Slovakia

1 | Country profile

Table 1. Country profile

	2018
Population	5,443,120
Currency	Euro
GDP per capita in PPS (2012, EU28 = 100)	73

Source: Eurostat and National Statistical offices.

2 | Highlights Slovakia

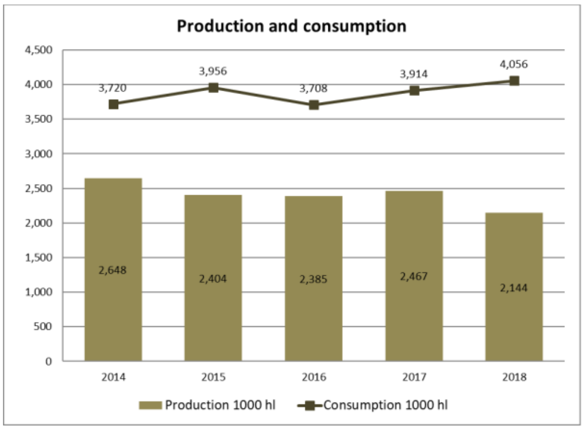
Table 2. Economic impact summary (and % change over the period)

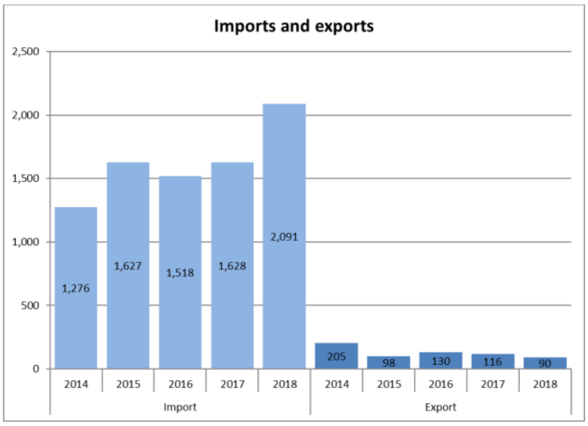
		2015	2016	2017	2018
Total number of jobs	[5.2%]	14,573	12,863	14,595	15,334
Value-added (mEuro)	[7.5%]	205	213	217	220
Government revenues (mEuro)	[6.3%]	210	200	213	223

Source: Calculations - different sources.

Slovakia consumes more beer than it produces, so it has to rely on significant volumes of imported beer to satisfy its internal demand. As consumption has increased slightly and production has reduced, this has implied an increase in the number of imports.

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





Source: National associations.

3 | A snapshot of the brewing sector

Total production has reduced slightly over the last four years, remaining just above the 2 million hectolitres in 2018. Over the last 5 years (2014-2018), the micro brewing sector has been growing but the growth is gradually slowing down.

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

	2015	2016	2017	2018
Total production (in hectolitres)	2,404,000	2,653,031	2,642,114	2,391,354
Brewing companies	51	61	68	73
Breweries (including microbreweries)	51	61	68	73
Microbreweries	39	48	55	57

Note: Includes non-alcoholic production.
Source: National Associations.

4 | Looking at the beer market

Total consumption is very stable at around 4 million hectolitres (with the exception of 2016 that was significantly lower). The prices in hospitality are only moderately higher compared to the retail sector, but this does not seem to affect Slovak consumers, which are consistently buying their beer from stores and drinking it at home (the split between volumes bought in hospitality and retail is in the order of 30-70).

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

	2015	2016	2017	2018
Total consumption in hectolitres	3,956,000	3,708,000	3,914,000	3,962,560
Total consumer spending (in million Euro)	621	576	617	653
Consumption of beer per capita (in litres)	73	68	72	73
Beer consumption hospitality	33%	31%	29%	29%
Beer consumption retail	67%	69%	71%	71%
Consumer price hospitality (€ / litre)*	2.08	2.14	2.20	2.32
Consumer price retail (€ / litre)*	1.32	1.29	1.32	1.32

