

# ECONOMIC BULLETIN Q2 2019

**Moderate decrease in production, increase in turnover and manufacturing prices, and record quarterly exports**

## Food and drink industry

### EU food and drink industry performed better than overall manufacturing

- In Q2 2019, EU food and drink industry production decreased by 0.2% compared to the previous quarter.
- EU food and drink industry turnover increased by 0.7% compared to the previous quarter.
- The year-on-year comparison shows that food and drink industry production growth exceeded total manufacturing production growth (1.9% vs. -0.7% compared to Q2 2018). The year-on-year growth in food and drink industry turnover exceeded that of total manufacturing (3.6% vs. 0.7% compared to Q2 2018).
- Food manufacturing prices increased by 0.9% in Q2 2019 and were 1.5% higher compared to Q2 2018.

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### Employment remains at high levels

- Employment in food manufacturing increased by 0.6% and decreased by 0.5% in drink manufacturing.
- Year-on-year and in the long term, employment growth in the food and drink industry respectively outperformed the one in overall manufacturing (Q2 2019/Q2 2014: +8.7%, +7.4% vs. +7.1%).

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### EU exports reached €29.3 billion

- EU exports of food and drinks totalled €29.3 billion in Q2 2019 (Q2 2019/Q2 2018: +8.3%).
- The trade balance reached a surplus of €10.4 billion (Q2 2019/Q2 2018: +24.8%).
- The top 5 products with the largest share in export value generated €14.6 billion in Q2 2019 (meat products, dairy products, wine, spirits, processed fruits and vegetables).
- EU imports of food and drinks reached €18.9 billion (Q2 2019/Q2 2018: +1%).

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## Agricultural commodities

### FAO food price index increased

- The FAO food price index increased by 4% in Q2 2019 compared to the previous quarter and remained 1% lower compared to Q2 2018.
- In Q2 2019, EU and world market commodity prices decreased in particular for cereals (maize, soft wheat), oils and oil crops, coffee, while prices increased for dairy (SMP, WMP) and cocoa.
- The year-on-year comparison demonstrates: an increase in world market prices for SMP, maize, soft wheat, WMP, sugar and rapeseed – and a decrease in prices for soybean meal, palm oil, soybean, coffee, cocoa and soybean oil.

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## Retail

### Retail trade in foodstuffs remains on positive trend

- Q2 2019, retail trade in foodstuffs increased by 0.2% compared to the previous quarter.
- Year-on-year, retail trade in foodstuffs increased by 1.2%, while growth in total retail was up by 2.5%.
- Consumer prices increased by 0.5% in Q2 2019 and were 1.9% higher compared to Q2 2018.

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## Focus on ...

### Employment in the EU manufacturing industry

- Compared to other manufacturing sectors, the EU food and drink industry is a key job provider, ensuring jobs for 4.57 million persons and paying €101 billion in wages and salaries.
  - At EU level, as well as in half of the Member States, the food and drink industry is the biggest employer within manufacturing.
- Find out more about EU farmers and the food and drink industry.

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## Methodology

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- 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 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

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

European Commission, Eurostat News Release 155/2019, 'Volume of retail trade down by 0.6% in euro area - Down by 0.5% in EU28', 4 September 2019

<https://ec.europa.eu/eurostat/documents/2995521/10059810/4-04092019-AP-EN.pdf/4d619d5c-582f-48f2-a610-c15acb38ddae>

### 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.fooddrink europe.eu)**

## ECONOMIC BULLETIN Q2 2019

### Annex

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

##### Production index

	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	y-o-y
<b>Total manufacturing</b>	107.2	107.2	106.5	107.3	106.4	
<b>% change</b>	0.3	0.0	-0.7	0.8	-0.8	-0.7
<b>Food and drink industry</b>	104.2	104.5	104.5	106.4	106.2	
<b>% change</b>	0.3	0.3	0.0	1.8	-0.2	1.9

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.

