



28

Romania

28.1 | Country profile

Population*	20,121,641
Currency	Romanian Leu (RON)
GDP per capita in PPS (2012, EU28 = 100) **	49

Source: * Romanian Statistical Office ** Eurostat

28.2 | Highlights Romania

Table 28.1 Economic impact of beer in Romania (2008-2012)

	2008	2010	2012	Δ 2008-2012
Total number of jobs	89,800	76,000	76,700	-14.6%
Value-added (million Euro)	705	509	571	-19.1%
Government revenues (million Euro)	667	651	728	+9.1%

Source: Calculations Regioplan (2013)

Figure 28.1 Development of production*, consumption*, imports** and exports** (2008-2012)



Source: * Brewers of Romania Association (2013) ** Eurostat (2013).

28.3 | Brewing sector

Table 28.2 Basic characteristics of the Romanian brewing sector (2008-2012)

	2008	2009	2010	2011	2012	Δ 2008-2012
Total production (in hectolitres)	19,670,000	17,600,000	16,920,000	16,900,000	18,000,000	-8.5%
Brewing companies	13	13	13	12	12	-7.7%
Breweries (including microbreweries)	21	21	18	17	17	-19.0%
Microbreweries	0	0	0	2	2	-

Source: *Brewers of Romania Association (2013)*

In 2012, the Romanian brewing sector consisted of 17 breweries including 2 microbreweries, which belonged to 12 brewing companies. Some of the major EU brewing companies have subsidiaries in Romania.

Although it is still not back to the level of 2008, total beer production in Romania has increased since 2010. It is important to note that the brewing sector is one of the few sectors in Romania that still has a thriving local production. More than 95 percent of the total beer consumption in Romania is produced within its borders. This is also shown by the imports data from both EU Member States and third countries, which are relatively low.

28.4 | Beer market

Table 28.3 Basic characteristics beer market (2008-2012)

	2008	2009	2010	2011	2012	Δ 2008-2012
Total consumption (in hectolitres)	20,193,000	17,572,000	17,000,000	17,000,000	18,200,722	-9.9%
Total consumer spending (in million Euro)	1,972	1,724	1,687	1,732	1,715	-13.1%
Consumption of beer per capita (in litres)	99	88	87	84	90	-9.1%
Beer consumption on-trade (hospitality)	35.0%	30.0%	28.0%	25.0%	22.0%	-13.0%
Beer consumption off-trade (retail)	65.0%	70.0%	72.0%	75.0%	78.0%	+13.0%
Average consumer price in on-trade (1 litre, including taxes) (in Euro)	1.42	1.67	1.68	1.77	1.68	+18.4%
Average consumer price in off-trade (1 litre, including taxes) (in Euro)	0.83	0.77	0.81	0.85	0.81	-2.4%

Source: *Brewers of Romania Association (2013)*

Beer is a popular alcoholic beverage in Romania. Nevertheless, the consumption of beer decreased significantly between 2008 and 2012, by almost 10 percent. This also had a strong influence on the consumption of beer per capita. A study in 2010 showed that the relatively low consumption per capita was mainly caused by the winter season. It was shown that Romanians preferred wine or other alcoholic beverages during those times of the year.

In 2012, beer consumption at home continued to increase. This led to a long-awaited enlargement of the total beer market. Some brewing companies gained new consumers with the launch of new types of beer in the summer of 2012. The growing retail market led to a further decline in the percentage of beer consumed in bars, pubs and restaurants. The decrease in this percentage was a trend also seen in many other EU Member States.

28.5 | Trends and developments

With a decline in their purchasing power, Romanian consumers changed their buying habits to choosing less expensive beer, which has become a pronounced trend. As bottles are generally more expensive than cans, the sale of beer in bottles has also been declining markedly since 2008. Brewing companies also pointed out that the price difference between lower and higher beer segments is shrinking. By selling large PET bottles, the lower segment is gaining space at the expense of the higher one. Alongside this, there is a slight increase in the draught beer segment.

As in other EU Member States, a trend in the national beer market is that brewing companies have been developing a range of innovative products in response to the changing preferences of the beer consumer. Mixes of beer with lemonade or fruit juices are examples of new products launched in the last few years.

