

ECONOMIC BULLETIN Q4 2019

Decrease in production, increase in turnover and manufacturing prices - and strong exports

Food and drink industry

Decrease in production, increase in turnover and manufacturing prices

- In Q4 2019, EU food and drink industry production decreased 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 food and drink industry production growth exceeded total manufacturing production growth (0.8% vs. -2.0% compared to Q4 2018). The year-on-year growth in food and drink industry turnover exceeded that of total manufacturing (3.6% vs. -1.1% compared to Q4 2018).
- Food manufacturing prices increased by 0.7% in Q4 2019 and were 2% higher compared to Q4 2018.

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Industry employment remains stable

- In Q4 2019, employment in food manufacturing increased by 0.2% and increased by 0.9% in drink manufacturing.
- Year-on-year, employment growth in the food and drink industry exceeded that of total manufacturing (Q4 2019/Q4 2018: +1.1%, +1.7%, +0.1%).

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EU exports exceed €32 billion

- EU exports of food and drinks totalled €32.2 billion in Q4 2019 (Q4 2019/Q4 2018: +10.1%).
- The trade balance reached a surplus of €13 billion (Q4 2019/Q4 2018: +31%).
- The top 5 products with the largest share in export value generated €16.4 billion in Q4 2019 (meat products, wine, spirits, dairy products - and cocoa, chocolate and confectionery).
- EU imports of food and drinks reached €19.2 billion (Q4 2019/Q4 2018: -0.6%).

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Agricultural commodities

FAO food price index back up

- The FAO food price index increased by 3% in Q4 2019 compared to the previous quarter and was up by 9% compared to Q4 2018.
- In Q4 2019, the EU commodity price for maize was the only one to decrease compared to the previous quarter. All other EU and world commodity prices were up by 2 to 19.6% (soft wheat, SMP, WMP, sugar, oils and oil crops, coffee and sugar).
- The year-on-year comparison shows a similar trend: an increase in world market prices for SMP, WMP, maize, soft wheat, soybean oil, soybean, rape oil, rapeseed, palm oil, cocoa, coffee – and a decrease for sugar and soybean meal.

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Retail

Retail trade in foodstuffs unchanged

- Retail trade in foodstuffs in Q4 2019 registered no change compared to the previous quarter.
- Year-on-year, retail trade in foodstuffs increased by 0.9%, while growth in total retail trade was up by 2.2%.
- Consumer prices increased by 0.3% in Q4 2019 compared to the previous quarter, and by 2.3% year-on-year.

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Focus on ...

The importance of the Single Market

- The Single Market is the first market for EU food and drinks. This is why a well-functioning EU food supply chain is so important for the EU food and drink industry.

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Methodology

- 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 primarily represented with respect to the previous quarter 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

European Commission, Eurostat Easy Comext Trade Data (based on division 10 & 11 of the NACE Rev.2 classification), CPA 2008

<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

European Commission, Eurostat News Release 37/2020, 'Volume of retail trade up by 0.6% in euro area - Up by 0.5% in EU27', 4 March 2020

<https://ec.europa.eu/eurostat/documents/2995521/10294516/4-04032020-AP-EN.pdf/7416ba31-d67e-87db-9d72-e71e32fbc3be>

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

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Annex

Production and turnover of the EU food and drink industry

Production index

	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	y-o-y
Total manufacturing	106.6	107.0	106.0	105.5	104.5	
% change	-0.3	0.4	-0.9	-0.5	-0.9	-2.0
Food and drink industry	104.8	106.2	105.9	105.9	105.6	
% change	0.2	1.3	-0.3	0.0	-0.3	0.8

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.

