

## Global dynamics: the importance of third countries

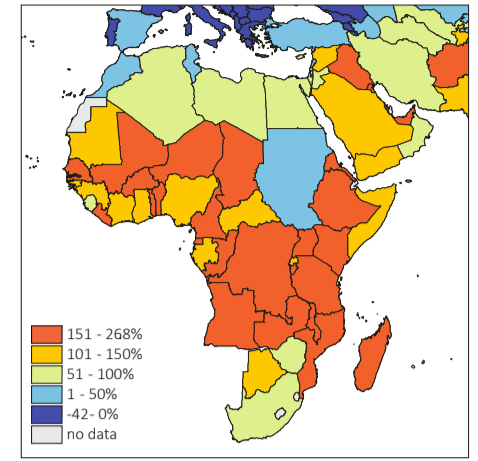
Rise of China in the past, Africa important for the future

Over the past two decades, there have been major global transformations with significant impact on the consumption trends and patterns of beer. European-based brewers are now focusing on trends in the emerging markets: income growth, positive demographics and urbanization.

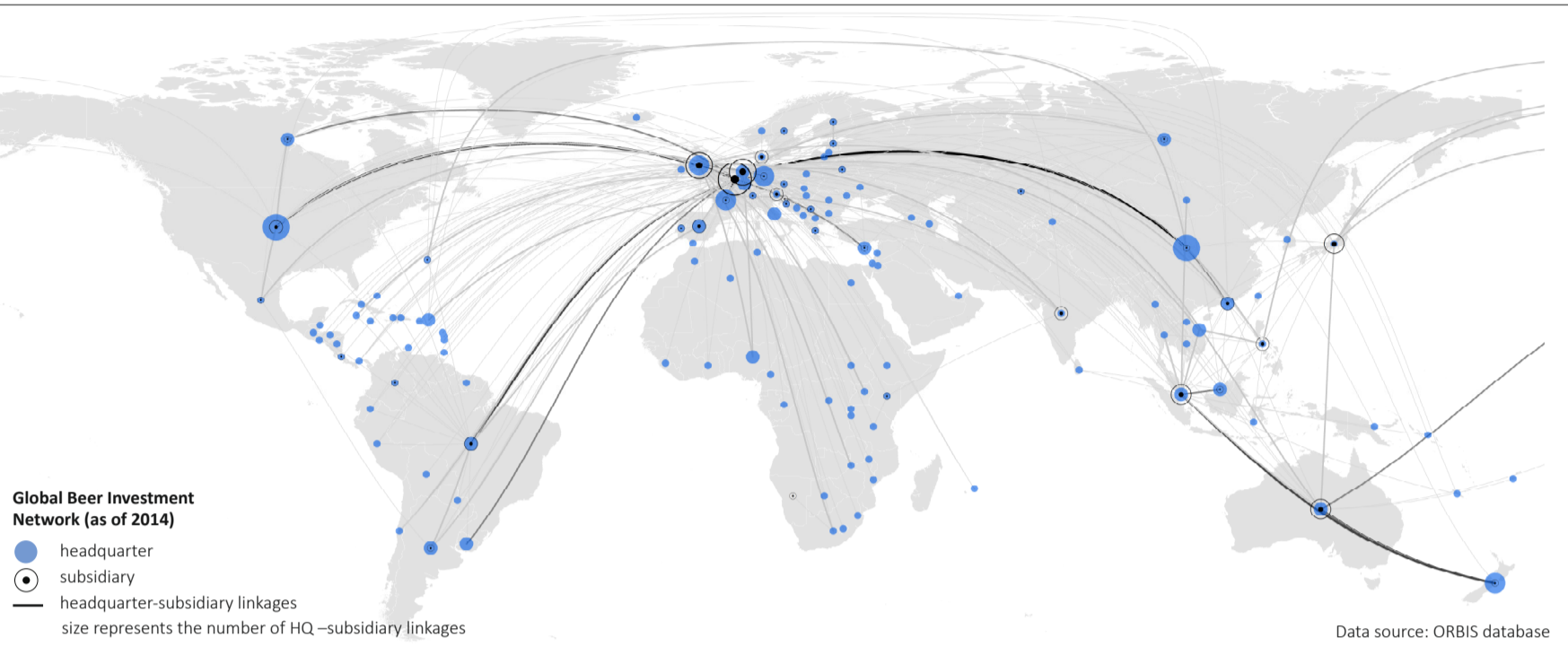
As the European brewers demonstrate, the continued prosperity of the EU depends on connecting to the growth of developing countries and therefore it is ever more important for policy makers and business leaders to understand the dynamics and interplay of the global changes.

