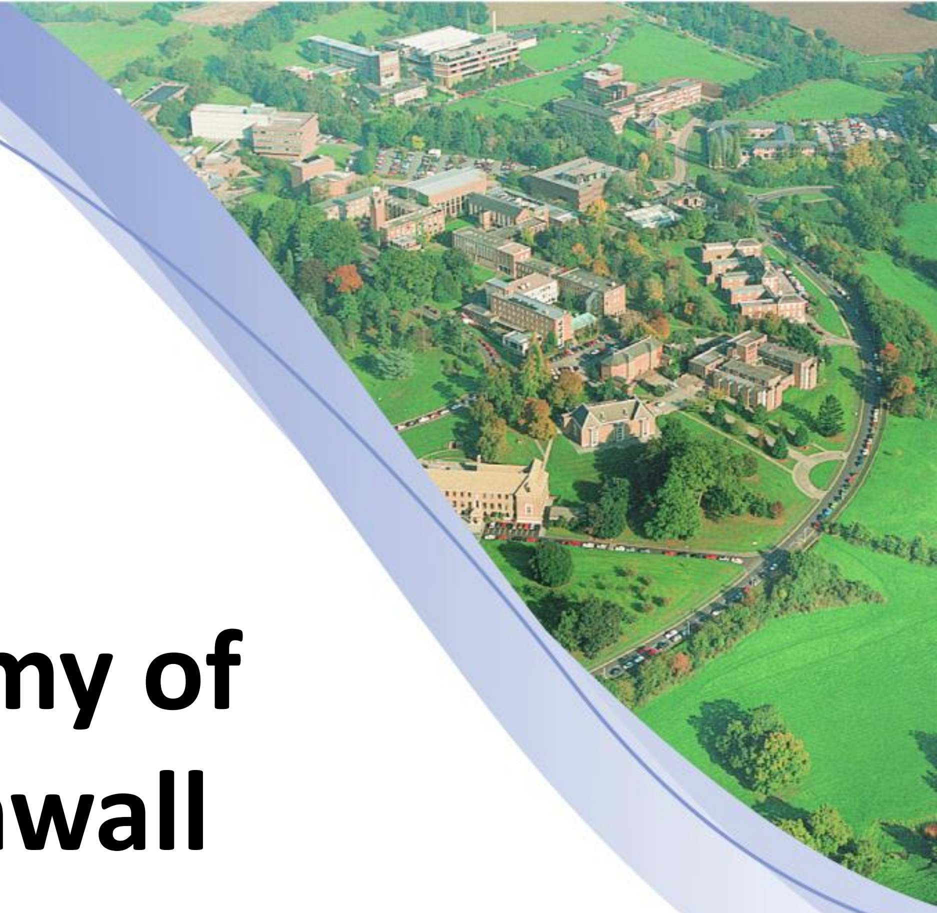

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The Food Economy of Devon and Cornwall

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- 200+ food and farming businesses

- Other stakeholders and key informants

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cornwall agri-food council

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Investing in jobs and skills

convergence for economic transformation

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The Food Economy of Devon and Cornwall

- Aimed to establish current picture of the sector, providing an overview of trends, market developments, impact of the recession & identify support needs.
- Analysis and modelling of existing data sources.
- Online survey of food producers and processors.
- Semi-structured interviews to provide additional depth, plug any major gaps and to gain insight of key informants in the agri-food sector.

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“Core agri-food industry”

- Primary production
- Food & drink manufacturing
- Food & drink wholesaling
- Specialist food & drink retailing

