |
| Lithuania      | 3.5                             | -1.9                            | 2.7                             |
| Netherlands    | 0.9                             | 1.4                             | 3.7                             |
| Poland         | 1.1                             | 0.6                             | 2.1                             |
| Portugal       | -19.0                           | -4.1                            | 0.2                             |
| Romania        | -1.0                            | 0.8                             | 3.7                             |
| Spain          | -0.5                            | 1.2                             | 2.3                             |
| Sweden         | -1.8                            | 0.9                             | 0.7                             |

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

## Food and drink turnover by Member State

| Member State          | 2015 Q4 / 2015 Q3<br>(% change) | 2016 Q1 / 2015 Q4<br>(% change) | 2016 Q1 / 2015 Q1<br>(% change) |
|-----------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>EU</b>             | -0.1                            | 0.3                             | 0.1                             |
| <b>Austria</b>        | -2.6                            | 1.4                             | 2.7                             |
| <b>Belgium</b>        | 0.1                             | -1.7                            | 0.8                             |
| <b>Bulgaria</b>       | 0.2                             | 6.3                             | 1.4                             |
| <b>Czech Republic</b> | 0.4                             | -6.8                            | -6.8                            |
| <b>Denmark</b>        | -1.8                            | 1.5                             | -1.2                            |
| <b>Estonia</b>        | 1.2                             | -1.5                            | -1.3                            |
| <b>Finland</b>        | -0.7                            | -0.7                            | -1.9                            |
| <b>France</b>         | -0.3                            | 0.5                             | 0.7                             |
| <b>Germany</b>        | -0.4                            | 1.1                             | 0.5                             |
| <b>Greece</b>         | -0.4                            | -2.0                            | -3.3                            |
| <b>Hungary</b>        | 1.8                             | -0.3                            | 0.0                             |
| <b>Ireland</b>        | -4.3                            | 3.6                             | 1.9                             |
| <b>Italy</b>          | 0.7                             | -1.4                            | -1.9                            |
| <b>Latvia</b>         | -0.7                            | 2.3                             | -1.8                            |
| <b>Lithuania</b>      | -0.1                            | -3.7                            | -3.4                            |
| <b>Netherlands</b>    | 1.6                             | -0.3                            | -0.1                            |
| <b>Poland</b>         | 1.3                             | 0.1                             | 1.8                             |
| <b>Portugal</b>       | 1.8                             | -1.8                            | 1.1                             |
| <b>Romania</b>        | 0.1                             | -1.3                            | 2.5                             |
| <b>Spain</b>          | 1.0                             | 2.1                             | 2.2                             |
| <b>Sweden</b>         | -0.9                            | -1.1                            | -1.0                            |

