



THE CONTRIBUTION MADE BY BEER TO THE EUROPEAN ECONOMY

OCTOBER 2024

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FOREWORD

By Julia Leferman
Secretary General, The Brewers of Europe

Beer is Europe's choice. It is part of our heritage, our present and our future. Brewers have been crafting beers in almost every corner of Europe for centuries, and beer is regularly, and rightly, the first drink many people ask for at a bar or café.

Brewers are still serving Europe because they are creative and resilient. In recent years, they have faced one of the biggest ever challenges to their trade, the COVID-19 pandemic. They are still recovering from it, as this report shows.

Nonetheless, the beer sector is a cornerstone of the European economy, offering contributions that flow through various sectors. The report highlights how the brewing sector creates jobs, value-added and government revenues across Europe.

In 2022, total consumer spend on beer in the EU was €110 billion, and the total contribution of brewing to value added was over €52 billion.

Beer is a major job creator. One job in brewing creates an extra 17 in related industries such as agriculture, packaging and hospitality. In all, some two million EU jobs are directly or indirectly generated by the beer sector, meaning around one percent of total employment. And despite the challenges, job creation in the beer value chain is up by 300,000 since 2020 and the pandemic.

The brewing sector is also a significant source of government revenue through various taxes, including VAT, excise duties and payroll contributions. In 2022, beer-related activities contributed just over €40 billion to government coffers in tax revenues, funding essential public services and infrastructure projects. This fiscal contribution is significant, particularly in a post-pandemic landscape where economic recovery is paramount.

But make no mistake: this is not an easy environment for brewers and an increasing excise burden that piles further pressure on the brewing sector will perversely lead to less revenues. For a start, production costs have soared, in part thanks to various supply chain crises. Production costs today are up by 25% compared to 2019, with many brewers having to absorb a number of these increases in order to avoid the final price to consumers going too high.

This has a huge knock-on effect. Brewers are deeply connected, from the farming sector, which provides the hops, grain and yeast that are so vital for beer, to the equipment and packaging suppliers, to the bars and shops selling the beer to their customers. If the continuing shift of consumption from the on-trade to the off-trade is to be reversed, or even just slowed, brewers need a supportive policy that boosts beer consumption in bars, cafés and restaurants (beer hospitality is the largest contributor to government revenues, value added and job creation).

Beer is so special in many ways. Of course, it supports local communities, bringing people together, sustaining local events, providing jobs, fostering innovation and spurring sustainable solutions. It is also a low-alcohol drink – not to mention lower in calories – and it offers a diversity of choice for every occasion and consumer, including alcohol-free options.

Indeed, the biggest growth area today is non-alcoholic beer. Brewers lead the way in promoting moderation and responsible consumption, through our awareness and prevention campaigns, but also by being the lower alcohol choice and with our increasing numbers of alcohol-free options. The fact is that, whilst the beer market itself has grown or stabilised, overall alcohol consumption in Europe has declined as the beer market itself evolves and as consumers move from higher to lower alcohol drinks. Most importantly, the key alcohol-related harm indicators have also been reduced.

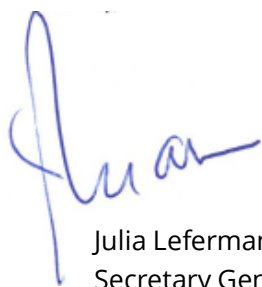
Brewers are innovative. The rise of microbreweries, bringing new flavours and reinventing traditional styles, symbolises the entrepreneurial spirit that drives growth within the industry. And that innovation runs through the businesses, with the brewing sector committing to sustainability by integrating it throughout the chain. From water conservation to energy efficiency and waste reduction, breweries are adopting practices that ensure the industry's long-term viability while contributing to global environmental goals.

This report is being published as the European Union's political leadership is in transition, with new mandates for the European Commission and European Parliament. Commission President Ursula Von Der Leyen has laid a strong focus on ensuring European competitiveness and growth while maintaining key parts of the European Green Deal.

Brewers are ready to be part of the solution. Beer is a European product that contributes to communities, the economy and a healthy and sustainable future for all. By choosing beer and backing the brewing sector, policymakers are choosing responsible, sustainable growth for the wider European economy, down into the local communities.

As a low-alcohol beverage, we believe that policies should reflect the nature of beer and the impact of beer production costs driven by rising energy prices and inflation. We need a healthy economic and business environment to foster investment, allowing brewers and the communities in which they operate to thrive.

The brewing industry continues to be a force for good, driving economic growth, supporting communities, leading the way in moderation and championing sustainability. Let us look to the future, support beer and celebrate the brewers, farmers, maltsters, packagers, distributors, retailers, bar staff, entrepreneurs and beer enthusiasts who drive this vibrant industry forward.



Julia Leferman
Secretary General
The Brewers of Europe

EXECUTIVE SUMMARY

The European brewing sector is steadily recovering after facing several challenges in recent years, not least the Covid-19 pandemic, which forced the closure of bars, cafés, and restaurants. The brewing sector remained resilient and adaptable during the crises, and as restrictions preventing social gatherings were relaxed, we have seen a gradual recovery in beer consumption and production across Europe.

The EU27 is the second largest beer producing region in the world, after China, even given the fact that, in mid-2023, production costs were 20-25 per cent higher than in 2019. Despite this, there were over 9,600 active breweries in 2022, an increase of almost 50 per cent since 2016. They produced 358 million hectolitres of beer in 2022. In comparison to 2021, the production of beer (excluding non-alcoholic beer) increased by 7 per cent, bringing it closer to the pre-pandemic year of 2019, when production was 363 million hectolitres.¹ The number of microbreweries in the EU27 increased by 16 per cent between 2019 (5,534) and 2022 (6,436), reflecting the gradual shift in the market to independent craft beers.²

Consumption has also steadily increased across the EU27, by approximately 5 per cent from 2020 (297 million hectolitres) to 2022 (313 million hectolitres). Germany continues to be the leader in both the production (87 million hectolitres) and consumption (79 million hectolitres) of beer in the EU in 2022, with Spain and Poland following behind. From 2016 to 2022, there has been an overall decline in the average on-trade beer consumption share across Europe. This decline may indicate a shift in consumer behaviour, with more people opting to purchase beer for home consumption rather than consuming it in bars, cafés, and restaurants, accelerated by the pandemic, which forced many on-trade establishments to close temporarily, and changing social habits.³

Belgium, Germany and the Netherlands are the largest exporters of beer in the EU27.⁴ As a share of total production within the Member State, Belgium exports the most (70 per cent), followed by Ireland (58 per cent) and the Netherlands (55 per cent). In terms of imports, Italy imported the largest share in 2021 (7.7 million hectolitres), followed by Germany (6.4 million) and Spain (5.5 million). As a proportion of total production, Ireland imported the most (66 per cent), followed by Slovakia (53 per cent) and Slovenia (41 per cent).

A significant number of jobs depend on the continued success of beer in Europe. The total contribution of beer to employment is just over 2 million jobs in the EU27 (around 1 per cent of total EU employment), which includes:

- Approximately 118,000 jobs in the brewing sector alone (this is in companies producing beer).
- A further 217,000 jobs in the supply sector, including 68,000 in agriculture (e.g. farming the hops and cereals that are then typically malted), with upstream industries including agriculture, packaging and services also benefitting from the almost €11 billion spent on domestic purchases by brewing companies.
- 1.5 million jobs generated by beer sales in the on-trade hospitality sector (e.g. bars, pubs, restaurants, hotels, events and festivals) and around 220,000 jobs in the off-trade retail sector (e.g. supermarkets or specialist shops).

Nearly 95 per cent of beer-related employment occurs outside the brewing companies themselves. One job in the brewing sector creates an additional 17 jobs in the economy.

¹ European Commission (2023): *Beer production back to pre-pandemic level*

² The Brewers of Europe (2023): *European Beer Trends*

³ The Brewers of Europe (2023): *European Beer Trends*

⁴ European Commission (2023): *Beer production back to pre-pandemic level*

This employment makes a significant contribution to economic growth. The total contribution to value added in the EU27 was around €52 billion. This value added is comparable to the GDP for Slovenia (€57 billion) in 2022.

In the EU27, there is:

- Over €14 billion in value added in the brewing sector itself;
- A further €10 billion in value added by the supply sector; and,
- Over €22 billion in value added in the hospitality sector (the on-trade), with over €5 billion in the retail sector (the off-trade)

The brewing sector's contributions to employment and value added have increased from 2020 to 2022. The hospitality sector value added increased the most from 2020, up 60 per cent, as a result of the economy opening up again after the pandemic.

Governments gain significant revenue from taxes on beer products (VAT and excise duties) and labour incomes earned in the supply chain. In 2022, the total contribution of beer to government revenues was just over €40 billion in the EU27.

- VAT charged (both off- and on-trade) in beer sales produced around €19 billion in revenues
- Excise duties charged in beer sales produced just over €7 billion in revenues

The European brewing sector is therefore an important contributor to the economies of the Member States of the EU and this continues to be the case post-pandemic. Beer's contribution to jobs, government revenues and value added across the economy continues to rise, supporting the EU's economic objectives. However, the sector faces challenges, particularly if volumes decline in the on-trade due to difficult economic conditions or restrictive policies. This underscores the importance of continual innovation if the brewing sector is to meet evolving consumer preferences and stay competitive in global markets. Governments can further enhance the sector's economic impact by adopting policies that include a progressive tax framework that is fair to beer and recognises brewing's place in the economy.

In this report, we also looked at the brewing sector's impacts beyond economics. The brewing sector is actively investing, both in absolute and relative terms. In Belgium in 2022, for example, investment in tangible goods, land, buildings, machinery and equipment was 28 per cent of total turnover. European brewers are also committed to meeting consumer demand, in particular when it comes to making the sector ever more sustainable and environmentally efficient.

1 INTRODUCTION

This study, commissioned by The Brewers of Europe, looks at the economic impact of the beer sector across Europe, in terms of its impact on value added, employment and government tax revenues. The report includes new data for 2020 and 2022 for the 27 Member States of the European Union (EU), as well as Norway, Switzerland and the United Kingdom. This study is the eighth iteration in a series of studies updating estimates of the economic contribution made by the sector. The most recent study was in 2020.⁵

1.1 ECONOMIC IMPACT

This report, which updates our 2020 analysis, assesses the economic impact of beer on the European economy using data up to 2022. The European beer market is on a path to recovery post-pandemic, and has proven to be resilient despite numerous set-backs. The pandemic led to severe restrictions across Europe, resulting in the closure of bars, pubs, restaurants and events which drastically reduced on-trade beer sales. Beer sales in the EU fell from 322 million hectolitres in 2019 to 297 million hectolitres in 2020.⁶ Yet in 2022 almost 358 million hectolitres of beer (excluding non-alcoholic beer), and 16 million hectolitres of non-alcoholic beer (i.e. less than 0.5% abv) was produced in the EU.⁷

Beer creates value in a number of ways: most obviously, there is the direct value to citizens who enjoy consuming beer; it has a social value as people meet over a beer in a bar or pub or at home; and it has a local existential value, with many non-drinkers valuing local provenance and the beer traditions of their countries. Many of those sources of value are growing in prominence in an environment in which, as we shall see later, craft and other specialty beers are becoming an increasingly valuable part of the overall market.

Equally, the production and distribution of beer creates a range of economic impacts for different stakeholders involved either directly or indirectly in the supply chain. In this report, we quantify the value of the economic activity associated with that supply chain, which produces beer and distributes it to customers. We look at value added, employment and government revenues for the following reasons:

- Economic growth can be understood as an increase in value added across the economy, measured as the difference between inputs consumed and outputs produced in each industry).
- Reducing unemployment rates is a common policy goal of governments. The beer sector supports just over two million jobs in the EU27, contributing significantly to local economies.
- The taxes on the beer itself, excise duties and VAT, but also taxes on the factors of production in the supply chain are an important source of government revenues. For instance, in the EU the beer sector generated approximately €40 billion in tax revenues in 2022.

⁵ *Europe Economics (2020) The Contribution Made by Beer to the European Economy*

⁶ *The Brewers of Europe (2023) European Beer Trends*

⁷ *Eurostat (2023) Beer production back to pre-pandemic levels*

1.2 STRUCTURE OF REPORT

The report first sets out different aspects of the beer sector at an aggregate European level.

- In Chapter 2, we set out the scale of the sector and its impact on intra- and extra-EU trade.
- In Chapter 3, we describe the economic impact of the sector overall.
- In Chapter 4, we describe the upstream impacts in supply sectors.
- In Chapter 5, we turn to the downstream impact in the hospitality sector.
- In Chapter 6, we describe the impacts on government revenues in different countries and in different types of tax.
- Finally, in Chapter 7, we provide examples of the positive externalities of beer to society.

In the Annex we explain in detail the sources used and the calculations undertaken to produce the estimates presented in the report.

2 THE SCALE OF THE EUROPEAN BEER SECTOR

The level of beer production in the EU27 in 2022 was 358 million hectoliters. This was close to the pre-pandemic levels of 2019, when 364 million hectolitres were recorded. Production was up by 4 per cent in 2022 relative to 2020 and 2021, when production was 343 million hectolitres in both years.

The EU27 was the second largest beer producer in the world 2022. It was second only to China in aggregate figures (360 million hectolitres in 2022, the most recent year for which data are available), but considerably more in terms of per capita production (as the Chinese population is over twice as large as the EU's). The EU produced considerably more than the United States (159 million hectolitres), Brazil (143 million hectolitres) or Mexico (135 million hectolitres).

European beers are exported worldwide, enjoying a strong presence in international markets. This global reach is supported by the reputation of European beers for quality and tradition.⁸ While traditional methods continue to hold their place within the industry, Europe is also famous globally for its brewing expertise and innovation, broadening horizons and responding to increasingly diverse consumer tastes.

2.1 A DIVERSE SECTOR WITH AROUND 10,000 ACTIVE BREWERIES IN THE EU

As well as producing a large volume of beer, the sector also produces a very diverse range of beers. These are produced by a great number of breweries across Europe, each representing country-specific traditions contributing to a rich mix of beer cultures.

Despite facing a range of challenges such as the pandemic, war in Ukraine and tightening government budgets, the brewing sector has rallied and appears to be on the road to recovery. Data show that the number of active breweries increased in the EU from 9,203 in 2020 to 9,698 in 2022. Of the total number of active breweries in the EU, 2,500 (26 per cent) were located in France and 1,521 (16 per cent) in Germany. The increase observed can be attributed to the addition of a number of microbreweries, which totaled 6,436 in 2022. There are also an estimated 1,830 breweries in the United Kingdom and 1,230 in Switzerland.

The recent growth is short of the increases at the end of the last decade when the number of breweries rose on average by a thousand per year, but it still shows the sector is growing and innovating.

⁸ *The Brewers of Europe (2024): Quality and Innovation*

Table 2.1. Number of Active Brewers

Country	2016	2017	2018	2019	2020	2021	2022
Austria	235	273	298	311	309	324	345
Belgium	224	261	304	340	379	408	430
Bulgaria	17	25	29	33	37	43	40
Croatia	6	6	97	92	98	101	109
Cyprus	3	3	4	4	4	7	7
Czech Republic	398	450	488	617	599	599	N/A
Denmark	180	197	206	216	228	242	261
Estonia	33	43	53	36	40	38	40
Finland	82	94	105	113	118	137	136
France	950	1,100	1,600	2,000	2,300	2,500	2,500
Germany	1,411	1,500	1,542	1,552	1,536	1,512	1,521
Greece	43	43	46	57	62	71	75
Hungary	50	55	77	79	80	75	75
Ireland	64	72	77	77	77	77	80
Italy	757	868	874	853	769	827	916
Latvia	41	45	64	N/A	N/A	N/A	N/A
Lithuania	72	N/A	N/A	N/A	N/A	N/A	N/A
Luxembourg	30	32	34	33	18	16	18
Malta	2	2	2	2	2	2	2
Netherlands	500	507	745	805	857	910	936
Poland	210	210	250	310	363	346	326
Portugal	94	120	120	120	120	110	110
Romania	34	45	64	75	92	99	96
Slovakia	61	68	73	80	90	96	100
Slovenia	62	66	99	105	105	99	99
Spain	405	452	456	441	392	306	297
Sweden	261	312	336	363	392	424	440
Total EU	≈ 6,225	≈ 6,921	≈ 8,115	≈ 8,850	≈ 9,203	≈ 9,505	≈ 9,698
Norway	128	136	128	129	135	N/A	N/A
Switzerland	753	869	1,021	1,132	1,212	1,278	1,230
United Kingdom	1,870	1,930	1,960	2,030	1,870	1,820	1,830
Total All	≈ 8,976	≈ 9,856	≈ 11,224	≈ 12,141	≈ 12,420	≈ 12,738	≈ 12,893

Source: The Brewers of Europe.

