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## Russian Federation

### Food Processing Ingredients

#### The Food Processing Sector in Russia

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**Report Highlights:**

The Russian economy has entered a “post-crisis” period of moderate growth. Domestic demand, which collapsed in 2009, has been gaining strength. The food processing sector in Russia continues its recovery, supported by rising disposable income, increasing real wages, declining unemployment and growing food expenditure. During the January to August 2011 period production of the following increased versus 2010: meat and offal, sausages, meat products, dry milk and cream, butter, canned

milk, pasta, sugar, confectionery, frozen fruits and vegetables, and mineral water. However most food processing companies believe that the food industry has not fully recovered yet from the crisis. The majority of raw materials and ingredients used by Russian food processors/manufacturers are imported. This leaves ample opportunities for U.S. exports to Russia. WTO accession, which is anticipated for 2012, should ease import restrictions for some products, such as dairy products and certain meats, from the United States.

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**Author Defined:****SECTION I. MARKET SUMMARY**

Although the food processing sector in Russia weathered the last global economic recession well, it is still being heavily influenced – both positively and negatively -- by the past two global economic crises. In 1998, Russia suffered a financial crisis which turned out to be a starting point for growth in the local food processing industry after a long period of stagnation. Locally manufactured products were affordable for local consumers compared to imported products and manufacturers improved quality to meet consumers' needs and seize a larger market share. Prior to the latest economic downturn, the food industry had been growing by about 10% per annum. *Foodmag.ru* estimates that from 2005 to 2008, investments into food processing enterprises totaled more than 135 billion rubles which demonstrates the attractiveness of this sector for both Russian and foreign investors. Producers of meat and meat products, dairy, edible oil, beverages, and confectionary items made the most capital asset improvements. Two-thirds of total investments were used for modernizing equipment to increase labor productivity, create efficiency, and lower overhead. New equipment helped strengthen Russian food processors making their products more competitive.

Increased expenditures on food products in 2011 indicate that the Russian food industry has joined other markets -- such as the car, consumer electronics, apparel and shoes, tourism and construction materials markets -- demonstrating active growth and recovery from the 2008 crisis. However, according to Ernst & Young, as of 2011 most food processing companies do not think that the food industry has fully recovered from the 2008-2009 slow down. Internal factors including drought, fires and crop failure plagued 2010. In addition, the food sector had to cope with the consolidation of certain beverage and dairy products manufacturers and the Retail Trade Act <sup>1</sup> which put limits on pay-offs to retail buyers and managers among other rules that have impacted food processing companies directly or indirectly. The global economic recession also led the majority of companies to reconsider their development strategies and direct their efforts toward, first, optimizing their business processes in order to raise their operational efficiency. Secondly, companies are diversifying in order to reduce vulnerability on any one sector.

The most crisis-resistant sectors were businesses that specialized in manufacturing primary goods and that received government support, namely: farming, grain processing, manufacturing flour, bread production, milk production and dietary foods. To the extent that food processors relied on these sectors

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<sup>1</sup> For more on the retail sector please see Russian Retail Market Continues Expansion | Retail Food Sector | Moscow ATO | Russian Federation | 9/13/2011 at [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods\\_Moscow%20ATO\\_Russian%20Federation\\_9-2-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Moscow%20ATO_Russian%20Federation_9-2-2011.pdf).

they have benefited. However, the majority of raw materials and ingredients used by food processors are imported.

The food processing industry is made up of foreign and domestic manufacturers with the latter dominating number wise. The biggest Russian food manufacturers are: Baltika Brewery Company, Unimilk, “United Confectionaries”, “Cherkizovo”, “Efko” Groups of Companies. Among the most well-known foreign food manufacturers in Russia are Kraft Foods and PepsiCo which invested heavily in WimmBill Dann in 2010-2011. These foreign investors are strengthening their positions with investments and marketing activities that overshadow domestic companies. The leaders in this market are focused on consolidation and expansion into regions outside of Moscow and St. Petersburg.

The factors that have restrained faster growth in the food-processing sector are as follows:

- Higher prices of raw materials
- Growing demands from large retail chains and greater competition among food manufacturers for shelf space
- Problems with recruiting qualified personnel
- Sales and distribution problems of manufactured products
- Cost of public utilities
- Logistics problems
- Significant debt load
- Lack of financing in necessary volumes, terms and at affordable interest rate
- Lack of developed distribution system

**Table A. Russian Food Processing Sector 2007-2010**

	2007	2008	2009	2010	2010/2009 (%change)
Number of businesses, including beverage and tobacco manufacturers (as of the beginning of the year)	53,510	49,973	44,878	43,064	-4.04
Value of food production, in billion RUR	2,143	2,656	2,822	3,177	12.6
Value of food production, in billion USD*	83.71	106.66	87.23	102.68	1.2
Production index, percentage change from previous year**	107.3	101.9	99.4	105.4	6
Balance, financial (profit less loss), in billions RUR	102.03	101.47	151.67	174.44	15
Balance, financial (profit less loss), in billions USD*	3.99	4.08	5.15	5.75	11.6
Bread/bakery products, in thousand tons	7,758.9	7,477	7,200	6,700	-6.5
Flour, in mil tons	10.3	10.3	10.2	9.8	-3.9
Pasta products, in thousand tons	1,013.8	1,027	1,048	1,044	-0.4
Confectionery, in thousand tons	2,739.3	2,845	2,779	2,887	3.9
Meat, incl. offal in thousand tons	2,561.2	2,899	3,380	3,879	14.7

Sausages, in thousand tons	2,410.9	2,454	2,238	2,395	7
Semi finished meat, in thousand tons	1,254.3	1,451	1,538	1,553	0.9
Whole milk products, in thousand tons	10,514.6	10,300	10,900	11,848	8.7
Canned/preserved foods, in million cans (Standard can = 335 grams)					
- Vegetable and fruit preserves	10,460.6	10,353	9,441	9,441	13.9
-Dairy products	759.2	864	830	880	6
-Meat and soya containing preserves	675	718	732	649.3	-11.3
-Fish/seafood	827	909	756	447***	n/a
Vodka, liquor products, in million deciliters	131	122	113	106.3	-5.9
Wine, grape, in million deciliters	51.3	50.3	50.1	45.1	-9.9
Beer, in million deciliters	1,147	1,140	1091	975	-10.6

\* The Dollar equivalent of "Value of Food Production" and "Balance, Financial" (i.e. net profit) is calculated based on annual average USD/RUR exchange rate: 2006 – 27.2, 2007 – 25.6, 2008 – 24.9, 2009 – 31.8, 2010 – 30.36. Changes in the Dollar value of production and net profit are caused more by exchange rate fluctuations than changes in domestic production.

\*\*The "Production Index" is a relative indicator characterizing changes in production output over comparable periods. The aggregate index of production characterizes integrated changes in production of all types of goods and products and reflects changes in value generated in the process of production as a result of quantitative changes of physical volume of production.

\*\*\*Official data of Russian Federal Statistics Service ("Russia in Figures -2011") contain information on 2010 production of canned and preserved fish excluding seafood. According to other sources, 2010 production of canned/preserved fish and seafood totaled 9.1 thousand tons.