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

## Employment in the EU food and drink industry

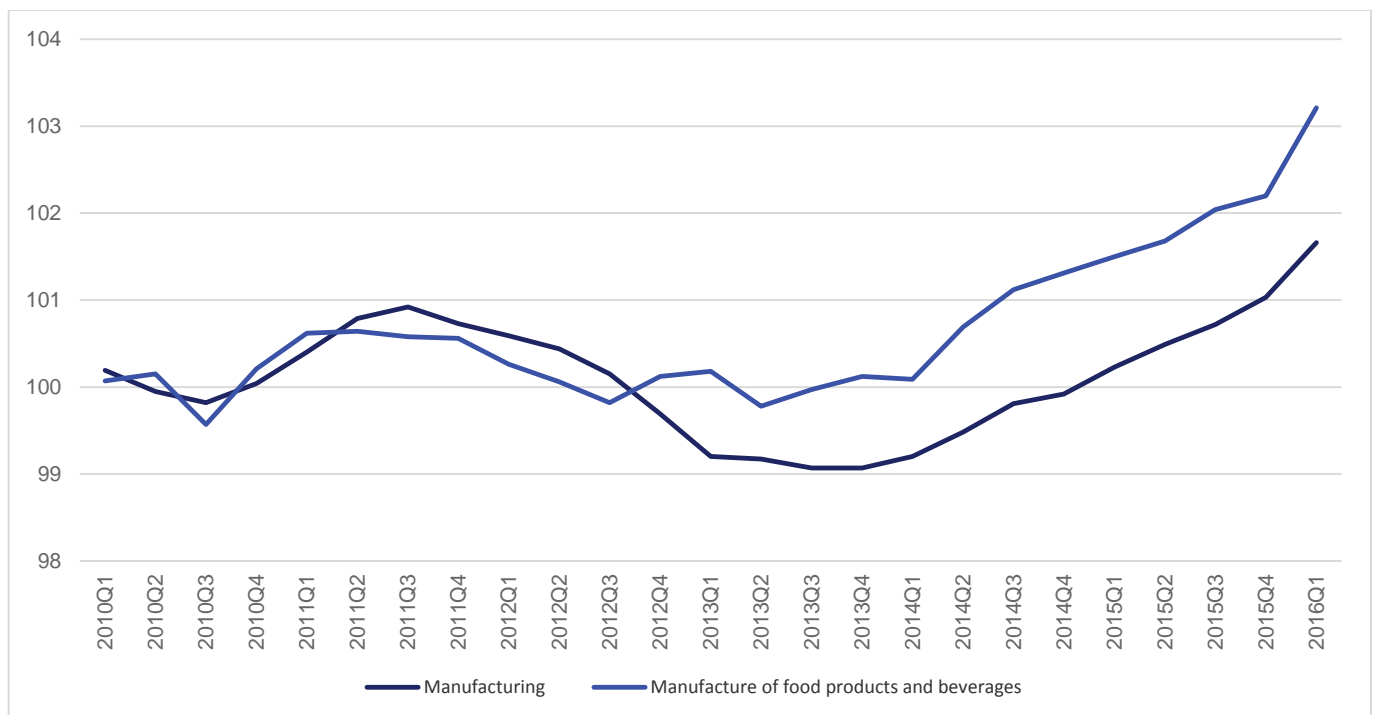
### Employment index

| Employment                     | 2015 Q1 | 2015 Q2 | 2015 Q3 | 2015 Q4 | 2016 Q1       | y-o-y |
|--------------------------------|---------|---------|---------|---------|---------------|-------|
| <b>Total manufacturing</b>     | 100.23  | 100.49  | 100.72  | 101.03  | <b>101.66</b> |       |
| <b>% change</b>                | 0.3     | 0.3     | 0.2     | 0.3     | <b>0.6</b>    | 1.4   |
| <b>Food and drink industry</b> | 101.50  | 101.68  | 102.04  | 102.20  | <b>103.21</b> |       |
| <b>% change</b>                | 0.2     | 0.2     | 0.4     | 0.2     | <b>1.0</b>    | 1.7   |

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 total manufacturing, 2010-2016 (2010=100)



Source: Eurostat

## Food and drink industry employment by Member State

| Member State          | 2015 Q4 / 2015 Q3<br>(% change) | 2016 Q1 / 2015 Q4<br>(% change) | 2016 Q1 / 2015 Q1<br>(% change) |
|-----------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>EU</b>             | 0.2                             | 1.0                             | 1.7                             |
| <b>Austria</b>        | -0.1                            | -2.1                            | -2.1                            |
| <b>Belgium</b>        | -0.2                            | -0.1                            | 0.4                             |
| <b>Bulgaria</b>       | -0.8                            | 4.3                             | 2.3                             |
| <b>Croatia</b>        | 2.6                             | 4.6                             | 11.4                            |
| <b>Czech Republic</b> | 1.5                             | 1.5                             | 3.1                             |
| <b>Denmark</b>        | 0.2                             | -0.3                            | -0.9                            |
| <b>Estonia</b>        | -2.5                            | -1.3                            | -2.3                            |
| <b>Finland</b>        | -10.8                           | 10.0                            | -1.9                            |
| <b>France</b>         | 0.3                             | 0.3                             | 0.8                             |
| <b>Germany</b>        | 0.3                             | 1.4                             | 2.8                             |
| <b>Ireland</b>        | -7.4                            | 1.5                             | -5.7                            |
| <b>Latvia</b>         | -0.5                            | 0.1                             | -7.4                            |
| <b>Lithuania</b>      | -0.9                            | 2.0                             | 1.3                             |
| <b>Netherlands</b>    | 0.1                             | na                              | na                              |
| <b>Poland</b>         | 0.3                             | 0.4                             | 1.0                             |
| <b>Portugal</b>       | -0.3                            | 0.5                             | 1.6                             |
| <b>Romania</b>        | 1.5                             | 2.1                             | 3.4                             |
| <b>Spain</b>          | -3.7                            | 1.7                             | -3.8                            |
| <b>Sweden</b>         | -0.6                            | -0.1                            | -2.1                            |
| <b>United Kingdom</b> | 3.4                             | -1.0                            | 4.9                             |

