

## Food, beverages and tobacco



Many food products and some beverages are essential daily products. Although the proportion of household consumption accounted for by food, beverages and tobacco has declined steadily, it continues to account for a considerable share (16.3 % of EU-25 household consumption in 2005, down from 18.1 % in 1995). Indeed, in the Baltic Member States, food, beverages and tobacco continue to account for the largest share (over 30 % in each case) of household consumption (at the COICOP 2–digit level).

The character of the food, beverages and tobacco manufacturing sector as one that operates on two levels has intensified; there are a few, large multi-nationals based in the EU with a global reach and a broad range of products on the one hand (see Table 2.1) and, on the other, many smaller enterprises that often serve demand for speciality products and regional tastes using regional products (re-enforced by the growth in products of designated origin and protected geographical indication).

There have been a number of recent policy developments that will impact upon

manufacturers of food products, beverages and tobacco products, both directly and indirectly.

Firstly, the sixth Ministerial Conference of the World Trade Organisation in Hong Kong concluded in December 2005 with agreement that there will be an elimination of export subsidies by the end of 2013 and greater market access, among other points. This agreement will have significant implications for EU exporters of some key food products (mentioned in more detail in the subchapters that follow).

Secondly, the European Commission and Council launched new initiatives in the areas of hygiene and personal health aimed at reinforcing awareness of the so-called 'farm-to-fork' policy issues (assuring food safety and food quality). The new Hygiene Package came into force at the start of 2006 and aims to provide a single, transparent EU hygiene policy, applicable to all food and feed, at every point in the food chain. It complements existing Community legislation that set stringent guidelines requiring that all food manufactured and sold in the EU from the start of 2005 should be safe and fully traceable.

This chapter refers to the processing of food, beverages and tobacco products. Importantly, it excludes the agricultural activities of growing, farming, rearing and hunting (NACE Division 01, which is not covered in this publication). Given that a number of products, such as wine, olive oil, eggs and cheese are also sold directly by agricultural holdings and recorded in part, therefore, as an agricultural activity when own-produced, this distinction is important to bear in mind.

This chapter brings together the food products and beverages that are covered in NACE Division 15, and tobacco that is covered in NACE Division 16.

### NACE

- 15: manufacture of food products and beverages;
- 15.1: production, processing and preserving of meat and meat products;
- 15.2: processing and preserving of fish and fish products;
- 15.3: processing and preserving of fruit and vegetables;
- 15.4: manufacture of vegetable and animal oils and fats;
- 15.5: manufacture of dairy products;
- 15.6: manufacture of grain mill products, starches and starch products;
- 15.7: manufacture of prepared animal feeds;
- 15.8: manufacture of other food products;
- 15.9: manufacture of beverages;
- 16: manufacture of tobacco products.

**Table 2.1**  
Largest agro-food enterprises in Europe ranked by world sales in food products, 2003-2004

	Country	Main products	Food sales (EUR billion)
<b>Nestlé</b>	CH	Multi-product	54.5
<b>Unilever</b>	NL/UK	Multi-product	26.2
<b>Diageo</b>	UK	Alcoholic beverages	13.7
<b>Danone</b>	FR	Multi-product	13.1
<b>Cadbury Schweppes</b>	UK	Beverages, confectionery	9.4
<b>Heineken</b>	NL	Beer	9.3
<b>Parmalat (1)</b>	IT	Dairy, snacks, beverages	7.6
<b>Scottish &amp; Newcastle</b>	UK	Alcoholic beverages	7.3
<b>Associated British Foods</b>	UK	Sugar, starches, prepared foods	7.1
<b>InBev</b>	BE	Beer	7.0

(1) Total sales.

Source: CIAA, <http://www.ciaa.be>

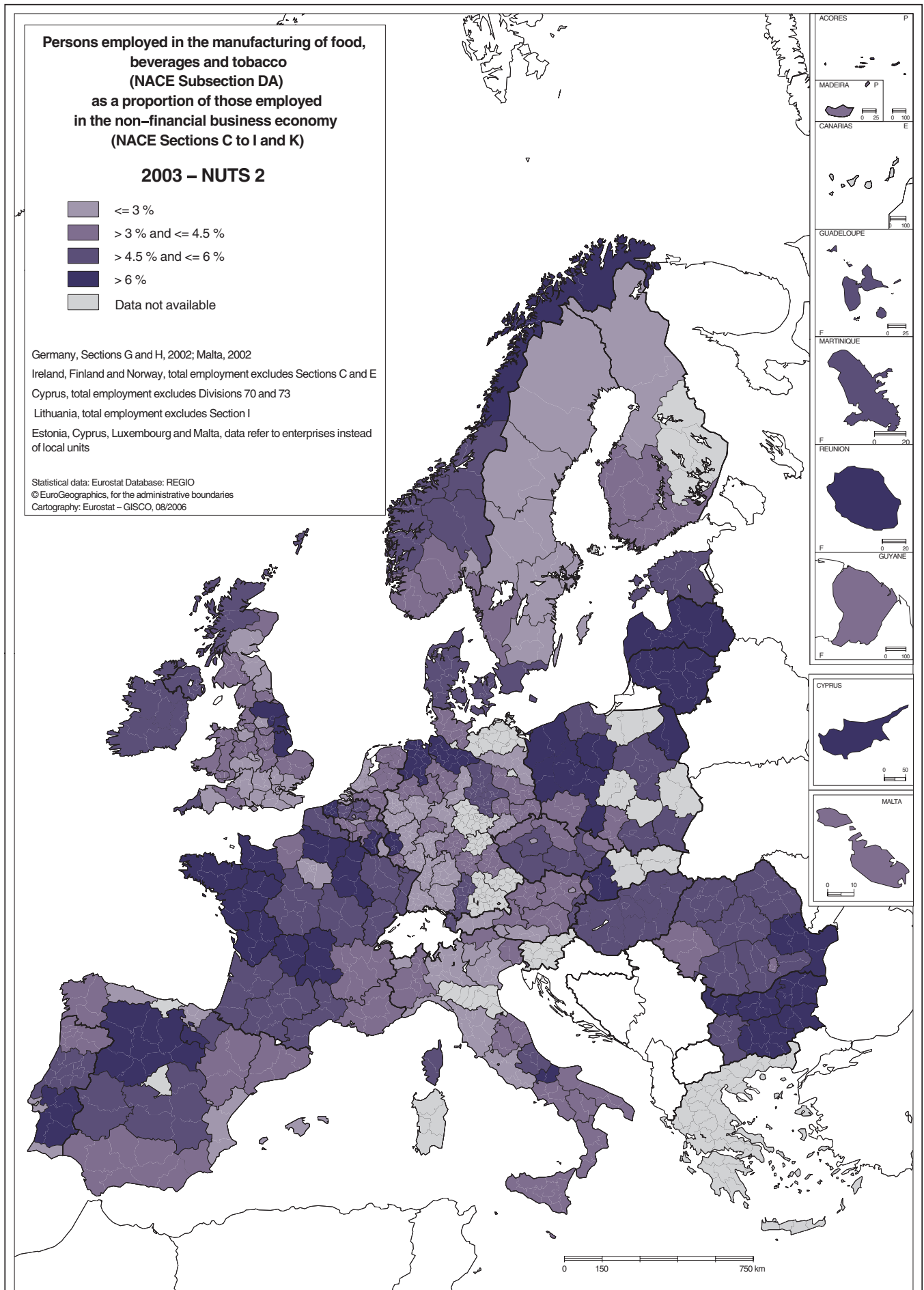


Table 2.2

**Manufacture of food products, beverages and tobacco (NACE Subsection DA)**  
**Structural profile, EU-25, 2003**

	Value added (EUR million)	Share of industrial value added (%)	Number of persons employed (thousands)	Share of industrial employment (%)
<b>Food products, beverages and tobacco (1)</b>	192 000	11.3	4 490	12.8
<b>Meat</b>	30 605	1.8	1 004	2.9
<b>Fish</b>	3 752	0.2	129	0.4
<b>Dairy products (1)</b>	18 000	1.1	390	1.1
<b>Bread, sugar, confectionery and other food products</b>	66 657	3.9	1 911	5.4
<b>Miscellaneous food products (1)</b>	28 000	1.7	550	1.6
<b>Processing and preserving of fruit and vegetables (1)</b>	10 900	0.6	265	0.8
<b>Manufacture of vegetable and animal oils and fats (1)</b>	4 000	0.2	59	0.2
<b>Manuf. of grain mill products, starches &amp; starch products</b>	6 026	0.4	108	0.3
<b>Manufacture of prepared animal feeds (1)</b>	7 000	0.4	130	0.4
<b>Beverages</b>	33 814	2.0	437	1.2
<b>Tobacco (1)</b>	10 000	0.6	60	0.2

(1) Rounded estimates based on non-confidential data.  
Source: Eurostat (SBS)

Table 2.3

**Manufacture of food products, beverages and tobacco (NACE Subsection DA)**  
**Value added and employment: ranking of the top 5 Member States, 2003**

Rank	Highest value added (EUR million) (1)	Share in EU-25 value added (%) (1)	Highest number of persons employed (thousands) (2)	Share in EU-25 employment (%) (2)	Highest share of national industrial value added (%) (3)	Highest share of national industrial employment (%) (3)
1	Germany (35 312.5)	18.4	Germany (867.2)	19.3	Cyprus (25.2)	Cyprus (32.4)
2	United Kingdom (31 133.0)	16.2	France (653.2)	14.5	Latvia (20.3)	Latvia (19.6)
3	France (29 451.1)	15.3	United Kingdom (489.6)	10.9	Poland (19.0)	Denmark (18.5)
4	Italy (19 419.1)	10.1	Italy (457.2)	10.2	Lithuania (17.1)	Lithuania (18.0)
5	Spain (16 890.9)	8.8	Poland (445.7)	9.9	Netherlands (16.4)	Netherlands (16.2)

(1) Malta and Sweden, 2002; Greece not available.  
(2) Sweden, provisional; Malta, 2002; Greece not available.  
(3) Malta and Sweden, 2002; Greece and Ireland, not available.  
Source: Eurostat (SBS)

A Green paper on 'Healthy Diets and Physical Activity' was adopted by the European Commission in December 2005 <sup>(1)</sup>, in response to problems of growing levels of obesity and chronic diseases. The Green paper recognises that daily diets have typically tended towards increasingly high energy, fat, salt and sugar intake foods, and that modern life is increasingly sedentary and urbanised. Given the multi-causal character of the problems, the Green paper looks at bringing together all the stakeholders concerned (including the food industry and retailers) to propose a raft of diversified initiatives.

Thirdly, the European Commission is reforming or re-examining some key Common Market Organisations (CMOs) for primary products, such as sugar, wine, fresh fruit and vegetables and fish that will impact on several food products manufacturing subsectors (see Subchapters 2.2, 2.4, 2.5 and 2.6).

<sup>(1)</sup> COM(2005) 637.

### STRUCTURAL PROFILE

The manufacture of food products, beverages and tobacco (NACE Subsection DA) is one of the largest industrial (NACE Sections C to E) sectors at the NACE subsection level in the EU-25, both in terms of value added generated and in terms of numbers of persons employed. Food, beverages and tobacco products generated EUR 192 billion of value added in 2003, the largest contribution (at 11.3%) to industrial value added among the industrial subsections. The food, beverages and tobacco sector also employed 4.5 million persons in 2003, occupying more than one in ten of all industrial jobs in the EU-25 (a 12.8 % share of the total).

Within EU-25 food products, beverages and tobacco manufacturing, the manufacture of bread, sugar, confectionery and other food products (NACE Group 15.8) was the largest activity at the NACE group level both in terms of value added and employment; it accounted for over a third (34.9 %) of the total sectoral value

added in 2003 and employed 1.9 million people (42.7 % of all sectoral employment). The second and third largest subsectors were beverages (NACE Group 15.9) and meat processing (NACE Group 15.1) which together accounted for a further third of both sectoral value added (individually accounting for 17.7 % and 16.0 % respectively) and sectoral employment (individually accounting for 9.7 % and 22.4 % respectively). The remaining third of sectoral value added and quarter of sectoral employment was shared among the remaining food and tobacco subsectors, for which the manufacture of dairy products (NACE Group 15.5) accounted for the next largest share (9.4 % of sectoral value-added and 8.7 % of sectoral employment in 2003).

Almost half (49.9 %) of the value added generated by the manufacture of food products, beverages and tobacco in the EU-25 as a whole came from Germany (18.4 %), the United Kingdom (16.2 %) and France (15.3 %). The relative importance of this sector within

total industrial value added was not, however, especially high in these three Member States. Indeed in Germany, the value added generated by the manufacture of food products, beverages and tobacco represented only 7.8 % of industrial value added in 2003, among the lowest shares in the Member States (lower only in Finland and Slovakia, where it represented 6.7 %). In contrast, the importance of the food, beverages and tobacco sector to the industrial economy was greatest in Cyprus (25.2 % of industrial value added and 32.4 % of industrial employment) and Latvia (20.3 % of industrial value added and 19.6 % of industrial employment). Regional specialisation in these activities is shown on the map on page 40, which is based on the non-financial business economy employment share of this sector. The two most specialised regions (at the level of detail shown in the map) were Bretagne (France) and Podlaskie (Poland). There were several regions in France, Poland and Bulgaria that were particularly specialised in the manufacturing of food, beverages and tobacco, as well Latvia, Lithuania and Cyprus (which are each considered as a single region at the level of detail in the map).

There has been a constant and steady rise in the output of food, beverages and tobacco in the EU-25 over the past decade (the production index rising by an average of 1.4 % per annum between 1995 and 2005). The relative immunity of food, beverages and tobacco production levels from broader economic downturns in part reflects the fact that many foods and beverages are essential daily items. Although steady, the average rate of growth in food, beverage and tobacco output was lower than the more volatile industrial average which grew by 1.8 % per annum over the same reference period.

Within food, beverages and tobacco manufacturing there have been some contrasting developments in output of more specific activities during the past decade. The fastest rate of growth in the EU-25 was recorded in the manufacture of bread, sugar, confectionary and other food products (NACE Group 15.8), on average rising by 1.8 % per annum. In contrast, tobacco manufacturing (NACE Divisions 16) declined sharply (an average of -3.0 % per annum between 1995 and 2005), with crude oils and fats manufacturing (NACE Class 15.41) falling even faster (-4.7 % per annum since 2000); these declines may well reflect health concerns and associated Community legislation to some extent.

