



The Contribution made by Beer to the European Economy

 Romania - January 2016

ROMANIA

1. COUNTRY PROFILE

	2014
Population	19,861,029
Currency	Leu
GDP per capita in PPS (2012, EU28 = 100)	53

Source: Eurostat and National Statistical offices.

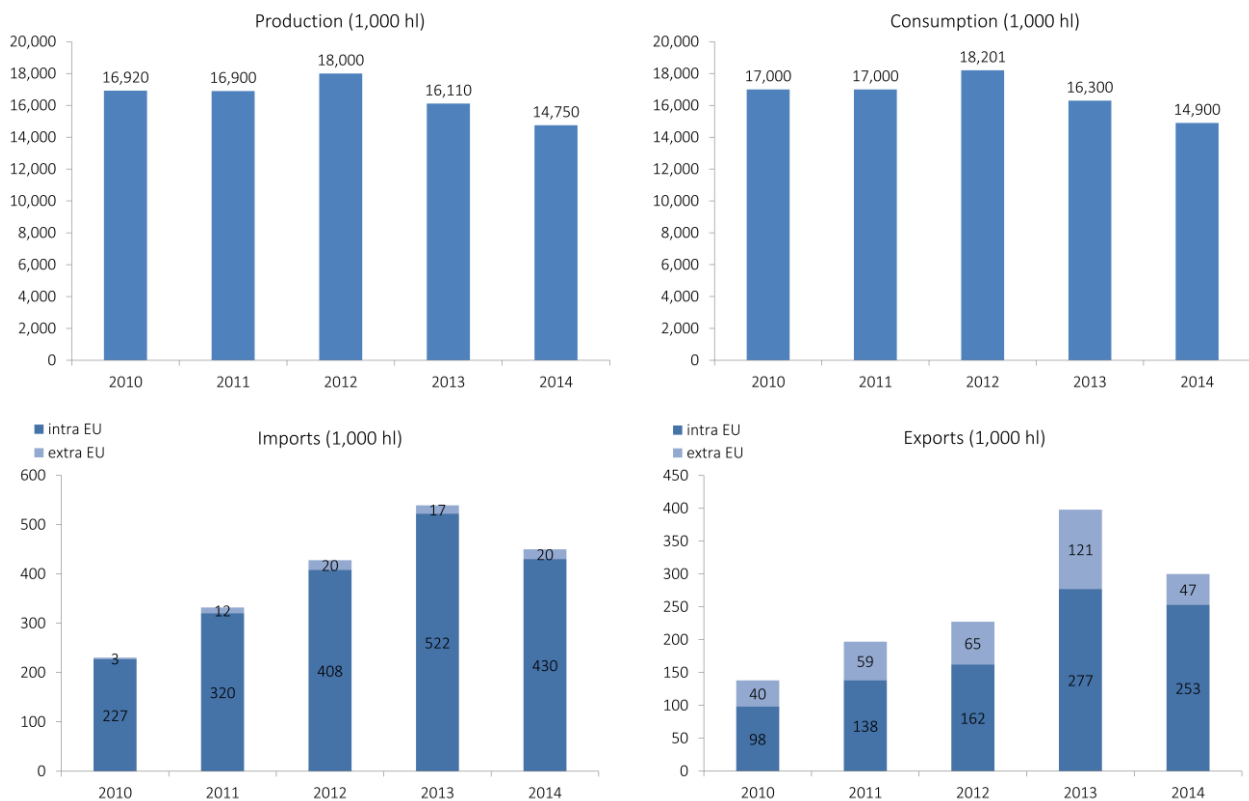
2. HIGHLIGHTS ROMANIA

Table 1: Economic impact of beer in Romania (2013-2014)

	2013	2014	% Change
Total number of jobs	95,976	84,988	-11.4 %
Value-added (million Euro)	966	862	-10.7 %
Government revenues (million Euro)	581	533	-8.3 %

Source: Calculations - different sources.

Figure 1: Development of production, consumption, imports and exports (2010-2014)



Source: National associations.

3. BREWING SECTOR

Production fell significantly from 2013 to 2014 in Romania. Despite this, there was an increase in the number of brewing companies and the number of breweries, with the sector becoming increasingly diverse despite the overall reduction in volume.

Table 2: Basic characteristics of the Romania brewing sector (2013-2014)

	2013	2014
Total production (in hectolitres)	16,110,000	14,750,000
Brewing companies	12	16
Breweries (including microbreweries)	18	22
Microbreweries	3	7

Source: National Associations.

