



The Contribution made by Beer to the European Economy

 Spain - January 2016

SPAIN

1. COUNTRY PROFILE

	2014
Population	46,460,681
Currency	Euro
GDP per capita in PPS (2012, EU28 = 100)	93

Source: Eurostat and National Statistical offices.

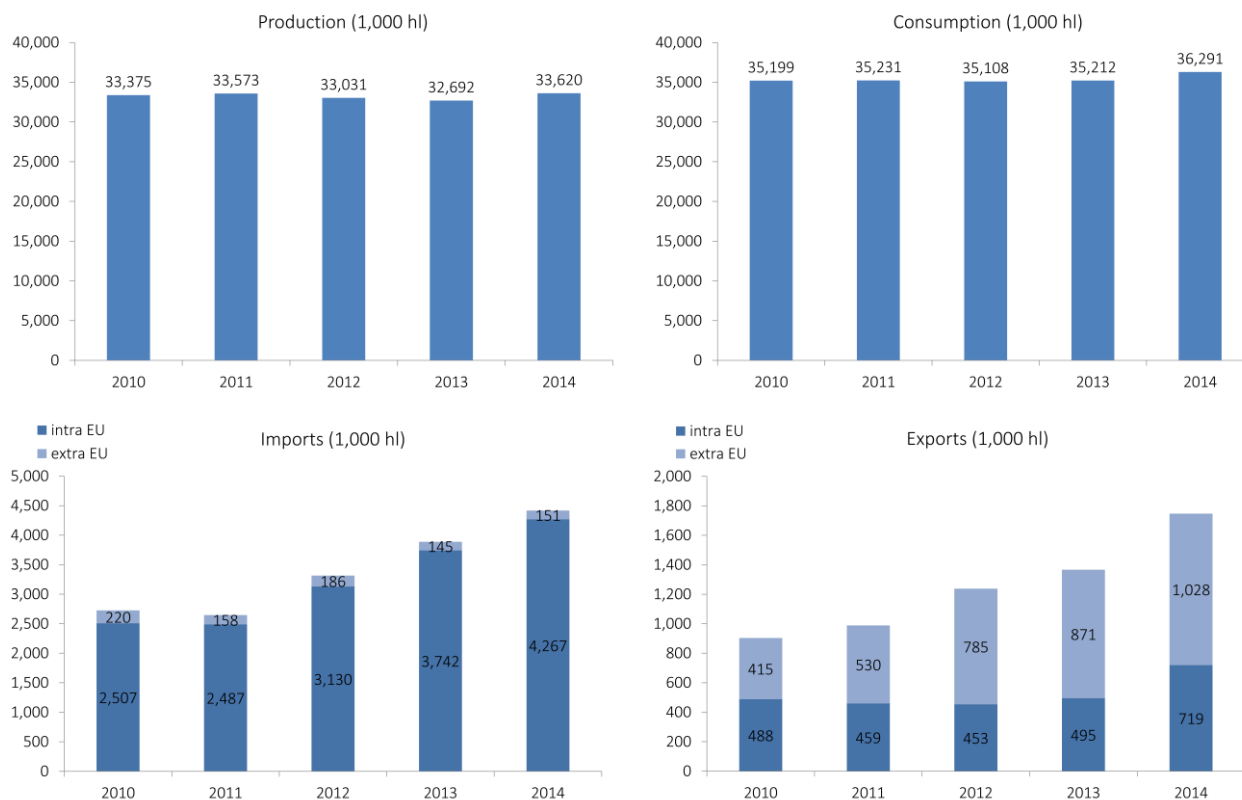
2. HIGHLIGHTS SPAIN

Table 29.1: Economic impact of beer in Spain (2013-2014)

	2013	2014	% Change
Total number of jobs	324,765	344,004	5.9 %
Value-added (million Euro)	6,540	6,890	5.4 %
Government revenues (million Euro)	4,729	4,982	5.3 %

Source: Calculations - different sources.

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



Source: National associations.

