

Food Northwest Regional Export Analysis 2008

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NORTHWEST REGIONAL EXPORTS SUMMARY

Food and drink exports from the North West region have increased almost 11% in 2008 versus 2007, raising the total value to nearly £916m. Strong growth of 27% in the leading prepared cereals (bakery products) category allowed the overall total to grow, as the next 4 largest categories have all declined, with a significant 27% drop in dairy exports. The rebounding meat sector, up 55%, and a strong performance from beverages, up 64%, also contributed to overall growth.

In 2008, the Irish Republic ranked as the first food and drink export market for the North West region, up 16% and worth £200m. France, up 16% to £106m, leapfrogged Germany into second place. The top 10 export markets accounted for 78% of export value in 2008. The North West accounted for 7% of total UK food and drink exports in the full year 2008, making it the UK's 4th largest food and drink exporting region behind Scotland, London and the South East.

NORTHWEST EXPORTS BY PRODUCT SECTOR

The leading sector, prepared cereals (bakery products) rose 27% to £288.4m in 2008. However, higher growth was seen in meat (+55% to £84.6m), beverages (+64% to £65.3m), prepared meat and fish (+31% to £41.4m), all three significant export sectors for the region.

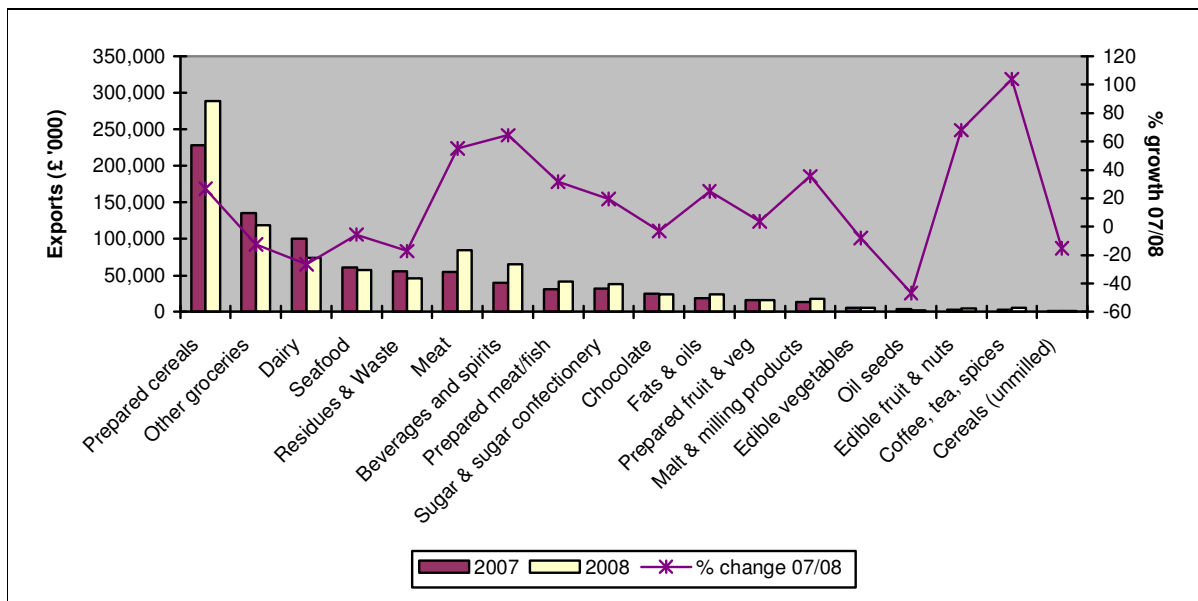
Behind prepared cereals, all the other sectors that make up the top 4 for the North West however declined in 2008, with 'other groceries' down 12%, dairy down 27%, and seafood down 6%.

North West Exports by Sector, £'000

Product sector	2007	2008	% change 07/08
Prepared cereals (baking related products)	227,593	288,376	26.7
Other groceries	135,273	118,618	-12.3
Dairy	100,418	73,702	-26.6
Seafood	60,576	57,160	-5.6
Food industry residues & wastes	55,660	46,076	-17.2
Meat	54,589	84,576	54.9
Beverages and spirits	39,721	65,254	64.3
Edible preparations of meat or fish	31,481	41,366	31.4
Sugar & sugar confectionery	31,551	37,761	19.7
Chocolate & chocolate confectionery	24,971	24,201	-3.1
Fats & oils	18,972	23,693	24.9
Prepared fruit & vegetables	16,016	16,610	3.7
Malt & milling products	13,227	17,913	35.4
Edible vegetables & roots	5,970	5,486	-8.1
Oil seeds	4,318	2,292	-46.9
Edible fruit & nuts	3,022	5,077	68.0
Coffee, tea, spices	2,916	5,946	103.9
Cereals (unmilled)	1,706	1,445	-15.3
TOTAL	827,980	915,552	10.6

Source: Leatherhead Food Research from HM Revenues & Custom data

North West Exports by Sector, £'000



Source: Leatherhead Food Research from HM Revenues & Custom data

NORTHWEST EXPORTS BY COUNTRY

Ireland remains the dominant export market accounting for nearly 22% of all Northwest food and drink exports. Behind Ireland, France has overtaken Germany as the second largest market. The largest growth within the top 10 markets has been seen in exports to the USA and Denmark. The former is primarily due to a high growth rate in drinks exports, the latter led by growth in bakery products. Italy and Sweden were the only top 10 markets where exports declined.

