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## Russian Federation

### Retail Foods

#### Russian Retail Market Steady On

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**Report Highlights:**

In 2011, retail sales in Russia finally reached their pre-2008 crisis level and the industry recorded revenues of \$654 billion, which is a 7 percent increase from 2010 in comparable prices, according to Rosstat. Food retailers contributed 47.8 percent (versus 48.6 percent in 2010) to total 2011 retail market turnover with \$311 billion in sales. Foreign suppliers continue to be competitive in Russia. Market opportunities for U.S. products include red meats, poultry, fish and seafood products, tree nuts, fresh and dried fruits, food preparations and pet foods. Russia officially joined the WTO in August 2012 and committed to reducing and binding import tariffs on all agricultural goods, thereby providing more predictability to the trading relationship and opening export opportunities for the U.S. agricultural industry. In 2012, the ATO Russia estimates moderate growth for the Russian retail sector at about 4 percent due to slow increases in Russians' disposable incomes. Russian consumers remain braced for economic instability that could inhibit the long-term development of the retail market.

**Post:**

Moscow ATO

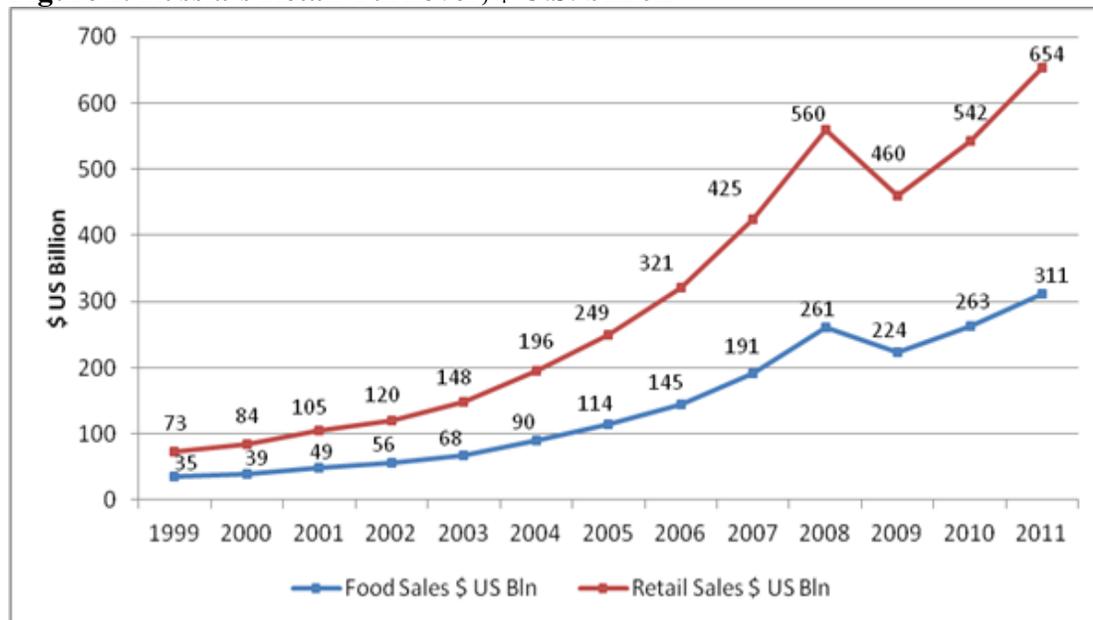
## Executive Summary:

The retail sector in Russia is among the strongest and most significant consumer-oriented domestic sectors. Monthly retail sales in Russia average about \$55 billion and the industry recorded revenues of \$654 billion in 2011, which is 7 percent greater than in 2010 in comparable prices, according to Rosstat. Food retailers contributed 47.8 percent (versus 48.6 percent in 2010) to total retail market turnover with \$311 billion in sales.

According to Rosstat, in 2011, 88 percent of Russian trade turnover could be attributed to modern retail formats such as hypermarkets, supermarkets, and discounters. Open-air markets and older Soviet-style stores including wet markets are declining in popularity and losing market share to modern retail formats.

Russian food retail development continues to be led by large domestic retailers with annual turnover exceeding \$2 billion. Russian retail giants such as the X5 Retail Group, Magnit, Seventh Continent and Dixie chains are still among the top Russian retail players. Nevertheless, the Russian retail market is still highly fragmented with the 10 largest retailers (by revenue) controlling just 26 percent of the market (18 percent in 2009). ATO Russia expects that consolidation in the retail food sector will continue and we will see the share of sales accruing to the big ten retailers will grow.

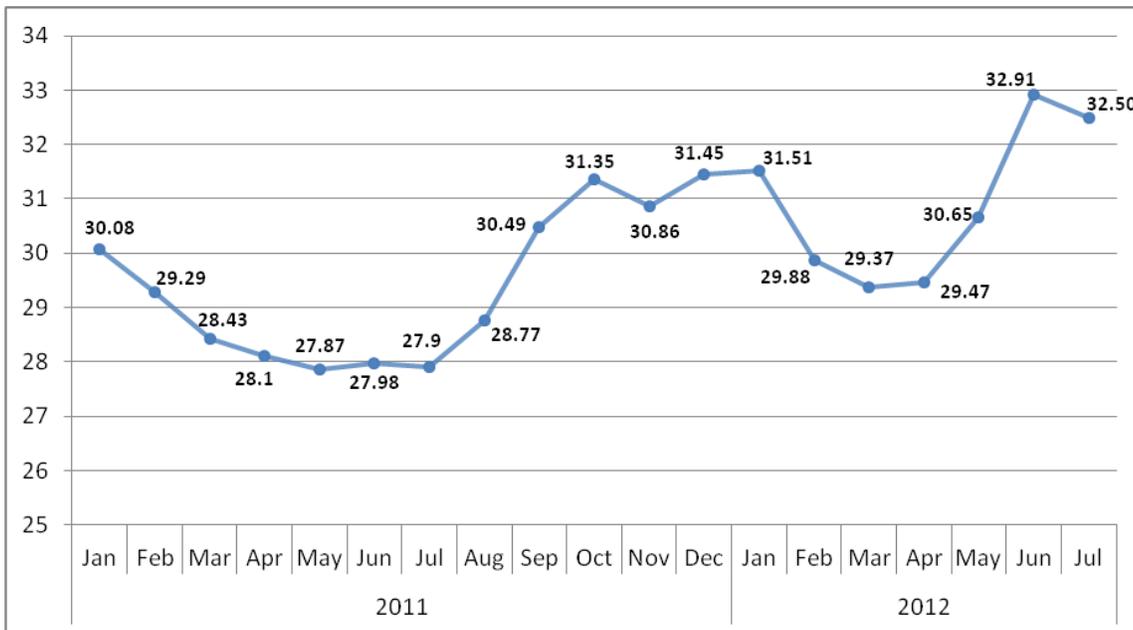
**Figure 1. Russia's Retail Turnover, \$ U.S. billion**



Source: Federal State Statistics Service (Rosstat)

The ruble has weakened against the dollar and euro since the same time last year and imported food prices have risen respectively. Importers are watching closely for the effects this year's drought in the United States on food prices. The Central Bank of Russia allows the Ruble to float within a certain band to adjust to market conditions. Figure 2 below shows the exchange rate of U.S. Dollar to Russian Ruble in 2011-2012.

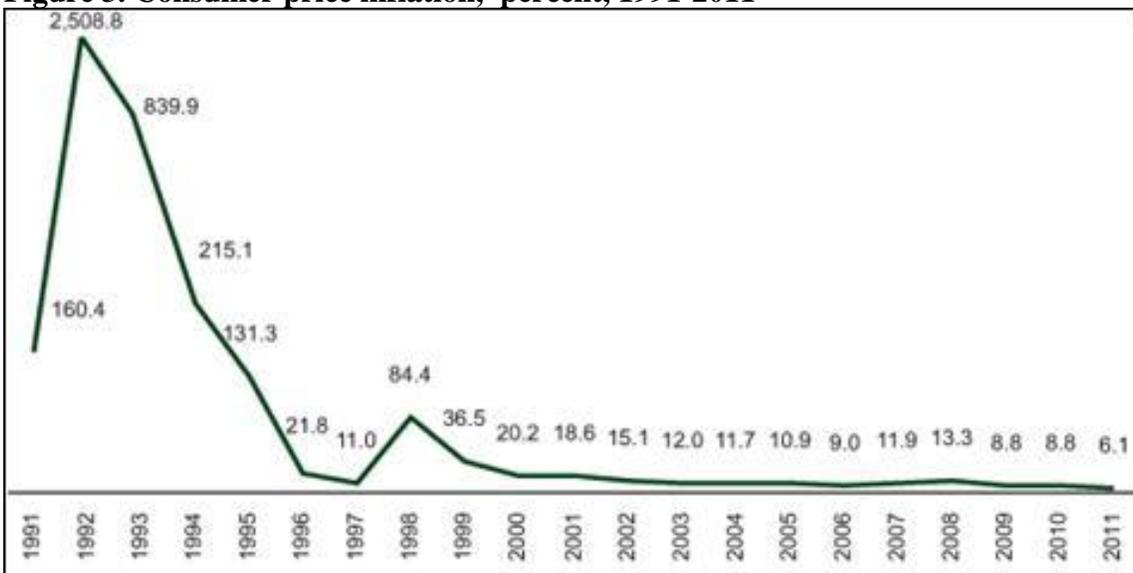
**Figure 2. Russia's Central Bank's exchange rate of \$1 USD to Ruble in 2011-2012**



Source: The Central Bank of the Russian Federation

Consumer price inflation has been moderate and relatively stable for the past nine years. In 2011 consumer price inflation dipped to 6.1 percent down from 8.8 percent in 2010 and was the lowest since 1991. In 2012, inflation is expected to increase following the July 2012 electricity and gas price rises and to a lesser extent due to possible food price increases. The Russian government estimates the inflation rate will reach 5-6 percent by the end of the year.

**Figure 3. Consumer price inflation, percent, 1991-2011**



Source: Rosstat

The Russian Federation officially joined the World Trade Organization (WTO) on August 23, 2012. As part of its WTO accession agreement, Russia has committed to reducing and binding import tariffs on all agricultural goods and to follow Sanitary and Phytosanitary/Technical Barriers to Trade Agreement, thereby providing more predictability and transparency for its trading partners.

The average tariff for agricultural products will be reduced from current 13.2 percent to 10.8 percent.

For more information on market opportunities please see the following report:  
[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia Moscow Russian%20Federation 3-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia%20Moscow%20Russian%20Federation%203-20-2012.pdf)

## Section I. Market Summary

In 2011, 88 percent of Russian trade turnover could be attributed to modern retail formats such as hypermarkets, supermarkets, and discounters. Open-air markets and older Soviet-style stores, including wet markets, are declining in popularity and losing market share to modern retail formats. Sales at street markets decreased by 2.2 percent in 2011, amounting to about 12 percent of retail sales in Russia in 2011, according to Rosstat. This type of traditional retail has the weakest position in Moscow and St. Petersburg.

