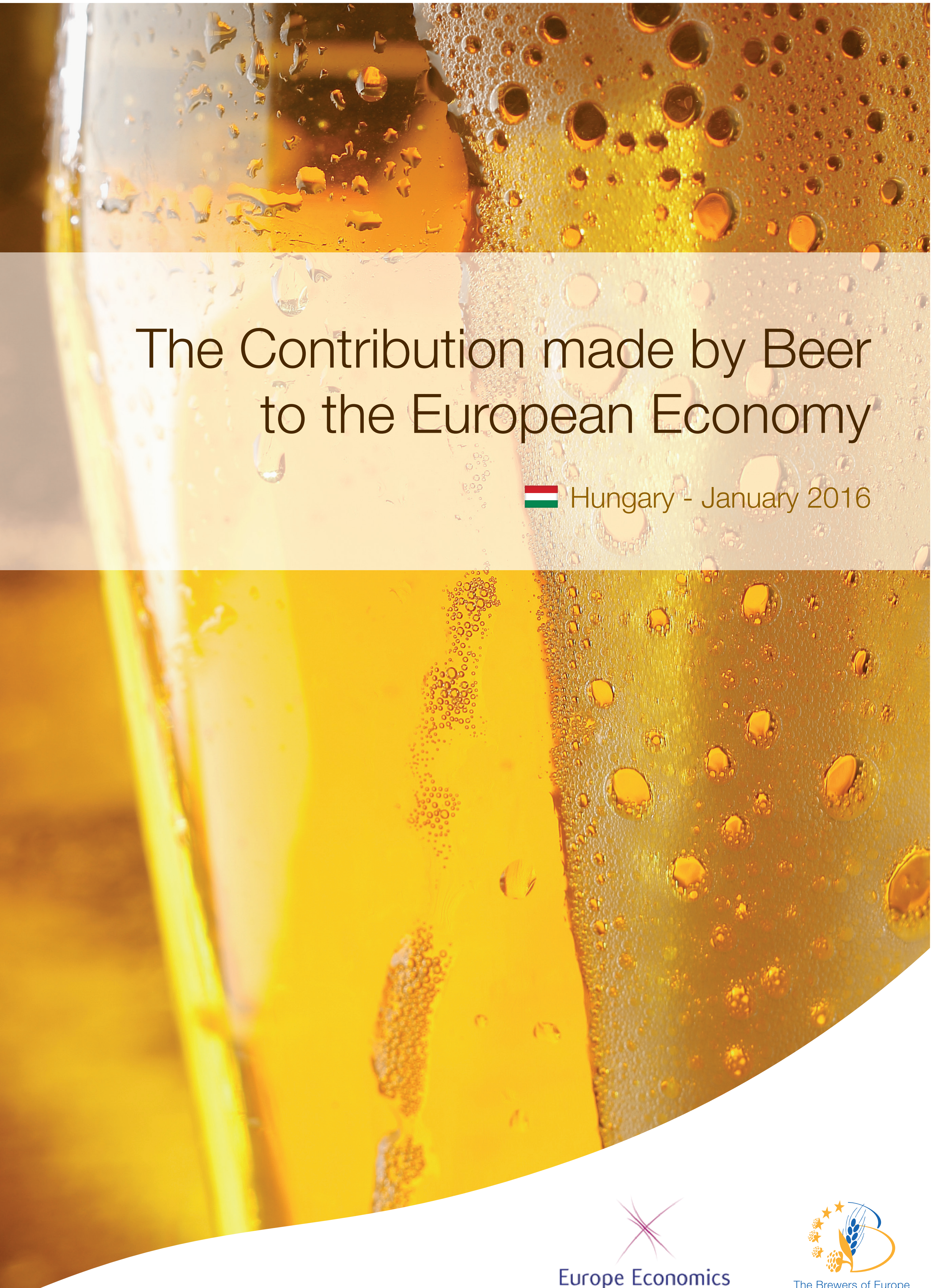


The Contribution made by Beer to the European Economy

Hungary - January 2016

Europe Economics

The Brewers of Europe

HUNGARY

1. COUNTRY PROFILE

	2014
Population	9,878,689
Currency	Forint
GDP per capita in PPS (2012, EU28 = 100)	68

Source: Eurostat and National Statistical offices.

