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Russia Tightens Screws on Ukraine With Candy Import Ban

By The Moscow Times

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Ukraine's candy industry had been severely dented by Russia's decision in July 2013 to prohibit imports from the country's biggest confectioner, Roshen.

Russia's consumer rights agency on Friday banned all imports of Ukrainian confectionery, signaling that the country has no plans to stop using trade as a weapon against countries that align themselves against Moscow.

The watchdog said in an online statement it had implemented a blanket ban after finding discrepancies in the labeling of products made by two major Ukrainian candy firms, Konti and AVK.

The move adds candy to a long list of Ukrainian goods banned by Russia, which includes all dairy products, all juices, and certain types of beer. The measures have been perceived by many as a thinly-veiled response to Ukraine's attempts to strengthen its ties with the EU at the expense of its links with Moscow. Other former Soviet republics like Moldova and Georgia

have come in for the same treatment in recent years.

Last month, Russia banned food imports worth an annual $9 billion from countries that have sanctioned Moscow over its role in Ukraine, including the U.S. and the EU. The West accuses Russia of assisting separatists in fighting in eastern Ukraine.

The latest decision is likely to hit the Ukrainian sweet industry hard at a time when the country's economy is in free fall. Konti and AVK are two of the country's biggest confectioners and Russia is their biggest market.

Ukraine's candy industry had been severely dented by Russia's decision in July 2013 to prohibit imports from the country's biggest confectioner, Roshen, which was founded by Ukraine's new President, Petro Poroshenko, due to quality concerns. Half of all Ukrainian candy exports to Russia had been supplied by Roshen prior to the embargo, Alexandra Baldynyuka, head of the Association of Ukrainian Confectionery Producers, was quoted as saying by online newspaper Gazeta.ru.

However, the ban on sweets will have no impact on the Russian market, analysts said.

"Ukrainian products have a small share of the Russian market," said Maria Shishkina, an analyst from Moscow-based investment company Russ-Invest, Gazeta.ru reported. In the confectionery segment, "Ukrainian firms are not even in the top-5," she said.

Russian retailers will have no trouble preventing candy shortages either, thanks to the wealth of suppliers they can pick from, Marat Ibragimov, an analyst at financial group BKS, was quoted as saying by the newspaper.

"A hundred producers are competing for every meter of shelf space. In the confectionery market there are no strong brands that generate traffic for shops, so suppliers can easily be replaced," Ibragimov added.

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