Germany

1 COUNTRY PROFILE

TABLE 1. COUNTRY PROFILE

	2020	2022
Population	83,166,711	84,358,845
Currency	Euro	Euro
GDP per capita in PPS (2012, EU28 = 100)	123	117

Source: Eurostat and National Statistical offices.

2 HIGHLIGHTS GERMANY

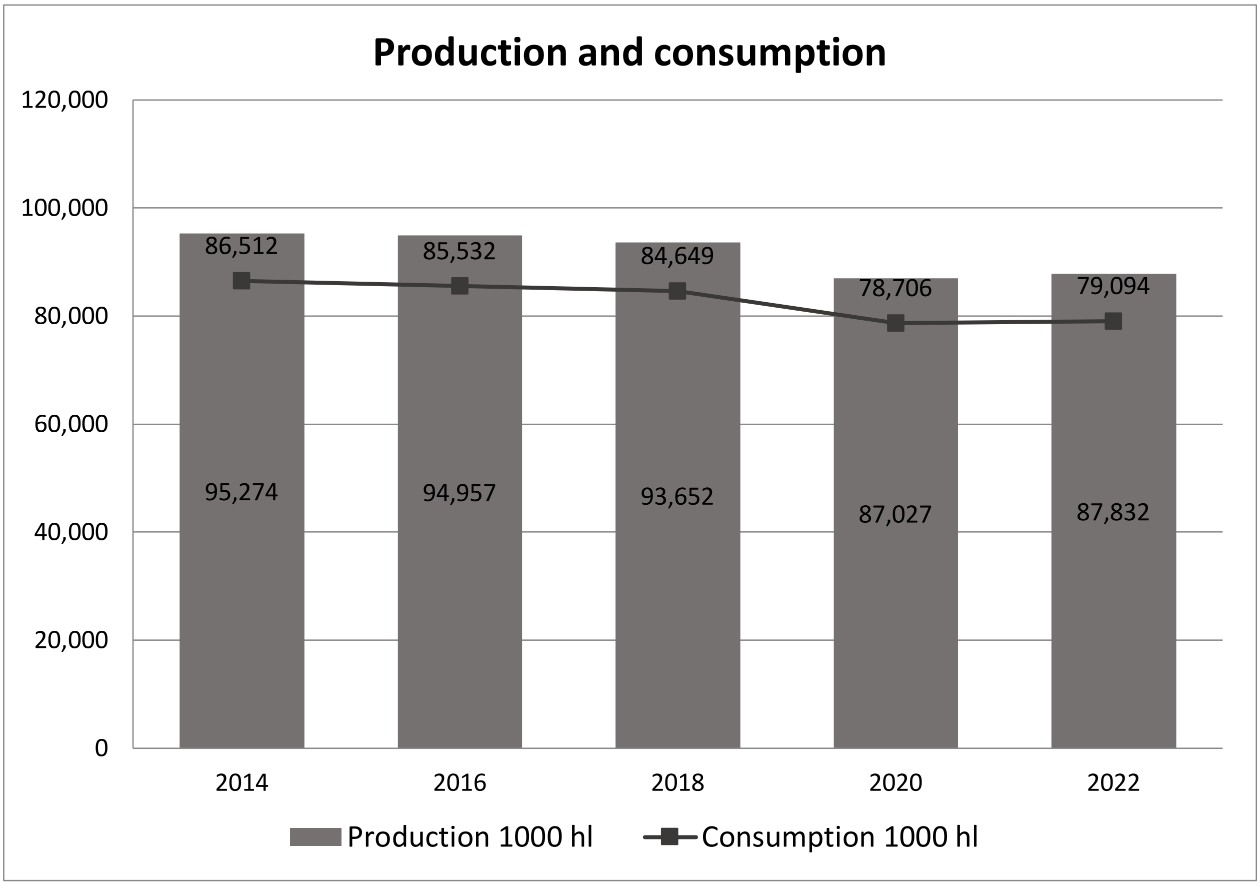
TABLE 2. SUMMARY OF BEER SECTOR'S ECONOMIC IMPACT (AND % CHANGE OVER THE PERIOD 2016-2022)

