Data & Trends of the European Food and Drink Industry 2012

FOODDRINK
EUROPE

Introduction

Welcome to the 2012 Data & Trends of the European food and drink industry. This edition, the eleventh so far, provides a comprehensive picture of the structure and economics of our industry, the largest manufacturing sector in the EU in terms of turnover (€1,017 billion). This year's publication addresses in particular the performance of the food and drink industry in the economic downturn: the analysis shows that food and drink manufacturers have sustained, positive growth in the EU economy, outperforming the vast majority of other EU manufacturing sectors. This is particularly the case for employment, where the number of people employed (4.25 million) remained steady in 2011. However, notwithstanding this strong performance, the EU continues to lag behind its main trading partners on R&D investment and export market share.

Jesús Serafín Pérez
President of FoodDrinkEurope

This report covers the whole European food and drink industry, which is identified by the NACE rev2 codes C10 (food products) and C11 (drinks). For more information on classification and on the definition of economic indicators, visit http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/metadata.

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The EU food and drink industry in 2011

Turnover

€1,017 billion
(↑6.8% compared to 2010)

Largest manufacturing sector in the EU (14.9%)

Employment

4.25 million people
(Stable compared to 2010)

Leading employer in the EU manufacturing sector (15.0%)

SMEs

49.3% of food and drink turnover

63.4% of food and drink employment

External Trade

Exports €76.2 billion
(↑16.6% compared to 2010)

Imports €63.0 billion
(↑13.5% compared to 2010)

Trade balance €13.2 billion
Net exporter of food and drink products

Number of companies[1]

287,000
Fragmented industry

Value added

(% of EU GVA[2])

1.9%

Consumption

(% of household expenditure)

14.5%

EU market share of global exports

16.5% (20.5% in 2002)
Shrinking share in world markets

R&D

(% of food and drink industry turnover)

0.53%[3]

Sources: Eurostat, UN COMTRADE, OECD

(1) 2010 data
(2) For definition, see page 25
(3) 2009 data

EU Single Market

The EU food and drink industry, 2010-2011

		2010	2011	2011/2010 (%)
Turnover	€ billion	953	1,017	6.8
Value added	€ billion	203	-	
Number of employees	million	4.25	4.25	0.0

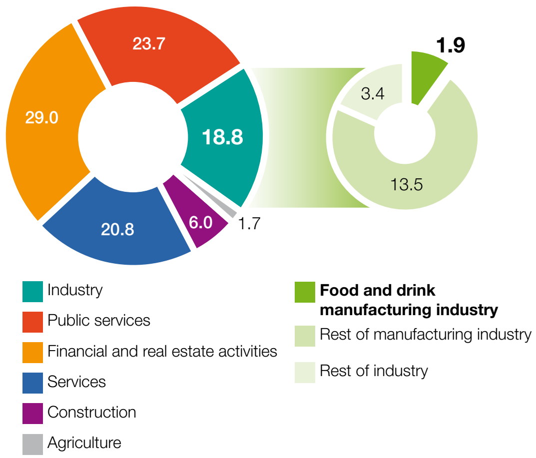
Sources: Eurostat (SBS); FoodDrinkEurope calculations

The food and drink industry in the EU economy

The largest manufacturing sector in terms of turnover, value added and employment

- The food and drink industry maintains the characteristics of a stable, non-cyclical and robust sector against the backdrop of the present economic downturn.
- The food and drink industry contributes 1.9% to EU gross value added. Manufacturing as a whole represents a shrinking share of EU gross value added: this share declined from 20.4% in 1995 to 15.4% in 2010.
- The gross operating rate (an approximation of profitability) of the food industry is close to the one for manufacturing as a whole. Throughout the economic downturn, it continued to increase, while a sharp decrease was observed in other key manufacturing sectors.

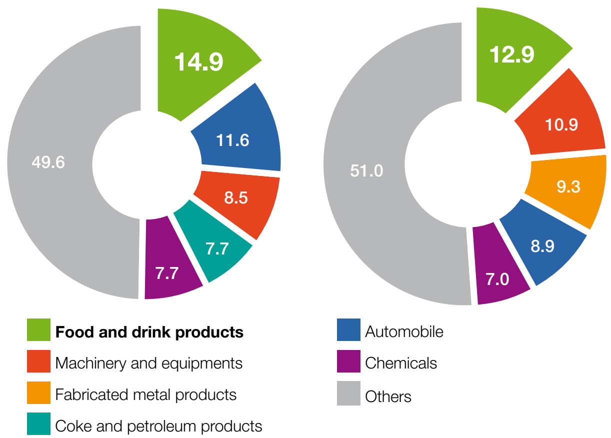
Contribution of the EU food and drink industry to the EU economy (% of gross value added)[1]



Source: Eurostat 2010 (SBS)
(1) For definition, see page 25

Share of turnover in the EU manufacturing industry (%)

Share of value added in the EU manufacturing industry (%)

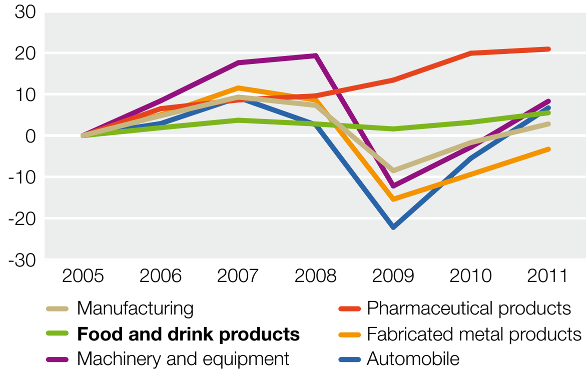


Source: Eurostat 2010 (SBS)

The EU food and drink industry in the economic downturn

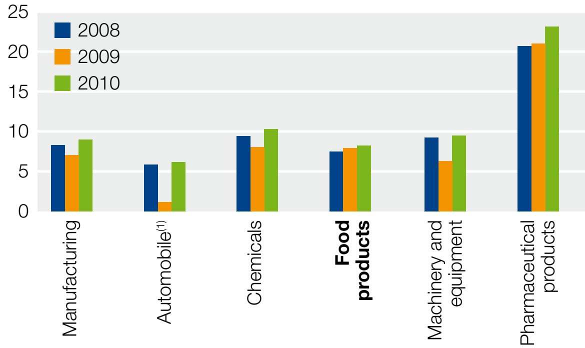
Since 2008, production has increased steadily, with 2.6% growth between 2008 and 2011 compared to 4.2% drop for the EU manufacturing sector as a whole during the same period.

Production in the manufacturing industry, 2005-2011 (% change since 2005)



Sources: Eurostat (STS); FoodDrinkEurope calculations

Gross operating rate[2] of the manufacturing industry, 2008-2010 (%)



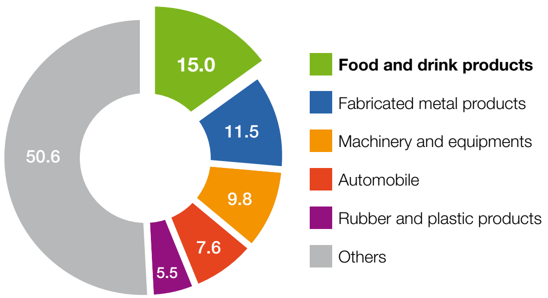
(1) 2007 data instead of 2008 data. (2) For definition, see page 25
Source: Eurostat (SBS)

Employment

Leading employer in the EU manufacturing industry

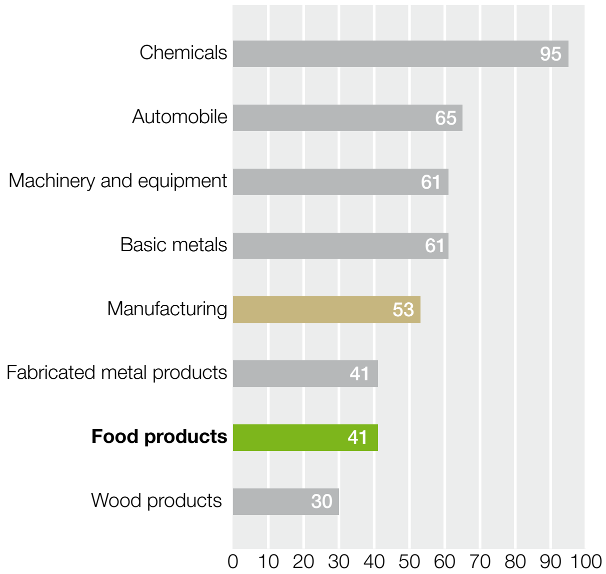
- Food and drink companies in the EU directly employ 4.25 million people. This is the largest EU manufacturing sector for direct employment (15%).
- Labour productivity in the EU food and drink industry is lower than in most other manufacturing sectors. There is a correlation between the average number of people employed per company and low productivity in the food and drink industry.

