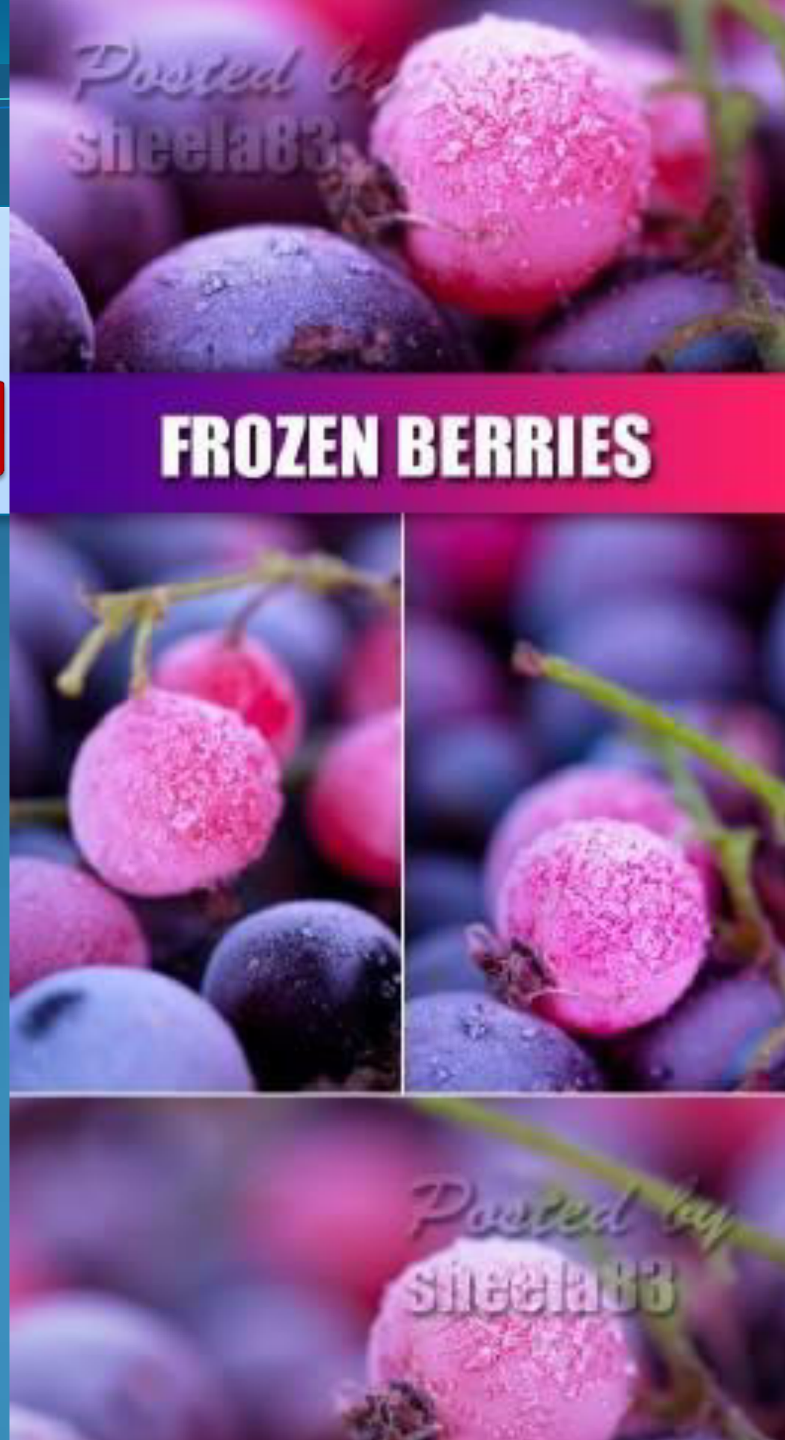
RUSSIAN

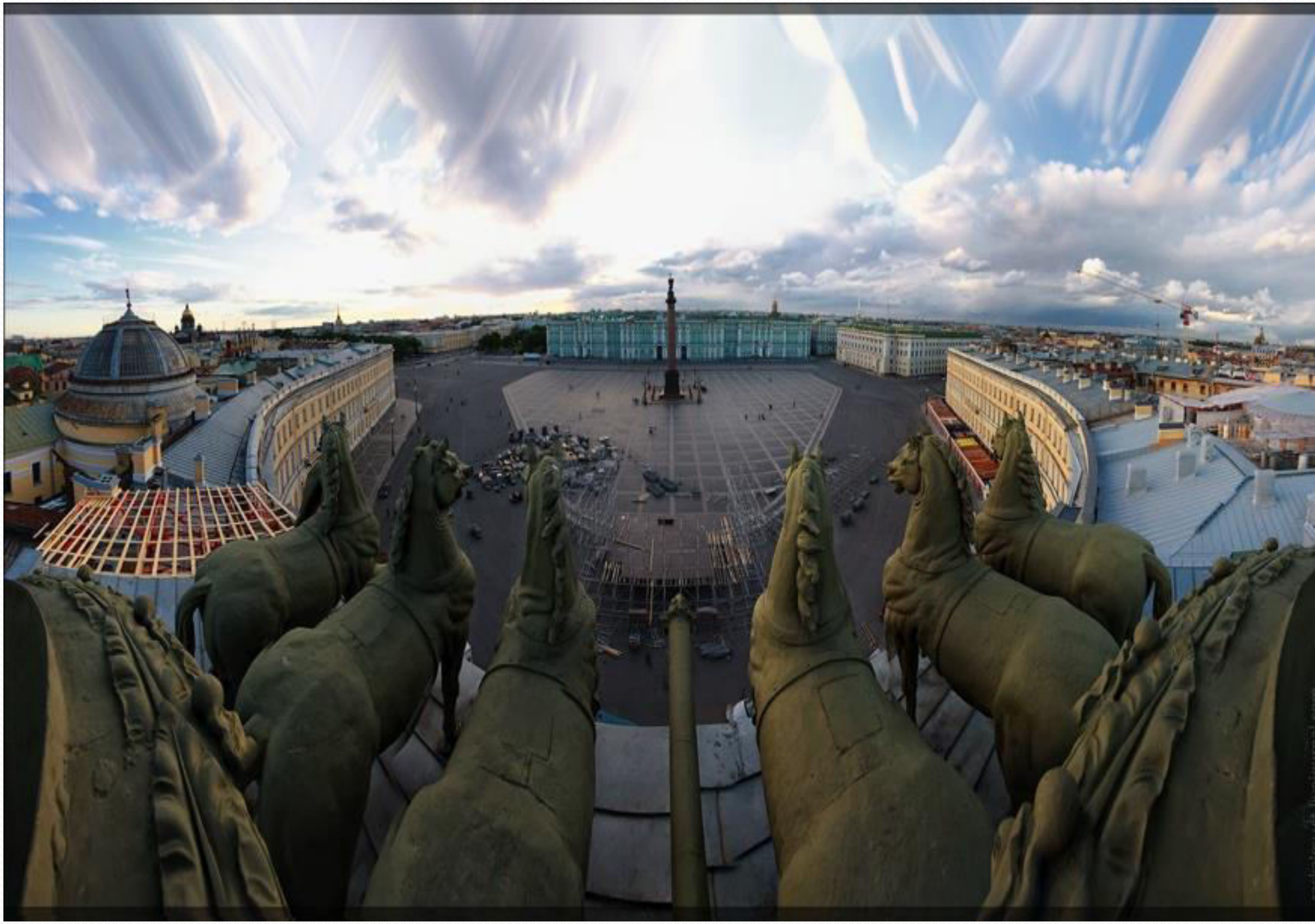


MARKET

2014

RUSSIA

y Vladimir O. Senin

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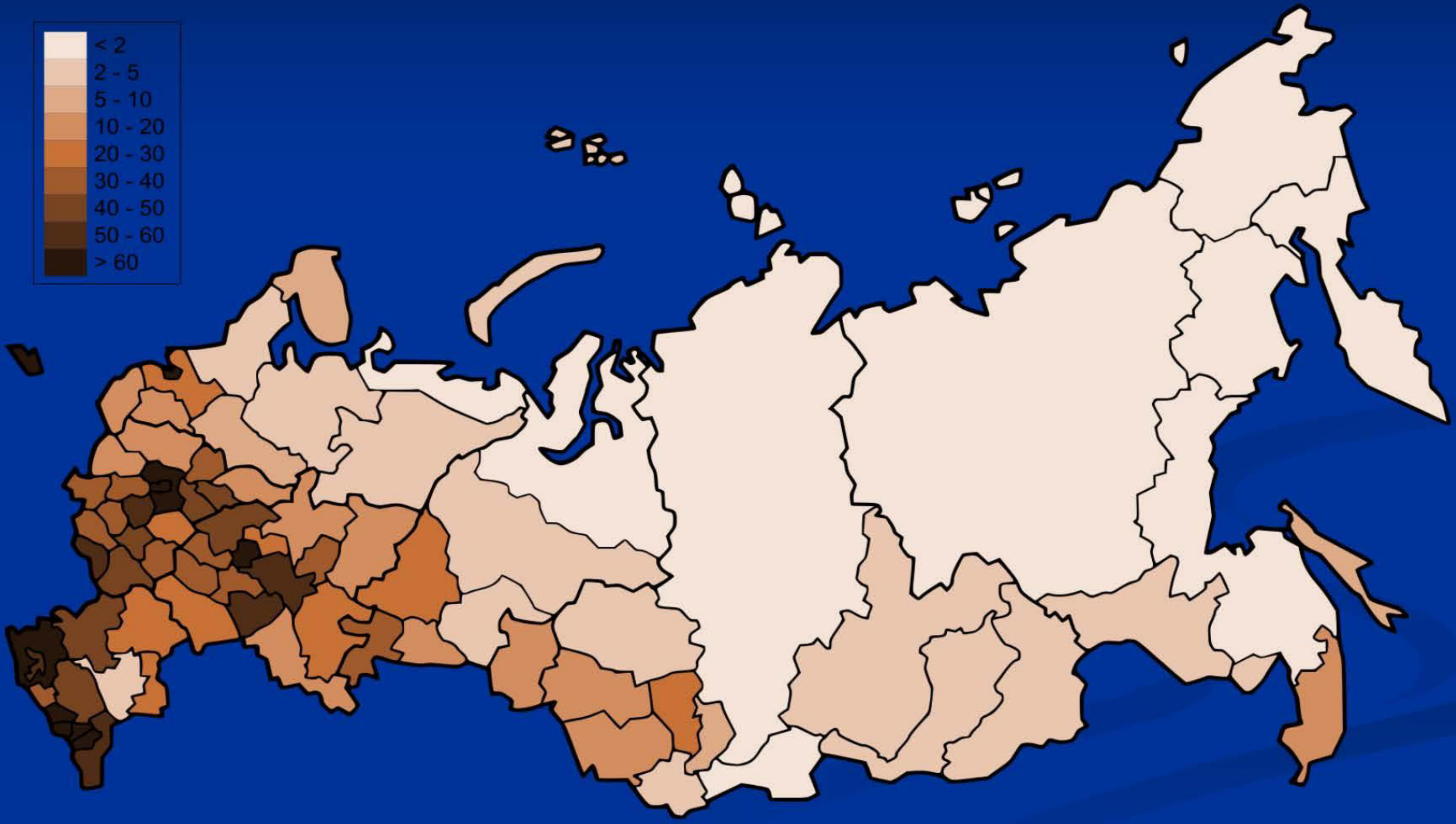
Some key figures about Russia

- Area: Total 17 125 187 km2 (1st)
- Population: 143 666 000 (9th)
- Density: 8,4/km2 (217th)
- GDP (PPP): 2013 $2,556 trillion (6th)
- Per capita: $17,884 (57th)
- GDP (nominal) - Total$2,118 trillion
- Per capita: $14,818 (49th)

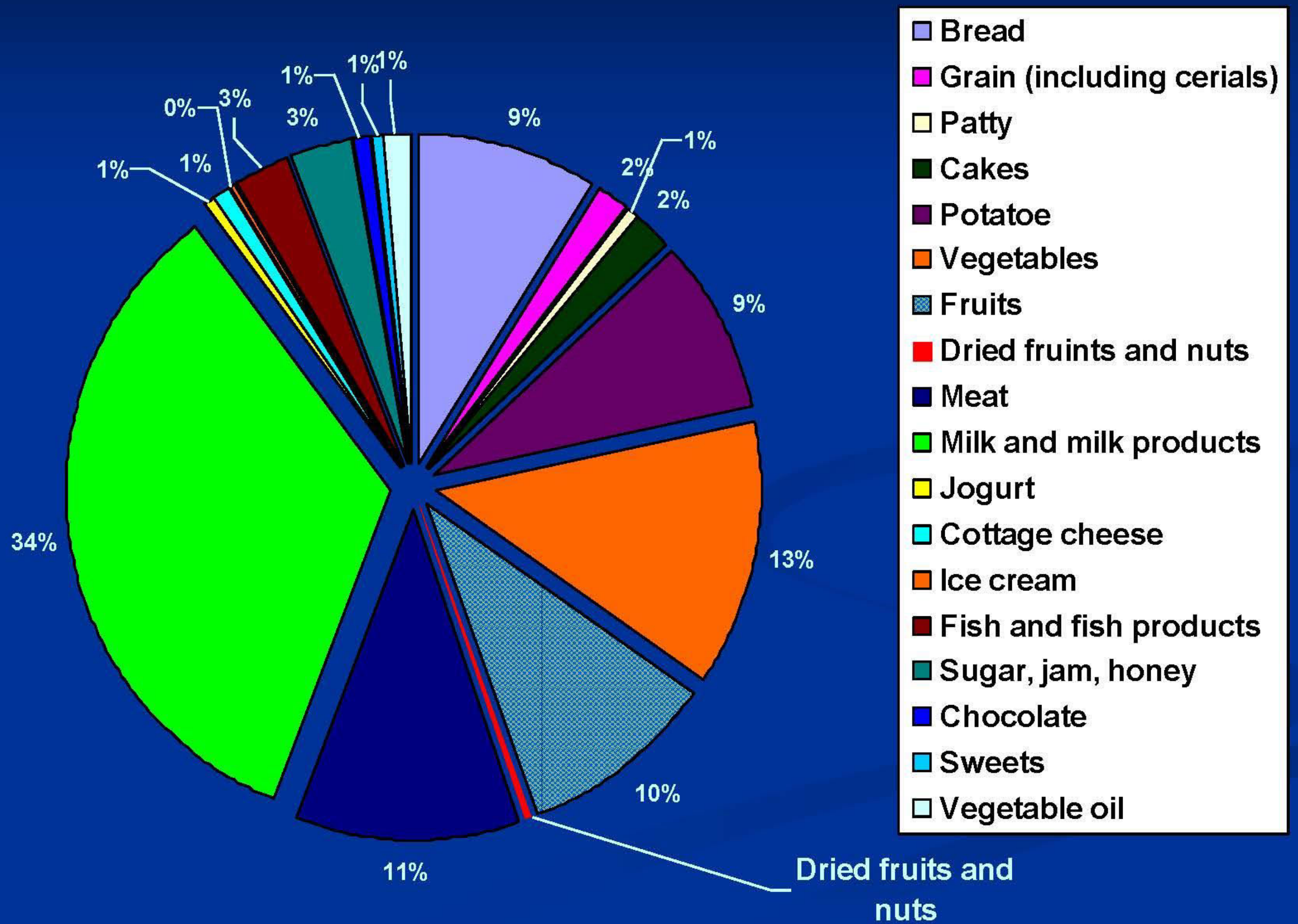
Territory division

Nr.	Name of Region	Square (km²)	Population	Region Capital	Nr.	Name of Region	Square (km²)	Population	Region Capital
1	Central Federal Region	652,8	[illegible]	Moscow	5	Siberian Federal Region	[illegible]	[illegible]	Novosibirsk
2	Southern Federal Region	418,5	13.256.700	Rostov-on-Don	6	Ural Federal Region	1,788,900	[illegible]	Yekaterinburg
3	Northwestern Federal Region	1,677,900	13,583,300	Saint Petersburg	7	Volga Federal Region	1,038,000	[illegible]	Nizhny Novgorod
4	Far Eastern Federal Region	[illegible]	[illegible]	Khabarovsk	8	Region	170,7	9,496,800	Pyatigorsk

Population Density



Food consumption per capita



RUSSIAN MARKET SUMMARY

- According to RosStat, the Russian State Statistical Service, 2012 CPI inflation reached 6.6%. In 2012, food prices underpinned the largest part of the overall increase, as they were up 7.4% year on year.

- ·The food processing industry has displayed robust growth as compared to such industries as oil and gas lagging behind both of them only in profitability. · The report claims that there are many factors that add to the appeal of investing in Russia, including the growth of the Russian middle class, lowering trade barriers as Russia joined the World Trade Organization (WTO), skilled labor and low labor costs.

Confectionery	1,011.92	1,030.82	1,022.65	1,045.95	1,071.04	1,093.95
Dairy	6,782.95	6,589.68	6,649.23	6,857.61	6,913.17	7,053.65
Dried Processed Food	1,374.57	1,405.60	1,445.99	1,536.33	1,690.21	1,745.76
Frozen Processed Food	1,065.75	1,112.51	1,125.47	1,172.75	1,234.74	1,293.12
Ice Cream	298.50	281.74	276.98	309.01	278.70	290.15
Meal Replacement	0.24	0.26	0.21	0.25	0.30	0.35
Noodles	96.43	97.64	100.03	98.61	96.85	94.04
Oils and Fats	1,593.64	1,476.02	1,505.37	1,506.67	1,522.74	1,530.69
Pasta	746.28	813.67	862.49	883.19	909.69	923.34
Ready Meals	584.31	595.35	603.50	616.45	636.35	658.01
Sauces, Dressings and Condiments	911.86	928.54	924.11	936.65	951.41	968.89
Snack Bars	0.58	0.62	0.64	0.68	0.74	0.82
Soup	58.01	59.88	61.24	64.53	68.66	75.02
Spreads	53.25	54.83	53.57	57.10	57.73	58.98
Sweet and Savory Snacks	296.72	318.54	322.49	330.22	342.11	352.52
Impulse and Indulgence Products	2,537.41	2,591.97	2,591.49	2,686.13	2,731.91	2,809.82
Nutrition/Staples	16,915.62	16,634.85	16,823.60	17,232.02	17,336.83	17,457.12
Meal Solutions	4,536.91	4,704.23	4,715.23	4,821.27	4,990.60	5,164.77
Packaged Food	23,389.59	23,316.52	23,504.56	24,095.75	24,390.04	24,734.55

For example, as compared to 2009, the production of meat increased by 15%, semi-finished meat products by 7.7%, sausage by 8.7%, fish by 1.5% (most of the Russian fish catch is processed in China, Norway, and in the Baltic sea countries), confectionary by 2.8%, fruit and vegetables by 8.4%, and pasta by 8.3%.

- Return on investments in the food processing sector is quick – within a year or two – as compared to other industries. In 2005-2010, about 905.7 billion Rubles ($30.1 billion U.S) in local and foreign investments were made into the Russian food industry.