4. BEER MARKET

Consumption has also fallen significantly overall along with total consumer spending, as prices remained constant. The share of beer consumed in the on-trade is low relative to other European countries.

Table 3: Basic characteristics beer market (2013-2014)

	2013	2014
Total consumption in hectolitres	16,300,000	14,900,000
Total consumer spending (in million Euro)	1,644	1,470
Consumption of beer per capita (in litres)	81	74
Beer consumption on-trade (hospitality)	19%	18%
Beer consumption off-trade (retail)	81%	82%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	1.45	1.49
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	0.91	0.88

Source: National Associations.

5. TRENDS AND DEVELOPMENTS

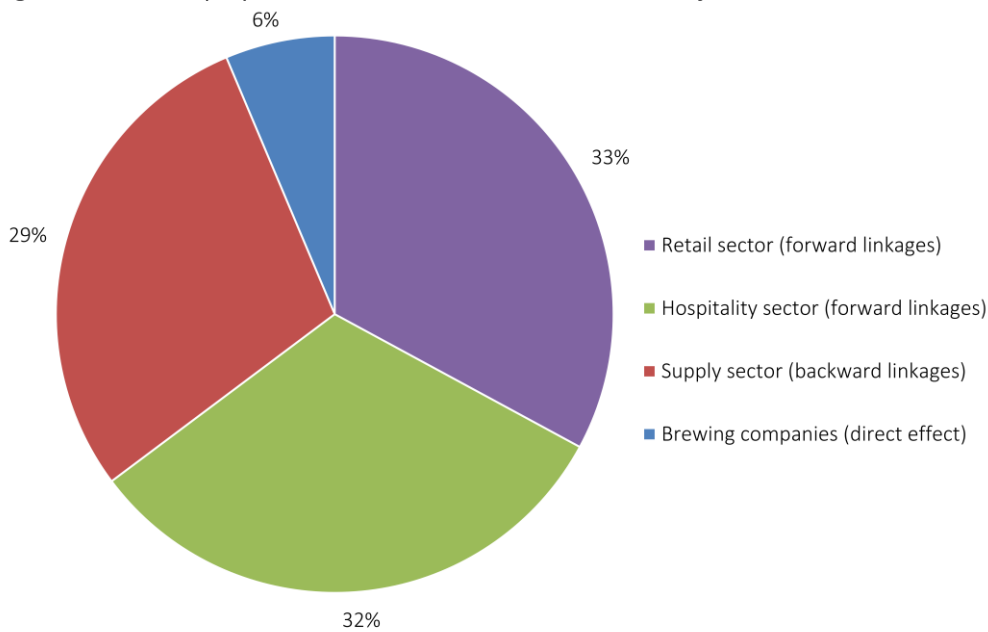
There has been a steady shift from consumption in the on-trade to consumption in the off-trade and a decline in overall beer consumption in line with wider European trends. The decline in beer consumption in Romania is thought to result from a large increase in excise duty rates in 2013, which makes the market more susceptible to fluctuations driven by other causes, such as bad weather.

Firms are responding by developing new products, particularly Radler beer mixes. Package sizes are also falling and there is a shift to cans.

