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Required Report - public distribution

Date: 12/28/2012

GAIN Report Number: RSATO1217

Russian Federation

Food Service - Hotel Restaurant Institutional

HRI Food Service Sector

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Report Highlights:

The Russian Hotel Restaurant and Institutional (HRI) sector has returned to its pre-crisis growth. HRI sales grew by a healthy 15 percent in 2011, on par with pre-crisis sales growth of 10 to 12 percent (2005 to 2008). Returning consumer confidence has brought customers back into HRI dining establishments. Most notably the HRI sector's growth is in the fast food, coffee shop, and casual-dining segments. Since imports make up the vast majority of HRI products (more than 65 percent), opportunities for U.S. products are significant. Market opportunities for U.S. products include red meats, poultry, fish and seafood products, rice, tree nuts, fresh and dried fruits, and cheese. Russia officially joined the WTO in August 2012 and committed to reducing and binding import tariffs on all agricultural goods, thereby providing more predictability to the trading relationship and opening export opportunities for the U.S. agricultural industry.

Post:

Moscow ATO

Executive Summary:

The Russian Hotel Restaurant and Institutional (HRI) sector has returned to its pre-crisis growth. HRI sales grew by a healthy 15 percent in 2011, on par with pre-crisis sales growth of 10 to 12 percent (2005 to 2008). Returning consumer confidence brought customers back HRI dining establishments. Most notably the HRI sector's growth was in the fast food, coffee shop, and casual-dining segments. Since imports make up the vast majority of HRI products (more than 65 percent), opportunities for U.S. products are significant.

Russian consumer markets offer many opportunities for American producers as domestic competitiveness is still low. There are significant opportunities for U.S. companies to benefit from this growth, as many importers, distributors, and managers in the HRI sector have expressed an interest in buying marbled meat, cheesecakes, sauces, wine, spirits, cheese, seafood, tree nuts, high-quality ingredients, and other products. The majority of HRI customers are price sensitive, but they are nonetheless interested in reliable suppliers of quality products and new and innovative products.

To succeed, American exporters must be prepared to do extensive marketing and to educate potential buyers on how to use their products. American products also face substantial competition from Western Europe, Asia, and South America. Logistics may be a challenge, especially as to the Russian regions. While the main markets for American products are still in Moscow and St. Petersburg, the HRI sector is rapidly developing in other large cities. These include Nizhniy Novgorod, Yekaterinburg, Kazan, Novosibirsk, Samara, Ufa, and tourist cities on the Black Sea such as Sochi, the site of the 2014 Olympic Games. Operating outside major regions, however, adds an additional layer of logistical complication for American exporters. To overcome these difficulties, they will need to collaborate with strong importers or distributors.

SECTION I: MARKET SUMMARY

Before the economic crisis in autumn 2008, Russia had one of the fastest growing economies in the world. Rising incomes in the 2000s boosted consumer optimism and spending on non-essential goods and services. The real GDP growth rate was 8.1 percent in 2007, but in 2011 real GDP growth was lower at 4.3 percent albeit still positive due to high oil prices which are the main drivers of the Russian economy.

Table 1: Russia: Social and Economical key figures

	2007	2008	2009	2010	2011	2012 forecast
Population, million.	142.1	142	141.9	141.9	142.96	143
Unemployment, % of labor force	4.3	6.4	8.4	7.5	6.1	5.7
Average monthly salary per person, RUR	13593	17290	18638	20952	23693	25233
Real GDP growth, % change y-o-y	8.1	5.6	-7.9	4.0	4.3	3.5
Inflation, %	11.9	13.3	8.8	8.8	6.6	6.5
Exchange rate (per \$1)	25.58	24.85	31.76	30.36	29.35	31.09

Source: Federal State Statistics Bureau (Rosstat)

Russia is the ninth most populous country in the world, with almost 143 million people. However, the Russian population has been declining in numbers since 1995. European Russia, geographically west of

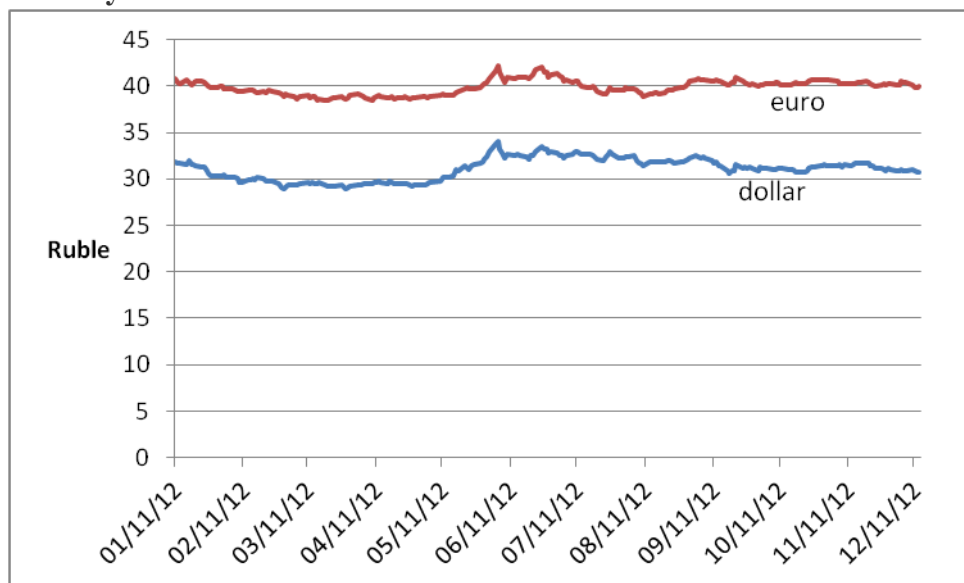
the Urals, hosts over 75% of the total population, although it accounts for only 25% of the country's territory. According to Rosstat, 73% of all Russians lived in urban areas in 2010 and over 10% of the total population lived in Moscow (11.5 million people) and St. Petersburg (4.8 million people). Beyond the two largest Russian cities there are ten cities (Novosibirsk, Nizhniy Novgorod, Yekaterinburg, Samara, Omsk, Kazan, Ufa, Chelyabinsk, Rostov-on-Don, Volgograd) with a population of more than one million people.

The unemployment rate of the economically active population had declined to 4.3 percent in 2007, but soared to 8.4 percent in 2009. That situation has turned around somewhat with unemployment down to 6.1 percent (3.6 million unemployed) in 2011. In addition, individuals' real incomes in 2011, increased by 13% compared to 2010 and real income is forecast to increase by 6.4% in 2012.

Consumer markets are flourishing in Moscow and St. Petersburg as the incomes of their residents grow. As a result, Moscow and St. Petersburg are Russia's largest restaurant cities with market shares of 15 % in Moscow and 5.6 % in St. Petersburg in 2011. This growth comes despite the higher rate of increase in the cost of food, which increased faster than overall inflation in 2011. According to the State Statistics Service's data, inflation in Russia in 2011 was 6.6% while food prices increased by 10.7%.

In 2011 the average exchange rate was 29:1 and at the middle of 2012 it reached a yearly maximum of 32.9:1. Although the Ruble is recovering, it is still weak against the Dollar and Euro, so imported food prices have risen respectively and have impacted imports moderately.

Figure 1. Russia's Central Bank's exchange rate of \$1 USD to Ruble and \$1 Euro to Ruble from January to December 2012



Source: Central Bank of Russian Federation

HRI Sub-Sectors

Restaurants

Moscow and St. Petersburg remain the leaders in HRI concentration and growth as well as the industry trend-setters. HRI sales grew by a respectable 15 percent in 2011, on par with pre-crisis sales growth of 10 to 12 percent (2005 to 2008) and are estimated to have grown by 13% in 2012. Returning consumer confidence brought back Russians' pre-crisis eating-out habits. Fast food outlets, casual restaurants, and coffee houses are the most popular and fastest-growing sectors in Russia.

Table 2. Food Service Industry Sales in Russia

	2007	2008	2009	2010	2011
RUR, billion	643.8	723	711.2	779.5	896.6
Growth Year on Year, %		12.3	-1.7	9.6	15
US Dollars, billion	25.26	29.10	22.42	25.57	30.54
Average annual exchange rate	25.49	24.84	31.72	30.48	29.35

Source: Federal State Statistics Bureau (Rosstat)

After some consolidation in the industry during the crisis years (2008-2010), in 2011-2012 more and more local as well as international chains are active in the Russian foodservice market and are planning further regional expansion. Currently the largest cities in Russia, Moscow and St. Petersburg, account for 41% and 15% respectively in terms of chain outlets on the overall consumer foodservice market. High operational costs in Moscow and St. Petersburg, and the fact that the foodservice market in both cities is highly saturated, are forcing the main players to consider regional expansion in order to sustain their share. The foodservice market in the regions of Russia is still relatively underdeveloped and has strong potential for further growth.

Franchising has become a very popular tool for multinational players in Russia. Franchising offers an easier way for investors to enter the Russian market with a lower level of investment, since the materials required for the setting up of outlets and apparatus are often included as part of the franchise agreement, cutting expenses and bringing about profits more quickly.

Major Restaurant Operators in Russia

The number of cafes, restaurants, and other food outlets in Russia currently stands at about 88,000. According to FoodService magazine there are currently more than 370 restaurant chains operating in Russia, each of which manages between 3 - 560 outlets. According to Euromonitor research the total number of restaurant chains currently is about 10,500 outlets. McDonald's, Subway, Rosinter Restaurant Holding, Arkadiy Novikov Restaurants, Ginza project, Markon, Coffee House, and Shokoladnitsa are the largest restaurant chains in different foodservice segments in Russia.

The Russian restaurant market can be broken down into the following segments:

- Fine-Dining/Full-Service Restaurants: higher priced/exclusive outlets;
- Casual-Dining Restaurants: affordable, family dining outlets;
- Quick and Casual Restaurants, which include coffee shops
- Fast-food/Quick Service Restaurant (QSR), which is divided into two separate segments: Stationary fast-food and street/mobile fast food (kiosks, stalls, etc.)

