



The Food and Beverage Market Entry Handbook: RUSSIA

A Practical Guide to the Market in Russia
for European Agri-food Products



*Promotion of
agricultural
products*



The Food and Beverage Market Entry Handbook

RUSSIA

Written by Agra CEAS Consulting

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Note: the term EU in this handbook refers to the EU-27 excluding the UK, unless otherwise specified. For product trade stats, data is presented in order of exporter size for reasons of readability. Data for the UK is presented separately where it represents a notable origin (>5% of imports). In case it represents a negligible origin that would not be visually identifiable in a graph, data for the UK is incorporated under “rest of the world”.

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Table of Contents

Table of Contents	5
1 The Food and Beverage Market Entry Handbook: Russia	10
2 Country introduction and overview	11
2.1 Country overview: Russia at a glance.....	12
2.1.1 Past economic and political trends	12
2.1.2 Current economic situation and mid-term outlook.....	13
2.1.3 Populations trends.....	14
2.2 Geography and key markets	16
2.2.1 Overview of urban markets	17
2.2.2 Snapshots of important markets	20
2.3 Domestic agricultural production and regions.....	26
3 Introduction to the food and beverage market and consumers	30
3.1 Overview of the food and beverage market and demand for imported products.....	30
3.1.1 F&B market summary	30
3.1.2 International trade in F&B	30
3.1.3 The market for imported F&B.....	32
3.2 Growth Drivers and Trends	33
3.3 Consumer profiles and preferences	35
3.3.1 Consumer profiles	35
3.3.2 Cultural Sensitivities and Other Considerations	37
4 Market access and entry.....	43
4.1 Summary SWOT analysis	43
4.2 Food and beverage legislation and regulations	44
4.2.1 Import requirements/restrictions, customs procedures and documentation	44
4.2.2 Food safety and other food certification requirements	49
4.2.3 Labelling Requirements	51
4.2.4 Protection of intellectual property rights, including geographical Indications (GIs)	54
4.2.5 Relevant authorities for IPR and GI protection and further contacts.....	55
4.3 International trade.....	56
4.3.1 Russia and foreign trade	56
4.3.2 Key trade agreements, present, and future	56
4.3.3 EU- Russia trade agreement negotiations.....	58
4.3.4 WTO disputes and other trade barriers	58
4.3.5 Summary of key trade barriers.....	60
4.4 Operating in the Russian food and beverage market.....	60

4.4.1	Logistical services and transportation infrastructure	60
4.4.2	Distribution – retail channel overview	64
4.4.3	Intermediaries.....	65
4.4.4	Business environment.....	68
4.4.5	Key operational considerations and challenges: summary	68
4.4.6	Other relevant information.....	69
5	Market Snapshots for Selected Products	70
5.1	Fresh meat.....	71
5.1.1	SWOT analysis.....	71
5.1.2	Consumption	71
5.1.3	Offer.....	78
5.1.4	Specific market entry requirements	81
5.1.5	Distribution.....	82
5.1.6	Challenges for EU products	83
5.2	Fresh fruit and vegetables.....	85
5.2.1	SWOT analysis.....	85
5.2.2	Consumption	85
5.2.3	Offer.....	93
5.2.4	Specific market entry requirements	98
5.2.5	Distribution.....	99
5.2.6	Challenges for EU products	100
5.3	Dairy.....	102
5.3.1	SWOT analysis.....	102
5.3.2	Consumption	102
5.3.3	Offer.....	112
5.3.4	Specific market entry requirements	117
5.3.5	Distribution.....	118
5.3.6	Challenges for EU products	119
5.4	Wine.....	121
5.4.1	SWOT analysis.....	121
5.4.2	Consumption	121
5.4.3	Offer.....	129
5.4.4	Specific market entry requirements	133
5.4.5	Distribution.....	134
5.4.6	Challenges for EU products	134
5.5	Spirits	136
5.5.1	SWOT analysis.....	136

5.5.2	Consumption	136
5.5.3	Offer	143
5.5.4	Specific market entry requirements	146
5.5.5	Distribution.....	148
5.5.6	Challenges for EU products	148
5.6	Olive oil	150
5.6.1	SWOT analysis.....	150
5.6.2	Consumption	150
5.6.3	Offer.....	157
5.6.4	Specific market entry requirements	160
5.6.5	Distribution.....	161
5.6.6	Challenges for EU products	162
5.7	Chocolate and confectionery	164
5.7.1	SWOT analysis.....	164
5.7.2	Consumption	164
5.7.3	Offer.....	172
5.7.4	Specific market entry requirements	180
5.7.5	Distribution.....	181
5.7.6	Challenges for EU products	182
5.8	Beer.....	184
5.8.1	SWOT analysis.....	184
5.8.2	Consumption	184
5.8.3	Offer.....	188
5.8.4	Specific market entry requirements	191
5.8.5	Distribution.....	192
5.8.6	Challenges for EU products	192
5.9	Pasta.....	194
5.9.1	SWOT analysis.....	194
5.9.2	Consumption	194
5.9.3	Offer.....	196
5.9.4	Specific market entry requirements	198
5.9.5	Distribution.....	198
5.9.6	Challenges for EU products	199
5.10	Ice cream	201
5.10.1	SWOT analysis.....	201
5.10.2	Consumption	201
5.10.3	Offer.....	203

5.10.4	Specific market entry requirements	206
5.10.5	Distribution.....	206
5.10.6	Challenges for EU products	207
5.11	Processed fruit and vegetables	209
5.11.1	SWOT analysis.....	209
5.11.2	Consumption	209
5.11.3	Offer.....	211
5.11.4	Specific market entry requirements	212
5.11.5	Distribution.....	212
5.11.6	Challenges for EU products	213
5.12	Pet food.....	215
5.12.1	SWOT analysis.....	215
5.12.2	Consumption	215
5.12.3	Offer.....	218
5.12.4	Specific market entry requirements	220
5.12.5	Distribution.....	221
5.12.6	Challenges for EU products	222
5.13	Biscuits / cereal bars	224
5.13.1	SWOT analysis.....	224
5.13.2	Consumption	224
5.13.3	Offer.....	226
5.13.4	Specific market entry requirements	228
5.13.5	Distribution.....	229
5.13.6	Challenges for EU products	230
5.14	Baked goods.....	232
5.14.1	SWOT analysis.....	232
5.14.2	Consumption	232
5.14.3	Offer.....	235
5.14.4	Specific market entry requirements	238
5.14.5	Distribution.....	238
5.14.6	Challenges for EU products	239
5.15	Live plants.....	241
5.15.1	SWOT analysis.....	241
5.15.2	Consumption	241
5.15.3	Offer.....	242
5.15.4	Specific market entry requirements	244
5.15.5	Distribution.....	245

5.15.6	Challenges for EU products	245
6	Communication	247
6.1	Communication strategy	247
6.1.1	Online & Digital Media.....	247
6.1.2	Traditional Media.....	250
6.1.3	Fairs and exhibitions	251
6.2	Advertising regulations	251
7	Russian Etiquette.....	253
7.1	Quick facts	253
7.2	Key DOs and DON'Ts	253
8	Directory of Trade Support Projects, Organisations, and Service Providers.....	255
8.1	European Union Organisations	255
8.2	Directory of EU Member State Embassies/Consulates	257
8.3	Other organisations and service providers	260
8.3.1	Trade promotion organisations (TPOs) and agri food promotion organisations (APOs)	260
8.3.2	Other service providers	261
8.4	Calendar of trade events and exhibitions 2021-22	265
8.5	Database of professionals' contacts	266
8.5.1	List of relevant buyers, importers, and distributors.....	266

1 The Food and Beverage Market Entry Handbook: Russia

This Handbook is intended to act as a reference for those agri-food producers planning for, or in the process of entering, the Russian market. This Handbook provides **step-by-step guides** on entering the agri-food market in Russia including relevant information such as **analysis of the Russian market** for different product categories, **market access** and **market entry procedures**, **IP protection**, **referrals to professional buyers** and a signposting and referral system providing useful contacts and ways to penetrate the Russian market.

How to use this handbook

Depending on your stage of market entry, company profile, and product range, different sections within this handbook will be helpful to a different extent for your business strategies.

For those wishing to learn more about the Russian food and beverage market in general, section 2 provides a general country overview; section 3 provides an overview of the agri-food market; and section 4 an overview on market entry. These latter two sections contain information on: the food and beverage market, market access procedures, customs procedures, SPS and labelling requirements, intellectual property protection, including the status of geographical indications. The information contained within these sections is of a general nature and so may not be relevant for those in the more advanced stages of market entry.

If you want to find out more information relevant for your product, then check out the **Market Snapshots for Selected Products** (section 5). This content illustrates the market situation, market access procedures, SPS requirements etc. specific for this product or product category. This information will provide more industry specific information to consider as part of any market entry or market expansion strategies.

If you already have decided that the Russian market is where you want to be, but you need some support, then the **Support Services Directory** can point you in the right direction. Contact information for a service provider, business facilitation support organisation, or from a business contact, could help put you in touch with the right parties who can help you to build your brand in the Russian market.

2 Country introduction and overview



Capital:	Moscow
Population:	144 Million
Area:	17.13 Million Km2 (The world's largest country by area)
Political structure:	Federal semi-presidential republic
Major languages:	Russian (official), 35 other official regional languages
Major religions:	Russian orthodox 70%, Islam 10%, Atheist 15%, others 5%
Life expectancy:	72.4 years (Male 72.2 years, Female 72.6years)
Currency:	Russian Rouble (₽); 1 EUR = 86 RUB (2020 average)
GDP growth (real):	-3% (2020) (<i>Largely attributed to the outbreak of Covid-19, GDP growth in 2019 was 1.3%</i>)
Exports:	28.31% of GDP (2019)
Imports:	20.76% of GDP (2019)
Main exports*:	Mineral fuels, oils, distillation products (52%), Iron and steel (4.3%), pearls precious stones, metals, coins (3.6%)
Main imports*:	Machinery, equipment and transport (45%), Chemical products (19%), Foodstuffs and agricultural products (14.5%)
Unemployment rate:	4.6% (February 2020) (<i>Before the outbreak of Covid 19</i>)
Labour force:	73.96 % (February 2020) (<i>Before the outbreak of Covid 19</i>)
Main industries:	<p>Agriculture: 4.7 % of GDP</p> <p>Industry: 32.4 % of GDP</p> <p>Services: 62.3% of GDP</p>
Average household income (2020):	EUR 15 067
Household expenditure on food and beverages (2020):	EUR 3 090
Food and beverage market size (2019):	EUR 178bn

Sources: Euromonitor International: Economies and Consumers, 2021; IMF; UN, World Bank; WHO, OECD. * Goods only listed

2.1 Country overview: Russia at a glance

2.1.1 Past economic and political trends

- *Throughout history, Russia has grown from the original Kievan Rus federation in Eastern Europe to become the world's largest nation by land area with an area of land that stretches from Norway in the west to China in the east.*
- *While the country straddles the European and Asian continents, Russia has played a pivotal role in European affairs throughout history, often being at the forefront of many political and societal events on the continent.*
- *Russia as a member of the wider Soviet Union was involved in many of the world's most significant events through the past century and has influenced political systems and cultures throughout the world.*
- *The collapse of the Soviet Union resulted in economic upheaval in Russia which led to a lost decade of economic activity throughout the 1990s.*

Arising from the loose federation known as the Kievan Rus, the nation of Russia has grown to become the world's largest nation by land area, now being a country that borders over 14 countries stretching from Europe to Asia. As the world's largest Slavic-speaking nation, Russia has played an influential role in Europe, particularly in fellow Slavic-speaking nations towards the east of the continent. Many major events towards the east of Europe have been influenced by or are directly a result of the involvement of Russia throughout European history.

Towards the beginning of the 20th century, Russia became the largest and most influential member of the Soviet Union. During the initial period of the Soviet Union, the country went through a large-scale industrialisation process that modernised many aspects of the economy and allowed the country to grow in relevance on the global stage. As a part of the Soviet Union, the country was involved in many of the key political events witnessed in the past century in Europe including the second world war and the cold war period. Through the end of the 80s and early 90s, the Soviet Union broke up resulting in Russia becoming an independent nation. Russia suffered a decade of lost economic activity largely attributed to the upheaval caused in the country following the end of the Soviet Union. Russia has since emerged from this upheaval aided by the exportation of raw mineral resources to regain its status as a key economic player in the world.

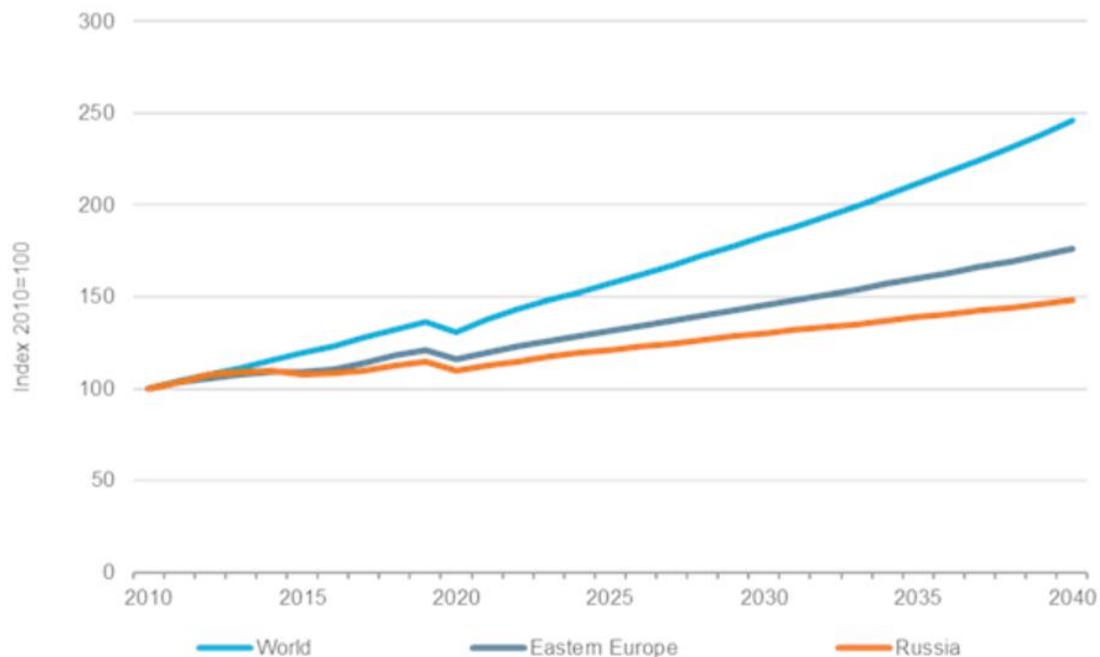
2.1.2 Current economic situation and mid-term outlook

- *The economy of Russia grew year on year between 1999 and 2009, aided by the export of raw mineral resources. The economy declined in 2009 largely as a result of the great recession and decline in demand for Russian resources.*
- *The economy rebounded in 2010 and enjoyed consistent growth between 2010 and 2014 until the introduction of sanctions by western nations following a political dispute between Russia and the Ukraine. Economic growth has been sluggish since.*
- *As was the case across the world, the Russian economy further declined in 2020 due to the outbreak of Covid-19 which impacted many of the country’s economic activities.*
- *Looking ahead, Russia's economy will be influenced by the ongoing political situation that exists in the east of Europe. Limited growth is forecast between 2021 and 2025 although this is subject to change depending on the political atmosphere.*

Russia’s economy experienced many upheavals as the economic shocks for roughly a decade after the breakup of the Soviet Union. Between 2000 and 2009 the economy rebounded aided by demand for Russian raw mineral resources such as oil and gas combined with the service sector of the economy expanding. Generally good relations with the west during this period helped to aid trade and economic growth in the country.

The 2008 great recession resulted in the economy declining, largely attributed to a decline in demand for Russian resources from countries that were major purchasers of these products. Russian rouble at the time also declined in value which resulted in the purchasing power of consumers in the country declining.

Figure 2-1: Real GDP Growth and Per Capita GDP in Russia: 2010-2040 (Projected)



Source: Euromonitor International: Economies and Consumers, 2021

The economy rebounded between 2009 and 2014 as the wider world recovered from the

immediate effects of the great recession, however, a political dispute with neighbouring Ukraine resulted in many sanctions being placed on the Russian economy by other countries, which resulted in total GDP declining. The economy experienced sluggish growth between 2015 and 2020 with a decline in 2020 being attributed to the outbreak of Covid-19 in the country.

Looking ahead, it is likely that the economic position of Russia will continue to be influenced by the consequences of political events both within the country and its periphery as well as demand for its major exports of oil and gas.

2.1.3 Populations trends

- *Russia is the 9th most populous country in the world, with most of its population living in its western parts.*
- *Russia's current fertility rate is at 1.5 children per woman, which is why the country's population is forecast to decrease by about 9m people in 2040.*
- *Immigrants, mainly from Ukraine, account for about 9% of the total population, with total levels of immigration forecasted to remain steady.*
- *Even though the overall population in big cities is forecast to decline, the percentage of people living in cities is forecast to increase due to the forecast overall population fall.*

Russia is the 9th most populous country in the world and is distinguished into many federal oblasts and republics. As can be observed in Figure 2-2, the Russian federal subjects have very different sizes, which is why it is not easy to see where most of the population lives. Even though some of the large federal subjects have a high population number-wise, they are very sparsely populated. Most Russians live in the western part of Russia in one of the smaller federal subjects as shown by their dark green colour.

Figure 2-2: Federal subjects of Russia by population

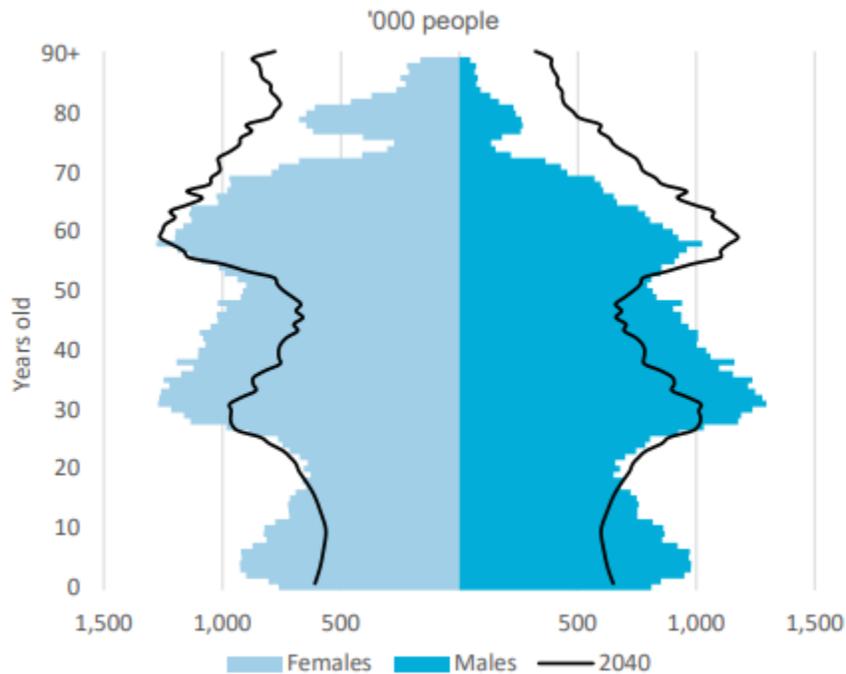


Source: Agra CEAS based on various

After a slight population growth in the 2010s, Russia’s population continues to decrease caused by natural decrease and low net immigration. The fertility rate was at its low point in 2000 with 1.2 births per female. Since 2019, the fertility rate has been about 1.5 children per female and is forecast to remain at this rate until 2040. However, disposable incomes are forecast to increase, which means families will have more money available to invest in their children. In 2040 Russia is forecast to have a population of about 135m. In 2019 the median age was about 39.4 years and this number is forecast to increase to 43 years by 2030. Low birth rates and increasing longevity will lead to an increasingly old population as visualised in Figure 2-3. In particular, the 60+ aged population is forecast to increase. Due to this, the old-age dependency ratio will increase as a smaller workforce will be available.

Most of Russia’s inhabitants are ethnically Russian; however the country is home to a wide variety of ethnic groups from across Europe and Asia including Tartars, Ukrainians, Chechens and Baskirs to name a few. Migration is forecast to stay more or less the same until 2040. The majority of immigrants come from the former Soviet States, such as Ukraine, due to the close cultural and geographical proximity. Overall life expectancy is currently about 73 years and is forecast to increase until 2040. However, the life expectancy of males is forecast to remain behind the one of women which partly is caused by the higher alcohol consumption of males. As mentioned before, the population is forecast to decline in Russia between 2021 and 2040.

Figure 2-3: Age Pyramid in 2019 and 2040 in Russia



Source: Euromonitor International from national statistics/UN, 2021

Note: Data for 2040 is forecast

2.2 Geography and key markets

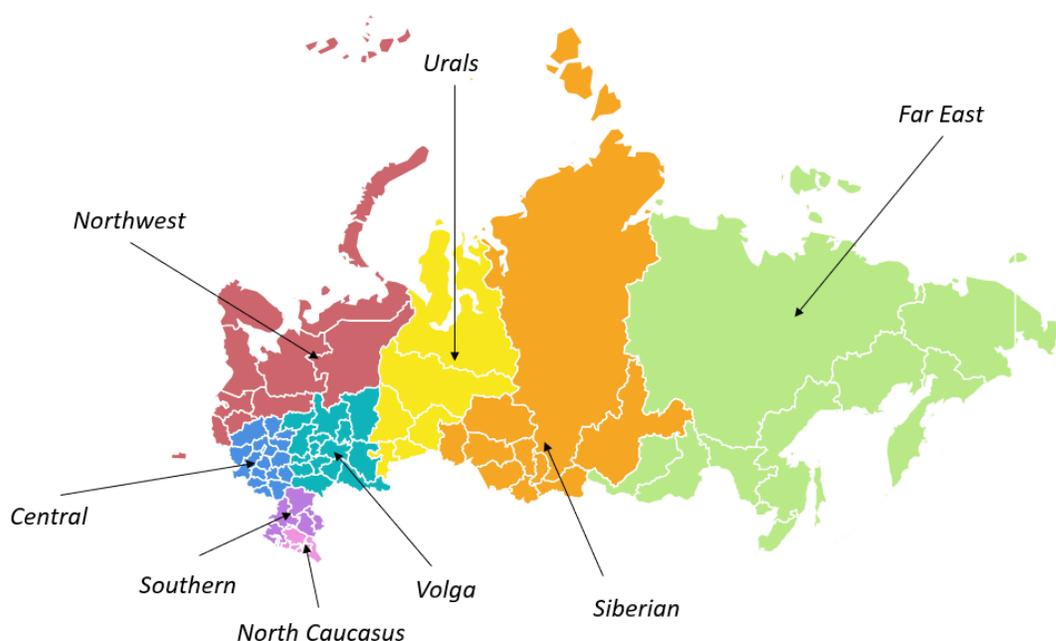
Russia is the largest country worldwide and covers about 1/8th of the global land area with a sizable amount of its land surface lying above the arctic circle. Compared to its size, Russia's population is relatively small with about 143m people; and subsequently, it is the most sparsely populated country in the world with a population of over 50m. Most of the country's inhabitants live below the 60-degree latitude line in the western parts of Russia. The country is very long – the distance between St. Petersburg on the Baltic Sea and Vladivostok on the Pacific Ocean is close to 9 700 km. Due to its massive size, many different natural features and resources can be found in the country. In the north, Russia's natural border is the Arctic Ocean; in the east, it is bordered by the Pacific Ocean; and in the south, its natural borders are the Caspian and Black Seas. The Ural Mountains in the west are seen to be the traditional border between Asia and Europe, meaning that the country straddles the two continents. The culture in the part of Russia, which is situated on the west of these mountains is relatively similar to Eastern European cultures. Overall, western Russia is more mountainous than eastern Russia, where elevation is mainly

low.¹ Russia is known for its continental climate with very cold yet dry winters with temperatures being below -30° Celsius and in some areas even below -60° Celsius.²

2.2.1 Overview of urban markets

The Russian Federation is divided into eighty-three federal subjects. Each of the federal subjects, no matter how big or small, has an identical presentation in the Federation Council with two delegates per federal subject. Six different types of federal subjects are present in Russia, which are the following: republics, krais, oblasts, federal cities, autonomous oblast and autonomous okrugs. The federal subjects can be put together in eight overarching federal districts, namely Central, Northwest, Southern, North Caucasus, Volga, Urals, Siberian and the Far East as shown in Figure 2-4. Each of these federal districts is managed by a representative appointed by the Russian President. Even though these federal districts were not foreseen by the Russian Constitution, President Putin established them in 2000.³

Figure 2-4: Federal Districts of Russia



Source: Agra CEAS based on various

Table 2-1: Federal Subjects of Russia

Federal District	Federal Subject	Capital/Administrative centre
Northwest Federal District	Arkhangelsk Oblast	Arkhangelsk

¹ Russia <https://worldgeo.pressbooks.com/chapter/russia/>

² Russia's geography and natural habitat <https://www.evaneos.com/russia/holidays/essential-information/5663-russia-s-geography/>

³ Russian Federal Districts as Instrument of Moscow's Internal Colonization: <https://jamestown.org/program/russian-federal-districts-as-instrument-of-moscows-internal-colonization/>

Federal District	Federal Subject	Capital/Administrative centre
	Vologda Oblast	Vologda
	Kaliningrad Oblast	Kaliningrad
	Republic of Karelia	Petrozavodsk
	Komi Republic	Syktvykar
	Leningrad Oblast	Saint Petersburg
	Murmansk Oblast	Murmansk
	Nenets Autonomous Okrug	Naryan-Mar
	Novgorod Oblast	Veliky Novgorod
	Pskov Oblast	Pskov
	Saint Petersburg	Saint Petersburg
Central Federal District	Belgorod Oblast	Belgorod
	Bryansk Oblast	Bryansk
	Vladimir Oblast	Vladimir
	Voronezh Oblast	Voronezh
	Ivanovo Oblast	Ivanovo
	Kaluga Oblast	Kaluga
	Kostroma Oblast	Kostroma
	Kursk Oblast	Kursk
	Lipetsk Oblast	Lipetsk
	Moscow	Moscow
	Moscow Oblast	- None -
	Oryol Oblast	Oryol
	Ryazan Oblast	Ryazan
	Smolensk Oblast	Smolensk
	Tambov Oblast	Tambov
	Tver Oblast	Tver
Tula Oblast	Tula	
Yaroslavl Oblast	Yaroslavl	
Southern Federal District	Republic of Adygea	Maykop
	Astrakhan Oblast	Astrakhan
	Republic of Kalmykia	Elista
	Krasnodar Krai	Krasnodar
	Rostov Oblast	Rostov-on-Don
	Volgograd Oblast	Volgograd
North Caucasus Federal District	Republic of Dagestan	Makhachkala
	Republic of Ingushetia	Magas
	Kabardino-Balkarian Republic	Nalchik
	Karachay-Cherkess Republic	Cherkessk
	Republic of North Ossetia-Alania	Vladikavkaz
	Stavropol Krai	Stavropol
	Chechen Republic	Grozny
Volga Federal District	Republic of Bashkortostan	Ufa
	Kirov Oblast	Kirov
	Mari El Republic	Yoshkar-Ola
	Republic of Mordovia	Saransk
	Nizhny Novgorod Oblast	Nizhny Novgorod
	Orenburg Oblast	Orenburg
	Penza Oblast	Penza
	Perm Krai	Perm
	Samara Oblast	Samara
Saratov Oblast	Saratov	

Federal District	Federal Subject	Capital/Administrative centre
	Republic of Tatarstan	Kazan
	Udmurt Republic	Izhevsk
	Ulyanovsk Oblast	Ulyanovsk
	Chuvash Republic	Cheboksary
Urals Federal District	Kurgan Oblast	Kurgan
	Sverdlovsk Oblast	Yekaterinburg
	Tyumen Oblast	Tyumen
	Khanty-Mansi Autonomous Okrug	Khanty-Mansiysk
	Chelyabinsk Oblast	Chelyabinsk
	Yamalo-Nenets Autonomous Okrug	Salekhard
Siberian Federal District	Altai Republic	Gorno-Altaysk
	Altai Krai	Barnaul
	Irkutsk Oblast	Irkutsk
	Kemerovo Oblast	Kemerovo
	Krasnoyarsk Krai	Krasnoyarsk
	Novosibirsk Oblast	Novosibirsk
	Omsk Oblast	Omsk
	Tomsk Oblast	Tomsk
	Tuva Republic	Kyzyl
	Republic of Khakassia	Abakan
Far East Federal District	Amur Oblast	Blagoveshchensk
	Republic of Buryatia	Ulan-Ude
	Jewish Autonomous Oblast	Birobidzhan
	Zabaykalsky Krai	Chita
	Kamchatka Krai	Petropavlovsk-Kamchatsky
	Magadan Oblast	Magadan
	Primorsky Krai	Vladivostok
	Sakha Republic	Yakutsk
	Sakhalin Oblast	Yuzhno-Sakhalinsk
	Khabarovsk Krai	Khabarovsk
Chukotka Autonomous Okrug	Anadyr	

Source: Agra CEAS based on various

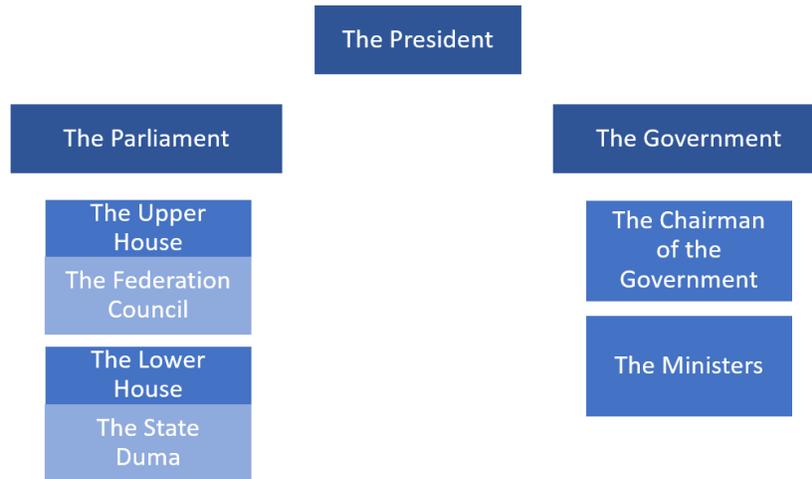
The Russian Federation is a Federal State with a republican government style.⁴ The power over the state is held by the President, the Parliament (The Federal Council and the State Duma), the government and the courts. The president is at the top of the system and has most of the power. The government has executive power and is made up by the Chairman of the Government and the Ministers. The president of Russia elects the Chairman of the Government, who needs to be approved by the Duma; and also elects the ministers, who have to be approved by the Chairman. The Parliament, or Federal Assembly, consists of an Upper House, which is the Federation Council and a Lower House, which is the Duma. The Parliament has legislative power.⁵ An overview of the political structure in Russia is outlined in Figure 2-5 below.

⁴ Political Structure of Russia: <https://country.eiu.com/article.aspx?articleid=809909664&Country=Russia&topic=Summary&subtopic=Political+structure>

⁵ A short guide to the Russian political system: <http://www.rogerdarlington.me.uk/Russianpoliticalsystem.html>

The current head of state is Vladimir Putin, who was re-elected as president in 2018. The next presidential election will take place in 2024. The main parties in Russia are the following: United Russia, Communist Party of the Russian Federation (CPRF), Just Russia, and Liberal Democratic Party of Russia (LDPR).⁶

Figure 2-5: Overview of the political structure of Russia



Source: Agra CEAS based on various

2.2.2 Snapshots of important markets

Russia, the largest country in the world by land mass, has 16 cities with a population of over one million. The five largest cities are by far Moscow and St. Petersburg, followed by Novosibirsk, Yekaterinburg and Nizhny Novgorod.⁷ All of these cities are located on or close to the European continent. None of the largest five cities are located in middle to Eastern parts of Russia on the Asian continent.

Around ¾ of Russia’s population lives in urban areas. More specifically, around 1/4 of the country’s population lives in cities and close to half of this lives in Moscow and St. Petersburg. Russia’s big 16 cities with over one million inhabitants account for around 1/3rd of the country’s GDP. However, there is a big divide between the richest of these big cities, and the rest. Moscow and St. Petersburg alone produce around 70% of all the GDP which is generated by these 16 cities. The nominal GDP per capita of Moscow is twice as high as the one of the richest regional cities with more than one million inhabitants such as Yekaterinburg, and more than three times higher than that of the poorest cities with a population of over one million inhabitants such as Omsk. While the wages are about 1/3 smaller in the regional big cities compared to Moscow, the living standards in all of these regional cities is similar.⁸ Russia’s three largest cities, Moscow, St. Petersburg and Yekaterinburg have the highest number of retail chains. Moscow is the clear

⁶ Political Structure of Russia: <https://country.eiu.com/article.aspx?articleid=809909664&Country=Russia&topic=Summary&subtopic=Political+structure>

⁷ Significant economic differences across Russia’s cities with populations of more than one million https://www.bofit.fi/en/monitoring/weekly/2019/vw201930_3/

⁸ Significant economic differences across Russia’s cities with populations of more than one million https://www.bofit.fi/en/monitoring/weekly/2019/vw201930_3/

winner when it comes to the presence of luxury retailers as well, followed by St. Petersburg, Yekaterinburg and Nizhny Novgorod.⁹

Russia is a country with strong traditional roots but has a wide variety of consumption habits. The large size of the country and its different ethnicities made it develop in different ways. Taking into account the information above including the market size and the extent to which European agri-food products might be of interest at present, five cities are considered to be Russia's key markets for EU agri-food exporters and will be presented in more detail below. These are Moscow, St. Petersburg, Novosibirsk, Yekaterinburg and Nizhny Novgorod.

Figure 2-6: Location of focus markets



Source: Agra CEAS

⁹ Sources: JLL ranks the most attractive Russian cities for retailers in exclusive MAPIC report: <https://europe-re.com/jll-ranks-the-most-attractive-russian-cities-for-retailers-in-exclusive-mapic-report/61450>;

Moscow



Key facts:

Total GDP (2019, estimated): EUR 250 billion

Population: 12.5m (capital region); 20m (Metro)

Moscow (Moskova in Russian) is often seen as the heart of the country. The city first was mentioned back in 1147 and ever since played an important role. Besides being the capital city of Russia, it also has the most inhabitants and is the cultural, scientific, educational, religious, and industrial centre. It is located in the western part of the country, around 650km southeast of St. Petersburg and close to 500km east of the border of Belarus. The population of Moscow is mainly ethnically Russian, but also some minority groups such as Belarusians, Ukrainians, Armenians, etc. can be found.

Moscow with its large economy accounts for slightly more than 1/5th of the country's GDP, it is the federal subject with the lowest unemployment rate and has one of the highest densities of billionaires. Due to its high level of income, architecture and infrastructure, the city ranked first in the JLL Russia Retailer Presence Index and it has the biggest presence of international brands in Russia, which makes it a great place for both retailers and exporters of foreign goods to first enter the Russian market.

Even though most traditional industries declined, some new manufacturing-related ones expanded and modernized. Moscow is the Russian front-runner when it comes to foreign investment in the food processing industry. This industry occupies around 1/4th of the city's industrial labour force. Many American food-processing giants established processing plants in Moscow, yet Moscow's most well-known company is 'Kristall Distillery', which produces the famous Stolichnaya and various other brands of vodka.

Foodwise Moscow is a very diverse city. Many different types of restaurants can be found from traditional soviet themed canteens to fashionable high-end restaurants. Traditional Russian food found in the city includes *Pelmeni*, Moscow style *borscht* and *Blini*. The city also has several food markets. Its biggest one, which is called 'Depo', opened in 2019 and offers a variety of fresh ingredients and food from all over the world.

Sources: JLL ranks the most attractive Russian cities for retailers in exclusive MAPIC report: <https://europe-re.com/jll-ranks-the-most-attractive-russian-cities-for-retailers-in-exclusive-mapic-report/61450>; Moscow national capital, Russia <https://www.britannica.com/place/Moscow/The-Kremlin>; Moscow Food & Drink Guide: 10 Things to Try in Moscow, Russia <https://worldoffoodanddrink.worldtravelguide.net/moscow-food-drink-guide-10-things-to-try-in-moscow-russia/>; Moscow's largest food market serves up world cuisine and traditional Russian delicacies <https://www.lonelyplanet.com/articles/moscow-food-market-depo-largest>; People of Moscow <https://www.britannica.com/place/Moscow/People>

St. Petersburg



Key facts:

Total GDP (2019, estimated): *EUR 57 billion*

Population: *5.4 million*

St. Petersburg (previously Petrograd and Leningrad) is Russia’s second most populous city after Moscow, the biggest city on the Baltic Sea and the world’s most northern city with more than one million inhabitants. Most inhabitants are ethnically Russian with some minorities including Polish, Baltic and German communities. The city is situated about 650km northwest of Moscow and around 7 degrees south of the Arctic Circle. St. Petersburg was founded by Tsar Peter I, who called it ‘the window on Europe’ and it is viewed by many Russians to be the unofficial cultural capital and the most European city in the country.

When it comes to industrial output St. Petersburg ranks second after Moscow as well. Due to its strategic location at the coast, the city has been and still is an important trade gateway. Over the years St. Petersburg has developed into one of the major industrial centres on the European continent. A vast number of enterprises mainly from different engineering sectors such as electronic, mechanic and power engineering but also ship building can be found in the city. However, the food processing industry is important as well, in particular, the bakery and confectionery goods industry including products from companies such as Fazer; the beverage industry with including beer production plants from Baltika, Russia’s biggest beer producer as well as Heineken, Coca Cola and Pepsi; the dairy production industry; and the flour and cereals industry.

Due to the long and culturally rich history of St. Petersburg, the city’s cuisine has been influenced by different cultures including German, French, Swedish and Finnish culture. As a result, many Russian restaurants serving classing dishes such as stroganoff, borscht or cabbage stew can be found everywhere in the city but there is also a large number of more contemporary restaurants with different cooking styles available. Nevsky Prospekt is known to be one of the most interesting culinary hotspots in the city where people can find everything from local markets to luxurious eateries. Food prices in St. Petersburg are generally cheaper than in Moscow. The city’s grocery markets have a long tradition and history, and even though supermarket chains gain popularity, they remain one of the pest places to purchase fresh produce particularly in downtown St. Petersburg.

Sources: St. Petersburg <https://www.britannica.com/place/St-Petersburg-Russia>; What to Eat in St. Petersburg https://travel.usnews.com/St_Petersburg_Russia/dining/; City Markets in St. Petersburg <http://www.saint-petersburg.com/shopping/city-markets/>; Cultural capital <https://etu.ru/en/why-us/cultural-capital/>; 7 Traditional Dishes

You Must Try in St Petersburg <https://theculturetrip.com/europe/russia/articles/7-traditional-dishes-you-must-try-in-st-petersburg/>; <https://tass.ru/ekonomika/10728039>

Novosibirsk (city/metro)



Key facts:

Total GDP (2019, estimated): EUR 11 billion (estimated)

Population: 1.4m (city); 1.8 m (Metro)

Novosibirsk is the third biggest Russian city and known as the cultural centre of Siberia and the Asian part of Russia. The city is almost 3 200km away from Moscow. It was founded fairly recently in 1893 as a place to live for builders working on a railway bridge, which was motivated by the construction of the Trans-Siberian Railway. Within about 70 years of existence, Novosibirsk reached 1 million inhabitants. This might have been partly due to the city's good location amidst many recreational areas such as forest areas, the Ob river, lakes and other small rivers. Moreover, Novosibirsk is located at an intersection of important transportation corridors between different regions in Russia. The largest ethnic groups found in Novosibirsk include ethnic Russians, Yakuts and Germans. The climate is continental with an average temperature of +0.2°Celsius.

The main industries in Novosibirsk are the aircraft industry, nuclear industry, engineering industry and metal working. The city is the world's number one supplier of nuclear fuel. Each year, around 80 000 foreign people come to Novosibirsk to do business. Even though food processing is not a major industry in Novosibirsk there are numerous agri-food related trade shows that take place in the city.

Siberia is a very free and abundant region with unique traditional cuisine. Siberian cuisine started as a mixture of European and aboriginal dishes. Meat remains one of the main ingredients of Siberian cuisine as well as dairy products and other locally produced products. Fishing and hunting are probably the oldest hobbies people enjoy up to today, which is why local food in Novosibirsk often includes dishes with wild meat such as bear or fish and taiga herbs, mushrooms and wild berries. Nevertheless, besides traditional cuisine, a lot of other different cuisines can be found in Novosibirsk such as in Japanese, Chinese or American style restaurants.

Sources: Official Website of the city of Novosibirsk <https://english.novo-sibirsk.ru/>; Novosibirsk <https://www.britannica.com/place/Novosibirsk-Russia>; Novosibirsk, Russia <https://www.minneapolis.org/about-us/sister-cities/novosibirsk-russia/>; Novosibirsk <https://www.daejeon.go.kr/dre/DreContentsHtmlView.do?menuSeq=2769>; 10 dishes that you can taste only in Siberia <https://www.rbth.com/russian-kitchen/327739-10-dishes-taste-siberia>; Russia on a Plate: Siberian, Kuban and Cisural Cuisine <https://www.discover-cee.com/russia-on-a-plate-siberian-kuban-and-cisural-cuisine/>

Yekaterinburg



Key facts:

Total GDP (2019, estimated): EUR 19 billion

Population: 1.4 m (city)

Yekaterinburg is the capital city of the Urals region and the fourth most populous city in Russia. It is situated in the centre of the Eurasian continent, right in the middle between Europe and Asia on the Iset river between the Volga-Ural area and Siberia about 1 600km east of Moscow.

The city is a significant railway junction with lines going to all different parts of Russia. Yekaterinburg is the cultural centre of the Urals, has various higher education institutions and is an important sports centre in the country with more than 1 700 sporting facilities. The city is one of the most important industrial and cultural centres of Russia and sometimes is even referred to as the “third capital of Russia”.

Yekaterinburg developed into a big industrial centre, in particular for heavy engineering. Some of the main products produced include turbines, chemical machinery, diesel and ball bearings. Light industries, including food processing, are an important source of income for the town as well. A lot of companies buy foreign equipment to elevate food production.

Like it is the case for most bigger cities, there are a lot of different style restaurants and cuisines in Yekaterinburg. The traditional Urals cuisine is close to Russian cuisine, but recipes have a specific “Urals twist” to them.

Sources: Yekaterinburg <https://studyinrussia.ru/en/life-in-russia/discover-russia/towns/yekaterinburg/>; Yekaterinburg <https://www.britannica.com/place/Yekaterinburg>; 7 Traditional Ural Dishes You Must Try <https://theculturetrip.com/europe/russia/articles/7-traditional-ural-dishes-you-must-try/>

Nizhny Novgorod



Key facts:

Total GDP (2019, estimated): EUR 10 billion

Population: 1.2 m (city)

Nizhny Novgorod, or “Lower New called” how it would translate into English is situated on the European continent; about 400km away from Moscow and around 900km from St. Petersburg in the confluence of the rivers Oka and Volga. The humid continental climate comes with moderately warm summers and cold winters. The capital city Moscow is reachable with an express train in 4 hours.

The city came to be already in 1221 and it is one of the oldest cities of handicrafts and trade in the whole country. Its good geographic location as well as its important port guaranteed its importance and helped the city to develop into a political, commercial and industrial centre of the East- European Plain Russia. Nizhny Novgorod also is a trade and distribution hub with easy access to many other areas of the European part of Russia.

The retail sector of Nizhny Novgorod was the 9th largest in Russia in 2019 with a revenue of more than EUR 7bn. Goods and services accounted for a big portion of this revenue as well as foodstuffs and drinks. People in the city spent around EUR 386m in cafes and restaurants in 2018. Food brands from the EU are highly respected and demanded.

The typical cuisine is similar to the one in other close-by regions in Russia, however, a lot of common western foods can be found in the city as well.

Sources: Nizhny Novgorod, Study in Russia, available at <https://studyinrussia.ru/en/life-in-russia/discover-russia/towns/nizhny-novgorod/>, Nizhny Novgorod travel guide, Russian national tourist office, available at <https://www.visitrussia.org.uk/destinations/volga-region/nizhny-novgorod/>

2.3 Domestic agricultural production and regions

Agricultural production in Russia was heavily impacted by the fall of the Soviet Union which resulted in a decline in total production as state-run farms could no longer rely on state-guaranteed marketing and supply chains. In recent years agriculture has rebounded and today Russia is amongst one of the largest agricultural producers in the world, which will likely continue as climatic changes continues to make more areas of Russia arable. As Russia is the world’s largest country, there exists a number of different biomes and climates which influence the agri-good products that can be produced in a specific district. A breakdown of agricultural production

by district is explained below. Each region explained represents a federal district of Russia (of which there are eight – see Figure 2-4).

North Western Russia

North Western Russia incorporates the cities of Saint Petersburg, Kaliningrad and Murmansk and includes the surrounding areas relative to these two cities. This district of Russia is less cold in the winter which allows for a further expansion in the production of crops such as potatoes and onions which are commonly produced in the district. The republic of Karelia along the border with Finland is the largest producing district with pork, potatoes and vegetables being common in this area. This north western district has been identified as a key one and the Russian government wants to expand agricultural development which has led to a growth in output from this district in recent years.

Central Russia

Central Russia incorporates the city of Moscow and is named as such due to its significance as the economic and political centre of the Russian state. This district is known for its production of sugar beet and potatoes with the district being amongst the largest for potato production. The most important city for potato production is Lipetsk. In recent years central Russia has expanded its production of corn, meat and sunflower seeds and benefits from hosting the core population of Russia combined with more favourable climatic conditions when compared to other districts of the country.

Southern Russia

The southern federal district plays a key role in Russia's pursuit of achieving food security as the district is a key producer of agri-good products such as grain, oilseeds, cereals and vegetables. Overall, the district is also one of the largest agri-good exporting districts in Russia. Cattle and poultry production has been growing substantially in recent years as this district experiences hot summers

North Caucasus district

This district is the smallest in Russia being focused within the Caucasus mountain range. The district top exports are cereal crops which have been identified as a key growth area within the agricultural sector of the district. Due to its increased elevation and mountainous topography, it is especially difficult to develop a modern agricultural industry within this district. However, the production of poultry and cattle has grown in recent years. The need to import food from outside of the district has resulted in increased development of production within the district in order to help achieve more food security. Most notably, food and beverages which have been expanded in production in this district include meat, milk and vegetables. This district does account however for 45% of grapes, 10% of grain and 5% of sugar beet produced in Russia.¹⁰

Volga district

The Volga district is a large producer of wheat in Russia and produced about 77 million tonnes of the product in 2020. The Volga district incorporates the cities of Kazan and Nizhny Novgorod and is an increasingly important economic centre of Russia. Warmer winters in recent years have allowed for prolonged agricultural production in the district well into the winter with the products of grain, pumpkin and apples being produced.

¹⁰ Vestnik Kavkaza ,The strategy of social-economic development of the north Caucasus federal district until 2025, available at <https://vestnikkavkaza.net/analysis/society/6671.html>

Ural District

The Ural district incorporates a large segment of central Russia and the city of Yekaterinburg. Greenhouse farming is a common practice in this district with grain, livestock, sunflower, cattle and poultry also being commonly produced in the district. Many farms within this district are located in the south of the district due to a favourable climate and topography.

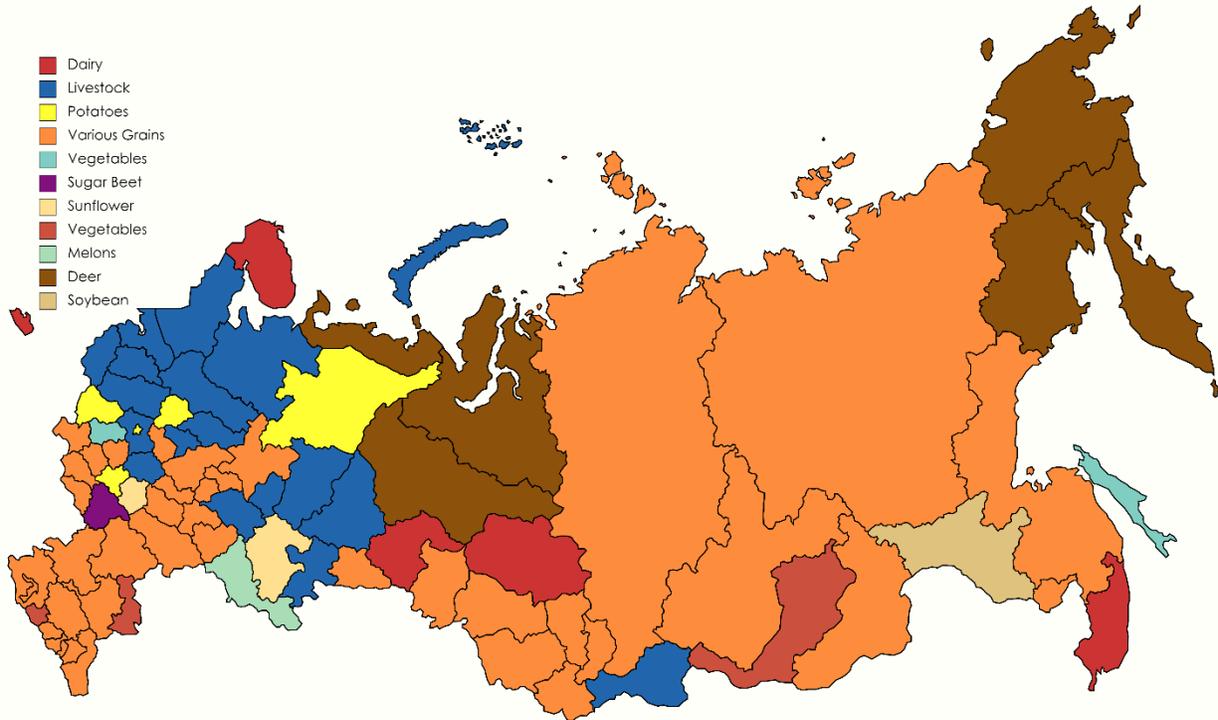
Siberian District

This district is very large and alone would be the 7th largest country by land area in the world. Despite this, it has a population of just 17 million with Novosibirsk, Omsk and Krasnoyarsk being among the bigger cities in the district. This district in particular suffered a large decline in production followed by the collapse of the Soviet Union to many programs being placed which enticed citizens located in the west to set up a farm in Siberia coming to an end. Warmer winters have allowed for a rebound in production and Siberia is often cited as an emerging agricultural powerhouse district as more of its land area will probably become arable in the future. Currently, the district larger agriculturally produced products include grain, vegetables and smaller amounts of cattle and livestock.

Russian Far East District

This district is both the largest federal district of Russia and least populated with a population of just 8.3 million, with Vladivostok being the largest city in the district. A lower population combined with a difficult climate compared to the rest of Russia has made it difficult for large-scale agricultural development to take place in this district with many factories located there only emerging in recent years as a result of government backing. The district produces small amounts of potatoes, livestock and vegetables with fishing also being an important industry around the city of Vladivostok. The northeast of this district is relatively unpopulated which has made any agricultural activity there negligible.

Figure 2-7 Agricultural products commonly associated with the oblasts and republics of Russia



Source: Agra CEAS based on various sources

3 Introduction to the food and beverage market and consumers

3.1 Overview of the food and beverage market and demand for imported products

3.1.1 F&B market summary

As noted in section 2.3 Russia experiences many extremes in relation to climate, with a large portion of the country experiencing heavy snowfall for long periods of the year which limits year-round agricultural development in regions such as Siberia. A large portion of Russia's arable land is located towards the west of the country with roughly 7-8% of the country's total land area being considered arable which translates to 121 million hectares – making it the country with the world's 3rd largest arable area behind the US and India but ahead of China. Climate change is impacting the capacity of Russia's agricultural development with fewer areas receiving significant snowfall in the winter months allowing for the country to expand agricultural development further into the interior of the country. Self-sufficiency in food production has grown to become a priority for the government, aided by wider trade sanctions from abroad. In 2020, domestically-produced food accounted for 80% of food retail sales in the country which is an expansion from the 60% figure in 2014¹¹. Russia is a large producer of:

- **Wheat:** Third highest producer in the world with 72 million tonnes.
- **Sugar beet:** Largest in the world with 42 million tonnes.
- **Barley:** The world's largest producer with 17 million tonnes.
- **Oats:** The world's largest producer with 4.7 million tonnes.
- **Sunflower seed:** The world's second-largest producer with 12.7 million tonnes.

Russia is also a large producer of rye, cabbage, tomatoes, carrots, pumpkins, cherries, lentils, and soy.¹²

3.1.2 International trade in F&B

Russian trade in food and beverage has changed rapidly in recent decades, a consequence of the end of the Soviet Union. Many farms which relied on state subsidies were forced to close which led to Russia becoming a net importer of many food and beverage products. This situation has changed in recent years and agricultural production in the country has rebounded to a point where the country is now a net exporter of food and beverage products. The country is one of the largest exporters of grain in the world. Trade between the EU and Russia in relation to food and beverage products was heavily influenced by wider political events surrounding Ukraine and subsequent international sanctions. Products from the EU currently banned in Russia include

¹² Article: Russian food self-sufficiency program is succeeding, IHS Markit, available at <https://ihsmarkit.com/research-analysis/russian-food-selfsufficiency-programme-is-succeeding.html>

most meat and dairy products, vegetable and fruits as well as fish and crustaceans. Prior to 2013, EU exports to Russia amounted to a value of EUR 11.8 billion which made the country the second most important destination for EU agri-food exports after the US.¹³ Trade of agriculture and raw mineral came to a value of EUR 4.3 billion or 4.5% of all trade.

Figure 3-1: Structure of EU-27 (i.e., exc. the UK) agri-food trade with Russia, 2010 to 2020

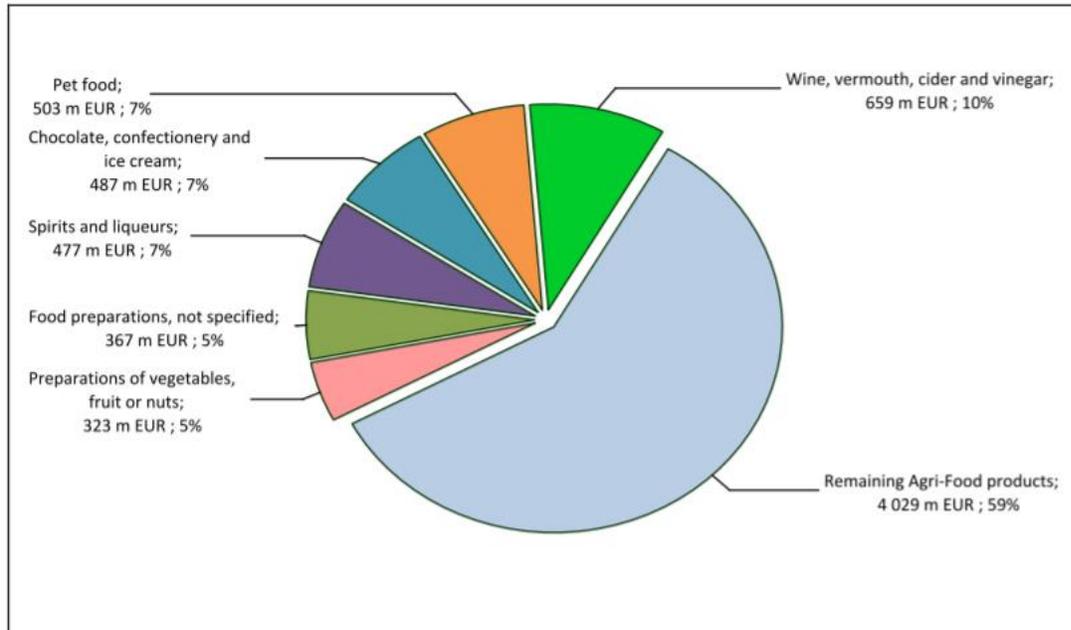


Source: European Commission: agri-food trade statistical factsheet, European Union – Russia. Based on Eurostat-COMEXT data.

Wine, vermouth and cider is the largest EU agri-food group exported to Russia with the category having a total trade value of EUR 659 million, which accounts for 10% of total EU agri-food exports to Russia. Pet food sales amounted to EUR 503 million which accounts for 7.3% of all EU agri-food exports to Russia, followed by chocolate and confectionary with a value of EUR 487 million or 7.1% of the EU agri-food exports to Russia. Spirits and liquors are another key product category exported from the EU with a value of EUR 477 million (7% of all EU agri-food exports to Russia). The fastest growing agri product sent from the EU to Russia in 2020 was cereals other than wheat; and rice which grew its total exports by 50% between 2016-2020. Total exports of meats and dairy products have practically stopped since 2014, resulting in the products falling in importance in relation to total exports within this period.

¹³ The Russian ban on agricultural products, The European Parliament, Available at [https://www.europarl.europa.eu/RegData/etudes/BRIE/2016/581971/EPRS_BRI\(2016\)581971_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2016/581971/EPRS_BRI(2016)581971_EN.pdf)

Figure 3-2: Top EU-27 agri-food exports to Russia in 2020



Source: European Commission: agri-food trade statistical factsheet, European Union – Russia. Based on Eurostat-COMEXT data

3.1.3 The market for imported F&B

Russian imports from the EU, in particular, have been impacted by political sanctions, which means almost all dairy, fresh meat as well as fresh fruit and vegetable products cannot be sent to the country. Against the background of these restrictions, the following products stand out as opportunity products in the market.

Alcohol products.

Wine and spirits are amongst the most exported agri products from the EU to Russia, with beer also being of importance. Many EU producers in the country operate under an import substitution policy, where producers shift production to Russia in order to comply with local regulations. Examples of this include the Carlsberg's Baltika label with production being largely focused in St Petersburg.

Pet food

Pet food exports from the EU are one of the few products witnessing a growth in exports in recent years to Russia. This product is volatile however and subject to random and quick restrictions on grounds of GMO presence (see section 4.3.4).

Chocolate and confectionary

Exports remain high, with a value of EUR 487 million. Many consumers will associate these products as luxury products and travellers from Russia to the EU will often bring them back as gifts. The products remain available to trade; however, threats of a ban have been made before, including in 2015 when a ban was discussed on the importation of chocolate from France and

Belgium. Ultimately, this was not implemented. Due to the current openness of the trade of chocolate between the EU and Russia, it stands out as a key opportunity area.

Against the background above, some high-quality European goods such as chocolate and confectionery as well as spirits are also popular amongst certain Russian consumers. In particular, amongst those who live in urban centres, near the EU border with the Baltic states and Finland and those who frequently travel between the EU and Russia.

3.2 Growth Drivers and Trends

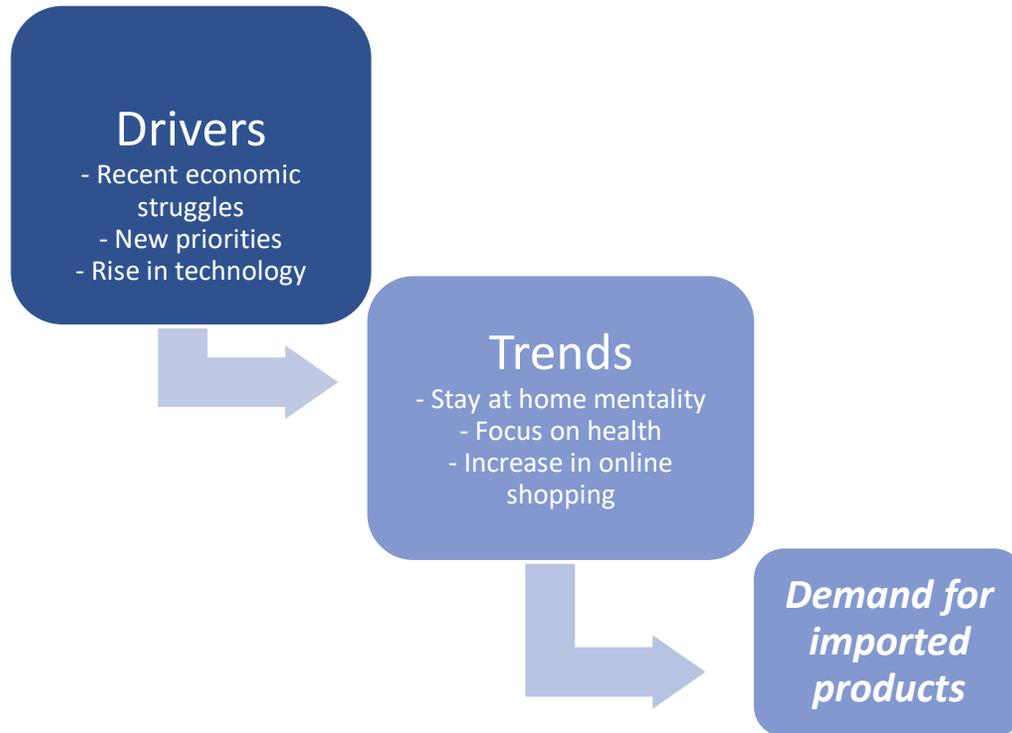
The key factors affecting the food and beverage market in Russia are:

- **Recent economic struggles due to Covid-19:** The impacts of the Covid-19 pandemic are visible all over the world. Since the pandemic started, the Russian economy started to decline in general, which resulted in people being made unemployed and thus the jobless numbers increased. Now, more people than pre-Covid-19 are close to falling into poverty than before. Overall incomes declined as well since the start of the pandemic, health issues including psychological and emotional wellbeing are increasingly seen within the population. The pandemic forced Russians to change certain structures and behaviours. However, the big wealthy cities in Russia, including Moscow and St. Petersburg, are not as much economically affected by the pandemic due to their strong local economies.¹⁴
- **New priorities:** Over time and further accentuated by the pandemic, the priorities of the Russian population have changed. Well-being, family, spending time at home and living according to one's values all became new priorities that drive trends. Russians are now less likely to dine out or to order food online than the global average. This trend has of course been boosted by the pandemic, since about 1/5th of restaurants, bars, etc. closed. Home cooking - which was already very common – has become even more frequent as a result of the pandemic. Indeed, most Russians agree that home-cooked meals are as good as restaurant food. . Moreover, Russians increasingly pay attention to the nutritional value of the food they eat, as well as to where it comes from and what the social impacts might be. They want their food to be in line with their personal values. Over 1/10 of Russian millennials have already switched to a flexitarian diet.
- **Rise in technology:** Also partly boosted by the pandemic over 2/5th of Russia's population is ready to use new technologies. People gained more trust and generally feel more comfortable using technologies. Close to 4/5th of people even say they would be lost without the internet. This number is far above the global average and thus depicts a strong internet dependency in Russia. Already before the pandemic, consumers increasingly used quicker payment options such as contactless payments.¹⁵

¹⁴ Impact of Covid-19 on poverty in Russia <https://borgenproject.org/impact-of-covid-19-on-poverty-in-russia/>

¹⁵ Euromonitor International: Economies and Consumers, 2021

Figure 3-3: Growth drivers and trends – the Russian food and beverage market



Source: Agra CEAS based on European Commission agri-food factsheet; Euromonitor International, and various (see footnotes).

In terms of current trends, the following stand out:

- **Increase in online shopping:** online shopping was already gaining in popularity before the pandemic, but it has subsequently received a further substantial boost. When restaurants, shopping centres and retail outlets were closed during the pandemic and consumers increasingly spent time at home, they were obliged to adapt to online shopping. Due to local pick-up points, online shopping is also possible in most rural areas in Russia. In addition to having to use it because of the absence of other options during parts of the pandemic, consumers have begun to prefer online shopping because they can find better prices, it is very convenient, and shipping is often free as well. Furthermore, people overall spend increasingly more time on social media channels, where products are often advertised, exposing them both to digital advertising and purchase channels. About half of the Russian population enjoys shopping in their free time and go shopping online or in-store at least once a week. For the reasons outlined above these consumers will more likely choose online shopping channels over in-store experiences.
- **Focus on health:** Already before the pandemic, consumers had started to focus more on their personal health. Prior to the outbreak of Covid-19 more than 3/5th of the Russian population reported that they pay attention to ingredients in food and beverages and usually opt for healthier options. This trend has been partly fostered by currently high obesity rates in the country, with over 30% of men and more than 20% of women being obese due to diets high in sodium and saturated fats. The Coronavirus as a new health threat pushed many more Russians to pay more attention to their personal life, with many

people now even tracking their fitness and health with different devices and paying increasing attention to what they eat.

- **Stay at home mentality:** Russians have always been family-oriented and think that spending time with their family, friends, children and partners is highly important. Since the pandemic, this value even became more important to many and it became easier to spend more time with close family members indulging the partner and children who likely live under the same roof due to the new stay-at-home mentality. The pandemic also boosted co-living since people preferred not to be alone at home all the time. Those people who remained alone at home are now more likely to get pets to combat the feeling of loneliness due to spending increasingly more time at home by themselves. Russians have progressively adopted more activities they are able to do from home that give them joy such as baking and cooking, with corresponding impacts on the market for food and beverage products.¹⁶

3.3 Consumer profiles and preferences

3.3.1 Consumer profiles

Certain aspects of the Russian population that were touched upon in sections 2.1 and 2.2 are worth bearing in mind when considering Russian consumers. Most notably:

- **Ethnicity and religion.** It is important to keep in mind that close to 3/4 of Russia's inhabitants are Russian Orthodox. Only about 15% of people living in the country do not follow any faith. The remaining people mainly identify with Islam or other Christian faiths. The Russian Orthodox religion has notable impacts on the consumption of food products during the lent period.

Most Russian people are ethnically Slavic of some description and thus so are the majority of Russian Orthodox followers in Russia. Other non-Slavic groups who follow this faith are for example the Komi, Chuvash, Armenians and Georgians. Russia is well known for its interesting culture and many folklore and traditional customs, which distinguishes Russia's inhabitants from other people around the world. Close to 200 different ethnic groups can be found in the country with different groups having their own traditions. Family is highly important to most Russians, which means that they have honestly good relationships across generations and ages.¹⁷

- **Urban and rural divide.** Around 3/4 of Russia's population resides in urban areas and only about 1/4 lives in the countryside. In the foreseeable future, even more, people will likely move away from rural areas into cities, partly because of better economies and thus better job opportunities in cities. There is a notable divide among Urban areas; the 16 biggest cities with more than one million inhabitants make up about one-third of Russia's total GDP even though they only account for one-fourth of the country's population. Living standards tend to be higher in particular in Moscow and St. Petersburg due to higher incomes and less unemployment.¹⁸ Moreover, the biggest three Russian cities Moscow,

¹⁶ Euromonitor International: Economies and Consumers, 2021

¹⁷Religion of Russia <https://www.mouzenidis.com/en-us/russia/article/religion-and-traditions>

¹⁸ Significant economic differences across Russia's cities with populations of more than one million https://www.bofit.fi/en/monitoring/weekly/2019/vw201930_3/

St. Petersburg and Yekaterinburg have the highest amount of retail chains and luxury retailers.¹⁹ Overall, there is a stronger concentration of wealthier consumers in a few large cities.

- **Increasing Age.** Even though Russia's population is forecast to decrease, the median age is forecast to increase from over 39 years in 2019 to around 43 years in 2030. Due to small birth rates, in particular, the generation that is older than 60 years will get bigger and thus grow in importance. Another result of the aging population is an increasingly declining available workforce in Russia over the years.²⁰

Against the considerations set out above, notable overarching consumer types in Russia are set out below. It is important to note that, while these overarching types have relevance across the country to some extent, the various aforementioned nuances must be taken into account given that in such a diverse country, the relevance of universal consumer types is limited:

- **The cautious consumer:** This consumer type likes to plan their purchases and is unlikely to purchase products that are not on their original list. The cautious consumer does like to research ingredients or the quality and life length of products before purchasing them. On the one hand, they are price conscious and try to find cheap offers, but on the other hand, they often care about sustainability and the future of the planet and thus are happy to pay more for sustainable, good-quality products with a long life expectancy. They enjoy promotions and special offers, however, they are unlikely to purchase unessential items or to follow trends and are not loyal to certain brands. On balance, these consumers are more commonly found in rural areas and more likely to have lower incomes. Moreover, the older part of the population is more likely to contain cautious consumers more set in their shopping habits. The older generation often knows their likes and dislikes very well, which is why they keep purchasing the things they like and are not interested in trying something new as much as others.
- **The ambitious consumer.** Some of the main purchase criteria of the ambitious consumer are brands, quality, lifestyle and novelty. These consumers often prefer foreign more 'exotic' products over local products. EU products have a very good reputation in Russia and thus are often chosen by ambitious consumers to show off their lifestyle and prestige. Ambitious consumers stay up to date e.g. via social media, and always know about the newest trends. They enjoy the shopping experience and like to check out stores even if they do not plan to buy anything, in particular when the shopping experience is tailored to their specific interests and needs. The needs and interests of the ambitious consumer suggest that these are mainly higher income individuals who have the funds to splurge and purchase what they want regardless of the price. They are more likely to live in urban areas where they have access to many more goods than they would have in the countryside. The ambitious consumer is often middle aged as older people usually have more funds available, however, younger consumers tend to care much more about their image and new trends which is why even young lower income consumers can fall this category.
- **The convenient consumer:** Convenient consumers do not get excited by on-side shopping experiences, they rather look for the simplest ways to purchase products, and

¹⁹ Sources: JLL ranks the most attractive Russian cities for retailers in exclusive MAPIC report: <https://europe-re.com/jll-ranks-the-most-attractive-russian-cities-for-retailers-in-exclusive-mapic-report/61450>;

²⁰ Euromonitor International: Economies and Consumers, 2021

increasingly the most convenient way to purchase a product is via online platforms.²¹ These consumers include technology in all possible areas of their lives to make it simpler and often prefer online experiences over real-life ones. They are less likely than the ambitious consumer to invest in the latest trends, except these offer good value for money. However, they still are happy to try something new once in a while. Convenient consumers often focus on their short-term needs and low prices, however, will pay more for time-efficient customer service. As the convenient consumer uses online shopping a lot, people who fall in this category are usually very much on ease with using the internet. Today, most of the population is getting more and more at ease with using technology, however, the older generations tend struggle a bit more than younger ones making consumers up to middle-age the core of this category. As more possibilities for online shopping and convenience exist in urban centres, consumers are more likely to live in or around cities.²²

3.3.2 Cultural Sensitivities and Other Considerations

There are many interesting and important cultural sensitivities and other considerations that should be kept in mind when entering the Russian market. Those listed below are the ones which stand out as particularly important for exporters of food and beverage products.