6. EMPLOYMENT GENERATED BY THE BEER SECTOR

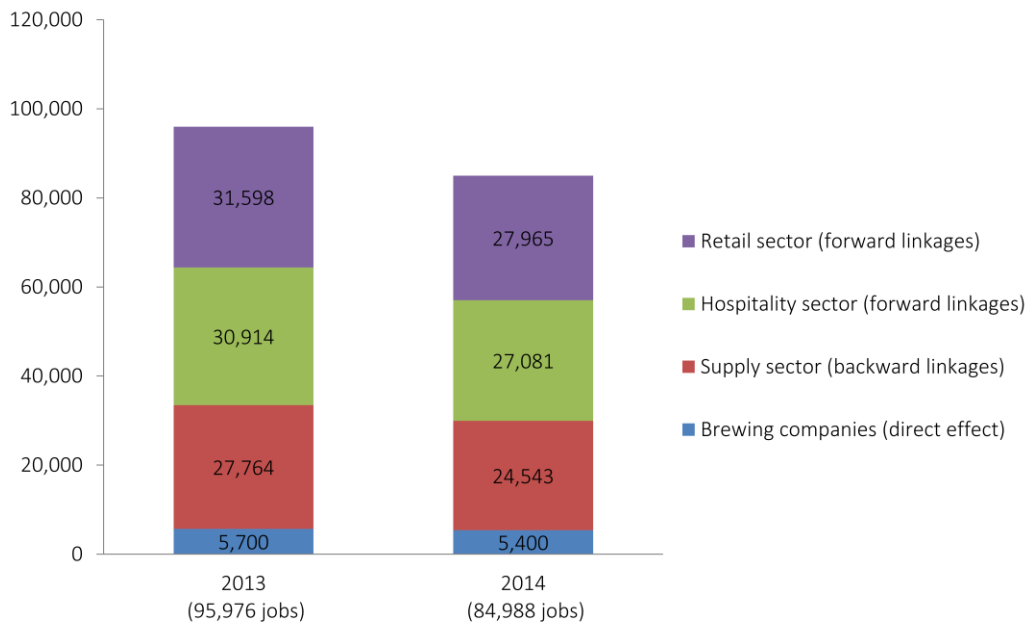
The relatively low proportion for consumption in the on-trade means its share of the contribution to employment is also low; around half the level typical in other Member States. The retail sector contribution is high, reflecting a relatively labour-intensive retail sector for alcoholic beverages and a high share for off-trade consumption. The hospitality sector also declined from 2013 to 2014 unlike in Poland, for example, where a similarly low on-trade share is increasing over time (Romania might follow this pattern in the future).

Figure 2: Total employment because of beer in 2014: 84,988 jobs



Source: Calculations - different sources.

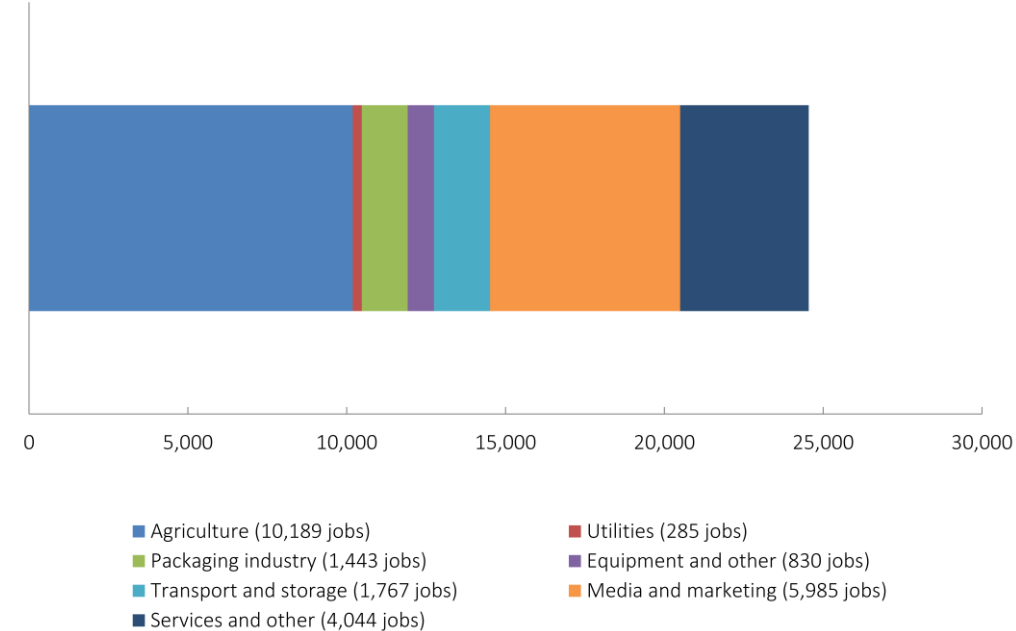
Figure 3: Change in employment (2013-2014): -11.4 %



Source: Calculations - different sources.

The largest contribution to employment in the supply sectors occurred in agriculture. This reflects the labour-intensity of the sector. Around a third of agricultural supplies are imported. There was also a large contribution to employment in the media and marketing sector.

