

The Contribution made by Beer to the European Economy

 Croatia - January 2016

CROATIA

1. COUNTRY PROFILE

	2014
Population	4,251,440
Currency	Kuna
GDP per capita in PPS (2012, EU28 = 100)	59

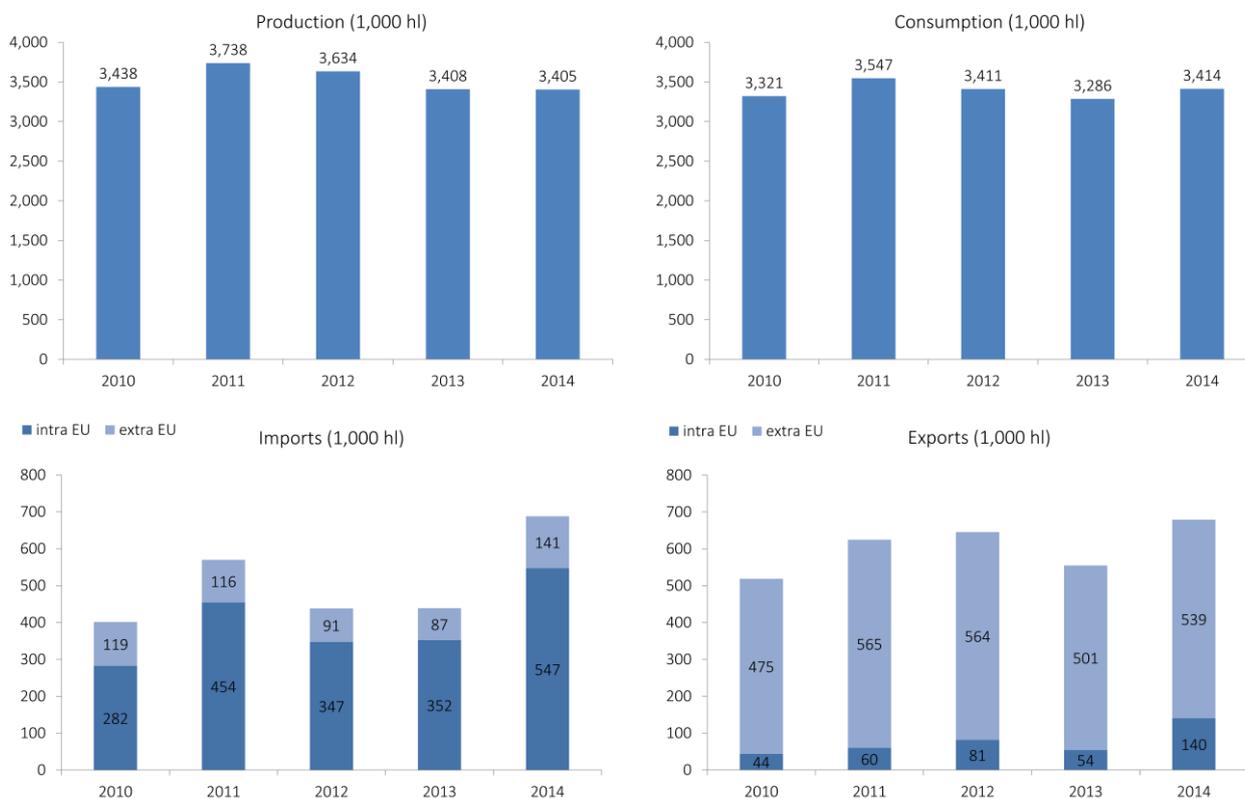
Source: Eurostat and National Statistical offices.

2. HIGHLIGHTS CROATIA

Table 1: Economic impact of beer in Croatia (2008-2012)

	2013	2014	% Change
Total number of jobs	26,112	27,147	4 %
Value-added (million Euro)	344	348	1.1 %
Government revenues (million Euro)	288	296	2.9 %

Figure 1: Development of production, consumption, imports and exports (2008-2012)



Source: National associations.

3. BREWING SECTOR

Table 2: Basic characteristics of the Croatia brewing sector (2008-2012)

	2013	2014
Total production (in hectolitres)	3,408,000	3,405,000
Brewing companies	6	6
Breweries (including microbreweries)	6	6
Microbreweries	N/A	N/A

Source: National Associations.

Total production of beer has slightly declined to around 3.4 million hectolitres in 2014. The number of brewing companies and breweries was stable.