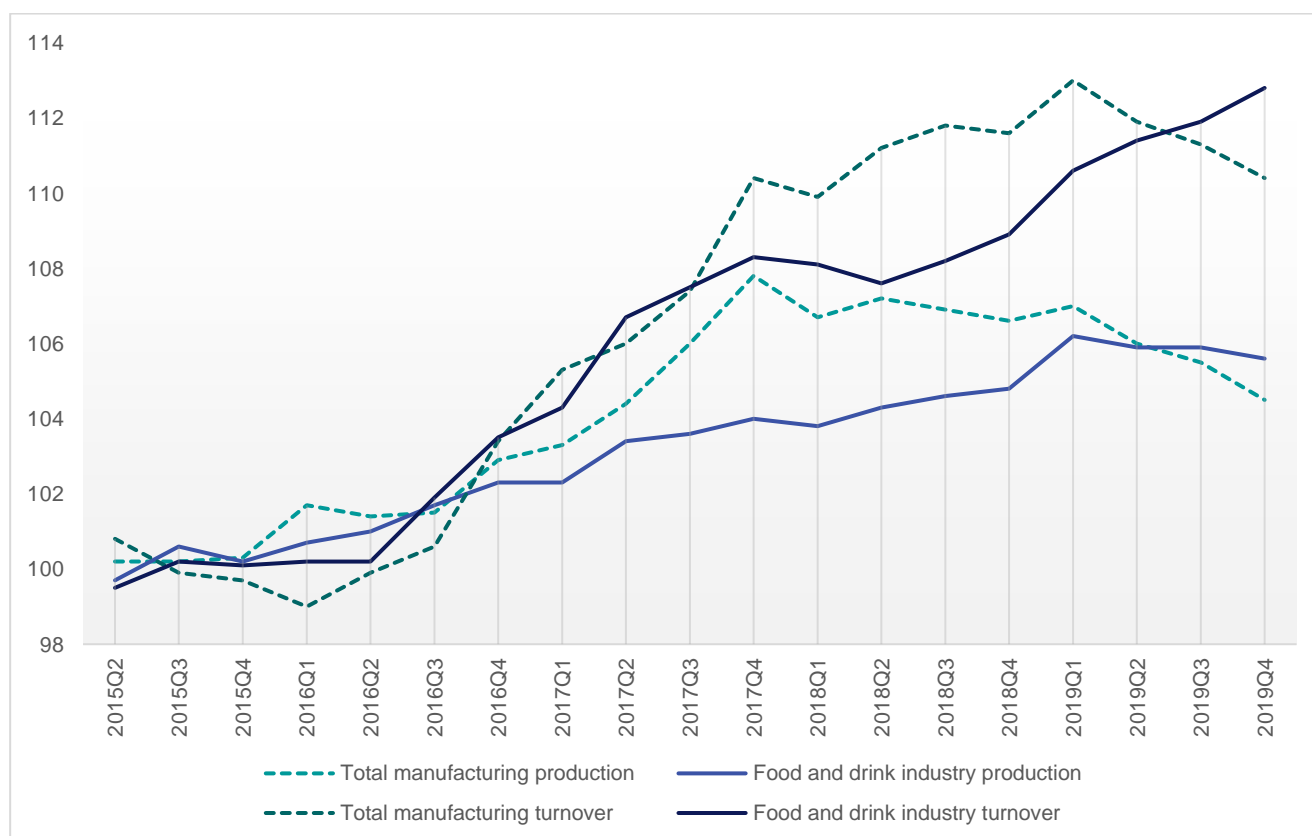
Turnover index

	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	y-o-y
Total manufacturing	111.6	113.0	111.9	111.3	110.4	
% change	-0.2	1.3	-1.0	-0.5	-0.8	-1.1
Food and drink industry	108.9	110.6	111.4	111.9	112.8	
% change	0.6	1.6	0.7	0.4	0.8	3.6

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, 2015-2019 (2015=100)



Source: Eurostat

Food and drink production by Member State

Member State	2019 Q3 / 2019 Q2 (% change)	2019 Q4 / 2019 Q3 (% change)	2019 Q4 / 2018 Q4 (% change)
EU	0.0	-0.3	0.8
Austria	0.7	-0.5	1.3
Belgium	-0.3	5.0	6.8
Bulgaria	1.0	1.4	6.9
Czech Republic	-3.2	2.4	0.8
Denmark	0.5	0.1	0.6
Estonia	4.2	-1.4	2.5
Finland	-1.0	-0.2	-0.6
France	-0.8	0.1	-0.1
Germany	0.5	-1.3	-0.1
Greece	1.8	0.1	0.4
Hungary	-0.8	0.5	3.6
Italy	0.7	0.1	2.2
Latvia	-1.1	1.2	-0.1
Lithuania	1.7	2.1	5.4
Netherlands	-0.1	-0.8	0.0
Poland	-1.3	1.3	2.9
Portugal	-5.3	0.9	-2.8
Romania	-1.1	-1.6	1.2
Spain	-1.1	-0.4	-0.6

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

Food and drink turnover by Member State

Member State	2019 Q3 / 2019 Q2 (% change)	2019 Q4 / 2019 Q3 (% change)	2019 Q4 / 2018 Q4 (% change)
EU	0.4	0.8	3.6
Austria	0.7	2.1	4.7
Belgium	1.4	1.3	8.2
Bulgaria	-1.9	5.7	8.5
Czech Republic	-0.7	1.6	3.2
Denmark	3.3	4.4	7.2
Estonia	3.8	-1.2	3.2
Finland	-0.4	0.4	2.3
France	-0.2	0.1	1.8
Germany	0.1	2.1	5.1
Greece	0.1	1.5	5.8
Hungary	0.0	-0.2	3.1
Italy	0.8	-0.4	2.9
Latvia	0.3	0.9	4.7
Lithuania	1.2	3.4	7.9
Netherlands	0.8	0.6	1.3
Poland	-0.8	2.1	6.0
Portugal	-0.5	1.6	2.5
Romania	3.0	2.5	6.9
Spain	-0.6	2.2	5.3
United Kingdom	1.4	-2.0	0.5

