

ECONOMIC BULLETIN Q2 2020

Considerable decrease in production, turnover, slightly lower retail trade – and a stable trade performance

Food and drink industry

Considerable decrease in production, turnover and a marginal dip in manufacturing prices

- In Q2 2020, EU food and drink industry production decreased by 9.6% compared to the previous quarter.
- EU food and drink industry turnover decreased by 10.1% compared to the previous quarter.
- The year-on-year comparison shows that the decline in food and drink industry production was much lower compared to total manufacturing production (-9.1% vs. -20.7% compared to Q2 2019). A similar trend was observed for the year-on-year development in food and drink industry turnover compared to total manufacturing (-6.6% vs. -22.9% compared to Q2 2019).
- Food manufacturing prices decreased by 0.6% in Q2 2020 and were up by 1.6% compared to Q2 2019.

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Lower industry employment

- In Q2 2020, employment in food manufacturing decreased compared to the previous quarter and to a lesser extent than in total manufacturing (-1.2% vs. -1.6%).
- Year-on-year, employment levels in the food and drink industry decreased as well, but to a lesser extent than for total manufacturing (Q2 2020/Q2 2019: -1.6%, -2.1%, -2.5%).

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EU exports totalled €34 billion

- EU exports of food and drinks totalled €34 billion in Q2 2020 (Q2 2020/Q2 2019: -1.4%).
- The trade balance reached a surplus of €15.2 billion (Q2 2020/Q2 2019: +3.7%).
- The top 5 products with the largest share in export value generated €16.9 billion in Q2 2020 (meat products, dairy products, wine, processed fruits and vegetables, and oils and fats).
- EU imports of food and drinks reached €18.8 billion (Q2 2020/Q2 2019: -5.1%).

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Agricultural commodities

FAO food price index decreased by 7%

- The FAO food price index decreased by 7% in Q2 2020 compared to the previous quarter and by 2% compared to Q2 2019.
- In Q2 2020, the commodity prices of all major agricultural commodities decreased compared to the previous quarter (SMP, WMP, various oils and oil crops, coffee, cocoa), except for EU maize, soft wheat, and white sugar prices.
- The year-on-year comparison shows an increase in world market prices for most agricultural commodities, except maize, WMP, soybean oil, cocoa, and rape oil.

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Retail

Decrease in retail trade in foodstuffs

- Retail trade in foodstuffs in Q2 2020 decreased by 1.5% compared to the previous quarter whereas a drop of 5% was observed for total retail trade.
- Year-on-year, retail trade in foodstuffs increased by 2.2%, compared to -6.3% registered for total retail trade.
- Consumer prices increased by 1.7% in Q2 2020 for the second consecutive quarter, and by 4.1% year-on-year.

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Focus on ...

Economic contribution of the EU food and drink industry

- With a turnover of €1.2 trillion and a value added of €246 billion in 2017, the food and drink industry is a major contributor to Europe's economy, ahead of other key EU manufacturing sectors.

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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 primarily represented with respect to the previous quarter of the same year.
- **EU refers to EU27 (excluding the UK)** 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), CPA 2008

<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 132/2020, 'Volume of retail trade down by 1.3% in euro area - Down by 0.8% in EU', 3 September 2020

<https://ec.europa.eu/eurostat/documents/2995521/10569176/4-03092020-AP-EN.pdf/f1fee90e-0407-870d-e5cd-9d40631ddf69>

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 Q2 2020

Annex

Production and turnover of the EU food and drink industry

Production index

	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	y-o-y
Total manufacturing	106.9	106.3	105.1	102.0	84.8	
% change	-0.6	-0.6	-1.1	-2.9	-16.9	-20.7
Food and drink industry	105.6	104.9	105.0	106.2	96.0	
% change	0.3	-0.7	0.1	1.1	-9.6	-9.1

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.

