The Contribution made by Beer to the European Economy

Slovakia - January 2016

Europe Economics

The Brewers of Europe

SLOVAKIA

1. COUNTRY PROFILE

	2014
Population	5,415,963
Currency	Euro
GDP per capita in PPS (2012, EU28 = 100)	76

Source: Eurostat and National Statistical offices.

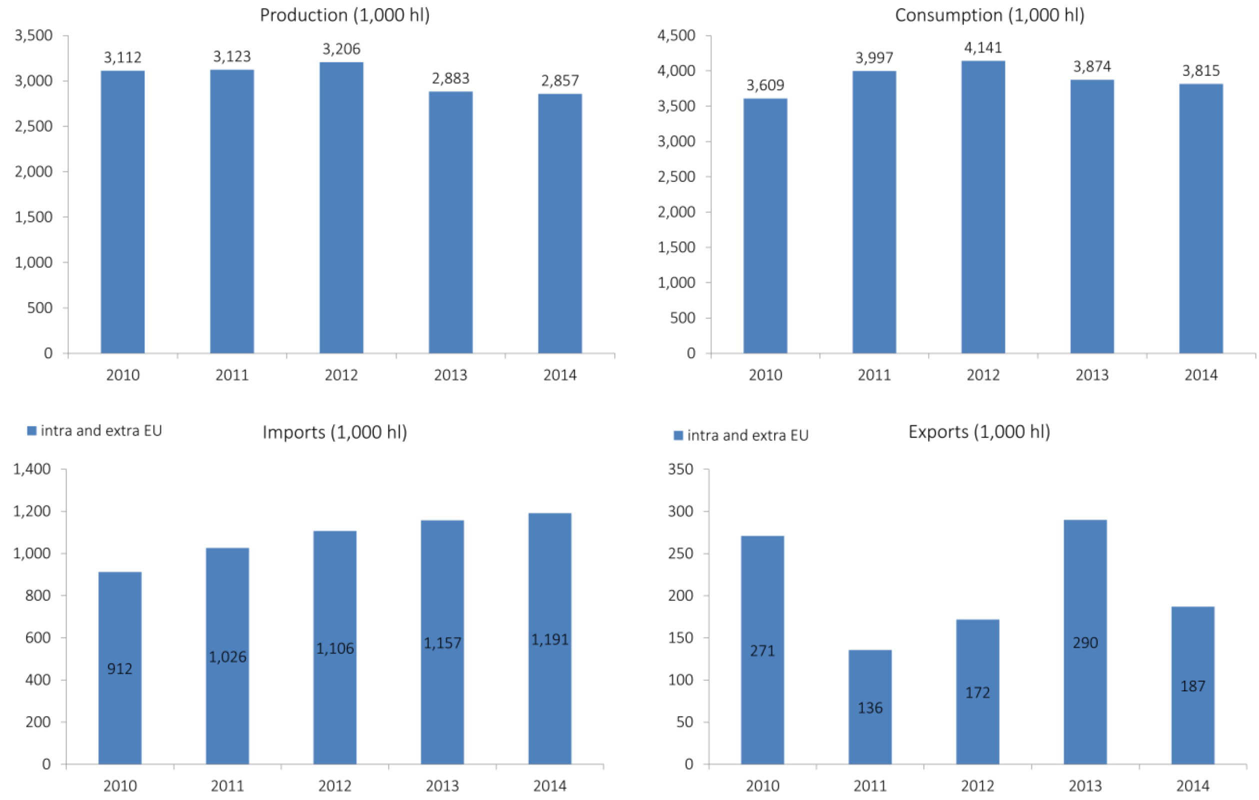
2. HIGHLIGHTS SLOVAKIA

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

	2013	2014	% Change
Total number of jobs	17,543	16,853	-3.9 %
Value-added (million Euro)	219	212	-3.1 %
Government revenues (million Euro)	166	164	-1.5 %

Source: Calculations - different sources.

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



Source: National associations.

3. BREWING SECTOR

Production in Slovakia has fallen slightly, but the number of brewing companies and breweries has increased, reflecting an increase in the number of microbreweries.

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

	2013	2014
Total production (in hectolitres)	2,883,000	2,857,000
Brewing companies	38	44
Breweries (including microbreweries)	38	44
Microbreweries	33	39

Source: National Associations.