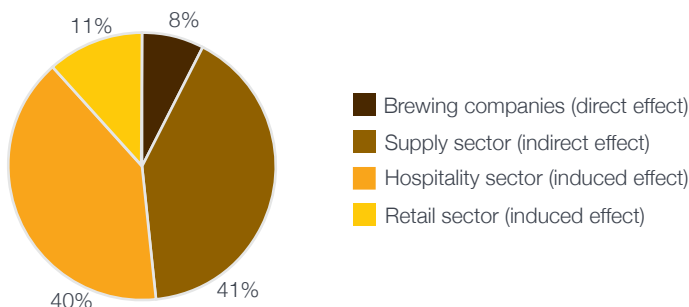
A negative trend in the beer market was the result of enhanced competition, leading to a loss of margins and pressuring brewing companies to promote their own brands. The brewing companies were also confronted with a rise in the cost of raw materials, energy and utilities needed to produce beer. This also affected the margins on beer.

The Romanian brewing sector also has to deal with a constant threat of increased taxation given the permanent budget deficit of the Romanian government.

28.6 | Employment related to beer

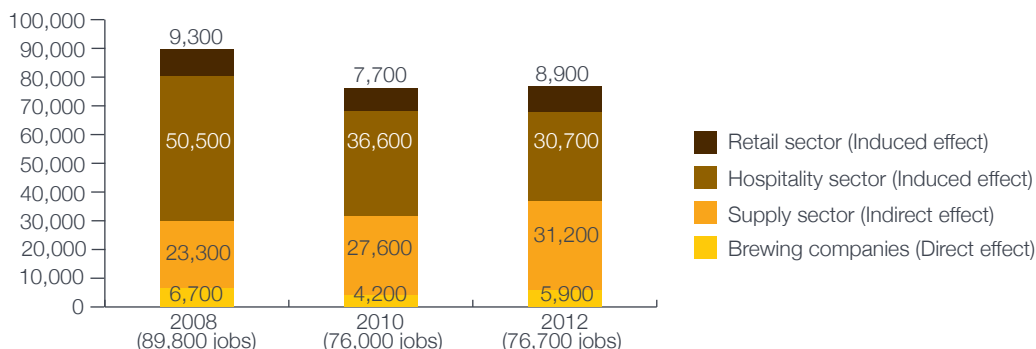
In 2012, approximately 5,900 people were employed in Romanian brewing companies. Alongside this direct employment, the production of beer in Romania also created indirect employment via a number of supply sectors and the retail and hospitality sectors. In 2012, beer generated more than 31,000 jobs in the supply sectors. Moreover, beer contributed almost 31,000 jobs in the hospitality sector and around 8,900 jobs in the retail sector. In total, the employment impact of the production and sale of beer in Romania was estimated to be approximately 76,700 jobs.

Figure 28.2 Total employment because of beer in 2012: 76,700 jobs



Source: Calculations Regioplan (2013)

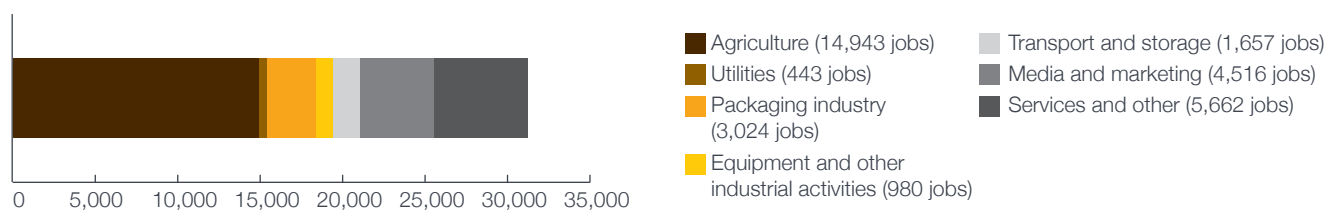
Since 2008, the total employment impact of beer production and sales has declined by almost 15 percent. The main reason for this was the increased consumption at home rather than in bars, pubs and restaurants. The direct employment contributed by brewing companies and the employment created by its suppliers and in the retail sector grew between 2010 and 2012. The increase in indirect employment can be explained by the larger production in 2012. The fact that Romanian brewing companies bought more goods and services domestically also had a positive influence on indirect employment.

Figure 28.3 Development of employment ($\Delta 2008-2012 = -14.6\%$)

Source: Calculations Regioplan (2013)

In 2012 the Romanian brewing sector spent 585 million Euro on the purchase of intermediate goods and services. Of this amount, 501 million euro were spent within Romanian borders. This stimulus had a significant economic impact on the industries outside the brewing sector, most substantially on agriculture. In 2012 approximately 31,200 jobs were created via the supply chain. Notably, the Romanian agricultural sector benefitted the most from the activities of the brewing companies. 48 percent of the jobs created in the supply chain were in agriculture. The Romanian service sector was also a key beneficiary of the brewing sector.

