

ECONOMIC BULLETIN Q4 2016

Moderate decline in production and employment, continued sales growth and strong exports

Food and drink industry

Lower production and continued sales growth

- In Q4 2016, EU food and drink industry production decreased by 0.2%.
- EU food and drink industry turnover increased by 1.4% compared to the previous quarter.
- The year-on-year comparison shows that food and drink industry turnover performed slightly better than total manufacturing turnover (3.2% vs. 3.1% compared to Q4 2015). Total manufacturing production growth exceeded food and drink industry production (2.1% vs. 1.6% compared to Q4 2015).
- Food manufacturing prices increased by 0.8% in Q4 2016, and were 0.9% higher compared to Q4 2015.

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Employment: moderate decrease in Q4

- Employment in the EU food and drink industry decreased by 1.3% in Q4 2016.
- In the long term, employment in the food and drink industry continues to outperform the average employment level growth in the manufacturing industry (Q4 2016/Q4 2011: +1.4% (food and drink industry) vs -0.1% (manufacturing)).

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External trade: EU exports reach €27.4 billion

- EU exports of food and drink products totalled €27.4 billion in Q4 2016 (Q4 2016/Q4 2015: +6%).
- The trade surplus reached €8.8 billion in Q4 2016.
- The top 5 products with the largest share in export value generated €13.4 billion in Q4 2016 (meat,

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

- EU imports of food and drink products reached €18.6 billion (Q4 2016/Q4 2015: -0.4%).

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Agricultural commodities

Prices: FAO food price index up

- Despite falling for the fifth consecutive year in 2016, the FAO food price index increased by 3% in Q4 2016 compared to the previous quarter and was 10% higher compared to Q4 2015.
- In Q4 2016, EU and world markets prices of soft wheat, 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 certain types of oil crops 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 and cocoa.

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Retail

Retail trade: stable quarterly performance

- Retail trade in foodstuffs peaked in October 2016 and decreased again towards the end of the year.
- Year-on-year, retail trade growth in foodstuffs increased by 0.3% whereas total retail trade was 1.5% higher compared to December 2015.
- Consumer prices were 0.3% 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

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 37/2017, 'Volume of retail trade down by 0.1% in euro area - Up by 0.1% in EU28', 3 March 2017 http://europa.eu/rapid/press-release_STAT-17-445_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

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Annex

Production and turnover of the EU food and drink industry

Production index

	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	y-o-y
Total manufacturing	107.1	108.1	108.1	108.2	109.3	
% change	0.4	0.9	0.0	0.1	1.0	2.1
Food and drink industry	104.2	104.9	105.1	106.1	105.9	
% change	-0.7	0.7	0.2	1.0	-0.2	1.6

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.

