

# EXPORTS SNAPSHOT

## 2019

### EXECUTIVE SUMMARY

- In 2019, exports rose by 4.3% on the previous year, reaching a total of £23.6bn. The UK is now exporting 8.7% more (in value terms) to non-EU countries, lifting the share of total food and drink exports going to non-EU countries by 1.6pp.
- Q4 exports increased by 8.3% (y-o-y) to £6.1bn, driven by a rise in exports to non-EU markets.
- All of the UK's top 10 products have seen an increase in value over the year, with pork and salmon seeing particularly high growth (exceeding 25%). In volume terms, wine is the only product to decline in 2019, while salmon and beef were significant sources of growth.
- The UK's food and drink trade deficit continued to shrink last year, and is now 3.0% smaller than it was in 2019, signalling a relative decline in dependence on imports.
- Key impactors on UK food and drink exports analysed within this report include retaliatory tariffs imposed by the US in 2019, and the growing importance of Saudi Arabia as a market for branded good exports.
- Scotland remains the largest exporter of food and drink among the UK's regions and nations.
- FDF is seeking input from businesses to shape the provision of essential export support. Views can be shared via this [survey](#).

### KEY INDICATORS

	Q4 2019	Change	2019	Change
All food & drink	£6.1bn	<b>8.3%</b>	£23.6bn	<b>4.3%</b>
EU	£3.5bn	<b>5.3%</b>	£14.2bn	<b>1.5%</b>
Non-EU	£2.6bn	<b>13.1%</b>	£9.5bn	<b>8.7%</b>
EU share	57.6%	<b>-2.1pp</b>	59.9%	<b>-1.6pp</b>
Non-EU share	43.4%	<b>+2.1pp</b>	40.1%	<b>+1.6pp</b>
Trade deficit	-£5.7bn	<b>-4.1%</b>	-£23.4bn	<b>-3.0%</b>