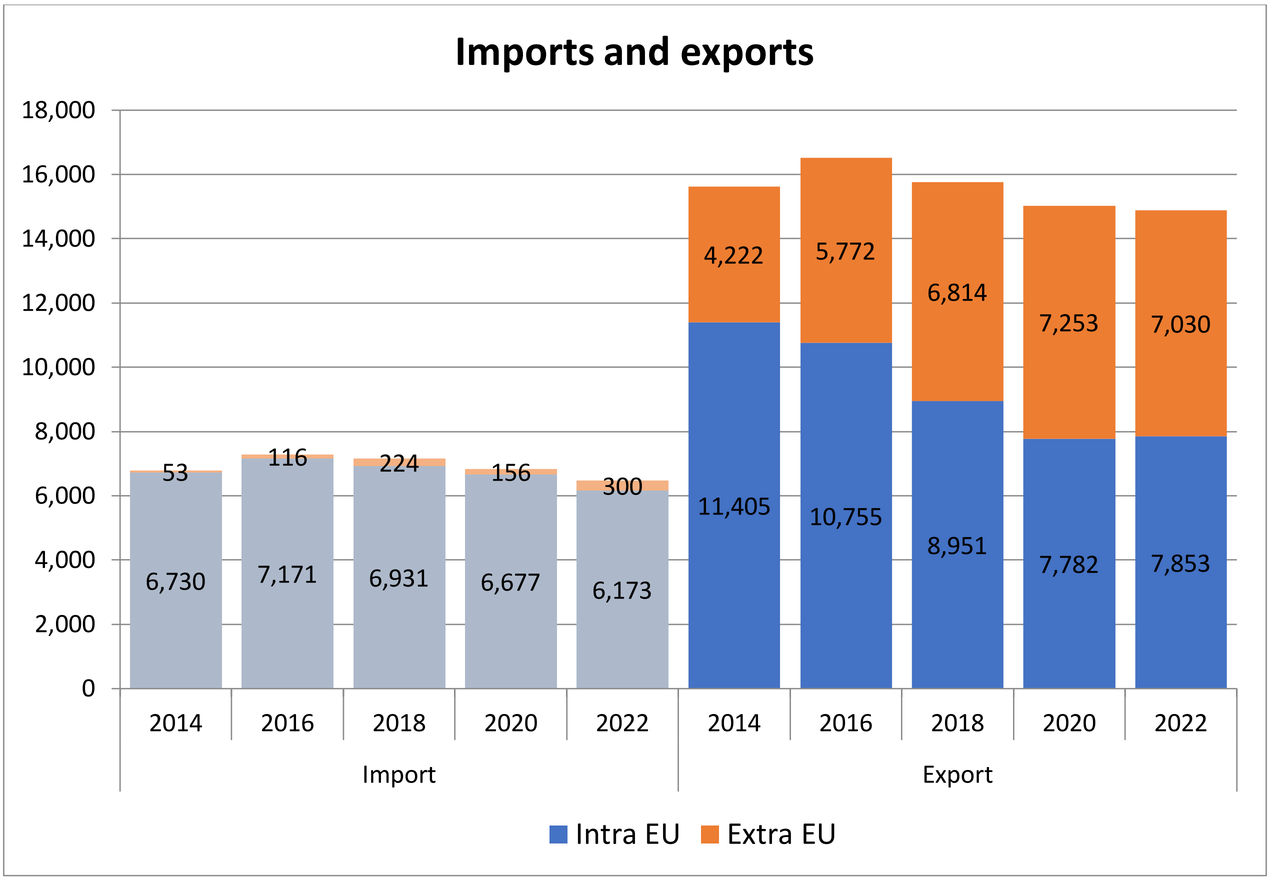
		2016	2018	2020	2022
Total number of jobs	[-7.8%]	481,967	484,624	384,842	444,229
Value-added (mEuro)	[14.8%]	10,588	11,609	10,440	12,153
Government revenues (mEuro)	[6.6%]	6,325	6,444	5,691	6,742

Source: Calculations - different sources.

