The Contribution made by Beer to the European Economy

Poland - January 2016

Europe Economics

The Brewers of Europe

POLAND

1. COUNTRY PROFILE

	2014
Population	38,502,066
Currency	Złoty
GDP per capita in PPS (2012, EU28 = 100)	68

Source: Eurostat and National Statistical offices.

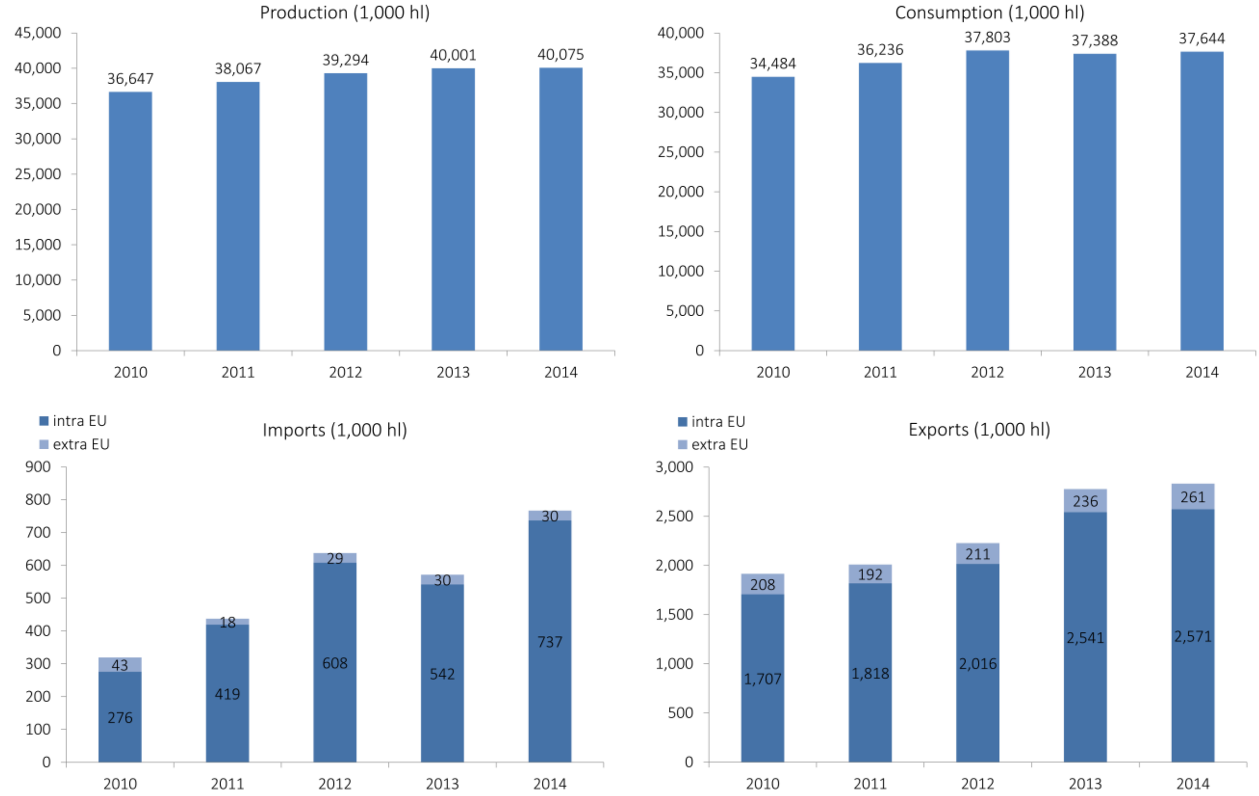
2. HIGHLIGHTS POLAND

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

	2013	2014	% Change
Total number of jobs	168,791	205,637	21.8 %
Value added (million Euro)	2,534	2,869	13.2 %
Government revenues (million Euro)	2,148	2,304	7.3 %

Source: Calculations - different sources.

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



Source: National associations.

3. BREWING SECTOR

Beer consumption remained roughly stable between 2013 and 2014, though the number of breweries fell somewhat. This could suggest a decline in the diversity of the sector, though it may be a change in the number of microbreweries (for which, data was not available) rather than the structure of the market as a whole.

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

	2013	2014
Total production (in hectolitres)	40,001,000	40,075,287
Brewing companies	N/A	N/A
Breweries (including microbreweries)	155	133
Microbreweries	N/A	N/A

Source: National Associations.

