

ECONOMIC BULLETIN Q2 2016

Steady production and sales growth, stable employment and robust exports

Food and drink industry

Steady production and sales growth

- In Q2 2016, EU food and drink industry production increased by 0.2%.
- EU food and drink industry turnover remained unchanged from the previous quarter.
- The year-on-year comparison shows that food and drink industry turnover performed better than total manufacturing turnover (0.7% vs. -1% compared to Q2 2015). Total manufacturing production growth and food and drink industry production performed equally well (1.4% compared to Q2 2015).
- Food manufacturing prices decreased by 0.3% in Q2 2016, and were 1.4% lower compared to Q2 2015.

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Employment: stable in Q2

- Employment in the EU food and drink industry increased by 0.3% in Q2 2016.
- Employment in the food and drink industry remained on a positive growth trend, and in the long term, continues to outperform the average employment level growth in the manufacturing industry (Q2 2016/Q2 2011: +3.3% (food and drink industry) vs +1.1% (manufacturing)).

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External trade: EU exports reach €25.4 bn

- Extra-EU exports of food and drink products totalled €25.4 billion in Q2 2016 (Q2 2016/Q2 2015: +4.1%).
- The trade surplus reached €7.5 billion in Q2 2016.

- The top 5 products with the largest share in export value generated €12.2 bn in Q2 2016 (meat, dairy, wine, spirits, processed fruits and vegetables).
- Extra-EU imports of food and drink products reached €17.8 bn (Q2 2016/Q2 2015: -3.5%).

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Agricultural commodities

Prices: FAO food price continues to rise

- The FAO food price index is on the rise since the beginning of 2016 and in June nearly reached the same level as last year.
- In Q2 2016, EU and world markets prices increased for most agricultural commodities compared to the previous quarter. At the same time, prices for soft wheat, SMP, WMP decreased.
- The year-on-year comparison follows a similar but more pronounced pattern, with a considerable price decline for soft wheat, SMP, WMP – and price increase for sugar.

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Retail

Retail trade: mixed performance in Q2

- Retail trade in foodstuffs registered moderate growth in April, May, and decreased in June 2016.
- Year-on-year, retail trade in foodstuffs increased by 1.5% vs. 2.5% for total retail trade compared to June 2015.
- Consumer prices were up by 0.4% compared to Q1 2016.

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Methodology

- Except for imports and exports data which represent 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

Eurostat data and indices (production, turnover, retail trade, employment)

<http://ec.europa.eu/eurostat/home>

Eurostat statistics explained

http://ec.europa.eu/eurostat/statistics-explained/index.php/Main_Page

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 AGRI, Commodity price dashboard

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

Eurostat News Release 167/2016, 'Volume of retail trade up by 1.1% in euro area - Up by 1.0% in EU28', 5 September 2016 http://europa.eu/rapid/press-release_STAT-16-2961_en.htm

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 Q1 2016

Annex

Production and turnover of the EU food and drink industry

Production index

	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	y-o-y
Total manufacturing	106.50	106.60	107.00	108.00	108.00	
% change	0.6	0.1	0.4	0.9	0.0	1.4
Food and drink industry	103.50	104.90	104.30	104.70	104.90	
% change	-0.2	1.4	-0.6	0.4	0.2	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.

