Agriculture and Agri-Food Canada | Agriculture et Agroalimentaire Canada

Canada

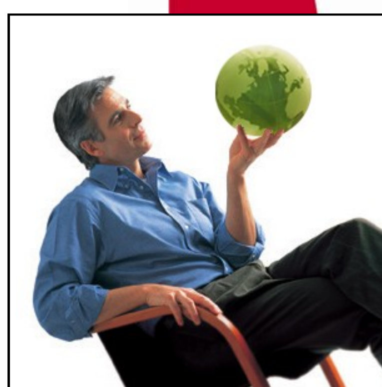
International Markets Bureau

MARKET INDICATOR REPORT | SEPTEMBER 2011

The Retail Market for Beef, Veal and Pork

In Russia

Source: Shutterstock, 2011.



Growing Forward

Canada

EXECUTIVE SUMMARY

According to Global Trade Atlas, Russia was a net importer of agri-food and seafood products in 2010, importing US$33.4 billion and exporting US$8.1 billion. The country is also a net importer of beef and pork products, importing a combined US$4.9 billion in 2010. Russia has a developed meat processing sector, and exports of processed beef and pork products are delivered mostly to neighbouring countries.

Russia's World Trade Organization (WTO) accession process is helping to bring the country's legal and regulatory regime in line with internationally accepted practices. These changes will likely remove many of the current barriers for beef and pork, such as Tariff Rate Quotas (TRQs) that restrict the flow of trade.

Russia is the 4th largest importer of beef and veal products (including offal) in the world, and the 5th largest importer of pork products. In 2010, Canada was the 5th largest exporter of pork products to Russia, exporting around CAD$185.4 million worth of mostly frozen pork cuts. When it comes to beef, Canada was only the 12th largest exporter of beef and beef products to Russia in 2010. However, market access for beef has recently expanded as a major producer of beef products was verified to export by Russian authorities. Exports of beef from Canada to Russia rose from CAD$5.5 million in 2009 to CAD$23.8 million in 2010. Pork exports are expected to continue to rebound in 2011, following the recession and reduced market access due to outbreaks of the H1N1 flu in 2009.

Per capita consumption of beef in Russia has been on the decline, but premium imports are still in demand due to a lack of domestic production for these types of meats. Offal is also imported on a regular basis. Per capita pork consumption in Russia has increased significantly since 2000, but dipped slightly in 2009. In comparison, poultry consumption has also grown significantly since 2000, but started to see a decline in 2010.

The frozen meat***** market is the largest meat retail market in Russia, followed by the chilled, fresh and canned meat markets. Whole/cuts/joints of meat are popular in the chilled, fresh and frozen meat categories.

There are opportunities for meat exporters to capture both the high-end and low-end of the market for beef and pork products. The foodservice sector and the Russian meat processing industry, are good entry channels for Canadian beef and pork exporters. Sourcing for private label retailers can also be an option, as Canadian brands are generally not known in Russia.

***Note:** all mentions of "meat" only include beef, veal, pork, and offal, unless otherwise stated.

INSIDE THIS ISSUE

MEAT MARKET ANALYSIS

Russian Consumers

Per capita consumption of beef and veal has actually declined since 2005. In 2008, per capita consumption was 18.6 kilograms, up from 17.4 kilograms in 2005, but in 2010, it declined to 16.5 kilograms. A growth in demand for beef and veal in the first half of 2008 can be attributed to economic growth right before the recession and government support for cattle breeding. In 2009, imports fell, and prices for beef and veal rose, causing demand to slow. Per capita consumption for pork, however, has been increasing steadily. In 2005, per capita consumption was 14.6 kilograms, while in 2010, consumption rose to 19.9 kilograms. Per capita consumption of poultry remains high, reaching 21 kilograms per capita in 2010.

Although the economic recession caused many consumers to trade down and demand less premium products, sales of premium products are expected to increase as consumer incomes rise. The availability of private label, as well as premium meat products provides consumers with more product choices.

Organic meat sales represent only 1% of the market and there is no legislation for the regulation of these products. High prices for organic products is a determining factor in why this market remains negligible.

Consumers in Russia are becoming more health conscious and are looking for low-fat and low-calorie processed foods. They also generally dislike artificial flavours and additives, and prefer to purchase products with natural colours, flavours and other natural ingredients. Non-genetically modified organisms (GMO) and country-of-origin labelling are becoming more important for the Russian consumer. According to the United States Department of Agriculture (USDA), Canada has an advantage as Russians generally associate the United States with GMO products. Finally, Russian consumers prefer to purchase locally produced or processed products because they are perceived as healthier, are familiar to them, and are more affordable. Since most meat products sold in Russia are processed locally, many using foreign ingredients, this is not necessarily a market entry deterrent for Canadian exporters.

Market Entry Strategies

Some imported beef, pork and their products are further processed by Russian meat processors. For the general food processing industry, there are three possible ways to enter the Russian market. They are as follows:

- Supply products directly to a local food processor;
- Trade via Russian importer/broker to a local food processor; or
- Supply products via a Russian importer/wholesaler* to a local food processor.

Canadian producers can also deal directly with Canadian export agents/brokers or export management companies that will then deal with Russian importers, wholesalers, brokers or processors. The meat as an ingredient, or meat for further processing market in Russia, is generally supplied by direct importers, such as Cargill, Solae and Shaller, official representatives of foreign manufacturers, and supplier agents. Some companies in Canada also are able to sell case-ready (packaged beef, pork and poultry products), and meat for further processing, to retailers across the world.

According to the USDA, Russian food processors prefer working with local wholesalers as they can provide a large range of ingredients at competitive prices. Processors then turn to retailers, foodservice or wholesalers to sell their products. Two of the largest meat processors in Russia include the Synergy Group of Companies for meat and poultry, and the Ostankinskiy meat processing plant for sausages and semi-prepared meat products. The Cherkizovo Group, another local processor, uses mostly local meat from its own farms and primary processing plants.

According to Planet Retail, an international retail analysis firm, there are very few economies like Russia, where the grocery market leader holds less than 25% of total market sales. The main reason for this is due to a federal law preventing any single retail company from holding over a 25% market share. As well, only Moscow, St. Petersburg, and other cities with more than 1 million inhabitants, have major modern retail investments. The leading retailers in Russia are two domestic retailers, X5 Retail Group and Magnit. Other key players include Auchan, the Metro Group and another Russia retailer by the name of O'Key.

