Food and Drink Federation
Delivering Sustainable Growth

UK Food & Drink Export Performance
Full Year 2012

March 2013

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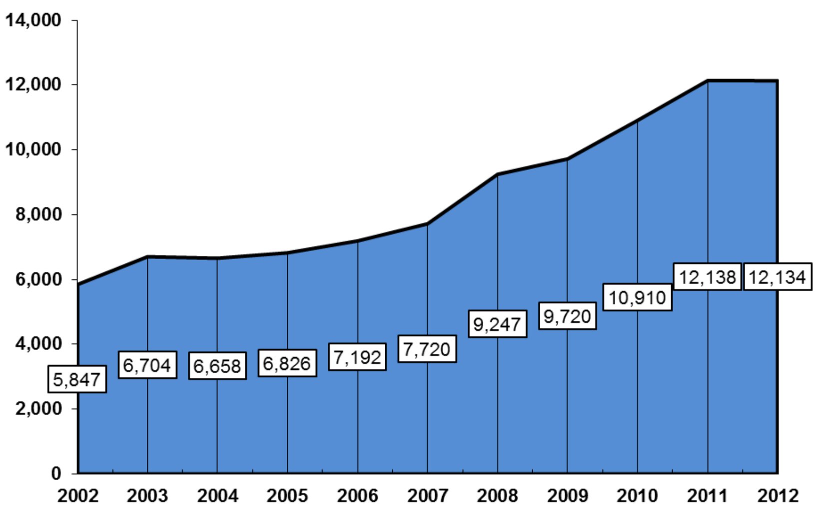
UK Food & Drink Export Performance
Full Year 2012

Executive Summary

- Food and non-alcoholic drink exports were stable at £12.1bn in 2012 – the same as 2011.
- The non-EU markets (+4.6%) counter balanced performance in the challenging EU27 (-1.4%).
- The result for the year was heavily influenced by decline in the final quarter (-5%), up to September food and drink exports were in growth by 1.8%
- The combination of a contracting Eurozone in Q4 (GDP fell by 0.6%), lower demand for UK commodities and slower growth to non-EU resulted in the performance seen in the final quarter.
- A key factor and one beyond the control of the industry markets was the poor UK harvest in the autumn which impacted heavily on the supply of grains available for export - the value of cereal exports in Q4 alone fell by £160m on Q4 2011.
- Including alcoholic drinks, total food and drink exports were £18.7bn, 0.3% up on 2011 with the whisky sector up 1.1%.
- In light of the above, it is encouraging to report that food and drink exports have remained resilient when compared against all UK products (-4.5%)
- UK exports to the Eurozone were less competitive in 2012 as sterling strengthened from an average of €1.15 in 2011 to €1.23 in 2012.
- The strengthening of the pound against the euro between 2011 and 2012 has been significant, impacting on the price of UK food commodities and constraining demand, particularly from the EU.
- UK exports to those markets using the US dollar became marginally more competitive as sterling weakened from $1.60 in 2011 to $1.59 in 2012.

UK Food & Non-alcoholic Drinks Exports (£m)



Value added growing strongly

- Growth was inhibited by falls seen across some of the largest commodity categories:
  - **Cereals** -27.9% falling by £167m, with wheat -34.4% and Barley -19.7%
  - **Fish and seafood** -7.8% falling by £115m, with fresh fish -14.6% and crustaceans -8.2%
  - **Meat** -6.4% falling by £93m, with beef -11.2% and lamb -5.9%
  - **Dairy** -5.9%, falling by £69m, with fresh milk and cream -14.8% and butter/spreads -20.7%

- The export of value added foods (+3.7%) outperformed total food and non-alcoholic drinks exports (0%) in 2012.
- This was true in both the EU (+1.6%) and the non-EU (+10.1%). Of the top 20 products shown below eight of those nine in growth are categorised as 'value added':

UK Exports of Food & Non-alcoholic Drinks: Top 20 key products, 2012

	2012 (£m)	% change 11-12
Chocolate	524	19.3
Cheese	407	0.6
Fresh fish	399	-14.6
Beef	389	-11.2
Breakfast cereals	360	-5.5
Lamb	354	-5.9
Soft drinks	345	-7.3
Poultry	286	-6.9
Sweet biscuits	279	2.7
Milk/crm not cont/swt	253	-14.8
Crustaceans	245	-8.2
Sauces/Condiments	227	8.9
Prepared meat	210	0.8
Cakes	200	7.9
Pork	189	10.5
Frozen fish	173	-3.9
Sugar confectionery	172	6.0
Milk/crm conc/swt	160	-14.8
Coffee	148	9.7
Molluscs	142	-0.7

Regional Summary

- Within the EU 27 exports to France fell by £119m against 2011 – One of 15 markets in decline in 2012. In contrast gains were made in some significant markets including Germany (+7.7% up £80m) and the largest market Ireland (+1.7% up £51m).
- Exports to all non-EU regions, apart from Other Western Europe markets and Eastern Europe were in growth. The strongest gains were seen in Africa (+15.5% up £64m) and the Middle East (+15.4% up £59m).

UK Exports of Food & Non-alcoholic Drinks by EU / Non EU, 2011-2012 (£ million)

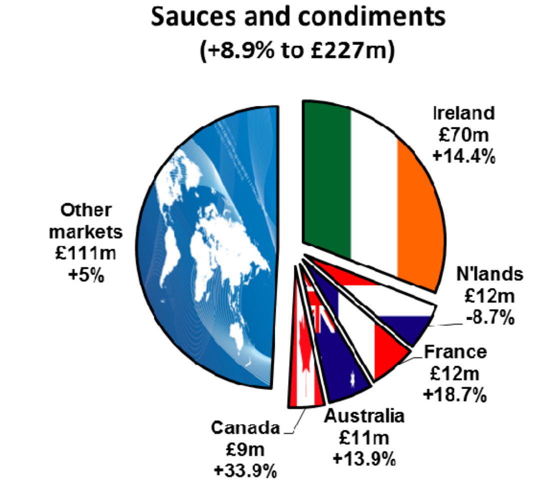
	2011	2012	% change
Total Food & Non-alcoholic drinks exports	**12,138**	**12,134**	**0.0**
Total EU	9,347	9,215	-1.4
Total Non-EU	2,791	2,919	4.6
EU % share	77.0	75.9	
Non-EU % share	23.0	24.1	