There are a number of key drivers that are expected to stimulate growth in the food processing industry in Russia over the near to medium term. The mass grocery retail industry is developing rapidly, becoming more efficient, less fragmented and more accessible to customers. Food retail industry sales are forecast to be around $792.7 billion in 2014. Additionally, the expected rise in tourism due to the 2014 Olympic Winter Games and the 2018 Football World Cup is expected to boost food and beverage consumption in the Hotel, Restaurant and Institutional (HRI) sector.

Within the last 4-5 years Russian customers become increasingly sophisticated about their food purchases. Although income growth in the largest cities slowed down, subsidies provided by the GOR support income growth for teachers, doctors, police and the military to reach the average official income registered in Russia. Price and quality of food are more important for these consumers than brand name.

This created new opportunities for packaged food market players to launch new products of high

quality, but with a more flexible pricing and a lower investment into marketing

- The food processing sector in Russia – which did not experience the same dramatic collapse during the crisis as most other sectors -- continues to build upon its recent growth, supported by rising disposable income, increasing real wages, declining unemployment and growing food expenditure. Over the last two years, output of the following processed foods have increased steadily: meat and offal, sausages, meat products, dry milk and cream, butter, canned milk, pasta, sugar, confectionery, frozen fruits and vegetables, and mineral water.

- WTO accession in 2012 should over time ease import restrictions for some products, such as dairy products.
- The Russian food processing industry is poised for a rapid growth and is set to become one of the highest yielding sectors in Russia. It is also recognized as a key sector by the Government of the Russian Federation (GOR). According to Euromonitor, the Russian processed food market displayed healthy growth of 4% in volume terms and reached 967 billion Rubles in 2012.

Review – Frozen Fruits and Berries

- In 2012 value of global market of frozen products was estimated at $234.9 billion. According to experts, this market is forecasted to continue the ascending trend with the average annual growth by 3.7% to reach $ 261.9 billion by 2015.
-

In 2012 the largest market segment was ready-to-cook meat products and meat cuts – 44.6% of market volume. More than half of this segment falls on poultry perceived by consumers as good for health dietary product. Second large segment – 27.4% of sales volume or 535.08 thousand tons – was frozen ready meals including crepes/pancakes and vareniki. Third and fourth large segments of the review market in 2012 were frozen vegetables/fruit (12.7% of sales volume) and fish/seafood (9.8%).

- it should be mentioned that the category of frozen vegetables/fruit includes berries and mushrooms; sales in this category are mainly driven by vegetables mixes.

  consumption of frozen products in russia is still low, so development potential is great. according to “finam management”, in 2013 the market grow by 5-7% in value.

  besides, development of modern retail formats will also stimulate sales of the review category, because in supermarkets and hypermarkets frozen products is the fast selling (in 8 days maximum) and most profitable product group: providing 5% to 8% of total turnover frozen foods bring up to 13% of gain.

  the review market has low barrier to entry, so currently market operators – both local and federal – are numerous and thus competitive landscape is quite crowded.

The food processing industry in Russia is recognized by the GOR as a strategic sector which could potentially supply the entire 143 mln people of Russia with quality food products. It numbers over 30 sub-sectors contributing more than 19.3% of Russia’s economic production and employing 1.4 mln people.

Russia is the largest processed food market in Europe and one of the world's largest importers of ingredients for food processing, for example Russia is the world’s largest dairy products importer in the world.

According to *ID-Marketing* the number of food processing plants in Russia in 2012 was around 53,000 (including beverage and tobacco production) and the number has been growing by about 10% per annum for the last 3-4 years.

WILD BERRIES

The following are a list of wild berries that are collected in the Khabarovsk Krai

Latin Name	Common Name	Russian Name
Shizandra chinensis	Shizandra Berry	Lemonick
Viburnum sargentii	Highbush Cranberry	Kalina
Sorbus sambucifolia	Red Rowen Berry or Mountain-ash	Ryabina
Rosa davurica	Rosehips	Shipovnik
Vaccinium myrtillus	Wild Blueberry or Bilberry	Golubika
Vaccinium vitis-idaea	Lingonberry or Cowberry	Brusnika
Vaccinium oxycoccus	Bog Cranberry	
Vitis amurensis	Amur Grapes	Vinograd
Lonicera edulis	Honeysuckle Berry	Zhimolost
Hippophae rhamnoides	Sea-Buckthorn Berry	Oblepicha
Fesca L	Wild Strawberry	

Shizandra Berry

Shizandra is used both for food and for medicinal purposes. The fruit is harvested in mid to late September and is usually processed into jams, syrups and other preserves. Some locals also make a wine from the berry, which has a very unique flavor. The dried berries, leaves and stems are also used in a variety of aromatic teas. Shizandra is known to stimulate the nervous system, increase the speed of reflex nervous responses and metal clarity. The history of Shizandra dates back to World War II when Russian fighter pilots used it to help cope with lower levels of oxygen. Russian hunters and trappers use Shizandra to give them better stamina and sensory acuity. Its ability to decrease fatigue, stimulate the cardiovascular and respiratory systems makes it ideal for Russian athletes to enhance performance and endurance. Many students from Khabarovsk use Shizandra during test and competition times.

Sea-Buckthorn Berry

Harvested in mid-September, Sea-Buckthorn berry has a wide array of uses. As a food product it is processed into juices, jellies, liqueurs, candy and vitamin C tablets. Sea-buckthorn oils are used in Russia externally for burns, bedsores and many other skin complications. The juice and oil extracts have been used to treat high blood lipid symptoms, eye diseases, gingivitis, high blood pressure and coronary heart disease. It is also used as a moisturizing lotion, dandruff control and hair loss prevention. Sea-buckthorn oil has high concentrations of palmitoleic acid which is a rare fatty acid component of skin fat that promotes tissue and wound healing.

Lingonberry

Lingonberries are harvested as early as late August up until late September. They are very firm and can keep for a long period of time in a cool environment. Lingonberries are also eaten fresh by the locals with sugar or processed into jellies and syrups. Medicinally, it is used as a diuretic in cases of kidney disease, infections of the urinary tract, increase appetite and improve digestion. It is also believed to decrease blood pressure, to cure jaundice and to assist in the treatment of rheumatism. Other common names include Cowberry, Whortleberry or Mountain Cranberry.

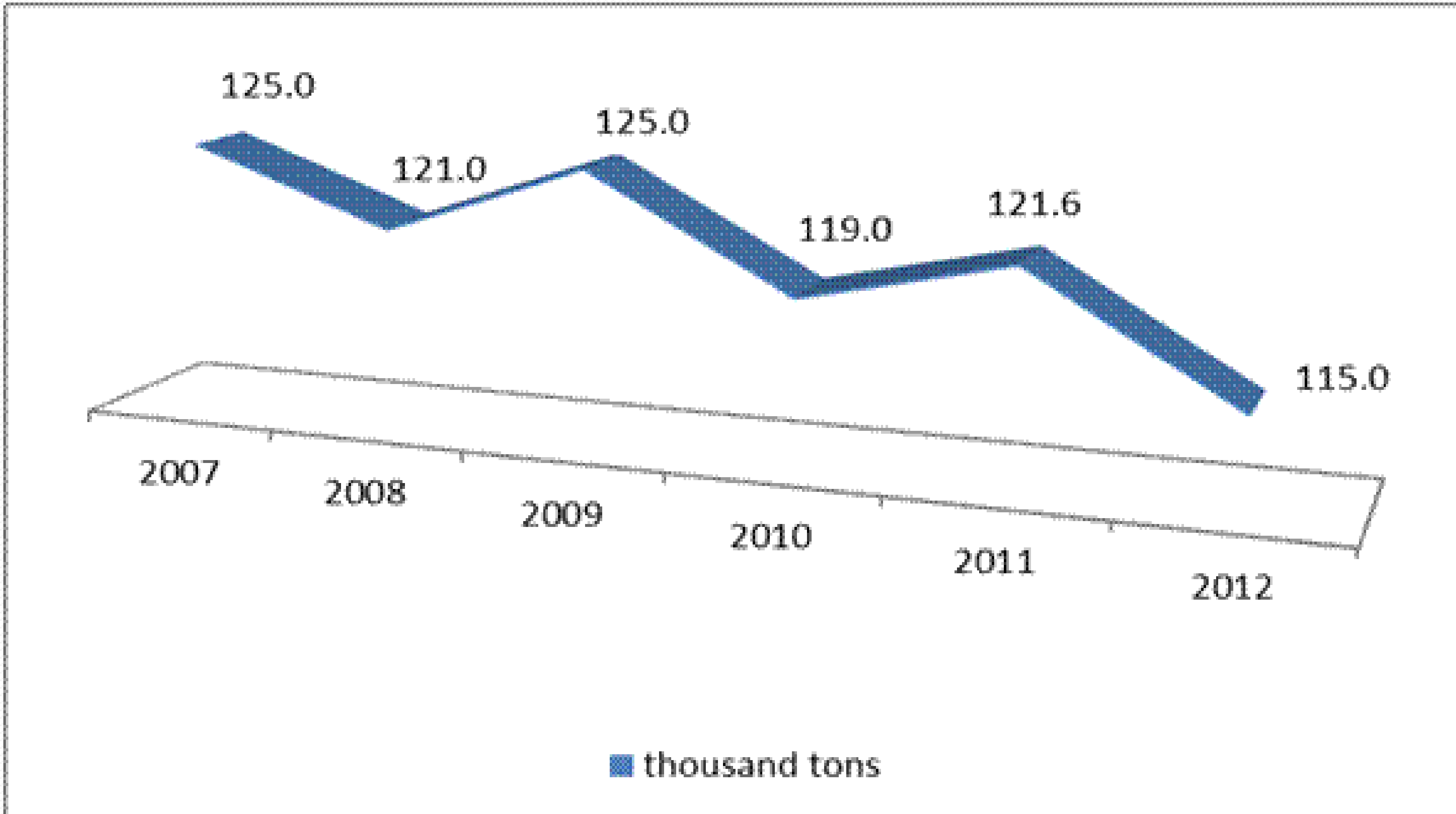
Amur Grapes

Amur Grapes are usually harvested between mid September to early October. They are used in jellies, wines or eaten fresh as a table grape. Generally this product has a tendency to be more for local personal consumption than commercial use, however, there is always the potential for this fruit to become a valuable consumer product.

Highbush Cranberry

Highbush cranberry is harvested through the month of September to early October. The locals have developed a very pleasing array of jams and jellies from these berries that are contrary to the average preserves that North Americans have come accustomed to. The dried berries are also used in herbal tea mixtures for both delicate flavoring and aroma. A possible benefit of using these particular berries as opposed to North American varieties is that the clusters of the Highbush Cranberry have a higher yield per volume, thus requiring less costs involved with production of its subsequent product. When the crop is good one tree give ten to twenty kilos of berries.

Production of Wild Berries in Russia



Russian imports of **frozen blueberries**, **cranberries**, and other berries under HS Code 0811 90 950 0 have been growing since 2005 and reaching 16,245 MT for $16.6 million in CY 2013 - up 10 percent from the previous year. According to food industry contacts, imported frozen blueberries and cranberries are price competitive with local frozen berries.

Most of Russia's cranberries are handpicked and the labor cost within the price is very high. As a result, many Russian food processors prefer to work with imported frozen berries which offer overall better quality and consistency.

IMPORT OF FROZEN BERRIES TO RUSSIA

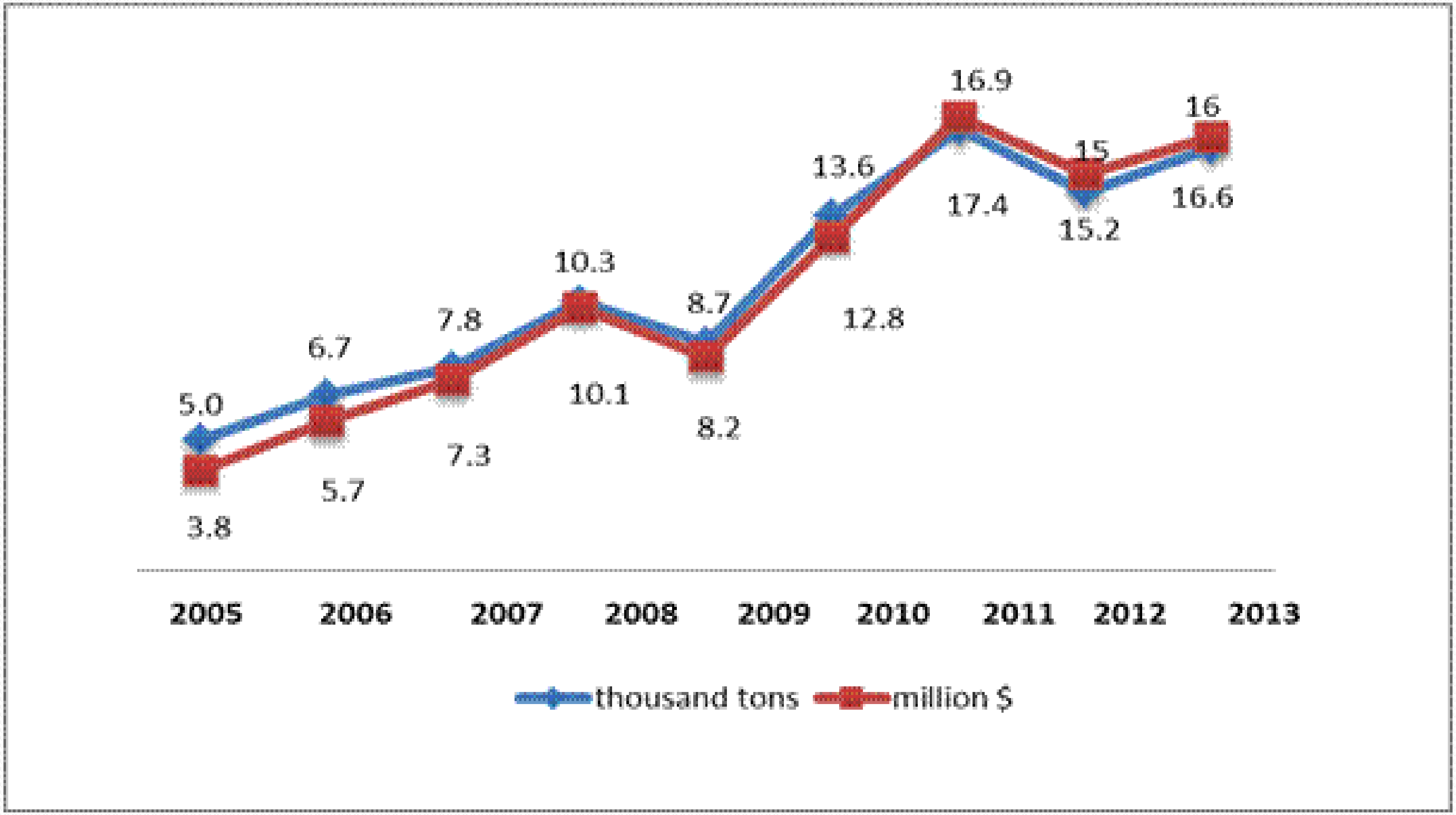
In calendar year (CY) 2013, Russian imports of frozen cranberries and blueberries reached 16, 245 MT in CY 2013 valued at $16.6 million, up 10 percent respectively. While Russian demand for imported berries has risen markedly in recent years, there is significant room for future growth as the fast paced lifestyle in Russia, which combines more eating out and more emphasis on health and wellness, makes these berries a natural fit for snacking, packaged foods, and food service recipes. A growing middle class in Russia over the last decade has resulted in consumers who are looking for convenience, variety, and new options that provide health and functional benefits.

List of importing market to Russia

- Russia is part of a Customs Union comprised of Russia, Kazakhstan and Belarus. The Customs Union members develop regulations that are then reconciled and agreed to by all members and then applied to the three countries.

Import duties apply to many food products and generally vary between 5-30%. As part of its WTO accession agreement, Russia has committed to reducing and binding import tariffs on all agricultural goods, thereby providing more predictability on its duties. The average tariff for agricultural products will be reduced from the current 13.2% to 10.8% Imports are subject to VAT, which is calculated on the customs value of the items plus customs duties and fees. In addition, import duties are assessed at the specified rates. They are assessed according to classification and are applied to the customs value of the imported goods, including shipping charges and insurance.

Imports of frozen berries 081190950.00 to Russia



- CY 2013, the largest volumes of frozen blueberries, cranberries and other berries under HS Code
- 0811 90950 0 were exported to Russia from Poland In (5,844 MT); China (4,864 MT); Canada (1,755
- MT); and the United States (1,188 MT). Post estimates that roughly half of all imported frozen berries under HS Code 0811 90 950 0 were frozen cranberries.   .
- In the first quarter of 2014, the Russian Ruble decreased significantly compared to the U.S. Dollar from
- 32.65 Ruble/U.S. Dollar to 35.58 making imported frozen berries much more expensive for Russian consumers.

List of products at 6 digits level imported by Russian Federation in 2013

detailed products in the following category: 0811 Frozen fruits & nuts

Sources: ITC calculations based on Federal Customs Service of Russia statistics.

Code	Product label	Imported value 2013 (USD thousand)	Trade balance 2013 (USD thousand)	Annual growth in value between 2009-2013 (%, p.a.)	Annual growth in quantity between 2009-2013 (%, p.a.)	Annual growth in value between 2012-2013 (%, p.a.)	Ranking in world imports
TOTAL	All products	317,805,605	208,586,747	17		1	18
'081190	Fruits&edible nuts uncook,steam/boil (water) sweetend/not,frozen,nes	37,201	-7,279	9	5	0	16
'081110	Strawberries,uncookd o steamd o boild in water,sweetend o not,frozen	19,208	-18,928	12	8	11	13
'081120	Raspberries,mulberries,etc uncook,steam/boil in water sweetend/nt,froz	14,912	-14,639	16	16	34	15

Existing and potential trade between Chile and Russian Federation

Product: 081190 Fruits&edible nuts uncook,steam/boil (water) sweetend/not,frozen,nes

Sources: ITC calculations based on UN COMTRADE statistics.