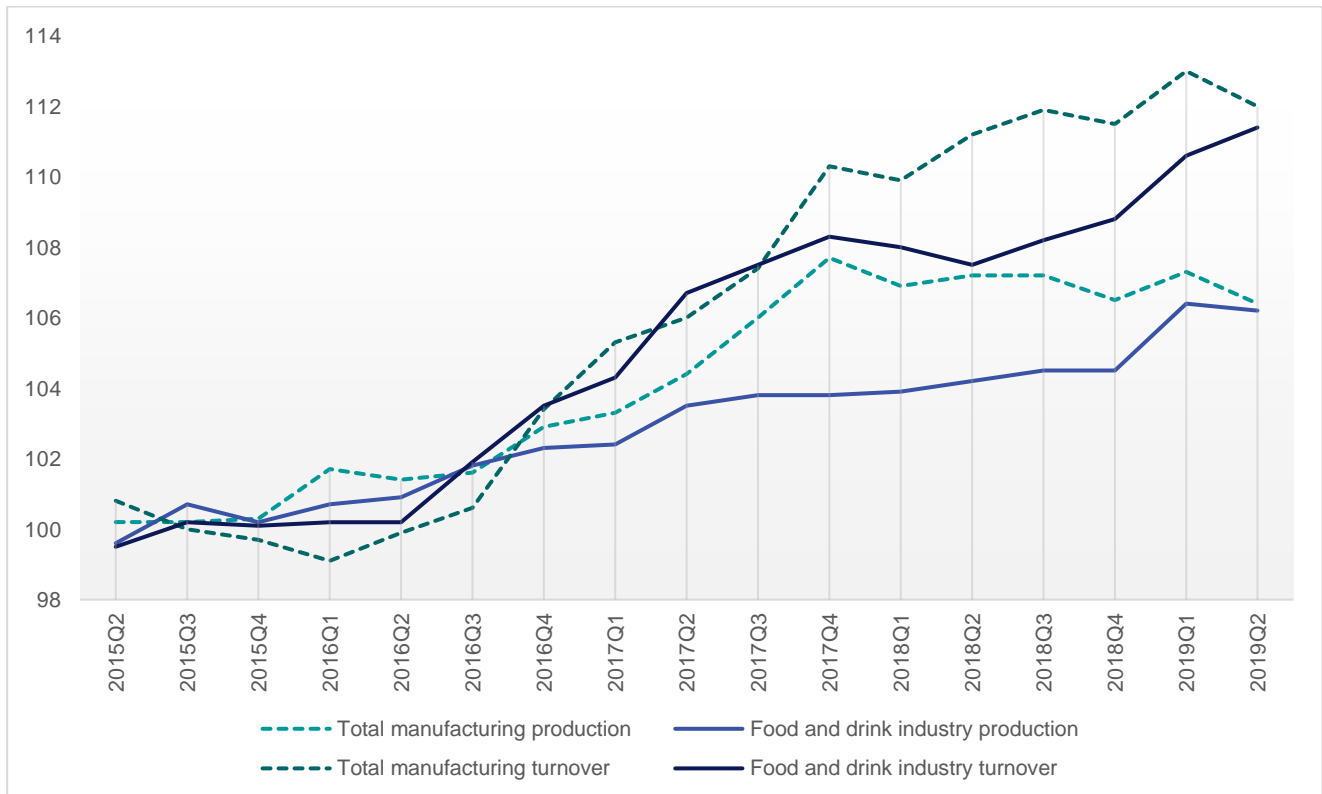
##### Turnover index

	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	y-o-y
<b>Total manufacturing</b>	111.2	111.9	111.5	113.0	112.0	
<b>% change</b>	1.2	0.6	-0.4	1.3	-0.9	0.7
<b>Food and drink industry</b>	107.5	108.2	108.8	110.6	111.4	
<b>% change</b>	-0.5	0.7	0.6	1.7	0.7	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 Q1 / 2018 Q4 (% change)	2019 Q2 / 2019 Q1 (% change)	2019 Q2 / 2018 Q2 (% change)
EU	1.8	-0.2	1.9
Austria	1.0	0.6	1.6
Belgium	0.9	0.8	0.5
Bulgaria	7.0	-2.4	2.7
Czech Republic	0.8	0.7	1.8
Denmark	-0.2	0.5	-0.5
Estonia	0.7	-0.7	2.0
Finland	-0.7	1.7	2.5
France	1.2	-0.1	-0.5
Germany	1.7	0.8	2.0
Greece	-0.5	-0.2	2.1
Hungary	3.1	1.0	6.9
Italy	1.4	0.1	3.5
Latvia	-1.3	1.0	0.5
Lithuania	3.5	-2.0	4.1
Netherlands	0.1	0.8	1.0
Poland	2.9	0.2	4.2
Portugal	1.3	0.5	3.0
Romania	4.9	0.0	2.1
Spain	2.5	-1.2	3.8
United Kingdom	n.a.	n.a.	n.a.

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

**Food and drink turnover by Member State**

Member State	2019 Q1 / 2018 Q4 (% change)	2019 Q2 / 2019 Q1 (% change)	2019 Q2 / 2018 Q2 (% change)
<b>EU</b>	1.7	0.7	3.6
<b>Austria</b>	2.7	-0.7	4.4
<b>Belgium</b>	0.5	4.8	7.2
<b>Bulgaria</b>	6.9	-2.2	6.1
<b>Czech Republic</b>	1.9	0.3	5.2
<b>Denmark</b>	-0.5	-0.5	2.3
<b>Estonia</b>	1.4	-0.1	2.8
<b>Finland</b>	0.0	2.3	4.9
<b>France</b>	0.2	1.9	3.7
<b>Germany</b>	0.8	2.0	3.7
<b>Greece</b>	1.8	2.1	3.0
<b>Hungary</b>	4.3	-0.5	5.9
<b>Italy</b>	2.5	0.1	3.1
<b>Latvia</b>	3.6	0.2	7.2
<b>Lithuania</b>	5.4	-2.2	4.9
<b>Netherlands</b>	0.8	-0.8	1.9
<b>Poland</b>	3.9	0.6	7.0
<b>Portugal</b>	1.0	0.5	0.8
<b>Romania</b>	0.2	1.2	5.2
<b>Spain</b>	3.1	0.4	3.5
<b>United Kingdom</b>	2.9	-1.7	2.0