Source: Eurostat. No data available for Croatia, Cyprus, Ireland, Luxembourg, Malta, Slovakia, Slovenia, Sweden

Employment in the EU food and drink industry

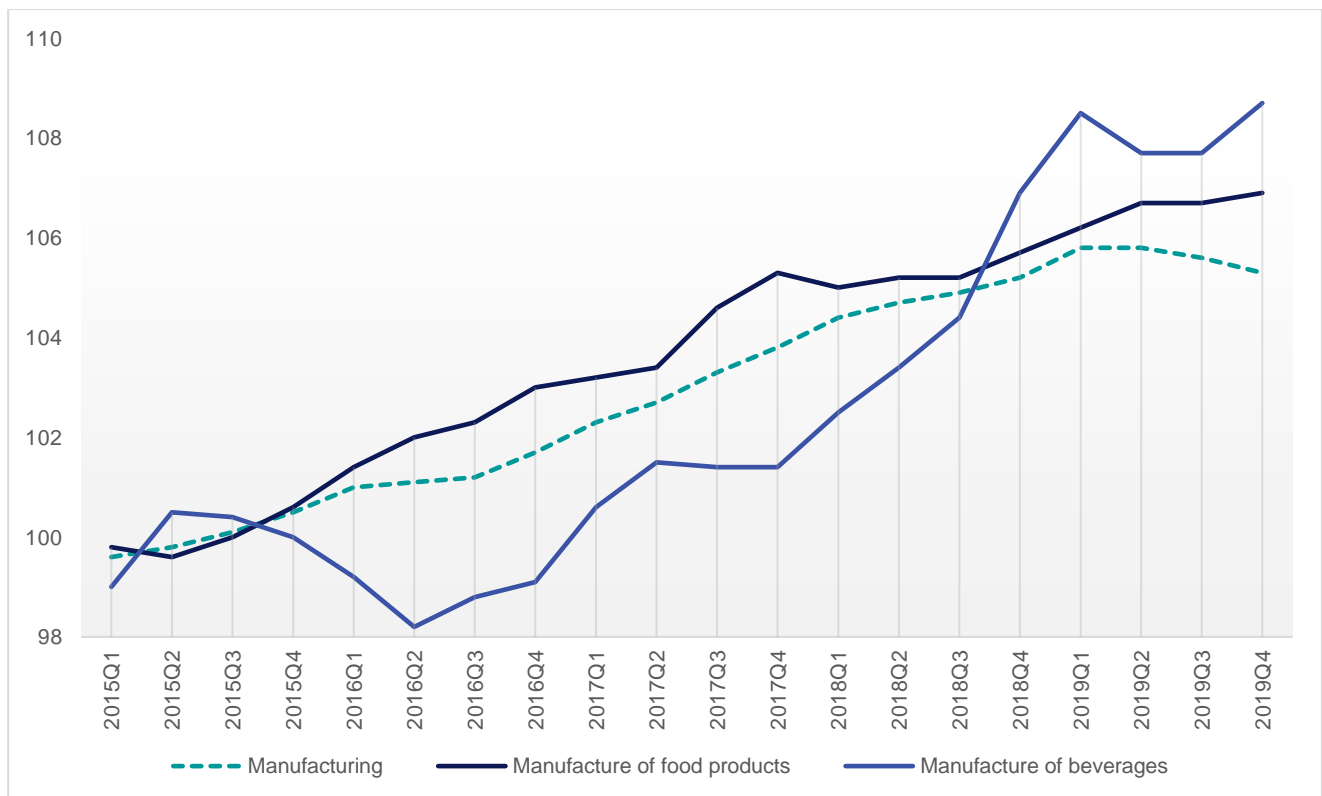
Employment index

Employment	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	y-o-y
Total manufacturing	105.2	105.8	105.8	105.6	105.3	
% change	0.3	0.6	0.0	-0.2	-0.3	0.1
Food industry	105.7	106.2	106.7	106.7	106.9	
% change	0.5	0.5	0.5	0.0	0.2	1.1
Drink industry	106.9	108.5	107.7	107.7	108.7	
% change	2.4	1.5	-0.7	0.0	0.9	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 manufacturing, 2015-2019 (2015=100)



