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## Sector Analyses

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## \_Food and Beverage Industry

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The food and beverage industry is one of the most important manufacturing sectors in Croatia. The food and beverage industry accounts for 2.3 percent of the Croatian GDP [2021] and 3.4 percent of total employment [2023].

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By observing the food industry production during the last thirteen years, one can notice the growth of activity. In 2023, food industry production increased by 15.3 percent compared to 2011. Moreover, a positive trend was recorded in the beverage industry, where production increased by 2.5 percent in the period from 2011 to 2023.

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In 2022, the ten leading companies in the food industry recorded a year-on-year increase in total revenue by 18.6 percent, while employment increased by 7.7 percent. At the same time, the ten leading companies in the beverage industry recorded year-on-year increase in total revenue by 19.9 percent, with a slight increase in employment by 0.6 percent.

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The food industry is of strategic importance for the economy of the Republic of Croatia due to its multiple effects on the GDP, employment, and exports, and it also affects the development of other economic sectors, especially tourism. Given that these are challenging times for all sectors, further growth and strengthening of the food and beverage industry is needed.

As of 2024 (starting from no. 110), the Sector Analyses publication will be published in English as well.



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# Main sector indicators

The food and beverage industry represents one of the most important industrial sectors in Croatia. Compared to other branches of the manufacturing industry, the manufacture of food products and beverages still accounts for the largest share of Croatian gross domestic product (GDP) and total employment. The share of the food and beverage industry in Croatia's GDP in 2021 was 2.3 percent [of which the share of the food industry was 1.9 percent, while the share of the beverage industry was 0.4 percent]. At the same time, the share of the food and beverage industry in the GDP of the total manufacturing industry was 21.1 percent. Moreover, the manufacture of food products appropriates a share of 17.8 percent, while the beverage industry manufacture share amounts to 3.3 percent. In 2023, the share of food and beverages in total employment was 3.4 percent [of which the share of manufacture of food products was 3 percent, and the share of manufacture of beverages was 0.4 percent].

**Table 1**  
**Trends of the main sector indicators, year-on-year change, 2023, in %**

Source: The author's calculation according to data from the Croatian Bureau of Statistics.

<b>Food industry</b>	<b>2023</b>
Manufacturing activity	-2.9
Employment	3.0
Average gross wage	15.1
<b>Beverage industry</b>	<b>2023</b>
Manufacturing activity	3.2
Employment	4.7
Average gross wage	5.9

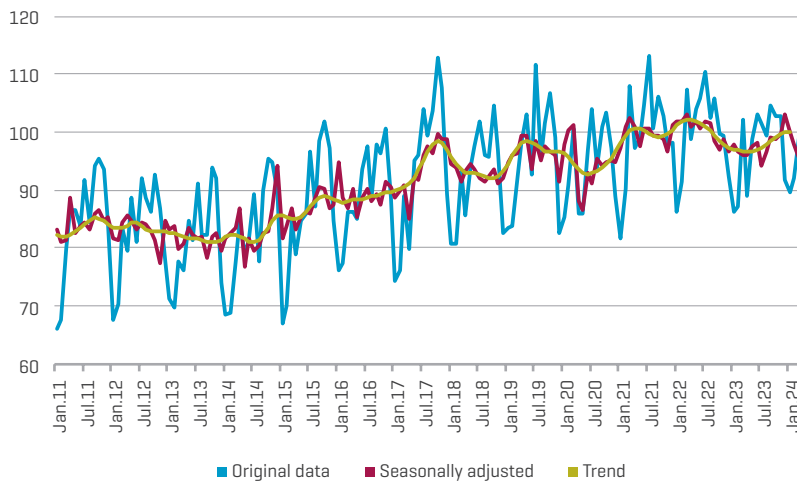
In January this year, the food and beverage industry participated in the total employment of the manufacturing industry with a share of 20.2 percent. At the same time, the share of the manufacture of food products was 17.9 percent, and the manufacture of beverages was 2.3 percent of the total employment of the manufacturing industry.

IN 2021, THE SHARE OF THE FOOD AND BEVERAGE INDUSTRY IN THE GDP OF CROATIA WAS 2.3 PERCENT.

After the increase in the production activity of this industry by 0.3 percent in 2022, in 2023, it recorded a year-on-year decline of 2.9 percent. However, seasonally adjusted data show that the food industry production increased by 4.0 percent in the fourth quarter of 2023 compared to the previous quarter.

**Figure 1**  
**Food industry,**  
**2021 = 100**

Source: The Institute of Economics, Zagreb, based on source data from the Croatian Bureau of Statistics.



