

ECONOMIC BULLETIN Q3 2017

Indicators confirm a positive industry performance

Food and drink industry

Increase in manufacturing prices, production and sales

- EU food and drink industry turnover increased by 0.6% compared to the previous quarter.
- In Q3 2017, EU food and drink industry production increased by 0.3% compared to the previous quarter.
- The year-on-year comparison shows that total manufacturing production growth exceeded food and drink industry production growth (4.1% vs. 1.4% compared to Q3 2016). The same trend is observed for turnover (5.4% vs. 6.8% compared to Q3 2016).
- Food manufacturing prices increased by 0.7% in Q3 2017 and were 3.6% higher than in Q3 2016.

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Employment remains on a growth path

- Employment in the EU food and drink industry increased by 0.5% in Q3 2017 and remained on a growth path since Q2 2015.
- In the long term, employment growth in the food and drink industry continues to outperform the one in the manufacturing industry (Q3 2017/Q3 2012: +5.4% vs. +3.6%).

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Highest quarterly trade surplus in years

- EU exports of food and drink products totalled €27.9 billion in Q3 2017 (Q3 2017/Q3 2016: +7.4%).
- The trade surplus reached €9.5 billion in Q3 2017.
- The top 5 products with the largest share in export value generated €13.7 billion in Q3 2017 (meat

products, spirits, dairy products, wine, chocolate and confectionery).

- EU imports of food and drink products reached €18.5 billion (Q3 2017/Q3 2016: +3.2%).

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Agricultural commodities

Increase in the FAO food price index

- The FAO food price index increased by 3% in Q3 2017 compared to the previous quarter and was up 7% compared to Q3 2016.
- In Q3 2017, EU prices for WMP increased and decreased slightly for soft wheat and SMP. World market prices for sugar, cereals and dairy decreased and remained relatively stable for oils and oil crops, coffee and cocoa.
- The year-on-year comparison shows significant growth in the price of WMP, whilst the prices of most other commodities decreased, in particular for sugar, cocoa and soybean meal.

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Retail

Retail trade increased

- The volume of retail trade in foodstuffs decreased towards the end of Q2 2017 and picked up again in August / September 2017.
- Year-on-year retail trade growth in foodstuffs increased by 1.7%, whereas total retail trade was 3.7% higher than in September 2016.
- Consumer prices decreased by 0.2% in Q3 2017, and were 2% higher compared to Q3 2016.

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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 185/2017, 'Volume of retail trade down by 1.1% in euro area

Down by 0.5% in EU28', 5 September 2017 <http://ec.europa.eu/eurostat/documents/2995521/8501081/4-05122017-AP-EN.pdf/0f94fcab-19a1-479b-a16c-721b850e02e1>

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 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	y-o-y
Total manufacturing	108.2	109.5	110.2	111.4	112.6	
% change	0.1	1.2	0.6	1.1	1.1	4.1
Food and drink industry	106.1	106.3	106.0	107.3	107.6	
% change	0.8	0.2	-0.3	1.2	0.3	1.4

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.

