

## ECONOMIC BULLETIN Q3 2016

### Production and sales growth on the rise, moderate increase in employment and a solid export performance

#### Food and drink industry

##### Production and sales growth on the rise

- In Q3 2016, EU food and drink industry production increased by 1%.
- EU food and drink industry turnover increased by 1.5% compared to the previous quarter.
- The year-on-year comparison shows that food and drink industry turnover performed better than total manufacturing turnover (1.7% vs. 0.3% compared to Q3 2015). Total manufacturing production growth slightly exceeded food and drink industry production (1.4% vs. 1% compared to Q3 2015).
- Food manufacturing prices increased by 0.9% in Q3 2016, and were 0.6% lower compared to Q3 2015.

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##### Employment: moderate increase in Q3

- Employment in the EU food and drink industry increased by 0.2% in Q3 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 (Q3 2016/Q3 2011: +2.8% (food and drink industry) vs +1% (manufacturing)).

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##### External trade: EU exports reach €26 bn

- Extra-EU exports of food and drink products totalled €26 billion in Q3 2016 (Q3 2016/Q3 2015: +4%).
- The trade surplus reached €8.2 billion in Q3 2016.
- The top 5 products with the largest share in export value generated €12.6 bn in Q3 2016 (meat, spirits, wine, dairy, chocolate and confectionery).

- Extra-EU imports of food and drink products reached €17.8 bn (Q3 2016/Q3 2015: -3.2%).

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#### Agricultural commodities

##### Prices: FAO food price continues to rise

- The FAO food price index increased by 6% in Q3 2016 compared to the previous quarter and reached a 16-month high in September – mainly driven by increases in sugar and dairy prices.
- In Q3 2016, EU and world markets prices of SMP, WMP and sugar increased compared to the previous quarter – as did prices for certain vegetable oils and coffee. At the same time, prices for soft wheat, corn, certain types of oilseeds and cocoa decreased.
- The year-on-year comparison shows a positive growth trend for most commodities, while price levels were lower for corn, soft wheat, rapeseed, and cocoa.

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#### Retail

##### Retail trade: mixed performance in Q3

- Retail trade in foodstuffs increased in July, decreased in August, and increased again in September.
- Year-on-year, retail trade growth in foodstuffs and total retail trade increased equally by 2% compared to September 2015.
- Consumer prices were 0.4% lower compared to Q2 2016.

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## Methodology

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

Eurostat News Release 243/2016, 'Volume of retail trade up by 1.1% in euro area

Up by 1.2% in EU28", 5 December 2016 [http://europa.eu/rapid/press-release\\_STAT-16-4254\\_en.htm](http://europa.eu/rapid/press-release_STAT-16-4254_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](http://www.fooddrinkeurope.eu)**

## ECONOMIC BULLETIN Q3 2016

### Annex

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

##### Production index

	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	y-o-y
<b>Total manufacturing</b>	106.6	107.1	108.0	108.0	108.1	
<b>% change</b>	0.2	0.5	0.8	0.0	0.1	1.4
<b>Food and drink industry</b>	104.9	104.3	104.7	104.9	106.0	
<b>% change</b>	1.4	-0.6	0.4	0.2	1.0	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.

