

ECONOMIC BULLETIN Q2 2017

Steady growth in production, sales and exports

Food and drink industry

Growth in production and sales

- In Q2 2017, EU food and drink industry production increased by 1.2%.
- EU food and drink industry turnover increased by 2.2% compared to the previous quarter.
- The year-on-year comparison shows that food and drink industry turnover growth was higher than total manufacturing turnover (6.7% vs. 5.8% compared to Q2 2016). Total manufacturing production growth exceeded food and drink industry production (3.1% vs. 1.9% compared to Q2 2016).
- Food manufacturing prices increased by 1.0% in Q2 2017, and were 3.8% higher compared to Q2 2016.

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Employment: remains on a growth path

- Employment in the EU food and drink industry increased by 0.3% in Q2 2017 and remained on a growth path since Q2 2015.
- In the long term, employment in the food and drink industry continues to outperform the average employment level growth in the manufacturing industry (Q2 2017/Q2 2012: +4.7% (food and drink industry) vs. +2.9% (manufacturing)).

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External trade: EU exports reach €27.2 billion

- EU exports of food and drink products totalled €27.2 billion in Q2 2017 (Q2 2017/Q2 2016: +7%).
- The trade surplus reached €8.2 billion in Q2 2017.
- The top 5 products with the largest share in export value generated €13.1 billion in Q2 2017 (meat

products, dairy products, wine, spirits, processed fruits and vegetables).

- EU imports of food and drink products reached €19 billion (Q2 2017/Q2 2016: 6.5%).

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Agricultural commodities

Moderate decline in the FAO food price index

- The FAO food price index decreased by 1% in Q2 2017 compared to the previous quarter and was up 9% compared to Q2 2016.
- In Q2 2017, EU prices for corn, soft wheat and sugar remained relatively stable and even increased slightly whilst world markets prices for all major agricultural commodities decreased.
- The year-on-year comparison shows significant growth in WMP and SMP prices, while the prices of most other commodities decreased, in particular for cocoa and soybean meal.

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Retail

Retail trade increased

- The volume of retail trade in foodstuffs increased almost every month from the beginning of the year through to June 2017, except a slight decrease registered for May 2017.
- Year-on-year, retail trade growth in foodstuffs increased by 2.1% whereas total retail trade was 3.4% higher compared to June 2016.
- Consumer prices were 0.1% lower compared to Q1 2017.

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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 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

European Commission, 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 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 134/2017, 'Volume of retail trade down by 0.3% in euro area - Down by 0.2% in EU28', 5 September 2017 <http://ec.europa.eu/eurostat/documents/2995521/8201181/4-05092017-AP-EN.pdf/9f94e6ce-ef0e-4f70-9eb9-49e857725381>

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

	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	y-o-y
Total manufacturing	108.1	108.2	109.4	110.2	111.5	
% change	0.1	0.1	1.1	0.7	1.2	3.1
Food and drink industry	105.3	106.0	106.3	106.0	107.3	
% change	0.2	0.7	0.3	-0.3	1.2	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.