**90% of growth will happen outside of the EU**

The combination of future economic development, demographic changes, increasing urbanisation and consumption patterns points to Sub Saharan Africa to be crucial to future growth for the global brewing industry, especially in terms of investment targeting the mid to long term.



Projected demographic changes 2011-2025 male population 18-44



Global Beer Investment Network (as of 2014). The EU is home to the headquarters of the world's largest brewing companies. The EU brewers are the global front-runners in terms of investments in emerging markets such as China and various African nations.

## Importance of an open and transparent global trading system

Trade contributes to growth and jobs in and outside of EU

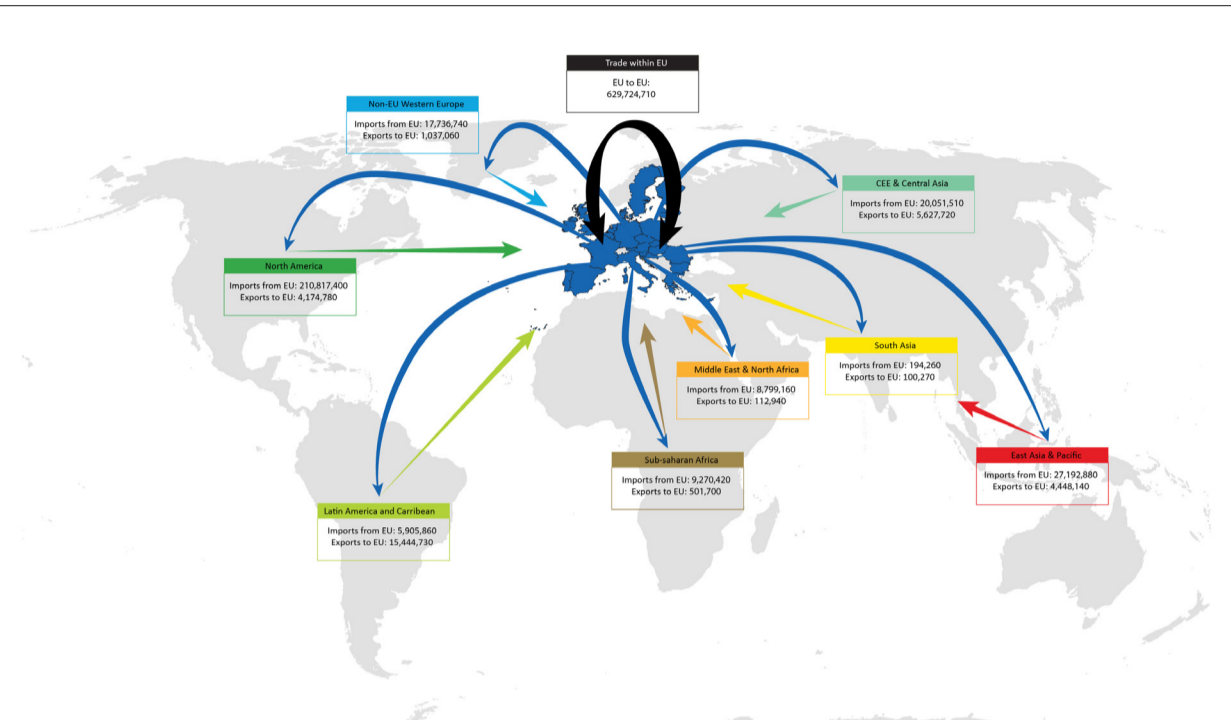
The EU brewing sector has benefited from the EU trade policy of liberalisation and opening new markets, and vice versa, the open and global nature of the EU brewing sector contributes to the EU policy agenda of remaining an open and transparent economy.