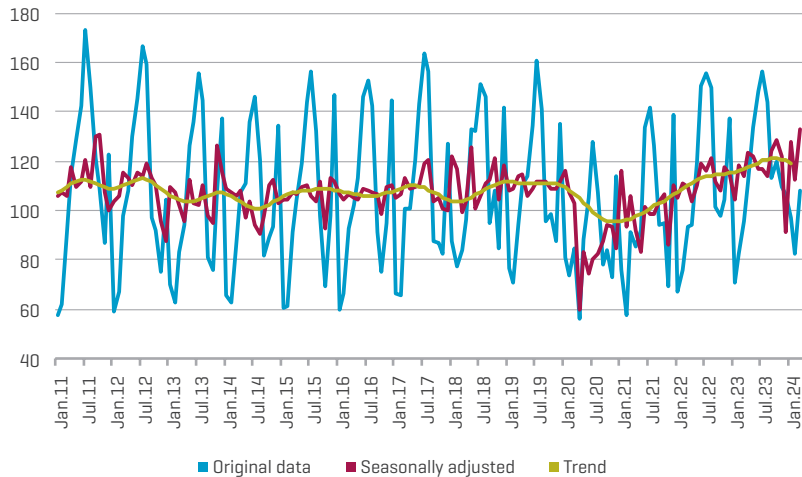
Alongside the decline in the overall activity of the food industry, the number of employees has increased. Furthermore, this industry has recorded an increase in wages. In December 2023, the food industry employed 43,387 employees, which, compared to the same month in 2022, represents a 3.0 percent increase in employment.

In December 2023, monthly gross wages in the food industry have nominally increased by 15.1 percent year-on-year. At the same time, the average gross wage paid in December 2023 amounted to 1,336 euros.

The production activity of the beverage industry at the level of 2023 recorded a year-on-year increase of 3.2 percent, while in 2022, it recorded an increase of 12.2 percent. However, the latest seasonally adjusted data indicate a slowdown in the increase of production activity in this industry. In the fourth quarter of 2023, the beverage industry production decreased by 3.9 percent compared to the previous quarter.

**Figure 2**  
**Beverage industry,**  
**2021 = 100**

Source: The Institute of Economics, Zagreb, based on source data from the Croatian Bureau of Statistics.



Parallel to the increase in activity during 2023, the beverage industry is marked by an increase in the number of persons employed. Thus, in December 2023, this industry employed 5,462 employees, which is 4.7 percent more than in the same month of 2022. Also, in December 2023, the average gross wage in this industry was nominally higher by 5.9 percent compared to December 2022. The average nominal gross wage paid in December 2023 in the beverage industry was 1,747 euros, which was 7.8 percent above the average of the economy and 21.5 percent above the average of the entire manufacturing industry.

**“In April 2024, food manufacturing prices increased by 0.6 percent, while beverage manufacturing prices recorded a year-on-year increase by 3.9 percent.”**

In 2024, producer prices at the level of the manufacturing industry, food producer prices, and beverage producer prices recorded a year-on-year increase. Thus, in April 2024, compared to April 2023, food manufacturing prices increased by 0.6 percent, while beverage manufacturing prices recorded a year-on-year increase by 3.9 percent. At the same time, producer prices at the level of the manufacturing industry recorded an increase of 0.1 percent.

In the period from January to December 2023, the manufacture of food products recorded a year-on-year decrease in labor productivity at a rate of 2.7 percent. At the same time, the labor productivity of the manufacture of beverages recorded a year-on-year increase by 2.0 percent. In 2023,

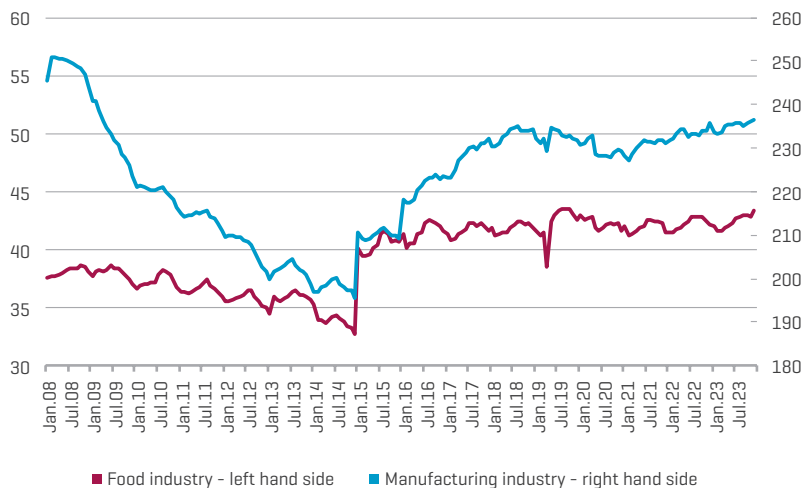
the food, beverage, and tobacco industry accounted for 13.0 percent of the total merchandise exports of the manufacturing industry. In 2023, the food, beverage, and tobacco industry also participated in the total imports of the manufacturing industry with 13.0 percent. It is important to note that the food, beverage, and tobacco industry realizes a foreign trade deficit. During 2023, exports and imports of the food, beverage, and tobacco industry increased by 12.9 percent compared to 2022.

