

EXPORTS SNAPSHOT

H1 2019

EXECUTIVE SUMMARY

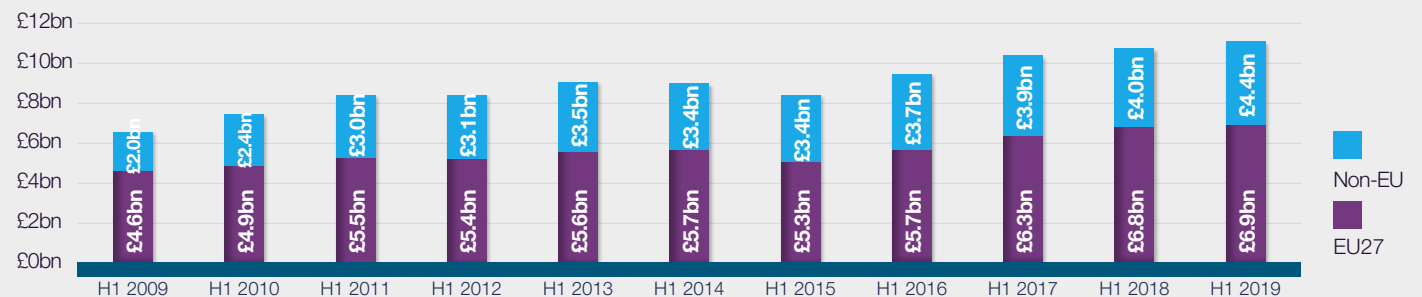
- H1 2019 exports of food and drink increased by 5.1% (y-o-y) to £11.3bn. This has largely been driven by growth in the value of exports to non-EU countries (+9.8%), with growth over four times that of exports to the EU.
- The UK's food and drink trade balance has declined, indicating that relative dependence on imports has increased by 0.8% since H1 2018.
- While year-on-year growth in the value of food and drink exports exceeded 11% in Q1, the second quarter of the year saw a decline on the same period in 2018 (-0.6%). Evidence from members suggests that the figures we [reported in Q1](#) were significantly inflated by the impacts of stockpiling.
- In line with this, a large proportion of members have [reported](#) that they predict exports in the wider UK economy to decline over the remainder of 2019.
- Exports to the UK's top trading partner, Ireland, have fallen in value on H1 2018, for the first time since H1 2015. The two key drivers of this decline were weaker exports of cereals & flours and meat-based products. On the other hand, growth to the UK's remaining top five markets (France, USA, Netherlands, and Germany) has been positive.
- Other key markets that have seen negative growth include Spain, Hong Kong and the UAE, where the value of a variety of exported products has fallen, including: sauces, ice-cream, meat products, and confectionary.
- All of the UK's highest value exported products have grown in H1 2019, with whisky, salmon, wine, gin, and pork increasing by over 10% on the same period last year. Salmon, beef and gin have also all seen volume growth above 10%.

KEY INDICATORS			
	H1 2018	H1 2019	Change
All food & drink	£10.7bn	£11.3bn	5.1%
EU	£6.8bn	£6.9bn	2.3%
Non-EU	£4.0bn	£4.4bn	9.8%
EU share	63.0%	61.4%	-1.6pp
Non-EU share	36.9%	38.6%	1.6pp
Trade balance	-£12.2bn	-£12.3bn	-0.8%

TOP 10 PRODUCTS				
	H1 2019	Change		
		Value	Value (%)	Volume (%)
Whisky	£2.2bn	£220.5m	10.9%	9.2%
Salmon	£400.1m	£87.8m	28.1%	24.7%
Chocolate	£357.2m	£15.9m	4.7%	3.7%
Wine	£349.3m	£46.3m	15.3%	-11.4%
Cheese	£348.3m	£19.5m	5.9%	5.8%
Gin	£333.5m	£49.2m	17.3%	16.1%
Beef	£276.4m	£7.8m	2.9%	13.5%
Pork	£256.3m	£35.8m	16.2%	9.6%
Breakfast cereals	£242.1m	£0.5m	0.2%	3.9%
Beer	£239.1m	£2.8m	1.2%	3.9%

