



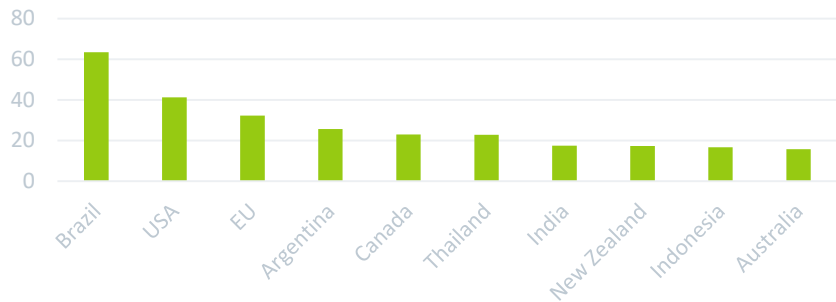
Toute une banque pour vous

# FOOD INDUSTRY IN EUROPE IN TIMES OF COVID-19

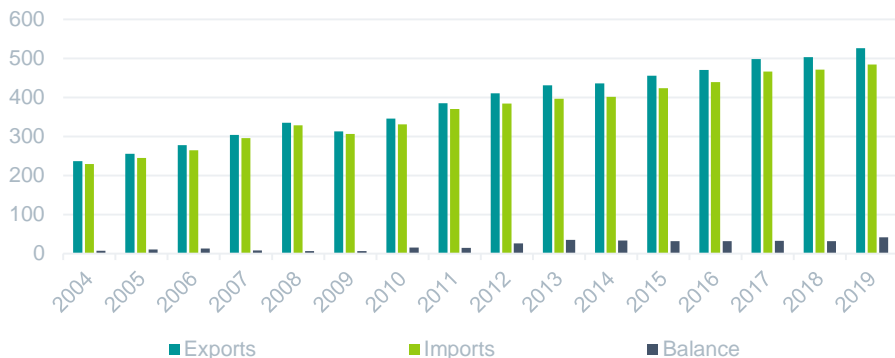
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# EU is self-sufficient in food production...

## BALANCE ON TRADE IN AGRICULTURAL PRODUCTS (BN EUR, TOP 10)



## EU TRADE IN AGRICULTURAL PRODUCTS (BN EUR)



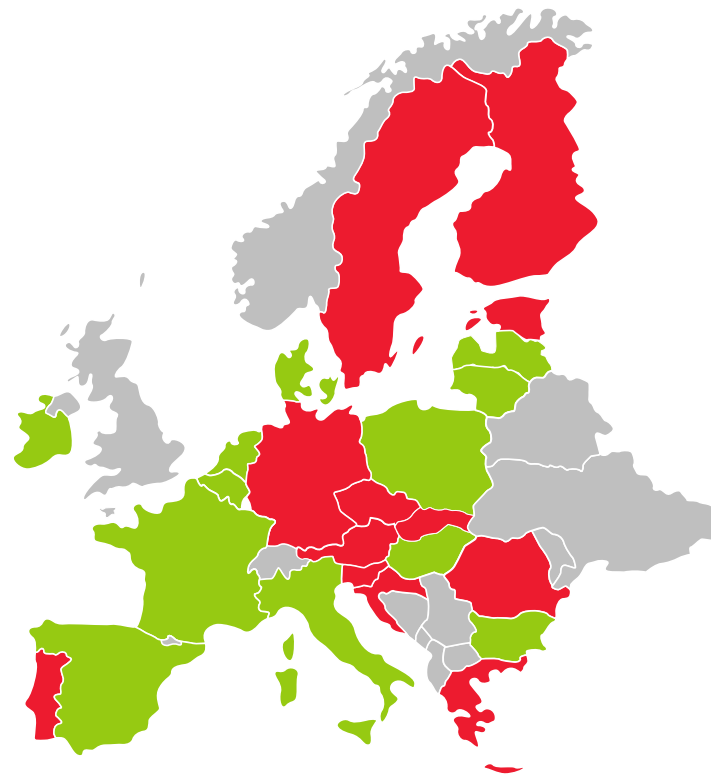
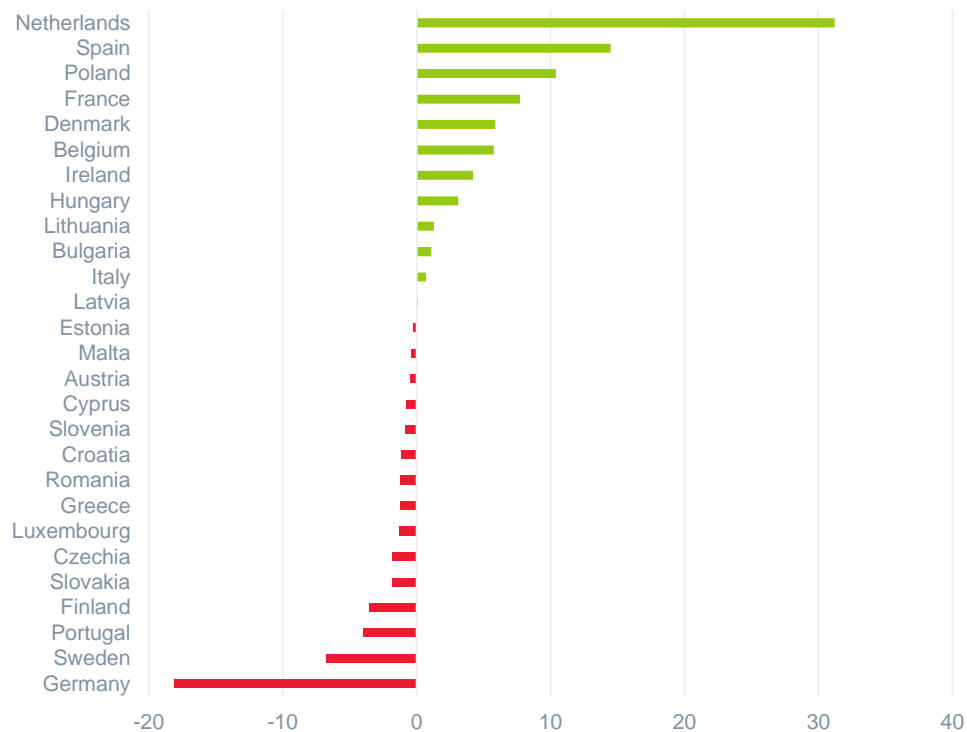
Source: UN Comtrade, Eurostat, Datastream, Credit Agricole

