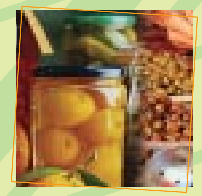
Data and trends

of the EU food and drink industry 2004



CIAA

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

CIAA is the voice of the EU food and drink industry – the largest industrial sector, major employer and exporter in the EU. The CIAA mission is to represent the food and drink industries' interests at the level of European and international institutions, in order to contribute to the development of a European and international legislative and economic framework addressing the competitiveness of industry, food quality and safety, consumer protection and respect for the environment.

CIAA membership is made up of 23 national federations, including 2 observers from Central and Eastern Europe and the European Economic Area (EEA), 33 European sector associations and major European food & drink companies grouped in a Liaison Committee.

The permanent secretariat of the CIAA, based in Brussels, maintains close contact with European and international institutions on food-related developments and co-ordinates the work of more than 500 experts, grouped in committees and working groups around the following three themes:

- Trade and Competitiveness
- Food and Consumer Policy
- Environment

Through these committees and expert groups, manufacturers from all the countries of the European Union provide broad and in-depth expertise. They contribute to establishing CIAA positions on key issues which, once approved, are communicated to European and international decision makers.

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

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December 2004

Introduction

Welcome to this latest issue of the CIAA's Data and Trends Brochure. This booklet contains the key statistics providing a panorama of the food and drink sector, covering the years 2001 to 2003.

As the voice of the food and drink industry in Europe, one of the objectives of the CIAA is to contribute to a better knowledge of this sector across the EU and in the individual Member States.

What is the place of the EU food and drink sector in the manufacturing industry? What is the growth of this industry? What is the role of small and medium sized companies? What are the leading food companies in Europe and in the world? These questions and many others are answered in this publication.

At a time when competitiveness is attracting an even higher level of attention through the different initiatives taken to revitalise the Lisbon strategy ahead of the mid-term review in spring 2005, CIAA in this issue has given its input as a sector. Indeed, the EU food and drink sector, through its production, employment and linkages within the food chain, is an important pillar of the European economy. To keep this key role, CIAA stresses the need to develop a comprehensive and consistent strategy in favour of the competitiveness of the food and drink industry covering a number of key areas for action. Figures and trends presented in this brochure will help to analyse the factors influencing the competitiveness of the food and drink sector.

The data presented in this booklet covers the whole food and drink industry (as defined in division 15 of the EU activity breakdown). They are a compilation of indicators taken from Eurostat databases as well as those received from National Federations and companies which are members of CIAA. Other sources such as WTO have also been used.

To get a full picture of the structure and economics of our industry, you can visit the CIAA website (www.ciaa.be). You may also find interesting information on the Eurostat website which, since the 1st of October, provides users with free and detailed data on the EU economy (europa.eu.int/comm/eurostat).

Jean Martin,
President

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Structure of the industry

- The food and drink (F & D) industry is the largest manufacturing sector in the EU, accounting for 13.6% of the total EU-15 manufacturing sector in 2002. It is larger than the automobile, chemical, machinery and equipment sectors.

Further developed on pages 6 and 7

- In 2001, 99.1% of the companies in this sector were small and medium sized enterprises with less than 250 employees.

Further developed on page 7

- The turnover of the food and drink industry in the EU-25 amounted to € 799 billion in 2003.

- France, Germany, the UK, Italy and Spain are the leading producers of food and drinks in the EU, reflecting their demographic weight.

Further developed on page 8

- The activity of the food and drink sector is less cyclical and more stable than manufacturing in general, the demand for food products being relatively static.

- 4 sectors dominate the EU food and drink industry: beverages, the "various products" sector (including bakery, chocolate, confectionary products), meat products and dairy products.

Further developed on page 10

- The food and drink industry is a major employer with 4.1 million workers, of which 61.3% are employed in small and medium sized enterprises.

Structure of the EU food and drink industry

Fig. 1- The food and drink industry in the EU-15 and EU-25

		2000	2001	2002	2003**	Trend (%) 2003/2002**
Turnover*	€ billion	737	785	784	799	1.9
of which EU-15	€ billion	689	729	725		
Employees	million	4.5	4.4	4.2	4.1	- 0.8
of which EU-15	million	3.6	3.5	3.3		
Companies	thousand	292	282	n.a.		

Source: Eurostat, sbs and CIAA
(*) in current prices
(**) CIAA calculation

Relative stability of the EU food and drink sector

The food and drink industry in the 25 Member States registered a slow growth of its turnover in current prices estimated at 1.9% in 2003 compared to 2002 (Fig. 1). These figures should be looked at in the context of the EU economic slowdown, political uncertainty and of the strength of the Euro against the US dollar.

The EU food and drink industry in the top 2 activities of the EU-15 manufacturing industry

The food and drink industry is of paramount importance to the economy of the European Union. With 13.6% of total turnover in the manufacturing sector, it is ranked first ahead of the chemical and automobile industries (Fig. 2). It is also first in terms of employment, which illustrates its major role at both national and regional levels.

Employment in the food industry in 2002, in comparison with manufacturing as a whole:

- Food industry workers appear to be less well qualified: 11% of employees in the food sector have university degrees (as opposed to 16%);
- Women fill more jobs in the food industry (39.4% compared to 35.5%);
- Full time work is lower in the food industry (89.1% compared to 92.8%).

Fig. 2 - The food and drink industry in the manufacturing industry (%), EU-15

Turnover, 2002	*Share (%)*
Food and drink industry	13.6
Automobile industry	11.3
Chemical industry	10.7
Machinery and equipment industry	9.1

Value Added, 2001	*Share (%)*
Machinery and equipment industry	11.1
Food and drink industry	11.0
Chemical industry	10.7
Fabricated metal industry	9.3

Number of companies, 2001	*Share (%)*
Fabricated metal industry	16.9
Food and drink industry	14.3
Machinery and equipment industry	7.8
Wood industry	7.5

Number of employees, 2002	*Share (%)*
Food and drink industry	11.9
Pulp & paper industry	11.5
Textile industry	11.1
Office machinery & computers industry	7.0

Source : Eurostat, sbs

Note: the manufacturing sectors are defined at 2-digit level of NACE Rev. 1 (food and drink industry: division 15)

Performance indicators of the food and drink industry

The apparent labour productivity of the food and drink industry in the EU-15 – measured by the value added generated per person employed – reached €45,700 per employee in 2001 (Fig. 3). The food and drink sector is more labour-intensive than manufacturing as a whole. However, the apparent productivity varies widely by country and the disparity has increased further with the accession of the new Member States. In the EU-25, the apparent productivity reached €39,700 per employee in 2001.

