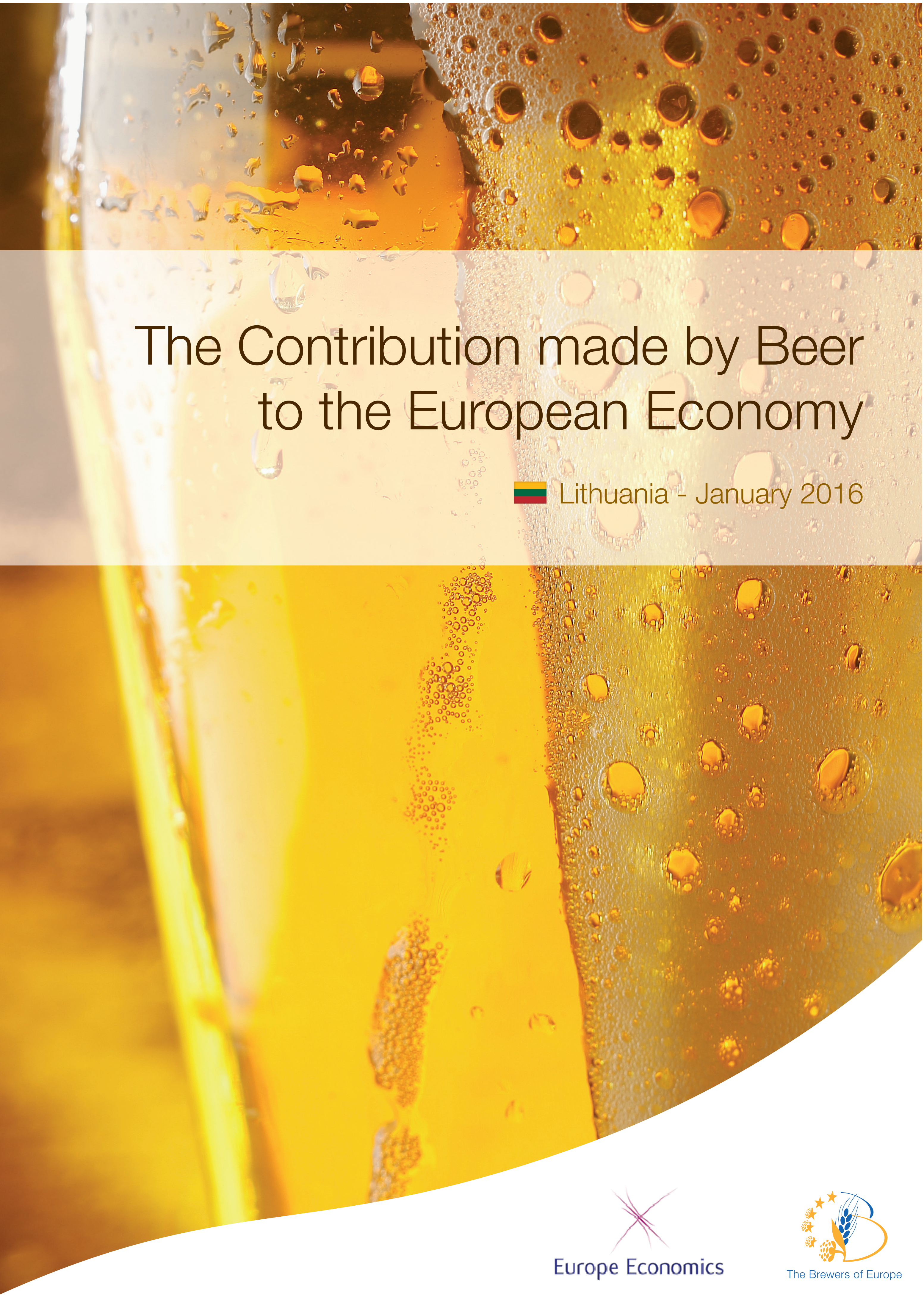


The Contribution made by Beer to the European Economy

Lithuania - January 2016

Europe Economics

The Brewers of Europe

LITHUANIA

1. COUNTRY PROFILE

	2014
Population	2,944,444
Currency	Euro
GDP per capita in PPS (2012, EU28 = 100)	74

Source: Eurostat and National Statistical offices.