4. BEER MARKET

Total consumption rose slightly, along with total consumer spending, despite a fall in prices. The share consumed in the on-trade rose substantially, unlike in many other European countries. It should be noted, however, that the on-trade share remained relatively low.

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

	2013	2014
Total consumption in hectolitres	37,388,000	37,644,401
Total consumer spending (in million Euro)	4,939	5,520
Consumption of beer per capita (in litres)	96.0	97.8
Beer consumption on-trade (hospitality)	10%	15%
Beer consumption off-trade (retail)	90%	85%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	2.14	2.86
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	1.23	1.22

Source: National Associations.

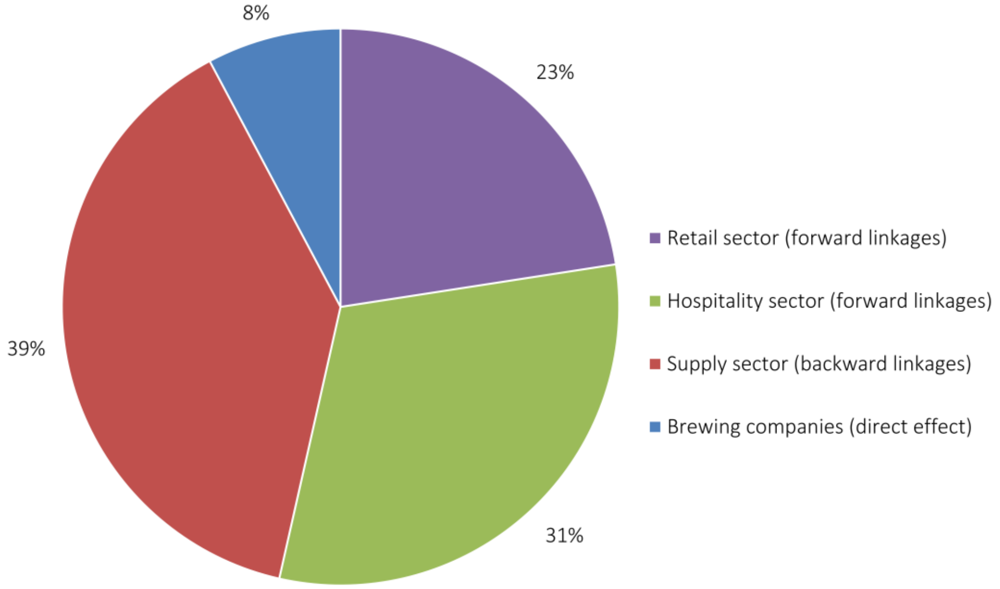
5. TRENDS AND DEVELOPMENTS

There has been a decline in overall beer consumption from a high in 2012 (resulting from the UEFA EURO 2012 competition), though the market appears to have stabilised now. Consumption was rising before then. Most beer consumption continues to take place at home, in the off-trade, though the on-trade share is rising. There have also been shifts other within the market, with an increase in craft beer, regional breweries and innovation increasing the diversity of products available.

The growth in regional breweries and specialty or craft beers reflects a trend towards consumers preferring brands with strong roots. At the same time, there has been a slow but steady decline in consumption of strong beers and a rise in interest in beer mixes, flavoured beers and lower-alcohol content beers. There is competition from other alcoholic drinks, particularly wine and cider. Firms are responding to those pressures by launching new products.

6. EMPLOYMENT GENERATED BY THE BEER SECTOR

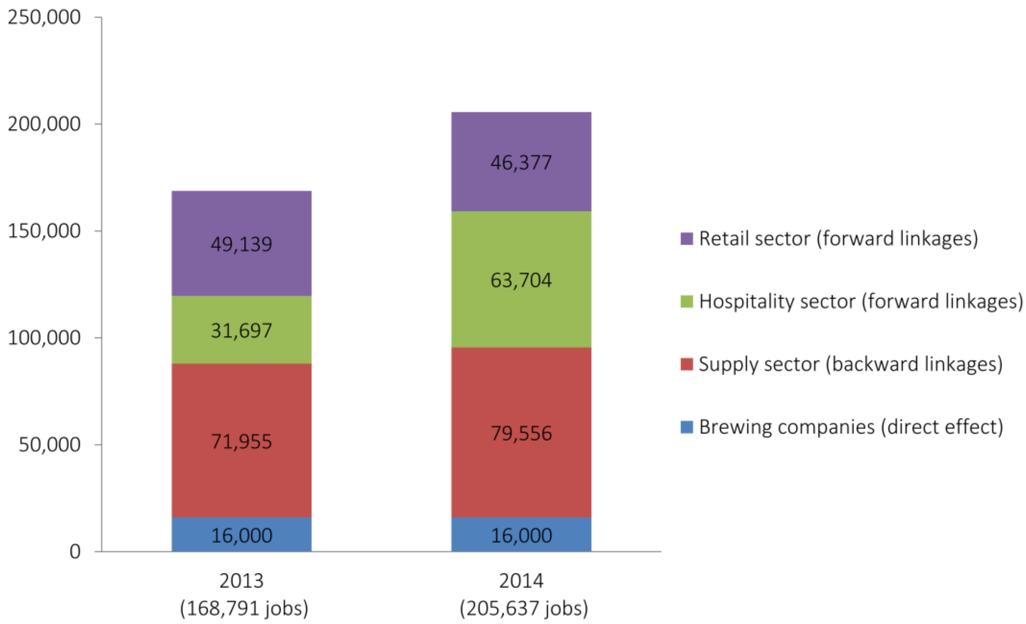
Figure 2: Total employment because of beer in 2014: 205,637 jobs



