

ECONOMIC BULLETIN Q2 2023

Almost stable production and, slight decrease in turnover; moderate increase in manufacturing prices continued due to high input costs and steady international trade performance

Food and drink industry

Almost stable production and, slight decrease in turnover; moderate increase in manufacturing prices continued due to upward trend of some agricultural commodities' prices and high input costs such as packaging

- In Q2 2023, EU food and drink industry production increased by 0.1% compared to the previous quarter.
- EU food and drink industry turnover decreased by 0.1% compared to the previous quarter.
- The year-on-year comparison shows a decrease in both food and drink industry production and total manufacturing production (-1.2% and -0.3% respectively, compared to Q2 2022). There was a marked increase in food and drink industry turnover (6.7%) while total manufacturing turnover declined (-0.3%), compared to Q2 2022.
- Food manufacturing prices increased by 0.3% compared to the previous quarter and were up by 9.7% compared to Q2 2022.

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Employment remained up in food and drink industry, slightly down in total manufacturing

- In Q2 2023, employment levels in the food and drink industry increased (0.2% and 1.4% respectively) compared to the previous quarter, while total manufacturing employment decreased (-0.3%).
- Year-on-year, employment levels increased in the food industry (0.7%), the drink industry (5.3%) and in total manufacturing (0.9%).

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Food and drink industry and total manufacturing industry business confidence continue to decrease

- Food industry confidence declined for Q3 2023 (-0.7 points) and for the seventh consecutive quarter. Drink industry confidence showed a significant drop-down (-3.4 points) compared to the previous quarter. The confidence level in total manufacturing was down to a similar degree (-3.1 points).

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EU exports totalled €45.6 billion

- EU exports of food and drinks totalled €45.6 billion in Q2 2023 (Q2 2023/Q2 2022: +0.6%).

- The trade balance reached a surplus of €19.6 billion (Q2 2023/Q2 2022: +12.2%).
- The top 5 products with the largest share in export value generated €21.9 billion in Q2 2023 (meat products, dairy products, wine, processed fruits and vegetables, and cocoa, chocolate and sugar confectionery).
- EU imports of food and drinks reached €26 billion (Q2 2023/Q2 2022: -6.7%).

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Agricultural commodities

Agricultural commodity prices continued their downward trend; continued prices' increase for sugar and coffee

- The FAO food price index decreased by 3.2% in Q2 2023 compared to the previous quarter and by 20.5% compared to Q2 2022.
- The year-on-year comparison showed a continued downward trend in EU and world market agricultural commodity prices except for sugar and cocoa.

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Retail

Decrease in retail trade in foodstuffs

- Retail trade in foodstuffs in Q2 2023 decreased by 0.1% compared to the previous quarter whereas total retail trade was down 0.2%.
- Year-on-year, retail trade in foodstuffs decreased by 3.4% whereas total retail trade decreased by 2.1%.
- Consumer prices increased by 1.8% compared to the previous quarter and 15.2% year-on-year.

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Latest Economic Bulletin on input costs

- Provides detailed information on the inflationary pressures on energy prices, transport costs, packaging, machinery for processing, labour, agricultural raw materials, animal feed and fertilizers.

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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.
- EU refers to EU27 (excluding the UK) 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 2.1

<https://ec.europa.eu/eurostat/comext/newxtweb/>

European Commission, DG ECFIN business survey data

https://ec.europa.eu/info/business-economy-euro/indicators-statistics/economic-databases/business-and-consumer-surveys_en

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

https://agriculture.ec.europa.eu/data-and-analysis/markets/price-data/price-dashboard_en

European Commission, Eurostat News Release 99/2023, 'Volume of retail trade down by 0.2% in the euro area and by 0.3% in the EU', 6 September 2023

<https://ec.europa.eu/eurostat/documents/2995521/17441092/4-06092023-AP-EN.pdf/ab066297-8ea1-edd1-d56d-fc02fa87a96b?version=2.0&t=1693927894440>

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

ECONOMIC BULLETIN Q2 2023

Annex

Production and turnover of the EU food and drink industry

Production index (2015=100)

	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	y-o-y
Total manufacturing	112.4	113.2	113.8	113	112.1	
% change	0.7	0.7	0.5	-0.7	-0.8	-0.3
Food and drink industry	109.2	109.1	107.9	107.8	107.9	
% change	0.4	-0.1	-1.1	-0.1	0.1	-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.

