Confédération des industries agro-alimentaires de l'UE
Confederation of the food and drink industries of the EU




Data & trends of the European Food and Drink Industry 2009

Introduction

Welcome to the 2009 Data & Trends Brochure of the food and drink industry in the EU. This brochure contains key statistics and figures, offering you the opportunity to evaluate trade activities, appreciate the role of the food and drink industry in the food chain as well as providing an overview of data on R&D and innovation developments. As per previous years, the document is structured into three sections: 'Structure of the Industry', 'Markets and Consumption' and 'World Trends' - covering the whole food and drink industry. This report will provide you with a comprehensive picture of the structure and economics of our industry, the largest manufacturing sector in the EU

Jesús Serafín Pérez
President of CIAA

About CIAA

CIAA represents the European food and drink industry and its mission is to help pro-actively develop an environment (enlarged EU and global markets) in which all European food & drink companies, whatever their size, can compete effectively for sustainable growth, meeting the needs of consumers and playing their part in delivering the targets set in the new EU 2020 strategy.

CIAA's permanent secretariat, based in Brussels, maintains close contacts with European and international institutions and has become a major partner in consultations on food-related developments.

CIAA has become a trusted partner as a result of its longstanding work, in particular on horizontal food issues such as food quality and safety, nutrition and health, novel foods, labelling, the Common Agricultural Policy, international trade issues, sustainable development, respect for the environment and EU enlargement.

Membership of CIAA is made up of:

- 26 national federations, including 3 observers;
- 29 EU sector associations;
- 22 major food and drink companies.

CIAA co-ordinates the work of more than 700 experts, grouped in Committees and Expert Groups around the following three themes: Competitiveness, Food and Consumer Policy, Environment.

www.ciaa.eu

TABLE OF CONTENTS

This report presents EU-27 data unless otherwise specified.

At a glance

the EU food and drink industry in 2008

Turnover	Employment	SMEs[1]
€ 965 billion (+3.2% compared to 2007) Largest manufacturing sector in the EU (12.9%), ahead of the automobile and chemical industries	**4.4 million people** (+0.8% compared to 2007) Leading employer in the EU (13.5%), ahead of the fabricated metal, machinery & equipment industries	**48.7%** of food and drink turnover **63.0%** of food and drink employment

External trade	Number of companies	Value added (% of EU GDP)	Consumption (% of household expenditure)
Exports € 58.2 billion (+6.4% compared to 2007) **Imports € 57.1 billion** (+8.4% compared to 2007) **Trade balance € 1.1 billion** Net exporter of food and drink products	**310,000**[3] Fragmented industry	**2%** Stable	**13%** Slight increase

EU market share of global export market	R&D (% of food and drink output)
17.5% (24.6% in 1998) Shrinking share of EU exports in global markets	**0.37%**[2] Insufficient R&D expenditure

(1) 2006 data
(2) EU-15 figure in 2006
(3) 2007 data

Structure of the food and drink industry

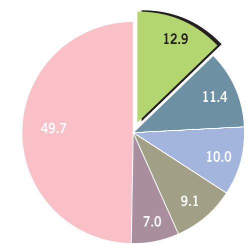
The food and drink industry in the EU

		2007	2008/2007*	2008*
Turnover	€ billion	935	↗3.2%	965
Value added	€ billion	199		
Employees	million	4.4	↗0.8%	4.4
Companies	thousand	310		

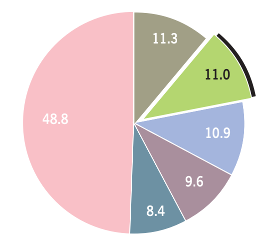
(*) CIAA estimates based on Eurostat figures in current prices
(-) not available

Source: Eurostat, SBS and CIAA calculation

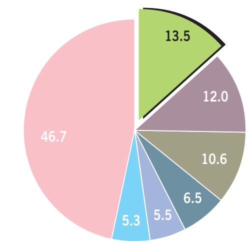
Share of turnover in manufacturing industry (%)



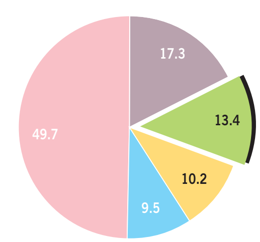
Share of value added in manufacturing industry (%)



Share of employment in manufacturing industry (%)



Share of the number of companies in the manufacturing industry (%)



Food and drink
Machinery and equipment
Publishing and printing
Automobile
Fabricated metal products
Furniture
Chemicals
Others

Source: Eurostat, SBS, 2006

- The food and drink industry is the single largest manufacturing sector in the EU in turnover and employment terms, ahead of automobile, chemicals and machinery industries. It is the second leading manufacturing sector in terms of value added and number of companies in the EU.
- The share of the food and drink industry in the manufacturing industry in terms of turnover, value added and employment registered slight variations of around one percentage point since 1999.
- Over the last ten years, the food and drink industry has had relatively limited but stable annual growth both in terms of production (1.8%) and value added (1.1%).
- Labour productivity for the food and drink industry is lower than for manufacturing as a whole. In 2008, it decreased by -1.5%.

Labour productivity, profitability and investment in the manufacturing industry

	Labour productivity[1] €1000	*Gross operating rate[2] %*	*Investment per employee €1000*
Manufacturing	49.7	9.4	6.9
Food and drink products	40.6	9.0	7.5
Automobile	64.4	5.0	11.5
Basic metals	71.9	9.3	12.2
Chemicals	100.0	12.9	14.0
Textiles	27.0*	8.2*	4.2

(*) 2005 data
(1) Value added per employee
(2) The gross operating rate is the gross operating surplus expressed as a percentage of the turnover generated. The gross operating surplus is value added minus personnel costs. It is an indicator of profitability

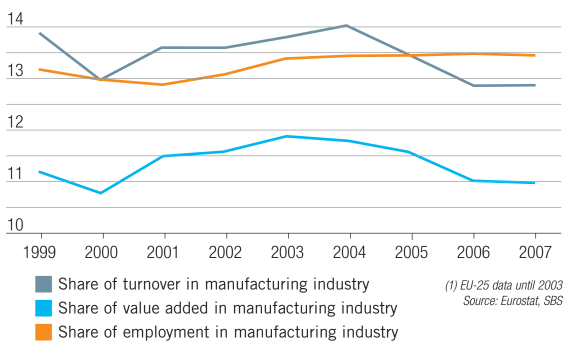
Source: Eurostat, SBS, 2006

Labour productivity growth, 1996-2008 (%)

	1996-2000	*2000-2005*	*2005-2007*	*2008*
Manufacturing	4.7	2.3	2.8	0.1
Food and drink products	2.6	2.2	0.9	-1.5

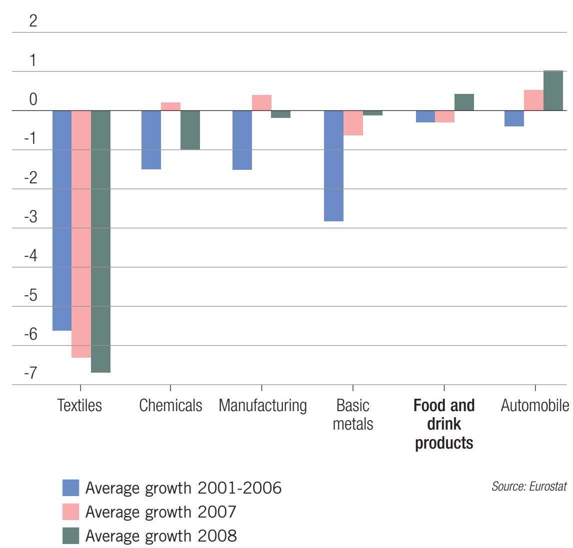
Source: Eurostat, SBS

Share of food and drink industry turnover, value added and employment in EU[1] manufacturing industry, 1999-2007 (%)



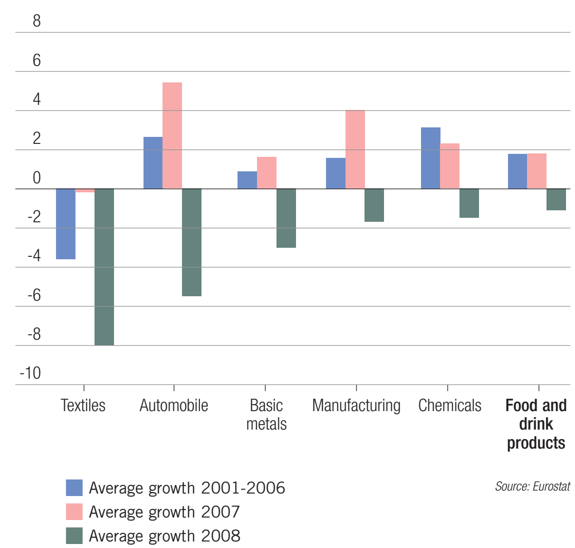
(1) EU-25 data until 2003
Source: Eurostat, SBS

Employment growth rate in the EU, 2001-2008



Source: Eurostat

Production growth rate in the EU, 2001-2008



Source: Eurostat

SMEs in the food and drink industry

- The food and drink sector includes over 310,000 companies.
- The food and drink industry is composed of a diverse range of companies from SMEs (defined as having less than 250 employees) to large companies.
- The food and drink industry is a fragmented industry. SMEs make up 99.1% of the food and drink business population. These companies generate 48.7% of food and drink turnover and employ 63% of the sector's workforce.
- Large companies account for just 0.9% of all food and drink enterprises but they provide 51.3% of the turnover, 52.8% of the value added and contribute to 37% of the sector's employment.

