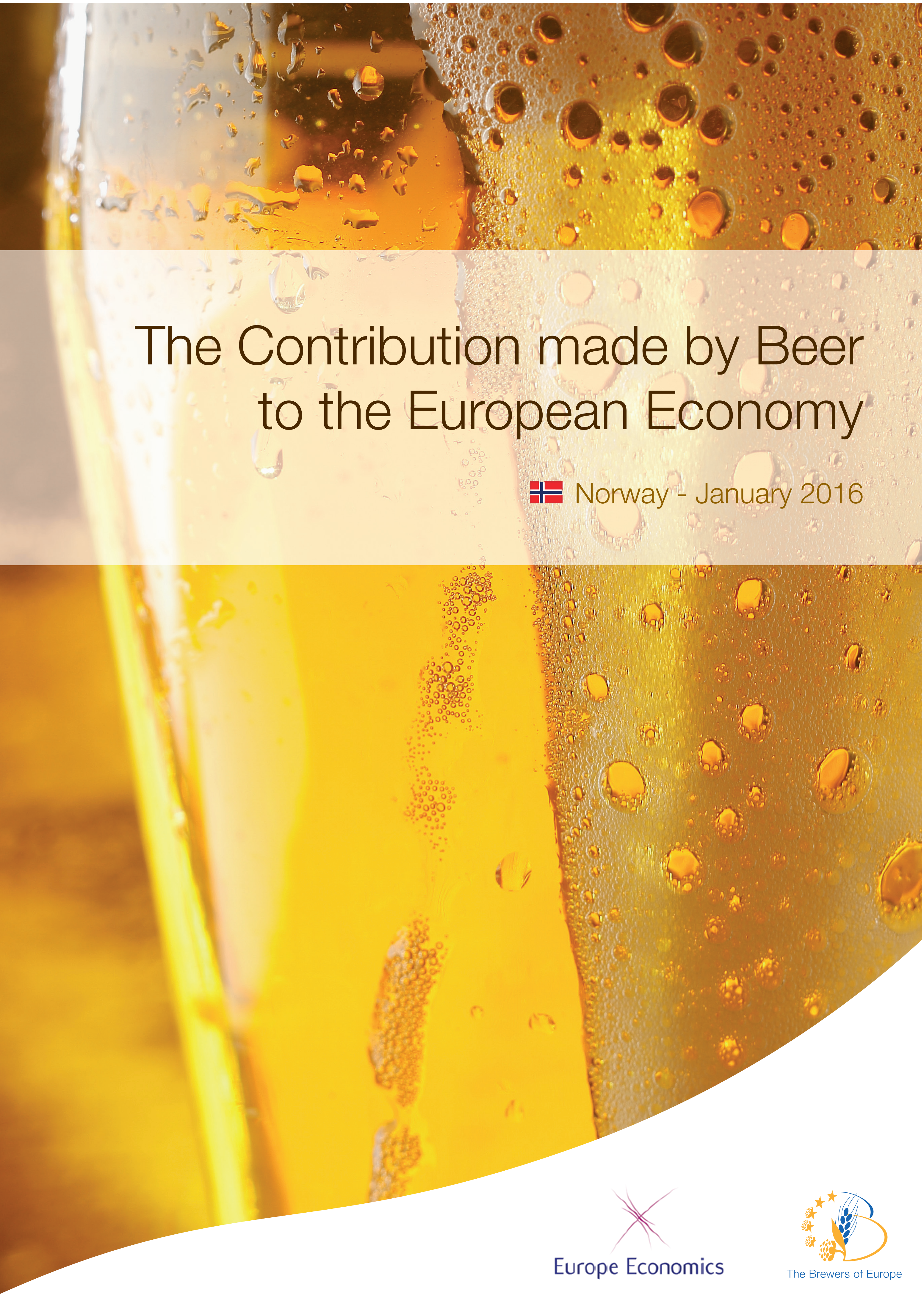


# The Contribution made by Beer to the European Economy

Norway - January 2016

Europe Economics

The Brewers of Europe

# NORWAY

## 1. COUNTRY PROFILE

| | 2014 |
|---|---|
| Population | 5,109,056 |
| Currency | Krone |
| GDP per capita in PPS (2012, EU28 = 100) | 179 |

