

4 High value-added

4.1 Highlights

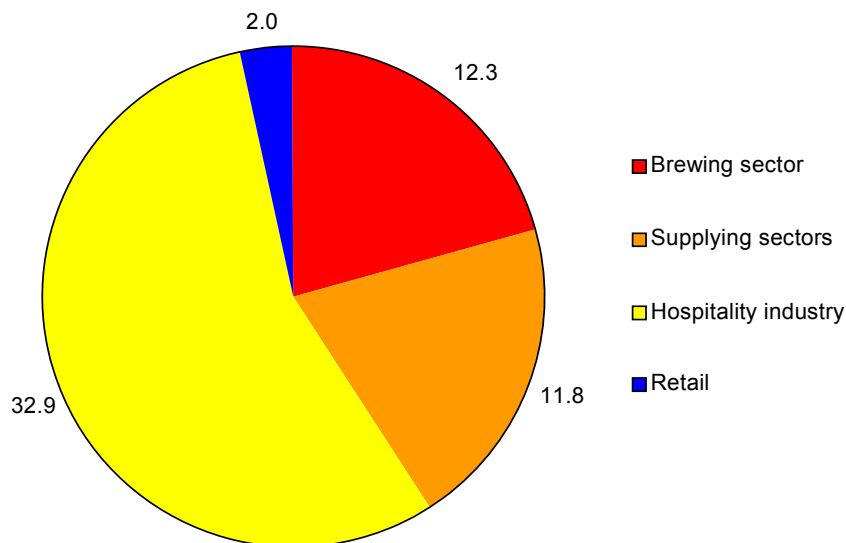
Highlights of value-added

- ▶ The total value-added created directly and indirectly by beer in Europe is estimated at approximately 59 billion euros.
- ▶ Compared to other sectors, employees of European breweries have relatively high productivity.

4.2 Value-added by sector

Another contribution of the beer industry is the value-added it creates, and the value-added created by the supplying, the retail and the hospitality sectors. Value-added can be defined as the difference between the production value and the value of purchased inputs (goods and services). In economic terminology value-added is also defined as the reward for all production factors (mainly labour, capital, entrepreneurship). For the governments in Europe the value-added is important because they levy a tax on it (VAT, see next chapter). We estimate the total value-added related to the production and sale of beer in the European economy at approximately 59 billion euros.

**Value added due to the production and sale of beer EU-27
Turkey, Croatia, Norway and Switzerland: 59.0 billion euros**



Source: Ernst & Young calculation (2009) (see Annex III for an explanation on methodology).

This total of 59 billion euros of value-added is generated by 2.5 million employees working in the brewing sector, in supplying sectors and in the hospitality and retail sectors. This only includes jobs due to beer; jobs due to other sectors are not included. The average value-added per employee is therefore some 23,700⁸ euros a year.

The average value-added per European brewery employee is far higher, namely approximately 81,300 euros a year. This illustrates the relatively high productivity of employees in the brewing sector in comparison with other sectors. The average brewery productivity in terms of value-added per employee is also much higher than the average productivity in other industrial sectors such as packaging and equipment.

The total value-added related to the production and sale of beer (59 billion euros) can be compared to the gross domestic product of countries like Slovakia (65 billion euros in 2008) or Croatia (47 billion euros).⁹ The total gross domestic product (GDP) of the European Union (EU-27), Turkey, Switzerland, Norway and Croatia together was some 13,693¹⁰ billion euros in 2008. This means that the brewing sector's contribution to the European economy is approximately 0.43% of total GDP.

⁸ This is calculated as follows: 58.8 billion euros divided by 2.5 million employees.

⁹ Source: Eurostat, Annual national accounts, 2008.

¹⁰ EY data calculation based on: Eurostat, Annual national accounts, 2008.