

# EXPORTS SNAPSHOT

## H1 2020

### EXECUTIVE SUMMARY

- Food and drink exports are a UK success story. However, the COVID-19 pandemic significantly impacted growth after exports fell for the first time since H1 2015.
- Exports fell by 13.8% to £9.7bn, as both exports to EU and non-EU markets declined.
- Exports to the EU (-14.5%) decreased at a faster rate than those to non-EU markets (-12.6%).
- The trade deficit widened, reaching -£13.4bn, from £12.8bn in H1 2019.
- Exports to all of the top 20 markets decreased, except China (+0.3%), Canada (+6.7%) and Norway (+46.9%).
- Pork was the only product within the top 10 to show value growth, up 17.5% on 2019.
- Since H1 2010, exports have increased by 34%. Exports to non-EU countries grew faster (59%) than to the EU (21%).
- Members noted access to new UK preferential trade agreements and increased export demand as top opportunities for 2020 in FDF's Q2 Business Confidence Survey.
- FDF, Food and Drink Exporters Association (FDEA) and the Agriculture and Horticulture Development Board (AHDB) have produced an export guide to help businesses successfully navigate the export process.
- The guide signposts a range of support that can help exporters impacted by COVID-19 as well as supporting businesses post EU Exit transition.

### KEY INDICATORS

	H1 2019	H1 2020	Change
All food & drink	£11.3bn	£9.7bn	<b>-13.8%</b>
EU	£6.9bn	£5.9bn	<b>-14.5%</b>
Non-EU	£4.3bn	£3.8bn	<b>-12.6%</b>
EU share	61.46%	60.95%	<b>-0.5pp</b>
Non-EU share	38.54%	39.05%	<b>+0.5pp</b>
Trade deficit	-£12.8bn	-£13.4bn	<b>4.3%</b>

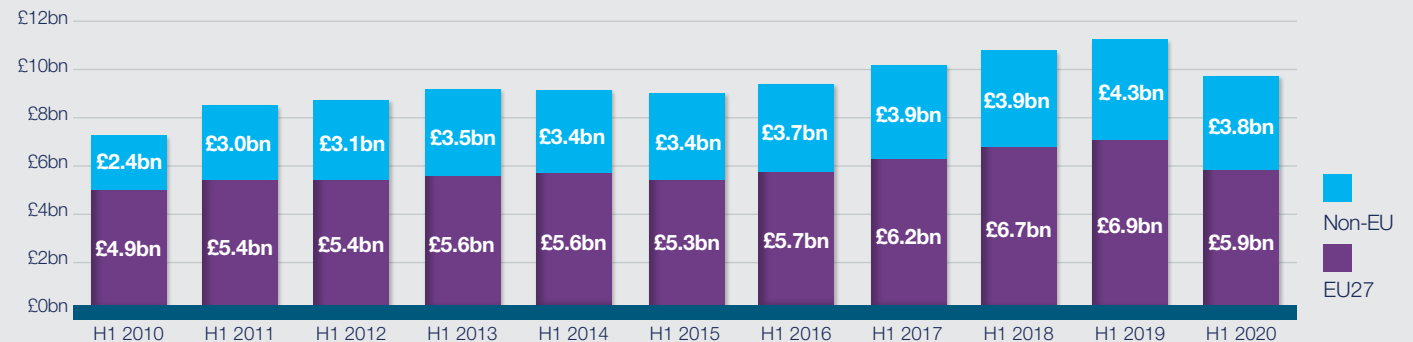
### TOP 10 PRODUCTS

	H1 2020	Change		
		Value	% Value	% Volume
Whisky	£1.5bn	<b>-£695.1m</b>	<b>-31.1%</b>	<b>-26.8%</b>
Chocolate	£315.4m	<b>-£38.0m</b>	<b>-10.7%</b>	<b>-11.1%</b>
Salmon	£307.0m	<b>-£93.4m</b>	<b>-23.3%</b>	<b>-27.0%</b>
Cheese	£304.5m	<b>-£44.6m</b>	<b>-12.8%</b>	<b>-13.7%</b>
Pork	£300.6m	<b>£44.8m</b>	<b>17.5%</b>	<b>2.4%</b>
Beef	£257.3m	<b>-£18.7m</b>	<b>-6.8%</b>	<b>1.4%</b>
Gin	£253.0m	<b>-£80.8m</b>	<b>-24.2%</b>	<b>-21.3%</b>
Breakfast cereals	£244.7m	<b>-£1.2m</b>	<b>-0.5%</b>	<b>16.4%</b>
Wine	£239.5m	<b>-£117.6m</b>	<b>-32.9%</b>	<b>-27.0%</b>
Fish	£207.2m	<b>-£5.2m</b>	<b>-2.4%</b>	<b>6.9%</b>

