The Contribution made by Beer to the European Economy

Germany - January 2016

Europe Economics

The Brewers of Europe

GERMANY

1. COUNTRY PROFILE

	2014
Population	80,675,843
Currency	Euro
GDP per capita in PPS (2012, EU28 = 100)	124

Source: Eurostat and National Statistical offices.

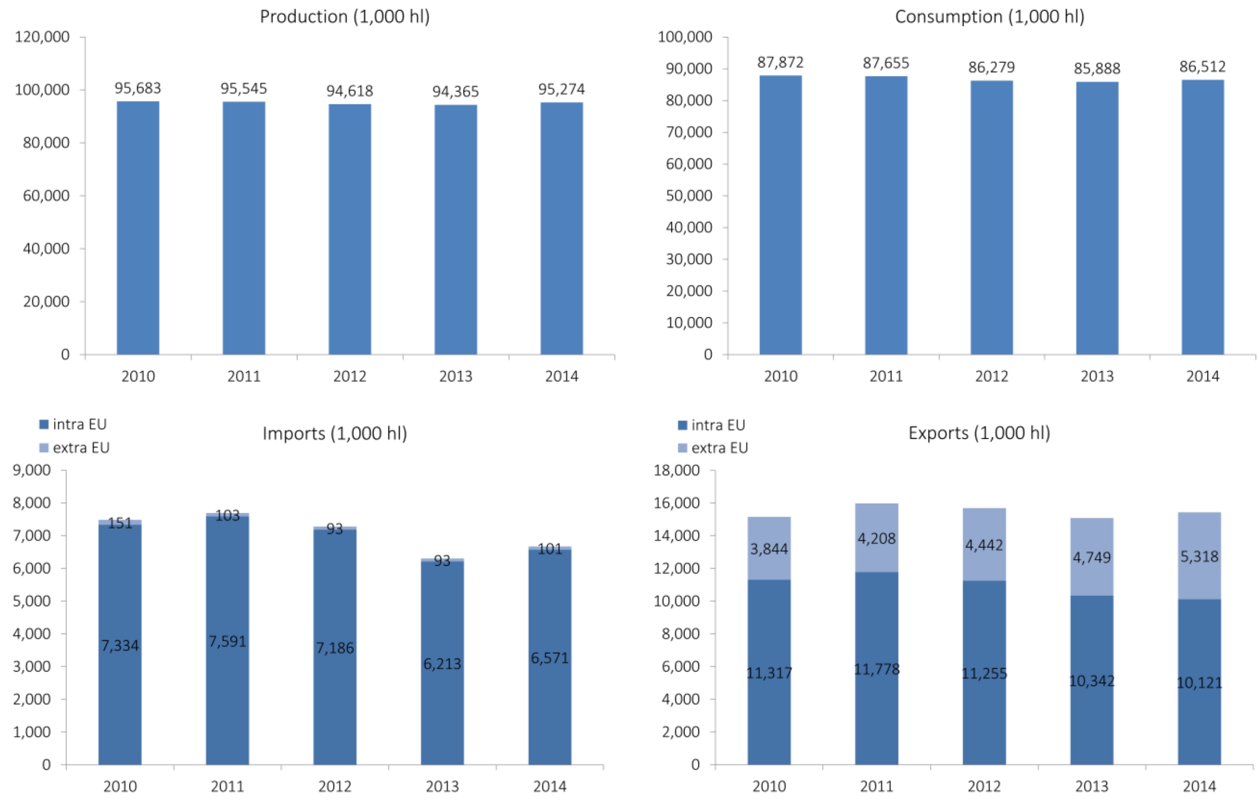
2. HIGHLIGHTS GERMANY

Table 1: Economic impact of beer in Germany (2013-2014)

	2013	2014	% Change
Total number of jobs	530,820	536,675	1.1 %
Value-added (million Euro)	10,658	10,867	2 %
Government revenues (million Euro)	6,173	6,294	2 %

Source: Calculations - different sources.

