The Contribution made by Beer to the European Economy

Poland - March 2020

Europe Economics

The Brewers of Europe

Poland

1 | Country profile

Table 1. Country profile

	2018
Population	37,976,687
Currency	Złoty
GDP per capita in PPS (2012, EU28 = 100)	70

Source: Eurostat and National Statistical offices.

2 | Highlights Poland

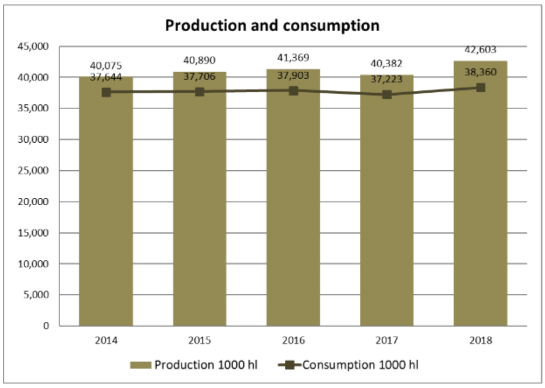
Table 2. Economic impact summary (and % change over the period)

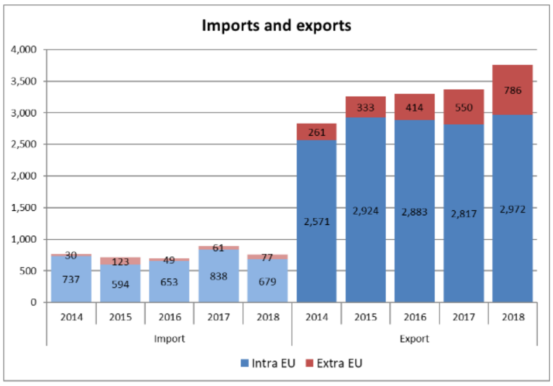
		2015	2016	2017	2018
Total number of jobs	[-8%]	152,656	146,703	138,072	140,424
Value-added (mEuro)	[-1.1%]	1,672	1,605	1,627	1,653
Government revenues (mEuro)	[4.7%]	2,179	2,172	2,226	2,282

Source: Calculations - different sources.

Polish figures show a close link between its production and consumption. There is also some international trade reported (mostly in the exports of beer) but the figures are rather low in comparison to the total production: in 2018 imports and exports accounted for 3.8 million hectolitres of beer, whereas the total production was higher than 42. The destination of Poland's exports continues to be dominated by European countries while its exports outside Europe have seen a significant increase from 261,000 hectolitres to 786,000 hectolitres.

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





Source: National associations.

3 | A snapshot of the brewing sector

Overall, production has only slightly increased from 40.9m to 42.6m hectolitres, this increase in production led to an increase in exports mostly driven by a rise in exports outside Europe. The number of breweries and brewing companies has increased considerably, from 150 in in 2015 to 250 in 2018, with the majority of them being microbreweries. However, it is worth noting that the share of microbreweries in total production has remained at a low level.

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

	2015	2016	2017	2018
Total production (in hectolitres)	40,890,000	41,369,000	40,382,245	42,603,000
Brewing companies	138	N/A	N/A	N/A
Breweries (including microbreweries)	150	210	275	318
Microbreweries	N/A	N/A	N/A	N/A

Source: National Associations.

4 | Looking at the beer market

The consumption of beer in Poland has followed a similar trend to production and has only slightly increased from 2015 to 2018. Total spending has followed a similar pattern, reflecting only a small increase in the price of beer in both the hospitality and the retail market. Poland is a country with a considerable amount of per capita consumption (among the highest in Europe), and this takes mainly place outside premises (the Polish people buy their beer from supermarkets and stores and consume it in the comfort of their home). Another interesting feature of the Polish market is that there is only a small difference between prices of beer in both markets i.e. €3.46/litre in the hospitality market and €1.24/litre in the retail market.