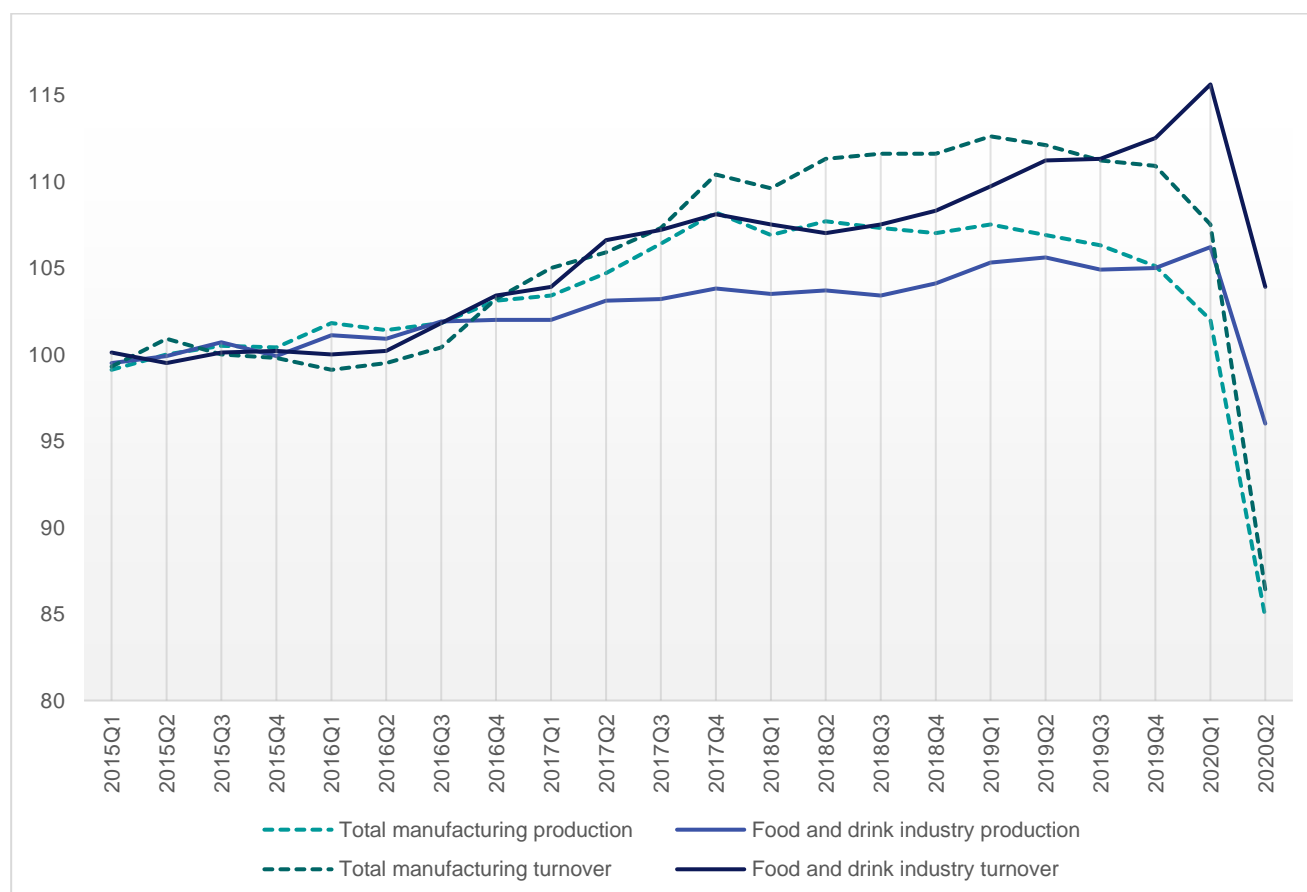
Turnover index

	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	y-o-y
Total manufacturing	112.1	111.2	110.9	107.5	86.4	
% change	-0.4	-0.8	-0.3	-3.1	-19.6	-22.9
Food and drink industry	111.2	111.3	112.5	115.6	103.9	
% change	1.4	0.1	1.1	2.8	-10.1	-6.6

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, 2015-2020 (2015=100)



Source: Eurostat

Food and drink production by Member State

Member State	2020 Q1 / 2019 Q4 (% change)	2020 Q2 / 2020 Q1 (% change)	2020 Q2 / 2019 Q2 (% change)
EU	1.1	-9.6	-9.1
Austria	0.7	-9.9	-10.2
Belgium	1.6	-14.2	-12.2
Bulgaria	3.8	-10.1	-5.5
Czech Republic	0.1	-8.8	-9.9
Denmark	-0.2	-2.8	-2.8
Estonia	2.1	-8.3	-5.3
Finland	-0.3	-4.5	-7.7
France	0.0	-6.8	-7.5
Germany	1.5	-10.8	-9.2
Greece	1.5	-9.4	-9.4
Hungary	6.3	-12.4	-6.9
Italy	-0.8	-6.8	-6.9
Latvia	-0.3	-3.9	-5.3
Lithuania	3.0	-7.1	-2.1
Netherlands	1.0	-6.1	-6.8
Poland	3.7	-9.4	-5.9
Portugal	5.9	-17.3	-16.4
Romania	5.0	-12.2	-9.9
Spain	-1.2	-7.7	-11.5

Source: Eurostat. No data available for Croatia, Cyprus, Ireland, Luxembourg, Malta, Slovakia, Slovenia, Sweden

Food and drink turnover by Member State

Member State	2020 Q1 / 2019 Q4 (% change)	2020 Q2 / 2020 Q1 (% change)	2020 Q2 / 2019 Q2 (% change)
EU	2.8	-10.1	-6.6
Austria	2.2	-11.2	-6.7
Belgium	-1.5	-10.9	-9.6
Bulgaria	5.7	-10.8	-3.1
Czech Republic	2.9	-8.6	-5.6
Denmark	1.9	-8.6	-0.3
Estonia	3.9	-10.4	-4.2
Finland	0.6	-6.3	-5.8
France	0.3	-8.2	-8.2
Germany	4.6	-9.5	-3.6
Greece	0.7	-14.6	-12.7
Hungary	7.5	-13.2	-6.5
Italy	2.9	-8.6	-5.7
Latvia	4.1	-8.6	-4.8
Lithuania	5.9	-9.3	-1.6
Netherlands	3.7	-8.7	-6.3
Poland	4.8	-8.8	-2.9
Portugal	1.4	-13.9	-12.0
Romania	6.0	-17.2	-7.5
Spain	2.8	-14.2	-10.5

Source: Eurostat. No data available for Croatia, Cyprus, Ireland, Luxembourg, Malta, Slovakia, Slovenia, Sweden