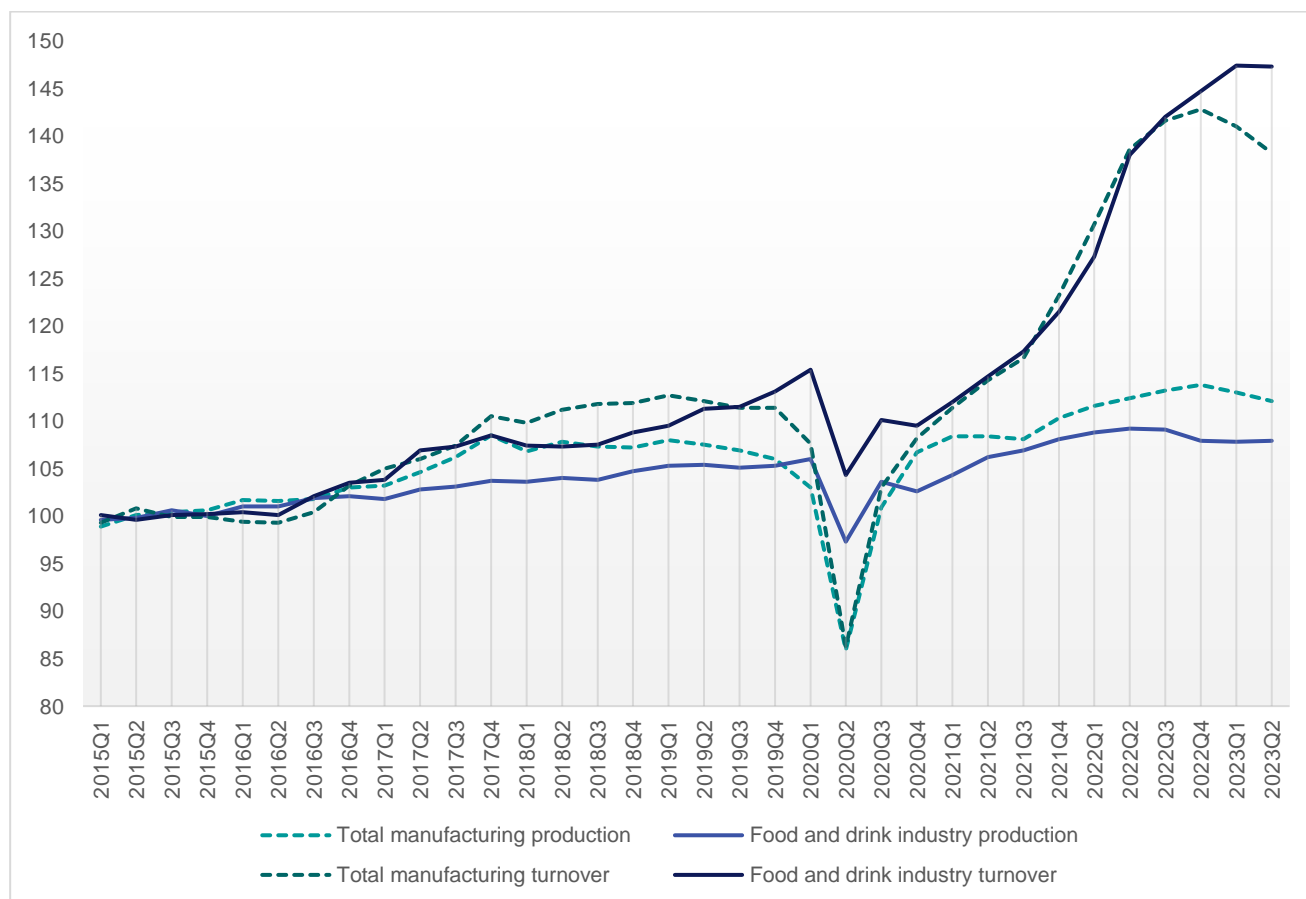
Turnover index (2015=100)

	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	y-o-y
Total manufacturing	138.6	141.6	142.8	141.	138.2	
% change	6.0	2.2	0.8	-1.3	-2.0	-0.3
Food and drink industry	138.0	142	144.7	147.4	147.3	
% change	8.4	2.9	1.9	1.9	-0.1	6.7

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, 2015-2023 (2015=100)



Source: Eurostat

Food and drink production by Member State

Member State	2023 Q1 / 2022 Q4 (% change)	2023 Q2 / 2023 Q1 (% change)	2023 Q2 / 2022 Q2 (% change)
EU	-0.1	0.1	-1.2
Austria	0.6	-0.5	3.1
Belgium	3.6	-1.2	-1.6
Bulgaria	-2.1	-3.2	-10.5
Czech Republic	-2.8	0.8	-3.3
Denmark	-1.8	-2.9	-9.4
Finland	0.4	-0.2	-3.7
France	-0.9	0.3	-1.2
Germany	0.5	1.6	-0.1
Greece	0.7	0.8	3.8
Hungary	-10.7	0.4	-15.9
Italy	0.7	0.0	-2.8
Latvia	0.5	1.3	2.3
Lithuania	2.5	1.5	1.3
Netherlands	-0.6	-2.3	-1.3
Poland	-2.3	-1.0	-1.9
Portugal	0.7	0.2	1.8
Romania	3.2	-1.3	-2.3
Spain	-1.0	-0.2	-2.3

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

Food and drink turnover by Member State

Member State	2023 Q1 / 2022 Q4 (% change)	2023 Q2 / 2023 Q1 (% change)	2023 Q2 / 2022 Q2 (% change)
EU	1.9	-0.1	6.7
Austria	4.9	-2.6	5.9
Belgium	5.0	-1.3	9.0
Czech Republic	-0.3	-0.1	7.8
Denmark	-0.4	-1.9	2.7
Finland	2.3	-0.9	6.4
France	1.6	1.0	8.9
Germany	3.2	0.4	9.2
Greece	2.8	0.2	8.0
Hungary	-8.5	1.0	-14.2
Italy	4.2	0.9	7.6
Latvia	5.2	2.1	14.6
Lithuania	3.6	-2.9	-1.7
Netherlands	2.3	-4.7	3.9
Poland	-1.3	-1.4	2.9
Portugal	3.2	0.4	10.6
Romania	0.4	1.5	2.8
Spain	0.5	0.1	4.3