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

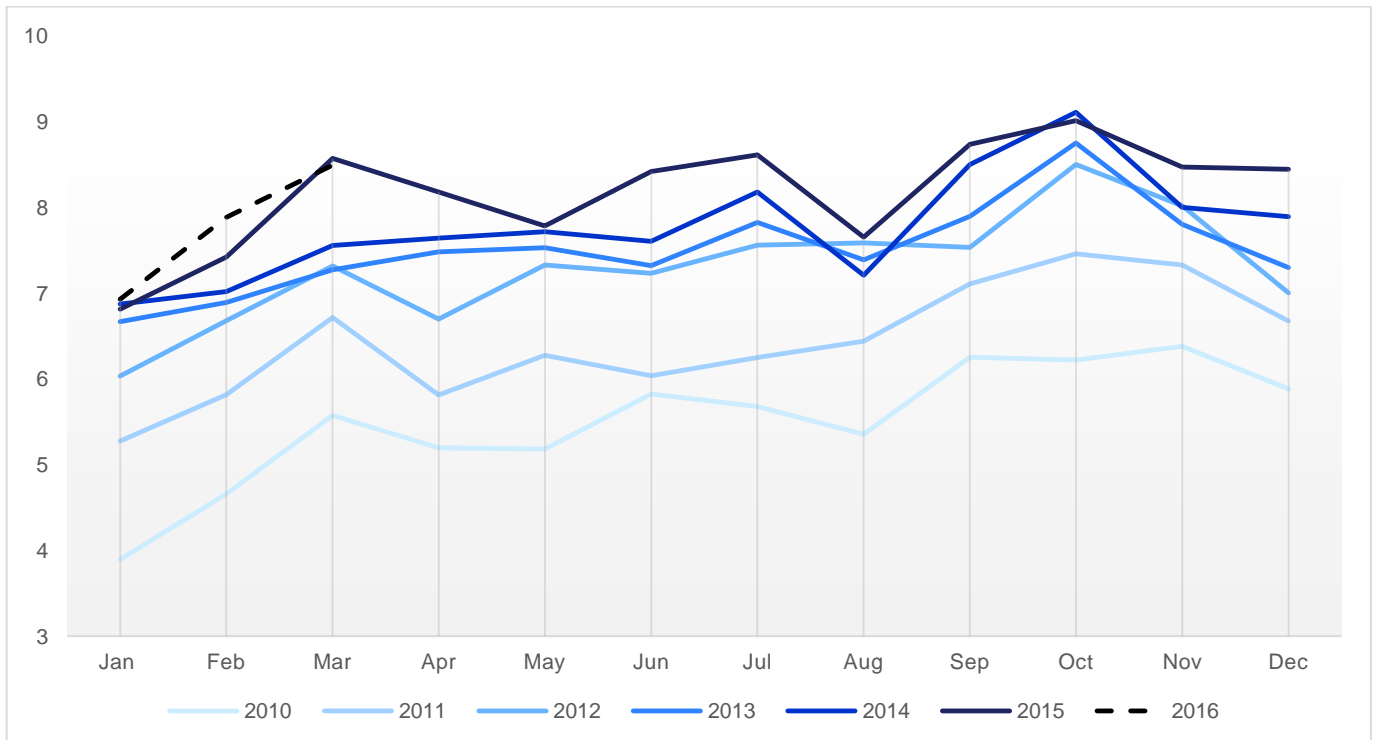
## External trade

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

|                | 2015 Q1 | 2015 Q2 | 2015 Q3 | 2015 Q4 | 2016 Q1     | 2016 Q1 / 2015 Q1 % change |
|----------------|---------|---------|---------|---------|-------------|----------------------------|
| <b>Exports</b> | 22.8    | 24.4    | 25.0    | 25.9    | <b>23.3</b> | 2.2                        |
| <b>Imports</b> | 17.3    | 18.5    | 18.4    | 18.7    | <b>17.5</b> | 0.9                        |
| <b>Balance</b> | 5.5     | 5.9     | 6.6     | 7.3     | <b>5.8</b>  | 6.2                        |