***Note:** For a list of meat wholesales and importers see the appendix on page 15.

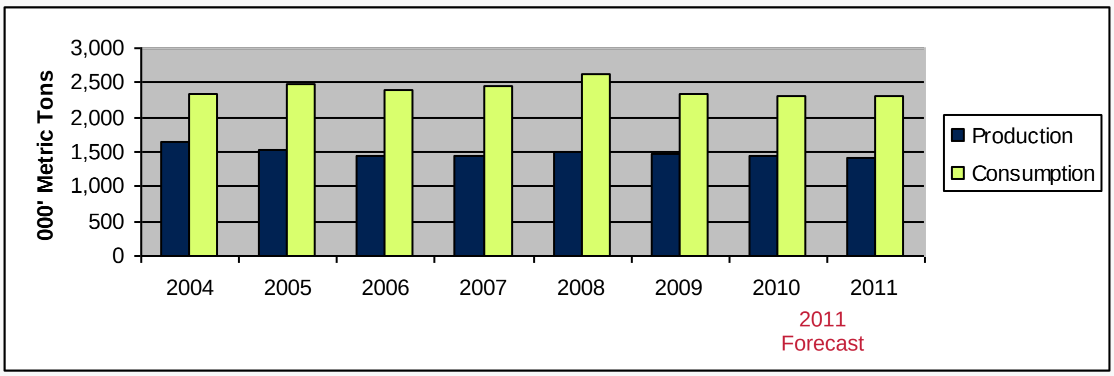
PRODUCTION AND CONSUMPTION

According to the Argentine Beef Packers, the number of cattle in Russia is still on the decline and only about 2% of all cattle is used for beef. Furthermore, the USDA reports that Russia imported around 34% of the meat it consumed in 2010 (38% of beef and 31% of pork). The head of the executive committee of the American National Meat Association has indicated that the Russian meat processing (secondary), and packaging industry would not be able to survive without imported meat. The foodservice industry also relies heavily on imports, with a large percentage of the meat supply coming from international suppliers. This is because the foodservice industry demands more premium products than the retail market, which are sourced mostly from imports.

Around 90% of chilled meats that are sold in Russia are processed locally, with large percentages of imported raw ingredients. The Russian food processing sector saw vast improvements in 2010 after the economic recession in 2008 and 2009. According to a USDA report, Russian food processing companies continue to expand and modernize their production facilities. According to the Russian Federal State Statistics Service, meat and edible offal processing grew by 16.6%, pork by 26.5%, sausages by 8% and semi-finished meats by 7.3% from January to August 2010. Food processors use imported pork and beef in chilled and frozen formats. The availability of local raw meat for processing is also improving, with companies such as Cherkizovsky, who have purchased their own farms to send raw meat to their processing facilities. This will provide foreign exporters with more domestic competition for unprocessed and processed meats.

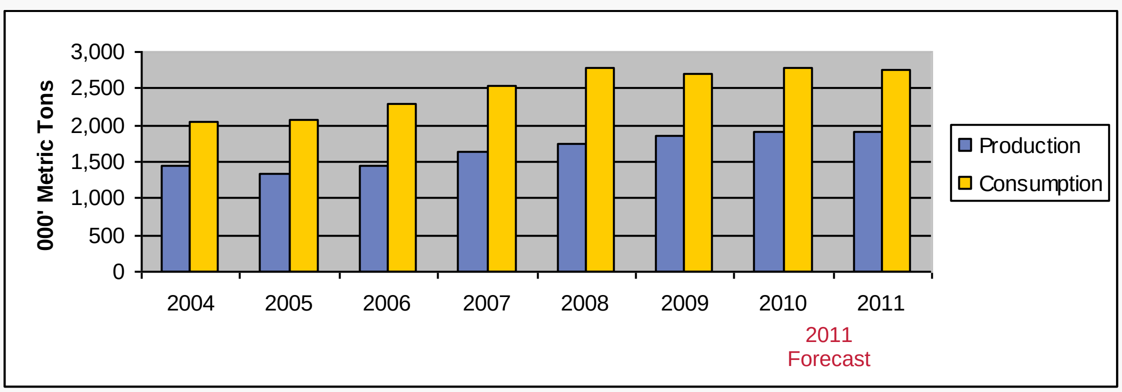
The two graphs below show Russian consumption and production of beef, veal and pork in thousands of metric tons. Russia does not export very much in terms of beef and pork. The country exports minimal amounts of bovine offal, and around 13 thousand tonnes of sausage to neighbouring countries.

Production and Domestic Consumption of Beef and Veal in Russia - in 000's of Metric Tons (Carcass Weight Equivalent)



Source: *USDA-FAS, 2011* ***Note****: Beef and veal does not include offal.*

Production and Domestic Consumption of Pork in Russia - in 000's of Metric Tons (Carcass Weight Equivalent)



Source: *USDA-FAS, 2011* ***Note****: Swine meat does not include offal, sausages or fats.*

OVERALL MEAT RETAIL MARKET

The total Russian retail meat market in 2010 was around 4.1 billion kilograms, and is expected to increase in volume and value during the forecast period from 2011 to 2014. The canned meat market is expected to grow the fastest at a rate of 6.7% from 2010 to 2014, in volume terms. Chilled meat is forecast to grow 4.2%, fresh meat by 2.8% and frozen meat by 4.5%. However, as the per capita consumption of beef has been on a slight decline over the past few years, forecast growth numbers may be somewhat smaller. The numbers shown in the table below, as well as in the following section, only reflect retail sales volume and value. They do not reflect meat that is produced and directly consumed by farmers or sold in farmers' markets, meat used in small percentages as ingredients in other products such as soups, pizzas and certain ready meals, or meat that is sold in the foodservice sector.

Retail Meat Market in Russia: Summary – Historic and Forecast

Segment	Volume-Millions of Kg.					US$ Millions (2008 Exchange Rate)				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Frozen Meat	1,932.6	1,950.1	1,970.2	1,993.1	2,020.8	12,660.2	12,664.0	12,671.4	12,684.1	12,705.5
Chilled Meat	1,424.3	1,438.5	1,453.0	1,468.1	1,484.2	10,217.0	10,280.5	10,345.4	10,404.6	10,466.8
Fresh Meat	650.2	654.0	658.2	663.0	668.4	5,294.6	5,354.6	5,412.7	5,468.1	5,523.2
Canned Meat	132.0	134.0	136.1	138.4	140.8	1,415.5	1,433.3	1,450.7	1,467.5	1,484.1
Total	**4,139.2**	**4,176.6**	**4,217.6**	**4,262.6**	**4,314.2**	**29,587.2**	**29,732.4**	**29,880.2**	**30,024.3**	**30,179.7**

Source: *Datamonitor, 2011*

FROZEN MEAT RETAIL MARKET

The products shown in the frozen meat market table on the next page are generally branded and processed with some added ingredients such as marinade, spices, bread crumbs, salt, etc. They are found in the freezer section of grocery retailers and include both raw and processed products. The frozen whole/cuts/joints beef and pork segments are pre-packaged and prepared for sale with little or no need for a butcher on site. This data does not include meat sold in butcher shops. Items in the "other" category generally include some ready-meals with meat as the main ingredient, and offal. Frozen meat snacks in the table below are fully cooked meats that only need to be re-heated for consumption.