4. BEER MARKET

Total consumption has declined somewhat and prices have been stable, resulting in a decline in the overall value of the market. Consumption in the on-trade has declined substantially, with a larger-than-normal shift to the off-trade, which already accounted for the higher proportion of consumption.

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

	2013	2014
Total consumption in hectolitres	3,874,000	3,815,000
Total consumer spending (in million Euro)	415	408
Consumption of beer per capita (in litres)	72	70
Beer consumption on-trade (hospitality)	40%	34%
Beer consumption off-trade (retail)	60%	66%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	1.1	1.1
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	1.06	1.06

Source: National Associations.

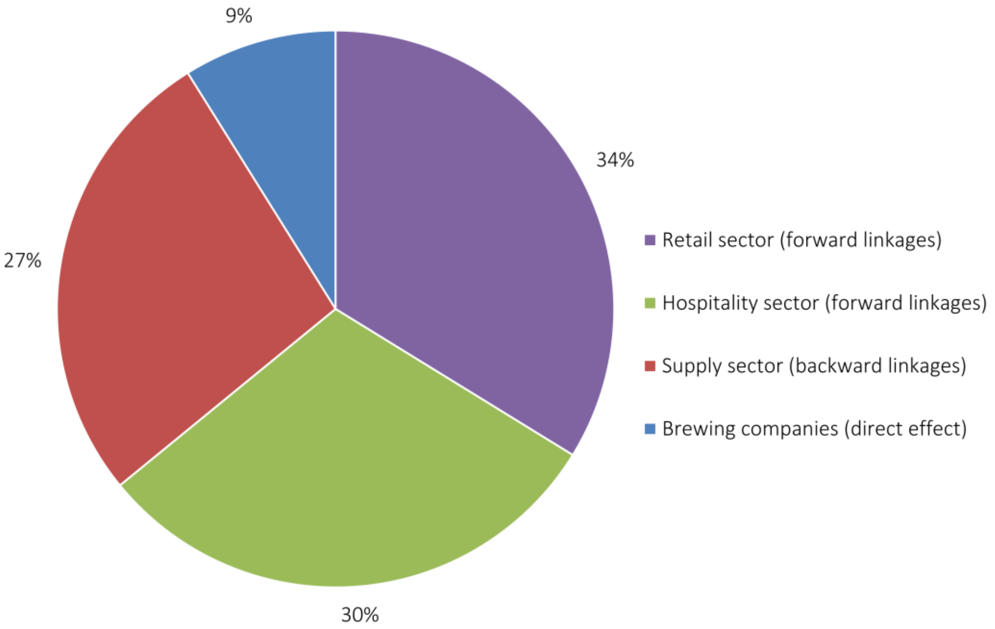
5. TRENDS AND DEVELOPMENTS

There has been a steady shift from consumption in the on-trade to consumption in the off-trade and a decline in overall beer consumption in line with wider European trends. There have also been changes in the structure of consumption within that market, with an increase in consumption of non-alcoholic beer and beer mixes (e.g. Radler). Firms have responded by developing new products to satisfy that demand and also branching out into another category, cider.

