

# Hungary

## 1 COUNTRY PROFILE

TABLE 1. COUNTRY PROFILE

	2020	2022
Population	9,769,526	9,689,010
Currency	Forint	Forint
GDP per capita in PPS (2012, EU28 = 100)	74	76

Source: Eurostat and National Statistical offices.

## 2 HIGHLIGHTS HUNGARY

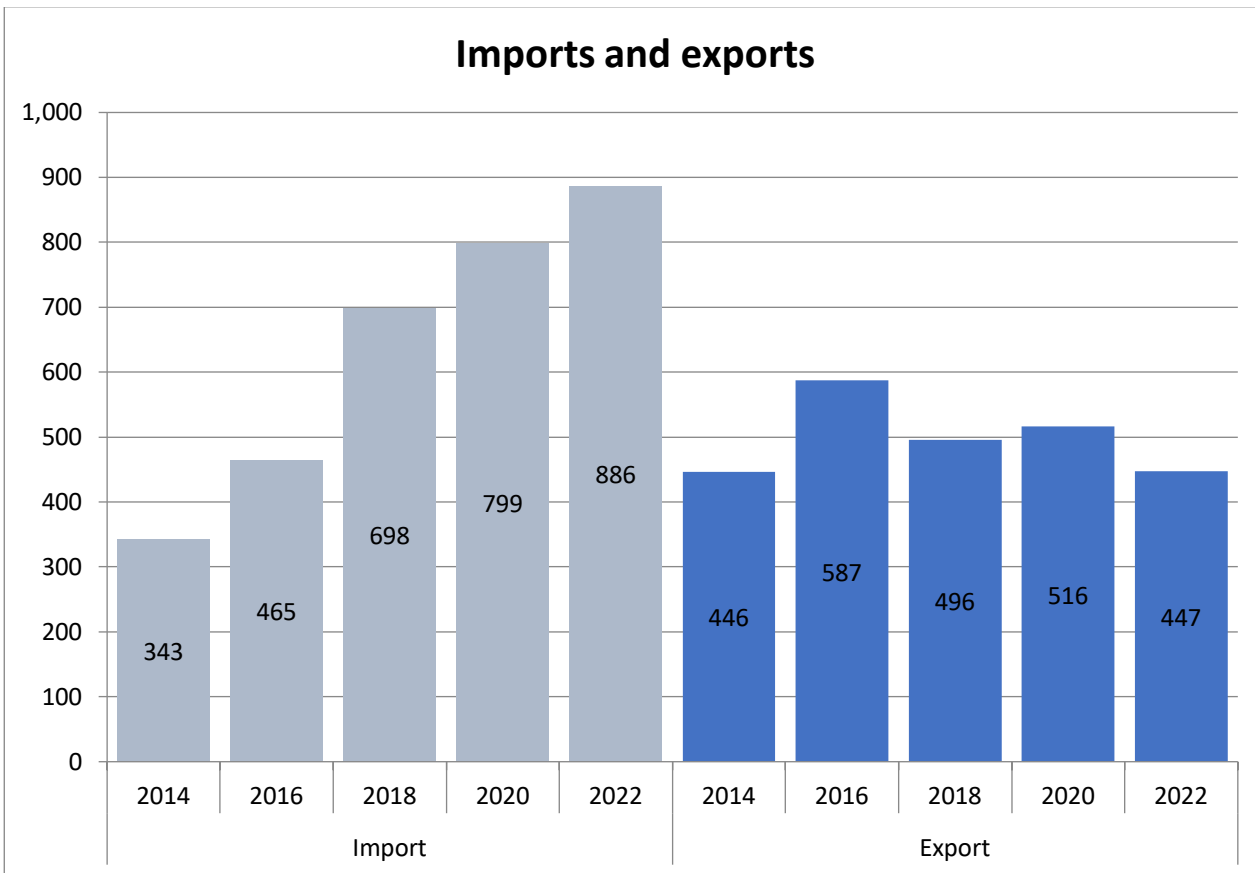
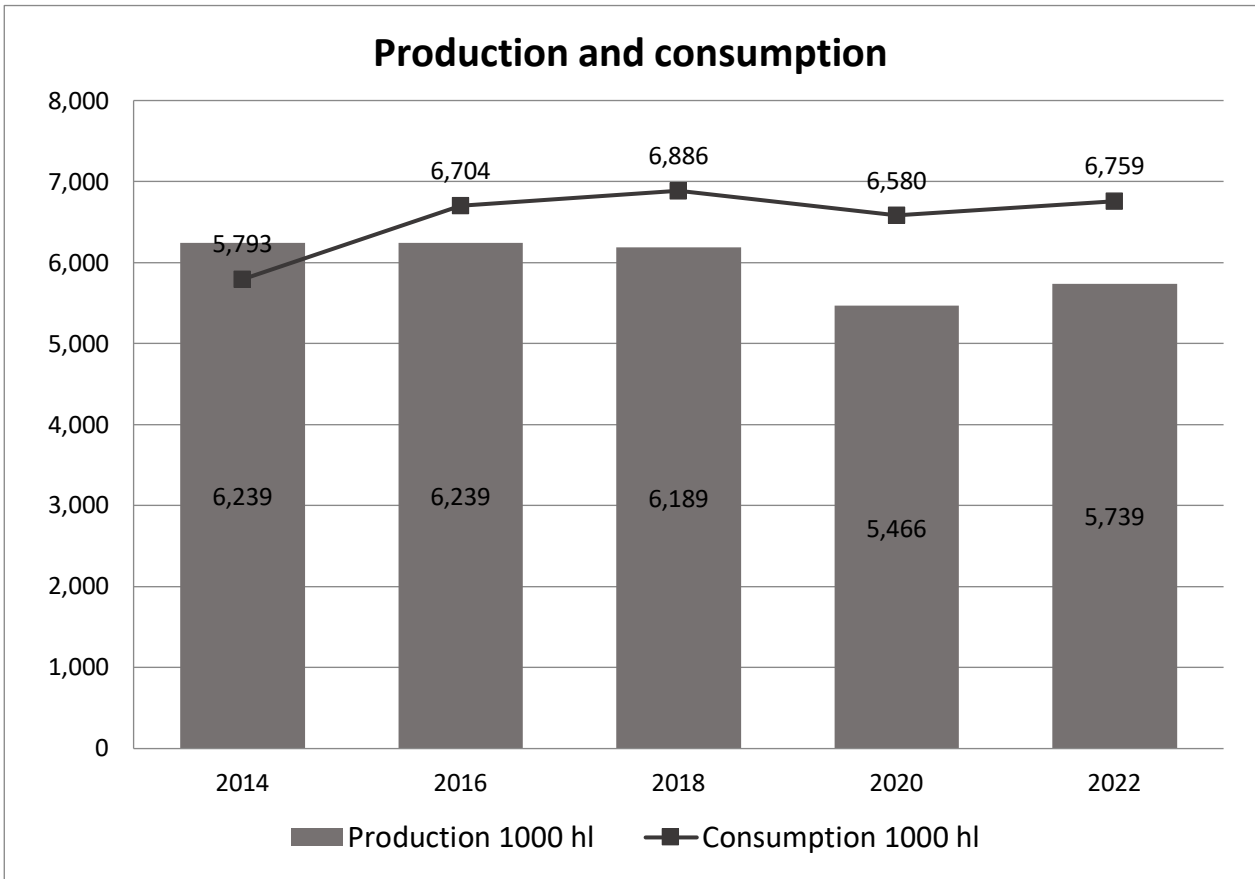
TABLE 2. SUMMARY OF BEER SECTOR'S ECONOMIC IMPACT (AND % CHANGE OVER THE PERIOD 2016-2022)