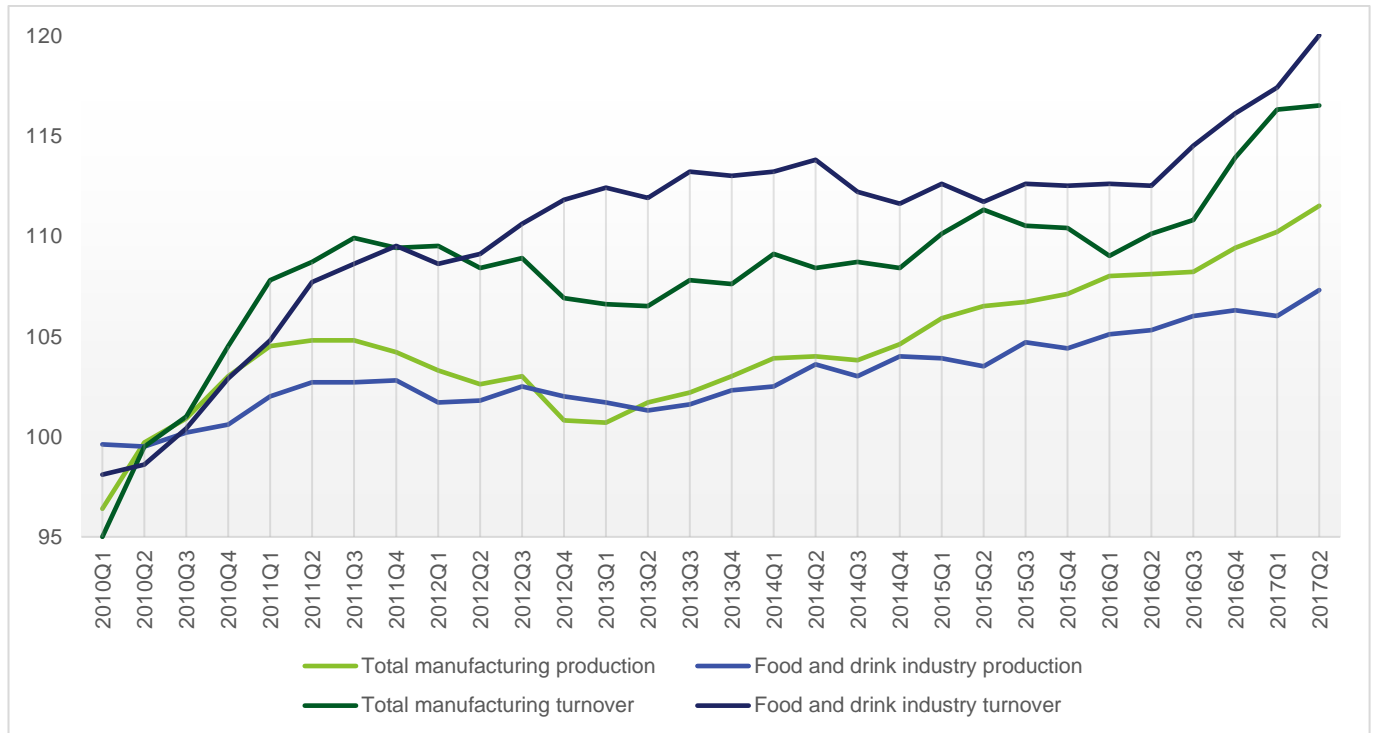
Turnover index

	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	y-o-y
Total manufacturing	110.1	110.8	113.9	116.3	116.5	
% change	1.0	0.6	2.8	2.1	0.2	5.8
Food and drink industry	112.5	114.5	116.1	117.4	120.0	
% change	-0.1	1.8	1.4	1.1	2.2	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, 2010 - 2017 (2010=100)



Source: Eurostat

Food and drink production by Member State

Member State	2017 Q1 / 2016 Q4 (% change)	2017 Q2 / 2017 Q1 (% change)	2017 Q2 / 2016 Q2 (% change)
EU	-0.3	1.2	1.9
Austria	-5.7	8.0	4.7
Belgium	-0.1	1.2	1.6
Bulgaria	-1.4	1.8	1.1
Czech Republic	0.9	2.1	4.7
Denmark	-1.3	1.2	1.5
Estonia	2.3	-1.0	4.7
Finland	0.3	-1.3	-2.3
France	0.2	0.8	2.3
Germany	-0.5	1.9	1.7
Greece	-0.1	-0.4	-3.0
Hungary	-1.3	0.5	4.1
Ireland	2.4	-2.4	-0.2
Italy	-1.0	1.3	2.1
Latvia	0.9	4.2	8.9
Lithuania	-0.2	-0.7	-0.9
Netherlands	-0.5	-0.8	-2.1
Poland	0.6	2.1	5.9
Portugal	-1.1	2.0	5.9
Romania	4.3	0.5	0.1
Spain	-0.6	1.4	2.2
Sweden	-0.8	2.3	1.6

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

Food and drink turnover by Member State

Member State	2017 Q1 / 2016 Q4 (% change)	2017 Q2 / 2017 Q1 (% change)	2017 Q2 / 2016 Q2 (% change)
EU	1.1	2.2	6.7
Austria	1.8	2.7	4.3
Belgium	-0.9	4.7	7.6
Bulgaria	1.3	0.4	-2.7
Czech Republic	1.8	0.7	5.2
Denmark	-1.7	1.1	3.2
Estonia	2.5	2.1	8.2
Finland	-0.3	2.3	3.5
France	1.3	1.5	5.9
Germany	1.0	4.2	9.5
Greece	3.0	-2.4	-1.2
Hungary	-1.4	-0.1	4.3
Ireland	2.6	-1.4	4.3
Italy	-1.2	2.2	4.1
Latvia	3.8	3.5	10.6
Lithuania	1.1	3.2	9.9
Netherlands	3.3	-0.8	3.3
Poland	1.8	1.7	9.6
Portugal	0.1	3.1	8.4
Romania	1.0	4.1	5.7
Spain	1.7	2.1	7.6
Sweden	-0.2	1.2	3.4