4. BEER MARKET

Table 3: Basic characteristics beer market (2013-2014)

	2013	2014
Total consumption in hectolitres	3,286,000	3,414,000
Total consumer spending (in million Euro)	758	794
Consumption of beer per capita (in litres)	76.0	80.0
Beer consumption on-trade (hospitality)	36%	39%
Beer consumption off-trade (retail)	64%	61%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	3.65	3.56
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	1.55	1.54

Source: National Associations.

Beer consumption increased somewhat in 2014 along with consumer spending, while prices remained stable. Only the on-trade price slightly decreased while the related share of beer consumption in the hospitality sector increased.

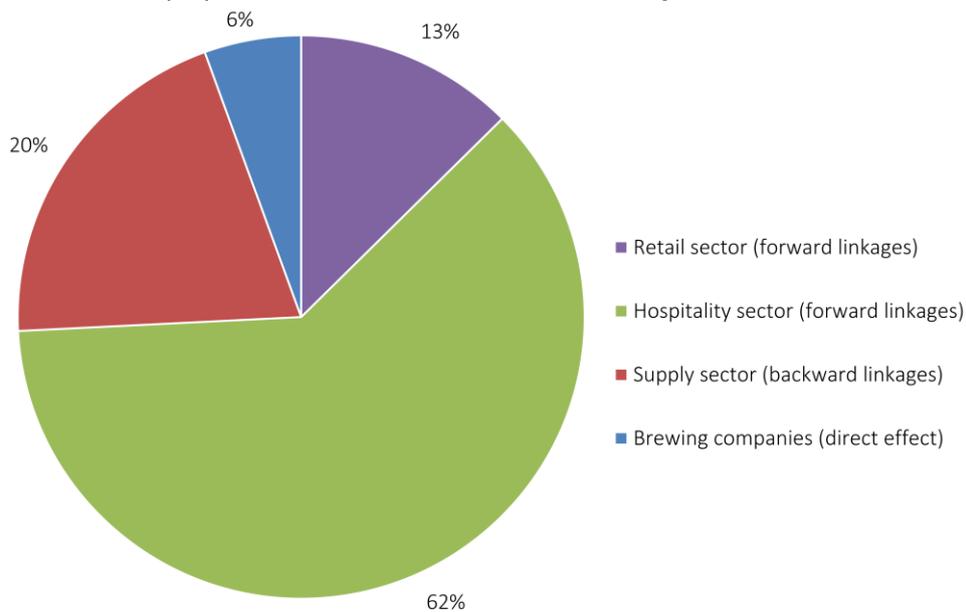
5. TRENDS AND DEVELOPMENTS

There has been a steady increase in the sale of value brands, both in PET packaging and in cans, along with an overall decline in consumption per capita exacerbated by poor weather conditions in 2014. More recently, there has also been an increase in the volumes of craft beers sold. Companies are responding by focusing their marketing efforts on premium brands and developing the beer category by innovating in those premium and core bands.

6. EMPLOYMENT GENERATED BY THE BEER SECTOR

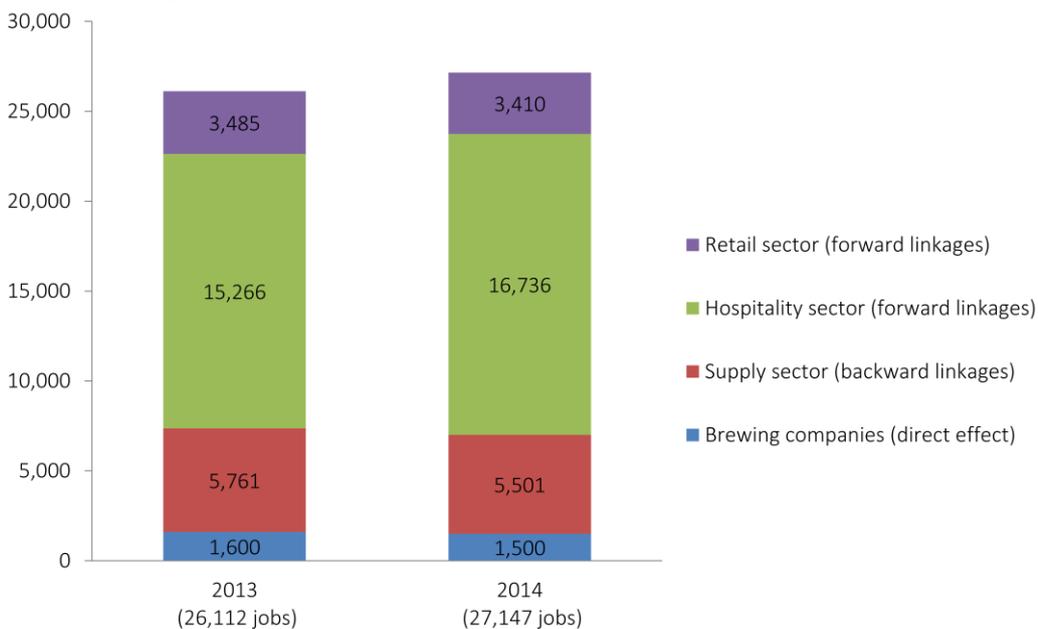
The beer-related contribution to employment is concentrated in the forward linkages: hospitality and retail, which together account for over three quarters of the total. Employment in hospitality and retail has increased, while it has decreased in the brewery sector itself and the supply sectors.