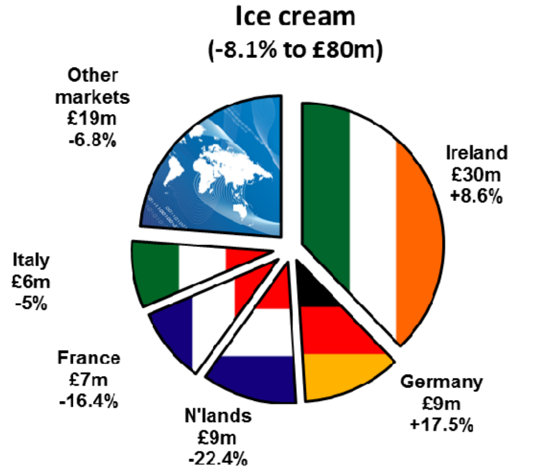
Notes for comparison:

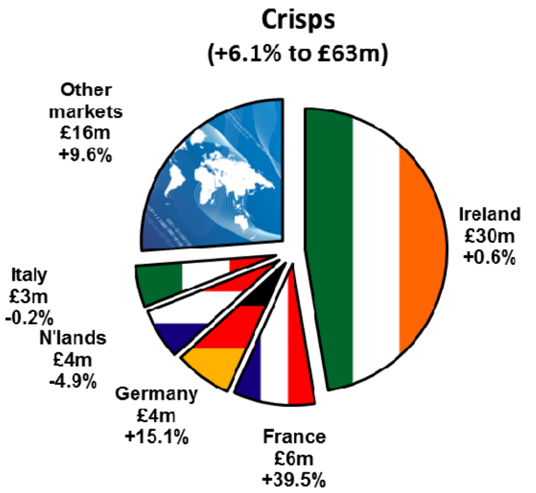
- Including alcoholic drinks, total food and drink exports were £18.7bn, 0.3% up on 2011.
- All UK commodities exports at £306bn in 2012 were down 4.5% on 2011 (UK food and non-alcoholic drinks share of total UK exports for 2012 is 4%).
- Imports of food and non-alcoholic drinks were £34.6bn, up 1.8% on 2011 with imports growing at a faster rate than exports in 2012.
- **The food and non-alcoholic drinks trade gap increased by 2.8% in 2012 to a deficit of £22.5bn.**

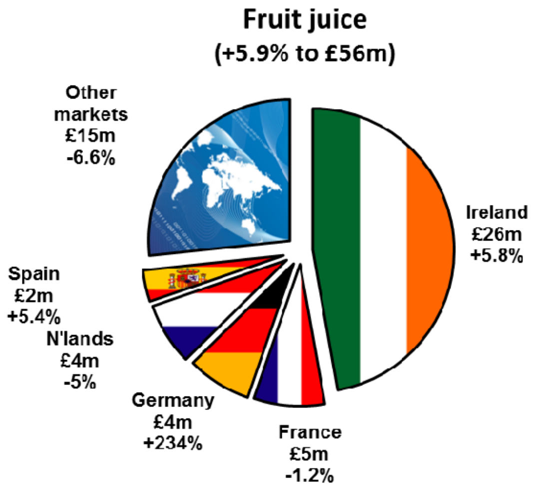
Sector summary

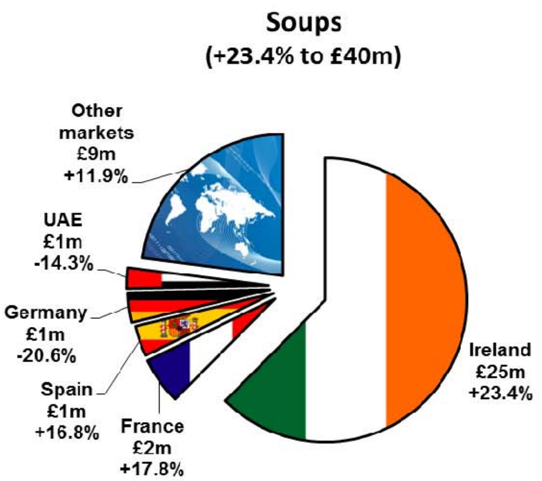
Prepared foods*
(+5.8% to £3,021m)

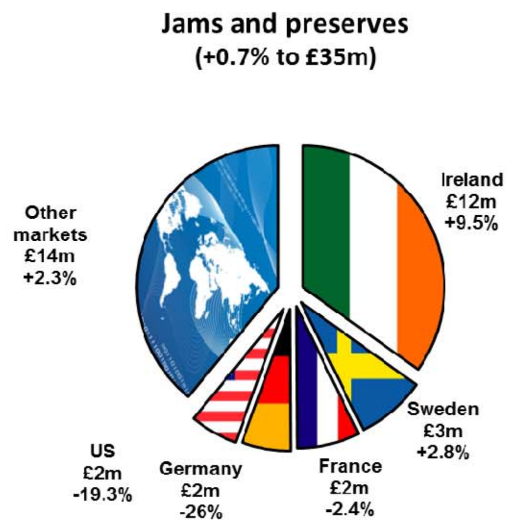








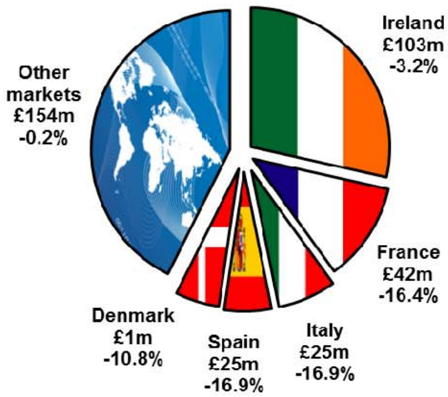




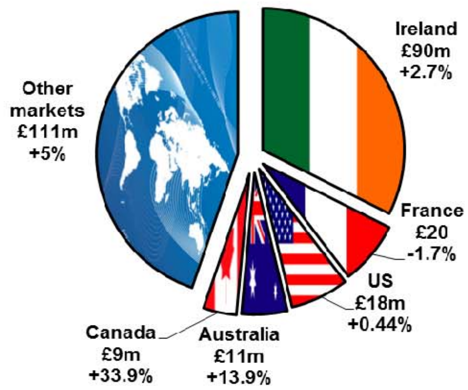
*also includes fats & oils, preserved fruit and veg, vinegar, animal feeds and other prepared foods