Germany is associated with having a strong beer industry and the pattern of domestic beer production exceeding domestic consumption in Germany has continued over the last decade. There has, however, been a fall in both consumption and production over this period. German beer exports remain popular, outstripping imports of beer. Exports to the EU have declined since 2014 but the total volume exported has remained fairly steady; this decline in intra-EU exports has coincided with a rise in exports outside the EU.

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





Source: National Associations.

3 A SNAPSHOT OF THE BREWING SECTOR

Germany remains the largest beer producer in Europe, with production reaching over 87.8 million hectolitres in 2022, despite a slight fall from its peak in 2016. The beer industry saw its first decline in the number of breweries from 2020 to 2022, with the total number sitting at 1,521, of which 875 are microbreweries.

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

	2016	2018	2020	2022
Total production (in hectolitres)	94,957,000	93,652,000	87,027,000	87,832,000
Brewing companies	N/A	N/A	N/A	N/A
Breweries (including microbreweries)	1,411	1,542	1,536	1,521
Microbreweries	740	853	908	875

Source: National Associations.

4 LOOKING AT THE BEER MARKET

Domestic production exceeded consumption by over eight million hectolitres in 2022. Although German consumption may not be as high as production, the country still consumes more beer than any other European nation. Of the total consumption, the vast majority comes from the retail sector.

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

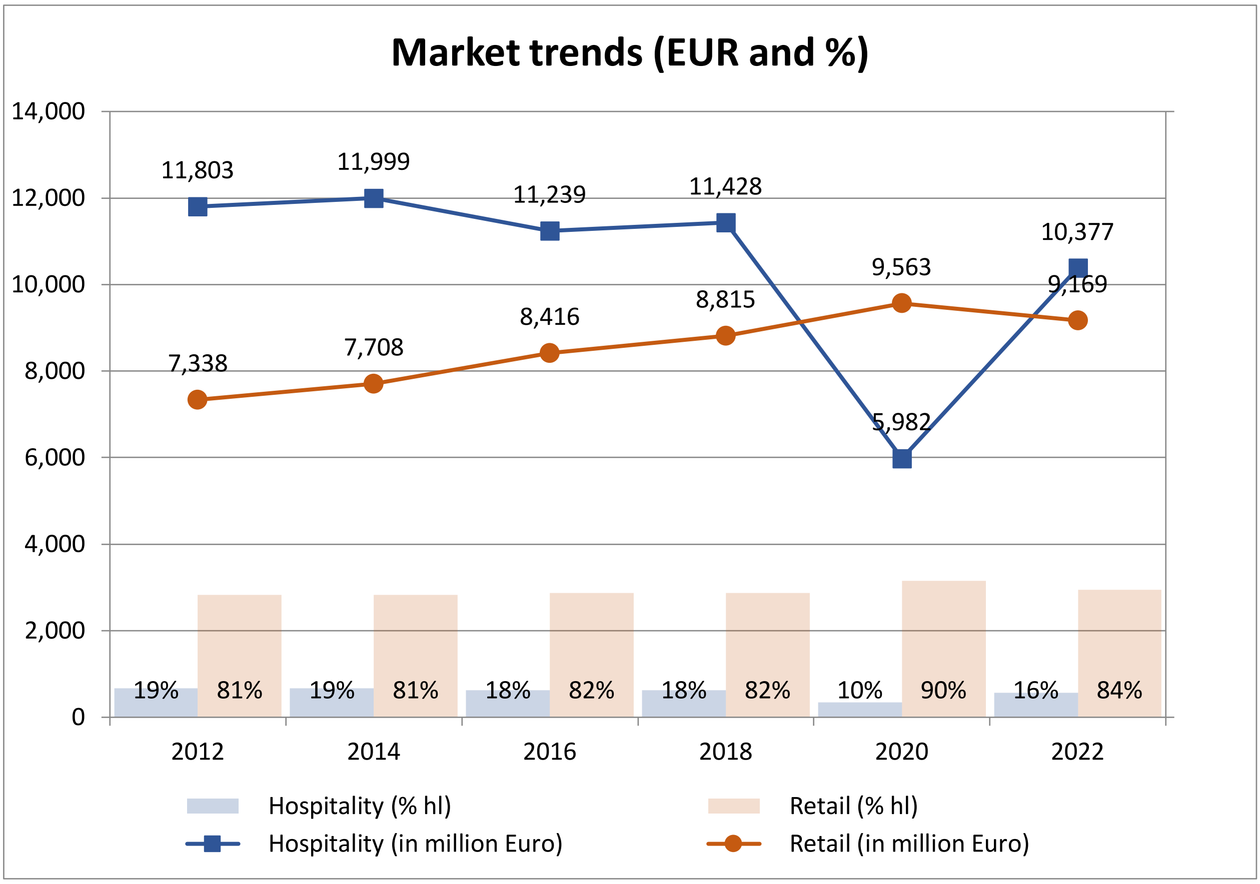
	2016	2018	2020	2022
Total consumption in hectolitres	85,532,000	84,649,000	78,706,000	79,094,000
Total consumer spending (in million Euro)	19,655	20,243	15,544	19,546
Consumption of beer per capita (in litres)	101	99	92	92
Beer consumption hospitality	18%	18%	10%	16%
Beer consumption retail	82%	82%	90%	84%
Consumer price hospitality (€ / litre)*	7.30	7.50	7.60	8.20
Consumer price retail (€ / litre)*	1.20	1.27	1.35	1.38

