Slovakia

1 COUNTRY PROFILE

TABLE 1. COUNTRY PROFILE

	2020	2022
Population	5,457,873	5,434,712
Currency	Euro	Euro
GDP per capita in PPS (2012, EU28 = 100)	74	71

Source: Eurostat and National Statistical offices.

2 HIGHLIGHTS SLOVAKIA

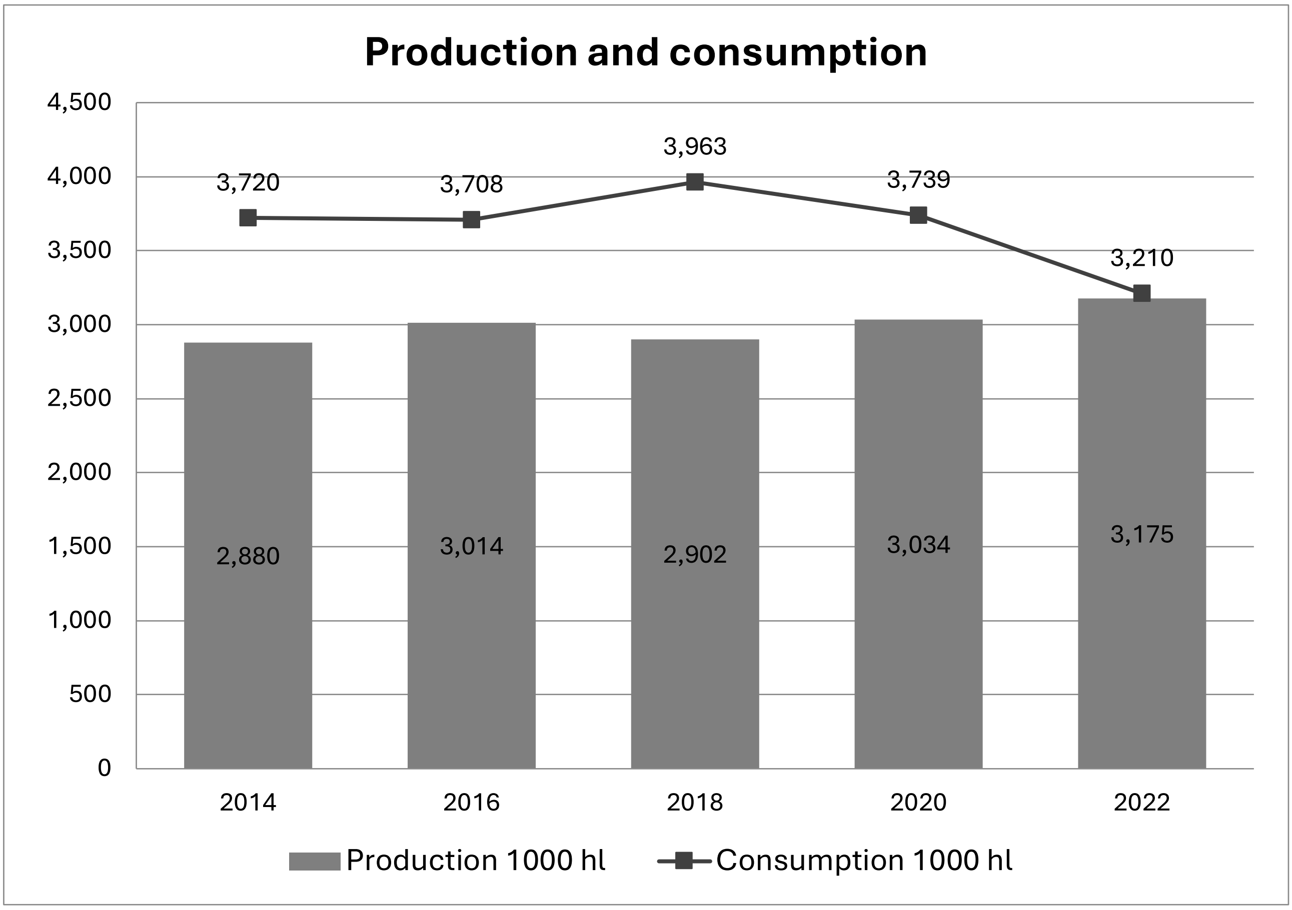
TABLE 2. SUMMARY OF BEER SECTOR'S ECONOMIC IMPACT (AND % CHANGE OVER THE PERIOD 2016-2022)