6. EMPLOYMENT GENERATED BY THE BEER SECTOR

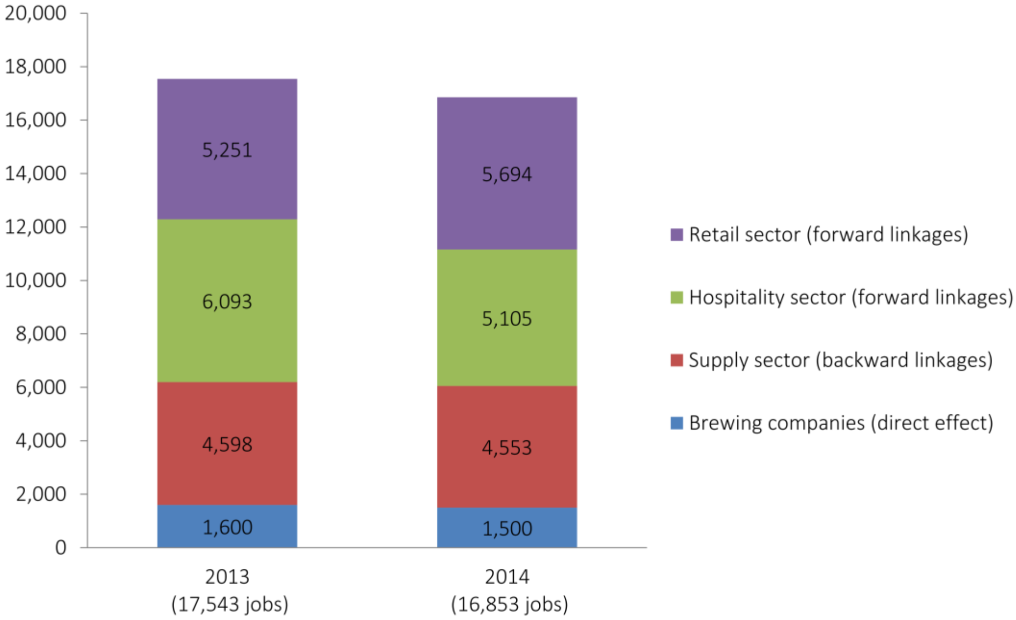
The largest and growing contribution to employment occurred in the retail sector, reflecting the large and growing share of consumption which occurs in the off-trade. There was a corresponding decline in the on-trade share and otherwise the contributions to employment remained broadly stable.

Figure 2: Total employment because of beer in 2014: 16,853 jobs



Source: Calculations - different sources.

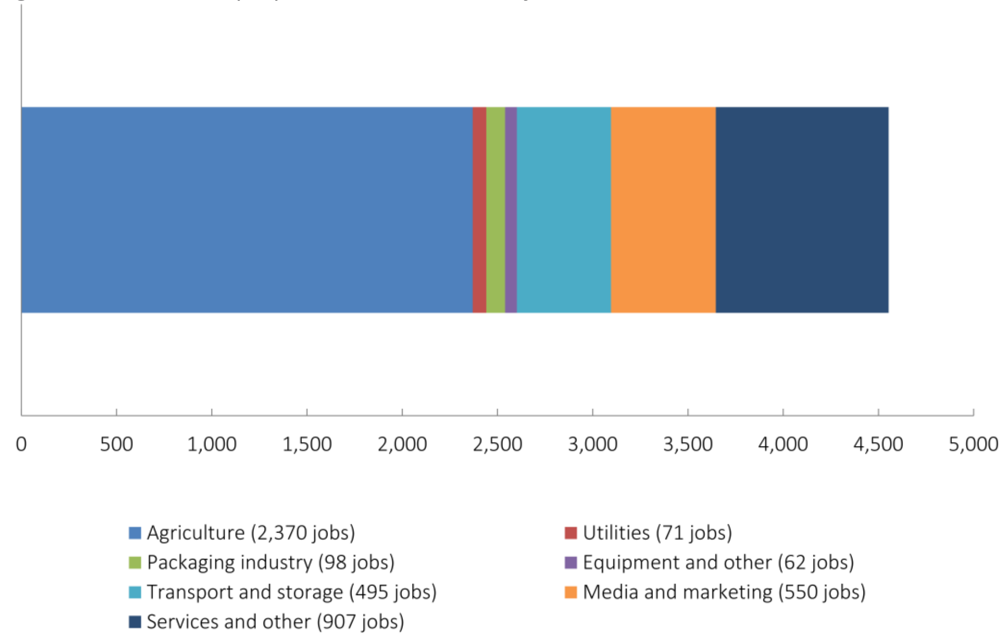
Figure 3: Change in employment (2013-2014): -3.9 %



Source: Calculations - different sources.

The largest contribution to employment in the supply sector, by some margin, was agriculture. This reflects the labour-intensity of agricultural production and is despite around a third of agricultural purchases being imported. There was also a substantial contribution to employment in other services.