Source: Calculations - different sources.

The largest contribution to employment occurred in supply sectors, where employment is growing, unlike in most other European countries where the largest contribution to employment occurs in the on-trade. This reflects the low share for the on-trade in consumption in Poland. Employment in the hospitality sector has grown strongly in the last year, however, reflecting the 50 per cent increase in its share of consumption.

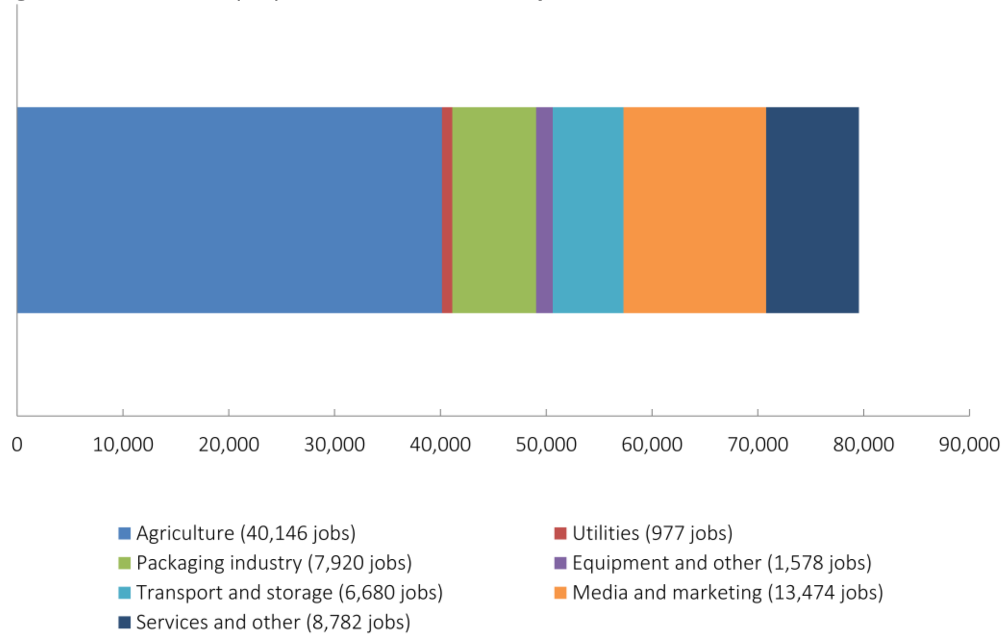
Figure 3: Change in employment (2013-2014): 21.8 %



Source: Calculations - different sources.

Of the supply sectors, by some margin the largest is agriculture, reflecting the use of domestic agricultural products in Polish beer and the labour intensity of the sector.