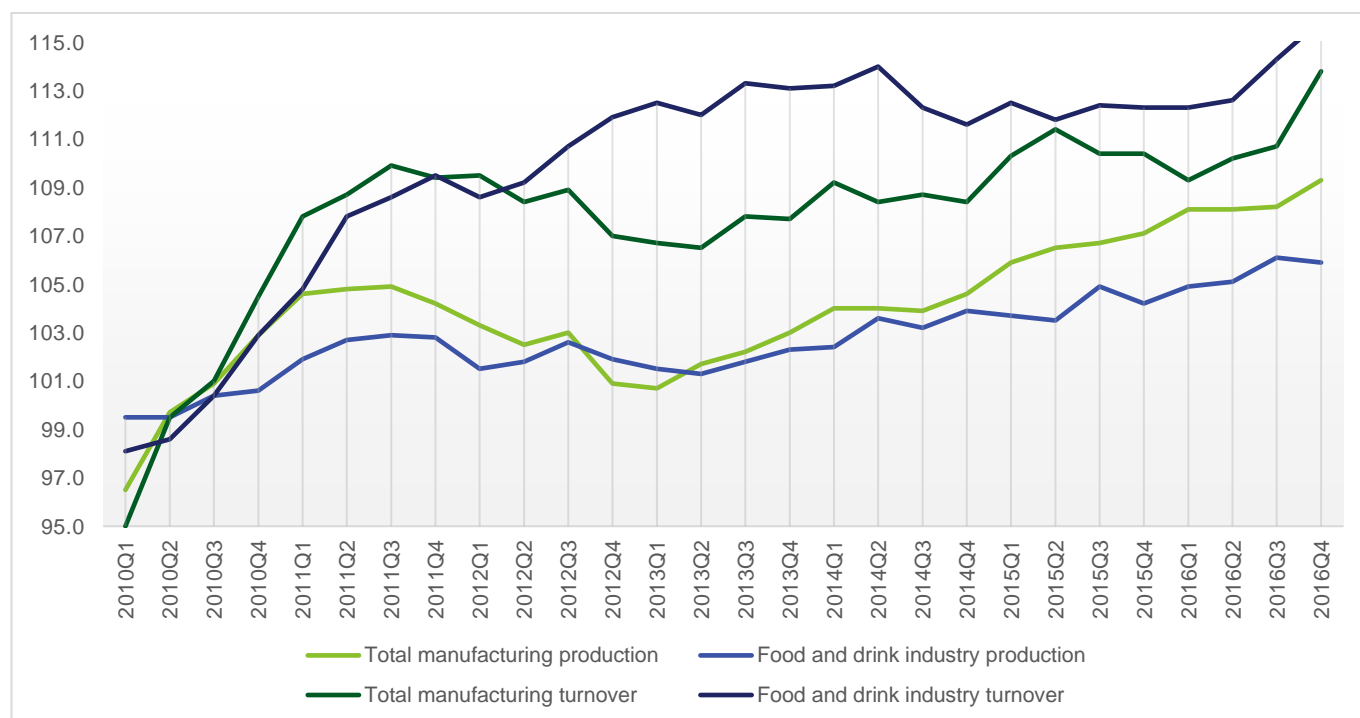
Turnover index

	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	y-o-y
Total manufacturing	110.4	109.3	110.2	110.7	113.8	
% change	0.0	-1.0	0.8	0.5	2.8	3.1
Food and drink industry	112.3	112.3	112.6	114.3	115.9	
% change	-0.1	0.0	0.3	1.5	1.4	3.2

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 Q3 / 2016 Q2 (% change)	2016 Q4 / 2016 Q3 (% change)	2016 Q4 / 2015 Q4 (% change)
EU	1.0	-0.2	1.6
Austria	1.1	1.7	-1.4
Belgium	-0.2	0.4	3.2
Bulgaria	2.3	-1.7	3.1
Czech Republic	3.5	-1.9	-3.7
Denmark	-1.1	1.9	4.3
Estonia	-0.3	3.3	-0.3
Finland	0.0	-0.9	1.3
France	1.3	-0.5	-1.2
Germany	0.7	-0.9	0.8
Greece	-4.2	1.9	0.5
Hungary	0.7	4.0	4.1
Ireland	2.9	-3.1	-1.0
Italy	0.1	1.2	3.4
Latvia	1.9	0.4	4.6
Lithuania	1.4	-1.4	-1.4
Netherlands	0.1	0.3	2.1
Poland	1.2	1.9	5.9
Portugal	18.5	-16.0	2.3
Romania	-0.3	-4.2	0.1
Spain	1.6	-0.1	2.3
Sweden	-0.6	0.0	-0.9

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

Food and drink turnover by Member State

Member State	2016 Q3 / 2016 Q2 (% change)	2016 Q4 / 2016 Q3 (% change)	2016 Q4 / 2015 Q4 (% change)
EU	1.5	1.4	3.2
Austria	-1.7	1.3	0.2
Belgium	1.0	2.7	6.1
Bulgaria	-2.2	-2.3	4.9
Czech Republic	0.9	1.6	-3.0
Denmark	1.1	2.5	6.9
Estonia	0.2	2.9	-0.2
Finland	1.3	-0.3	-1.1
France	1.6	0.9	1.8
Germany	2.6	1.2	3.0
Greece	0.5	-2.6	-4.1
Hungary	0.4	5.6	4.5
Ireland	3.2	-0.9	1.0
Italy	1.8	0.9	2.7
Latvia	0.1	2.5	2.8
Lithuania	1.7	3.1	2.7
Netherlands	-1.1	1.9	1.1
Poland	1.7	3.9	8.1
Portugal	3.7	2.3	6.8
Romania	1.3	-0.9	4.4
Spain	0.8	2.4	5.0
Sweden	-1.2	3.4	3.7