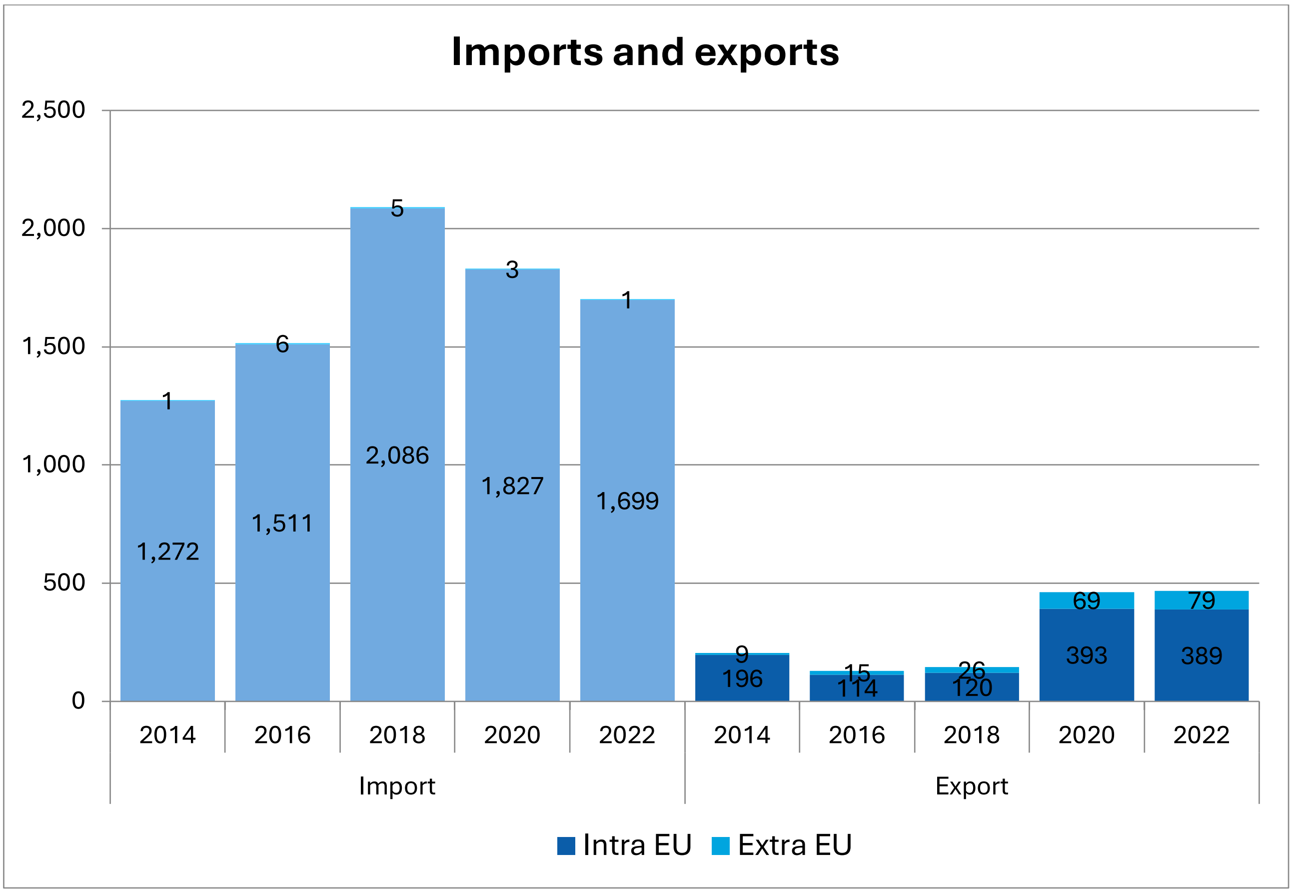
		2016	2018	2020	2022
Total number of jobs	[9.8%]	11,840	13,641	11,715	13,001
Value-added (mEuro)	[45%]	210	291	264	305
Government revenues (mEuro)	[17.8%]	200	223	231	236

Source: Calculations - different sources.

