Flanders
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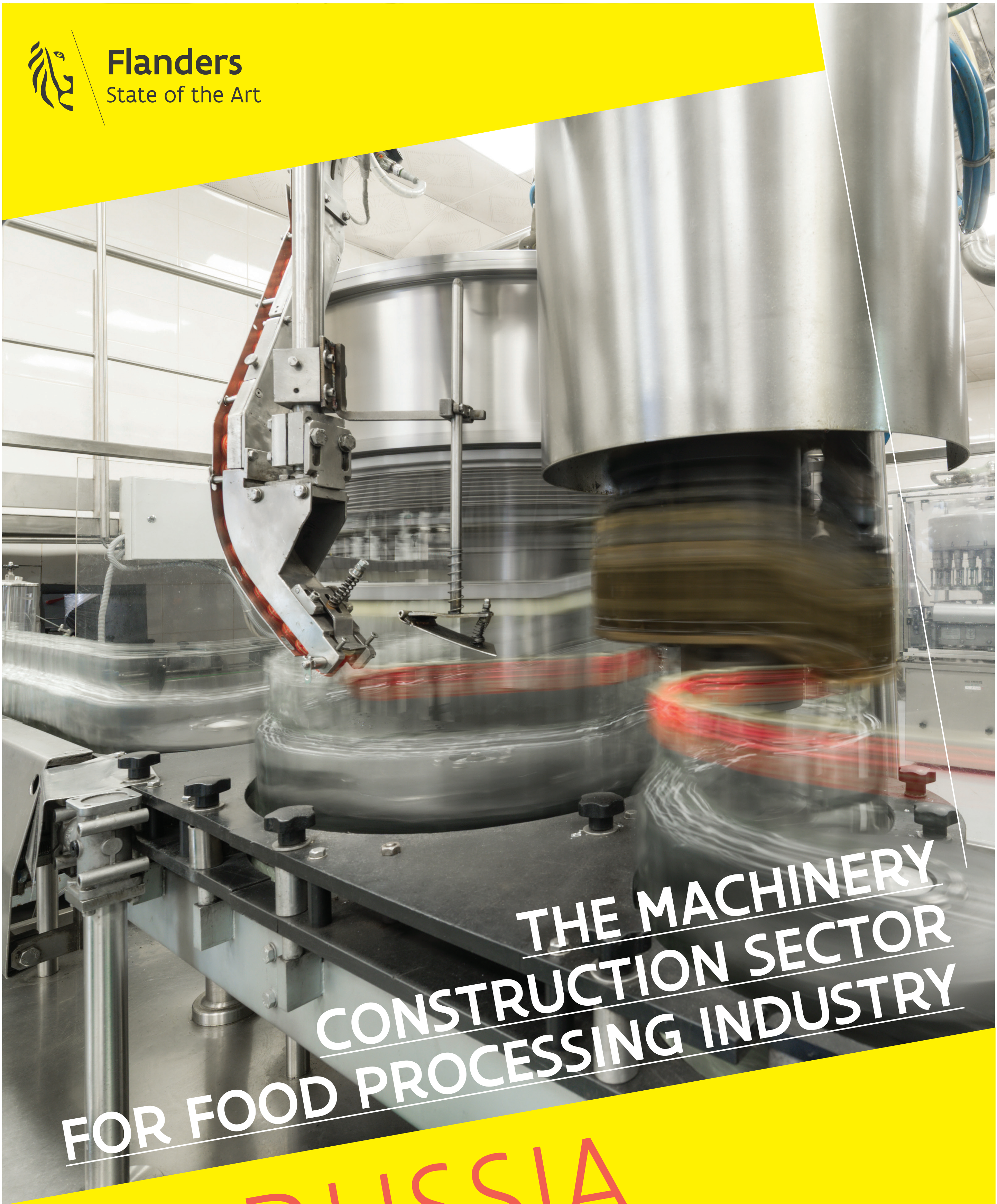

THE MACHINERY CONSTRUCTION SECTOR FOR FOOD PROCESSING INDUSTRY IN RUSSIA

FLANDERS INVESTMENT & TRADE MARKET SURVEY

MACHINERY CONSTRUCTION SECTOR FOR FOOD PROCESSING INDUSTRY IN RUSSIA

August 2018

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1. GENERAL OVERVIEW OF THE RUSSIAN MACHINERY CONSTRUCTION SECTOR FOR FOOD PROCESSING INDUSTRY

The food processing industry keeps the leading position in the structure of the Russian manufacturing industries along with the metallurgical and fossil fuel ones. The Food processing Industry contributed to 15% of Russia´s total manufacturing industry in 2016.

Machinery construction for this industry provides the enterprises which are manufacturing food products, animal feed and raw materials for its production, with technological machinery, equipment, components and spare parts (more than 30 industry branches, including bakery, confectionery, meat, fish and dairy processing equipment, baby food facilities and ext.).

The machinery construction for food processing sector is considered by the Russian Government as one of the funding and key industries of the Russian economy.

In Russia, there are more than 200 factories for food machinery construction that are located in 46 Russian regions.

The range of products, which are manufactured on the domestic market, is also very wide: there are in high demand both standard products as well as non-standard equipment made by individual orders, small machines or entire food production lines.

Distinctive features of the Russian market:

- Lack of specific types of domestic equipment in technological systems of food processing manufacturing.
- insufficient cooperation between Russian manufacturers
- inadequate level of the production process automation.

In this current situation on the Russian market, foreign manufacturers, and most of them are traditionally from EU countries, have an advantage in providing their clients with turnkey solutions, including production output and industrial maintenance i.e full cycle of production process and technical service.

2. SITUATION IN THE FOOD PROCESSING INDUSTRY

2.1. FOOD EMBARGO

On August 6, 2017, it has been 3 years since Russia imposed a food embargo on the products from the EU countries, USA and others. Also 3 years ago, the Russian Government launched an Import Substitution policy implementation. According to Resolution N 778, the banned goods include certain agricultural products, raw materials and foodstuffs originating from the US, EU countries, Canada, Australia, Norway and ext. in the following categories: meat (including beef, pork and poultry) and meat products (including sausages) fresh, chilled or frozen; fish, shellfish and seafood; milk and dairy products (including cheese); vegetables, edible roots and tuber crops; fruits and nuts.

After imposing the food embargo, the Russian food processing industry has set a course for dynamic modernization and development. The Russian Government is focusing on Import Substitution politics and Manufacturing localization in Russia.