Employment in the EU food and drink industry

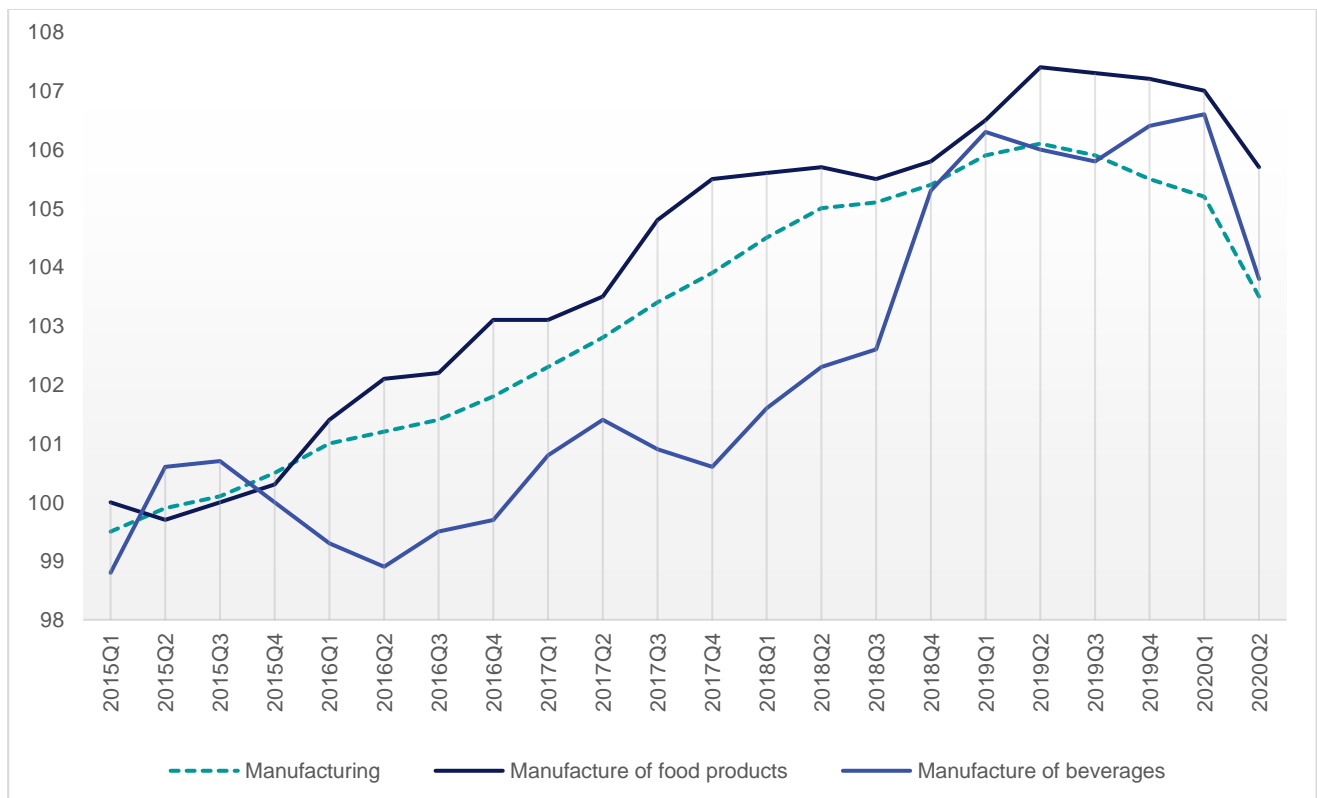
Employment index

Employment	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	y-o-y
Total manufacturing	106.1	105.9	105.5	105.2	103.5	
% change	0.2	-0.2	-0.4	-0.3	-1.6	-2.5
Food industry	107.4	107.3	107.2	107.0	105.7	
% change	0.8	-0.1	-0.1	-0.2	-1.2	-1.6
Drink industry	106.0	105.8	106.4	106.6	103.8	
% change	-0.3	-0.2	0.6	0.2	-2.6	-2.1

Source: Eurostat

The employment index 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, 2015-2020 (2015=100)



Source: Eurostat

Food industry employment by Member State

Member State	2020 Q1 / 2019 Q4 (% change)	2020 Q2 / 2020 Q1 (% change)	2020 Q2 / 2019 Q2 (% change)
EU	-0.2	-1.2	-1.6
Austria	-0.3	-3.3	-3.3
Belgium	-0.6	0.3	0.7
Bulgaria	-2.1	-2.9	-4.5
Croatia	-2.0	-1.0	0.2
Czech Republic	-1.3	-1.0	-3.0
Denmark	1.2	-2.0	-1.5
Estonia	-1.7	-3.2	-5.9
Finland	8.4	-12.5	-20.8
France	-0.2	-0.6	-0.4
Germany	0.0	-0.9	-0.5
Greece	0.1	-0.3	-1.2
Hungary	-1.7	-2.3	-3.6
Ireland	0.8	2.8	4.2
Italy	-1.3	0.0	-3.6
Latvia	0.3	-0.6	-0.3
Lithuania	1.5	-2.6	-1.5
Netherlands	-1.7	na	na
Poland	0.0	-0.8	-0.4
Portugal	-0.6	-3.5	-2.9
Romania	-2.1	-3.2	-6.2
Spain	1.9	-2.4	0.5
Sweden	2.1	2.0	3.4

