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Russian Food Suppliers Warn of Price Hikes Up to 40%

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A bread bakery. **Moskva News Agency**

Suppliers of bread, dairy, chocolate and beer in Russia have informed retailers of impending price increases of up to 40% over the next month, the business daily Kommersant reported Thursday, citing price-increase notices from at least 13 companies.

The price hikes, slated for August and September, are being attributed to a combination of high inflation and expensive loans, as well as the rising costs of shipping, personnel, packaging and raw materials.

A retail market source who spoke to Kommersant on condition of anonymity blamed the Russian Central Bank's ongoing interest rate hikes for rising borrowing costs. The source described the price-increase notices as "atypical" and not driven by seasonal factors.

Karavai, a bread producer, said its products would see a price increase of 10% due to rising raw material costs.

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German chocolate maker Ritter Sport, which maintains operations in Russia, plans to raise prices by 40% starting Sept. 1. Mars, which also still does business in the country, indicated that prices for its Dove chocolates and Skittles candies will increase by 19% and 13% respectively from Sept. 9.

"This isn't the first time bakery and chocolate products have gotten more expensive this year," Igor Karavayev, chairman of the Retail Companies Association ACORT, was quoted as saying by Kommersant.

Experts cited by the newspaper predict that consumers will likely experience the price hikes "in several stages," as retailers may attempt to absorb some of the costs to ease the impact on shoppers.

None of the 13 suppliers or major Russian retail chains responded to Kommersant's requests for comment.

Food prices in Russia were up by 9.67% in July compared to the same period last year.

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