# The Contribution made by Beer to the European Economy

Germany - March 2020

Europe Economics

The Brewers of Europe

# Germany

## 1 | Country profile

**Table 1: Country profile**

| | 2018 |
|---|---|
| Population | 82,792,351 |
| Currency | Euro |
| GDP per capita in PPS (2012, EU28 = 100) | 122 |

Source: Eurostat and National Statistical offices.

## 2 | Highlights Germany

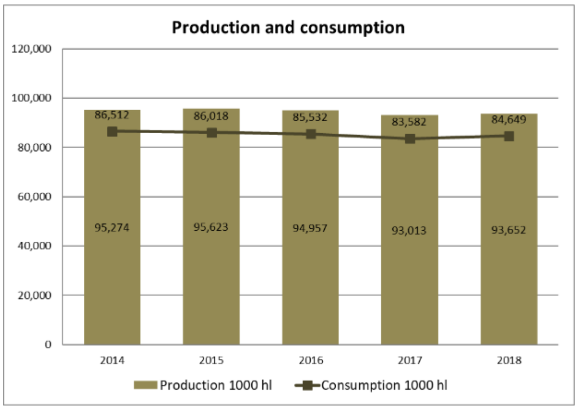
**Table 2: Economic impact summary (and % change over the period)**

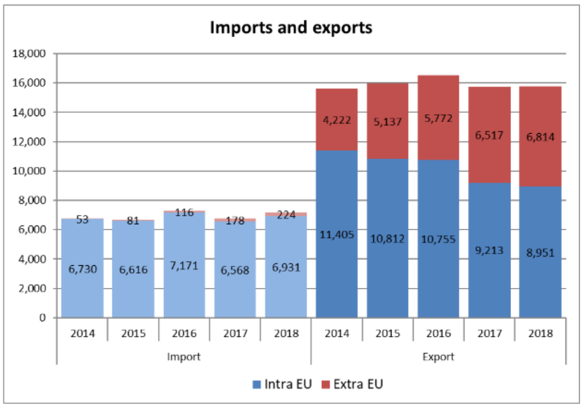
| | | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|
| Total number of jobs | [-4.4%] | 507,344 | 481,967 | 468,775 | 485,038 |
| Value-added (mEuro) | [-3%] | 10,501 | 10,588 | 10,003 | 10,184 |
| Government revenues (mEuro) | [2.2%] | 6,307 | 6,325 | 6,255 | 6,444 |

Source: Calculations - different sources.

The production in Germany is greater than its consumption need, with the difference owing to a very active exporting sector. Overall, production and total exports have remained broadly stable 2014-2018, but the destination of its exports seem to have changed recently, with a greater share of exports being sold to other non-EU countries.

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




Source: National associations.

# 3 | A snapshot of the brewing sector

Germany continues to top the leader-board of beer production in Europe with a vast 9.3 billion litres of beer produced in 2018. Microbreweries, already a large proportion of the total number of breweries (1,539), grew to number 853 in 2018.

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

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Total production (in hectolitres) | 95,623,000 | 94,957,000 | 93,013,000 | 93,652,000 |
| Brewing companies | N/A | N/A | N/A | N/A |
| Breweries (including microbreweries) | 1,392 | 1,411 | 1,500 | 1,542 |
| Microbreweries | 723 | 740 | 832 | 854 |

Source: National Associations.

# 4 | Looking at the beer market

Domestic consumption trails production by nearly one billion litres. Although falling marginally over time, Germans are among the most enthusiastic beer-drinkers in Europe, consuming over 100 litres of beer annually. Over four-fifths of this consumption occurs with beer bought in the retail sector.

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

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Total consumption in hectolitres | 86,018,000 | 85,532,000 | 83,582,000 | 84,649,000 |
| Total consumer spending (in million Euro) | 19,595 | 19,655 | 19,344 | 20,243 |
| Consumption of beer per capita (in litres) | 106 | 104 | 101 | 102 |
| Beer consumption hospitality | 19% | 18% | 18% | 18% |
| Beer consumption retail | 81% | 82% | 82% | 82% |
| Consumer price hospitality (€ / litre)* | 7.30 | 7.30 | 7.30 | 7.50 |
| Consumer price retail (€ / litre)* | 1.10 | 1.20 | 1.22 | 1.27 |