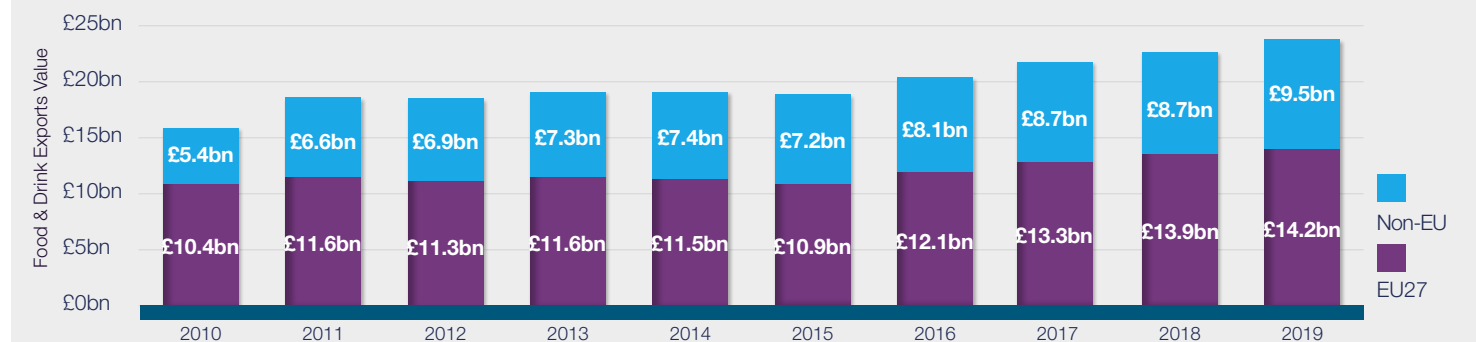
### TOP 10 PRODUCTS

	2019	Change		
		Value	Value (%)	Volume (%)
Whisky	£5.0bn	<b>£209.6m</b>	<b>4.4%</b>	<b>2.0%</b>
Salmon	£832.6m	<b>£187.7m</b>	<b>29.1%</b>	<b>24.6%</b>
Chocolate	£775.7m	<b>£24.7m</b>	<b>3.3%</b>	<b>6.2%</b>
Cheese	£707.7m	<b>£32.1m</b>	<b>4.8%</b>	<b>9.3%</b>
Gin	£674.9m	<b>£54.6m</b>	<b>8.8%</b>	<b>9.1%</b>
Wine	£661.0m	<b>£29.3m</b>	<b>4.6%</b>	<b>-16.8%</b>
Beef	£584.7m	<b>£45.3m</b>	<b>8.4%</b>	<b>23.1%</b>
Pork	£583.1m	<b>£117.4m</b>	<b>25.2%</b>	<b>7.0%</b>
Beer	£500.1m	<b>£10.7m</b>	<b>2.2%</b>	<b>1.0%</b>
Breakfast cereals	£483.5m	<b>£1.4m</b>	<b>0.3%</b>	<b>2.6%</b>

### TOP 20 MARKETS

Ireland	£4.0bn	<b>↓ -3.8%</b>
United States	£2.4bn	<b>↑ 7.7%</b>
France	£2.3bn	<b>↑ 3.6%</b>
Netherlands	£1.7bn	<b>↑ 5.2%</b>
Germany	£1.5bn	<b>↑ 1.5%</b>
Spain	£1.1bn	<b>↑ 6.3%</b>
China	£781.1m	<b>↑ 25.4%</b>
Belgium	£698.4m	<b>↓ -0.2%</b>
Italy	£588.0m	<b>↑ 0.1%</b>
Australia	£453.2m	<b>↑ 2.2%</b>
Poland	£432.0m	<b>↑ 7.9%</b>
Singapore	£419.4m	<b>↓ -1.0%</b>
Hong Kong	£379.0m	<b>↓ -12.9%</b>
Canada	£346.0m	<b>↑ 9.3%</b>
Denmark	£326.1m	<b>↓ -4.5%</b>
United Arab Emirates	£323.8m	<b>↓ -10.2%</b>
Japan	£312.6m	<b>↑ 13.9%</b>
Sweden	£304.7m	<b>↑ 6.3%</b>
Taiwan	£289.6m	<b>↑ 25.3%</b>
South Africa	£226.6m	<b>↑ 6.1%</b>

### UK FOOD AND DRINK EXPORTS OVER 10 YEARS



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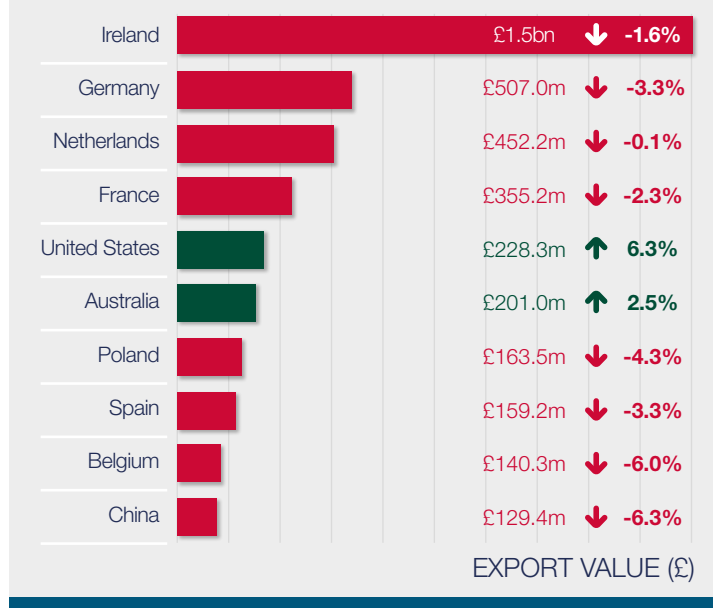
### CONTINUED DECLINE IN BRANDED GOOD EXPORTS TO THE EU

- UK exports of branded goods grew by 1.2% in 2019. A decline of 1.1%, however, was recorded in Q4 driven by a drop in the value of EU exports.
- While overall food and drink exports to the EU saw positive growth last year, branded goods exports declined.
- All of the UK's top 10 markets for branded goods within the EU saw a decline over 2019, reinforcing anecdotal evidence that key buyers were starting to look elsewhere due to Brexit uncertainty.
- Branded good exports reached £5.9bn in 2019, placing the industry within reaching distance of FDF's industry ambition to grow exports of branded food and non-alcoholic drink to £6bn by 2020.

