

Russia's Swelling Sausage Prices Put Supermarkets Under Strain

Producers want retail chains to raise meat prices, but the Kremlin is keeping a close eye on food inflation.

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Sergei Petrov / TASS

Russia's sausage-makers are asking supermarkets to hike prices to cover rising costs, the Kommersant business daily [reported](#) Tuesday.

Producers say prices for sausages and other processed meats need to increase by 10-15%, citing higher input prices, including meat as well as seasonings, packaging and transport costs.

Two of Russia's largest supermarket groups — X5 and Lenta — said they were considering requests from suppliers, but any rise in prices for basic foodstuffs will be under intense political scrutiny.

Rising prices forced President Vladimir Putin to intervene last December, [raising concerns](#) about the impact of high prices on low-income consumers in a televised meeting of government officials. The Kremlin promptly capped retail prices for so-called “socially important foodstuffs,” like sugar and sunflower oil, and urged supermarkets not to raise prices.

Related article: [Russia's Food Price Cap Could Lead to Shortages](#)

Inflation hit 5.2% in January, official data shows, while food prices are increasing at an annual rate of 7% — the fastest acceleration in five years. Meanwhile, Russians’ disposable incomes [slumped](#) last year to their lowest level in a decade as the coronavirus pandemic hit wages and caused a rise in unemployment.

Prices for some kinds of meat have risen by up to 54% since the pandemic started, manufacturers say. Farmers said they had to put down 500,000 pigs at the end of 2020 due to an outbreak of African Swine Fever, meanwhile costs for other products such as seasonings and packaging are being affected by the depreciation of the ruble over the last 12 months.

The increase in inflation has also thwarted the Central Bank’s plans to consider another cut to interest rates in the near future. Instead it [announced](#) an end to its rate-cutting cycle in a hawkish statement at its latest meeting last Friday.

Supermarkets and producers usually agree prices every few months, but the retail chains are hesitant to hike prices given the political and economic backdrop, Kommersant reported.

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