The range of additional products in the European beer sector creates additional value for consumers, who, in most markets, tend to prefer variety. That occurs between and within segments, e.g. different pilsners. Examples include the growth in new products such as beers mixed with fruit juices (“radlers”) and beers with no or lower alcohol content. By offering a wide range of products, the European beer sector not only meets the diverse preferences of its consumers, but also helps to maintain the momentum of the sector and boost its economic outlook.⁹ Diversity amongst beer products is increasing over time as the industry innovates, producing a wider range of products. The choice of beers available means that it is possible to consume more beer, or the same volume, whilst reducing overall alcohol consumption. For example, in the EU there has been a rise in the production of non-alcoholic beers from 2020 to 2021, with production increasing by almost 20 per cent.¹⁰ Non-alcoholic beer now represents 5 per cent of the total EU beer market.

There has been an overall rise in the number of microbreweries since the last report, suggesting that consumer preferences are continuing to shift towards the consumption of specialty beers across Europe.¹¹ The continued increase of microbreweries, albeit at a slower rate than before the pandemic, highlights the interest and market for local and innovative products, underlining the wider sector’s ability to deliver for all tastes and consumer preferences.

Nearly all countries in our study have experienced substantial increases in the number of microbreweries, with particularly significant growth observed in the Czech Republic, France, Italy, Portugal, Slovenia, Spain, Sweden, and Switzerland.

2.2 CONTRIBUTING TO THE EUROPEAN TRADE BALANCE

The beer sector has continued to make a substantial contribution to the overall EU trade balance despite difficulties in the market. The EU27 beer sector exported 8.6 million hectolitres to the UK, a similar volume to North America (Canada and the United States) and 3.5 million hectolitres to China. In comparison, total imports from outside the EU27 were just over 5 million hectolitres, with most coming from the UK (2.9 million hectolitres, 57 per cent of the total). The Netherlands remained a top exporter of beer, exporting (both intra- and extra-EU) a total of 26 million hectolitres of beer in 2022, accounting for 27 per cent of the total EU beer exports.¹² Exports (both intra- and extra-EU) were particularly important from Belgium, Denmark, Estonia, Ireland, and the Netherlands where they represented the largest shares of production (Figure 2.1). In those countries, exports can equal half (or more) of domestic production. This indicates that international markets are often just as critical as domestic ones for the employment and economic benefits generated by beer production.

The exports include both large global brands and also craft beers and specialty brands produced for export. This widespread export activity underlines the importance of international markets for the European beer sector, highlighting its role in sustaining employment and economic impacts beyond national borders.

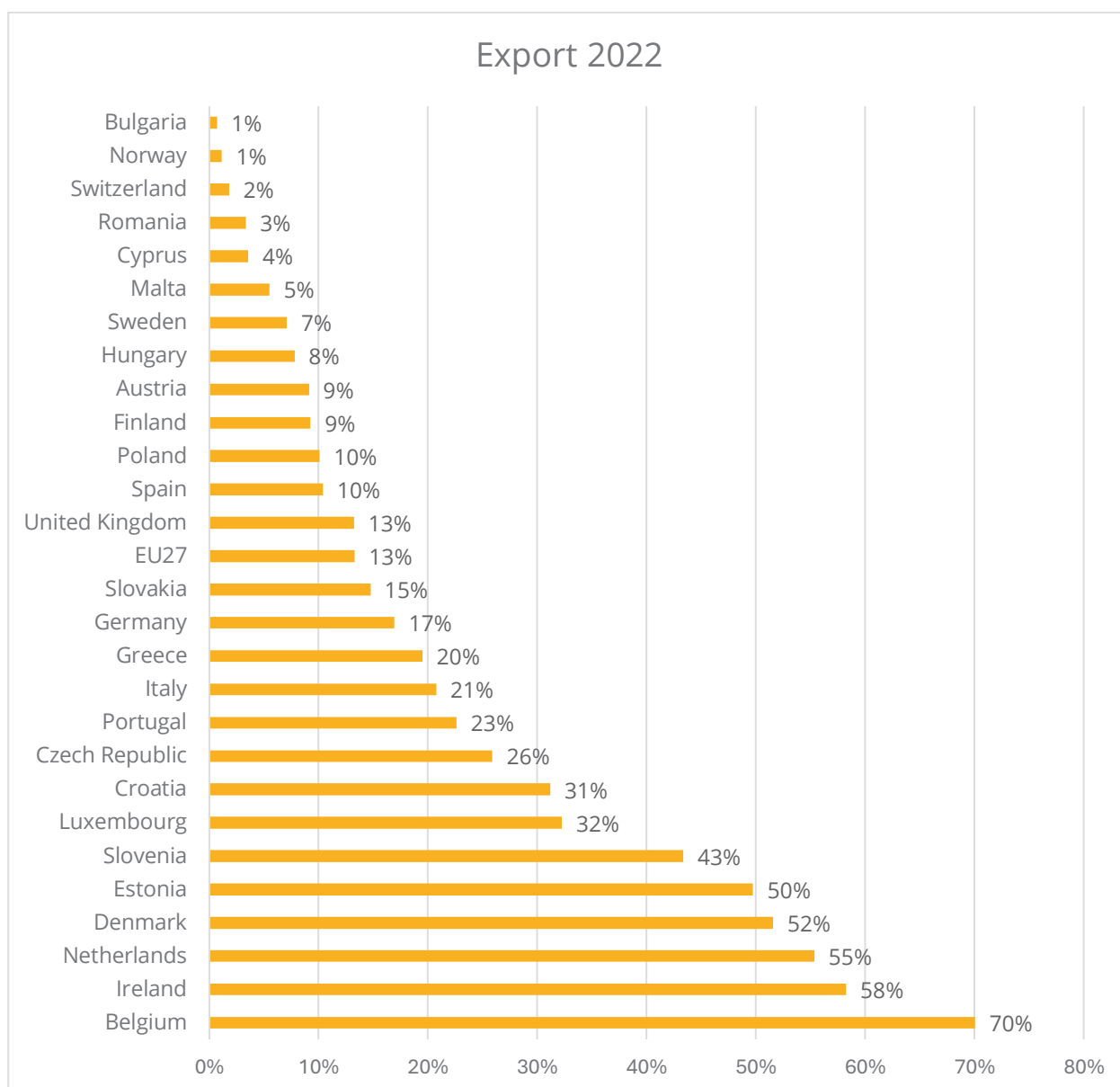
⁹ Lerro et al (2020) : *Measuring consumers’ preferences for craft beer attributes through Best-Worst Scaling*

¹⁰ Eurostat (2023) *Beer production increased in 2021*

¹¹ Lerro et al (2020) : *Measuring consumers’ preferences for craft beer attributes through Best-Worst Scaling*

¹² Eurostat (2023) *Beer production back to pre-pandemic level*

Figure 2.1. Exports in 2022 (as percentage of total production)



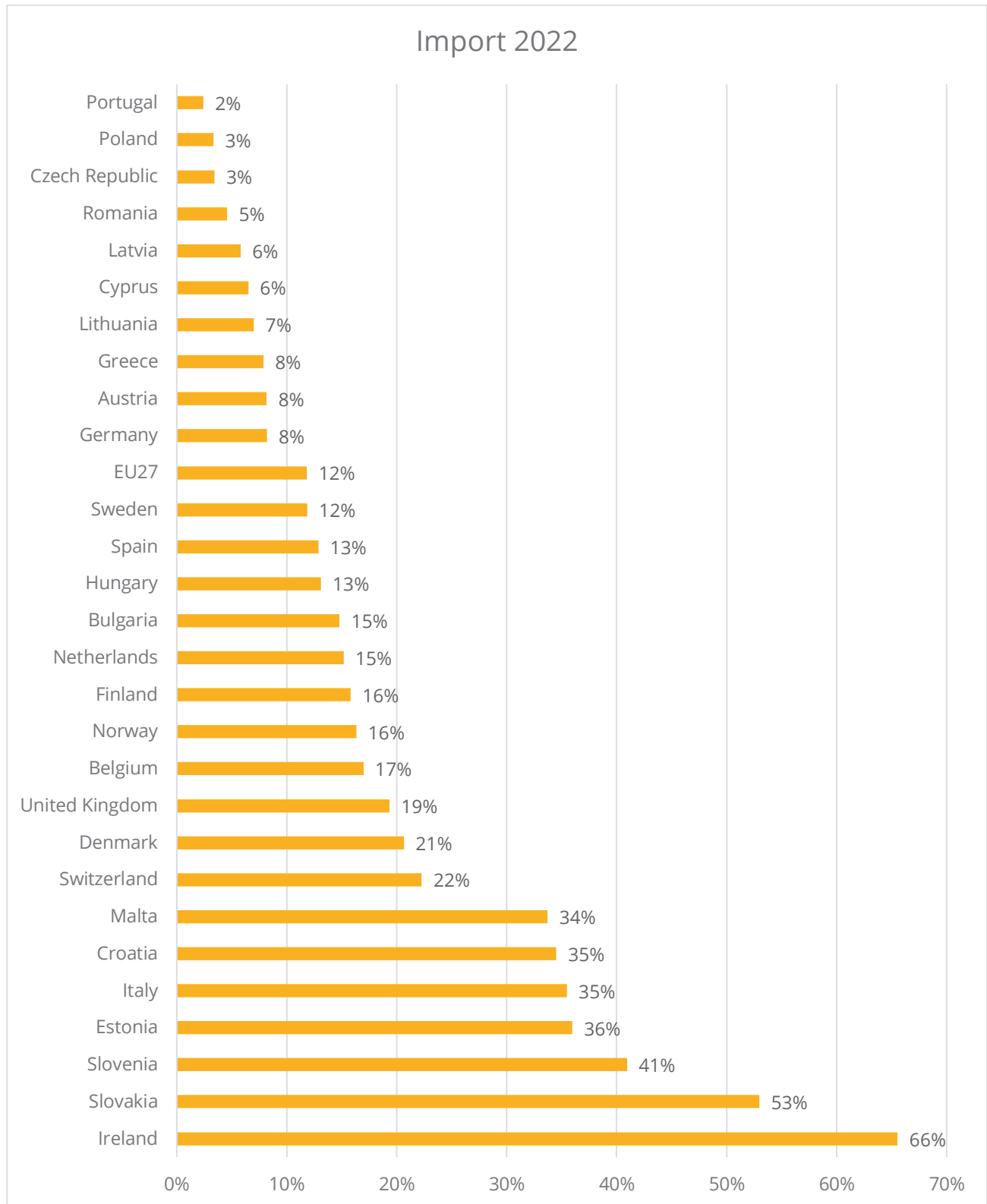
Source: *The Brewers of Europe*

Imports (both from within the EU and from outside the EU) were proportionally highest in Malta, Croatia, Estonia, Ireland, Italy, Slovakia, and Slovenia, (Figure 2.2). In these countries, imported beer constitutes a third or more of total consumption. However, imports never completely replace local production, which still holds a significant share in every European market. This trade pattern, characterised by substantial import volumes alongside robust local production, highlights three aspects of consumer preferences:

- Appreciation for specific styles or heritage: certain beers are valued for their unique styles or historical significance, such as Belgian Trappist beers.
- Desire for variety: consumers enjoy experimenting with different beers, seeking out new and diverse options.
- Regional loyalty: while consumers often favour beers from their own country, they may also choose specific beers for special occasions or to complement particular meals, showcasing a flexible preference based on the consumption context.

Thus, imports play a significant role in meeting the demand of European consumers, and contribute to a healthy and competitive market.

Figure 2.2. Imports in 2022 (as percentage of total consumption)



Source: The Brewers of Europe

3 ECONOMIC IMPACT INDICATORS

The European beer sector is a significant contributor to several economic outcomes of high interest to policymakers, particularly in terms of value added, employment, and government revenues. This significance is due to the following reasons:

- **Economic growth:** This is often measured by the increase in value added across the economy, which represents the difference between inputs consumed and outputs produced in each industry. Understanding the beer sector's contribution to value added helps illustrate its importance to GDP and, consequently, allows policymakers to identify how measures affecting the sector might affect overall economic growth.
- **Employment:** The beer supply chain employs a substantial number of people, contributing to Europe's employment targets, especially for young workers. In 2022, the beer value chain supported around 2 million jobs in the EU. While the brewing sector supported around 120,000 direct jobs, there is a significant multiplier effect creating additional jobs in related industries such as agriculture, hospitality and transportation.
- **Government revenues:** Taxes on beer, including excise duties, VAT, and taxes on production factors, are significant sources of government revenue. These taxes are crucial for funding public services and infrastructure.

The economic impacts of the beer sector extend beyond the sector itself, affecting various other sectors within the supply chain. This includes the inputs required for beer production and the distribution channels that deliver beer to consumers, whether through retail stores or catering establishments. This chapter distinguishes three types of impacts:

- **Direct impacts:** these are the impacts within the beer sector itself, such as employment and value added from all brewers.
- **Supply impacts:** these refer to the sectors supplying inputs to the brewing sector, including raw agricultural materials, packaging, and machinery.
- **Retail and hospitality impacts:** also known as off- and on-trade markets, these include the retail stores and supermarkets where beer is sold and the hospitality venues such as hotels and restaurants where beer is served.

This chapter offers an in-depth analysis of the contributions to value added, employment, and government revenues generated directly or indirectly by the beer sector through its extensive supply, retail, and hospitality networks. It also examines recent trends in these indicators and provides an outlook for the future, focusing on the sector's recovery and the challenges it faces post-pandemic.

3.1 INCREASING VALUE ADDED BY OVER €50BN

The EU27 beer sector's contribution to value added and therefore economic growth in 2022 amounts to €52 billion. This value added is comparable to the gross domestic product for Slovenia (€57 billion).

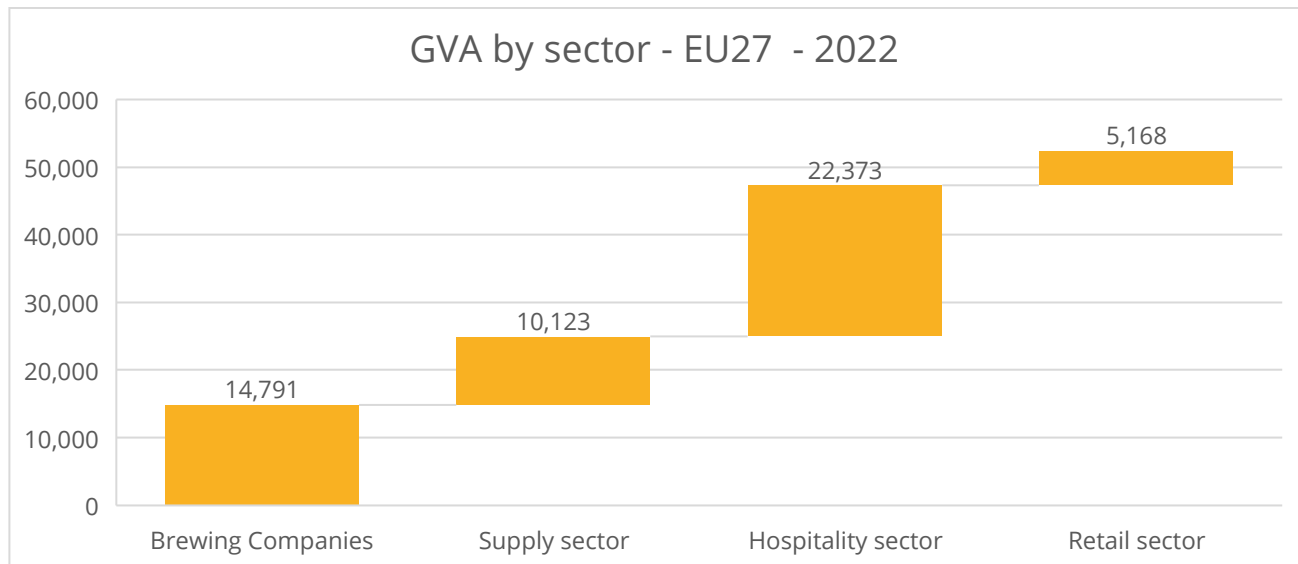
Of the €52 billion total contribution, the largest component comes from the hospitality sector, which generates approximately €22 billion in value added from selling beer in on-trade premises, bouncing back from the €14 billion generated in 2020. This sector's significance and detailed impact are further explored in Chapter 5.