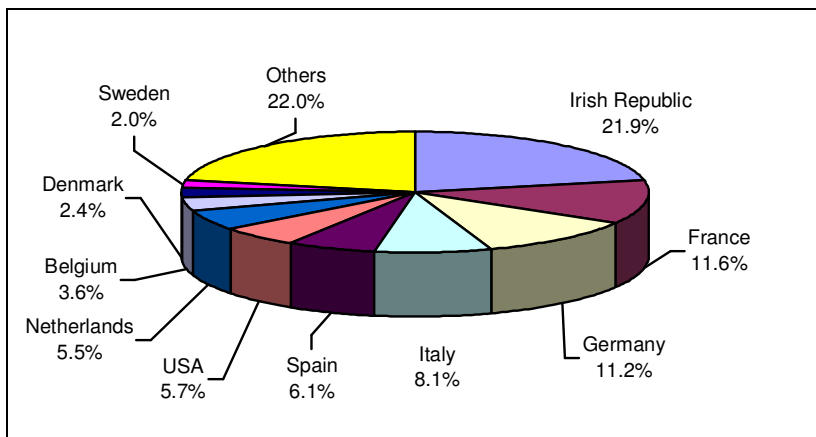
Outside of the top 10, fast growing markets have been China (+256% to £5.2m), Brazil (+249% to £2.6m), Canada (+151% to £0.6m), Turkey (+138% to £0.4m) and Singapore (+107% to £0.5m).

North West Exports by Top 10 Country, £'000

Rank	Country	2007	2008	% change 07/08
1	Irish Republic	173,333	200,383	15.6
2	France	91,776	106,228	15.7
3	Germany	95,959	102,460	6.8
4	Italy	80,517	73,962	-8.1
5	Spain	54,030	55,818	3.3
6	USA	35,511	51,875	46.1
7	Netherlands	43,858	50,146	14.3
8	Belgium	30,342	32,562	7.3
9	Denmark	17,630	22,246	26.2
10	Sweden	18,922	18,089	-4.4

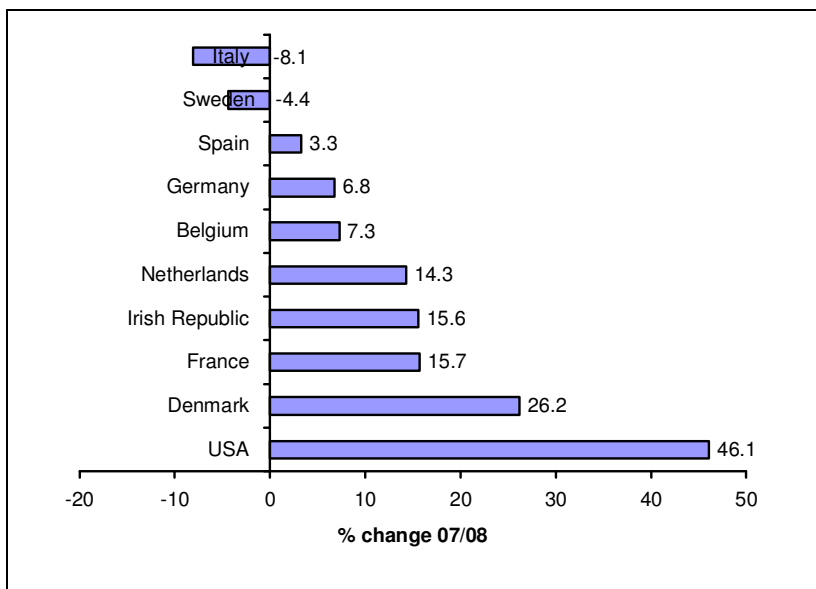
Source: Leatherhead Food Research from HM Revenues & Custom data

North West Exports by Top 10 Country, % Share



Source: Leatherhead Food Research from HM Revenues & Custom data

North West Exports by Top 10 Countries: % Change 2007 vs. 2006



Source: Leatherhead Food Research from HM Revenues & Custom data

TOTAL UK FOOD AND DRINK EXPORTS TO THE WORLD

UK food and drink exports were up 16.3% in 2008, reaching a value of £13.61bn, with all sectors and all key markets except the USA, showing strong growth. This is not only the steepest rise seen in recent history but also marks a third consecutive year of record food and drink export performance, and is more impressive given it comes at a time when, despite a more favourable swing in exchange rates with most major trading partners, total UK exports were starting to slow in the latter half of 2008 due to the weakening of global markets.