The most popular frozen meats, in terms of both volume and value, are products in the "other" category in both the beef and pork categories. These items would generally be ready-meals such as meat pies and schnitzel. Whole/cuts/joints of beef are also popular products in Russia. According to Euromonitor, Schnitzel and Kupaty (a style of small sausage) are popular frozen red meat products. Frozen poultry is not as popular as either beef or pork, with volume sales in 2010 only totalling 418 million kilograms.

The top five frozen meat companies, and their respective market shares in 2009 were: Brasil Foods S.A. (45.1%), Doux SA (8.8%), MLM-RA ltd. (6.9%), Raviollo Ltd. (6.9%) and Daria (3.1%) (includes frozen poultry and other frozen meats). In 2009, around 58.1% of all frozen meats were sold in supermarkets/hypermarkets, 27.6% in independent retailers, 7.1% in specialist retailers, 3.9% in convenience stores, 2.4% in service stations, and 0.9% in department stores (includes frozen poultry and other frozen meats).

Much like chilled meats, private label frozen meats are gaining in popularity. Grocery retailers such as Magnit and the X5 Retail Group place unbranded frozen meats alongside branded private label frozen meats under economy and standard product lines.

FROZEN MEAT RETAIL MARKET (CONTINUED)

The following table shows the market size, in volume and value, of the frozen meat retail market in Russia:

Frozen Meat Retail Market in Russia – Historic and Forecast

Segment	Sub-segment	Volume-Millions of Kg.					US$ Millions (2008 Exchange Rate)				
		2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Beef / Veal	Burgers	94.4	95.3	96.5	98.0	99.7	662.6	677.6	692.0	708.2	727.5
	Meatballs	49.1	49.4	49.6	49.7	49.8	441.2	449.0	456.6	464.0	472.1
	Minced meat	138.8	140.6	142.5	144.7	147.2	722.6	683.4	648.5	617.9	590.3
	Others	342.8	346.0	349.5	353.4	357.9	2,654.2	2,657.5	2,660.6	2,663.5	2,666.1
	Sausages	60.9	61.6	62.3	63.1	64.2	236.0	238.3	240.6	242.7	244.7
	Whole/cuts/ joints	260.5	263.8	267.6	272.1	277.9	1,681.7	1,689.8	1,697.7	1,705.2	1,712.2
Beef/Pork mixture	Burgers	15.7	15.7	15.8	15.9	16.1	125.0	125.9	126.7	127.5	128.3
	Meatballs	25.6	25.5	25.5	25.5	25.5	268.1	265.9	263.9	262.0	260.3
	Minced meat	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Others	38.9	39.6	40.4	41.1	42.0	277.9	281.1	284.2	287.2	290.2
	Sausages	23.2	23.1	23.0	22.9	22.7	82.4	81.7	81.1	80.5	80.0
Meat snacks	Burgers	0.3	0.3	0.3	0.3	0.3	3.0	3.1	3.2	3.3	3.4
	Hotdogs	0.3	0.4	0.4	0.4	0.4	3.7	3.8	3.9	4.0	4.0
	Others	0.3	0.3	0.3	0.3	0.3	0.2	0.2	0.2	0.2	0.2
	Wraps	0.3	0.3	0.3	0.3	0.3	3.7	3.7	3.8	3.9	3.9
Pork	Bacon	102.6	103.6	104.6	105.8	107.2	838.5	840.5	842.5	844.3	846.2
	Burgers	90.4	92.1	93.9	95.7	97.8	516.2	522.4	528.3	534.0	539.7
	Meatballs	49.0	49.5	50.0	50.7	51.4	464.1	465.2	466.2	467.1	468.0
	Minced meat	83.3	81.7	80.3	78.9	77.7	425.6	417.4	409.7	402.5	396.1
	Others	242.9	246.4	250.7	255.4	260.7	1,791.3	1,805.7	1,819.5	1,832.7	1,848.0
	Sausages	154.9	158.5	162.0	165.9	170.2	648.4	657.6	666.4	674.7	683.1
	Whole/cuts/ joints	158.5	156.6	154.7	152.9	151.4	813.8	794.2	775.8	758.8	741.1
Total		**1,932.6**	**1,950.1**	**1,970.2**	**1,993.1**	**2,020.8**	**12,660.2**	**12,664.0**	**12,671.4**	**12,684.1**	**12,705.5**

Source: *Datamonitor, 2011*

CHILLED PREPARED MEAT RETAIL MARKET

The products shown in the chilled prepared meat market table on the next page are generally branded and processed with some added ingredients such as marinade, spices, bread crumbs and salt. They are found in chilled cabinets and fridges of grocery retailers. This data does not include meat sold in butcher shops. Deli meats in the chilled meat market table below include some poultry and meats other than beef and pork. Chilled meat snacks in the table below are fully cooked meat that are ready for direct consumption, or only need to be re-heated for consumption. Items in the “others” category generally include some ready-meals with meat as the main ingredient, and offal.

CHILLED PREPARED MEAT RETAIL MARKET (CONTINUED)

The most popular chilled prepared meat, in terms of volume, is cured deli meats, and in terms of value, is whole/cuts/joints of beef. Chilled prepared poultry is less popular than fresh poultry, with volume sales in 2010 totalling 465 million kilograms, or approximately 24% of the total chilled meat (including mixture), chilled lamb, deli, and chilled prepared poultry market. Other popular chilled meats include cooked deli meats, minced beef, and whole/cuts/joints of pork.

The top chilled meat companies and their respective market shares in 2009 were: OJSC Cherkizovo Group (17.6), Alliance Group Ltd. (7%), Moscow Meat-Packing Plant MIKOMS (2.3%), and Tamp (2.1%) (includes chilled poultry and other chilled meats). Private label products, produced by companies such as the Auchan Group, are gaining popularity among chilled processed meat and poultry products. According to Euromonitor, deli counters/butchers in grocery retailers and butcher shops regularly sell unbranded chilled processed and unprocessed meats, that are produced and packaged in their outlet's own kitchens. In 2009, around 55% of all chilled meats, (including deli meats, poultry and other types of meat) were sold in supermarkets/hypermarkets, 26.8% in independent retailers, 8.2% in specialist retailers, 5.2% in convenience stores, 3.7% in service stations, and 1.1% in department stores.