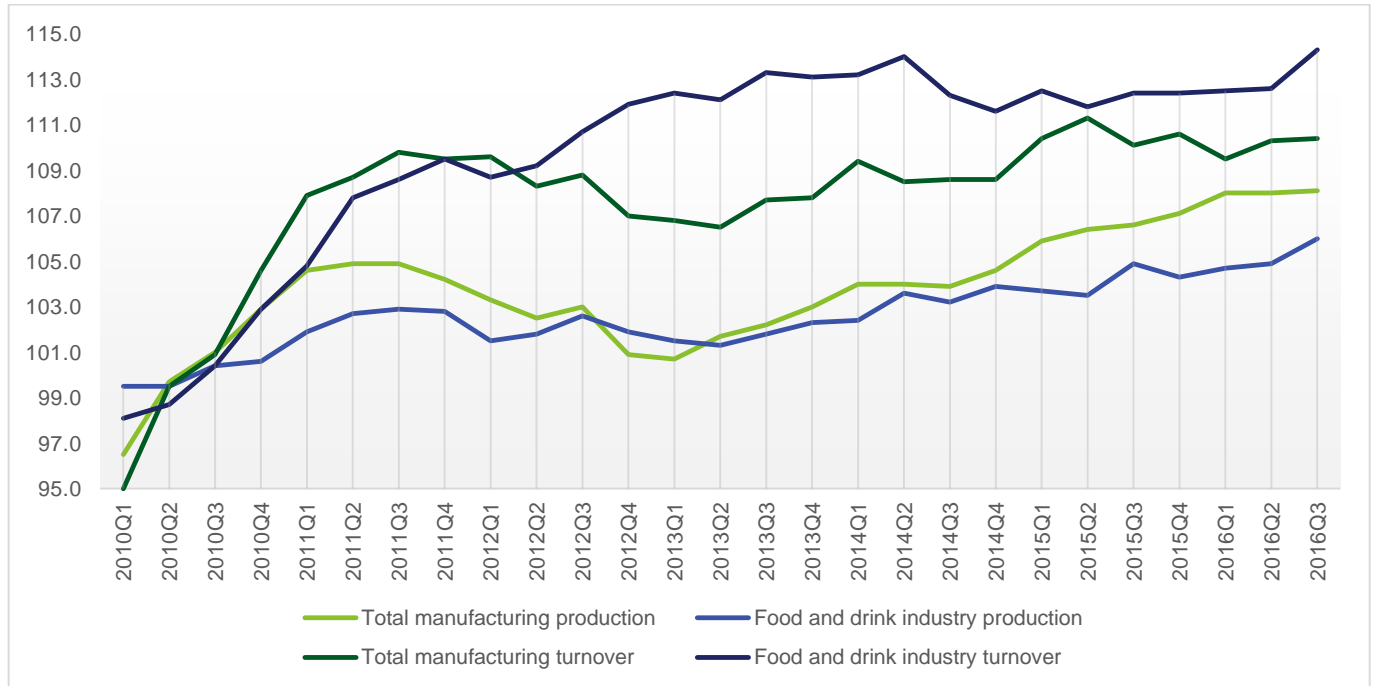
##### Turnover index

	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	y-o-y
<b>Total manufacturing</b>	110.1	110.6	109.5	110.3	110.4	
<b>% change</b>	-1.1	0.5	-1.0	0.7	0.1	0.3
<b>Food and drink industry</b>	112.4	112.4	112.5	112.6	114.3	
<b>% change</b>	0.5	0.0	0.1	0.1	1.5	1.7

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 Q2 / 2016 Q1 (% change)	2016 Q3 / 2016 Q2 (% change)	2016 Q3 / 2015 Q3 (% change)
EU	0.2	1.0	1.0
Austria	4.5	1.0	-1.8
Belgium	0.7	-0.2	3.6
Bulgaria	0.0	1.3	5.7
Czech Republic	-0.3	3.6	-0.9
Denmark	1.4	-1.3	1.8
Estonia	-3.1	-0.4	-3.7
Finland	0.2	-0.5	0.1
France	-2.2	1.8	-1.4
Germany	0.2	1.0	2.2
Greece	0.4	-3.5	-0.4
Hungary	-3.4	0.8	-1.6
Ireland	-2.1	2.1	-4.6
Italy	0.6	0.2	0.3
Latvia	-1.3	2.0	1.3
Lithuania	0.5	1.9	4.0
Netherlands	0.0	-0.1	2.5
Poland	2.0	1.2	5.0
Portugal	7.2	20.0	-0.1
Romania	3.9	-0.3	3.4
Spain	-0.4	1.7	2.1
Sweden	-0.7	-0.6	-2.7

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

## Food and drink turnover by Member State

Member State	2016 Q2 / 2016 Q1 (% change)	2016 Q3 / 2016 Q2 (% change)	2016 Q3 / 2015 Q3 (% change)
<b>EU</b>	0.1	1.5	1.7
<b>Austria</b>	-0.6	-1.8	-3.9
<b>Belgium</b>	4.2	0.8	3.1
<b>Bulgaria</b>	3.5	-2.2	7.9
<b>Czech Republic</b>	1.3	1.0	-4.3
<b>Denmark</b>	1.3	1.1	2.1
<b>Estonia</b>	-2.5	-0.2	-3.2
<b>Finland</b>	-1.4	1.3	-1.5
<b>France</b>	-1.0	1.4	0.4
<b>Germany</b>	-1.6	2.6	1.4
<b>Greece</b>	0.3	0.2	-1.6
<b>Hungary</b>	-1.6	0.6	0.1
<b>Ireland</b>	-1.3	3.1	-0.9
<b>Italy</b>	1.2	1.8	2.2
<b>Latvia</b>	-2.1	0.0	-0.7
<b>Lithuania</b>	1.3	1.6	-0.7
<b>Netherlands</b>	1.4	-1.3	1.3
<b>Poland</b>	1.8	1.6	4.9
<b>Portugal</b>	2.3	3.6	6.3
<b>Romania</b>	5.3	1.2	5.4
<b>Spain</b>	-0.3	0.8	3.8
<b>Sweden</b>	2.5	-1.3	-1.3