The devaluation of the Pound against the Euro and other currencies has certainly made British exporters more competitive, although the growth trend has been evident for some years now as the country continues to build on its strong reputation as a source of innovative and quality food and drink products, and as emerging markets in particular open up to imported speciality products, the likes of which Britain is well placed to supply.

The rebounding meat sector (with foot and mouth disease restrictions lifted) in particular has boosted overall performance, principally in Western Europe. UK lamb exports rose 43.9% and beef by 69.3% in 2008, and together these two sectors now bring in £475m of export sales.

Other key added value food products in strong growth continue to be chocolate (+10.9%), breakfast cereals (+12.5%), cheese (+16.7%), sweet biscuits (+15.3%), tea (+14.3%), sauces and condiments (+21.0%), soft drinks (+30.7%) and cakes (+12.0%). These 8 products alone now bring in export sales of £1.86bn.

Growth also continues to be fuelled by the demand for a wide range of UK food and drink products in the former Eastern Bloc countries (e.g. Hungary, Poland, Latvia, Slovakia, Lithuania).

The EU accounted for 68% of UK food and drinks exports in 2008, slightly up from the previous year with total EU exports growing ahead of the rate of non-EU export growth. The EU has been gaining share as a result of enlargement (now 26 EU export countries for the UK) as well as the strong growth in particular being seen in exports to relatively new EU members in Central Europe (Poland, Hungary etc.)

UK Exports of Food & Drinks by EU / Non-EU, 2007-2008 (£ '000)

Country	2007	2008	% change 07/08
Total Food & Drink Exports	11,698,354	13,619,244	16.4
Total EU	7,962,391	9,354,753	17.5
Total Non-EU	3,735,963	4,264,491	14.2
EU % share	68.1	68.7	
Non-EU % share	31.9	31.3	

Source: Leatherhead Food Research from HM Revenues & Custom data

UK Exports of Food & Drinks by Sector, 2007-2008 (£ '000)

Sector	2007	2008	% change 07/08
Alcoholic Drinks	3,978,505	4,372,685	9.9
Other Prepared Foods*	1,852,946	2,177,378	17.5
Cereals & Bakery	1,473,578	1,888,287	28.1
Meat & Animal Products	886,635	1,228,463	38.6
Fish & Seafood	982,276	1,009,550	2.8
Dairy	763,496	834,017	9.2
Fruit & Vegetables	593,302	730,711	23.2
Tea, Coffee, Cocoa, Spices	579,124	676,665	16.8
Sugar & Sugar Confectionery	386,299	437,335	13.2
Non-alcoholic Drinks	202,193	264,152	30.6
Total	11,698,354	13,619,244	16.4

Source: Leatherhead Food Research from HM Revenues & Custom data

**inc. fats & oils, preserved fruit/veg, fruit juice, soups, sauces & condiments, ice cream, vinegar, animal feeds and other miscellaneous products*

Top Markets

All of the top 20 export markets put in a strong performance in 2008 except the USA which dropped a marginal 0.2%. This decline was due to an 11.5% drop-off in the key whisky sector.

The highest growth markets in the top 20 included: The Netherlands, +34%, driven by a 61% increase in exports of meat and including a rise of 74% in chilled beef; Denmark, +54% driven by a 123% increase in exports of fish/seafood and a 181% rise in meat; Portugal, +33%, driven by a 43% rise in commodity cereal exports; Poland, +51%, boosted primarily by a huge upturn in exports of wheat, but also including huge rises in breakfast cereals, soft drinks, bakery and chocolate products; and Norway, +46% driven by a 227% rise in fats and oils exports.

UK Food & Drink Exports by Top 20 Country, £'000

Rank	Country	2007	2008	% change 07/08
1	Ireland	2,308,925	2,591,756	12.3
2	France	1,419,565	1,680,419	18.4
3	Spain	890,979	1,021,702	14.7
4	United States	916,025	913,922	-0.2
5	Germany	798,296	853,515	6.9
6	Netherlands	619,383	829,194	33.9
7	Italy	446,198	509,786	14.3
8	Belgium	363,211	402,169	10.7
9	Denmark	170,307	261,819	53.7
10	Singapore	192,821	220,645	14.4
11	Greece	201,712	219,652	8.9
12	Canada	181,126	202,007	11.5
13	Sweden	163,994	192,749	17.5
14	Portugal	137,810	182,935	32.8
15	Korea South	160,595	175,972	9.6
16	South Africa	136,948	169,271	23.6
17	Japan	139,128	150,021	7.8
18	Australia	118,014	148,994	26.3
19	Poland	931,81	140,763	51.1
20	Norway	938,78	136,889	45.8

Source: Leatherhead Food Research from HM Revenues & Custom data