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Analysis of the regional food and drink industries

Partner organization/region: Economic Council of East-Flanders
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1. General description of the current status of the food sector in your region

Reference year: 2016 General: in East-Flanders, the food industry sector is both the 2nd biggest sector in terms of absolute value and employment. In absolute value, the food industry represents 1.510 million EUR, an increase of 25% over the 2012-2016 period. The East-Flemish food industry employs 16.400 people. Combining these figures, a labor productivity of 92.000 EUR is obtained. When looking at employment, the sector of bakery products is the biggest. However, this is mostly due to one company (La Lorraine). In general, the top branches are the meat industry, other (biscuits, chocolate, confectionery) food industries, the dairy branch and the beverage industry.

Category	Criteria	Description	Data/comment
General description of the current status of the food sector in your region	Role of your regions food and drink industry in national context	Percentage of food-sector-employees in your region as a proportion of food-sector-employees in your country	**18,5%** food sector employees in East-Flanders. East-Flanders represents 13,1% of the inhabitants in Belgium, which means a significant bigger amount of people are working in the food sector.
		Percentage of food-sector-enterprises in your region as a proportion of food-sector-enterprises in your country	**20,3%** of food-sector enterprises are located in East-Flanders. This is not the % of food-sector enterprises in the region as a proportion to food-sector enterprises in Belgium. Compared to % inhabitants, it illustrates the importance of food-sector enterprises in East-Flanders.
		Share of sales in total sales of the national food sector	East-Flemish food sector represents **22,6%** of the Belgian food sector **turnover** and **26,6%** of the Belgian food sector **export**, while only representing 20,3% of the food sector companies.
	Role of the food and drink industry in your region	Percentage of food-sector-employees as a proportion of total employees in your region	**2,78%** *(Source: 2019 Sociaal-economische situatieschets van Oost-Vlaanderen)*
		Percentage of food-sector-enterprises as a proportion of total enterprises in your region	**1,15%** => 1.438 food companies (1.339 food, 99 drinks) in East-Flanders, with a total of 124.962 companies *Source:* *https://statistieken.vlaanderen.be/QvAJAXZfc/notoolbar.htm?document=SVR%2FSVR-Economie-ondernemingen.qvw&host=QVS%40cwv100154&anonymous=true*
		Share of sales in total sales of the regional economy	Not available
		Total numbers of employees, enterprises and share of sales of the regional food sector	16.400 employees 1.339 food companies 99 drink companies *Source:*

			https://statistieken.vlaanderen.be/QvAJAXZfc/notoolbar.htm?document=SVR%2FSVR-Economie-ondernemingen.qvw&host=QVS%40cwv100154&anonymous=true *2019 Sociaal-economische situatieschets van Oost-Vlaanderen*

2. Current policy instruments, funding/support programs etc.

	Who are the programs aimed at? (target group)	**How is the support structured? (financial, training programs, social project to support employees, infrastructural improvement)**	**Importance/ Relevance (frequency and acceptance)**	**Current policy ambitions within the region/instruments of supporting the food industry?**
EU instruments/programs				
A				
National instruments/programs				
A				
Regional instruments/programs				
VLAIO	Flanders Food – agrofood industry	financial		Grants for R&D projects. Acceleration of innovation, creation of cross value chains.
VLAIO	KMO portefeuille - SMEs	financial		Grants for education or consulting for SMEs
Flanders Investment & Trade	SMEs	Advice / practical help		Grants to support SMEs in their export activities

		/ financial support		
VLAM	Agriculture and agro-industry	Marketing support		Positive image building for the food sector
Local instruments/programs				
ECEF	Local food companies	Wide range of support tools		Stimulating professionalization / facilitating knowledge transfers / positive image building for the local food industry
B				
Other (e.g. crowd, private, solidary supported)				
A				

3. Marketing and distribution channels currently used for regional products

A wide range of **sales channels** are used: direct sales, retail, Ecommerce, resellers/ wholesale, private label, **export**, agents, …

Transport duration & frequency are strongly linked to specific products/ product categories.

Initiatives to improve **market reach**: activities of the above-mentioned organizations: Flanders Investment & Trade, VLAM, Economic Council of East-Flanders & VLAIO.

4. Current technological environment, research & development scene in the region

- Ghent University
- ILVO (Research Institute for Agriculture, Fishery and Food)
- Provincial research center for vegetables (PCG)
- Some (big) companies have their own R&D department

5. SWOT-analysis, accelerators and obstacles

	Helpful (for food enterprises)	*Harmful (for food enterprises)*
Internal	**Strengths** ● Food safety priority ● Good quality/ high productivity ● Strong knowledge and research landscape ● Well educated employees ● Tradition and food history	**Weaknesses** ● Resilience to economic shock? ● Investments in digitalization, AI, robots? ● Difficulties in finding suitable employees (unemployment is low) ● Lack of ambition
External	**Opportunities** ● New consumers in new markets (Asia) ● Image building ● Product & process innovation	**Threats** ● Competition and price pressure ● New consumer trends (no meat, no alcohol, no sugar, no …) ● Climate change and environment issues ● Brexit (9% of export)

6. Other regional, geographical and social factors effecting the food industry

- Climate change
- Aging population
- Low unemployment rate (difficulties in finding suitable employees)