3. BREWING SECTOR

Production has increased from 2013 to 2014 and there has been a large (over 100, around 50 per cent) increase in the number of breweries. This has resulted from a rise in the number of microbreweries, representing a rise in craft and other specialty beer production.

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

	2013	2014
Total production (in hectolitres)	32,692,000	33,620,000
Brewing companies	209	320
Breweries (including microbreweries)	221	332
Microbreweries	203	314

Source: National Associations.

4. BEER MARKET

Total consumption has risen, by around 1 million hectolitres, and total consumer spending has increased by nearly €800 million. Alongside that overall growth in the market, there has also been an increase in the already high share accounted for by the on-trade. Prices have been stable.

Table 29.3: Basic characteristics beer market (2013-2014)

	2013	2014
Total consumption in hectolitres	35,212,000	36,291,000
Total consumer spending (in million Euro)	14,740	15,504
Consumption of beer per capita (in litres)	75	78
Beer consumption on-trade (hospitality)	62%	64%
Beer consumption off-trade (retail)	38%	36%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	5.98	5.97
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	1.26	1.26

Source: National Associations.

Note: Consumption of beer per capita calculated using apparent beer consumption. Average consumer prices for 2014 have been calculated using 2013 prices and national average inflation rate for 2014.

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, but more pronounced thanks to wider macroeconomic pressures. The beer sector withstood those pressures relatively well, however, and there has now been a recovery in 2014, with both an increase in beer consumption and an increase in the on-trade share. Overall, the on-trade sector has a remarkable impact on Spanish GDP: beer accounts on average for 25 per cent of the income of bars and 40 per cent of income of small establishments under 10 employees (90 per cent of bars and cafes).

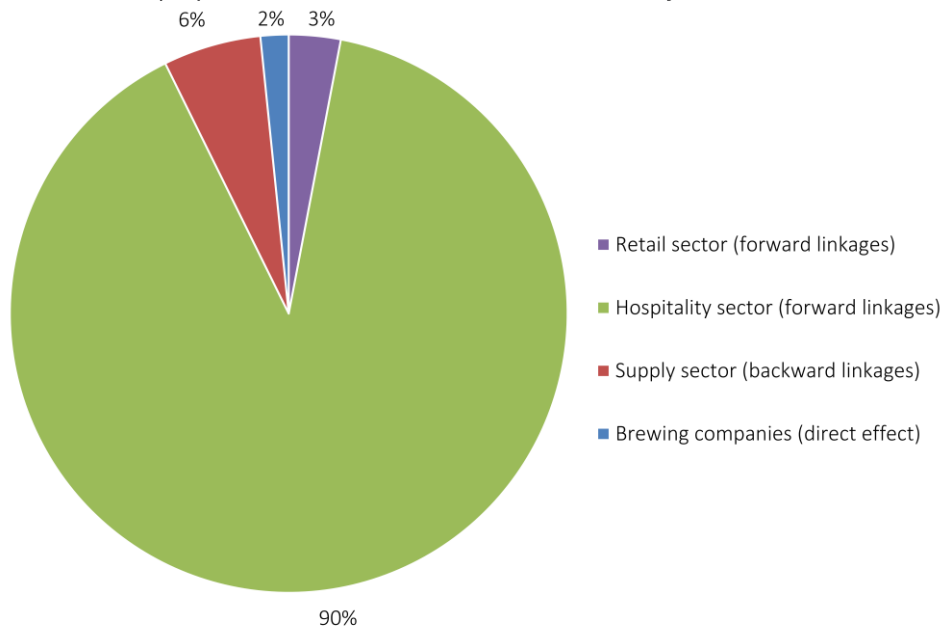
Within that market, there have been structural changes, with increases in the consumption of:

- flavoured beers with volumes rising 16 per cent on the previous year;
- specialty beers, with volumes rising 10 per cent on the previous year; and
- the emergence of a craft beer segment, with new firms entering the market.