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

5 TRENDS AND DEVELOPMENTS

Interestingly, although the retail sector accounted for 84% of all beer purchases in 2022, the value of the retail sector remains lower than that of the hospitality sector by about €1 billion. The large difference in average consumer pricing between the two sectors explains this discrepancy, with retail pricing remaining exceptionally low relative to other European nations. There have been gradual reverse consumption trends in the retail and hospitality sectors from 2016 to 2022; hospitality consumption has declined from €11.8 billion to €10.4 billion, while the retail sector has grown from €7.3 billion to €9.2 billion.

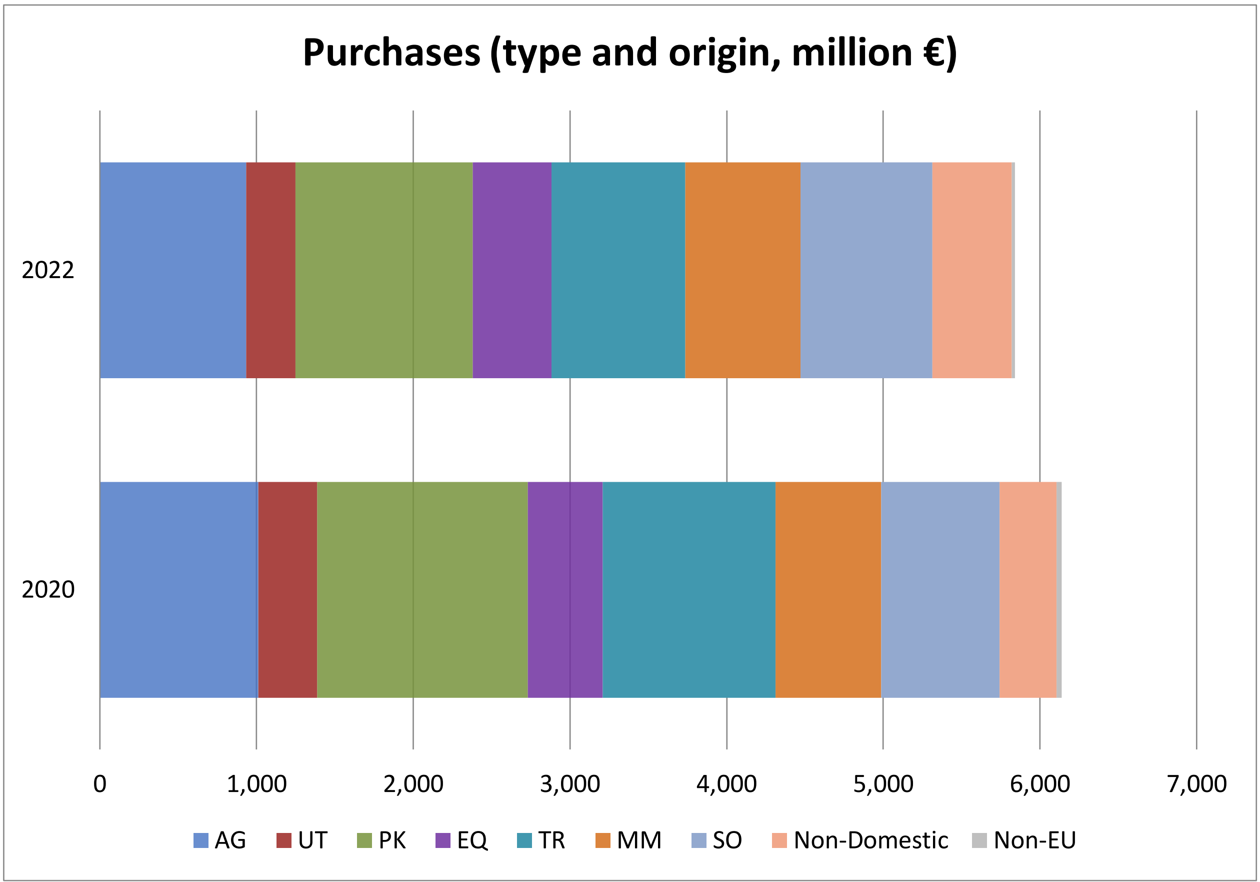
FIGURE 2: RECENT CONSUMPTION TRENDS (2012-2022)



Source: National Associations.

The overall value of upstream purchases for German brewers has declined somewhat from 2020 to 2022, falling to around €5,800 million. The supply chain is notably independent from international purchases compared to other countries across the EU, with only around €500 million spent on non-domestic supply-chain purchases. Packaging, agriculture and transport remain the most significant domestic supply-chain purchases for the German beer sector.

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.

