

ECONOMIC BULLETIN Q4 2015

Moderate decline in production, steady sales, stable employment and a growing trade surplus

Food and drink industry

Moderate decline in production and steady sales

- In Q4 2015, EU food and drink industry production decreased by 0.6% and hence reversed the upward trend of the previous quarter.
- EU food and drink industry turnover remained unchanged from the previous quarter.
- The year-on-year comparison shows that overall manufacturing turnover performed better than food and drink industry turnover (1% vs. 0.6% compared to Q4 2014). The same trend applies to production.
- Food manufacturing prices remained relatively stable for three consecutive quarters, while a moderate decline of 0.8% was observed compared to Q4 2014.

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Employment: stable in Q4

- Employment in the EU food and drink industry increased by 0.1% in Q4 2015.
- Employment in the food and drink industry remained on a positive growth trend and, on the long term, continues to outperform the average employment level growth in the manufacturing industry (Q4 2015/Q4 2010: +1.9% (food and drink industry) vs +1% (manufacturing)).

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External trade: EU trade surplus grew thanks to strong sub-sector export performance

- The trade surplus reached €7.2 billion in Q4 2015 (Q4 2015/Q4 2014: +2%).

- Extra-EU exports of food and drink products totalled €25.9 billion in Q4 2015 (Q4 2015/Q4 2014: +3.6%).
- The top 5 best performing export products generated €12.9 billion in Q4 2015 (meat, spirits, wine, dairy, chocolate and confectionery).
- Extra-EU imports of food and drink products reached €18.7 billion (Q4 2015/Q4 2014: +4.1%).

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Agricultural commodities

Prices: FAO food price index dropped further

- Key factors behind this downward trend include: abundant global supplies, slow economic growth and world demand, and lower energy prices.
- In Q4 2015, EU and world markets prices picked up again for certain agricultural commodities compared to the previous quarter.
- Despite this, the year-on-year comparison shows that the prices of most commodities have declined compared to their Q4 2014 level.

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Retail

Retail trade: picked up again at the end of Q4

- Retail trade in foodstuffs decreased in October and November, and picked up again in December 2015.
- Year-on-year, retail trade in foodstuffs increased by 1.7% vs. 2.6% for total retail trade compared to December 2014.
- Consumer prices were slightly higher +0.5% compared to Q3 2015.

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Methodology

- 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-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 43/2016, 'Volume of retail trade up by 0.4% in euro area

Up by 0.8% in EU28', 3 March 2016 http://europa.eu/rapid/press-release_STAT-16-521_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 trade and retail trade.

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

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Annex

Production and turnover of the EU food and drink industry

Production index

	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	y-o-y
Total manufacturing	104.59	105.48	105.97	106.15	106.58	
% change	0.7	0.9	0.5	0.2	0.4	1.9
Food and drink industry	103.93	103.67	103.43	104.81	104.21	
% change	0.6	-0.3	-0.2	1.3	-0.6	0.3