A new Legislation base for the Russian manufacturing industry:

Law	Essential provisions	Notes
Law on industrial policy - FZ ("Federal Law") 488 "On Industrial Policy in the Russian Federation" as of 31.12.2014, came into force on June 30th, 2015	- The purpose of industrial policy is the formation of a competitive industry based on high technology that can provide a transition from a resource based type of economy to an innovation type of economy. - The Law has an import substitution objective, and therefore incentives will be related to production localization in Russia. The Law is intended to target most manufacturing sectors of Russian industry, with some exceptions such as alcohol and tobacco products. - The Law lists the measures aimed at stimulating the industrial activity: It sets new measures not provided by law before (like a "special investment contract") and clarifies the application of old measures already available to legal entities and individual entrepreneurs (like subsidies, etc.).	- In 2015, the productivity index amounted to 124,2% compared to the previous 2014 year. - In 2015, the manufacture on one worker has increased from 95 thousand/RUB to 109 thousand/RUB
Federal Law "On the Contractual System for the Procurement of Goods, Works and Services for State and Municipal Needs" No. 44-FZ dated 5 April 2013 (the "Procurement Law" or "44-FZ");	Under the Procurement Law, state and municipal authorities may purchase both domestic and foreign goods. Exceptions to this rule are fixed not only in the Procurement Law but specified under special resolutions of the Russian Government or other acts of the relevant Ministry. The exceptions have affected the following sectors: - Military equipment (Federal Law "On State Defense Orders" No. 275-FZ dated 29 December 2012); - Procurement of vehicles (Resolution No. 656 dated 14 July 2014); - General preferential treatment (Order No. 155 dated 25 March 2014) – Order No. 155 contains a list of products with a 15% pricing preference over foreign-made goods; - Medical equipment (Resolution No. 102 dated 5 February 2015) – in tenders for procurement	The on-going changes are considered as a significant challenge for the companies that are focused on the Russian market. The only way that would allow to participate in a public procurement tender and avoid any discrimination is to classify their product as a "made in Russia" one. A product is assigned a certificate of Russian origin if it is fully manufactured or *sufficiently* processed in Russia. (The sufficiency of processing is achieved when one of the first four digits of the customs classification code of an imported product is changed after its

	of about 50 medical equipment items listed in Resolution No. 102, foreign-made goods will be rejected if two comparable Russian goods are offered in the tender (the "third odd one out rule"); - Pharmaceutical products - locally manufactured products displace foreign-made competing products (the "third odd one out rule"); locally packaged products displace imported products (the "third odd one out rule"); - Food products (Resolution No. 832 dated 22 August 2016) – in tenders for procurement of 23 types of food products listed in Resolution No. 832, foreign-made goods will be rejected if two comparable Eurasian Economic Union (the "EEU") goods are offered in the tender (the "third odd one out rule").	processing into a final product, or after industrial or technical processing that lead to a certain increase in the added value in the final product).

	General provisions and targets	Driving factors
The Strategy of the Russian Food and Food Processing Industries till 2020 prepared by the Russian Ministry of Agriculture (approved on April 17,2012 by the resolution 559R)	In order to achieve the developed government strategy of the import substitution, it is necessary to increase the manufacturing volume of the advanced machinery, including the components manufactured in Russia. Generally, the Russian processing industry is executing the modernization process by purchasing the imported equipment. The strategy is aimed at modernizing food processing production facilities and increasing their capacity via innovation and technologies to manufacture more competitive products. The financial part of the Strategy is very short and states that the financial resources for the food processing industry are not provided with the additional expenditures from the Federal budget, the financial support is carried out via private investments, bank loans or the relevant State Development Programs within the existing budgetary provisions. Thus the document doesn't specify any government investments to implement the Strategy.	- A huge demand for Hi-Tech equipment in the industry Main targets of the Strategy: - Increase a food production - Modernize food processing facilities and expand their capacity - Increase competitiveness, create conditions for the import substitution process - Develop infrastructure and logistics for food products - Find solutions for ecological problems in the industrial zones

The State Program of Industry Development and Competitive Recovery (approved on August 29, 2013, by the Government resolution 1535R)	The main goal is to increase the level of the industry competitiveness, to provide the agriculture and food processing enterprises with modern equipment of domestic manufacturing origin. By 2020 the volume of food processing machinery including the equipment for beverage and tobacco production is expected to amount to 10 bln. RUB per year in comparable prices of 2013.	- 43% of the food processing equipment in Russia requires upgrading - more than 2/3 of the food processing equipment is imported - The Russian Ministry of Agriculture approved 464 investment projects aimed at developing milk, meat, fruit and vegetable production and processing. About 4.3 bln. EUR have been allocated to upgrade food processing enterprises

2.2. PROBLEMS OF THE RUSSIAN FOOD AND FOOD PROCESSING INDUSTRY

- Lack of local agriculture raw materials with related quality characteristics provided for industrial processing,
- High depreciation level of the fixed assets of the equipment, lack of production capacity in some specific sectors of the food processing industry,
- Low competitiveness level of the Russian food manufacturers on the domestic and external markets,
- Insufficient infrastructure for storage, transportation and logistics for the food products distribution,
- Lack of compliance with environmental requirements

2.3. FOOD PROCESSING INDUSTRY SECTORS IN A BRIEF

	Market concentration/number of companies	**Essential problems, development restrictions**	**Targeted Investment in 2013-2020 yy. (in bln.rub) for the following production**
Bakery industry	Small enterprises: 11500 Large & Medium enterprises: 882,	- High depreciation level of the fixed assets 50-80% - Low production	54,2 bln. RUB for production of bread and flour-containing confectionary products of non-durable storage

	(Their share 80% of production volume) TOTAL: more than 12 000	profitability (1-3%)	15,8 (for long-tem storage)
Dairy industry	Total number of companies: 1500 (500 Large & Medium companies)	- Lack of domestic equipment for the production of UHT milk, industrial separators, automated machines for the continuous curd and cheese production - Insufficient production volume of dairy raw, - seasonality factors, - Low share of premium raw milk in the total production volume - Lack of industrial refrigerators in the farms - High depreciation level of the fixed assets 50%	198 bln RUB.
Meat industry	Total number of enterprises: 2500	- Lack of raw materials and production capacity for the primary processing of cattle	233 bln.RUB
Fruit and vegetables canning industry	Total number of enterprises: 300 (Large & medium companies)	- outdated and obsolete processing technology - lack of domestic raw materials for potato, fruits and vegetables processing and high proportion level of the imported supplies - low competitiveness of some industry sectors	36,4 bln.RUB (for potato processing and fruit and vegetables preserving)
Fish and Seafood processing industry	Total number of companies: 680	- Low utilization of fish processing capacity. In 2014, the production capacity of canned fish were used only by 45.9%, - preserved fish - by 52.1%,	22 bln.RUB (processing and preserving of fish and seafood products)