### OPPORTUNITIES IN SAUDI ARABIA AND THE GULF REGION

- The Gulf region accounts for almost 60% of the UK's food and drink exports to the Middle East and have been highlighted as priority markets by FDF members.
- Saudi Arabia, in particular, and the wider Gulf region saw significant growth in branded good exports from the UK in 2019 (48% and 12% respectively).
- Insight from FDEA members who attended the [2020 Gulfood Trade Show](#) in Dubai suggests plant-based/ gluten-free brands are on trend and products such as block cheddar and ginger ale gained interest. For businesses looking to sell in the region, making more of British credentials at the show and in wider marketing is recommended.

### UK BRANDED FOOD AND DRINK: 2019 TOP MARKETS<sup>1</sup>



### BRANDED FOOD AND DRINK EXPORTS<sup>2</sup>

	Q4 2019	Change	2019	Change
World	£1.5bn	-1.1%	£5.9bn	1.2%
EU	£1.0bn	-5.5%	£4.0bn	-2.2%
Non-EU	£0.5bn	8.4%	£1.9bn	9.0%
EU share	65.2%	-3.0pp	67.6%	-2.3pp
Non-EU share	34.8%	3.0pp	32.4%	+2.3pp

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

**FDF export ambition**

**...reaching £6bn by 2020**

- Branded exports from the UK to the **Gulf region** were worth **£103m in 2019** and they **grew by over 11%**

- Key branded exports to the Gulf were:

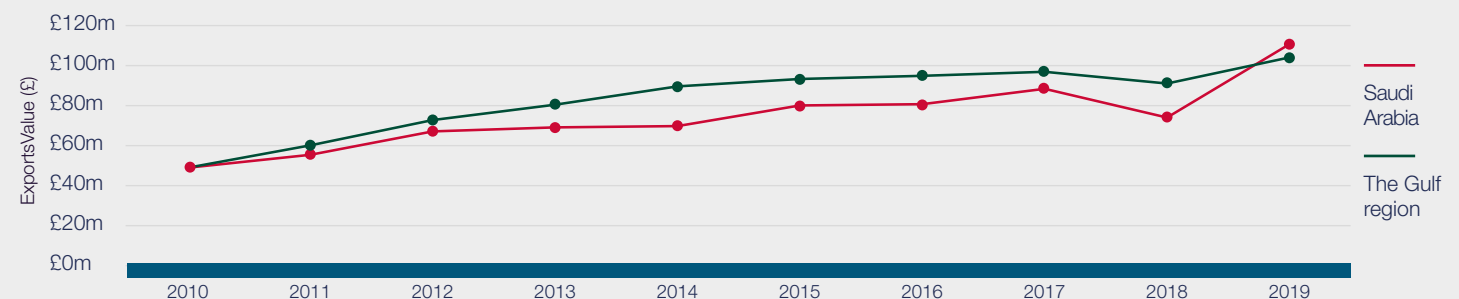


- Branded exports from the UK to **Saudi Arabia** were worth **£108m in 2019** and they **grew by over 48%**

- Key branded exports to Saudi Arabia are:



### BRANDED EXPORTS TO SAUDI ARABIA AND THE GULF REGION



<sup>1</sup> Percentages represent year-on-year growth in the value of branded food and drink exports to each respective partner country. <sup>2</sup> Food and non-alcoholic beverages.

