

# ECONOMIC BULLETIN Q3 2018

## Moderate increase in production, turnover and manufacturing prices – slightly lower employment and exports

### Food and drink industry

#### Moderate increase in production and turnover

- In Q3 2018, EU food and drink industry production increased by 0.2% compared to the previous quarter.
- EU food and drink industry turnover increased by 0.6% compared to the previous quarter.
- The year-on-year comparison shows that total manufacturing production growth exceeded food and drink industry production growth (1.5% vs. 1% compared to Q3 2017). The trend is even more pronounced for turnover (4% vs. 0.7% compared to Q3 2017).
- Food manufacturing prices increased by 0.3% in Q3 2018 and remained stable compared to Q3 2017.

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#### Employment decreased

- Employment in the EU food and drink industry decreased by 0.4% compared to the previous quarter.
- In the long term, employment growth in the manufacturing industry outperforms the one in the food and drink industry (Q3 2018/Q3 2013: +6.1% vs. +5.3%).

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#### EU exports reached €27.8 billion

- EU exports of food and drinks totalled €27.8 billion in Q3 2018 (Q3 2018/Q3 2017: -0.1%).
- The trade balance reached a surplus of €9.5 billion (Q3 2018/Q3 2017: +0.6%).
- The top 5 products with the largest share in export value generated €13.5 billion in Q3 2018 (spirits, meat products, wine, dairy products, chocolate and confectionery).
- EU imports of food and drinks reached €18.4 billion (Q3 2018/Q3 2017: -0.4%).

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### Agricultural commodities

#### Lower FAO food price index

- The FAO food price index decreased by 4% in Q3 2018 compared to the previous quarter and was down by 6% compared to Q3 2017.
- In Q3 2018, EU prices for most agricultural commodities increased except for sugar. In contrast, world market prices of the main agricultural commodities decreased mostly except for soft wheat, SPM and rapeseed.
- The year-on-year comparison shows a mixed picture: a decline in world market prices for coffee, palm oil, sugar, soybean oil and WMP – and a price increase for soybean meal, soft wheat, cocoa, maize, soybeans, SMP and rapeseed.

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### Retail

#### Retail trade in foodstuffs stable

- Despite a slight dip in September, Q3 2018 retail trade in foodstuffs remained stable compared to the previous quarter.
- In September 2018, retail trade growth in foodstuffs increased by 0.6% and total retail trade was 1.3% higher compared to the same month of the previous year.
- Consumer prices decreased by 0.3% in Q3 2018, and were 2.1% higher compared to Q3 2017.

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### Focus on ...

#### The EU food supply chain

- The supply chain is an interdependent and complex system, comprising more than 12 million companies. Find out how much the number of players varies across the chain.

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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 186/2018, 'Volume of retail trade up by 0.3% in euro area – Up by 0.1% in EU28', 5 December 2018

<https://ec.europa.eu/eurostat/documents/2995521/9426718/4-05122018-AP-EN.pdf/223a34b1-1fc2-4b4a-bb16-d1d3d5477f09>

### 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 Q3 2018

### Annex

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

##### Production index

|                                | 2017 Q3 | 2017 Q4 | 2018 Q1 | 2018 Q2 | 2018 Q3 | y-o-y |
|--------------------------------|---------|---------|---------|---------|---------|-------|
| <b>Total manufacturing</b>     | 106.0   | 107.7   | 107.2   | 107.6   | 107.6   |       |
| <b>% change</b>                | 1.4     | 1.6     | -0.5    | 0.4     | 0.0     | 1.5   |
| <b>Food and drink industry</b> | 103.5   | 103.8   | 104.1   | 104.3   | 104.5   |       |
| <b>% change</b>                | 0.3     | 0.3     | 0.3     | 0.2     | 0.2     | 1.0   |

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.