Three main segments of the market stand out clearly. The highest-priced segment, "fine-dining" in Western terminology, has an average check of more than \$70 per person. Patrons receive refined cuisine, unique design, good service, and the availability of private dining space. The medium-priced or casual segment has an average check of \$20 to \$70 per person, and it includes chains such as Il Patio, Yolki-Palki, Goodman, and Planet Sushi. The lowest-priced segment, fast-food, mainly consists of chains such as McDonald's, Subway, Rostik's-KFC, and Kroshka-Kartoshka.

In 2011, the consumer foodservice market recorded 15% growth in current value terms. The fastest growing channels were fast food and cafés/bars, both rising by 17% in current value terms. Full-service restaurants, which were the most negatively affected by the economic crunch, demonstrated stronger growth compared with the previous year, reaching 6% in 2011. Nonetheless, consumers still considered dining in full-service restaurants as a less essential activity due to the fact that these outlets usually have

higher average prices compared with fast food establishments or cafés/bars, and they remained budget-conscious when dining in such outlets.

Table 3. Russia: Consumer Foodservice by Independent versus Chain Outlets (2011)

Outlets	Independent	Chained	Total	% of Total
Fast-food	16,722	5,320	22,042	25
Street stalls/kiosks	11,170	1,603	12,773	14.5
Cafés/bars	9,171	1,214	10,385	11.8
Full-service restaurants	5,859	1,325	7,184	8.1
Pizza consumer foodservice	3,026	878	3,904	4.4
Self-service cafeterias	31,094	80	31,174	35.4
100% home delivery/takeaway	534	168	702	0.8
TOTAL	77,576	10,588	88,164	100

Source: Official statistics, trade associations, trade press, company research, trade interviews, and Euromonitor International estimates

Table 4 shows foodservice chain leaders in 2012, their brands, types, and number of outlets.

Table 4. Russia: Leading foodservice chains

Holding company	# outlets in Russia	% change 2011/2010	# outlets in Moscow	Brands	Type
Markon	561	18.1	386	Stardog!s, Bageteria, OnTime	Street + QSR
Rosinter	382	4.9	197	Il Patio, Planet Sushi, other	Casual
Kroshka-Kartoshka	292	4.3	224	Kroshka-Kartoshka	Street + QSR
McDonald's	323	16.2	95	McDonald's, McCafe	QSR
Coffee House	233	4	135	Coffee House, Asia, Vinegret	QSR +casual
Shokoladnitsa	349	26.4	215	Shokoladnitsa, Vabi Sabi	QSR +casual
Teremok	202	5.8	99	Teremok, Bitte Gril	Street +QSR
Yum!Brands	182	11	86	KFC	QSR
Novikov Group	76	2.7	74	Different concept restaurants	Fine +casual
BRPI	258	19.4	53	Baskin Robins	QSR
Subway	408	78.2	152	Subway	QSR
Eurasia	143	16.3	2	Eurasia	Casual
Ginza Project	84	-10.6	50	Yaposhka-30 in Moscow and different concept restaurants	Fine + casual
Cinnabon	90	94	15		QSR +casual
Chaynaya lozhka	66	3.1	0	Chaynaya lozhka	QSR
Burger King Rus	55	200		Burger King	QSR
Starbucks	64	22	43	Starbucks	QSR
RP-Com	30	0	29	Goodman, Kolbasoff,	Casual

				other	
Total	3452	5%	1857		

Source: FoodService magazine, trade press

Rosinter Restaurants Holding (Rosinter) is a major player on the Russian restaurant market. The company gained its leadership role by its early deployment of chain restaurants in the casual-dining segment of the market where Rosinter held 9% of the market in 2011, or 382 outlets in 44 cities in Russia, the CIS, Central Europe, and the Baltic states. In 2011, the company opened 42 new restaurants including 17 corporate and 25 franchised. By year-end the total number of franchise stores reached 127, which constituted over 33% of the network. In 2012, the casual dining chain grew more modestly to 386 restaurants with the net addition of 2 corporate and 5 franchised outlets during 3Q 2012. Rosinter's consolidated net revenue increased by 3.6% compared with 9 months of 2011 and stood at 7.86 million rubles.

The company offers Italian, Japanese, American, and Russian cuisine under its proprietary brands (Il Patio, Planet Sushi, and 1-2-3 Café) and its licensed brands (T.G.I. Friday's and Sibirskaya Korona). In addition, Rosinter is developing the Costa Coffee chain with Whitbread PLC.

Table 5. Rosinter restaurant brands

Brand name	Type	First year of operation in Russia	# outlets, Nov 2008	# outlets 2011
Planet Sushi	Casual (Asian)	1999	110	129
Il Patio	Casual (Italian)	1993 (rebranding in) 2005	114	139
T.G.I. Friday's	Casual (American)	1997	24	30
American Bar & Grill	Casual (American)		4	4
Sibirskaya Korona	Casual (beer-restaurant)		17	19
1-2-3 Café	Casual (Russian)	2007		21
Costa Coffee	Coffee house	2008		26
Other countries				14
Total			270	382

Source: Rosinter web-site

Table 6. Rosinter Consolidated Revenues in 2007-2011

	2007	2008	2009	2010	2011
RUR, billion	6.73	8.36	8.34	9.17	10.34
Growth Year on Year, %		24.2	-0.3	9.9	12.8
US Dollars, million	264	336.55	262.93	300.85	352.30
Average annual exchange rate	25.49	24.84	31.72	30.48	29.35

Source: Rosinter data

Rosinter has three main development objectives. The first is to accelerate the expansion of its coverage in Russia, the CIS, and Europe. The second is to increase its presence in transportation facilities, trade centers, and Moscow residential areas. The third is to develop new formats of its brands for high-traffic locations.

In April 2012, McDonald's Corp. gave the Rosinter Restaurants Holding the first franchise to open the

U.S. brand's fast-food restaurants in Russia. (McDonalds has been operating in Russia since 1990, please see below.) Rosinter received rights under an agreement through April 2023 to operate McDonald's restaurants in Moscow's three international airports and St. Petersburg's Pulkovo airport. Rosinter will also be able to open the stores in a number of Moscow and St. Petersburg railroad stations.

McDonald's, the largest chain of fast-food restaurants in the world, entered Russia in 1990 and opened its first restaurant in the center of Moscow. As of December 31, 2011 McDonald's had 323 restaurants, including 43 McCafes, operating throughout Russia and serving more than 1 million customers daily. There are 95 McDonald's restaurants in Moscow. The company operates in 60 Russian cities. On McDonalds's 20th anniversary in Russia in January 2010, company reported about serving 2 billion customers.

McDonald's announced plans to open 45 new outlets in 2012 with active expansion in the region of Siberia. It not only plans to open new outlets in Novosibirsk, Tomsk, Omsk and Barnaul, but is also considering opening a logistical centre in the region.

Until this year, McDonald's had been expanding in Russia through self-operated stores only. In April 2012, McDonald's gave one of Russia's largest multi-concept restaurant operators, Rosinter Restaurant Holding, the subsidiary right to develop the chain in railway stations and airports in Moscow and St. Petersburg.

McDonald's operates in 120 countries and Russia is one of the ten top countries by sales volume. McDonald's growth rate in Russia is between 20 to 30 percent annually. The fast-food giant opens about 40 new restaurants in Russia every year. The company spends between \$1.5 million to \$2 million to set up each new restaurant. Opening one cafe costs about \$250,000.

McDonald's also plans to expand its McCafe chain, its premium class coffeehouse format. The first McCafe opened in Russia in 2002 and now there are 47, most of which are in Moscow and in St. Petersburg. McCafe also operates in Yaroslavl, Nizhniy Novgorod, Yekaterinburg, Volgograd, Kazan, and Ufa.

The corporation also owns the McComplex, the Moscow-based food processing and distribution centre, which supplies the fast food giant in Russia and the CIS. It has invested \$45 million in the McComplex. McDonald's currently supplies 80% of its needs from 130 local companies. Since February 2010, when Inalca JBS opened a new meat production and distribution facility near Moscow, JBS' partner Marr Russia supplies frozen hamburgers to McDonald's restaurants.

Baskin Robbins, the world's largest chain of ice cream specialty shops, entered Russia in 1990. In 1996, the company opened a major ice cream plant in Moscow -- the biggest in Europe -- able to churn out 16,500 tons annually. The company sells more than 125 flavors of premium ice cream. In 2010, the company expanded its assortment range and increased the number of prepackaged ice-cream products offered at its outlets. Turnover at the Baskin Robbins cafe chain in Russia climbed 12% year-on-year in 2011 to 739.8 million rubles. Baskin Robbins Production International opened 69 new ice cream salons in Russia in 2011, expanding its chain 40% to 242, most of them franchises. The company is represented in 82 regions. The most new outlets were opened in Moscow, which has 52 cafes. There are 11 cafes in St. Petersburg. The largest Baskin Robbins ice cream cafe in Europe opened in Moscow's Novy Arbat in July 2011.

Arkadiy Novikov Restaurant Group (Novikov Group) includes nearly 76 restaurant-retail-entertainment projects of various formats and price ranges. The company has launched and managed restaurants since 1992 and has continued to place second in full-service restaurants. The Novikov Group is slightly less chain-oriented. It operates more than 74 different Moscow high-end concept restaurants,

along with a five casual-dining restaurant chains such as, Malenkaya Yaponiya, Sushi Vesla, Prime Star, and Kish-Mish. It also operates the premium grocery chain Globus Gourmet, the Russian branch of the French gourmet chain Hediard, the greenhouse complex OOO Agronom, and the Premium Class catering business. Novikov has also branched out internationally and has a restaurant in London named Novikov Restaurant and Bar.

RP-Com (Restaurant Professional Company) is one of the top 10 foodservice operators in Moscow. RP-Com currently owns the following restaurants in Moscow: eleven Goodman steakhouses (also with branches in London, Zurich and Kiev), four Filimonova & Yankel fish-houses, eight Kolbasoff beer-restaurants, and three Italian Mamina Pasta restaurants. While RP-Com is not the leader in any one foodservice format, the company's future growth seems promising because it has built a reputation on quality and service. During its eight years of foodservice experience, the company has gained success in the niche of North American full-service restaurants. This type of restaurant is less developed in Russia, and currently only a few independent operators specialize in grill menus. The Goodman chain became the third largest chain of North American full-service restaurants in Moscow as well as in the whole of Russia.

