Russia’s Economy is Picking Up

Marked uptick in the propensity to invest at upakovka and interplastica 2019

Strong interest taken in the accompanying expert forums

The Russian market seems to be finally moving out of the trough at least as regards the packaging sectors and related process industries and the plastics and rubber industry. Impressive proof of this has been provided by the two trade fairs upakovka – Processing and Packaging and interplastica, 22nd International Trade Fair for Plastics and Rubber, which drew to a successful close after four trade fair days on 1 February 2019. 25,000 visitors came to the AO Expocenter in Krasnaja Presnja, Moscow to seek information on the extensive ranges displayed by 950 exhibitors from 32 countries.

After a period of stagnation in 2016 and a -2.8 % recession in 2015, Russia saw a new growth phase start in 2017 with 1.5 % GNP growth. Four years after the sanctions were imposed and the oil price dropped, the Russian economy has adapted to the new circumstances and managed to grow again.

There is a great deal of renewed interest in modern machinery, production plants and high-tech materials. This also especially applies to demand for packaging technologies and plastic processing equipment. To the delight of the exhibiting companies, activities at upakovka and interplastica were therefore not only confined to an exchange of information. Many trade visitors also came with concrete intentions to buy and made their purchasing decisions right on site. This underpins the substantial investment needs that continue to exist in Russia and its neighbouring states.
The presence of numerous foreign exhibitors is evidence of the sustained strong interest taken in the Russian market. “Following some difficult years things are picking up again. Those showing stamina will now be rewarded,” reflects Werner Matthias Dornscheidt, CEO and President of Messe Düsseldorf, drawing a positive conclusion. Very satisfied with the results of the two trade fairs, he goes on to say: “The mood in the halls was excellent, exhibitors reported extremely interested business people who were also prepared to place orders. They capitalised on the unique opportunity here to see the latest developments in world markets and negotiate with suppliers on site.”

**Russian Consumers afford More High-Quality Food**

As disposable incomes rise in Russia, the propensity to spend is also going up again and more consumers are investing in higher-quality food. In addition to this, nutrition habits are changing: the younger generation, in particular, is increasingly taking to convenience and fast food. Market researchers expect demand for pre-packed food to rise by 4% in total to 28.4 million tons by 2022. Above-average growth rates are predicted especially for breakfast cereals, savoury snacks, convenience food, high-quality chocolate products as well as for sweet pastries and snack bars. Besides this, soft drinks are also becoming more and more popular. Especially in the metropolitan areas Russian consumers are more health conscious. They increasingly take to bottled water as well as functional and enriched beverages. New flavours, low-sugar beverages, smoothies and ready-to-drink teas are becoming trends.

**Investment a Duty for Russian Enterprises**

To satisfy growing demand and Russian consumers’ rising expectations as to quality, freshness, taste and the shape and look of food and beverages, manufacturing companies have to expand their production capacities further and invest in state-of-the-art processing and packaging technology. And technology made in Germany is rated highly – Germany is Russia’s most important machinery supplier accounting for a quarter of all Russian food machinery and packaging machinery imports. In some
industry sectors this figure is markedly higher. Over the first 11 months of 2018 German exports of food/packaging machinery to Russia went up even further reaching a figure of EUR 383 million – an increase of just under 14% over the previous year. German exhibitors at upakovka 2019 expect the high demand for machinery to continue in this current year. Italian companies are also benefiting from the rising demand for packaging technology. The numerous exhibitors from Italy and the Italian Machinery Manufacturers’ Association UCIMA were therefore pleased with their trade fair participation.

**Strong Interest in Special Themes**

Since upakovka has been held under the umbrella of the interpack alliance the special innovationparc theme adapted from interpack in Düsseldorf has played an important role in Moscow. Due to the avid interest encountered last year. the Forum programme of innovationparc was doubled to comprise two stages with concurrent activities for 2019. The lectures about trend themes in the industry under such headings as “Packaging – Best Practice for Brands and Retailers”, “Packing 4.0: How to Make Your Customers Happy”, “Will Packaging Save or Ruin the Environment?” or “Packaging Technologies in the Beverage Industry” went down extremely well with visitors. The seating tiers and surrounding standing room were always packed. Partnering with the innovationparc were the National Packaging Confederation (NCPack), the German Engineering Association VDMA, the Association of Russian Branding Agencies (ARBA) as well as the Russian trade magazine Tara i Upakovka.

