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Kremlin Eyes State Alcohol Monopoly With $88M Deal

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Russia's state-owned alcohol producer Rosspirtprom has acquired eight new distilleries in a deal worth 5.7 billion rubles ($88 million), the Vedomosti news website reported Wednesday.

The purchase included some of the largest production facilities in Russia, all of which previously belonged to businessman Valery Yakovlev. The deal boosts Rosspirtprom domestic market share to 61 percent, Vedomosti reported.

Vadim Dobroz, the director of the Research Center for Federal and Regional Alcohol Markets, told Vedomosti that the purchases hinted again at possible state plans to create an alcohol monopoly. “In reality, there was only ever one buyer [for these factories],” he said. “In such a situation, any money is just a gift.”

Deputy Prime Minister Alexander Khloponin announced last year that the monopoly on the sale of alcohol was “a very important policy” and one that the government should “pursue in the next year and put under control,” Vedomosti reported.

The two most expensive factories bought by Rosspirtprom were for Tula's Zernoprodukt and Kabardino-Balkaria's Premium, costing 1.12 billion rubles ($17 million) and 1.04 billion rubles ($16 million). Other new acquisitions included factories in Kursk, Novosibirsk, and North Ossetia.

Domestic vodka production has recently surged by up percent as the government began cracking down on the production and sale of counterfeit alcohol in the past year. Foreign alcohol imports are also threatened by a shortage of mandatory, state-produced excise stamps.

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