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

Employment in the EU food and drink industry

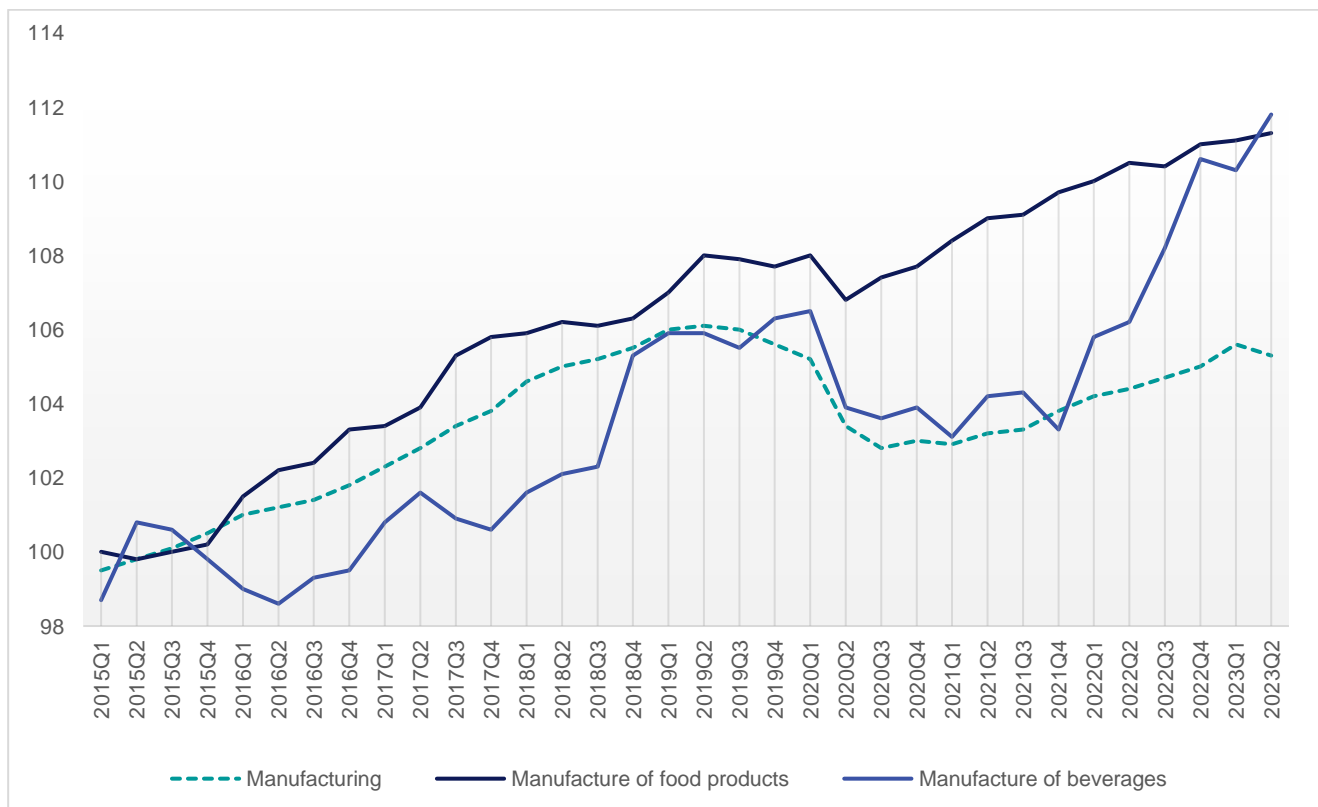
Employment index (2015=100)

Employment	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	y-o-y
Total manufacturing	104.4	104.7	105.0	105.6	105.3	
% change	0.2	0.3	0.3	0.6	-0.3	0.9
Food industry	110.5	110.3	111.0	111.1	111.3	
% change	0.5	-0.2	0.6	0.1	0.2	0.7
Drink industry	106.1	108.1	110.6	110.3	111.8	
% change	0.3	1.9	2.3	-0.3	1.4	5.3

Source: Eurostat

The employment index 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, 2015-2023 (2015=100)



Source: Eurostat

Food industry employment by Member State

Member State	2023 Q1 / 2022 Q4 (% change)	2023 Q2 / 2023 Q1 (% change)	2023 Q2 / 2022 Q2 (% change)
EU	0.1	0.2	0.7
Austria	-0.1	0.6	0.5
Belgium	0.4	na	na
Croatia	-2.5	0.2	-1.8
Czech Republic	0.1	-0.3	-1.0
Denmark	-0.8	-0.1	-1.9
Finland	-8.5	-6.6	3.8
France	0.3	0.1	0.6
Germany	0	0.4	0.7
Greece	2	0.8	9.3
Ireland	5.5	-4.7	-6.6
Italy	0.5	-0.1	1.9
Latvia	4.5	-0.5	2.8
Lithuania	-1.1	1.6	-1.5
Netherlands	0.4	na	na
Poland	-0.3	0.0	-0.3
Portugal	0.1	0.8	1.2
Spain	0	1.1	0.6
Sweden	-1.9	1.7	-1.9

Source: Eurostat. No data available for Bulgaria, Cyprus, Estonia, Hungary, Luxembourg, Malta, Romania, Slovakia, Slovenia