6. EMPLOYMENT GENERATED BY THE BEER SECTOR

By far the largest beer-related contribution to employment occurred in the hospitality sector; 90 per cent of the total contribution to employment. This sector and its contribution to employment have also grown significantly, reflecting the rise in the overall size of the market and the on-trade share. The off-trade contribution in the retail sector has declined, but was already small relative to the on-trade.

Figure 2: Total employment because of beer in 2014: 344,004 jobs



Source: Calculations - different sources.

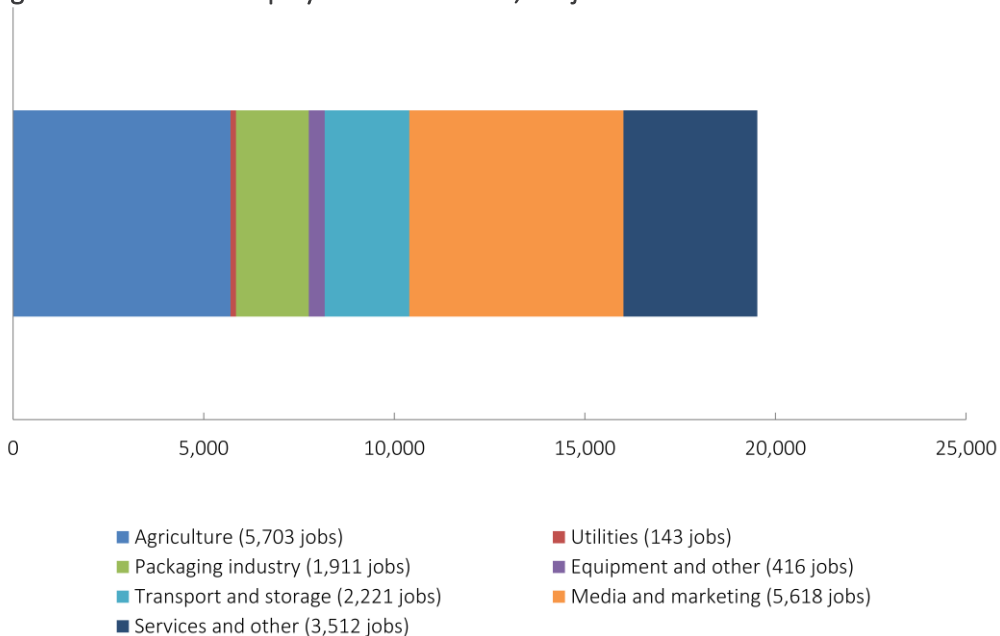
Figure 3: Change in employment (2013-2014): 5.9 %



Source: Calculations - different sources.

Among the supply sectors, the largest contributions to employment are in media and marketing and agriculture. This reflects the labour-intensity of agriculture and the large domestic share in the supply of both agricultural goods and media and marketing services (in both cases, around 90 per cent of purchases is made domestically).

