

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Voluntary  Public

**Date:** 9/26/2013

**GAIN Report Number:** RSATO1313

## Russian Federation

**Post:** Moscow ATO

### **2014 Winter Olympics Create New Opportunities for U.S. Ag Exporters**

**Report Categories:**

Agricultural Situation

Promotion Opportunities

**Approved By:**

Erik W. Hansen

**Prepared By:**

Alla Putiy & Erik W. Hansen

**Report Highlights:**

In the buildup to the 2014 Winter Olympic Games, Russia is in the process of constructing new stadiums, restaurants, and thousands of new hotel rooms to serve sports teams and guests in Sochi and Krasnaya Polana. These will all provide a potential new market for American food and agricultural products. U.S. origin meats, poultry, seafood, wines, distilled spirits, tree nuts, and tree fruits are some of the best prospects for the growing HRI sector in the region

## General Information:

The XXII Winter Olympic Games will take place in Sochi, Russia for February 7-23, 2014, followed by the XI Winter Paralympic Games scheduled for March 7-16, 2014. The host city of Sochi is situated in the Krasnodar region of Russia and has a population of 445,000. The Olympic Games will be organized in two clusters: a coastal cluster for ice events in Sochi, and a mountain cluster for snow events located in the *Krasnaya polyana*. Ninety-eight events in fifteen winter sports will take place during the Olympic Games. The Sochi Olympics will be the first of its kind since the 1980 summer Olympics which took place in Moscow when it was the former capital of the Soviet Union. In addition, this will be also the first time Russia will host the Paralympic Games.

The 2014 Olympic and Paralympics Games are being organized by the Sochi Olympic Organizing Committee (SOC). Russia has invested 327 billion rubles (approximately \$10 billion) for total development, expansion and hosting of the 2014 Winter Olympic Games. Russian financing came from federal government, Krasnodar Kray (local government), city of Sochi, and private investor funds that are being distributed for the construction of Olympic venues, tourism development, transportation, and power supply infrastructures.

In the buildup to 2014 Olympic Games, Russia is in the process of constructing new stadiums, restaurants, and thousands of new hotel rooms to serve sports teams and guests in Sochi and Krasnaya Polana. These will all provide a potential new market for American food and agricultural products. U.S. origin meats, poultry, seafood, wines, distilled spirits, tree nuts, and tree fruits are some of the best prospects for the growing HRI sector in the region.

## Sports Complex in Sochi

Graph 1. Russia: Map of Coastal Cluster of Sochi Olympic Park.



Source: [www.sochi2014.com](http://www.sochi2014.com)

This map shows the Olympic Park concept with all venues gathered around the Medal Plaza. The Sochi Olympic Park (coastal cluster) is being built on the Black Sea coast in the Imeretin valley. All the venues listed below are new and are being built. The venues will be clustered around a central water basin on which the Medal Plaza will be built. Krasnaya Polyana (mountain cluster) is slated to host the snow events (alpine and Nordic) of the 2014 Winter Olympics in Sochi.

In 2010, the Russian government renovated the Sochi airport, increasing capacity to serve 1,300 to 2,500 passengers per hour. During the 2014 Winter Olympics, the capacity of the airport complex is planned increase to 3,800 passengers per hour. The airport serves Sochi, Russia's largest resort, as well as the surrounding area, which has a total permanent population of more than 700,000 people. The volume of passenger traffic in Sochi airport exceeded 2.12 million in 2012.

### Foodservice and Catering

As of January 2013, Sochi had 1,236 operational food venues, including 65 restaurants, 548 cafes, 318 seasonal venues, 50 bars, 139 cafeterias and other foodservice formats, according to city government statistics. They offer for customers Russian, Caucasian, European, Japanese, Chinese and other cuisines. The resort has chain restaurants represented by companies such as Subway, McDonald's, Cinnabon, KFC, *Shokoladnitsa* Café, Del Mar, and Irish Pub.

In preparation for the 2014 Winter Olympic Games, the SOC has stated they will develop the hotel, restaurant and institutions (HRI) sector in the region. Catering contractors will serve food at 967 venues for more than 2 million people during the Olympic and Paralympic Games in Sochi. Ten different foodservice formats from fast food to fine-dining restaurants are planned at the Olympics. The total area of food outlets is anticipated to exceed 40,000 square meters with about 30,000 seats.

Ten food service companies, chosen by SOC through an open bidding process, will provide catering services during the course of the Olympic and Paralympics Games in Sochi. The list of selected caterers includes Switzerland-based Infront Hospitality Management Company. There are also Russian caterers whose team members have worked at the Olympic Games in Vancouver and London. The list of selected caterers for the 2014 Winter Olympic Games are in the table below.