		- smoked, dried fish (except herring), balyk products by 41.4%, - frozen fish (except herring),– 45,2% and ext.	
Sugar production	79 factories (production capacity – 349 th/tons of sugar beet processing per day)	- High depreciation level of the fixed assets - Disproportion between the volume of the harvested sugar beet and the production capacity for its processing, that leads to the losses of raw materials	94 bln.RUB

2.4. LARGEST KEY PLAYERS ON THE DOMESTIC MARKET

Unity Food machinery, http://unitym.ru

Stock Corporation, Shebekinskiy Machinery Plant, http://www.shemz.ru/

Tauras-Fenix, https://taurasfenix.com

JSC SPE firm "Voskhod", https://voskhod-saratov.ru

ZAVKOM, Stock Corporation, http://zavkomgroup.com/

Sovocrim, ZAO, http://sovocrim.ru/

JSC Tswet, http://www.cwet.ru/

Chuvashtorgtechnika JSC, http://eng.torgtech.ru/

Ivanteevsky Elevatormash, Stock Corporation, http://www.elevatormash.net/

TESMO, Stock Corporation, http://tesmo.tmweb.ru/

COLAX-M, ZAO, https://colaxm.ru/

Russkaya Trapeza, https://r-t.ru/home.html

Bestrom company, http://www.bestrom.ru

Selmash Molochnye Mashiny, OOO, http://www.mmrusskih.ru

3. MACHINERY CONSTRUCTION FOR THE FOOD PROCESSING INDUSTRY IN 2015-2018

In 2017, the machinery construction market volume for the food processing industry rose by 2,6% compared to 2016 and amounted to 60 bln. Rubles.

In 2016, the domestic production volume of food machinery on the Russian Federation territory demonstrated a significant increase of 24% compared to 2015 and amounted to 13,4 bln.RUB. In 2017, its volume totaled 16 bln. RUB or an increase of 19% compared to 2016.

In 2017, the export of food processing machinery from Russia abroad decreased by 7% in terms of volume compared with 2016 year and totaled 4,2 bln. RUB (4,5 bln., in 2016 accordingly).

Manufacturing equipment for the food processing industry in 2015-2018 yy.

	2015	2016	2017	Growth y-o-y 2016/2017	1H2018	Growth y-o-y 1H2017/1H2018
Equipment (except parts) for the production of food, beverages and tobacco products (in mln. RUB)	10845	13564	14327	+5.6%	7403	+17%
Dairy Processing Machinery/ (in mln. RUB)	1005	1162	1355	+17%	839	+43%
Meat and Poultry Processing Equipment (in mln. RUB)	354	489	784	+60%	358	+19,7%
Fish and Seafood Processing Machinery (in mln. RUB)	434	594	523	-12%	240	-34%
Sugar Manufacturing Machinery (in mln.RUB)	237	357	459	+28%	172	-14,5%
Bakery equipment (in mln. RUB)	760	923	1160	+26%	544	+9.4%
Nuts, fruits & vegetales processing equipment (in mln. RUB), NEW category!!	-	-	1,53	-	348	-51%
Centrifugal cream separator (in units)	67582	85746	108258	+26%	48329	-16%

Source: Rosstat figures

In 2017, significant growth of manufacturing volume in terms of value was demonstrated in the production of following machinery categories:

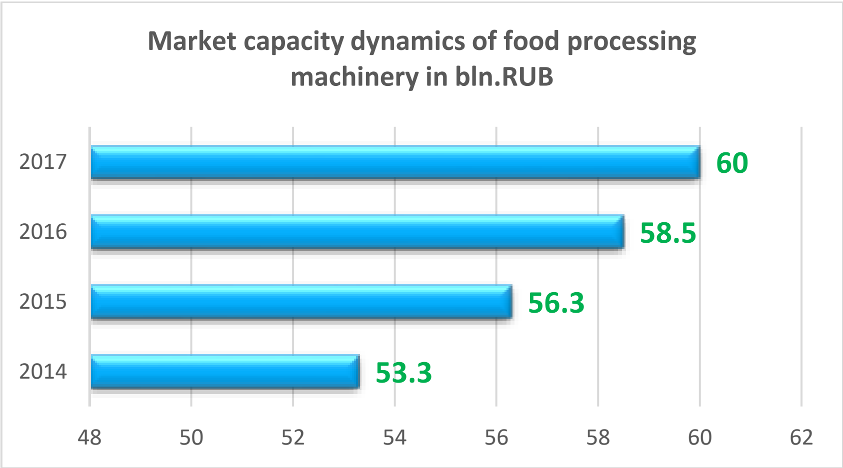
- Meat and Poultry Processing Equipment (160%), with significant growth rate as an increase of 38% was fixed in 2016 compared with 2015.
- Sugar production equipment (128%), stable growth trend as in 2016, there was more than 50% of manufacturing volume increase compared with 2015

- Bakery equipment (126%)
- Dairy processing equipment (117%)

The meat and poultry processing equipment manufacturing increased by 60% year-on-year to 784 mln. RUB in 2017 vs. 489 mln. RUB in 2016. The manufacturing of equipment for sugar industry increased by 28% year-on-year to 459 mln.RUB in 2017 vs. 357 mln. RUB in 2016.

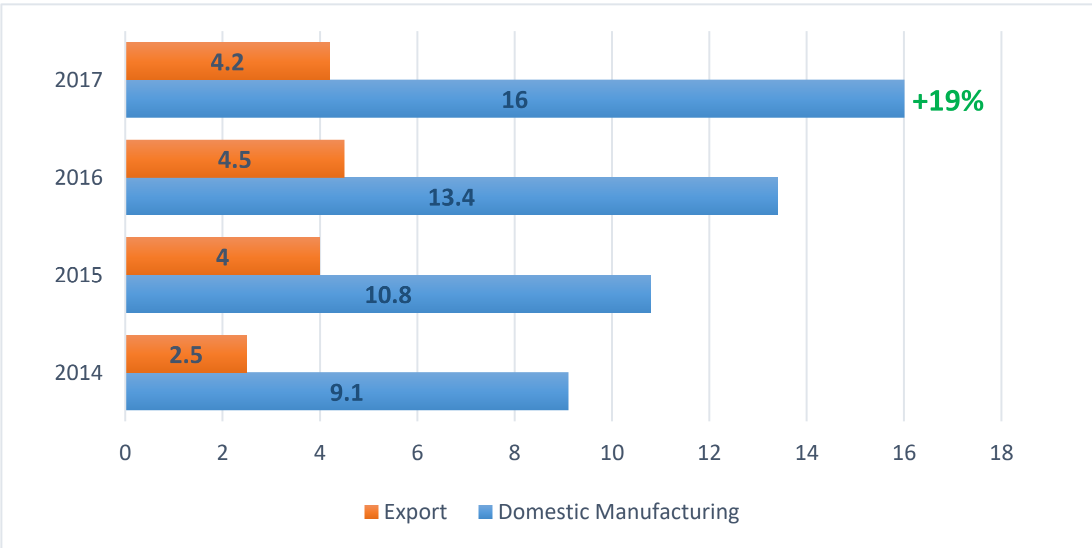
The manufacturing of bakery equipment increased by 26% year-on-year to 1,16 bln. RUB in 2017 vs. 923 mln. RUB in 2016.