Russian food retail continues to be led by large domestic retailers with annual turnover exceeding \$2 billion. Russian retail giants such as the X5 Retail Group, Magnit, Seventh Continent and Dixie chains are still among the top Russian retail players. However, foreign firms including the French Auchan Group, German Metro AG and others have earned significant market share during the last decade.

**Table 1. Top 10 Grocery Retailers in Russia by sales turnover, 2011**

Rang	Company Name
1	X5 Retail Group
2	Magnit
3	Auchan Group
4	Metro Cash & Carry
5	Dixie Group
6	Dorinda Holding (O'Key)
7	Lenta
8	Seventh Continent
9	Spar
10	Element-Trade (Monetka)

Source: Infoline Agency Research

In 2011, the X5 Retail Group, which operates the Pyaterochka, Perekrestok and Karusel grocery stores, remained the leading retailer in terms of sales revenues in Russia. The X5 company operates hypermarkets and supermarkets, and has also introduced online projects. Another grocery retailer, Magnit, occupied second place in sales but led the retail market in terms of number of outlets and sales area in 2011.

Retailers demand consistent quality and adherence to contract specifications and penalize suppliers for failure to meet requirements. As a result, foreign suppliers continue to be competitive in the Russian market as they are more accustomed to meeting strict specifications.

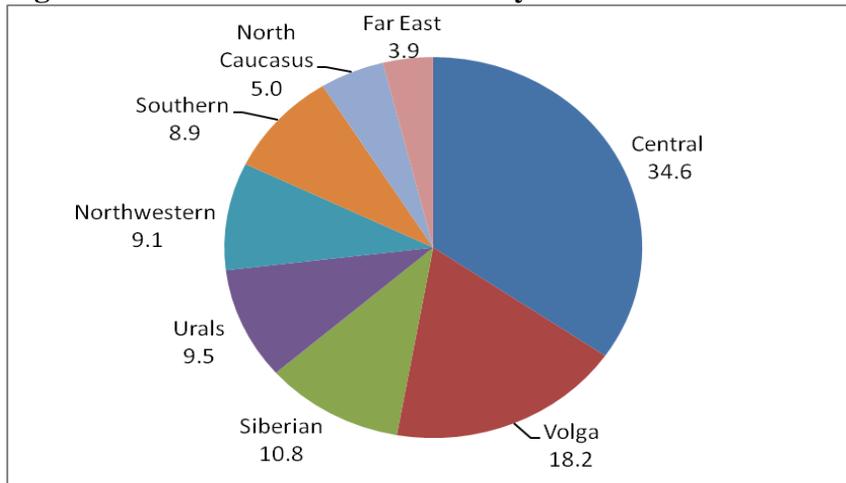
Russian retailers and consumers still rely heavily on cash for payment but that is changing. According to Cushman & Wakefield research, in 2011, roughly 95 percent of retail payments in Russia were made with cash. However, there was a notable increase in credit and debit card payments. About 28 percent of retail purchases in Moscow and 18 percent overall in Russia were made by plastic cards. According to the Central Bank of Russia, in 2011 banks issued about 167 million credit/debit cards, up 40 percent

from 2008. A significant number of retailers in 2011 provided consumers with the opportunity to pay by credit card.

The retail market in Russia varies significantly among the Federal Districts both in terms of its value and the nature of its development. The variations result from the number of inhabitants, population density, level of urbanization, as well as average monthly income and expenditures, existing competition and other regional characteristics.

According to Rosstat, the Central Federal District (which contains Moscow) is the smallest yet the most populous region of Russia and remains the largest retail market in the country, accounting for 34.6 percent of sales Russia-wide in 2011. The majority of the largest retailers in Russia originate from Moscow, which gives the Central Federal District the special status of accommodating both leading domestic operators as well as foreign retailers seeking to establish their presence in Russia. The Far East had the lowest share of retail sales among the Federal Districts in Russia. At the same time, the Far East is the largest District in terms of physical area, but with a population that comprises only 6 percent of the total.

**Figure 4. Retail Turnover in Russia by Federal District in 2011\*, %**



Source: Rosstat

\*The North Caucasus Federal District was formed in 2010, as separate from the Southern Federal District

Moscow has been ranked as the third most attractive city for international retailers of all types after London and Paris, according to a survey of 150 leading international retailers in 55 countries in Europe conducted by Jones Lang LaSalle. Ten retailers are planning to launch in Moscow in 2012 including Debenhams, Noodle House, Seattle's Best Coffee, MuzzBuzz, Brisket Express, Krispy Kreme, Peek & Cloppenburg and Abercrombie & Fitch.

However, strong competition and high rents in large cities limit the profitability of retailers and encourage them to seek further growth opportunities in Russia's regions. But regional competitors are growing stronger, too. In fact, in 2011, many regional companies have opened chains in Moscow, e.g. Bakhettle, and they are ready to compete with federal chains in the capital.

### **Existing Retail Sales Outlet Formats in Russia**

The following retail sales outlet formats exist in the Russian market:

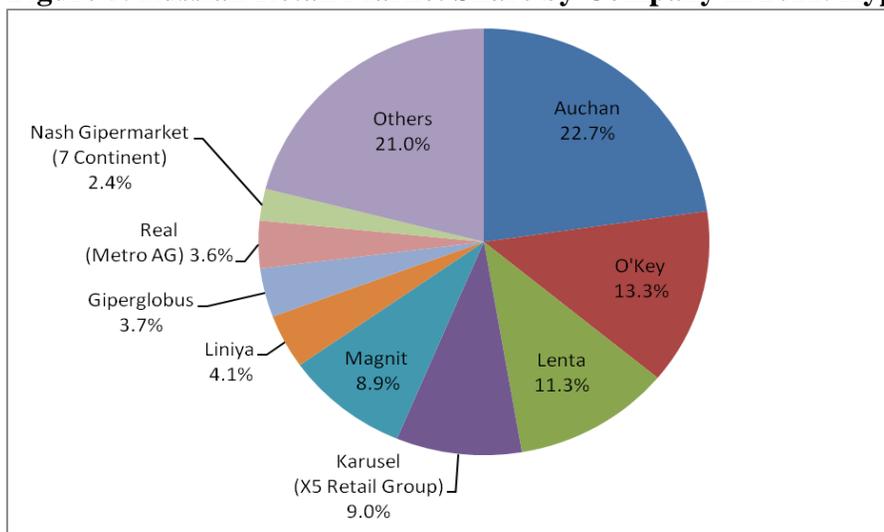
- **Hypermarket.** A store with retail space of more than 2,500 sq. meters, where not less than 35 percent of the space is used for sales of non-food products. As a rule, a hypermarket is located on the outskirts of large cities, or is the anchor store of a large urban shopping mall (e.g., Auchan, O'Key, Lenta).

Hypermarkets target car-owning households of all income levels who seek higher-quality products, more services and wider product assortments. So-called “family shopping”, when many products are purchased on a weekly basis, has become very popular in Russia. In 2011, food products accounted for about 82.5 percent of retail value sales in hypermarkets, according to Euromonitor.

In 2011, hypermarkets sales grew by 20.4 percent compared to 2010 to reach \$24 billion. This sector remains concentrated in the hands of large operators. Nine major hypermarket chains including Auchan, O'Key, Lenta, and Karusel controlled 79 percent of hypermarket sales in 2011. The major share belongs to the French group Auchan (22.7 percent) followed by the O'Key company (13.3 percent) and Lenta (11.3 percent). The Karusel group, which was acquired and consolidated into the X5 Group in 2011, held 9 percent of total hypermarket segment sales.

Russian retailers opened 100 new hypermarkets in 2011, the largest number of openings ever in the country for this format, according to Vedomosti news. Currently, retail operators are branching out to regions and cities with a population of under 500,000 people – which was also named as “the marketing trend” of 2011. Experts expect further growth in the number of Russian hypermarkets, predicting a minimum of 800 openings in this format during the next five years. In addition, it is expected that some 300,000 m<sup>2</sup> of new retail facilities will be opened in Moscow in 2012.

**Figure 5. Russian Retail Market Share by Company in 2011. Hypermarkets.**



Source: Euromonitor from trade sources/national statistics

- **Supermarket.** A retail outlet with sales space from 400 to 2,500 sq. meters, where at least 70 percent of the product line is food products and everyday goods (e.g. Perekriostok, Dixie, Sedmoi Kontinent, Spar).

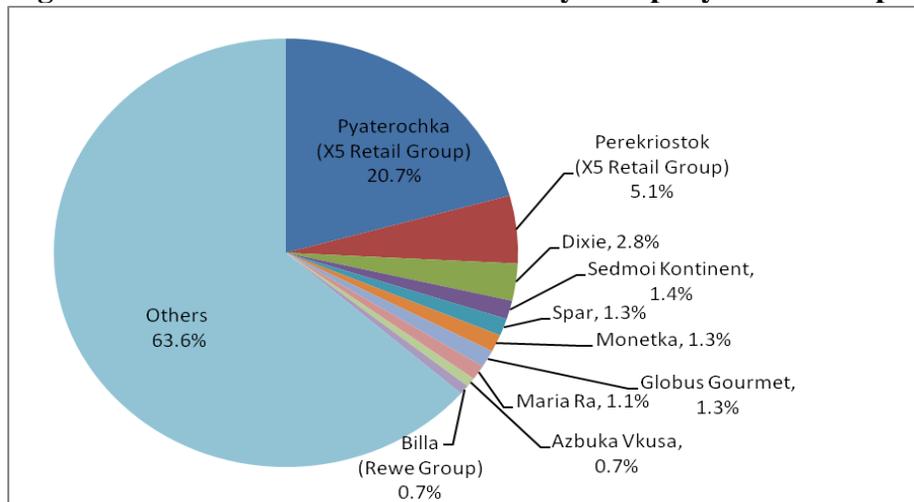
The main consumer targets for low cost supermarkets like Pyaterochka and Monетка include low-income households, elderly people and students. As a rule, these consumers do not own a car, and they

often prefer to shop in outlets closest to home. Most supermarket operators benefit from convenient locations in residential areas.

Supermarkets compete with hypermarkets, convenience stores and independent small grocers as they focus on the same consumer groups. Almost all retail operators offer a range of ready-to-eat food and chilled ready-to-cook products. The share of food sales versus non-food sales in supermarkets increased in 2011 to reach 91.5 percent.

In 2011, supermarkets accounted for the highest retail sales growth within the grocery retailing category with 22 percent growth compared to 2010 to reach \$84 billion. X5 Retail Group remained the leading player through its Pyaterochka and Perekriostok chains. Overall, the company accounted for a 25.8 percent share of retail sales in supermarkets in 2011 compared to 17 percent in 2010. However, the supermarket segment is highly fragmented with nine major companies controlling 36 percent of the market. The remaining sales were contributed by smaller chains as well as independent grocery retailers.

**Figure 6. Russian Retail Market Share by Company in 2011. Supermarkets.**



Source: Euromonitor from trade sources/national statistics

- **Cash & Carry.** A retail outlet of roughly 8,000 sq. meters, working under the principles of small wholesaling (e.g. Selgros, Metro Cash & Carry).