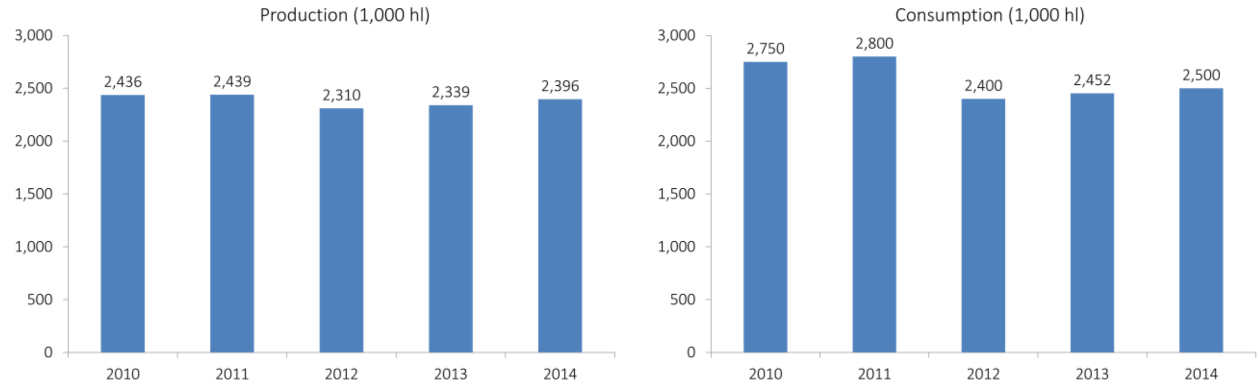
Source: Eurostat and National Statistical offices.

## 2. HIGHLIGHTS NORWAY

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

| | 2013 | 2014 | % Change |
|---|---|---|---|
| Total number of jobs | 14,595 | 11,685 | -19.9 % |
| Value-added (million Euro) | 746 | 596 | -20.1 % |
| Government revenues (million Euro) | 1,239 | 1,097 | -11.4 % |

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




Source: National associations. Import and export data not available.

# 3. BREWING SECTOR

Total production in Norway is reasonably stable, with a slight increase from 2013 to 2014. The sector is increasingly diverse though, with a substantial rise in the number of brewing companies and breweries. The rise in the number of breweries is driven by a rise in the number of microbreweries and reflects the increasing popularity of craft and other specialty beers.

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

| | 2013 | 2014 |
|---|---|---|
| Total production (in hectolitres) | 2,339,000 | 2,396,000 |
| Brewing companies | 50 | 73 |
| Breweries (including microbreweries) | 54 | 77 |
| Microbreweries | 44 | 65 |

Source: National Associations.

# 4. BEER MARKET

Overall consumption has risen in 2013 and 2014, unlike in many other European countries where it has fallen. Prices have also fallen in both the on-trade and off-trade, which might indicate that the craft beer segment's growth is not yet driving the overall price trend (specialty beers tend to increase the value for a given volume). Like many other European countries, however, Norway has seen a decline in the on-trade relative to the off-trade.

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

| | 2013 | 2014 |
|---|---|---|
| Total consumption in hectolitres | 2,452,000 | 2,500,000 |
| Total consumer spending (in million Euro) | 2,278 | 1,821 |
| Consumption of beer per capita (in litres) | 49 | 47 |
| Beer consumption on-trade (hospitality) | 24% | 21% |
| Beer consumption off-trade (retail) | 76% | 79% |
| Average consumer price in on-trade (1 litre, including taxes) (in Euro) | 17.33 | 15.39 |
| Average consumer price in off-trade (1 litre, including taxes) (in Euro) | 6.75 | 5.13 |

Source: National Associations.