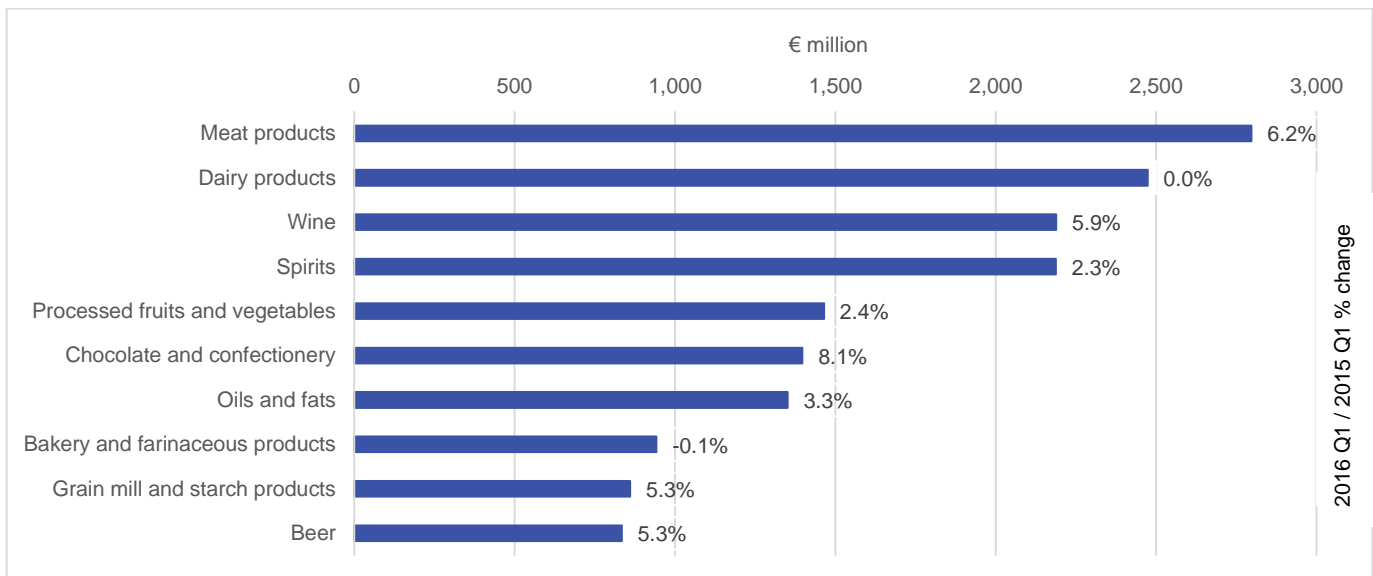
Source: Eurostat

### EU food and drink export, 2010-2016 (€ billion)



Source: Eurostat

### Export performance by sub-sector in Q1 2016



Source: Eurostat



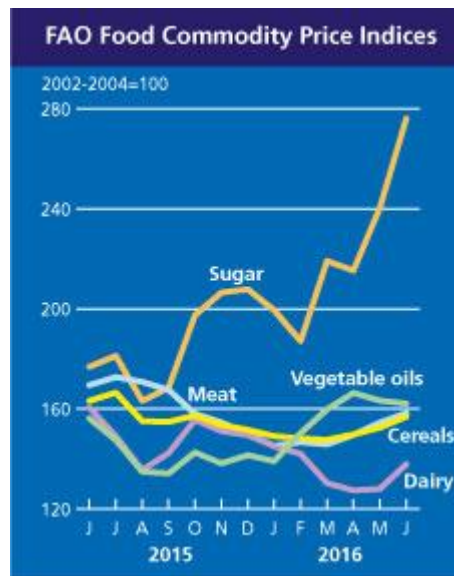
## Trade by sub-sector in value and volume in Q1 2016