**SAVE FOOD brings Together Industry, Organisations and Policymakers**

SAVE FOOD, the interpack alliance theme organised in cooperation with the World Food and Agricultural Organization (FAO), made for an important session within the innovationparc programme. The session, opened by Thomas Stenzel, Managing Director of Messe Düsseldorf Moscow, and Agashi Harutynyan, Head of the Moscow FAO Office, addressed the question: “What Does it Cost to Save Food?” The first part
shed some light on the indirect consequences of food losses and waste and on examples for addressing the problem. Speakers included agents from Russian organisations representing consumer interests, retail and the food industry as well as non-profit organisations such as the Russian Food Bank. The second part of the session dealt with the positive economic, social and ecological effects of reduced food waste and losses. Speakers here included high-calibre personalities from the political sphere, such as diplomats from France and Australia, EU representatives as well as Norwegian and Dutch ministerial staff.

“The fact that the interest taken in innovationparc has grown yet again proves that the trend themes of the interpack alliance are not only of paramount importance at the flagship trade fair in Düsseldorf but also in such growth markets as Russia, thereby offering the suppliers of modern solutions numerous opportunities for tapping into enormous market potential,” says Jablonowski, Global Portfolio Director of Processing & Packaging at Messe Düsseldorf. At the forthcoming upakovka 2020 innovationparc will focus on the Russian trend theme of beverages – specifically soft drinks as well as healthy functional beverages.

The next upakovka in Moscow will be held from 28 to 31 January 2020 – again in parallel with interplastica. For more information go to www.upakovka-tradefair.com or contact Messe Düsseldorf GmbH, Ms Irina Rak, +49(0)211/4560-473 or by e-mail at RakI@messe-duesseldorf.de.

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Exhibitor Testimonials upakovka 2019

Michael Wenninger, Member of the Executive Board, AUER PACKAGING

Basically, everything suits us absolutely fine; we are pleased with the exhibition. We got a fair amount of new contacts, perhaps our potential clients are among them. There were many visitors; there were good enquiries about our products. (…) Summarizing the results, we
understand that participation in upakovka has paid off; we will certainly come next year. We have great hopes for it.

Christian Wolff, President, PEC AG
We are participating in this exhibition for already 25 years. It is a fixed point for us every year and principle time to decide not to go on winter holiday but participate in upakovka show in Moscow. (…) It is still a place of concentration of leading European companies and experts to show what they can. Most visitors come here and they already know what they want (…). They are searching for something concrete and they find it here. That’s why this exhibition is very important for us. I didn’t count the number of our visitors but we have never been bored these days. We brought 100 exhibition reports with us and on the third day we run out of these profiles. We are satisfied, results are much later, but at this moment we are happy.

Danaflex
The stand was visited by a large number of new potential customers, especially those who are just starting their business in the segment of coffee, snacks, sports nutrition. They need a small circulation of flexible packaging. For such short-run orders, digital printing is most relevant, allowing you to produce several types of designs at the same time. Special attention of the visitors was attracted by packages with the augmented reality technology, which allows you to observe the 3D model in augmented reality mode. The exhibition was very successful and productive. upakovka is the ideal place for those companies that are looking for a comprehensive solution for their business, from equipment to packaging supplier.

Anna Samsonova, Head of marketing Department, Original Group
Participation in the exhibition was productive for the Original Group. It is especially valuable that there was a rich and capacious business program. Speakers from various industries shared their projects and development forecasts. The sessions were presented to diverse experiences and at times opposing points of view. Thank you for the opportunity for the Original Group to speak, to answer the questions of interested listeners. upakovka is a good platform for establishing business ties.