Fig. 3 - Apparent labour productivity of the EU-15 food and drink industry versus other manufacturing industries, 2001

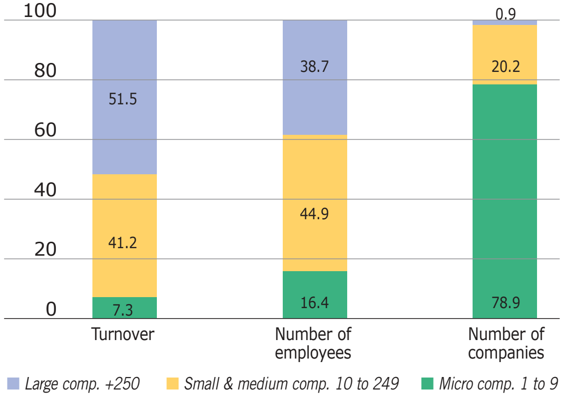
Apparent labour productivity (€ 1000)	
Food and drink industry	45.7
Chemical industry	91.4
Automobile industry	60.1
Textile industry	34.4
Manufacturing industry	51.2

Source : Eurostat, sbs

A sector dominated by SMEs

The food and drink industry is dominated by a large number of SMEs (less than 250 employees). In 2001, these SMEs represented 99.1% of the companies and employed 2.7 million people. SMEs accounted for 48.5% of the global production value in Europe (Fig. 4, 5 and 7). At EU level, the apparent productivity is highest in large companies (Fig. 6).

Fig. 4 - Distribution of EU-25 turnover, value added, employees and companies according to size (%), 2001

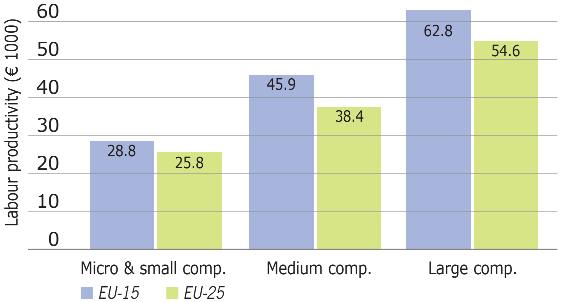


Source : Eurostat, sbs

Main operators in the EU Member States in 2003

France, Germany, Italy, the UK and Spain represent together around 65% of total EU turnover and 50% of the employment.

Fig. 6 - Distribution of the productivity according to the size of companies, 2001



Source : Eurostat, sbs

Fig. 5 - SMEs: Comparison between the structure of the food and drink industry and the whole manufacturing industry in the EU-25, 2001 (%)

		Micro comp. 1 to 9	*Small comp.* 10 to 49	*Medium comp.* 50 to 249	*Large comp.* 250 to 999	*Large comp.* +1000
Turnover	Total industry	5.9	12.9	20.3	24.9	36.0
	F&D industry	7.3	14.9	26.3	29.3	22.2
Value added	Total industry	7.4	15.8	22.1	24.7	30.0
	F&D industry	8.8	15.1	23.3	28.3	24.5
Number of employees	Total industry	13.4	20.4	24.0	21.0	21.2
	F&D industry	16.4	20.6	24.3	22.9	15.8
Number of companies	Total industry	79.7	15.8	3.7	0.7	0.1
	F&D industry	78.9	16.6	3.6	0.8	0.1

Source : Eurostat, sbs

Fig. 7 - Average number of employees per enterprise, 2003

Occupied persons per enterprise	
Food and drink industry	15
Automobile industry	102
Chemical industry	54
Textile industry	16
Wood industry	8

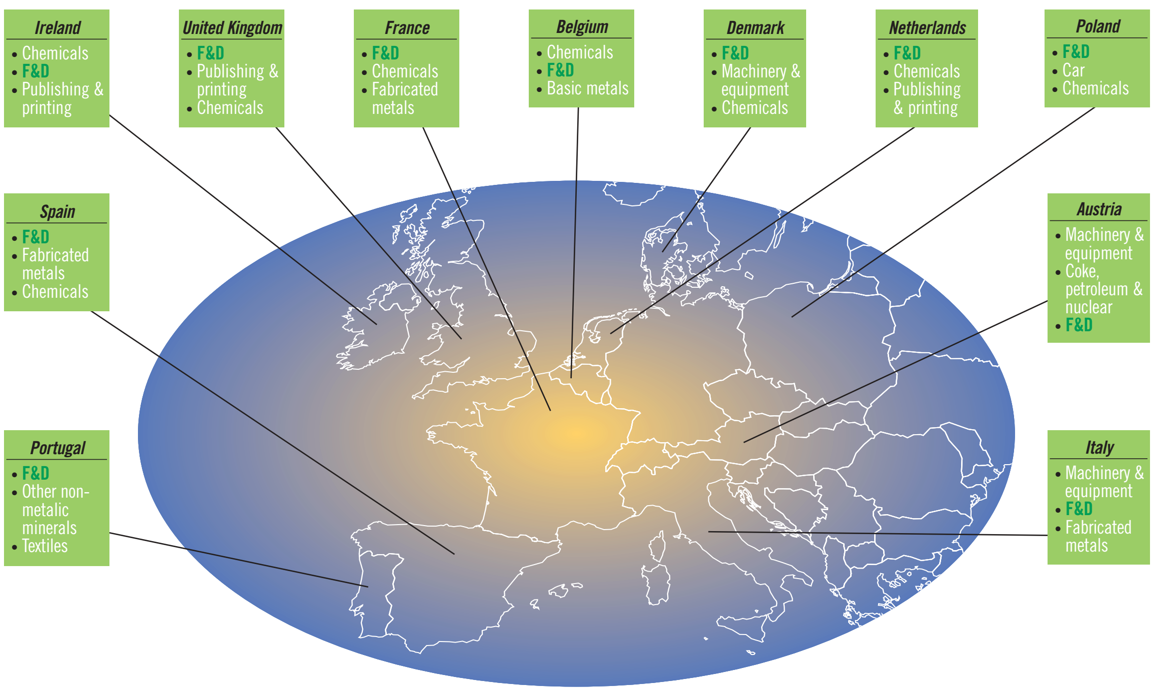
Source: Eurostat, sbs

The food and drink industry in the **Member States**

The food and drink industry in the top 3 activities at national level

The importance of the food industry to the EU national economies is illustrated by the fact that in several Member States, this sector features in the top 3 manufacturing industries in terms of value added (Fig. 1).

