

2017

KEY INDICATORS

	2016	2017	Change
All food & drink	£20.2bn	£22.1bn	9.7%
EU	£12.1bn	£13.3bn	10.3%
Non-EU	£8.1bn	£8.8bn	8.9%
EU share	59.9%	60.2%	0.3pp
Non-EU share	40.1%	39.8%	-0.3pp
Trade balance (inc. alcohol)	-£22.5bn	-£24.1bn	-7.4%

BRANDED GOODS

	2016	2017	Change
World	£5.2bn	£5.8bn	12.1%
EU	£3.5bn	£3.9bn	9.9%
Non-EU	£1.7bn	£2.0bn	16.6%
EU share	67.6%	66.3%	-1.3pp
Non-EU share	32.4%	33.8%	1.3pp

Executive Summary

- Full year 2017 exports of food and drink exceeded £22bn, up 9.7% on 2016.
- Overall exports to EU markets (+ 10.3%) of food and drink outperformed those to non-EU markets (+ 8.9%), bringing total EU exports to £13.3bn and its overall share to 60.2%.
- The top 5 export markets contributed to over 50% of our total food and drink export value, while the top 20 markets in the chart below contributed to 80% of total value.

- Exports of branded goods saw growth of 12.1% to £5.8bn compared to 2016, with the fastest growth reported to non-EU markets (+ 16.6%).
- The food and drink trade deficit increased by 7.4% in 2017.
- Over the past 10 years from 2007 to 2017 food and drink exports have grown by 93%, with an average annual growth rate of 7%.
- Despite continued strength in UK food and drink exports to non-EU markets over the past 20 years, the UK currently lags behind EU counterparts with a lower share of overall EU28 exports to non-EU countries of the larger EU nations.

What Happened Throughout 2017?

- The UK economy was estimated to have grown by 1.7% between 2016 and 2017, slightly less than the 1.9% GDP growth seen between 2015 and 2016.
- GDP increased by 2.5% across the EU28, the highest annual growth since 2007.
- Growth in branded goods exports (+ 12.1%) exceeded growth of all food and drink (+ 9.7%) in 2017 as demand for quality UK products increased overseas, particularly in non-EU markets.
- The sharp fall in the value of sterling following the vote to leave the EU has made UK exports more competitive overseas but for many businesses it has driven up the cost of essential imported ingredients.
- FDF are working with industry on export support proposals as part of the industrial strategy to drive increased future export growth.

TOP 20 MARKETS

Ireland	£3738.8m	↑ 11.7%
France	£2283.2m	↑ 7.4%
United States	£2265.8m	↑ 5.2%
Netherlands	£1500.5m	↑ 15.3%
Germany	£1402.4m	↑ 9.2%
Spain	£967.3m	↓ -2.3%
Belgium	£672.2m	↑ 29.2%
China	£566.8m	↑ 29.0%
Italy	£557.2m	↑ 6.0%
Hong Kong	£466.8m	↑ 23.1%
Australia	£396.2m	↑ 17.3%
Singapore	£381.5m	↑ 27.3%
Poland	£375.3m	↑ 17.3%
United Arab Emirates	£356.0m	↑ 1.6%
Denmark	£337.2m	↑ 16.7%
Canada	£329.6m	↑ 0.3%
Sweden	£286.6m	↑ 6.8%
South Korea	£280.5m	↑ 22.6%
Japan	£238.3m	↑ 6.8%
South Africa	£237.6m	↑ 5.7%

