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Report Highlights:

The Russian food processing industry is growing, driven by strong government support for domestic agricultural production and by an ambitious national goal of increasing food exports by 70 percent by 2024 (to \$45 billion). While continuing economic sanctions and a weakening ruble affect demand for imported products, Russia's food processing industry is modernizing to better serve domestic consumers and a growing number of strategic trading partners. Within this context, there are attractive niche opportunities for exporting quality ingredients that offer good value.

Market Fact Sheet: Russian Federation

Executive Summary

Russia is the world's largest country by area with a population of 144 million people. Economic sanctions imposed in 2014 have spurred domestic production and have reduced dependency on imported food products. Domestic food production now accounts for more than 80 percent of what is sold in retail outlets. Prior to 2014, the share of domestic food was approximately 60 percent¹. In 2018, the Russian Government announced a \$51 billion plan boost domestic agricultural production, setting the ambitious goal of increasing food exports by 70 percent by 2024 (to \$45 billion). The continued weakening of the ruble and relatively stagnant consumer purchasing power generally discourage imports. However, Russia's food processing industry is modernizing to better serve domestic consumers and a growing number of strategic trading partners. Within this context, there are attractive niche opportunities to export quality ingredients that offer good value, particularly within the healthy and natural segments of the Russian market.

Imports of Consumer-Oriented Products

While imports of consumer-oriented products have fallen by more than 35 percent since 2014, Russia remains a net importer, and continues to rely on foreign supplies of fresh and dried fruit, nuts, vegetables, beef, dairy, wine, spirits, food ingredients, and processed foods, including condiments, snacks and juices. Since 2014, imports have shifted from European to Asian / Middle Eastern/ Latin American suppliers.

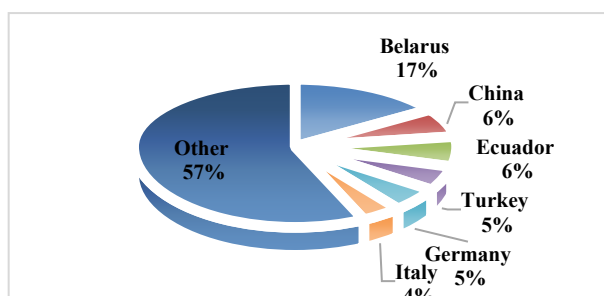


Chart 1. Russian Imports of Consumer-Oriented Products in 2019 (20.2 bn USD).

Food Processing Industry

Over the last three years, Russia's food processing has grown by an annual average of five percent. In 2019, revenues from Russia's food and drink processing sectors reached 102.4 billion USD. Food production turnover increased 6.5 percent from 2018, while the beverage sector increased 11.9 percent. Russia's growth is stimulating investment and innovation not only in equipment, but also in product development. Currently, there are an estimated 22,000 food processing companies in Russia, employing 2 million people.

Food Retail Industry

The Russian retail sector is developing. Market concentration is moderate. In 2018, the share of the seven largest retailers (X5 Retail Group, Tander, Lenta, Auchan, Dixi, OKey and METRO C&C) accounted for 44 percent of the market. Nevertheless, there is strong competition as costs are high and profit margins are low. Direct sourcing and private labeling are increasingly popular ways to reduce costs. Distribution logistics remain a challenge for national retailers seeking to expand their presence in the Russian Far East.

Quick Facts CY2019

Imports of Consumer-Oriented Products: 20,156 million USD

List of Top 10 Growth Products in Russia (in value terms, imported from the World, 2019):

- | | |
|----------------------|------------------------------------------------|
| 1. Bananas | 2. Wine |
| 3. Cheese | 4. Frozen boneless beef |
| 5. Food preparations | 6. Tomatoes |
| 7. Butter | 8. Mandarins |
| 9. Apples | 10. Coffee extracts, essences and concentrates |

Food Industry by Channels:

	102.4 billion USD
Food Industry:	
Consumer-Oriented Products Imports:	20.2 billion USD
Consumer-Oriented Products Exports:	4.3 billion USD
Agricultural & Related Products Imports:	31.1 billion USD
Agricultural & Related Product Exports:	32.7 billion USD
Retail:	518 billion USD
Food Service:	25.6 billion USD

Food Industry Output (US \$102.4 Billion)

Top Grocery Federal Retailers by Sales Turnover. Russia. 2017/2018.

