Romania

1 COUNTRY PROFILE

TABLE 1. COUNTRY PROFILE

	2020	2022	2023
Population	19,328,838	19,042,455	19,054,548
Currency	Leu	Leu	Leu
GDP per capita in PPS (2012, EU28 = 100)	73	76	78

Source: Eurostat and National Statistical offices.

2 HIGHLIGHTS ROMANIA

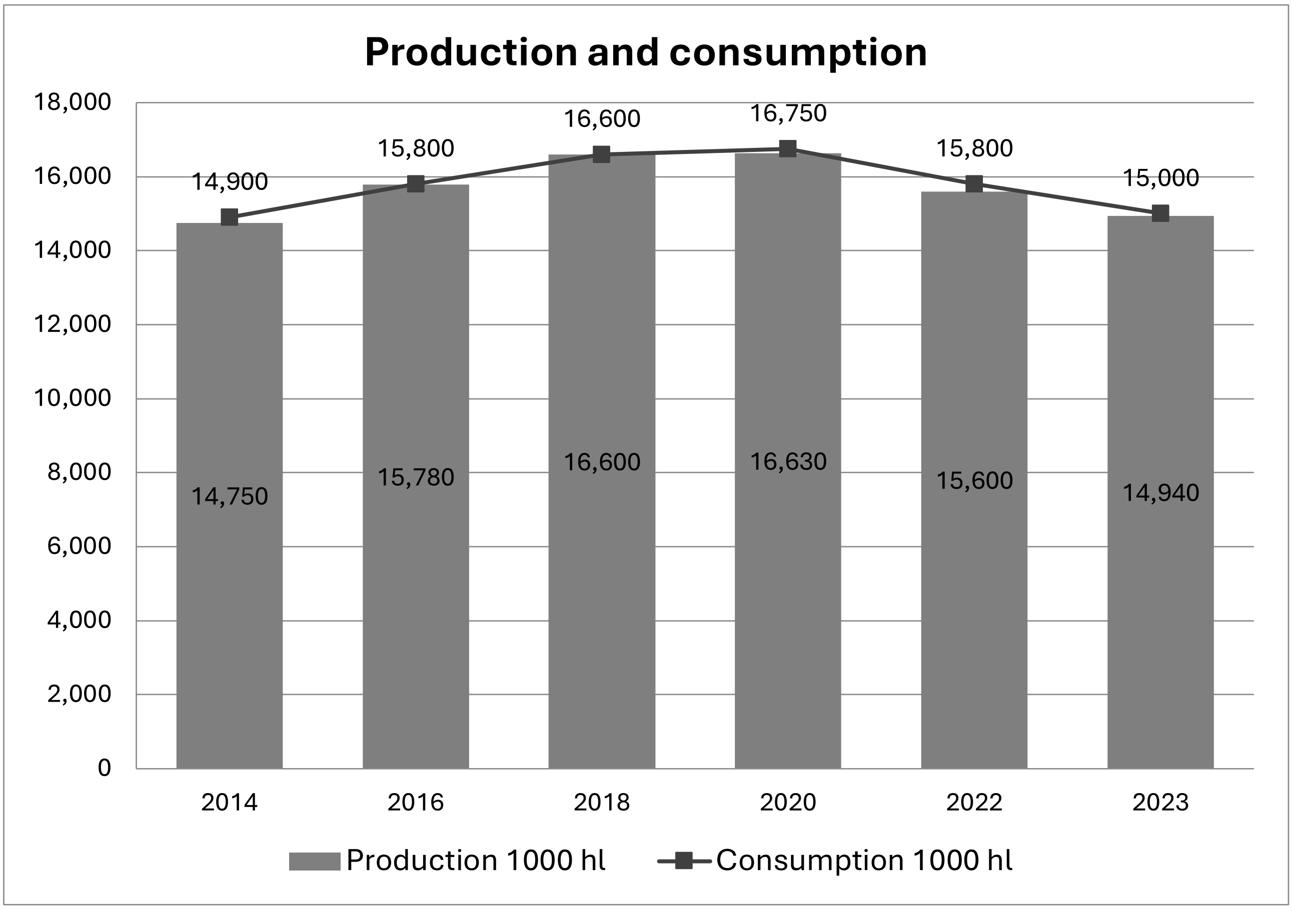
TABLE 2. SUMMARY OF BEER SECTOR'S ECONOMIC IMPACT (AND % CHANGE OVER THE PERIOD 2016-2022)

