

UK Food & Drink Export Performance 2008

Research carried out by Leatherhead Food
International for the Food and Drink Federation (FDF)

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UK Food & Drink Export Performance 2008

Top Line Performance

- UK food and non-alcoholic drinks exports were up an impressive 19.6% in 2008, reaching a value of £9.23bn, with all sectors and all key markets showing strong growth. This is not only the steepest rise seen in recent history but also marks a third consecutive year of record food and non-alcoholic drink export performance, and is more impressive given it comes at a time when, despite a more favourable swing in exchange rates with most major trading partners, total UK exports were starting to slow in the latter half of 2008 due to the weakening of global markets.
- The devaluation of the Pound against the Euro and other currencies has certainly made British exporters more competitive, although the growth trend has been evident for some years now as the country continues to build on its strong reputation as a source of innovative and quality food and drink products, and as emerging markets in particular open up to imported speciality products, the likes of which Britain is well placed to supply.
- The rebounding meat sector (with foot and mouth disease restrictions lifted) in particular has boosted overall performance, principally in Western Europe. UK lamb exports rose 43.9% and beef by 69.3% in 2008, and together these two sectors now bring in £475m of export sales.
- Other key added value food products in strong growth continue to be chocolate (+10.9%), breakfast cereals (+12.5%), cheese (+16.7%), sweet biscuits (+15.3%), tea (+14.3%), sauces and condiments (+21.0%), soft drinks (+30.7%) and cakes (+12.0%). These 8 products alone now bring in export sales of £1.86bn.
- Growth also continues to be fuelled by the demand for a wide range of UK food and drink products in the former Eastern Bloc countries (e.g. exports to Hungary +74.3% to £40.2m, Poland +53.6% to £116.4m, Latvia +51.0% to £8.6m, Slovakia +45.2% to £11.4m, Lithuania +32.7% to £9.7m).
- Food price inflation will also have contributed to some of the 2008 growth (although having reached a peak in summer 2008, prices began dropping towards the end of the year).

Note: volume data is not available for total food and non-alcoholic drinks to compare due to the different volume measures used (tonnes, litres and units), but volume data for individual products generally shows lower rates of growth (chilled beef for example grew 66% in value, but only 37% in volume terms in 2008).

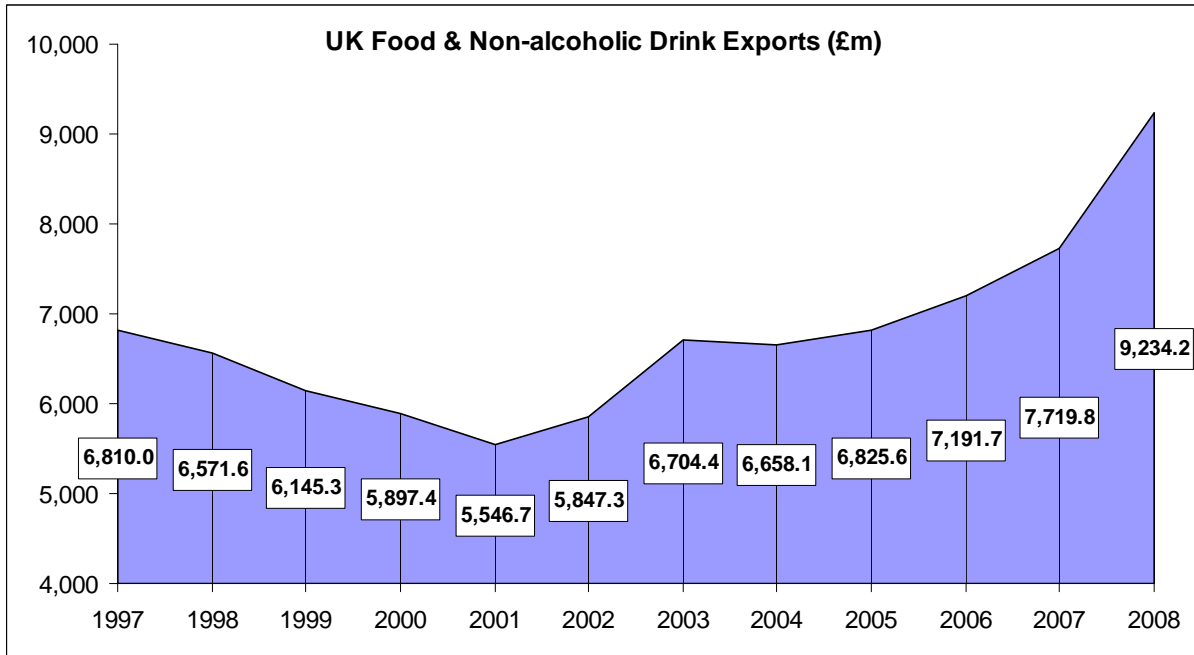
To give an indication of volumes, the following are some interesting amounts from 2008:

- 121,000 tonnes of pork
- 115,000 tonnes of chocolate
- 88,000 tonnes of cheese exported (14,000 tonnes to the French)
- 87,000 tonnes of lamb
- 81,000 tonnes of beef (69,000 tonnes chilled)
- 50,000 tonnes of crustaceans (15,000 tonnes to Spain), including 17,000 tonnes of langoustines
- 28,000 tonnes of tea

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Source: Leatherhead Food International

Notes for comparison:

- Including alcoholic drinks, total food and drink exports were £13.61bn, 16.3% up on 2007.
 - All UK exports at £256.59bn were 15.5% up on 2007 (i.e. the food/non-alcoholic drinks sector is outperforming the total of all export sectors, although food/non-alcoholic drinks still only accounts for 4% of total UK exports).
 - Imports of food and non-alcoholic drinks were £29.08bn, up 18.7% on 2007 (i.e. food and non-alcoholic drinks exports are growing ahead of imports for the first time in several years).
- The EU accounted for 79.8% of UK food and non-alcoholic drinks exports in 2008, slightly down from the previous year with total non-EU exports growing ahead of the rate of EU export growth (24.4% versus 18.5%). Prior to 2008, the EU had been gaining share as a result of enlargement (now 26 EU export countries for the UK) as well as the strong growth in particular being seen in exports to relatively new EU members in Central Europe (Poland, Hungary etc.)