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

Employment in the EU food and drink industry

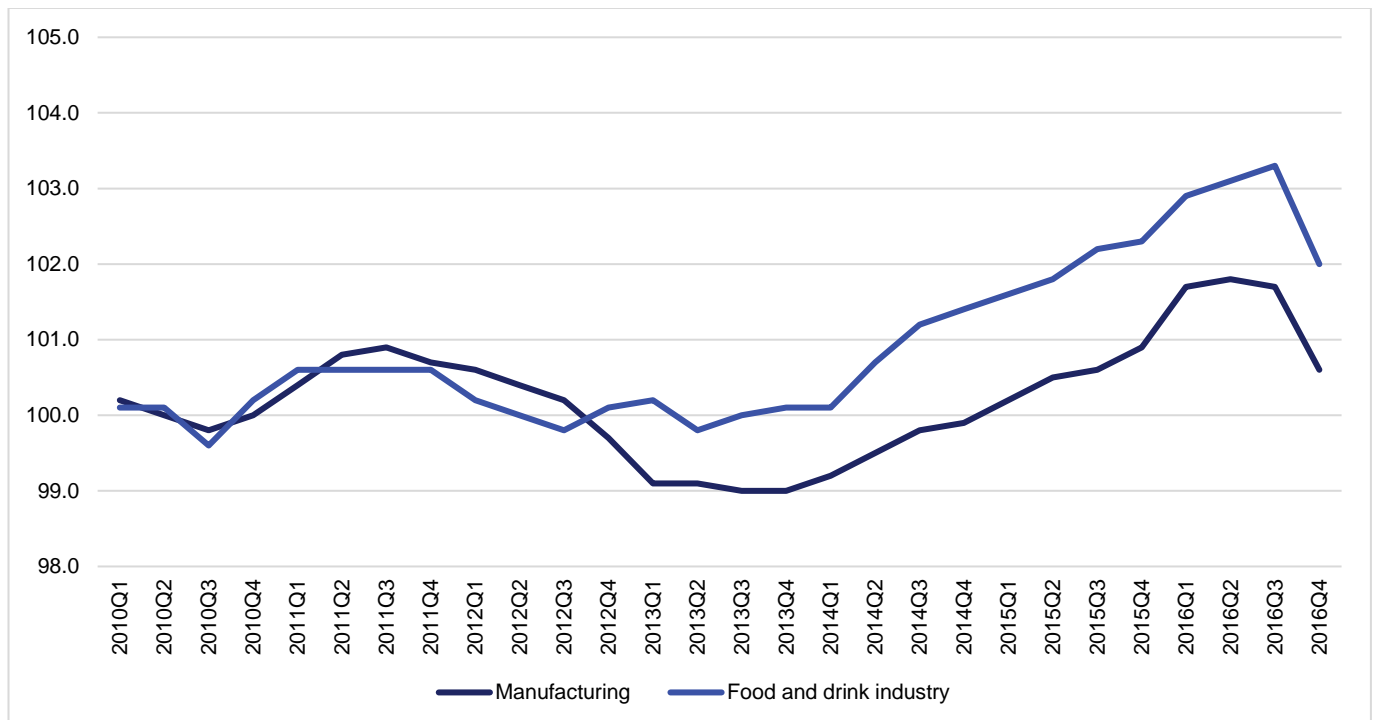
Employment index

Employment	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	y-o-y
Total manufacturing	100.9	101.7	101.8	101.7	100.6	
% change	0.3	0.8	0.1	-0.1	-1.1	-0.3
Food and drink industry	102.3	102.9	103.1	103.3	102.0	
% change	0.1	0.6	0.2	0.2	-1.3	-0.3

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 Q3 / 2016 Q2 (% change)	2016 Q4 / 2016 Q3 (% change)	2016 Q4 / 2015 Q4 (% change)
EU	0.2	-1.3	-0.3
Austria	0.1	0.6	-1.0
Belgium	0.2	0.2	1.1
Bulgaria	0.6	1.3	4.6
Croatia	1.9	1.0	7.7
Czech Republic	0.1	-0.2	2.6
Denmark	0.3	0.3	0.8
Estonia	-0.9	0.2	-3.5
Finland	-4.9	na	na
France	0.1	0.1	0.7
Germany	0.3	0.6	2.2
Ireland	4.4	-4.1	9.7
Latvia	0.4	-1.3	-0.2
Lithuania	-0.6	-0.3	0.4
Netherlands	0.2	na	na
Poland	0.5	0.6	2.1
Portugal	0.5	1.1	2.8
Romania	0.1	0.8	3.0
Spain	2.1	0.5	8.3
Sweden	0.4	1.1	1.8
United Kingdom	0.5	-1.8	-4.0

