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PepsiCo Shuts Factory in Russia as Recession Bites

By The Moscow Times

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PepsiCo said on Monday it would close a juice plant outside Moscow as demand in Russia falls due to an economic slump and the Ukraine crisis.

Russia's economy is set to see its first recession this year since the aftermath of the global financial crisis as sanctions imposed on Moscow for its role in the Ukraine conflict and a sharp drop in oil prices bite.

PepsiCo, the biggest fruit juice producer in Russia, said it would close a plant in the town of Ramenskoye which employs 400 staff and has more than 10 production lines.

The move comes less than a year after rival Coca-Cola Co. announced the closure of two of its four fruit juice plants in Russia.

"From June 2015, juice production will be centered at Lebedyansky plant [the Lipetsk

region] — one of the largest juice-producing plants in Europe," PepsiCo said.

Three production lines will be moved from Ramenskoye to Lebedyansky and a plant in Vladivostok, while the rest will be mothballed until the market improves, it said.

According to Euromonitor, PepsiCo had a 40 percent share of the Russian juice market last year, followed by Coca-Cola Co. with a 24.1 percent share.

The juice market fell in Russia 2.5 percent in 2014 after a 1.5 percent decline in 2013 and an increase of 3.7 percent in 2012, Euromonitor said.

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