

# ***The Contribution made by Beer to the European Economy***

 Denmark - May 2020

# Denmark

## 1 | Country profile

Table 1: Country profile

	2018
Population	5,781,190
Currency	Krone
GDP per capita in PPS (2012, EU28 = 100)	128

Source: Eurostat and National Statistical offices.

## 2 | Highlights Denmark

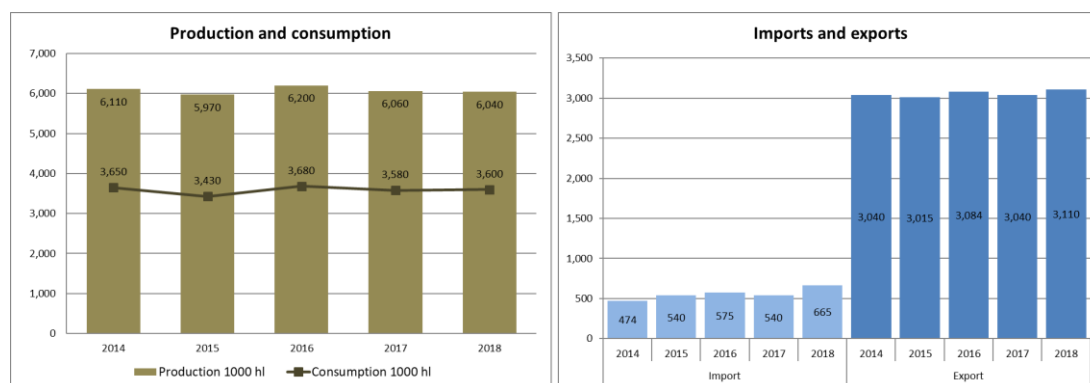
Table 2: Economic impact summary (and % change over the period)

		2015	2016	2017	2018
Total number of jobs	[75.1%]	15,570	26,112	27,166	27,260
Value-added (mEuro)	[11.6%]	728	820	833	812
Government revenues (mEuro)	[8.2%]	577	632	639	624

Source: Calculations - different sources.

Danish production of beer, stable throughout the period, far exceeds domestic consumption, leading to significant export volumes.

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



Source: National associations.

### 3 | A snapshot of the brewing sector

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The increased number of breweries over the period helped total production reach and exceed 600 million litres by 2016. Microbreweries contributed to this success, with 43 additional microbrewers entering the scene between 2015 and 2018.

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

	2015	2016	2017	2018
Total production (in hectolitres)	5,970,000	6,200,000	6,060,000	6,040,000
Brewing companies	142	150	167	185
Breweries (including microbreweries)	172	180	197	206
Microbreweries	132	140	157	175

Source: National Associations.

### 4 | Looking at the beer market

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Consumption indicators were also remarkably stable during the period 2015-2018. Total consumption, consumer spending on beer, and consumption per capita each rose somewhat, whilst the shares consumed in the retail and hospitality sectors did not budge.

Denmark is one of the seven countries in Europe with an average price of more than €10 per litre in the hospitality sector, which stood at €11.20 in 2018.

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

	2015	2016	2017	2018
Total consumption in hectolitres	3,430,000	3,680,000	3,580,000	3,600,000
Total consumer spending (in million Euro)	1,401	1,503	1,545	1,520
Consumption of beer per capita (in litres)	60	62	62	62
Beer consumption hospitality	23%	23%	25%	23%
Beer consumption retail	77%	77%	75%	77%
Consumer price hospitality (€ / litre)*	10.73	10.73	10.89	11.20
Consumer price retail (€ / litre)*	2.10	2.10	2.12	2.14