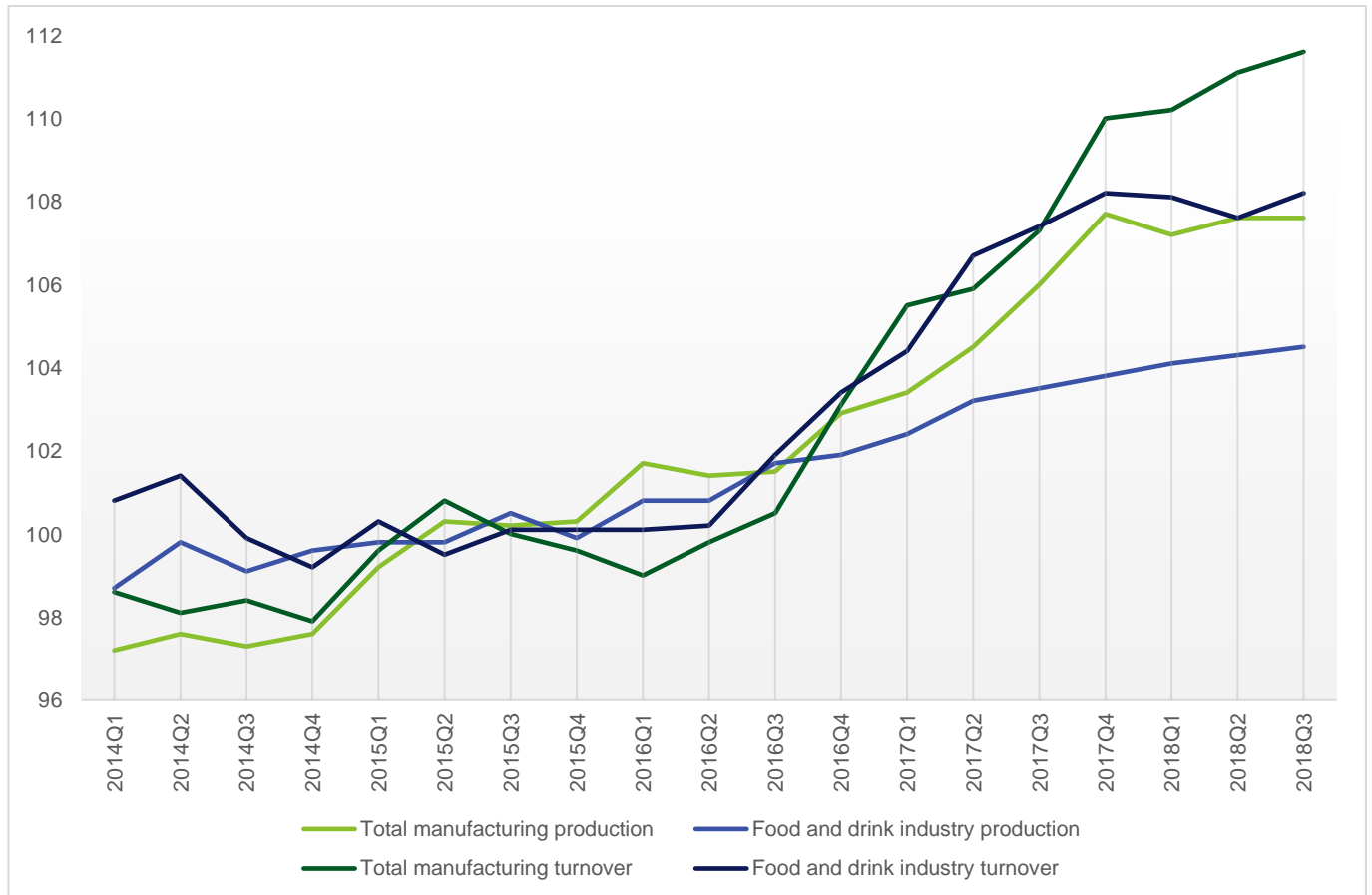
##### Turnover index

|                                | 2017 Q3 | 2017 Q4 | 2018 Q1 | 2018 Q2 | 2018 Q3 | y-o-y |
|--------------------------------|---------|---------|---------|---------|---------|-------|
| <b>Total manufacturing</b>     | 107.3   | 110.0   | 110.2   | 111.1   | 111.6   |       |
| <b>% change</b>                | 1.3     | 2.5     | 0.2     | 0.8     | 0.5     | 4.0   |
| <b>Food and drink industry</b> | 107.4   | 108.2   | 108.1   | 107.6   | 108.2   |       |
| <b>% change</b>                | 0.7     | 0.7     | -0.1    | -0.5    | 0.6     | 0.7   |

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, 2014 - 2018 (2015=100)



Source: Eurostat

## Food and drink production by Member State

| Member State   | 2018 Q2 / 2018 Q1<br>(% change) | 2018 Q3 / 2018 Q2<br>(% change) | 2018 Q3 / 2017 Q3<br>(% change) |
|----------------|---------------------------------|---------------------------------|---------------------------------|
| EU             | 0.2                             | 0.2                             | 1.0                             |
| Austria        | 0.9                             | -0.1                            | 1.4                             |
| Belgium        | -0.8                            | -0.6                            | 0.5                             |
| Bulgaria       | -2.5                            | -0.5                            | -0.6                            |
| Czech Republic | 1.4                             | 0.8                             | 5.9                             |
| Denmark        | 1.7                             | -1.1                            | 0.8                             |
| Estonia        | 0.3                             | 0.9                             | 2.3                             |
| Finland        | 0.9                             | -0.3                            | -0.5                            |
| France         | 0.2                             | -0.9                            | -1.9                            |
| Germany        | -0.4                            | 0.2                             | 0.4                             |
| Greece         | -1.7                            | -0.6                            | -0.5                            |
| Hungary        | 0.1                             | 0.1                             | 5.4                             |
| Italy          | -0.3                            | -0.4                            | -0.2                            |
| Latvia         | -0.3                            | 1.0                             | -1.9                            |
| Lithuania      | -1.2                            | -1.2                            | -1.8                            |
| Netherlands    | -1.9                            | 1.1                             | 1.3                             |
| Poland         | 1.4                             | -0.1                            | 3.4                             |
| Portugal       | -1.6                            | -4.2                            | -6.3                            |
| Romania        | -3.1                            | -1.1                            | 1.8                             |
| Spain          | -0.4                            | 0.3                             | -1.0                            |
| United Kingdom | 0.7                             | 1.5                             | 3.4                             |

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

## Food and drink turnover by Member State

| Member State          | 2018 Q2 / 2018 Q1<br>(% change) | 2018 Q3 / 2018 Q2<br>(% change) | 2018 Q3 / 2017 Q3<br>(% change) |
|-----------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>EU</b>             | -0.5                            | 0.6                             | 0.7                             |
| <b>Austria</b>        | -2.2                            | 0.9                             | 0.2                             |
| <b>Belgium</b>        | -0.4                            | 1.7                             | -1.9                            |
| <b>Bulgaria</b>       | -0.5                            | 0.3                             | 2.3                             |
| <b>Czech Republic</b> | 0.7                             | 1.4                             | 3.9                             |
| <b>Denmark</b>        | -0.3                            | 0.3                             | -2.7                            |
| <b>Estonia</b>        | 0.1                             | -0.6                            | 2.3                             |
| <b>Finland</b>        | -1.6                            | na                              | 0.2                             |
| <b>France</b>         | 0.0                             | -0.5                            | -0.9                            |
| <b>Germany</b>        | -1.2                            | 0.6                             | 2.7                             |
| <b>Greece</b>         | 0.8                             | 1.6                             | 4.7                             |
| <b>Hungary</b>        | -0.7                            | 0.2                             | 0.1                             |
| <b>Italy</b>          | -1.4                            | 0.8                             | 0.5                             |
| <b>Latvia</b>         | -2.0                            | 2.3                             | -2.4                            |
| <b>Lithuania</b>      | -0.3                            | -1.7                            | 0.7                             |
| <b>Netherlands</b>    | -3.7                            | 2.8                             | 2.5                             |
| <b>Poland</b>         | 0.2                             | 0.4                             | 2.8                             |
| <b>Portugal</b>       | 1.0                             | -2.6                            | 7.3                             |
| <b>Romania</b>        | 1.3                             | 3.4                             | 0.7                             |
| <b>Spain</b>          | 0.0                             | -1.5                            | -0.9                            |