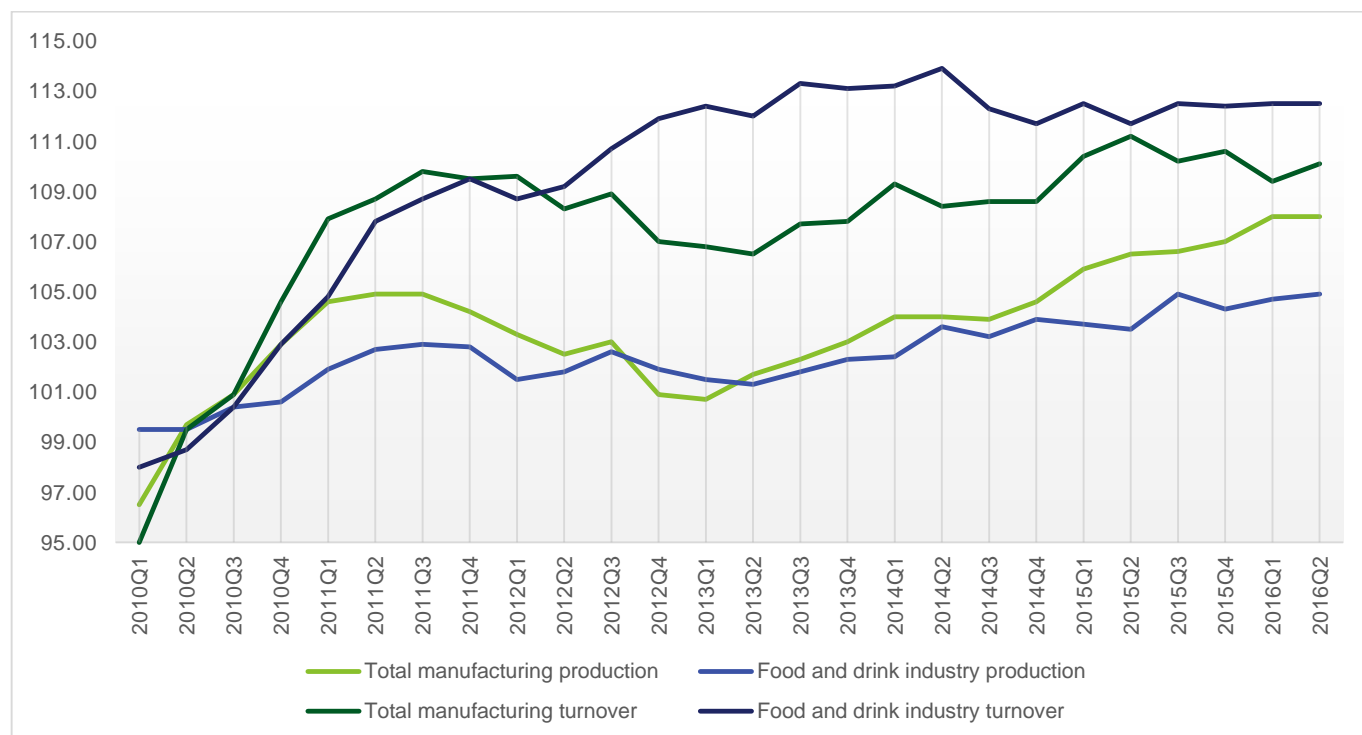
Turnover index

	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	y-o-y
Total manufacturing	111.20	110.20	110.60	109.40	110.10	
% change	0.7	-0.9	0.4	-1.1	0.6	-1.0
Food and drink industry	111.70	112.50	112.40	112.50	112.50	
% change	-0.7	0.7	-0.1	0.1	0.0	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, 2010 - 2016 (2010=100)



Source: Eurostat

Food and drink production by Member State

Member State	2016 Q1 / 2015 Q4 (% change)	2016 Q2 / 2016 Q1 (% change)	2016 Q2 / 2015 Q2 (% change)
EU	0.5	0.1	1.4
Austria	-8.2	4.5	0.0
Belgium	1.8	0.3	3.9
Bulgaria	2.6	-0.0	1.3
Czech Republic	-4.8	-0.4	-1.6
Denmark	0.9	1.2	5.2
Estonia	-0.7	-3.3	-2.1
Finland	1.9	0.2	2.9
France	-0.3	-2.1	-3.0
Germany	1.0	0.0	1.4
Greece	2.2	-0.8	3.4
Hungary	2.1	-3.5	-0.8
Ireland	6.1	-2.6	-1.8
Italy	0.8	0.5	0.8
Latvia	3.0	-0.7	-0.6
Lithuania	-1.9	0.5	3.3
Netherlands	1.4	0.4	4.0
Poland	0.6	2.0	7.1
Portugal	-4.1	7.2	-2.6
Romania	0.8	3.9	9.3
Spain	1.2	-0.2	1.7
Sweden	0.9	-1.0	-2.3

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

Food and drink turnover by Member State

Member State	2016 Q1 / 2015 Q4 (% change)	2016 Q2 / 2016 Q1 (% change)	2016 Q2 / 2015 Q2 (% change)
EU	0.3	-0.1	0.8
Austria	1.4	-0.7	-0.7
Belgium	-1.7	3.9	2.7
Bulgaria	6.3	3.8	6.7
Czech Republic	-6.8	1.3	-3.2
Denmark	1.5	1.3	4.4
Estonia	-1.5	-2.8	-2.2
Finland	-0.7	-1.3	-0.9
France	0.5	-1.5	-1.3
Germany	1.1	-1.9	-0.3
Greece	-2.0	0.2	-1.6
Hungary	-0.3	-1.9	-0.8
Ireland	3.6	-0.5	-3.0
Italy	-1.4	0.2	-0.1
Latvia	2.3	-2.3	-2.2
Lithuania	-3.7	1.2	-1.5
Netherlands	-0.3	1.4	1.8
Poland	0.1	1.7	6.8
Portugal	-1.8	2.4	3.9
Romania	-1.3	5.3	11.3
Spain	2.1	-0.2	2.5
Sweden	-1.1	2.1	0.4

