EXPORTS SNAPSHOT

FDEA Food & Drink Exporters Association

fdf

Q3 2018

Executive Summary

- Headline data indicates an **increase in food and drink exports of 1.8%** (to £16.4bn) from January to September 2018, compared with the same period in 2017.
- The **food and drink trade deficit narrowed by 1.3%** in the first 9 months of the year, standing at -£18.0bn, which is £243.0m lower than the same period in 2017.
- **Export growth to EU markets was positive (+4.1%)**, whilst exports to non-EU markets declined over the year-to-date (-1.8%), raising the EU share of exports to 62.1%.
- All of the UK's **top 10 export products reported growth** (in value) YTD 2018, apart from beer and salmon.
- The fall in salmon, which is significant both in value and volume, has almost equally been driven by **less salmon being exported to France and the United States** (US). The two combined have seen a decline of 16.6 thousand tonnes, or £94.3million.
- **Q3 2018 exports of food and drink amounted to £5.6bn**, down 4.6% on Q3 2017.

KEY INDICATORS

	Q3 2018	Change	YTD 2018	Change
All food & drink	**£5.6bn**	**-4.6%**	**£16.4bn**	**1.8%**
EU	**£3.4bn**	**-2.7%**	**£10.2bn**	**4.1%**
Non-EU	**£2.2bn**	**-7.3%**	**£6.2bn**	**-1.8%**
EU share	**60.5%**	**1.1pp**	**62.1%**	**1.4pp**
Non-EU share	**39.4%**	**-1.1pp**	**37.8%**	**-1.4pp**
Trade deficit	**-£5.8bn**	**4.2%**	**-£18.0bn**	**-1.3%**

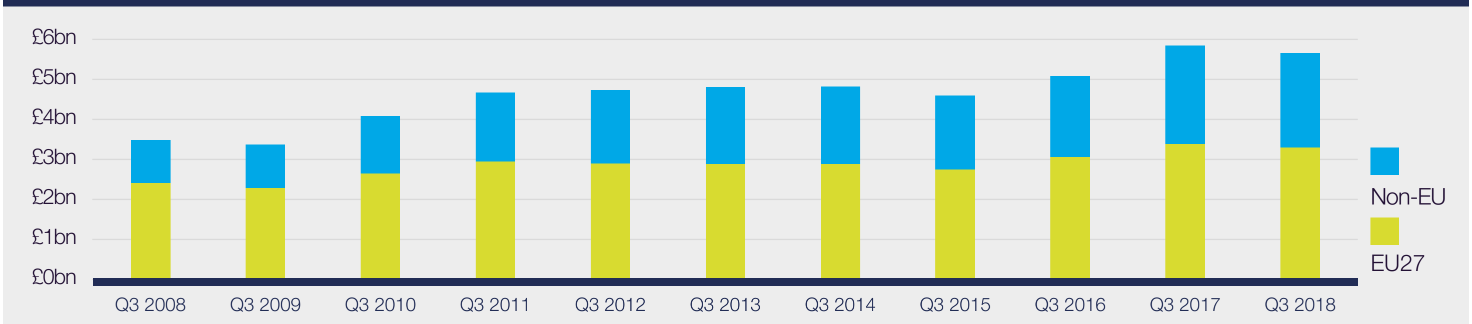
TOP 10 PRODUCTS

	YTD 2018	Change		
		Value	% Value	% Volume
Whisky	**£3.3bn**	**£145.8m**	**4.6%**	**-0.1%**
Chocolate	**£543.6m**	**£39.7m**	**7.9%**	**7.5%**
Cheese	**£496.0m**	**£53.2m**	**12.0%**	**13.8%**
Salmon	**£461.6m**	**-£116.2m**	**-20.1%**	**-20.0%**
Wine	**£456.1m**	**£42.3m**	**10.2%**	**21.9%**
Gin	**£451.8m**	**£64.4m**	**16.6%**	**11.1%**
Beef	**£398.3m**	**£41.0m**	**11.5%**	**5.0%**
Beer	**£360.7m**	**-£36.7m**	**-9.2%**	**-9.8%**
Breakfast cereals	**£360.2m**	**£42.9m**	**13.5%**	**14.7%**
Soft drinks	**£336.2m**	**£8.6m**	**2.6%**	**4.3%**