Share of employment in the EU manufacturing industry (%)



Source: Eurostat 2010 (SBS)

Labour productivity[1], 2010 (€ 1,000 per employee)



(1) Value added per employee
Source: Eurostat (SBS)

Average number of persons employed per company, 2010

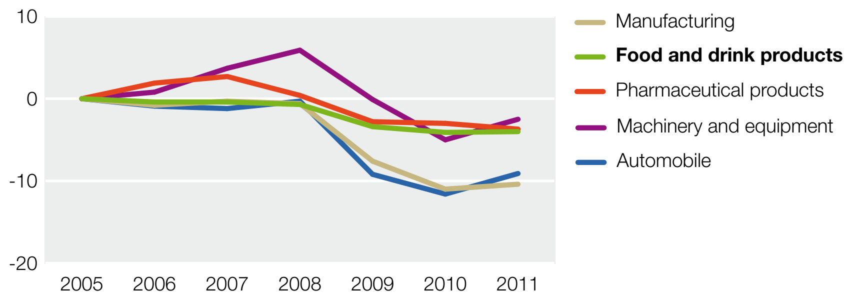
Automobile	106
Basic metals	56
Chemicals	41
Machinery and equipment	29
Food products	**15**
Manufacturing	14
Fabricated metal products	9
Wood products	6

Source: Eurostat (SBS)

The EU food and drink industry in the economic downturn

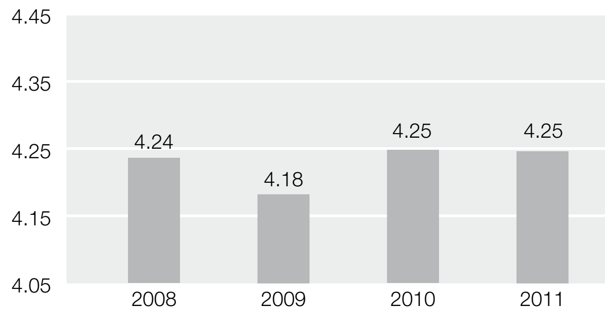
During the economic downturn, levels of employment in the food and drink industry remained quite stable, with only slight fluctuations (-1.3% between 2008 and 2009; +1.6% between 2009 and 2010). Over the same period, the food and drink industry outperformed the manufacturing sector as a whole, which incurred a higher decrease in employment (-7.1% and -1.7% respectively).

Employment in the EU manufacturing industry, 2005-2011 (% change since 2005)



Sources: Eurostat (STS), FoodDrinkEurope calculations

Employment in the EU food and drink industry, 2008-2011 (million)



Sources: Eurostat (SBS); FoodDrinkEurope calculations

SMEs[1]

EU F&D industry: A diversified sector

SMEs represent:

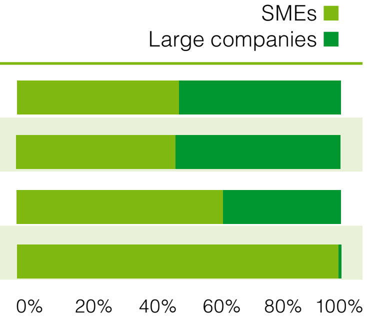
€472 billion of turnover
€99 billion of value added
2.9 million employees
285,000 companies

SMEs account for:

49.3% of F&D turnover
48.7% of F&D value added
63.4% of F&D employment
99.1% of F&D companies

Key role of SMEs in the EU F&D industry

	Micro-companies (% in total)	Small companies (10-19) (% in total)	Small companies (20-49) (% in total)	Medium-sized companies (% in total)
Turnover	7	5	9	28
Value added	9	6	9	24
Number of employees	16	10	12	26
Number of companies	79	10	6	4



Fragmentation of the industry in some Member States

Distribution of companies in some Member States (% of total companies per Member States)

	DK	ES	FR	RO
Micro-companies	57	78	90	66
Small companies (10-19)	21	10	5	15
Small companies (20-49)	14	8	3	12
Medium-sized companies	6	3	2	6
Large companies	2	1	1	1

Number of SMEs and large companies by sub-sector

	SMEs (%)	Large companies (%)
Food & drink industry sub-sectors	99.1	0.9
Bakery and farinaceous products	99.6	0.4
Oils and fats	99.5	0.5
Grain mill and starch products	99.0	1.0
Beverages	98.8	1.2
Animal feeds	98.7	1.3
Meat products	98.6	1.4
Various food products	98.2	1.8
Processed fruit and vegetables	98.0	2.0
Fish products	97.9	2.1
Dairy products	97.7	2.3

Focus on medium-sized companies

Medium-sized companies contribute **28%** to EU F&D turnover (6.9% growth in 2010) and employ **26%** of the EU F&D workforce while representing only 4% of EU F&D companies

Turnover	**2010/2009** (%)
All companies	3.2
Micro companies	-0.2
Small companies (10-19)	1.2
Small companies (20-49)	2.4
Medium-sized companies	6.9
Large companies	2.9

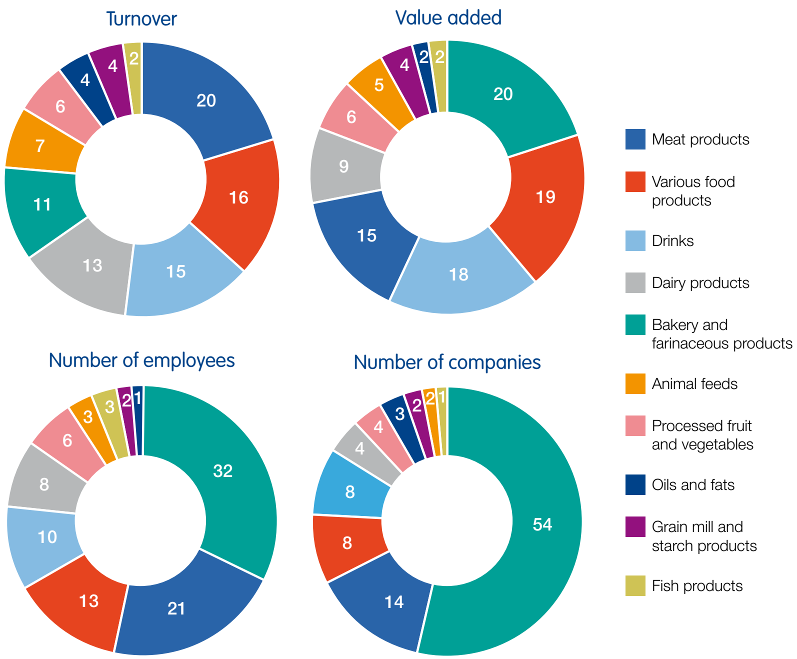
(1) For definition, see page 25
Sources: Eurostat 2010 (SBS); FoodDrinkEurope calculations

Sub-sectors

Very diverse food and drink industry sub-sectors

- The meat sector is the largest sub-sector, representing 20% of total turnover. It has the largest number of SMEs and large companies after the "bakery and farinaceous products" category, largely based on small scale craft production.
- The "bakery and farinaceous products" category ranks first in terms of value added, employment and number of companies.
- The top 5 sub-sectors (meat sector, bakery and farinaceous products, dairy products, drinks and "various food products" category) represent 76% of the total turnover and more than four fifths of the total number of employees and companies.

Distribution of turnover, value added, number of employees and companies in food and drink industry sub-sectors, 2010 (%)



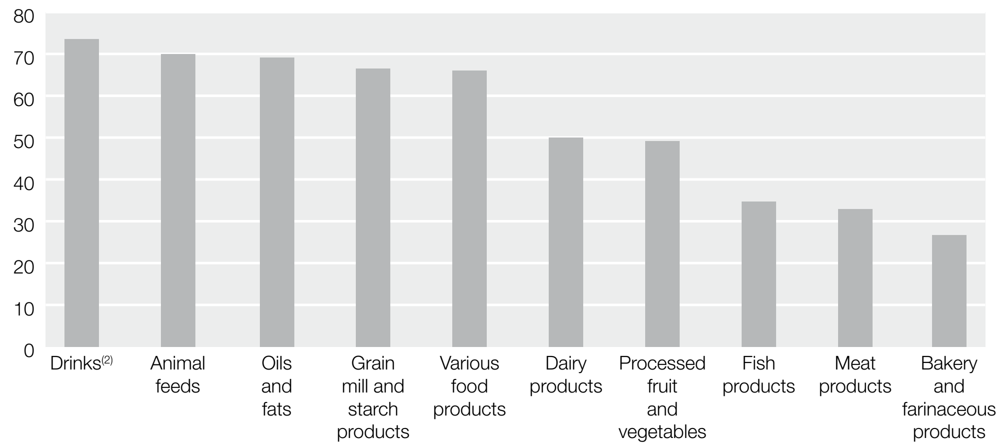
Source: Eurostat (SBS)

Distribution of companies in sub-sectors of the EU food and drink industry, 2010

Sectors	Number of companies (total)	Number of SMEs	Number of large companies
Bakery and farinaceous products	154,157	153,617	540
Meat products	40,000	39,425	575
Various food products	24,544	24,094	450
Drinks	23,100	22,814	286
Dairy products	11,745	11,475	270
Processed fruit and vegetables	9,899	9,699	200
Oils and fats	8,637	8,598	39
Grain mill and starch products	6,271	6,207	64
Animal feeds	5,146	5,082	64
Fish products	3,599	3,524	75
Total	**287,098**	**284,535**	**2,563**

Source: Eurostat (SBS)

Labour productivity[1], 2010 (€ 1,000)



(1) Value added per employee
(2) 2009 data

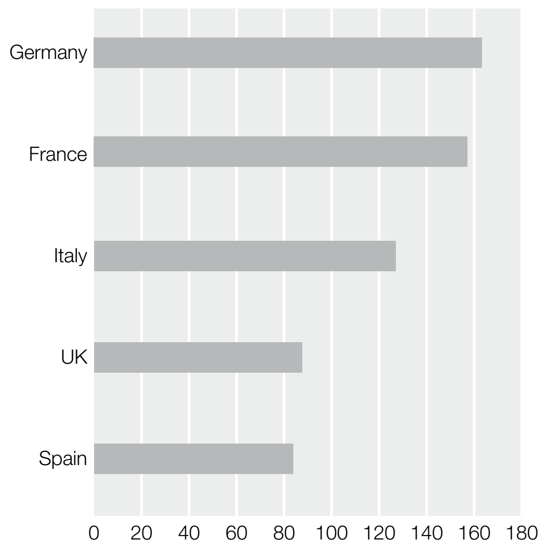
Source: Eurostat (SBS)

The national picture

A key sector in the economies of EU Member States

- The food and drink industry features in the top three manufacturing activities in terms of turnover in several Member States and ranks first in France, Spain, the UK, Denmark and Portugal.
- Germany, France, Italy, the UK and Spain are the largest EU food and drink producers.