Fig. 1 - The food and drink industry in the top 3 manufacturing activities



Growth of turnover and employment in 2003

Figure 2 presents the information available for turnover and employment in the food and drink industry in 2003 and 2002. Situations differ depending on the Member States. However, generally speaking, the growth of the turnover was quite low but stable and the number of people employed decreased slightly.

Fig. 2 - Trends of the food and drink industry in the Member States

	Turnover* € billion		Trend '03/'02	Employment Thousand		Trend '03/'02
	'02	'03	%	'02	'03	%
Austria	11.0	n.a.	n.a.	79.0	n.a.	n.a.
Belgium	29.9	30.4	1.7	87.6	n.a.	n.a.
Czech Rep.*	8.0	7.8	-2.5	144.7	135.0	-6.7
Denmark	17.7	18.3	3.6	78.7	76.3	-3.0
Estonia	0.7	0.7	-6.6	20.2	21.5	6.4
Finland*	8.7	8.8	0.8	38.5	37.1	-3.6
France	134.0	136.0	1.6	420.0	421.0	0.3
Germany	125.2	127.9	2.2	530.8	525.3	-1.0
Greece	9.4	n.a.	n.a.	66.0	n.a.	n.a.
Hungary*	7.8	8.9	14.4	121.4	118.1	-2.7
Ireland	15.0	n.a.	n.a.	47.0	n.a.	n.a.
Italy	100.0	103.0	3.0	276.0	274.0	-0.7
Latvia	1.0	1.0	3.9	33.4	32.1	-4.0
Lithuania	1.3	n.a.	n.a.	n.a.	n.a.	n.a.
Netherlands	39.0	39.0	0.0	135.4	n.a.	n.a.
Poland	27.2	24.9	-8.5	473.0	471.2	-0.3
Portugal	10.9	n.a.	n.a.	99.3	n.a.	n.a.
Slovakia	2.0	n.a.	n.a.	n.a.	n.a.	n.a.
Slovenia	1.9	1.9	-0.4	19.5	18.6	-4.5
Spain*	58.9	62.1	5.4	376.0	381.0	1.3
Sweden*	14.9	15.2	2.0	60.7	60.3	-0.7
U. K.	108.0	n.a.	n.a.	491.0	n.a.	n.a.

In current prices
(*) Production
Source: National Federations, CIAA

New member States

of the EU

Importance of agriculture in national economies

The accession of the 10 New Member States increases the Union's Useful Agricultural Area by 29%, the farming population by 52% and the agricultural GDP by only 7%.

- In the New Member States, the weight of the agricultural sector (agriculture, hunting, forestry and fishing) within GDP ranges from 2.6% in Poland to 5% in Lithuania (1.9% in the EU-15).
- Employment in the agricultural sector accounted for 18.5% in Poland, whereas in Slovenia (4.4%), the Czech Republic (4.5%), Hungary (5.8%) and Estonia (6.1%) it is currently close to the former EU-15 (4%) levels.

Since 1995, employment in the agricultural sector and the share of agriculture in GDP have dropped in all these countries.

(Source: DREE, 2003)

Relative importance of the food and drink industry

The food and drink industry plays a key role in the national economies of the New Member States (NMS). The share of the food and drink industry in manufacturing value added is significant (from 31% in Cyprus to 10% in Slovakia). The food and drink sector represents an average of 15% of manufacturing jobs (18.5% in Poland).

Focus on the food and drink industry of some countries

What are the assets of the food and drink sector in the New Member States? Figure below provides an overview of key data from Poland, Hungary, the Czech Republic and Slovenia. It is worth noting that Polish food exports in 2003 and 2004 have considerably increased, in particular for products exported to the EU-15. The main target of Polish foodstuffs is still Germany, although they are now reaching new areas such as Portugal and Ireland.

Poland

- ***Population***
  38.2 million
- ***F&D industry:***
  55% of the NMS turnover
  Size similar to Belgium.
- ***Key sectors***
  Meat (26%)
  Dairy (14%)
  Sweet conf. & ice-cream prod. (7%)
  Potatoes, fruit & veg. processing (7%)
- ***Exports:*** € 3.3 billion (2003)
  EU-15 47% (Germany 19%)
  Other NMS 17%
  Third countries 36%
- ***Share of exports in turnover: 13%***
- ***Imports:*** € 2.3 billion (2003)

Net exporter

Hungary

- ***Population***
  10.1 million
- ***F&D industry:***
  16% of the NMS turnover
  Size similar to Finland and Czech Rep.
- ***Key sectors***
  Meat & fish (25%)
  Various products (18%)
  Beverages (16%)
  Dairy products (14%)
- ***Exports:*** € 1.9 billion (2003)
  EU-15 48%
  Other NMS 14.5%
  Third countries 37.5%
- ***Share of exports in turnover: 21%***
- ***Imports:*** € 1 billion (2003)

Net exporter

Czech Rep.

- ***Population***
  10.2 million
- ***F&D industry:***
  16% of the NMS turnover
  Size similar to Finland and Hungary.
- ***Key sectors***
  Various food products (24%)
  Meat (22%)
  Beverages (21%)
  Dairy (16%)
- ***Exports:*** € 1.1 billion (2002)
  EU-15 35% (Germany 17%)
  Slovakia 25%
  Poland 13%
- ***Share of exports in turnover: 14%***
- ***Imports:*** € 1,6 billion (2002)

Net importer

Slovenia

- ***Population***
  2 million
- ***F&D industry:***
  4% of the NMS turnover
  Size similar to Slovakia.
- ***Key sectors***
  Various food products
  Meat (22%)
  Dairy (15)
  Bread and pastry (12.5%)
  Fruit and vegetable processing (11%)
- ***Exports:*** € 0,4 billion (2003)
  EU-15 61%
  Ex-Yugoslavia 25%
  Others 14%
- ***Share of exports in turnover: 19%***
- ***Imports:*** € 0,5 billion (2003)

Net importer

Source: National Federations

Sectors of the EU food and drink industry

Diversity of production

The food and drink industry produces a wide range of foodstuffs. The key figures, consolidated for nine large EU sectors, are presented in figure 1. This table gives only a partial view of the diversity of foodstuffs, from semi-processed to finished products which are adapted to individuals' changing needs and demands.

Four major sectors in the food and drink industry

In the EU-25, the "various food products" category, the meat sector, beverages and dairy products represent together 76.9% of total turnover and 83.9% of total number of employees (Fig. 2). The so-called "various food products" category (division 15.8 of the NACE-Rev1) is a heterogeneous group, which includes bakery, pastry and confectionary products but also pasta, baby food and other food preparations. This category is by far the first contributor to EU-25 value added.