The retail sector (off-trade) also contributes significantly, adding over €5 billion in value from beer sales, similar to the 2018 figure. Although the value added is naturally lower in the retail sector compared to the hospitality sector due to the absence of additional services such as serving staff, its contribution remains substantial.

The beer production sector itself contributed over €14 billion in value added in 2022, an increase of approximately €2 billion since 2020. This value added represents the difference between the cost of inputs and the revenue from beer sales, benefiting both labour (through wages and other compensations) and capital (through dividends and other investor returns).

Additionally, supply sectors such as packaging, manufacturing and agriculture contribute just over €10 billion to the total value added. The detailed impact of these supply sectors is discussed in Chapter 4. These figures illustrate the extensive economic contributions of the beer sector across various channels, underscoring its critical role in supporting employment and economic growth throughout the wider economy.

Figure 3.1. Beer's Contribution to Value-added impact, by sector, 2022 (million €)



Source: Calculations of this study

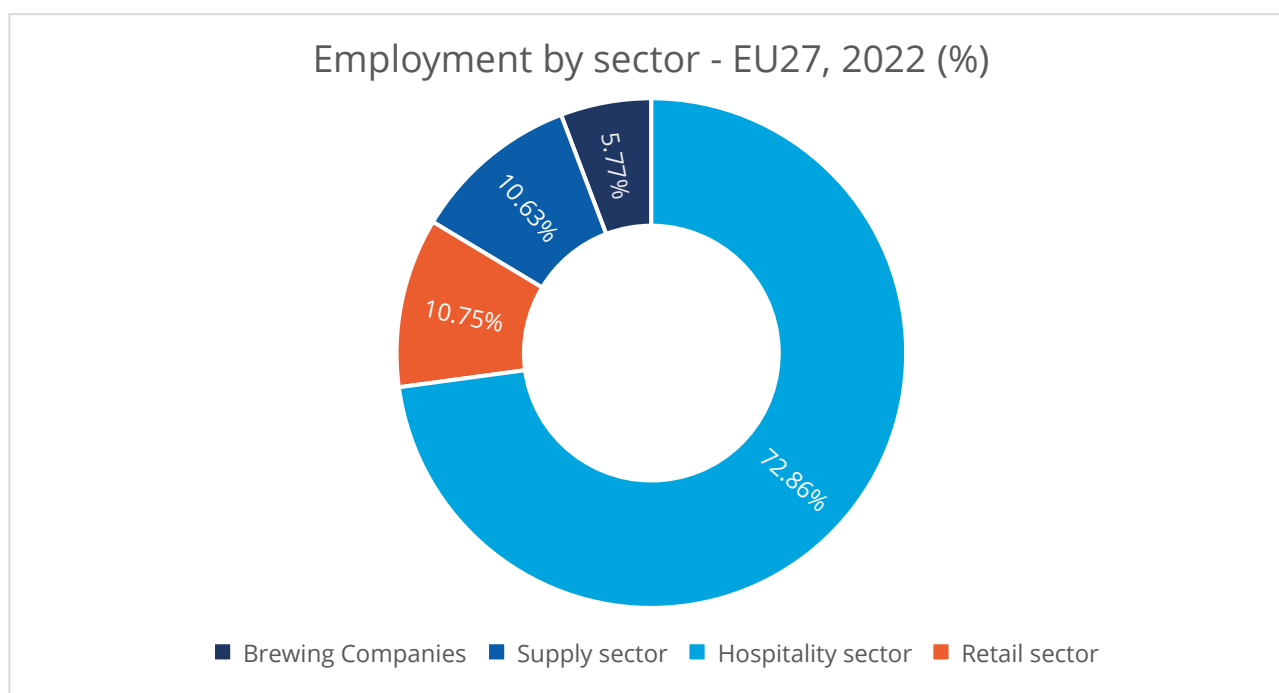
3.2 EMPLOYING OVER 2 MILLION PEOPLE

Around 2 million are directly or indirectly employed because of the beer sector, an increase of around 300,000 people since 2020. This is 1 per cent of total EU employment (199 million in 2022). For comparison, total employment in Croatia was 1.7 million and in Ireland it was around 2.6 million in 2022.

The spread of employment through the supply chain is similar to the pattern found for value added, but more accentuated for certain sectors. The largest contribution to employment is in the hospitality sector, which accounts for about 1.5 million jobs (around 75 per cent of the total), reflecting the greater labour intensity of hospitality relative to industrial activities in breweries, which are more capital-intensive (Figure 3.2). On average 1 job in the brewery sector creates an additional 17 jobs in the economy, demonstrating the positive multiplier effect of brewery employment on the overall job market.

An important point to note here is that as much as 95 per cent of employment resulting from beer in the European economy is not in breweries themselves. Employment is instead distributed across the wider economy. Any expansion or contraction in the beer sector will therefore have an effect, particularly in terms of employment, far greater than is immediately apparent looking only at any new jobs or job losses at the breweries themselves.

Figure 3.2. Beer's contribution to employment, by sector (%)



Source: Calculations of this study.

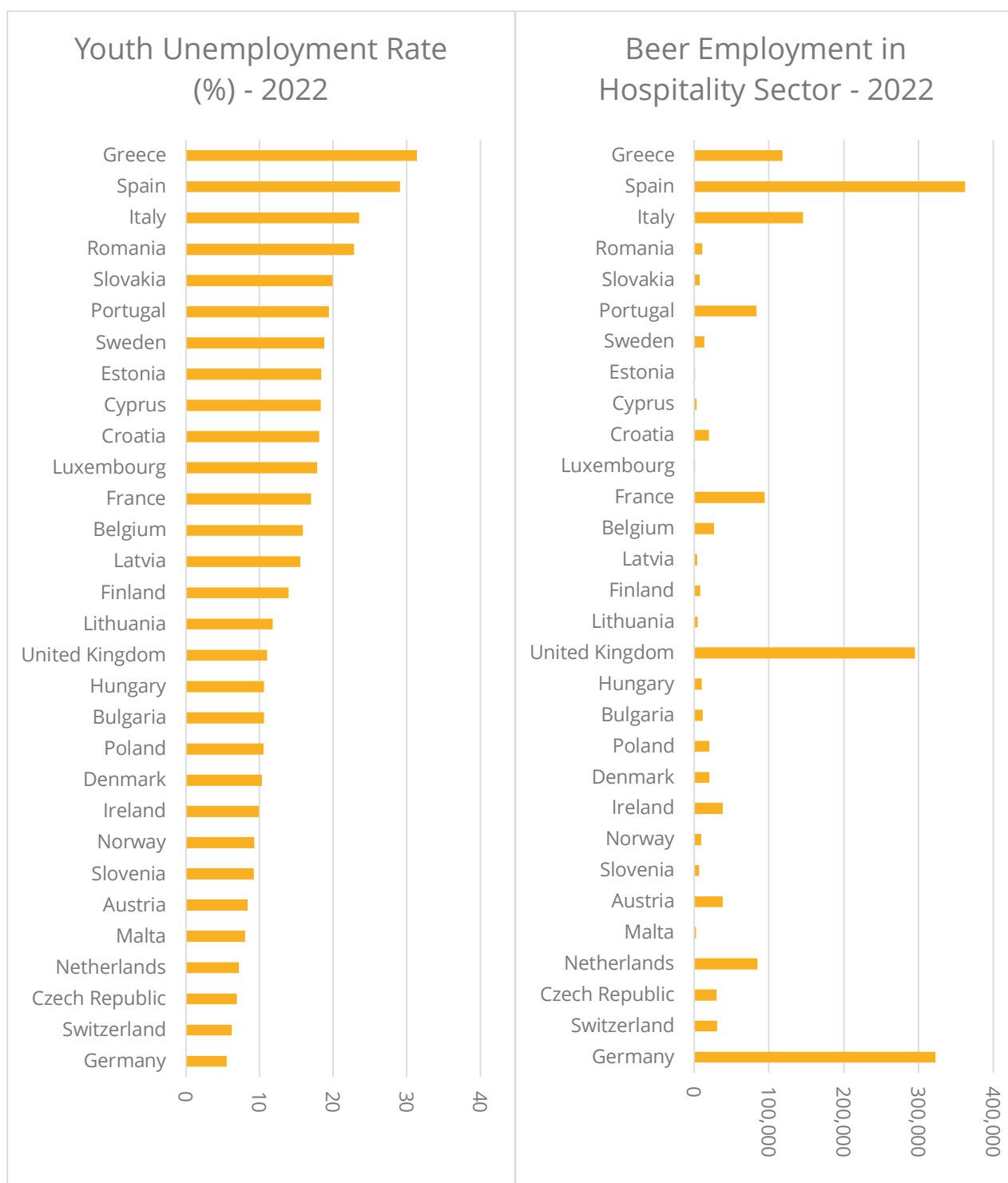
3.2.1 NATURE OF HOSPITALITY JOBS

The analysis shows how the beer sector is a source of employment for a wide range of workers, not just those with skills related to brewing. It supports jobs in related fields such as agriculture, packaging, and distribution, highlighting its broad economic impact. Additionally, the growth of craft and specialty beers has created new opportunities within the sector, promoting innovation and entrepreneurship.

The hospitality sector is a key source of jobs for many young people and often a way for young workers to gain their first employment. This is particularly important in areas with high youth unemployment (which may also be heavily reliant on part-time or seasonal employment). Again, these jobs are likely to be disproportionately held by young workers. The jobs created are not only beneficial in terms of the absolute numbers but also in terms of the type of unemployment Europe seeks to solve.

Unemployment among the young is a severe problem in several countries in Europe, notably Greece, Spain, Italy, Romania, Slovakia, and Portugal (Figure 3.3). There are significant job numbers in the hospitality sector associated with beer in a number of these countries. In Greece and in Italy, where the youth unemployment rates represent the highest and the third highest European levels (31.4 and 23.5 per cent in 2022), the beer related hospitality sector generates over 118 thousand and 145 thousand jobs, respectively.

Figure 3.3. Youth unemployment rate and employment attributable to beer in hospitality

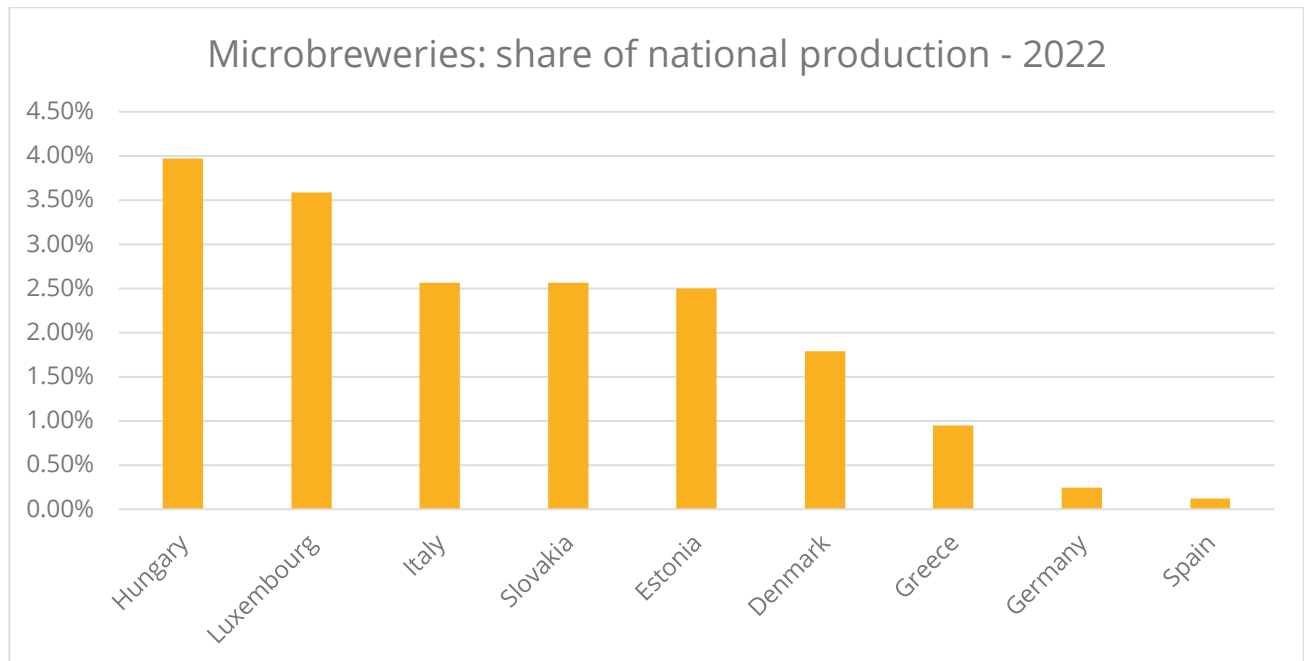


Source: Eurostat and calculations of this study

3.2.2 JOB CONTRIBUTIONS FROM MICROBREWERIES

In recent years the number of microbreweries has increased significantly and they have become more established. Data are difficult to collect for every market, also due to some variations in local definitions of microbreweries. However, production by microbreweries in a number of countries (where information is available) is approaching or in some cases exceeding 2 per cent of national beer production (Figure 3.4)

Figure 3.4. Microbreweries share of national beer production



Source: *The Brewers of Europe*

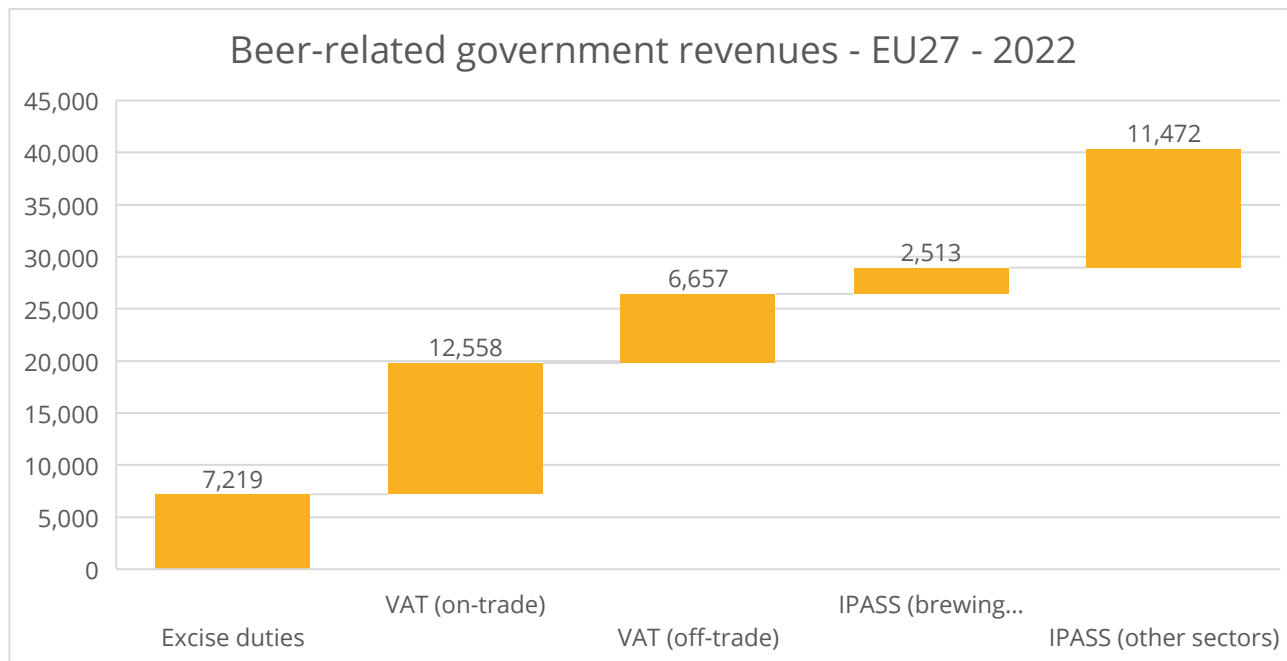
Based on the evidence for countries where we have data, we estimate the contribution of microbreweries to the overall employment in Europe to be around 19,000 jobs. This may underestimate the impact of microbreweries, since it assumes that microbreweries have similar productivity ratios to the overall market.

3.3 INCREASING GOVERNMENT REVENUES TO OVER €40BN

The contribution to government revenues resulting from the beer sector is over €40 billion (an increase from €32 billion in 2020). The largest component is from VAT on beer sold in the hospitality (on-trade) at around €12.5 billion, followed by income tax in other sectors besides brewing (e.g. income taxes paid by bar staff) at around €11 billion. Excise duties adds another €7 billion (Figure 3.5). This represents an increase of 25 per cent between 2020 and 2022, a consequence of the progressive recovery in on-trade since the pandemic and associated lockdowns.

