

Croatia

1 COUNTRY PROFILE

TABLE 1. COUNTRY PROFILE

	2020	2022
Population	4,058,165	3,862,305
Currency	Kuna	Kuna
GDP per capita in PPS (2012, EU27 = 100)	65	73

Source: Eurostat and National Statistical offices.

2 HIGHLIGHTS CROATIA

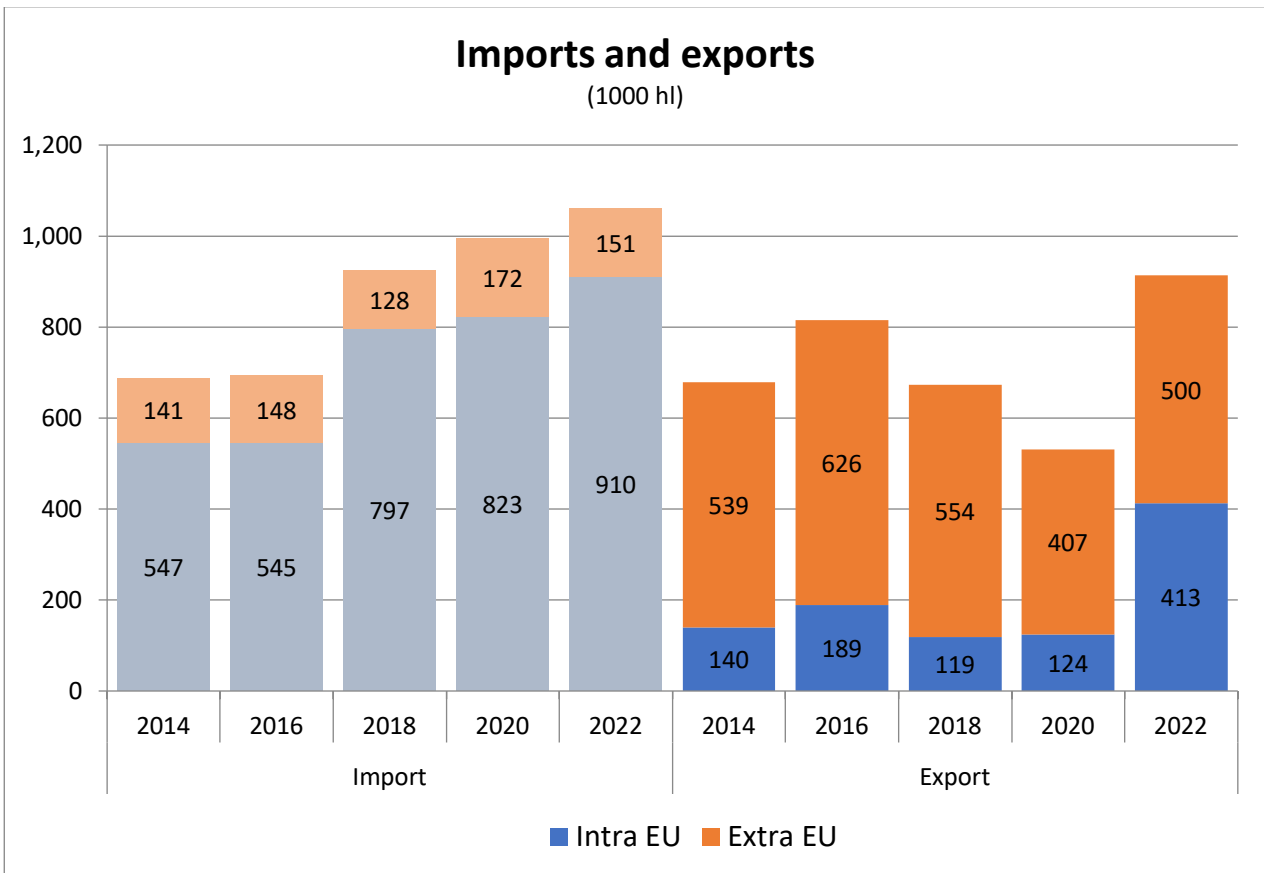
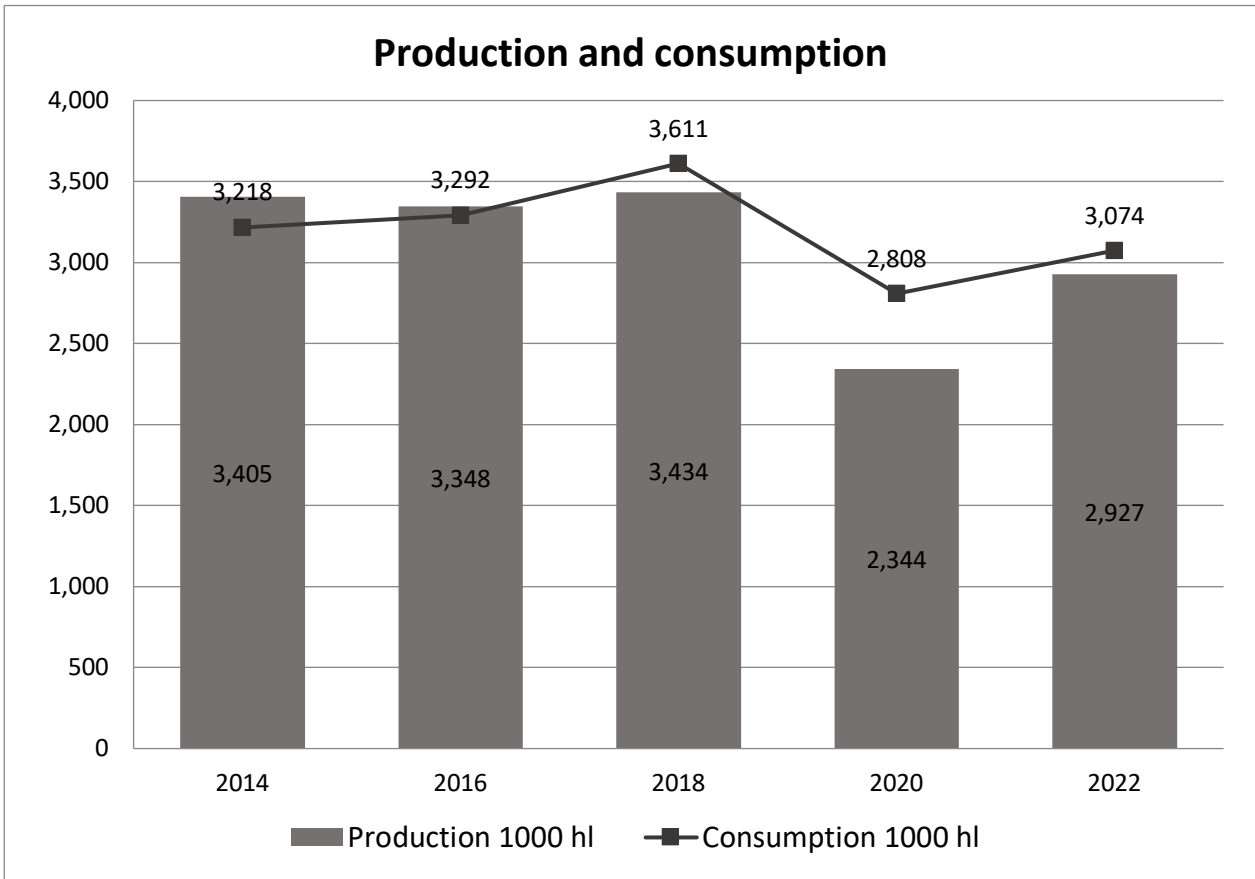
TABLE 2. SUMMARY OF BEER SECTOR'S ECONOMIC IMPACT (AND % CHANGE OVER THE PERIOD 2016-2022)

		2016	2018	2020	2022
Total number of jobs	[11.3%]	25,255	29,382	24,643	28,109
Value-added (mEuro)	[9.7%]	389	414	319	427
Government revenues (mEuro)	[19.5%]	315	367	298	377

Source: Calculations - different sources.