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

Employment in the EU food and drink industry

Employment index

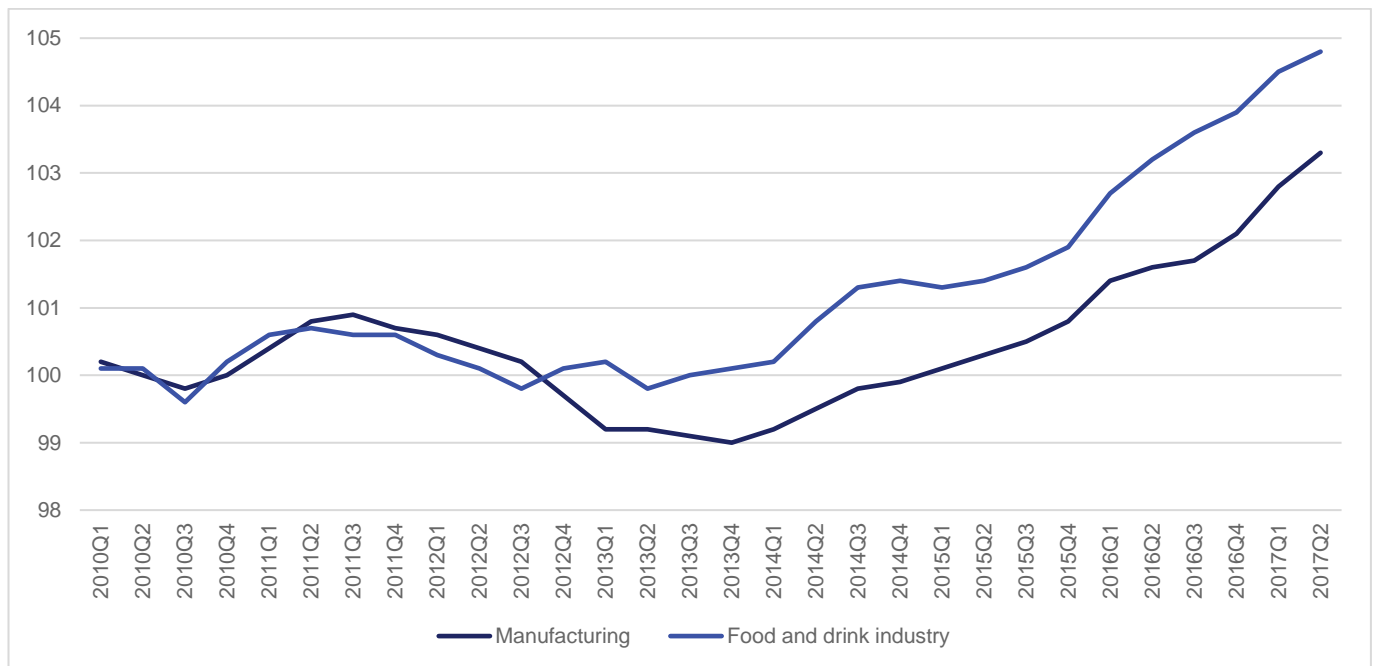
Employment	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	y-o-y
Total manufacturing	101.6	101.7	102.1	102.8	103.3	
% change	0.2	0.1	0.4	0.7	0.5	1.7
Food and drink industry	103.2	103.6	103.9	104.5	104.8	
% change	0.5	0.4	0.3	0.6	0.3	1.6

Source: Eurostat

*Eurostat estimate (phased out)

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, 2010-2017 (2010=100)