Turnover, value added, employees and number of companies in the food and drink industry and in the manufacturing industry by size-class (%)

		Micro comp. *1 to 9*	*Small comp.* *10 to 49*	*Medium comp.* *50 to 249*	*SMEs*	*Large comp.* *+ 249*
Turnover	**Manufacturing**	5.6	12.6	21.2	39.4	60.6
	Food and drink	6.5	15.2	26.9	48.7	51.3
Value added	**Manufacturing**	7.3	15.5	22.5	45.4	54.6
	Food and drink	8.5	15.4	23.3	47.2	52.8
Number of employees	**Manufacturing**	13.9	20.4	25.1	59.4	40.6
	Food and drink	16.5	21.4	25.2	63.0	37.0
Number of enterprises	**Manufacturing**	80.7	14.8	3.6	99.2	0.8
	Food and drink	79.1	16.4	3.6	99.1	0.9

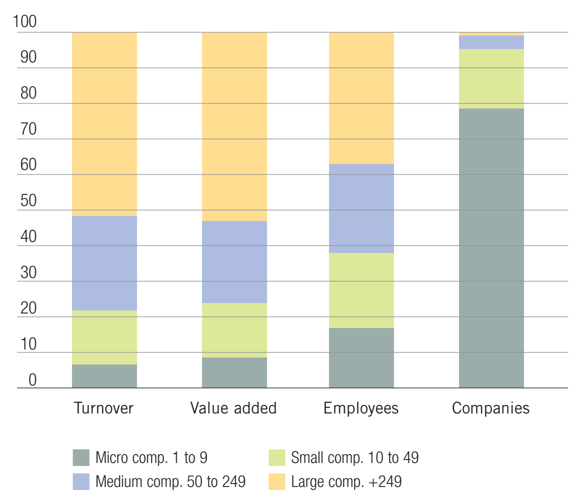
Source: Eurostat, SBS size-class, 2006

Food and drink companies directly employ 4.4 million people in the EU.

Employment in this sector is:

- relatively stable: the number of employees in the food and drink industry decreased less than in other manufacturing sectors (page 5).
- spread over the EU Member States (page 9)
- distributed in a balanced way according to the size of companies (page 6).

Turnover, value added, employees and number of companies by size-class in the food and drink industry (%)



Source: Eurostat, SBS size-class, 2006

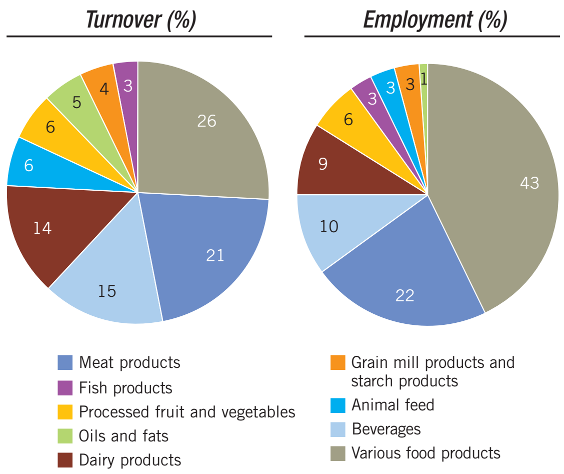
Labour productivity by size-class in the food and drink industry

	Labour productivity (€ 1000)
> Micro companies	21
> Small companies	29
> Medium companies	38
SMEs	**31**
Large companies	**61**

Source: Eurostat, SBS size-class, 2006

- The “various food products” category is the largest sub-sector, representing 26% of total turnover and 43% of the workforce. It is a heterogeneous group which includes bakery, pastry, chocolate and confectionery products as well as pasta and baby food.
- The meat sector, beverages and dairy products are also key branches of the industry and, together with the “various food products” category, represent 76% of the total turnover and 84% of the total number of employees.

Distribution of turnover and employment in sub-sectors



Source: Eurostat, SBS, 2006

Breakdown of the composition of the “various food products” category (% in terms of turnover, value added and employment)

Source: Eurostat, SBS, 2006

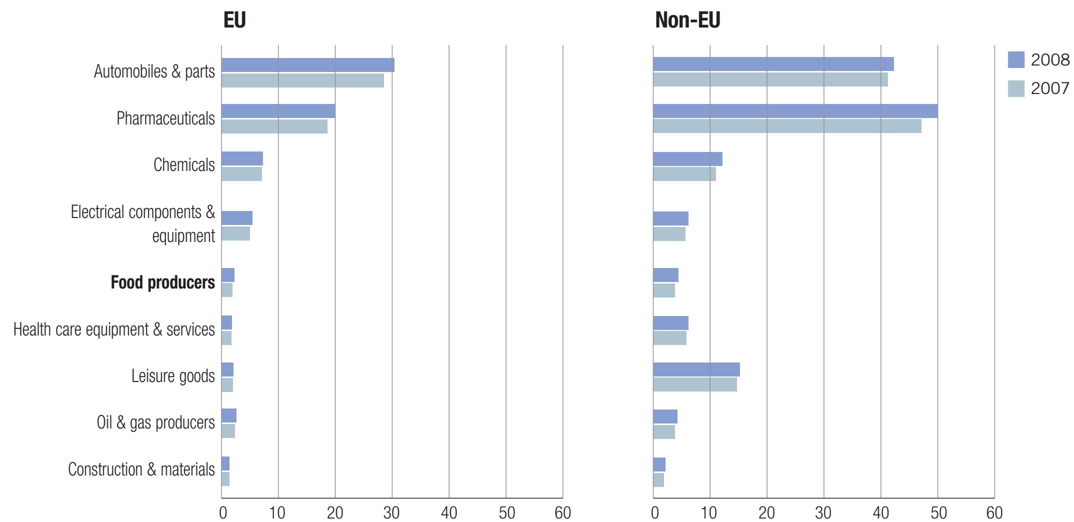
Labour productivity¹, 2004-2006 (€1000)

(1) Value added per employee

Investment per employee, 2004-2006 (€1000)

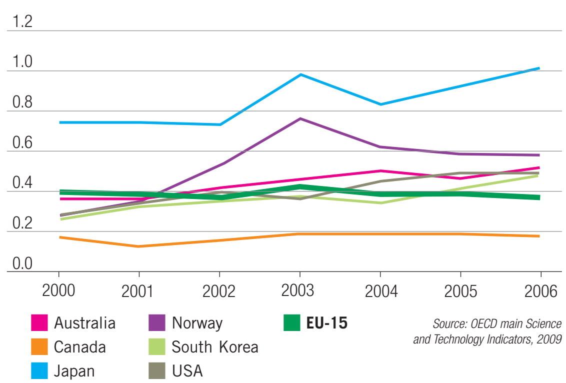
- R&D investment of food and drink manufacturers has traditionally been at a very low level when compared to other industries. However, food and drink companies both within and outside the EU have displayed resilience in the economic crisis, allowing them to maintain similar levels of R&D investment.
- The food and drink industry's R&D expenditure (R&D investment as a percentage of output) in EU-15 has been the lowest when compared to a majority of developed countries. The R&D expenditure levels are higher and continue to increase in Japan, the USA, Australia and South Korea, while EU-15 has experienced a relative stagnation at 0.37% in 2006, close to 2005 levels (0.38%).
- Similarly, the level of R&D intensity from large food and drink companies (ratio of R&D investment on a company's net sales) within the EU is much lower when compared to non-EU companies. This gap is narrowing since 2007, mainly due to a relative decrease in intensity outside the EU.

R&D investment in EU and non-EU countries (€ billion)



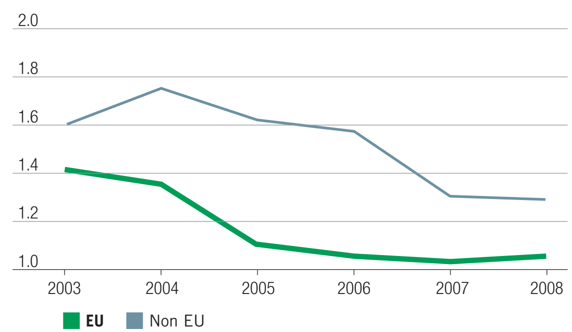
Source: The 2009 EU Industrial R&D Investment Scoreboard, European Commission, JRC and DG RTD

R&D as a percentage of industry output for food and drink industries in various countries (%)



Source: OECD main Science and Technology Indicators, 2009

R&D intensity in EU and non-EU food and drink companies (%)

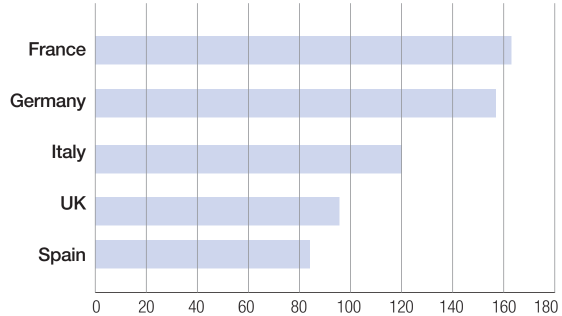


2003 - 2005: top 700 EU and non-EU companies
2006 - 2008: top 1000 EU and non-EU companies
The term "EU company" refers to companies whose ultimate parent has its registered office in a Member State of the EU. Likewise, the term "non-EU company" is applied when the ultimate parent company is located outside the EU.

