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Moscow Seizes Pasta Maker Makfa in Wartime Nationalization Sweep

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Makfa pasta on display at a supermarket. **Sergei Bulkin / TASS**

A court in Russia's Chelyabinsk region has ruled to hand over the assets of pasta manufacturer Makfa Group to the Russian state, the business news website RBC reported Wednesday.

Makfa's seizure is the latest in what has been described as the Kremlin's creeping drive of forced nationalizations since the February 2022 invasion of Ukraine, which saw scores of foreign companies leave the country in response.

Chelyabinsk's Central District Court granted a request from the Russian Prosecutor General's Office to seize the pasta maker on accusations that its owners had broken anti-corruption laws by running the business while holding political office.

Makfa's main beneficiaries are the former Chelyabinsk regional Governor Mikhail Yurevich, who is a suspect in a bribery case, and former regional lawmaker Vadim Belousov, who was convicted on the same charges in 2022.

Yurevich and Belousov are believed to be living abroad while Makfa, which the business partners built together in the 1990s and 2000s, continues operating as one of Russia's most recognized pasta brands. In 2023, Makfa Group reported a yearly revenue of 23.7 billion rubles ($257.26 million).

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According to RBC, the defendants had sought unsuccessfully to avoid a closed-door hearing by transferring the case to an arbitration court. They had also offered to buy back the company and spend 1 billion rubles ($12 million) a year on Russia's war in Ukraine as part of a settlement deal.

"Makfa completely disagrees with the decision and intends to appeal it in the near future," the company's lawyer Pavel Khlyustov told RBC, adding that he "sees grounds" to challenge the verdict with Russia's Constitutional Court.

After Moscow launched its full-scale invasion of neighboring Ukraine, Russian authorities have sought to nationalize key assets in the country's defense industry in a bid to command greater control over ramped-up military production. However, the sweep in asset seizures has increasingly targeted the civilian economy.

In March, the government took control of the country's largest winemaker linked to an arrested billionaire whose business assets were confiscated earlier this year.

President Vladimir Putin has denied that Russia is witnessing concerted efforts to re-nationalize key parts of the economy.

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