# Trends

By observing the food industry production during the last fourteen years, one can notice an increase in activity. For example, in 2023, food industry production increased by 15.3 percent compared to 2011. The increase in production had a positive effect on the employment trend (Figure 3), wages, and liquidity of the sector, and, in December 2023, this industry employed 43,387 employees, which is 5,329 (or 14.0 percent) employees more compared to January 2008. As a result of the increase in employment, the share of this industrial sector in the total employment of the manufacturing industry continued to increase [from 15.3 percent in January 2008 to 18.4 percent in December 2023].

**Figure 3**  
Persons employed in legal entities in the manufacturing industry – food industry, from 2008 to 2023 (in thousands)

Source: Croatian Bureau of Statistics.



In 2023, the average gross wage in the food industry was nominally higher by 59.1 percent compared to the average in 2015 [Table 2]. If one observes the relationship between wages paid in the food industry and those at the level of the entire manufacturing industry during the period from 2010 to 2023, it is evident that, at the beginning of the period, i.e., in 2010, wages paid in the manufacture of food products were at the level of the average of the manufacturing industry. After 2010, they declined

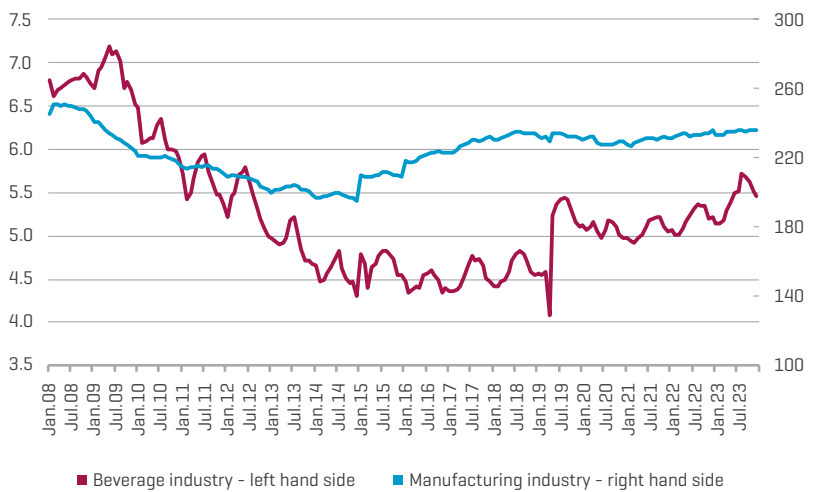
IN 2023, FOOD INDUSTRY PRODUCTION INCREASED BY 15.3 PERCENT COMPARED TO 2011.

to a below-average level, with the wage gap increasing. While, in 2010, the wages paid in the food industry accounted for 99.3 percent of the average for the manufacturing industry, in 2023, they accounted for 89.9 percent of the average wages paid in the manufacturing industry. During the entire period from 2010 to 2023, the gross wages paid in this industry were below the average of the entire economy. The average gross wages paid in the food industry in 2023 were at the level of 81.7 percent of the national average.

The beverage industry production showed a positive trend and, in the period from 2011 to 2023, it increased by 2.5 percent. In December 2023, 5,462 employees were employed in the beverage industry, which is 1,297 employees [or 20.2 percent] less compared to January 2008. Due to a greater decline in the employment of this industrial sector than the decline in the employment of the manufacturing industry, there is a decline in the share of the manufacture of beverages in the total employment of the manufacturing industry, from 2.8 percent in January 2008 to 2.3 percent in December 2023.

**Figure 4**  
Persons employed in legal entities in the manufacturing industry - beverage industry, from 2008 to 2023 [in thousands]

Source: Croatian Bureau of Statistics.





IN THE PERIOD FROM 2011 TO 2023, THE BEVERAGE INDUSTRY PRODUCTION INCREASED BY 2.5 PERCENT.

If the trend of the average monthly gross wages in the beverage industry is analyzed, it can be noted that the reduction of wages in 2009 was followed by a period of their continuous increase during the following fourteen years. In 2023, this industry recorded an increase in gross wages by 47.5 percent compared to those in 2015 [Table 2].