Source: The 2009 EU Industrial R&D Investment Scoreboard, European Commission, DG RTD and JRC

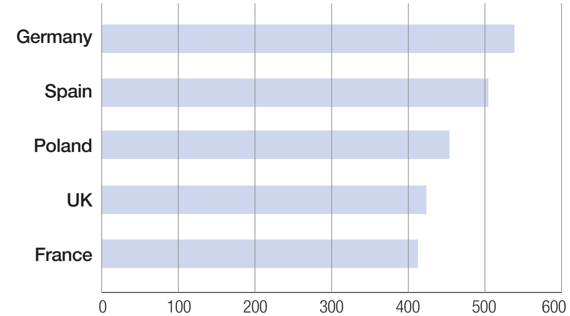
- The food and drink industry is a pillar of the EU economy. This sector features in the top 3 manufacturing activities in terms of sales in several Member States.
- France, Germany, Italy, the UK and Spain are the largest EU food and drink producers.
- The sales growth rate registered important discrepancies between Member States. The number of employees continued its downward trend in several Member States. However, the EU employment growth rate is slightly positive (+0.8%).

Top 5 Member States in terms of food and drink industry sales, 2008 (€ billion)



Source: National Federations

Top 5 Member States in terms of food and drink industry employment, 2008 (1000)



Source: National Federations

Food and drink industry data as published by National Federations[1]

	AT	BE	BG	CY	CZ	DE	DK	EE	ES	FI	FR	GR	HU	IE	IT	LV	LT	LU	MT	NL	PL	PT	RO	SE	SI	SK	UK
Net sales[2] (€ billion)																											
2007	11.0	36.9	3.9	1.4	10.3	146.8	22.7	1.2	82.0	9.6	154.4	11.5	8.0	24.2	113.0	1.8	3.0	0.8	0.3		38.5	12.4	10.1	16.4	2.0	3.3	106.5
2008	12.1	40.4			11.9	156.3	23.6	1.1	83.0	10.5	162.9	12.1		24.2	120.0	1.5					39.0	12.5	11.2	16.4	2.1	3.6	96.0*
2008/2007 (%)	↗10.0	↗9.0			↗15.3	↗6.5	↗4.0	↘-7.8	↗1.2	↗9.4	↗5.5	↗5.2		↗0.0	↗6.2	↘-15.3					↗1.3	↗0.8	↗11.2	↗0.0	↗3.0	↗9.4	↘-9.9
Rank[3]	5th	2nd			5th	5th	1st	2nd	1st	4th	1st	1st	3rd	2nd	2nd	-				1st	1st	1st	-	4th	5th	10th	1st
Employment (1000)																											
2007	58.0	89.6	106.3	12.4	121.9	530.0	66.0	17.3	488.0	34.8	415.0	72.1	101.5	43.2	410.0	33.0	50.6	4.6	2.9	122.9	420.0	108.5	206.7	56.6	15.2	33.7	437.0
2008	56.6	88.8			128.1	535.0	65.6	16.7	502.0	34.6	412.5	71.8		40.7	407.0					122.5	450.0	109.5	205.1	55.4	14.4	34.8	424**
2008/2007 (%)	↘-2.4	↘-0.8			↗5.1	↗0.9	↘-0.6	↘-3.5	↗3.0	↘-0.6	↘-0.6	↘-0.4		↘-9.4	↘-0.7					↘-0.3	↗7.1	↗0.9	↘-0.8	↘-2.1	↘-5.5	↗3.1	↘-3.0

(1) or by National Statistics Institutes or Eurostat
(2) or production value (in current prices)
(3) Rank of the food and drink industry in the manufacturing activities in terms of turnover at national level
(*) UK turnover decrease due to UK-EU exchange rates. UK turnover increased by 4.6% in £ terms.
(**) UK employment decrease due to reclassification of UK manufacturing data

Source: National Federations and CIAA (details available on request)

Markets and consumption

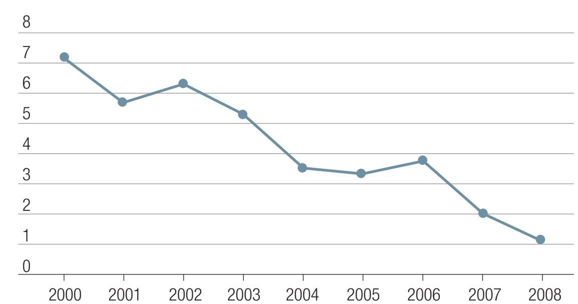
- The EU is a net exporter of food and drink products with a trade surplus of €1.1 billion in 2008. However, a negative trend in the EU trade balance continues as the value of imports grows faster than the value of exports. Nevertheless, volumes of EU external trade in 2008 remained almost unchanged compared to the previous year. Therefore, differences in terms of value mostly seem to reflect the particularly high prices of agricultural raw materials in this period.
- The USA is by far the most important destination for European food and drink products. Despite a 10% drop in value of exports in 2008, the American market still represents 17% of total EU food and drink sales. On the other hand, EU exports to the majority of emerging countries continue to grow. Exports to Ukraine and Hong Kong witnessed impressive increases in 2008 of 57% and 36% respectively.
- Imports from the “new world” agricultural players become increasingly important. Products from Brazil, Argentina and China, together represent nearly 30% of total EU food and drink imports. Meanwhile, Indonesia, Thailand and Malaysia provide Europe with products worth as much as the joint value of the imports from traditional producers, such as USA and Switzerland.

EU key trade figures (€ million)

	2006	2007/2006	2007	2008/2007	2008
Export	51,998	↗5.1%	54,672	↗6.4%	58,173
Import	48,237	↗9.2%	52,655	↗8.4%	57,079
Balance	3,761		2,017		1,094

Source: Eurostat, Comext

EU food and drink trade balance, 2000-2008 (€ billion)



Source: Eurostat, Comext

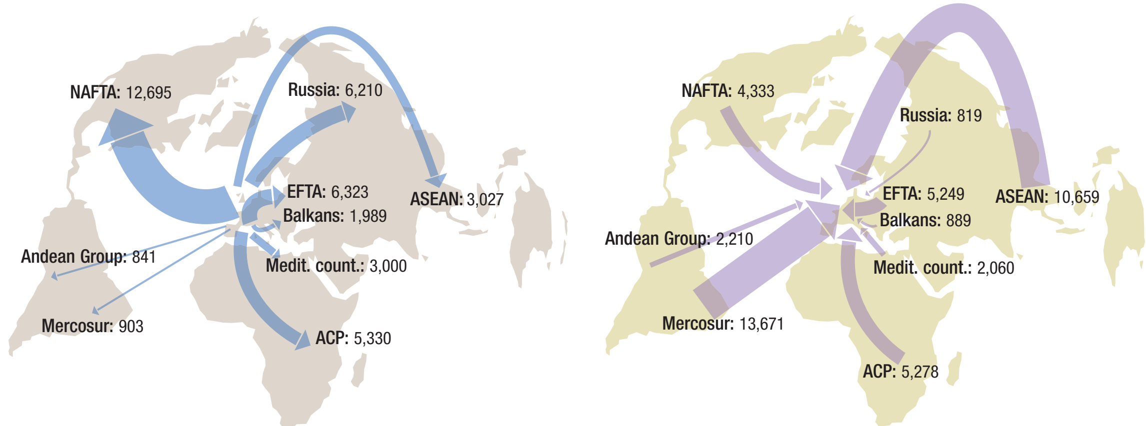
Top EU trading partners, 2008 (€ million)

Exports		'08/'07	*Imports*		'08/'07
USA	10,169	-9.6%	Brazil	6,814	15.3%
Russia	6,210	12.2%	Argentina	6,341	31.4%
Switzerland	4,081	14.8%	USA	3,352	7.5%
Japan	3,425	5.4%	China	3,346	5.0%
Norway	2,042	11.4%	Switzerland	2,690	13.7%
Canada	1,938	2.7%	Indonesia	2,542	53.8%
China	1,404	12.9%	Thailand	2,373	23.6%
Australia	1,380	7.7%	Turkey	1,751	1.1%
Hong Kong	1,210	36.1%	Malaysia	1,730	24.5%
Ukraine	1,208	57.4%	New Zealand	1,613	0.5%
Saudi Arabia	1,183	-0.8%	Norway	1,558	-0.5%
Singapore	1,093	5.0%	Chile	1,436	6.4%
South Korea	1,012	-9.5%	India	1,400	19.7%
Algeria	931	22.4%	Australia	1,071	-13.2%

Source: Eurostat, Comext

EU trade by region, 2008 (€ million)

Exports *Imports*



Note: **ACP:** Africa, Caribbean and Pacific countries; **Andean Group:** Bolivia, Colombia, Ecuador, Peru and Venezuela; **ASEAN:** Association of Southeast Asian Nations; **EFTA:** European Free Trade Area; **Mercosur:** Brazil, Argentina, Uruguay and Paraguay; **NAFTA:** Canada, USA, Mexico.