Unit : US Dollar thousand

ct code	Product label	Chile's exports to Russian Federation			Russian Federation's imports from world			Chile's exports to world		
		Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013	Value in 2011	Value in 2012	Value in 2013
'081120	Raspberries,mulberries,etc uncook,steam/boil in water sweetend/nt,froz	187	19	549	13,955	11,151	14,912	168,350	133,218	169,474
'081190	Fruits&edible nuts uncook,steam/boil (water) sweetend/not,frozen,nes	1,377	377	273	40,456	37,059	37,201	119,165	127,489	133,602
'081110	Strawberries,uncookd o steamd o boild in water,sweetend o not,frozen	0	0	0	19,856	17,270	19,208	32,226	31,989	33,272

List of exporters for the selected product

Product: 081120 Raspberries,mulberries,etc uncook,steam/boil in water sweetend/nt,froz

Sources: ITC calculations based on UN COMTRADE statistics.
The world aggregation represents the sum of reporting and non reporting countries
Data based on the partner reported data (Mirror data) are shown in orange

Unit : US Dollar thousand

Exporters	Exported value in 2009	Exported value in 2010	Exported value in 2011	Exported value in 2012	Exported value in 2013
World	782,279	760,080	830,568	766,631	962,524
Serbia	206,831	187,834	209,995	180,188	231,794
Poland	144,039	141,996	143,092	146,082	191,245
Chile	142,490	158,515	168,350	133,218	169,474
Belgium	51,834	41,542	49,168	51,802	71,023
Netherlands	47,259	39,081	50,530	39,373	45,494
China	13,410	16,313	24,758	33,934	38,201
Germany	23,845	21,371	27,265	28,189	34,953
Austria	47,782	37,847	36,401	35,965	30,972

List of importers for the selected product

Product: 081120 Raspberries,mulberries,etc uncook,steam/boil in water sweetend/nt,froz

Sources: ITC calculations based on UN COMTRADE statistics.
The world aggregation represents the sum of reporting and non reporting countries
Data based on the partner reported data (Mirror data) are shown in orange

Unit : US Dollar thousand

Importers	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	787,219	767,796	847,968	810,792	1,028,331
Germany	181,307	163,832	188,591	173,547	206,857
France	108,308	102,605	104,411	98,142	128,098
United States of America	73,202	79,868	86,063	84,857	122,280
Belgium	52,946	50,059	62,666	55,554	93,349
United Kingdom	41,699	38,993	42,935	42,973	52,561
Austria	59,140	51,542	52,403	46,875	49,746
Netherlands	37,303	39,150	41,281	35,385	43,161
Canada	30,834	29,506	31,042	26,873	41,561
Sweden	30,850	29,182	28,907	26,934	32,527
Australia	15,298	18,214	22,524	19,879	26,789
Italy	18,914	19,329	18,967	20,027	24,922
Ireland	3,260	10,156	9,392	18,381	18,987
Switzerland	17,205	16,309	18,408	15,260	17,981
Poland	15,612	11,364	14,650	14,163	17,618
Russian Federation	7,537	10,105	13,955	11,151	14,912
Japan	8,773	8,892	8,865	10,026	14,245
Denmark	17,205	15,955	15,807	12,219	12,898
China	5,384	4,751	10,462	13,597	11,541
Serbia	4,554	4,654	4,181	10,832	10,979
Norway	7,646	6,947	7,755	6,453	8,225
Finland	10,951	7,897	8,644	7,253	8,189
Hungary	2,454	2,222	7,751	7,099	6,279

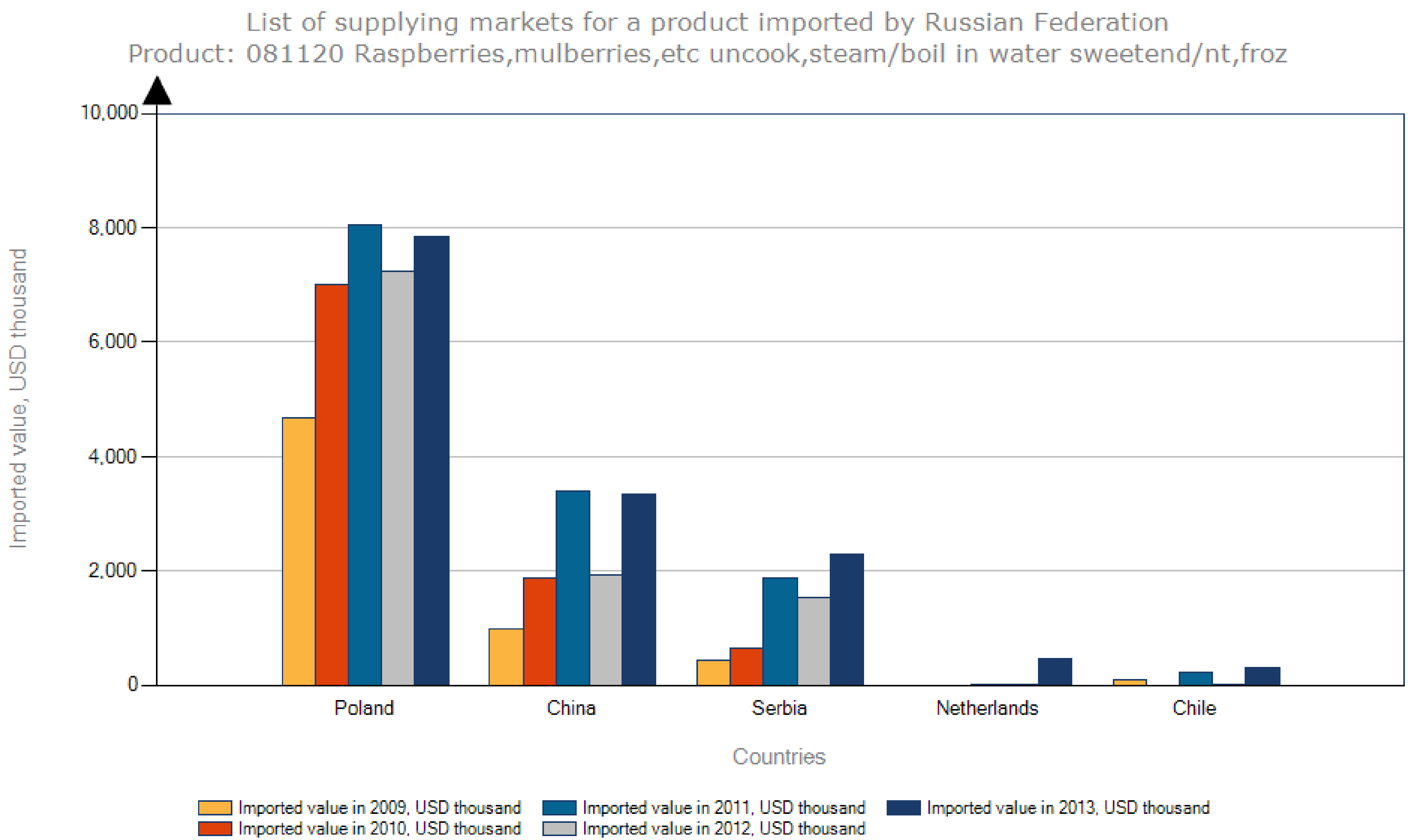
List of supplying markets for a product imported by Russian Federation

Product: 08112031 Frozen raspberries, blackberries, mulberries, loganberries, black-, white- or red currants and gooseberries, uncooked or cooked by steaming or boiling in water, whether or not sweetened: other: raspberries

Sources: ITC calculations based on UN COMTRADE statistics since January, 2010.
ITC calculations based on Russian customs statistics and analysis department statistics since January, 2007 and until January, 2010.
ITC calculations based on UN COMTRADE statistics since January, 2006 and until January, 2007.
ITC calculations based on Russian customs statistics and analysis department statistics until January, 2006.

Unit : US Dollar thousand

Exporters	Imported value in 2010	Imported value in 2011	Imported value in 2012
World	3,739	6,280	4,936
Poland	2,571	2,769	2,633
China	506	1,837	1,226
Serbia	300	1,209	890
Belgium	211	112	96
Belarus	0	0	23
France	8	9	22
Ukraine	24	0	19
Bulgaria	83	96	10
Chile	0	225	9
Germany	0	3	5
United States of America	0	2	2
Uzbekistan	35	0	0
Netherlands	0	16	0



List of supplying markets for a product imported by Russian Federation
Product: 081120 Raspberries,mulberries,etc uncook,steam/boil in water sweetend/nt,froz
Imported value, USD thousand
10,000
8,000
6,000
4,000
2,000
0
Poland
China
Serbia
Netherlands
Chile
Countries
Imported value in 2009, USD thousand
Imported value in 2010, USD thousand
Imported value in 2011, USD thousand
Imported value in 2012, USD thousand
Imported value in 2013, USD thousand

Importers	Exported value in 2009	Exported value in 2010	Exported value in 2011	Exported value in 2012	Exported value in 2013
World	43,997	39,865	119,165	127,489	133,602
United States of America	16,835	14,450	58,712	50,610	49,863
Korea, Republic of	145	510	4,232	12,483	19,505
Australia	2,300	2,808	9,427	12,970	18,094
Canada	11,052	8,767	11,125	16,518	16,174
Netherlands	3,712	3,485	5,508	5,126	5,586
Japan	660	945	2,155	2,998	4,869
Germany	1,764	1,292	3,429	3,254	2,901
United Kingdom	913	759	3,064	3,957	2,848
Belgium	1,462	1,058	2,356	1,603	2,468
China	7	276	5,314	8,524	1,760
Poland	642	105	513	505	1,470
France	533	680	833	1,423	1,433
Denmark	75	252	764	1,430	1,375
New Zealand	487	125	646	999	1,048
Mexico	764	1,615	5,770	1,302	855
Switzerland	1,423	1,264	1,752	899	622
Italy	351	467	217	407	385
Brazil	19	382	365	507	370
Russian	16	194	1,377	377	273

List of importing markets for a product exported by Chile

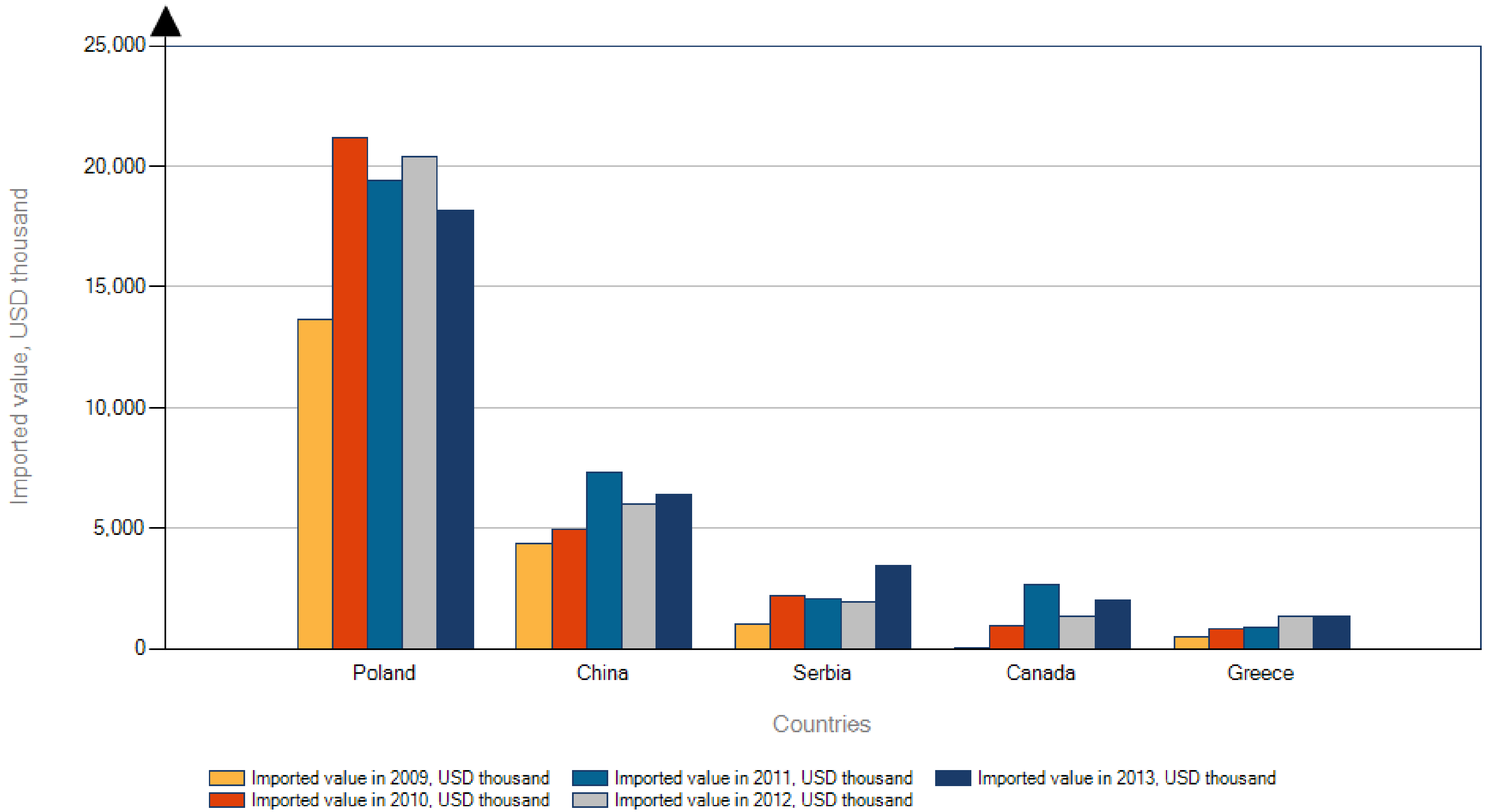
Product: 081190 Fruits&edible nuts uncook,steam/boil (water) sweetend/not,frozen,nes

Sources: ITC calculations based on [UN COMTRADE] statistics.

Unit : US Dollar thousand

Importers	Exported value in 2009	Exported value in 2010	Exported value in 2011	Exported value in 2012	Exported value in 2013
World	43,997	39,865	119,165	127,489	133,602
United States of America	16,835	14,450	58,712	50,610	49,863
Korea, Republic of	145	510	4,232	12,483	19,505
Australia	2,300	2,808	9,427	12,970	18,094
Canada	11,052	8,767	11,125	16,518	16,174
Netherlands	3,712	3,485	5,508	5,126	5,586
Japan	660	945	2,155	2,998	4,869
Germany	1,764	1,292	3,429	3,254	2,901
United Kingdom	913	759	3,064	3,957	2,848
Belgium	1,462	1,058	2,356	1,603	2,468
China	7	276	5,314	8,524	1,760
Poland	642	105	513	505	1,470
France	533	680	833	1,423	1,433
Denmark	75	252	764	1,430	1,375
New Zealand	487	125	646	999	1,048
Mexico	764	1,615	5,770	1,302	855
Switzerland	1,423	1,264	1,752	899	622
Italy	351	467	217	407	385
Brazil	19	382	365	507	370
Russian Federation	16	194	1,377	377	273
Austria	52	108	286	116	212
Hong Kong, China	86	43	119	180	194
Colombia	102	90	16	29	176
Guatemala	47	3	0	0	157
Peru	0	0	5	19	141
Argentina	51	19	540	41	119
Thailand	0	78	215	444	82
Israel	0	0	24	0	80
Costa Rica	0	0	65	44	64
Latvia	10	0	0	159	62
Ireland	59	18	156	55	55
Sweden	1	1	0	0	51
Ecuador	0	0	0	0	49
United Arab Emirates	0	0	0	18	47

List of supplying markets for a product imported by Russian Federation
Product: 081190 Fruits&edible nuts uncook,steam/boil (water) sweetend/not,frozen,nes



List of importers for the selected product

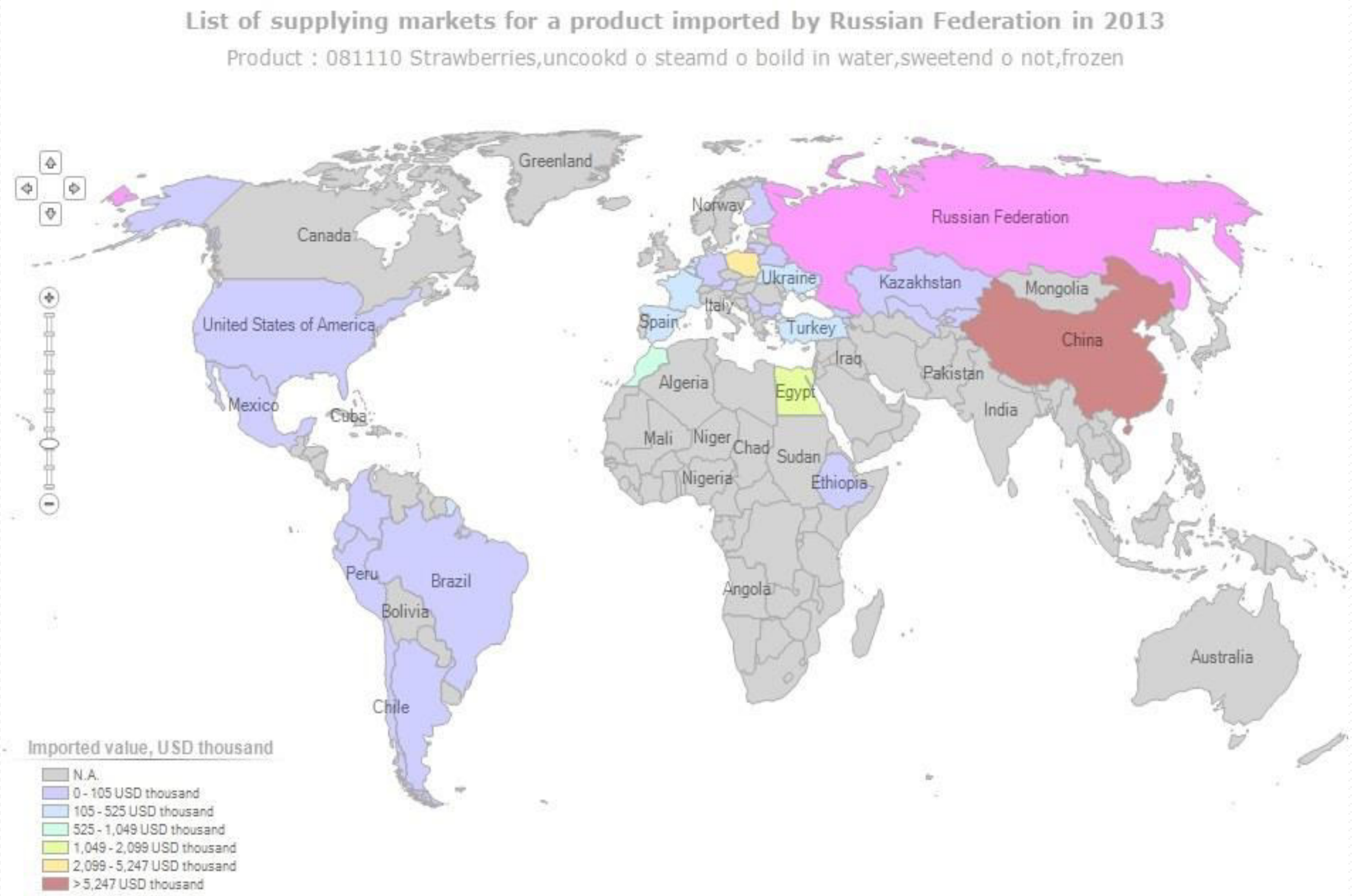
Product: 081110 Strawberries,uncookd o steamd o boild in water,sweetend o not,frozen

Sources: ITC calculations based on UN COMTRADE statistics.
The world aggregation represents the sum of reporting and non reporting countries
Data based on the partner reported data (Mirror data) are shown in orange