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

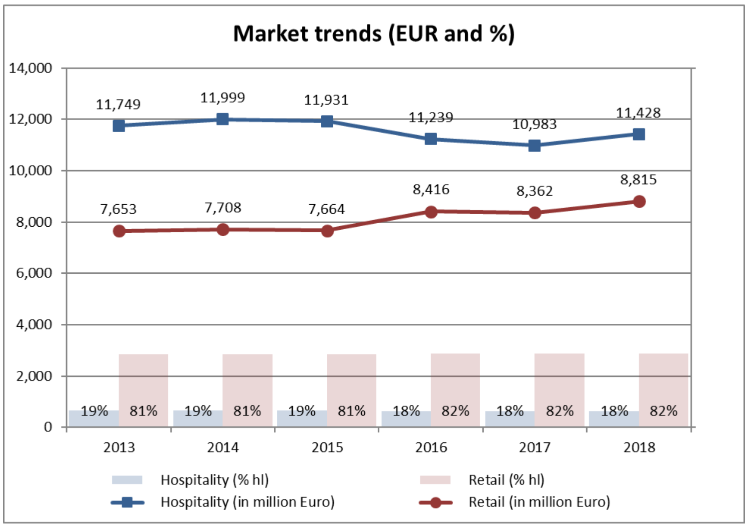
Source: National Associations.

# 5 Trends and developments

Although accounting for over 80% of beer consumption, the total value of the retail sector still lags behind that of the hospitality sector (although they appear to be converging slowly).

Germany is a leader in the production and consumption of craft beer. Lovers of variety in their drinking habits, Germans consumed 304m litres of craft in 2016, the largest in Europe.[1] The brewers association, Deutscher Brauer-Bund – Die deutschen Brauer, also noted an uptick in the market share of canned beer from 4.1% in 2015 to 5.5% in 2018.

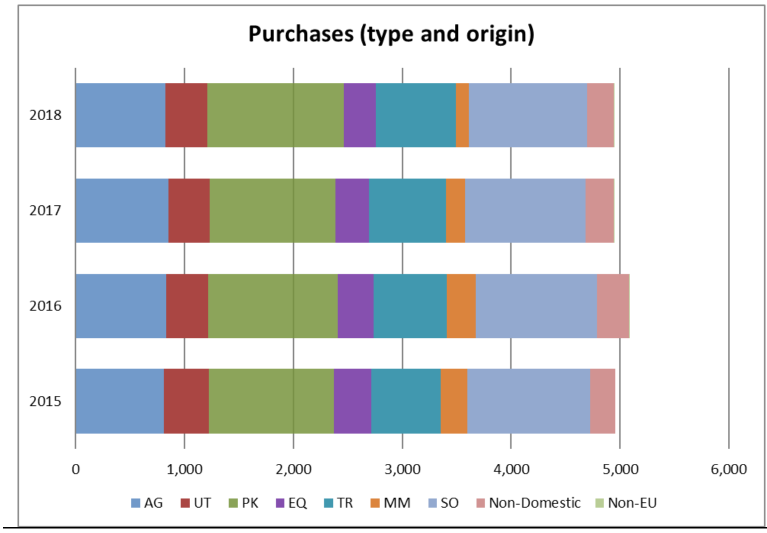
**Figure 2: Recent consumption trends (2013-2018)**




Source: National Associations.

The total purchases of inputs into the production of beer reached above the €500m mark in 2016, returning to a level slightly below in 2017 and 2018. Most of such inputs are domestic, which makes beer an important contributor to the German economy.