Top 5 Member States in terms of food and drink industry sales, 2011 (€ billion)



Source: FoodDrinkEurope (National Federations)

Food and drink industry data as published by FoodDrinkEurope National Federations[1], 2011

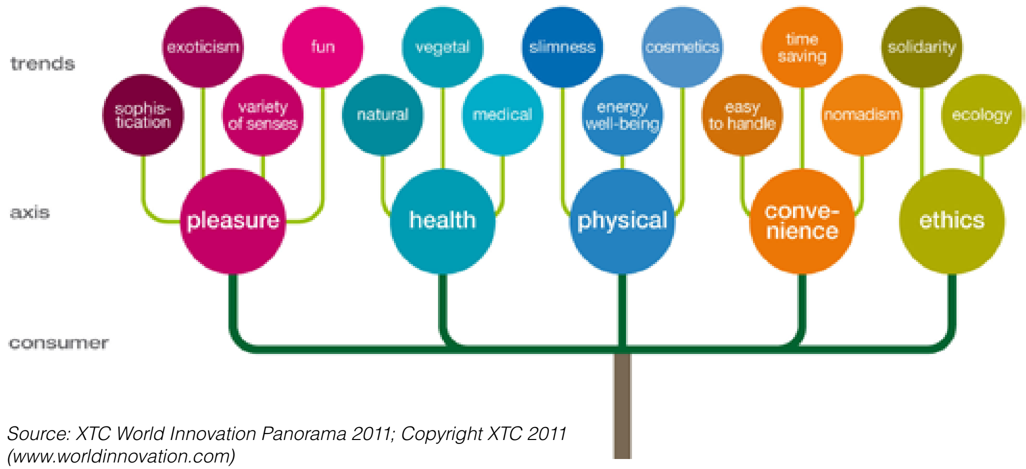
	Turnover € billion	Value added € billion	Number of employees 1,000	Number of companies
Austria	12.6	4.7*	58	3,921*
Belgium	44.5	6.7	89	4,912
Bulgaria	4.7	0.8*	99*	5,612
Cyprus	1.5	0.4*	13*	863
Czech Republic	11.3	2.9	105	8,360
Denmark	25.4	3.2	55	1,610*
Estonia	1.5	0.3	13	422
Finland	11.3	2.5	33	1,900
France	157.2	29.3	500	10,000
Germany	163.3	11.5	550	5,960
Greece	11	1.4	65	1,180
Hungary	8.3	2.0	97	6,556
Ireland	22.0	6.0*	43	689
Italy	127.0	24.2	408	6,300
Latvia	1.6	0.3*	25*	788
Lithuania	3.6	0.6*	42*	1,205
Netherlands	59.2*	14.3	131	4,385*
Poland	49.7	8.9*	403*	13,708
Portugal	14.5	2.9	110	10,513
Romania	10.5	2.2*	186	8,239
Slovakia	3.7	0.7	30	218
Slovenia	2.2	0.5*	16*	1,214
Spain	83.8	20.0*	446	30,000
Sweden	19.2	4.4	56	3,400
United Kingdom	87.6	23.7	370	6,500

(1) Or by Eurostat
** 2010 data*

Consumer expectations driving innovation

- Drivers of innovation can be divided into 15 trends, grouped together along five axes, corresponding to general consumer expectations: pleasure, health, physical, convenience and ethics.
- Pleasure is the leading axis with a 54.5% share in 2011 (an increase of 2.3% on the previous year).
- The share of innovation based on health and physical factors has decreased from 2010 to 2011.
- Frozen products are the leaders in innovation, followed by dairy products. Ready-made meals saw the most important decrease (-1.3% point) and ranked third in 2011.

Food innovation trends in Europe



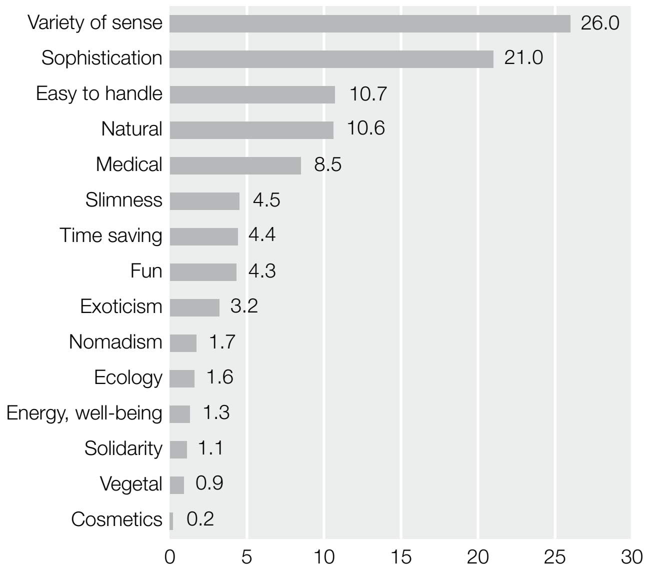
Source: XTC World Innovation Panorama 2011; Copyright XTC 2011 (www.worldinnovation.com)

Drivers of innovation in Europe, 2010-2011 (%)

	2010	2011
Pleasure	52.2	54.5
Health	22.4	19.9
Convenience	16.6	16.8
Physical	6.5	6.1
Ethics	2.3	2.7

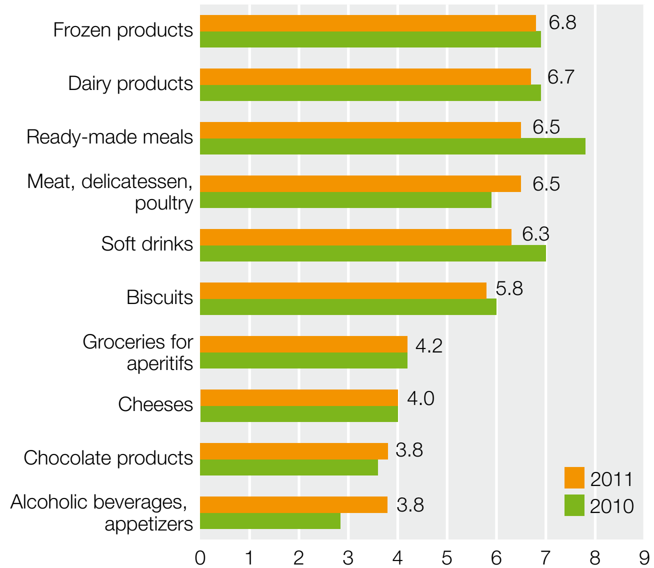
Source: XTC World Innovation Panorama 2011; Copyright XTC 2011 (www.worldinnovation.com)

Food innovation trends in Europe, 2011 (%)



Source: XTC World Innovation Panorama 2011; Copyright XTC 2011 (www.worldinnovation.com)

Top ten most innovative food sectors in Europe, 2010-2011 (% of total European food innovation in 2011)



Source: XTC World Innovation Panorama 2011; Copyright XTC 2011 (www.worldinnovation.com)

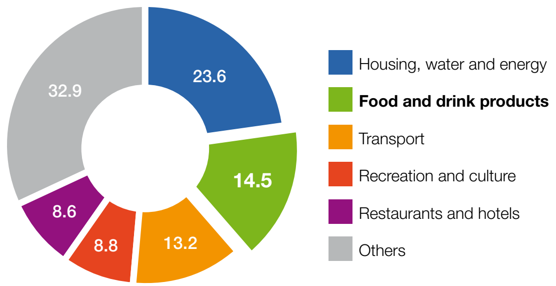
Consumption

Stable EU household expenditure for food and drink products

- In 2011, households spent on average 14.5% of their expenditure on food and drinks.
- Foodstuffs ranked second in the consumption expenditure of households by category after the housing, water and energy category.
- Total household expenditure on food and drink products exceeded €1,000 billion in 2011.
- In the past 10 years, expenditure on food and drinks saw a slight decrease (-1.4%) while high variations in spending were observed in other categories (housing, water and energy 13.5%; health 9.1%; clothing -11.5% and household equipment -12.3%).

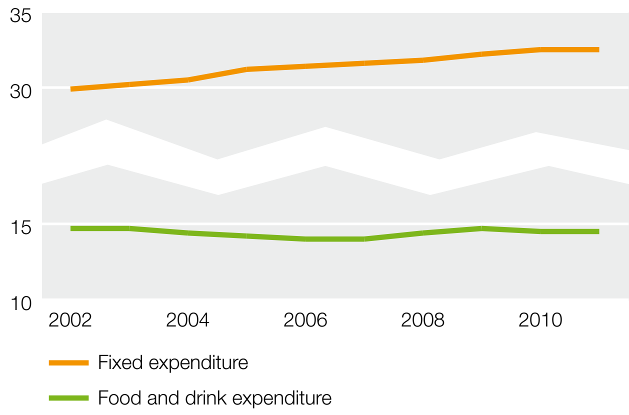
Note: In contrast to previous years, alcoholic drinks are included in the category 'food and drink products'.