In recent years, Slovakia's beer consumption has declined, while production has remained relatively stable or slightly increased. As consumption fell, the need for imports decreased, reflecting a reduced reliance on foreign beer to satisfy internal demand. Since 2020 domestic production accounted for almost 55 per cent of consumption. Despite the decline in Slovakian beer consumption, the industry has a greater importance to the economy; value-added increased by 45 per cent from 2016 to 2022.

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





Source: National Associations and Eurostat.

3 A SNAPSHOT OF THE BREWING SECTOR

In recent years, Slovakia's beer production has shown a slight increase, with the industry remaining stable around 3 million hectolitres. The number of brewing companies and breweries, including microbreweries, has grown steadily. However, the growth of the microbrewing sector has begun to stabilise after a period of rapid expansion.

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

	2016	2018	2020	2022
Total production (in hectolitres)	3,014,000	2,902,000	3,034,000	3,175,000
Brewing companies	61	73	90	100
Breweries (including microbreweries)	61	73	90	100
Microbreweries	48	57	75	75

Source: National Associations.

4 LOOKING AT THE BEER MARKET

Total beer consumption in Slovakia was 3.2 million hectolitres in 2022. Prices in hospitality settings are moderately higher than in the retail sector. However, this price difference has not significantly affected consumer behaviour, as Slovak consumers continue to predominantly purchase their beer from stores for home consumption. The split between hospitality and retail consumption has consistently favoured retail, with approximately 75% of beer being bought in stores compared to 25% in hospitality venues.

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

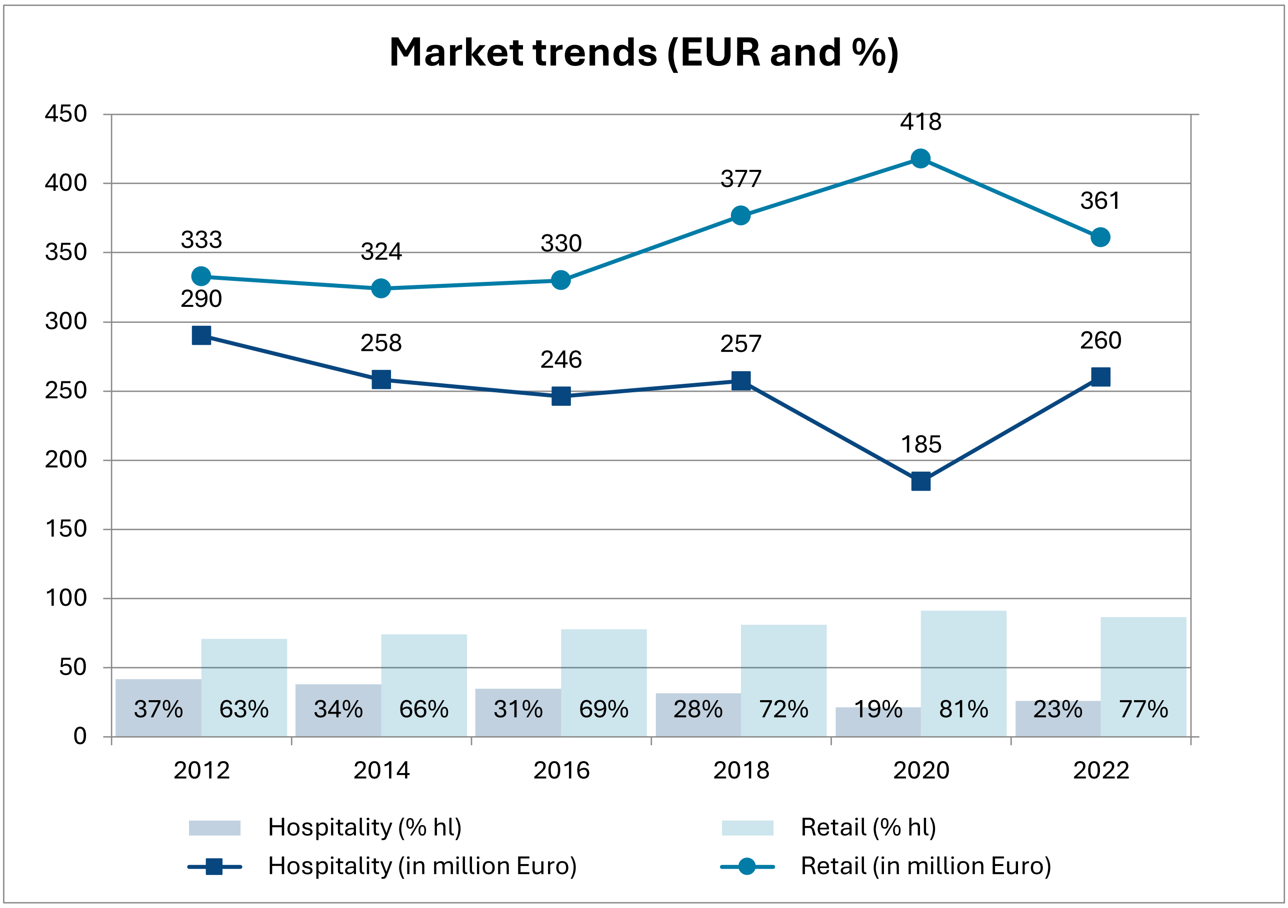
	2016	2018	2020	2022
Total consumption in hectolitres	3,708,000	3,963,000	3,739,000	3,210,000
Total consumer spending (in million Euro)	576	634	603	621
Consumption of beer per capita (in litres)	68	74	69	59
Beer consumption hospitality	31%	28%	19%	23%
Beer consumption retail	69%	72%	81%	77%
Consumer price hospitality (€ / litre)*	2.14	2.32	2.60	3.52
Consumer price retail (€ / litre)*	1.29	1.32	1.38	1.46