Source: Eurostat

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

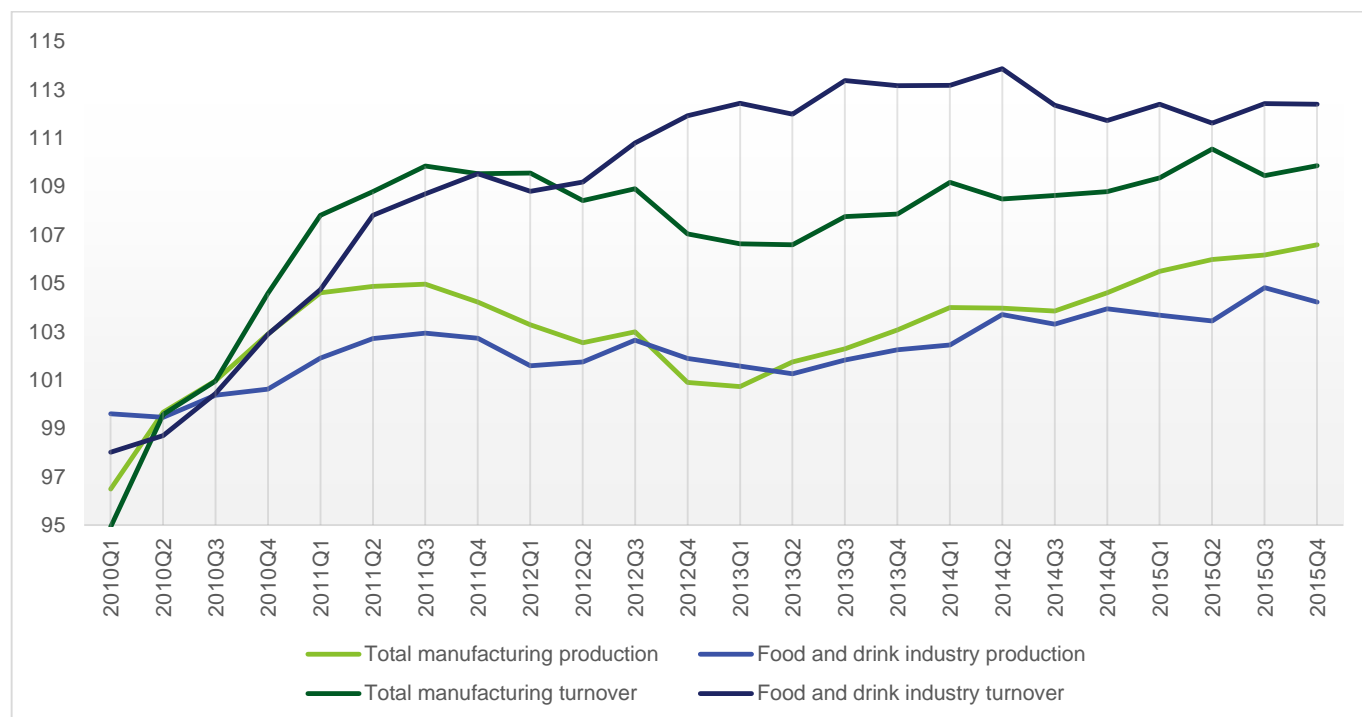
Turnover index

	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	y-o-y
Total manufacturing	108.77	109.34	110.53	109.44	109.84	
% change	0.1	0.5	1.1	-1.0	0.4	1.0
Food and drink industry	111.71	112.38	111.61	112.41	112.38	
% change	-0.6	0.6	-0.7	0.7	0.0	0.6

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 - 2015 (2010=100)



Source: Eurostat

Food and drink production by Member State

Member State	2015 Q3 / 2015 Q2 (% change)	2015 Q4 / 2015 Q3 (% change)	2015 Q4 / 2014 Q4 (% change)
EU	1.3	-0.6	0.3
Austria	2.9	1.4	1.0
Belgium	0.2	1.2	3.8
Bulgaria	-3.0	1.8	0.9
Czech Republic	2.7	1.1	3.3
Denmark	1.8	0.6	1.9
Estonia	1.6	1.1	-1.1
Finland	2.5	-1.9	-3.3
France	0.6	-0.9	1.1
Germany	0.2	0.5	-1.5
Greece	-0.7	2.3	0.5
Hungary	1.9	-0.7	5.3
Ireland	3.9	-7.8	0.8
Italy	0.2	-1.1	-2.0
Latvia	0.5	-2.8	-6.7
Lithuania	1.3	3.5	4.9
Netherlands	0.9	0.1	1.6
Poland	3.2	1.1	4.5
Portugal	17.0	-19.0	-5.7
Romania	5.4	-1.0	5.2
Spain	1.4	-0.5	1.5
Sweden	-0.4	-2.0	-5.0

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

Food and drink turnover by Member State

Member State	2015 Q3 / 2015 Q2 (% change)	2015 Q4 / 2015 Q3 (% change)	2015 Q4 / 2014 Q4 (% change)
EU	0.7	0.0	0.6
Austria	1.1	-2.5	1.1
Belgium	0.5	0.1	1.1
Bulgaria	-3.7	0.0	-0.5
Czech Republic	1.4	0.8	2.1
Denmark	3.3	-1.8	-1.7
Estonia	1.1	1.3	-3.0
Finland	2.1	-0.6	-1.4
France	0.4	-0.1	0.6
Germany	0.9	-0.4	-1.1
Greece	0.8	-0.1	0.7
Hungary	0.0	2.0	5.7
Ireland	-1.1	-4.2	-3.3
Italy	0.3	0.7	1.6
Latvia	-1.3	-0.7	-4.7
Lithuania	1.2	0.3	-1.4
Netherlands	-1.0	1.7	3.1
Poland	3.5	1.3	2.4
Portugal	1.6	1.8	3.4
Romania	6.8	0.0	5.4
Spain	-0.4	1.0	3.5
Sweden	-0.2	-1.2	-2.8