Consumption of beer in Croatia has slightly exceeded production since 2016. Both, production and consumption fell during the pandemic. The importance of tourism to the Croatian economy, an industry severely affected by the travel restrictions in place during the pandemic, may have been a factor, reducing the consumption of beer. The majority of beer imports come from other EU Member States, with only a small portion coming from outside of Europe. A new peak in Croatian beer exports was experienced in 2022, with just under one million hectolitres of beer being exported outside of the country, over 50 per cent going to nations outside of the EU.

FIGURE 1. EVOLUTION OF MAIN INDICATORS (2014-2022)



Source: National Associations.

3 A SNAPSHOT OF THE BREWING SECTOR

Total production¹ of beer has fallen in recent years, with 2.9 million hectolitres produced in 2022 compared to the 3.4 million produced in 2018. Despite this, the number of breweries and microbreweries in the nation has continued to steadily rise since 2016. There were over 100 breweries in 2022, of which 92 were microbreweries.

TABLE 3. BASIC CHARACTERISTICS OF THE BEER SECTOR (2016-2022)

	2016	2018	2020	2022
Total production (in hectolitres)	3,348,000	3,434,000	2,344,000	2,927,000
Brewing companies	6	97	98	109
Breweries (including microbreweries)	6	97	98	109
Microbreweries	0	0	84	92

Source: National Associations.

4 LOOKING AT THE BEER MARKET

Total consumption has decreased over the four-year period from 2018 to 2022, dropping from a high of 3.6 million hectolitres to slightly over 3 million hectolitres. Despite the decrease in total consumption, the total consumer spending reached a new high in 2022 of over €1bn. This can be accounted for through the rising average prices of beer in both retail and hospitality sectors. Hospitality sector beer has seen an almost 40% rise in prices from 2016 to 2022, which may reflect firms struggling with reduced tourism traffic. In 2018 the tourism sector accounted for almost 20% of the Croatian economy, by far the largest proportion in Europe.²

TABLE 4. BASIC CHARACTERISTICS OF THE BEER MARKET (2016-2022)

	2016	2018	2020	2022
Total consumption in hectolitres	3,292,000	3,611,000	2,808,000	3,074,000
Total consumer spending (in million Euro)	824	990	765	1,035
Consumption of beer per capita (in litres)	75	84	81	79
Beer consumption hospitality	40%	40%	31%	40%
Beer consumption retail	60%	60%	69%	60%
Consumer price hospitality (€ / litre)*	3.81	4.17	4.69	5.33

¹ Production data refer to data collected in monthly survey on industrial production, where reporting units are enterprises with 20 or more employees; production figures shown in table deviate from PRODCOM annual survey figures, where reporting units are enterprises with 10 or more employees

² EC: Croatia's Tourism Industry (2019)