Top five consumption expenditures of households on goods and services in the EU, 2011 (% of total expenditure)



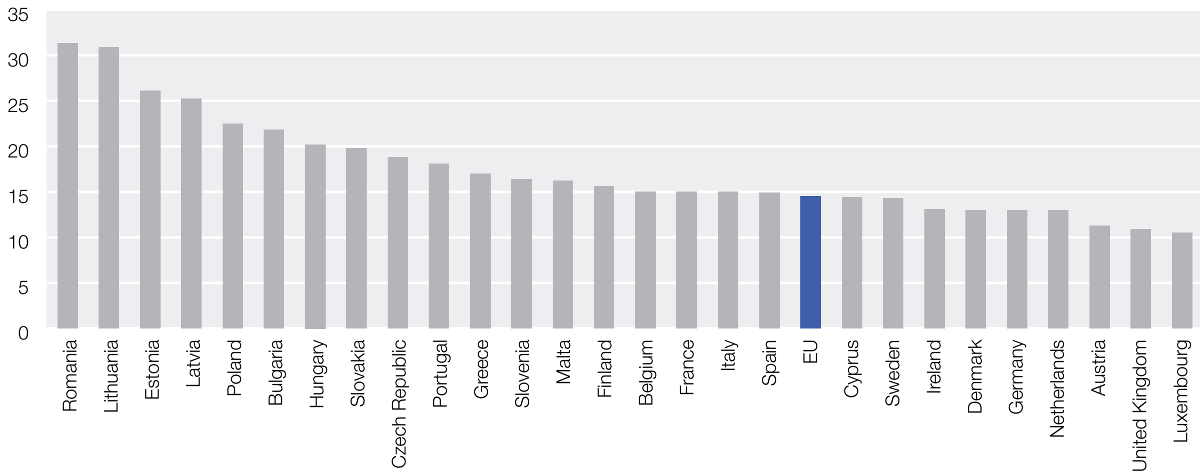
Source: Eurostat (National accounts)

Food and drink expenditure versus fixed expenditure[1] (% of total household expenditure in the EU)



(1) For definition, see page 25.
Sources: Eurostat; FoodDrinkEurope calculations

Household consumption expenditure in the EU for food and drink products, 2011[(1)] (% of total expenditure)

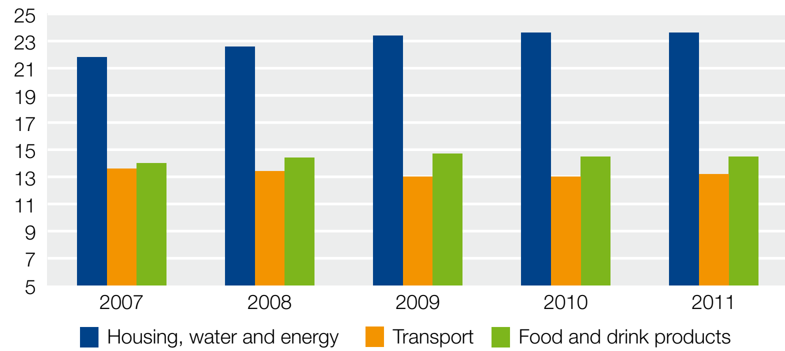


(1) Bulgaria and Spain: 2010; Lithuania and Romania: 2009
Source: Eurostat (National accounts)

The EU food and drink industry in the economic downturn

During the economic downturn, especially from 2009 onwards, food and drink expenditure as a share of total expenditure has been decreasing slightly. In contrast to fixed spending, food and drink expenditure can change slightly, by switching to cheaper products.

Share of the top three household expenditures in the EU, 2007-2011 (%)



Source: Eurostat (National accounts)

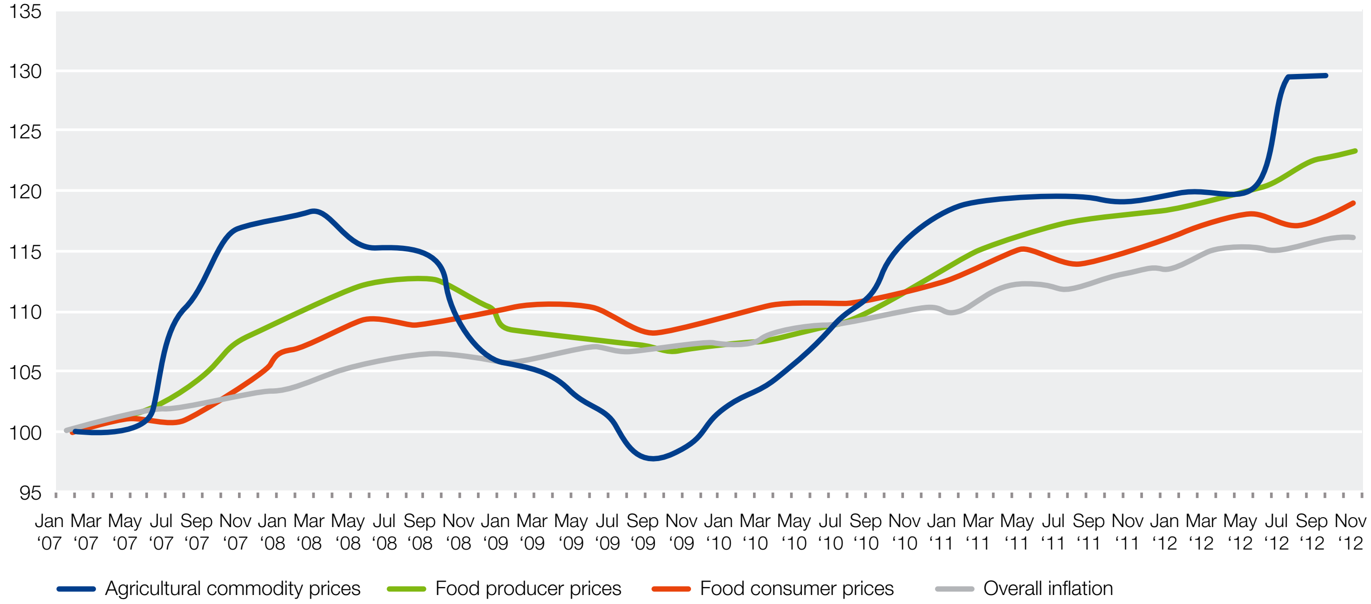
Food chain

Driving forces in the food chain: agriculture, the food and drink industry and the distribution sector

- In 2010, almost 23 million people were employed in the food chain, i.e. 10% of total EU employment.
- Together, turnover surpasses €3 trillion and generates a value added[1] of approximately €640 billion, equivalent to 6% of the EU gross value added.
- In 2011, food producer prices (ex-factory prices) rose at a lower rate than agricultural commodity prices. Food producer prices include agricultural raw material costs but also other significant input costs such as labour, energy, packaging, marketing and taxes.
- Food consumer prices (i.e. retail prices) rose in line with inflation.

[1] 2009 data for wholesale and retail

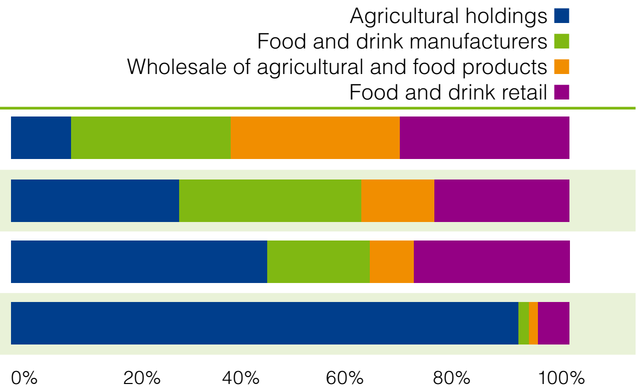
Food supply chain in the EU: development of price indexes, 2007-2012 (January 2007=100)



Source: Eurostat (Food supply chain)

Structural overview of the food chain, 2010

		Agricultural holding	Food and drink industry	Wholesale of agricultural and food products	Food and drink retail
Turnover	€ billion	358	**953**	1,011	1,013
Value added	€ billion	202	**203**	88(2)	150(2)
Number of employees	million	11.0	**4.2**	1.8	6.4
Number of operators	1,000	13,700(1)	**287**	250	849



(1) 2007 data (2) 2009 data

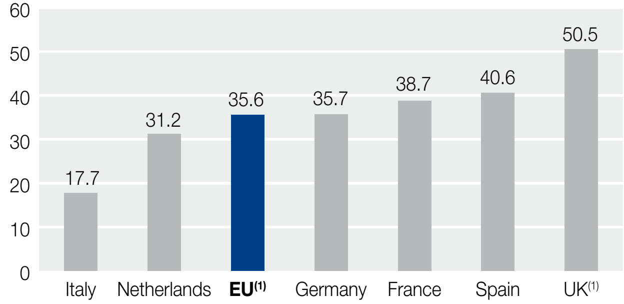
Sources: Eurostat (SBS); DG Agriculture Statistical and Economic Information Report, 2011