UK Exports of Food & Non-alcoholic drinks by EU / Non-EU, 2007-2008 (£ million)

	2007	2008	% change 07-08
Total Food & Non-alcoholic drinks exports	7,719.8	9,234.2	19.6
Total EU	6,217.5	7,365.2	18.5
Total Non-EU	1,502.3	1,869.0	24.4
EU % share	80.5	79.8	
Non-EU % share	19.5	20.2	

Source: Leatherhead Food International

Top Sectors

- **Prepared foods** exports (including fats & oils, preserved fruit/veg, fruit juice, soups, sauces & condiments, ice cream, vinegar, animal feeds and other misc. products) grew 17.4% to £2,176.0m. Included in this figure are a vast number of products, but among the more interesting rises include: **saucers and condiments** +21.0% to £167.9m (driven by growth in exports to the key Irish market as well as rapidly rising sales, from a low base, to Hungary); **crisps** +26.4% to £47.5m, continuing several years of high growth (Ireland +23.9%, Italy +84.4%, Germany +41.5%); and **jams/preserves** +23.6% to £31.4m (+59.1% growth to Ireland, France +24.8%, Japan +22.1%, the top 3 markets).
- **Cereal & bakery products** exports amounted to £1,882.4m, up 27.7%, principally due to a 63.0% gain in the commodity cereals market to £549m. Key added value products include: **breakfast cereal**, +12.5% to £352.9m (including 14.9% growth to no.1 market Ireland, a rise of 60.2% to Germany and 54.3% to Sweden); **sweet biscuits** +15.3% to £203.9m (Canada, Australia and The Netherlands all seeing solid growth of 35.7%, 38.9% and 26.7% respectively); and **cakes** +12.0% to £156.5m (Ireland accounting for 57.0% seeing only 5.8% growth but the Netherlands and France +25.5% and +34.7% respectively).
- **Meat** (and related animal products) exports were up 38.3%, driven primarily by a 43.9% increase in exports of **lamb** to £263.0m (including 43.8% growth in exports to the key French market, now accounting for 68.9% of UK lamb exports) and a 69.3% rise in exports of **beef** to £212.7m (including rises of 49% and 72% to the key markets of Ireland and The Netherlands respectively). Accounting for 17% of total UK meat exports, British beef is regaining some of the markets it has lost over the last decade, with recent supply problems in South America contributing to a shortage of beef on international markets also assisting UK suppliers. However, the £213m beef export tally is still a long way behind the near £600m trade in beef that was occurring prior to BSE. British **pork** also enjoyed a resurgence in 2008, exports growing 52.6% to a value of £134.6m. Key to this growth was a jump of 52.6% in pork exports to Germany (now the number one market worth £48.8m). **Sausage** exports also continue to grow, up 19.5% to £13.8m.
- **Fish & seafood** exports were the laggard of the industry in 2008, growing a mere 2.4% to £1,006.2m. There are 3 key mature and competitive markets for most British fish and seafood exports (France, Spain and Italy together account for 50% of all fish and seafood exports) and exports to all 3 were relatively depressed throughout the year (France managed a 5.0% rise, but Spain was up only 0.3% and Italy down 4.5%). **Fresh fish** exports rose 8.9% including a 10.4% rise in **fresh salmon** exports (no.1 market France +12.5% and no.2 market US +6.7%). **Frozen fish** exports were up a solid 21.6%, despite a 5.0% drop in the key **frozen mackerel** sector (including a 2.1% drop in exports to the key Russian market). **Smoked fish** exports grew 4.5%, with **smoked salmon** up 3.0%. The big losers however were the sizeable **crustaceans** sector (down 6.7% to £238.4m with the key Spanish market dropping 8.9%) and **molluscs** (down 3.9% to £93.3m).
- **Dairy** products exports were up 9.7% to £837.9m. Ireland remains a key market overall, +10.7% to £317.7m, followed by France +4.4% to £64.5m. **Cheese** leads and was again the star of the sector, up 16.7% to £281.5m and continues its run as the most consistently growing of all the major UK food and non-alcoholic drinks export products (cheese exports have grown by 130% since 1997). All the top cheese markets contributed (Ireland +10.6% to £90.2m, France +20.2% to £42.7m, Netherlands +29.4% to £29.0m). **Cheddar cheese** exports were up 24.9%, (including growth of 23.6% to Ireland, 31.0% to the Netherlands, 20.1% to the US, 47.2% to Germany, and 29.6% to France). **Territorial cheeses** were up 10.8% (including 13.2% growth to the key US market).
- **Fruit & vegetable product** exports were 22.9% up to £729.3m. The no.1 market Ireland saw marginal growth of 2.0% to £203.3m, although greater progress was made in exports to other key European markets (Netherlands +28.5% to £84.0m, Germany +69.2% to £64.4m). **Potato** exports fell 2.9% to £79.7m (-8.2% to Ireland, off-set by +25.7% to Spain and +72.7% to Egypt). **Frozen vegetable** exports grew 31.8% to £48.1m (Ireland +23.4%, Italy +184.5%).

- **Tea, coffee, cocoa & spices** exports at £675.4m were up 16.6%, whilst **sugar & sugar confectionery** exports rose 13.2% to £437.1m. **Tea**, a UK export staple sold in well over 100 countries around the world, brought in £175.7m of export revenue in 2008, a growth of 14.3% with the no.1 market Canada seeing 7.6% growth to £37.2m, but higher rates of gain seen in Ireland (+57.9%) and France (+15.7%). **Chocolate** remains a major export product, worth £360.7m, +10.9% (driven by 30.0% growth to France and 26.2% growth to Germany, as well as a 203.7% boost from the growing Polish market). **Sugar confectionery** exports grew 5.6% to £126.3m (Germany +14.9% and Australia +62.3%, offset by a 21.2% drop to France).
- **Non-alcoholic drink** (not including fruit juices which are part of the prepared foods category) exports grew 30.6%, the second highest category rise behind meat, to reach £264.1m. Exports of **waters** at £21.9m were down 1.6% (Ireland dropping 2.0%). **Soft drinks** exports jumped 34.6% to £242.2m (Ireland +30.7%, Germany +131.1%, US +39.1%).

UK Exports of Food & Non-alcoholic drinks by Sector, 2007-2008 (£ million)

Sector	2007	2008	% change 2008 vs 2007
Other Prepared Foods*	1,852.9	2,176.0	17.4
Cereals & Bakery	1,473.6	1,882.4	27.7
Meat & Animal Products	886.6	1,226.0	38.3
Fish & Seafood	982.3	1,006.2	2.4
Dairy	763.5	837.9	9.7
Fruit & Vegetables	593.3	729.3	22.9
Tea, Coffee, Cocoa, Spices	579.1	675.4	16.6
Sugar & Sugar Confectionery	386.3	437.1	13.2
Non-alcoholic Drinks	202.2	264.1	30.6
Total	7,719.8	9,234.2	20.0

Source: Leatherhead Food International

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

Top Markets

- All of the top 20 export markets put in a strong performance in 2008 (indeed you have to go down as far as the 37th ranked country to find the first negative change in exports from the UK – Gibraltar being in 37th place, showing a decline of 19.0%).
- The highest growth markets in the top 20 included:

France, +22.3% to £1,138.4m, led by a 41.8% increase in exports of meat to £255.3m, and including a 43.9% jump in lamb exports to a value of £181.2m. Chilled beef exports were also up 56.4% to £21.2m. Other fast growth value added products included:

- 34.7% rise in cakes (£8.7m)
- 30.0% rise in chocolate (£44.6m)
- 24.8% rise in jams/preserves (£3.3m)
- 20.2% rise in cheese (£42.7m), including 29.6% growth in cheddar cheese (£6.3m)
- 15.7% rise in tea (£19.8m)

Offset by losses of 21.2% in sugar confectionery (£7.0m), and 14.2% in prepared meat/fish (£20.8m) in particular.