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

5 TRENDS AND DEVELOPMENTS

Due to its overwhelming presence in retail markets, the beer market in Slovakia is larger in off-trade value terms, with retail sales consistently outpacing hospitality sales. This trend shows no signs of reversing, with retail maintaining a dominant share of beer consumption. Additionally, the national beer association notes a growing interest in packaged beer over draft beer, with cans becoming more popular than glass bottles. Slovak consumers also show a strong preference for non-alcoholic 'radlers', a category that has seen significant growth and an expansion in flavour varieties.

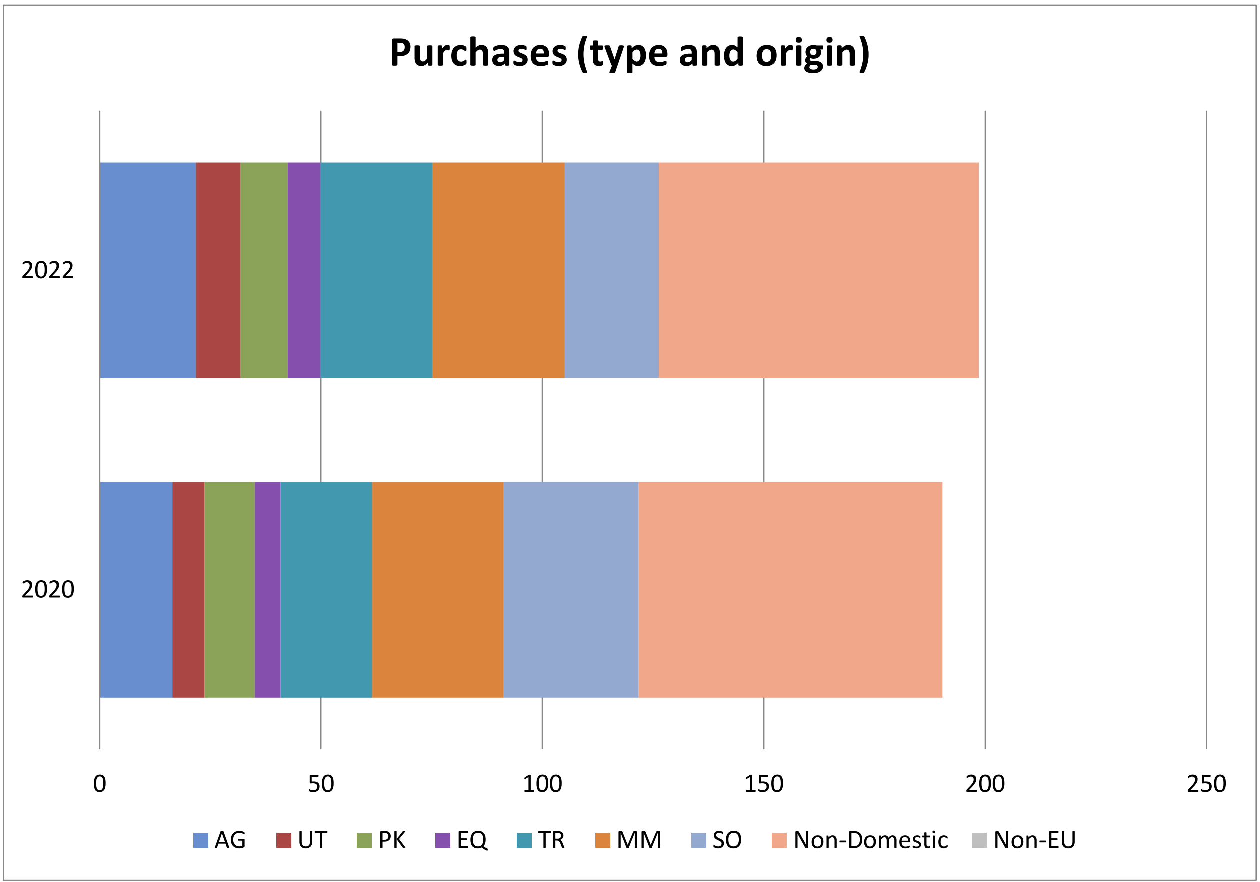
FIGURE 2: RECENT CONSUMPTION TRENDS (2012-2022)



Source: National Associations.

The purchases of inputs have been similar between 2020 and 2022. The purchase shares of inputs have not changed significantly as well, although Slovakia shows a persistent use of inputs from abroad (from EU suppliers in particular).

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.