Food retail markets

An increasingly concentrated food retail sector

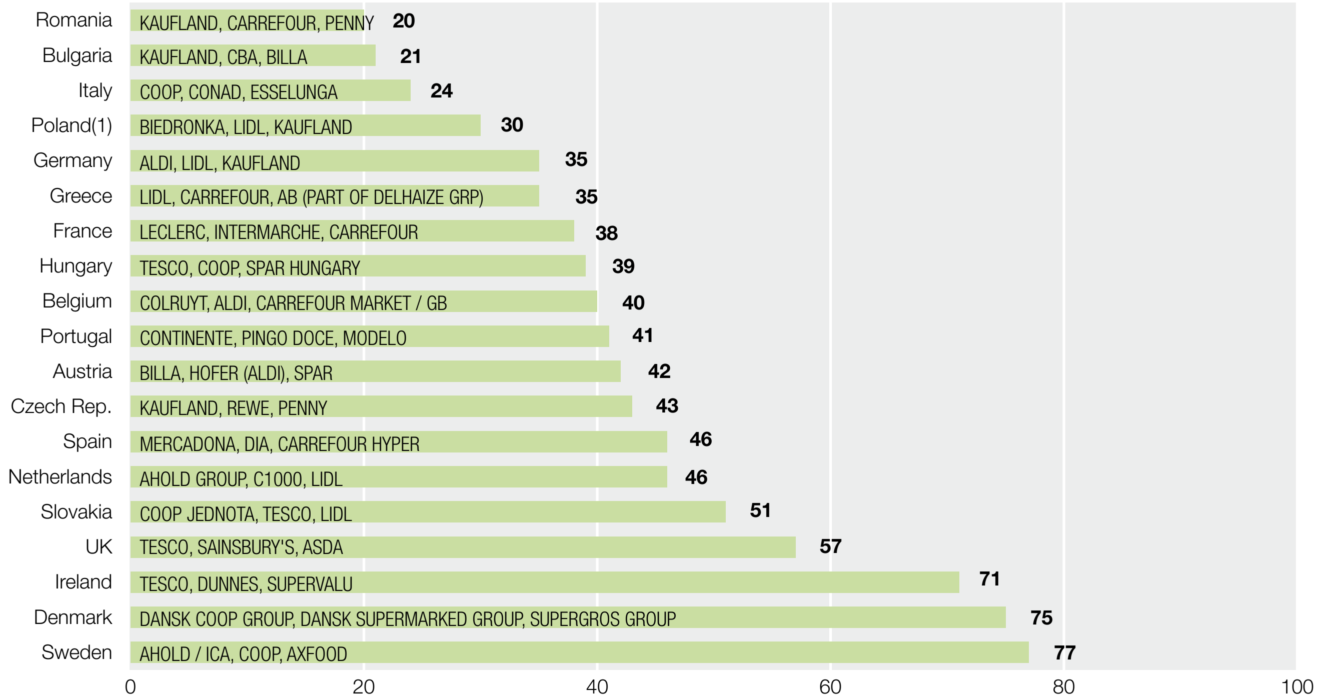
- The food retail sector is highly concentrated in most EU countries: the market share of the top three retailers ranges from 30% to 50%. Significantly, it is above 70% in Ireland, Denmark and Sweden.
- Since 2004, food retail has been scrutinised by a number of National Competition Authorities (NCAs). In total, 36 market monitoring actions have been reported. Actions concern a number of recurrent issues in the debate regarding the structure and functioning of the retail sector.
- European countries, where the retail market is concentrated, tend to experience a high level of private label penetration (e.g. the UK). This is in contrast with Italy, for example, where private label penetration and market concentration are low.

Private label share in the total market for some EU countries, June 2011-May 2012 (%)



Source: 'Private label in Europe 2012', SymphonyIRIGroup, October 2012
(1) Including household, health and beauty categories

Market share of top 3 retailers across EU Member States, 2011 (%)



(1) 2010 data
Source: Europanel 2012

Market monitoring by National Competition Authorities (NCAs) in the food retail sector, 2004-2012

NCAs	Topics monitored	Date
AT	Buyer power	2007
BE	Price level	2012
BG	Retailer/supplier relations (x3)	2010-2011
CZ	Retailer/supplier relations	2010
DK	Retail sector	2011
DE	Retail sector	ongoing
ES	- Retail sector - Distribution agreements - Relation retailer/supplier	2009-2011
FI	Retail sector	2012
FR	- Competition situation - Commercial planning - Category management - Affiliation contracts	2004-2012
IE	- Import & distribution - Grocery monitor (x3)	2008-2009
IT	Retail sector	ongoing
LT	Retail sector (x3)	2008-ongoing
NO	Shelf space	2005
PL	Structure & distribution chain (x2)	2005-2011
PO	- Distribution sector - Buyer power & retailers - Retailer/supplier relations	2005-2010
RO	Retail sector	2009
SK	Retail sector	2008
SI	Producer/retail relations	2008
SE	Retail sector	2004
UK	Suppliers	2008

Source: Report on competition law enforcement and market monitoring activities by European competition authorities in the food sector, ECN activities in the food sector, May 2012

World markets

Key EU trade figures (€ million)

	2009	2010/2009	2010	2011/2010	2011
Export	53,731	21.5%	65,301	16.6%	76,150
Import	50,781	9.3%	55,479	13.5%	62,974
Balance	2,950		9,822		13,176

Source: Eurostat (Comext)

2011 trade figures

Net exporter of food and drink products

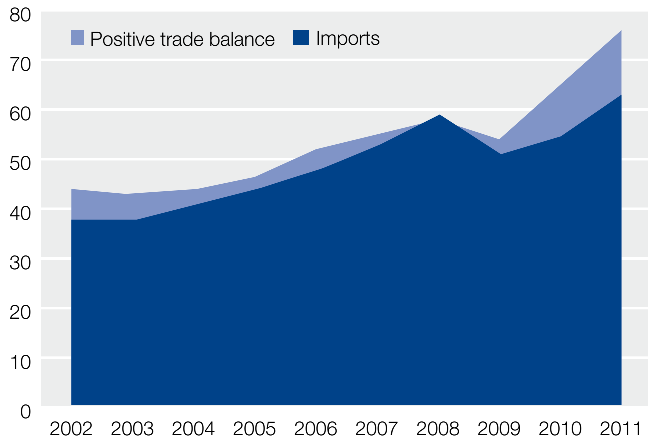
- The EU positive trade balance for food and drink increased for the third year running and reached a record level of €13 billion in 2011. Export growth continued to outpace import growth but the gap is narrowing.
- While the USA and Russia have remained the top recipients of EU food and drink exports in 2011/2010, strong growth levels of almost 50% can be observed for EU food and drink exports to China and Hong Kong.
- The most significant growth rates for food and drink imports were observed in India, Ecuador and Indonesia (2011).
- Regarding specific regions, NAFTA has continued to be the most prominent region with a positive trade balance of approximately €9 billion.

Top EU trading partners, 2011 (€ million)

Exports			Imports		
		11/10 %			11/10 %
USA	12,001	10	Brazil	6,998	17
Russia	7,242	10	Argentina	5,378	3
Switzerland	4,679	8	USA	4,085	11
Japan	3,705	10	China	4,064	13
China	3,545	48	Switzerland	3,557	12
Hong Kong	2,787	45	Indonesia	3,140	22
Norway	2,711	19	Thailand	2,830	18
Canada	2,282	7	Turkey	2,133	13
Australia	1,723	15	Norway	1,972	11
Saudi Arabia	1,677	24	New Zealand	1,761	15

Source: Eurostat (Comext)

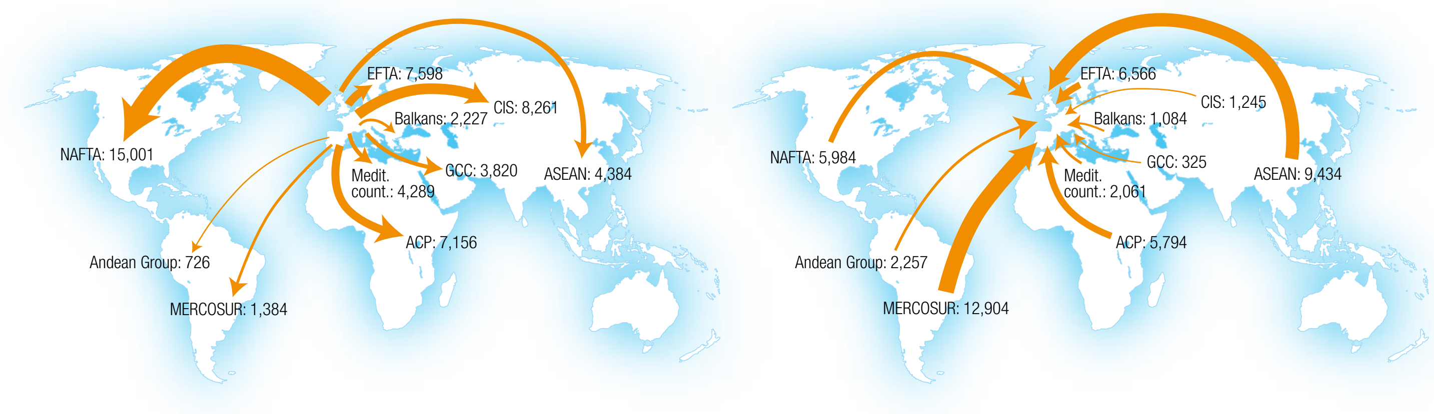
Evolution of EU food and drink trade balance, 2002-2011 (€ billion)



Source: Eurostat (Comext)

EU trade by region, 2011 (€ million)

Exports | **Imports**



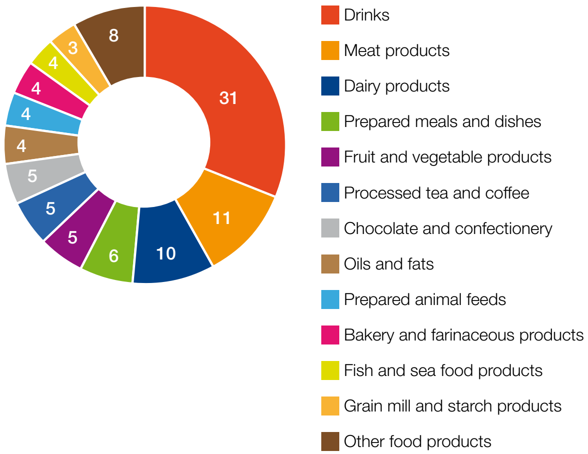
Source: Eurostat (Comext)
For trade region definitions, see page 25

2011 trade figures by sub-sector

Strong export growth in sub-sectors in 2011

- With a market share of 31%, the drink industry constituted the largest exporting sector in the EU food and drink industry in 2011, followed by the meat and dairy sectors.
- Between 2010 and 2011, export growth in EU food and drink was strongest for meat products, processed tea and coffee products, and oils and fats. Import increases were particularly strong again for coffee and tea, as well as grain and starch products.
- Food imports proved to be stronger overall compared to more stable levels of drinks imports.

