The Contribution made by Beer to the European Economy

Italy - January 2016

Europe Economics

The Brewers of Europe

ITALY

1. COUNTRY PROFILE

	2014
Population	60,734,576
Currency	Euro
GDP per capita in PPS (2012, EU28 = 100)	97

Source: Eurostat and National Statistical offices.

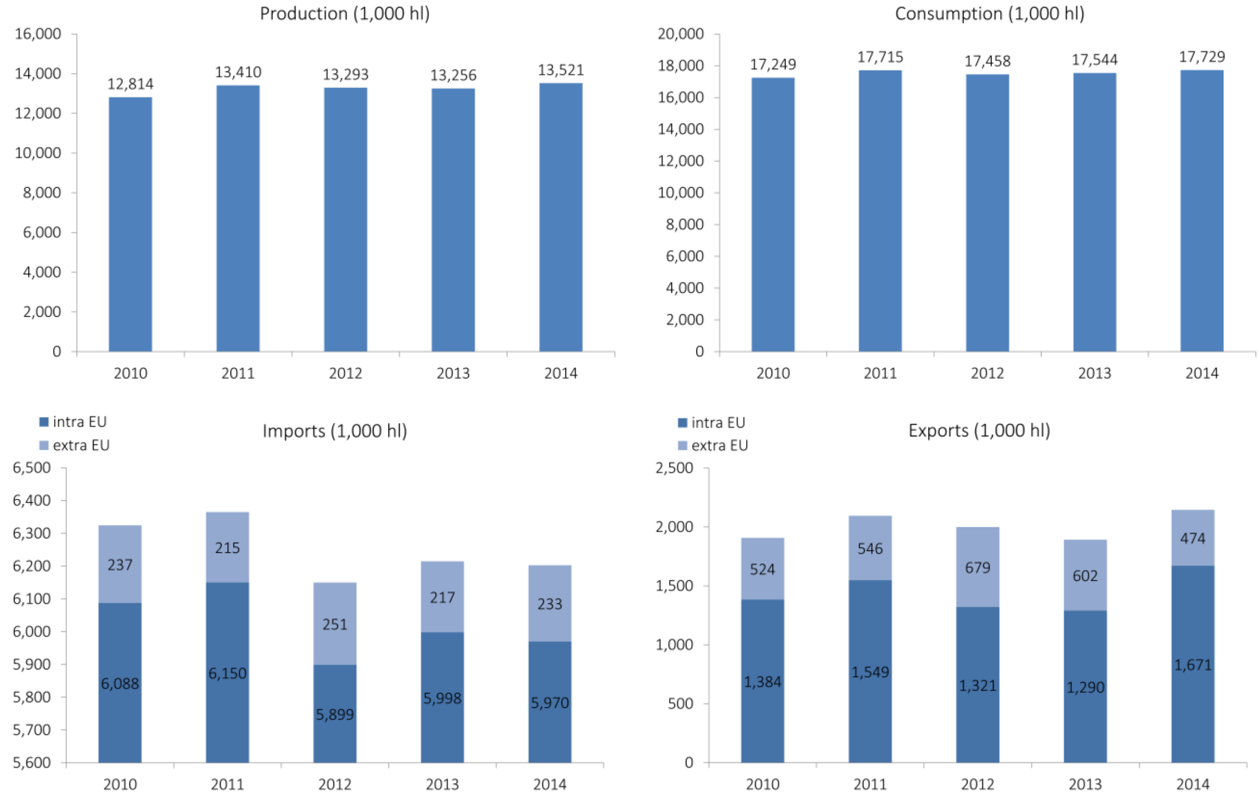
2. HIGHLIGHTS ITALY

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

	2013	2014	% Change
Total number of jobs	134,174	146,264	9 %
Value-added (million Euro)	2,692	2,952	9.6 %
Government revenues (million Euro)	2,977	3,314	11.3 %

Source: Calculations - different sources.

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



Source: National associations.

3. BREWING SECTOR

Production and the number of brewing companies and breweries increased somewhat from 2013 to 2014.

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

	2013	2014
Total production (in hectolitres)	13,256,000	13,521,000
Brewing companies	503	593
Breweries (including microbreweries)	509	599
Microbreweries	491	505

Source: National Associations.