Cereals & bakery products
(-3.4% to £2,116m)

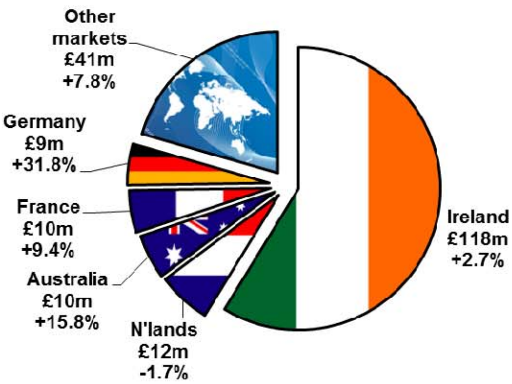
Breakfast cereals
(-5.5% to £360m)



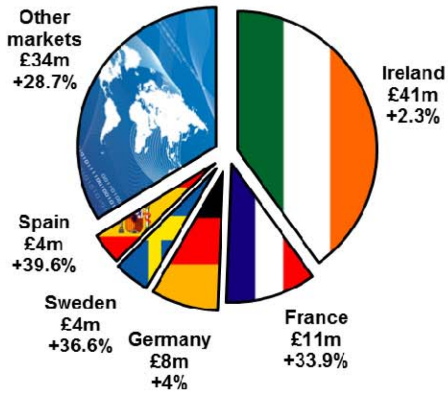
Sweet biscuits
(+2.7% to £279m)



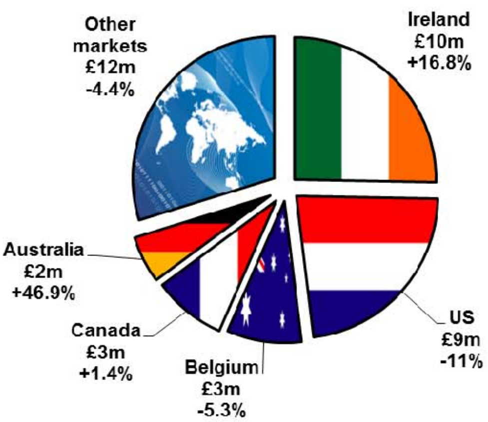
Cakes
(+7.9% to £200m)



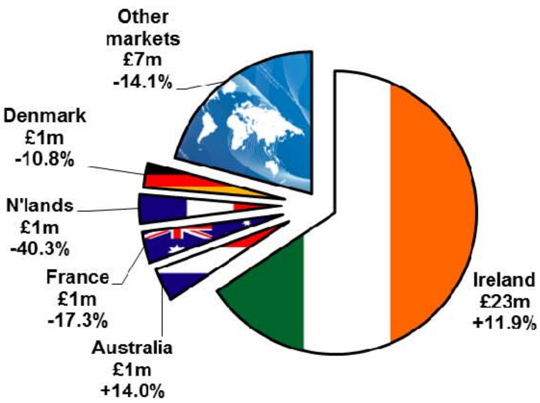
Bread
(+15.7% to £102m)



Savoury biscuits
(+0.8% to £39m)

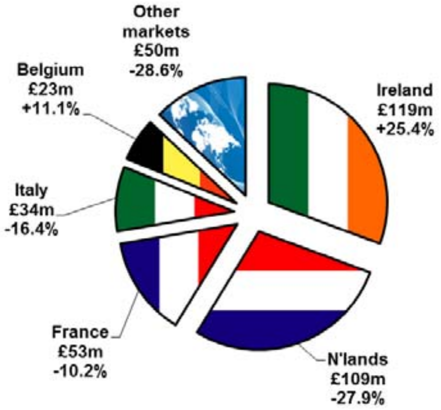


Pasta
(+0.7% to £34m)

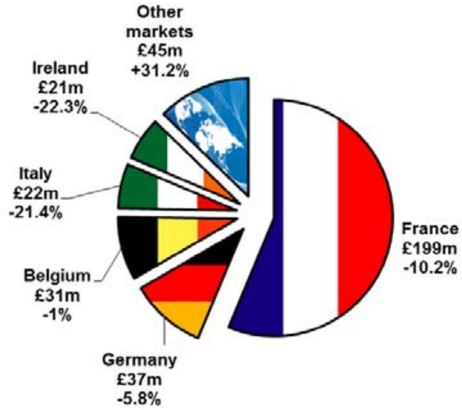


Meat and related animal products
(-3.9% to £1,707m)

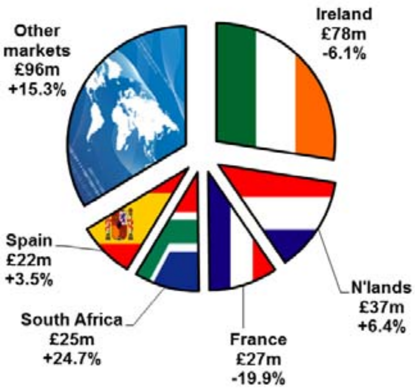
Beef
(-11.2% to £389m)



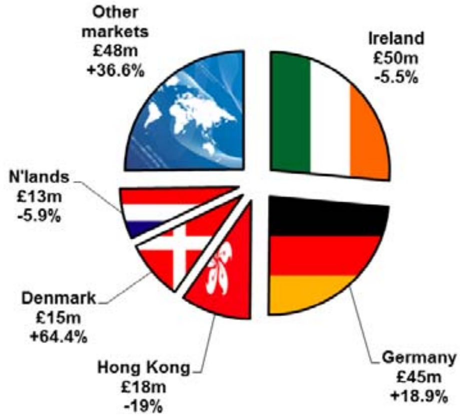
Lamb
(-5.9% to £354m)