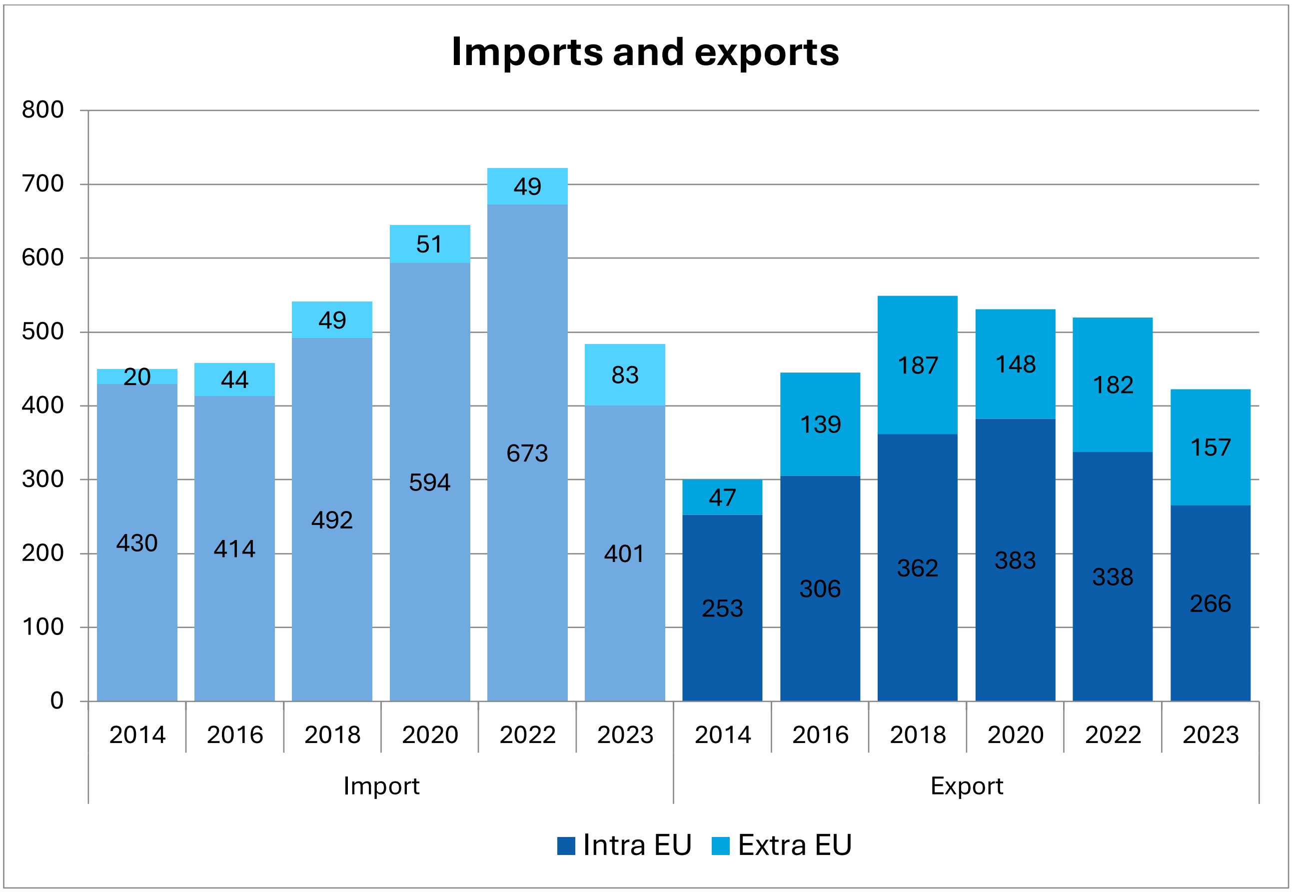
		2016	2018	2020	2022
Total number of jobs	[-12.9%]	64,533	57,201	53,993	56,237
Value-added (mEuro)	[18.3%]	775	752	778	917
Government revenues (mEuro)	[17.6%]	498	531	564	585

Source: Calculations - different sources.