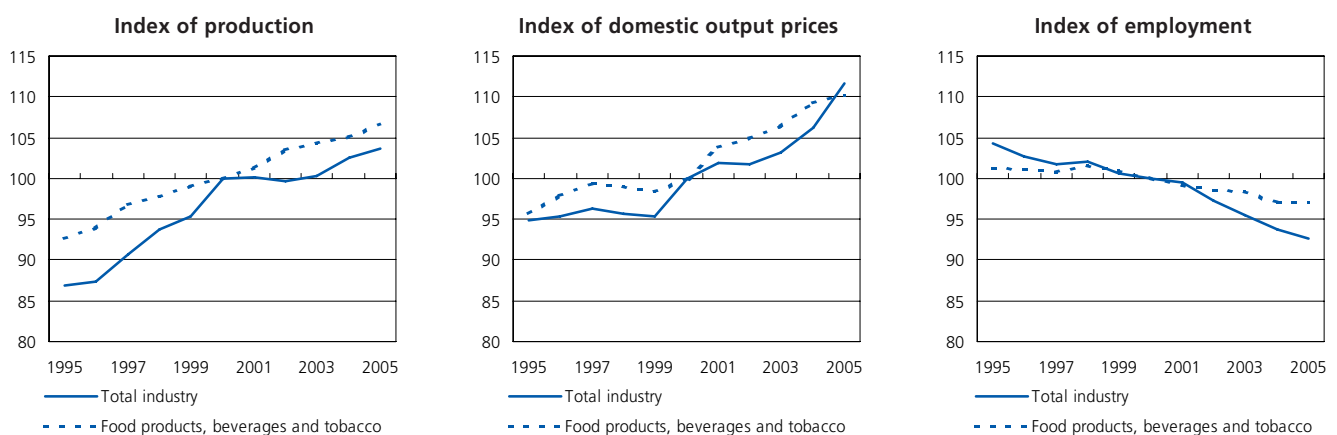
Small and medium-sized enterprises (SMEs) that employ between 1 and 249 people generated a similar proportion of EU<sup>(2)</sup> value added within the food, beverages and tobacco manufacturing sector (43.1 %) as they did for industry as a whole (42.3 %). Within the food and beverages manufacturing (NACE Division 15) part of the sector, however, SMEs generated a higher proportion (46.2 %) of EU-25 value added. In terms of employment, SMEs within the food, beverages and tobacco manufacturing sector accounted for a higher proportion of employment (60.9 %) than in industry as a whole (57.1 %).

There were some Member States for which the distribution of value added among the size classes was quite different in their respective food, beverages and tobacco manufacturing sectors than for industry as a whole. In the United Kingdom and Lithuania, SMEs in the food, beverages and tobacco manufacturing sector generated a much lower proportion of value added (21.8 % and 29.4 % respectively) than they did in industry (40.1 % and 40.4 %) whereas in Slovakia they generated a much higher proportion of value added than in industry (46.2 % compared with 25.0 %).

<sup>(2)</sup> EU average, 2003; Germany and the Netherlands, 2002; excluding Greece, Luxembourg, Hungary, Malta, Slovenia and Sweden.

Figure 2.1

**Manufacture of food products, beverages and tobacco (NACE Subsection DA)**  
**Evolution of main indicators, EU-25 (2000=100)**



Source: Eurostat (STS)

Table 2.4

**Manufacture of food products, beverages and tobacco (NACE Subsection DA)**  
**Labour force characteristics, 2005**

	Male		Full-time		Breakdown by age (% share of total)		
	Proportion of those employed (%)	Index (industry=100)	Proportion of those employed (%)	Index (industry=100)	< 30 years	30-49 years	50+ years
EU-25	59.0	82.7	88.2	95.5	24.3	55.6	20.1
BE	64.2	84.9	82.8	93.0	25.8	59.3	14.9
CZ	49.7	77.1	95.9	98.4	22.6	51.2	26.1
DK	60.5	87.0	86.6	96.4	23.3	52.9	23.8
DE	48.9	67.4	75.4	85.3	23.1	54.3	22.6
EE	36.6	65.7	98.0	100.4	18.1	52.6	29.3
EL	61.6	83.0	97.4	99.2	20.7	60.0	19.3
ES	64.6	85.9	93.4	98.0	23.8	55.8	20.4
FR	61.2	85.7	90.8	96.7	24.9	56.3	18.8
IE	68.9	97.7	93.2	98.4	30.3	50.7	19.0
IT	63.7	89.1	90.3	96.6	19.6	61.0	19.3
CY	56.5	81.7	92.6	98.8	22.9	54.7	22.3
LV	44.0	75.0	97.7	101.3	25.8	49.1	25.1
LT	39.0	73.2	94.8	96.9	28.2	54.9	17.0
LU	59.8	73.3	85.9	91.6	28.9	54.5	:
HU	59.2	94.9	97.6	100.4	20.5	60.1	19.4
MT	82.7	107.2	92.6	96.9	37.2	39.9	:
NL	67.7	87.4	67.3	92.1	26.2	54.8	19.0
AT	60.5	81.0	84.5	93.9	26.0	56.4	17.5
PL	59.8	86.7	94.6	98.3	31.4	55.4	13.1
PT	54.5	92.0	95.3	98.1	25.0	53.4	21.6
SI	57.8	90.5	94.8	98.7	24.9	57.8	17.3
SK	49.9	78.2	98.4	99.5	27.9	55.5	16.6
FI	50.1	70.0	92.6	97.5	22.5	50.0	27.6
SE	66.1	88.0	85.6	94.9	27.1	48.8	24.1
UK	67.7	90.4	89.5	98.0	21.5	53.5	25.0

Source: Eurostat (LFS)

### LABOUR FORCE CHARACTERISTICS

The workforce in the food, beverages and tobacco manufacturing sector comprised a higher proportion of women on average in the EU-25 than for industry as a whole in 2005 (41.0 % compared with 28.7 %). This was a characteristic noted for almost all of the Member States in 2005, the exception being Malta. Indeed, in the Baltic Member States, Germany, the Czech Republic and Slovakia, women represented at least half the workforce in this sector in 2005.

There was also a relatively high proportion of part-time work in the food, beverages and tobacco manufacturing sector in 2005 (an average of 11.8 % for the EU-25) compared with the average for industry as a whole (7.6 %). This distinction was most acute in Germany, where almost one quarter (24.6 %) of those employed in the sector worked part-time in 2005 compared with an 11.5 % share across industry as a whole.

There was a slightly higher proportion of young workers (under the age of 30 years) in the food, beverages and tobacco manufacturing sector in the EU-25 in 2005 (24.3 %) compared with industry as a whole (21.4 %). This distinction was most apparent in Luxembourg (28.9 % compared with 14.4 %) and Sweden (27.1 % compared with 17.1 %), with other notable differences in Lithuania, Poland and the Netherlands.

### COSTS, PRODUCTIVITY AND PROFITABILITY

Compared with many other industrial subsections, the proportion of total operating expenditure accounted for by personnel costs in the food, beverages and tobacco sector was relatively low (an EU <sup>(3)</sup> average of 14.3 % in 2003). To some extent, this may reflect the less skilled nature of many of the jobs in the sector combined with the high expenditure on raw products for processing. Within the sector, the relative share of personnel costs within total operating expenditure was lowest at the NACE

group level in the manufacture of vegetable and animal oils and fats (an EU <sup>(4)</sup> average of 5.7 %) and highest in the manufacture of bread, sugar, confectionary and other food products (an EU <sup>(5)</sup> average of 21.3 %). Among the Member States, personnel costs as a share of total operating expenditure within the food, beverages and tobacco sector were particularly low (between 10 % and 11 %) in Slovakia, Poland, Italy and the Czech Republic and highest in Austria (20.8 %) and Luxembourg (22.0 %).

<sup>(4)</sup> EU average, 2003; the Netherlands and Sweden, 2002; excluding Denmark, Estonia, Greece, Latvia, Luxembourg and Malta.

<sup>(5)</sup> EU average, 2003; Malta, 2002; excluding Greece and Sweden.

<sup>(3)</sup> EU average, 2003; Malta and Sweden, 2002; excluding Greece.

Table 2.5

**Manufacture of food products, beverages and tobacco (NACE Subsection DA)****Cost, productivity and profitability indicators, ranking of the top 5 Member States compared to EU-25 averages, 2003**

Rank	Investment in tangible goods relative to total operating costs (%) (1)	Purchases of goods and services as a share of total operating costs (%) (2)	Personnel costs as a share of total operating costs (%) (2)	Apparent labour productivity (EUR thousand) (3)	Average personnel costs (EUR thousand) (3)	Wage adjusted labour productivity (%) (3)	Gross operating rate (%) (3)
<b>EU-25</b>	4.2	85.7	14.3	42.7	25.2	170.0	9.9
<b>1</b>	Latvia (10.9)	Slovakia (89.7)	Luxembourg (22.0)	Ireland (147.8)	Netherlands (40.1)	Ireland (388.4)	Ireland (23.4)
<b>2</b>	Lithuania (8.8)	Poland (89.5)	Austria (20.8)	Netherlands (77.9)	Ireland (38.1)	Poland (316.9)	Poland (21.3)
<b>3</b>	Slovenia (8.1)	Italy (89.2)	Cyprus (19.6)	United Kingdom (63.6)	Denmark (37.8)	Latvia (242.0)	Malta (18.9)
<b>4</b>	Estonia (7.4)	Czech Republic (89.1)	Slovenia (18.6)	Denmark (58.8)	Belgium (37.5)	Malta (222.6)	Latvia (16.1)
<b>5</b>	Portugal (6.7)	Ireland (88.5)	Sweden (18.6)	Belgium (58.7)	Finland (35.3)	Czech Republic (206.0)	United Kingdom (14.0)

(1) Malta and Sweden, 2002; Belgium and Greece not available; EU-25 is an EU average based on available data for 2002 and 2003.

(2) Malta and Sweden, 2002; Greece, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(3) Malta and Sweden, 2002; Greece, not available; EU-25, rounded estimate based on non-confidential data.

Source: Eurostat (SBS)

Compared with total operating costs, investment in tangible goods in the food, beverages and tobacco sector was also relatively low in 2003 (an EU <sup>(6)</sup> average of 4.2 %), with the highest ratio at the NACE group level recorded in the manufacture of beverages (an EU <sup>(7)</sup> average of 7.1 %). The ratio for the sector as a whole was generally highest among the Member States that joined the EU in 2004; in Latvia, such investment was the equivalent of 10.9 % of total operating costs within the sector, with the next highest ratios in the other Baltic Member States and Slovenia.

<sup>(6)</sup> EU average, 2003; Malta and Sweden, 2002; excluding Belgium and Greece.

<sup>(7)</sup> EU average, 2003; Malta and Sweden, 2002; excluding Belgium and Greece.

The apparent labour productivity of the EU-25 food, beverages and tobacco sector was EUR 42 700 per person in 2003, about 14 % less than the industrial (NACE Sections C to E) average. Within the sector, there was a stark contrast between the apparent labour productivity level for food and beverages manufacturing (an average of EUR 40 900 per person in 2003) and for tobacco products manufacturing (which was at least four times as high). There were also relatively low average personnel costs in the food, beverages and tobacco sector (at EUR 25 200 per person in 2003, this being EUR 7 400 below the industrial average). These relatively low average personnel costs help explain why the wage adjusted labour productivity ratio for food, beverages and tobacco in 2003 (at 170 %) was significantly above the average for industry as a whole (152 %). Within food, beverages and tobacco manufacturing, the highest wage adjusted labour productivity ratio at the NACE group level <sup>(8)</sup> in 2003 was for beverages (219.5 %). Among Member States, the highest ratios for the food, beverages and tobacco manufacturing sector as a whole were in Ireland (388.4 %) and Poland (316.9 %).

The gross operating rate for the food, beverages and tobacco sector in the EU-25 was 9.9 % in 2003, a little below the industrial average of 10.3 %. According to this measure of profitability, there were particularly high rates in the manufacture of bread, sugar, confectionery and other food products (13.7 %) and beverages (15.3 %). Among the Member States, the rates were highest in Ireland (23.4 %) and Poland (21.3 %) and lowest in Slovakia, France and Germany (between 6.2 % and 7.3 %).

<sup>(8)</sup> Vegetable and animal oils and fats (NACE Group 15.4), 2002; manufacture of tobacco products (NACE Division 16), not available.

**EXTERNAL TRADE**

The EU-25 had a positive trade balance of EUR 8.2 billion with the rest of the world in food products, beverages and tobacco (CPA Subsection DA) in 2005. This surplus resulted from extra-EU-25 exports of EUR 49.1 billion (a 4.9 % share of total industrial exports) and imports of food products, beverages and tobacco to the value of EUR 40.8 billion (a 3.8 % share of total industrial imports).

This trade surplus was the result of a large trade surplus in several CPA groups, mainly beverages (CPA Group 15.9), bread, sugar, confectionery and other food products (CPA Group 15.8) and dairy products (CPA Group 15.5), outweighing the large deficits in fish products (CPA Group 15.2), fruit and vegetables (CPA Group 15.3) and vegetable and animal oils and fats (CPA Group 15.4). Beverages, bread, sugar, confectionery and other food products and dairy products together accounted for about two thirds (65.7 %) of the total exports of food products, beverages and tobacco in 2005. The United States was the largest export market for food products, beverages and tobacco as a whole (a 21 % share of exports) and a particularly significant market for beverages (42 % of all EU exports).

Imports of processed and preserved fish products (CPA Group 15.2) and vegetable and animal oils and fats (CPA Group 15.4) together represented almost half of all food products, beverages and tobacco imports in 2005 (28 % and 20 % respectively). Imports of vegetable and animal oils and fats, particularly from South America accounted for a growing share of imports within the sector.