TOP 20 MARKETS			
Ireland	£2.0bn	↓	-1.9%
France	£1.1bn	↑	6.5%
United States	£1.1bn	↑	11.0%
Netherlands	£851.6m	↑	6.2%
Germany	£730.4m	↑	2.5%
Spain	£444.3m	↓	-4.2%
Belgium	£379.5m	↑	9.2%
China	£344.4m	↑	16.2%
Italy	£290.3m	↑	2.1%
Australia	£203.3m	↓	-0.3%
Poland	£202.9m	↑	8.4%
Hong Kong	£193.7m	↓	-10.6%
Singapore	£192.5m	↑	3.1%
Denmark	£170.9m	↑	1.5%
Sweden	£161.3m	↑	11.8%
Canada	£154.7m	↑	9.2%
United Arab Emirates	£151.8m	↓	-11.1%
Japan	£150.8m	↑	23.6%
Taiwan	£128.0m	↑	24.4%
South Korea	£106.3m	↑	14.9%

H1 UK FOOD AND DRINK EXPORTS OVER 10 YEARS



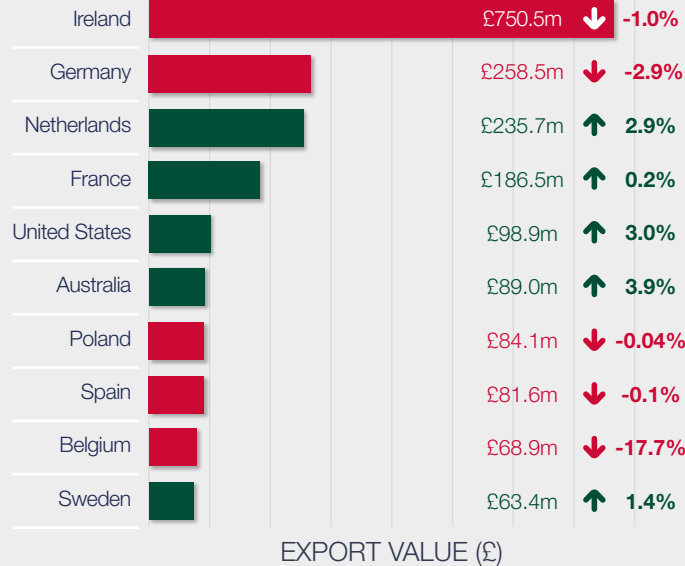
EXPORTS SNAPSHOT

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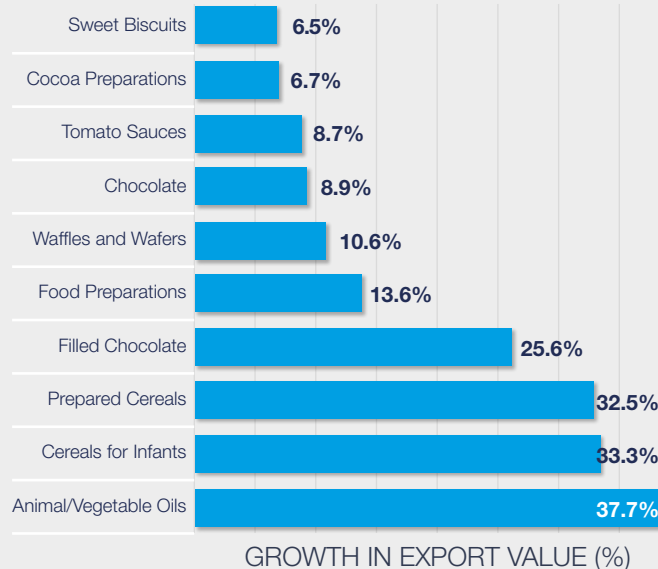
EXPORTS OF UK BRANDED FOOD AND DRINK