In Romania beer production and consumption are broadly aligned, with both remaining around 16 million hectolitres. Nevertheless, starting in 2022 and continuing into 2023, production decreased with an accumulated fall of 10% over the two years, stopping at 15 million hectolitres at the end of 2023. Although there is some international trade in beer, the figures for imports and exports are relatively low, not exceeding 700,000 hectolitres each. Romania primarily relies on its domestic beer market, with a small role international trade.

FIGURE 1. EVOLUTION OF MAIN INDICATORS (2014-2023)





Source: National Associations.

3 A SNAPSHOT OF THE BREWING SECTOR

Total beer production in Romania has fluctuated from 2016 to 2021, with minor variations over the period, while 2022 and 2023 marked a significant decrease of about 9%. What stands out is the significant increase in the number of breweries and brewing companies, potentially driven by the increase of microbreweries. After the introduction of reduced excise duties for small producers, the microbrewing sector grew rapidly, from 20 microbreweries in 2016 to 82 in 2022 and 85 in 2023. Despite this growth, microbreweries still represent a small fraction of the total beer market by production volume.

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

	2016	2018	2020	2022	2023
Total production (in hectolitres)	15,780,000	16,600,000	16,630,000	15,600,000	14,949,000
Brewing companies	28	58	86	90	92
Breweries (including microbreweries)	34	64	92	96	96
Microbreweries	20	50	78	82	85

Source: National Associations.

4 LOOKING AT THE BEER MARKET

Beer consumption in Romania has closely followed production trends, with both showing fluctuations over recent years and an important decrease of 5% for each of the years 2022 (15.8 mil. hl) and 2023 (15.0 mil. hl). Consumer spending on beer has increased significantly, reflecting changes in beer prices. There remains a small difference between the prices of beer in the on-trade (hospitality) and off-trade (retail) markets relative to other European countries.

From 2016 to 2021, the beer market showed steady growth, driven by a balanced excise duty treatment and a shift towards premium brands and diverse products. Repeated changes in excise duty levels brought in 2022 and 2023 are reflected in a cumulated 10% market decrease for these years. Additionally, there was a shift towards more sustainable packaging, with a reduction in PET bottles and an increase in glass bottles and cans.

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

	2016	2018	2020	2022	2023
Total consumption in hectolitres	15,800,000	16,600,000	16,750,000	15,800,000	15,000,000
Total consumer spending (in million Euro)	1,594	1,793	1,849	2,027	2,326
Consumption of beer per capita (in litres)	80	85	87	83	83
Beer consumption hospitality	16%	15%	8%	10%	10%
Beer consumption retail	84%	85%	92%	90%	90%