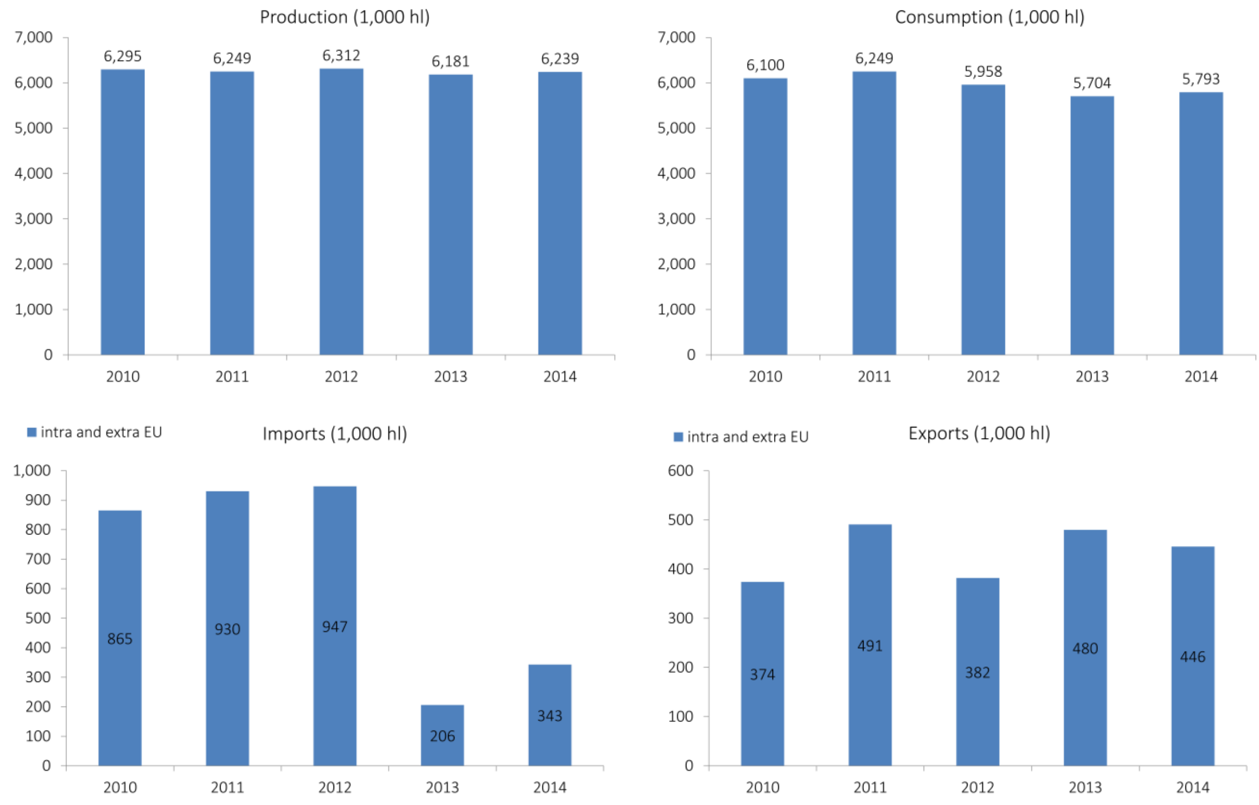
2. HIGHLIGHTS HUNGARY

Table 1: Economic impact of beer in Hungary (2013-2014)

	2013	2014	% Change
Total number of jobs	27,292	29,775	9.1 %
Value-added (million Euro)	203	229	12.8 %
Government revenues (million Euro)	369	395	7.1 %

Source: Calculations - different sources.

Figure 1: Development of production, consumption, imports and exports (2010-2014)



Source: National associations.

3. BREWING SECTOR

Production increased to over 6.2 million hectolitres in 2014. The number of brewing companies and breweries remained the same at 50.

Table 2: Basic characteristics of the Hungary brewing sector (2013-2014)

	2013	2014
Total production (in hectolitres)	6,181,000	6,239,000
Brewing companies	50	50
Breweries (including microbreweries)	50	50
Microbreweries	46	46

Source: National Associations.

4. BEER MARKET

Consumption and consumer spending increased in 2014, while prices remained broadly stable. The shares of consumption accounted for by the on- and off-trades remained the same.