The Netherlands, +35.3% to £776.1m, driven by a 61.3% increase in exports of meat to £130.1m, and including a rise of 73.7% in chilled beef (£55m). Other fast growth value added products included:

- 68.6% rise in prepared meat/fish products (£19.8m)
- 29.6% rise in fruit juice (£2.6m)
- 29.4% rise in cheese (£29.0m), including 31.0% growth in cheddar cheese (£12.5m)
- 28.5% rise in bakery, cakes and biscuits (£30.0m)
- 26.7% rise in sweet biscuits (£6.4m)

Offset by losses of 12.4% in fish/seafood (£51.2m) in particular.

Denmark, +69.7% to £220.7m, driven by a 122.9% increase in exports of fish/seafood and a 180.6% rise in meat (£30.6m). Other fast growth value added products included:

- 60.9% rise in prepared meat/fish (£13.6m)
- 38.5% rise in cheese (£9.7m)
- 26.7% rise in bakery, cakes and biscuits (£14.6m)
- 23.4% rise in chocolate (£9.5m)
- 18.6% rise in jams/preserves (£2.1m)
- 13.3% rise in breakfast cereals (£13.3m)

Offset by losses of 16.5% in tea/coffee/spices (£1.3m) in particular.

Portugal, +39.7% to £119.2m, driven by a 42.7% rise in commodity cereal exports to £53.4m. Other growth in value added products included:

- 279% rise in ice cream (£0.9m)
- 161.8% rise in prepared meat/fish (£4.5m)
- 130.4% rise in cheese (£1.6m)
- 103.6% rise in meat (£5.2m)
- 34.9% increase in fish/seafood (£14.1m)

Norway, +61.1% to £116.8m, driven by a 226.5% rise in fats and oils exports to £31.7m. Other growth in value added products included:

- 44.3% rise in jams/preserves (£2.7m)
 - 42.8% rise in breakfast cereals (£3.0m)
 - 37.9% rise in bakery, cakes and biscuits (£5.8m)
- Offset by losses of 15.1% in sugar confectionery (£2.1m)

Poland, +53.6% to £116.4m, boosted primarily by a huge upturn in exports of wheat from virtually nothing in 2007 to £17.2m in 2008, but also including:

- 1289.4% rise in soft drinks (£2.3m)
- 897.5% rise in breakfast cereals (£1.2m)
- 225.7% rise in bakery, cakes and biscuits (£3.6m)
- 203.7% rise in chocolate (£2.5m)
- 34.0% rise in fish and seafood (£8.7m)

Offset by a 8.3% loss in the overall meat category (£14.8m)

UK Exports of Food & Non-alcoholic drinks: Top 20 Countries, 2007-2008 (£ million)

Rank	Country	2007	2008	% change 2008 vs 2007
1	Ireland	2,166.9	2,446.0	12.9
2	France	930.8	1,138.4	22.3
3	Netherlands	573.6	776.1	35.3
4	Germany	670.9	689.4	2.8
5	Spain	498.6	571.9	14.7
6	Italy	366.2	426.7	16.5
7	Belgium	312.2	357.4	14.5
8	United States	237.7	258.1	8.6
9	Denmark	130.1	220.7	69.7
10	Sweden	105.6	128.7	21.7
11	Portugal	85.3	119.2	39.7
12	Norway	72.5	116.8	61.1
13	Poland	75.8	116.4	53.6
14	Canada	101.8	112.5	10.5
15	Russia	96.9	100.0	3.2
16	Greece	76.4	86.2	12.8
17	Japan	71.7	86.1	20.0
18	Australia	60.0	68.8	14.8
19	Saudi Arabia	57.2	66.6	16.3
20	Nigeria	38.1	58.3	53.1

Source: Leatherhead Food International

Markets of interest just outside the top 20 include Dubai +21.6% to £51.9m, Hungary +74.3% to £40.2m, China +13.3% to £38.0m.

- All of exports markets worth above £5m (and excluding those dominated by commodity trading), the fastest growing in 2008 included:
 - Bulgaria (up 160.6% to £5.5m, including an 81.5% rise in exports of prepared foods, a 302.2% rise in bakery/biscuits/cake exports, and a 1829.2% rise in meat exports).
 - Hungary (up 74.3% to £40.2m, including 180.1% growth in prepared foods, 44.4% growth in dairy exports, and 232.8% growth in soft drink exports)
 - Croatia (up 72.4% to £6.4m, including a 57.7% growth in exports of prepared foods and 152.2% growth in chocolate exports).

UK Exports of Food & Non-alcoholic drinks: Fastest Growing in 2008 (£ million)

	2007	2008	% change 07-08
Bulgaria	2.1	5.5	160.6
Hungary	23.1	40.2	74.3
Croatia	3.7	6.4	72.4
Denmark	130.1	220.7	69.7
Norway	72.5	116.8	61.1
Abu Dhabi (U.A.E.)	4.2	6.7	60.5
Vietnam	7.7	12.1	56.5
Poland	75.8	116.4	53.6
Nigeria	38.1	58.3	53.1
Jordan	5.8	8.9	52.8
Latvia	5.7	8.6	51.0
Lebanon	9.7	14.6	50.6
Slovakia	7.9	11.5	45.2
Sharjah etc (U.A.E.)	11.6	16.8	45.0
Portugal	85.3	119.2	39.7

Source: Leatherhead Food International

Note: only covering markets where exports exceed £5m and excluding markets dominated by commodity traded products such as bulk cereals and milk powder

Regional Analysis

EU

- Overall, UK food and non-alcoholic exports have shown positive growth across all EU markets with the exception of Estonia (down 17.3%, due to a 55.0% drop in exports of sugar).
- Germany was the only other country not to record double digit growth (its gains in 2008 amounting to just 2.8% due to a 59.2% drop in exports of fats and oils).
- As previously mentioned, it was the relatively new member states within Central Europe which drove growth overall (Poland, Hungary, Czech Republic among some of the more significant markets showing strong gains as consumers in these markets increasingly demand premium/imported food and drinks as their income grows).
- UK exports to the 16 members of the Eurozone grew by 16.4% in 2008, lower than the EU total as a whole, suggesting that the favourable swing in the exchange rate between the Pound and Euro actually had minimal impact.

