The Contribution made by Beer to the European Economy

Switzerland - January 2016

Europe Economics

The Brewers of Europe

SWITZERLAND

1. COUNTRY PROFILE

	2014
Population	8,237,666
Currency	Franc
GDP per capita in PPS (2012, EU28 = 100)	161

Source: Eurostat and National Statistical offices.

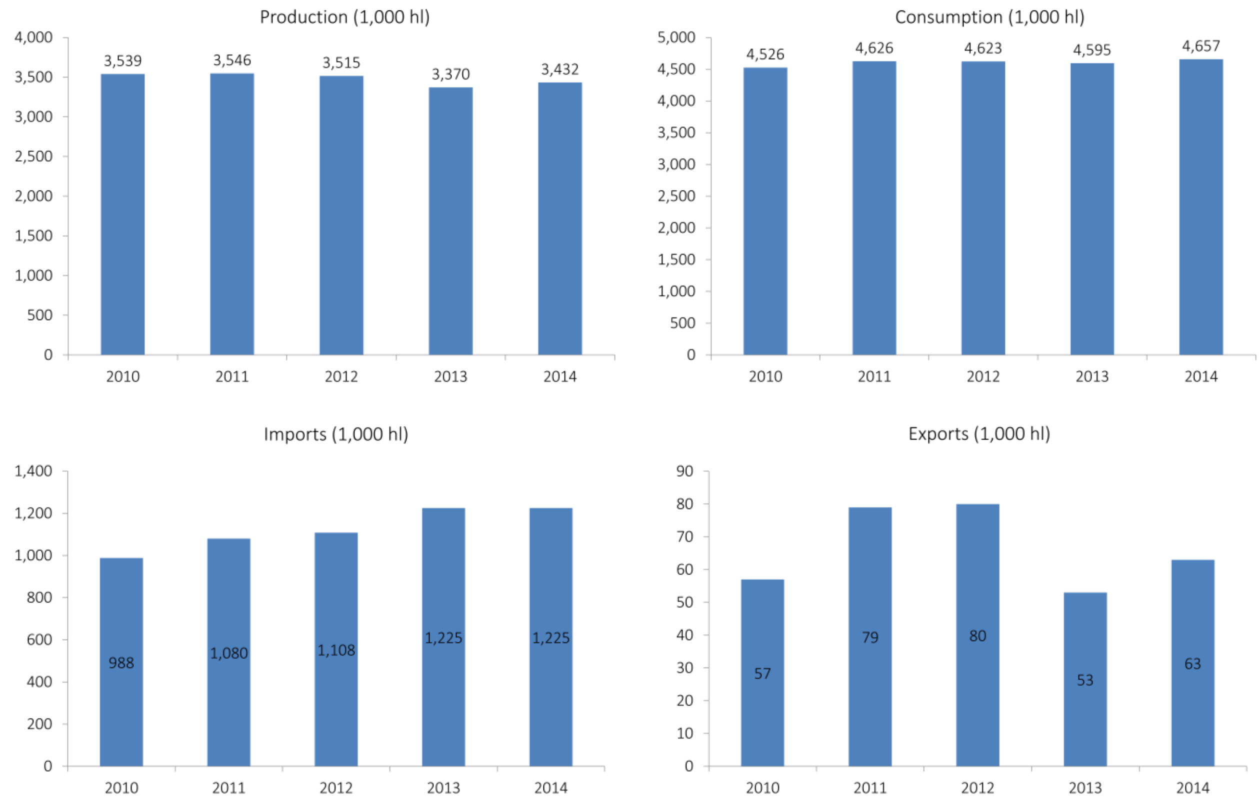
2. HIGHLIGHTS SWITZERLAND

Table 9: Economic impact of beer in Switzerland (2013-2014)

	2013	2014	% Change
Total number of jobs	47,899	47,977	0.2 %
Value-added (million Euro)	2,206	2,217	0.5 %
Government revenues (million Euro)	789	796	0.9 %

Source: Calculations - different sources.

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



Source: National associations.

3. BREWING SECTOR

Production has increased somewhat and the number of brewing companies and breweries has increased considerably, driven in particular by a rise in the number of microbreweries. This reflects a rise in the diversity of the sector driven by the increasing popularity of craft and other specialty beers.

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

	2013	2014
Total production (in hectolitres)	3,370,000	3,432,000
Brewing companies	407	483
Breweries (including microbreweries)	409	483
Microbreweries	363	440

Source: National Associations.