Source: Eurostat

Food industry employment by Member State

Member State	2019 Q3 / 2019 Q2 (% change)	2019 Q4 / 2019 Q3 (% change)	2019 Q4 / 2018 Q4 (% change)
EU	0.0	0.2	1.1
Austria	-0.2	0.4	2.4
Belgium	0.5	0.6	1.8
Bulgaria	-1.7	2.2	0.9
Croatia	3.6	-0.6	-0.7
Czech Republic	-0.4	0.2	1.3
Denmark	-0.2	-0.3	-0.3
Estonia	-1.0	0.4	-0.3
Finland	-8.8	-8.0	-14.3
France	0.3	0.5	1.6
Germany	0.3	0.4	1.5
Greece	-0.8	0.9	2.1
Hungary	0.7	0.7	2.2
Ireland	0.7	-0.4	-0.4
Italy	-3.1	1.3	0.1
Latvia	0.3	-0.4	2.3
Lithuania	-0.4	-0.1	0.7
Netherlands	0.8	na	na
Poland	-0.1	0.6	1.2
Portugal	0.2	0.7	0.4
Romania	-0.6	0.1	0.9
Spain	4.2	-3.1	4.2
Sweden	1.2	-1.9	2.2
United Kingdom	-0.6	0.8	-1.1

Source: Eurostat. No data available for Cyprus, Greece, Luxembourg, Malta, Slovakia, Slovenia

Drink industry employment by Member State

Member State	2019 Q3 / 2019 Q2 (% change)	2019 Q4 / 2019 Q3 (% change)	2019 Q4 / 2018 Q4 (% change)
EU	0.0	0.9	1.7
Austria	-0.4	0.6	-0.2
Belgium	1.1	1.2	3.9
Bulgaria	0.7	0.0	-1.5
Croatia	5.5	0.5	8.2
Czech Republic	-1.9	0.0	1.7
Denmark	0.2	0.5	4.2
Estonia	2.1	0.7	-0.1
France	0.2	0.6	1.6
Germany	0.6	0.5	1.3
Greece	0.5	2.4	5.3
Hungary	0.7	-1.5	4.7
Ireland	9.6	-6.8	3.3
Italy	3.7	-3.2	-0.8
Latvia	-0.8	0.1	-6.4
Lithuania	0.1	-1.4	0.2
Netherlands	-0.2	na	na
Poland	-0.1	0.6	1.6
Portugal	0.7	1.0	3.6
Romania	-0.5	1.2	1.3
Spain	-5.5	6.5	-1.1
Sweden	1.9	-2.4	3.2
United Kingdom	0.0	2.0	6.4

Source: Eurostat. No data available for Cyprus, Finland, Greece, Luxembourg, Malta, Netherlands, Slovakia, Slovenia