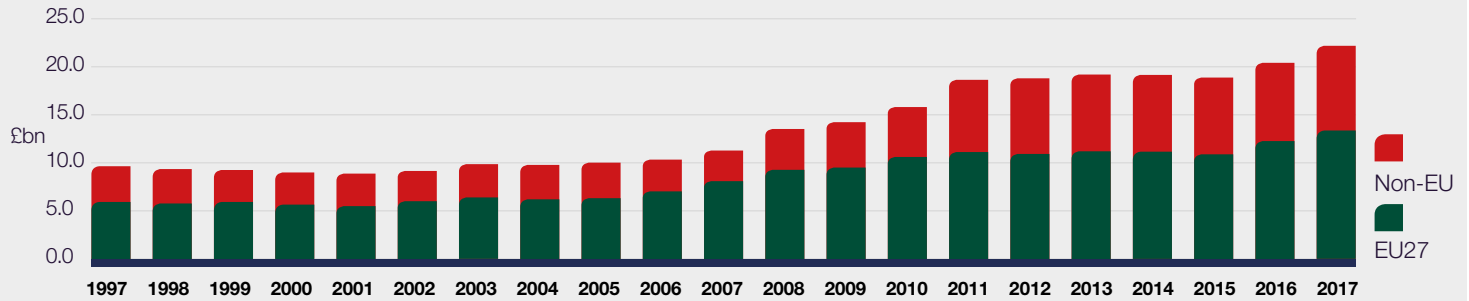
TOP 10 PRODUCTS

	2017	Change		
		Value	% Value	% Volume
Whisky	£4470.5m	£374.9m	9.2%	3.1%
Salmon	£729.4m	£149.0m	25.7%	12.7%
Chocolate	£716.4m	£52.0m	7.8%	1.6%
Cheese	£622.9m	£123.2m	24.7%	6.6%
Beer	£603.6m	£7.2m	1.2%	-5.5%
Wine	£574.2m	£83.6m	17.0%	22.8%
Gin	£534.4m	£59.4m	12.5%	7.0%
Beef	£505.8m	£58.8m	13.2%	-1.2%
Pork	£458.9m	£70.2m	18.1%	4.7%
Soft drinks	£429.8m	-£0.3m	-0.1%	-5.7%

EXPORTS SNAPSHOT

2017

UK FOOD & DRINK EXPORTS (1997-2017)

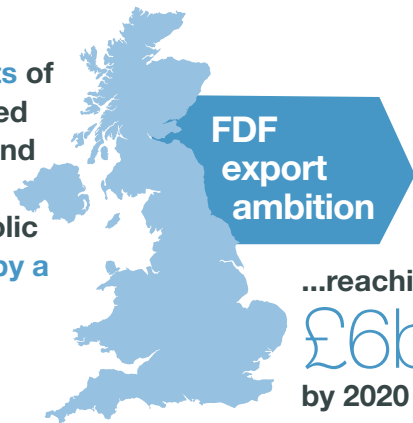


BRANDED EXPORT IN FOCUS

FDf Ambition

- FDF's industry ambition is to grow exports of branded food and non-alcoholic drink by a third, from a 2014 baseline, reaching £6bn by 2020.
- Branded goods exports reached £5.8bn in 2017 (up 12.1%), with exports to the EU already surpassing our target of £3.8bn. Strength in export growth to both EU and non-EU highlights that we are on track to reach our target by 2020.
- Based on average annual growth between 2007 and 2017 of 9%, we expect that exports could reach as high as £7.5bn by 2020.

