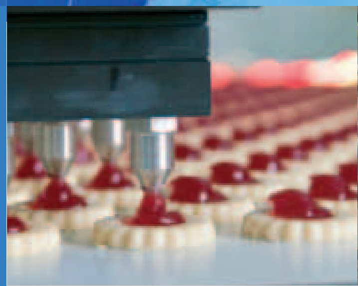
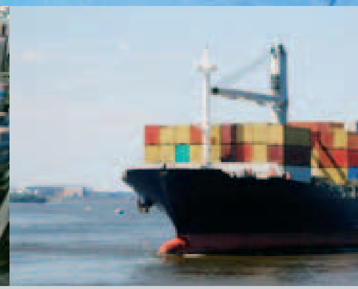
Data & Trends of the European Food and Drink Industry 2013-2014





FOODDRINK EUROPE

Introduction

The '2013-2014 Data & Trends of the European food and drink industry' report provides a comprehensive picture of the structure and economics of our industry, the largest manufacturing sector in the EU. The EU food and drink industry is a pillar of the EU economy, outperforming a large number of other EU manufacturing sectors. However, notwithstanding its strong performance, notably during the current economic downturn, the EU continues to lag behind its main trading partners on R&D investment and export market share.

To find out more about FoodDrinkEurope's proposal for an EU Industrial Policy tailored to increase the competitiveness of the food and drink sector, visit our website to download the 2013-2014 Competitiveness report.[1]

This publication 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 economic indicators' definition, please visit http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/metadata.

(1) http://www.fooddrinkeurope.eu/S=0/publication/competitiveness-report-promoting-an-eu-industrial-policy-for-food-and-drink/.

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Food and drink industry figures

Turnover

€1,048 billion
(↑3.1% compared to 2011)

Largest manufacturing sector in the EU (14.6%)

Employment

4.2 million people
(↑0.4% compared to 2011)

Leading employer in the EU (15.5%)

SMEs

51.6% of food and drink turnover

64.3% of food and drink employment

External Trade

Exports €86.2 billion
(↑13.2% compared to 2011)

Imports €63.2 billion
(↑0.4% compared to 2011)

Trade balance €23 billion

Net exporter of food and drink products

Number of companies

286,000[1]

Fragmented industry

Value added

(% of EU GVA[2])

1.8%[1]

Consumption

(% of household expenditure on food and drink)

14.6%

EU market share of global exports

16.1% (20.5% in 2002)

Shrinking share in world markets

R&D

(% of food and drink industry output)

0.27%[3]

(1) 2011 data
(2) For definition, see page 25
(3) 2010 data
Sources: Eurostat 2012 (SBS), UN COMTRADE, OECD

1 EU single market

The EU food and drink industry, 2011-2012

		2011	2012	2012/2011 (%)
Turnover	€ billion	1,016	1,048	3.1
Value added	€ billion	206	-	-
Number of employees	million	4.22	4.24	0.4

Sources: Eurostat (SBS), FoodDrinkEurope calculations

Contribution to the EU economy

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

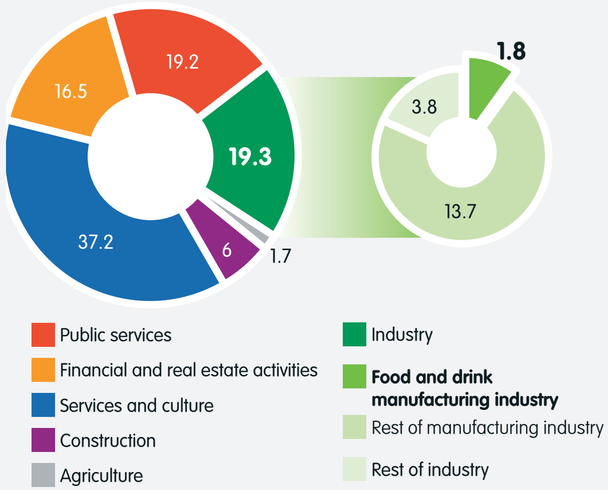
- The industry remains stable, resilient and robust, even in times of economic downturn.
- It is one of the very few manufacturing sectors to produce above its 2008 output level.
- The turnover of the EU food and drink industry surpasses €1 trillion. The sector generates a value added of €206 billion.

1.8%
Contribution of the food and drink industry to EU gross value added

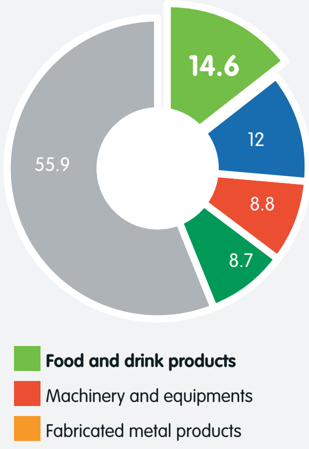
14.6%
Share of food and drink turnover in manufacturing

12.5%
Share of food and drink value added in manufacturing

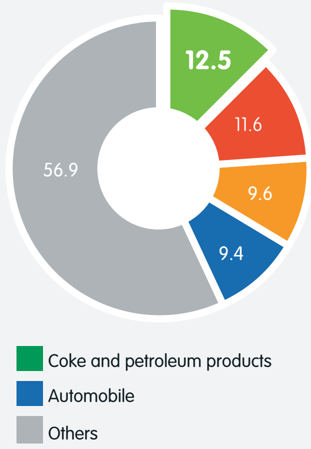
Contribution of the EU food and drink industry to the EU economy (% of gross value added)[1]



Share of turnover in the EU manufacturing industry (%)

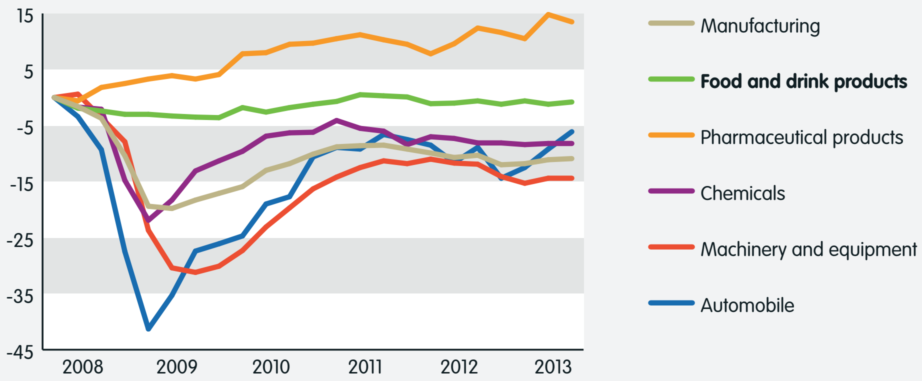


Share of value added in the EU manufacturing industry (%)



(1) For definition, see page 25
Source: Eurostat 2011 (SBS)

Production in the EU manufacturing industry, 2008-2013 (% change since 2008)



Source: Eurostat (STS)

Employment

Leading employer in the EU

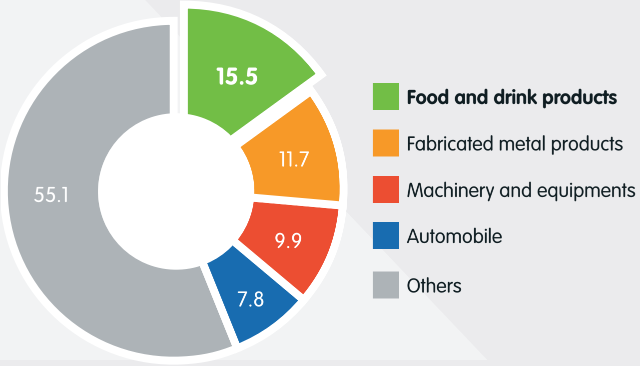
- The EU food and drink industry is a key job provider and a relatively stable employer.
- It is a direct employer of 4.24 million people with jobs spread across all Member States, mostly in rural areas.
- Labour productivity is lower than in most manufacturing sectors. Potential reasons include: reduced investment in recruitment, machinery and technologies, and the large number of companies operating with small scale operations.
- 30% of employees in the food and drink industry have a low level of qualifications[1] (vs 21% in the overall economy).
- More women work[2] in the food and drink industry compared to manufacturing as a whole (43% and 30% respectively).