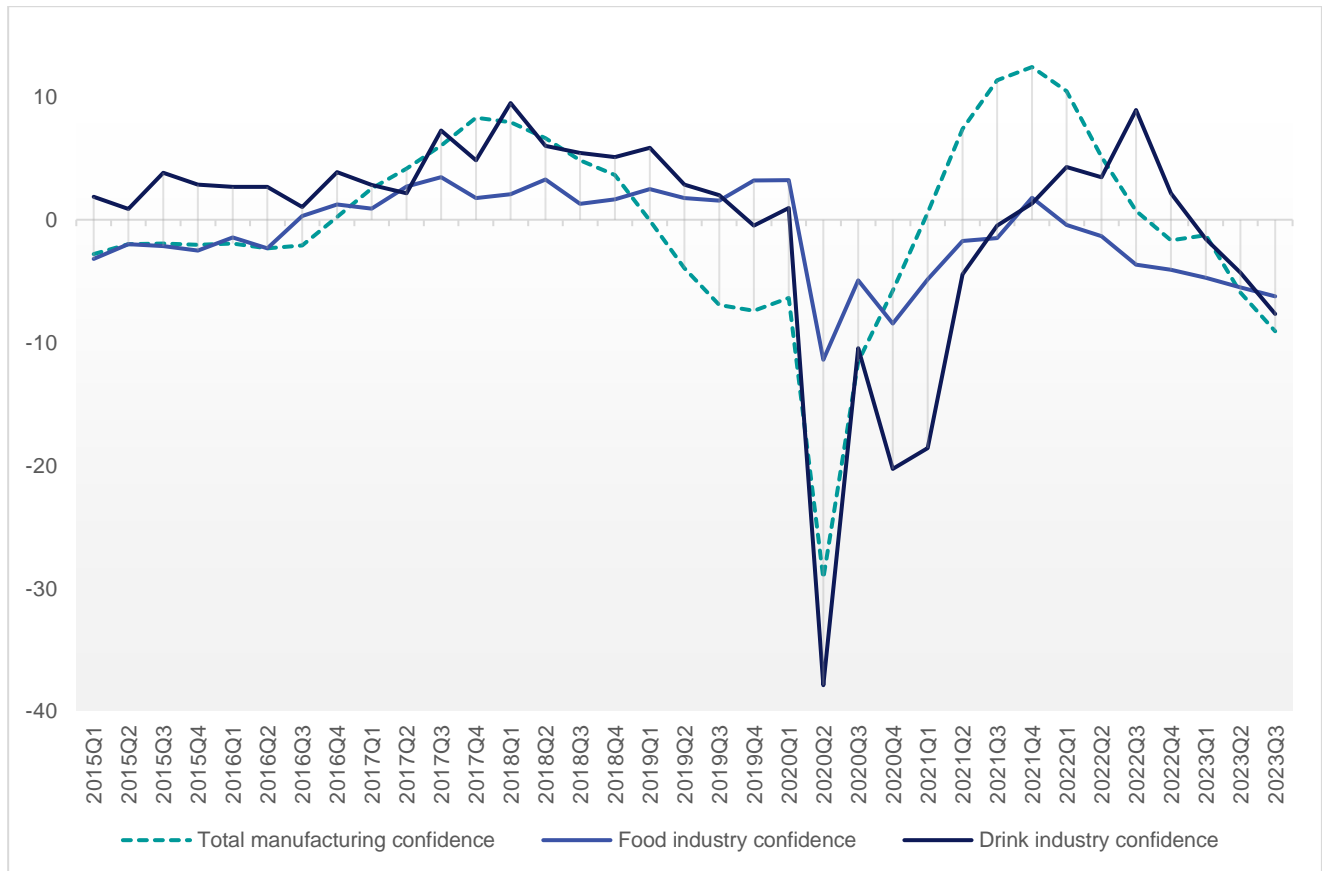
Drink industry employment by Member State

Member State	2023 Q1 / 2022 Q4 (% change)	2023 Q2 / 2023 Q1 (% change)	2023 Q2 / 2022 Q2 (% change)
EU	-0.3	1.4	5.3
Austria	1.6	0.1	3.3
Belgium	0.2	na	na
Croatia	-1	1.7	2.3
Czech Republic	-6.3	10.2	8.9
Denmark	-1.1	0.9	0.4
France	0.3	0.1	0.6
Germany	-0.1	0.4	1.4
Greece	0.8	0.8	-2.4
Ireland	-15.2	-1.7	-14.1
Italy	8.7	1.0	11.7
Latvia	1	2.0	-0.6
Lithuania	-5.1	0.5	-4.0
Netherlands	1.2	na	na
Poland	1.7	-0.3	1.1
Portugal	0.8	0.8	2.8
Spain	-9.8	1.6	21.3
Sweden	-1.6	15.4	10.2

Source: Eurostat. No data available for Bulgaria, Cyprus, Estonia, Finland, Hungary, Luxembourg, Malta, Romania, Slovakia, Slovenia

Confidence in the EU food and drink industry

EU quarterly manufacturing confidence indicators, 2015-2023



* Subsector level data (i.e. the divisions of NACE rev.2 at the 2-digit level) for the industry have not undergone a full validation process, hence their use and interpretation deserve more caution.

Source: European Commission, DG ECFIN business survey data, own calculations

The confidence indicator is a statistical indicator based on the results from business surveys interrogating enterprises on their current economic situation and their expectations about future developments. The indicator is calculated as the simple arithmetic average of the seasonally adjusted balances of positive and negative answers to specific questions, e.g. regarding economic expectations.

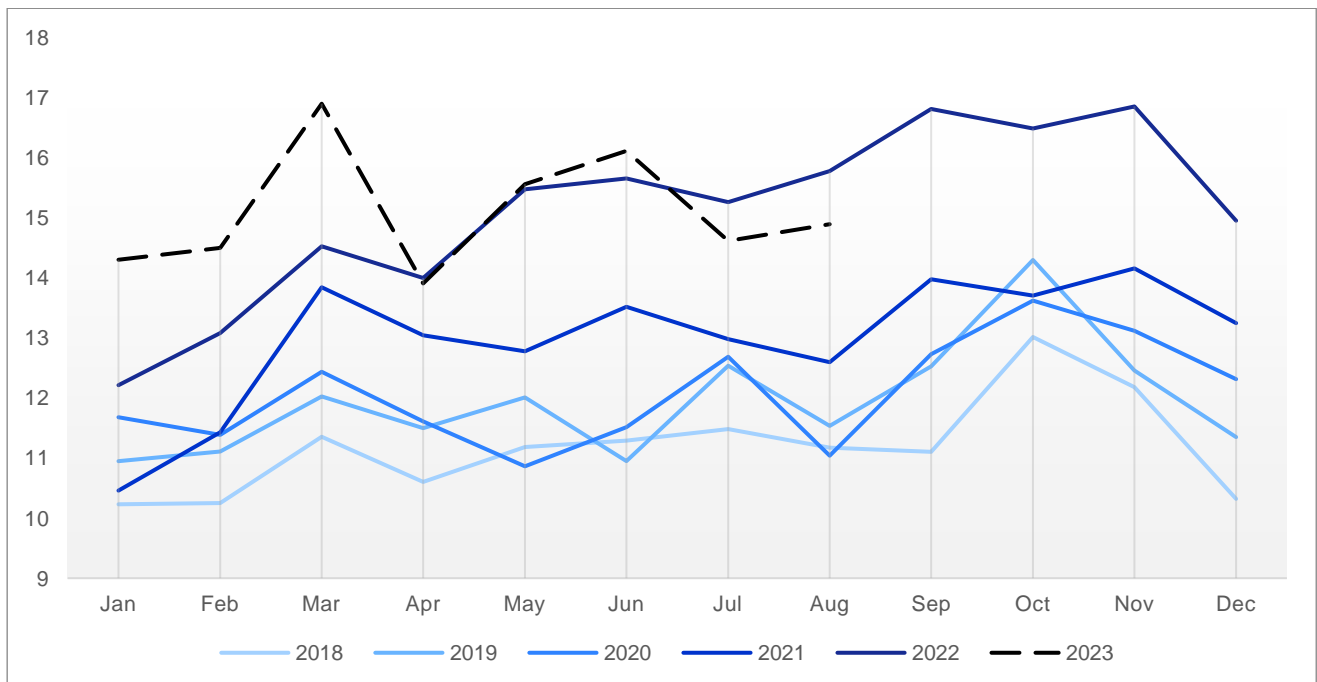
External trade

EU food and drink trade (€ billion)