The structure of the Russian Market of Food Processing Machinery in 2014-2017. Dynamics of manufacturing volume and export operations.



Source: http://government.ru/info/22664/ figures, Minpromtorg

The volume of domestic manufacturing and export operations in Bln. RUB



Source: http://government.ru/info/22664/ figures, Minpromtorg

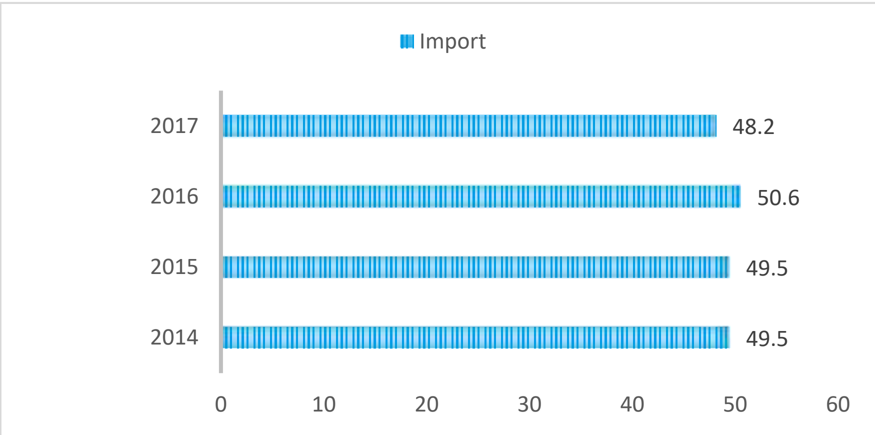
In 2016, the export share in the domestic manufacturing amounted to 33% in terms of value (in 2015, its share totaled 37,7%)

In 2016, the volume of imports of food processing equipment exceeded 4 times the volume of the domestic production. The list of Russia's largest partners **in terms of value** includes Germany, Italy and the Netherlands. However, the leader among supplying importers to Russian **in terms of volume** is China.

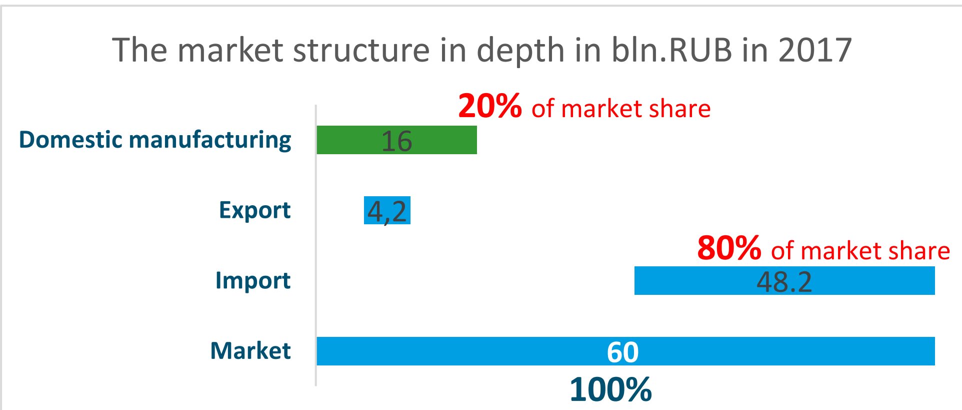
4. IMPORT DYNAMICS OF FOOD PROCESSING MACHINERY TO RUSSIA IN 2014-2017

In 2016, the Import of food processing machinery to Russia increased by 2.2% in terms of value (from 49.5 to 50.6 billion rubles) compared with 2015. Despite of the insignificant import growth rates, the foreign food processing equipment continues to consolidate its dominant positions on the Russian market. Thus, in 2016, around 86% of the equipment used in the food industry is manufactured abroad. In 2017, the percentage dropped slightly to 80% and import amounted to 48.2 bln. RUB in terms of value.

However, the leader among supplying importers to Russian in terms of volume is China.