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

Employment in the EU food and drink industry

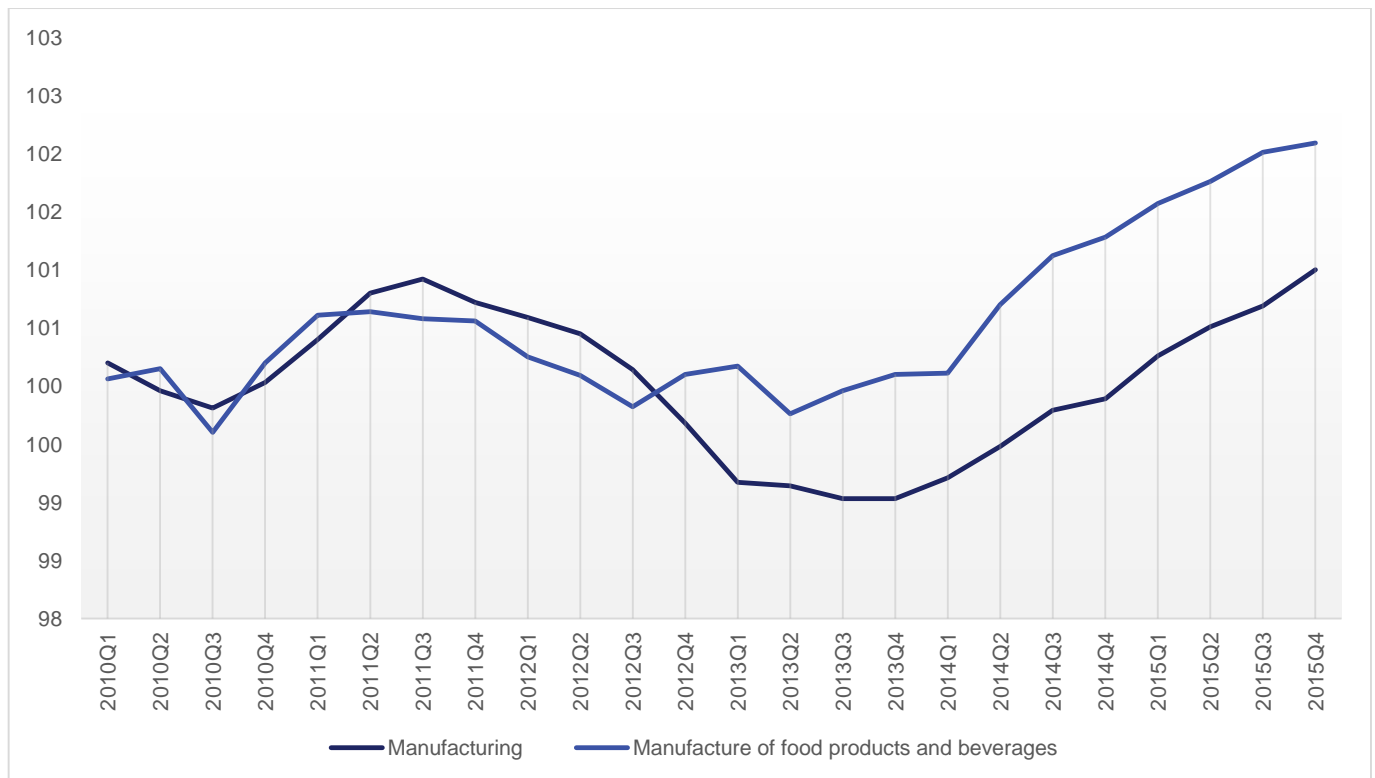
Employment index

Employment	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	y-o-y
Total manufacturing	104.59	105.48	105.97	106.15	106.58	
% change	0.1	0.4	0.2	0.2	0.3	1.1
Food and drink industry	103.93	103.67	103.43	104.81	104.21	
% change	0.2	0.3	0.2	0.2	0.1	0.8

