The Contribution made by Beer to the European Economy

Bulgaria - March 2020

Europe Economics

The Brewers of Europe

Bulgaria

1 | Country profile

Table 1: Country profile

	2018
Population	7,050,034
Currency	Lev
GDP per capita in PPS (2012, EU28 = 100)	51

Source: Eurostat and National Statistical offices.

2 | Highlights Bulgaria

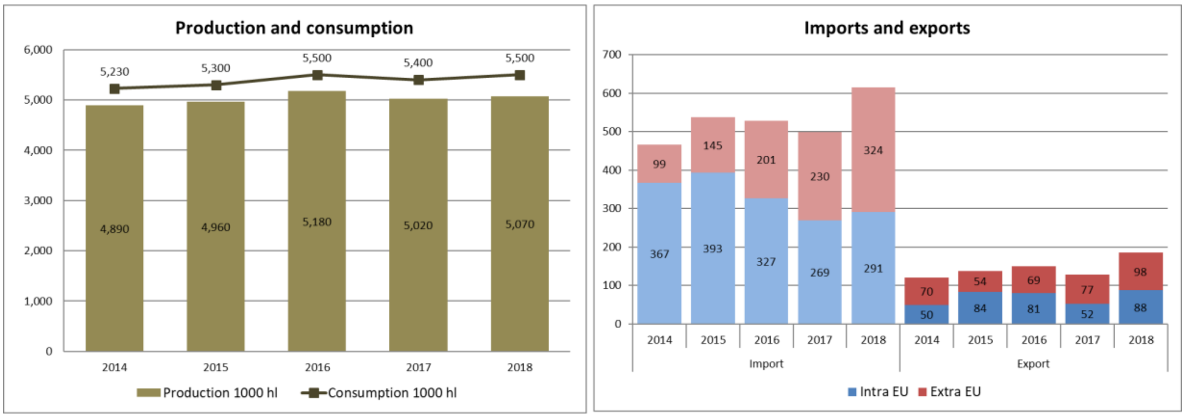
Table 2: Economic impact summary (and % change over the period)

		2015	2016	2017	2018
Total number of jobs	[15.2%]	30,816	34,225	33,069	35,512
Value-added (mEuro)	[25.4%]	180	216	215	225
Government revenues (mEuro)	[9.6%]	153	160	159	168

Source: Calculations - different sources.

Bulgarian production of beer rose above 5m hectolitres in 2016 for the first time since 2008. Domestic consumption continues to exceed production, which means that consumers rely on imports to quench their thirst. As of 2018, the 60 million litres of imports were evenly split between those from the EU and those from the rest of the world.

Figure 1: Evolution of main indicators (2014-2018)



Source: National associations.

3 | A snapshot of the brewing sector

A rise in the number of active breweries has contributed to the steady increase in total production in Bulgaria. Bulgaria has experienced promising growth in its nascent microbrewery sector. In 2015 in Bulgaria there were 6 microbreweries; in 2018 the figure had increased to 16 microbreweries.

Table 3: Basic characteristics of the beer sector (2015-2018)

	2015	2016	2017	2018
Total production (in hectolitres)	4,960,000	5,180,000	5,020,000	5,070,000
Brewing companies	16	16	24	27
Breweries (including microbreweries)	18	17	25	29
Microbreweries	6	7	13	16

Source: National Associations.

4 | Looking at the beer market

Total consumption has increased significantly along with consumer spending (as prices have risen, as well). Beer consumed after being bought from shops and supermarkets in the retail sector maintains its four-fifths share of the total beer market. This means that much of the 5.5 million hectolitres consumed in 2018 was enjoyed at home. In comparison with other European countries, Bulgaria has one of the lowest average prices in both the hospitality and retail sectors: €1.97 and €0.78 per litres respectively.