RP-Com belongs to the Food Service Capital Group of companies which also includes "Comfis" prepared food factory, "Legion" food provider, Saint Petersburg prepared rations factory and food service company providing passenger meals for Sapsan high-speed trains.

Ginza Project is one of the largest and the most dynamically developing consumer foodservice businesses in Russia. The company operates various restaurants and entertainment venues with different formats and price segments, although there is a bias towards various fine dining options. The restaurant holding Ginza Project began developing a nationwide network of Yaposha cafés in 2003. Since 2008, Ginza Project has continued to invest heavily in its expansion. In 2007 there were 22 Yaposha outlets in total, with this number rising to 50 by the end of 2009. Besides regional development of the Yaposha chain, the group doubled the number of its themed restaurants in Moscow. As of December 2012, the company operates 84 outlets, including 50 restaurants in Moscow.

Fine-Dining/Full-Service Restaurants

Haute cuisine appeared in Russia in the mid 1990's, and there is no shortage of high-end restaurants with extravagantly expensive checks at meal's end in Moscow and St. Petersburg. Fine-dining restaurants are associated with names such as Arkadiy Novikov, Andrey Delos, and Ginza Project, but most experts agree that the top-category restaurant sector is saturated. Restaurateurs are moving toward casual restaurants where tables turn over more quickly and profit margins are higher. Nevertheless, there is still an opportunity for U.S. products in the fine dining segment because consumers are loyal to high-quality imported products such as marbled beef, seafood, high-end wines, and spirits.

Casual-Dining Restaurants

The leading position in this segment belongs to the chain operators, including those specializing in Russian, North American, Italian, and Asian cuisines. The poor development of independent operators across most full-service restaurant formats means it is heavily concentrated with chains, especially in Moscow and St. Petersburg. Independent restaurants face strengthening competition from cafés, bars, and fast-food outlets, which provide good quality food at lower prices. Russian consumers prefer a diverse menu at affordable prices. The average price for a meal at one of these restaurants ranges from \$20 to \$70 per person.

Although meat dishes are a staple of almost every Russian restaurant, North American-style steakhouses are not yet widespread, accounting for only 3 to 4 percent of the Moscow market. Experts attribute this

to the fact that opening a steakhouse cost 15 to 20% more than opening the average restaurant, due to the need for special grilling equipment and a downtown location to attract a profitable number of customers. Rent is significantly higher in the city center than in the suburbs. Another added expense is the marketing and education necessary to promote steakhouse culture. Currently, the main American-cuisine restaurants in Moscow are the American Bar & Grill chains (operated by Rosinter), Chicago Prime, eleven Goodman steakhouses (operated by RP-Com), Louisiana Steakhouse, and six Torro Grill restaurants. Even though the number of steakhouses is growing, overall consumption of steaks is increasing steadily. These restaurants use imported meat, usually from Australia or the U.S., since local suppliers do not provide consistent quality. In 2012 there has been a big interest in using American marbled beef at steakhouse restaurants which is a trend we expect to continue as long as Russian trade requirements do not interfere with the import of U.S. beef.

Several years ago Chili's Bar & Grill entered the Russian market. This American restaurant chain is owned by the restaurant holding company Brinker, which opened the first Chili's in Moscow on February 1, 2011. The network in Russia will be developed by a local franchise partner company called Trio Group. According to the franchise agreement, which was signed in August 2009, the Trio Group shall open 25 restaurants in Russia by 2017. Chili's Bar & Grill is the main rival of the American chain T.G.I. Friday's, which operates in the Russian restaurant market through the holding Rosinter.

The enormous popularity of Japanese cuisine made Asian full-service restaurant chains the most ubiquitous category of casual restaurants. Japanese restaurants, with sushi and fish menus, are heavily represented among fish and seafood-concept restaurants in Russia. As Russian consumers become increasingly health conscious, sushi's image as a healthy food is an essential component of this growth. U.S. rice and seafood is used in many Asian restaurants.

Very few casual chain restaurants have a centralized system of purchasing. Most decisions regarding products and purchasing are made at the restaurant/group level. On the one hand, there are many more opportunities for sales, since each restaurant is a separate account. On the other hand, individual sales are smaller and do not allow for the development of exclusive distribution rights and consistent volumes.

According to industry experts, casual eateries use imported meat, seafood, desserts, seasonings, and a variety of ingredients. While quality is of some concern, prices dominate purchasing decisions. American products will need to be cost-competitive to attract business in this segment.

Table 7. Brand Shares of American Fast Food Operators in Russia, 2008-2011 (% value)

	Global Brand Owner	2008	2009	2010	2011
McDonald's	McDonald's Corp	44.8	47.6	45.9	43.3
KFC	Yum! Brands Inc	6.3	6.1	6.1	6.1
Subway	Doctor's Associates Inc	0.8	1.1	2.2	4.1
Sbarro	Sbarro Inc	5.3	4.4	4.4	3.3
Burger King	Burger King Holdings Inc	-	-	1.2	3.3
Teremok	Teremok - Russkie Bliny OOO	1.7	1.7	2.0	2.1
Kroshka-Kartoshka	Tekhnologiya & Pitanie Ltd	1.7	1.8	1.7	1.6
Baskin-Robbins	Dunkin' Brands Inc	0.9	0.9	1.1	1.3
Cinnabon	Focus Brands Inc	-	0.1	0.3	0.6
Papa John's	Papa John's International Inc	0.2	0.3	0.4	0.5
Dunkin' Donuts	Dunkin' Brands Inc	-	-	0.1	0.2
Carl's Jr	CKE Restaurants Inc	0.1	0.1	0.1	0.2
Wendy's	Wendy's/Arby's Group	-	-	-	0.2
Others	Others	39.2	35.9	34.5	33.2
Total	Total	100.0	100.0	100.0	100.0

Source: Euromonitor

More Russians have started visiting fast-food outlets with average checks of 150-300 Rubles (\$5-\$10) on a regular basis. *Quick service outlets have captured many new customers who used to eat at casual-dining or fine-dining restaurants.*

In September 2011, U.S. chain KFC in Russia announced the rebranding of 153 stores (81 in Moscow and 72 in the regions) from Rostik's- KFC to KFC. Fifty of the 164 restaurants are corporate, and the rest are franchises. The typical KFC customer is aged 16 to 39, is not afraid to try new things and wants to see society progress while enjoying a Western dining experience. The average check at local KFCs amounts to 200 rubles, which is about the same as in the United States.

Fast food in Russia costs on average 30 percent more than in Europe and the United States. The average check at a Russian fast-food outlet is \$8.92 according to research by a Wendy's Russian franchisee Food Service Capital group. It is significantly higher than the United States average check of \$6.50. A large pizza at Papa John's in the company's home base of Louisville, KY., for example, costs \$14, compared with \$21.62 for the same pizza in Moscow.

International franchises include Burger King, Pizza Hut, Baskin-Robbins, Dunkin' Donuts, KFC and Subway, with the franchise system are most prevalent in Moscow and St. Petersburg. Most international fast-food operators, including American chains such as McDonald's, Burger King, Starbucks, Cinnabon, Papa John's, Dunkin' Donuts, Chili's and Wendy's/Arby's Group, launched their business in Russia from Moscow. Around 90% of franchising activity takes place in the Russian capital. Only two foodservice players launched their restaurants in St. Petersburg: Subway and Carl's Jr.

Pancakes, burgers, chicken, pizza, and baked potatoes are the most popular types of fast-food in Russia. The food-court format is gaining popularity among fast-food operators. The most dynamic chains -- including Subway, Burger King, KFC, Kroshka-Kartoshka, Sbarro, and Baskin-Robbins -- have opened numerous outlets in shopping malls and hypermarkets.

Stand-alone kiosks are popular in Russia, but there is some consolidation in the industry. The number of independent stands is decreasing, but sales and the number of chained outlets are increasing. Domestic chains dominate the street fast-food market. Chains such as Stardog!s (hot dogs), Krosha-Kartoshka (potato stand), and Teremok (Russian crepes) are located throughout the major cities and are expanding regionally as well. Table 8 shows the growth of fast food restaurant chains in Russia.

Table 8. Growth of fast food restaurant chains in Russia

Chain name	Country of origin	Year est. in Russia	# outlets 2010	# outlets 2011	% change 2011/2010
Kroshka-Kartoshka	Russia (Moscow)	1991	304	292	4.3
Stardog!s	Russia (Moscow)	1993 (2003 new brand)	406	480	18.1
McDonald's	USA (Canada)	1990	278	323	16.2
Teremok	Russia	1998	191	202	5.5
KFC	Russia/USA	1993 (2005 new brand)	164	182	11
Baskin Robbins	USA	1992	173	242	40

Sbarro	USA	1997	104	158	55.2
Chaynaya Lozhka	Russia (St.Petersburg)	2001	64	66	3.1
Subway	USA	1994	157	324	106.4
Cinnabon	USA	2009	29	60	106.8
Burger King	USA	2010	11	33	200
Dunkin Donuts	USA	1996/2010	8	17	112.5
Carl's Junior	USA	2007	11	15	36.4
Papa John's	USA	2004	24	29	20.8
Chili's Grill & Bar	USA	2011		2	
Other					

Source: Restaurateur Magazine, Euromonitor, trade press

By the end of 2011, fast food burger restaurants reported 21% growth in current value sales, and 28% growth in terms of outlet number. In 2011, Subway managed to outrun McDonald's in terms of outlets, not only in Russia but worldwide, making it the number one chain in terms of outlets in the world.