Ethnicity and religion

Due to the sheer size of the country and its rich history, Russia developed into a diverse country. Today, close to 200 ethnic groups can be found in the country. Most of Russia's inhabitants are Slavic, however, some are Turkic or Mongol as well. The largest ethnic minority groups are Tatars, Ukrainians, Bashkirs, Chuvash and Chechens. People from these minority groups are often very close to their ethnic identity and cultural traditions and thus are likely to speak the language and follow the beliefs of their group. Some people feel closer to their ethnic identity than their Russian one.²³

Most Russians are affiliated with the Russian Orthodox church. There is a long (7 week) fasting period of lent under the Russian Orthodox religion prior to Easter, during which meat should not be consumed and alcohol refrained from; and while the extent to which this is observed does vary, impacts on aggregate demand for these products can be expected. Another big part of the Russian population considers themselves as spiritual but not religious and more than 1/10th is atheist, and a minority is undecided about their religious affiliation. Parts of the population have other beliefs and follow religions such as Islam, other variations of Christianity, native Slavic faiths, Buddhism, etc.²⁴

Gift giving

Understanding Russia's gift-giving culture is very important when operating in the country. In general, there are several safe options to choose from, however, for example, traditional gender roles still play an important role in Russia. When invited to a party or holiday celebration it is a

²¹ Russia: Reaching the consumer <https://santandertrade.com/en/portal/analyse-markets/russia/reaching-the-consumers>

²² Euromonitor International: Economies and Consumers, 2021.

²³ Core concepts <https://culturalatlas.sbs.com.au/russian-culture/russian-culture-core-concepts#russian-culture-core-concepts>

²⁴ Religion <https://culturalatlas.sbs.com.au/russian-culture/russian-culture-religion#russian-culture-religion>

good habit to bring gifts. Typical gifts for women include chocolates, flowers, good wines, perfumes and fashionable accessories such as scarves. On the contrary, typical gifts for men are good bottles of spirits such as Vodka or Cognac, or non-food items such as cuff links, ties or watches. Chocolates and flowers should generally not be gifted to men; and women should not get jewellery as it is seen to be something very personal. Russians are known to be good at assessing quality and authenticity, making these important criteria when choosing presents.

It is always polite to bring a gift for the host but on some occasions such as holiday celebrations, it is considered to be polite to bring a little something for everyone including kids. These gifts do not have to be expensive as it is just common courtesy. For example, it would be appropriate to bring some candy or small toys for kids.²⁵ As a general rule cheaper gifts are not expected to be wrapped in paper, however, more expensive gifts should be properly wrapped and include a gift card.²⁶

Overall, this gift-giving culture provides opportunities for some quality imported food and beverage products.

Festivals and holidays

Many of Russia's holidays and festivities celebrate the country's rich culture, history including political events and religion; and food and drink play an important role in many holidays. Different regions also often have their own holidays and unique festivals that fall in line with the unique religion, ethnicity or culture of the region. However, on a more national level, the following events are nationally celebrated in Russia.²⁷

- **New Year's Day** and New Year Holiday (January 1st to January 8th). New Year's is celebrated heavily in Russia and is one of the main winter events. Grandfather Frost, who is the Orthodox version of Santa Claus brings gifts in the morning of the 1st of January instead of Christmas day. The days between New Year and Orthodox Christmas (2nd to 6th) as well as the 8th of January are public holidays in Russia as well.
- **Russian Orthodox Christmas** (January 7th). Christmas and other religious occasions have been banned in Russia after the revolution in 1917. As most Russians are Russian Orthodox, they celebrate their Christmas and the birth of Jesus Christ on the 7th of January. For this occasion, families get together and go to church on Christmas Eve (6th of January) and have a special meal often including 12 different plates representing the 12 Apostles after the service. No presents are being exchanged on Orthodox Christmas. These meals often include traditional foods such as beetroot soup (*borscht*) dumplings (*pelmeni*), meat dishes, Sauerkraut, etc.²⁸
- **Defender of the Fatherland Day** (February 23rd). This day originally was introduced to celebrate veterans and other service personnel of the Russian Armed Forces. However, today it is mainly known as Men's Day, a day where men are celebrated.

²⁵ Best Gifts to Give at Russian Celebrations <https://www.tripsavvy.com/gift-giving-ideas-in-russia-1622428>

²⁶ Russian Gifting Etiquette <https://trulyexperiences.com/blog/russian-gifting-etiquette/>

²⁷ The best Russian festivals and celebrations <https://www.expatica.com/ru/lifestyle/holidays/russian-festivals-507821/>

²⁸ Orthodox Christmas Traditions Around The World <https://blog.giftbasketoverseas.com/christmas-gift-ideas-and-traditions/orthodox-christmas-traditions-around-the-world>

- **Tatyana’s Day** (January 25th). This day is also called ‘Students Day’ because St Tatyana is the patron of all Russian students. Students at nearly all Universities celebrate this day by having balls and choosing a Tatyana from amongst themselves.²⁹
- **International Women’s Day** (March 8th). This day is supposed to be a symbol of equality and celebrates the achievements of women. Russians do not have to work, and their workplaces often set up special Women’s Day celebrations. It is tradition to give gifts, in particular tulips, to one’s most important women.³⁰
- **Maslenitsa Festival** (7 weeks before Easter). This festival is a merger between the pagan tradition of celebrating the change of the seasons from winter to spring and the Christian tradition of feasting prior to lent. Each of the days offers different activities including, making and eating many pancakes (*blinis*), singing, sledging, visiting family, giving gifts, drinking vodka, etc. The last day of these festivities usually ends with a bonfire.
- **Easter** (date varies) Although technically this day is not off because it always is a Sunday anyway, Easter seems to be one of the most celebrated and beloved holidays in Russia. As Easter is the end of Lent Russians feast on this day. Easter cake (*kulich*) which is traditionally decorated with chocolate eggs or other treats is consumed in the evening.
- **Victory Day** (May 9th). Russia celebrates the end of the Second World war on this day with a lot of parades, incredible firework shows and by showing off the country’s military strength. Moscow’s Red Square turns into an open-air museum of military equipment including missiles and tanks, while military planes fly above it.
- **Russia Day** (June 12th). This holiday was established in 1992 to celebrate the Declaration of State Sovereignty of Russia, which marks Russia’s independence from the Soviet Union. Only about half of Russians actively celebrate this day, for the others it still marks a nice long weekend.
- **Ivan Kupala Night** (June 23rd – 24th). During this day, Russian people are celebrating the summer solstice which is related to John the Baptist. It is tradition for girls to wear flower or herb wreaths on their heads, which are later during the day decorated with burning candles and put in the water to float away. The wreath that floats away the furthers stands for good luck and the one where candles burn the longest for long life. Bonfires and fireworks are also part of ending this day.
- **National Unity Day** (November 4th). This public holiday is the newest edition and has been celebrated so far each year since 2005 and marks the official anniversary of the October Revolution in 1917.³¹
- **New Year’s Eve** (December 31st). Christmas was banned for many years in Russia, which is why the country developed their own traditions where they put up and decorate trees for New Year celebrations on the 31st of December. Russians spend this day with family and friends and enjoy feasts and the President’s New Year’s speech at midnight.

Important cultural symbols

Russia’s rich history, culture and uniqueness are represented by the different official and unofficial symbols of the country. Russia’s flag, the coat of arms as well as the national anthem are examples of official symbols. In addition to these, the country also has many unofficial symbols, which are cultural icons representing the nation. As Russia is the largest country in the world in

²⁹ The best Russian festivals and celebrations <https://www.expatica.com/ru/lifestyle/holidays/russian-festivals-507821/>

³⁰ 8 major holidays celebrated by Russians <https://www.rbth.com/lifestyle/329571-russia-major-holidays>

³¹ 8 major holidays celebrated by Russians <https://www.rbth.com/lifestyle/329571-russia-major-holidays>

land area, it also has a lot of regional symbols that are not listed here.³² Some of the symbols listed below can be found on product packaging in certain cases.

Russian Flag and Coat of Arms



The tricolour flag, which is made up of three equal-sized stripes in white, blue and red. White supposedly symbolizes nobility and frankness, blue stands for honesty and faithfulness, and red for love, courage and generosity. The Coat of Arms consists of two main parts. An eagle with two heads with three crowns above its heads symbolising the different Russian regions and the country's sovereignty. Furthermore, the eagle holds a sceptre and an orb in his claws depicting a strong and unified Russian state. In the centre of the Coat of Arms is a figure on a horse slaying a serpent, which represents the constant struggle between good and evil as well as protecting the motherland.

Since the beginning of the 20th century the colour red is mainly associated with communist ideology. During the revolution the red and white armies fought against each other in the civil war, in which the white army was associated with the regular Russian army. As a result, the colour white has since been used, in some contexts, as a synonym for things that are counterrevolutionary and hostile.



Matryoshka Dolls

'Russian nesting dolls' or Matryoshka dolls are very well-known Russian toys and one of the most popular souvenirs. Each set has about 5-30 different-sized dolls that can be placed inside each other. Most commonly these dolls are young women wearing the traditional national costume with a scarf. The biggest usually is a mother figure and thus showing the importance of mothers in the family taking care of the kids. It symbolises motherhood and fertility.



Pelmeni



This national dish is known and prepared all over Russia. It is a pastry dumpling filled with different ingredients such as minced meat, fish or mushrooms. The dough has many parallels to pasta. It can be eaten on its own or topped with melted butter or sour cream. Even though its origin is not clear, the dish is called the heart of Russian cuisine. Up until today, it remains one of the favourite dishes of Russians.

Russian Vodka

³² Symbols of Russia <https://symbolsage.com/famous-russian-symbols-meaning/>

Vodka has its origins in Russia and dates back to the 14th century. The spirit is composed of water, ethanol and different grains such as wheat or rye and has been related to Russia ever since its introduction. Historically, vodka was also used as a disinfectant and soft anaesthetic because of its high alcohol content. It is commonly drunk at special occasions including weddings, funerals, etc. Over the years, Vodka developed into an iconic drink that now is known all over the world.



The Russian Bear



The Russian bear was nearly chosen to be on the Coat of Arms instead of the two-headed eagle. Even though it did not make the cut, it is the national environmental symbol of Russia. It is native to Eurasia and symbolises power, endurance and strength.

The Siberian Fir

This tall and evergreen conifer is the national tree of Russia. It can get up to 35m tall, is resistant to the cold and shadow tolerant, which makes it perfect to survive low temperatures of up to -50°C. The tree is used for many different purposes e.g., its wood is used for the construction of furniture and the leaves are used to make essential oils. The Siberian Fir is a symbol of perseverance and determination. 95% of all Russian closed forest area has Siberian firs in them which makes it the most common tree in the country.



Saint Basil's Cathedral



This orthodox church is located in the Red Square of Moscow and is one of the most iconic buildings in Russia, which is known all over the world, partly probably because of its incredible and bright colours, its complex architecture and interesting motifs. Today the cathedral is a UNESCO World Heritage Site with a museum inside. It is one of the most photographed sights in Moscow.³³

³³ Symbols of Russia <https://symbolsage.com/famous-russian-symbols-meaning/>

Stereotypes

There are a variety of widely assumed incorrect stereotypes about Russia. Notable ones relevant for food and agriculture are:

- ***Russians drink vodka like water and beer is considered to be a non-alcoholic beverage.*** It is true that vodka is highly popular in Russia and is a proud symbol of tradition and heritage. However some people do not consume alcohol at all. Just like vodka, beer is consumed mainly with a meal at social gatherings and special occasions. Moreover, an increasing number of Russians are becoming more health conscious and pay attention to limit their alcohol intake. Compared to alcohol, tea is consumed much more by Russians.³⁴
- ***Russians are superstitious.*** There are a lot of superstitions in Russia, however most Russians do not take them too seriously. Superstitions surrounding food include but are not limited to the following: all pieces of bread served with a meal need to be eaten because it brings bad luck otherwise; knocking down a salt shaker means a fight with ones loved ones might occur and someone end up crying; eating off a knife makes that person very angry and aggressive later; and empty bottles always need to be placed under the table.³⁵
- ***It is always winter in Russia.*** Russia is a huge country and thus different regions can have very different climates. Also, if it would always be winter everywhere in the country agriculture would not be possible at all.

³⁴ 11 Russian Stereotypes - True or Pure Fantasy?, <https://www.56thparallel.com/russian-stereotypes/>

³⁵Eating in Russia: at the Table Superstitions, <https://www.travelallrussia.com/blog/eating-russia-table-superstitions>

4 Market access and entry

This section provides details on the necessary requirements for entry into the Russian market, outlining existing market access restrictions and explaining procedures. A summary of market access and entry is presented in section 4.1, in the form of a SWOT analysis.

4.1 Summary SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Geographically close market, with the added bonus that most major markets for EU products are in the western part of the country, near the EU. ▪ High concentration of likely consumers in just a handful of key cities provides a clear and concise target market for EU exporters. ▪ While it is a massive agricultural producer of some products, climate limits production of others causing structural shortages. 	<ul style="list-style-type: none"> ▪ Market is currently closed to meat, fruit and vegetables and dairy products from the EU. ▪ A high level of price sensitivity of consumers, accentuated by a devaluation of the Rouble over recent years which makes imported products more expensive. ▪ Country covers a huge geographical area creating potential transportation challenges – though as mentioned in strengths, most major markets are in west of the country.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ The largest member of the Eurasian economic community. With mainly harmonised legislation, Russia may provide an entry point to this single market of around 185m people. ▪ Increasing interest in the idea of geographical indications. Adoption of the Geneva Act to the Lisbon Agreement should eventually lead to more EU GIs being protected in Russia. ▪ For EU companies selling larger volumes in Russia, the establishment of some local production can provide a way of overcoming the challenges stemming from policies favouring domestic production over imported, and of the Rouble devaluation. 	<ul style="list-style-type: none"> ▪ Following the introduction of trade embargoes on goods from the EU and the US, domestic production in many areas has increased rapidly to meet shortfalls and indeed there is a strong focus on boosting the volume and quantity of domestic production in general. ▪ EAEU member states, as single market members, have very favourable access to the market and have been increasing shares for many products over recent years. ▪ Outlook for trade embargo unclear; there is geopolitical instability and there is always a risk that further measures be introduced in response to other trade disputes

4.2 Food and beverage legislation and regulations

The food regulation landscape in Russia does have some complexities (including the presence of EAEU and national legislation and the existence of a potentially wide range of pieces of legislation that can have some impact on imported food and beverage products). That said, it is arguably less complex than that of many other third countries. Nonetheless, care needs to be taken by exporters as controls are strict and there are multiple common reasons for the rejection of imported foods. Exporters should pay attention to ensure that there are no discrepancies in the documents they provide; that they have the necessary certificates, permits and declarations; that they are authorised for export (most notably on a facility basis in the case of animal products; but also in view of embargos and trade restrictions, for a product from the country as a whole); and that labelling is in line with requirements.

4.2.1 Import requirements/restrictions, customs procedures and documentation

The general documentation requirements for shipments to Russia are set out in Table 4-1. A summary of specific requirements by food and beverage type covered in this handbook is set out in Table 4-2 with further explanations regarding some of the general registrations / notifications required for food products provided thereafter. As a general rule, documents on the exporter side can be in English, but those on the importer side must be in Russia.

Table 4-1: General requirements for goods exported to Russia (including F&B)

Name	Description	To be prepared by	Language
Air Way bill	A document containing the details of the transportation of products by air and proving the transport contract between the consignor and the carrier's company. One Air Waybill may be used for the multiple transshipment of products.	Carrier (or his agent)	EN
Bill of Lading	A document containing the details of the international transportation of products by sea.	Carrier (or his agent)	EN
Rail Waybill conforming to COTIF and SMGS	A document notifying of international transportation of goods by rail. Must conform to the convention concerning international carriage by rail (COTIF) and the agreement concerning international freight traffic by rail (SMGS).	Carrier (or his agent)	EN, RU, DE or FR
Waybill	A document notifying of international transportation of goods by road.	Carrier (or his agent)	EN (or translation into EN)
Manifest	A document notifying the authorities of the arrival of a vessel/an aircraft and summarising the goods loaded therein. To be submitted within 24 hours from time of arrival.	Freight forwarder (or his agent)	EN or RU
Advanced notification of arrival	A document notifying authorities of the arrival of goods by any means of transport. A pre-requisite for the manifest.	Freight forwarder (or his agent)	RU
Commercial Invoice; pro forma invoice	A document containing the details of the transaction.. There are requirements on minimum	Exporter	Any language but

Name	Description	To be prepared by	Language
	content for customs clearance though these are fairly standard invoice requirements. Pro forma invoice generally contains the same information as commercial invoice, though may be more precise. May be required for deliveries which are free of charge.		translation to RU normally needed.
Customs import declaration	Official form for customs clearance; also contains information required for assessment of dutiable value. Form is extensive. For alcoholic beverages the official note to the customs import declaration also has to be completed.	Importer	RU
Packing List	A document containing the details of the shipment and serving as a basis for the treatment of goods by customs.	Exporter	EN. Translation to RU may be required.
Business registration certificate	Document proving that a company intending to conduct business in Russia is registered with the Registry of Legal Persons. Required for company establishment and market access. Registration also results in fiscal registration.	Importer	RU
Proof of preferential / non-preferential origin	A document confirming the preferential / non-preferential origin of the goods to be imported. While not always necessary, it may be requested by customs or the importer if there are doubts about the origin.	Exporter	EN, FR, RU

Source: European Commission Access2Market

Table 4-2: specific market entry requirements mapped to handbook categories

Name and description	Fresh meat	F&V	Dairy	Alcohol (spirits, wine)	Olive oil	Confectionery	Pasta	Ice Cream	Processed F&V	Biscuits / cereal	Baked goods
Declaration of conformity of the EAEU. Self-declaration document prepared by importer declaring that the product conforms to the standards and technical regulations of the Eurasian Economic Union (EAEU).	?	?	X	X	X	X	X	X	X	X	X
Certificate of conformity of the EAEU. Document certifying that the product conforms to the standards and technical regulations of the EAEU, obtainable from the Federal Agency for Technical Regulation and Metrology.			X	?				X			
Veterinary import permit. A document permitting the import of animals, veterinary products, etc. Valid for a single shipment.	X		X					?			
Veterinary health certificate for animal products. Issued by authorities of the country of export. Must be in Russian and either the language of the country of export or English.	X		X				?	?			
Licence to import meat and meat products. Document proving the bearer can import meat products in accordance with stipulated quotas.	X		?								
Phytosanitary certificate. Issued by authorities of the country of export.		X							?		
Phytosanitary inspection certificate. Document confirming phytosanitary inspection at the border control point completed. No fee except those related to sampling; processing time varies; valid only for one importation.		X							?		
Registration of plant varieties; excerpt from state register of protected plant varieties; seed lot certificate. All only required if import is intended for plant propagation. See Access2Market for more information.		X									

RUSSIA – MARKET ENTRY HANDBOOK

<p>Licence to deal in alcoholic beverages. Document proving the bearer is licenced to deal in alcoholic beverages. Obtainable from the Federal Service for Regulation of the Alcohol Market.</p>				X exc. Beer							
<p>Official note to the Customs import declaration. Notifies the authorities of the import of alcohol – see also Table 4-1.</p>				X							
<p>Conclusion on alcohol content. Document with information on alcoholic strength. To be applied for from the Federal Service for Consumer Rights Protection and Human Wellbeing.</p>				X							

Source: Agra CEAS based on Access2Market

X = required for category; ? = only required for category in specific cases, consult Access2Market for more details

Petfood and live plants are excluded as requirements are substantially different given their non-food status. Details are provided in the product snapshots.

Fresh meat, F&V and dairy are greyed out as there are presently prohibitions on imports of these products from the EU. See section 4.3.4 for more details. The requirements indicated are those that would theoretically apply were the prohibitions to be lifted.

It should be noted that the EAEU has its own system of customs codes. This system is very similar to the common nomenclature / harmonised system – 2 digit and 4 digit codes are basically the same. However, there are differences at lower levels e.g. 6 digit and 8 digit. The EAEU customs code system can be found here: [https://www-altaru.translate.google/ett/? x tr sl=ru& x tr tl=en& x tr hl=en-GB& x tr pto=nui](https://www.altaru.translate.google/ett/? x tr sl=ru& x tr tl=en& x tr hl=en-GB& x tr pto=nui)

It should be noted that the **declaration of conformity** is a requirement to ensure conformity with technical standards that has been introduced to replace the certificate of conformity for many products including most agri-food products. There is some ambiguity regarding the products which require a declaration of conformity (rather than the certificate) due to different references to the declaration in Russian and EAEU legislation. As a general rule, these declarations of conformity should be drafted by importers and registered with an accredited certification body in Russia. The process for this is set out in the order of the Ministry of Economic Development, no. 748 of 31st July 2020. Various documents may be used to as a basis for drawing up these declaration, including:

- Relevant documents required for the product
- Certificates confirming the system of quality, conformity, etc.
- Records of product testing carried out by official laboratories or the importer
- Testing records on raw materials / ingredients

The declaration of conformity allows the product to be marked with the EAEU conformity mark (see section 4.2.3).

As is implied in Table 4-2 above, certain products must be under **veterinary or phytosanitary control**. The lists of these products are set out at EAEU level by CU Commission Decision No. 317 and CU Commission Decision No. 318 respectively. In brief:

- **Products under veterinary control:** meat and meat by products; live animals; fish / seafood and by-products; milk and dairy; eggs / egg products; material of animal origin; feed and feed additives (including petfood); legumes used for veterinary purposes or as animal feed.
- **Products under phytosanitary control:** the list is divided, by customs code, into high risk and low risk. In short almost all fresh and dried fruit and vegetables fall into the high-risk list. A link to decision no 318 can be found at the following page: <http://www.eurasiancommission.org/en/act/textreg/Pages/acts.aspx>

As indicated in Table 4-2 above, a veterinary health certificate and import permit is required for **products under veterinary control**. In addition to this, only suppliers on the approved supplier list are permitted to access the market. *Rosselkhoz nadzor* maintains approved supplier lists online; these are sorted by country, with individual lists for each product type subsequently displayed under the country. A link to the EU page, which has EU level information as well as links to individual Member State pages, can be found here:

<https://fsvps-gov-ru.translate.google/fsvps/importExport/eu? x tr sl=ru& x tr tl=en& x tr hl=ru& x tr pto=nui>

High risk products under **phytosanitary control** most notably require a phytosanitary certificate.

However, as noted under the table above and subsequently further explored in subsequent sections, there is presently an embargo on fresh meat, fruit and vegetable and dairy products from the EU; meaning that while the above requirements regarding veterinary and phytosanitary

control would theoretically apply for these products from the EU, it is not possible for them to be exported at present.

In terms of the **main bodies** responsible for controlling imports and customs:

- The Federal Customs Service of Russia (FTS) of the Ministry of Finance is responsible for the system of customs fees / charges and also for carrying out customs control.
- The Ministry of Industry and Trade is responsible non-tariff regulation. This includes areas such as licensing and quota administration.
- The Ministry of Economic Development is responsible for determining import quota volumes.

4.2.2 Food safety and other food certification requirements

Russia's membership of the Eurasian Economic Union (EAEU) has had an important impact on food regulations in the country since the founding of the Union in 2015. Furthermore, Russia is in the midst of a regulatory guillotine exercise through which it is reviewing and eliminating obsolete regulatory standards. The combination of these two factors means that the landscape for regulations relevant to the import of agri-food products has some complexities.

The main bodies in Russia responsible for imported food and food safety in Russia are:

- **The Federal Service for Surveillance of Consumer Rights Protection and Human Welfare** (*Rospotrebnadzor*) is responsible for food safety.
- **The Federal Veterinary and Phytosanitary Surveillance Service** (*Rosselkhoznadzor* or *VPSS*). Part of the Ministry of Agriculture, it oversees sanitary and phytosanitary conditions/legislation.
- **The Federal Agency for Technical Regulation and Metrology** (*Rosstandart* or *Rostekhnregulirovaniye*). Part of the Ministry of Industry and Trade, it is responsible for ensuring products conform to national standards and certification criteria.

The main overarching pieces of legislation impacting food and beverage products in Russia are:

- Hygienic Requirements for Foodstuff Safety and Nutrition (SanPiN 2.3.2.1078-01). This extensive set of rules contains provisions on the sanitary requirements that must be complied with as well as nutritional requirements, including for certain groups of products. The former set of sanitary provisions is extensive and includes provisions for e.g. microorganisms, genetic modification, additives etc. A version in Russian can be found at: <http://base.garant.ru/4178234/>
- CU Commission Decision No. 299 on the Application of Sanitary Measures in the Customs Union; an extensive document which sets out various sanitary requirements at EAEU level including e.g. pesticides and contaminant residues. This can be found at either: <https://docs.eaeunion.org/ru-ru/Pages/DisplayDocument.aspx?s=%7be1f13d1d-5914-465c-835f-2aa3762eddda%7d&w=9260b414-defe-45cc-88a3-eb5c73238076&l=%7b8a412e96-924f-4b3c-8321-0d5e767e5f91%7d&EntityID=8916> or https://docs.eaeunion.org/docs/en-us/0017349/cuc_28062010_299_doc.pdf
- CU Technical Regulation TR TS 021/2011 on Food Safety (last amended December 2019) <http://www.eurasiancommission.org/ru/act/teknreg/deptexreg/tr/Pages/PischevayaProd.a>

[spx](#) This most notably adopts an extensive set of food safety related technical standards. A full translation of the original 2011 version can be found here: http://www.rustandard.com/images/CU_TR/TR_CU_021.2011_Safety_of_Food_Products.pdf

It should be noted that there are a range of more specific pieces of legislation, including e.g. technical regulations at EAEU level on the safety of specific food and beverage products. Key ones of relevance to products covered by this handbook are set out in Table 4-3 below. Most of these have subsequently been updated since first being introduced (but not replaced). There are further technical standards for products not covered by this handbook, such as fish, bottled water and fruit juice.

Table 4-3: Key EAEU technical regulations relevant for products in the handbook

Product	Standard
Oils and fats	CU Technical Regulation on Oils and Fats TR TS 024/2011 http://www.eurasiancommission.org/ru/act/teqnreg/deptexreg/tr/Pages/MasloGirov.aspx
Dairy	CU Technical Regulation On the Safety of Milk and Dairy Products TR TS 033/2013 http://www.eurasiancommission.org/ru/act/teqnreg/deptexreg/tr/Pages/%D0%A2%D0%A0-%D0%A2%D0%A1-033.aspx
Meat and meat products	CU Technical Regulation On the Safety of Meat and Meat Products TR TS 034/2013 http://www.eurasiancommission.org/ru/act/teqnreg/deptexreg/tr/Pages/%D0%A2%D0%A0-%D0%A2%D0%A1-034.aspx
Alcohol	EAEU Technical Regulation TR EAEU 047/2018 on the Safety of Alcohol Products (not in force yet and currently under discussion) http://www.eurasiancommission.org/ru/act/teqnreg/deptexreg/tr/Pages/TR_EAEU_047.aspx

In addition to the above, there are various pieces of legislation – most notably at EAEU level - which form the basis of sanitary and phytosanitary controls on certain agri-food products.

Food additives

The key piece of legislation for food additives is the EAEU level Technical Regulation of the Customs Union on Safety Requirements for Food Additives, Flavourings, and Technological Aids (TR TS 029/2012). This contains a list of food additives which can be used in products. The document, in Russian, can be found here: <http://www.eurasiancommission.org/ru/act/teqnreg/deptexreg/tr/Pages/bezopPischDobavok.aspx>

SanPiN 2.3.2.1078-01 (covered above) also contains a list of food additives allowed for manufacturing of food products. This continues to apply as well as long as it does not contradict TR TS 029/2012.

Pesticide residues; contaminants

Provisions for maximum residue levels (MRLs) are primarily included in CU Commission Decision No. 299: Requirements for Pesticides and Agrochemicals, as subsequently amended. Pesticides are covered in section 15. A translation of the original unamended 2010 decision without the list of MRLs can be found here https://docs.eaeunion.org/docs/en-us/0017349/cuc_28062010_299_doc.pdf. The 2015 amendment introducing a comprehensive list of pesticide MRLs can be found here: <https://docs.eaeunion.org/ru->

ru/Pages/DisplayDocument.aspx?s=%7be1f13d1d-5914-465c-835f-2aa3762eddda%7d&w=9260b414-defe-45cc-88a3-eb5c73238076&l=%7b8a412e96-924f-4b3c-8321-0d5e767e5f91%7d&EntityID=8916

In addition to this it should be noted:

- Russian MRLs for pesticides in agricultural crops are established in Section IX of SanPiN 1.2.3685-21. These continue to apply to the extent they do not contradict the CU level provisions.
- Product specific technical regulations frequently contain additional provisions, though these tend to relate to contaminants more than to pesticide residues.
- Exporters of plant products are required to provide information on pesticides used during growth and storage.

From a practical viewpoint, the Ministry of Agriculture maintains a website with documents relevant for pesticides, including lists of pesticides (in Russian, in a .ZIP file). This can be found at: <https://mcx.gov.ru/ministry/departments/departament-rastenievodstva-mekhanizatsii-khimizatsii-i-zashchity-rasteniy/industry-information/info-gosudarstvennaya-usluga-pogosudarstvennoy-registratsii-pestitsidov-i-agrokhimikatov/>

Certain products require **registration** before they can be sold in Russia. This requirement is set out in EAEU legislation. It does not directly impact any products that are a direct focus of this handbook; however, for reference the products requiring registration are:

- any kind of baby food/ ingredient for baby food
- foods for special dietary purposes
- foods for sportsmen, pregnant and nursing women;
- mineral water with mineralization above 1 mg/dm³ or those of lower mineralisation but containing biologically active substances in the amount of not less than balneological norms
- biologically active food additives
- novel foods

Registration is handled by Rospotrebnadzor, and is valid for five years.

4.2.3 Labelling Requirements

Labelling requirements are primarily set out at EAEU level (and hence harmonised across the Union), with only minor, specific additional requirements at Russian level (e.g. alcohol warning labels). The key piece of EAEU legislation is Technical Regulation (TR) TS 022/2011 of the Customs Union on Food Products Labelling. This can be found at:

<http://www.eurasiancommission.org/ru/act/texnreg/deptexreg/tr/Pages/PischevkaMarkirovka.aspx>

- Product name.
- Manufacturer's name, address, country; or those of the manufacturer's representative or importer.
- Net weight (grams/kg), volume (ml/litres), or quantity (number of pieces).

- Ingredients in order of importance (with some exceptions, e.g. for unprocessed fresh fruit and vegetables, or single-component foods, for which ingredients are not required).
- Nutritional information (energy in joules or calories; protein, fat, carbohydrates, vitamins and minerals per 100g / 100ml / one portion).
- Date of production and packaging.
- Use-by (best before) date or shelf-life (products with unlimited shelf life should be marked “The shelf life is unlimited provided the storage conditions are observed”).
- Storage conditions (either those set out by the producer or prescribed by technical regulations of EAEU. Any change in these after opening should be specified, along with changes in quality and safety).
- Recommendations or limitations of usage, including mode of preparation.
- “Eurasian Conformity” mark to show the circulation of the product on the market of the Customs Union Member States.
- Information about the presence of genetically modified / engineered components

Information on the label must be provided in Russian (other EAEU Member States may require labelling in their language in addition to this).

The requirements above are the general labelling requirements for packaged food. It should be noted that there are additional, product specific requirements in some cases. These are either set out in (TR) TS 022/2011 or in technical regulations specific to the product. Key ones are referenced in corresponding product snapshots.

Eurasian conformity mark

Products must be marked with this to show that the product has been produced in accordance with the relevant EAEU technical regulations and is used for products circulating on the EAEU market. The conformity mark (right) and the need for its use was approved by Decision of the CU Commission No. 711 of July 15, 2011. It can be either black text on a white or vice versa.



Digital labelling



The EAEU is phasing in mandatory digital labelling of consumer goods. This started with phasing in for non-food goods in 2019. In accordance with the provisions of governmental Order No. 1533-r of 13 July 2019, it was introduced for the first food products: dairy and bottled water in 2021 with it to become fully mandatory for these categories by December 2023 and March 2025 respectively. The aim of this system is to: strengthen the circulation of goods on the EAEU market; fight illegal trade; and combat counterfeit goods. The system is run by the National System of Digital labelling (also known as “Honest Mark”). While EU agri-food producers do not need to be fully aware of the system at the time of writing as it has not been made fully mandatory for agri-food goods, it is worth being aware of the system going forwards as further pieces of legislation mandating its use for food

and beverage products may occur in the future; indeed ice cream and beer are then next products which are currently expected to be required to use this labelling. More information on the system can be found at: <https://chestnyznak.ru/>

There are specific requirements for **alcohol labelling**. These vary by alcohol type but a summary is presented Table 4-4 below. Alcoholic beverages other than beer and cider (or similar low alcohol drinks) must be marked with special federal stamps showing that taxes and duties have been paid. This is the responsibility of the importer.

Table 4-4: Alcohol labelling requirements by alcohol type

	Beer (with alcohol)	Wine	Spirits
Name and address of producer		X (plus bottling facility)	
Value of alcohol %	X		
Min % ethyl alcohol by volume	X	X	X
Bottling date	X	X	X
Composition	X		X
Mass concentration of sugars		X (except dry wines)	X (if sugar in formulation)
Type	X		
Nutritional information	X	X	
Storage information	X		
Expiration date		X (if alcohol under 10%)	X (if alcohol under 10%)
Classification based on sugar content		X	
Year of harvest		X	
Mandatory warning	X	X	X

Mandatory warning

A mandatory warning which must be displayed on **alcoholic beverages** was introduced in Russia in 2007. Containers must include the following text in Russian: "Alcohol is contraindicated for children and adolescents under 18 years of age, pregnant and lactating women, persons with diseases of the central nervous system, kidneys, liver and other digestive organs."

There is also a mandatory warning for **non-alcoholic beverages** with a caffeine content greater than 150 mg/l (or any other plant based ingredients that can have a tonic effect due to the level of their presence). This warning, which is similar to that for alcoholic beverages, reads "Not recommended for consumption by children under the age of 18, during pregnancy and lactation, and by people suffering from increased nervous irritability, insomnia, and arterial hypertension."

Organic labelling requirements are set out in the standard GOST 33980-2016 on Organic production. Production regulations, processing, labelling and implementation. This standard, which entered in to force in 2018, can be found here: <https://docs.cntd.ru/document/1200141713>. The law on organic food (Federal Law No. 280-FZ of 03.08.2018) entered into force 1 January 2020 and it specifies certain production, storage, transportation, packaging and labelling requirement and establishes unified producers' register.

Voluntary organic certification is regulated by the standard GOST R 57022-2016 on Organic production: the procedure of voluntary certification. This standard can be found here:

<http://docs.cntd.ru/document/1200138287>. There are around eight approved certification bodies for organic. Producers of certified organic products must be listed in the unified state register in order to use the Russian organic product logo (right). Order No. 633 of the Russian Ministry of Agriculture of 19th November 2019



sets out the procedure for maintaining this state register. Order No. 634 of 19th November 2019 on the procedure for using the unified logo of organic products sets out the condition for using the organic logo.

Packaging requirements are covered by the CU Technical Regulation “On Safety of Packaging” (TR TS 005/2011). This contains requirements for all different kinds of packaging including (e.g. metal, polymer/plastic, glass, etc). Russian Hygienic Norm (HN) 2.3.3.972-00 contains provisions on materials which come in to contact with food (such as maximum permissible levels of substances).

4.2.4 Protection of intellectual property rights, including geographical Indications (GIs)

The Federal Service for Intellectual Property (Rospatent) is the body responsible for IP in Russia. Part IV of the Civil Code of the Russian Federation contains the key legislative provisions for the protection of intellectual property. This can be found at the following link:

<https://rospatent.gov.ru/en/documents/grazhdanskiy-kodeks-rossiyskoy-federacii-chast-chetvertaya>

Other regulations relevant for intellectual property can be found at this link:

<https://rospatent.gov.ru/en/regulations>

In addition to trademarks, the civil code recognises geographical indications and appellations of origin. Collective marks are also recognised. There is an important distinction between geographical indications and appellations of origin under Russia law. While for GIs it is sufficient to show that just one important stage of the process occurs in a certain geographical location, for appellations of origin it is necessary that all stages take place in the geographical location. Prior to the addition of GIs to the civil code, it was possible to protect appellations of origin of goods and trademarks / collective marks.

Around 270 GIs and appellations of origin of goods are registered in Russia at present (as GIs / AOs). The most recent additions to this list can be found at the following page: <https://rospatent.gov.ru/ru/sourses/regional-brands/registered>

According to information collected during drafting of the handbook, the following EU GIs have been protected in Russia by the EU GI holders:

- Prosecco
- Côtes de Provence
- Grana Padano
- Parmiggiano Reggiano
- Comte
- Budejovicke pivo
- Ceskobudejovicke pivo
- Budejovicke budvar
- Bud
- Karlovarska horka/ Karlsbader bitter
- Budejovický meštanský var/Budweiser bürgerbräu
- Budejovické pivo/Budweiser bier/Biere de budweis/Budweis beer

It is important to note that certain EU GIs such as Cognac, Champagne, Madeira and Irish whisky are used in a generic way or as product category headings in Russia, which creates challenges for these EU GI products in Russia.

Further key points to be aware of are:

- Any applications to Rospatent by foreign legal entities or persons must be made with the assistance of a patent attorney which is recognised by Rospatent.
- Russia is a signatory to the Madrid protocol.
- In December 2021, Russian Douma adopted legislation approving its accession to the Geneva Act to the Lisbon Agreement on Appellations of Origin and Geographical Indications. The legislation is expected to enter into force 1 year after its publication;.
- Foreign producers may file for a GI registration as long as the GI is registered in the country of origin.
- Trademark and GI protection, once granted, is for 10 years and renewable.
- Russia's trademark system works on a first to file basis.

Searching for intellectual property in Russia

There is an online database of intellectual property in Russia. This can be found, in Russian, at: <https://fips.ru/registers-web/>

There are links to the different registries by type of intellectual property and query method.

4.2.5 Relevant authorities for IPR and GI protection and further contacts

The Federal Service for Intellectual Property (Rospatent)

Berezhkovskaya nab., 24, building 12,

Moscow, Russia

✉ rospatent@rupto.ru

GI registration: arogoleva@rupto.ru; tzmeevskaya@rupto.ru; otd7114@rupto.ru;
otd3005@rupto.ru

🖨 <https://rospatent.gov.ru/>

4.3 International trade

4.3.1 Russia and foreign trade

Given the size of Russia, the country is a key trading partner for many European and Asian nations, and also further afield. The principal trading bloc to which Russia belongs is the Eurasian Economic Union (EAEU) which is in fact Russia’s major political project and which Russia co-founded together with Belarus and Kazakhstan. The bloc has since expanded to include Kyrgyzstan and Armenia. A wider free trade agreement was signed between Russia and members of the commonwealth of independent states (CIS)³⁶ which includes the current members of the EAEU and the nations of Kyrgyzstan, Moldova, Uzbekistan, Tajikistan, and Ukraine (although Ukraine’s membership of this CIS-FTA is subject to an ongoing political dispute). Russia has signed free trade agreements with a number of other nations as a member of the EAEU. Overall, Russia generally trades quite heavily with most of its neighbours with the political situation in Ukraine being the main barrier that has recently impacted trade between Russia and neighbouring EU states.

4.3.2 Key trade agreements, present, and future

Russia, as a member of the EAEU, has several key free trade agreements with countries located within its immediate vicinity and further afield. These trade agreements help to solidify the countries shift towards becoming a trade-oriented economy. The main agreements are listed in Table 4-5 below.

Table 4-5: Chronological list of Russian trade/economic agreements with third countries/regions

Partners	Type of agreement	Entry into force
Eurasian customs union (<i>Armenia, Belarus, Kazakhstan, Kyrgyzstan</i>)	Customs Union	2000 (Original inception)
Commonwealth of independent states free trade area (<i>Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Ukraine*, Uzbekistan</i>)	Comprehensive Economic Cooperation Agreement	2010

³⁶ Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Ukraine, Uzbekistan

Partners	Type of agreement	Entry into force
EAEU-Serbia	Free Trade Agreement	2014
EAEU-Vietnam	Free Trade Agreement	2016
EAEU-Iran FTA	Free Trade Agreement	2021

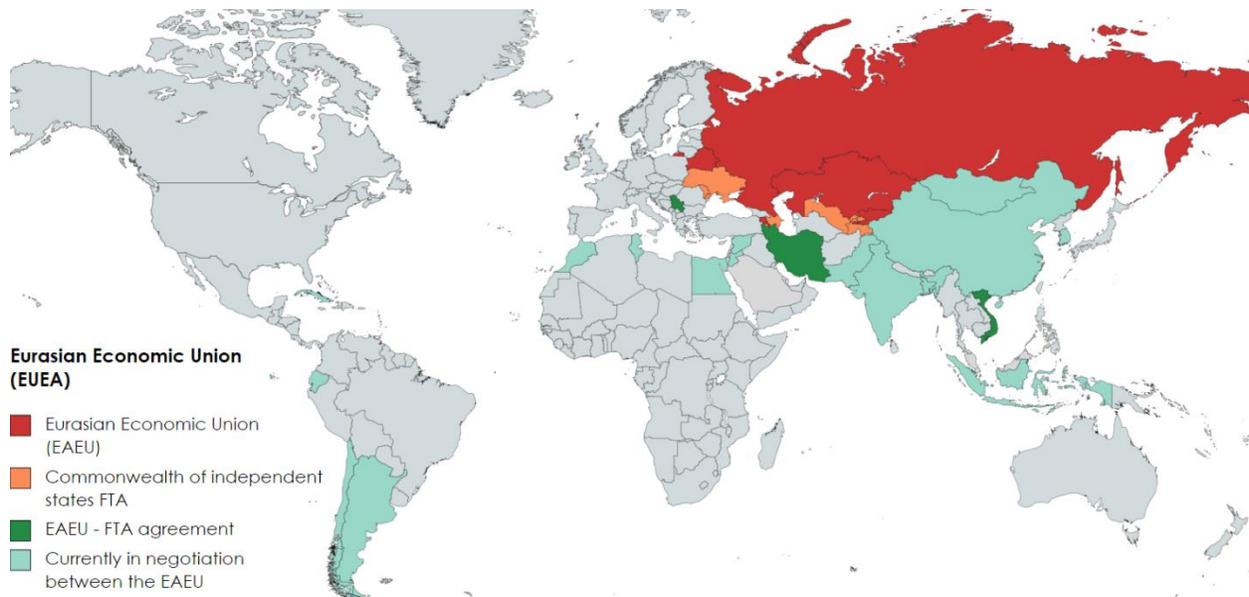
(*) Ukraine’s membership of the Commonwealth of independence states FTA subject to an ongoing political dispute

Source: Agra CEAS based on various

As a member of the EAEU, in recent years Russia has taken a more proactive role in seeking FTAs and these agreements have increasingly been viewed as a way to boost economic growth, particularly due to the COVID-19 pandemic. FTAs the EAEU are currently in negotiation or that are pending ratification include:

- EAEU-China FTA
- EAEU-Egypt FTA
- EAEU-India
- EAEU-Pakistan FTA
- EAEU- Mongolia FTA
- EAEU-ASEAN FTA
- EAEU- Morocco FTA
- EAEU-Tunisia FTA
- EAEU-Argentina FTA
- EAEU-Chile FTA
- EAEU- Ecuador FTA
- EAEU- Cuba FTA
- EAEU- South Korea FTA
- EAEU Bangladesh FTA

Figure 4-1: Overview of Russia’s current and prospective trade agreements



Source: Eurasian Economic Union Plans For More Free Trade Agreements, Russia Briefing, Available <https://www.russia-briefing.com/news/eurasian-economic-union-plans-for-more-free-trade-agreements.html/>

4.3.3 EU- Russia trade agreement negotiations

Russian-EU trade relations are based on a bilateral partnership and co-operation agreement (PCA) signed in 1997; and since 2012 has also been framed by the multilateral WTO rules as Russia joined the WTO this year. Since 2014 and the dispute with Ukraine, a number of trade sanctions have been put in place between the EU and Russia which complicate the process of both ongoing trade and any further trade integration. Going forward, EU-Russian trade relations are going to be heavily influenced by political events occurring between Russia and its neighbours.

4.3.4 WTO disputes and other trade barriers

Russia has several agri-food related trade disputes with the EU. A total of ten are identified as key barriers to trade for EU agricultural producers. However, three – the ban on import of certain agri-food products, the winegrowing law and issues for petfood related to GMOs – present the greatest challenges, with the remaining seven barriers largely irrelevant as long as the ban remains in place. As a result the three key barriers are presented first.

- **Ban/embargo on imports of agricultural products from the EU:** On the 6th August 2014, Russia signed a decree prohibiting, originally for a period of one year, the import of agricultural products, raw minerals and food originating in countries that have imposed sanctions against Russia. The decree names security of the Russian federation as the reason behind the sanctions. On the 7th August 2014, the Russian government adopted a list of these products to be banned which include fruit and vegetables, dairy and meat. The ban has been prolonged several times and is currently still in place. More information on the embargo including lists of products affected can be found at: https://ec.europa.eu/food/horizontal-topics/international-affairs/eu-russia-sps-issues/russian-import-ban-eu-products_en
- **Winegrowing and winemaking law; plus technical regulation on the safety of alcoholic products:** The original law No 486-03 of 2019 already used certain EU GIs such as Champagne, Madeira, Porto, Cahors as product category headings. According to the new rules adopted through an amendment in 2021, the term champagne can only be used by wine made in Russia. Following a negative reaction, the implementation of certain aspects of this law was suspended till 31 December 2021. The EAEU technical regulation no 47 introduces broadly similar challenges for alcoholic drinks more generally. The definitions in the regulation sometimes deviate from those which are internationally accepted; there is the misuse of certain PDOs and GIs; and there are potential challenges with conformity assessment and labelling. The rules in this technical revision are still under revision, one possibility under discussion is that their implementation will be delayed until 2024.
- **Bans on petfood from certain countries due to issues with GMOs.** Recently, Germany and Spain have been banned from exporting pet food to Russia in 2021 without much warning. The Russian veterinary regulator *Rosselhoznador* applied the ban following an inspection in which it reported that it found unregistered GMO components in a batch of imported animal feed products. It is important to note that the way the ban is now being implemented means that: (1) it is now whole countries, rather than individual producers which are being banned; and (2) there is no differentiation between petfood and animal feed, meaning that country bans are now being introduced for e.g. violations in feed additives destined for the livestock industry, but this ban is immediately being extended to

cover all animal feed and petfood from the country in question. Previously, producers identified as violating Russian GMO policy were being banned.³⁷

- **Specific bans: Estonian and Lithuanian fisheries and Polish fruit and vegetables:** On the 1st August 2014, Russia banned all fruit and vegetables arriving from Poland on the basis of a discovery of a pest that had been declared to be absent in Poland but was present in Russia. Six days later the entire EU bloc was banned from exporting fruit and vegetables to Russia. In May 2015 Russia also banned all fishery products arriving from Estonia and Lithuania based on a belief that their system identification systems had shortcomings.
- **Ban on vaccinated animals from areas experiencing an outbreak of the bluetongue virus:** Russia enforces a ban on all animals arriving in Russia, whether vaccinated or not, from areas of the EU affected by an outbreak of the bluetongue virus. This ban was implemented by the former USSR and was carried over by Russia. No timeline at present regarding its removal at present. This virus typically affects sheep, cattle, and goats.
- **Restrictions on regions of Poland in relation to a previous outbreak of highly pathogenic avian influenza (HPAI):** Russia continues to enforce restrictions on 11 Polish voivodships in relation to outbreaks of HPAI in December 2016 and March 2017. These restrictions remain in place despite the OIE (World Organisation for Animal Health) declaring these regions free of HPAI. This primarily affects poultry products.
- **Restrictions on animal products establishments-accept of pre-listing and abolish requirement for listing for low-risk animals:**
- There is a non-transparent and burdensome system for authorising food producing establishments for export to Russia. In order to authorise (list) new establishments for exports, each one of them typically must be inspected. In addition, temporary restrictions on listed establishments are frequently imposed and these remain in place for years; these restrictions arguably are disproportionate to any compliance-related findings.
- **African swine fever (ASF) ban:** Russia has implemented a ban on imported live pigs and non-heated pig products and derivatives from the whole of the EU since January 2014. EU Member States detecting ASF was also banned from exporting heat treated products containing pig meat with the exception of pet food. The restrictions are compounded by wider political embargos imposed by Russia since 2014 (see below)
- **Ban of EU ware potatoes, pre-clearance for seed potatoes and plant nurseries:** Since mid-2013, Russia has implemented a ban on potatoes and plants for planting against the entire EU allegedly due to places or sites of production not being free of organisms considered as quarantine pests in Russia. While for ware potatoes a complete ban is in place, for seed potatoes exports are allowed; however, a non-transparent approval system that includes inspections and sampling by Russian officials makes it a difficult process. In 2018, Russia adopted a decree making the requirement for pre-clearance for imported sowing and planting a legal requirement.
- **New Eurasian Economic Union common phytosanitary requirements:** In 2017, the EEAU introduced a new phytosanitary requirement for certain products. This includes requirements such as certifying products as originating from places free from a number of pests without taking into account the intended use of the actual products. Clarifications are required as to how exactly the new certification requirements could be fulfilled as well as to whether the new requirements are applicable only to import or also to the local

³⁷ New pet food restrictions strike pet food market, Pet food industry, available at <https://www.petfoodindustry.com/articles/10330-new-russian-import-restrictions-strike-pet-food-market>

produce of the EAEU. The barrier also applies to Belarus, Kazakhstan, Armenia and Kyrgyzstan.

- **Digital labelling.** The digital labelling system described in section 4.2.3, while not yet fully mandatory, has been flagged by some industry stakeholders as a potential future trade barrier. It is recommended the situation with this digital labelling and its implementation be monitored, alongside any formal flagging of this provisions as a barrier to trade by any WTO member.

It should be noted that there is an ongoing dispute between the EU and Russia with regards to steel. Russia might take retaliatory measures as a result of this, possibly targeting agri-food products (with rumours that wine may be a target). However, no official measures are announced by Russia and it is entirely uncertain whether any measures will ultimately be introduced.

Further information, as well as an up-to-date list of trade barriers, can be found here:

[Access2Markets Barriers \(europa.eu\)](https://ec.europa.eu/economy_finance/db_access2markets/)

4.3.5 Summary of key trade barriers

The implementation of bans/embargos on many of the EU primary agricultural products namely meat, dairy, fruit and vegetable stand as the key trade barriers in place which disrupt trade relations between the EU and Russia. It is likely that this will remain in place while the political disagreement surrounding Ukraine remains. Other trade barriers in place – many of which also affect meat and fruit and vegetables - will also be likely revoked or revised should the relations between the EU and Russia improve.

4.4 Operating in the Russian food and beverage market

4.4.1 Logistical services and transportation infrastructure

As the major population and economic centres are located in the west of Russia, this area has a more developed transportation infrastructure system compared to the sparsely populated east of the country. The transport system is heavily Moscow oriented with virtually all transportation channels emanating from the city.

Shipping

Despite being the world's largest country, Russia has struggled historically to develop a large-scale port system due to many ports freezing in the winter. Today, most of Russia's major ports are located in the west of the country and fewer in the east due to a smaller population and frozen waters. The leading Russian port is located on the Black sea. The port of Novorossiysk handled 142 million tonnes of cargo in 2020. The port of Ust-Luga, one of the newer ports in Russia is the second-largest and handled 103 million tonnes of cargo in 2020. The largest port in the east of Russia is Vostochny and handled 77 million tonnes of cargo in 2020, it stands as one of the main channels of transport into eastern Russia as the port is ice-free year-round.³⁸

³⁸ Volume of cargo handled in Russia in 2020, by largest port, Statista, Available at <https://www.statista.com/statistics/1023550/russia-cargo-throughput-by-port/>

Figure 4-2: Major Ports in Russia



Source: Agra CEAS based on various

Airfreight

The three airports of Sheremetyevo, Domodedovo and Vnukovo in Moscow are the largest by air traffic and cargo in Russia. Sheremetyevo is the busiest airport, handling roughly 260 000 tonnes of cargo in 2020. The airport located in Novosibirsk is an important transit hub for cargo goods travelling between the European and Asian markets and is used frequently by major airlines. Vladivostok airport provides a key connection between the west and east of Russia and is the largest in the far east of Russia, providing a key channel of distribution for cargo goods arriving in the region. A new cargo terminal was recently built at the airport.

Figure 4-3: Major International Cargo Airports in Russia



Source: Agra CEAS based on various

Rail freight

Russia's rail infrastructure is one of the largest in the world and is a key piece of infrastructure connecting the country. The trans-Siberian railway network forms the backbone of Russia's rail infrastructure and connects many major cities in Russia's interior and the far east to the more populated western region of the country. Rail freight accounts for the majority of the cargo movement in Russia and is one of the main channels of freight arrival in cities spread out by vast distances within Russia's interior and far east.

Another important piece of railway infrastructure in Russia is the Baikal-Amur mainline railways (known as the BAM). This line runs in parallel to the Trans-Siberian railway and further connects Russia's Siberian interior with the country's main railway lines. The total cargo capacity of both the trans-Siberian railway and BAM railway came to 144m tonnes in 2020.³⁹

³⁹ Bam and Transiberian railways capacity reaches 144 mn tonnes in 2020, Sea/News, available at <https://seanews.ru/en/2021/03/25/en-bam-and-transsiberian-railway-capacity-reaches-144-mn-tons-in-2020/>

Figure 4-4 Major rail freight lines



Source: Agra CEAS based on various

Road Freight

Russia’s road network is heavily Moscow oriented with most major highways in the country orienting around the city. The overall road network quality is far superior in the west of the country compared to the east where many roads remain untarred and exposed to a harsher environment. Despite these challenges, road freight continues to grow in importance in Russia as investments into improving the quality of roads in Russia continue. However, many regions such as the far north and far east of Russia remain without a comprehensive highway system.

Waterway freight

Maritime transportation plays an important role in Russian transit, but the country's geography and climate limit the capacity of shipping. Many Russian rivers run from south to north rather than from east to west, constraining their use during the Russian winters. The network of inland waterways of Russia amounted to 101 000 km by length with the largest rivers being the Lena, Irtysh, Ob and Volga⁴⁰. Overall, only 5% of Russia’s freight traffic is done via waterways.

⁴⁰ Inland water transport, The Russian federal agency for maritime and river transport, available at <http://eng.morflot.ru/activities/vvt.html>

4.4.2 Distribution – retail channel overview

Russia is among the four largest consumer markets in Europe by turnover, generally only considered to be behind France, Germany and the UK⁴¹. The country's more developed retail channels are located nearer to large population centres such as Moscow and St Petersburg where the majority of domestic and international distributors are located. The value of retail sales in Russia came to EUR 361 billion in 2019 and is expanding as more consumers have access to modern grocery outlets and E-commerce platforms.⁴² As the majority of Russia's population is located in the west of the country, the retail sector of the interior and east of the country is less developed.

Hypermarkets and Supermarkets

Hypermarkets are typically located on the outskirts of larger towns and cities in Russia while supermarkets are mainly found within urban centres. Some of the more known supermarkets and hypermarkets in Russia include Azbuka Vkusa, Magnit and Svetofor. Major foreign supermarkets present in Russia include METRO (German), Billa (Austrian) and SPAR (Dutch). Foreign supermarkets are more likely to include foods imported from abroad on their shelves with wine, spirits and pet food being among the more common items from the EU found in foreign-owned Russian supermarkets and hypermarkets. In general, there is a focus on the Moscow region for many supermarkets and hypermarkets as this is home to the largest consumer base in Russia. Throughout the rest of the country, they are mainly found in major cities. However, within Russia's interior and far east, it is less likely to find supermarkets, with the exception of cities such as Vladivostok.

Department Stores

International and domestic department stores focus mainly on the major cities of Russia. The most famous department store in Russia is the GUM department store located in Moscow's Red Square. The store is by far the largest of its kind in Russia and hosts many famous international brands including those from the EU. Like with most modern grocery retailers, there is a tendency to focus on the Moscow and St Peterburg markets with any presence in other areas being mainly focused in larger urban centres.

Convenience Stores

Small shops and convenience stores are located throughout Russia and are often the main distribution channel throughout smaller towns located across the country. Some of the bigger convenience stores in Russia include Pyaterochka and Dixy Russia. As there are many convenience stores located throughout urban centres in the country, the market is highly competitive and many convenience stores will remain open 24/7 in the country to compete. There are around 15 000 fuel stations spread out throughout Russia with many of them belonging to larger oil companies such as Lukoil and Gazprom.⁴³

⁴¹ E.g. see: Russia: Distributing a product, Santander Trade, available at <https://santandertrade.com/en/portal/analyse-markets/russia/distributing-a-product>. Note this is based on the assumption that the bulk of the Russia market can be considered European rather than Asian.

⁴² Trans Russia, Russia retail sector and what it means for transport and logistics, available at <https://transrussia.ru/Articles/russia-retail-transport-logistics>

⁴³ Convenience in Russia, food to go opens the door to expansion, global convenience store focus, available at <https://www.globalconveniencestorefocus.co.uk/features/convenience-in-russia-food-to-go-opens-the-door-to-expansion/>

Food markets

Food markets are a common sight in most Russian cities and towns. In Moscow, it is common to find many food markets located within metro stations with notable examples being Central Market (Centralniy Rynok), Danislovsky market (Danislovsky Rynok) and Depo Moscow. Outside of Moscow and in smaller towns, food markets commonly function as both a social gathering and an opportunity to purchase fresh produce.

Small independent grocers / mini markets

Throughout Russia, there is a wide presence of small often independent grocers or mini-markets which operate as key distributors of food and beverages particularly within the interior of Russia where there is a small presence of modern grocery retail outlets. These outlets are likely to be smaller by square foot compared to modern grocery outlets and will place a greater emphasis on stocking essential foods such as meat, dairy and fruit and vegetable products. Though they can be found across the country, they are particularly prevalent and important within rural areas, these stores may act as one of the only food distribution channels available outside of weekly food markets.⁴⁴

E-commerce

The Russian e-commerce market is valued at roughly EUR 30 billion which makes it the 12th largest e-commerce market in the world. The largest player in the Russian e-commerce market is wildberries.ru followed by mvideo.ru and ozon.ru., with ozon.ru being the largest food and beverage e-commerce platform. Ozon.ru offers brands not only from Russia but also internationally including from the EU. As is the case with virtually all retail outlets, there is a tendency to focus on the Moscow and St Petersburg market followed by other major cities, with smaller towns often being isolated from e-commerce activity, particularly those in the far east of the country.⁴⁵

4.4.3 Intermediaries

In general terms, EU exporters have two overarching options for exporting to Russia. Either they can work with importers or with retailers directly. A key element that can help determine this is estimating the sales volume using the type of partner in question and comparing this exporter expectations for volume.

With regards to **working with retailers directly**, there are a variety of retail chains which import directly themselves. X5 Retail Group (Piaterotchka, Perekrestok, Carousel, Perekrestok Express) and Tander (Magnit, Magnit Semeney, Magnit Kosmetik) are the strongest in the direct import area. However, others that may do to some extent include: Auchan, Atak, Lenta, Dixy, Metro, O'KEY, Hyper Globus, Intertorg, Roznitsa K-1, Element Trade and Gorodskoy Supermarket OOO.

Importers most commonly specialise in a certain type of product or products. In some cases, such as wine, they may both import the product and run a certain number of shops. **Geographically**, most importers – around 90% are based in Moscow and St Petersburg; and a centralised partner for the whole country is quite normal. Importers should normally be able to help with taking advantage of any notable opportunities outside these two largest cities. Nonetheless, while one centralised importer is normal, if targeting different areas of Russia it is

⁴⁴ Retail Trade (Russian Market) ,TADVISER, available at <https://www.tadviser.ru/index.php/>

⁴⁵ The Ecommerce market in Russia, Ecommerce DB, available at <https://ecommercedb.com/en/markets/ru/all>

advisable to try to have regional partners given that there are likely to be different needs for different territories.

If considering working with **multiple partners**, it is important to take into account the party which registers the product for the EAC certification. If an importer does this (which is common for reasons of simplicity), it will be necessary for the exporter to negotiate with the importing partner so that the certification can be used by other partners in Russia. Overall, it is fairly common for importing partners to request **exclusivity** terms. To make cooperation efficient, a solution can be to give conditional or territorial exclusivity whereby if the partner cannot provide the necessary sales volumes, they lose exclusivity. The time needed for obtaining certification, while not generally excessively long for most food and beverage products, should be considered when planning market entry.

The situation for **alcohol** import is somewhat more complex. The market is quite highly consolidated and the larger importers tend to be reluctant to introduce new brands. This is for two main reasons:

1. they tend to already have large existing long term contracts with purchasing plans already worked out for up to the next five years;
2. they are reluctant to perform the substantial initial work / investment required to bring a new product to the market (both in terms of dealing with the heavy government regulations and in terms of raising brand awareness).

Against this background, alcohol is one area where working with several regional companies may be more effective than working with large federal players.

Furthermore, it is important to note that the importer of alcoholic beverages must pay alcohol duties and receives special excise labels from the government. The labels are sent to the EU manufacturer and stuck on every bottle (in some cases Baltic brokers perform this procedure as they speak Russian and know the formalities of the process). It is important to know that, in case of excise label loss, the product cannot be sold in Russia, and receiving the new excise labels is likely to be very complicated.

There are no hard and fast rules for **order volumes** with different partners likely to have different requirements; however, very roughly:

- **Alcohol** (spirits / wine): 10 pallets is common, with any trial orders likely to be in the 3 to 5 pallet range.
- **Chocolate and confectionery**- For premium chocolate and confectionery goods, as low as 1-2 pallets may be possible for trial orders.
- **Olive oil**- the first order may likely contain 3-5 pallets.

Promotion and marketing is important for entering the market. Against this background, a partner who is willing to invest in marketing is important – without this it will likely be challenging to enter the market. Social networks play a particularly important role in marketing, with Instagram, VK and Yandex standing out as the key networks/portals used by consumers to search for products.

Some final tips and considerations are:

- While an obvious step, before advancing with any plans to enter the Russian market (including contact with importers/partners) it should be **confirmed that the product in question can be imported** i.e. is not under embargo.
- Participation in **food fairs and exhibitions** can be one way of presenting a new product to potential business partners and making contact with them.

- Before choosing a partner in Russia, it is important to ensure that they are in an **excellent financial situation and has a good financial record historically**. It is advisable to use the <https://www.nalog.gov.ru/> site to check the financial reports of the potential partner. The Russian importer should have sound financial leverage to import the goods as he will need to freeze monetary funds two or three times the sum of the invoice (these funds will be reimbursed when the product is bought by the final customer).
- When first discussing with potential partners, it is recommended to double check any information they provide you with relating to benefits they have offered or success they have had for existing partners.
- **Targeting products in view of currency fluctuations and domestic production:** it should be noted that, while the Rouble exchange rate has rarely been stable during the last 30 or so years, the landscape fundamentally changed in 2014 with the embargo and subsequent increases in domestic production. While previously Russia was highly reliant on imports in many areas, domestic production has since increased and it is often cheaper than imports. For their part, importers have generally tackled the issue in one of two ways: either increasing prices if they believe the market will support it; or requesting lower prices from the EU exporters (ultimately impacting their earnings). While there is no magic bullet to this situation, it is recommended that products entering the market now target the premium segment as far as possible in order to be insulated to some extent against currency fluctuations.
- It is important to invest in the **relationship**, meaning that frequent trips to visit the partner in Russia and co-operate on promotion and marketing are to be expected. Speaking Russian, while not essential, is a bonus that can help with the development of relationships – though interpretation/translation provides a backup option. Virtual contact will likely be acceptable during times of pandemic restrictions, but under normal circumstances initial and subsequent important contact is best done in person.
- It is important to give **training to sales managers and work directly with the marketing department** of the importer. Visits in the country should be done regularly as the tenure rate in such roles in Russia can be as low as 6 months.
- **Targeting the big cities first** can be an effective first entry strategy for testing a product, before expanding e.g. through the use of regional partners who have good insights into the local markets and are honest.
- It is important to **know who makes decisions in the company**. Small and medium Russian companies often have one or two founders, who are the key decision makers. For larger companies, it is advisable to find a person who can make purchasing decisions; this may be the CEO, Commercial Director or their deputy. Final decisions are traditionally made by just one or two people rather than by teamwork. Time spent with people other than this is likely to be wasted.
- Considerable **time** may be needed when first entering the market due to the formalities and work involved. It is therefore recommended that exporters do not judge success over the first six months or so, but rather have a longer timeframe.

Business Contact Database:

A database of importers, wholesalers, retailers, and distributors can be found in section 8.5.

N.B. due diligence will have to be performed for any contacts on this database as no warranty is given as to the standing of these individuals, organisations or firms, and no corresponding responsibility or liability is accepted by the authors.

4.4.4 Business environment

The business environment of Russia varies a lot depending on the region of the country. After all, as the world's largest nation it is home to various ethnic groups and customs which vary in their view of conducting business. Overall, it is likely that most business meetings and events will take place in larger cities such as Moscow and St Petersburg. The ongoing political dispute concerning the EU and Russia makes it difficult to conduct business for some products such as meat and dairy. Having a local contact who can help to guide and connect with relevant partners in the country is recommended as Russians will generally be slightly suspicious about doing business with unknown entities, particularly those from the west.

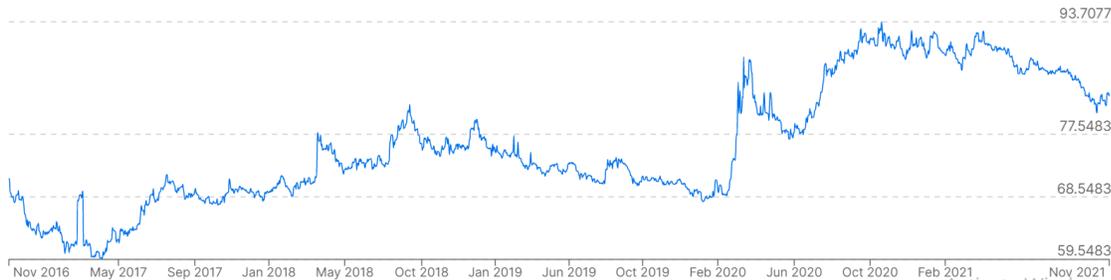
4.4.5 Key operational considerations and challenges: summary

Key challenges to bear in mind when operating in the Russian market are:

- Although the country is vast, most business opportunities are focused in larger urban centres such as Moscow and St Petersburg. Any business outside of the western region of Russia can be difficult due to the logistical challenges of working in the remote Russian interior. This is true both for foreign and domestic companies.
- Market access poses considerable challenges, with several trade bans already existing between the EU and Russia. The Russian government is also prone to quickly implementing new restrictions without much prior notice. This is particularly true if an external political dispute emerges between both markets. This can make long-term planning in the country difficult.
- With 10% of Russia's population being Muslim, it's important to analyse the region being targeted to conduct business in. For example, if conducting business in majority Islamic areas such as Dagestan and Chechnya make sure not to plan a meeting on a Friday and respect Islamic traditions.
- While English may be spoken by younger Russians in Moscow or St Petersburg, it is not a widely spoken language overall with only an estimated 11% of the population speaking it to some degree. This requires the need to have a Russian interpreter present during meetings. Alternatively, German is also a popular language learned at school in Russia and may be spoken by some younger speakers as well.
- It is necessary to take into account that, due to Russia's sheer size, the country has 11 time zones. In view of this, it is necessary to research the local time of a scheduled meeting and check the feasibility of time for individuals in other regions of Russia attending if the meeting is online.
- Figure 4-5 below shows the currency exchange rate between the Euro and Russian Rouble for the past five years (End of 2016-end of 2021). This graph highlights the high levels of fluctuation that occurs between the currency exchange rate of the Euro and the Rouble. Between this period, 1 EUR has equated from a rate ranging from 1 EUR = 59 Roubles in April 2017 to 1 EUR = 83 Roubles towards the end of 2021. This demonstrates both the high level of volatility of the currency and the extent to which the Rouble has devalued; with both these factors impacting the viability of imports. While it is difficult to predict how the exchange rate may evolve going forwards, it should be noted that

recoveries in oil and gas prices may boost the Rouble given the country’s reliance on these commodities for export.

Figure 4-5: Five-year evolution of the EUR-RUB currency exchange rate: 2016-2021



Source: XE Currency converters: Euro to Russian rouble exchange rate chart, available at <https://www.xe.com/currencycharts/?from=EUR&to=RUB&view=5Y>

4.4.6 Other relevant information

Methods of payment in Russia

The currency of Russia is the Russian Rouble and will be accepted as a method of payment throughout the country. Euros and dollars are not accepted in Russia and general transactions in these currencies are considered illegal. It is possible to exchange these currencies at most major ports of entry in Russia although the exchange rate is prone to rapid change depending on a variety of factors. All major credit cards will be accepted in Russia and the country has a large amount of ATMs visible throughout its major urban centres, although it may be more difficult to find ATMs in the interior and far east of the country. In Russia, digital wallets from QIWI and Yandex and are commonly used for day to day transactions and increasingly this is becoming the main method of payment for consumers living in Moscow and St Petersburg.

