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Russian Beer Market Seen Down 13%

By The Moscow Times

June 22, 2010



COPENHAGEN — The world's No. 4 brewer Carlsberg expects the Russian beer market to shrink between 10 percent and 13 percent this year, a company spokesman said Tuesday.

"This is a bit more specific, but it is in line with the outlook we gave in the first-quarter report," said Carlsberg spokesman Jens Bekke.

Carlsberg said in its quarterly report in May that it saw the Russian beer market declining by low double-digit percentages in 2010, and that Carlsberg, whose Russian unit Baltika has a market share of roughly 40 percent, would outperform the market.

Russia, Carlsberg's biggest market, tripled its beer excise tax from Jan. 1 this year to combat alcoholism.

The State Duma has previously been widely expected to vote before summer on further proposals to bring down alcohol consumption.

"The head of the Russian brewer's association has said they don't expect it before summer," Bekke said.

He said it remained unclear what the proposals would look like. The Russian brewer's association expects a longer notice period before the new legislation takes effect than was the case with the tax hike, he said.

The proposals could include a sales ban on beer of greater than 5 percent in kiosks, where much of the beer is currently sold, and a ban on beer bottles bigger than 33 centiliters. Currently, most beer is sold in bigger bottles.

Official data on May 19 showed that beer output in the country rose 14.6 percent in April from March, suggesting the sector, a key source of earnings for Carlsberg, is continuing to recover after the tax hike. Year-on-year beer production was down 3.7 percent.

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