| FLOW                                   | VALUE_IN_MLN_EUROS |               |              |               |               |              | QUANTITY_IN_1000 tonnes |              |           |               |               |              |               |               |              |
|--|--------------------|---------------|--------------|---------------|---------------|--------------|-------------------------|--------------|-----------|---------------|---------------|--------------|---------------|---------------|--------------|
|  | IMPORT             | IMPORT        | % change     | EXPORT        | EXPORT        | % change     | Trade Balance           |              |           | IMPORT        | IMPORT        | % change     | EXPORT        | EXPORT        | % change     |
| PRODUCT/PERIOD                         | Q1 2015            | Q1 2016       |              | Q1 2015       | Q1 2016       |              | Q1 2015                 | Q1 2016      | trend     | Q1 2015       | Q1 2016       |              | Q1 2015       | Q1 2016       |              |
| <b>Food and drink</b>                  | <b>17,316</b>      | <b>17,476</b> | <b>0.93%</b> | <b>22,801</b> | <b>23,303</b> | <b>2.20%</b> | <b>5,485</b>            | <b>5,827</b> | <b>6%</b> | <b>15,883</b> | <b>17,195</b> | <b>8.26%</b> | <b>12,502</b> | <b>12,656</b> | <b>1.24%</b> |
| <b>Food</b>                            | 16,112             | 16,189        | 0.48%        | 16,711        | 16,943        | 1.39%        | 599                     | 754          | 26%       | 14,620        | 15,835        | 8.31%        | 9,311         | 9,358         | 0.50%        |
| <b>Drink</b>                           | 1,204              | 1,287         | 6.89%        | 6,090         | 6,360         | 4.43%        | 4,886                   | 5,073        | 4%        | 1,263         | 1,360         | 7.65%        | 3,190         | 3,299         | 3.40%        |
| <b>Meat products</b>                   | 1,856              | 1,765         | -4.89%       | 2,634         | 2,798         | 6.23%        | 778                     | 1,032        | 33%       | 468           | 499           | 6.73%        | 1,635         | 1,853         | 13.32%       |
| <b>Dairy products</b>                  | 171                | 176           | 2.99%        | 2,474         | 2,474         | -0.01%       | 2,303                   | 2,297        | 0%        | 57            | 63            | 10.03%       | 969           | 1,105         | 14.01%       |
| <b>Wine</b>                            | 582                | 603           | 3.52%        | 2,067         | 2,189         | 5.90%        | 1,485                   | 1,586        | 7%        | 327           | 329           | 0.45%        | 468           | 479           | 2.42%        |
| <b>Spirits</b>                         | 318                | 335           | 5.36%        | 2,138         | 2,188         | 2.33%        | 1,820                   | 1,853        | 2%        | 58            | 61            | 5.54%        | 283           | 292           | 2.92%        |
| <b>Processed fruits and vegetables</b> | 2,217              | 2,228         | 0.49%        | 1,430         | 1,465         | 2.41%        | -787                    | -763         | -3%       | 1,861         | 1,926         | 3.50%        | 1,244         | 1,236         | -0.69%       |
| <b>Chocolate and confectionery</b>     | 519                | 532           | 2.54%        | 1,293         | 1,398         | 8.12%        | 774                     | 866          | 12%       | 38            | 40            | 6.76%        | 311           | 330           | 5.94%        |
| <b>Oils and fats</b>                   | 4,029              | 3,845         | -4.57%       | 1,308         | 1,352         | 3.31%        | -2,721                  | -2,493       | -8%       | 8,215         | 9,132         | 11.16%       | 1,063         | 1,047         | -1.58%       |
| <b>Bakery and farinaceous products</b> | 181                | 189           | 4.13%        | 943           | 942           | -0.06%       | 762                     | 754          | -1%       | 84            | 86            | 3.36%        | 405           | 414           | 2.08%        |
| <b>Grain mill and starch products</b>  | 465                | 485           | 4.29%        | 817           | 861           | 5.28%        | 352                     | 375          | 7%        | 620           | 707           | 13.94%       | 1,040         | 1,008         | -3.05%       |
| <b>Beer</b>                            | 89                 | 112           | 26.08%       | 793           | 834           | 5.28%        | 704                     | 722          | 3%        | 228           | 287           | 25.88%       | 789           | 824           | 4.44%        |
| <b>Prepared animal feed</b>            | 240                | 277           | 15.59%       | 852           | 833           | -2.30%       | 612                     | 555          | -9%       | 205           | 307           | 49.66%       | 665           | 699           | 5.23%        |
| <b>Fish and seafood products</b>       | 4,168              | 4,402         | 5.61%        | 858           | 804           | -6.33%       | -3,310                  | -3,598       | 9%        | 1,171         | 1,212         | 3.45%        | 418           | 356           | -14.82%      |
| <b>Mineral waters and soft drinks</b>  | 207                | 229           | 10.32%       | 755           | 791           | 4.81%        | 548                     | 563          | 3%        | 643           | 676           | 5.15%        | 952           | 943           | -0.96%       |
| <b>Processed tea and coffee</b>        | 390                | 376           | -3.58%       | 514           | 514           | -0.12%       | 124                     | 137          | 11%       | 1,286         | 1,240         | -3.65%       | 72            | 77            | 7.21%        |
| <b>Cider</b>                           | 7                  | 7             | -8.09%       | 49            | 53            | 8.53%        | 42                      | 46           | 11%       | 6             | 4             | -29.51%      | 35            | 38            | 7.61%        |