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

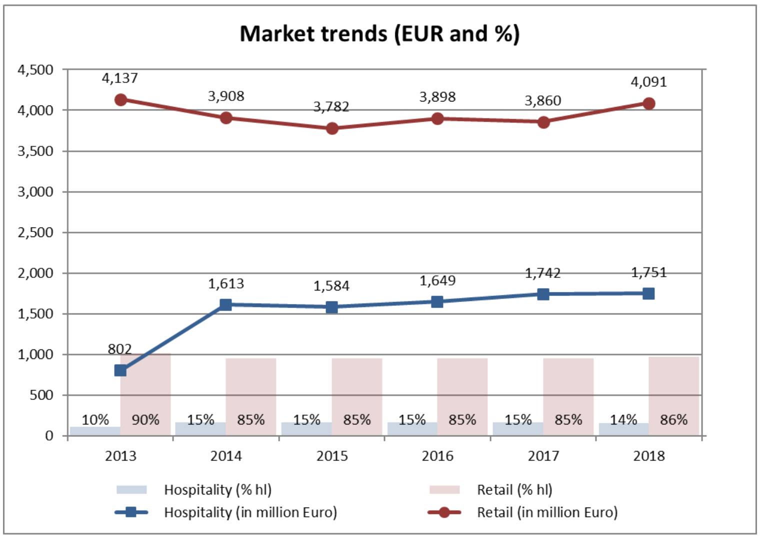
	2015	2016	2017	2018
Total consumption in hectolitres	37,706,000	37,903,000	37,223,000	38,360,000
Total consumer spending (in million Euro)	5,366	5,547	5,602	5,841
Consumption of beer per capita (in litres)	98	98	97	100
Beer consumption hospitality	15%	15%	15%	14%
Beer consumption retail	85%	85%	85%	86%
Consumer price hospitality (€ / litre)*	2.80	2.90	3.12	3.26
Consumer price retail (€ / litre)*	1.18	1.21	1.22	1.24

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

5 Trends and developments

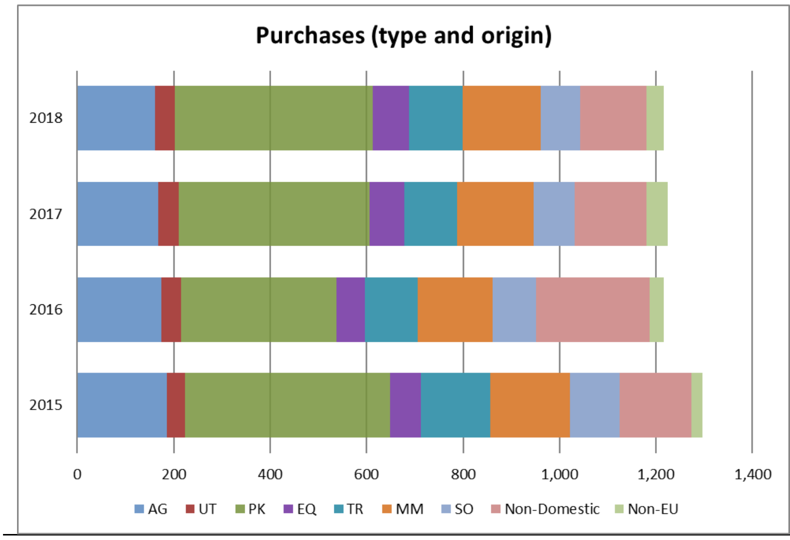
The beer consumption in the hospitality sector has been low in Poland at around 15 per cent in the years 2015-2017 and 14 per cent in 2018. The very remarkable split of volume towards the retail sector together with a small price differential between the beer sold in retail and hospitality imply a higher market value of the beer sold in retail markets of around €4 billion.

Figure 2. Recent consumption trends (2013-2018)



Production of Polish beer implies purchases up-stream the supply chain into different inputs. The total purchased amount has not changed significantly recently, but what is interesting to see is that approximately 15 per cent of purchases comes from abroad (non-domestic and non-EU combined).