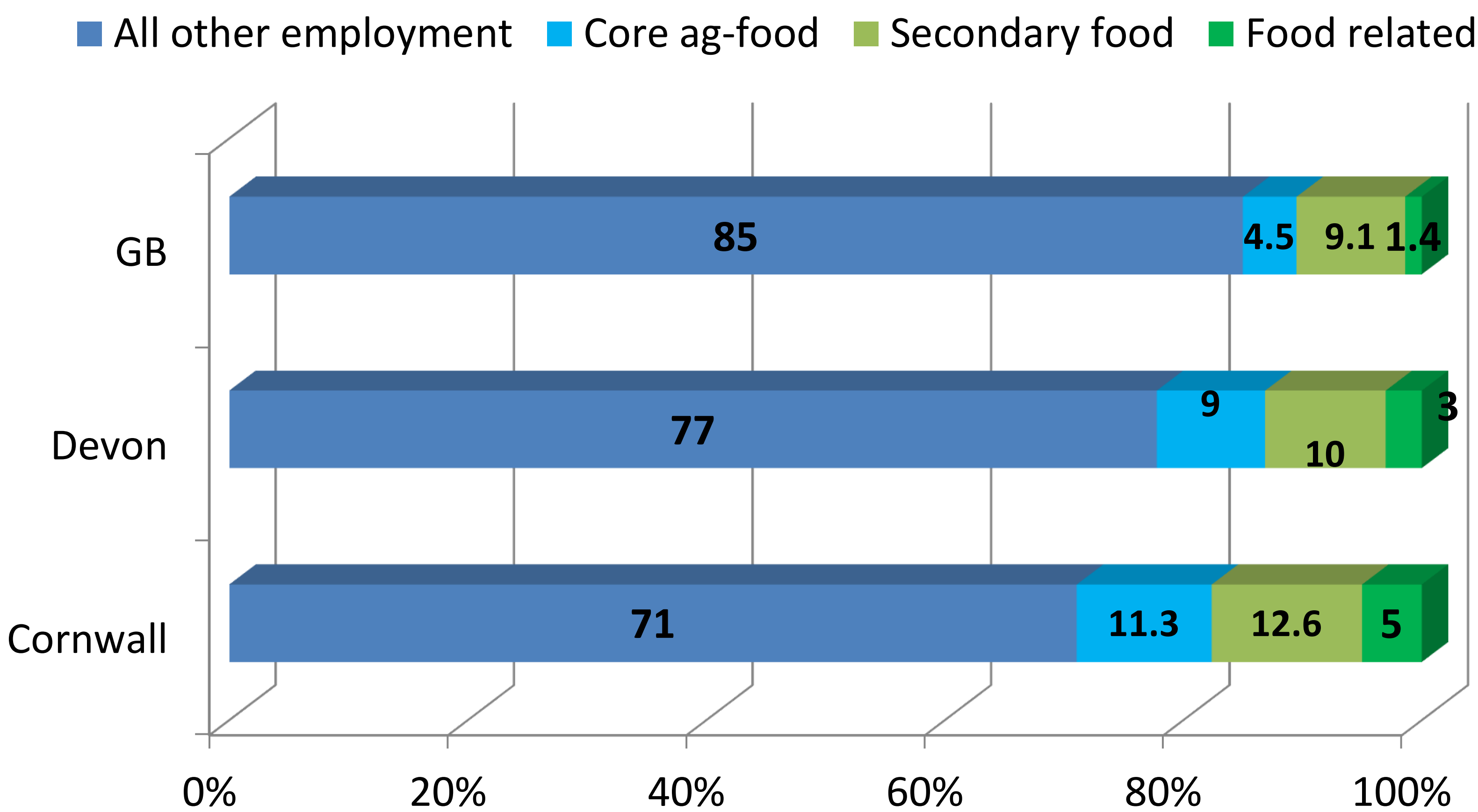
“Secondary food sectors”

- Non-specialist predominately food & drink retailing
- Food & beverage services

“Food related”

- Accommodation

Employment in the agri-food sector (2009-10)



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Employment characteristics

- The agri-food sector is significant in terms of underpinning the employment base of Devon & Cornwall.
- However, the agri-food sector tends to have relatively low levels of labour productivity, so the food and drink share of the economy, in value terms, will be significantly less.

GVA of agriculture & related sectors

	2008 GVA £m	Sector share of GVA	2008 GVA £m	Sector share of total GVA	
	Cornwall	**Cornwall**	**Devon**	**Devon**	**GB**
Agriculture	£196	2.9%	£302	2.8%	0.6%
Fishing	£27	0.4%	£11	0.1%	0.0%
Food and Drink manufacturing	£222	3.3%	£156	1.4%	1.5%
F&D wholesale distribution	£68	1.0%	£105	1.0%	0.9%
Retail - Specialist food	£61	0.9%	£39	0.4%	0.4%
Core agri-food industry	**£574**	**8.5%**	**£612**	**5.6%**	**3.4%**
Food and beverage services	£220	3.3%	£334	3.1%	1.9%
Retail - non-specialists predominantly F&D	£221	3.3%	£243	2.2%	1.7%
Secondary food industries	**£441**	**6.5%**	**£577**	**5.3%**	**3.6%**
Accommodation	**£185**	**2.7%**	**£195**	**1.8%**	**0.6%**
All agri-food related industries	**£1,199**	**17.8%**	**£1,384**	**12.8%**	**7.6%**
All industries	£6,740	100.0%	£10,847	100.0%	100.0%