Figure 2: Total employment because of beer in 2014: 27,147 jobs



Source: Calculations - different sources.

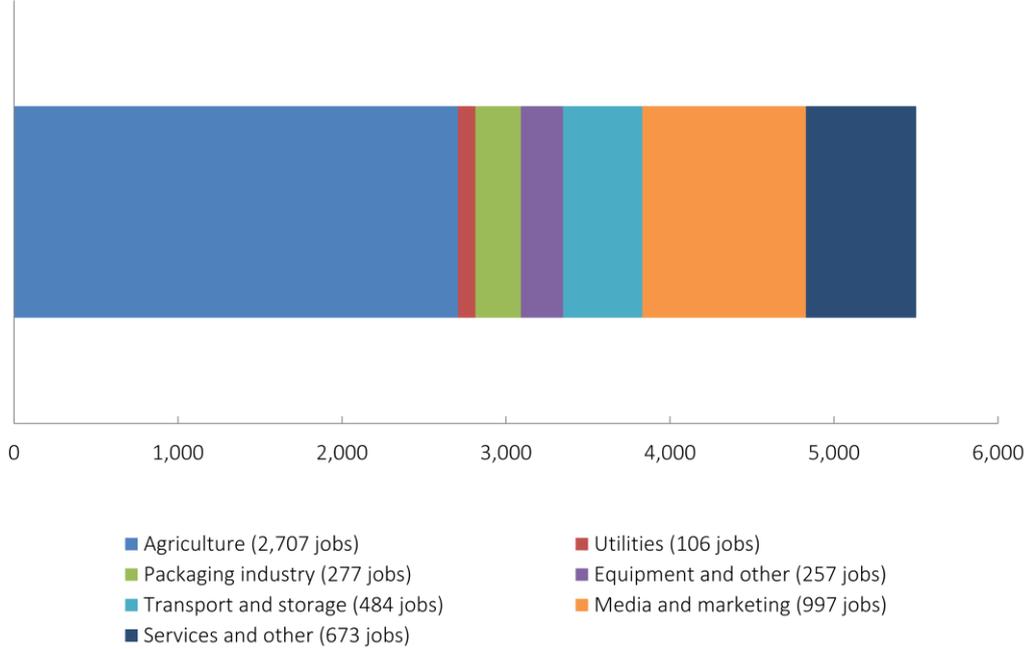
Figure 3: Change in employment (2013-2014): 4 %



Source: Calculations - different sources.

Agriculture accounts for the largest share of the beer-related contribution to employment by some margin, at more than 2,700 jobs. Around a further thousand jobs are accounted for by media and marketing services.