Source: Eurostat, Comext

Exports to emerging countries, 2000-2008

	Rank[1]	*2008 € million*	*2008/2000*
China	7	1,404	216%
Turkey	18	774	88%
Brazil	20	739	49%
South Africa	21	653	131%
Mexico	23	588	2%
Thailand	26	450	18%
Morocco	28	358	43%
Philippines	29	348	-1%
Egypt	31	321	-46%
Malaysia	33	309	11%
Indonesia	38	257	-12%
India	51	159	84%
Chile	61	114	38%
Colombia	64	108	29%
Argentina	73	87	-52%
Peru	83	69	14%

(1) Rank in top countries of destination for EU food and drink exports

Source: Eurostat, Comext

Imports from emerging countries, 2000-2008

	Rank[2]	*2008 € million*	*2008/2000*
Brazil	1	6,814	95%
Argentina	2	6,341	120%
China	4	3,346	148%
Indonesia	6	2,542	135%
Thailand	7	2,373	99%
Turkey	8	1,751	90%
Malaysia	9	1,730	167%
Chile	12	1,436	115%
India	13	1,400	126%
Morocco	16	984	61%
South Africa	19	857	48%
Peru	23	651	59%
Philippines	27	471	60%
Colombia	30	385	90%
Mexico	32	360	99%
Egypt	43	186	253%

(2) Rank in top countries of origin for EU food and drink imports

Source: Eurostat, Comext

Extra-EU trade by sector in 2008

Top EU food and drink product exports and imports, 2008 (€ million)

Exports		*Rank[1] in 2000*
Wines	6,248	2
Spirits	6,211	1
Food preparations	3,227	6
Cheese	2,567	5
Pork meat fresh, frozen	2,508	4
Concentrated milk	2,379	3
Animal feed, pet foods	2,301	9
Malted beer	2,064	7
Malt extract, prepared	2,055	10
Chocolate	1,938	12
Pastries, biscuits	1,818	11
Offal, poultry meat	1,606	16
Soft drinks	1,449	31
Olive oil	1,315	14
Frozen fish	1,065	17

Source: Eurostat, Comext
(1) Rank of the same product within top exports in 2000

Imports		*Rank[2] in 2000*
Oilcake	8,893	1
Palm oil	4,224	15
Fish filets	4,159	3
Crustaceans, molluscs	3,907	2
Wines	2,457	4
Prepared and preserved fish	2,266	6
Fruit juice	1,566	5
Coconut oil	1,546	16
Prepared and preserved meat	1,476	17
Sugars	1,433	10
Fruit preparations	1,391	12
Frozen fish	1,358	7
Beef meat fresh, frozen	1,287	9
Sheep, goat meat	1,116	8
Food preparations	1,096	18

Source: Eurostat, Comext
(2) Rank of the same product within top imports in 2000

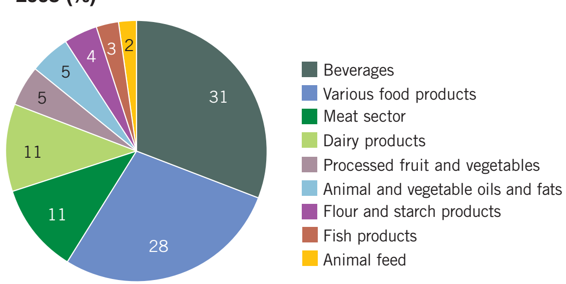
- The EU's export structure remains quite stable. Beverages and various processed products such as bakery, chocolate, confectionery, pasta, prepared meals etc. account for 60% of EU food and drink exports. Together with high value added dairy products, they also contribute significantly to the positive EU general trade balance.
- However, after a period of regular growth in recent years, some beverages experienced significant declines in export value in 2008. This was particularly the case of spirits, exports of which decreased by 7% and of mineral waters and soft drinks, exports of which decreased by 10%.
- The most remarkable decrease in exports affected producers of processed fruit and vegetables. The trade deficit of the sector increased by an additional € 377 million.

Exports by sector 2007-2008 (€ million)

		2007	*2008*	*'08/'07*
Beverages		17,832	17,613	-1%
of which	*spirits*	6,610	6,174	-7%
	wines	5,936	6,140	3%
	mineral waters and soft drinks	2,290	2,058	-10%
Various food products		15,528	16,106	4%
of which	*biscuits, preserved pastry goods*	1,314	1,425	8%
	Chocolate and confectionery	3,001	3,183	6%
Dairy products		6,552	6,554	0%
Meat products		5,386	6,139	14%
Processed fruit and vegetables		3,236	2,751	-15%
Animal and vegetable oils and fats		2,540	2,992	18%
Flour and starch products		1,973	2,063	5%
Fish products		1,773	1,983	12%
Animal feed		1,128	1,220	8%

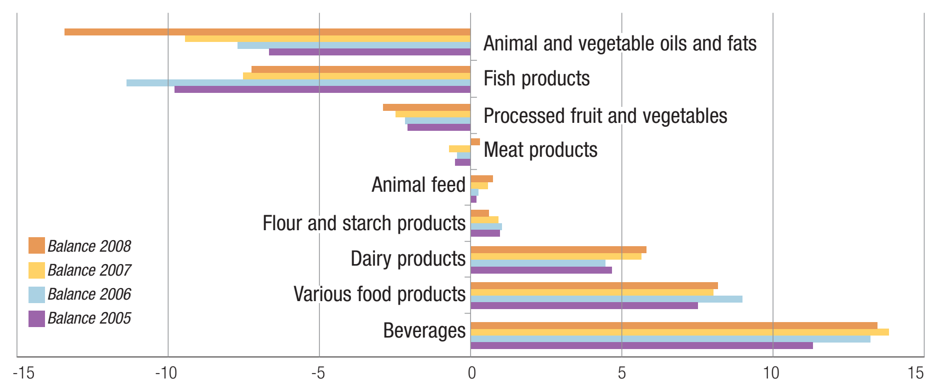
Source: Eurostat, Comext

Share of main sectors in the EU food and drink exports, 2008 (%)



Source: Eurostat, Comext

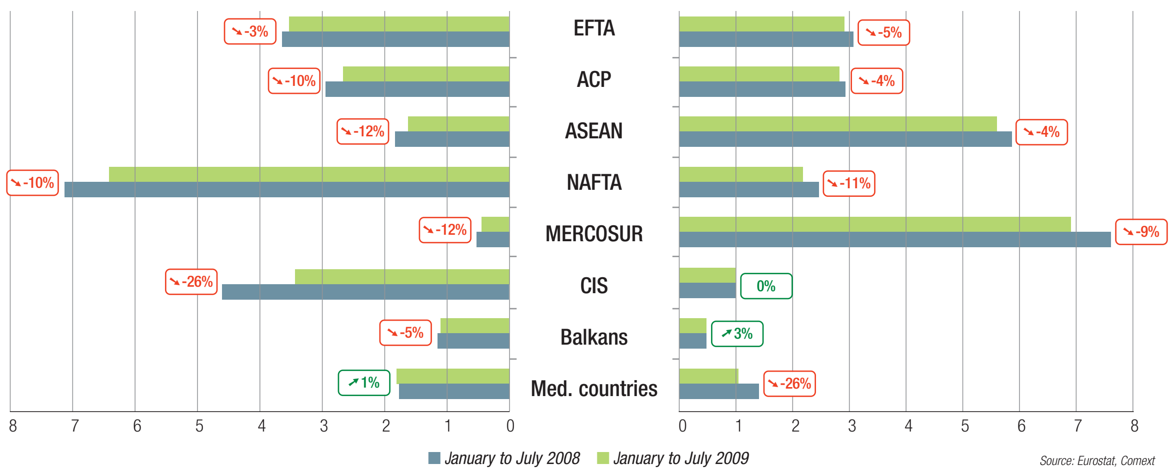
EU food and drink sectors' balance, 2005-2008 (€ billion)



Source: Eurostat, Comext

- EU food and drink product exports decreased by 10% during the first seven months of 2009 in comparison to 2008. This reflects a shrinking demand in foreign markets, some protectionist tendencies related to the global economic crisis and global price trends.
- All major categories of EU food and drink exports have been affected. The highest reductions were observed for concentrated milk (-33%) and pork meat (-21%). However, spirits and wines, frozen fish, cheese, waters and olive oil did not escape the double-digit decrease either.
- At the same time, the value of imports shrank by 8%. This can also be explained by a return to lower agricultural prices in 2009 following the 2007/2008 spike, and the effects of the economic downturn.
- During the first seven months of 2009, the trade balance remained slightly positive.

