The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Burger King Expands Into Crimea After McDonald's Exit

By Peter Hobson

April 09, 2014



People standing in line at the first Burger King branch to open its doors in Moscow in 2010.

U.S. fast food giant Burger King plans to expand its chain into Crimea, filling the vacuum left when McDonald's pulled out of the peninsula last Friday, citing unspecified supply issues.

Burger King currently has no outlets in Crimea, which has been at the center of tensions between Russia and the West after troops believed to be Russian annexed the formerly Ukrainian territory.

"We are planning to open in Crimea, but I cannot say when exactly it will happen or how many outlets the company will have," said Burger King Russia CEO Dmitry Medovy on Wednesday, Itar-Tass reported. No-one from Burger King Russia was available to comment on Wednesday afternoon.

Burger King operates about 200 restaurants in Russia. The brand has worked under franchise

since 2010, when the first outlet opened in a Moscow shopping mall. In 2012, Russia's second-largest bank, state-owned VTB, paid $50 million for a 47 percent stake in Burger King Russia, the company that now operates the franchise. In 2013, VTB sold 12 percent of the company to a financial investor, reducing its stake to 36.6 percent, Forbes.ru reported.

Also see: McDonald's Closes Its Doors in Crimea

VTB committed to funnel $100 million into developing the chain, and the new company received exclusive rights to the Burger King brand for two decades, RT reported. Burger King's European arm, Burger King Europe, has a minority stake.

McDonald's, meanwhile, has been in Russia since the Soviet era, opening its first Moscow restaurant in 1990.

On April 4, MacDonald's announced their withdrawal from Crimea, citing "manufacturing reasons independent of McDonald's." The company's three restaurants operated in Simferopol, Sevastopol and Yalta, where the McDonald's building stood under a statue of Lenin, dominating the resort's seafront.

McDonald's, which both owned and operated its Crimean outlets, rather than running them by franchise, denied that politics was behind the closure, but hinted at the logistical difficulties and uncertainty of working in Crimea created by sanctions and the peninsula's incorporation into Russia.

"Like many other multi-national companies, McDonald's is currently evaluating potential business and regulatory implications which may result from the evolving situation in Crimea," the company said in a statement, Reuters reported.

"Due to the suspension of necessary financial and banking services, we have no option but to close our three restaurants in Crimea."

Contact the author at p.hobson@imedia.ru

Original url:
https://www.themoscowtimes.com/2014/04/09/burger-king-expands-into-crimea-after-mcdonalds-exit-a33806