

Czech Republic

1 COUNTRY PROFILE

TABLE 1. COUNTRY PROFILE

	2020	2022
Population	10,693,939	10,516,707
Currency	Koruna	Koruna
GDP per capita in PPS (2012, EU28 = 100)	93	92

Source: Eurostat and National Statistical offices.

2 HIGHLIGHTS CZECH REPUBLIC

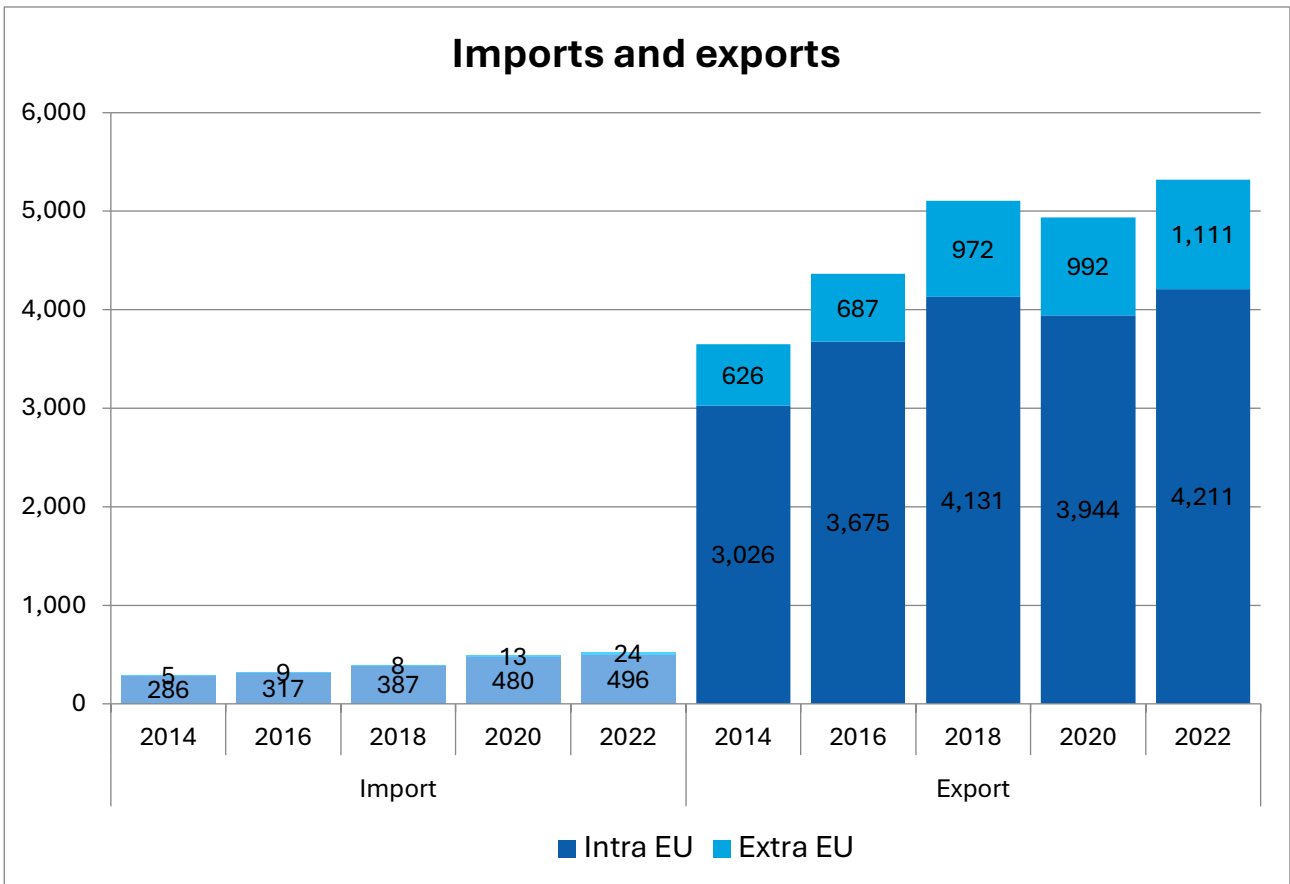
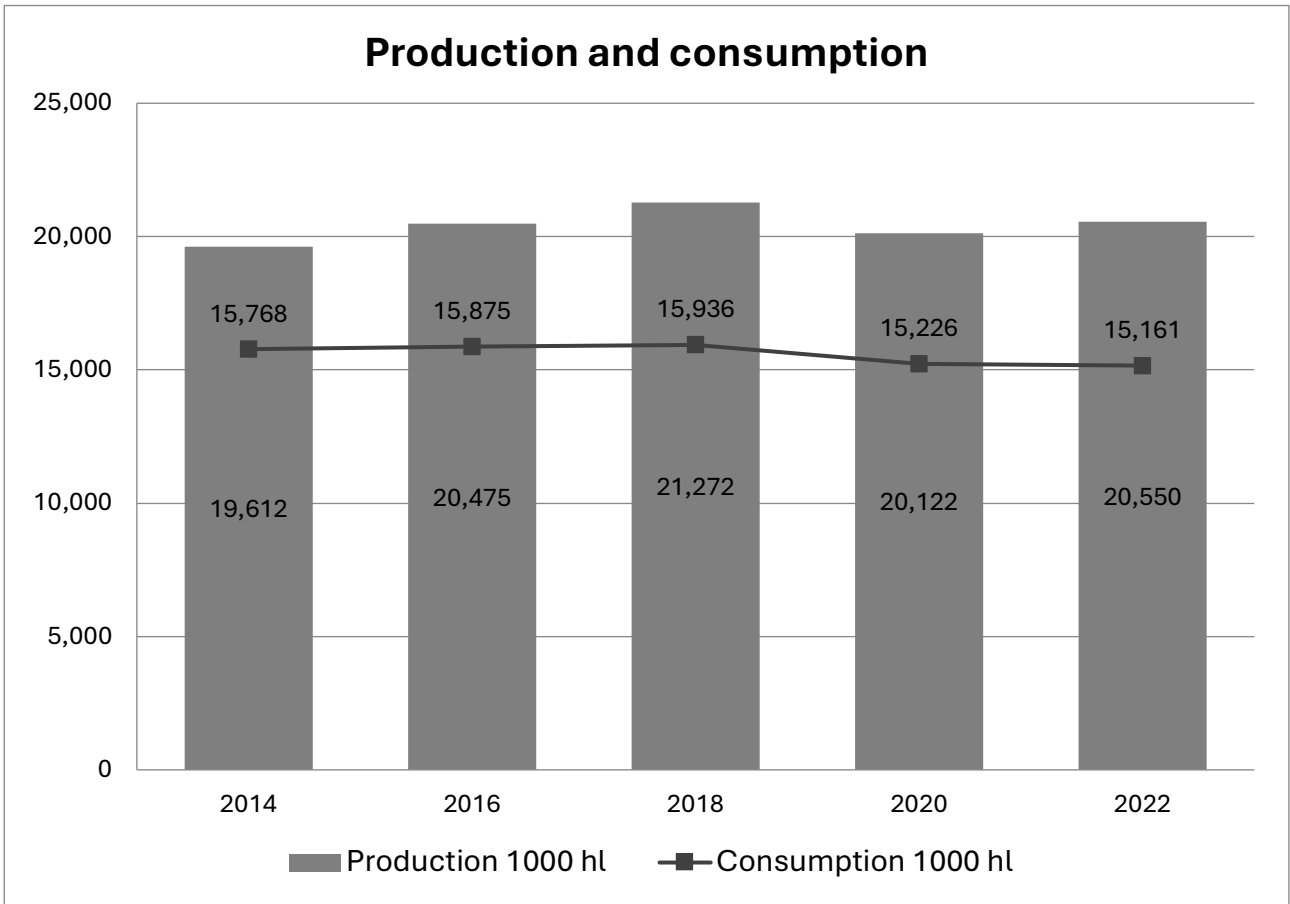
TABLE 2. SUMMARY OF BEER SECTOR'S ECONOMIC IMPACT (AND % CHANGE OVER THE PERIOD 2016-2022)

