



**EUROPEAN COUNCIL
THE PRESIDENT**

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**Keynote introductory remarks by
Herman VAN ROMPUY,
President of the European Council,
at "Beer Serves Europe 2010"
(Brewers of Europe)**

Dear President, Board Members and Members of the Brewers of Europe,
Dear Members of Parliament,
Distinguished guests,
Ladies and gentlemen,

I am honored to speak today for the Brewers of Europe. Founded in 1958, the organization is almost as old as the EU itself. The federation and the EU have a long tradition of cooperation. The EP Beer Club involving up to 200 members is a living proof of this.

Ages older than both the European Breweries and the EU, is the product *beer* itself. Already in Egyptian written history, there are references to the production of some kind of beer production. And this was spread through Europe 3.000 years Before Christ by Germanic and Celtic tribes. Brewing beer was during a long period a domestic small-scale activity.

Today, beer is the most popular beverage in the world after water and tea. European beer is known and respected in the world. Important multinational companies -often with European roots- are active on a global scale.

I take the floor here today as a tribute to my grandparents who where tenants of a pub 30 kilometers from here near Louvain. I am a beer drinker. I even rarely taste wine. This means that I am in good company today and so are you.

P R E S S

FOR FURTHER DETAILS:

Dirk De Backer - Spokesperson of the President - ☎ +32 (0)2 281 9768 - +32 (0)497 59 99 19
Jesús Carmona - Deputy Spokesperson of the President ☎ +32 (0)2 281 9548 / 6319 - +32 (0)475 65 32 15
e-mail: press.president@consilium.europa.eu - internet: www.consilium.europa.eu/vanrompuy

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What role beer and breweries play in Europe

Beer and culture

A European motto says that our strength is our “*unity in diversity*”. This applies certainly for beer throughout Europe. Beer is part of our common European heritage and culture. At the basis are still mainly four natural products: water, barley, hops and yeast, but its varieties are numerous. Its diversity is unique: everywhere in Europe, we have typical regional or even local varieties of beer. Beer is entire part of the culture of the countries or regions of production. Just to name a few: we have the Pilsner from Czech Republic, Guinness from Ireland, the Dutch Heineken, the Belgian Duvel, ...

In the village of my grandparents there were two breweries, as in a lot of Belgian and Flemish communes until the end of the fifties ... Although breweries use today the most innovative technology, the production process still happens along the traditional methods.

Beer and economy

Beer is culture and tradition. But beer is also economy. The recent analysis¹ of the European beer market, made by a well-known consultant in 2009, shows us important figures about the economic contribution of the breweries in the 27 member states of the European Union, Turkey, Norway, Croatia and Switzerland. With almost 3.800 breweries, these breweries produce 427 million hectoliters per year, which is a quarter of worldwide beer production and more than United States and China. This generates a total added value of 59 billion Euros on a yearly basis.

We talk about an open and export-oriented sector. Almost 20% of the in Europe produced amount of beer is for export, of which 60% goes outside the EU. The most important target for export is the United States. The most exporting countries are Belgium, Ireland, Denmark and the Netherlands. They have big well-known breweries. Still, 95% of the European breweries have the typical European SME (small to medium sized enterprise) structure.

The yearly beer consumption in Europe represents a total consumer spending of 124 billion Euros. Almost 72% of this amount consists of turnover in pubs, bars and restaurants, the remaining part in supermarkets. Breweries also keep other sectors vital: agriculture, packaging industries and the services sector. In total, 25 billion Euros a year is purchased in these sectors. And it is partly because of the strength of the European breweries that the EU is still number one in hops and malts production.

Also the effect on employment is considerable: we talk about 2, 5 million direct and indirect jobs of which 6% in the breweries, 6% in retail, 15% in supply and 73% in bars, restaurants and pubs.

¹ Ernst and Young, *the contribution made by beer to the European Economy*, Edition 2009. The economic impact is measured for the EU 27 + 4 countries (Switzerland, Norway, Turkey + Croatia).

Beer and society

Beer plays also an important social role, it is a symbol of hospitality and of conviviality. It brings people together. In many parts of Europe, various social traditions and activities are associated with beer consumption: playing cards, playing darts or other pub games. Beer festivals are organized and popular all over the world. The most known festival in Europe is certainly the Oktoberfest in Munich. This year, it was organized for the 200th time and it gathered millions of people from all over the world in Germany. Cultural and sports events are often sponsored by beer brands. In Belgium, for example, the national football competition is linked to a beer brand.

