
Report

Note

This work is the translation of « La France dans l'Union européenne » published in the *INSEE Références* collection in April 2014.

Unless otherwise stated, the data used are taken from the website of Eurostat, the European Union's statistical office. These data are continually updated. The date of acquisition of the figures is therefore generally indicated below the tables and charts. The data mainly concern the countries of the European Union of 28 (EU of 28), as currently defined. However, for some countries (particularly those that have recently joined the EU), certain figures are not yet available. In such cases the perimeter of the EU is indicated.

On 15 May 2014, the INSEE published the national accounts in the 2010 base: these data are compiled in accordance with the new European System of Accounts (ESA 2010). France is one of the first countries to integrate this change, as most other States are not publishing national accounts data in line with ESA 2010 until September 2014. Prior to that date, only data from the 2005 base can be used to make reliable comparisons. It is this base that is therefore used here. It is likely that the change of base will have little effect on the majority of national accounting aggregates (particularly those presented here) and that it will not alter the hierarchies observed between countries.

Symbols used

...	Result unavailable
///	No results due to the nature of things
e	Estimate
p	Provisional result
n.s.	Non-significant result
€	Euro
M	Million
Bn	Billion
Ref.	Reference

Foreign trade in agricultural and agri-food products in the European Union

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Since the crisis towards the end of 2008, European production of agricultural and agri-food products has no longer been on the increase. The countries of Europe were previously experiencing strong growth in foreign trade, but this is now slowing down both in value and volume. Intra-community trade and imports from non-European Union (EU) countries are stagnating. However, exports to non-EU countries, boosted by demand from Asia, are accelerating. Inside the EU, France, the foremost exporter to non-EU countries, is following this trend. French exports destined for EU countries, on the other hand, are increasing only half as fast as those of other European countries. Nevertheless, France remains the third European exporter, all destinations combined.

In 2012, the trade balance for goods in France was in deficit, i.e. imports were greater than exports. However, some products showed a surplus: this was the case for agricultural and agri-food products (Box 1), where the trade surplus was €12 billion in 2012 (Figure 1). This put France in second place in Europe in terms of trade surplus in agricultural and agri-food products, behind

1. Trade balance for agricultural and agri-food products in EU countries

	2000	2008	in € million 2012
Netherlands	12,862	16,738	17,591
France	9,708	9,420	11,732
Spain	1,809	1,216	6,823
Denmark	5,153	4,725	5,293
Poland	-479	1,720	4,516
Hungary	1,283	1,836	3,461
Ireland	3,473	2,295	2,634
Belgium	2,130	2,203	2,283
Lithuania	-102	249	948
Bulgaria	146	167	926
Latvia	-309	-336	210
Estonia	-183	-328	-164
Malta	-241	-335	-379
Slovakia	-358	-902	-414
Romania	-637	-2,015	-598
Cyprus	-299	-720	-734
Austria	-756	-209	-736
Czech Republic	-407	-821	-817
Slovenia	-305	-783	-864
Luxembourg	-629	-913	-982
Greece	-1,222	-2,794	-1,276
Finland	-1,088	-2,060	-2,845
Portugal	-3,052	-3,858	-3,465
Sweden	-2,366	-4,195	-5,101
Italy	-6,058	-7,344	-6,149
Germany	-11,819	-9,520	-9,914
United Kingdom	-12,691	-22,781	-24,688

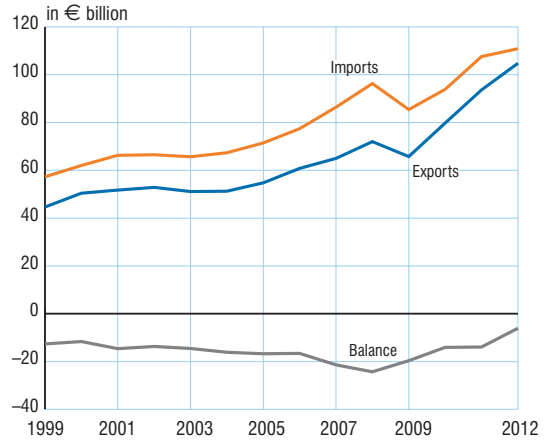
Source: Eurostat.

