the elephant in the room

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Top executives at Carlsberg's Indian subsidiary have been involved in bribing for months local officials to obtain approvals and permits, documents show. It says in sharp contrast to Carlsberg's desire to fight bribery, experts believe.

Around the first day of the month, a small group of top executives in Carlsberg's Indian subsidiary had a fixed ritual. A manager at one of Carlsberg's largest breweries in the country received a longer encrypted message from one of his subordinates. The message was often technical. Filled with abbreviations, subject terms and numbers. At first glance almost incomprehensible. But not for the Carlsberg boss. For the content followed a well-known member from the previous months. The message was the start of a dark operation.

First, a title or abbreviation. Then a lump sum. Then another abbreviation followed by lump sum. Abbreviation, amount. This is how the line sounded. And finally in the messages stood a total amount. For example, in June 2015: 858,675 Indian rupees. Just over 80,000 kroner.

The brewery manager immediately passed the message on to one of the absolute top executives of the Danish brewery group's Indian subsidiary: a then member of the board of directors of Carlsberg India. The subsidiary's supreme body, which consisted of prominent Indian and Danish business people appointed by either the local shareholders or by the Danish main shareholder, Carlsberg Group, with its head office in Copenhagen.

The correspondence was cool, accurate and devoid of courtesy. It ended just as abruptly as it began when the Indian board member answered the message. Like in August 2015, when he replicated with a short "collect" - in Danish "picked up".
The order was to activate a secret action month after month at the Carlsberg brewery. Where the abbreviations in the many messages were titles of local officials. And the amounts were money under the table.
Above the double gate of the old Karl-Berg brewery at Valby Bakke is a number of founders IC. Jacobsen's words engraved in the monument. They are a reminder of the values the old brewer wanted his life's work to continue.
"The beer brewery here in the country is held to a high and honorable point of view," reads, among other things, in the text, which in Carlsberg is loudly called "The Golden Words". What has been going on for a long time in Carlsberg's Indian subsidiary is far from rhyming on the old brewer's motto

118 months in 2015 and 2016, high-ranking key people in Carlsberg India reportedly helped systematically bribe local officials to obtain brewing and selling permits. It shows a comprehensive material. The material includes several internal documents from Carlsberg, including e-mails, electronic messages as well as official licenses and permits from the office of one of Carlsberg's Indian breweries. The information is supported by detailed statements from three central and independent sources as well as audio recordings of conversations between key persons in Carlsberg India.

Among other things, Berlingske holds a large number of text messages that were regularly exchanged between several leading Carlsberg people in India. The messages show that the managers in question each month agreed on a number of payments to centrally located officials who were tasked with overseeing one of the group's breweries. The officials received fixed monthly amounts of between 2,500 and 95,000 rupees, it appears. This corresponds to approximately 240 and 9,000 kroner.

By comparison, an average Indian monthly salary of between 10,000 and 2,000 rupees, in round numbers between 950 and 1,900 kroner, figures show.
Several sources tell how the fixed payments were to ensure that the Carlsberg brewery easily and quickly obtained the necessary permits to manufacture and sell beer from the normally bureaucratic and slow-moving Indian government apparatus.

In addition to the fixed monthly amounts, almost 40 one-off payments were agreed during the period to ensure that officials allowed Carlsberg to carry out

extraordinary activities such as exchanging labels on beer or storing finished beer in unauthorized sheds, the material states.

In total, between the summer of 2015 and autumn of 2016, key people planned more than 200 payments to various officials, Berlingske's review of the aggregate material shows. Material that, according to experts in corruption and criminal law, bears clear signs of bribery, which • regardless of the scope - is prohibited by law in both Denmark and India.

"I have no doubt that the messages are about the wrongful payment of officials. Many monthly payments are agreed between & two Carlsberg employees, and it seems to have been put in place, "says Steven Sampson, professor emeritus in social anthropology specializing in corruption and anti-corruption at Lund University
Like the avid experts, he has read a great deal of the material.

Alexandra Andhov, assistant professor of corporate law at the University of Copenhagen, also believes that "based on the material, there appears to be obvious ordering of a number of officials, which is supported by the fact that several of the payments can be linked to official permits and documents. '.

Many of the payments in the material have the character of so-called lubrication, ie smaller payments, which must speed up a given case processing. But the law juxtaposes lubrication and bribery. Both are punishable. However, the authorities will probably look at the bribery that has taken place in countries with a strong tradition of money under the table, points out Jørn Vestergaard, professor of criminal justice at the University of Copenhagen. Nonetheless, it is obvious for SØIK - in the daily case of the police officer - to intervene in the case, the professor points out.

"That's not exactly where you want to make the cut. But I definitely see the possibility of a Danish criminal justice, ”says Jørn Vestergaard.
In a heavily regulated Indian practice, public sector officials play a key role. They control the brewery, issue the statutory permits on an ongoing basis and supervise production. In other words: They can make life difficult for the breweries.
As a key source that previously held a key position in Carlsberg India's parent company, Carlsberg South Asia, says:

"It is simply necessary for Carlsberg to pay the officials to produce at the scheduled times. Otherwise, Carlsberg may risk shutting down the brewery or prohibiting them from dispatching the beer, "says the source, noting:
"It is undoubtedly illegal. But quite widespread. "

The many messages Berlingske holds show that executives in Carlsberg's Indian subsidiary had put the payments to the officials in system.
! the messages with the sums of money are the many abbreviation titles of officials. For example, a "BO" is a "Brewery Excise Officer", an "AS" is an "assistant secretary", while an "addl. comm. "is an" additional commissioner ". A total of seven official functions are mentioned in the messages, and they have one thing in common: They are officials who control the Indian brewing industry. Either physically on them individual breweries or centrally in the local government offices from which the brewery is monitored or controlled.

