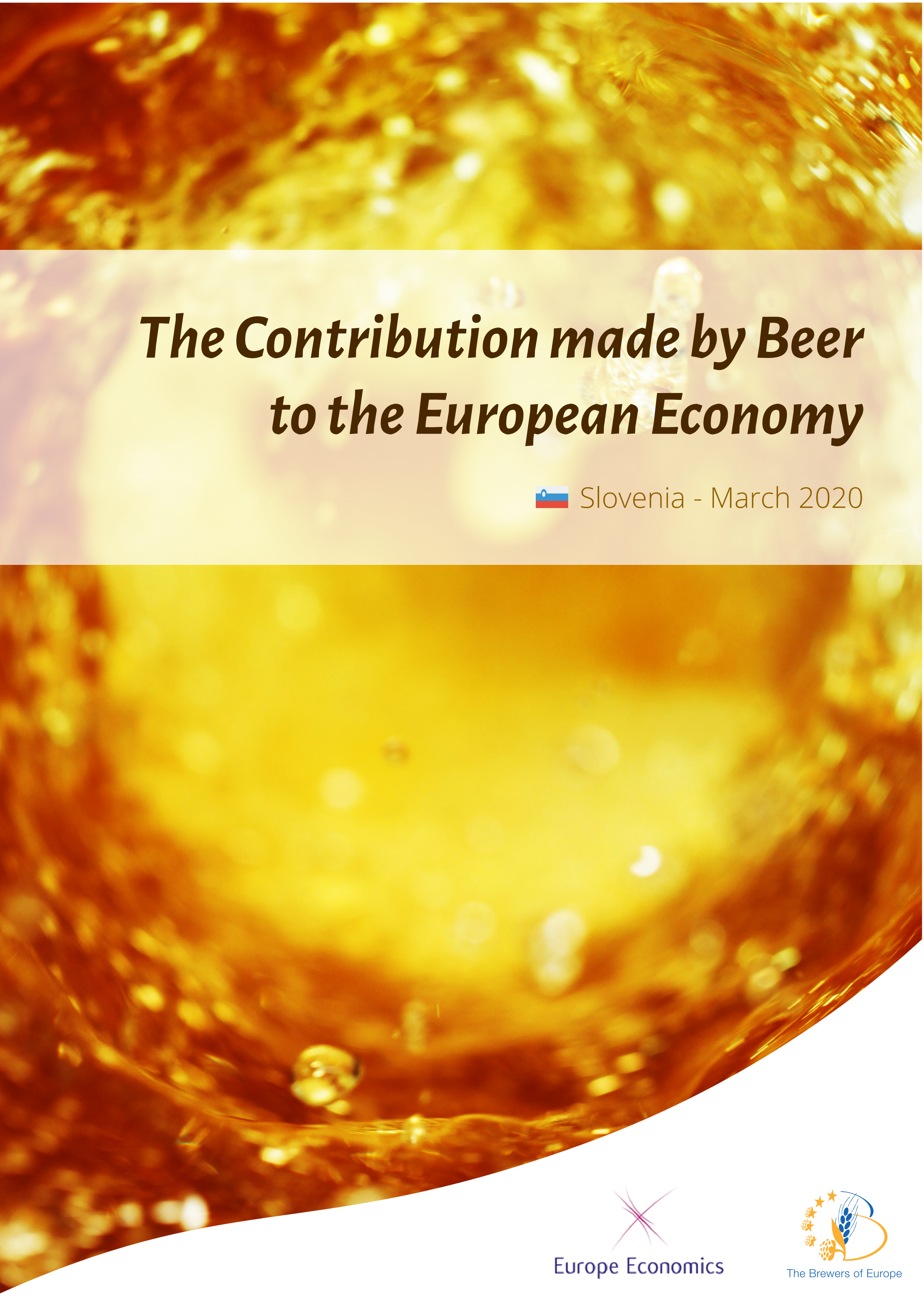


The Contribution made by Beer to the European Economy

Slovenia - March 2020

Europe Economics

The Brewers of Europe

Slovenia

1 | Country profile

Table 1. Country profile

	2018
Population	2,066,880
Currency	Euro
GDP per capita in PPS (2012, EU28 = 100)	88

Source: Eurostat and National Statistical offices.

