

New Hamburger Plant to Boost 'Food Security' - By Alex Anishyuk

Cremonini Group

Agriculture Minister Yelena Skrynnik overseeing the plant's opening in Odintsovo Tuesday.

ODINTSOVO, Moscow Region — Italian firm Cremonini Group on Tuesday opened a meat plant that will produce up to 80,000 hamburger patties an hour for McDonald's restaurants using domestically produced beef — a formula praised by authorities who are pushing for more locally made food products. The opening comes after President Dmitry Medvedev on Monday approved a new food security doctrine, which aims at increasing the share of domestically produced food on the market to more than 80 percent over the next decade.

The plant, located in Odintsovo, Moscow region, will produce 25,000 metric tons of hamburger patties a year to satisfy the needs of McDonald's restaurants in Russia. The capacity will be increased to 50,000 metric tons in the future, Cremonini said in a statement.

McDonald's confirmed in October that the chain would buy 10,000 metric tons of meat from the plant in 2010.

Agriculture Minister Yelena Skrynnik, who presided over the opening ceremony, praised the project as a good example for developing livestock production domestically.

"The new enterprise will use Russian beef for its production and will announce its future volumes of meat purchases in advance, so that Russian farmers, when making a decision on animal breeding, will know that they have guaranteed orders," Skrynnik said. "The project is in accordance with the food security doctrine, and its high production level, its creation of new jobs and its overall systematic approach will allow us to increase beef production countrywide."

The food security doctrine calls for at least 95 percent of grain and potatoes, 90 percent of milk and milk products, 85 percent of meat and salt and 80 percent of sugar, margarine and fish sold in Russia to be produced domestically within the decade. A total of 100 billion rubles (\$3.3 billion) per year has been reserved in the budget to develop the agricultural industry enough to fulfill those goals.

Some of the objectives may be a tall order, however: The country still imports 35 percent of the beef that it consumes. The number of cattle raised in the country has been declining over the past two decades since the collapse of the Soviet Union and has dropped by more than half from 20.5 million head in 1990 to 9.1 million in 2008, the last year for which data was available, according to the State Statistics Service.

As such, the plant's main challenge will be finding enough beef producers in Russia, and the Moscow region in particular, to supply the plant, said Alexander Gladyshev, head of the Odintsovo district of the Moscow region.

"We will build slaughterhouses with one of our Russian partners in the Orenburg region and will get meat supplies from various slaughterhouses located 700 kilometers to 1,500 kilometers outside Moscow," he said. "We believe this will work, because we have the necessary motivation and experience."

"The plant will supply beef from slaughterhouses within 1,500 kilometers of Moscow," Skrynnik said. "That means Orenburg, Lipetsk and other regions will have the opportunity to sell meat to the plant on a regular basis."

In order to operate at full capacity, Cremonini Group is planning to build its own slaughterhouses, starting with several small enterprises in the Orenburg region, said Luigi Cremonini, the company's founder.

Regional authorities were excited about the new plant and the economic boost that it will bring to the area.

“This is a holiday for Odintsovo and the whole country,” Gladyshev said. “I believe that a day will come when Russia will produce enough meat for this enterprise. Now it looks more like a dream shared by all.”

“Moscow region got \$4 billion in investments in 2009, and a significant share of that was Italian money,” said Igor Parkhomenko, deputy governor of the Moscow region. He added that the region would also be aided by the new jobs that would be created.

Cremonini said in a statement that the plant would provide employment for about 400 people when fully operational.

The 25,000-square-meter Odintsovo plant cost 100 million euros (\$139.3 million) to build and will be operated by Marr Russia, Cremonini's Russian subsidiary, the company said in a statement.

Cremonini Group was founded in Italy in 1963 and entered the Soviet market in 1985, selling meat to state-owned firm Prodintorg. The company started to target Russian consumers in the late 1980s and set up Marr Russia in 1998.

In 2009, Marr Russia reported revenues of 140 million euros, up from 133 million Euros in 2008.