Source: Russian Federal State Statistics Service

There was significant contraction in the number of businesses after the 2008 economic crisis. However, the data suggests that economically viable firms survived and more than filled the void. For example, the value of food production actually increased each year during the 2006-10 period, and as up by 12.6% in 2010. Net profit was also up in 2010, by 15%.

According to Russian Federal Statistics Service, in January-August 2011, the production index of food products amounted to 100.6% against 104.9% in January-August 2010 including broader categories such as meat and meat products - 106.9%, pasta products - 100.6%, mineral waters and soft drinks - 101.1%, beer - 100.3%, sugar - 125.2 percent. Compared to the same period of 2010, output of the following products increased: meat and offal (7.5%), sausages (4.5%), meat products (12.2%), dry milk and cream (21%), butter (2.9%), canned milk (1.7%), pasta (3.1%), sugar (21.5%), confectionery (4.2%), frozen fruits and vegetables (by 48.8%), mineral water (5.7%). Production of flour from grain crops was almost the same as last year (growth rate - 0.4%), as well as pasta (0.5%) and beer (0.4%). On the decrease were: production of cereals (17%), cheese and cheese products (3.5%), dairy products (3.4%), vegetable oils, unrefined (16.7%), canned fruits and vegetables (1.1%). The decline in output of dairy products was associated with decreased domestic raw material output. Decreased production of vegetable oils is due to reduced production of domestic oilseeds in 2010.

The major consumer of food ingredients in the Russian food market is the meat processing industry with average annual growth of 15%. One of the latest trends in the meat processing sector is increasing emphasis on "natural" food ingredients. Meat processors source both domestic and imported

ingredients. Domestic poultry and pork production have shown steady growth while beef production decreased in 2010. Ernst and Young experts explain that the poultry production was hampered in 2010 by the drought that drove up feed prices which make up 70% of production cost and to a lesser extent by the lifting of the ban on American poultry imports. The poultry industry is the most consolidated sector and is comprised of around 600 producers. According to Russia's State Statistical Service (Rosstat), farms of all types produced about 4.6 MMT of poultry and livestock for slaughter (live weight) in the first half of 2011, 3.8 percent more than January-June 2010. Agricultural enterprises increased production by 7.4 percent at the same time. The Russian Ministry of Agriculture (MinAg) reported that Russia will increase livestock production by 2.8 percent, while total agricultural production will grow 10.0 percent in 2011. The poultry market appears to be close to self-sufficient although imports are still well represented in the processing sector. Pork production totaled 739,000 tons in 2010 which is 14% more than in 2009. Since 2005, pork production has more than doubled. Despite the fact that some anticipate self-sufficiency in pork production within 3-4 years, pork imports remain rather high; in 2010 pork imports totaled 625,000 tons which is 2% lower than in 2009. The biggest pork suppliers are Brazil (34.4%), Germany (17.6%) and Denmark. Meat imports are subject to a quota system which is as follows for 2012: fresh and chilled beef – 30,000 tons, frozen beef – 530,000 tons, fresh, chilled and frozen pork- 320,000 tons, pork trimmings – 30,000 tons, poultry meat – 250,000 tons, mechanically deboned poultry meat (mince) – 80,000 tons. Upon WTO access the quotas will likely change and exporters should monitor the FAS Attaché reporting page for updates.

According to the Agrarian Marketing Institute, by 2012 meat production in Russia will increase by more than 30 percent compared to 2009 level. The main growth is expected in the poultry market where the poultry share is expected to exceed 40 percent of the Russian market's meat production. Beef's declining share will continue in spite of the forecasted increase in beef production.

Effective January 1, 2010, Russia requires all imported poultry products be processed with only those ingredients approved for use in Russia. Please consult the FSIS Export Library for a list of approved ingredients <[http://www.fsis.usda.gov/Regulations & Policies/Russia Requirements/index.asp](http://www.fsis.usda.gov/Regulations%20&%20Policies/Russia%20Requirements/index.asp)>. Also since January 1, 2010 frozen poultry was prohibited for use in processing select foods (e.g., baby food and food for nursing or pregnant mothers). Please consult your importer or USDA FSIS for guidance on a case-by-case basis.

The dairy products market is valued at \$16-17 billion and is growing annually by 7-9% in terms of value. Wimm-Bill-Dann and Unimilk maintain the dominant positions in the Russian dairy market. 2010 was a significant year for the Russian milk processing market: Danone took over Unimilk then PepsiCo acquired Wimm-Bill-Dann. The Russian dairy market produces milk, cottage cheese and sour cream and Russians are very loyal to local brands. However, in 2010 Russia imported 255,000 tons of dairy products and cheese.

The Russian juice market is worth \$6 billion with 2.9% growth compared to 2009. The leading players are international companies PepsiCo and Coca-Cola which in 2010-2011 acquired, respectively, Wimm-Bill-Dann and Nidan Soki - the biggest Russian manufacturers. PepsiCo and Coca-Cola have a collective market share of almost 85%.

Experts assess the Russian confectionary market at around \$12 billion annually which makes Russia the second-largest confectionary market in the world. The confectionary sector is consolidated around a few

domestic and foreign players. Top players include United Confectioners which brings together 15 manufacturers including Rot Front, Babaevsky and Krasny Oktyabr which are household names. Nestle, Roshen, KDV-Group Lamzur', Neva, Slavyanka, and Sladko follow the leaders and also have huge production facilities, wide assortment, active brand support, effectively developed distribution and logistics. Baked products occupy the largest share of the market - approximately 55% followed by chocolate products (32%) and sugary products (13%). Production of chocolate and baked products in 2010 grew by 12.3% compared to 2006 and totaled 1.3 million tons.

The size of Russia's specialized food ingredients market is evaluated around more than \$2 billion. This sub-sector has quickly recovered after the 2008-09 crisis showing 5% growth in 2010 due to domestic food processing industry demand. RBK Research experts forecast 10% growth in 2011.

Russia's specialized food ingredients market is weighted as follows: flavors (29%), preservatives (24%), colorings (19%), antioxidants (13%), food acids (6%), and cloud emulsions (2%). The market is dependent on imports, due to lack of raw materials domestically and high risks of entry into business.

#### Regulatory Framework

In 2010, the Government of the Russian Federation (GOR) passed the "Principles of the Russian Federation State Policy in the Field of Nutrition for the Period to 2020" which is considered by many as some progress in terms of GOR support for the food processing industry including food ingredients manufacturers. The main objectives of the policy are: expansion of domestic production of basic raw materials that meet modern standards of quality and safety, the development of manufacturing food products enriched with essential components, specialized baby food, functional food products, dietary (curative and preventive) food products and dietary supplements. Also, the GOR pays attention to the development and implementation of innovative technologies in agriculture and the food industry, including biotechnology and nanotechnology, and development of healthy eating educational programs for various groups of the population. In this regard, technical regulations relating to food are expected to be adopted. It is proposed to strengthen the legal responsibility of the manufacturer for production of food products which are consistent with statutory requirements, and to improve quality control mechanism for food and raw materials produced in Russia and imported from abroad. Also, according to the document, the GOR would provide the conditions for investment in production of vitamins, enzymes for the food industry, probiotics and other food ingredients, consumer foods enriched with vitamins and minerals, as well as would prioritize development of research in the field of modern biotechnological and nanotechnological methods to obtain new sources of food and biomedical estimation of its quality and safety.

