

The Contribution made by Beer to the European Economy

 Denmark - May 2020

Denmark

1 | Country profile

Table 1: Country profile

| | 2018 |
|--|-----------|
| Population | 5,781,190 |
| Currency | Krone |
| GDP per capita in PPS (2012, EU28 = 100) | 128 |

Source: Eurostat and National Statistical offices.

2 | Highlights Denmark

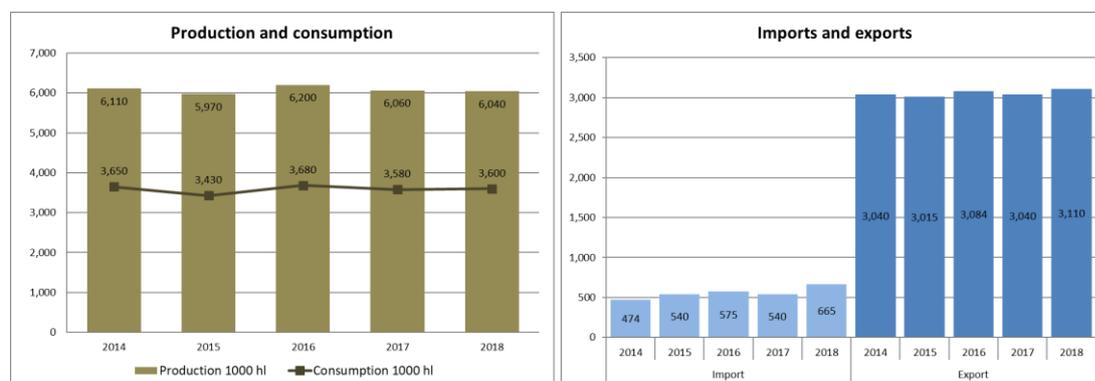
Table 2: Economic impact summary (and % change over the period)

| | | 2015 | 2016 | 2017 | 2018 |
|-----------------------------|---------|--------|--------|--------|--------|
| Total number of jobs | [75.1%] | 15,570 | 26,112 | 27,166 | 27,260 |
| Value-added (mEuro) | [11.6%] | 728 | 820 | 833 | 812 |
| Government revenues (mEuro) | [8.2%] | 577 | 632 | 639 | 624 |

Source: Calculations - different sources.

Danish production of beer, stable throughout the period, far exceeds domestic consumption, leading to significant export volumes.

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



Source: National associations.

3 | A snapshot of the brewing sector

The increased number of breweries over the period helped total production reach and exceed 600 million litres by 2016. Microbreweries contributed to this success, with 43 additional microbrewers entering the scene between 2015 and 2018.

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

| | 2015 | 2016 | 2017 | 2018 |
|--------------------------------------|-----------|-----------|-----------|-----------|
| Total production (in hectolitres) | 5,970,000 | 6,200,000 | 6,060,000 | 6,040,000 |
| Brewing companies | 142 | 150 | 167 | 185 |
| Breweries (including microbreweries) | 172 | 180 | 197 | 206 |
| Microbreweries | 132 | 140 | 157 | 175 |

Source: National Associations.

4 | Looking at the beer market

Consumption indicators were also remarkably stable during the period 2015-2018. Total consumption, consumer spending on beer, and consumption per capita each rose somewhat, whilst the shares consumed in the retail and hospitality sectors did not budge.

Denmark is one of the seven countries in Europe with an average price of more than €10 per litre in the hospitality sector, which stood at €11.20 in 2018.

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

| | 2015 | 2016 | 2017 | 2018 |
|--|-----------|-----------|-----------|-----------|
| Total consumption in hectolitres | 3,430,000 | 3,680,000 | 3,580,000 | 3,600,000 |
| Total consumer spending (in million Euro) | 1,401 | 1,503 | 1,545 | 1,520 |
| Consumption of beer per capita (in litres) | 60 | 62 | 62 | 62 |
| Beer consumption hospitality | 23% | 23% | 25% | 23% |
| Beer consumption retail | 77% | 77% | 75% | 77% |
| Consumer price hospitality (€ / litre)* | 10.73 | 10.73 | 10.89 | 11.20 |
| Consumer price retail (€ / litre)* | 2.10 | 2.10 | 2.12 | 2.14 |