Exports to major trading blocs (€ billion) **Imports from major trading blocs (€ billion)**



Source: Eurostat, Comext

Top EU food and drink products' exports and imports, January to July 2008-2009 (€ million)

	Exports January to July 2008	2009	2009/2008
Spirit	3,383	2,941	-13%
Wines	3,505	2,886	-18%
Food preparations	1,898	1,807	-5%
Cheese	1,479	1,303	-12%
Malt extract	1,236	1,228	-1%
Pork meat	1,509	1,194	-21%
Beer	1,224	1,166	-5%
Concentrated milk	1,494	1,001	-33%
Bakery products	941	917	-3%
Chocolate	900	872	-3%
Poultry meat	883	844	-4%
Waters	866	760	-12%
Olive oil	747	661	-12%
Frozen fish	658	557	-15%
Prepared vegetables	554	492	-11%

Source: Eurostat, Comext

	Imports January to July 2008	2009	2009/2008
Oilcake (soybean)	3,903	3,628	-7%
Fish fillets	2,359	2,331	-1%
Crustaceans	2,006	1,747	-13%
Palm oil	1,707	1,570	-8%
Wines	1,370	1,327	-3%
Prepared fish	1,235	1,287	4%
Fruit juices	1,088	958	-12%
Prepared meat	830	848	2%
Meat of sheep, goat	760	767	1%
Beef meat	746	725	-3%
Sugar	779	712	-9%
Frozen fish	759	674	-11%
Prepared fruit	766	671	-12%
Food preparations	619	645	4%
Prepared seafood	518	523	1%

Source: Eurostat, Comext

EU key trade figures (€ million)

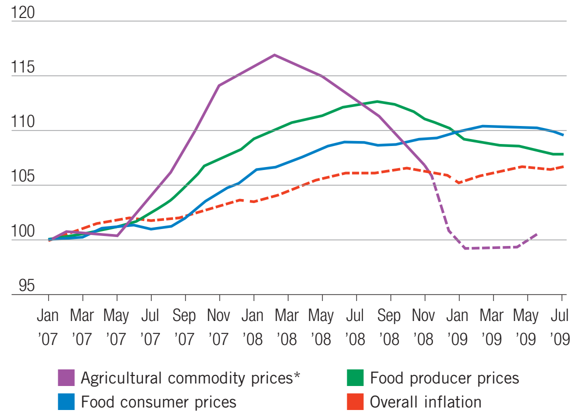
	January to July 2008	2009	2009/2008
Export	33,176	29,864	-10%
Import	32,273	29,734	-8%
Balance	903	130	

Source: Eurostat, Comext

Prices of agricultural raw materials and food products

- During 2007 and early 2008, agricultural raw material prices rose rapidly, resulting in rising food producer and food consumer prices, albeit at a slower rate.
- Since the second quarter of 2008, prices of agricultural raw materials have been plummeting. Food producer prices followed agricultural raw material prices in the downward trend. Consumer prices remained high for a longer period of time.
- World sugar prices increased significantly since January 2009, boosted by demand and supply shortfalls. Following an important decline which started in mid-2007, prices of dairy products has been slowly recovering since mid-2009.
- The evolution of food consumer prices and inflation shows major discrepancies between Member States. In general, in November 2009, food prices in most Member States were lower than the previous year.

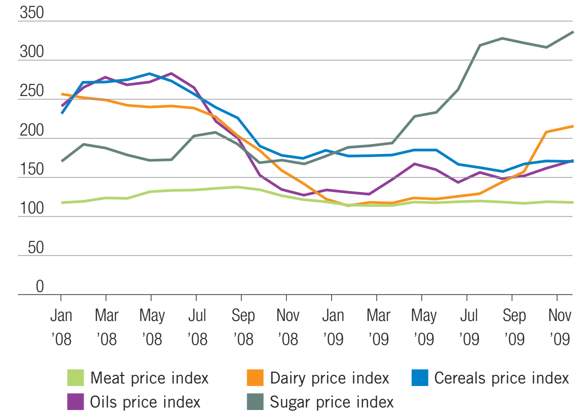
Price developments along the food supply chain (monthly price indices), January 2007 - July 2009



(*) Quarterly data for agricultural commodity price index. From 2009, the index has been extrapolated based on price levels of major commodities available in Agriviews database.

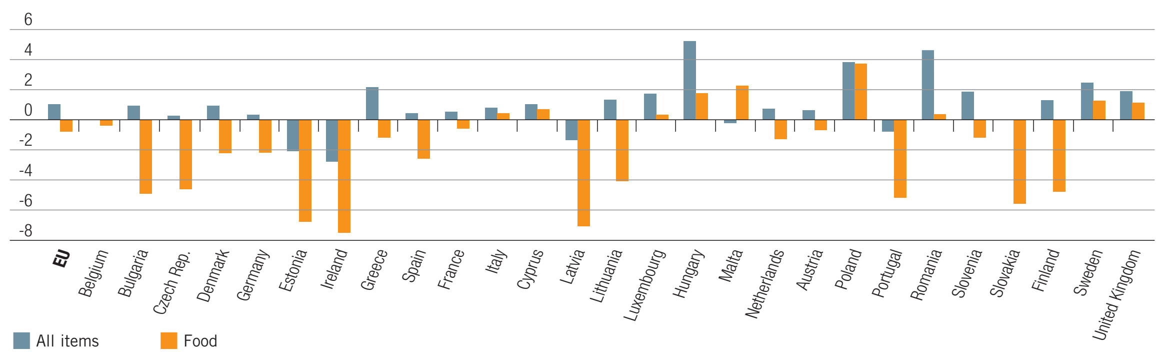
Sources: Eurostat, Agriviews

Evolution of world prices for selected agricultural raw materials, January 2008 - November 2009



Sources: FAO. For definition of indices: http://www.fao.org/worldfoodsituation/FoodPricesIndex/en/

Comparison between food prices and consumer price inflation[1] in the Member States (November 2009/November 2008)

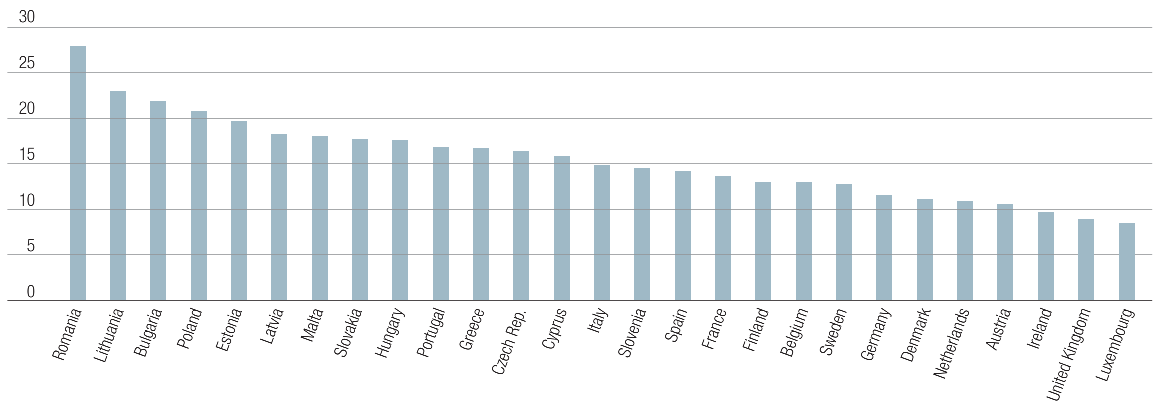


(1) Inflation measured by the annual average rate of change of the harmonised index of consumer prices for all items.

Sources: Eurostat, Harmonised indices of consumer prices (HICPs)

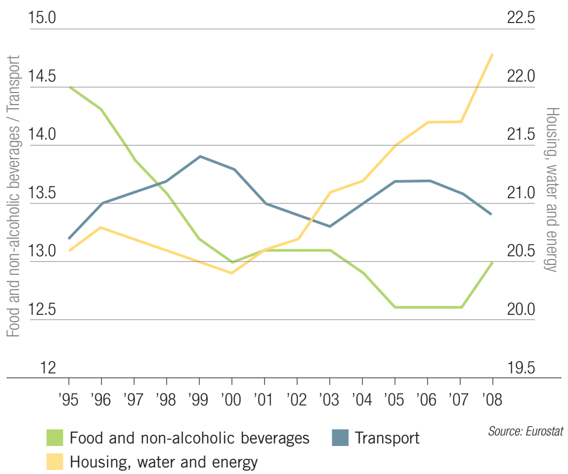
- In 2008, households spent on average 13% of their expenditure on food and non-alcoholic beverages.
- Foodstuffs rank third in the consumption expenditure of households by category, after "housing, water and energy" and "transport".
- For the first time since 1995, consumption expenditure on food and non-alcoholic beverages has increased at the expense of other categories such as clothing, recreation and culture (from 12.6% in 2007 to 13% in 2008). This trend, which is observed in most Member States, can be explained by the economic and financial crisis.