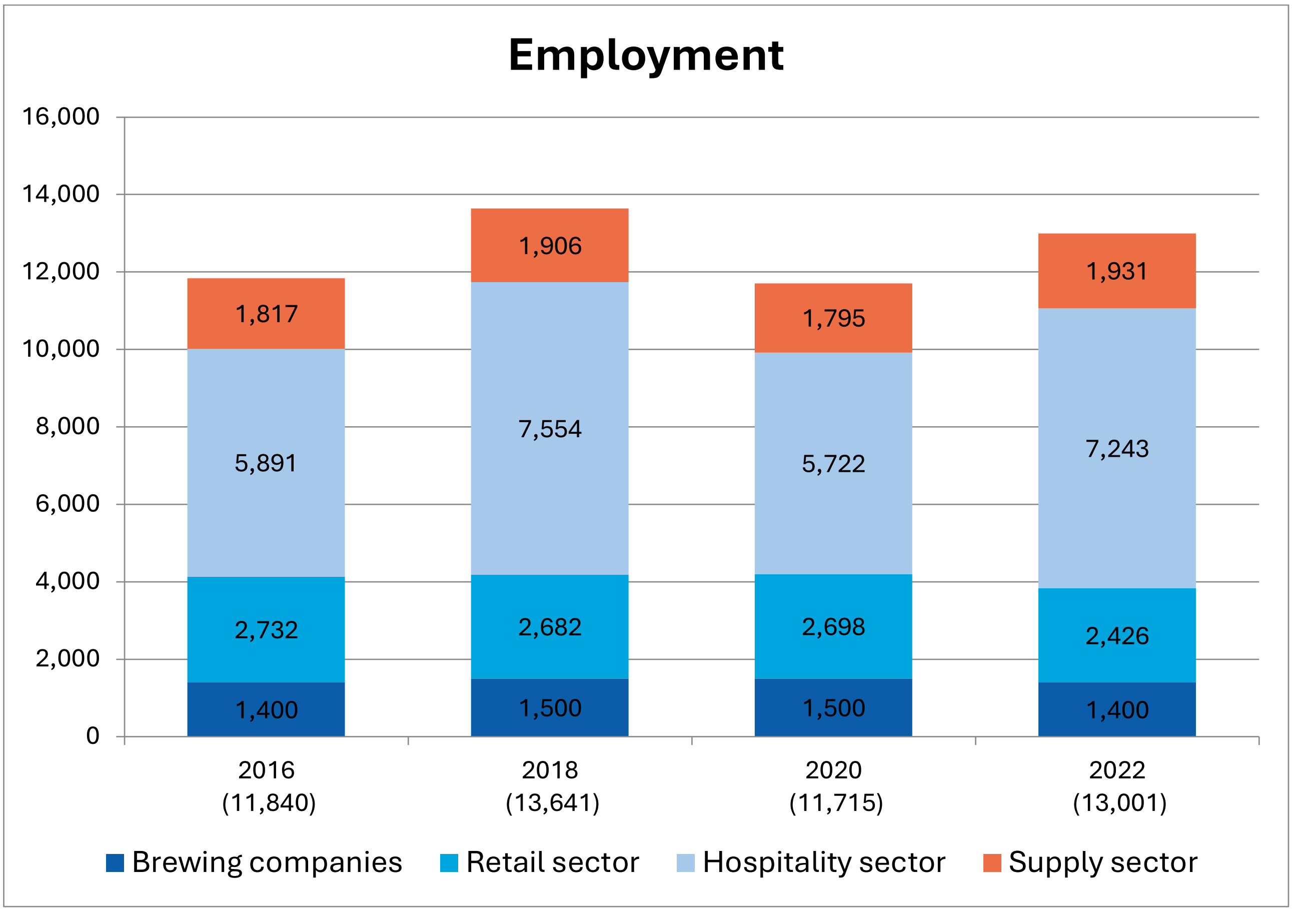
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