Figure 4: Indirect employment in 2014: 5,501 jobs

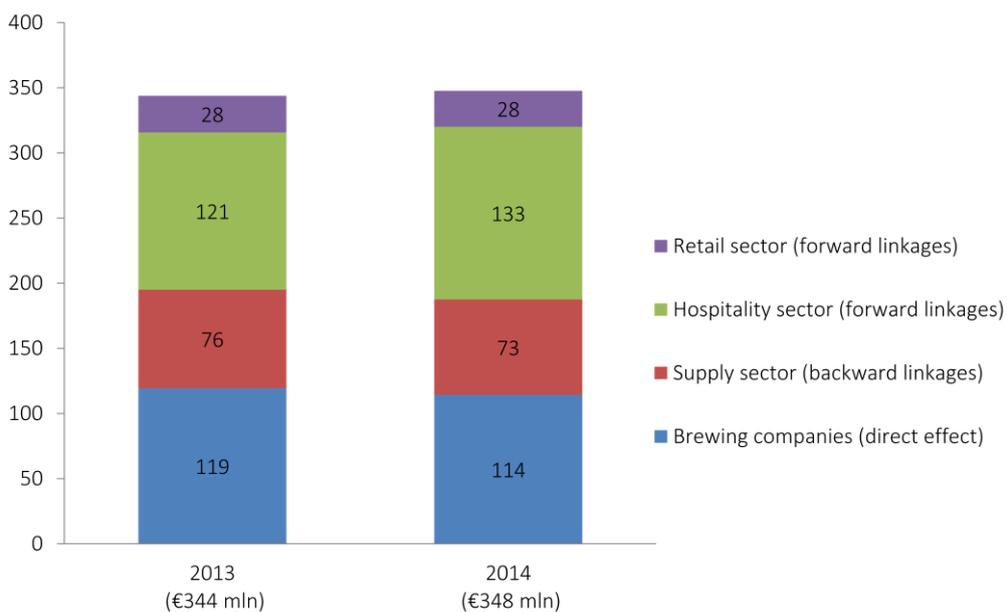


Source: Calculations - different sources.

7. VALUE ADDED GENERATED BY THE BEER SECTOR

The value added contribution has remained broadly stable at around €350 million. The largest share is accounted for by the hospitality and the brewery sector itself.

Figure 5: Change in value added (2013-2014): 1.1 %

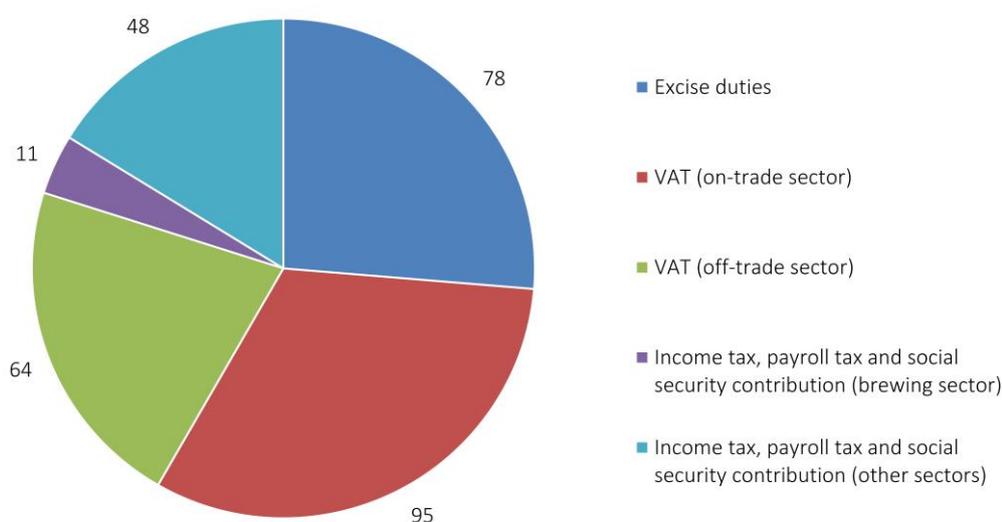


Source: Calculations - different sources.

8. GOVERNMENT REVENUES RELATED TO BEER

Total revenue related to beer production and sales was around €300 million. The largest share is related to VAT in the on-trade sector (€95 million), given also the increase in the on-trade beer consumption share. Excise duties account for around €80 million and experienced a small reduction with respect to 2014 (also in national currency, from 606.56 to 597.90) which probably reflects a change in the composition of the consumption basket. Income-related taxes and government revenues total €59 million.

Figure 6: Government revenues generated by beer in 2014: 296 million Euro



Source: Calculations - different sources.

Table 4: Government revenues (2013-2014)

	2013	2014	% Change
Excise duties (million Euro)	80	78	-2 %
VAT (on-trade) (million Euro)	86	95	9.9 %
VAT (off-trade) (million Euro)	65	64	-1.9 %
Income tax, payroll tax and social security revenues (brewing companies) (million Euro)	11	11	4.7 %
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	46	48	4.7 %
Total government revenues (million Euro)	288	296	2.9 %

Source: Calculations - different sources.

Note: Excise duty percentage is calculated on the basis of local currency converted to Euro, as used in the European Commission's (DG Taxud) database. For percentage change in local currency, please consult the same database.

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