Table 2.6

**Food products, beverages and tobacco (CPA Subsection DA)**  
**External trade, EU-25, 2005**

	Extra-EU exports (EUR million)	Share of EU industrial exports (%)	Extra-EU imports (EUR million)	Share of EU industrial imports (%)	Trade balance (EUR million)	Cover ratio (%)
<b>Food products, beverages and tobacco</b>	49 050	4.9	40 841	3.8	8 210	120.1
<b>Meat and meat products</b>	5 183	0.5	5 205	0.5	-22	99.6
<b>Processed and preserved fish and fish products</b>	1 934	0.2	11 414	1.1	-9 480	16.9
<b>Dairy products and ice cream</b>	5 366	0.5	775	0.1	4 591	692.8
<b>Bread, sugar, confectionery and other food products</b>	12 388	1.2	5 700	0.5	6 688	217.3
<b>Miscellaneous food products</b>	7 758	0.8	14 299	1.3	-6 541	54.3
<b>Processed and preserved fruit and vegetables</b>	2 788	0.3	4 654	0.4	-1 866	59.9
<b>Vegetable and animal oils and fats</b>	2 394	0.2	8 189	0.8	-5 796	29.2
<b>Grain mill products, starches and starch products</b>	1 729	0.2	813	0.1	917	212.8
<b>Prepared animal feeds</b>	846	0.1	643	0.1	203	131.6
<b>Beverages</b>	14 467	1.5	3 137	0.3	11 330	461.1
<b>Tobacco products</b>	1 870	0.2	243	0.0	1 626	768.2

Source: Eurostat (Comext)

## 2.1: MEAT

This subchapter covers all meat processing stages that follow on from animal rearing; in other words, the activities of slaughtering through to the preparation of meat for final consumption (NACE Group 15.1), including fresh, chilled, frozen, processed, dried, salted and smoked meats. The data presented also include the treatment of hides and skins, the rendering of fats and the processing of animal offal.

Over recent years, the meat market chain has been affected by a wide range of animal sanitary health crises. The European Commission has forecast greater stability in this market in the medium-term in its report on 'Prospects for agricultural markets and income, 2005-2012'. Meat consumption is expected to increase slightly to about 89 kg/head by 2012. This overall growth is likely to stem almost exclusively from the increased poultry consumption, which currently accounts for 26 % of all meats consumed in the EU (almost half the share of pig meat). The market remains fragile, however, as reflected in consumer reaction to the latest avian influenza outbreaks.

Partnership arrangements between producers and processors as well as consolidation within the EU-25 continued apace. Among large enterprises, the Vion Group (DE/NL) took over Südfleisch (DE) to confirm their position as one of the two major players in pig and beef slaughtering (see Table 2.7) and other processors continue to expand into Eastern Europe.

Table 2.7

**Leading meat slaughtering enterprises (groups), EU-25, 2005 (EU market share in terms of volume of meat slaughtered, %)**

	Country	(%)
<b>Pig slaughterers</b>		
<b>Danish Crown</b>	DK / UK	10.0
<b>VION</b>	DE / NL	8.4
<b>Tönnies Fleisch</b>	DE	2.5
<b>Westfleisch</b>	DE	2.3
<b>Cooperl</b>	FR	1.6
<b>Beef slaughterers</b>		
<b>VION</b>	DE / NL	4.5
<b>Irish Food Group</b>	IE / UK	3.5
<b>Cremonini</b>	IT	2.1
<b>Socopa</b>	FR	2.1
<b>Queally Dawn</b>	IE / UK	1.7
<b>Poultry slaughterers</b>		
<b>Doux</b>	FR	5.0
<b>LDC</b>	FR	4.0
<b>AIA</b>	IT	3.5
<b>Grampian</b>	UK	4.0
<b>Wiesenhof / Westjohann</b>	DE	2.0

Source: Meat Processing Global, <http://www.meatnews.com>

## STRUCTURAL PROFILE

The production, processing and preserving of meat and meat products (NACE Group 15.1) in the EU-25, hereafter termed the meat processing sector, provided EUR 30.6 billion in value added in 2003, representing 16.0 % of the total recorded for food, beverages and tobacco manufacturing (NACE Subsection DA). There were just over a million people working in the meat processing sector in the EU-25 in 2003, over one in five (22.4 %) of all those working in food, beverages and tobacco manufacturing.

Within the meat processing sector, the production of meat and poultry products (NACE Class 15.13) was the largest in terms of both those employed and value added; it employed a little over half of all those working in the EU's meat processing sector and generated 60 % of the total value added for this sector in 2003.

Germany, France and the United Kingdom together contributed more than half of the EU-25's total value added in the meat processing sector (55.3 % in 2003) and engaged more than half of the sector's workforce (50.4 % in 2003). There was also a significant workforce in meat processing in Poland (119 400 persons or 11.9 % of the EU-25 total). However, Denmark was the only Member State that showed notable specialisation in the activities of meat processing in 2003 (its contribution to industrial

Table 2.8

**Production, processing, preserving of meat, meat products (NACE Group 15.1)**  
**Value added and employment: ranking of the top 5 Member States, 2003**

Rank	Highest value added (EUR million) (1)	Share in EU-25 value added (%) (1)	Highest number of persons employed (thousands) (2)	Share in EU-25 employment (%) (2)	Highest share of national industrial value added (%) (3)	Highest share of national industrial employment (%) (4)
1	Germany (6 386.7)	20.9	Germany (218.2)	21.7	Denmark (4.2)	Denmark (5.0)
2	France (5 735.2)	18.7	France (170.2)	16.9	Cyprus (2.8)	Poland (4.3)
3	United Kingdom (4 814.0)	15.7	Poland (119.4)	11.9	France (2.5)	Hungary (4.1)
4	Spain (2 795.1)	9.1	United Kingdom (117.5)	11.7	Spain (2.2)	France (4.1)
5	Italy (2 763.6)	9.0	Spain (77.2)	7.7	Hungary (2.2)	Latvia (3.3)

(1) Malta and Sweden, 2002; Greece, not available.

(2) Sweden, provisional; Malta, 2002; Greece, not available.

(3) Malta and Sweden, 2002; Greece and Ireland, not available.

(4) Sweden, provisional; Malta, 2002; Greece and Ireland, not available.

Source: Eurostat (SBS)

value added being more than twice the EU-25 average). The employment specialisation (within industry) in meat processing was also highest in Denmark, followed by Poland, Hungary and France.

The output of the meat processing sector followed closely the general pattern of steady growth noted for food and beverages manufacturing as a whole between 1995 and 2005. However, there was some stagnation in meat processing output in 1998 and a decline of 1.3 % in 2001 when animal health concerns led to a decline in the output of some meat products.

#### COSTS, PRODUCTIVITY AND PROFITABILITY

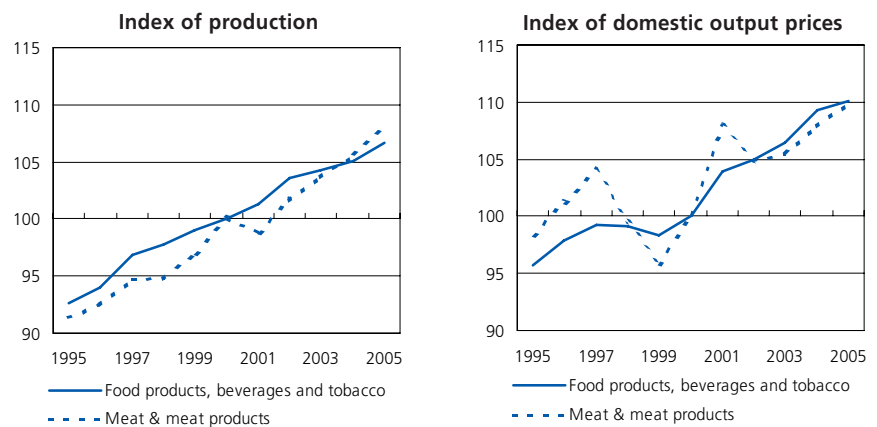
The proportion of total operating expenditure accounted for by personnel costs in the meat processing sector in 2003 was very similar (14.0 %) as an EU average<sup>(9)</sup> to the share for food, beverages and tobacco manufacturing (14.3 %). Investment in tangible goods in the meat processing sector (3.2 %) in 2003 was below even the low figure (4.2 %) for food, beverages and tobacco manufacturing.

The apparent labour productivity of the EU-25 meat processing sector was EUR 30 500 per person employed in 2003, significantly lower than the average level for the food, beverages and tobacco sector as a whole (EUR 42 700 per person employed). Average personnel costs were also relatively low (EUR 21 800 in 2003) compared with an average for the food, beverages and tobacco sector in the EU-25 of EUR 25 200 per employee.

<sup>(9)</sup> EU average, 2003; Malta and Sweden, 2002; excluding Greece.

Figure 2.2

**Production, processing, preserving of meat, meat products (NACE Group 15.1)**  
**Evolution of main indicators, EU-25 (2000=100)**



Source: Eurostat (STS)

These figures explain why the wage adjusted labour productivity ratio for the meat processing sector (139.9 %) in the EU-25 remained below the ratio for the food, beverages and tobacco sector (170 % %) in 2003. In Estonia, Italy and particularly Cyprus, however, the wage adjusted labour productivity for meat processing was higher than that for food, beverages and tobacco manufacturing (between 13 – 35 percentage points higher). In contrast, both the apparent and wage adjusted labour productivity for meat processing were at least half the equivalent level for food, beverages and tobacco manufacturing in Ireland, Poland and Slovakia.

As an indicator of profitability, the gross operating rate of the meat processing sector in the EU-25 was (at 6.1 % in 2003) the second lowest among the food, beverages and tobacco NACE groups, after the manufacture of prepared animal feeds (NACE Group 15.7). In Slovakia, the gross operating rate was negative indicating that the personnel costs in meat processing enterprises were greater than the value added generated.



Table 2.9

**Production, processing, preserving of meat, meat products (NACE Group 15.1)**

Cost, productivity and profitability indicators, ranking of the top 5 Member States compared to EU-25 averages, 2003

Rank	Investment in tangible goods relative to total operating costs (%) (1)	Purchases of goods and services as a share of total operating costs (%) (2)	Personnel costs as a share of total operating costs (%) (2)	Apparent labour productivity (EUR thousand) (3)	Average personnel costs (EUR thousand) (3)	Wage adjusted labour productivity (%) (3)	Gross operating rate (%) (3)
EU-25	3.2	86.0	14.0	30.5	21.8	139.9	6.1
1	Slovenia (13.2)	Poland (91.4)	Luxembourg (30.2)	Denmark (58.1)	Denmark (43.7)	Latvia (189.7)	Austria (9.5)
2	Lithuania (12.0)	Slovakia (91.1)	Denmark (20.0)	Netherlands (53.4)	Netherlands (37.0)	Cyprus (185.0)	United Kingdom (9.3)
3	Latvia (11.0)	Lithuania (90.9)	Austria (18.6)	Belgium (50.9)	Belgium (34.8)	Malta (179.9)	Estonia (9.0)
4	Slovakia (8.8)	Czech Republic (90.8)	United Kingdom (17.9)	Finland (46.9)	Finland (34.6)	Estonia (175.7)	Latvia (8.3)
5	Estonia (8.0)	Cyprus (90.7)	Slovenia (17.4)	Italy (46.1)	Sweden (33.7)	Spain (162.6)	Malta (8.2)

(1) Malta and Sweden, 2002; Belgium and Greece not available; EU-25 is an EU average based on available data for 2002 and 2003.

(2) Malta and Sweden, 2002; Greece, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(3) Malta and Sweden, 2002; Greece, not available.

Source: Eurostat (SBS)

Table 2.10

**Meat and meat products (CPA Group 15.1)**

External trade, EU-25, 2005

	Extra-EU exports (EUR million)	Share of EU industrial exports (%)	Extra-EU imports (EUR million)	Share of EU industrial imports (%)	Trade balance (EUR million)	Cover ratio (%)
<b>Meat and meat products</b>	5 183	0.5	5 205	0.5	-22	99.6
<b>Fresh and preserved meat, except poultry</b>	3 514	0.4	3 500	0.3	14	100.4
<b>Fresh and preserved poultry meat</b>	928	0.1	720	0.1	208	128.9
<b>Meat and poultry meat products</b>	741	0.1	985	0.1	-244	75.2

Source: Eurostat (Comext)

**EXTERNAL TRADE**

Extra EU-25 exports of meat and meat products (CPA Group 15.1) represented 10.6 % of all exports of food products, beverages and tobacco products (CPA Subsection DA) in 2005. These exports were valued at EUR 5.2 billion, a similar figure to the value of meat and meat product imports. This relatively balanced net trade figure for the EU-25 incorporated a EUR 208 million trade surplus for fresh and preserved poultrymeat (CPA Class 15.12) and a EUR 244 million deficit for meat and poultrymeat products (CPA Class 15.13).

The principal export markets for EU-25 meat and meat products in 2005 were Japan (18.9 % of all such extra-EU exports) and Russia (15.5 %). Brazil and New Zealand were the main sources of imports of meat and meat products to the EU-25 in 2005 (accounting for 30.1 % and 20.8 % respectively of all such imports).

Among the Member States, Denmark, the Netherlands, Ireland and Belgium recorded the largest trade surpluses (intra and extra-EU) in 2005. Denmark was the only Member State, however, that had a significant external EU-trade surplus, being particularly specialised in the export of fresh and preserved meat (CPA Class 15.11). In contrast, the United Kingdom and Italy were the Member States that were most reliant on imports of meat and meat products in 2005 (recording trade deficits of EUR 3.9 billion and EUR 2.8 billion respectively).

## 2.2: FISH

This subchapter includes information on the preparation and preservation of fish, crustaceans and molluscs (be they fresh, frozen, smoked, salted or canned) and the manufacture of prepared fish and seafood dishes, all included within NACE Group 15.2.

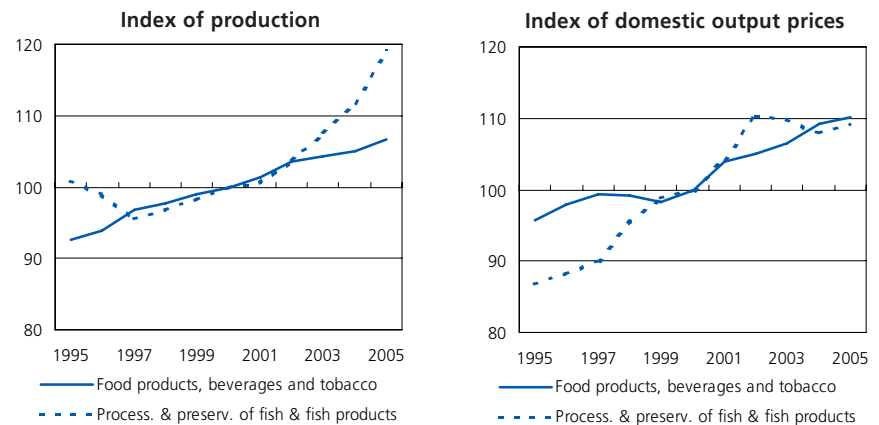
Total catches by EU-25 Member States within EU waters have been declining (north-east Atlantic catches fell 20.5 % between 1994 and 2004) as fish stocks have been depleted. Shortfalls in the EU's own 'maritime fish store' have been met by rising imports from non-member countries and aquaculture in order to respond to the strong increase in EU-25 demand. The Common Market Organisation is currently being evaluated and revisions may be proposed and reflected within a wider, all-encompassing approach to maritime and coastland policy. The European Commission also released a communication at the end of June 2005 on a Community approach towards eco-labelling schemes for fishery products <sup>(10)</sup>.