According to Euromonitor, in 2010, air-dried sausages were the most popular type of chilled sausages sold in the Russian market. Smoked sausages were the second most popular sausages, followed by frankfurters, and finally, other dried sausages.

Chilled Prepared Meat Retail Market in Russia – Historic and Forecast

Segment	Sub-segment	Volume-Millions of Kg.					US$ Millions (2008 Exchange Rate)				
		2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Beef / Veal	Burgers	30.8	30.8	30.7	30.6	30.5	241.1	242.4	243.6	244.7	245.9
	Meatballs	21.9	21.7	21.5	21.3	21.0	197.7	196.4	195.2	194.1	193.1
	Minced meat	98.8	99.9	100.8	101.8	102.7	756.3	761.4	766.3	771.0	775.6
	Others	49.8	50.1	50.3	50.4	50.6	484.4	489.7	494.7	499.5	504.2
	Sausages	41.0	42.1	43.1	44.2	45.3	284.2	289.1	293.7	298.1	302.5
	Steaks/grills	77.7	77.7	77.8	77.9	78.1	639.3	643.8	648.2	652.4	656.4
	Whole/cuts/joints	135.1	136.6	138.1	139.5	140.9	1,044.7	1,050.9	1,056.8	1,062.2	1,067.6
Beef/ Pork mixture	Burgers	12.0	12.1	12.2	12.3	12.5	130.9	131.5	132.0	132.4	132.9
	Meatballs	11.0	11.0	11.0	11.0	11.0	124.5	124.9	125.2	125.6	125.9
	Minced meat	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	Others	18.1	18.2	18.2	18.3	18.3	173.4	174.3	175.1	175.9	176.7
	Sausages	16.9	17.2	17.4	17.7	17.9	94.7	96.2	97.7	99.2	100.6
Deli Foods	Cooked Meats	109.3	111.7	114.2	117.1	120.2	507.8	515.3	522.6	529.7	536.6
	Cured Meats	180.1	183.5	187.1	191.2	195.7	912.0	923.9	935.3	946.0	956.1
	Fermented Meats	6.6	6.5	6.3	6.1	6.0	41.4	40.8	40.3	39.8	39.3
	Pate	68.0	69.3	70.6	72.0	73.4	253.8	258.0	262.0	265.8	269.6
Meat snacks	Burgers	0.1	0.1	0.1	0.1	0.2	1.6	1.6	1.4	1.4	1.4
	Hotdogs	0.2	0.2	0.2	0.2	0.2	2.0	2.0	3.6	3.5	3.5
	Others	0.1	0.1	0.1	0.1	0.1	0.7	0.7	1.6	1.6	1.5
	Wraps	0.1	0.1	0.1	0.1	0.1	1.3	1.3	2.1	2.0	1.9
Pork	Bacon	87.4	88.4	89.3	90.2	91.1	794.1	797.2	800.1	803.0	805.8
	Burgers	37.5	37.9	38.4	38.8	39.2	291.4	292.7	293.9	295.1	296.2
	Meatballs	34.3	34.8	35.2	35.6	36.0	313.0	314.7	316.3	317.8	319.3
	Minced meat	9.7	9.8	9.9	10.0	10.1	84.8	85.2	85.6	85.9	86.3
	Others	86.8	85.7	84.6	83.7	82.8	746.4	737.7	729.4	721.7	714.5
	Sausages	95.3	95.8	96.3	96.8	97.4	391.2	393.9	396.5	398.9	401.4
	Steaks/grills	84.5	85.0	85.4	85.9	86.4	850.5	855.8	860.8	866.1	872.4
	Whole/cuts/joints	111.0	112.4	113.9	115.2	116.5	854.1	859.4	865.2	871.3	879.4
Total		**1,424.3**	**1,438.5**	**1,453.0**	**1,468.1**	**1,484.2**	**10,217.0**	**10,280.5**	**10,345.4**	**10,404.6**	**10,466.8**

Source: *Datamonitor, 2011*

FRESH MEAT RETAIL MARKET

All of the fresh meat market segments shown in the table below are sold in butcher shops. Edible offal is included in this section, as well as semi-processed and raw meats. Some meats may have added ingredients such as salt, spices, bead crumbs, and herbs. The data, as mentioned before, does not include meat consumed outside of conventional retail channels (such as direct farm consumption and foodservice), and does not include chilled/fresh meats sold in any venue other than a butcher shop. The amount of meat that is produced for personal/ household consumption (i.e. produced and consumed on household farms), is around 10-15% of the meat produced in Russia. This number mainly consists of poultry, sheep or goat meat.

Whole/cuts/joints of pork and other pork by-products, such as offal, were the most popular meat products in terms of both volume and value sold in butcher shops in 2010. Minced beef and veal were also very popular fresh meat products. The non-mixed pork market is valued higher than the beef/veal market, however, the fresh poultry market is significantly higher than both the beef and pork markets combined. In fact, the poultry fresh whole/cuts/joints segment sold 72 million kilograms more than the combined fresh beef and pork whole/cuts/joints segment. Total beef consumption in Russia has been on the decline since 2008, but the pork market remains relatively stable. The fresh meat market, certain chilled meat categories, and the production for personal/household consumption market took the full brunt of the decline in beef consumption during the recession. However, the retail beef market is expected to increase slightly for the forecast period of 2011 to 2014.

Fresh Meat Retail Market in Russia – Historic and Forecast

Segment	Sub-segment	Volume-Millions of Kg.					US$ Millions (2008 Exchange Rate)				
		2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Beef / Veal	Burgers	38.7	38.4	38.2	38.1	37.9	297.8	298.5	299.2	299.9	300.3
	Meatballs	30.2	30.8	31.4	32.0	32.6	260.3	266.1	271.8	277.3	282.8
	Minced meat	76.4	76.8	77.2	77.6	78.1	567.2	573.5	579.5	585.2	590.7
	Others	36.7	37.6	38.3	38.9	39.5	253.4	260.8	268.1	275.2	282.1
	Sausages	9.8	10.2	10.6	11.0	11.3	68.8	71.6	74.4	77.1	79.7
	Whole/cuts/joints	56.6	56.6	56.6	56.6	56.7	516.3	520.1	523.7	527.1	530.4
Beef/ Pork Mixture	Burgers	5.9	6.0	6.1	6.2	6.3	40.8	41.5	42.3	42.9	43.6
	Meatballs	6.8	6.9	6.9	7.0	7.1	65.0	66.4	67.7	68.9	70.1
	Others	17.7	17.4	17.1	16.9	16.6	168.7	170.2	171.7	173.0	174.3
	Sausages	10.6	10.8	11.0	11.2	11.5	77.2	78.9	80.6	82.2	83.8
Pork	Bacon	54.8	55.5	56.2	57.0	57.9	551.3	560.1	568.6	576.6	584.4
	Burgers	25.8	25.6	25.5	25.3	25.3	165.9	166.4	166.9	167.4	167.7
	Meatballs	38.5	39.0	39.5	40.1	40.7	290.3	294.5	298.6	302.5	306.5
	Minced Meat	28.4	28.7	29.1	29.5	29.9	225.0	228.2	231.3	234.3	237.3
	Others	77.6	76.5	75.4	74.4	73.5	747.4	740.2	733.5	727.4	721.9
	Sausages	51.5	52.2	53.0	53.9	54.9	262.6	267.6	272.5	277.3	282.0
	Whole/cuts/joints	84.3	85.2	86.1	87.2	88.5	736.7	749.7	762.2	773.9	785.7
Total		**650.2**	**654.0**	**658.2**	**663.0**	**668.4**	**5,294.6**	**5,354.6**	**5,412.7**	**5,468.1**	**5,523.2**