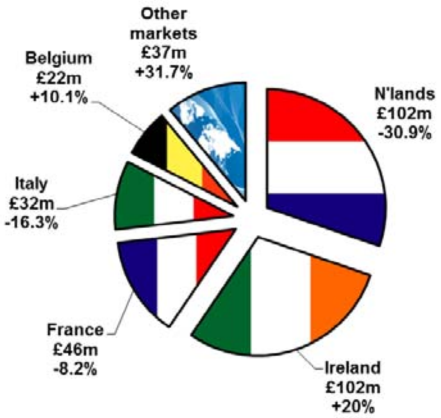
Poultry
(-6.9% to £286m)



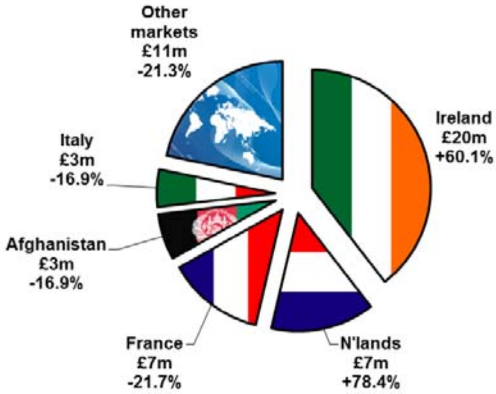
Pork
(-10.5% to £189m)



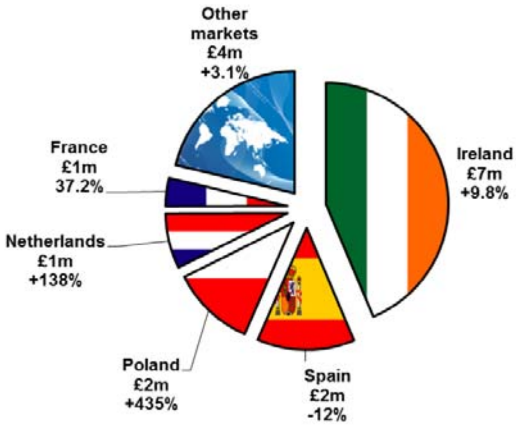
Fresh beef
(-13.9% to £337m)



Frozen beef
(+12.5% to £51m)

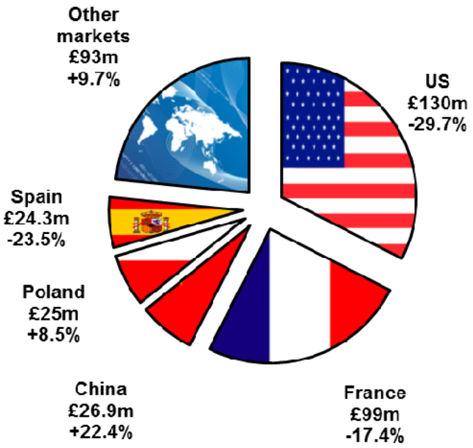


Sausages
(+20.6% to £17m)

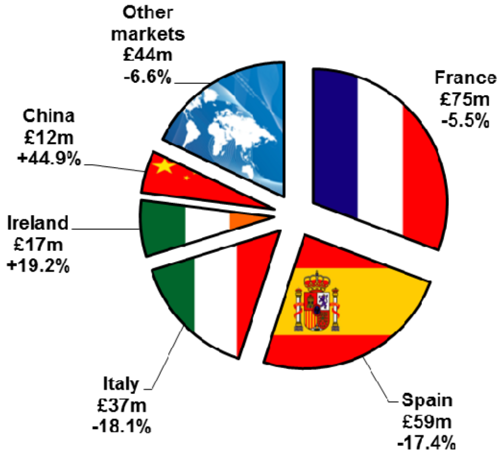


Fish and seafood
(-7.8% to £1,350m)

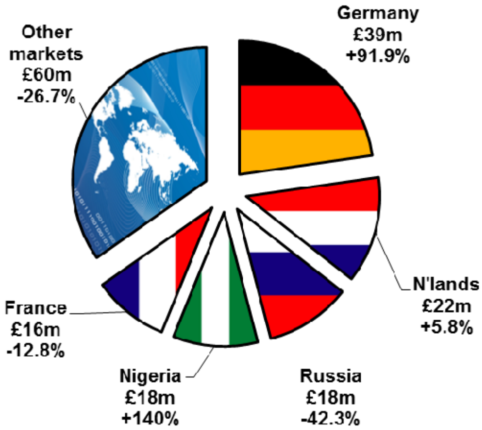
Fresh fish
(-14.6% to £398.5m)



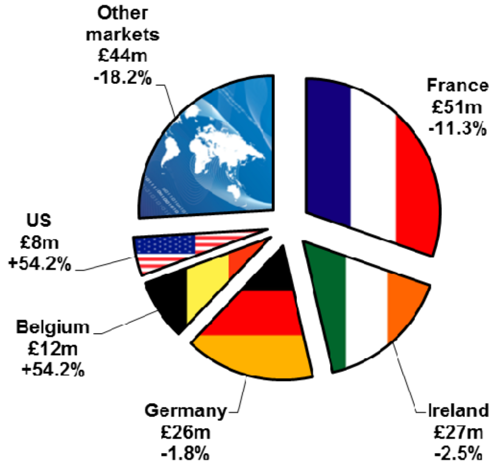
Crustaceans
(-8.2% to £245m)



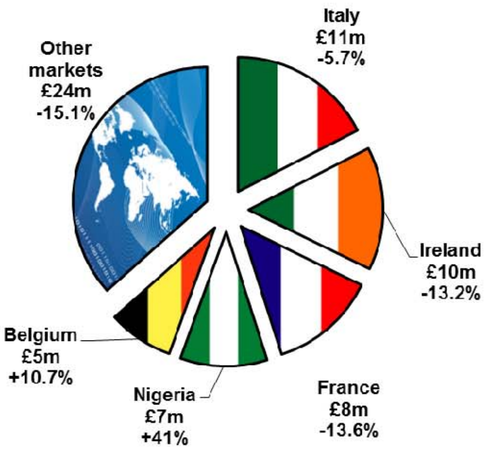
Frozen Fish
(-3.9% to £173m)