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

## Employment in the EU food and drink industry

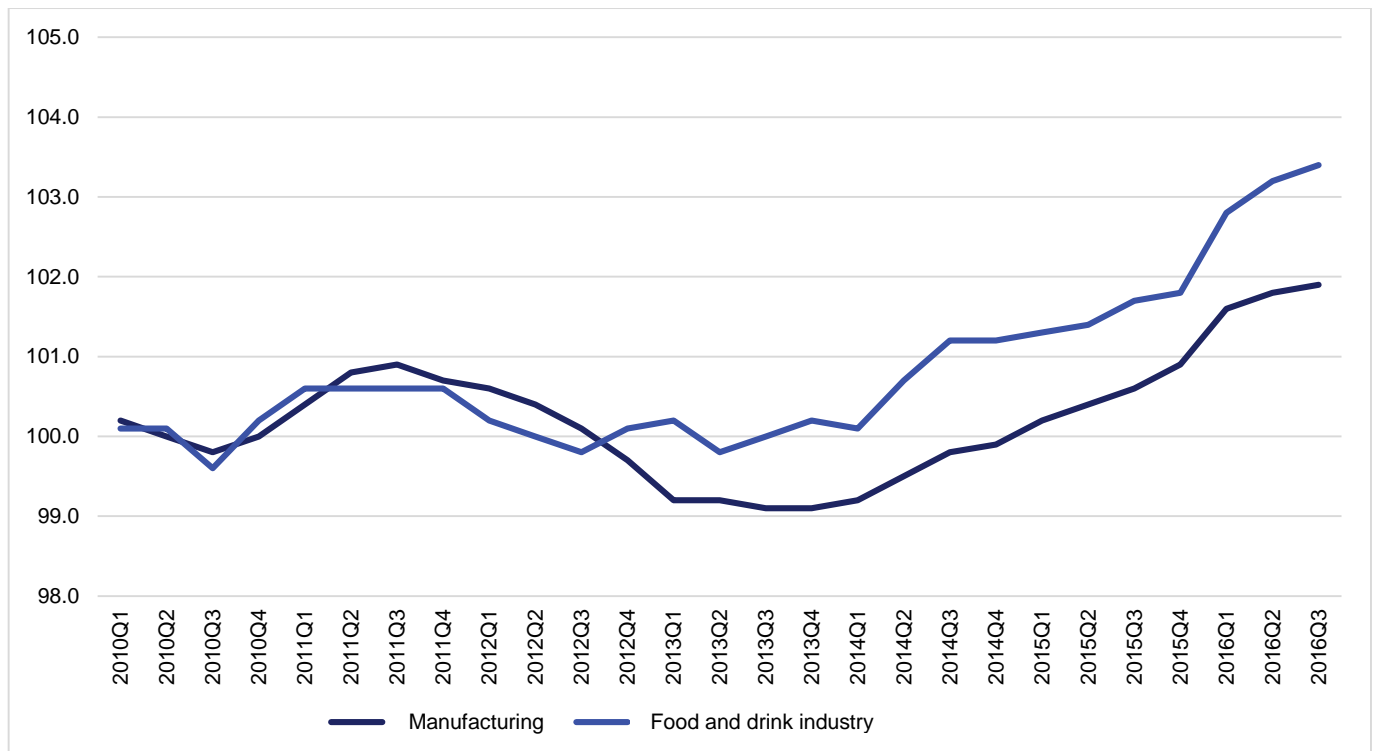
### Employment index

Employment	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	y-o-y
<b>Total manufacturing</b>	100.6	100.9	101.6	101.8	101.9	
<b>% change</b>	0.2	0.3	0.7	0.2	0.1	1.3
<b>Food and drink industry</b>	101.7	101.8	102.8	103.2	103.4	
<b>% change</b>	0.3	0.1	1.0	0.4	0.2	1.7