## STRUCTURAL PROFILE

The fish processing sector (NACE Group 15.2) of the EU-25 generated a value added of EUR 3.8 billion in 2003, representing only 2.0 % of the value added generated by food, beverages and tobacco manufacturing (NACE Subsection DA). There were 128 600 people employed in fish processing, representing 2.9 % of the food, beverages and tobacco workforce.

<sup>(10)</sup> COM(2005) 275.

**Figure 2.3** Processing and preserving of fish and fish products (NACE Group 15.2)  
Evolution of main indicators, EU-25 (2000=100)



Source: Eurostat (STS)

Among the Member States <sup>(11)</sup>, the fish processing sectors in the United Kingdom, Spain and France contributed the most value added (each between EUR 690 million and EUR 640 million in 2003). In relative terms, the fish processing sectors in the Baltic Member States and Denmark were, by far, the most specialised. In Latvia and Estonia, the contribution of the value added of fish processing activities to industrial value added was about six times the EU-25 average.

<sup>(11)</sup> Italy, the Netherlands, Austria and Sweden, 2002; the Czech Republic, Greece, Cyprus, Malta and Slovenia, not available.

Despite concerns about the EU's own fish stocks, the output of EU-25 fish processing industry grew every year since a relative trough in 1997. Indeed, growth in output accelerated after 2001; the average rate of growth in the output of fish products rose on average by 4.3 % per annum after 2001, the fastest rate of increase among all the NACE groups within food and beverages as a whole.

**Table 2.11** Processing and preserving of fish and fish products (NACE Group 15.2)  
Value added and employment: ranking of the top 5 Member States, 2003

Rank	Highest value added (EUR million) (1)	Share in EU-25 value added (%) (1)	Highest number of persons employed (thousands) (2)	Share in EU-25 employment (%) (2)	Highest share of national industrial value added (%) (3)	Highest share of national industrial employment (%) (4)
1	United Kingdom (690.6)	18.4	Spain (23.1)	17.9	Latvia (1.4)	Latvia (4.0)
2	Spain (677.3)	18.1	United Kingdom (19.9)	15.5	Estonia (1.3)	Estonia (2.7)
3	France (642.6)	17.1	France (15.5)	12.1	Denmark (0.9)	Lithuania (1.5)
4	Germany (397.1)	10.6	Poland (12.4)	9.6	Lithuania (0.9)	Denmark (1.4)
5	Denmark (285.9)	7.6	Germany (9.8)	7.7	Spain (0.5)	Spain (0.8)

(1) Italy, the Netherlands, Austria and Sweden, 2002; the Czech Republic, Greece, Cyprus, Malta, and Slovenia, not available.

(2) Sweden, provisional; Italy and Austria, 2002; the Czech Republic, Greece, Cyprus, Malta and Slovenia, not available.

(3) Italy, the Netherlands, Austria and Sweden, 2002; the Czech Republic, Greece, Ireland, Cyprus, Malta and Slovenia, not available.

(4) Sweden, provisional; Italy and Austria, 2002; the Czech Republic, Greece, Ireland, Cyprus, Malta and Slovenia, not available.

Source: Eurostat (SBS)

Table 2.12

**Processing and preserving of fish and fish products (NACE Group 15.2)****Cost, productivity and profitability indicators, ranking of the top 5 Member States compared to EU-25 averages, 2003**

Rank	Investment in tangible goods relative to total operating costs (%) (1)	Purchases of goods and services as a share of total operating costs (%) (2)	Personnel costs as a share of total operating costs (%) (2)	Apparent labour productivity (EUR thousand) (3)	Average personnel costs (EUR thousand) (3)	Wage adjusted labour productivity (%) (3)	Gross operating rate (%) (3)
<b>EU-25</b>	3.4	86.7	13.3	29.2	19.5	149.6	6.6
<b>1</b>	Lithuania (7.8)	Italy (91.7)	Austria (19.9)	Belgium (64.7)	Belgium (35.8)	Belgium (180.8)	Austria (12.5)
<b>2</b>	Hungary (6.8)	Portugal (91.0)	Estonia (19.8)	Austria (45.5)	Denmark (31.8)	Portugal (172.0)	United Kingdom (9.0)
<b>3</b>	Estonia (6.0)	Poland (89.9)	Germany (17.4)	Denmark (45.1)	Germany (31.4)	Poland (170.4)	Belgium (8.8)
<b>4</b>	Latvia (5.8)	Belgium (88.8)	Finland (17.3)	Sweden (44.3)	Sweden (30.0)	Austria (169.5)	Poland (8.1)
<b>5</b>	Slovakia (5.0)	Spain (88.6)	United Kingdom (16.5)	Italy (43.0)	France (29.2)	Spain (162.2)	Sweden (7.8)

(1) Belgium, Italy, the Netherlands, Austria and Sweden, 2002; the Czech Republic, Greece, Cyprus, Malta and Slovenia, not available; EU-25 is an EU average based on available data for 2002 and 2003

(2) Italy, the Netherlands, Austria and Sweden, 2002; the Czech Republic, Greece, Cyprus, Malta and Slovenia, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(3) Italy, the Netherlands, Austria and Sweden, 2002; the Czech Republic, Greece, Cyprus, Malta and Slovenia, not available.

Source: Eurostat (SBS)

**COSTS, PRODUCTIVITY AND PROFITABILITY**

The apparent labour productivity of fish processing activities was the lowest among the food, beverages and tobacco activities<sup>(12)</sup> at the NACE group level for the EU-25 in 2003, with each person employed generating an average EUR 29 200 of value added. Average personnel costs within this sector were also the lowest (EUR 19 500). Despite the low average personnel costs, the wage adjusted labour productivity measure (149.6 %) was below the average ratio for food, beverages and tobacco (170 %). The profitability of the fish processing sector in the EU-25 was also low according to the gross operating rate of 6.6 % in 2003.

**EXTERNAL TRADE**

The rise in demand for fish and fish products in the EU-25 coupled with low fish stocks in EU waters has led to an increasing reliance on imports from a global-spread of non-member countries. Imports of fish and fish products (CPA Group 15.2) were valued at EUR 11.4 billion in 2005, accounting for 28 % of all imports of food, beverages and tobacco (CPA Subsection DA). The trade deficit in these items grew to EUR 9.5 billion in 2005, the largest deficit recorded among the ten CPA groups that make up food, beverages and tobacco products. Spain was the leading importer of fish and fish products (EUR 2.4 billion in 2005).

<sup>(12)</sup> Manufacture of vegetable and animal oils and fats (NACE Group 15.4), and manufacture of prepared animal feed (NACE Group 15.7), 2002; manufacture of dairy products (NACE Group 15.5) and tobacco (NACE Division 16), not available.

## 2.3: DAIRY PRODUCTS

This subchapter includes the production of fresh milk, cream, butter, yoghurt, cheese, whey, ice creams and sorbets which are all classified within NACE Group 15.5. The data presented do not cover activities within the confines of farms themselves.

The Doha Round of world trade talks are important for this activity and the dairy enterprises within the EU (see Table 2.13), particularly as regards the possible phasing out of export subsidies. Any commitment is likely to lead the EU to rely increasingly on converting a greater volume of its 143 million tonnes of raw milk (set by the quota system) into higher added value products. In the longer-term it might lead to a reduction or abolition of quotas. The move away from bulk, residual, supported commodities such as skimmed milk powder (SMP) and butter towards branded, higher-value products that require more milk protein has already been noted by the European Commission for the EU as a whole during the past few years. This trend reflects a few changes in the activity; on the one hand, price cuts following reform of the Common Agricultural Policy (CAP) have gradually reduced the ground for (aided) SMP use in calf feed and the intervention purchases of butter, and on the other, there has been rising domestic and international consumer demand for cheeses and yoghurts produced in the EU (often as part of what is seen as a healthy and nutritional diet).

**Table 2.13**  
**Ranking of European dairy enterprises (groups) by milk intake, 2005**

	Country	Intake (million kg)	Ownership
<b>Arla</b>	DK/SE/UK	7 200	Co-operative
<b>Groupe Lactails</b>	FR/BE	5 500	Private
<b>Friesland Coberco</b>	NL/DE	5 200	Co-operative
<b>Campina</b>	NL/DE/BE/PL	5 200	Co-operative
<b>Nordmilch</b>	DE/UK	4 200	Co-operative
<b>Bongrain/CLE</b>	FR/BE/DE	3 300	Private
<b>Nestlé</b>	CH	2 350	Private
<b>Sodiaal</b>	FR	2 300	Private
<b>Dairy Crest</b>	UK	2 100	Private
<b>Humana Milchunion</b>	DE	2 000	Co-operative

Source: Industry sources

## STRUCTURAL PROFILE

The manufacture of dairy products (NACE Group 15.5) in the EU-25 generated EUR 18.0 billion of value added in 2003, representing 9.4 % of the total recorded for food, beverages and tobacco manufacturing (NACE Subsection DA). The 390 000 people employed in the manufacture of dairy products across the EU-25 in 2003 represented 8.7 % of the workforce in the food, beverages and tobacco sector as a whole.

Of the two subsectors within the manufacture of dairy products, the operation of dairies and cheese making (NACE Class 15.51) was the principal activity both in terms of employment (340 800 people across the EU-25) and value added. Indeed, the manufacture of ice cream (NACE Class 15.52) only accounted for 13.0 % of the value added generated in the manufacture of dairy products.

The main Member States for dairy products manufacturing in terms of value added in 2003 were France (EUR 3.2 billion), Italy (EUR 3.1 billion), Germany (EUR 3.0 billion) and the United Kingdom (EUR 2.0 billion). However, Germany and the United Kingdom were among the least specialised Member States in dairy products manufacturing. In contrast, Lithuania, Cyprus and Latvia were the most specialised in dairy products manufacturing, where this sector contributed between two and three and a half times the EU-25 average to both industrial value added and employment in 2003.

There was relatively steady growth in the production index of dairy products between 1995, the relative low point during the reference period, and 2000. Between 2000 and 2005 there were stronger annual fluctuations, however, with stagnation in 2002 and a small decline in 2004. Nevertheless, over the period as a whole, there was an average rate of growth of 0.9 % per year.

**Table 2.14**  
**Manufacture of dairy products (NACE Group 15.5)**  
**Value added and employment: ranking of the top 5 Member States, 2003**

Rank	Highest value added (EUR million) (1)	Share in EU-25 value added (%) (1)	Highest number of persons employed (thousands) (2)	Share in EU-25 employment (%) (2)	Highest share of national industrial value added (%) (3)	Highest share of national industrial employment (%) (4)
1	France (3 157.3)	17.5	France (63.5)	16.3	Lithuania (3.5)	Cyprus (3.8)
2	Italy (3 123.6)	17.4	Italy (55.3)	14.2	Cyprus (3.4)	Lithuania (3.5)
3	Germany (2 979.1)	16.6	Poland (48.1)	12.3	Latvia (2.6)	Latvia (2.3)
4	United Kingdom (2 006.5)	11.1	Germany (44.9)	11.5	Estonia (2.0)	Estonia (1.8)
5	Spain (1 483.3)	8.2	United Kingdom (31.3)	8.0	Italy (1.4)	Poland (1.7)

(1) Malta and Sweden, 2002; Denmark, Greece and Luxembourg, not available.

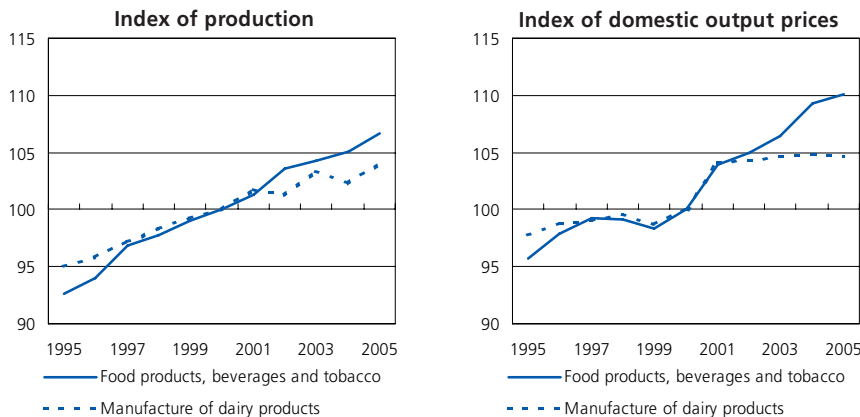
(2) Sweden, provisional; Malta, 2002; Denmark, Greece and Luxembourg, not available.

(3) Malta and Sweden, 2002; Denmark, Greece, Ireland and Luxembourg, not available.

(4) Sweden, provisional; Malta, 2002; Denmark, Greece, Ireland and Luxembourg, not available.

Source: Eurostat (SBS)

**Figure 2.4**  
**Manufacture of dairy products (NACE Group 15.5)**  
**Evolution of main indicators, EU-25 (2000=100)**



Source: Eurostat (STS)

**COSTS, PRODUCTIVITY AND PROFITABILITY**

The apparent labour productivity of dairy products manufacturing in the EU-25 was EUR 46 200 per person employed in 2003, while average personnel costs were EUR 29 000 per employee. In both cases, these averages were higher than those for the food, beverages and tobacco manufacturing as a whole. On the other hand, the wage adjusted labour productivity ratio for dairy products in the EU-25 (160 %) was a little lower than that for the manufacture of food, beverages and tobacco (170 %).

The profitability of the dairy products manufacturing sector was much lower than for foods, beverages and tobacco manufacturing as a whole in 2003, with a gross operating rate of 6.2 % compared with 9.9 %. Among all of the Member States for which information <sup>(13)</sup> is available, with the exception of Cyprus, the gross operating rate for the dairy products manufacturing sector was below that of food, beverages and tobacco manufacturing.

<sup>(13)</sup> Malta and Sweden, 2002; Denmark, Greece and Luxembourg, not available.

**EXTERNAL TRADE**

The EU-25 exported EUR 5.4 billion of dairy products and ice cream (CPA Group 15.5) in 2005. Principal export markets were the United States and Russia (13.3 % and 8.7% respectively of all such extra-EU exports). Imports of dairy products into the EU-25 were valued at EUR 775 million in 2005, over half of which came from Switzerland (37.0 %) and New Zealand (19.3 %). The resulting EU-25 trade surplus in dairy products was EUR 4.6 billion, a value that was broadly steady since 2000.