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, 2010-2015 (2010=100)



Source: Eurostat

Food and drink industry employment by Member State

Member State	2015 Q3 / 2015 Q2 (% change)	2015 Q4 / 2015 Q3 (% change)	2015 Q4 / 2014 Q4 (% change)
EU	0.2	0.1	0.8
Austria	0.0	-0.2	0.8
Belgium	0.1	-0.4	0.0
Bulgaria	-0.2	-0.9	-0.9
Croatia	-0.1	1.1	1.4
Czech Republic	-0.5	1.4	1.6
Denmark	0.0	0.3	-0.3
Estonia	1.2	-2.3	0.3
Finland	1.1	-11.2	-7.5
France	-0.1	0.2	0.4
Germany	0.3	0.4	1.9
Ireland	2.2	-10.4	-10.0
Latvia	-4.3	-0.5	-8.9
Lithuania	0.1	-1.1	0.2
Netherlands	0.4	na	na
Poland	0.2	0.3	0.4
Portugal	0.8	-0.3	1.1
Romania	0.6	1.5	3.4
Spain	-1.7	-3.8	-7.5
Sweden	-1.8	-0.6	-2.7
United Kingdom	2.4	3.3	7.6

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

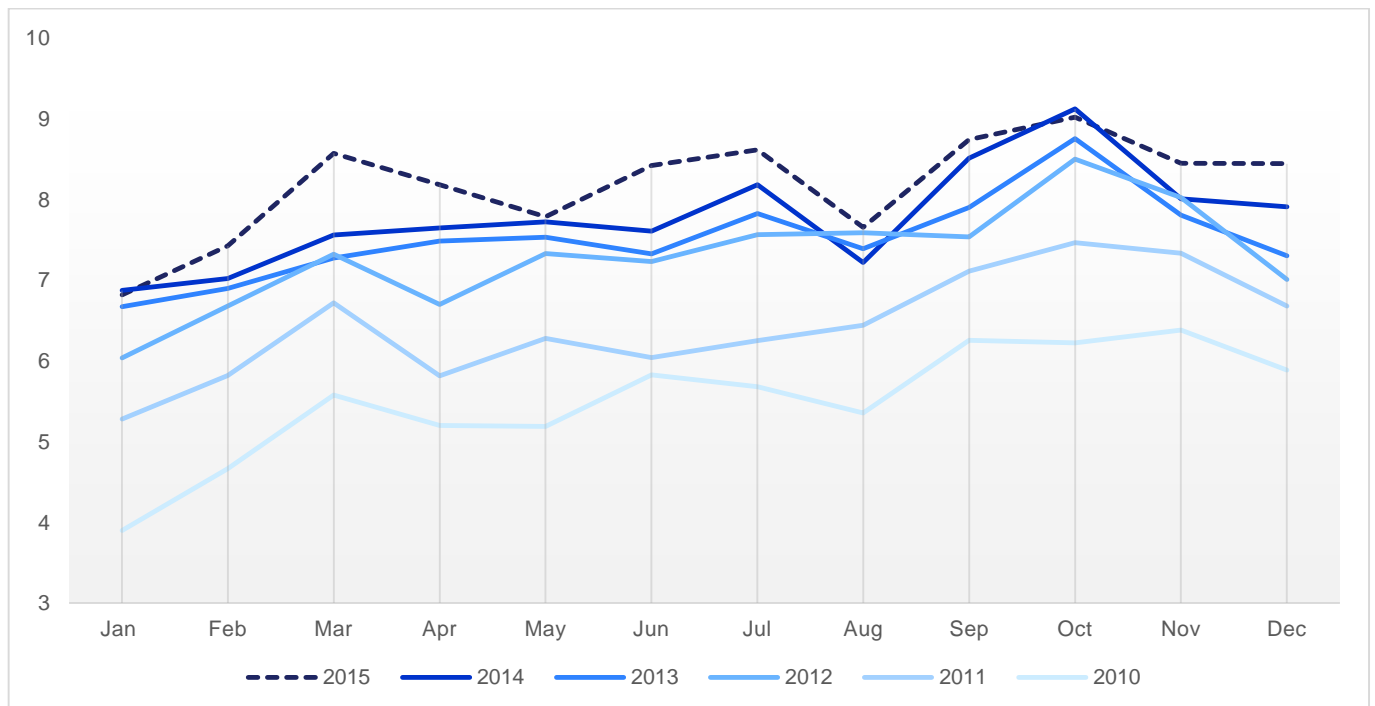
External trade

EU food and drink trade (€ billion)