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

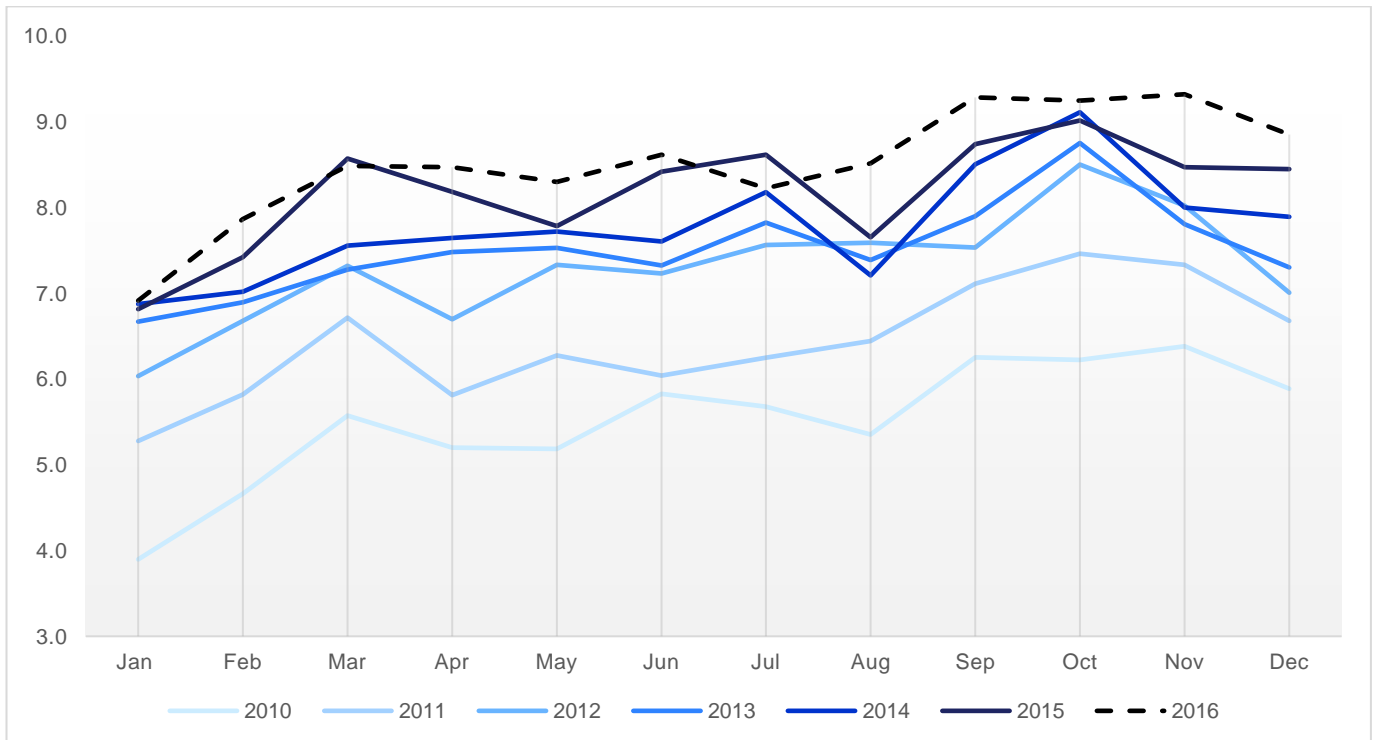
External trade

EU food and drink trade (€ billion)

	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 Q4 / 2015 Q4 % change
Exports	25.9	23.3	25.4	26.0	27.4	6.0%
Imports	18.7	17.5	17.8	17.9	18.6	-0.4%
Balance	7.2	5.8	7.5	8.1	8.8	22.7%

