The Contribution made by Beer to the European Economy

Greece - March 2020

Europe Economics

The Brewers of Europe

Greece

1 | Country profile

Table 1: Country profile

	2018
Population	10,741,165
Currency	Euro
GDP per capita in PPS (2012, EU28 = 100)	68

Source: Eurostat and National Statistical offices.

2 | Highlights Greece

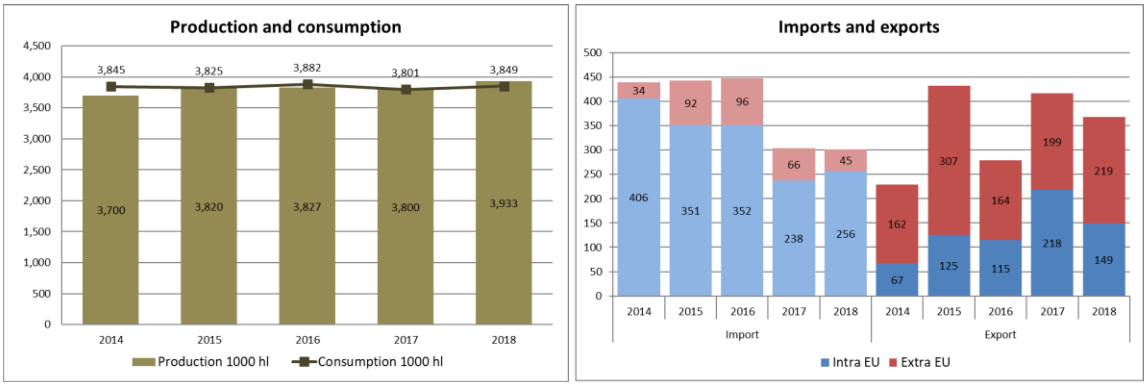
Table 2: Economic impact summary (and % change over the period)

		2015	2016	2017	2018
Total number of jobs	[37.2%]	95,833	129,834	126,170	131,448
Value-added (mEuro)	[-10.9%]	398	322	354	355
Government revenues (mEuro)	[25.8%]	666	782	818	838

Source: Calculations - different sources.

Traditionally an importing country, Greece has significantly reduced the amount of its imports over the last two years, whilst overall increasing (with some fluctuations) its exports, mainly to outside the EU. The recent evolution of production and consumption is very stable and does not show big changes across recent years.

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



Source: National associations.

3 | A snapshot of the brewing sector

With volumes under 4 million hectolitres, the total production in Greece is below that of some of the big European producers, but slowly increasing (it increased by more than 100,000 hectolitres between 2015 and 2018, after a slight reduction in 2017).

It is remarkable to see that the total number of brewing companies almost doubled (more than 70 per cent increase), mainly driven by the increase in the number of microbreweries which also doubled, from 15 to 30, over the last four years.

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

	2015	2016	2017	2018
Total production (in hectolitres)	3,820,000	3,827,000	3,800,000	3,933,370
Brewing companies	25	40	40	43
Breweries (including microbreweries)	28	43	43	46
Microbreweries (production not exceeding 1.000hl annually	15	25	30	30

Source: National Associations.

4 | Looking at the beer market

Total consumption fluctuated slightly between 2015 and 2017, ending the four years period above the 2015 level. On the other hand, total consumer spending constantly increased, with a total increment of more than 140 million Euros.

Greece is a country that still prefers to drink its beer on the premises. Not only share of beer consumed in the hospitality sector is larger but is has been increasing in recent years to reach a level of 61% of the beer consumed in the hospitality sector. Consumer prices increased only moderately in the hospitality sector (slightly above 3% over the analysed period), but more than 15% in the retail sector (from 1.8 to 2.1 € / litre).