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    | Q1 2016 average | EU                  |                     | Q1 2016 average | WORLD               |                     |
|---------------------------|-----------------|---------------------|---------------------|-----------------|---------------------|---------------------|
|                           |                 | Q1 2016/<br>Q4 2015 | Q1 2016/<br>Q1 2015 |                 | Q1 2016/<br>Q4 2015 | Q1 2016/<br>Q1 2015 |
|                           | EUR/T           | % change            | % change            | EUR/T           | % change            | % change            |
| <b>CEREALS</b>            |                 |                     |                     |                 |                     |                     |
| Corn                      | 158             | -4.6                | 5.2                 | 146             | -4.6                | -2.9                |
| Soft Wheat                | 158             | -7.4                | -14.2               | 174             | -5.2                | -10.1               |
| <b>DAIRY</b>              |                 |                     |                     |                 |                     |                     |
| SMP                       | 1,655           | -6.0                | -19.2               | 1,649           | -10.1               | -27.6               |
| WMP                       | 2,084           | -10.4               | -19.1               | 1,878           | -16.5               | -25.3               |
| <b>SUGAR</b>              |                 |                     |                     |                 |                     |                     |
| White Sugar               | 430             | 1.7                 | 2.4                 | 379             | 3.3                 | 15.3                |
|                           |                 |                     |                     | USD/T           | %                   | %                   |
| <b>OILS AND OIL CROPS</b> |                 |                     |                     |                 |                     |                     |
| Soybean oil               |                 |                     |                     | 749             | 0.8                 | -3.3                |
| Soybean                   |                 |                     |                     | 370             | -0.4                | -10.0               |
| Soybean meal              |                 |                     |                     | 328             | -8.4                | -23.9               |
| Rapeseed                  |                 |                     |                     | 395             | -4.7                | -2.7                |
| Palm oil                  |                 |                     |                     | 630             | 10.6                | -7.7                |
| <b>COFFEE &amp; COCOA</b> |                 |                     |                     |                 |                     |                     |
| Cocoa                     |                 |                     |                     | 2,981           | -9.7                | 2.2                 |
| Coffee                    |                 |                     |                     | 2,502           | -2.2                | -18.2               |