Household consumption expenditure in the EU: food and non-alcoholic beverages, 2008[1] (% of total household consumption expenditure)



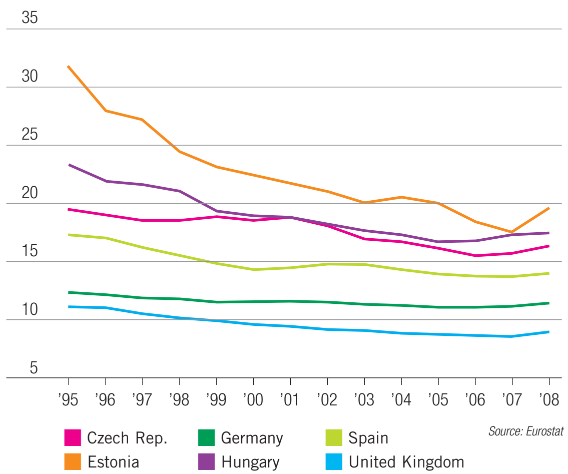
Source: Eurostat
(1) 2008 data or latest available data

Share of the top 3 household expenditures in the EU, 1995-2008 (%)



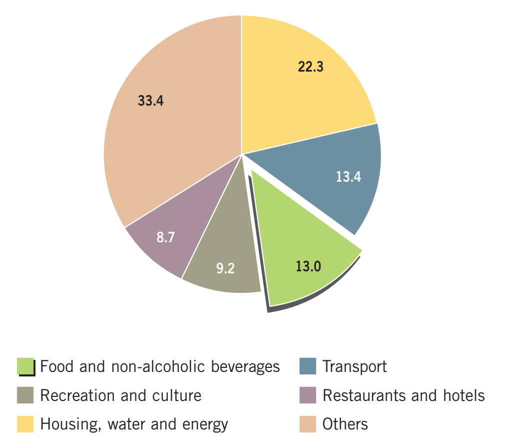
Source: Eurostat

Share of the household expenditure spent on food and non-alcoholic beverages in some Member States, 1995-2008 (%)



Source: Eurostat

Consumption expenditure of households on goods and services in the EU, 2008 (% of total household consumption expenditure)

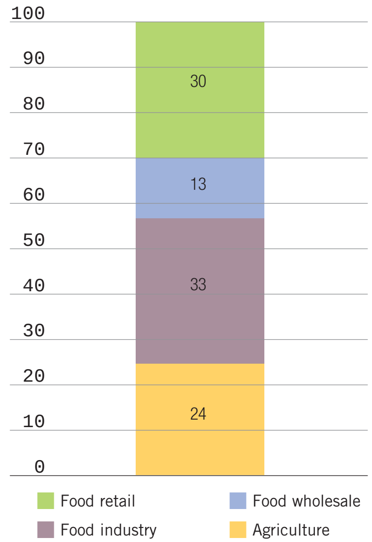


Source: Eurostat

Food chain

- The food chain connects three important sectors: the agricultural sector, the food and drink industry and the distribution sector. Together they account for more than 5% of EU value added and 11% of employment in the EU.
- In 2007, together they generated a total turnover of around € 3,300 billion and provided direct employment for 27 million people.
- The food and drink industry generates more than a quarter of the turnover and a third of the value added of the whole food chain whereas its share in terms of employment is much less (16%).

Repartition of value added in the food supply chain for EU-25, 2005 (%)



Source: Eurostat and Commission document SEC(2009) 1445

Structural overview of the food chain

		Agricultural holdings	*Food and drink manufacturers*	*Wholesale of agricultural and food products*	*Food and drink retail*
Number of operators	x 1000	14,482 (1)	310	273	891
Number of employees	x 1000	12.2 (2)	4.4	4.5	5.8
Turnover	€ billion	346	935	1,005	1,011

(1) 2005 data
(2) Number of employees expressed in annual work units, which are full-time labour equivalents

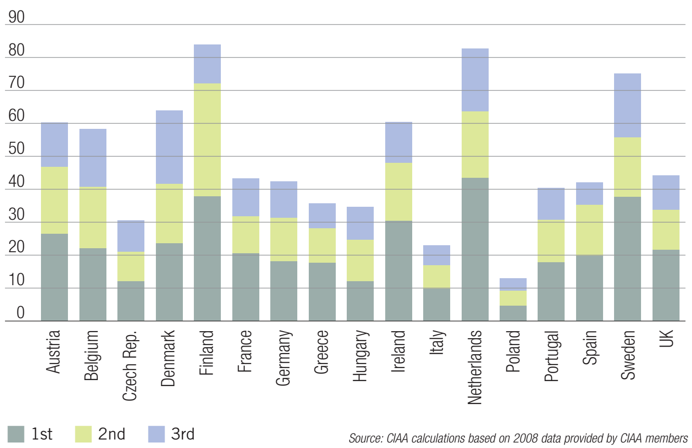
Source: Eurostat and CIAA, 2007

- The food supply chain has a unique and complex structure that includes a very fragmented market for the industry and an oligopolistic market of large retailers.
- Food and drink companies face considerable pressure from retailers on product prices, especially discounters, including through the increased share of private label products (retailer "own branded" products) in large retail chains.
- The share of private labels has risen significantly over the past number of years, reaching 89% of their entire product range for certain retailers. Retailers using private labels have higher bargaining power, while the industry's capacity to negotiate is declining. The evolution of private labels triggers concerns about the decrease in consumer choice and the possibility for brand development and innovation.

According to the European Commission, concentration in the retail sector is exceedingly high in most EU countries: UK's top 4 retailers account for 65% of the market, Finnish top 2 retailers for 75%, Latvian top 2 for 60%, Dutch top 3 for 83%, Slovenian top 3 for 63%, Portuguese top 5 for 63%, and German top 5 for 90%.

Source: Commission Communication COM (2009) 591

Current market share of the three largest retailers in various Member States



Source: CIAA calculations based on 2008 data provided by CIAA members

Private label share of top retailers

Rank	Company	*Private label share 2007 (%)*	*Private label share 2008 (%)*	*Change 08/07*
1	Wal-Mart	38	39	↗
2	Carrefour	35	36	↗
3	Metro Group	17	18	↗
4	Tesco	48	50	↗
5	Schwartz Group	61	60	↘
6	Severn&I*	28	30	↗
7	Target	15	16	↗
8	Costco	16	18	↗
9	Auchan	25	25	=
10	Kroger	25	26	↗
11	Aldi	94	89	↘
12	Safeway (USA)	25	25	=
13	SuperValu	18	16	↘

(*) includes consolidated operations only

Source: Planet Retail Ltd, quoted in Economic Downturn spurs on sophisticated private labelling, Press release 11 February 2009

World trends

Food and drink industry worldwide, 2008

	Total sales* (€ billion)	Total sales compared to previous year (%)	% of total manufacturing sales	Employees (x1000)
Australia	49.1	0.1	17.0	206
Brazil	103.9		17.5	1,412
Canada	55.8	-0.4	13.5	231
China	345.0		12.9	7,068
Japan	220.0	-0.2	10.0	1,400
Mexico	32.0		23.9	310
New Zealand	15.9	-6.6	23.4	63
United States	481.5	-2.9	12.4	1,691

(*) For Mexico and Japan: 2006
For USA: 2007

Source: CIAA (details available on request)

- In a number of countries, in particular New Zealand and Mexico, the share of the food and drink industry in the manufacturing industry is high, reaching almost one fourth of manufacturing output.
- The economic downturn has influenced food and drink sales worldwide. The USA experienced a slight decrease in output.
- Labour productivity (expressed as output in € per employee) in developing countries is still lagging behind levels in industrialised countries. EU levels fall between those in the most labour productive countries (i.e. USA) and the least productive (i.e. China).

Productivity of the food and drink industry worldwide

	Labour productivity (output in € per employee) 2007	2008*
USA	285	
Australia	256	238
New Zealand	220	252
Canada	205	242
EU	**214**	**220**
Japan		157
Mexico		103
Brazil	59	74
China	42	49

(*) For Mexico and Japan: 2006

Source: CIAA (details available on request)

- The EU is an important player in the world food and drink market. It is the largest exporter and importer in food and drink products worldwide (excluding intra-EU trade).
- The EU share of the global export market for food and drink products has been shrinking over the last years (from 24.6% in 1998 to 17.5% in 2008). This is primarily due to strong competition from Brazil and China and more recently, the growing importance of South-East Asian exporters, such as Malaysia and Indonesia (market share increase respectively from 2.7% and 2.8% in 2007 to 4.2% and 4% in 2008).
- Compared to the USA, the EU trade balance has resisted generally better to pressure from emerging economies over the last ten years. The EU trade balance remained slightly positive in 2008. Meanwhile however, the USA trade balance has been slowly improving in the last years (over $6 billion growth between 2006 and 2008) while the EU trade balance for food and drink products has been progressively decreasing.
- The performance of EU products in expanding markets like China and India, measured as the share of EU goods compared to imports of food and drink products from other origins, registered a slight upward trend in 2008, but was clearly weaker in more mature markets, such as USA and Australia.

Top 15 exporters of food and drink products, 2008

	Exports ($ billion)	*Share in world (%)*
European Union	86.1	17.5
United States	54.2	11.0
Brazil	35.9	7.3
China	29.5	6.0
Argentina	23.0	4.7
Thailand	22.6	4.6
Malaysia	20.8	4.2
Indonesia	19.8	4.0
Canada	18.9	3.9
Australia	14.5	3.0
New Zealand	14.4	2.9
India	12.9	2.6
Mexico	8.9	1.8
Vietnam	8.7	1.8
Chile	8.2	1.7

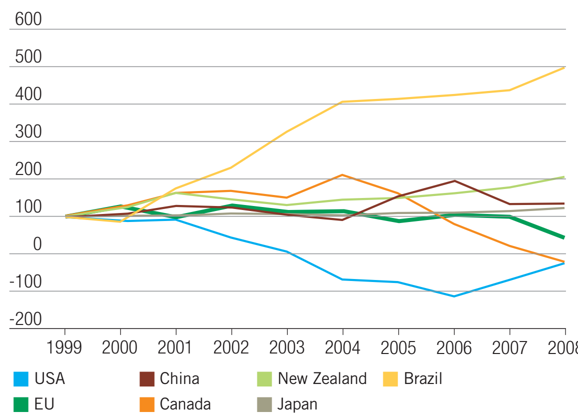
Intra-EU is excluded from world trade *Source: WITS database*