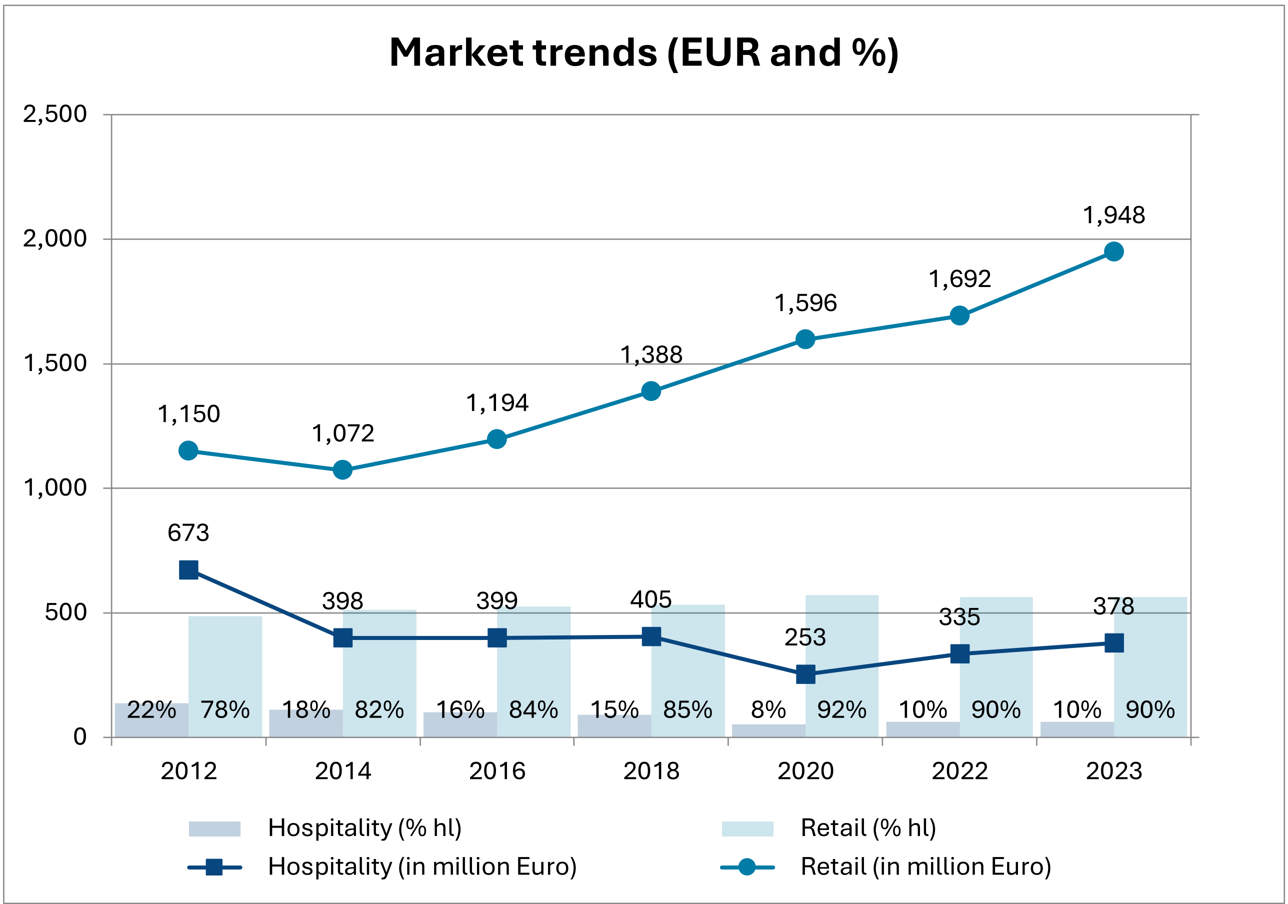
Consumer price hospitality (€ / litre)*	1.58	1.66	1.80	2.12	2.57
Consumer price retail (€ / litre)*	0.90	0.98	1.04	1.19	1.44

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

5 TRENDS AND DEVELOPMENTS

Beer consumption in Romania's on-trade sector has remained low, decreasing from 18% in 2014 to almost half of it, at 9.8% in 2023. The preference for off-trade consumption, combined with minimal price differences between on-trade and off-trade beer, results in higher market value in retail markets. Despite a reduction in on-trade VAT to 5% in 2018 to boost hospitality consumption and support tourism, the trend has persisted. Moreover, this exception was eliminated and thus, starting January 1st 2023, all beer categories are under the standard VAT rate of 19%.

