

The Contribution made by Beer to the European Economy

 Hungary - March 2020

Hungary

1 | Country profile

Table 1. Country profile

	2018
Population	9,778,371
Currency	Forint
GDP per capita in PPS (2012, EU28 = 100)	71

Source: Eurostat and National Statistical offices.

2 | Highlights Hungary

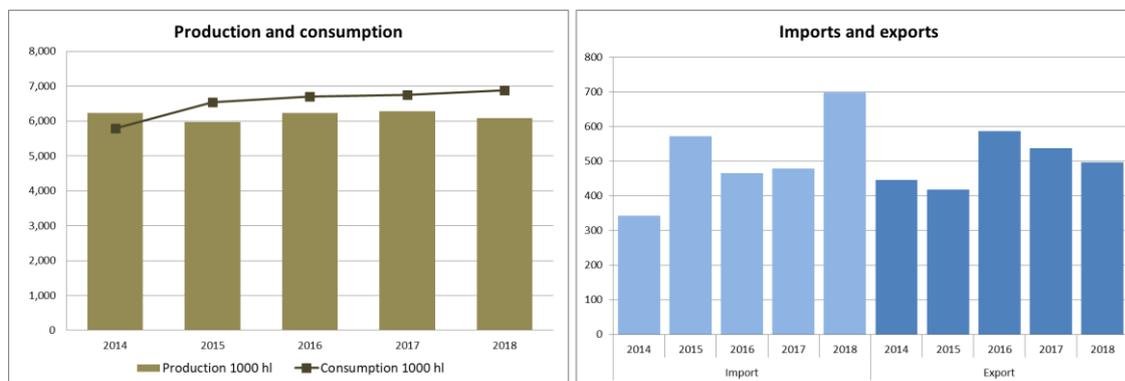
Table 2. Economic impact summary (and % change over the period)

		2015	2016	2017	2018
Total number of jobs	[-5.8%]	25,192	26,402	24,241	23,728
Value-added (mEuro)	[21.7%]	232	256	277	282
Government revenues (mEuro)	[4.8%]	417	435	434	437

Source: Calculations - different sources.

The recent evolution in the Hungary is characterised by a sustained increase in the beer-hectolitres consumed and an increased dependence of imports.

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



Source: National associations.

3 | A snapshot of the brewing sector

After an initial increment, the total production of beer experienced a contraction in 2018, ending the 4-year period around 6 million hectolitres. Despite the trend in the production of beer, the total number of brewing companies doubled from 2015 to 2018. The increasing trend could be found also in the numbers of breweries and the microbreweries (this meant that an additional 28 microbreweries were added to the 2015 numbers).

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

	2015	2016	2017	2018
Total production (in hectolitres)	5,965,000	6,239,000	6,279,000	6,090,000
Brewing companies	50	60	65	109
Breweries (including microbreweries)	50	50	55	77
Microbreweries	46	55	60	74

Source: National Associations.

4 | Looking at the beer market

Total consumption has increased significantly along with consumer spending. Overall, the hectolitres consumed increased by 5 per cent, while the total consumer spending increased almost by 10 per cent. Prices have slightly risen in both on-trade and off-trade, at around 5 per cent from 2015 to 2018.

Beer consumption polarised even more toward the end of the period, shifting from the hospitality to the retail (which increased from 65 to 70). Hence, Hungary is moving towards the consumption of beer at home, following the trend observed in other Northern European countries.

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

	2015	2016	2017	2018
Total consumption in hectolitres	6,541,000	6,704,000	6,757,000	6,886,000
Total consumer spending (in million Euro)	939	967	998	1,025
Consumption of beer per capita (in litres)	59	62	63	64
Beer consumption hospitality	35%	35%	35%	30%
Beer consumption retail	65%	65%	65%	70%
Consumer price hospitality (€/ litre)*	1.82	1.82	1.87	1.92
Consumer price retail (€/ litre)*	1.23	1.24	1.27	1.30

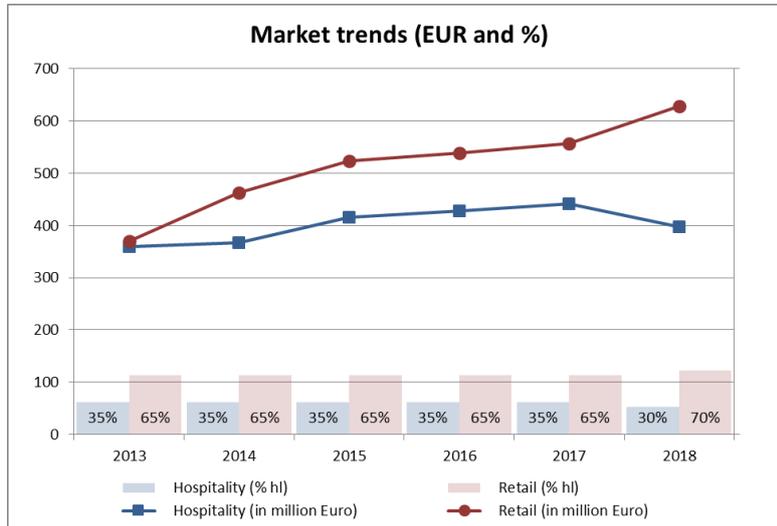
Note: * Prices are averages inclusive of taxes and duties.

Source: National Associations.