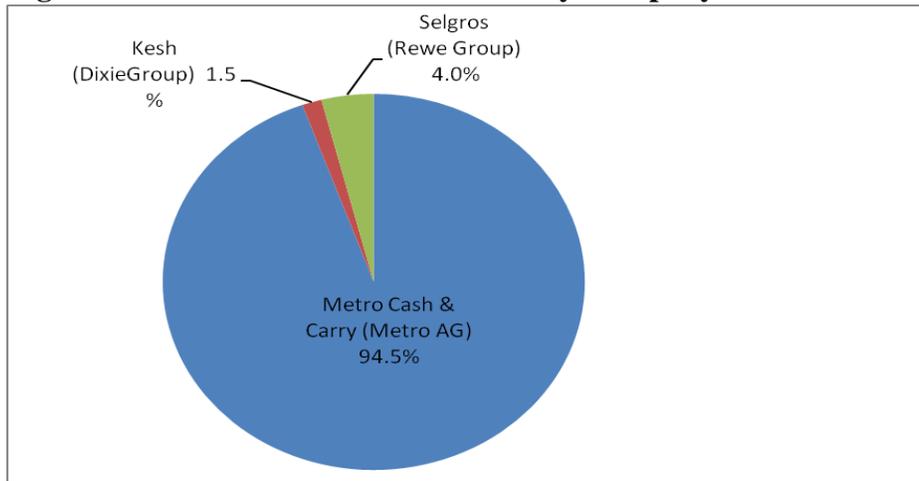
Cash and carry, also known as self-service wholesale store retailing, is a wholesale format aimed specifically at trade customers, generally large-scale big-box stores providing a wide range of goods, primarily grocery but including some non-grocery items. Customers must normally prove they represent a registered business in order to be allowed to shop at such stores.

In 2011 three companies operated cash and carry outlets in Russia: German Metro Group, Rewe Group and locally-based Dixie Group that operates only one cash and carry outlet, Kesh. Originally Kesh was belonged to Victoria Group which was acquired by Dixie in 2011. Total cash and carry sales increased by 12.8 percent in 2011 and accounted \$4.8 billion.

The international operator Metro Group is by far the leading cash and carry outlet in Russia. In 2011, the company accounted for 94.5 percent of total cash and carry sales in the country. The company reached a total of 65 stores by the end of 2011. Selgros opened 2 stores in 2011 and now operates 6 stores in Russia and expects to open up to 50 cash and carry outlets over the next 20 years.

Russian consumers often consider cash and carry and hypermarkets to be the same format. Cash and carries and hypermarkets offer the widest product assortment and have the largest sales areas compared with other retail formats. Both hypermarkets and cash and carry outlets focus on large family packs and operate on a self-service basis. Both also provide additional services such as in-store bakeries or ready meals, along with plentiful parking.

**Figure 7. Russian Retail Market Share by Company in 2011. Cash & Carry.**



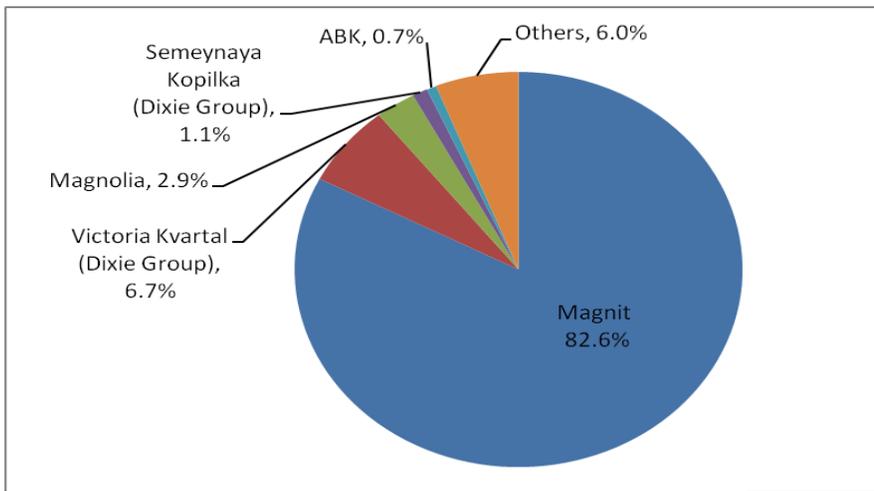
Source: Euromonitor from trade sources/national statistics

- Convenience stores.** Grocery retail chain outlets selling a wide range of groceries in a small sales space (up to 300 sq. meters), located in urban residential areas. The store serves the local neighborhood market, and is often open 24 hours. In Russia, such retail sales points are increasingly replacing neighborhood kiosks ("Magnit", "ABK", "Kvartal").

A trend towards convenience in grocery retailing is evident in Russia. Consumers are keen to save time on shopping and they are willing to visit the local neighborhood store on-the-go instead of a large supermarket or hypermarket. More and more small, 24-hour neighborhood stores are appearing. These outlets offer home and personal care products, newspapers and magazines, groceries, alcohol and sometimes flowers.

The convenience store format has been growing rapidly in Russia in terms of number of outlets and retail sales. In 2011, sales grew by 51 percent to reach \$13 billion mainly due to Magnit expansion. Magnit is the leading player in convenience stores in Russia, accounting for an 82.6 percent share of retail value sales.

**Figure 8. Russian Retail Market Share by Company in 2011. Convenience stores.**

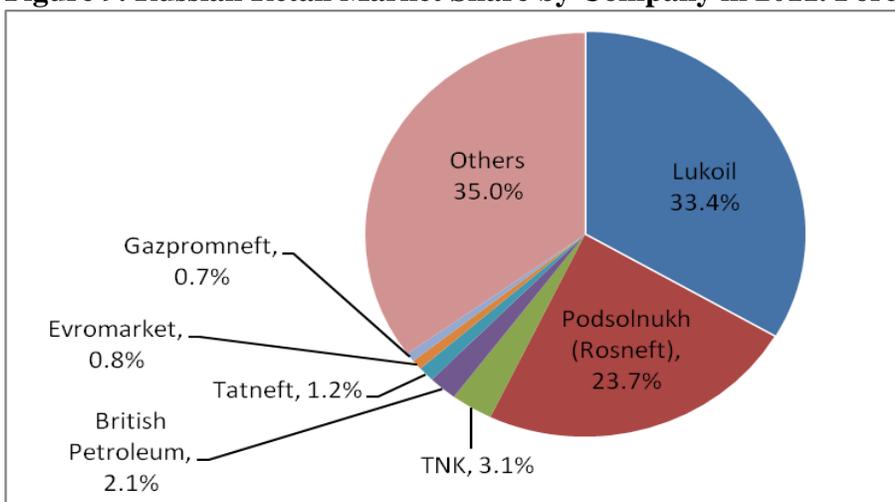


Source: Euromonitor from trade sources/national statistics

- Forecourt retailers.** Grocery retail outlets selling a wide range of groceries from a gas station forecourt. As a rule, the stores have extended opening hours, selling area of less than 400 sq. meters, and handle two or more of the following product categories: audio-visual goods (for sale or rent), take-away food (sandwiches, rolls or hot food), newspapers or magazines, cut flowers or potted plants, greetings cards, automotive accessories (BP Connect, Shell Select).

Forecourt retailers remained an underdeveloped format in Russia and only about 25 percent of all petrol stations in the country have a forecourt stores. With the entrance of foreign petrol stations onto the market, their growth is accelerating. Modern foreign brands (BP Connect, Shell Shop and Statoil) focus mainly on high-end consumers, offering higher-priced confectionery, ice cream and beverages, etc. This results in higher retail value sales per outlet. Most national operators have difficulty in establishing efficient logistics for non-core grocery retailing. In 2011, Lukoil and the domestic player Neft Aktiv (Podsolnukh, the former Yukos brand) led forecourt retailers with 33.4 and 25 percent share of retail value sales respectively.

**Figure 9. Russian Retail Market Share by Company in 2011. Forecourt Retailers.**



Source: Euromonitor from trade sources/national statistics

- **Discounter.** A retail outlet with sales space from 300 to 1000 sq. meters, selling goods with a minimum margin from 5 to 7 percent, and whose assortment consists of 500 – 2,000 items with minimum of 50 percent share occupied by private labels.

Euromonitor International and other industry experts suggest there is no clear discounter format in Russia according to Western standards. As a rule, local stores like Pyaterochka, Monetka and Dixie work as low-end supermarkets with sales space from 350 to 900 sq. meters, product ranges from 3,500 to 5,200 items, and with mark-ups accounting for 13 – 23 percent, while the share of private label items occupies from 10 to 15 percent. At the same time, the common Western meaning of a Discounter is a store with sales space from 300 to 1000 sq. meters, selling goods with a minimum margin from 5 to 7 percent, and whose assortment consists of 500 – 2,000 items with minimum of 50 percent share occupied by private labels. Sometimes the share of private labels in Europe may reach 80 percent. Examples of discounter format in Europe are German chains Aldi and Lidl, where the share of private labels accounts up to 95 percent.

**Table 2. Russia: Sales in Retailing by Sector in 2011, \$ US Million, y-o-y exchange rates**

<b>Formats</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>% change '10-'11</b>	<b>% change '07-'11</b>
<b><i>Store-based Retailing</i></b>	<b>314,908</b>	<b>378,336</b>	<b>300,450</b>	<b>350,240</b>	<b>413,704</b>	<b>18</b>	<b>31</b>
<b>Grocery Retailers</b>	147,630	182,245	161,292	190,516	227,470	19	54
<b>Modern Grocery Retailers</b>	68,021	88,886	79,851	97,896	121,659	24	79
Convenience Stores	5,046	6,718	6,586	8,770	13,238	51	162
Forecourt Retailers	419	471	373	446	543	22	29
Hypermarkets	11,953	17,269	16,115	20,091	24,187	20	102
Supermarkets	50,603	64,429	56,778	68,590	83,692	22	65
<b>Traditional Grocery Retailers</b>	79,609	93,358	81,441	92,620	105,810	14	33
Food/Drink/Tobacco Specialists	4,422	5,053	4,353	5,054	5,897	17	33
Independent Small Grocers	49,272	56,750	50,223	57,361	66,270	16	34
Other Grocery Retailers	25,915	31,556	26,865	30,205	33,643	11	30
<b><i>Non-Store Retailing</i></b>	<b>9,418</b>	<b>12,264</b>	<b>10,863</b>	<b>13,630</b>	<b>17,219</b>	<b>26</b>	<b>83</b>
<b>Internet Retailing</b>	3,831	5,262	4,960	6,640	9,105	37	138
Food and Drink Internet Retailing	91	133	137	172	226	31	149
<b>Vending*</b>	368	506	378	415	493	19	34
Packaged Drinks Vending	122	171	132	144	159	11	30
Packaged Foods Vending	46	60	55	67	75	13	65
Unpackaged Drinks Vending	163	227	173	190	231	21	41
Other Products	30	40	12	9	23	151	-23

Vending

Source: Euromonitor from trade sources and national statistics

\* Vending covers the sale of products via automatic machines operated by introducing coins, bank notes as well as payment cards or other means of cashless payment.