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

## Retail trade

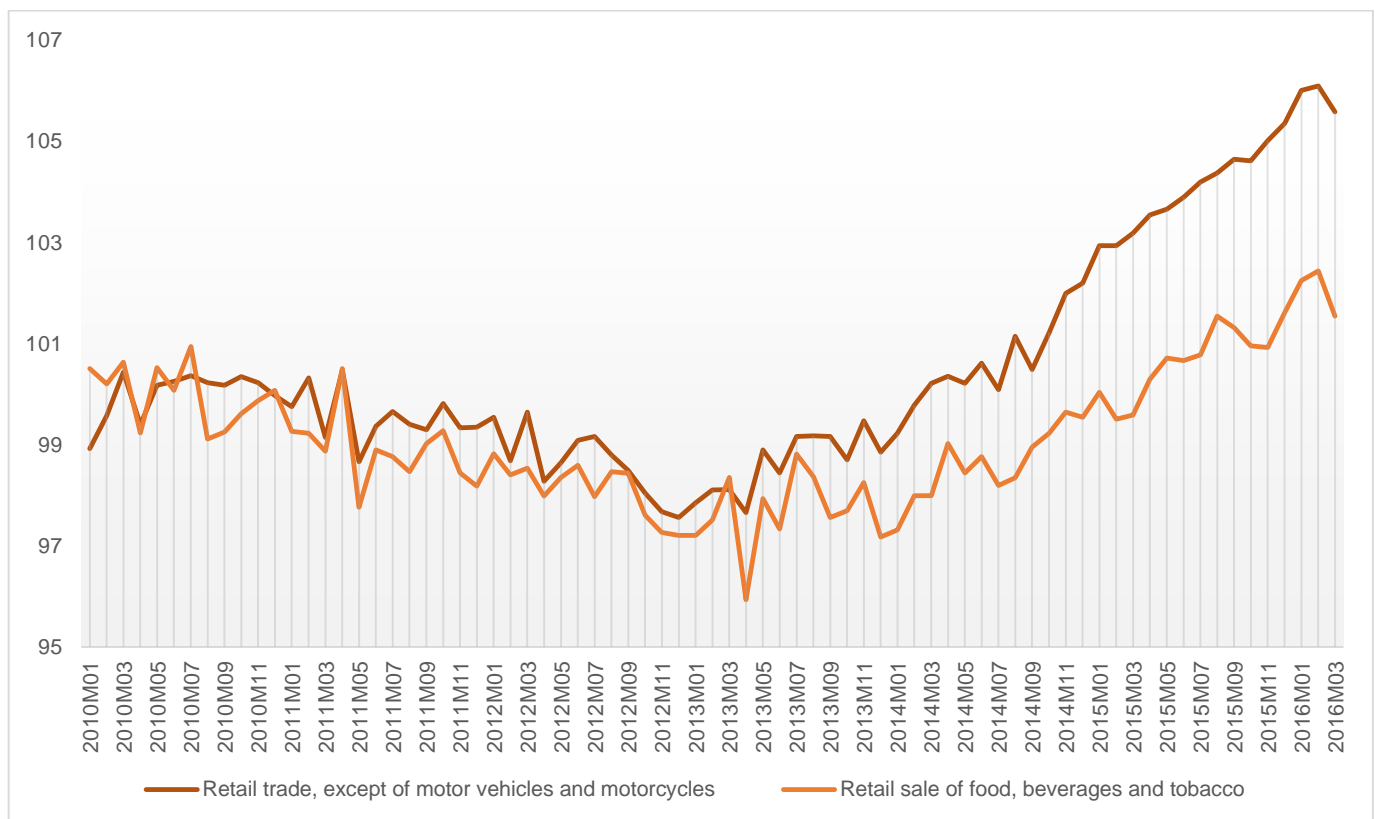
### Volume of retail trade (% change)

|                                 | Nov-15 | Dec-15 | Jan-16 | Feb-16 | Mar-16 | y-o-y |
|---------------------------------|--------|--------|--------|--------|--------|-------|
| <b>Total retail</b>             | 0.4    | 0.3    | 0.6    | 0.1    | -0.6   | 2.8   |
| <b>Food, drinks and tobacco</b> | 0.0    | 0.7    | 0.6    | 0.2    | -0.9   | 2.4   |

Source: Eurostat

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, 2010-2016 (2010=100)



