

18/09/2002

Carlsberg sees no tax rise on alcohol

Alice Chia

CARLSBERG Brewery (M) Bhd expects the alcohol industry to be spared from a tax increase in Budget 2003, its managing director Datuk Jorgen Bornhoft says.

"We hope to avoid any duty increase at this point of time as the taxes imposed (on alcohol) here are among the highest in the world," he said.

Analysts contacted by Business Times said the duty imposed on alcohol varies and depends on the alcohol content. They said no comparative figures are available.

Beverages with alcohol content of less than 5 per cent are imposed a duty of RM4.32 per litre.

"Anyway, who says the duty (for alcohol) will go up? (I) think we will be spared on Friday," Bornhoft said.

Prime Minister and Finance Minister Datuk Seri Dr Mahathir Mohamad will present the 2003 Budget in Parliament on Friday.

According to some analysts, the brewery industry is still reeling from the last sales tax increase in late 2000, when demand for malt liquor products turned sluggish after prices were raised.

Bornhoft said Malaysia is among the best markets that Carlsberg has been working in.

"We believe very much in Malaysia and that's why we decided to increase our share capital in the country by 50 per cent a couple of years back," Bornhoft told reporters at the official opening of Carlsberg's new brewhouse in Shah Alam yesterday.

Carlsberg built the new RM40 million brewhouse to boost its annual production to 1.3 million hectolitres from one million hectolitres currently.

The brewhouse is controlled by a sophisticated supervisory control and data acquisition (Scada) system that manages and supervises the entire operation from computers in the main brewing control room.

Deputy Minister of International Trade and Industry Datuk Kerk Choo Ting, who officiated at the event, said the Scada system used is in line with the Government's move towards automation and modernisation.

He said Malaysia's beer exports increased to RM137 million last year from RM59 million in 1995. Malaysian beer is exported to Singapore, Hong Kong, Maldives and Sri Lanka. Beer imports amounted to only RM39.5 million last year.