The main regulations for the industry will be the Customs Union's technical regulations "Safety Requirements for Food Additives, Flavorings, and Technological Aids". The draft of these technical regulations is published on Customs Union website and the document is expected to be accepted in the coming months: <http://www.tsouz.ru/db/techreglam/Pages/Pishdobavki.aspx>.

#### Trade

The Russian food industry in general is characterized by its dependence on imports. Around 40 percent of products used by the Russian food industry are imported: \$36.4 billion was spent in 2010 for importing food products and raw materials. More than a half of the meat and milk products in major Russian cities are imported. 70% of the raw materials in meat processing plants are imported.

According to data from the Federal Customs Service in January-August 2011, Russia's imports of food products and agricultural raw materials totaled \$25.8 billion which is 26.2% more than in the corresponding period of 2010. Compared to the same period in 2010, import volume of fresh and frozen meat increased by 9.6%, butter - by 16.8%, citrus fruits - by 19.0%, tea - 5.7%, cereals - 2.2 times, sunflower oil - 2.1 times, products and canned meat - by 44.2%, raw sugar - by 21.5% cocoa - 5.9%, products containing cocoa - by 10.2%, alcoholic and nonalcoholic beverages - by 18.8%. At the same time imports of fish declined by 18.0%, condensed milk and cream - by 38.2%, white sugar - by 8.8%, cigarettes - by 29.7%. Average contract prices for some produce and other food increased. The greatest increase in contract prices was on fresh and frozen meats (11.4%), fish (1.4 times), concentrated milk and cream (7.3%), butter (25.5%), citrus (16.2%), coffee (1.6 times), tea (5.7%), sunflower oil (45.9%), meat products and canned meat (10.8%), raw sugar ( to 36.0%), sugar (38.6%), and products containing cocoa (22.5%).

### ADVANTAGES AND CHALLENGES FOR U.S. EXPORTERS

Advantages	Challenges
Demand for food processing ingredients is growing dramatically compared to the other sectors of the food processing industry.	European exporters have geographical advantage, and exporters from the Middle East offer lower prices.
Russian food processing ingredients market is widening its assortment.	Demand for premium products has not yet 100% recovered from the crisis. Consumers have switched from imported products to cheaper brands or Russian analogs due to Ruble devaluation.
Russian food processing sector mostly relies on imports.	Increased Dollar rate made prices for imported raw materials and food processing ingredients less affordable for manufacturers.
Local processors more and more must meet international quality standards. They pay more attention to the quality of the ingredients they use and local ingredients often do not meet their needs.	Russian processors do not have enough information about U.S. food ingredient suppliers and high quality and safety standards.
Russian food processing companies continue to expand and modernize their production facilities. This increases their demand for high quality ingredients.	Russian producers of ingredients are improving the quality of their products.
Share of imported ingredients is 86-90% against 10-14% of locally produced.	Sales increase of locally produced ingredients is influenced by proximity to end-users, awareness of consumer demand specifics, operative decision of enterprises' technological problems, well-functioning logistics services, lower prices compared to imported products.
Growing demand for healthy food leads to increasing consumer demands for better quality and innovative/functional products,	Imperfection of tariff legislation and its constant changes sometimes lead to customs clearance delays, contract disputes, and unpredictable expenses.

forcing processors to use high quality ingredients.	
GSM-102 program offers U.S. exporters an opportunity to conduct business using credit.	High credit rates create obstacles for inflow of foreign investment into Russian industry.
Russia's WTO accession is likely to improve the flow of trade and reduce trade barriers.	Cash-in-advance system of payment is still a common trade practice in Russia, due to credit risks and expenses from letter of credit.
	Due to Russian veterinary and sanitary requirements as well as approved exporter list requirements, Russia does not allow imports of dairy and egg products from the United States. These same problems apply to many food products with animal-origin ingredients. This situation is due to the change upon WTO accession.

## SECTION II. ROADMAP FOR MARKET ENTRY

### A. Entry Strategy.

Of course, the best entry strategy for every new-to-market exporter depends on its unique experience, particular circumstances, and specific products. But there are some general recommendations for successful entry into the Russian market.

- In order to make Russian processors aware of the assortment and quality of U.S. ingredients, plan to attend specialized exhibitions. There are three major shows held in Moscow that can be recommended for participation.
  - INGREDIENTS RUSSIA, held in March, is the only ingredient exhibition in Russia. Ingredients Russia is a key meeting point for all those involved in the Russian ingredients industry. It is an effective way to meet new and existing clients, increase brand awareness and discover the latest news from the Russian ingredients industry. In 2011, ten thousand visitors from 25 countries attended Ingredients Russia. 93 percent visitors presented Russian companies, 87 percent visitors were responsible for making decisions, 91.7 percent of participants established new business contacts.
  - PRODEXPO INTERNATIONAL EXHIBITION (Moscow, February) is the largest annual international exhibition in Russia and Eastern Europe promoting high quality foodstuffs. The exhibition promotes high-quality foodstuffs to the domestic market, giving the opportunity for foreign exporters to present their products and to make valuable contacts.
  - WORLD FOOD (Moscow, September) is attended by serious players in the Russian food market – both well-established and those who are just planning to enter the market. World Food Moscow is an effective platform for processors or dealers. Held annually, this show attracts approximately 1,400 exhibitors from 64 countries and 26,000 trade visitors. Unlike Prodexpo, it contains seafood, fruit and vegetable pavilions.
- Business relations in Russia depend on personal contacts. For this reason it is important to have a representative office in Russia or to have a well-established contact with a Russian importer.

Local partners should be chosen on the basis of references from other foreign exporters or local reputable processing companies. The local partner can help you solve many problems and better understand the peculiarities of the local market that will positively influence the results of your business activities in the targeted market.

- Moscow remains the obvious first choice for a representative office in Russia where many food processing companies and representative offices of foreign and regional food companies are concentrated. However, if your contacts are located on the West Coast or will ship through St. Petersburg it might be worth considering St. Petersburg as a home base. Having a representative office in a major Russian city will help you to establish valuable contacts with leading Russian food companies. Moreover, established direct dealership with fast-growing Russian companies will provide more opportunities to meet customers' demands.
- Marketing the products to the buyers and end-users is paramount. Russia's leading processing companies employ qualified personnel and use modern processing technology making them good candidates for training programs for technologists. Also, ingredients suppliers should understand that their clients are actually not ingredients manufacturers but the food products' end-users. Keeping consumers in mind along with the importer/distributor will help U.S. exporters be successful in the Russian market.

