# The Contribution made by Beer to the European Economy

Belgium - March 2020

Europe Economics

The Brewers of Europe

# Belgium

## 1 | Country profile

Table 1: Country profile

| | 2018 |
|---|---|
| Population | 11,398,589 |
| Currency | Euro |
| GDP per capita in PPS (2012, EU28 = 100) | 117 |

Source: Eurostat and National Statistical offices.

## 2 | Highlights Belgium

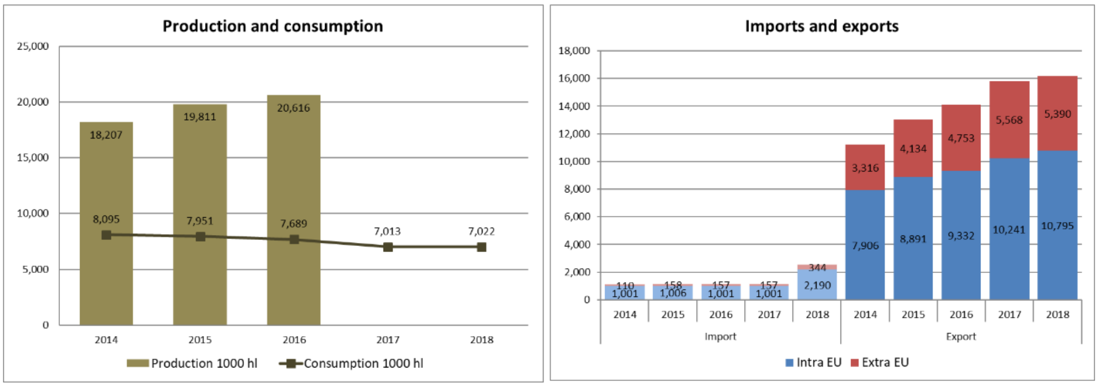
Table 2: Economic impact summary (and % change over the period)

| | | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Total number of jobs | [-7.8%] | 44,905 | 45,651 | 41,123 | 41,385 |
| Value-added (mEuro) | [16.3%] | 2,026 | 2,419 | 2,372 | 2,357 |
| Government revenues (mEuro) | [-1.7%] | 1,344 | 1,387 | 1,319 | 1,321 |

Source: Calculations - different sources.

Belgium's production of beer reached 20m hectolitres in 2016 (the last year for which data are available). Domestic consumption has remained on a path of gradual decline since 2014, picking up again slightly in 2018 thanks to a good summer and the football World Cup.[1] As a nation whose beer is revered around the world, Belgian breweries have succeeded in selling their produce to consumers in other countries. The national brewers association, Belgian Brewers, has suggested that beer acts as an "international ambassador", representing the country globally.[2] Notably, the majority of the increase in exports of Belgian beer has been fuelled by consumers outside the EU.

Figure 1: Evolution of main indicators (2014-2018)




Source: National associations.

[1] Belgian Brewers (2018) "2018 Annual Report".

[2] Belgian Brewers (2018) "Economy".

# 3 | A snapshot of the brewing sector

For the second year in a row, Belgium is the largest exporter of beer (16.2 million HL) in Europe before Germany (15.8 million HL) and the Netherlands (14.6 million HL). Over the whole four-year period, the number of breweries rose steadily, from just under 200 in 2015 to over 300 in 2018. Although the exact figures are uncertain, the presence of microbreweries has continued to expand in recent years, according to the national association.

**Table 3: Basic characteristics of the beer sector (2015-2018)**

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Total production (in hectolitres) | 19,811,000 | 20,616,000 | N/A | N/A |
| Brewing companies | N/A | 147 | 184 | 218 |
| Breweries (including microbreweries) | 199 | 224 | 261 | 304 |
| Microbreweries | N/A | N/A | N/A | N/A |

Source: National Associations.

# 4 | Looking at the beer market

Whilst production continues to rise, total consumption of beer in Belgium is steadily falling. This is reflected in the lower level of consumption per capita, which stood at 68 litres in 2016 (the figure for 2011 was 78 litres).