UK Exports of Food & Non-alcoholic drinks to the EU, 2007-2008

		2007	2008	% change 07-08
	TOTAL EU	6,217.5	7,365.2	18.5
1	Ireland	2,166.9	2,446.0	12.9
2	France	930.8	1,138.4	22.3
3	Netherlands	573.6	776.1	35.3
4	Germany	670.9	689.4	2.8
5	Spain	498.6	571.9	14.7
6	Italy	366.2	426.7	16.5
7	Belgium	312.2	357.4	14.5
8	Denmark	130.1	220.7	69.7
9	Sweden	105.7	128.7	21.7
10	Portugal	85.3	119.2	39.7
11	Poland	75.8	116.4	53.6
12	Greece	76.4	86.2	12.8
13	Finland	34.9	42.5	21.8
14	Cyprus	35.6	42.4	19.0
15	Hungary	23.1	40.2	74.3
16	Austria	29.0	33.6	15.9
17	Malta	29.6	33.1	11.7
18	Czech Republic	24.0	32.2	34.3
19	Romania	13.0	15.2	16.9
20	Slovakia	7.9	11.5	45.2
21	Lithuania	7.3	9.7	32.7
22	Latvia	5.7	8.6	51.0
23	Estonia	8.4	7.0	-17.3
24	Bulgaria	2.1	5.5	160.6
25	Slovenia	2.8	3.6	30.4
26	Luxembourg	1.6	3.3	106.2

Source: Leatherhead Food International

Note: Eurozone members in **bold**.

Non-EU

- The strongest performance in non-EU regions came from Latin America and the Caribbean but this is dominated by a large rise in commodity concentrated/sweetened milk exports to Venezuela (the second largest rise, to Africa, is also largely down to commodity trading).
- Of more interest is the 29.5% rise to non-EU Western Europe (led by Norway) and the 28.3% rise to the Middle East (with Dubai, one of the best performing markets for value-added UK food and drink exports in recent years, up 21.6% and Kuwait up 34.8%).

UK Exports of Food & Non-alcoholic drinks to the Non-EU, 2007-2008

	2007	2008	% change 07-08
Other Western Europe	186.2	241.1	29.5
Norway	72.5	116.8	61.1
Switzerland	41.4	55.2	33.5
Turkey	21.9	23.1	5.1
Eastern Europe	121.8	124.9	2.6
Russia	96.9	100.0	3.2
Ukraine	13.8	126.2	-8.6
North America	340.4	372.9	9.6
United States	237.7	258.1	8.6
Canada	101.8	112.5	10.5
Asia	288.8	337.9	17.0
Japan	71.7	861.1	20.0
Hong Kong	40.7	55.3	35.8
China	33.6	38.0	13.3
Thailand	19.6	23.9	21.6
Malaysia	20.1	19.4	-3.5
Singapore	16.2	18.2	12.3
India	10.1	11.5	14.3
Middle East	218.3	279.9	28.3
Saudi Arabia	57.2	66.6	16.3
Dubai (U.A.E.)	42.6	51.9	21.6
Kuwait	22.6	30.4	34.8
Africa	191.3	295.9	54.7
Nigeria	38.1	58.3	53.1
Egypt	37.4	51.9	38.5
South Africa	31.1	31.5	1.1
Latin America & the Caribbean	82.4	130.7	58.6
Venezuela	4.8	38.0	687.4
Brazil	4.6	17.9	291.1
Mexico	13.4	8.5	-36.7
Oceania	70.2	81.8	16.5
Australia	60.0	68.8	14.8
New Zealand	9.6	12.2	27.3

Source: Leatherhead Food International

Sectorial Review

UK Exports of Food & Non-alcoholic drinks: 20 key top products, 2008

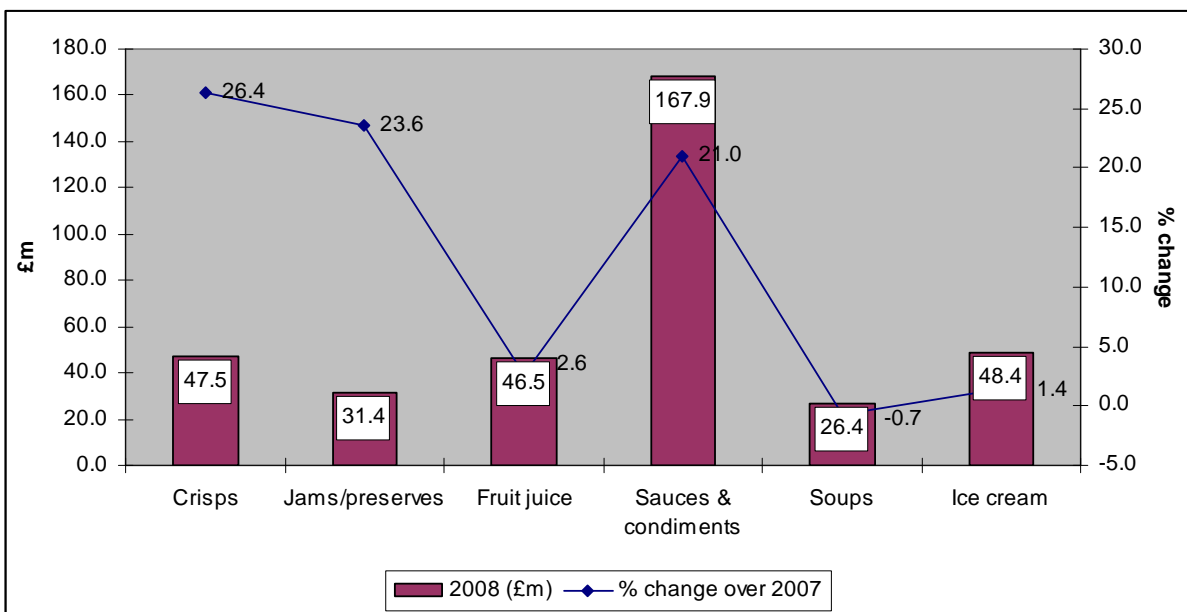
	2008 (£m)	% change 07-08
Chocolate	360.7	10.9
Breakfast cereals	352.9	12.5
Cheese	281.5	16.7
Lamb	263.0	43.9
Fresh fish	241.1	8.9
Crustaceans	238.4	-6.7
Poultry	215.1	7.4
Beef	212.7	69.3
Sweet biscuits	203.9	15.3
Milk & cream (not cnrt/swt)	203.0	10.9
Prepared meat	198.6	19.5
Milk & cream (cnrt/swt)	178.4	10.8
Tea	175.7	14.3
Frozen fish	169.0	21.6
Sauces & condiments	167.9	21.0
Soft drinks	161.7	30.7
Cakes	156.5	12.0
Pork	134.6	52.6
Sugar confectionery	126.3	5.6
Fish fillets	103.3	-3.0