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

	2015	2016	2017	2018
Total consumption in hectolitres	3,825,000	3,882,000	3,800,695	3,848,570
Total consumer spending (in million Euro)	1,740	1,786	1,824	1,883
Consumption of beer per capita (in litres)	35	36	35	36
Beer consumption hospitality	57%	59%	59%	61%
Beer consumption retail	43%	41%	41%	39%
Consumer price hospitality (€ / litre)*	6.60	6.54	6.67	6.67
Consumer price retail (€ / litre)*	1.83	1.81	2.11	2.11

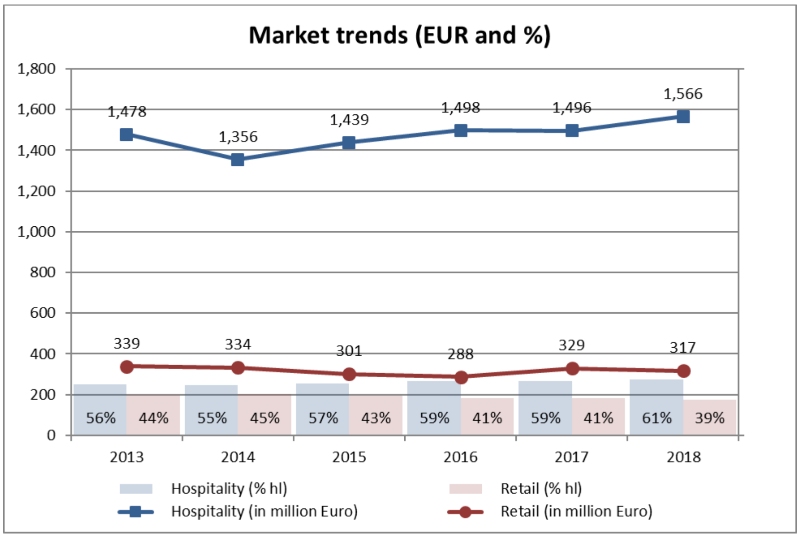
Note: * Prices are averages inclusive of taxes and duties.

Source: National Associations.

5 Trends and developments

Overall, the trend of the beer consumption has been positive after the first couple of years where the in-trade consumption decreased significantly and a slightly increment for the off-trade consumption. This trend has been supported by the positive economic outlook experienced by the country (starting from 2016 and, in particular, during the 2017-2018 period) and also by an inflow of tourists. The market is also seeing the benefits of diversification: due to the expansion of the microbrewery sector, there is also an increased diversity of beers provided to consumers (IPA's, flavoured beers, etc) and a substantial increase in the consumption of low- and non-alcohol beers.

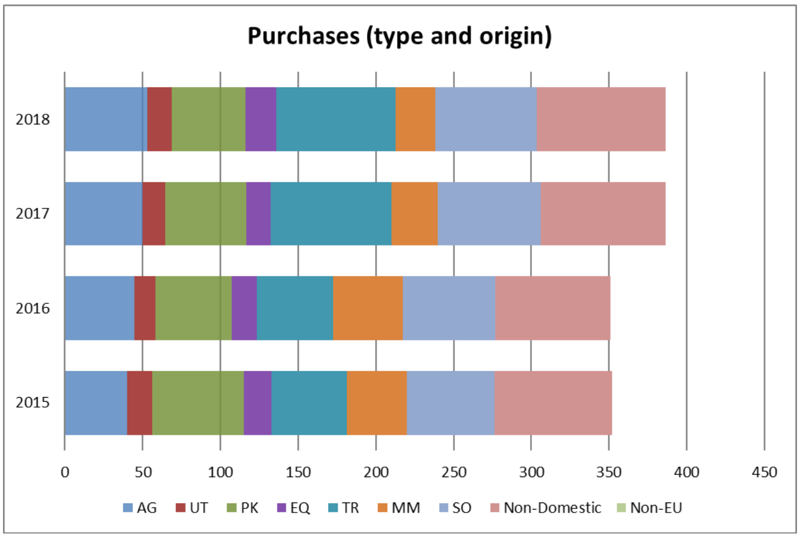
Figure 2: Recent consumption trends (2013-2018)



Source: National Associations.

Overall, purchases by beer companies are slightly increasing across time. There are some differences in the composition of the shares of purchases (these are derived from individual breweries responses). Recent increases in total purchases appear to have been driven by greater expenditure on equipment.