Travel from the EU to Russia

Prior to a travel ban as a result of the Covid-19 outbreak, all citizens of the EU could apply to get an E-visa to enter Russia. The E-visa allows individuals to enter Russia for a period of 60 days. While freedom of movement once in Russia is permitted, it is important to note that many cities in the interior of Russia have a “closed city” status where travel is banned. Make sure to research your trip before going. The EU has a number of ports of entry to Russia such as the border with the Kaliningrad Oblast, the Finnish border and the Baltic border. Entry to Russia if all documents are in place is generally not difficult from these points. At the time of writing there exists a ban as a consequence of the Covid-19 outbreak, but it can be expected that this ban will be lifted shortly as Russia re-opens to tourism, with EU citizens being a large tourist segment in the country.

5 Market Snapshots for Selected Products

This section provides specific information for various food and beverage categories and products. This information covers three main categories:

- **Consumption:** data on the evolution of consumption; consumer profiles and any notable consumer trends;
- **Offer:** domestic production; imports and exports; the competitive landscape; relevant specific customs procedures/import considerations;
- **Distribution:** main distribution channels used; domestic and imported offer.

Furthermore, each category contains a SWOT analysis and a key takeaways message.

Fresh meat	Fresh fruit and vegetables	Dairy
Wine	Spirits	Olive oil
Chocolate and confectionery	Beer	Pasta
Ice cream	Processed fruit and vegetables	Pet food
Biscuits / cereal bars	Baked goods	Live plants

5.1 Fresh meat

5.1.1 SWOT analysis

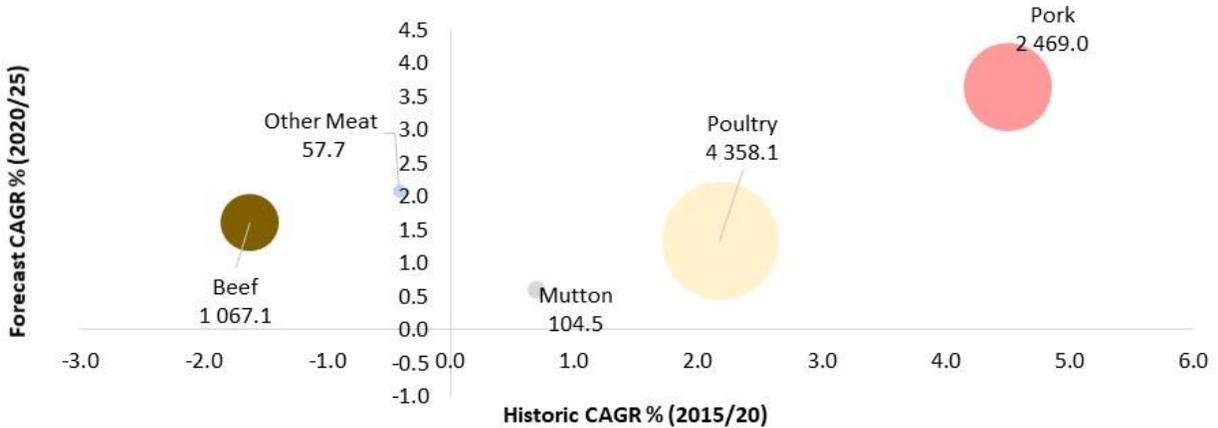
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Russia is one of the largest markets in Europe and consumption across products such as poultry and pork and is predicted to grow further. ▪ Vegetarianism in Russia is generally low by European standards. 	<ul style="list-style-type: none"> ▪ Ongoing ban on EU meats arriving in Russia as a result of external political events. ▪ Russia has pre-2014 trade barriers that remain in place and have yet to be resolved concerning MS such as Poland and Lithuania.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ A re-opening of this market for EU meats, if achievable, would result in access to a large market within the proximity of the EU. ▪ A rebound in the value of the Rouble would facilitate EU food imports in the event of a reopening of the market. Nonetheless, there may be opportunities for quality products that can justify their higher price without this rebound. ▪ The premium and rare meat niches stand out – beef, other poultry (e.g. duck / quail) and rabbit. 	<ul style="list-style-type: none"> ▪ Domestic production rising, with the capacity to produce cheaper cuts of meat which appeal to an ever price-sensitive consumer base. ▪ Imports from Belarus and Brazil are the biggest threat. The devalued Rouble has already hit demand for imported meat as it has become even more expensive for the average Russian.

5.1.2 Consumption

Evolution of consumption

Figure 5-1 below shows that poultry is the most popular fresh meat product in Russia with a total volume of 4.35 million tonnes. Poultry has grown by a CAGR of 2.2% between 2015 and 2020, looking ahead, the CAGR of poultry will decline to 1.3% between 2021 and 2025, however, it will remain the most popular fresh meat in Russia. Pork is the second most popular fresh meat product in Russia with a total volume of 2.4 million tonnes. Pork is also the fastest growing fresh meat product in Russia in recent years with a CAGR of 4.5% between 2015 and 2020. Looking ahead the status of pork as the fastest growing fresh meat in Russia will remain with a predicted CAGR of 3.6% between 2021 and 2025. Beef has a total volume of 1 million tonnes and is expected to grow slowly at a CAGR of 0.6 % between 2021 and 2025. Mutton is a smaller meat product consumed in Russia with a total volume of 104 000 tonnes in 2020. Other meat products have a total volume tonne of 57 000 tonnes and are expected to grow by a CAGR of 2.1% between 2021 and 2025.

Figure 5-1: Evolution and forecast of fresh meat market (000 tonnes) in Russia, 2020-2025; total volume



Source: Euromonitor International: Fresh Food, 2021.

Consumer profile and purchase criteria

Consumers

Consumption of poultry and pork which are both the most popular products in Russia rose in 2020 due largely to the outbreak of Covid-19 which led to consumers opting to cook these meats at home. Consumers are drawn to these two types of meat in particular as they are cheaper and widely produced in Russia. This became more apparent during Covid-19 when incomes fell, and the production of meat was impacted further accentuating the importance of the affordability criterion. It is important to note that Russia is a large country that incorporates various consumption habits that extend to fresh meat. For example in cities with a larger Islamic population such as Kazan and Grozny, the sale of halal meats will be necessary to cater to the population. On average, Russians are large consumers of fresh meats such as poultry, pork and beef while the consumption of turkey meat in Russia is generally below the rate of consumption seen in other European countries.⁴⁶ In addition to the requirements of the Islamic population, many regions of Russia will incorporate ethnic groups that will have different practices in relation to meat consumption, one example being the Kalmykia oblast which has a majority Buddhist population that will often abstain from meat consumption. Vegetarianism in Russia has yet to reach levels found in other European countries which makes vegetarianism less of a threat to the Russian meat sector.

Drivers and method of consumption

Consumption of meat in Russia is synonymous with many national dishes with notable examples being **Shashlik** (*Russian take on the kebab, usually made of beef, pork or venison*), **Beef stroganoff** (*Popular dish in Russia incorporating beef*) and **Pelmeni** (*Russian dumplings with*

⁴⁶Flanders investment and trade market survey, meat sector in Russia and the north west region 2020, available at https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/2020_Russian%20and%20North-West%20region%20meat%20sector_0.pdf

mincemeats inside). As already mentioned, poultry is the most popular meat consumed in Russia with notable dishes incorporating poultry in the country including Russian **plov** (poultry meats and rice dish) and **Russian chicken cutlets**. Poultry is commonly consumed as a part of a lunch or dinner dish. Russian meat consumption varies across the many regions with most of the western regions of Russia having a similar method of consumption patterns as other eastern European states, such as having dinner meals at 7 pm-8 pm and consuming dinners as a family. Demand for cheap pork and poultry products are key drivers of consumption in the country as the purchasing power of consumers has declined in recent years. These meats will remain the most popular in the country largely as a result of their price competitiveness compared to other meats.

Purchase criteria

Price sensitivity has grown to largely influence the movement of the Russian meat sector as consumers are growing to seek out cheaper meats, due in part to a declining purchasing power parity. Higher priced meats such as beef and lamb are expected to continue to face pressures as the ability of consumers to purchase them on an annual basis declines, due to currency devaluation (given that a notable part of these meats must be imported). An outbreak of foot and mouth disease in the Caucasus regions of Russia in 2020 has shaken consumer confidence in meats; however, foot and mouth has largely been eradicated in the country at the time of writing. Russians outside of larger urban centres will often purchase local meats as a means of supporting the local economy which is particularly true in areas of larger meat production such as the Belgorod region and Chelyabinsk region.

Fresh meat on retailers' shelves in Russia

It must be remembered that meat imports from the EU have been under embargo since 2014, so there is no EU meat on retailers' shelves.

Local meat dominates the retail market in Russia. It is generally rare to find imported general poultry and pork in retail outlets; the most commonly found imported fresh meat is beef (most often from South America), with some specialist imported poultry (e.g. duck) also available; though domestic products are more prevalent than imported ones even for these categories.



Above: part of a meat counter in a supermarket

Pricing depends on the cut to a high extent but in general, imported premium beef sells at RUB 1 500 per kg upwards. In the very occasional cases that economy imported poultry meat is available (e.g. from Belarus) this tends to sell at a very low price (under RUB 200 per kg).

While mass market meat is likely to be sold in at meat counters (sometimes pre-packed on site), premium products are more likely to be packed by the manufacturer/importer (see below). The main packaging types are plastic/foam plastic trays sealed with a transparent plastic sheet (400-500g) or vacuum packaging (up to 1kg).



Above: part of a meat counter. Below: pre-packed selection of premium fresh meats. Despite the premium status, they are primarily of Russian origin.



Origin is clearly indicated either on the packaging or on the store label (see below).



Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

The ban on EU meats in 2014 has since created gaps in the market which have had to be addressed by domestic producers and imports from Belarus and Brazil. Russians have increasingly switched to cheaper cuts of meat such as poultry and pork due in part to a falling value in the local rouble currency which has reduced the financial capacity for Russians to afford more expensive cuts of meat such as beef, which is often imported; and indeed the downward trend in imports – beef in particular – clearly show the impact that the devalued Rouble has had on demand for imported meat. Russians are consuming more meats than previously which has been aided by the outbreak of Covid-19 due to increased home cooking. Looking ahead, poultry will remain the most popular fresh meat product in Russia aided by its price which appeals to consumers who have a falling purchasing power partly due to currency devaluation. Pork will remain popular also, however, beef and lamb will struggle as these products are more expensive and falling purchasing power encourages consumers to seek cheaper fresh meats.

5.1.3 Offer

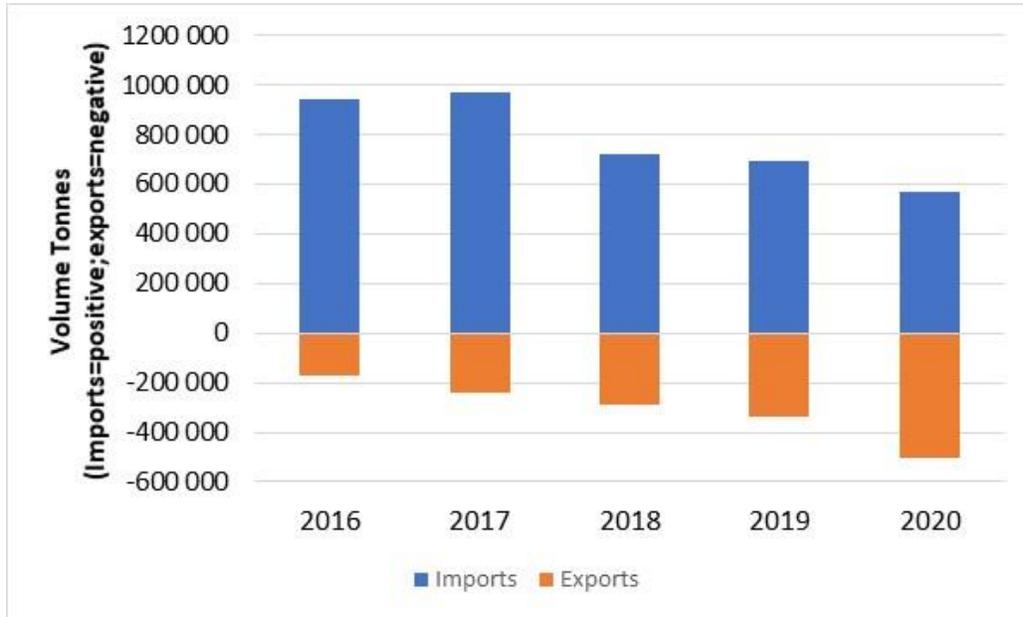
Domestic production

The fresh meat production sector of Russia is growing with a rising need to produce meats domestically due to ongoing bans on meat imports from neighbouring EU countries. Cherkizovo is the biggest meat producer in Russia and focuses on the production of poultry and pig meats. The company produced 702 000 tonnes of fresh meat in 2020. Miratorg and Resurs are the next biggest producers. Total meat production (i.e. both for fresh markets and further processing) rose from 7 million tonnes in 2009 to 10.9 million tonnes in 2019 which is a rise of roughly 33% over a decade. Poultry accounts for 47% of production followed by pork at 33% and beef at 15%. A large barrier to the growth of production in Russia has been rising costs of production due to the devaluation of the rouble. This has caused producers to shift focus towards foreign markets as Russian meat is generally cheap in these markets due also in part to the devaluation of the rouble. The Belgorod region, Chelyabinsk region and Krasnodar region are the largest meat producing regions of Russia. Production of turkey and rabbit meats remains largely small. However, the government has highlighted these two types of meat as key growth sectors the country wants to expand which has led to significant investment in the farming of these meats in recent years.

Imports and exports

Figure 5-2 below shows that Russia is a net importer of fresh meat having a trade deficit in the product for the past five years. Exports are growing and have grown by a multiple of 7 in the past five years from a figure of 170 000 tonnes in 2016 to 507 000 tonnes in 2020. Russian imports have declined from a peak of 973 000 tonnes in 2017 to a figure of 572 000 tonnes in 2020. The import and exports figures below further demonstrate a strategy of domestic production growth combined with a rise in demand for Russian meats from abroad aided by a fall in the value of the rouble which corresponds to the growth of exports.

Figure 5-2: Trade balance (imports and exports) of fresh meat in Russia, 2016-20; volume tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

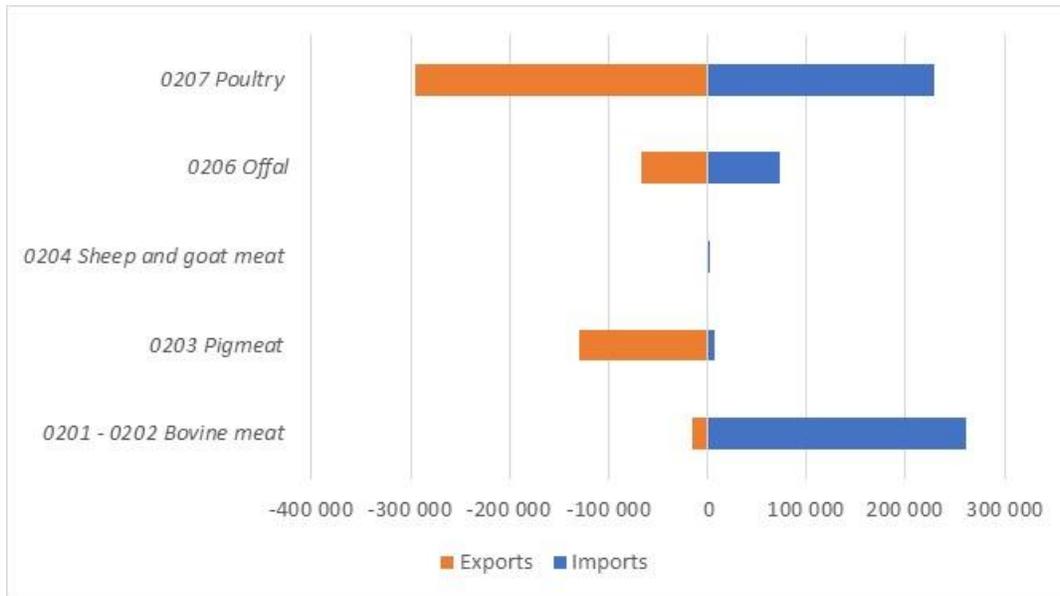
Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

Figure 5-3 shows that poultry is one of the most important fresh meat products both imported and exported from Russia. Imports of poultry reached 228 000 tonnes in 2020 while exports reached 294 000 tonnes. Imports of bovine meats represent the most imported fresh meat product imported by volume tonnage into Russia with a total of 261 000 tonnes being imported in 2020. Offal imports reached a total of 73 000 tonnes while pigmeat is a much smaller imported meat at 6 400 tonnes. Russia has a trade deficit in the trade of bovine meats, sheep and offal while the country has a trade surplus in pig meat and poultry.

In terms of cuts of meats imported:

- **Poultry:** frozen quarters and drumsticks are common. Frozen breast and frozen boneless meat is also imported to a fair extent.
- **Pigmeat:** import volumes are limited. The most common cuts are boneless collar, boneless leg, and boneless shoulder; as well as boneless loin on a seasonal basis for pork deli products.
- **Beef:** with a fundamental structural deficit, a range of cuts are imported including shoulder, neck and shoulder blades, brisket, flank and various steaks.

Figure 5-3: Trade balance (imports and exports) of fresh meat in Russia, by type, 2020; volume tonnes-6665



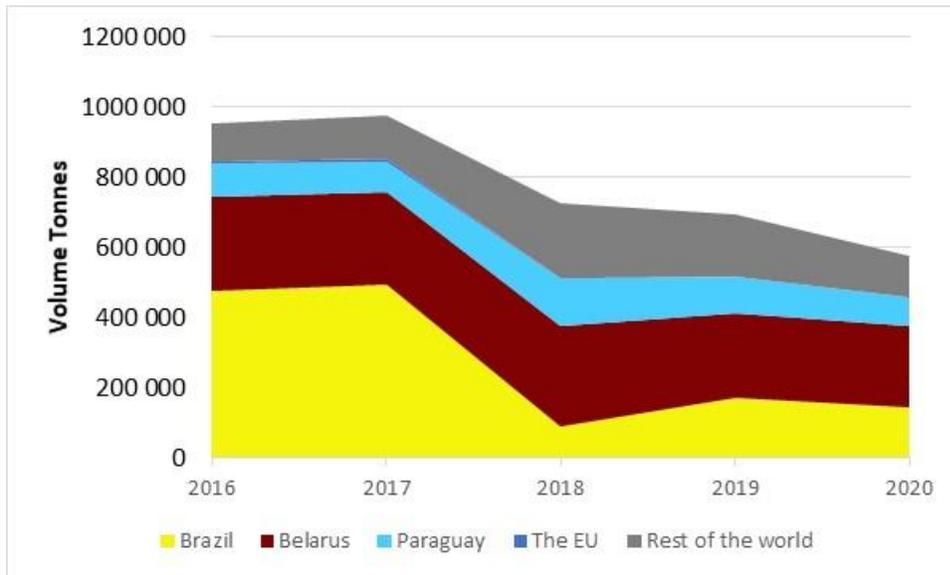
Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

Figure 5-4 shows that Brazil has been the largest exporter of fresh meat to Russia in recent years. However, Belarus has surpassed the country during the years of 2019-2020. Paraguay is the third-largest exporter despite the considerable distance between the two countries. EU exports remain banned from Russia which explains why total exports are practically zero. Prior to the ban, Poland, Germany and Denmark were the biggest exporters from the EU largely trading pork and poultry meats.⁴⁷ Russia overall was one of the biggest markets for EU fresh meats prior to the ban.

⁴⁷ The effects of Russia's economic crisis and import ban on its agricultural and food sector, Sage Journals, Available at <https://journals.sagepub.com/doi/full/10.1177/1879366519840185>

Figure 5-4: Russia imports of fresh meat by country, 2016-20; volume tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 0201, 0202, 0203, 0204, 0206, 0207.

EU GI products

As noted in section 4.2.4 there is legislation for registering GIs in Russia,. No GIs for fresh meat have been identified as having been registered.

Main competitors

The main trade-based competitors for EU fresh meat products in Russia in the event of a re-opening of the market would be Belarus and Brazil. Belarus benefits from its membership of the EAEU which allows for free trade of goods coming from the country to Russia. Brazil and other Latin American countries such as Paraguay and Argentina would also pose as a considerable competitors. However, the need to import from these countries from Russia's perspective comes from a ban on EU meats, meaning a re-opening of the market may result in EU member states supplanting these countries. Domestic production has risen in recent years, partly as a result of the need to fill the gap stemming from the import ban; and growing demand for Russian meats abroad is helping this to continue. It is likely that EU fresh meats would face considerable challenges competing with domestic meat products in Russia, most notably in terms of affordability in the face of a devaluing Rouble.

5.1.4 Specific market entry requirements

Note: as outlined in section 4.3.4, there is currently an embargo on fresh meat products from the EU, with this embargo renewed annually. Against this background, the information presented in this section relates to the requirements that would theoretically exist at this point in time if access were in place. There is no guarantee they will remain fully relevant in the case there is any change to the embargo status.

Market Access and Entry

Fresh meat is classed as a product under veterinary control, and hence a veterinary health certificate and import permit is required. A licence to import meat will be required by the importer and a declaration of conformity may be required.

In addition to this, only suppliers on the approved supplier list are permitted to access the market. *Rosselkhoznadzor* maintains approved supplier lists online; these are sorted by country, with individual lists for each product type subsequently displayed under the country. A link to the EU page, which has EU level information as well as links to individual Member State pages, can be found here:

<https://fsvps-gov-ru.translate.google/fsvps/importExport/eu? x tr sl=ru& x tr tl=en& x tr hl=ru& x tr pto=nui>

In terms of tariffs, these vary by type of meat. For example, poultry tariffs range from 25 to 80%; while pork tariffs range from 0 to 25%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – poultry category (0207) from Spain to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=0207&origin=ES&destination=RU>

Standards, SPS measures, labelling

As noted in section 4.3.4, there are SPS related challenges with various diseases. It is recommended to consult this section for further details.

The key regulation covering standards and requirements for meat is the CU Technical Regulation TR TS 034/2013 on the Safety of Meat and Meat Products. This can be found at:

<http://www.eurasiancommission.org/ru/act/texnreg/deptexreg/tr/Pages/%D0%A2%D0%A0-%D0%A2%D0%A1-034.aspx>

5.1.5 Distribution

The retail market is the most common channel of distribution for meats in Russia, accounting for 86.9% of all sales, a figure that is growing, partly as a result of at-home consumption due to the COVID-19 pandemic. Foodservice outlets accounted for 7.8% of all sales in 2020, however, this is a decline of -2.6%. Institutional outlets account for 5.3% of all sales but like foodservice outlets, this figure is declining at a smaller rate of -0.8%. In terms of retail channels, small independent grocers are dominant across Russia as a whole, estimated as accounting for over half of retail meat sales. Modern retail channels account for around 30% of retail meat sales, though in the larger cities of Moscow and St Petersburg this percentage is estimated to be much higher (at least 50%) with small independent grocers losing out. Street markets, kiosks and alike account for 10% of fresh meat sales, with their importance having declined in recent years as such more informal retail channels have been replaced by more formal ones. Imported meat specifically is

most likely either to be sold through modern retail channels (supermarkets and hypermarkets); or through food service – most commonly high end ones in larger cities.

Figure 5-5: distribution of fresh meat in Russia by volume, 2020



Source: Euromonitor International: Fresh Food, 2021.

5.1.6 Challenges for EU products

The main challenge for EU producers is an ongoing ban on meat exports coming from the EU to Russia as a result of an ongoing political dispute over the status of Ukraine. Until this is addressed the Russian market will likely remain closed off for EU fresh meat products. Should the market reopen, the major challenge will be competing with cheaper cuts of Russian meats which are popular in the country and appeal to cost-sensitive consumers. EU meats will have to lean on the perception of being of a good quality which will be needed to justify spending more by consumers, particularly in the face of a devaluing Rouble which makes imported products less affordable. Meats from Belarus and Brazil present themselves as the biggest competitor for EU products in the market presently.

Market Takeaway: Fresh meat

Consumption: Consumption of poultry is high due to the cheaper prices of this meat compared to other meats, which appeal to an ever price-sensitive consumer base. Pork consumption is also high for the same reason while beef and lamb are under pressure due to higher costs of these meats in an environment of currency devaluation.

Competition: Domestic production, which has increased greatly in recent years, is the main competitor as producers can produce meats at a lower cost which appeals to consumers that are generally price-sensitive in relation to meat. Competition from Belarus and Brazil is the biggest in relation to producers from outside of Russia.

Distribution: Dominated by retail markets which account for 86.9% of all sales, a figure that continues to rise. Foodservice outlets and institutional outlets still have a small share of the market and it continues to decline.

Challenges: An ongoing ban on EU meats arriving in Russia due to an external political dispute is the biggest challenge for EU meat producers. Should the market re-open then the biggest competition will be domestic producers and products arriving from Belarus and Brazil.

Opportunities: If the market were to ultimately open it is one of the largest in Europe and opportunities exist for higher quality EU products and rarer types of meat if they can find a way of justifying their price premium.

5.2 Fresh fruit and vegetables

5.2.1 SWOT analysis

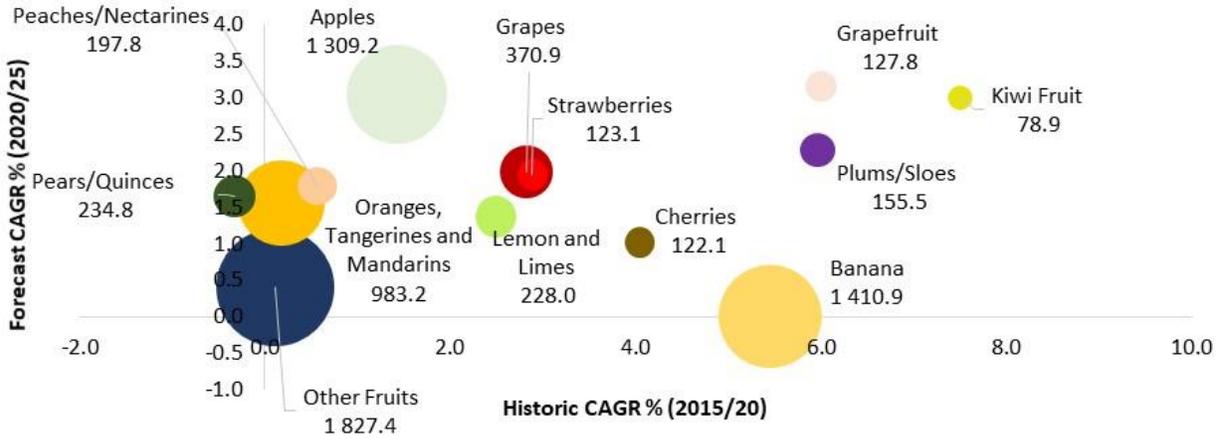
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Fruit and vegetable consumption is common in Russia; it is generally on par with European levels of consumption with similar consumption patterns. ▪ Production of domestic fruit and vegetables restrained during colder winter months requiring an increase in imports. ▪ Growth rates are predicted for the consumption of the majority of fruit and vegetable products in Russia between 2021 and 2025. 	<ul style="list-style-type: none"> ▪ A current ban on EU fruit and vegetable products from entering Russia at present. ▪ The fall in the value of the rouble is making it difficult for lower-income earners in the country to purchase imported fruit and vegetables. ▪ Many Russians produce their own fruit and vegetable products, particularly older consumers who have carried on this standard practice from the days of the USSR.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ A re-opening of the Russian market would present the greatest opportunity for EU producers, particularly given there is a fundamental structural shortage.. ▪ Russian consumers increasingly consume blueberries and cherries which are grown on a larger scale in the EU and there is a structural shortage despite increasing domestic production.. ▪ Imported fruit and vegetables tend to be more expensive than domestic ones and target higher income consumers. 	<ul style="list-style-type: none"> ▪ The climate of Russia is warming which is allowing for the expansion of the production of fruit and vegetables in regions that have traditionally been too cold to produce them in the winter. ▪ Domestic production is a key priority for the government of Russia which has financed a large-scale modernisation and expansion of the production sector in recent years. ▪ Demand for imported products peaks during the northern hemisphere winter; a period during which EU producers may struggle to produce the demanded volumes.

5.2.2 Consumption

Evolution of consumption

Figure 5-6 shows that the other fruit category is the most popular category in Russia by total volume, with a total volume of 1.8 million tonnes in 2020. This is followed by bananas with a total volume of 1.4 million tonnes and apples with a total volume of 1.3 million tonnes. Across all fruit categories with the exception of bananas, there is a predicted growth rate forecasted, with the fastest-growing fruit category expected to be cranberries/blueberries which is predicted to grow at a CAGR of 8.4% between 2021 and 2025. This is far ahead of the second fastest-growing fruit category which is grapefruit with a predicted CAGR of 3.1% in the same period. Other fruits will remain the most popular fruit category by 2025 if the current predicted growth rates remain the same.

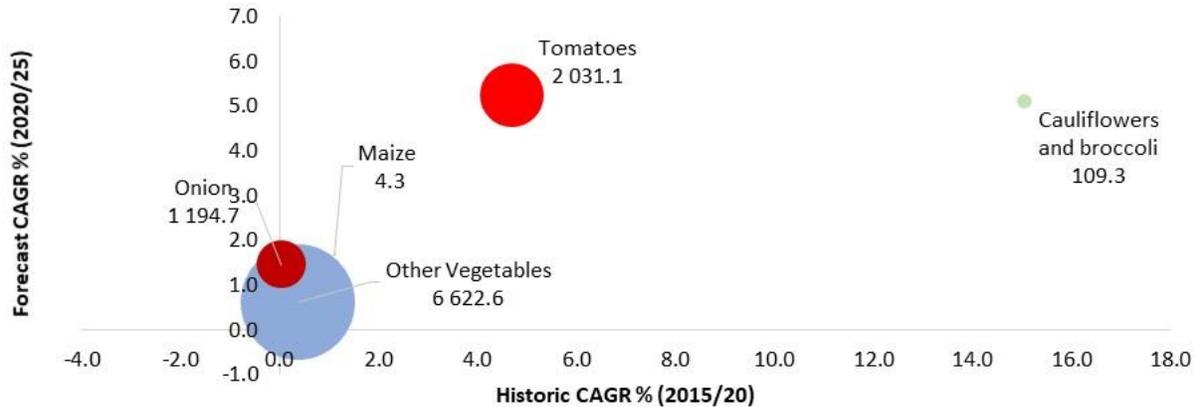
Figure 5-6: Evolution and forecast of fruits market (000 tonnes) in Russia, 2015-2025; total volume



Source: Euromonitor International: Fresh Food, 2021.

Figure 5-7 below shows that other vegetables are the largest consumed vegetable category in Russia by a considerable amount with a total volume in 2020 of 6.6 million tonnes. Tomatoes have a total volume of 2 million tonnes and will also be the fastest-growing vegetable between 2021 and 2025 with a predicted CAGR of 5.2%. Between 2015-2020 cauliflowers and broccoli grew rapidly in Russia by a CAGR of 15%. However, this CAGR will decline to 5.1% between 2021 and 2025. Onions with a total volume of 1.1 million will remain the third-largest vegetable product in 2025 with a predicted CAGR of 1.5% forecast between 2021 and 2025. Maize will be the smallest category with a predicted CAGR of 1.7% between 2021 and 2025 from its current total volume of 4 300 tonnes.

Figure 5-7: Evolution and forecast of the vegetable market (000 tonnes) in Russia, 2015-2025; total volume



Source: Euromonitor International: Fresh Food 2021.

Consumer profile and purchase criteria

Consumers

Consumption of fruits and vegetables is mirroring that of eastern European nations with the most popular fruits in the country being tomatoes, apples, bananas, grapes and mandarins. For vegetables, this remains also similar to eastern European nations with potatoes, onions and carrots being among the more popular vegetable products.

Many Russians prefer to grow their own vegetables due to fears over the use of agrochemicals in vegetables found in supermarkets. The practice of consumers growing their own vegetables is common even among higher-income consumers of Russia. *Dacha gardens (Similar to an allotment)* are common in Russia and are small plots of land owned by citizens for the purpose of gardening and remain a popular feature outside of urban areas in the country. It is estimated that sixty million citizens engage in gardening to produce food. The more popular fruit and vegetables coming from these gardens are apples, cabbage, strawberries and cauliflower; however many other fruit and vegetables are also produced.⁴⁸ Many older consumers will produce their own fruit and vegetable products as was common throughout the USSR era though this is less common among younger consumers who have increasing access to modern distribution channels.

Due to a large number of consumers producing their own fruit and vegetables, there is less demand for store-bought fruit and vegetables than the initial market size might suggest. However, opportunities in larger urban centres such as Moscow and St Petersburg exist as well as the trade of tropical fruits which Russia does not have the capacity to produce at scale such as watermelons, bananas and avocados. Due to these products having to be imported coupled with the recent devaluation of the rouble, it is likely that consumers of tropical fruits in Russia will be of the middle class and upper-income class. Lower-income consumers will prefer to stay with

⁴⁸ A Dacha for everyone? Community gardens and food security in Russia, No tech magazine, available at <https://www.notechmagazine.com/2020/03/a-dacha-for-everyone-community-gardens-and-food-security-in-russia.html>

cheaper staple fruit and vegetable products instead. Indeed, imported fruit and vegetables in general are, with few exceptions (e.g. onions and potatoes), more expensive than the equivalent domestic production (where it exists). As a result, consumers are more likely to be mid to higher income consumers in larger cities.

Finally, it is worth noting that there is an overarching relationship between disposable income and overall fresh fruit and vegetable consumption. Higher quantities are consumed as disposable income increases; for example, higher income Russians consume around twice the quantity of vegetables and three times the quantity of fruit than lower income Russians. The latter are more likely to rely heavily on potatoes for their fresh produce intake; and potato consumption as a percentage of total fresh produce consumption decreases with income.

Drivers and method of consumption

Key drivers of fruit consumption come from demand for health products among Russian consumers with many Russians associating fruit consumption with healthy living. Vegetables likewise benefit from this perception. Many traditional dishes will incorporate fruit and vegetables with notable examples including borst (beetroot soup), porridge with fruit and blini crepes which often includes fruit. Borst is a staple soup consumed in Russia and is amongst one of the most popular foods consumed in the country. Borst benefits from its flexibility allowing the incorporation of a number of vegetables such as potatoes, onions and tomatoes, however, the key ingredient is beetroot.

Methods of consumption follow similar patterns to other European countries which include having a variety of fruits and vegetables plated separately at bigger family food gatherings and the perception of fruit and vegetables as being part of a healthy balance diet. Key differences in relation to the Russian market include details such as the preference for home-grown fruit and vegetables among a large segment of the consumer base and a lower level of vegetarianism amongst the population. Food stalls are common throughout Russian towns and villages and often showcase locally produced fruit and vegetable items which instil a sense of local pride amongst consumers in more rural areas, which also acts as a driver.

Purchase criteria

The devaluation of the rouble in recent years has made it more difficult for lower-income earners to purchase tropical fruits in Russia which are generally imported from abroad. This has led to an increase in consumption of domestically produced fruit and vegetables as lower-income earners opt for cheaper products. Rising price sensitivity has further accelerated this process. A large number of Russian consumers, particularly older consumers, were more accustomed to producing their own fruit and vegetables during the USSR era and continue to hold fears about store-bought fruit and vegetables due to the use of agrochemicals in their production. Due to this, many consumers will thoroughly examine any information found on fruit and vegetable labels.

There are certain patterns in the origin of different imported fruit and vegetables consumed (e.g. most bananas come from Ecuador, most citrus fruits from Turkey, Egypt and South Africa, imported onions often come from China and Egypt). However, this can be considered more to be a result of availability and price rather than consumer preference for a specific origin. The devaluation of the Russian Rouble has only accentuated the importance of price for imports.

Fresh fruit and vegetables on retailers' shelves in Russia

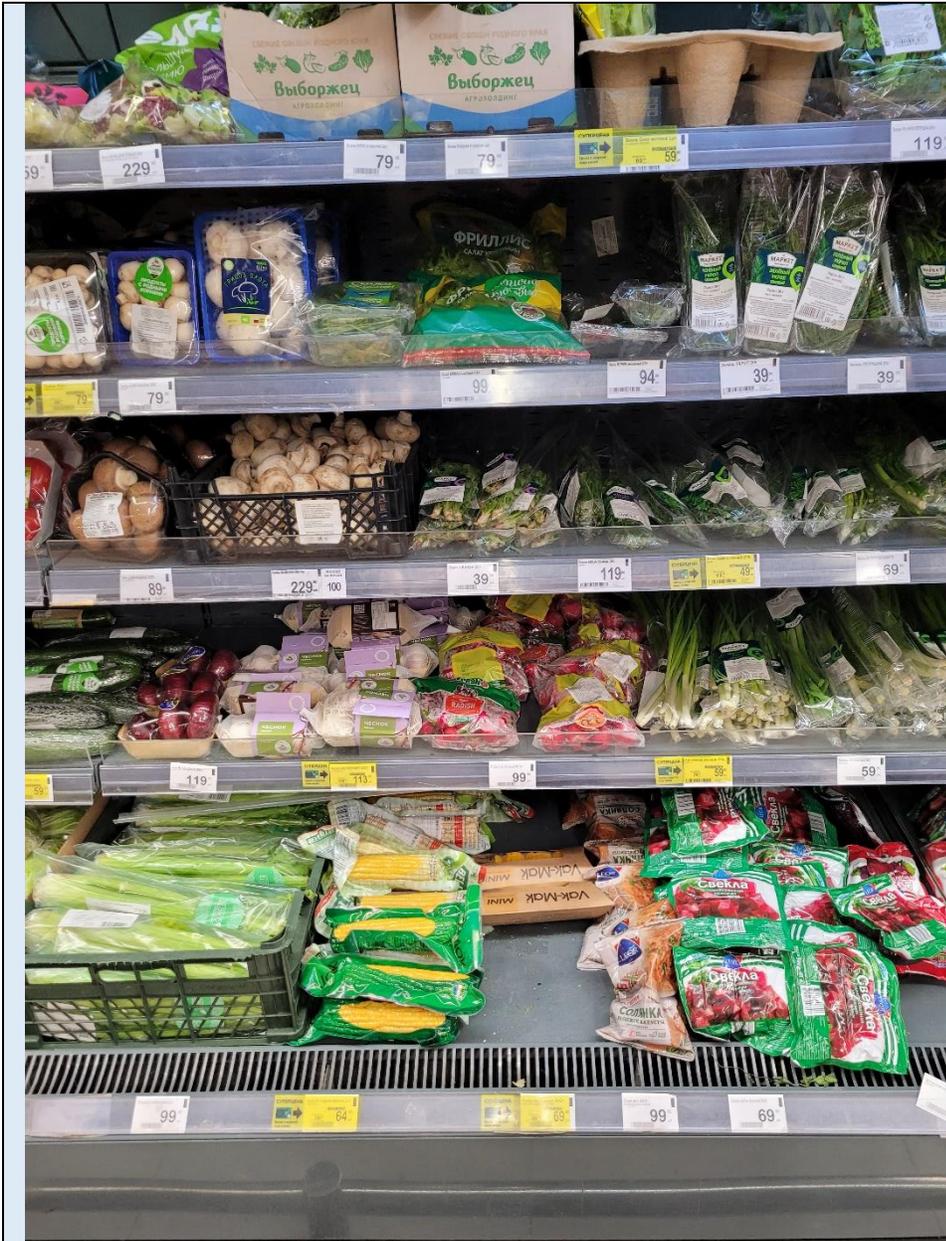
Prices inevitably vary by fruit/vegetable type. Imported products generally target the mid-range and premium segments, with indicative prices as follows:

- Mid-range: RUB 130-220 per kg
- Premium: RUB 220 upwards per kg

Imported fruit tends to be more prevalent on retailers' shelves than imported vegetables. Fresh fruit and vegetables, including imported ones, may be sold pre-packed (generally in plastic) but more commonly loose (see below).

Below: fruit sold loose in a supermarket.





Above: Packaged vegetables in a supermarket.

Limited information is generally provided on the store labelling of loose fruit and vegetables. However, often they are placed on sale directly in their shipping boxes, and these may include indications such as the country of origin (see below).



Above and below: fruit for sale displayed in shipping boxes; often with company name and origin.



Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

As stated, the devaluation of the rouble in recent years has started to push lower-income earners away from tropical fruits which are often imported and as a result more expensive. This is reflected by the stagnant forecast growth of imported fruits such as bananas going forwards. Lower-income earners are more likely to consume domestically produced fruit and vegetables and even grow them if they have access to a dacha garden which is common. Many older consumers accustomed to the practice of growing their own fruit and vegetables have retained this custom which makes this consumer base particularly hard to target. Cranberries and blueberries were the fastest-growing fruits in recent years and are expected to remain the fastest-growing between 2021 and 2025. As a whole, between 2015-2020 all fruit categories grew to some extent typically around a CAGR of 1-6% on average with the sole exception of pears and quinces which decline by a CAGR of 1.6% between 2015 and 2020, although this category is expected to rebound by 2025. Cauliflowers and broccoli are growing in popularity in Russia and grew by a volume CAGR of 15% between 2015-2020. Looking ahead, however, tomatoes will be the fastest-growing vegetable by volume with a predicted CAGR of 5.2% between 2021 and 2025.

With regards to imported fruit and vegetables, some larger retailers have started trying to work directly with exporters – cutting out the middlemen – in an effort to combat the price rises stemming from the Rouble’s devaluation.

5.2.3 Offer

Domestic production

The bulk of fruits and vegetables needed by consumers are supplied by local traditional farmers and dacha gardens in Russia. A need to increase domestic production of fruit and vegetables has encouraged the government to offer a number of subsidies and incentives for farmers and corporations to engage in fruit and vegetable production with a subsequent increase in production volumes across many staple products such as apples, berries and carrots. As Russia is a vast country incorporating many different geographies and climates many fruit and vegetable products are better suited for a particular region of the country, with examples including :

- **Krasnodar Krai and Kabardino-Balkan region** – Main apple-producing regions.
- **Central and Volga Valley regions** – Largest potatoes producing regions.
- **Krasnodar Krai and Stavropol Territories**- Largest berry-producing regions.
- **Lipetsk, Volgograd, Moscow and Kaluga**- The largest concentration of winter greenhouses producing green vegetables.
- **Southern Regions**- The largest concentration of commercial and large-scale production of fruit and vegetables.

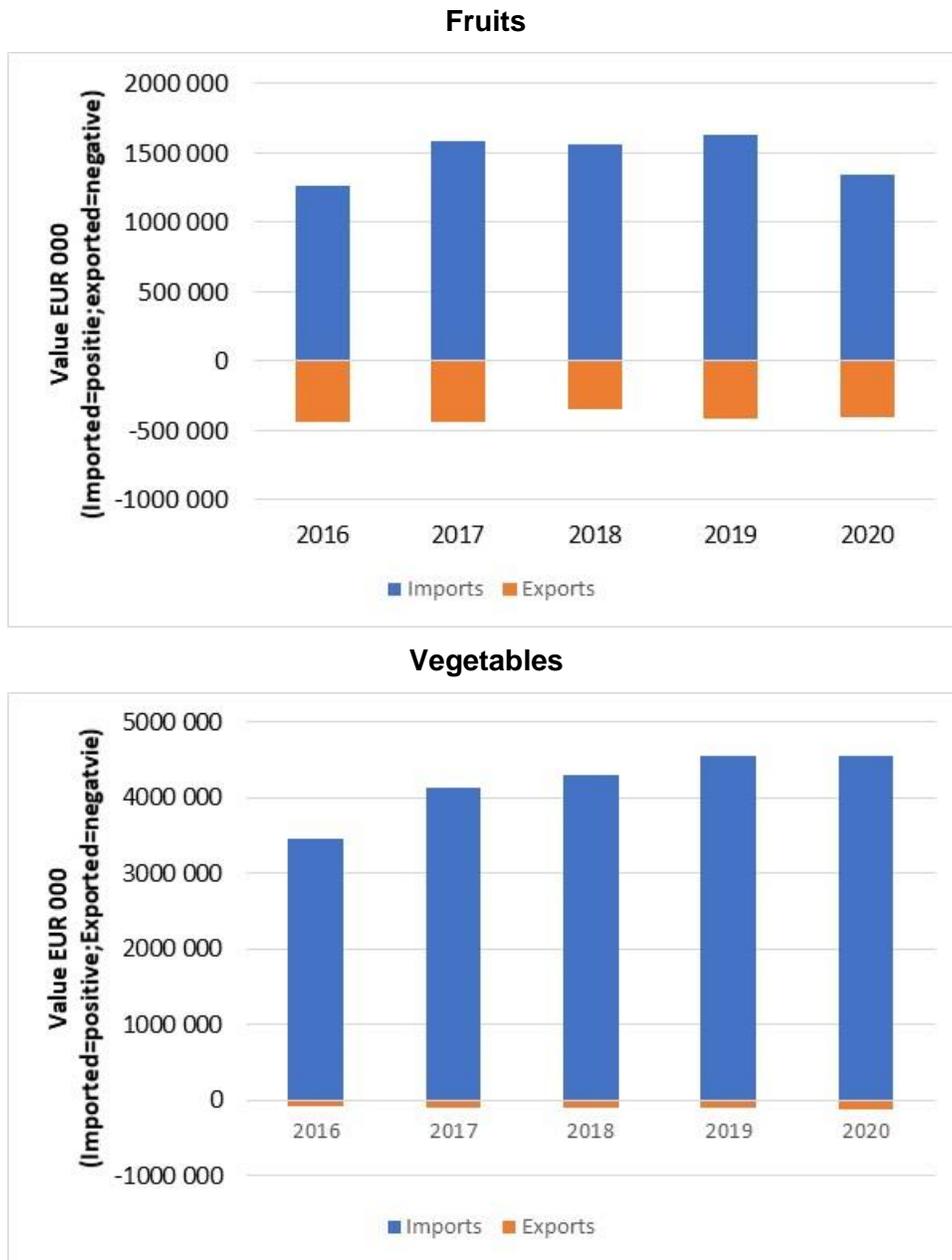
Generally, production continues to expand and while small-scale farming is the preferred method of production in Russia, larger companies are expanding their presence with examples including FruitLand company, AyBaRus and ZAO Vyborzhec.

It is worth noting that a significant proportion of domestically produced fruit and vegetables – around 30% - are used for further processing, with the remainder most commonly targeting mass market consumers.

Imports and exports

As Figure 5-8 shows, Russia is a net importer of both fruit and vegetables. This is not, however, a reflection of domestic production as the practice of self-growing fruit and vegetables in Russia is common meaning consumers are less reliant on travelling to outlets that are more likely to distribute imported fruit and vegetables such as supermarkets and hypermarkets. There is nonetheless a large need for imported fruit and vegetables during the winter months as the capacity for Russia to produce these products is limited by a typically boreal climate, with the exception of certain pockets of the country in the south as to an extent west. This in turn acts as a key driver behind the need to import fruit and vegetables. Russia imported EUR 1.3 billion worth of vegetables in 2020 which is a decline of around EUR 300 million between 2019 and 2020. Exports from the country have remained around the EUR 400 million mark between 2016 and 2020. Fruit imports are far higher than vegetable imports with Russia importing EUR 4.5 billion worth of fruit in 2020 and the total value of fruit imports has been higher than EUR 4 billion since 2017. Fruit exports continue to grow year on year and in 2020 came to a value of EUR 120 million. While there have been efforts to increase domestic production of fruit and vegetables, as noted in the section above, these have largely been constrained to certain types such as apples, berries and carrots due to climatic limitations. Furthermore, overall imports of these types of fruit and vegetable have remained stable or in some cases slightly increased over the last five years, despite increased domestic production.

Figure 5-8: Trade balance (imports and exports) of fruits and vegetables in Russia, 2016-20; value 000 EUR



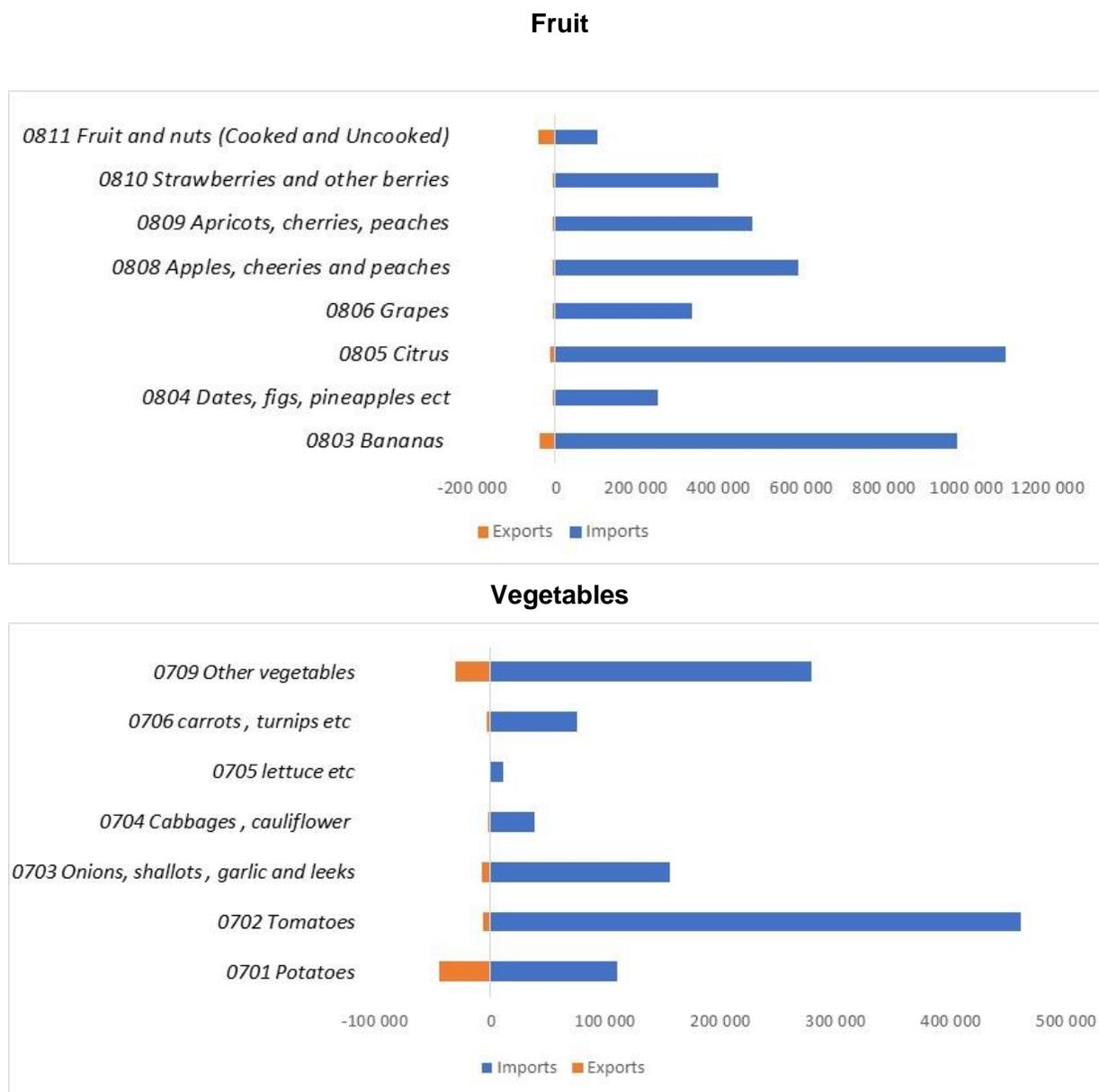
Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN codes 07 and 08.

Figure 5-9: Russian trade balance of fruit and vegetables by type, 2020 (value 000 EUR; selected types only) shows which fruits are predominantly imported and exported by Russia. As observed, citrus fruits are the most imported fruit product into Russia with total imports coming to a value of EUR 1 billion in 2020. This is followed by bananas with a total import value of EUR 978 million and apples, cherries and peaches with a total import value of EUR 593 million. In terms of vegetable product imports and exports, the highest valued vegetable import was tomatoes with

an import value of EUR 460 million in 2020. The other vegetable category was the second highest with an import value of EUR 278 million followed by onions with an import value of EUR 155 million. Russia is a larger exporter of vegetables over fruit and the largest exported vegetable from Russia was potatoes with a value of EUR 44 million.

Figure 5-9: Russian trade balance of fruit and vegetables by type, 2020 (value 000 EUR; selected types only)



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

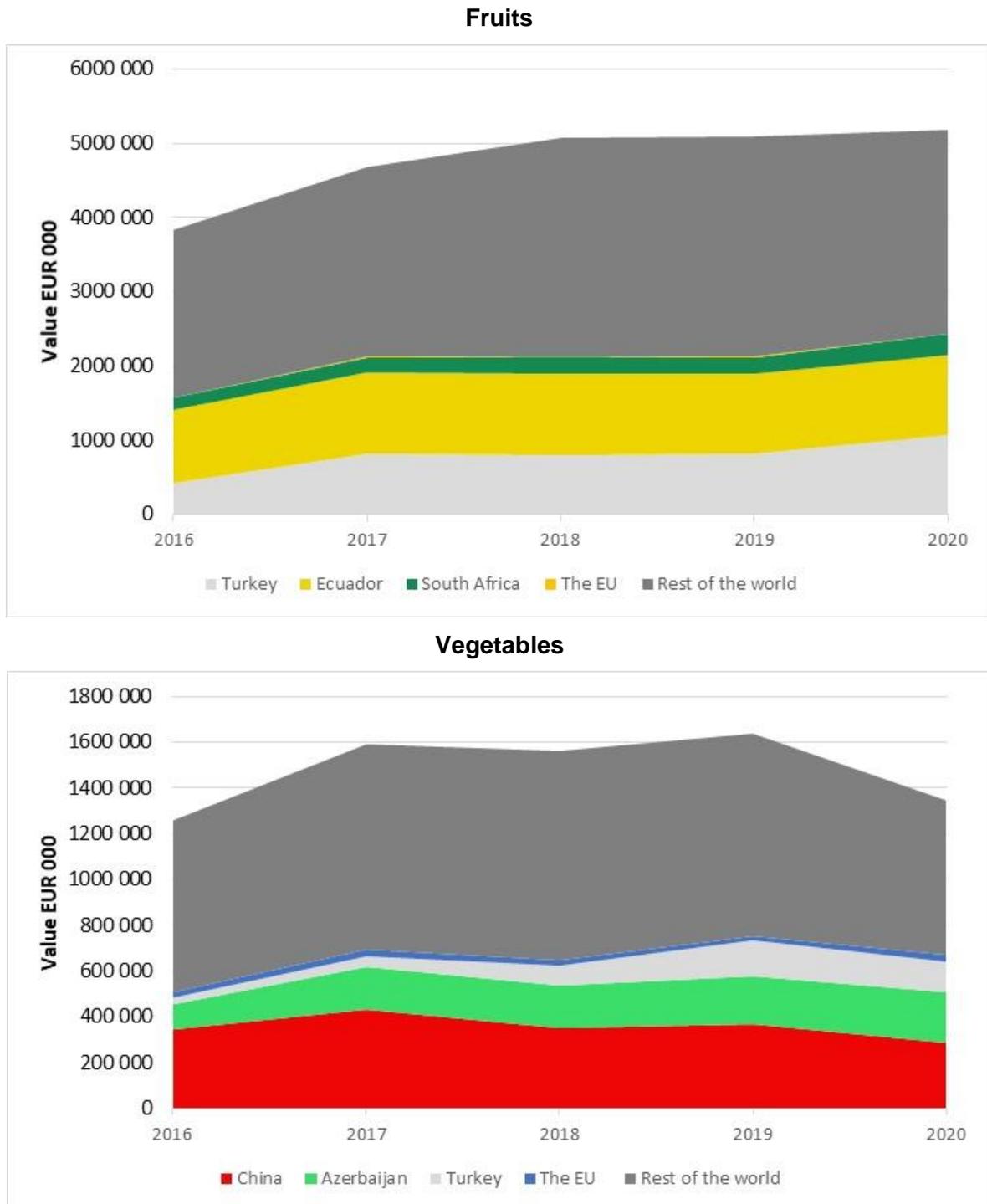
Note: names for CN codes are abbreviated in most cases.

Only indicated CN codes are presented in these figures. 6 codes for fruit and 7 codes for vegetables are missing, which is why individual figures do not add up to totals in previous graphs.

In terms of origin, Turkey is the largest country sending fruit to Russia followed by Ecuador and South Africa. Russian fruit imports come from a wide variety of countries with Serbia, Argentina and Morocco also being large exporters of fruit to Russia. The largest vegetable exporters to Russia currently are China, Azerbaijan and Turkey. EU exports of both fruit and vegetables remained banned from arriving in Russia due to an ongoing political dispute and this has been the case since 2014. Prior to the ban, Poland and Lithuania were the biggest fruit and vegetable exporters to Russia from the EU.⁴⁹

⁴⁹ EU compensates fruit and veg growers hit by Russian ban, The BBC, Available at <https://www.bbc.com/news/world-europe-28834170>

Figure 5-10: Russian imports of fruits and vegetables by country, 2016-20; value 000 EUR



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 07 and 08.

EU GI products

As noted in section 4.2.4, there is legislation for registering GIs in Russia. No GIs for fresh fruit or vegetables have been identified as having been registered.

Main competitors

The main competition for the EU should the market re-open would-be China and Turkey generally, and Ecuador for fruit and Azerbaijan for vegetables. The importance of domestic production – particularly home growing - should not be underestimated either. Russia's capacity to produce its own fruit and vegetable products continues to grow as the climate of the country warms. However, there will remain a need for the importation of more exotic fruits such as oranges and kiwis; plus the seasonal need to import fruit and vegetables more broadly during the winter. The EU would have the advantage that Russia's core economic centres and population is concentrated closer to the EU than China and Turkey should the Russian market ultimately re-open; though EU exporters could still face some challenges such as affordability and seasonality.

5.2.4 Specific market entry requirements

Note: as outlined in section 4.3.4, there is currently an embargo on fresh fruit and vegetable products from the EU⁵⁰, with this embargo renewed annually. Against this background, the information presented in this section relates to the requirements that would theoretically exist at this point in time if access were in place. There is no guarantee they will remain fully relevant in the case there is any change to the embargo status.

Market Access and Entry;

As noted in section 4.2.1, fruit and vegetables are products under phytosanitary control; and generally on the high risk list (see: <http://www.eurasiancommission.org/en/act/txnreg/Pages/acts.aspx>). As such, a phytosanitary certificate and phytosanitary inspection certificate are required.

In terms of tariffs, these vary depending on the type of fruit or vegetable and often also the season. For example, tomatoes face 10% tariffs during winter months and 15% during summer months; citrus fruits including oranges face tariffs of 5%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – citrus fruit category (0805) from Spain to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=0805&origin=ES&destination=RU>

⁵⁰ With very few, concise exceptions which are not consumer focused, such as some seeds for planting.

Standards, SPS measures; labelling

As noted in section 4.3.4, there are a couple of SPS related challenges relevant for fruit and vegetables, with the new Eurasian Economic Union common phytosanitary requirements arguably the most notable. It is recommended to consult this section for further details.

5.2.5 Distribution

The retail sector accounts for the majority of sales of both fruit (85%) and vegetables (86%). This is a further reflection of the larger production of fruit and vegetable by Russian consumers themselves, as consumers going to retail outlets will be more likely to be urban consumers without access to a garden to produce fruit and vegetables. Institutional outlets account for 8.2% of vegetable sales and 5.3% of fruit sales while foodservice outlets account for 5.1% of vegetable sales and 9.7% of fruit sales.

Figure 5-11: distribution of fresh fruit (left) and vegetables (right) in Russia by volume, 2020



Source: Euromonitor International: Fresh Food, 2021.

Looking specifically at imported fruit and vegetables, these are most likely to be sold through large modern retail channels – an estimated 60% pass through supermarkets, hypermarkets and alike. A further 20% are sold through smaller retailers and open markets, with a further 13% split between independent retailers, convenience stores and other channels. Food service is not an important channel for imported fruit and vegetables – it is estimated to account for under 7%.

5.2.6 Challenges for EU products

The main challenge for EU fruit and vegetables seeking to enter the Russian market is an ongoing ban on EU fruit and vegetables. The ban was placed as a consequence of wider geopolitical events and effectively makes it impossible at present for EU fruit and vegetables to enter the Russian market. Should the market re-open, key challenges will be competing with domestic fruit and vegetables produced in Russia with many consumers growing their own produce. Consumer

fears about purchasing fruit and vegetables from stores due to agrochemical usage is another challenge that will have to be addressed in the marketing of fruit and vegetables in Russia. Affordability and the feasibility of supplying Russia during the northern hemisphere winter are other challenges that EU exporters would likely have to navigate were the market to re-open.

Market Takeaway: Fresh fruit and vegetables

Consumption: Consumption of fruit and vegetables is on par with European standards, however consumption of imported fruits including tropical ones is under pressure as these products are typically imported and financially unobtainable for lower-income earners.

Competition: Turkey and China are the biggest competitors across both products while Ecuador is a fruit competitor and Azerbaijan is a vegetable competitor. That said, domestic production is also a notable competitor.

Distribution: Retail outlets account for 85%-86% of fruit and vegetable distribution which makes this distribution channel the key channel to target in Russia. Institutional outlets are a small distributor of vegetables while food service outlets are a small distributor of fruits.

Challenges: An ongoing ban on EU fruit and vegetables from entering the market is the key challenge that needs to be overcome, which will likely require a change in EU-Russian political relations. Should the market re-open then competing with domestic fruit and vegetables and marketing to Russians who often have fears about purchasing store-bought fruit and vegetables are the biggest challenges to overcome; with affordability and seasonality further challenges.

Opportunities: A re-opening of the Russian market would present a large potential market for EU fruit and vegetable products within the vicinity of the EU given structural shortages, particularly during the colder periods of the year. Imported products tend to target higher income consumers.

5.3 Dairy

5.3.1 SWOT analysis

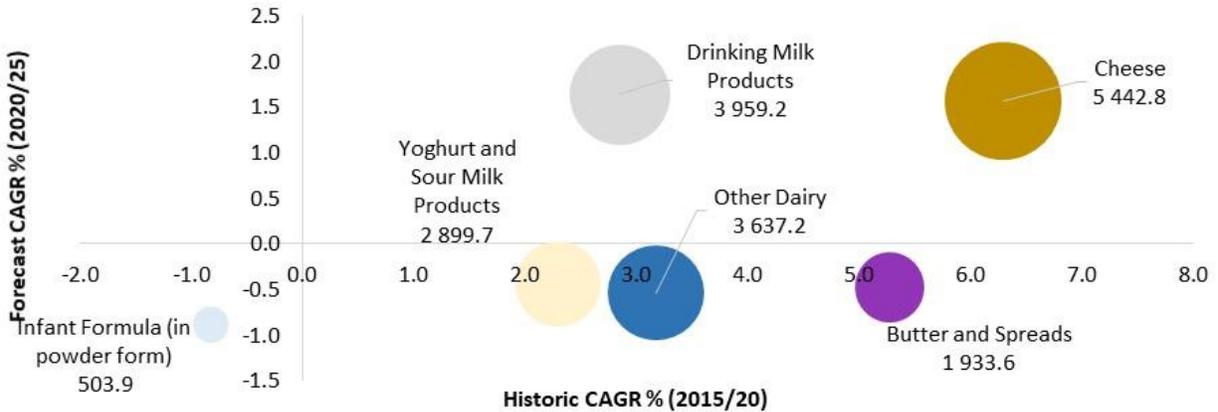
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Consumption of dairy products has recovered from a decline in 2014 to a level comparable with eastern European countries. ▪ While domestic production has expanded in recent years, shortfalls that need to be subsidised by imports from abroad remain. ▪ Russians are already accustomed to many EU-produced dairy products such as Feta and Greek yoghurt. 	<ul style="list-style-type: none"> ▪ An ongoing ban on EU dairy products from entering the Russian market due to an external political dispute. ▪ Demand for products such as goat milk, lactose-free cheese and yoghurt will remain largely low. ▪ Russian consumption of butter and spreads, flavoured yoghurt, and hard cheese is forecasted to decline.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Were the market to re-open, there would likely be a sizeable opportunity for EU producers presently. Prior to 2014, Finland, Denmark, Germany and the Baltic states were among the larger dairy exporters and would likely benefit most from a reopening. ▪ Demand for plant-based foods and healthier milk alternatives is increasing. ▪ Demand for more cosmopolitan dairy products such as Feta and Greek yoghurt is also increasing; and imported cheese products are still seen as superior quality despite recent great improvements in the quantity, quality and range of domestic cheese products. 	<ul style="list-style-type: none"> ▪ Belarus is the biggest competitor by far for EU products should the market re-open. ▪ Russian rouble remains weak which limits the ability of consumers to purchase dairy products from abroad. ▪ Russian domestic production has grown rapidly in recent years resulting in a more competitive market compared to 2014 when the EU last had access - though it remains a massive net importer.

5.3.2 Consumption

Evolution of consumption

Figure 5-12 below shows the various retail values of markets for dairy products in Russia. Cheese is the largest dairy product by retail value, with a market value of EUR 5.4 billion. Cheese grew by a CAGR of 6.3% between 2015 and 2020. However, this growth rate is expected to decline to 1.6% per year between 2021 and 2025. Drinking milk products is the second-largest market by retail value and has a retail value of EUR 3.9 billion. The drinking milk products market is forecast to have the same CAGR as cheese between 2021 and 2025, 1.6%. The other dairy category is valued at EUR 3.6 billion with yoghurt and sour milk products valued at EUR 2.8 billion, butter and spreads at EUR 1.9 billion and finally infant milk formula at EUR 503 million. All dairy products with the exception of cheese and drinking milk products are expected to see declines in retail value between 2021 and 2025.

Figure 5-12: Evolution and forecast of the dairy market (retail value, EUR millions) in Russia, 2015-2025



Source: Euromonitor International: Packaged Food, 2021.

Consumer profile and purchase criteria

Consumers

Consumption of dairy in Russia has been growing slowly year on year after a decline in 2014 due to an ongoing trade embargo with the EU in relation to dairy products which caused shortages in the Russian market. As there are various dairy products present and consumed in Russia, they can best be described by breaking this section into subcategories as shown below.

- **Milk:** Consumption of milk particularly cow milk is common in Russia and incorporates consumers of most income, ethnic classes and regions. Lower-income earners have been impacted by rising prices of Russian milk in recent years however total consumption amongst this income class nonetheless remains fairly stable. Younger consumers in particular have slowly been adapting to the consumption of milk alternative products in line with a wider desire for products that complement an increasing demand for healthier products. Oat, almond and coconut milk have emerged as the preferred alternative milk products in Russia and look set to continue their share of the market as younger consumers particularly seek these products. Total milk consumption per capita stood at 49 kg in 2020, slightly below the corresponding EU average. While, as already outlined, milk consumption is more or less universal, its consumption by children is particularly high. On balance, women also consume more milk than their male counterparts.⁵¹
- **Cheese:** Consumers of cheese more or less span socio-economic classes. However, for reasons of price, Russian per capita consumption is about a third of the corresponding level of European consumers; and consumption tends to be higher among wealthier consumers for the same reason. However, there is a noticeable trend amongst consumers living in urban areas who are more likely to consume soft cheese compared to hard cheese which is popular throughout the Russian interior. Hard cheese overall remains more

⁵¹ Per capita consumption of dairy products by country, CLAT, available at https://www.clat.it/en/?section=tabs_consumi_procapite

preferred cheese amongst consumers seeking authentic Russian foods with the market for imported cheese being more focused on the soft cheese category.

- **Butter and spreads:** Consumers of butter and spreads are more likely to value home cooking although several trends stand out for different income classes. Lower-income earners are more likely to purchase margarine and spread compared to butter as these products are cheaper, meaning the butter market is more likely to appeal to middle and higher-income earners. Butter tends to be somewhat more popular among over 40s; most notably those which are parents of children aged under 18.
- **Yoghurt:** Plain yoghurt is growing in popularity in Russia as the product is appreciated by consumers seeking a healthy and balanced diet. Many consumers are seeking to add superfoods, supplements and vitamins to their diets, leading local players to launch more natural and fortified products as a part of this desire. Overall, yoghurt consumers are more likely to have higher than average incomes; and consumers of Greek yoghurt varieties are more likely to live in urban areas as these yoghurts appeal to the cosmopolitan diet. Finally, yoghurt consumption is common among young children who tend to eat it with fruit.
- **Other dairy:** The other dairy product appeals to consumers of coffee and other food and beverages which incorporate the cream. The market, in general, is quite varied with a large market existing for fromage frais, quark and chilled snacks.

Drivers and method of consumption

Drivers of dairy consumption in general that stand out are the demand for healthy products, products that complement traditional foods and the desire for quick and convenient goods. A further breakdown of drivers and methods of consumption by dairy subcategories is shown below.

- **Milk:** Cow milk is the most preferred milk in Russia and is generally consumed as a complementary product for foods and beverages such as breakfast cereals and coffee. A key driver for milk consumption in Russia has been the growth of alternative milks in the country with almond, oats and coconut milk being amongst the more popular alternative milk products consumed in Russia. These present an area of growth in a market that is likely to see a decline in overall sales as consumer demand for home baking and consumption products declines as Covid-19 restriction ease. A Russian government policy that involves providing milk to school children was enacted in 2005 and today 1.3 million school children receive milk from the state which is another driver of consumption in the country.⁵²
- **Yoghurt:** Flavoured yoghurt remains the largest yoghurt product in Russia however plain yoghurt is quickly growing in popularity in the country. Plain yoghurt is increasing in popularity as consumer demand for wider health products increases, acting as a key driver of consumption. Russians largely consume yoghurts on the go as a convenient food, however, some dishes such as pancakes may be consumed with yoghurt as a compliment. Demand for new and more cosmopolitan yoghurts such as Greek / Greek-style yoghurts is continuing and is another key driver of growth in the yoghurt sector of the country.