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



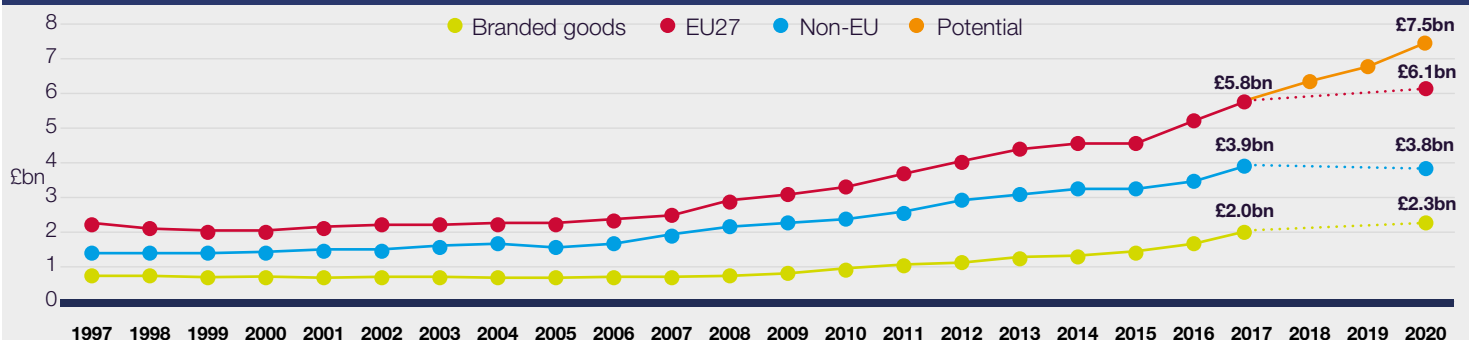
TOP 10 MARKETS FOR BRANDED EXPORTS

Ireland	£1437.9m	↑ 9.0%
Germany	£513.9m	↑ 8.6%
Netherlands	£424.7m	↑ 8.8%
France	£369.9m	↑ 6.1%
United States	£201.8m	↑ 2.4%
Australia	£182.6m	↑ 26.3%
Spain	£149.0m	↑ 16.0%
Poland	£148.1m	↑ 24.2%
Belgium	£138.8m	↑ 17.6%
Italy	£119.3m	↑ 8.0%

Branded Exports

- Exports of branded food and non-alcoholic drink continued to grow in 2017, with growth in each of the top 10 markets.
- The majority of the top 10 markets for branded goods still consist of EU countries, with these 8 EU markets buying more than half of all branded UK exports.
- The % share of UK exports to the EU fell from 67.6% in 2016 to 66.3% in 2017 as sales to non-EU markets grew faster than to the EU.
- Exports of branded goods increased by 129% overall and by 217% to non-EU markets over the past 10 years.
- The majority of overall branded exports were made up of food preparations, animal feed, bread, pastry and cakes.
- The US was the largest non-EU market for branded UK food and non-alcoholic drink followed by Australia, spending £201.8m and £182.6m respectively.