		2016	2018	2020	2022
Total number of jobs	[-21.1%]	77,172	68,597	59,985	60,880
Value-added (mEuro)	[-5.3%]	1,602	1,527	1,301	1,517
Government revenues (mEuro)	[3.6%]	956	1,015	945	990

Source: Calculations - different sources.

Czech Republic has cemented itself as one of the largest beer producing countries in Europe for many years in a row, with significant exports, particularly to other countries inside the EU. The Czech Republic remains a net exporter of beer, with production exceeding consumption. While there has been a decline in the employment attributable to the beer industry in the Czech Republic, a trend started before the pandemic but likely exacerbated by it, production and consumption of beer has remained very stable.

FIGURE 1. EVOLUTION OF MAIN INDICATORS (2016-2022)



Source: National Associations. Consumption data for 2020 is missing; use the midpoint between 2019 and 2021 values for estimation

3 A SNAPSHOT OF THE BREWING SECTOR

Total production of beer in the Czech Republic has fallen slightly since its high in 2018, sitting at 20.5 million hectolitres in 2022.

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

	2016	2018	2020	2022
Total production (in hectolitres)	20,475,000	21,272,000	20,122,000	20,550,000

Source: National Associations.

4 LOOKING AT THE BEER MARKET

Consumption measured in hectolitres has fallen slightly over the period of 2016 to 2022, but consumer spending has risen over the same time span. This can be attributed to the increase in the average price of beer in both hospitality and retail settings. The Czech Republic remains the number one country in Europe when it comes to beer consumption per capita, despite a slight decrease in this statistic over the time period. Retail consumption continues to account for the majority of beer consumption across the country, with this share increasing over time.

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

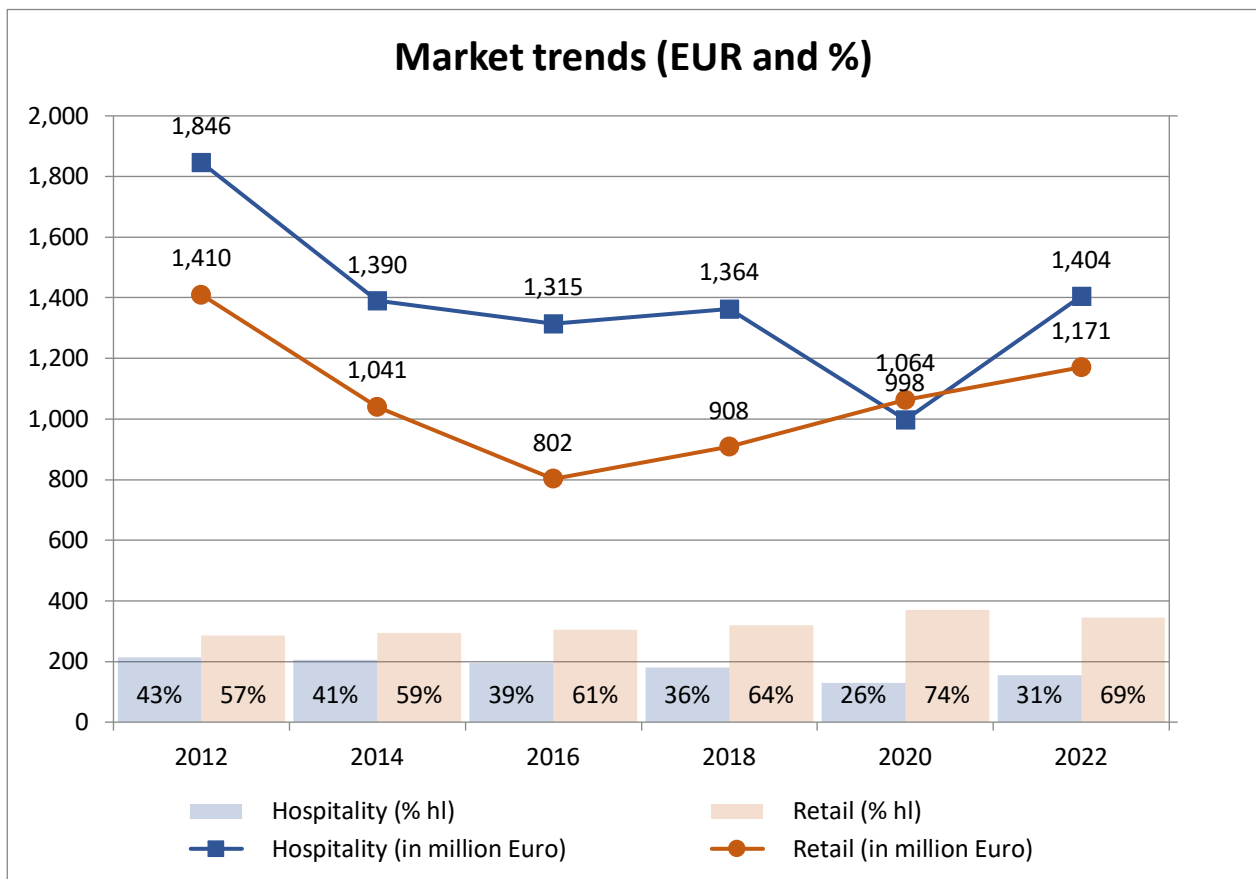
	2016	2018	2020	2022
Total consumption in hectolitres	15,875,000	15,936,000	15,226,000	15,161,000
Total consumer spending (in million Euro)	2,117	2,272	2,061	2,576
Consumption of beer per capita (in litres)	143	141	135	136
Beer consumption hospitality	39%	36%	26%	31%
Beer consumption retail	61%	64%	74%	69%
Consumer price hospitality (€ / litre)*	2.12	2.38	2.52	2.99
Consumer price retail (€ / litre)*	0.83	0.89	0.94	1.12