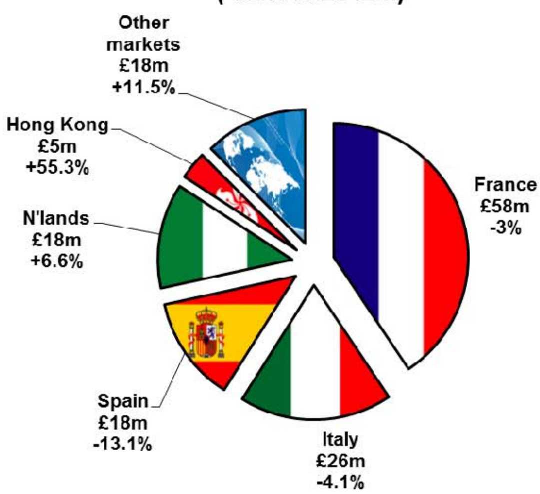
Fish fillets
(-20.3% to £168m)



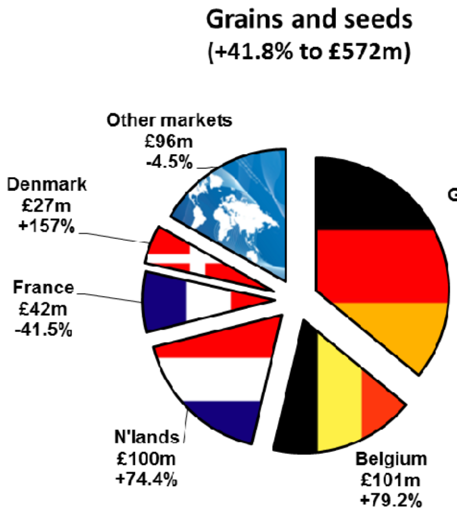
Smoked fish
(-8.9% to £64m)

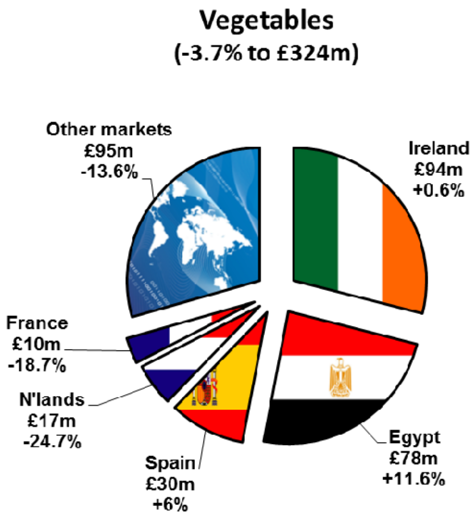


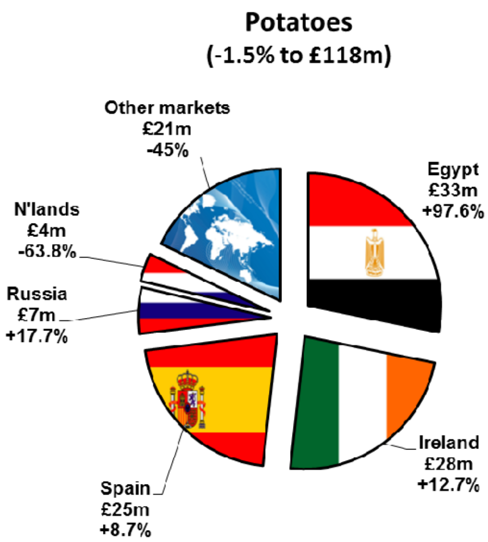
Molluscs
(-0.7% to £142m)

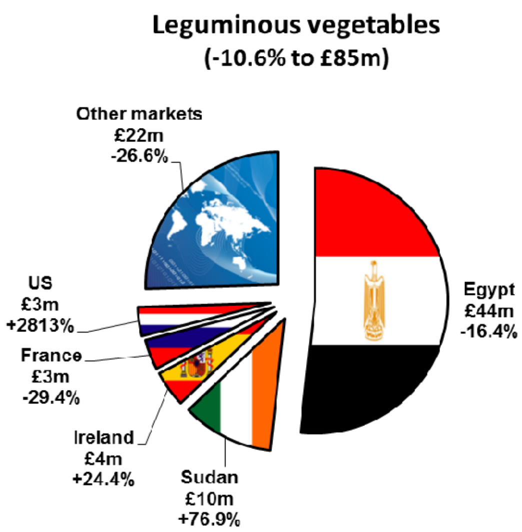


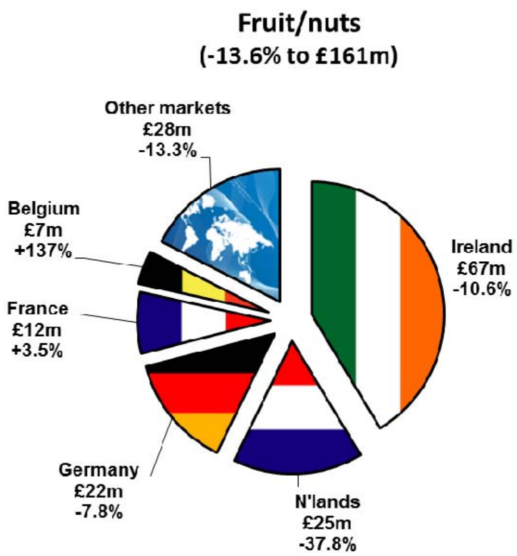
Fruit and vegetables
(+12.6% to £1,217m)