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

## Employment in the EU food and drink industry

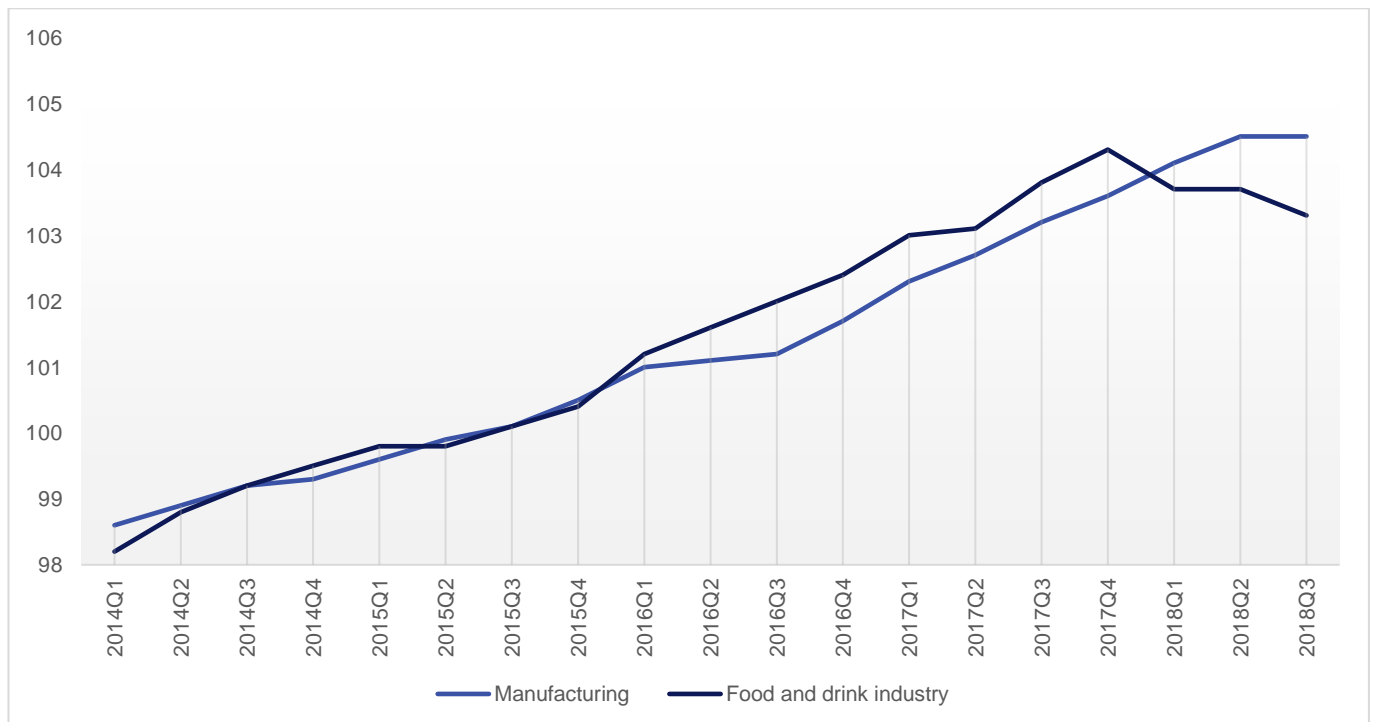
### Employment index

| Employment                     | 2017 Q3 | 2017 Q4 | 2018 Q1 | 2018 Q2 | 2018 Q3 | y-o-y |
|--------------------------------|---------|---------|---------|---------|---------|-------|
| <b>Total manufacturing</b>     | 103.2   | 103.6   | 104.1   | 104.5   | 104.5   |       |
| <b>% change</b>                | 0.5     | 0.4     | 0.5     | 0.4     | 0.0     | 1.3   |
| <b>Food and drink industry</b> | 103.8   | 104.3   | 103.7   | 103.7   | 103.3   |       |
| <b>% change</b>                | 0.7     | 0.5     | -0.6    | 0.0     | -0.4    | -0.5  |

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, 2014-2018 (2015=100)