4. BEER MARKET

Consumption has also risen somewhat along with total consumer spending. Prices are broadly stable. There has been a slight shift from the on- to the off-trade, though moderate this year.

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

	2013	2014
Total consumption in hectolitres	4,595,000	4,657,000
Total consumer spending (in million Euro)	3,080	3,101
Consumption of beer per capita (in litres)	56	56
Beer consumption on-trade (hospitality)	47%	46%
Beer consumption off-trade (retail)	53%	54%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	10.70	10.80
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	3.16	3.15

Source: National Associations.

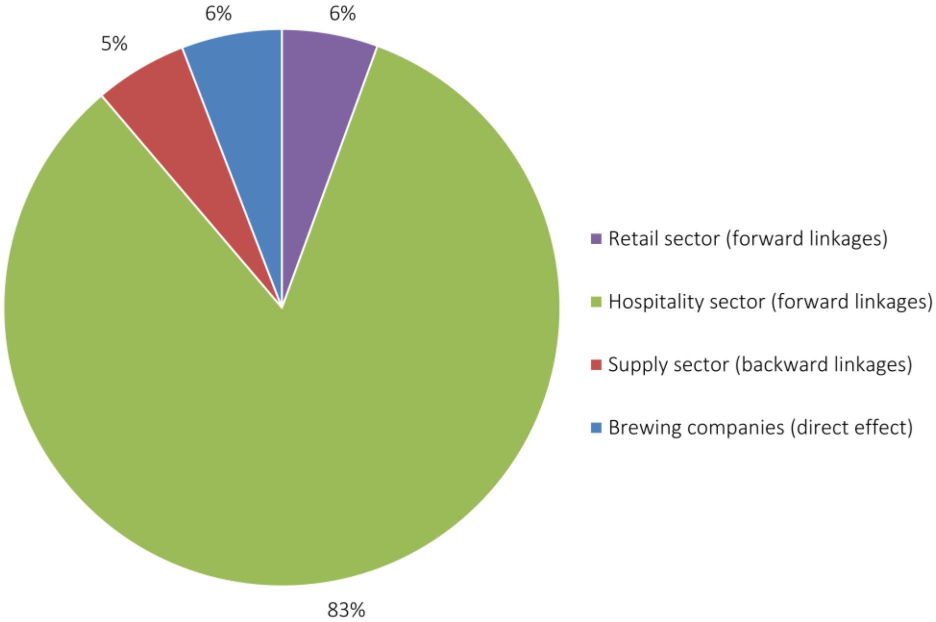
5. TRENDS AND DEVELOPMENTS

Consumption per capita is relatively stable over the longer term. There has also been little change in the shares accounted for by the on- and off-trades. Within that market, there has been an increase in the diversity of beers offered in many restaurants, in particular. In future the market may be weakened by new rules limiting night-time consumption, however. Firms have introduced new products to respond to consumer demand, for example with an increase in the number of microbreweries.

6. EMPLOYMENT GENERATED BY THE BEER SECTOR

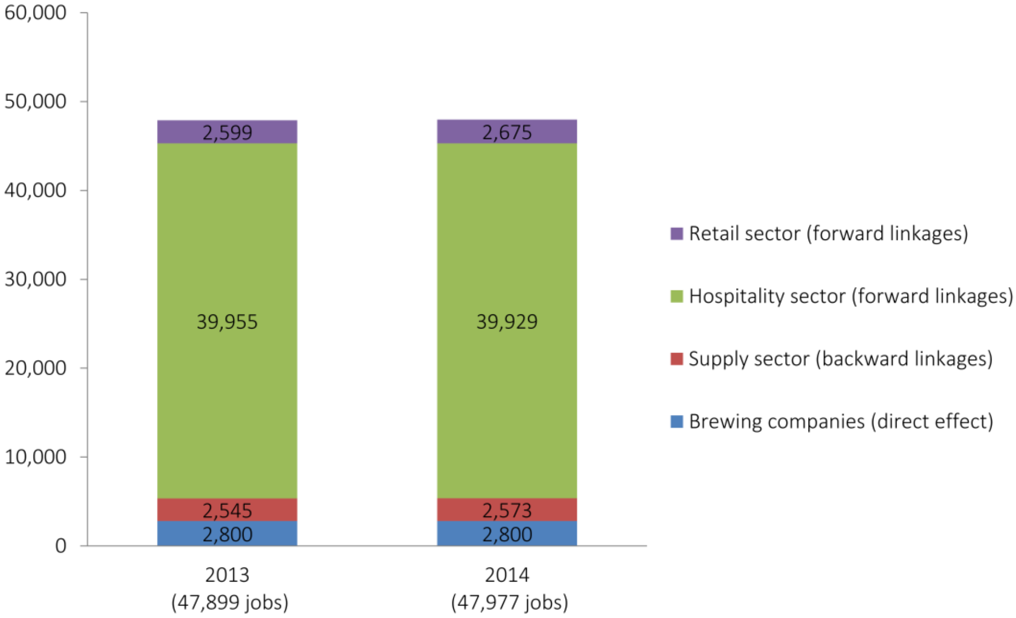
Employment is dominated by the on-trade, reflecting the labour-intensity of such activity and the relatively high share of total consumption accounted for by the on-trade. There has been little change between 2013 and 2014.