⁵² International school meals day, 2021 school milk promoting consumption and improving health in Russia, available at <http://internationalschoolmealsday.com/2021-school-milk-promoting-milk-consumption-improving-health-russia/>

- Cheese:** Hard cheeses have been traditionally preferred and consumed in Russia and today remains the more popular cheese variant in the country. However, soft cheese is growing faster. Lactose-free cheese is growing in demand but remains largely a niche product in the market. Consumption of domestic cheese has grown in recent years largely as a result of a ban on cheese imports from the US and certain European countries. In recent years soft cheese has grown in popularity in Russia with notable cheese with a following in the country including Brie, Feta and Mozzarella. Going forward soft cheese will be the fastest-growing cheese product category in Russia with hard cheese likely to remain on top by 2025 despite an overall decline in consumption.

Consumption methods of cheese are quite varied. Most commonly, cheese is eaten with vegetables (or occasionally fruit / nuts), with other livestock products and with sweet sauces. Consumption in sandwiches is also fairly common, with either cottage cheese, processed cheese or harder cheese varieties favoured for this. Some cheese is used in cooking or baking, with some traditional Russian foods directly incorporating cheese in the recipe (e.g. *Vatrushka*, a pastry with a ring of dough and sweet farmers cheese in the middle; and the mushroom dish *Julienne*). Under 40s increasingly use cheese as part of charcuterie boards for consumption during dinner parties, with gouda, Jarlsberg, Havarti and feta commonly found on such boards.
- Butter and spreads:** A driver of butter and spread consumption has been the increase of home baking due to the outbreak of Covid-19 in 2020, which resulted in a reversal of a decline in total consumption which has taken place in recent years. Prior to the outbreak of Covid-19, volume sales of butter and spreads were in decline due to the increasing unit price of butter products combined with a growing perception of margarine and spreads as unhealthy products. A key driver in the calendar year that aids butter consumption is butter week (**Maslentina**) which is an orthodox holiday that is celebrated a week before the onset of Orthodox lent. The holiday increases the consumption of non-meat-based foods such as crepes and baked goods which typically incorporate the butter and spreads either in the preparation stage or consumption stage.⁵³
- Other dairy:** cream is the more popular other dairy product in Russia with an increase in coffee consumption helping to complement the position of cream in the market. The popularity of sour cream in the Russian diet and cuisine is also a key factor behind the positioning of cream as the largest other dairy product. Quark is also popular in Russia and is viewed as a traditional dairy product in the country which helps to consolidate its position as the second-largest other dairy product in Russia.

Purchase criteria

In line with the general situation for dairy in Russia, price and natural products are frequent considerations for consumers of dairy products. Looking more specifically on a product-by-product basis:

- Milk:** Cow's milk has benefited in recent years in Russia as it is perceived as natural and healthy despite increasing costs. Alternative milk remains largely a niche such as a goat

⁵³ Its butter week, time for a blini binge!, All recipes, available at <https://www.allrecipes.com/article/butter-week-means-it-is-time-for-blini/>

milk due to the high unit cost of this product in the market. Milk alternative products such as oat, almond and coconut milk have grown in consumption in recent years but remains costly in the market. Milk alternative products will come with a higher expectation from consumers to incorporate fresh and healthy ingredients.

- **Yoghurt:** A growing switch in the perception of yoghurt in Russia is currently occurring as the product moves from being associated as a dessert towards the association of healthy food, this change in perception brings with it the increased demand for yoghurts that incorporate healthy ingredients. Consumers increasingly expect products to produce healthier variants of yoghurts which are resulting in flavoured yoghurt producers switching slowly to the production of plant-based yoghurts and low sugar yoghurts. Healthier varieties of yoghurts are the key growing pricing criteria for consumers in Russia. Flavoured yoghurt remains popular in Russia with some of the more desirable yoghurts being blueberry and strawberry flavoured yoghurt.
- **Cheese:** While hard cheese has traditionally been the preferred cheese in the Russian market, it is a soft cheese that is the fastest-growing cheese in the country with an absence of luxury cheeses coming from the EU market resulting in domestic Russian producers increasing their own production of popular EU cheeses such as brie and feta. Consumers of these cheese will have additional demands for high quality as these cheese will cost more. Lower-income consumers are more likely to consume hard cheeses and will likely purchase cheese that complements other Russian dishes such as Gollandsky cheese.
- **Butter and spreads:** The unit cost of butter in Russia continues to rise which has resulted in demand for alternatives such as low-fat butter increasing, particularly among lower-income earners which is a key criterion when appealing to these consumers. There is a growing awareness surrounding the negative health effect of excessive butter and margarine consumption which is resulting in a decline in consumption which means producers may need to emphasise the nutritional benefits of butter and spread consumption in order to appeal to potential consumers.
- **Other dairy:** Russians largely associate select other dairy products on the basis of their function. While cream is used in various traditional dishes, other dairy products more broadly are increasingly seen as dessert products or sweeteners and by them for this purpose. This can be observed by the increased usage of cream as a complement to coffee and the use of quark within dessert dishes. As consumers have grown to become more comfortable with online retailing there has been a notable rise in producers offering larger pack sizes of other dairy products online with quark and chilled snacks being the primary benefactor of this growing trend, the ability to purchase these products in bulk acts as a key purchasing criterion for many consumers.

Dairy products on retailers' shelves in Russia

It is important to remember that the vast majority of EU dairy products are not sold in Russia due to the embargo.

Imported cheese is generally considered a premium product, and as such it is priced above RUB 400 per 100g. A handful imported cheese products may be found at a price point below this range. Imported butter tends to retail above RUB 150 per 200g; though premium products may be found at prices above RUB 230.



Above: cheese may be sold either prepacked on shelves or packed on site at a cheese counter – this supermarket offers both. Below: milk in a supermarket; brick format is most common.



Shelf stable milk tends to be packaged in 1 litre brick packs (though 200 and 500ml packs are gaining in popularity); cream in thin walled plastic containers; yoghurt in thin walled plastic containers or plastic bottles; and cheese in flexible plastic.

Imported cheese is most commonly available in package sizes of 100 grams. A few products with pack sizes between 150 and 200 grams are also available. It is possible to find some bulk packs of 1kg; the price of these per 100g equivalent is often just below the RUB 400 cut off. Butter tends to be in pack sizes of 180, 200 or 250 grams.

In terms of labelling, it is interesting to note that many products use terms to attempt to associate cheeses with Europe (e.g. references to countries or names which sound European – see below).



Despite the embargo, there is quite a range of imported cheese products, resulting in a small amount of shelf space generally being dedicated to each product (below).



Above: a crowded cheese shelf in a supermarket – with a few exceptions, very limited space is dedicated to each product. An association is made to wine in this supermarket through the sale of wine glasses alongside cheese. Below: origin is very clearly displayed in this cheese counter display.



Below: an example of digital labelling on a cheese packet.



Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

The 2014 ban on EU and US dairy products had a large impact in Russia as a lack of overall supply meant that the price of domestically produced dairy products spiked and became unaffordable to many consumers. An increase in domestic production in recent years has largely managed to offset some of the gaps left in the market after the trade ban which is resulting in demand for dairy products in the country rebounding to pre-2014 levels. Russia has been pursuing a policy of self-sufficiency in dairy products and new factories and facilities have sprung up across the country in recent years. Indeed, in 2020 alone the Russian government allocated almost RUB 10 billion (EUR 115m) specifically to improving the domestic milk industry's productivity. Consumption as a whole continues to evolve as consumers increasingly seek out more cosmopolitan dairy products with Greek yoghurt and soft cheese standing as the large benefactors of this trend. There is a growing demand for healthier variants of dairy products in the country which is resulting in a rise in plant-based dairy products and lactose-free products which has impacted the milk, cheese, yoghurt and other dairy sectors but largely remains a niche in the butter and spreads sector which continues to be perceived as a traditional food that must contain animal fats. Prices of dairy products in Russia continue to fluctuate as the price of production has risen in recent years. This has had the knock-on effect of rising the average unit price of some dairy products notably milk and cheese which has emerged as a key local issue in the country.

With regards specifically to cheese, the embargo initially led to a massive reduction of the range of cheeses available in the country, given the previously high reliance on the EU for many varieties. However, over time a combination of the identification of similar cheeses from other countries, and massive increase in local cheese production (including notably the types of cheese produced locally – extending to the local production of some style European cheeses) has somewhat restored the range. It should be noted that there are rumours of cheeses from EU countries being repackaged in neighbouring countries (to mask the origin) and subsequently sent on to the Russian market. It should nonetheless be noted that there is no concrete evidence to confirm these rumours.

5.3.3 Offer

Domestic production

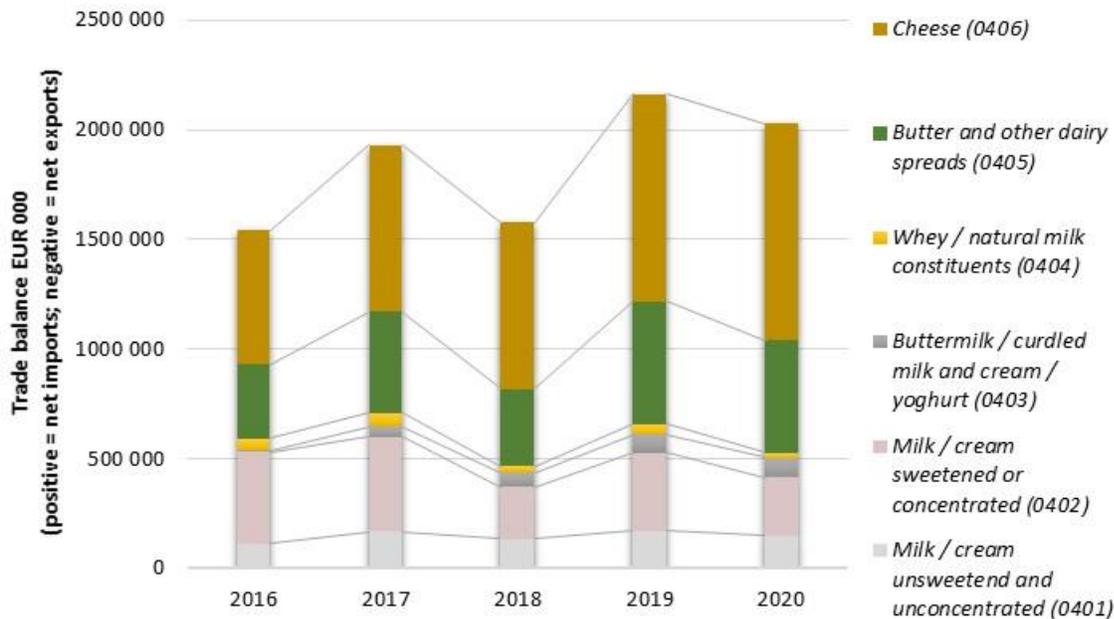
Russian domestic production of dairy products has expanded rapidly in recent years, as a consequence of trade embargos put in place with other large dairy producers such as the US and the EU and aided by a focus of the state on increasing domestic production (see above). This rise in domestic production has helped to offset some shortages in the market and domestic production of certain products such as non-traditional cheeses (e.g. mozzarella) as well as the popular and flexible *Rossiysky* has increased in particular. However, many dairy products remain expensive in the country. The devaluation of the rouble has also acted as another actor behind the rise of domestic production as the country first aims to meet domestic demand through more affordable local products and ultimately seeks to become a net exporter of dairy products to external markets. Overall, Russia is the world's fifth-largest producer of raw milk, 3rd largest cheese producer, 5th largest butter producer, 9th in the production of skimmed milk and 10th in the

production of whole milk.⁵⁴ There are generally three types of dairy farms in Russia: large farms with 300-2 000 cows, small farms with 15-50 cows and farmers with just 1-2 cows; with the latter very common in rural Russia. Production is therefore quite fragmented overall. The largest dairy farm currently is located at the Ekosen-Agrar facility in Novosibirsk and has the capacity to farm 6 000 cows. The largest dairy product companies in Russia are Ekoniva, Agrocomplex and Krasnyi Vostok agro. The trend of development of the dairy industry is expected to continue over the coming years, as most notably Russia gears up production to further reduce reliance on imports.

Imports and exports

Despite considerable expansion in domestic production in an effort to offset shortages, Russia remains a net importer of all major dairy categories and indeed combined imports have increased by about 1/3 over the period 2015 to 2020 (Figure 5-13). Cheese accounts for roughly half of net imports by volume, showing a consistent upward trend over the period. Butter is next with around 30% of net imports and also showing an upward trend. Other categories account for a small part of net imports by value, and indeed net imports of sweetened / concentrated milk / cream show a downward trend since 2016, reflecting increases in domestic supply.

Figure 5-13: Trade balance (imports and exports) of dairy in Russia, 2016-20; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

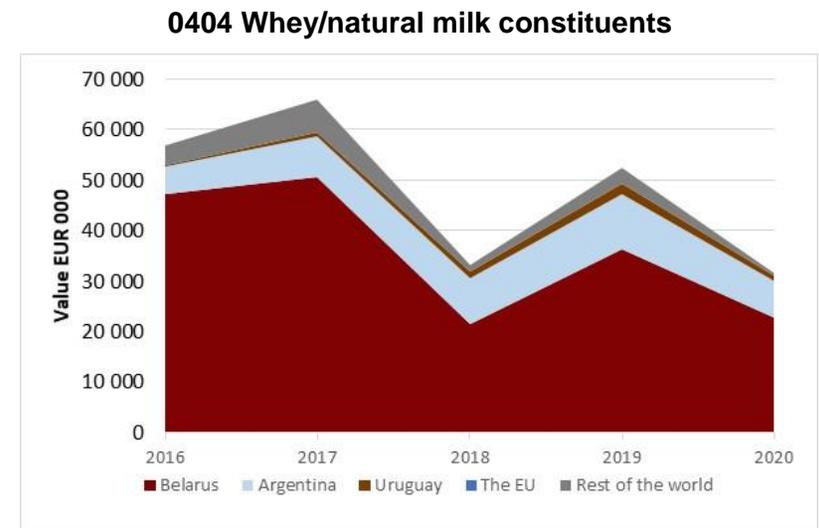
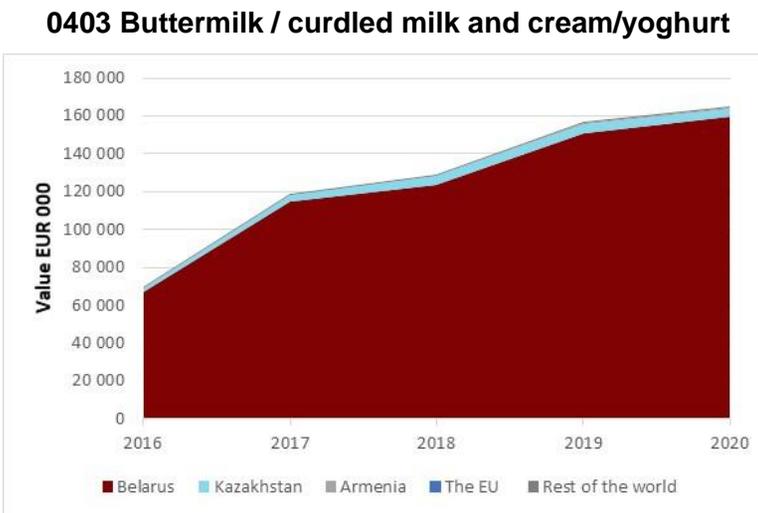
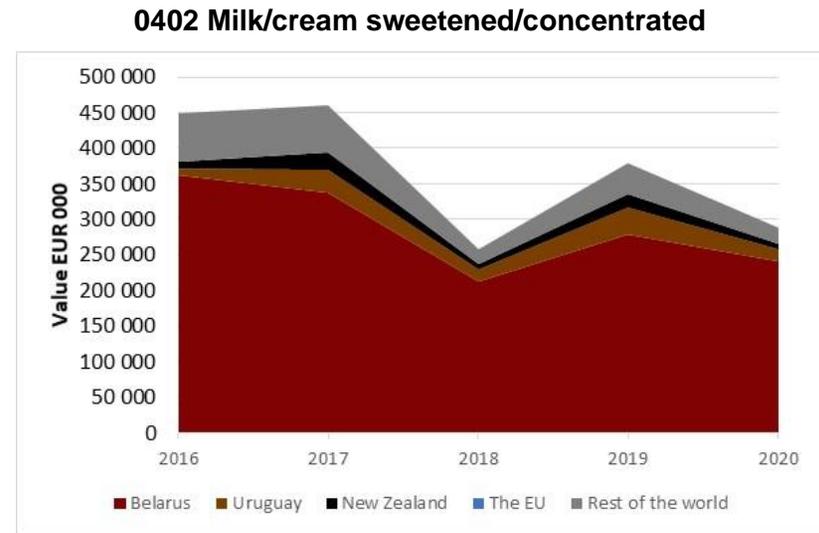
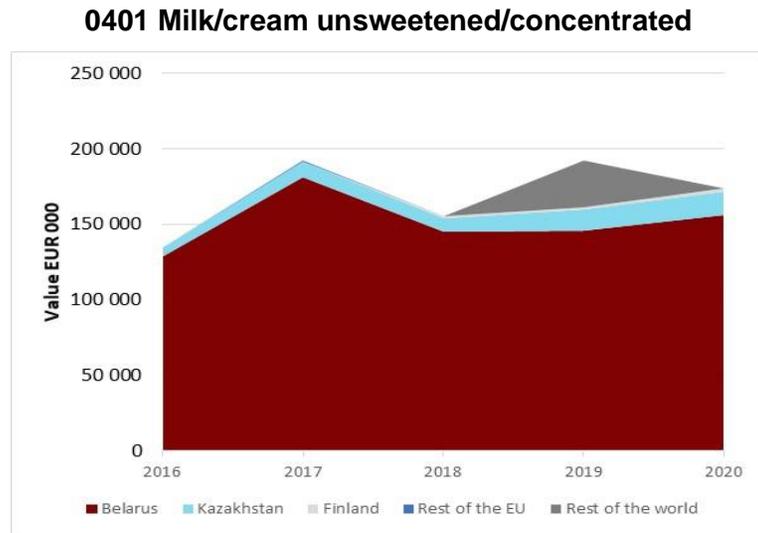
CN codes in brackets.

In terms of origins of imports, Belarus is an important origin for multiple categories. More specifically, as shown in Figure 5-14:

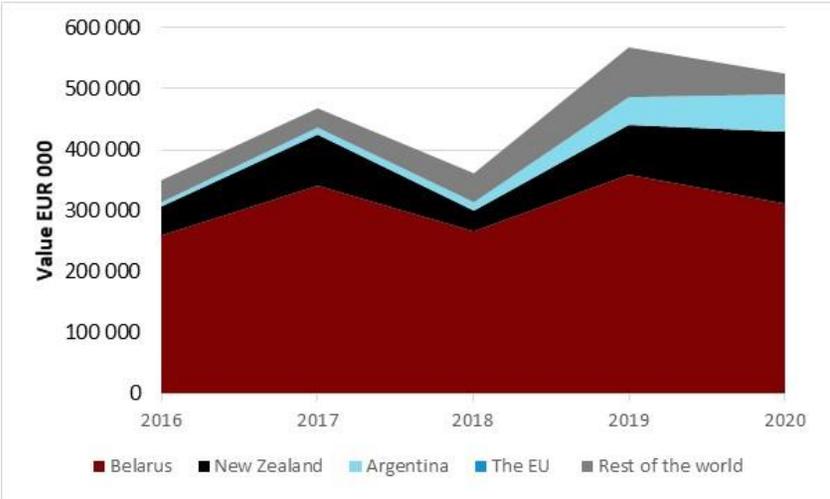
⁵⁴ Russia ranks fifth in raw milk production in the world, Ministry of Agriculture of the Netherlands, available at <https://www.agroberichtenbuitenland.nl/actueel/nieuws/2021/05/17/russia-ranks-fifth-in-raw-milk-production-in-the-world>

- **Sweetened/concentrated milk/cream:** Belarus accounts for around 80% of total imports with Kazakhstan making up a majority of the remaining exports. Despite a ban on most EU dairy imports, Finland is the third-largest exporter. However, exports are small at just EUR 1.8 million. Before the 2014 ban, the largest EU exporters of sweetened/concentrated milk and cream were Finland and Denmark.
- **Unsweetened/unconcentrated milk/cream:** Belarus is by a considerable margin the largest exporter with a share of over 80% of imports. Uruguay and New Zealand have emerged as the second and third largest exporters respectfully. Prior to the 2014 ban, the largest EU exporters were Finland and Estonia.
- **Buttermilk, curdled milk and yoghurt:** Belarus accounts for over 90% of imports with Kazakhstan largely making up the remaining amount. The largest EU exporters prior to the 2014 ban were Finland and Germany.
- **Whey and natural milk constituents:** Belarus accounts for 70% of imports with Argentina making up most of the remaining imports with around 25% of trade. The biggest EU exporters before the 2014 ban were Finland and France.
- **Butter/dairy spreads:** Belarus accounts for the majority of imports at a value of EUR 311 million followed by New Zealand with a value of EUR 118 million. The biggest EU exporters prior to the 2014 ban were Finland and France.
- **Cheese:** Belarus accounts for 80% of all trade followed by Argentina and Serbia. Total trade came to a value of EUR 1 billion in 2020. The biggest EU exporters prior to the 2014 ban were Italy and Austria. Cheese types that have been imported over recent years include cheddar, gouda and maasdam, tilsit and edam. Imported cheese remains generally a more expensive product and is consumed mainly by higher income consumers.

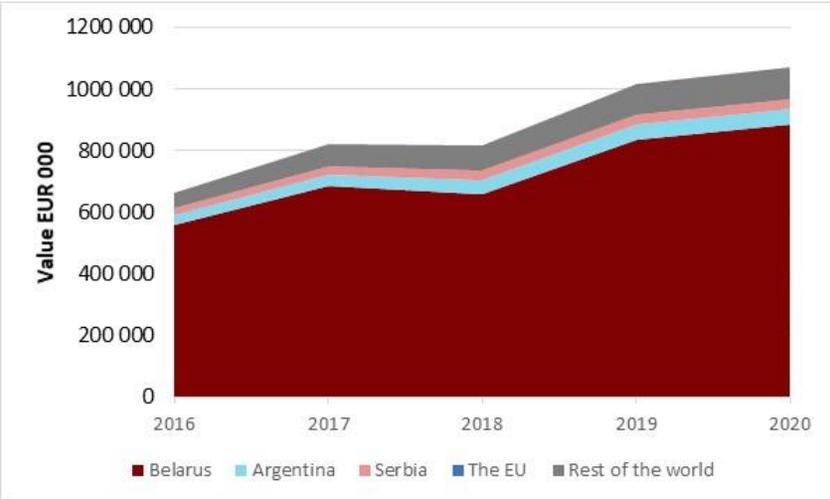
Figure 5-14: Russian imports of different dairy categories by country, 2016-20; EUR 000



0405 Butter/dairy spreads/



0406 Cheese



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

CN codes are indicated above graphs.

EU GI products

As noted in section 4.2.4, there is a system for protection of GIs in Russia. A handful of GIs: Parmigiano Reggiano, Comte and Grana Padano have been identified as being registered.

Main competitors

Should the market reopen then the biggest competitors will be Belarus, Argentina and New Zealand. Belarus benefits from its membership in a customs union with Russia; this union also benefits another major origin of dairy products, Kazakhstan. It is likely that the need to import from New Zealand and Argentina would decline in a scenario in which the EU market reopens as imports from these countries largely only rose after the 2014 embargo of EU dairy products. Domestic production has grown rapidly in the country and the policy of self-sufficiency of dairy production in Russia will mean that a reopened market will be much different from the one the EU had access to in 2014. Domestic milk, cheese and yoghurts are now much more prominent and would be another large competitor in the market.

5.3.4 Specific market entry requirements

Note: as outlined in section 4.3.4, there is currently an embargo on dairy products from the EU⁵⁵, with this embargo renewed annually. Against this background, the information presented in this section relates to the requirements that would theoretically exist at this point in time if access were in place. There is no guarantee they will remain fully relevant in the case there is any change to the embargo status.

Market Access and Entry

Dairy is classed as a product under veterinary control, and hence a veterinary health certificate and import permit is required. A declaration and a certificate of conformity are also typically required.

In addition to this, only suppliers on the approved supplier list are permitted to access the market. *Rosselkhoznadzor* maintains approved supplier lists online; these are sorted by country, with individual lists for each product type subsequently displayed under the country. A link to the EU page, which has EU level information as well as links to individual Member State pages, can be found here:

<https://fsvps-gov-ru.translate.google/fsvps/importExport/eu? x tr sl=ru& x tr tl=en& x tr hl=ru& x tr pto=nui>

In terms of tariffs, most dairy products face an ad valorem tariff of 15%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

⁵⁵ With very few, concise exceptions such as whey for use in infant milk.

Example link – general cheese category (0406) from France to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=0406&origin=FR&destination=RU>

Standards, SPS measures

The main piece of legislation for dairy products is CU Technical Regulation TR TS 033/2013 on the Safety of Milk and Dairy Products, as subsequently amended. This can be found at the following link:

<http://www.eurasiancommission.org/ru/act/texnreg/deptexreg/tr/Pages/%D0%A2%D0%A0-%D0%A2%D0%A1-033.aspx>

Labelling

Dairy products must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.3.5 Distribution

Modern grocery retailers account for 71.8% of the distribution of dairy; with traditional retailers accounting for roughly a quarter of sales. Other foods non-grocery specialists account for just 1.1% of sales as shown below in Figure 5-15. However, this overarching picture for dairy masks significant differences between products, based on their shelf stability/chilling requirements and the consumers who purchase the product (which itself is impacted by the former factor). More specifically:

- **Drinking milk:** Modern grocery retailers account for 62% of sales while traditional grocery retailers account for 35% with other food non-grocery specialists accounting for 1%. The largest sub-channels are supermarkets at 38%, independent small grocers at 33% and convenience stores with a share of 12.1%
- **Other dairy:** Modern grocery retailers account for 67% of sales with traditional grocery retailers accounting for 29% of sales. Independent small grocers are the largest sub-channel with a share of 28.6%.
- **Butter and spread:** Modern grocery retailers account for 70.5% of all sales making this the most important distribution channel in Russia. Traditional grocery retailers account for 27% of sales. Supermarkets are the largest sub-channel with a share of 56% of all sales.
- **Cheese:** Reflecting demand largely from urban consumers, modern grocery retailers account for 84% of all cheese distributed in Russia with supermarkets further accounting for 52% of all sales. Traditional grocery retailers account for 13.3% of sales with independent small grocers accounting for 11% of this trade.
- **Yoghurt:** Modern grocery retailers are the largest distributors with a share of 67.8% of the market followed by traditional grocery retailers with a share of 29.2%. Supermarkets account for 33.7% of sales and are the largest sub-channel in the market.

Imported dairy products of all types are much more likely to be found in modern retail channels (hypermarkets and supermarkets in particular), gourmet groceries (particularly in larger cities) and, to some extent, through e-commerce channels. They are less likely to be distributed through food service channels than domestic products. High-end restaurants – which prior to the embargo

were often reliant on imports – have now developed their own farm-to-table domestic supply chains.

Figure 5-15: Distribution channel overview of dairy in Russia (2020); all dairy products; retail value



Source: Euromonitor International: Packaged Food, 2021.

5.3.6 Challenges for EU products

The market for dairy in Russia remains closed to EU products due to an ongoing political dispute and this is, therefore, the key challenge for EU products. Should the market re-open, EU products will face stiffer competition when compared to the market in 2013 due to the growth of domestic production in Russia which has extended into key dairy products of EU origin such as feta and brie cheeses which are produced at a cheaper price in Russia. As is the case with other products, making products competitive in the face of a devalued Rouble would be a notable challenge upon market opening. Growing demand for healthier dairy alternative products such as lactose-free and plant-based dairy products will create a window of opportunity for EU producers. However, milk such as buttermilk and goat milk remains largely a niche in the country.

Market Takeaway: Dairy

Consumption: Consumption has rebounded from a sharp decline in 2014, levels are now back to pre-2014 levels and are generally in line with Eastern European countries. Certain foods such as Quark and hard cheeses are popular in Russia, however, a notable shift towards healthier variants of dairy products and more cosmopolitan tastes can be observed in recent years. Notable

dairy products growing in popularity in Russia include Greek yoghurt, soft cheeses, plant-based varieties of dairy products and lactose-free products.

Competition: *Belarus will be the largest foreign competitor should the market re-open with the country benefiting from its membership in a customs union with Russia. Kazakhstan likewise has also been growing its exports of dairy products to Russia and benefits from a customs union. The strongest overall competitor will be domestically produced products which have expanded in recent years as a consequence of a policy of self-sufficiency in Russia surrounding dairy production.*

Distribution: *Largely distributed through modern grocery retailers which account for the majority of sales across all dairy products in the country. Traditional grocery retailer sales continue to decline while e-commerce remains small but a fast-growing channel.*

Challenges: *An ongoing ban on EU dairy products from entering the Russian market remains in place and will have to be resolved before EU producers can consider re-entering the Russian market. Russian domestic dairy production has grown in recent years resulting in a more competitive market than the one the EU had access to prior to 2014.*

Opportunities: *EU exporters were among the largest prior to the 2014 ban on dairy trade. A re-opening of the market could benefit Finnish, Baltic and Danish dairy producers particularly if they are able to regain their market position from 2013. Growing demand for healthier products such as lactose-free and plant-based dairy foods is a key opportunity in this market should it reopen.*

5.4 Wine

5.4.1 SWOT analysis

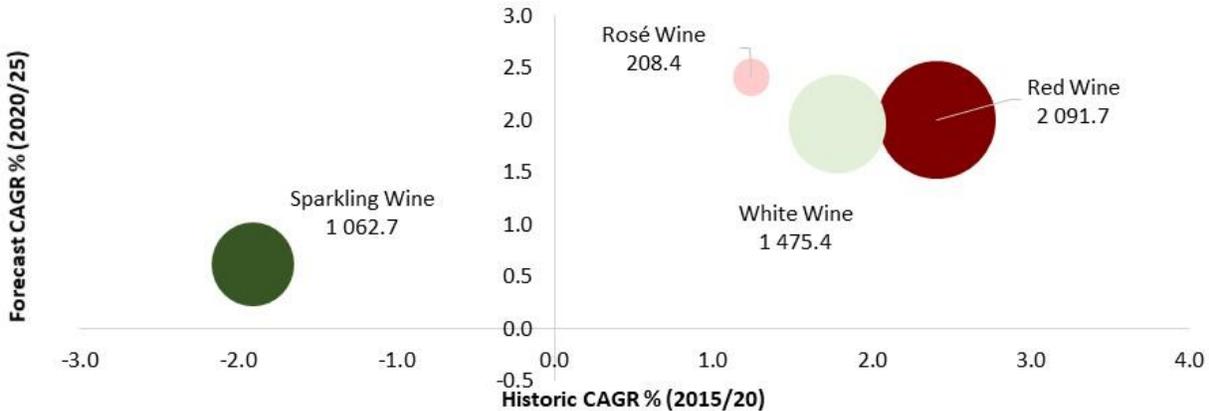
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ The main exporters are Italy and France; five main EU exporters accounted for 68% of the total export market's value in 2020. ▪ Overall, the market size has been growing historically and is forecast to continue to grow. ▪ Structural deficit in wine necessitates considerable imports to meet demand. 	<ul style="list-style-type: none"> ▪ The sparkling wine market historically decreased and is forecast to grow at the lowest rate compared to all other wine categories. ▪ It is prohibited to purchase or sell alcohol over the internet. ▪ The ban on alcohol advertising makes marketing more complicated.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Red and white wine are the two biggest wine categories that also show steady growth; rosé is forecast to increase at the highest rate but is the smallest category. ▪ Wine from the EU has a very good reputation in Russia and is not always consumed by the same groups that increasingly consume domestically-produced wine. ▪ The educated younger generation that lives in urban centres and has higher incomes. 	<ul style="list-style-type: none"> ▪ Other exporting countries such as Georgia, Chile and New Zealand that export wine at lower prices than the EU. ▪ Russia's aim to become more self-sufficient led to the promotion of domestic wine production and viticulture through investment and legislation. ▪ Overall increasing domestic production of grapes and wine, and domestic wine has gained in popularity in recent years

5.4.2 Consumption

Evolution of consumption

In 2020 the total wine market size in Russia was worth close to EUR 4.9bn. As shown in Figure 5-16, red wine is leading the market. In 2020, the red wine market was worth about EUR 2.1bn, followed by white wine with close to EUR 1.5bn. These two categories together made up around 3/4 of the total market size in 2020. The remaining quarter is made up of sparkling wine, which accounted for close to EUR 1.1bn and rosé wine with over EUR 200m. Historically, between 2015 and 2020 the market for most wine categories was growing whereas only the sparkling wine market was decreasing. Red wine had the highest CAGR of about 2.4% followed by white wine with 1.8% and rosé wine with 1.2%. Sparkling wine on the other had a negative CAGR of -1.9%. However, the markets of all wine categories are forecast to grow at positive CAGRs between 2020 and 2025. The rosé wine market is forecast to grow at about 2.4% between these years, which is the highest forecasted CAGR. The two biggest markets for red wine and white wine are both forecast to grow at about 2%, whereas Sparkling wine has the smallest forecasted CAGR with 0.6%.

Figure 5-16: Evolution and forecast of wine market (million Euros) in Russia, 2015-2025; total value



Source: Euromonitor International: Alcoholic Drinks, 2021.

Consumer profile and purchase criteria

Consumers

Wine consumers in Russia come from all different parts of society and all age groups. About 4/5th of the Russian population is consuming wine at least occasionally. However, some groups drink more wine than others. Most notably:

- **Income:** people that have steady jobs and regular incomes are more likely to have the disposable income available that is needed to purchase wine, which is still often an imported product. In fact, the higher the consumers' income the more often they purchase wine, in particular the higher quality more expensive ones. That said, as noted below the recent increases in affordable domestic production has resulted in a wider consumption of wine by income categories beyond the traditional high income consumption group. Nonetheless, the existence of a high income group of consumers interested in leading premium wines should be noted – this group includes wine connoisseurs. This group will be particularly important for more expensive imported EU wines.
- **Urban:** as consumers in big cities often have higher incomes and better living standards, on average they spend more on wine than consumers that live in the countryside.
- **Age:** Drinking wine is in particular popular in the younger generation below 35 = most notably due to its association with western lifestyles and the interest of this consumer group in exploring new types and flavour of wine. Consumers over 60 usually prefer stronger alcohol. The middle-aged segment (35-45) is also a notable consumer group of wine.⁵⁶

⁵⁶ THE RUSSIAN WINE INDUSTRY FROM A TO Z (2020) <https://vineandwine.vin/en/articles/russian-wine-industry-2020/>

- **Gender:** while men have historically dominated the Russian wine market, women have become an increasingly important consumer group. Most notably women are important consumers of wine in restaurants. While all wines are consumed by women, sparkling and sweet wine stand out as being particularly popular.

Drivers and method of consumption

Compared to other food categories, the closure of restaurants and bars due to the Covid-19 pandemic had less effect on wine; partly because Russians were already mainly drinking wine at home before the pandemic. During the pandemic and increased home seclusion Russians were purchasing more wine at home than before to combat their boredom, to have a nice and relaxed evening alone or with their partners or just to enjoy a good glass of wine once in a while. As wine has a long shelf life, some Russian consumers stockpiled it during the early times of the pandemic and now have a lot available. Some consumers have more disposable income available than before the pandemic because they were not allowed to travel for some time and thus they have purchased more wine. On the other hand, Russian consumers celebrated less due to restrictions, which is why wine was bought much less as a celebratory beverage during the pandemic. Before the pandemic wine was a popular drink at weddings, birthdays as well as during holidays and is likely to become popular again when the situation is going back to a new normal. Furthermore, the corporate environment was a notable driver of wine pre-covid, with holiday gifting a notable driver. This corporate channel is a notable driver for some high-quality wines.

Finally, the growth in domestic production in recent years has been a notable driver of consumption with cheaper locally produced wines attracting a wider range of consumers than historically.

Purchase criteria

For many Russians and in particular, for consumers with a low level of disposable income who consume wine, the price of wine is one of the main purchase criteria. The economic situation worsened during times of the pandemic and some people lost their jobs or steady incomes and thus the overall price sensitivity of Russian consumers increased. Partly due to the continued strong reliance on imports and the devaluation of the Rouble, wine prices increased which is why all types of sales promotions are popular and often manage to persuade consumers to purchase the offered wine. For higher-income consumers, the price is less important than the quality and prestige of the wine they buy.

The origin of a product is often also important to these consumers and thus about half of Russian wine drinkers prefer foreign wines and only 1/3rd have a preference for domestic wines. Consumers that live in Russian winemaking areas are more likely to prefer and purchase domestic products. In particular, old-world wines are popular with higher-income consumers, whereas cheaper new-world wines are often more interesting for lower-income consumers. However, when it comes to sparkling wine the majority of consumers prefer domestic over foreign products, with the exception of young adults who are below 25 years old. Wine from the EU has a very good reputation in Russia.

Another overarching major purchase criterion is the type of alcohol or wine. Wine overall is one of the most popular alcoholic drink in Russia behind beer and vodka. Men are the ones that often prefer to consume beer or strong alcoholic drinks, whereas women often favour still and sparkling wines. Overall, still light grape wine is the more popular choice than other sparkling wines. Yet, other sparkling wine is traditionally and increasingly bought during festivities and holidays such

as Christmas or New Year. Champagne was overall purchased less due to its steep price and the unavailability of consumption occasions during the Covid-19 pandemic.⁵⁷

Wine on retailers' shelves in Russia

Retail prices for wines tend to be as follows:

- Economy: RUB under 549/750ml
- Medium: RUB 549-999/750ml
- Premium: above RUB 1000/750ml

European wines more or less only target the mid or premium segments.

The standard packaging format for wine is a 750ml dark glass bottle; more or less all wine on the market is packaged in this format. With a wide range of products, the shelf space dedicated to each tends to be quite limited, making standing out a challenge.

⁵⁷ Euromonitor International: Alcoholic Drinks, 2021; THE RUSSIAN WINE INDUSTRY FROM A TO Z (2020) <https://vineandwine.vin/en/articles/russian-wine-industry-2020/>



Above: wine tends to be organised by colour and may also be organised by country, with the origin clearly indicated. Below: white and sparkling wine may be sold already chilled.

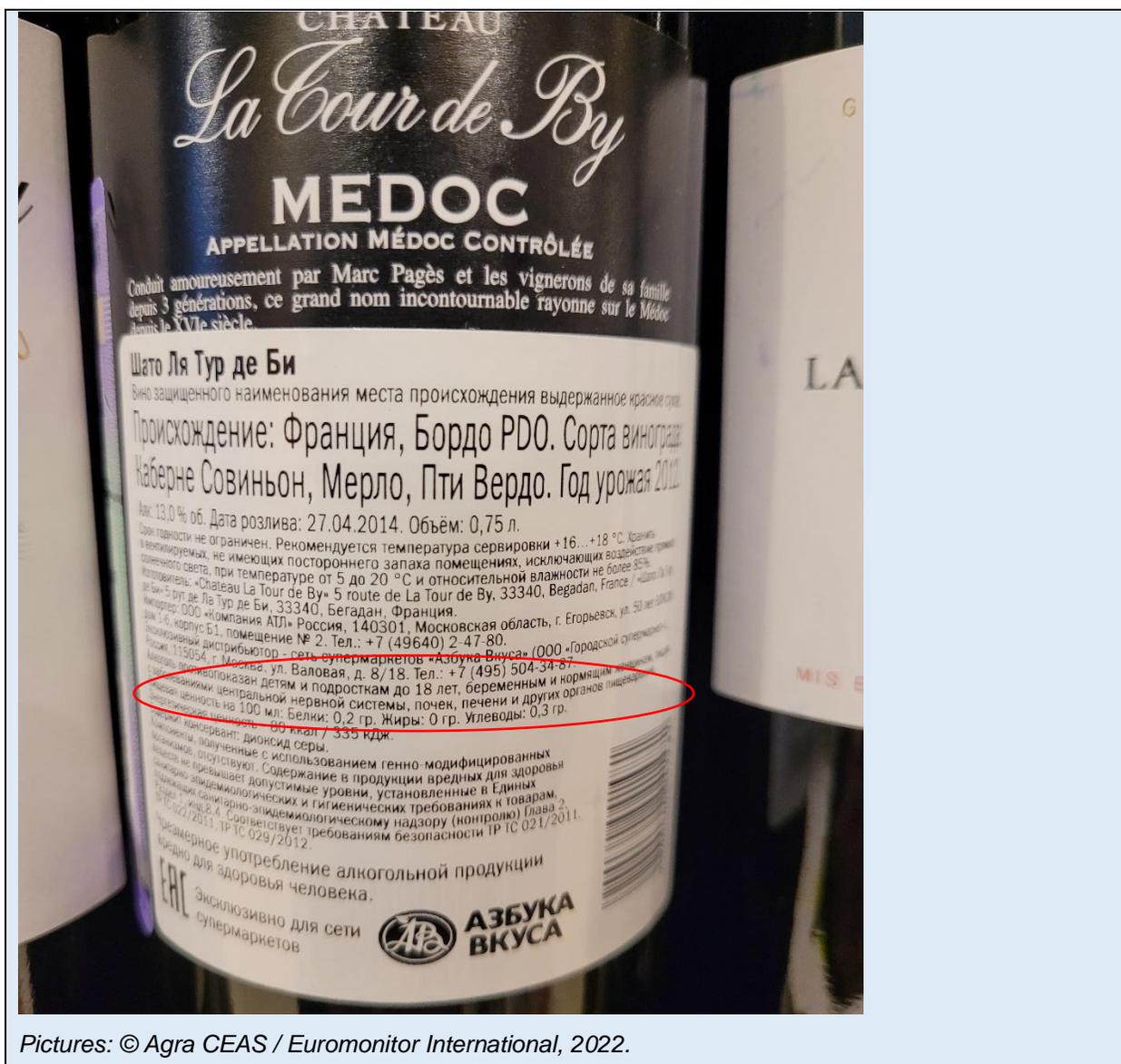


In view of restrictions on the advertising of alcohol, it is not uncommon for in-store promotion to occur. This may include: wine tasting or advice in more specialist stores; and price discounts in more mainstream stores (below).



Above: point of sale discounts in a supermarket.

It should be remembered that warning statements must be included on wine. This is shown on the stick-on label below, The label also includes, in the first lines, information on the origin, wine type and PDO/PGI status.



Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

The following recent market trends can be observed:

- **Type:** Still light grape wine remains most popular; in particular red, followed by white and then rosé. Sparkling wine and in particular Champagne has been less popular of late because of the lack of celebration occasions and the higher price point for Champagne.
- **Health trend:** As consumers are increasingly health-conscious, many try to reduce their alcohol or calorie intakes, which is why producers develop a growing number of alcohol-free and low-calorie wines.
- **Popularity among youngsters:** It is trendy to consume wine in the younger age groups, whereas older Russians often stick to beer or hard liqueurs. Young consumers are interested in different wines and like to try new varieties and brands. Overall they are in

particular interested in foreign still light grape wines as they are more cosmopolitan and fashionable, and this has provided a boost to premium wine. Nonetheless, it is important to note that recent increases in domestic production have recently resulted in a wider range of wine consumers, both in terms of income (i.e. not restricted to higher income groups) and geography (outside the largest cities).

- **Increasing interest and knowledge.** There is growing consumer interest in wine-food pairings and wine, in general, has increased the popularity of wine courses in the country. One example of such a course is Simplewine (<https://online.synchronize.ru/wine>). Such courses may provide ways for some producers to increase recognition of their wine.
- **New players:** Big spirits players show an increasing interest in the growing wine market and start to develop their own wine brands and retail chains.⁵⁸

5.4.3 Offer

Domestic production

Winemaking has a long history in Russia and is believed to date back to the time of Ancient Greece. However, the faster and more extensive development of viticulture in Russia started during the period of the USSR and peaked around the year 2000 when new investments and foreign specialist knowledge were available. Since then, the quality of Russian wine has been improving and the country's total vineyard area has increased up to about 96 000 ha.

Russia harvested around 474 000 tonnes of grapes in 2020 and produced about 6.4 million hectolitres of wine in the same year. Wine making is one of the priorities of the Russian Ministry of Agriculture which is why it is heavily supported by the government. It is one of the sectors that has benefited from support as Russia aims to become more self-sufficient in agri-food products as a whole.⁵⁹ Most recently the Law on viticulture and wine making, introduced in 2020, includes various provisions which try to support domestic wine production at the expense of imports.

The Russian wine areas are mostly located in the south of the country due to a favourable climate for growing wine grapes. Krasnodar is the biggest vineyard region by area in Russia with over 70 specialised companies and approximately 150 small business enterprises being part of the region's viticulture. Other important grape regions include for example the Republic of Dagestan, Stavropol region and Rostov region. A mix of different international and indigenous grape varieties is grown in the country. When it comes to international white varieties Aligoté, Chardonnay and Pinot Blanc are popular and Cabernet Sauvignon, Merlot and Pinot Noir are popular red varieties. Popular indigenous white varieties, on the other hand, include Kokur Belyy, Rkatsiteli and Sary Pandas and Sibirkovyy whereas popular red varieties are Bastardo Magarachskiy, Golubok and Kefesiya. Overall, just under 60% of wine produced in Russia is red and just over 40% is white.

The biggest winemaking regions are mainly also the biggest grape-producing regions. For example, the Krasnodar region is not only the region with the most vineyards but also the country's biggest producer of still and sparkling wine. In 2019 this region alone produced about 2/5th of the country's still wine as well as a notable proportion of its sparkling wine. In total, Russia

⁵⁸ Euromonitor International: Alcoholic Drinks, 2021.

⁵⁹ https://apps.fas.usda.gov/newgainapi/api/Report/DownloadReportByFileName?fileName=Russia%20Wine%20Market%20Overview%20Moscow%20ATO%20Russian%20Federation_04-21-2021.pdf

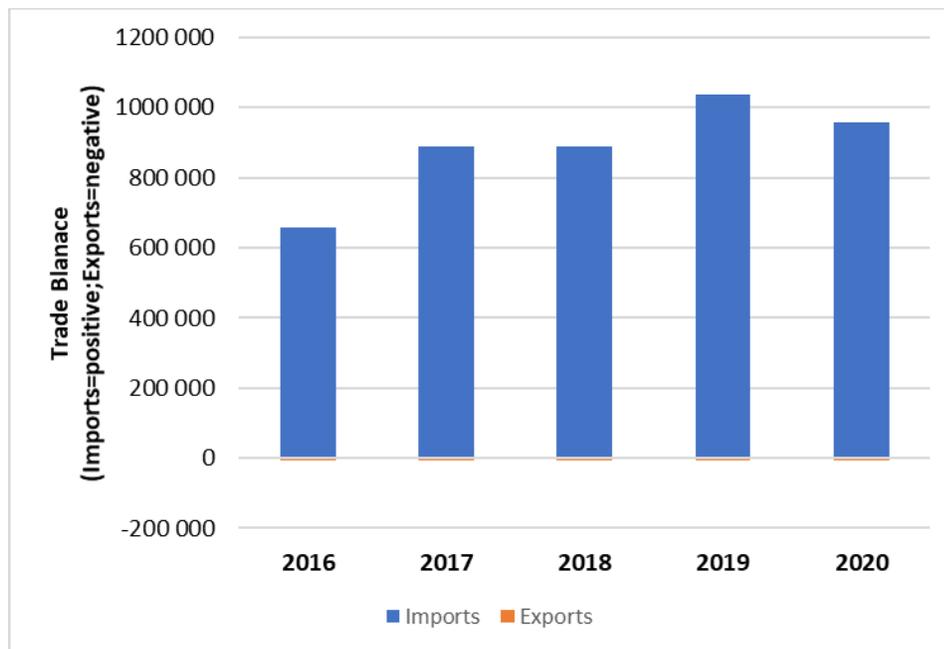
has about 70 wineries that produce commercially available wines that are popular with Russian consumers. Notable major wine producers include: Ariant Group; CJSC Abrau-Durso; Igristye Vina Group; PJSC Fanagoria and FSUE PJSC Massandra.

Even though wine producers have had to deal with a shortage of raw materials in 2020, the domestic producer ‘Kuban Vino’ remained the number one company in the still light grape wine section. Kuban Vino put increased efforts into establishing their own vineyards and growing their own seedlings to avoid a dependency on other wine-producing countries. In sparkling wines the market leader, ‘Abrau Durso’ purchased a new winery to produce its wines with Russian raw materials with the aim to benefit from new legislation. Other domestic players will also have to develop local production and planting their own vineyards in Russia to remain competitive and in line with legislation.⁶⁰

Imports and exports

As shown in Figure 5-17, Russia is a substantial net importer of wine. In 2020 the country imported wine with a value of about EUR 957 million, whereas it exported a value of about EUR 8.6 million in the same year. This means that in 2020 Russia imported over 100 times more wine than it exported to the world. Imports increased year on year between 2016 and 2019. In 2020, the value of imported wine to Russia decreased by about 8%. The value of Russia’s wine exports was going a little bit up some years and down others, however, they are nearly negligible when compared to the countries imports.

Figure 5-17: Trade balance (imports and exports) of wine in Russia, 2016-20; EUR 000



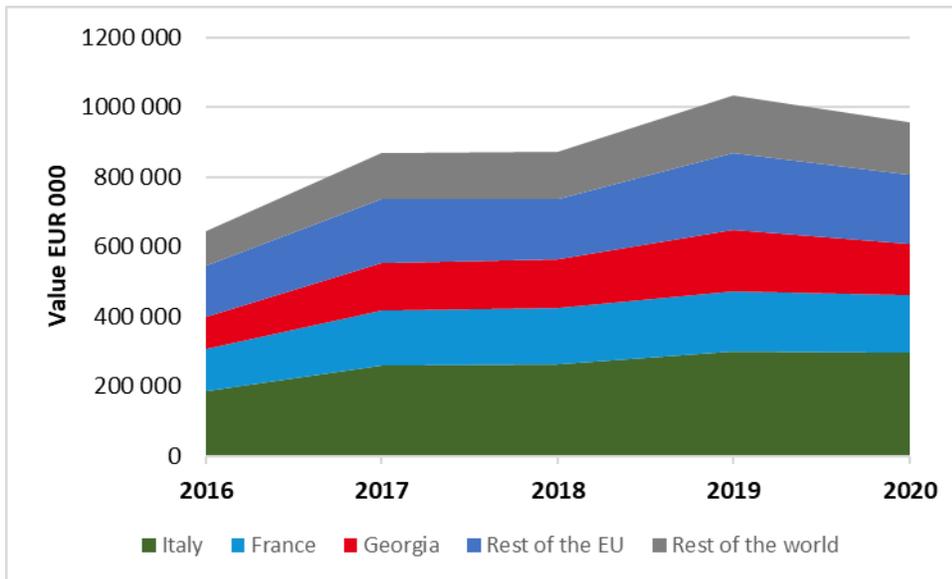
Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2204.

⁶⁰ THE RUSSIAN WINE INDUSTRY FROM A TO Z (2020) <https://vineandwine.vin/en/articles/russian-wine-industry-2020/>; Euromonitor International: Alcoholic Drinks, 2021

In 2020, Italy was the main exporter of wine to Russia, followed by France and Georgia (Figure 5-18). Italy exported wine with a value of about EUR 296m and thus is far ahead of France, which exported around EUR 164m. Georgia's exported value in 2020 was closer to that of France with approximately EUR 147m. Italy alone accounted for around 1/3rd of the total import market's value. In total, five out of the most successful ten exporters of wine to Russia are from the EU including Spain, Portugal and Germany in addition to Italy and France. The top EU exporting countries accounted for about 68% of the total market value in 2020. Besides Georgia, other important non-EU exporters are Chile and New Zealand.

Figure 5-18: Russian imports of wine by country, 2016-20; EUR 000

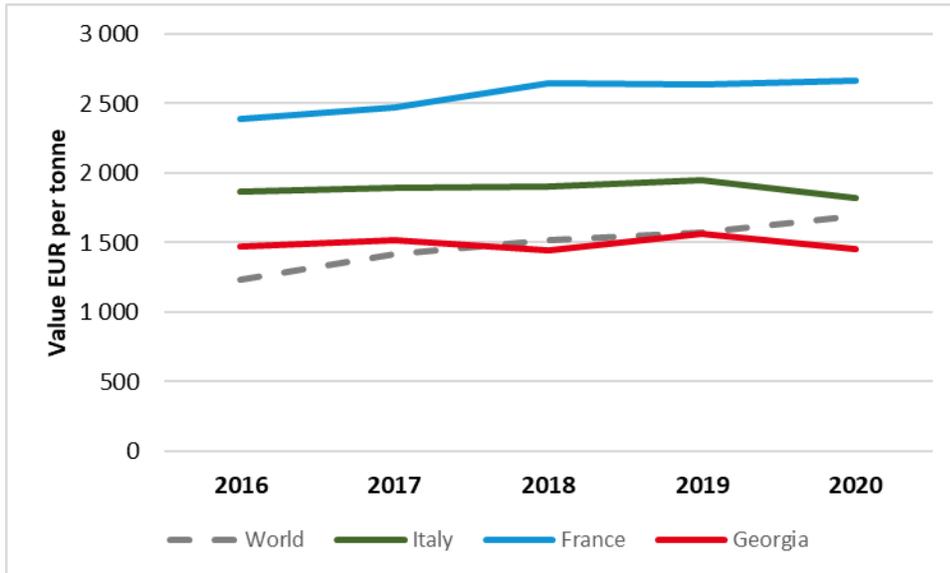


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2204.

The world average unit value of Wine exports to Russia was around EUR 1 700 per tonne in 2020 as depicted in Figure 5-19. Since 2016 the world average unit value increased year by year. The unit values of the two main exporters, Italy and France, were above the world average at EUR 2 700 per tonne for France and EUR 1 for Italy. Thus, the unit value of French wine was close to 40% higher than the world average and the highest of the main exporters. Since 2016, the unit values of wine export from these two countries increased as well, however started to slightly decreased in 2019/2020. The unit values of wine from Portugal and Germany were close to the average, whereas the unit value of wine from Spain was below the world's average in 2020. The unit value of the third biggest exporter Georgia was also much below the world average at approximately EUR 1 450 per tonne in 2020.

Figure 5-19: Russian imports of wine by country, 2016-20; Value EUR per tonne



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2204.

EU GI products

As noted in section 4.2.4, there is a system for protection of GIs in Russia. Prosecco and, Cotes de Provence have been identified as having been registered. As noted in section 4.3.4, the certain EU wine GIs, such as Champagne, Porto, Cahors, Madeira are misused in Russia.

Main competitors

Overall, EU wines are very popular in Russia. The five main EU exporting countries together account for about 65% of all wine exported to Russia. This means that the EU currently has no major foreign competitors, in particular also because Italy and France are the two biggest exporters overall. However, Georgia needs to be taken seriously because it ranks third as well as smaller exporters such as Chile and New Zealand. Wine from these countries is often less expensive than old-world wines from the EU and thus is interesting for consumers looking for cheaper options. Yet, many consumers seem to not be bothered by the price because French wines are much more expensive than most other wines but France is still the second biggest wine exporter to Russia value-wise. This shows that high-quality EU wines are still very appreciated among certain groups of Russian consumers.

It is important to remember that Russia is producing wine locally and thus domestic production is a competitor. In particular, the Russian government is promoting and wants to increase domestic wine production with the aim to become more self-sufficient and less reliant on imports. However, the demand is increasing and currently, domestic production cannot fulfil the demand which is why imports are needed. A majority of consumers currently still prefer foreign wines over domestic ones.

5.4.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for wine notably include: a declaration of conformity; licence to deal alcoholic beverages for the importer; official note to the customs declaration; and conclusion on alcohol content.

In terms of tariffs, wines face ad valorem tariffs of 12.5%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general wine category (2204) from France to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=2204&origin=FR&destination=RU>

Standards, SPS measures

Notable standards relevant for wine are the Russian standards:

- GOST 32061-2013 – Wine products. Packaging, labelling, transportation and storage
- GOST 32030-2013 – Table wines and table wine stocks
- GOST 31729-2015 – Wine drinks
- GOST 33336-2015 – Sparkling wine
- GOST 33311-2015 – Sparkling wines
- GOST 33287-2015 – Wine and wine materials

As noted in section 4.3.4, the Russian wine making and winegrowing law may be a barrier impacting EU wines being sold on the Russian market. This is the Federal Law No. 468 of December 2019 on Viticulture and Winemaking in the Russian Federation (subsequently amended on 8 December 2020). The law, in Russian, can be found at the following link: <https://base.garant.ru/73355393/>. It is also necessary to be aware of the EAEU technical regulation No 47 on the safety of alcoholic products which may potentially introduce some challenges; though at the time of writing this regulation is still under discussion.

Labelling

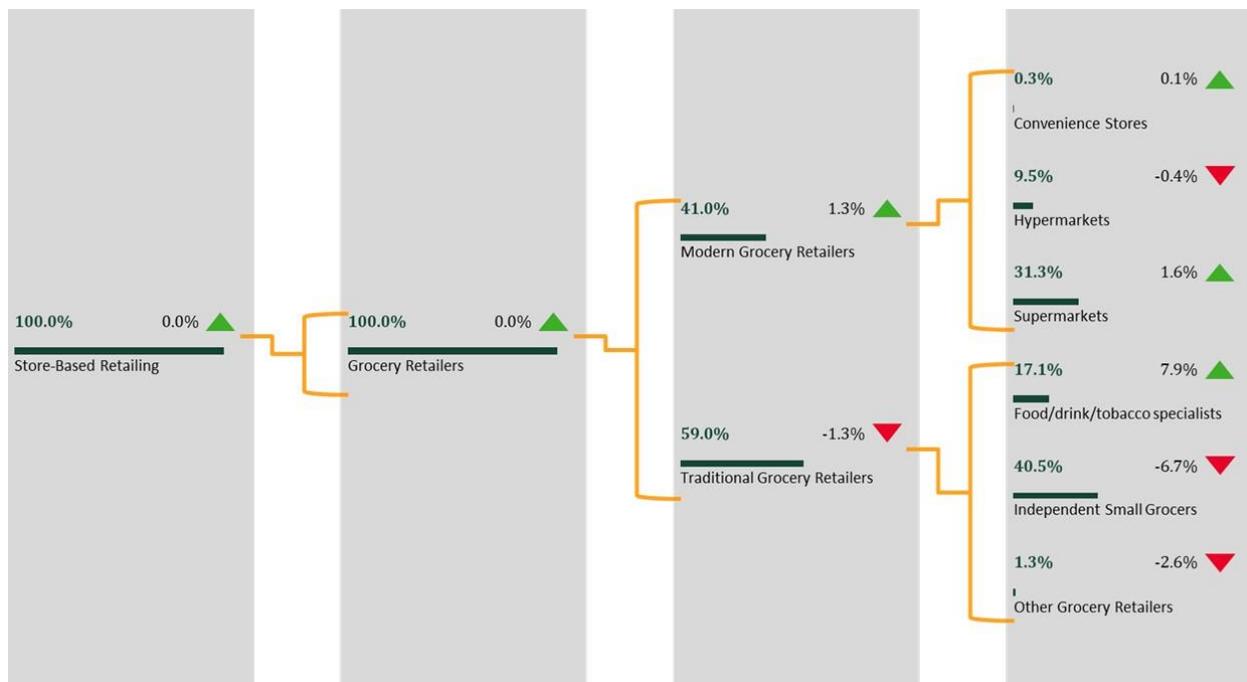
Wine must conform with the labelling requirements set out in section 4.2.3. This includes, among others:

- Minimum ethyl alcohol by volume
- Bottling date
- Classification based on sugar content
- Year of harvest
- Mandatory warning

5.4.5 Distribution

Approximately 93% of wine by value in Russia was sold off-trade and the remaining 7% is on-trade in 2020. The percentage of wine being sold off-trade increased by about 4% compared to before the pandemic. Figure 5-20 shows the off-trade distribution channels. All wine by volume is sold in store-based retailing because Internet retailing of alcoholic beverages including wine is forbidden in Russia.⁶¹ Traditional grocery retailers are still the preferred channel and accounted for about 59% of the off-trade volume, however, the channel's popularity is decreasing. Independent small grocers account for 40.5% followed by food/drink/tobacco specialists with 17.1%. During the last years, the popularity of food/drink/tobacco specialist stores as a channel increased by a lot whereas less wine was sold through independent small grocers. The popularity of modern grocery retailers slightly increased with supermarkets being the main channel of this category followed by hypermarkets. In the case specifically of imported wine from the EU, specialist wine shops and supermarkets/hypermarkets stand out as the most notable channels. On-trade - premium restaurants in particular – are also an important channel for imported EU wines.

Figure 5-20: Distribution channel overview of wine in Russia (2020); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2021.

5.4.6 Challenges for EU products

Wines from the EU have a good reputation in Russia, however, are often more expensive than other new world wines such as from Chile or New Zealand, which is why it will be complicated to

⁶¹ THE RUSSIAN WINE INDUSTRY FROM A TO Z (2020) <https://vineandwine.vin/en/articles/russian-wine-industry-2020/>

reach lower-income consumers in Russia. Yet, higher-income Russians purchase a lot of EU wines and as mentioned EU exports cover about 68% of the total market value in 2020..

Alcohol cannot be sold via online channels and marketing of alcohol is prohibited in Russia as well; two factors that make it harder to reach Russian consumers. Russia aims to become increasingly self-sufficient and thus supports the domestic wine industry and viticulture, creating a long term challenge that EU exporters should be aware of. Against this background, in 2020 Russia introduced its law on viticulture and winemaking that sets up a national structure to protect domestically produced wines by using geographical indications. This law is expected to boost companies that grow their grapes on vineyards in Russia and not elsewhere and thus receive tax deductions for doing so.

Market Takeaway: Wine

Consumption: *The wine market was around EUR 4.9bn (retail value) in 2020, with the markets for red wine and white wine being the biggest.*

Competition: *Mainly competing countries that offer cheaper wines such as Georgia, Chile and New Zealand as well as domestically produced wine that is increasingly promoted and supported by the Russian government.*

Distribution: *7% on-trade and 93% through off-trade channels by value; no internet retailing. The most popular off-trade channels are independent small grocers, supermarkets and food/drink/tobacco specialists.*

Challenges: *The low prices of new world wines, forbidden marketing/advertisement and sales via the internet as well as Russia's aim to become more self-sufficient and thus boosting domestic production and viticulture.*

Opportunities: *Red wine and white wine are the biggest categories and are forecasted to continue to grow at steady rates. The educated younger generation that lives in urban centres and has higher incomes is a good target group.*

5.5 Spirits

5.5.1 SWOT analysis

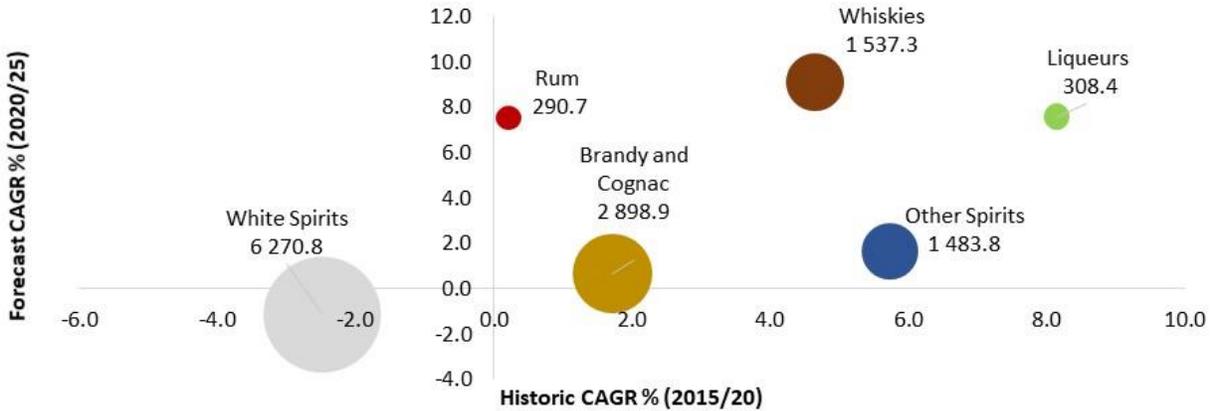
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Consumption of spirits in Russia is amongst the highest in the world. ▪ EU Member States are amongst the largest exporters of spirits to Russia with France, Ireland and Italy being amongst the top ten largest. ▪ The trade of spirits between the EU and Russia remains open which is not the case for some other agri-food products. 	<ul style="list-style-type: none"> ▪ Consumption of spirits is declining, and the younger generation of Russia is increasingly switching to other alcoholic drinks. ▪ Vodka is the most popular spirit in Russia, however, demand is largely met by domestic production. ▪ A weak rouble limits the ability of Russians to purchase foreign spirits and indeed there has been considerable pricing pressure of late in the market.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Demand for spirits other than vodka is growing and will benefit foreign producers as production is small in Russia compared to demand. ▪ Imported spirits are perceived as a luxury item compared to cheaper Russian vodka. Most notably they may benefit from the gifting market. ▪ Large market within the vicinity of the EU and with a structural deficit in many types of spirits. 	<ul style="list-style-type: none"> ▪ The government has enacted a number of key laws to reduce alcohol consumption in recent years and has hinted it may go further. ▪ The UK is the biggest competitor in the whisky market. ▪ Armenia is the biggest competitor in the grape spirit market and it has a good reputation among traditional consumers plus an attractive price point.

5.5.2 Consumption

Evolution of consumption

As observed below in Figure 5-21, white spirits are the most popular spirit product in Russia by a considerable distance with a market value of EUR 6.2 billion. The market for white spirits is forecast to decline at a CAGR of -0.4% between 2021 and 2025 but will remain the largest spirit category in Russia. Brandy and cognac are the second-largest spirit category and have a market value of EUR 2.8 billion. This category is expected to grow at a CAGR of 2.3% between 2021 and 2025. Whiskies will be the fastest-growing spirit product in Russia between 2021 and 2025 at a CAGR of 5%. Currently, whiskies have a market value in Russia of EUR 1.8 billion. Tequila is the smallest spirit product on the Russian market with a market value of EUR 115 million.

Figure 5-21: Evolution and forecast of spirits market in Russia, 2015-2025; total value, EUR millions



Source: Euromonitor International: Alcoholic Drinks, 2021.

Consumer profile and purchase criteria

Consumers

The consumption of spirits is high in Russia with the average Russian consuming 3.6 litres of spirits per year. Consumption has been declining recently from a high during the 1990s when consumption of spirits per capita reached roughly 9 litres per person. Looking at the main major categories:

- Vodka:** is the most popular spirit product in Russia is vodka and, in many ways, vodka has come to symbolise many aspects of Russian society due to its prevalence in the country. Consumers of all income classes can obtain vodka in Russia as the product is generally not expensive and is often consumed during family get-togethers or other celebrations. With the younger generation seeking out alternative drinks, on balance consumers of vodka are more likely to be middle-aged and older.
- Whisky** is the fastest growing spirit in Russia and appeals largely to urban consumers of a higher income as the product is more expensive than other options such as vodka. The majority – over $\frac{3}{4}$ - of whisky consumers in Russia are under 40 years old; and over $\frac{4}{5}$ ths of all whisky consumers are male; though there are some differences by age with a higher presence of female consumers in the under 30 age group. Scotch whisky tends to be more affordable and will appeal to price-sensitive middle- and lower-income earners.
- Brandy and cognac** remain popular but are expensive for lower-income earners who are less likely to consume this product. This is particularly true of cognac which is perceived as an inherently premium product, and consumption of which historically is largely restricted to the super rich; though recently, well-educated, sophisticated, affluent middle class consumers are both consuming the product and being actively targeted by some cognac producers. Older consumers, who are less likely to differentiate between cognac and brandy, are more likely to consume the latter on the basis of price

- **Gin** is consumed mainly by the higher income class - primarily working professionals; often in the form of contemporary cocktails such as gin and tonic.
- **Liqueur** consumers vary somewhat depending on the liqueur in question; though it is common for consumers to be middle class (or higher) females.

Total spirit consumption in Russia is declining as a result of a number of factors including the effects of a number of new restrictions regarding alcohol advertising and the hours of sale allowed for alcohol. A number of initiatives to lower the rate of alcohol consumption have been put into law in Russia in recent years including a ban on the sale of alcohol in shops from 11 pm, an increase in the retail costs of spirits and an advertising blackout. This, in turn, has helped to lower the rate of alcohol consumption in Russia by 40% between 2003 and 2021.⁶² It is important to note that 10% of the Russian population is Muslim and therefore far more likely to abstain from alcohol consumption. This Muslim population is centred on its southern border in the Caucasus region and along its border with central Asian nations.

Drivers and method of consumption

Consumption of vodka in Russia is normalised in the society aided by the presence of vodka throughout the country and its historical connection to the country which gives the product a special place in the Russian society. These factors are related in part to the ease of producing the spirit throughout the country; its long history of production in Russia; and its cheaper price when compared to other spirits. Consumption is common during family meetings, dinners, and celebrations; and it is most commonly consumed neat in small, chilled shots which are followed by pickles or salty snacks. Vodka consumption grew in 2020 due to an increase in home drinking due to the outbreak of Covid-19, however, overall consumption in the past decade has declined and Russians continue to consume vodka at lower rates.

Drivers for consumption of whiskey, brandy and cognac include the desire for non-vodka-based spirit products combined with these products being perceived by many Russians as a luxury product compared to vodka. Indeed, the more luxury versions of these products are often given as gifts, making this gift market an important driver.

Overall, Russians prefer to consume spirits at home than through on-trade channels. That said, producers may use on-trade channels to communicate with consumers about new products (in view of the ban on alcohol advertising). Furthermore, certain liqueurs, as well as gin, are frequently consumed in bars by the younger generation in the form of cocktails.