Source: Eurostat

## Food and drink industry employment by Member State

| Member State          | 2018 Q2 / 2018 Q1<br>(% change) | 2018 Q3 / 2018 Q2<br>(% change) | 2018 Q3 / 2017 Q3<br>(% change) |
|-----------------------|---------------------------------|---------------------------------|---------------------------------|
| <b>EU</b>             | 0.0                             | -0.4                            | -0.5                            |
| <b>Austria</b>        | 0.3                             | 0.2                             | 2.1                             |
| <b>Belgium</b>        | 0.8                             | 0.1                             | 2.0                             |
| <b>Bulgaria</b>       | -2.4                            | -2.6                            | -0.8                            |
| <b>Croatia</b>        | -0.6                            | 0.6                             | -3.4                            |
| <b>Czech Republic</b> | -0.4                            | -1.2                            | -2.5                            |
| <b>Denmark</b>        | 0.2                             | 0.3                             | 1.6                             |
| <b>Estonia</b>        | 0.4                             | 0.8                             | -1.0                            |
| <b>Finland</b>        | -10.6                           | 11.1                            | 8.9                             |
| <b>France</b>         | -2.2                            | -2.6                            | -11.5                           |
| <b>Germany</b>        | 0.4                             | 0.4                             | 2.3                             |
| <b>Ireland</b>        | -4.1                            | 4.5                             | -1.5                            |
| <b>Latvia</b>         | -1.4                            | 0.4                             | -0.1                            |
| <b>Lithuania</b>      | -1.7                            | -1.5                            | -6.3                            |
| <b>Netherlands</b>    | 0.8                             | na                              | na                              |
| <b>Poland</b>         | -0.1                            | -0.2                            | -0.1                            |
| <b>Portugal</b>       | 0.8                             | -0.3                            | 1.7                             |
| <b>Romania</b>        | -0.4                            | -0.2                            | 1.9                             |
| <b>Spain</b>          | -0.6                            | -3.3                            | -3.6                            |
| <b>Sweden</b>         | -0.1                            | 0.2                             | 2.6                             |
| <b>United Kingdom</b> | 2.0                             | 1.6                             | 4.3                             |

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

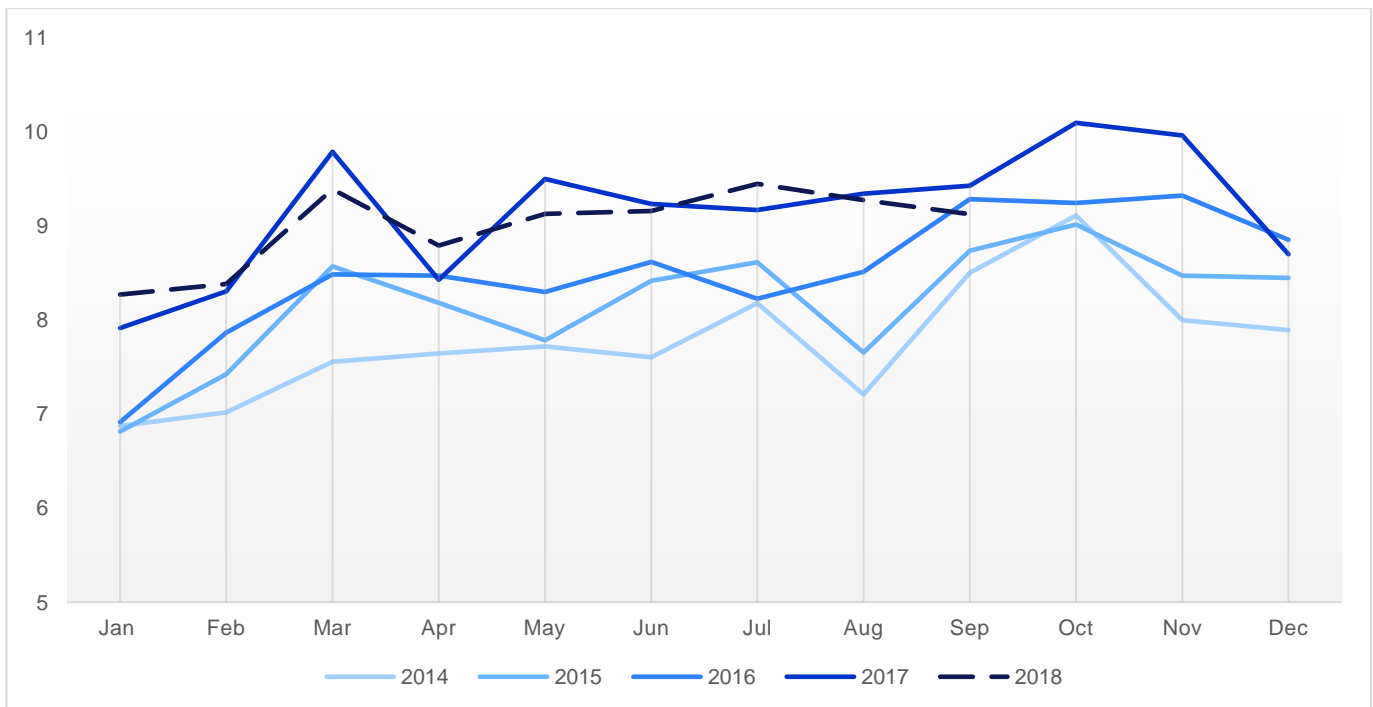
## External trade

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

|                | 2017 Q3 | 2017 Q4 | 2018 Q1 | 2018 Q2 | 2018 Q3 | y-o-y |
|----------------|---------|---------|---------|---------|---------|-------|
| <b>Exports</b> | 27.9    | 28.7    | 26.0    | 27.1    | 27.8    | -0.1% |
| <b>Imports</b> | 18.4    | 19.0    | 17.6    | 18.7    | 18.4    | -0.4% |
| <b>Balance</b> | 9.4     | 9.7     | 8.4     | 8.3     | 9.5     | 0.6%  |