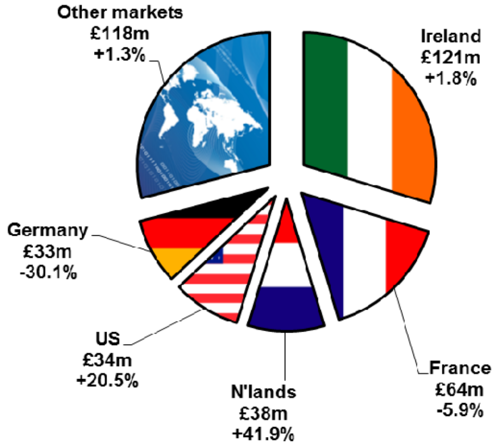




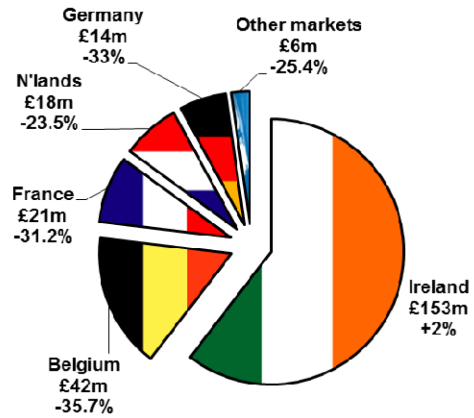


Dairy
(-5.9% to £1,101m)

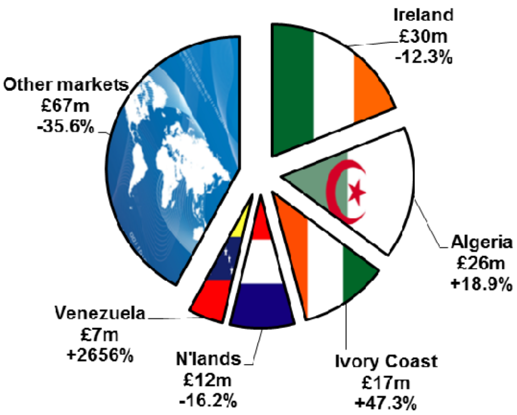
Cheese
(+0.6% to £407m)



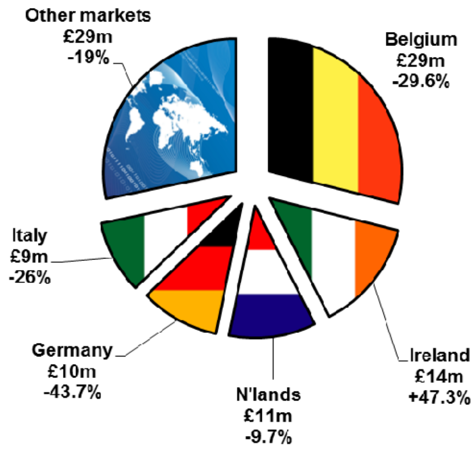
Milk/cream not concentrated or sweetened
(-14.8% to £253m)



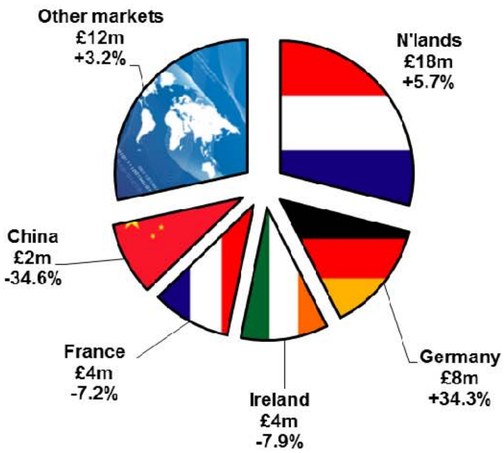
Milk/cream concentrated and sweetened
(-14.8% to £160m)



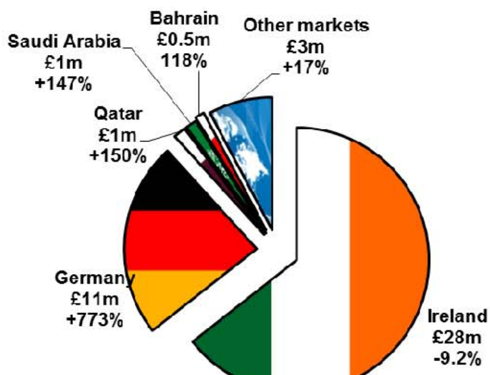
Butter/spreads
(-20.7% to £102m)



Whey
(+3.4% to £48m)

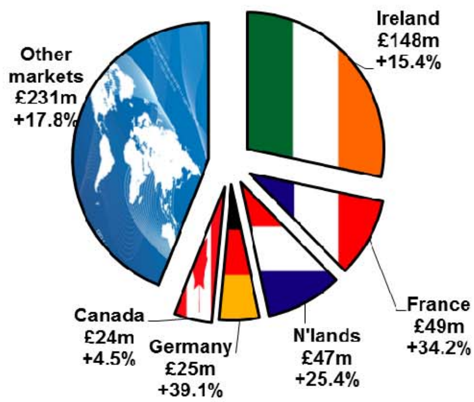


Yoghurt
(+22% to £44m)

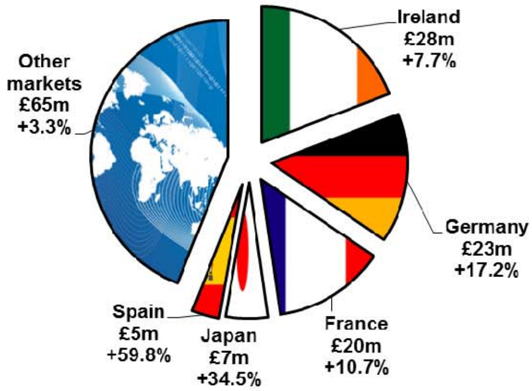


Tea, Coffee, Cocoa and Spices
(+7.4% to £885m)

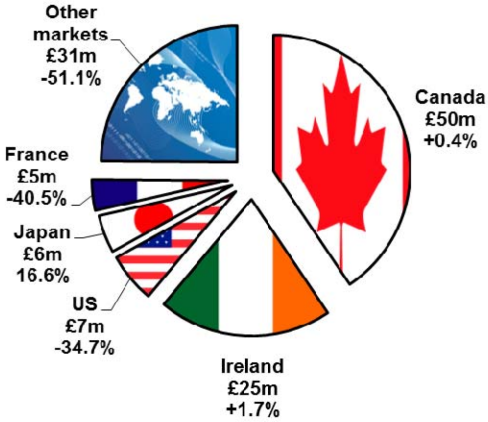
Chocolate
(+19.3% to £524m)



