

THE ECONOMIC IMPORTANCE OF THE BREWING INDUSTRY IN THE  
REPUBLIC OF IRELAND

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The brewing industry in Ireland has, for long, played a significant part in Irish life. It has had an influence on the nation both at social and economic levels. Economically, it has been a source of substantial employment both directly in the manufacture, distribution and retail of its products; and indirectly with its close links to agriculture and its importance in the tourist image of Ireland. The social element according to Scott (1986) is almost indivisible from the economic one. There is a mutual feedback process, in that it is the consumption of alcohol that promotes the existence of breweries, the breweries in their turn do their best to link social interaction with the consumption of their products. There is a combination, therefore, of social and economic forces which combine together to form what is the brewing industry in Ireland.

One could argue, therefore, that it is difficult to subdivide the economic and social elements which are at the foundation of the industry. This article will primarily seek to consider the economic contribution which the industry makes to Ireland directly and indirectly. It will seek also to briefly examine the social context into which the products of this industry merge. Historically the brewing industry stretches back to the early 1700s with the oldest existing brewery in Ireland, Smithwicks in Kilkenny founded in 1710. The Guinness group was founded at St. James Gate Dublin in 1759, followed successively by Beamish and Crawford in 1792 and Murphy Breweries in 1856. In the late twentieth century there has been an increasing trend, not just in Ireland, towards large brewing multi-nationals. Thus the Guinness Group which includes (Cherry's Waterford, Smithwicks Kilkenny and Harp Dundalk) controls 70 per cent of the breweries and 90 per cent of total productive capacity, (Bowman 1983). Likewise previously independent breweries like Murphys were purchased by Heineken and Beamish and Crawford by Elders (Figure 1).

In 1986, there were approximately 3,500 people employed in the brewing industry (Bowman, 1983). The vast majority of these were engaged in manual activity but there is also a considerable support

staff involved in, for example, administration, management and advertising. Linkages with the bottling and canning industries result in indirect employment. There are also spin-offs within the industry itself e.g. carbonated soft drinks require carbon dioxide, a by-product of brewing. It is difficult to obtain an estimate of the number of people employed through linkages and spin-offs - a conservative figure of 4,000 has been suggested (John and O'Hagan, 1982).

In 1984 a total of 44,000 people were employed in the retail of beverages in Ireland.

"The dispersal of premises throughout the country is an important aspect of the economic contribution of the retail trade in that, like the manufacturing element of the industry it provides employment and distributes income, not only in the towns and cities, but also in rural areas where opportunities for employment are limited" (Scott, 1986).

Linkage employment comes in the form of paid entertainment, caterers and in the provision of equipment for premises. This particular trade has grown over the last 20 years and is mainly due to the increase in the numbers of young and female consumers and the increasing affluence of consumers in general. (Figure 2).

"The most significant single contribution by the brewing industry to the economy of Ireland is the quantity of duty levied by the government" (Bowman, 1983).

Since the early 1970's, the government have gradually acquired a greater degree of control over the retail price of drinks in pubs.

Ireland's balance of payments benefit from the brewing industry - import of foreign beers is low. Nevertheless there is greater variety in the market than previously with a larger number of brand names jostling for a share of the Irish market.

"Only one pint of beer in sixty originates outside the Irish Republic" (Scott, 1986).

Export of beer greatly exceeds that imported. The final and crucial factor is that Irish beverages are made almost entirely from native products, thereby boosting our native agricultural industry.

"The major social importance of the drinks manufacturing industry is in its capacity to generate and maintain employment (both) directly and indirectly through its integration with other parts of the economy" (Scott, 1986)

There are other social contributions such as sponsorship of various artistic events. In 1987 Murphy Breweries sponsored the "Granuaile"