Unit : US Dollar thousand

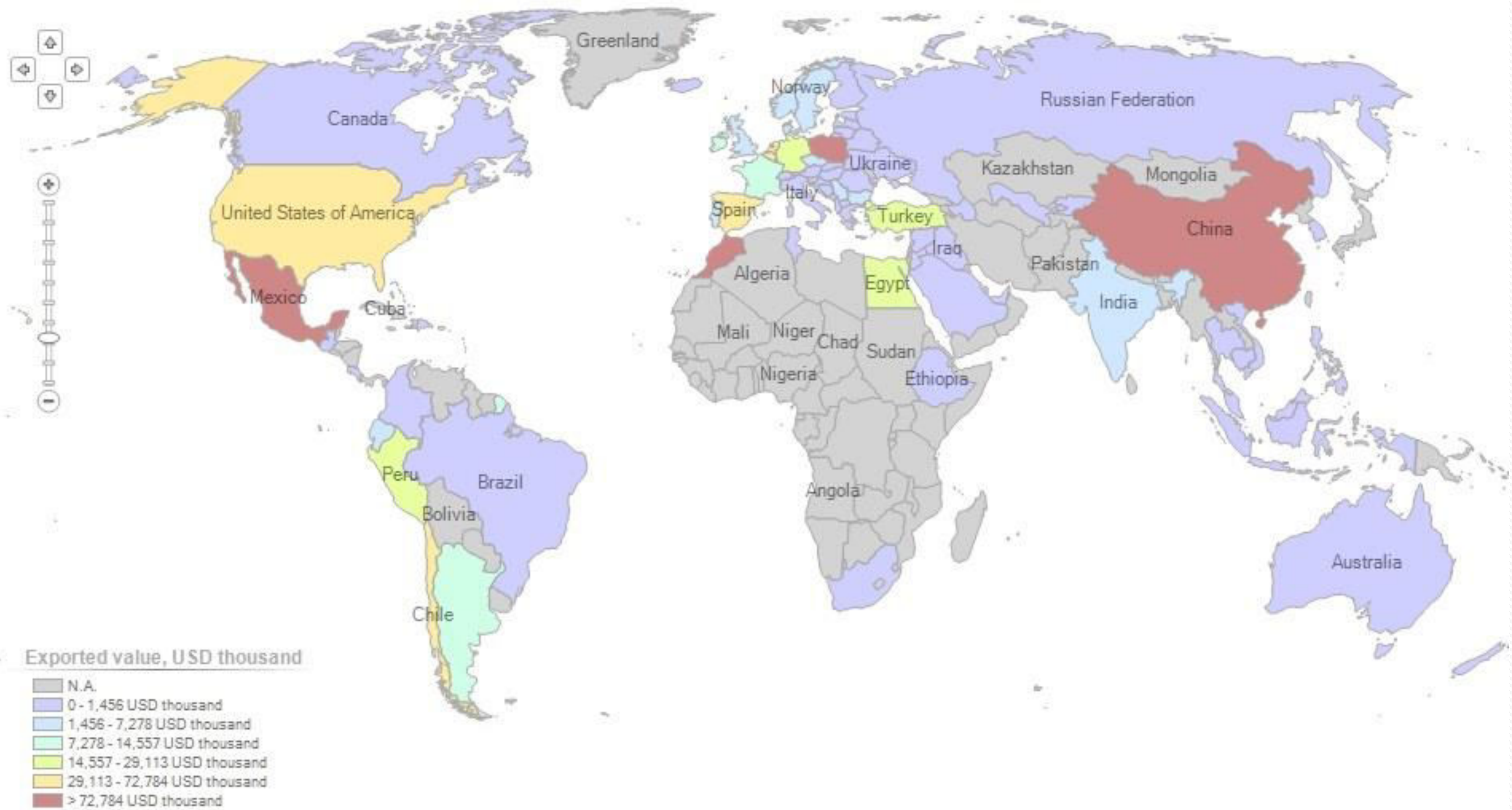
Importers	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	618,753	702,401	924,275	981,508	948,973
Germany	93,465	110,181	161,469	150,407	146,292
United States of America	99,396	112,964	136,969	153,603	138,428
France	60,905	70,918	87,827	105,414	94,211
Netherlands	50,320	54,968	82,226	74,472	73,436
Japan	41,686	44,496	53,191	55,246	62,421
Belgium	36,089	28,544	43,566	59,249	58,851
Canada	33,304	33,840	41,071	45,772	46,509
United Kingdom	22,194	27,030	29,928	28,440	26,239
Spain	18,462	17,605	21,955	25,227	24,712
Austria	18,200	20,880	24,927	24,142	22,006
Denmark	16,597	16,105	18,021	21,232	20,295
Italy	15,147	16,454	23,220	21,651	19,446
Russian Federation	11,079	16,805	19,856	17,270	19,208
China	16,765	11,872	10,333	15,944	15,442
Sweden	13,606	13,251	15,926	17,097	15,173
Korea, Republic of	3,515	8,021	13,261	15,975	14,356
Saudi Arabia	0	10,409	15,530	16,840	11,739
Poland	5,396	6,486	12,358	18,181	11,569
Thailand	1,913	5,820	6,964	7,346	11,046
Norway	7,533	5,752	10,205	11,574	10,445
Brazil	2,732	8,624	7,941	6,090	10,374
Ireland	2,062	7,022	11,068	9,691	10,010
Australia	5,152	6,063	9,712	9,070	9,638
Finland	8,510	6,867	10,185	10,343	9,101
Switzerland	7,035	6,330	7,496	7,171	8,567
Mexico	2,200	3,642	3,317	3,552	6,908
Czech Republic	2,552	3,793	5,881	5,415	6,240
Portugal	2,269	2,216	3,856	4,017	5,242
Hungary	1,207	1,458	2,208	3,125	2,624
New Zealand	1,424	1,923	2,144	2,709	2,508
Slovenia	1,671	1,435	1,880	2,113	2,216
Serbia	939	566	821	1,787	1,942

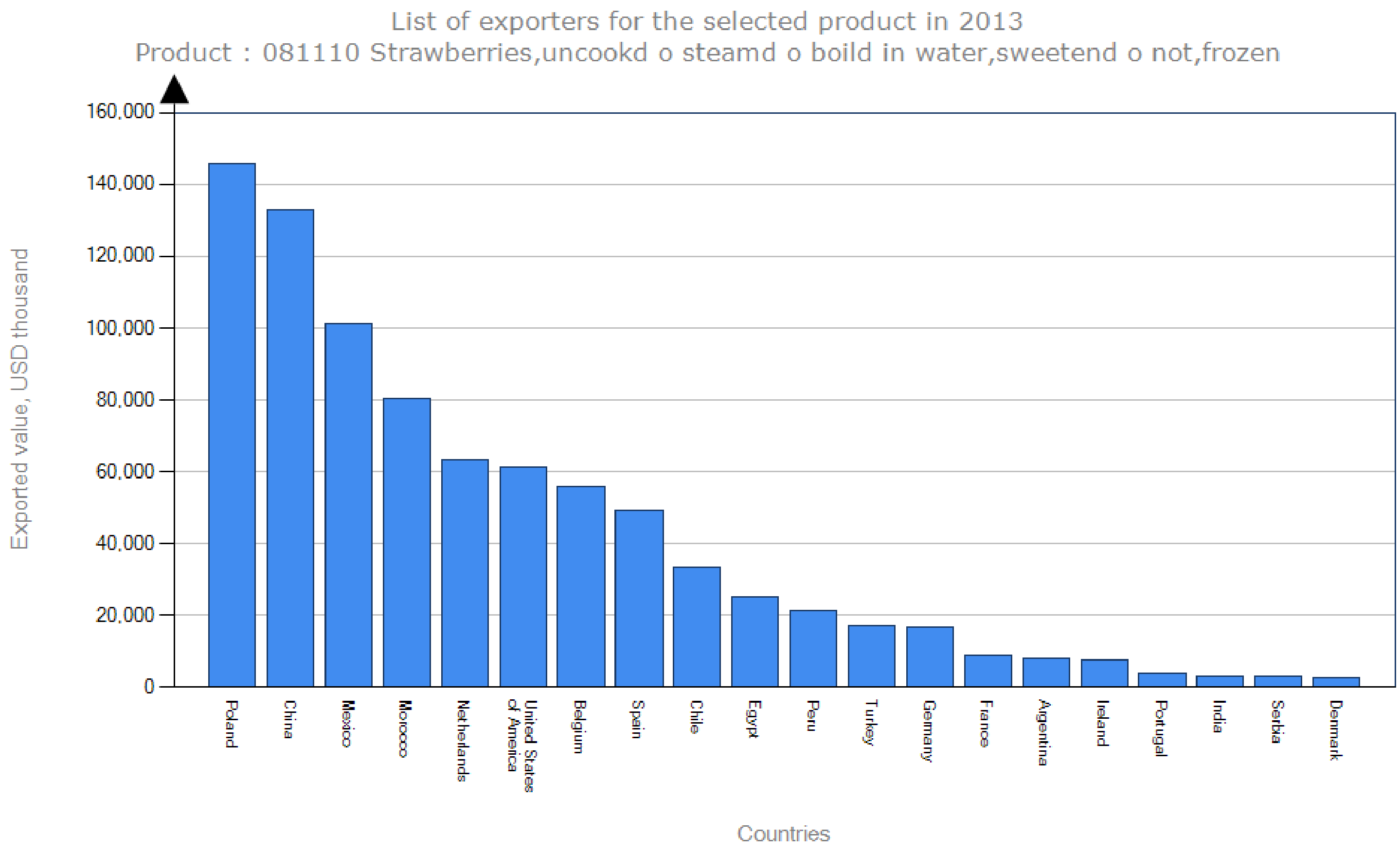
Supplying market points to Russia of Strawberry



List of exporters for the selected product in 2013

Product : 081110 Strawberries,uncookd o steamd o boild in water,sweetend o not,frozen




List of exporters for the selected product in 2013
Product : 081110 Strawberries,uncookd o steamd o boild in water,sweetend o not,frozen
Exported value, USD thousand
160,000
140,000
120,000
100,000
80,000
60,000
40,000
20,000
0
Poland
China
Mexico
Morocco
Netherlands
United States of America
Belgium
Spain
Chile
Egypt
Peru
Turkey
Germany
France
Argentina
Ireland
Portugal
India
Serbia
Denmark
Countries

List of importing markets for a product exported by Chile

Product: 081110 Strawberries,uncookd o steamd o boild in water,sweetend o not,frozen

Sources: ITC calculations based on UN COMTRADE statistics.

Unit : US Dollar thousand

Importers	Exported value in 2009	Exported value in 2010	Exported value in 2011	Exported value in 2012	Exported value in 2013
World	28,713	30,375	32,226	31,989	33,272
United States of America	10,574	10,157	9,214	6,441	8,074
Japan	2,523	2,511	5,121	6,137	7,808
Canada	4,654	4,463	5,347	5,881	5,352
China	7,791	6,059	5,054	8,839	5,109
Brazil	779	2,988	1,815	699	1,754
Netherlands	48	346	1,346	1,140	1,192
Korea, Republic of	279	454	899	451	990
Australia	85	99	247	59	773
New Zealand	160	329	547	251	458
Saudi Arabia	34	111	343	313	340
Denmark	0	615	240	374	305
Argentina	9	687	268	221	289
Panama	133	176	215	208	206
Uruguay	0	0	0	0	122
Belgium	0	227	284	304	94
France	1,003	182	98	237	93
Germany	38	223	545	77	91
Paraguay	0	2	58	28	63
Dominican Republic	75	93	59	17	41
United Kingdom	68	25	294	142	38
Poland	0	0	0	0	34
Costa Rica	40	23	30	49	20
Kuwait	0	0	0	0	14
Hong Kong, China	0	0	0	0	13
United Arab Emirates	0	0	0	7	0
Area Nes	0	0	0	0	0
Austria	0	0	0	48	0
Colombia	0	9	0	0	0
Italy	38	63	0	0	0
Mexico	209	400	0	0	0
Peru	0	0	0	8	0
India	4	25	0	0	0
Singapore	0	28	39	0	0

List of exporters for the selected product

Product: 081110 Strawberries,uncookd o steamd o boild in water,sweetend o not,frozen

Sources: ITC calculations based on UN COMTRADE statistics.
The world aggregation represents the sum of reporting and non reporting countries
Data based on the partner reported data (Mirror data) are shown in orange

Unit : US Dollar thousand

Exporters	Exported value in 2009	Exported value in 2010	Exported value in 2011	Exported value in 2012	Exported value in 2013
World	598,148	666,728	892,503	890,716	867,901
Poland	121,941	132,532	163,334	137,003	145,568
China	83,900	112,754	170,339	170,309	132,840
Mexico	68,940	85,341	104,916	121,603	101,294
Morocco	41,572	43,861	53,343	69,728	80,329
Netherlands	56,750	56,510	85,230	72,473	63,559
United States of America	34,370	35,019	47,680	52,625	61,094
Belgium	49,384	42,885	40,882	49,682	55,927
Spain	32,837	31,270	51,171	45,166	49,117
Chile	28,713	30,375	32,226	31,989	33,272
Egypt	10,806	10,771	16,940	20,773	25,242
Peru	4,395	5,666	12,895	11,708	21,396
Turkey	11,329	12,417	17,176	16,259	17,231
Germany	10,388	10,717	14,771	15,996	16,829
France	5,332	7,246	9,322	5,220	8,711
Argentina	13,063	13,917	17,857	10,529	7,960
Ireland	0	8,300	9,005	6,128	7,527
Portugal	153	982	1,731	3,748	4,019
India	1,314	627	2,681	3,605	3,244
Serbia	1,934	4,096	5,540	3,059	3,124
Denmark	2,390	3,494	4,205	2,444	2,594
United Kingdom	1,444	623	1,426	4,894	2,408
Sweden	1,865	1,440	3,154	3,379	2,385
Bulgaria	1,363	2,508	3,422	2,241	2,382
Ecuador	1,800	1,081	972	4,777	2,254
Norway	1,256	1,455	1,680	2,231	2,032
Czech Republic	411	341	737	916	1,644
Tunisia	202	584	523	348	1,409
Austria	1,648	1,701	3,257	2,318	1,273
Hungary	433	732	641	659	1,270
Korea, Republic of	1,129	926	972	884	1,237
Lithuania	240	292	590	567	1,089
Greece	42	94	123	51	967

Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	11,079	16,805	19,856	17,270	19,208
China	5,953	9,732	13,221	12,618	10,494
Poland	4,594	6,123	5,412	3,658	4,345
Egypt	78	168	458	398	1,981
Morocco	0	389	214	119	703
Turkey	13	0	0	0	409
Spain	0	0	0	0	323
Netherlands	0	0	11	0	274
Ukraine	0	9	49	0	222
France	20	38	56	62	107
Belgium	296	118	87	137	106
Germany	28	0	9	7	83
Austria	0	0	0	0	49
Serbia	24	224	166	241	35
Ethiopia	0	0	0	0	25
Belarus	0	0	0	0	18
Mexico	0	0	0	0	16
Uzbekistan	5	0	0	0	8
Kazakhstan	0	0	0	0	4
United States of America	0	0	1	7	4

List of supplying markets for a product imported by Russian Federation
Product: 081110 Strawberries,uncookd o steamd o boild in water,sweetend o not,frozen

Sources: ITC calculations based on Federal Customs Service of Russia statistics since January, 2013.
ITC calculations based on UN COMTRADE statistics until January, 2013.

Unit : US Dollar thousand

Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	11,079	16,805	19,856	17,270	19,208
China	5,953	9,732	13,221	12,618	10,494
Poland	4,594	6,123	5,412	3,658	4,345
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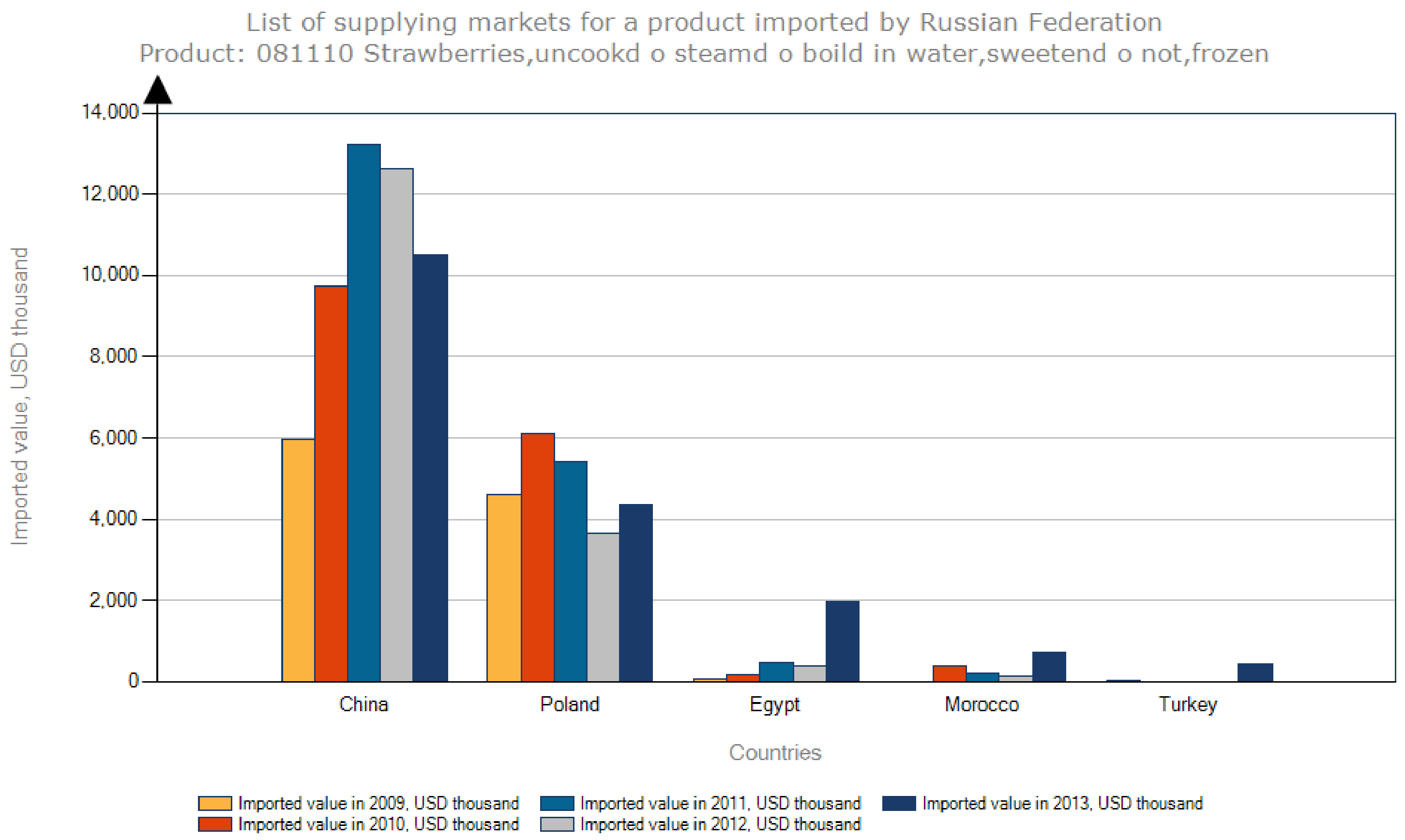
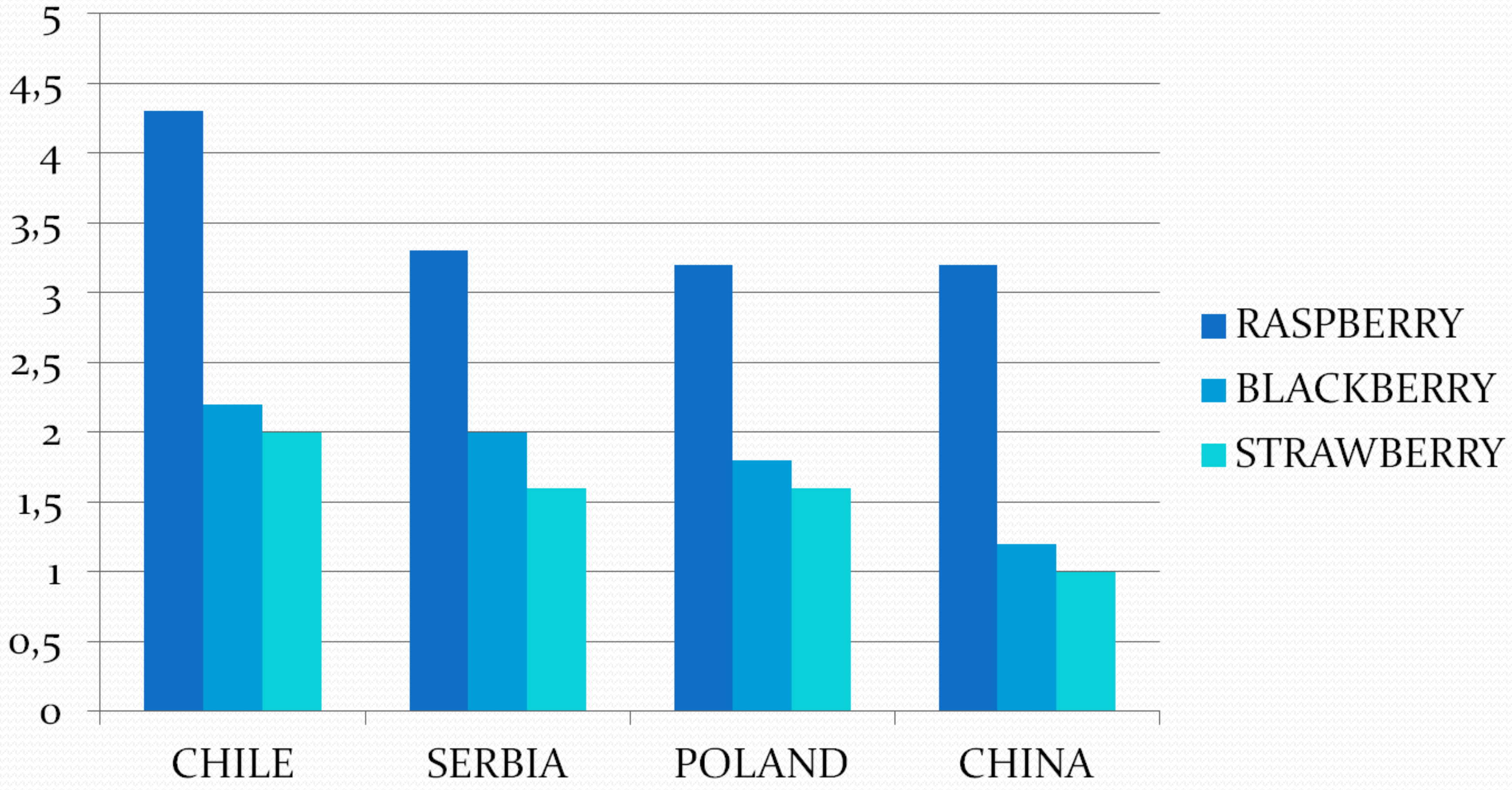
Austria	0	0	0	0	49
Serbia	24	224	166	241	35
Ethiopia	0	0	0	0	25
Belarus	0	0	0	0	18
Mexico	0	0	0	0	16
Uzbekistan	5	0	0	0	8
Kazakhstan	0	0	0	0	4
United States of America	0	0	1	7	4
Finland	0	0	0	0	2
Hong Kong, China	0	0	0	0	2
Lithuania	0	4	1	0	1
Argentina	65	0	0	0	0
Brazil	0	1	0	0	0
Ecuador	0	0	0	23	0
Kyrgyzstan	4	0	1	0	0
Peru	0	0	169	0	0