Source: *Datamonitor, 2011*

Source: *Shutterstock.*

CANNED MEAT RETAIL MARKET

Canned meat products are not very popular in Russia compared to other meat categories, but they are expected to grow the fastest due to rises in meat prices, as well as continued economic uncertainty forcing consumers to trade down. Canned food is also seen as a quick meal solution for increasingly busy consumers. This section includes meat sold in jars, cans and other shelf-stable packages in grocery retail outlets. The most popular canned meat products are beef/veal ready-meals and canned pork products in the "other" category. The top three canned meat companies in 2009 with their respective market shares are the following: Glavproduct JSC (28.6%), OAO Ruzcom (13.7%), and Cherkizovsky Meat Processing Plant JSC (12.1%) (includes companies that sell lamb and other game meat). Around 55% of canned meat products were sold in supermarkets/hypermarkets in 2009.

Canned Meat Retail Market in Russia – Historic and Forecast

Segment	Sub-segment	Volume-Millions of Kg.					US$ Millions (2008 Exchange Rate)				
		2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Beef / Veal	Chopped Meat	6.0	6.1	6.2	6.3	6.5	62.9	64.4	65.8	67.1	68.4
	Corned Beef	14.9	15.3	15.7	16.2	16.7	116.6	120.4	124.1	127.7	131.4
	Others	17.2	17.7	18.2	18.8	19.4	183.6	188.6	193.6	198.5	203.1
	Ready Meals	20.8	21.1	21.5	21.9	22.3	217.9	222.3	226.5	230.5	234.5
	Sausages	12.7	12.8	13.0	13.1	13.3	148.5	151.3	154.1	156.8	159.5
Beef/Pork mixture	Others	1.6	1.6	1.5	1.5	1.5	17.3	17.1	16.9	16.7	16.6
	Ready Meals	2.5	2.5	2.6	2.6	2.7	30.7	31.1	31.5	31.9	32.3
	Sausages	1.9	2.0	2.0	2.0	2.1	15.3	15.5	15.6	15.8	15.9
Pork	Chopped Meat	8.2	8.4	8.5	8.7	8.9	74.9	75.4	75.8	76.2	76.6
	Others	24.1	24.2	24.3	24.4	24.5	306.7	306.0	305.4	304.8	304.2
	Ready Meals	12.9	13.0	13.1	13.3	13.4	168.6	168.7	168.7	168.7	168.7
	Sausages	9.2	9.3	9.4	9.5	9.6	72.4	72.6	72.7	72.8	72.9
Total		**132.0**	**134.0**	**136.1**	**138.4**	**140.8**	**1,415.5**	**1,433.3**	**1,450.7**	**1,467.5**	**1,484.1**

Source: *Datamonitor, 2011*

RUSSIAN GROCERY RETAILERS

The following are pictures of meat sold in top grocery retailers in Russia, from Planet Retail:

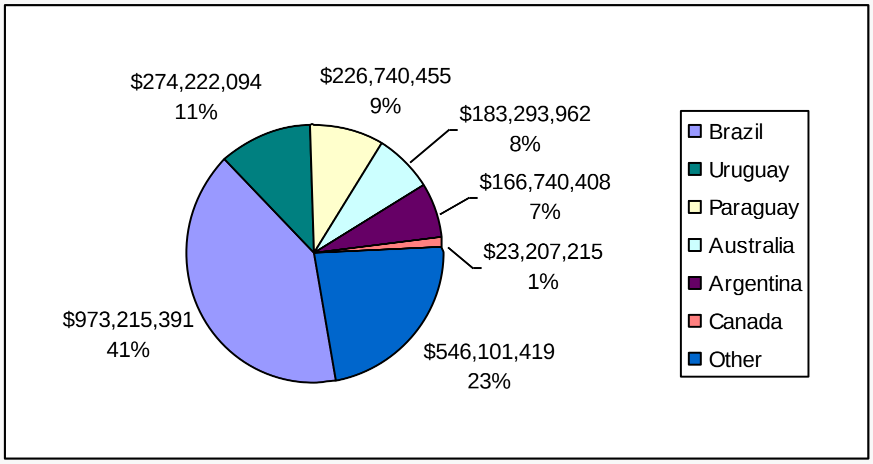
X5 Retail
Source: *Planet Retail, 2011*

Magnit
Source: *Planet Retail, 2011*

MEAT TRADE COMPETITION

In 2010, Brazil held a 41% share of the beef and veal import market (includes offal) in Russia, followed by Uruguay with an 11% share. Brazil competes mostly on price for its beef products. Canada is the 12th largest source of imports of beef and veal to the Russian market, and only held a 1% share in 2010, however, sales are rising steadily. Frozen, boneless beef cuts are the most popular imported products at a value of over US$2 billion in 2010. Frozen bovine livers and fresh or chilled boneless bovine meat are also popular imports into Russia from the world.