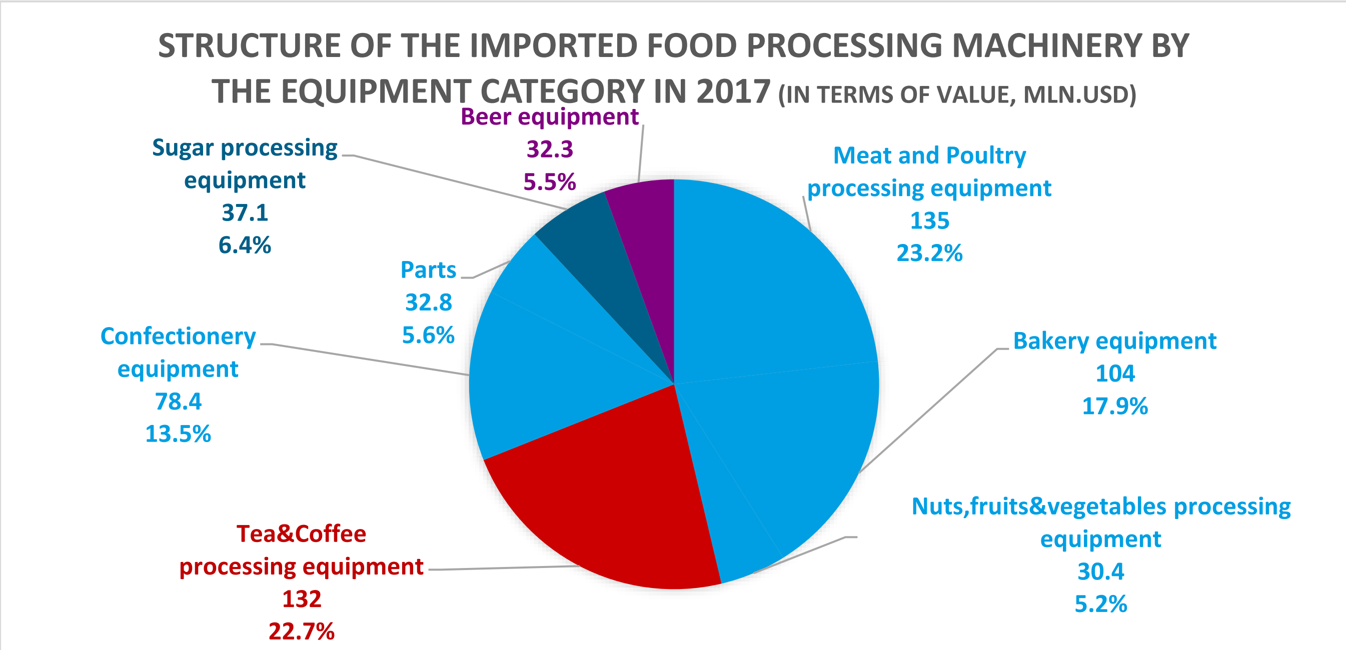


Total number of companies on the market: around 2500
The imported equipment share in this segment is around 80% -90%



5. IMPORT OF FOOD PROCESSING EQUIPMENT IN 2017

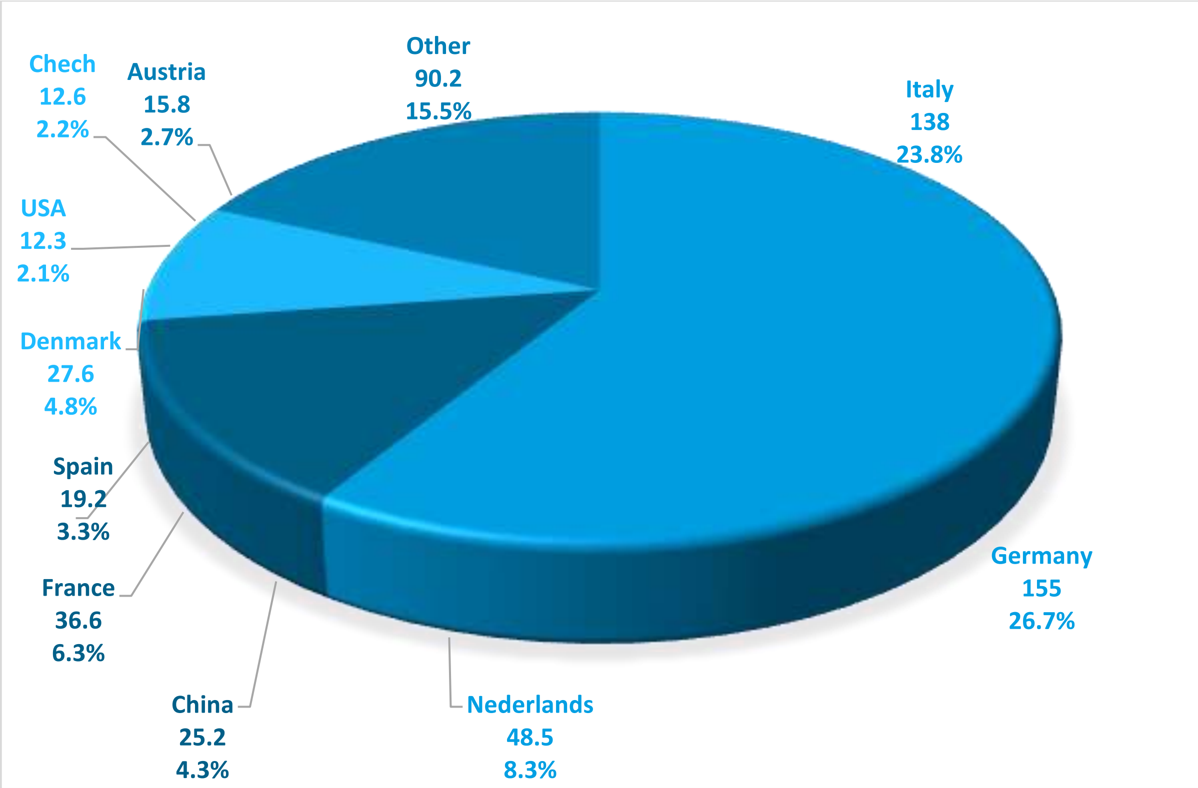
In 2017, Russian importers acquired from abroad 145 thousand units of food processing machinery (amounted to 581 mln. USD). Thus, the machinery import increased by 62% in terms of volume (in pieces) and by 14% in terms of value, compared to 2016.



Source: Rosstat

In 2017, the list of Russia's largest partners in terms of value traditionally includes Germany (26,7%), Italy (23,8%) and the Netherlands (8,3%). In 2017, these three countries provided 59% of the imported machinery to Russia in terms of value. Belgium was ranked 22nd among Russia's partners in this sector with a share of 0,6%.

Import structure of food processing equipment to Russia by countries in 2017 in mln. US doll.