Source: Eurostat

Food and drink industry employment by Member State

Member State	2017 Q1 / 2016 Q4 (% change)	2017 Q2 / 2017 Q1 (% change)	2017 Q2 / 2016 Q2 (% change)
EU	0.6	0.3	1.6
Austria	1.3	0.7	2.7
Belgium	0.7	0.1	1.8
Bulgaria	0.8	-2.3	0.4
Croatia	-4.7	-0.5	-4.4
Czech Republic	0.4	0.1	0.6
Denmark	-0.1	0.3	0.6
Estonia	1.3	1.7	3.5
Finland	-8.0	-2.0	-10.8
France	-0.2	0.2	0.1
Germany	1.2	0.8	3.2
Ireland	5.2	0.8	6.4
Latvia	-1.9	0.2	-2.5
Lithuania	-2.7	0.1	-3.6
Netherlands	0.5	na	na
Poland	1.7	-0.1	2.8
Portugal	-0.5	1.4	2.2
Romania	0.2	0.0	1.0
Spain	0.0	1.3	4.0
Sweden	-0.5	0.8	1.9
United Kingdom	1.6	-1.7	-1.4

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

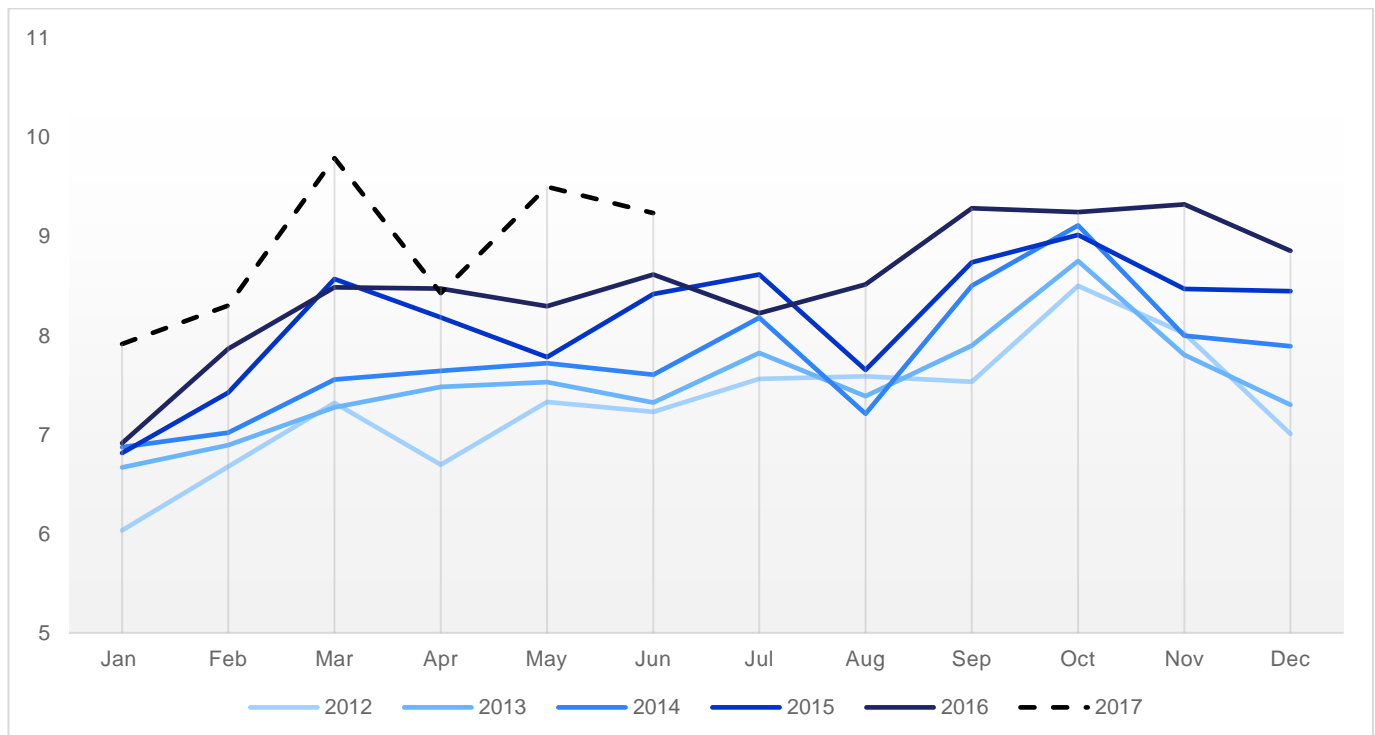
External trade

EU food and drink trade (€ billion)