**Table 2**  
**Average monthly gross wage per person employed in legal entities in Croatia, manufacturing industry, food industry, and beverage industry, from 2015 to 2023**

Average monthly gross wage	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Republic of Croatia (in euros)</b>	1,010	1,029	1,069	1,121	1,163	1,223	1,274	1,380	1,584
<b>Manufacturing industry (in euros)</b>	897	921	960	1,012	1,058	1,114	1,161	1,264	1,439
<b>Croatia = 100</b>	88.8	89.5	89.8	90.3	91.0	91.1	91.1	91.6	90.8
<b>Food industry (in euros)</b>	814	834	863	921	955	1,000	1,037	1,133	1,294
<b>Manufacturing industry = 100</b>	90.7	90.6	89.9	91.0	90.3	89.8	89.3	89.6	89.9
<b>Croatia = 100</b>	80.6	81.0	80.7	82.2	82.1	81.8	81.4	82.1	81.7
<b>Beverage industry (in euros)</b>	1,224	1,265	1,313	1,387	1,417	1,409	1,445	1,667	1,806
<b>Manufacturing industry = 100</b>	136.5	137.4	136.8	137.1	133.9	126.5	124.5	131.9	125.5
<b>Croatia = 100</b>	121.2	122.9	122.8	123.7	121.8	115.2	113.4	120.8	114.0

Source: Croatian Bureau of Statistics.

It is interesting to note that the average monthly gross wage paid in this industry during the entire period from 2010 to 2023 was above the average of wages in the manufacturing industry and the average of the economy, with the gap between wages increasing until 2019, when there was a slight decrease that continued with a slightly stronger intensity in 2020 and 2021. However, in 2022, wages paid in the beverage industry accounted

for 131.9 percent of the average wages paid in the manufacturing industry, and in 2023, they accounted for 125.5 percent. Also, although the average gross wages paid in the beverage industry in 2022 increased to a level of 120.8 percent of the national average, in 2023, they decreased slightly to a level of 114.0 percent of the national average.

It should be emphasized that an increase in labor productivity (Table 3) was recorded in the food industry and the beverage industry in the period from 2011 to 2022. However, in 2023, the trend reversed, and the labor productivity of the food industry was 2.7 percent lower compared to 2010. At the same time, labor productivity in the beverage industry increased by 2.0 percent.

**Table 3**  
**Labor productivity, manufacturing industry, food industry, and beverage industry, from 2011 to 2023 (2010 = 100)**

	2011	2012	2014	2016	2017	2018	2019	2020	2021	2022	2023
<b>Manufacturing industry</b>	103.9	103	108	119.1	120.5	120.4	123.9	99.8	107.2	102	101.2
<b>Food industry</b>	105.6	105.4	114	124.1	130.8	133.3	138.5	102.1	107.8	100.1	97.3
<b>Beverage industry</b>	114.6	116.9	120.8	134.2	140.6	146.4	138.7	83.5	114.2	114.3	102.0

Source: The author's calculation according to data from the Croatian Bureau of Statistics.

**“From 2010 to 2023, exports of the food, beverage, and tobacco industry increased by 238.2 percent, and imports increased by 277.6 percent.**

If we analyze the trend of exports and imports of the food, beverage, and tobacco industry from 2010 to 2023, it can be noted that there is an increase in the volume of foreign trade, where the increase in imports was greater than the increase in exports (Table 4). From 2010 to 2023, exports of the food, beverage, and tobacco industry increased by 238.2 percent, and imports by 277.6 percent. The faster increase in imports than the increase in exports led to a slight deterioration of the foreign trade balance and thus lower export-import coverage. The export-import coverage of products of the food, beverage, and tobacco industry was 57.1 percent in 2023, while in 2010 it was 63.8 percent.

IN 2023, THE EXPORT-IMPORT COVERAGE OF THE FOOD, BEVERAGE, AND TOBACCO INDUSTRY WAS 57.1 PERCENT, WHILE IN 2010 IT WAS 63.8 PERCENT.

**Table 4**  
Foreign trade, manufacturing industry, food products, beverage, and tobacco industry, from 2010 to 2023

Food, beverage, and tobacco industry	Export [thousands of euros]	Manufacturing industry [%]	Import [thousands of euros]	Manufacturing industry [%]	Export-import coverage ratio [%]
<b>2010</b>	749,580	9.6	1,175,404	9.8	63.8
<b>2011</b>	836,076	9.8	1,385,166	10.6	60.4
<b>2012</b>	893,543	10.4	1,544,268	11.9	57.9
<b>2013</b>	850,831	10.1	1,655,805	12.4	51.4
<b>2014</b>	975,008	10.6	1,840,123	12.5	53.0
<b>2015</b>	1,117,250	10.9	2,010,255	12.5	55.6
<b>2016</b>	1,268,018	11.6	2,095,511	12.1	60.5
<b>2017</b>	1,310,230	10.6	2,289,880	12.1	57.2
<b>2018</b>	1,407,987	10.9	2,359,500	11.6	59.7
<b>2019</b>	1,528,229	11.3	2,692,463	12.3	56.8
<b>2020</b>	1,554,668	12.2	2,556,650	12.3	60.8
<b>2021</b>	1,806,707	11.7	3,003,006	12.1	60.2
<b>2022</b>	2,245,097	11.9	3,929,703	11.9	57.1
<b>2023</b>	2,534,904	13.0	4,437,857	13.0	57.1
<b>Index 2023/2010</b>	338.2	135.9	377.6	132.8	89.6

Source: The author's calculation according to data from the Croatian Bureau of Statistics.