Among the Member States, France recorded the largest trade surplus in dairy products in 2005 (a total of EUR 2.4 billion, of which EUR 0.9 billion was extra-EU trade). The Netherlands, Germany, Denmark and Ireland also registered (extra and intra-EU) trade surpluses for dairy products at or above EUR 1.0 billion. In contrast, Italy and the United Kingdom both recorded trade deficits in excess of EUR 1.0 billion in dairy products.

**Table 2.15**  
**Manufacture of dairy products (NACE Group 15.5)**  
**Cost, productivity and profitability indicators, ranking of the top 5 Member States compared to EU-25 averages, 2003**

Rank	Investment in tangible goods relative to total operating costs (%) (1)	Purchases of goods and services as a share of total operating costs (%) (2)	Personnel costs as a share of total operating costs (%) (2)	Apparent labour productivity (EUR thousand) (3)	Average personnel costs (EUR thousand) (4)	Wage adjusted labour productivity (%) (4)	Gross operating rate (%) (4)
<b>EU-25</b>	3.1	90.5	9.5	46.2	29.0	160.0	6.2
<b>1</b>	Portugal (9.3)	Slovakia (93.9)	Cyprus (19.7)	Ireland (81.1)	Netherlands (50.4)	Latvia (228.9)	Latvia (11.4)
<b>2</b>	Latvia (9.2)	Czech Republic (92.9)	Sweden (14.3)	Netherlands (74.4)	Ireland (45.6)	Portugal (227.5)	Malta (10.9)
<b>3</b>	Lithuania (8.9)	Netherlands (92.2)	Lithuania (13.8)	Austria (67.8)	Germany (43.0)	Hungary (209.0)	Portugal (10.4)
<b>4</b>	Cyprus (7.3)	Estonia (91.6)	Ireland (11.1)	Germany (66.3)	Belgium (41.2)	United Kingdom (198.9)	United Kingdom (9.9)
<b>5</b>	Estonia (6.1)	Hungary (91.5)	Malta (11.1)	United Kingdom (64.2)	Austria (39.3)	Spain (194.3)	Spain (9.8)

(1) Latvia, Malta, Slovenia and Sweden, 2002; Belgium, Denmark, Greece and Luxembourg, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(2) Malta, Slovenia and Sweden, 2002; Denmark, Greece and Luxembourg, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(3) Malta and Sweden, 2002; Denmark, Greece and Luxembourg, not available.

(4) Malta and Sweden, 2002; Denmark, Greece and Luxembourg, not available; EU-25, rounded estimate based on non-confidential data.

Source: Eurostat (SBS)

## 2.4: BREAD, SUGAR, CONFECTIONERY AND OTHER FOOD PRODUCTS

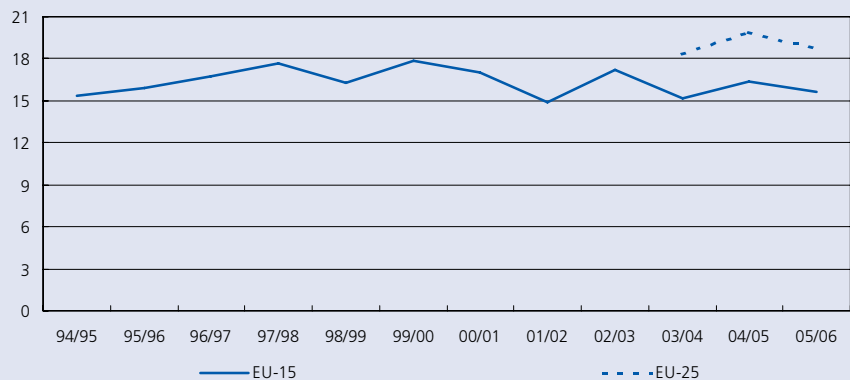
This subchapter refers to the products that are classified within NACE Group 15.8; it covers bread, sugar, confectionery and other food products (including pasta, tea and coffee, homogenised and dietetic foods).

Sugar is an important ingredient in the manufacture of chocolate, biscuits and confectionery. The decision by agricultural ministers in February 2006 to reform the sugar sector within the EU with a key 36 % cut in the guaranteed minimum sugar price (14) and to open its market completely to imports from the world's 49 poorest countries from 2009, should enable the large multinationals that dominate this market to source sugar from a wider range of suppliers at much more competitive prices.

The European Commission's Directorate-General for Agriculture has forecast a reduction in sugar production of 6-7 million tonnes, including a proposed and immediate quota reduction of 2.5 million tonnes in the EU-25 in 2006 (see Figure 2.5 for sugar production levels in terms of white sugar value). Financial incentives will also be offered by the Community to close down less competitive sugar factories, reinforcing the consolidation that has taken place in recent years.

(14) Council Regulation (EC) No 318/2006.

**Figure 2.5**  
Sugar production (million tonnes of white sugar)



Source: CEFS delegations, <http://www.comitesucre.org> for 1994-2002; European Commission from 2003

### STRUCTURAL PROFILE

In 2003 the bread, sugar, confectionery and other food products manufacturing (NACE Group 15.8) sector was by far the largest of the NACE groups within food, beverages and tobacco manufacturing (NACE Subsection DA) in terms of both value added and employment; it generated EUR 66.7 billion of value added (34.9 % of the total) and employed 1.9 million people (42.7 % of those employed in food, beverages and tobacco manufacturing).

The manufacture of bread, fresh pastry goods and cakes (NACE Class 15.81) was the main activity within the bread, sugar, confectionery and other food products sector, generating EUR 26.6 billion in value added in 2003 (40.0 % of the sectoral total) and employing almost two thirds of the people in the sector (1.2 million).

The manufacture of bread, sugar, confectionery and other foods products in Germany generated the highest value added in 2003 (EUR 13.8 billion) of the Member States, with the United Kingdom and France also recording value added for these products above EUR 10 billion. However, Cyprus was the Member State that was most specialised in the manufacture of bread, sugar, confectionery and other foods products as they contributed more than twice the EU-25 average to national industrial value added.

**Table 2.16**

### Manufacture of other food products (NACE Group 15.8) Value added and employment: ranking of the top 5 Member States, 2003

Rank	Highest value added (EUR million) (1)	Share in EU-25 value added (%) (1)	Highest number of persons employed (thousands) (1)	Share in EU-25 employment (%) (2)	Highest share of national industrial value added (%) (2)	Highest share of national industrial employment (%) (2)
1	Germany (13 821.4)	20.7	Germany (434.0)	22.7	Cyprus (9.0)	Cyprus (14.9)
2	United Kingdom (11 730.6)	17.6	France (287.4)	15.0	Netherlands (5.4)	Netherlands (7.5)
3	France (10 542.6)	15.8	Italy (233.2)	12.2	Latvia (4.8)	Belgium (7.4)
4	Italy (7 352.3)	11.0	United Kingdom (192.9)	10.1	United Kingdom (4.7)	Luxembourg (7.0)
5	Spain (4 223.9)	6.3	Poland (158.6)	8.3	France (4.5)	France (6.9)

(1) Malta, 2002; Greece and Sweden, not available.

(2) Malta, 2002; Greece, Ireland and Sweden, not available.  
Source: Eurostat (SBS)



During the period 1995 to 2005, the production index of bread, sugar, confectionery and other foods products followed a very similar path and growth rate to the production index for food products and beverages as a whole. Apart from a modest decline of 1.0 % in output in 2003, there was year-on-year growth in output during this period, with an average annual growth rate of 1.8 %. There were some contrasting developments, however, in the production index of many of the activities within the sector. Although, typically, there were strong annual fluctuations in sugar manufacturing output (NACE Class 15.83), these occurred within the framework of a downward trend over the reference period (an average fall of 1.2 % per year), particularly since the relative peak in 1997. In contrast, there has been strong and relatively steady growth in the output of condiments and seasoning (NACE Class 15.87), homogenised food preparations and dietetic food (NACE Class 15.88) and the grouping of other miscellaneous food products n.e.c. (NACE Class 15.89).

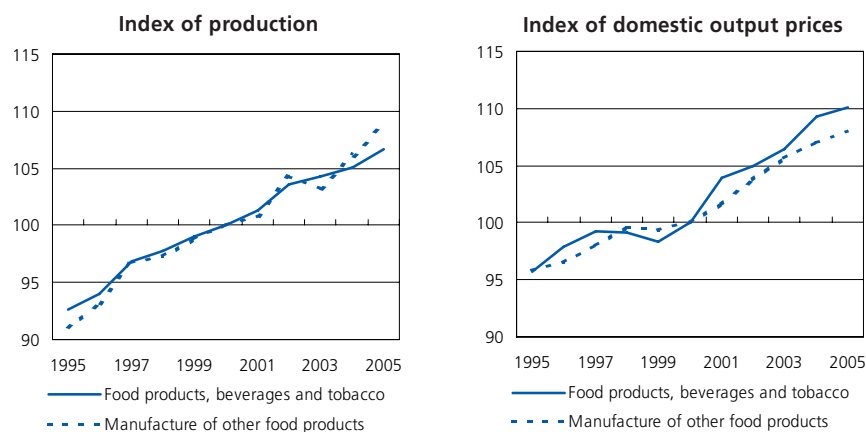
The domestic output price index for bread, sugar, confectionery and other foods products manufacturing increased by an average of 1.2 % per annum over the period 1995 to 2005, a similar rate to that for food and beverages as a whole. It is interesting to note that the output price of sugar manufacturing declined over the reference period, particularly in the period 1995 to 2000, despite there also being a fall in output over the same period. The output price of tea and coffee processing also declined, despite a surge in output prices in 2005, with steady falls in the period 1998 to 2004.

**Table 2.17** Production value of selected other food products (CPA Group 15.8), EU-25, 2004 (EUR million)

	Prodcom code	
<b>Cake and pastry products; other baker's wares with added sweetening matter</b>	15.81.12.00	18 760
<b>Sweet biscuits; waffles and wafers completely or partially coated or covered with chocolate or other preparations containing cocoa</b>	15.82.12.53	4 778
<b>Bakers' wares, no added sweetening (incl. crepes, pancakes, quiche, pizza; excl. sandwiches, crispbread, waffles, wafers, rusks, toasted, savoury or salted extruded/expanded products)</b>	15.82.13.90	7 284
<b>Refined white cane or beet sugar in solid form</b>	15.83.12.30	13 020
<b>Filled chocolate blocks; slabs or bars consisting of a centre (incl. of cream, liqueur or fruit paste; excl. chocolate biscuits) and chocolate blocks; slabs or bars (excl. filled, with added cereal; fruit or nuts, chocolate biscuits)</b>	15.84.22.33 and 15.84.22.39	5 679
<b>Chocolates (excl. those containing alcohol, in blocks; slabs or bars)</b>	15.84.22.45	2 709
<b>Filled chocolate confectionery (excl. in blocks; slabs or bars, chocolate biscuits, chocolates)</b>	15.84.22.53	2 140
<b>Uncooked pasta (excl. containing eggs, stuffed or otherwise prepared)</b>	15.85.11.50	2 101
<b>Cooked or uncooked pasta stuffed with meat; fish; cheese or other substances in any proportion</b>	15.85.12.33	2 130
<b>Extracts; essences and concentrates of coffee in solid form (incl. instant coffee)</b>	15.86.12.30	2 283
<b>Soups and broths and preparations therefor</b>	15.89.11.00	3 308

Source: Eurostat (PRODCOM)

**Figure 2.6** Manufacture of other food products (NACE Group 15.8) Evolution of main indicators, EU-25 (2000=100)



Source: Eurostat (STS)

Table 2.18

**Manufacture of other food products (NACE Group 15.8)****Cost, productivity and profitability indicators, ranking of the top 5 Member States compared to EU-25 averages, 2003**

Rank	Investment in tangible goods relative to total operating costs (%) (1)	Purchases of goods and services as a share of total operating costs (%) (2)	Personnel costs as a share of total operating costs (%) (2)	Apparent labour productivity (EUR thousand) (3)	Average personnel costs (EUR thousand) (3)	Wage adjusted labour productivity (%) (3)	Gross operating rate (%) (3)
<b>EU-25</b>	4.9	78.7	21.3	34.9	22.4	155.7	13.7
<b>1</b>	Latvia (11.7)	Ireland (91.1)	Luxembourg (37.4)	Ireland (300.4)	Ireland (37.6)	Ireland (798.9)	Ireland (38.6)
<b>2</b>	Estonia (8.6)	Slovakia (86.1)	Austria (30.8)	United Kingdom (60.8)	Netherlands (33.4)	United Kingdom (203.7)	Malta (23.0)
<b>3</b>	Finland (7.1)	Poland (86.1)	Cyprus (27.0)	Netherlands (55.2)	Finland (32.5)	Latvia (191.3)	United Kingdom (19.8)
<b>4</b>	Cyprus (7.1)	Hungary (83.6)	Malta (26.7)	Finland (48.5)	Belgium (31.5)	Poland (180.4)	Italy (14.4)
<b>5</b>	Hungary (6.8)	Czech Republic (83.4)	Denmark (26.1)	Belgium (44.8)	Denmark (30.8)	Slovakia (167.7)	Latvia (14.0)

(1) Malta, 2002; Belgium, Greece and Sweden, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(2) Malta, 2002; Greece and Sweden, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(3) Malta, 2002; Greece and Sweden, not available.

Source: Eurostat (SBS)

**COSTS, PRODUCTIVITY AND PROFITABILITY**

The apparent labour productivity of bread, sugar, confectionery and other foods products manufacturing in the EU-25 was EUR 34 900 in 2003, about 18 % below the average for the manufacture of food, beverages and tobacco. Average personnel costs (EUR 22 400) for the sector were also lower than the average for food, beverages and tobacco manufacturing. These developments resulted in the wage adjusted labour productivity being lower than the average for food, beverages and tobacco manufacturing (155.7 % compared with 170 %).

In comparison to other NACE groups within food, beverages and tobacco manufacturing, the profitability of bread, sugar, confectionery and other foods products in the EU-25 was relatively high in terms of the gross operating rate (13.7 % in 2003), lower only than beverages manufacturing.

Among the Member States <sup>(15)</sup> for which data are available, apparent labour productivity levels and personnel costs were below national industrial averages in every case in 2003. Wage adjusted labour productivity was also below the national industrial average in most Member States, the exceptions being in Germany and the United Kingdom.

<sup>(15)</sup> Greece, Ireland, Malta and Sweden, not available.