Top 15 importers of food and drink products, 2008

	Imports ($ billion)	*Share in world (%)*
European Union	84.5	17.2
United States	71.0	14.5
Japan	42.3	8.6
China	24.1	4.9
Russian Federation	22.8	4.6
Canada	19.3	3.9
Mexico	13.2	2.7
South Korea	12.4	2.5
Hong Kong	10.3	2.1
Australia	8.2	1.7
Switzerland	7.7	1.6
United Arab Emirates	7.4	1.5
Malaysia	7.1	1.4
Singapore	6.7	1.4
Thailand	6.4	1.3

Intra-EU is excluded from world trade *Source: WITS database*

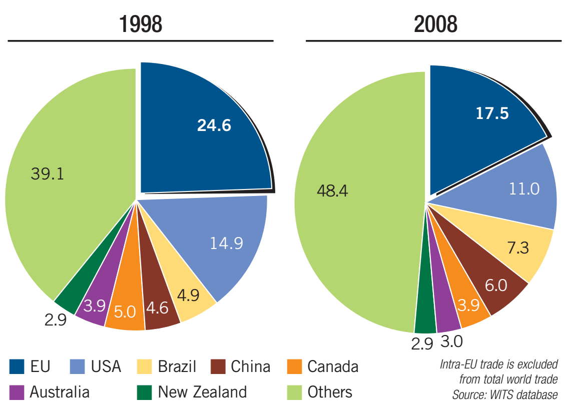
Evolution of the external trade balance of various food and drink industries (1999=100)



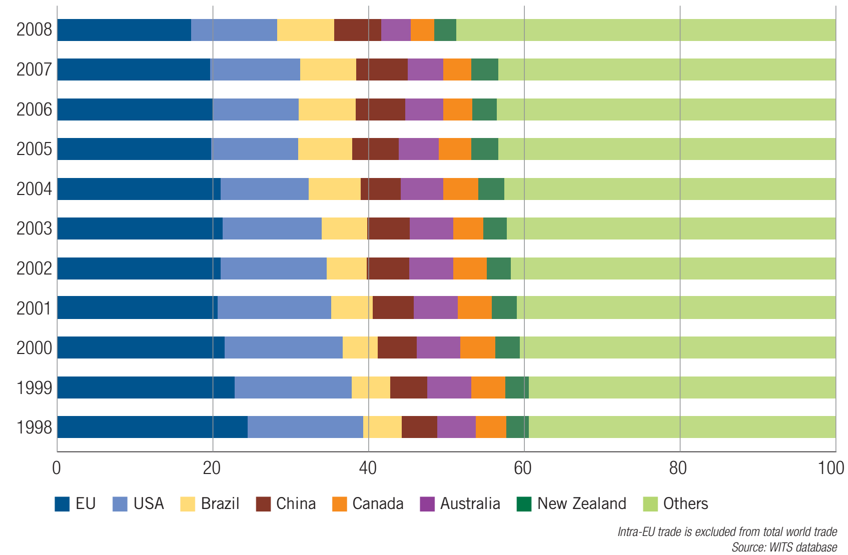
Intra-EU is excluded from world trade *Source: WITS database*

EU food and drink products on world markets

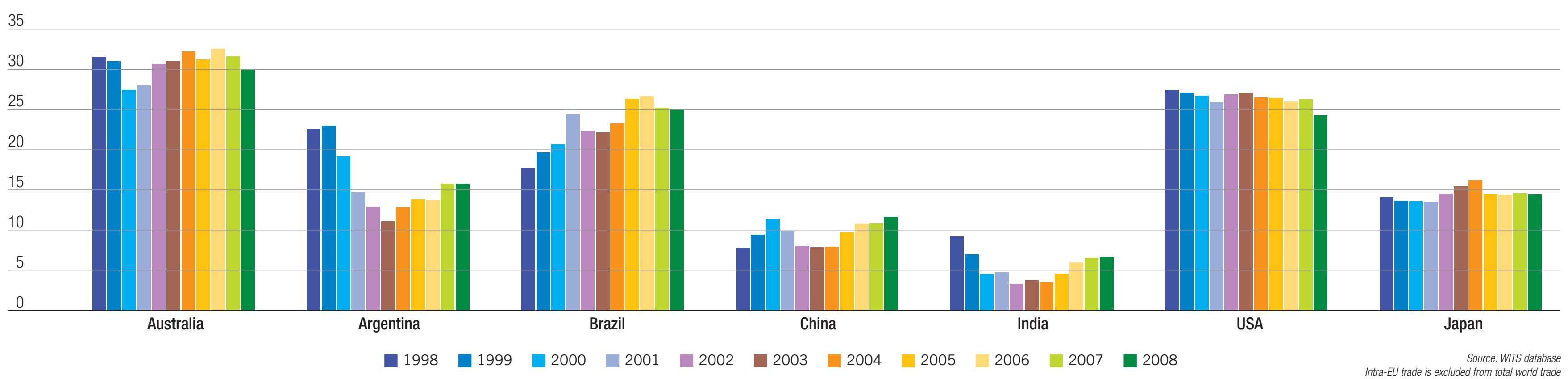
Market shares of world food and drink exports, 1998-2008 (%)



Share of various countries in world food and drink exports (% of total)

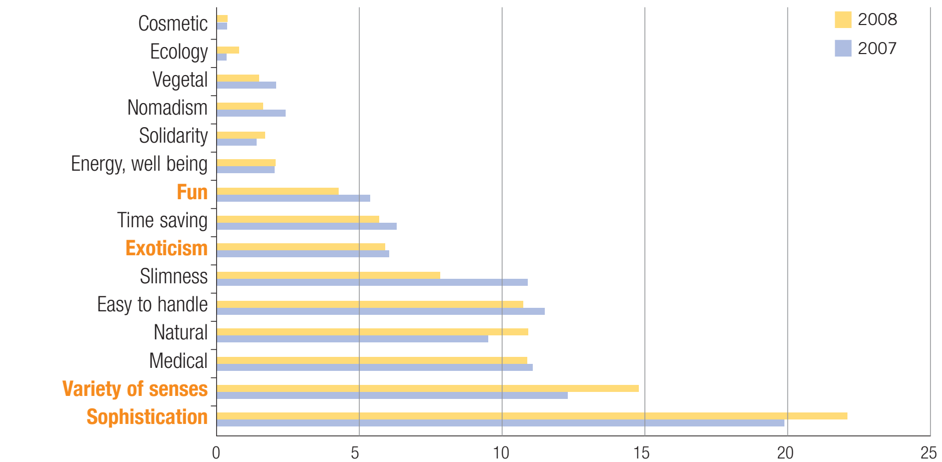


Share of EU products in total food and drink imports of various countries, 1998-2008 (%)



- Innovation can be divided into 15 trends, grouped together in 5 axes: Pleasure, Health, Physical, Convenience and Ethics.
- At a global level, the pleasure axis continues to drive innovation all over the world, except in North America.
- At a European level, the two leading trends are sophistication and variety of senses that show the sharpest progression. The health category is equally composed of medical and natural trends.
- The soft drinks and the ready-made meals are the two categories showing a clear progression. The dairy products category registered a general decrease in innovation but remains however, the most innovative category.

Share of the trends of food innovation in Europe: 2007 – 2008 (%)



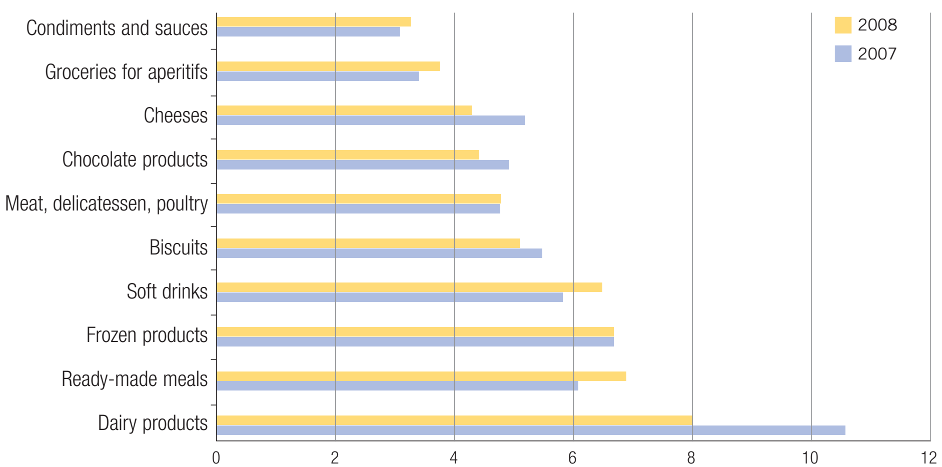
Source: XTC world innovation. Copyright XTC 2009 (www.xtcworldinnovation.com)

Trends of food innovation in Europe

Axis	*Trend*
Health	Medical Natural Vegetal
Pleasure	**Sophistication** **Exoticism** **Variety of senses** **Fun**
Physical	Slimness Cosmetic Energy, well-being
Convenience	Time saving Easy to handle
Ethics	Nomadism Ecology Solidarity

Source: XTC world innovation 2008. Copyright XTC 2009

The 10 most innovative food sectors in Europe: 2007 - 2008 (%)



Source: XTC world innovation. Copyright XTC 2009 (www.xtcworldinnovation.com)