		2016	2018	2020	2022
Total number of jobs	[-26.5%]	26,402	22,152	20,284	19,399
Value-added (mEuro)	[32.4%]	256	326	311	338
Government revenues (mEuro)	[-16.6%]	435	437	405	363

Source: Calculations - different sources.

In recent years, beer consumption in Hungary has outpaced production, leading the nation to look towards imports to fill the deficit. Despite a decline in the population of the country, beer consumption has grown significantly over the period of 2014-2022. While exports of beer have remained relatively stable over this period, imports have increased markedly, more than doubling from 343 hl in 2014 to 889 hl in 2022.

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



Source: National Associations.

### 3 A SNAPSHOT OF THE BREWING SECTOR

In 2022, beer production was 5.7 million hectolitres. The number of breweries, including microbreweries was 75. This was slightly down on the number in 2020, but significantly higher than the 50 reported in 2016, despite the fact that production was higher in 2016.

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

	2016	2018	2020	2022
Total production (in hectolitres)	6,239,000	6,189,000	5,466,000	5,739,000
Brewing companies	50	77	80	75
Breweries (including microbreweries)	50	77	80	75
Microbreweries	N/A	75	75	70

Source: National Associations.

### 4 LOOKING AT THE BEER MARKET

Total beer consumption in Hungary has hovered around 6.75 million hectolitres in recent years. Consumer spending, measured in Euros, was down considerably in 2022 relative to either 2020 or the pre-pandemic levels. The pandemic caused a significant shift from hospitality to retail beer consumption, with retail sales increasing sharply as people opted for home consumption.

Despite rising prices in hospitality, retail prices fell over the period, contributing to the increased retail market share. Retail beer consumption rose from 65% in 2016 to 83% in 2020, while hospitality consumption fell from 35% to 17%. This trend towards at-home consumption, observed in many Northern European countries, was accelerated by the pandemic and supported by lower retail prices, reshaping Hungary's beer market.

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

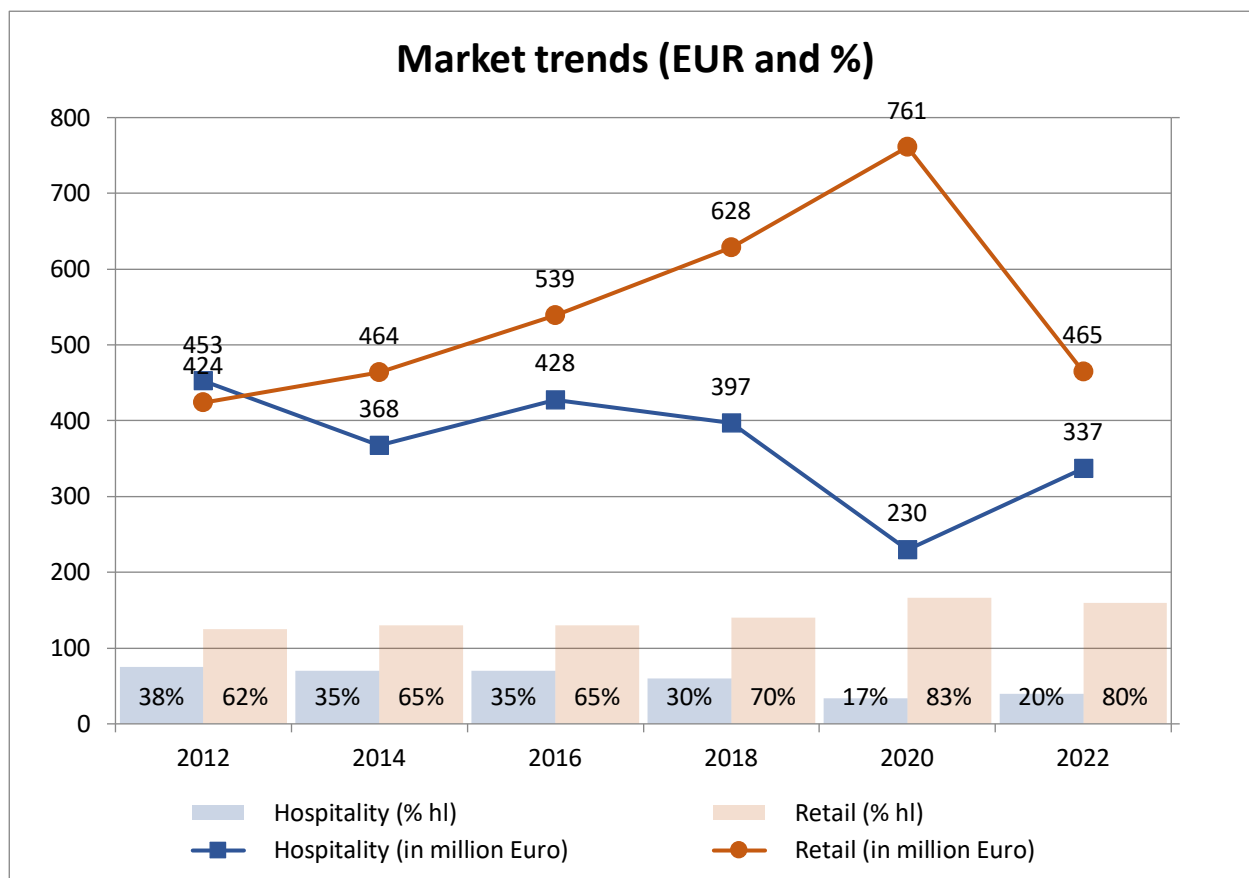
	2016	2018	2020	2022
Total consumption in hectolitres	6,704,000	6,886,000	6,580,000	6,759,000
Total consumer spending (in million Euro)	967	1,025	991	802
Consumption of beer per capita (in litres)	66	68	68	67
Beer consumption hospitality	35%	30%	17%	20%
Beer consumption retail	65%	70%	83%	80%
Consumer price hospitality (€ / litre)*	1.82	1.92	2.05	2.49
Consumer price retail (€ / litre)*	1.24	1.30	1.39	0.86