#	Retailer	Country of origin	# of stores Dec 2018	Sales revenues (\$ bn)	Growth y-o-y, percent
1	X5 Retail Group	Russia	14,431	21.25	25.5
2	Tander	Russia	17,442	18.78	5.8
3	Auchan	France	314	6.41	-6.2
4	Lenta	Russia	380	6.02	19.2
5	Dixy	Russia	2,707	4.65	-9.4
6	Metro Cash & Carry	Germany	93	3.60	-5.2
7	O'KEY	Russia	159	2.87	1.1

GDP/Population

Population: 144.5 million

GDP: 1.69 trillion USD

GDP per capita: 11,528 USD

Strengths	Weaknesses
The biggest consumer market in Europe with almost 145 million consumers, while 56 million belong to middle-class	Strong competition from accessible ingredients and products from local, European and Chinese producers
Opportunities	Threats
Evolving Russian food processing sector looks for quality and innovative ingredients in order to launch novelty products. Consumers are increasingly sophisticated, looking for value	Countersanctions limit the list of American products eligible for export to Russia

Data and Information Sources: Trade Data Monitor, RosStat, industry experts, company websites

¹ Retail-life.ru - information and analytical portal about retail.

SECTION I. MARKET SUMMARY

Overall Business Climate

A combination of falling oil prices, international sanctions and structural economic limitations has constrained growth in Russia's GDP. Between 2013 and 2017, annual GDP growth was below 2 percent. In 2015, GDP fell by 2.3 percent, the largest recession since 2009. In 2019, according to the Russian Federal State Statistic Service (RosStat), Russia's GDP increased 1.3 percent, reaching 1,692.6 billion USD. Annual inflation remained stable at around 3.1 percent, while food inflation rose to 5.5 percent. Limited consumer purchasing power has been a significant constraint to Russia's economic growth. In 2019, the average monthly salary was approximately 550 USD, and only an estimated 8 percent of the population had wages that exceeded 1,200 USD (RosStat).

At the same time, Russia has Europe's third largest consumer market by turnover, behind only Germany and France (Source: [InfoLine](#)). Russia's domestic food processing industry is a growing and dynamic sector that has contributed significantly to the economy over the last five years. According to RosStat, in 2019, the total turnover of Russia's food processing industry was 5,681.7 billion rubles (87.9 billion USD), an increase of 6.5 percent compared to 2018. The turnover of Russia's beverage processing industry was 936.6 billion rubles (14.5 billion USD), an increase of 11.9 percent compared to 2018 (RosStat data for [2018](#) and [2019](#)).

Following the introduction of economic sanctions in 2014, the Russian government accelerated import substitution policies which have fueled the development of the food and agricultural sector. From 2015 to 2018, the Russian government allocated more than 1.6 trillion rubles (24.9 billion USD) to agricultural projects, and a further 1.3 trillion rubles have been allocated for 2019-2020 (Source: [Interfax.ru](#)). In 2018, the Russian Government announced a \$51 billion plan to boost domestic agricultural production, also setting the ambitious goal of increasing food exports by 70 percent by 2024 (to \$45 billion).

According to the [Russian Ministry of Agriculture](#), Russia has reduced food imports by 31.2 percent – from 43.3 billion USD in 2013 to 29.8 billion USD in 2018. As of 2018, Russia became practically self-sufficient in grain production (99 percent of consumption is produced domestically), meat production (93 percent), sugar (95 percent), dairy production (84 percent), potatoes (94 percent) and vegetables (85 percent). When comparing to 2013, the sectors that have shown the most significant areas of growth include pork (+95 percent) poultry (+35 percent) and butter (+18 percent). (RosStat). Aside from government policy, one of the main drivers of import substitution has been the depreciation of the Russian ruble. By the end of 2014, the Russian ruble lost approximately half of its value against USD, from 35 rubles per USD to 60 rubles per USD. At the end of March 2020, the exchange rate exceeded 78 rubles per USD. In 2020, a continuing depreciation of the ruble could affect demand for imported food products.

