

Chocolate Plant Shuttered Amid Ukraine Crisis

By [The Moscow Times](#)

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Work at the Ukrainian-owned Roshen chocolate factory is stopping after a court's decision on a trademark case.

LIPETSK, Russia — After three years of court cases involving authorities and competitors, Taisiya Voronina thought she had seen everything in Russia's rough and tumble business environment.

That was until a final ruling this month sent dozens of armed police and plainclothes officials through the Ukrainian-owned chocolate factory she manages in southern Russia.

Her factory now shuttered, Voronina, who wants little to do with politics, fears she may become another victim in a struggle for influence between Russia and the West in Ukraine.

Dozens of men searched her office, took away armfuls of documents and questioned the general director for most of the night, asking questions she said had little to do with

the criminal case which has been opened against her — a case she rejects.

She is charged with conspiring with unnamed others to use a registered trademark illegally to "extract additional profits." Her factory workers in the town of Lipetsk suspect they know better.

"It is because of Ukraine," they whisper, blaming the lack of work on the factory's owners, the company Roshen and its billionaire boss, Petro Poroshenko, front-runner in Ukraine's presidential election.

With work now stopped and the factory's accounts frozen, Ukraine has called the move "a dangerous precedent," a possible prelude to the confiscation of Ukrainian businesses in Russia as punishment for pursuing closer ties with the West.

Dmitry Peskov, spokesman for President Vladimir Putin, denies any political connection to the case in Lipetsk, saying it is "unjust to say that certain selective measures are undertaken against certain companies."

"Russia is interested in maintaining an atmosphere of trust to its investment and business climate," he said.

But critics say Russia, no stranger to using its economic muscle for geopolitical ends, has squeezed assets controlled by businessmen close to Ukraine's new rulers, focusing on people like 'Chocolate King' Poroshenko, who could win a May 25 presidential election.

In retaliation, Ukraine has vowed to file compensation claims for assets lost to Russia in Crimea, signaling it could also confiscate Russian assets if not satisfied — a move that would fire up what for now is a simmering economic feud.

In what has become the worst standoff in relations between the East and West since the Cold War, Russia annexed Crimea from Ukraine after the Ukrainian parliament removed Moscow-backed President Viktor Yanukovich and set a course for closer integration with the West.

The new court case is a body blow to a woman who has spent the last 45 years raising the factory in the centre of Lipetsk, a dusty city 440 kilometers southeast of Moscow, "as if it were my child."

"We cannot understand what is happening and why," Voronina said in an interview, sitting behind a large desk in an office now restored to its original orderliness after plainclothes men arrived on March 19 to search for documents.

Court Cases, Bans

Although she does not understand why anyone would want to close a profitable factory and make about 2,000 workers redundant, Voronina says her business has been under scrutiny for some time.

Last year, Russia's consumer watchdog banned imports of Roshen sweets from Ukraine, citing health concerns.

In 2010, a competitor brought a court case against the business for using a trademark it had the rights to — a silhouette of a swallow made famous on Soviet-era sweets. Sometimes the decisions went in her favor, sometimes not.

On March 18, the court ruled against the factory in the trademark case. The next day, the men in plainclothes arrived, backed by armed riot police. The business's accounts were frozen and workers were told to leave.

"We are a Russian confectionery producer using foreign capital. Our shares were acquired by a Ukrainian company, it was a market transaction," she said, adding that her investors had never asked for dividends, happy to plough profits back into the company to employ 2,000 workers from 300 in Soviet times.

After becoming part of the Roshen empire at the end of 2001, Voronina said production leapt from about 6,000 tons in Soviet times to 122,000 tons of confectionary in 2013.

"I cannot say anything bad about our investors ... they are our partners, they are our owners and they have never done anything bad to us. They have just developed this factory."

Roshen declined to comment further on the situation in Lipetsk, saying only that the factory was closed.

But for the women selling chocolates in a kiosk outside the factory gates, the reason for the closure is obvious. Asked whether they sold Roshen chocolates, the answer was a firm "No."

"You will not find those chocolates here, they are Ukrainian," one of the vendors said.

Mikhail Podchipayev, a worker from the factory, agreed.

"It is all about Maidan," he said, referring to the square in the Ukrainian capital, Kiev, where the anti-government protests that resulted in Yanukovich's removal began more than four months ago.

The factory had been one of the most popular employers in this city of just more than half a million people, but the trickle of workers who enter the building now gossip about rumors of how the management paid Ukrainians more money and were cheating the Russians. Some feel embarrassed to work for Ukrainians, swept up in a wave of Russian patriotism since Moscow annexed Crimea.

"There were people working here without the right documents," said one worker, a Croat who declined to give his name. "Poroshenko should have run a clean operation."

Voronina denies all the charges but the reputation of the factory she spent years building is in jeopardy, the latest victim of increasing hostility between Russia and Ukraine, once called a brotherly nation by President Putin.

Privatbank Hit

The factory is not alone.

Russia has put the Moscow subsidiary of Ukraine's Privatbank under temporary administration, a move its chairman said was the result of "political tensions in relations" but which the Central Bank says was aimed at preventing its bankruptcy.

Privatbank, Ukraine's largest bank, is part of Privat group, co-founded and co-owned by billionaire businessman Igor Kolomoisky, who was appointed governor of the industrial Dnipropetrovsk region in eastern Ukraine a month ago.

Called "a unique imposter" by Putin, Kolomoisky has kept silent over the temporary administration but some critics say Russia's behavior is part of a strategy to make it as difficult as possible for Ukraine to turn around its economy.

A spokesman for Russia's Economic Development Ministry said last week that Moscow has "the right to use selective protective measures against Ukraine if it creates a free-trade zone with a third government, or with the European Union."

On the brink of bankruptcy, Ukraine has won a financial lifeline worth \$14 billion to \$18 billion from the International Monetary Fund, taking the former Soviet state directly out of Russia's sphere of influence.

Bans and trade restrictions are ready weapons. On March 20, Russian border guards stepped up checks on some goods entering from Ukraine in what officials said were measures to prevent arms trafficking and stop the use of fake documentation.

The West has praised Ukraine for showing restraint to economic and military pressure from Russia, which has massed thousands of troops at the border.

But Kiev is not biding its time. It will file compensation claims with international courts and is currently assessing the value of Russian state property in Ukraine, said Justice Minister Pavel Petrenko.

Prime Minister Arseny Yatsenyuk said the annexation of Crimea could cost Ukraine "hundreds of billions of dollars."

"Russia can be calm. She will in the shortest time possible receive from international courts claims from the Ukrainian state," he said.

For Voronina, it suggests that her problems at the factory will not disappear any time soon.

"This kind of case could go on for a long time and the factory just stands still," she said, clutching the documents containing the indictment which she calls "absurd."

"I just cannot tell what will happen next. We have money but cannot use it ... We believe this is a classic scheme to force bankruptcy."

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