The Contribution made by Beer to the European Economy

Italy - March 2020

Europe Economics

The Brewers of Europe

Italy

1 | Country profile

Table 1. Country profile

	2018
Population	60,483,973
Currency	Euro
GDP per capita in PPS (2012, EU28 = 100)	96

Source: Eurostat and National Statistical offices.

2 | Highlights Italy

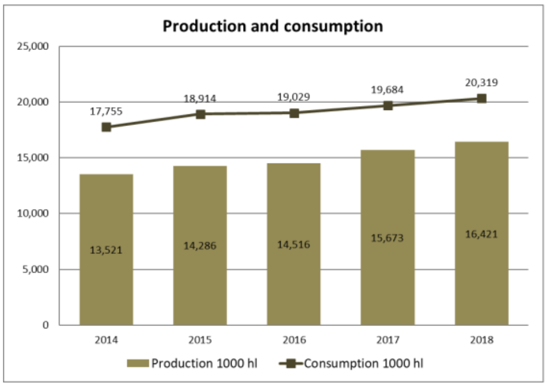
Table 2. Economic impact summary (and % change over the period)

		2015	2016	2017	2018
Total number of jobs	[3%]	133,346	136,727	138,017	137,361
Value-added (mEuro)	[14.1%]	2,620	2,706	2,995	2,991
Government revenues (mEuro)	[4%]	3,354	3,413	3,475	3,489

Source: Calculations - different sources.

Italy has experienced a sustained increase in both production and consumption. Consumption being higher than production means that Italy imports significant volumes of beer each year. There is also some export activity in Italy, although this is of a much lower magnitude (less than half of the imports in any one year).

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



Source: National associations.

3 | A snapshot of the brewing sector

Total production is increasing in Italy, with annual values exceeding 16 million hectolitres in 2018. The number of breweries has been increasing healthily every year, but the experience of microbreweries shows a different pattern. After an explosive increase between 2015 and 2016, the number has fallen back to around 690 in the 2017-2018 period.

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

	2015	2016	2017	2018
Total production (in hectolitres)	14,286,000	14,516,000	15,673,000	16,421,000
Brewing companies	682	751	864	868
Breweries (including microbreweries)	688	757	868	874
Microbreweries	540	718	693	692

Source: National Associations.

4 | Looking at the beer market

Total consumption has been increasing every year, reaching and exceeding the 20 million hectolitres mark in 2018. In terms of consumption habits, the Italian beer market presents the same trend as other Mediterranean countries, in which a shift from retail to hospitality consumption is observed. The trend in consumer spending (value in Euro) is difficult to ascertain, as the Italian beer association, Assobirra, reported no variation in prices (recorded prices remain at 9 €/litre for the on-trade channel and at 1.9 €/litre for the off-trade channel).

Other figures (Zenith) suggest that the Italian brewery market is in expansion: craft beers account for 3 per cent of the total beer consumption, with more than 900 craft breweries all over Italy. The growth might be the result of a less restricted regulatory environment (according to the same sources)[1].

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

	2015	2016	2017	2018
Total consumption in hectolitres	18,914,000	19,029,000	19,684,000	20,324,000
Total consumer spending (in million Euro)	8,898	8,939	8,995	9,054
Consumption of beer per capita (in litres)	31	31	32	34
Beer consumption hospitality	40%	39%	38%	36%
Beer consumption retail	61%	61%	62%	64%
Consumer price hospitality (€ / litre)*	9.00	9.00	9.00	9.00
Consumer price retail (€ / litre)*	1.90	1.90	1.90	1.90