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

Employment in the EU food and drink industry

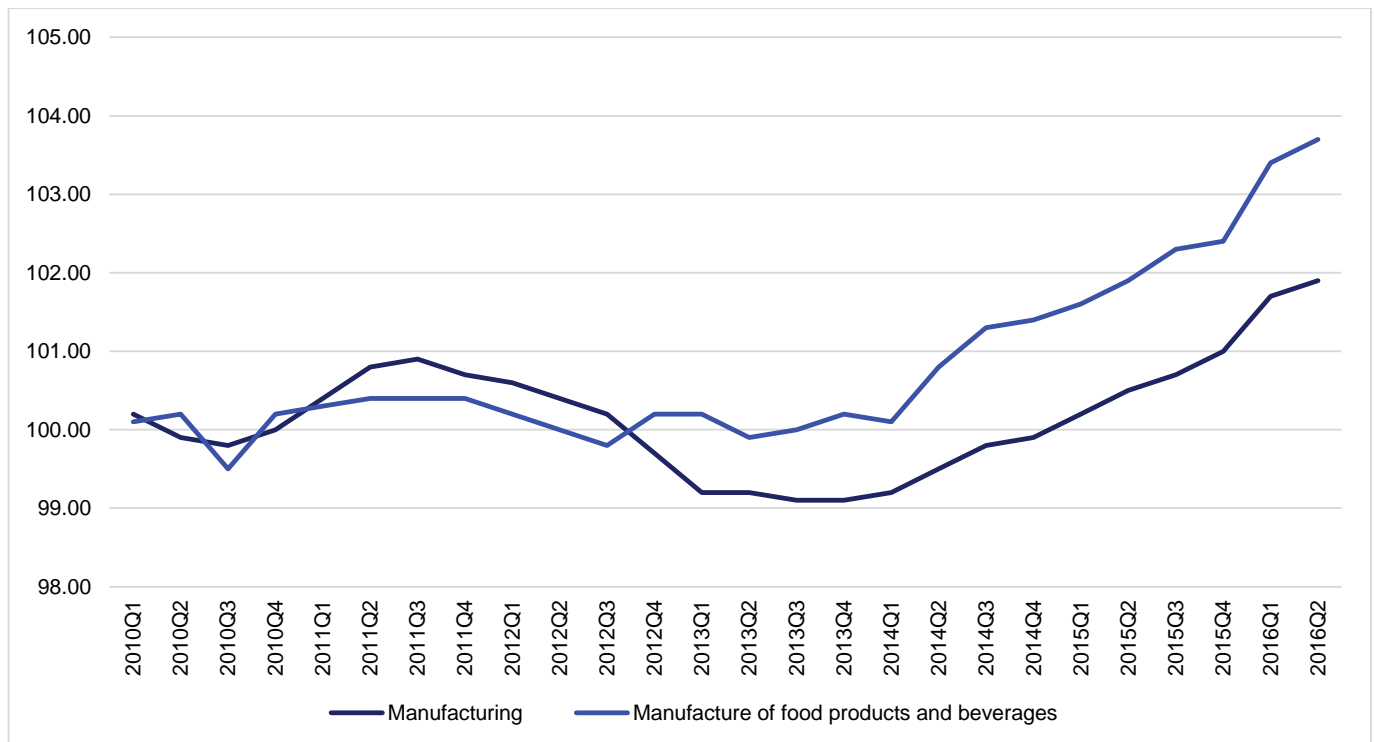
Employment index

Employment	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	y-o-y
Total manufacturing	100.50	100.70	101.00	101.70	101.90	
% change	0.3	0.2	0.3	0.7	0.2	1.4
Food and drink industry	101.90	102.30	102.40	103.40	103.70	
% change	0.3	0.4	0.1	1.0	0.3	1.8

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 total manufacturing, 2010-2016 (2010=100)