2 | Highlights Slovenia

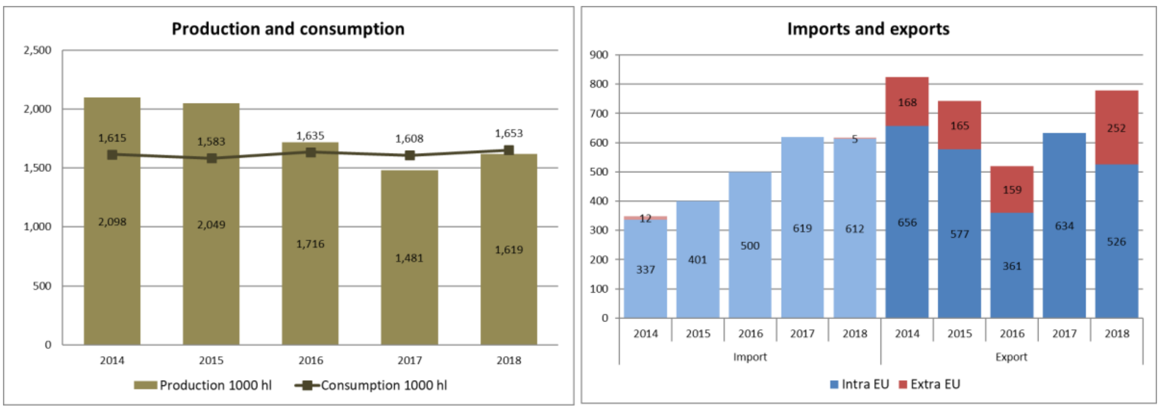
Table 2. Economic impact summary (and % change over the period)

		2015	2016	2017	2018
Total number of jobs	[-9%]	9,051	9,390	8,556	8,240
Value-added (mEuro)	[-13.7%]	183	186	164	158
Government revenues (mEuro)	[0.1%]	216	226	217	216

Source: Calculations - different sources.

Production in Slovenia has been on a long-term downward trend but picked up remarkably in 2018. A similar pattern is found in the exports of beer, it has been reducing until 2016 and picked up the last two years. Imports, on the other hand, have been steadily increasing between 2014 to 2018 implying an increase in demand in Slovenia for a larger variety of beers.

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



Source: National associations.

3 | A snapshot of the brewing sector

Total production of beer in Slovenia experienced highs and lows over the period 2015-2018, reaching a final high of 1.6 million hectolitres. The number of breweries also increased, which involved the net entry of some 47 microbreweries over the period. The Association of Slovene Brewers notes that a number of smaller breweries have closed in recent years, but is confident that this is part of the normal evolution of the beer industry.

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

	2015	2016	2017	2018
Total production (in hectolitres)	2,049,290	1,715,600	1,480,892	1,618,721
Brewing companies*	55	61	65	98
Breweries (including microbreweries)	55	62	66	99
Microbreweries	50	60	64	97

Source: National Associations.
* Source: Finančna Uprava Republike Slovenije

4 | Looking at the beer market

Total consumption of beer has remained quite stable over the period. However, this masks the changes occurring in the consumption patterns of consumers, who are increasingly reaching for craft and low-alcohol beers. Indeed, non-alcoholic beer is increasingly becoming the desired product for consumers. This may be contributing to the sustained increase in the consumption of beer per capita.

The prices of beer in the retail and hospitality sectors has diverged considerably, with the retail price falling below €2 per litre in 2017.