## BALANCE ON TRADE IN AGRICULTURAL PRODUCTS IN EU (BN EUR)



# ...but this self-sufficiency is based on fragile mutual connections

## BALANCE ON TRADE IN AGRICULTURAL PRODUCTS IN EU (BN EUR)



Source: Eurostat, Credit Agricole

# Food supply chain in Europe has broken

## FOOD SUPPLY CHAIN SCHEME



IMPACT OF COVID-19  
PANDEMIC ON THE  
CONTINUITY OF FOOD  
SUPPLY CHAIN

### LOW

- No essential production stoppages
- Lower availability of imported components

### LOW

- No essential production stoppages
- Lower supply of seasonal labour

### LOW

- No essential production stoppages
- Lower availability of components

### HIGH

- Lower availability and higher costs of international transports
- High volatility of demand

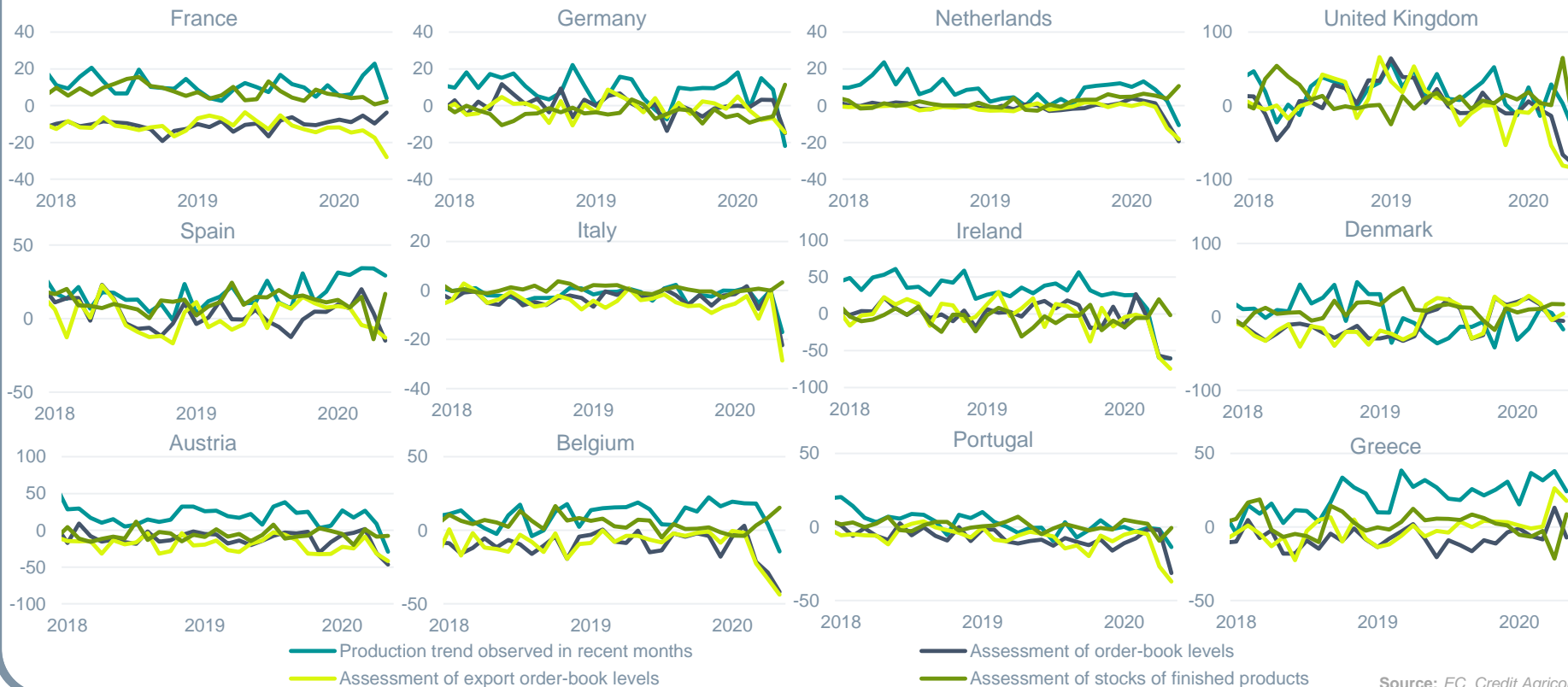
### HIGH

- Closure of HoReCa channel
- Change in consumer behaviour

DOMINO EFFECT

# Situation in European food manufacturing has markedly deteriorated (1)

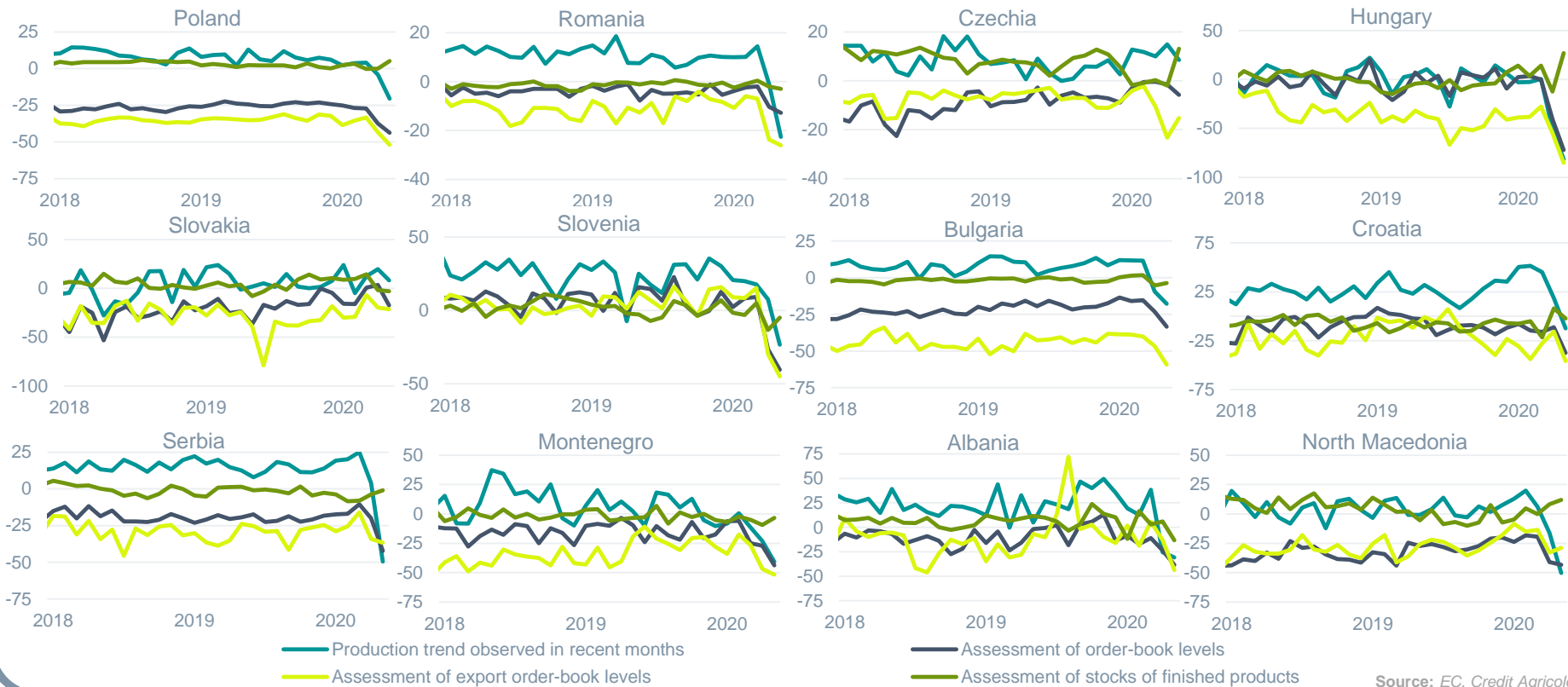