In 2012, the EU brewing sector was responsible for **2.3 million jobs** in the EU across the supply chain from the agricultural sector to the hospitality sector. The brewing sector also contributed a trade surplus amounting to 3 billion euros in 2012.

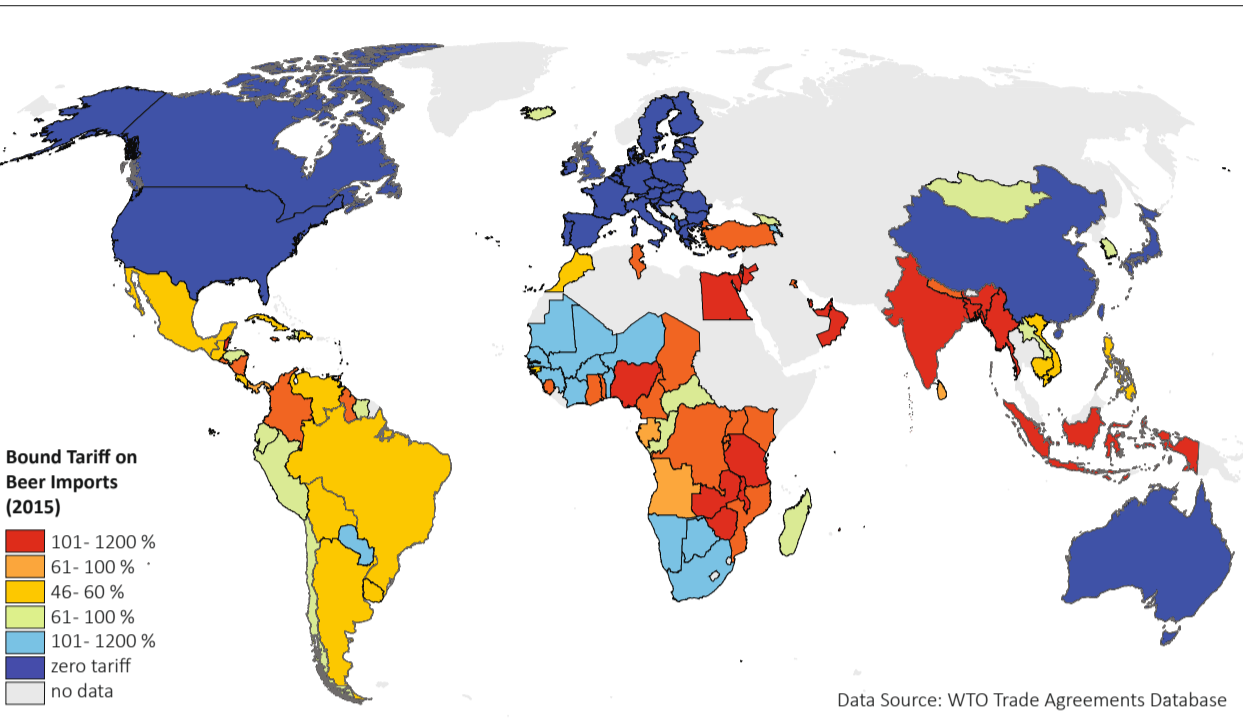
EU's importance for the WTO and regional agreements

The EU brewing sector has grown exponentially with the EU internal market and supports the EU's commitment to further developing the internal market. Going forward, the continued success of the EU brewing sector relies on the EU connecting its internal market to the rest of the world.