**EXTERNAL TRADE**

Extra EU-25 exports of the goods that are grouped together as bread, sugar, confectionery and other food products (CPA Group 15.8) in 2005 were valued at EUR 12.4 billion. The principal export markets for such goods were the United States (a 14.3 % share of exports) and Russia (8.0 %). The EU-25 imported bread, sugar, confectionery and other food products to the value of EUR 5.7 billion in 2005, notably from Switzerland (17.0 % share of such imports), the United States (7.2 %) and the Ivory Coast (7.0 %). These flows resulted in an EU-25 trade surplus for bread, sugar, confectionery and other food products of EUR 6.7 billion in 2005, the second largest trade surplus behind beverages within the ten CPA groups of food products, beverages and tobacco products.

All nine of the CPA classes within the grouping of bread, sugar, confectionery and other food products showed a trade surplus in 2005. The four largest were for tea and coffee (EUR 1.9 billion, CPA Class 15.86), other food products n.e.c. (EUR 1.4 billion, CPA Class 15.89), cocoa, chocolate and sugar confectionery (EUR 0.9 billion, CPA Class 15.84) and rusks, biscuits, pastry goods and cakes (EUR 0.9 billion, CPA Class 15.82). The surplus for tea and coffee has grown particularly strongly since 2000. Over the same period, there was a steady growth in imports of rusks and biscuits, and pasta (CPA Class 15.85) from relatively low levels, and strong growth in imports of cocoa, chocolate and sugar confectionery.

2.5: MISCELLANEOUS FOOD PRODUCTS

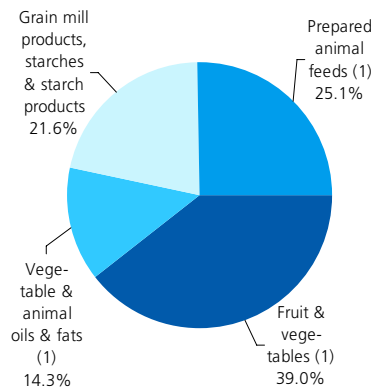
This subchapter deals with four different food processing activities that are each treated separately: the processing and preserving of fruit and vegetables (NACE Group 15.3); vegetable and animal oils and fats (NACE Group 15.4); grain mill and starch products (NACE Group 15.6) and prepared animal feed (NACE Group 15.7).

Within the grouping of activities in this subchapter, the processing and preserving of fruit and vegetables (NACE Group 15.3) was the largest in value added terms (EUR 10.9 billion in 2003). The market for industrial animal feed (NACE Group 15.6, which accounted for EUR 6.0 billion of value added in 2003) depends largely on the market for livestock products. In this way, many of the issues affecting the manufacture of meat and dairy products are also relevant to this sector (see Subchapters 2.1 and 2.3). Note that own-produced animal feed on farms is not included in this NACE group. The manufacture of grain mill and starch products (NACE Group 15.7) and the manufacture of animal oils and fats production (NACE Group 15.4) accounted for a further EUR 11.0 billion of value added in 2003.

PROCESSING AND PRESERVING OF FRUIT AND VEGETABLES (NACE GROUP 15.3)

The Common Market Organisation for fruit and vegetables is currently under review by the European Commission and reforms will be proposed by the end of 2006, among other things, to find a better balance within the value chain. Regulation 396/2005 of the European Parliament and Council on maximum residue levels of pesticides in food has also had consequences for frozen fruit and vegetables manufacturing.

Figure 2.7  
Miscellaneous food products (NACE Groups 15.3, 15.4, 15.6 and 15.7)  
Breakdown of sectoral value added, EU-25, 2003 (%)



(1) Rounded estimate based on non-confidential data. Source: Eurostat (SBS)

The value added generated by the processing and preserving of fruit and vegetables in the EU-25 was EUR 10.9 billion, 5.7 % of the total value added generated by food, beverages and tobacco manufacturing (NACE Subsection DA) in 2003. With 265 000 people working in this activity, the average apparent labour productivity was EUR 41 000 per person employed.

The profitability of fruit and vegetables processing and preserving, as measured by the gross operating rate (9.6 %), and the wage adjusted labour productivity level (171 %), were very similar to the levels for food, beverages and tobacco manufacturing as a whole in 2003.

The manufacture of processed and preserved fruit and vegetables in the United Kingdom provided about one fifth (20.2 %) of the value added generated in this activity by the EU-25 as a whole in 2003. However, Malta (2002) was the Member State that was most specialised in this activity in value added terms, relative to industry as a whole.

The EU-25 was a net importer of processed and preserved fruit and vegetable products (CPA Group 15.3), with a trade deficit of EUR 1.9 billion in 2005. Almost exactly half (50.3 %) the imports of these products came from Turkey, China and Brazil. Exports of these goods from the EU-25 amounted to EUR 2.8 billion, with the United States and Russia being the principal export markets.

Table 2.19  
Processing and preserving of fruit and vegetables (NACE Group 15.3)  
Value added and employment: ranking of the top 5 Member States, 2003

Rank	Highest value added (EUR million) (1)	Share in EU-25 value added (%) (1)	Highest number of persons employed (thousands) (2)	Share in EU-25 employment (%) (2)	Highest share of national industrial value added (%) (3)	Highest share of national industrial employment (%) (4)
1	United Kingdom (2 197.6)	20.2	United Kingdom (39.2)	14.8	Malta (2.4)	Malta (1.9)
2	Germany (1 575.8)	14.5	Poland (38.7)	14.6	Cyprus (1.3)	Cyprus (1.8)
3	Italy (1 340.1)	12.3	Spain (31.9)	12.0	Hungary (1.2)	Hungary (1.5)
4	France (1 264.0)	11.6	Germany (31.7)	12.0	Netherlands (1.1)	Poland (1.4)
5	Spain (1 116.5)	10.2	Italy (30.1)	11.4	Poland (1.1)	Spain (1.2)

(1) Malta, Slovakia and Sweden, 2002; Greece and Luxembourg, not available.  
 (2) Sweden, provisional; Malta and Slovakia, 2002; Greece and Luxembourg, not available.  
 (3) Malta, Slovakia and Sweden, 2002; Greece, Ireland and Luxembourg, not available.  
 (4) Sweden, provisional; Malta and Slovakia, 2002; Greece, Ireland and Luxembourg, not available.  
 Source: Eurostat (SBS)

Table 2.20

**Production of crude vegetable oils and fats, EU-25 (thousand tonnes)**

	2000	2004
<b>EU-25</b>	:	9 611
<b>BE</b>	667	494
<b>CZ</b>	:	228
<b>DK</b>	154	191
<b>DE</b>	2 828	2 854
<b>EE</b>	:	28
<b>EL</b>	160	151
<b>ES</b>	1 008	883
<b>FR</b>	1 263	1 374
<b>IE</b>	0	0
<b>IT</b>	555	567
<b>CY</b>	:	0
<b>LV</b>	:	4
<b>LT</b>	:	12
<b>HU</b>	:	213
<b>MT</b>	:	0
<b>NL</b>	1 171	860
<b>AT</b>	127	113
<b>PL</b>	:	366
<b>PT</b>	214	228
<b>SI</b>	:	2
<b>SK</b>	:	117
<b>FI</b>	79	72
<b>SE</b>	97	107
<b>UK</b>	820	747

Source: Fediol, <http://www.fediol.be>**VEGETABLE AND ANIMAL OILS AND FATS (NACE GROUP 15.4)**

Vegetable and animal oils and fats generated EUR 4.0 billion of value added in 2003, representing 2.1 % of the food, beverages and tobacco manufacturing (NACE Subsection DA) total and had a workforce of 59 100 people (at 1.3 %, the share of the food, beverages and tobacco manufacturing total was the lowest together with that for the manufacture of tobacco).

The apparent labour productivity level of around EUR 62 000 per person employed in the manufacture of vegetable and animal oils and fats across the EU <sup>(16)</sup> in 2003 was considerably higher than the average for food, beverages and tobacco as a whole (EUR 42 700). Average personnel costs in the manufacture of these oils and fats were also relatively high at EUR 34 100 per employee for the EU-25.

<sup>(16)</sup> EU average, 2003; the Netherlands and Sweden, 2002; excluding Denmark, Estonia, Greece, Latvia, Luxembourg and Malta.

Over half of the value added (54.0 %) generated by the manufacture of vegetable and animal oils and fats in the EU-25 came from production in Germany, Spain and Italy. Hungary, Spain and Cyprus were relatively specialised in this activity, as it contributed twice as much to national industrial value added as the EU average.

The production index of vegetable and animal oils and fats (NACE Group 15.4) in the EU-25 rose sharply in 1997 (growth of 14.7 %) to a relative peak, but contracted significantly in 1999 (down 10.7 %). Since then, there were fluctuations and a modest downward trend in output (an average decline of 1.2 % per annum). This contraction reflects contrasting developments for crude oils and fats (NACE Class 15.41) and refined oils and fats (NACE Class 15.42); there was a sharp decline in output of the former (down by an annual average of 4.7 % since 2000), but increases in output for the latter (up on average by 1.0 % per annum from 2000 to 2005). According to FEDIOL <sup>(17)</sup>, the decline in the production of crude oils has been concentrated in the Netherlands, Belgium, Spain and the United Kingdom (see Table 2.20).

The EU-25 had a trade deficit in vegetable and animal oils and fats (CPA Group 15.4) to the value of EUR 5.8 billion in 2003. This was the second largest deficit among the CPA groups of the food, beverages and tobacco products (CPA Subsection DA). Imports of these oils and fats were valued at EUR 8.2 billion in 2003, with over half (55.0 %) of these coming from Argentina and Brazil. The vast majority of imports (almost 90 %) were of crude oils and fats, the largest part of which was soya for animal compound feed.

<sup>(17)</sup> FEDIOL (EC Seed Crushers' and Oil Processors' Federation), more information at <http://www.fediol.be>.

**GRAIN MILL AND STARCH PRODUCTS (NACE GROUP 15.6)**

The EU-25 generated EUR 6.0 billion of value added in the manufacture of grain mill and starch products in 2003, representing 3.1 % of the total value added for the food, beverages and tobacco sector (NACE Subsection DA). A little under a quarter (23.0 %) of the value added was generated in the United Kingdom. These activities employed 107 900 people across the EU-25, representing 2.4 % of the workforce in the food, beverages and tobacco sector. Hungary was relatively specialised in the manufacture of grain mill and starch products; this activity contributed over twice as much to industrial value added in Hungary than the EU-25 average in 2003.

Apparent labour productivity was EUR 55 800 per person employed in the manufacture of grain mill and starch products in 2003, considerably higher than the food, beverages and tobacco manufacturing average. As average personnel costs were relatively high (EUR 31 200 per employee in 2003), wage adjusted labour productivity (178.9 %) was only a little higher than the food, beverages and tobacco sectoral average.

During the period between 1995 and 2005, there have been two distinct developments in the output of grain mill and starch products. There was a clear expansion in the production index of this activity until 2000, since when there has been relatively little overall change.

Table 2.21

**Manufacture of grain mill products, starches and starch products (NACE Group 15.6)**  
**Value added and employment: ranking of the top 5 Member States, 2003**

Rank	Highest value added (EUR million) (1)	Share in EU-25 value added (%) (1)	Highest number of persons employed (thousands) (2)	Share in EU-25 employment (%) (2)	Highest share of national industrial value added (%) (3)	Highest share of national industrial employment (%) (4)
1	United Kingdom (1 385.1)	23.0	Germany (16.0)	14.8	Hungary (0.8)	Hungary (0.7)
2	France (1 033.2)	17.1	France (14.5)	13.5	Latvia (0.6)	Lithuania (0.6)
3	Germany (1 002.5)	16.6	United Kingdom (14.2)	13.1	Netherlands (0.6)	Latvia (0.5)
4	Italy (574.5)	9.5	Poland (13.4)	12.4	Slovakia (0.6)	Netherlands (0.5)
5	Netherlands (394.4)	6.5	Italy (10.4)	9.6	United Kingdom (0.6)	Poland (0.5)

(1) Estonia, Lithuania and Sweden, 2002; Greece, Cyprus, Luxembourg and Malta, not available.

(2) Sweden, provisional; Estonia and Lithuania, 2002; Greece, Cyprus, Luxembourg and Malta, not available.

(3) Estonia, Lithuania and Sweden, 2002; Greece, Cyprus, Ireland, Luxembourg and Malta, not available.

(4) Sweden, provisional; Estonia and Lithuania, 2002; Greece, Cyprus, Ireland, Luxembourg and Malta, not available.

Source: Eurostat (SBS)

**PREPARED ANIMAL FEED**  
**(NACE GROUP 15.7)**

The manufacture of animal feed covers both the production of compound feed for farm animals and the production of prepared pet food. According to FEFAC (18), compound feed production in the EU-25 was 143.3 million tonnes in 2005 (see Table 2.22), of which 33 % was pig feed, 32 % was poultry feed and 27 % cattle feed.

According to short-term statistics, between 1995 and 2001, there was growth in the output of animal feed as a whole in the EU-25, albeit with some annual fluctuations. After 2001, however, there were year-on-year decreases in the production index that took the level of production in 2005 back to that of 1995.

The manufacture of animal feed in the EU-25 employed 130 000 people in 2003 and generated EUR 7.0 billion of value added, the largest share (around 70 %) being generated by prepared feeds for farm animals (NACE Class 15.71). The major producers of animal feed in the EU-25 were France, Germany, Spain and the United Kingdom. Nevertheless, Lithuania was the most specialised in relative terms, as these activities contributed a little over 3.5 times the EU-25 average to national industrial value added in 2003; the Netherlands, Hungary and Cyprus were also relatively specialised.

(18) FEFAC (European Feed Manufacturers' Federation), more information at <http://www.fefac.org>.

Table 2.22

**Production of compound feed, 2005 (thousand tonnes) (1)**

	EU-25	Main EU-25 producers
<b>Total</b>	143 338	
<b>Pig feed</b>	47 336	(Spain 18.7 %, Germany 15.8 %, France 13.6 %)
<b>Poultry</b>	45 970	(France 19.6 %, United Kingdom 13.7 %, Italy 11.7 %)
<b>Cattle feed</b>	38 010	(Spain 16.3 %, Germany 16.1 %, France 11.8 %)
<b>Others</b>	8 957	(Spain 19.3 %, France 17.5 %, United Kingdom 14.3 %)
<b>Milk replacers</b>	1 756	:
<b>Dry pet food</b>	1 309	:

(1) Estimates.