15.5%
Share of food and drink industry employment in manufacturing

16
Average number of persons employed per company

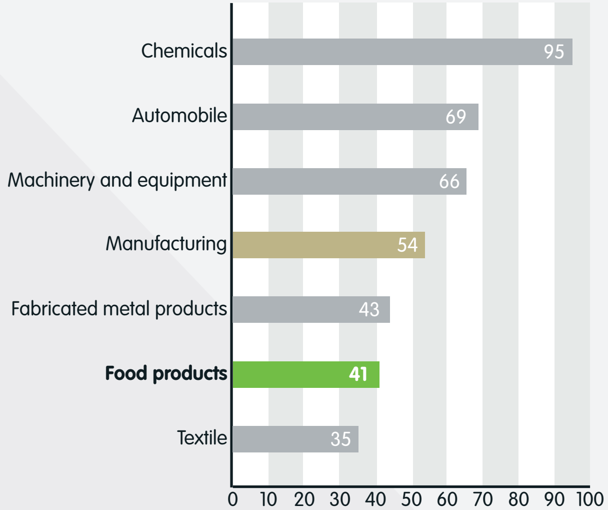
(1) Source: 'Meeting the challenges of the labour market', EFFAT and FoodDrinkEurope, 2013
(2) Source: Eurostat (Labour Force Survey 2012)

Share of employment in the EU manufacturing industry (%)



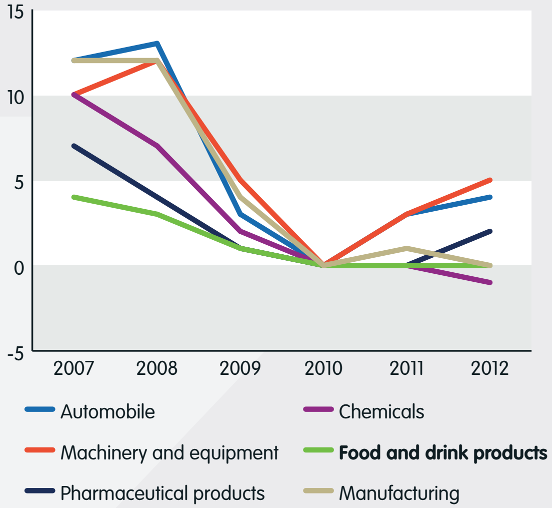
Source: Eurostat 2011 (SBS)

Labour productivity[1] (€ 1,000)



(1) Value added per employee
Source: Eurostat 2011 (SBS)

Employment in the EU manufacturing industry, 2007-2012 (% change relative to 2010)



Sources: Eurostat (STS), FoodDrinkEurope calculations

Average number of persons employed per company

Automobile	110
Chemicals	42
Machinery and equipment	30
Food products	**16**
Manufacturing	**14**
Fabricated metal products	9

Source: Eurostat 2011 (SBS)

SMEs

Key role of SMEs[1]

- The food and drink industry is a diversified sector. It is characterised by a wide range of company sizes with SMEs accounting for a large share of the activity.
- For the first time in a decade, SMEs account for more than 50% of the food and drink industry turnover.

Turnover
€524 billion
51.6% of food and drink turnover

Value added[2]
€99 billion
48.8% of food and drink value added

Employees
2.9 million
64.3% of food and drink employment

Companies
283,000
99.1% of food and drink companies

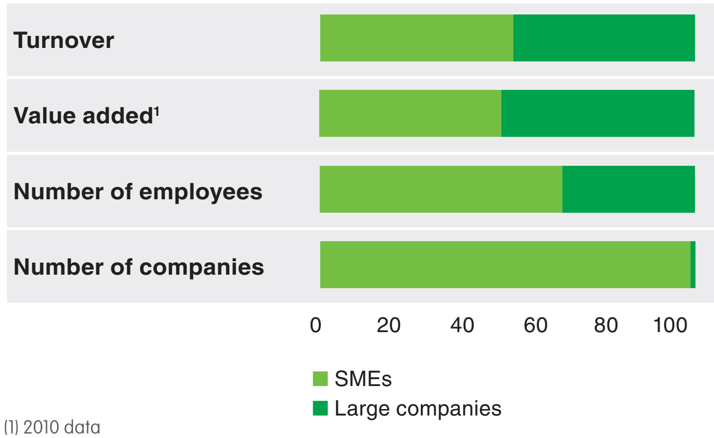
(1) For definition, see page 25
(2) 2010 data
Sources: Eurostat 2011 (SBS), FoodDrinkEurope calculations

SMEs in the EU food and drink industry (%)

	Micro-companies (% in total)	Small companies (10-19) (% in total)	Small companies (20-49) (% in total)	Medium-sized companies (% in total)	Total SMEs (% in total)
Turnover	8.2	5.2	9.7	28.5	**51.6**
Value added[1]	8.9	6.1	9.2	24.6	**48.8**
Number of employees	16.9	9.6	11.7	26	**64.3**
Number of companies	78.8	10.8	5.8	3.8	**99.1**

(1) 2010 data

Distribution of SMEs and large companies in the EU food and drink industry (%)



(1) 2010 data

Focus on medium-sized companies

Medium-sized companies contribute **29%** to EU food and drink turnover and employ **26%** of EU food and drink workforce while representing only **4%** of EU food and drink companies.

Sources: Eurostat 2011 (SBS), FoodDrinkEurope calculations

Sub-sectors

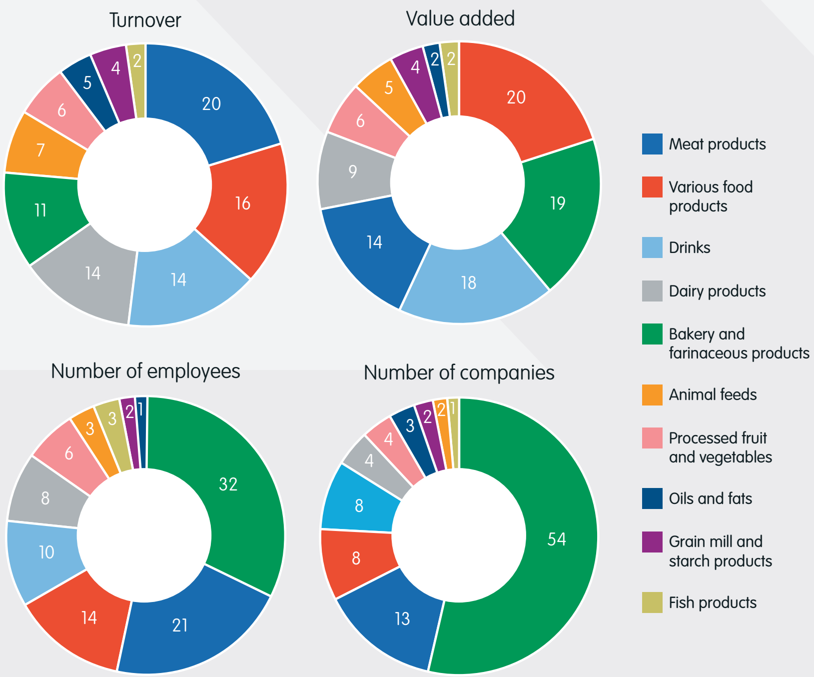
Diverse food and drink industry

- The EU food and drink industry is diverse, with a variety of sectors ranging from meat processing to dairy production and drinks.
- The top 5 sub-sectors (bakery and farinaceous products, meat sector, dairy products, drinks and 'various food products' category) represent 75% of the total turnover and more than four fifths of the total number of employees and companies.
- The labour productivity in sub-sectors like drinks, animal feed and various food products is higher than in manufacturing. This is linked to the fact that these sub-sectors require higher levels of investment.