Coffee
(+9.7% to £148m)

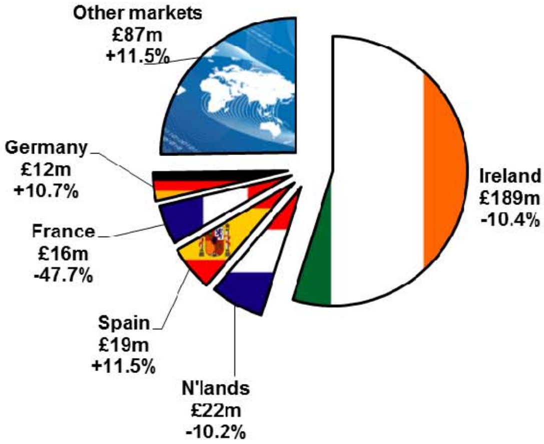


Tea
(-24.3% to £124m)

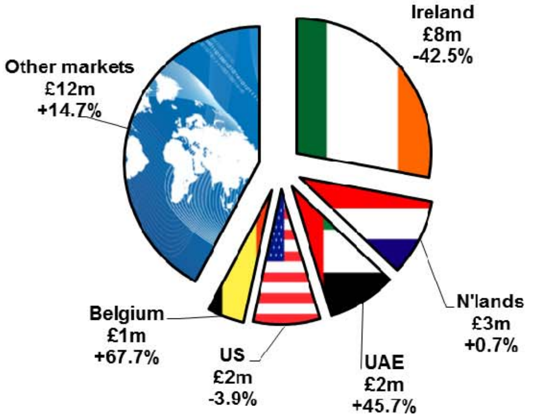


Non-alcoholic drinks
(-8.1% to £373m)

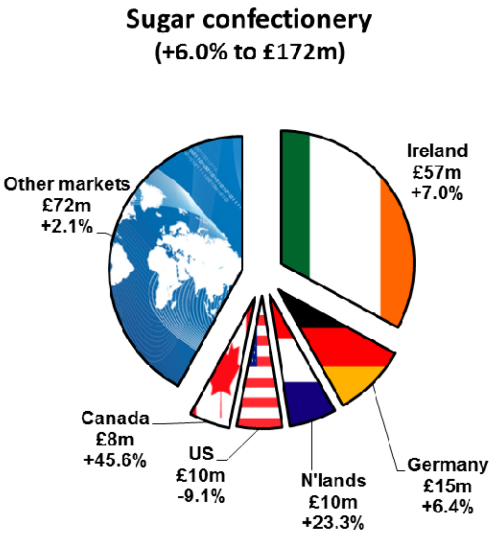
Soft drinks
(-7.3% to £345m)

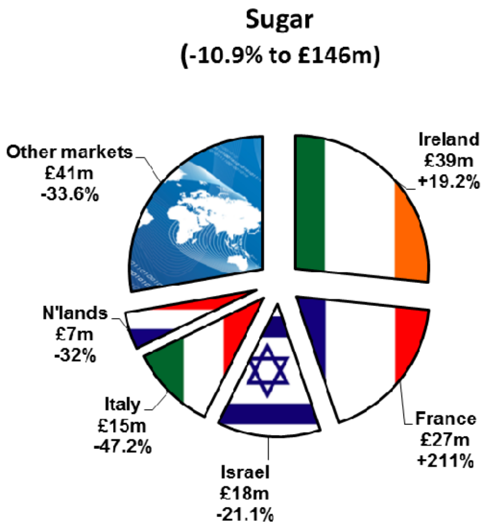


Waters
(-17.1% to £28m)



Sugar and sugar confectionery
(-1.2% to £363m)





UK Exports of Food & Non-alcoholic Drinks by Sector, 2011-2012 (£m)

Sector	2011	2012	% change
Other prepared foods*	2,857	3,021	5.8
Cereals & bakery	2,191	2,116	-3.4
Meat & Animal products	1,777	1,707	-3.9
Fish & Seafood	1,464	1,350	-7.8
Fruit & Vegetables	1,081	1,217	12.6
Dairy	1,170	1,101	-5.9
Tea, Coffee, Cocoa & Spices	824	885	7.4
Non-Alcoholic Drinks	406	373	-8.1
Sugar & Sugar Confectionery	367	363	-1.2
Total	**12,138**	**12,134**	**2.2**

**inc. fats & oils, preserved fruit/veg, fruit juice, soups, sauces & condiments, ice cream, vinegar, animal feeds and other misc. products*

Top Markets

- The ranking of the top 9 markets remains unchanged on 2011. Sweden is the only EU country to move up the table, the other six climbers were Canada, United Arab Emirates, Saudi Arabia, Australia, China and Japan. The major fallers in terms of rankings were Poland, Norway, and Portugal. Russia has moved out of the top 20 after exports fell by 12.6%.
- Growth in three of the top 4 markets has resulted in gains of £157m, but this has been offset by negative growth in France, Belgium, Spain and Italy and some of the mid-table markets. Portugal which was one of the top 10 markets in 2010 has fallen back to 19th in 2012.
- The highest growth markets in the top 20 included:
  - **Saudi Arabia**, +35.2% to £118m including a 310% increase in eggs (adding over £11m), 213% increase in sugar confectionery and a 106% increase in soft drinks.
  - **United Arab Emirates**, +24.9% to £153m with a 171% increase in fresh fish, 69% increase in cheddar cheese, 121% increase in soft drinks and a 69% increase in chocolate.
  - **Sweden**, +16.5% to £198m with a 1667% increase in prepared meat (adding £2.4m), 67% increase in fruit juice and a 37% increase in bread.
  - **Australia,** +12.6% to £114m including a 53% increase in sweet biscuits (adding £5m), 44% increase in chocolate, 51% increase in smoked fish and a 32% increase in Jam/preserves.
  - **China,** +11% to £110m (with exports exceeding £100m for the first time) including a 280% increase in pork (adding almost £8m) and a 45% increase in crustaceans. Strong value added growth was also seen in sugar confectionery (+80%), cakes (+53%) and sweet biscuits (+32.4%).