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

	2015	2016	2017	2018
Total consumption in hectolitres	1,583,000	1,635,000	1,608,000	1,653,000
Total consumer spending (in million Euro)	484	494	503	514
Consumption of beer per capita (in litres)	77	79	78	80
Beer consumption hospitality	40%	40%	40%	35%
Beer consumption retail	60%	60%	60%	65%
Consumer price hospitality (€ / litre)*	4.50	4.60	4.40	4.67
Consumer price retail (€ / litre)*	2.00	2.10	1.96	1.70

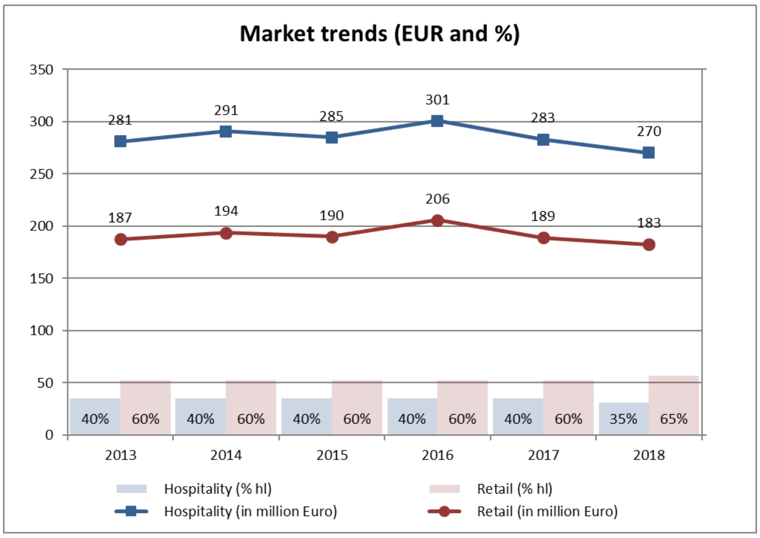
Note: * Prices are averages inclusive of taxes and duties.

Source: National Associations.

5 Trends and developments

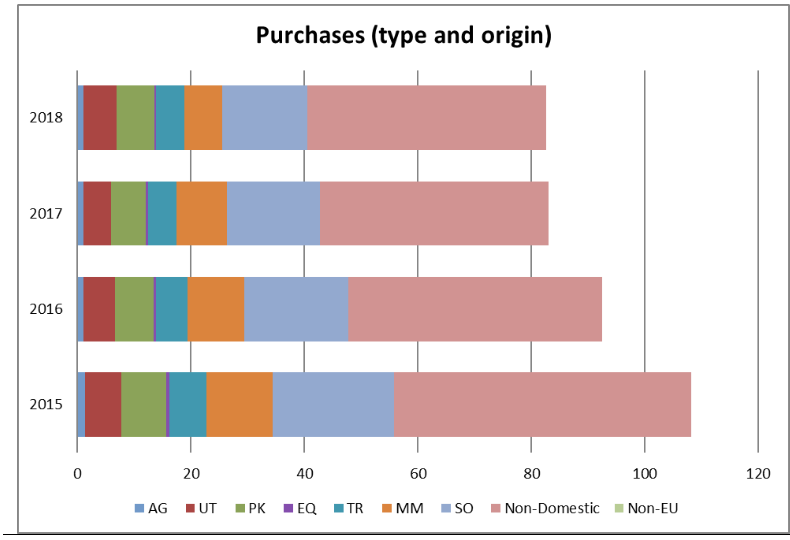
The values of the Slovenian retail and hospitality sectors have begun to slide in recent years. The trend cannot be generalised to the whole market: the Association of Slovene Brewers has identified a booming craft beer industry. In terms of volumes, there is a decline in the share of beer consumed in pubs and restaurants, a trend that can also be seen in other parts of Europe. There has also been a concerted effort to sustain the improvements made in the responsibility of the beer industry concerning responsible drinking, as well as the overall awareness in the production partners upstream in the supply chain.

Figure 2. Recent consumption trends (2013-2018)



The Slovenian beer industry contributes to the development of domestic supply sectors, but relies significantly on inputs purchased abroad (close to 50 per cent of purchases are non-domestic). There has also been a decline in total purchases between 2015 and 2018.