Incomes are expected to stagnate, or more likely decline, as the COVID-19 crisis continues and as oil revenues keep falling. Many experts predict that the Russian economy will contract by around 1 percent in 2020, instead of growing by 2 percent as was expected earlier in the year. Falling investment and a decline in real income will undoubtedly affect business and consumer confidence (and import demand) for as long as the COVID-19 crisis continues. However, fundamentals in the food sector are generally positive. Russia's food processing sector is modernizing to better serve the needs of the domestic consumer and a growing number of strategic trading partners in the Middle East and China. In 2019, Russian exports of processed food reached 9.8 billion USD, a 19 percent increase from 2018. Russia's main exports in value terms include: sunflower or safflower oil, fish and seafood, and wheat (Source: Trade Data Monitor). While the COVID-19 crisis could disrupt some markets (due to import or export restrictions), the continuing depreciation of the Russian ruble will undoubtedly increase the competitiveness and attractiveness of Russian food products.

To keep pace, Russia's food processing industry continues to innovate and invest in new technology. In 2018, the total investment into food processing reached 4.14 billion USD, a 4.3 percent increase from 2017 (RosStat

data).

As of 2019, there were more than 22,000 food processing companies operating in Russia, employing an estimated 2 million people (Source: [Agroprod mash-expo](#)). It is a very dynamic sector, with businesses always opening, merging and closing. In 2019, 2,617 new food processing companies and 473 beverage producing companies were registered, while 5,120 food companies and 666 beverage companies went out of business or were acquired (Source: [RosStat](#)).

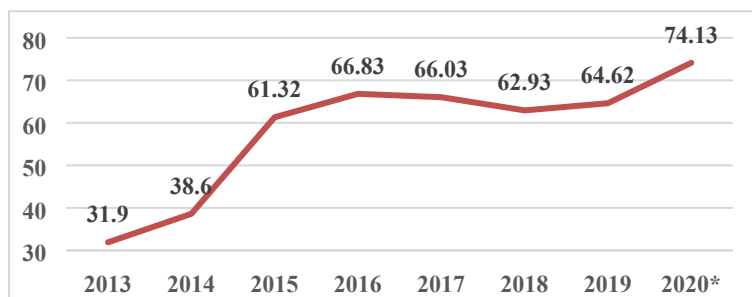


Chart 2. The average exchange rate, Russian ruble/1 USD. Source: The Central Bank of the Russian Federation.

* Exchange currency rate as of March 17, 2020.

Table 1. Production Volumes of Main Food Products Categories. Russia. 2019.

Product	Production Volumes	YOY growth, percent
Meat production (excluding poultry)	2.7 million MT	5.7
Poultry meat production	4.6 million MT	-3.2
Semi-finished meat products, incl. baby food	3.6 million MT	9.3
Canned meat, incl. baby food	676 million (conditional cans)	12.2
Sausage production	2.3 million MT	0.4
Fish production, incl. crustaceans and mollusks	4.2 million MT	1.6
Potato products	298 thousand MT	21.8
Unrefined sunflower oil and its fractions	5.3 million MT	19.2
Margarine production	451 thousand MT	-7.2
Cheese production	524 thousand MT	10.9
Butter	260 thousand MT	0.8
Milk production (other than raw)	5.3 million MT	-1.7
Juice production	1.1 billion (conditional cans)	-3.8
Wheat and rye flour production	8.7 million MT	1.1
Bakery products	5.7 million MT	-1.4
Confectionery production	3.9 million MT	1.2
Beet sugar production	7.3 million MT	16.7
Mineral and drinking water production (without sugar and sweeteners)	14.9 billion bottles (0.5 l)	11.8
Beer	771 million dal	-0.1

Source: Russian Federal State Statistics Service (RosStat) report.

Table 2. Advantages and Challenges of Exporting to Russia.