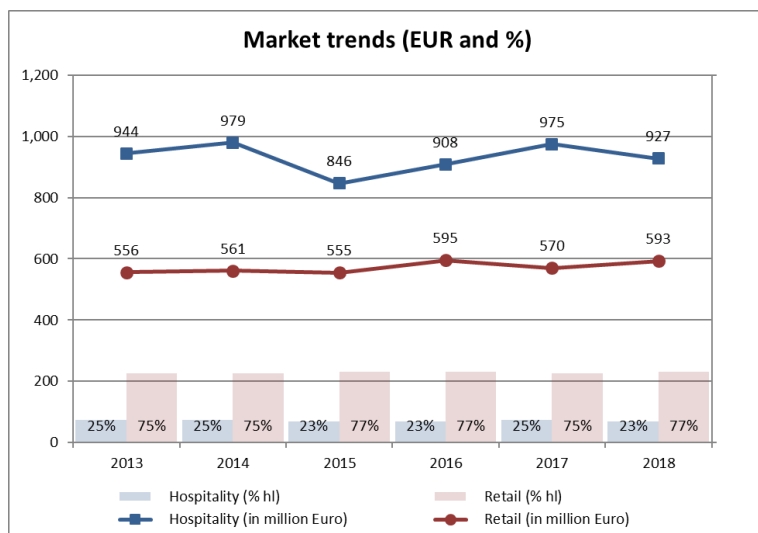
Note: \* Prices are averages inclusive of taxes and duties.

Source: National Associations.

## 5 Trends and developments

Denmark is a country where beer is predominantly drunk off-premises (in 2018, as much as 77% of all beer comes from stores). Despite this, the high prices of beer in the hospitality sector contributes to the sector's sustained lead in total value above that of the retail sector. During the longer time period 2013-2018, however, it did not manage to cross the €1 billion threshold, albeit coming very close in 2014 and 2017 (€979 and €975 million respectively).

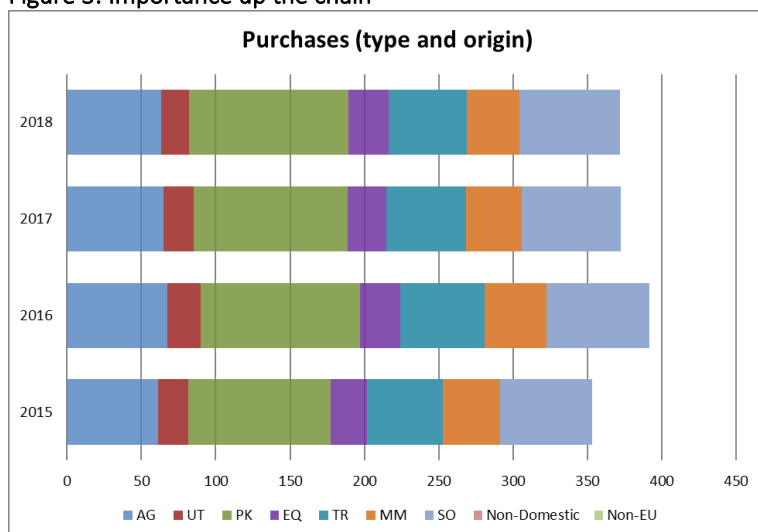
**Figure 2: Recent consumption trends (2013-2018)**



Source: National Associations.

After a steep increase between 2015 and 2016, the total purchases of inputs in the beer production chain fell slightly, from almost €400 million in 2016 to just over €370 million in 2018. According to the one individual brewer response received, all of the inputs were sourced domestically. This supports the Danish economy's range of sectors, from agricultural produce to its media and marketing services.