Figure 3. Importance up the chain

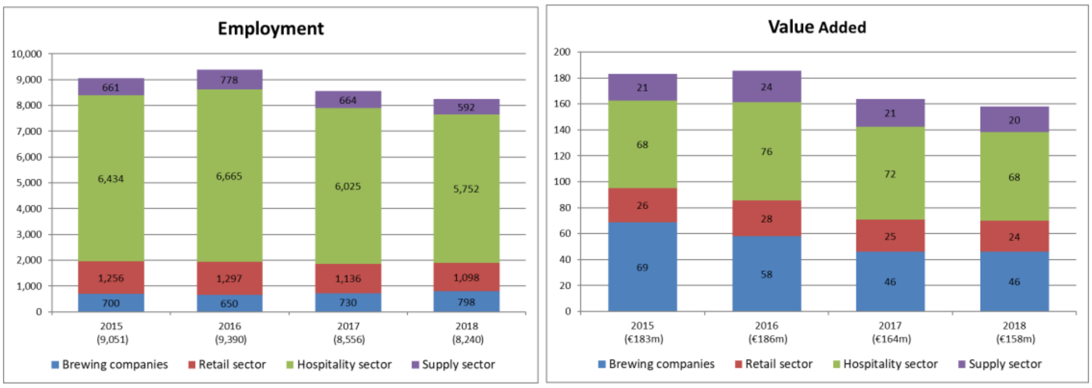


Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

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

Both employment and value added are concentrated in the hospitality sector, and have experienced a slight decrease since 2015. However, at more than 8,000 jobs, employment generated by the Slovene beer industry remains sizable. Although hospitality generates the highest value added, brewing companies also play a significant role.

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



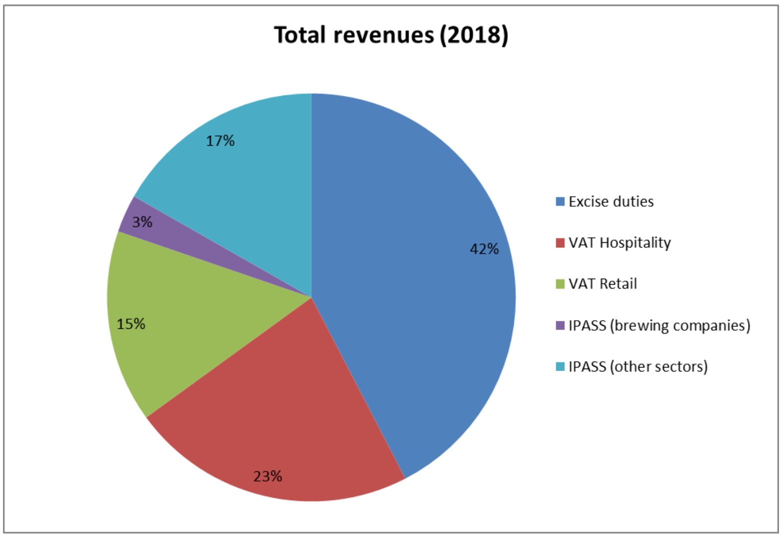
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 61 jobs in agriculture, 71 jobs in packaging, 63 jobs in transport, 155 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 | Government revenues related to beer

Government revenues are largely drawn from excise duty payments. A considerable proportion continues to be sourced from the sale of beer in the hospitality sector in the form of VAT.

Figure 5. Government revenues generated by beer in 2018



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

Over the entire period, total government revenues did not stray much from the period average of approximately €220 million.

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

	2015	2016	2017	2018
Excise duties	86	85	87	91
VAT Hospitality	51	54	51	49
VAT Retail	34	37	34	33
IPASS (brewing companies)	10	8	6	6
IPASS (other sectors)	35	42	38	36
Total government revenues	**216**	**226**	**217**	**216**

Source: Calculations - different sources.

The national association reports on the growing responsibility of the sector by encouraging responsible drinking and providing more information to consumers. It also stresses the sustainable responsibility as one of the goals of their brewers, and working more collaboratively with the industry stakeholders (building partnerships with the industry, and with governmental and non-governmental institutions).

The Brewers of Europe

Rue Caroly 23 - 25
1050 Brussels - Belgium

T + 32 (0)2 551 18 10

www.brewersofeurope.org
info@brewersofeurope.org

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