- Exports of UK branded food and drink have grown by £49.0m in value since H1 2018.
- The value of branded exports to the EU has declined (-1.6%) whilst exports to non-EU countries have risen by almost 10%. Hence, the EU shares of both branded and non-branded food and drink have declined in H1 2019.
- The UK's top EU markets have seen generally weak or negative growth, which is in line with anecdotal evidence that key EU buyers are increasingly unwilling to buy from the UK.
- The main product category that has seen a decline in exports to the EU since H1 2018 is bread, pastry, and cakes. EU markets where this has been notable include Ireland, the Netherlands and Belgium.
- Saudi Arabia has remained one of the UK's fastest growing markets for branded food and drink, with 69% growth reported on H1 2018. Similarly to Q1 2019, this has been driven by food preparations, which includes goods such as sugar syrups and cheese fondues.
- 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. Branded food exports in the year ending June 2019 have reached £5.9bn.
- The fastest growing product* has been oils and fats, which reached £16.2m in H1 2019, an increase of over £4.4m on H1 2018. Key markets fuelling this increase are Ireland, Germany and Poland.

UK BRANDED FOOD AND DRINK: H1 2019 TOP EXPORT MARKETS[†]



UK BRANDED FOOD AND DRINK: H1 2019 FASTEST GROWING EXPORTS*

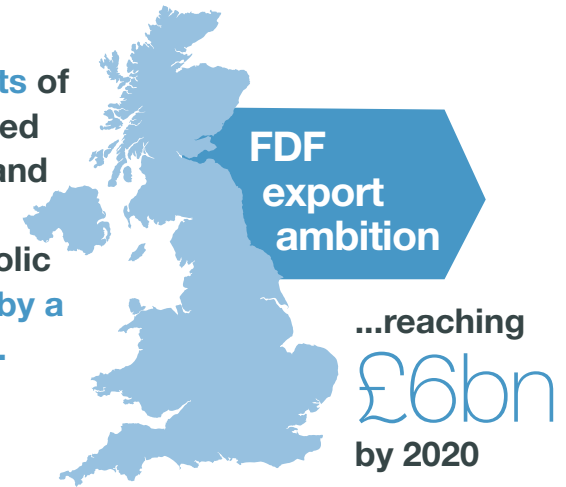


* Fastest growing goods among the UK's top 30 branded food and drink exports. Note that charts on 'branded exports' represent the export of value-added food and drink.
[†] Percentages represent year-on-year growth in the value of branded food and drink exports to each respective partner country. ¹ Food and non-alcoholic drink.

BRANDED FOOD AND DRINK EXPORTS¹

	H1 2018	H1 2019	Change
World	£2.86bn	£2.91bn	1.7%
EU	£2.05bn	£2.01bn	-1.6%
Non-EU	£0.81bn	£0.89bn	9.8%
EU share	71.6%	69.2%	-2.4pp
Non-EU share	28.4%	30.7%	2.4pp

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



Branded food and drink* exports have grown by over 50% since H1 2009

Branded food and drink exports from the UK to Ireland in H1 2019 were worth £750.5m

Key branded food and drink* exports to Ireland are:

- bread, pastry, and cakes (£94.0m)
- sauces, condiments, and seasonings (£48.2m)
- sweet biscuits (£40.7m)