Source: Eurostat. No data available for Cyprus, Greece, Luxembourg, Malta, Slovakia, Slovenia

Drink industry employment by Member State

Member State	2020 Q1 / 2019 Q4 (% change)	2020 Q2 / 2020 Q1 (% change)	2020 Q2 / 2019 Q2 (% change)
EU	0.2	-2.6	-2.1
Austria	0.9	-1.2	-0.2
Belgium	0.2	-0.3	2.0
Bulgaria	-2.8	-4.2	-6.8
Croatia	-0.8	-2.8	1.3
Czech Republic	2.2	-3.3	-2.9
Denmark	-1.3	-3.9	-5.4
Estonia	2.7	-5.1	0.3
France	-0.3	-0.5	-0.4
Germany	0.7	-1.3	0.5
Greece	2.0	-1.4	3.8
Hungary	0.3	-8.4	-9.0
Ireland	8.0	-1.9	1.9
Italy	-1.9	-1.4	-3.7
Latvia	-5.2	-4.5	-11.1
Lithuania	-0.5	-3.7	-5.5
Netherlands	0.5	na	na
Poland	0.0	-1.8	-1.3
Portugal	-0.4	-2.0	-1.1
Romania	-0.3	-2.2	-2.1
Spain	-1.4	-7.9	-8.9
Sweden	2.5	5.1	7.8

Source: Eurostat. No data available for Cyprus, Finland, Greece, Luxembourg, Malta, Netherlands, Slovakia, Slovenia

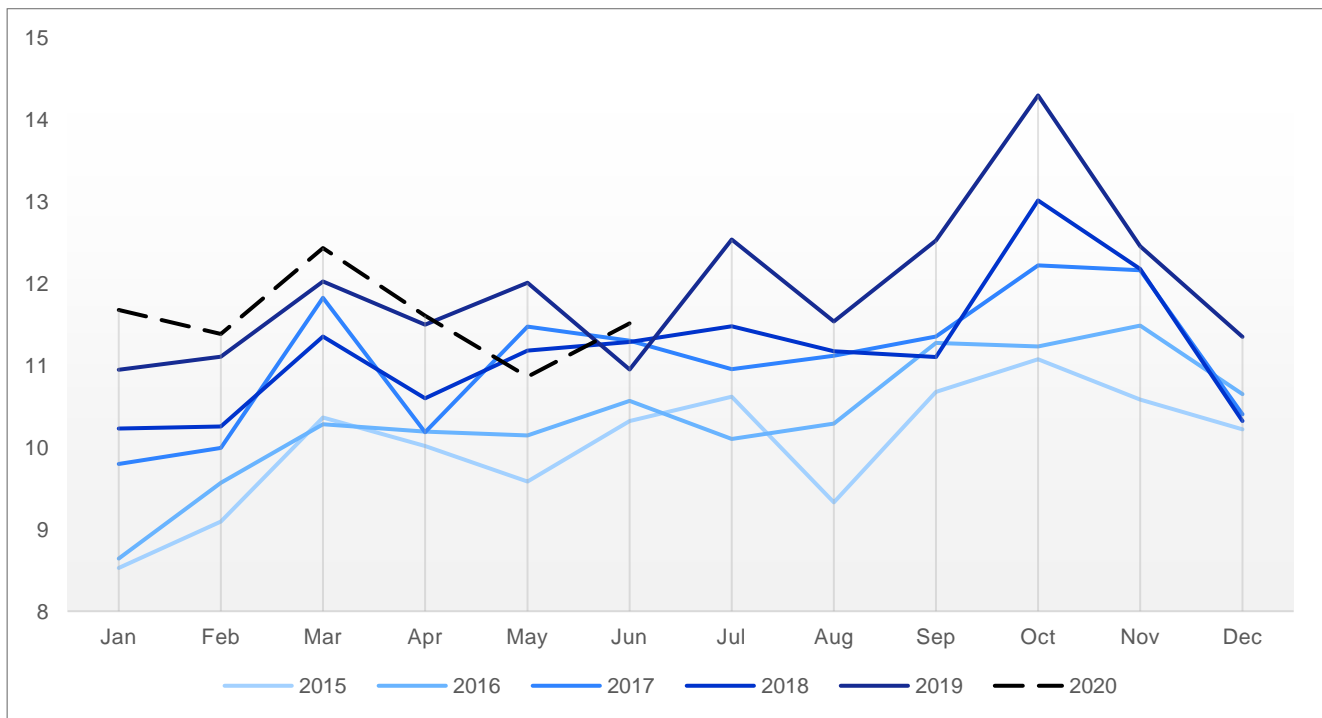
External trade

EU food and drink trade (€ billion)

	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	y-o-y
Exports	34.5	36.6	38.1	35.5	34.0	-1.4%
Imports	19.8	20.2	20.5	20.0	18.8	-5.1%
Balance	14.6	16.4	17.6	15.5	15.2	3.7%