Figure 1: Development of production, consumption, imports and exports (2010-2014)



Source: National associations.

3. BREWING SECTOR

Table 2: Basic characteristics of the Germany brewing sector (2013-2014)

	2013	2014
Total production (in hectolitres)	94,365,000	95,274,000
Brewing companies	N/A	N/A
Breweries (including microbreweries)	1,349	1,352
Microbreweries	668	677

Source: National Associations.

Production increased to over 95 million hectolitres in 2014. The number of breweries also increased to over 1,350, in part due to an increase in the number of microbreweries.

4. BEER MARKET

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

	2013	2014
Total consumption in hectolitres	85,888,000	86,512,000
Total consumer spending (in million Euro)	19,402	19,707
Consumption of beer per capita (in litres)	106.6	107.0
Beer consumption on-trade (hospitality)	19%	19%
Beer consumption off-trade (retail)	81%	81%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	7.20	7.30
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	1.10	1.10

Source: National Associations.

Consumption and consumer spending increased in 2014, while prices remained stable. The shares of the market accounted for by the on- and off-trades also remained stable, though the on-trade share was lower than in many other European countries (similar to the share in several Eastern European countries).

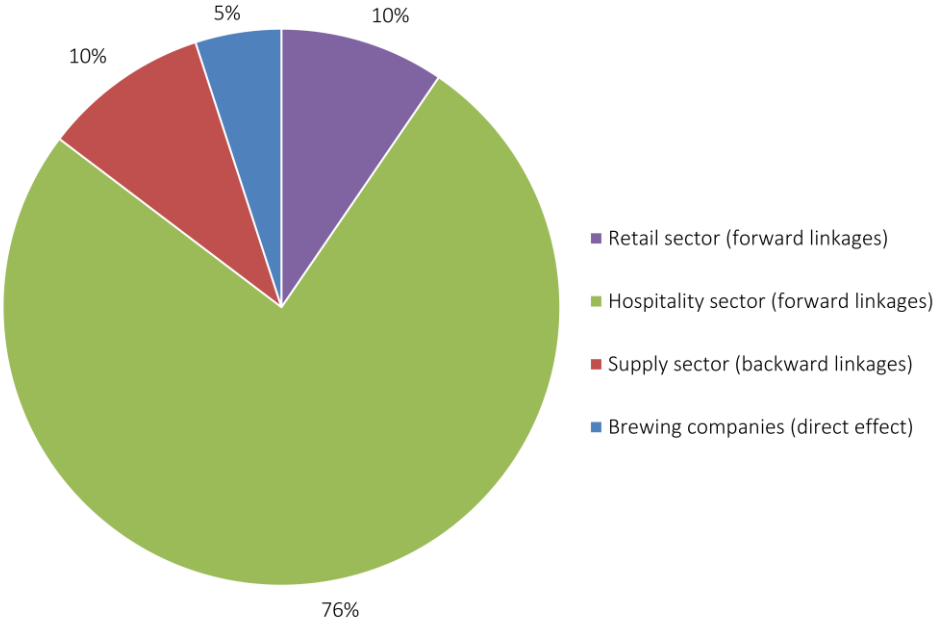
5. TRENDS AND DEVELOPMENTS

There has been a steady shift from consumption in the on-trade to consumption in the off-trade and a decline in overall beer consumption in line with wider European trends. At the same time, there is a change in the structure of the market, with increasing consumption of alcohol free beer, ciders, flavoured beers and malt beverages (though German pilsner remains the preferred type for most consumers).

Firms are responding to market conditions by promoting the image of beer, as an element of Germany's cultural heritage and suitable for a wide range of different occasions and meals. As a part of this, there is an increasing emphasis on regional brands and craft breweries. Brewers are increasingly entering the craft and cider segments with the launch of new products and seasonal specialties.