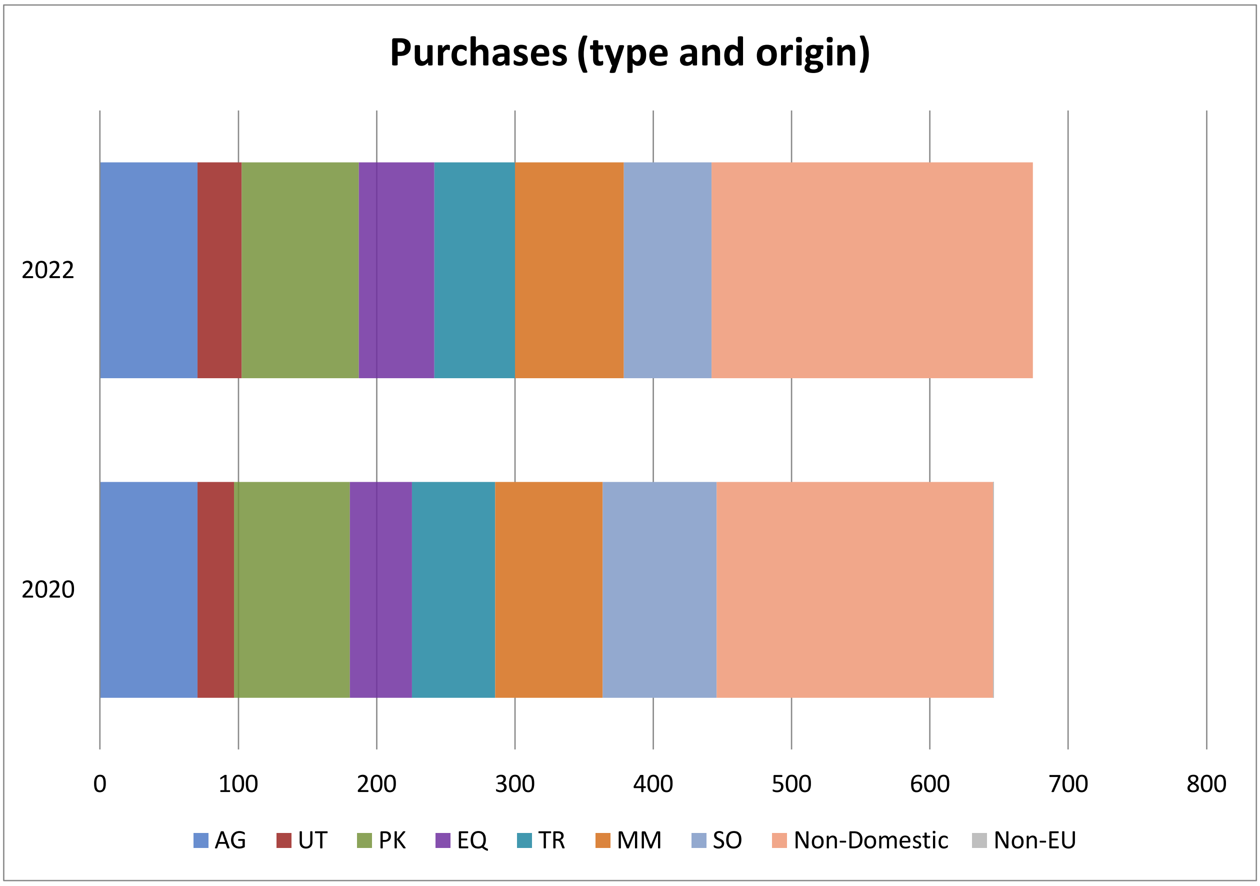
FIGURE 2: RECENT CONSUMPTION TRENDS (2012-2022)



Source: National Associations.

In terms of the supply chain, a significant share of the inputs are imported from aboard. Based on the survey to individual brewers, our latest data suggests domestic purchases of around 30% for packaging and around 60% for equipment. Additionally, brewers' domestic agricultural purchases amounted to 82% in 2020 and 80% in 2022, reflecting strong ties to local agriculture. For other sectors, such as utilities and transport, domestic purchases account for 90% or more of the total inputs

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.