Purchase criteria

Vodka's popularity comes from how cheap the product is compared to other spirits in Russia. Consequently, lower-income consumers particularly will expect that this product will be priced lower than other spirits. Vodka labels in Russia will typically display a famous landmark from the region of its origin, with the colour red being particularly popular.

As whiskies, brandy and cognacs are more expensive, consumers will hold higher purchase criteria standards expecting a unique bottle design that appeals to the perception of this product as a luxury item. Indeed, brand will be an important consideration for imported products of these categories. Origin is another important factor for these products. In general terms: western Europe is the preferred origin for cognac; northern Europe the preferred origin for whisky (with North

⁶² Russian alcohol consumption down 40% since 2003- WHO, The Guardian, available at <https://www.theguardian.com/world/2019/oct/01/russian-alcohol-consumption-down-40-since-2003-who>

American whisky not seen as highly); and both western and southern Europe the preferred origin for spirits. Finally, many Russian consumers will focus on age when purchasing imported spirits. Consumers most commonly look for whisky which is aged 10 years or more (with 20 year old scotch particularly popular). V.S. and V.S.O.P. cognacs are the most popular, implying at least two and five years aging respectively.

Spirits on retailers' shelves in Russia

While pricing depends to some extent on the type of the spirit, as a general rule retail prices are as follows:

- Economy: RUB 500-799/500ml
- Medium: RUB 800-1299/500ml
- Premium: above 1300 RUB/500ml

Imported spirits, including EU ones, almost exclusively target the premium segment.

Below: while vodkas are mainly Russia in origin, some imported versions are also present on the market. Other spirits, whisky in particular, are commonly imported.



Premium imported spirits are almost always sold in either 500ml or 700ml glass bottles.



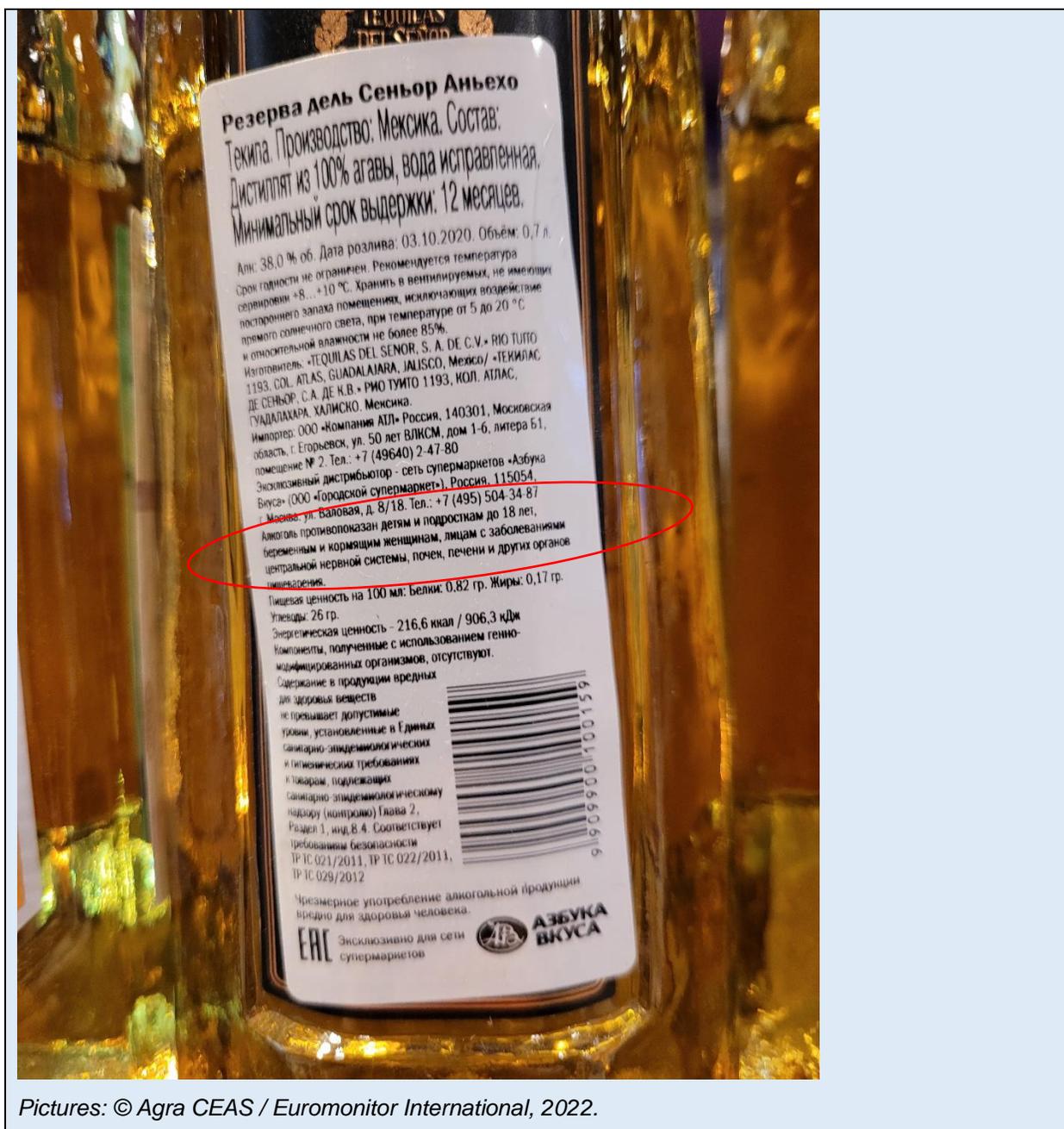
Above: in store promotion of spirits through gift packs,

In view of the restrictions on advertising, alternative in-store methods may be used to promote spirits. This may include discounts or special packaging / packs, particularly in view of the popularity of some imported spirits for gifting (see above).



Above: price promotion of imported spirits.

It should be remembered that spirits labels must contain a mandatory warning. An example for an imported spirit – as part of a stick on label - is shown below.



Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

Russia’s government has taken a number of steps to reduce the total rate of alcohol consumption in the country. The life expectancy particularly for males was lower than in comparable eastern European nations in 2003. Heavy alcohol consumption is often cited as a key reason behind this, which caused the government to take action. A ban on alcohol advertising, a rise in taxation of spirit products and a ban on the sale of spirits after 11 pm in shops plus on all sales through e-commerce are examples of measures taken by the government to reduce alcohol consumption. In the face of these measures, many producers have recently increased their focus on permitted promotional activities and price discounts in order to make their products prominent, with an

average discount of just over 20% in the calendar year 2020. Promotion through on-trade channels is a notable method recently used by some producers to make consumers aware of their products in the face of the various measures. Nonetheless, it is important to note that the channel is of much lower importance than off-trade in Russia; and that many producers perform such on-trade promotional activities as a sort of loss-leading activity which attracts consumers to their product in the off-trade channel.

Russia's younger generation also has been slowly moving away from heavy spirit consumption with many younger consumers associating vodka as an "old fashioned" product. Wine and beer continue to expand their share of total alcohol consumption while spirits share declines. Spirits outside of vodka continue to grow in the country with gin, rum and whisky emerging as the faster-growing spirits. Gin – particularly that of English origin – has also grown rapidly in recent years and is likely to continue to do so in coming years. These spirits offer an alternative to vodka which appeals to both eccentric and mid-to higher-income consumers. Despite a decline in consumption, vodka remains and will remain the largest spirit product in Russia by a considerable distance which is unlikely to change in the foreseeable future.

5.5.3 Offer

Domestic production

The production of spirits in Russia is large and has historically been a key source of income for Russians in rural areas, with vodka unsurprisingly the main spirit product manufactured in the country. Approximate spirit production volumes by type for 2020 (Jan to October) were:

- Vodka: 640m litres
- Grape spirits: 65m litres
- Whisky: 5m litres

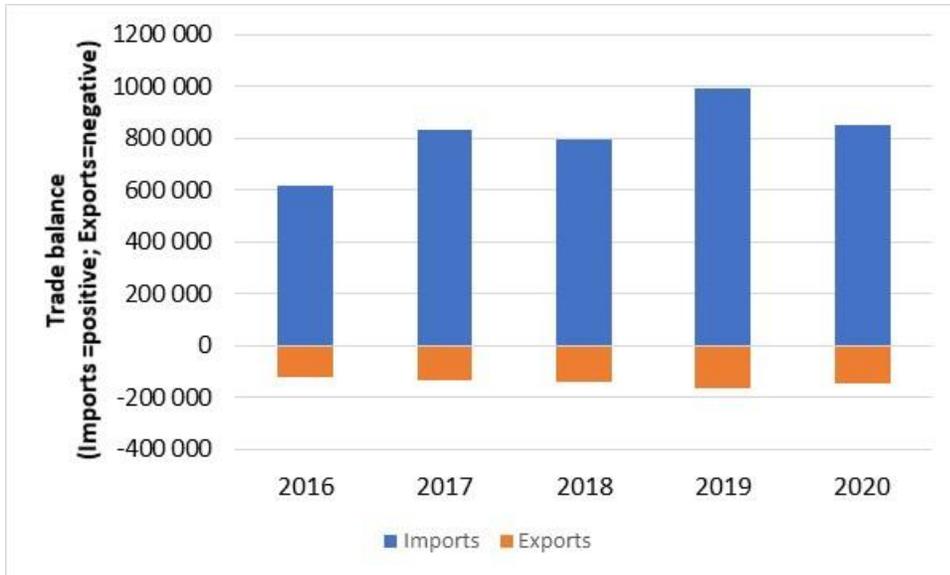
Beluga group is the largest spirits producer in Russia and has a market share of 10.6% followed by Roust with a share of 7.2% and Tatspritprom OAO with a share of 6%. The rest of the market is made up of smaller producers making the spirit market in Russia competitive. Whisky production is small and production only became legal in 2015. Spirits are produced all across Russia and most urban centres will have a nearby distillery. It should be noted that some large multinational producers have started bottling their foreign production in Russia in recent years, and appear to be moving into the local production of some spirits with products marketed under brands specific for the Russian market.

Imports and exports

As shown below in Figure 5-22, Russia is a net importer of spirits with the country importing EUR 850 million worth of spirits in 2020. This is a decline from the figure in 2019 of EUR 991 million, with the outbreak of Covid-19 being cited as a reason behind this decline due to supply shortages.

Exports have remained fairly stable with a value of between EUR 118 million and EUR 162 million between 2016 and 2020.

Figure 5-22: Trade balance (imports and exports) of spirits in Russia, 2016-2020; EUR 000



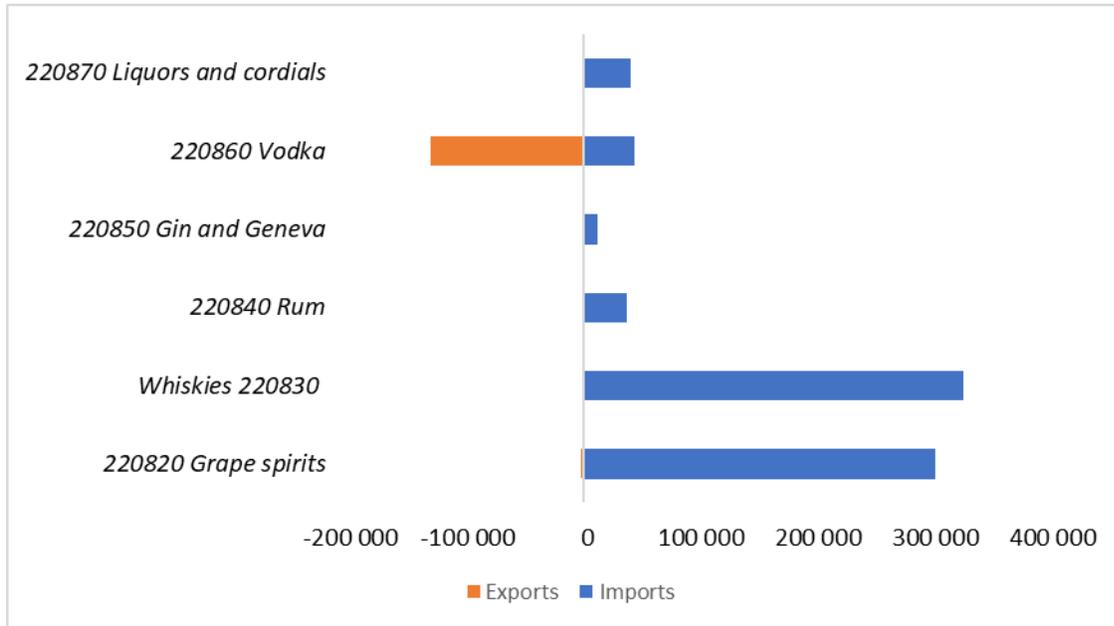
Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2208.

As shown below in Figure 5-23, whisky is the most imported spirit product in Russia with the country importing EUR 324 million in 2020. This was followed by grape spirits to a value of EUR

299 million and vodka at EUR 43 million. However, vodka also accounts for the vast majority of spirits exported by Russia with a value of EUR 130 million exported in 2020.

Figure 5-23: Trade balance (imports and exports) of spirits in Russia, by type, 2020; EUR 000

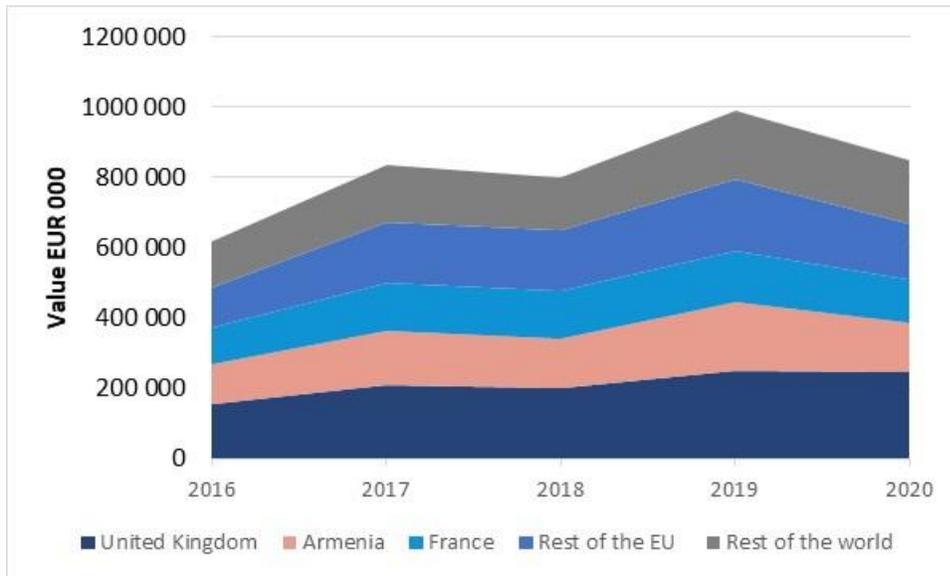


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Spirit names shortened. CN codes before spirit name.

Figure 5-24 below shows the origin of Russian spirit imports, with the UK being the largest exporter at a value of EUR 243 million due to the popularity of scotch whisky. This is followed by Armenia with a value of EUR 142 million and France at EUR 119 million. France mainly exports grape spirits to Russia. Other large EU exporters include Ireland to a value of EUR 48 million, which mainly exports whisky; and Italy to a value of EUR 36 million with rum and other white spirits being mainly exported.

Figure 5-24: Russian imports of spirits by country, 2016-2020; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2208

EU GI products

As noted in section 4.2.4, there is legislation for registering GIs in Russia. No spirits have been identified as registered. As noted in section 4.3.4, the certain EU spirit GIs such as Cognac or Calvados are misused in Russia.

Main competitors

The largest market competition for imported spirits in Russia comes from the UK which largely exports whisky to Russia which presents competition for large EU whisky producers such as Ireland. Armenia is the second largest exporter but mainly focuses on grape spirits which is a competitor for Italian and French grape spirit exports. Armenia has a good reputation for brandy – during the period of the USSR, Armenia was seen as having the best quality of cognac production. Today, the product remains popular among traditional, middle-class consumers; boosted by the fact it generally retails at a fraction of the price of an imported French cognac. Vodka is Russia’s premier produced spirit which limits the potential for growth for imported vodka labels. However, Finnish, Swedish and French vodkas are popular (the brands Absolut, Ciroc and Finlandia are particularly well known in Russia). Cognac from France is also present on the market to some extent. Typically all these European products are priced as premium products.

5.5.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for spirits notably include: a declaration of

conformity; licence to deal alcoholic beverages for the importer; official note to the customs declaration; and conclusion on alcohol content.

In terms of tariffs, spirits generally face tariffs of EUR 1.40 to 1.50 per litre.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general spirits category (2208) from France to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=2208&origin=FR&destination=RU>

Standards, SPS measures

Notable standards relevant for spirits are the Russian standards:

- GOST 33281-2015 – Whiskey.
- GOST 33458-2015 – Rum.
- GOST 32098-2013 – Vodkas and Special Vodkas, Liqueur and Vodka Products.

The overarching law relevant for spirit products is Federal Law No. 171-FZ of November 22, 1995 on State Regulation of the Production and Handling of Ethyl Alcohol, Spirits, and Products Containing Alcohol, available at: <http://base.garant.ru/10105489/>

There is a draft EAEU technical regulation (47) on alcoholic beverages, and this (among others):

- does not contain a mention of additional water in spirit drinks;
- does not allow the use of additional flavouring; and,
- only allows the use of sugar for sweetening (not other sweeteners)
- introduces extensive labelling requirements which may ultimately be considered excessive.

These restrictions could ultimately be an issue; however it should be noted that the entry into force of this technical regulation has currently been postponed until January 2024, meaning this technical regulation does not pose an issue at present.

Labelling

Spirits must conform with the labelling requirements set out in section 4.2.3. This includes, among others:

- Minimum ethyl alcohol by volume
- Bottling date
- Composition
- Mandatory warning

5.5.5 Distribution

The distribution of spirits is roughly split evenly between modern grocery retailers at 51.3% of the share of distribution and traditional grocery retail outlets which have a share of 48.7%. Supermarkets are the largest sole distributor of spirits in Russia with a share of 32.9% of the market followed by independent small grocers which have a share of 32% (Figure 5-25). Prior to Covid-19 in 2019, on-trade sales of spirits accounted for just 3.6% of all spirit sales by volume which is a figure that has remained consistent between 2015-2019. A ban on the sale of spirits in shops after 11 pm has particularly impacted traditional retailers and can help to explain why their share of distribution has been declining. It is important to remember that e-commerce sales of alcohol are banned in Russia.

Figure 5-25: Distribution channel overview of spirits in Russia (2020); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2021.

5.5.6 Challenges for EU products

Challenges for EU products in Russia include the popularity of vodka in the country which is mass-produced and only imported to a small extent. Consumption of spirits has long been a common tradition in Russia. However, this perception is changing as the government has enacted several key laws with the aim to reduce total alcohol consumption and presence in the country; and spirits have borne the brunt of these measures. Spirit consumption as a consequence is declining which makes it a difficult market to develop and scale. Despite an ongoing ban for certain EU products in Russia currently, there is no ban on spirits making this product one of the key agri-food products currently traded between the EU and Russia. Nonetheless, major categories interesting to EU exporters face competition from the UK (whisky) and Armenia (grape spirits). To summarise, the popularity of vodka, changing consumption habits and a government that currently seeks to reduce total alcohol consumption stand as the key challenges in the Russian market for EU spirits.

Market Takeaway: Spirits

Consumption: Spirit consumption in Russia is high by western standards but continues to fall as the government has enacted a number of laws in recent years with the intention of lowering the rate of alcohol consumption. Vodka is dominant. Key products for EU producers include whisky, brandy, cognac, gin and rum.

Competition: The UK is the biggest competitor in the whisky market followed by Armenia which is the biggest grape spirit competitor. The vodka market is dominated by Russian producers with imports being generally small considering the market size of vodka in the country.

Distribution: On-trade sales accounted for just 3.6% of the volume of spirits distribution in 2019 prior to Covid-19 and this figure has remained consistent in recent years. Off-trade distribution is roughly split with modern grocery outlets such as supermarkets and hypermarkets having a 51% share of distribution followed by traditional grocery outlets such as independent small grocers which have a 49% share.

Challenges: Consumption is declining from a peak in the 1990s and continues to fall as the government continues to push for a reduced rate of alcohol consumption. Competing with Russian vodka producers is difficult as these producers can offer vodka at a cheaper price, with the cheaper price of vodka being a key reason why this spirit is the most popular in the country.

Opportunities: Whisky, brandy, cognac and rum are growing in popularity in Russia and are not produced to a large extent in the country; hence creating a reliance on imported products. A growing consumer base that is moving away from vodka to other spirits offers another key opportunity in the Russian market.

5.6 Olive oil

5.6.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Olive oil consumption historically has been increasing a lot and is forecast to continue to increase at the highest rate compared to other edible oils. ▪ Olive oil is the second biggest edible oil market in Russia and the product is not produced domestically. ▪ The EU accounts for over 98% of olive oil exports to Russia and is well regarded by Russian consumers. 	<ul style="list-style-type: none"> ▪ Olive oil remains more expensive than other edible oils. ▪ Now there are also cold-pressed healthier sunflower oil options available that are also cheaper than cold-pressed olive oil and hence strengthen the indirect competition.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ E-commerce sales are increasing rapidly, which makes it an interesting channel to dive into. ▪ Marketing targeted at health-conscious consumers. ▪ The nascent trend of blending olive oil with other domestic oils such as sunflower offers both a potential opportunity and threat. 	<ul style="list-style-type: none"> ▪ Sunflower oil has by far the biggest market in Russia and accounts for over 4/5th of the total value of the edible oil market in the country. ▪ Russia is the second biggest producer of sunflower oil in the world and aims to increase its production in the coming years.

5.6.2 Consumption

Evolution of consumption

Olive oil is the second biggest edible oil market in Russia. The consumption of olive oil shows an upward trend in recent years and was growing at a high CAGR of close to 16% between 2015 and 2020 where the market size reached close to nearly EUR 318m. The forecasted average growth rate between 2020 and 2025 is much lower at about 6% per year. Yet, the olive oil market is forecast to have the highest growth rate in value terms compared to other edible oils in Russia. The market is forecast to increase to EUR 426m by 2025. Currently, the per capita consumption is around 2.2 litres. With current growth trends, this number is forecast to reach 3 litres per person in 2025 (Figure 5-26).

Figure 5-26: Evolution and forecast of the retail market for olive oil (value, EUR millions) and olive oil consumption per expenditure, in Russia; 2015-2025



Source: Euromonitor International: Packaged Food, 2021.

Note: figures for 2021 to 2025 based on forecasts.

Consumer profile and purchase criteria

Consumers

Consumers in Russia use a comparatively large volume of edible oils on a global scale. Olive oil consumers in particular are more likely to have higher disposable incomes due to the oil's higher price point compared to other oils such as sunflower oil. Overall, about 1/5th of Russian households consume olive oil on a fairly regular basis. Demographics which are particularly likely to consume olive oil are:

- Older consumers (over 50) as well as millennials (under 35).
- Females, particularly from the millennial age group.
- Urban, higher income consumers.

Russians that are generally interested in consuming fashionable western-style products are also more likely to purchase olive oil from the EU. Health-conscious consumers tend to choose olive oil, which is perceived to be healthier than some other edible oils, as well. This extends to vegetarian / vegan consumers, who while limited in number are a notable category of interest. The Mediterranean is a popular holiday destination for Russians with the financial means, which is why consumers who have been to places like Spain, Italy or Greece are often more interested in purchasing olive oil. Finally, some culinary enthusiasts are also notable consumers of the product.⁶³

Drivers and method of consumption

Since the start of the Covid-19 pandemic, home cooking has become increasingly fashionable in Russia. This is because Russian consumers were afraid or not allowed to go out for lunches or dinners, plus many Russians were looking to fill their free time during times of home seclusion. Moreover, home-cooked fresh meals are often perceived to be healthier than store-bought or microwaveable meals and as Russian consumers also become increasingly health-conscious it is important to them to eat healthy and nutritious food - a trend further driven by the pandemic and the fear of falling ill. Even after restaurants reopened again after the lockdowns, consumers have continued to eat at home. The home cooking trend in combination with the increasing health

⁶³ Study on the promotion of the consumption of olive oil and table olives in Russia <https://www.internationaloliveoil.org/wp-content/uploads/2019/11/RUSSIA-VOLUMEN1.pdf>

consciousness of consumers drove the demand for healthy olive oil products for use at home – sometimes pure, and other times mixed with other oils such as sunflower. As a result, consumers are experimenting more with olive oil and get more accustomed to cooking with it, which may further increase demand going forwards. This is particularly true with regard to its use in Italian style food; though some chefs are now using olive oil as a substitute in more traditional Russian foods.

Finally, health consciousness is a notable driver of olive oil consumption, with consumers overall having a fairly good understanding of the positive health benefits of olive oil usage.

Purchase criteria

The type of edible oil is the first important criterion. Even though olive oil is the second most used edible oil in Russia, sunflower oil is far more popular and cheaper. Sunflower oil accounts for about 96% of edible oil sales by volume in Russia, whereas olive oil only accounts for close to 2%. One reason for this divide is linked to production as sunflower oil is massively produced in Russia and thus part of the country's culture and pride. Another highly important purchase criteria is the price. In particular in economically hard times that many Russians are facing now due to the effects of the Covid-19 pandemic on the Russian economy, where disposable incomes decrease, the price becomes the number one purchase criteria for many. Olive oil is more expensive than many other edible oils, which is why consumers are more likely to purchase it if they find some price discounts such as 'buy one get one free' offers. Lower-income consumers are more likely to purchase cheaper brands and private label options, indeed if they use olive oil at all. That said, there is some evidence to suggest that Russian olive oil consumers are less price sensitive than consumers of many other products – largely as they by default are consumers with higher incomes. This indeed is shown by the continued preference of Russian olive oil consumers for European olive oil over that from other countries (e.g. Turkey, Tunisia) which tends to be available on the Russian market at lower price.

Different consumers prefer different pack sizes, however, when the lockdown was announced people stockpiled and preferred bulk packs. Another purchase criterion is the quality of the product itself and its perceived health benefits. Consumers who are health conscious are likely to purchase olive oil over other edible oils because of its perceived health benefits. Olive oil is part of the Mediterranean diet, which was voted to be the healthiest in the world.⁶⁴

Olive oil on retailers' shelves in Russia

Olive oil is primarily an upper mid-range or premium product in Russia. Products at the cheaper end of the scale can be considered lower mid-range products rather than economy products, given cheaper and plentiful alternative oils can be considered to cover the economy segment of the market. Against this background, indicative retail prices for olive oil are:

- Lower mid-range: RUB 170-249/250ml
- Upper mid-range: RUB 250-349/250ml
- Premium: RUB above 350/250ml

⁶⁴ Euromonitor International: Packaged food, 2021



Above and below: as per this olive oil section of two different large hypermarkets, 500ml glass is the most common format; larger volumes may use metal cans.



500ml is the most common package size for olive oil on the Russian market, with 1 litre the common package size for bulk purchases. Package sizes in-between these two volumes (e.g. 750ml) are quite rare. Some smaller package sizes can be found; 250ml is most common.

Glass bottles (generally dark green) are most commonly used for packaging olive oil, though metal beverage cans and sometimes plastic bottles are common for volumes of 1 litre or more. Plastic bottles are also very occasionally used for smaller volumes as well. Labels on glass bottles are most commonly either dark green (like the bottle itself), yellow or blue.

There is an abundance of products on the market (it is estimated that 200 brands are present), leading to a small amount of shelf space generally being dedicated to each product. Discounts and “buy one get one free” promotions are the most common ways that products are promoted.



Above: crowded olive oil selection of a supermarket; very limited space is dedicated to each product. Below: price promotion is used to make some olive oil products stand out.



Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

The following recent market trends can be observed:

- E-commerce:** Since the beginning of the Covid-19 pandemic olive oil sales via e-commerce have increased drastically. As noted above, demand for olive oil increased because consumers spend much more time at home cooking and eating home-cooked meals now is an established trend. This trend in combination with people being afraid to go grocery shopping in stores increases the use of e-commerce as a distribution channel.

- **Marketing:** In times of crisis, discounts and special offers such as bundle packs seem to work particularly well with Russian customers. Due to the new e-commerce trend, online marketing via social media has also become increasingly important. Even prior to the Covid-19 pandemic price reduction have been the easiest and most successful way to promote olive oil in Russia. Many consumers see olive oil as something very expensive and high class which is why they purchase other edible oils instead. Thus, olive oil needs to look more accessible, which is why some producers repackage it from expensive looking glass containers into e.g. cheaper looking tins. The more available it is to consumers, the more they are exposed they are to olive oil, the faster they will get accustomed to it.
- **Health trend:** Already before the pandemic, more and more Russian consumers paid attention to their nutrient intake and the kind of food they choose; and the pandemic only accentuated this trend. Health is becoming an important topic in consumption, which is why olive oil is gaining popularity. The product has a lot of perceived health benefits that furthermore is and should be highlighted through proper marketing, packaging, etc.⁶⁵

5.6.3 Offer

Domestic production

Olive oil is not produced in Russia due to its geographical location and climate. Even though Russia is the largest country in the world by land mass it is too far north to grow olive trees. Most olive tree farms can be found between latitude 30 and 45 degrees north in areas with warm and sunny summers and cold and rainy winters; while Russia's most southern point is around 42 degrees north, with the vast bulk of the country above 50 degrees north; and other factors making the most southern areas not highly suitable for olive cultivation.

Even though Russia is not producing olive oil, it is the second biggest sunflower oil producer in the world after Ukraine. Due to Russia's Good Security Doctrine, which President Putin signed in 2020, Russia aims to further increase its domestic sunflower production in the coming years. Several plans for the establishment of new oil extracting plants have already been signed. Thus, the domestic production of edible oils is forecast to rise drastically.

Ameria Rus is the leading olive oil company in Russia with close to 15% of the retail value share. The company is the country's main olive oil importer and advertises its product through a lot of different channels.⁶⁶

Imports and exports

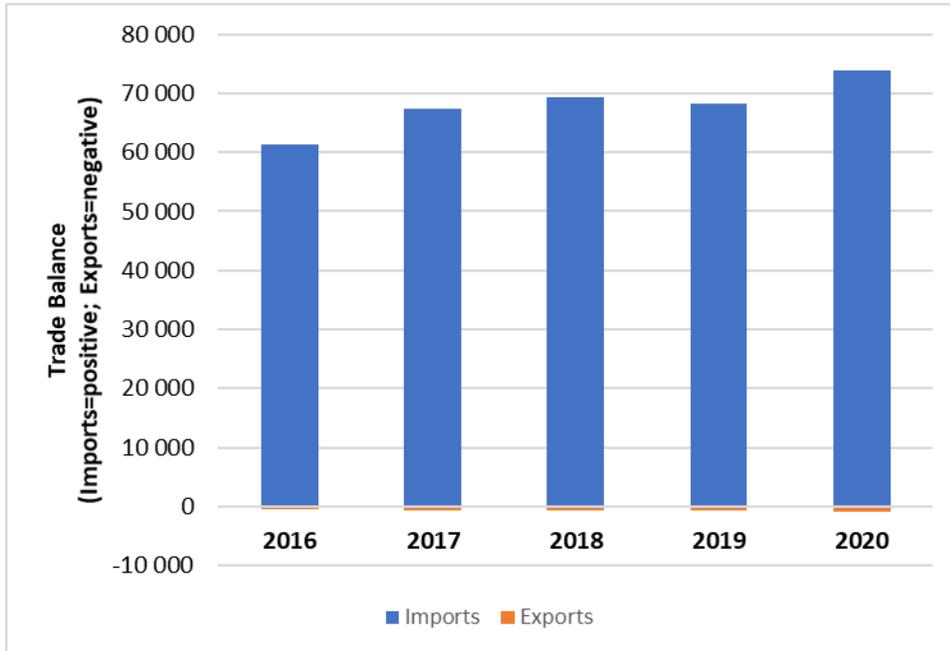
As can be seen in Figure 5-27, Russia is an absolute net importer of olive oil. The country effectively exports no olive oil (there is a very small amount of re-exports). In 2020 Russia imported olive oil with a value of close to EUR 74m. Between 2016 and 2020 imports of olive oil

⁶⁵ Euromonitor International: Packaged food, 2021; Study on the promotion of the consumption of olive oil and table olives in Russia, <https://www.internationaloliveoil.org/wp-content/uploads/2019/11/RUSSIA-VOLUMEN2.pdf>

⁶⁶ Euromonitor International: Packaged food, 2021; The most favourable soil and climate factors for olive cultivation <https://primoli.it/en/the-most-favourable-soil-and-climate-factors-for-olive-cultivation/>

steadily increased. In total, the olive oil imports grew by about EUR 13m between those years. There only was a slight import drop in 2019 compared to 2018.

Figure 5-27: Trade balance (imports and exports) of olive oil in Russia, 2016-2020; EUR 000

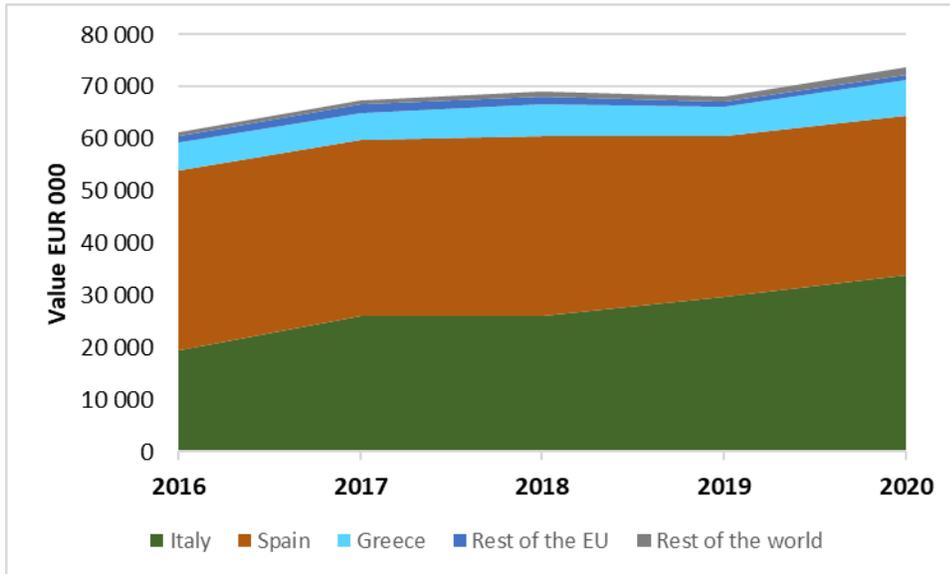


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 1509.

The EU accounts for nearly all of the olive oil exports to Russia as depicted in Figure 5-28. Italy and Spain are the two main exporters to Russia and together account for more than 87% of the total imported value. In 2020, Italy exported olive oil valued at close to EUR 34m and Spain nearly EUR 31m. Greece ranked 3rd with about EUR 7m and Portugal 4th with approximately EUR 900 000. These four EU countries together account for over 98% of total olive oil exports to Russia. The biggest non-EU players are Turkey, Tunisia and Belarus which exported a total value of just over EUR 1.3m in 2020.

Figure 5-28: Russian imports of olive oil by country, 2016-2020; EUR 000

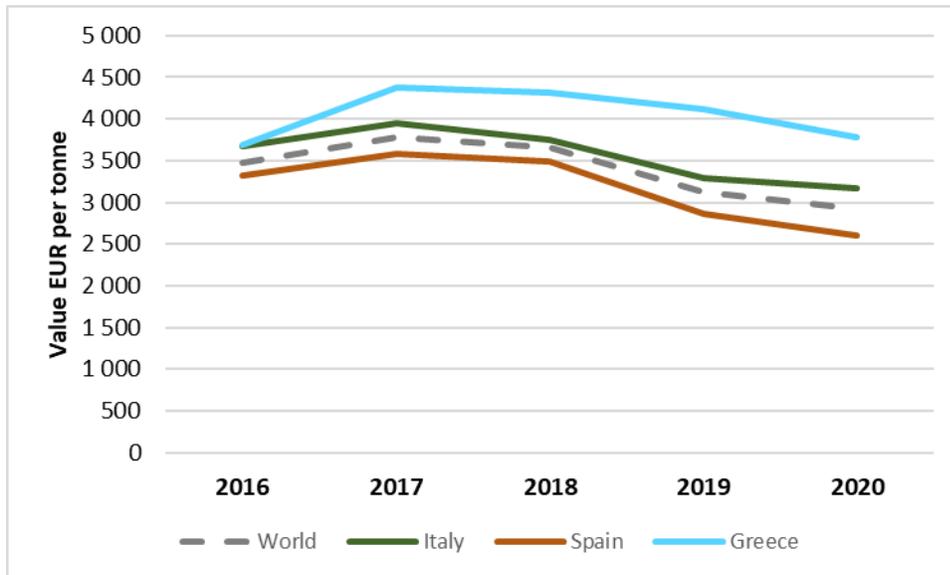


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 1509.

In 2020, the world's average unit value per tonne of olive oil exports to Russia was around EUR 2 600. This unit value has constantly decreased since 2016 where it was at around EUR 3 100. The unit value of Italian olive oil is higher than the world's average, at close to EUR 2 800 in 2020 as shown in Figure 5-29. The unit value of Spanish olive oil on the other hand is generally slightly lower than the world's average and was close to EUR 2 300 in 2020. It should be remembered that these two countries effectively define the global average value. The unit value of olive oil from Greece was much higher than the global average at about EUR 3 300 per tonne in 2020, whereas the unit value of olive oil coming from Portugal was lower at EUR 2 300. The unit values of olive oil exports to Russia from the three biggest non-EU players Turkey, Tunisia and Belarus were all below the world's average in 2020.

Figure 5-29: The unit value of Russian imports of olive oil by country, 2016-2020; EUR 000 per tonne



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 1509.

EU GI products

As noted in section 4.2.4, there is legislation for registering GIs in Russia. No GIs for olive oil have been identified as having been registered.

Main competitors

As the EU is the main export of olive oil to Russia and Russia is not producing olive oil domestically there are no major direct competitors. However, Russia produces a lot of sunflower oil domestically. In particular, this type of oil is the favourite in the country and used by most Russians on a regular basis which is why Russian cheaper sunflower oil, while not a direct competitor, is ultimately the biggest competitor to European olive oil. Some other edible oils that are deemed to be particularly healthy are also competitors to European olive oils but not as threatening as sunflower oil. While there are minor imports from countries such as Turkey and Tunisia, Russians show a clear continued preference for EU olive oil, even if its price is generally slightly higher.

5.6.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. The key requirement for olive oil is a declaration of conformity.

In terms of tariffs, olive oil faces an ad valorem tariff of 5%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general olive oil category (1509) from Spain to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=1509&origin=ES&destination=RU>

Standards, SPS measures

The key relevant technical standard is the CU Technical Regulation TR TS 024/2011 on Oils and Fats, available at: <http://www.eurasiancommission.org/ru/act/texnreg/deptexreg/tr/Pages/MasloGirov.aspx> and a translation here: https://ec.europa.eu/food/document/download/8732ee6b-2672-4f15-9033-e31325e6cae6_en. There are provisions specifically for olive oil in the standard.

Labelling

Olive oil must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.6.5 Distribution

Figure 5-30 shows distribution channels by retail value for edible oils as a whole in Russia. Modern grocery retailers account for about 70% of the total sales of edible oils. Within this category, supermarkets are the most popular channel and account for over half of the sales. Convenience stores accounted for 8% and hypermarkets for about 7% in 2020. Traditional grocery retailers accounted for the remaining 30% of sales, with independent small grocers being the main channel with 23%. Supermarkets and independent small grocers are the two main channels for distribution. A few years ago, sales through e-commerce were nearly non-existent. However, in 2020 e-commerce sales accounted for 1.6% of all sales. It must be remembered that food service channels are also important for oil distribution. However, in the case of olive oil the food service channel is estimated to be of minor importance due to the more widespread use of sunflower oil in Russian cuisine. Olive oil currently accounts for less than 2% of the retail volume of all edible oils in Russia, and while the importance of distribution channels outlined above for edible oils as a whole are also relevant for olive oil, it should be noted that there are some minor nuances. Most notably, e-commerce is estimated to be more important (around 5% of distribution), with modern retailers slightly less important than for edible oil as a whole.

Figure 5-30: Distribution channels overview of edible oils (including olive oil) in Russia (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.6.6 Challenges for EU products

The olive oil market in Russia is very attractive for EU producers. The EU accounts for nearly all olive oil exports to Russia and thus is in a very good position; and Russians have continued to show a clear preference for the generally more expensive EU olive oil despite economic challenges. The demand for olive oil is forecast to have the highest growth rate of all edible oils until 2025 and thus the market will become even more interesting. Overall, olive oil is the second most popular edible oil in Russia after sunflower oil. One reason for this might be that sunflower oil is massively produced domestically on the one hand and is cheaper than olive oil on the other hand. The price point is important to Russians in particular in times of crisis such as during the Covid-19 pandemic. This is why price-sensitive consumers are more likely to switch to other cheaper oils. Yet, Russians with higher incomes as well as very health-conscious ones remain likely to choose olive oil over sunflower oil. The majority of imported olive oil from the EU comes from Italy and Spain and thus it might be harder for companies from other EU member states to find their place in the market. However, due to the good image of olive oil from the EU, there should be a place for all producers to some extent.

Market Takeaway: Olive oil

Consumption: Growing at a good pace, the retail market reached EUR to EUR 318m in 2020, accounting for about 14% of the total edible oil market in value terms and growing faster than other oil products.

Competition: Nearly no competition from other exporters or Russia itself because it does not produce olive oil. A lot of competition from domestically produced, highly popular and cheaper sunflower oil.

Distribution: Mostly through supermarkets and independent small grocers. E-commerce is in a nascent but rapidly growing phase.

Challenges: Due to the effects of the pandemic on Russian incomes, consumers' disposable income decreased which is putting pressure on more price-sensitive products including olive oil. Less direct competition from sunflower oil.

Opportunities: The e-commerce market is growing and online offers new possibilities for EU exporters. An increasing number of health-conscious consumers opt for perceived healthier edible oils and thus often for olive oils.

5.7 Chocolate and confectionery

5.7.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Large markets: chocolate market is worth around EUR 6.8bn and the sugar confectionery market around EUR 2bn. ▪ The top EU exporting countries account for close to 3/4th of the imported chocolate market, and for just under half of the imported sugar confectionery market by value. ▪ Some imported EU chocolate products are seen as premium. 	<ul style="list-style-type: none"> ▪ The market sizes of most chocolate and sugar confectionery categories are forecast to decrease or at least grow at a much lower rate. ▪ The market for the larger categories starts to be saturated.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Gum and lollipops for sugar confectionery and seasonal chocolate for chocolate confectionery. ▪ New flavours and innovations, healthy products e.g. sugar-reduced and medicated as well as affordable products. ▪ Modern sales channels such as supermarkets and convenience stores are gaining prominence for these products; and e-commerce may also offer opportunities going forwards. 	<ul style="list-style-type: none"> ▪ The biggest player in both, chocolate and sugar confectionery, is the domestic company 'United Confectioners'. ▪ Other exporting countries such as Kazakhstan, China and Belarus offer a secondary competitive threat. ▪ The pandemic has affected demand for some products both through its economic and social impacts.

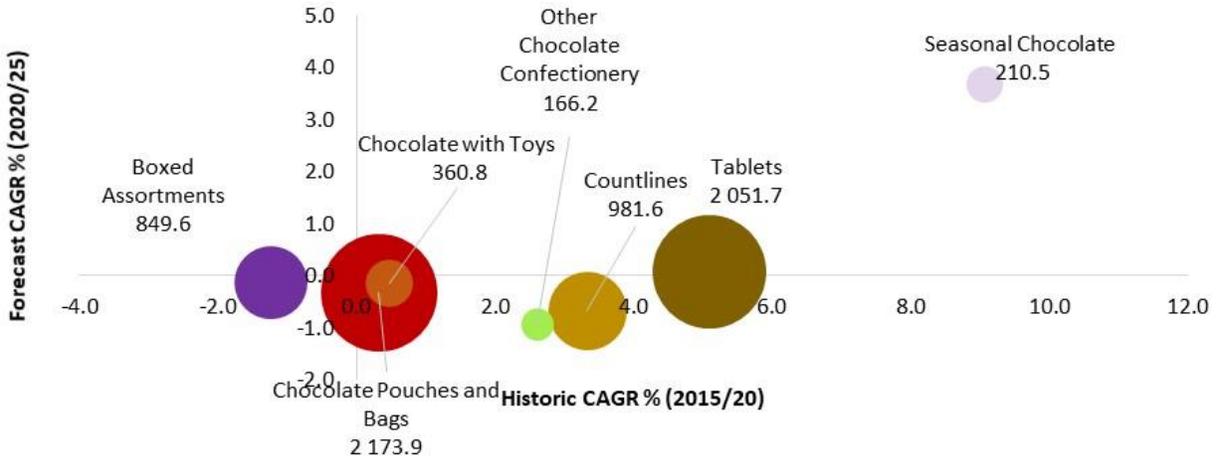
5.7.2 Consumption

Evolution of consumption

In 2020 the total market size of the chocolate confectionery market in Russia was about EUR 6.8bn. As shown in Figure 5-31 the biggest market is the one for chocolate pouches and bags with a size of about EUR 2.2bn, followed closely by tablets with around EUR 2bn. The market sizes of the remaining chocolate categories were much lower. The market size for countlines was at approximately EUR 980m and boxed assortments have a market size of about EUR 850m. The remaining three categories are even smaller than the previous ones. Chocolate with toys has an approximate market size of EUR 360m, followed by seasonal chocolate with about EUR 210; though the latter is by far the fastest growing. The smallest category is other chocolate confectionery with close to EUR 170m.

Historically, the chocolate market has been growing in the last few years. Between 2015 and 2020 seasonal chocolate showed by far the highest CAGR of over 9%. This growth was nearly double that of the one for tablets with about 5%. Countlines grew at a historic CAGR of more than 3% between the same years, other chocolate confectionery with over 2.5%, chocolate with toys at 0.5% and chocolate pouches and bags with 0.3%. On the other hand, the market for boxed assortments has been declining between 2015 and 2020 at more than -1%. The forecasted CAGRs look very different from the historic ones as growth is forecast to slightly decline for most categories. Between 2020 and 2025 the market size of seasonal chocolate, however, is forecast to grow at the highest CAGR of close to 4% and tablets at the second-highest at around 0.1%.

Figure 5-31: Evolution and forecast of chocolate confectionery market in Russia, 2015-2025; total retail value EUR million

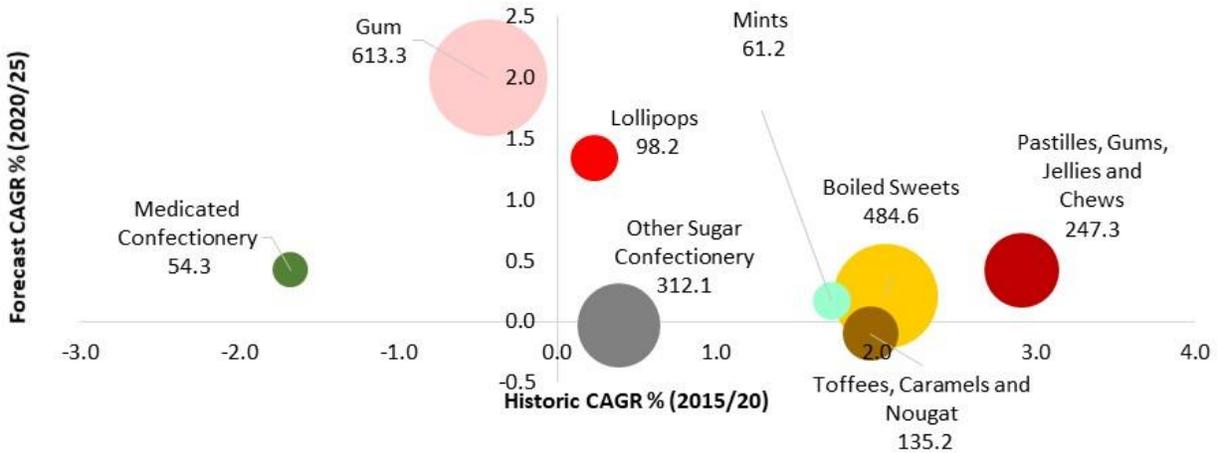


Source: Euromonitor International: Packaged Food, 2021.

In 2020 the total market size of the sugar confectionery market in Russia was EUR 2bn. As depicted in Figure 5-32 the biggest market in 2020 was the one for gum with a value of more than EUR 610m. It was followed by boiled sweets with a market size of over EUR 480m. Other sugar confectionery had a market size of around EUR 310m; pastilles, gums, jellies and chews have a market size of close to EUR 250m; and toffees, caramels and nougat one of approximately EUR 135m. The market sizes of the remaining three other categories were below EUR 100m in 2020: lollipops with a value of about EUR 98m, followed by mints with over EUR 61m and medicated confectionery with approximately EUR 54m.

The historical 2015-2020 growth rates are generally higher than the forecasted ones for most product types. Between 2015 and 2020 pastilles, gums, jellies and chews had the highest growth rate at close to 3% per year, followed by boiled sweets as well as toffees, caramels and nougat, both with a CAGR of around 2%. Mints grew at 1.7% each year, other sugar confectionery at about 0.4%, and lollipops at approximately 0.2%. The biggest market gums and the smallest market medicated confectionery both showed negative growth rates. The gum market decreased by a CAGR of -0.4% and the medicated confectionery market by -1.7%. The forecasted rates are smaller for most categories and the CAGR is below 1% for all categories except gum and lollipops. Between 2020 and 2025 gum has the highest CAGR at about 2%, followed by lollipops with 1.3%. The market for pastilles, gums, jellies and chews as well as the market for medicated confectionery are forecast to grow at a CAGR of approximately 0.4%, whereas boiled sweets and mints are forecast to grow at a lower CAGR of 0.2%. Other sugar confectionery is forecasted to neither grow nor decline, however, the market size of toffees, caramels and nougat is forecast to slightly decline at a CAGR of -0.1%.

Figure 5-32: Evolution and forecast of the sugar confectionery market in Russia, 2015-2025; total retail value, EUR million



Source: Euromonitor International: Packaged Food, 2021.

Consumer profile and purchase criteria

Consumers

Chocolate confectionery consumers are more likely to be from higher-income households due to the comparatively higher prices of chocolate. Typical consumers are the ones who like to treat themselves and looking for indulgence. Lower-income consumers also consume chocolate but usually less frequently. Health-conscious consumers are often more likely to choose healthier chocolate options over sugar confectionery. In terms of age, while chocolate consumers span age groups to some extent, teenagers and young adults are the leading consumer age group. Middle-aged consumers are more likely to purchase chocolate for gifting than for personal consumption.

As sugar confectionery is cheaper than chocolate, its main consumer base is slightly different. Kids and young consumers are the main target audience for sugar confectionery in Russia and are interested in all kinds of sugar confectionery, whereas older consumers are more likely to stick to retro brands. On balance, sugar confectionery consumers are more likely to be from lower and middle income groups.

In terms of imported products, consumers are more likely to have the following characteristics: belong to the age group of millennials or generation Z; have higher levels of income; and be women (in the case of imported chocolate). It should be noted that there is a consumer group of confectionery connoisseurs which will seek out imported chocolates in particular. This group tends to value individuality in a product – often in terms of unusual flavours and/or packaging.

Drivers and method of consumption

Chocolate and sugar confectionery was negatively affected by the Covid-19 pandemic as consumers were unable to go to stores and stayed at home or at least had to wear face masks in public places and grocery stores. Yet, the impacts on sugar confectionery were less visible because it is more affordable than chocolate. Russia is slowly returning to normality and thus

consumption is likely to recover. In particular on-the-go consumption is increasing again and thus categories such as chocolate with toys, countlines, lollipops and mints – all products that are often consumed on the go – are likely to recover due to higher traffic flows of consumers in stores and consumers slowly start to use more of their disposable incomes again. Other categories such as tablets were less affected by the pandemic because these could be bought in bigger packs and stored at home during the pandemic.

Indulgence is one of the main drivers of chocolate and sugar confectionery consumption as consumers like to treat themselves once in a while. Gifting chocolate is common in Russia, however, people were not allowed or scared to mingle for a long time, which is why fewer consumers bought chocolate as gifts. Now that the situation seems to be improving, and people start to invite their friends and families again to celebrate birthdays or other occasions more consumers are purchasing boxed assortments or seasonal chocolate again. Gifting sugar confectionery is not common, partly because products are cheaper and perceived to be less suitable. On the other hand, the gifting trend favours imported products due to their generally premium image. Important gifting occasions include: New Year; International Women's day; and Valentine's day. Finally, a method of consumption that certain premium imported chocolate brands have taken advantage of is that of the Russian tradition of having chocolate at weddings. Often the chocolates at weddings are either unique or personalised.

Purchase criteria

Firstly, what is bought depends on the type of chocolate or confectionery consumers generally prefer. Russians mainly purchase chocolate pouches and bags, tablets, gum and boiled sweets. Secondly, it depends on the flavour preferences of consumers. Filled chocolate is the favourite of Russian consumers, followed by plain milk, plain dark and then white chocolate. Young sugar confectionery consumers on the other hand are also looking for new flavours, novelty and creativity. Some consumers of premium chocolates may actively look for unique tastes and ingredients. Thirdly, the price is highly important to most consumers as Russia was negatively affected by the Covid-19 pandemic where many people lost their jobs and steady incomes; coupled with the Rouble's devaluation, many consumers ultimately have a lower level of disposable income available. This boosted the price sensitivity of many Russian consumers.

Against this background, different consumers take different purchase decisions. Consumers who want to purchase chocolate or sugar confectionery to treat themselves and relieve stress are less likely to look too closely at the price of products but rather choose what they feel like or like the most. Lower income consumers who want to treat themselves are more likely to purchase good quality chocolate, but in lower quantities to save some money, or they wait until they find a good bargain. On the other hand, any consumers who do not focus on the wellness and indulgence aspect are more likely to have switched to cheaper options such as sugar confectionery.

Health-conscious consumers in particular will pay attention to the ingredients of products and will choose healthier options such as chocolate reduced in sugar, sugar-free confectionery or mints. Higher-income health-conscious consumers are again more likely to purchase chocolate, whereas lower-income health-conscious consumers might opt for healthier sugar confectionery alternatives.

Finally, packaging is also a purchase criterion. Boxed assortments are usually chosen by consumers who need a gift for someone, whereas small packs are perfect for on-the-go consumption. Big packs of chocolate or sugar confectionery are good to store at home and have proven popular during the pandemic.

Confectionery on retailers' shelves in Russia

Retail prices for confectionery vary to an extent by product type, but using the popular type of chocolate bars as a representative average example:

- Economy: RUB 65-99/bar (85-100g)
- Mid-range: RUB 100-149/bar (85-100g)
- Premium: above RUB 150/bar (85-100g)

Imported products will generally target the mid-range or premium segments.



Above: display of premium imported chocolate bars in a supermarket. Packaging size is commonly around 100 grams; with paper and flexible plastic most common.

Products – tablets in particular - are commonly sold in quantities of 100 grams, though 85 and 90 gram packages are also sometimes found. Nonetheless, it should be noted that mini-formats (i.e. under 50 grams) are beginning to gain popularity, notably among grab-and-go consumers; and larger volume family packs may be found in modern retail channels.



Above: boxed assortment selection in a supermarket. Carton packaging is most common.

Packaging varies by product type and segment. Folding cartons are popular for premium products, whether tablets or assortments. Flexible packaging is the most common packaging format for chocolate pouches, and is used for some (non-premium) tablet products. That said, aluminium foil and flexible paper are the most popular format for tablets as a whole.

Common in-store promotional methods include free tasting / samples, and pricing promotions (whether discounts or “buy one get one free” – see below).



Pictures: © Agra CEAS / Euromonitor International, 2022.

Recent market trends

The following recent market trends for chocolate and sugar confectionery stand out:

- **New product development and marketing:** The major players aim to target their specific target audiences such as children and young people in the sugar confectionery market. In

the chocolate confectionery market, Mondelez’s launched an online marketing campaign for Milka at the end of 2020 that enabled consumers to send best wishes to their families and friends during the pandemic with “Say It With Milka”. Major players update their assortments and adding new flavours and brands to their portfolios to keep consumers interested. The promotion of limited editions seems to be working as well. The big players are constantly working on developing new and exciting products. Such products could be focused on new flavours, or different kinds of brand collaboration, new packaging as well as all kinds of other innovations. Recent product launches for chocolate confectionery include Alpen Gold’s chocolate with dessert flavours and two Alpen Gold Oreo flavours as well as an Oreo version of Milka. New flavour sophistication and taste in the sugar confectionery market, help to counteract the high market saturation for some product categories and thus keep consumers interested. These are the key competitive tools in the market. The local company United Confectioners is successful because it has a large portfolio, consistent new product launches and product packaging targeted at children. On some of their products, kids can find little games. Players also continuously develop new chocolate tablet launches targeted either at at-home or on-the-go indulgence.

- **Rising health awareness:** Russian consumers are increasingly aware that a too high sugar intake can be bad for their health, which is why many of them try to limit their intake. This trend is the main reason why the industry is developing many new sugar-reduced or sugar-free options for the chocolate and sugar confectionery market. Health awareness has made it harder for sugar confectionery to keep up because chocolate is overall perceived to be healthier than candy. Moreover, high quality chocolate is often viewed to be a high-quality indulgence that with other benefits that is worth the sacrifice of the sugar intake to a greater extent than sugar confectionery. Chocolate with high cocoa content is forecast to become particularly popular because it is a mix between pleasure and reduced negative health impacts. Vegan options including healthy ingredients such as buckwheat are also gaining popularity and visibility because of this health trend. Moreover, medicated confectionery can profit from this trend because consumers increasingly value the products' added benefits that e.g. help to relieve a bad cough. Finally, some sugar confectionery companies are also developing products that are free from colouring and preservatives and/or products that have natural ingredients such as juice; while some chocolate producers are offering organic or dairy-free chocolate products
- **Increased importance of modern sales channels:** Modern channels are becoming increasingly popular, whereas traditional channels lose their popularity. Similarly, e-commerce is developing but is likely to remain a niche for the coming years. In particular, modern grocery retailers such as supermarkets and convenience stores are important for producers to target.

5.7.3 Offer

Domestic production

The availability of different raw materials is a starting point for examining domestic production of chocolate and sugar confectionery. In 2019/20 Russia produced more than seven million tonnes of sugar beet for domestic demand of around six million tonnes. During the last years, Russia

always produced more than it needed partly due to shrinking demand because of increasing health awareness and lower sugar intake.⁶⁷ Cocoa beans on the other hand are not produced in Russia due to the country's climatic situation and thus need to be imported from elsewhere. The first cocoa beans were imported into Russia around 150 years ago when the first confectionery company in the country was founded. Currently, beans are imported from many different parts of the world such as from Côte d'Ivoire, Ghana, Nigeria as well as Latin American countries.⁶⁸ This availability of raw materials provides a good base for domestic production of both product categories.

As is the case in many other countries, large international players dominate the chocolate and confectionery markets in Russia. Due to their impressive advertising budgets, these big, mainly western companies had it easier to integrate into the market compared to smaller domestic companies. However, one Russian company developed into the market leader which accounts for about 18% of the sugar confectionery market value and 20% of the chocolate markets value in Russia. This company - 'United Confectioners' (UNICONF) - has over 200 years of confectionery production history. It ranks 20th among the world's leading confectionery companies and produces around 330 000 tonnes of confectionery each year across 19 Russian factories.⁶⁹ Other important large players include the multinationals Mondelez, Ferrero and Perfetti Van Melle. International companies usually also have production sites in Russia such as Barry Callebaut which just opened its third Russian factory in Kaliningrad in 2021.⁷⁰

Around 2/5th of Russian confectionery (including flour confectionery) is produced in Moscow, which makes it the confectionery manufacturing centre of Russia. Another 1/5th is produced in Nizhny Novgorod followed by other cities such as Novosibirsk, St. Petersburg, Rostov-on-Don and Yekaterinburg.⁷¹

Imports and exports

Figure 5-33 shows that Russia is a net exporter of chocolate confectionery. In 2020 chocolate with a value of about EUR 479m was imported whereas chocolate with a value of around EUR 639m was exported. This means Russia exported about 25% more than it imported in the same year. Between 2016 and 2020 the value of imported chocolate fluctuated but overall increased compared to 2016 by about EUR 168m – a change of around 35%. The value of the export market has constantly increased. Between 2016 and 2020 it increased by approximately EUR 208m - slightly more than 32%.

In 2020, Russia was a net exporter of sugar confectionery as well. It exported a value of EUR 156m, whereas it imported EUR 153m, meaning Russia exported only about 2% more than it imported in 2020.

⁶⁷ Sugar Beet Production Remains Sweet in Russia <https://www.tridge.com/stories/sugar-beet-production-remains-sweet-in-russia#:~:text=During%20the%202019%2F20%20agricultural,5%20years%20of%20over%2Dsupply.>

⁶⁸ Generic Promotion of Cocoa and Chocolate in the Russian Federation <https://www.icco.org/wp-content/uploads/2019/07/Russia-feasibility-study-English-1.pdf>

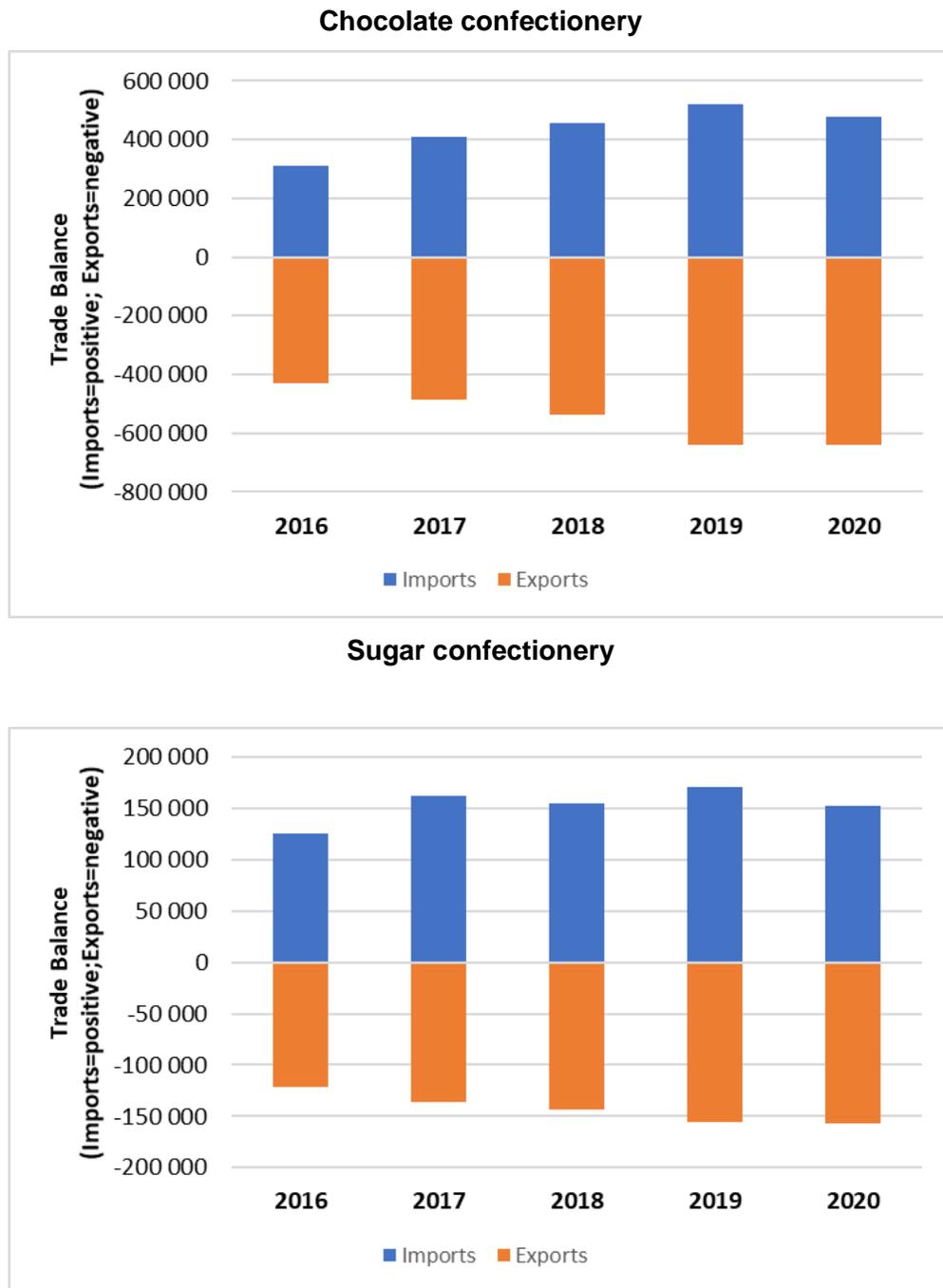
⁶⁹ About us <https://eng.uniconf.ru/about/>

⁷⁰ Barry Callebaut expands production in Russia with opening of third factory <https://www.confectionerynews.com/Article/2021/07/12/Barry-Callebaut-expands-production-in-Russia-with-opening-of-third-factory#>

⁷¹ The Confectionery market in Russia https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/2020-Russia-Confectionery%20market.pdf

In previous years between 2016 and 2019 Russia has been a net importer of sugar confectionery. Since 2016 the country's exports have increased every year, whereas imports have slightly fluctuated. However, overall sugar confectionery imports increased by EUR 27m between 2016 and 2020, which is an increase of close to 18%. During the same period, Russia's exports increased by slightly more quickly by 22%.

Figure 5-33: Trade balance (imports and exports) of confectionery in Russia, 2016-20; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

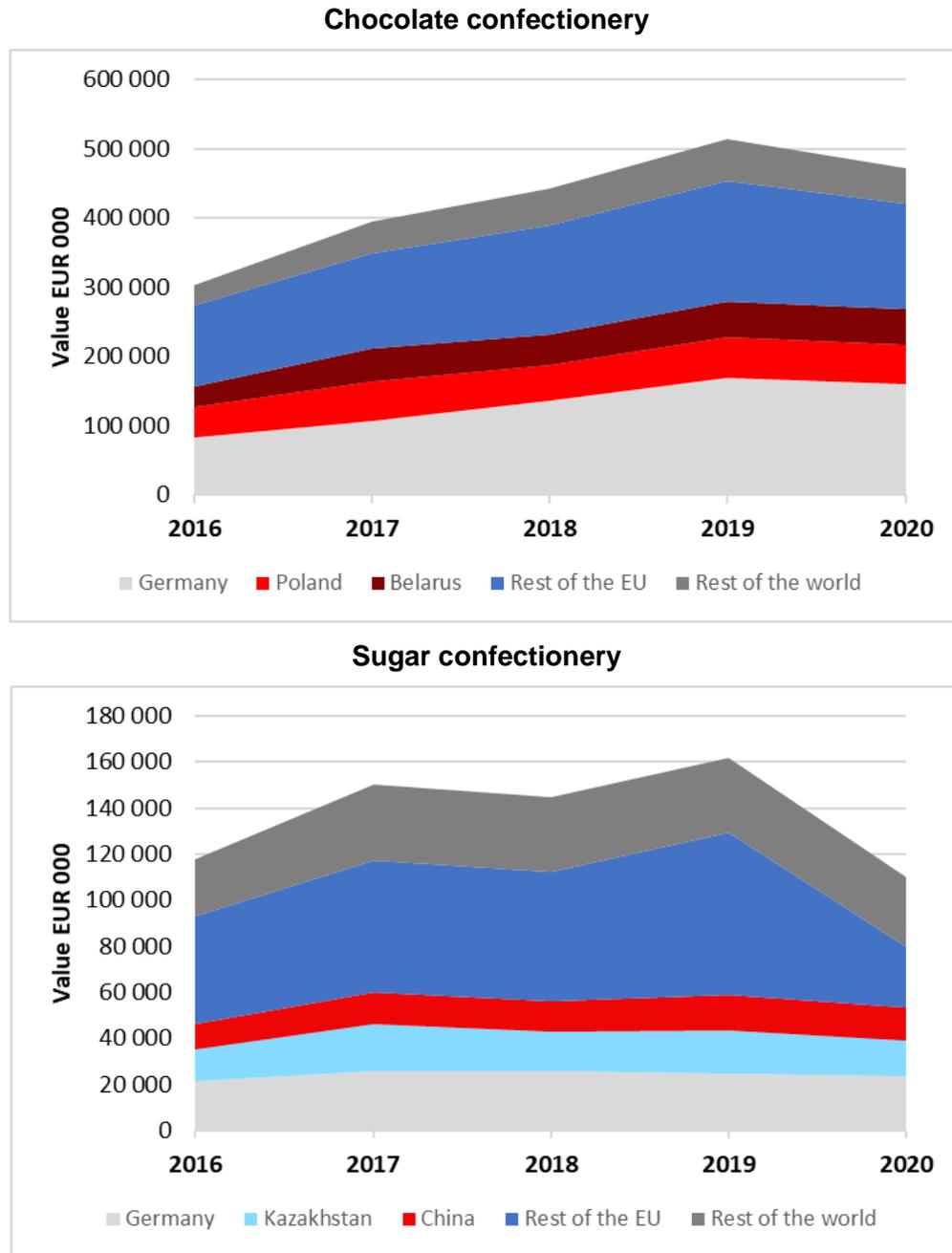
Data for CN code 1806 and 1704.