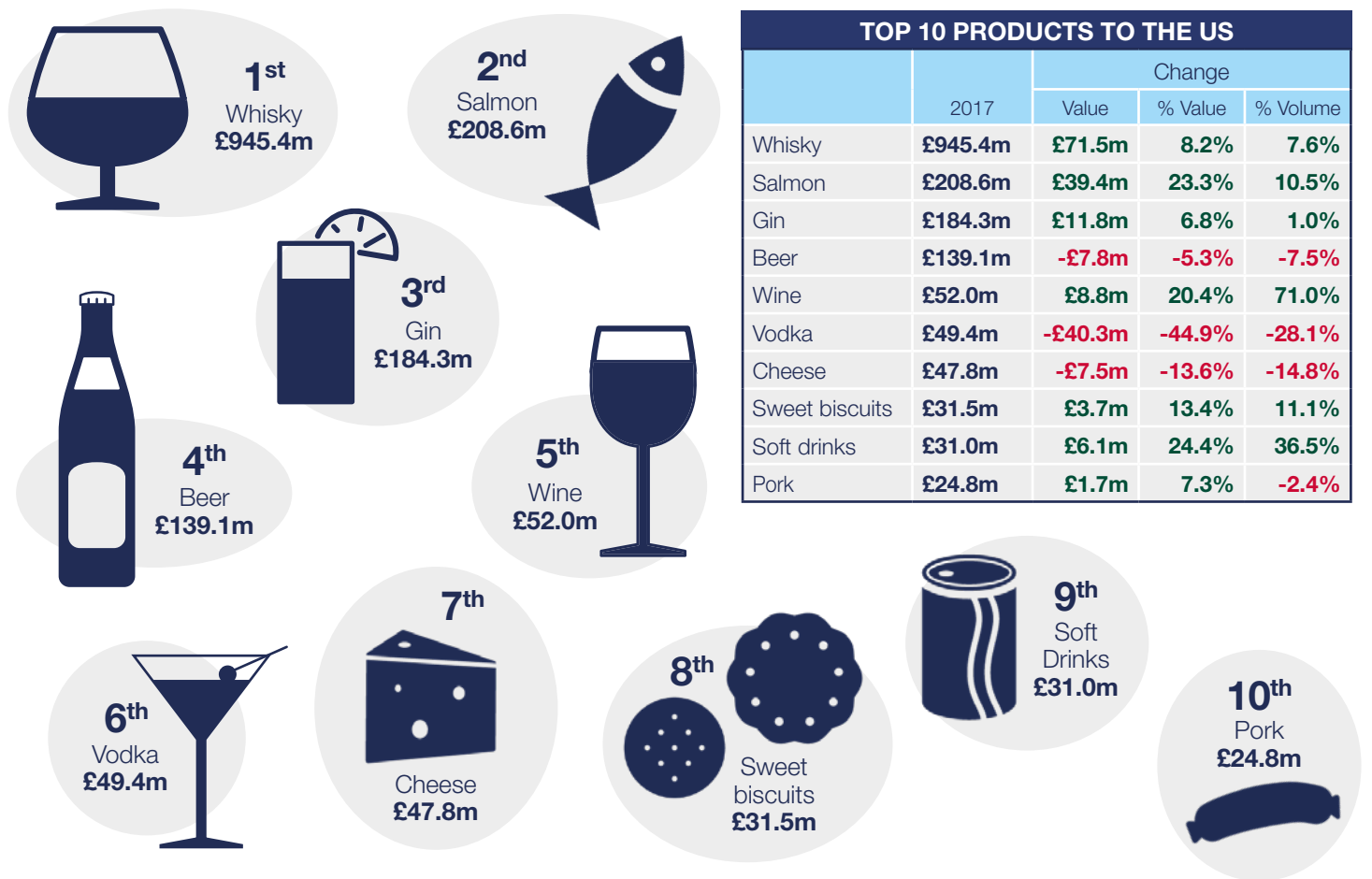
EXPORTS OF BRANDED FOOD & NON-ALC DRINK



THE US & CHINA IN FOCUS

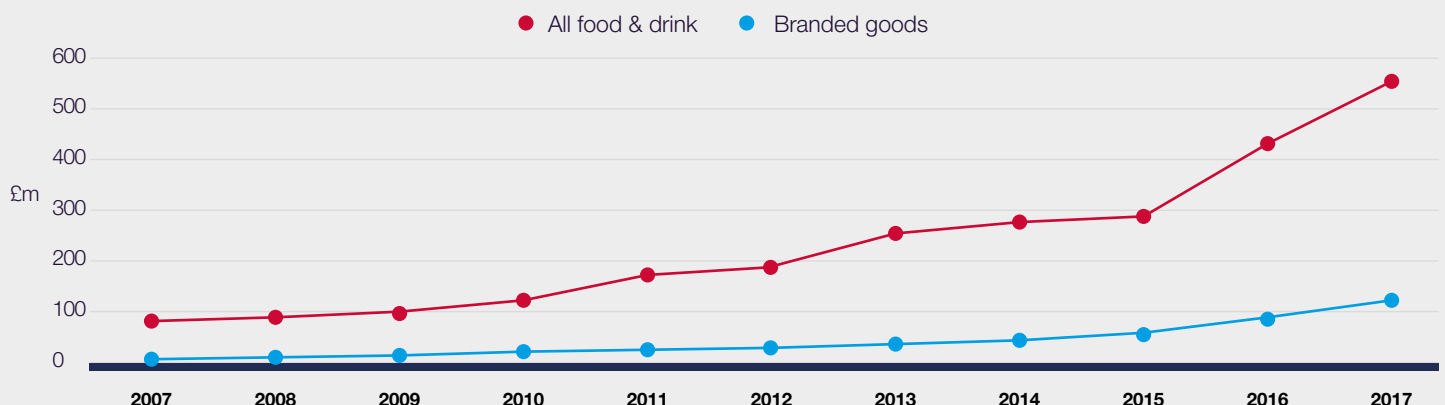
The US and China

- The US is the largest non-EU market for UK exports of branded goods worth £201.8m in 2017.
- Within the top 10 products, UK sales of soft drinks to the US were the fastest growing product in 2017, increasing by 24.4%.
- The US imported £1.4bn of UK alcoholic beverages including whisky, gin, beer, wine, vodka and cider.
- China was the fastest growing market in the UK's top 15 exports markets for branded goods, up 40.3% to £118.8m.
- UK exports of branded goods to China have increased by 2823% over the past 20 years and by 1681% over the past ten.
- China was highlighted as one of the top 3 markets that food and drink companies would like to target according to [FDF research](#).