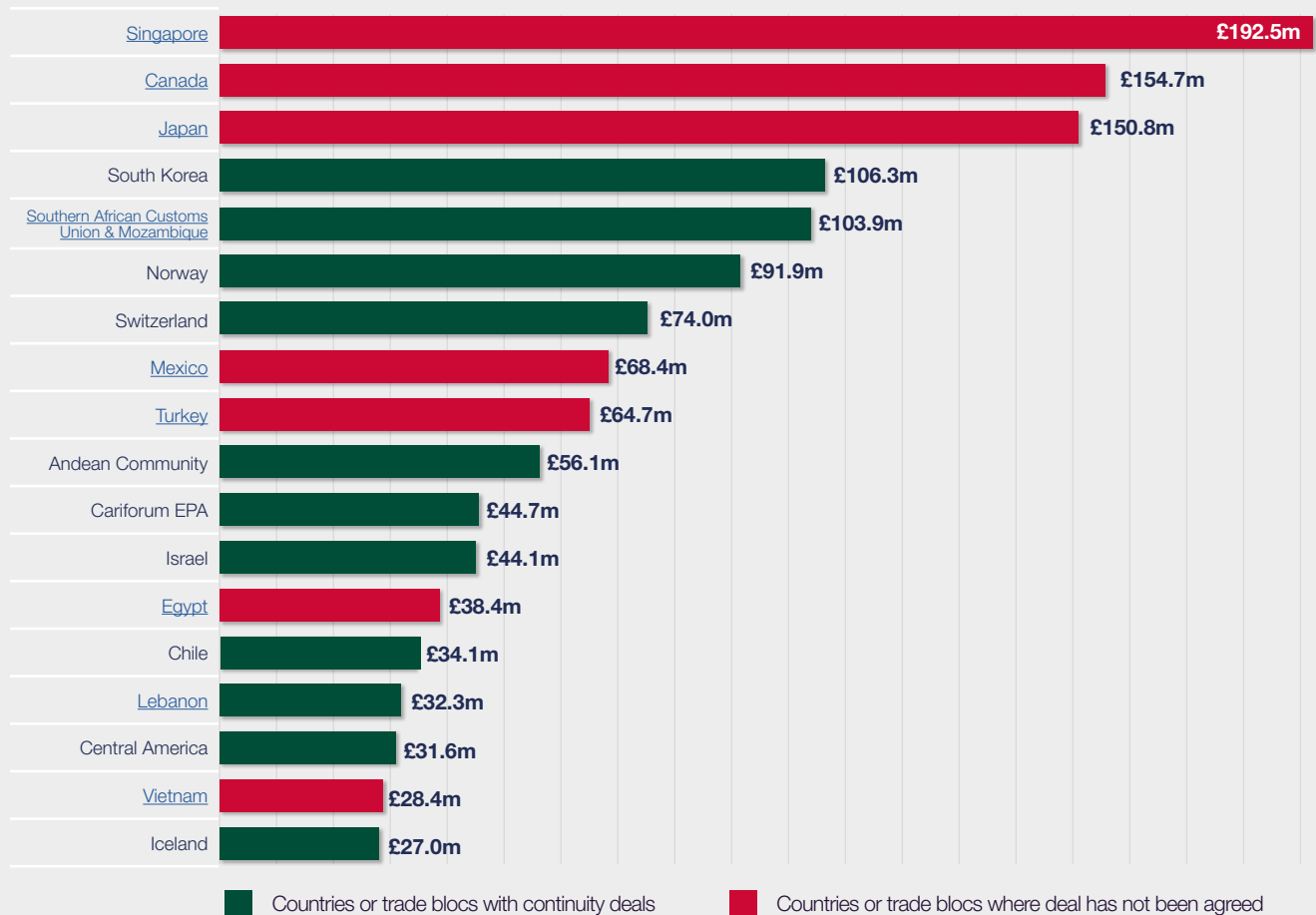
EXPORTS SNAPSHOT

H1 2019

EU PREFERENTIAL TRADE AGREEMENTS

- The EU currently has 41 agreements with 76 countries and each of these are key markets for UK food and drink trade. Exports to these countries were worth £3.1bn in 2018, which is equivalent to 14% of total UK food and drink exports.
- The highest value product category to these markets is beverages, spirits, and vinegars, which accounted for 48% of UK exports to countries with EU FTAs in 2018.
- These partner countries are also a significant source of importing activity, selling vital ingredients not produced in the UK. Imports from these markets totalled £6.7bn in 2018. At a value of £2.3bn over last year, edible fruit and nuts was the top import product category.
- At the time of writing, UK Government has secured continuity deals for 15 existing EU preferential trade agreements. This represents approximately 43% of the UK's food and drink exports to countries with existing EU preferential trade agreements in H1 2019.
- Loss of EU FTAs had consistently been highlighted as a concern by members in FDF's quarterly [business confidence surveys](#). Further information on which agreements have been rolled over and what the risks for businesses are, can be found in the chart. FDF has also produced a wide range of guidance for its members and the industry via the [Brexit Roadmap](#) and contributions to the [Brexit Food Hub](#).
- In addition, country by country guidance on changes to exporting food and drink from the UK if we leave the EU without a deal can be found [here](#).†

H1 2019 EXPORTS TO COUNTRIES WITH EU PREFERENTIAL TRADE AGREEMENTS



H1 2019 EXPORTS TO COUNTRIES WITH EU PREFERENTIAL TRADE AGREEMENTS

Partner Country	Liechtenstein	San Marino	Pacific EPA	Bosnia & Herzegovina	Moldova	Tunisia	Albania	Faroe Islands
H1 2019	£0.02m	£0.02m	£0.3m	£0.4m	£0.5m	£0.8m	£1.0m	£1.3m
Partner Country	Macedonia	Kosovo	Andorra	Georgia	Montenegro	Cameroon	Algeria	Serbia
H1 2019	£2.0m	£2.4m	£2.6m	£2.8m	£3.2m	£3.7m	£3.8m	£3.9m
Partner Country	Ivory Coast	Ukraine	Eastern and Southern Africa EPA	Ghana	Morocco	Jordan	East African Community EPA	
H1 2019	£7.7m	£7.8m	£9.4m	£13.3m	£13.5m	£17.1m	£17.2m	

† Individual country guidance (where available) can also be accessed using the links in the chart above.

EXPORTS SNAPSHOT

H1 2019

CANADA AND JAPAN