The impacts on government revenues are discussed in more detail (with breakdowns by country) in Chapter 6.

Figure 3.5. Beer-related government revenues, EU27, 2022 (Million €)



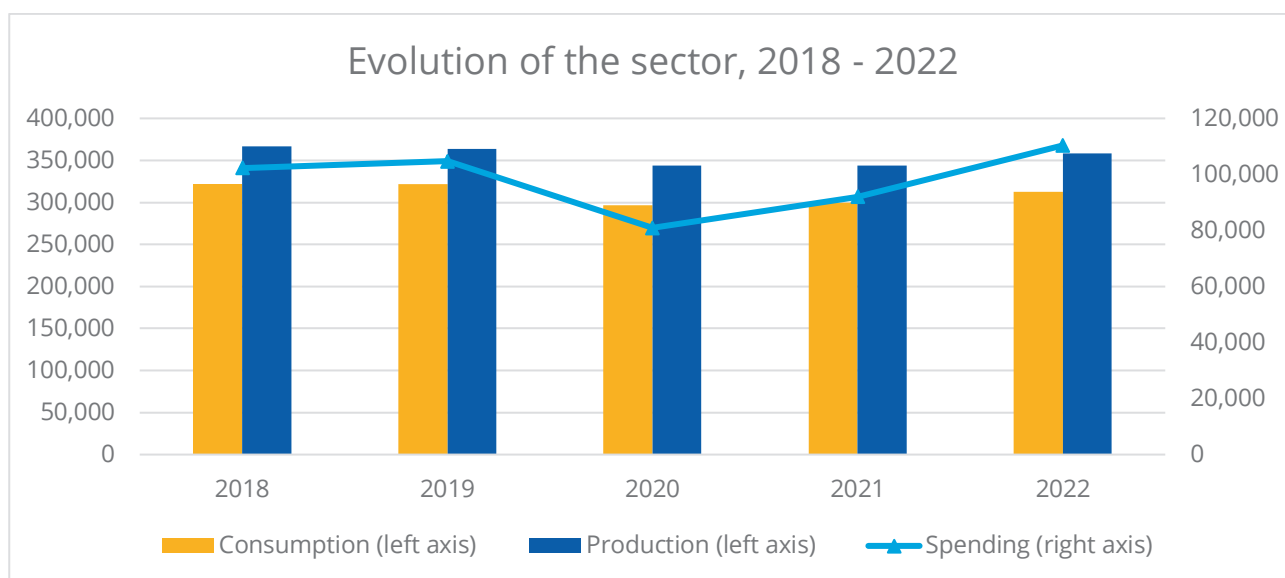
Note: IPASS denotes income, payroll, and social security contributions.

Source: Calculations of this study

3.3.1 STEADY RECOVERY AND LONG-TERM GROWTH IN THE SECTOR

The European beer sector has remained resilient despite the challenges of recent years. Production in the EU fell by 6 per cent from 2018 to 2020 due to Covid-19 related lockdowns and restrictions on the hospitality sector. The sector has also had to deal with supply-chain inefficiencies from geopolitical tensions and labour shortages, with inflation across the EU27 of 14 per cent from 2020 to 2022 (based on HICP from Eurostat). Yet by 2022 the levels of consumption, production and spending had largely recovered. Production in 2022 of 358 million hectolitres was 4 per cent higher than in 2020, and total consumer spending of €110 billion was 8 per cent higher in 2022 than in 2018, when it was €102 billion (and spending was also 36 per cent higher than in 2020).

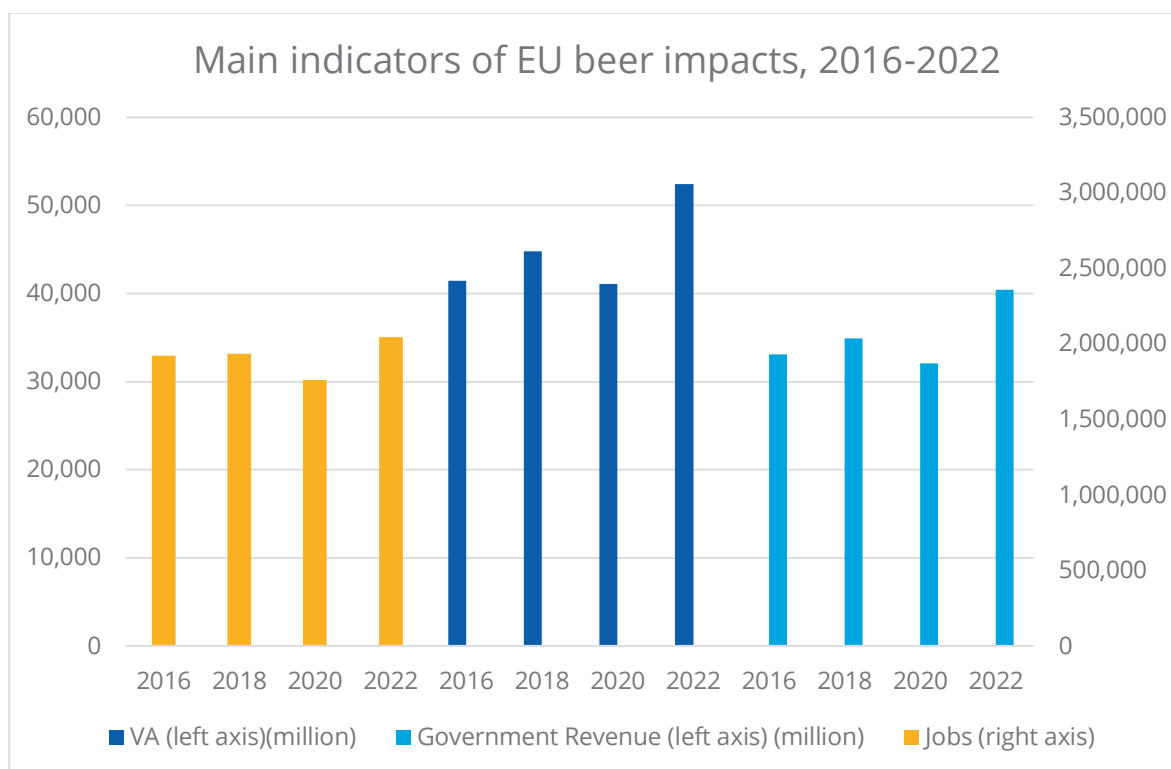
Figure 3.6. Evolution of beer sector production and consumption (1000 hl, million €)



Source: The Brewers of Europe

Figure 3.7 shows the recent evolution of the economic indicators. All three show an inevitable fall in 2020 as a result of the pandemic, but otherwise an increasing trend from 2016 to 2022. The value added generated by the brewing sector has increased 26 per cent from 2016 to 2022 despite the fall in 2020. Discounting 2020, government revenues have also increased steadily in the last seven years, from 2016 to 2022, growing over the whole period by over 22 per cent. There is a slight rise in employment in every year (apart from 2020), which is reflecting the increase in consumer spending between these years (the overall growth in employment related to beer in these 7 years amounts to around 6 per cent).

Figure 3.7. Main indicators of European Union beer impacts



Source: Calculations of this study.

4 IMPACT IN SUPPLY SECTORS

The European beer industry relies on a diverse array of sectors in its supply chain, encompassing a broad range of indirect employment. Workers in these sectors contribute to beer production, even if they do not work directly within breweries. This includes employees who produce beer-specific supplies, such as bottles and cans, as well as those in sectors where beer production is part of their broader workload, such as transportation and logistics.

This chapter highlights the interconnections between the beer industry and its input suppliers, demonstrating the significant indirect employment in agriculture and packaging. For example, the agricultural sector provides essential raw materials like malting barley, other cereals and hops, while the packaging industry produces the containers and labels used in beer production. Additionally, transport services play a critical role in moving raw materials to breweries and distributing finished products to markets.

The beer sector's indirect employment impact extends across these and other related industries, illustrating the extensive economic network that supports beer production. By understanding these links, we can appreciate the full scope of the beer sector's contribution to the broader economy.

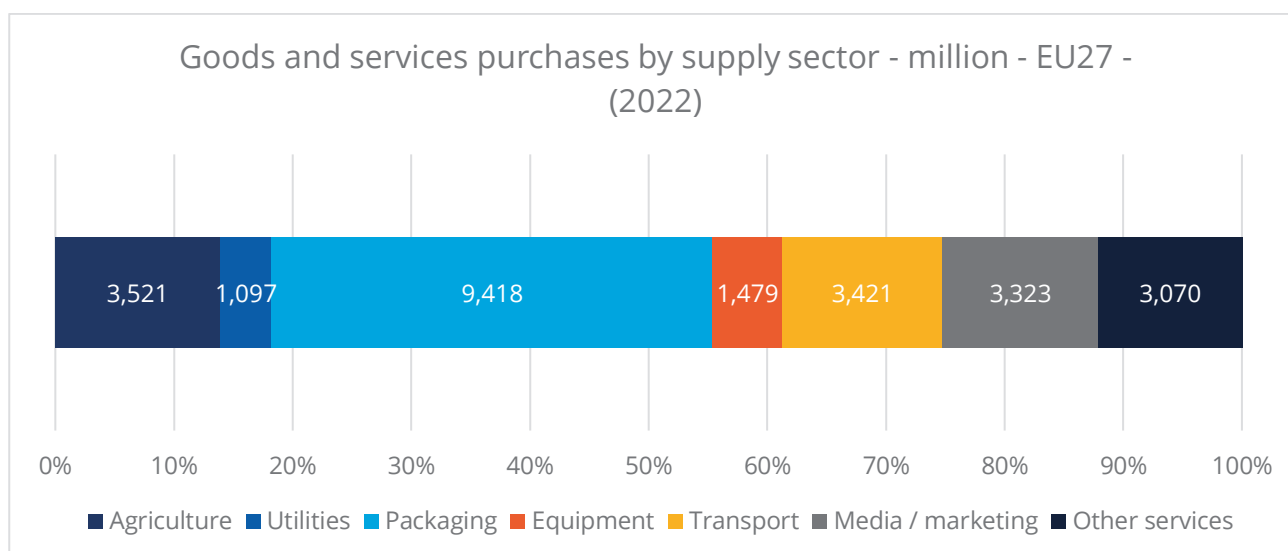
4.1 SPENT OVER €25 BILLION (GOODS AND SERVICES)

Total beer sector spending on goods and services across the EU27 in 2022 was over €26 billion, an increase of approximately €1 billion from 2020 (total purchasing figures have been obtained from Eurostat for the brewing sector).¹³ The largest sector from which the beer sector purchases supplies is packaging. This includes primary packaging: bottles, cans and other materials which contain beer, and the secondary and tertiary packaging: cardboard and other materials holding those bottles and cans together. Of the total purchases, nearly 90 per cent were domestic purchases (Figure 4.1).¹⁴

¹³ The figures have also been checked with values reported from individual brewing companies and these have shown the overall consistency of the data

¹⁴ To obtain a split between the different inputs we have used the share of purchases reported by individual brewers in the different questionnaires. Where data contained inconsistencies, we made small corrections to the figures to make them comparable across respondents and countries. Any corrections to the shares of non-domestic purchases were done upwards, allocating less to the domestic share. This is likely to underestimate our figures as it might not account for all the purchases taking place in the country; hence, the size of the sector supplying the beer industry could be larger but not smaller than we report.

Figure 4.1. Goods and services purchases by supply sector

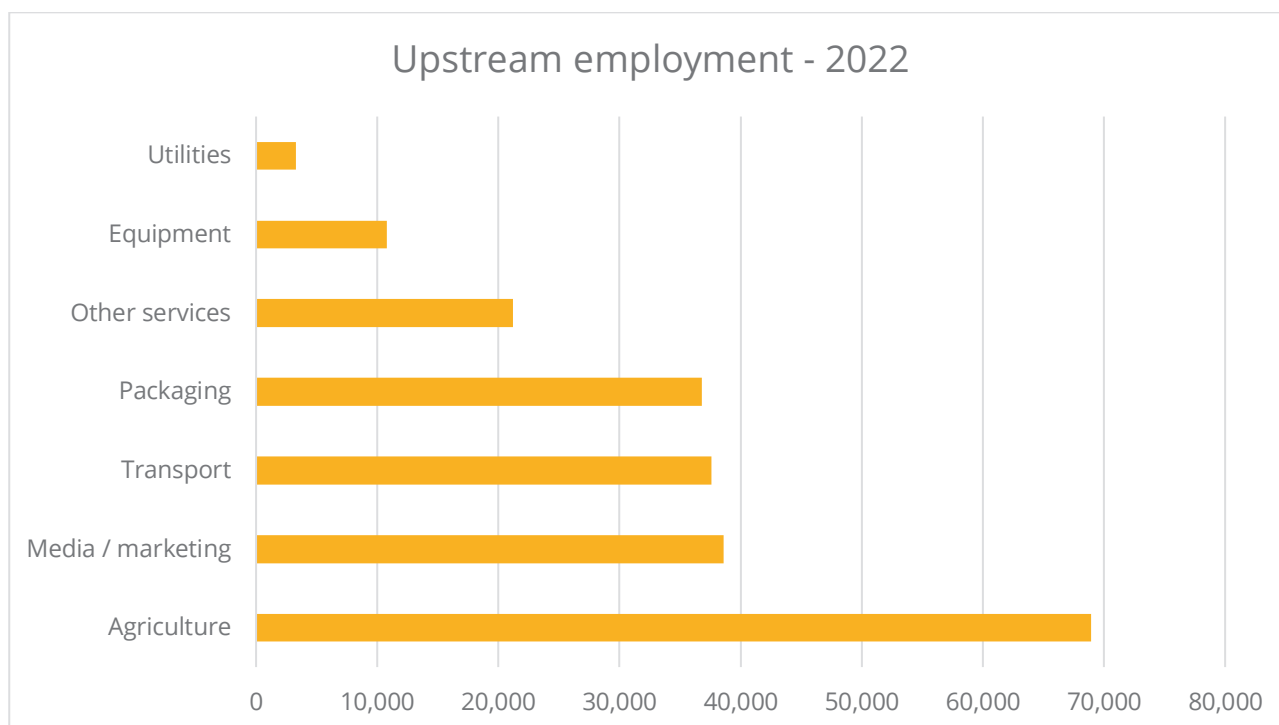


Source: Eurostat for the overall purchase figure. Individual breweries for the splits between suppliers. Own calculations and adjustments to make data conformable

4.2 WITH IMPLICATIONS ALONG THE SUPPLY CHAIN

Over 217,000 workers in the EU27 were employed in the supply chain of the beer sector in 2022, an increase from the 2020 figure of about 214,000. The shares in upstream employment accounted for by different supply sectors exhibit a similar pattern to that for the absolute value of purchases of supplies. However, more capital-intensive sectors, such as transport or equipment, naturally account for a smaller share of employment. The largest impact on employment is in agriculture, which accounts for around 68,900 jobs, with farmers cultivating the hops and growing the cereals which are then typically malted.

Figure 4.2. Upstream employment: by sector



Source: Calculations of this study – different sources.