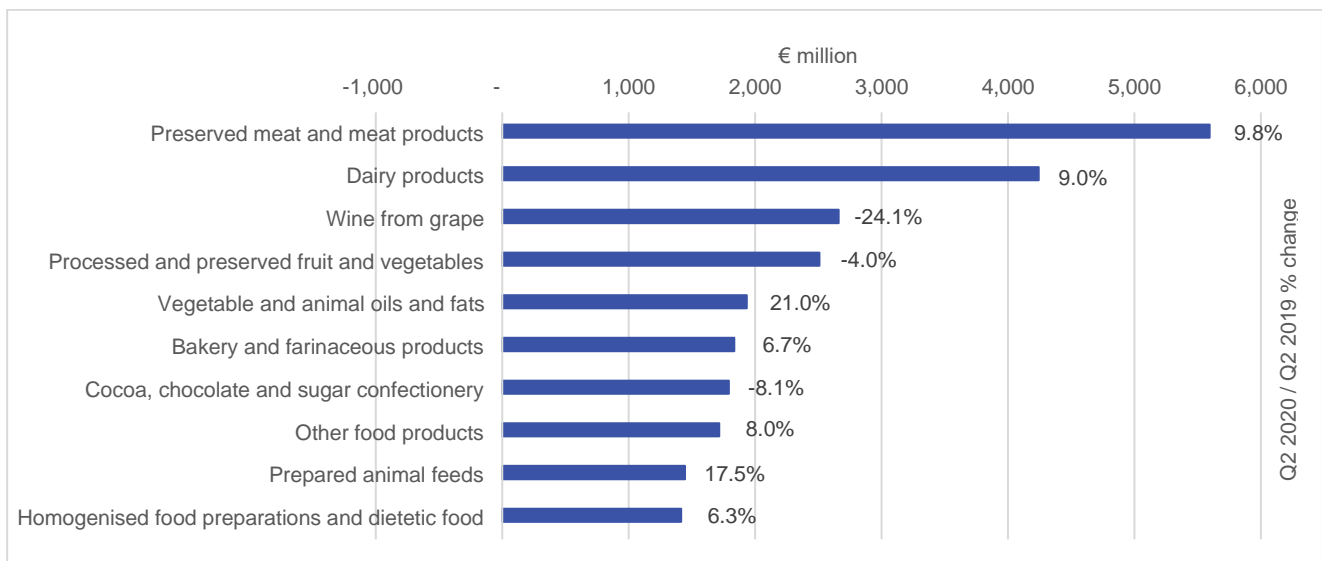
Source: Eurostat

EU food and drink exports, 2015-2020 (€ billion)