4. BEER MARKET

Consumption, consumer spending and prices have all increased (potentially reflecting a change in the pattern of consumption, towards higher-value beers). There has also been a rise in the on-trade share in consumption, with a corresponding decline on the off-trade share.

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

	2013	2014
Total consumption in hectolitres	17,544,000	17,729,000
Total consumer spending (in million Euro)	8,036	8,781
Consumption of beer per capita (in litres)	29.3	29.0
Beer consumption on-trade (hospitality)	40%	43%
Beer consumption off-trade (retail)	60%	57%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	8.70	9.00
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	1.80	1.90

Source: National Associations.

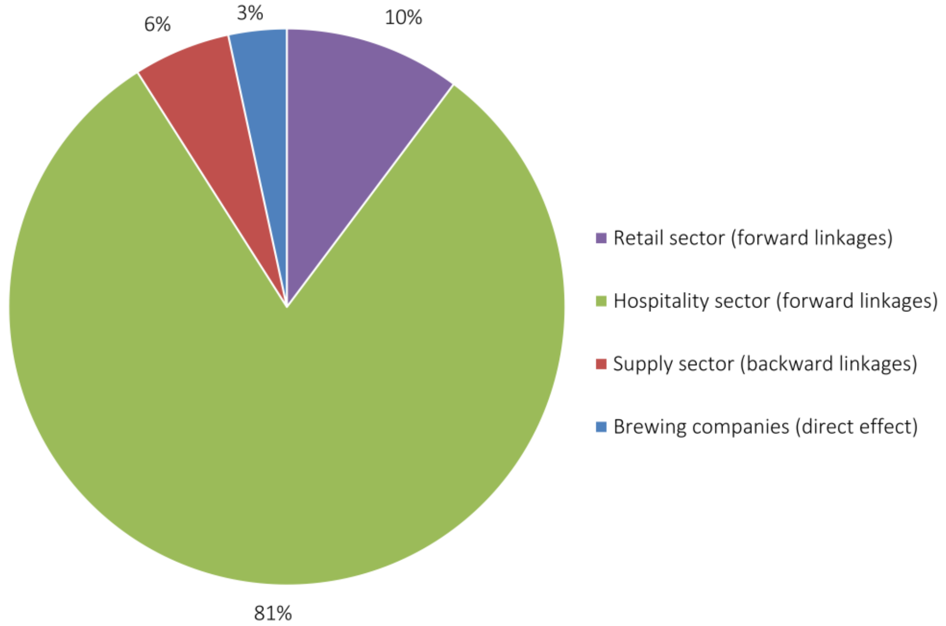
5. TRENDS AND DEVELOPMENTS

There has been a steady shift from consumption in the on-trade to consumption in the off-trade and a moderate decline in overall beer consumption in line with wider European trends, although both those trends appear to have reversed from 2013 to 2014. However there have been particularly dramatic changes in the structure of the industry, with the number of microbreweries almost doubling and an increased market share for craft and other specialty beers.

Firms are responding to market conditions by launching new products which appeal to consumer demand for local ingredients and an Italian image. Value can increase with a rising share of craft and other high value beers and new product launches (Radlers and flavoured beers).

6. EMPLOYMENT GENERATED BY THE BEER SECTOR

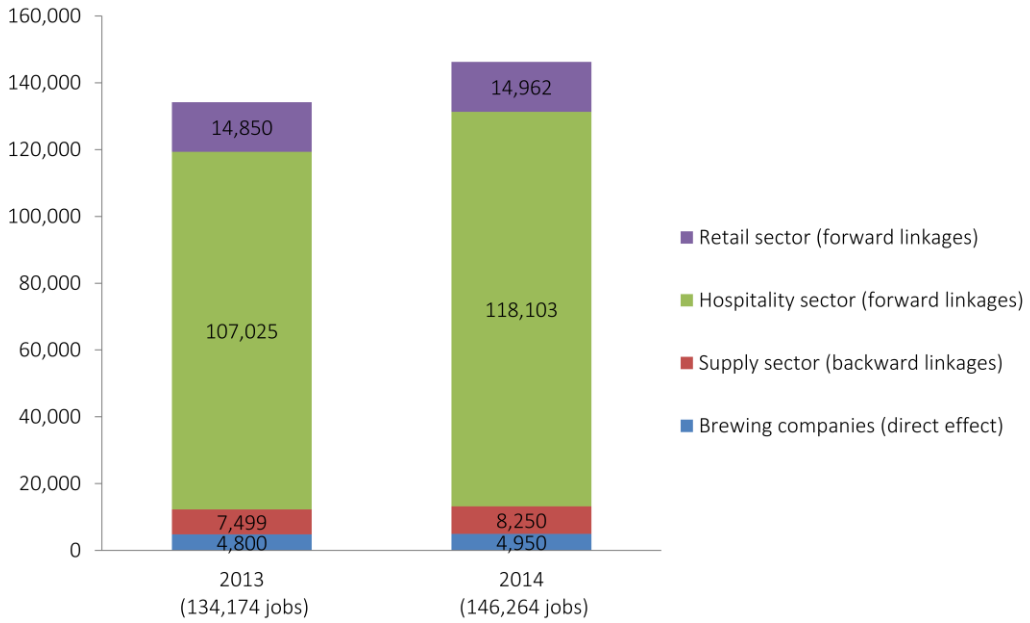
Figure 2: Total employment because of beer in 2014: 146,264 jobs