Source: Eurostat

Food and drink industry employment by Member State

Member State	2016 Q1 / 2015 Q4 (% change)	2016 Q2 / 2016 Q1 (% change)	2016 Q2 / 2015 Q2 (% change)
EU	1.0	0.5	2.0
Austria	-2.1	0.6	-1.5
Belgium	-0.1	0.6	0.5
Bulgaria	4.3	-1.6	1.6
Croatia	4.6	-0.7	8.0
Czech Republic	1.5	1.3	4.4
Denmark	-0.3	1.6	1.6
Estonia	-1.3	-1.4	-4.1
Finland	10.0	-5.0	-5.6
France	0.3	0.5	1.3
Germany	1.4	0.4	2.6
Ireland	1.5	7.9	3.6
Latvia	0.1	-0.1	-4.7
Lithuania	2.0	-0.6	0.6
Netherlands	na	na	na
Poland	0.4	0.5	1.5
Portugal	0.5	0.5	1.5
Romania	2.1	0.0	4.1
Spain	1.7	3.8	0.1
Sweden	-0.1	0.2	-2.3
United Kingdom	-1.0	-2.3	2.3

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

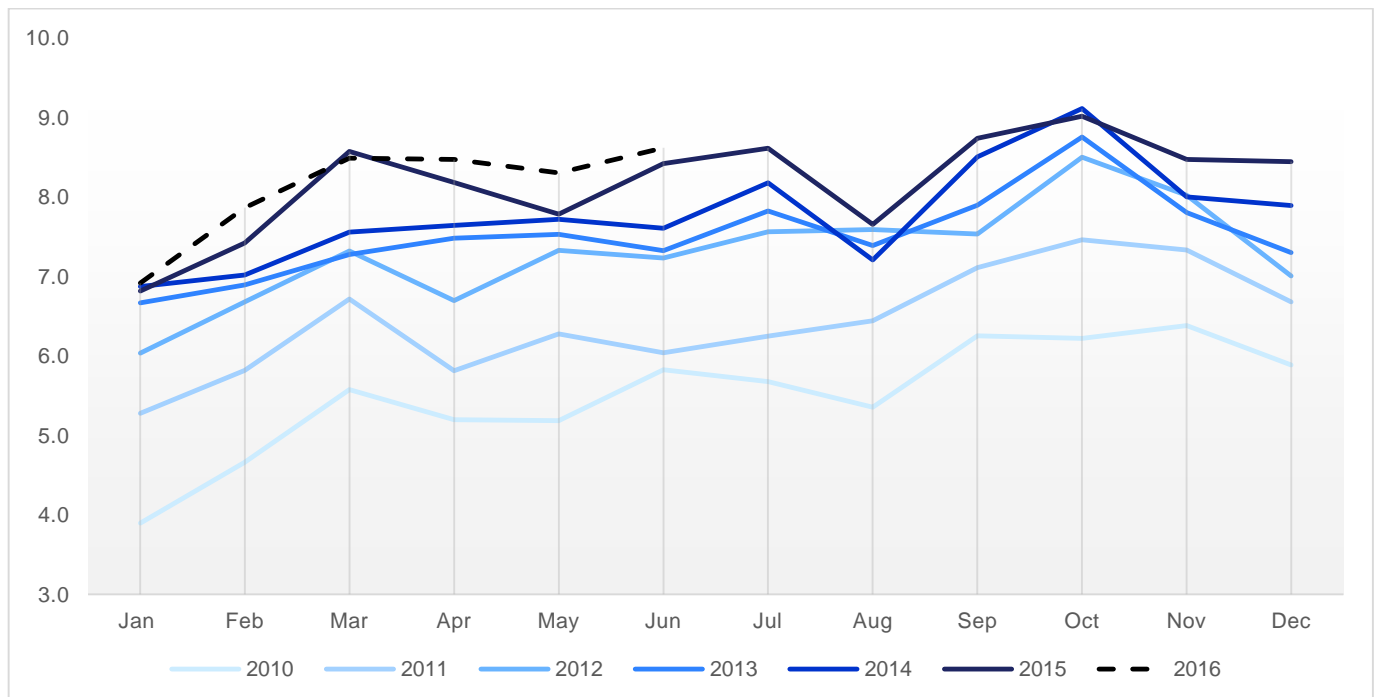
External trade

EU food and drink trade (€ billion)