# Leading companies

By looking at the latest financial indicators for the ten leading companies in the food industry, it can be concluded that this sector showed an increase in activity during 2022 (Table 5). Increased activity is indicated by the trend in total revenue, which, in 2022, was higher by 18.6 percent compared to 2021. Moreover, along with the increase in revenue, employment increased by 7.7 percent, while labor productivity increased by 7.1 percent in 2022.

In 2022, a decrease in profit before tax was recorded for the ten largest companies in the manufacture of food products (HRK 736 million) compared to 2021 (HRK 786 million).

It is notable that all ten largest companies in the manufacture of food products are 100 percent domestically and privately owned.

**Table 5**  
**Average values of selected business indicators of the ten leading companies in the food industry, 2021 and 2022**

Note: Covers leading companies: Dukat d.d., Enna Fruit d.o.o., Kraš d.d., Ledo plus d.d., Mesna industrija braća Pivac d.o.o., PIK Vrbovec plus d.o.o., PPK d.d., Podravka d.d., Vindija d.d., and Zvijezda plus d.o.o.

Source: The author's calculation according to Poslovna.hr data.

	2021	2022	2022/2021
<b>Total revenue [million HRK]</b>	16,500.4	19,566.1	118.6
<b>Profit before tax [million HRK]</b>	786	736	93.7
<b>Number of persons employed</b>	12,049.0	12,975.0	107.7
<b>Gross margin [%]</b>	4.8	3.8	79.2
<b>Return on asset [%]</b>	5.0	4.7	94.9
<b>Labor productivity (revenue in HRK million per person employed)</b>	1.4	1.5	107.1
<b>Asset turnover ratio</b>	1.2	1.3	108.0
<b>Current ratio</b>	1.5	1.5	96.2
<b>Debt ratio</b>	0.4	0.4	107.4

By looking at the financial data of the leading food companies, it can be concluded that they continue to have difficulties in maintaining liquidity. The current ratio in 2022 was still 1.5, the same as in 2019, 2020, and

IN 2022, THE TEN LEADING FOOD COMPANIES RECORDED AN INCREASE IN TOTAL REVENUE BY 18.6 PERCENT COMPARED TO 2021.

2021. As a rule, the current ratio should not be less than 2, that is, the company should have at least twice as much assets as the amount of liabilities (Žager & Žager, 1999). It is interesting to note that PPK d.d. and Kraš d.d. have the highest current ratio in the group of the ten leading companies in the manufacture of food products. In 2022, the debt ratio was 0.4, i.e., the same as in 2021, and was lower than in 2019 and 2020, when it was 0.5.

**Table 6**  
**Ten leading companies in the food industry – selected financial indicators, 2022**

Source: The author's calculation according to Poslovna.hr data.

	Total revenue (million HRK)	Debt ratio	Current ratio	Gross margin [%]
Vindija d.d.	3,463.5	0.7	0.7	0.6
Dukat d.d.	2,521.4	0.2	1.4	3.8
Podravka d.d.	2,494.9	0.2	1.7	9.1
Mesna industrija braća Pivac d.o.o.	2,190.0	0.5	0.8	4.0
PIK Vrbovec plus d.o.o.	2,158.5	0.7	1.8	2.7
PPK d.d.	1,863.7	0.3	3.7	3.1
Zvijezda plus d.o.o.	1,474.7	0.6	1.9	4.3
Ledo plus d.d.	1,246.3	0.1	2.6	6.4
Enna Fruit d.o.o.	1,079.2	0.7	1.3	1.5
Kraš d.d.	1,074.0	0.3	3.0	3.0

According to the financial indicators for the ten leading companies in the beverage industry, it can be concluded that the activity of this sector increased during 2022 (Table 7). After a decline in activity in 2018, 2019, and 2020, in 2021 and 2022, the ten leading beverage companies recorded a year-on-year increase in total revenue by 21.2 percent and 19.9 percent. Furthermore, the year-on-year increase in revenue with a simultaneous modest increase in employment (the number of persons employed increased

IN 2022, THE TEN LEADING BEVERAGE COMPANIES RECORDED A YEAR-ON-YEAR INCREASE IN TOTAL REVENUE BY 19.9 PERCENT.

by 0.6 percent] resulted in an increase in labor productivity. Moreover, in 2022, labor productivity increased by 19.2 percent compared to 2021.