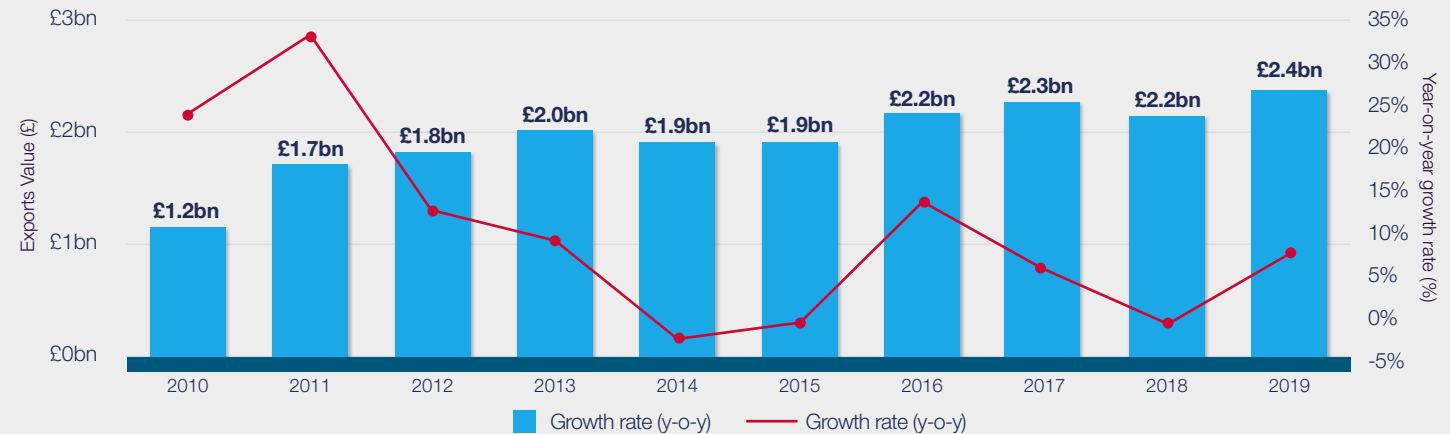
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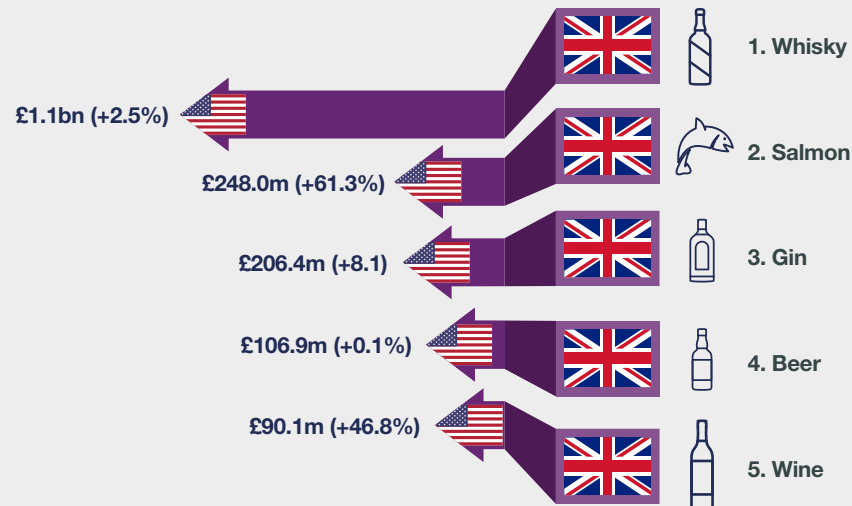
## US RETALIATORY TARIFFS

- Exports to the US, the UK's second largest destination for food and drink saw a 7.7% rise on 2018, despite the implementation of retaliatory tariffs in October 2019. This was led by a rise in both the volume and value of spirit exports from the UK.
- The US is one of the UK's top 3 food and drink export markets and our sales have nearly doubled in the last 20 years.
- Key exported products include whisky, shortbread, salmon, gin, sweet biscuits and cheese, all of which are among the UK's top 10 exported products. In 2019, over £1bn worth of whisky was exported to the US, and more than £200m of salmon and gin.
- Of the £228m worth of branded food and drink that was exported to the US last year, sweet biscuits (including shortbread) made up £33m, an 8.2% rise on the previous year. This is equivalent to over 6m tonnes in volume terms.
- Overall food and drink exports to the US fell 6.7% in Q4 2019 and products facing retaliatory tariffs suffered a sharper decline over this period.
- Retaliatory US tariffs on goods from the UK and certain EU countries have applied since 18 October 2019, in response to a [WTO ruling on Airbus subsidies](#)
- Tariffs of 25% apply to a range of valuable UK food and drink exports including single-malt whisky, biscuits, pork and dairy products.
- The UK Government published its [negotiating mandate](#) for trade talks with the US on 2 March 2020, indicating significant gains could be delivered for UK food and drink exporters.