	2016 Q2	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q2 / 2016 Q2 % change
Exports	25.4	27.4	27.4	26.0	27.2	7.0
Imports	17.8	18.7	18.7	18.5	19.0	6.5
Balance	7.5	8.8	8.8	7.5	8.2	8.3

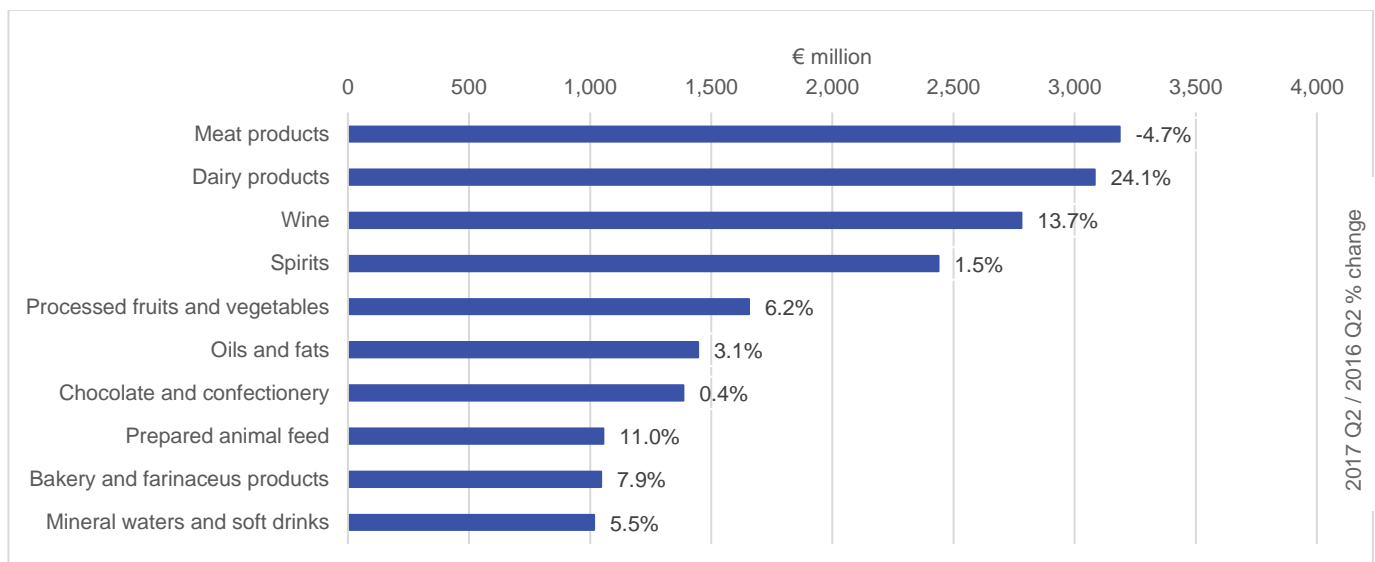
Source: Eurostat

EU food and drink export, 2012-2017 (€ billion)



Source: Eurostat

Export performance by sub-sector in Q2 2017



Source: Eurostat

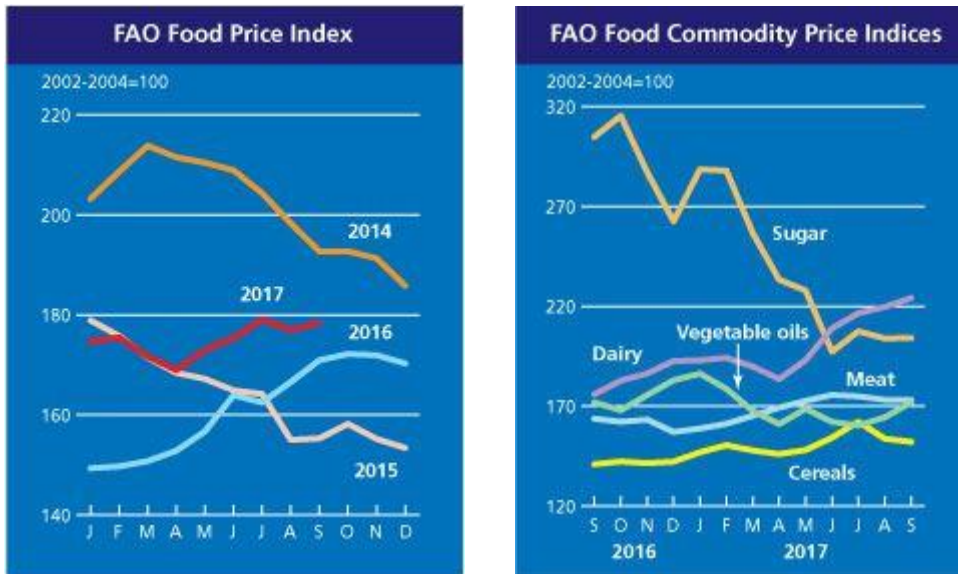
Trade by sub-sector in value and volume in Q2 2017