	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	y-o-y
Exports	45.3	47.9	48.3	45.7	45.6	0.6%
Imports	27.8	27.4	27.9	25.7	26.0	-6.7%
Balance	17.5	20.4	20.4	20.0	19.6	12.2%

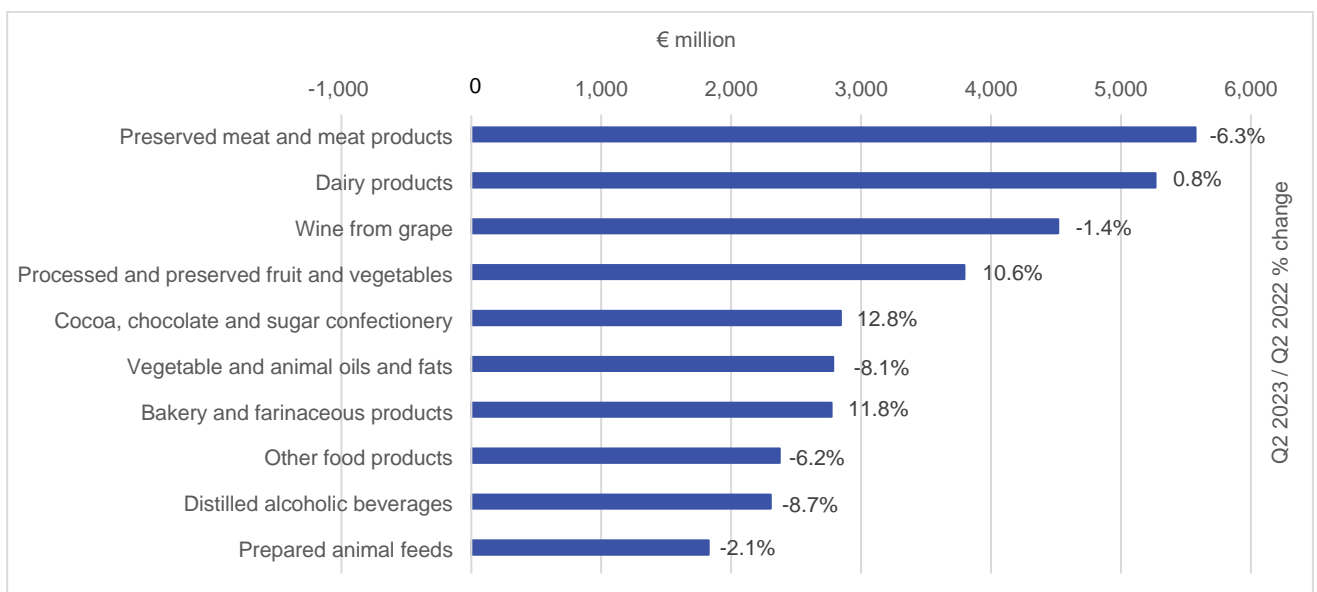
Source: Eurostat

EU food and drink exports, 2016-2023 (€ billion)



Source: Eurostat

Export performance by sector



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

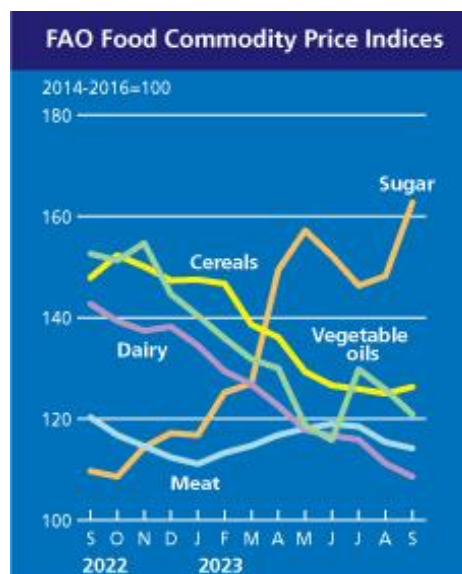
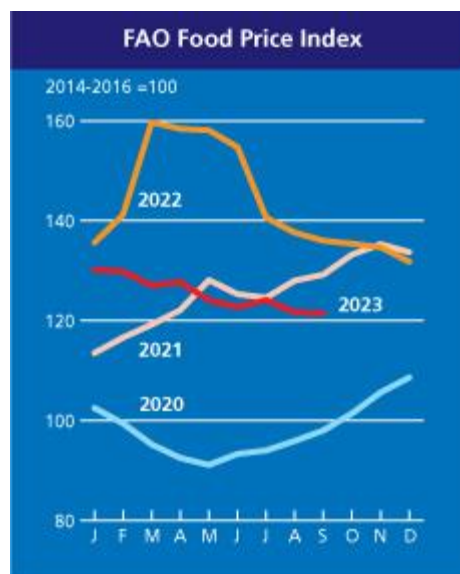
EU food and drink trade by sector