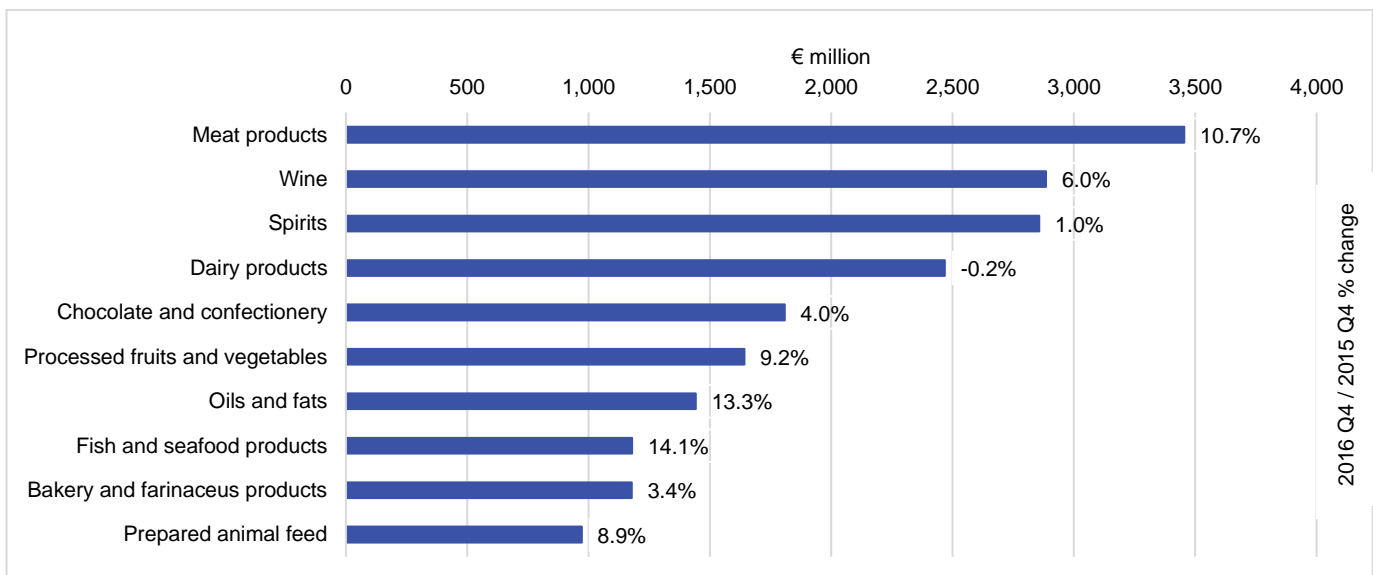
Source: Eurostat

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



Source: Eurostat

Export performance by sub-sector in Q4 2016



Source: Eurostat

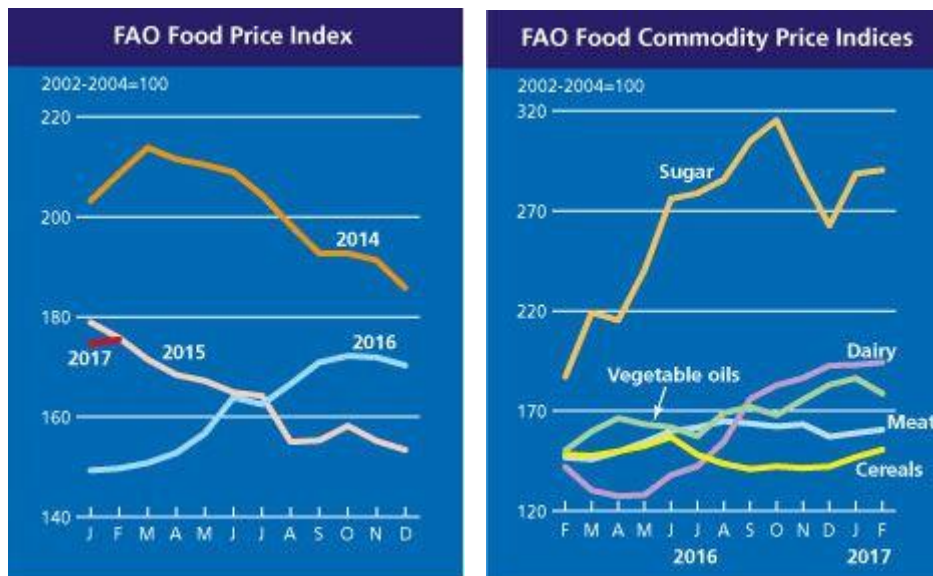
Trade by sub-sector in value and volume in Q4 2016