20%
Share of the meat sector turnover

32%
Share of employees working in the 'bakery and farinaceous products' category

Turnover, value added, employees and companies in food and drink industry sub-sectors (%)

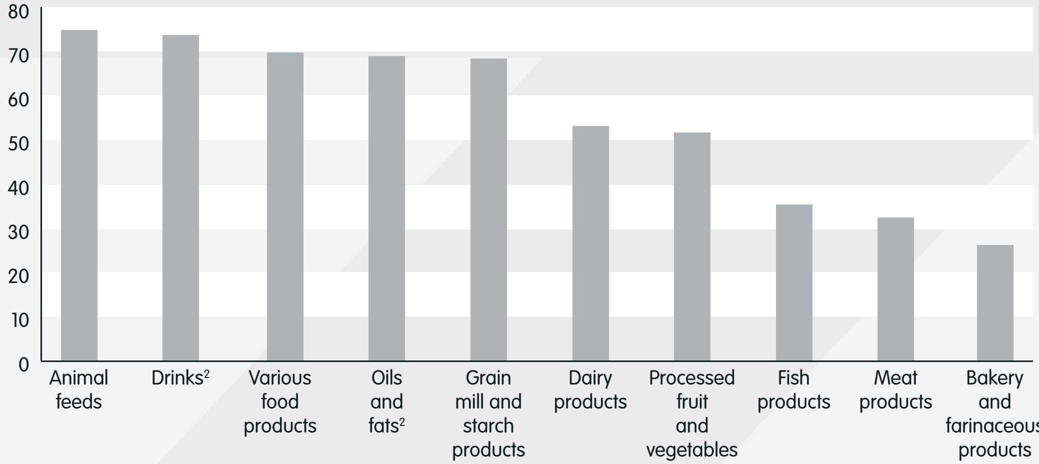


Breakdown of the composition of the 'various food products' category[1] (%)

	Turnover	Number of employees
Cocoa, chocolate and sugar confectionery	30	32
Tea and coffee	13	11
Prepared meals and dishes	10	16
Sugar	10	5
Others	37	37
Various food products	100	100

(1) This is a heterogeneous group which includes chocolate and confectionery products, sugar, coffee and tea as well as prepared meals and baby food.

Labour productivity[1] (€ 1,000)



(1) Value added per employee
(2) 2009 data for drinks; 2010 for oils and fats

Source: Eurostat 2011 (SBS)

The national picture

A key sector in the economies of EU Member States

- The food and drink industry is a pillar of the EU economy. The sector ranks among the top three manufacturing industries in terms of turnover and employment in several Member States. It ranks first in France, Spain, the UK, Denmark and Belgium.
- Germany, France, Italy, the UK and Spain are the largest EU food and drink producers.
- The industry is an essential part of national economies. The share of the food and drink industry employment surpasses 15% in more than half of the Member States.

#1 employer

The food and drink industry is the biggest employer in manufacturing in more than half of the Member States

€650 billion

Share of turnover of the 5 largest EU food and drink producing countries

Food and drink industry data as published by FoodDrinkEurope National Federations[1], 2012

	Employment ranking in manufacturing[2]	Turnover €billion	Value Added €billion	Number of employees 1,000	Number of companies
Austria	-	19.2	4.8*	63	3,740
Belgium	1	47.5	6.8	89	4,768
Bulgaria	2	4.7	0.8*	96*	5,667
Cyprus	1	1.5*	0.4*	13*	845
Czech Republic	4	10.9	2.4	103	9,207
Denmark	1	26.2	3	54	1,600*
Estonia	2	1.6	0.3*	13	456
Finland	3	11	2.6	33	1,693
France	1	160.9	23.6	495	13,500
Germany	4	169.3	33.5	555	5,970
Greece	-	11.2	1.4*	65	1,180
Hungary	2	8.7	1.9	95	4,971
Ireland	1	22*	6.9*	43*	689*
Italy	3	130	24	386	6,850
Latvia	1	1.6*	0.3*	25*	838
Lithuania	1	3.6*	0.6*	42*	1,327
Netherlands	1	66.6*	15	133	4,751
Poland	1	49.7*	9*	396*	14,330
Portugal	1	14.5	2.9	110	10,500
Romania	1	10.7	2.2	184	8,355
Slovakia	3	3.8	0.7	29	210
Slovenia	5	2	0.4	13	617
Spain	1	90.2	26.8	440	29,196
Sweden	5	19.5	4.6	55	3,600
United Kingdom	1	114.1	29.7	406	7,766

(1) Or by Eurostat
(2) Ranking of the food and drink industry in the manufacturing sector in terms of employment
* 2011 data

R&D and innovation

Consumer expectations driving innovation

- Drivers of innovation can be divided into 15 trends, grouped along five axes, corresponding to general consumer expectations: pleasure, health, physical, convenience and ethics.
- Pleasure, including variety of sense and sophistication, is by far the leading axis with a 57% share in 2013.
- Dairy products are the leaders in innovation, followed by ready-made meals which surpass soft drinks and rank second in 2013.

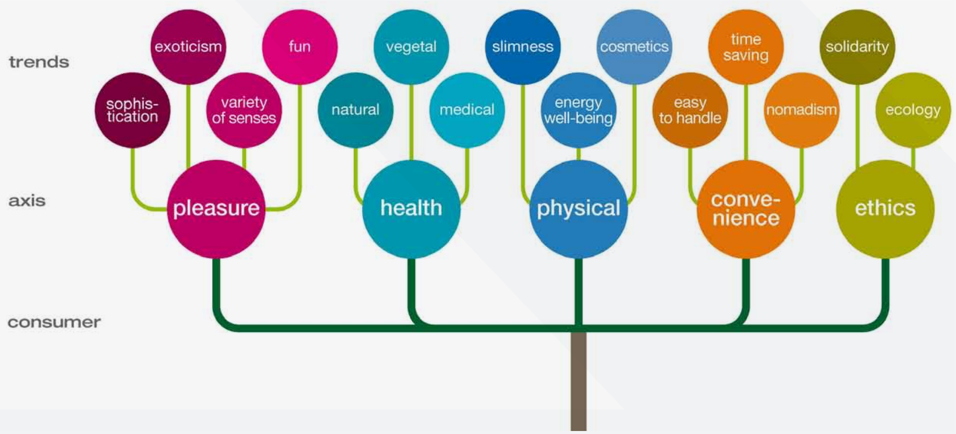
#1

Pleasure is the leading driver of innovation

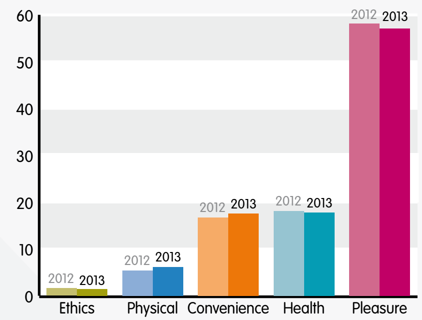
#1

Dairy products is the most innovative food sector in Europe

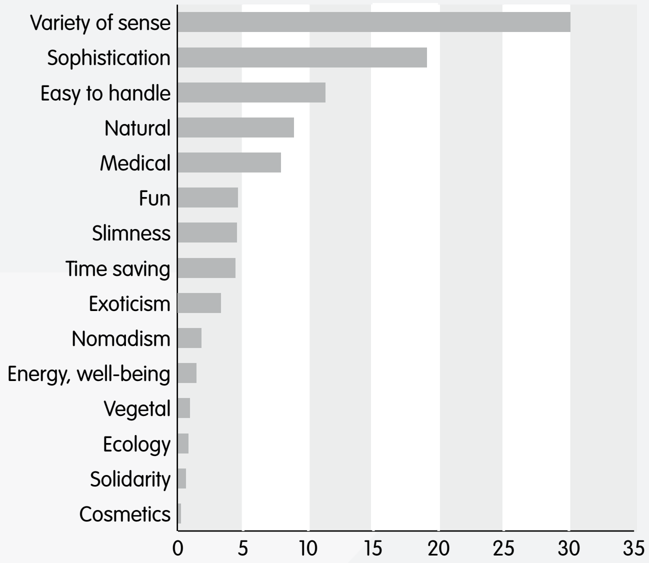
Trends of food innovation in Europe



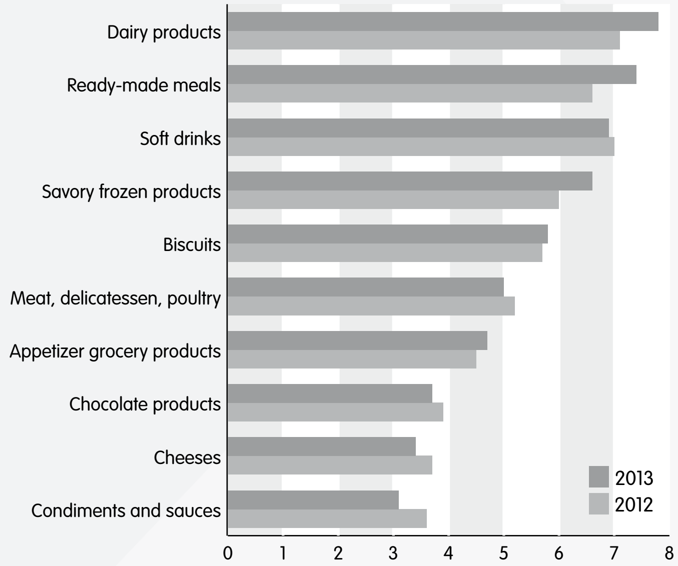
Drivers of innovation in Europe, 2012-2013 (%)