Subway, the world's largest sandwich chain, is one of the most rapidly developing fast food chains in Russia. Subway opened 157 new restaurants in Russia in 2011, twice as many as in 2010. As of October 2012, Subway had 442 outlets in all Russian regions, including the Far Eastern Federal District. The national Subway franchise for Russia is co-owned by three Californians, all of whom originally invested in the franchise in the early 1990s. Despite the profitability of their first restaurants, a long-running legal dispute with Russian partners jeopardized the venture in the mid- and late-1990s. With that behind them and with the impetus toward the QSR format afforded by the financial crisis, Subway has quickly developed in Russia. In St. Petersburg, the popularity of the Subway brand is underscored by the fact that, from May to July 2010, one local Subway restaurant had the highest sales turnover out of 31,000 Subway restaurants worldwide. Subway has an ambitious plan of expansion, intending to reach 1,000 stores by 2015.

Since 1997, the Russian company G.M.R. Planet of Hospitality has operated 160 Sbarro restaurants, as a franchisee.

Fast-food restaurants tend to use a higher percentage of local ingredients (around 50 percent) as compared to other restaurants. This decision is driven by high turnover and the need for a consistent supply-chain more than by direct preference. Several fast-food chains have created internal supply-chains based in Russia. For example, McDonald's created McComplex to produce nearly 56,000 hamburger patties daily, but McComplex cannot produce enough to meet its needs. The company therefore buys additional hamburger from meat suppliers. Since the beginning of 2010 Marr Russia supplies frozen hamburgers to McDonald's, KFC, Burger King, and Carl's Jr. outlets.

The produce and egg products used by fast food chains are usually sourced locally, but import opportunities do exist. Many chains use imported sauces and ingredients. Smaller fast-food restaurants that do not have the capital or scale to justify creating their own production facilities may also import meat and produce. Poultry and beef are the leading imported meats in this category. Most of the larger international chains have an internal distribution network, while some independent and smaller chains rely on traditional or specialty distributors.

Burger King, one of the largest fast food corporations in the world, has established a presence in Russia by opening its first restaurant in Moscow on January, 2010. Burger King is using its traditional

franchising scheme to expand the chain in Russia. In order to launch operations in Russia, Burger King has established a daughter company Burger Rus, managed by Alexander Kolobov who has successfully established a well-known coffee-shop chain called Shokoladnitsa. Under the terms of its franchise agreement, Shokoladnitsa is required to give 5% of its turnover to Burger King, while Burger King is obliged to pay for the opening of each restaurant. The company also signed an agreement in February 2011, with Ginza Project, a second franchising partner in Russia.

Burger King currently has 55 restaurants in Russia. In June 2012, Burger King and the fast food giant's Russian franchisee Burger Rus established a joint venture with VTB Capital, the investment arm of Russia's second biggest lender, to develop and expand the restaurant's chain and brand presence in the country.

Burger King outlets in Russia get a significant share of their food from domestic suppliers. The company has about 30-40 suppliers in Russia, of which more than half are local producers. The hamburger patties, for example, are being supplied by Russian Inalko. Franchises are required to buy product only from Burger King-certified suppliers.

Dunkin' Donuts, the U.S. doughnut eatery chain that left Russia after a three-year stint in 1999, returned to Moscow in 2010 with big plans for rapid expansion. The Russian company Donuts Project received exclusive franchising rights for development of the chain in Russia and the Ukraine. According to the company's plans, the brand will be situated in both street and business centers. Dunkin' Donuts opened its first outlet in May 2010 and currently has seventeen restaurants in Moscow. Dunkin' Donuts plans to open no less than 50 establishments in Moscow. *Dunkin' Donuts* chain offers more substantial food choices, such as salads and sandwiches, alongside the doughnuts.

Dunkin' Donuts has ambitious plans to beat competition in the underdeveloped takeaway market through more convenient packaging and also to inspire a love of doughnuts in young Russians.

Wendy's/Arby's Group, one of the world's leading fast food operators entered the Russian market in 2011 and will open 180 restaurants there over the next 10 years. The company signed a franchising agreement with Russia's Food Service Capital group, owned by Mikhail Zelman. Food Service Capital currently has seven outlets in Moscow with average bill \$8-9. Regional expansion through sub franchising will start in 2013.

By opening 27 restaurants in Moscow, in addition to the six in other cities, **Papa John's** franchise has become the third-largest takeout pizza company in the city. It costs about \$400,000 to set up a store in Moscow, which can turn an operating profit in three months. So far, Moscow -- a city of 11.8 million -- only has about 300 pizza restaurants.

U.S. major bakery brand chain **Cinnabon** opened its first outlet in 2009. In 2011, the brand expanded by 31 outlets reaching 60 establishments at the end of the year, and saw growth of 140% in terms of current values sales. In 2011, Cinnabon Russia was recognized as the fastest developing chain among all Cinnabon chains all over the world. As of December 2012, Cinnabon has 90 outlets.

Russia's fast food market still isn't saturated in spite of the development that has taken place for the past decade. It's a very attractive segment not only for existing large players, but also for domestic restaurant operators and multinational companies alike reaping the benefits. Experts predict that the fast-food and street-food market will not reach saturation until 2014.

Coffeehouses

The popularity of coffeehouses among urban consumers in the largest Russian cities is great and

growing. Before the crisis, the coffeehouse business in Russia showed impressive average annual growth of 136% in value terms. According to InFOLIO Research Group value of the coffee shop market will reach 6.73 billion rubles in 2012 (14% increase in comparison to 2011).

According to InFOLIO Research Group, currently there are about 5200 coffeehouses in Russia. About 1340 coffee outlets are managed by more than 80 chain operators. Most coffeehouses are concentrated in Moscow – about 670, and in St. Petersburg - about 470 coffeehouses. In Moscow each third coffeehouse belongs to Shokoladnitsa and each fifth belongs to Coffee House. There is an increasingly high concentration of the leading chains, including Shokoladnitsa, Coffee House, Starbucks, McCafé, and Costa Coffee in these cities, so in the short term many coffeehouse chains plan to expand into the Russian provinces. Non-chain coffee shops are significantly less common. The rapid development of modern hypermarkets, trade centers, shopping malls, and business centers is helping leading chains, more so than independents, to enter regional markets.

The leading coffee-shop chain Shokoladnitsa, which celebrated its 10th anniversary at the beginning of 2011, has already opened outlets not only in Moscow (where there are around 200 establishments under the brand) and St. Petersburg, but also in Yekaterinburg, Volgograd, Kazan, Kemerovo, Novosibirsk, Sochi, Rostov-on-Don, Ufa, Tyumen and Chita, as well as abroad: in Yerevan, in Almaty and in three cities of Ukraine. Moreover, at the moment it focuses on regional expansion to the far eastern region of Russia.

Two coffee-shop chains leaders, Shokoladnitsa and Coffee House, together own about 750 outlets and have value shares of 7% and 5% respectively. Shokoladnitsa is closer to an Italian type of café with a cozy interior, while Coffee House is a more American-style coffee shop, with the décor being airy and uncomplicated. As a result, the clientele differs: Coffee House is preferred by consumers under 30, while Shokoladnitsa is favored by a more mature audience. Most of the Coffee House and Shokoladnitsa outlets are located in the food courts of new shopping malls and business centers.

Local chains such as Traveler's Coffee in Novosibirsk, Kofeynya No. 7 in Yekaterinburg, and Pit' cafe in Rostov-on-Don have strengthened their competitive positions in local markets. Currently the Traveler's Coffee brand name is used by about twenty franchises in different Russian cities including Moscow and St. Petersburg.

In 2007, two leading multinational coffee shop chains appeared on the Russian market, adopting different development strategies. The world leader, **Starbucks** Coffee Company, opened its first outlet in Moscow in September 2007 and currently is number three by coffee sales after Shokoladnitsa and Coffee House. In December 2012, Starbucks finally opened its first coffeehouse in St. Petersburg and currently operates 64 coffee shops in Russia, 61 of which are in the capital. Following Starbucks, Whitbread and Rosinter Restaurants Holding signed a joint-venture agreement and announced their intention to launch the Costa Coffee chain in Russia. Costa Coffee outlets are not only concentrated in Moscow and St. Petersburg but also in other Russian regions. The appearance of these leading multinational coffee chains on the Russian market has changed the position of the coffee shop segment. Table 9 shows the growth of Russia's coffee shop chains.

Table 9. Russia: Coffee-Shop Chains

Chain Name	Locations	First Year of Operation	Number of outlets	
			2010	2011
Shokoladnitsa	Moscow, St. Petersburg, regions	2001	225	349
Coffee - House	Moscow, St. Petersburg, regions	1999	216	233

Starbucks	Moscow	2007	40	53
Traveler's Coffee	Novosibirsk, Moscow, St. Petersburg, Siberian regions	1997	36	48
McCafe	Moscow, St. Petersburg, regions	2002	43	47
Kofe Set	Moscow, St. Petersburg	2008	16	42
Coffeeshop Company	St. Petersburg, Moscow	2008	23	29
Costa Coffee	Moscow, St. Petersburg, regions	2007	26	26
Other				

Source: Restaurateur Magazine, trade press

The typical Russian coffee shop format differs from Western standards because Russian consumers prefer a larger assortment of drinks and food items. According to industry sources, coffee accounts for only 40 percent of those for Coffee House and 15 percent for Shokoladnitsa. Coffee shops in Russia constantly increase their non-coffee selections to include alcoholic drinks, dairy cocktails, salads, hot dishes, desserts, and tea. The average bill at one of these coffee shops is between \$15 and \$25, and drinks average only 30 to 40 percent of the total check. Russian coffee shops that sell a variety of desserts and confectionery products have created a new market for U.S. exporters of desserts, nuts and dried fruit.

Hotels

According to Russia's State Statistics Bureau (Rosstat), Russia had 5174 functioning hotels able to accommodate guests in 570,000 rooms at the end of 2011. Almost 20% of hotel rooms are in Moscow, 15% are in Russia's popular Black Sea resort area Sochi, and 12% are in St. Petersburg.

Russia's hotel industry is facing a room shortage. GWA Sawyer estimates that there are currently only 40,000 Western business-style hotel rooms available. In fact, most existing three, four and five-star hotels in Moscow and St. Petersburg were built during the last decade. As a result, Moscow currently has 20,800 Western business-style hotel rooms, and St. Petersburg has 15,530.