## FOOD AND DRINK EXPORTS TO THE US OVER 10 YEARS



## TOP 5 FOOD AND DRINK EXPORTS TO THE US



Scotland is known around the world for its many iconic food and drink products - this includes shortbread and other sweet biscuits. Many of Scotland's biscuit manufacturers are deeply concerned about the current US tariffs and the impact they will have on their businesses.

Initially some distributors agreed to split the tariff 50-50 with food companies. Distributors will have absorbed their share of the extra cost too; thus reducing their margin. Distributors will be less inclined to order more if the margin reduction is too great. This all means that exporting shortbread and other sweet biscuits will not be viable going forward.

One biscuit manufacturer said if the tariff continues much longer, they would have to pass on the full tariff to the distributor who would have to pass it on to the retailers who would in turn pass it on to the consumer. This would reduce sales volumes and make it likely that the business would become non-viable.

## HOW DIT CAN SUPPORT UK BUSINESSES IN THE US MARKET

The US is a vast, mature, competitive market and the greatest opportunities are for UK products that are highly innovative, differentiated and disruptive. In particular, US consumers are open to trying newcomer products that proactively address their lifestyle goals related to health, wellness, status, indulgence, convenience, ethics and sustainability better than incumbent brands.

DIT (The Department for International Trade) works to promote the UK's distinctive food & drink export proposition, from supporting UK delegations at key US tradeshows like Summer Fancy Food, Expo West or PLMA, to hosting US buyers on UK product sourcing visits to providing one-on-one support to exporters.

Working alongside DEFRA, we are also reaching US consumers directly through the Food is GREAT campaign. Our market access work is also yielding new opportunities for UK exporters and following a sustained effort, the US market has re-opened to UK beef for the first time in 20 years. That is just the start – an ambitious FTA with the US has the potential to significantly improve UK agri-food access into the US through the reduction of tariffs, improved customs procedures and reduced technical barriers to trade.