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the Netherlands. Trailing far behind, the United Kingdom and Germany have the largest deficits for these products.

In 2012, some €303 billion of agricultural and agri-food products were traded between European Union countries. In addition, EU countries exported €105 billion of agricultural and agri-food products to third countries – countries outside the EU – and imported the equivalent of €111 billion (Figure 2). Hence three-quarters of exports and imports from EU countries were from or to other EU countries.

2. EU trade in agricultural and agri-food products with non-EU countries

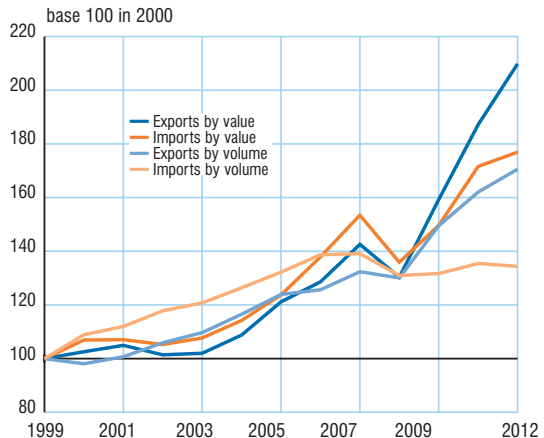


Source: Eurostat.

Since 2010, imports from non-EU countries have slowed and exports have accelerated

Between 2000 and 2008, EU imports of agricultural and agri-food products from non-EU countries grew faster than exports both in volume and value (+5.6% annually for imports and in value compared with +4.5% per year for exports in value) (Figure 3).

3. Variations in EU agricultural and agri-food trade with non-EU countries by value and volume



Sources: Eurostat ; calculs SSP.

Box 1

Standard International Trade Classification

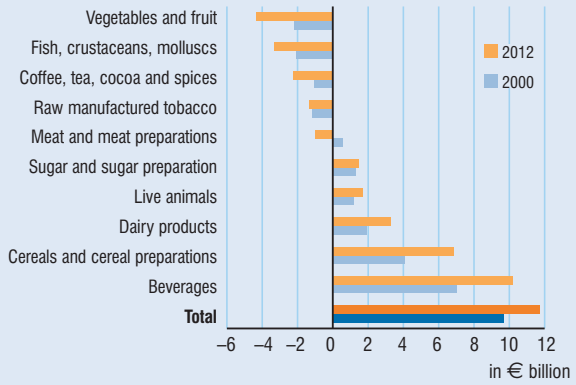
The classification chosen is the Standard International Trade Classification, 4th revised edition (SITC). The sections used are:

- section 0: Food and live animals;
- section 1: Beverages and tobacco;
- division 22: Oil-seeds;
- section 4: Animal and vegetable oils

The study does not consider agricultural non-food crops such as flowers, shrubs, or processed products unfit for human or animal consumption.

Data for foreign trade for EU countries are taken from the Eurostat Comex database. Data for external trade for Asia are taken from the UNCTADStat website. Production data are by Eurostat.