According to Rosturism, total foreign tourism arrivals in 2010 were 22.3 million people (+ 4% to 2009) and in 2011 were 24.9 million people (+12% to 2010). For the first quarter of 2012, foreign arrivals have shown increase of 14% to over 5.5 million visitors.

Table 10. Hotel Industry Sales in Russia, 2007-2011

	2007	2008	2009	2010	2011
RUR, billions	92.4	107.5	105.9	111.7	121
Growth Year on Year, %		16.3	-1.5	5.5	8.3
US Dollars, billions	3.62	4.32	3.34	3.68	4.12
Average exchange rates by years	25.49	24.84	31.72	30.36	29.35

Source: Federal State Statistics Bureau

Table 11. Number of hotels in Russia, 2007-2010

	2007	2008	2009	2010
Hotels	5917	6774	7410	7866

Source: Federal State Statistics Bureau, BusinessStat

Table 12. Hotel Industry Sales in Russia, 2007-2010 by regions, billion rubles

	2005	2008	2009	2010	Market share, %
Russia	60.098	107.522	105.904	111.737	100

Moscow	22.260	35.166	30.435	32.023	28.65
Saint-Petersburg	6.213	9.543	9.153	9.872	8.83
Krasnodar kray (Sochi)	6.392	13.230	14.584	15.219	13.62

Source: Federal State Statistics Bureau, BusinessStat

Moscow is one of the largest cities in Europe and remains the country's main city for hotel development. According to Moscomstroyinvest (a Moscow government development department), as of the end 2011 about 328 hotels were operating in Moscow with approximately 97, 850 rooms, 30% of which are 5 and 4 stars hotels. According to the British research company Hogg Robinson Group, since 2005-2008 Moscow has taken first place as the city with the world's highest accommodation cost. Now Moscow hotels price are cheaper than accommodation in London and Paris.

Table 13. Accommodation costs in Moscow Hotels (rubles/per night)

Star rating	2008	2009	2010	2011	Market share, %
5	17,087	12,236	11,500	11,400	10.4
4	14,442	9,615	9,500	8,900	24.2
3	9,718	6,476	5,800	5600	30
Economy	6,397	5,153	4,000	4000	35.4

Source: Consulting Company Cushman & Wakefield, Moscow Tourist Committee

Table 14. Moscow Hotel's Statistics

Star rating	5*	4*	3*
Number of rooms, January 2012	2,920	7,470	10,440
Number of new rooms in 2011	616	304	223
Average hotel occupancy rate, %	63	65	64

Source: GWA Sawyer, Industry Data

Table 15. Saint Petersburg Hotel's Statistics

Star rating	5*	4*	3*
Number of rooms, January 2012	2190	8160	5180
Number of new rooms in 2011	246	707	54
Average hotel occupancy rate, %	62	64	70
Average cost per room, rubles/per night	12,470	5,940	3,700
Market share, %	9.3	15.2	14.1

Source: GWA Sawyer

Since 1991 Russia has seen the emergence of more international brands and there remains further opportunity for investment in the hotel sector across all categories. Moscow and St Petersburg alone account for around 30% of the country's hotel capacity. While the high-end sector is close to saturation, there is a strong demand for midlevel hotel rooms. The highest level of unfulfilled demand is for quality three star and economy hotels. The budget brands of Western hotel chains are not represented in Russia.

Table 16. Russia: Five and Four-Star Hotels Managed by International Corporations

Hotel Operator	Moscow Hotel Name	# of Rooms	Other Locations	# of Rooms	First year of operation in Russia
Raffles	Swissotel Krasnye Holmy 5*	233			2005
Marriott International	Renaissance Moscow Hotel 4*	475	Samara	196	1991

	Courtyard Moscow City Center 4*	218	St. Petersburg	316	
	Courtyard Marriott Moscow Paveletskaya 4*	171			
	Ritz Carlton Moscow 5*	334			
	Marriott Grand Hotel 5*	392			
	Marriott Royal Aurora Hotel 5*	230			
	Marriott Tverskaya Hotel 4*	162			
	Renaissance Monarch	366			
Hyatt International	Ararat Park Hyatt Moscow 5*	219	Yekaterinburg	297	2002
Inter Continental Hotels Group	Holiday Inn Vinogradovo 4*	154	Samara Chelyabinsk St. Petersburg	177 54 557	1998
	Holiday Inn Sushevski 4*	312			
	Holiday Inn Sokolniki 4*	523			
	Holiday Inn Lesnaya 4*	301			
	Crown Plaza 5*	577			
	Holiday Inn Simonovskiy 4* Intercontinental Moscow Tverskaya 5*	217 203			
	Crown Plaza Ligovskiy St.P 4*	195			
	Crown Plaza Airport St.P 4*	294			
Starwood Hotel & Resort	Le Meridian National 5*	221			1997
	Le Meridien Moscow Country Club 5*	131			
	Sheraton Palace Hotel 5*	204			
Best Western International	Art-Hotel 4*	85	St.Petersburg		2005
Kempinski Hotels & Resorts	Balchug Kempinski 5*	232	St.Petersburg	197	1992
Accor Group	Novotel Sheremetievo 4*	488	St.Petersburg	233	1992
	Novotel Moscow City-Center 4*	257	Yekaterinburg	168	

Small Luxury Hotels of the World	Savoy 5*	84			
	Hilton Moscow Leningradskaya				
Rezidor Hotel Group	Radisson SAS Slavjanskaya 4*	410	Sochi	415	1991
	Radisson SAS Riverside 4*	150	Rostov on Don	82	
	Radisson SAS Belorusskaya 4*				
	Radisson Royal Ukraine 5*	264	St.Petersburg	164	
	Radisson Blu Belorusskaya Hotel 5*	543	Kaliningrad	178	
		264			

Source: Department of External Relations, Moscow City Government and Industry Data

The regions outside of Moscow and St. Petersburg represent a small fraction of the travel industry, but some areas such as Sochi, Rostov-on-Don and Vladivostok are growing quickly. Yekaterinburg, Novosibirsk, Nizhny Novgorod, Krasnoyarsk, Kaliningrad, and Kazan are other regions where travel and tourism are growing, particularly for business travel. Major hotel chains are opening facilities in these regions. The Rezidor Hotel Group (including Radisson brands) is currently targeting some 35 key cities in Russia with a population of 500,000 and above to further develop its portfolio of hotels and brands, and the Hilton Worldwide is planning to open 28 hotels in the nearest three year. Other international operators, such as InterContinental Hotels Group, Kempinski Hotels, Marriott International, and Accor have built two-three new hotels in cities with populations over one million in the last five years.

Hotel projects usually have a four to five-year development cycle, so the projects coming online in 2010-2012 were planned and, in many cases, financed prior to the start of the global recession.

Table 17. Moscow Hotels: New openings and future developments

Hotel name	Star rating	Cost per room, rubles	Number of rooms	Opening Date
Lotte Hotel Moscow	5	12800-13800	304	2010
Ukraine/Radisson Royal	5	12800	543	2010
Grand Hyatt Residences & Spa	5		368	2010
Four Seasons Moscow	5		185	2011
Kempinski Hotel Nikolskaya	5		200	2011
Kempinski Hotel Beryozki	5		200	2011
Mandarin Oriental Moscow	5		237	2011
Raffles Moscow	5		130	2011
Shangri La Moscow	5		400	2012
Aquamarin	4	6800-7980	159	2010
Renaissance Moscow Monarch Center	4		366	2010
Garden Ring	4	7600-9600	86	2010
The Mandarin Residences	4		45	2010
Radisson SAS Riverside	4		150	2010
Radisson SAS Belorusskaya	4		264	2010
Scandic Khimki	4		300	2010
Mercure	4		103	2010

Radisson SAS Olimpiyski Hotel	4		382	2011
Holiday Inn Circus City	4		1000	2014
Katerina Park	3		260	2010
SK Royal	3		170	2010
Azimut Otel	3		144	2010
Total:			6166	

Source: www.prohotel.ru, Blackwood research, H/S Research

Table18. St. Petersburg Hotels: New openings and future developments, 2012-2015

Hotel name	Number of rooms	Year of opening	Star rating
Four Seasons	183	2012	Luxury
Domina Prestige	109	2012	Upscale
Indigo, Ul. Chaikovskogo	119	2013	Upscale
Novotel St Petersburg Centre II	165	2014	Mid-market
Ibis, Fontanka	150	2014	Economy
Ibis, Mayakovskogo St.	200	2014	Economy
Holiday Inn, Ligovsky prospekt, 21	129	2015	Mid-market
Crowne Plaza Nikolskiye Ryady	334	2015	Upscale
Total	1,389		

Source: Jones Lang LaSalle Hotels

As many experts predicted, the 2014 Sochi Winter Olympic Games are spurring hotel development in the region. All in all, 390 new hotels are expected to be built across Russia by 2012, with many in Moscow, St. Petersburg, and several in major regional capitals. International hotel operators are building hotels before upcoming events in the Russian regional centers. The following events are planned for the near future: the World Students Games in Kazan in 2013, the Sochi Winter Olympic Games in 2014, and the 2018 FIFA World Cup. Matches are to be held in 11 cities, including Moscow, St. Petersburg, Kaliningrad, Kazan, Yaroslavl, Nizhny Novgorod, Samara, Saransk, Rostov-on-Don, Volgograd, and Sochi.

The XXII Sochi Winter Olympic Games are planned for February 7-23, 2014, and the XI Winter Para Olympic Games are planned on March 7-16, 2014. In December 2012, the Russian Government set a maximum cost per room per night for the Olympic Games time period and events preceded them. The maximum cost per night in 5* hotels will be 13,896 Rubles, in 4* hotels will be 13,048 Rubles, in 3* - 9,003 Rubles, in 2*, 1* or mini-hotel - 5,741 Rubles.

There are usually two restaurants in four-star hotels and three restaurants in five-star hotels. According to industry sources, tourists often eat breakfast and dinner in their hotel, but they eat lunch in the city. In an attempt to attract more of the tourist industry, hotels are offering special catering services for different events. On average, room rentals account for 70 percent of hotel income, services account for 10 percent, and food and beverages account for 20 percent.