**Figure 3: Importance up the chain**



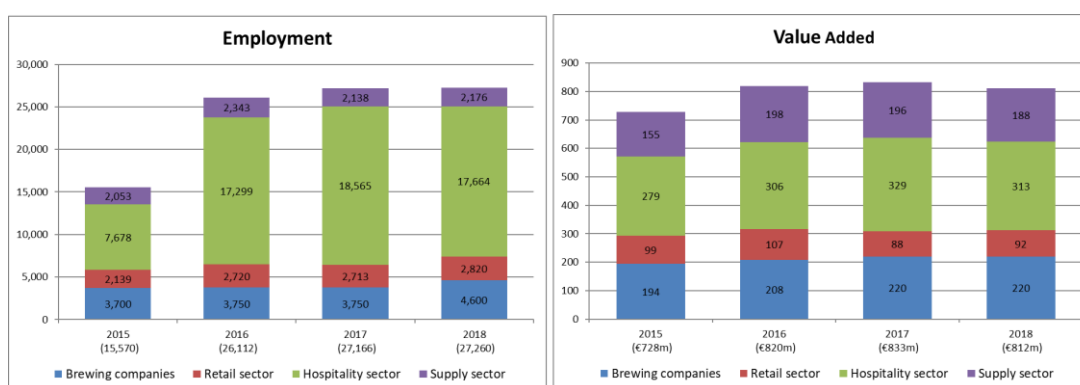
Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.  
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

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

Employment related to beer is concentrated in the hospitality sector. Total employment appears to have risen markedly between 2015 and 2016, however this is attributable to a change in the hospitality worker productivity data series collected by Eurostat, and so it is not necessarily reflective of a drop in worker productivity between these years.

The hospitality sector represent the largest share of the total value added, accounting for almost 40% of the total revenue in each year. This total came to €814 million in 2018, which marks a slight decrease since a period-high of above €820 million in 2016 and 2017 (€822 million and €835 million, respectively).

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



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

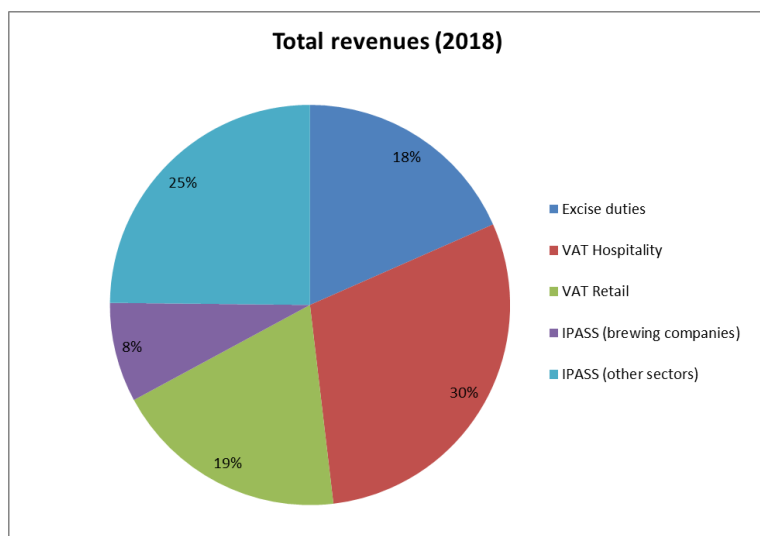
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 631 jobs in agriculture, 450 jobs in packaging, 230 jobs in transport, 334 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

## 7 | Government revenues related to beer

The source of government revenues from the beer industry in Denmark are more evenly distributed than is the case in many other European countries. Excise and VAT from retail sale of beer each contribute approximately 20% of the total. IPASS collected in other sectors accounts for 25% of the total, while VAT from the sale of beer in the hospitality sector accounts for almost a third.

**Figure 5: Government revenues generated by beer in 2018**



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

The total tax contribution increased somewhat over the period, from €577 million in 2015 to €624 in 2018 – but reaching a peak of €640 million in 2017.

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

	2015	2016	2017	2018
Excise duties	121	128	122	115
VAT Hospitality	169	182	195	185
VAT Retail	111	119	114	119
IPASS (brewing companies)	44	49	50	50
IPASS (other sectors)	131	155	158	155
<b>Total government revenues</b>	<b>577</b>	<b>632</b>	<b>639</b>	<b>624</b>

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](http://www.brewersofeurope.org)  
[info@brewersofeurope.org](mailto:info@brewersofeurope.org)

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