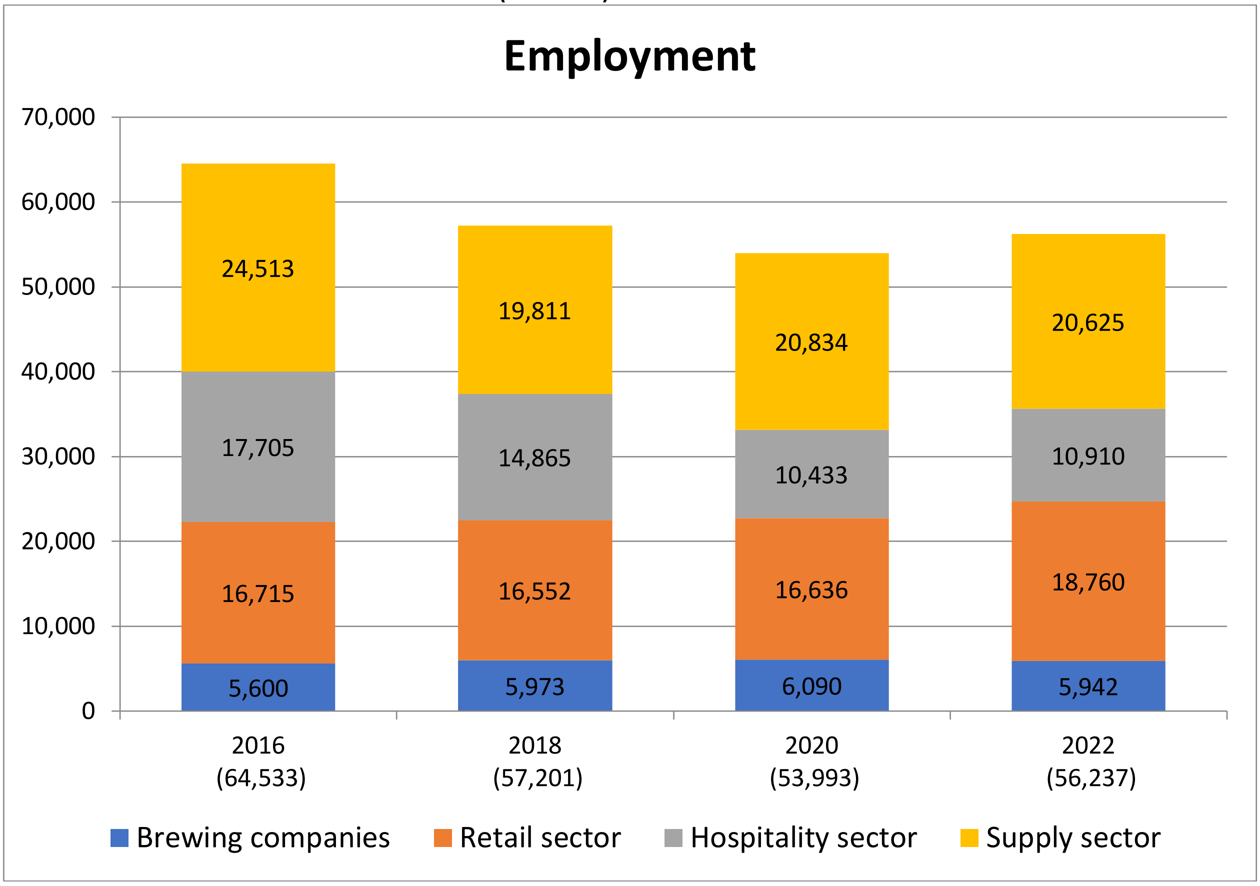
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