TOP 20 MARKETS

Ireland	£3.05bn	↑ **11.3%**
France	£1.60bn	↓ **-5.0%**
United States	£1.52bn	↓ **-6.3%**
Netherlands	£1.19bn	↑ **7.3%**
Germany	£1.05bn	↑ **1.7%**
Spain	£712.8m	↑ **2.2%**
Belgium	£518.1m	↑ **7.8%**
China	£445.3m	↑ **6.4%**
Italy	£422.1m	↑ **4.9%**
Australia	£327.1m	↑ **10.9%**
Hong Kong	£320.9m	↓ **-1.9%**
Singapore	£314.5m	↑ **18.7%**
Poland	£283.5m	↑ **5.5%**
United Arab Emirates	£266.3m	↑ **4.8%**
Denmark	£249.2m	↓ **-0.9%**
Canada	£233.8m	↓ **-3.9%**
Sweden	£203.1m	↓ **-5.9%**
Japan	£188.7m	↑ **10.6%**
Taiwan	£152.3m	↓ **-4.0%**
South Africa	£150.5m	↓ **-16.5%**

Q3 UK FOOD & DRINK EXPORTS



Source of Data: Her Majesty's Customs & Excise

EXPORTS SNAPSHOT

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FDF Ambition

- FDF's industry ambition is to **grow exports of branded food and non-alcoholic drink by a third**, from a 2014 baseline, to reach £6bn by 2020.
- **Exports of branded products* saw modest positive growth (0.82%)** from January to September 2018, up £35.2 million on 2017 (YTD). Exports in this area reached £4.3bn (YTD 2018) against the same period in 2017. This brings us closer to FDF's branded export ambition.
- Using 2014 as a baseline, **exports of branded goods* have now grown by 26.6%**. Based on these figures, FDF's Export Ambition is on track to be reached ahead of schedule.
- **Two countries to whom the UK saw a significant drop off in branded goods exports were Malaysia (down 69%) and the Philippines (down 83%)**, largely due to a decrease in animal feed (not including pet food). Compared with this time last year, Malaysia has moved from being the 13th top market for UK branded exports to 31st and the Philippines from 19th to 46th.

BRANDED GOODS*				
	Q3 2018	Change	YTD 2018	Change
World	**£1.5bn**	**-6.0%**	**£4.3bn**	**0.8%**
EU	**£1.0bn**	**0.4%**	**£3.0bn**	**6.5%**
Non-EU	**£0.5bn**	**-17.3%**	**£1.3bn**	**-10.5%**
EU share	**68.1%**	**4.4pp**	**70.3%**	**3.7pp**
Non-EU share	**31.9%**	**-4.4pp**	**29.7%**	**-3.7pp**

**Food and non-alcoholic drink.*

Grow exports of branded food and non-alcoholic drink by a third...

