



COVID IMPACT

ON THE EUROPEAN BEER SECTOR



THE BREWERS OF EUROPE

BEER, THE RIGHT CHOICE

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- **The story of lockdown**
- **COVID impact statistics**
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PRE-COVID SNAPSHOT OF THE BEER SECTOR

DIVERSE, GROWING AND SUSTAINABLE PRODUCTION

PRE-COVID DATA



**EUROPEAN BEER TRENDS
2020 EDITION
RELEASED ON 12/03/2021**



**THE CONTRIBUTION MADE BY BEER
TO THE EUROPEAN ECONOMY
RELEASED 26/03/2020**

PRE-COVID

- The vibrant and innovative brewing sector counted over **11,000 breweries** operating across Europe.
- An increase of around **10% since 2018**.
- More than **40 billion litres of beer** were brewed annually in Europe.
- **2.6 million jobs** were created directly or indirectly by the beer sector.





PRE-COVID

- Bars, pubs, restaurants and cafés accounted for **1/3 of the overall beer consumption** in Europe.
- With beer served in hospitality creating **2.2 million jobs**.
- Beer created **€ 60 billion of value added** to Europe, of which half is generated by sales in the hospitality sector.
- Beer generated **€47 billion in tax revenues** for European countries, with **€16.5 billion in VAT** from sales in hospitality.



LOCKDOWN

HOSPITALITY HIT HARD

MARCH 2020...

- **Beer is synonymous with socialising and hospitality.**
- **During the Covid-19 crisis, much of the activity from the beer sector was restricted as governments took drastic measures to try and mitigate coronavirus spread, seeking to limit the exposure of customers and staff in social venues where they may have been at risk.**



MARCH 2020...

- A complete shutdown of all hospitality venues, with only takeaway permitted.
- Shutdown of all indoor hospitality spaces, with only outside terraces permitted.
- Bans on alcohol consumption without a meal in hospitality.
- Exclusion of alcoholic beverages from takeaway allowances.
- Early closing, seated dining / consumption only, restrictions on the number of patrons in total, physical separation barriers between tables.
- A full ban on all large-scale and medium-scale events (festivals, concerts, weddings etc.).
- Bans on private gatherings
- Full lockdowns and general night-time curfews.



BREWERS RESPOND

- Breweries started to make hand sanitiser at the beginning of the crisis.
- Support was given in solidarity with front-line staff, those working to keep us safe.
- Distribution support offered for crucial supplies and equipment.
- Research knowledge and resources were offered to those working to find cures, treatment and preventions.



COURAGE

2020 - Belgium - Support to brewing sector, Support to hospitality sector

Initiative from AB InBev for consumers to purchase digital credit and either donate or exchange it for beer in a café or restaurant of their choice.

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CAFÉ SOLIDAIR

01/04/2020 - Belgium - Support to brewing sector, Support to hospitality sector

Alken-Maes allowed consumers to buy beer in advance via a new platform

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#HORECA COMEBACK

HORECA COMEBACK

03/03/2020 - Belgium - Support to brewing sector, Support to hospitality sector

HORECA Comeback was set up to support companies in the hospitality sector during the coronavirus crisis

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AB INBEV AND SOMNIS PARTNER TO PRODUCE 1000 FACE MASKS A DAY



J'AIME MON BISTROT - I LOVE MY BAR

14/04/2020 - France - Support to hospitality sector

"Jaime mon bistrot" is a solidarity fund allowing everyone to freely contribute funds to support one or more HORECA establishments in France

LOVE MY LOCAL

YOUR LOCAL NEEDS YOU

LOVE MY LOCAL

BREWERS RESPOND

- Marketing space was handed over to public authorities to deliver the public health message to the citizens.
- Investments made to have the safest possible drinking environments.
- Hospitality voucher schemes were quickly set up by brewers to give much needed income to bars.