Table 4: Basic characteristics of the beer market (2015-2018)

	2015	2016	2017	2018
Total consumption in hectolitres	5,300,000	5,500,000	5,400,000	5,500,000
Total consumer spending (in million Euro)	514	529	523	560
Consumption of beer per capita (in litres)	74	76	74	75
Beer consumption hospitality	22%	20%	20%	20%
Beer consumption retail	78%	80%	80%	80%
Consumer price hospitality (€ / litre)*	1.69	1.77	1.80	1.97
Consumer price retail (€ / litre)*	0.77	0.76	0.76	0.78

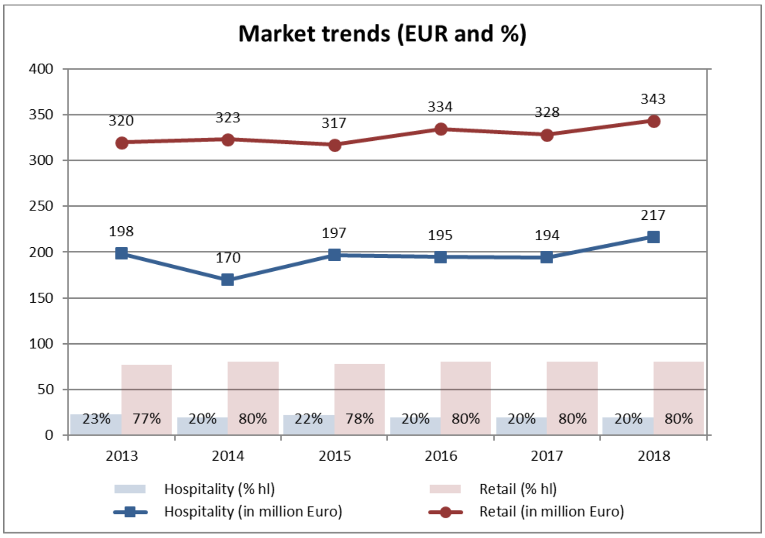
Note: * Prices are averages inclusive of taxes and duties.

Source: National Associations.

5 Trends and developments

Over the period 2015-2018, the Union of Brewers in Bulgaria (UBB) reported that there was strong media interest in the beer sector and in the craft beer scene. Big cities across the country witnessed the opening of new beer shops with highly diverse ranges of beer styles and brands. This provided consumers with more beer variety than in previous years. Bulgaria has also experienced the trend towards a health-focused consumer, and its brewers have been happy to serve. There is an increasing interest in the non-alcoholic and low-alcohol ranges as a result of the new trend for healthy lifestyle.

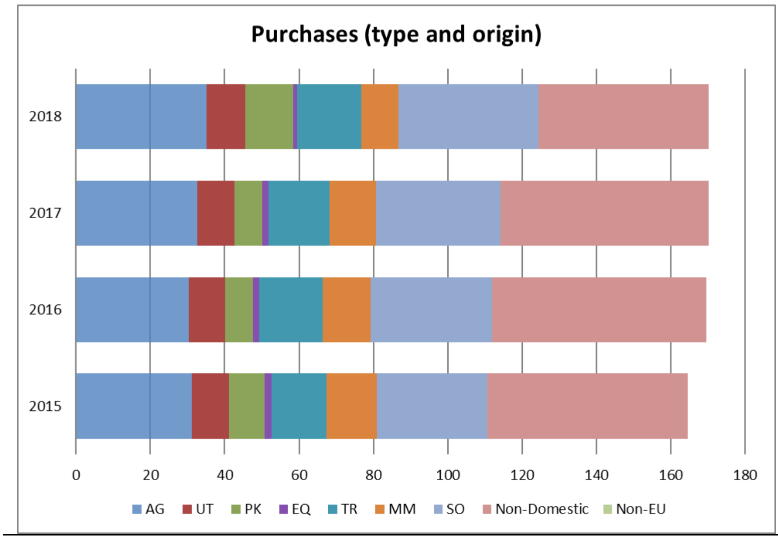
Figure 2: Recent consumption trends (2013-2018)



Source: National Associations.

Bulgarian brewers purchase inputs from a range of sectors and in 2016 they shifted to sourcing a greater proportion of inputs from within the country (the corresponding value of non-domestic purchases fell).