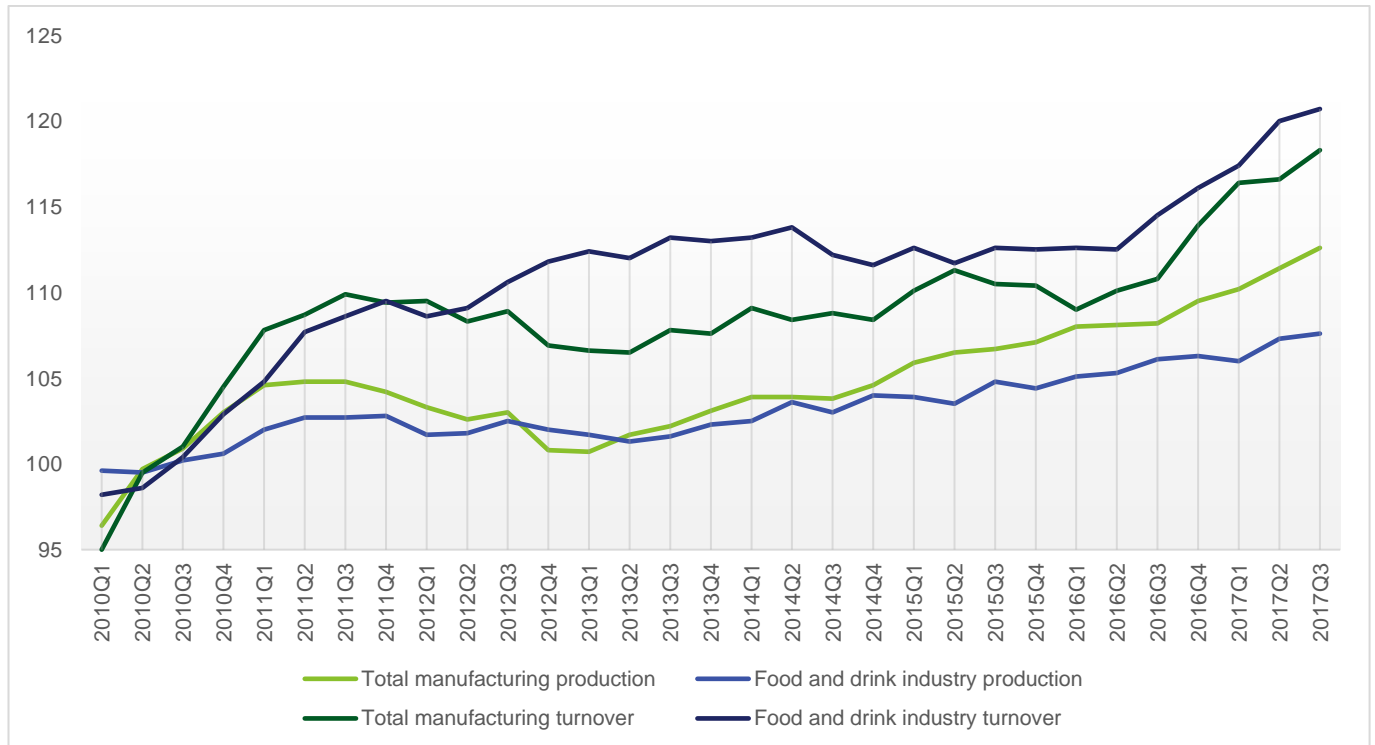
Turnover index

	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	y-o-y
Total manufacturing	110.8	113.9	116.4	116.6	118.3	
% change	0.6	2.8	2.2	0.2	1.5	6.8
Food and drink industry	114.5	116.1	117.4	120.0	120.7	
% change	1.8	1.4	1.1	2.2	0.6	5.4

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 Q2 / 2017 Q1 (% change)	2017 Q3 / 2017 Q2 (% change)	2017 Q3 / 2016 Q3 (% change)
EU	1.2	0.3	1.4
Austria	8.0	0.3	1.8
Belgium	1.2	0.5	2.3
Bulgaria	1.8	-1.2	-2.4
Czech Republic	2.0	-2.5	-1.2
Denmark	1.2	0.6	2.2
Estonia	-1.0	-2.1	1.9
Finland	1.4	0.7	3.5
France	0.9	-0.2	0.7
Germany	1.9	0.9	1.8
Greece	-0.6	1.0	2.2
Hungary	0.4	0.2	3.2
Ireland	-2.6	-4.1	-8.0
Italy	1.2	1.7	4.1
Latvia	4.0	-0.9	4.7
Lithuania	-0.7	-0.8	-3.0
Netherlands	-0.7	2.1	1.1
Poland	2.1	1.3	5.9
Portugal	2.0	2.9	3.9
Romania	0.5	-0.5	-0.1
Spain	1.4	0.0	0.6
Sweden	2.2	-1.4	0.5