**Table 7**  
**Average values of selected business indicators of the ten leading companies in the beverage industry, 2021 and 2022**

Note: Covers leading companies: Agrolaguna d.d., Badel 1862 d.d., Carlsberg Croatia d.o.o., Coca-Cola HBC Hrvatska d.o.o., Heineken Hrvatska d.o.o., Jamnica plus d.o.o., Kis pića d.o.o., Maraska d.d., Slavonija slad d.o.o., and Zagrebačka pivovara d.o.o.

Source: The author's calculation according to Poslovna.hr data.

	2021	2022	2022/2021
<b>Total revenue (million HRK)</b>	5,344.0	6,408.0	119.9
<b>Profit before tax (million HRK)</b>	703.8	658.7	93.6
<b>Number of persons employed</b>	3,380.0	3,401.0	100.6
<b>Gross margin (%)</b>	13.2	10.3	78.0
<b>Return on asset (%)</b>	8.1	8.8	109.2
<b>Labor productivity (revenue in HRK million per person employed)</b>	1.6	1.9	119.2
<b>Asset turnover ratio</b>	0.7	0.9	117.6
<b>Current ratio</b>	1.4	1.3	92.8
<b>Debt ratio</b>	0.6	0.6	100.4

A more detailed overview of the ten leading beverage manufacturers is presented in Table 8. Leading companies from the manufacture of beverages are marked by slightly reduced liquidity during 2022. The current ratio, which measures the ability to settle short-term liabilities, for ten leading beverage manufacturers was 1.4 in 2021 and 1.3 in 2022. At the same time, Badel 1862 d.d. had the highest liquidity in 2022, followed by Slavonija slad d.d. and Jamnica plus d.o.o. [Table 8].

**Table 8**  
**Ten leading companies**  
**in the beverage industry**  
**– selected financial**  
**indicators, 2022**

Source: The author's calculation  
according to Poslovna.hr data.

	Total revenue (million HRK)	Debt ratio	Current ratio	Gross margin [%]
<b>Coca-Cola HBC Hrvatska d.o.o.</b>	1,354.8	0.4	1.2	8.2
<b>Jamnica plus d.o.o.</b>	1,299.6	0.7	1.5	9.3
<b>Zagrebačka pivovara d.o.o.</b>	1,270.3	0.7	0.8	18.3
<b>Heineken Hrvatska d.o.o.</b>	937.9	0.4	1.3	10.6
<b>Badel 1862 d.d.</b>	471.7	0.3	2.9	14.1
<b>Carlsberg Croatia d.o.o.</b>	466.2	0.5	1.0	4.6
<b>Slavonija slad d.o.o.</b>	252.6	0.8	2.0	5.0
<b>Maraska d.d.</b>	134.2	0.8	1.1	1.0
<b>Agrolaguna d.d.</b>	133.5	0.7	1.2	-6.6
<b>Kis pića d.o.o.</b>	87.2	0.7	1.3	1.1

# Report from the Zagreb Stock Exchange

“Podravka d.d. is included in the CROBEX 10 index, which represents ten shares with the largest free float market capitalization and turnover.

“In 2022 and 2023, the most traded share of the Zagreb Stock Exchange was the share of Podravka d.d.

— Six companies from the food industry and one company from the beverage industry [Maraska d.d.] are listed on the Zagreb Stock Exchange. Of the ten leading food manufacturers, Podravka d.d. was listed on the Zagreb Stock Exchange. According to the latest data, Čakovečki mlinovi d.d. [with a weight in the index of 2.74 percent] and Podravka d.d. [with a weight in the index of 9.52 percent] are part of the CROBEX stock index of the Zagreb Stock Exchange. Moreover, Podravka d.d. [with a weight in the index of 18.96 percent] was included in the composition of the CROBEX 10 index, which represents ten shares with the highest free float market capitalization and turnover. It is interesting to note that in 2023, the most traded share on the Zagreb Stock Exchange was again the share of Podravka d.d., and it was declared “the share of the year”, as voted by the public.

The CROBEXnutris sector index of the Zagreb Stock Exchange currently includes the shares of Atlantic Grupa d.d., Čakovečki mlinovi d.d., and Podravka d.d. The CROBEXnutris index tracks yields and risks in the manufacture of food products. The condition for inclusion is at least 60 percent of trading days, while the number of components is unlimited [each component has equal weight in the index]. The base date is February 21, 2013, and the base value is 1,000<sup>1</sup>.