France's main agricultural and agri-food surpluses and deficits



Sources: Eurostat; calculations SSP

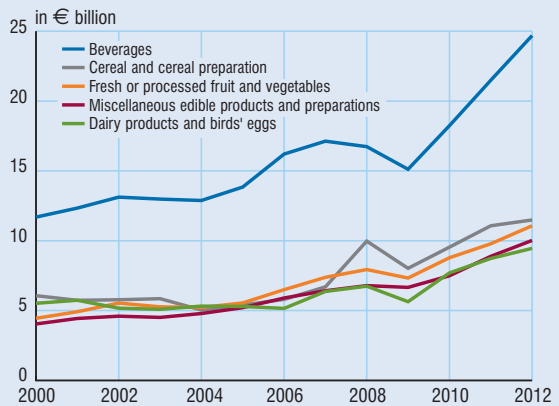
Box 2

Beverages are the main product exported to countries outside the EU

With 24% of sales in 2012, beverages are the main product exported to countries outside the EU (Figure). Alcoholic beverages, with wine at the forefront, represent almost 90% of sales of beverages to non-EU countries. A long way behind come sales of cereals and cereal

preparations (11%), fresh or processed fruit and vegetables (11%), prepared dishes (10%) and dairy products (9%). All these products have seen acceleration in the growth of their exports to non-EU countries since 2008, in terms of both value and volume.

Main exports from the EU to non-EU countries



Sources: Eurostat; calculations SSP

In 2009, following the world economic crisis at the end of 2008, trade with countries outside the EU – both imports and exports – dropped sharply. From 2010 through to 2012, although exports increased once again at a sustained rate (+10% per year between 2008 and 2012), imports rose less quickly (+3.5% per year). Import volumes from non-EU countries, which had been on the rise until 2008, stabilised or even decreased very slightly. Thus the trade deficit with non-EU countries in agricultural and agri-food products, which increased between 2000 and 2008, has been now declining.

The strong growth in exports to non-EU countries seen in 2010 and 2011 (Box 2) is due on the one hand to a catch-up effect following a sharp fall in 2009, and on the other hand to a real acceleration in sales to this same area. In what follows, in order not to place too much importance on this catch-up effect, changes in trade after the crisis will be compared with 2008. Intra-community trade, or trade between EU countries, followed the same trend as imports from third countries. Between 2000 and 2008, trade in agricultural and agri-food products between EU countries increased at a sustained rate both in value (+6.5% per year) and in volume (+4.6% per year), after the 2008 crisis growth in intra-community trade slowed down (+4.1% per year in value and +2.8% per year in volume). This overall slowdown in imports from EU countries since 2008 coincides with a stagnation in Community production (Box 3).

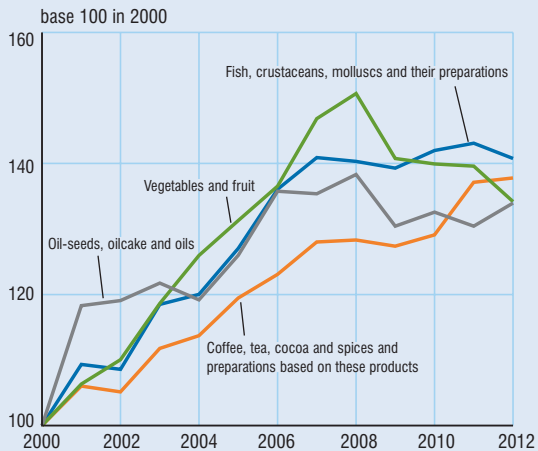
Box 3

Main products imported by the EU: oils and oil products, fruit and vegetables, fishery products, coffee, cocoa and tobacco

From non-EU countries, European Union countries mainly import products that cannot be produced within the EU territory. In 2012, with 24% of imports, oil-seed, mainly soybean, oils and oilcake (residue from crushed oil seeds, used for animal feed) were the main products imported (Figure). In 2011 they overtook fruit and vegetables – fresh or processed – which still represented 20% of imports from non-EU

countries. Imports of fish, crustaceans, and their preparations accounted for 17% of imports and finally, exotic products like coffee, cocoa and tea represented 14% of imports. Meat and meat preparations, products whose provenance can often cause concern for consumers, represented only 5% of purchases. By volume, imports of the main products from non-EU countries have stagnated since 2008, or even declined.