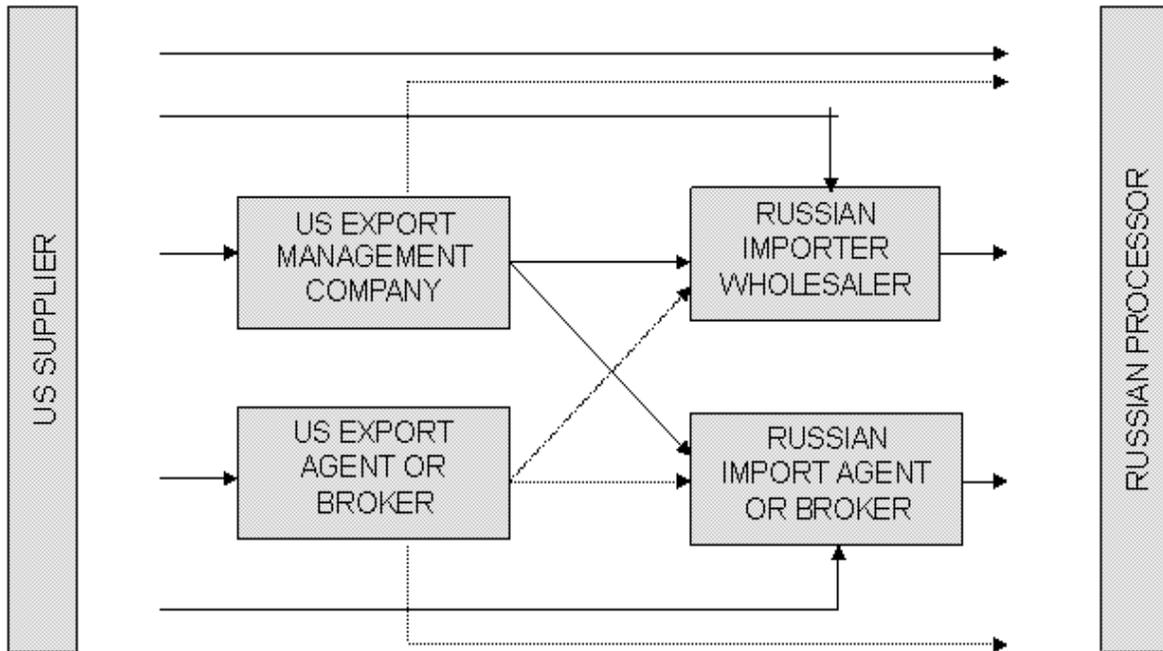
## **B. Market Structure**

Below are three possible ways of working with ingredient processors in Russia.

- Supply products directly to a local food processor;
- Trade via Russian importer/broker to a local food processor; or
- Supply products via a Russian importer/wholesaler to a local food processor.

In Russia, there are a number of large food ingredients importers and distributors. One of the key market trends is concentration of the largest food importers/distributors/processors in Moscow and St. Petersburg, expanding their reach and influence into regions by forcing out and absorbing small local distributors. In the past, there was one key distributor in a Russian region working with all local large processors and small wholesale companies. A few years ago, large Moscow/St. Petersburg-headquartered companies held all distribution channels using their affiliates and partners in the regions.

Russian food processors prefer working through local wholesalers, as wholesalers can offer the whole range of ingredients with attractive discounts. Processors supply their products to wholesalers and also to large food retailers whose share of the market has recently grown. The latest local market trend is a growing demand for high quality food products despite the higher prices. This is a positive sign for foreign ingredient suppliers, as demand for consistently high quality ingredients has been growing leaving far behind locally produced ingredients in terms of their quality. A key task to solve for the exporter along with establishing distribution channels for selling products throughout Russia is a search of an experienced and reputable customs broker who would be able to solve numerous problems and disagreements related to customs.



### C. Company Profiles

**Russian food processors can be divided into the following main groups:**

- Large vertically integrated holdings focused on development of their production facilities using their own raw material resources (began in the mid 90s), such as Cherkizovsky meat-processing plant, Wimm-Bill-Dann juice and dairy producer, etc.
- International manufacturers having their production facilities in Moscow suburbs and other large regions of the country (started to appear in early mid 90-s), such as DANONE (France), Campina (Germany), Mars (U.S.), Kraft (U.S.), Dirol Cadbury (UK), San Interbrew (Belgium), etc.
- Russian holding companies with foreign capital, such as OJSC "Baltika" Brewery Company, KamposMos, and others.
- Regional food processing companies that started their activity under the Soviet times and successfully passed through the period of structural management and production reorganization in the second half of the 90s.
- Small regional producers/entrepreneurs most of whom produce and sell their products in the region where they are located.

The following table includes information about major food processors by category. 28 food processing companies made the list of the 400 biggest Russian companies based on sales volume in 2010. The rating was published by EXPERT rating agency at [www.raexport.ru](http://www.raexport.ru).

**Table B. Company Profiles**

Company (Product types)	Sales in 2010	End-Use Channels	Production Location	Procurement Channels
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	(\$ Mil)			
Baltika Brewery Company (beer, non-alcohol drinks)	\$ 2,612	Retail, HRI	Russia (10)	Importers, Direct, Distributors
Wimm-Bill-Dann Food Products (PepsiCo) (dairy products, fruit juices, drinking water, baby food)*	\$2,029	Retail, HRI	Russia+ CIS (37)	Importers, Direct, Distributors
Nestle Russia (chocolate, confectionary, coffee, drinks, cereals, ice-cream, snacks, baby food, drinking water, pet food)	\$1,954	Retail, HRI	Russia + Eurasia (14)	Importers, Direct, Distributors
Unimilk (dairy products, baby food)	\$1,765	Retail, HRI, Food Processing	Russia + Ukraine + Belorussia (28)	Importers, Direct, Distributors
Mars (confectionary, chocolate, ready soups, chewing gum, pet food)	\$1,603	Retail	Russia (4)	Importers, Distributors
Coca-Cola HBC Eurasia (non-alcohol drinks)	\$1,456	Retail, HRI	Russia (14)	Importers, Direct, Distributors
PepsiCo Holdings (non-alcohol drinks)	\$1,455	Retail, HRI	Russia (6)	Importers, Direct, Distributors
Sun inBev Russia (beer)	\$1,234	Retail, HRI	Russia (10)	Importers, Direct, Distributors
United Confectionary Manufacturers Holding (chocolate, confectionary)	\$1,204	Retail	Russia (15)	Importers, Direct, Distributors
Cherkizovo Group (beef, pork, sausage)	\$1,189	Retail, HRI	Russia (7)	Importers, Direct, Distributors
Kraft Foods Rus (coffee, chocolate, confectionary, chewing gum)	\$1,092	Retail, HRI	Russia (6)	Importers, Direct, Distributors
Danone Industry (yogurts, baby food, drinking water)	\$966	Retail, HRI	Russia (2)	Importers, Direct, Distributors
Efko Group of Companies (oils, fats, mayonnaises, ingredients for dairy, confectionary and bakery production)	\$912	Retail, HRI, Processing	Russia (3)	Importers, Direct, Distributors
Efes Breweries	\$903	Retail, HRI	Russia (5)	Importers, Direct,