Source: FEFAC, <http://www.fefac.org>

## 2.6: BEVERAGES

NACE Group 15.9 covers both alcoholic and non-alcoholic beverages. As such, the data presented in this subchapter include mineral waters, soft drinks, beer, wine and spirits. However, they do not include fruit and vegetable juices (NACE Class 15.32) or the processing of tea and coffee (NACE Class 15.86).

There are considerable differences in (apparent) consumption levels of beverages between Member States (see Table 2.23), which in large part reflect cultural differences, production patterns, and in the case of bottled water, also partly reflect the quality of tap water. In some Member States, beer is the most consumed alcohol drink (such as in the Czech Republic) and in others it is wine (as in France and Italy). It is interesting to note, however, that the consumption of wine and spirits in the EU as a whole has been decreasing steadily for a number of years (European Commission <sup>(19)</sup>).

In June 2006, the European Commission announced plans <sup>(20)</sup> to try to reform the wine subsector and, at the time of writing, plans to deliver a legislative proposal by the end of 2006. In view of market imbalances and changes in qualitative consumer demand, the European Commission views the key objectives for the wine subsector, among others, as the need to improve competitiveness, rationalise production structures, and modernise all levels from bottling to marketing.

## STRUCTURAL PROFILE

The beverages sector (NACE Group 15.9) of the EU-25 generated EUR 33.8 billion of value added in 2003. Within food, beverages and tobacco manufacturing (NACE Subsection DA) as a whole, this represented the second largest share (17.7 %) at the NACE group level. The manufacture of beer (NACE Class 15.96) generated the largest value added (39.8 %) at the NACE class level within the EU-25's beverages sector (see Figure 2.8), followed by the manufacture of mineral water and soft drinks (NACE Class 15.98), the manufacture of distilled potable alcoholic beverages (NACE Class 15.91) and wines (NACE Class 15.93). The beverages sector was also a major employer, engaging 436 900 people throughout the EU-25. This was the equivalent of almost one in every ten people working within food, beverages and tobacco manufacturing as a whole (9.7 % in 2003).

<sup>(19)</sup> DG Health (June 2006), Alcohol in Europe, <http://ec.europa.eu/health-eu/>.

<sup>(20)</sup> COM(2006) 319.

Table 2.23

## Consumption of beverages per capita (litres per year)

	Pure alcohol, 2003 (1)	Spirits (pure alcohol), 2003 (1)	Wine, 2003 (2)	Beer, 2004 (3)	Carbonates, 2004	Bottled water, 2003 (2)
BE	11	1.4	25	93	103	134
CZ	16	3.8	11	157	127	87
DK	12	1.1	32	90	77	17
DE	13	2.0	24	116	81	125
EE	12	4.9	6	:	34	25
EL	9	1.6	22	39	55	59
ES	12	2.4	34	78	91	133
FR	12	2.4	55	33	44	142
IE	13	1.9	15	108	106	26
IT	10	0.4	51	30	51	198
CY	11	3.9	:	58	:	:
LV	10	6.1	7	:	27	37
LT	10	3.7	7	81	37	26
LU	18	1.6	56	107	:	:
HU	14	3.5	32	:	68	58
MT	7	0.7	10	:	:	:
NL	10	1.5	22	78	68	19
AT	13	1.4	29	109	86	101
PL	8	1.3	2	75	40	48
PT	11	1.4	53	62	50	84
SI	12	0.4	44	84	38	58
SK	12	3.5	11	:	71	64
FI	9	2.1	9	84	57	16
SE	7	0.9	17	52	66	20
UK	11	1.8	18	101	91	23

(1) Estimated amount of pure ethanol, as calculated from official statistics on local production, sales, imports and exports, taking into account stocks and home production.

(2) Apparent consumption based on sales.

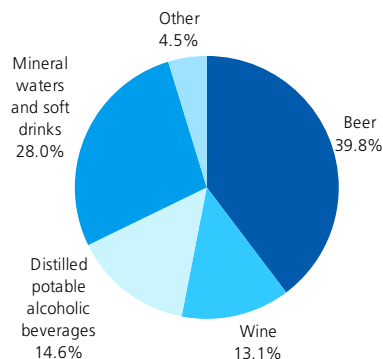
(3) Greece, Spain and Luxembourg, 2003.

Sources: for pure alcohol and spirits - World Health Organisation, estimates of pure ethanol for those over 15 years old, <http://www.euro.who.int/hfad/b>; for wine - International Organisation of Vine and Wine, <http://www.oiv.int>; for beer - The Brewers of Europe, <http://www.brewersofeurope.org> (except for Czech Republic, Slovakia and Cyprus) and Kirin Brewery, <http://www.kirin.co.jp/english> (for Czech Republic, Slovakia and Cyprus); for carbonates - CANADEAN, <http://www.canadean.com>; for bottled water - European Federation for Bottled Waters, <http://www.efbw.org>

Figure 2.8

## Manufacture of beverages

## (NACE Group 15.9)

Breakdown of sectoral value added,  
EU-25, 2003 (%)

Source: Eurostat (SBS)



Table 2.24

**Manufacture of beverages (NACE Group 15.9)**  
**Value added and employment: ranking of the top 5 Member States, 2003**

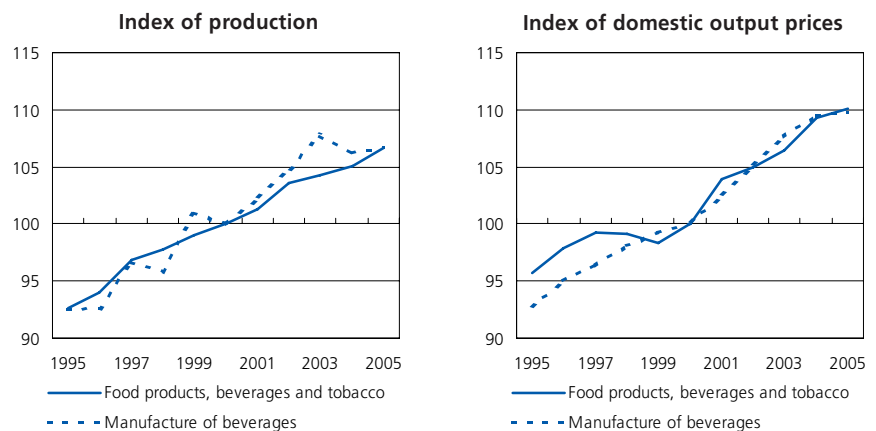
Rank	Highest value added (EUR million) (1)	Share in EU-25 value added (%) (1)	Highest number of persons employed (thousands) (2)	Share in EU-25 employment (%) (2)	Highest share of national industrial value added (%) (3)	Highest share of national industrial employment (%) (4)
1	Germany (5 692.4)	16.8	Germany (78.2)	17.9	Latvia (5.9)	Cyprus (5.8)
2	United Kingdom (5 429.2)	16.1	United Kingdom (54.0)	12.4	Cyprus (5.9)	Malta (2.8)
3	France (4 880.7)	14.4	Spain (52.3)	12.0	Poland (5.4)	Latvia (2.0)
4	Spain (4 029.5)	11.9	France (47.4)	10.8	Malta (5.3)	Lithuania (2.0)
5	Poland (2 552.1)	7.5	Italy (37.4)	8.6	Lithuania (4.0)	Spain (1.9)

(1) Malta and Sweden, 2002; Greece, not available.  
 (2) Sweden, provisional; Malta, 2002; Greece, not available.  
 (3) Malta and Sweden, 2002; Greece and Ireland, not available.  
 (4) Sweden, provisional; Malta, 2002; Greece and Ireland, not available.  
 Source: Eurostat (SBS)

A little under half (47.3 %) of the value added generated by beverages in the EU-25 in 2003, came from Germany (EUR 5.7 billion), the United Kingdom (EUR 5.4 billion) and France (EUR 4.9 billion). However, the proportion of industrial value added accounted for by beverages manufacturing in these Member States was no more than about the same as the EU-25 average, or indeed significantly less in the case of Germany. According to this share, Latvia, Cyprus and Poland were the Member States that were the most specialised in the manufacture of beverages, generating two and a half to three times as high a share of industrial value added in this sector as the EU-25 average.

Over the period between 1995 and 2005, there was an upward trend in the production index of beverages in the EU-25. There were relatively strong increases in output in 1997 (up 4.4 %), 1999 (up 5.3 %) and 2003 (up 2.8 %), followed in each case by relatively small declines (all between 0.8 % and 1.4 %). At the NACE class level the strongest expansion in output over the reference period was noted for mineral waters and soft drinks (average annual growth of 2.7 %), although recently output fell back from a peak in 2003. In the case of wine, output has stabilised at relatively high levels since 2002. In the case of beer, annual output was relatively stable, although a little down on its peak of 1995.

**Figure 2.9**  
**Manufacture of beverages (NACE Group 15.9)**  
**Evolution of main indicators, EU-25 (2000=100)**



Source: Eurostat (STS)

### COSTS, PRODUCTIVITY AND PROFITABILITY

Average personnel costs within food, beverages and tobacco manufacturing <sup>(21)</sup> were highest in 2003 for those working in the beverages sector, an average of EUR 35 300 per employee. Nevertheless, high apparent labour productivity (EUR 77 400 per person employed) more than compensated for this, and the wage adjusted labour productivity ratio for beverages (219.5 %) was higher than any of the other nine NACE groups <sup>(22)</sup> within food, beverages and tobacco manufacturing. Both measures of productivity were substantially above the average for food, beverages and tobacco manufacturing in almost all of the Member States <sup>(23)</sup>, the exception being for wage adjusted productivity in Cyprus. The profitability of beverages manufacturing, as measured by the gross operating rate, was also highest (15.3 %) within food, beverages and tobacco manufacturing (an average 9.9 %) in 2003.

<sup>(21)</sup> Tobacco, not available.

<sup>(22)</sup> Vegetable and animal oils and fats (NACE Group 15.4), 2002; manufacture of tobacco products (NACE Division 16), not available.

<sup>(23)</sup> Malta and Sweden, 2002; Greece, not available.

### EXTERNAL TRADE

The value of extra-EU-25 exports of beverages (CPA Group 15.9) grew to EUR 14.5 billion in 2005, representing a 29.5 % share of the value of extra-EU-25 exports of all food, beverages and tobacco (CPA Subsection DA). The key export market for EU beverages in 2005 was the United States (42.1 % in value terms), as this single export market dwarfed the next largest market, Japan (7.3 %). The value of the imports of beverages fell sharply from the level recorded in 2004 to EUR 3.1 billion in 2005, the lowest level since 2000, reflecting a steep decline in wine imports (CPA Class 15.93). The largest part of the trade surplus of EUR 11.3 billion for the beverages sector in 2005 (see Table 2.26) came from distilled alcoholic beverages, with other significant contributions from wine, beer and mineral waters and soft drinks.

Among the Member States, France recorded the largest trade surplus (intra- and extra-EU) in beverages in 2005 (EUR 7.6 billion) principally from wine, followed by Italy (EUR 2.8 billion) almost entirely from wine, and Austria (EUR 1.1 billion) entirely from mineral water and soft drinks.

Table 2.25

#### Manufacture of beverages (NACE Group 15.9)

Cost, productivity and profitability indicators, ranking of the top 5 Member States compared to EU-25 averages, 2003

Rank	Investment in tangible goods relative to total operating costs (%) (1)	Purchases of goods and services as a share of total operating costs (%) (2)	Personnel costs as a share of total operating costs (%) (2)	Apparent labour productivity (EUR thousand) (3)	Average personnel costs (EUR thousand) (3)	Wage adjusted labour productivity (%) (3)	Gross operating rate (%) (3)
EU-25	7.1	84.7	15.3	77.4	35.3	219.5	15.3
1	Latvia (19.4)	Italy (90.0)	Malta (35.2)	Ireland (290.9)	Ireland (58.1)	Poland (752.6)	Poland (47.6)
2	Lithuania (14.0)	Czech Republic (88.3)	Austria (25.4)	Netherlands (129.9)	Netherlands (51.9)	Ireland (500.5)	Malta (40.0)
3	Poland (10.0)	Portugal (87.6)	Cyprus (24.2)	France (103.0)	Belgium (51.0)	Latvia (397.5)	Ireland (34.9)
4	Estonia (9.2)	France (87.6)	Sweden (21.0)	United Kingdom (100.6)	Denmark (47.5)	Czech Republic (309.5)	Latvia (32.8)
5	Austria (9.0)	Slovakia (87.4)	Slovenia (20.0)	Denmark (99.9)	France (47.2)	Malta (293.3)	Czech Republic (22.0)

(1) Malta and Sweden, 2002; Belgium and Greece, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(2) Malta and Sweden, 2002; Greece, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(3) Malta and Sweden, 2002; Greece, not available.

Source: Eurostat (SBS)

Table 2.26

#### Beverages (CPA Group 15.9)

External trade, EU-25, 2005

	Extra-EU exports (EUR million)	Share of EU industrial exports (%)	Extra-EU imports (EUR million)	Share of EU industrial imports (%)	Trade balance (EUR million)	Cover ratio (%)
<b>Beverages</b>	14 467	1.5	3 137	0.3	11 330	461.1
<b>Distilled alcoholic beverages</b>	5 619	0.6	852	0.1	4 767	659.3
<b>Ethyl alcohol</b>	49	0.0	192	0.0	-143	25.5
<b>Wines</b>	4 637	0.5	1 539	0.1	3 097	301.2
<b>Cider and other fruit wines</b>	45	0.0	17	0.0	28	268.1
<b>Other non-distilled fermented beverages</b>	119	0.0	4	0.0	115	2 744.5
<b>Beer made from malt</b>	1 730	0.2	242	0.0	1 488	716.0
<b>Malt</b>	655	0.1	1	0.0	654	71 135.9
<b>Mineral waters and soft drinks</b>	1 614	0.2	290	0.0	1 324	555.9

Source: Eurostat (Comext)

2.7: TOBACCO

NACE Division 16 covers the manufacture of all tobacco products, namely, cigarettes, cigarette tobacco, cigars, pipe tobacco, chewing tobacco and snuff.

The number of smokers in the European Union has fallen sharply over the past three years, according to a Special Eurobarometer survey for the European Commission released in May 2006 (24). The situation varies across Member States with particularly strong declines in the United Kingdom, France and Spain, but little change in Austria or Greece. There have been a number of recent policy actions that may further reduce the number of smokers. Among them, the tobacco advertising Directive (2003/33/EC) has been in effect since 31 July 2005 (25) (see Subchapter 22.4 for more details). The European Commission considers this to be one of the most effective ways of reducing smoking. In addition, more Member States have introduced or passed bills banning smoking in public places; after Ireland and Italy, full or partial bans have been introduced in Malta, the Netherlands, Sweden, Spain, Belgium and Scotland (with other parts of the United Kingdom, as well as Germany also committed in the near future).