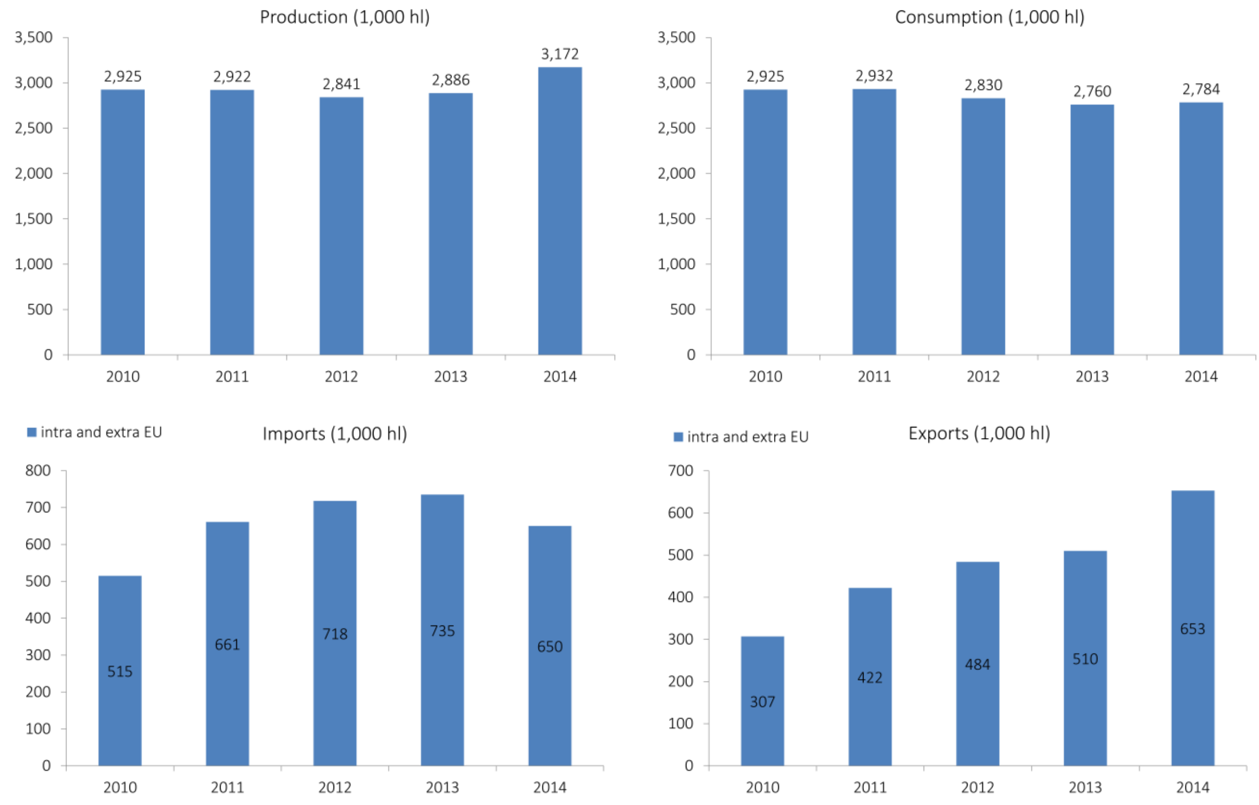
2. HIGHLIGHTS LITHUANIA

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

	2013	2014	% Change
Total number of jobs	12,931	20,124	55.6 %
Value-added (million Euro)	104	166	59.9 %
Government revenues (million Euro)	121	168	39.1 %

Source: Calculations - different sources.

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



Source: National associations.

3. BREWING SECTOR

Production increased to nearly 3.2 million hectolitres in 2014, up from 2.9 million hectolitres in 2013. The number of brewing companies and breweries also increased.

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

	2013	2014
Total production (in hectolitres)	2,886,000	3,172,000
Brewing companies	71	73
Breweries (including microbreweries)	73	75
Microbreweries	30	32

Source: National Associations.

4. BEER MARKET

Consumption, total spending and prices have all increased. The share of spending accounted for by on-trade consumption increased, as well, by 2 per cent of total consumption, though from a very low starting level.