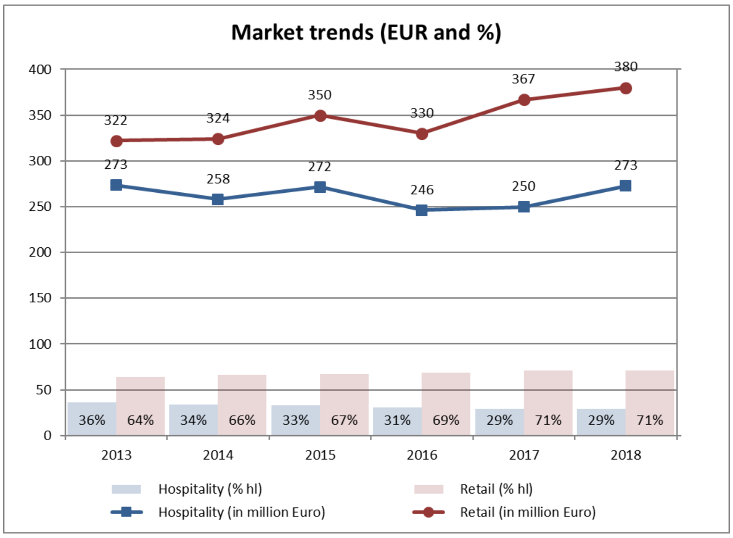
Note: * Prices are averages inclusive of taxes and duties.

Source: National Associations.

5 Trends and developments

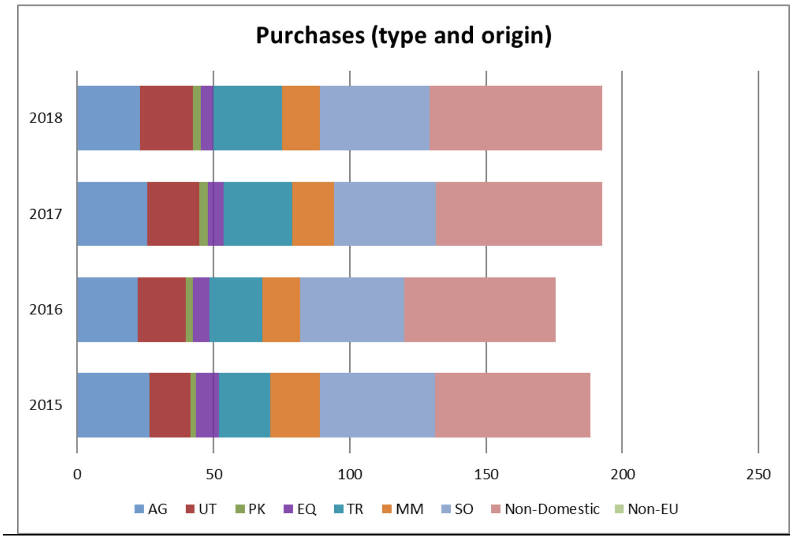
Due to its overwhelming presence in retail markets, the market of beer is also larger in the off-trade in value terms. The trend is increasing and there are no signs of hospitality taking over the sales from stores. But there are also other remarkable trends, according to the national beer association. These include an increased interest in packaged beer (vs draft) and a growing demand for beer in cans at the expense of glass bottles. Slovak consumers are also very keen on non-alcoholic radlers (a category that grew significantly and saw an expansion in the different flavours on offer).

Figure 2. Recent consumption trends (2013-2018)



The purchases of inputs have been fairly stable over recent years (with a slight decrease in 2016). The purchase shares of inputs have not changed significantly across the years, although Slovakia shows a persistent use of inputs from abroad (from EU suppliers in particular).