Sector / Period	Exports			Imports			Balance		
	Q2 2022	Q2 2023	change	Q2 2022	Q2 2023	change	Q2 2022	Q2 2023	change
	€ million			€ million			€ million		
Food and drinks	45,297	45,581	0.6%	27,811	25,956	-6.7%	17,486	19,626	12.2%
10 Food products	34,970	35,319	1.0%	25,596	23,698	-7.4%	9,374	11,621	24.0%
11 Beverages	10,327	10,262	-0.6%	2,215	2,258	1.9%	8,112	8,005	-1.3%
101 Preserved meat and meat products	5,947	5,575	-6.3%	2,232	2,184	-2.2%	3,715	3,391	-8.7%
1011 Processed and preserved meat	3,639	3,221	-11.5%	1,555	1,495	-3.9%	2,085	1,726	-17.2%
1012 Processed and preserved poultry meat	878	864	-1.7%	235	236	0.4%	643	627	-2.4%
1013 Meat and poultry meat products	1,429	1,490	4.3%	442	453	2.4%	987	1,038	5.1%
102 Processed and preserved fish, crustaceans and molluscs	1,368	1,383	1.1%	5,568	5,250	-5.7%	-4,200	-3,866	-7.9%
103 Processed and preserved fruit and vegetables	3,432	3,796	10.6%	3,921	3,760	-4.1%	-489	36	-107.3%
1031 Processed and preserved potatoes	859	1,170	36.3%	34	41	20.9%	824	1,129	37.0%
1032 Fruit and vegetable juices	456	507	11.2%	527	557	5.8%	-71	-51	-28.7%
1039 Other processed and preserved fruit and vegetables	2,118	2,118	0.0%	3,360	3,161	-5.9%	-1,242	-1,043	-16.0%
104 Vegetable and animal oils and fats	3,031	2,784	-8.1%	6,856	5,397	-21.3%	-3,826	-2,613	-31.7%
1041 Oils and fats	2,813	2,557	-9.1%	6,786	5,338	-21.3%	-3,973	-2,781	-30.0%
1042 Margarine and similar edible fats	218	227	4.0%	70	59	-16.3%	148	168	13.6%
105 Dairy products	5,224	5,266	0.8%	698	606	-13.2%	4,526	4,660	3.0%
1051 Dairy and cheese products	4,934	4,952	0.4%	617	525	-14.9%	4,317	4,427	2.5%
1052 Ice cream	291	314	8.1%	81	81	-0.2%	209	233	11.4%
106 Grain mill products, starches and starch products	1,435	1,607	12.0%	1,060	1,034	-2.5%	375	573	52.7%
1061 Grain mill products	749	790	5.4%	893	854	-4.4%	-144	-64	-55.6%
1062 Starches and starch products	686	817	19.1%	167	180	8.0%	519	637	22.6%
107 Bakery and farinaceous products	2,479	2,772	11.8%	463	497	7.5%	2,017	2,275	12.8%
1071 Bread; fresh pastry goods and cakes	586	688	17.4%	117	123	4.7%	468	565	20.6%
1072 Rusks; and biscuits; preserved pastry goods and cakes	1,416	1,615	14.1%	301	336	11.7%	1,115	1,279	14.7%
1073 Macaroni, noodles, couscous and similar farinaceous products	478	469	-1.8%	45	39	-13.8%	433	431	-0.6%
108 Other food products	10,022	10,226	2.0%	4,052	4,340	7.1%	5,970	5,885	-1.4%
1081 Sugar	148	150	1.5%	422	741	75.9%	-274	-591	116.1%
1082 Cocoa, chocolate and sugar confectionery	2,520	2,843	12.8%	971	1,096	12.8%	1,549	1,747	12.8%
1083 Processed tea and coffee	963	1,035	7.5%	741	681	-8.1%	221	354	59.9%
1084 Condiments and seasonings	855	887	3.7%	399	386	-3.3%	456	500	9.7%
1085 Prepared meals and dishes	1,647	1,797	9.1%	395	409	3.6%	1,253	1,388	10.8%
1086 Homogenised food preparations and dietetic food	1,358	1,140	-16.0%	17	17	4.0%	1,341	1,123	-16.3%
1089 Other food products n.e.c.	2,531	2,373	-6.2%	1,107	1,009	-8.9%	1,424	1,365	-4.1%
109 Prepared animal feeds	1,866	1,828	-2.1%	745	626	-15.9%	1,121	1,202	7.2%
1091 Prepared feeds for farm animals	1,015	907	-10.6%	321	248	-22.9%	693	659	-4.9%
1092 Prepared pet foods	852	920	8.1%	423	378	-10.7%	428	542	26.6%
110 Beverages	10,327	10,262	-0.6%	2,215	2,258	1.9%	8,113	8,004	-1.3%
1101 Distilled alcoholic beverages	2,525	2,304	-8.7%	1,064	1,163	9.4%	1,461	1,141	-21.9%
1102 Wine from grape	4,582	4,517	-1.4%	432	369	-14.6%	4,149	4,147	0%
1103 Cider and other fruit wines	124	116	-5.8%	22	19	-14.6%	102	98	-3.9%
1104 Other non-distilled fermented beverages	65	74	13.7%	4	3	-38.8%	61	72	17.3%
1105 Beer	1,013	1,044	3.0%	219	215	-1.6%	795	828	4.2%
1106 Malt	334	412	23.2%	23	7	-70.8%	311	405	30.1%
1107 Soft drinks; mineral waters and other bottled waters	1,684	1,795	6.6%	451	482	6.9%	1,233	1,313	6.5%