FLOW	VALUE_IN_MMN_EUROS									QUANTITY_IN_1000 tonnes					
	IMPORT	IMPORT	% change	EXPORT	EXPORT	% change	Trade Balance			IMPORT	IMPORT	% change	EXPORT	EXPORT	% change
	Q2 2016	Q2 2017		Q2 2016	Q2 2017		Q2 2016	Q2 2017	trend	Q2 2016	Q2 2017		Q2 2016	Q2 2017	
Food and drink	17,847	19,000	6.46%	25,377	27,152	6.99%	7,530	8,152	8%	17,474	17,956	2.76%	14,137	14,251	0.80%
Food	16,360	17,500	6.97%	18,253	19,646	7.63%	1,893	2,146	13%	16,189	16,477	1.78%	10,245	10,368	1.20%
Drink	1,488	1,500	0.84%	7,124	7,506	5.35%	5,637	6,006	7%	1,285	1,479	15.14%	3,892	3,883	-0.24%
Meat products	1,841	1,776	-3.53%	3,342	3,185	-4.68%	1,501	1,410	-6%	536	503	-6.22%	2,159	1,822	-15.60%
Dairy products	173	169	-1.93%	2,484	3,083	24.10%	2,312	2,914	26%	68	63	-6.44%	1,161	1,271	9.51%
Wine	656	639	-2.58%	2,446	2,781	13.71%	1,790	2,142	20%	365	343	-6.09%	571	637	11.55%
Spirits	386	401	3.79%	2,403	2,437	1.45%	2,016	2,036	1%	69	76	10.24%	318	328	3.32%
Processed fruits and vegetables	2,210	2,207	-0.17%	1,559	1,655	6.16%	-651	-551	-15%	1,906	1,875	-1.59%	1,322	1,373	3.89%
Oils and fats	3,880	4,543	17.08%	1,402	1,445	3.06%	-2,478	-3,098	25%	9,080	9,544	5.11%	1,030	1,012	-1.75%
Chocolate and confectionery	706	734	3.84%	1,379	1,385	0.42%	672	651	-3%	179	200	11.60%	330	338	2.28%
Bakery and farinaceous products	195	211	7.77%	969	1,045	7.88%	773	835	8%	90	95	6.02%	427	470	10.24%
Grain mill and starch products	464	544	17.13%	916	991	8.16%	452	447	-1%	689	779	13.19%	1,125	1,233	9.63%
Prepared animal feed	279	320	14.41%	951	1,055	10.97%	671	735	10%	326	324	-0.71%	768	786	2.23%
Fish and seafood products	4,483	4,726	5.42%	879	979	11.43%	-3,605	-3,747	4%	1,225	1,196	-2.38%	399	443	11.00%
Beer	143	149	4.65%	929	910	-2.03%	786	761	-3%	305	369	20.96%	993	947	-4.62%
Mineral waters and soft drinks	290	295	1.67%	963	1,016	5.46%	673	721	7%	531	677	27.57%	1,216	1,245	2.38%
Processed tea and coffee	546	589	7.93%	543	578	6.51%	-3	-11	284%	41	41	-1.52%	81	78	-3.69%
Cider	8	10	24.01%	69	71	2.50%	61	61	0%	5	6	13.27%	54	58	7.81%

