

**Presse
Press**

Crisis does not deter international suppliers to the Russian market

Both Moscow trade shows, UPAKOVKA/UPAK ITALIA and interplastica, record steady visitor flow

While Russia's weak rouble, the dramatically declining oil prices and the challenging political situation are affecting the Russian market for packaging and process technology and for plastics and rubber, business has by no means come to a grinding halt. Russia and its neighbours still have a substantial demand for investment and an unbroken interest in advanced machinery, production and process technology and high-tech materials. The domestic food processing and packaging industry is under pressure to improve its competitive edge so as to substitute the decline in imports. Hence, business owners and industrialists are keen to find out more about innovative technologies and maintain or establish business contacts with suppliers, even if business projects cannot be rolled-out immediately.

Accordingly, there was a keen interest in the two major trade fairs for processing, packaging and printing, plastics and rubber, UPAKOVKA/UPAK ITALIA and interplastica 2015. While many of them were regular visitors, there were also numerous company representatives, who attended the fairs because they expected the current market changes to improve their sales opportunities. Between 27 January and 30 January 2015, some 19,000 visitors from Russia, CIS and neighbouring countries attended both events. About 950 exhibitors from 35 countries presented their products at Moscow's EXPOCENTRE in Krasnaya Presnya.

"Considering the current conditions, we are very happy with these results," Werner Matthias Dornscheidt, Chairman and CEO of Messe Düsseldorf stated. "The fact that so many international exhibitors attended the UPAKOVKA/UPAK ITALIA and interplastica trade shows speaks of great confidence in the Russian market. And their



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U78, U79: Messe Ost/Stockumer Kirchstr.
Bus 722: Messe-Center Verwaltung

commitment was rewarded by an unexpectedly high number of visitors. This success confirms the significance of both events for their respective industries. In times of challenging political conditions and difficult business relationships, we hosted two major trade shows to ensure that business relations will remain unaffected.” Messe Düsseldorf and its subsidiary Messe Düsseldorf Moskau OOO co-host both trade shows. UPAKOVKA/UPAK ITALIA is hosted in cooperation with the Italian organiser Centrexpo.

Visitors used the four-day event to gather comprehensive information on the current range of international products. They unanimously provided positive feedback on the undeterred attendance of global businesses. In turn, exhibitors were delighted by the keen interest of the trade show visitors who did not seem discouraged by the fact that many Russian businesses are currently dealing with major challenges. Project financing was identified as one of the most detrimental challenges, particularly for medium-sized and small companies.

German food processing and packaging machinery manufacturers remain to be one of most important suppliers to the Russian market – about one third of all machines used by domestic businesses are made in Germany. Accordingly, Russia is the third most important export market for German manufacturers of food processing and packaging machines. The market share of confectionary machines is even higher – 60 % of all such machines running in Russia were manufactured in Germany. During the first eleven months of 2014, export business was good, with German supplies up by 6% on the previous year. A high amount of deliveries, particularly in the beverage segment, provided major impetus. According to a survey of the VDMA Association of Food Processing Machinery and Packaging Machinery in October 2014, 70 % of the participating members experienced massive impacts of the Russian crisis on their business with incoming requests and orders substantially declining and projects being postponed.

Vera Fritsche, spokeswoman for the VDMA Association of Food Processing Machinery and Packaging Machinery has taken a closer look at the current situation: "There is still a high number of projects in the Russian market that offer major opportunities, particularly for German machine manufacturers. The food processing and packaging segment needs further investments in order to compensate for the decline in imports. This situation was starting to emerge even before the embargo. Russian businesses were struggling with the weak rouble and the high interest on borrowings with rates of 30% and higher. In response to this development, German manufacturers are offering financing plans to their long-term customers. At the same time, there is a demand for retrofit solutions and used machines." Many German manufacturers, Fritsche explained, were already in business and had good customer relations, which they wanted to sustain even in times of crisis. "The UPAKOVKA/UPAK ITALIA is the best platform for keeping up the dialogue. The Russian market has and remains to have major potential. Therefore, no German company is currently planning to retreat from it. However, both sides are experiencing certain apprehensions about the political future and their impact on business relations. We can certainly expect a clear decline in business deals this year."