Change in main products imported by the EU from non-EU countries by volume

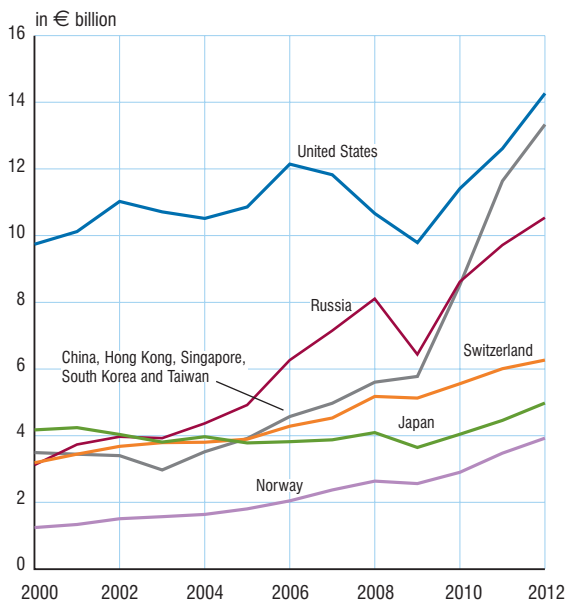


Sources: Eurostat; calculations SSP

Asia boosts growth in EU exports

The block of high-growth Asian countries – China, Hong Kong, Singapore, South Korea and Taiwan – is the EU’s second client, after the United States and ahead of Russia (Figure 4). But more importantly, this is the area where EU exports have increased most since 2008 (+24% per year between 2008 and 2012). It therefore accounts for more than half of the increase in exports from the EU to non-EU countries between 2008 and 2012. Exports to the United States too have increased just as sharply since 2008 (+8% per year), while those to Russia slowed down, but nevertheless still showed strong growth (+7% per year between 2008 and 2012 after +13% per year between 2000 and 2008). These two countries account for 40% of the increase in exports to countries outside the EU.

4. Agricultural and agri-food products: the EU's main clients



Source: Eurostat.

The EU has benefitted from the increased standard of living both in China and in Asia generally, as it can now trade in high-quality consumer products such as wine, dairy products and meat. European products are becoming more accessible to the Asian market because the Euro has depreciated against the Chinese Yuan since the start of the last quarter of 2008.

However, despite strong growth in exports to Asia since 2008, EU countries did not gain market share over this period. In 2000, the high-growth Asian countries imported 12% of their agricultural and agri-food products from the EU, compared with 8% in 2008 and 2009. The EU’s market share then increased slightly to reach 9% of imports in 2012 but it did not return to the 2000 level.

The main reason for this relative drop in the EU’s market share in Asia is the very strong growth in imports of oil-seed – with soybeans in the lead – and products from crushing – oils and oilcake – by North Asia (40% of North Asia imports in 2012 compared with 24% in 2012). On these products the EU finds it difficult to compete with countries like Brazil and the United States, which have large production areas. For other products, however, the EU is maintaining its market share, and even increasing it, especially beverages, meat and dairy products.

France, the primary European exporter to non-EU countries...

With 18% of exports from the EU to non-EU countries, France is the leading exporter to countries outside the EU. France's growth of 10% per year between 2008 and 2012 is comparable to that of its European competitors: Germany +11% per year, Netherlands +10% per year. France is the leading exporter of beverages, thanks mainly to sales of wine, and achieved 30% of European exports of beverages to third countries in 2012. For cereals and cereal preparations too, France is the leading exporter with 28% of EU exports to non-EU countries.

More particularly, France has taken advantage of the high demand from North Asia for wines and Cognac and to a lesser extent for dairy products and processed products. Exports of agricultural and agri-food products to North Asia thus increased very steadily by 24% per year from 2008 to 2012. This destination has now become France's foremost client outside the EU, ahead of the United States.

A parallel can be drawn between the stagnation in volumes of agricultural and agri-food products imported from non-EU countries (*Box 3*) and the slowdown in the growth in trade between EU countries.