				Distributors
Synergy Group of Companies (alcohol, meat, poultry and dairy products)	\$696	Retail, HRI, Processing	Russia (13)	Importers, Direct, Distributors
Nizhegorodskiy fat and oil plant (fat-and-oil products, mayonnaises)	\$689	Retail, HRI, Processing	Russia (5 )	Importers, Direct, Distributors
Heineken United Breweries	\$684	Retail, HRI	Russia (10)	Importers, Direct, Distributors
Russian Alcohol Group of Companies (hard liquors, low-alcohol beverages)	\$683	Retail, HRI	Russia (4)	Importers, Direct, Distributors
Orimi Trade (tea, coffee)	\$643	Retail, HRI	Russia (1 )	Importers, Direct, Distributors
KDV Group (confectionary, snacks)	\$631	Retail	Russia (6)	Importers, Direct, Distributors
SABMiller Rus (beer)	\$621	Retail, HRI	Russia (3)	Importers, Direct, Distributors
Ostankinskiy meat processing plant (sausages, semi prepared meat products)	\$620.9	Retail, HRI	Russia (3)	Importers, Distributors
Wrigley (chewing gum, confectionary, snacks)	\$554.8	Retail, HRI	Russia (2)	Importers, Direct, Distributors
ROSHEN (chocolate, confectionary)	\$481	Retail, HRI	Russia (2), Ukraine (4), Lithuania (1)	Importers, Direct, Distributors
VAMIN Tatarstan (cheeses, dairy, sausage, pasta and bakery products)	\$475	Retail, HRI, Processing	Russia (38 )	Importers, Direct, Distributors
Efremovskiy glucose-dextrose plant (glucose syrups, starches, fodder products)	\$453	Retail, HRI, Processing	Russia (1)	Importers, Direct, Distributors
Solnechnye Producty (mayonnaises, fat-and-oil products)	\$440	Retail, HRI, Processing	Russia (5)	Importers, Direct, Distributors
Frito Lay Manufacturing (snacks)	\$433	Retail, HRI	Russia (1)	Importers, Direct, Distributors

Source: Various sources.

## D. Sector Trends

### Processing Trends

- Russia's food processing industry had been growing rapidly since 1998 with an annual increase of 15-25%, but regressed as a result of 2008 financial crisis. The industry is still in recovery mode supported by real GDP growth, growing consumer demand and consumption.
- Food processors often build their production facilities close to a source of raw materials.
- International food processors are very actively investing in the local food processing industry. This enables them to have control over the company's management as well.
- Most foreign companies have decided to move their production inside Russia in order to reduce costs, so consumer-ready products imports have decreased.
- Consolidation among the leading market players is a strong trend.
- Many Russian food processing companies are interested in forming strategic alliances with foreign partners. The main goals are access to technical knowledge, strengthening the company's image in the market, access to cheaper financing, and personnel training.
- Consolidation in retail sector resulted in increasing power of the retailers who are able to demand more from suppliers in terms of price and fees
- Lack of developed regional infrastructure and logistical challenges are the obstacles for expansion to remote territories like Privolzhskiy, Siberia and Far Eastern regions.
- Food products manufacturers are trying to launch new products, mostly spin-offs of their current line, to enter new market segments.
- Responding the expected demand growth in all segments of food industry, food processors invest in production facilities to be able to meet consumer demand and strengthen their position in the market.
- Trends in the food products industry reflect those in the specialized ingredients market: growing popularity of innovative dietary products, nontraditional bread varieties with nuts, different seeds, spices, etc., resulting in increased use of high quality and premium food ingredients. As a consequence, the market is developing in value terms more than volume.
- The Russian bakery products market has good prospects. The enriched bread segment shows growth due to exclusive varieties of bakery products containing healthy ingredients.
- Major users of ingredients include the following sectors: baking, confectionary, dairy, meat and food concentrates. The ice cream sector is also a significant buyer of ingredients.
- 90% of food ingredients as well as chemical raw materials for ingredients production are imported.
- The issue of healthy eating is a national policy priority; which is why a special program to promote healthy baked goods was developed. In it, there are provisions for increasing the share of functional bread up to 10-15% of the production volume in the country.
- The healthy eating trend has resulted in growing demand for natural colorings and flavorings. Natural ingredients now capture a greater market share.
- The confectionary industry is one of the major consumers of food additives: confectionary manufacturers use about 350 items from nearly 500 food additives with E-index.
- Production of combined additives including aromatic extracts (flavors), emulsifiers, preservative agents, phosphates, etc., is increasing.

- Growth in the confectionary and dairy industries has resulted in increasing demand for pectin. The demand is also connected with the reformulation of recipes and opportunities to use pectin with high tech characteristics such as standardizing jellifying power, good solubility and thermal tolerance.
- Russian processors continue to implement new production technologies. Although these changes in the food-processing sector are spurring demand for domestically produced raw materials for further processing, currently Russia is far from meeting the demand for consistently high quality raw materials in the local food-processing sector.
- The growing network of food processing facilities in the regions is spurring demand for high quality ingredients in the regions as well.
- The GOR has been developing and introducing technical regulations meant to control food product quality and ensure consumer safety. Such food products as ice cream, dairy products, cheese, juice and confectionary are already manufactured in accordance with new technical regulations. Given that the new technical regulations are strict, many small companies may find it difficult to meet them. As a result we might find that only strong and stable companies are able to meet the new standards.
- The Russian Ministry of Agriculture launched the special-purpose program for development of the butter and cheese production industry in 2011-2013 which supposes to invest 17.64 billion rubles (\$571 million) for the construction of new facilities, renovation of existing enterprises and research and development in cheese and butter manufacturing. The program is expected to increase cheese and butter production using domestic raw materials resources and decrease dependence on imports.
- The Food Supply Security Doctrine is targeted at developing the domestic agricultural sector and fishing industry, and supporting Russian raw materials manufacturers.

## **Consumption Trends**

Consumers' constantly changing needs and preferences have a significant influence on the food ingredients market. Below are some of the key factors at play:

- Growing middle class leads to increasing demand for prepared foods and higher quality.
- Consumers favor eating at home which boosts consumption of ready meals.
- Premium products' sales were down in 2008-2009 because of the crisis but rebounded in 2010-2011, and are expected to increase in coming years because of growing incomes.
- Consumers make more conscious choice in favor of food products of higher quality and useful for health in sector of dairy, meat, fish products and confectionary.
- Russians expenditures on Fast Moving Consumer Goods (FMCG) and food products in July 2011 increased by 33% compared to June 2010, the real consumption is 10-12% higher than two years ago.
- Average purchase size has been stable for the last two years. But considering that there has been a 33% increase in expenditures and that average purchase size increased by 16% in July 2011 against July 2010, one can conclude that consumers are increasing quantity and/or frequency of visiting stores.
- Russians are rational and practical/thrifty when making routine purchases.
- Out of the total volume of basic goods consumed/purchased, in July 2011 Russians spent 74% for food products and 26% for non-food products.

- Consumers' demand for functional foods is growing and expected to go on growing.
- Russia is an important market in that premium and affordable coexist.
- However, the main factors for consumers are value for money and quality.
- The Russian confectionary market is one of the few where expenditure is ahead of that in Europe. Russians spend about 2.5-3% of their income on sweets which is more than in other countries. That said, per capita consumption of sweets is actually lower in Russia than in Western Europe and the United States. Consumption of chocolate per capita in Russia is 5.3 kg per year, according to the official data of the Federal State Statistics Service.
- Baby food is the only sector that had continuous growth even during the financial crisis.
- Russians are starting to evince an interest in exotic and so called "ethnic" food products like kumis (fermented horse milk) or cheesecake, igniting growth in the use of special flavoring agents.
- Consumers are becoming aware of country of origin and "GMO free" labeling.
- More and more consumers are suspicious of artificial additives and are looking to purchase foods with natural ingredients.
- Low calorie products are becoming more popular, reflecting consumers' growing interest in health and balanced nutrition.
- Russian consumers are giving more preference to domestically produced (or processed) products because they are perceived as natural (or healthy) with a national taste and more affordable.
- Russian consumers carefully read product labels.
- Russian food consumers are ready to pay more for branded products, associating them with products of high quality.
- Russian consumers have a negative attitude towards genetically modified products, though their awareness of such products is low and incomplete due to lack of objective information. Genetically modified products tend to be associated with U.S. products.