Labour productivity:
GVA per FTE, 2007-2009 average (£ per FTE)

	GB	SW	Devon	Cornwall
All industries	49,000	41,000	34,000	32,000
Core agri-food industrial sectors:				
Agriculture	16,000	16,000	14,000	13,000
Fishing	49,000	54,000	42,000	51,000
Food and Drink manufacturing	52,000	45,000	35,000	31,000
Food and drink Wholesale distribution	51,000	40,000	not available	
Retail of food in specialised stores	32,000	25,000		
Retail sale in non-specialised stores	32,000	20,000		
Hotels and catering	26,000	24,000	20,000	25,000

Trends, opportunities & critical issues

- Continued increase in **dairy** yields & concentration of production. **Beef** numbers now at or close to pre-FMD peak & **sheep** numbers back to level of 30 years ago. Export opportunities developing.
- **Fruit and veg:** experiencing increased competition. Suffering effects of poor weather over last 2 years. Changing patterns of demand.
- **Confectionary:** declining/static orders. Some growth of niche markets. Suggestion that premium chocolate is recession proof!

Trends, opportunities & critical issues

- **Beverages**: combined impact of recession, smoking ban and changing leisure practices hitting alcohol sector but cask ale sector is growing via strong local demand. Juices & H_2O doing better than expected but harder to launch new products.
- **Baked products:** overall sales volume down. NPD important to offset this. Some growth of niche markets e.g. strong demand for artisanal baked goods but significant competition from supermarkets and rising costs.

Trends, opportunities & critical issues

- Highly **diverse business structure. M**any businesses focusing on local and regional markets
- Future could see some **polarisation** of the sector in Devon
- Virtually all sectors/sub-sectors facing significant **cost-price squeeze**
- In **Cornwall** most sectors showing evidence of **bad debt**. Need for much more careful financial monitoring