In 2020 the three main exporters of chocolate confectionery to Russia were Germany, Poland and Belarus. Germany was by far the main exporter of chocolate confectionery to Russia and exported chocolate worth more than EUR 160m as shown in Figure 5-34. Thus, Germany alone

accounted for about 33% of imports by value. Some way behind in second place, Poland exported about EUR 57m, followed closely by Belarus with EUR 51m. Eight out of the top 10 chocolate exporters are from the European Union including Italy, France, Austria, Bulgaria and Hungary in addition to Germany and Poland. These eight countries together accounted for 72% of the value of all chocolate exported to Russia in 2020.

The sugar confectionery import market is more fragmented than the chocolate one. The main exporter of sugar confectionery to Russia 2020 was Germany as well, which accounted for about 15% of the total value of the import market or just over EUR 23m; followed by Kazakhstan with a value of about EUR 16m and China with around EUR 14m. In total, six out of the top ten exporters of sugar confectionery to Russia are from the EU. This list includes Italy, Belgium, the Netherlands, Hungary and Ireland in addition to Germany. The exports of these six countries together accounted for about 46% of imports by value.

Figure 5-34: Russian imports of confectionery by country, 2016-20; EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

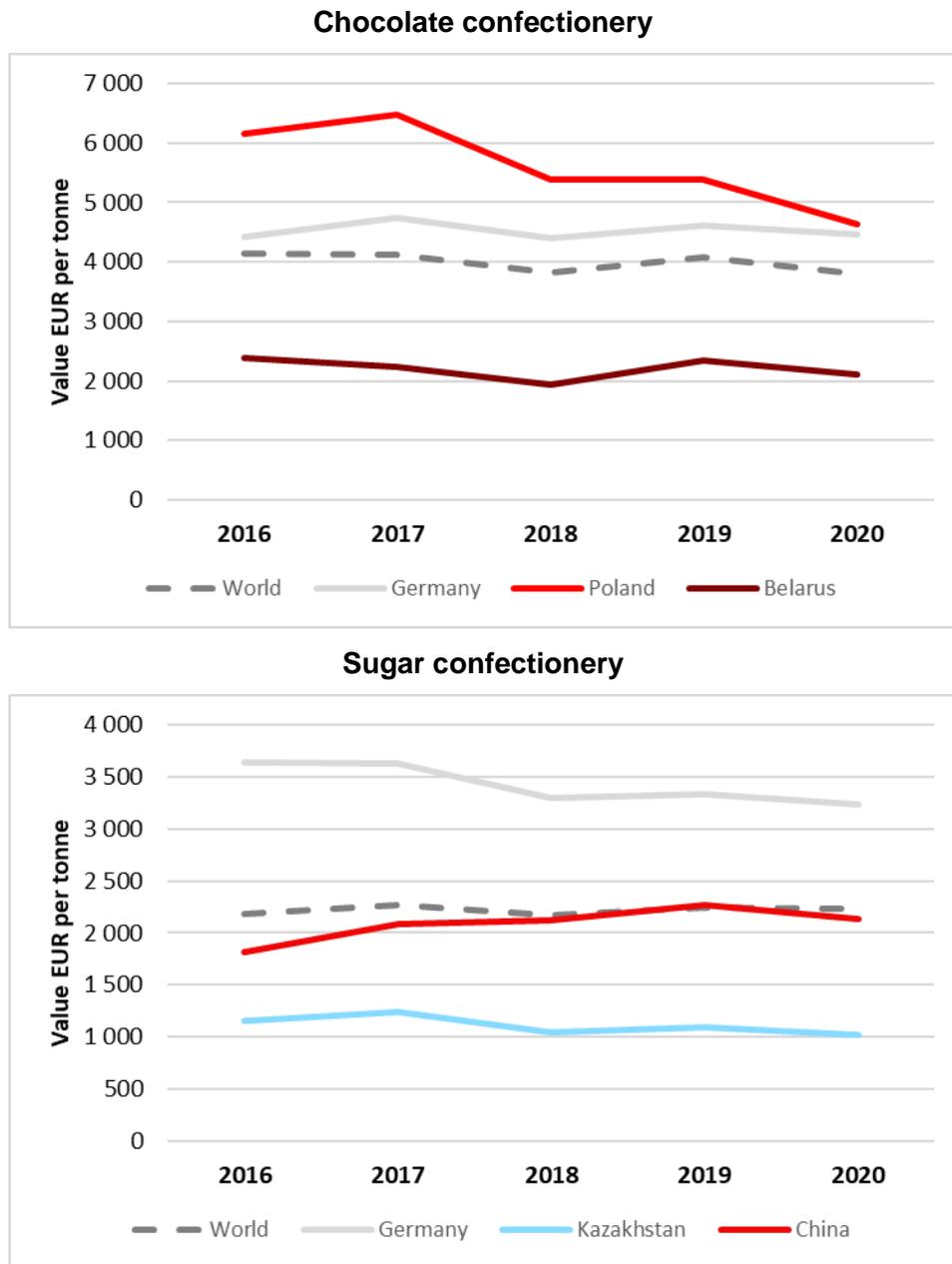
Data for CN code 1806 and 1704.

The world's average unit value of chocolate confectionery exports to Russia was about 3 800 per tonne in 2020 as depicted in Figure 5-35. Since 2016, the world's unit value has decreased by more than 8%. Most chocolate exported from the EU in 2020 had a unit price above the world's average. This is the case for example for Germany which had a unit value of about EUR 4 450 per tonne. The unit value of chocolate coming from Poland was even higher at about EUR 4 600

and the one of Italy a bit lower at EUR 4 200. Belarus, which is the third biggest exporter, showed a much lower unit value, which is far below the world's average at around EUR 2 100 per tonne in 2020.

The world's unit value for sugar confectionery in 2020 was around EUR 2 200 per tonne. Between 2016 and 2020 it was relatively stable and changed only slightly from year to year. The unit value of exports coming from the EU is mostly higher than the world's average. Germany had a unit value of about EUR 3 200 per tonne in 2020 and Italy of about EUR 3 000 per tonne. Both, China and Kazakhstan, had unit values below the world's average, with Kazakhstan having had a very low unit value of EUR 1 000 per tonne in 2020.

Figure 5-35: Per unit value of Russian imports of confectionery for selected countries, 2016-20 (EUR per tonne)



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 1806 and 1704.

EU GI products

As noted in section 4.2.4, there is legislation for registering GIs in Russia. No GIs for confectionery have been identified as having been registered.

Main competitors

The main competitor is domestic production, led by United Confectioners, a domestic Russian company that is the market leader in the chocolate as well as sugar confectionery market. The company has a long history of over 200 years and its products are loved and well-known all over Russia. Even though the markets are fractured, many international companies such as Mondelez, Ferrero and Perfetti Van Melle are important domestically- producing competitors as well. When it comes to imports, the EU is an important source of chocolate and sugar confectionery in Russia. However, it still has to compete with other countries including Belarus in the chocolate market, and Kazakhstan and China in the sugar confectionery market.

5.7.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. The key requirement for confectionery is a declaration of conformity.

In terms of tariffs:

- Sugar confectionery generally faces tariffs of between 7 and 12%.
- Chocolate confectionery faces tariffs of between EUR 0.20 and 0.28 per kg or between 5 and 10%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general sugar confectionery category (1704) from Germany to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=1704&origin=DE&destination=RU>

Standards, SPS measures, labelling

CU Technical Regulation TR TS 021/2011 on Food Safety contains some provisions specifically relevant for confectionery and chocolate. The full law and amendments in Russian can be found here:

<http://www.eurasiancommission.org/ru/act/texnreg/deptexreg/tr/Pages/PischevayaProd.aspx>.

A full translation of the original 2011 version (prior to amendments) can be found here:

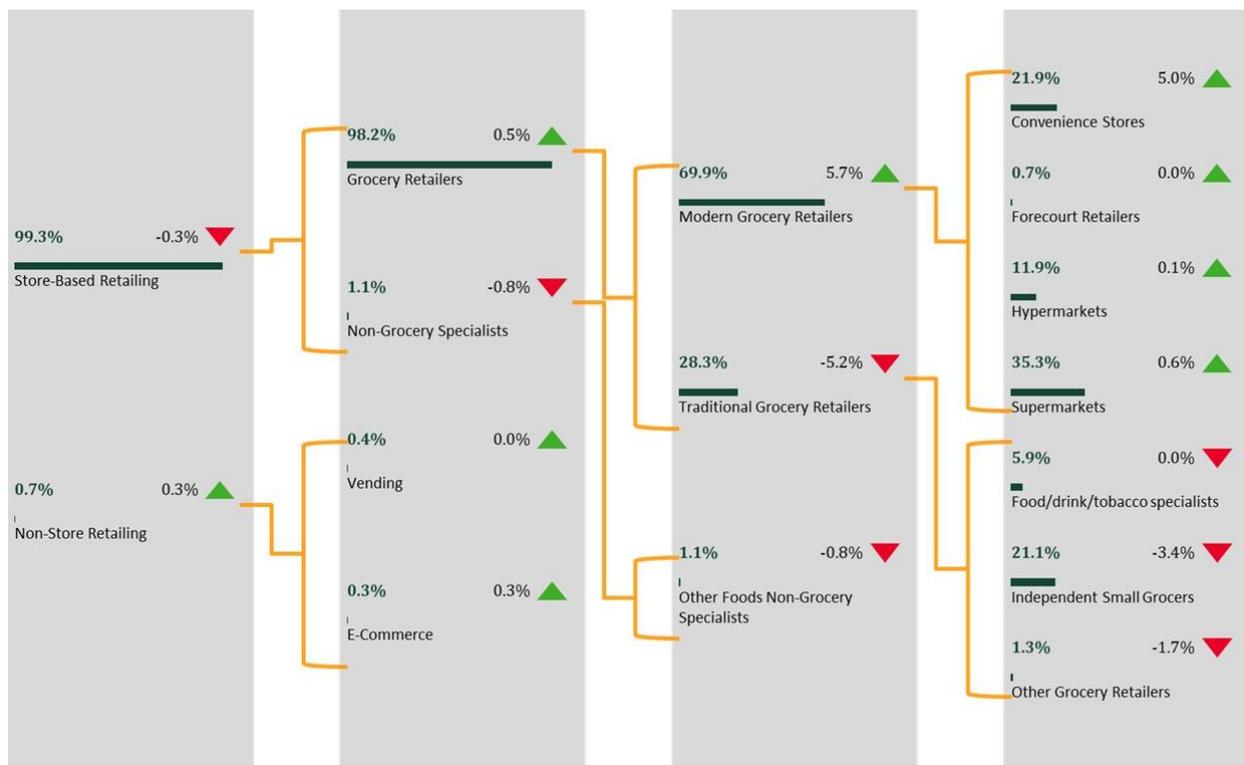
http://www.rustandard.com/images/CU_TR/TR_CU_021.2011_Safety_of_Food_Products.pdf

Confectionery must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.7.5 Distribution

As shown in Figure 5-36 chocolate confectionery is nearly exclusively sold through store-based retailing, with a low percentage still being sold via vending machines and internet retailing. Even though its retail value remains very low, the importance of internet retailing is increasing. Modern grocery stores, which accounted for 69.9% of the retail value in 2020 are the main channel, followed by traditional grocery retailers with the remaining 28.3%. The most important modern grocery retailers were supermarkets which accounted for 35.3% of the retail value in 2020 and convenience stores, which accounted for 21.9%. The popularity of convenience stores is growing quickly. When it comes to traditional grocery retailers, independent small grocers are the most popular and accounted for 21.1% of the retail value in 2020. The popularity of all traditional grocery channels is decreasing, whereas one of all modern grocery retailers is increasing.

Figure 5-36: Distribution channel overview of chocolate confectionery in Russia (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

Figure 5-37 shows the distribution channel overview of sugar confectionery in Russia. As is the case for chocolate confectionery, mainly all channels used are store-based (99.2%) and only about 0.8% of the retail value in 2020 came from non-store-based internet retailing and vending machines. Even though the rate is very low, e-commerce is gaining popularity – not only for sugar confectionery but also for chocolate confectionery and the importance of e-commerce is expected to grow rapidly in coming years. With 67.4% modern grocery retailers are the most popular channels for sugar confectionery followed by traditional grocery retailers. Supermarkets were the main channel and accounted for 34.7% of the retail value in 2020 followed by convenience stores with 20.2%. Independent small grocers with 22.9% were the most popular traditional grocery retail

channel in 2020. The popularity of all modern grocery channels is increasing, whereas it is decreasing for all traditional channels.

Figure 5-37: Distribution channel overview of sugar confectionery in Russia (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.7.6 Challenges for EU products

EU producers are facing different challenges when entering the Russian sugar and chocolate confectionery market. Due to the current economic situation caused by the pandemic the chocolate and confectionery markets are forecast to grow more slowly and some categories are even forecast to decrease. Furthermore, Russian consumers are generally becoming increasingly health-conscious and thus try to limit their sugar intakes which can have negative effects on both sectors. The EU is a big exporter of chocolate and sugar confectionery, demonstrating the demand for EU products and making the market an interesting one. The main company dominating both the chocolate and sugar confectionery market is a big domestic one. Other international companies are important players as well. Yet, EU producers can find a niche for their products, with the use of suitable marketing and the introduction of new flavours or healthier options likely to assist with finding a niche.

Market Takeaway: Chocolate and confectionery

Consumption: *The market size of the chocolate market was about EUR 6.8bn and the one for sugar confectionery around EUR 2bn in 2020. Both markets are forecast to grow at lower rates than historically, and many categories will show a decline in their market sizes.*

Competition: *The main overseas competition comes from Belarus for chocolate and Kazakhstan and China for sugar confectionery. The domestic company United Confectioners is the leader in both markets and has some 19 factories around Russia.*

Distribution: *Nearly exclusively through store-based retailers such as supermarkets and convenience stores, as well as through independent small grocers. Modern channels are gaining popularity whereas traditional channels are losing it.*

Challenges: *To compete with big domestic companies as well as international ones which produce domestically. The economic situation due to the pandemic is affecting the market for some products. The rising health consciousness of consumers.*

Opportunities: *Gum and lollipops for sugar confectionery; and seasonal chocolate for chocolate confectionery. Healthy products e.g. sugar-reduced and medicated, as well as affordable products. New flavours and other innovations.*

5.8 Beer

5.8.1 SWOT analysis

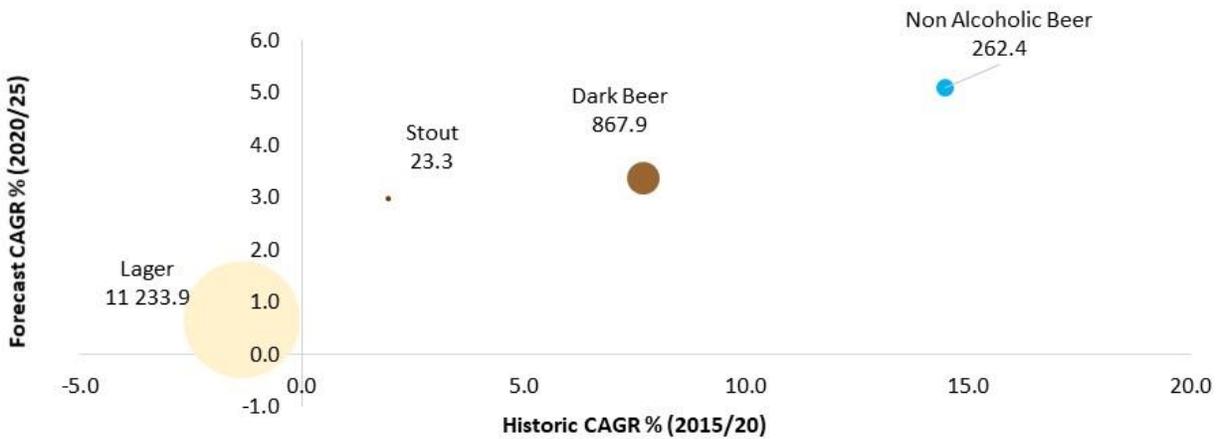
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Despite total beer consumption declining, Russian beer consumption remains high by European standards. ▪ EU exporters of beer are among the largest origins of beer imported into Russia. ▪ Despite a ban on imports of certain food and beverages since 2014, beer has remained open to trade and grew between 2014 – 2021. 	<ul style="list-style-type: none"> ▪ The government continues to push for a total decline in per capita alcohol consumption. ▪ The presence of cheaper domestic beers in the market will influence price-sensitive consumers. ▪ Demand for healthier products is rising, resulting in non-alcoholic consumption growing while conventional beer consumption is declining.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Non-alcoholic beer consumption is growing quickly in the country and is forecasted to continue growing between 2021 and 2025. ▪ Craft beer consumption is also growing with consumers seeking alternative tastes; and other niche products, including dark beer, are also gaining in popularity ▪ Despite a decline in total consumption, imports have continued to grow. 	<ul style="list-style-type: none"> ▪ Mexico and Belarus are the biggest threats from outside of the EU. ▪ Domestic production is strong and most notably, craft beer production is growing in Russia. ▪ The push for a reduction in alcohol consumption is forecast to continue to negatively impact the beer market over the coming years.

5.8.2 Consumption

Evolution of consumption

As observed below in Figure 5-38, lager is by far the largest beer in Russia by value with a value of EUR 11.2 billion. Lager is predicted to decline by a CAGR of -1.9% between 2021 and 2025. Dark beer is the second-largest beer product by value with a value of EUR 867 million. Non-alcoholic beer has been the fastest-growing beer in recent years, growing by a CAGR of 11.3% between 2015-2020. This rate will decline to a CAGR of 1.5% between 2021 and 2025. Stout is the lowest valued beer product with a value of EUR 28 million. It is expected to grow by a CAGR of 0.6% between 2021 and 2025 which will see it remain the lowest valued beer category in Russia in 2025.

Figure 5-38 the beer market in Russia (value, EUR million); 2015-2025



Source: Euromonitor International: Alcoholic Drinks, 2021.

Consumer profile and purchase criteria

Consumers

Russia is one of the largest beer markets in the world with the average per capita intake of beer being around 55.5 litres per person. Despite a high per capita consumption of beer, consumption per capita is lower than in some European countries such as Germany. Consumption of domestic beer appeals to lower-income consumers seeking an alternative to vodka. Almost ¼ of all beer consumed in Russia is drunk by consumers in the 18 to 35 age group. Beer is generally not expensive in Russia, however, the price has been rising in recent years as a result of government measures being placed to curb total alcohol consumption. Middle- and higher-income earners are more likely to consume imported beers, both as a result of having the capacity to purchase them through off-trade outlets and in higher priced on-trade outlets which will typically stock imported beer.

Moscow, St. Petersburg and Kaliningrad are the bigger markets for imported beer in Russia and will offer better chances of success when entering the market and consumers in these cities disproportionately consume more beer than other areas of the country where spirits are generally preferred. There are some specific areas of Russia such as the Sakhalin and Nenets region where per capita consumption of imported beer has increased and can be considered quite high; however the overall markets in these regions for imported beer are still just a fraction of the major urban ones.⁷²

Drivers and method of consumption

Key drivers of beer consumption in Russia mirror that of western nations, namely the desire to relax and socialise with family and friends, celebrate important sporting or cultural events and the desire to consume an alcoholic product that is not a spirit or wine. Methods of consumption vary

⁷² Beer Market in Russia, Flanders investment and trade market survey, available at https://www.flandersinvestmentandtrade.com/export/sites/trade/files/market_studies/2020_Russia_Beer%20market%20overview.pdf

depending on the region in question with the desire for colder beers served with ice being more prevalent in warm areas of Russia such as the city of Sochi or during the warm summer months. Consumption of beer grows during sporting events as consumers celebrate. This was most notable during the world cup, which was hosted by Russia in 2018. It is important to note however that beer consumption within stadiums and public places that are not restaurants or cafes is illegal in the country; and in fact on-trade channels account for less than 10% of beer consumption by volume. Non-alcoholic beer consumption is growing quickly in the country and is set to be the fastest-growing beer category between 2021 and 2025. A rise in demand for healthier products, a governmental crackdown on excessive alcohol consumption and advertising and the increased production of domestic non-alcohol beers in Russia are key drivers that help to explain this growth.

Purchase criteria

Beer is generally not expensive in Russia despite recent rises in taxation. An average pint of beer in on-trade outlets in large urban centres such as Moscow and St. Petersburg will cost about EUR 2.34 which is affordable for the average Russian.⁷³ Restrictions on the advertisement of beer in Russia make it difficult to develop larger marketing campaigns to reach new consumers. As such, brand loyalty is important for both producers and consumers. The rise in demand for craft and non-alcoholic beers symbolises a consumers base that is seeking new tastes. Producers who can effectively appeal to this demand (in the face of the restrictions around promoting their products) will position themselves in a favourable position to take advantage of a growth area in the Russian beer market, while the consumption of standard beer declines. All three of packaging, branding and price are likely to play a role in the consumer decision to purchase imported beer specifically. Some local producers which focus on the mid-range segment or above have recently tried to combine their brand with new, lower price formats (e.g. 1.5 litre plastic bottles) in order to appeal to consumers both in terms of price and brand.

Beer on retailers' shelves in Russia

Common retail pricing points for beers are:

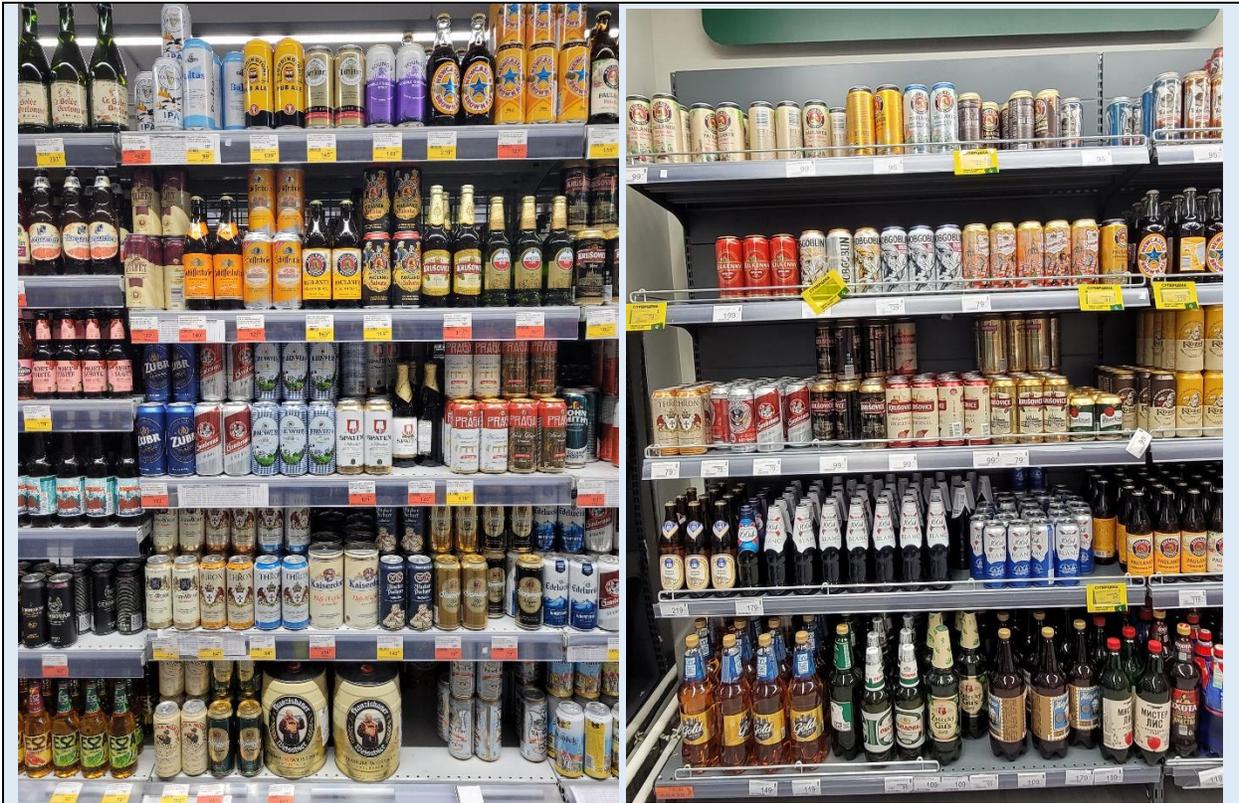
- Economy and mid-range: RUB 65-200/500ml
- Premium: above RUB 200/330-500ml, with the higher end of premium starting from around RUB 400/330-500ml

The most popular packages are metal cans and bottles (most commonly dark green) holding between 450 and 500ml. Metal beverage cans enjoy a positive perception among consumers, and are especially popular for non/low alcoholic beer products.

⁷³ Cost of living in Moscow, Numbeo, available at <https://www.numbeo.com/cost-of-living/in/Moscow?displayCurrency=EUR>



Above: imported beer sections in two different supermarkets. While 500ml cans are very popular, some products can be found in glass bottles between 330ml and 500ml. Below: occasionally other, generally larger formats may also be found, including 2 litre plastic bottles for domestic beers.



Pictures: © Agra CEAS / Euromonitor International, 2021.

Recent market trends

Beer consumption continues to decline in Russia due to a government crackdown on beer advertising and sales which was done in order to help reduce the total rate of alcohol consumption in the country. The outbreak of Covid-19 had a positive effect on the sale of off-trade beers as consumers increased due to the desire to relax while remaining in the home, with drinking at home generally not being perceived as a negative trait in Russia. Craft beer consumption had been growing in recent years but declined in 2020 as on-trade establishments - a key distributor of craft beer - were forced to close. It is likely that consumption will rebound once a full reopening of the economy and hospitality sector takes place. Russian consumption of non-alcoholic beer continues to grow and along with stout will be the only beer category to record a positive CAGR between 2021-2025. The market for non-alcoholic beer has yet to mature leaving scope for continued growth; that said, very recently the competition in the segment has begun to intensify as the major brewing groups started offering more products (including ones with fruit flavours) through the course of 2021. Going forward, total beer consumption will decline, following a trend seen in some other alcoholic drinks such as spirits.

5.8.3 Offer

Domestic production

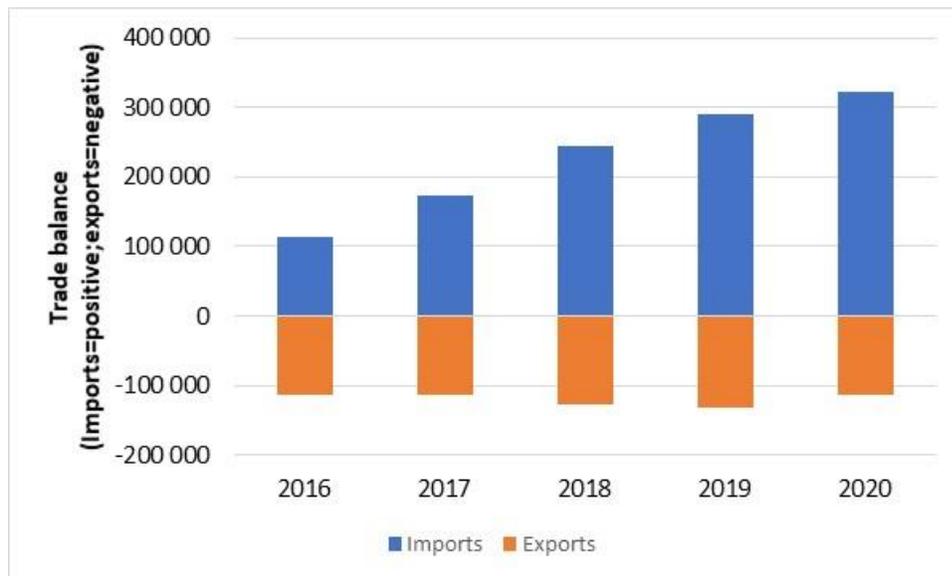
The beer market in Russia is competitive with the companies of AB in Bev Efes group, Baltika Pivovarennaya and Heineken Pivovarnya having a roughly 50% share of the market combined

leaving the rest of the market made up of smaller players. Total production in Russia has fallen in recent years due to reduced demand as a consequence of a government crackdown on alcohol consumption combined with a general desire for healthier products. Non-alcoholic beer products represent one of the bright spots in the market and demand for this product category is growing which in turn has also led to an increase in production. Craft beer production has also expanded in recent years, aided by a rise in demand for alternative tastes in the country; it is estimated that a bit under 50m litres of craft beer was produced in Russia in 2020 (though this includes some products positioned as craft but produced by larger breweries).

Imports and exports

As shown below in Figure 5-39 imports have grown in recent years from a value of EUR 126 million in 2016 to EUR 323 million in 2020. Exports have remained steady with a peak of EUR 132 million in 2019, in 2020 the figure came to EUR 114 million.

Figure 5-39: Trade balance (imports and exports) of beer in Russia, 2016-20; EUR 000

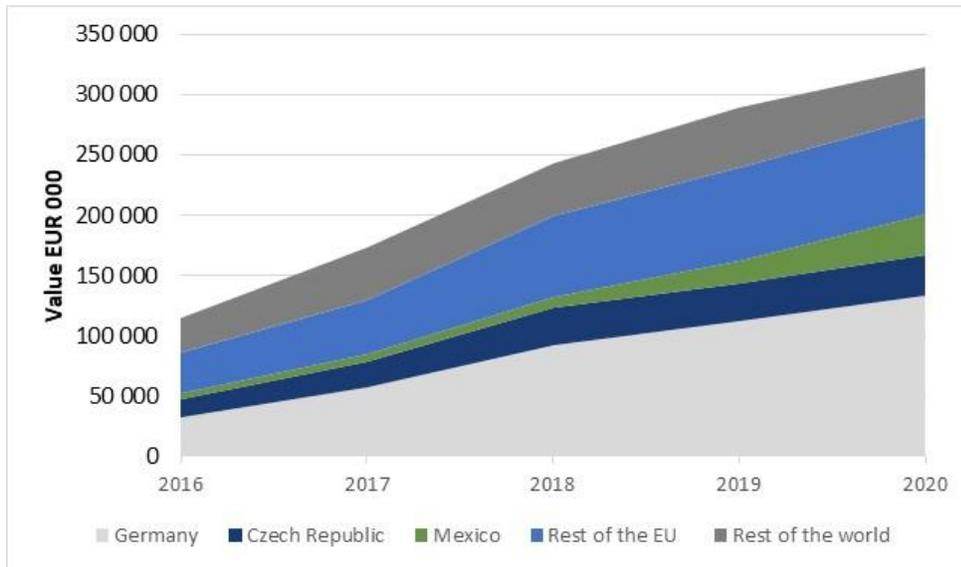


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2203.

Figure 5-40 shows that Germany is the largest exporter of beer to Russia with a total value in 2020 of EUR 133 million - just over a third of total exports. The Czech Republic is the second-largest exporter of beer with a total value of EUR 33 million followed by Mexico with a value of EUR 32 million. Other large exporters from the EU include Belgium (EUR 27 million), Lithuania (EUR 21 million) and Ireland (EUR 12 million).

Figure 5-40: Russian imports of beer by country, 2016-20; EUR 000

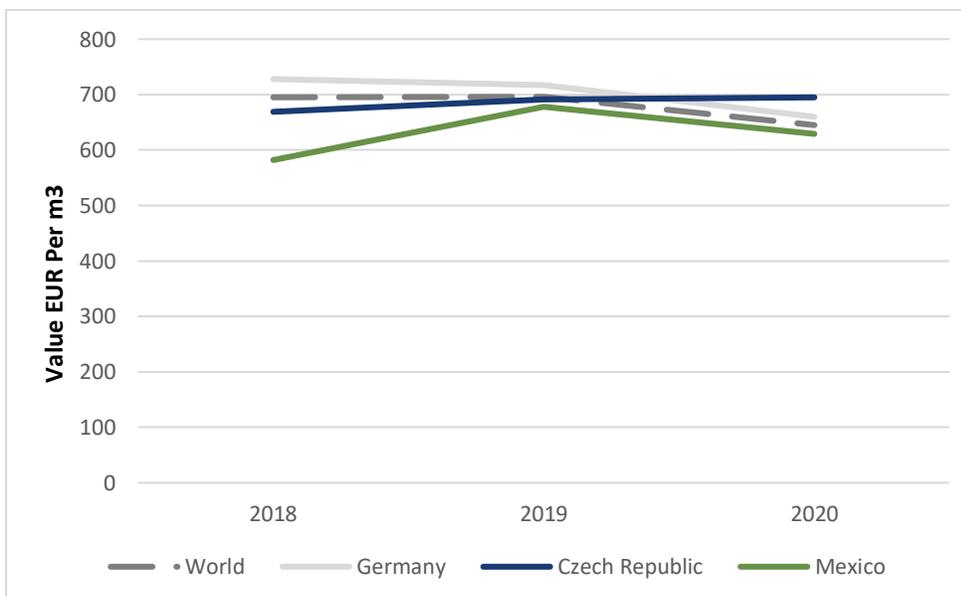


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2203.

Figure 5-41 shows the per-unit value of Russian beer imports and further shows that the Czech Republic has become the exporter with the highest with a unit value of EUR 695. Germany and Mexico are close with a unit value respectively of EUR 660 and EUR 629. The world average was EUR 645.

Figure 5-41: Per unit value of Russian imports of beer for selected countries, 2016-20 (EUR per m³)



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2203.

EU GI products

As noted in section 4.2.4, there is legislation for registering GIs in Russia. A handful of Czech beers have been identified as having been registered.

Main competitors

The biggest foreign competitor from outside the EU is Mexico which is the third-largest exporter of beer to Russia and close in value to the second-largest exporter the Czech Republic. Belarus and the UK are the next biggest competitors from outside the EU but remain behind large exporters such as Belgium and Lithuania. However, the biggest competitor overall are domestic Russian beer producers which remain popular in the country and produce a wide range of readily affordable beer for the majority of consumers. This is particularly true in the more mainstream lager segment. The landscape for more niche products – dark beer in particular – is more fragmented.

5.8.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for beer notably include: a declaration of conformity; licence to deal alcoholic beverages for the importer; official note to the customs declaration; and conclusion on alcohol content.

In terms of tariffs, beers generally face tariffs of between EUR 0.018 and 0.04 per litre, depending primarily on whether they are imported in bulk or not

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general beer category (2203) from Belgium to Russia

[https://trade.ec.europa.eu/access-to-markets/en/search?product=2203&origin=BE
&destination=RU](https://trade.ec.europa.eu/access-to-markets/en/search?product=2203&origin=BE&destination=RU)

Standards, SPS measures

Notable standards relevant for beer are the Russian standards:

- GOST 31711-2012 – Beer.
- GOST R 53358-2009 – Brewing products.

Labelling

Beer must conform with the labelling requirements set out in section 4.2.3. This includes, among others:

- Beer type
- Minimum ethyl alcohol by volume

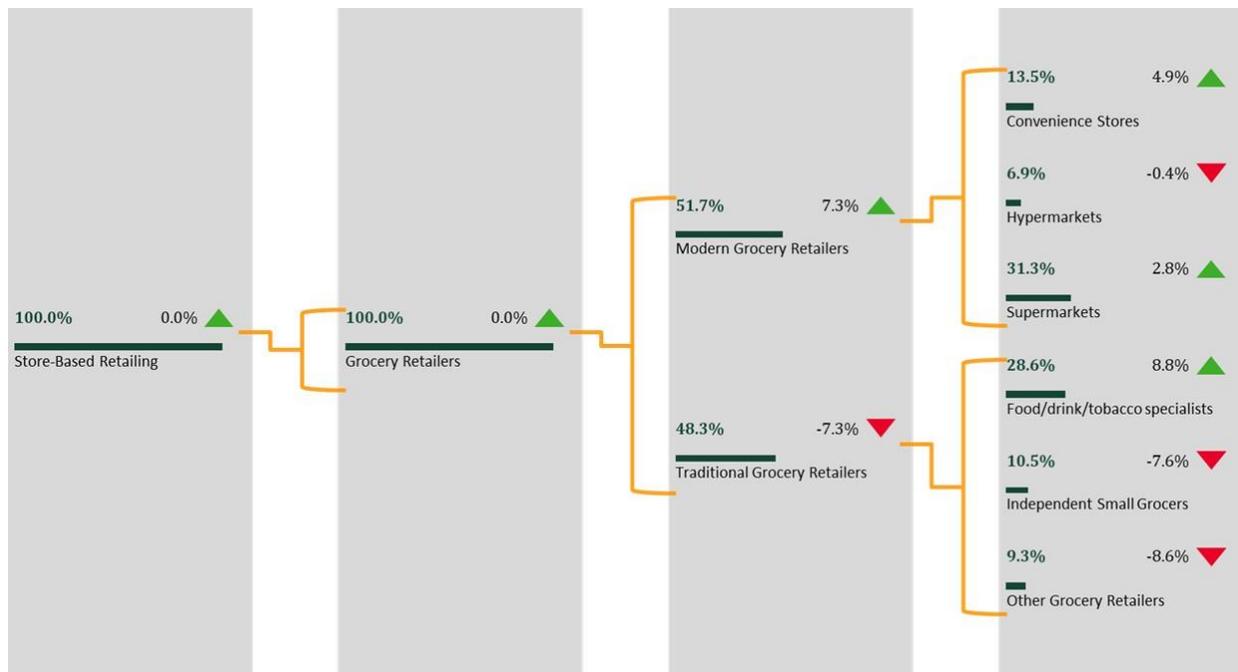
- Bottling date
- Composition
- Mandatory warning

It should be noted that digital labelling is likely to be extended to beer in the near future.

5.8.5 Distribution

The off-trade channel is dominant for beer consumption, accounting for over 90% of the market by value. As shown in Figure 5-42, modern grocery retailers and traditional grocery retailers are roughly split even in terms of the total off-trade distribution of beer products. However, modern grocery retailers have a slight majority with 51.7% of sales. Supermarkets are the largest sole distribution channel for beer in Russia with a 31.3% share of sales followed by food/drink/tobacco specialists with a 28.6% share. Convenience stores have a share of 13.5% followed by independent small grocers with a 10.5% share. In 2019, prior to the outbreak of Covid-19 and subsequent restrictions on-trade sales of beer, trade sales accounted for 11.4% of total sales by volume.

Figure 5-42: Distribution channel overview of beer in Russia (2020); off-trade volume



Source: Euromonitor International: Alcoholic Drinks, 2021.

5.8.6 Challenges for EU products

Challenges for EU products within the Russian market include the general decline in the consumption of conventional beer products in the country, a government that continues to issue further restrictions on the consumption of beer and finally the competition with a large number of domestic Russian beer producers offering a range of products. Despite these challenges, Russia is a net importer of beer and five of the ten largest exporters of beer to Russia in 2020 came from the EU.

Market Takeaway: Beer

Consumption: declining as the government continues to push for a total reduction in per capita alcohol consumption. Alternative beers are growing in consumption and represent the main growth area in the sector with non-alcoholic and craft beers growing in popularity.

Competition: Domestic beers are the main competition as they have a pricing advantage over imported beers in the country. Competition from Mexico and Belarus is the biggest from outside of Russia, however, a number of EU countries have greater exports than these two countries.

Distribution: Rough split in distribution between modern and traditional grocery retail outlets with modern outlets having a slight majority at 51.7% of sales. Supermarkets are the largest sole distributor with a 31.3% share of sales.

Challenges: The government continues to push for a total reduction of alcohol which has resulted in total consumption declining in recent years. Demand for conventional beer is declining as consumers seek healthier alternative variants and domestic competition is strong.

Opportunities: The demand for non-alcoholic and alternative/craft beers are the two major opportunity areas in this market. Despite a fall in conventional beer consumption, imports have risen in recent years suggesting a market that is increasingly open to the consumption of foreign beers.

5.9 Pasta

5.9.1 SWOT analysis

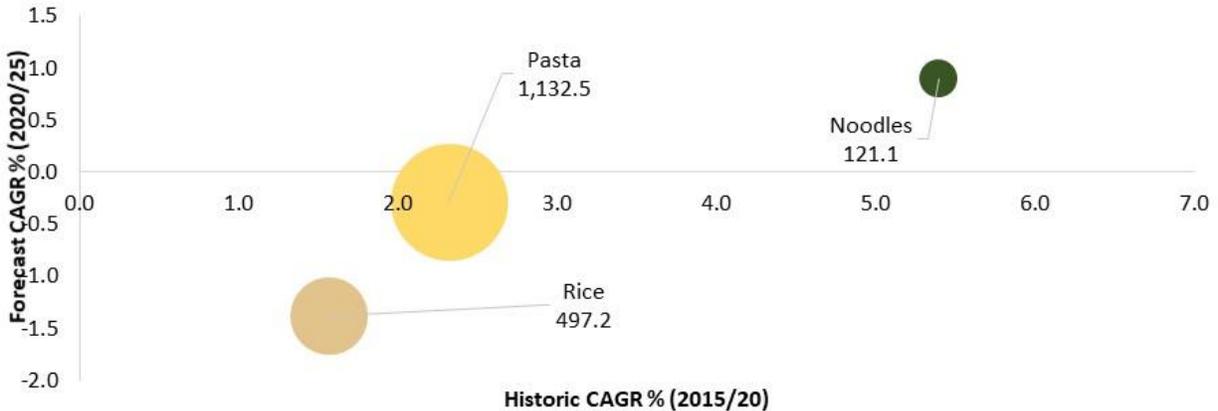
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Italy is the largest exporter of Pasta to Russia with Germany also having a small presence. ▪ Russian consumption of pasta has been a normal practice for a prolonged period of time with the product part of the cuisine and pasta the most popular dry staple. 	<ul style="list-style-type: none"> ▪ Popular Russian pasta dishes such as Makarony Po Flotski largely incorporate pasta which is produced in Russia. ▪ Noodles are forecasted to grow faster between 2021 and 2025.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Demand for healthier varieties of pasta is increasing rapidly. ▪ Rising demand for international cuisines foods which particularly offers an opportunity e.g. Italian pasta. 	<ul style="list-style-type: none"> ▪ Domestic producers, which are well in tune with the local market; price competitive; and further expanding their production capacity. ▪ China and Kazakhstan are the biggest threats externally.

5.9.2 Consumption

Evolution of consumption

Figure 5-43 below shows that pasta is the most consumed staple with a volume of 1.13 million tonnes in 2020, this category is forecasted to decline by a CAGR of -0.3% between 2021 and 2025. Rice is the second-largest category with a total volume tonnage of 497 000 in 2020 followed by noodles with a total tonnage of 121 100 in 2020. Noodles will be the fastest-growing staple category with a predicted CAGR of 0.9% between 2021 and 2025.

Figure 5-43: Evolution and forecast of the pasta, noodle and rice market in Russia, (000 tonnes) 2015-2025



Source: Euromonitor International: Packaged Food, 2021.

Consumer profile and purchase criteria

Consumers

Pasta is the most consumed product in Russia within the wider dry staple market of pasta, rice and noodles. Consumption of pasta grew in 2020 as consumers increased home cooking and demand for foods that can be stockpiled for a prolonged period of time grew. The consumption in urban centres is a key market for pasta in Russia because the convenience of consuming pasta is appreciated by consumers in these areas. Pasta restaurants are popular in urban centres and a common sight as well. Consumption is increasingly influenced by a wider demand for healthier foods in Russia and this is most notably shown by a recent rise in gluten-free and wholegrain pasta in Russia. Older consumers are likely to continue to perceive pasta as a cheap and nutritional food item, however, younger and middle-aged consumers are more likely to expect more from the product in relation to styles of pasta, tastes and additional health benefits. Consumers of Italian pasta which is by far the most imported pasta in Russia will be likely to be of a higher income due to the presence of numerous Russian pasta in the market which elevates the position of Italian pasta as a luxury product in the market.

Drivers and method of consumption

Pasta dishes form part of traditional Russian cuisine. The largest and one of the most popular pasta dishes in Russia are Makarony po-flotski; described in Russia as a navy-style pasta (Russian pasta which incorporates meats and vegetables) which are typically consumed with ground meat and fried onions. Other examples of dishes that can be considered to include pasta in the Russian market include *pelmeni* (Russian dumpling dish that consists of a filling wrapped in unleavened dough) and in some soups with soups on Russia incorporating meats, pasta, and vegetables being commonly consumed. A rise in demand for healthy products, international cuisine and products which can be stockpiled for a prolonged period of time are the key drivers of pasta consumption in Russia. In 2016, Moscow hosted the world pasta day festival which saw a number of conferences, events and celebrations concerning pasta take place in the city. The

event allowed pasta to be further marketed to citizens in Moscow which resulted in a notable rise in pasta consumption in the city since this event.

Purchase criteria

Pasta in Russia is expected to be cheap or at least affordable among consumers as this has been the case for a prolonged period of time and was a key reason behind the rise of its popularity initially as it offered cheap nutritional food for consumers. Consumers increasingly expect more from pasta, with regards to the availability of a wider variety of the product and an increase in the health properties of the product. Due to this, the number of pasta varieties in Russia has increased in recent years including pasta gluten-free and wholegrain varieties. Italian pasta is still perceived as the luxury pasta in Russia and brings with it heightened expectations in relation to taste and varieties.

Recent market trends

One of the more recent market trends has been the rise in demand for international foods which has benefited Italian cuisines and thus also higher-end pasta consumption. Italian restaurants are now common in urban centres even outside of the larger two cities of St. Peterburg and Moscow and continue to be a key distributor and driver of higher-end pasta consumption and sales. It is important to note that pasta is commonly consumed in Russia as the product, in some form, has been adapted as a key component of many Russian culinary dishes, this encourages domestic product which continues to grow in Russia.

Pasta benefited from stay-at-home orders as consumers rushed to purchase items that could be stored for a prolonged period of time which is one of the key properties of pasta. Wholegrain and gluten-free pasta have begun to appear across Russian food outlets in recent years aided by a rise in demand for health products in Russia. Looking ahead, noodles are forecasted to grow faster between 2021 and 2025. However, pasta will remain the largest product by total volume in the wider pasta, noodle and rice category, by a considerable distance.

5.9.3 Offer

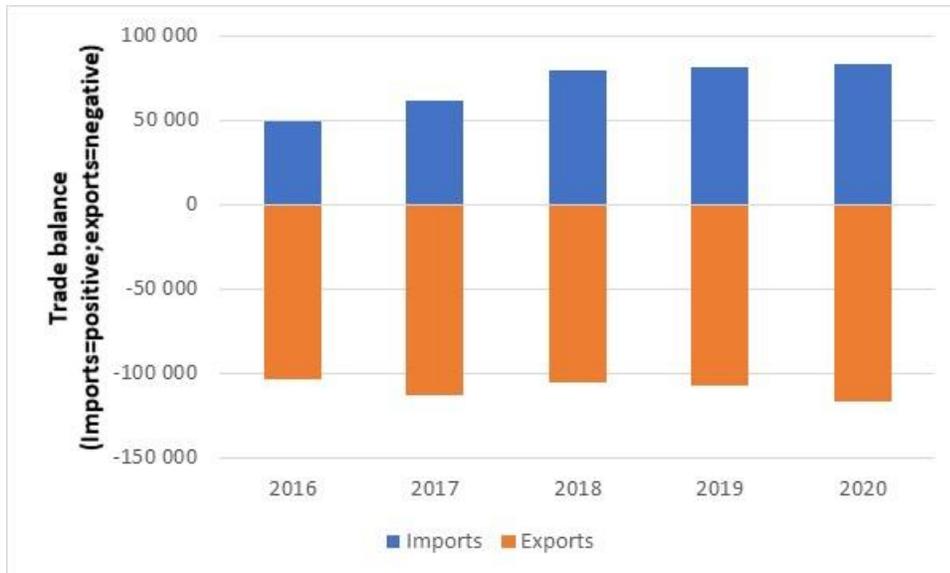
Domestic production

Spurred by the high availability of wheat in the country, Russia produces a large quantity of pasta and noodles. Makfa is the largest player in the Russian pasta market with a market share of 14.3% while the rest of the market is made up of smaller players making this market competitive and fragmented. Navy-styled pasta is the most produced in Russia and is generally perceived as a national dish instead of other pasta which are associated with Italy. Production of gluten-free and fortified dried pasta is growing in line with rising demand for these products and some of the larger players have been active in this rise in production. High and growing production also has resulted in exports from Russia growing in recent years.

Imports and exports

Figure 5-44 below shows the trade balance of Russian pasta, noodles and couscous; and further shows that Russia is a net exporter, with the country exporting 116 000 tonnes of these products in 2020. Russian imports came to a total volume of 83 000 tonnes in 2020.

Figure 5-44: Trade balance (imports and exports) of pasta, noodles, and couscous in Russia, 2016-20; tonnes

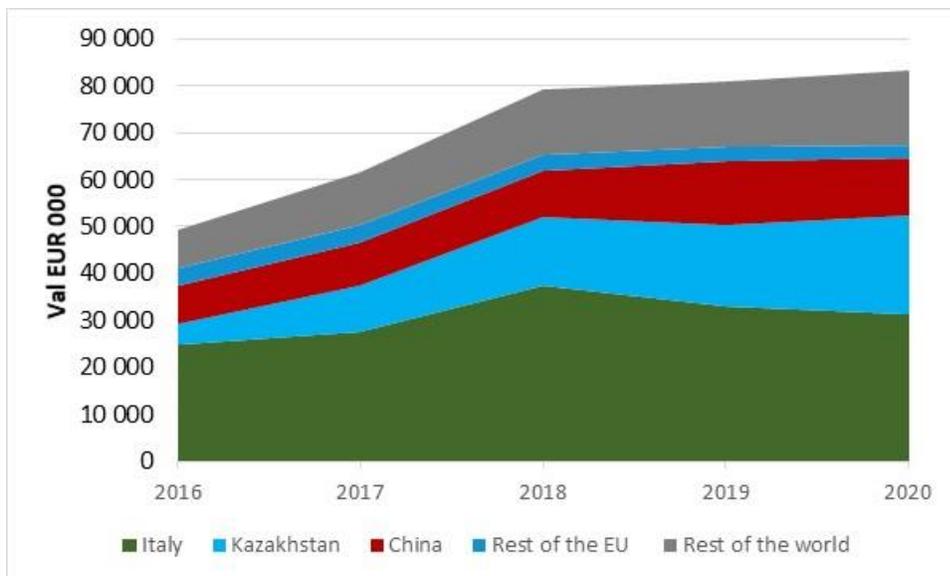


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN codes 1902

Figure 5-45 shows that Italy is the largest exporter of pasta, noodles and couscous to Russia with the country exporting around 25 000 tonnes to Russia in 2020. Kazakhstan is the second-largest exporter followed by China. Germany is the second-largest EU exporter with the country exporting 1 400 tonnes in 2020.

Figure 5-45: Russian imports of pasta, noodles and couscous by country, 2016-20; tonnes



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 1902

EU GI products

As noted in section 4.2.4, there is legislation for registering GIs in Russia. No GIs for pasta products have been identified as having been registered.

Main competitors

Main competitors in this market come from strong domestic production which is made possible by the high availability of raw materials and leads to Russia having a production surplus of pasta, noodles and couscous. This domestic production has expanded in recent years, shifting also towards the production of healthier variants of pasta and new types. The largest competitors from outside of the EU come from Kazakhstan and China which are the second and third biggest exporters respectively, though in the case of China in particular it is noodles rather than pasta that are exported.

5.9.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. The key requirement for pasta is a declaration of conformity.

In terms of tariffs, pasta faces ad valorem tariffs of either 13 or 15%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – pasta, noodles, couscous (1902) from Italy to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=1902&origin=IT&destination=RU>

Standards, SPS measures, labelling

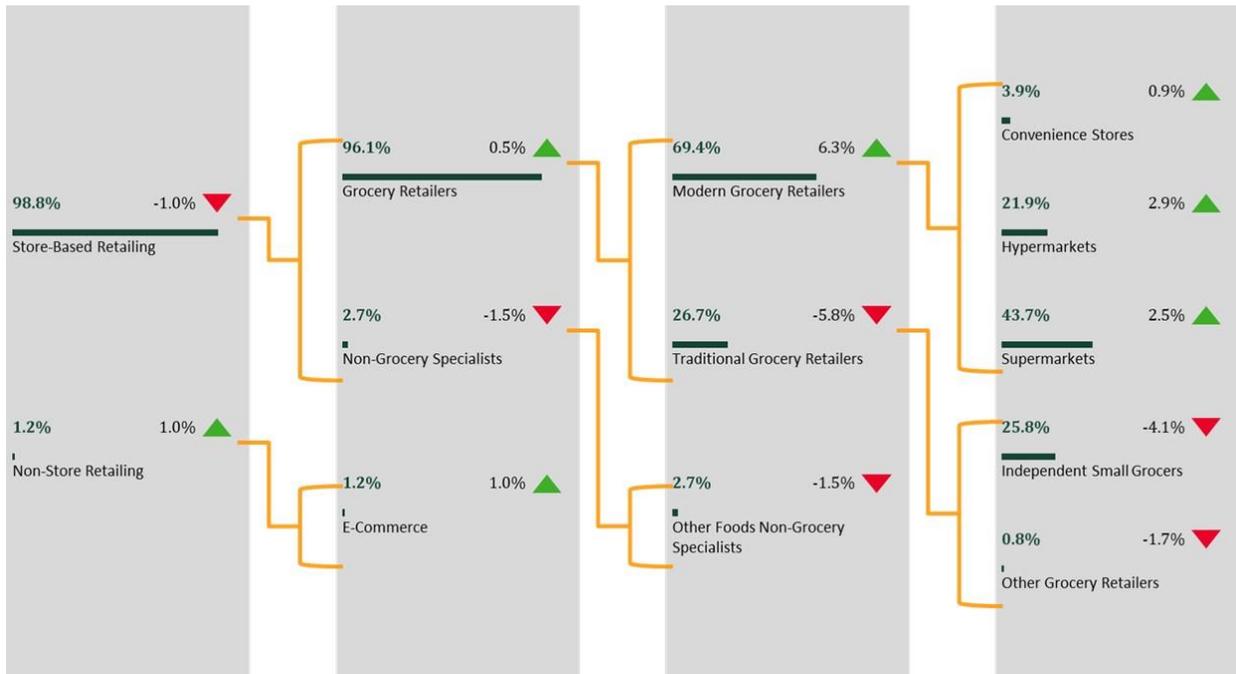
CU Technical Regulation TR TS 021/2011 on Food Safety contains some provisions specifically relevant for pasta. The full law and amendments in Russian can be found here: <http://www.eurasiancommission.org/ru/act/textreg/deptexreg/tr/Pages/PischevayaProd.aspx>. A full translation of the original 2011 version (prior to amendments) can be found here: http://www.rustandard.com/images/CU_TR/TR_CU_021.2011_Safety_of_Food_Products.pdf

Pasta must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.9.5 Distribution

Figure 5-46 outlines the main distribution channel for pasta in the Russian market. Modern grocery retailers are the largest distribution channel accounting for 69.4% of all sales with supermarkets being the largest sub-channel with a share of 43.7%. Hypermarkets account for 21% of sales while traditional grocery retailers account for 26.7% of sales. Independent small grocers account for a quarter of all sales.

Figure 5-46: Distribution channel overview of pasta in Russia (2020); retail value



Source: Euromonitor International: Packaged foods, 2021.

5.9.6 Challenges for EU products

Notable challenges include competing with plentiful and cheap Russian domestic pasta with navy-styled pasta being the most popular in Russia and largely produced in the country. Indeed, Russia is a net-exporter of pasta, noodles and couscous making it an additionally difficult market. Russian consumers are increasingly demanding more from pasta products in terms of health properties and new pasta varieties which may provide opportunities in the face of otherwise tough competition.

Market Takeaway: Pasta

Consumption: *Pasta is the most consumed dry staple and part of Russian cuisine. Consumption of navy-styled pasta is the most popular in Russia with dishes including a national dish named makrony- po flotski. Demand for pasta of a healthier variety and unique styles is increasing amongst consumers.*

Competition: *The largest competitor comes from the domestic production of pasta which is big and further growing in Russia. China (noodles) and Kazakhstan are the largest competitors from outside the EU.*

Distribution: *Modern grocery retailers are the main channel of distribution for pasta with 69.4% of sales coming from this channel; independent small grocers account for a quarter of sales.*

Challenges: *Competing with Russian domestic producers is a large challenge for EU producers. Russian consumers of imported pasta will have higher expectations regarding the product as cheaper domestic pasta are available.*

Opportunities: *The export of pasta which incorporates health properties and unique styles is a notable opportunity area in this sector.*

5.10 Ice cream

5.10.1 SWOT analysis

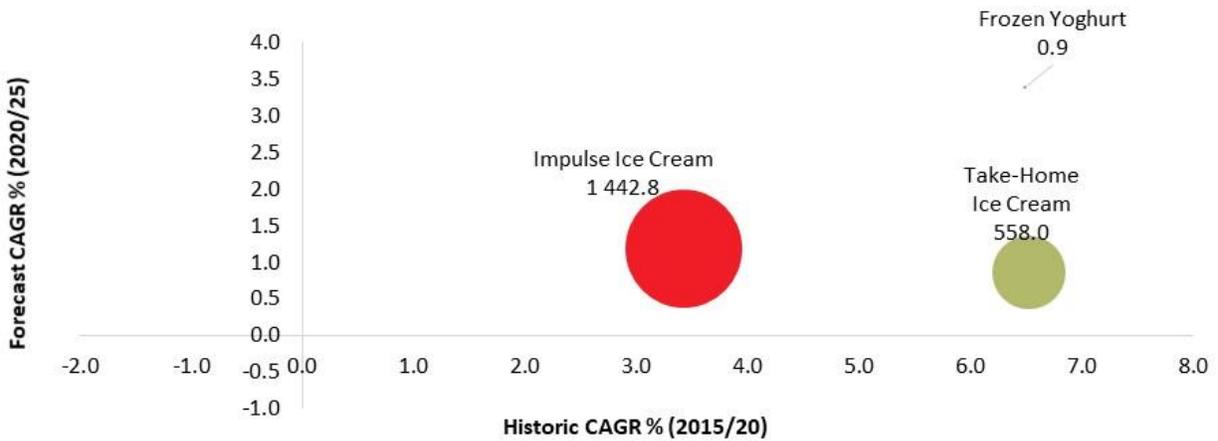
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Ice cream consumption continues to grow in Russia and reached a record of 3.1kg per capita in 2020. ▪ Despite a ban on EU dairy products from entering Russia, the trade of ice cream has remained open. 	<ul style="list-style-type: none"> ▪ The capacity for lower-income earners to afford ice cream from the EU is under threat as domestic production has grown and Russia is a net exporter. ▪ Belarus and Kazakhstan are both large exporters of ice cream and have favourable trading terms with Russia.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Demand for ice cream with a unique flavour as well as healthy variants continues to grow. ▪ The e-commerce channel emerged in 2020 and is forecasted to continue growing its share of distribution. 	<ul style="list-style-type: none"> ▪ Russian domestic production is plentiful and affordable for the mass Russian market. ▪ Some more indulgent variants of EU ice cream may come under threat from a rise in demand for healthy ice cream in Russia.

5.10.2 Consumption

Evolution of consumption

The impulse ice cream category has the biggest market size of ice cream in Russia as depicted in Figure 5-47. With a value of EUR 1.4 billion, impulse ice cream is forecast to grow by a CAGR of 1.2% between 2021 and 2025. Frozen yoghurt will be the fastest growing ice cream category between 2021 and 2025 by a predicted CAGR of 3.4%, but currently, it has a market value of just EUR 900 000. Take-home ice cream is the second-largest ice cream category and currently has a market value of EUR 558 million, having grown strongly over the last five years.

Figure 5-47: Evolution and forecast of the ice cream market in Russia, 2015-2025; retail value EUR million



Source: Euromonitor International: Packaged Food, 2021.

Consumer profile and purchase criteria

Consumers

The per capita consumption of ice cream in Russia is currently 3.1 kg. The consumption was impacted by the closure of kiosks and cafes serving the product. However, consumers largely shifted to ordering online or buying ice within stores.⁷⁴ Consumption has been growing in line with a wider demand for a variety of dairy-based products in the country which incorporate unique flavours. Consumption is common in urban centres with most food and beverage retailers offering the product. The consumption in rural areas, though rarer, is also growing as production in these areas has increased in recent years. Older consumers will be attracted to chocolate, vanilla and strawberry ice cream as these flavours were popular during the USSR and continued to have a large presence in the post-soviet era. While younger consumers are also attracted to these flavours, there has been a notable rise in demand for other flavours such as banana, dragon fruit and lime ice cream drive by this demographic.

Drivers and method of consumption

Due to the Covid-19 pandemic and related restrictions and lockdowns, consumers have increasingly spent time at home. This has changed the consumption habits of ice cream as on-trade restrictions were in place which in turn led to a rise in buying ice cream from online and store-based retailers. A key driver in ice cream consumption in Russia has been the flexibility of the product in incorporating new flavours and ingredients which is leading to a rise in demand for exotic fruit, alternative milk-based and low-fat ice creams. Dragon fruit ice cream and coconut milk-based ice cream are examples of new types of ice cream which have emerged in Russia in recent years. The method of consumption remains similar to that of other European countries with a general preference for ice cream cups being preferred from ice cream bought at on-trade

⁷⁴ Russian ice cream consumption to hit new record of 3.1 kg per person, BNE intelligence, available at <https://www.intellinews.com/russian-ice-cream-consumption-to-hit-new-record-of-3-1kg-per-person-209900/>

distributors. Consumption increases in the summer months as Russians enjoy the warmer climate and seek to cool down through ice cream consumption.

Purchase criteria

Consumers' flavour preferences are an increasingly important purchasing criterion in Russia, with demand for exotic flavours increasing in recent years incentivising producers in the country to shift production in favour of these products. Health and wellness variants of ice cream such as fat-free and lactose-free ice cream are also helping to sustain growth in demand for ice cream as a whole in Russia in recent years. Ice cream labelling will become mandatory in Russia in 2021 which includes the use of a 2-D code in the data matrix format which will be applied directly to the packaging or label and will contain detailed product data. All ice cream products will use the new labelling system in order to join the Russian "honest sign" labelling system. This system aims to alleviate counterfeiting and to ensure the implementation of Russian health and production standards (see also section 4.2.3). It can be expected that the presence of this label may ultimately impact purchasing criteria as it offers consumers the chance to evaluate the ingredients found in their ice cream.

Recent market trends

In the last years, ice cream consumption has grown quickly in Russia reaching a record 3.1 kg per capita in 2020. This is due in part to a rise in demand for a wider variety of dairy-based products, health and wellness products and products that incorporate unique and exotic flavours. Ice cream benefits from being a highly versatile product, able to cater to all of these three key markets demands which in turn is driving growth. Online sales of ice cream, though still small, have emerged as a new distribution channel for the product in 2020 due to the outbreak of Covid-19 which further shows that Russians are increasingly comfortable buying the product through the internet. On-trade distribution of ice cream in Russian urban centres has been common for years and only came to a halt in 2020 due to the outbreak of Covid-19. It can be expected that on-trade sales will rebound once the economy fully reopens. Take-home ice cream benefited from stay-at-home orders during the Covid-19 pandemic and will likely sustain some of this growth once the immediate effects of Covid-19 have declined.

5.10.3 Offer

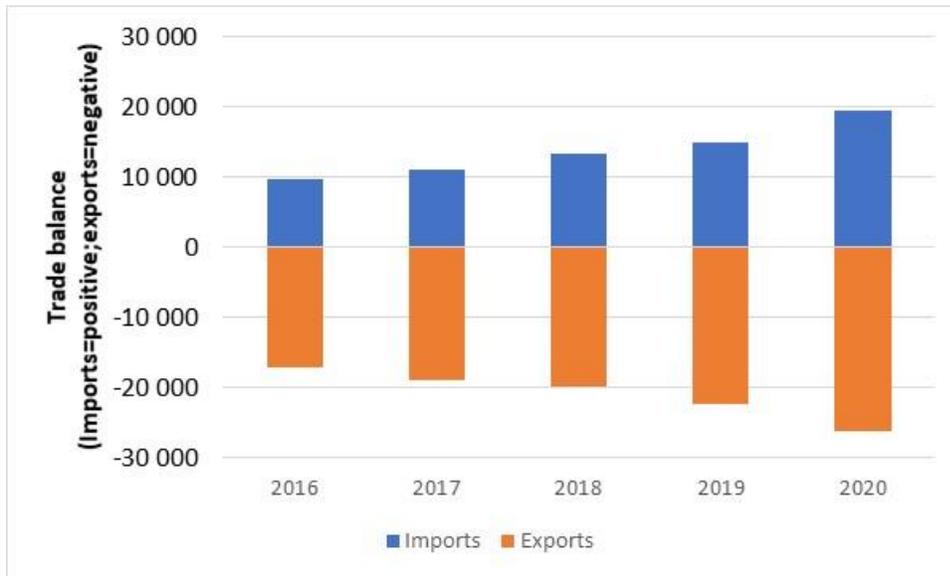
Domestic production

Domestic production in Russia has grown in recent years, aided by both a rise in demand for ice cream in the domestic market and also a rise in demand for Russian ice cream from abroad. The largest company in the market currently is Inmarko OAO which has a share of 14%, followed by Renna GK (10%) and Froneri RUS OOO and Iceberry Group OOO which both have an 8% share of the market. The rest of the market is made up of smaller producers who tend to focus on regions of the country rather than a nationwide approach. In general, ice cream production represents one of the fastest-growing sectors within the wider Russian food and beverage production sector.

Imports and exports

Russia currently is a net-exporter of ice cream as shown in Figure 5-48. In 2020, Russia imported 19 000 tonnes of ice cream, which is significant growth from the 9 600 tonnes it imported in 2016. Russia exported 17 200 tonnes of ice cream in 2016 which has since grown to 26 200 tonnes in 2020.

Figure 5-48: Trade balance (imports and exports) of ice cream in Russia, 2016-20; tonnes

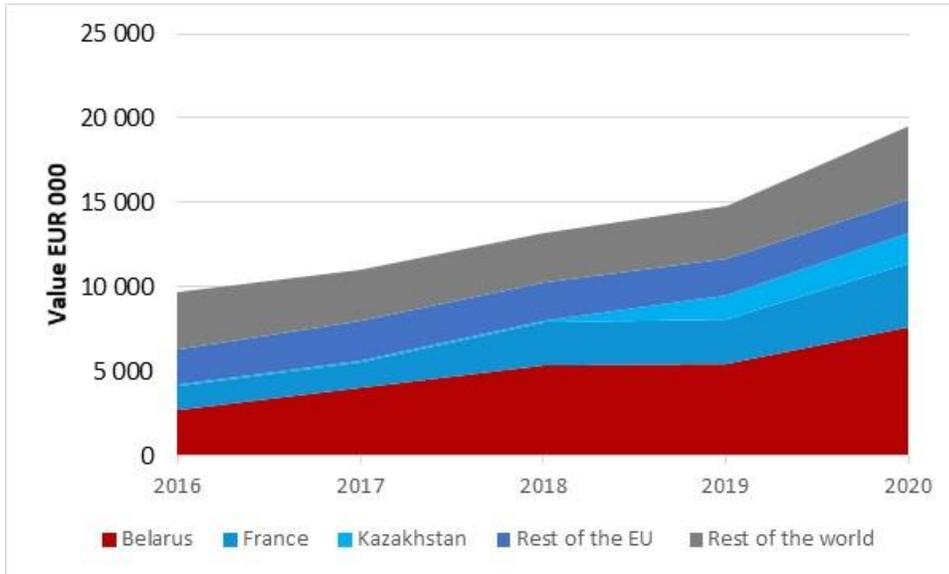


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2105.

The largest exporter of ice cream to Russia is Belarus, followed by France and Kazakhstan (Figure 5-49). Belarus - by far the largest exporter with a share of roughly 30% of ice cream imports - benefits from its membership in a customs union with Russia. French exports have grown from 1 370 tonnes in 2016 to 3 800 tonnes in 2020. Other notable exporters from the EU include Spain (625 tonnes), Latvia (617 tonnes) and Lithuania (253 tonnes).

Figure 5-49: Russian imports of ice cream by country, 2016-20; tonnes

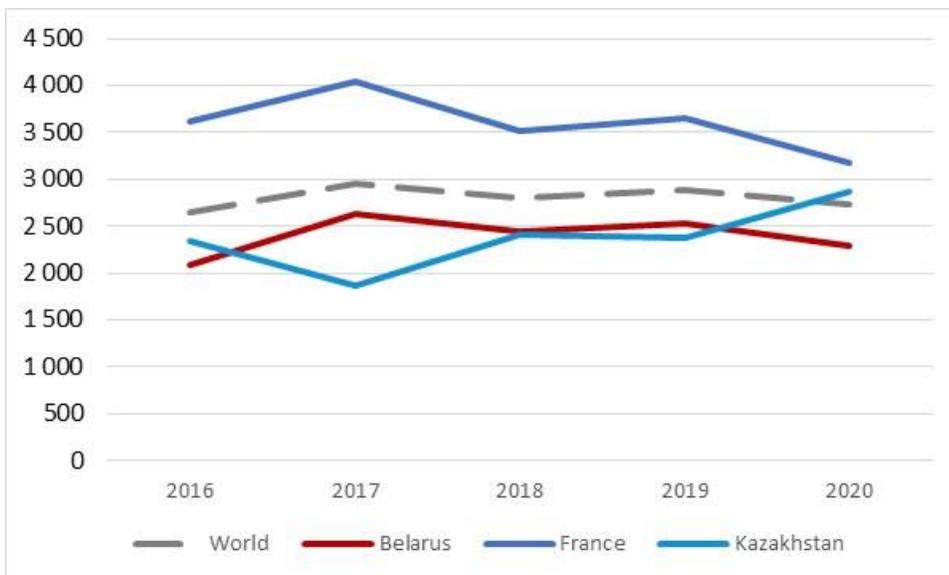


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2105.

The world's unit value of ice cream exports to Russia was around EUR 2 730 per tonne in 2020 as depicted in Figure 5-50. Ice cream unit values from France were higher than the global average with a unit value of EUR 3 170 per tonnes in 2020. The unit value of ice cream from Kazakhstan is growing quickly and surpassed the global average and Belarus to reach a unit value of EUR 2 870 per tonne in 2020.