	2014 Q4	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 Q4 / 2014 Q4 % change
Exports	25.0	22.8	24.4	25.0	25.9	3.6
Imports	18.0	17.3	18.5	18.5	18.7	4.1
Balance	7.0	5.5	5.9	6.5	7.2	2.0

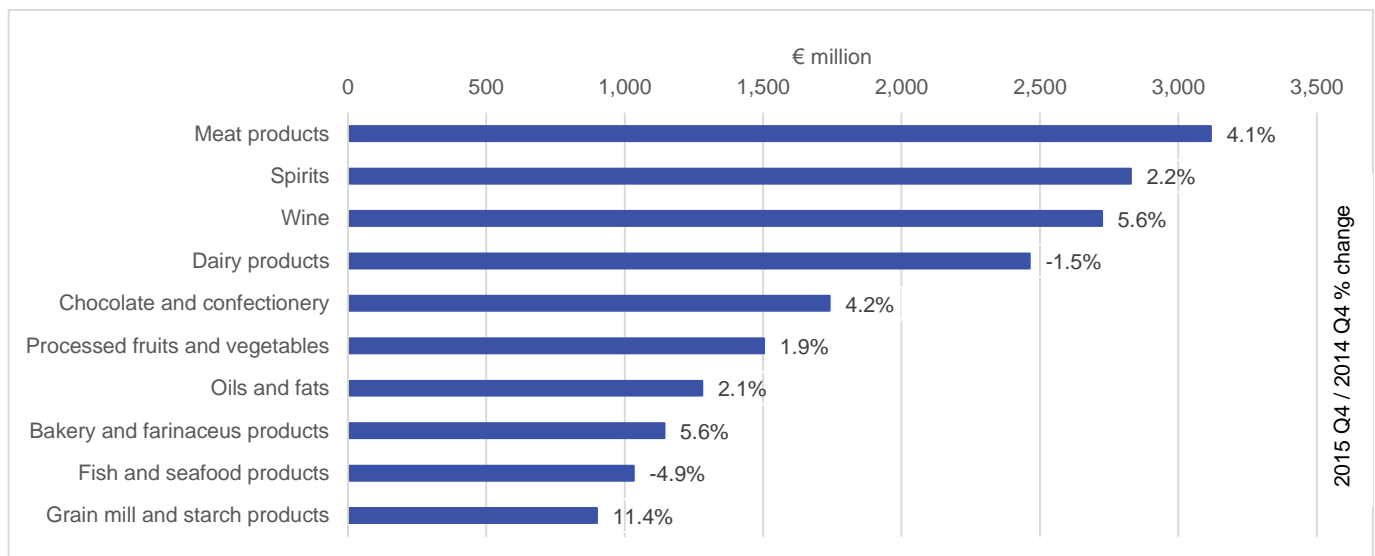
Source: Eurostat

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



Source: Eurostat

Export performance by sub-sector in Q4 2015



Source: Eurostat

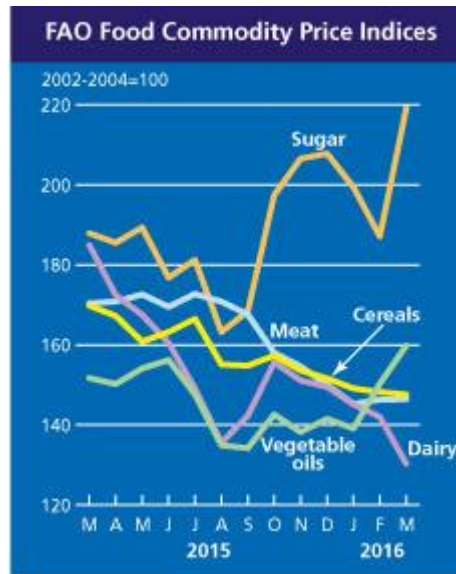
Trade by sub-sector in value and volume in Q4 2015