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

Food and drink turnover by Member State

Member State	2017 Q2 / 2017 Q1 (% change)	2017 Q3 / 2017 Q2 (% change)	2017 Q3 / 2016 Q3 (% change)
EU	2.2	0.6	5.4
Austria	2.7	-0.2	5.5
Belgium	4.6	2.4	9.1
Bulgaria	0.4	3.2	3.1
Czech Republic	0.7	-1.8	3.0
Denmark	1.1	3.9	6.1
Estonia	2.1	-0.1	7.6
Finland	2.3	na	na
France	1.6	0.1	4.2
Germany	4.2	0.2	6.6
Greece	-2.3	0.4	-1.3
Hungary	-0.1	-0.9	2.7
Ireland	-1.3	-1.1	-1.2
Italy	2.1	0.5	2.5
Latvia	3.5	1.1	11.6
Lithuania	3.1	-0.7	6.8
Netherlands	-0.8	3.0	6.6
Poland	1.7	1.9	9.7
Portugal	3.1	-1.5	3.3
Romania	4.1	1.2	5.6
Spain	2.2	-1.0	5.3
Sweden	1.3	-0.2	4.4

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

Employment in the EU food and drink industry

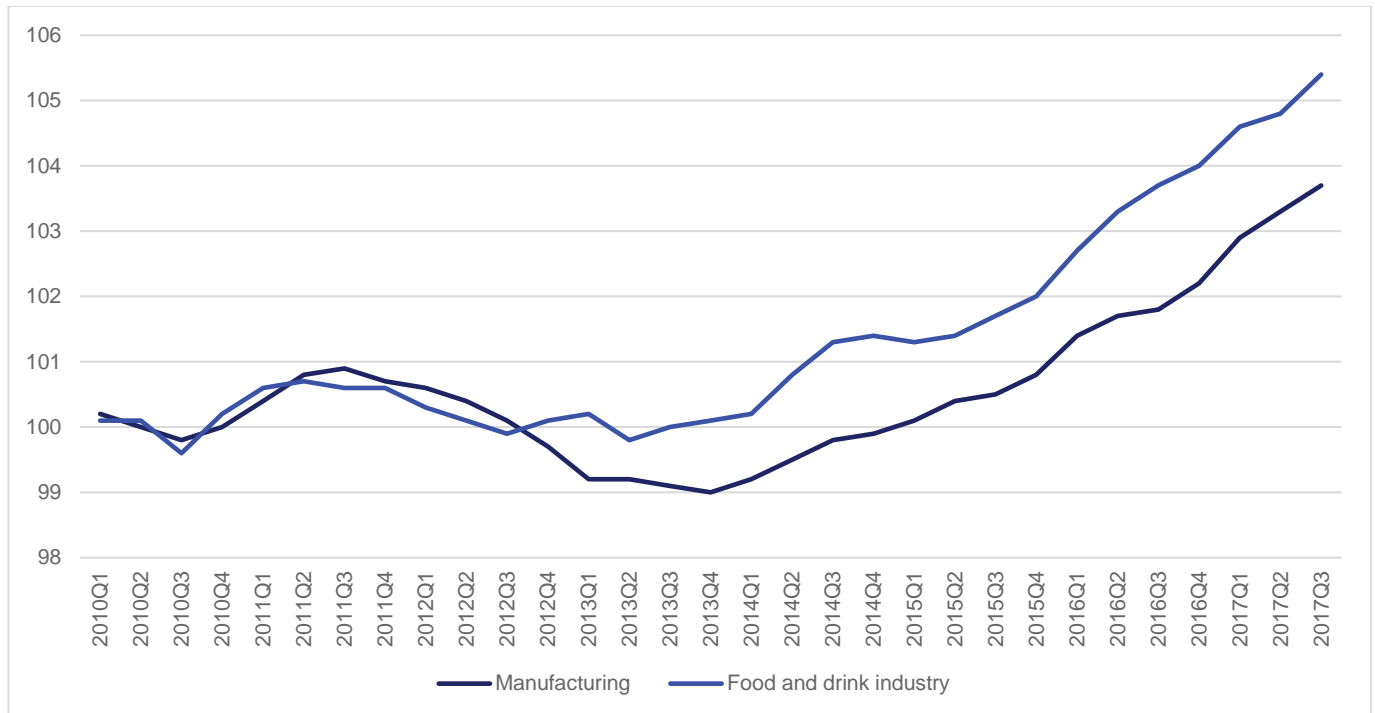
Employment index

Employment	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	y-o-y
Total manufacturing	101.8	102.2	102.9	103.3	103.7	
% change	0.2	0.4	0.7	0.4	0.4	1.9
Food and drink industry	103.7	104.0	104.6	104.8	105.4	
% change	0.4	0.3	0.6	0.2	0.5	1.5