While Lucia Lamonarca, COO of Ipack-Ima/Centrexpo Group see a positive long-term prospect for Italian companies, she also confirms that customers seem to prevaricate when it comes to actual business agreements and contracts: "Italy is the second supplier of processing packaging and converting technology to Russia after Germany. During the first eleven months of 2014 business increased with Italian suppliers up by 3,2 on the previous year. Customers attend the trade show, they are very interested in innovative upgrading technology investments but financing poses major problems. Many Italian suppliers not only use UPAKOVKA/UPAK ITALIA as a platform for presenting new technology but also to show their customers that they want to stay in touch with them, particularly in times of crisis. The strong Italian presence at the trade show, through direct participation or local agents confirms an established presence on the market and clearly shows that Italian exhibitors continue to attach major

importance to the Russian market. Numerous Italian suppliers are also seeking Russian partners to improve their presence in the local markets. For this purpose, UPAKOVKA/UPAK ITALIA is still the best platform.”

The special supporting programme of UPAKOVKA/UPAK ITALIA, the “Future Forum – Trends for the Russian Market“ in hall 2.3 met with positive feedback. At this trend show selected exhibitors presented their innovations. The focus was on issues such as packaging and packaging material waste disposal and recycling. Visitors were invited to a discussion with the suppliers on market requirements and solutions.

The next UPAKOVKA/UPAK ITALIA will take place from 26 until 29 January 2016 in Moscow and will again be hosted in tandem with interplastica.

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Exhibitors' comments on UPAKOVKA/UPAK ITALIA 2015:

Jasper Joosten, Area Manager, CAMA Group, Milano/Italy

The presentation of a new monoblock loading unit with integrated Triaflex Delta Robots of which we shown an important example in demo on our

booth, attracted both new customers and existing clients of the many existing references we already have in Russia.

Dipl.-Ing. Hubert Gaisbauer, CEO, Gaisbauer Technical Solutions, Menden/Germany

The effects of current the crisis are quite obvious: those of us who are not compelled to invest right at this moment, will prefer to wait and see how things pan out. Still, all exhibitors consider UPAKOVKA/UPAK ITALIA an important platform for staying in touch with customers. By taking part in this event, we are all making a statement: we are committed to the Russian market. Our customers are also attending the fair, all be it in lower numbers than during the good years. For the main part, they are from Russia, but there are also customers from Kazakhstan and Uzbekistan.

Andrea Capra, General Director, IMA Industria Macchine Automatiche S.p.A., Ozzano dell'Emilia /Italy

In a context of uncertainty and concern, the fair is giving a feedback that the Russian market is anyway reacting with a positive approach. The strategies of the clients are to keep the market shares and to increase volumes, being confident that in the near future the stability will be back again. In this context IMA company keeps supporting its clients and its presence.

Theo Aldenhövel, Sales Engineer, Langguth GmbH, Senden-Bösensell/Germany

The fact that we have many years of experience in the Russian market helps us during these challenging times and prevents the political situation from adversely affecting our well-sustained business relations. We are active in the chemical, food, colour and paint segments and currently experience a keen demand for our labelling systems. The embargo forces our customers to acquire their products from domestic manufacturers. As they want to present their products in an attractive packaging and need to comply with labelling directives, they have a rising demand for labelling systems. Due to the high competitive pressure in the market, the customers have high expectations. They want one-to-one customer care. We are here because we want to offer our personal consultancy services to every

company. We want to provide individual solutions to address their problems. If we want to tap into the current and future potential of this market, we need to present reliable offers and show our customers a long-term commitment. We have business relationships with Russia, Armenia, Kaliningrad, Kazakhstan, the Ukraine, Uzbekistan and Belarus.

Fiorino Gregori , General Director, Omag Srl, Gradara / Italy

Even if we face a difficult situation, we still believe in Russian market.

**Karin Stirnimann, Project Manager Trade Fairs, Switzerland
Global Enterprise, Zurich/Switzerland**

This is our first time at UPAKOVKA/UPAK ITALIA, and we are exhibiting as part of a conglomerate of Swiss companies. However, there are also some standalone exhibitors from Switzerland. While the companies reported a keen interest among visitors and interesting meetings with customers, they also experienced the currency crisis as a significant challenge. At present, business contracts can only be finalized with Russian companies that also have accounts with non-domestic banks. Swiss manufacturers must be very patient with this market. During his visit to the trade show, even the Swiss ambassador in Moscow encouraged Swiss companies not to abandon the highly promising Russian market.

**Mehmet Güneyli, Managing Director, Van Meer A.S.,
Istanbul/Turkey**

I will admit that we were rather sceptical about exhibiting at UPAKOVKA/UPAK ITALIA, but now we are very satisfied with the results. We had many visits, particularly from long-standing customers, and we have already started numerous serious business negotiations. We even sold one machine directly at the event! For Turkish companies, the current situation is not quite as challenging as it seems to be for EU companies, but we are also running into some difficulties. We sincerely hope that the political situation will soon improve.