5 Trends and developments

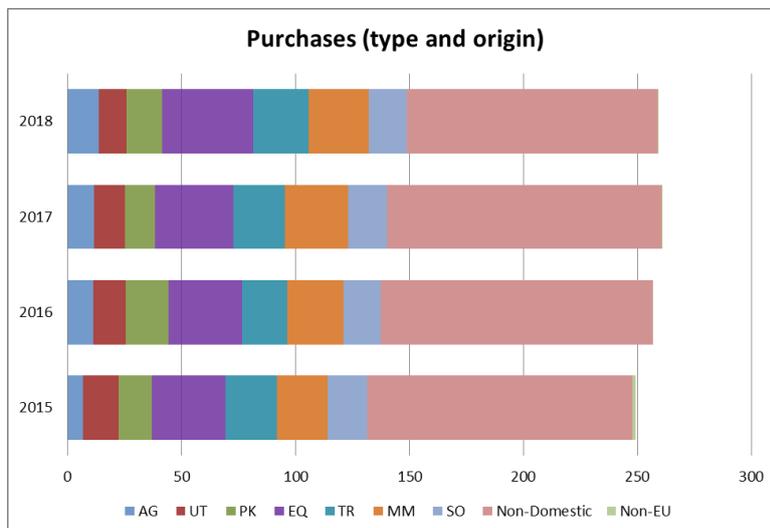
Overall, there has been an increase in the total market value for the off-trade, reflecting the shift towards consumption of beer from shops. The on-trade value, after having increased from 359 to 441 million Euros, shrunk back to 397 in 2018, exacerbating even further the diverging trends.

Figure 2. Recent consumption trends (2013-2018)



The industry does not show significant changes in the shares of purchases of inputs. The large share of non-domestic and non-EU purchases is noticeable, albeit the latter has reduced in recent years.

Figure 3. Importance up the chain



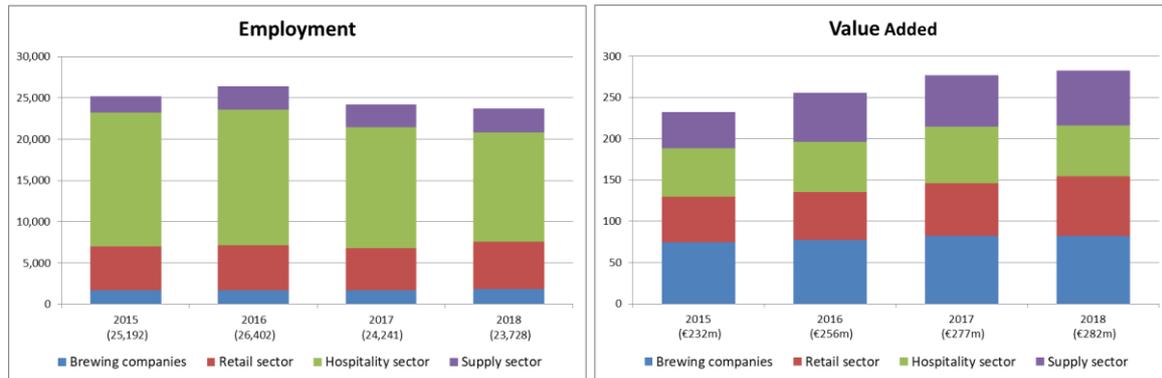
Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.

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

The influence of the hospitality and retail sectors is also present in the number of jobs. However, most of the impact is centred on the hospitality sector, even though the consumption in the premises is lower than the retail consumption.

Overall, the amount of value added generated directly and indirectly clearly increased during the period. A significant share of this is due to the brewing companies themselves.

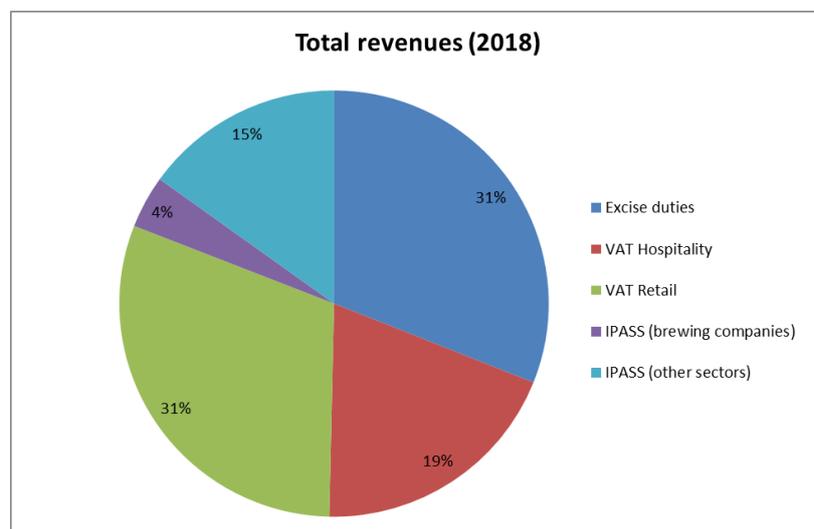
Figure 4. Change in employment and value added (2015-2018).



7 | Government revenues related to beer

Government revenues in Hungary are dominated by the VAT in retail and excise duties, which together account for nearly two-thirds of the total revenues collected in 2018. The hospitality sector accounts for a non-trivial fifth of total government revenues.

Figure 5. Government revenues generated by beer in 2018



Overall, the total government revenues steadily increased over the four-year period, moving from 416 to 436 million Euros. The composition of these revenues is constant, with the excise duties and the VAT from the retail being the main contributors.

Table 5. Government revenues (2015-2018)

	2015	2016	2017	2018
Excise duties	143	149	138	136
VAT Hospitality	88	91	94	84
VAT Retail	111	115	118	134
IPASS (brewing companies)	17	17	17	17
IPASS (other sectors)	58	64	66	66
Total government revenues	417	435	434	437

Source: Calculations - different sources.

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