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

## Employment in the EU food and drink industry

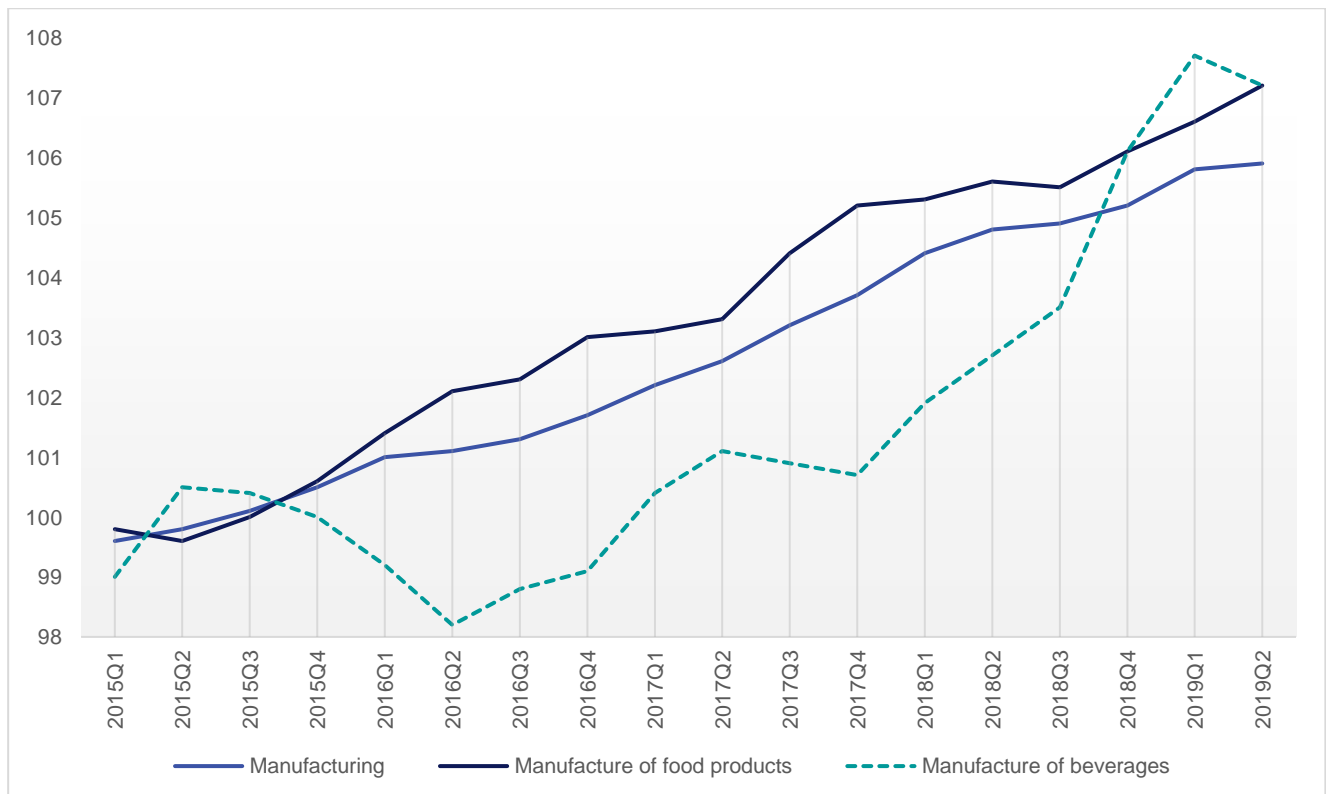
### Employment index

Employment	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	y-o-y
<b>Total manufacturing</b>	104.4	104.8	104.9	105.2	105.7	
<b>% change</b>	0.4	0.1	0.3	0.6	0.1	1.0
<b>Food industry</b>	105.6	105.5	106.1	106.6	107.2	
<b>% change</b>	0.3	-0.1	0.6	0.5	0.6	1.5
<b>Drink industry</b>	102.7	103.5	106.1	107.7	107.2	
<b>% change</b>	0.8	0.8	2.5	1.5	-0.5	4.4