Source: Calculations - different sources.

The total beer-related contribution to employment was over 145,000 jobs, up from around 134,000 in 2013. As in the rest of Europe, most (over 80 per cent) are employed in the hospitality sector. Employment increased around 10 per cent in the hospitality and supply sectors. There were smaller gains to employment in the brewing and retail sectors.

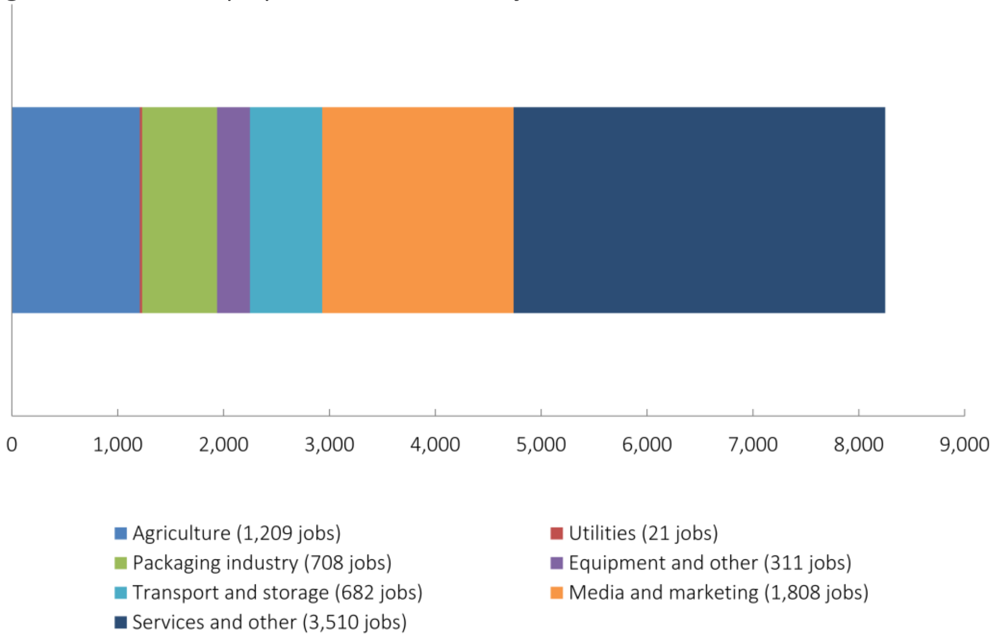
Figure 3: Change in employment (2013-2014): 9 %



Source: Calculations - different sources.

Employment in supply sectors is largest in the service sectors and agriculture, reflecting the volume of purchases in those sectors and their labour intensity.