5 IMPACT ON HOSPITALITY AND RETAIL

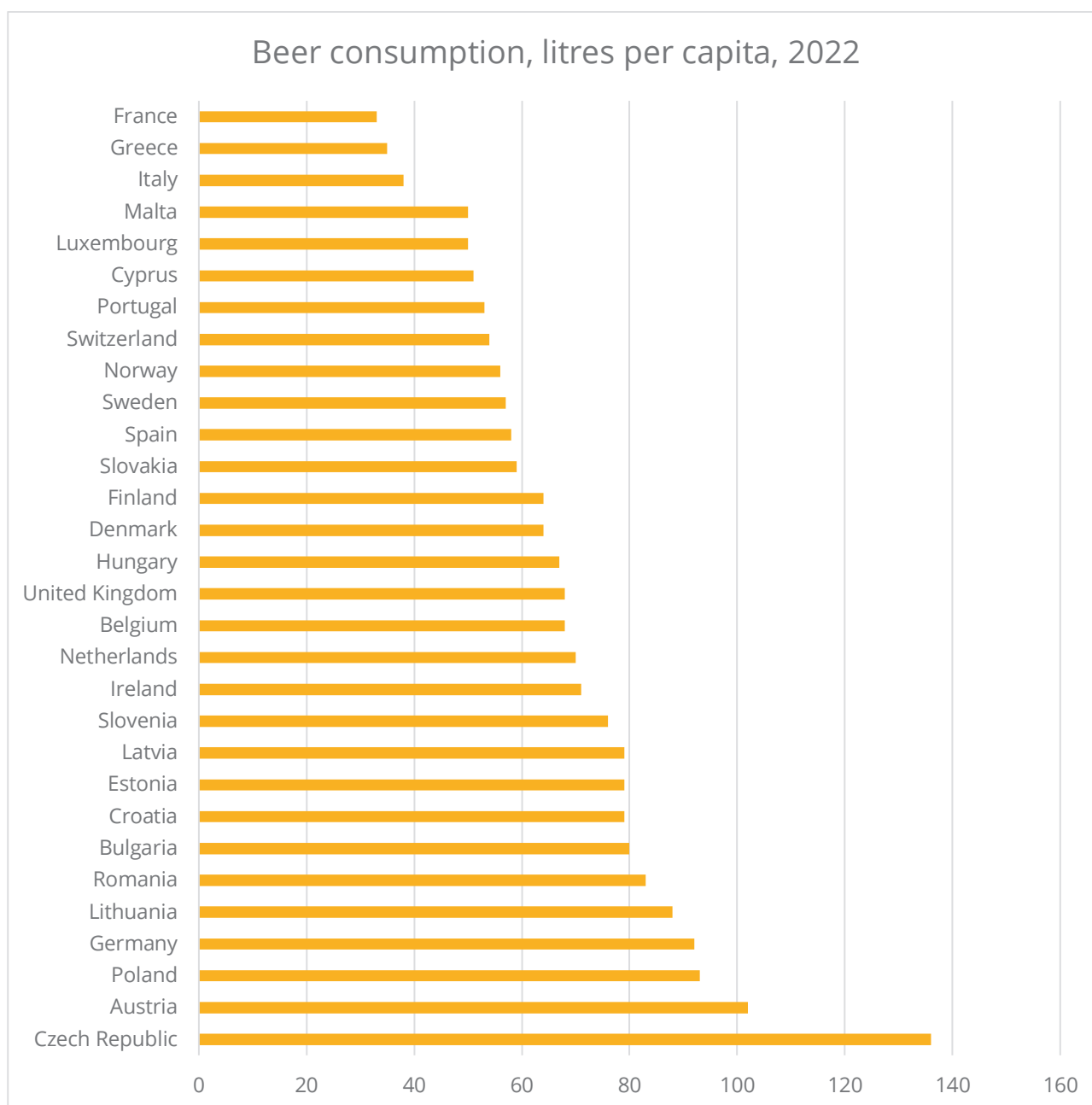
The sales channels through which beer is sold results in considerable economic activity. In this chapter, we describe some characteristics of these sales channels, with a focus on the jobs created in the hospitality (on-trade) and retail (off-trade) sectors.

Beer is particularly important to European economies as a source of employment. The hospitality sector, encompassing bars, restaurants, and pubs, is a significant source of employment, particularly for young workers. Serving beer in social settings is relatively labour intensive, creating numerous job opportunities. The retail sector also contributes significantly, although it is less labour-intensive compared to hospitality. Retail channels include supermarkets, liquor stores, and convenience stores where beer is sold for off-premise consumption.

5.1 THE MARKET

Per capita consumption of beer in Europe varies greatly by country, and is influenced by whether countries typically have a beer or wine-drinking tradition. Traditional beer-consuming countries like Poland, Germany, Austria, and the Czech Republic, all have relatively high per capita beer consumption measured in litres, (although per capita consumption in Belgium is relatively lower despite its reputation as a beer nation, possibly reflecting the higher ABV of Belgian specialty beers). In Mediterranean countries, such as France, Greece and Italy, with their strong traditions of wine production and consumption, the beer per capita consumption figures are lower (notwithstanding the fact that France has the highest number of breweries in the EU). Most countries have an average consumption per capita between 40 and 90 litres in 2022 (Figure 5.1).

Figure 5.1. Beer consumption, litres per capita



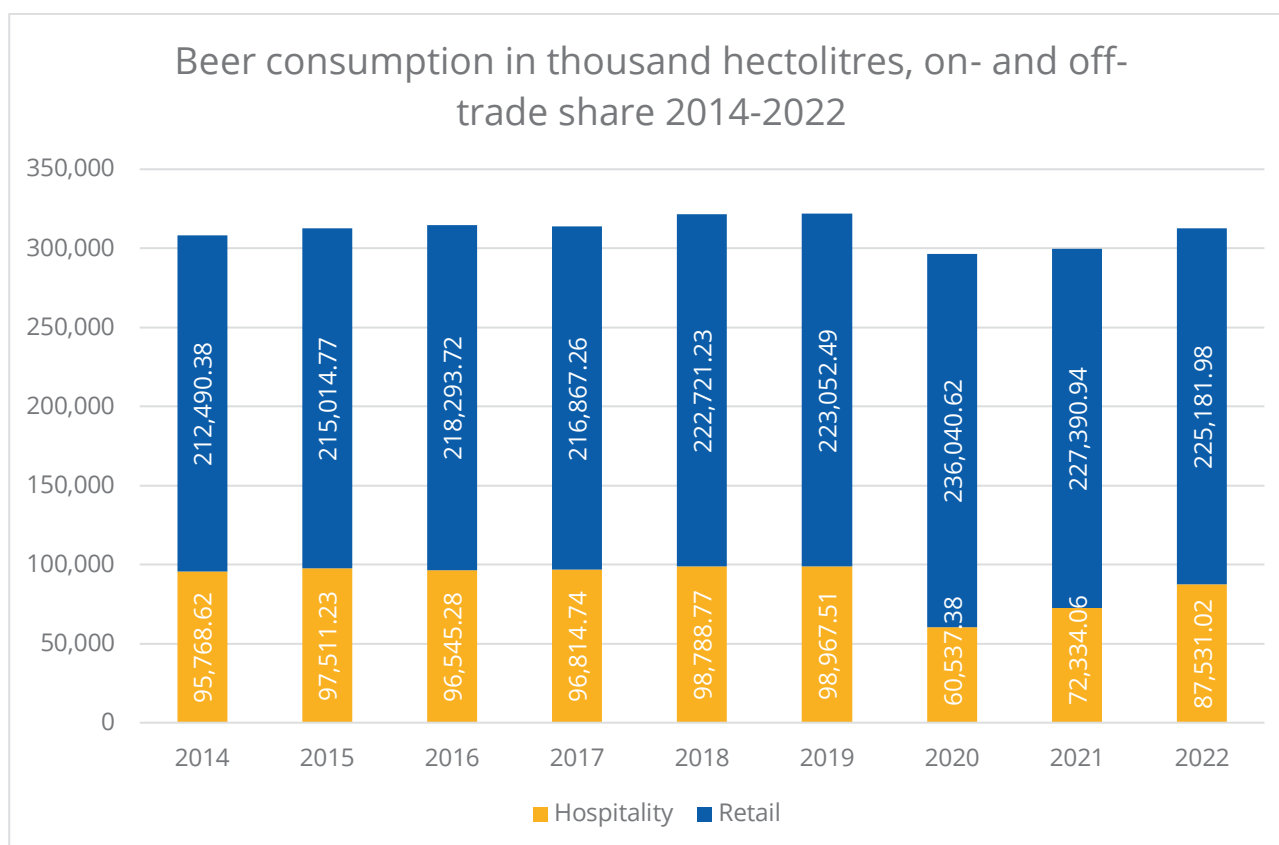
Source: National Associations

5.1.1 MORE BEER IS SOLD IN THE OFF-TRADE (RETAIL)

In terms of the pure volume of beer consumed, the retail (off-trade) market is larger than the hospitality (on-trade) sector. Around two thirds of beer is sold in supermarkets, at specialist stores or in other shops and consumed at home. One third is served in the on-trade.

In the five years prior to the pandemic, on-trade sales had accounted for about 30 per cent of beer sales. Predictably, as a consequence of the pandemic and associated public health measures the share of beer sold on-trade fell to 24 per cent. While there has been some recovery in on-trade sales, they were still more than 10 per cent less in 2022 than that they had been prior to the pandemic (87 million hectolitres compared to almost 100 million hectolitres in 2019). In contrast, off-trade (retail) beer consumption was more popular in 2022 than any year in the decade preceding the pandemic. Consequently, the share of on-trade beer sales in 2022 of 28 per cent was still lower than the pre-pandemic levels.

Figure 5.2. Beer consumption on- and off-trade share



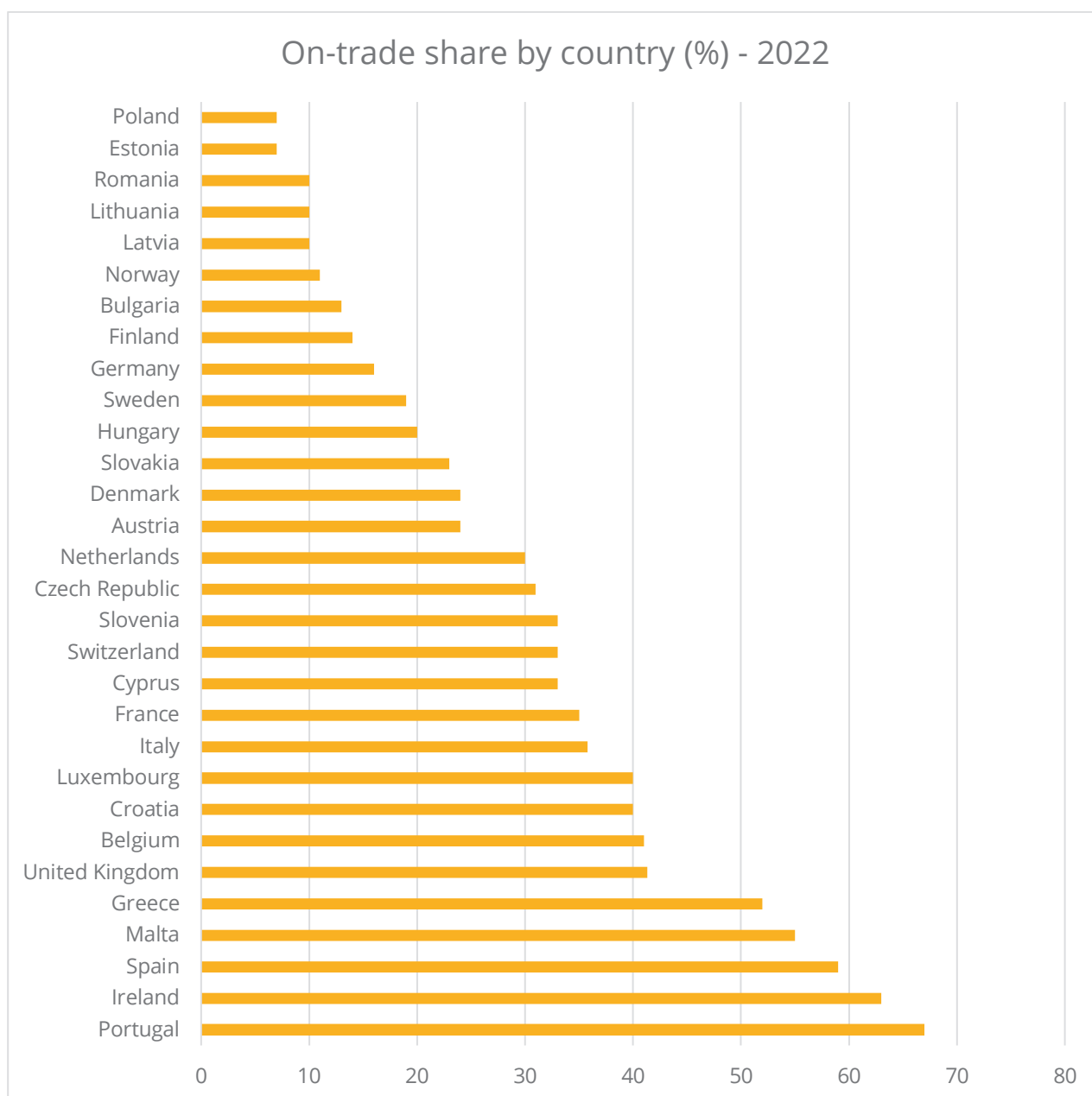
Source: National Associations

The ratio of on-trade and the off-trade sales by volume varies considerably across Europe. The largest shares by volume in the on-trade are in Portugal, Ireland, Spain, Malta, Ireland and Greece (over 50 per cent), the lowest shares are in the Baltic States, Poland and Romania (Figure 5.3).

The varying patterns reflect, in part, differences in cultural traditions. In some countries consumption in the on trade is a more deeply-embedded social norm or is impacted by the large numbers of tourists. Equally, the price sensitivity of consumers can be an important factor influencing the shares of on-trade and off-trade sales. In countries where consumers are more price-sensitive, there is a tendency to buy beer from retail stores where prices are generally lower than in bars and restaurants. This pattern is evident in the Baltic States, where economic considerations play a large role in consumer behavior. The combination of high excise rates and lower average income in the Baltic region resulted in more than a quarter (27 per cent) of consumers buying beer in cheaper neighbouring countries in 2017.¹⁵

¹⁵ Regioplan (2018): *Consequences of high excise taxes on beer*

Figure 5.3. Beer consumption in hectolitres, on-trade share by country



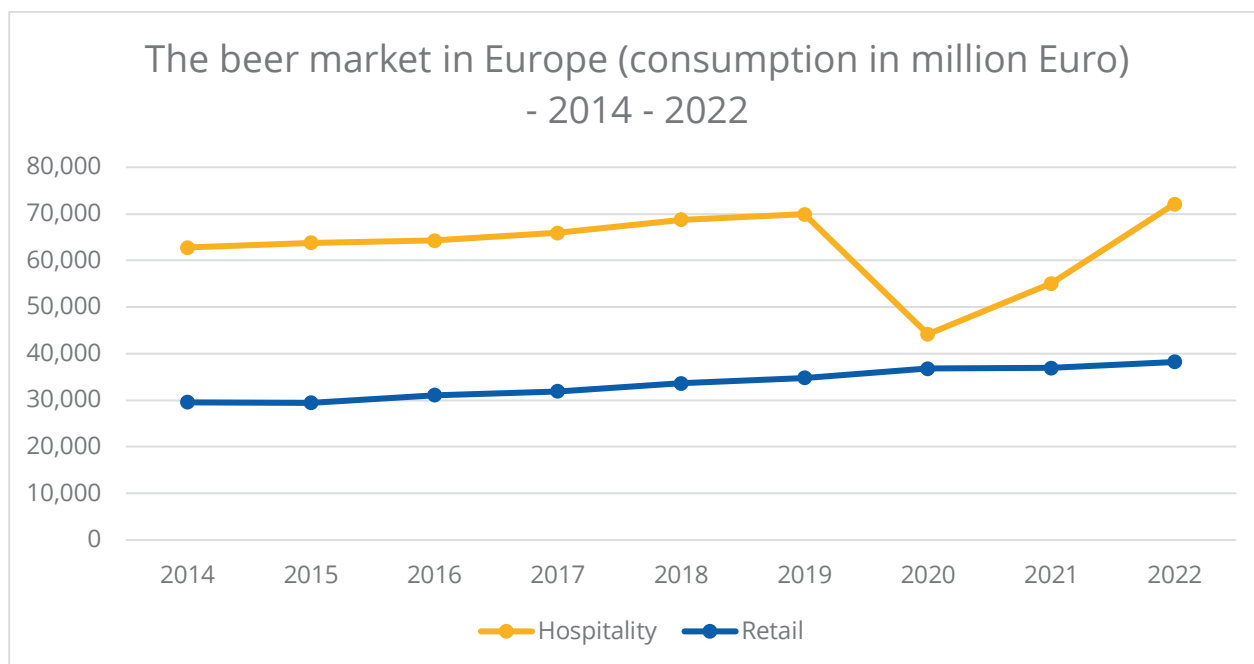
Source: National Associations

5.1.2 ON-TRADE SALES HAVE MORE VALUE AND GENERATE MORE GOVERNMENT REVENUES

However, in terms of value, consumption is higher in the on-trade. This is due to the higher price of beer sold therein. Prices tend to be higher for hospitality as these reflect the costs of providing, maintaining and staffing the venues in which those drinks are consumed. Beer sales in the on-trade also generate higher government revenues per hectolitre due to the higher VAT revenues and the higher income tax, payroll and social security contributions from the 1.5 million bar, restaurant and café-workers who owe their jobs to the existence of beer.