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 Q1 / 2018 Q4 (% change)	2019 Q2 / 2019 Q1 (% change)	2019 Q2 / 2018 Q2 (% change)
EU	0.5	0.6	1.5
Austria	1.4	0.8	2.7
Belgium	0.5	0.1	1.2
Bulgaria	2.9	-2.5	0.2
Croatia	-2.8	-1.0	-3.7
Czech Republic	1.5	0.1	1.4
Denmark	0.6	-0.3	1.2
Estonia	-0.5	0.4	0.2
Finland	-4.8	8.1	19.0
France	0.5	0.3	1.2
Germany	0.5	0.4	1.7
Greece	1.5	1.5	7.4
Hungary	0.5	0.4	1.2
Ireland	1.3	-1.1	1.6
Italy	2.4	0.2	1.1
Latvia	0.5	1.6	1.4
Lithuania	1.1	-0.1	-0.8
Netherlands	0.7	n.a.	n.a.
Poland	0.4	0.4	0.7
Portugal	-0.5	-0.2	-0.1
Romania	2.3	-0.9	1.2
Spain	-2.1	5.4	1.9
Sweden	1.3	1.8	0.0
United Kingdom	0.3	-1.8	1.2

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

## Drink industry employment by Member State

Member State	2019 Q1 / 2018 Q4 (% change)	2019 Q2 / 2019 Q1 (% change)	2019 Q2 / 2018 Q2 (% change)
EU	1.5	-0.5	4.4
Austria	-0.6	0.2	0.4
Belgium	0.8	0.5	3.8
Bulgaria	1.1	-3.5	-4.0
Croatia	-1.3	2.1	2.0
Czech Republic	2.7	1.1	4.1
Denmark	2.1	1.6	8.8
Estonia	-1.3	-1.8	-1.9
France	0.3	0.2	1.0
Germany	0.3	0.0	1.2
Greece	3.2	-1.5	3.2
Hungary	4.8	2.0	6.6
Ireland	9.3	-3.1	24.3
Italy	-2.1	0.6	-6.2
Latvia	-4.5	-0.8	-2.4
Lithuania	1.2	0.4	2.4
Netherlands	0.2	n.a.	n.a.
Poland	1.0	0.1	2.5
Portugal	1.0	0.7	4.6
Romania	1.0	-0.3	2.8
Spain	2.9	-4.6	14.0
Sweden	1.8	2.2	14.1
United Kingdom	6.1	0.0	13.1

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

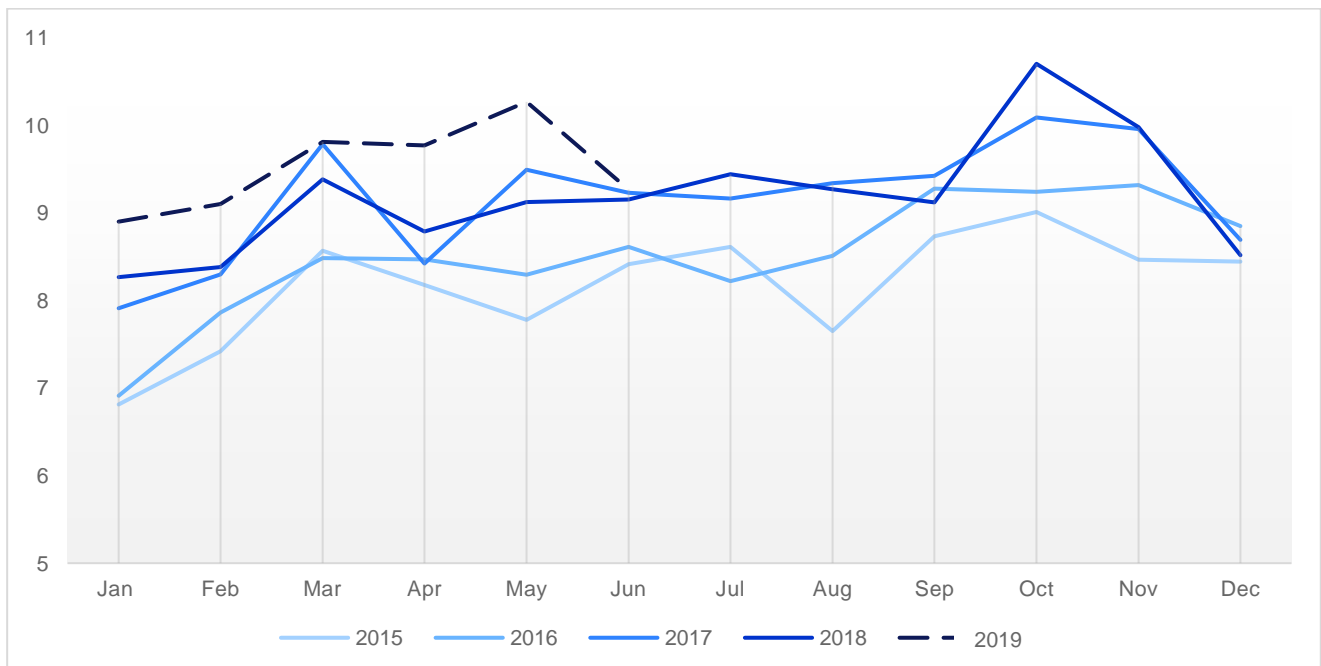
## External trade

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

	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	y-o-y
<b>Exports</b>	27.1	27.8	29.2	27.8	29.3	8.3%
<b>Imports</b>	18.7	18.4	19.0	18.6	18.9	1.0%
<b>Balance</b>	8.3	9.5	10.2	9.2	10.4	24.9%