Advantages – Sector Strength and Market Opportunities	Challenges – Sector Weaknesses and Threats
One of the biggest consumer markets in Europe with 144 million consumers; Russian consumers are increasingly sophisticated, looking for value.	The Russian Food Ban limits the list of American products eligible for export to Russia.
The United States offers many products that are considered as global trend leaders particularly in organics, vegan, sports nutrition, etc.	Negative perceptions of the United States can sometimes influence importers and retailers.
Growing Russian food processing sector is looking for quality and innovative ingredients.	Strong competition from European, Chinese, locally produced products, and products imported within the Eurasian Economic Union.
	Terms of credit and financing do not favor import business development with American exporters.

Source: FAS Moscow.

SECTION II. ROAD MAP FOR MARKET ENTRY

Entry Strategy

As a first step, U.S. exporters should confirm that the potential sale does not include products that are subject to the Russian Government Countersanctions. Exporters can find the full information on the banned products in GAIN reports [RSATO017 Russia Announces Ban on Many US Agricultural Products, Russia Extended Food Import Ban through End 2020 Russian Food Ban](#). After determining that the product is allowed to legally enter the Russian Federation, the exporter can initiate the process to select importers, distributors or other customers. The exporter is strongly advised to conduct market research to better understand the dynamics of the market, including demand, competition, pricing and logistics. Some information is publicly available through FAS GAIN reports, but the exporter is strongly encouraged to contact the appropriate USDA Cooperator for more targeted information and support: <https://apps.fas.usda.gov/pcd/PartnersSearch.aspx> The exporter is encouraged to also contact the ATO / FAS offices.

Initial contact with importers and distributors is best done in person. There are numerous international trade shows (in Russia and elsewhere) that can serve as an effective platform to connect with Russian buyers of food ingredients. Below are major shows held in Moscow in the second half of 2020 and the beginning of 2021:

- [World Food Moscow](#), September 22-25, 2020
- [PIR Show](#), October 19-22, 2020
- [Ingredients Russia](#), January 26-28, 2021
- [Prodexpo](#), February 8-12, 2021
- [Beviale Moscow](#), March, 2021
- [Modern Bakery Moscow](#), March 2021

Many Russian buyers also attend U.S. and international trade shows like Expo West, Fancy Food, IFT, Anuga, SIAL, Gulfood, ProWein, FruitLogistica, Green Week and BrauBeviale. Companies attending these shows and wishing to connect with potential Russian buyers should contact the U.S. Agricultural Trade Office in Russia at atomoscow@fas.usda.gov.

Online store checks can also be an effective way to review local market conditions – i.e. <https://www.metro-cc.ru/> www.perekrestok.ru, www.lenta.com/catalog, www.okeydostavka.ru, www.av.ru and others.

Import Procedures

Exporters are urged to research Russian regulations, tariffs, standards, labeling and other requirements as outlined in the USDA GAIN report on Food and Agricultural Import Regulations and Standards Report (January 2020). The information in this report serves as a general guide. USDA strongly recommends that exporters verify specific requirements with their prospective import partners before shipping any products. Many Russian regulations have or are undergoing change as Russia continues the process of policy integration with the Eurasian Economic Union (EAEU). For additional details, please refer to GAIN report Eurasian Economic Union Ag Times (December 2019). Discuss plans with the relevant USDA Cooperator association or respective U.S. State Regional Trade Group (SRTG) and consider partnerships that can advance the development market research, contacts and activities to build relationships with Russian partners.

On January 1, 2020, a new Federal Law “On Organic Products and Amendments to Certain Legislative Acts of the Russian Federation” entered into force. Russian law and regulations now extend to the manufacturing, storage, transportation, labeling, and marketing of organic products.

