

InBev to Close Third Russian Brewery as Regulation Shrinks Market

By [The Moscow Times](#)

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Anheuser-Busch InBev, the world's largest brewer, is to shut its third Russian plant in less than two years as increased regulation hurts sales.

Russia has toughened regulation of alcohol sales in order to curb drinking. In the last two years it has hit the beer market with tax hikes, a ban on advertising and sales in kiosks.

The market has slumped by more than 25 percent since 2008, creating excess capacity for most of the market players and forcing them to shut plants and rethink strategies.

The maker of Budweiser, Stella Artois and Corona said on Tuesday it would shut one of its seven breweries in Russia in Perm. That follows the closure of one in Kursk in 2012 and another in Novocheboksarsk in 2013.

"In the context of a general decline in the market due to increased tax and administrative

burden, strengthening legislative regulation, the company must act and take necessary measures to maintain its business in Russia," InBev said in a statement.

"These actions are aimed at improving the efficiency of production, logistics and cost management."

The move comes as Russian consumer sentiment is hit by a sharp economic slowdown, rising inflation and a falling ruble, aggravated by the prospect of economic sanctions related to Russia's seizure of Ukraine's Crimea region.

Inbev's Russian sales fell by 13.6 percent last year amid a broader market decline and as it switched to more premium brands — a category least hurt by a ban on sales in kiosks, previously a major distribution channel.

Inbev said it would redistribute production volumes from Perm to other plants.

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