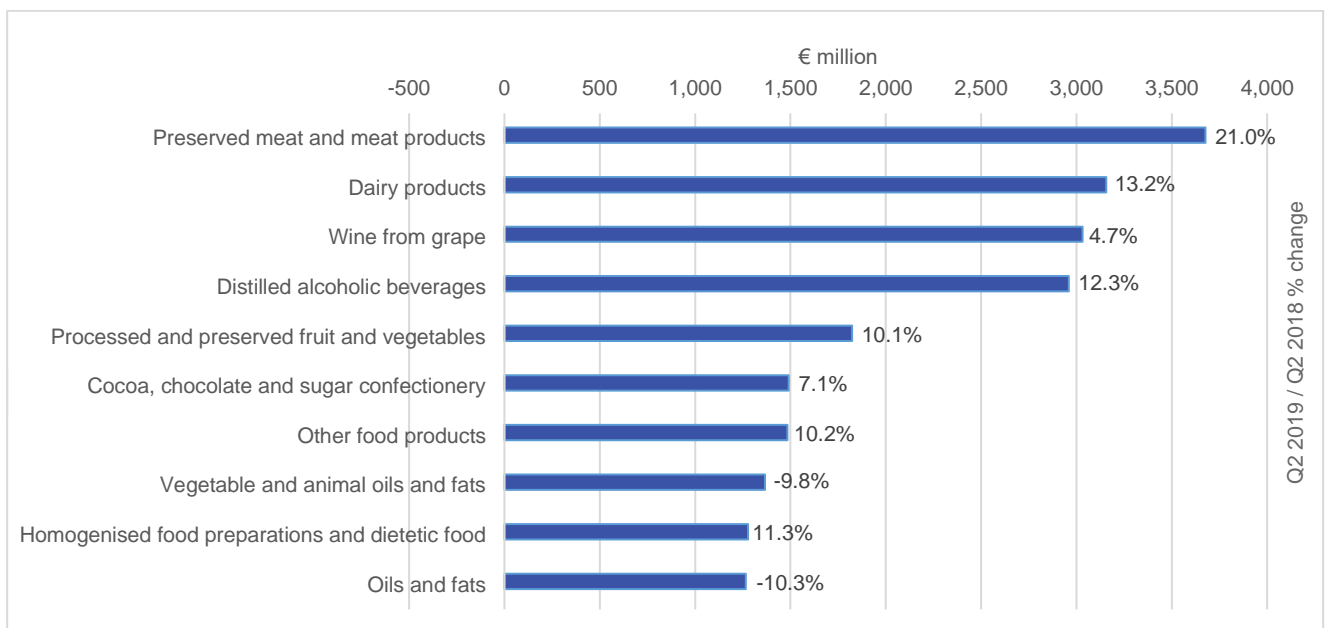
Source: Eurostat

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



Source: Eurostat

### Export performance by sector, Q2 2019



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



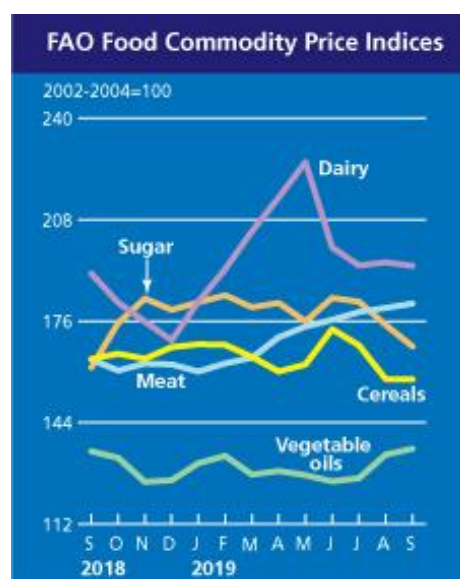
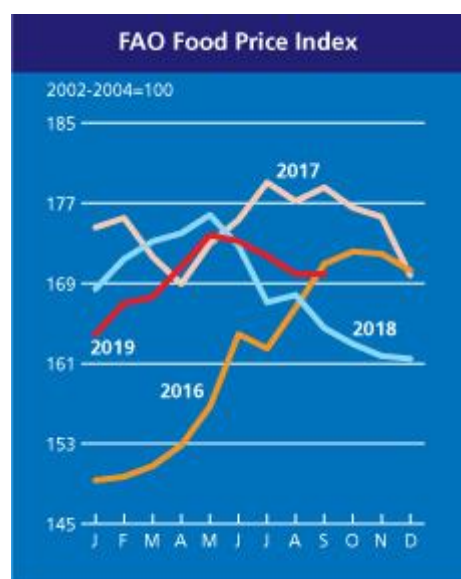
## EU food and drink trade by sector