	2015 Q2	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q2 / 2015 Q2 % change
Exports	24.4	25.0	25.9	23.3	25.4	4.1
Imports	18.5	18.4	18.7	17.5	17.8	-0.9
Balance	5.9	6.6	7.3	5.8	7.5	6.2

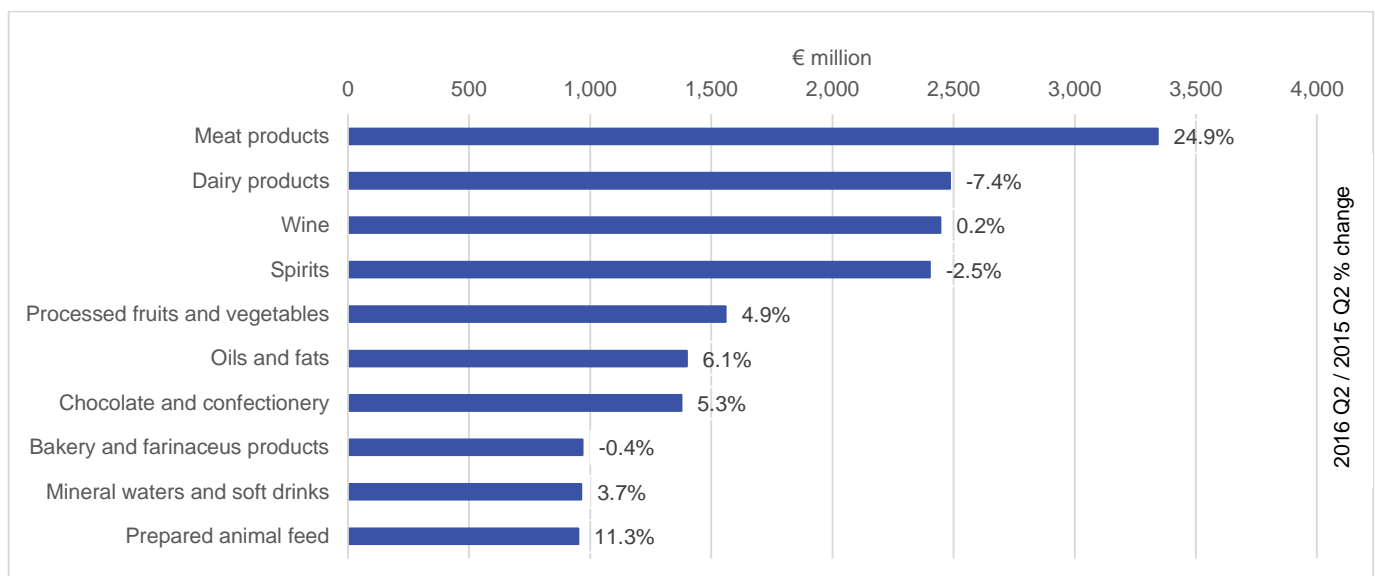
Source: Eurostat

EU food and drink export, 2010-2016 (€ billion)



Source: Eurostat

Export performance by sub-sector in Q2 2016



Source: Eurostat

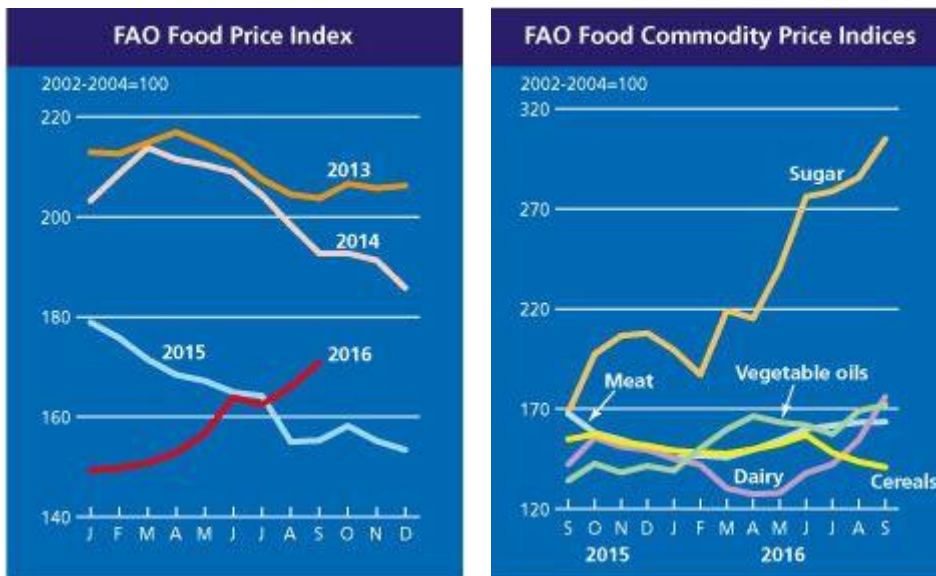
Trade by sub-sector in value and volume in Q2 2016