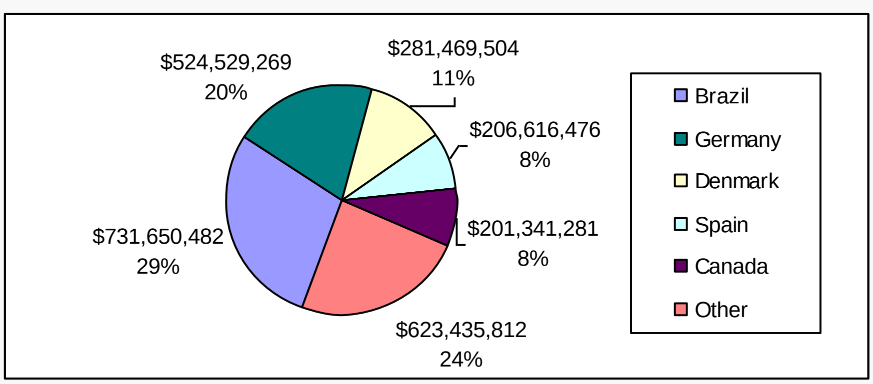
% Share and $US Value of Top 5 Beef and Veal Importers into Russia: 2010



Source: *Global Trade Atlas, 2011. (based on import data)*
Note: *Data includes offal*

Brazil was the largest source of pork and pork products (including offal) for Russia in 2010. Brazil competes mostly on price and credit terms for swine products. Frozen, boneless cuts of swine were the most popular product imported into Russia at a value of around US$1.3 billion. Around 40 % of all frozen, boneless cuts of swine were from Brazil. Unrendered pig fat is also a popular import into Russia, mainly from Germany, which competes mostly on its proximity and logistical advantages. Canada holds 31% of the market for frozen hams, shoulders of swine with bones. Canada is also the third largest source of imports of frozen swine livers and edible offal to Russia. Most of the swine meat imported into Russia is frozen. Germany dominates the market for fresh or chilled swine cuts, while Spain dominates the market for prepared or preserved swine meat and offal (excluding livers). Many countries sell almost equal amounts of sausages to Russia, including Spain, Italy, the U.S., Hungary and Brazil.

% Share and $US Value of Top 5 Pork Importers into Russia: 2010



Source: *Global Trade Atlas, 2011. (based on import data)*
Note*: Data includes offal*

Beef Trade

Canada currently has access to the Russian market for boneless beef and offal derived from all ages of Canadian cattle, and bone-in beef derived from cattle under the age of 30 months. While beef imports into Russia from the world have declined during the recession from 2008 to 2010, imports from Canada have risen. Market access for Canadian beef and beef offal has continued to improve over the past few years. Canadian exports of beef, veal and by-products reached CAD$23.77 million in 2010. Boneless, frozen bovine cuts were the most popular type of beef export, reaching over CAD$15 million in 2010. This export category has increased dramatically since 2008, Exports of bovine livers have remained a steady market for Canada, while frozen edible offal exports have also increased significantly since 2008. As of April 2011, Canada had already exported CAD$6.5 million worth of beef to Russia, which is 27% of the total 2010 value. Eight Canadian establishments are cleared by Russian authorities to export beef and beef bi-products, while 48 establishments can store raw meat and raw meat bi-products designated for export to Russia.*

Canadian exports to Russia are becoming less focused on the low-end of the market such as offal, and are moving towards higher-end cuts of beef. Even bison cuts (although still negligible) have made their way to the Russian market in 2010, showing the potential for premium meats. Beef imports into Russia are subjected to a TRQ of 30,000 metric tonnes for chilled beef and 530,000 metric tonnes for frozen beef. Beef offal is exempt from the TRQ, as well as high quality beef sold for greater than, or equal to, 8 Euros per kilogram. The TRQ allocated to the United States for 2011 has been increased for frozen beef from 21,700 metric tonnes to 41,700 metric tonnes, which was subtracted from other countries' TRQs. Russia also imported 125,100 metric tonnes from Belarus. Trade between Russia and Belarus is often unreported.

Canadian Domestic Exports of Total Bovine/Veal and Bi-products to Russia

HS Code	Canadian Dollars			Quantity (Kilograms)		
	2008	2009	2010	2008	2009	2010
02011020 - Veal carcasses and half carcasses, fresh or chilled	0	0	69,196	0	0	11,533
02011090 - Bovine (beef) carcasses and half carcasses, nes*, fresh or chilled	0	0	38,980	0	0	3,369
02012010 - Bison cuts bone in, fresh or chilled	0	0	8,067	0	0	504
02013090 - Bovine cuts boneless, nes, fresh or chilled	0	4,804	130,132	0	356	26,282
02021020 - Veal carcasses and half carcasses, frozen	0	0	24,030	0	0	1,912
02021090 - Bovine (beef) carcasses and half carcasses, nes, frozen	79,229	1,739,618	211,931	32,368	748,266	70,369
02022000 - Bovine cuts bone in, frozen	0	0	268,719	0	0	16,378
02023000 - Bovine cuts boneless, frozen	1,310,830	60,000	15,057,210	333,957	25,587	4,054,605
020621 - Bovine tongues, edible offal, frozen	64,600	30,032	969,272	24,988	13,244	221,803
020622 - Bovine livers, edible offal, frozen	3,829,152	3,465,895	2,795,445	2,486,569	3,555,976	2,288,075
020629 - Bovine edible offal, frozen nes	158,952	251,841	4,201,868	75,034	458,789	2,764,344
Total	**5,442,763**	**5,552,190**	**23,774,850**	**2,952,916**	**4,802,218**	**9,459,174**

***nes** = not elsewhere specified*
***Source:** Statistics Canada, 2011*

***Note:** List of approved exporting establishments by Russia:
http://www.inspection.gc.ca/english/fssa/meavia/man/ch11/coupay/rus-annexee.shtml

Pork Trade

Frozen cuts were the most popular Canadian pork and pork by-product category exported to Russia in 2010, at a value of over CAD$123 million. A total of CAD$45 million worth of Canadian bone-in frozen ham was also exported to Russia. Total exports of pork declined during 2009 due to the outbreak of the H1N1 disease, but as of April 18, 2011, 40 Canadian establishments were approved by Russia to export pork and pork bi-products. By April 2011, Canadian pork exports were worth CAD$93.4 million, which is already 50% of total 2010 exports.

The TRQ level for pork is 472,000 metric tonnes, and 27,900 metric tonnes for pork trimmings. According to the USDA, Belarus established a TRQ of 20,000 metric tonnes of pork with Russia, which is unreported by Global Trade Atlas. The tariff rate quota does not cover back fat and pork offal imports. The largest Russian producer of pork is Miratog in Belgrod oblast, accounting for around 7.2% of domestic pork production in 2010. Other large producers include: OOO Agrobelogoriye with 5.4% of the market, Cherkizovo group with 5%, and OOO Prodo Management with a 4.2% market share. Small private producers accounted for 32.7% of the swine production in 2010. The amount of small pork producers in Russia is expected to continue to decline due to economic issues, inability to access state subsidies, and more recent outbreaks of African Swine Fever.