Luxury hotels represent the best opportunity for selling American products to hotels. Other sub-categories usually have very limited foodservice offerings. Hotel restaurants operate like other restaurants and purchase items through distributors. American meat, fish, wine, spirits, and fruit are some of the better prospects for this segment.

Institutions

Institution/catering is a challenging segment for American producers. Before the 1990s, catering was a miniscule segment of the Russian hospitality market. Now, catering is a quickly evolving industry, with

Moscow claiming 62 percent of the market and St. Petersburg at 22 percent. There are an estimated 500 catering companies operating in Russia, including 30 major ones. Each year, 15 new companies enter and 20 companies exit this intensely competitive industry. Russia's leading caterers are Sodexho, Mega Foods, Parad Catering, Brizol, and Master Foods which have total market share of about 50 percent of catering services.

The Russian catering market consists of several segments, each of which has a different service audience, number of players, average bill per person, and profit, including:

- Lunch deliveries;
- Corporate catering; and
- Off-premise catering.

Urban dwellers have less time to prepare their own meals, so they often dine out or have lunch delivered to the office. Lunch deliveries are a strong component of the catering business. The estimated value of the lunch catering business in Moscow was \$120 million in 2011. There is room for development, however, as only 15 percent of Moscow's office employees eat lunch prepared by qualified chefs.

Office cafeterias form another changing segment. Until recently, most cafeterias operated in the Soviet fashion, offering few choices and low quality. As incomes grow, however, the office cafeteria is transforming. Corporate catering firms manage stationary foodservice facilities, placing them in office buildings, business parks, shopping centers, administrative complexes, and industrial facilities. Their goal is to give people high quality meals in these institutions on a daily basis. The average bill in office cafeterias is \$6 to \$8. Newer cafeterias are beginning to use higher quality ingredients. They still prefer to buy whole, non-processed items, and they are very price sensitive. Like many restaurants, they monitor prices weekly and do not hesitate to change suppliers or menus if they encounter a better price.

Catering for private events and parties, especially those in the premium segment is another attractive and profitable area of foodservice. Consequently, well-known restaurateur Arkadiy Novikov entered the catering business at the beginning of 2006. Other restaurateurs and five-star hotels are also rushing to enter this lucrative market, including Gurme Catering, Baltschug Kempinski, and Swissôtel Krasnye Holmy. Their teams of culinary professionals are willing and able to delight customers. Hotels are attractive caterers because they are flexible enough to deliver a five-star experience in any venue, and they have an extensive wine knowledge. The average bill for mid-level off-premise catering is \$45 per person, but prices can be significantly higher in the premium class.

Caterers use many categories to tailor their products to the client, and they usually work with the same distributors as restaurants. Like restaurants, caterers use a variety of distributors and suppliers depending on their needs. Mid-level and high-end caterers import a variety of food, presenting an attractive opportunity for U.S. products. There is a particular demand for specialty items such as seafood, meat, wine, and nuts.

While there is not yet a national school lunch program in Russia, there is interest in creating one. The Russian government is studying the U.S. government program and will no doubt incorporate some of its elements to improve the school lunch program in Russia. Packaged food for institutions may have some potential in Russia, but the cost and logistics of importing U.S. products may deter potential customers. Nevertheless, potential demand exists for rice, peas, beans, and lentils. Soup bases, spices, and institutional food packs could also appeal to some companies.

Universities, hospitals, and the military could be other potential customers for catering companies, but tenders are often not competitively bid for catering contracts with government institutions.

In 2008, Russian Railways created the joint venture Yedinaya Set Pitaniya with RP-Com, one of the top 20 foodservice operators in Moscow. This enterprise manufactures ready meals for passengers of the Russian high-speed railways, which currently operates on three lines: Moscow-St. Petersburg, Moscow-Nizhny Novgorod and St. Petersburg-Helsinki. By the end of 2010, the company produced 20,000 meal trays per day from its first catering facility near St. Petersburg. Other catering facilities will be built in Yekaterinburg, Novosibirsk, Sochi, and Rostov-on-Don. According to RF Government plan, 8 Russian cities hosting 2018 World Cup matches should be linked by an integrated high-speed rail network.

Operators at the major airports in Moscow and St. Petersburg usually function more as part of a restaurant chain than as an institutional operator. According to airport statistics, 30 to 40 percent of passengers eat in airports. Leading Russian foodservice operator Rosinter has opened and operated restaurants in Russian airports since 2003. Its experience earned Rosinter the responsibility of being the primary foodservice operator in St. Petersburg's Pulkovo airport in 2007. In addition to operating the airport's restaurants, Rosinter also feeds the airport staff. Rosinter built a kitchen facility in the Pulkovo airport.

The volume of passenger traffic in Russia exceeded 55 million in 2011. The volume of passenger traffic through Moscow's two main airports, Domodedovo and Sheremetyevo, exceeded 42 million passengers in 2011. Airlines contract with professional catering companies for in-flight meals for passengers. JSC Domodedovo Air Service is the largest Russian company serving up to 60,000 in-flight meals and rations per day in Domodedovo airport. AeroMar has provided in-flight catering services to the passengers of Sheremetyevo airport since 1990.

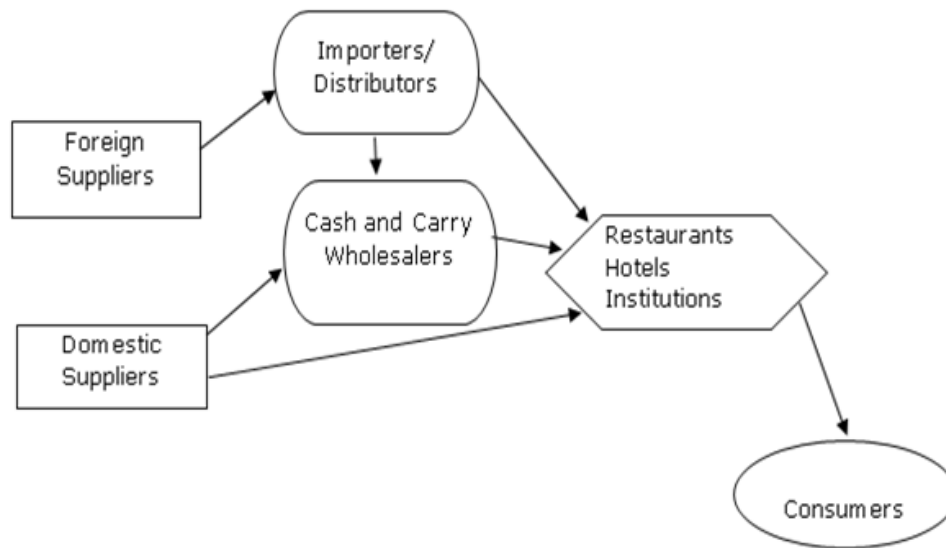
Joint-stock company "Rossiya Airlines" is the leading air carrier in North-West Russia. Rossiya Airlines is located in St. Petersburg and operates up to 40% flights from Pulkovo airport for more than 70 destinations. Since 1993, the airline has its own catering division. Daily, Rossiya Catering produces up to 20,000 portions of in-flight meals for all domestic and international airlines flying out from Pulkovo airport. Considering the increasing demand for high-quality airline food, airline foodservice could become an attractive niche market for U.S. food and beverage exporters.

Another great opportunity for American producers and Russian foodservice operators will be the Sochi Olympic Games in 2014. Last year the Russian government renovated the Sochi airport, increasing capacity to serve 1,300 to 2,500 passengers per hour. In the buildup to 2014, Russia will construct restaurants, stadiums, and 57,000 hotel rooms to serve sports teams and guests in Sochi. These will all provide a valuable potential market for American producers.

SECTION II: ROAD MAP FOR MARKET ENTRY

Distribution Channels for HRI Products in the Russian Market

Figure 2 shows the distribution channels for HRI products in the Russian market.



Domestic and imported food products for Russian foodservice establishments come through importers, distributors, and wholesalers. Large suppliers are typically also importers. For smaller restaurants and hotels, most foodservice purchases are made through a wholesaler or importer/distributor. Large chains may choose to purchase directly through customized growing agreements or through a central buying office. Most hotels and restaurants choose to purchase the majority of products through foodservice importers/distributors in the HRI sector, both large and small. Specialty and seasonal products are purchased through smaller distributors or directly from local producers.

Table 19. Russia: Advantages and Challenges for U.S. Exporters

<i>Advantages</i>	<i>Challenges</i>
Paying in Dollars is advantageous for exporting to Russia compared to Europe due to the lower cost of the Dollar relative to the Euro.	Ruble/\$ exchange rate has led to an increase in the price of U.S. products, mitigating some of the positive effects of the advantage over the Euro.
Russia's 142 million people make it one of the largest consumer markets in Europe.	Official government opposition to growth in food imports.
Rising disposable incomes in the long term will allow Russians to spend more on food and beverages.	Economic vulnerability, dependence on oil and mineral extraction for most wealth.
The Russian government has committed to spending billions on infrastructure over the next 10 years, particularly railroads and highways, which should translate to better logistics.	Competition with food products imported from EU and other countries may rise.
U.S. products have a reputation for consistency and high quality.	Logistics can be difficult. There are often long shipping times from the U.S., the major Russian port in St. Petersburg operates slowly and there can be complex customs regulations.
The HRI sector has a lot of room for growth. Restaurant chains are expanding out of Moscow and St. Petersburg to other cities with populations over one million.	Consumer confidence has not fully recovered from the economic crisis thus discretionary spending among the middle class still has room to grow. Customers are very price sensitive.
Russian joined the WTO in August 2012 and its trade and investment policy is converging with international standards.	

Entry Strategy

Entering Russia's market can be incredibly rewarding, but it requires hard work and careful planning by U.S. exporters. Different types of products require different marketing strategies. Many meat, seafood, wine, and spirits companies are selling U.S. products to the HRI sector and their businesses are flourishing. Several general recommendations may be helpful for developing a successful entry policy:

Work with a Russian Importer: Direct importation is difficult without a large customer base, so it is best to find an importer. To work with Russian Customs, it is essential to have a physical presence in Russia. U.S. exporters can approach the Russian HRI food and beverages market through a general importer, with whom good relations are essential. Selecting the right trading partner is one of the most important decisions for exporters when developing their businesses in Russia. A local Russian partner who is familiar with market conditions and the regulatory environment can help exporters navigate the Russian HRI market, resolve issues, and increase the likelihood of success. The importer should be able to handle customs clearance, veterinary and phytosanitary inspection requirements, any necessary guarantees, and all licensing procedures.