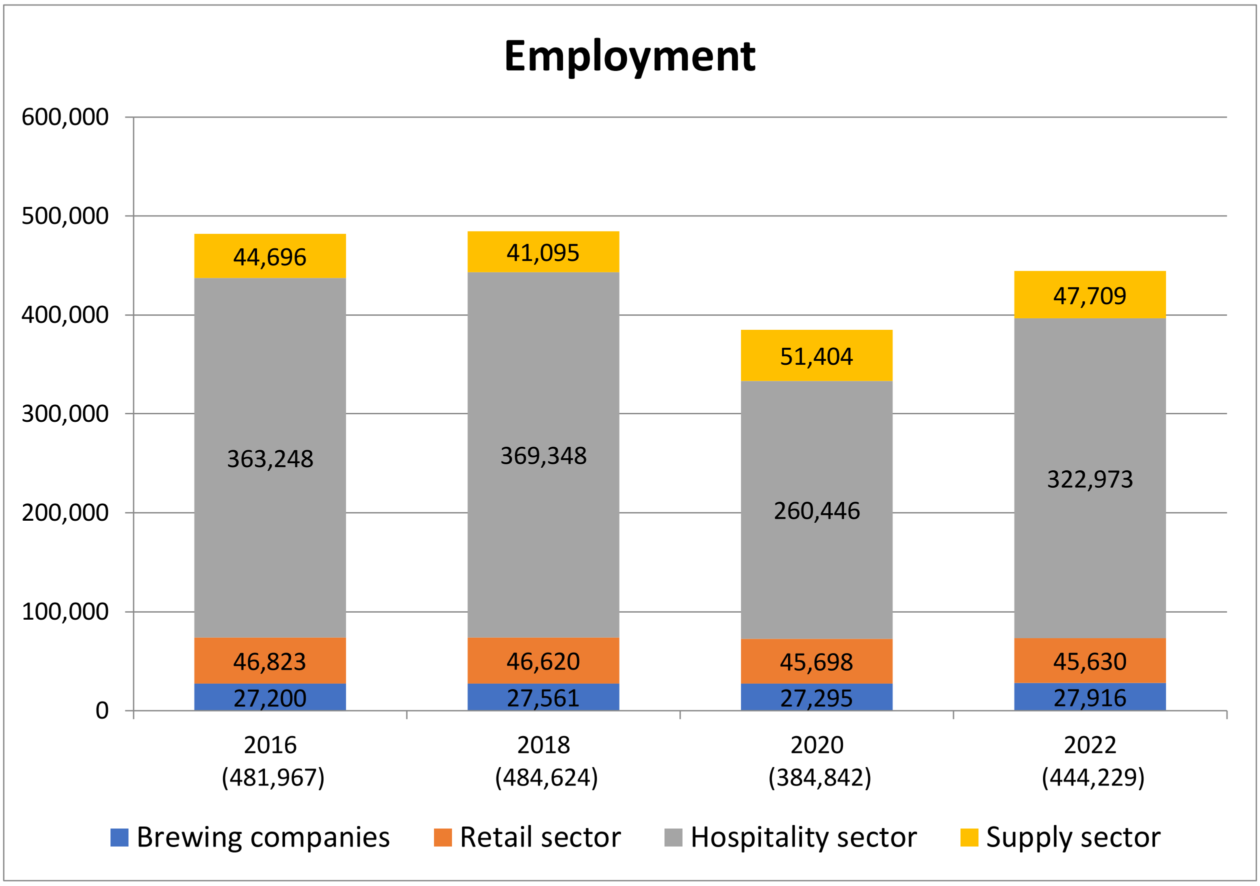
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