Table 3: Basic characteristics beer market (2013-2014)

	2013	2014
Total consumption in hectolitres	5,704,000	5,793,000
Total consumer spending (in million Euro)	730	831
Consumption of beer per capita (in litres)	60.0	59.0
Beer consumption on-trade (hospitality)	35%	35%
Beer consumption off-trade (retail)	65%	65%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	1.80	1.81
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	1.00	1.23

Source: National Associations.

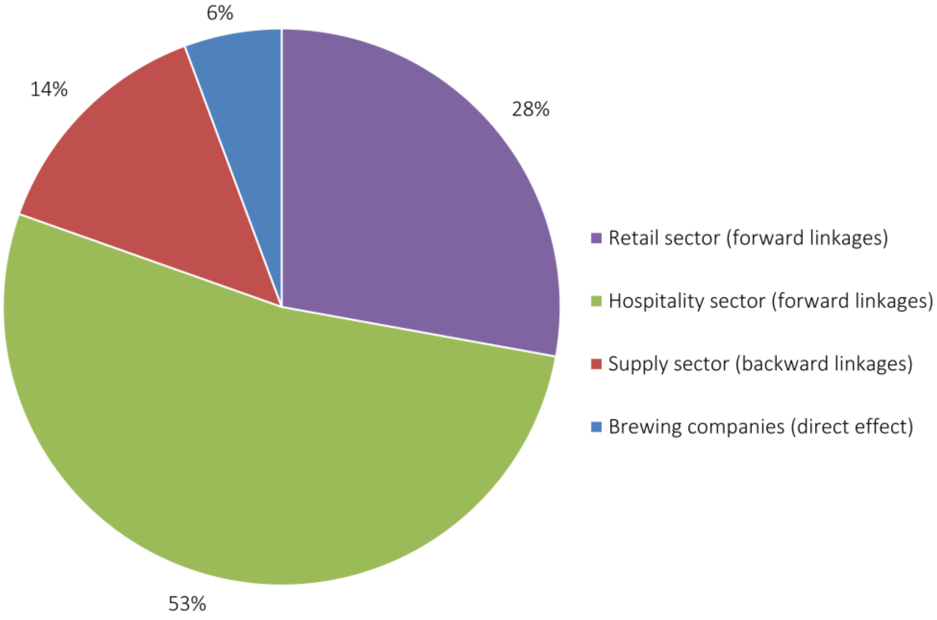
5. TRENDS AND DEVELOPMENTS

There has been a steady shift towards consumption in cans (which now accounts for more than 50 per cent of consumption), a rise in imports and a decrease in overall beer consumption (though one brewery reports a rise in per capita consumption). The market is felt to have become more sensitive to price and discounters have entered the market offering unbranded products. There is also an increase in the consumption of premium and craft beers and flavoured Radlers, while lager consumption has declined.

6. EMPLOYMENT GENERATED BY THE BEER SECTOR

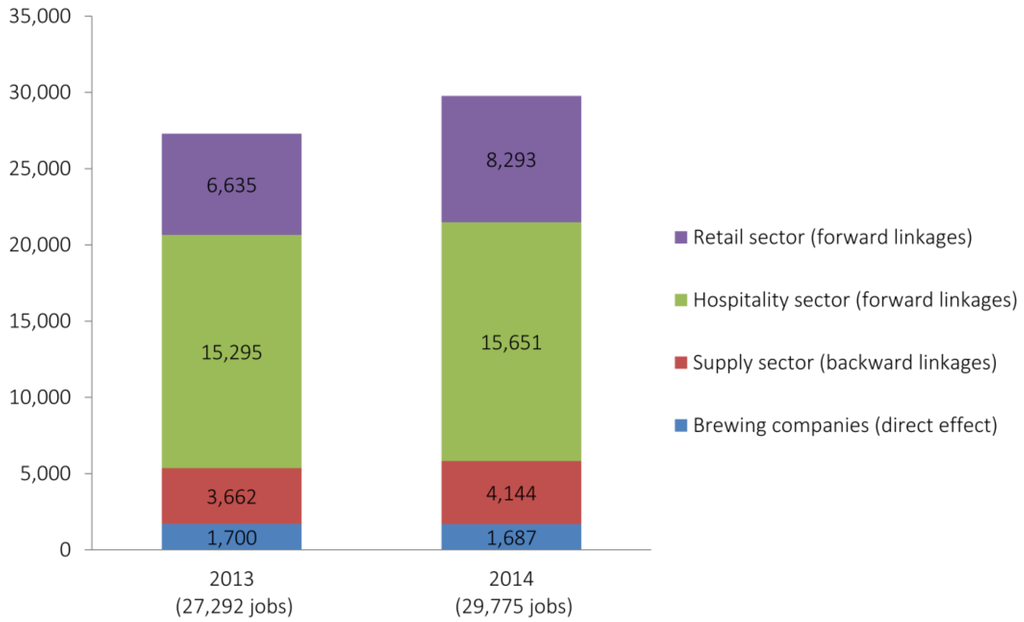
The beer-related contribution to employment increased by over 9 per cent from 2013 to 2014. The largest contributions to employment were in the on-trade, but the largest increases in employment were in the off-trade.