6. EMPLOYMENT GENERATED BY THE BEER SECTOR

Figure 2: Total employment because of beer in 2014: 536,675 jobs



Source: Calculations - different sources

Note: Percentages add up to more than 100 because of rounding.

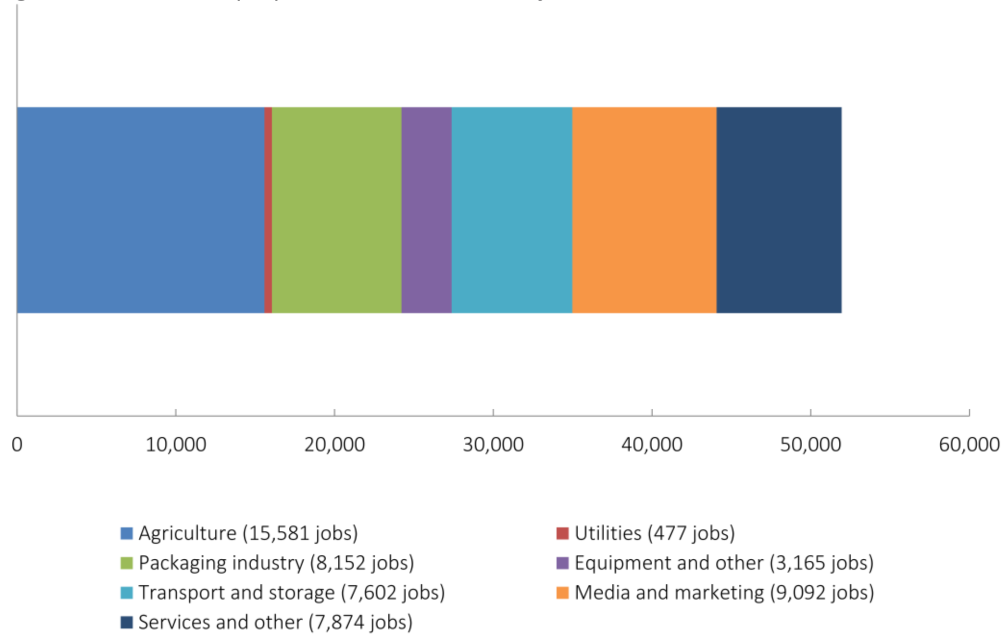
The number of jobs generated by the beer industry in Germany was under 540,000 in 2014, an increase of around 1 per cent from 2013. Around two thirds of the beer-related contribution to employment occurred in the on-trade.

Figure 3: Change in employment (2013-2014): 1.1 %

Source: Calculations - different sources.

The largest share of the beer-related contribution to employment in the supply sectors occurred in the labour-intensive agriculture sector.