### Advantages and Challenges for U.S. Exporters

Successful U.S. businesses operating in Russia are those that find a local importer/distributor(s) that they can work with closely and are those that understand the local market (see below). Even successful companies need to remain engaged in the market and with their customers. For many staple products, domestic production meets demand. Certain imported food and agricultural products have difficulty competing with domestic products due to the high cost of foreign exchange, high import duties and/or difficulty with the regulatory framework and generally efficient production of unsophisticated food products. Companies from all over the world are looking at the Russian market to try and take advantage of improved market and/or regulatory access given Russia's recent WTO accession. Successful imports tend to be those that add to the variety of foods available on the market and products that are not grown in Russia or for which domestic production is insufficient to meet domestic demand.

Exporters should review some of the advantages and challenges of the Russian retail market (please see Table 3 below) when considering their marketing strategy.

**Table 3. Russia: Advantages and Challenges for U.S. Exporters**

Advantages	Challenges
Population of 141.9 million people who are potential consumers. The U.S. is the sixth largest supplier in Russia (by volume) of food and agricultural products.	The relatively low purchasing power of many Russian consumers, particularly in the regions, and the consequent lower demand for durable goods, and premium grocery and non-grocery goods.
Russia's retail sector is growing (7 percent from 2010-2011), which creates a number of opportunities for prospective U.S. exporters.	Economic vulnerability, dependence on oil and mineral extraction for economic growth.
The ongoing development of the organized grocery retail industry will allow producers to route products to the market more efficiently.	Distance in Russia is one of the major barriers complicating logistics for retail chains.
Significant number of consumers can afford purchasing high-quality food products.	Per capita spending in the regions outside Moscow and St. Petersburg remains low.
Urban life style changes increase demand for semi-finished and ready-to-cook products.	Rapid development of local manufacturers of ready-to-cook products creates tough competition for similar imported goods.
American-made food and drinks are still new for the majority of the population, and popular among the younger generation.	Growing number of domestically produced generic products; lack of knowledge of American products.
In general, retailers are open to new products in order to attract customers.	Strong competition with suppliers of similar products from Russia and European Union.

Existence of large importers experienced in importing food products to Russia.	Corruption, difficulties in finding a reliable partner or distributor.
Paying in dollars is advantageous for exporting to Russia compared to Europe due to the lower cost of the Dollar relative to the Euro.	Russian government bureaucracy and grey market. Contradictory and overlapping regulations. Official government opposition to growth in food imports.
Due to the accession to the WTO Russia is obligated to bind its agricultural tariffs, adding more predictability to the trading relationship and opening export opportunities for the U.S. agricultural industry. WTO membership will also require Russia to abide by science-based sanitary and phytosanitary standards that will help facilitate U.S. exporters' access to the market.	Competition with food products imported from the EU and other countries may rise.
Lack of reform in the Russian agricultural sector has led to high raw-material costs and shortages for processors.	
The Russian government has committed to spending on infrastructure over the next 10 years, particularly railroads and highways, which should translate to better logistics for expanding retailers.	

Russia's accession to the World Trade Organization (WTO) is expected to create changes that will provide more access for foreign companies into the market as well as much greater domestic competition. Through commitment to WTO rules and norms, the investment in and expansion of the Russian market will become more predictable thus reducing the "risk cost" of the entry ticket onto the market.

To get more information on the market access changes for each key food products that will occur with WTO accession for the U.S. suppliers please see the report:

<http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia%20Moscow%20Russian%20Federation%203-20-2012.pdf>

## Major Retail Trends

### Mergers and Acquisitions

The Russian retail market is still fragmented with the 10 largest grocery retailers controlling 26 percent of the market.

Recent decades, however, saw the development of organized supermarket chains and hypermarkets, which saw notable expansion in Russia's major cities, and together accounted for a 47 percent share of overall grocery retailing in value terms in 2011, and an 88 percent share of value sales in modern grocery retailers. (Source: Euromonitor International)

The largest transaction of 2011 was the Dixie Group purchase of the supermarket chain Victoria and its 250 stores. Thus Dixie became the fifth largest food retailer in Russia in 2011. Through this acquisition Dixie deepened its current presence in St. Petersburg, Central Russia and the Urals.

In 2012, the X5 Retail Group purchased 23 retail stores in the city of Kirov called Economnaya Sem'ya (Saving Family) and Mir Produktov (World of Products) as well as 24 stores of Tatarstan chain Norodniy (Peoples'). That adds to X5's already large group which grew in 2011 by acquiring the grocery chains "Island" and "Kopeyka".

Foreign retailers such as France's Auchan and Germany's Metro have a strong market presence in Russia but in the past two years both Carrefour and Wal-Mart have withdrawn from Russia in the face of strong domestic competition. Rumors still surface about a return in the future.

In order to expand into the regions, Russian retail chains offer franchising opportunities to local chains. This is advantageous from the point of view of increasing market penetration and reducing cost and, as local players already have a share of the market, the base expenses are only for retraining staff, introducing new technology, and bringing the retail space up to brand standards. Chains that use such a franchise scheme tend to be bought up by the franchise owner at a later date. (Source: EastKommerts Investment Group)

### **Private Labels**

Private label merchandise represents a relatively new phenomenon in Russia, and still has a limited presence in the retail market, which is tied to the low concentration of retail chains outside of the major cities. Companies offering private label products are still not accustomed to competing with brands. Retailers confirm that it is difficult to establish long-lasting and trusting relationships with contractors, as private label manufacturing brings little profit. Although private label products have increasingly come to be associated with quality in mature European markets, in Russia they tend to simply indicate lower prices, and are interpreted to offer lower quality. Also, there are differences in the preparedness of consumers to consider private label products, depending on the category of products in question. Many Russian consumers are still brand-oriented, and they are not ready to buy private label products in large volumes.

According to Euromonitor International, in Russia private label sales reached \$16 billion in 2011, an increase of 20 percent compared with the previous year. Private label sales represented about 3 percent of total retail food sales in 2011.

Private label (aka generic) products such as home care products and staple food items such as pasta or rice tend to attract interest from a broader range of consumers, whilst feminine hygiene products, baby food, pet food, cosmetics and indulgence products such as chocolate fare less well, given the more emotional relationship consumers have with these items. Private label products also do well in categories in which products are commodity-based and technological innovation is less important, feeding into categories such as chilled, processed food.

Under the current conditions, only the large retailer chains are able to convincingly compete in private label, given their ability to absorb more costs, drive growth through volume sales, and invest in product development, packaging design and advertising.

Amongst the first to enter private label were the X5 Retail Group and Magnit. The X5 Retail Group leads in terms of private label sales, reported at \$1.7 billion in 2011, after its acquisition of the Kopeyka chain, which saw the company adding several private labels to its portfolio.

Magnit offers a wide range of more than 530 private label products, representing around a 15 percent share of the total assortment of an average Magnit outlet. All private label products in Magnit outlets target low-income consumers.

Regional retail operators, namely the Tatarstan-based Bakhetle and the Siberia-based Maria Ra retail chains, have become leaders in terms of the share of private label merchandise within their total sales. In 2011, private label accounted for 35 percent of Bakhetle's and 20 percent of Maria Ra's value sales, which was more than in other grocery retailers.

Auchan will continue placing 500-700 private label SKUs annually. However, Seventh Continent's strategy is to ensure their private label share is not too high, since all manufacturers should be present equally in its stores.

Nonetheless, retailers see private label products as offering strong advantages in terms of price competition in the longer term. The leading retailers are investing in better packaging and improving the quality of private label offerings. The X5 Retail Group plans to develop premium private label products for distribution through its hypermarkets and high-end Perekriostok Green supermarkets. Azbuka Vkusa launched its Pochti Gotovo private label in its high-end supermarkets in October 2010. In the short-term, Azbuka Vkusa plans to offer premium private label products from Russian farms.

Although the majority of retailers operating in private label tend to focus on the lower-priced segment of the market, the character of private labeling in Russia is changing. Many retail chains intend to increase the percentage of revenue earned from private label over the coming years, and expand their range of private label products. X5 Retail Group aims to increase its private label share of the total range to 30 percent in Perekriostok supermarkets, to 50 percent in Pyaterochka outlets and 10 percent in Karusel hypermarkets. Expansion plans have been reported by all low-end supermarkets, as well. These retailers aim to increase private label's share of total sales in their outlets up to 25- 30 percent in the short-to-medium term.

### **Organic, Healthy and Ready-to-Cook Products**

Busier lifestyles, particularly in Russia's largest cities, has created steady growth in demand for products such as chilled ready meals and frozen ready-to-cook products. As a result, supermarkets, hypermarkets, and independent grocery stores have improved offerings of chilled and ready-to-cook meals. In addition, a health-conscious trend has led to a greater offering of healthy, low-fat, salt-and sugar-free foods, fresh exotic fruits and vegetables. The assortment is wider particularly in large cities such as Moscow and St. Petersburg and in Vladivostok where fresh fruits and vegetables are available from the western United States and China. High-end supermarkets have begun to develop a range of organic foods, and some entrepreneurs have tried to develop supermarkets specializing in organic produce.

The demand for eco-brands and organic products is growing. However, there is a lack of regulation in Russia concerning eco-brands, and firms can freely label products as "bio" or "eco". This is the reason Russian consumers do not trust the quality of so-called eco-brands, and they are not ready to pay extra for them.

Most organic products are imported from Europe and sold in specialty shops in areas where upper income Russians live, as well as in other premium shops, like Grunvald and Azbuka Vkusa in Moscow, which are well known for the distribution and promotion of value-added "green" and healthy products.

Domestic manufacturers are searching for ways to gain a larger share in this niche, including via voluntary certification for organic products.

In 2012, several Russian producers of so-called “bio” products, e.g. Corporation Organic, the "Planet Health" group of companies, and the Association "EcoKlaster", came out with an open letter to the Russian Minister of Agriculture wherein they raised concerns about the lack of regulation of organic agricultural products in Russia and stressed the need to amend current regulatory rules. These companies introduced proposals to be included into draft regulation “On Producing Ecologically Clean (Organic) Agricultural Products”. Currently the producers are working on detailed suggestions and they will be a part of the group that, together with Russian Minister of Agriculture representatives, will be working out the draft law.

For more information on Russian organic market please see the Gain report <http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Organic%20Market%20Taking%20Root%20Moscow%20ATO%20Russian%20Federation%204-27-2011.pdf>

## **Shopping Malls**

Consumers in urban areas prefer to spend less time shopping and consequently choose one-stop shopping malls. As a rule, shopping malls located in city centers have one or more cinemas, restaurants, grocery retailers, durable goods retailers, souvenir stores, cosmetic retailers and beauty salons. Some property developers also allocate space for sports and fitness clubs under the roof of a shopping mall.

Local government authorities have recognized the advantages of megastores in cities and created a favorable environment for the rapid development of hypermarkets, megastores of all types and shopping malls. Shopping malls and megastores are appearing on the sites of former outdoor markets, which have been slowly vanishing.