<sup>1</sup> The data from this chapter were taken from the Zagreb Stock Exchange, <https://www.zse.hr>



# Trends in the food and beverage industry at the EU-27 level

The food and beverage industry is one of the biggest drivers of the economy in the European Union and represents a very important sector. Although sales in the entire manufacturing industry in the EU-27 recorded a 3.0 percent decline in the third quarter of 2023 on a year-on-year basis, sales in the food products and beverage industry recorded an increase by 2.2 percent in the same period. The highest annual sales increase in the third quarter of 2023 was recorded by Latvia [6.7 percent], Belgium [4.7 percent], and France [4.3 percent]. Countries that, on the other hand, recorded a percentage decline in sales are Hungary [10.1 percent], Denmark [5.8 percent], and the Netherlands [3.4 percent].

## Trends of manufacturing activity in the food and beverage industry at the EU-27 level

In the third quarter of 2023, the food and beverage industry production decreased by 0.2 percent compared to the second quarter of 2023. Furthermore, on a year-on-year level, in the third quarter of 2023, a decline in the food and beverage industry production of 1.7 percent was recorded, while the total industry production fell by 3.8 percent on a year-on-year level.

## Price trends within the food chain at the EU-27 level

The upward trend in the prices of most agricultural crops from 2018, 2019, 2020, 2021, and 2022 reversed in 2023. In the third quarter of 2023, agricultural prices recorded a decline by 8.8 percent compared to the same quarter of the previous year. On the other hand, producer prices in the food industry increased by 4.8 percent in the third quarter of 2023

ON A YEAR-ON-YEAR LEVEL, AN INCREASE IN EMPLOYMENT IN THE FOOD AND BEVERAGE INDUSTRY OF 1.9 PERCENT AND 3.2 PERCENT, RESPECTIVELY, WAS RECORDED IN THE THIRD QUARTER OF 2023.

compared to the third quarter of 2022. Moreover, in the third quarter of 2023, a year-on-year increase in consumer prices of food products was recorded compared to the third quarter of 2022 [5.7 percent].

**Table 9**  
**Overview of prices within the food chain at the EU-27 level, from the 3rd quarter of 2022 to the 3rd quarter of 2023**

	3rd quarter of 2022	4th quarter of 2022	1st quarter of 2023	2nd quarter of 2023	3rd quarter of 2023	Percentage change 2022–2023
<b>Agricultural prices</b>	8.1	-0.7	-1.4	-3.3	-3.7	-8.8
<b>Producer prices – food industry</b>	3.5	3.1	2.5	0.3	-1.1	4.8
<b>Consumer prices of food products</b>	3.7	4.4	4.4	1.8	-0.3	10.7
<b>Inflation</b>	2.0	2.5	0.9	1.6	0.6	5.7

Source: FoodDrinkEurope (2024a).

## Trends in employment in the food and beverage industry at the EU-27 level<sup>2</sup>

Employment in the manufacturing industry at the EU-27 level in the third quarter of 2023 recorded a year-on-year increase of 0.6 percent. An increase in employment of 1.9 percent was recorded in the food industry, while an increase of 3.2 percent was recorded in the beverage industry. The highest increase in employment in the manufacture of food products at the EU-27 level in the third quarter of 2023 compared to the third quarter of 2022 was recorded by Greece [15.4 percent], Spain [6.7 percent], and Italy [5.4 percent]. On the other hand, among the analyzed countries, Sweden [8.8

<sup>2</sup> According to Eurostat; data for Bulgaria, Cyprus, Estonia, Finland, Hungary, Luxembourg, Malta, Romania, Slovakia, and Slovenia were not available.

percent), Ireland (3.6 percent), and Finland (3.6 percent) recorded the largest decline in employment in the manufacture of food products at the EU-27 level. Spain (10.1 percent), the Czech Republic (6.5 percent), and Italy (6.1 percent) achieved the greatest increase in employment in the manufacture of beverages, while the largest decline in employment in this industry was achieved by Lithuania (6.7 percent), Latvia (6.2 percent), and Ireland (6.1 percent).

## Export and import trends in the food and beverage industry at the EU-27 level

“In the fourth quarter of 2023, exports of the food industry and exports of the beverage industry at the EU-27 level recorded a year-on-year decrease by 4.0 and 6.0 percent, respectively.

Exports of the food and beverage industry at the EU-27 level recorded year-on-year declines by 4.0 and 6.0 percent, respectively, in the fourth quarter of 2023. At the same time, imports of the food industry decreased by 14.0 percent, while imports of the beverage industry decreased by 17.0 percent.

The highest year-on-year export decline rates in the fourth quarter of 2023 were recorded for processed and preserved fish, crustaceans, and molluscs (13.0 percent), preserved meat and meat products (12.0 percent), and beer (10.0 percent).

On the other hand, vegetable and animal oils and fats (27.0 percent), milk products (24.0 percent), and distilled alcoholic beverages (18.0 percent) recorded negative and high year-on-year import decline rates.