Strawberry suppliers to Russia



Export prices IQF berries



CHILEAN EXPORTERS

FRUTICOLA OLMUE
EXPORTADORA COMPRAMAR
ARLAVAN
FRUTICOLA LEON
ALTAMIRA CHILE
SANCO
VITAL BERRY MARKETING
AUSTRAL FRUITS
PONTI-FRUIT

RUSSIAN IMPORTERS

SEA ICE
MYASNOI DOM
HLADOKOMBINAT ZAPADNIY
KAMELIA
TPK AGROPROEKT
NADO
IMPULS
VIMM-BILL-DAN
TRANSPARENT WORLD TRADE
TANDER
FROZEN FOOD

Chain retail. Overview

Chains in Russia could be rated to:

Global:

Number of stores more than 1000, widely spread, consist of different kind of stores.

Examples: MAGNIT, X5 Retail Group, DIXY

Chain retail. Overview

Chains in Russia could be rated to:

Federal:

Number of stores 50-100, widely-spread (more, than in 2 regions, use only 1 format of stores (hypermarkets)
Examples: OKEY, LENTA, AUCHAN, METRO

Chain retail. Overview

Chains in Russia could be rated to:

Local: locally spread, small quantity of stores, usually represented by supermarkets or convenience stores. Examples: NETTO, 7Я, NORMA

Chain retail. Overview

Types of the chain stores:

HYPERMARKET: –
selling area more than 2 500 sq. meters
product range numbers up to 150 000 and more, varies from food to automotive spare parts and sanitary ware items

Chain retail. Types of the chain stores

SUPERMARKET: –
selling area 800 - 2000 sq. meters, wide food product range and some non-food

Chain retail. Who is who

Turnover 2013:	579,7 billion RUB
EBITDA 2013:	64,7 billion RUB
Net income 2013:	35,6 billion RUB

Total store number:	8517
Locations:	1905

Convenience stores:	7571
Supermarkets:	54
Hypermarkets:	169

Spreading: Central, Southern, North West, Siberian,Urals, Volga,North Caucasian

Magnit`s global depository receipts have been traded on the London Stock Exchange since Magnit`s SPO in October 2009.

Chain retail. Who is who

Turnover 2013:	16,8 billion RUB
EBITDA 2013:	1,2 billion RUB
Net income 2013:	345 million RUB

Total store number:	4618
Locations:	1900

Convenience stores:	4153
Supermarkets:	384
Hypermarkets:	81

Spreading: Central, Southern, North West, Volga

Trademark:

X5 Retail Group N.V.'s global depository receipts have been traded on the London Stock Exchange since Pyaterochka's IPO in May 2005 under the ticker "FIVE LI".

Chain retail. Who is who

Turnover 2013:	180	billion RUB
EBITDA 2013:	7,5	billion RUB
Net income 2013:	3,1	billion RUB

Total store number:	1842
Locations:	24

Convenience stores:	1762
Supermarkets:	54
Hypermarkets:	21

Spreading: Central, North West, Urals, Volga

ДИКСИ
Просто. Рядом. По-соседски.

Chain retail. Who is who

Turnover 2013:	139,4 billion RUB
EBITDA 2013:	33,3 billion RUB
Net income 2013:	5 billion RUB

Total store number:	96
Locations:	23

Hypermarkets:	96
Supermarkets:	50 planned in 2014

Spreading:	Central, Southern, North West, Siberian, Urals

Trademark:

Chain retail. Who is who

Turnover 2013:	144,3 billion RUB
EBITDA 2013:	13,7 billion RUB
Net income 2013:	7,09 billion RUB

Total store number:	91
Locations:	46

Hypermarkets:	81
Supermarkets:	10 (only Moscow region)

Spreading:	Central, Southern, North West, Siberian,Urals, Volga

Trademark:

Lenta`s global depository receipts have been traded on the London Stock Exchange since it`s IPO in February 2014

Chain retail. Who is who

Local chains: convenience shops,
sales squares 300-700 sq. meters, about 7000 SKU.
Usually each shop is equipped with own bakery.

Turnover 2013:	**1.5 billion RUB**
Stores:	**397**
Location:	**North West and Moscow regions**

Stores:	**47**
Locations:	**Saint Petersburg**

Stores:	**19**
Locations:	**Saint Petersburg**

Chain retail. Who is who

Turnover 2013:	183	billion RUB
EBITDA 2013:	13,7	billion RUB
Net income 2013:	13,09	billion RUB

Total store number:	91
Locations:	46

Hypermarkets:	72
Supermarkets:	45

Spreading:	Central, Southern, North West, Siberian,Urals, Volga

METRO CASH & CARRY

METRO Cash & Carry Russia is a subsidiary of METRO AG, one of the largest international retail companies, operating more than 2,200 outlets in 32 countries in Europe, Asia and Africa

Chain retail. Who is who

KESKO – the largest retail in Finland, where it`s hypermarkets called K-CITYMARKET.
Kesko has about 2,000 stores in 8 countries. In Russia they named the chain RUOKA
2014: 4 hypermarkets in St Petersburg, 1-under the construction

PRISMA occupies nr 2 position in retail in Finland (more than 60 hypermarkets) and successfully operates in Baltic countries.
2014: 6 hypermarkets in St Petersburg, 11 – supermarkets

Chain retail. Game conditions

1. To enter the chain a supplier has to provide at least 5 (in some chains not less than 8 SKU).

2. The supplier has to follow 3 enslaving terms:

   - to pay to the chain a RETRO BONUS
   - to pay MARKETING BONUS
   - to pay LISTING

Chain retail. Game conditions

Retro bonus is a discount (usually 3-10%) from the total cost of production, shipped by the Supplier to the chain during the certain period

Marketing-bonus is a 0-10% discount form the total cost of production shipped by the Supplier to the chain during the certain period

Listing is an entrance ticket.

In big chains it costs ~3000 RUB (~90 USD) for one SKU, in local ~1000 RUB (~90 USD) for one SKU

0 USD if you supply products under private chain label.

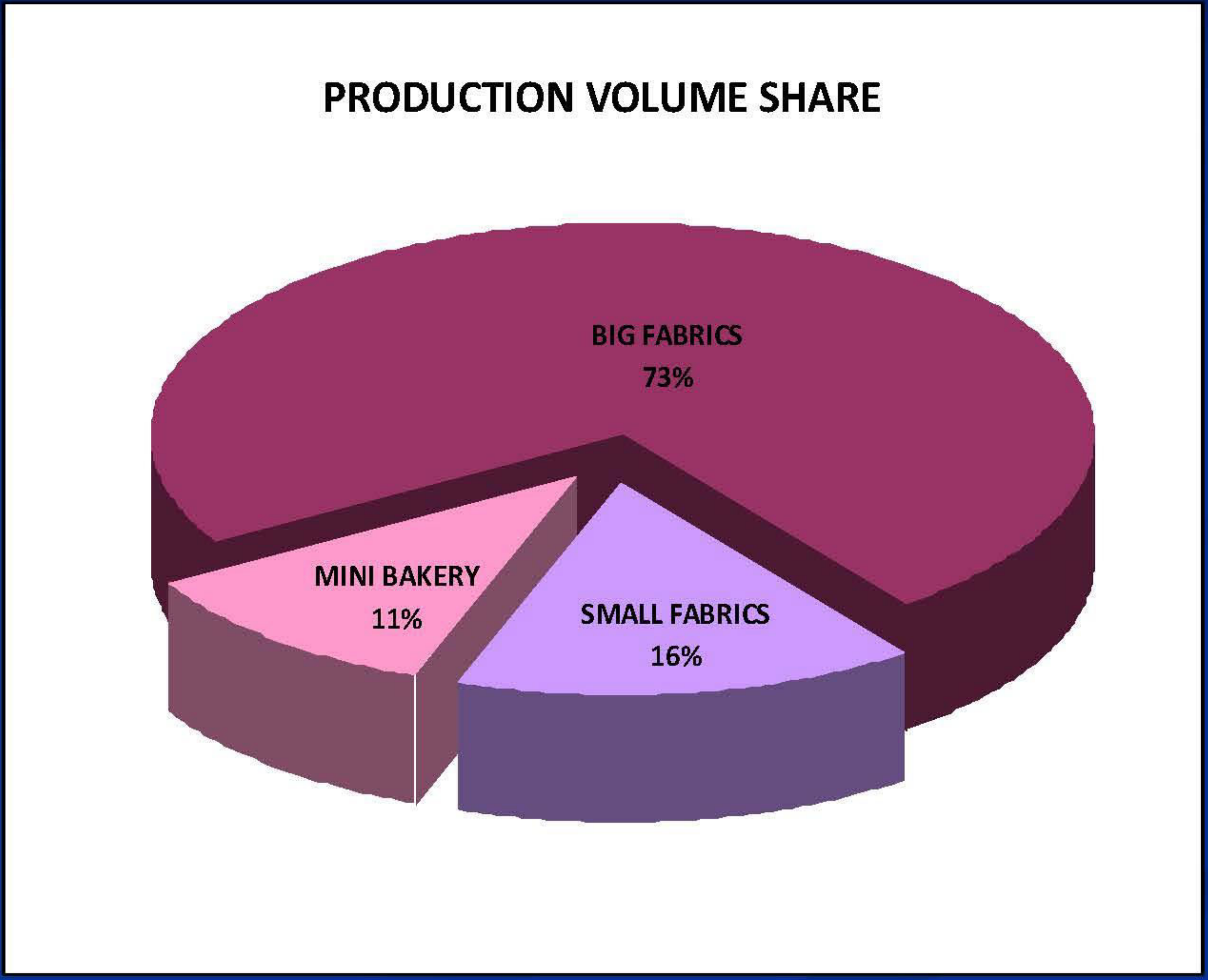
Russian Bakery Industry

Bakery industry counts about:

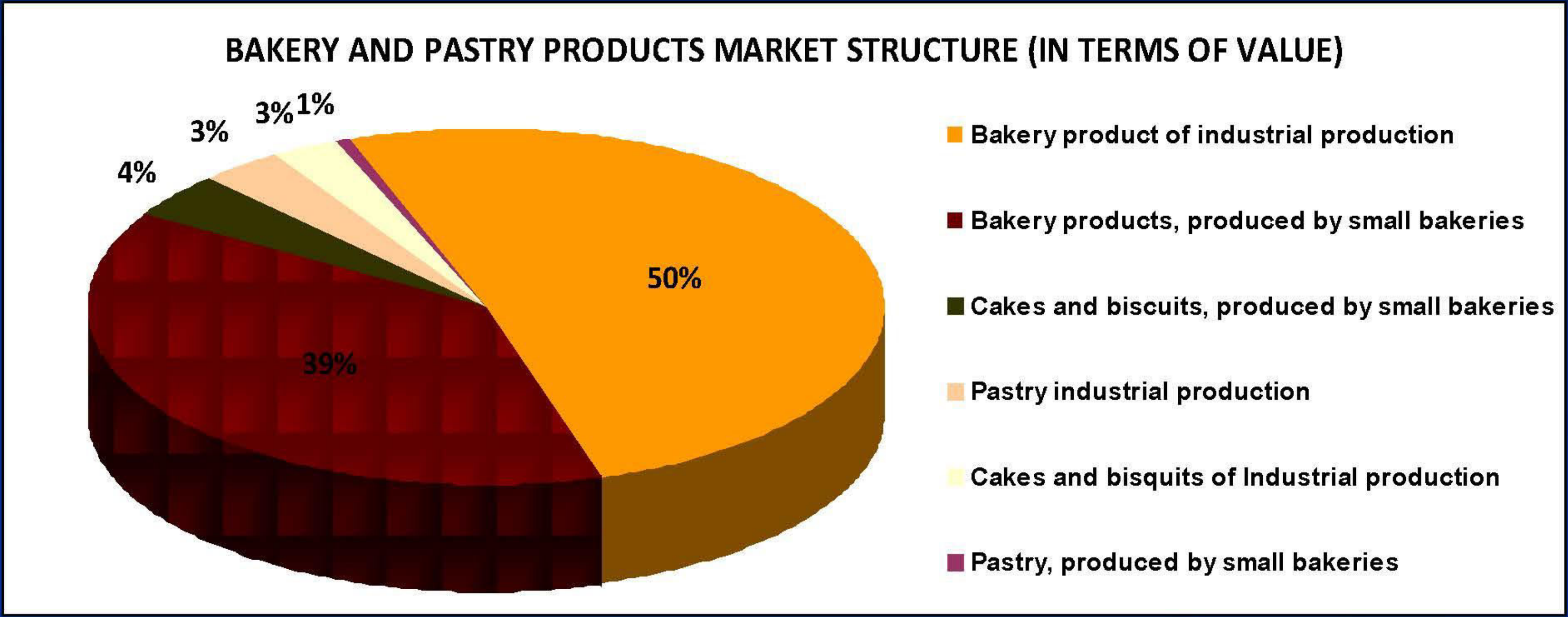
Big fabrics – 885

Small fabrics – 11 500

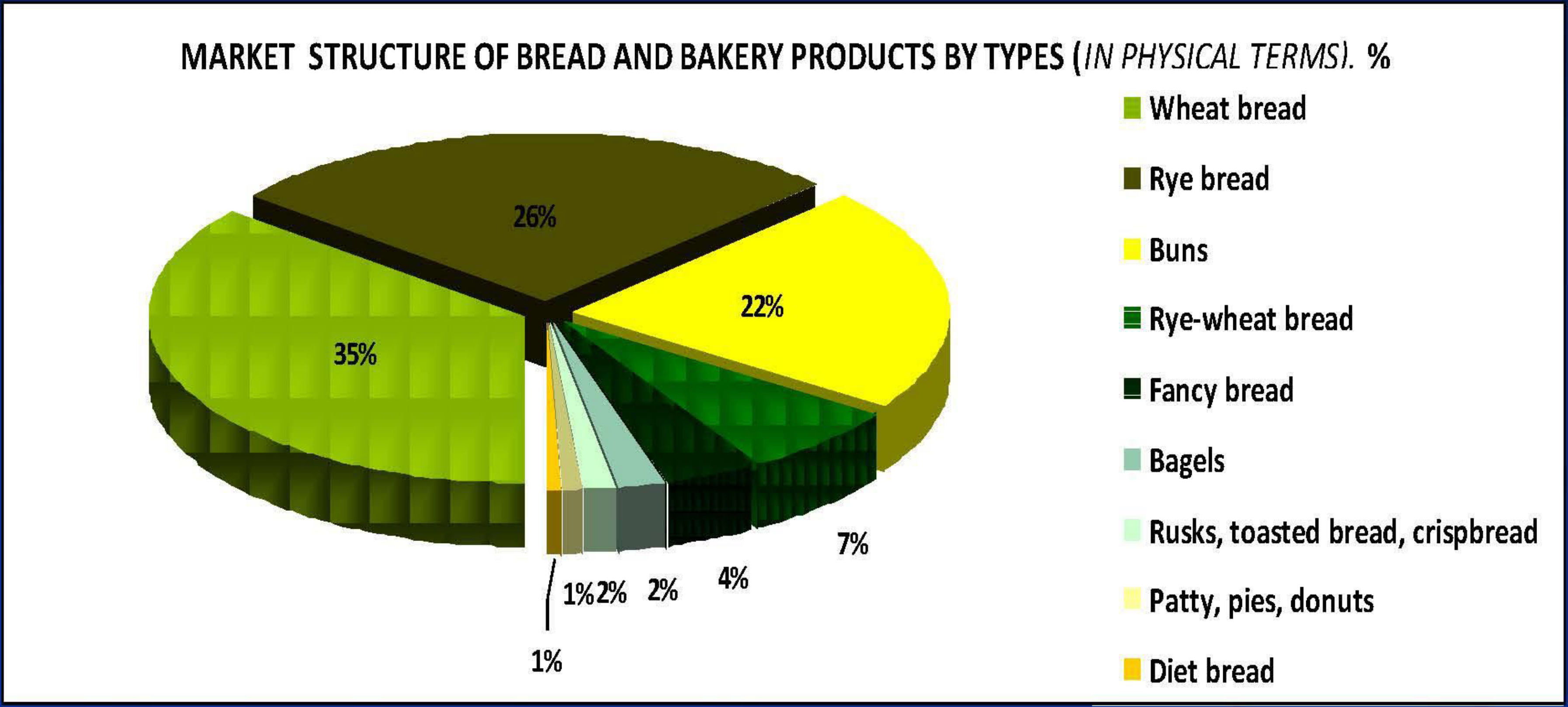
Mini bakery – uncounted (at least attached to each hypermarket and more than to the half of supermarkets)