Food innovation trends in Europe, 2013 (%)



The ten most innovative food sectors in Europe, 2012-2013 (% of total European food innovation)



Source: XTC World Innovation Panorama 2013;

Consumption

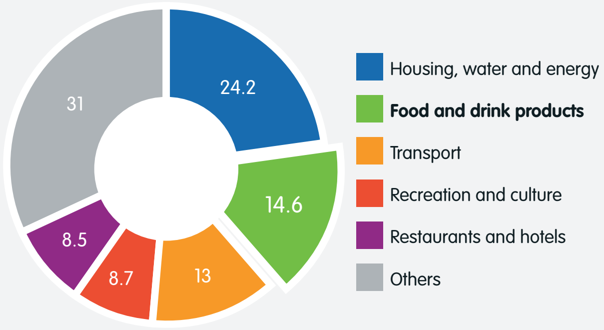
Stable EU household expenditure for food and drink products

- In 2012, households spent on average 14.6% of their expenditure on food and drinks.
- Food and drink products ranked second in the consumption expenditure of households after housing, water and energy.
- After slight variations during the economic downturn, the share of food and drink expenditure reached the same levels as in 2000.
- Over the years, expenditure for housing, water and energy continued to increase (+4% points since 2000).

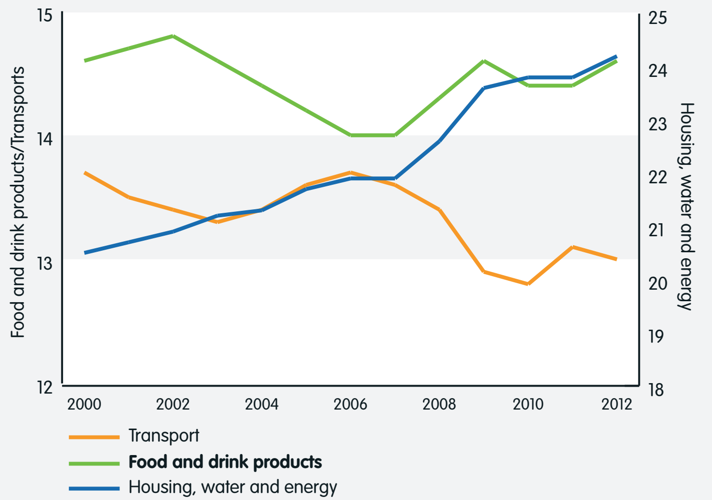
14.6%
Share of EU household expenditure on food and drink products

€1,000 billion
EU household expenditure on food and drink products

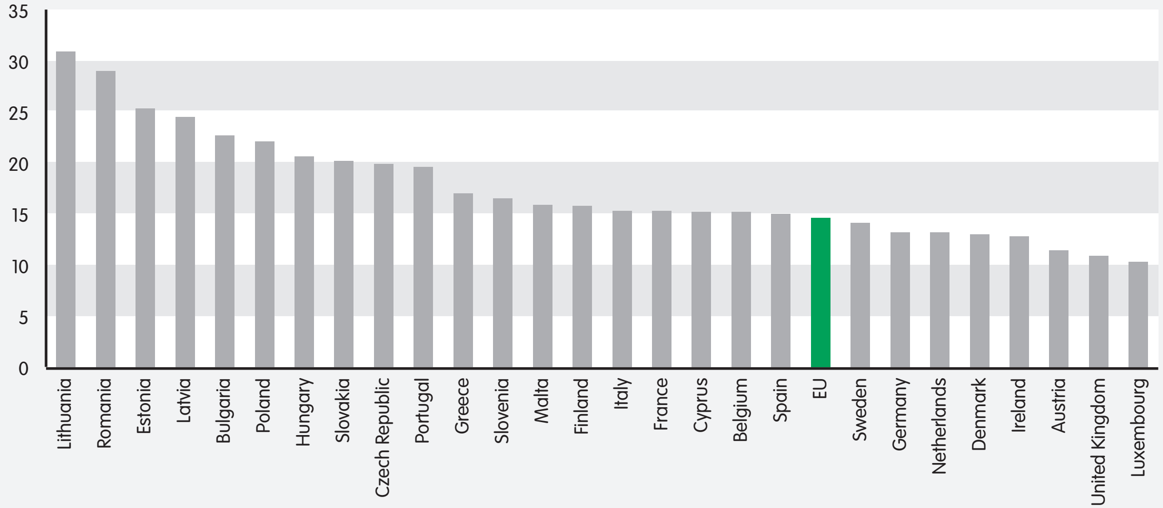
Top five consumption expenditures of households on goods and services in the EU, 2012 (% of total expenditure)



Share of the top three household expenditures in the EU, 2000-2012 (% of total expenditure)



Household consumption expenditure in the EU for food and drink products, 2012[1] (% of total expenditure)



(1) Bulgaria and Greece: 2011; Romania: 2010; Lithuania: 2009

Source: Eurostat (National accounts)

Food supply chain

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

- In 2011, there were 24 million people employed in the food supply chain.
- The total turnover surpasses €3.5 trillion and generates a value added of approximately €650 billion.
- 32 million professionals work in the extensive food supply chain across the EU, including food and drink services as well as self-employed professionals.

11%
Share of the food supply chain in EU employment

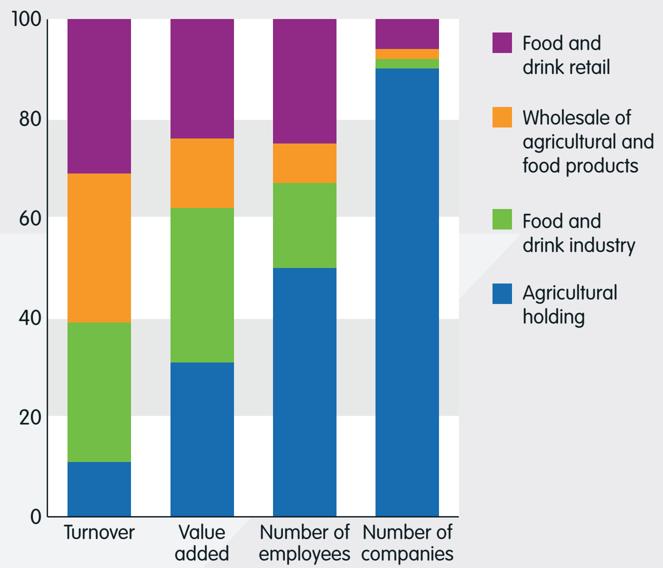
6%
Share of the food supply chain in EU gross value added

Structural overview of the food supply chain, 2011

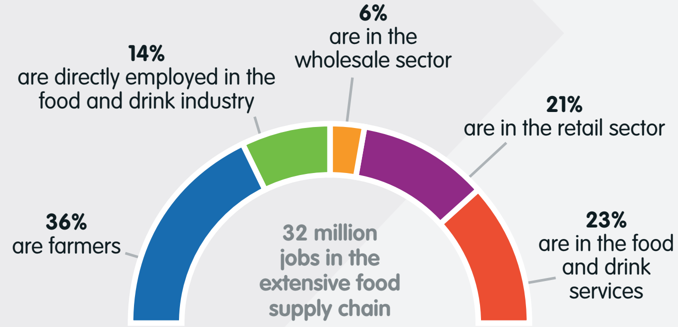
		Agricultural holding	Food and drink industry	Wholesale of agricultural and food products	Food and drink retail
Turnover	€ billion	392	**1,016**	1,100	1,110
Value added	€ billion	204	**206**	93	156
Number of employees	million	11.9	**4.2**	1.8	6.1
Number of companies	1,000	11,757[1]	**286**	250	839

(1) 2010 data

Turnover, value added, employees and companies in the food supply chain, 2011 (%)



Employment in the extensive food supply chain, including food and drink services, 2011



Source: Eurostat, DG Agriculture Statistical and Economic Information Report, 2012

Trust

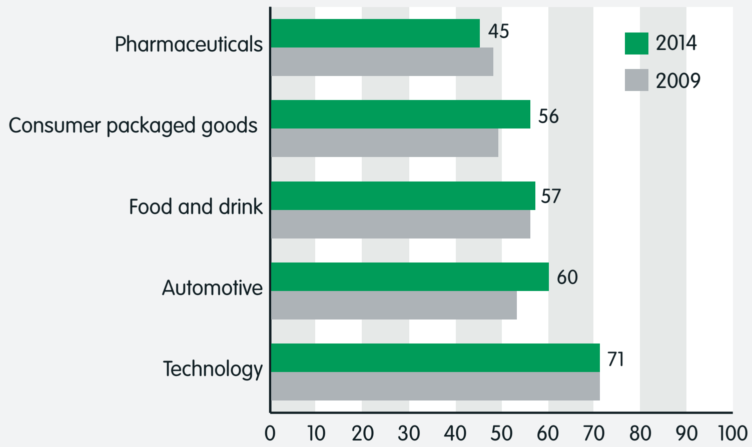
Trust is an essential element of business. The trust index measures the trust in business worldwide and in the EU

- In the EU, the food and drink industry is the third most trusted industry, after technology and automotive.
- Since 2009, the trust index in the food and drink industry grew by 10% points worldwide, while it remained stable in the EU.
- Trust gaps between business and the food and drink industry are particularly large in Spain (27% points), the UK and France (25% points).