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	Q2 2017 average	EU		Q2 2017 average	WORLD	
		Q2 2017/ Q1 2017	Q2 2017/ Q2 2016		Q2 2017/ Q1 2017	Q2 2017/ Q2 2016
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Corn	166	2.2	0.9	144	-5.2	-5.2
Soft Wheat	164	1.2	8.0	162	-3.3	-3.7
DAIRY						
SMP	1,848	-6.0	11.1	1,845	-17.5	17.8
WMP	2,881	-3.3	42.4	2,869	-4.6	56.2
SUGAR						
White Sugar	497	0.2	14.8	402	-20.2	-5.9
				USD/T	%	%
OILS AND OIL CROPS						
Soybean oil				815	-2.9	2.5
Soybean				386	-7.9	-9.0
Soybean meal				346	-8.4	-17.4
Rapeseed				422	-5.0	1.8
Palm oil				696	-9.8	-1.1
COFFEE & COCOA						
Cocoa				1,981	-5.5	-36.1
Coffee				2,779	-7.9	3.6

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

Retail trade

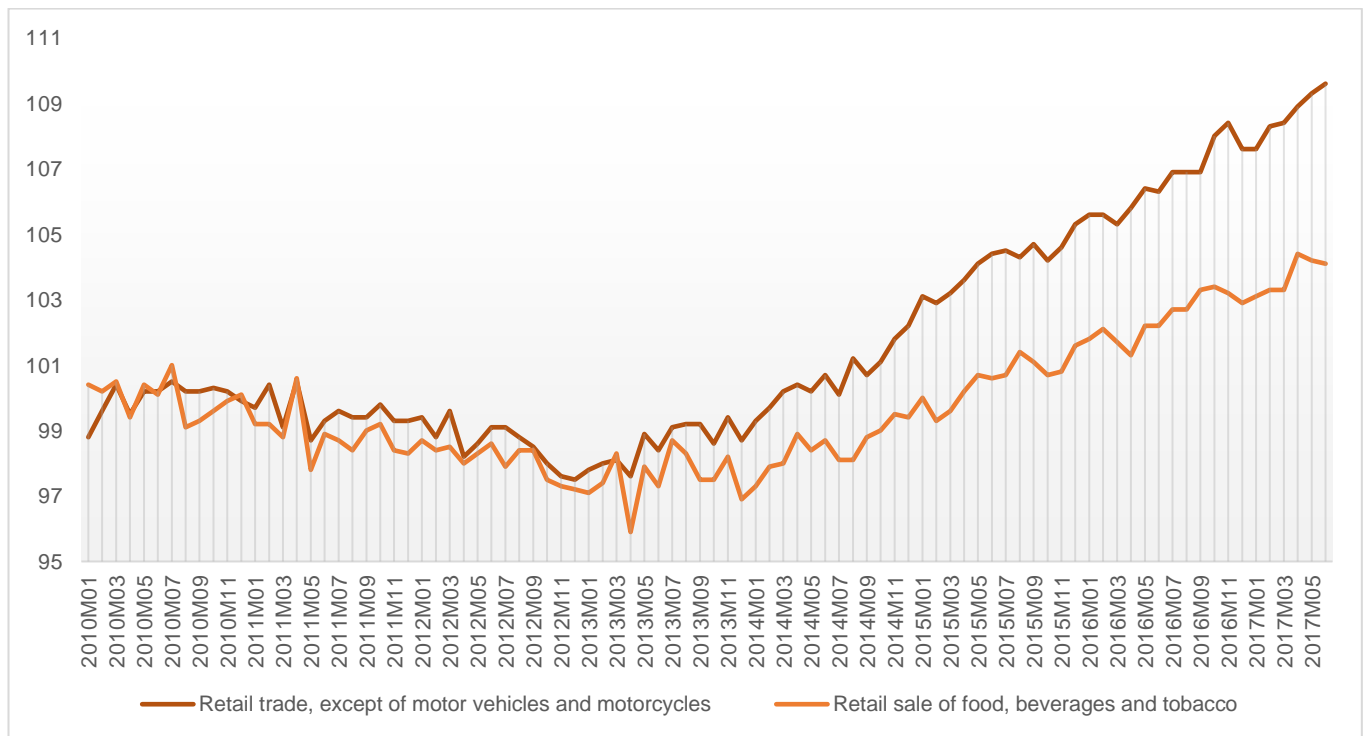
Volume of retail trade (% change)