Distribution Channels

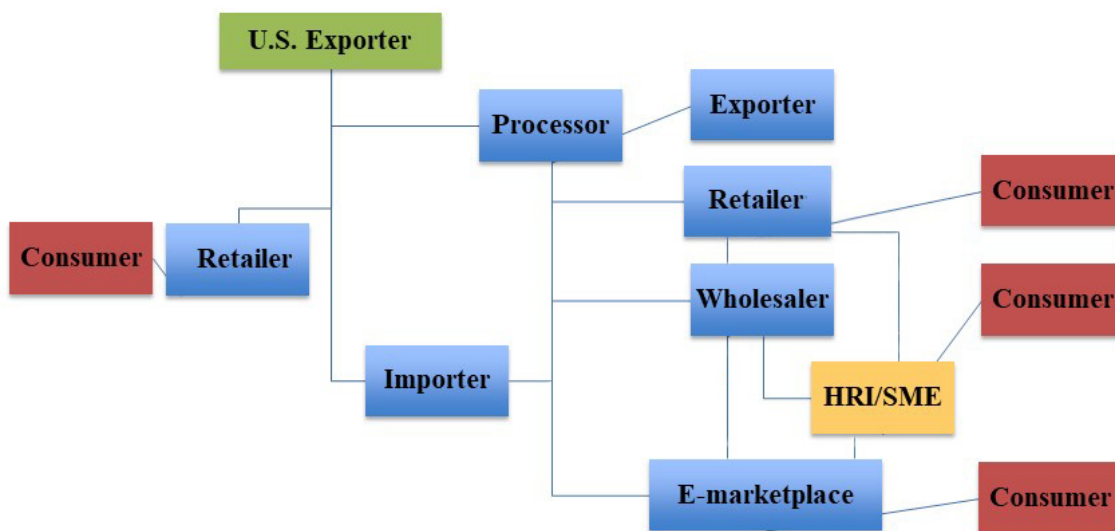


Chart 3: Distribution Channel Flow Diagram. Source: FAS Moscow.

Distribution channels can vary considerably from one product to the next. Chart 3 provides a very general schematic that generally applies to most food ingredients.

Notwithstanding Russia’s vast territory, there are only three commercial seaports that handle containerized perishable cargo. The ports are St. Petersburg, Vladivostok, and Novorossiysk, and each has several terminals. The Port of St. Petersburg is the main port of entry for Russia. It serves the needs of Western Russia. The transatlantic shipment takes about 17 days from the U.S. east coast and 45 days from the U.S. west coast via hubs in Germany/Holland. The Port of Vladivostok is the port that supplies the Russian Far East and Siberia.

Food ingredient importer offices and warehouses are mostly located in the port-cities of St. Petersburg and Vladivostok or in Moscow, the capital and the main center of consumption. Food-processing facilities are located

in most Russian regions; however, larger factories are located in the Central/Southern and Ural parts of Russia in close proximity to urban areas. Most of the inter-regional delivery across Russia is done by truck. Railroad is used occasionally for long-distance deliveries. Logistics are improving across the country; however there is still a lack of capacity especially for refrigerated cargo. The eastern and western parts of Russia are 6,000 miles apart, and therefore they often operate as independent markets with separate channels of supply and distribution.

Sector trends

Demand for healthy food products, organic and farm-to-table products is strong. At the same time, urban consumers also demand convenience. According to the Nielsen report “The Changing Consumer Prosperity in Russia” published in 2019, 82 percent of consumers are ready to pay more for a product produced with high quality safety standards, while 79 percent of consumers were ready to pay more for organic or natural products. Actual consumer purchases are not so clear, but Nielsen data clearly reveal higher aspirations of the Russian consumer. Processors are aware of this trend, and they are always looking for cost effective ways to formulate products with natural and good quality ingredients.

Niche food products like sports and infant nutrition, vegan/vegetarian food, gluten or lactose free are also gaining popularity. In 2019, Beyond Meat food products entered the Russian market. The popularity of Beyond Meat is encourage some Russian companies to also develop similar non-meat products,

Market Structure

Over the last few years, the Russian food processing industry has been a key driver of Russian economic growth. However, with limited disposable income among average consumers, profit margins are decreasing as competition is becoming more intense. Export markets offer some promise, but Russian companies and Russian regulators are discovering the challenges of international regulatory compliance. In some sectors of the industry, consolidation is inevitable as less efficient companies are squeezed out.

Table 3. Top 10 Food Company. Russia.