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

5 TRENDS AND DEVELOPMENTS

Although the Czech Republic has a much higher share of retail consumption in terms of volume, the hospitality sector had a higher overall value than the retail sector in 2022 (over €200 million).

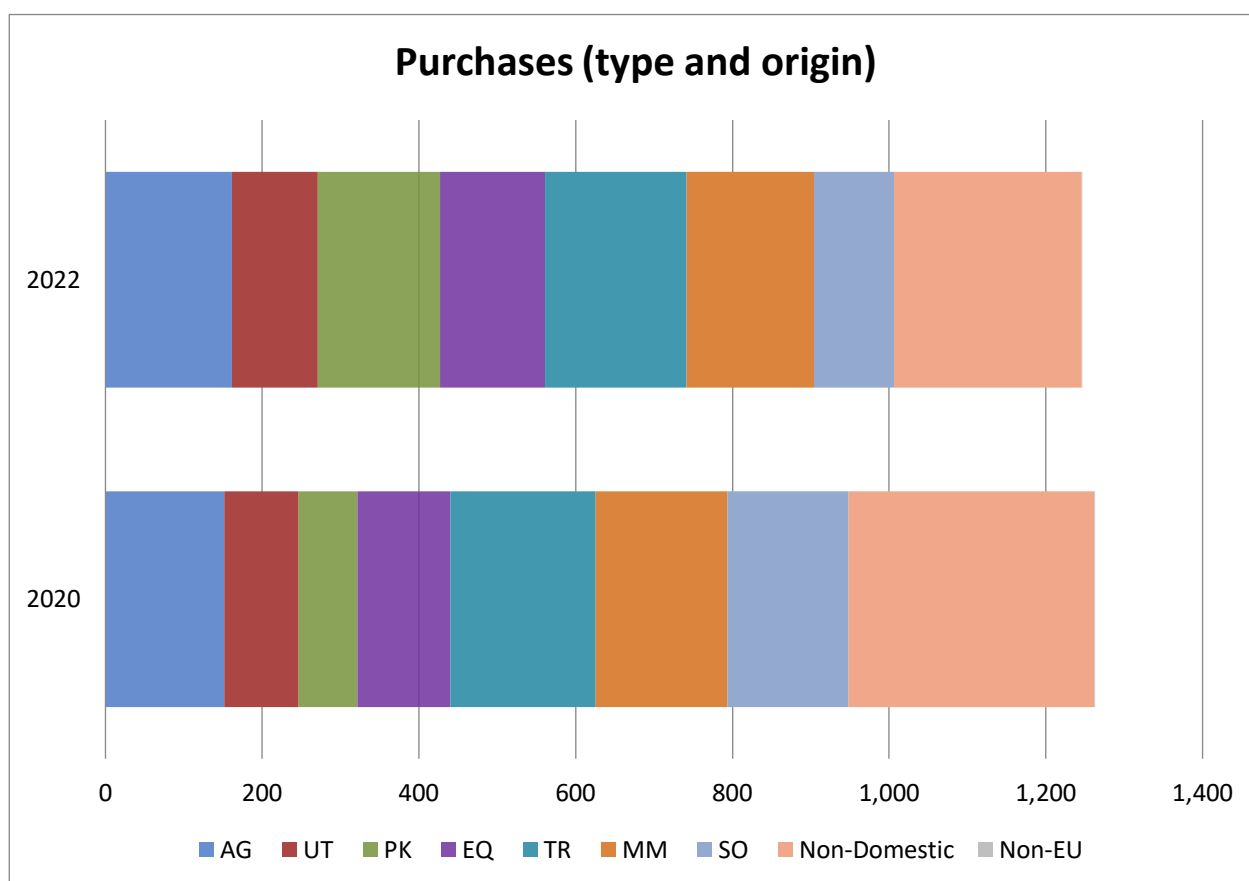
FIGURE 2: RECENT CONSUMPTION TRENDS (2012-2022)



Source: National Associations.