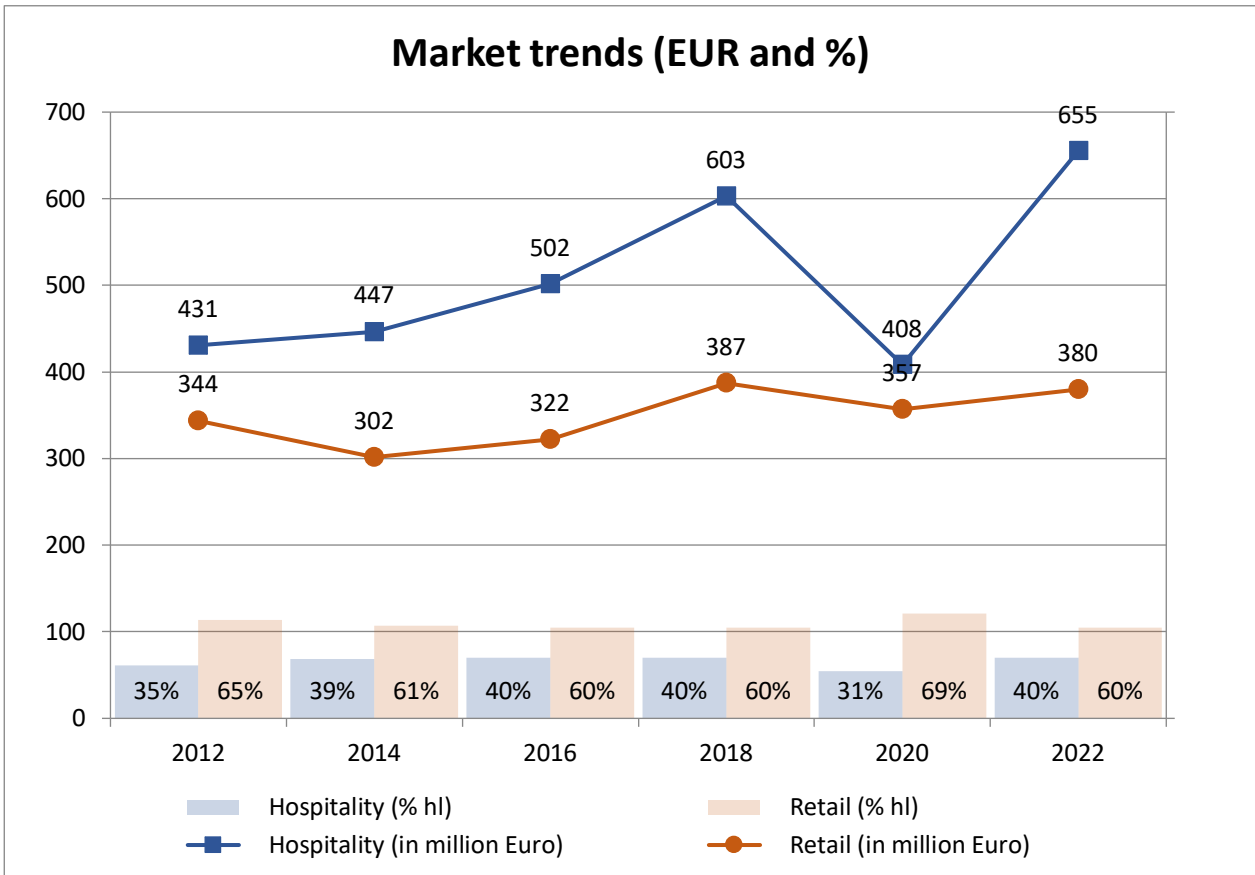
Consumer price retail (€ / litre)*	1.63	1.79	1.84	2.06
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Source: National Associations. Note: * Prices are averages inclusive of taxes and duties.

5 TRENDS AND DEVELOPMENTS

The hospitality and retail sectors both contribute to the overall value add associated with the beer industry in Croatia; the hospitality sector has seen an increasing trend over the ten-year period of 2012 to 2022 up to €655 million, with a notable temporary fall during the pandemic. The retail sector has seen a more gradual increase over the same time period to €380 million from €344 million in 2016.