Figure 4: Indirect employment in 2014: 4,553 jobs

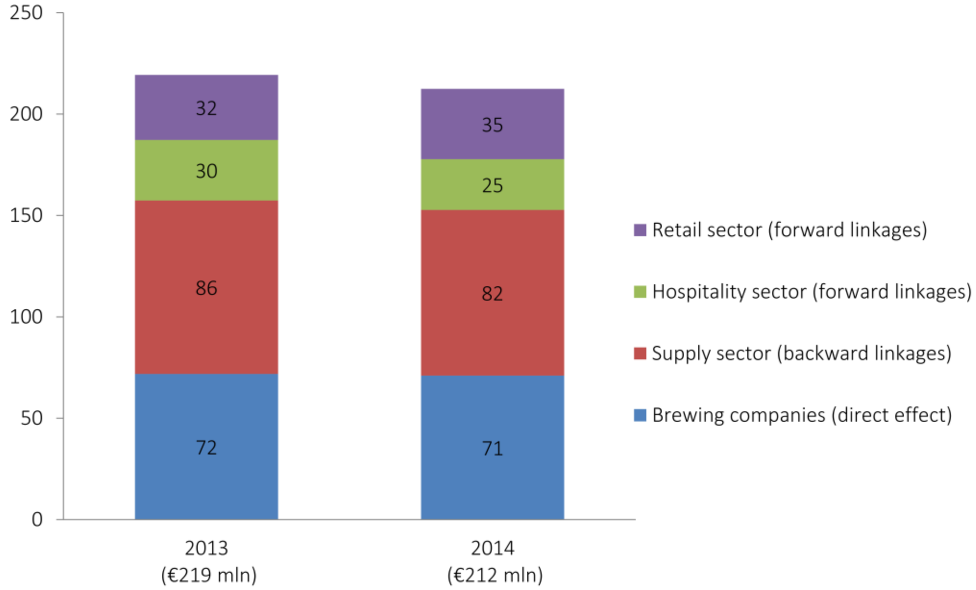


Source: Calculations - different sources.

7. VALUE ADDED GENERATED BY THE BEER SECTOR

Value added in the sector is particularly concentrated in the supply sector which, given the sector is responsible for a considerably smaller share of the overall contribution to employment, implies that apparent labour productivity is much higher than in other sectors. The hospitality sector is a small share of the value added contribution, reflecting the low share of on-trade consumption and relatively low value added in on-duty sales.

Figure 5: Change in value added (2013-2014): -3.1 %

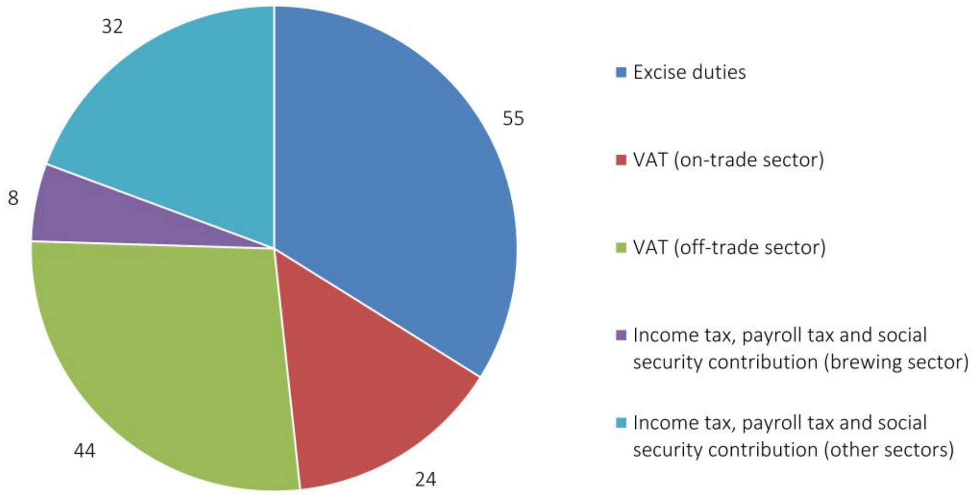


Source: Calculations - different sources.

8. GOVERNMENT REVENUES RELATED TO BEER

The largest contribution to government revenues results from excise duties on beer. VAT revenue in the off-trade is also substantial, reflecting its large share of total sales in Slovakia.

Figure 6: Government revenues generated by beer in 2014: 164 million Euro



Source: Calculations - different sources.

Table 4: Government revenues (2013-2014)

	2013	2014	% Change
Excise duties (million Euro)	56	55	-0.5 %
VAT (on-trade) (million Euro)	28	24	-16.3 %
VAT (off-trade) (million Euro)	41	44	8.3 %
Income tax, payroll tax and social security revenues (brewing companies) (million Euro)	8	8	2.6 %
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	33	32	-3.7 %
Total government revenues (million Euro)	166	164	-1.5 %

Source: Calculations - different sources.

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