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, 2010-2017 (2010=100)



Source: Eurostat

Food and drink industry employment by Member State

Member State	2017 Q1 / 2016 Q4 (% change)	2017 Q3 / 2017 Q2 (% change)	2017 Q3 / 2016 Q3 (% change)
EU	0.2	0.5	1.5
Austria	0.8	0.6	3.3
Belgium	0.1	na	na
Bulgaria	-2.3	-0.6	-0.7
Croatia	-0.5	0.2	-5.2
Czech Republic	0.1	-0.1	na
Denmark	0.3	0.2	0.7
Estonia	1.7	-0.8	3.3
Finland	-1.9	9.1	3.3
France	0.1	0.1	0.6
Germany	0.9	0.8	3.6
Ireland	-1.2	na	na
Latvia	-0.1	0.1	-2.9
Lithuania	0.0	-0.9	-4.0
Netherlands	0.5	na	na
Poland	-0.2	0.0	2.2
Portugal	1.4	0.5	2.3
Romania	0.1	0.4	1.4
Spain	1.4	1.7	3.8
Sweden	0.7	-1.4	-0.1
United Kingdom	-2.0	-0.6	-2.8

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

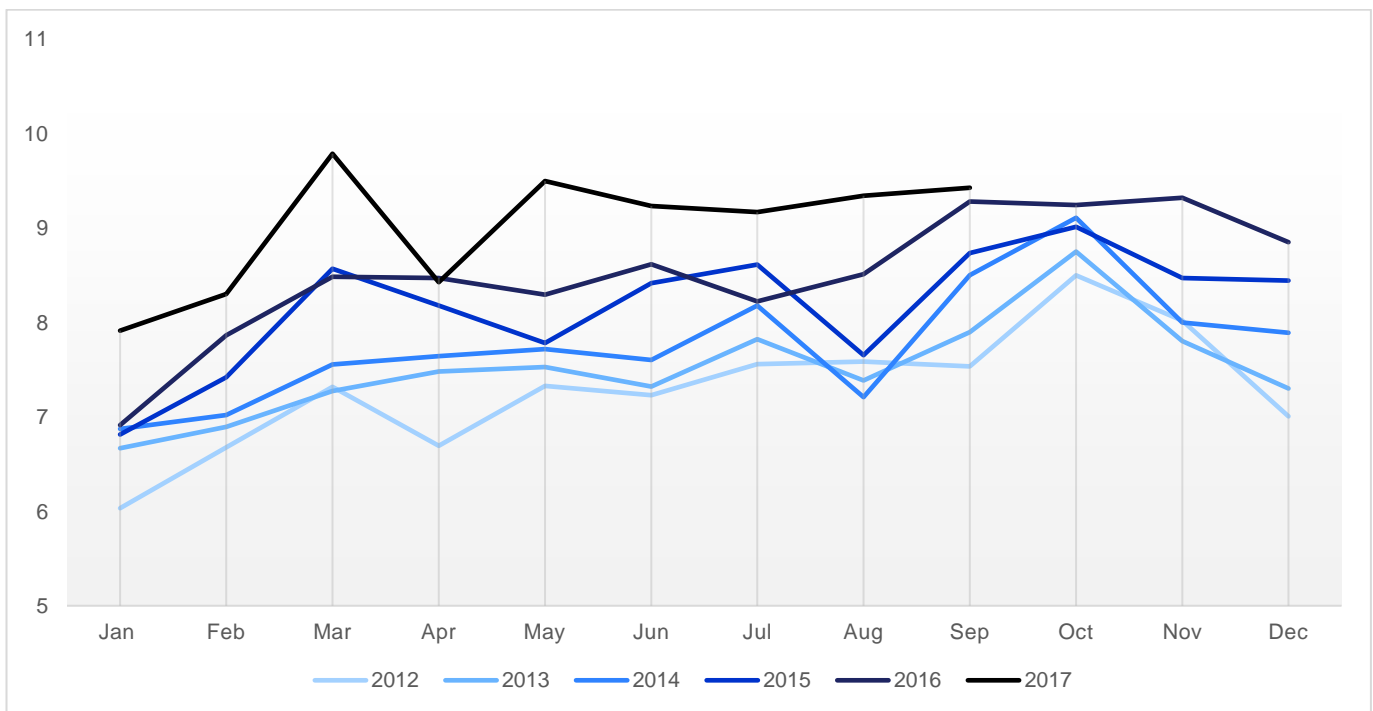
External trade

EU food and drink trade (€ billion)