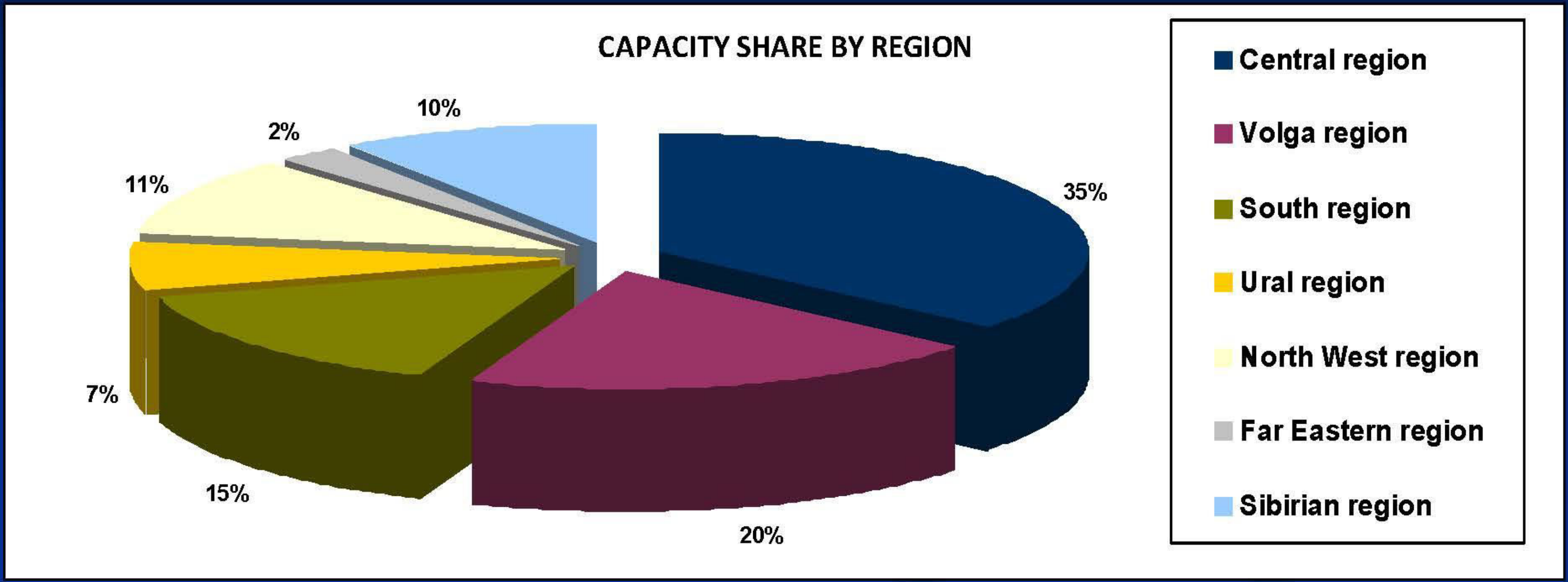
Russian Bakery Industry



Russian Bakery Industry

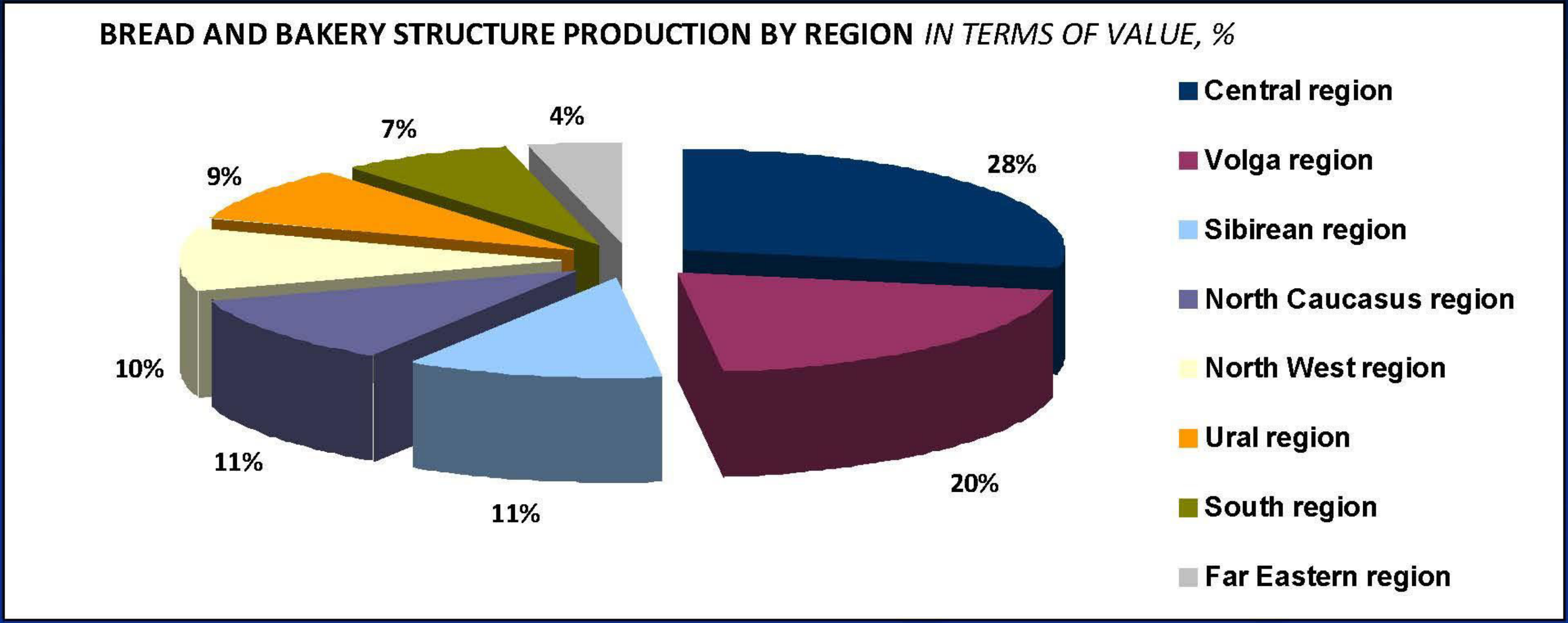


Russian Bakery Industry



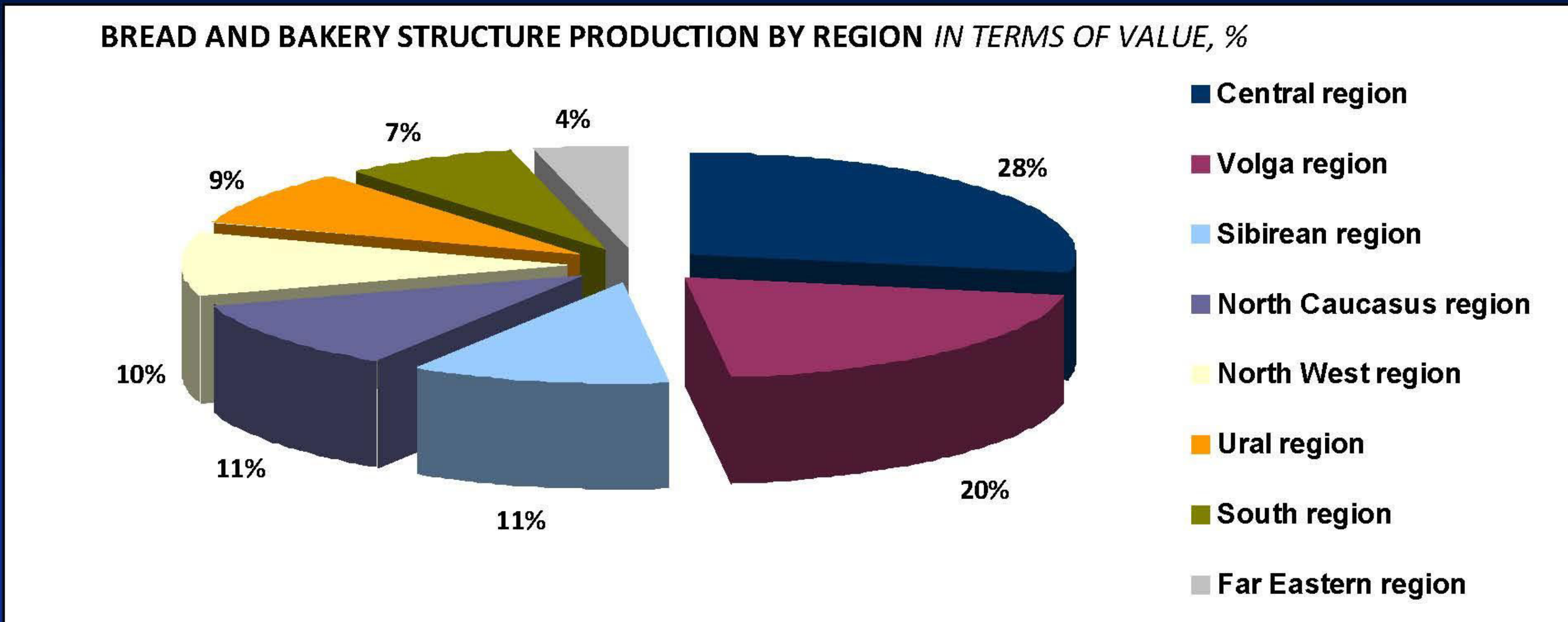
Main production capacity (more than 70%) located in Central, Volga and South reg

Russian Bakery Industry

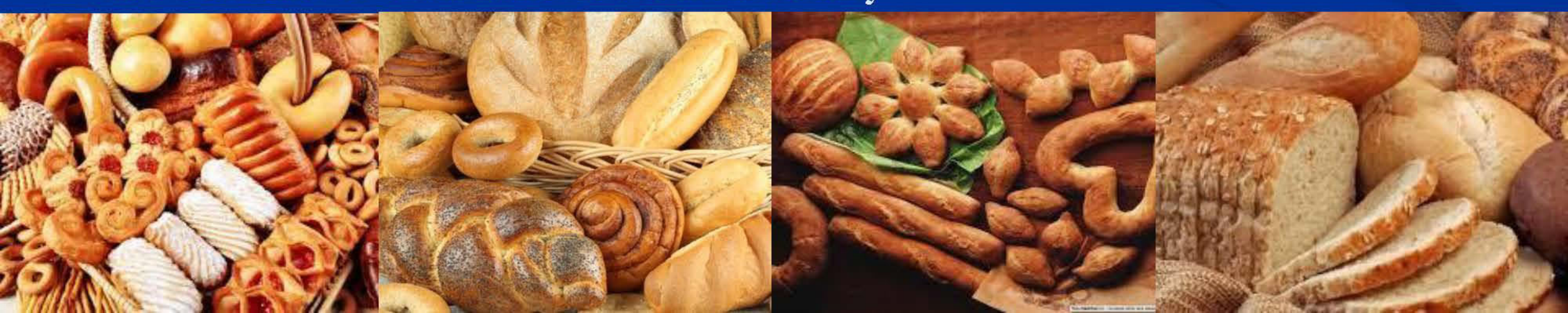


These 3 regions produce 64% of all bakery. Russian bakery industry cover the demand of domestic customers totally

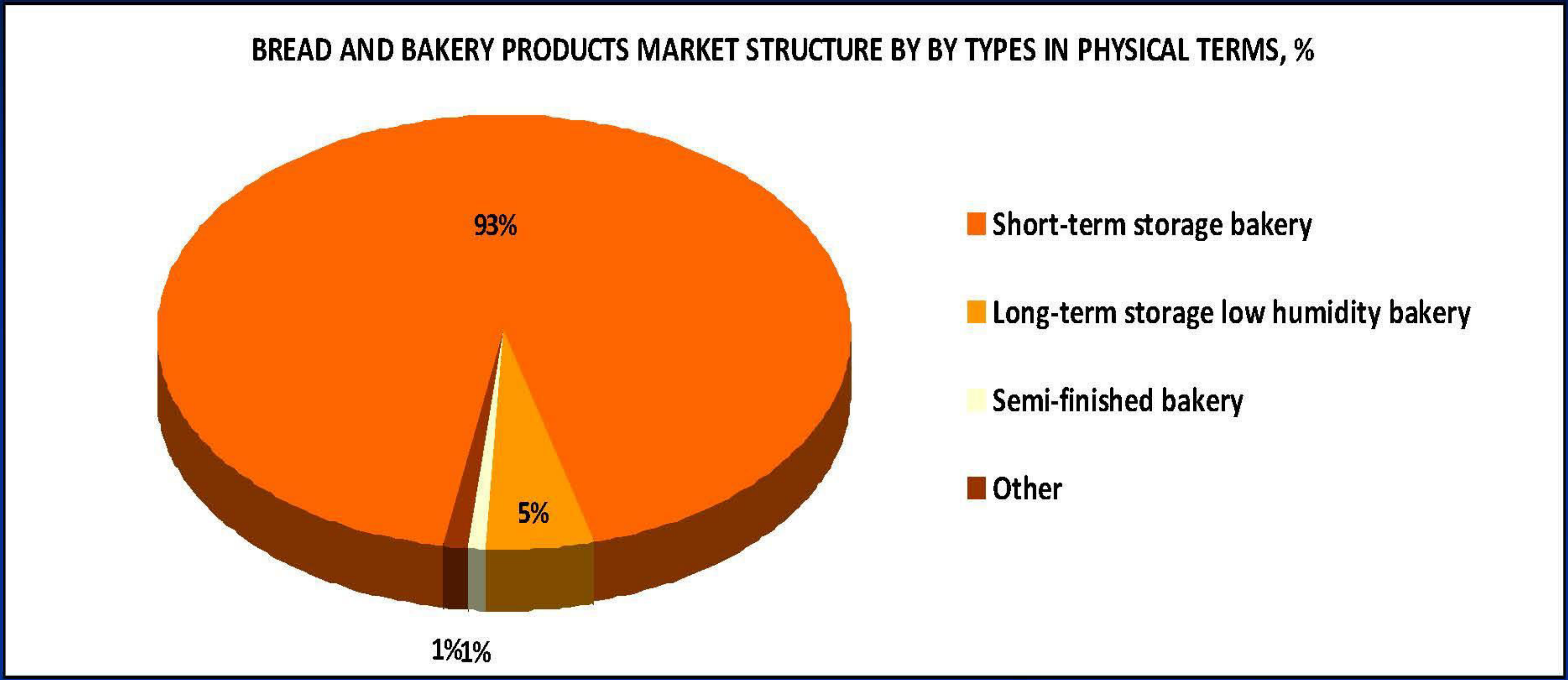
Russian Bakery Industry



These 3 regions produce 64% of all bakery. Russian bakery industry cover the demand of domestic customers totally



Russian Bakery Industry



Russian Bakery Industry

Top-3 bakery leaders (by Turnover):

	Market share, %	Turnover (billion RUB)
Fazer	5,00%	12,6
Karavay	2,18%	5,7
Calloggs	1,75%	4,58



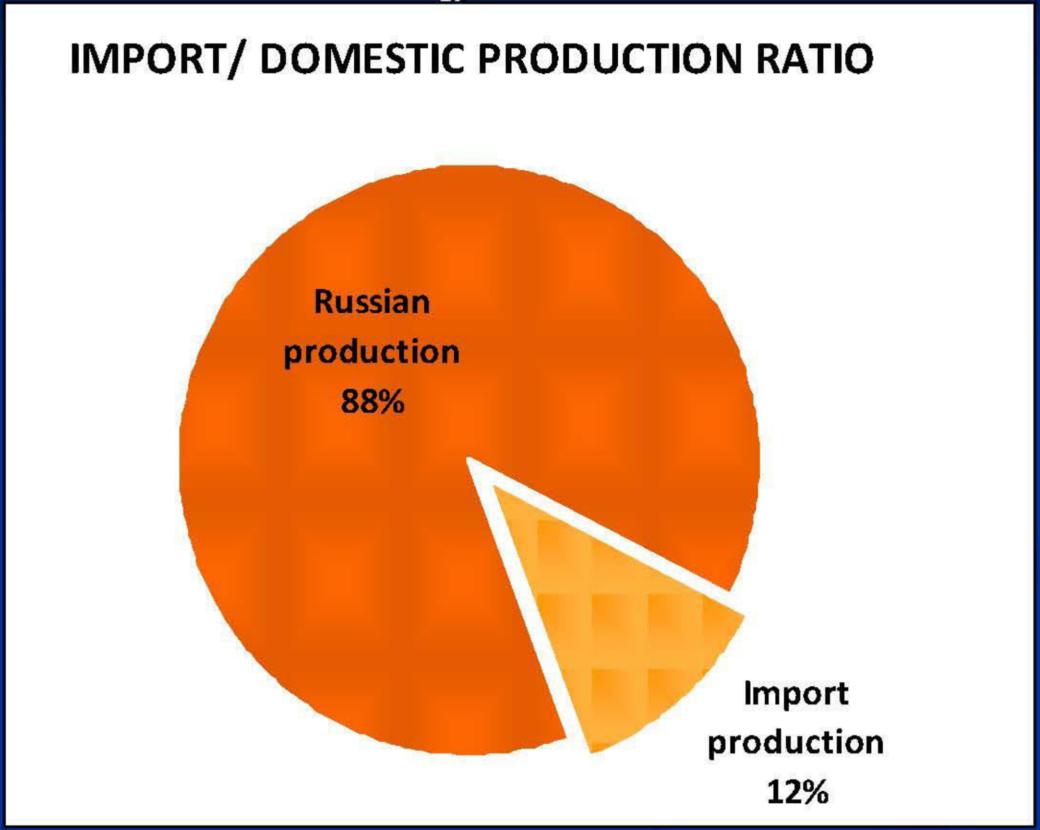

Russian Bakery Industry

	Long-term storage low humidity bakery	Short-term storage bakery
Central region	Callogg Rus	Cheremushki
Volga region	Akkond	Chelny-hleb
South region	Kuban	Ug Rusi
Ural region	Hlebprom	First Bread factory
North West region	Chipita	Fazer
Far Eastern region	Blagoveschensk	Vladhleb
Sibirian region	KDV	Voshod
North Caucasus region	Zhako	Third Bread factory

Russian Confectionary Market

Russian confectionery market is in the top 5 world's largest markets.