**Table 4: Basic characteristics of the beer market (2015-2018)**

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Total consumption in hectolitres | 7,951,000 | 7,689,000 | 7,013,000 | 7,022,000 |
| Total consumer spending (in million Euro) | 3,535 | 3,479 | 3,198 | 3,230 |
| Consumption of beer per capita (in litres) | 71 | 68 | N/A | N/A |
| Beer consumption hospitality | 44% | 44% | 43% | 42% |
| Beer consumption retail | 56% | 56% | 57% | 58% |
| Consumer price hospitality (€ / litre)* | 7.94 | 8.08 | 8.26 | 8.45 |
| Consumer price retail (€ / litre)* | 1.70 | 1.73 | 1.77 | 1.81 |

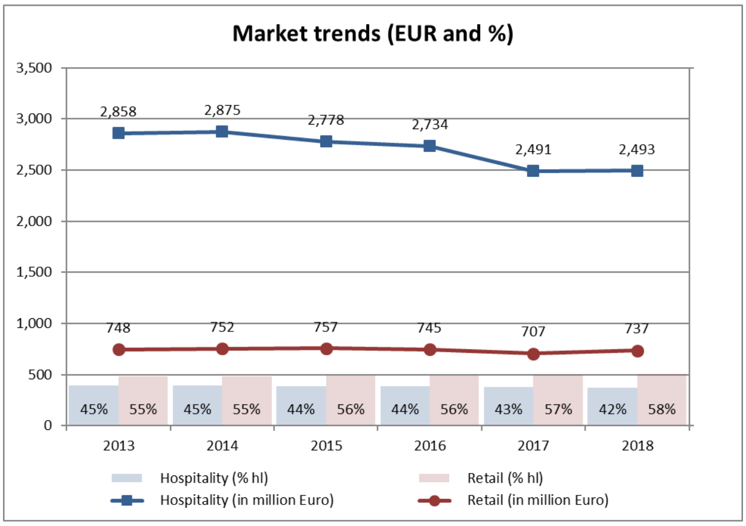
Note: * Prices are averages inclusive of taxes and duties.

Source: National Associations.

# 5 Trends and developments

Belgian Brewers reports a continued decline of consumption of beer in the hospitality sector, and this is indeed observed in the data. Consumers were drinking 42% of their beer in pubs and restaurants in 2018 and 52% was being consumed from retail purchases. The significant difference in the average prices of the hospitality and retail sectors – €8.45 per litre against €1.81, respectively – may be a factor contributing to the declining share of beer consumed in the hospitality sector. On the other hand, the total value of the market for beer consumed in this sector remains approximately three times as large as the retail beer market. Meanwhile, there has been a steady increase in the consumption of non-alcoholic and low-alcohol beers.

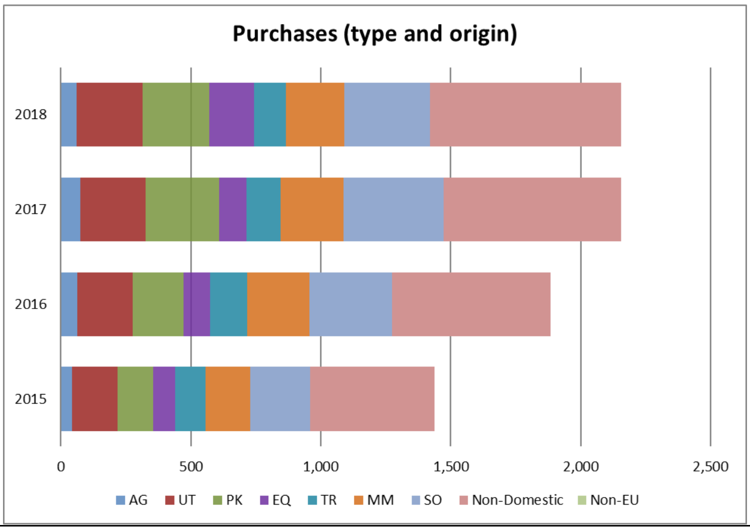
**Figure 2: Recent consumption trends (2013-2018)**




Source: National Associations.

The value of upstream purchases of brewers in Belgium has risen since 2015, reaching above €2,100m in 2017 and remaining stable at the same level 2018. A large proportion of their agricultural inputs are purchased from other European countries.