	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	y-o-y % change
Exports	26.0	27.4	26.0	27.2	27.9	7.4
Imports	17.9	18.7	18.5	19.0	18.5	3.2
Balance	8.1	8.8	7.5	8.2	9.5	16.5

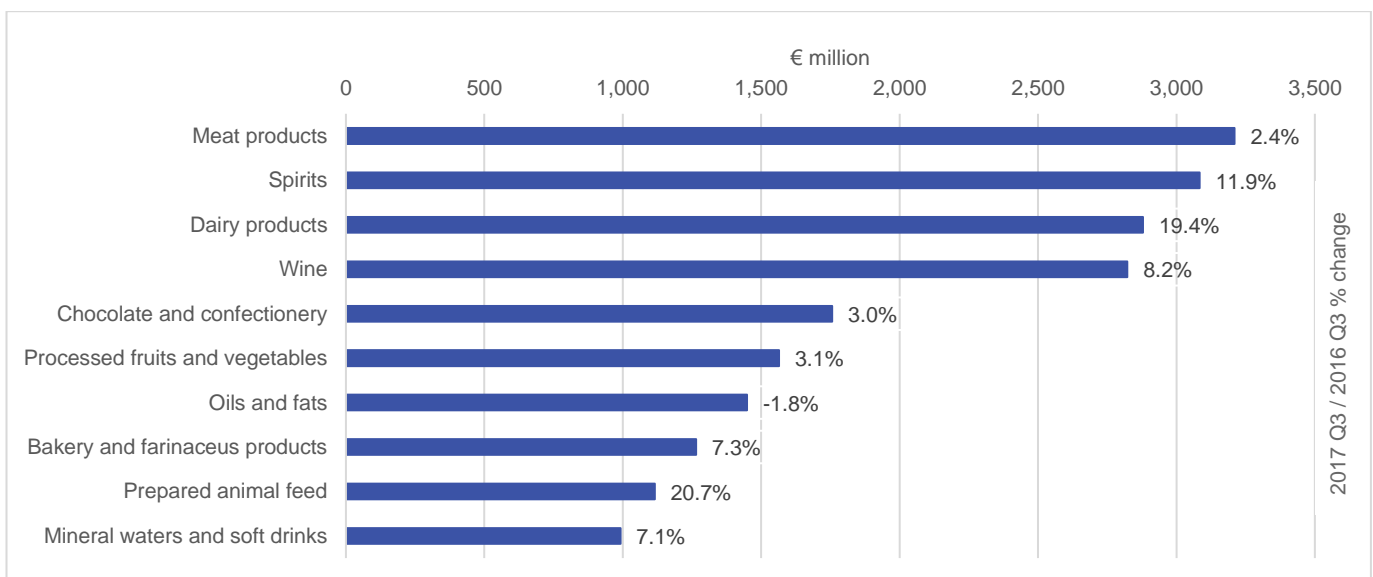
Source: Eurostat

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



Source: Eurostat

Export performance by sub-sector in Q3 2017



Source: Eurostat

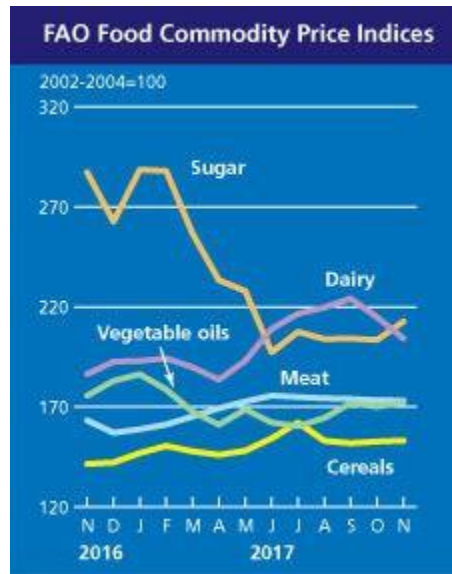
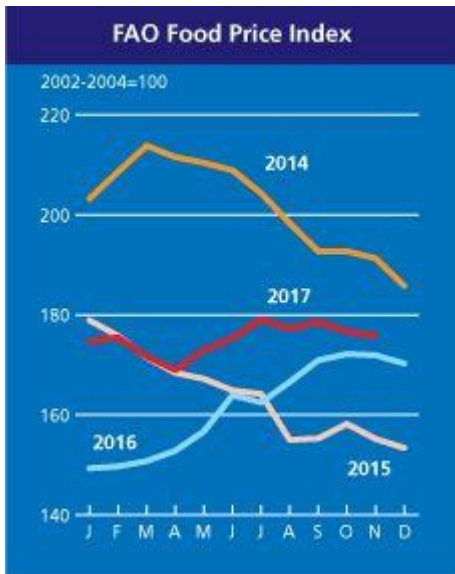
Trade by sub-sector in value and volume in Q3 2017

FLOW	VALUE_IN_MMN_EUROS						QUANTITY_IN_1000 tonnes								
	IMPORT	IMPORT	% change	EXPORT	EXPORT	% change	Trade Balance			IMPORT	IMPORT	% change	EXPORT	EXPORT	% change
	Q3 2016	Q3 2017		Q3 2016	Q3 2017		Q3 2016	Q3 2017	trend	Q3 2016	Q3 2017		Q3 2016	Q3 2017	
Food and drink	17,881	18,453	3.20%	26,013	27,931	7.37%	8,132	9,477	17%	16,346	17,510	7.12%	13,967	14,200	1.67%
Food	16,392	16,901	3.11%	18,469	19,748	6.92%	2,077	2,846	37%	15,176	16,048	5.75%	10,283	10,241	-0.40%
Drink	1,489	1,552	4.22%	7,544	8,183	8.47%	6,055	6,631	10%	1,171	1,462	24.85%	3,684	3,959	7.46%
Meat products	1,531	1,537	0.36%	3,135	3,210	2.39%	1,604	1,673	4%	467	416	-10.93%	1,971	1,936	-1.80%
Dairy products	169	187	11.09%	2,412	2,879	19.36%	2,244	2,692	20%	54	62	13.81%	1,100	1,173	6.69%