Import/domestic production ratio remains unchanged over the past years



Russian Confectionary Market

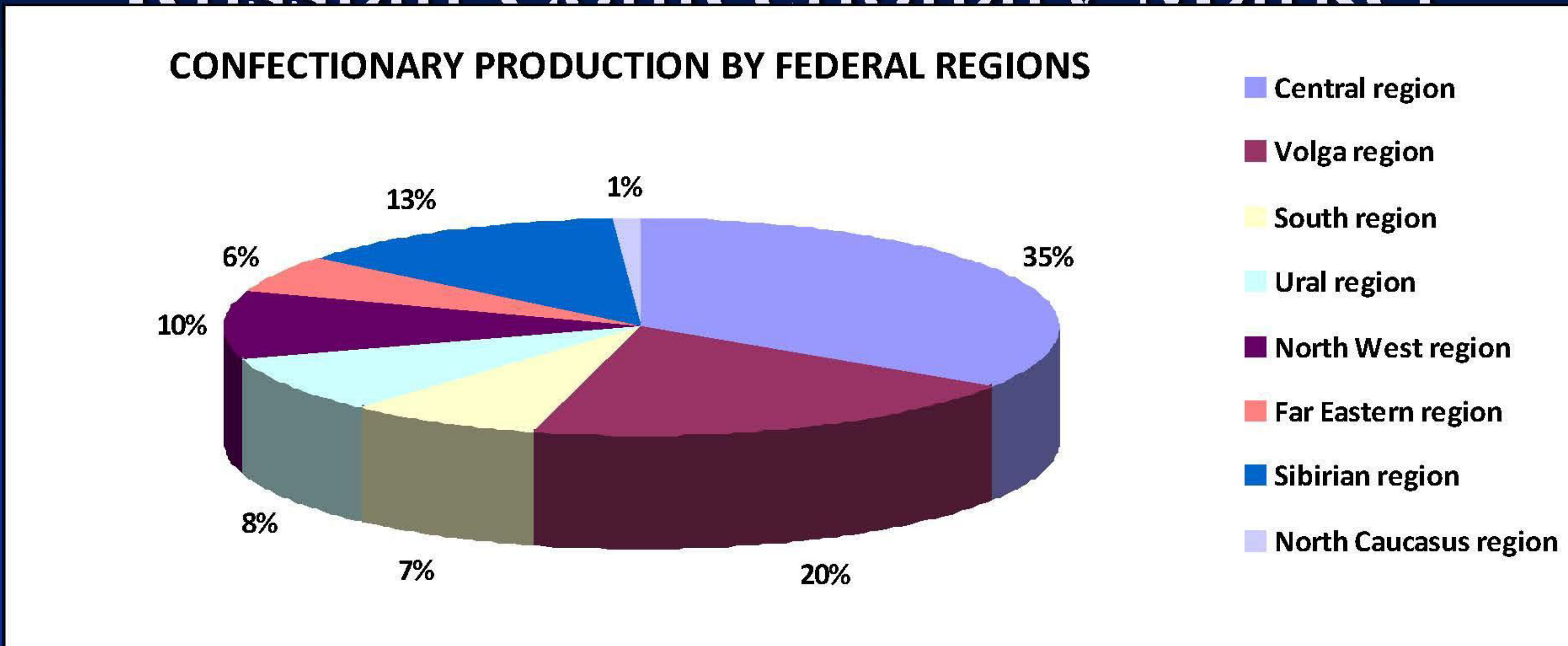
In Russia we distinguish flour and sugar confectionery

Sugar: candy, marshmallow, caramel, chocolate

Flour: cookies, cakes, pies, pastries, cakes, waffles, muffins

Average resident of Russia eats 36 kg of sweets annualy: 13.2 kg were sugar products, and 15.2 kg - flour.

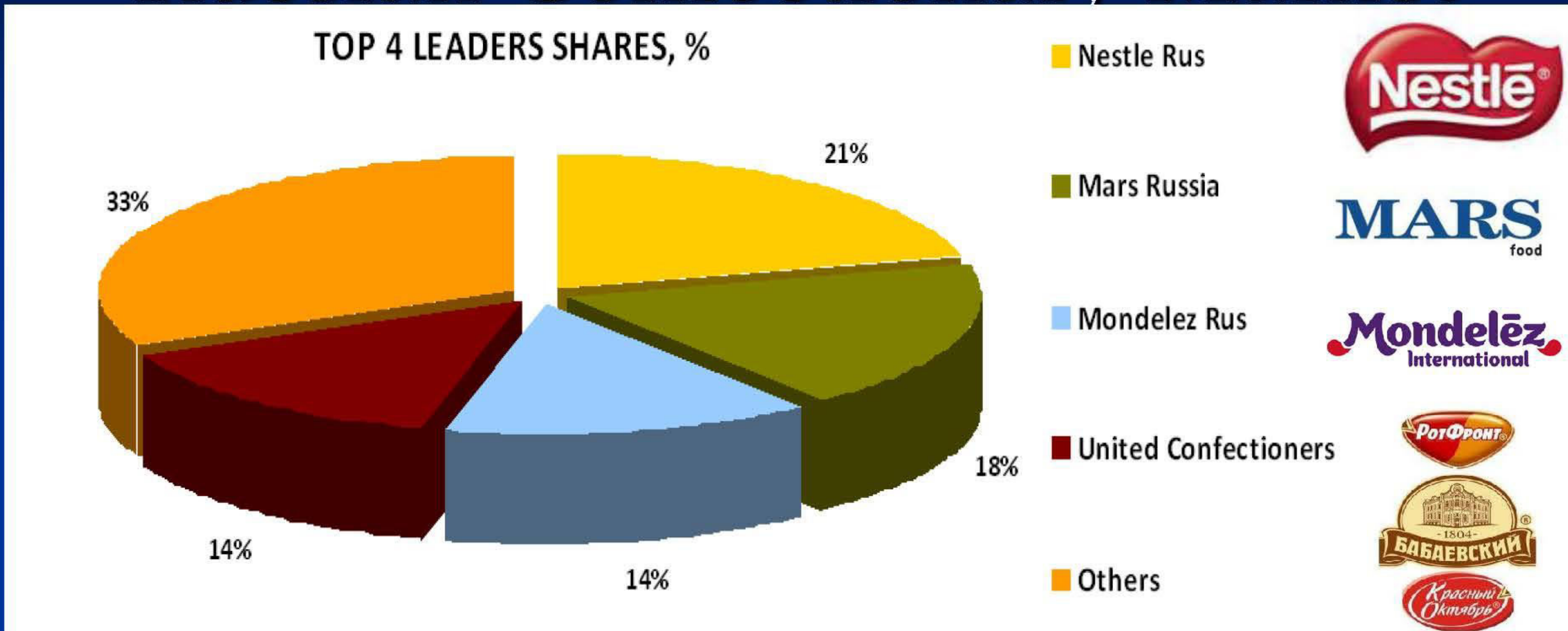
Russian Confectionary Market



Moscow region is a Leader in confectionery manufacture

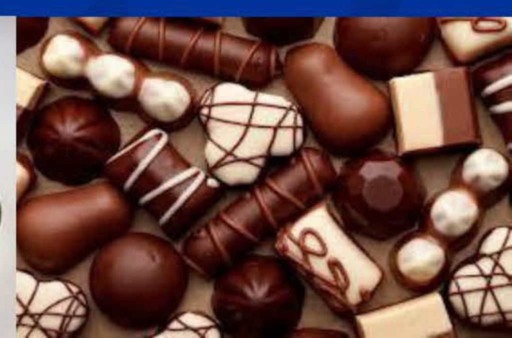



Russian Confectionary Market



International confectionary concerns play enormous role



Russian Confectionary Market. Sales

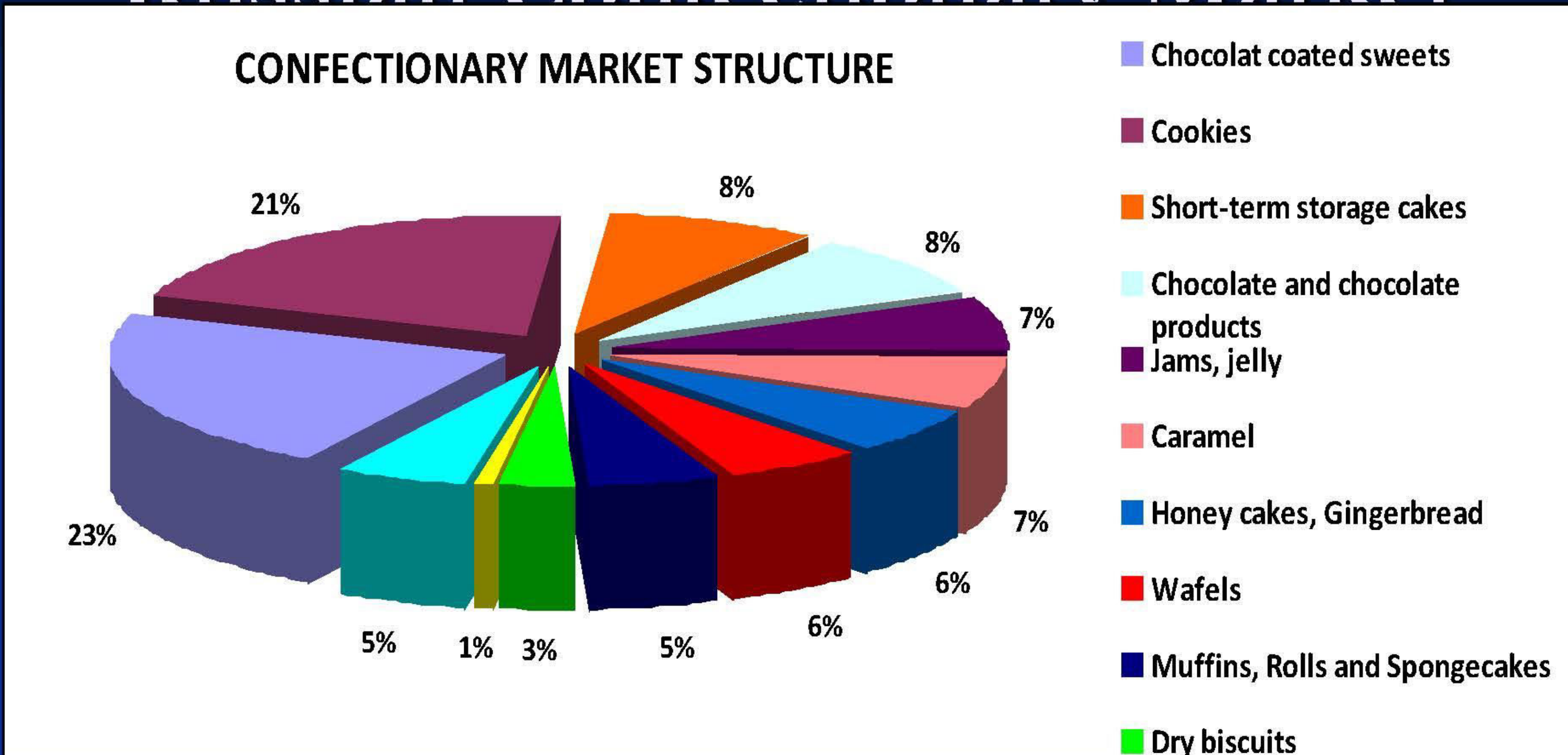
Sales 2012 Top 5 regions

- Moscow 18%
- Moscow region 6%
- Sverdlovsk 4%
- Samara 4%
- Saint Petersburg 4%

