

# The Contribution made by Beer to the European Economy



Czech Republic - January 2016



# CZECH REPUBLIC

## 1. COUNTRY PROFILE

|  | 2014       |
|--|------------|
| Population                               | 10,512,410 |
| Currency                                 | Koruna     |
| GDP per capita in PPS (2012, EU28 = 100) | 84         |

Source: Eurostat and National Statistical offices.

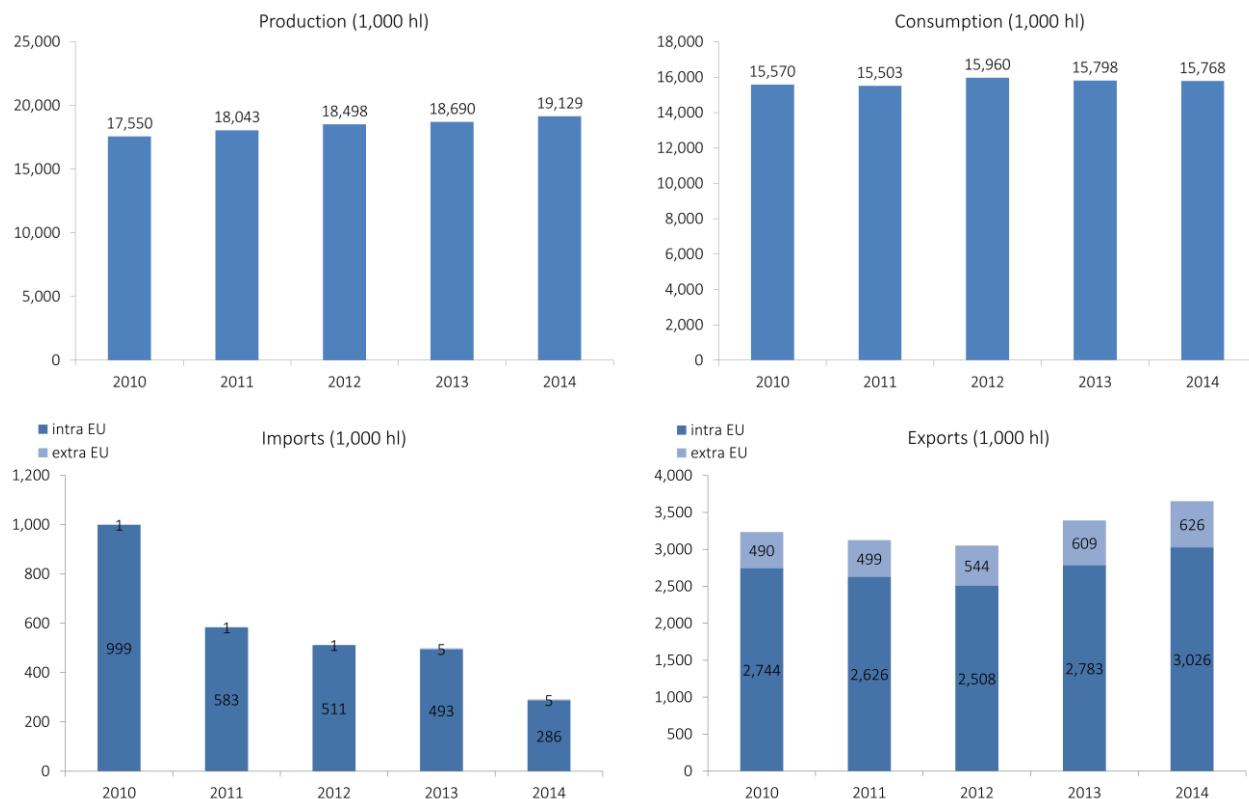
## 2. HIGHLIGHTS CZECH REPUBLIC

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

|                                    | 2013   | 2014   | % Change |
|------------------------------------|--------|--------|----------|
| Total number of jobs               | 79,952 | 76,282 | -4.6 %   |
| Value-added (million Euro)         | 1,404  | 1,354  | -3.6 %   |
| Government revenues (million Euro) | 931    | 887    | -4.7 %   |

Source: Calculations - different sources.

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



Source: National associations.

### 3. BREWING SECTOR

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

|                                      | 2013       | 2014       |
|--------------------------------------|------------|------------|
| Total production (in hectolitres)    | 18,690,000 | 19,129,000 |
| Brewing companies                    | 289        | 322        |
| Breweries (including microbreweries) | 308        | 338        |
| Microbreweries                       | 207        | 238        |

Source: National Associations.

Total production increased from around €18.7 billion in 2013 to around €19.1 billion in 2014. The number of breweries increased significantly to nearly 340 in 2014.