Logistics must be carefully considered and monitored, so close contact with the importer is also necessary in order to avoid logistical problems and shipping delays. Consider the longer shipping time for U.S. products compared to products from Europe. It is essential, for example, that all required documents be filled out as quickly and efficiently as possible. Most products will enter Russia through St. Petersburg, but if a U.S. exporter wishes to operate in the Russian Far East, Vladivostok is another option. Consistency and necessary quantities of production in the supply chain are frequently cited as primary concerns for the HRI segment.

Exporters representing U.S. companies may contact the Moscow ATO for assistance in locating importers. Performing due diligence is nevertheless important, and exporters are expected to verify the banking and supplier references of potential importers. Local and U.S.-based organizations in Russia can also provide helpful information to exporters. Credit reporting, however, is a relatively new practice in Russia, and credit-reporting agencies may not have complete information on potential Russian business partners. It is common for U.S. exporters to require 100% pre-payment for the first shipment.

Work with a Russian Distributor: U.S. exporters will need a distributor in order to sell their products. Large suppliers are typically also importers, and most HRI outlets rarely import products directly, preferring to procure supplies through local distributors. International chains with internal distribution networks within the country are the exception. The larger distributors are suited for commodity and large-volume sales. Smaller distributors work well for specialty, high-end, or new products that require marketing and product education. The most promising categories of products fall into this segment.

Provide Product Education: Marketing and product education are essential. Many of the HRI industry personnel are interested in new products, but they want to be shown how to use them and how the products can be made to work for them. Without some level of promotion, broader market penetration may be difficult. HRI sector players often mention "master classes" (chef trainings) and product demonstrations as useful for stimulating demand for new products. It is also important to determine the target audience and include both the distributor and the chefs in promotions. Technical support for U.S. producers in the form of printed material and/or seminars is critical to the effort to educate, dispel negative stereotypes, and ultimately build loyalty for U.S. products.

While a few negative stereotypes about U.S. products do exist (e.g. a negative association with biotechnology), most HRI personnel say they are more interested in the quality and price of the food than in the origin. Such stereotypes are more common at the retail level with a demonstrable preference

for local products, and restaurant consumers are not usually interested in the origin of their entrée.

Attend Promotional Events: One of the main challenges for exporters entering the Russian market is product promotion. Participation in trade shows, technical demonstrations, and trade missions to the United States are all marketing strategies that work well in the Russian market. A cost-effective way exporters can promote their products is to participate in World Food Moscow, the second largest and most professionally-run food and beverage trade show in Russia, held annually in September. Virtually all large food and beverage producers and importers participate in this show and USDA typically assists in organizing a U.S. pavilion. The ATO also recommends two interesting culinary-show opportunities in this area: PIR (Catering and Entertainment) Russia held each September/October in Moscow, ExpoHoReCa in St. Petersburg in early March, and the Vladivostok Culinary Festival, held each September. If exporters are targeting specific regions within Russia, the Moscow ATO recommends participating in regional exhibitions.

Participation in industry associations (US Meat Export Federation, California Wine Institute, etc., please refer to the list at the end of this report) that have a presence in Russia is also very beneficial.

Food Suppliers for the HRI sector

Very few HRI businesses operate on exclusive contracts with vendors. Most chain and independent restaurants change suppliers frequently, particularly if there is a price difference. Most businesses use a separate supplier for each product category (i.e. produce, meat, or desserts) and very often work simultaneously with three to four suppliers of their principal ingredients to ensure steady supply.

Whole foods are preferred and account for 70 percent of sales, principally because labor costs are low. Smaller restaurants without adequate space are usually the customers for semi-prepared items. Even fast-food chains tend to buy whole products and prepare them at the restaurant level. Exceptions to this include meat patties and French fries.

Few restaurants use fresh produce markets as suppliers. In contrast to U.S.-style produce markets, Russian markets have inconsistent supplies and offer goods of questionable quality. Markets also tend to have higher prices than other supply options.

There are a large number of importers and distributors in the HRI sector, both large and small. A few work across a wide variety of products, but many specialize in a particular category. The distribution market is fragmented, and there are a variety of arrangements between suppliers and customers. As noted above, imports make up the vast majority of HRI products (more than 65 percent), with domestic suppliers filling the gaps.

Metro Cash & Carry is one of Russia’s leading membership wholesale outlet chains. It has worked in Russia under the principles of small wholesaling since 2001. The company currently has 65 stores in 44 Russian cities and towns, including ten in Moscow and three in St. Petersburg. Foodservice operators across Russia have bought food, beverages, and other restaurant equipment from Metro Cash & Carry outlets. A reported Russian Metro Cash & Carry sale increased by 16.8 percent in 2011 and accounted Euro 3.42 billion.

Table 20 shows Russia’s major suppliers of food products for restaurants.

Table 20. Russia: Major Suppliers of Food Products for HRI sector

Company	Principal Products	Country of origin	Customers	Locations
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East-West	Marbled Beef	USA, Australia	Restaurants	Moscow St. Petersburg Krasnodar Novosibirsk Yekaterinburg
	Veal	USA, Australia	Hotels	
	Beef	Russia, Brazil		
	Pork	USA, Russia, Brazil, Denmark		
	Lamb	New Zealand		
	Fish and Seafood	Norway, Spain, Thailand		
	Poultry	France, Russia, USA, Brazil		
	Groceries	Poland, Germany, Russia, Netherlands		
Global Foods	Marbled Beef	USA, Australia	Restaurants	Moscow St. Petersburg Krasnodar Yekaterinburg Vladimir
	Veal	New Zealand, Australia	Hotels	
	Beef	Russia, Brazil		
	Pork	Russia, Brazil, Europe		
	Lamb	New Zealand, Australia		
	Poultry	Russia, USA		
	Fish and Seafood	Norway, Spain, Russia		
	Groceries	USA, Europe, Russia		
Australian Trade House	Marbled Beef	Australia	Restaurants	Moscow
	Veal	Australia	Supermarkets	
	Beef	Australia	Hotels	
	Lamb	New Zealand, Australia		
	Fish and Seafood	Thailand, Vietnam, Russia		
	Butter	Australia		
Marr Russia	Marbled Beef	USA, Australia	Restaurants	Moscow St. Petersburg Rostov-on-Don
	Beef	Brazil	Supermarkets	
	Veal	Australia	Hotels	
	Lamb	New Zealand		
	Pork	Hungary, USA, Russia		
	Poultry	Brazil, Russia		
	Fish and Seafood	Spain, Indonesia, Denmark		
	Groceries	Italy, Russia		
Snow World	Marbled Beef	USA	Restaurants	Moscow
	Veal	USA, Australia	Hotels	
	Beef	New Zealand, Australia		

Pork	Russia, Brazil
Lamb	New Zealand, Australia
Poultry	Hungary, France, Brazil
Fish and Seafood	Norway, Denmark, Russia, Asia
Groceries	Europe, Russia

Source: Industry data

Major suppliers of food products for the HRI sector have their offices in Moscow and St. Petersburg, Russia's primary restaurant markets. These offices handle foodservice-product imports and supply other Russian regions. Despite the tremendous distance between European Russia and the Russian Far East (RFE), 87% of the RFE's foodservice supply comes from Moscow and St. Petersburg. Several food products can reach Russia's Pacific Coast through the St. Petersburg port and still be price competitive. High volumes enable large foodservice importers to gain better prices from global exporters.

The RFE and Siberia are highly dependent on imported foodservice products. RFE and Siberian suppliers bring products to their regions from all over the world, using consolidated containers that have been imported and cleared in St. Petersburg or Moscow. The majority of foodservice products are still shipped through Moscow, but meat, fish, seafood, cheesecake, and frozen bakery products are directly shipped from the United States to Vladivostok.

SECTION III. COMPETITION

Russia imported approximately \$39 billion of agricultural products in 2011, up from \$27.6 billion in 2009 and roughly on par with pre-crisis imports. According to Global Trade Atlas/Federal Customs Service in January-October of 2012 Russia imported \$31.9 billion of agricultural products (+ 4.7% compare to Jan-Oct of 2011). Year-on-year and average annual growth in Russian agricultural imports can be seen in the following table:

Table 21. Russia: Growth in Agricultural Imports

	2007	2008	2009	2010	2011
Agricultural Imports, billion dollars ¹	24.4	33.3	27.6	32.9	38.9
Growth Year-on-Year, %		36.5	-17.2	19.2	18.2
5-Year Average Annual Growth Rate, %					11.3

¹ Total agricultural imports (includes HS codes 01 to 24).

Source: Global Trade Atlas/Federal Customs Service

Russia imported 18.2% more food products in 2011 compared to previous year, the Federal Customs Service reported. Imports of fresh & chilled beef rose 103.8%, fish - up 29.25%, fresh vegetables - up 41.12%, bananas - up 36.35%. Poultry meat imports declined 33.7% in 2011.

Table 22. Russia: Imports of Selected Foods from the World, millions of US dollars

Product	2009	2010	2011	% change 2011/2010
Fresh & Chilled Beef	58.25	98.13	199.98	103.80
Frozen Beef	2195.18	2072.24	2217.05	6.99
Pork	1860.68	1923.03	2108.70	9.66
Poultry	1064.21	862.81	572.07	-33.70
Lamb	41.03	42.12	45.73	8.57
Fish and Seafood	1753.58	2150.44	2564.31	19.25
Dairy Products	1184.82	1993.76	2117.93	6.23

Fresh vegetables	1492.82	2025.19	2858.01	41.12
Fresh fruit	3711.32	4571.83	5462.45	19.48
Tree nuts	291.68	334.88	390.85	16.71
Spirits	695.16	933.70	1142.10	22.32
Wine	613.51	797.72	953.52	19.53

Source: Federal Customs Service

The Russian Federation is among the top export destinations for U.S. agricultural products. Based on official GOR data, the U.S. share exceeded \$1.59 billion in 2011, down from its height of \$2.1 billion in 2008 because of the after-effects of the financial crisis, the ban on U.S. poultry meat and quota reductions. The U.S. share of Russia's agricultural imports in 2011 was only 4.1%. According to Federal Customs Service in January-October of 2012 U.S. share of Russia's agricultural imports was \$1.59 billion, on par with 2011.