FIG.1

LOCATIONS OF BREWERIES IN THE REPUBLIC OF IRELAND, 1985

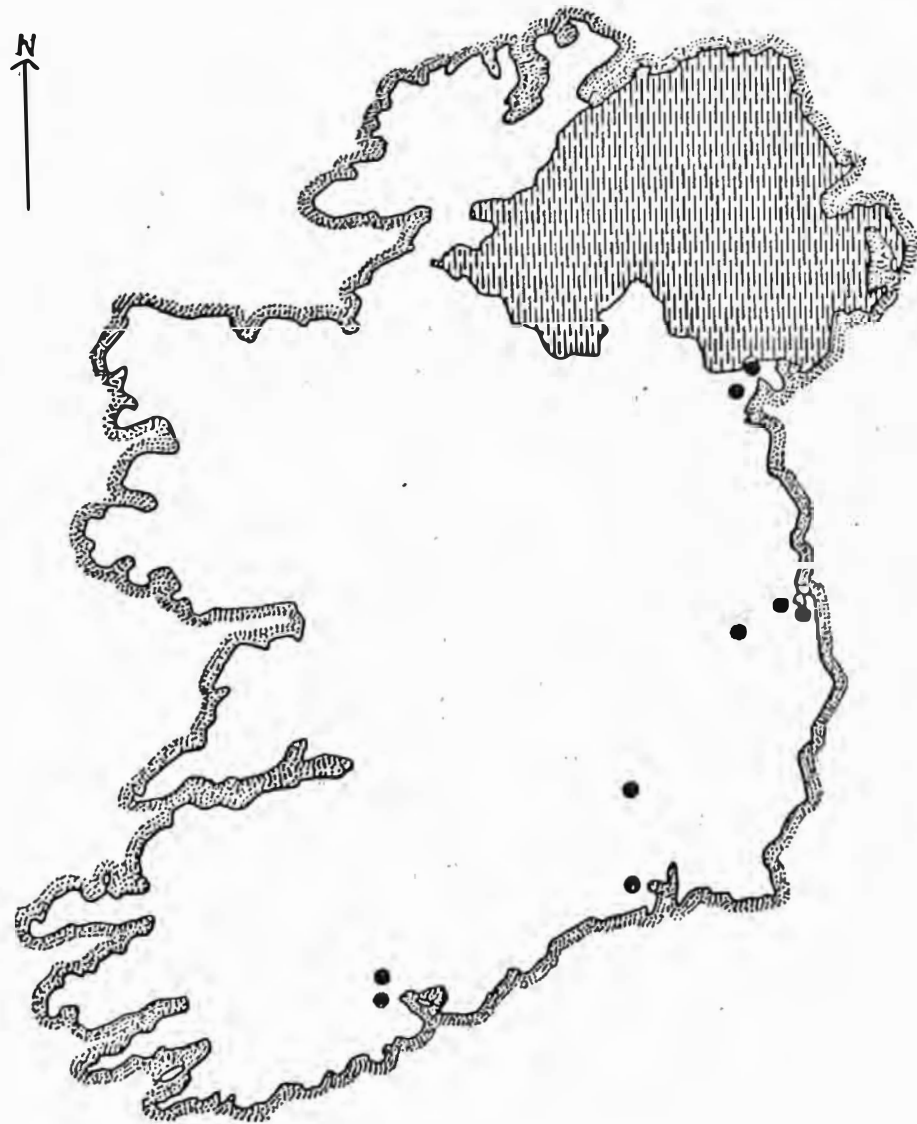
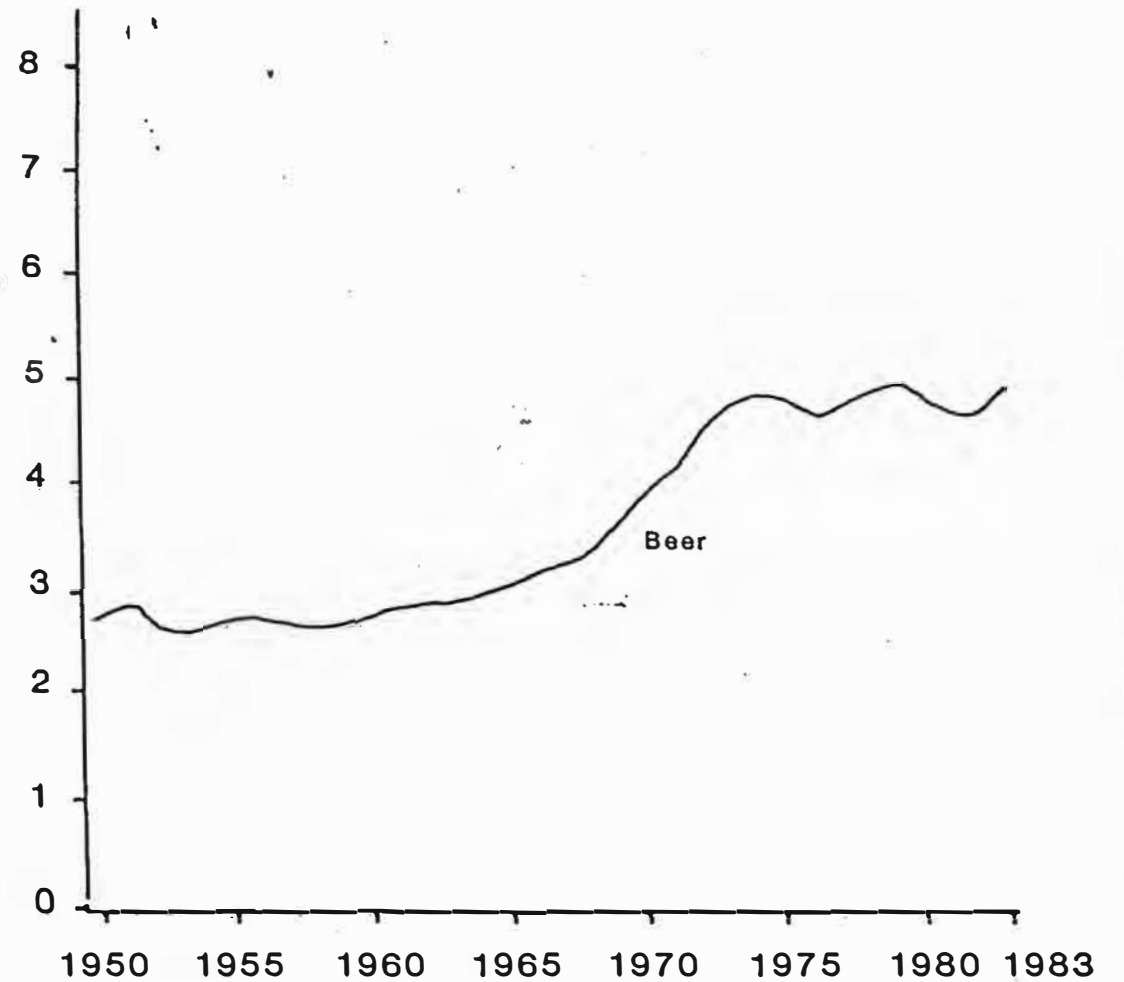