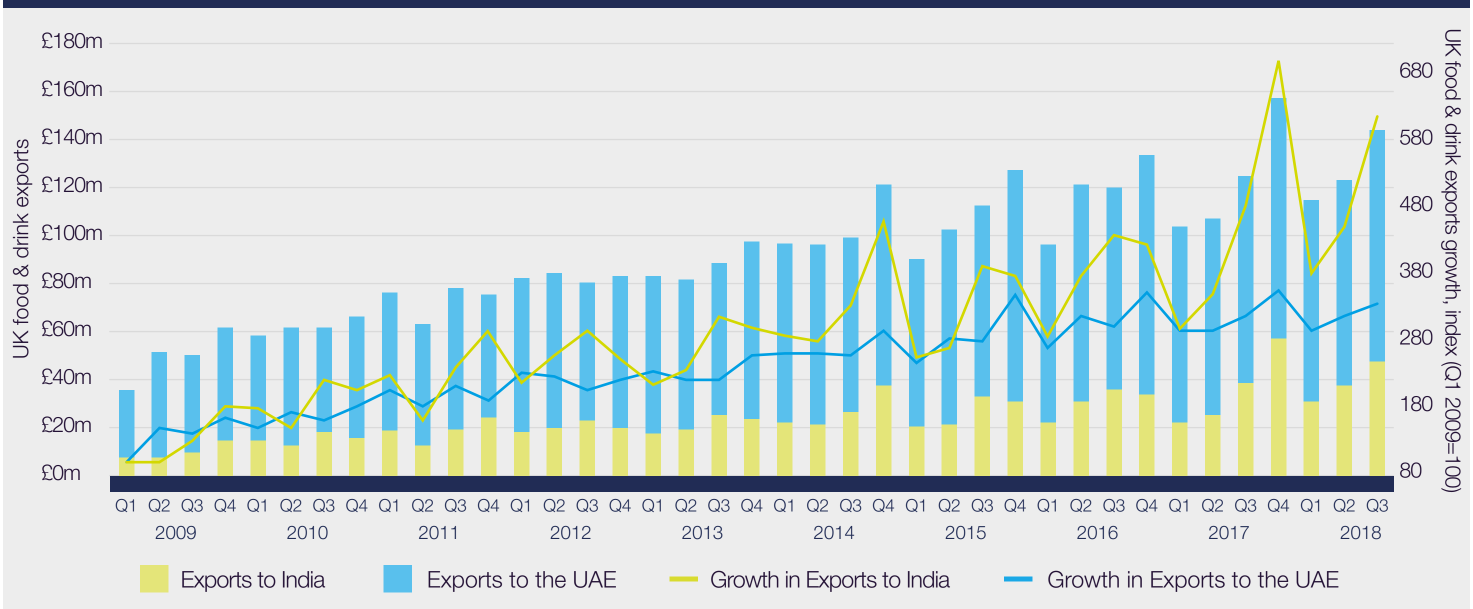
...reaching £6bn by 2020

India and the UAE Key Sources of Growth

- Both **India and the United Arab Emirates (UAE)** have been identified as being **amongst the top 5 target markets** for food and drink companies, according to a Grant Thornton survey commissioned by FDF.
- India and the UAE **both featured in the top 15 fastest growing destinations**** (YTD 2018 compared with 2017) **for UK food and drink exports**.
- **Exports to India recorded the fastest growth rate** (30%, YTD), relative to the same period last year.
- **Whisky has been the key driver of increased value of exports to these markets**. Over the year-to-date, the UK has exported an additional £27.2m to India, and £17.7m to the UAE, resulting in total whisky export value of £98.3bn and £107.7bn respectively.

***Of the UK's 30 largest export partners.*

UK FOOD & DRINK EXPORTS: VALUE VS. GROWTH



Source of data: Her Majesty's Customs & Excise

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UK Exports: National and Regional Breakdowns

- When looking at the most recent data on food and drink exports from the four nations of the UK to the rest of the world, **England has shown the slowest growth between 2015 and 2017** (6.2%) (Table 1). The growth rate of English food and drink† exports was 3 percentage points (pp) slower than Wales, the fastest growing UK nation.
- Looking at regions within England (Table 2), **the South East has been the fastest growing region** (8.4% CAGR***). Meanwhile, **London has consistently been the largest contributor to English food and drink† exports**.
- When comparing their respective shares of food and drink† as a proportion of total exports, **Scotland and Northern Ireland out-performed the rest of the UK** more than fourfold, with a share of 20.0% and 19.8% respectively (Table 3).
- In Figure 2 (see Page 4), we see **that in Wales and England, food and drink† exports underperform relative to other exporting sectors** (aside from crude materials and other commodities).
- Conversely, in Northern Ireland and Scotland, food and drink† exports are high performing.

Table 1

FOOD & DRINK† EXPORTS: NATIONAL BREAKDOWN

Nation	2015	2016	2017	CAGR*** (%)
Wales	£0.41bn	£0.44bn	£0.53bn	9.2%
Scotland	£4.75bn	£5.24bn	£5.73bn	6.5%
Northern Ireland	£1.43bn	£1.44bn	£1.72bn	6.4%
England	£10.45bn	£11.61bn	£12.53bn	6.2%

