

Nestlé Weighing All Options After Kremlin Takes Control of Its Russian Business

By [Reuters](#)

September 18, 2026



A Nestlé factory in the Perm region. **Master Snov (Public Domain)**

Nestlé said Friday that it was weighing all options to protect its rights after the Kremlin decided to take control of the Swiss food maker's Russian business, the latest move against a Western company since the full-scale invasion of Ukraine.

The Nescafé and KitKat maker said it took note of the decision, announced in a presidential decree on Thursday, and was assessing the situation.

"Nestlé is committed to taking all necessary steps to protect its rights and ensure continuity of business operations in the interests of all stakeholders, particularly its employees," the company said in a statement.

It declined to comment further on what action it was considering.

Nestlé shares were down 1.5% in early trading in Zurich.

Russia has tightened control over foreign-owned assets since the 2022 invasion of Ukraine. A 2023 decree signed by President Vladimir Putin gives Moscow the power to place assets from countries it deems "unfriendly" under temporary administration.

Moscow has also used the law to raise cash through forced sales, exit taxes and discounts, while rewarding Kremlin-loyal insiders.

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Nestlé has six factories in Russia producing coffee, pet care and infant formula products. It generated sales of about 2 billion Swiss francs (\$2.4 billion) in Russia in 2021, the last year it released figures, and has about 7,000 employees there.

The sales figure corresponds to about 2% of Nestlé's total sales, although analysts estimate the contribution has declined after the company scaled back activities in the country.

Nestlé has suspended the vast majority of sales, non-essential imports and exports, advertising and capital investment, said Bank Vontobel analyst Jean-Philippe Bertschy, who estimates Russia now contributes around 1% of group sales.

"While negative for sentiment and raising the prospect of an asset impairment or unfavourable disposal, we expect a marginal financial impact, given Russia's limited contribution to group sales," he said.

French supermarket group Auchan was also targeted by Thursday's decree, with its Russian assets transferred to the temporary management of L.E.V. Management.

Auchan, which operates 230 stores and an online business in Russia where it employs about 30,000 people, declined to comment.

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The newspaper Kommersant has previously reported that a company known as KS Logistika asked Putin to place Nestlé's assets under temporary administration.

In previous cases, temporary administration has often preceded state expropriation, with assets later transferred to Kremlin-linked individuals or companies.

Other Western companies have sold Russian assets or handed them to local managers to comply with sanctions or in response to threats from Moscow to seize foreign-owned assets.

Nestlé has justified continued operations in Russia by arguing that, as a food producer, it supplies essential goods.

Moscow took control of French dairy company Danone's Russian business and beer company

Carlsberg's stake in a local brewer in 2023.

Danone was removed from the list of assets under temporary Russian state management in March 2024 amid reports that a Russian businessman known for his pro-war credentials planned to buy the business at a steep discount.

In December 2024, Carlsberg sold its shares in Baltika Breweries in a management buyout.

Kepler Cheuvreux analyst Jon Cox said such experiences did not bode well for Nestlé.

"Ultimately, Nestlé may end up losing those assets — around 2% of its sales and cash tied up in Russia — for the foreseeable future, and any compensation is unlikely to be an offset," he said.

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