Many diverse sectors are used to ensure the proper supply and production of beer in the Czech Republic. The amount of overall up-stream purchases made by the beer industry fell slightly in 2022 compared to 2020, driven by the decrease of non-domestic purchases. Sectors such as agriculture, transportation, and packaging make up some of the highest spending sources for up-stream purchasing.

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.

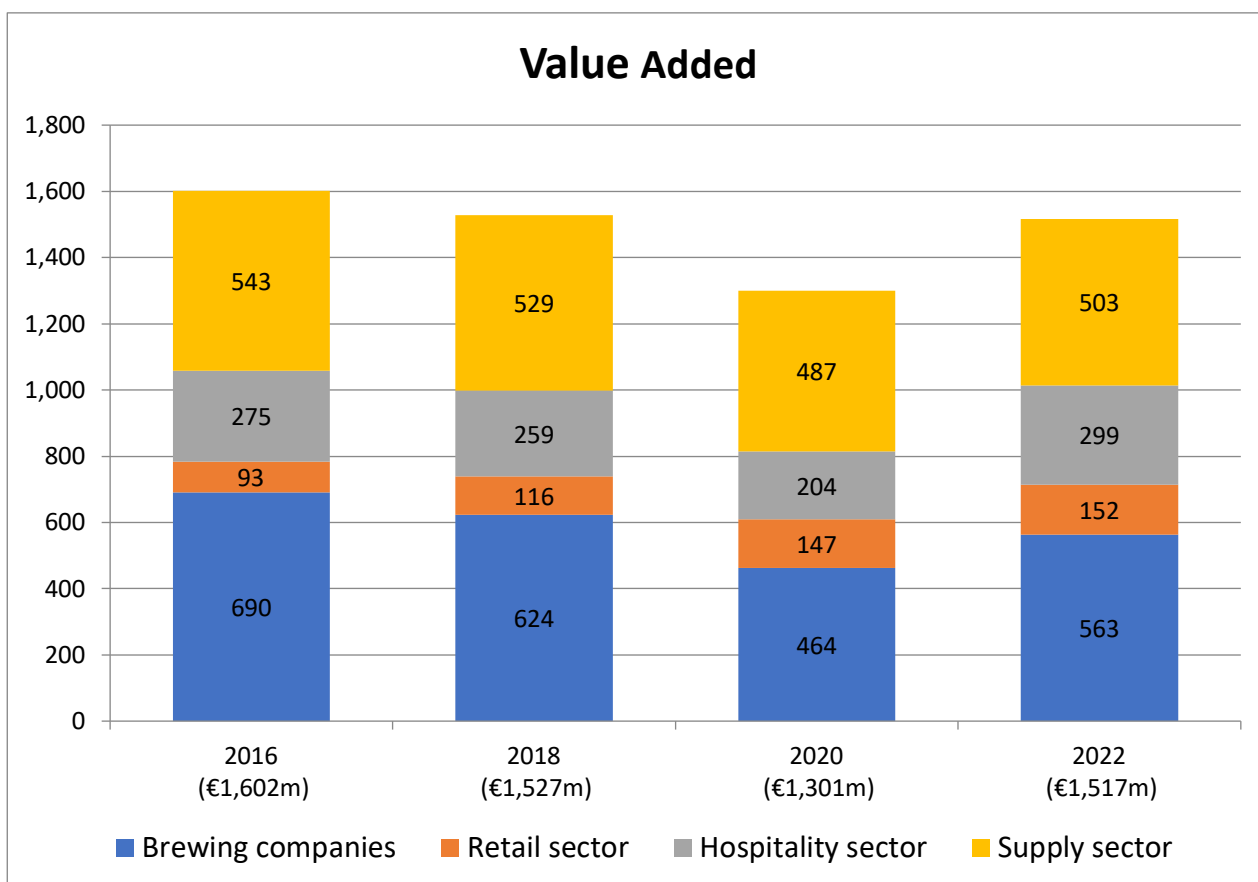
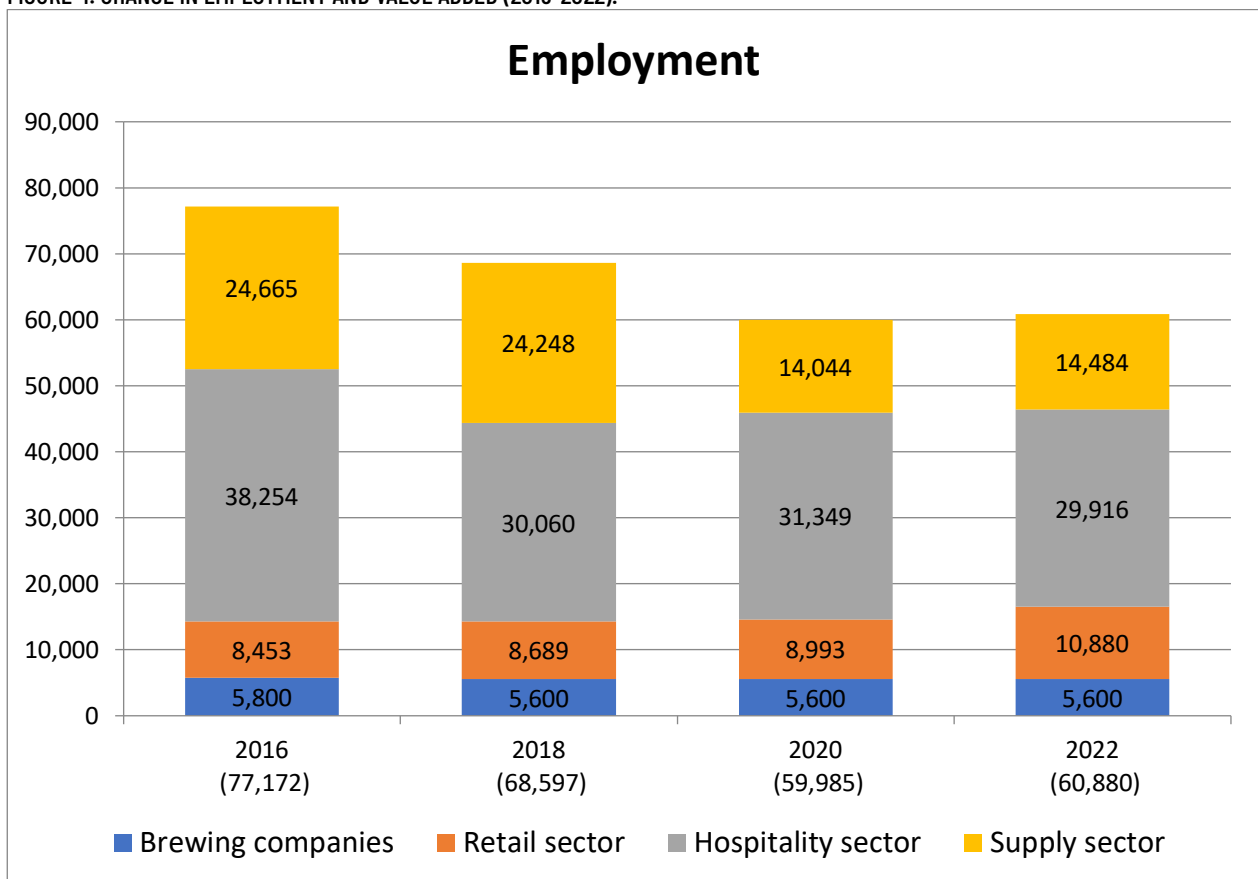
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