- Japan and Canada are the UK's second and third most valuable non-EU preferential trade partners in terms of food and drink exports, worth a combined £591.1m in 2018. FDF is deeply concerned that continuity trade deals have not been secured with either country.
- Loss of access to the EU-Japan agreement which entered into force in February 2019 means that many UK exporters will be unable to compete with EU27 counterparts in one of the world's largest net importers of food and drink.
- Canada is reportedly unwilling to sign a continuity trade deal with the UK as a result of the UK's temporary tariff announced in March. This presents significant risks for UK exporters and importers of food and drink.
- Overall in H1 2019, the UK exported £154.7m worth of food and drink to Canada, up from £141.7m in H1 2018. A key driver of this export growth has been the 4.6% increase in the value of spirits exported to Canada. Other key UK products being exported to Canada are flour and coffee, tea, and spices.
- Japan has seen an even greater increase in the value of UK food and drink it is importing. In H1 2019, the UK exported £150.8m worth of food and drink to Japan, which is almost a £30m increase on H1 2018. Again, this has largely been due to a rise in the value of spirits exports.
- Imports from these countries are also important to the UK's food and drink industry. Over 2018, a total of £450.5m of food and drink was imported from Canada and Japan. Key goods ranged from agricultural produce, such as cereals and vegetables, as well as prepared meats and seafood.

COUNTRY PROFILE: CANADA

- [World Bank figures](#) show that Canada was the world's tenth largest economy in 2018, with a GDP of \$1.7bn. Canada is one of the world's wealthiest countries, with a highly diverse food and drink sector. In particular, healthier foods are in demand from the senior population (there are more over 65s than under 15s).
- Canada is a highly competitive market for trade, given intensive activity through both NAFTA (North American Free Trade Agreement) and the EU-Canada CETA (Comprehensive Economic and Trade Agreement). CETA entered into force in September 2017.
- It is understood that the UK's temporary no-deal tariff that provides tariff-free access to 87% of UK imports will mean that Canada is unwilling to agree a continuity deal with the UK.