### 4. BEER MARKET

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

|  | 2013       | 2014       |
|--|------------|------------|
| Total consumption in hectolitres   | 15,798,000 | 15,768,000 |
| Total consumer spending (in million Euro)                                | 2,563      | 2,431      |
| Consumption of beer per capita (in litres)                               | 144.0      | 144.0      |
| Beer consumption on-trade (hospitality)                                  | 41%        | 41%        |
| Beer consumption off-trade (retail)                                      | 59%        | 59%        |
| Average consumer price in on-trade (1 litre, including taxes) (in Euro)  | 2.26       | 2.15       |
| Average consumer price in off-trade (1 litre, including taxes) (in Euro) | 1.18       | 1.12       |

Source: National Associations.

Beer consumption and total consumer spending slightly decreased in 2014. Prices and the shares accounted for by the on- and off-trades remained broadly stable.

## 5. TRENDS AND DEVELOPMENTS

Consumption has been broadly stable and consumption at home has remained around 40 per cent of the market, but there has been a longer-term shift from the on-trade to the off-trade and decline in overall volumes. There are changes taking place in the structure of the market:

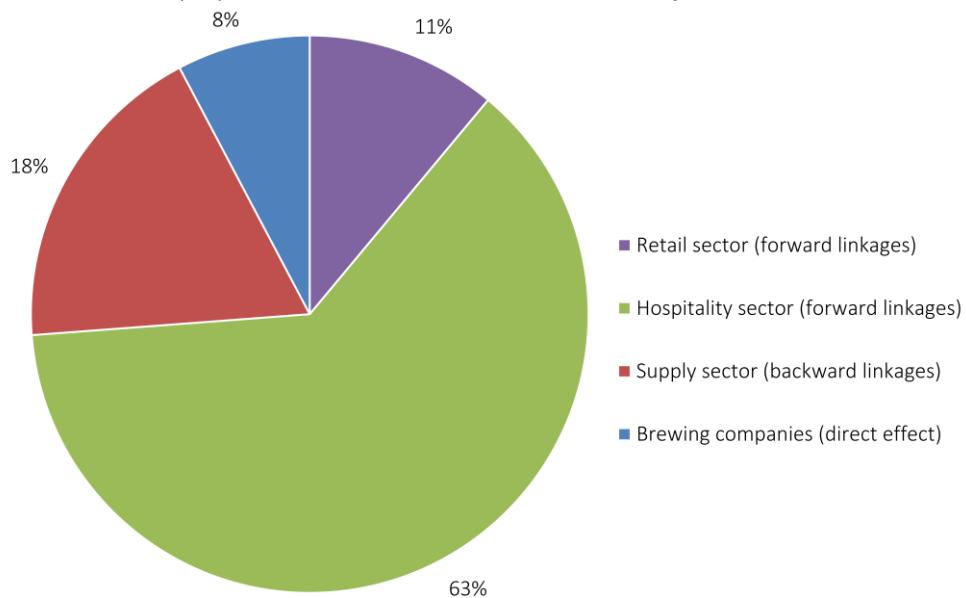
- there is an increasing number of microbreweries and specialty beers;
- more beer mixes and ciders are being consumed; and
- more beer is being consumed in PET bottles and cans.

Czech consumers prefer beers brewed in the Czech Republic and have returned to lager as the main type of beer they consume. Exports are also growing, meaning that the sector as a whole is healthy despite past reductions in the volume of beer consumed domestically.

The industry is enlarging its offer to consumers, bringing new flavoured non-alcoholic beer and malt based soft drinks.

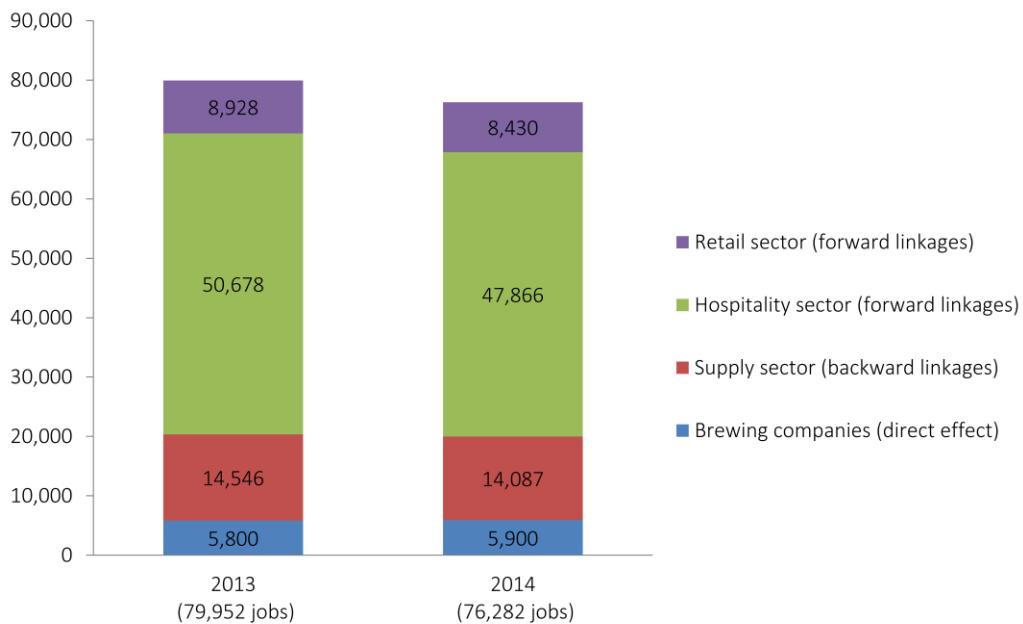
## 6. EMPLOYMENT GENERATED BY THE BEER SECTOR