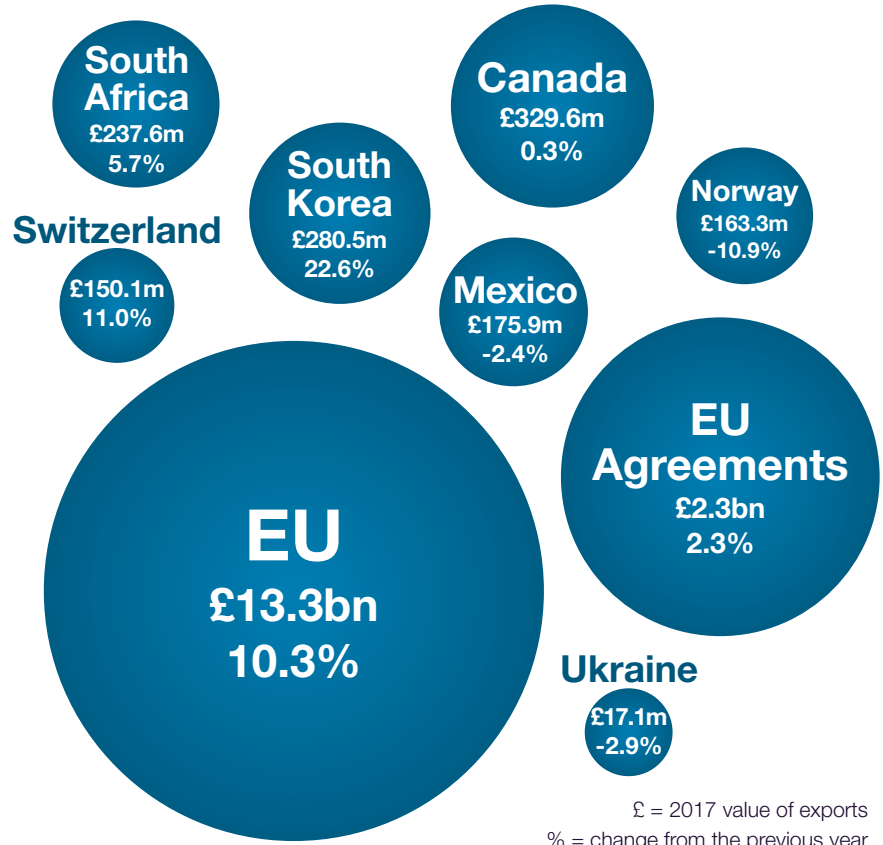
TOP 10 PRODUCTS TO THE US				
	2017	Change		
		Value	% Value	% Volume
Whisky	£945.4m	£71.5m	8.2%	7.6%
Salmon	£208.6m	£39.4m	23.3%	10.5%
Gin	£184.3m	£11.8m	6.8%	1.0%
Beer	£139.1m	£-7.8m	-5.3%	-7.5%
Wine	£52.0m	£8.8m	20.4%	71.0%
Vodka	£49.4m	£-40.3m	-44.9%	-28.1%
Cheese	£47.8m	£-7.5m	-13.6%	-14.8%
Sweet biscuits	£31.5m	£3.7m	13.4%	11.1%
Soft drinks	£31.0m	£6.1m	24.4%	36.5%
Pork	£24.8m	£1.7m	7.3%	-2.4%