	Feb-17	Mar-17	Apr-17	May-17	Jun-17	y-o-y
Total retail	0.7	-0.1	0.5	0.3	0.5	3.4
Food, drinks and tobacco	0.2	0.1	1.1	-0.3	0.1	2.1

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, 2010-2017 (2010=100)

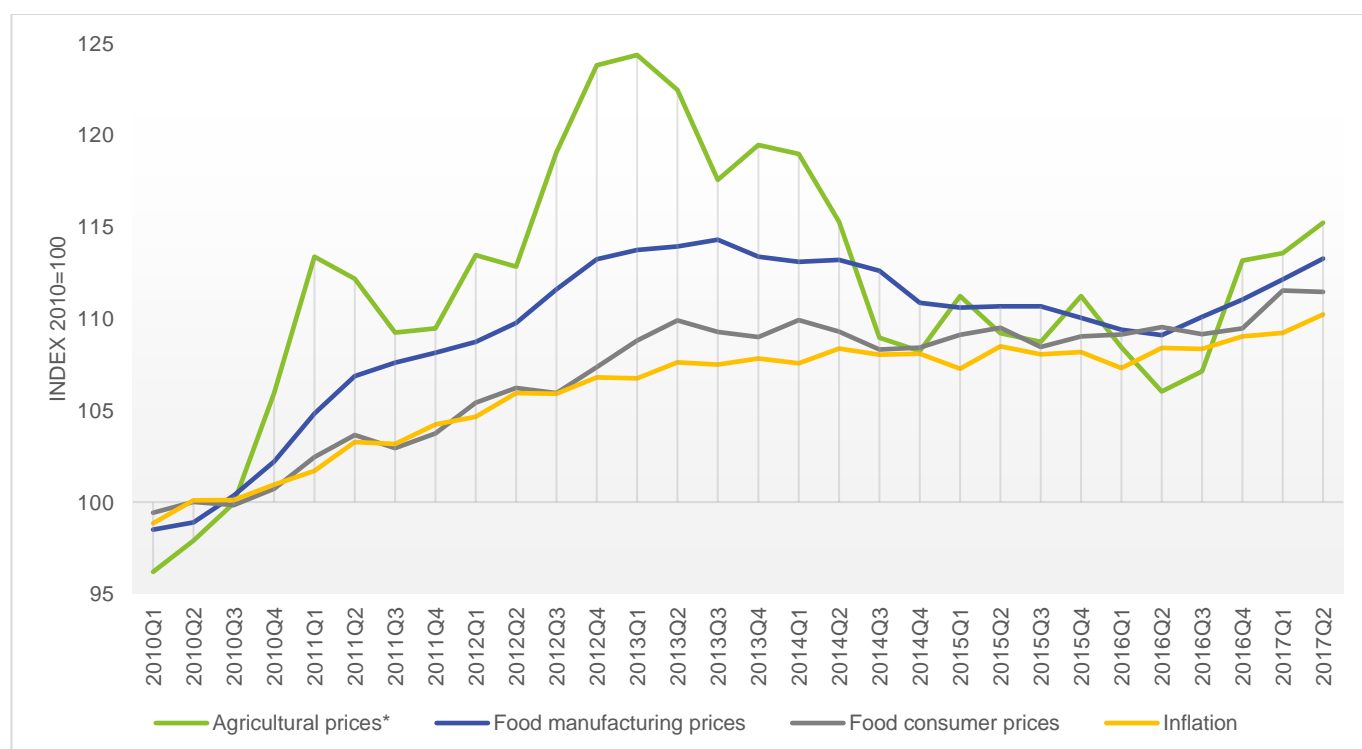


Sources: Eurostat; [Eurostat News Release 134/2017](#)

Price developments along the EU food chain

Price developments (% change)

	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	y-o-y
Agricultural prices*	-2.2	1.0	5.6	-0.8	1.5	8.7
Food manufacturing prices	-0.3	0.9	0.8	1.0	1.0	3.8
Food consumer prices	0.4	0.4	0.3	1.9	-0.1	1.7
Inflation	1.0	-0.1	0.6	0.2	0.9	1.7



Sources: DG AGRI; Eurostat; own calculations

* Eurostat monthly indices for EU farmer prices are not available after 2016. As of January 2017, the index is estimated by DG Agriculture and Rural Development based on cereal, sugar, milk and meat monthly prices weighted by annual production.