Table 2

FOOD & DRINK† EXPORTS: REGIONAL BREAKDOWN

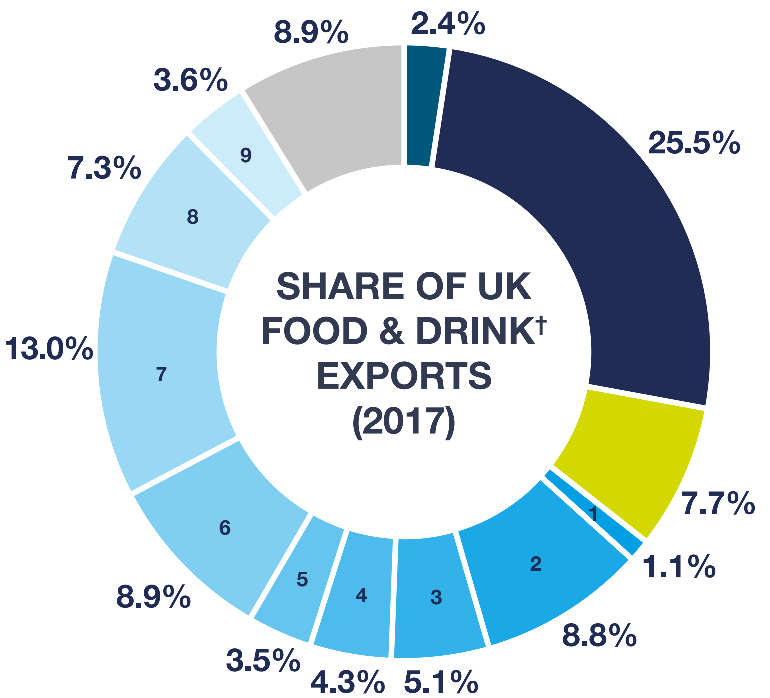
Region	2015	2016	2017	CAGR*** (%)
South East	£1.29bn	£1.50bn	£1.65bn	8.4%
London	£2.38bn	£2.70bn	£2.94bn	7.2%
South West	£0.67bn	£0.74bn	£0.81bn	7.0%
Yorkshire and the Humber	£0.95bn	£1.04bn	£1.15bn	6.5%
West Midlands	£0.65bn	£0.70bn	£0.78bn	6.3%
North West	£1.68bn	£1.88bn	£1.98bn	5.7%
East	£1.70bn	£1.86bn	£2.01bn	5.7%
East Midlands	£0.89bn	£0.94bn	£0.96bn	2.6%
North East	£0.24bn	£0.24bn	£0.25bn	0.8%

Table 3

FOOD & DRINK: SHARE OF NATION'S TOTAL EXPORTS

Nation	2015	2016	2017	Total Increase***
Scotland	19.9%	21.7%	20.0%	0.1pp
Northern Ireland	20.0%	18.4%	19.8%	-0.2pp
England	5.0%	5.3%	5.2%	0.2pp
Wales	3.1%	3.0%	3.2%	0.1pp

Figure 1



Key

- Wales
- Scotland
- Northern Ireland
- 1 North East
- 2 North West
- 3 Yorkshire and the Humber
- 4 East Midlands
- 5 West Midlands
- 6 East
- 7 London
- 8 South East
- 9 South West
- Unallocated Trade††

****Compound annual growth rate (CAGR) and total increase figures are calculated for the period 2015-2017.*

†Data for this section includes the export of tobacco and live animals.

††Not all trade can be assigned to one of the 9 English Regions, Wales, Scotland and Northern Ireland. This is classified as 'Unallocated Trade'. Further details on what Unallocated trade is broken down into can be found here.

Source of data: Her Majesty's Customs & Excise UK Regional Trade in Goods Statistics