Source: Rosstat

6. BELGIAN IMPORT OF FOOD PROCESSING EQUIPMENT TO THE RUSSIAN MARKET IN 2017 AND 1H2018

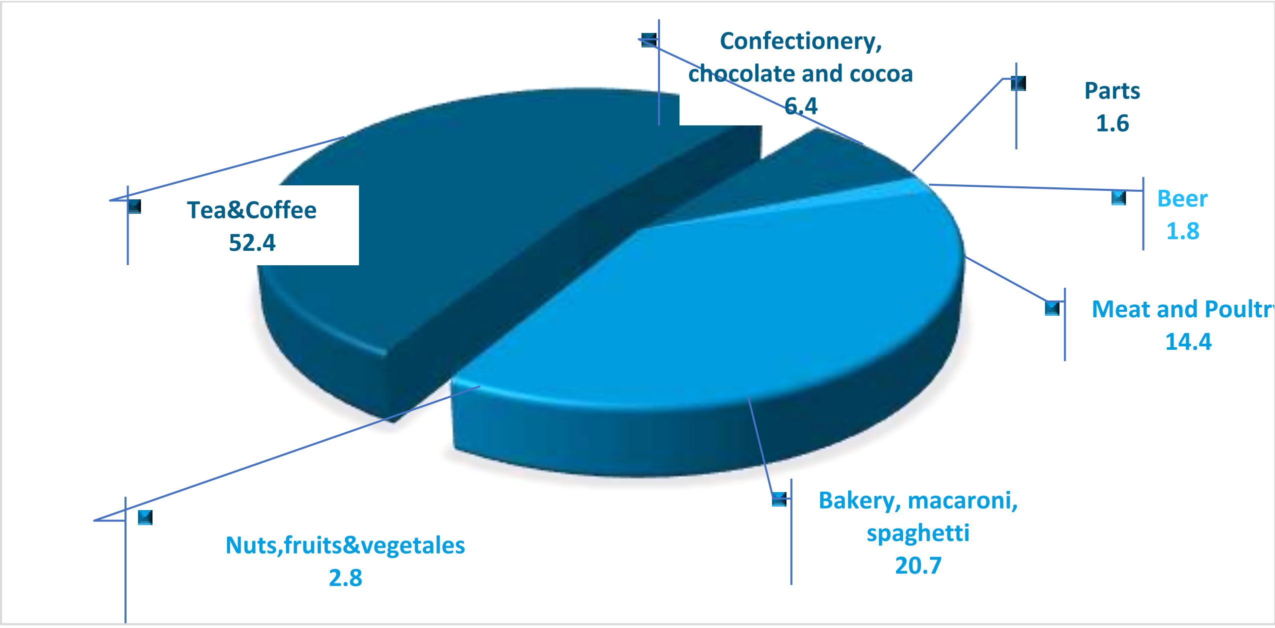
In 2017, the Import volume of food processing equipment from Belgium to Russia amounted to 3,7 US mln. doll., a drop of 5,2% compared to 2016 (3.9 US doll. mln. accordingly), with a total quantity of 314 equipment units. The Russian importers principally purchased Tea and Coffee processing equipment (52% of total Belgium import of food processing machinery), bakery equipment (including equipment for macaroni and spaghetti production 21%), and meat and poultry processing equipment (14%).

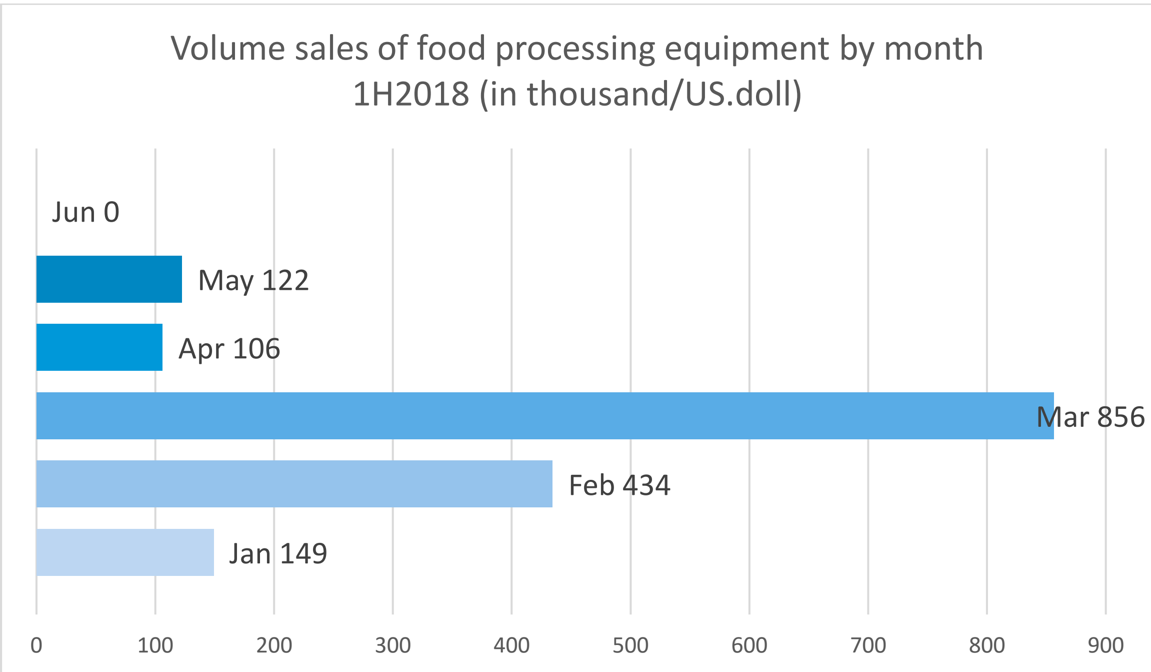
In 1H2018, the import volume of relevant equipment from Belgium to Russia amounted to 1,7 mln. US doll. in terms of value, with a total quantity of 152 equipment units. The share of bakery equipment (including equipment for macaroni and spaghetti production), has been amounted to 78%, the import supplies of tea and coffee processing equipment has totaled 15%.

Comparison of the Import structure of total supplies from Belgium to Russia in 2016-2017 and 1H2018

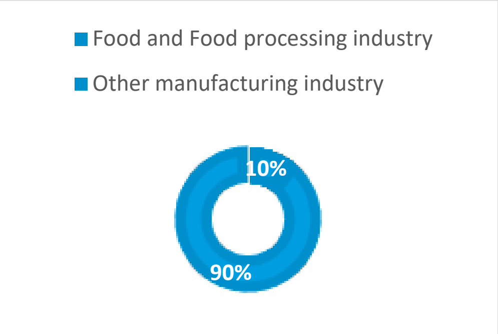
	2016	2017		1H2017	1H2018	
	Import volume in thousand/US doll	Import volume in thousand/US doll	Changes year-on-year in %			Changes 1H2017/1H2018 in %
Meat and Poultry processing equipment	951	531	- 44,2%	246	96,6	-60,7%
bakery equipment, incl. equipment for macaroni and spaghetti production	2,6 mln.	766	-70,5%	345	1,3 mln.	+377%
Nuts,fruits&vegetales processing equipment	76,8	102	+ 33%	-	-	
Tea&Coffee processing equipment	11,6	1,9 mln.	Increased 160 times	336	257	-23,5%
Confectionery equipment, incl. chocolate and cocoa production	238	236	- 0,9%	201	-	
Parts	34,7	58,3	+68%	37	8	-78%
Sugar processing equipment	-			-	-	
Beer equipment	-	66,6%		-	-	
TOTAL:	3,9 mln.US doll.	3,7 mln.US doll.	-5,2%	1,2 mln.US doll.	1,7 mln. US doll	+42%

Import structure of Food processing equipment from Belgium by category in 2017 yy (share in %)