#1

Trust in the food and drink industry is higher than in business worldwide

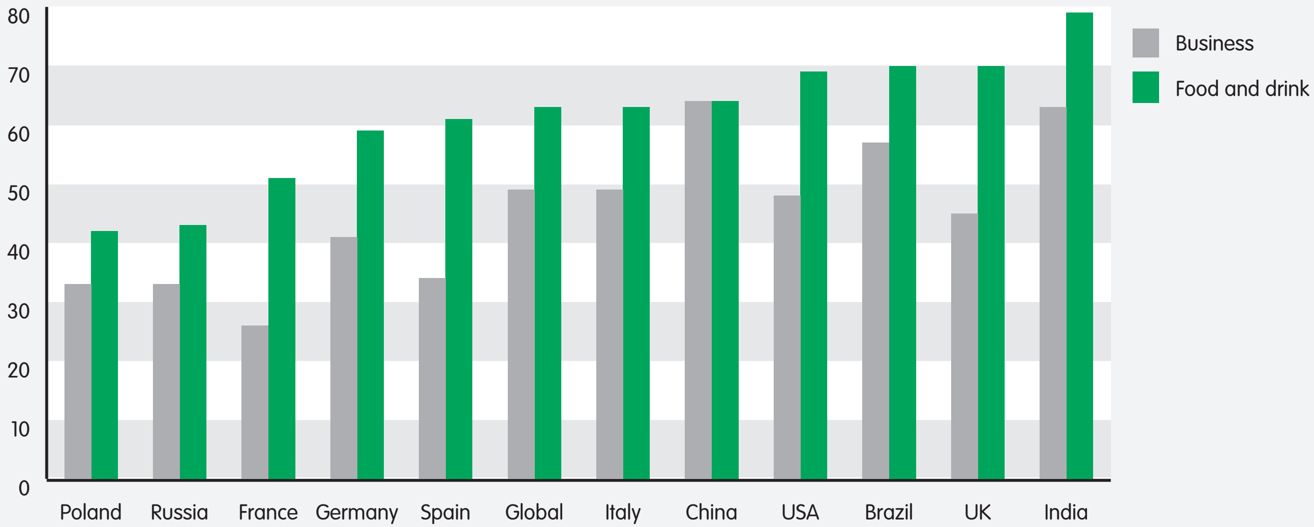
Top 5 trusted industries in the EU, 2009-2014 (% of respondents expressing trust)



Trust in the food and drink industry in the EU, 2009-2014 (% of respondents expressing trust)

	2009	2014	2014/2009 (% points)
EU	56	57	+ 1
Global	56	66	+10

Trust in business versus the food and drink industry in the EU and globally, 2014 (% of respondents expressing trust)



Source: Edelman Trustbarometer

2 World markets

Key EU trade figures (€ million)

	2009	2010/2009	2010	2011/2010	2011	2012/2011	2012
Export	53,731	21.5%	65,301	16.6%	76,150	13.2%	86,227
Import	50,781	9.3%	55,479	13.5%	62,974	0.4%	63,230
Balance	2,950		9,822		13,176		22,997

Source: Eurostat (Comext)

2012 trade figures

Record trade surplus of €23 billion in 2012

- EU exports increased by 13.2% in 2012 compared to 2011, while imports remained almost unchanged.
- Amongst the top ten export destinations, the highest growth rates can be observed for EU food and drink exports to China, Australia, Saudi Arabia and Japan, with rates increasing by 30%, 18%, 16% and 15% respectively.
- The strongest growth rates for food and drink imports were observed in Russia, Ukraine and Malaysia.
- NAFTA remains the EU's largest trading partner by region, followed by EFTA and Mercosur.

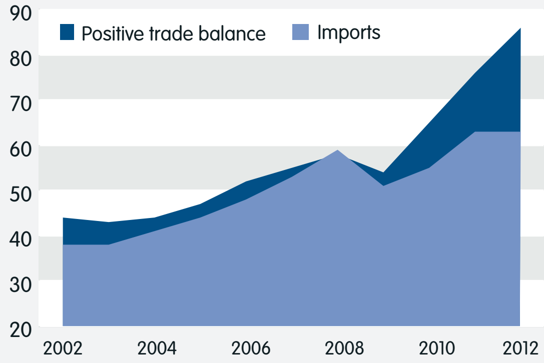
€86.2 billion
Exports

€63.2 billion
Imports

Top EU trading partners, 2011-2012 (€ million)

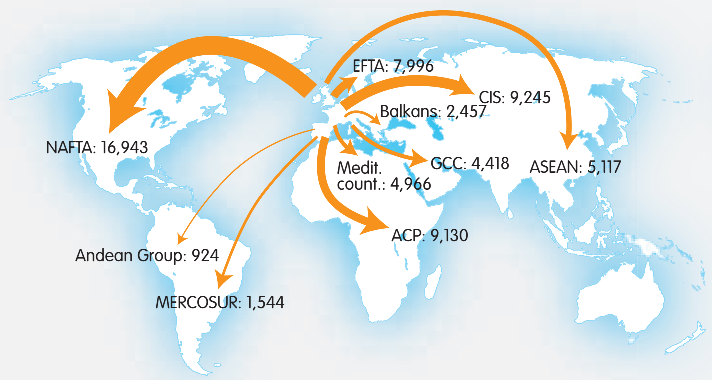
Exports			Imports		
	2012	12/11 %		2012	12/11 %
USA	13,580	13%	Brazil	7,358	5%
Russia	7,959	10%	Argentina	4,757	-12%
Switzerland	4,900	5%	USA	4,318	6%
China	4,595	30%	Switzerland	3,904	10%
Japan	4,265	15%	China	3,845	-5%
Norway	2,886	6%	Indonesia	3,196	2%
Hong Kong	2,732	-2%	Thailand	2,643	-7%
Canada	2,571	13%	Turkey	2,273	7%
Australia	2,039	18%	Malaysia	2,114	38%
Saudi Arabia	1,953	16%	Norway	2,029	3%

Evolution of EU food and drink trade balance, 2002-2012 (€ billion)

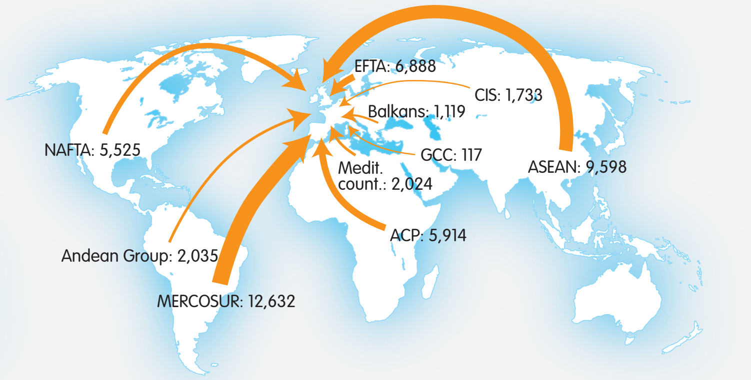


EU trade by region, 2012 (€ million)

Exports



Imports



For trade region definitions, see page 25

Source: Eurostat (Comext)

2012 trade figures by sub-sector

Sustained export growth

- Export growth was strongest for oils and fats, spirits, prepared animal feeds, bakery and farinaceous products.
- Regarding the ranking of EU food and drink imports, the largest increase was recorded for processed tea and coffee, mineral waters and soft drinks, and oils and fats.
- The EU drinks, meat and dairy sectors reached a combined export market share of close to 50%.