10 YEAR FOOD & DRINK EXPORT GROWTH TO CHINA



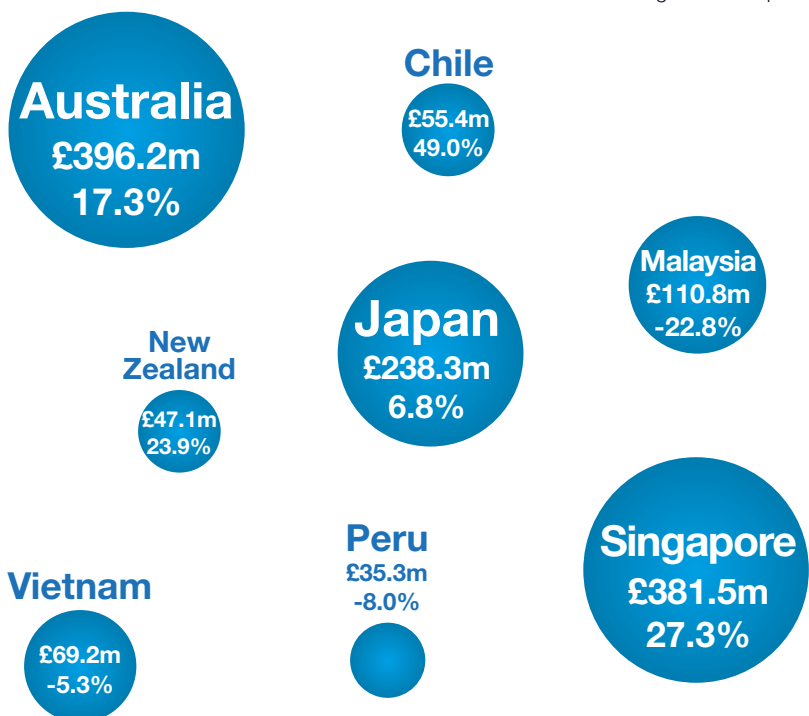
EU PREFERENTIAL TRADE AGREEMENTS

- The EU currently has 30+ trade deals with around 60 countries, together they are an important market for UK food and drink exports and supplies of essential imported ingredients.
- It is a priority for the UK food and drink industry that Government ensures continued application of these agreements after the UK leaves the EU.
- Exports to these markets in 2017 were worth £2.3bn and represent more than 10% of all UK food and drink exports.
- This was collectively higher than the value of food and drink exports to Spain, Belgium and China combined in 2017, worth £2.2 billion.
- Top 5 products exported to countries within these agreements are whisky, beer, vegetables, chocolate and cheese.
- The top 5 countries with which the EU has preferential trade agreements for UK exports include Canada, South Korea, South Africa, Mexico and Norway.
- Since initial application in July 2011 of the EU-South Korea free trade agreement (FTA), it is one of the the fastest growing market of the top 5 with exports increasing by 51%.



TRANS-PACIFIC PARTNERSHIP (TPP)

£ = 2017 value of exports
% = change from the previous year



- The Trans-Pacific Partnership (TPP) is a free trade agreement involving 11 countries in the Pacific region, including New Zealand, Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, Peru, Singapore, and Vietnam.
- Post-Brexit, it has been suggested that the UK could join TPP to secure additional and improved access to these markets, some of which already provide preferential access to UK exporters as signatories to EU trade agreements.
- UK food and drink exports to these countries grew by 8.2% to £1.8bn in 2017. Collectively these countries received 8% of overall UK food and drink exports.
- This was collectively higher than the value of the UK's fourth largest export market - the Netherlands - worth £1.5bn.
- The fastest growing of the top 10 UK product exports to these markets included breakfast cereals, salmon and cakes.

EXPORTS SNAPSHOT

F|D|E|A
Food & Drink
Exporters Association

fdf

Food & Drink Industry Statistics

The UK food & drink manufacturing sector employs more than

117,000

EU workers almost **1/3** of our workforce



The UK is Ireland's largest trading partner for food and drink.

41% of its food & drink exports go to the UK (€4.4bn)



Food & drink contributes

£28.8bn to the economy



Soft drink companies have reduced sugars & calories from their products by **18%** since 2012



With the support of industry, the UK Government has set up the most ambitious sugars reduction programme anywhere in the world

to help lower sugar in the national diet



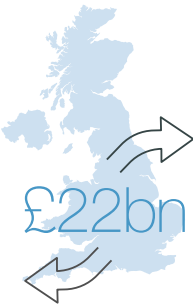
The food & drink industry is the biggest manufacturing sector in the country...

...larger than automotive & aerospace combined



In 2017, total food & drink export figures were worth more than

£22bn



Our top three export markets are

Ireland, USA & France

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

FDF export ambition

...reaching **£6bn** by 2020



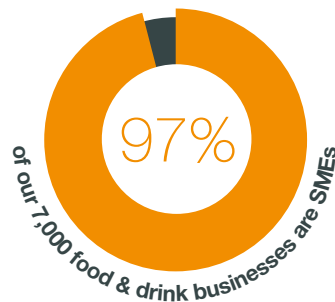
The food supply chain employs almost

4 million people

& generates over

£112 billion

of value for the economy each year



Our industry employs over

400,000 people



We will need **140,000** new recruits by 2024



to feed an expected population of **70m** people & meet market demands

Our industry has a turnover of

£97.3bn

accounting for **19%** of total UK manufacturing



fdf



has pledged to triple apprenticeships within the food & drink industry by 2020