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	Q4 2014	Q4 2015		Q4 2014	Q4 2015		Q4 2014	Q4 2015	trend	Q4 2014	Q4 2015		Q4 2014	Q4 2015	
Food and drink	17,980	18,717	4.10%	24,996	25,898	3.61%	7,015	7,181	2%	17,411	17,711	1.72%	13,228	13,319	0.69%
Food	16,598	17,152	3.34%	17,911	18,370	2.56%	1,313	1,218	-7%	16,106	16,249	0.89%	9,898	9,840	-0.59%
Drink	1,382	1,565	13.26%	7,084	7,528	6.26%	5,703	5,963	5%	1,305	1,462	11.97%	3,329	3,478	4.47%
Meat products	1,712	1,761	2.88%	2,995	3,118	4.11%	1,283	1,357	6%	468	493	5.37%	1,813	1,931	6.49%
Spirits	392	428	9.12%	2,769	2,828	2.15%	2,377	2,400	1%	84	79	-5.83%	384	365	-4.95%
Wine	686	806	17.40%	2,580	2,724	5.57%	1,894	1,919	1%	363	365	0.60%	576	599	4.04%
Dairy products	221	197	-10.90%	2,501	2,463	-1.51%	2,280	2,267	-1%	61	58	-5.06%	970	1,064	9.70%
Chocolate and confectionery	553	595	7.51%	1,671	1,741	4.19%	1,118	1,146	3%	39	41	6.00%	375	371	-1.25%
Processed fruits and vegetables	2,268	2,484	9.52%	1,475	1,504	1.95%	-793	-980	24%	2,030	2,013	-0.84%	1,276	1,245	-2.42%
Oils and fats	4,280	4,104	-4.12%	1,254	1,280	2.11%	-3,026	-2,823	-7%	9,408	9,489	0.86%	1,082	991	-8.37%
Bakery and farinaceous products	175	193	9.96%	1,083	1,143	5.55%	908	951	5%	75	79	6.22%	454	450	-0.85%
Fish and seafood products	4,620	4,660	0.85%	1,085	1,033	-4.86%	-3,535	-3,627	3%	1,222	1,174	-3.92%	543	417	-23.20%
Grain mill and starch products	388	443	14.14%	807	899	11.43%	419	457	9%	518	597	15.11%	1,043	1,104	5.81%
Prepared animal feed	226	252	11.65%	840	898	6.89%	614	646	5%	277	260	-6.14%	716	777	8.52%
Beer	99	108	9.53%	692	839	21.21%	593	730	23%	277	304	9.49%	732	786	7.30%
Mineral waters and soft drinks	196	212	7.87%	682	770	12.98%	486	559	15%	576	707	22.69%	921	991	7.64%
Processed tea and coffee	416	388	-6.72%	538	570	6.05%	121	182	50%	1,380	1,405	1.83%	77	81	5.82%
Cider	6	7	21.66%	56	58	3.19%	50	50	1%	4	5	26.84%	39	39	0.14%

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 2015 average	EU		Q4 2015 average	WORLD	
		Q4 2015/ Q3 2015	Q4 2015/ Q4 2014		Q4 2015/ Q3 2015	Q4 2015/ Q4 2014
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Corn	166	1.0	14.9	153	2.3	11.5
Soft Wheat	170	2.5	-0.2	183	3.6	-3.5
DAIRY						
SMP	1,761	0.7	-11.2	1,833	11.0	-7.4
WMP	2,327	3.4	-2.5	2,249	12.7	5.0
SUGAR						
White Sugar	422	0.7	-5.1	367	13.4	12.4
				USD/T	%	%
OILS AND OIL CROPS						
Soybean oil				743	1.4	-10.3
Soybean				372	-0.8	-15.4
Soybean meal				358	-7.5	-24.0
Rapeseed				570	2.8	-20.4
Palm oil				415	-0.5	-1.0
COFFEE & COCOA						
Cocoa				3,302	2.9	10.5
Coffee				2,558	-1.3	-28.3