7. STRATEGIC MAP FOR THE FOOD PROCESSING INDUSTRY FOR 2012-2025 YY

	The industy in 2012-2015 yy.	Target 2020
Quality aspects		
General situation	2012: The food processing industry keeps the leading position in the structure of the Russian manufacturing industry along with the metallurgical and fuel industries, but at the same time there are system problems that slow down the industry development.	Mission: - To enhance the economic well-being of the industry and therefore to improve the quality of life of different social groups. - To ensure the independence of the country in all major types of foodstuff and become the world's largest food supplier - To provide the comprehensive development of the food processing industry with regard to the development of the essential agriculture sectors.
Quantitive aspects		
Share in the Russian manufacturing industry	The Russian food processing industry is a relatively strong sector in Russia, representing 10,3 % of the total Russian manufacturing industry  	Target: - To retain the share of the domestic food processing machinery at the level of 2015 year or a 10% level.
Domestic manufacturing of food processing equipment	In 2017 - 16 bln. RUB, the market share is around 20%	In 2025: - the domestic production target volume – 54,9 bln. rub - the market share of the domestic production volume amounts to 53%

Export potential	The main export partners are the CIS countries. In 2017, the export volume totaled 4,2 bln. RUB	In 2025: The export should amount to 14 bln. RUB. (or more than tripled) Focus on export increasing of the equipment for mill, grain milling and dairy industries in the Middle East, Africa, the CIS countries.
Utilization level of the production capacity		Target level: 85%

8. MARKET FORECAST AND OPPORTUNITIES

The import volume of food processing equipment is not expected to accelerate in the next 2-3 years. Taking into consideration that Russia is implementing an Import substitution policy, including the food industry, improvements of technological process in industry require the equipment that meets modern international standards. However the upgrading on a new technology level and machinery modernization require significant investment costs, but in the current economic situation, many food processing companies prefer to postpone the machinery modernization until better times. The drivers of the demand for foreign food processing machinery are considered to be the large meat-processing holdings that have sufficient mortgage property to secure loans.

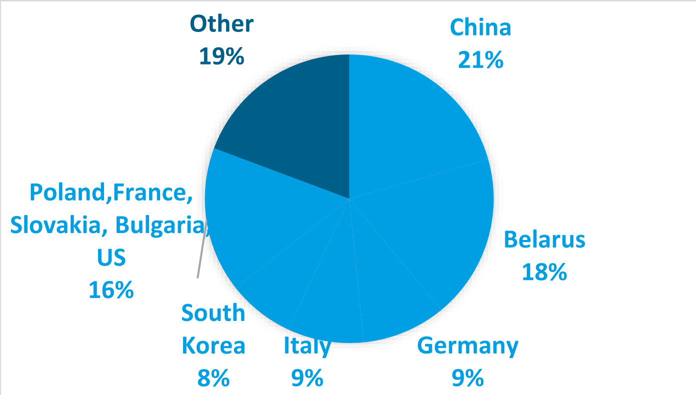
The close attention of foreign manufacturers is usually focused on the sectors where are fixed the solid growth rates as dairy, meat processing, but there are also several sectors that provide huge opportunities for foreign importers:

8.1. MEAT PROCESSING EQUIPMENT, REFRIGERATION EQUIPMENT

The dependence of this sector on import purchasing is rather high as refrigeration units and parts, vacuum packaging equipment and ext. are purchased in foreign companies.

For example, in 2016 the import volume of refrigeration equipment totaled 930,8 mln. US doll., a 1.5% increase compared to 2015. More than half of refrigeration equipment (57%) was imported from 4 countries: China, Belarus, Germany and Italy.

Import structure of refrigeration equipment by countries in 2016



Source: Federal Customs Service of Russia

Meat processing inventory and tools are usually supplied by domestic manufacturers.

8.2. EQUIPMENT FOR CHEESE PRODUCTION

Taking into account the current situation with food embargo, the demand for equipment, materials and ingredients for cheese-making production has significantly increased in the last 2-3 years. For example, in 2014-2016 yy, the soft cheese production in Russia increased by 42.3% and amounted to 34.5 thousand/tons.

Source: Rosstat

8.3. BAKERY AND CONFECTIONERY EQUIPMENT

In the last 2-3 years, competition in this market has become more intense, at the same time during the reporting period there was an increased interest of the final consumer to the quality and variety of products, provided in the Russian market. There are several directions that widely open business opportunities for foreign manufacturers and among them:

- Supply of hi-tech equipment for full production cycle for Russian largest market players.
- Joint projects in development of small bakeries and patisseries on the Russian market. Such a business format (small patisseries) in on rise. In Russia, the concept creation of bakery and patisserie, combined with mini-market and café, is rather popular, this niche is not completely filled compared to EU countries, especially in the Russian regions.
  For example, in Moscow, in the period from May2015/May2016, there were closed around 150 of network restaurants and only , however in the same period, a positive trend was demonstrated by the Moscow region, there were opened 172 new restaurants and none were closed. Large players now are focusing on expansion in the regions or cities sub-millionaires with a population of 700 thousand to a million people, in which the penetration of restaurants networks is not so high, but definitely, there is a significant demand for such services in these cities.
- Focused interest on grain storage and processing equipment.

8.4. EQUIPMENT FOR TOMATO PASTE MANUFACTURING

In 2014-2016, the production volume of tomato paste has showed expansive growth. In 2016 the production volume increased by more than 5 times or by 565% year-on-year and totaled 22,714 thousand-tons. In 2016, the market capacity of manufacturing tomato paste amounted to 145,23 thousand tons (a 3% increase compared to 2015).

Source: data of IndexBox Marketing Agency, Discovery Research Group Marketing Agency.

8.5. POTATO PROCESSING EQUIPMENT

Essential trends on the Russian potato market:

- A significant decrease of the fresh table potato import volumes due to the food sanctions and restrictions imposed on the EU and other countries as well as the national currency (RUB) devaluation;
  - Investment activity growth, there are a number of projects that are being implemented or scheduled for implementation related to modernization and production capacity expansion for potato processing and its storage. In 2015, the potato production volume totaled 33.645 th/tons, +6,8% YoY, according to the Russian Ministry of Agriculture, 1200 th/tons or 3,6% of the total volume are intended for industrial processing.
    For example, the largest greenhouse vegetables holding "Belaya Dacha" is implementing joint project with Lamb Weston Meijer, American Dutch company, regarding the plant construction for French fries production in the SEZ "Lipetsk". The total project cost is € 120 mln (35% of these expenses, own funds of Belaya Dacha).
  - Most companies are aiming to further development of the diversification strategy via diversification of their existing product lines in order to expand the product line (potato crisp, french fries, slices, tots) and occupy various market niches which are still unfilled on the Russian market.