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 Q2 / 2016 Q1 (% change)	2016 Q3 / 2016 Q2 (% change)	2016 Q3 / 2015 Q3 (% change)
<b>EU</b>	0.4	0.2	1.7
<b>Austria</b>	0.7	0.0	-1.5
<b>Belgium</b>	0.2	0.2	0.9
<b>Bulgaria</b>	-1.6	0.5	2.3
<b>Croatia</b>	0.1	2.0	9.1
<b>Czech Republic</b>	1.1	0.3	4.6
<b>Denmark</b>	0.1	0.2	0.7
<b>Estonia</b>	-1.3	-0.8	-6.3
<b>Finland</b>	-5.0	-4.9	-11.8
<b>France</b>	-0.1	-1.1	-1.1
<b>Germany</b>	0.4	-0.2	1.9
<b>Ireland</b>	2.6	4.3	6.7
<b>Latvia</b>	0.5	0.1	-0.1
<b>Lithuania</b>	-0.6	-0.6	-0.2
<b>Netherlands</b>	0.3	na	na
<b>Poland</b>	0.6	0.5	1.9
<b>Portugal</b>	0.4	0.5	1.2
<b>Romania</b>	-0.1	0.1	3.6
<b>Spain</b>	3.7	2.0	3.8
<b>Sweden</b>	0.2	0.3	-0.1
<b>United Kingdom</b>	-0.5	0.8	2.0

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

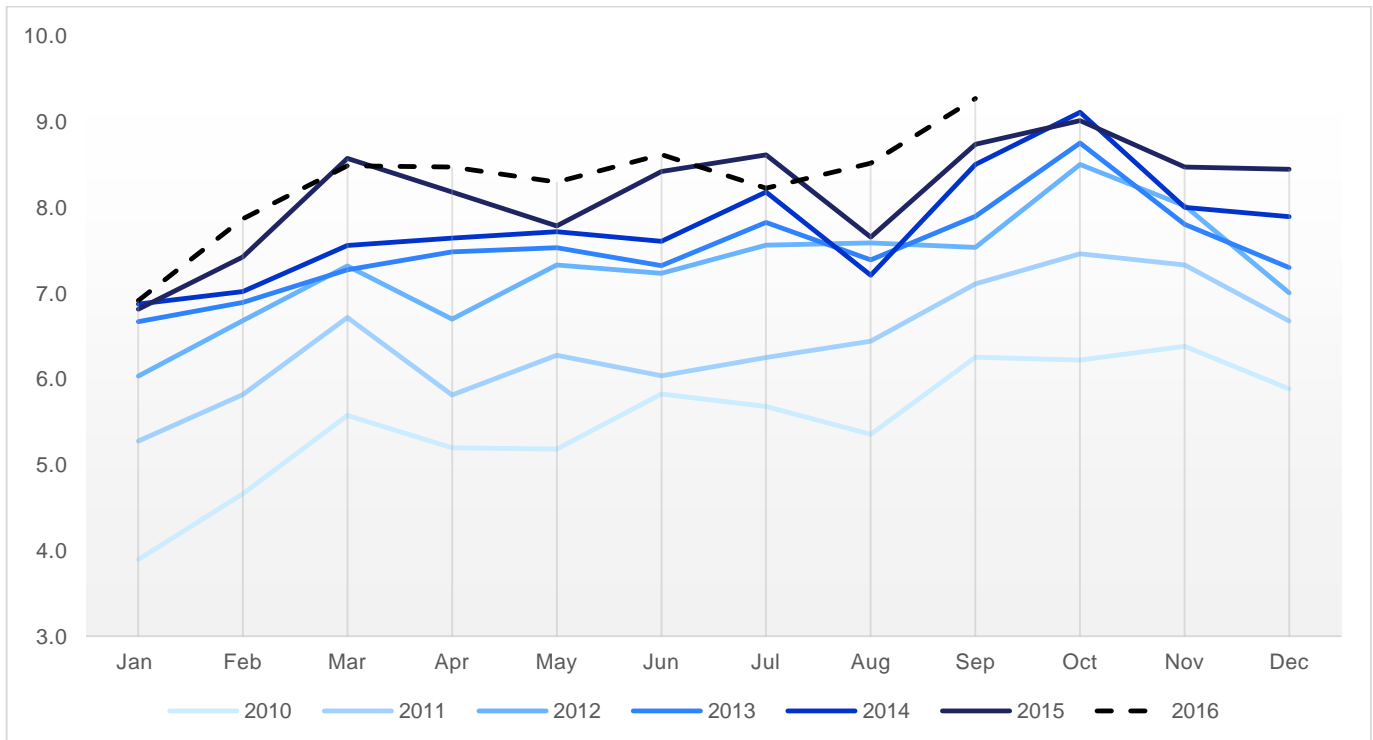
## External trade

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

	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q3 / 2015 Q3 % change
<b>Exports</b>	25.0	25.9	23.3	25.4	26.0	4.0%
<b>Imports</b>	18.4	18.7	17.5	17.8	17.8	-3.2%
<b>Balance</b>	6.6	7.3	5.8	7.5	8.2	24.3%