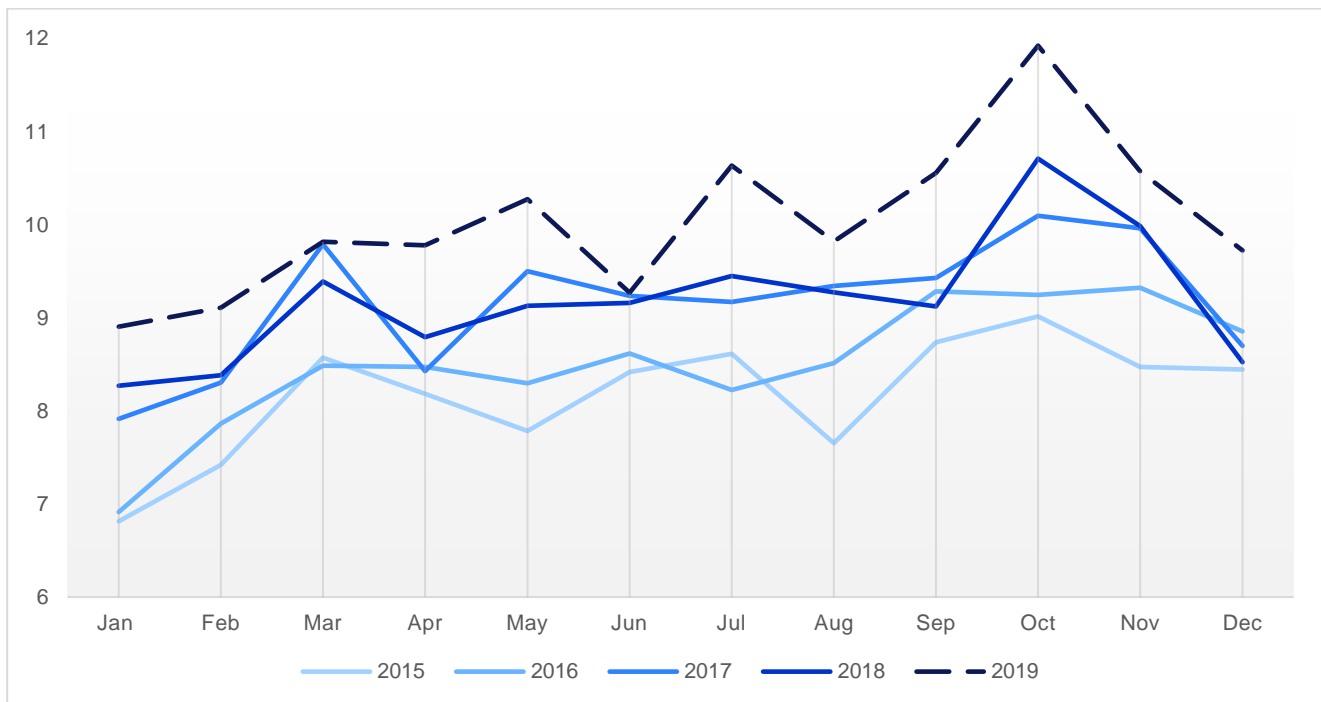
External trade

EU food and drink trade (€ billion)

	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	y-o-y
Exports	29.2	27.8	29.3	31.0	32.2	10.1%
Imports	19.3	18.6	18.9	18.9	19.2	-0.6%
Balance	10.0	9.2	10.4	12.1	13.0	31.0%

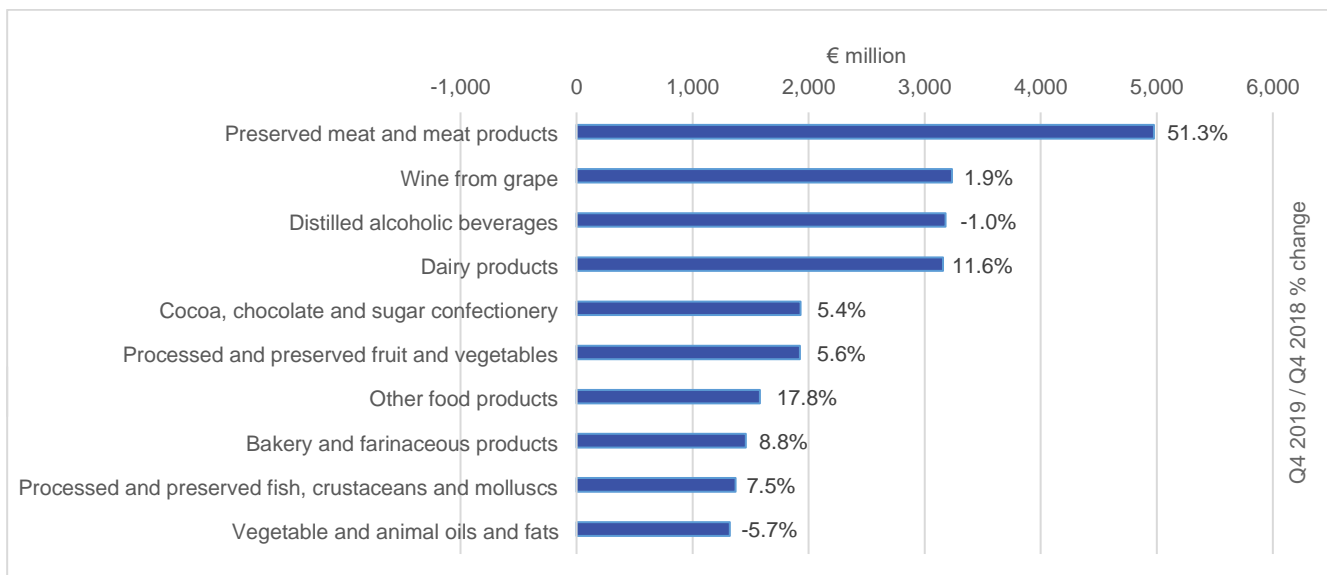
Source: Eurostat

EU food and drink exports, 2015-2019 (€ billion)