**Figure 3: Importance up the chain**



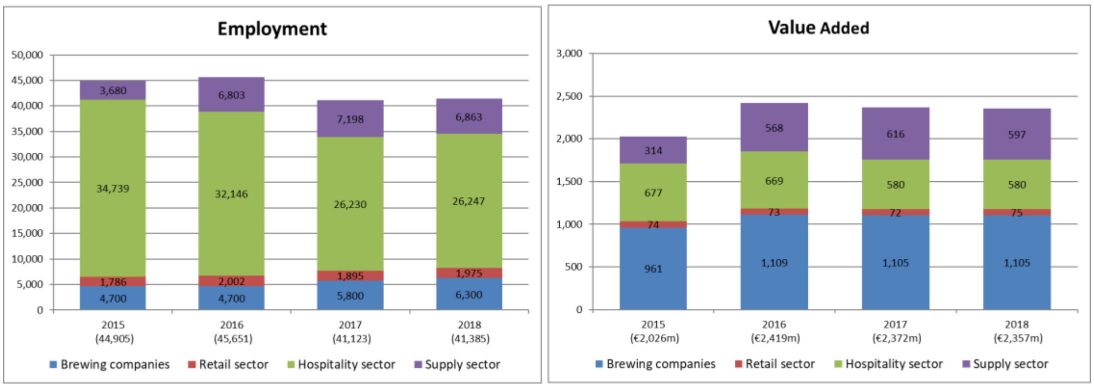

Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

# 6 | The impacts beyond the sector: related jobs and value added

Employment is concentrated in the hospitality market, but the number of jobs owing to the direct employment needs of brewers is rising in-step with the increasing number and diversity of brewers. Overall employment related to beer has fallen between 2016 and 2017, ducking below 41,000 people in 2017. During the 2018, the employment increased back to above 41,000.

Value added remained quite stable during the period 2016-2018, hovering between €2bn and €2.4bn. Brewing companies account for the majority of added value in the overall beer sector, followed by the hospitality sector and the supply sector.

Figure 4: Change in employment and value added (2015-2018).



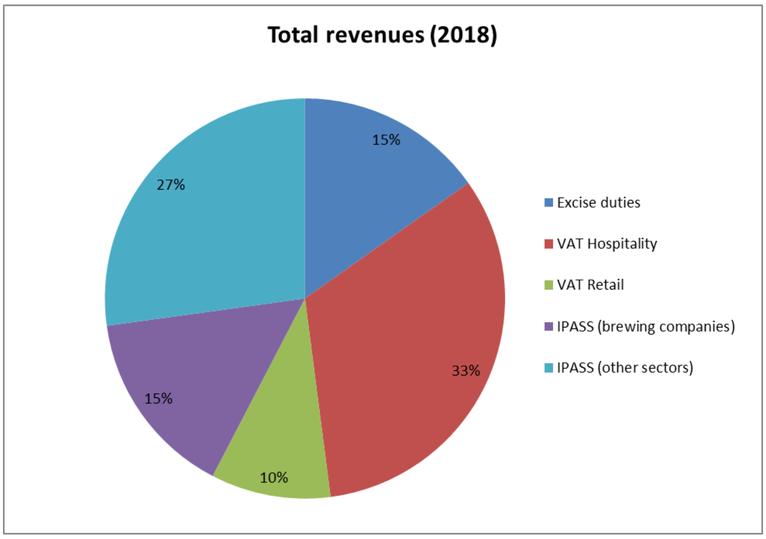

Note: The figures in the employment chart are to be considered as estimates.
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

The employment in the supply sector can be broken down using the estimates from the responses to the survey to brewers. These imply a job breakdown of: 529 jobs in agriculture, 741 jobs in packaging, 934 jobs in transport, 2,297 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

# 7 | Government revenues related to beer

In 2018 government revenues generated from every stage in the beer production chain amounted to more than €1.3bn. A third of this came from VAT collected in the hospitality sector. The high average price of beer sold in the hospitality sector can be partially attributed to the combination of VAT and excise duties.

Figure 5: Government revenues generated by beer in 2018




Source: Calculations based on data from Eurostat, and the National Associations.

As can be seen below, VAT collected in the hospitality sector stood at €433m which, although high, is below the level at which it began the period at closer to €500m. Whilst the beer sector remains a valuable source of revenue for national fiscal balances, it can remain so as long as tax rates do not prevent consumers from accessing beer at affordable prices. Belgian Brewers has called on the national government to hold-off from raising taxes further in the future.

Table 5: Government revenues, mEuro (2015-2018)

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Excise duties | 194 | 202 | 201 | 201 |
| VAT Hospitality | 482 | 475 | 432 | 433 |
| VAT Retail | 131 | 129 | 123 | 128 |
| IPASS (brewing companies) | 165 | 181 | 201 | 201 |
| IPASS (other sectors) | 369 | 396 | 357 | 354 |
| **Total government revenues** | **1,342** | **1,383** | **1,313** | **1,316** |

Source: Calculations - different sources.

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