Words such as "recommendation", "license", "approval" and "permit" are mentioned in several places in connection with specific amounts in the extensive material. And Berlingske's review of the hundreds of messages shows how the payments in several cases are linked to specific permits.

“Our factory license was valid for the last two years and not yet renewed. The factory director (a local official, ed.) Delays it as he demands 45K (45,000 rupees, ed.), "A message between the two Carlsberg employees says in March 2026.
Or, to put it straight: no money, no beer.
Elsewhere, eye-catching details about the payline system are revealed, preferably. For example, the payments fell in cash. An unnamed Carlsberg employee has "collected the case file and handed over the cash", for example, says the message from October 2016.

Other messages show how the officials and Carlsberg executives negotiate the exact amounts: In a message, for example, it appears that a specific official has demanded 70,000 rupees. But the then board member 1 Carlsberg India will have "pushed" the amount down to 50,000 rupees.
'Negotiate as much as possible' orders the board member before he can, in another message, not hide his frustration over the office:

"Why do these people take us for granted without helping us," he asks.
People in less important positions could also get money. An official's driver thus received a fixed monthly payment of approximately DKK 240.

According to Jørgen Dige, associate professor emeritus and India expert at Aarhus University, the messages provide an "extremely rare" and "detailed insight into how complicated the conditions for doing business in a country like India are".

"We get documented in a very low-cost way what I would call lubrication, that is, the little corruption in everyday life," says Jørgen Dige, who believes that Carlsberg would have "incredibly difficult to bypass this system" because officials in India often consider money under the table as part of their salary.
Where a large proportion of the more than 200 payments are in the form of fixed monthly payments to selected officials, other items appear only occasionally in the messages. Rather, there are paid for specific individual services, such as settings or extraordinary approvals from the civil service. A review of the case material also reveals a timely coincidence between these payments from the Carlsberg people and countermeasures from the government agency Or, more directly, said: When the money fell, Carlsberg India received the requested approvals from the authorities.

An example: In the summer of 2015, the mentioned Carlsberg brewery in India needed to close a so-called production line. On July 15, 2015, the Carlsberg Brewery Network wrote to the Indian authorities and formally requested the entry of the redundant production line, "line 2".

In the following months, in the internal Whatsapp messages between the Carlsberg executives, a number of payments to officials were agreed several times with reference to precisely "Line 2- And December 7, 2015, the efforts made fruit easy official letter, the responsible official informed the state government that Carlsberg's wish was met.

Another example: According to the internal messages, officials were paid to approve, that the brewery had to be operating at night. On March 22, Carlsberg received a new permit » to operate the unit at night for a period of six months, ”according to an official document.

On April 5, 2016, the permit was linked in an internal message with payment: "Government night work permit 20,000".

Later that year, it repeated: "Night work and increased capacity have reached the minister's office," says a message between two Carlsberg people from October 22, 2016. A week later a Carlsberg employee "handed the cash" to the official, internal

messages And in late October, the payments again provided a bonus when the officials canceled another half-year of night work at the brewery, according to a commercial document.

Other payments ensured that Carlsberg could more easily get away with more serious circumstances, which according to Berlingske's information would normally require lengthy processing times. For example, Carlsberg officials paid sums to be allowed to exchange labels on the otherwise finished beer, the material shows.

Relatively large payments occur frequently in the messages, accompanied by words like "relabelling" or "old Zobels" - old labels. In internal emails, the Carlsberg people involved discussed the same month how important it was to get government approval so that the stickers could be replaced and the beer sold in other states.

Other Carlsberg documents show that all of Carlsberg's Indian factories in 2015 lacked sufficient approved storage space for the sheep. well-produced beer. again, it required money for officials, as one would store the beer in sheds and courtyards, usually intended only for empty bottles.
"50,000 rupees to AC (Assistant Commissioner, ed.) So that we can use two bottle farms to store finished goods," says, for example, an internal message dated 7 January 2016.

For 18 months - from the summer of 2015 to the fall of 2016 - the leading Carlsberg figures agreed to the total payments of officials for almost eight million rupees - about DKK 755,000.

A central source close to the process tells how the specific payment by the individual officials was:
"The banknotes were picked up in plastic bags or bags in an office in the US". Afterwards, a Carlsberg employee distributed the cash to a number of officials either at the Carlsberg brewery, at their offices in the city or at their private addresses. "

In a series of internal messages exchanged between senior executives Carlsberg's Indian subsidiary mentions payments to Indian officials for a period of I8 months' in 2015 and 2016. The abbreviations in the messages are official titles of a number of officials - a BO, for example, a Brewery Excise Officer, who controls the breweries. The numbers are money.

When Carlsberg and other international breweries see a good business in the India, it is because the market is expected to grow significantly in the coming years. However, challenges with bribery and bureaucracy in the country are also well known.
Photo: Ali Morris Naqvi

"It leaves the impression of a rotten culture. "

STEVEN SAMPSON, ANTHROPOLOGIST AND CORRUPTION EXPERT

“It seems obvious bribery of a number of officials. "

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