Company name	Website	Brands	Product Group	Revenue (without VAT), 2017, billion rub
PepsiCo Inc	www.pepsico.ru	Bio Max, Chudo, Mazhitel, Domik v derevne, Veseliy molochnik, Lamber, Imunele, Lays, Cheetos, Doritos, 7up, Adrenaline, Lipton, Aqua Minerale, Pepsi, Agusha, J7, Lybimiy, Ya and others	Soft drinks, dairy, snacks, baby food	188
Nestlé SA	www.nestle.ru	Nescafé, Kitcat, Nesquik, Bon Pari, Maggi, Perrie, Friskies, Purina One and others	Soft drinks, drinks, confectionery, pet food	123,5
Danone	www.danone.ru	Actimel, Danone, Activia, Actual, Bio Balance, Danissimo, Petmol, Prostokvashino, Rastishka, Tema and others	Dairy products, baby food	115
Efko OAO	www.efko.ru	Sloboda, Altera,	Ingredients, oil, sauces, dairy	108,7
KDV Group OOO	www.kdv-group.com	Yashkino, Kirieshki, Babkini semechki, Tri koroehki	Confectionery, snacks	108,5
Mars Inc	www.rus.mars.com	Mars, Snickers, Twix, Pedigree, Whiskas, Royal Canin, Uncle Ben’s and others	Confectionery, Pet food, sauces	102,5

Baltika	www.corporate.baltika.ru	Baltika, Carsberg, Holsten, Tuborg, Zatecky Gus and others	Beer	74,5
Coca-Cola HBC Russia	www.ru.coca-colahellenic.com	Coca Cola, Bon Aqua, Sprite, Fanta, Rich, Dobry, Moya Sem'ya and others	Soft drinks	69,9
United Confectioners OOO	www.uniconf.ru	Krasniy Oktyabr, Alenka, Babaevsky, RotFront and others	Confectionery	55,1
Mondelez International Inc	eu.mondelezinternational.com/about-us/eastern-europe	Cadbury, Milka, Toblerone, Alpen Gold and others	Confectionery	43,1

Source: Infoline.spb.ru, companies websites.

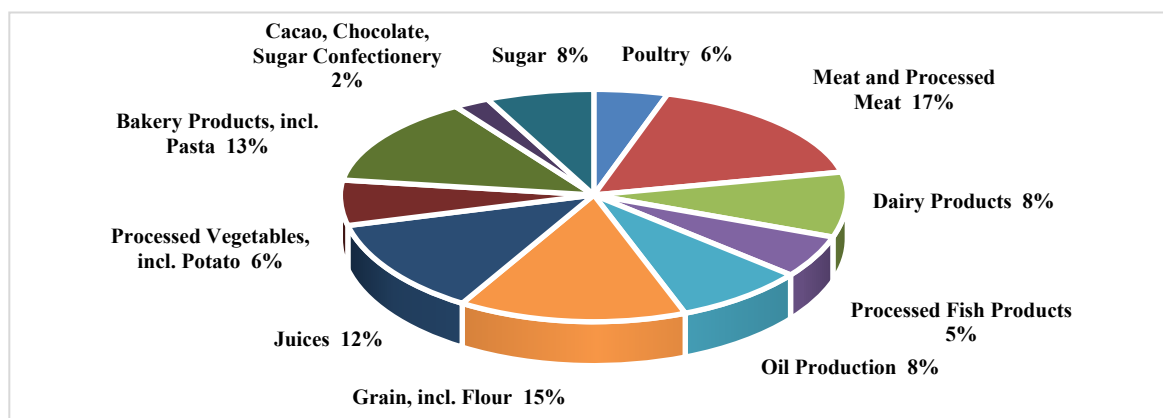


Chart 4. Share of Major Segments in the Food Processing Industry. Source: RosStat.

Notwithstanding growth and consolidation, many companies continue to prefer purchasing food ingredients through specialized importers rather than sourcing directly from an overseas supplier. This enables the company to better manage delivery and storage, while also effectively outsourcing international trade relations and regulatory compliance. Large companies that are seeking to reduce costs do look for opportunities to directly import ingredients from foreign suppliers.