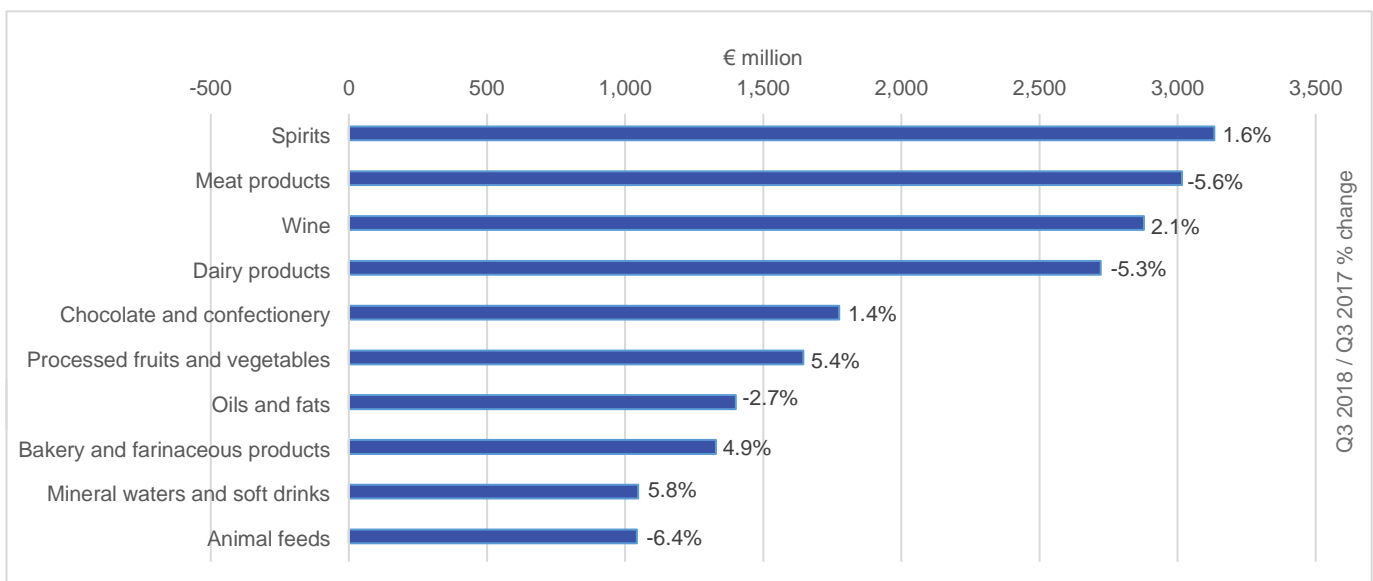
Source: Eurostat

### EU food and drink export, 2014-2018 (€ billion)



Source: Eurostat

### Export performance by sub-sector in Q3 2018



Source: Eurostat



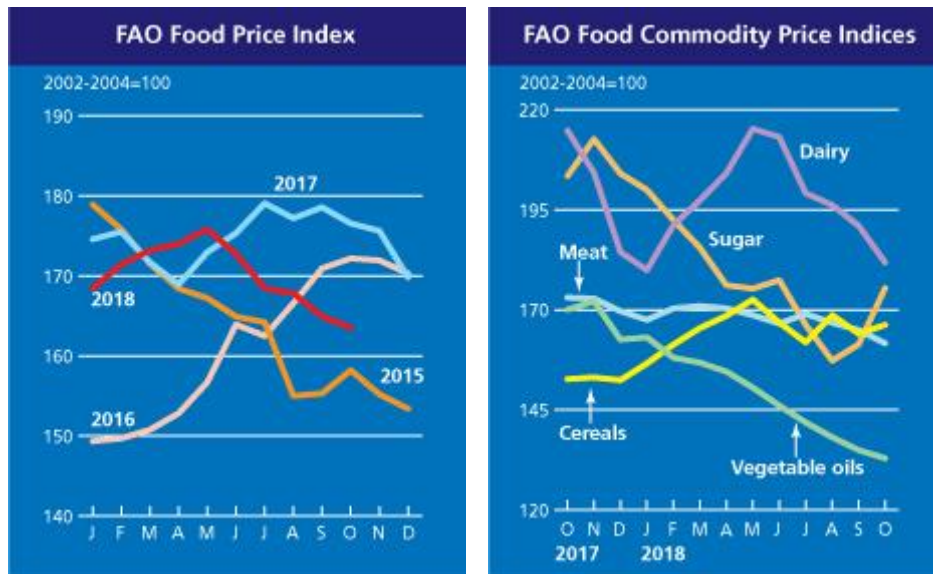
## Trade by sub-sector in value and volume in Q3 2018