... loses market shares in Europe

With exports of agricultural and agri-food products standing at €56 billion for all destinations combined, France was the third European exporter in 2012, behind the Netherlands and Germany. The Netherlands holds the top position for exports, but this is partly linked to its trading activity. Indeed, it is the top European importer of agricultural and agri-food products from non-EU countries. A proportion of these products are then re-exported to other EU countries. While exports from France have grown continuously since 2000 – with the exception of the 2009 crisis – this growth has been weaker than that of the other main European exporters, despite the dynamism of exports to non-EU countries. Exports from the Netherlands increased by 5.2% per year from 2000 to 2012, those from Germany by 7.1% per year, while those from France rose by only 3.7% per year. Only the United Kingdom (+2.9% per year), Denmark (+2.8% per year), and Ireland (+2.5% per year) recorded slower growth over this period.

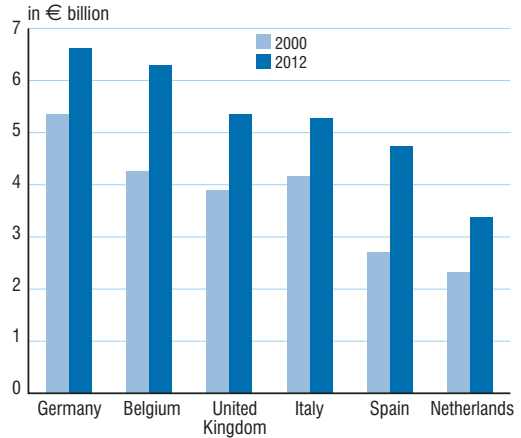
So France, which represented 13% of German imports in 2000, accounted for only 9% in 2012. It also lost market share with its other main European clients: Belgium, the United Kingdom and Italy. Overall, France represented 17.5% of EU exports in 2000, but only 13.7% in 2012 (*Figure 5*).

In 2007, Germany became the second European exporter of agricultural and agri-food products. It is also the leading European importer, with 17% of European imports. This contrasts sharply with the Netherlands who import massively and then re-export, while Germany imports mainly to make up for its low level of production of fruit and vegetables. Its trade balance in agricultural and agri-food products is in deficit. German exports increased by 8% per year over the period 2000-2008, then by 5% per year after 2008. In contrast to France, where only two products – beverages and cereals and cereal preparations – account for more than 40% of exports, the distribution of German exports by product is more balanced. Exports of meat and meat preparations, cereals and cereal preparations, dairy products, oil-seed, coffee, prepared dishes and beverages were all of similar proportions in 2012. Nevertheless, exports have increased particularly strongly since 2000 for the meat and prepared dishes sectors.

French exports of agricultural and agri-food products grew more slowly than these exports from the other EU countries, and this was the case for all products except prepared dishes and oils, which increased at the same rate. Indeed, production in the French agri-food industry has

not grown much since 2000 (Box 4). In addition, production of raw agricultural products has remained stable or decreased according to the products. Cereal production remained relatively stable between 2000 and 2012, depending on uncertainties linked with the production process. Fruit and vegetable production remained stable or decreased, depending on the products. Lastly, only oil-seed production remained significantly dynamic, which explains why French exports of oils held out well.

5. French agricultural and agri-food products: the main European clients



Source: Eurostat.