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

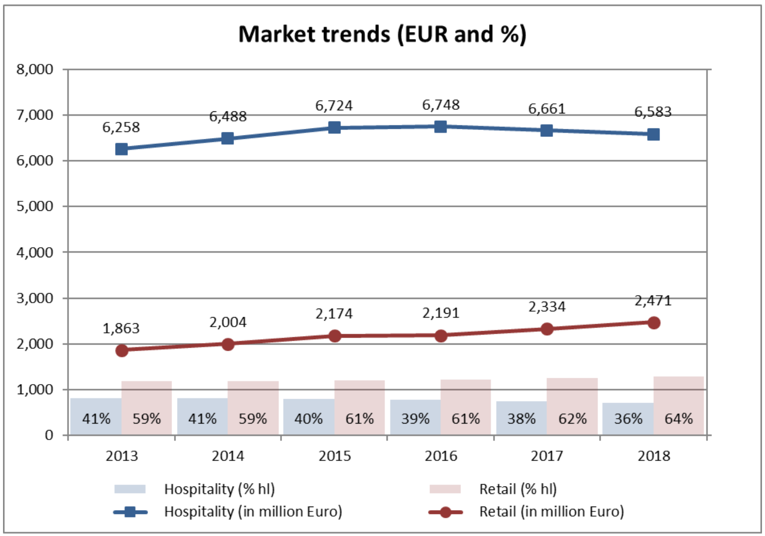
Source: National Associations.

[1] Zenith: Craft beer in Europe.

5 Trends and developments

As a consequence of an overall shift towards off-trade consumption, total hospitality consumption experienced a slight reduction between 2015 and 2018. The trend may also be a reflection of the suboptimal economic situation affecting the country and which may contribute to a lesser inclination amongst Italians to go and visit their restaurant and bars.

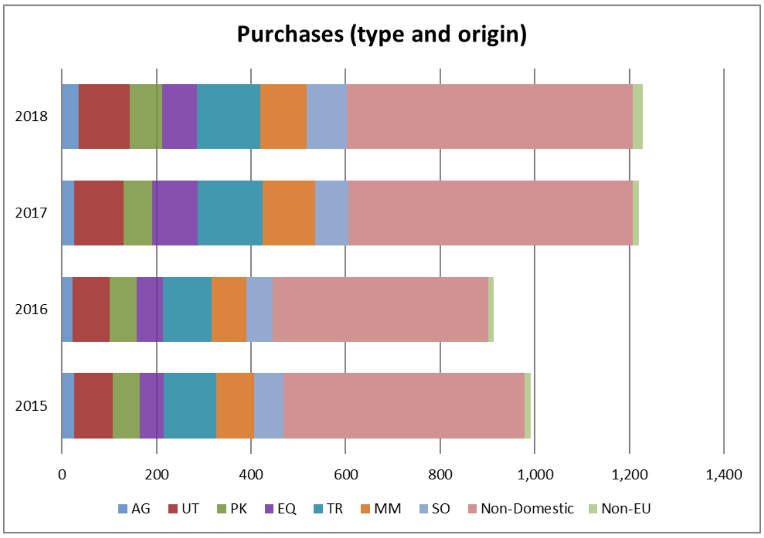
Figure 2. Recent consumption trends (2013-2018)



Source: National Associations.

The beer market has significant benefits for other sectors, going beyond the brewing sector itself. Italy has a peculiar purchases structure, which differs from other European countries, and might be due to the particular responses received from individual breweries.

Figure 3. Importance up the chain



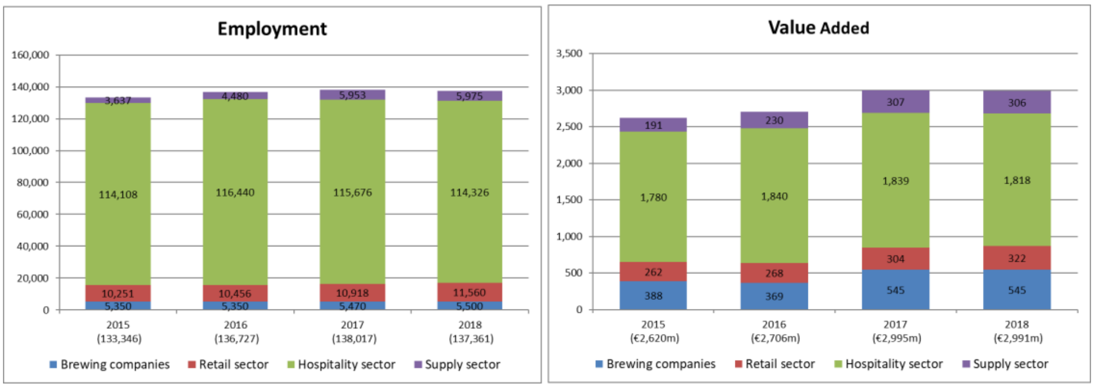
Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