Figure 3: Importance up the chain



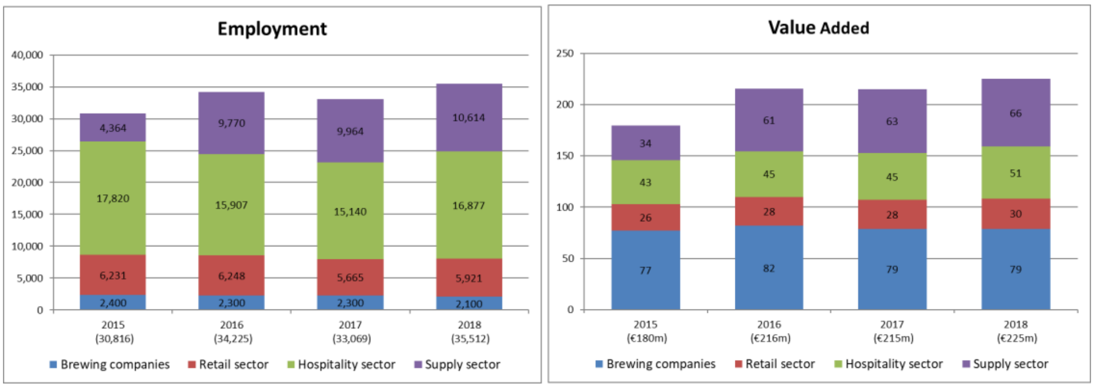
Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

6 | The impacts beyond the sector: related jobs and value added

Employment is more evenly-split between brewing companies, the retail and hospitality sectors, and the upstream suppliers than in the average European country.

The pattern in value added follows that of other European countries with a significant proportion of the total €200m owing to the breweries themselves.

Figure 4: Change in employment and value added (2015-2018).



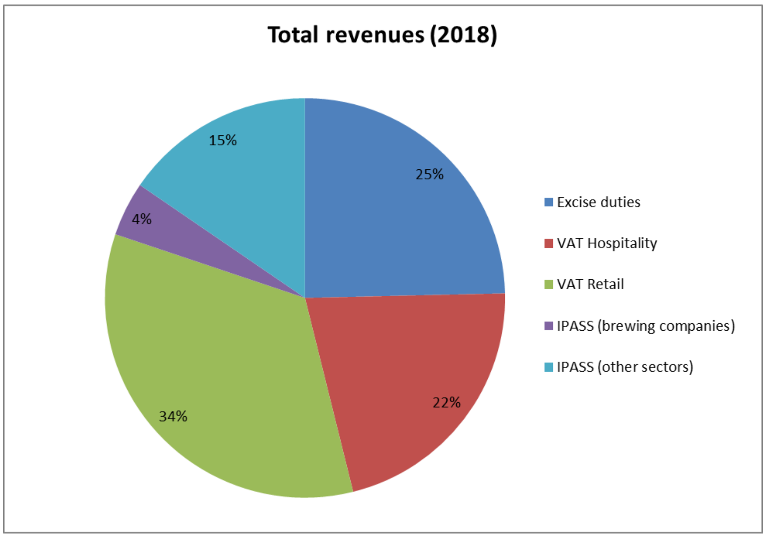
Note: The figures in the employment chart are to be considered as estimates.
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

The employment in the supply sector can be broken down using the estimates from the responses to the survey to brewers. These imply a job breakdown of: 7,644 jobs in agriculture, 331 jobs in packaging, 557 jobs in transport, 593 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 | Government revenues related to beer

Government revenues have risen slowly from €153m in 2015 to €166m by 2018. Over a third of these revenues were collected from the sale of beer in the retail sector, whilst a quarter were received from the payment of excise duties.

Figure 5: Government revenues generated by beer in 2018



Source: Calculations based on data from Eurostat, and the National Associations.

During the whole period of consultations re the Excise Structure Directive 92/83/EU the UBB has enthusiastically supported the provisions to ensure the growth of small brewers, including the decreased excise duty taxation rates.

Table 5: Government revenues, mEuro (2015-2018)

	2015	2016	2017	2018
Excise duties	40	42	41	41
VAT Hospitality	33	32	32	36
VAT Retail	53	56	55	57
IPASS (brewing companies)	7	7	7	7
IPASS (other sectors)	21	23	24	26
Total government revenues	**153**	**160**	**159**	**168**

Source: Calculations - different sources.

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