Source: Eurostat

Export performance by sector, Q2 2020



Source: Eurostat - COMEXT, Nace Rev.2, Divisions 10 & 11

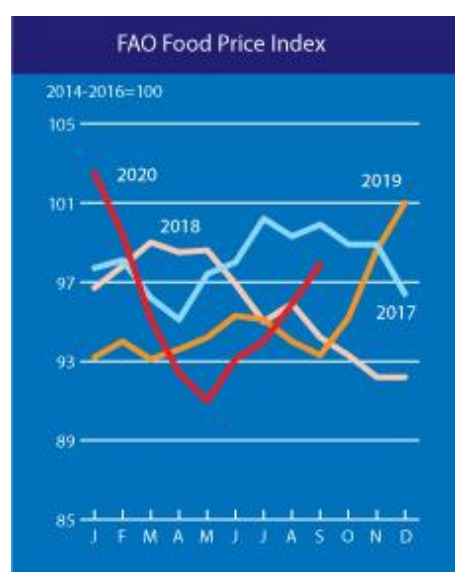
EU food and drink trade by sector

Sector / Period	Exports			Imports			Balance		
	Q2 2019	Q2 2020	change	Q2 2019	Q2 2020	change	Q2 2019	Q2 2020	change
	€ million			€ million			€ million		
Food and drinks	34,459	33,988	-1.4%	19,836	18,821	-5.1%	14,622	15,167	3.7%
10 Food products	26,111	27,647	5.9%	17,992	17,309	-3.8%	8,119	10,338	27.3%
11 Beverages	8,347	6,341	-24.0%	1,844	1,512	-18.0%	6,503	4,829	-25.7%
101 Preserved meat and meat products	5,098	5,595	9.8%	1,902	1,491	-21.6%	3,196	4,104	28.4%
1011 Processed and preserved meat	3,187	3,866	21.3%	1,321	1,032	-21.9%	1,866	2,834	51.9%
1012 Processed and preserved poultry meat	810	652	-19.6%	203	143	-29.4%	608	508	-16.3%
1013 Meat and poultry meat products	1,100	1,078	-2.0%	378	316	-16.5%	722	762	5.5%
102 Processed and preserved fish, crustaceans and molluscs	1,177	1,120	-4.9%	4,634	3,853	-16.8%	-3,457	-2,734	-20.9%
103 Processed and preserved fruit and vegetables	2,611	2,507	-4.0%	2,103	2,160	2.7%	509	348	-31.7%
1031 Processed and preserved potatoes	634	476	-24.8%	48	42	-13.2%	585	434	-25.8%
1032 Fruit and vegetable juices	434	426	-1.9%	546	519	-5.1%	-112	-92	-17.5%
1039 Other processed and preserved fruit and vegetables	1,543	1,605	4.0%	1,508	1,599	6.1%	35	6	-83.6%
104 Vegetable and animal oils and fats	1,598	1,934	21.0%	3,793	4,232	11.6%	-2,195	-2,298	4.7%
1041 Oils and fats	1,462	1,799	23.0%	3,741	4,181	11.8%	-2,279	-2,383	4.6%
1042 Margarine and similar edible fats	136	135	-0.5%	53	50	-4.7%	83	85	2.1%
105 Dairy products	3,894	4,244	9.0%	586	530	-9.5%	3,308	3,713	12.2%
1051 Dairy and cheese products	3,666	4,014	9.5%	526	468	-11.1%	3,140	3,547	13.0%
1052 Ice cream	228	229	0.5%	60	63	4.9%	168	167	-1.0%
106 Grain mill products, starches and starch products	1,085	1,120	3.2%	668	779	16.5%	417	342	-18.1%
1061 Grain mill products	604	594	-1.7%	548	662	20.8%	56	-68	-222.2%
1062 Starches and starch products	481	526	9.4%	120	116	-2.9%	361	410	13.5%
107 Bakery and farinaceous products	1,720	1,834	6.7%	375	328	-12.7%	1,345	1,507	12.1%
1071 Bread; fresh pastry goods and cakes	360	335	-7.0%	91	64	-30.2%	269	272	0.9%
1072 Rusks; and biscuits; preserved pastry goods and cakes	1,066	1,065	-0.1%	259	234	-9.5%	808	832	2.9%
1073 Macaroni, noodles, couscous and similar farinaceous products	293	434	48.1%	25	30	18.3%	268	404	50.9%
108 Other food products	7,556	7,691	1.8%	3,412	3,328	-2.5%	4,144	4,362	5.3%
1081 Sugar	168	135	-19.5%	388	331	-14.8%	-220	-196	-11.2%
1082 Cocoa, chocolate and sugar confectionery	1,951	1,793	-8.1%	886	898	1.4%	1,064	894	-16.0%
1083 Processed tea and coffee	711	711	-0.1%	628	629	0.3%	83	81	-2.5%
1084 Condiments and seasonings	572	643	12.5%	292	281	-3.8%	280	363	29.5%
1085 Prepared meals and dishes	1,235	1,278	3.5%	317	321	1.3%	919	957	4.2%
1086 Homogenised food preparations and dietetic food	1,330	1,414	6.3%	38	25	-34.9%	1,292	1,389	7.5%
1089 Other food products n.e.c.	1,589	1,716	8.0%	864	843	-2.4%	725	873	20.3%
109 Prepared animal feeds	1,230	1,445	17.5%	482	573	18.9%	748	872	16.6%
1091 Prepared feeds for farm animals	723	841	16.3%	217	254	17.0%	506	587	16.0%
1092 Prepared pet foods	507	604	19.3%	265	320	20.4%	241	285	18.1%
110 Beverages	8,347	6,341	-24.0%	1,844	1,512	-18.0%	6,503	4,829	-25.7%
1101 Distilled alcoholic beverages	1,989	1,185	-40.4%	778	589	-24.2%	1,210	595	-50.8%
1102 Wine from grape	3,504	2,661	-24.1%	426	404	-5.0%	3,078	2,256	-26.7%
1103 Cider and other fruit wines	107	116	8.1%	16	14	-10.4%	91	102	11.3%
1104 Other non-distilled fermented beverages	44	35	-20.5%	5	2	-61.4%	39	33	-15.3%
1105 Beer	959	841	-12.3%	183	155	-15.2%	776	686	-11.6%
1106 Malt	282	170	-39.7%	7	4	-44.8%	275	166	-39.5%
1107 Soft drinks; mineral waters and other bottled waters	1,463	1,334	-8.8%	430	343	-20.2%	1,033	991	-4.1%

Source: Eurostat - COMEXT, Nace Rev.2, Divisions 10 & 11

Prices of agricultural commodities

FAO Food Price Index



Source: FAO Food Price Index

Main agricultural commodity prices

Agricultural commodity	Q2 2020 average	EU		Q2 2020 average	WORLD	
		Q2 2020/ Q1 2020	Q2 2020/ Q2 2019		Q2 2020/ Q1 2020	Q2 2020/ Q2 2019
	EUR/T	% change	% change	EUR/T	% change	% change
CEREALS						
Maize	166	0.9	0.9	133	-12.1	-15.6
Soft wheat	186	0.6	0.2	193	-11.1	4.4
SMP	2,033	-18.8	2.0	2,343	-11.6	4.7
WMP	2,684	-10.3	-8.3	2,514	-7.8	-12.3
White sugar*	378	5.7	18.0	321	-7.9	8.4
				USD/T	% change	% change
OILS AND OIL CROPS						
Soybean oil				705	-12.7	-4.7
Soybean				363	-4.1	2.8
Soybean meal				350	-3.3	0.6
Rapeseed				413	-5.1	0.0
Rape oil				807	-8.6	-1.4
Palm oil				611	-15.6	7.7
COFFEE AND COCOA						
Cocoa				2,272	-11.0	-3.4
Coffee				2,296	-1.7	8.6