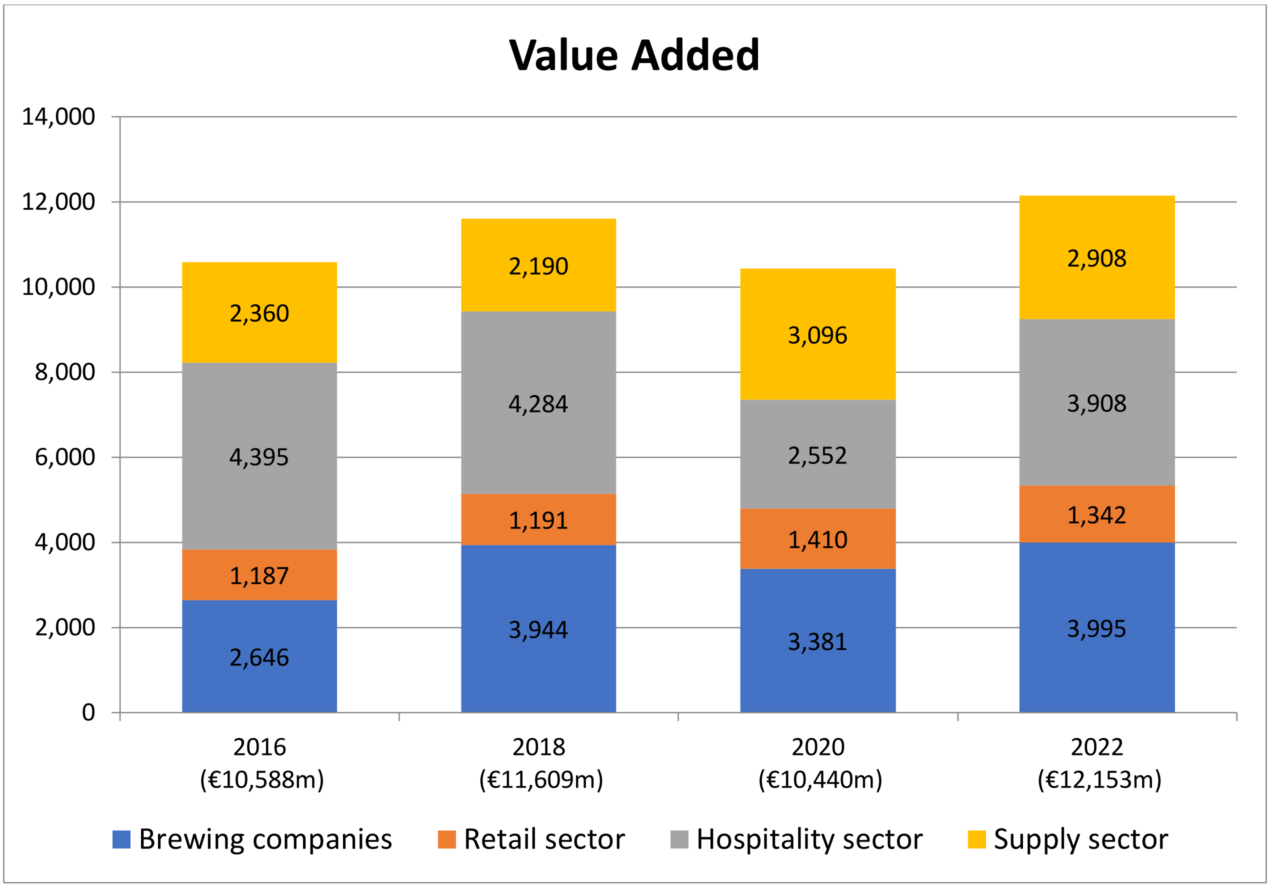
6 THE IMPACTS BEYOND THE SECTOR: RELATED JOBS AND VALUE ADDED

In 2022, more than 444,000 people's jobs were supported directly or indirectly by the beer industry. This is a big increase from previous years, up 59,000 from 2020. The hospitality sector has largely recovered from a significant drop during COVID, in 2020, both in terms of employment and value added.

The total value added in 2022 is higher than pre-pandemic levels, despite a drop in 2020. This has been driven by a recovery in the hospitality sector and among brewing companies, alongside a growth in the supply sector. Value added and employment in the retail sector has remained stable across the period 2016 to 2022.