Figure 2: Total employment because of beer in 2014: 76,282 jobs



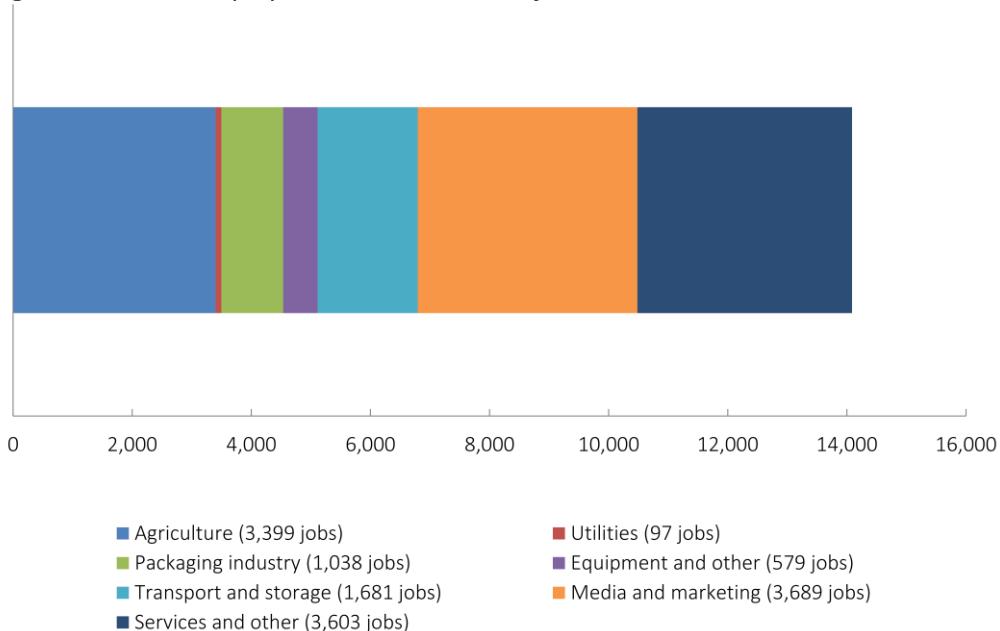
Source: Calculations - different sources.

The beer-related contribution to employment in the Czech Republic was around 76,000 in 2014, which represented a moderate fall from 2013. The largest share of that overall employment impact occurred in the hospitality sector, which accounted for 63% of the total. Employment declined from 2013 to 2014 in all of the segments except the brewing sector itself.

**Figure 3: Change in employment (2013-2014): -4.6 %**

Source: Calculations - different sources.