Box 4

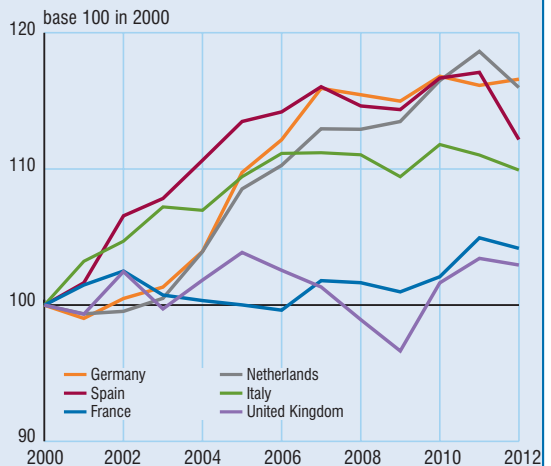
European agro-industry production has slowed since 2008

Between 2000 and 2008, most of the main European agri-food producers increased their production of agri-food products. Since the crisis that occurred in 2008, European production has stagnated. However, in contrast to manufactured products, agri-food

production has managed to hold up and for some countries there has been a slight rise.

In France, agri-food production was sluggish before the crisis, but did not suffer any after-effects later and in fact showed a very slight increase, until 2011 (Figure)

Variations in European agro-industry production, excluding beverages and tobacco



Source: Eurostat.

In France, the meat sector is slowing

The meat sector is very much concerned by this slowdown in activity. The value of French exports of meat and meat preparations has increased very slowly (+0.8% per year), with price rises compensating for the relative stability of the volumes exported. This very slight rise is in contrast to the dynamism of meat exports from other EU countries, which increased by 6% per year on average between 2000 and 2012. Exports from Germany, the Netherlands, Spain and Poland in particular increased strongly. At the same time, French imports of meat and meat preparations increased at a rate of 3.4% per year. Thus although France had a surplus balance of trade in meat in 2000, this became a deficit in 2004, and this deficit has continued to increase.

In contrast to their European competitors, French abattoirs found their activity stagnating from 2000 to 2012. Although the slaughter of pigs remained stable in France over the period, the number of poultry, cattle, sheep and goats that were slaughtered decreased. Over this period between 2000 and 2012, the slaughter of pigs increased in Germany (+2.7% per year) and Spain (+1.0% per year). And that of poultry increased in Poland (+7.6% per year), Germany (+5.1%), Spain, the Netherlands and Italy.

For pork, volumes of French exports and imports have remained relatively stable. Imports of pork preparations on the other hand – charcuterie and sausages – increased rapidly in volume whereas exports declined.

Since 2000, French imports of poultry have increased substantially. These consist of either meat pieces or meat preparations, but very few whole birds. Meanwhile, poultry meat exports have decreased, except to non-EU countries, mainly the Middle East, where they have risen. However, imports of poultry meat and meat preparations from EU countries have increased considerably (+8% per year between 2000 and 2008 and +5.9% per year between 2008 and 2012). Those countries that stepped up production have also expanded their exports. French poultry production has therefore not only lost market share in the other countries of the EU, but also in its own domestic market.

Fresh or processed fruit and vegetables: France's major deficit

French exports of fresh or processed fruit and vegetables grew 2.7% per year between 2000 and 2012, and growth has also been relatively poor compared with all EU countries (+4.1% per year). French imports of fresh or processed fruit and vegetables, however, increased (+4.1% per year) faster than exports. Thus the trade deficit for fresh or processed fruit and vegetables rose, reaching €4.4 billion in 2012, against €2.2 billion in 2000. This is France's major deficit. In all, France has a deficit both with non-EU countries, as it buys exotic fruit, and especially with other EU countries.

Among vegetables, it is tomatoes and potatoes that bolster export growth. However, the increase in tomato exports is artificial since tomatoes from Spain transit through France to be re-exported into northern Europe. Moreover, while exports of fresh potatoes are high and are increasing, imports of processed potatoes from Belgium are also on the way up.

For fresh fruit, exports have grown only as a result of price increases, whereas volumes decreased across the period in question.

Spain is the principal European exporter of fruit and vegetables, followed by the Netherlands. However, the Netherlands are also one of the main points of entry for fruit and vegetables from non-EU countries, and these products are then re-exported, so this is more a trading activity than true production. Nevertheless, both these countries report increased production of vegetables, and also of fruit for Spain. ■