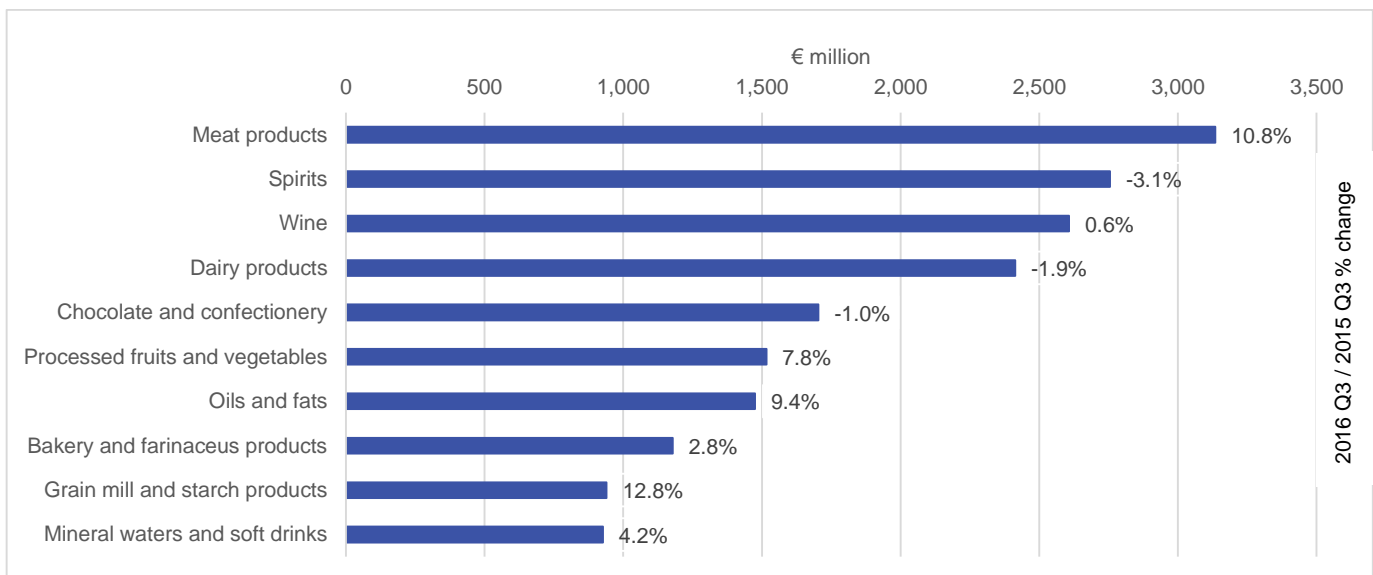
Source: Eurostat

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



Source: Eurostat

### Export performance by sub-sector in Q3 2016



Source: Eurostat



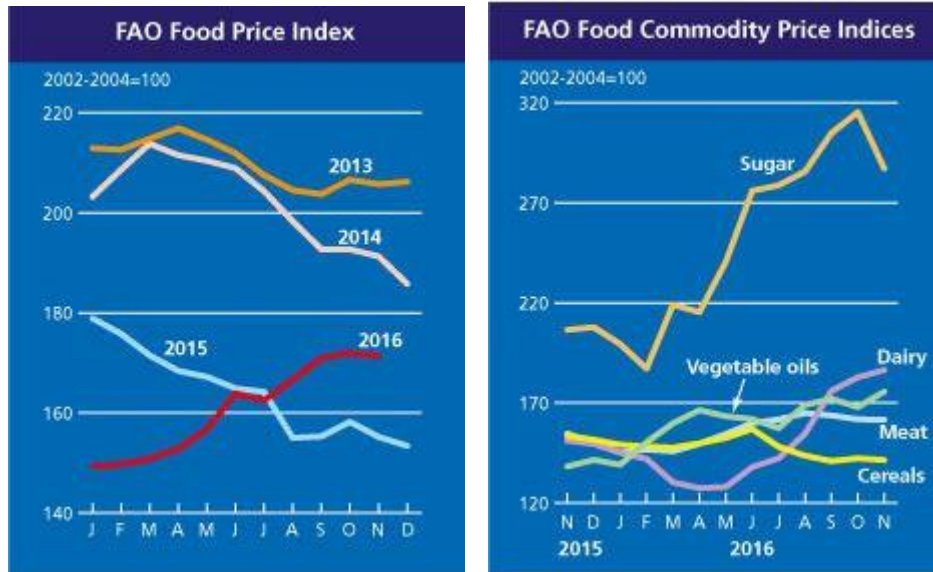
## Trade by sub-sector in value and volume in Q3 2016