8.6. HI-TECH FREEZING EQUIPMENT. FOCUS ON NEW TECHNOLOGIES IN FREEZING EQUIPMENT FOR BERRIES PROCESSING AS WELL AS EQUIPMENT FOR DRYING FRUITS AND VEGETABLES

Despite of the significant decrease (-7%) of the berries, fruits and nuts production in the period of 9M2016 compared to 9M2015 on the Russian market, there is a focused attention to the berries production and their further processing. Thus in 9M2016 the production volume of frozen fruits and vegetables grew by 10.6% YoY, stable growth is fixed over the past six years increase from 3.5 thousand tons in 2012 to 12.2 thousand tons in 2015. Their production in canned form decreased by 2% YoY. (In 2015, the dropping was more dramatic as 7% YoY).
New trends in the industry:

- Production of fruit teas,
- Production of tea made from fermented leaves
- Production of chips from apples, pears, plums
- Production of snacks of strawberries, blackberries

9. INDUSTRY TRENDS IN 2016-2017

– The 'focus changing' – searching for new supplier channels.

  The meat processing enterprises have paid more attention to the equipment manufacturers from East Europe and Russia itself. The competition level has reached its highest mark.

- Mergers & Acquisitions in the dairy, meat and sugar production industries.

  For example, in the meat production industry, the equipment manufacturing companies are engaged in M&A to get the opportunity to provide the customer with the equipment for each stage of food processing. Thus, the small manufacturers with narrow specialization may be merged by big holdings.

  In the current economic situation there is an opinion that on the food market only those companies will benefit who are engaged in full manufacturing cycle or in traditional supply chain model 'manufacturing-processing-distribution', as the stage 'processing-distribution' makes the biggest contribution to the margin.

  Activity growth on the market of used 'second hand' equipment.

  There is an increasing amount of enterprises which are interested in acquiring second hand processing equipment.

- Increased demand for leasing services from companies in the food industry.

  In 1H2016, the volume of new business in the segment of food equipment increased by 24% and amounted to 3 bln.RUB vs 2,4 bln. RUB in 1H2015.

  In 2016, in absolute terms the food industry segment increased by 15% and amounted to around 6.3 bln. RUB. In 2015-2016, the Russian market of food processing equipment leasing has been growing by 14-15% annually.

  In 2016, the largest amount of leasing transactions in the food equipment industry was made by 'Siemens Finance' (2.1 Bln. RUB) and 'UniCredit Leasing' (673 bln. RUB) (source: RAEX Agency). The food equipment is generally leased by bakeries, poultry farms, meat processing companies and fast food producers.

10. USED SOURCES

http://rosspetsmash.ru
http://www.holodcatalog.ru
http://www.foodmarket.spb.ru
http://sfera.fm/
http://infoline.spb.ru
http://www.gks.ru/
http://www.customs.ru/
http://www.indexbox.ru/
http://government.ru/
http://www.agroinvestor.ru
http://www.rbcplus.ru/

11. USEFUL LINKS

AGENCY OF TECHNOLOGICAL DEVELOPMENT
Address: 36, Novy Arbat str., office 141, Moscow
Tel: +7 906 033 22 66
E-mail: request@tech-agency.ru
URL: http://www.tech-agency.ru/

EXHIBITIONS
Central Russia

30.01 - 01.02.2018 Moscow
International Industrial Trade Fair 'MVC: Cereals – Mixed Feed – Veterinary'
Russian, Moscow
VDNH, Pavilion 75
http://mvc-expohleb.ru/en/

06 - 08.02.2018
AgroFarm
Russian, Moscow
VDNH, Pavilion 75
http://www.agrofarm.org/
http://www.agrofarm.org/english/about-exhibition/exhibition-classification.html

12 - 15.02.2018 Kazan
International Specialized Exhibition
AGROCOMPLEX: INTERAGRO. ANIMED. FARMER OF THE VOLGA REGION
Russia, 420059, Kazan, Orenburgsky trakt, 8,
'Kazanskaya Yarmarka' JSC
http://www.expoagro.ru/

27.02 - 02.03.2018 Moscow
Dairy & Meat Industry
International exhibition of equipment and technologies for livestock farming, dairy and meat production
Russia • Moscow • Crocus Expo IEC, Pavilion 1
http://www.md-expo.ru/
http://www.md-expo.ru/en-GB/about.aspx

AGRORUS-2017
EXPOFORUM convention and exhibition centre
St. Petersburg, Peterburgskoye shosse 64/1
http://agrorus.expoforum.ru/
http://agrorus.expoforum.ru/en/about

05 - 08.10.2017 Moscow
Russian Agricultural Exhibition 'Golden Autumn'
Russia, Moscow, Prospekt Mira. 119, VDNKh, Pavilions 75, 69

http://goldenautumn.moscow/
'Golden Autumn' is the main agricultural forum of the country for over 17 years

08 - 12.10.2017 Moscow
AGROPRODMASH 2018
22nd International Exhibition for Equipment
Technologies, Raw Materials and Ingredients for the Food Processing Industry
Expocentre
Moscow, Russia, 123100
Krasnopresnenskaya nab., 14
http://www.agroprodmash-expo.ru/
Southern Russia

28 - 02.03.2018 Rostov-na-Donu
Agroindustrial forum of the South of Russia
INTERAGROMASH, AGROTECHNOLOGIES
E-mail: inter@donexpocentre.ru
http://www.interagromash.net/

22 - 25.05.2018
Krasnodarskiy Krai, Ust-Labinsk
International Agroindustrial exhibition **'Zolotaya Niva'**
http://www.niva-expo.ru/

28.11 – 01.12.2017 Krasnodar
International exhibition of agricultural machinery, equipment and materials for agricultural production
YugAgro
Russia, Krasnodar, Expograd Yug
http://www.yugagro.org/
http://www.yugagro.org/en-GB

Siberia

13 - 16.03.2018 Ufa
AgroComplex 2017
450080, Ufa, ul. Mendeleeva, 158
http://agrobvk.ru/

08 – 10.11.2017 Novosibirsk
AGROSIB
International Exhibition of Equipment and Facilities for Agricultural Production
IEC Novosibirsk Expo Centre, Novosibirsk, Russia
http://www.agrosib-expo.ru/

17 - 19.11.2017 Krasnoyarsk
Siberian Agricultural Forum

Siberia Expocentre
19, Aviatorov St., Krasnoyarsk
http://www.krasfair.ru/events/agro/
http://www.krasfair.ru/en/events/agro_en/

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Date of publication: August 2018