| FLOW                            | VALUE_IN_MMN_EUROS |               |               |               |               |               |               |              |           | QUANTITY_IN_1000 tonnes |               |               |               |               |              |
|---------------------------------|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|--------------|-----------|-------------------------|---------------|---------------|---------------|---------------|--------------|
|                                 | IMPORT             | IMPORT        | % change      | EXPORT        | EXPORT        | % change      | Trade Balance |              |           | IMPORT                  | IMPORT        | % change      | EXPORT        | EXPORT        | % change     |
|                                 | Q3 2017            | Q3 2018       |               | Q3 2017       | Q3 2018       |               | Q3 2017       | Q3 2018      | trend     | Q3 2017                 | Q3 2018       |               | Q3 2017       | Q3 2018       |              |
| <b>Food and drink</b>           | <b>18,441</b>      | <b>18,372</b> | <b>-0.38%</b> | <b>27,850</b> | <b>27,835</b> | <b>-0.05%</b> | <b>9,409</b>  | <b>9,464</b> | <b>1%</b> | <b>17,533</b>           | <b>16,644</b> | <b>-5.07%</b> | <b>14,154</b> | <b>14,471</b> | <b>2.24%</b> |
| Food                            | 16,891             | 16,750        | -0.83%        | 19,702        | 19,534        | -0.85%        | 2,810         | 2,784        | -1%       | 16,068                  | 14,881        | -7.38%        | 10,204        | 10,557        | 3.46%        |
| Drink                           | 1,550              | 1,621         | 4.59%         | 8,149         | 8,301         | 1.87%         | 6,599         | 6,680        | 1%        | 1,466                   | 1,763         | 20.25%        | 3,950         | 3,914         | -0.91%       |
| Meat products                   | 1,539              | 1,623         | 5.47%         | 3,195         | 3,017         | -5.59%        | 1,656         | 1,394        | -16%      | 417                     | 451           | 8.22%         | 1,930         | 1,987         | 2.96%        |
| Dairy products                  | 188                | 194           | 3.31%         | 2,874         | 2,721         | -5.30%        | 2,686         | 2,527        | -6%       | 62                      | 57            | -8.24%        | 1,171         | 1,146         | -2.16%       |
| Wine                            | 681                | 697           | 2.32%         | 2,820         | 2,879         | 2.08%         | 2,140         | 2,182        | 2%        | 351                     | 377           | 7.44%         | 640           | 556           | -13.18%      |
| Spirits                         | 435                | 435           | -0.14%        | 3,083         | 3,133         | 1.60%         | 2,648         | 2,698        | 2%        | 87                      | 94            | 7.78%         | 416           | 426           | 2.25%        |
| Processed fruits and vegetables | 2,217              | 2,139         | -3.48%        | 1,560         | 1,645         | 5.42%         | -656          | -495         | -25%      | 1,924                   | 1,896         | -1.46%        | 1,285         | 1,414         | 10.04%       |
| Chocolate and confectionery     | 816                | 806           | -1.23%        | 1,751         | 1,775         | 1.36%         | 935           | 969          | 4%        | 233                     | 234           | 0.23%         | 392           | 406           | 3.58%        |
| Oils and fats                   | 4,086              | 3,966         | -2.94%        | 1,440         | 1,401         | -2.67%        | -2,646        | -2,565       | -3%       | 9,177                   | 8,390         | -8.58%        | 992           | 1,034         | 4.20%        |
| Animal feeds                    | 319                | 359           | 12.74%        | 1,113         | 1,042         | -6.35%        | 794           | 683          | -14%      | 347                     | 370           | 6.47%         | 818           | 834           | 1.99%        |
| Fish and seafood products       | 4,956              | 4,956         | -0.01%        | 951           | 996           | 4.71%         | -4,005        | -3,960       | -1%       | 1,188                   | 1,180         | -0.69%        | 410           | 414           | 0.85%        |
| Mineral waters and soft drinks  | 289                | 305           | 5.42%         | 991           | 1,048         | 5.78%         | 701           | 743          | 6%        | 699                     | 877           | 25.55%        | 1,173         | 1,256         | 7.12%        |
| Grain mill and starch products  | 474                | 508           | 7.22%         | 917           | 855           | -6.79%        | 444           | 347          | -22%      | 708                     | 734           | 3.72%         | 1,110         | 896           | -19.29%      |
| Bakery and farinaceous products | 200                | 207           | 3.56%         | 1,266         | 1,329         | 4.94%         | 1,067         | 1,122        | 5%        | 84                      | 89            | 6.04%         | 514           | 521           | 1.32%        |
| Beer                            | 131                | 171           | 31.08%        | 899           | 882           | -1.91%        | 769           | 711          | -8%       | 318                     | 403           | 26.84%        | 1,013         | 984           | -2.86%       |
| Processed tea and coffee        | 504                | 495           | -1.71%        | 585           | 557           | -4.73%        | 0             | 62           | 83%       | 38                      | 38            | 0.69%         | 84            | 84            | -0.21%       |
| Cider                           | 8                  | 9             | 9.70%         | 72            | 77            | 7.10%         | 64            | 68           | 7%        | 5                       | 5             | 5.00%         | 57            | 55            | -3.83%       |

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    | Q3 2018 average | EU                  |                     | Q3 2018 average | WORLD               |                     |
|---------------------------|-----------------|---------------------|---------------------|-----------------|---------------------|---------------------|
|                           |                 | Q3 2018/<br>Q2 2018 | Q3 2018/<br>Q3 2017 |                 | Q3 2018/<br>Q2 2018 | Q3 2018/<br>Q3 2017 |
|                           | EUR/T           | % change            | % change            | EUR/T           | % change            | % change            |
| <b>CEREALS</b>            |                 |                     |                     |                 |                     |                     |
| Corn                      | 172             | 2.3                 | 3.8                 | 136             | -5.6                | 5.1                 |
| Soft wheat                | 181             | 7.0                 | 11.7                | 179             | 5.2                 | 12.9                |
| <b>DAIRY</b>              |                 |                     |                     |                 |                     |                     |
| SMP                       | 1,548           | 7.3                 | -12.0               | 1,750           | 3.3                 | 1.7                 |
| WMP                       | 2,807           | 2.4                 | -8.0                | 2,583           | -5.0                | -4.8                |
| <b>SUGAR</b>              |                 |                     |                     |                 |                     |                     |
| White sugar               | 348             | -4.4                | -30.1               | 278             | -1.3                | -14.6               |
|                           |                 |                     |                     | USD/T           | %                   | %                   |
| <b>OILS AND OIL CROPS</b> |                 |                     |                     |                 |                     |                     |
| Soybean oil               |                 |                     |                     | 657             | -8.8                | -14.3               |
| Soybean                   |                 |                     |                     | 398             | -8.6                | 5.0                 |
| Soybean meal              |                 |                     |                     | 394             | -13.5               | 13.2                |
| Rapeseed                  |                 |                     |                     | 430             | 4.5                 | 1.0                 |
| Palm oil                  |                 |                     |                     | 534             | -11.1               | -15.2               |
| <b>COFFEE AND COCOA</b>   |                 |                     |                     |                 |                     |                     |
| Cocoa                     |                 |                     |                     | 2,241           | -12.6               | 12.5                |
| Coffee                    |                 |                     |                     | 2,262           | -8.5                | -19.0               |