Poultry have dominated U.S. agricultural exports to Russia followed by pork, fruit and nuts, beef, fish and seafood, spirits and wine. U.S. poultry exports to Russia in 2011 accounted for roughly \$307 million, a 139% decline versus 2009. U.S. poultry exports to Russia in the first 10 months of 2012 were \$ 275.94 million.

As noted earlier, imported products account for a large percentage of ingredients used in the restaurant business. Russia's largest suppliers (by sales) of all commodities to foodservice are Brazil, the United States, China, Turkey, the European Union, and CIS countries. No single country dominates the market but the largest share of products comes from Europe. Europe's historical presences in Russia and aggressive and well-funded promotional campaigns have allowed European brands to dominate even the RFE market. Since European companies can ship their products over land, they do not face the same port problems that U.S. imports confront. Consequently, they can provide perishables much more quickly. Major meat competitors include Brazil (poultry) and Australia (beef). Scandinavia, Asian countries, and occasionally South American countries are major seafood competitors. Turkey and China are main suppliers of fruits and vegetables to the European and Eastern parts of Russia accordingly.

Italy, France, and Spain are the major wine suppliers to Russia. Californian wines appeared in Russia seven years ago and sales are expanding but remain less than 1% of the total. France, the United Kingdom, Ukraine, and the United States supply popular spirits such as Bourbon, Tennessee and Scotch whiskey, cognac, vodka, and brandy.

Table 23 summarizes the major exporting countries of various products to Russia.

Table 23. Russia: Import Competition for Selected Products

Product	Country of Origin
Beef	Brazil, Uruguay, Australia, USA
Veal	Lithuania, Germany, Australia, USA
Pork	Brazil, Germany, Canada, Denmark, USA
Poultry	USA, Brazil, Germany
Lamb	Australia, New Zealand
Fish and Seafood	Norway, China, Iceland, Canada
Dairy Products	Germany, Finland, Poland
Cheese	Germany, Ukraine, Belarus
Vegetables	Netherlands, Turkey, China

Fruits & Nuts	Turkey, Ecuador, Poland, China
Bread and Bakery	Europe
Ice-cream	Germany
Confectionary	Europe
Wine	France, Spain, Italy
Beer	Ukraine, Czech Republic, Germany
Spirits	France, United Kingdom, Ukraine, USA

Source: Federal Customs Service

While the HRI sector uses mostly imported products, some ingredients are purchased domestically. These include root vegetables, such as carrots and beets, and other basic vegetables like cabbage and potato.

SECTION IV. BEST PRODUCT PROSPECTS

Interest in new product categories is growing. Many European specialty products are becoming more and more expensive and American products are consequently more price competitive and attractive to Russian importers. Importers are trying to find U.S. products analogous to European products. Table 24 shows Russian imports of selected U.S. food products.

Table 24. Russia: Russian Imports of Selected Food from the U.S., millions of US Dollars

Product	2009	2010	2011	% change 2011/2010
Chilled Beef	1.50	6.38	13.1	105.22
Frozen Beef	11.62	87.87	163.67	86.25
Pork	298.99	177.73	186.67	5.03
Poultry	733.13	331.21	307.04	-7.30
Lamb	0	0	0	
Fish and Seafood	27.62	51.85	60.45	16.57
Fresh fruit	20.84	29.28	32.07	9.5
Tree nuts	82.24	82.58	113.313	37.21

Source: Federal Customs Service

This is an excellent time for American companies to export new products to Russia. Moreover, the U.S. is one of the world's leaders in developing the hospitality industry. U.S. producers can offer a wide range of products developed, manufactured, and packaged for the HRI sector.

Several product categories are particularly attractive for export to Russia. Fresh and frozen seafood, frozen and chilled high-quality beef, pork, cheese, fruit and tree nuts are in demand.

Sauces, seasonings, and semi-prepared items have potential, but they require market education. Several industry experts discussed the need for low-fat goods, reduced-calorie dairy items, and bakery-preparation products.

There is some interest in organic foods, even though Russia has no certification process for organics. Very few establishments in the HRI sector use or promote organics, but the market may be moving in this direction. The Novikov Group in particular has started marketing its own line of organic dishes in its restaurants.

Wines and spirits also have high potential, but there is a lack of awareness about American wines.

Table 25. Russia: Imports of Alcohol Beverages from the U.S., millions of US Dollars

Product	2006	2007	2008	2009	2010	% change
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						2011	2011/2010
Spirits	9.86	24.57	23.93	22.35	24.58	53.99	119.67
Puerto Rico (U.S.) rum	7.49	16.32	18.46	12.59	23.24	35.23	51.6
Wine	2.34	3.74	6.81	6.21	7.38	9.69	31.26
Beer	0.023	0.028	0	0	0	0	

Source: Federal Customs Service

Many distributors and importers work throughout Russia. For details on specific product segments, please contact the Agricultural Trade Office for a Buyers List.

SECTION V. POST CONTACT AND FURTHER INFORMATION

Contact Information for FAS Offices in Russia and in the United States

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U.S. Department of Agriculture
Foreign Agricultural Service
1400 Independence Ave., S.W.
Washington, DC 20250
http://www.fas.usda.gov/OTP_contacts.asp
FAS Website: www.fas.usda.gov

*For Trade Policy/Market Access Issues,
General Information on the Russian Agricultural Sector, etc:*

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Levin Flake, Senior Agricultural Attaché
Chris Riker, Agricultural Attaché
Office of Agricultural Affairs
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USDA Stakeholders

The Agricultural Trade office works with a large number of U.S. industry organizations, several of which are resident in Russia. These cooperators share the view that Russia is a promising market for food products.

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E-mail: olgatuz@mail.ru

<http://www.discovercaliforniawines.com/>

The American Chamber of Commerce is another good source for information on doing business in Russia. The Chamber has offices in Moscow and St. Petersburg.

American Chamber of Commerce in Russia

Address: 127006, Moscow, Russia, Dolgorukovskaya street, Building 7, 14th floor

Fax: 7 (495) 961-2142

Tel: 7 (495) 961-2141

Email: amchamru@amcham.ru

<http://amcham.ru/>

American Chamber of Commerce in St. Petersburg

Address: 190000, St. Petersburg, Russia, Yakubovicha street 24, left wing, 3rd floor

Fax: 7 (812) 448-1645

Tel: 7 (812) 448-1646

Email: all@spb.amcham.ru

<http://amcham.ru/spb/>

The U.S Commercial Service has offices in Moscow, St. Petersburg, and Vladivostok. For questions regarding agricultural machinery, food processing, HRI equipment, and packaging equipment or materials, refrigeration equipment, and other industrial products, please contact:

U.S. Commercial Service

Bolshoy Devyatinskiy pereulok, 8

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Fax: 7 (495) 728-5585

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E-mail: moscow.office.box@mail.doc.gov

<http://www.buyusa.gov/russia/en/>

The U.S. Commercial Service office at the U.S. Embassy in Moscow assists American exporters by identifying potential partners through the Gold Key Matching Service. The program features:

- appointments (typically four per day) with prescreened Russian firms;
- background and contact information on each potential partner, such as: the size of the company; number of years in business;
- product or service lines; and capability to provide after-sales service;
- customized market briefing with U.S. Commercial Service staff; and,
- available market research on the relevant industry sector.

The World Bank and the U.S. Agency for International Development also maintain missions in Russia.

Other Relevant Reports

Attaché reports on the Russian food and agricultural market are available on the FAS

website. The search engine can be found at

<http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx>

RSATO1204 Exporter Guide / Annual

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Moscow%20ATO_Russian%20Federation_7-6-2012.pdf

RS1168 Food and Agricultural Import Regulations and Standards

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Moscow_Russian%20Federation_1-17-2012.pdf

RS1167 Food and Agricultural Import Regulations and Standards – Certification

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Certification_Moscow_Russian%20Federation_1-17-2012.pdf

RS1215 Market Opportunities for Key U.S. Products in Russia

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia_Moscow_Russian%20Federation_3-20-2012.pdf

RSATO1002 Trade Law Report

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Russian%20Federal%20Law%20on%20Trade%20_Moscow%20ATO_Russian%20Federation_8-30-2010.pdf

RSATO1208 Customs Union Technical Regulations on Food Products Labeling

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Customs%20Union%20Technical%20Regulations%20on%20Food%20Products%20Labeling_Moscow%20ATO_Russian%20Federation_7-18-2012.pdf

RSATO1205 Russian Duma Revises Wine Definitions and Other Alcohol Rules

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Duma%20Revises%20Wine%20Definitions%20and%20Other%20Alcohol%20Rules_Moscow%20ATO_Russian%20Federation_7-13-2012.pdf

RSATO 1205 Strategy of the Russian Food Industry Development until 2020

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Strategy%20of%20the%20Russian%20Food%20Industry%20Development%20until%202020_Vladivostok_Russian%20Federation_6-7-2012.pdf

RS 1247 Fish and Seafood Trade Update

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fish%20and%20Seafood%20Production%20and%20Trade%20Update_Moscow_Russian%20Federation_7-24-2012.pdf

RS 1251 Poultry and Products Annual

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Annual_Moscow_Russian%20Federation_8-23-2012.pdf

RS 1015 Declaration of Conformity Replaces Certification for Many Products

<http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Declaration%20of%20Confor>

[mity%20Replaces%20Certification%20for%20Many%20Products_Moscow_Russian%20Federation_3-22-2010.pdf](#)

RSATO1210 Russian Retail Market

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Moscow%20ATO_Russian%20Federation_9-24-2012.pdf](#)