In 2011, over 25 shopping centers were completed in Russia. Moscow and St. Petersburg still account for the highest number of malls in Russia. At the end of 2011, approximately 45 percent of all shopping centers in the country were in these two cities. However, the 11 Russian cities with populations over 1 million, (e.g. Novosibirsk, Yekaterinburg, Nizhniy Novgorod, etc.) accounted for more than 110 of the 370 malls operating in the Russian market at the end of 2011. Over 100 shopping centers are due to start operations in Russia in 2012, according to the research of the InfoLine research agency.

The rental rates in Moscow’s shopping centers are very high in the range of \$500-\$4,000 (per sq. m. per year) depending on the size of the retail unit and the type of retailer. In 2011, rental rates grew moderately (3-5 percent per quarter on average). In other Russian cities rental rates are 30 to 60 percent below Moscow or St. Petersburg levels.

## **Internet Retailing**

During 2011, growth of internet retailing in Russia remained high and exceeded growth rates of store-based retailing although it remains a very narrow market. According to Data Insight research, internet sales in Russia grew by 30 percent to reach \$11 billion in 2011. More than 50 percent of consumers who buy goods online live in Moscow or St. Petersburg. The average bill is \$296. Experts estimate the number of online shoppers in Russia will increase by 25 percent in 2012, while sales turnover will grow by 22 percent to reach \$13 billion.

There are reported to be in excess of 50 million internet users in Russia, with approximately seven million of these ordering products online at least once a month during 2011. Russia now boasts the most internet users amongst European countries, and is sixth in the world, according to the TNS media research company, with only China, the U.S., Japan, India and Brazil having more internet users.

Russian consumers mainly shop online for non-grocery products. In 2011, the online grocery market in Russia was worth \$545 million and accounted for 5 percent of total internet sales. Russian consumers are not accustomed to shopping for groceries online, and they rarely use the internet for this purpose. It is still perceived to be less stressful and less time consuming to visit the local supermarket than to shop for groceries online. However, significant annual growth in Internet sales in recent years shows that online grocery retailing has great potential.

In March 2012, Utkonos, one of the largest online grocery retailers in Russia, started selling grocery goods using the online retail platform Wikimart, which is forecast to grow Utkonos' turnover by 3-5 percent, according to the Utkonos' management. In 2011, Utkonos' online sales reached approximately \$300 million annually. Currently, they handle about 10,000 orders per day.

One of the obstacles to the faster development of grocery internet retailers is the underdeveloped system of e-payments, related to the scarce use of credit cards. Currently most e-shop operators accept cash on delivery only. Russian consumers do not trust e-payments. Only 10 percent of e-shops offer the option to pay by debit/credit cards. Industry experts explain that e-shop operators prefer to call to consumers before the final confirmation of purchase. The PayPal system of security for e-payments has recently opened a subsidiary in Russia, but it mainly serves foreign e-shop operators. In Moscow, auto traffic may also be a factor limiting internet and delivery sales.

The internet sites developed by store-based retailers are increasingly important, as the current environment favors well-established chains such as X5 Retail Group, with an established physical presence in major cities and across the regions, which removes some issues related to storage and transportation. The X5 chain launched its E5 project, offering a wide online range of non-grocery products, including books, electronics and home care products, amongst others. Consumers are able to collect products through Perekriostok outlets which are a particularly attractive option to Russian consumers unwilling to pay online, although courier delivery and post office collection are also offered as options. (Source: Euromonitor)

Some market experts estimate Russia will become the largest e-commerce market in Europe by 2019, based on current growth rates. Forecasts remain optimistic on the whole, based on changing consumer lifestyles and emerging retail trends, which are becoming gradually more closely aligned with Western consumer trends.

### **Legislation Regulating Retail Trade**

The Russian Federal Law on Trade came into force on February 1, 2010. This law is aimed at creating transparent conditions for cooperation between domestic suppliers and retailers and boosting competition in the retail sector. The law contains strict antimonopoly regulations, such as capping store openings once a retailer reaches a 25 percent market share threshold within a city or municipal region, a 10 percent limit on bonuses paid to retailers by suppliers, and payment terms regulating how fast a retailer has to pay for goods with a certain shelf life, among other provisions.

The core regulations of the new Federal Law on Trade have caused bitter debate amongst suppliers and retailers. Some retailers declare that they will try to find ways to evade the new regulations. For example, the legislation does not cover non-store retailing; therefore store-based operators can develop internet retailing and continue to increase their sales and shares in certain regions. The Law does not preclude companies from franchising and as a result a chain may still exceed the 25 percent cap on market share in one region if stores are operated by various franchisees.

In 2011, the Federal Antimonopoly Service (FAS) monitored adherence to the 2010 regulations on a monthly basis. In total, Federal Antimonopoly Service checked 464 retail chains in 2011, and found 5,695 infractions of the statute, according to Euromonitor. Retail chains which broke the law paid fines or in some cases were closed. The cost to retailers of the 2010 regulations and their enforcement has increased considerably and has affected consumer prices.

Retailers continue to suggest amendments to the legislation regarding retailing. Business representatives suggested increasing the market share cap from 25 to 35 percent in Russian towns where the population is less than 100,000 citizens. Retailers also suggested changes in tax regulations. For example, they suggested removing expenses related to theft “shrinkage” in supermarkets (no more than 2 percent of total revenues) from the balance sheets of the retail chains. The amendments to this legislation were viewed favorably by some authorities; however official changes in the legislation have not been made.

For more information on Russian Federal Law on Trade please see Gain Report:

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Russian%20Federal%20Law%20on%20Trade%20\\_Moscow%20ATO\\_Russian%20Federation\\_8-30-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Russian%20Federal%20Law%20on%20Trade%20_Moscow%20ATO_Russian%20Federation_8-30-2010.pdf)

## **Section II. Road Map for Market Entry**

### **Advice to Exporters**

The World Bank's Ease of Doing Business 2012 report ranked Russia 111<sup>th</sup> out of 183 countries, a measurable improvement compared to the 2011 ranking of 120<sup>th</sup>. However, the conditions for starting a business have deteriorated significantly since 2009 when Russia ranked 88th out of 183 countries. This is due to the lack of reform in terms of the time and number of procedures required for setting up a business in the country. While many countries have simplified and streamlined the process, it takes 9.0 procedures and 30.0 days in Russia to open a business. This compares unfavorably to an OECD (Organization for Economic Co-operation and Development) average of 5.7 procedures and 13.0 days. However, the cost of starting a business in Russia is low: only 2.7 percent of per capita income, compared to an average of 8.3 percent of per capita income in the Eastern Europe and Central Asia region.

### **USDA/FAS Services**

Exporters can request a brief market assessment for their products and/or a list of Russian importers from ATO Moscow, St. Petersburg and Vladivostok. Additionally, ATO Moscow offers the following recommendations to help exporters select the best approach for their firm:

- A prospective entrant is advised to estimate market prospects for their product with respect to consumer preferences and incomes, local competition and sales channels (marketing research

from a specialized consulting firm may be required). A thorough review of Russian regulations is also advised including a review of any changes to the tariff post-WTO-accession.

- One of the main challenges to exporters entering the Russian market is product promotion. A cost-effective way exporters can promote their products is to participate in one of the largest general food and beverage trade shows in Russia, World Food Moscow, held annually in September. If exporters are targeting specific regions within Russia, the Moscow ATO recommends participating in regional exhibitions. Participation fees for regional exhibitions are lower, and are aimed at local consumers and retail food chains. The Russian retail market is competitive; exporters should allocate time to visit Russia and earmark funds in their sales plans for local promotional support.
- Selecting the right trade partner is one of the most important decisions for exporters developing their business in Russia. Working with a local partner in Russia significantly expands business opportunities, and minimizes the need for exporters to establish direct contact with multiple retail chains. A local Russian partner familiar with market conditions and the regulatory environment can help exporters navigate the Russian retail market, resolve issues, and increase the likelihood of success.

In order to make the first delivery, usually a large local import company is chosen. The company should have a good reputation and experience in customs clearance, and must have storage facilities and a developed distribution network. Make sure the company has experience working with Western suppliers and has experience in arranging regular supplies of food products. Western companies that strive to supply directly, circumventing Russian middle men, often sustain losses due to lack of local market knowledge. A large domestic import company may be better adjusted to local conditions, with established trade ties and contacts in state structures.

Exporters representing U.S. companies may contact the Moscow ATO for assistance in locating importer lists. Performing due diligence is critically important, such as verifying banking and supplier references of potential importers, and local and U.S.-based organizations in Russia can provide helpful information to exporters. However, credit reporting is a relatively new practice in Russia, and credit-reporting agencies may not have complete information on potential Russian business partners. Retail chains may be another valuable source for exporters collecting information on importers.

- Provide Sales Support: Exporters must help market the products they sell in Russia. Russian importers and wholesalers expect exporters to participate in the sales process, either by providing event marketing support, advertising assistance, training, packaging/handling advice, or point of sales materials.
- Establish a Representative Office: Once a company has established firm contacts and has a solid prospect for sales, one of the best ways to conduct business in Russia is to open a representative office. Depending on the product and target market, an office might be situated in Moscow, a city that hosts a large concentration of retailers and representative offices; St. Petersburg, the port city through which the largest volume of sea-borne freight passes; or Vladivostok, the principal transpacific gateway to the Russian Far East.

## **Distribution Channels**

Imported food products for Russian retail chains and food service establishments come through importers, distributors, and wholesalers. Large suppliers are typically also importers.

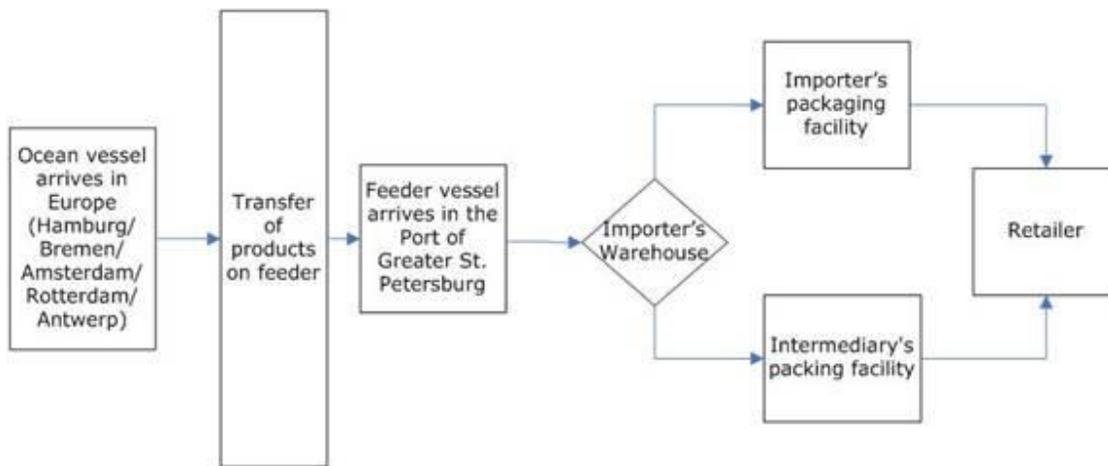
Imported products arrive in Russia via land, sea, or air freight into ports or customs warehouses for clearance before proceeding to the next destination. The transportation system for shipping U.S. high value food products into Russia via St. Petersburg and Moscow is well established. Most consumer-oriented food and beverage products enter through St. Petersburg or Moscow for customs clearance. Transit time from the United States to St. Petersburg ranges from 20 days to 27 days with an additional four days shipping time for final delivery by rail or truck to Moscow.