Share of sub-sectors in EU food and drink exports, 2011 (%)



Source: Eurostat (Comext)

Exports and imports by sector, 2010-2011 (€ million)

		Exports			Imports		
		2010	2011	11/10 %	2010	2011	11/10 %
Drinks		18,987	22,327	↑ 18	4,581	4,682	↑ 2
of which:	spirits	7,083	8,475	↑ 20	1,095	1,134	↑ 4
	wine	6,733	8,110	↑ 20	2,371	2,400	↑ 1
	mineral waters and soft drinks	2,076	2,410	↑ 16	783	771	↓ -2
Various food products		14,617	16,453	↑ 13	7,889	9,872	↑ 25
of which:	chocolate and confectionery	4,260	4,643	↑ 9	2,134	2,354	↑ 10
	processed tea and coffee	1,476	1,940	↑ 31	1,295	1,588	↑ 23
Meat products		7,914	10,379	↑ 31	6,277	7,110	↑ 13
Dairy products		7,644	8,782	↑ 15	722	769	↑ 7
Fruit and vegetable products		3,919	4,363	↑ 11	6,655	7,565	↑ 14
Oils and fats		2,870	3,665	↑ 28	13,411	15,544	↑ 16
Prepared animal feeds		2,284	2,451	↑ 7	654	734	↑ 12
Bakery and farinaceous products		2,640	2,967	↑ 12	508	540	↑ 6
Fish and sea food products		2,717	2,970	↑ 9	14,243	15,649	↑ 10
Grain mill and starch products		2,224	2,613	↑ 17	1,278	1,550	↑ 21

Source: Eurostat (Comext)

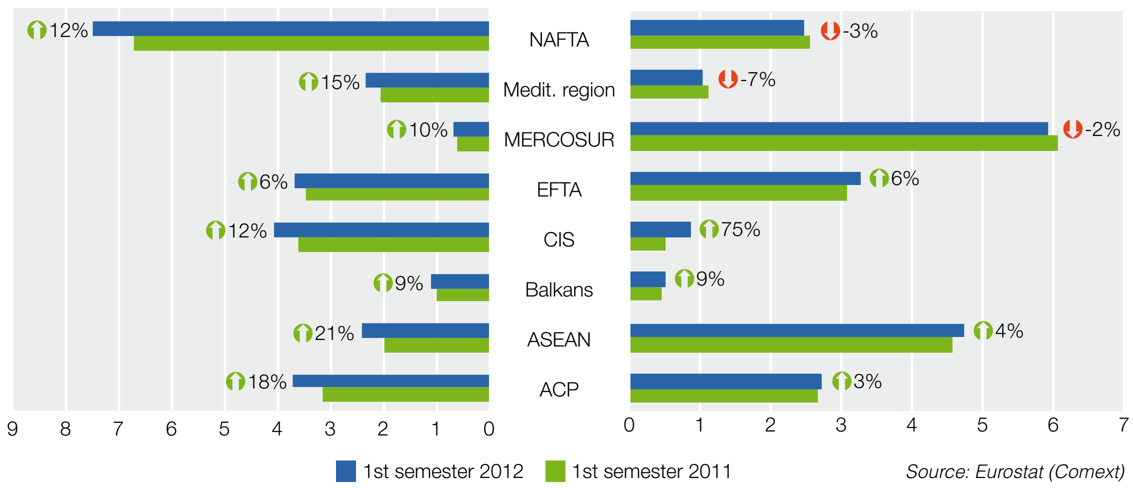
2012 trade trends

High export growth continued in 2012

- In the first semester of 2012, EU exports increased by 15% compared to the same period in 2011. Given that import figures remained almost unchanged, the EU trade balance for food and drink doubled.
- EU exports to all major trading blocs increased during the first half of 2012. The strongest growth was seen in the countries of Africa, the Caribbean and the Pacific (ACP).
- Double-digit export growth was observed for all EU food and drink sub-sectors.

Exports to major trading blocs, first semester 2011 and 2012 (€ billion)

Imports from major trading blocs, first semester 2011 and 2012 (€ billion)



Source: Eurostat (Comext)

Key EU trade figures (€ million)

	1st semester 2011	1st semester 2012	12/11 %
Export	35,392	40,569	↑ 15
Import	30,602	30,856	↑ 1
Balance	4,790	9,713	

Source: Eurostat (Comext)

Top EU food and drink exports and imports, first semester 2011 and 2012 (€ million)

Exports	1st semester 2011	1st semester 2012	12/11 %
Meat products	4,812	5,394	↑ 12
Dairy products	4,310	4,786	↑ 11
Spirits	3,670	4,323	↑ 18
Wine	3,643	4,071	↑ 12
Processed fruit and vegetables	2,089	2,401	↑ 15
Chocolate and confectionery	1,975	2,249	↑ 14
Oils and fats	1,943	2,239	↑ 15
Prepared meals and dishes	1,437	1,615	↑ 12
Fish and sea food products	1,402	1,592	↑ 14
Bakery and farinaceous products	1,314	1,556	↑ 18

Source: Eurostat (Comext)

Imports	1st semester 2011	1st semester 2012	12/11 %
Oils and fats	7,947	8,350	↑ 5
Fish and sea food products	7,500	7,592	↑ 1
Processed fruit and vegetables	3,586	3,826	↑ 7
Meat products	3,643	3,664	↑ 1
Sugar	1,175	1,187	↑ 1
Wine	1,128	1,150	↑ 2
Chocolate and confectionery	1,072	1,007	↓ -6
Processed tea and coffee	739	886	↑ 20
Grain mill and starch products	797	741	↓ -7
Spirits	476	541	↑ 14

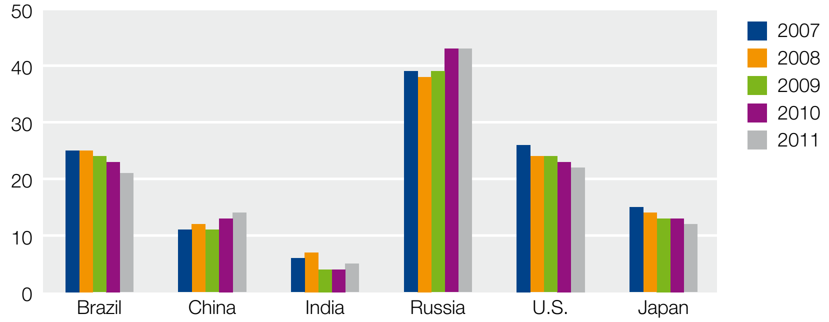
Source: Eurostat (Comext)

EU food and drink market share

Number one exporter and importer of food and drink products

- The EU remains the global leader in food and drink trade despite shrinking shares of the global food and drink trade markets.
- The decline in global export share is typical for all traditional exporters including the U.S., Canada and Australia. Only New Zealand is the exception to the rule. With a share of 3%, it remains practically unchanged in its position on the global market over the last decade.
- The market share of EU food and drink industry has been falling over the past five years in the U.S. and Japan, but also in emerging countries such as Brazil and India. Prospects of growth look better in China and Russia.

EU shares in food and drink imports of BRIC[1] economies and the major traditional markets, 2007-2011 (%)



Source: UN COMTRADE
(1) Brazil, Russia, India and China

Top exporters of food and drink products, 2011

	Exports ($ billion)	**Share in world** 2002 (%)	**Share in world** 2011 (%)	**Trend**
European Union	97.2	20.5	16.5	↓
United States	72.0	14.4	12.2	↓
Brazil	46.8	5.4	8.0	↑
China	44.2	5.8	7.5	↑
Thailand	30.6	4.7	5.2	↑
Malaysia	28.8	2.9	4.9	↑
Indonesia	27.9	2.3	4.7	↑
Argentina	27.5	3.7	4.7	↑
Canada	23.5	5.8	4.0	↓
India	20.8	2.2	3.5	↑
New Zealand	18.8	3.1	3.2	↑
Australia	15.5	4.3	2.6	↓
Mexico	12.3	2.2	2.1	↓
Chile	9.5	1.7	1.6	↓
Turkey	9.0	1.0	1.5	↑

Source: UN COMTRADE

Top importers of food and drink products, 2011

	Imports ($ billion)	**Share in world** 2002 (%)	**Share in world** 2011 (%)	**Trend**
European Union	89.1	18.1	15.1	↓
United States	83.7	20.0	14.2	↓
Japan	52.5	15.5	8.9	↓
China	36.9	3.3	6.3	↑
Russia	24.3	3.7	4.1	↑
Canada	23.9	4.6	4.1	↓
South Korea	17.6	3.3	3.0	↓
Hong Kong	15.7	3.0	2.7	↓
Mexico	14.9	3.3	2.5	↓
Nigeria	13.4	0.6	2.3	↑
Saudi Arabia	12.7	1.5	2.2	↑
Malaysia	11.8	1.2	2.0	↑
India	11.0	1.0	1.9	↑
Australia	10.8	1.5	1.8	↑
Indonesia	9.8	0.9	1.7	↑

Source: UN COMTRADE

The food and drink industries worldwide

Three leading food producers: EU, U.S. and China

- Global analysis shows that the food and drink industry plays a prominent role in the world economy. In 2010, total sales of EU food and drink products reached close to one trillion Euros, followed by the U.S. (€478 billion) and China (€379 billion).
- In the U.S., the food and drink industry represents the largest share of the manufacturing industry (10.7% of U.S. manufacturing value added). This is similar to the EU, even though the food and drink industry's share of EU manufacturing value added is higher (12.9%).
- Each job in the U.S. food and drink industry generated approximately €60,000 in 2009 compared to €40,000 in the EU food industry.