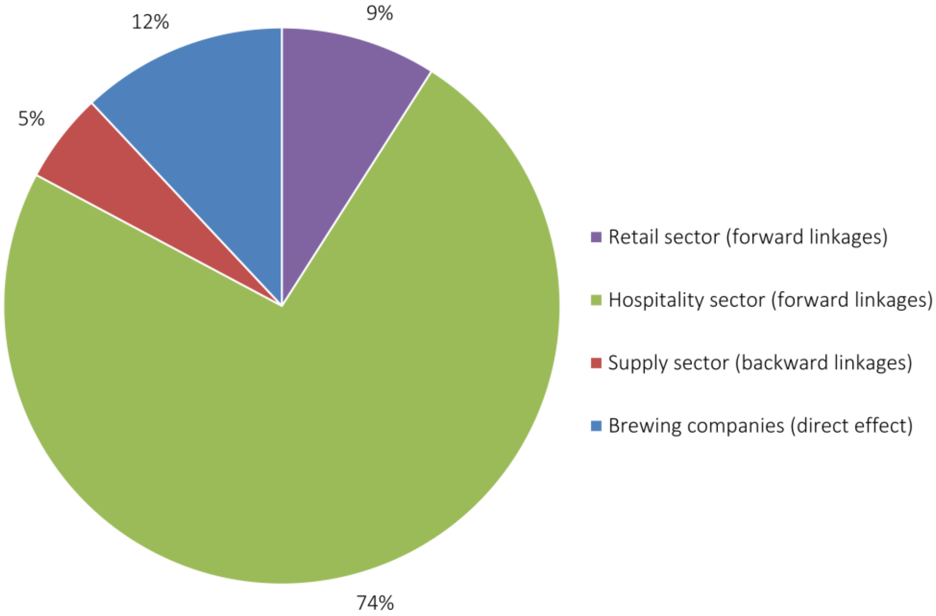
# 5. TRENDS AND DEVELOPMENTS

Breweries have noted the steady longer-term shift from consumption in the on-trade to consumption in the off-trade. There was previously a decline in overall beer consumption, but there was a moderate increase from 2013 to 2014, as shown above. The beer market in general is felt to be supported by the growth in the craft beer segment (as opposed to a concentration on pilsner) and, for the first time since 1992, beer is gaining at the expense of stronger drinks (wine and spirits). There are also trends in packaging, with glass bottles in decline and cans increasing their market share. Firms are contributing to that trend by launching new products, including new segments.

# 6. EMPLOYMENT GENERATED BY THE BEER SECTOR

The most important beer-related contribution to employment in Norway is in the hospitality sector. This sector is even more important, at 74 per cent of the total contribution to employment, than it is in the EU. The direct effect in breweries is the next most important sector, perhaps reflecting that the supply sectors are less important, as Norwegian brewers are more likely to import supplies than brewers are in some large EU Member States (e.g. Germany).

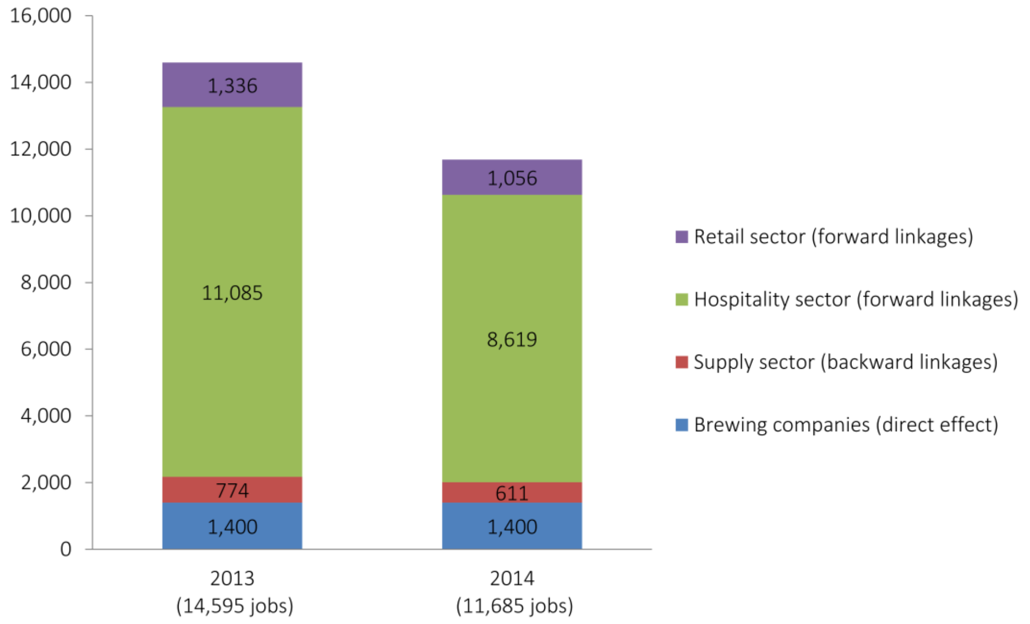
Figure 2: Total employment because of beer in 2014: 11,685 jobs




Source: Calculations - different sources.

There has been a substantial decline in employment in the hospitality sector, reflecting a decline in the size and value of that sector (with little change in its productivity). Employment has also declined in the retail sector. Given the stability in size of that sector, reflecting less retail activity for a given volume of consumption, this would fit with a falling value as the price has declined along with a rise in production.