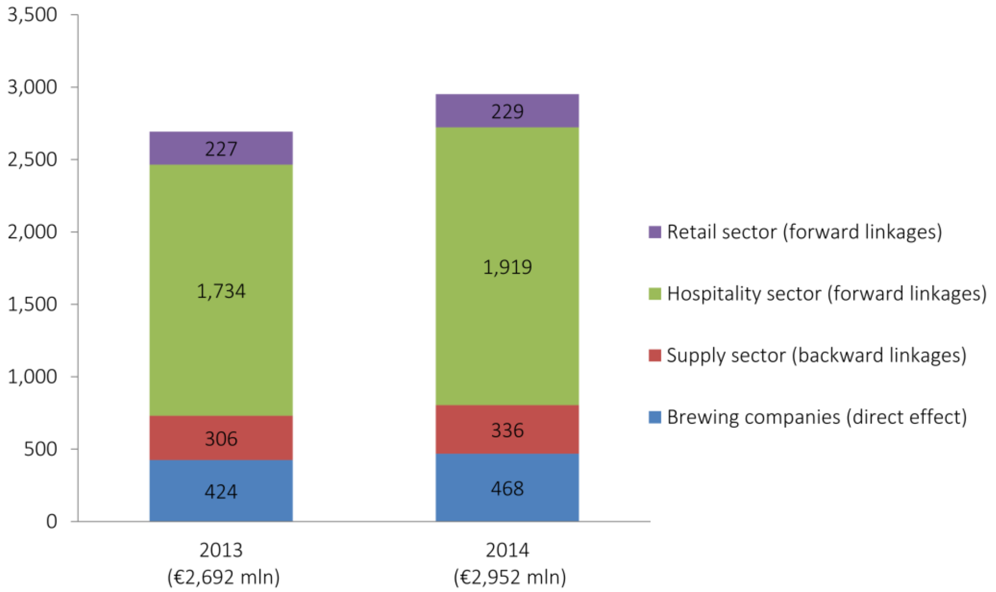
Figure 4: Indirect employment in 2014: 8,250 jobs



Source: Calculations - different sources.

7. VALUE ADDED GENERATED BY THE BEER SECTOR

Figure 5: Change in value added (2013-2014): 9.6 %

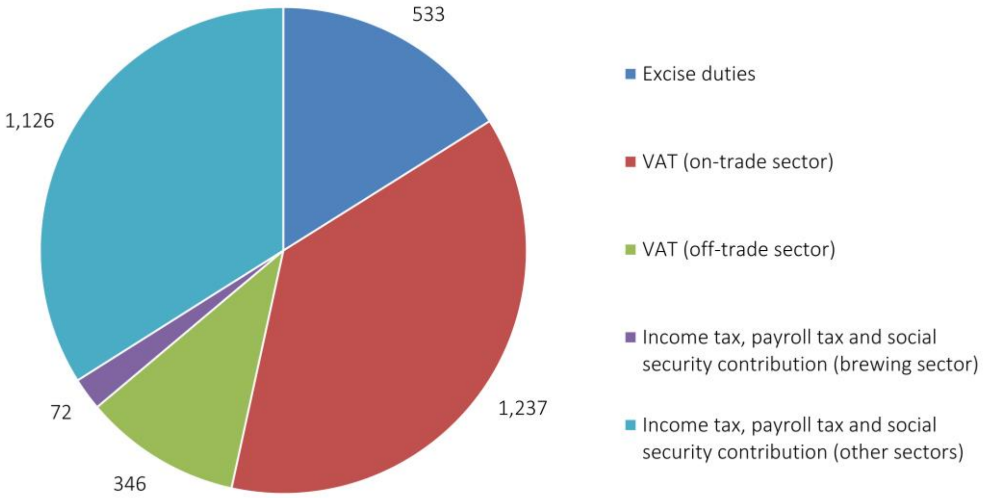


Source: Calculations - different sources.

The total beer-related contribution to value added increased from 2013 to 2014. The pattern in value added is similar to that in employment, with the largest increase in the hospitality sector.

8. GOVERNMENT REVENUES RELATED TO BEER

Figure 6: Government revenues generated by beer in 2014: 3,314 million Euro



Source: Calculations - different sources.

Table 4: Government revenues (2013-2014)

	2013	2014	% Change
Excise duties (million Euro)	482	533	10.6 %
VAT (on-trade) (million Euro)	1,068	1,237	15.9 %
VAT (off-trade) (million Euro)	327	346	5.8 %
Income tax, payroll tax and social security revenues (brewing companies) (million Euro)	70	72	2.2 %
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	1,030	1,126	9.3 %
Total government revenues (million Euro)	2,977	3,314	11.3 %

Source: Calculations - different sources.

Total government revenues increased by nearly 11 per cent from 2013 to 2014, with the largest revenue increases occurring in excise duties, on-trade VAT, and taxes on labour income outside the brewing sector itself.

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