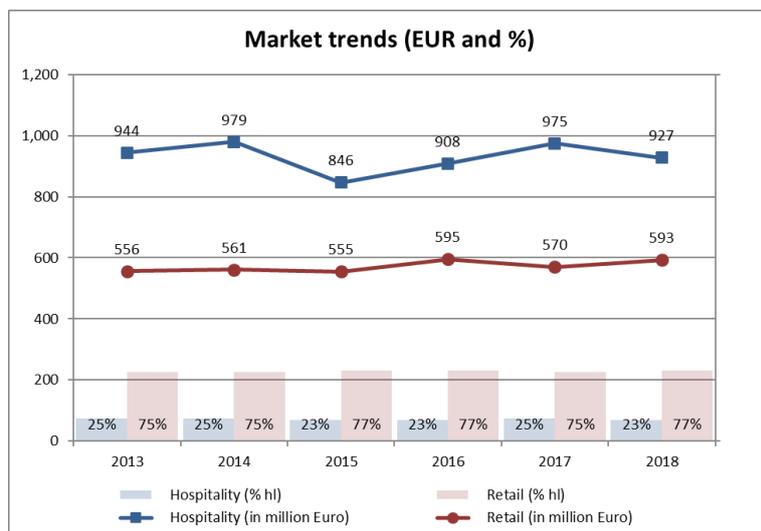
Note: * Prices are averages inclusive of taxes and duties.

Source: National Associations.

5 Trends and developments

Denmark is a country where beer is predominantly drunk off-premises (in 2018, as much as 77% of all beer comes from stores). Despite this, the high prices of beer in the hospitality sector contributes to the sector's sustained lead in total value above that of the retail sector. During the longer time period 2013-2018, however, it did not manage to cross the €1 billion threshold, albeit coming very close in 2014 and 2017 (€979 and €975 million respectively).

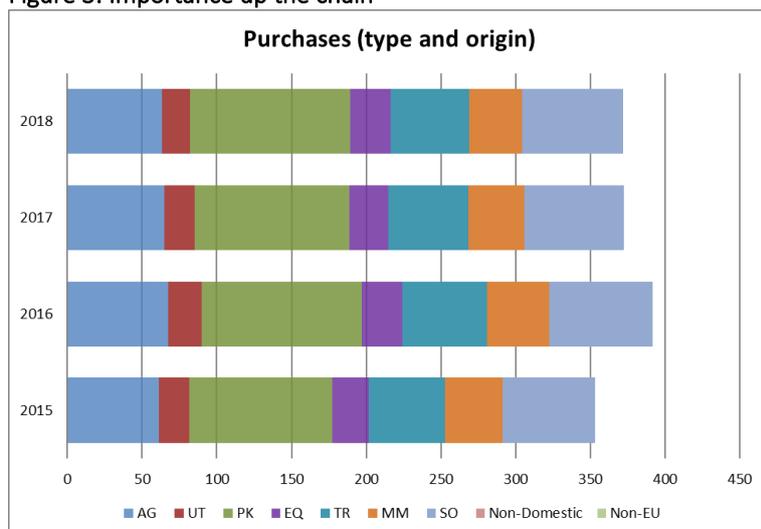
Figure 2: Recent consumption trends (2013-2018)



Source: National Associations.

After a steep increase between 2015 and 2016, the total purchases of inputs in the beer production chain fell slightly, from almost €400 million in 2016 to just over €370 million in 2018. According to the one individual brewer response received, all of the inputs were sourced domestically. This supports the Danish economy's range of sectors, from agricultural produce to its media and marketing services.

