

9. The impact of war in Ukraine on beer industry

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Introduction. 365 days after Russia launched a full-scale attack on Ukraine. It has been a tough year for Ukrainian citizens. Effects of war include mass destruction of cities and have long lasting effects on both country's and world economy.

Materials and methods. The analysis of the negative effects of war on Ukrainian and world's industry was carried out. The emphasis was made on the negative consequences in the beer industry sector. To make the following analyses we will use the information from scientific papers of native and foreign scientists. For the study, such general scientific and special methods as the empirical and theoretical methods of scientific research were applied.

Results. On February 24, 2022, the unprecedented attack of Russia on Ukraine was launched. The same day martial law was declared by the President of Ukraine throughout the country. Among other things, the law included restrictions on alcohol sales causing heavy losses to the Ukrainian alcohol sector in common and beer industry in particular. In 2022, the production of beer in Ukraine amounted 72.1% of the total value of the previous year. [1] Ukrainian breweries were forced to massively reduce or completely shut down all beer production. In March 2022, Obolon company, the largest national beverage producer in Ukraine, produced only 6.5% compared to the previous year. After a while, some regions started to ease the restrictions. Finally, in half a year in order to revive the economy of the state, the ban was completely lifted. The exact number of operating breweries was unknown, however, all of them faced such challengers as disrupted logistics and supply shortages.

Logistics challenges include fuel shortages, destroyed roads and lack of employees. Many workers have left the country, some have left to join the army or even lost their lives. Blocked ports are another problem in logistics. According to Ukrpivo, an industry body, Ukrainian beer exports in the January-to-September period decreased by 5.6 %.

Supply shortages include bottle and malting barley shortages. In March 2022, PrJSC Vetropack Gostomel in Kyiv, one of the leading manufacturers of glass packaging in Europe, was severely damaged and had to be urgently shuttered. The loss of the plant raised concerns about the potential bottle shortages even in Europe.

Ukraine and Russia are among the world's largest barley producers and exporters. However, since the beginning of the Russian invasion of Ukraine, Ukrainian exports of barley have been severely disrupted. Russia also imposed a ban on the export of certain types of grain, including barley. The loss of two of the largest barley suppliers has led to the great increase of barley prices around the world, and as a result to the significantly higher prices of beer.

The increase of beer prices was also affected by the sanctions against Russian gas, which is used in glass and aluminum production, as well as in the production of aluminum cans and for fuel, which is used all around in the beer industry.

Conclusions. Russia's invasion of Ukraine has already heavily impacted both national and world's industry and beer industry in particular. It has reshaped national economy. Countries reliant on the exports from both Ukraine and Russia suffered as a consequence.

References

1. Обсяг виробництва за 12 місяців 2022 [Електронний ресурс] / ПАТ Укрпиво – Київ, 2023. – Режим доступу: <http://ukrpivo.com/obsyag-virobnitstva-za-12-misyatsiv-2022/>