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

Prices of agricultural commodities

FAO Food Price Index



Source: FAO Food Price Index

Main agricultural commodity prices

Agricultural commodity	Q2 2023 average	EU		Q2 2023 average	WORLD	
		Q2 2023/ Q1 2023	Q2 2023/ Q2 2022		Q2 2023/ Q1 2023	Q2 2023/ Q2 2022
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Maize	249	-14.4	-27.7	253	-8	-20.4
Soft wheat	243	-17	-35.2	241	-14.6	-37.3
DAIRY						
SMP	2458	-5.6	-39.5	2565	-3.5	-36
WMP	3462	-3.4	-32.7	2902	-4.2	-23.7
SUGAR						
White sugar	814	2.6	80.8	629	18.2	23.9
				USD/T	% change	% change
OILS AND OIL CROPS						
Soybean oil				1008	-18.4	-46.6
Soybean				601	-5.5	-17.4
Soybean meal				519	-13	-4.9
Rapeseed				475	-16.6	-50.6
Rape oil				959	-14.8	-55.6
Palm oil				919	-3.8	-43.8
COFFEE AND COCOA						
Cocoa				2951	13.5	23.9
Coffee				3860	4.7	-11.7

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

Retail trade

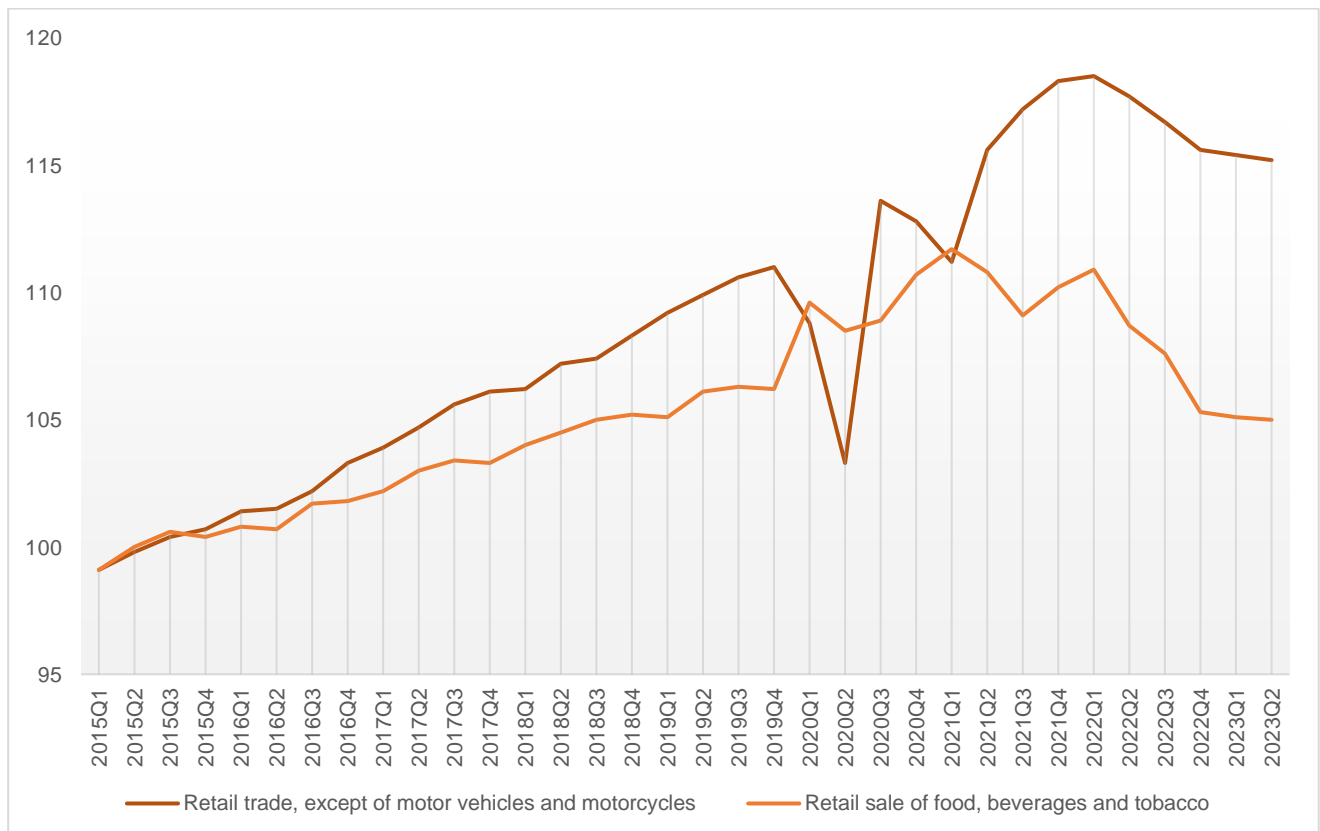
Retail sales index (2015=100)

	2022 Q2	2022 Q3	2022 Q3	2023 Q1	2023 Q2	y-o-y
Total retail trade	117.7	116.7	115.6	115.4	115.2	
% change	-0.7	-0.8	-0.9	-0.2	-0.2	-2.1
Food, drinks and tobacco	108.7	107.6	105.3	105.1	105.0	
% change	-2.0	-1.0	-2.1	-0.2	-0.1	-3.4

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, 2015-2023 (2015=100)