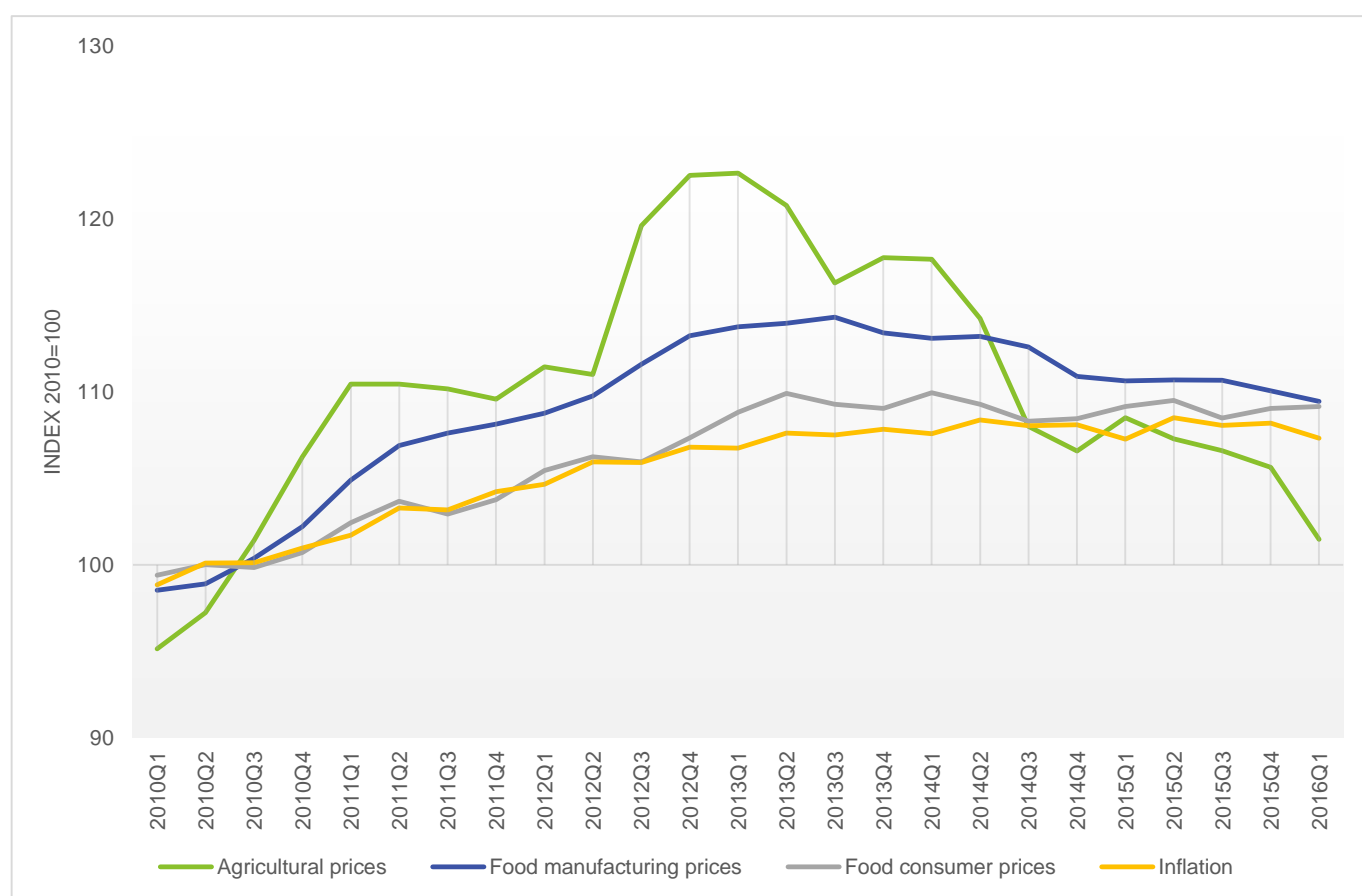
Sources: Eurostat; [Eurostat News Release 108/2016](#)

## Price developments along the EU food chain

### Price developments (% change)

|                                  | 2015 Q1 | 2015 Q2 | 2015 Q3 | 2015 Q4 | 2016 Q1     | y-o-y |
|----------------------------------|---------|---------|---------|---------|-------------|-------|
| <b>Agricultural prices</b>       | 1.8     | -1.1    | -0.6    | -0.9    | <b>-3.9</b> | -6.5  |
| <b>Food manufacturing prices</b> | -0.2    | 0.1     | 0.0     | -0.6    | <b>-0.6</b> | -1.1  |
| <b>Food consumer prices</b>      | 0.6     | 0.3     | -0.9    | 0.5     | <b>0.1</b>  | 0.0   |
| <b>Inflation</b>                 | -0.8    | 1.2     | -0.4    | 0.1     | <b>-0.8</b> | 0.0   |

Sources: FoodDrinkEurope calculations on DG AGRI and Eurostat data



Note: Eurostat monthly indices for EU farmer prices are not available since 2013. Until March 2015, it is estimated based on Member States data weighted by their share in the agricultural output. Beyond, the index is estimated based on cereal, sugar, milk and meat monthly prices weighted by annual production.

Source: DG Agriculture and Rural Development, based on Eurostat