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





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

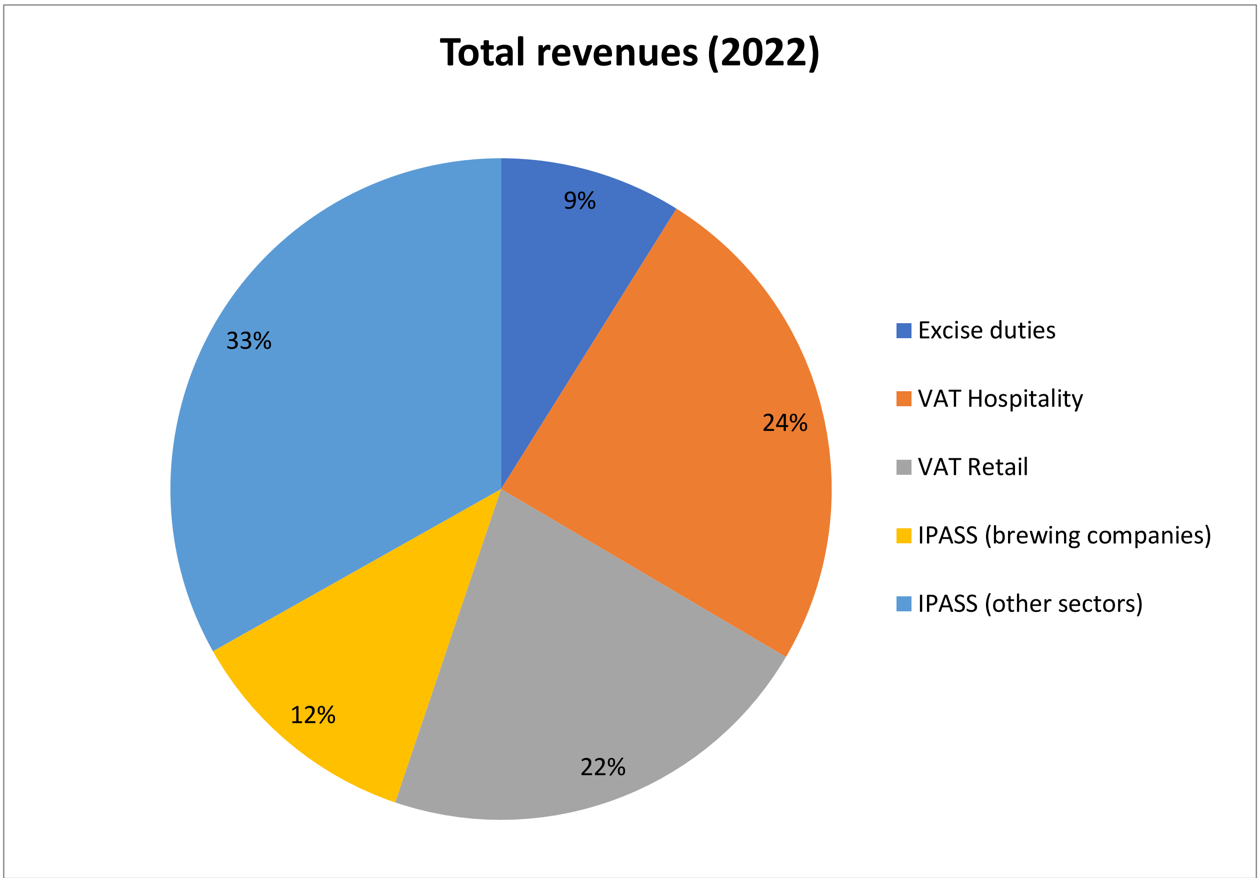
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 13831 jobs in agriculture, 6221 jobs in packaging, 9361 jobs in transport, 8816 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 GOVERNMENT REVENUES RELATED TO BEER

Government revenues total just over €6.7 billion, with just under 50 per cent of these revenues coming from VAT in the retail and hospitality spaces. VAT collected in the hospitality industry rose significantly from 2020 to 2022, as was expected with the recovery from COVID protocols.

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.

With the high contribution of employment coming from the beer industry in Germany, IPASS, or income, payroll, and social security contributions, plays a larger role in the total government tax revenues than in most countries. Total IPASS contribution has increased over the period of 2016 to 2022, with the total contribution equalling over €3 billion. This may be due to excise duties being set at the minimum level for the EU, at €0.03 per beer bottle.[1]

[1] Tax Foundation: Beer Taxes in Europe

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

	2016	2018	2020	2022
Excise duties	678	655	566	600
VAT Hospitality	1,794	1,825	955	1,657
VAT Retail	1,344	1,407	1,527	1,464
IPASS (brewing companies)	611	617	718	786
IPASS (other sectors)	1,897	1,940	1,925	2,235
Total government revenues	**6,325**	**6,444**	**5,691**	**6,742**

Note: IPASS - Income, payroll tax and social security

Source: Calculations - different sources.