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COVID IMPACT

STATISTICS ON HOW THE CRISIS AFFECTED THE BEER SECTOR, ITS VALUE CHAIN AND CONSEQUENTLY THE WIDER ECONOMY



COVID IMPACT REPORT

RELEASE DATE 26/04/2021

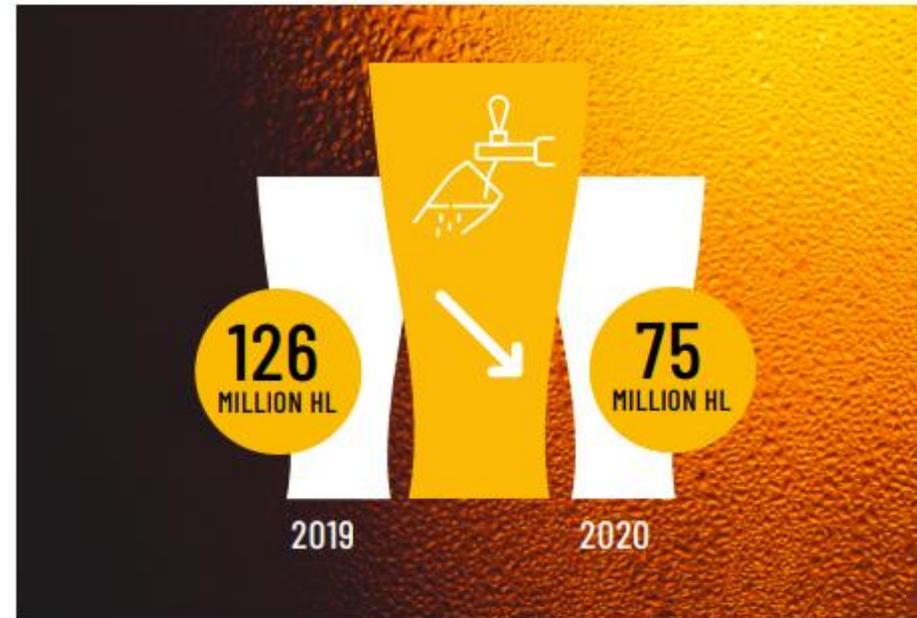
OVERVIEW

- **Europe Economics COVID Impact Report 2020 is a snapshot of the sector in a difficult year. As Europe took unprecedented lockdown measures, closing bars and pubs, brewers suffered badly.**
- **Due to the important contribution made by beer to the European economy and the far-reaching connections throughout the beer value chain, the shutdowns of the hospitality and events sector have had a dramatic impact not just on those sectors, but also on brewing and its capacity to create jobs, value and government revenues throughout the beer chain.**

BEER HOSPITALITY SUFFERED THE MOST IN 2020



42% of beer sales were wiped out from pubs, bars and restaurants in 2020.



Due to Covid-19 restrictions, beer sales in hospitality dropped from 126 million hl in 2019 to 75 million hl in 2020.

JOB & VALUE LOST

- The hospitality sector was hit hardest, with more than **4 in 10 beer-generated jobs being wiped out.**
- The value added by the beer sector reduced by over **€15 billion, or 25%** - from **€60 billion in 2019 to €47 billion in 2020.**
- The beer hospitality sector represented the highest proportion of this fall in value added, generating **45% less** in 2020 compared to 2019.

LOST TAX REVENUES FOR GOVERNMENTS

Figure 5.3: Indirect government revenues (2019 and 2020, billion euro): Europe – 28 countries



Note: IPaSS denotes income, payroll and social security contributions.

Source: Calculations of this study.

Driven by a 43% collapse in the on-trade VAT returns.

RETAIL RELIEF DID NOT MATERIALISE

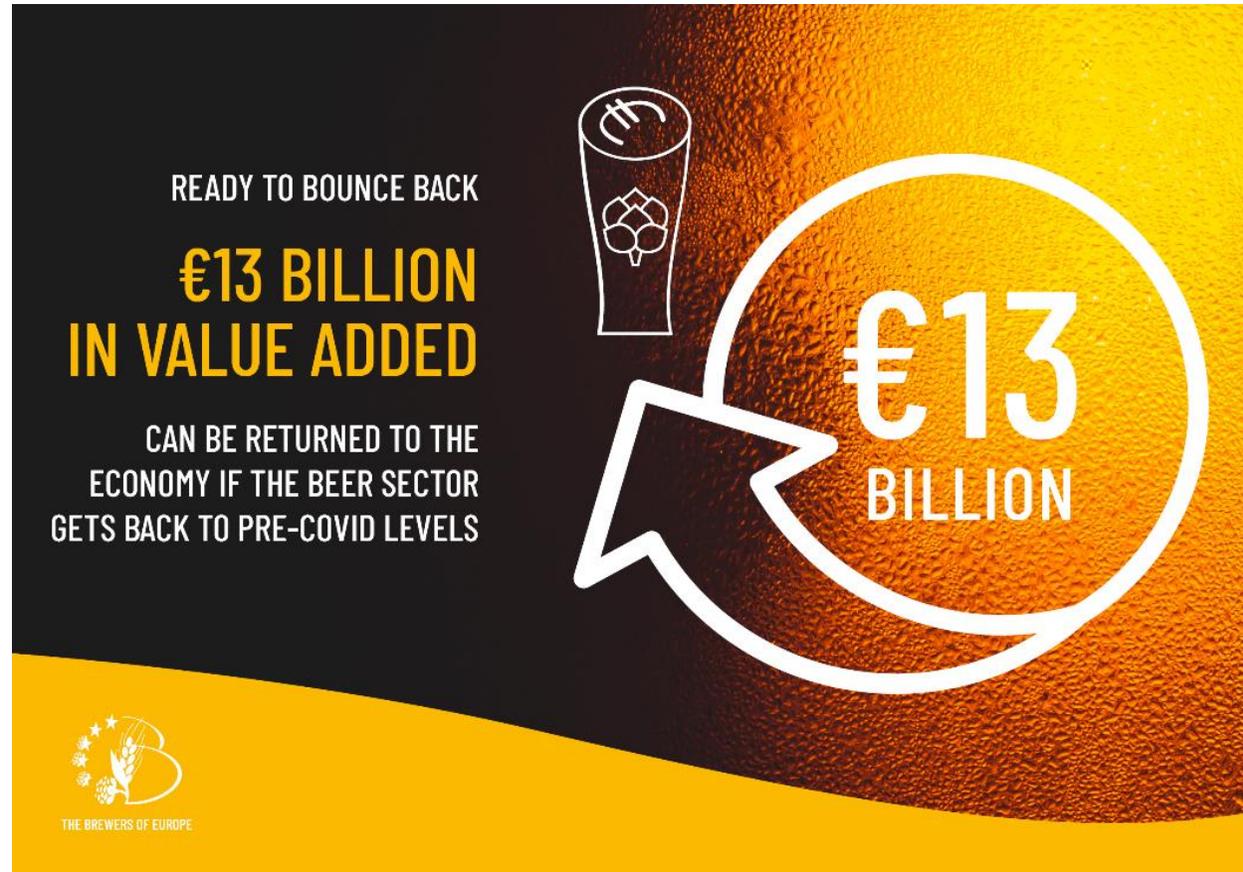
- A drop in beer hospitality sales disproportionately impacts beer's value added, job creation and government revenues.
- Only 8% increase (20 million hectolitres) in off-trade beer sales.
- The net effect was a 9% (34 million hectolitres) fall in the total volume of beer sold in Europe in 2020.
- This directly wiped over **€3 billion off** the value of beer production in a single year, which in turn fed through to suppliers to the beer sector, who saw an 8% (€2 billion) fall in beer-related purchases.