UK Exports of Food & Non-alcoholic Drinks: Top 20 Countries, 2011-2012 (£m)

		2011	2012	% change
1(-)	Ireland	2,932	2,983	**1.7**
2(-)	France	1,444	1,326	**-8.2**
3(-)	Netherlands	1,172	1,198	**2.2**
4(-)	Germany	1,037	1,117	**7.7**
5(-)	Belgium	569	555	**-2.4**
6(-)	Spain	558	517	**-7.5**
7(-)	United States	491	492	**0.1**
8(-)	Italy	431	372	**13.5**
9(-)	Denmark	221	204	**-7.5**
10(+2)	Sweden	170	198	**16.5**
11(-1)	Poland	203	183	**-9.8**
12(+1)	Canada	149	156	**4.3**
13(+3)	United Arab Emirates	123	153	**24.9**
14(-3)	Norway	177	149	**-16.0**
15(-)	Hong Kong	128	135	**4.9**
16(+5)	Saudi Arabia	87	118	**35.2**
17(+1)	Australia	101	114	**12.6**
18(+1)	China	99	110	**11.0**
19(-5)	Portugal	131	105	**-19.7**
20(+2)	Japan	86	96	**12.0**

Regional Analysis

EU

- UK food and non-alcoholic drink exports to the EU in 2012 fell by 1.4%.
- The export of a number of key commodities to the EU performed poorly including meat (-8.1%), dairy (-9.7%) and fish/seafood (-10.7%) collectively contributing to falls amounting to £300m against 2011.
- The stronger pound, higher UK meat, fish and dairy prices and weaker industrial and consumer confidence throughout the EU are likely to be the main drivers for the decline in commodity exports.
- In contrast value added foods performed relatively well growing overall by 1.6%. Soups (+24.2%), sausages (+22.2%), yoghurt (+19.8%), chocolate (+15.8%), bread (+14.7%), coffee (+10.4%) and cakes (+8.4%) were amongst some of the categories seeing double digit growth to the EU. Collectively the growth of these products resulted in gains of £100m on 2011.
- Exports to the Eurozone were down 1.5% almost in line with all EU markets.

UK Exports of Food & Non-alcoholic Drinks to the EU, 2011-2012 (£ m)

		2011	2012	% change
	TOTAL EU	**9,347**	**9,215**	**-1.4**
1(-)	**Ireland**	2,932	2,983	**1.7**
2(-)	**France**	1,444	1,326	**-8.2**
3(-)	**Netherlands**	1,172	1,198	**2.2**
4(-)	**Germany**	1,037	1,117	**7.7**
5(-)	**Belgium**	569	555	**-2.4**
6(-)	**Spain**	558	517	**-7.5**
7(-)	**Italy**	431	373	**-13.5**
8(-)	Denmark	221	204	**-7.5**
9(+1)	Sweden	170	198	**16.5**
10(-1)	Poland	203	183	**-9.8**
11(-)	**Portugal**	131	105	**-19.7**
12(+2)	Czech Republic	72	77	**6.2**
13(-1)	**Finland**	79	73	**-7.0**
14(-1)	**Greece**	77	54	**-30.5**
15(+1)	**Austria**	44	50	**12.6**
16(-1)	**Cyprus**	54	49	**-8.5**
17(-)	**Malta**	40	40	**-0.8**
18(-)	Hungary	36	34	**-6.5**
19(-)	Romania	17	14	**-16.2**
20(+3)	Bulgaria	9	14	**52.6**
21(-)	Latvia	11	11	**0.3**
22(+2)	**Estonia**	8	10	**38.1**
23(-3)	**Slovakia**	13	10	**-23.0**
24(-2)	Lithuania	10	9	**-11.9**
25(-)	**Slovenia**	5	7	**47.6**
26(-)	**Luxembourg**	5	5	**5.8**

Source: HMRC Trade Info

Note: Eurozone members in **bold**

Changes in raking positions are versus 2011

Non-EU

- Exports to non-EU markets continued to perform strongly, growing 4.6% overall. Only exports to Other Western Europe (-9.9%) and Eastern Europe were in decline as negative GDP growth in the EU impacted on trade and the economic performance of the countries that surround it. The most growth was seen in:
    - **Africa** +15.5%, including strong growth to the top three markets **Egypt** up 11.7% (mostly due to a doubling of potato exports), **South Africa** up 21.9% (+32% meat, +101% chocolate, +77% soft drinks) and **Nigeria** up 16% (due to a surge in demand for frozen fish +140%).
    - **Middle East** +15.4%, driven by over 30% growth to both the United Arab Emirates and Saudi Arabia (see page 13).
    - **Oceania** +10.4% due to double digit growth in Australia (see page 13).

UK Exports of Food & Non-alcoholic Drinks to the Non-EU

2011-2012 (£m)

	2011	2012	% change
North America	**642**	**649**	**1.0**
United States	491	492	0.1
Canada	149	156	4.3
Asia	**606**	**626**	**3.3**
Hong Kong	128	135	4.9
China	99	110	11.0
Japan	86	96	12.0
Singapore	45	34	-23.8
Korea South	38	43	12.1
Thailand	34	41	22.0
Malaysia	28	29	6.5
Vietnam	24	26	9.8
India	20	19	-5.3
Africa	**414**	**478**	**15.5**
Egypt	85	95	11.7
South Africa	74	91	21.9
Nigeria	74	85	16.0
Algeria	38	39	1.8
Middle East	**383**	**442**	**15.4**
United Arab Emirates	123	153	24.9
Saudi Arabia	87	118	35.2
Israel	46	40	-13.1
Kuwait	28	29	3.0
Other Western Europe	**370**	**334**	**-9.9**
Norway	177	149	-16.0
Switzerland	92	88	-3.7
Turkey	41	33	-19.8
Eastern Europe	**142**	**136**	**-4.5**
Russia	105	92	-12.6
Ukraine	20	30	51.4
Oceania	120	133	**10.4**
Australia	101	114	12.6
New Zealand	17	18	0.7
Latin America & the Caribbean	**110**	**120**	**8.5**
Brazil	21	21	1.7
Chile	9	7	-17.4
Mexico	8	10	16.3

Source: HMRC Trade Info