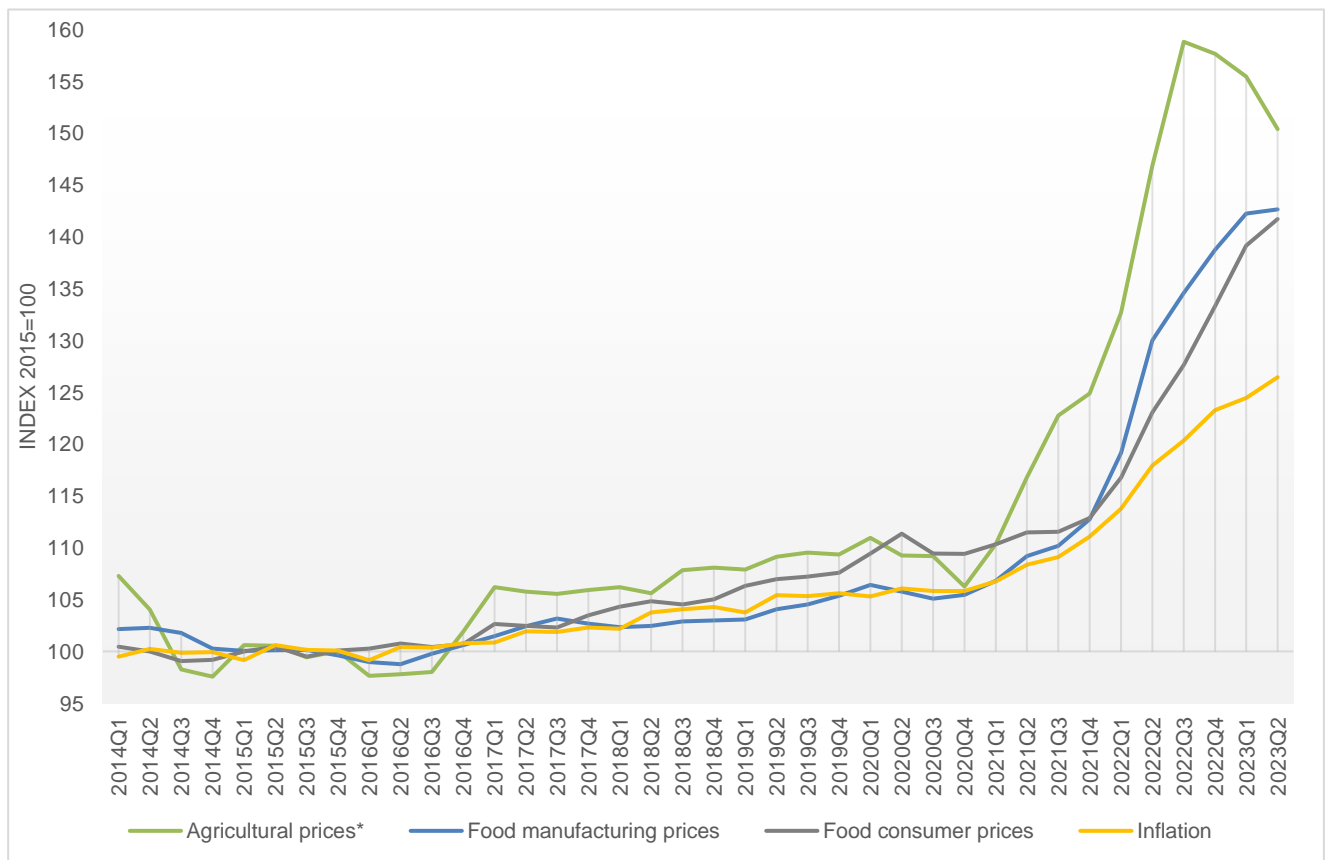


Source: Eurostat

Price developments along the EU food chain

Price developments (% change)

	2022 Q2	2022 Q3	2022 Q4	2023 Q1	2023 Q2	y-o-y
Agricultural prices*	10.7	8.1	-0.7	-1.4	-3.3	2.4
Food manufacturing prices	9.1	3.5	3.1	2.5	0.3	9.7
Food consumer prices	5.4	3.7	4.4	4.4	1.8	15.2
Inflation	3.7	2.0	2.5	0.9	1.6	7.2



* EU farmer price indices are not available before January 2015. Before this date, the monthly change is estimated based on Member States data weighted by their share in the agricultural output. Latest Eurostat monthly indices for EU farmer prices are available in June 2020. Since this date, the index is estimated based on cereals, sugar, milk, meat, tomatoes and apples monthly prices weighted by annual production (updated by the latest edition of short-term outlook: https://ec.europa.eu/info/food-farming-fisheries/farming/facts-and-figures/markets/outlook/short-term_en).

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

Focus on ...



Food and drink producer prices, consumer prices and inflation

- In August 2023, EU food and drink producer prices increased by 5% compared to August 2022 (highest year-on-year value - 21.5% - in October 2022).
- Consumer food prices registered a 9.2% increase since September 2022 (highest - 19.6% - in March 2023).
- Inflation was up by 4.9% in September 2023 year-on-year (highest year-on-year value 11.5% value in October 2022).

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Energy prices

Crude oil and natural gas

- In October 2023, crude oil prices decreased by 2% on average compared to October 2022.
- EU natural gas prices decreased by 63% since October 2022.

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Transport costs

Global shipping and air freight

- The global container freight rate index decreased by 69% between October 2022 and October 2023.
- Air freight rates were down 32% compared to October 2022.

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Packaging

Wood and paper

- August year-on-year, producer prices index of wooden containers dropped by 15%, but were up 39% compared to August 2020.
- Producer price indices of pulp, paper and paperboard dropped by 15% compared to August 2022, but were up 35% compared to August 2020.

Plastics and metal

- The producer price index of plastic packing goods has decreased by 3% compared to August 2022, but was up 24% compared to August 2020.
- The August year-on-year comparison shows that the producer price index of light metal packaging

grew by 6%, but was up 35% compared to August 2020.

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Machinery for processing

- The producer price index of machinery for food and drink processing registered a 3% increase since August 2022.

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Labour

Labour shortage

- The job vacancy rate in the EU manufacturing industry marked a decrease since Q2 2022 (Q2 2023/Q2 2022: -13%).
- In Q2 2023, the job vacancy rate in the manufacturing industry varied across Member States, from 4.4% in the Netherlands to 0.8% in Poland.

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Agricultural raw materials

- The FAO food price index was down 10.9% compared to October 2022.
- For further details, please see the European Commission's monthly [commodity price dashboard](#).

Animal feed

- Producer prices of animal feed increased since August 2020, plateaued in the second half of 2022, and started to decrease in Q1 2023.
- The August 2023 year-on-year comparison shows that the producer price index of animal feed was down by 8%, but was up 34% compared to August 2020.

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Fertilizers

- In October 2023 year-on-year, prices of diammonium phosphate, triple superphosphate and urea decreased by 26%, 31% and 35% respectively, but remained 50%, 61% and 68% higher compared to August 2020.

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