Figure 5-50 Russian imports of ice cream by country, 2016-20; Value EUR per tonne



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 2105.

Main competitors

As Russia is a net-exporter of ice cream combined with having a growing domestic production base, the main competition for EU ice cream will come from domestic production. Russian domestic production has been shifting towards the production of healthier variants of ice cream such as lactose-free and fat-free based ice cream and those which incorporate unique flavours as demanded by consumers. The fact that local producers are in-tune with local market demand further limits the ability of EU ice cream producers to take advantage of these drivers of consumption. Belarus and Kazakhstan are the largest exporters from outside of the EU and both enjoy a customs union with Russia.

5.10.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. Requirements for ice cream notably include declarations and certificates of conformity, as well as a veterinary health certificate and import permit in certain cases.

In terms of tariffs, ice cream faces an ad valorem tariff of 10%.

information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general ice cream category (2105) from France to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=2105&origin=FR&destination=RU>

Standards, SPS measures

The main definitions relevant for ice cream can be found in Decision No. 67 of the Council of the Eurasian Economic Commission of 9 October 2013: On Safety of Milk and Dairy Products. A translation of this can be found at the following link:

https://ec.europa.eu/food/document/download/52b04c9c-a8b2-4dcc-a8d0-d1a08780d68d_en

Labelling

Ice cream must conform to the labelling requirements for packaged foods set out in section 4.2.3. It should be noted that digital labelling is likely to be extended to ice cream in the near future.

5.10.5 Distribution

As shown in Figure 5-51 grocery retailers make up the absolute majority of ice cream sales in Russia with a 99.3% share of sales. Traditional grocery retailers accounted for 55% of sales followed by modern grocery retailers which accounted for a 44.3% share. The sub-channel of ice cream distribution is that of other grocery retailers which have a share of 28% of sales. Independent small grocers accounted for 27% of all sales followed by supermarkets with a share

of 25.6%. Outside of grocery retailers, e-commerce has emerged as a new channel of distribution with a current share of 0.3%.

Figure 5-51: Distribution channel overview of ice cream in Russia (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.10.6 Challenges for EU products

Challenges for EU products include competing with domestic Russian ice cream products which are plentiful; have grown in production in recent years; increasingly produce ice cream to cater to new market trends such as the rise in demand for exotic products and health and wellness products and in some cases are well in tune with specific local markets. EU ice cream has a higher unit value than ice cream from both Russia and rival large exporters such as Belarus and Kazakhstan. In view of this, it will become difficult for EU producers to cater to lower-income consumers in the country who increasingly have the chance to purchase affordable domestic ice cream products in preference to EU ones.

Market Takeaway: Ice cream

Consumption: Consumption reached a record high in 2020 of 3.1 kg per capita. The rise in demand for unique, healthy, and exotic products in Russia benefits ice cream particularly as this product can incorporate all three of these market demands.

Competition: Considerable domestic production which continues to expand, competition from outside of Russia largely from Belarus and Kazakhstan.

Distribution: 99% through store-based retailing with a split of 55% for traditional grocery retailers and 44% for modern grocery retailers. Outside of store-based retailing, e-commerce has just emerged as a new distribution channel and has currently a 0.3% share.

Challenges: Strong competition with Russian ice cream products combined with cheaper ice cream from Belarus and Kazakhstan is the biggest challenge for EU products. A rise in ice cream production for ice creams with unique flavours that local producers are well in tune with somewhat limits the opportunity for EU products to take advantage of this trend.

Opportunities: A rise in demand for healthy ice cream; ice cream with a unique flavour; and ice cream with an alternative milk base is increasing and presents the three larger opportunities in this market.

5.11 Processed fruit and vegetables

5.11.1 SWOT analysis

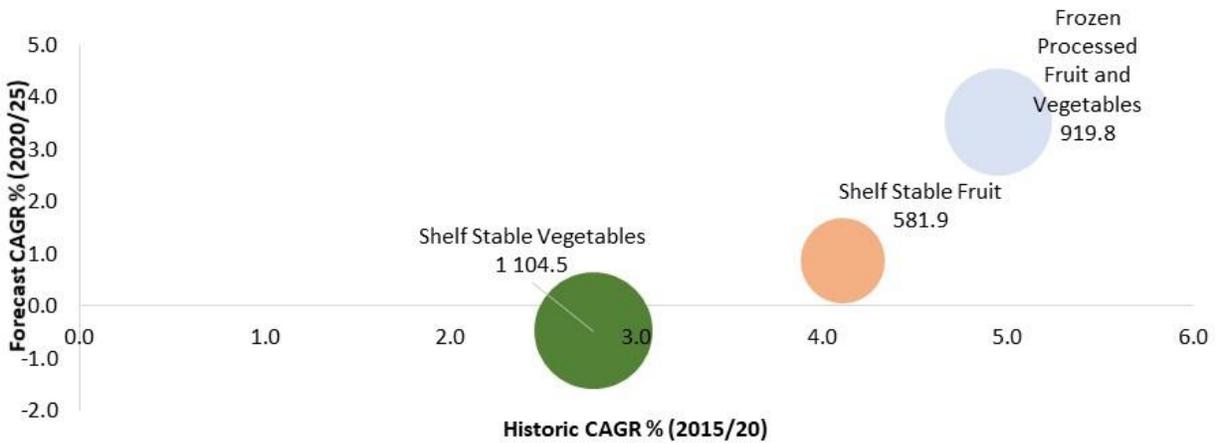
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Consumption of processed fruit and vegetables grew in 2020, aided by the rise in home cooking as a consequence of the outbreak of Covid-19. ▪ Consumers are largely accustomed to processed fruit and vegetable products with social media and cooking channels often showcasing these products in the country. 	<ul style="list-style-type: none"> ▪ An ongoing trade ban on the importation of EU fruit and vegetable products due to an ongoing political dispute. ▪ The market has matured and total growth is limited even amongst domestic Russian producers.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Demand for alternative processed fruit and vegetable products is growing and is the main opportunity area in the country. ▪ Products that cater to a demand for convenience products are forecasted to see a rebound in demand as the economy re-opens. 	<ul style="list-style-type: none"> ▪ Russian production of products which it traditionally had to import such as French fries is growing. ▪ The Russian market is fragmented and highly competitive amongst domestic producers.

5.11.2 Consumption

Evolution of consumption

Shelf-stable vegetables have the highest retail value at EUR 1.1 billion and are expected to decline at a minus CAGR of -0.5% between 2021 and 2025. This is followed by frozen processed fruit and vegetables which have a retail value of EUR 919m and are expected to grow by a CAGR of 3.5% between 2021 and 2025. Shelf-stable fruit is the smallest overall category with a retail value of EUR 581m and a predicted CAGR of 0.9% between 2021 and 2025 as shown below in Figure 5-52. All three categories grew over the period 2015 to 2020.

Figure 5-52: Evolution and forecast of the processed fruit and vegetable market in Russia, 2015-2025; retail value, EUR million



Source: Euromonitor International: Packaged Food, 2021.

Consumer profile and purchase criteria

Consumers

Consumers of processed fruit and vegetables in Russia can come from any ethnic or income class as the product is generally available across the country and affordable. Lower-income earners may be swayed to purchase fresh fruit and vegetable products of certain varieties due to price, but this is not as common as in other markets. Health-conscious consumers have impacted the category with a rise in the presence of GMO-Free, trans-fat-free and gluten-free processed fruit and vegetables appearing in the market in recent years. A number of processed fruit and vegetables stand out for their popularity including processed tomatoes, potatoes and cucumbers. Processed potatoes are particularly popular in urban areas which are more exposed to western consumption patterns with the rise in popularity of French fries and the presence of fast food outlets helping to aid processed potato consumption. Consumers living in the interior of Russia with less access to fresh fruit and vegetable varieties will likely be drawn to processed fruit and vegetables which can be stored for a prolonged period and offer a key source of nutrition to consumers.

Drivers and method of consumption

Processed fruit and vegetables benefit from having a prolonged shelf life which allows consumers to stockpile the product. Consumers particularly appreciated this trait during the Covid-19 pandemic which saw a notable rise in sales of processed fruit and vegetables. As frozen processed fruit and vegetables are perceived as a healthy way to process fruit and vegetables in Russia, the market for these products is notably large. The appearance of less traditional products is also likely to continue to be a key driver of growth over the next years, with younger consumers, in particular, looking for new and interesting options such as the introduction of shelf-stable aubergine. Processed fruit and vegetables are typically consumed during lunch and dinner meals with notable examples including French fries, salad and oven-baked frozen vegetables.

Purchase criteria

Consumers are increasingly conscious of the health properties of their food consumption and in turn, have increasingly sought out labels that clearly define the categorisation of processed fruit and vegetable products. Such labels include GMO-Free, trans-fat free and gluten-free labels which are particularly important for consumers of shelf-stable fruit and vegetable products. Transparent packaging has emerged as a new trend amongst producers and allows consumers to view exactly what product they intend to purchase. This may be a criterion for a percentage of the consumer base. Consumers appreciate the longevity of processed fruit and vegetable products which emerged as a key purchasing criterion in 2020 during the outbreak of covid-19. Consumers living in hard to reach areas of the country in a difficult climate will further appreciate access to processed fruit and vegetables as access to fresh varieties may be limited.

Recent market trends

The outbreak of Covid-19 helped drive sales of processed fruit and vegetables in Russia as consumers rushed to purchase products that can be stored for a prolonged period of time. Frozen processed fruit and vegetables in particular benefited from this trend and were the fastest-growing processed fruit and vegetable product in 2020. A rise in cooking shows on Russian TV coupled with the rise of social media as an outlet to advertise food and beverage products has benefited the consumption of processed fruit and vegetable as many of the bigger personalities have incorporated processed fruit and vegetables into their cooking habits. Looking ahead, demand for healthier varieties of processed fruit and vegetable products will likely be the main growth area as the market for conventional processed fruit and vegetables continues to mature and becomes saturated.

5.11.3 Offer

Domestic production

The Russian domestic production market for processed fruit and vegetables is highly competitive with the biggest company in the market being Bonduelle-Kuban 000 which has a share of 11% followed by Zapandy Khladokombinat with a market share of 71% and Vegda Product 000 with a market share of 6%. Production of potato fries has grown in Russia in recent years aided by the opening of a large plant in Lipetsk in 2018 which now allows Russia to rely less on importing this product.

Overall, the market is quite fragmented with no producers standing out as having a dominating position in the market. This, in turn, creates a competitive market forcing producers to evolve into the production of alternative processed fruit and vegetable products such as GMO-free and trans-fat free products in order to sustain growth in a matured market.

Imports and exports

Identifying data on trade in processed fruit and vegetable product is extremely complicated due to the number of different lines under which such products can be imported. Data on trade in processed fruit and vegetables is ultimately captured under the trade data for fruit and vegetables in section 5.2.3.

EU GI products

As noted in section 4.2.5, there is legislation for registering GIs in Russia. No GIs for processed fruit or vegetable products have been identified as having been registered.

Main competitors

The main competitors in this market come from domestic production which continues to expand in the country. Prior to 2018 a key growth area for imported processed fruit and vegetable was the importation of processed frozen fries, however, this has declined due to an opening of a large facility in 2018 in Lipetsk. The market in Russia is competitive and fragmented which additionally makes this a difficult market for imported processed fruit and vegetables to penetrate.

5.11.4 Specific market entry requirements

Market Access and Entry; Standards, SPS measures; labelling

Processed fruit and vegetables are generally classified as products under phytosanitary control, though depending on the CN code they may be classed high risk or low risk. A link to decision no 318 which establishes the list of high and low risk products under phytosanitary control (by CN code) can be found at the following page: <http://www.eurasiancommission.org/en/act/txnreg/Pages/acts.aspx>

For high risk products, a phytosanitary certificate and inspection certificate will be needed as well as a declaration of conformity.

It should be remembered that there is an embargo on fresh fruit and vegetable products from the EU to Russia; and any processed products falling under the CN codes affected by this ban will also be under embargo. More information on the embargo including lists of products restricted can be found at: https://ec.europa.eu/food/horizontal-topics/international-affairs/eu-russia-sps-issues/russian-import-ban-eu-products_en

In terms of tariffs, these vary depending on the type of fruit or vegetable and it is recommended to check at the link below.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – frozen fruit category (0811) from Spain to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=0811&origin=ES&destination=RU>

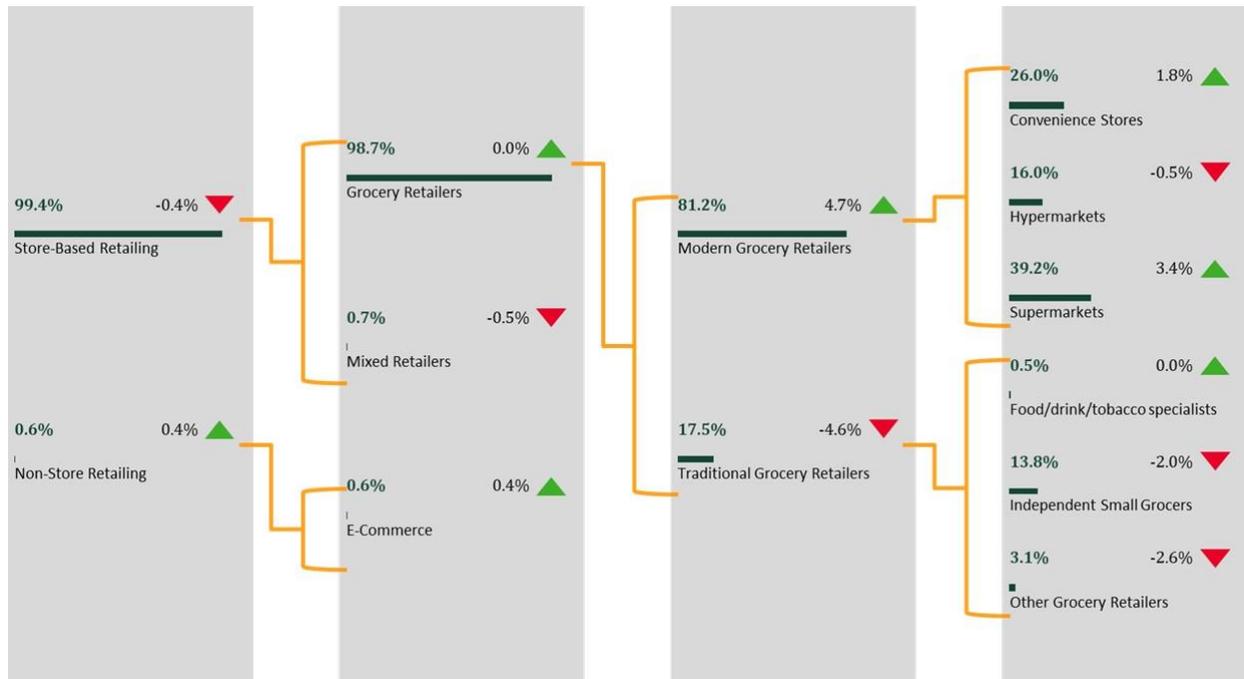
Packaged processed fruit and vegetable products must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.11.5 Distribution

As can be seen in Figure 5-53, modern grocery retailers account for the majority of sales of processed fruit and vegetable products in Russia with a share of 81.2%. Within modern grocery

retail outlets, the distributor with the largest percentage of sales are supermarkets which have a share of 39.2% of sales. Convenience stores have a share of 26% followed by hypermarkets with a share of 16%. Traditional grocery retailers have a total share of 17.5% of sales with independent small grocers accounting for 13.8% of sales. E-commerce sales continue to grow, aided by the need to stay at home during the Covid-19 pandemic and currently accounts for 0.6% of sales.

Figure 5-53: Distribution channel overview of processed fruit and vegetables in Russia (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.11.6 Challenges for EU products

The main challenge for EU products comes from the ongoing ban on importing fruit and vegetable products from the EU to Russia due to an ongoing political dispute. This combined with a Russian market that has matured and is highly competitive additionally makes the Russian market difficult to penetrate. Russian consumer demand for alternative processed fruit and vegetable products such as GMO-free and trans-fat free products represent the key opportunity area in this market.

Market Takeaway: Processed fruit and vegetables

Consumption: High. Consumption of processed fruit and vegetables grew in 2020 with frozen fruit and vegetables, in particular growing in popularity. Frozen processed fruit and vegetables

are forecasted to be the fastest-growing processed fruit and vegetable product between 2021 and 2025.

Competition: *Largely comes from the domestic market with several producers making up most of the market share.*

Distribution: *Mainly sold through modern retail channels with traditional grocery retailers continuing to see a fall in total sales. E-commerce has emerged as a new channel of distribution in recent years and currently has a share of 0.6%.*

Challenges: *The ongoing ban on exporting fruit and vegetable products to Russia combined with a highly competitive market already present in the country are the biggest challenges for EU producers.*

Opportunities: *Demand for alternative processed fruit and vegetables such as GMO-free and trans-fat free varieties is growing and is the key opportunity area in this category.*

5.12 Pet food

5.12.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ Eight out of the top 10 exporters are from the EU and together account for nearly 3/4th of the total market value. ▪ Increasing humanisation of pets and the increasing use of petfood (opposed to homemade food). ▪ The market remains open to EU products – unlike the market for EU fresh meat. 	<ul style="list-style-type: none"> ▪ The markets for fish food, bird food and small mammal/reptile foods are rather small. ▪ Russia is aiming to become more self-sufficient and less reliant on imports; though this has not yet played out in the pet food segment, it may do in the future.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Cat and dog food are the two biggest markets and are forecast to grow at the highest rates. ▪ An ongoing premiumisation trend driven by the aforementioned humanisation trend; though the pandemic did interrupt this to an extent. ▪ E-commerce is increasing as well as the popularity of healthy and specifically targeted pet food. 	<ul style="list-style-type: none"> ▪ The perception and popularity of local brands are forecast to increase; and these are very price competitive. ▪ Other non-EU exporting countries such as Canada and Serbia.

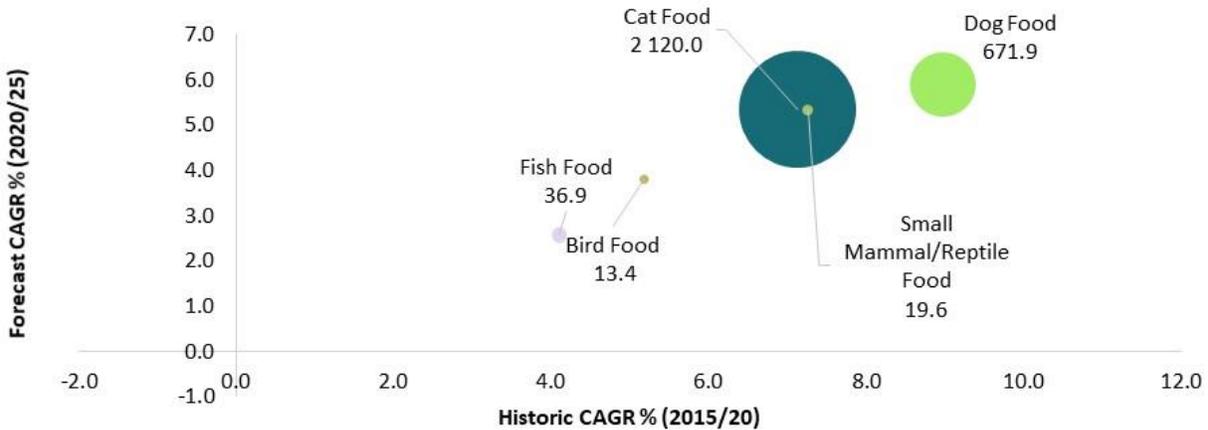
5.12.2 Consumption

Evolution of consumption

The total market size of the pet food market in Russia was close to EUR 2.8bn in 2020. Figure 5-54 below illustrates that cat food had by far the biggest market size with around EUR 2.1bn in 2020 and thus accounted for approximately 3/4 of the total pet food market. Even though the market for dog food was much smaller, it is still very important as well at EUR 670m. The other three categories are nearly negligible compared to the size of the cat and dog food market. The fish food had a market size of close to EUR 37m, followed by the small mammal/reptile food market with nearly EUR 20m and the bird food market with around 13m.

Historically, between 2015 and 2020 all pet food markets grew at quite strong rates. The dog food market grew the fastest at a CAGR of about 9%. This was followed by the small mammal/reptile food market with 7.3% and the cat food market with 7.1%. The bird food market grew, albeit more slowly, at a CAGR of about 5.2% followed by the fish food market with around 4.1%. Between 2020 and 2025 all pet food categories are forecast to grow at a slower pace than before, yet dog food remains the category with the highest forecasted CAGR of around 5.9%, followed by cat and small mammal/reptile food, both, with about 5.3%. Bird food is forecast to grow at a CAGR of approximately 3.8% and Fish food at the lowest CAGR of about 2.6%.

Figure 5-54: Evolution and forecast of the market for pet food (EUR million) in Russia, 2015-2025



Source: Euromonitor International: Pet Care, 2021.

Consumer profile and purchase criteria

Consumers

Cats are the most popular pet in Russia, with over one-third of households owning one. Dogs rank second and are owned by about 28% of households. Russian consumers prefer mainly small and medium-sized dogs and fewer households own large dogs. Besides these main two pets, some Russian households also own birds, fish, reptiles and small mammals. Consumers who live in the countryside are usually more price-sensitive than the ones living in big cities and thus are more likely to feed their pets with leftovers of their own food. Overall this is not as common anymore, however it is still a practice in some Russian areas. More urban dwellers follow the premiumisation trend also because it is more common for consumers in urban areas to see their pets e.g. dogs as family members rather than having them for security reasons. If pets are security animals and not seen as part of the family it is more likely that they are fed scrap and not purchased pet food.⁷⁵

Drivers and method of consumption

The Covid-19 pandemic and restrictions caused by it increased the interest of consumers in pets drastically. In times of home seclusion and social distancing, consumers had more free time to fill and often felt alone which is why many decided to acquire a pet. Now that the vaccination is available and people might go back to their previous living styles the boost to pet ownership is likely to flatten out over time. Another notable driver for purchasing pet food is the humanisation of pets. Historically households own pets such as dogs for protection reasons and cats for example to catch mice and other animals. This might still be the case in some rural areas but overall most people owning pets who live in cities see them as part of their family and thus want only the best for them which is why they purchase specifically-made pet food. Demand for petfood

⁷⁵ Euromonitor International: Pet Care, 2021

is increasing in particular because of education and the rising awareness that a balanced diet is also important for one's pets.

As many consumers in urban areas have only very limited space available, they increasingly opt for smaller pets – as reflected by the popularity of cats. Furthermore, families with small children saw small mammals during the lockdown as an easier alternative to cats or dogs as these animals live longer, need more attention and space. Keeping fish and birds on the other hand did not gain more popularity because these animals are considered to need more space. The reptile population increased as well because these animals are viewed to be cool and are an interesting talking point.

Purchase criteria

As is often the case, one of the main purchase criteria is the price. During the pandemic, some Russian consumers lost their jobs and stable incomes and thus had less disposable income available which led to price-sensitive consumers switching from purchasing mid-priced products to purchase from the economy segment. However, the mid-priced segment is still important because some higher-income consumers switch to the mid-priced segment in order to avoid paying too much for imported international premium brands. Nonetheless, other high-income consumers stay loyal to their premium brands. Overall, the premium segment was arguably less affected by the pandemic because high-income people are less affected too. The quality of food is still an important purchase criterion as well, in particular for consumers who see their pets as members of the family and want to pamper them. Convenience is another selling point. Dry food is more convenient for consumers than wet food and e-commerce makes it even easier to purchase big packs because they will be delivered and do not have to be picked up and carried around.⁷⁶

Recent market trends

In the last years the following trends have been in particular shaping the pet food market:

- **E-commerce:** This channel increasingly gains importance for consumers looking to purchase pet food. During the Covid-19 related lockdown and in times of social distancing consumers were less eager to go out to stores to purchase pet food and thus preferred to simply order it online and get it delivered. Another reason for the boom of e-commerce is its convenience. Cat and dog food in particular can be quite heavy and bulky and thus consumers prefer to have it delivered. E-commerce is forecast to help boost larger pack sizes as well as premium brands in the coming years. Once a pet-owning consumer has tried online shopping he/she is likely to continue using this channel also because of low prices, a wide variety of products to choose from and fast and convenient delivery.
- **Animal-specific innovation:** The introduction of innovations and products targeting specific animals is highly important. Currently, products that fit the individual needs of animals based on their health, age and specific breed are gaining popularity. Consumers see their pets often as family members and thus only want the best for them, which is why these tailored products work. Such innovations may ultimately increase the overall

⁷⁶ Euromonitor International: Pet Care, 2021

consumer base by convincing consumers who are still feeding their animals' other foods to switch to proper pet food.⁷⁷

- **Premiumisation and rising health awareness:** When pets are seen as family members, consumers want only the best for them if they can afford it. This drives the premiumisation trend, with owners willing to spend much more money on their pets than before to enable them to have the best life possible. Another trend, that is currently seen in other pet food is the development of products containing other healthy ingredients such as vitamins and minerals to ensure a healthy and balanced diet for one's pets. Single fresh portions are also gaining some popularity because they are deemed to be healthier than products with long shelf lives. It should be noted that the premiumisation trend was somewhat interrupted by the hits to consumers' incomes during the pandemic, but it is likely to continue as the country emerges from the pandemic.

5.12.3 Offer

Domestic production

While Russia does produce pet food domestically, currently, the awareness of local pet food and its quality is low among most consumers. Local producers have less budget available for marketing compared to international big brands. Nonetheless, the perception of these smaller local brands is slowly improving and is forecast to become important in the future. Demand for domestically produced petfood has also been boosted recently by a combination of: the Covid-19 pandemic, which made Russians lose their job and stable incomes; and the weakening Russian rouble which made imported products and raw materials become more expensive.⁷⁸ However, in 2020 international companies were still leading the pet food market such as Mars and Nestlé which led the dog and cat food market. While both companies do produce petfood in Russia (and continue to expand production in the country), it is possible that these big companies may ultimately lose some market share in the future due to a combination of higher import costs, market access changes, legislative changes and changes in distributors – all of which impact their imported production in particular. Russia is aiming to improve its self-reliance which is another driving factor for small and local companies. In particular local company 'Zoomir' is forecast to increase its shares in fish food and local companies 'Chika' and 'Vaka' in small mammal/reptile food as well as bird food.

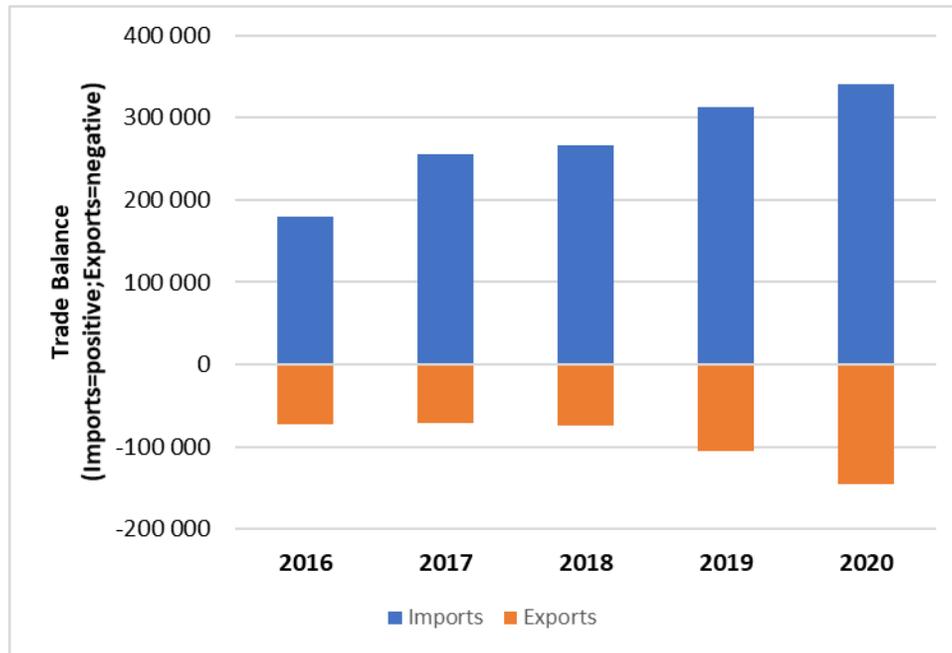
Imports and exports

Figure 5-55 shows that Russia imports much more pet food than it exports. In 2020 the country imported pet food with a value of EUR 340m and exported about EUR 52m. Since 2016 imports have been increasing year by year whereas exports decreased. Between 2016 and 2020 the value of imports increased by about EUR 160m meaning they nearly doubled.

⁷⁷ Euromonitor International: Pet Care, 2021

⁷⁸ Euromonitor International: Pet Care, 2021

Figure 5-55: Trade balance (imports and exports) of pet food (cat and dog) in Russia, 2016-20; value EUR 000

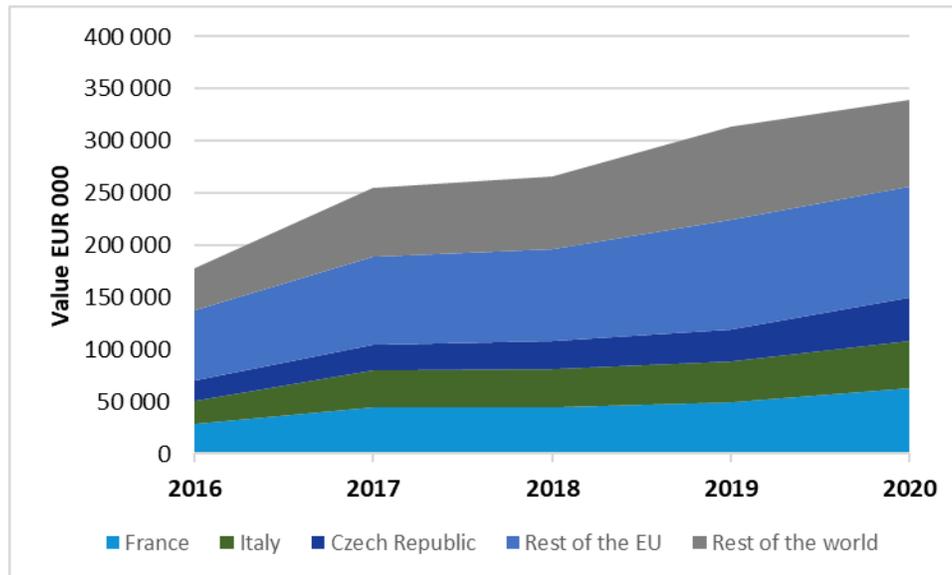


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 230910

Figure 5-56 clearly shows that France was the biggest exporter of cat and dog food to Russia in 2020. France exported products with a value of close to EUR 63m. Italy ranked second with about EUR 45m, followed by the Czech Republic with about EUR 42m. These three main exporters together accounted for almost half of all Russian imports in 2020. In total, eight of the top ten exporters are from the EU. In addition to the first three, Germany, Belgium, Austria, the Netherlands and Hungary figure in the top ten. These top eight EU exporters together accounted for close to 3/4 of Russia’s petfood imports by value in 2020. The only two non-EU exporters in the top 10 were Canada and Serbia.

Figure 5-56: Russian imports of pet food (cat and dog) by country, 2016-20; value EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 230910

Main competitors

The top EU exporters accounted for about 3/4 of imports in 2020, showing that the EU dominates the market for imported petfood. However, some other countries are still important competitors to remember such as Canada and Serbia. Russia is moreover producing pet food domestically on a large scale. So far consumers still prefer international brands such as Nestlé and Mars over smaller brands, which is why they are the main competitors. This might change in the future as smaller and local companies are forecast to gain popularity due to their lower price points and Russia's aim to become more self-sufficient. It should also be noted that the international brands themselves produce in Russia and have been expanding their domestic production in recent years.

5.12.4 Specific market entry requirements

Market Access and Entry

As a general rule, pet food⁷⁹ is classed as a product under veterinary control, and hence a veterinary health certificate and import permit is required, as well as certificates and declarations of conformity.

In addition to this, only suppliers on the approved supplier list are permitted to access the market. *Rosselkhoznadzor* maintains approved supplier lists online; these are sorted by country, with individual lists for each product type subsequently displayed under the country. A link to the EU

⁷⁹ Certain plant based animal feeds and pet foods are exempt.

page, which has EU level information as well as links to individual Member State pages, can be found here:

<https://fsvps-gov-ru.translate.google/fsvps/importExport/eu? x tr sl=ru& x tr tl=en& x tr hl=ru& x tr pto=nui>

Pet food falls under the category of feed and feed additives in the *Rosselkhoznadzor* lists.

In terms of tariffs, cat and dog food faces ad valorem tariffs of 10%. Other pet foods generally face tariffs of 5%.

information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – cat and dog food category (230910) from France to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=230910&origin=FR&destination=RU>

Standards, SPS measures, labelling

As noted in section 4.3.4, animal feed (including petfood) has been banned from certain countries due to Russian inspectors reporting the detection of unauthorised substances or levels thereof (generally GMOs but in some cases other contaminant such as mycotoxins) in animal feed. Whereas previously only individual producers were affected by such detections, now prohibitions are being applied to whole countries, with pet food being considered animal feed and hence impacted by any animal feed bans.

At the time of writing, bans on animal feed (including petfood) from the following EU member states have been identified: Belgium, Czech Republic, Denmark, Estonia, Latvia, Lithuania, Poland, Spain. Germany and the Netherlands are also banned though there has been a partially temporary lifting of this ban for certain producers; this lifting is expected to end on 25th December 2021. It should be noted that other countries are suffering from this issue, including the US and Switzerland.

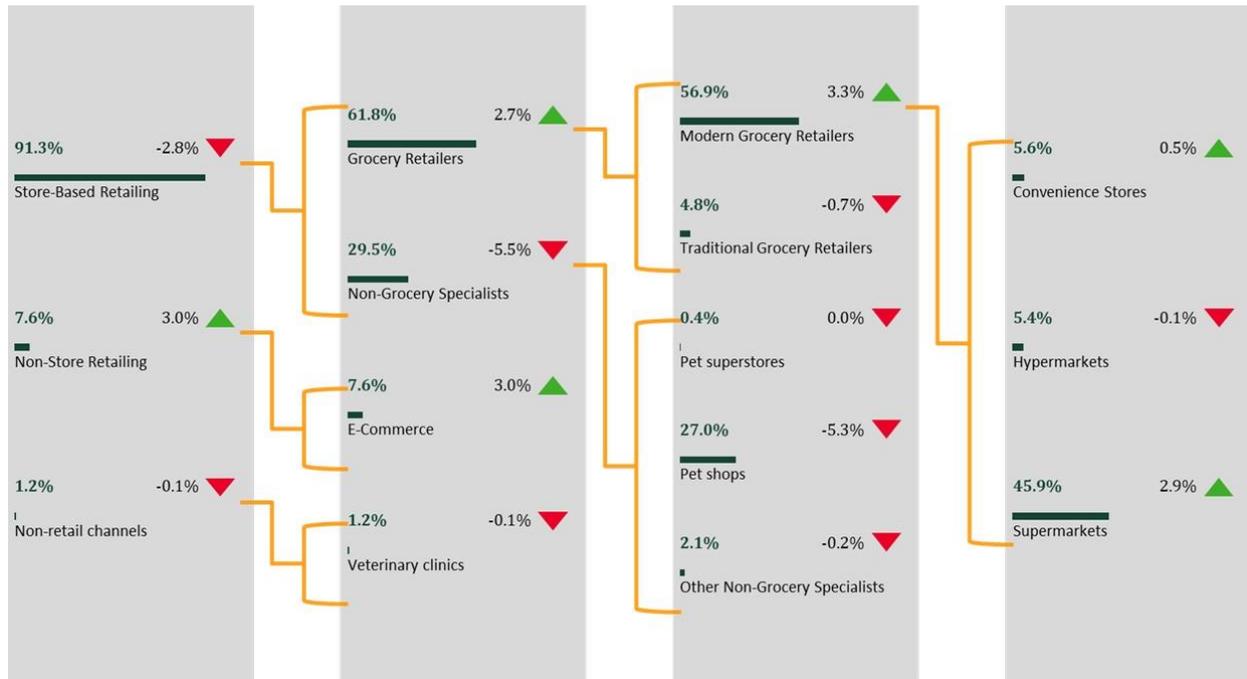
The key regulation covering standards and requirements for meat is the CU Technical Regulation TR TS 034/2013 on the Safety of Meat and Meat Products. This can be found at:

<http://www.eurasiancommission.org/ru/act/texnreg/deptexreg/tr/Pages/%D0%A2%D0%A0-%D0%A2%D0%A1-034.aspx>

5.12.5 Distribution

Figure 5-57 below shows that store-based retailing is the largest distribution channel for pet food products with 91.3% of pet foods being distributed via this channel. During the last years, e-commerce retailing has been gaining a lot of popularity and in 2020 accounted for 7.6% of the retail value, while pet clinics accounted for 1.2%. Modern grocery retailers in particular supermarkets remain the most important grocery retailers with 56.9%. Another important channel in 2020 was pet shops, which accounted for 27% of the total retail value.

Figure 5-57: distribution of pet food in Russia (2020); retail value



Source: Euromonitor International: Pet Care, 2021.

5.12.6 Challenges for EU products

EU producers are facing different challenges when entering the pet food market in Russia. First of all, the competition is big. While Russia does have a trade deficit in pet food, domestic production is nonetheless important. Furthermore, other exporting countries, in particular, Canada and Serbia, are competitors. International brands including Mars and Nestlé, which both produce domestically and export, lead the market. Thus, it is important to find a suitable niche in the pet food. Many Russian consumers are price sensitive which also makes it challenging for often higher priced EU products to become successful. Russia's aim to become more self-sufficient and to boost local production and products is another challenge in itself.

Market Takeaway: Pet food

Consumption: *The Russian pet food market had a size of about EUR 2.8bn in 2020 and is forecast to grow at good rates until 2025.*

Competition: *Domestic production and other non-EU exporting countries such as Canada and Serbia. Multinationals dominate but local companies to gain popularity in the future.*

Distribution: *The main channels are modern grocery retailers such as supermarkets as well as pet shops. The popularity of internet retailing has been increasing a lot as well and thus becomes more important.*

Challenges: *Strong competition. The need to find and establish proper distribution channels as well as a good working niche. The interest of lower-income consumers in higher-priced imported products. Russia's will to become more self-sufficient.*

Opportunities: *E-commerce is growing rapidly, high-quality premium products that are deemed to be healthy but also economically products and targeted products overall. Cat and dog food biggest categories and growing at the highest rate.*

5.13 Biscuits / cereal bars

5.13.1 SWOT analysis

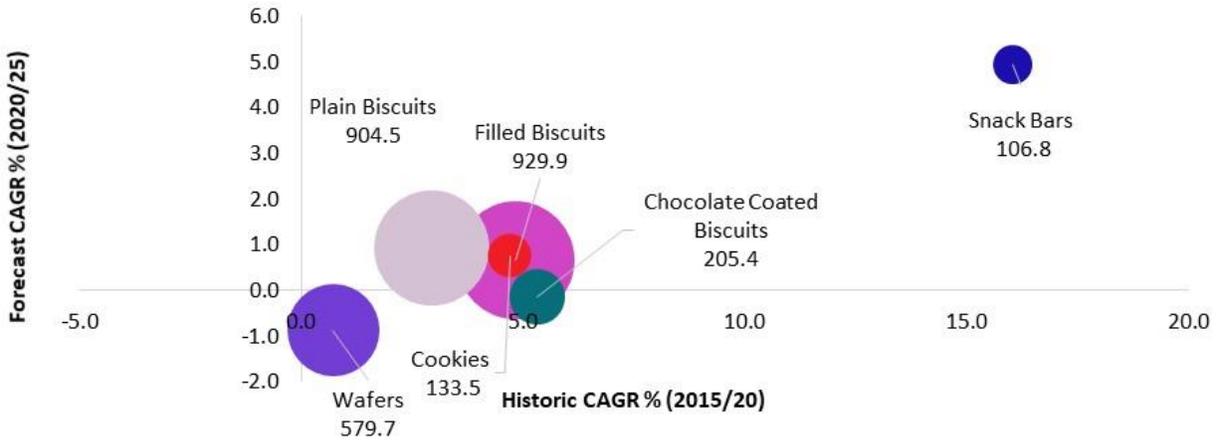
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ EU exports account for the majority of imports from biscuit and cereal products arriving in Russia. ▪ The top three largest exporters of biscuit and cereal bar products to Russia are all EU Member States. 	<ul style="list-style-type: none"> ▪ Competition with domestic products in a highly fragmented and competitive market. ▪ Russian producers have effectively utilised national celebrities to market their products, which is more difficult for EU products to emulate.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ The demand for healthier varieties of biscuits and cereal bar products is increasing. ▪ Snack bars are forecast to be the fastest-growing product in this category between 2021-2025, and the e-commerce channel for these products is growing particularly quickly. 	<ul style="list-style-type: none"> ▪ The strong competition from domestic producers who are well in tune with the market. ▪ Demand for biscuits and cereal bars with high sugar content is declining, aided by the outbreak of Covid-19. EU producers of these products may need to adapt in order to compete in the Russian market.

5.13.2 Consumption

Evolution of consumption

As shown below in Figure 5-58: Evolution and forecast of the market for biscuits and cereal bars in Russia (total value EUR m), 2015-2025 filled biscuits are the largest biscuit and cereal bar product category in Russia by total value, with a value of EUR 929 million. The category is expected to grow at a CAGR of 0.7% between 2021 and 2025 which will see it remain the largest biscuit and cereal bar product in the market. The second-largest biscuit and cereal bar product category by total value is plain biscuits with a value of EUR 904 million followed by wafers with a value of EUR 579 million and chocolate-coated biscuits with a value of EUR 205 million. Snack bars are forecasted to be the fastest-growing biscuit and cereal bar category in Russia between 2021 and 2025 with a forecast CAGR of 4.9%.

Figure 5-58: Evolution and forecast of the market for biscuits and cereal bars in Russia (total value EUR m), 2015-2025



Source: Euromonitor International: Packaged Food, 2021.

Consumer profile and purchase criteria

Consumers

Consumption of biscuits in Russia has been a common practice in the country for decades and as a result, a number of domestic biscuit varieties have emerged such as Pryanki (Sweet biscuit). Biscuits are fairly universally consumed with Russians generally offering the product to visitors arriving at their homes. Consumption of snack bars is a quite new common practice and is the fastest-growing category in this sector, aided by a rise in demand for healthier products from consumers which particularly benefits snack bars over other biscuit and cereal bar products. Urban consumers, in particular, will be incentivised to purchase biscuit and cereal bar products – snack bars in particular - as they offer a quick on the go snack which is appreciated. Biscuits and cookies were a particularly important treat during the USSR era and continue to be appreciated by older consumers while younger consumers are increasingly drawn instead to healthier snack bars and sugar-free varieties of biscuit and cereal bar products.

Drivers and method of consumption

A key driver behind the growing popularity of snack bars in Russia has been celebratory endorsements of these products, particularly from sporting personalities with Russian footballers and MMA wrestlers commonly being displayed on the packaging of healthy snack bar products. Demand for convenience foods also is a key driver as many Russians snack on biscuits and cereal products on the go, particularly in urban centres. Consumers in Russia who have been drawn to healthier snack bar products have also influenced a change in production habits from sweet biscuit producers who are increasingly producing healthier varieties of their products such as sweet biscuits with lower sugar content and made from natural ingredients. The method of consumption for biscuits mirrors that of the west with coffee and tea often being a complimentary product for the consumption of biscuits in the country. Consumption can take place at any point in the day with older consumers more likely to enjoy biscuits when hosting visitors or taking a break while younger and middle-aged consumers are more likely to consume these products on the go in between other activities.

Purchase criteria

Flavour has emerged as a key purchase criterion among younger consumers with new flavours on the market in recent years including banana cookies and marshmallow flavoured biscuits. Consumers are also increasingly seeking healthier varieties of biscuit and cereal bar products with demand for products made from natural ingredients, with less sugar content and containing fruit increasing – this indeed explains the rapid rise in popularity of snack bars. Older consumers are more likely to purchase biscuits in bulk allowing them to be shared when hosting visitors while younger consumers will be drawn to purchasing biscuits and cereal bars as a sole product as these consumers are more likely to consume single-serving products on the go.

Recent market trends

The increased use of celebrity endorsements is cited as a key trend among snack bar producers with a notable example being the use of famous Russian MMA fighters on the labelling of healthy snack bar products which resonates with consumers seeking to consume snack bars as a part of a healthy diet. Demand for more flavours is also another key trend that has emerged in recent years leading to new flavours appearing in the market. The outbreak of Covid-19 in Russia further helped cement the idea that having a healthy and balanced diet is important and as such has resulted in demand for healthy variants of biscuit and cereal bars is increasing. This can be observed by the increased demand in Russia for biscuit and cereal bar products which: are made from natural ingredients; contain less sugar; and incorporate a piece of fruit. Looking ahead, snack bars are forecast to be the fastest-growing biscuit and cereal bar product by a considerable distance with a predicted CAGR of 4.9%. This compares to the second fastest-growing biscuit and cereal bar product plain biscuits which are forecast to grow at a CAGR of 0.9%. The market trends discussed previously are all reasons behind the growth of snack bar consumption in Russia and have influenced production in other areas with sugar-free sweet biscuits, wafers and cookies increasingly appearing in Russia.

5.13.3 Offer

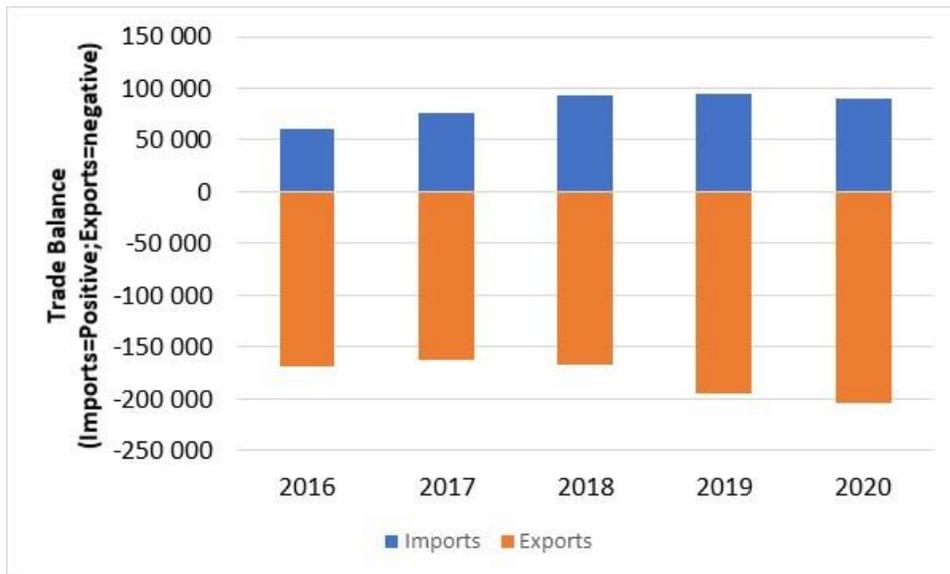
Domestic production

The Russian biscuit and cereal bar market is highly fragmented and made up of a number of both large and small producers with multinational Mondelez RUS OOO (local arm) having the largest market share which is 16%, followed by KDV Group OOO at 13% and Kellogg RUS OOO with 5%. Domestic production of biscuit and cereal bar products of a healthier variety has grown in line with rising demand with producers increasingly focusing on the production of biscuit and cereal bar products made from natural ingredients and containing less sugar. The expansion of domestic production from foreign international brands has increased in the country with Kraft and Mondelez investing in the production of biscuit plants inside Russia in recent years.

Imports and exports

Figure 5-59 below shows that Russia is a net exporter of biscuit and cereal bar products with the country exporting to a value of EUR 204 million in 2020 compared to importing to a value of EUR 89 million. Imports during the past five years peaked at a value of EUR 93 million in 2019 while exports have continued to grow further demonstrating a rise in domestic production.

Figure 5-59: Trade balance (imports and exports) of biscuit and cereal bars in Russia, 2016-20; Value EUR 000

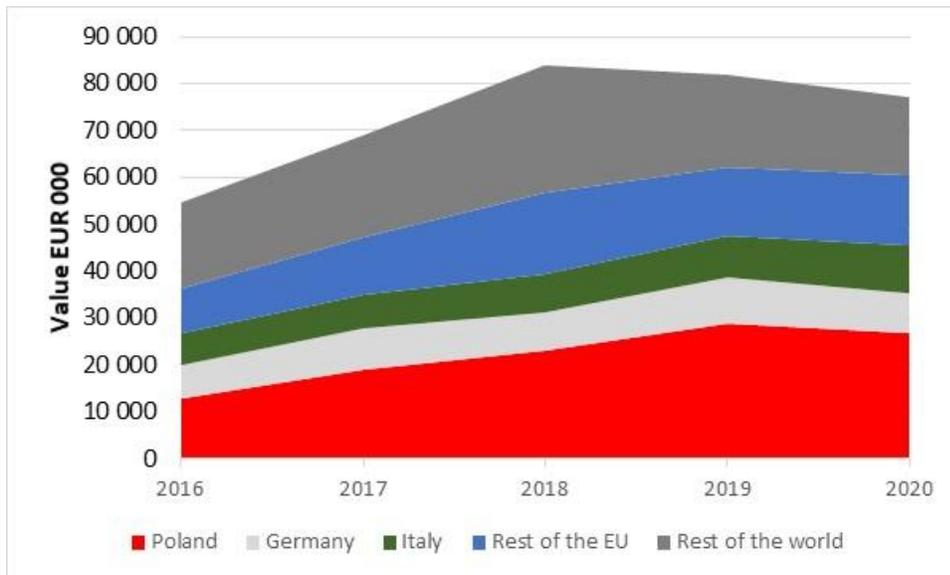


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 190531 and 190532

Figure 5-60 shows that Poland is the largest exporter of biscuit and cereal bar products to Russia with a total trade value in 2020 of EUR 26 million. This is followed by Germany and Italy. Other larger exporters from the EU include Austria, the Czech Republic and Spain. Overall, the EU is highly present in the trade of biscuit and cereal bar products to Russia, accounting for just under 75% of total imports of the product into Russia.

Figure 5-60: Russian imports of biscuit and cereal bars by country, 2016-2020; value EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 190531 and 190532.

Main competitors

First and foremost, Russia is a large producer of biscuit and cereal bar products and is itself a net exporter of these products which means domestic producers will be the largest competitors in this market. The Russian domestic market is highly fragmented and competitive with several domestically owned and foreign-owned companies – both producing inside the country – competing on the market. Outside of domestic Russian production, the biggest competitors are Belarus, Kazakhstan and South Korea though the market share of all three is low compared to that of the main EU exporters.

5.13.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. The key requirement for biscuits and cereal bars is a declaration of conformity.

In terms of tariffs, biscuits generally faces ad valorem tariffs of 12%, though in some cases quantity tariffs are applied instead.

information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general baked goods category from Belgium to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=1905&origin=BE&destination=RU>

Standards, SPS measures, labelling

CU Technical Regulation TR TS 021/2011 on Food Safety contains some provisions specifically relevant for baked goods including biscuits. The full law and amendments in Russian can be found [here](http://www.eurasiancommission.org/ru/act/teknreg/deptexreg/tr/Pages/PischevayaProd.aspx):

<http://www.eurasiancommission.org/ru/act/teknreg/deptexreg/tr/Pages/PischevayaProd.aspx>. A full translation of the original 2011 version (prior to amendments) can be found [here](http://www.rustandard.com/images/CU_TR/TR_CU_021.2011_Safety_of_Food_Products.pdf): http://www.rustandard.com/images/CU_TR/TR_CU_021.2011_Safety_of_Food_Products.pdf

Biscuits must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.13.5 Distribution

Sweet biscuits distribution is focused mainly on modern grocery retailers which account for two-thirds of sales. The sub-channel within modern grocery retail outlets are supermarkets which account for 40.2% of all sales. Traditional grocery retail outlets accounted for 30.5% of sales with independent small grocers being the largest distributor within this category with 28.9% of sales (Figure 5-61).

Figure 5-61: Distribution channels of sweet biscuits in Russia (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

Modern grocery retailers are the largest distributor of cereal bars in Russia with a share of 59.8% of sales, with supermarkets accounting for 32% of sales followed by convenience stores with 14.5% and hypermarkets with 13.2%. Traditional grocery retail outlets accounted for 13.6% of

sales with independent small grocers making up the majority of this trade. Health and beauty specialists account for 12.3% while e-Commerce is emerging as the fastest-growing channel with a sizeable share of 9.5% currently (Figure 5-62).

Figure 5-62: Distribution channels of cereal bars in Russia (2020); retail value



Source: Euromonitor International: Packaged Food, 2021.

5.13.6 Challenges for EU products

Competing with domestic Russian production is the largest challenge for EU products. This includes production both by local Russian operators and by multinationals. The production of flavours that are growing in popularity in Russia such as banana cookies is another key challenge for EU products, given that local producers are quite well plugged into these trends. The use of Russian celebrities in the marketing of biscuit and cereal bar products, particularly snack bars is a key marketing challenge as EU products may find it more difficult to attract Russian celebrities to endorse their products over Russian variants. Despite these challenges, it is important to note that biscuit and cereal bar imports from the EU make up the majority of imports and the three largest exporters of biscuits and cereal bars are all EU Member States.

Market Takeaway: Biscuit and cereal bars

Consumption: Filled biscuits are forecasted to remain the largest biscuit and cereal bar product category by total value by 2025. However, snack bars will be the fastest-growing as a consequence of a rise in demand for flavourful and healthy variants of biscuit and cereal bars.

Competition: Domestic products are the biggest competitor for EU products. Belarus and Kazakhstan are the biggest competitors from outside the EU however despite having preferential trading advantages remain behind the bigger EU exporters such as Germany and Poland.

Distribution: Sweet biscuits and cereal bars are largely distributed through modern grocery retailers with the share of sales from traditional grocery outlets being higher for sweet biscuits over cereal bars. Cereal bars are increasingly sold through e-commerce platforms which represent the fastest-growing channel for this product.

Challenges: Competing with domestic production which is in touch with the local market and increasingly caters for new demands for healthier and flavourful products.

Opportunities: Demand for snack bars is forecast to continue to rise which in turn creates a key opportunity area in this market – the e-commerce channel in particular. Products of a healthier variety that can incorporate unique flavours are also increasingly in demand.

5.14 Baked goods

5.14.1 SWOT analysis

STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> ▪ The six main exporting countries from the EU accounted for close to 4/5th of the total exported value in 2020. ▪ The EU offers products from a variety of price ranges. 	<ul style="list-style-type: none"> ▪ The market is overall forecast to decline between 2020 and 2025. ▪ Domestic production is plentiful and Russian exports of baked goods are increasing yearly.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> ▪ Frozen baked goods gain a lot of popularity due to their long shelf life and self-bake aspect; and the non-perishable nature of these products provide EU producers with good opportunities to compete. ▪ Products with healthy ingredients to cater to the health and wellness trend. 	<ul style="list-style-type: none"> ▪ Locally-producing international companies and big domestic companies are market leaders, as well as many small artisanal bakeries. ▪ The market is price sensitive and both domestic production and other exporting countries (e.g. Belarus, Turkey and Kazakhstan) mostly offer products at cheaper prices.

5.14.2 Consumption

Evolution of consumption

Figure 5-63 depicts the evolution of the consumption of baked goods in Russia. In 2020, the total market size was just over EUR 9bn. Bread was by far the most popular category with a market size of about EUR 5.8bn and thus accounted for approximately two thirds of the total market. Pastries ranked second with close to EUR 1.8bn, followed by cakes with nearly EUR 1.4bn. Dessert mixes had a near-negligible market size compared to the other categories of about EUR 3.5m.

Historically, between 2015 and 2020 the market overall grew. Even though the market for dessert mixes is by far the smallest, this category grew with the strongest CAGR of about 3.4%. The biggest category, bread, on the other hand, showed the lowest growth rate of around 1%. The medium-sized categories grew at similar rates: pasties with a CAGR of 2.1% and cakes at a slightly higher CAGR of about 2.2%. The baked goods market is forecast to overall decline going forwards. All categories have lower growth rates than historically. Dessert mixes keep the highest growth rate and the market is forecast to grow by about 1.1% between 2020 and 2025. The other three categories all have negative forecasted CAGRs: bread the greatest at about -1.3% followed by cakes with -1.2% and pastries with -0.9%.

Figure 5-63: Evolution and forecast of the baked goods market in Russia, 2015-2025; total retail value EUR m



Source: Euromonitor International: Packaged Food, 2021.

Consumer profile and purchase criteria

Consumers

Baked goods include a lot of very different products from sweet to savoury which is why the consumer base is very diverse as well. Consumers from all genders, income types, social statuses and age groups consume baked goods. However, not all consumers purchase each type of baked good; for example around 1/10th of Russians might not consume bread at all whereas some others do not consume pastries. One reason for this is that the health consciousness of consumers is rising, and they are constantly looking for healthier options with fewer calories or sugar. Pastries and cakes are mainly consumed by families with kids or young people living alone and consumers that are less health-conscious.⁸⁰

Drivers and method of consumption

On one hand, the consumption of baked goods benefitted from the Covid-19 pandemic. Many people had less disposable income available and thus chose less expensive and calory-dense baked goods over other food options. However, people mainly bought industrial-made baked goods because of their longer shelf life compared to fresh products which mean that the consumption of fresh products declined during the pandemic. On top of that consumers were afraid to purchase unpackaged baked goods because of hygiene concerns.

Consumers spend more time at home due to the pandemic and the lockdown. People now had more time and many started to home-cook and bake e.g. bread more frequently. This development has created some challenges to baked goods consumption. However, this change has benefitted the frozen baked goods section as consumers can ‘freshly’ bake these products at home and because they have a very long shelf life. Some baked goods such as pastries, cakes

⁸⁰ Russian bakery industry goes through pandemic crises <https://www.agroberichtenbuitenland.nl/actueel/nieuws/2021/03/29/russian-bakery-industry-goes-through-pandemic-crises>

and dessert mixes are viewed to be an indulgence and treat by many consumers. Consumers often eat these products as a snack or with a cup of coffee or tea. Bread is a very important staple food in Russia. Historically it was mainly consumed with soups, second courses, salads or snacks but now bread is mainly consumed in different types of sandwiches.

Purchase criteria

The pandemic affected the purchase criteria of baked goods consumers. Consumers have had less overall disposable income, which is why they have paid more attention to the price of baked goods than prior to the pandemic. Packaged baked goods benefitted as they are generally cheaper compared to fresh baked goods from bakeries. Furthermore, consumers were worried about catching the virus which is another reason why they preferred to purchase packaged baked goods over unpackaged baked goods to make sure that no one else than them has touched the product before which also appeals to health-conscious consumers. Health-conscious consumers are also increasingly choosing healthier baked good options such as low sugar and lower-calorie varieties over the more typical options.

Frozen baked goods on the other hand mainly appeal to consumers who started to bake more at home during the pandemic because they can finish the product and bake it freshly by themselves as well as to consumers who felt the need to stockpile during the pandemic due to the longer shelf life of frozen goods.

Yet, consumers who like to treat themselves value their level of indulgence more than other important deciding factor, which is why they choose products according to the taste and not mainly according to the price or health concerns. If consumers prefer fresh products, they are more likely to purchase smaller amounts to be able to finish them in time.⁸¹

Recent market trends

The following market trends are currently visible:

- **Packaging sizes:** Packaging size is important. The trend currently generally favours smaller pack sizes so consumers can purchase fresher products and finish them before they go bad. In the midst of the pandemic on the other hand consumers preferred big pack sizes with long shelf lives so they could stockpile products. Thus, pack size preferences constantly evolve and always need to be kept in mind, also bearing in mind the characteristics of the product itself.
- **Health and wellness trend:** This trend has been developing for a while already and was boosted by the pandemic. An increasing number of people pay more attention to their health and thus to what they eat. A lot of new products with healthier ingredients or less sugar and fewer calories are developed to cater to this trend. For example, wholegrains bread, bread with other ingredients such as vegetable pieces, gluten-free bread, bread reduced in salt and bread containing additional vitamins and minerals are popular. After being in favour during the pandemic, industrial products are less favoured than fresh ones which is beginning to help artisanal bakeries.

⁸¹ Euromonitor International: Packaged food, 2021; Russian bakery industry goes through pandemic crises <https://www.agroberichtenbuitenland.nl/actueel/nieuws/2021/03/29/russian-bakery-industry-goes-through-pandemic-crises>

- **Popularity of frozen baked goods:** This segment, in particular, is increasingly popular. On the one hand, they are popular among consumers because products have a long shelf life and the consumers can finish baking them at home. On the other hand, there are a lot of new small bakeries, cafés and fast-food outlets that are in need of frozen baked goods to cater to their clients; and they find frozen products suitable for this. Frozen baked goods are still quite new to Russia, which is why there is a lot of margins left to grow in popularity.⁸²

5.14.3 Offer

Domestic production

With bountiful domestically grown ingredients, Russia produces a lot of baked goods domestically to cater to Russian consumers. Over the last two decades, the market has changed from big bakeries to a lot of smaller and medium-sized bakeries that cater to different needs. Consumers often value small close-by bakeries over industrial products from supermarkets (except during the pandemic when, as discussed, the reverse was true).⁸³

The baked goods market is highly fragmented and not one company is a clear leader in this product type. In 2020, the Finish company Fazer held the largest market share followed by Karavay with its Karavay brand, Ferrero, Mondelez and the domestic company Kolomenskiy with its Kolomenskoe brand. Thus, the market is a mix of big domestic companies and even bigger international companies. Even though international companies are not from Russia, they often still have their own production facilities in the country such as Fazer which has at least four bakeries, three in St. Petersburg and one in Moscow.⁸⁴

Imports and exports

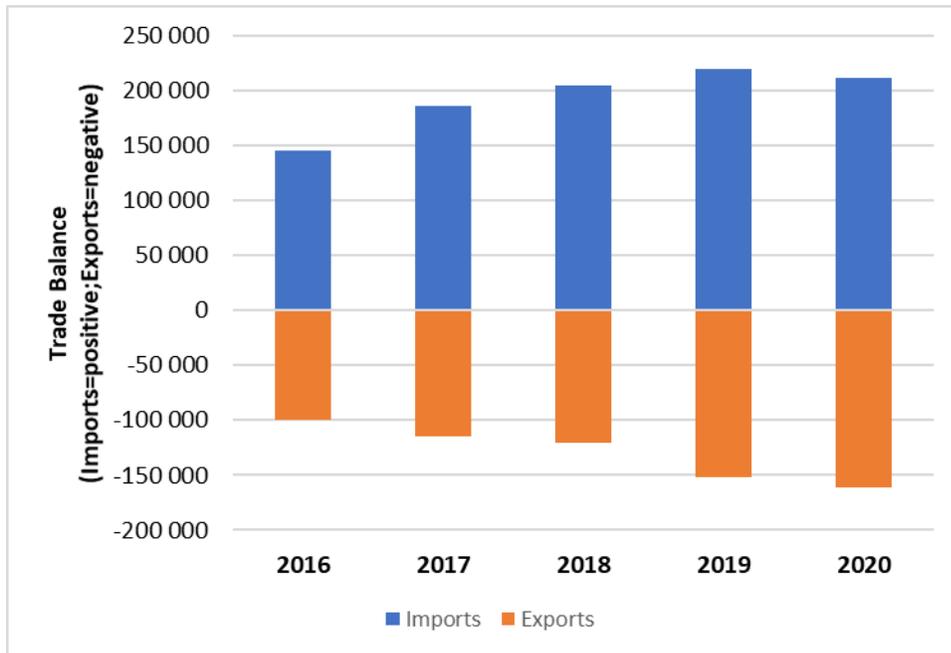
As shown in Figure 5-64 Russia is a net importer of baked goods, though exports are not negligible either. The country imported about 35% more than it exported in 2020. Russia imported baked goods with a value of about EUR 212m, whereas it exported about EUR 161m. Between 2016 and 2020 the imports of baked goods grew about 1/3rd even though they slightly declined in 2020. Exports on the other hand also increased in 2020.

⁸² Euromonitor International: Packaged food, 2021

⁸³Russian bakery industry goes through pandemic crises <https://www.agroberichtenbuitenland.nl/actueel/nieuws/2021/03/29/russian-bakery-industry-goes-through-pandemic-crises>

⁸⁴Fazer in Russia <https://www.fazergroup.com/this-is-fazer/contacts/fazer-in-russia/>

Figure 5-64: Trade balance (imports and exports) of baked goods in Russia, 2016-20; Value EUR 000

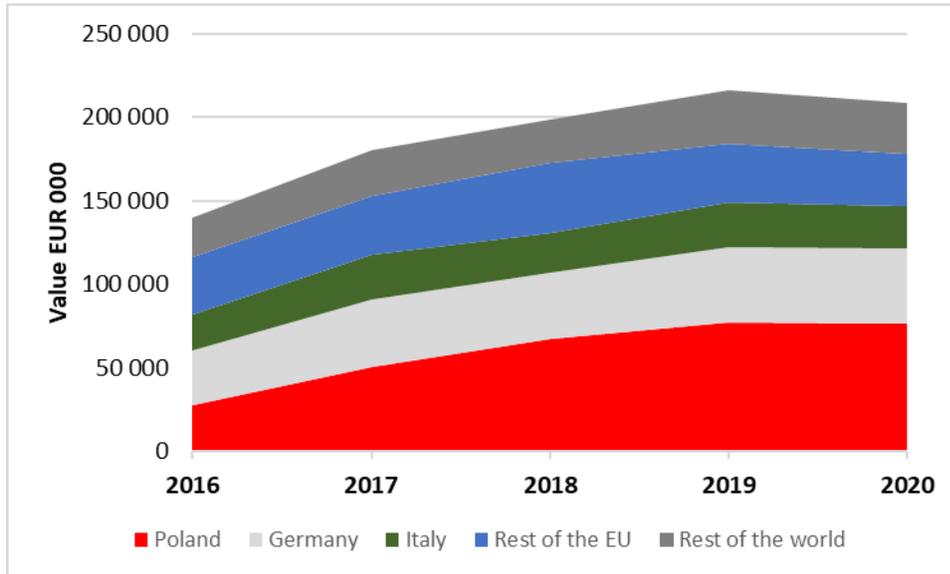


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 190590

The main exporter of baked goods to Russia in 2020 was Poland, with an exported value of around EUR 76m. Poland was followed by Germany with around EUR 45m and Italy with approximately EUR 25m as shown in Figure 5-65. Poland alone accounted for over 1/3rd of the total export market value of baked goods exports to Russia in 2020. In total six out of the top 10 exporting countries are from the EU and include Belgium, France and the Netherlands as well as the other aforementioned three countries. These six countries together accounted for close to 4/5th of the import market value in 2020. The main non-EU exporters were Belarus, Turkey and Kazakhstan.

Figure 5-65: Russian imports of baked goods by country, 2016-20 value EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 190590

The world's average unit value of baked good exports was around EUR 2 350 per tonne in 2020. Baked goods from most EU countries have a unit value above the world's average such as Germany with a unit value of about EUR 3 300 per tonne and Italy with around EUR 4 400 per tonne. Thus, the unit value of Italian baked goods exported to Russia is nearly double as high as the world's average. However, the unit value of the main exporter Poland was slightly below the world's average at EUR 2 100 per tonne in 2020. The unit values of non-EU exporters are mainly below the world's average such as the of Belarus, which was around EUR 1 000 per tonne in the same year.

EU GI products

As noted in section 4.2.4, there is legislation for registering GIs in Russia. No GIs for baked goods have been identified as having been registered.

Main competitors

The main six exporting countries from the EU accounted for nearly 4/5th of the total imported Russian market value in 2020, which means that the EU dominates the Russian market for imported baked goods. The main non-EU competitors are Belarus, Turkey and Kazakhstan. However, Russia produces a large volume of baked goods domestically; and indeed this domestic production is the main competition. The country has some big domestic companies but also even bigger international ones that often produce their products domestically in Russia. Other important domestic competitors include the many small artisanal bakeries that produce high-quality and fresh products.

5.14.4 Specific market entry requirements

Market Access and Entry

The customs procedures for importing foodstuffs are set out in section 4.2.1. A full list of the general documentary requirements for export set out in Table 4-1, along with requirements by product category in Table 4-2. The key requirement for baked goods is a declaration of conformity.

