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Starbucks Could Be Skirting Russia Sanctions Through Swedish Farmers

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Pexels

Starbucks is helping a European farming cooperative skirt Russia's counter-sanctions by exporting milk in ready-made coffee drinks, the Fontanka.ru news website reported, citing a Swedish farming publication.

Russia banned the import of a range of foods from Western countries in 2014 in response to sanctions imposed on Russia for its involvement in Ukraine and the annexation of Crimea. The ban, targeting products like dairy and meat, has been extended until late 2018.

Starbucks began selling five milk-based ready-to-drink coffee beverages in Russia in February after receiving sales certificates earlier in the year, Fontanka cited corporate data as saying on Wednesday.

Three-quarters of the milk in these beverages comes from Arla Foods, a Danish-Swedish cooperative that includes German and British farmers, according to Sweden's ATL farming magazine cited by Fontanka.

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The cooperative has arranged the supplies of 1.5 million beverages to 1,350 outlets in Russia this year, including to major supermarkets and gas station convenience stores, Fontanka cites its sales manager in Russia as saying.

Yelena Ostapkevich said Arla Foods partnered with Starbucks on the milk-based coffee drink before Russia imposed its import ban in August 2014.

The Danish-Swedish cooperative reportedly also exports lactose-free milk, one of the several agricultural products excluded from Russia's import ban.

Arla said in August 2014 it had stopped production of all goods for the Russian market, which at the time accounted for slightly over 1 percent of Arla's global annual revenue.

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