Canadian Domestic Exports of Pork and Pork Bi-products to Russia

HS Code	Canadian Dollars			Quantity (Kilograms)		
	2008	2009	2010	2008	2009	2010
02032900 - Swine cuts, frozen nes*	160,748,508	59,105,410	123,105,679	66,384,364	32,514,946	51,790,952
02032200 - Hams, shoulders and cuts thereof, of swine, bone in, frozen	70,884,609	19,210,706	45,101,560	32,405,956	11,090,573	21,864,754
02064900 - Swine edible offal, frozen nes	8,772,042	3,516,647	3,645,821	4,296,428	1,865,327	1,663,520
02064100 - Swine livers, edible offal, frozen	2,836,947	1,644,403	3,781,301	3,587,313	2,053,595	5,148,999
02090000 - Pig fat lean meat free and poultry fat unrendered, fresh, chilled, frozen or cured	19,792,533	8,739,208	4,418,332	11,796,506	6,019,029	3,577,808
02031210 - Hams, and cuts thereof, bone in, fresh or chilled	98,000	230,343	0	50,018	147,004	0
02031220 - Pork shoulders and cuts thereof, bone in, fresh or chilled	934,263	1,373,835	298,278	380,935	1,103,607	176,064
02031910 - Pork spare ribs, fresh or chilled	277,245	183,751	257,976	101,518	110,096	86,712
02031991 - Pork bellies, fresh or chilled	584,225	0	0	190,526	0	0
02031999 - Pork, nes, fresh or chilled	16,950,599	4,166,365	2,976,002	8,272,115	2,932,186	2,170,265
02032100 - Swine carcasses and half carcasses, frozen	150,000	52,430	0	74,769	49,000	0
02063000 - Swine edible offal, fresh or chilled	11,882	0	0	25,015	0	0
02101110 - Pork hams and cuts thereof, bone in, cured	3,719,856	1,013,142	628,831	1,628,005	429,236	248,468
02101120 - Pork shoulders and cuts thereof, bone in, cured	180,000	432,518	227,078	101,488	226,423	99,527
02101990 - Pork meat, cured, nes	378,814	98,727	236,032	200,020	74,987	150,090
05040010 - Sausage casings, natural	1,333,846	2,032,886	713,228	235,303	255,692	154,142
Total Fresh cuts	*18,844,332*	*5,954,294*	*3,532,256*	*8,995,112*	*4,292,893*	*2,433,041*
Total Frozen cuts	*231,783,117*	*78,368,546*	*168,207,239*	*98,865,089*	*43,654,519*	*73,655,706*
Total Offal	*12,954,717*	*7,193,936*	*8,140,350*	*8,144,059*	*4,174,614*	*6,966,661*
Total Pig Fat	*19,792,533*	*8,739,208*	*4,418,332*	*11,796,506*	*6,019,029*	*3,577,808*
Total Processed	*4,278,670*	*1,544,387*	*1,091,941*	*1,929,513*	*730,646*	*498,085*
Total	**287,653,369**	**101,800,371**	**185,390,118**	**129,730,279**	**58,871,701**	**87,131,301**

***nes** = not elsewhere specified*
***Source:** Statistics Canada, 2011.*

NEW MEAT PRODUCTS

There were 207 new processed meat products found in Russian grocery retailers from January 2008 until April 2011. A total of 78% of products were in the chilled meats category, 17.4% were in the frozen category and 0.4% were in the shelf-stable category.

Storage Type: New Product Introductions in Russia

Category	2008	2009	2010	2011
Frozen	11	11	12	2
Chilled	57	63	28	15
Shelf-stable	1	1	4	2
Total Number of Products	**69**	**75**	**44**	**19**

Source: *Mintel GNPD, 2011.*

Meat products tend to not contain any product claims, as meat is generally seen as a commodity, however, there were a few product trendsetters that did use product claims. The most popular product claim in 2009 and 2011 (as of May 3rd) was "GMO-free". In 2010, the most popular product claim was "ease of use".

Top 10 New Processed Meat Product Claims in Russia

Claims	2008	2009	2010	May 3, 2011	Total # of Claims
1. Not Specified	56	44	21	10	131
2. GMO-Free	1	17	2	5	25
3. No Additives/Preservatives	1	10	3	2	16
4. Ease of Use	3	4	8	0	15
5. Low/No/Reduced Allergen	0	3	5	4	12
6. Premium	2	8	2	0	12
7. Gluten-Free	0	1	5	2	8
8. Microwaveable	0	3	4	0	7
9. Convenient Packaging	1	0	5	0	6
10. Economy	2	1	1	0	4
Other	4	3	3	2	12
Total Number of Claims	**70**	**94**	**59**	**25**	**248**
Total # of Products	**69**	**75**	**44**	**19**	**207**

Source: *Mintel GNPD, 2011*

No single company dominated the packaged meat market for new product introductions in Russia. However, Cherkizovskiy, a large meat processing plant that uses its own raw meat resources, introduced 8 varieties of meat products into the Russian market from 2008 to 2011. There were 6 new private label product introductions in Russia from January 2008 until May 2011.

Popular main ingredients in processed meat products introduced into Russia include: salt, sucrose, onion, dairy powder, soy and milk protein, flours and starches, bread crumbs, eggs, and animal fats and oils. Popular additives include: sodium nitrate, diphosphates, triphosphates, ascorbic acid and monosodium glutamate.

Of the 107 products that were searchable on price from Jan 2008 until May 2011 in the Mintel database, 51 were priced between US$2.51 and US$5.00, 23 products were priced between US$5.01 and US$7.50, 17 were priced between US$0 and US$2.50 and 16 were priced US$7.51 and above.

Private label smoked pork Carpaccio from Real supermarkets. ***Source****: Mintel GNPD, 2011.*

NEW MEAT PRODUCTS (CONTINUED)

The following are examples of new products introduced into the Russia market since 2008:

New Canned Meat Product in Russia

Cooked Pork Shoulder
Company: Rel'yef
Stromynka Street, 25, building 1, Moscow, 107076, Russia (imported from Denmark)
Brand: Tulip Picnic
Date Published: March 2010
Pack Size: 340g
Price in local currency: RUR297.00
Major Currency: US$9.82

Source: *Mintel GNPD, 2011.*

New Chilled Meat Product in Russia

Milanese Sausages Wrapped in Bacon
Company: Mikoyanovskiyy
Myasokombinat, 41 Talalikhina, Moscow, Russia
Brand: Mikoyan
Date Published: July 2009
Pack Size: 0.46 kg
Price in local currency: RUR158.35
Major Currency: US$5.03
Storage: Chilled

Source: *Mintel GNPD, 2011.*

New Frozen Meat Product in Russia

Company: Daria
St. Petersburg, 196608, Russia
Brand: Daria
Date Published: May 2008
Pack Size: 500g
Price in local currency: RUR69.30
Major Currency: US$2.94
Storage: Frozen