Wine	680	681	0.20%	2,608	2,822	8.23%	1,928	2,141	11%	362	351	-2.98%	570	640	12.33%
Spirits	404	436	7.94%	2,756	3,084	11.91%	2,352	2,648	13%	75	88	17.35%	378	416	9.92%
Processed fruits and vegetables	2,273	2,222	-2.24%	1,517	1,564	3.10%	-756	-658	-13%	2,043	1,924	-5.84%	1,256	1,285	2.35%
Oils and fats	3,965	4,111	3.69%	1,475	1,449	-1.80%	-2,489	-2,662	7%	8,213	9,166	11.60%	1,122	1,005	-10.44%
Chocolate and confectionery	826	816	-1.26%	1,704	1,756	3.05%	878	941	7%	201	233	15.82%	371	393	6.09%
Bakery and farinaceous products	185	200	8.21%	1,179	1,265	7.28%	994	1,065	7%	79	84	6.24%	476	514	7.85%
Grain mill and starch products	420	474	12.77%	945	918	-2.82%	525	444	-15%	605	710	17.37%	1,167	1,116	-4.37%
Prepared animal feed	269	317	17.76%	924	1,116	20.73%	655	799	22%	291	347	19.21%	807	822	1.86%
Fish and seafood products	4,669	4,954	6.11%	871	955	9.61%	-3,798	-3,999	5%	1,192	1,189	-0.30%	365	414	13.35%
Beer	126	131	3.80%	913	930	1.81%	787	799	1%	289	318	9.95%	926	1,023	10.49%
Mineral waters and soft drinks	268	290	8.20%	926	992	7.06%	659	702	7%	437	694	58.99%	1,124	1,173	4.39%
Processed tea and coffee	535	504	-5.93%	535	587	9.66%	0	83	83%	41	41	-0.98%	79	85	7.22%
Cider	8	8	5.24%	64	72	13.19%	56	64	14%	5	5	4.41%	46	57	23.16%