Around two thirds of sales by value are spent on beer in the hospitality industry (on-trade), against one third in the retail sector (off-trade) – the split was the reverse for off and on-trade when measured in terms of volumes, as shown in Figure 5.2. While the on-trade share measured by value fell to 55 per cent in 2020 during the height of the pandemic, by 2022 it accounted for 65 per cent of sales in the EU27. The value of on-trade sales in 2022 was €72 billion, the highest value in the last decade.

Figure 5.4. The beer market in Europe



Source: National Associations

5.2 THE EMPLOYMENT IMPACTS

With its substantial market value and the variety of services it provides, the on-trade sector continues to play a key role in the beer industry, accounting for the majority of employment within the sector. Jobs in this market include a significant number of individuals involved in selling beer in pubs, bars, restaurants, hotels, and other hospitality establishments. The largest employment impacts in the EU in absolute terms are observed in Germany and Spain, whilst outside the EU, the employment generation of beer is also very high in the UK, reflecting the size of these countries and their high volume of beer sales. As a percentage of the total workforce, the largest employment impacts are in Greece, Ireland, Portugal and Spain, where employment attributable to the beer industry in the hospitality sector accounts for between 1.5 and 2.5 per cent of total national employment. The on-trade sector's role as a major employer highlights its economic importance.

Figure 5.5. Employment impact on the hospitality and retail sectors attributable to the beer sector



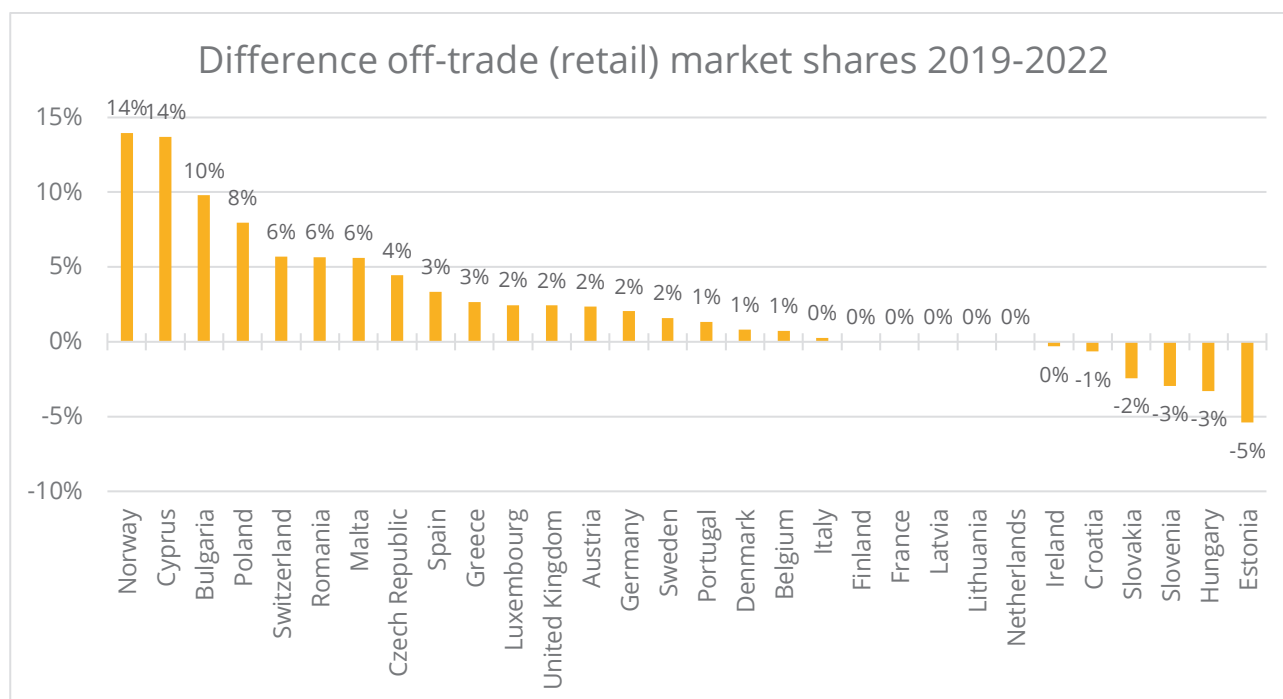
Source: Calculations – different sources.

5.3 TRENDS AND OUTLOOKS

As can be seen above, whilst the off-trade drives the beer consumption by volume, the on-trade is the most significant driver of the added value, government revenues (especially Value Added Tax and employee taxes) and employment (over 1.4 million). Consumers pay higher prices in the on-trade in return for service from bar staff, a place to socialise, the ambience and other qualities of the venue. This added value is reflected in the premium payable in on-trade prices (with higher value added this implies more government revenues from Value Added Tax in this market compared to the off-trade for a given volume of sales). The significant number of hospitality jobs supported by the beer sector also results in significant employees' taxes. Changes in on-trade beer consumption, positive or negative, therefore have a disproportionate impact on the contribution by the beer sector.

While it is clear that on-trade consumption has partially recovered since the pandemic, there are concerns that on-trade consumption may not fully return to pre-pandemic levels, driven by changing consumer tastes, the cost-of-living crisis and habits developed during the pandemic.¹⁶ Between 2019 and 2022 the share of beer consumption in the off-trade (retail) market increased in most countries. Norway, Cyprus, and Bulgaria have experienced a shift towards spending more in the supermarkets and stores, of over 10 percentage points (implying an equivalent loss in the on-trade markets). However, there are a few countries (Croatia, Slovakia, Estonia and Hungary), where the retail sector is losing market share to the on-trade sector. Figure 5.6 illustrates this, showing by how many percentage points retail's share of total consumption increased (or decreased) between 2019 and 2022. For example, in Austria retail's share of consumption increased by 2 percentage points, from 39 per cent to 41 per cent.

Figure 5.6. Change in consumption patterns (difference in off-trade market shares)



Source: Survey of National Associations

Post-pandemic policies in Europe aimed at reviving beer on-trade (hospitality) consumption included measures like extended outdoor dining permissions, support for takeaway alcohol sales, and job retention schemes¹⁷. Some countries, like the UK, implemented initiatives such as hospitality VAT reductions and the "Eat Out to Help Out" scheme to stimulate activity. The UK government's Hospitality Strategy introduced further innovations like the Hospitality Sector Council, vocational training, and digital programs to help venues adapt to new consumer demands¹⁸. Excise relief of 9.2% for draught beer was also brought in on 1 August 2023 to support UK pubs still struggling after the pandemic. Across Europe, organisations including The Brewers of Europe¹⁹ emphasised that reopening bars and pubs was crucial for the sector's recovery, with additional VAT reductions and economic support also important.²⁰

¹⁶ IWSR (2023): *Home consumption vs the on-trade : have pandemic behaviours become entrenched ?*

¹⁷ Department for Business & Trade (2021): *Hospitality strategy: reopening, recovery, resilience*

¹⁸ Department for Business, Energy & Industrial Strategy (2021): *New hospitality strategy to help pubs, bars and restaurants build back better from the pandemic*

¹⁹ The Brewers of Europe (2021): *ECONOMIC REPORT to assess the impact of Covid-19 on the brewing sector in Europe in 2020*

²⁰ Arthur (2021): *The pandemic's impact on Europe's beer industry – and the way forward for 2021*

6 GOVERNMENT REVENUES

In the EU, the beer-related tax contribution to government revenues was €40 billion in 2022. The most important taxes, in terms of their share, were:

- VAT charged on beer sales – around €19 billion.
- Excise duties charged on beer sales – around €7 billion.
- Taxes on employment income related to the direct, upstream and downstream impacts of the European beer sector – over €14 billion.

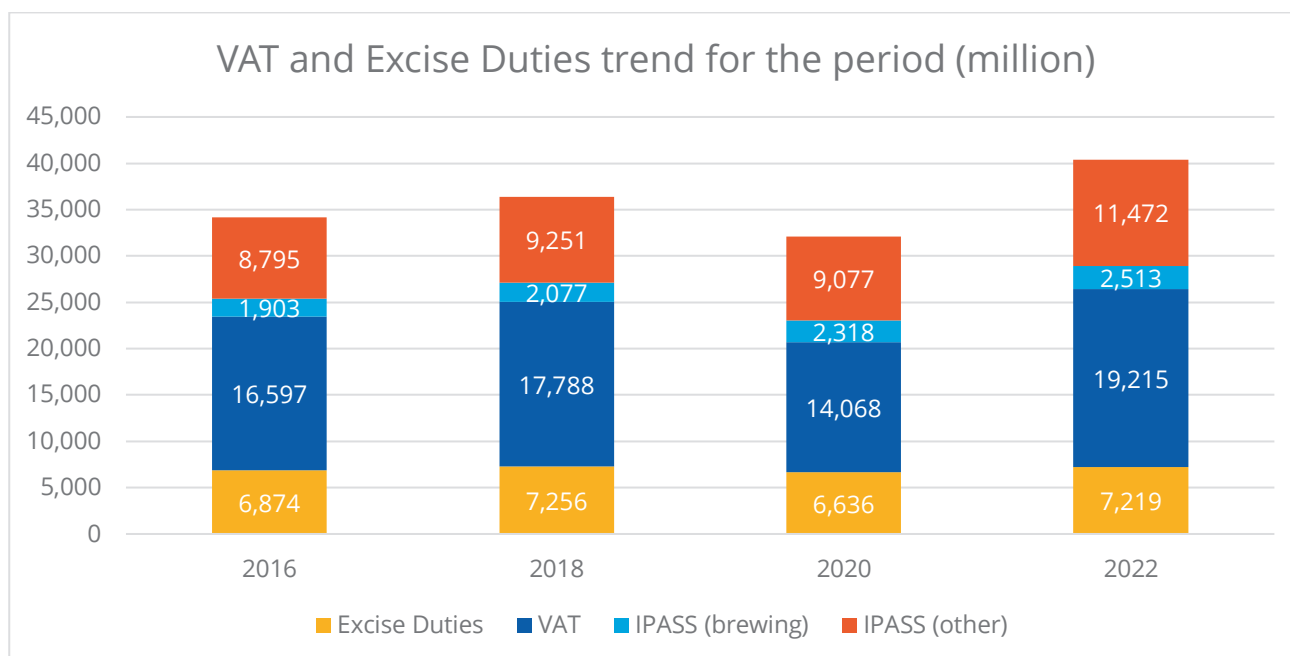
This chapter looks at the trends and differences of these taxes and their distribution across countries. As governments are also responsible for subsidies and tax reliefs, we have also provided evidence on implications of the major tax relief in Europe for small breweries. The chapter ends with some final remarks.

6.1 RECENT TRENDS

Government revenues from the beer sector in 2022 were much higher than in the pre-pandemic years. In the EU27 there were approximately €34 billion in 2016, rising to €36 billion in 2018. As expected, revenues fell by 10 per cent from 2018 to 2020 due to decreased overall consumption, with VAT experiencing the most significant decrease of €3 billion (21 per cent). However, the figures have bounced back, and total government revenue has increased by 26 per cent (€8 billion) since 2020, and by 11 per cent (€4 billion) since 2018.

VAT constitutes the largest share of total tax revenues for the beer sector collected across the EU27. This rose between 2018 and 2022 by 8 per cent. Revenues from excise duties were largely unchanged, whereas IPASS (brewing) increased by 21 per cent and IPASS (other) by 24 per cent.²¹

Figure 6.1. Government revenues in the EU attributable to beer sector by tax type, 2016-22 (million €)



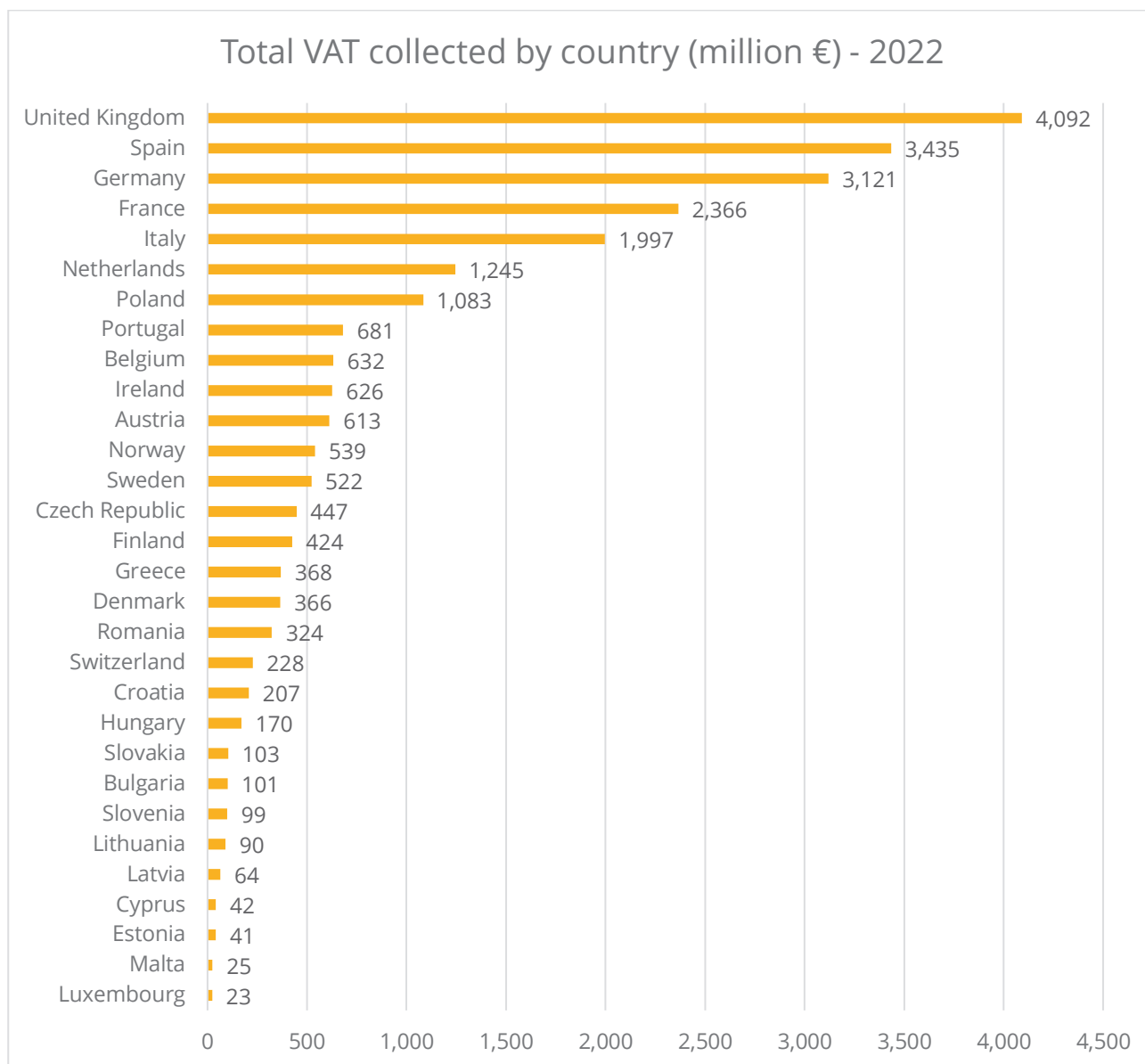
Source: *The Brewers of Europe* and calculations of this study.

²¹ IPASS refers to income taxes, payroll taxes and social security contributions combined.

6.2 VAT AND EXCISE REVENUES (DISTRIBUTION BY COUNTRY)

Looking at the country data in 2022, VAT revenues contributed by the beer sector have continued to remain high. In Spain, VAT revenues from beer have risen by 10 per cent since 2018 and it now accounts, in our study, for the second largest share of government revenues from beer. In the EU27, around 45 per cent of the total VAT revenues generated by the beer sector are accounted for by just four countries – Germany, Spain, France and Italy. Outside the EU, the UK generates the most VAT from beer sales in Europe.