Figure 2: Total employment because of beer in 2014: 29,775 jobs



Source: Calculations - different sources.

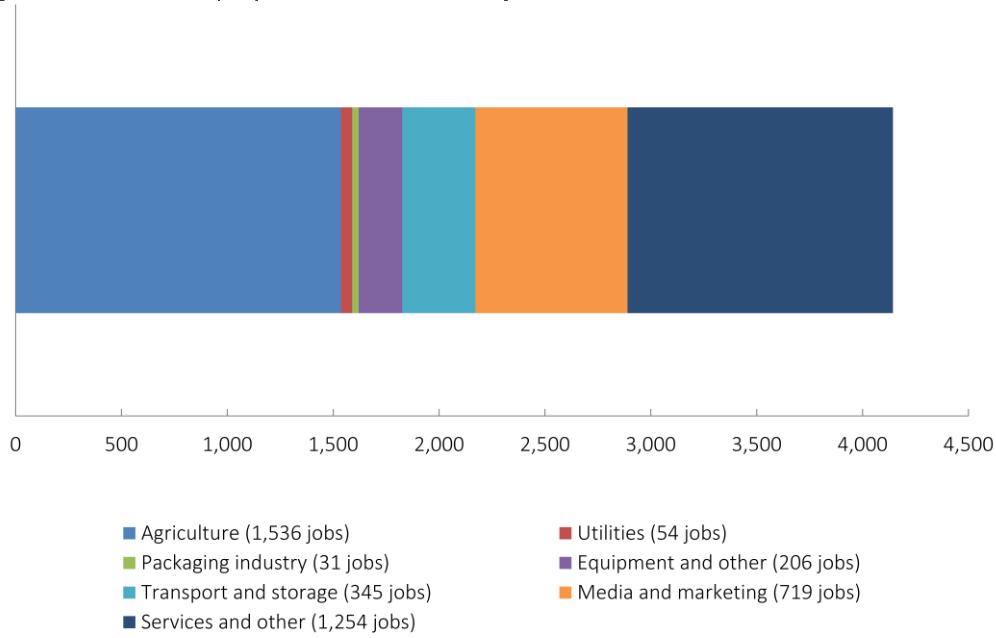
Figure 3: Change in employment (2013-2014): 9.1 %



Source: Calculations - different sources.

The contribution to employment in the supply sectors was largest in the agriculture sector, despite considerable agricultural imports, reflecting the labour intensity of the sector and the reported value of purchases.