Source: Eurostat

Export performance by sector, Q4 2019



Source: Eurostat - COMEXT, Nace Rev.2, Division 10 & 11

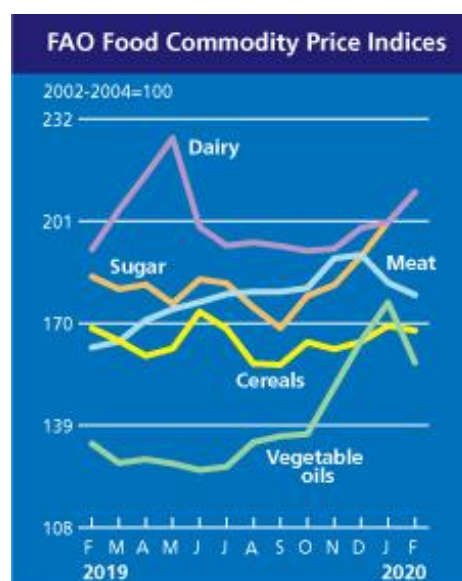
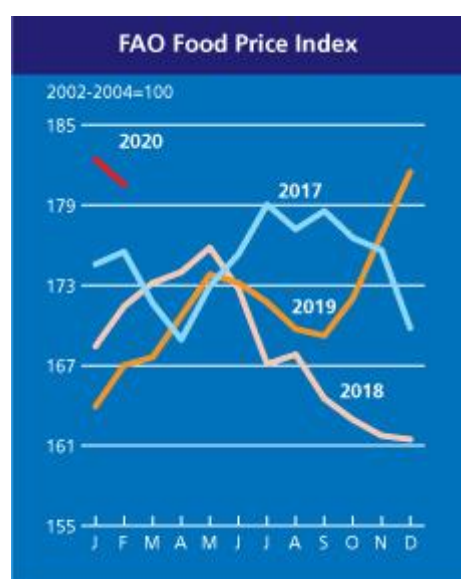
EU food and drink trade by sector

Sector / Period	Exports			Imports			Balance		
	Q4 2018	Q4 2019	change	Q4 2018	Q4 2019	change	Q4 2018	Q4 2019	change
	€ million			€ million			€ million		
Food and drinks	29,239	32,206	10.1%	19,284	19,170	-0.6%	9,955	13,037	31.0%
10 Food products	20,771	23,501	13.1%	17,640	17,589	-0.3%	3,131	5,912	88.8%
11 Beverages	8,468	8,705	2.8%	1,644	1,581	-3.8%	6,824	7,125	4.4%
101 Preserved meat and meat products	3,287	4,974	51.3%	1,704	1,569	-7.9%	1,583	3,405	115.1%
1011 Processed and preserved meat	2,314	3,949	70.7%	1,050	980	-6.7%	1,264	2,970	134.9%
1012 Processed and preserved poultry meat	471	501	6.3%	147	138	-6.7%	324	363	12.1%
1013 Meat and poultry meat products	502	524	4.5%	507	452	-10.9%	-5	72	-1448.9%
102 Processed and preserved fish, crustaceans and molluscs	1,275	1,371	7.5%	5,134	5,183	1.0%	-3,859	-3,813	-1.2%
103 Processed and preserved fruit and vegetables	1,822	1,925	5.6%	2,285	2,355	3.1%	-463	-430	-7.0%
1031 Processed and preserved potatoes	433	478	10.4%	13	11	-17.4%	420	467	11.3%
1032 Fruit and vegetable juices	228	221	-3.0%	498	473	-5.1%	-270	-251	-6.9%
1039 Other processed and preserved fruit and vegetables	1,162	1,226	5.5%	1,774	1,872	5.5%	-612	-646	5.5%
104 Vegetable and animal oils and fats	1,362	1,333	-2.1%	4,091	3,934	-3.8%	-2,729	-2,601	-4.7%
1041 Oils and fats	1,249	1,217	-2.6%	4,052	3,903	-3.7%	-2,803	-2,686	-4.2%
1042 Margarine and similar edible fats	113	116	3.0%	39	31	-20.4%	74	85	15.3%
105 Dairy products	2,829	3,158	11.6%	214	195	-8.9%	2,616	2,964	13.3%
1051 Dairy and cheese products	2,759	3,089	12.0%	206	189	-8.6%	2,553	2,901	13.6%
1052 Ice cream	70	69	-1.2%	7	6	-17.4%	63	63	0.7%
106 Grain mill products, starches and starch products	898	964	7.3%	523	501	-4.1%	375	462	23.2%