Figure 29.4: Indirect employment in 2014: 19,524 jobs

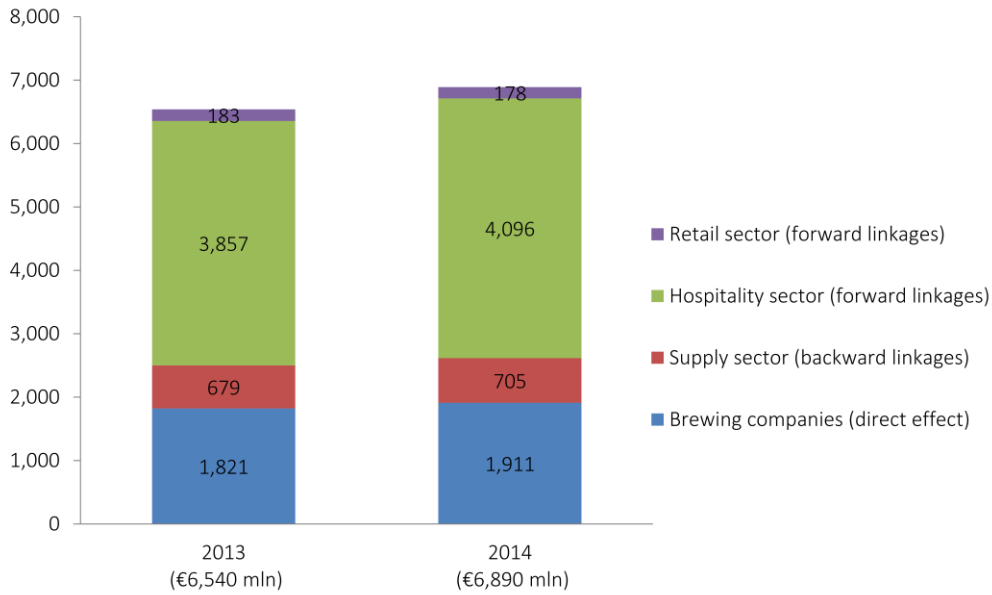


Source: Calculations - different sources.

7. VALUE ADDED GENERATED BY THE BEER SECTOR

Value added in the beer sector is largest in the hospitality sector, reflecting the large and growing share of consumption in the on-trade. However there is also a substantial contribution from the brewing sector itself, reflecting a high ratio of value added to employment.

Figure 5: Change in value added (2013-2014): 5.4 %

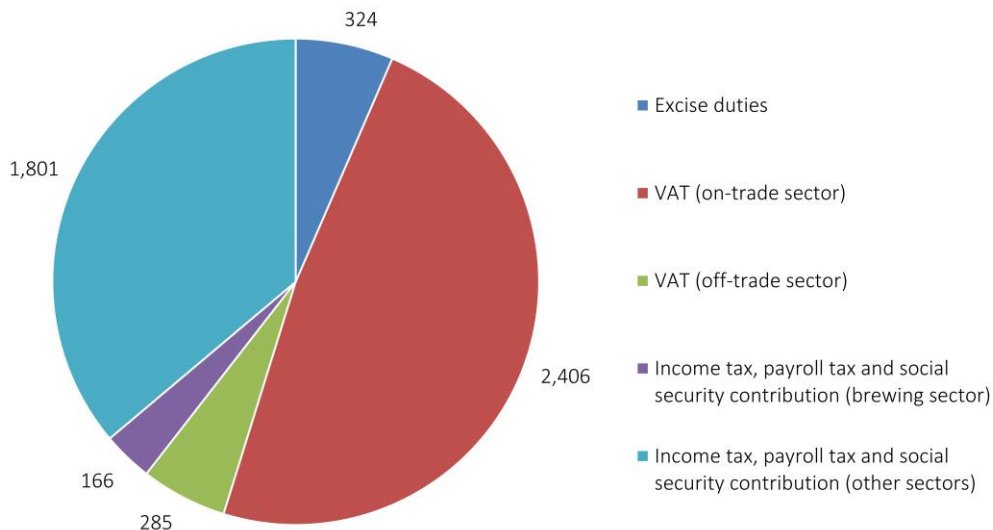


Source: Calculations - different sources.

8. GOVERNMENT REVENUES RELATED TO BEER

The largest contribution to revenues, by some margin, relates to VAT in the on-trade. This reflects the high share of consumption in that sector, where the higher prices which are a general feature of on-trade sales (reflecting the inclusion of other services) dilute excise duties relative to VAT (which varies with value added).

Figure 29.6: Government revenues generated by beer in 2014: 4,982 million Euro



Source: Calculations - different sources.

Table 29.4: Government revenues (2013-2014)

	2013	2014	% Change
Excise duties (million Euro)	305	324	6.3 %
VAT (on-trade) (million Euro)	2,266	2,406	6.2 %
VAT (off-trade) (million Euro)	292	285	-2.5 %
Income tax, payroll tax and social security revenues (brewing companies) (million Euro)	162	166	2.3 %
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	1,704	1,801	5.7 %
Total government revenues (million Euro)	4,729	4,982	5.3 %

Source: Calculations - different sources.

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