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 2017 average	EU		Q3 2017 average	WORLD	
		Q3 2017/ Q2 2017	Q3 2017/ Q3 2016		Q3 2017/ Q2 2017	Q3 2017/ Q3 2016
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Corn	166	0.0	20.3	129	-10.2	-6.0
Soft wheat	162	-1.5	9.2	159	-1.9	9.4
DAIRY						
SMP	1,759	-4.9	-2.7	1,721	-6.7	-6.9
WMP	3,051	5.9	27.9	2,713	-5.4	20.9
SUGAR						
White sugar	497	0.1	12.4	325	-19.0	-34.2
				USD/T	%	%
OILS AND OIL CROPS						
Soybean oil				857	5.2	5.8
Soybean				398	3.3	-4.4
Soybean meal				348	0.7	-14.1
Rapeseed				426	0.8	3.2
Palm oil				687	-1.3	-3.9
COFFEE AND COCOA						
Cocoa				1,992	0.5	-33.3
Coffee				2,792	0.5	-5.5

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

Retail trade

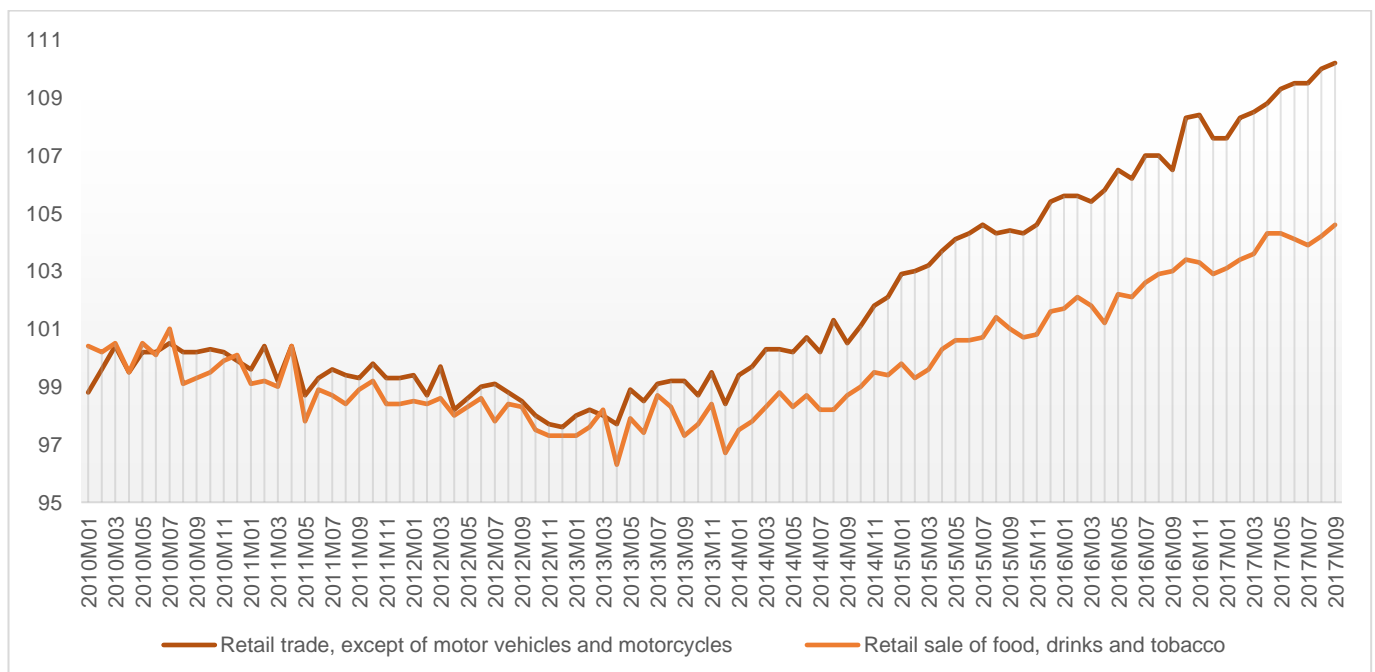
Volume of retail trade (% change)

	May-17	Jun-17	Jul-17	Aug-17	Sep-17	y-o-y
Total retail	0.5	0.2	0.0	0.5	0.2	3.7
Food, drinks and tobacco	0.0	-0.2	-0.2	0.3	0.4	1.7