Łukasz Ziółkowski, International Sales Engineer, RADPAK
It is our first time at upakovka. So we are quite impressed by the potential of the Russian market. We are positively surprised about it. We have good feedback of the potential customers – so I think in whole it has been a positive experience. (…). We did not know what to expect here at
upakovka but service was excellent. No problems what so ever. It was very well organized. We will think what we can invest in upakovka next time.

Irina Pintiliy, Manager, SUNCPM
We have been your customers over a number of years already and have always participated in the trade fair. (…) Potential customers found us, they were target focussed, which makes us happy, since people are showing interest and want to introduce something new.

Integral+
Visitors’ interest was caught by a stand bearing the Made in Tatarstan sign. There Integral+ Research and Production Company presented its equipment. Integral+ plant is based in Kazan and has fully integrated production. Over 600 trade fair visitors sought out Tatarstan’s producers. The immensity of the stand was made a note of: 6 types of packaging equipment for producers of confectionery products, snacks, groceries, bread, meat and fish, as well as household chemicals, pet food, and construction materials. Over the 4 days of the exhibition, 4 contracts have been signed to supply packaging systems to the Moscow, Sverdlovsk, Murmansk Regions, and Tatarstan.

Ekaterina Bolyunova, Marketing Consultant, Politechnika Engineering Company
Our company has done a lot of work on the design of the exposition and preparation for the exhibition. We have presented equipment from leading European companies for static removal and production of plastic products, as well as for silo storage. However, our product is not equipment in itself, but solutions for the production problems that aroused real interest of the visitors at upakovka 2019. We received good results in the number of business proposals from both our long-time customers from the plastic industry and from food processing companies, products, manufacturers of labels and other printing, companies that need to transport bulk materials. We hope to participate in upakovka next year as well.

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Press Contact
Press Department interpack alliance
Messe Düsseldorf
Sebastian Pflügge (Senior Manager Press & PR)
Apostolos Hatzigiannidis (Junior Manager Press & PR)
Tel.: +49 (0) 211/4560-464/-544
Fax: +49 (0) 211/4560-8548
PflueggeS@messe-duesseldorf.de, HatzigiannidisA@messe-duesseldorf.de
About interpack alliance
The interpack alliance comprises events of Messe Düsseldorf that form part of the Processing & Packaging portfolio. Exhibitors and visitors can recognise the corresponding trade fairs by an umbrella brand that is oriented towards its counterpart – interpack, the world’s most important event in the packaging industry and related process industries. In addition to the flagship trade fair giving the alliance its name the interpack alliance includes the trade fairs upakovka (Moscow), swop (Shanghai World of Packaging), pacprocess India/indiapack and food pex India (Mumbai, New Delhi), pacprocess Middle East Africa (Cairo), components (Düsseldorf), food processing & packaging exposyum Kenya (Nairobi), indopack (Jakarta) as well as process expo (Chicago). The interpack alliance targets the segments food, beverages, confectionery and pastries, pharmaceuticals, cosmetics, non-food consumer goods as well as capital goods on important growth markets – with focal themes differing by event. The trade fairs in China, India, and Russia are exclusively supported by the Italian Packaging Machinery Manufacturers Association, UCIMA.

About UCIMA
UCIMA (Italian Packaging Machinery Manufacturers’ Association) is the national trade association that represents and supports the Italian packing and packaging machinery manufacturers. It has more than 120 member companies from all over the country, including the industry leaders. UCIMA member companies cover the entire range of packaging machinery production, from the food, confectionery and tobacco industries through to pharmaceuticals, chemicals, petrochemicals, cosmetics and end-of-line technologies. UCIMA is a member of the Italian Employers’ Federation Confindustria, making it an integral part of Italian industry’s representation system. It maintains links with a variety of institutions and plays a major role in fostering the growth of the sector as a whole. Being part of a national and international network helps the association pursue initiatives and develop strategies for the sector. UCIMA offers support to its member companies by providing professional services and information, consulting and assistance on all the major issues concerning the sector.