(24) Special Eurobarometer 239.

(25) At the time of writing, it should be noted that the directive had not yet been transposed into national law in Germany and Luxembourg and only partially so in the Czech Republic, Italy, Hungary and Spain.

**Table 2.27** Production value of selected other food products (CPA Division 16), EU-25, 2004 (EUR million)

	Prodcom code	
<b>Cigars, cheroots and cigarillos containing tobacco or mixtures of tobacco and tobacco substitutes (excl. tobacco duty)</b>	16.00.11.30	1 336
<b>Cigarettes containing tobacco or mixtures of tobacco and tobacco substitutes (excl. tobacco duty)</b>	16.00.11.50	13 968
<b>Manufactured tobacco, extracts and essences, other homogenised or reconstituted tobacco, n.e.s.</b>	16.00.12.90	478

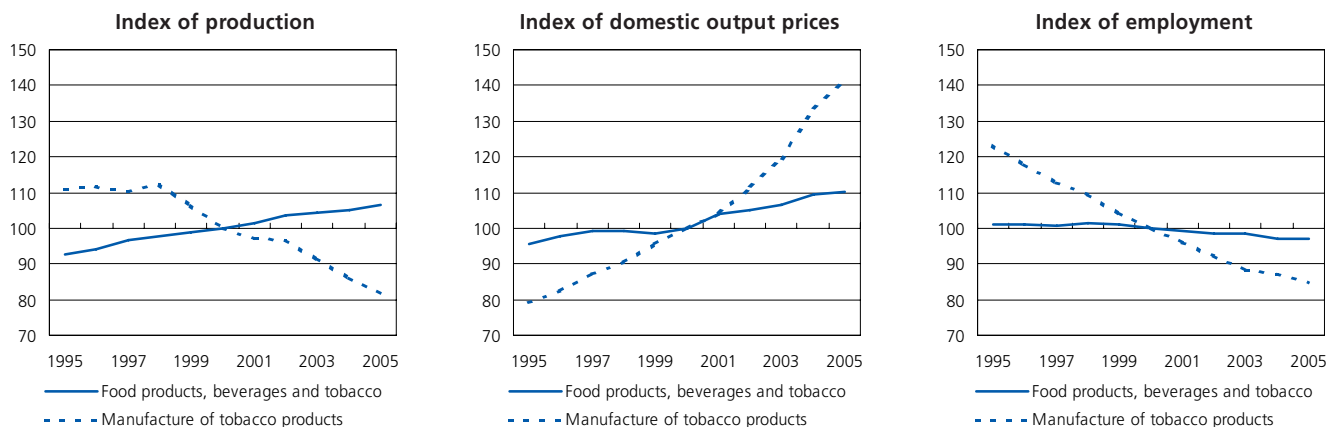
Source: Eurostat (PRODCOM)

**STRUCTURAL PROFILE**

The tobacco manufacturing sector (NACE Division 16) in the EU-25 generated EUR 10.0 billion of value added in 2003, contributing 5.2 % to the total value added for food, beverages and tobacco manufacturing (NACE Subsection DA). In total, 776 billion cigarettes and 11 billion cigars containing tobacco were produced within the EU-25, according to PRODCOM data. Over two thirds (70.7 %) of the value added for the EU-25 tobacco sector came from Poland (21.0 %), the Netherlands (17.4 %), the United Kingdom (17.1 %) and Germany (15.1 %). The tobacco sector was relatively small in terms of numbers of people employed (60 000 in 2003), just under half of whom (48.0 %) were employed in the four aforementioned Member States. Poland and the Netherlands were relatively specialised in tobacco manufacturing activities, with the proportion of value added from this sector in their respective national industrial economies significantly higher than the EU-25 average.

Since 1998, there have been consecutive annual reductions in the production index of tobacco products (NACE Division 16), at an average rate of decline of 4.4 % per annum. In contrast, there has been a steeper rate of price increase over the period from 1995 to 2005. Prices have increased every year during this period at an average rate of 6.0 % per annum, with higher duties and taxes on tobacco being an important contributory factor.

**Figure 2.10** Manufacture of tobacco products (NACE Division 16) Evolution of main indicators, EU-25 (2000=100)



Source: Eurostat (STS)

### COSTS, PRODUCTIVITY AND PROFITABILITY

Apparent labour productivity for the tobacco sector was very high at EUR 167 000 per person employed in 2003<sup>(26)</sup>, both in comparison to the food, beverages and tobacco and industrial averages. Profitability as measured by the gross operating rate was 10.0 % for the EU-25's tobacco manufacturing sector in 2003, almost the same as for the food, beverages and tobacco sector as a whole (9.9 %). There were considerable differences, however, between Member States. This measure of profitability was substantially lower than the industrial average in some countries in 2003 (particularly in the United Kingdom, Germany and France) but more than double (such as in the Netherlands and Spain) or five times (in the case of Poland) the industrial average in others.

<sup>(26)</sup> EU average, 2003; Denmark and Italy, 2002; excluding the Czech Republic, Greece, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Austria, Slovenia, Slovakia and Sweden.

### EXTERNAL TRADE

EU-25 trade in tobacco products (CPA Division 16) was relatively small in 2005. Although exports of tobacco products rebounded strongly in 2005 to EUR 1.9 million, they represented only 3.8 % of the value of extra-EU-25 exports of food, beverages and tobacco products (CPA Subsection DA) as a whole. The main extra-EU-25 export markets for tobacco products in 2005 were Turkey (11.2 % of the total), Japan (6.0 %) and Taiwan (5.6 %).

Table 2.28

#### Manufacture of tobacco products (NACE Division 16)

Cost, productivity and profitability indicators, ranking of the top 5 Member States compared to EU-25 averages, 2003

Rank	Investment in tangible goods relative to total operating costs (%) (1)	Purchases of goods and services as a share of total operating costs (%) (2)	Personnel costs as a share of total operating costs (%) (2)	Apparent labour productivity (EUR thousand) (3)	Average personnel costs (EUR thousand) (2)	Wage adjusted labour productivity (%) (2)	Gross operating rate (%) (3)
<b>EU-25</b>	3.1	88.4	11.6	166.7	48.4	374.8	10.0
<b>1</b>	Hungary (9.8)	Belgium (93.6)	Spain (23.3)	Netherlands (374.1)	United Kingdom (75.3)	Poland (2 112.4)	Poland (76.0)
<b>2</b>	Poland (9.8)	France (93.1)	United Kingdom (21.5)	Ireland (346.0)	Ireland (73.8)	Netherlands (684.4)	Portugal (31.8)
<b>3</b>	Portugal (8.0)	Italy (90.6)	Denmark (19.5)	Poland (316.2)	Germany (67.6)	Ireland (468.8)	Netherlands (26.1)
<b>4</b>	Ireland (6.4)	Germany (90.1)	Portugal (19.2)	United Kingdom (303.4)	Netherlands (54.7)	United Kingdom (403.0)	Spain (23.1)
<b>5</b>	Denmark (5.8)	Netherlands (87.6)	Hungary (18.0)	Denmark (185.7)	France (54.4)	Denmark (393.4)	Ireland (12.4)

(1) Denmark, Italy and the United Kingdom, 2002; Belgium, the Czech Republic, Greece, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Austria, Slovenia, Slovakia and Sweden, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(2) Denmark and Italy, 2002; the Czech Republic, Greece, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Austria, Slovenia, Slovakia and Sweden, not available; EU-25 is an EU average based on available data for 2002 and 2003.

(3) Denmark and Italy, 2002; the Czech Republic, Greece, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Austria, Slovenia, Slovakia and Sweden, not available; EU-25, rounded estimate based on non-confidential data.

Source: Eurostat (SBS)

Table 2.29

**Manufacture of food products and beverages (NACE Division 15)**  
**Main indicators, 2003 (1)**

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT
Turnover (EUR million)	797 069	29 296		19 809	146 447	901		76 613	142 794	21 884	94 717					9 817	
Production (EUR million)		27 384		18 278	133 518	790		71 941	128 923	19 476	90 726					8 534	
Value added at factor cost (EUR million)	181 220	5 652		4 602	33 802	182		16 353	28 824	7 150	18 776					1 980	
Gross operating surplus (EUR million)	78 668	2 359		1 672	11 351	71		7 611	9 893	5 308	9 311					939	
Purchases of goods and services (EUR million)		23 455		15 471	109 737	711		61 987	112 520	14 308	75 992					7 858	
Gross investment in tangible goods (EUR million) (2)		1 089		924	4 539	61		3 699	4 966	456	3 791					462	
Number of persons employed (thousands)	4 434	98		85	855	19		376	649	49	441		35			139	
Personnel costs (EUR million)	102 552	3 293		2 930	22 452	111		8 742	18 931	1 842	9 465					1 041	
App. labour productivity (EUR thous./pers. emp.)	40.9	57.6		54.1	39.5	9.8		43.5	44.4	144.6	42.6					14.3	
Average personnel costs (EUR thous./employee)	24.8	37.3		34.9	27.6	6.0		24.8	31.0	37.5	29.7					7.7	
Wage adjusted labour productivity (%)	164.5	154.6		154.7	142.9	162.8		175.3	143.5	385.9	143.5					184.9	
Gross operating rate (%)	9.9	8.1		8.4	7.8	7.9		9.9	6.9	24.3	9.8					9.6	
Investment per person employed (EUR thousand) (2)		11.7		10.9	5.3	3.3		9.8	7.6	9.2	8.6					3.3	
	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO	TR	IS	LI	NO	CH
Turnover (EUR million)	47 696		27 309	11 133		2 624	8 989		100 356	2 123		5 233					
Production (EUR million)	41 923		24 939	10 328		2 255	8 132		91 256	1 887		4 839					
Value added at factor cost (EUR million)	8 772		6 900	2 412		369	2 146		29 423	321		912					
Gross operating surplus (EUR million)	3 758		4 384	1 094		131	800		14 589	151		494					
Purchases of goods and services (EUR million)	38 618		21 737	8 761		2 246	6 999		67 464	1 897		5 004					
Gross investment in tangible goods (EUR million) (4)	1 381		1 281	674		161	424		4 537	247		683					
Number of persons employed (thousands)	130		439	105		47	40		484	102		200					
Personnel costs (EUR million)	5 015		2 517	1 318		238	1 390		14 834	170		418					
App. labour productivity (EUR thous./pers. emp.)	67.3		15.7	23.0		7.9	53.7		60.8	3.1		4.6					
Average personnel costs (EUR thous./employee)	39.6		6.2	13.0		5.1	35.3		31.0	1.8		2.1					
Wage adjusted labour productivity (%)	170.0		251.9	176.5		154.5	152.3		196.1	175.6		213.7					
Gross operating rate (%)	7.9		16.1	9.8		5.0	8.9		14.5	7.1		9.4					
Investment per person employed (EUR thousand) (3)	10.6		2.9	6.4		3.4	10.6		9.3	2.4		3.4					

(1) Denmark, Italy and Slovakia, 2002. (2) Belgium, 2002. (3) The United Kingdom, 2002.

Source: Eurostat (SBS)

Table 2.30

**Manufacture of tobacco products (NACE Division 16)**  
**Main indicators, 2003 (1)**

	EU-25	BE	CZ	DK	DE	EE	EL	ES	FR	IE	IT	CY	LV	LT	LU	HU	MT
Turnover (EUR million) (2)	74 000	1 727		1 641	19 007	0		1 314	12 352	1 748	10 593					1 127	
Production (EUR million)		1 688		1 640	14 306	0		1 301	9 948	1 632	8 930					1 112	
Value added at factor cost (EUR million) (2)	10 000	239		257	1 510	0		538	628	275	352					140	
Gross operating surplus (EUR million)		138		192	709	0		303	404	216	100					91	
Purchases of goods and services (EUR million)		1 482		271	7 262	0		771	3 033	275	2 430					220	
Gross investment in tangible goods (EUR million) (3)		36		19	174	0		24	41	21	61					26	
Number of persons employed (thousands) (2)	60	2		1	12	0		5	4	1	8		0			2	
Personnel costs (EUR million) (2)	2 700	101		65	802	0		234	223	59	252					48	
App. labour productivity (EUR thous./pers. emp.)		103.8		185.7	127.1			99.6	153.0	346.0	42.5					67.4	
Average personnel costs (EUR thous./employee)		45.0		47.2	67.6			43.7	54.4	73.8	30.6					23.3	
Wage adjusted labour productivity (%)		230.7		393.4	188.1			227.9	281.3	468.8	138.8					289.4	
Gross operating rate (%) (2)	10.0	8.0		11.7	3.7			23.1	3.3	12.4	0.9					8.1	
Investment per person employed (EUR thousand) (3)		11.9		14.0	14.6			4.4	10.0	26.7	7.4					12.7	
	NL	AT	PL	PT	SI	SK	FI	SE	UK	BG	HR	RO	TR	IS	LI	NO	CH
Turnover (EUR million)	5 684		2 641	404			108		12 792	509		673					
Production (EUR million)	5 481		2 675	408			91		12 421	520		681					
Value added at factor cost (EUR million)	1 744		2 101	181			19		1 710	78		49					
Gross operating surplus (EUR million)	1 483		2 007	129			6		1 286	28		24					
Purchases of goods and services (EUR million)	1 844		534	219			88		1 546	245		302					
Gross investment in tangible goods (EUR million) (4)	75		62	22			1		126	22		43					
Number of persons employed (thousands)	5		7	1			0		6	10		4					
Personnel costs (EUR million)	261		94	52			17		424	50		24					
App. labour productivity (EUR thous./pers. emp.)	374.1		316.2	136.6			48.9		303.4	7.6		12.1					
Average personnel costs (EUR thous./employee)	54.7		15.0	39.3			44.9		75.3	4.8		6.1					
Wage adjusted labour productivity (%)	684.4		2 112.4	347.4			108.9		403.0	156.2		197.4					
Gross operating rate (%)	26.1		76.0	31.8			5.4		10.1	5.5		3.6					
Investment per person employed (EUR thousand) (4)	16.2		9.3	16.4			3.6		21.0	2.2		10.7					

(1) Denmark and Italy, 2002. (2) EU-25, rounded estimate based on non-confidential data. (3) Belgium, 2002. (4) The United Kingdom, 2002.

Source: Eurostat (SBS)