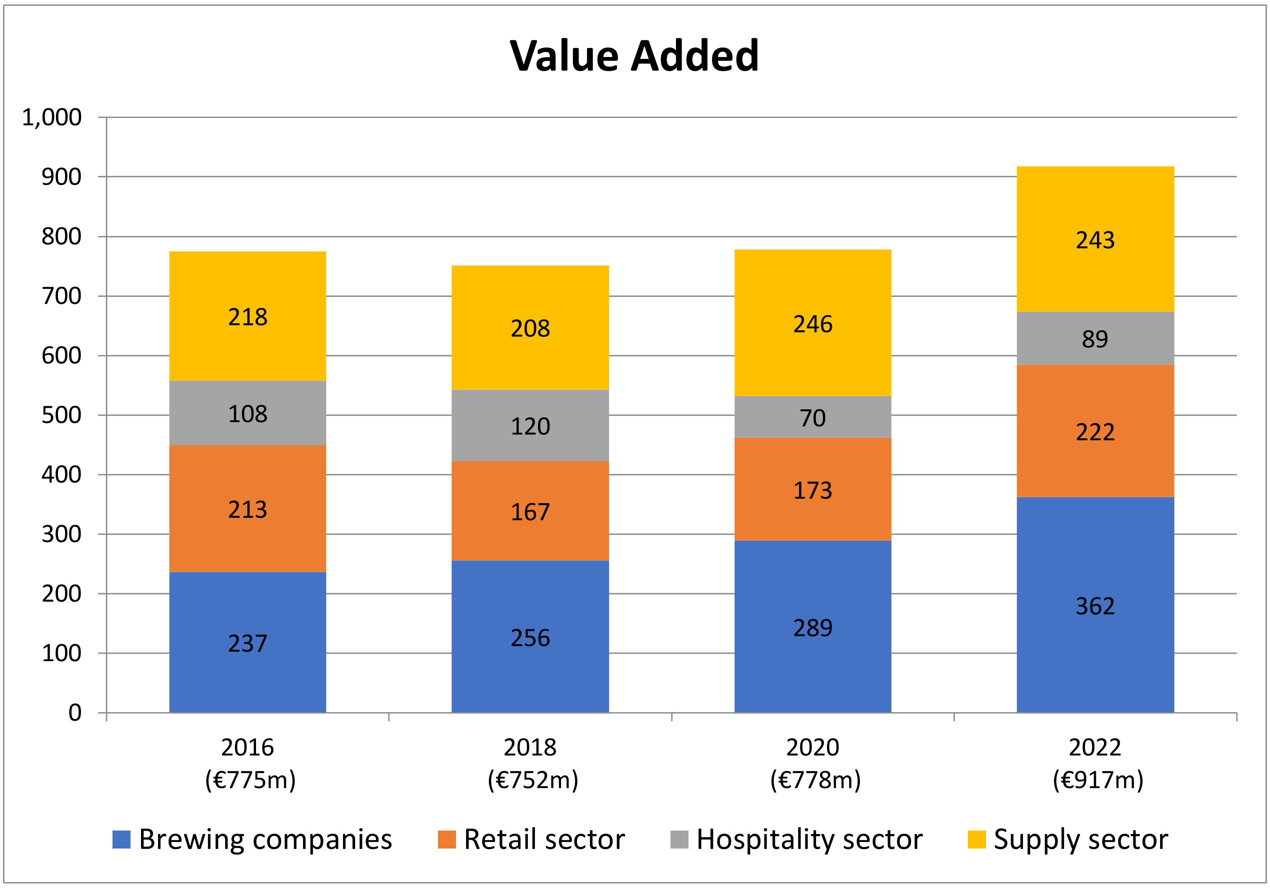
6 THE IMPACTS BEYOND THE SECTOR: RELATED JOBS AND VALUE ADDED

Employment in Romania attributable to the beer industry is almost equally divided among the supply, hospitality, and retail sectors. Employment figures stabilised from 2020 onwards, with the supply sector still being the largest contributor to employment by 2022.

The value added in Romania's beer industry is primarily attributed to the brewing companies. Despite the decline in employment, the value added has increased. In 2016, the value added of brewing companies was €237 million out of a total value add associated with beer of €778 million. By 2022, the value added by brewing companies increased significantly to €362 million, out of a total of €917 million. Diverging from the trend elsewhere in Europe, the hospitality sector contributes the lowest value added to the Romanian economy.