Source: Leatherhead Food International

Prepared Foods

- Total UK exports of prepared foods (including fats and oils, preserved fruit/veg, fruit juice, soups, sauces & condiments, ice cream, vinegar, animal feeds and other miscellaneous products) were up 17.4% in 2008 to reach £2,176.0m.
- Although this is somewhat of a 'catch-all' category, some interesting products where a lot key UK brands reside include:
 - Sauces and condiments +21.0% to £167.9m, including 24.4% growth to the key Irish market (worth £57.0m, 33.9% of the total), and a rise of 1770.7% to £9.3m in exports to Hungary.
 - Ice cream +1.4% to £48.4m, including 4.4% growth in exports to 2nd placed market France and 20.4% growth to 4th placed Spain (exports to the no.1 market Ireland were down 8.8%).
 - Crisps +26.4% to £47.5m continuing several years of high growth. no.1 market Ireland was worth £25.8m alone (+23.9%), although higher growth was seen to Italy +84.4% and Germany +41.5% for example.
 - Fruit juice +2.6% to £46.5m, including 29.6% growth to the Netherlands now worth £2.6m (although the no.1 market Ireland still accounts for 57.8% of exports and saw a rise of only 1.6% in 2008).
 - Jams/preserves +23.6% to £31.4m, including 59.1% growth to Ireland, 24.8% growth to France and 22.1% growth to Japan, the top 3 markets.
 - Soups -0.7% to £26.4m, the drop-off due mainly to significant declines in exports to Malta, Belgium, the USA and Australia, although the no.1 market Ireland saw growth of 11.4% to £13.7m (52% of total value).

UK Exports of Selected Prepared Foods, 2007-2008 (£ million)

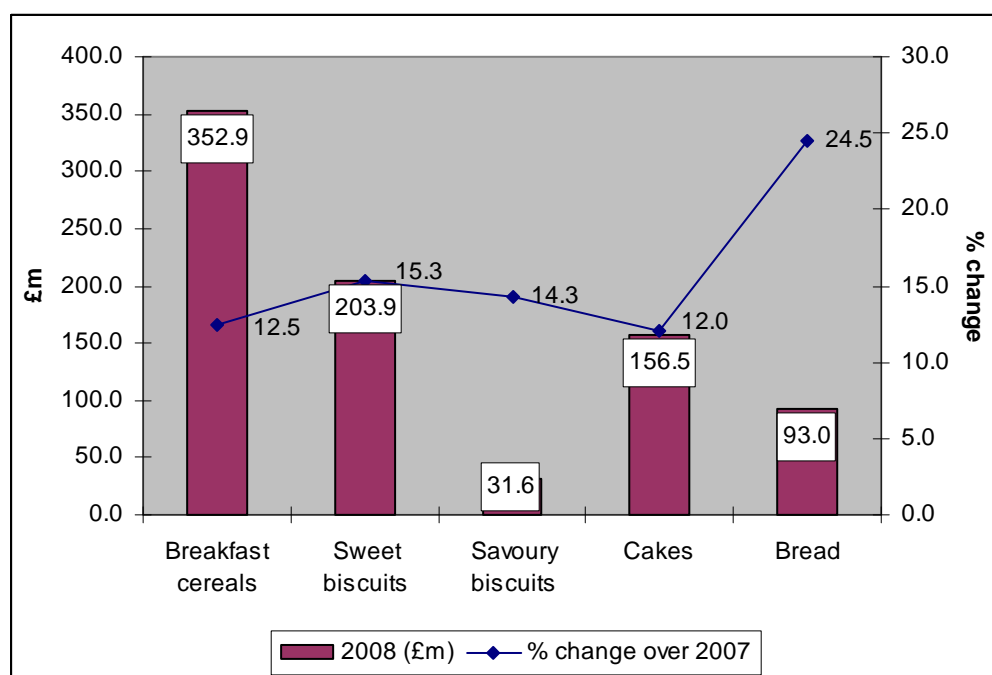


Source: Leatherhead Food International

Cereals & Bakery

- Total UK exports of cereals and bakery products amounted to £1,882.4m in 2008, up 27.7% over the previous year. Added value cereal and bakery products exports include:
 - British breakfast cereal exports rising 12.5% in 2008 to £352.9m, led by 14.9% growth to no.1 market Ireland (now worth £103.2m), as well as strong growth of 60.2% to Germany (worth £12.8m), and 54.3% growth to Sweden (worth £8.6m).
 - Sweet biscuits were up 15.3% to £203.9m with exports to the leading Irish market up 7.8% to £75m, as well as the 4th, 5th and 6th placed markets of Canada, Australia and The Netherlands also all seeing solid growth of 35.7%, 38.9% and 26.7% respectively.
 - Savoury biscuits exports grew 14.3% to £31.6m, the top 3 markets all performing well: +17.5% US, +15.7% Ireland, and +25.9% Canada.
 - Cakes exports at £156.5m were +12.0% over 2007. Ireland now accounts for 57.0% of exports but saw only 5.8% growth in 2008. Growth to 2nd and 3rd placed the Netherlands and France was much higher at 25.5% and 34.7% respectively.
 - Bread exports jumped 24.5% to £93.0m, with strong growth to the Netherlands at +69.7% and Portugal at +42.7%.

UK Exports of Selected Bakery Products, 2007-2008 (£ million)