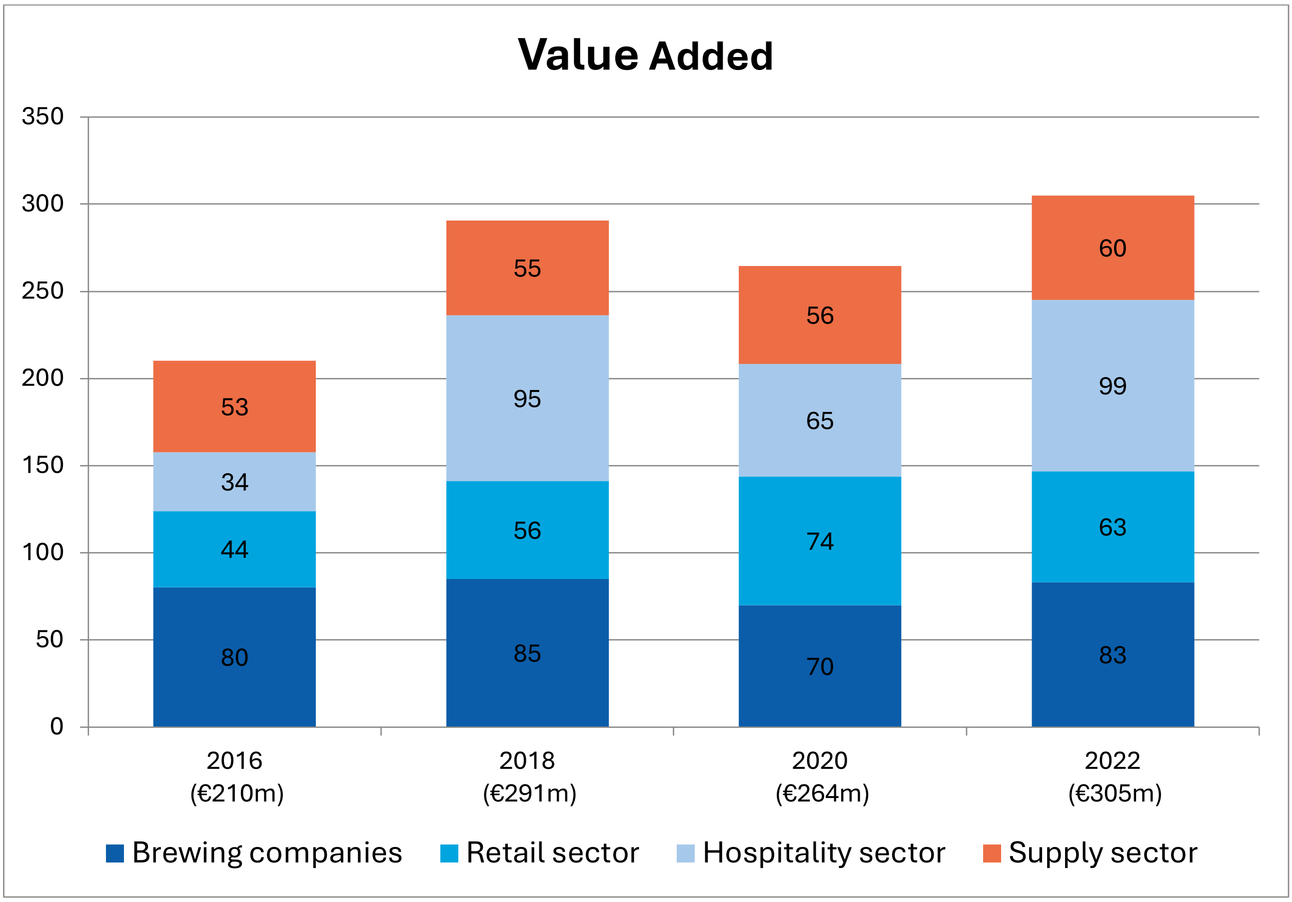
6 THE IMPACTS BEYOND THE SECTOR: RELATED JOBS AND VALUE ADDED

Employment within the beer industry is heavily concentrated in the hospitality and retail sectors. The hospitality sector consistently accounts for the largest portion of employment created by the beer industry. Total employment fluctuated over the years, with significant drops in 2020, likely due to the COVID-19 pandemic's impact on the hospitality sector. Despite this, employment numbers recovered by 2022, with hospitality employment reaching its highest level in the observed period.

The value added by the beer industry shows a dominant contribution from the brewing sector in 2016, making up about a third of the total value added. However, from 2018 onwards, the hospitality sector began to contribute a larger share, reflecting its growing economic impact. By 2022, the value added by hospitality reached 99 million euros, surpassing the brewing sector. The retail and supply sectors showed more modest contributions but remained consistent over the years.