Top EU food and drink industries worldwide, 2010

	Sales (€ billion)	**% of total manufacturing sales**	**Employees** (1,000)
Australia[1]	49	20	215
Brazil[2]	104	18	1,412
Canada	67	17	223
China[2]	379	9	5,827
EU	**953**	**15**	**4,248**
Japan	257	10	1,455
Mexico	59	24	390
New Zealand	21	45	76
South Korea	42	5	200
United States	478	15	1,524

Sources: OECD STAN indicators; FoodDrinkEurope calculations; available upon request.

(1) 2009 data
(2) 2008 data

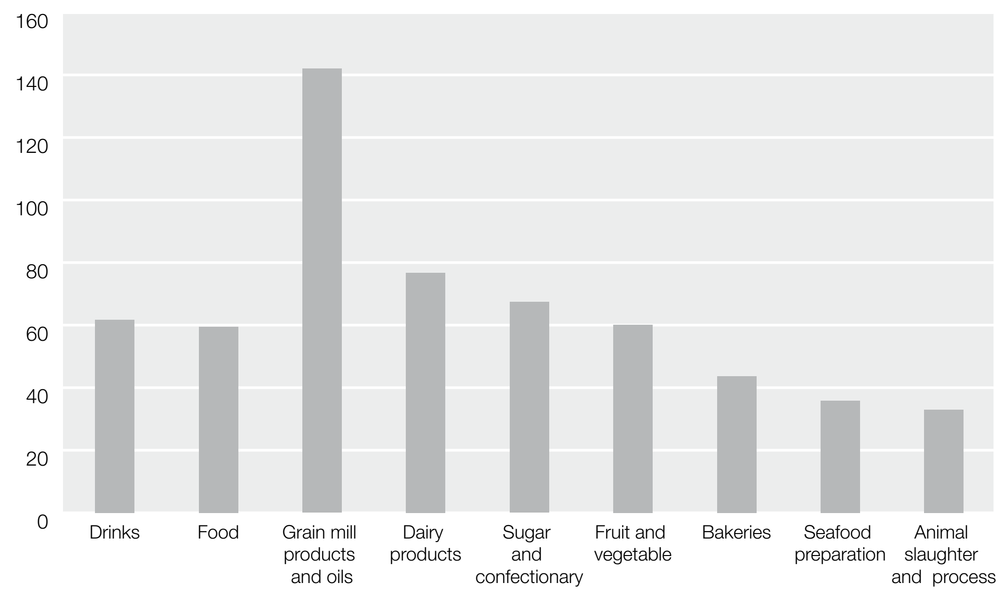
Special focus on the U.S.

The U.S. food and drink manufacturing industry, 2009

	Employment (1,000)	**Value added** (€ billion)
Food and drink industry		
Share of national total	1.0%	1.2%
Share of U.S. manufacturing	14.3%	10.7%
Food and drink industry	1,524	91
Food products	1,424	85
Drinks	100	6

Source: Economic impact of the U.S. grocery manufacturing industry, PWC, October 2011

Value added per employee in the U.S. food and drink industry, 2009 (€ 1,000)



Source: Economic impact of the U.S. grocery manufacturing industry, PWC, October 2011

R&D and innovation worldwide

Sustained levels of R&D investment, but more investment needed

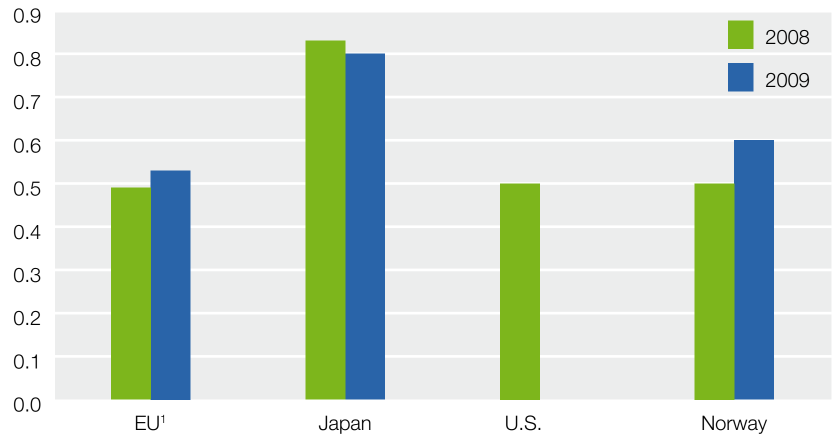
- The EU food and drink industry is characterised by lower investment in R&D than in food and manufacturing industries elsewhere in the world.
- With a 0.53% R&D investment level in 2009, the EU still lags behind international peers, notably Japan, the U.S. and Norway.
- Out of the 1,500 companies in the 2012 EU Industrial R&D Investment Scoreboard, 42 are food and drink companies. These 42 companies invested collectively €8.3 billion in 2011 (equivalent to 1.6% of the overall EU investment in R&D by the Scoreboard companies). Out of 42 companies, 9 are based in the EU and invested €1.9 billion in 2011.
- The trend is confirmed when analysing the top 1,000 EU companies. Out of those, 29 are food and drink companies which invested a total of €2.2 billion (equivalent to 1.5% of the overall private investment in R&D in the EU).

R&D private investment in the food and drink industry for the world's top 1,500 companies, 2011

	R&D investment € billion	**Share of world regions** (%)	**Number of companies**
U.S.	3.0	36.9	13
EU	**1.9**	**23.4**	**9**
Japan	1.9	22.7	16
Switzerland	1.3	15.6	2
South Korea	0.1	0.7	1
New Zealand	0.1	0.7	1
Total	8.3	100	42

Source: the 2012 EU Industrial R&D Investment Scoreboard, JRC and DG RTD

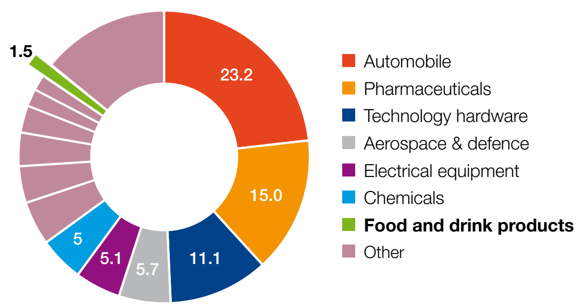
Food and drink private investment in R&D as a percentage of turnover, 2008-2009



Sources: OECD STAN indicators; Eurostat (SBS); FoodDrinkEurope National Federations; FoodDrinkEurope calculations

(1) Data refer to 19 of 27 Member States only

R&D private investment in the EU manufacturing sector for the EU's top 1,000 companies, 2011 (%)



Source: 2012 EU Industrial R&D Investment Scoreboard, JRC and DG RTD

EU Geographical Indication (GI) products

A dynamic, diversified and well renowned segment of the food and drink industry

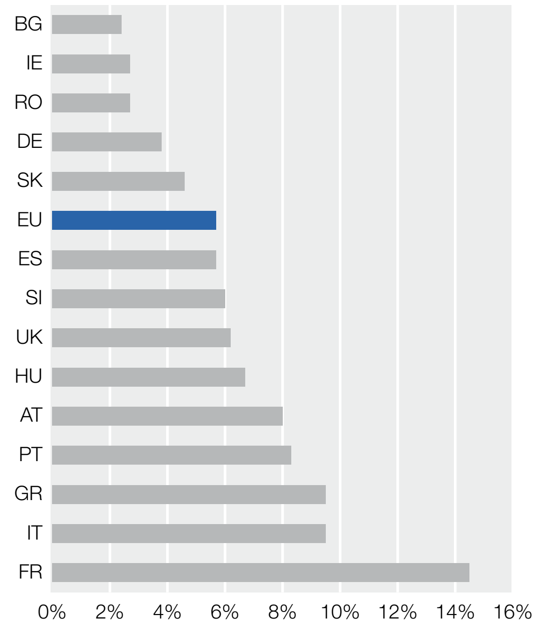
- Sales of EU GI products in 2010 amounted to €54.3 billion. Wine accounted for more than half of this figure.
- In 2010, sales of GI products represented 5.7% of total EU sales of food and drinks. Significant differences between Member States are observed: GIs in France accounted for 14.5% of food and drink, compared to 10% in Mediterranean countries, whereas in other countries, the share remains very low.
- In 2010, the EU exported GI products worth €10.6 billion, representing 19% of global GI sales. The U.S. was by far the top destination for these products.
- France is the leading Member State in terms of GI product sales (€20.9 billion), followed by Italy (€11.8 billion). Wines represent 75% of total French GI sales.