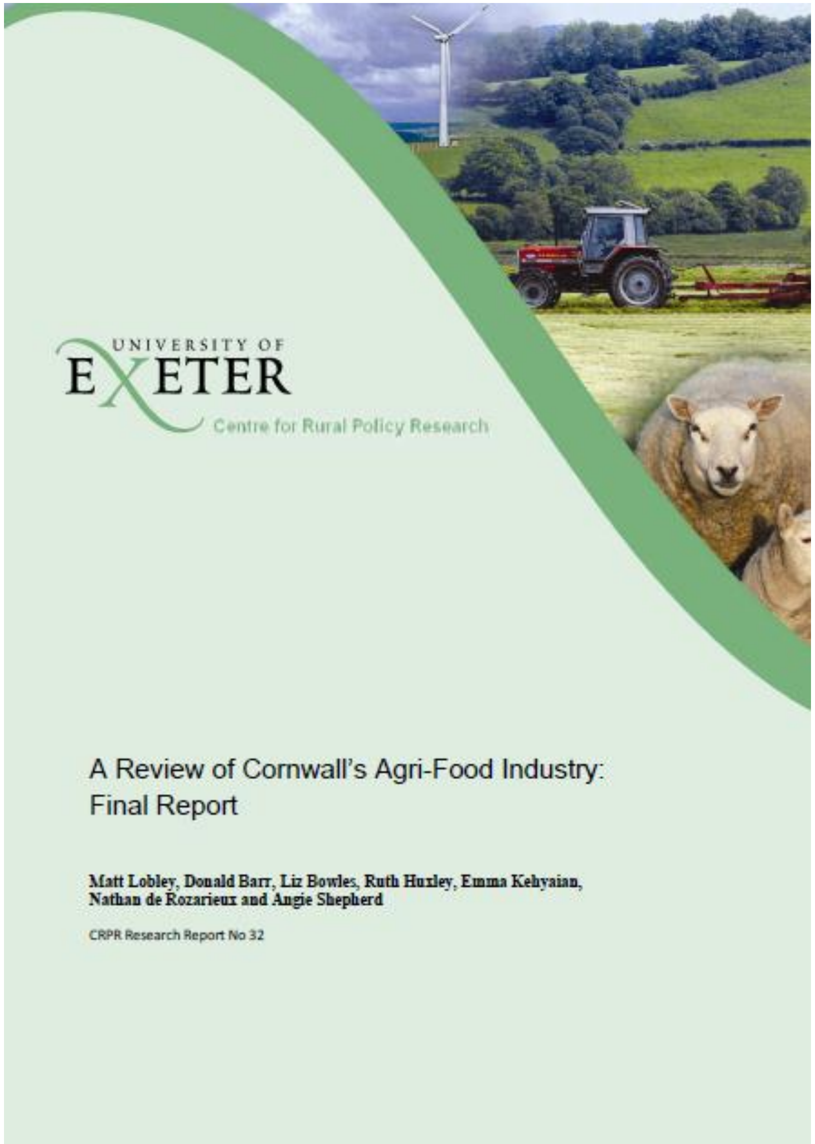
Conclusions

- A degree of **optimism and buoyancy** not reflected in official figures
- Lagged effect of recession
- Widespread plans to grow out of county sales, with implications for access to capital for investment, transport and distribution.
- Increased attention on costs. Opportunities to promote **alterative energy solutions** & cooperative working.

Conclusions

The food economy of Devon and Cornwall is a significant part of the economy. Therefore changes & developments within the food economy can have broader implications for the economy as a whole.

Download the full reports at: www.centres.ex.ac.uk/crpr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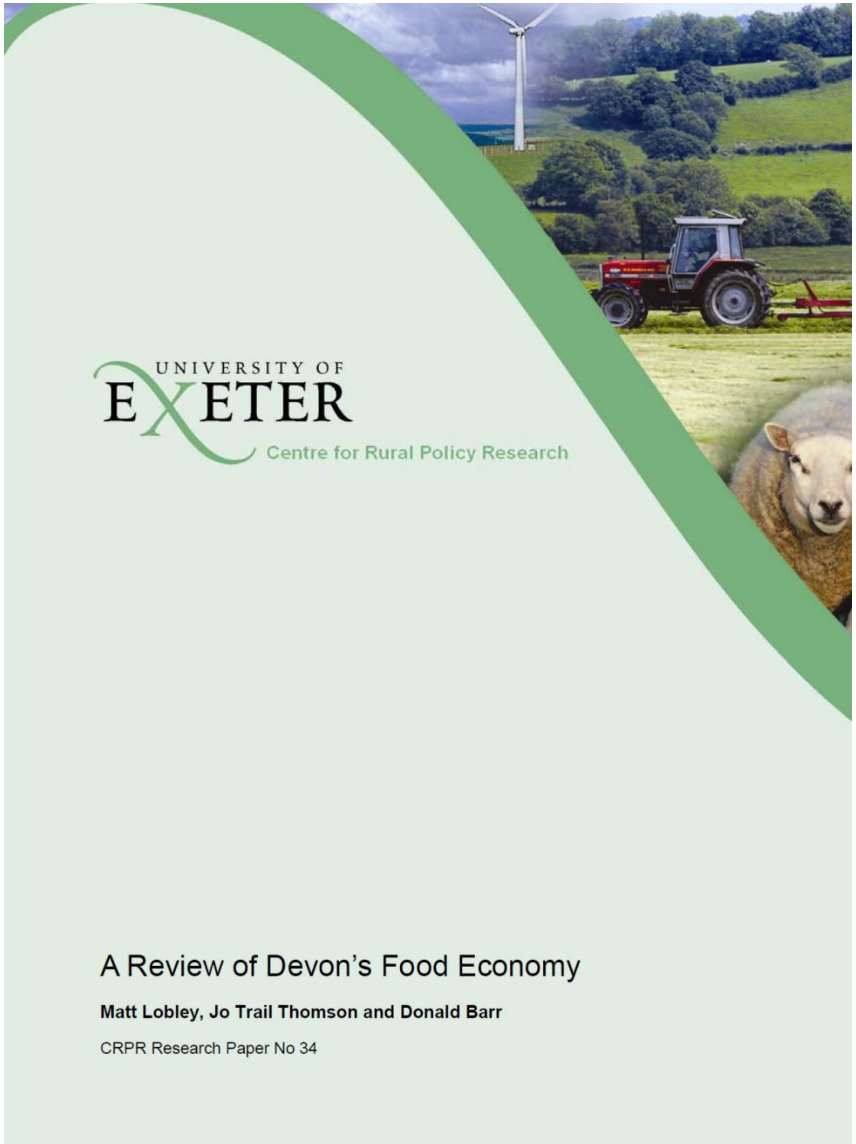
A Review of Cornwall's Agri-Food Industry: Final Report

Matt Lobley, Donald Barr, Liz Bowles, Ruth Huxley, Emma Kehyaian, Nathan de Rozarieux and Angie Shepherd

CRPR Research Report No 32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A Review of Devon's Food Economy

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