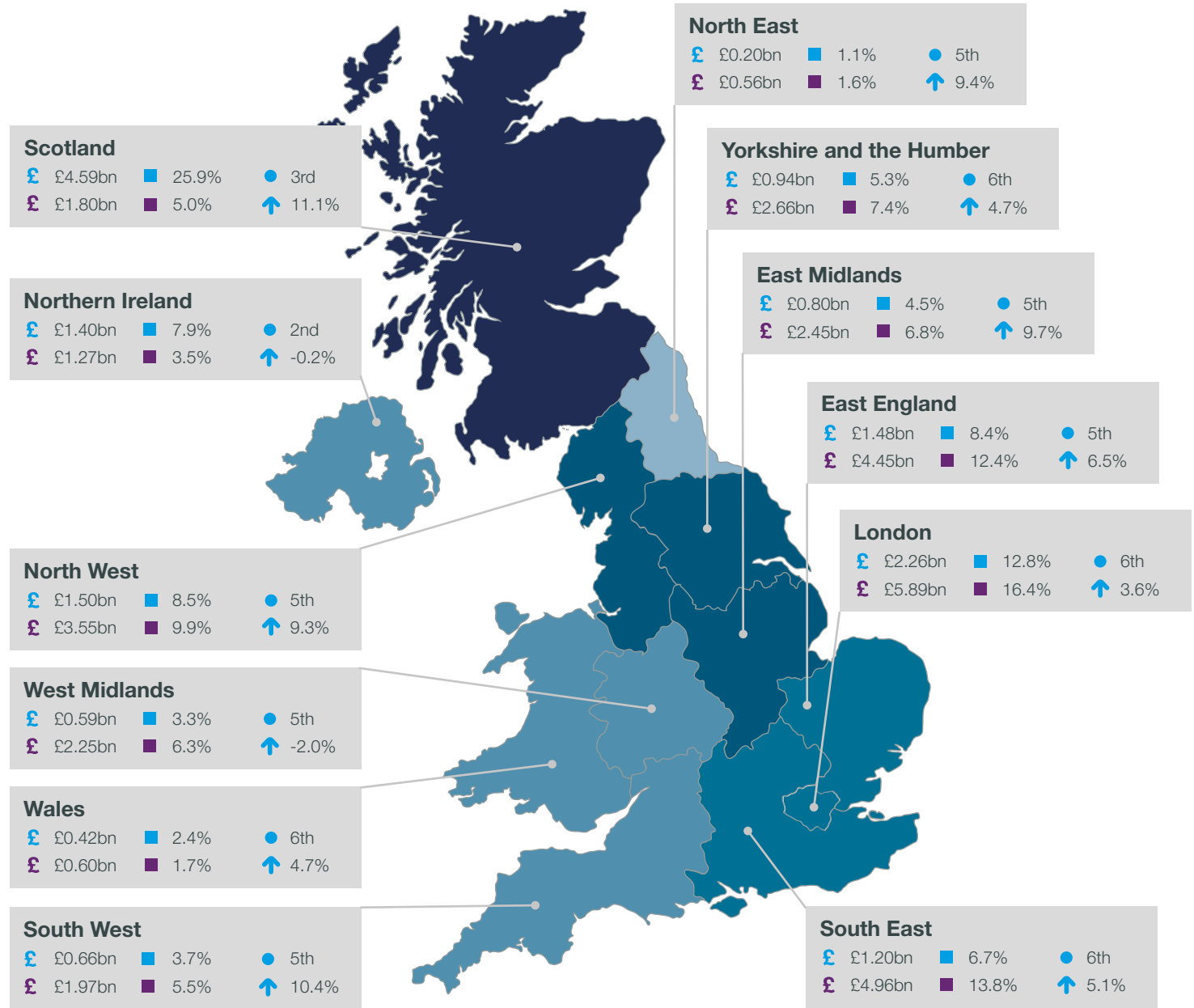
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## UK REGIONAL AND NATIONAL EXPORT GROWTH

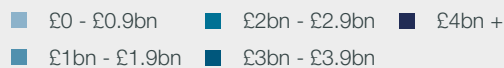
- FDF's analysis of the latest regional export data reveal that Scotland remains the largest exporter of food and drink among the UK's regions and nations. The value of Scottish exports reached over £4bn over the first three quarters of 2019.
- Scotland has seen the highest growth rate compared with the same period in 2018 (11.1%), followed closely by the South West at 10.4%. On the other hand, exports of food and drink from the West Midlands and Northern Ireland declined by, of -2.0% and -0.2% respectively.
- The Northern regions of England (North East, North West, and Yorkshire and the Humber) account for approximately 15% of the UK's food and drink exports.
- Despite being home to over a fifth of the UK's food and drink manufacturing businesses, and contributing 25% of the sector's UK GVA, food and drink is one of the lowest value export sectors in Northern England.
- While the majority of regions saw export value growth in 2019, food and drink continues to be one of the lower value export sectors, with the exception of Scotland and Northern Ireland. This reinforces the importance of improving export support across the UK to maximise our potential.
- FDF is seeking input from businesses to inform the development of a new long-term Government-industry action plan to grow our industry's exports. This will help to shape the provision of export support at a time when the processes and procedures faced by UK businesses are changing. Feedback on your businesses' export support requirements can be shared via this [survey](#).

## UK FOOD & DRINK EXPORTS AND IMPORTS REGIONAL MAP



### Key

### Food & Drink Export Value



£ Food & Drink Exports\*

£ Food & Drink Imports\*

■ Share of UK Food & Drink Exports\*

■ Share of UK Food & Drink Imports\*

● Ranking of Food & Drink Exports (of 8 SITC Sections)

↑ Export growth (%)†

### Footnotes

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

† Growth figures compare Q1-Q3 2018 with Q1-Q3 2019, i.e. they are year-on-year growth figures.

Not all trade can be assigned to one of the 9 English Regions, Wales, Scotland or Northern Ireland. This is classified as 'Unallocated Trade'.