Figure 4: Indirect employment in 2014: 4,144 jobs

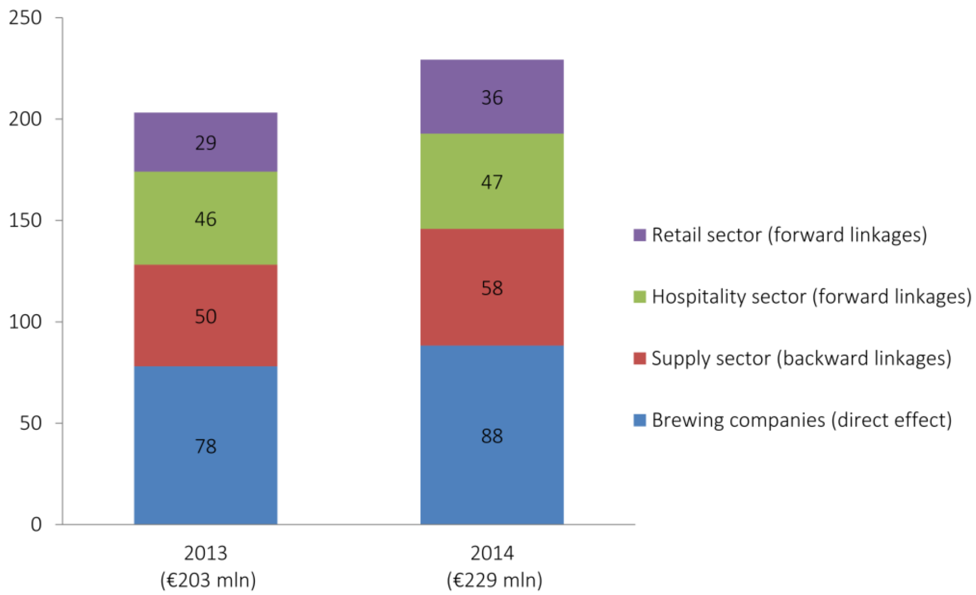


Source: Calculations - different sources.

7. VALUE ADDED GENERATED BY THE BEER SECTOR

The beer-related contribution to value added increased by nearly 13 per cent from 2013 to 2014. The largest increase occurred in the supply sector and in the direct impact of the brewing firms themselves.

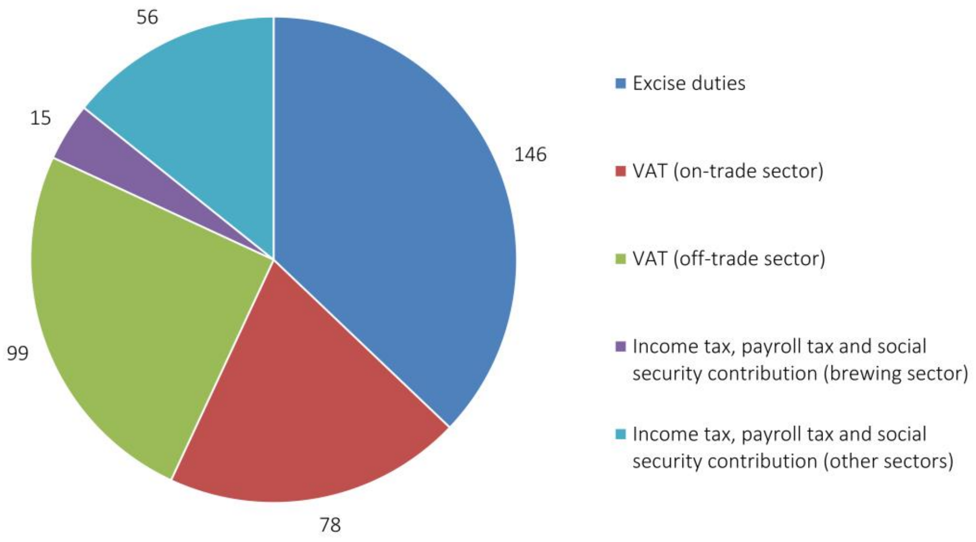
Figure 5: Change in value added (2013-2014): 12.8 %



Source: Calculations - different sources.

8. GOVERNMENT REVENUES RELATED TO BEER

Figure 6: Government revenues generated by beer in 2014: 395 million Euro



Source: Calculations - different sources.

Table 4: Government revenues (2013-2014)

	2013	2014	% Change
Excise duties (million Euro)	147	146	-0.7 %
VAT (on-trade) (million Euro)	76	78	2.4 %
VAT (off-trade) (million Euro)	79	99	25 %
Income tax, payroll tax and social security revenues (brewing companies) (million Euro)	15	15	1.2 %
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	51	56	10.6 %
Total government revenues (million Euro)	369	395	7.1 %

Source: Calculations - different sources.

Note: Excise duty percentage is calculated on the basis of local currency converted to Euro, as used in the European Commission's (DG Taxud) database. For percentage change in local currency, please consult the same database.

The total beer-related contribution to government revenues increased over 7 per cent from 2013 to 2014, mainly due to the increase in VAT in the off-trade. The largest source of revenues was excise duties.

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