Figure 4: Indirect employment in 2014: 24,543 jobs

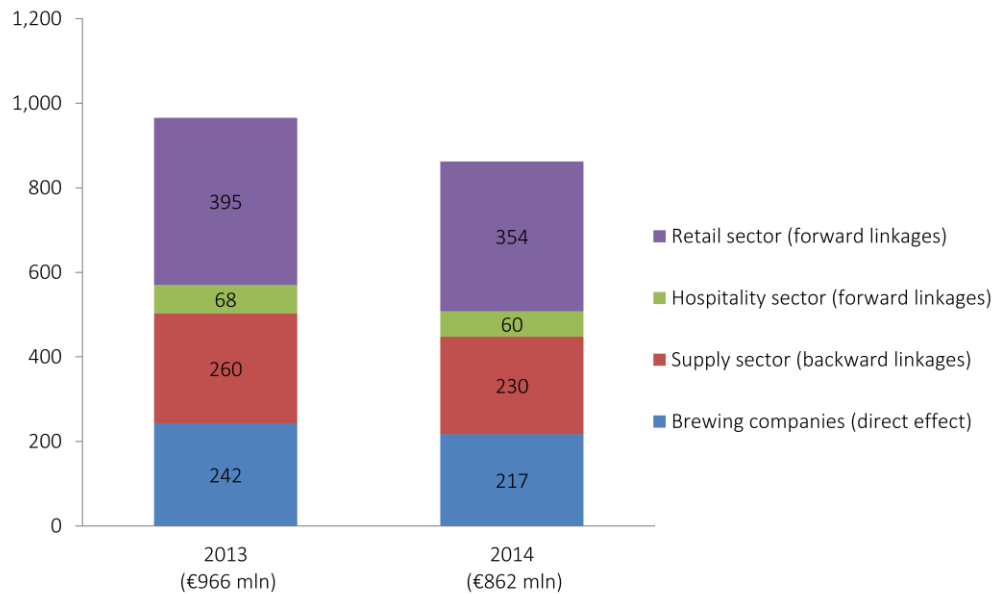


Source: Calculations - different sources.

7. VALUE ADDED GENERATED BY THE BEER SECTOR

The pattern for value added is similar to that for employment, with a large retail sector contribution reflecting the large off-trade share in overall consumption. This has declined, reflecting a decline in the value of retail sales, while other contributions to employment have remained reasonably stable.

Figure 5: Change in value added (2013-2014): -10.7 %

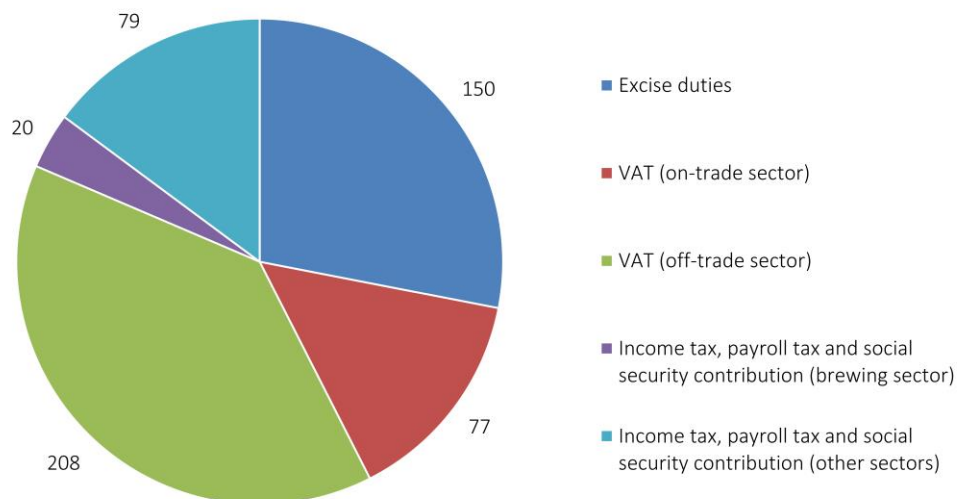


Source: Calculations - different sources.

8. GOVERNMENT REVENUES RELATED TO BEER

The largest contribution to revenues related to VAT in the off-trade, reflecting the particularly high share of consumption in the off-trade. VAT revenues are still high relative to excise duty revenues, despite the increase in the excise duty rate in 2013.

Figure 6: Government revenues generated by beer in 2014: 533 million Euro



Source: Calculations - different sources.

Table 4: Government revenues (2013-2014)

	2013	2014	% Change
Excise duties (million Euro)	154	150	-2.9 %
VAT (on-trade) (million Euro)	87	77	-11.2 %
VAT (off-trade) (million Euro)	231	208	-10.3 %
Income tax, payroll tax and social security revenues (brewing companies) (million Euro)	21	20	-4.5 %
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	88	79	-10.6 %
Total government revenues (million Euro)	581	533	-8.3 %

Source: Calculations - different sources.

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