FLOW	VALUE_IN_MLN_EUROS									QUANTITY_IN_1000 tonnes					
	IMPORT	IMPORT	% change	EXPORT	EXPORT	% change	Trade Balance			IMPORT	IMPORT	% change	EXPORT	EXPORT	% change
PRODUCT/PERIOD	Q2 2015	Q2 2016		Q2 2015	Q2 2016		Q2 2015	Q2 2016	trend	Q2 2015	Q2 2016		Q2 2015	Q2 2016	
Food and drink	18,486	17,841	-3.49%	24,376	25,382	4.13%	5,890	7,542	28%	16,237	17,466	7.57%	13,199	14,138	7.12%
Food	17,051	16,353	-4.09%	17,264	18,258	5.75%	213	1,904	792%	15,031	16,185	7.67%	9,469	10,247	8.21%
Drink	1,435	1,487	3.63%	7,112	7,125	0.18%	5,677	5,637	-1%	1,206	1,281	6.26%	3,729	3,892	4.36%
Meat products	2,016	1,840	-8.75%	2,677	3,343	24.87%	661	1,503	127%	514	536	4.17%	1,606	2,160	34.51%
Dairy products	175	173	-1.52%	2,685	2,485	-7.43%	2,509	2,313	-8%	63	68	7.71%	1,102	1,161	5.36%
Wine	702	656	-6.62%	2,441	2,446	0.18%	1,739	1,790	3%	372	365	-2.02%	567	571	0.66%
Spirits	349	386	10.75%	2,465	2,402	-2.53%	2,116	2,016	-5%	66	69	4.65%	313	318	1.42%
Processed fruits and vegetables	2,440	2,209	-9.49%	1,487	1,559	4.87%	-953	-649	-32%	1,980	1,905	-3.77%	1,241	1,322	6.58%
Oils and fats	4,188	3,879	-7.37%	1,319	1,399	6.07%	-2,869	-2,481	-14%	8,461	9,078	7.29%	1,095	1,026	-6.30%
Chocolate and confectionery	548	546	-0.44%	1,307	1,377	5.31%	759	831	9%	41	41	1.27%	308	330	7.10%
Bakery and farinaceous products	194	195	0.73%	973	969	-0.39%	779	774	-1%	85	90	6.01%	418	427	2.14%
Mineral waters and soft drinks	253	290	14.84%	930	964	3.65%	677	674	-1%	547	527	-3.73%	1,183	1,217	2.87%
Prepared animal feed	269	279	3.88%	855	951	11.28%	586	672	15%	232	326	40.59%	759	769	1.28%
Beer	117	143	21.73%	896	929	3.64%	779	786	1%	209	305	45.81%	911	994	9.09%
Grain mill and starch products	506	464	-8.27%	841	917	9.06%	334	452	35%	672	688	2.43%	1,039	1,128	8.63%
Fish and seafood products	4,319	4,483	3.79%	886	879	-0.76%	-3,433	-3,603	5%	1,161	1,225	5.52%	443	399	-9.85%
Processed tea and coffee	395	497	25.83%	557	545	-2.17%	162	48	-70%	1,263	1,594	26.24%	74	81	8.34%
Cider	13	8	-38.94%	69	69	0.20%	56	61	9%	10	5	-49.59%	49	54	8.85%

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 2016 average	EU		Q2 2016 average	WORLD	
		Q2 2016/ Q1 2016	Q2 2016/ Q2 2015		Q2 2016/ Q1 2016	Q2 2016/ Q2 2015
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Corn	164	3.8	7.9	152	3.8	-1.2
Soft Wheat	152	-3.6	-13.9	168	-3.4	-11.3
DAIRY						
SMP	1,664	0.5	-12.0	1,566	-5.0	-25.0
WMP	2,024	-2.9	-19.9	1,836	-2.2	-20.0
SUGAR						
White Sugar	433	0.7	3.8	427	12.5	29.0
				USD/T	%	%
OILS AND OIL CROPS						
Soybean oil				795	6.2	2.7
Soybean				424	14.5	7.7
Soybean meal				419	27.6	7.0
Rapeseed				415	5.0	-2.9
Palm oil				704	11.6	6.0
COFFEE & COCOA						
Cocoa				3,100	4.0	1.0
Coffee				2,681	7.2	-3.3