**EU members both import and export beer**



Beer Traded (hl) between EU and the Rest of the World (from 1993 and 2012)



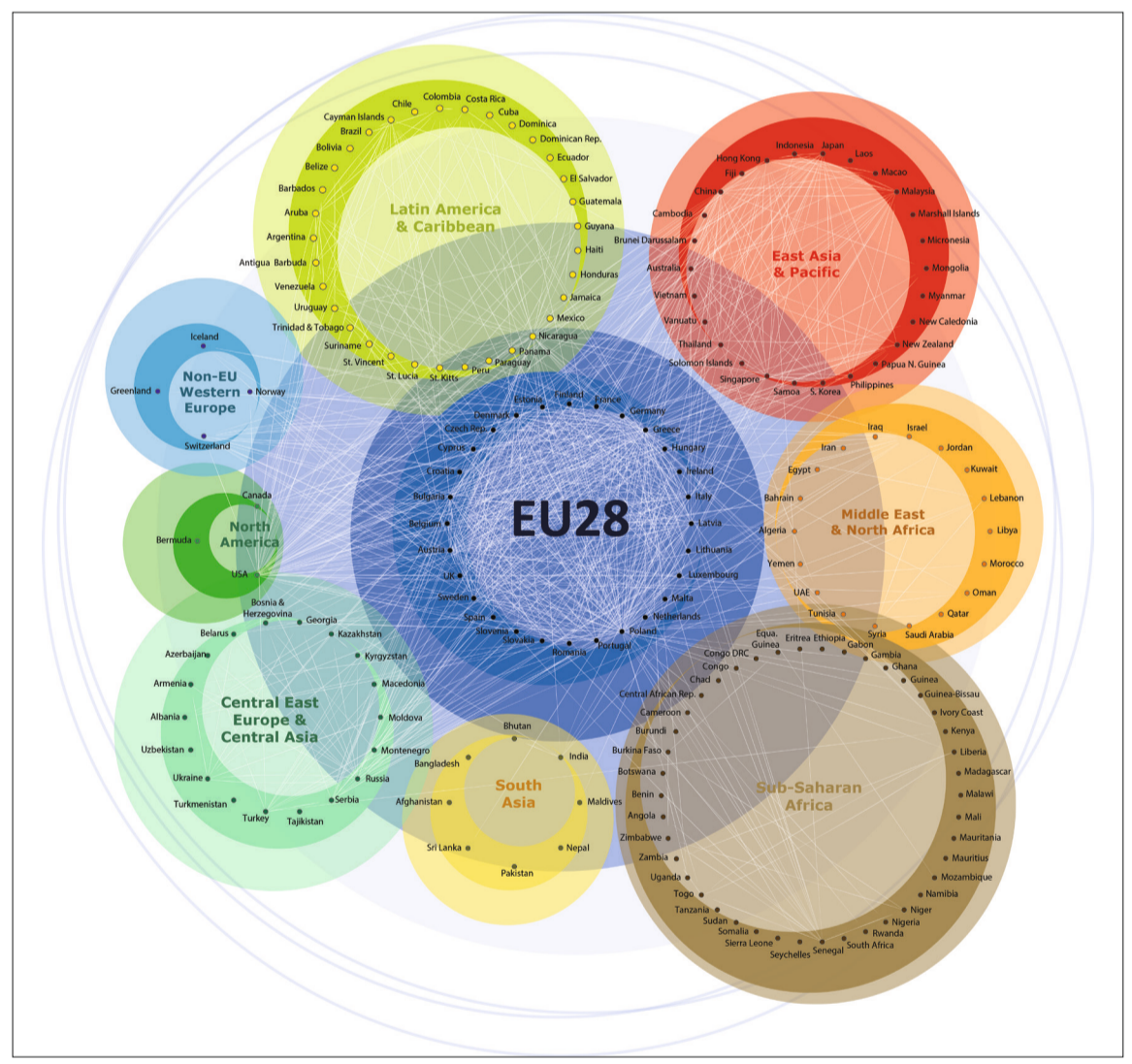
Bound Tariff on Beer Imports 2015

## European brewers are global brewers

EU28 is centrally connected for both trade and investment

The importance of the European brewing sector in European trade with the rest of the world is demonstrated by the central position and structural connectedness of European brewers for both trade and investment.