BOUNCING BACK

BEER HOSPITALITY TO DRIVE EUROPE'S RECOVERY

READY TO BOUNCE BACK



JOBS FOR THE RECOVERY



TAX REVENUE BOOST

The infographic features a background of a beer glass with a thick head of foam on the left. The text 'TAX REVENUE BOOST' is overlaid on the beer. To the right, a yellow funnel shape contains the text '€11 BILLION' and icons of a hand holding a glass and a cluster of grapes. Below the funnel, the text 'AFTER THE PANDEMIC' is displayed. In the bottom left corner, the logo for 'THE BREWERS OF EUROPE' is shown, featuring a stylized 'B' with a wheat stalk and stars.

TAX REVENUE BOOST

€11 BILLION

AFTER THE PANDEMIC

THE BREWERS OF EUROPE



SUPPORT IS NEEDED

TO REALISE THE BENEFITS

CURRENT SUPPORT MEASURES

must continue



PROLONGED TEMPORARY UNEMPLOYMENT SCHEMES

Temporary unemployment schemes such as furlough need to be prolonged to allow staff to return upon the reopening of businesses and until full operations can once again recommence.



LOANS & GRANTS

Flexible liquidity loans and grants, including state aid, can help provide cashflow to allow companies to fulfil financial obligations whilst income is often zero during lockdown and potentially still very minimal during partial reopening.



EXCISE TAX

Excise recovery schemes can once again help prevent taxes being paid on beer that is ultimately unconsumed. Targeted excise reductions can help sectors such as brewing that are disproportionately impacted by the hospitality sector shutdown.



VAT

The extension or introduction of reduced VAT rates beyond reopening, often specifically targeted at the hospitality sector and including beer, are critical to supporting reopening and helping the return of customers to bars, pubs, restaurants and cafés once the doors reopen.

BEER HOSPITALITY IS KEY TO THE RECOVERY.

- **It can help drive consumer demand and symbolise consumer confidence.**
- **It can lift the economy and boost jobs all along the brewing, production and hospitality value chain.**
- **Bars and pubs can once again become pillars of the local community - and with it, the economy.**
- **We need to get the reopening right.**
- **We need clarity and certainty.**

WHAT CAN POLICY MAKERS DO?

- **Recognise the significant and unique impact that Covid restrictions have had on brewing and hospitality as sectors whose prosperity are intrinsically linked and dependent on a social economy.**
- **Get behind beer hospitality as a sector that can re-ignite the recovery of the wider economy.**
- **Ensure beer hospitality is supported in Covid recovery plans, not just during shutdown but throughout partial reopening and towards a full, long-term, Covid-safe and sustainable recovery.**
- **Provide targeted support to beer, brewers and hospitality as positive contributors to the economy, culture, society and the European way of life.**



THANK YOU