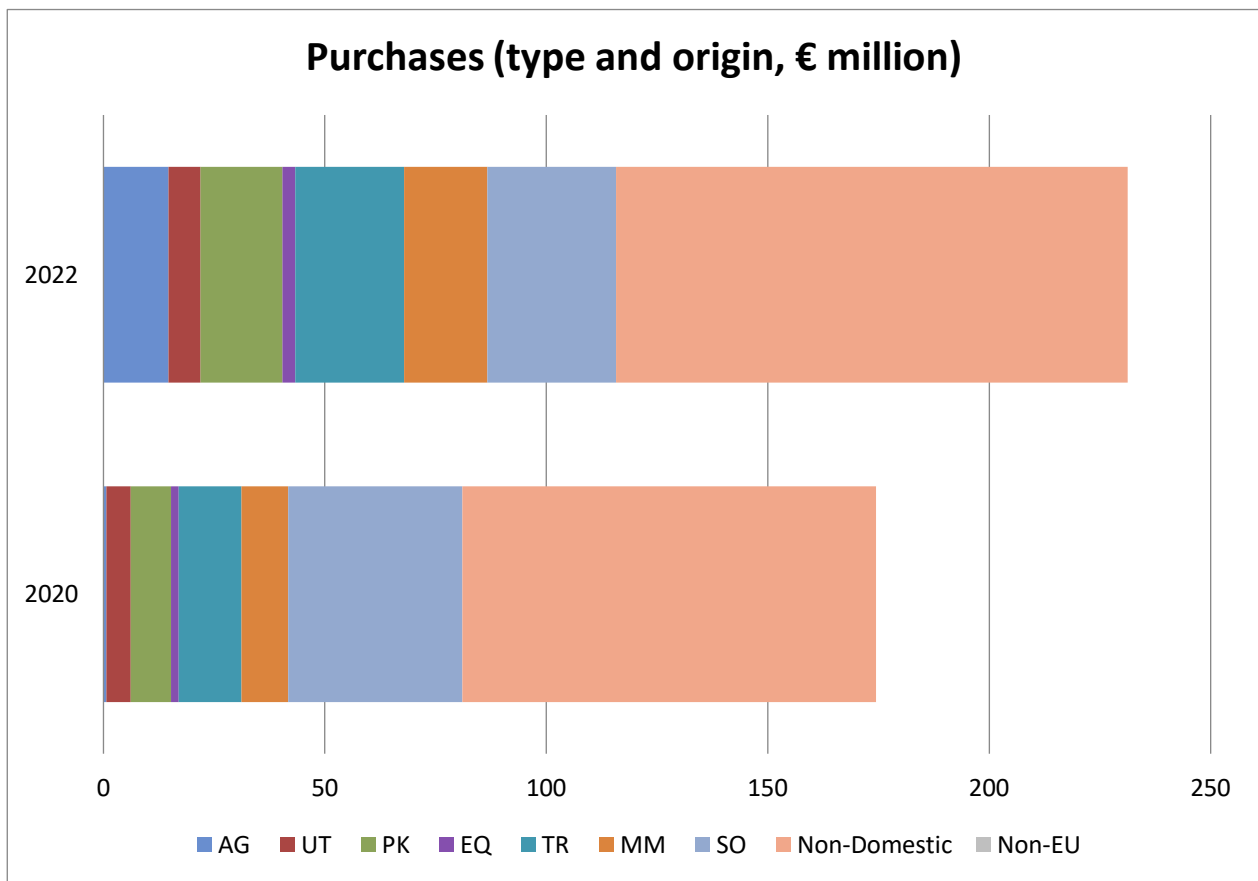
FIGURE 2: RECENT CONSUMPTION TRENDS (2012-2022)



Source: National Associations.

Many different domestic sectors are supported by the Croatian brewing industry. Supply-chain purchases mean the sector purchased over €230 million worth of inputs from sectors such as agriculture, transportation and storage, and media and marketing, as well as many others. Purchases from elsewhere in the EU make up around 50% of all supply chain costs for Croatian brewers, a component that has grown from 2020 to 2022. This reflects an overall increase in spending on the supply chain from the beer sector in Croatia.

FIGURE 3: SPLIT OF BEER SECTOR'S SUPPLY CHAIN PURCHASES



Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.