Figure 4: Indirect employment in 2014: 79,556 jobs

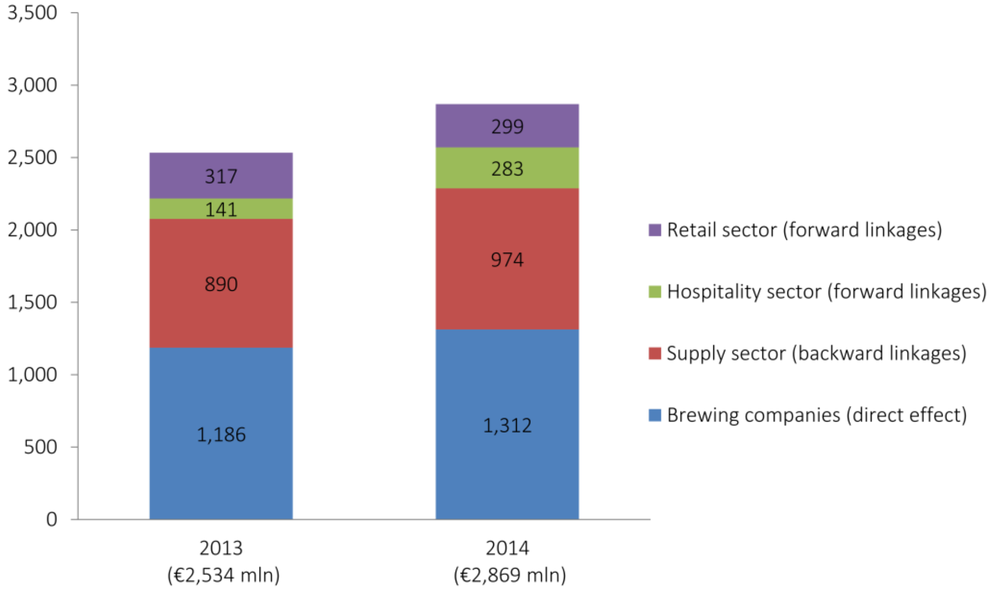


Source: Calculations - different sources.

7. VALUE ADDED GENERATED BY THE BEER SECTOR

The pattern in value added again reflects the low on-trade share, but strong growth in the on-trade. That pattern is exacerbated by relatively low value added per employee in the hospitality sector. Brewing companies themselves are responsible for the largest share in value added, reflecting high value added per employee relative to supply sectors like labour-intensive agriculture.

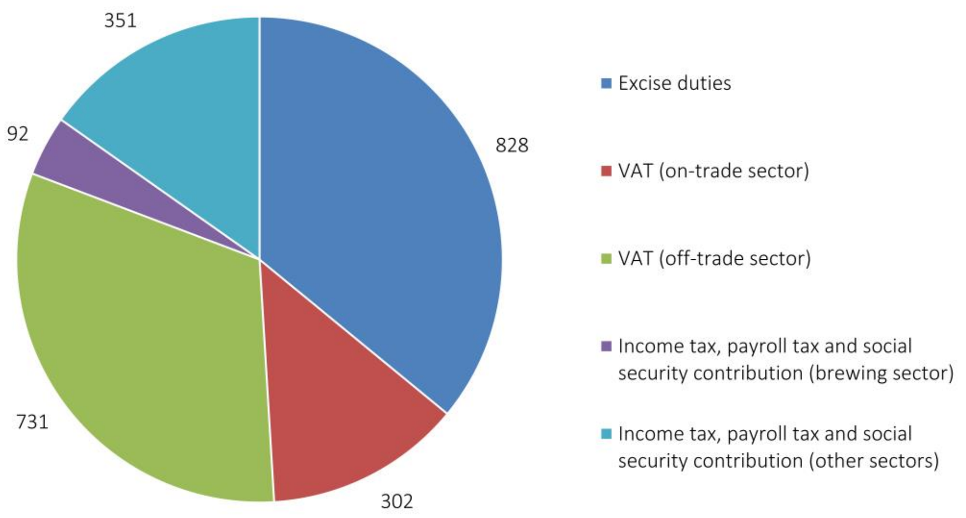
Figure 5: Change in value added (2013-2014): 13.2 %



Source: Calculations - different sources.

8. GOVERNMENT REVENUES RELATED TO BEER

Figure 6: Government revenues generated by beer in 2014: 2,304 million Euro



Source: Calculations - different sources.

Table 4: Government revenues (2013-2014)

	2013	2014	% Change
Excise duties (million Euro)	841	828	-1.5 %
VAT (on-trade) (million Euro)	150	302	101.1 %
VAT (off-trade) (million Euro)	774	731	-5.5 %
Income tax, payroll tax and social security revenues (brewing companies) (million Euro)	91	92	1.5 %
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	292	351	20.1 %
Total government revenues (million Euro)	2,148	2,304	7.3 %

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 contribution to government revenues relates to excise duties on beer. The above apparent decline in revenues therefrom is actually an increase as in national currency the revenue increased from PLN 3,504,380 to PLN 3,565,919. The largest increase in the beer-related contribution to tax revenues is in the on-trade, reflecting the large growth in the value of consumption in the on-trade.

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