Figure 6.2. Total VAT collected by country

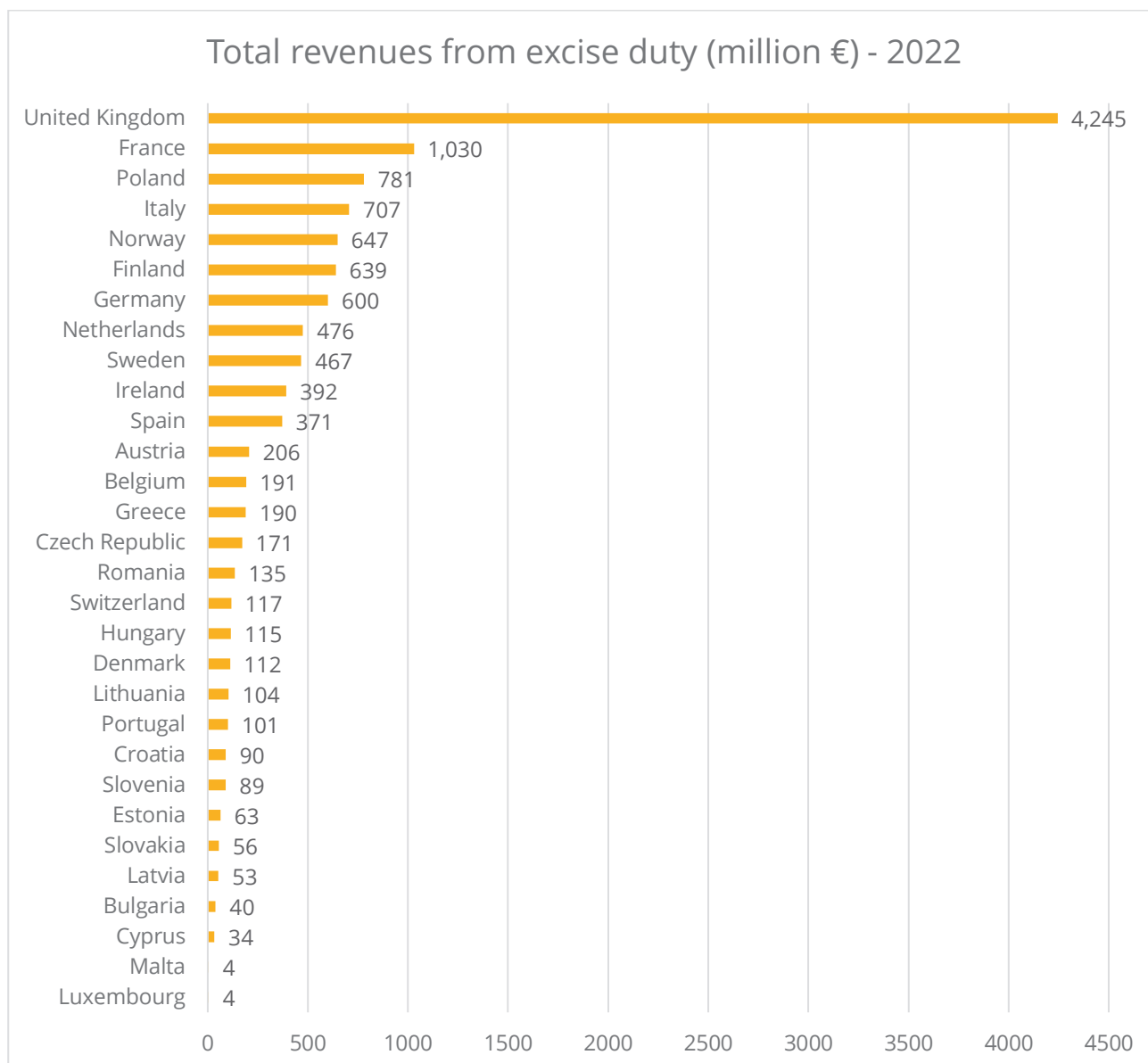


Source: Calculations of this study.

As expected, in 2022 almost all the countries saw an increase in tax revenues from beer compared to 2020. Cyprus saw a 78 per cent increase and Belgium's and Ireland's revenues were larger by 72 and 63 per cent respectively. Two exceptions were Estonia and Hungary, where government revenues from beer fell by 6 and 19 per cent respectively.

Beer excise revenues across the EU27 were approximately €7 billion for 2022. Countries with large beer excise revenues included France (just over €1 billion), Poland (just under €800 million) and Italy (€707 million) (Figure 6.3).

Figure 6.3. Total revenues from excise duty



Source: *The Brewers of Europe*.

6.3 REDUCED RATES FOR SMALL BREWERS

In 2022, the number of active breweries in the EU27 increased by approximately 5 per cent from 2020 (9,203 to 9,698). There was also a small increase in the number of microbreweries relative to 2019, from 5,534 to 6,426.²²

Council Directive 92/83/EEC has had a significant impact on small breweries in Europe by allowing member states to apply reduced excise duty rates to beer produced by independent small breweries up to a maximum threshold of 200,000 hectolitres annually (small breweries relief, also known as SBR). Where countries have taken advantage of this opportunity (note: many countries apply a lower hectolitre

²² *The Brewers of Europe (2023): European Beer Trends*

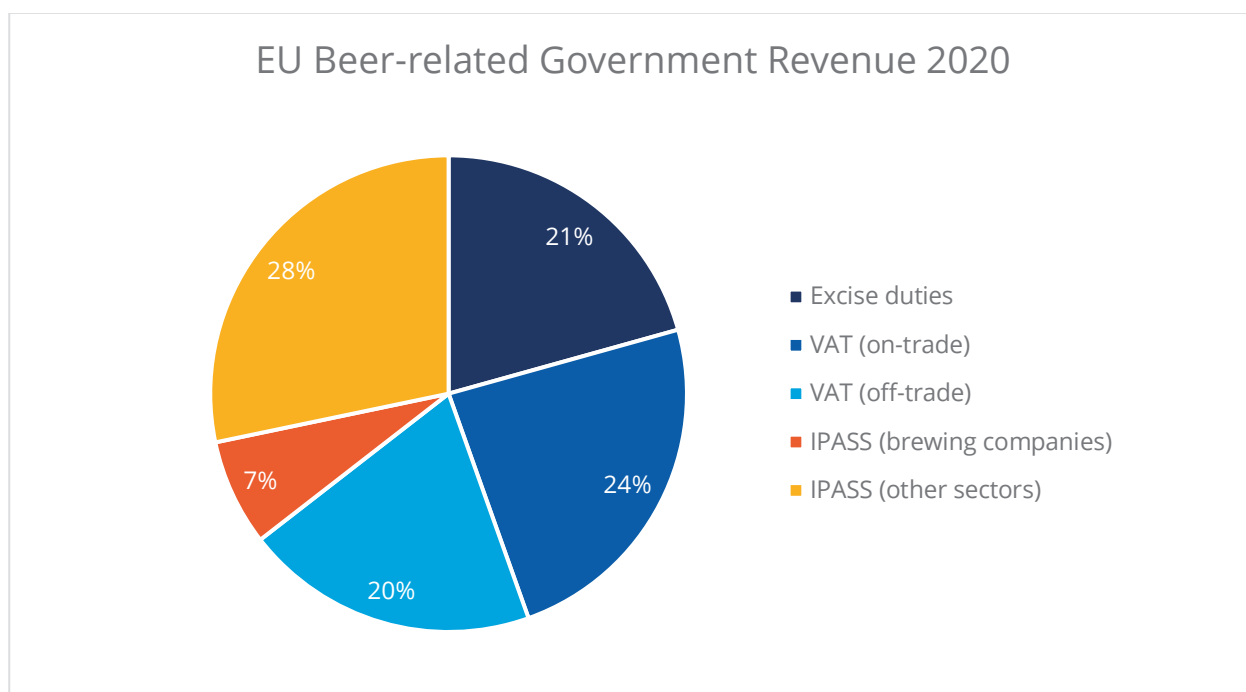
threshold), this directive not only supports the growth and sustainability of small breweries but also promotes competition by allowing these breweries to offer their products at competitive prices. This provision can be used to help small breweries remain competitive by reducing their tax burden. Specifically, the directive allows these breweries to benefit from excise duty rates that can be up to 50 per cent lower than the standard national rate. Additionally, it can be used to ensure that small breweries in one-member state can access these benefits when exporting to other member states under the same favourable conditions. However, whilst this reduced rate is an option for all EU countries, there remain still a number of countries that do not apply such a scheme or do so up to a threshold lower than 200,000 hectolitres.

In addition to fiscal incentives, the increase in microbreweries can also be attributed to a consumer interest in choice and diversity, with a growing consumer interest in locally produced, artisanal beers, which offer something “different” and may be perceived to offer higher quality and more distinctive flavours than other options.

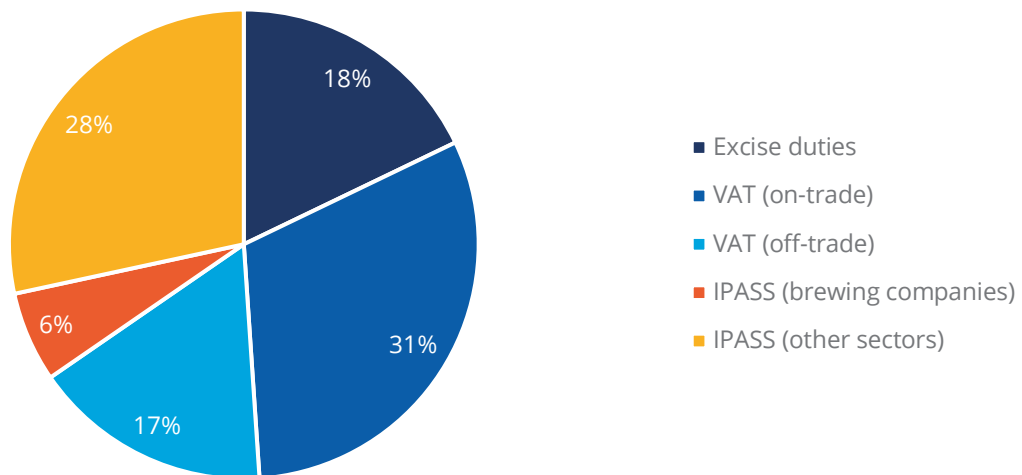
6.4 IMPACT ON GOVERNMENT REVENUES OF CHANGING CONSUMPTION PATTERNS

In 2020, government revenues attributable to the beer sector were 26 per cent lower than in 2022, mainly due to the lower tax receipts from VAT and IPASS (other) that arose because of the shift from on-trade to off-trade consumption during the pandemic. VAT revenues in 2022 in the EU27 were 36 per cent higher than in 2020, while IPASS (other) revenues were up 26 per cent. This compares with the less than 10 per cent increases in government revenues from excise duties and IPASS (breweries) over the same period.

Figure 6.4. Beer-related government revenues, EU27



EU Beer-related Government Revenue 2022



Note: IPASS denotes income, payroll, and social security contributions.

Source: Calculations of this study

VAT revenue from the on-trade beer market (hospitality) became the largest source of beer-related government revenue in 2022, accounting for 31%, up from 24% in 2020. Off-trade (Retail) VAT revenue decreased slightly, accounting for 17% in 2022, down from 20% in 2020. This highlights a shift towards more revenue from on-trade beer sales.

7 BEER IMPACTS BEYOND ECONOMICS

As well contributing to GDP, the employment of many people, and significant government revenue contributions, the beer sector also has other beneficial impacts on society which we comment on in this chapter. Some of these benefits align with the UN's 17 Sustainable Development Goals which the EU is committed to implementing in all its policies.²³

We look at the sector's capital investment in Europe, illustrating how it invests in innovation and local communities. We also discuss important initiatives relating to protection of water resources, reduction of CO₂ emissions, utilising secondary products, and sustainable purchasing among other things.

Breweries have highlighted that in order for the European beer sector to remain a global leader, there needs to be a balance of the right elements to create a healthy economic and business environment where companies and communities can thrive.

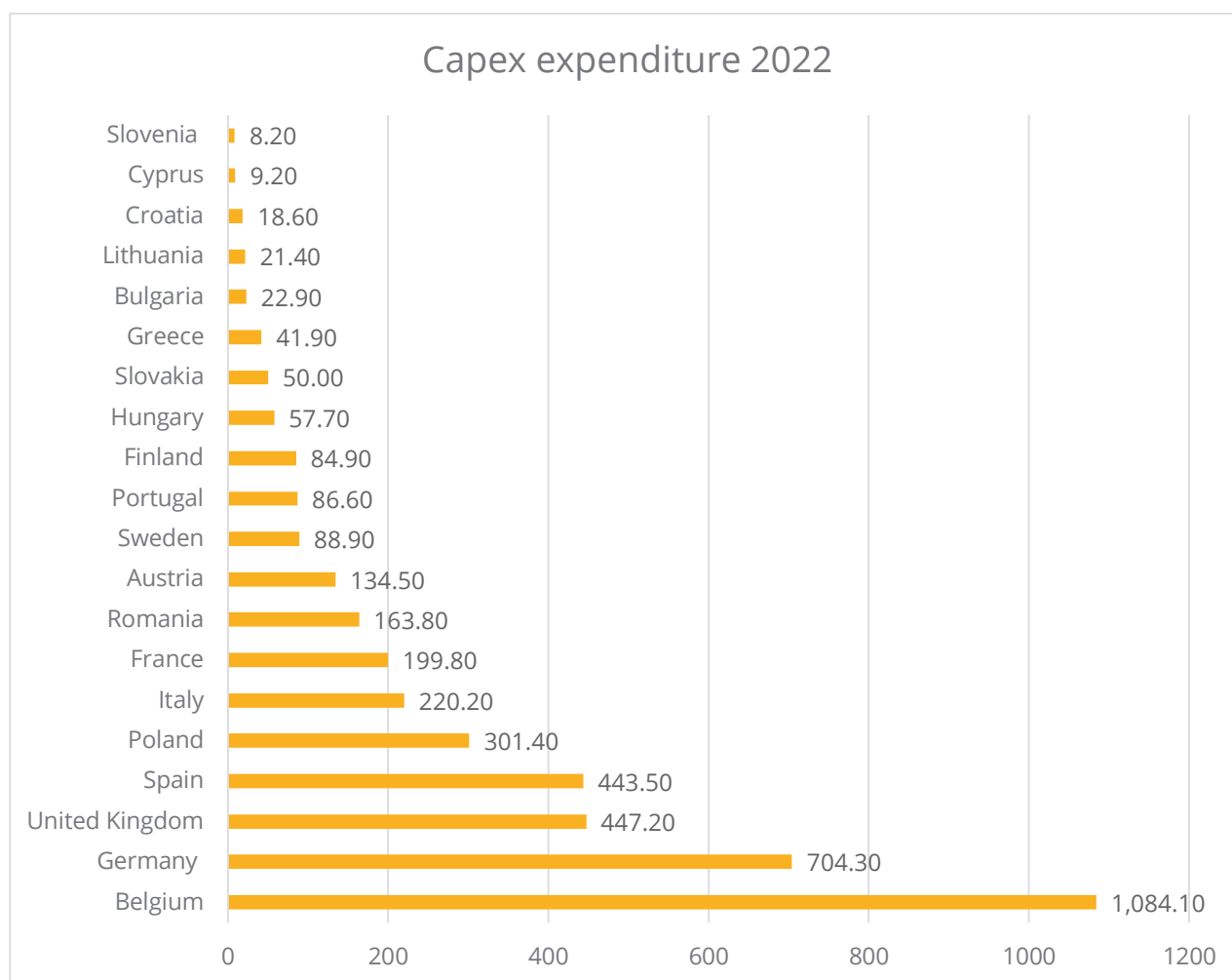
7.1 CAPITAL INVESTMENT

Brewers across Europe have been stimulating valuable investment in their national economies in recent years. Figure 7.1 reports the total capital expenditure in the beer manufacturing sector for each country measured as the sum of gross investment in tangible goods, land, buildings, machinery and equipment. Unsurprisingly, the majority of expenditure is concentrated in the countries producing the largest volumes of beer. Among the EU countries with data available, Germany continued to be the top producer (over 90 million hectolitres in 2021), and invested between €1 and €1.2 billion in 2020 (7 per cent of total revenue).

Investments of over €150m annually were seen in other countries with large production levels, such as Poland (38million hectolitres), Spain (38million hectolitres), and France (21million hectolitres). These sums range between 6 and 11 per cent of total revenue generated by the sector. Capital expenditure as a share of revenue was even higher in some other European countries, reaching 19 and 28 per cent of revenues in Slovakia and Belgium respectively.

²³ European Commission (n.a.) Sustainable Development Goals [\[link\]](#)

Figure 7.1. 2022 Capital expenditure, total turnover, all countries (million €)



Source: Eurostat. Capex series: sbs_na_ind_r2; NACE rev. 2 code: C11.05 (Manufacture of Beer). No turnover data for the Netherlands and Slovenia

7.1.1 INVESTMENT AND INNOVATION IN COMMUNITIES

Investment in the brewing sector extends beyond that in the capital stock to include flows for innovation purposes and contributions to the wider community. Here, we outline some ways individual brewers have invested in activities that benefit the wider community.