**Table 10**

**Export and import in the EU-27, by sectors of the food and beverage industry, in millions of euros, in the 4th quarter of 2022 and 2023**

Source: FoodDrinkEurope (2024b).

Export	4th quarter of 2022	4th quarter of 2023	Percentage change 2022-2023
Preserved meat and meat products	6,487	5,710	-12.0
Processed fruit and vegetables	3,996	3,957	-1.0
Processed and preserved fish, crustaceans, and molluscs	1,975	1,720	-13.0
Vegetable and animal oils and fats	2,898	2,751	-5.0
Milk products	5,146	4,708	-9.0
Bakery and farinaceous products	2,413	2,481	3.0
Beer	969	871	-10.0
Chocolate and confectionery	3,247	3,473	7.0
Import	4th quarter of 2022	4th quarter of 2023	Percentage change 2022-2023
Preserved meat and meat products	1,544	1,313	-15.0
Processed and preserved fish, crustaceans, and molluscs	4,162	4,012	-4.0
Vegetable and animal oils and fats	6,767	4,969	-27.0
Milk products	706	536	-24.0
Sugar	1,190	1,364	15.0
Bakery and farinaceous products	123	133	7.0
Wine	526	473	-10.0
Distilled alcoholic beverages	1,291	1,064	-18.0

# Conclusion

The food and beverage industry stands out for its high share in Croatian GDP and total employment. The share of the food and beverage industry in Croatia's GDP in 2021 was 2.3 percent (of which the share of the food industry was 1.9 percent, and the share of the beverage industry was 0.4 percent). At the same time, the share of the food and beverage industry in the GDP of the manufacturing industry was 21.1 percent. Moreover, the food industry appropriates a share of 17.8 percent, while the share of the beverage industry amounts to 3.3 percent. In 2023, the share of the food and beverage industry in total employment was 3.4 percent (of which the share of the food industry was 3 percent, and the share of the beverage industry was 0.4 percent). Alongside the decline in the overall activity of the food industry, the number of employees has increased. Furthermore, this industry has recorded an increase in wages. In December 2023, the food industry employed 43,387 employees, which represents a 3.0 percent increase in employment compared to the same month in 2022. In December 2023, monthly gross wages in the food industry nominally increased by 15.1 percent year-on-year.

Parallel to the increase in activity during 2023, the beverage industry is marked by an increase in the number of persons employed. Thus, in December 2023, this industry employed 5,462 employees, which is 4.7 percent more than in the same month of 2022. Also, in December 2023, the average gross wage in this industry was nominally higher by 5.9 percent compared to December 2022. The average nominal gross wage paid in December 2023 in the beverage industry was 1,747 euros, which was 7.8 percent above the average of the economy and 21.5 percent above the average of the entire manufacturing industry.

If we analyze the trend of exports and imports of the food, beverage, and tobacco industry from 2010 to 2023, it can be noted that there is an increase in the volume of foreign trade, where the increase in imports was greater than the increase in exports. From 2010 to 2023, exports of the food, beverage, and tobacco industry increased by 238.2 percent, and

imports by 277.6 percent. The faster increase in imports than the increase in exports led to a slight deterioration of the foreign trade balance and thus less export-import coverage.

Although there is an increasing competitive pressure on export markets, the Croatian food industry is still characterized by a slowdown in export increase. However, this industry still has a very large share in exports, employment, and industry production, which makes it an important industrial sector of Croatia. It is precisely for this reason that emphasis should be placed on the growth of the manufacture of food products and beverages. At the same time, it is important to point out that the ten leading companies in the food and beverage industry recorded an increase in activity during 2022. Increased activity is indicated by the year-on-year increase of the total revenue by 18.6 percent for the ten leading food companies and 19.9 percent for the ten leading beverage companies. Furthermore, in 2022, along with the increase in revenue, increased employment and labor productivity were recorded for both industries.

According to data from the World Bank, in 2023, global food prices recorded a 9 percent decline. Also, according to forecasts and trends in the first few months, it can be expected that global food prices will continue to decline in 2024. The biggest contribution to the decline in prices comes from the large supply of cereals, especially wheat and corn. Farmers have increased production of wheat and corn due to the high prices in recent years following Russia's invasion of Ukraine in 2022. On the other hand, what partially erodes the confidence in good crop prospects are weather-related calamities and poor weather conditions [CNBC, 2024].

Taking into account that the food and beverage industry has multiple effects on the GDP, employment, and exports, and also affects the development of other economic sectors, especially tourism, it is of strategic importance for the economy of the Republic of Croatia. Given that these are challenging times for all sectors, it is necessary to find a foothold in the further growth and strengthening of the food and beverage industry. At the same time, the emphasis should be on exports through strengthening of the image of Croatia in the context of food and beverages, greater investments in the development of new products and innovations, and improving the investment climate.

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