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

	2013	2014
Total consumption in hectolitres	2,760,000	2,784,000
Total consumer spending (in million Euro)	329	490
Consumption of beer per capita (in litres)	93.0	95.0
Beer consumption on-trade (hospitality)	8%	10%
Beer consumption off-trade (retail)	92%	90%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	2.61	4.10
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	1.07	1.50

Source: National Associations.

5. TRENDS AND DEVELOPMENTS

There has been a steady shift from consumption in the on-trade to consumption in the off-trade and a moderate decline in overall beer consumption, though that trend has reversed from 2013 to 2014. The structure of the market has also changed with a rise share of consumption accounted for by:

- craft beers, particularly wheat beers;
- imported beers;
- flavoured beers, with new Radler-type products launched in 2013; and
- non-alcoholic beers.

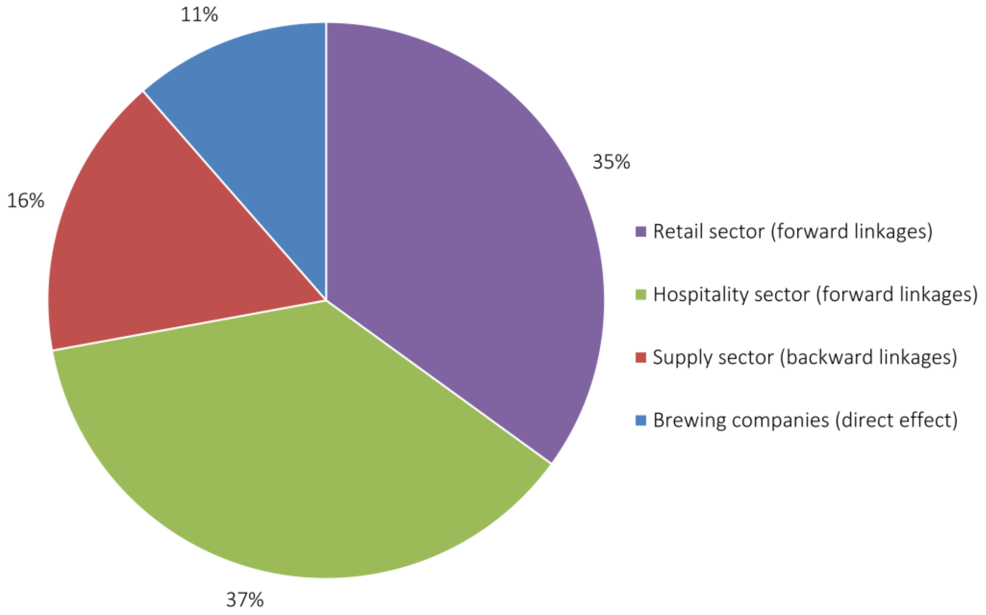
There has also been a shift in packaging, with cans displacing glass as the most popular type.

Firms are responding by innovating with new products in the beer mix, wheat beer and non-alcoholic segments and an increased offering of imported beers. This has included the launch of new brands to promote craft beer.

6. EMPLOYMENT GENERATED BY THE BEER SECTOR

The contribution to employment in 2014 was over 20.000 jobs, a sharp increase from around 13.000 in 2013 which reflects the rise in the size and value of the market. The largest share of employment is in the on-trade, but less than in some other European countries, reflecting the very low share of on-trade consumption in total consumption.