Moscow & Moscow region

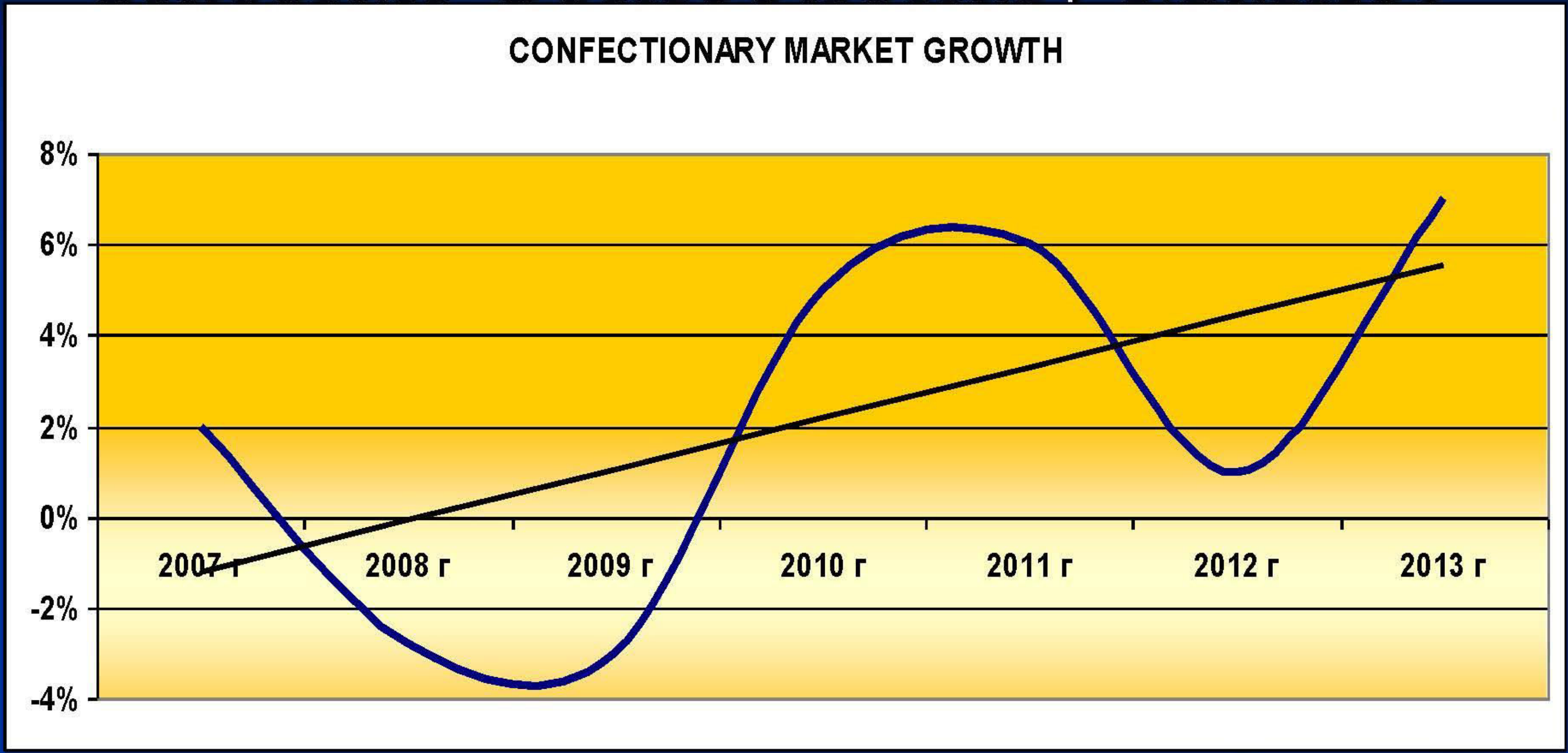



Russian Confectionary Market

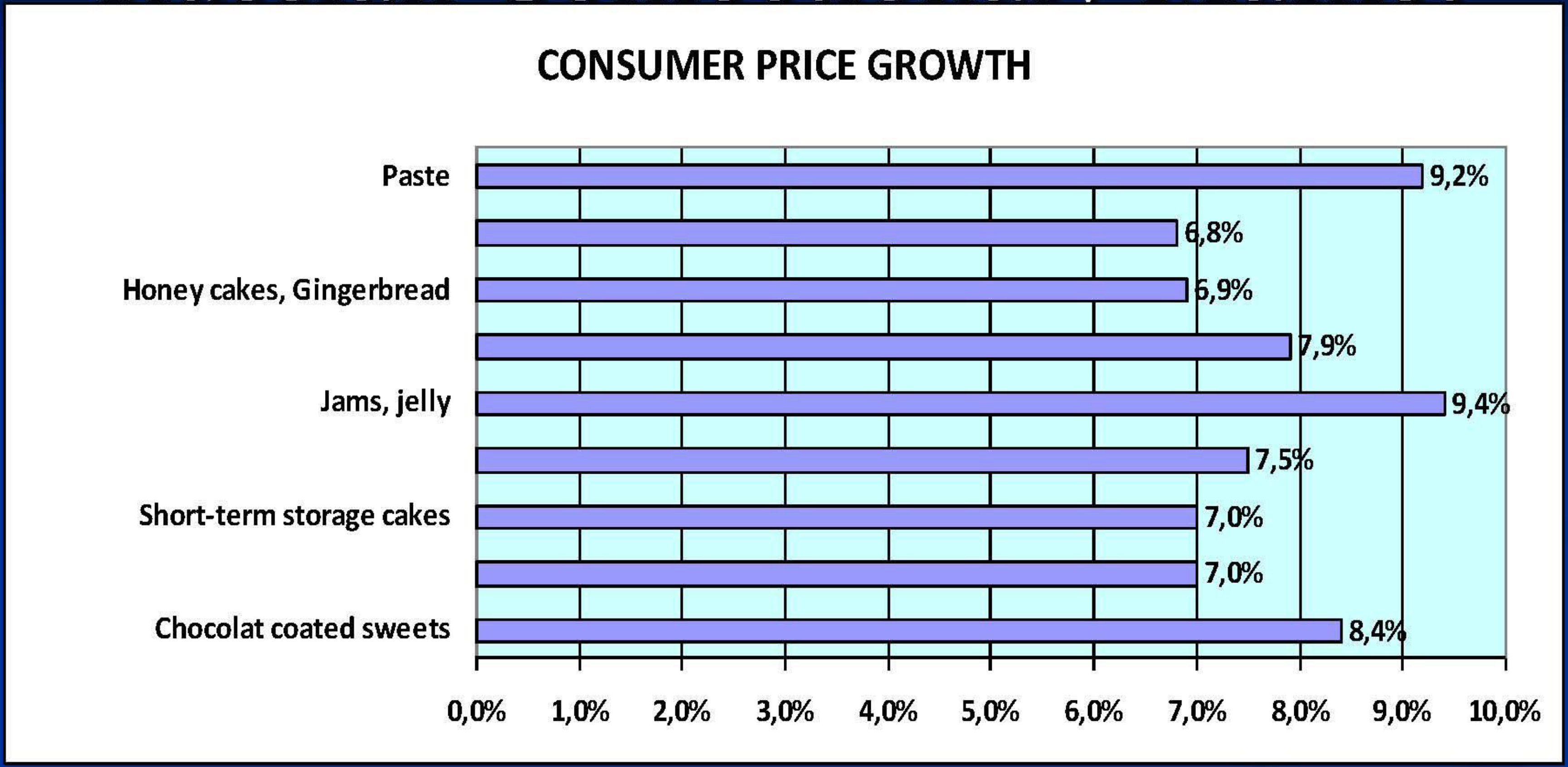





Russian Confectionary Market



Russian Confectionary Market

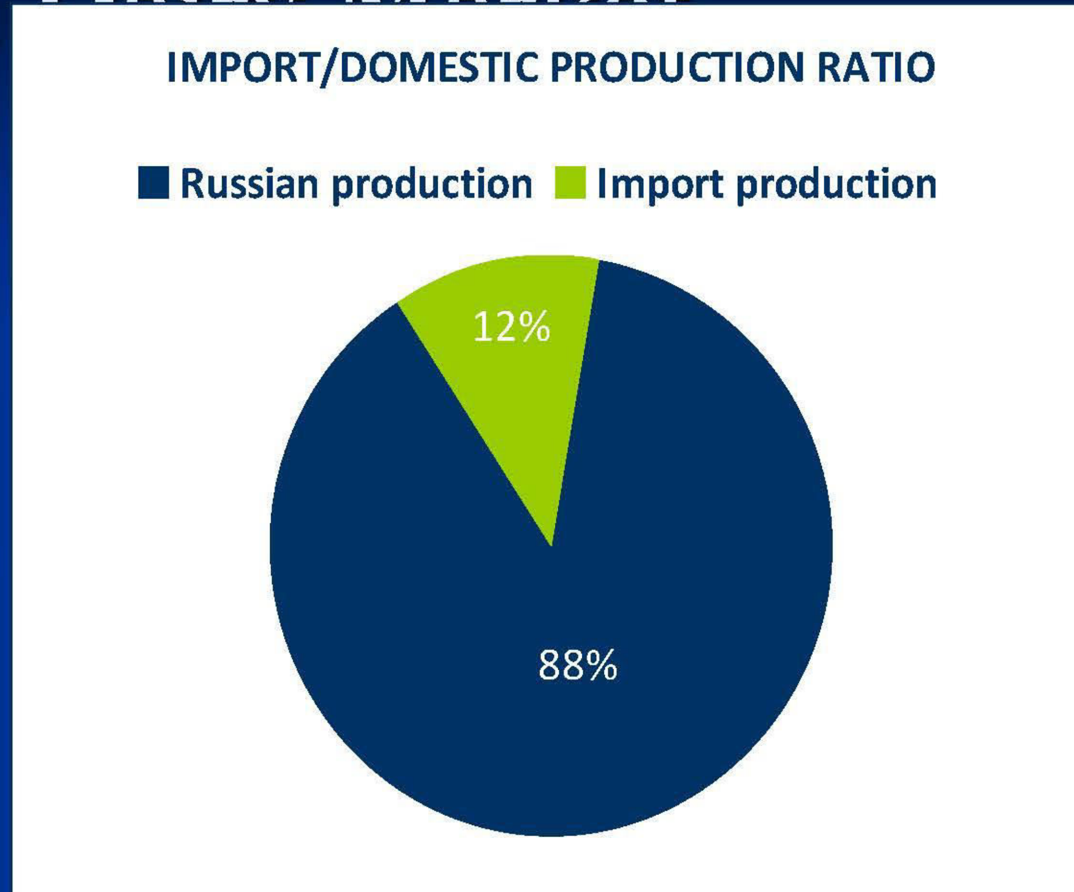




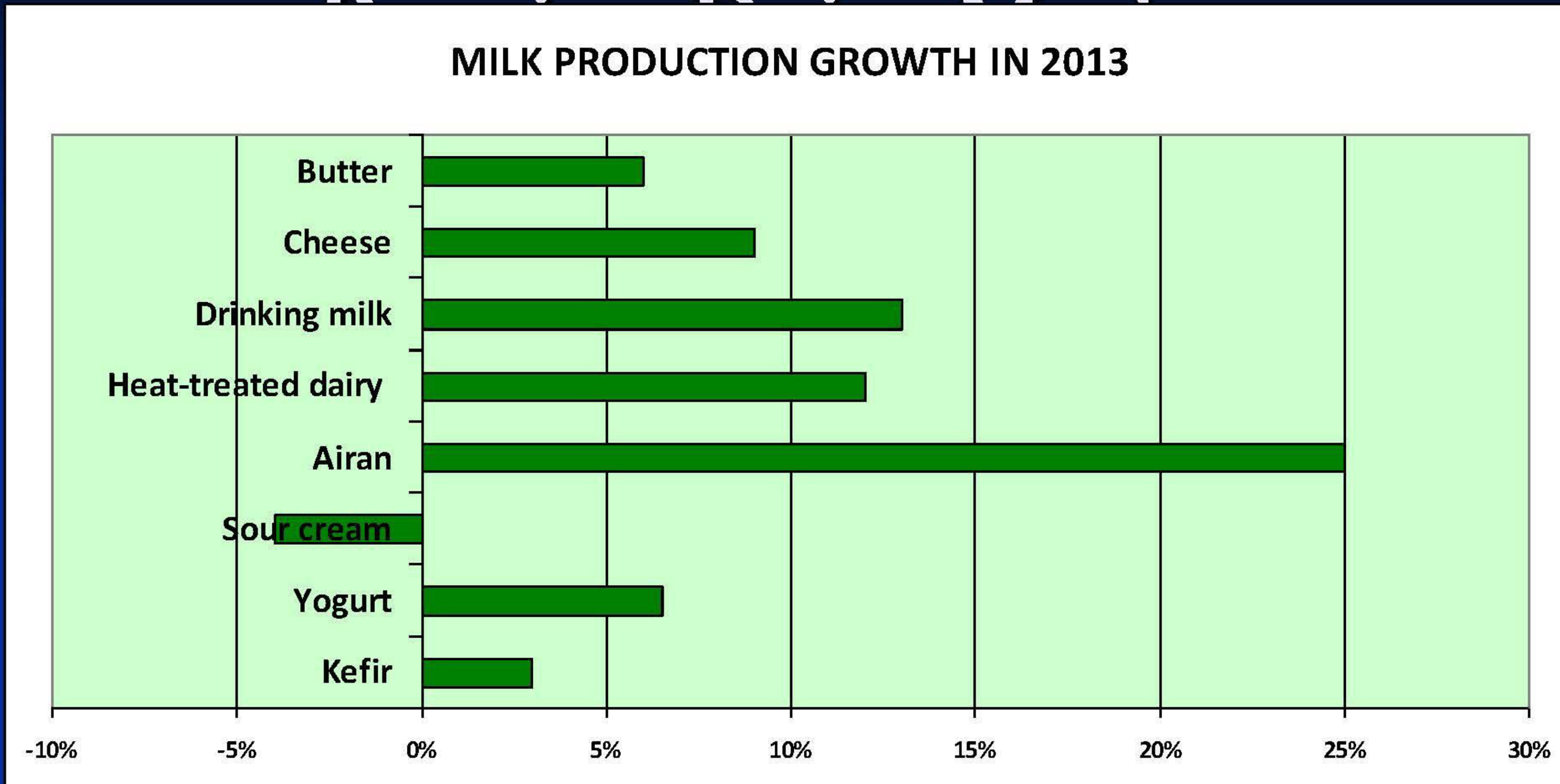

Russian Dairy Market

Russia is among the world's top ten consumers of milk and dairy products.

Consumption is growing at 9% per year, the production growth rate is not so high, the share of imports rises.



The production of milk and dairy products has been growing steadily, but not satisfactory


MILK PRODUCTION GROWTH IN 2013
Butter
Cheese
Drinking milk
Heat-treated dairy
Airan
Sour cream
Yogurt
Kefir
-10%
-5%
0%
5%
10%
15%
20%
25%
30%

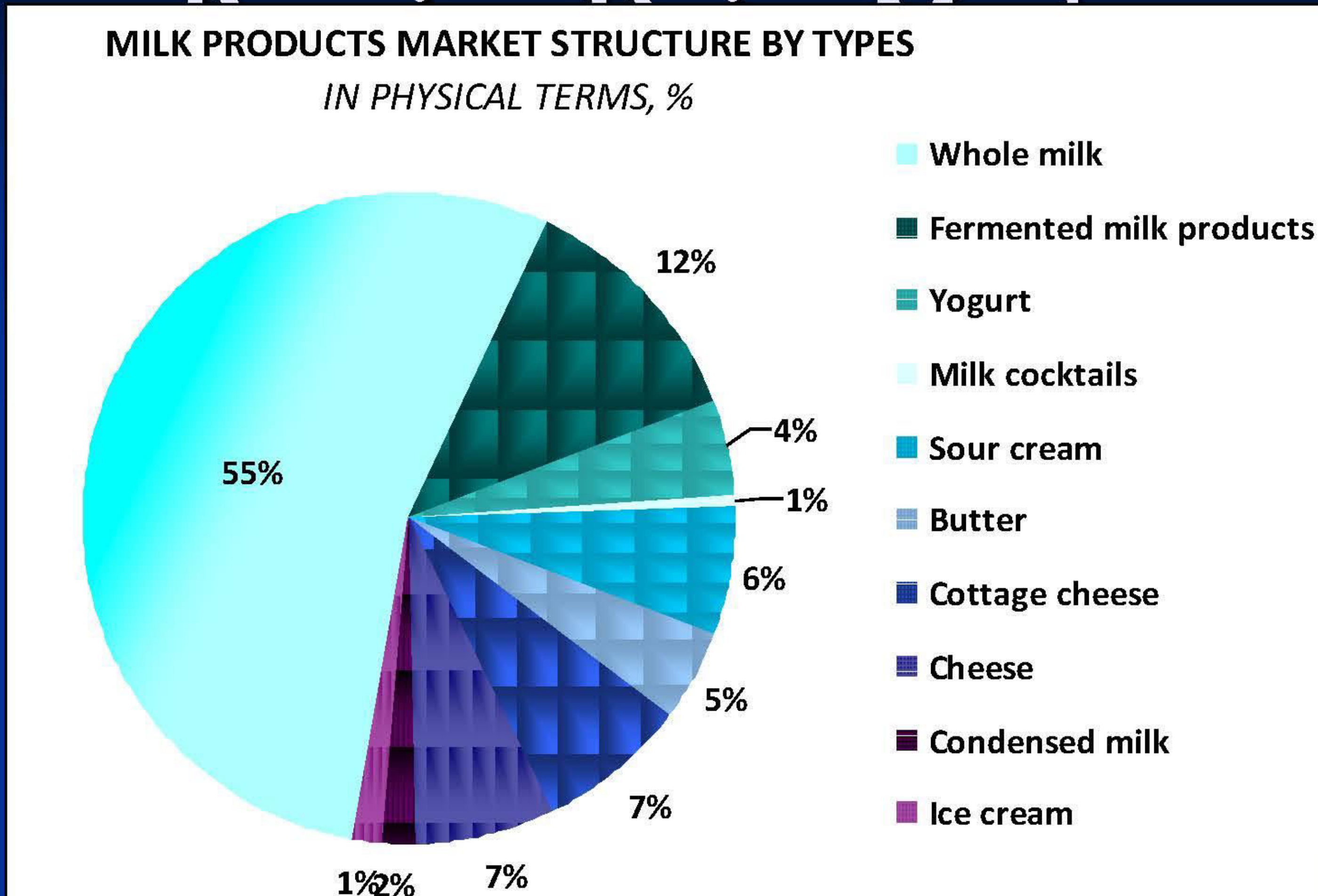

МОЛОКО


ВОЛОГЖАНКА
масса
220 г


Йогурт
Йогурт
Йогурт


Fruttis
8%


Растишка
ЧЕРНИКА


MILK PRODUCTS MARKET STRUCTURE BY TYPES
IN PHYSICAL TERMS, %
55%
12%
4%
1%
6%
5%
7%
7%
1%
2%
Whole milk
Fermented milk products
Yogurt
Milk cocktails
Sour cream
Butter
Cottage cheese
Cheese
Condensed milk
Ice cream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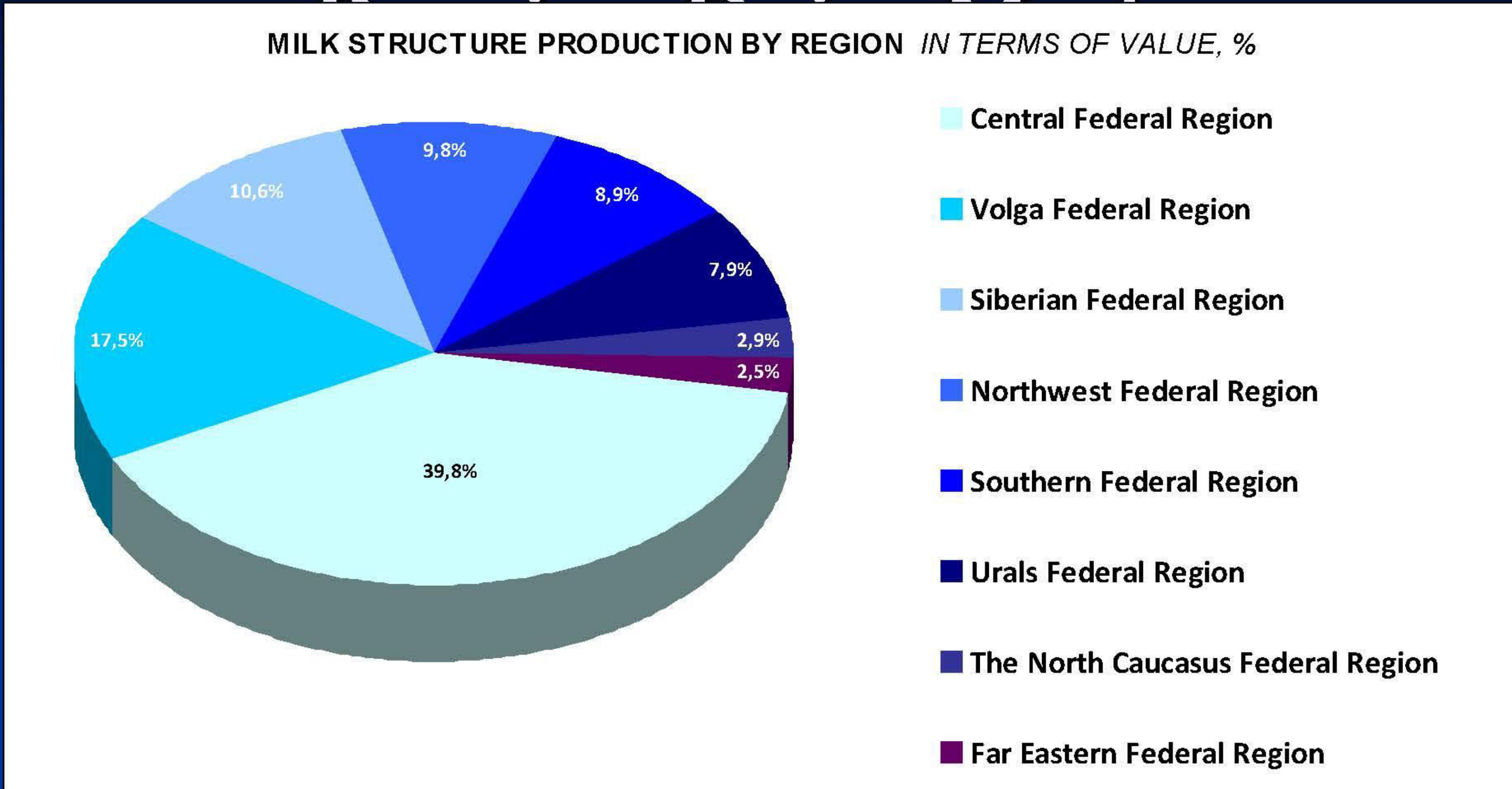
MILK STRUCTURE PRODUCTION BY REGION *IN TERMS OF VALUE, %*
39,8%
17,5%
10,6%
9,8%
8,9%
7,9%
2,9%
2,5%
Central Federal Region
Volga Federal Region
Siberian Federal Region
Northwest Federal Region
Southern Federal Region
Urals Federal Region
The North Caucasus Federal Region
Far Eastern Federal Region


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Растишка

Russian Dairy Market
Top-5 Market Leaders

Company name	Market share, %
Danon-Unimilk	22.00%
Vimm-Bill-Dan (60% belongs to PepsiCo)	18.6%
Ermann	**3.1%**
Campina	**2.9%**
Molvest	2.2%


OUR LONGTERM STRATEGY

- Russia has been negotiating with Latin American countries to secure alternative food supplies since it sanctioned food imports last week. According to EU officials, Latin American food producers could sign new contracts with Russia to fill the supply gap left by the embargo, but any such agreements would be ‘difficult to justify’. The EU is seeking to make clear that there is an expectation that the countries will not ‘profit unfairly from the current situation’, and to emphasise the importance of a united front in relation to the situation in Ukraine.
- Several Latin American countries especially Chile and trade groups have already declared that the sanctions imposed by Moscow will offer them a trade advantage.
- Chile is set to benefit from Russia’s ban on the import of European fish and Brazil has already permitted 90 meat plants to begin exporting chicken, beef and pork to Russia not just meal. Also it is concerned of fruit, frozen fruits and berries. At first Russia has the potential to be a large consumer of agricultural commodities, not just meat because of the Russian consumer is looking for high quality of products such as wild berries and several frozen fruits from Chile. Several Latin American countries and trade groups have already declared that the sanctions imposed by Moscow will offer them a trade great advantage today and we must use this opportunity together and right now.

Conclusions and recommendations

- **What possibilities are for this purpose?**
- First of all not wait and begin work right now.
- Not to wait when the market will come itself to you and try to come and take it ourselves while it is available for you.
- **How to increase berry sales in Russia?**
- It first of all to give to the Russian buyer a choice and in some time verysoon he will buy all from you!
- The goods should be offered to the buyer that means it should be
- easily accessible in the market
- It Should be not in Chile **but in Russia.**
- It is necessary to find ways to have the goods for sale already in Russia at any time. Here /in Russia/ and now! Because of expectation of the goods more than 40 Days reduces extremely a market of Potential buyers .

✓If the goods will be stiored in Russia it will extremely increase a circle of potential buyers there.

As there are many buyers they will be ready to buy the goods here and now, for example ton or five tons, rather thanto buy the container and to expect its arrival from Chile. That way there are will not absence of risks for the Russian buyer, he will have such possibility to buy the goods with the guaranteed quality in Russia, that's why it will give Conclusive advantage for all of us.

✓In comparison with direct import deliveries through a narrow circle of the companies-importers which usually have a narrow circle of clients and limited financial, logistical and other resources.

✓The goods should be accessible the round year but not during a harvesting season only.

✓The goods should be offered as it is possible for a huge and large circle of potential buyers from different sectors of economy: to the wholesale sellers, to trading networks, to industrial enterprises, and finally to the end user.

✓The goods should be offered accordingly both in wholesale and in retail packing.

As for manufacturing enterprises should be offered not only the goods of a first grade, but also for raw materials for manufactures and jam qualities.

✓The buyer should know that he buys the Chilean goods - it is necessary accurately be marked. It must be Raspberry, this Blackberry or strawberry of the Chilean Origins, because of the buyer who has given preference to it musr recognise that this berry is from Chile and then must wait and demand from the supplier this berry. Because Russian people likes and waits high quality products and such products could offer only the Chilean Supplier!

Happy END!