Outside of Russia, imports are also delivered to Baltic ports and then shipped by truck or rail to St. Petersburg or Moscow. Baltic and Finnish ports had offered greater efficiency, fewer problems with loss or damage, and lower port fees. However, changes in Russian import requirements have largely redirected Baltic shipments to Russian ports: St. Petersburg, Ust-Luga, Vysotsk, Kronshtadt, Novorossiysk and Vladivostok.

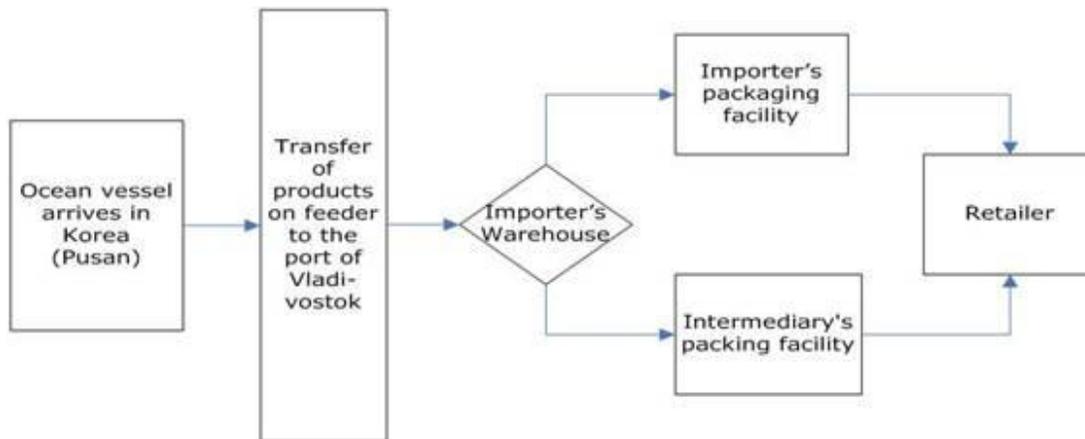
From Moscow or St. Petersburg, products are shipped further into the interior via truck or rail to cities in Siberia or the Russian Far East (RFE). However, most products destined specifically for the RFE enter through the ports of Vladivostok, Vostochnyy, Vanino, Nakhodka and Magadan. Although Vostochnyy is the region's largest port by volume, the majority of U.S. food exports to the Russian Far East enter through Vladivostok.

Currently several forwarders make shipments from the U.S. west coast to Vladivostok: Hyundai Merchant Marine, MAERSK LINE, APL, and Hapac Loyd. Average transit time from the U.S. west coast to Vladivostok takes 18 days: ocean vessels bring containerized goods to the Korean Port of Pusan (it takes 9 to 13 days), then, feeders transfer them to the Port of Vladivostok (it takes 4 to 7 days). MAERSK LINE has a longer transit time, though Japan, before stopping in Korea (Pusan). In 2008, the FESCO transportation company launched a direct line from Everett, Washington to Russian Far East ports (Vladivostok, Korsakov, Petropavlovsk, and Magadan). Direct voyages are scheduled approximately once per month and the average transit time is 14 days. From Vladivostok food products are shipped to the other cities in the RFE and Siberia by truck or rail.

**Figure 10. Russia: Distribution Channel for Supermarkets, Import of Transatlantic Products via the Port of Greater St. Petersburg**



**Figure 11. Russia: Distribution channel for food retail chains, delivery from U.S. to the Russian Far East**



## Company Profiles

**Table 4. Russia: Major Retail Chains, 2011 (Retail Value excl. Sales Tax)**

<b>Retailer name and outlet type</b>	<b>Ownership</b>	<b>Sales, \$US Mln.</b>	<b>No. of outlets</b>	<b>Locations</b>
Pyaterochka, supermarkets	X5 Retail Group NV, local	17,303	2,525	Moscow and St. Petersburg, and 16 Russian regions
Magnit, convenient stores & hypermarkets	Magnit OAO, local	13,092	5,112	470 Russian cities
Auchan, hypermarkets	Auchan Group SA, French	4,866	37	Moscow and St. Petersburg, Russian regions
Metro Cash& Carry, hypermarkets	Metro AG, German	4,586	65	44 Russian regions
Perekriostok, supermarkets	X5 Retail Group NV, local	4,294	330	Moscow, St. Petersburg and 43 Russian cities
O'Key, hypermarkets	Dorinda Holding SA, Luxemburg, local, Estonian	3,372	75	St. Petersburg, Moscow and 8 Russian cities
Lenta, hypermarkets	Lenta OOO, 60 percent local, 40 percent U.S.	2,740	46	North-Western Russia and Siberia
Dixie, supermarkets	Dixie Group OAO, local	2,326	947	Moscow, St. Petersburg and 11 regions
Karusel, hypermarkets	X5 Retail Group NV, local	2,180	77	Moscow, St. Petersburg and regions
Sedmoi Kontinent, supermarkets	Sedmoi Kontinent, local	1,186	138	Moscow, St. Petersburg, Kaliningrad and Minsk
Spar, supermarkets	Internationale Spar Centrale BV, Dutch and local	1,142	254	Moscow and Central region
Monetka, supermarkets	Element-Trade, local	1,110	384	Yekaterinburg, Ural region
Globus Gourmet, high-end supermarkets	Stolichnaya Torgovaya Kompania, local	1,059	7	Moscow
Liniya, hypermarkets	Korporatsiya GriNN ZAO, local	994	22	9 Russian regions
Maria Ra, supermarkets	Maria Ra PKF OOO, local	921	371	Siberia
Giperglobus, hypermarkets	JR east Retail Net Co Ltd, German	887	5	Moscow region
Victoria Kvartal, supermarkets	Dixie Group, local	887	223	Moscow, St. Petersburg, Kaliningrad and regions
Real, hypermarkets	Metro AG, German	865	18	Central part of Russia

Auchan City, supermarkets	Auchan Group SA, French	634	15	Moscow and Moscow region, St. Petersburg, Novosibirsk, and Yekaterinburg
Azbuka Vkusa, supermarkets	Gorodskoy Supermarket, local	626	49	Moscow and Moscow region
Billa, supermarkets	Billa Russia (Rewe Group), German & local	597	69	Moscow and Central region
Nash Gipermarket	Sedmoi Kontinent, local	580	20	Moscow and Russian regions
Kirovsky, supermarkets	Kirovsky Supermarket, local	567	130	Yekaterinburg, Ural region

Sources: Euromonitor International, company reports and websites

### Section III. Competition

Retailers demand consistent quality and adherence to contract specifications and penalize suppliers for failure to meet requirements. As a result, foreign suppliers continue to be competitive in the Russian market as they can meet strict specifications.

Many U.S. exporters face heavy competition among other foreign suppliers for the Russian market. The European Union enjoys a logistical advantage due to its proximity and ability to ship product overland as well as by air and sea. Brazil occupies a dominant position on the Russian meat market because of a preferential duty (25 percent lower than for U.S. meat). China dominates the Russian Far East market in fruit and vegetable sales.

In addition, the Government of Russia has a program of domestic support for domestic producers of food products and a complex system of sanitary and phytosanitary requirements for imported foods. Production of dairy and meat products (sausages, smoked foods), soft drinks, mineral water, juices, beer, confectionery, various appetizers, and chilled chicken meat is still on the increase. Belarus and Kazakhstan, which share a common customs zone with Russia, enjoy duty-free access to the Russian market. Therefore, their agricultural products do not appear in Russia's import statistics. Many imports from the EU and the United States cannot compete on price with regional goods. There is also increasing political pressure on retailers to buy locally.

Due to the WTO accession Russia is obligated to bind its agricultural tariffs, adding more predictability to the trading relationship and opening export opportunities for the U.S. agricultural industry. Because tariff rates are changing for many products please confirm the current applied rate with your importer or contact ATO Moscow.

**Table 5. Russia: Top 10 Origins of Agricultural Products\* Imports 2009-2011, \$US Mln.**

Country	2009	2010	2011	% Market Share, 2011	% change '10-'11
--The World--	25,711	30,599	36,301	100.0	18.6

Brazil	3,233	3,826	3,825	10.5	-0.02
Germany	1,714	2,190	2,605	7.2	19.0
Netherlands	1,329	1,700	1,966	5.4	15.7
Ukraine	1,239	1,752	1,941	5.4	10.8
Turkey	1,103	1,444	1,528	4.2	5.8
<b>United States</b>	<b>1,712</b>	<b>1,278</b>	<b>1,510</b>	<b>4.2</b>	<b>18.2</b>
China	980	1,140	1,491	4.1	30.8
France	826	1,092	1,295	3.6	18.6
Spain	690	941	1,294	3.5	37.5
Italy	649	941	1,275	3.6	37.0

Source: Global Trade Atlas

\*Agricultural Total

**Table 6. Russia: Main Delivery Sources and Volumes of Specific Product Import, 2011**

Commodity	Rank	Country	% Share*	Strength of Key Supplying Countries	Advantages and Disadvantages of Local Suppliers
<b>Fresh Fruit</b>					
Net imports, MT 5.8 million	1	Ecuador	16.1	Countries of South America, Spain, Morocco, Turkey supplies citrus fruit at low prices. Ecuador has an almost 100 percent market share in bananas.	Lack of storage facilities; low cost of local products
	2	Turkey	13.6		
Dollar value 5,462 million	3	Spain	7.2		
	4	Argentina	4.9		
	5	Morocco	4.7		
	6	Uzbekistan	4.4		
	7	China	4.2		
<b>Fresh Vegetables</b>					
Net imports, MT 3.9 million	1	Turkey	18.4	High quality of vegetables produced in Western European countries, low prices for the products originated from neighboring countries and China	Lack of modern storage and processing facilities; unpredictable quality
	2	China	12.6		
Dollar value 2,858 million	3	Netherlands	11.5		
	4	Israel	8.4		
	5	Egypt	6.4		
	6	Spain	4.7		
	7	Iran	4.6		
	8	Poland	4.5		
<b>Pet Food</b>					
Net imports, MT 83,726	1	Netherlands	24.6	Import of well-known pet food trademarks to Russia dominate in low-cost segment. U.S. brands are perceived as high	Traditionally high number of home pets, large market potential; low demand for industrially produced
	2	France	20.6		
Dollar value 196 million	3	Germany	9.8		
	4	Italy	7.1		
	5	Thailand	6.9		