### TOP 20 MARKETS

Ireland	£1.8bn	↓	<b>-7.2%</b>
United States	£889.8m	↓	<b>-18.2%</b>
France	£865.8m	↓	<b>-23.7%</b>
Netherlands	£752.1m	↓	<b>-12.0%</b>
Germany	£631.8m	↓	<b>-13.4%</b>
China	£344.8m	↑	<b>0.3%</b>
Spain	£320.6m	↓	<b>-27.7%</b>
Belgium	£296.3m	↓	<b>-21.5%</b>
Italy	£216.5m	↓	<b>-25.1%</b>
Poland	£193.0m	↓	<b>-5.3%</b>
Australia	£182.1m	↓	<b>-10.3%</b>
Hong Kong	£176.2m	↓	<b>-9.1%</b>
Canada	£163.5m	↑	<b>6.7%</b>
Singapore	£161.8m	↓	<b>-15.9%</b>
Denmark	£143.6m	↓	<b>-16.3%</b>
Norway	£130.7m	↑	<b>46.9%</b>
Sweden	£129.4m	↓	<b>-20.0%</b>
United Arab Emirates	£129.2m	↓	<b>-14.9%</b>
Japan	£124.5m	↓	<b>-17.1%</b>
Taiwan	£98.9m	↓	<b>-22.7%</b>

### H1 UK EXPORTS SINCE 2010



# EXPORTS SNAPSHOT

H1 2020

**LINDA ELLETT,**  
HEAD OF CONSUMER  
MARKETS AT KPMG UK



- The world may be facing COVID-19 collectively, but consumers and businesses across the world haven't been behaving equally.
- The progression of the pandemic has meant that countries are at varying stages in the COVID-19 lifecycle, shaped further by the different ways each country's government and businesses have chosen to tackle its spread.
- At an economic level, China – hit earlier by the virus but recovering more quickly – is still seeing its economy grow at 1 to 2%, while the UK and Canadian economies are in recession.
- At a consumer level, KPMG's research shows that perception and behaviour have been just as varied. For example, significantly fewer consumers in China felt their lives would be impacted by the situation for more than a year, while consumers in the UK and especially those in Canada, felt the opposite.
- Trust in a brand was identified as a key consideration across all markets, when consumers were asked what motivates their purchasing decisions. This came alongside value for money, ease of buying and the shopper's personal safety.
- When asked about trust in grocery specifically, consumers were far more trusting in China when compared to the UK or Canada. This was mirrored in what consumers predicted they'd spend with grocers too.
- The online channel – unsurprisingly in this increasingly contactless climate – was set to become more prominent for both food and non-food categories globally.
- It's clear that getting to know how consumers feel and behave will require careful examination in the post-COVID-19 climate.
- The only constant in each market is that the way brands interact with consumers is set to change considerably.

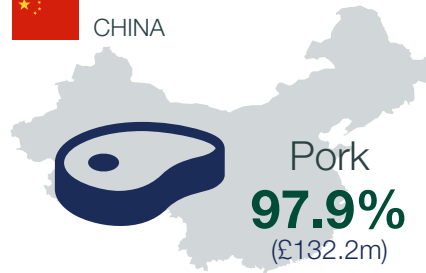
## CHINA, CANADA AND NORWAY

- Exports to all of the top 20 markets decreased, except China (+0.3%), Canada (+6.7%) and Norway (+46.9%).
- Canada is a valuable preferential trade partner for the UK in terms of food and drink exports, worth £163.5m.
- The top 3 UK products sold in Canada were whisky, beer and gin.
- Sales of UK pork were up 97.9% in China, reaching £132.2m.
- The fastest growing UK product sold to Norway was animal fats and oils, up 2669.1%.

### TOP 3 UK PRODUCTS



CHINA



Whisky  
**-3.5%**  
(£40.8m)



Infant food  
**-10.2%**  
(£19.2m)



CANADA



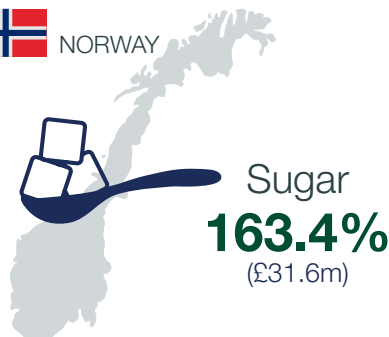
Beer  
**3.5%**  
(£16.0m)



Gin  
**28.9%**  
(£13.1m)