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

## 5 TRENDS AND DEVELOPMENTS

The value of beer sales in the retail market fell to €465 million in 2022, a six-year low. The value of the hospitality market has remained relatively consistent over the ten-year period of 2012 to 2022, with the higher average price offsetting the decrease in volume of hospitality consumption.

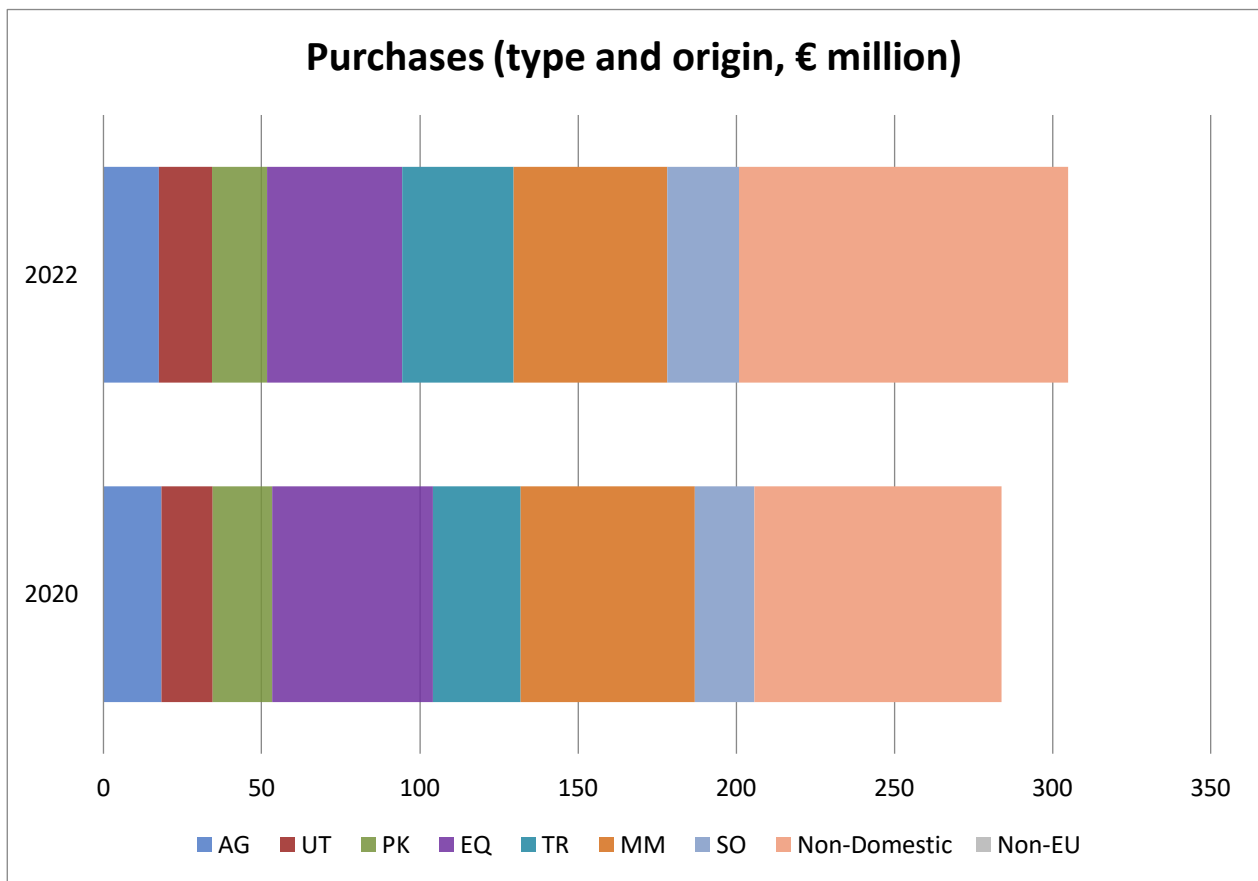
FIGURE 2: RECENT CONSUMPTION TRENDS (2012-2022)



Source: National Associations.