	6	Canada	5.0	quality	pet food
	7	United States	4.4		
	8	Austria	4.2		
<b>Poultry</b>					
Net imports, MT 403,524	1	United States	53.7	U.S. product is much cheaper; Brazil has a price advantage in whole birds, and the EU in geographical proximity	TRQs; local producers can supply chilled product at good prices; local production of chicken is growing
	2	Brazil	26.2		
Dollar value 572 million	3	Germany	5.7		
	4	France	5.6		
	5	Hungary	1.3		
	6	Argentina	1.2		
	7	Belgium	0.9		
<b>Processed Fruits and Vegetables</b>					
Net imports, MT 1.4 million	1	China	19.0	Well established trade relations and well known trademarks; low price of products	Local producers quickly update the facilities; availability of cheap raw materials, popularity of traditional local brands
	2	Poland	12.0		
Dollar value 1,621 million	3	Germany	10.0		
	4	Spain	7.1		
	5	Ukraine	5.6		
	6	Thailand	4.8		
	7	Hungary	3.7		
	8	Turkey	3.6		
<b>Rice</b>					
Net imports, MT 175,863	1	Vietnam	24.0	High quality and low prices in Asian rice which dominate on the market; U.S. short grain rice is popular in sushi restaurants	Limited list of rice varieties grown in Russia, lack of modern processing equipment
	2	Thailand	23.6		
Dollar value 110 million	3	Pakistan	16.2		
	4	Cambodia	9.0		
	5	Myanmar	8.9		
	6	United States	5.2		
	7	China	4.1		
	8	Uruguay	3.3		
<b>Red Meat (fresh, frozen, chilled)</b>					
Net imports, MT 1.6 million	1	Brazil	26.8	Lower prices and good quality of Brazilian meat	Local supplies are not stable in quality and not uniform, lack of high-quality domestic beef
	2	Germany	9.9		
Dollar value 5,090 million	3	United States	8.1		
	4	Canada	7.3		
	5	Denmark	6.2		
	6	Uruguay	6.1		
	7	Australia	5.9		
	8	Spain	4.5		
	9	Paraguay	3.6		

<b>Salmon</b>					
Net imports, MT 117,734	1	Norway	91.2	Norway supplies high quality product and exporters use state promotion programs	Outdated cold storage facilities and fleet, outmoded processing facilities, problems with securing quotas for fishing in international waters
	2	Chile	2.2		
Dollar value 604 million	3	Faroe Islands	1.6		
	4	Denmark	1.5		
	5	United Kingdom	0.5		
	6	Canada	0.5		
	7	Estonia	0.5		
	8	Lithuania	0.2		
<b>Fish and Seafood</b>					
Net imports, MT 1 million	1	Norway	36.2	Norway supplies a wide range of high quality products and ensures regular deliveries	Outdated cold storage facilities and fleet, outmoded processing facilities, problems with securing quotas for fishing in international waters
	2	China	12.0		
Dollar value 2,564 million	3	Iceland	6.3		
	4	Canada	4.5		
	5	Chile	4.4		
	6	Vietnam	3.7		
	7	Denmark	2.7		
	8	United States	2.4		
<b>Snack Foods</b>					
Net imports, MT 317,513	1	Ukraine	46.0	Low delivery costs from Ukraine and EU countries because of the geographical proximity, therefore, product prices in retail are lower	Many producers; lack of modern processing facilities
	2	Poland	12.8		
Dollar value 1,165 million	3	Germany	9.5		
	4	Italy	5.0		
	5	Belgium	3.2		
	6	China	3.1		
	7	Netherlands	3.0		
	8	Switzerland	2.4		
<b>Tree Nuts</b>					
Net imports, MT 317,513	1	United States	29.0	Iran, Turkey strong in supplying hazelnuts and pistachios at low prices, Azerbaijan key hazelnut supplier; USA strongest almond supplier	Lack of large-scale industrial production of nuts; intensively developing confectionery industry. The USA is strong in supplying almonds
	2	Iran	23.6		
Dollar value 1,165 million	3	Vietnam	10.7		
	4	Azerbaijan	9.2		
	5	Turkey	8.5		
	6	Ukraine	4.5		
	7	Indonesia	3.0		
	8	Philippines	2.9		
	9	Spain	2.0		
<b>Wine and Beer</b>					
Net imports,	1	Italy	31.1	European wines	Low prices; poor

L 806 million	2	France	17.6	occupy the upper segment and are perceived as high quality; beer imports negligible	positioning of high quality, vintage wines; traditional preference for sweetened wines
Dollar value 1,265 million	3	Spain	11.0		
	4	Ukraine	10.6		
	5	Germany	6.5		
	6	Chile	3.0		
	7	Moldova	2.7		
	8	Czech Republic	2.6		
9	Bulgaria	2.0			

Source: Global Trade Atlas

\* If U.S. is not listed, share is less than 1 percent

## Section IV. Best Product Prospects

The U.S. is the fifth largest supplier to Russia by value of agricultural, fish and forestry products. Based on official data, the U.S. share of Russia's agricultural imports exceeded \$1.6 billion in 2011. This is 19 percent greater in value compared to 2010. The U.S. share of Russia's total agricultural imports in 2011 was 4 percent, on par with 2010. So far in January-July 2012 the U.S. share of Russia's agricultural imports exceeded \$1.1 billion which is 32 percent greater when compared to the corresponding period of 2011. Top-performing retail-oriented U.S. exports to Russia in 2011 included: poultry and red meats, fresh and processed fruit and vegetables, nuts, pet food, fish and seafood, and snack foods.

In 2011, U.S. poultry exports accounted for roughly \$307 million (about 240,000 metric tons), followed by pork, beef, tree nuts, fish and seafood. Following WTO Accession, Russia will remain an attractive market for poultry imports in the short-term, particularly for affordable frozen chicken leg quarters which are further processed and do not compete against domestically-produced chilled whole birds.

Russia is the second largest importer of beef and veal products (including offal) in the world and the 2<sup>nd</sup> largest importer of pork products globally. Russia has demonstrated significant growth as a market in 2011 for U.S. beef as a result of Russia's actions to increase the U.S. TRQ allocation from 21,700 MT to 41,700 MT.

Russia's World Trade Organization (WTO) accession process is expected to bring the country's legal and regulatory regime in line with internationally accepted practices. These changes should include changes to many of the current barriers for poultry, beef, and pork, including veterinary-sanitary barriers that restrict the flow of trade.

Also, while Russia's goal to be self-sufficient in categories such as meat and dairy products may eventually limit U.S. exports of those products, they could also create new opportunities for U.S. exporters seeking to supply high protein feeds, live animals, and animal genetics.

In 2011, the U.S. fish and seafood exports to Russia grew by 17 percent and totaled more than \$60 million. There is expected to be higher demand for fish and an increase in per capita consumption in the Russian consumer market in the upcoming years. Major products that are expected to see increased demand include low-price segments such as herring, hake, and perch. For more information please see Gain report:

<http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fishery%20>

[Sector%20Production%20and%20Trade%20Update\\_Moscow\\_Russian%20Federation\\_7-27-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Pet%20Food%20Market%20Brief_Moscow_Russian%20Federation_7-27-2011.pdf)

Russia's pet food market is still developing and is very concentrated around big cities such as Moscow, St. Petersburg and Yekaterinburg. Experts forecast continued growth and demand in the local pet food market as household incomes increase and table-scrap feeding declines. According to the Pet Food Institute (PFI), expansive advertising conducted by multinational companies has led to significant changes in the perception of pet food as a product category. However, lack of information in less urban areas on the benefits of commercially prepared pet food remains the biggest constraint for development of the pet food market. For more information please see Gain report RS1117 Pet Food Market Brief: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Pet%20Food%20Market%20Brief\\_Moscow\\_Russian%20Federation\\_4-21-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Pet%20Food%20Market%20Brief_Moscow_Russian%20Federation_4-21-2011.pdf)

In 2011, the United States exported 20,999 metric tons of tree nuts to Russia. The main driver of this growth was the increase in California almond exports. California pistachios are also present in the market but volumes fluctuate based on price competitiveness, particularly vis-a-vis Iranian pistachios. Upon accession to the WTO, Russia will bind its tariffs on almonds, walnuts and pistachios to 5 percent, which may provide for additional increases in U.S. exports. For more information on the Russian nuts market please see Gain report RSATO1108: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20Going%20Nuts%20Over%20Almonds\\_St.%20Petersburg\\_Russian%20Federation\\_4-20-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20Going%20Nuts%20Over%20Almonds_St.%20Petersburg_Russian%20Federation_4-20-2011.pdf)

Russia is the world's third largest importer of fruit in value terms, and ranks as the number one market for pears. In 2011, Russia imported 25,535 metric tons (MT) of U.S. fruit worth \$32 million, an 85 percent increase in volume and 344 percent increase in value compared to 2005. In 2011, Russia was the third largest export market for Northwest Pears globally. For more information on the Russian fruit market please see Gain report: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual\\_Moscow%20ATO\\_Russian%20Federation\\_10-26-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fresh%20Deciduous%20Fruit%20Annual_Moscow%20ATO_Russian%20Federation_10-26-2011.pdf)

The most dynamic sales growth in the U.S. high-valued category over the past several years has been for U.S. products such as jams and fruit jellies, tomato ketchup and other tomato sauces, frozen potatoes, prunes, alcoholic and nonalcoholic beverages (excl. fruit and veg. juices), fresh grapes, and ice cream. This reflects larger trends toward more convenience (prepared jam versus home-made) and more diversified diets as well as greater disposable income of some consumers.

Given the potential of the Russian agricultural market, U.S. high value products can penetrate some niche markets, especially for those products which are not produced in Russia or are produced in limited quantities. In many cases, Russian processors are not yet producing products of consistently high quality (e.g. high quality beef steaks). There are markets for baby food or for specialty "niche" products including low-fat, low-salt and sugar-free products, cake and bread mixes, corn meal, and chocolate chips. U.S. exporters could also supply new market segments that are just beginning to develop. This includes organics, microwaveable and semi-prepared food as well as frozen dinners. Potential importers must be aware that promotion of innovative or new to market products can be expensive.

For more information on market opportunities for the U.S. products in Russia please see [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia\\_Moscow\\_Russian%20Federation\\_3-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia_Moscow_Russian%20Federation_3-20-2012.pdf)

Table 7 (below) provides additional information on food and agricultural product prospects <sup>/1</sup>.