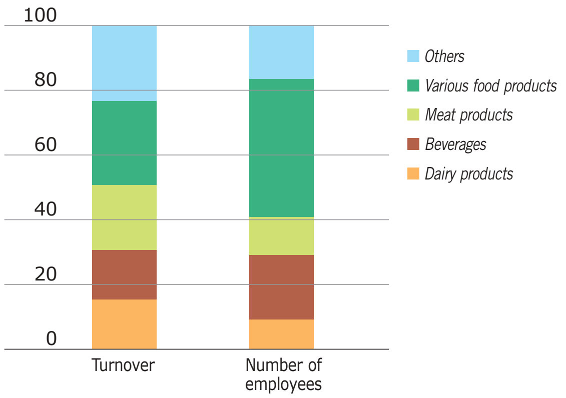
Over the past 15 years, the evolution of the turnover in these sectors is largely a result of modifications in consumers' behaviour and aspirations. The "various food" group and the meat sector, despite the years of BSE crises, registered the highest growth (Fig. 3). The other traditional branches lost ground.

Fig. 1 - Main indicators for the food and drink sectors in the EU-25, 2001

	Turnover € billion	*Value added € billion*	*Number of employees x1000*	*Number of enterprises*
Meat products	161	31	976	47,417
Fish products	19	4	134	3,799
Processed fruit and vegetables	46	10	257	8,194
Oils and fats	34	4	67	7,200
Dairy products	117	18	396	10,632
Grain mill products and starch products	31	6	118	6,997
Animal feeds	52	7	131	5,115
Various food products	207	65	1,861	172,992
Beverages	118	31	446	19,462
Total	**785**	**176**	**4,386**	**281,808**

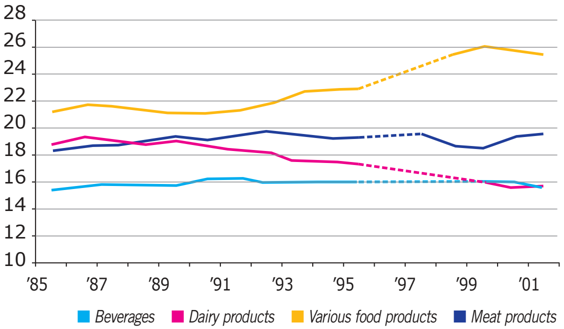
Source : Eurostat, sbs

Fig. 2 - Main contributors to the EU-25 turnover and number of employees (%)



Source: Eurostat, sbs, 2001

Fig. 3 - Evolution of the turnover for the 4 main sectors over 15 years (%), EU-15



Source: Eurostat, sbs

Markets and consumption

- The food and drink industry covers a market of 450 million consumers in the EU.

- Total exports of food and drink products to third countries in 2003 amounted to € 45 billion with a positive trade balance of € 5.8 billion Euros.

Further developed on pages 12 and 13

- 7% of the EU-15 food and drink production was exported in 2002 to third countries; at the same time, trade among the EU Member States accounted for 17% of EU production.

- Food and non-alcoholic beverages together accounted for an average of 13.2% of total household expenditure in the EU-25 in 2002.

Further developed on page 16

- The EU market is well developed and sensitive to innovation. The five innovation drivers generally recognized are pleasure, ethics, fitness, convenience and health.

Further developed on page 17

- The food and drink industry buys and adds value to 70% of all EU agricultural produce.

Trade in the EU-15 food and drink industry

General trends

In a difficult economic context and with a strong Euro, the year 2003 registered a slight decline in food and drink exports. Imports being stable, the trade surplus dropped in 2003 but remained nevertheless largely positive (€5.8 billion) (Fig. 1 to 2).

In 2003, compared to 2002, exports of high value added products (the so called "Non Annex I" products[1]) presented a good resilience to the global economic slowdown with almost stable exports (-0.7%) and trade balance (-1.3%).

(1) *Products not listed in the Annex I of the Treaty of Rome. For example confectionary products, biscuits, pasta…*

Fig. 1 - Key trade figures (€ million), EU-15

	2001		2002		2003
Export	45,015	↑2.9%	46,322	↓-3.8%	44,544
Import	38,369	↑1.0%	38,734	0.0%	38,728
Balance	6,646	↑14.2%	7,588	↓-23.4%	5,816

Source: Eurostat, Comext

EU trade partners

The United States is by far the number one customer for EU food and drink industry products, with more than a fifth of total EU exports. This position tends to be reinforced as EU exports to the US increased by 46% from 1998 to 2003, while, over the same period, total EU food and drink exports registered a growth of only 12% (Fig. 4 to 6).

Brazil is the main supplier of food and drink products. Imports from Brazil have increased by 60% since 1998, while total EU imports for food and drink increased by 25% over the same years.

Fig. 4

Destinations of EU-15 F&D products, 2003 (€ million)	
USA	9,178
Japan	3,351
Switzerland	2,813
Russia	2,456
Canada	1,396
Norway	1,211
Poland	1,165
Czech Rep.	919
Australia	836
South Korea	711
Rest of the world	19,968
Total extra-EU	**44,544**

Origin of EU-15 F&D imports, 2003 (€ million)	
Brazil	3,935
Argentina	3,311
USA	2,799
Poland	1,582
New-Zealand	1,433
China	1,325
Switzerland	1,299
Thailand	1,168
Norway	1,167
Turkey	1,066
Rest of the world	19,643
Total extra-EU	**38,728**

Source: Eurostat, Comext

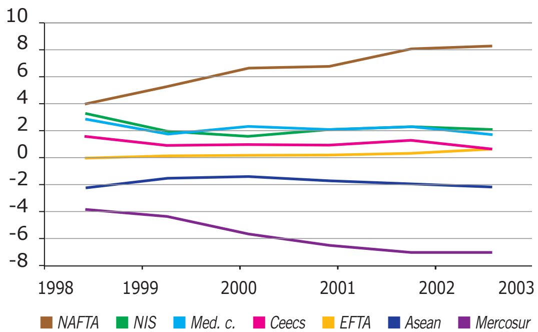
Fig. 2 - Key figures for trade in primary and processed agricultural products (€ million), EU-15

	Exports		Imports		Balance	
	2002	2003	2002	2003	2002	2003
Primary agricultural products	10,312	10,199	29,178	28,756	-18,866	-18,557
Food and drink industry products	46,322	44,544	38,734	38,728	7,588	5,816
Total: primary and F&D products	**56,634**	**54,743**	**67,912**	**67,484**	**-11,278**	**-12,741**