Sales of EU GI products by Member State and category, 2010

Member State	Category	Sales (€ billion)	Cumulative share (%)
FR	Wine	15.7	29
IT	Agri-food products[1]	6.0	40
IT	Wine	5.7	50
UK	Spirits	4.4	59
ES	Wine	3.5	65
DE	Agri-food products[2]	3.4	71
FR	Agri-food products[3]	3.0	77
DE	Wine	2.3	81
FR	Spirits	2.1	85
PT	Wine	1.1	87

(1) Cheese, meat products
(2) Beer, meat products
(3) Cheese, fresh meat

Share of national GIs in sales value of national food and drink industries



Note: Only the top 15 Member States are indicated.
Source: 'Value of production of agricultural products and foodstuffs, wines, aromatised wines and spirits protected by a GI', AND-International, October 2012

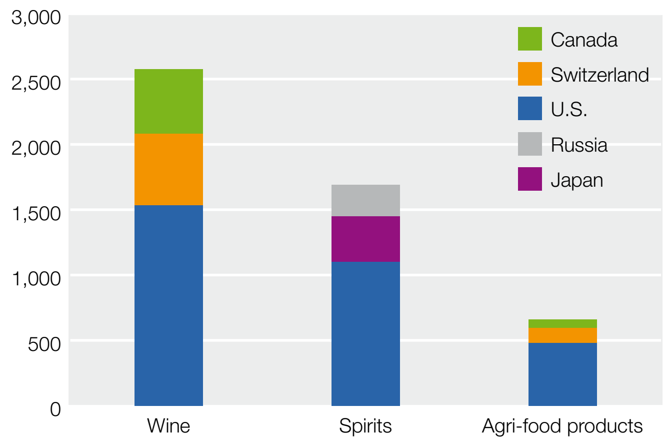
Key data on EU GI products, 2010

	GI sales (€ billion)	GI sales: Share in total GI sales (%)	GI exports (€ billion)	GI exports: Share in exports by category (%)
Agri-food products [1]	15.8	29	1.0	2[2]
Wine	30.4	56	5.0	74
Spirits	8.2	15	4.6	64
Total	**54.3**	**100**	**10.6**	**14**

(1) Scope: regulation 510/2006

(2) Share in exports of all agri-food products except wines and spirits

Top 3 export markets for EU GI products, 2010 (€ million)



Global and EU ranking of food and drink companies

The EU food and drink industry is comprised of large companies and a high number of SMEs (the latter account for 99.1% of food and drink companies). Large companies account for 50.7% of EU food and drink turnover, 51.3% of value added and 36.6% of employment in the sector.

Global and EU ranking of food and drink companies in 2011-2012

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

Name	Head-quarter	Fiscal year end	Sales (€ billion)	Growth to previous year (%)	Employees (1,000)	Main sectors
Cargill	US	May12	98.8	12.0	140	*multi-product*
Nestlé	CH	Dec12	76.5	10.2	339	*multi-product*
Archer Daniels Midland	US	Jun12	65.8	10.4	30	*cereal processing*
PepsiCo Inc.	US	Dec12	50.9	-1.5	285(1)	*beverages, snacks*
The Coca-Cola Company	US	Dec12	37.3	3.2	151	*beverages*
Anheuser-Busch InBev	BE	Dec12	30.9	7.2	118	*beer*
Mondelēz International	US	Dec12	27.2	-2.2	100	*dairy, snacks, beverages*
Mars Inc.	US	Dec12	26.0	0.0	72	*prepared foods, confectionery*
Tyson Foods Inc.	US	Sep12	25.5	3.1	115	*meat*
Unilever Plc/Unilever NV	NL/UK	Dec12	24.2	6.1	171(1)	*multi-product*
SABMiller Plc	UK	Mar12	22.6	11.0	70	*beer*
Kirin Brewery Company Ltd	JP	Dec11	20.3	-4.9	40	*beer, alcoholic beverages*
Groupe Danone	FR	Dec11	19.3	13.6	102	*dairy, waters, baby & med. nutrition*
Heineken N.V.	NL	Dec12	18.4	7.4	85	*beer*
Suntory Ltd.	JP	Dec11	17.7	3.5	157	*alcoholic beverages*
Lactalis	FR	Dec11	15.0	2.0	54	*dairy products*
Associated British Foods	UK	Sep12	14.8	11.0	106	*sugar, starch, prepared foods*
Asahi Breweries Ltd.	JP	Dec11	14.3	-1.8	17	*beer, alcoholic beverages*
Diageo Plc	UK	Jun12	12.6	8.3	26	*alcoholic beverages*
General Mills Inc.	US	May12	12.2	11.9	35	*prepared foods*
Fonterra	NZ	Jul12	11.8	-0.5	17	*dairy products*
Kellogg Company	US	Dec12	11.0	7.6	31(1)	*breakfast cereals, convenience food*
ConAgra Foods Inc.	US	May12	9.7	8.0	26	*prepared foods*
FrieslandCampina NV	NL	Dec11	9.6	7.0	19	*dairy products*
Vion	NL	Dec11	9.5	7.0	26	*multi-products, ingredients*
Smithfield Foods Inc.	US	Apr12	9.5	7.3	46	*meat, processed foods*
Dean Foods Company	US	Dec11	9.3	7.7	24	*dairy products*
HJ Heinz Company	US	Apr12	8.4	8.8	32	*prepared foods*
Pernod Ricard	FR	Jun12	8.2		19	*alcoholic beverages*

(1) 2011 fiscal year data
For consistency, figures have been converted to Euro with ECB bilateral annual exchange rates series, but only figures in the original currency are relevant.
Source: FoodDrinkEurope, data available upon request

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

Name	Head-quarter	Fiscal year end	Sales (€ billion)	Growth to previous year (%)	Employees (1,000)	Main sectors
Unilever Plc/Unilever NV	NL/UK	Dec12	13.9	2.9		*multi-product*
Nestlé	CH	Dec12	12.8	1.6	96	*multi-product*
Lactalis	FR	Dec11	11.3	19.7	29	*dairy products*
Heineken N.V.	NL	Dec12	11.1	0.6		*beer*
Groupe Danone	FR	Dec11	10.8		45	*dairy, waters, baby & med. nutrition*
Vion	NL	Dec11	8.6	6.5	21	*multi-products, ingredients*
Carlsberg	DK	Dec11	7.6	5.0		*beer*
Danish Crown	DK	Oct11	7.0	14.0	24	*meat products*
FrieslandCampina	NL	Dec11	6.3	6.9	13	*dairy products*
Oetker Group	DE	Dec11	6.0	4.1		*multi-product*
Südzucker	DE	Feb12	5.8	15.7	13	*sugar, multi-product*
Ferrero	IT	Aug12	4.9		16	*confectionery*
Anheuser-Busch InBev	BE	Dec12	4.1	29.1		*beer*
Associated British Foods	UK	Sep12	4.0	21.7	45	*sugar, starch, prepared foods*
Barilla	IT	Dec10	3.9		4	*beverages, confectionery*
SABMiller Plc	UK	Mar12	3.9	-0.6		*beer*
Diageo Plc	UK	Jun12	3.5	9.0	4	*alcoholic beverages*
Nutreco	NL	Dec12	3.3			*animal nutrition & fish feed*
Kerry Group	IRL	Dec11	3.2	6.0		*multi-product*
Pernod Ricard	FR	Jun12	2.9	0.7	9	*alcoholic beverages*
Bongrain	FR	Dec10	2.8	8.9	14	*dairy products*
Barry Callebaut	CH	Aug12	1.8	0.1	3	*confectionery*
Ebro Foods	ES	Dec11	1.0	11.0		*rice, sugar, dairy*
Tate&Lyle	UK	Mar12	0.7	7.0	2	*ingredients, prepared foods*

For consistency, figures have been converted to Euro with ECB bilateral annual exchange rates series, but only figures in the original currency are relevant.
Source: FoodDrinkEurope, data available upon request

Glossary

Glossary

Abbreviation of world regions

ACP: Africa, Caribbean and Pacific countries; **Andean Group**: Bolivia, Colombia, Ecuador, Peru and Venezuela; **ASEAN**: Association of Southeast Asian Nations; **Balkans**: Albania, Bosnia-Herzegovina, Croatia, Kosovo, Macedonia, Montenegro, Serbia; **CIS** (Commonwealth of Independent States): Armenia, Azerbaijan, Belarus, Kazakhstan, Kirgizstan, Moldova, Russia, Tajikistan, Uzbekistan; **EFTA**: European Free Trade Area; **GCC**: Kuwait, Bahrain, Qatar, U.A. Emirates, Oman, Saudi Arabia; **Mercosur**: Brazil, Argentina, Uruguay and Paraguay; **NAFTA**: Canada, USA, Mexico

Fixed expenditure

Fixed expenditure consists of contract-based spending which is non-negotiable in the short run (e.g. housing, insurance, etc.).

Geographical Indications (GI)

A GI is a sign used on goods that have a specific geographical origin and possess qualities, reputation and/or characteristics that are essentially attributable to that origin. In the EU, GIs are protected in accordance with EU regulations; in 2010, four regulations were in place: 510/2006 on agri-food products, 1234/2007 on wines, 110/2008 on spirits and 1601/91 on aromatised wines).

Gross value added (GVA)

The gross value added is the value of goods and services produced by a sector minus the cost of the raw materials and other inputs used to produce them. GVA measures the contribution to the economy of each individual sector.

Gross operating rate

The gross operating rate is the gross operating surplus expressed as a percentage of the turnover generated.
Gross operating surplus is defined as total turnover minus personnel costs. It is generated by operating activities after the labour factor input has been recompensed.

Small and Medium-sized Enterprises (SMEs)

For Eurostat's Structural Business Statistics database: micro = less than 10; small = 10 to 49; medium-sized = 50 to 249; large = more than 250 employees (The SBS size class data are solely based on the definition relating to the number of employees and not on the turnover level).

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