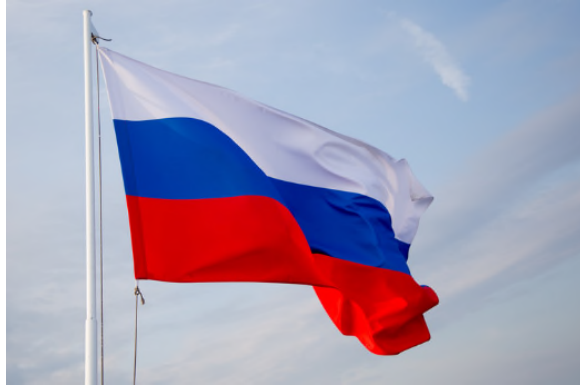


RUSSIA V. UKRAINE SPILLS OVER INTO THE BEER MARKET: PUTIN INVOKES DECREE AIMED AT COMPANIES FROM "UNFRIENDLY COUNTRIES" TO SEIZE CONTROL OF CARLSBERG'S RUSSIAN SUBSIDIARY BALTIKA BREWING



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By: Regulated Products Section Chair [Richard Blau](#)

On July 16, 2023, Russian President Vladimir Putin ordered his government to seize control of Baltika Brewing Company, a subsidiary of Denmark's Carlsberg A/S based in Russia. As a result, Baltika will be transferred to Russia's Federal Agency for State Property Management for "temporary management," according to the decree issued by President Putin.

Established in Saint Petersburg in 1990, Baltika has been one of the leading brewers in the Russian market since 1996 due to its state-of-the-art equipment and application of advanced brewing technologies. Nominal authority for the takeover stems from an executive decree signed by Putin in April of 2023, allowing for "temporary" state control over the assets of companies or individuals from "unfriendly" states, including the United States, NATO members, and their allies.

Following Russia's invasion of Ukraine, Carlsberg planned to sell its Baltika subsidiary as an exit from the Russian market but struggled to close a deal. Baltika announced last month that Carlsberg reportedly had found a buyer for its Russia-based subsidiary. However, in a statement issued yesterday following Putin's executive action, Carlsberg said, "the prospects for this sales process are now highly uncertain." Carlsberg also called Moscow's takeover "unexpected" and indicated it is assessing legal and operational consequences and any financial impact. Stock in Carlsberg initially fell more than 1% in early trading following Moscow's announcement of the management takeover.

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U.S.-based alcohol industry members with operations in Russia would be wise to carefully review the potential risks associated with continued business there..

Richard M. Blau leads the GrayRobinson Regulated Products Section and oversees the firm's legal guidance, compliance, and support services for the alcohol beverage, cannabis, food, and tobacco products industries. Richard and his colleagues focus on the rules, regulations, and business practices that govern the marketing, sale, and consumption of international importers and domestic producers, processors and regional distributors, and retailers. Richard has achieved numerous peer-related accolades for his legal work, including Chambers and Partners – nationally ranked as "Band 1" for food and alcohol beverage law; Best Lawyers® in America – nationally listed for food and beverage law; and Super Lawyers – elected member.

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