### **SECTION III. COMPETITION**

Local food processors are becoming more and more competitive in terms of quality and consistency. This is partially due to government initiatives. For example, according to a long-term social development program for 2020-2030, more than 900 billion rubles (\$29.14 billion) are planned to be invested in the food processing industry, and 55 percent of it will be used for technological modernization of the industry. At the same time, the Russian government is trying to support domestic food producers with protective measures and import quotas in order to make domestic producers of ingredients more competitive. Quantitative quotas and tariff rate quotas (TRQs) are aimed at lowering the share of imported products into the country and strengthening domestic production of commodities. The details of TRQ policy are available in GAIN reports devoted to poultry and meat products listed in "Other Market Reports" Section.

Russian specialized ingredients manufacturers are strengthening their positions as well. "Zelyonye Lini", "Milord", "Technomol", "Aromaros", "PTI" and other food ingredients manufacturers are among the leaders. According to forecasts, by 2015 Russian manufacturers will have at least 65% of the local food ingredients market. Currently, Russia's share of food ingredient manufacturing is not more than 10% because it lags behind the level of industry development in foreign countries. Russian companies still lack the whole spectrum of modern technologies and know-how existing in other

countries. Even if the raw materials were available, local production cannot meet current needs because of the lack of processing technologies and qualified personnel.

The Russian food processing market is not dominated by one or two large firms and therefore doesn't present serious obstacles to new operators entering the industry. It is in the development stage and far from being saturated. So, in Russia ingredients for the meat industry are supplied by several types of operators: direct importers such Solae, Shaller, Cargill and others; official representatives of foreign manufacturers, for example Moguntia-Interrus (Moguntia), Biofud Spice (Zaltech), Matimex (ALMI) and others; supplier agents involved in preparing complex mixes such as Aromaros-M, Milord, Vremya iK, Omega – Pischevye Technologii and others.

**Table C. Major Suppliers of Selected Specialized Ingredients in Russia**

<b>Compounds</b>	Dohler,	<b>Pectin</b>	Yerbsteith & Fox KG
	Wold, Etol		Danisco
	Frutarom,		CP Kelco
<b>Emulsifiers</b>	Danisco	<b>Preserving agents</b>	Factoria-Trade
	Palsgaard		Neomart
	Kerry Bio-Science		MTK
			Khimpischeholding
			Giord
<b>Flavorings</b>	Givaundan	<b>Enzymes</b>	DSM Food Specialties
	Firmenich		Chr. Hansen
	IFF		AB Enzymes
	Symrise		Six Ltd.
	Sensient		CSK food enrichment
	Bell		
	Esarom		Biocatalysts
	Mane		
<b>Coloring agents</b>	Roha Dyechem		
	Biocolor		
	Wild		
	DSM		

Source: <http://bfi-online.ru>

European food ingredient suppliers are the major competitors of U.S. exporters in the sub-sector of

specialized ingredients. The leading countries are Germany (13.4%), Lithuania (10.3%), Poland, Estonia and Finland. Apart from competition on price, European suppliers have an incontestable advantage over U.S. suppliers due to the proximity i.e. quick delivery and low transportation costs. However, as the Russian distribution network improves and U.S. ingredients gain a reputation here, U.S. suppliers can more easily compete with European suppliers.

**Table D: Major Supply Sources for Selected Product Categories by Countries**

<b>Product Category</b>	<b>Major Supply Source in 2010</b>	<b>Strengths of Key Supply Countries</b>
<b>Poultry Meat</b> Net Import 650 thousand tons \$862.807 million	United States – 45% Brazil – 22% Germany – 16%	U.S. price competitive, high quality, provides technical support, benefits from country-specific TRQ; Brazil competes on price, offers favorable terms
<b>Pork Fresh or Frozen</b> Net Import 641 thousand tons \$1,923.034 million	Brazil – 35% Germany – 17.5% Denmark – 11%	Brazil competes on price/credit terms; Germany competes in quality satisfying Russian food processors/sausage manufacturers
<b>Red Meats</b> Net Import 1,596 thousand tons \$ 4,615.371 million	Brazil – 33% Germany – 13% United States – 7%	Brazil is leading in price, credit and delivery terms, and strong Government support of meat exports
<b>Beef Frozen</b> Net Import 606 thousand tons \$ 2,072.237 million	Brazil – 47% Uruguay – 13% Paraguay – 11%	Brazil competes on price conditions, long partnership relations with Russia in beef trade
<b>Offal</b> Net Import 292 thousand tons \$ 405.565 million	Germany – 23% United States – 12% Argentina – 10 %	Germany has logistical advantages: short shipping time
<b>Fish &amp; seafood</b> Net Import 882 thousand tons \$1, 997.510 million	Norway – 37% Iceland – 8% China – 7%	Norway enjoys quality reputation, traditional trade ties, offers strong promotional support
<b>Dairy products (excl. cheese)</b> Net Import 255 thousand tons	Finland – 17% France – 15% New Zealand –	Finland competes in geographical proximity, balance of price and quality

\$658.899 million	11%	
<b>Butter, Oils from Milk</b> Net Import 77 thousand tons \$253.010 million	New Zealand – 35% Finland – 22% France – 7%	New Zealand has reputation for high quality dairy products; enjoys shipments though the Russian Far East
<b>Egg Products</b> Net Import 1.176 thousand tons \$5.325 million	Denmark – 51% Argentina – 42% European Union – 2.47	Denmark enjoys historical trade ties, short shipping time
<b>Dried Fruit</b> Net Import 118 thousand tons \$202.528 million	Tajikistan – 51% Turkey – 12% Chile – 10%	Major suppliers enjoy traditional trade ties, competitive prices and short shipping time
<b>Nuts</b> Net Import 57 thousand tons \$270.159 million	Ukraine – 27 % United States – 25% Iran – 20%	Ukraine is developing nut business actively, U.S. high quality almonds are in growing demand, Iran enjoys competitive prices
<b>Fruit &amp; Vegetable Juice</b> Net Import 261 thousand tons \$364.332 million	China – 25% Brazil – 16% Ukraine – 14%	China competes on price, Ukraine enjoys short shipping time
<b>Sugar, Sweetener, Beverage Bases</b> Net Import 190 thousand tons \$149.229 million	China – 23% Poland – 21% Moldova – 15.47%	China experiences capacities oversupply and offers competitive prices
<b>Protein Concentrates &amp; Textured Protein Substances</b> Net Import 8.5 thousand tons \$12.982 million	China – 38% Serbia – 32% United States – 13%	China offers competitive prices and meets processors' requirements in quality
<b>Potato Flakes, Flour and Meal</b> Net Import 10.5 thousand tons \$10.479 million	Germany – 51% Netherlands – 21% Belgium – 16%	Principal suppliers enjoy traditional trade ties, competitive prices and short shipping time
<b>Lacs, gums, veg extract</b> Net Import 24.854 thousand tons \$132.920 million	India- 30% China – 18% Germany – 16%	India and China offer competitive prices, Germany enjoys traditional trade ties, competitive prices and short shipping time