1061 Grain mill products	445	479	7.6%	428	421	-1.7%	17	58	235.1%
1062 Starches and starch products	452	484	7.1%	95	80	-15.0%	358	404	12.9%
107 Bakery and farinaceous products	1,341	1,458	8.8%	226	249	10.1%	1,115	1,210	8.5%
1071 Bread; fresh pastry goods and cakes	201	236	17.5%	40	49	21.7%	161	187	16.5%
1072 Rusks; and biscuits; preserved pastry goods and cakes	911	969	6.3%	170	181	6.0%	741	788	6.4%
1073 Macaroni, noodles, couscous and similar farinaceous products	229	253	10.7%	16	19	24.5%	213	234	9.7%
108 Other food products	6,791	7,104	4.6%	3,081	3,239	5.1%	3,710	3,865	4.2%
1081 Sugar	247	165	-33.3%	350	405	15.7%	-103	-240	132.8%
1082 Cocoa, chocolate and sugar confectionery	1,830	1,929	5.4%	890	907	1.9%	940	1,022	8.8%
1083 Processed tea and coffee	587	635	8.2%	587	604	2.7%	0	32	-18271.0%
1084 Condiments and seasonings	420	458	9.0%	244	260	6.8%	177	198	12.2%
1085 Prepared meals and dishes	1,115	1,143	2.5%	239	252	5.5%	876	890	1.7%
1086 Homogenised food preparations and dietetic food	1,251	1,195	-4.5%	11	14	35.0%	1,241	1,181	-4.8%
1089 Other food products n.e.c.	1,340	1,579	17.8%	760	797	4.9%	580	781	34.7%
109 Prepared animal feeds	1,080	1,126	4.3%	374	364	-2.8%	706	762	8.0%
1091 Prepared feeds for farm animals	747	748	0.2%	178	146	-18.2%	568	602	6.0%
1092 Prepared pet foods	333	378	13.3%	196	218	11.1%	137	160	16.4%
110 Beverages	8,468	8,705	2.8%	1,644	1,581	-3.8%	6,824	7,125	4.4%
1101 Distilled alcoholic beverages	3,213	3,179	-1.0%	468	441	-5.7%	2,745	2,738	-0.3%
1102 Wine from grape	3,175	3,235	1.9%	727	752	3.5%	2,448	2,483	1.4%
1103 Cider and other fruit wines	74	81	8.7%	9	10	9.1%	65	71	8.6%
1104 Other non-distilled fermented beverages	40	51	29.4%	3	1	-62.4%	36	50	37.5%
1105 Beer	744	861	15.7%	180	104	-42.1%	564	757	34.2%
1106 Malt	255	264	3.5%	0	1	323.5%	255	262	3.1%
1107 Soft drinks; mineral waters and other bottled waters	968	1,035	7.0%	257	271	5.7%	711	764	7.4%