Many breweries are actively involved in community support through financial donations, sponsorships, and initiatives to aid local economies. Additionally, many breweries made significant contributions to local health facilities and community projects, especially in response to Covid-19.

Some examples of community support among the brewers:

- **Volunteer Programs:** Breweries encouraged their employees to engage in volunteer work, providing financial and organisational support for these activities.
- **Cultural and Sports Sponsorships:** Breweries sponsored local cultural events, sports activities, and festivals, contributing to the community's social fabric.
- **Support for Vulnerable Groups:** Various breweries provided support for vulnerable groups, including disabled individuals and those affected by natural disasters or conflicts.
- **Financial Donations:** Many breweries provided financial assistance to various sectors, especially during the Covid-19 pandemic. This included direct donations to hospitals, health centres, and the hospitality industry.

Breweries are investing heavily in new product development and production methods. This includes continuously developing new beer varieties to meet changing consumer preferences, such as the introduction of new beer varieties, including craft and non-alcoholic beers. There is an increasing consumer preference for non-alcoholic and low-alcohol beers, driven by increased availability of improved products and lifestyle changes. These trends are prompting breweries to diversify their product offerings.

7.1.2 INVESTING IN THE ENVIRONMENT

There are also investments to advance sustainable production processes, consistent with the fact that many breweries have set ambitious sustainability targets, with some aiming for CO₂ neutrality in their supply chains by 2030. The adoption of circular economy principles is evident in the breweries' operations.

Breweries have mentioned that in order to remain at the forefront of global competition, it is important that the circular economy be promoted with realistic transition timelines, sustainable solutions be incentivised and the long-term business impact of policies be understood.

Breweries continue to prioritise the conservation of natural resources such as water and energy. Investments in water recycling and purification systems, as well as efforts to reduce water and energy consumption, are common practices aimed at sustainable resource management. There are initiatives to achieve energy self-sufficiency, reduce waste, and promote recycling. Breweries are investing in solar panels, energy-efficient equipment, and sustainable packaging solutions to minimise environmental impact and improve resource efficiency.

7.2 BREWING SECTOR CONCERNS

The pandemic had a substantial negative impact on the beer value chain, particularly on-trade sales, leading to financial losses and shifts in consumption patterns. Breweries reported decreased revenues and a challenging recovery process, with ongoing issues such as inflation and workforce shortages.

Over the past couple of years, brewers furthermore reported they have faced increased costs, particularly driven by rising energy prices and inflation. The energy-intensive nature of beer production has made breweries especially vulnerable to fluctuations in energy costs, which have risen due to geopolitical tensions and market instability. The pandemic also directly contributed to decreased revenues and labour shortages, which have significantly impacted breweries since the pandemic.

As a result, brewers are concerned about high excise duties and potential new taxes. They advocate for fair taxation and supportive regulatory frameworks to sustain the beer sector's growth and contribution to the economy, incentivising the production and innovation of low alcohol products such as beer, including non- and lower alcohol beers. The Small Breweries' Relief (SBR) has been beneficial but is not the sole factor driving market entry and growth.

7.3 CONCLUDING REMARKS

In light of the evidence, it is clear that the beer sector continues to play a key role in the European economy, contributing significantly to capital investment, innovation, and social objectives. Despite facing numerous setbacks from a range of unfortunate events including the pandemic, the war in Ukraine and tightening government budgets, the sector has remained resilient. Brewers are actively investing substantial amounts, with investment levels in some countries exceeding 25 per cent of total turnover. These investments not only enhance production capabilities but also stimulate local economies and create job opportunities.

The survey responses indicate that brewers are deeply committed to social and environmental responsibilities. Many companies have implemented initiatives to protect scarce natural resources, reduce CO₂ emissions, and promote sustainable practices. For instance, several breweries have installed solar panels and adopted other renewable energy sources to minimise their environmental footprint. These efforts align with broader industry goals of making production processes more efficient and environmentally friendly.

The rise of microbreweries, sometimes family-run and often community-centric, exemplifies this trend. Such breweries not only contribute to the local economy but can also help foster an even more diverse and inclusive workforce. Overall, the beer industry demonstrates a strong commitment to both economic growth and social responsibility, reinforcing its role as a vital component of the European economy. A notable, ongoing evolution in the beer market is the production, innovation and increased availability of non- and lower alcohol beers, adding to the choice available to consumers.

These themes collectively highlight the dynamic and multifaceted nature of the brewing sector in Europe, reflecting its resilience, adaptability, and ongoing contributions to economic and social well-being.

ANNEX: SOURCES AND METHODOLOGY

In estimating the size and economic impact of the European beer sector, we balanced three priorities: (1) maximising the accuracy and reliability of the estimates; (2) maximising the scope of the data available by minimising the administrative burden for the individual breweries and national associations providing data; and (3) maximising consistency with earlier reports in terms of the method used, thereby creating a series over which reasonable comparisons can be drawn. We collected data for the 27 EU Member States throughout 2012-2022 for the purposes of compiling our report on the European contribution of the beer sector, plus Norway, Switzerland, and the UK for the individual country reports.

There are three types of impacts estimated:

- **Direct impacts:** These are the impacts of the beer sector itself (employment or value added aggregated from all the brewers in the sector).
- **Supply impacts:** These refer to the impacts on sectors supplying inputs to the brewing industry (these might include items as diverse as the raw agricultural input - the cereals, such as barley, hops and other spices or fruits - or the packaging and machinery used in the production of the beer).
- **Impacts in the retail and hospitality sectors** (also referred to as off- and on-trade markets): These include the different retail stores or supermarkets where beer can be purchased, and the distribution channels including hotels or restaurants where beer is served to consumers.

We collected data from four principal sources, which were used to perform our calculations and estimates. These are described below.

DATA SOURCES

STATISTICAL AGENCIES AND DG TAXUD

We collected data on the sectors that form part of the upstream and downstream of the beer industry from the statistical agency **Eurostat**. We sourced data on turnover, value added, and personnel costs per person employed in different supplying sectors and in the on- and off-trades. Eurostat also provided high-level information such as the population in each country.

One of the challenges faced when preparing the report is the limited availability of data from the individual brewers' questionnaires (this is described further below). Although respondents made a huge effort to provide the different data in the formats we specified, in many instances such data were not enough to be representative of the entire sector in each country. To avoid any potential misrepresentation of the estimates generated in this year's report, the figures for value added and purchases of the brewing sector are sourced from Eurostat too (series "Value added at factor cost - million euro" and "Total purchases of goods and services - million euro" were used). These have been collected for the category "C11.05 Manufacture of beer", which is a good delimitation of the sector.

In its data on economic activity by sector, the structural business statistics, Eurostat's breakdown is based on the NACE Rev. 2 nomenclature. We assigned an appropriate NACE sector, which we felt to be representative of the activity concerned, to each of the sectors used in the earlier studies and covered in the questionnaires to individual breweries: Agricultural products (such as malting barley and other cereals, hops, other spices and fruits); Utilities; Packaging and bottling; Transportation and storage; Equipment and other; Media, marketing and communication; Other goods; the On-Trade; and the Off-Trade. The sectors used are consistent with those used in the 2020 report.

Table A.1: NACE Rev 2 sectors used

Industry	Sector used
Agriculture	A: Agriculture
Utilities	D: Electricity, gas, steam and air conditioning supply E: Water supply; sewerage, waste management and remediation activities
Packaging	C: Manufacturing
Equipment	C: Manufacturing
Transportation	H: Transportation and storage
Media and marketing	L: Real estate activities N: Administrative and support service activities M: Professional, scientific and technical activities
Other	Average of Packaging and Media and marketing.
On-trade sale	I56.3: Beverage serving activities
Off-trade sale	G47.25: Retail sale of beverages in specialised stores G47.11 Retail sale in non-specialised stores with food, beverages or tobacco predominating

When dealing with missing data for certain years, we ordinarily use the number from the latest available year or apply a growth rate if there is a clear trend. When data are missing for every year for a country, we construct Value Added (VA) using a multiplier (production–VA) estimated from neighbouring or similar countries: Czech Republic [Slovakia]; Denmark [average of Germany and Sweden]; Ireland [average of Germany, Belgium, and the Netherlands]; Latvia [Lithuania]; Luxembourg [Germany]; Malta [Italy]; Netherlands [Belgium]; Slovenia [Croatia]; Switzerland [Germany]. Similarly, for missing purchase data, we use a figure constructed with a multiplier (production–purchases) estimated from neighbouring countries. This neighbouring approach has also been applied to address missing data for some countries (specifically Switzerland, Malta, and Denmark) in cases where Eurostat indices, such as turnover per person in the off-trade market, were unavailable.

The Eurostat data are available up to 2020. For 2022, some data are based on 2020 figures (following the rule of using the latest available data). However, due to the impact of COVID-19, actual values or ratios exhibiting large changes in 2020 are instead based on 2019 data.

We also collected information on VAT rates, implicit tax rates on labour income, and excise duty receipts from the European Commission's DG Taxation and Customs Union (DG Taxud).

THE BREWERS OF EUROPE

The Brewers of Europe collects a wide range of indicators related to the beer industry and shared this with us. The database includes information on brewery demographics (such as the number of active breweries, the number of active brewing companies, and microbreweries); total beer production (including production by microbreweries, total alcohol-free, low and non-alcohol, and organic beer sales); trade (imports and exports); supplies (packaging, hop information, and malting information); market indicators (consumption, on-trade and off-trade consumption, average consumer prices²⁴, consumption per capita, and total non-alcohol beer consumption); and government revenues from excise duties.

NATIONAL ASSOCIATIONS

National associations contributed by providing qualitative insights, including analyses of market trends and commentary.

QUESTIONNAIRE TO INDIVIDUAL BREWERIES

As in previous years, information was requested at more specific and varied levels of detail from individual brewers.

The variables collected included production, employment (broken down by gender and age, including male, female, and under 25), turnover, value-added, investment in capital expenditure (capex), innovation, and community contributions. Additionally, data on total purchases and the share of inputs sourced by different sectors were collected, with a breakdown by domestic and non-domestic sources (in the case of agricultural products, non-EU origins were also recorded). Qualitative data, such as analyses of market trends and descriptions of brewers' contributions to communities, were also requested and, in many cases, generously provided. Smaller brewers benefiting from the Small Brewers' Relief (SBR) were asked how the SBR had helped their companies.

As the responses represented only a sample for each market, rather than the entire population of breweries, some variables were scaled based on the ratio of the sum of production (in hectolitres) reported by the responding breweries to the production reported by the national associations. These scaled figures were then used to fill gaps in the national brewers' data series. Despite these transformations, some values appeared inconsistent when compared to similar countries and years. For this reason, we opted to use data from Eurostat for value-added and purchases. In comparison to some of the responses (and the scale transformations made), Eurostat data appeared consistent and were thus chosen for the analysis (as previously described). The only piece of information not available from Eurostat relates to the sectoral shares made by brewers, which is crucial for calculating the upstream shares in the production chain. For this, we relied entirely on the responses from the questionnaires. However, the data underwent a careful process of checking and auditing, with values cross-checked across respondents and countries to arrive at figures perceived as representative of the industry.²⁵ While it is possible that the share of purchases used contains some margin of error, we estimate that the impact on the final figures is small, as any potential difference would come from the split into shares, not from the total brewers' purchase value (which is a figure sourced from Eurostat).

²⁴ Where prices were not provided in euros (€), they were converted using an exchange rate index from Eurostat. If prices were not provided at all, they were estimated using the previous year's figure and a country-specific HICP inflation index from Eurostat.

²⁵ Some data could not be used either because they contained a significant number of missing values or lacked production values. For datasets with only a few missing values, these were imputed using figures from previous years. For countries with no data, or where the figures were deemed unrepresentative of the country (in comparison to values provided in previous years or in comparable EU countries), an EU median was used.

It is important that the results are read with the above considerations in mind: the total values provide a good estimate, but more uncertainty attaches to the individual sector-specific impacts estimated.

For some countries, we did not have survey responses for that country that we could use to prepare the country report. For these countries, to address the gaps in data for things like the share of purchases across industries and the domestic share of purchases, we used the EU median from the all the survey responses. This allowed us to generate estimates for sector employment and Gross Value Added (GVA).

CALCULATIONS

The calculations closely followed the methodologies used in earlier reports. We constructed a spreadsheet model to implement the calculations across the countries covered. Our estimates of upstream impacts in the supplying industries were based on the following calculations. For reference, “QIB” refers to the questionnaire for individual brewers, and “QNA” to the questionnaire for national associations provided by The Brewers of Europe.

Table A.2: Upstream impacts calculation

Indicator	Unit	Computation Method / Source
(1) Production value	million Euro	Eurostat
(2) Value added total, brewing sector	million Euro	Eurostat
(3) Purchases of inputs, total	million Euro	Eurostat
(4) Share of purchases, by industry	%	QIB
(5) Purchases, by industry	million Euro	= (3) * (4)
(6) Share of domestic purchases, by industry	%	QIB
(7) Domestic purchases, by industry	million Euro	= (5) * (6)
(8) Turnover per person employed, by industry	000 Euro per person	Eurostat
(9) Employment, first round effect, by industry	persons	= (7) / (8)
(10) First round effect on supply sectors	%	Default value of 65%
(11) Employment, total effect, by industry	persons	= (9) / (10)
(12) Indirect employment, total	persons	= sum of (11) over industries
(13) Value added per person employed, by industry	000 Euro per person	Eurostat
(14) Value added, by industry	million Euro	= (12) * (13)
(15) Indirect value added, total	million Euro	= sum of (14) over industries
(16) Share of non-domestic purchases, by industry	%	= 1 - (6) and QIB
(17) Non-domestic purchases, by industry	million Euro	= (3) * (4) * (16)
(18) Agricultural (ag) purchases, non-domestic	million Euro	= (4ag) * (16)
(19) Total agricultural purchases	million Euro	= (5ag) + (18)
(20) Agricultural (ag) purchases share, non-EU	%	QIB
(21) Agricultural purchases, non-EU	million Euro	= (19) * (20)

Our estimates of downstream impacts in the on- and off-trades were based on the following calculations.

Table A.3: Downstream impacts calculation, on-trade

Indicator	Unit	Computation Method / Source
(1) Consumption total	1,000 hl	QNA
(2) Share on-trade	%	QNA
(3) Consumption on-trade	1,000 hl	= (1) * (2)
(4) Average beer price on-trade	Euro/litre	QNA
(5) Value of the market incl. VAT on-trade	Euro	= (3) * (4)
(6) National VAT rate	%	DG Taxud
(7) Value of the market excl. VAT on-trade	million Euro	= (5) / (1 + (6)/100%)
(8) Turnover per person employed on-trade	000 Euro/person	Eurostat
(9) Employment induced on-trade	Persons	= (7) / (8)
(10) Value added per person employed on-trade	000 Euro/person	Eurostat
(11) Value added on-trade	million Euro	= (9) * (10)

Table A.4: Downstream impacts calculation, off-trade

Indicator	Unit	Computation Method / Source
(1) Consumption total	1,000 hl	QNA
(2) Share off-trade	%	QNA
(3) Consumption off-trade	1,000 hl	= (1) * (2)
(4) Average beer price off-trade	Euro/litre	QNA
(5) Value of the market incl. VAT off-trade	Euro	= (3) * (4)
(6) National VAT rate	%	DG Taxud
(7) Value of the market excl. VAT off-trade	million Euro	= (5) / (1 + (6)/100%)
(8) Turnover per person employed off-trade	000 Euro/person	Eurostat
(9) Employment induced off-trade	Persons	= (7) / (8)
(10) Value added per person employed off-trade	000 Euro/person	Eurostat
(11) Value added off-trade	million Euro	= (9) * (10)

Finally, our estimates for government revenues were based on the following calculations.

Table A.5: Government revenue calculation

Indicator	Unit	Computation Method / Source
(1) Beer excise revenue	million Euro	DG Taxud
(2) On-trade VAT revenues	million Euro	Downstream calculations
(3) Off-trade VAT revenues	million Euro	Downstream calculations
(4) Income, payroll tax & social security, direct	million Euro	QIB
(5) Implicit tax rate on labour	%	Eurostat
(6) Downstream personnel costs	million Euro	Downstream calculations
(7) Downstream labour taxes	million Euro	= (5) * (6)
(8) Upstream personnel costs	million Euro	Upstream calculations
(9) Upstream labour taxes	million Euro	= (5) * (8)
(10) Total supply chain labour taxes	million Euro	= (7) + (9)
(11) Total government revenues	million Euro	= (1) + (2) + (3) + (4) + (10)



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