* EU white sugar prices for EU28

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

Retail trade

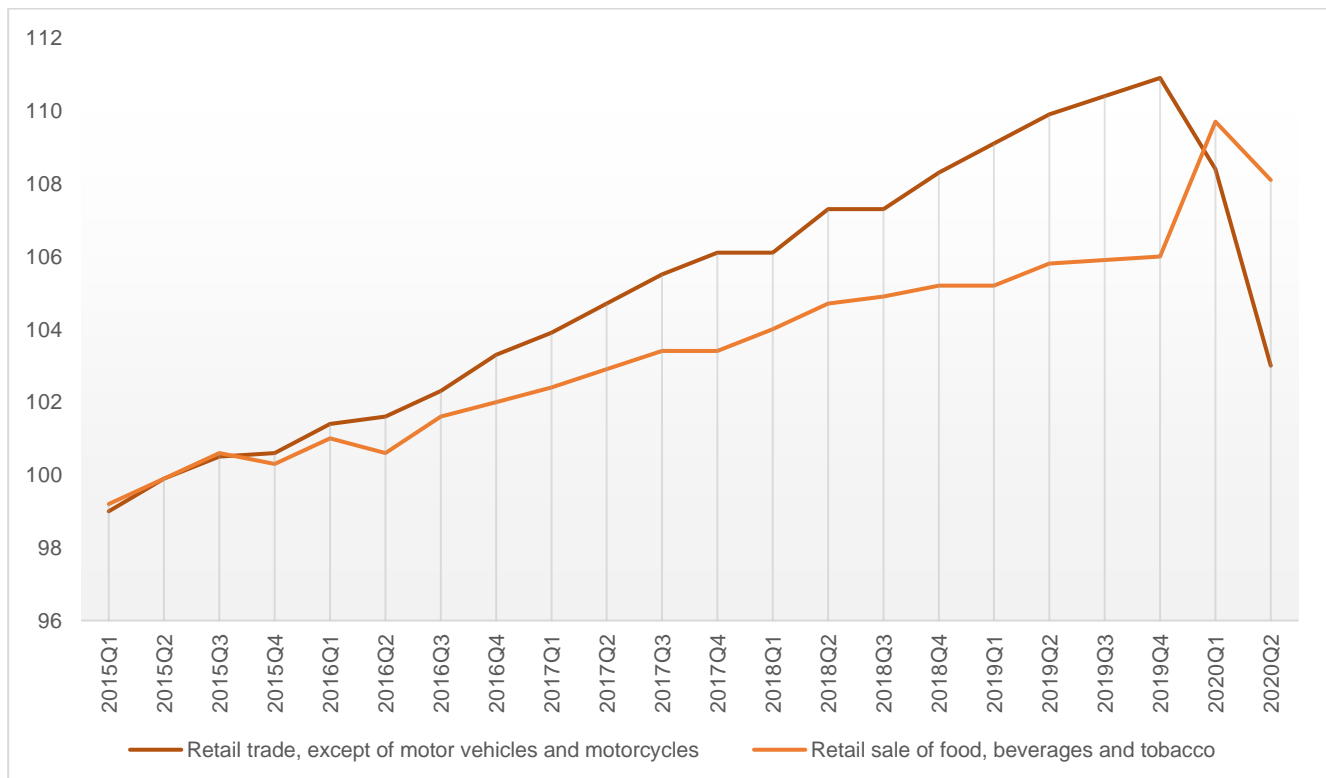
Retail sales index

	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	y-o-y
Total retail trade	109.9	110.4	110.9	108.4	103.0	
% change	0.7	0.5	0.5	-2.3	-5.0	-6.3%
Food, drinks and tobacco	105.8	105.9	106.0	109.7	108.1	
% change	0.6	0.1	0.1	3.5	-1.5	2.2%

Source: Eurostat

The index of the volume of retail trade measures the evolution of the turnover in retail trade, adjusted for price changes (deflated), i.e. the evolution of the total amount of goods sold, based on data adjusted for calendar and seasonal effects.

EU turnover in retail trade by economic activity, 2015-2020 (2015=100)