Figure 3: Importance up the chain



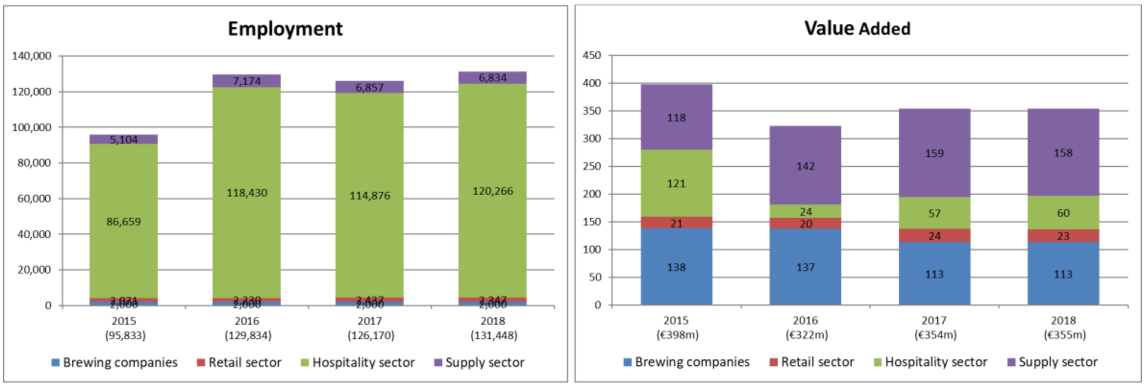
Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

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

The impact of the beer sector on the employment is considerably polarised, with a hospitality sector having the greatest share in each year (more than 90 per cent of the whole beer-related jobs).

The pattern in value added differs significantly and is dominated by the brewing companies and the supply sector (the on-trade value added is, on the other hand, less important, especially towards the end of the four-year period). The retail share of the value added is particularly small.

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



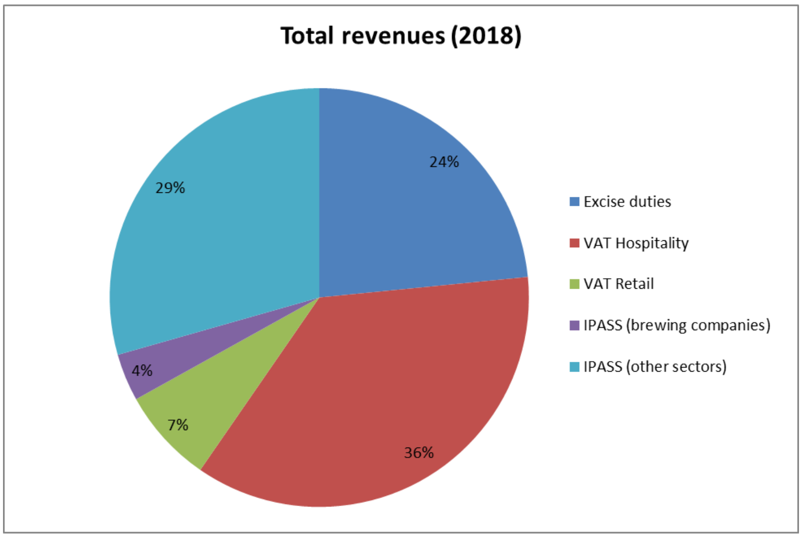
Note: The figures in the employment chart are to be considered as estimates.
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 2,906 jobs in agriculture, 437 jobs in packaging, 1,417 jobs in transport, 906 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 | Government revenues related to beer

The majority of government revenues is collected from VAT in hospitality, excise duties and the jobs-related taxes from other sectors.

Figure 5: Government revenues generated by beer in 2018



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

The total contribution to government revenues consistently increased between 2015 and 2018, following a similar trend presented in the market trends section. This is due mainly to the excise duties, which almost doubled during the four-year period, and the IPASS (Income tax, payroll tax and social security revenues) and the on-trade VAT.

Table 5: Government revenues (2008-2012)

	2015	2016	2017	2018
Excise duties	106	155	195	196
VAT Hospitality	269	290	289	303
VAT Retail	56	56	64	61
IPASS (brewing companies)	30	29	31	31
IPASS (other sectors)	205	252	239	246
Total government revenues	**666**	**782**	**818**	**838**

Source: Calculations - different sources.

The national beer organisation of this country believes that the reduction of taxes (excise duty and other corporate taxes) is essential for the growth of the beer sector in Greece, and that it is crucial to modernize the beer legislation in Greece according to the best EU practices. As for consumers, the message is to enjoy beer in every occasion, although encouraging a responsible and moderate consumption to fit with a healthy lifestyle,

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