## MANUFACTURE OF FOOD PRODUCTS



Source: EC, Credit Agricole

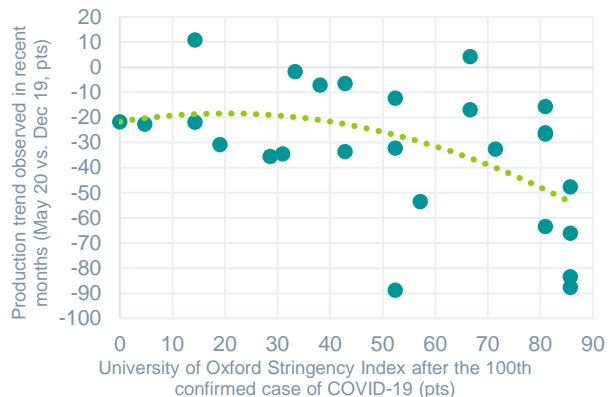
# Situation in European food manufacturing has markedly deteriorated (2)

## MANUFACTURE OF FOOD PRODUCTS



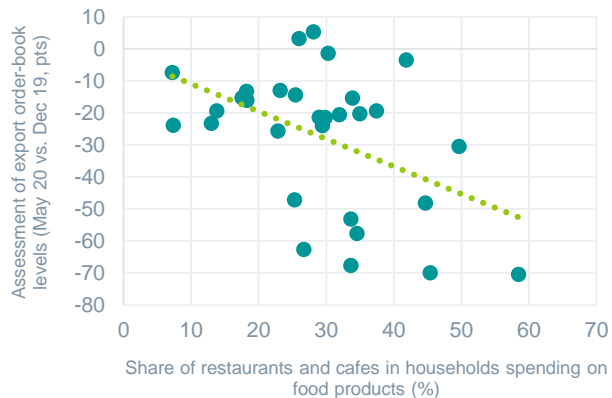
Source: EC, Credit Agricole

# The consequences of pandemic for the food industries are uneven



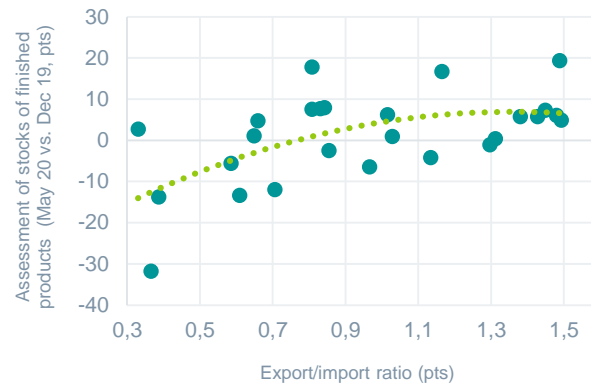
## CURRENT OUTPUT

The scale of drop in food production was positively correlated with the stringency of restrictions.



## NEW ORDERS

The scale of decline in new orders was positively correlated with the share of restaurants and cafes in households spending on food products.



## STOCKS OF FINISHED GOODS

The scale of increase in inventories of finished goods was positively correlated with the export exposure.

Source: EC, Eurostat, Datastream, University of Oxford, Credit Agricole

# Conclusions

## CURRENT SITUATION

- COVID-19 pandemic resulted in breaking the food supply chains in Europe.
- In general a wide-ranging drop in food production was observed and it was accompanied by increase in stocks.
- The impact of COVID-19 on food industry in particular countries depends on restrictions introduced by governments, their export exposure or the structure of food consumption.



## PROSPECTS

- The next months will see a gradual recovery of food industry in Europe together with easing restrictions, increase in general economic activity and reestablishment of food supply chains.
- Problems with food security during the most severe phase of COVID-19 pandemic may trigger tendencies of protectionism in both food-deficit and food-surplus countries.
- Majority of companies will modify their strategies putting more emphasis on stability of their outlets and securing the supplies.
- Some change in consumer behaviour may be expected, at least in a short-term (more consumption at home).



Thank you for your attention

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