

## 2 Purchases made by breweries

### 2.1 Highlights

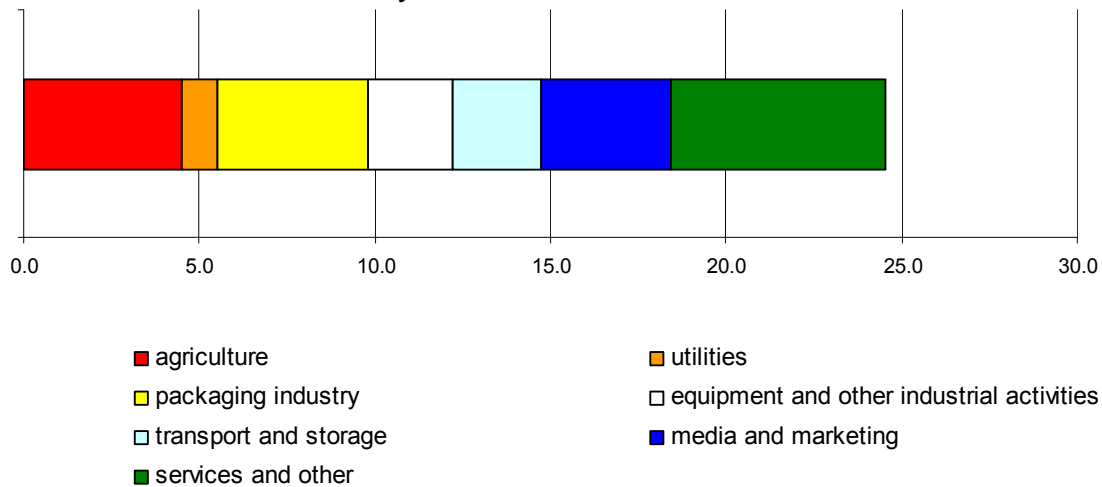
#### Highlights of purchases made by breweries

- ▶ The annual expenditure of European breweries on goods and services is 24.5 billion euros.
- ▶ Most money is spent in the services sector, agriculture and the packaging industry.
- ▶ Europe is the number-one producer of hops, malts and malting barley. The existence of a strong brewing sector is the main explanation for this position.

### 2.2 Purchases by sector

The annual production of 427 million hectolitres of beer is only possible because various sectors provide the necessary goods and services, ranging from barley, hops and malt to energy and transportation capacity, and including a variety of industrial products and services. In total the brewing sector purchases goods and services from supplying sectors with a value of 24.5 billion euros.

**Purchases of goods and services in EU 27 and Switzerland, Croatia, Norway and Turkey in billion euros**



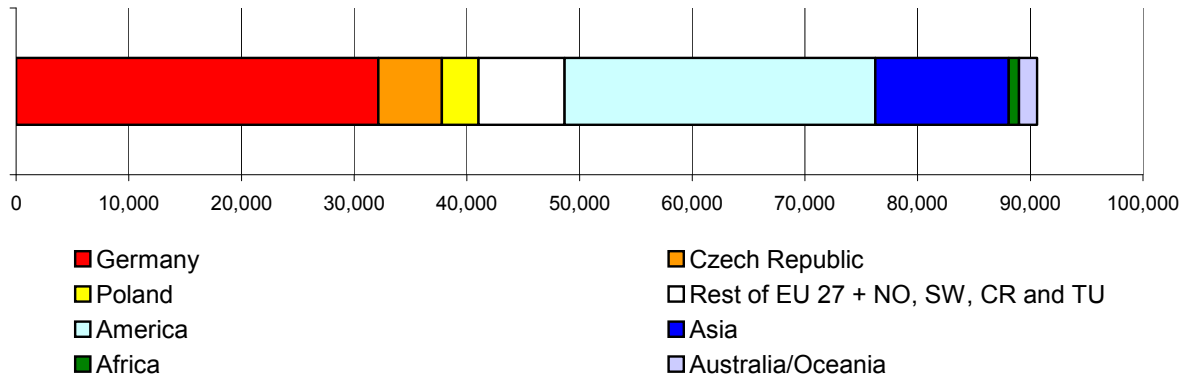
Source: Ernst & Young calculation (2009) (see Annex III for an explanation of the methodology).

A large share (40%) of the purchases made by European breweries is carried out in the services sector (including marketing and media). Another important supplying sector for breweries is agriculture. Some 18% of the breweries' total expenditure is spent in this sector.

### 2.3 Hops, malting barley and malt

Important ingredients of beer are hops, malting barley and malt. It is no coincidence that because Europe is the world's largest beer producer, that Europe is also the number-one producer of malting barley, malt and hops. Around 53% of global hops production is of European origin. Germany is by far the most important hops-producing country, followed by Poland and the Czech Republic. The United States accounts for some 30% of global hops production.<sup>4</sup>

Production of hops (tons)

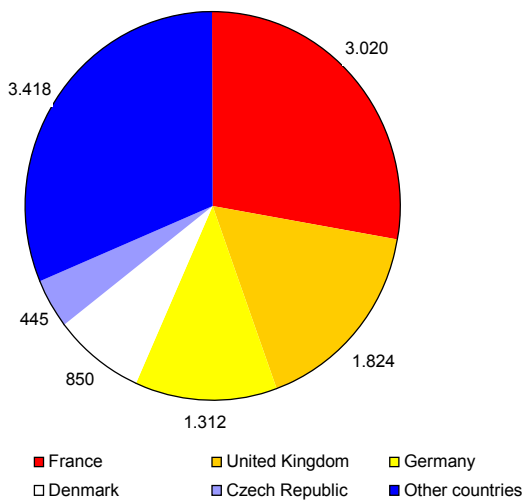


Source: Barth-Haas group, The Barth Report (2007/2008)

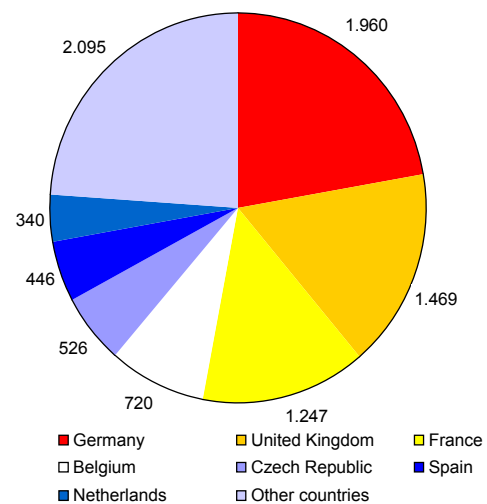
Europe is the world's largest producer of malting barley, with some 55% of the global output being produced in Europe. France, the United Kingdom and Germany are major producers of barley malt and malt in Europe.<sup>5</sup>

It is important to note that the beer sector is not the only one using hops, malting barley and malt. This means that a substantial proportion of the production of hops, malting barley and malt is purchased by other sectors. This study has therefore taken into account the fact that not all hops, malting barley and malt production is for beer, when measuring the impact of beer on the economy and jobs in these sectors.

Malting barley production in Europe (in million tons)



Malt production in Europe (in million tons)



<sup>4</sup> Barth-Haas group, The Barth Report (2007/2008).

<sup>5</sup> Euromalt, data on malting barley and malt (2008).