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

## Retail trade

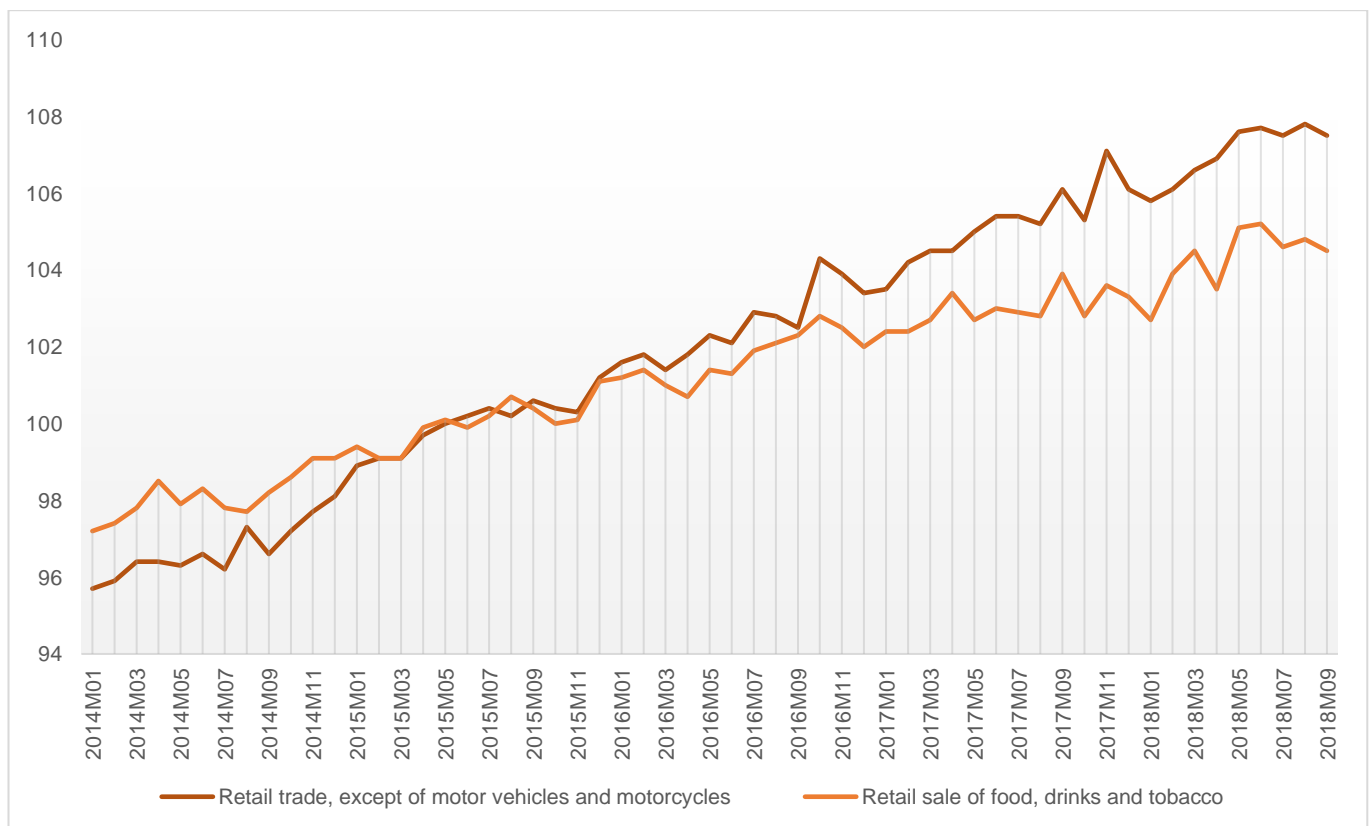
### Volume of retail trade (% change)

|                                 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | y-o-y |
|---------------------------------|--------|--------|--------|--------|--------|-------|
| <b>Total retail</b>             | 0.1    | -0.2   | 0.3    | -0.3   | 0.1    | 1.9   |
| <b>Food, drinks and tobacco</b> | 0.1    | -0.6   | 0.2    | -0.3   | 0.5    | 1.4   |

Source: Eurostat

The index of the volume of retail trade measures the monthly changes of the deflated turnover of retail trade.