30%
Export market share of the drinks sector

50%
Combined import market share of oils and fats, and fishery products

Exports and imports by sub-sector, 2011-2012 (€ million)

		Exports			Imports		
		2011	2012	12/11 %	2011	2012	12/11 %
Drinks		22,325	25,706	↑ 15	4,682	4,907	↑ 5
of which:	spirits	8,475	10,176	↑ 20	1,134	1,219	↑ 7
	wine	8,112	8,867	↑ 9	2,400	2,491	↑ 4
	mineral waters and soft drinks	2,409	2,761	↑ 15	771	883	↑ 15
Various food products		16,457	18,661	↑ 13	9,881	10,053	↑ 2
of which:	chocolate and confectionery	4,644	5,235	↑ 13	2,354	2,091	↓ -11
	processed tea and coffee	1,940	2,111	↑ 9	1,588	1,919	↑ 21
Meat products		10,382	11,249	↑ 8	7,110	6,975	↓ -2
Dairy products		8,787	9,488	↑ 8	769	816	↑ 6
Fruit and vegetable products		4,377	4,981	↑ 14	7,564	7,739	↑ 2
Oils and fats		3,673	4,538	↑ 24	15,544	17,343	↑ 12
Prepared animal feeds		2,451	2,883	↑ 18	734	682	↓ -7
Bakery and farinaceous products		2,968	3,498	↑ 18	540	570	↑ 6
Fish and seafood products		2,970	3,419	↑ 15	15,649	15,733	↑ 1
Grain mill and starch products		2,614	2,828	↑ 8	1,550	1,547	↑ 0

Share of sub-sectors in EU food and drink exports, 2012 (%)

Source: Eurostat (Comext)

2013 trade trends

Strong export growth continued in 2013

- In the first half of 2013, EU exports increased by 4% compared to the same period in 2012. The value of imports remained almost unchanged.
- EU exports increased most rapidly for the Balkans, the ASEAN, EFTA and Mercosur trading blocs.
- EU export growth was highest for chocolate and confectionery, prepared meals and dishes, and fish and seafood products.

€42.4 billion

Export of EU food and drink products; first half of 2013

18%

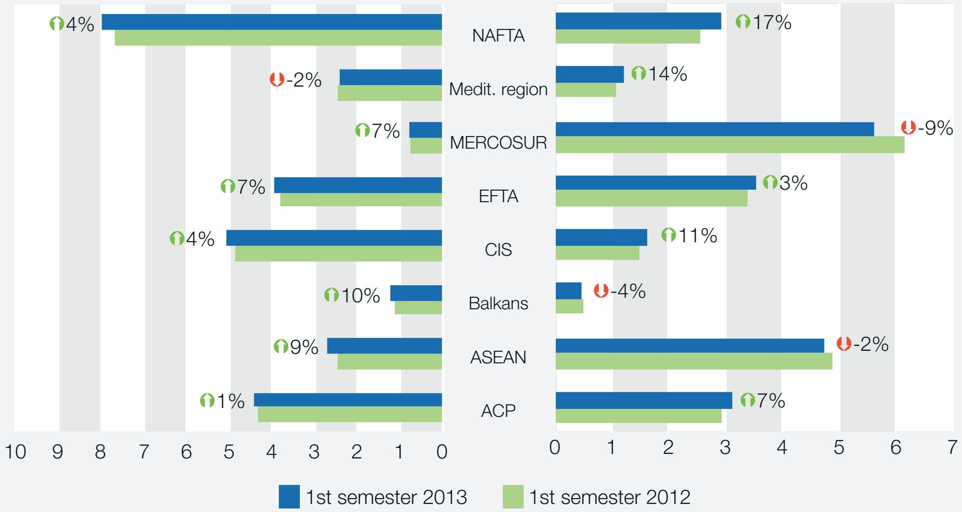
EU export growth for chocolate and confectionery; first half of 2013 vs. 2012

Key EU trade figures, first semesters 2012 and 2013 (€ million)

	1st semester 2012	1st semester 2013	13/12 %
Export	40,620	42,435	4
Import	30,890	31,203	1
Balance	9,730	11,231	

Exports to major trading blocs, first semesters 2012 and 2013 (€ billion)

Imports from major trading blocs, first semesters 2012 and 2013 (€ billion)



Source: Eurostat (Comext)

Top EU food and drink exports and imports, first semester 2013 (€ million)

Exports	1st semester 2013	13/12 %
Meat and meat products	5,458	1
Dairy products	4,850	1
Spirits	4,644	6
Wine	4,161	2
Processed fruit and vegetables	2,544	6
Chocolate and confectionery	2,396	18
Oils and fats	2,291	2
Prepared meals and dishes	1,754	9
Fish and seafood products	1,689	9
Bakery and farinaceous products	1,625	3

Imports	1st semester 2013	13/12 %
Oils and fats	8,093	-3
Fish and sea food products	7,462	-2
Processed fruit and vegetables	3,672	-4
Meat and meat products	3,534	-4
Sugar	1,495	25
Wine	1,171	2
Chocolate and confectionery	1,058	5
Processed tea and coffee	1,006	13
Grain mill products and starches	862	16
Spirits	586	10

Source: Eurostat (Comext)

EU food and drink market share

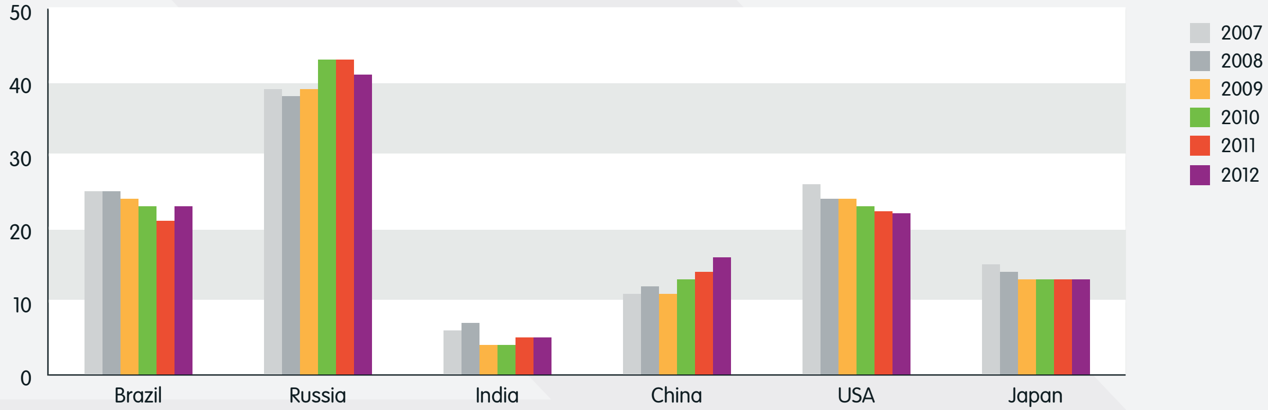
Number one exporter of food and drink products in the world

- The EU remains the leading exporter of food and drink products despite its shrinking market share in global food and drink trade. A similar loss in market share was also observed for other traditional exporters such as the USA, Canada and Australia.
- Countries such as Brazil, Thailand, Indonesia and India have been continuously increasing their export market share in recent years.
- The EU regained market share in a number of traditional markets and future growth prospects look favourable in Brazil, China, Japan and in emerging countries.