FLOW	VALUE_IN_MLN_EUROS									QUANTITY_IN_1000 tonnes					
	IMPORT	IMPORT	% change	EXPORT	EXPORT	% change	Trade Balance			IMPORT	IMPORT	% change	EXPORT	EXPORT	% change
	Q4 2015	Q4 2016		Q4 2015	Q4 2016		Q4 2015	Q4 2016	trend	Q4 2015	Q4 2016		Q4 2015	Q4 2016	
Food and drink	18,703	18,634	-0.37%	25,857	27,409	6.00%	7,154	8,775	23%	18,043	16,874	-6.48%	13,322	13,810	3.66%
Food	17,137	17,187	0.29%	18,363	19,708	7.33%	1,226	2,521	106%	16,579	15,538	-6.28%	9,848	10,385	5.45%
Drink	1,566	1,447	-7.58%	7,494	7,701	2.76%	5,928	6,254	5%	1,464	1,336	-8.76%	3,474	3,425	-1.40%
Meat products	1,762	1,645	-6.63%	3,121	3,454	10.67%	1,359	1,809	33%	494	476	-3.71%	1,936	2,043	5.54%
Wine	806	702	-12.88%	2,721	2,885	6.03%	1,915	2,183	14%	366	367	0.40%	599	617	2.89%
Spirits	428	406	-5.14%	2,829	2,857	0.98%	2,401	2,451	2%	79	80	0.94%	366	384	5.01%
Dairy products	197	192	-2.84%	2,474	2,468	-0.24%	2,276	2,276	0%	58	50	-14.17%	1,078	1,036	-3.83%
Chocolate and confectionery	595	587	-1.25%	1,738	1,808	4.01%	1,144	1,221	7%	41	41	0.62%	370	396	7.12%
Processed fruits and vegetables	2,485	2,370	-4.63%	1,503	1,642	9.25%	-982	-728	-26%	1,995	1,904	-4.56%	1,244	1,395	12.10%
Oils and fats	4,242	4,170	-1.69%	1,272	1,442	13.30%	-2,970	-2,729	-8%	9,786	8,674	-11.36%	979	1,087	11.05%
Fish and seafood products	4,670	4,912	5.19%	1,033	1,179	14.14%	-3,637	-3,733	3%	1,175	1,175	0.00%	420	480	14.36%
Bakery and farinaceous products	193	201	4.01%	1,139	1,178	3.45%	946	977	3%	79	83	3.84%	449	489	9.01%
Prepared animal feed	253	282	11.39%	892	972	8.92%	639	690	8%	260	305	17.22%	777	801	3.08%
Grain mill and starch products	443	433	-2.30%	902	924	2.43%	458	491	7%	597	617	3.25%	1,105	1,149	3.92%
Beer	108	117	7.59%	808	834	3.16%	700	717	2%	304	300	-1.26%	789	824	4.39%
Mineral waters and soft drinks	212	210	-0.77%	771	793	2.89%	559	582	4%	710	582	-17.92%	986	932	-5.45%
Processed tea and coffee	595	587	-1.25%	570	571	0.08%	-25	-17	-32%	41	41	0.00%	81	82	1.10%
Cider	7	7	-5.23%	58	58	0.45%	50	51	1%	5	4	-26.98%	39	40	1.04%

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	Q4 2016 average	EU		Q4 2016 average	WORLD	
		Q4 2016/ Q3 2016	Q4 2016/ Q4 2015		Q4 2016/ Q3 2016	Q4 2016/ Q4 2015
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Corn	154	-5.4	-6.8	140	1.8	-8.7
Soft Wheat	152	2.9	-10.4	151	4.0	-17.9
DAIRY						
SMP	2,025	12.0	15.0	2,154	16.5	17.5
WMP	2,892	21.2	24.3	2,822	25.7	25.5
SUGAR						
White Sugar	477	7.8	12.9	503	1.8	37.0
				USD/T	%	%
OILS AND OIL CROPS						
Soybean oil				882	8.8	18.7
Soybean				412	-1.2	10.7
Soybean meal				367	-9.5	2.5
Rapeseed				434	5.2	4.5
Palm oil				752	5.2	31.9
COFFEE & COCOA						
Cocoa				2,500	-16.3	-24.3
Coffee				3,088	4.5	20.7