Figure 2 Per Capita Consumption of Beer in Ireland

Litres of  
pure alcohol

1950-1983



Sources: M. Brown, F. Dewar and P. Wallace, *Alcoholic Beverage Taxation and Control Policies (Fifth Edition)*, Brewers' Association of Canada, Ottawa 1982; and Dutch Distillers Association, *Consumption of Alcoholic Beverages Throughout the World*, Schiedam 1984.

concert held in Greenwich while the Guinness Group has converted a disused hop store which is now a major exhibition centre in Dublin. There is also the annually sponsored jazz festival in Cork each Autumn.

The brewing industry is linked with tourism in the context of the tourist as a potential consumer of drinks. For example, many retail outlets, particularly hotels, are dependent on the tourist trade for their livelihood. Advertising campaigns for beer, especially Guinness, directly promotes Ireland as a tourist destination. Tourists visit pubs to get a real "flavour" of Irish social life: many Irish pubs, particularly those in rural areas, function as Irish music and storytelling centres.

Pubs become increasingly important in the social life of the average Irish citizen. They are used as meeting places, venues for parties, meetings, poetry reading, musical events and card tournaments. Battles are lost and won, the "state of the country" is discussed and some of the best storytellers in Ireland are to be found "propping up" the bar. In short Irish pubs are not only places where alcohol can be consumed but rather a vital part of Irish social life.

In conclusion, it may be stated that the brewing industry makes a definite contribution to the Irish economy. It not only provides much direct employment, but also provides linkage employment with other industries. Direct taxation by the government on alcohol, has for the past fifteen years, been an important source of revenue. Links with tourism and agriculture are also important.

Finally, the social element cannot be ignored. Besides, being a direct creator of employment and a sponsor of cultural events the brewing industry makes, of course, another major contribution by providing a product which is normally censured for pleasure and relaxation.

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