16.1%
EU share in global food and drink exports

14%
EU share in global food and drink imports

EU shares in food and drink imports of BRIC[1] economies and other key markets, 2007-2012



(1) Brazil, Russia, India and China

Top exporters of food and drink products, 2012

	Exports ($ billion)	Share in world 2002 (%)	Share in world 2012 (%)	Trend
EU	**98.7**	**20.5%**	**16.1%**	down
USA	73.7	14.4%	12%	down
China	46.4	5.8%	7.6%	up
Brazil	45.8	5.4%	7.5%	up
Thailand	29.9	4.7%	4.9%	up
Indonesia	28.1	2.3%	4.6%	up
India	27.9	2.2%	4.5%	up
Argentina	26.8	3.7%	4.4%	up
Malaysia	25.6	2.9%	4.2%	up
Canada	24.1	5.8%	3.9%	down
New Zealand	18.8	3.1%	3.1%	
Australia	17	4.3%	2.8%	down
Mexico	12	2.2%	2%	down
Turkey	9.6	1%	1.6%	up
Chile	9.6	1.7%	1.6%	down

Top importers of food and drink products, 2012

	Imports ($ billion)	Share in world 2002 (%)	Share in world 2012 (%)	Trend
USA	89.7	20%	14.6%	down
EU	**85.9**	**18.1%**	**14%**	down
Japan	53.6	15.5%	8.7%	down
China	41.4	3.3%	6.8%	up
Russian Federation	25.7	3.7%	4.2%	up
Canada	25.5	4.6%	4.2%	down
South Korea	16.6	3.3%	2.7%	down
Hong Kong	15.6	3%	2.5%	down
Mexico	15.1	3.3%	2.5%	down
India	13.2	1%	2.2%	up
Malaysia	11.7	1.2%	1.9%	up
Australia	11.4	1.5%	1.9%	up
Indonesia	9.6	0.9%	1.6%	up
Singapore	9.5	1.4%	1.5%	up
Thailand	9.1	1.3%	1.5%	up

Source: UN COMTRADE

Food and drink industries worldwide

Three leading producers: the EU, the USA and China

- The EU plays a key role worldwide as a food and drink producer. The turnover of the EU industry is double the one of the USA and China.
- The contribution of food and drink processing to total manufacturing turnover is strongest for New Zealand (46%), Mexico (23%) and Australia (22%).
- The EU continues to lag behind international competitors like the USA and Switzerland in terms of labour productivity.

#1

The EU is the leading food and drink producer worldwide

15%

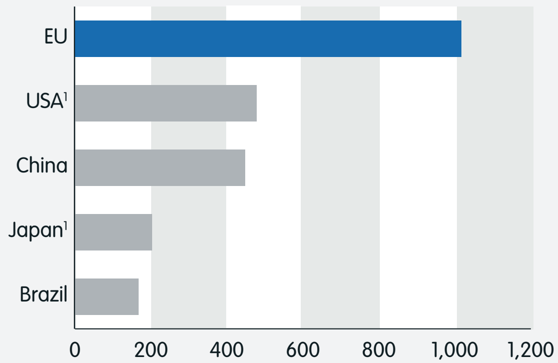
Similar share of food and drink industry turnover in manufacturing in the EU and in the USA

Turnover, employees and companies in food and drink industries worldwide, 2011-2012

	Turnover (€ billion)	% of total manufacturing turnover	Number of employees (1,000)	Number of companies
Australia	72	22	200	6,255
Brazil	167	-	1,621	45,400
Canada	73	16	290	6,200
China	447	11	6,740	400,000
EU	**1,016**	**15**	**4,222**	**285,916**
India	95	-	1,700	36,000
Japan[1]	202	10	1,455	-
Mexico	97	23	791	170,000
New Zealand	22	46	80	2,000
Russia[2]	72	19	1,300	56,200
South Korea[1]	42	5	200	-
USA[1]	478	15	1,524	-

(1) 2010
(2) 2009

Top 5 food and drink producers in terms of turnover, 2011-2012 (€ billion)



(1) 2010 data

Global comparison of labour productivity[1] for the food industry, 2008-2012

	2008	2011	11/08 %
Brazil	121	119	-2
EU	**231**	**237**	**3**
Japan	165	158[3]	-4
Switzerland	-	415[2]	-
USA	352	392	11

(1) Ratio of production value per person employed in $1,000 international PPPs
(2) 2010
(3) 2009

Source: FoodDrinkEurope calculations, based on official national statistics

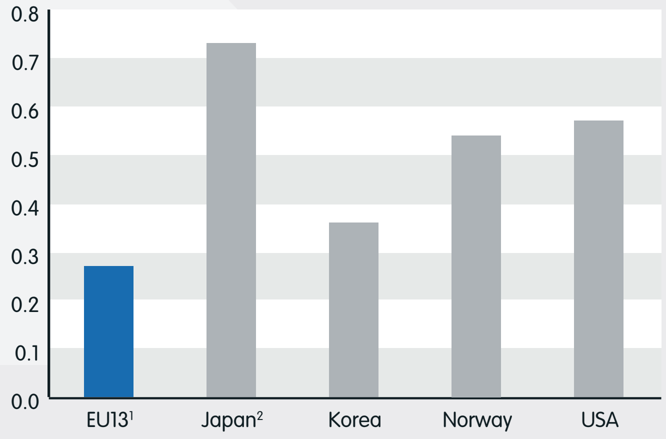
Global trends in R&D

Sustained levels of R&D investment

- The world's top 61 leading food and drink companies collectively invested €8.7 billion in R&D in 2012. Out of these 61 companies, 17 are based in the EU and invested €2.3 billion in 2012.
- Distribution of the 17 EU food and drink companies: NL 5; The UK 4; DE 3; FR, DK, FI, BE, IE 1.
- The EU food and drink industry has a lower R&D investment level compared to other food and drink industries worldwide.
- R&D investment levels vary within the EU, with higher expenditures in Northern countries.

0.27%
EU R&D investment as a share of food and drink industry output

Food and drink private investment in R&D as a percentage of output, 2010 (%)



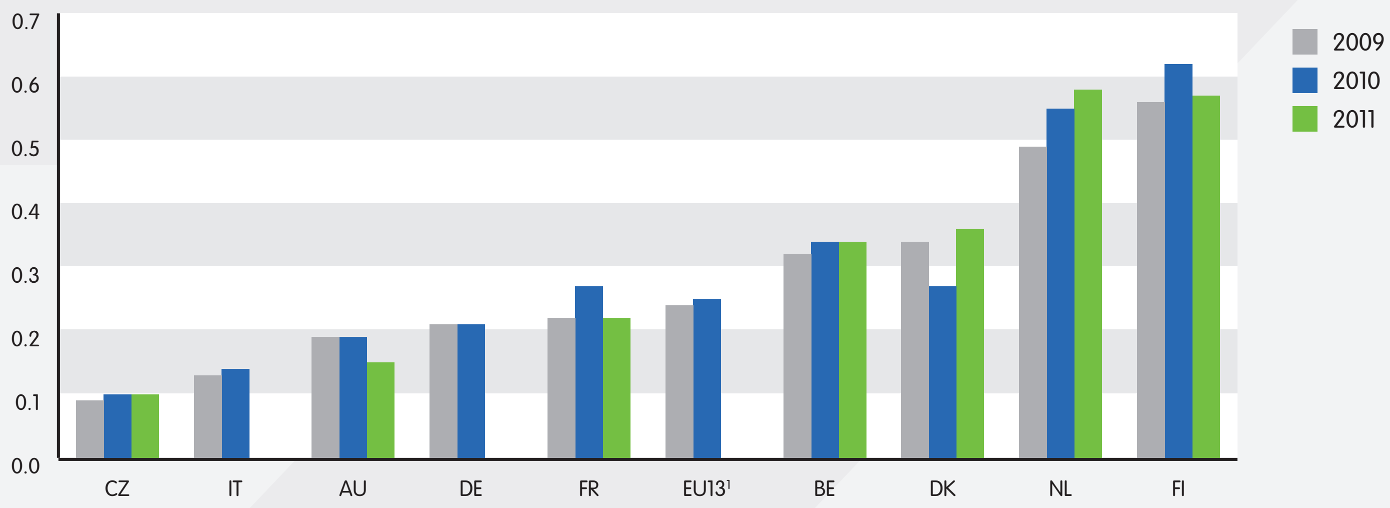
(1) Data refer to 13 of the 27 Member States
(2) 2009 data
Sources: OECD STAN, FoodDrinkEurope calculations.

R&D private investment in the food and drink industry for the world's top 2,000 companies, 2012

	R&D investment (€ billion)	Share of world regions (%)	Number of companies
USA	2.9	33.1	15
EU	**2.3**	**26.7**	**17**
Japan	1.8	20.8	23
Switzerland	1.4	16.1	2
New Zealand	0.2	1.9	1
South Korea	0.1	1.4	3
Total	8.7	100	61

Source: the 2013 EU industrial R&D investment scoreboard, JRC and DG RTD

Food and drink private investment in R&D as a percentage of output in some EU Member States, 2009-2011 (%)



(1) Data refer to 13 of the 27 Member States
Sources: OECD STAN, FoodDrinkEurope calculations

Future challenges

Major changes worldwide

- The emerging markets will increasingly drive global growth.
- China is projected to surpass the Euro area and the USA by 2030 and become the largest economy in the world.
- By 2030, non-OECD countries will have larger economies than the OECD ones together.
- In 2010, the urban population surpassed the rural one worldwide. In 2050, two thirds of the world population will be living in cities.
- 65% of the world's middle class will be living in the Asia Pacific region by 2030.
- These changes will lead to increased demand for food and drink products.