The overall up-stream purchasing from the supply sector increased from 2020 to 2022. This increase is largely due to a greater value of non-domestic purchases, from €78 million to €104 million. The Hungarian beer sector still largely uses a domestic supply-chain, with the greatest spending being in the media, equipment and transport sectors.

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.

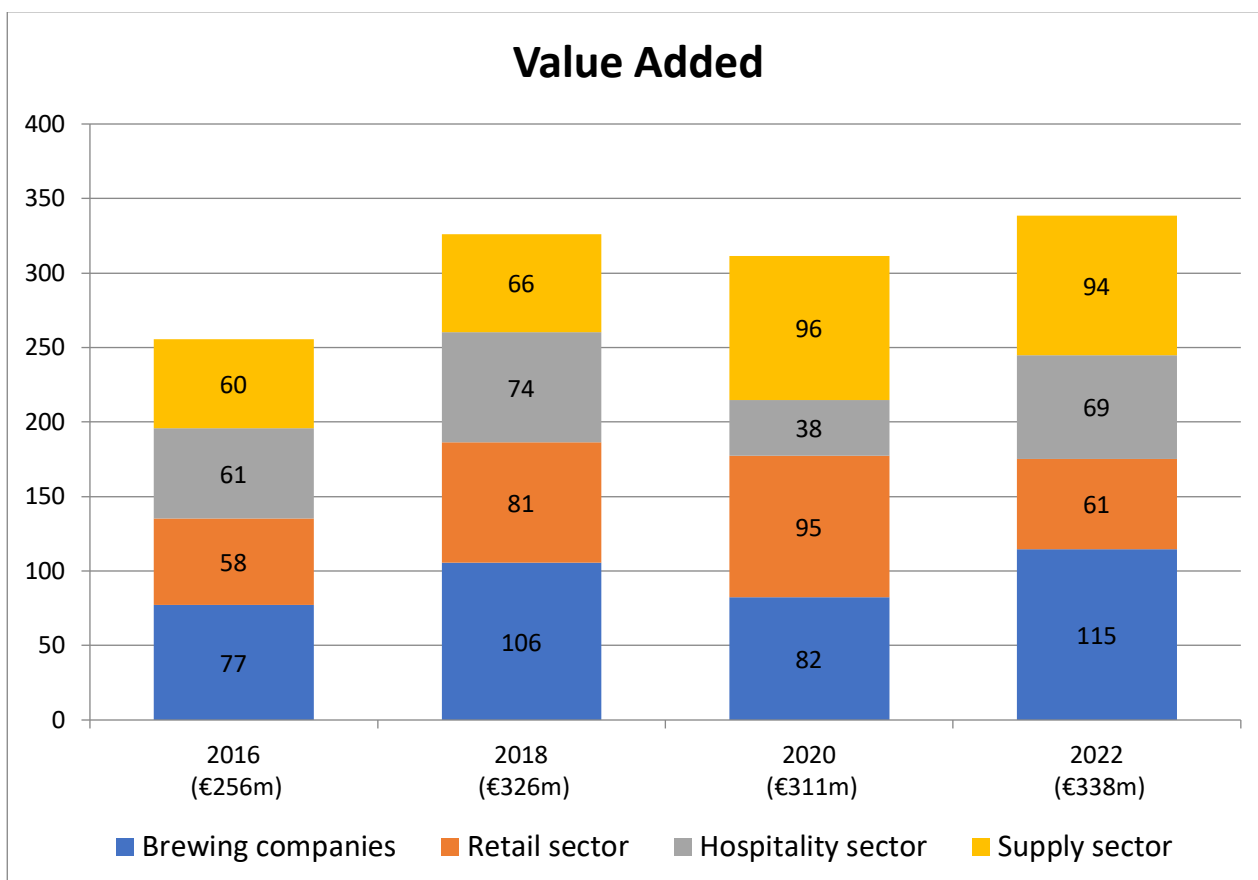
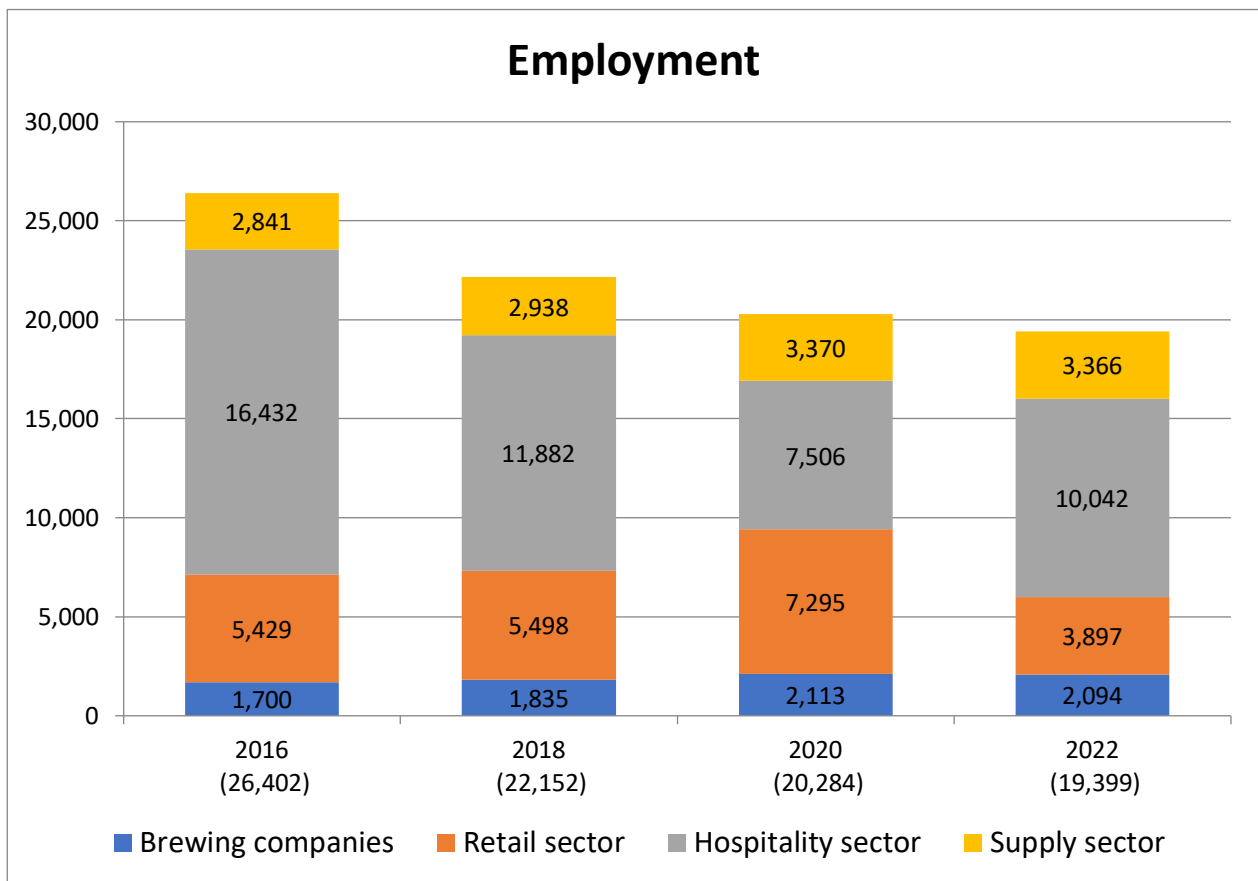
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