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

Although both hospitality and retail employment levels attributable to the beer sector have bounced back to pre-COVID numbers, the supply sector has yet to recover sufficiently, leading to an overall lower employment level in 2022 when compared to 2016.

Value added has suffered in recent years as well, with brewing companies adding around €10 million less per year as of 2022 compared to 2018 and before. The highest level of value added comes from the supply sector. The hospitality sector has remained strong and even experience growth over the same time period. The retail sector has also seen string growth, while starting at a smaller base.

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



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

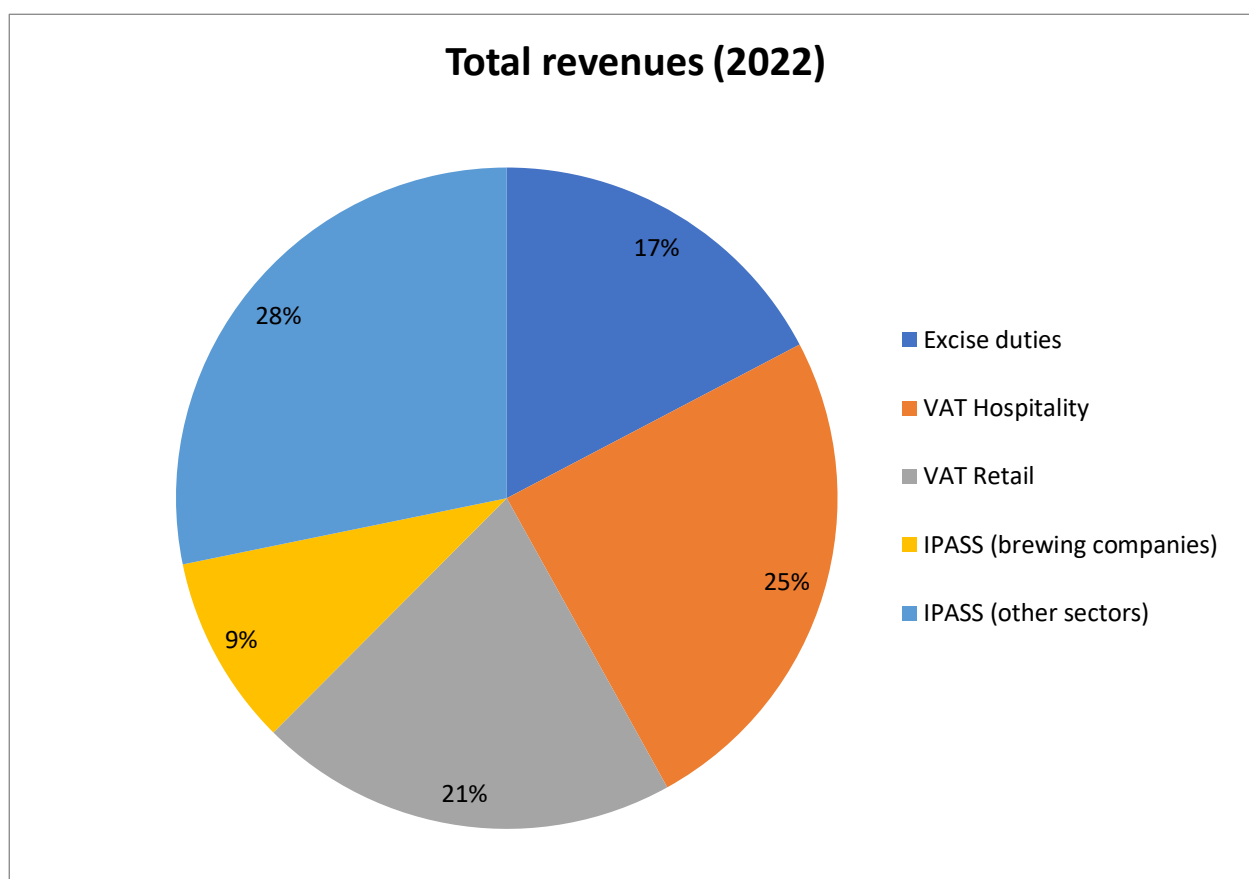
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 3570 jobs in agriculture, 1757 jobs in packaging, 3552 jobs in transport, 2443 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 GOVERNMENT REVENUES RELATED TO BEER

More than one third of all tax revenues collected by the government are sourced from the IPASS of brewing companies as well as other sectors, while the combination of VAT collections from the hospitality and retail sectors make up almost 50 per cent. All sources combined, the Czech Republic government collects around €1bn per year from the production and sale of beer.

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.

Overall, about €1 billion of government revenues can be attributed to the beer sector, similar to the levels in 2016 and 2018. Revenues from VAT attributable to the beer sector have increased since 2016, whereas there has been a fall in the government revenues attributable to IPASS in the same period.

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

	2016	2018	2020	2022
Excise duties	170	190	172	171
VAT Hospitality	228	237	173	244
VAT Retail	139	158	185	203
IPASS (brewing companies)	112	118	107	92
IPASS (other sectors)	306	312	307	279
Total government revenues	956	1,015	945	990

Note: IPASS - Income, payroll tax and social security

Source: Calculations - different sources.