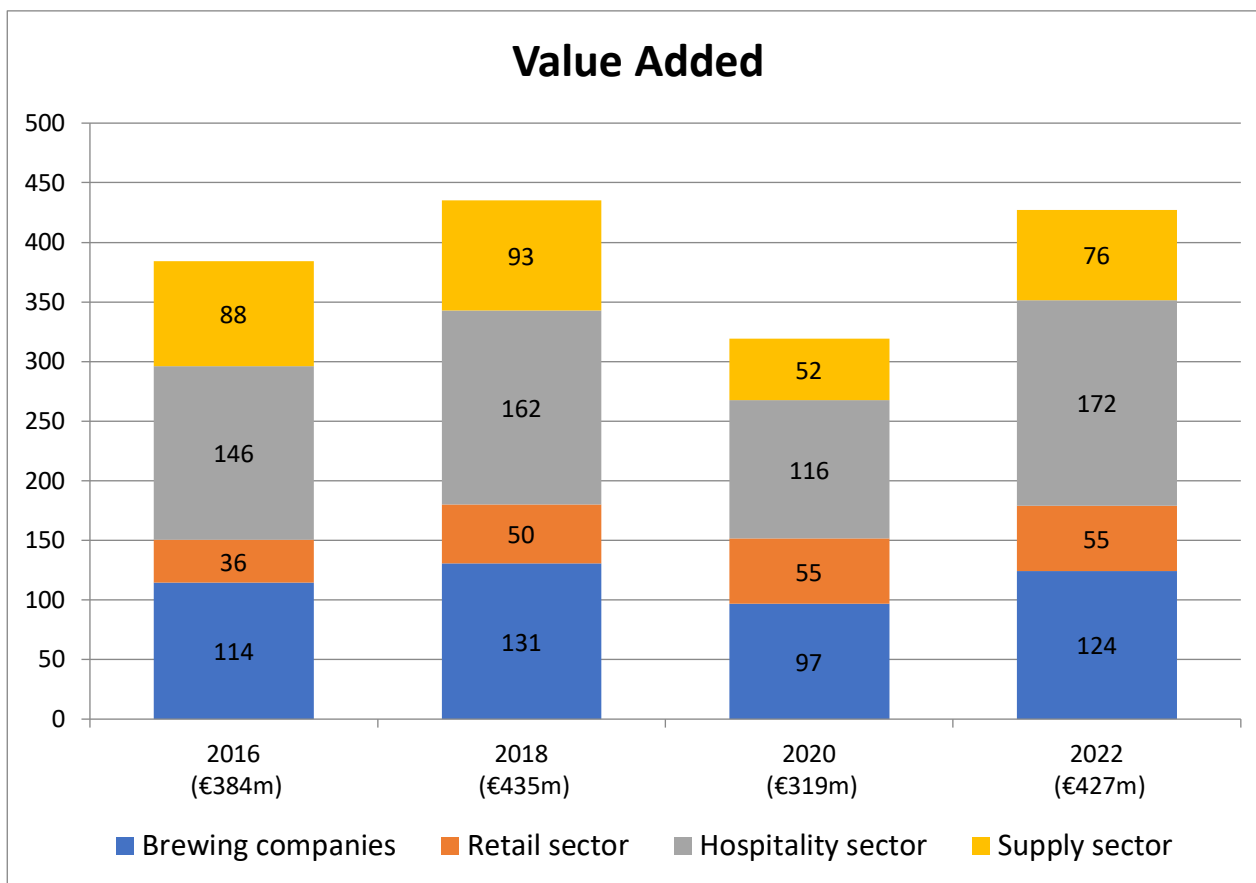
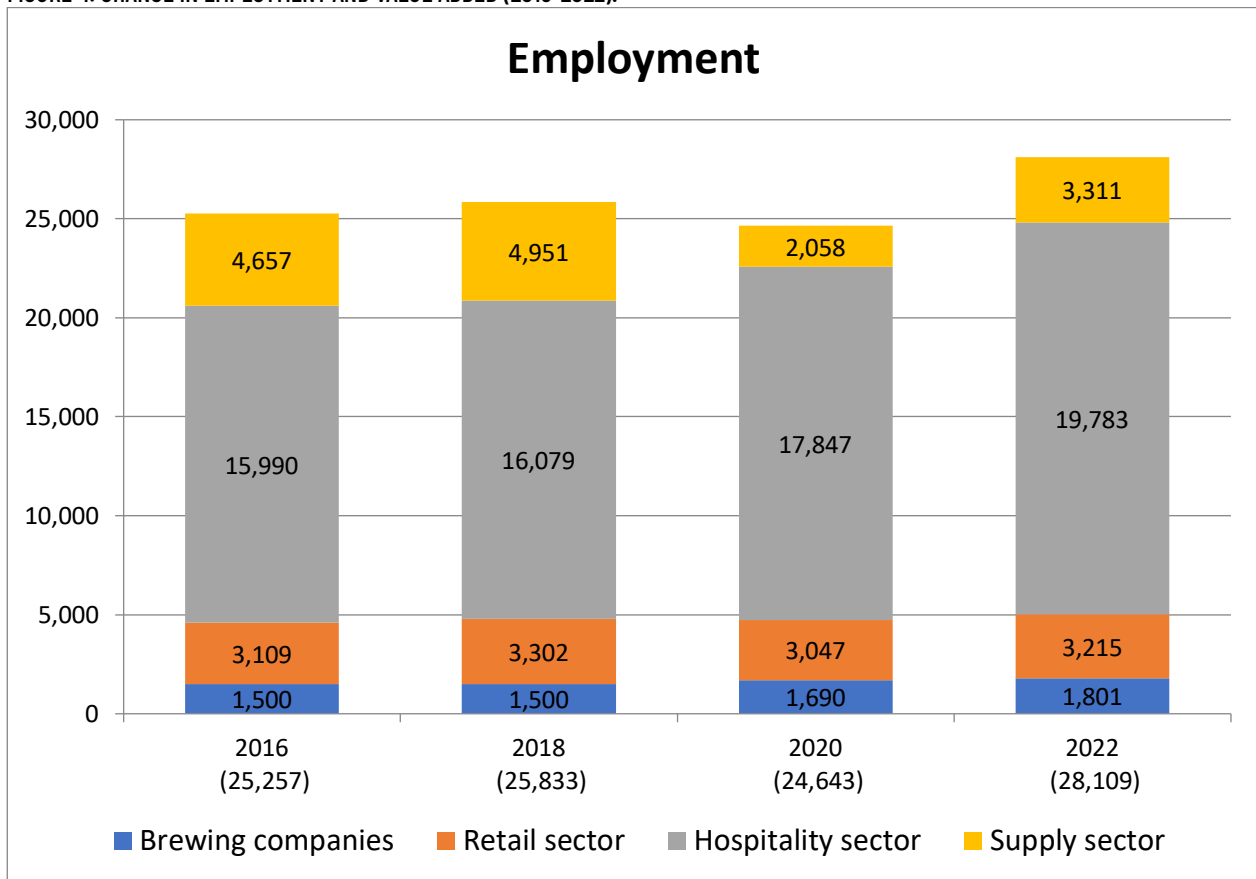
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