Source: Eurostat - COMEXT, Nace Rev.2, Division 10 & 11

Prices of agricultural commodities

FAO Food Price Index



Source: FAO Food Price Index

Main agricultural commodity prices

Agricultural commodity	EU			WORLD		
	Q4 2019 average	Q4 2019/ Q3 2019	Q4 2019/ Q4 2018	Q4 2019 average	Q4 2019/ Q3 2019	Q4 2019/ Q4 2018
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Maize	158	-4.0	-4.1	152	0.9	7.5
Soft wheat	175	4.1	-9.2	205	14.8	10.5
SMP	2430	15.6	50.6	2634	14.1	49.7
WMP	3018	4.1	10.7	2941	5.4	26.3
White sugar	336	4.1	-18.2	313	9.9	-3.4
				USD/T	% change	% change
OILS AND OIL CROPS						
Soybean oil				789	2.0	7.1
Soybean				378	3.3	0.9
Soybean meal				347	2.2	-5.6
Rapeseed				435	3.5	1.8
Rape oil				903	3.9	5.7
Palm oil				682	19.6	22.8
COFFEE AND COCOA						
Cocoa				2467	7.0	13.4
Coffee				2366	8.5	0.2

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

Retail trade

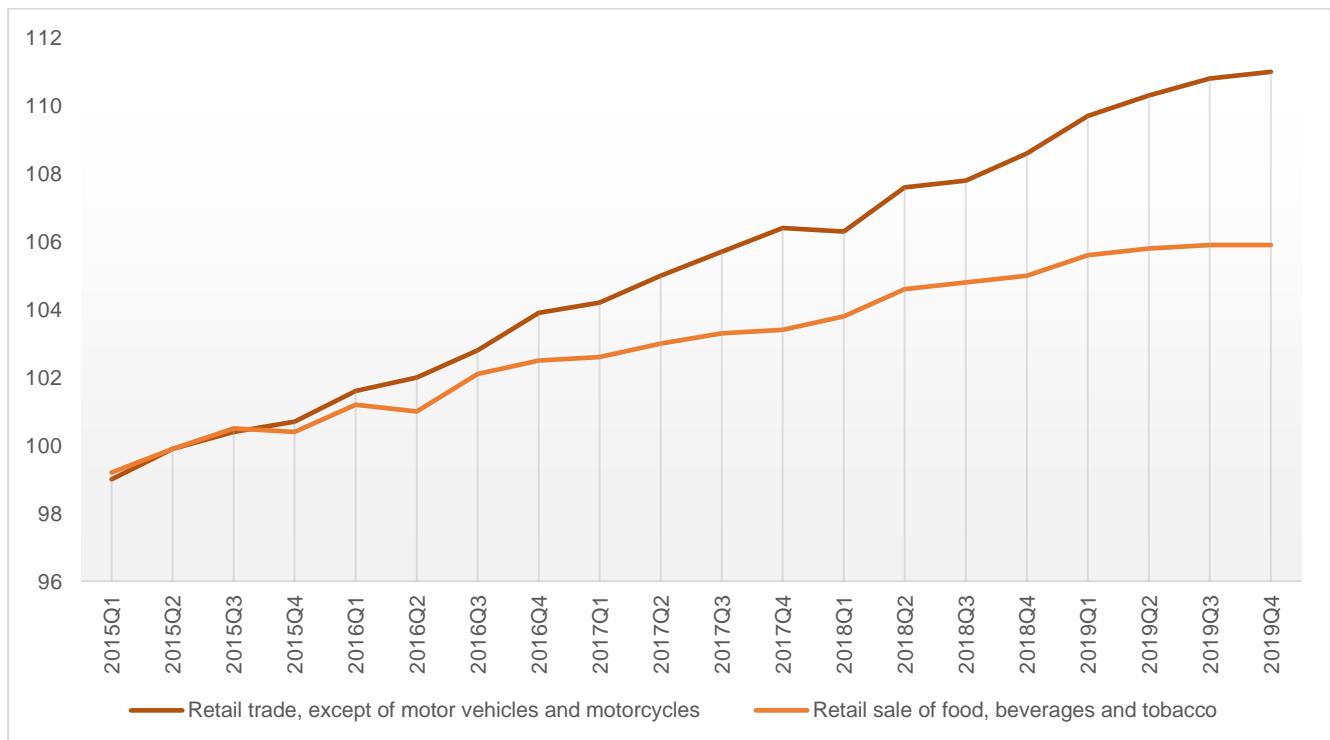
Retail sales index

	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	y-o-y
Total retail trade	108.6	109.7	110.3	110.8	111.0	
% change	0.7	1.0	0.5	0.5	0.2	2.2
Food, drinks and tobacco	105.0	105.6	105.8	105.9	105.9	
% change	0.2	0.6	0.2	0.1	0.0	0.9

Source: Eurostat

The index of the volume of retail trade measures the evolution of the turnover in retail trade, adjusted for price changes (deflated), i.e. the evolution of the total amount of goods sold, based on data adjusted for calendar and seasonal effects.

EU turnover in retail trade by economic activity, 2015-2019 (2015=100)



Source: Eurostat

Price developments along the EU food chain

Price developments (% change)

	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	y-o-y
Agricultural prices*	1.4	-0.6	0.7	-0.5	2.9	2.5
Food manufacturing prices	0.2	0.0	0.9	0.4	0.7	2.0
Food consumer prices	0.5	1.2	0.5	0.3	0.3	2.3
Inflation	0.3	-0.4	1.5	0.0	0.3	1.3

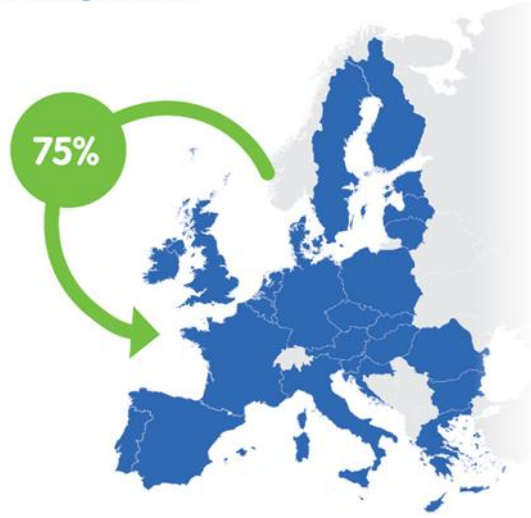


* Eurostat monthly indices for EU agricultural prices are available until December 2017. Beyond, the index is estimated based on cereals, sugar, milk, meat, tomatoes and apples monthly prices weighted by annual production.

Sources: Eurostat and DG Agriculture and Rural Development; own calculations

Focus on ...

75% of EU food and drink exports are destined for the Single Market



Source: Eurostat (Comext)