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

Retail trade

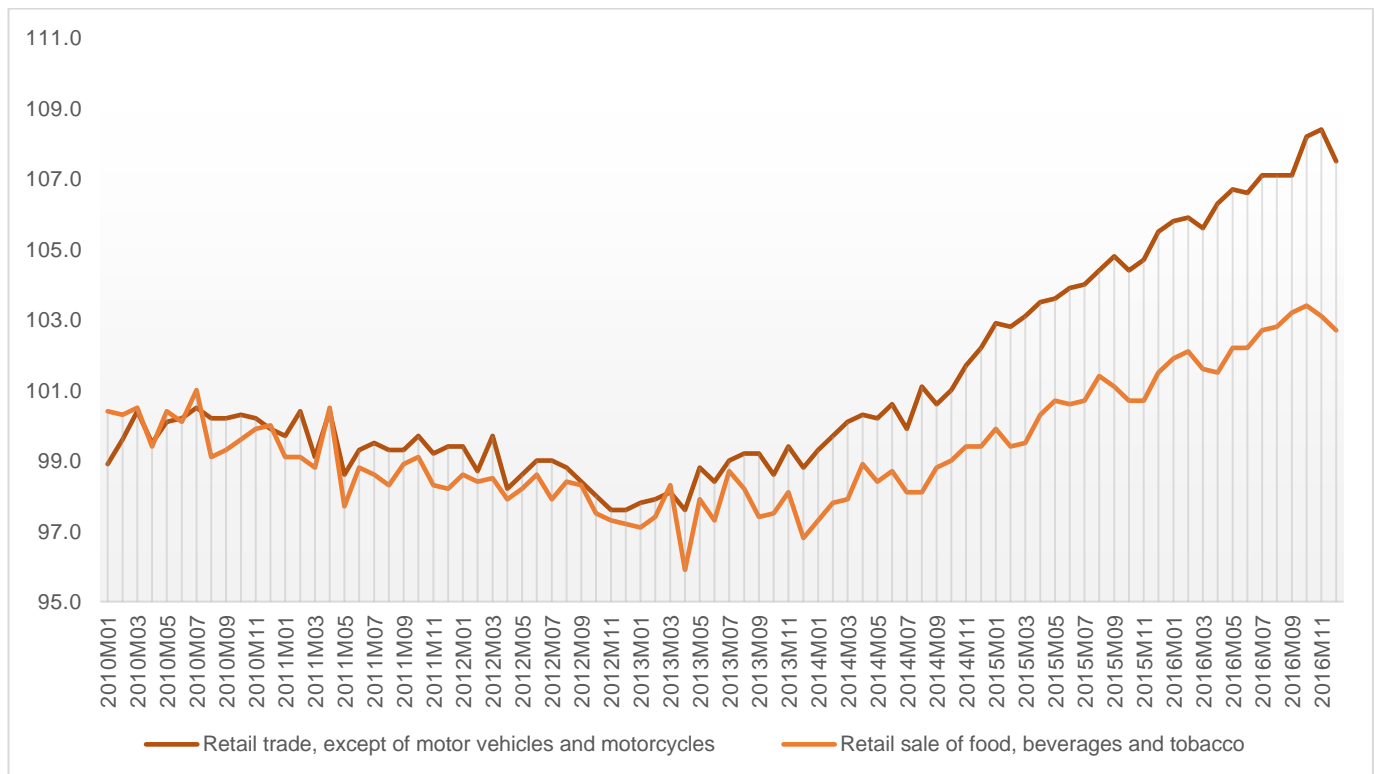
Volume of retail trade (% change)

	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	y-o-y
Total retail	0.0	0.0	1.1	0.2	-1.0	1.5
Food, drinks and tobacco	0.0	0.5	0.2	-0.2	-0.5	0.3

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, 2010-2016 (2010=100)