Sector / Period	Exports			Imports			Balance		
	Q2 2018	Q2 2019	change	Q2 2018	Q2 2019	change	Q2 2018	Q2 2019	change
	€ million			€ million			€ million		
<b>Food and drinks</b>	27,061	29,311	8.3	18,767	18,950	1.0	8,294	10,361	24.9
10 Food products	19,214	20,805	8.3	17,141	17,333	1.1	2,074	3,472	67.4
11 Beverages	7,847	8,506	8.4	1,626	1,616	-0.6	6,221	6,889	10.7
<b>101 Preserved meat and meat products</b>	3,038	3,677	21.0	1,777	1,749	-1.6	1,261	1,928	52.9
1011 Processed and preserved meat	2,155	2,709	25.7	1,177	1,112	-5.5	979	1,597	63.2
1012 Processed and preserved poultry meat	447	502	12.3	161	147	-8.4	287	355	23.9
1013 Meat and poultry meat products	435	466	7.1	440	490	11.4	-5	-24	424.8
<b>102 Processed and preserved fish, crustaceans and molluscs</b>	987	989	0.2	4,911	4,957	0.9	-3,924	-3,969	1.1
<b>103 Processed and preserved fruit and vegetables</b>	1,657	1,824	10.1	2,196	2,173	-1.1	-539	-349	-35.3
1031 Processed and preserved potatoes	410	453	10.5	11	11	-1.0	399	442	10.8
1032 Fruit and vegetable juices	225	243	7.9	595	522	-12.2	-370	-280	-24.5
1039 Other processed and preserved fruit and vegetables	1,022	1,128	10.4	1,590	1,639	3.1	-568	-511	-10.0
<b>104 Vegetable and animal oils and fats</b>	1,515	1,367	-9.8	4,249	3,957	-6.9	-2,734	-2,590	-5.3
1041 Oils and fats	1,410	1,265	-10.3	4,211	3,919	-6.9	-2,801	-2,654	-5.3
1042 Margarine and similar edible fats	105	102	-3.0	38	38	0.5	67	64	-5.0
<b>105 Dairy products</b>	2,789	3,156	13.2	182	211	16.3	2,607	2,945	13.0
1051 Dairy and cheese products	2,663	3,030	13.8	153	181	17.7	2,510	2,849	13.5
1052 Ice cream	126	127	0.7	28	31	9.0	98	96	-1.8
<b>106 Grain mill products, starches and starch products</b>	867	893	3.0	537	577	7.5	330	316	-4.4
1061 Grain mill products	426	459	7.8	426	473	10.9	-1	-14	1549.2
1062 Starches and starch products	441	434	-1.7	111	105	-5.4	331	329	-0.5
<b>107 Bakery and farinaceous products</b>	1,080	1,193	10.4	207	227	9.6	873	966	10.6
1071 Bread; fresh pastry goods and cakes	161	195	21.3	41	47	12.4	120	149	24.3
1072 Rusks; and biscuits; preserved pastry goods and cakes	717	768	7.1	144	157	9.2	574	611	6.6
1073 Macaroni, noodles, couscous and similar farinaceous products	202	229	13.6	22	23	7.1	180	206	14.3
<b>108 Other food products</b>	6,168	6,531	5.9	2,741	3,081	12.4	3,427	3,449	0.7
1081 Sugar	308	152	-50.8	285	406	42.4	23	-254	-1227.7
<b>1082 Cocoa, chocolate and sugar confectionery</b>	1,393	1,492	7.1	702	769	9.5	690	723	4.7
1083 Processed tea and coffee	565	596	5.5	516	530	2.6	48	66	36.1
1084 Condiments and seasonings	385	426	10.6	243	265	8.8	142	162	13.7
1085 Prepared meals and dishes	1,023	1,104	7.9	224	244	8.9	800	861	7.6
1086 Homogenised food preparations and dietetic food	1,148	1,278	11.3	15	15	1.2	1,133	1,263	11.5
<b>1089 Other food products n.e.c.</b>	1,346	1,484	10.2	755	853	12.9	591	631	6.7
<b>109 Prepared animal feeds</b>	1,029	1,086	5.6	330	400	21.0	698	686	-1.7
1091 Prepared feeds for farm animals	712	738	3.8	143	174	21.5	569	565	-0.7
1092 Prepared pet foods	317	348	9.6	187	226	20.7	130	122	-6.4
<b>110 Beverages</b>	7,847	8,506	8.4	1,626	1,616	-0.6	6,221	6,889	10.7
<b>1101 Distilled alcoholic beverages</b>	2,636	2,960	12.3	455	405	-11.0	2,180	2,554	17.2
<b>1102 Wine from grape</b>	2,896	3,032	4.7	662	667	0.8	2,234	2,365	5.8
1103 Cider and other fruit wines	83	73	-12.4	10	14	40.1	73	59	-19.4
1104 Other non-distilled fermented beverages	37	40	7.4	4	5	20.1	33	35	6.0
1105 Beer	917	936	2.1	171	176	2.9	745	759	1.9
1106 Malt	248	297	19.5	2	2	-28.2	246	295	20.0
1107 Soft drinks; mineral waters and other bottled waters	1,030	1,170	13.5	322	348	8.1	708	822	16.0