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

Retail trade

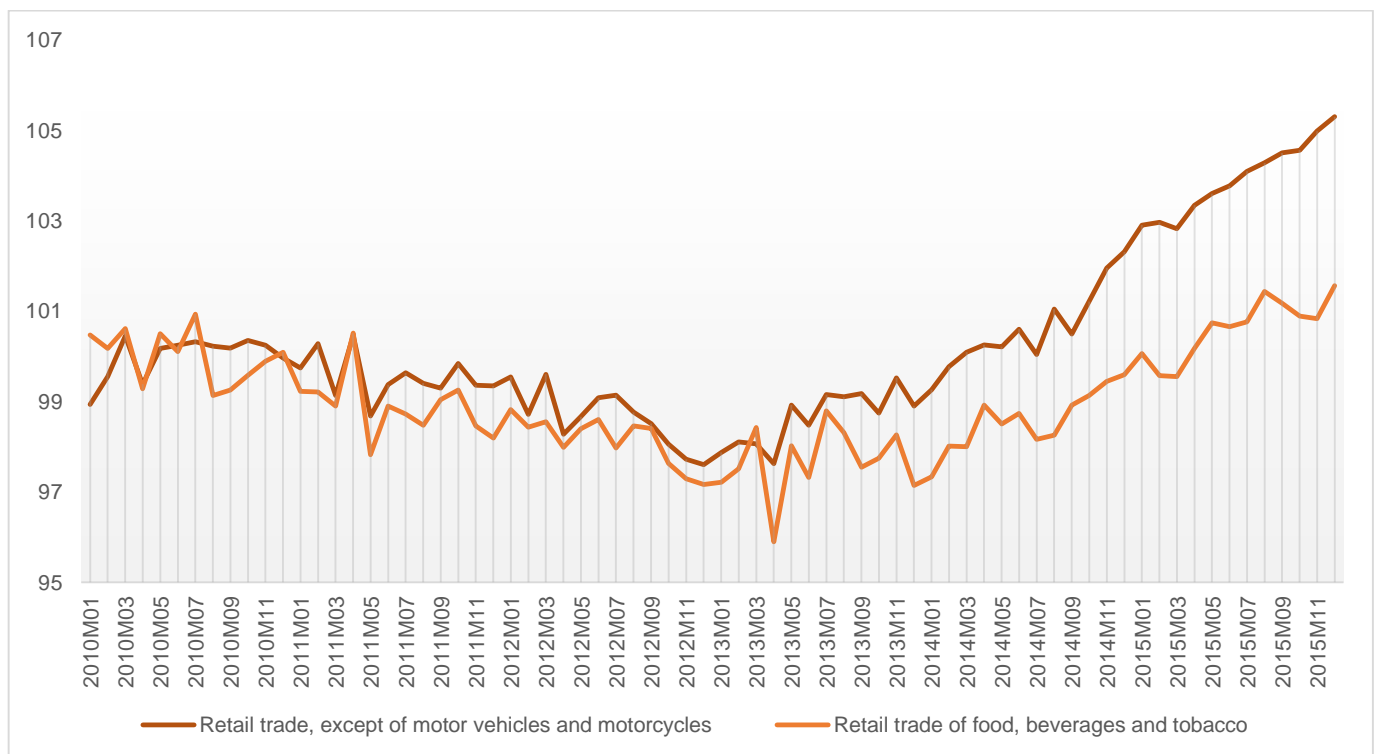
Volume of retail trade (% change)

	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	y-o-y
Total retail	0.0	0.3	0.0	0.4	0.3	2.6
Food, drinks and tobacco	0.4	-0.1	-0.3	-0.1	0.8	1.7

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 - 2015 (2010=100)