<b>Essential Oils</b> Net Import 365 tons \$10.170 million	India – 30% Germany – 25% United States – 18%	Principal suppliers enjoy traditional trade ties, competitive prices and short shipping time
<b>Hops</b> Net Import 1.9 thousand tons \$13.027 million	Germany – 70% United Kingdom -17% Czech Republic – 6% United States – 5%	Many brew masters are German or German-trained, favor German hops; short shipping time; competitive prices

Source: Global Trade Atlas

## SECTION IV. BEST MARKET PROSPECTS

### A. Products Present In The Market That Have Good Sales Potential

- Meat including pork, beef, poultry, and edible offal
- Fish and Seafood: Opportunities for ground fish and salmon, especially underutilized species, for processing. Growing demand for high value products for HRI and retail such as oysters, scallops, and black cod.
- Tree nuts: Russia’s commercial nut production is limited. Consumer demand for tree nuts is rising driven by confectionery and baking sectors feeding into a revitalized economy post-economic crisis and a trend toward healthy diets. Iran is the biggest competitor for pistachios, Turkey – for hazelnuts, Tajikistan – for walnuts. U.S. almonds and pistachios are enjoying very strong growth. Good potential for U.S. pecans.
- Dried fruits: quality prunes, raisins, apricots and other dried fruit In spite of tough competition from Iran, Tajikistan, Afghanistan and Uzbekistan for bulk dried fruits, U.S. raisins and prunes are competitive for quality retail and processing markets.
- Hops: Rapidly expanding sector relies heavily on imports from Europe; very limited local commercial production.
- Flavor enhancers for processed meat products
- Natural sweeteners and colorings: Healthy eating trend conditions using natural ingredients in food processing.
- Sugars, sweeteners and beverage bases
- Functional soy concentrates and isolates (primarily for sausage production)
- Lactose
- Butter, milk powder
- Quality Textured Vegetable Protein
- Gluten Powder
- Dextrin and other modified starches
- Complex ingredients including colorings, sweeteners, emulsifiers and preservatives.
- Seasoning/spices/flavorings

- Frozen or soft pasteurized fruits – for yogurt and ice cream production

## **B. Products Not Present in Significant Quantities but Which Have Good Sales Potential**

- Specialized food ingredients, including carrageenan, emulsifiers, enzymes, pectin, starter cultures, and functional systems (integrated blends of emulsifiers and thickeners)
- Certified organic/natural ingredients – while many local processors are advertising “natural” or “ecologically-clean“ food and beverage products, there are no official organic standards and such claims cannot be substantiated. USDA Certified Organic can be used in Russia.
- Kosher and halal-certified ingredients (sizable Jewish population with growing interest in kosher products; large Moslem consumer base in Russia and CIS counties)

## **SECTION V. POST CONTACT AND FURTHER INFORMATION**

### **CONTACT INFORMATION FOR FAS OFFICES IN RUSSIA AND THE U.S.**

#### ***U.S. Agricultural Trade Office Headquarters***

American Embassy  
Bolshoy Devyatinskiy Pereulok 8  
121099 Moscow, Russia  
Tel: 7 (095) 728-5560; Fax: 7 (095) 728-5069  
E-mail: [atomoscow@fas.usda.gov](mailto:atomoscow@fas.usda.gov)  
<http://eng.usda.ru>

Deanna Ayala, Director  
E-mail: [Deanna.Ayala@fas.usda.gov](mailto:Deanna.Ayala@fas.usda.gov)

Alla Putiy, Marketing Specialist  
E-mail: [Alla.Putiy@fas.usda.gov](mailto:Alla.Putiy@fas.usda.gov)

Olga Kolchevnikova, Marketing Specialist  
E-mail: [Olga.Kolchevnikova@fas.usda.gov](mailto:Olga.Kolchevnikova@fas.usda.gov)

Alina Streltsova, Administrative and Financial Assistant  
E-mail: [Alina.Streltsova@fas.usda.gov](mailto:Alina.Streltsova@fas.usda.gov)

*For mail coming from the U.S.:*  
Director, Agricultural Trade Office  
5430 Moscow Place  
Washington, DC 20521-5430

*For international mail, especially from Europe:*  
Agricultural Trade Office  
U.S. Embassy - Box M

Itainen Puistotie 14  
00140 Helsinki, Finland

***Covering Northwest Russia (St. Petersburg):***

Svetlana Ilyina, ATO Marketing Specialist  
American Consulate General  
15, Furshtatskaya St.,  
St. Petersburg, Russia  
Tel: 7 (812) 331-2880; Fax: 7 (812) 331-2675  
E-mail: [Svetlana.Ilyina@fas.usda.gov](mailto:Svetlana.Ilyina@fas.usda.gov)

***Covering the Russian Far East (Vladivostok):***

Oksana Lubentsova, ATO Marketing Specialist  
American Consulate General  
32, Pushkinskaya St.  
690001 Vladivostok, Russia  
Tel: 7 (423) 230-0070 or 230-0089; Fax: 7 (423)230-0089  
E-mail: [Oksana.Lubentsova@fas.usda.gov](mailto:Oksana.Lubentsova@fas.usda.gov)

**USDA/FAS AND ATO PROGRAMS AND SERVICES**

The Foreign Agricultural Service and the Agricultural Trade Office/Moscow offer a variety of programs, services, and information resources to help U.S. exporters of food, beverage, and agricultural products learn more about the Russian market, establish initial contact with Russian buyers, and promote their products in the local market. Following is a partial listing of programs and services:

***U.S. Supplier Lists*** are drawn from an extensive database of companies that can supply a wide range of U.S. food, beverage, and agricultural products. The ATO Russia supplies these lists to Russian importers on request. U.S. companies that wish to be included in this database should contact the Office of Trade Programs, FAS/USDA ([http://www.fas.usda.gov/agx/partners\\_trade\\_leads/us\\_suppliers\\_list.asp](http://www.fas.usda.gov/agx/partners_trade_leads/us_suppliers_list.asp) and see contact information at the beginning of this section).

***Foreign Buyer Lists*** are drawn from an extensive database of Russian importers dealing with a wide range of food, beverage, and agricultural products. U.S. companies can order these lists through the Office of Trade Programs, FAS/USDA ([http://www.fas.usda.gov/agx/buying\\_us/foreign\\_buyers\\_exporters.asp](http://www.fas.usda.gov/agx/buying_us/foreign_buyers_exporters.asp) and see contact information at the beginning of this section).

ATO also coordinates U.S. participation in local trade shows (see list of Russian Trade Shows below), sponsors supermarket and menu promotions, provides support for trade missions, and can help arrange appointments for first-time visitors to Russia. For more detail on these and other programs or activities, please contact the ATO/Moscow (see contact information above).

The FAS website ([www.fas.usda.gov](http://www.fas.usda.gov)) is an excellent source of information on other USDA/FAS export promotion/assistance programs, such as the Market Access Program (MAP) and Credit Guarantee

Programs, as well as a wide range of information and reports on market opportunities for U.S. food, beverage, and agricultural exports world-wide.