Source: Eurostat, Comext

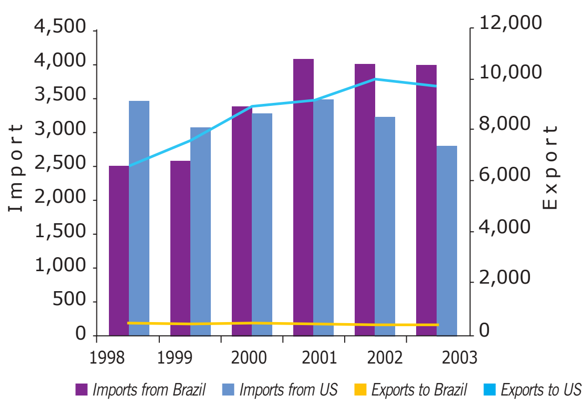
Trade by sector

Fig. 5 - Extra-EU-15 trade balance by regions, 1998-2003



NIS: former USSR (except Baltic States)
Source: Eurostat, Comext

Fig. 6 - Trade with the United States and Brazil (€ million), 1998-2003

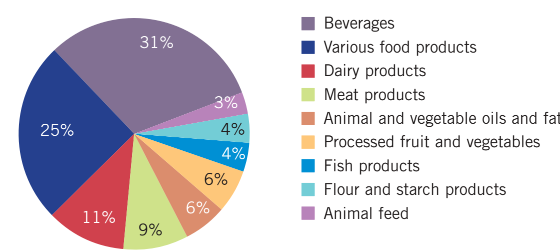


Source: Eurostat, Comext

The two most important sectors in terms of exports, i.e. beverages and the "various food products" category (which covers in particular biscuits, chocolate, food preparations, pasta), are less affected by the current fall in EU food exports. Together they represent more than half of total food exports and produce a trade surplus of €17 billion. The good performance of biscuits and pastry goods in exports (+3.4%) can be noted. On the contrary, the exports of the meat sector, in particular poultry meat (-20%), suffered on competitive world markets (Fig. 7 and 8).

In terms of imports, the fish sector represents a quarter of EU purchases, followed by the oils and fats sectors.

Fig. 7 - Exports by sector, 2003 (% in terms of value)



Source: Eurostat, Comext

Fig. 8 - Exports by sector (€ million)

	2001	2002		2003
Beverages	13,256	14,080	↓ -0.6%	13,989
Various food products	11,494	11,388	↓ -1.8%	11,178
Dairy products	5,163	4,767	0.0%	4,768
Meat products	4,522	4,451	↓ -12.3%	3,904
Animal and vegetable oils and fats	2,683	2,992	↓ -7.1%	2,781
Processed fruit and vegetables	2,554	2,797	↓ -6.9%	2,604
Fish products	1,874	1,974	↓ -3.7%	1,901
Flour and starch products	1,822	1,868	↓ -6.0%	1,757
Animal feed	1,188	1,353	↓ -16.1%	1,135
Others	459	652		527
Total	**45,015**	**46,322**	↓ -3.8%	**44,544**

Source: Eurostat, Comext

Trends for 2004

Trade in the first months of 2004

After a slight decrease in food and drink products' exports in 2003, sales outside the EU-15 were almost stable during the first four months of 2004 with respect to the same period in 2003. Imports increased slightly in the same period.

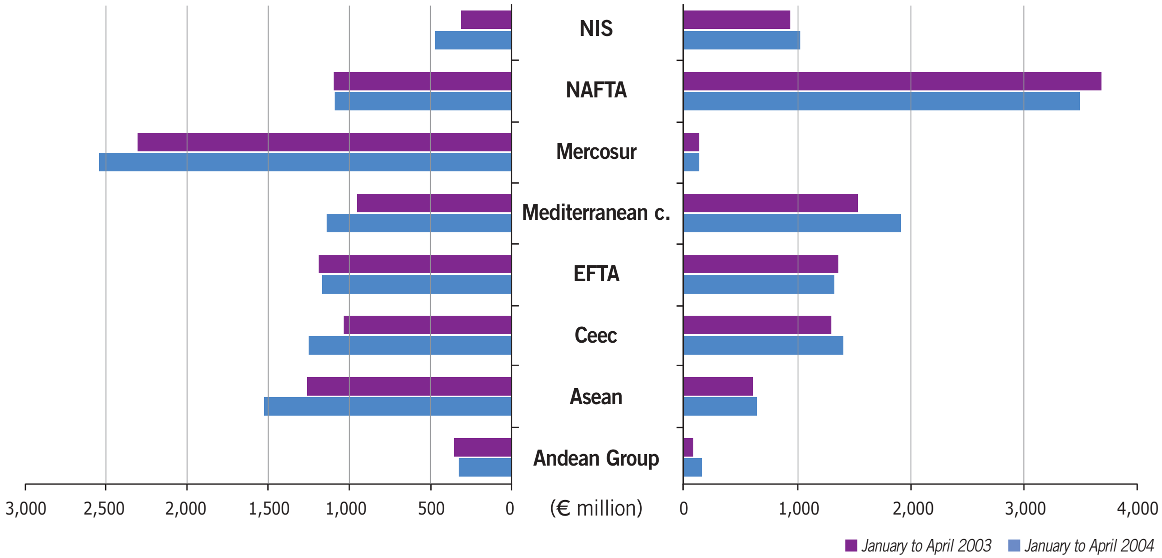
Key trade figures (€ million)

	January to April 2003		January to April 2004
Export	14,426	↓ -0.6%	14,335
Import	12,234	↑ 3.1%	12,615

Source: Eurostat, Comext

Imports of EU-15 food and drink products

Exports of EU-15 food and drink products



Source: Eurostat, Comext
NIS: former USSR (except Baltic States)

Exports by sector (€ million)

	January to April 2003		January to April 2004
Meat sector	1,307	↑ 9.9%	1,437
Fish products	627	↓ -1.6%	617
Processed fruit and vegetables	878	↓ -6.0%	825
Animal and vegetable oils and fats	937	↑ 2.3%	958
Dairy products	1,591	↑ 3.9%	1,653
Flour and starch products	611	↓ -4.9%	581
Prepared animal feeds	379	↑ 6.0%	401
Various food products	3,543	↓ -0.9%	3,511
Sugar	360	↓ -36.4%	229
Chocolate and sugar confectionary	761	↑ 7.0%	815
Macaroni, couscous	173	↓ -2.1%	170
Coffee and tea	351	↓ -4.7%	334
Baby food and dietetic food	256	↓ -5.4%	242
Beverages	4,374	↓ -6.1%	4,106
Distilled alcoholic bev.	1,663	↓ -10.0%	1,497
Wines	1,425	↓ -7.7%	1,315
Beer made from malt	585	↓ -6.0%	550

Source: Eurostat, Comext

Food[1] products (including agricultural products)

on World markets

Performance of the EU-15

According to the WTO, in 2002 world trade in food products reached $468 billion. 30% of this figure represents the trade between EU countries.