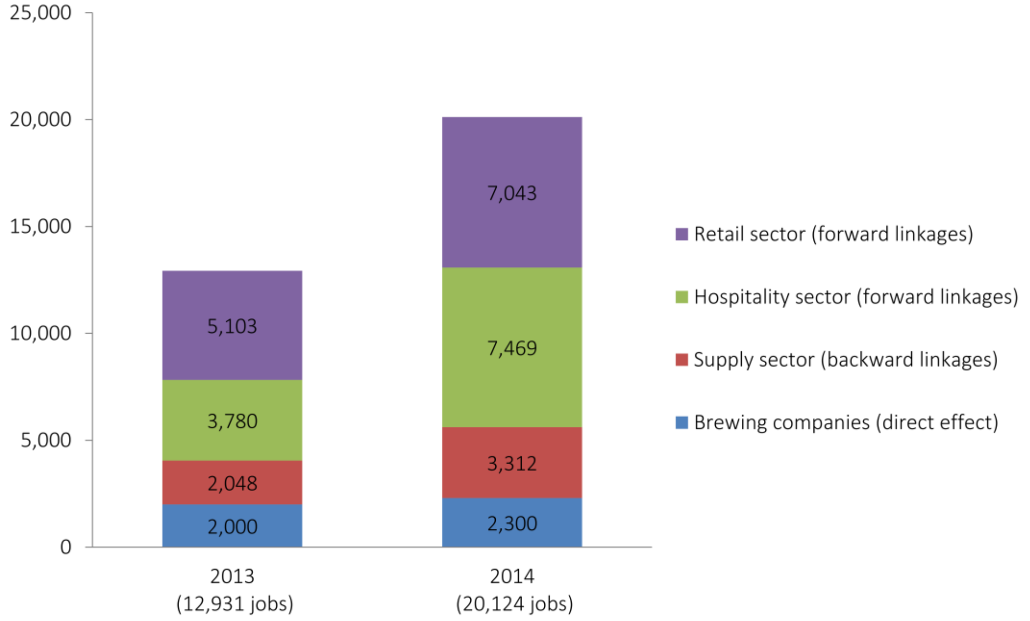
Figure 2: Total employment because of beer in 2014: 20,124 jobs



Source: Calculations - different sources.

Employment increased in all sectors, reflecting the overall growth in the sector, with the largest increase in the hospitality sector, reflecting the rise in on-trade consumption

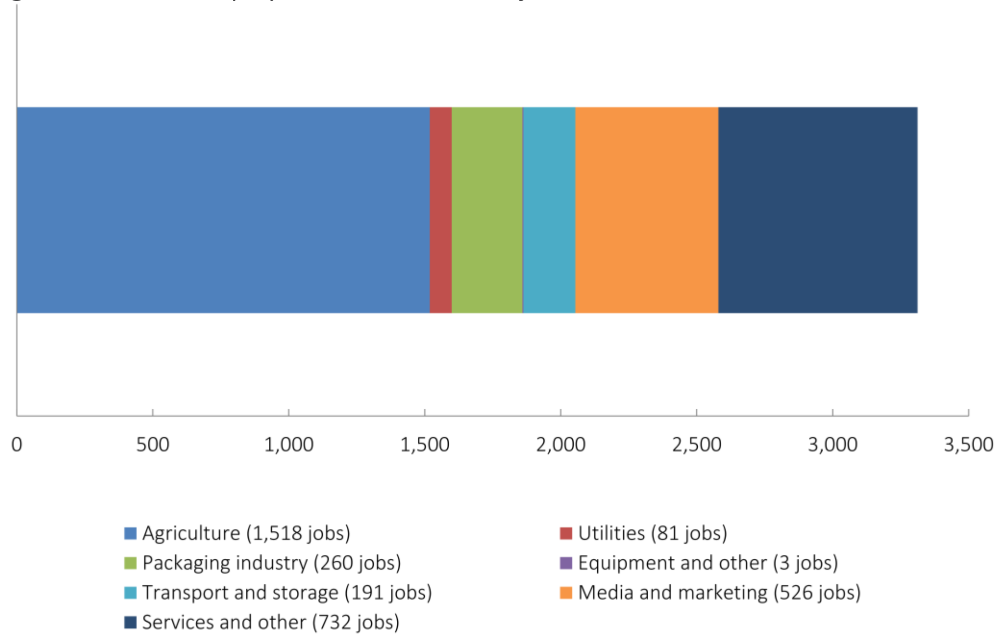
Figure 3: Change in employment (2013-2014): 55.6 %



Source: Calculations - different sources.

Employment in the supply sectors is greatest in agriculture, reflecting the labour intensity of the sector.