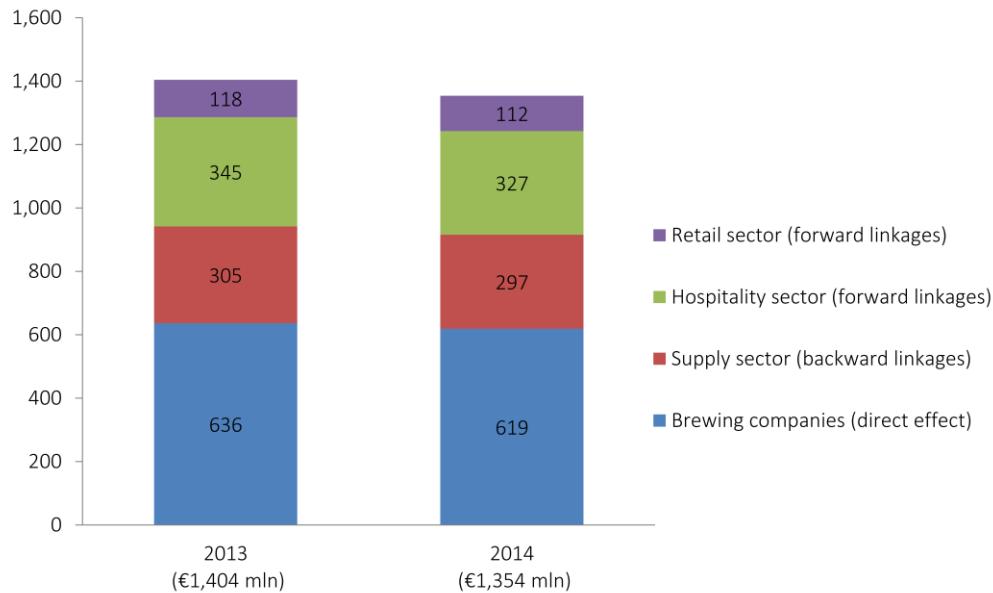
The largest contributions to employment occurred in the service sectors, media and marketing and other services. However, there was also a large contribution to employment in the labour-intensive agriculture sector.

**Figure 4: Indirect employment in 2014: 14,087 jobs**

Source: Calculations - different sources.

## 7. VALUE ADDED GENERATED BY THE BEER SECTOR

Figure 5: Change in value added (2013-2014): -3.6 %

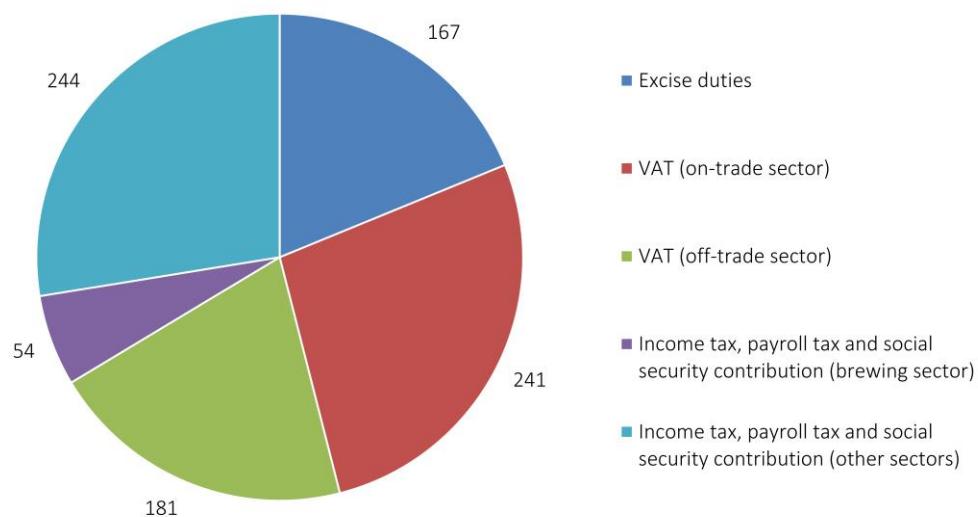


Source: Calculations - different sources.

The largest share of the beer-related contribution to value added occurred in the brewing sector itself (around €620 billion), reflecting a high ratio of value added to employment relative to the wider Czech economy.

## 8. GOVERNMENT REVENUES RELATED TO BEER

Figure 6: Government revenues generated by beer in 2014: 887 million Euro



Source: Calculations - different sources.

**Table 4: Government revenues (2013-2014)**

|   | 2013       | 2014       | % Change      |
|---|------------|------------|---------------|
| Excise duties (million Euro)  | 179        | 167        | -6.8 %        |
| VAT (on-trade) (million Euro)   | 254        | 241        | -5.2 %        |
| VAT (off-trade) (million Euro)  | 190        | 181        | -5.2 %        |
| Income tax, payroll tax and social security revenues (brewing companies) (million Euro) | 49         | 54         | 10 %          |
| Income tax, payroll tax and social security revenues (other sectors) (million Euro)     | 256        | 244        | -4.4 %        |
| <b>Total government revenues (million Euro)</b>   | <b>928</b> | <b>887</b> | <b>-4.5 %</b> |

Source: Calculations - different sources.

Note: Excise duty percentage is calculated on the basis of local currency converted to Euro, as used in the European Commission's (DG Taxud) database. For percentage change in local currency, please consult the same database.

The largest share in the nearly €890 million beer-related contribution to government revenues was accounted for by VAT in the on-trade, where prices are higher and therefore the amount taken in VAT also tends to be higher. Revenues have generally declined, except for income taxes in the brewing sector itself.

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