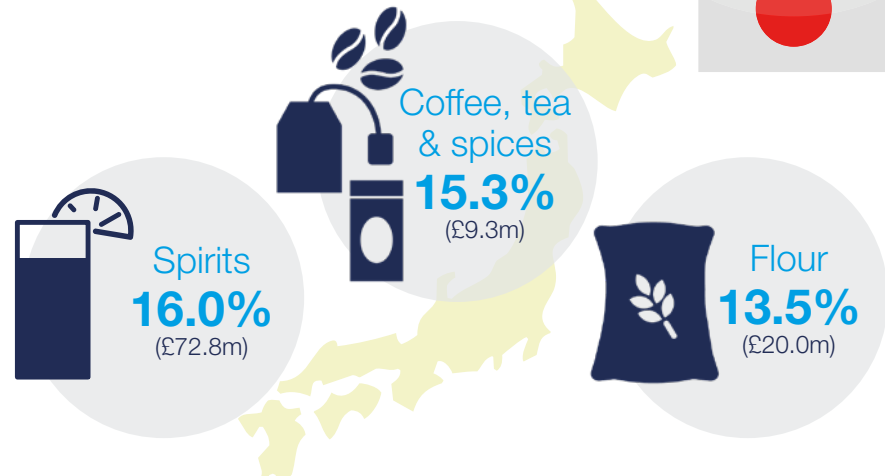
COUNTRY PROFILE: JAPAN

- According to the [World Bank](#), Japan was the world's third largest economy in 2018, with a GDP of \$5.0bn. It is also the world's third largest packaged food market, which has been identified as a growth opportunity, given the size of its middle class and its ageing population.
- Japan's total imports of branded goods increased by a Compound Annual Growth Rate (CAGR) of 4.8% between 2013 and 2017*.
- In the absence of a continuity agreement, EU competitors will benefit from the EU-Japan FTA which entered into force in February, while UK businesses will operate at a significant commercial disadvantage due to costly food and drink tariffs and technical barriers to trade.

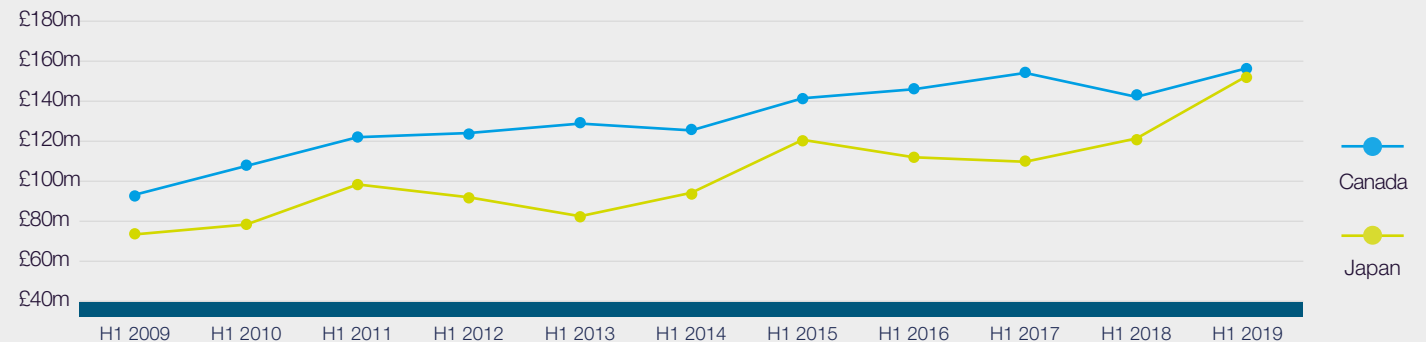
TOP 3 EXPORTS TO CANADA (H1 2019)†



TOP 3 EXPORTS TO JAPAN (H1 2019)†



H1 FOOD AND DRINK EXPORTS OVER 10 YEARS



*Source: [Government of Canada](#)

† Percentages represent year-on-year growth in export value on H1 2018.