- The share of extra-EU food exports in total world exports reached 11.2% in value terms. The EU is the number 2 exporter, just behind the US.
- The EU is the world largest importer of food products with a share of 12.6% of total world trade (Fig. 1).

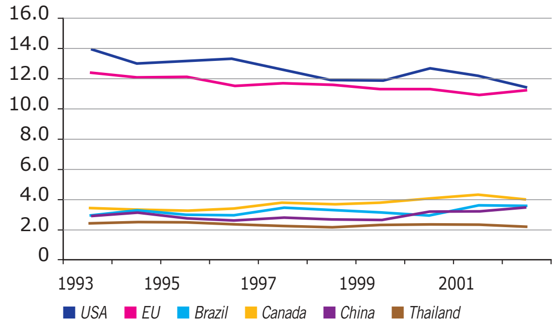
Fig. 1 - Top food exporters / importers, 2002

	Exports $ billion	Share in world %		Imports $ billion	Share in world %
USA	53.1	11.3	Extra-EU**	63.2	12.6
Extra-EU**	52.5	11.2	USA	55.2	11.0
Canada	18.7	4.0	Japan	44.7	8.9
Brazil	16.6	3.5	Canada	13.3	2.6
China	16.2	3.5	Mexico	10.3	2.0
Australia	13.3	2.8	China	9.9	2.0
Argentina	11.7	2.5	Korea	8.9	1.8
Thailand	10.0	2.1	Brazil	3.4	0.7
Mexico	8.0	1.7	Australia	3.3	0.7
India	6.5	1.4	India	3.3	0.7

Source: WTO, International Trade Statistics
(**) Extra-EU: trade between the EU and third countries.

The dollar value of world food exports increased by 38.3% during the 10 years from 1993 to 2002. During the same period (Fig. 2), EU exports increased by 25.9%, US exports by 13.3%. This highlights that the share of EU and US food products on world markets decreased to the benefit of other key trade players such as Brazil (+69.8%), China (+62.6%) and Canada (+60.6%).

Fig. 2 - Share of key trade players in world trade of food products (%), 1993-2002



Source: WTO, International Trade Statistics

(1) *For WTO trade statistics, food products include food and live animals, beverages and tobacco, animal and vegetable oils, fat and waxes, oilseeds and oleaginous fruit (SITC sections 0, 1, 4 and division 22).*

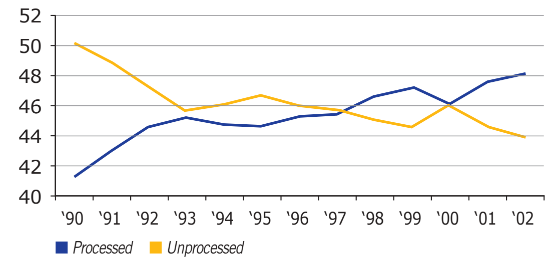
(2) *The agricultural products, which are for this review classified according to their stage of processing, include all food (fresh and processed), as well as certain inedible raw material (skin, wood..). The figures include EU-intra trade. Limitations on detailed data availablility reduce slightly the global coverage.*

World trade developments for food products

The WTO figures reveal that food exports (which include agricultural products) expanded less rapidly than world trade in merchandise. The share of food in total merchandise exports decreased from 9% in 1993 to 7.2% in 2002. However, a recovery is observed between 2000 and 2002 as the value of food exports expanded by 8.5% while that of world merchandise exports stagnated over the same period.

According to a WTO analysis[2], exports of processed products expanded significantly faster than those of semi-processed and unprocessed agricultural products. The share of processed goods showed a clear upward trend, rising from 42% in 1990-91 to 48% of global agricultural trade in 2001 and 2002. The largest shift to processed goods is broad-based since it can be observed across sub-sectors and in a large majority of developing and developed countries (Fig. 3).

Fig. 3 - Share of processed and unprocessed goods in world exports of agricultural products, 1990-2002



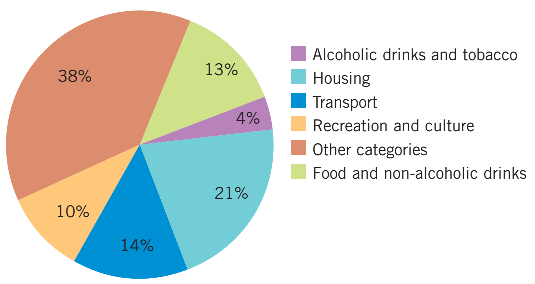
Source: World trade report, WTO, 2004

Consumption of food and drink products

Drop in the share of household budget spent on food

In 2002, the households in the EU-25 spent 13%, on average, of their expenditure on food and non-alcoholic beverages (Fig. 1). There was a relative decline in the importance of food and non-alcoholic beverages within total households in most of the EU-15 countries between 1991 and 2001 (from 16.1% to 14.4% in France, 12.4% to 9.7% in the UK). Increasing per capita income mainly drove these changes.

Fig. 1 - Breakdown of household final consumption expenditure by purpose, 2002 (as % of total)

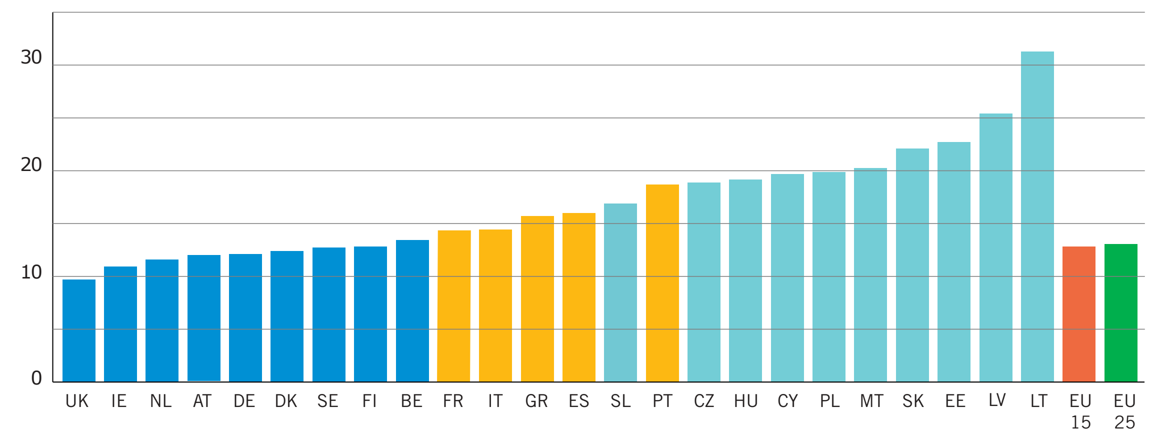


Source: Eurostat

National differences in terms of food expenditure

A large majority of EU-15 countries spent less than 15% of their budgets on food and non-alcoholic drinks (Fig. 2). However, the Mediterranean countries registered a higher share of foodstuffs' consumption (Italy 14.6%, Portugal 18.8%). In the new Member States, the share of the budget spent on food is still high (between 17.2% to 31.3%).