The top world and EU food and drink companies in 2008-2009

Ranking of world agri-food companies by global food and drink sales

Name	Head-quarter	Year end	Sales in € billion	Growth to previous year (%)	Employees (x1000)	Main sectors
Cargill*	US	May09	83.1	-3.0	159	*multi-product*
Nestlé	CH	Dec08	68.9	2.2	283	*multi-product*
PepsiCo Inc.	US	Dec08	29.2	10.0	198	*beverages, snacks*
Kraft Foods Inc.	US	Dec08	28.5	16.8	98	*multi-products*
Archer Daniels Midland	US	Jun09	23.2	6.0	28	*cereal and oilseeds processing*
Unilever NV/Unilever Plc	NL/UK	Dec08	21.9	1.6	174**	*multi-products*
The Coca-Cola Company	US	Dec08	21.5	11.0	92	*beverages*
Mars Inc.	US	Dec08	20.2	20.0	65	*prepared foods, confectionery*
Tyson Foods Inc.	US	Sep09	19.7	4.4	117	*meat*
SABMiller Plc	US	Mar09	17.5	6.0	70	*beer*
Anheuser-Busch InBev	BE	Dec08	16.1	5.2	120	*beer*
Groupe Danone	FR	Dec08	15.2	8.4	80	*dairy, waters, baby & med. nutrition*
Kirin Brewery Company Ltd	JP	Dec08	14.8	27.9	36	*beer, alcoholic beverages*
Heineken N.V.	NL	Dec08	14.3	27.3	56	*beer*
Diageo Plc	UK	Jun09	14.5	15.0	24	*alcoholic beverages*
Associated British Food	UK	Sep09	10.7	12.0	96	*sugar, starch, prepared foods*
General Mills Inc.	US	May09	10.5	8.0	30	*prepared foods*
Suntory Ltd.	JP	Dec08	9.7	1.2	22	*alcoholic beverages*
Royal FrieslandCampina NV	NL	Dec08	9.5	5.0	21	*dairy products*
Asahi Breweries Ltd.	JP	Dec08	9.4	-0.1	16	*beer, alcoholic beverages*
Lactalis	FR	Dec08	9.3	6.9	38	*dairy products*
Sara Lee Corporation	US	Jun09	9.3	-2.5	41	*prepared foods*
ConAgra Foods Inc.	US	May09	9.1	10.1	26	*prepared foods*
Smithfield Foods Inc.	US	Apr09	8.8	10.0	57	*meat, processed foods*
Kellogg Company	US	Dec08	8.6	9.0	32	*breakfast cereals, snacks*
Vion	NL	Dec08	8.6	21.0	25	*multi-products, ingredients*
Dean Foods Company	US	Dec08	8.4	7.0	26	*dairy products*
HJ Heinz Company	US	Apr09	7.1	5.5	30	*prepared foods*
Fonterra	NZL	Jul09	7.0	21.0	16	*dairy products*
Cadbury Plc	UK	Dec08	6.9	6.0	45	*beer, confectionery*

(*) Cargill sales include food, agricultural and risk management products and services.
(**) The data include food and home/personal care products.

Ranking of European agri-food companies by European food and drink sales

Name	Head-quarter	Year end	Sales in € billion	Growth to previous year (%)	Employees (x1000)	Main sectors
Nestlé	CH	Dec08	17.6	-1.1	94.2	*multi-product*
Heineken N.V.	NL	Dec08	11.3	30.1	41.8	*beer*
Unilever NV/Unilever Plc**	NL/UK	Dec08	12.9	-3.6	30.0	*multi-product*
Groupe Danone	FR	Dec08	9.5	5.1	30.6	*dairy, waters, baby & med. nutrition*
Lactalis	FR	Dec08	8.5	-7.0	25.0	*dairy products*
Associated British Food	UK	Sept09	7.1	17.0	71.5	*sugar, starch, prepared foods*
FrieslandCampina	NL	Dec08	6.9	4.3	14.7	*dairy products*
Ferrero	IT	Aug09	6.3	2.1		*confectionery*
Danish Crown	DK	Oct09	6.0	-9.5	24.3	*meat products*
Südzucker	DE	Feb09	5.9	1.6	18.0	*sugar, multi-product*
Anheuser-Busch InBev	BE	Dec08	5.4	-4.4		*beer*
Carlsberg	DK	Dec08	5.0	15.7	18.9	*beer*
Oetker Group	DE	Dec08	4.3	14.1	24.7	*multi-products*
Barilla	IT	Dec08	4.0	5.1	16.2	*beverages, confectionery*
Nutreco	NL	Dec08	3.4	20.9	6.1	*animal nutrition*
Diageo Plc	UK	Jun09	3.2	4.5		*alcoholic beverages*
Pernod Ricard	FR	Jun09	3.2	9.4		*alcoholic beverages*
Kerry Group	IR	Dec08	3.0	-2.9	14.9	*multi-product*
Bongrain	FR	Dec08	2.9	4.8	14.2	*dairy products*
Barry Callebaut	CH	Aug09	2.2	-5.5	5.0	*cocoa and chocolate products*
Ebro Puleva	ES	Dec08	1.7	15.0	4.4	*rice, sugar, dairy*
Tate&Lyle	UK	Mar09	1.7	17.8	3.5	*ingredients, prepared foods*
Cadbury Plc	UK	Dec08	1.4	24.8	10.7	*confectionery*
Parmalat	IT	Dec08	1.2	-1.5	2.8	*milk, fruit-based drink*
Danisco	DK	Apr09	0.7	-0.8	3.4	*ingredients*

(**) The data include food and home/personal care products.

CIAA members

National Federations

Austria
FIAA – Fachverband Lebensmittelindustrie

Belgium
FEVIA – Fédération de l'Industrie Alimentaire / Federatie Voedingsindustrie

Czech Republic
PKCR - Potravinářská Komora České Republiky

Denmark
FI – Foedevareindustrien

Estonia
ETL – Eesti Toiduainetööstuse Liit

Finland
ETL – Elintarviketeollisuusliitto

France
ANIA – Association Nationale des Industries Alimentaires

Germany
BLL – Bund für Lebensmittelrecht und Lebensmittelkunde
BVE – Bundesvereinigung der Deutschen Ernährungsindustrie

Greece
SEVT – Συνδεσμος Ελληνικων Βιομηχανιων Τροφιμων / Federation of Hellenic Food Industries

Hungary
EFOSZ – Élelmiszerfeldolgozók Országos Szövetsége

Ireland
FDII – Food & Drink Industry Ireland

Italy
FEDERALIMENTARE – Federazione Italiana dell'industria Alimentare

Latvia
LPUF – Latvijas Pārtikas Uzņēmumu Federācija

Luxembourg
FEDIL - Fédération des Industries Agro-alimentaires Luxembourgeoises

Poland
PFPZ – Polska Federacja Producentów Żywnosci

Portugal
FIPA – Federação das Indústrias Portuguesas Agro-alimentares

Romania
Romalimenta – Federatia Patronala din Industria Alimentara

Slovakia
UPZPPS – Unia podnikatel'ov a zamestnávatel'ov v potravinárskom priemysle na Slovensku
PKS – Potravinárska Komora Slovenska

Slovenia
GZS – Zbornica kmetijskih in zivilskih podjetij

Spain
FIAB – Federación Española de Industrias de la Alimentación y Bebidas

Sweden
LI – Livsmedelsföretagen

The Netherlands
FNLI – Federatie Nederlandse Levensmiddelen Industrie

United Kingdom
FDF – Food & Drink Federation

Observers:

Croatia
HUP – Hrvatska udruga poslodavaca

Norway
NBL - Næringsmiddelbedriftenes Landsforening

Turkey
GDF - Türkiye Gıda ve İçecek Sanayii Dernekleri Federasyonu

Sectors

Bakery
AIBI

Beer
THE BREWERS OF EUROPE

Bottled waters
EFBW

Breakfast cereal
CEEREAL

Broth & Soup
FAIBP

Chocolate, biscuits & confectionery
CAOBISCO

Dairy products
EDA

Dietetic products
IDACE

Fruit & vegetable juices
AIJN

Fruit & vegetable preserves
PROFEL

Ice cream
EUROGLACES

Intermediate products for bakery & confectionery
FEDIMA

Margarine
IMACE

Oils
FEDIOL

Pasta
UNAFPA

Pet food
FEDIAF

Processed meat
CLITRAVI

Processed potatoes
EUPPA

Sauce and condiment
FIC

Snacks
ESA

Soft Drinks
UNESDA

Soluble & roasted coffee
ECF

Spices
ESA

Spirits
CEPS

Starch
AAF

Sugar
CEFS

Tea & Herbal Infusions
EHIA
ETC

Vegetable proteins
EUVEPRO

Yeast
COFALEC

Major food and drink companies

ADM

BARILLA GROUP

BUNGE

CADBURY

CAMPBELL EUROPE

CARGILL

COCA-COLA

DANONE

FERRERO INTERNATIONAL

GENERAL MILLS INTERNATIONAL

HEINEKEN

HEINZ

KELLOGG´S

KRAFT FOODS

MARS

NESTLE EUROPE

PEPSICO

PROCTER & GAMBLE FOOD PRODUCTS

SÜDZUCKER

TATE & LYLE

UNILEVER

YILDIZ HOLDING

Status of December 2009

Confédération des industries agro-alimentaires de l'UE
Confederation of the food and drink industries of the EU

CIAA AISBL
Avenue des Arts 43
1040 Brussels
Belgium

Phone +32 2 514 11 11
Fax +32 2 511 29 05
ciaa@ciaa.eu
www.ciaa.eu

Published in March 2010