

About the report

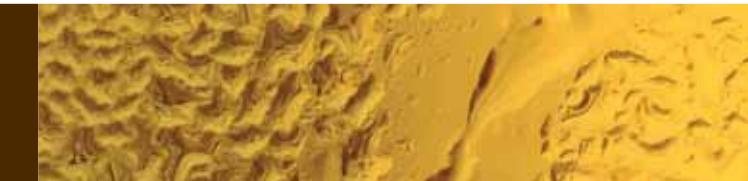
The report quantifies the economic impact of the production and sale of beer in Europe. Consolidated data are presented on the 27 European Union Member States and detailed information is provided on those individual countries plus Croatia, Norway, Switzerland and Turkey.

"The European brewing sector has resilience, remains a global leader and has a very positive impact on the European economy. However, the global economic downturn, coupled with rapidly increasing taxes on beer, has had a detrimental effect on the contribution beer makes to the economy. Nevertheless, with the right support from governments and policy makers, the brewing sector can play a leading role in the economic recovery that is of such fundamental importance to us all."

Alberto Da Ponte
President of The Brewers of Europe

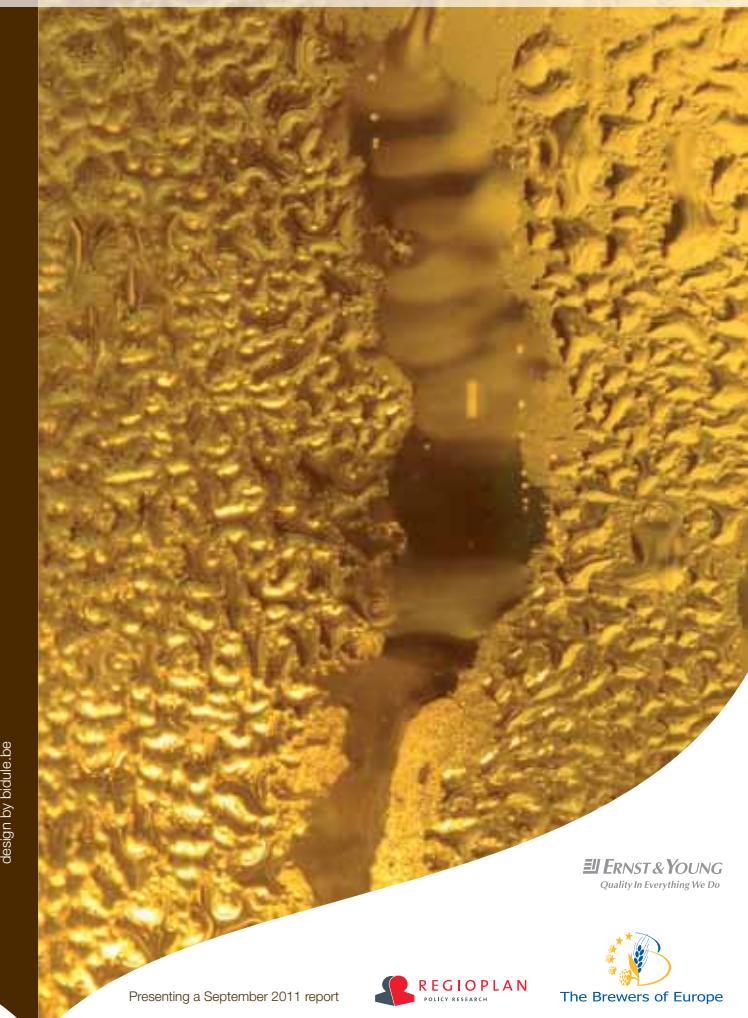
The current report is the fourth edition of the economic impact research undertaken by Ernst & Young and Regioplan following publications in January 2006, September 2009 and March 2011.

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The Contribution made by Beer to the European Economy

Commissioned by The Brewers of Europe
Conducted by Ernst & Young Tax Advisors
and Regioplan Policy Research



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Beer market down - but with signs of a modest recovery

Although there has been a decline in production and consumption of beer over the last two years, which is reflected in the sector's contribution to the EU economy, there are signs that the downward trends slowed in 2010.

	2008	2009	2010
Production (million hectolitres)	407.6	386	382.6
		(-5%)	(-1%)
Total consumption (million hectolitres)	374.3	358	342.6
		(-4%)	(-4%)
Employment (people)	2,302,573	2,102,212	2,035,507
		(-9%)	(-3%)
Value added (million €)	55,395	51,183	50,074
		(-8%)	(-2%)
Government revenues (million €)	53,948	50,557	50,572
		(-6%)	(0%)

It is a particular concern that, in just two years, 260,000 jobs related directly or indirectly to the production of beer were lost in the EU, which represents a decrease of 12% from 2008. As a comparison, during the same period, total employment in the EU decreased by just 2%.

Importance of brewing to the EU economy

- ▶ The EU remains one of the major beer producing territories in the world. Its 3,638 breweries produce 383 million hectolitres of beer a year.
- ▶ Over 2 million jobs in the EU can be attributed to the production and sale of beer, representing approximately 1% of all jobs in Europe.
- ▶ Total beer sales in 2010 amounted to 106 billion Euros, including VAT, which represents 0.42% of the GDP of the EU.
- ▶ The value added by the brewing sector is estimated to be 50 billion Euros.
- ▶ Government revenues due to beer benefited by a total of 50.6 billion Euros in 2010.

However, the brewing sector has felt the effects of the global economic situation with a decrease in consumption and subsequent reduction both in production and the number of jobs. This has been felt most acutely in the Eastern and Central European countries.

The brewing sector needs support

The overall contribution of beer to the EU economy has decreased by 10% since 2008.

This fall is not only driven by the recent global economic downturn, but also by other trends shaping the beer market, including:

- ▶ An increasing tax burden.
- ▶ Higher raw materials prices.
- ▶ Decreasing beer consumption per capita.
- ▶ A growing shift from the hospitality sector towards retail and home consumption.

These trends tend to lead to less value-added and lower government revenues generated per litre of beer consumed, with knock-on effects also on the numbers of jobs generated.

The brewing sector is starting to show some signs of recovery. However, it is essential that appropriate support is provided by governments and policy makers in order to allow the sector to take a leading role in Europe's economic recovery.