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





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

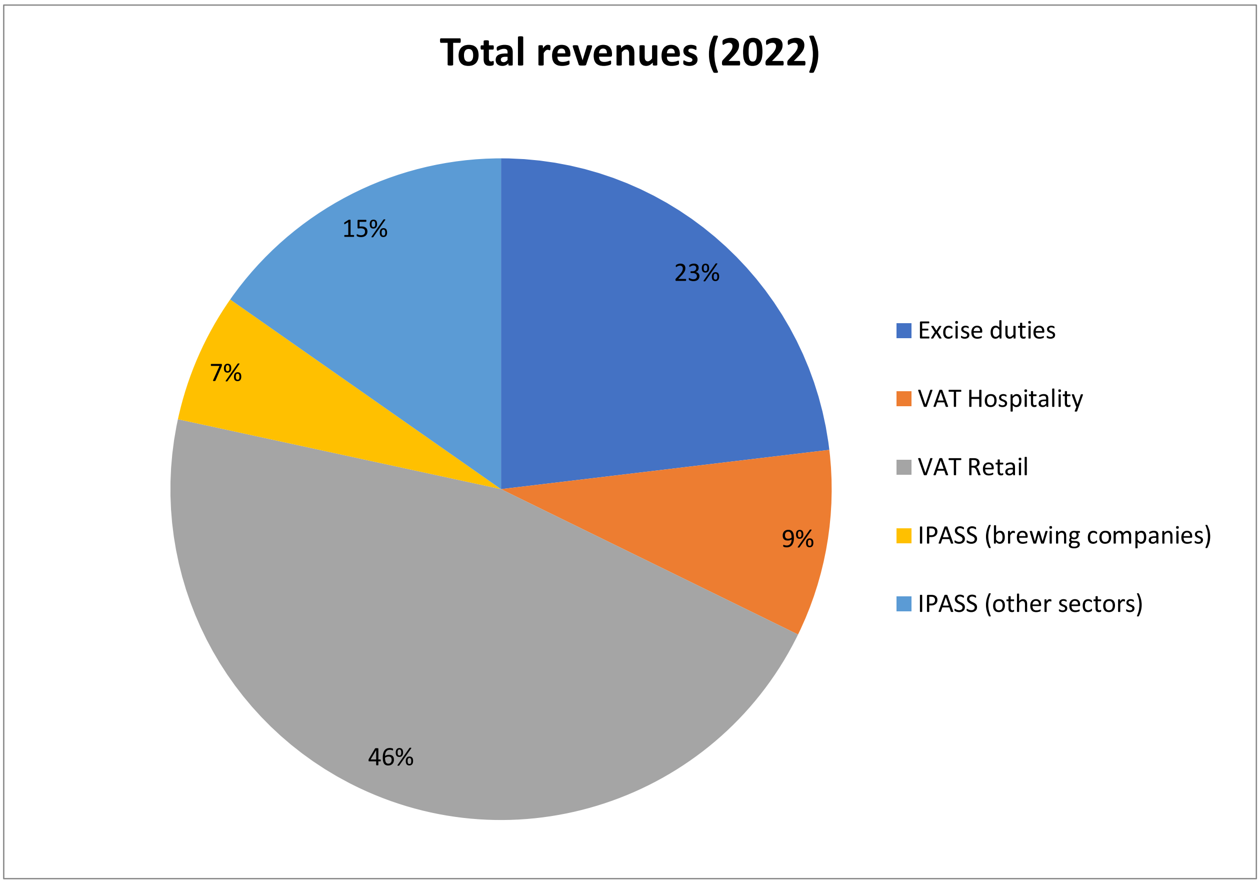
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 11265 jobs in agriculture, 1563 jobs in packaging, 1828 jobs in transport, 3003 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 GOVERNMENT REVENUES RELATED TO BEER

Government revenues in Romania are dominated by the indirect taxes (VAT in retail and excise duties).

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



Note: IPASS - Income, payroll tax and social security

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

Government revenues from the beer sector in Romania have shown a steady increase, reaching 585 million Euros in 2022. This includes various components such as excise duties, VAT from hospitality and retail, and IPASS (taxation related to income, payroll, and social security estimates). In 2022, IPASS contributed 37 million Euros from brewing companies and 89 million Euros from other sectors including suppliers, hospitality, and retail. The stability and growth in government revenues reflect the sector's resilience and economic importance.

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

	2016	2018	2020	2022
Excise duties	138	133	140	135
VAT Hospitality	67	65	40	53
VAT Retail	199	222	255	270
IPASS (brewing companies)	22	25	40	37
IPASS (other sectors)	72	87	89	89
Total government revenues	**498**	**531**	**564**	**585**

Note: IPASS - Income, payroll tax and social security

Source: Calculations - different sources.