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

Retail trade

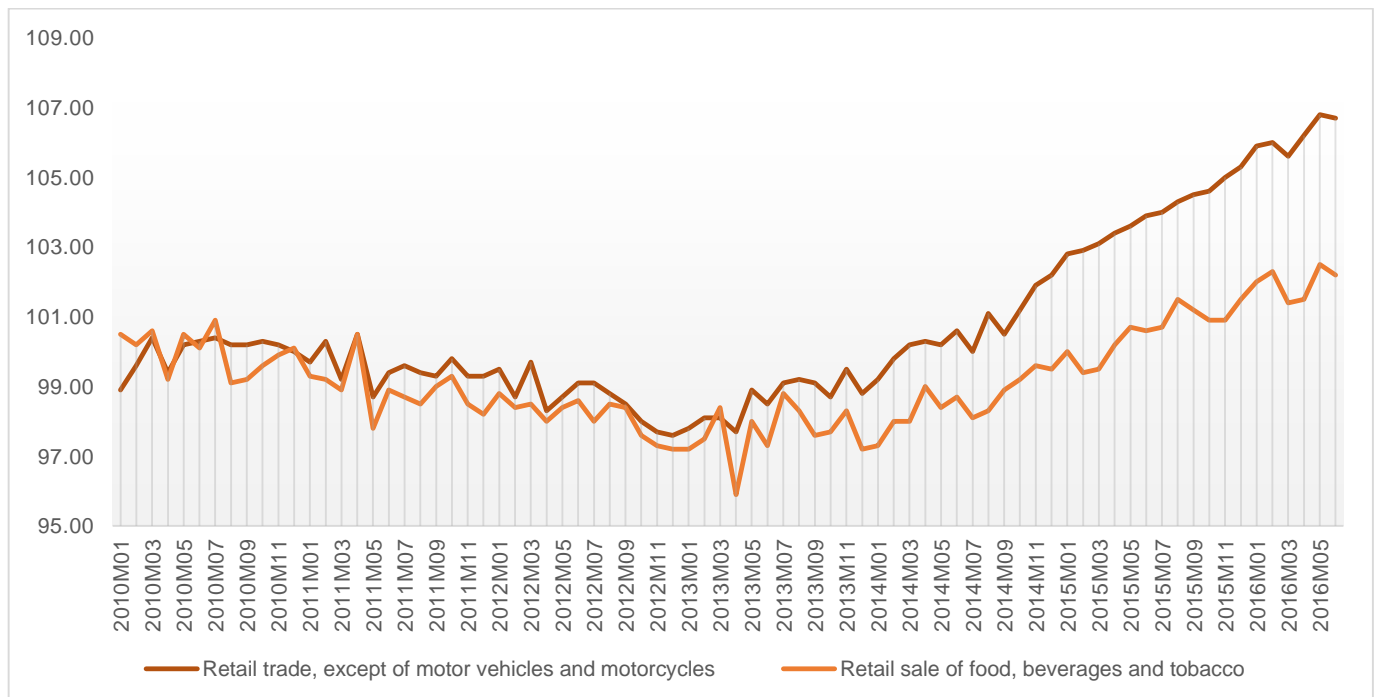
Volume of retail trade (% change)

	Feb-16	Mar-16	Apr-16	May-16	Jun-16	y-o-y
Total retail	0.1	-0.5	0.6	0.5	-0.2	2.5
Food, drinks and tobacco	0.3	-0.9	0.1	0.9	-0.4	1.5

Source: Eurostat

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

EU monthly retail trade volume by product group, 2010-2016 (2010=100)