70%
Increase in demand for food supplies by 2050

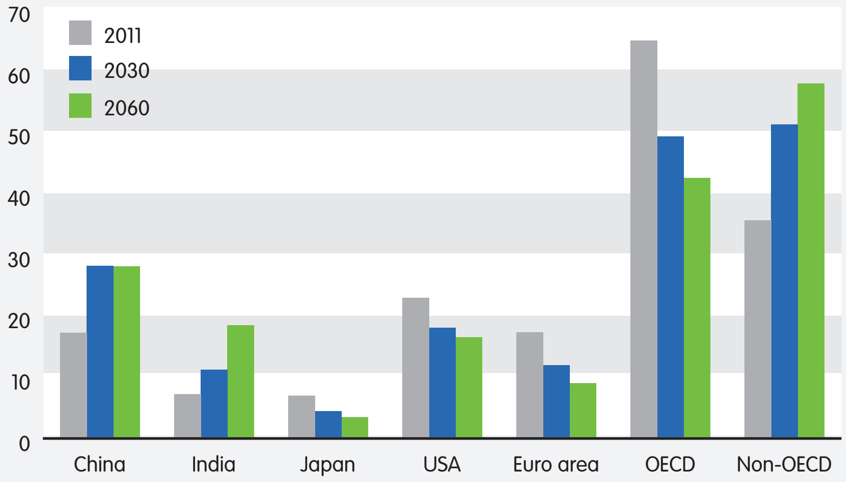
40%
Increase in demand for water by 2030

Challenges in 2050[1] (%): increase in demand compared to baseline

	2050	Baseline
Food supplies	70%	2009
Energy	50%	2005
Water	40%	2010
Freight transport	40%	2005

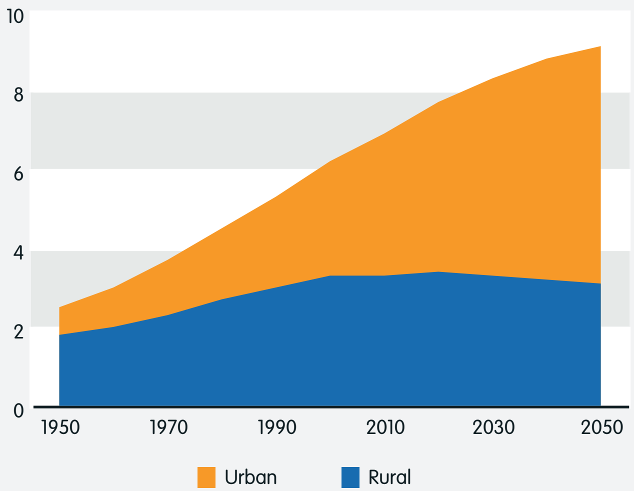
(1) 2030: target year for water and freight transport
Sources: FAO, IEA and 2030 Water Resources Group

Share of global GDP[1], 2011-2060 (%)



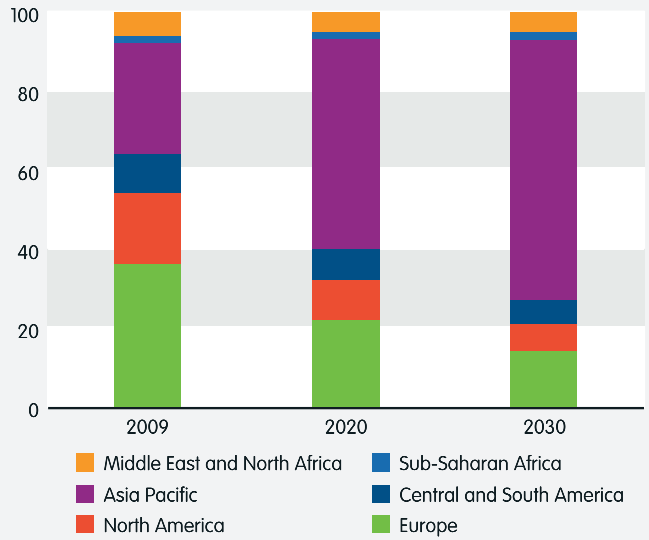
(1) Based on 2005 purchasing power parities
Source: OECD

Share of urban and rural population, 1950-2050 (billion)



Source: UN

Share of global middle class consumption, 2009-2030 (%)



Source: OECD

3 Global and European 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 48.4% of EU food and drink turnover, 51.2% of value added and 35.7% of employment in the sector.

Global and European ranking of food and drink companies in 2012-2013

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

Name	Headquarters	Sales (€ billion)	Main sectors
Cargill	USA	106.2	*multi-product*
Nestlé	CH	74.9	*multi-product*
Archer Daniels Midland	USA	69.3	*cereal processing*
Pepsico Inc.	USA	51	*beverages, snacks*
Bunge	BM	47.5	*multi-product*
The Coca-Cola Company	USA	37.4	*beverages*
Anheuser-Busch InBev	BE	31	*beer*
JBS	BR	30.3	*meat, dairy*
Mondelēz International	USA	26.6	*dairy, snacks, beverages*
Tyson Foods Inc.	USA	25.9	*meat*
Unilever Plc/Unilever NV	NL/UK	24.1	*multi-product*
Mars Inc.	USA	23.5	*prepared foods, confectionery*
Cofco	CN	22.5	*multi-product*
Groupe Danone	FR	21.3	*dairy, water, baby & med. nutrition*
Heineken N.V.	NL	18.4	*beer*
Suntory Ltd.	JP	18.1	*alcoholic beverages*
SABMiller Plc	UK	16.9	*beer*
Lactalis	FR	15.7	*dairy*
Kirin Brewery Company Ltd	JP	15.5	*beer, alcoholic beverages*
Asahi Breweries Ltd.	JP	15.4	*beer, alcoholic beverages*
Kraft Foods Group	USA	14.3	*multi-product*
Diageo Plc	UK	13.3	*alcoholic beverages*
General Mills Inc.	USA	13	*prepared foods*
Fonterra	NZ	12.5	*dairy*
BRF - Brasil Foods	BR	11.4	*meat, dairy, convenience food*
Kellogg Company	USA	11.1	*breakfast cereals, convenience food*

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

Name	Headquarters	Sales (€ billion)	Main sectors
Nestlé	CH	74.9	*multi-product*
Anheuser-Busch InBev	BE	31	*beer*
Unilever Plc/Unilever NV	NL/UK	24.1	*multi-product*
Groupe Danone	FR	21.3	*dairy, water, baby & med. nutrition*
Heineken N.V.	NL	18.4	*beer*
SABMiller Plc	UK	16.9	*beer*
Lactalis	FR	15.7	*dairy*
Diageo Plc	UK	13.3	*alcoholic beverages*
Associated British Foods	UK	10.8	*sugar, starch, prepared foods*
Friesland Campina	NL	10.3	*dairy*
Vion	NL	9.5	*meat, ingredients*
Carlsberg	DK	9	*beer*
Arla Foods	DK	8.5	*dairy*
Pernod Ricard	FR	8.2	*alcoholic beverages*
Ferrero	IT	8.1	*confectionery*
Südzucker	DE	7.9	*sugar, multi-product*
Danish Crown	DK	7.6	*meat*
Sofiprotéol	FR	7.3	*vegetable oils, multi-product*
Kerry Group	IE	5.8	*multi-product*
Tereos	FR	5	*sugar, multi-product*
Oetker Group	DE	5	*multi-product*
Red Bull	AT	4.9	*beverages*
Müller	DE	4.7	*dairy*
Tönnies Fleisch	DE	4.7	*meat*
DMK	DE	4.6	*dairy*
Bigard	FR	4.5	*meat*

Source: FoodDrinkEurope
Last announced food net sales: fiscal year ending in 2012 (31 December principally) or in 2013 (until 30 June). For consistency, figures have been converted to Euro with ECB bilateral annual exchange rates series, but only figures in the original currency are relevant.

4 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, Kyrgyzstan, 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.

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.

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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