SECTION III. COMPETITION

In recent years, the volatility of the Russian ruble has been one of the major factors affecting the competitiveness of imported food products. Russian government policies, oriented toward import substitution, have also created a very challenging environment. In 2020, Russia adopted a new Food Security Doctrine that explicitly sets the goal of food self-sufficiency, but also generally opposes the application of biotechnology in plant and animal products. While the Russian Government federal program on “Developing and Enhancing the Competitiveness of Industry” emphasizes the ambitious modernization of the agri-business sector, many government policies and regulations, in practice, discourage trade. Even the smallest issues often seem to require immense time, effort and delicate negotiation. The lack of transparency of Russian regulatory agencies and their general unwillingness to engage constructively with domestic and international stakeholders leaves a very strong impression of intractability. Within such an environment, it is very difficult to see how Russian companies can effectively compete in sourcing the best ingredients at the best possible prices. At the same time, Russian regulators are increasingly called to support the development of export markets, and therefore they will need to adopt effective strategies to demonstrate compliance and build confidence with international trading partners.

Notwithstanding many challenges, exporters can and often do develop very successful relationships in the Russian market. Products that are lower cost, better value or that not already available locally are often in very high demand. Ingredients like cocoa, flavorings, emulsifiers, thickening agents, natural colorings, fruit puree, juices,

semi-processed nuts, vegetable oil and hops are just a few examples. The table below summarizes some of the existing opportunities in the Russian market:

Table 4: Russia’s Import of Consumer Oriented Products. U.S. Market Share Versus Main Suppliers’ Market Share, 2018 figures.

Product Category, Imports	Main suppliers, in percentage (value)	Strengths of Key Supply Countries	Market Attractiveness
Coffee, Whether or Not Roasted or Decaffeinated (HS code 0901) Total imports: 631.4 million USD	1. Vietnam – 24 2. Brazil – 17 3. Italy – 17 58. United States – 0.006	Competition offers affordable products through well-established distribution channels. U.S. supply is several-fold more expensive than the mass supply, while recognition of varieties/brands remains low.	Number of coffee shops is growing, as well as the interest to niche coffee varieties.
Rice (HS 1006) Total imports: 109.2 million USD	1. India - 37 2. Thailand – 17 3. Pakistan – 12 10. United States – 0.8	Limited local rice production and historical supply channels from Asia create an established disposition of forces on the rice market in Russia.	Increasing demand for wholesome natural foods, including interest in specialty grits, such as wild rice. U.S. rice industry offers unique specialty rice assortment, which is appreciated by the health-cautious consumer audience.
Hop Cones (HS code 1210) Total imports: 38 million USD	1. Germany – 63 2. United States – 15 3. Czech Republic – 7	Long-standing contracts between major hops suppliers and global beer giants. Mass brewing sector utilizes classical hops varieties mostly grown in the EU.	Diversity of classical and experimental hops varieties available in the U.S. has marketing potential on the evolving craft beer industry market in Russia.
Margarine, preparations of animal or vegetable fats or oils (HS 1517) Total imports: 96 million USD	1. Sweden – 37 2. Malaysia – 13 3. Italy – 12 16, United States – 0.5	The EU suppliers benefit from the geographical proximity and established connections in Russia. Overall margarine imports increased 55% over the past 5 years.	Growing confectionary production needs more affordable ingredients of consistent quality. Peanut butter from the U.S. sets the standard for the industry.
Sugar Confectionery (HS code 1704) Total imports: 190.9 million USD	1. Germany – 15 2. Kazakhstan – 10 3. China - 9 22. United States – 6	The EU suppliers benefit from the geographical proximity and established connections in Russia. Marketing support makes confectionery brands and ingredients from the EU competitive and broadly available.	Growing confectionary production needs more ingredients of consistent quality. U.S. marzipan is an attractive ingredient for the Russian food processing sector.
Cacao paste, not defatted (HS 1803 10) Total imports: 155.2 million USD	1. Ghana – 35 2. Cote d’Ivoire – 33 3. Ukraine – 19 5. United States – 3	Major global suppliers make price-competitive offers, which is a key factor for the economical Russian market.	Growing confectionary production and introduction of innovative products create potential for natural ingredients of consistent quality.
Tomato paste, not prepared with vinegar (HS 2002 90) Total imports: 103.8 million USD	1. China – 55 2. Italy – 11 3. United States – 10	Asian and EU suppliers benefit from geographical proximity and established connections in Russia. Asian suppliers make price-competitive offers.	Evolving food-processing industry creates demand for sustainable, innovative and natural ingredients and additives.
Fruits, nuts and other edible parts of plants, prepared or preserved (HS code 2008) Total imports: 243.9 million USD	1. Thailand – 21 2. China – 15 3. United States – 7	Diverse assortment of prepared fruits and nuts is demanded on the market, including exotic fruits available from Asian markets. Strong reprocessing ingredients sector in China offers wide choice of products at competitive prices.	Growing confectionary production and introduction of innovative products create potential for natural ingredients. U.S. nuts/berries/pop-corn have established niches on the Russian market due to quality, unique assortment and consistent quality.