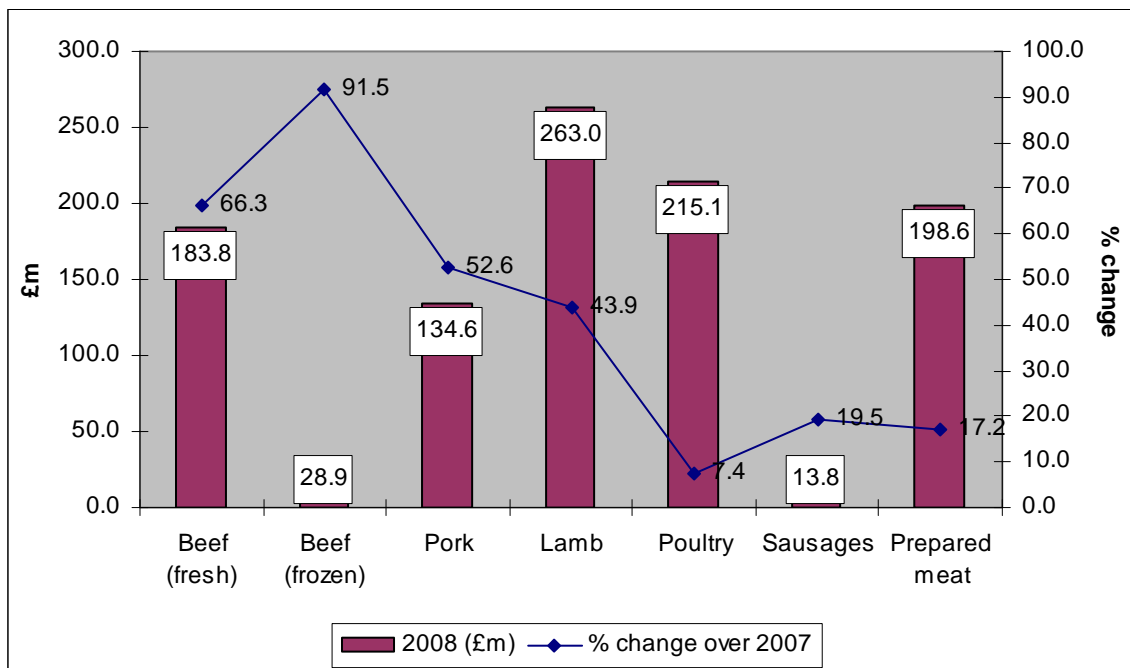


Source: Leatherhead Food International

Meat

- Total UK exports of meat and related animal products grew 38.3% in 2008 to £1,226.0m. Lamb overtook poultry in 2008 to become the number one product sector, worth £263.0m, a rise of 43.9% on 2007 and driven primarily by 43.8% growth in exports to the key French market. France now accounts for 68.9% or £181.2m of UK lamb exports.
- However, higher rates of growth were seen in the beef sector, worth £212.7m, and including a 66.3% rise in chilled beef exports (including a 35.0% rise to £57.6m in exports to Ireland, and a 73.7% rise to £55.0m in exports to the Netherlands – the two key markets) and a 91.5% rise in frozen beef exports (including a 151.4% rise to £14.5m in exports to Ireland).
- British pork exports grew 52.6% to a value of £134.6m including a 52.6% rise to Germany, as well as large hikes in UK pork shipments to Hong Kong (+362.5% and now a market worth £11.3m) and China (+2483.3% to £1.8m).
- Exports of sausages, albeit small at £13.8m, have been consistently growing in recent years and were up 19.5% in 2008 (Ireland and Spain being key markets). Other prepared meat products (mainly prepared poultry and pork products) were +17.2% to £198.6m (26.1% growth to Ireland and 102.2% growth to the Netherlands).
- France remained the key destination of British meat in 2008, accounting for a 27.0% share in total and seeing growth of 41.8%. Indeed, most of the growth in the sector has been driven by the rebounding key markets of Western Europe (Ireland, Netherlands, Germany, Italy, Belgium, Spain and Denmark, make up the other 7 countries of the top 8).

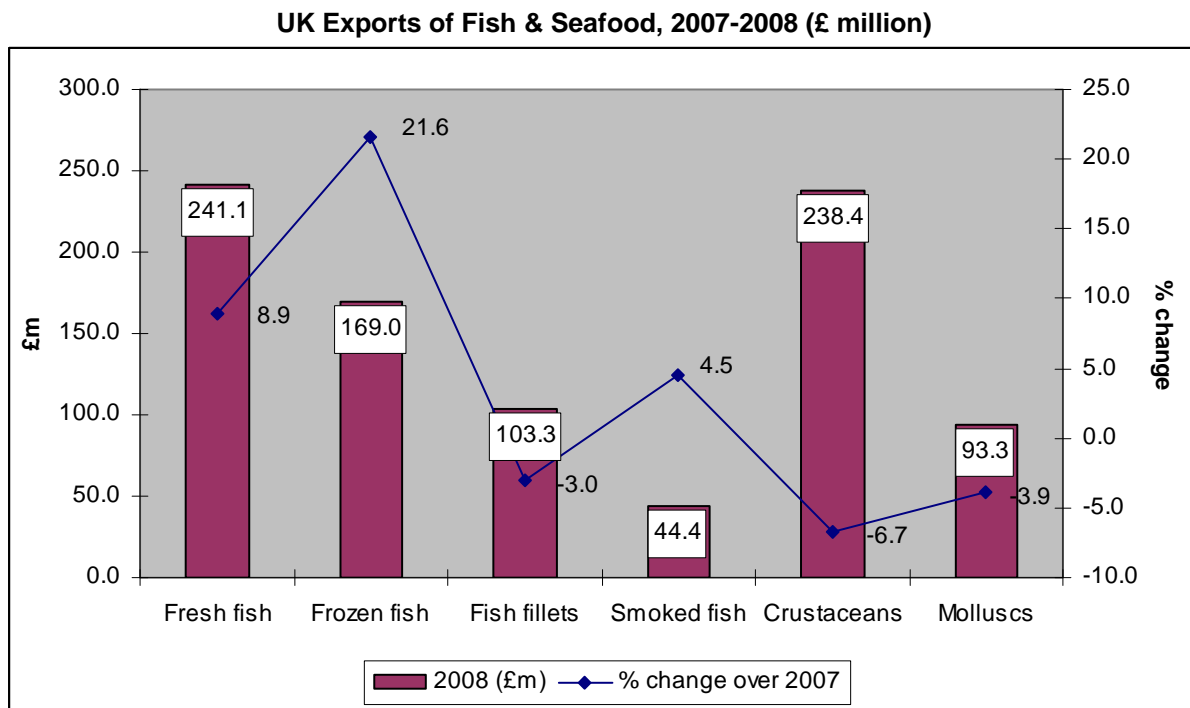
UK Exports of Meat (by key product sector), 2007-2008 (£ million)



Source: Leatherhead Food International

Fish & Seafood

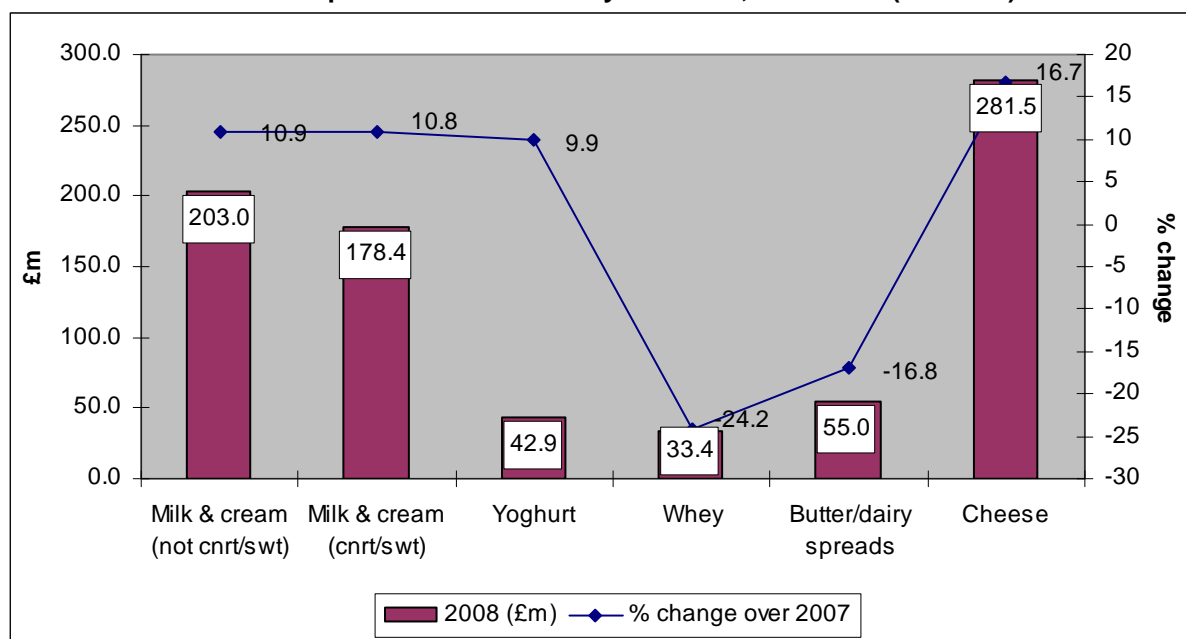
- Total fish and seafood exports grew only 2.4% in 2008, reaching a value of £1,006.2m.
- Fresh fish exports rose 8.9% to £241.1m, including a rise of 10.4% in fresh salmon exports to £136.0m (led by 12.5% growth to the no.1 French market, worth £52.7m; and growth of 6.7% to the no.2 market the US, worth £46.8m).
- Frozen fish exports at £169.0m were up a solid 21.6% in 2008, despite a 5.0% drop in the key frozen mackerel sector to £74.0m (the Russian market tailing off by 2.1% to £37.8m).
- Fish fillet exports dropped 3% to £103.3m despite the top 2 markets of France and Ireland being in growth (5.8% and 2.0% respectively). The 3rd placed German market fell heavily, down 13.8%.
- Smoked fish exports at £44.4m were up 4.5%, with the key category of smoked salmon at £32.6m, up a marginal 3.0% but with the top 3 markets of Italy, France and Belgium all seeing declines.
- Exports of crustaceans dropped by 6.7% to £238.4m with the key Spanish market largely to blame (exports to Spain fell 8.9% to £78.6m). Molluscs exports were also down by 3.9% to £93.3m (despite the leading French market up by 7.9% to £32.6m)
- France (worth £227.6m), Spain (£143.0m) and Italy (£80.6m) remain the 3 key markets for British exporters, together accounting for just over 50% of all fish and seafood exports. However, a change in export value of just +5.0%, +0.3% and -4.5% respectively to these markets in 2008 tells the story as to why this sector has not grown at the same rate as others.