## **OTHER USEFUL CONTACTS**

*For questions on agricultural machinery, food processing and packaging equipment/materials, refrigeration equipment, etc., please contact the U.S. & Foreign Commercial Service:*

U.S. Commercial Service

Bolshoy Devyatinskiy Pereulok, 8

121099 Moscow, Russia

Tel: 7 (495) 728 5580; Fax 7 (495) 728 5585

E-mail: [moscow.office.box@trade.gov](mailto:moscow.office.box@trade.gov)

<http://export.gov/russia/>

## **OTHER MARKET REPORTS**

Reports on the Russian food and agricultural market are also available on the FAS website, the search engine can be found at

<http://gain.fas.usda.gov/Pages/Default.aspx>

U.S. exporters may also contact ATO/Moscow for copies of these reports (see contact information at the beginning of this section). The following reports may be of particular interest:

Exporter Guide: Opportunities in Russia / Annual 2010 [1]

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide\\_Moscow%20ATO\\_Russian%20Federation\\_12-21-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Moscow%20ATO_Russian%20Federation_12-21-2010.pdf)

Food and Agricultural Import Regulations and Standards Country Report 2010

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative\\_Moscow%20ATO\\_Russian%20Federation\\_12-29-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Moscow%20ATO_Russian%20Federation_12-29-2010.pdf)

Russia Going Nuts Over Almonds / Tree Nuts

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20Going%20Nuts%20Over%20Almonds\\_St.%20Petersburg\\_Russian%20Federation\\_4-20-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20Going%20Nuts%20Over%20Almonds_St.%20Petersburg_Russian%20Federation_4-20-2011.pdf)

Fresh Deciduous Fruit Annual 2011

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual\\_Moscow%20ATO\\_Russian%20Federation\\_10-26-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual_Moscow%20ATO_Russian%20Federation_10-26-2011.pdf)

Russian Retail Market Continues Expansion

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods\\_Moscow%20ATO\\_Russian%20Federation\\_9-2-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Moscow%20ATO_Russian%20Federation_9-2-2011.pdf)

Russian Organic Market Taking Root

<http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Organic%20Market%20Taking>

[%20Root\\_Moscow%20ATO\\_Russian%20Federation\\_4-27-2011.pdf](#)

Overview of Russian Grain Port Capacity and Transportation

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Overview%20of%20Russian%20Grain%20Port%20Capacity%20and%20Transportation\\_Moscow\\_Russian%20Federation\\_11-3-2011.pdf](#)

Dairy and Products Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Annual\\_Moscow\\_Russian%20Federation\\_10-20-2011.pdf](#)

Sugar Semi-annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Sugar%20Semi-annual\\_Moscow\\_Russian%20Federation\\_10-3-2011.pdf](#)

Livestock and Products Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Livestock%20and%20Products%20Annual\\_Moscow\\_Russian%20Federation\\_9-15-2011.pdf](#)

Russia Releases Draft of Agricultural Development Program 2020

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20Releases%20Draft%20of%20Agricultural%20Development%20Program%202020\\_Moscow\\_Russian%20Federation\\_9-9-2011.pdf](#)

Russia No Longer Requires Import Quarantine Permit

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20No%20Longer%20Requires%20Import%20Quarantine%20Permit\\_Moscow\\_Russian%20Federation\\_8-17-2011.pdf](#)

Poultry and Products Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Annual\\_Moscow\\_Russian%20Federation\\_8-16-2011.pdf](#)

Putin Declares 2012 Tariff-Quota Levels

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Putin%20Declares%202012%20Tariff-Quota%20Levels\\_Moscow\\_Russian%20Federation\\_7-30-2011.pdf](#)

Fishery Sector Production and Trade Update

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fishery%20Sector%20Production%20and%20Trade%20Update\\_Moscow\\_Russian%20Federation\\_7-27-2011.pdf](#)

Common Rules of State Support of Agriculture in the Customs Union

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Common%20Rules%20of%20State%20Support%20of%20Agriculture%20in%20the%20Customs%20Union\\_Moscow\\_Russian%20Federation\\_7-22-2011.pdf](#)

Biotechnology and Other New Production Technologies - Annual 2011

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Agricultural%20Biotechnology%20Annual\\_Moscow\\_Russian%20Federation\\_7-7-2011.pdf](#)

Agriculture Development Program Annual Report is Prepared

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Agriculture%20Development%20Program%20Annual%20Report%20is%20Prepared\\_Moscow\\_Russian%20Federation\\_4-25-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Agriculture%20Development%20Program%20Annual%20Report%20is%20Prepared_Moscow_Russian%20Federation_4-25-2011.pdf)

Oilseeds and Products Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Oilseeds%20and%20Products%20Annual\\_Moscow\\_Russian%20Federation\\_3-31-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Oilseeds%20and%20Products%20Annual_Moscow_Russian%20Federation_3-31-2011.pdf)

Amendment to Sanitary Norms Establishes Several New MRLs

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Amendment%20to%20Sanitary%20Norms%20Establishes%20Several%20New%20MRLs\\_Moscow\\_Russian%20Federation\\_3-31-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Amendment%20to%20Sanitary%20Norms%20Establishes%20Several%20New%20MRLs_Moscow_Russian%20Federation_3-31-2011.pdf)

Grain and Feed Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual\\_Moscow\\_Russian%20Federation\\_3-23-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Grain%20and%20Feed%20Annual_Moscow_Russian%20Federation_3-23-2011.pdf)

Sugar Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Sugar%20Annual\\_Moscow\\_Russian%20Federation\\_4-15-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Sugar%20Annual_Moscow_Russian%20Federation_4-15-2011.pdf)

Agriculture Development Program in 2010 and Priorities for 2011

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Agriculture%20Development%20Program%20in%202010%20and%20Priorities%20for%202011\\_Moscow\\_Russian%20Federation\\_1-26-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Agriculture%20Development%20Program%20in%202010%20and%20Priorities%20for%202011_Moscow_Russian%20Federation_1-26-2011.pdf)

<sup>[1]</sup> The 2011 Exporter Guide and FAIRS reports will be available by January 10, 2012

## **TRADE SHOWS IN RUSSIA**

The following are large, well-organized, international shows:

### ***INGREDIENTS RUSSIA***

15<sup>th</sup> International Exhibition for Food Ingredients, Additives & Spices. Ingredients Russia is the only exhibition dedicated to the ingredients in Russia. It is popular with exhibitors and food ingredient buyers alike.

Date: March 13-16, 2012  
Location: All-Russian Exhibition Centre (VVC), Moscow  
Website: <http://www.ingred.ru/>  
Contact: ATO Moscow  
Tel.: 7 (495) 728-5560; Fax: 7 (495) 728-5069  
E-Mail: [atomoscow@fas.usda.gov](mailto:atomoscow@fas.usda.gov)

### ***WORLD FOOD MOSCOW***

## 21<sup>th</sup> International Exhibition for Food and Drink Products

Date: September 17-20, 2012  
Location: Expocentr, Moscow, Russia  
Website: <http://www.world-food.ru>  
Contact: Olga Kolchevnikova, Marketing Specialist / ATO Moscow  
Tel.: 7 (495) 728-5560; Fax: 7 (495) 728-5069  
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## ***PRODEXPO***

## 19<sup>th</sup> International Exhibition of Food, Beverages & Food Raw Materials

Date: February 13-17, 2012  
Location: Expocentr, Moscow, Russia  
Website: <http://www.prod-expo.ru>  
Contact: ATO Moscow  
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