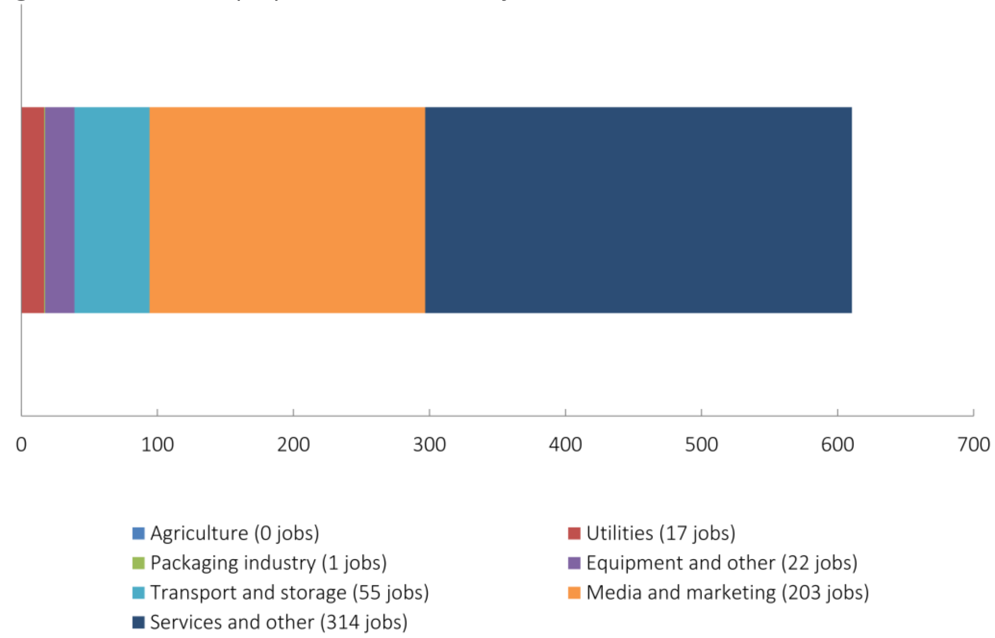
Figure 3: Change in employment (2013-2014): -19.9 %




Source: Calculations - different sources.

The most important supply sectors are media and marketing and other services, reflecting the relatively high share of domestic production in these sectors. Agricultural products and packaging on the other hand, which are important supply sectors in other countries, are almost entirely sourced outside Norway.

Figure 4: Indirect employment in 2014: 611 jobs

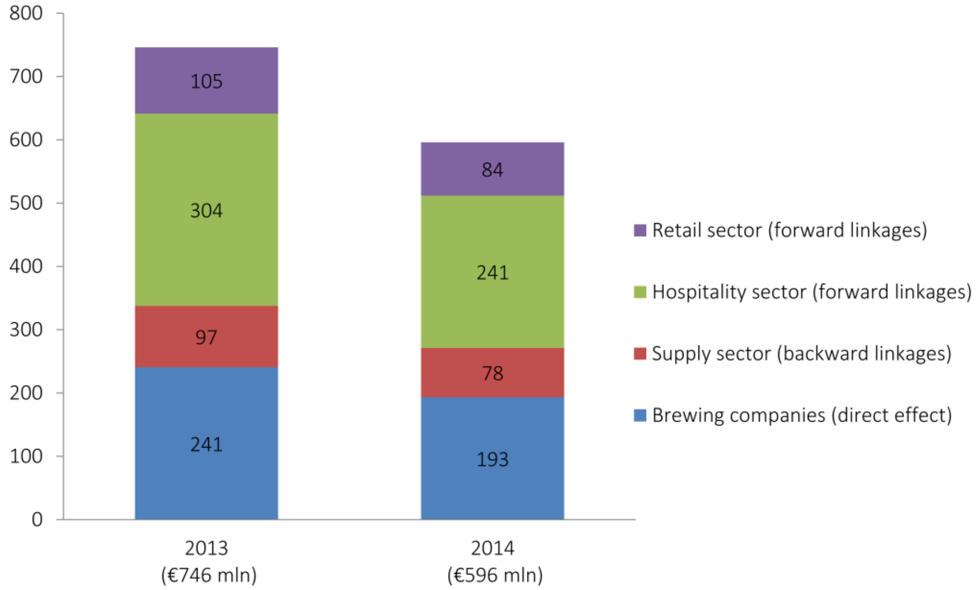



Source: Calculations - different sources.

# 7. VALUE ADDED GENERATED BY THE BEER SECTOR

The pattern for the change in value added reflects that for employment. The decline in the hospitality sector again reflects the value a fall in consumption and the decline in the retail sector could reflect both a falling value of trade and fewer associated services.

Figure 5: Change in value added (2013-2014): -20.1 %




Source: Calculations - different sources.

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