### EU monthly retail trade volume by product group, 2014-2018 (2015=100)

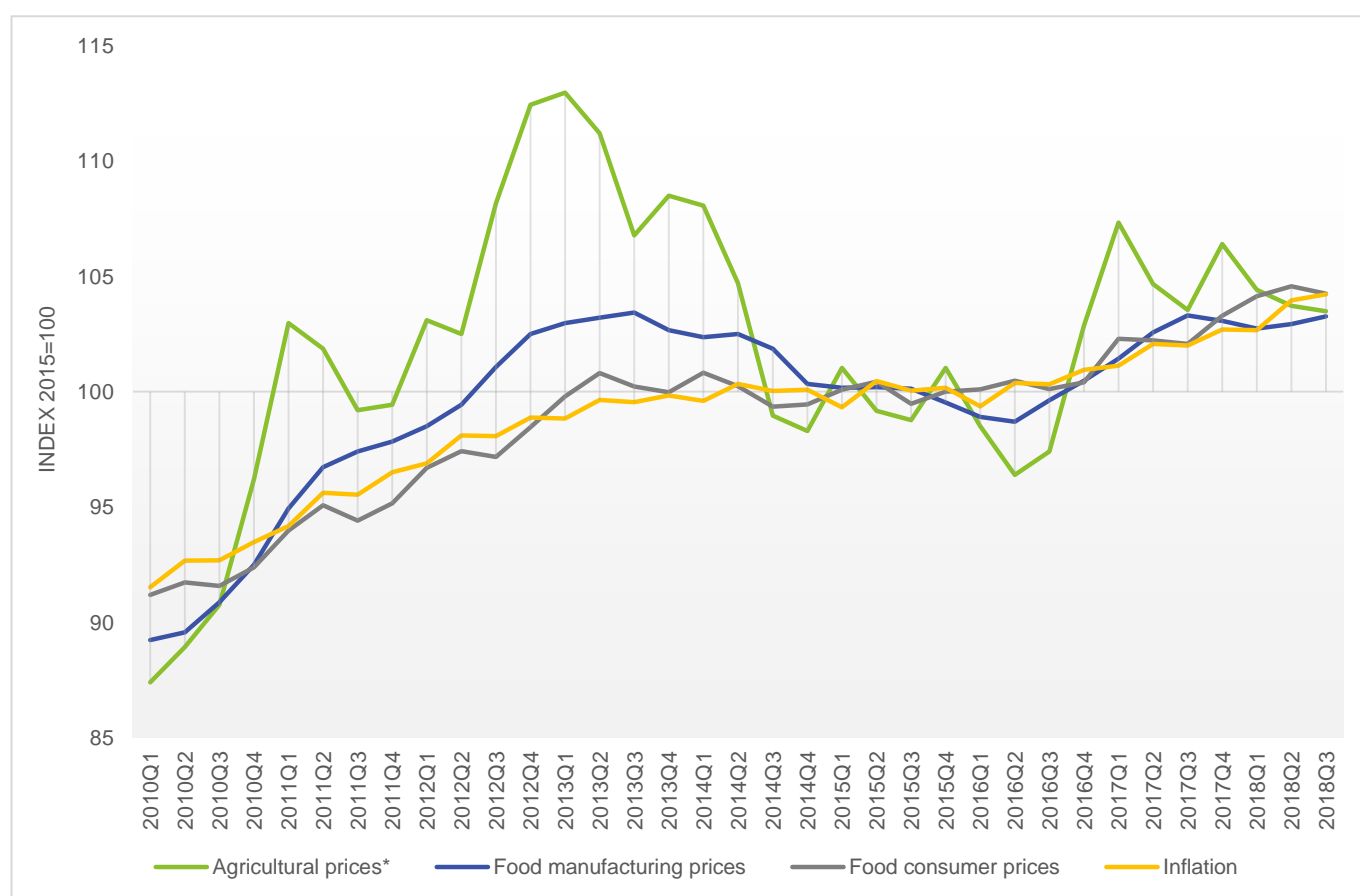


Sources: Eurostat; [Eurostat News Release 92/2018](#)

## Price developments along the EU food chain

### Price developments (% change)

|                                  | 2017 Q3 | 2017 Q4 | 2018 Q1 | 2018 Q2 | 2018 Q3 | y-o-y |
|----------------------------------|---------|---------|---------|---------|---------|-------|
| <b>Agricultural prices*</b>      | -1.1    | 2.8     | -1.9    | -0.7    | -0.2    | 0.0   |
| <b>Food manufacturing prices</b> | 0.7     | -0.2    | -0.3    | 0.2     | 0.3     | 0.0   |
| <b>Food consumer prices</b>      | -0.1    | 1.2     | 0.8     | 0.4     | -0.3    | 2.1   |
| <b>Inflation</b>                 | -0.1    | 0.7     | 0.0     | 1.2     | 0.3     | 2.2   |

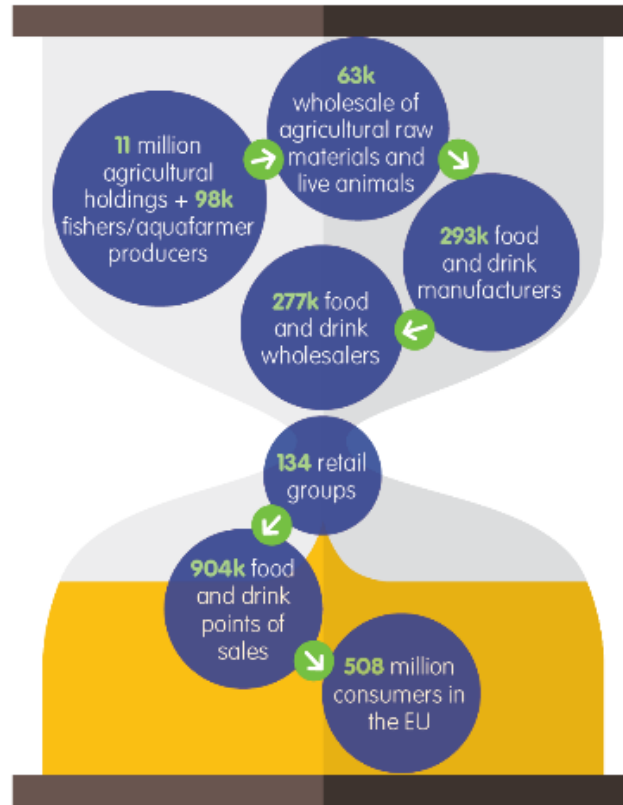


\* Eurostat monthly indices for EU agricultural prices are available until December 2017. Beyond, the index is estimated based on cereals, sugar, milk, meat, tomatoes and apples monthly prices weighted by annual production.

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

Focus on ...

The EU food supply chain (2015)



Sources: Eurostat (Agriculture, National Accounts, SBS); Planet Retail