Source: *Mintel GNPD, 2011.*

New Frozen Meat Product in Russia

Pork Carbonade in Milanese Breading
Company: Konkordiya
Zelenaya str, 10, Kaliningrad region, Gur'evsk, Russia
Brand: Sadia
Date Published: March 2010
Pack Size: 360g
Price in local currency: RUR104.60
Major Currency: US$3.53
Storage: Frozen

Source: *Mintel GNPD, 2011.*

APPENDIX: MEAT WHOLESALERS

The following is a list of beef and pork wholesalers in Russia and their contact information:

BASTION-PRODUKT UNIVERSALNAYA OBLASTNAYA PRODUKTOVAYA BAZA Ul. Bastionnaya, 8 392029 Tambov, RUSSIA Tel: +7 475273 75 00 Fax: +7 475273 00 20 Wholesaler: Meats, cooked and cured
CHP MEDVEDEVA Ul. Bastionnaya, 8-A 392029 Tambov, RUSSIA Tel: +7 475273 14 14 Fax: +7 475273 14 14 Wholesaler: Meats, cooked and cured
KOMPANIYA AGROIMPORT ZAO Str.2, 12 Bolshaya Molchanovka Ul. 103009 Moscow, RUSSIA Tel: +7 495290 17 47 Fax: +7 495737 65 73 Wholesaler: Meats, frozen; fish, frozen; poultry, frozen.
KROM-EXPO PLC 10 Ordzhonikidze Street 129226 Moscow, RUSSIA Tel: +7 495954 00 81 Fax: +7 495954 00 61 Wholesaler (imports and exports): Meats, cooked and cured.
PISHEKOMBINAT RAYPOTREBSOYUZA Ul. Koroleva, 2 393400 Znamenka, RUSSIA Tel: +7 47552211 67 Wholesaler (imports and exports): meats, cooked and cured and all other meat
POSEYDON Politrovskij Pr. 52 195067 St. Petersburg, RUSSIA Tel: +7 812245 51 24 Fax: +7 812245 22 79 Wholesaler: meats, cooked and cured
REGION ALLIANCE PLC Bolshaya Molchanovskaya Street 12/1 121069 Moscow, RUSSIA Tel: +7 495737 32 29 Fax: +7 495737 65 73 Wholesaler: meats, frozen; meats, preserved, sausages
RITM Ul. Kommunalnaya, 38 392036 Tambov, RUSSIA Tel: +7 475272 77 13 Wholesaler: pork, beef

Source: *Europages (http://www.europages.co.uk/)*

A list of Russian meat importers can be found at the following link:
http://www.infomeat.ru/english/meat_importers.php

For more information on importers and buyer in the Russian market, please contact the Canadian Embassy in Russia:

The Embassy of Canada to Russia
Starokonyushenny per., 23, Moscow
Russia 119002
(011 7 495) 925-6057 Fax: (011 7 495) 925-6051
mosco-td@international.gc.ca
www.tradecommissioner.gc.ca/ru

KEY RESOURCES

Agri-Food Trade Service (Jan. 2011) "The Processed Food Market in Russia: Opportunities for Agri-Food Exporters." Retrieved on April 28, 2011. from http://www.ats-sea.agr.gc.ca/eur/5694-eng.htm

Agriculture and Agri-Food Canada: Global Analysis (Aug. 2010) "Processed Food Trade in Russia."

Agriculture and Agri-Food Canada (Feb. 4, 2011) Retrieved on April 22, 2011 from http://www.agr.gc.ca/cb/index_e.php?s1=n&s2=2011&page=n110204

Canadian Food Inspection Agency (April 18, 2011) " Lists of Establishments Approved by Russia." Retrieved on May 2, 2011 from http://www.inspection.gc.ca/english/fssa/meavia/man/ch11/coupay/rus-annexee.shtml

Datamonitor (March 2011). "Meat, Fish and Poultry Market in Russia to 2014." Retrieved on April 21, 2011 from http://www.datamonitor.com/

Department of Environment, Food and Rural Affairs (April 11, 2011) "African Swine Fever in Russia: Update Outbreak." Retrieved on April 28, 2011 from http://archive.defra.gov.uk/foodfarm/farmanimal/diseases/monitoring/documents/asf-russia-110411.pdf

Europages (2011) Retrieved on April 22, 2011 from: http://www.europages.co.uk/

Euromonitor (June 2009). "Meat in Russia." Retrieved on April 22, 2011. from http://www.euromonitor.com/

Euromonitor (Dec. 2010). "Chilled Food in Russia." Retrieved on April 22, 2011. from http://www.euromonitor.com/

Global Trade Atlas (2011). Retrieved on April 25, 2011. from http://www.gtis.com/gta/

Meat Trade News Daily (March 26, 2010) "Russia: Net Importing Companies." Retrieved on April 28, 2011 from http://www.meattradenewsdaily.co.uk/news/010410/russia___meat_importing_companies_.aspx

Meat Trade News Daily (March 03, 2011) "Russia: The Beef Market and Prices." Retrieved on April 29, 2011 from http://www.meattradenewsdaily.co.uk/news/010311/russia___the_beef_market_and_prices_.aspx

Mintel GNPD. Retrieved on April 29, 2011 from http://www.mintel.com/

Planet Retail (2011). "Russian Retail Market." Retrieved on April 28, 2011. from http://www1.planetretail.net/

USDA GAIN Report (Dec. 21, 2010) "The Food Processing Ingredients Sector in Russia." Retrieved on April 26, 2011. from http://gain.fas.usda.gov/Lists/Advanced%20Search/AllItems.aspx

USDA GAIN Report (March 21, 2011) "Livestock and Products Semi-Annual: Pork, Beef Production Succumb to Feed Costs." Retrieved on April 22, 2011 from http://www.fas.usda.gov/psdonline/psdQuery.aspx

For more information on other beef and pork markets, see also:

International Markets Bureau, "Consumer Trends: Pork in Taiwan", October 2010.
International Markets Bureau, "Consumer Trends: Pork in the Philippines", October 2010.
International Markets Bureau, "Consumer Trends: Beef and Pork in Japan", August 2010.

All reports available online at: http://www.marquecanadabrand.agr.gc.ca/research-etudes/research-etudes-eng.htm

The Retail Market for Beef, Veal and Pork in Russia

ISSN 1920-6615 Market Indicator Report
AAFC No. **10303E**

Photo Credits
All Photographs reproduced in this publication are used by permission of the rights holders.

For additional copies of this publication or to request an alternate format, please contact:
Agriculture and Agri-Food Canada
1341 Baseline Road, Tower 5, 4th floor
Ottawa, ON
Canada K1A 0C5
E-mail: infoservice@agr.gc.ca

Aussi disponible en français sous le titre :
Le marché de détail du bœuf, du veau et du porc en Russie

Canada