

Last Western Hotel Chain Pushed out of Crimea by Sanctions

By [Reuters](#)

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Best Western room key/ m01229/ Flickr

U.S. firm Best Western Hotels & Resorts, the last Western hotel chain still in Crimea, has pulled out because of sanctions imposed after Russia annexed the region from Ukraine, two hotel employees said.

"The Best Western Sevastopol Hotel", a Soviet-era building on the quayside in the port of Sevastopol was one of the few visible signs of an international business presence left since the 2014 annexation. Other major brands, among them McDonald's Corp and Radisson Hotels, have already quit Crimea.

The hotel is still running but branding identifying it as a Best Western hotel has been removed from the building and is now identifying itself on booking sites under the name "Sevastopol Hotel and Spa."

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The ending of Best Western's presence this year shows that, even four years after the sanctions were first imposed by the United States and the European Union, they are still forcing Western investors out of Crimea.

The sanctions bar U.S. companies from operating in Crimea and prohibit new investment in Crimea. They block business with a long list of Crimean individuals and entities and make it impossible for Western firms to move money through Crimean banks.

The general director of the hotel declined to comment. Best Western, which has its headquarters in Phoenix, Arizona, declined to comment, and referred questions to the hotel's owner or operator.

The majority owner of the hotel is a company called Sevastopol Investment Group Ltd, which is registered in the Seychelles, according to Russian tax service records. Reuters was unable to seek comment from the Seychelles firm because no contact details were listed for it.

Best Western does not own or operate hotels itself but has a franchising system under which hotel owners or operators can pay for the right to use the company's brand, marketing and support services.

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A member of the staff at the hotel told Reuters the franchise agreement with Best Western ended in October last year because of the sanctions.

"Now we're just called the Sevastopol Hotel," said the employee, who wished to remain anonymous. "We stopped paying for the franchise."

A second employee also told Reuters that the agreement with Best Western ended because of the sanctions. It was not clear, from the employees' accounts, whether the deal was ended by Best Western, or at the initiative of the hotel's owners, and it was not clear which aspect of the sanctions led to the agreement ending.

Russia's annexation of Crimea, still internationally recognised as part of Ukraine, prompted international condemnation and sanctions from the United States and European Union. Russia said it acted to protect Crimea's Russian-speaking population, and that the majority of residents wanted the region to be part of Russia.

Since then, Crimea has seen an influx of Russian state investment. Pensions and public sector wages have gone up, and new infrastructure has been built. However, the private sector, which depends heavily on tourism, has suffered from the effects of the sanctions.

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