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

## Prices of agricultural commodities

### FAO Food Price Index



Source: FAO Food Price Index

### Main agricultural commodity prices

Agricultural commodity	Q2 2019 average	EU		Q2 2019 average	WORLD	
		Q2 2019/ Q1 2019	Q2 2019/ Q2 2018		Q2 2019/ Q1 2019	Q2 2019/ Q2 2018
	EUR/T	% change	% change	EUR/T	% change	% change
<b>CEREALS</b>						
Maize	165	-1.3	-2.0	158	7.7	9.5
Soft wheat	187	-5.2	10.6	185	-0.8	8.5
<b>DAIRY</b>						
SMP	1,992	6.5	38.1	2,237	2.0	32.0
WMP	2,929	3.5	6.9	2,866	11.0	5.4
<b>SUGAR</b>						
White sugar	320	2.2	-12.0	296	-1.6	5.3
				USD/T	% change	% change
<b>OILS AND OIL CROPS</b>						
Soybean oil				740	-2.3	-8.1
Soybean				353	-6.4	-16.1
Soybean meal				348	-1.6	-22.3
Rapeseed				413	-1.4	0.2
Palm oil				568	-3.2	-16.7
<b>COFFEE AND COCOA</b>						
Cocoa				2,351	5.0	-8.3
Coffee				2,114	-4.0	-14.5

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

## Retail trade

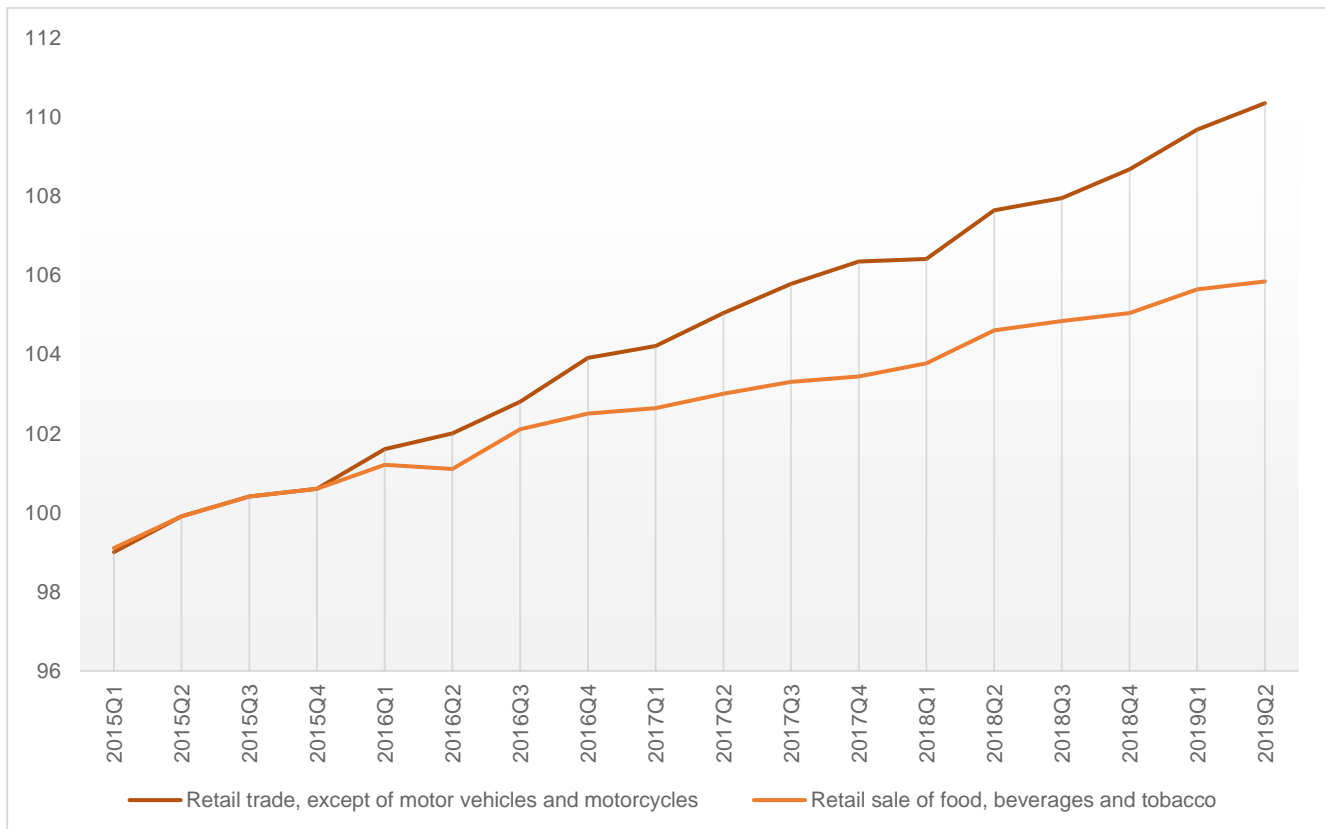
### Retail sales index

	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	y-o-y
<b>Total retail trade</b>	107.6	107.9	108.6	109.6	110.3	
<b>% change</b>	1.2	0.2	0.7	0.9	0.6	2.5
<b>Food, drinks and tobacco</b>	104.5	104.7	104.9	105.3	105.8	
<b>% change</b>	0.6	0.2	0.2	0.3	0.2	1.2