FLOW	VALUE_IN_MLN_EUROS									QUANTITY_IN_1000 tonnes					
	IMPORT	IMPORT	%	EXPORT	EXPORT	%	Trade Balance			IMPORT	IMPORT	%	EXPORT	EXPORT	%
	Q3 2015	Q3 2016	change	Q3 2015	Q3 2016	change	Q3 2015	Q3 2016	trend	Q3 2015	Q3 2016	change	Q3 2015	Q2 2016	change
<b>PRODUCT/PERIOD</b>	<b>Q3 2015</b>	<b>Q3 2016</b>	<b>% change</b>	<b>Q3 2015</b>	<b>Q3 2016</b>	<b>% change</b>	<b>Q3 2015</b>	<b>Q3 2016</b>	<b>trend</b>	<b>Q3 2015</b>	<b>Q3 2016</b>	<b>% change</b>	<b>Q3 2015</b>	<b>Q2 2016</b>	<b>% change</b>
<b>Food and drink</b>	<b>18,424</b>	<b>17,830</b>	<b>-3.22%</b>	<b>24,998</b>	<b>26,001</b>	<b>4.01%</b>	<b>6,574</b>	<b>8,171</b>	<b>24%</b>	<b>17,521</b>	<b>16,304</b>	<b>-6.94%</b>	<b>13,161</b>	<b>13,955</b>	<b>6.04%</b>
Food	16,963	16,344	-3.65%	17,422	18,457	5.94%	459	2,112	360%	16,342	15,135	-7.39%	9,488	10,271	8.25%
Drink	1,460	1,486	1.76%	7,576	7,544	-0.41%	6,115	6,058	-1%	1,179	1,170	-0.78%	3,673	3,684	0.31%
Meat products	1,699	1,520	-10.52%	2,830	3,135	10.76%	1,131	1,614	43%	463	464	0.16%	1,775	1,972	11.10%
Spirits	423	403	-4.77%	2,843	2,755	-3.08%	2,420	2,353	-3%	72	74	2.77%	379	378	-0.10%
Wine	675	679	0.59%	2,591	2,608	0.64%	1,916	1,929	1%	355	362	1.76%	564	570	1.05%
Dairy products	164	169	3.05%	2,459	2,413	-1.87%	2,295	2,244	-2%	53	54	1.82%	1,054	1,099	4.26%
Chocolate and confectionery	519	535	3.10%	1,721	1,704	-0.97%	1,202	1,169	-3%	39	41	6.26%	355	371	4.35%
Processed fruits and vegetables	2,394	2,264	-5.42%	1,407	1,516	7.81%	-987	-748	-24%	2,017	2,038	1.05%	1,157	1,255	8.48%
Oils and fats	4,375	3,959	-9.50%	1,349	1,475	9.39%	-3,026	-2,484	-18%	9,322	8,201	-12.03%	1,100	1,122	1.99%
Bakery and farinaceous products	190	184	-2.77%	1,147	1,179	2.77%	957	994	4%	78	79	1.25%	445	476	7.13%
Grain mill and starch products	459	418	-8.76%	833	940	12.84%	374	522	39%	614	602	-1.99%	1,012	1,170	15.57%
Mineral waters and soft drinks	253	267	5.56%	889	927	4.24%	636	660	4%	524	436	-16.66%	1,133	1,124	-0.74%
Prepared animal feed	258	274	6.05%	887	924	4.15%	628	649	3%	314	292	-7.05%	816	806	-1.17%
Beer	99	126	27.71%	889	913	2.72%	790	787	0%	220	289	31.78%	885	926	4.57%
Fish and seafood products	4,411	4,662	5.69%	817	871	6.62%	-3,593	-3,790	5%	1,147	1,191	3.79%	387	366	-5.56%
Processed tea and coffee	533	534	0.15%	552	536	-2.91%	20	3	-86%	1,685	1,536	-8.89%	76	79	3.92%
Cider	9	8	-15.40%	64	64	-0.24%	55	56	2%	7	5	-34.27%	46	46	0.99%

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 2016 average	EU		Q3 2016 average	WORLD	
		Q3 2016/ Q2 2016	Q3 2016/ Q3 2015		Q3 2016/ Q2 2016	Q3 2016/ Q3 2015
	EUR/T	% change	% change	EUR/T	% change	% change
<b>CEREALS</b>						
Corn	163	-0.5	-0.7	138	-9.4	-9.5
Soft Wheat	148	-2.5	-12.7	145	-13.7	-18.5
<b>DAIRY</b>						
SMP	1,808	8.5	4.4	1,849	18.1	18.0
WMP	2,327	3.4	5.2	2,244	10.5	4.8
<b>SUGAR</b>						
White Sugar	442	2.2	5.5	495	15.8	56.8
				USD/T	%	%
<b>OILS AND OIL CROPS</b>						
Soybean oil				810	1.9	10.1
Soybean				417	-1.7	8.3
Soybean meal				405	-3.2	1.8
Rapeseed				412	-0.6	-0.5
Palm oil				715	1.6	24.5
<b>COFFEE &amp; COCOA</b>						
Cocoa				2,988	-3.6	-8.1
Coffee				2,956	10.2	13.6

