



EMBASSY OF DENMARK
The Trade Council

SECTOR PROFILE: FOOD AND AGRICULTURE

RUSSIA: FOOD AND AGRICULTURE

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Food and Agriculture

In the last years, the Russian food and agricultural sector has developed rapidly, mainly due to the Russian embargo on western food products.

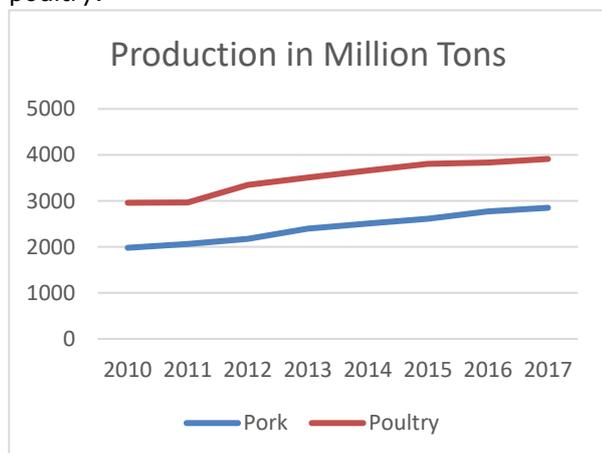
The embargo has meant that the state in order to secure sufficient supplies has had to invest heavily in all parts of the food and agriculture value chain.

These investments has led to significant growth in the sector, and has created interesting market opportunities for Danish suppliers of equipment, machinery, technology and know-how.

Russian agriculture

Russia has the world's fifth largest agricultural area after the United States, Australia, Brazil and China. Thirteen percent of Russia's land is used for agriculture.

Russia has earlier been heavily reliant on food imports, but the investments in recent years have proven fruitful, and Russia is therefore well on its way to becoming self-sufficient in e.g. pork and poultry.



Furthermore, grain production has increased significantly, and Russia is now the biggest wheat exporter in the world.

On the other hand, the dairy production in Russia has been stagnating in recent years while the demand has been increasing. This means that there is fertile ground for Danish suppliers of dairy production technology, equipment and know-how across the value chain.

Danish exports

Exports within the agricultural and food sector - including machinery and equipment - generally make up more than 1/3 of total Danish exports to Russia.

Because of strong Danish competences, which match the Russian requirements, the Danish food cluster has great export potential across the value chain in Russian food production.

Thus, although it is not currently possible for Danish companies to export food to Russia, the continuous expansion and modernization of the Russian agro and food sector makes it an interesting market for Danish suppliers.

Organic foods

Organic foods are still a niche in Russia where primary customers are young, educated people from the upper middle class, typically families with children in the metropolises of Moscow and St. Petersburg. The main challenge with expanding sales of organic products in Russia is the absence of rules concerning the definition and labelling. Work on this is underway, however, Russia still lack a coherent national framework for organic producers, which is currently limiting expansion.

Food consumption and packaged food market

For a number of years, Russia's largest mass grocery retailers have been among the world's fastest growing. With a population of 140 million, Russia has the largest number of consumers in Europe.

The retail market has achieved dynamic growth over the past few years as disposable incomes have increased - the expanding middle class has begun following western patterns of consumption and the level of consumer credit possibilities have risen.

Export barriers

In general, foreign companies operating in the Russian market should be prepared to face a number of challenges in terms of bureaucracy, opaque investment conditions, mixing of public and private stakeholders' interests, diverging

practices in different regions, as well as technical barriers to trade. It is therefore often important for Danish companies to find Russian partners who can manage the internal process, especially in the early stages after entering the Russian market.

What can the Trade Council do for You?

Trade Council Russia can assist you in finding reliable Russian business partners, locating potential partners, searching for enterprises, which meet specific requirements and select the most compatible. Trade Council Russia can be of help by providing all necessary contacts, organize meetings and negotiations with representatives of Russian companies. We can provide updated

and useful market information, which will help you gain a competitive edge on your target markets. Furthermore, Trade Council Russia can carry out market investigations based on specific requirements.

The Trade Council regularly hosts business delegation trips to the Russian regions, where we put the Danish companies in direct contact with their Russian buyers, and thereby provides valuable B2B connections, which would otherwise be difficult to establish.

Should you have any questions, please do not hesitate to contact us.



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The Trade Council is a part of the Ministry of Foreign Affairs and is the official export and investment promotion agency of Denmark. The Trade Council benefits from around ninety Danish Embassies, Consulates General and Trade Commissions abroad. The Trade Council advises and assists Danish companies in their export activities and internationalisation process according to the vision: Creating Value All the Way.

The work in the Trade Council follows specific procedures and quality guidelines. In this way our customers are secured the best possible quality under the varying working and market conditions at any given point of time.

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