Figure 3. Importance up the chain



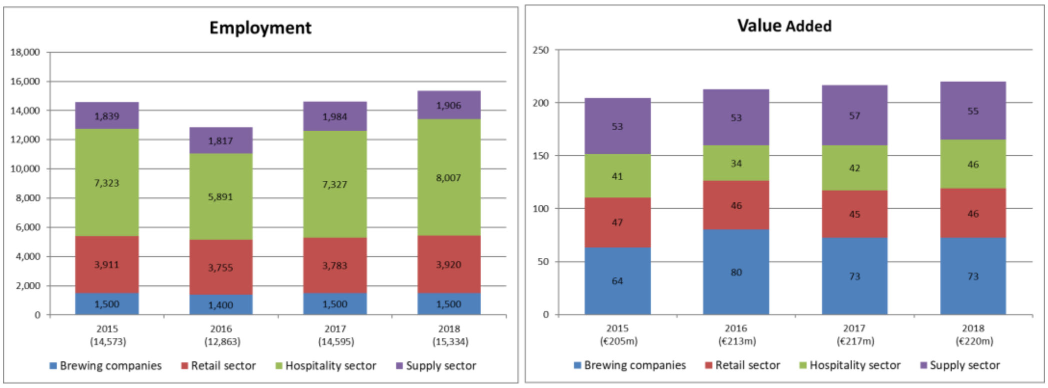
Note: AG – Agriculture; UT – Utilities; PK – Packaging; EQ – Equipment; TR – Transport; MM – Media / marketing; SO – Other services.
Source: Calculations based on data from Eurostat, and the Individual Brewers Questionnaire.

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

Employment is concentrated in the two delivery channels: hospitality and retail, which take most of the employment created by beer. There are some movements in the total number of jobs generated (due to changes in the market values and also in productivity across the sectors) but these have remained stable overall.

The pattern in value added is mainly dominated by the brewing sector, which makes up about a third of the total value added generated through the supply chain.

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



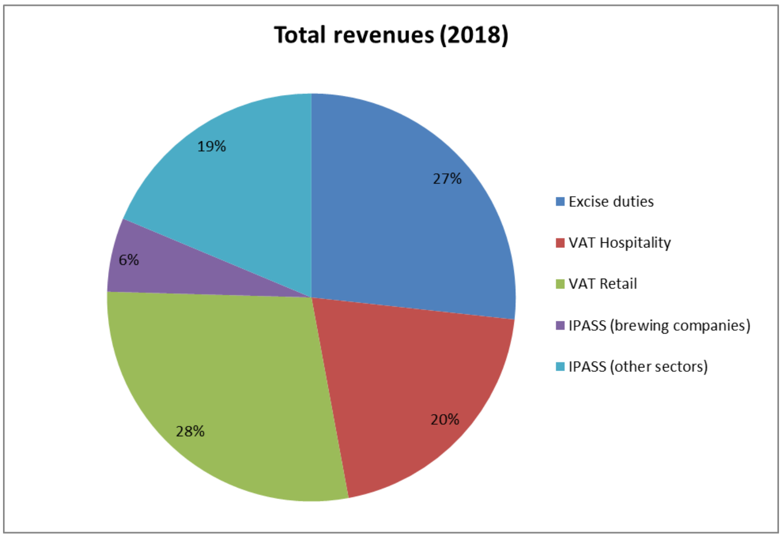
Source: Calculations based on data from Eurostat, National Associations, and the Individual Brewers Questionnaire.

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: 465 jobs in agriculture, 29 jobs in packaging, 439 jobs in transport, 291 jobs in media and marketing (the remaining corresponding to utilities, equipment, other).

7 | Government revenues related to beer

Government revenues in Slovakia are mainly generated by the distribution channels: excise duties and VAT produce approximately three quarters of all tax revenues.

Figure 5. Government revenues generated by beer in 2018



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

Government revenues in Slovakia account for more than 200 million Euros with the figure having increased slightly from 2015 to 2018.

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

	2015	2016	2017	2018
Excise duties	57	57	58	60
VAT Hospitality	45	41	42	45
VAT Retail	58	55	61	63
IPASS (brewing companies)	12	12	13	13
IPASS (other sectors)	37	35	40	42
Total government revenues	**210**	**200**	**213**	**223**

Source: Calculations - different sources.

The malting and brewing industries in Slovakia are an important contribution to the national economy. According to the national association, the local production of beer —from grain to glass— provides employment (farming, malting, brewing, logistics, retail, hospitality services) and income for state budget in the form of taxes (pay-roll, excise and VAT). Moreover, the suitability of beer comes from its natural low-alcohol content, which makes it suitable for all occasions (increasingly so, in the form of its low or alcohol-free version). It is a popular incentive for people to meet with their peers, according to the national association.