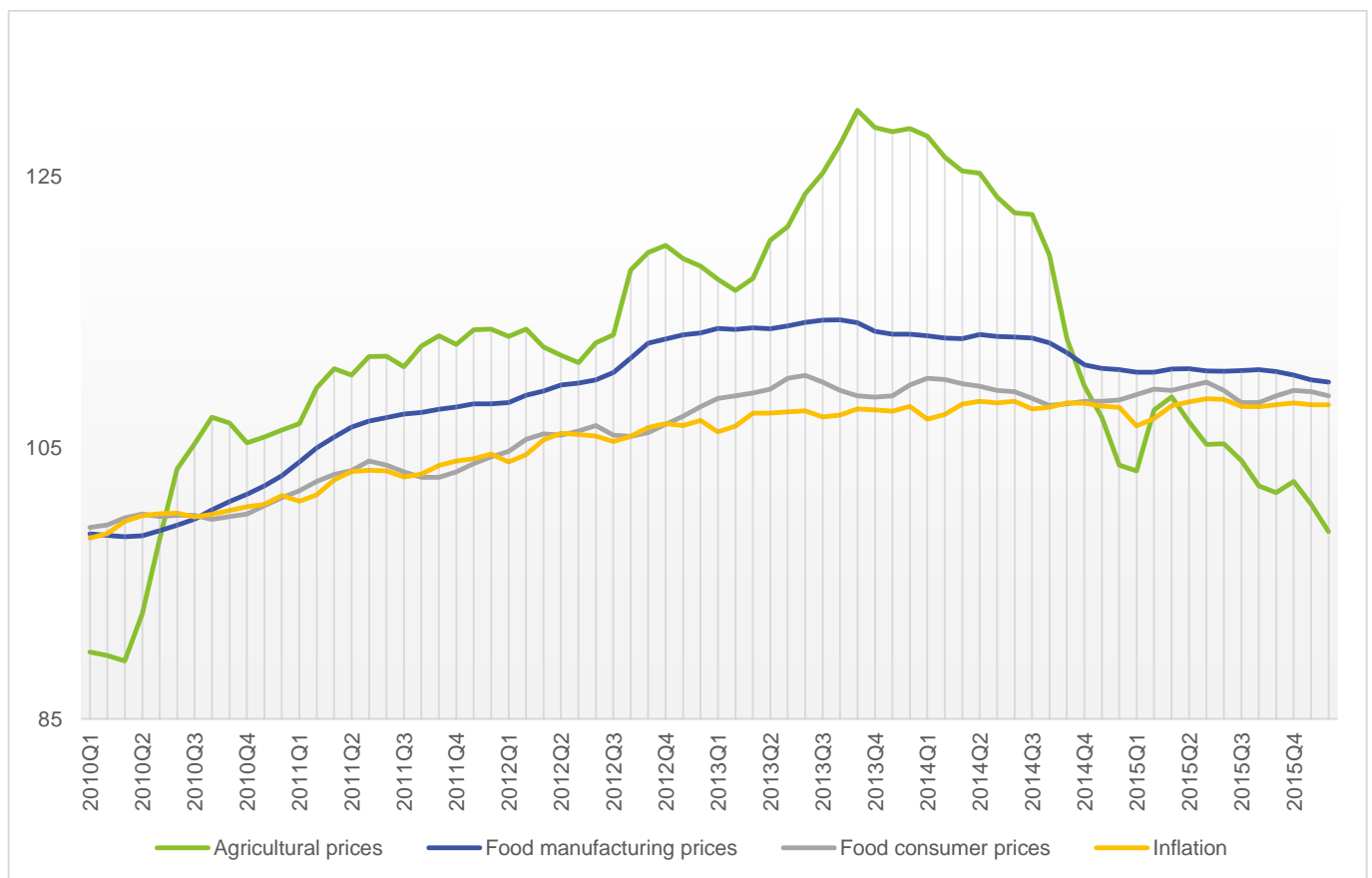
Sources: Eurostat; [Eurostat News Release 43/2016](#)

Price developments along the EU food chain

Price developments (% change)

	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4	y-o-y
Agricultural prices	-9.6	-0.2	-0.7	-3.0	-1.9	-5.7
Food manufacturing prices	-1.5	-0.2	0.1	0.0	-0.6	-0.8
Food consumer prices	0.1	0.6	0.3	-0.9	0.5	0.6
Inflation	0.1	-0.8	1.1	-0.4	0.1	0.1

Sources: FoodDrinkEurope calculations on DG AGRI and Eurostat data



Sources: FoodDrinkEurope calculations on DG AGRI and Eurostat data