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)

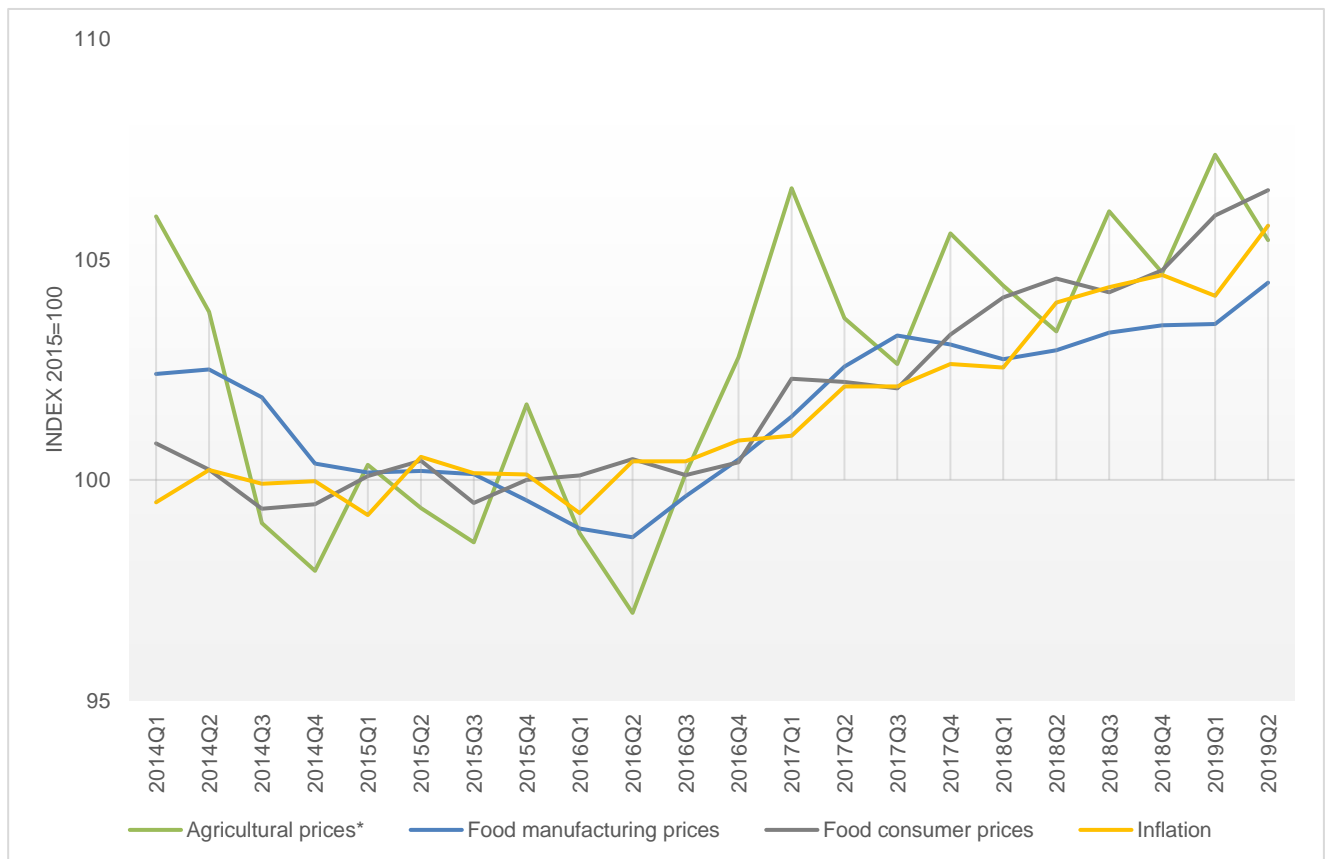


Source: Eurostat

## Price developments along the EU food chain

### Price developments (% change)

	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	y-o-y
<b>Agricultural prices*</b>	-1.0	2.6	-1.3	2.6	-1.8	2.0
<b>Food manufacturing prices</b>	0.2	0.4	0.2	0.0	0.9	1.5
<b>Food consumer prices</b>	0.6	0.4	-0.3	0.5	0.5	1.9
<b>Inflation</b>	1.4	0.3	0.3	-0.4	1.5	1.7



\* 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 ...

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### Share of employment in the EU manufacturing industry (2015,%)