Cranberries prepared (HS 2008 93) Total imports: 6.4 million USD	1. United States – 84 2. Canada – 12	Strong U.S. positions on the market due to quality and available supply volumes.	Growing confectionery, dairy and snack sectors seek natural ingredients. Cranberries are known and appreciated by Russian consumers, however, dried cranberries are not available locally.
Sauces and Preparations (HS code 2103) Total imports: 247.7 million USD	1. Germany – 19 2. Austria – 15 3. China – 8 12. United States – 2	The EU and Chinese suppliers benefit from the geographical proximity and established connections in Russia. Diverse assortment, condiments and seasonings from the EU and Chinese are actively used in the food-processing sector.	Evolving food-processing sector demands new tastes, product forms, including those available from the U.S., e.g. BBQ sauces.
Food preparations (HS 2106 90) Total imports: 654.4 million USD	1. Germany – 26 2. United States – 11 3. Austria – 5	The EU suppliers benefit from the geographical proximity and established connections in Russia. Marketing/educational support increases the competitiveness of the EU products.	Evolving food-processing industry creates demand for sustainable, innovative and natural ingredients and additives.
Dog and cat food (HS 2309 10) Total imports: 350.8 million USD	1. France – 16 2. Italy – 12 3. Canada – 10 15. USA – 1.2	The EU suppliers benefit from the geographical proximity and established connections in Russia. Marketing/educational support increases the competitiveness of the EU products.	Pet food market is growing. Busy life styles drive interest to convenience foods for pets. U.S. pet food is among top-priced on the market, yet recognized for quality.

SECTION IV. BEST PRODUCT PROSPECTS CATEGORIES

This section identifies the best product prospects for the food ingredients market.

Food Ingredients Present in the Market Which Have Good Sales Potential

- Processed fruits/vegetables/nuts/berries
- Sauces (BBQ sauce and other types)
- Flavorings
- Hops
- Sport supplements

Food Ingredients Not Present in Significant Quantities, But Which Have Good Sales Potential

- Whole food ingredients, healthy food stuffs
- Bakery products
- Specialty grains (wild rice, millet, spelt)
- Meat substitutions

Food Ingredients Not Present Because They Face Significant Barriers

- Products, prohibited by the Russian Food Ban

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

For further questions on this report or assistance exporting to Russia, please contact the Foreign Agricultural Service in Moscow. Importer listings are available from the Foreign Agricultural Service for use by U.S. exporters of U.S. food and beverage products.

For More information on FAS/USDA Market Promotion Programs and Activities in Russia, please contact:

U.S. Agricultural Trade Office
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121099, Moscow, Russia
Phone: +7(495) 728-5600
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www.fas.usda.gov

Office of Trade Programs
U.S. Department of Agriculture Foreign Agricultural
Service
1400 Independence Ave.,
S.W. Washington, DC 20250
www.fas.usda.gov/OTP_contacts.asp

Attaché reports on the Russian food and agricultural market are available on the FAS Website; the search engine can be found at www.fas.usda.gov/scriptsw/AttacheRep/default.asp

Federal Service for Veterinary and Phytosanitary Surveillance (Russia) - federal organ of executive power, carrying out functions on control and supervision in the field of veterinary science. It establishes and lifts phytosanitary quarantines.

A complete selection of FAS reports can be viewed online at: www.gain.fas.usda.gov/

Attachments:

No Attachments