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

Italian employment is highly concentrated in the hospitality sector, in line with the rest of Europe. Employment levels are mainly driven by hospitality, while the brewing companies do not show significant movement on this front.

Patterns in value added are broadly similar to those seen in employment, with a large impact of the hospitality sector and an increase in the relevance of the supply sector. However, the retail sector shows a marked increase, following closely the recent market trends.

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



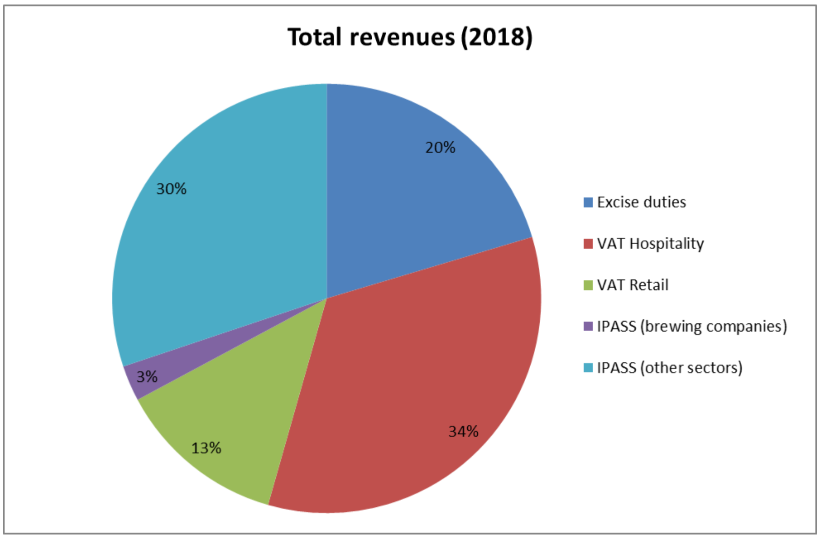
Note: The figures in the employment chart are to be considered as estimates.
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 866 jobs in agriculture, 412 jobs in packaging, 1,483 jobs in transport, 1,817 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 | Government revenues related to beer

As expected, given the high fiscal pressure present in the country, the government revenues in Italy are mainly based on VAT from hospitality, IPASS for other sectors and the excise duties. Overall, these three source of revenues account for 85 per cent of the total government revenue.

Figure 5. Government revenues generated by beer in 2018



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

The total revenues from taxes have increased constantly during the last few years and in 2018 they stand at close to €3.5 billion. The main drivers are the VAT hospitality, the IPASS (other sectors) and the excise duties in each year.

Table 5. Government revenues (2008-2012)

	2015	2016	2017	2018
Excise duties	619	661	703	711
VAT Hospitality	1,213	1,217	1,201	1,187
VAT Retail	392	395	421	446
IPASS (brewing companies)	70	67	94	94
IPASS (other sectors)	1,060	1,073	1,056	1,051
Total government revenues	**3,354**	**3,413**	**3,475**	**3,489**

Source: Calculations - different sources.

The Brewers of Europe

Rue Caroly 23 - 25
1050 Brussels - Belgium

T + 32 (0)2 551 18 10

www.brewersofeurope.org
info@brewersofeurope.org

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