

The Contribution made by Beer to the European Economy

 Cyprus - March 2020

Cyprus

1 | Country profile

Table 1: Country profile

	2018
Population	864,236
Currency	Euro
GDP per capita in PPS (2012, EU28 = 100)	89

Source: Eurostat and National Statistical offices.

2 | Highlights Cyprus

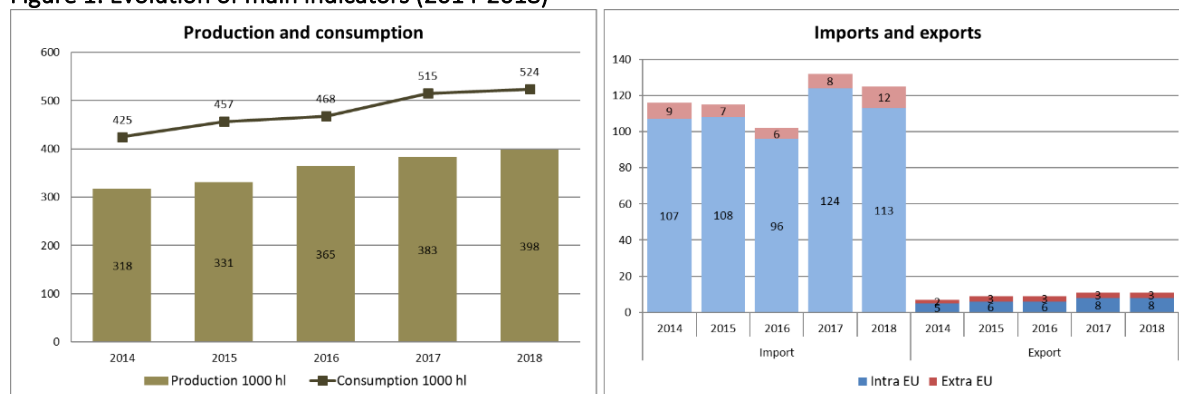
Table 2: Economic impact summary (and % change over the period)

		2015	2016	2017	2018
Total number of jobs	[31.2%]	3,678	3,810	4,270	4,825
Value-added (mEuro)	[28.2%]	85	88	98	109
Government revenues (mEuro)	[24.7%]	60	61	68	75

Source: Calculations - different sources.

Cyprus had a steady increase in both beer consumption and production with an approximate increase of 30% in production and approximately 25% increase in consumption for the period 2014 and 2018. The imports have remained fairly stable while exports saw an increase in the same period.

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



Source: National associations.

3 | A snapshot of the brewing sector

Total production of “bira” in Cyprus has been increasing since the middle of the last decade reaching close to 400,000 hectolitres in 2018. The Cypriot brewing scene continues fairly unchanged with the number of brewers remaining the same in 2018 as in 2015, despite a small drop in the two years in the middle.

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

	2015	2016	2017	2018
Total production (in hectolitres)	331,000	365,000	383,000	398,000
Brewing companies	4	3	3	4
Breweries (including microbreweries)	4	3	3	4
Microbreweries	2	1	1	2

Source: National Associations.

4 | Looking at the beer market

There were more than 450,000 hectolitres consumed in 2015 with the figures going above 500,000 in the last two years. Total consumer spending on beer has been increasing every year, reaching €268 million in 2018 —an increase of 23% since 2015. Cypriots have also become fonder of beer during this period with an increase of 54 litres per capita in 2015 to 59 litres per capita.

There has been a significant shift in the way beer is consumed in Cyprus: at the beginning of the period most beer was bought from retail shops, whilst at the end, the largest share came from the hospitality sector. This happened despite the evolution of average prices: they dropped from €2.80 to €2.20 in the stores but were broadly unchanged in the hotels in restaurants.

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

	2015	2016	2017	2018
Total consumption in hectolitres	457,000	468,000	515,000	524,000
Total consumer spending (in million Euro)	218	223	244	268
Consumption of beer per capita (in litres)	54	55	58	59
Beer consumption hospitality	42%	42%	51%	55%
Beer consumption retail	58%	58%	49%	45%
Consumer price hospitality (€ / litre)*	7.50	7.50	7.00	7.50
Consumer price retail (€ / litre)*	2.80	2.80	2.40	2.20

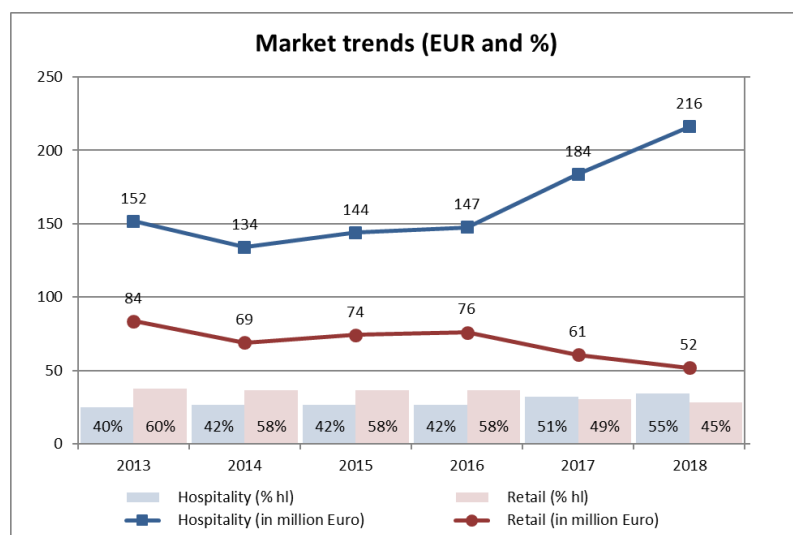
Note: * Prices are averages inclusive of taxes and duties.