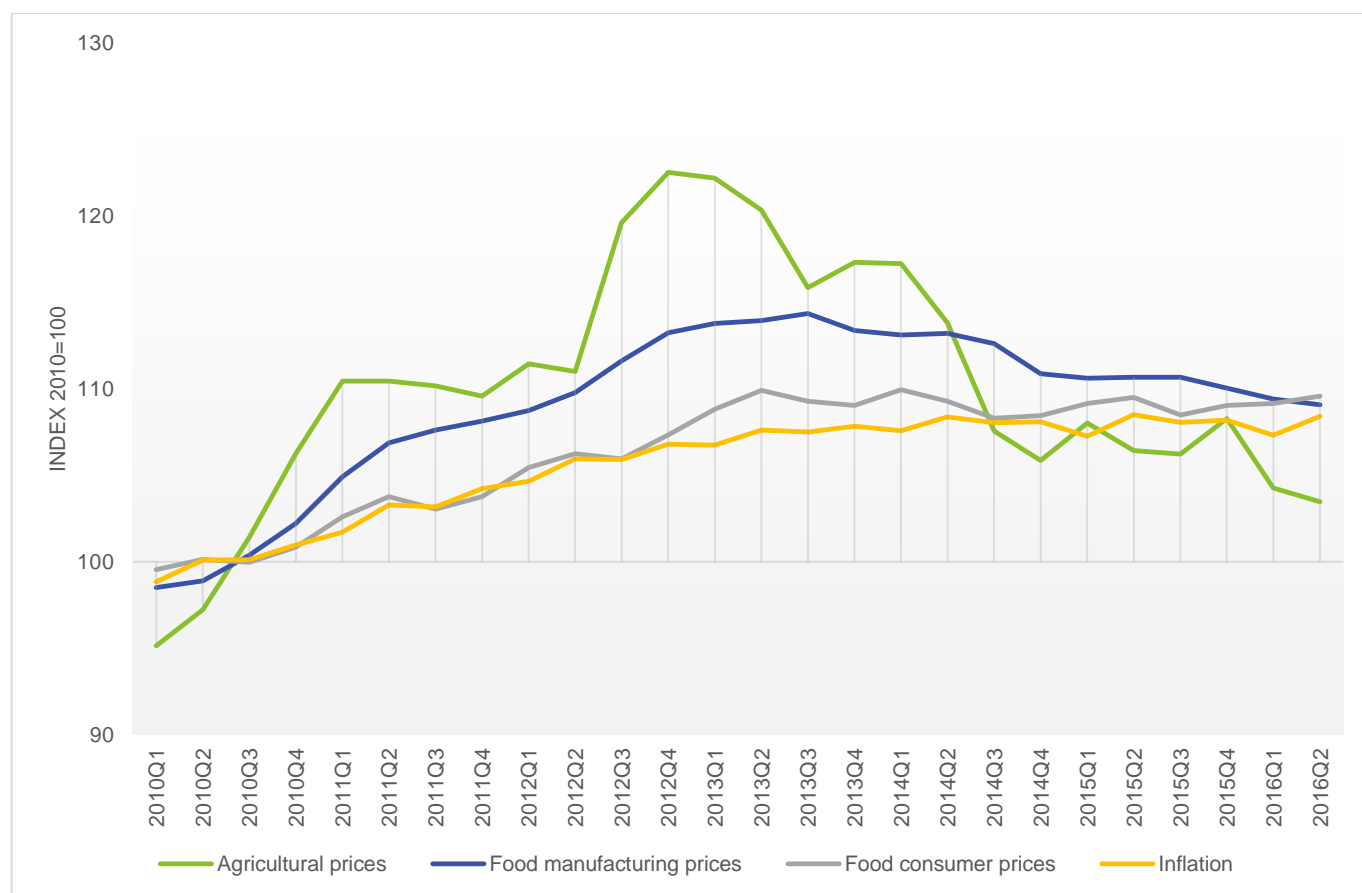
Sources: Eurostat; [Eurostat News Release 167/2016](#)

Price developments along the EU food chain

Price developments (% change)

	2015Q2	2015Q3	2015Q4	2016Q1	2016Q2	y-o-y
Agricultural prices	-1.5	-0.2	1.9	-3.7	-0.8	-2.8
Food manufacturing prices	0.1	0.0	-0.6	-0.6	-0.3	-1.4
Food consumer prices	0.3	-0.9	0.5	0.1	0.4	0.1
Inflation	1.2	-0.4	0.1	-0.8	1.0	-0.1

Sources: FoodDrinkEurope calculations on DG AGRI and Eurostat data



Note: Eurostat monthly indices for EU farmer prices are not available since 2013. Until March 2015, it is estimated based on Member States data weighted by their share in the agricultural output. Beyond, the index is estimated based on cereal, sugar, milk and meat monthly prices weighted by annual production.

Source: DG Agriculture and Rural Development, based on Eurostat