There is also a dimension of responsibility here. We know the harm that over-consumption of alcohol can bring. The Brewers of Europe fully play their role here. You are at the basis of the Alcohol and Health Forum which was set up in 2007, implementing the EU's policies. Moreover, important commitments were taken to tackle alcohol-related harm and to advertise along ethical standards.

What Europe does for them

Ladies and gentlemen,

Beer and beer producers are important for Europe. They are cultural ambassadors for Europe, they deliver a major contribution to the economy. They strengthen social cohesion, in a responsible way. Europe fully recognizes these values.

The EU wants to create the right climate to help you meet the challenges you face such as the effects of the economic downturn, changing consumer preferences, imperfections of the single market. And the pressure to remain competitive and innovative.

Tackling economic and financial crisis

Let me first talk about how we tackled the crisis. Recently we were confronted with the worst economic recession and financial crisis since the 30s. It affected all of us. We lost confidence, we lost production, we lost jobs, we lost assets. In these circumstances, Europe stumbled but did not fall. The Union acted with determination. European institutions and member states took the right and courageous measures. Common efforts resulted in restored confidence for customers and investors, even if a lot of work is still to be done. This is crucial also for you, European brewers.

Secondly, sound public finances are crucial for sustainable economic growth and competitiveness. We overcame the crisis of the Euro, even if problems are not over yet. That is why Europe will keep an even closer eye on national budgets, and do so at an earlier stage. The task force which I chair will define the tools and mechanisms we need to ensure stronger budgetary and economic discipline. This will contribute to more confidence which you need to invest and create jobs.

The economic outlook today is better than one year ago. We seem set to avoid a new recession. For 2010 as a whole, economic growth is now expected to reach 1.8% on average. This is not sky high, but almost double of the forecasts this Spring. We are on a path of recovery, but caution remains warranted.

Structural economic growth remains our prior point of attention. When I became the President of the European Council, I put this at the top of the agenda. We adopted in June a new economic strategy for Europe, the EU 2020 strategy. It can give us the tools for competitiveness and growth for the next decade.

Completing the single market

Two decades ago, it was with the impulses of business associations, that European leaders created the single market. It turned out to be a recipe for growth and welfare. Lifting barriers to free circulation of goods, labor and services brought economic gains. Also for the breweries sector, the single market has been crucial.

Now, the Single Market has to enter a new stage. The crisis cannot lead us towards economic nationalism. We have to lift remaining barriers and bottlenecks. Fragmentation is still too high, rules often still too complicated, the international dimension has to be strengthened.

First of all, we have to complete the goods market. All barriers to free circulation of goods has in principal been lifted. Today, 25% of European GDP is generated by the goods sector, representing 75% of the commercial exchanges of the Union. But, legislation has to be adapted taking into account new technologies and changing consumer patterns.

Secondly, also in the services market, there are still gaps. The potential economic benefit in the services market is between 60 and 140 billion dollars. However, we see that only 20% of the services conducted in the EU today have a transnational dimension. This entails a productivity gap between the Euro-zone and the United States of 30%.

Thirdly, the fiscal dimension of the single market is an element of concern for your sector. As you know, member states remain largely sovereign in their fiscal policies. The EU inspects whether the conditions for fair competition are present. That is why we have in Europe some common rules for excises on alcohol, with room for cultural differences. It is this delicate balance of respecting national and cultural characteristics at the one hand and avoiding market distortion in a single market at the other hand that European policymakers have to take into account.

In the coming weeks, the European Commission will present concrete proposals to reform the single market, building on the recommendations made by the former Commissioner Monti.

Competitiveness and innovation

A crucial factor for competitiveness of countries and sectors will be the capacity to innovate. Europe will support you here. Recent analysis shows that the capacity to innovate is important here, together of course, with cost factors such as labor cost, productivity and real exchange rates. The EU already invests considerably in innovation today. The European program is the largest single research program in the world with a budget of more than 50 billion Euro over the period 2007-2013. But we have to think ahead. Europe has to have the ambition to become a flexible “Innovation Union”. I decided to devote the European Council of December to this important topic of innovation. I want the Council to reflect on the impulses we need to create this true single market for innovation. We have to discuss how to coordinate policies at European, national or regional level better. We have to mobilize resources more efficiently.

Ladies and gentlemen,

Europe’s motto “*unity in diversity*” can be applied to the Brewers of Europe: united in your various strengths, you play an important economic and “*community building*” role. And your diversity enriches our European culture and heritage.

The EU will further invest in sound policies to give you the tools that you need to further flourish and grow in Europe. We will continue to do this on the basis of dialogue and discussion. I think that the EP Beer Club is the perfect forum for this.