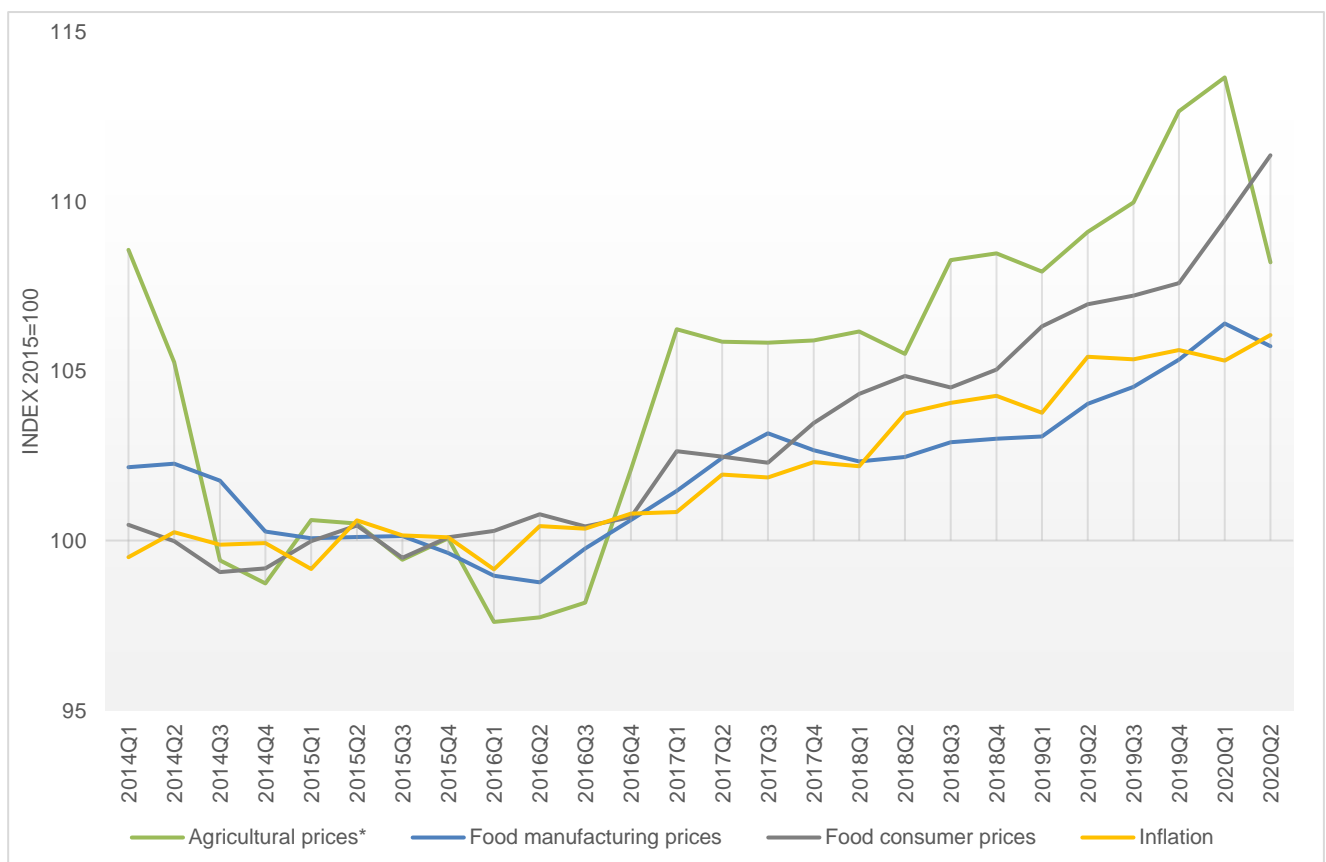


Source: Eurostat

Price developments along the EU food chain

Price developments (% change)

	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	y-o-y
Agricultural prices*	1.1	0.8	2.4	1.8	-4.8	-0.8%
Food manufacturing prices	0.9	0.5	0.8	1.0	-0.6	1.6%
Food consumer prices	0.6	0.2	0.3	1.7	1.7	4.1%
Inflation	1.6	-0.1	0.3	-0.3	0.7	0.6%

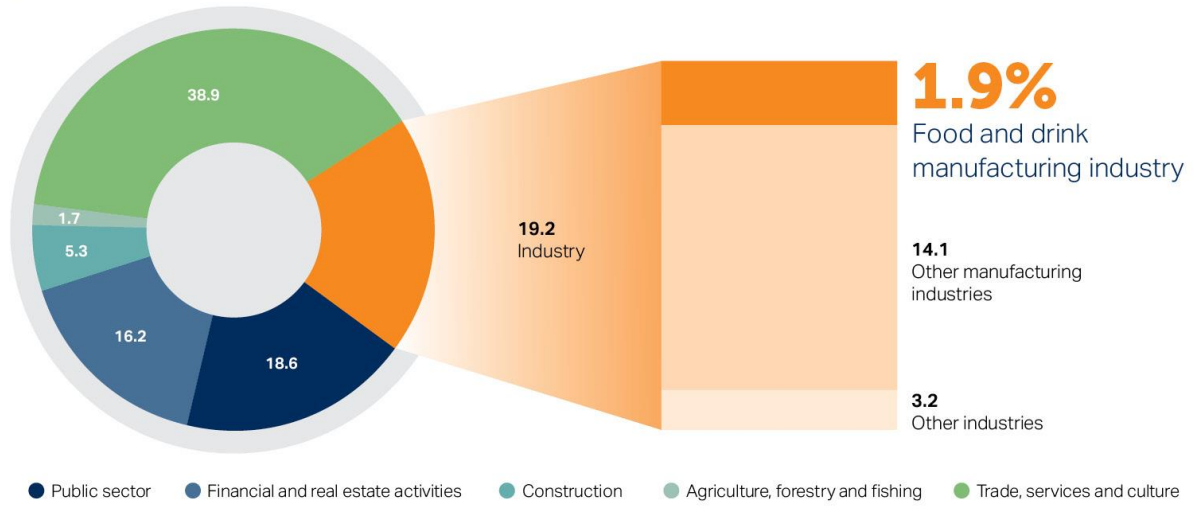


* Eurostat monthly indices for EU agricultural prices are available until December 2017. Beyond, the index is estimated based on cereals, sugar, milk, meat, tomatoes and apples monthly prices weighted by annual production.

Sources: Eurostat and DG Agriculture and Rural Development; own calculations

Focus on ...

Contribution of the food and drink industry to the EU economy
(2017, %)



Source: Eurostat (National Accounts)



Source: FoodDrinkEurope – Data & Trends of the European Food and Drink Industry 2020