NORWAY



Animal fats & oils  
**2669.1%**  
(£6.8m)



Vegetable oils  
**-48.3%**  
(£3.7m)

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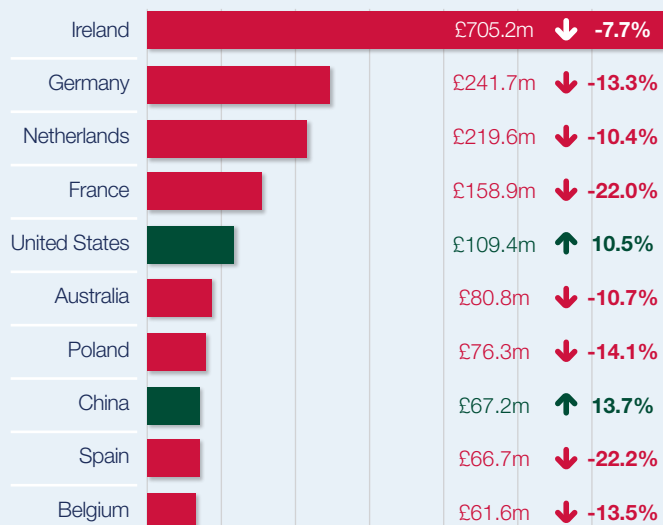
### BRANDED GOODS

- Branded food and non-alcoholic drinks exports declined by 7.1% overall, despite an increase in sales to non-EU markets of 1.9%.
- Growth markets within the top 10 were the US (+10.5%) and China (+13.7%).
- Top branded products were bread, pastry, cakes and biscuits.

### A NEW UK-JAPAN PREFERENTIAL TRADE AGREEMENT

- The UK and Japan announced the agreement of a new preferential trade deal on 11 September, ensuring continued preferential access for UK exports.
- Japan is the world's largest net importer of agrifood and drink and has the 3rd largest market for sales of packaged food after the USA and China.
- Japan was the UK's 19th biggest market in H1, worth £124.5m.
- Top products sold to Japan were whisky, beef, cereals and grains.
- Since H1 2010, exports to Japan have increased by 64%, from £75.9m to £124.5m.
- Demand for imported food and drink in Japan is growing because of its ageing population and a shift towards Western consumption patterns.
- The deal improves our existing terms of trade for some of our key products and offers significant new growth opportunities for quality UK manufacturing.
- The deal provides more generous and flexible rules of origin for key food and drink categories which will better support export growth to Japan.
- In-market sectoral expertise will be essential to ensure industry is able to take full advantage of this new agreement and fulfill the UK's untapped export potential to Japan.

### H1 TOP 10 MARKETS

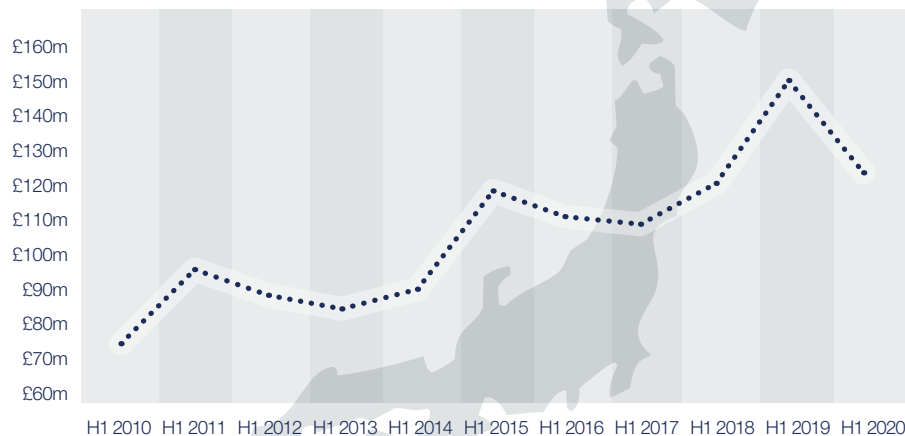


EXPORT VALUE (£)

### BRANDED GOODS

	H1 2019	H1 2020	Change
World	£3.05bn	£2.83bn	-7.1%
EU	£2.12bn	£1.89bn	-10.9%
Non-EU	£0.93bn	£0.94bn	1.9%
EU share	69.5%	66.6%	-2.9pp
Non-EU share	30.5%	33.4%	2.9pp

### H1 EXPORTS TO JAPAN



### TOP 3 UK PRODUCTS TO JAPAN

Cereals & grains  
**-16.8%**  
 (£16.3m)



Whisky  
**-15.5%**  
 (£55.8m)



Beef  
**814.6%**  
 (£6.6m)