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

Employment attributable to the beer sector has fallen consistently since 2016, with a decrease of around 7,000 jobs coming in the six-year period leading up to 2022. A majority share of employment in the beer industry remains in the hospitality sector, with over 50 per cent of jobs due to beer occurring in this category. However, this is also the sector which has observed the greatest job losses over the period.

The value-added from the beer industry was €338 million in 2022, with a gradual positive trend from 2016. The majority of the increase has been due to a growth in the supply sector of the beer industry. Brewing companies, however, contribute the greatest value added to the Hungarian economy, €115 million in 2022.

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



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

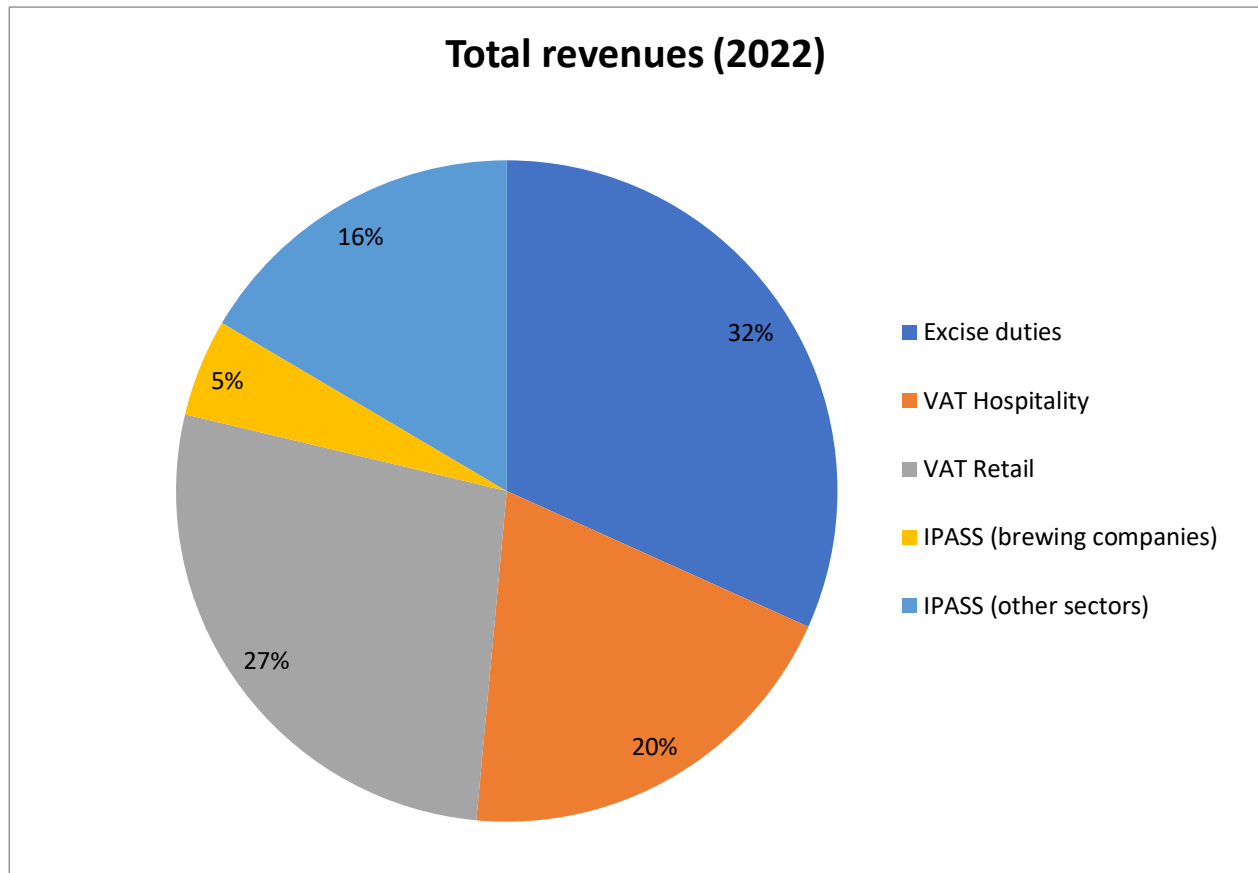
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 492 jobs in agriculture, 184 jobs in packaging, 846 jobs in transport, 938 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

## 7 GOVERNMENT REVENUES RELATED TO BEER

Government revenues fell by more than 15 per cent from their high in 2018, down to €363 million in 2022. This decrease can be credited directly to the big decrease in VAT collected from the retail sector. This reflects the 38 per cent fall in retail beer prices from 2020 to 2022.

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.

Outside of the decrease in VAT collected from the retail sector, there has been a drop in the excise duties collected from 2016 to 2022.

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

	2016	2018	2020	2022
Excise duties	149	147	107	115
VAT Hospitality	91	84	49	72
VAT Retail	115	134	162	99
IPASS (brewing companies)	17	17	16	17
IPASS (other sectors)	64	66	71	60
<b>Total government revenues</b>	<b>435</b>	<b>437</b>	<b>405</b>	<b>363</b>

*Note: IPASS - Income, payroll tax and social security*

*Source: Calculations - different sources.*