Figure 3: Importance up the chain



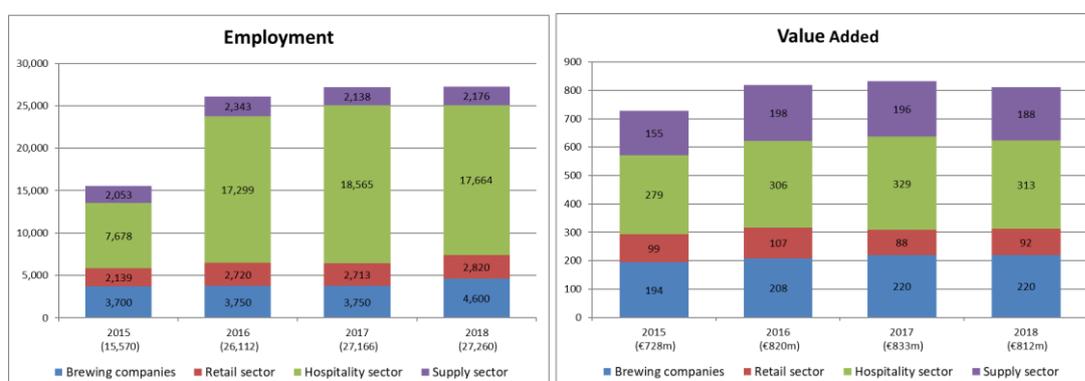
Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

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

Employment related to beer is concentrated in the hospitality sector. Total employment appears to have risen markedly between 2015 and 2016, however this is attributable to a change in the hospitality worker productivity data series collected by Eurostat, and so it is not necessarily reflective of a drop in worker productivity between these years.

The hospitality sector represent the largest share of the total value added, accounting for almost 40% of the total revenue in each year. This total came to €814 million in 2018, which marks a slight decrease since a period-high of above €820 million in 2016 and 2017 (€822 million and €835 million, respectively).

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



Note: The figures in the employment chart are to be considered as estimates.

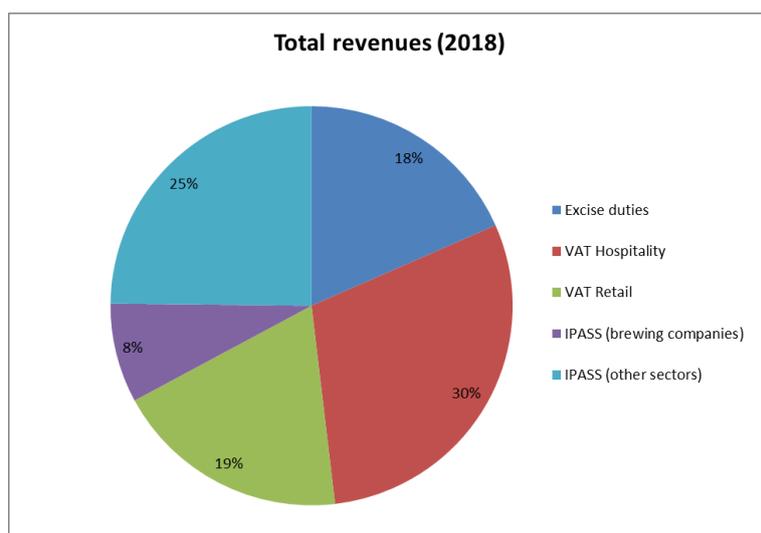
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 631 jobs in agriculture, 450 jobs in packaging, 230 jobs in transport, 334 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 | Government revenues related to beer

The source of government revenues from the beer industry in Denmark are more evenly distributed than is the case in many other European countries. Excise and VAT from retail sale of beer each contribute approximately 20% of the total. IPASS collected in other sectors accounts for 25% of the total, while VAT from the sale of beer in the hospitality sector accounts for almost a third.

Figure 5: Government revenues generated by beer in 2018



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

The total tax contribution increased somewhat over the period, from €577 million in 2015 to €624 in 2018 – but reaching a peak of €640 million in 2017.

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

| | 2015 | 2016 | 2017 | 2018 |
|----------------------------------|------------|------------|------------|------------|
| Excise duties | 121 | 128 | 122 | 115 |
| VAT Hospitality | 169 | 182 | 195 | 185 |
| VAT Retail | 111 | 119 | 114 | 119 |
| IPASS (brewing companies) | 44 | 49 | 50 | 50 |
| IPASS (other sectors) | 131 | 155 | 158 | 155 |
| Total government revenues | 577 | 632 | 639 | 624 |

Source: Calculations - different sources.

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