Figure 2: Total employment because of beer in 2014: 47,977 jobs



Source: Calculations - different sources.

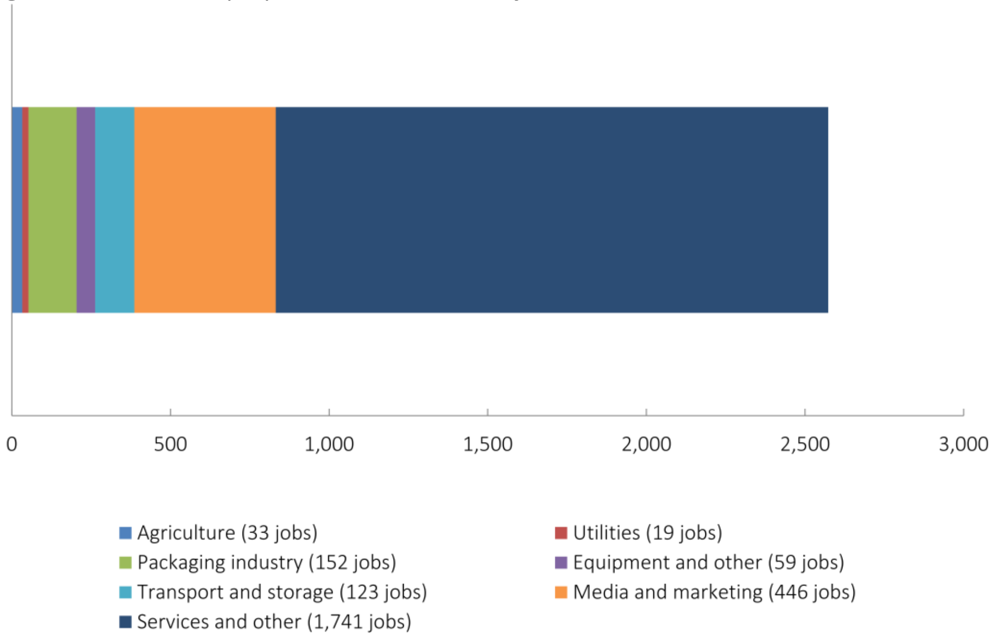
Figure 3: Change in employment (2013-2014): 0.2 %



Source: Calculations - different sources.

Employment in the supply sectors is concentred in other services. This reflects the high share of total supply purchases assigned to this sector by Swiss breweries and the import of supplies from the labour-intensive agriculture sector.