Dairy

- Total exports of dairy products grew 9.7% in 2008 to £837.9m. Ireland remains a key market overall, +10.7% to £317.7m, followed by France +4.4% to £64.5m.
- Cheese exports were up 16.7% to £281.5m. All the top markets contributed to this high growth (Ireland +10.6% to £90.2m, France +20.2% to £42.7m, Netherlands +29.4% to £29.0m).
 - Cheddar cheese accounted for £96.7m (+24.9% including 23.6% growth to £42.5m for Ireland, 31.0% growth to £12.5m for the Netherlands, 20.1% growth to £8.9m for the US, 47.2% growth to £6.7m for Germany, and 29.6% growth to £6.3m for France).
 - The territorial cheeses (Lancashire, Cheshire, Wensleydale etc.) saw export growth of 10.8% to £10.1m, the US remaining the stand-out market (exports to the US grew 13.2% to £7.1m, 69.8% of the total).
 - Fresh cheese accounted for £72.6m (+4.8%), processed cheese for £59.3m (+28.6%), and blue-veined, primarily Stilton, for £10.5m (+10.3% including 8.3% growth to £4.9m for the USA, and 14.2% growth to £0.8m for France)
- Milk and cream (not concentrated/sweetened) exports were up 10.9% to £203m. Ireland accounts for two-thirds of this category and was up 22.6% to £134.2m. Concentrated/sweetened milk and cream, up 10.8% to £178.4m in 2008, is a commodity export product with large volumes traded to Africa in particular. Exports of yoghurt, up 9.9% to £42.9m, were driven by a 13.0% rise to Ireland, which accounts for the lion's share (79.4% in 2008). Butter/dairy spread exports at £55.0m, however, were down 16.8% with a big fall in the top market, Italy (-33.5%).

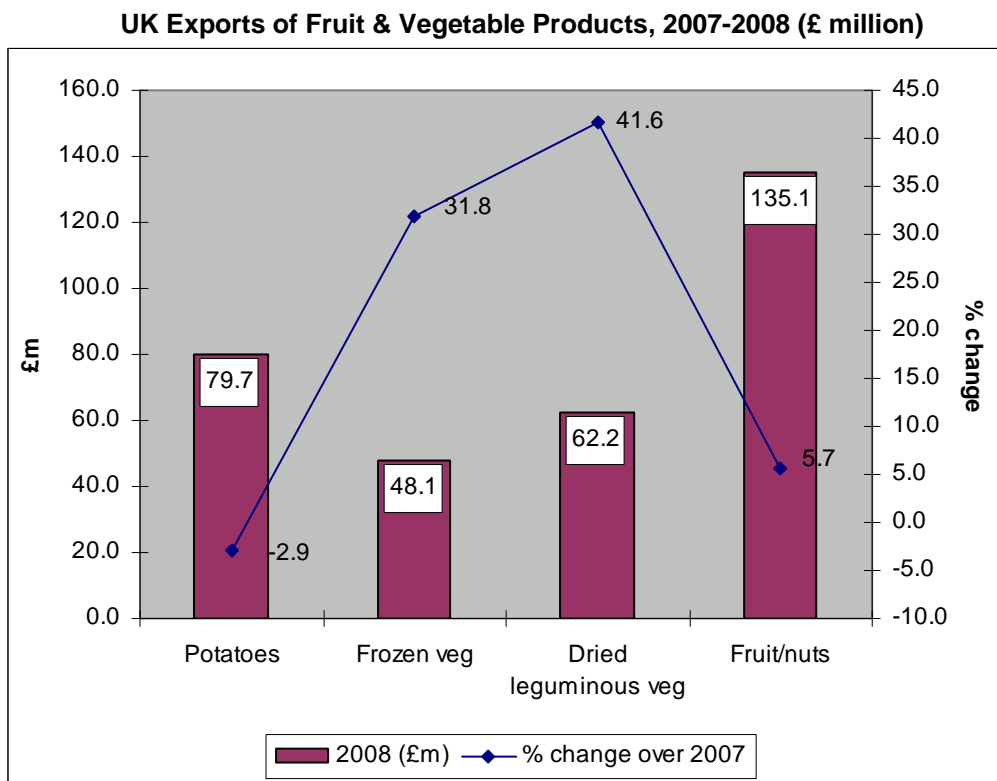
UK Exports of Selected Dairy Products, 2007-2008 (£ million)



Source: Leatherhead Food International

Fruit & Vegetables

- Total exports of fruit and vegetables grew 22.9% in 2008 to £729.3m. Ireland was +2.0% to £203.3m, Netherlands +28.5% to £84.0m, Germany +69.2% to £64.4m.
- Potato exports fell 2.9% to £79.7m (with a 8.2% drop to Ireland, off-set by a 25.7% rise to Spain and a 72.7% rise to Egypt – these 3 markets accounting for a combined 67.2% of all potato exports).
- Frozen vegetable exports were up 31.8% to £48.1m, led by Ireland (+23.4% to £15.6m) and Italy (+184.5% to £13.3m).
- Dried leguminous vegetables (peas, broad beans, other beans, lentils etc.) exports grew 41.6% to £62.2m, driven by 44.0% growth to Egypt and 44.5% growth to Italy.
- Fruit and nut exports at £135.1m were up 5.7% (including 18.6% growth to Germany and 75.9% growth to Spain).