Source: National Associations.

5 Trends and developments

Beer consumption in Cyprus has shifted more towards the hospitality sector during the period 2013-2018: whilst most beer was consumed in retail - 58 per cent - in 2015, by 2018 the scale tipped towards the hospitality industry (e.g. bars, pubs, etc) – 55 per cent. The shift occurred in 2017 (and as a result, the differences between the two markets also increased). Some of this shift might be attribute to the consumption patterns of tourists (more prone to the bar and restaurant) but also to a gradual increase in the consumption of craft beer.

Figure 2: Recent consumption trends (2013-2018)



Source: National Associations.

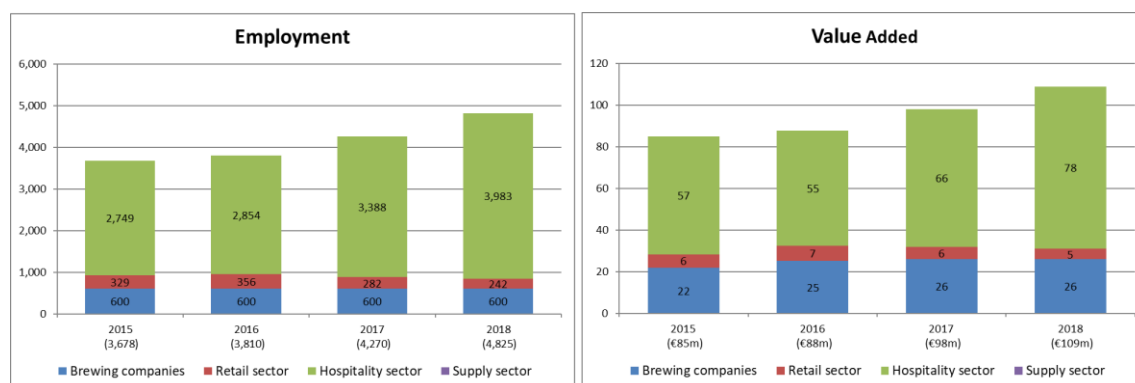
It has not been possible to calculate the sector purchases for Cyprus.

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

The figures below paint the importance of the beer industry both in terms of employment contribution and economic value added. Employment in the sector has increased by approximately 30% from 2015 to 2018. Following the consumption patterns, most of the new jobs can be attributed to the hospitality sector, while in the retail sector and brewing companies it remained fairly stable.

The pattern in value added follows the employment creation closely with almost all of the increase in value being attributed to the hospitality sector.

Figure 3: Change in employment and value added (2015-2018).



Note: The figures in the employment chart are to be considered as estimates.

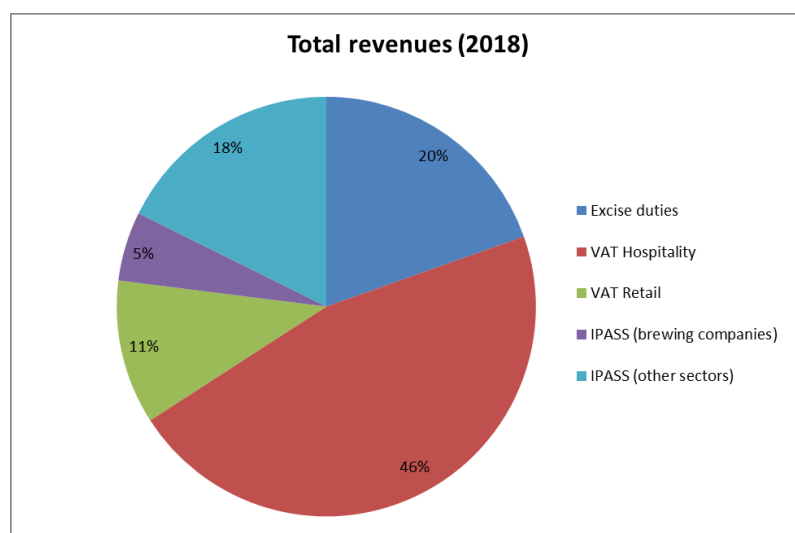
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

It has not been possible to estimate the employment in the different supply sectors for Cyprus.

7 | Government revenues related to beer

Government revenues in Cyprus related to beer are dominated by VAT revenues from the hospitality industry, the rate of which is below the EU average. Almost half of the revenues is due to the VAT and one fifth because of excise duties.

Figure 4: Government revenues generated by beer in 2018



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

Total tax receipts increased over the period 2015-2018 by a quarter. A large part of this increase can be attributed to the VAT revenues in hospitality, which have increased by close to 50% in the period. In contrast to what we observe in other EU countries, VAT revenues from the retail sector have decreased by a third.

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

	2015	2016	2017	2018
Excise duties	12	12	14	15
VAT Hospitality	23	24	29	35
VAT Retail	12	12	10	8
IPASS (brewing companies)	4	4	4	4
IPASS (other sectors)	9	10	11	13
Total government revenues	60	61	68	75

Source: Calculations - different sources.

The Brewers of Europe

Rue Caroly 23 - 25
1050 Brussels - Belgium

T + 32 (0)2 551 18 10

www.brewersofeurope.org
info@brewersofeurope.org

© Published March 2020