Fig. 2 - Household consumption expenditure in the EU-25, 2002: food and non-alcoholic drinks (in % of total household consumption expenditure)



Source: Eurostat
2001 for the UK, Ireland, France, Portugal, Lithuania and Cyprus
2000 for the Czech Republic and Latvia

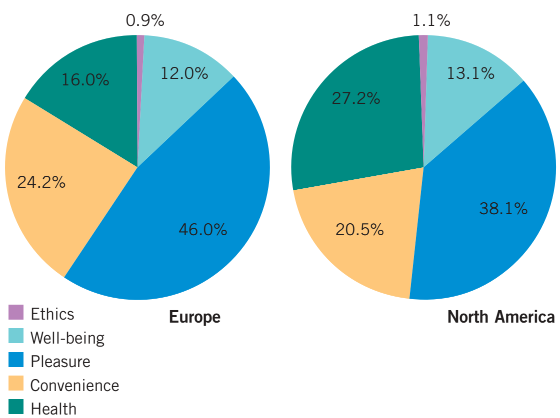
Food innovation

Innovation can be classified according to five axes: pleasure, health, ethics, well-being and convenience.

Pleasure is the first driver for innovation but convenience and health are growing

Around the world, health and well-being factors are becoming increasingly important. North America follows this trend, as the notion of pleasure as a first driver for innovation loses momentum (38.1% in 2003 vs 41% in 2002). There is also a decline in the pleasure factor in Europe, even if pleasure-driven innovation remains very dominant (46%). The notion of convenience in Europe and of health in North America as drivers for innovation showed the highest growth (Fig. 1).

Fig. 1 - Share of the main drivers for innovation in Europe and in North America

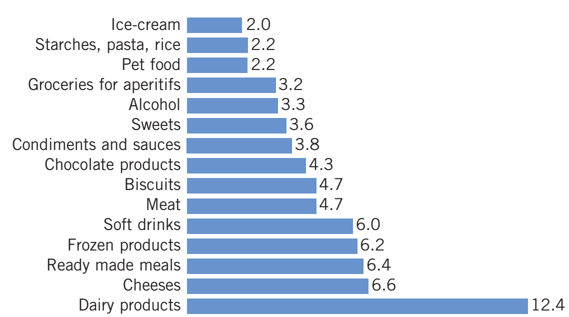


100% Total food innovation over the period in the region
Source: World Innovation Panorama, International trends & Innovations Book (SIAL, 2004)
Food Issues Monitor 2004, GlobeScan.

The 15 most innovating categories in Europe

No upsets in the European classification were registered in 2003 compared to 2002, at least for the main families. Dairy products confirm their place as leader in the number of innovations (12.4% in 2003 vs 11.6% in 2002). Cheeses and ready meals fell slightly, frozen products were stable while soft drinks stayed in fifth place (Fig. 2).

Fig. 2 - The 15 most innovating categories in Europe (share %)



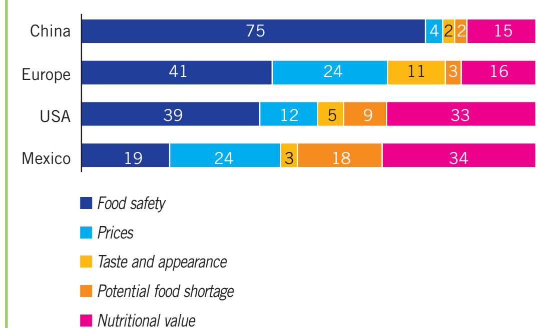
Source: SIAL, International trends & Innovations Book, 2004
Food Issues Monitor 2004, GlobeScan.

The consumers' greatest concern about food

Thinking of issues affecting food in their countries, consumers were asked to specify which one of the following concerns them the most: potential food shortages, nutritional value, prices, food safety, taste and appearance. In 2004, food safety remains the first concern of consumers in Europe, China and the United-States (Fig. 3). The survey shows that, in European countries, this concern over food safety lost ground between 2002 and 2004.

The international consumer research company Globescan conducted this survey.

Fig. 3 - Greatest concern about food



Source: Food Issues Monitor 2004
The white space in the lines represents "other" or "do not know."

The top world and EU food and drink companies

Ranking of world agri-food companies by sales, 2003-2004

Name	Head-quarter	Food sales € billion	Employees (x1000)	9 month sales growth[1] % 2004	Main sectors
Nestlé	CH	54.5	253	4.5	*multi-product*
Kraft Foods Inc.	USA	27.7	109	4.6[a]	*dairy, snacks, beverages*
Archer Daniels Midland	USA	27.5	26	13.0[b]	*cereal processing*
Unilever	NL/UK	26.2	234	-3.0	*multi-products*
PepsiCo	USA	24.1	61	8.0	*beverages, snacks*
Cargill	USA	n.a.	98	n.a.	*multi-product*
Tyson Foods	USA	21.8	n.a.	n.a.	*meat*
The Coca Cola Company	USA	17.9	38	5.2	*beverages*
ConAgra Foods	USA	17.7	63	8.2[b]	*meat, processed foods*
Anheuser Busch	USA	14.6	23	5.3	*beer, beverages*
Mars/Masterfoods	USA	14.5	39	n.a.	*snacks, beverages, pet food*
Diageo	UK	13.7	32	-4.2	*alcoholic beverages*
Danone	FR	13.1	89	7.7	*multi-product*
SABMiller	USA	10.9	42.4	14.0[e]	*beer*
Kirin Breweries	JP	10.2	n.a.	3,6[a]	*beer, alcoholic beverages*
General Mills	USA	9.9	27.3	n.a.	*multi-products*
Dean Foods Company	USA	9.8	27.5	20.3	*dairy*
Asahi Breweries	JP	9.6	n.a.	2.0	*alcoholic beverages*
Sara Lee	USA	9.6	150.4	n.a.	*prepared foods*
Cadbury Schweppes	UK	9.4	n.a.	3.0[a]	*beverages, confectionery*
Heineken	NL	9.3	61	11.0[a]	*beer*
Smithfield Foods	USA	8.3	29.6	n.a.	*meat*
Swift and Company	USA	8.3	21.0	6.0[b]	*meat*
Kellog's	USA	7.9	25.0	8.0	*breakfast cereals*
Parmalat	IT	7.6[2]	n.a.	n.a.	*dairy, snacks, beverages*
Heinz	USA	7.4	39.0	5.4[d]	*prepared foods*