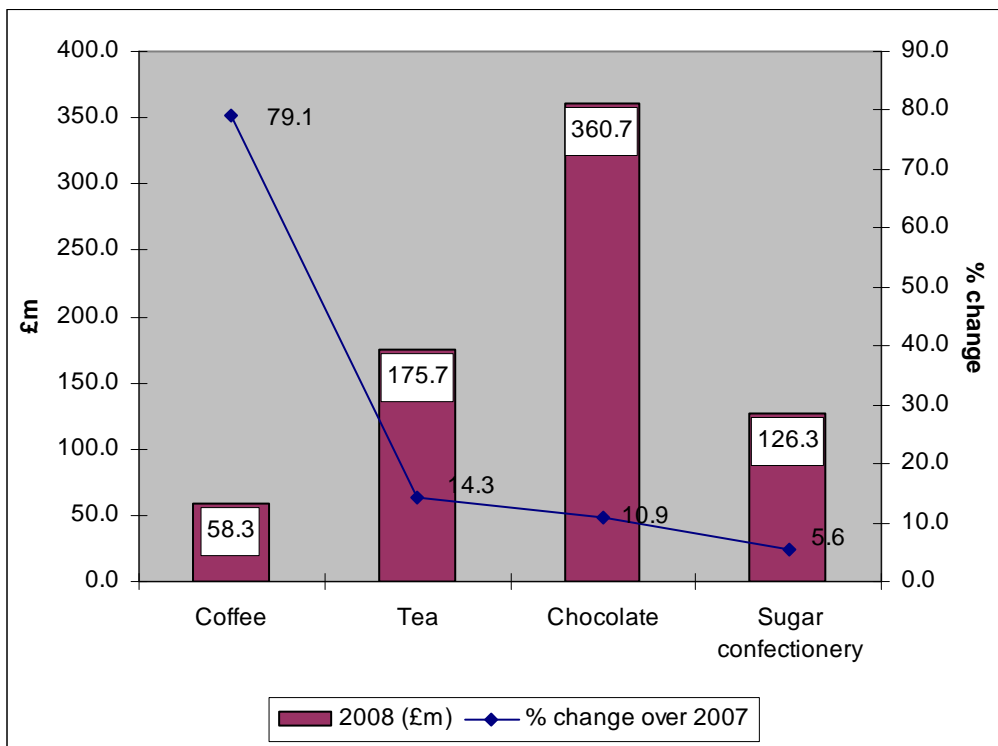


Source: Leatherhead Food International

Tea, Coffee, Cocoa and Spices / Sugar & Sugar Confectionery

- Total exports of tea, coffee, cocoa and spices were £675.4m in 2008, up 16.6%. Sugar and sugar confectionery exports rose 13.2% to £437.1m.
- Coffee exports totalled £58.3m in 2008, up 79.1% with exports to Ireland growing 23.1% to £14.2m. Tea exports grew 14.3% with Canada +7.6% to £37.2m, but higher rates of gain seen in Ireland (+57.9%) and France (+15.7%).
- Chocolate remains a major export product, worth £360.7m in 2008, +10.9% on the previous year. Growth was driven by France (+30.0% to £44.6m) and Germany (+26.2% to £16.1m). From a much smaller base, exports to Poland also boomed, up 203.7% to £2.5m.
- Sugar confectionery exports, worth £126.3m were up 5.6%, strong growth coming from Germany (+14.9% to £15.8m) and Australia (+62.3% to £4.8m), offset by a 21.2% loss to the key French market (down to £7.0m).

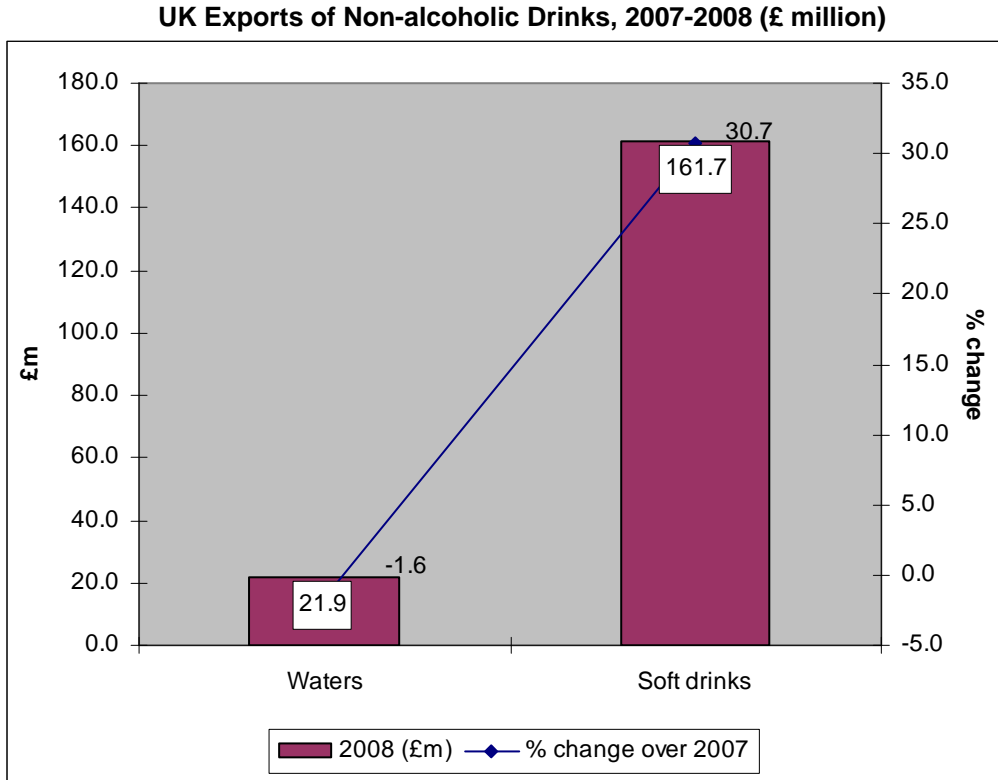
UK Exports of Tea, Coffee & Confectionery, 2007-2008 (£ million)



Source: Leatherhead Food International

Non-alcoholic Drinks

- Total exports of non-alcoholic drinks (not including fruit juices) grew a significant 30.6% in 2008 to reach £264.1m. Exports of waters at £21.9m were down 1.6%, with no.1 market Ireland dropping 2.0% to £9.3m. Soft drinks exports jumped 34.6% to £242.2m, with Ireland +30.7%, Germany +131.1% and the US +39.1%.



Source: Leatherhead Food International