**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.

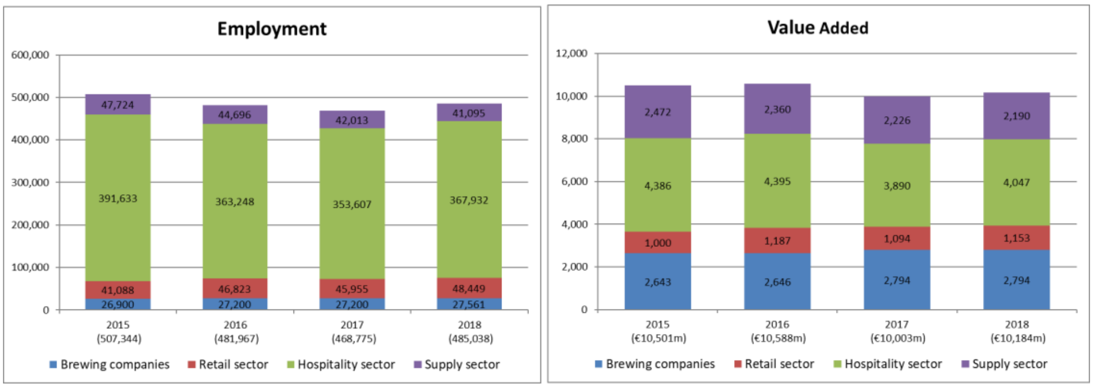
[1] Zenith: Craft beer in Europe.

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

As can be expected in Europe's largest beer-producing nation, the highest number of jobs associated with beer was found in Germany. In 2018 More than 480,000 people's jobs were supported directly or indirectly by the beer production chain. This is lower than the total at the beginning of the period in which around 500,000 jobs were in this position. Despite the amount observed as purchases from a range of inputs, the high productivity in such sectors translate to few jobs up the stream (in particular, compared to lower productivity multipliers in the hospitality sectors, the impacts in the supply sectors are dwarfed).

Value added, too, fell slightly over the period, from €10.5 billion in 2015 to €10.2 billion in 2018.

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



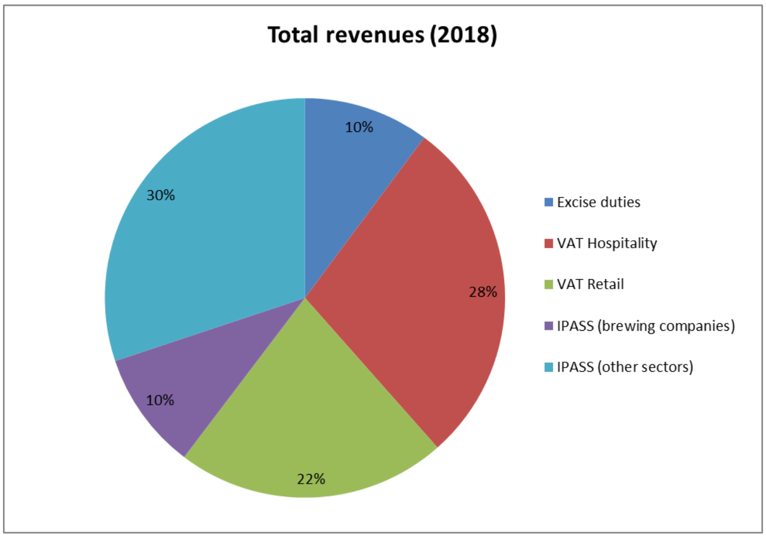

Note: The figures in the employment chart are to be considered as estimates.
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 13,097 jobs in agriculture, 6,827 jobs in packaging, 8,126 jobs in transport, 2,048 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

# 7 | Government revenues related to beer

Half of the total of nearly €6.5 billion in tax revenue generated by the beer industry is collected from the sale of beer in the retail and hospitality sectors. The remaining half originates from the labour tax contributions and excise duty payments.

Figure 5: Government revenues generated by beer in 2018




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

The large employment contribution of the German beer industry means in turn that it collects large sums of tax revenue on behalf of the government. Taxes on income, payroll, and social security contributions (IPASS) collected by brewers and other sectors totalled above €2 billion each year for the duration of the period in this study.

Table 5: Government revenues, mEuro (2008-2012)

| | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|
| Excise duties | 676 | 678 | 664 | 655 |
| VAT Hospitality | 1,905 | 1,794 | 1,754 | 1,825 |
| VAT Retail | 1,224 | 1,344 | 1,335 | 1,407 |
| IPASS (brewing companies) | 613 | 611 | 617 | 617 |
| IPASS (other sectors) | 1,889 | 1,897 | 1,885 | 1,940 |
| **Total government revenues** | **6,307** | **6,325** | **6,255** | **6,444** |

Source: Calculations - different sources.

Die deutschen Brauer has also commented that the Small Brewers' Relief has been warmly welcomed. It enables small brewers to compensate at least in part for their cost disadvantage compared with their larger, more powerful competitors.

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