**Table 7. Russia: Suggested Best Prospects for U.S. Exporters, by Sector, 2011**

<b>Product</b>	<b>2011 US Import Volume (\$ US mln.)</b>	<b>Average Growth of Import over the Last 5 Years, percent</b>	<b>WTO Import Duties</b>	<b>Key Constraints to Market Development</b>	<b>Attractiveness of the Market for the USA</b>
<b>Poultry</b>	307	-3.7	364,000 MT TRQ, 25% in-quota	Competition with Brazilian and EU producers; quick growth of domestic production; perception of U.S. product as cheap and of low quality. Veterinary controls and demands do not follow international standards. Official goal of “food security” calls for increased domestic production.	U.S. product has an well-established position; U.S. prices attract buyers.
<b>Pork</b>	186.7	10.3	400,000 MT TRQ 0% in-quota; ) Out of quota 65%; pork trimmings TRQ 30,000 MT in-quota 0%, out-of-quota 65%	Competition from Brazilian pork, complicated import procedures. Veterinary controls and demands do not follow international standards.	Shortage of pork domestically; high domestic prices; demand for stable deliveries of both affordable and high quality product.
<b>Food preparations</b>	119.1	19.9	1704: For most items 20% but not less than X Euros per kg with X ranging from 0.25 to 1.2; 180620 generally 5% for specific HS codes contact the ATO	High competition from EU products; cheap canned food niche occupied by Russian trademarks.	Fewer Russians are making food products (e.g. canning) at home; high-quality product niche is not filled.
<b>Beef</b>	176.8	10.8	364,000 MT TRQ, 25% in-quota	Consumer unaware of U.S. high quality beef; growing domestic production; complicated import procedures. Veterinary controls and demands do not	Insignificant specialized beef production; constantly growing beef prices; Niche markets for meat delicacies (steak, etc.) and meat offal; fast HRI development.

				follow international standards.	
<b>Tree nuts</b>	113.3	21	Almonds enjoy 0 duty; Pistachios: Bound at 5% Pecans: 5% Plus 18% VAT for for all nuts	Iran biggest competitor for peanuts and pistachios; Tajikistan for walnuts.	U.S. almonds and pistachios enjoying very strong growth. Good potential for U.S. pecans.
<b>Fish and Seafood</b>	60.4	16	10% at accession; final bound rates will fall to between 8% and 3% depending on the species. VAT varies based on species (18% and 10 percent) 10 percent for live fish (except for valuable species)	Regular deliveries of high quality product from Norway; shortage of suitable equipment at retail trade outlets; deficit of proper storage facilities with below – 20C temperature; unaware of quality and value of U.S. shellfish.	Growing demand for higher quality seafood from consumers; modest assortment in markets; significant demand from supermarkets and HRI sector. Importers are looking for product diversification. Price competitiveness with European shellfish.
<b>Fresh Fruit</b>	32.1	21.3	Apples: Reduced from €0.06 per kg to €0.03 per kg and €0.2 per kg to €0.06 per kg depending on the variety and season Pears: Lowered from 10% to 5% within 3 years Grapes: Bound at 5% Plus 18% VAT for all fruits	Strong competition from Poland, China, Chile, New Zealand, Moldova for apples; Argentina and China for pears.	U.S. has good sales already and good potential for growth U.S. apples, pears, grapes, citrus, especially during February- April period.
<b>Pet food</b>	8.7	8.1	The pre-accession applied rate/post-accession bound rate for dog or cat food is 20 percent (bnlt €0.16/kg) by 2016 will be cut to 10 percent bnlt	Strong tradition of feeding pets with table scraps; strong local production with foreign investments - Mars has two plants that produce pet food.	Traditionally large number of home pets; increased population incomes followed by growing demand for ready to use pet food.

			€0.08/kg. +18 percent VAT		
<b>Snack Foods</b>	4.9	19.8	Cookies: 15% but no less than €0.15 per kg Sauces: Lowered from 15% to 10% within 3 years Crackers: 15% but no less than €0.15 per kg Chips: 15% but no less than €0.15 per kg Dressing and marinades: 15% at accession Desert Toppings: On average 5% at accession	Strong competition from local producers, including some foreign brands such as Lay's (PepsiCo) and Estrella (Kraft) – Pringles from Europe.	Good potential for high quality U.S. snacks: popcorn, nuts, and dried fruits mixes.

Source: Global Trade Atlas, U.S. Trade Database, Russian Tariff Database

*<sup>1/</sup> Food products listed in Table 7 are based on market intelligence, including discussions with retailers and data analysis efforts, and should not be considered an official endorsement by the United States Department of Agriculture or any affiliated agencies.*

## Section V. Key Contacts and Further Information

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

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<http://www.usda.ru>

*For mail coming from the U.S. (delivery may take 4 to 6 weeks):*

Director, Agricultural Trade Office  
5430 Moscow Place  
Washington, DC 20521-5430

*For international mail, especially from Europe:*

Agricultural Trade Office  
U.S. Embassy - Box M  
Itainen Puistotie 14  
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*Covering Northwest Russia (St. Petersburg):*

Svetlana Ilyina, ATO Marketing Specialist  
American Consulate General  
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*Covering the Russian Far East (Vladivostok):*

American Consulate General  
Ulitsa Pushkinskaya, 32  
690001 Vladivostok, Russia  
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Tel: 7 (423) 230-00-89

*For General Information on FAS/USDA Market Promotion Programs and Activities:*

Office of Trade Programs  
U.S. Department of Agriculture  
Foreign Agricultural Service  
1400 Independence Ave., S.W.  
Washington, DC 20250  
[http://www.fas.usda.gov/OTP\\_contacts.asp](http://www.fas.usda.gov/OTP_contacts.asp)

**FAS Website:** [www.fas.usda.gov](http://www.fas.usda.gov)

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

Holly Higgins, Agricultural Minister-Counselor

Levin Flake, Senior Agricultural Attaché

Chris Riker, Agricultural Attaché

Office of Agricultural Affairs

American Embassy

(address same as above for ATO Moscow)

Fax: 7 (495) 728-5133 or 728-5102

Tel: 7 (495) 728-5222

E-mail: [agmoscow@fas.usda.gov](mailto:agmoscow@fas.usda.gov)

### **Other Useful Contacts**

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

California Prune Board

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Leicester Road, Market Harborough

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[www.californiaprunes.ru](http://www.californiaprunes.ru)

USA Poultry and Egg Export Council (USAPEEC)

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U.S. Meat Export Federation (USMEF)

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E-mail: [olgatuz@mail.ru](mailto:olgatuz@mail.ru)

[www.california-wines.org](http://www.california-wines.org)

[www.wineinstitute.org](http://www.wineinstitute.org)

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

American Chamber of Commerce in Russia (AmCham)

Ul. Dolgorukovskaya, Building 7, 14th floor

127006 Moscow, Russia

Fax: 7 (495) 961-2142

Tel: 7 (495) 961-2141

Email: [amchamru@amcham.ru](mailto:amchamru@amcham.ru)

<http://amcham.ru/>

American Chamber of Commerce in St. Petersburg

Ulitsa Yakubovicha 24, left wing, 3<sup>rd</sup> Floor

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Email: [all@spb.amcham.ru](mailto:all@spb.amcham.ru)

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

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

U.S. Commercial Service

Bolshoy Devyatinskiy pereulok, 8

121099 Moscow, Russia

Fax: 7 (495) 728-5585

Tel: 7 (495) 728-5580

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

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

## **Other Relevant Reports**

Attaché reports on the Russian food and agricultural market are available on the FAS Website; the search engine can be found at

<http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>

RSATO1204 Exporter Guide / Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide\\_Moscow%20ATO\\_Russian%20Federation\\_7-6-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Moscow%20ATO_Russian%20Federation_7-6-2012.pdf)

RS1168 Food and Agricultural Import Regulations and Standards

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative\\_Moscow\\_Russian%20Federation\\_1-17-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Moscow_Russian%20Federation_1-17-2012.pdf)

RS1167 Food and Agricultural Import Regulations and Standards – Certification

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Certification\\_Moscow\\_Russian%20Federation\\_1-17-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Certification_Moscow_Russian%20Federation_1-17-2012.pdf)

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

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia\\_Moscow\\_Russian%20Federation\\_3-20-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia_Moscow_Russian%20Federation_3-20-2012.pdf)

RSATO1002 Trade Law Report

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Russian%20Federal%20Law%20on%20Trade%20\\_Moscow%20ATO\\_Russian%20Federation\\_8-30-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/The%20Russian%20Federal%20Law%20on%20Trade%20_Moscow%20ATO_Russian%20Federation_8-30-2010.pdf)

RSATO1208 Customs Union Technical Regulations on Food Products Labeling

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Customs%20Union%20Technical%20Regulations%20on%20Food%20Products%20Labeling\\_Moscow%20ATO\\_Russian%20Federation\\_7-18-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Customs%20Union%20Technical%20Regulations%20on%20Food%20Products%20Labeling_Moscow%20ATO_Russian%20Federation_7-18-2012.pdf)

RSATO1205 Russian Duma Revises Wine Definitions and Other Alcohol Rules

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Duma%20Revises%20Wine%20Definitions%20and%20Other%20Alcohol%20Rules\\_Moscow%20ATO\\_Russian%20Federation\\_7-13-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Duma%20Revises%20Wine%20Definitions%20and%20Other%20Alcohol%20Rules_Moscow%20ATO_Russian%20Federation_7-13-2012.pdf)

RSATO 1205 Strategy of the Russian Food Industry Development until 2020

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Strategy%20of%20the%20Russian%20Food%20Industry%20Development%20until%202020\\_Vladivostok\\_Russian%20Federation\\_6-7-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Strategy%20of%20the%20Russian%20Food%20Industry%20Development%20until%202020_Vladivostok_Russian%20Federation_6-7-2012.pdf)

RS 1247 Fish and Seafood Trade Update

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fish%20and%20Seafood%20Production%20and%20Trade%20Update\\_Moscow\\_Russian%20Federation\\_7-24-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Fish%20and%20Seafood%20Production%20and%20Trade%20Update_Moscow_Russian%20Federation_7-24-2012.pdf)

RS 1251 Poultry and Products Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Annual\\_Moscow\\_Russian%20Federation\\_8-23-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Poultry%20and%20Products%20Annual_Moscow_Russian%20Federation_8-23-2012.pdf)

RSATO1107 Russian Food Processing Sector

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

RSATO1102 Russian HRI Sector

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional\\_Moscow%20ATO\\_Russian%20Federation\\_3-3-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Service%20-%20Hotel%20Restaurant%20Institutional_Moscow%20ATO_Russian%20Federation_3-3-2011.pdf)

RSATO1109 Russian Organic Market

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Organic%20Market%20Taking%20Root\\_Moscow%20ATO\\_Russian%20Federation\\_4-27-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Organic%20Market%20Taking%20Root_Moscow%20ATO_Russian%20Federation_4-27-2011.pdf)

RS 1144 Livestock and Products Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Livestock%20and%20Products%20Annual\\_Moscow\\_Russian%20Federation\\_9-15-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Livestock%20and%20Products%20Annual_Moscow_Russian%20Federation_9-15-2011.pdf)

RS 1146 Dairy and Products Annual

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Annual\\_Moscow\\_Russian%20Federation\\_10-20-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Dairy%20and%20Products%20Annual_Moscow_Russian%20Federation_10-20-2011.pdf)

RS1117 Pet Food Market Brief

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Pet%20Food%20Market%20Brief\\_Moscow\\_Russian%20Federation\\_4-21-2011.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Pet%20Food%20Market%20Brief_Moscow_Russian%20Federation_4-21-2011.pdf)

RS 1015 Declaration of Conformity Replaces Certification for Many Products

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Declaration%20of%20Conformity%20Replaces%20Certification%20for%20Many%20Products\\_Moscow\\_Russian%20Federation\\_3-22-2010.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Declaration%20of%20Conformity%20Replaces%20Certification%20for%20Many%20Products_Moscow_Russian%20Federation_3-22-2010.pdf)