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





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

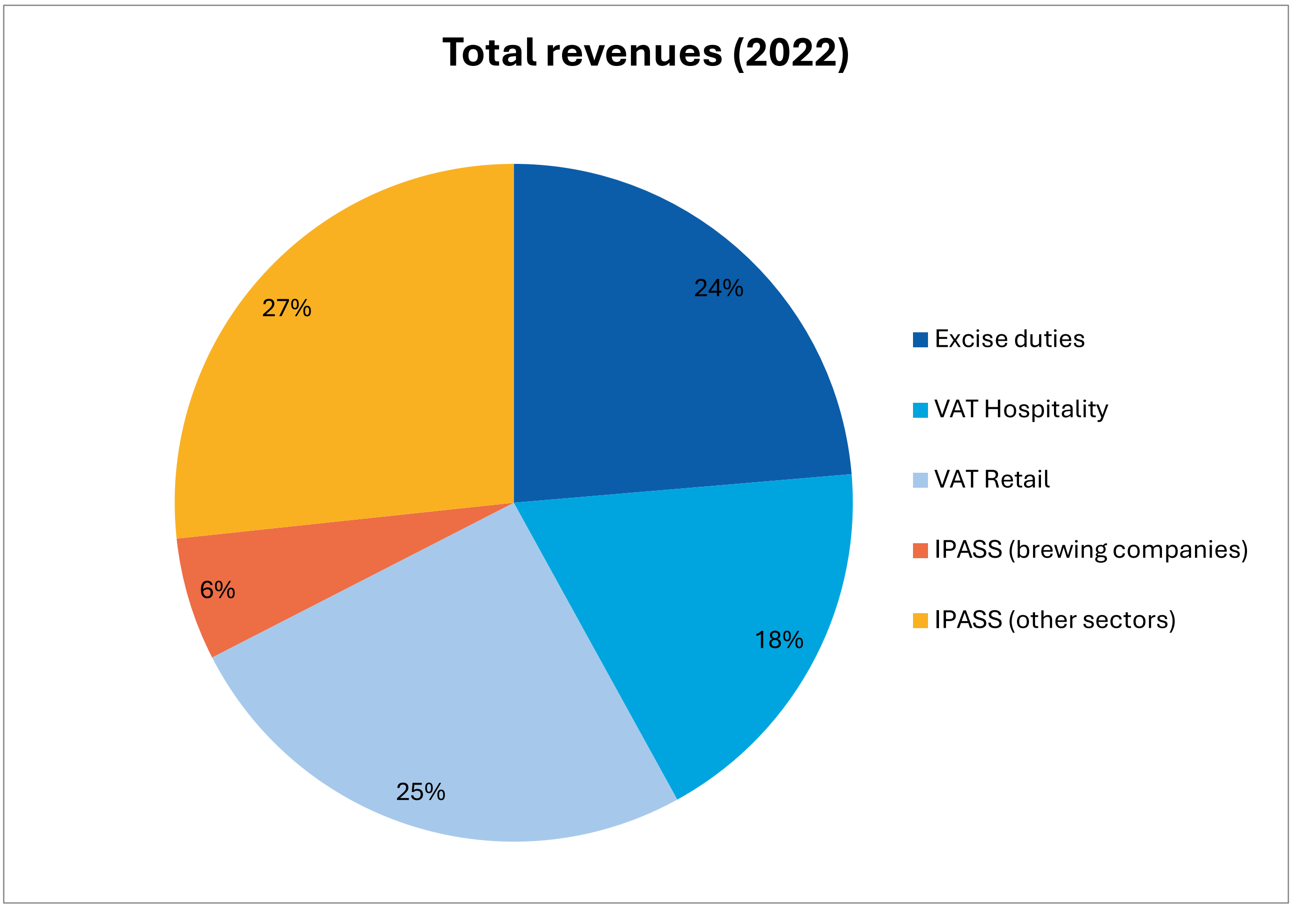
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 583 jobs in agriculture, 109 jobs in packaging, 451 jobs in transport, 412 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 GOVERNMENT REVENUES RELATED TO BEER

Government revenues in Slovakia are mainly generated by the distribution channels: excise duties and VAT produce approximately three quarters of all tax revenues. Another considerable resource is from IPASS from other sectors.

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.

Government revenues in Slovakia attributable to beer were €236 million in 2022, having grown from around €200 million in 2016.

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

	2016	2018	2020	2022
Excise duties	57	60	57	56
VAT Hospitality	41	43	31	43
VAT Retail	55	63	70	60
IPASS (brewing companies)	12	13	15	14
IPASS (other sectors)	35	42	58	63
Total government revenues	**200**	**223**	**231**	**236**

Note: IPASS - Income, payroll tax and social security

Source: Calculations - different sources.

The malting and brewing industries in Slovakia play a crucial role in the national economy by providing substantial employment and generating significant tax revenue. According to 2022 reports[1], the beer production process, from grain to glass, supports jobs in various sectors such as farming, malting, brewing, logistics, retail, and hospitality services. This industry also contributes to the state budget through payroll, excise, and VAT taxes. The natural low-alcohol content of beer, particularly in its increasingly popular low or alcohol-free versions, makes it suitable for various occasions and fosters social interactions among peers. These factors underline the social and economic importance of the beer industry in Slovakia.

1 https://brewersofeurope.org/uploads/mycms-files/documents/publications/2022/european-beer-trends-2022.pdf#:~:text=URL%3A%20https%3A%2F%2Fbrewersofeurope.org%2Fuploads%2Fmycms