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

## Retail trade

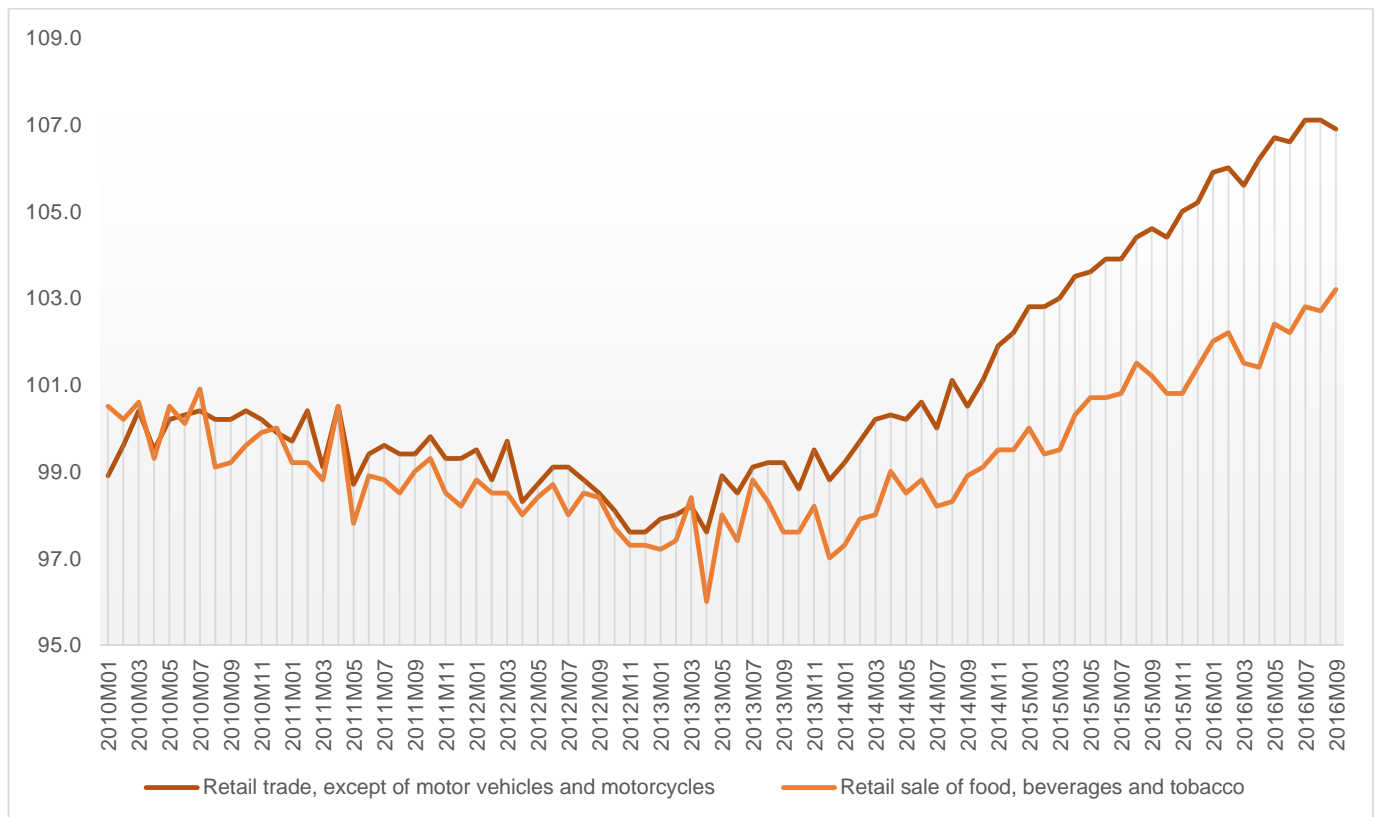
### Volume of retail trade (% change)

	May-16	Jun-16	Jul-16	Aug-16	Sep-16	y-o-y
<b>Total retail</b>	0.5	-0.1	0.5	0.0	-0.2	2.0
<b>Food, drinks and tobacco</b>	1.0	-0.2	0.6	-0.1	0.5	2.0

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)