Figure 4: Indirect employment in 2014: 51,943 jobs

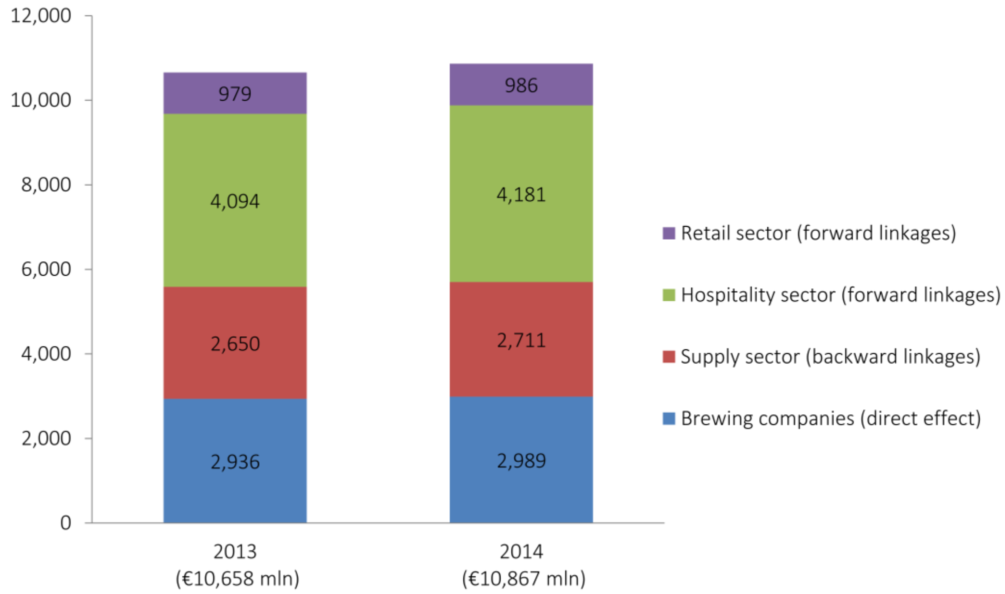


Source: Calculations - different sources.

7. VALUE ADDED GENERATED BY THE BEER SECTOR

The beer-related contribution to value added has increased somewhat from 2013 to 2014 and was largest in the on-trade with every sector experiencing a slight increase (over €4.1 billion).

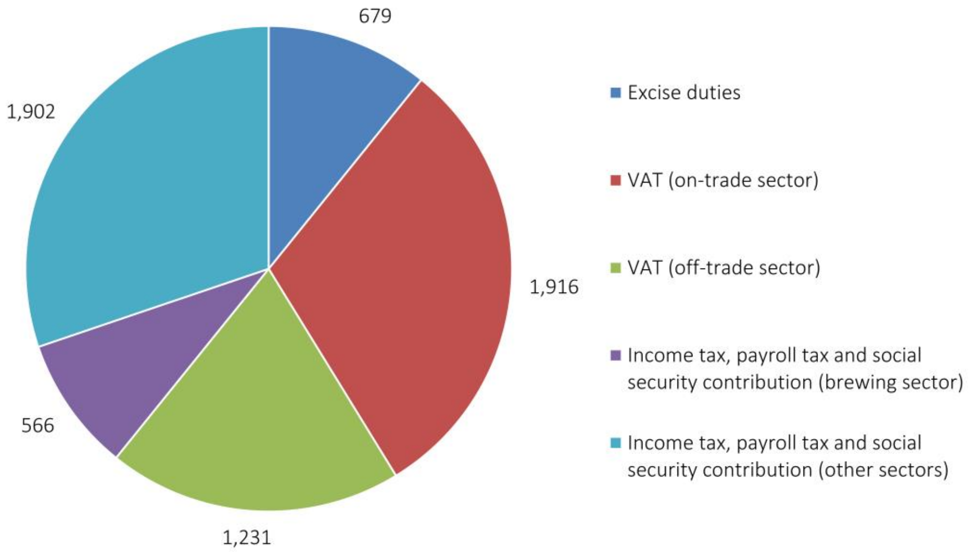
Figure 5: Change in value added (2013-2014): 2 %



Source: Calculations - different sources.

8. GOVERNMENT REVENUES RELATED TO BEER

Figure 6: Government revenues generated by beer in 2014: 6,294 million Euro



Source: Calculations - different sources.

Table 4: Government revenues (2013-2014)

	2013	2014	% Change
Excise duties (million Euro)	673	679	1 %
VAT (on-trade) (million Euro)	1,876	1,916	2.1 %
VAT (off-trade) (million Euro)	1,222	1,231	0.7 %
Income tax, payroll tax and social security revenues (brewing companies) (million Euro)	534	566	6 %
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	1,868	1,902	1.8 %
Total government revenues (million Euro)	6,173	6,294	2 %

Source: Calculations - different sources.

The beer-related contribution to government revenue was around €6.3 billion in 2014, a 2 per cent increase from 2013. The largest share of revenues was accounted for by VAT.

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