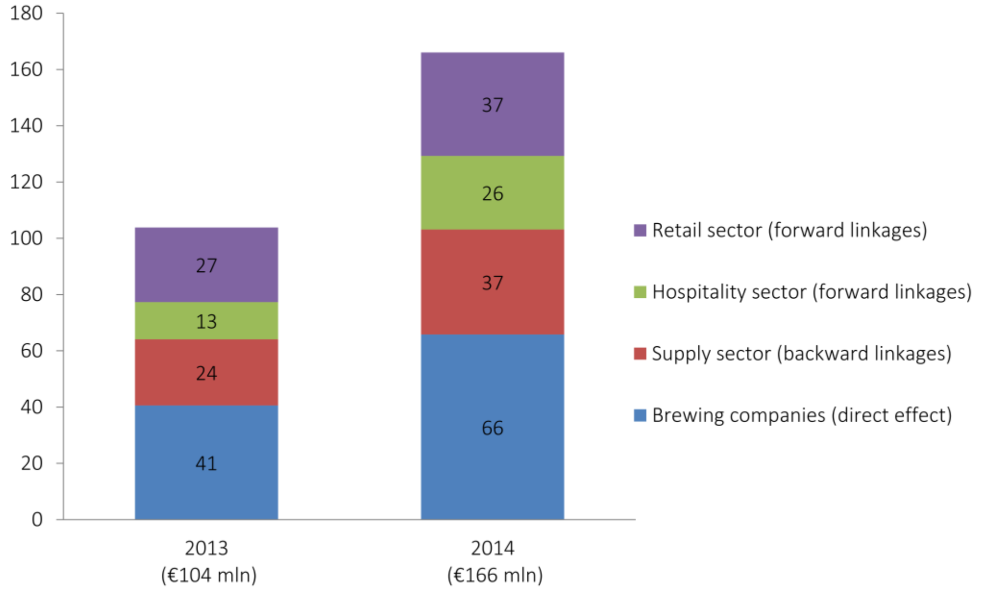
Figure 4: Indirect employment in 2014: 3,312 jobs



Source: Calculations - different sources.

7. VALUE ADDED GENERATED BY THE BEER SECTOR

Figure 5: Change in value added (2013-2014): 59.9 %

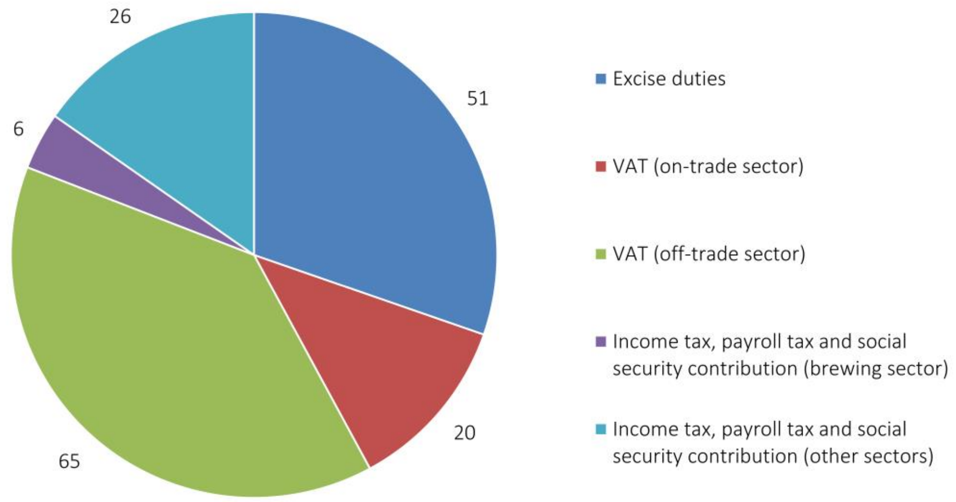


Source: Calculations - different sources.

The total beer-related contribution to value added has increased substantially from 2013 to 2014. The sectoral pattern is similar to that of employment, with increases in all sectors.

8. GOVERNMENT REVENUES RELATED TO BEER

Figure 6: Government revenues generated by beer in 2014: 168 million Euro



Source: Calculations - different sources.

Government revenues related to beer are around €170 million. The largest shares in government total revenues are represented by VAT in the off-trade and excise duties. Revenues increased across the board, particularly VAT revenues in the off-trade, which nearly doubled.

Table 4: Government revenues (2013-2014)

	2013	2014	% Change
Excise duties (million Euro)	42	51	22.2 %
VAT (on-trade) (million Euro)	10	20	98.1 %
VAT (off-trade) (million Euro)	47	65	38.3 %
Income tax, payroll tax and social security revenues (brewing companies) (million Euro)	6	6	9.2 %
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	16	26	59.5 %
Total government revenues (million Euro)	121	168	39.1 %

Source: Calculations - different sources.

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