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Crimea Nationalizes the Means of Bread Production

By The Moscow Times

November 12, 2014



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The Crimean government on Wednesday nationalized one of the peninsula's largest producers of baked goods, Krymkhleb, after accusing the company's owners of money laundering and aiding the Kiev government's military operations in eastern Ukraine, Russian media reports said.

Crimean officials have thrown the book at Krymkhleb, which produces 36 percent of the peninsula's baked goods, painting it as a monopoly which holds the key to ensuring Crimea's food security, the Interfax news agency reported on Wednesday.

In May, Crimean authorities introduced restrictions on food exports to prevent shortages as Russian businessmen bought up local produce in bulk and shipped it to the Russian mainland after Moscow's annexation of the region from Ukraine in March. Food products in relatively poor Crimea were 30-40 percent cheaper than on the mainland at the time.

Local officials have accused Krymkhleb's owners of squandering its grain stores and output by neglecting to repair production facilities while shipping grain to Ukraine's strategic grain reserves, Interfax said.

According to news agency TASS, Crimean anti-corruption investigators recently accused the company's owners of funding Kiev's military operation against pro-Russian separatists in the restive Donbass region in eastern Ukraine. The company's owners were not named in the reports.

On Monday, Crimea's agriculture minister Vitaly Polishchuk said "the situation [with Krymkhleb] creates social tension and threatens food security in the region," adding that the company only has enough grain and flour for 10 to 12 days of operation, TASS reported.

The Crimean legislature also amended its August law on seizure of private property on Wednesday to allow the government to take ownership of assets of "particular social, cultural or historical value," potentially paving the way for the nationalization of other important industrial resources.

The Crimean budget is deeply dependent on subsidies from the Russian federal government, receiving about 75 percent of its funding from Moscow. On Wednesday, the Crimean parliament passed a draft budget for 2015 that requires government-owned companies to contribute 50 percent of their profits to the Crimean budget, the Vedomosti business newspaper reported.

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