Figure 28.4 Indirect employment in 2012: 31,200 jobs

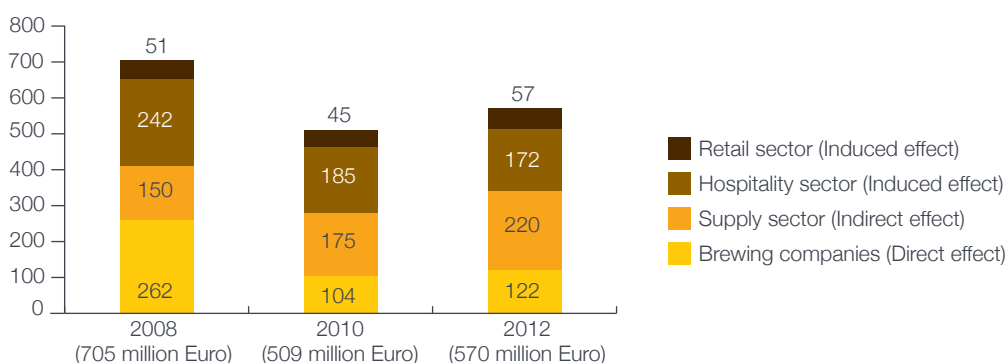


Source: Calculations Regioplan (2013)

28.7 | Value-added related to beer

As well as the jobs created, the contribution of the brewing sector to the Romanian economy can be expressed in terms of value-added. In 2012, the total value-added related to the production and sale of beer in Romania was estimated at 571 million Euro.

Since 2008, the total value-added has decreased by 19 percent although, compared to 2010, the value-added increased by 12 percent. This is primarily the result of increased value-added by the supply sector. The value-added generated directly in the brewing sector and the value-added generated in the retail sector also increased since 2010.

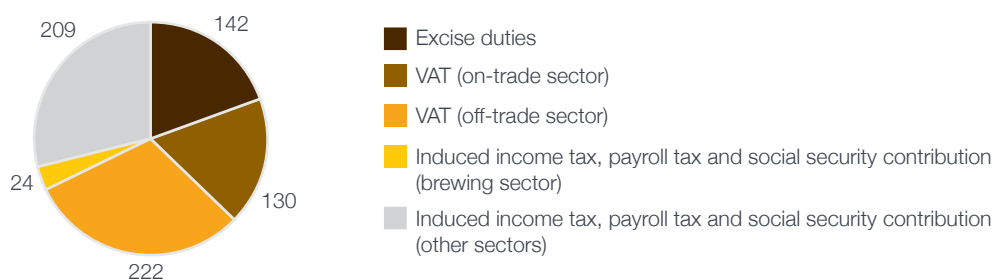
Figure 28.5 Development of value-added ($\Delta 2008-2012 = -19.2\%$)

Source: Calculations Regioplan (2013)

28.8 | Government revenues related to beer

In 2012, the revenues from excise duties, VAT and income-related contributions resulting from Romanian beer production and sales were estimated to be 728 million Euro. This means that the amount of government revenues was 9 percent higher than in 2008. This increase can be explained by the huge rise in the revenues from income and payroll taxes and from VAT in the retail sector. The other categories of government revenues related to beer decreased over the years. In general, it can be stated that beer was an important contributor to the State budget of Romania, providing a predictable revenue stream and facilitating other economic sectors' contributions to this budget.

Figure 28.6: Government revenues related to the production and sale of beer in 2012: 728 million Euro



Source: Calculations Regioplan (2013)

Table 28.4 Government revenues (2008-2012)

	2008	2010	2012	Δ 2008-2012
Excise duties (million Euro)	156	131	142	-9.0%
VAT (on-trade sector) (million Euro)	160	155	130	-18.7%
VAT (off-trade sector) (million Euro)	174	192	222	+27.5%
Income tax, payroll tax and social security contribution (brewing companies) (million Euro)	18	20	24	+33.3%
Income tax, payroll tax and social security revenues (other sectors) (million Euro)	159	154	209	+31.5%
Total government revenues (million Euro)	667	652	727	+9.1%

Source: Calculations Regioplan (2013)