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)

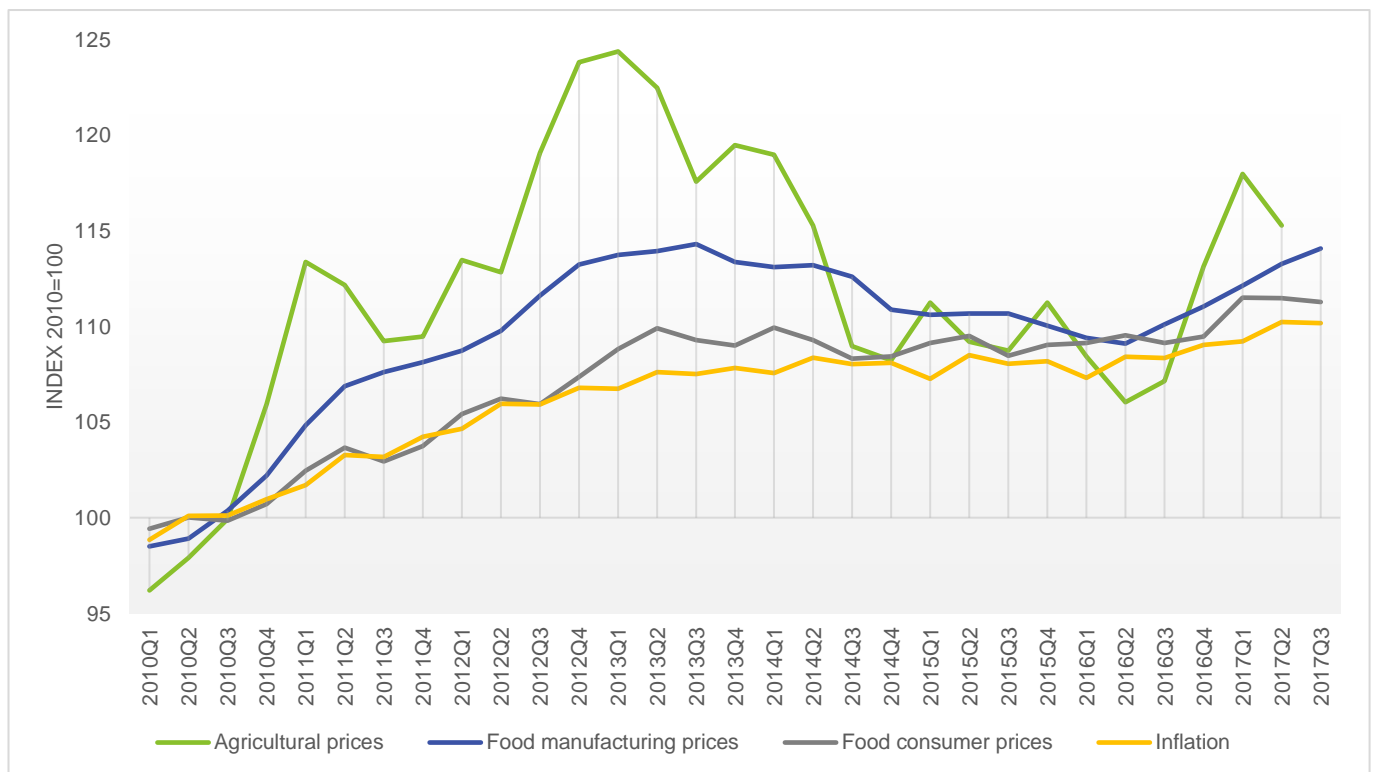


Sources: Eurostat; [Eurostat News Release 185/2017](#)

Price developments along the EU food chain

Price developments (% change)

	2016 Q3	2016 Q4	2017 Q1	2017 Q2	2017 Q3	y-o-y
Agricultural prices	1.0	5.6	4.3	-2.3	n.a.	n.a.
Food manufacturing prices	0.9	0.8	1.0	1.0	0.7	3.6
Food consumer prices	-0.4	0.3	1.9	0.0	-0.2	2.0
Inflation	-0.1	0.6	0.2	0.9	-0.1	1.7



Source: Eurostat; own calculations