Beer-related trade and investment do not only represent an economic exchange, but more importantly an exchange of culture and prestige.\* Therefore the global beer network can be a good indicator of the openness of countries in facilitating knowledge, people and investment flows. The European brewers are powerful world players leading the way in investing into emerging markets, contributing to growth and prosperity for both Europe and the third countries.



Topological representation of the global trade network of beer grouped by region showing that EU28 member countries are centrally connected with the rest of the world through trading ties. The lines represent the traded quantity in hectoliters between two countries. Only trade linkages with values greater than 50,000 hectoliters (summed from 1993 to 2012) are shown. Intra-EU28 trade linkages are included. (data source: FAOSTAT)

Trading ties of EU28 members extend to **123 countries** in the world

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# Beer Connects Europe with the World

Global Significance of Trade and Investment by the EU Brewing Sector (1993 – 2012)

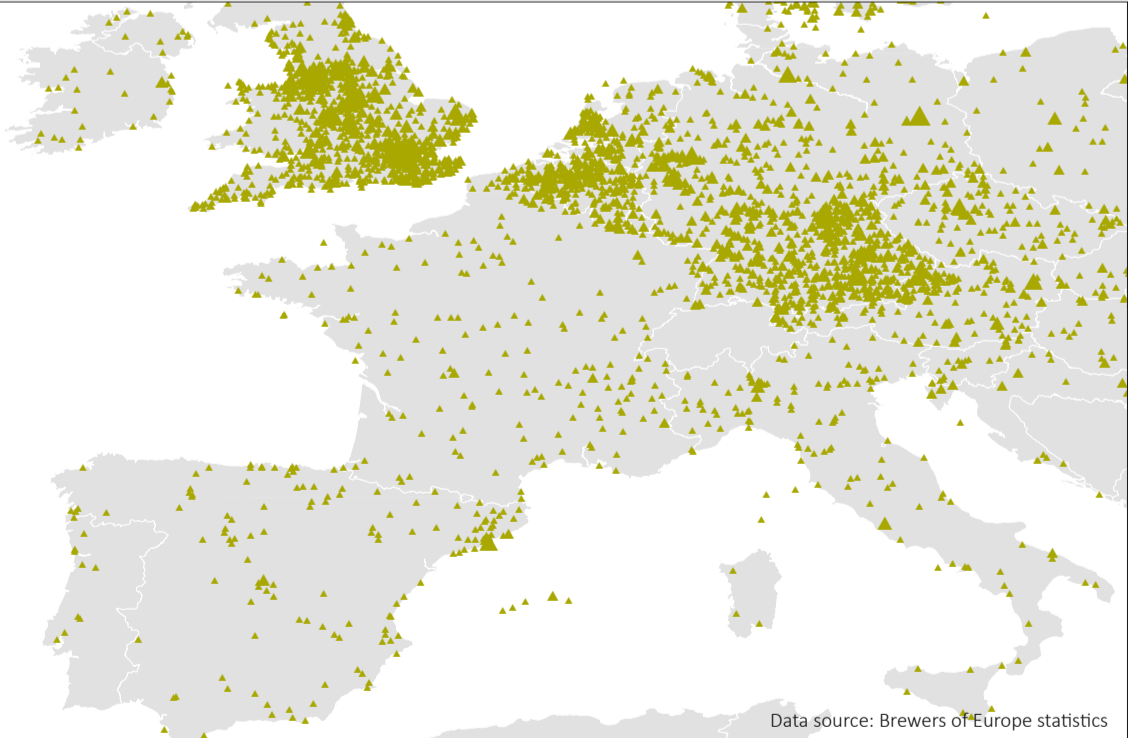
## Innovation, resilience and entrepreneurship

Beer trading is not only an economic exchange, but also an exchange of culture and prestige

The European brewing sector is increasingly vibrant. This is reflected in the growth of small and medium sized brewers in the EU as well as innovation within the category by small and big brewers alike.

New styles of beer and flavours are constantly introduced. Low and zero % alcohol beer is also a growing trend, allowing consumers to enjoy beer at different moments.

The European brewing sector has demonstrated its resilience, entrepreneurship and global leadership and will continue to innovate and lead the global beer development in the future!