Figure 4: Indirect employment in 2014: 2,573 jobs

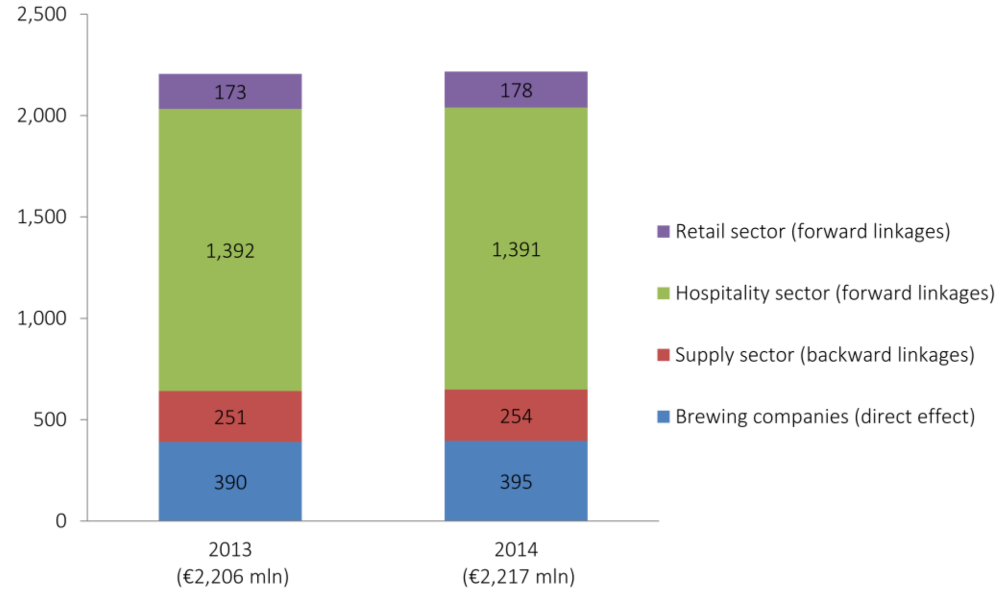


Source: Calculations - different sources.

7. VALUE ADDED GENERATED BY THE BEER SECTOR

Value added is also concentrated in the hospitality sector, reflecting the high on-trade share of total consumption. The patterns in value added and employment are more similar in Switzerland than in other economies, perhaps reflecting that value added in the brewery sector is more similar to the rest of the economy given generally high incomes.

Figure 5: Change in value added (2013-2014): 0.5 %

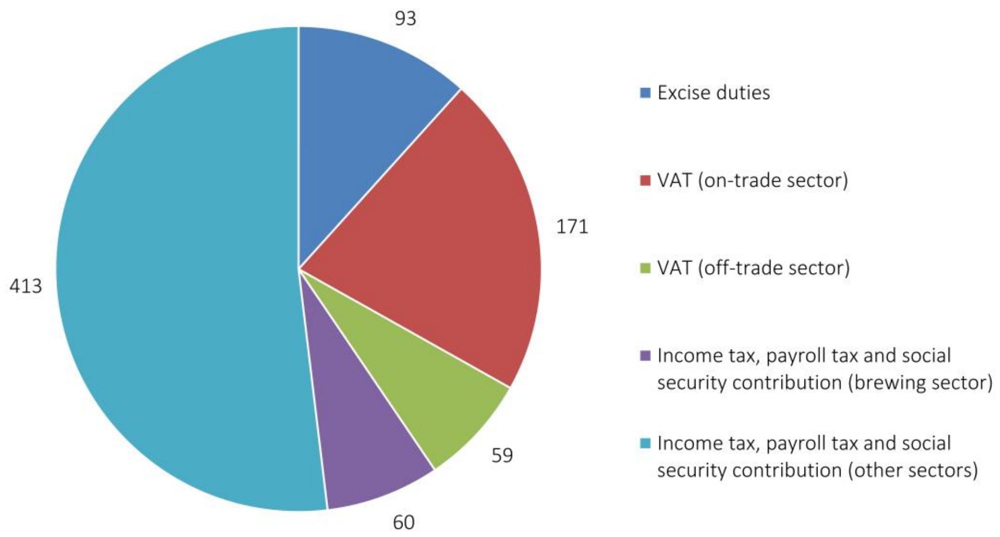


Source: Calculations - different sources.

8. GOVERNMENT REVENUES RELATED TO BEER

The largest beer-related contribution to revenue, by some margin, was from taxes on labour income outside the breweries sector itself.[2] This relates to the high value added in those other sectors, relative to other countries where productivity in other sectors is lower relative to the breweries sector. Taxes on labour income outside the breweries sector itself were also the fastest growing part of the contribution to revenue, which was stable as a whole.

Figure 6: Government revenues generated by beer in 2014: 796 million Euro



Source: Calculations - different sources.

Table 4: Government revenues (2013-2014)

	2013	2014	% Change
Excise duties (million Euro)	93	93	0 %
VAT (on-trade) (million Euro)	171	171	-0.1 %
VAT (off-trade) (million Euro)	57	59	2.9 %
Income tax, payroll tax and social security revenues (brewing companies) (million Euro)	56	60	7.3 %
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	412	413	0.4 %
Total government revenues (million Euro)	789	796	0.9 %

Source: Calculations - different sources.
Note: Data on excise duties not available for 2014, 2012 figures used.

[2] Note that the series for implicit tax rates on labour income were not available from Eurostat in the same series as used for other economies. We therefore used estimates reported in OECD research: Carey, David & Tchinlinguirian, Harry "Average Effective Tax Rates on Capital, Labour and Consumption", pg. 31, 2 October 2000. These rates should only be taken as indicative, as they refer to the period 1991-97, but checks on other economies suggest that differences are likely to be modest in the context of the overall results.

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