6 THE IMPACTS BEYOND THE SECTOR: RELATED JOBS AND VALUE ADDED

Employment rose gradually in the six-year span of 2016 to 2022, sitting just above 28,000 individuals employed by the beer, with the majority of these jobs in the hospitality sector.

Value added by the beer industry fell slightly from its high in 2018 down to €319 million in 2020, and recovered in 2022 to €427 million. The retail sector has remained steady over this period and remained robust to COVID, both in terms of employment and value added. In contrast, the supply sector was hardest hit by the pandemic, with levels of employment and value still below pre-COVID levels.

FIGURE 4: CHANGE IN EMPLOYMENT AND VALUE ADDED (2016-2022).



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

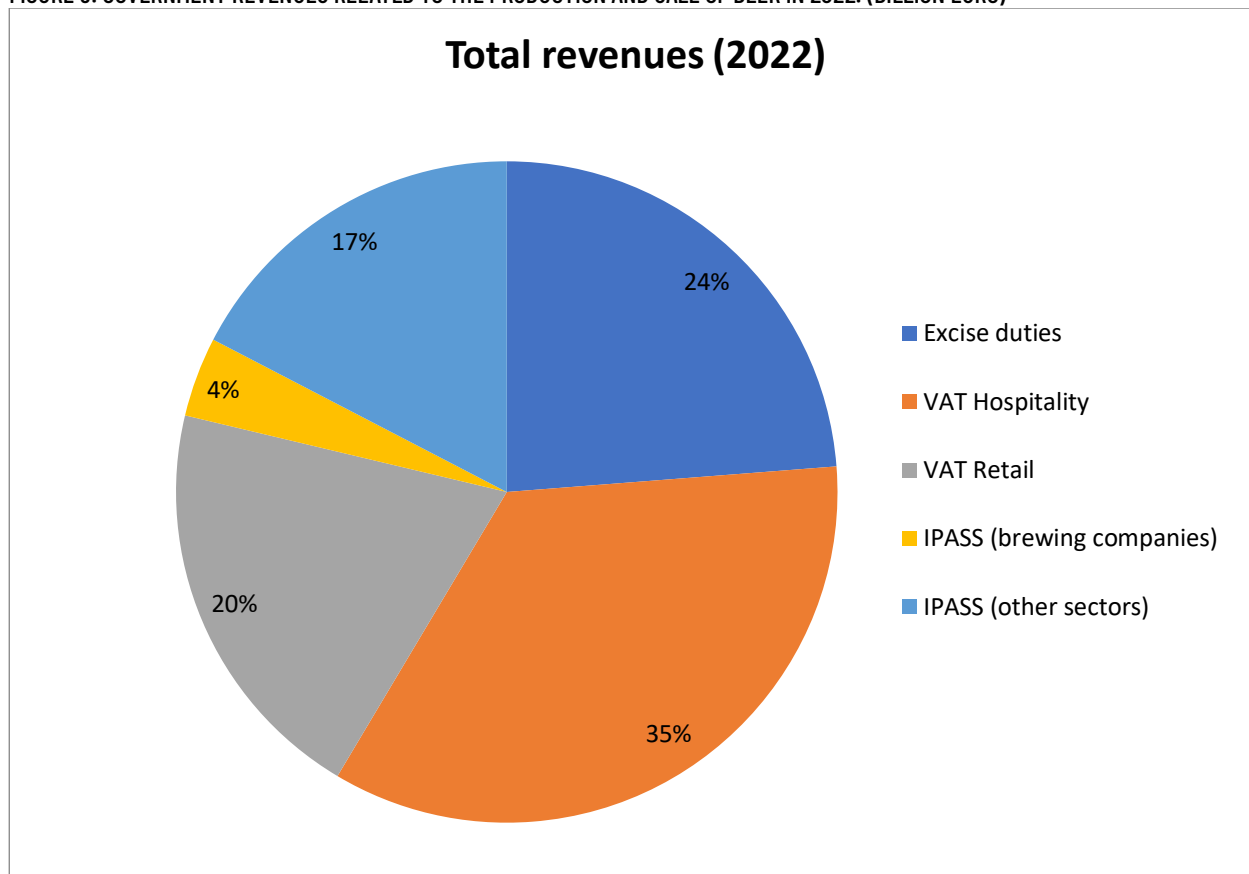
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 719 jobs in agriculture, 379 jobs in packaging, 779 jobs in transport, 568 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 GOVERNMENT REVENUES RELATED TO BEER

Over half of the total tax revenue received from the beer industry in 2022 came from the combination of VAT from the hospitality and retail sectors. The Croatian VAT rate being set at 25% has contributed to these significant revenues.

FIGURE 5: GOVERNMENT REVENUES RELATED TO THE PRODUCTION AND SALE OF BEER IN 2022: (BILLION EURO)



Note: IPASS - Income, payroll tax and social security

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

Tax revenues received by the government reached a new high in 2022, totalling €377 million, €10 million higher than the previous peak in 2018. As the beer market continues its trend of recovery from the pandemic, the Croatian government can expect to continue to experience high levels of revenue drawn from across the industry.

TABLE 5. GOVERNMENT REVENUES, €M (2016-2022)

	2016	2018	2020	2022
Excise duties	83	90	76	90
VAT Hospitality	100	121	82	131
VAT Retail	64	77	71	76
IPASS (brewing companies)	13	13	12	15
IIPASS (other sectors)	54	66	57	65
Total government revenues	315	367	298	377

Note: IPASS - Income, payroll tax and social security

Source: Calculations - different sources.