In terms of tariffs, baked goods generally face ad valorem tariffs of 12%.

information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – general baked goods category from Belgium to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=1905&origin=BE&destination=RU>

Standards, SPS measures, labelling

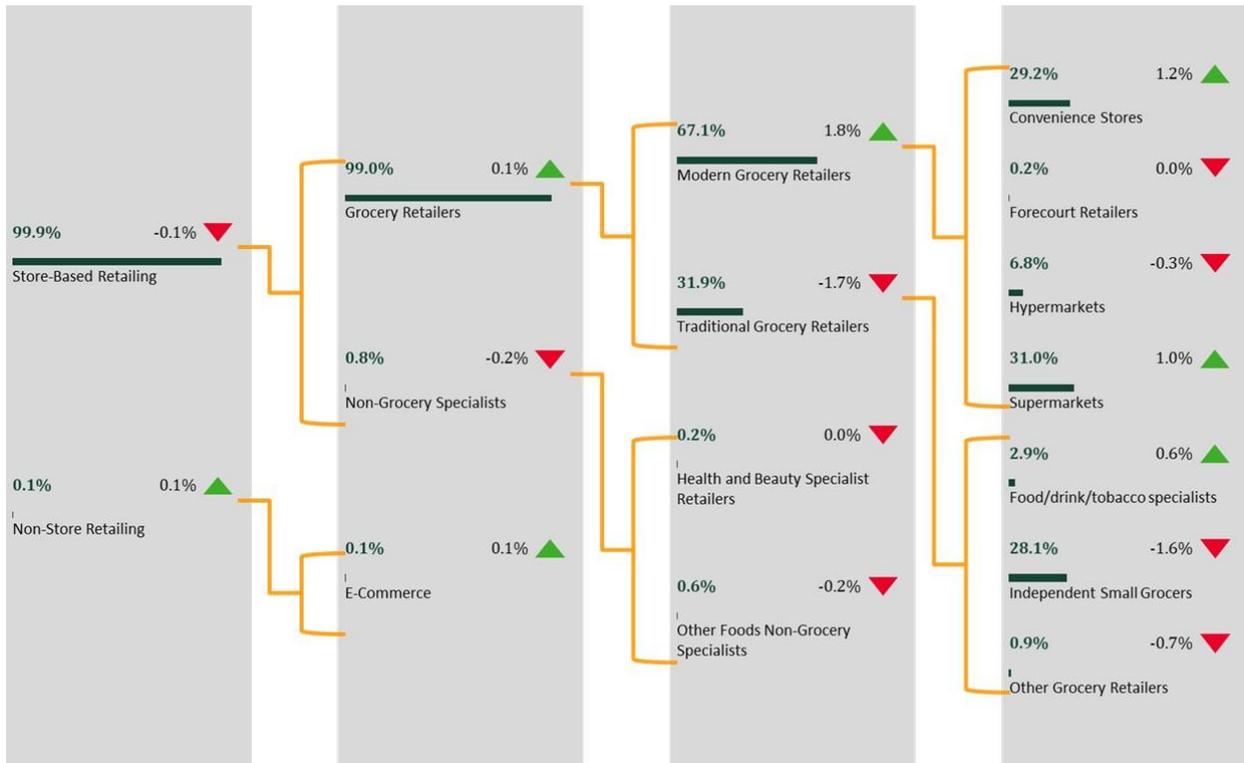
CU Technical Regulation TR TS 021/2011 on Food Safety contains some provisions specifically relevant for baked goods. The full law and amendments in Russian can be found here: <http://www.eurasiancommission.org/ru/act/texnreg/deptexreg/tr/Pages/PischevayaProd.aspx>. A full translation of the original 2011 version (prior to amendments) can be found here: http://www.rustandard.com/images/CU_TR/TR_CU_021.2011_Safety_of_Food_Products.pdf

Packaged baked goods must conform to the labelling requirements for packaged foods set out in section 4.2.3.

5.14.5 Distribution

In 2020 nearly all retail value of baked goods came from store-based retailing (99.9%) as depicted in Figure 5-66. The remaining 0.1% of the retail value came from e-commerce. Modern grocery retailers overall gained popularity and accounted for about 67.1% of the retail value in 2020, whereas the popularity of traditional grocery retailers decreased to around 31.9% of the retail value. The two main modern grocery channels are supermarkets with about 31% and convenience stores with 29.2%. Independent small grocers are the most popular traditional grocery retailers with 28.1%, even though their popularity has been declining, partly due to the aforementioned pandemic related drivers already discussed.

Figure 5-66: Distribution channel overview of baked goods in Russia in 2020; retail value



Source: Euromonitor International: Packaged Food, 2021.

5.14.6 Challenges for EU products

Even though different EU countries offer baked goods at different prices the majority of products are more expensive than the world’s average. It will be more complicated to convince price-sensitive consumers to purchase higher-priced products; particularly when domestic production is so plentiful and price is a major consideration for many consumers. Moreover, EU products have to compete with many products from big companies as well as small artisanal bakeries. Nonetheless, there is a chance for many different baked goods categories from the EU to find their niche in the Russian market.

Market Takeaway: Baked Goods

Consumption: *The baked goods market in Russia had a size of about EUR 9bn in 2020. It is forecast to slightly decrease until 2025.*

Competition: *Domestic production by big Russian companies, locally producing international companies as well as a lot of small artisanal bakeries. Minor competition from other countries.*

Distribution: *Mainly via modern grocery channels such as supermarkets, convenience stores but also through independent small grocers.*

Challenges: *Convince price-sensitive consumers; win against diverse and plentiful competition; finding a niche.*

Opportunities: *Offering products with healthy nutritious ingredients and/or frozen baked goods.*

5.15 Live plants

5.15.1 SWOT analysis

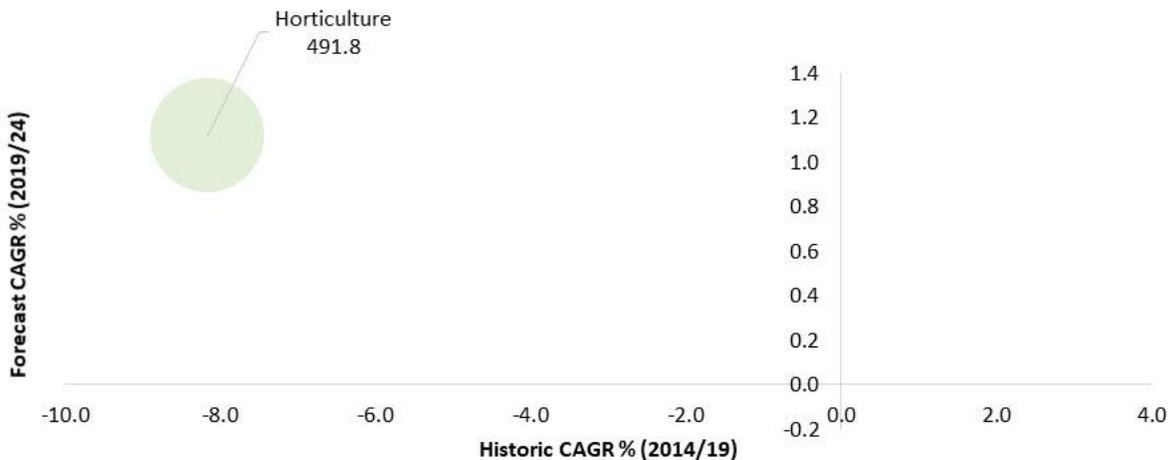
STRENGTHS (+)	WEAKNESSES (-)
<ul style="list-style-type: none"> EU member states account for the majority of Russian imports of live plants. Rebound in sales during the initial stage of the Covid-19 pandemic. 	<ul style="list-style-type: none"> The market is declining in terms of retail value. High level of fragmentation in the market.
OPPORTUNITIES (+)	THREATS (-)
<ul style="list-style-type: none"> Trade of live plants remains open despite a ban of trade for other food and beverage related products. 	<ul style="list-style-type: none"> Only a partial, slow recovery is forecast after the considerable market contraction. Climate change and warming temperatures in Russia will increase the country's capacity to produce live plants domestically.

5.15.2 Consumption

Evolution of consumption

As shown below in Figure 5-67: Evolution and forecast of the market for horticultural products in Russia, 2015-2025; EUR million, the market for horticultural products in Russia is EUR 491.8 million. Between 2014-2019 the market for horticultural products declined by a CAGR of -8.2%. However, a rebound is forecasted between 2021 and 2025 by a CAGR of 1.1%.

Figure 5-67: Evolution and forecast of the market for horticultural products in Russia, 2015-2025; EUR million



Source: Euromonitor International: Home and Garden, 2021

Consumer profile and purchase criteria

Consumers

The market for live plants has been negatively impacted during the period of 2014-2019 largely attributed to a fall in purchasing power that negatively impacted live plants which are perceived as expensive and luxury products. The need to stay at home during the Covid-19 pandemic did result in a rise in sales as consumers bought products to re-decorate their homes to accommodate the need to remain in the home. While live plants consumers can span backgrounds, rural consumers are less likely to purchase them as they have a higher capacity to produce live plants in “dacha” gardens which are popular by themselves.

Drivers and method of consumption

A driver of live plant sales in Russia has been a rise in demand due to the need to stay at home during the Covid-19 pandemic. This further explains why live plant sales are forecasted to grow between 2021-2025 despite a large decline between 2014 and 2020, driven by the 2014-19 period. Russians will likely purchase live plants to decorate the home or office space which is another key driver of sales in the country. Consumers increasingly moved to second summer homes during the pandemic which often needed to be redecorated which aided live plant sales. The gifting of flowers – sometimes live - is common on birthdays and anniversaries which further acts as a driver of live plant sales.

Purchase criteria

Russians are likely to be attracted to exotic plants which are not produced year-round in the country or at least only produced in certain regions of the country. Live plants are perceived as a luxury item in Russia and may not be affordable for lower and middle-income consumers which may need to prioritise the purchase of alternative goods.

Recent market trends

The COVID-19 pandemic has had positive impacts on interest in plants and gardening as consumers spend more time at home and helps to explain a rebound in sales within the country. Live plants suffered from a fall in purchasing power amongst Russian consumers between 2014-19 which put pressure on the ability of lower-income and middle-income consumers to splurge on purchasing these products. Dutch horticultural live plants are the largest imported by Russia and have a notable following in the country amongst horticultural enthusiasts.

5.15.3 Offer

Domestic production

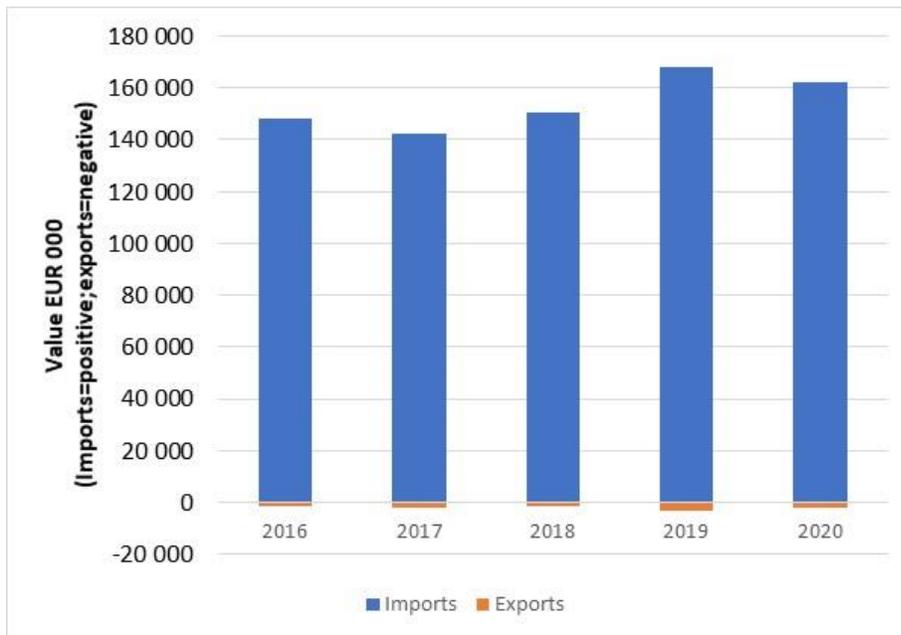
Production of live plants in Russia declined between 2014 and 2020 which was a consequence of an overall decline in demand in the country. The largest company in the market is IKEA OOO with an 8.6% share of the market followed by a large number of small producers, making this a competitive market. While growth in sales initially took place during the beginning of the outbreak of Covid-19, this has slowed down as the economic consequences of the pandemic in relation to

unemployment puts further pressure on consumers to move away from purchasing of live plants. This will have an impact on production in the country.

Imports and exports

As shown below in Figure 5-68, Russia is by far a large net importer of live plant products with imports reaching a value of EUR 162 million in 2020. This is growth from the figure of EUR 148 million recorded in 2016. Total exports are small reaching EUR 1.9 million in 2020.

Figure 5-68: Trade balance (imports and exports) live plants in Russia 2016-20; value EUR 000

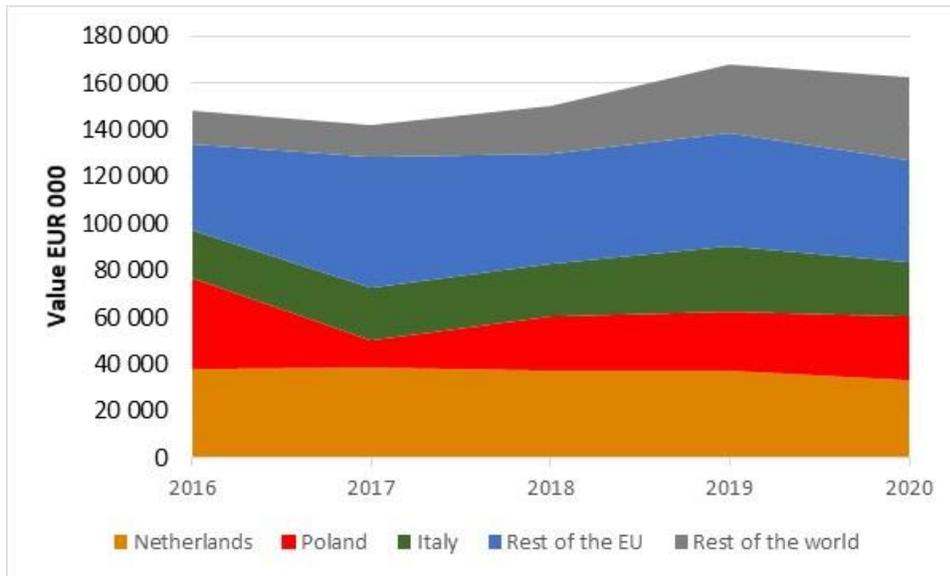


Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN code 0602

In terms of origin, as shown in Figure 5-69 the Netherlands is the biggest exporter of live plants to Russia coming to a value of EUR 33 million. This is followed by Poland at a value of EUR 26 million and Italy at EUR 23 million. EU exports make up the majority of live plant exports arriving in Russia with Serbia and Belarus being the only other major exporters standing out from outside the EU.

Figure 5-69: Russian imports of live plants by country, 2016-20; Value EUR 000



Source: Trade Map, International Trade Centre - <https://www.trademap.org/>

Data for CN codes 0602.

Main competitors

The main competitors come from firstly the extremely fragmented domestic producers. Serbia and Belarus are the biggest competitors from outside of the EU and Russia. It is important to note that despite these competitors, the EU still accounts for the majority of exports of live plants to Russia.

5.15.4 Specific market entry requirements

Market Access and Entry; Standards, SPS measures; labelling

Live plants are generally classified as products under phytosanitary control and of high risk. A link to decision no 318 which establishes the list of high and low risk products under phytosanitary control (by CN code) can be found at the following page:

<http://www.eurasiancommission.org/en/act/txnreg/Pages/acts.aspx>

For high risk products, a phytosanitary certificate and inspection certificate will be needed. In addition, for live plants, the following is likely to be required:

- Registration of plant varieties
- Excerpt from the State Register of Protected Plant Varieties (Selection Achievements)
- Permit to Import Endangered Species Covered by CITES (if applicable)

Live plants generally face tariffs of 5%.

Detailed information on import duties and Rules of Origin and customs procedures can be consulted on the European Commission website:

Main page – select product, country of origin and destination country:

<https://trade.ec.europa.eu/access-to-markets/en/home>

Example link – live plants category (0602) from the Netherlands to Russia

<https://trade.ec.europa.eu/access-to-markets/en/search?product=0602&origin=NL&destination=RU>

5.15.5 Distribution

Figure 5-70 displays the distribution of gardening items – including horticultural products – in Russia. Home and garden specialist stores accounted for 70% of sales in the country followed by other non-grocery specialists which have a share of 8.4% of sales. E-commerce is rapidly growing and now accounts for 11% of all sales, aided by the outbreak of Covid-19. Hypermarkets account for 4.7% of sales followed by supermarkets with a share of 3.2%.

Figure 5-70: Distribution channel overview of garden items in Russia (2020); retail value



Source: Euromonitor International: Home and garden, 2021.

5.15.6 Challenges for EU products

Arguably the biggest challenge that EU products have to face is entering a market that has been experiencing a decline in recent years despite and an uptick in sales during the initial outbreak of Covid-19. Russia's domestic production has been declining but this reflects a fall in demand for live plants and a rise in demand for other commercial horticultural products such as fruit and vegetables. Despite these challenges, EU live plants account for over half of imports into Russia.

Market Takeaway: Live plants.

Consumption: Rapid decline between 2014-2019 due to declining purchasing power amongst consumers which limits demand for live plants. Sales rebounded during the initial phase of Covid-19 but continue to struggle.

Competition: Mainly from fragmented domestic producers. The limited competition from abroad includes Belarus and Serbia although exports from these two countries are small.

Distribution: Mainly sold in garden and home improvement retailers with a growing percentage coming from e-commerce channels.

Challenges: Competing in a market that has limited demand for live plants generally and has been experiencing a decline for a number of years.

Opportunities: Re-opening of the economy will raise incomes and demand for live plants needed to decorate offices and the home.

6 Communication

6.1 Communication strategy

Companies wanting to market products and advertise in Russia have different channels to consider. The aim of this section is to breakdown each section of the mass media landscape in Russia and to introduce the main communication channels (new and traditional media, as well as fairs) available in the country; as well as to provide a brief overview of key regulations for the advertisement of food and beverages.

6.1.1 Online & Digital Media

Online media usage in Russia is quite high. An estimated 85% of the population has access to the internet. Through the interior and far east of the country access to the internet is more difficult, however, in urban centres access is generally not an issue. In absolute numbers, there are currently roughly 124 million internet users in Russia with a growth of 6 million occurring between 2020 and 2021 alone. An estimated 89% of mobile phone users have a device capable of connecting to the internet and this number continues to grow year on year. Russia has overtaken Germany in recent years to become the largest population with internet access in Europe. Yandex, a domestically owned internet search engine provider is the most popular search engine in the country ahead of Google. Google and Yandex have search market shares of roughly 40% and 43% respectively making the market for internet search engines much more competitive than in other European nations.

The average usage of the internet per day by Russians is estimated to be 7 hours and 50 mins which is roughly in line with usage in European nations. Larger digital advertising agencies will focus on the Moscow and St. Petersburg markets, however, other large urban centres will have smaller agencies active on their local markets. The Cyrillic alphabet is used in advertising although Latinised versions are still visible throughout Russia, commonly underneath the Cyrillic version.⁸⁵

Digital advertising agencies may provide companies with support to develop a successful digital marketing strategy. The box below shows just an example of some larger digital advertising companies, however, Russia is a big country with many regional differences, which is why it might also be a good idea to search for more regional advertising companies depending on the market being targeted.

Notable Russian Digital Advertising Agencies:⁸⁶

NetPeak, <https://netpeak.net/>

Webernetic, <https://webernetic-family.com/>

⁸⁵ Digital market report – Russia, Hootsuite, available at <https://datareportal.com/reports/digital-2021-russian-federation>

⁸⁶ Top Digital Marketing Companies in Russia <https://visualobjects.com/ru/digital-marketing> . Note: agencies mentioned are for information only. Due diligence will have to be performed for the companies as no warranty is given as to the standing of these individuals, organisations or firms, and no corresponding responsibility or liability is accepted by the authors.

<p>PrFormula, https://prformula.ru/ 4995.agency, https://4995.agency/ Slon Media, https://slonmedia.com/ Iunisov, https://iunisov.com/ Tegra, https://tegra.co/ Aurora Russia, https://www.seo-russia.com/ Cut, https://www.cutcut.pro/ Web armada, https://webarmada.ru/</p>

Social media platforms

Against the background set out above of the increasing importance of digital media in Russia, social media has emerged as a key marketing channel in the country, aided also by the rise of e-commerce usage which generally is linked to social media platforms such as VK (Vkontakte). Many of the more popular social media platforms in Russia such as Vkontakte and Odnoklassniki differ from the platforms generally used in the EU. However, platforms such as Instagram and Facebook are also popular. There are an estimated 99 million Russians with social media accounts (representing 67% of the population) which make the country the largest in Europe in relation to social media usage.

Social media usage is particularly popular among younger consumers and is less associated with older consumers. Older consumers are more accustomed to using traditional media outlets as was a norm during the era of the USSR. Some more key statistics include:

- 98% of social media users will visit their account at least once a month
- The average amount of time spent on social media comes to roughly 2 hrs and 28 mins a day
- Work purposes are a growing need within social media usage, with 32% of users using social media for this purpose.
- 95% of social media users access their accounts via a mobile device.⁸⁷

YouTube

YouTube is the most popular social media platform amongst consumers aged 16-64, with 85% of social media users using this site each month. The potential audience through using YouTube to advertise in Russia is 96 million which is the largest in Europe. YouTube’s audience is split roughly in half with males accounting for 52% of users and females accounting for 48% of users. The most common user is a 25–34-year-old female. The Russian YouTube scene has grown rapidly in recent years aided by demand for content spoken in the Russian language.

<p>Notable YouTube food orientated channels in Russia</p> <p>Georgy Kavkaz https://www.youtube.com/channel/UCHK357UDDmL6EMTb4YPE7ewNFKRZ MultiNfz https://www.youtube.com/user/MultiNfz</p>

⁸⁷ Digital market report – Russia, Hootsuite, available at <https://datareportal.com/reports/digital-2021-russian-federation>

A4 <https://www.youtube.com/c/A4a4a4a4/>
HTB <https://www.youtube.com/c/ntvru>

Vkontakte (VK)

Vkontakte is a popular Russian social media site, and is largely only active in Russia plus some surrounding ex-USSR states. Vkontakte incorporates a number of features that appeal to the Russian consumer base such as the ability to message up to 500 people within groups, which has made the social media platform popular amongst smaller communities in the country interacting with each other. Roughly 74 million Russians have a Vkontakte account and often the account will be linked to external e-commerce sites which in turn advertise on the platform. The majority of users are females with a 54.7% share while males make up 45.3 % of users.

Odnoklassniki

Odnoklassniki is the second most popular domestic social media platform and currently has a user base of around 65 million in Russia, ahead of Facebook. Odnoklassniki incorporates a number of features such the linkage of digital wallets to accounts on the platforms which increases the security of transactions and also the convenience of transactions. Odnoklassniki, like Vkontakte, offers advertising for e-commerce platforms seeking to sell food and beverage products and often acts as a link between social media and e-commerce platforms in the country.

Instagram

Instagram is increasingly popular in Russia and is quickly catching up with domestic social media platforms in the country. Instagram is commonly used to advertise goods and services in the country, particularly among the younger generation. The role of influencers acting through Instagram has grown to become normalised as is also the practise in western countries. Because of this, influencers are increasingly important in the advertising sector of the country. As Russia is vast and unique, it is common for users to share food and beverage products unique to regions of Russia to the wider country on Instagram which is seen as a way of bridging ethnic divides in the country.

Top Food Instagram influencers in Russia

Okuprin <https://www.instagram.com/p/BW7IxayBv3v/?taken-by=okuprin>
Diananagornaya <https://www.instagram.com/diananagornaya/>
Dariaboronina <https://www.instagram.com/dariaboronina/>
N_Ponedelnik https://www.instagram.com/n_ponedelnik/
Darkzip <https://www.instagram.com/darkzip/>

Other platforms

The above four platforms are the most popular in Russia. However, Twitter, TikTok and Facebook Messenger are also popular platforms used by around half of internet users. Most users seeking to interact with other users outside of Russia will use nondomestic social media platforms such as Facebook or Twitter as domestic social media platforms are rarely used outside of Russia except in some ex-soviet states.

Food blogs

Another interesting option to promote EU food products in Russia is to work closely together with food bloggers. There are possibilities to hire food bloggers and to ask them to promote certain products on their blog.

Well-known food bloggers are influencers as well and increasingly cross over between written blogs and several social media accounts. This diversity of channels used also diversifies the exposure of a product on several platforms. Indeed, many of the top YouTube and Instagram pages for food in Russia identified above also have blogs.

The box below contains a selection of notable food bloggers in Russia, though this list is not extensive and certain blogs may be particularly relevant for certain food and beverage products. The box below does include some of the owners of YouTube and Instagram accounts previously mentioned. The sources in the footnotes may be referred to for more comprehensive lists of food bloggers.

Selected top Russian Food Bloggers

Tatyana Nesteryuk <https://www.youtube.com/tatyanaseverydayfood>

Peters' food adventures <https://petersfoodadventures.com/>

Russian foodie. <https://russianfood-ie.com/>

Vikalinka <https://vikalinka.com/collections/russian-collection/>

Olgas flavour factory <https://www.olgasflavorfactory.com/>

6.1.2 Traditional Media

Russia was amongst the first nations in the world to introduce traditional media to its population with radio and TV being popular forms of news distribution in recent decades. Russia today has shifted towards the more modern means of mass media, namely, the internet where most of its population has access to online media outlets. Television is more popular with older consumers with TVs playing a predominant role in news distribution for their lives which makes using the internet for news and updates less likely. Russia's most popular TV stations include Channel 1, Russia-1 and NTV as these three channels offer the most nationwide access to viewing with roughly 90% Russian territorial coverage. In terms of radio coverage, the most popular stations are Radio Russia, Radio Mayak and Radio Yunost as these stations offer the widest coverage across Russia. Within Moscow, the most popular radio station is Radio Rossi and Avto Radio. Many of Russia's larger TV channels are state-owned with many private channels being owned by foreign entities.

Overall, there are an estimated 3 300 channels available throughout Russia with many of them catering to a local populace and/or region. Due to the sheer size of Russia, only the larger channels can afford to invest in providing nationwide access. It is estimated that 74% of the Russian population will watch TV routinely with this figure higher amongst older consumers. The use of the radio has fallen in larger urban centres but remains a key source of information and entertainment within the Russian interior and far east. Many Russian radio channels will play a mix of Russian and English language songs while announcements will be made in Russian, with the exception of some regions where regional languages are present such as Tatar and Moksha.

6.1.3 Fairs and exhibitions

In addition to the digital approach or traditional media, companies may decide to promote their products on various trade fairs. Trade fairs are numerous and cover a broad range of sectors and are generally becoming a more attractive and sophisticated method for in-country product promotion and industry networking.

While the majority of trade fairs take place in Moscow, there are also some fairs in other cities/areas such as St. Petersburg, Yekaterinburg, Kaliningrad and Sochi. Sokolniki Exhibition and conference centre and the Expo Forum are notable trade fair venues in Russia. As a large percentage of both Russia's population and economic activity is focused on the regions of St Petersburg and Moscow, it is likely that many food events and conferences of interest to EU food and beverage producers will take place in these cities, while cities such as Vladivostok often are preferred for the use in exhibiting to Asian partners rather than European ones due to land distances.

A list of selected major upcoming food related events and fairs can be found in section 8.4. Further, more comprehensive lists including more specialist fairs can also be found online at websites such as:

- <https://10times.com/russia/food-beverage/tradeshows>
- <https://www.tradefairdates.com/Fairs-Russian-Federation-Z188-S1.html>

6.2 Advertising regulations

The primary law relating to advertising in Russia is Federal Law No. 38-FZ of 13 March 2006 'on advertising' (the Advertising Law), which covers the following:

- The law provides relevant definitions of advertising and advertising participants;
- The law lists general requirements for advertising;
- Highlights and imposes restrictions on advertising of specific goods and for specific types of advertising;
- The law regulates outdoor advertising and provides competence for local authorities in this regard; and
- The law empowers and grants advertising protection authority to the Federal Antimonopoly Service (FAS) as the advertising regulator.

The principal regulator is therefore the FAS which has the ability to issue fines between EUR 1 100 to 5 800 for minor infractions, with this figure rising substantially for repeated offences.

The advertising of **biologically active additions and dietary supplements** shall be accompanied by a warning that the advertised product is not a medicine. Further, such advertising shall not:

- create an impression that the product is a medicine or can be consumed medicinally
- refer to specific cases of curing or improvement of conditions as a result of consumption of the product in question;
- display gratitude or approval from individuals as a result of consumption;
- undermine the need to follow a healthy diet; or

- create an impression of the product's advantages by referring to tests obligatory for the registration of such products or use results of other research in the form of a direct recommendation to consume.

Advertising of **infant food** shall not represent the advertised products as a full substitute for breast milk and shall not state advantages of artificial nutrition for infants. There shall also be information on age restrictions and warning on the necessity of professional advice in the case of advertising substitutes for breast milk and products for infants up to 12 months old.

Advertising of **alcoholic beverages** (including beer) shall not:

- state any advantages of consuming alcohol (e.g., to achieve success or improve mood);
- undermine abstention from alcohol;
- represent alcohol as safe or helpful for health (including by indication of vitamins or food additives in alcohol beverages);
- represent alcohol as a way to satisfy thirst;
- advertise to minors; or
- use images of human beings or animals, including through the use of animation.

Various restrictions exist on the advertising media: **alcohol advertising** cannot be published:

- on the side of transport vehicles or within them;
- on the first or last pages, or on covers, of magazines and newspapers (with an exception for beer and Russian-produced wine);
- on the TV or the radio (except for sports events broadcasting under specific conditions and except for wine produced in Russia); or
- in or near educational or some other institutions.

Restrictions are also imposed on promotional campaigns. Online advertising of alcohol is also banned.⁸⁸

⁸⁸ Advertising and marketing in Russia, Gorodissky and partners, available at <https://www.lexology.com/library/detail.aspx?q=04fb6c9e-e46c-48fc-8584-55b50d077640>

7 Russian Etiquette

7.1 Quick facts

It is important to remember that Russia is a massive country that has undergone a massive societal change in recent decades which is reflected in generational methods of business practices. The older generation which developed their business etiquette under the USSR is more likely to place less trust in new partners, preferring first to develop a relationship and trust before conducting major business negotiations. Russians appreciate patience but as a result, many business development plans can take a long time as a series of negotiations takes place before a final decision is made, usually by a consortium of higher officials within a firm or governmental official. Having a translator is key for most business operations throughout the country as only the major urban centres will have a fair number of English or other European language speakers. German can be useful in some instances but generally English will be a preferred business language outside of Russian. A further list of dos and don'ts are mentioned in detail in section 7.2 below.

7.2 Key DOs and DON'Ts

Dos	Don'ts
<ul style="list-style-type: none"> • Appreciate that Russia is a large country incorporating various ethnic groups and thus take time to research the region you visit and develop a regionalised dos and don'ts guide. • Avoid speaking too loudly as this is not common in Russia. • Avoid scheduling meetings on a Friday if your potential partner is of the Islamic faith as roughly 10% of Russia's population is Islamic. Make sure to research thoroughly, many regions where this is of particular importance include the Caucasus region the city of Kazan. • Attempt to speak some Russian, even if it's just a hello (Privet) as this will be appreciated. • On business cards, print one side in your language and the other side in Russian. 	<ul style="list-style-type: none"> • Never use first names unless specifically invited to do so. This will be perceived as having a lack of respect. • Do not discuss ongoing political disputes or have an opinion of them. This will not be appreciated. • Never show the soles of your shoes as this is considered rude. • Respect that Russia has undergone a massive societal change in recent years, refrain from discussing the communist era too much as this is still a controversial topic for many Russians, particularly older Russians. • Do not arrive in Russia without adequate health care coverage, particularly if travelling into the interior or far east of the country as hospitals are spread out over large distances and are costly.

<ul style="list-style-type: none">• Business card exchange is common and, in some cases, expected in Russia so be prepared.	<ul style="list-style-type: none">• Avoid having your hands in your pockets as this may be perceived as sneaky by some Russians.• Do not arrive without a travel plan because large segments of Russia incorporate roads without many settlements nearby; plan accordingly.• Insult older members of the group you are negotiating with as these will often be the final decision-makers.
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8 Directory of Trade Support Projects, Organisations, and Service Providers

There are a variety of services available, both within the EU and in Russia, for producers wishing to export to Russia. These service providers include EU-funded projects, services provided by the Member States and their embassies, other organizations and service providers, as well as buyers, importers, and distributors.

- Section 8.1 contains the project profiles for EU-funded initiatives operating in Russia.
- Section 8.2 contains the contact information for Member State embassies within Russia.
- Section 8.3 contains a listing of service providers including some information on the services available.
- Section 8.4 provides a calendar of exhibitions, trade shows, and other events to be held in Russia in 2021-22.
- Section 8.5 contains a database of professionals' contacts (buyers, importers, and distributors).

8.1 European Union Organisations

Certain EU-funded, or co-funded, projects within Russia offer a range of business-enabling services and information providing important insights into the Russian market. Depending on your company profile these services can be free or fee-based; and are available for companies from any EU Member State.



Association of European Businesses

The association of European businesses is one of the main representative bodies of foreign investors from the EU in Russia. The mission behind AEB is to raise issues faced by EU businesses operating in Russia to relevant authorities. Its position as an independent organisation is used to promote the facilitation of trade between the EU and Russia and identifying key business and legislative issues through its various committees and working groups.

Contacts

 Butyrsky val, 68/70, Moscow.

 (+7) 495 234 2764

 <https://aebrus.ru/>



EUROCHAMBRES

Eurochambres is one of the largest business representative organisations in Europe and incorporates chambers of commerce from both the EU and Russia. As the Chamber of Commerce and Industry of Russia is a correspondent member of EUROCHAMBRES the ability to facilitate internal business discussion and negotiation exists from members of this organisation seeking to enter the Russian market.

Contacts

 Avenue Des Arts 19/A-D Brussels

 (+32) 02 282 08 50

 <https://www.eurochambres.eu/>



Delegation of the European Union to Russia

The EU delegation in Russia represents the common interests of the European Union in Russia and works on enhancing and developing trade relations between the two markets. Except for consular tasks, the delegation in Moscow functions like an embassy. It is a diplomatic mission to represent the European Union in Russia.

Contacts

 14/1 Kadashevskaya embankment, Moscow

 (+7) 496 721 00 00

 Delegation-Russia@eeas.europa.eu

 <https://eeas.europa.eu/delegations/russia>

8.2 Directory of EU Member State Embassies/Consulates

EU MS	Address	Contact information
Austria (Embassy)	Starokonjuschenni Per 1, Moscow	☎ (+7) 495 780 60 66 ✉ moskua-ob@bmeia.at 🌐 https://www.bmeia.gv.at
Belgium (Embassy)	Ulitsa Malaya Molchanovka 7, Moscow	☎ (+7) 495 780 03 31 ✉ moscow@diplobel.fed.be 🌐 https://russia.diplomatie.belgium.be/
Bulgaria (Embassy)	Mosfil`movskaya Ulitsa 66, Moscow	☎ (+7) 495 234 02 26 ✉ Embassy.Moscow@mfa.bg 🌐 https://www.mfa.bg/en/embassies/russia
Croatia (Embassy)	Ostozenka 23, Moscow	☎ (+7) 495 7854 070 ✉ crorus@mvep.hr 🌐 http://www.mvep.hr/
Czech Republic (Embassy)	J. Fucika street 12/14, Moscow	☎ (+7) 495 2760 703 ✉ moscow@embassy.mzv.cz 🌐 https://www.mzv.cz/
Denmark (Embassy)	9 Prechistensky Perulok, Moscow	☎ (+7) 495 642 68 00 ✉ mowamb@um.dk 🌐 https://rusland.um.dk/
Estonia (Embassy)	5 Maly Kislovsky Perulok, Moscow	☎ (+7) 495 737 36 40 ✉ embassy.moscow@mfa.ee 🌐 https://moscow.mfa.ee/
Finland (Embassy)	Kropotkinsky Perulok 15-16, Moscow	☎ (+7) 495 787 41 74 ✉ sanomat.mos@formin.fi 🌐 https://finlandabroad.fi/web/rus
France (Embassy)	Ulitsa Bol`shaya Yakimanka 45, Moscow	☎ (+7) 495 937 15 00 ✉ Contact through website 🌐 https://ru.ambafrance.org/
Germany (Embassy)	Uliza Mosfilmovskaja 56, Moscow	☎ (+7) 495 937 95 00 ✉ emb@mosk.diplo.de 🌐 http://germania.diplo.de/ru-de
Greece (Embassy)	Leontyevskiy Perulok 4, Moscow	☎ (+7) 495 539 29 40 ✉ gremb.mow@mfa.gr 🌐 https://www.mfa.gr/russia/
Hungary (Embassy)	St. Mosfilmovskaya 63, Moscow	☎ (+7) 495 641 7500 ✉ mission.mow@mfa.gov.hu 🌐 https://moszkva.mfa.gov.hu/rus 🌐 https://jakarta.mfa.gov.hu/
Ireland (Embassy)	Grokholski Perulok 5, Moscow	☎ (+7) 495 937 5911

EU MS	Address	Contact information
		☒ Contact through Website 🌐 https://www.dfa.ie/
Italy <i>(Embassy)</i>	Denezhny Perulok 5, Moscow	☎ (+7) 495 796 96 91 ☒ ambassador.mosca@esteri.it 🌐 https://ambmosca.esteri.it/
Latvia <i>(Embassy)</i>	3 Chaplignia Str, Moscow	☎ (+7) 495 232 97 43 ☒ embassy.russia@mfa.gov.lv 🌐 https://www2.mfa.gov.lv/moscow
Lithuania <i>(Embassy)</i>	Borisoglebskij 10, Moscow	☎ (+7) 495 785 86 05 ☒ amb.ru@urm.lt 🌐 https://ru.mfa.lt/
Luxembourg <i>(Embassy)</i>	Khrouschevski 3, Moscow	☎ (+7) 495 786 66 65 ☒ Moscou.Consulat@mae.etat.lu 🌐 https://moscou.mae.lu/
Malta <i>(Embassy)</i>	Korovy Val 7, Moscow	☎ (+7) 499 230 25 24 ☒ maltaembassy.moscow@gov.mt 🌐 https://foreignandeu.gov.mt/
The Netherlands <i>(Embassy)</i>	Kalashny Pereulok 6, Moscow	☎ (+7) 495 797 2900 ☒ mos@minbuza.nl 🌐 https://www.netherlandsworldwide.nl
Poland <i>(Embassy)</i>	Ul. Klimaszkina 4, Moscow	☎ (+7) 495 231 1552 ☒ embassy@polandemb.ru 🌐 https://www.gov.pl/
Portugal <i>(Embassy)</i>	Botanicheskiy Peruelok 1, Moscow	☎ (+7) 495 981 34 10 ☒ moscovo@mne.pt 🌐 https://moscovo.embaixadaportugal.mne.gov.pt
Romania <i>(Embassy)</i>	64 Mosfilmovskaya street, Moscow	☎ (+7) 499 143 0427 ☒ moscova.cons@mae.ro 🌐 https://moscova.mae.ro/
Slovakia <i>(Embassy)</i>	17/19 Yulios fuchik street, Moscow	☎ (+7) 495 956 4920 ☒ emb.moscow@mzv.sk 🌐 https://www.mzv.sk/web/moskva
Spain <i>(Embassy)</i>	Ulitsa Bolshaya Nikitskaya 50/58, Moscow	☎ (+7) 495 690 29 93 ☒ emb.moscu@maec.es 🌐 http://www.exteriores.gob.es/Embajadas/Moscu
Sweden <i>(Embassy)</i>	Ulitsa Mosfilmovskaja 60, Moscow	☎ (+7) 495 937 92 00 ☒ Ambassaden.moskva@gov.se 🌐 https://www.swedenabroad.se/moscow

8.3 Other organisations and service providers

8.3.1 Trade promotion organisations (TPOs) and agri food promotion organisations (APOs)

EU MS	Address	Contact information
Austria Agrarmarkt Austria Marketing (APO)	Austria	 https://www.ama.at/Home
Belgium (Flanders) FIT (TPO)	Russia	 (+7) 831 278 69 36  andrey.emelivanov@fitagency.com  https://www.flandersinvestmentandtrade.com/language_selection?destination=%3Cfront%3E
Belgium (Flanders) Flanders' Agricultural Marketing Board (APO)	Koning Albert II-laan 35 box 50 - 1030 Brussels Belgium	 +32 491861700  gert.vancausenbroeck@vlam.be ; export@vlam.be  https://www.vlaanderen.be/vlam/
Belgium (Wallonia) AWEX / Wallonia-Brussels, (TPO)	Belgium	 http://wallonia.be/fr/investir
Belgium (Brussels) (TPO)	Belgium	 https://hub.brussels/en/
Bulgaria Bulgarian Small and Medium Enterprises Promotion Agency (TPO)	Bulgaria	 https://www.sme.government.bg/en/
Cyprus Trade Service of the Ministry of Energy, Commerce and Industry (TPO)	Cyprus	 http://www.mcit.gov.cy/mcit/mcit.nsf/index_en/index_en
France Business France in Russia (TPO)	Moscow	 + 7 9859106927  helene.buriev@dgtresor.gouv.fr  https://ru.ambafrance.org
France SOPEXA (APO)	France	 (+33) 01 55 37 50 00  mybusiness@sopexa.com
Estonia Enterprise Estonia (TPO)	Estonia	 (+372)6279421  info@eas.ee  https://www.eas.ee/?lang=en
Germany Federation of German Food and Drink (APO)	Germany	 (+49) 30 200786-157  bve@bve-online.de  https://www.bve-online.de/english

EU MS	Address	Contact information
Greece Enterprise Greece / Office of Economic and Commercial Affairs (TPO)	Greece	 https://www.enterprisegreece.gov.gr/en/
Hungary Hungarian Export Promotion Agency (TPO)	Hungary	 (+36) 1 922 2600  info@hepa.hu  https://hepa.hu/en
Ireland Enterprise Ireland (TPO)	Ireland	 https://www.enterpriseireland.com/en/
Ireland BoardBia (APO)	Ireland	 https://www.bordbia.ie/
Italy Italian Trade Agency (TPO)	Moscow	 (+7) 495/9670275  mosca@ice.it ;  https://www.ice.it/en/
Lithuania Enterprise Lithuania (TPO)	Lithuania	 https://www.versli Lietuva.lt/en/
Malta Trade Malta (TPO)	Malta	 https://www.trademalta.org/
Netherlands Netherlands Enterprise Agency (TPO)	Netherlands	 https://english.rvo.nl/
Portugal Portuguese Trade & Investment Agency – AICEP (TPO)	Portugal	 https://www.portugalglobal.pt/EN/Pages/Index.aspx
Slovenia Spirit Slovenia (TPO)	Slovenia	 sonja.demsar@spiritslovenia.si ; info@spiritslovenia.si  https://www.sloveniabusines.eu/
Spain FIAB (APO)	Spain	 +34 91 411 72 11  internacionalizacion@fiab.es
Spain ICEX / Economic and commercial office of Spain (TPO)	Business Center Mojovaya - Ul. Vozdvizhenka 4/7 (entrada por UL Mojovaya 7 - Stro. 2, 3º, Moscow 125009	 (+7) 495 7839281  moscu@comercio.mineco.es

8.3.2 Other service providers

Service provider	Address	Contact information
SERVICES FOR AUSTRIAN COMPANIES		
Advantage Austria Moscow	Starokonyushenny Pereulok 1, Moscow	 +7 495 121 05 66  moskau@advantageaustria.org  https://www.advantageaustria.org/ru
SERVICES FOR BELGIAN COMPANIES		
Belgium-Luxembourg chamber of commerce for Russia and Belarus	Avenue Louise 500, Brussels	 + 32 02 264 36 53  Info@blrb.org

Service provider	Address	Contact information
		 https://www.blrb.org/
SERVICES FOR BULGARIAN COMPANIES		
Bulgarian – Russia chamber of commerce	Nikola Mirchev 35, Sofia	 + 359 2 963 33 48  Contact through website  https://www.brcci.ne
SERVICES FOR CROATIAN COMPANIES		
Croatian Chamber of Economy	Rooseveltov trg 2, 10000 Zagreb, Croatia	 investicije@hgk.hr ; hgk@hgk.hr  www.investincroatia.hr
SERVICES FOR CZECH COMPANIES		
Czech Chamber of Commerce and trade for CIS countries	Freyova 27, Prague 9	 +420 266 717 811  kordacova@komora.cz  http://www.komorasns.cz/
SERVICES FOR CYPRIOT COMPANIES		
Cyprus Chamber of Commerce and Industry	38, Grivas Dhigenis Ave. & 3, Deligiorgis Str., P.O.Box 21455, 1509 Nicosia	 +357 22889800  chamber@ccci.org.cy
SERVICES FOR DANISH COMPANIES		
Russian-Danish business forum	18/1 Bahrushina Street, Moscow	 +7 495 915 15 75  info@rdbforum.com  http://www.rdbforum.com/
SERVICES FOR DUTCH COMPANIES		
Netherland-Russia Centre	Antonious Deusinglaan, Groningen	 +31 0 50 363 7249  info@nrce.nl  https://nrce.nl/
SERVICES FOR ESTONIAN COMPANIES		
Estonian Chamber of Commerce & Industry	Toom-Kooli 17, 10130 Tallinn	 +372 604 0060  koda@koda.ee
SERVICES FOR FRENCH COMPANIES		
CCI France-Russie	10 Milioutinski Bat 1, Moscow	 + 7 495 721 38 28  info@ccifr.ru  https://www.ccifr.ru/
SERVICES FOR GERMAN COMPANIES		
AHK Russland	Beregovoy Proezd 5A K1, Floor 17, Moscow	 +7 495 234 49 50  ahk@russland-ahk.ru  https://russland.ahk.de/
SERVICES FOR GREEK COMPANIES		
Union of Hellenic chamber of commerce	6 Akadimias, Athens	 +210 3387 104  keeuhcci@uhc.gr  https://www.uhc.gr/
SERVICES FOR HUNGARIAN COMPANIES		
Hungarian chamber of commerce and industry	7 Szabadsag, Budapest	 +36 1 474 5100  mkik@mkik.hu  https://mkik.hu/

Service provider	Address	Contact information
SERVICES FOR IRISH COMPANIES		
Enterprise Ireland	East point business park, Dublin 3	☎ +353 1 727 2000 ✉ Contact through website 🌐 https://www.enterprise-ireland.com/
SERVICES FOR ITALIAN COMPANIES		
Italian-Russian chamber of commerce	Corso Sempione 32/B, Milan	☎ +39 02 86995240 ✉ info@ccir.it 🌐 https://www.ccir.it/
SERVICES FOR LATVIAN COMPANIES		
Latvian Chamber of commerce and industry	35 Krisjana Valdemara str., Riga, LV-1010, Latvia	☎ +371 67225592 ✉ info@chamber.lv
SERVICES FOR LITHUANIAN COMPANIES		
Lithuanian Chamber of commerce and industry	Vašingtono sq. 1-63a, LT-01108 Vilnius	☎ +370 2613 102 ✉ info@chambers.Lt 🌐 https://chambers.lt/en/
SERVICES FOR LUXEMBURG COMPANIES		
Belgium-Luxembourg chamber of commerce for Russia and Belarus	Avenue Louise 500, Brussels	☎ + 32 02 264 36 53 ✉ Info@blrb.org 🌐 https://www.blrb.org/
SERVICES FOR MALTESE COMPANIES		
The Malta Chamber of Commerce, Enterprise and Industry	64, Republic Street, Valletta, Malta	☎ + 356 2203 2000 🌐 https://www.maltachamber.org.mt/
SERVICES FOR POLISH COMPANIES		
Polish-Russian chamber of commerce	Zimma 2 lok 2, Warsaw	☎ + 48 22 654 73 73 ✉ prihp@prihp.com 🌐 http://www.prihp.pl/
SERVICES FOR PORTUGUESE COMPANIES		
Camara de comercio (Portuguese Chamber of commerce)	Rua Das portas de Santo Antao,89	☎ + 351 213 224 050 ✉ geral@ccip.pt 🌐 https://www.ccip.pt/en/
SERVICES FOR ROMANIAN COMPANIES		
Chamber of Commerce and Industry of Romania	Address: 2, Octavian Goga Blvd, sector 3, 030982 Bucharest	☎ +40 21 3117534 ✉ narcis.pirnaeu@ccir.ro 🌐 www.ccir.ro
SERVICES FOR SLOVAK COMPANIES		
Slovak Chamber of Commerce & Industry	Gorkého 9, 81603 Bratislava, Slovakia	☎ +421 2 54433272
SERVICES FOR SLOVENIAN COMPANIES		
Chamber of Commerce and Industry of Slovenia	Dimičeva 13, SI-1504 Ljubljana	☎ +386 1 5898 000 ✉ info@gzs.si
SERVICES FOR SPANISH COMPANIES		
ASEMPEA	Velazquez 37 Madrid	☎ +34 91 420 24 27 ✉ info@asempea.com 🌐 https://www.asempea.com/
SERVICES FOR SWEDISH COMPANIES		

Service provider	Address	Contact information
Swedish Chamber of Commerce for Russia & CIS Countries	Ambactus Redovisning AB, Radiovagen 3, Tyreso	 +46 70 450 1945  info@swedishrussian.com  https://swedishrussian.com/

8.4 Calendar of trade events and exhibitions 2021-22

Note: the ongoing issues with coronavirus at the time of writing both resulted in various cancellations/delays without fixed rescheduling dates and may result in further changes to the calendar outlined below. In view of this:

- 1. Scheduled fairs which did not take place have been included with their original date, as it is generally not clear when they will be rescheduled for, and most events are anyhow recurring. It is recommended that the links provided be monitored for news on when the event or the next edition is being scheduled for.**
- 2. It is strongly recommended to monitor the links provided for any future events to check whether they are still going ahead, and if not whether a new date has been decided.**

Event	Date	Recurrence	Venue	Organiser Details
January 2022				
Dairy Tech	25 th —27 th	Annual	Cropus Expo, Moscow	☎ (+7) 495 799 55 85 ✉ foodandagrosupport@hyve.group 🌐 https://dairytech-expo.ru/
February 2022				
ProdExpo	7 th -11 th	Annual	Expocentre Fairgrounds, Moscow	☎ (+7) 499 795 37 23 ✉ Contract through website 🌐 https://www.prod-expo.ru
March 2022				
Meat & Poultry industry Russia	16 th -18 th	Annual	Cropus Expo	☎ (+7) 495 797 69 14 ✉ info@astigroup.ru 🌐 https://meatindustry.ru
Leading wine show Russia and CIS countries	21 ST -22 ND	Annual	LWS Almaty, Kazakhstan	☎ (+38) 098 150 82 77 ✉ info@leadingwine.ru 🌐 https://www.leading.wine/
Modern bakery Moscow	22 nd - 25 th	Annual	Expocentre, Moscow	☎ (+7) 495 649 87 75 ✉ modernbakery@russia.messefrankfurt.com 🌐 https://modern-bakery-moscow.ru.messefrankfurt.com/
Beviale Moscow	29 th – 31 st	Annual	Sokolniki exhibition centre	☎ (+49) 151 61 55 22 92 ✉ Contact through website 🌐 https://english.beviale-moscow.com/
April 2022				
Coffee and tea Russian expo	6 th – 8 th	Annual	Music media dome, Moscow	☎ (+7) 495 935 87 07 ✉ info@coffeetea.ru 🌐 https://coffeetearusexpo.ru/
Inter Food St Petersburg	12 th – 14 th	Annual	CEC Expoforum, St Petersburg	☎ (+7) 812 401 69 55 ✉ food@primexpo.ru 🌐 https://www.interfood-expo.ru/

Event	Date	Recurrence	Venue	Organiser Details
Ingredients Russia	26 th – 28 th	Annual	Moscow Techopark Skolovo	☎ (+7) 495 252 11 07 ✉ ingredients@mvk.ru 🌐 https://new.ingred.ru/
Vinorus	26 th - 28 th	Annual	Krasnador Expograd	☎ (+7) 861 200 12 87 ✉ Veronika.kruglova@mvk.ru 🌐 https://www.vinorus.ru/
May 2022				
International Beer forum Sochi	24 th – 27 th	Annual	Grand Pearl Hotel , Sochi	☎ (+7) 862 262 26 93 ✉ inna@soud.ru 🌐 https://www.beersochi.ru/
September 2022				
World Food Moscow	20 th – 23 rd	Annual	Moscow Crocus Expo	☎ (+7) 495 799 55 85 ✉ worldfood@hyve.group 🌐 https://world-food.ru/
November 2022				
International specialised trade fair for agricultural machinery, farm inputs and animal husbandry	9 th – 11 th	Annual	Novosibirsk Expo Centre	☎ (+49) 62 21 13 57 20 ✉ a.haberkorn@ifw-expo.com 🌐 https://agroexposiberia.ru/

8.5 Database of professionals' contacts

8.5.1 List of relevant buyers, importers, and distributors

Company name	Type	Area of interest	Contact information
Agroserver	Distribution	Olive oil	🌐 https://msk.agroserver.ru/olivkovoe-maslo/
Alcobusiness	Import/Distribution	Beer	☎ +7 (342) 204-67-79 ✉ import.perm@mail.ru 🌐 http://importtov.ru/
Alianta	Distribution	Wine & Spirits	☎ +7 (812) 313-30-11 ✉ secretar@alianta-spb.ru 🌐 https://alianta.ru/
Ali Express	Distribution	F&B	🌐 https://aliexpress.ru/
Amelia	Distribution	F&B (chocolate, olive oil, alcoholic drinks & pasta)	☎ +7 495 150-38-98 ✉ sales@amelia.shop 🌐 https://amelia.shop/
Aqua Vita	Distribution	Wine	☎ +7 (495) 647-88-10 🌐 http://www.aquavita.su/
Arsenal	Import/Distribution	Wine & Spirits	☎ 8 (495) 617-07-78 ✉ Contact through website

Company name	Type	Area of interest	Contact information
			https://arsenalwine.ru/
Aroma	Import/Distribution	Wine & Spirits	+7 (495) 777-55-20 info@aroma.ru https://aroma.ru/
Aromatniy Mir	Import/Distribution	Wine & Spirits	https://amwine.ru
AST	Import/Distribution	Wine & Spirits	+7 (495) 993 99 99 ast.info@ast-inter.ru https://www.ast-inter.ru/
Altavino	Import/Distribution	Wine & Spirits	+7 (812) 677 66 67 vip@altavina.ru https://altavina.ru/
Avito	Distribution	Chocolate & Confectionery	https://www.avito.ru/
Azbuka Vkusa	Import/Distribution	Wine and gourmet	welcome@azbukavkusa.ru https://av.ru/
Beer People	Wholesale	Beer	8 (925) 535-05-56 pivopeople@gmail.com https://pivo-optom.ru/import
Beer Logistics	Import/Distribution	Beer	+7 (903) 790 65 63 info@beerlogistic.ru https://www.beerlogistic.ru/
Beluga Group	Import/Distribution	Wine & Spirits	+7 (495) 212-21-26 info@belugagroup.ru https://belugagroup.ru/en
Burgundy.ru	Import/Distribution	Wine	+7(495)369-30-35 office@burgundy.ru https://burgundy.ru/
Bona	Import/Distribution	Chocolate & Confectionery, other high end products	+7 (499) 110-64-24 through website https://www.bona-company.ru/
Boralex	Import/Distribution	Chocolate & Confectionery, other high end products	+ 7 (495)742-4490 oxana@boralex.ru http://boralex.ru
Bravo Trade	Import/Distribution	Wine	8 (495) 461 00 28 office@bravotrade.ru https://bravotrade.ru/
Candy Trip	Distribution	Chocolate & Confectionery	+7 (495) 761-78-90 info@candy-trip.ru https://candy-trip.ru/
Carabus	Import/Distribution	Chocolate & Confectionery	+ 7(968)737-95-54 ovs@carabus-moscow.com https://carabus-moscow.com/

Company name	Type	Area of interest	Contact information
Centrobalt	Distribution	Wine & Spirits	☎ +7 (812) 326 32 00 ✉ info@centrobalt.spb.ru 🌐 http://centrobalt.spb.ru/
Classica	Import/Distribution	Wine & Spirits	☎ +7 495 617 0840 ✉ info@winesclassica.ru 🌐 https://winesclassica.ru/
Dantrade	Import/Distribution	Olive oil & Pasta (Italy)	☎ +7 495 926-75-41 ✉ info@dantrade.ru 🌐 http://www.dantrade.ru/
DCT Company	Import/Distribution	Olive oil (& other Greek products)	☎ +7 (903) 279 79 43 ✉ zakaz@oiloliva.ru 🌐 https://oiloliva.ru/
Dekanto	Import/Distribution	Wine & Spirits	☎ +7 (812) 633-30-32 🌐 https://dekanto.ru,
Diskontshop	Importer/Distributor	Chocolate, confectionery, snacks (German)	☎ +4915751409560 ✉ info@diskontshop.eu 🌐 https://diskontshop.eu/
Dixy	Import and retail	Various F&B	☎ +7 495 223-33-37 ✉ compliance@dixy.ru 🌐 https://dixy.ru/
DP-Trade	Import/Distribution	Wine & Spirits	☎ (495) 937-9460 ✉ dptr@dp-trade.ru 🌐 https://www.wine-dp-trade.ru/
Eastern Wines & Spirits	Import/Distribution	Wine & Spirits	☎ +7 812 401 67 56 ✉ office@ewscompany.ru 🌐 https://www.ewscompany.ru/
Euro Beer	Import/Distribution	Beer	☎ (8352) 700-609 ✉ info@euro-beer.ru 🌐 https://euro-beer.ru/
Euro Chocolate	Distribution	Chocolate	☎ +7 (499) 7-555-888 ✉ info@eurochocolate.ru 🌐 https://eurochocolate.ru/
Espana Gid	Distribution	Olive oil (Spain)	☎ +7 (800) 30-20-578 ✉ info@espana-gid.ru 🌐 https://espana-gid.info/
Espana Gourmet	Import/Distribution	Olive oil (Spain)	☎ 8 (800) 30-20-578 ✉ info@espana-gourmet.ru 🌐 https://espana-gourmet.ru/
Fortwine	Import/Distribution	Wine & Spirits	☎ +7 (812) 334 31 03 ✉ fort@fortltd.ru 🌐 https://fortwine.ru/

Company name	Type	Area of interest	Contact information
Global foods	Import/Distribution	Olive oil, various other gourmet, meat	☎ +7 (495) 787-11-44 ✉ nfo@globalfoods.ru 🌐 www.globalfoods.ru
Globus Gourmet	Import/Distribution	Wine, Spirits	✉ info@globusgurme.ru 🌐 https://globusgurme.ru/en/
Global Wine Distribution	Import/Distribution	Wine	☎ +7 (863) 206-11-22 ✉ globalrostov@mozart-house.com 🌐 https://wine-global.ru/
Grape	Import/Distribution	Wine & Spirits	☎ +7 (499) 460-46-79 ✉ info@grapewines.ru 🌐 https://grapewines.ru/
Greekoliva	Import/Distribution	Olive (Greek) oil	☎ +7 (495) 540-47-17 🌐 opt@greekoliva.ru
Greek Market	Import/Distribution	Olive (Greek) oil	☎ 648-63-16 (499) 400-12-59 ✉ info@greekmarket.ru 🌐 http://www.greekmarket.ru/
Greek Products	Distribution	Olive (Greek) oil	☎ +7(495) 155-73-58 ✉ info@greekproducts.ru 🌐 https://greekproducts.ru/
Greekoil	Import/Distribution	Olive (Greek) oil	☎ 7 495 220 23 76 ✉ info@greekoil.ru 🌐 https://greekoil.ru/
Grossia	Import	Wine	☎ +7 (495) 624-62-33 ✉ info@grossia.ru 🌐 http://grossia.ru/
Happy Bottle	Import/Distribution	Wine	☎ +7 (906) 713-31-82 ✉ info@happybottle.ru 🌐 http://www.happybottle.ru/
Hmelnovv	Import/Distribution	Beer	☎ +7 (499) 394-55-70 ✉ info@hmelnovv.ru 🌐 https://www.hmelnovv.ru/importnoe-pivo/
Integrita	Supplier	F&B (Italian)	☎ +7 (495) 232-27-87 ✉ inform@integrita.ru 🌐 http://integrita.ru/
iSpirit	Distribution	Wine & Spirits	☎ 8 (800) 550 83 01 ✉ office@ispiritgroup.ru 🌐 https://ispiritgroup.ru/
Issi Spirits	Import/Distribution	Wine & Spirits	☎ +7 495 269-02-81 ✉ info@issi-spirits.ru 🌐 https://issi-spirits.ru/
JOIA	Import/Distribution	Wine	☎ +7 (812) 418 20 15 🌐 https://joiastore.ru/

Company name	Type	Area of interest	Contact information
Kaudal	Import/Distribution	Wine, Spirits & Beer	+7 (925) 366 12 36 k@kaudal.ru https://www.kaudal.ru/
Lavina Wine	Import/Distribution	Wine & Spirits	8 (495) 150-08-38 wineplease@lavina.ru https://lavina.ru/
Lebkuchen Schmidt	Import/Distribution	Chocolate, Confectionery & Snacks	+7 (495) 625-31-29 info@lebkuchen-schmidt.ru https://lebkuchen-schmidt.ru/
Lenta	Import and retail	Various F&B	+7 (812) 380-61-31 info@lenta.com https://lenta.com/
Like Sweets	Distribution	Chocolate & Confectionery	+7 (903) 486-80-00 hello@likesweets.ru https://likesweets.ru/
Lion Wine	Import/Distribution	Wine	hello@lionwine.ru https://lionwine.ru/
Love Olive	Import/Distribution	Olive oil (Greece)	info@loveolive.ru http://www.loveolive.ru/
Luding	Import/Distribution	Wine, Spirits & Beer	+7 (495) 99-444-77 info@luding.ru https://www.luding.ru/
Marex	Import/Distribution	Wine, Spirits & Beer	8 (812) 325-99-72 Contact@marex.spb.ru https://www.marexwine.ru/
Marussia	Distribution	Wine & Spirits	+7 495 642 87 99 mbev@mbev-rus.ru https://marussiabeverages.ru/
MBG-Wine	Import/Distribution	Wine	+7 (495) 989-13-44 info@mbg-wine.ru https://www.mbg-wine.ru/
MD Show	Distribution	Chocolate & Confectionery	8 (800) 707-67-42 info@mdshow.ru https://mdshow.ru/
Mistralalko	Import	Wine & Spirits	+7 495 745 5155 info@mistralalko.ru https://www.mistralalko.ru/
Monopol Wine Market & Bar	Import/Distribution	Wine & Spirits	+7 (495) 697-74-44 https://www.monopolshop.com/
MOSSA Distribution	Distribution	Food	+7(495)730-67-64 info@company24.com https://www.mossadistribution.com/en/
Moro Group	Import/Distribution	Wine	8 (495) 308-97-10

Company name	Type	Area of interest	Contact information
			✉ info@morotrade.ru 🌐 https://morogroup.ru/
Multibeer	Import/Distribution	Beer	☎ +7 (499) 490 01 35 ✉ info@multibeer.ru 🌐 https://www.multibeer.ru/
My Food Shop	Distribution	Chocolate, Confectionery & Snacks	☎ +7(495)987-19-65 ✉ info@myfoofshop.ru 🌐 https://myfoodshop.ru/
Nesco	Import/Distribution	Alcoholic beverages	☎ +7 812 676 98 00 ✉ askorikova@nescospb.ru 🌐 https://nesco.ru/
Nice Beer	Distribution	Beer	☎ +7(495)123-33-65 ✉ nice@nice-beer.com 🌐 https://www.nice-beer.ru/
Namsladko	Wholesale	Chocolate, Confectionery & Snacks	☎ +7 (926) 755-52-80 ✉ info@namsladko.ru 🌐 https://www.namsladko.ru/
OKB	Import	Wine	☎ +7 (495) 966-70-74 ✉ info@okb-wine.ru 🌐 http://okb-wine.ru/
O'KEY	Retail and import	Various F&B	✉ through https://www.okmarket.ru/partners/providers/ 🌐 https://okeygroup.lu/
Olivasu	Import/Distribution	Olive oil	☎ +7(495) 231-64-34 ✉ INFO@OLIVA.SU 🌐 https://oliva.su/
Olive Line	Import/Distribution	Olive (Spain) oil	☎ + 34 91 651 80 89 ✉ oliveline@oliveline.es 🌐 https://www.oliveline.es/en
Olivia	Import	Olive (Greek) oil	☎ +7 (495) 721-31-12 ✉ Contact through website 🌐 http://oliveoils.ru/
Olivyu	Import/Distribution	Olive oil	☎ 8 (4832) 34 08 90 ✉ 32@olivyu.ru 🌐 http://olivyu.ru/
OPT 24	Distribution	Chocolate, confectionery, biscuits, bars, cookies	☎ +7 (499) 394-17-43 ✉ info@opt24.store 🌐 https://opt24.store/
Palais Royal	Import/Distribution	Wine	☎ +7 (495) 646-74-06 ✉ shop@palaisroyal.ru 🌐 http://www.palaisroyal.ru/
Pintabeer	Import/Distribution	Beer	☎ +7 909 660 2112

Company name	Type	Area of interest	Contact information
			✉ pinta-company@mail.ru 🌐 https://pinta-company.ru/
Pivo Artel	Wholesale	Beer	☎ 8 (495) 961-54-34 ✉ kk-artel@mail.ru 🌐 https://pivo-artel.ru/
Porto Oliva	Import/Distribution	Olive oil	☎ +7 (831) 291-16-12 ✉ info@portooliva.ru 🌐 https://www.portooliva.ru/
Premier Wine	Import/Distribution	Wine	☎ +7(495) 783-73-06 ✉ vb.sosedi@yandex.ru 🌐 https://premierwine.ru/
Prodgoroda	Distribution	Chocolate	🌐 https://prodgoroda.ru/
Real Authentic Wine	Distribution	Wine	☎ +7 800 777-30-47 ✉ spb@realauthenticwine.ru 🌐 https://www.realauthenticwine.ru/
Redoro Food	Import/Distribution	F&B (pasta, olive oil, chocolate & confectionery)	☎ +7 (495) 203-68-80 ✉ info@food.redoro.ru 🌐 https://food.redoro.ru/
Rotor House Trade	Distribution	Wine	☎ +7 (495) 777-10-40 ✉ +7 (495) 777-10-40 🌐 http://rotorhousetrade.com/
RPT Oil	Import/Distribution	Olive oil (Spain)	☎ +7(911)133-72-72 ✉ info@rptoil.ru 🌐 http://rptoil.ru/
Rus Beer	Wholesale	Beer	☎ +7 495 236-99-69 🌐 https://rus-beer.ru/
RusImport	Import	Wine & Spirits	🌐 http://www.rusimport.ru/
SAR FOODS	Distribution	Food	☎ +7 (495)796-72-38 ✉ info@sarfoods.ru 🌐 https://www.sarfoods.ru/en/
Simple Group	Import	Wines & Spirits	☎ +7 (495) 510-50-01 ✉ info@simple.ru 🌐 https://www.simple.ru/
Shopozz	Distribution	Chocolate & Confectionery	☎ +7 (495) 215-16-67 🌐 https://shopozz.ru/
Slow Grow	Import	Wine	☎ +7 812 575 34 37 ✉ info@slow-grow.ru 🌐 www.snowworld.ru
Snejni Mir	Import / distribution	Olive oil and other gourmet	☎ +7 (495) 925-05-56 ✉ reception@snowworld.ru 🌐 http://www.slowgrow.ru/
Somelie	Distribution	Wine, Spirits & Beer	☎ +7 (495) 424-95-15 ✉ somelie@coolclever.ru

Company name	Type	Area of interest	Contact information
			https://www.somelie.ru/
Sweet Opt 24	Distribution	Chocolate & Confectionery	+7(985) 579-15-76 manager@sweetopt24.ru https://sweetopt24.ru/
Sweets Import	Distribution	Chocolate & Confectionery	+7 (993) 999-88-44 info@sweets-import.ru https://www.sweets-import.ru/
Tander / Magnit	Import and retail	Various F&B	info@magnit.ru https://www.magnit.com/en
Trade Beer	Import/Distribution	Beer	+7(926)888-1118 main@tradebeer.ru https://tradebeer.ru/catalog/pivo/import/
TUT Product	Distribution	Chocolate, Confectionery & Snacks	+7 (915) 042-09-61 vostok-treyd2014@mail.ru http://tut-product.ru/
UTA	Import/Distribution	Wine, Spirit & Beer	8 (831) 258-51-12 Contact through website https://uta-nn.ru/
Vinicom	Import/Distribution	Wine & Spirits	+7 495 120 84 48 https://vinicom.ru/
Vinoterra	Import/Distribution	Wine & Spirits	+7 495 580 99 30 referent@vinoterra.ru https://vinoterra.ru/
Vintage-M	Import/Distribution	Wine & Spirits	+7 (926) 999-56-73 vintagem@vintage-m.ru https://www.vintage-m.ru/
Vostok Zapad	Import / distribution	Gourmet food for Horeca sector	Through webpage https://www.ews.ru/suppliers www.ews.ru
Winebureau	Import/Distribution	Wine	info@alavolee.ru https://winebureau.ru/
Wine Degrees	Distribution	Wine	+7 (812) 670 06 06 info@degreeswines.ru https://degreeswines.ru/
Wine Discovery	Import/Distribution	Wine & Spirits	+7 (495) 727 01 98 info@winediscovery.ru https://winediscovery.ru/
Wine List	Import/Distribution	Wine	+7 4012 63 11 71 info@winelist-import.com http://winelist-import.com/home/
Winestudio	Import/Distribution	Wine & Spirits	+7(499)722 13 28 info@winestudio.ru https://winestudio.ru/

Company name	Type	Area of interest	Contact information
Wine Style	Import/Distribution	Wine & Spirits	☎ +7 499 727-71-12 13 ✉ wstyle@wstyle.ru 🌐 https://wstyle.ru/
Wine & Only	Import	Wine	☎ +7 (499) 753-29-83 ✉ 075l@wineandonly.ru 🌐 https://wineandonly.ru/
Winsell SW	Supplier	Olive oil	☎ 8 495 280 12 10 ✉ info@winsellcompany.ru 🌐 https://xn----7sbhapppebgybeb8a.xn--p1ai/
WTC	Distribution	Wine & Spirits	☎ +7(495)13-777-13 ✉ store@wtc.ru 🌐 https://wtc.ru/
X5 retail group	Import and retail	Various F&B	✉ direct_import@x5.ru . 🌐 https://www.x5.ru/en/
2 Beer Club	Distribution	Beer	☎ 8-499-490-73-2 🌐 https://2beer.club/imported-draft-beer/
24 Euro Trade	Distribution	Chocolate, Confectionery & Snacks	☎ +7 (495) 646-88-01 ✉ info@eurotrade24.ru 🌐 https://eurotrade24.ru/

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