Ranking of European agri-food companies by sales, 2003-2004

Name	Head-quarter	Food sales € billion	Food sales Europe € billion	Employees (x1000)	9 month sales growth[1] % 2004	Main sectors
Nestlé	CH	54.5	18.8	253	4.5	*multi-product*
Unilever	NL/UK	26.2	13.2	234	-3.0	*multi-product*
Diageo	UK	13.7	n.a.	32	-4.2	*alcoholic beverages*
Danone	FR	13.1	8.9	89	7.7	*multi-product*
Cadbury Schweppes	UK	9.4	n.a.	n.a.	3.0[a]	*beverages, confectionery*
Heineken	NL	9.3	7.7	61	11.0[a]	*beer*
Parmalat	IT	7.6[2]	n.a.	n.a.	n.a.	*dairy, snacks, beverages*
Scottish & Newcastle	UK	7.3	7.3	16	18.0	*alcoholic beverages*
Associated British Foods	UK	7.1	4.4	35	n.a.	*sugar, starches, prepared foods*
InBev	BE	7.0	3.5	38	7.0[a]	*beer*
Oetker-Gruppe	DE	4.8[2]	n.a.	19	n.a.	*multi-product*
Carlsberg	DK	4.7	4.5	31	3.0[b]	*beer*
Tate & Lyle	UK	4.6[2]	2[2]	7	-0.4[d]	*sweetener, starches*
Südzucker	DE	4.6	4.5	18	1.5[a]	*sugar, prepared foods*
Ferrero	IT	4.5	4.5	17	n.a.	*confectionery*
Bongrain	FR	4.0	3.3	n.a.	6.5[b]	*dairy*
Nutreco	NL	3.7	n.a.	13	6.5[a]	*meat*
Campina	NL	3.7	3.3	7	n.a.	*dairy*
Pernod Ricard	FR	3.5	1.9	12	2.1[a]	*alcoholic beverages*
Numico	NL	3.2	1.4	11	9.4	*prepared foods*
Wessanen	NL	2.4	n.a.	10	-8.9[c]	*prepared foods*

Source: CIAA, further information on www.ciaa.be.
(1) Nine-month sales growth (Q1+Q2+Q3 2004) with the following exceptions: (a) Q1+Q2, (b) Q3, (c) Q2, (d) Q2+Q3
Figures taken out of companies' reports are not necessarily comparable. The growth rates are simply indicative.
The fiscal years do not correspond to civil years.
Details on these data are available in the companies' reports on their websites.
(2) Total sales

National Federations

Austria
FIAA - FACHVERBAND LEBENSMITTELINDUSTRIE
Belgium
FEVIA - FEDERATION DE L'INDUSTRIE ALIMENTAIRE/FEDERATIE VOEDINGSINDUSTRIEN
Czech Republic
PKCR- FEDERATION OF THE F&D INDUSTRY OF THE CZECH REPUBLIC
Denmark
FI - FOEDEVAREINDUSTRIEN
Estonia
ETL - ESTONIAN ASSOCIATION OF F&D INDUSTRY
Finland
ETL – ELINTARVIKETEOLLISUUSLIITTO RY
France
ANIA - ASSOCIATION NATIONALE DES INDUSTRIES ALIMENTAIRES
Germany
BLL/BVE- BUND FÜR LEBENSMITTELRECHT UND LEBENSMITTELKUNDE/ BUNDESVEREINIGUNG DER DEUTSCHEN ERNÄHRUNGSINDUSTRIEN
Greece
SEVT - FEDERATION OF HELLENIC FOOD INDUSTRIES
Hungary
FHFI (EFOSZ) - FEDERATION OF HUNGARIAN FOOD INDUSTRIES
Ireland
FDF - FOOD AND DRINK FEDERATION IRELAND
Italy
FEDERALIMENTARE - FEDERAZIONE ITALIANA DELL'INDUSTRIA ALIMENTARE
Latvia
LPUF- LATVIAN FEDERATION OF FOOD ENTERPRISES
Luxembourg
FIAL- FEDERATION INDUSTRIES AGRO-ALIMENTAIRES LUXEMBOURGEOISES
Poland
PFPZ - POLISH FEDERATION OF FOOD INDUSTRY
Portugal
FIPA – FEDERAÇAO DAS INDUSTRIAS PORTUGUESAS AGRO-ALIMENTARES
Slovakia
FOOD CHAMBER OF COMMERCE
Slovenia
ASSOCIATION OF FOOD INDUSTRIES OF SLOVENIA
Spain
FIAB - FEDERACIÓN ESPAÑOLA DE IND.DE LA ALIMENTACIÓN Y BEBIDAS
Sweden
LI - LIVSMEDELSFÖRETAGEN
The Netherlands
VAI - NEDERLANDSE VOEDINGSMIDDELEN INDUSTRIE
United Kingdom
FDF - FOOD & DRINK FEDERATION

OBSERVERS

Norway
NBL - NORWEGIAN FOOD & DRINK INDUSTRIES FEDERATION
Romania
ROMALIMENTA - ROMANIAN EMPLOYERS' FEDERATION OF FOOD INDUSTRY

Sectors

Bakery
Beer
Breakfast cereals
Chocolate, biscuits and confectionery
Dairy products
Dietetic products
Flours
Frozen products
Fruit and vegetable conserves
Fruit and vegetable juices
Ice cream
Isoglucose
Margarine
Mineral waters
Oils
Pasta
Pet food
Processed meat
Raw material and improvers for bakery and pastry
Roasted coffee
Salt
Sauces
Semolina
Snacks
Soft drinks
Soluble coffee
Spices
Starch
Stocks and soups
Sugar
Tea
Transformed potatoes
Vegetal proteins
Yeast

European Committee of large food and drink companies

ADM
BUNGE EUROPE
CARGILL
COCA-COLA
DANONE
FERRERO
HEINEKEN
HEINZ
INBEV
KELLOGG'S
KRAFT FOODS
MASTERFOODS
NESTLE
PEPSICO
PERNOD RICARD
PROCTER & GAMBLE
SARA LEE
SÜDZUCKER
TATE & LYLE
UNILEVER

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Confederation of the food and drink industries of the EU

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