Distribution of breweries in European towns and cities

As of 2015, the EU is home to around 7500 breweries, doubling the number in 2010

## EU brewing sector contributes to Europe 2020 growth strategy

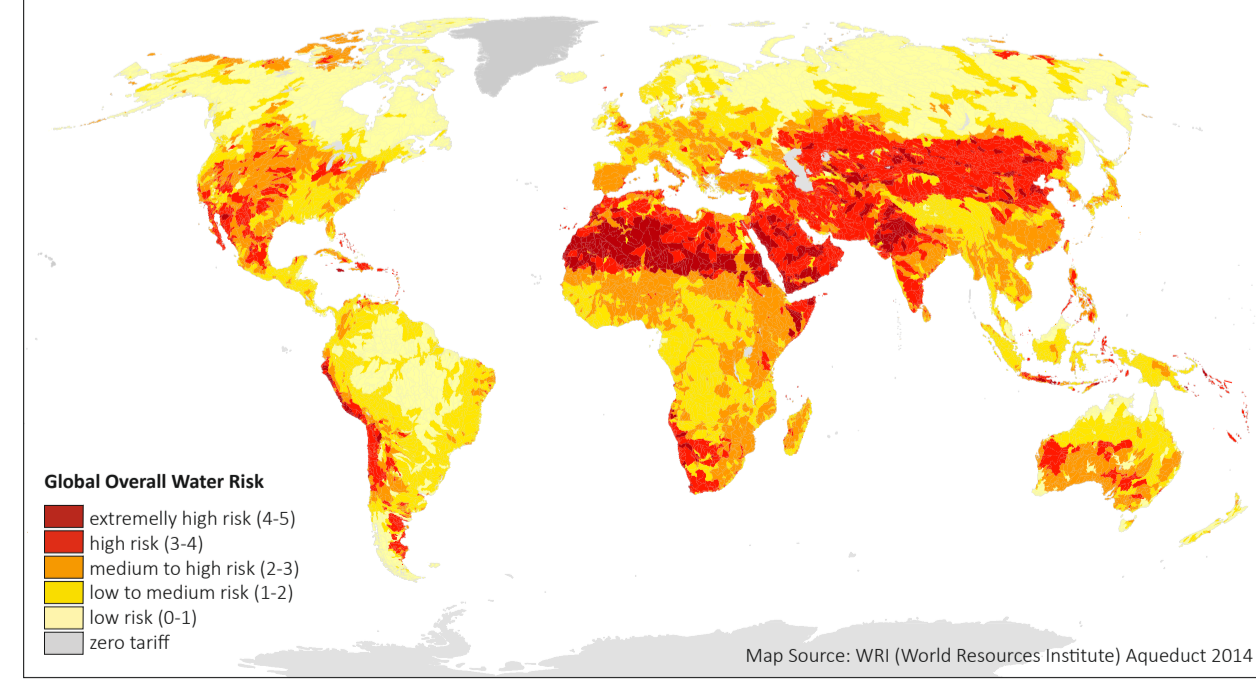


Barley Trade Flow Map (2012). Quality barley suitable for beer malting is only grown in a few places on earth. To ensure supply chain security for the global brewing operations, both trade policy to facilitate agricultural trade and the emphasis on local sourcing are important.

Local sourcing significantly benefits local rural development

Focus on sustainable development for future growth strategies

European brewers are major investors in emerging countries. Beer is not just traded; European brewers commonly invest in local production with locally sourced raw materials for local brands. This contributes directly to development and prosperity in emerging countries: through employment, investment in infrastructure, improving supply chain management, and commitment to sustainability through supplier and human rights codes, adhering to global standards.



Global Overall Water Risk. Identifies areas with higher exposure to water-related risks.

\*Source: Tsui, T.S.W., Wall, R.S. & Täube, F. (2016). A Beer Index for International Food Security? A Co-evolution Study of Global Trade & Investment Business Networks. Presented at the Academy of International Business (AIB) Annual Conference 2015, Bangalore. Submitted to the Journal of International Business Studies for peer review.