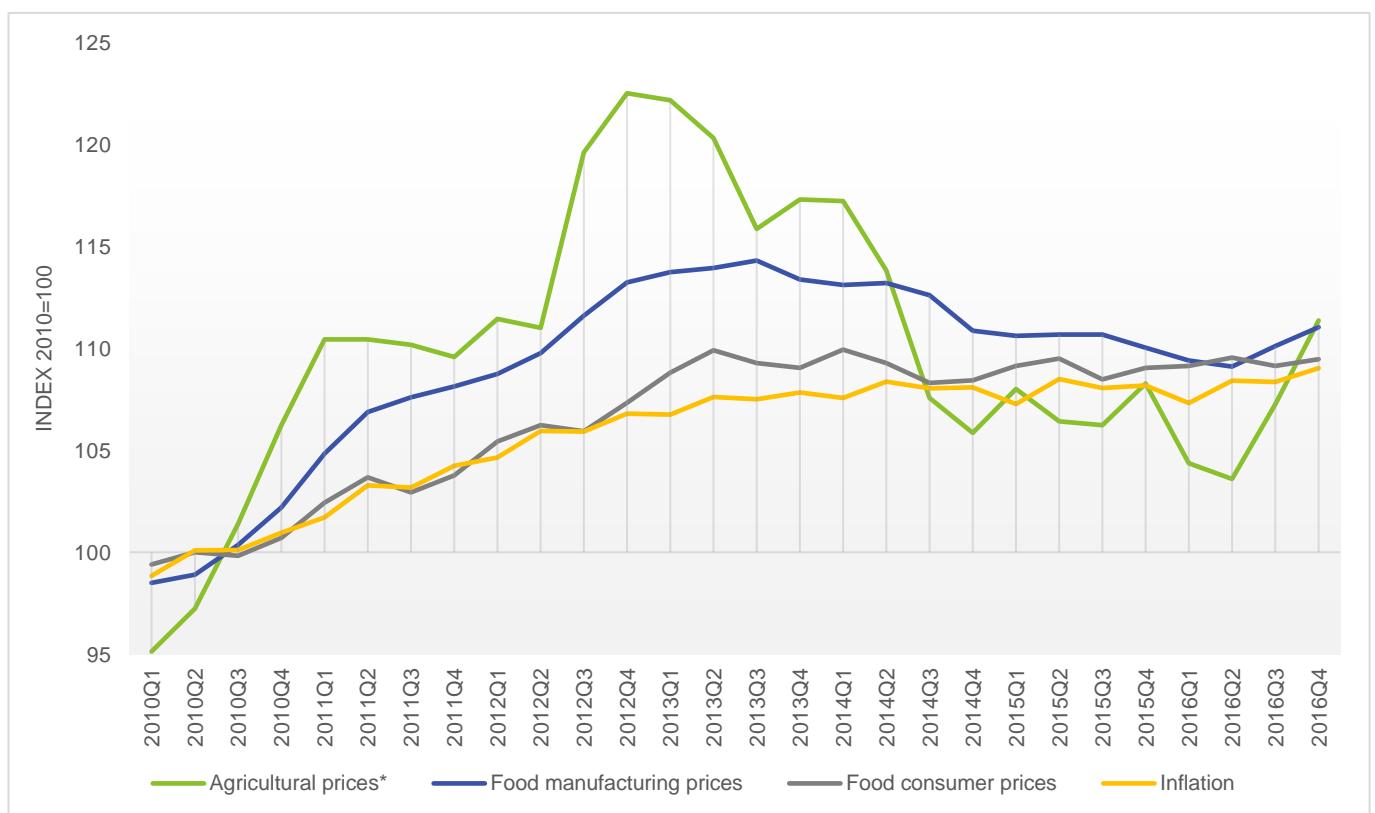
Sources: Eurostat; [Eurostat News Release 37/2017](#)

Price developments along the EU food chain

Price developments (% change)

	2015Q4	2016Q1	2016Q2	2016Q3	2016Q4	y-o-y
Agricultural prices*	1.9	-3.6	-0.7	3.5	3.8	2.9
Food manufacturing prices	-0.6	-0.6	-0.3	0.9	0.8	0.9
Food consumer prices	0.5	0.1	0.4	-0.4	0.3	0.4
Inflation	0.1	-0.8	1.0	-0.1	0.6	0.8

Source: FoodDrinkEurope, based on DG AGRI and Eurostat



Note: Eurostat monthly indices for EU agricultural prices are not available since 2013. Until March 2015, agricultural prices are 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: FoodDrinkEurope, based on DG AGRI and Eurostat