Figure 3. Importance up the chain

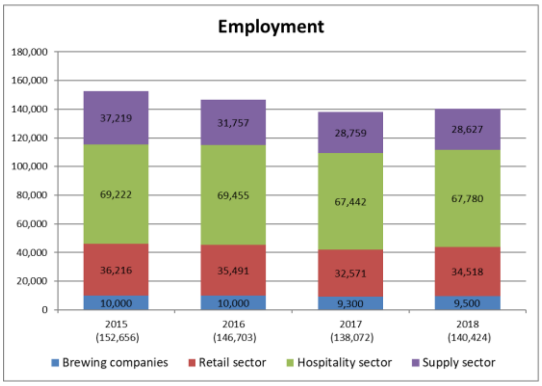


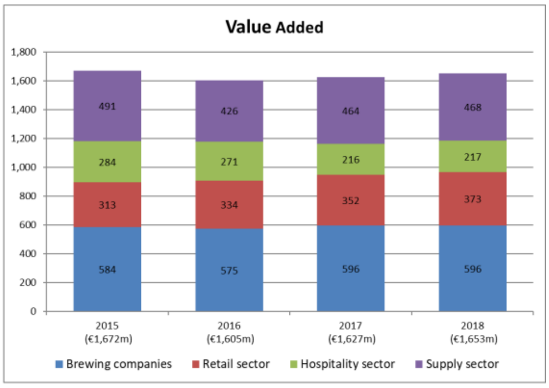
Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

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

Employment in Poland is concentrated, in the hospitality sector. This reflects both the high share employed in the hospitality sector (approximately half of the total employment) and its relative labour-intensity. It is worth noting that over the years both employment and the value added have slightly decreased. Most value added comes from the brewing of beer.

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





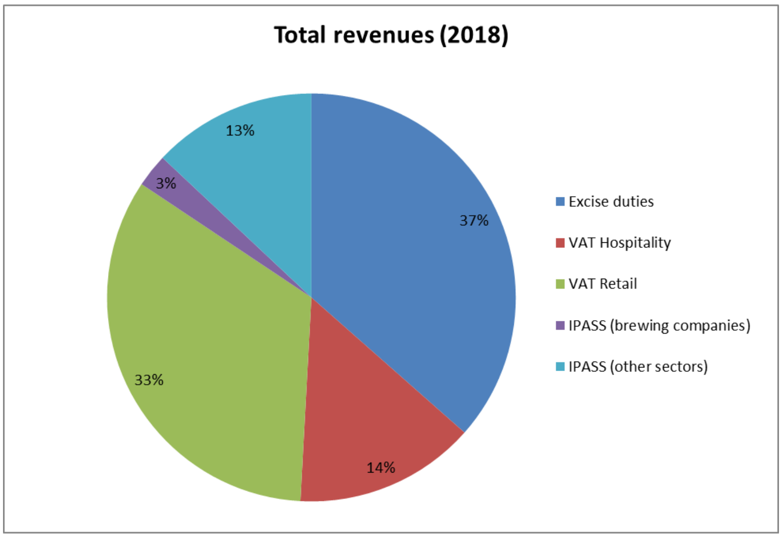
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 12,972 jobs in agriculture, 5,209 jobs in packaging, 2,674 jobs in transport, 5,056 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 | Government revenues related to beer

The beer economy contributed €2,282m to government revenues in 2018. In contrast to many other countries in Europe, the contribution made by beer is relatively evenly split between excise duties and VAT in retail. VAT in hospitality and IPASS (other sectors) are also adding a significant contribution to the overall revenues. The large proportion of VAT revenue collected from the retail sector reflects the continued importance of the sale of beer in supermarkets and other retail stores.

Figure 5. Government revenues generated by beer in 2018



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

Approximately 70 per cent of the total government revenues can be attributed to excise duties and VAT in retail. We note that government revenues have remained stable over years, reflecting the stable consumption and production of beer in Poland.

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

	2015	2016	2017	2018
Excise duties	840	817	829	834
VAT Hospitality	296	308	326	327
VAT Retail	707	729	722	765
IPASS (brewing companies)	55	55	60	60
IPASS (other sectors)	280	262	289	297
Total government revenues	**2,179**	**2,172**	**2,226**	**2,282**

Source: Calculations - different sources.

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