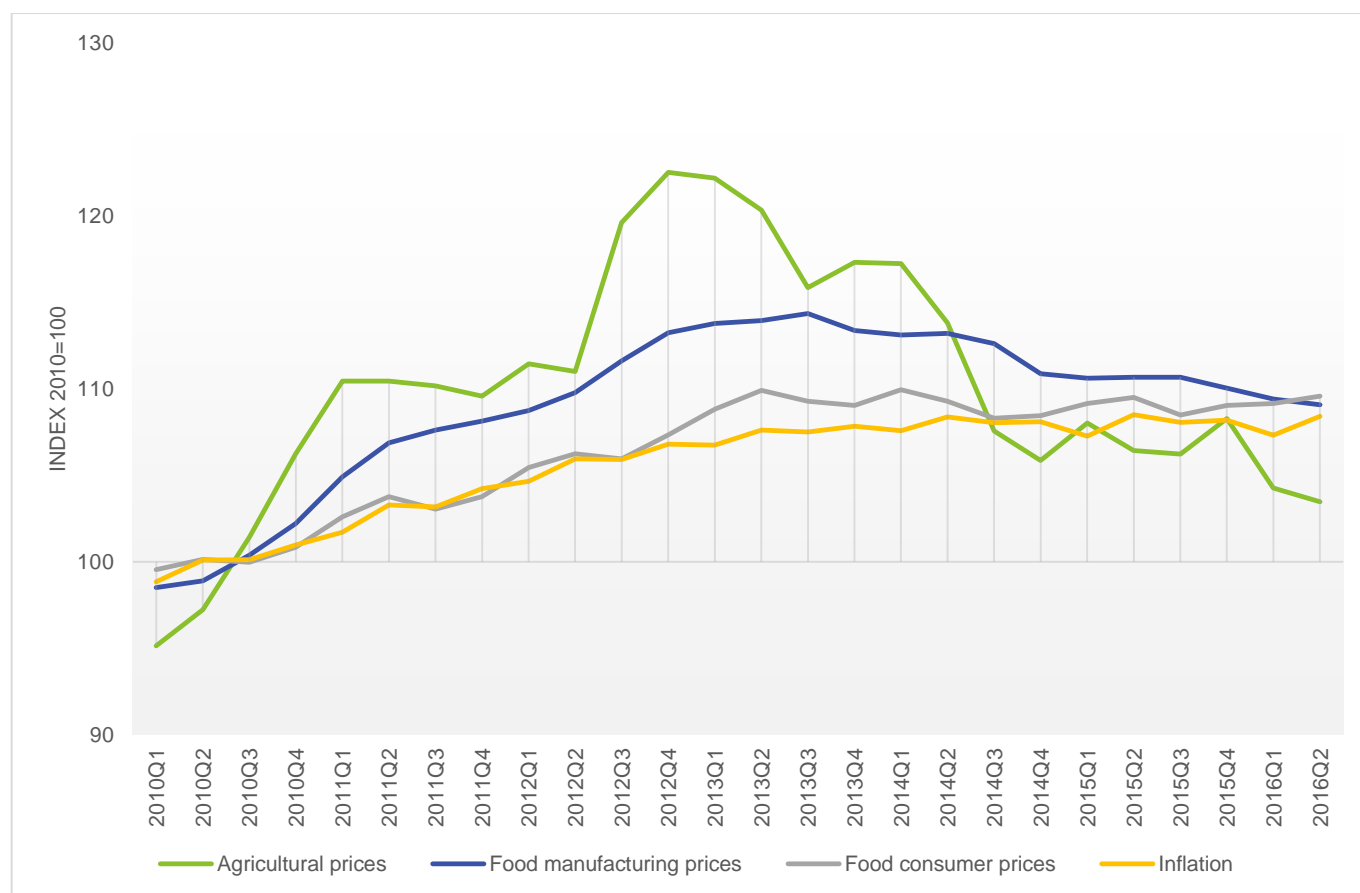
Sources: Eurostat; [Eurostat News Release 243/2016](#)

## Price developments along the EU food chain

### Price developments (% change)

	2015Q3	2015Q4	2016Q1	2016Q2	2016Q3	y-o-y
<b>Agricultural prices</b>	-0.2	1.9	-3.7	-0.8	2.6	-0.1
<b>Food manufacturing prices</b>	0.0	-0.6	-0.5	-0.3	0.9	-0.6
<b>Food consumer prices</b>	-0.9	0.5	0.1	0.4	-0.4	0.6
<b>Inflation</b>	-0.4	0.1	-0.8	1.0	-0.1	0.3

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. Data for agricultural prices are available until August 2016.

Source: DG Agriculture and Rural Development, based on Eurostat