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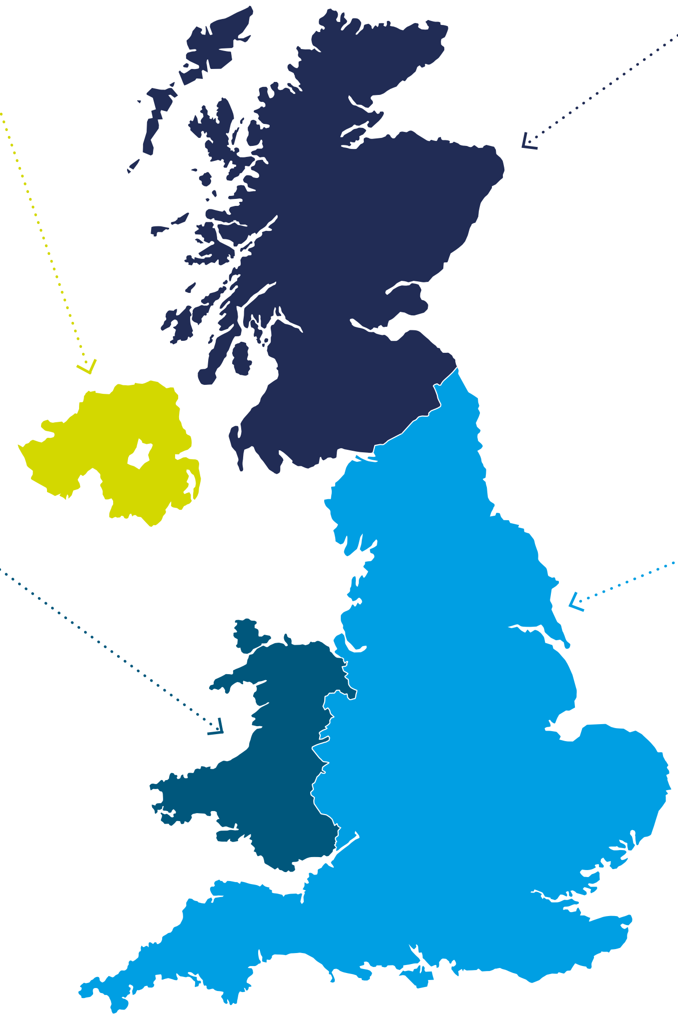
Figure 2 **FOOD & DRINK EXPORTS: SHARE OF NATIONAL EXPORTS (2017)**

NORTHERN IRELAND

£2.9bn
£1.7bn
£1.4bn
£1.3bn
£764.0m
£327.0m
£247.0m
£18.0m

SCOTLAND

£9.0bn
£6.9bn
£5.7bn
£2.4bn
£2.2bn
£1.9bn
£530.0m
£53.0m



WALES

£8.7bn
£2.0bn
£1.9bn
£1.6bn
£1.3bn
£528.0m
£219.0m
£84.0m

ENGLAND

£109.7bn
£38.6bn
£37.8bn
£23.3bn
£15.0bn
£12.5bn
£5.3bn
£1.1bn

KEY

- Food & Drink – Includes tobacco and export of live animals
- Mineral Fuels – Includes coke, petroleum and gas
- Chemicals – Includes plastics and pharmaceuticals
- Machinery & Transport – Includes office, transport, industrial and electricals
- Crude Materials – Includes hides, rubbers, cork, paper and textiles
- Other Commodities – Includes coins, gold and other special transactions
- Manufactured Goods – Includes leather, metals, paper and wood
- Miscellaneous Manufactures – Includes furniture, apparel, footwear and home furnishings

Industrial Strategy

- The variation in growth across nations and regions indicates that **there may be businesses in some parts of the country where export growth potential could be untapped**.
- To take full advantage of **growth opportunities** and drive **a step-change in UK exports** of high value-added food and drink we are proposing the creation of a new Government and Industry partnership through a Sector Deal. This will provide a coherent focus on food and drink exports and maximise the impact of respective resources.
- FDF research has found that the existing **support provided by the Department for International Trade (DIT) in certain regions of England is good** and offers real benefits for exporters. However, food and drink-specific services are not available to businesses in all regions of England.
- To address the fragmentation in UK export support, **FDF has drafted export proposals around market research, in-market support and an export portal**. These were submitted to Government this summer.
- In particular, **the export portal is central to the proposed export services**, acting as a one-stop shop for food and drink information. It will encompass access to local and national support, as well as highlighting export opportunities and trade missions.
- Following this submission, **FDF is now in formal negotiations as part of the government's Industrial Strategy activity** to boost specialist export support with an aim of delivering ambitious long-term export targets.
- To continue to see growth in UK exports, **businesses will have to work harder than ever in the coming year.** Therefore, having access to market insight, advice and practical support in an easy-to-navigate format will be vital to support business ambition in the years ahead.