**Table 1. Russia: Catering Contractors for the Olympic and Paralympic Games in Sochi**

	Company name	Contact information	Venue
1	Yuzhnoye More	<a href="http://www.yuzhnoe-more.ru/">http://www.yuzhnoe-more.ru/</a> Email: <a href="mailto:yuzhnoe-more@mail.ru">yuzhnoe-more@mail.ru</a>	"RusSki Gorki" Jumping center Sliding center "Sanki"
2	Andre	Email: <a href="mailto:ns@andre.su">ns@andre.su</a>	Main Media Center "Ice Cube" Curling center
3	Delos Catering	<a href="http://maison-dellos.com/">http://maison-dellos.com/</a> Email: <a href="mailto:info@maison-dellos.com">info@maison-dellos.com</a>	"Bolshoy" Ice Dome "Shayba" Arena Coastal Village
4	Group of Companies Fusion Management	<a href="http://www.fusion-mng.ru/contacts.html">http://www.fusion-mng.ru/contacts.html</a> Email: <a href="mailto:fusion@fusion-mng.ru">fusion@fusion-mng.ru</a>	Mountain Village
5	Infront Hospitality Management AG	<a href="http://www.infrontsports.com/sportsservices/hospitality/">http://www.infrontsports.com/sportsservices/hospitality/</a> Email: <a href="mailto:jose.carvalho@infronthospitality.com">jose.carvalho@infronthospitality.com</a>	"Iceberg" Skating Palace "Fisht" Olympic stadium
6	Standarty Socialnogo	<a href="mailto:sspsochi@mail.ru">sspsochi@mail.ru</a>	Olympic park

	Pitaniya		“Fisht” Olympic stadium
7	BMK	<a href="mailto:zar2002@mail.ru">zar2002@mail.ru</a>	Alpine Center “Rosa Khutor” Extreme Park “Rosa Khutor”
8	Germes-Tour	<a href="http://www.artishokov.net/info@artishokov.net">http://www.artishokov.net/ info@artishokov.net</a>	Main Media Center  Olympic park
9	Restoranny	Not Available	Olympic park
10	Baltiia-Tras	Not Available	Main logistics center Airport

Source: Official Sochi 2014 web-site <http://www.sochi2014.com/tenders/>

The companies listed above are intended to provide catering services in coastal and mountain clusters during the course of the Olympic and Paralympic Games in Sochi. Their menus will incorporate traditional Russian and Caucasian cuisine as well as vegetarian, halal, kosher, and other special dishes to serve all athletes and visitors.

As the official restaurant of the Olympic Games, McDonald’s will have a strong presence in Sochi. A total of four restaurants will be operational during event and there are plans to open 3 temporary stores in various Olympic venues: in the coastal and mountain Olympic Villages and in the Main Media Center. McDonald’s will send 350 employees in Russia to work in Sochi during the Olympic Games. Coca Cola is also one of the major official partners of the Sochi Olympics.

### Hotels

Located on the Black Sea coast, Sochi is Russia’s only subtropical resort city and one of its largest and most popular resort destinations attracting visitors from throughout Russia and abroad. According to Russia’s State Statistics Bureau (Rosstat), almost 15% of Russia’s functioning hotels are in Sochi sprawling along nearly 100 km of seacoasts and 45 km inland to the foothills of the Caucasus Mountain range. The Games are spurring a strong push in hotel development in the region. An estimated 47,000 hotel rooms will be accepting tourists during the Games, with 27,000 of them being built especially for the Olympics. According to the SOC, the vast majority of new hotels being built will be of a 3-5 star rating.

In December 2012, the Russian government issued a decree; which will regulate the maximum price for accommodation and services in Krasnodar region hotels during the Sochi Winter Olympics. According to the document accommodation prices will remain frozen from January 1, 2013 until July 1, 2014.

**Table 2. Russia: Maximum Accommodation costs for the Winter Olympics (in Rubles)**

Room category (per night)	Star rating			
	5*	4*	3*	Economy
Luxury suite	13,896	13,048	9,003	5,741

Standard room per 2 persons	10,569	6,492	5,741	4,600
Standard room per 1 person	8,253	5,839	4,339	3,936

**Source: Russian Government decree on December 2012**  
(Average exchange rate of \$1 USD is 32 Rubles in 2013)

Russia is in the top ten international source markets for the Marriott Group of hotels worldwide and is the fifth largest source market for their hotels in Europe. Marriott International will expand its brand presence in Russia with three hotels in Sochi to open in time for the 2014 Olympic Games. The four-star hotel with 200 rooms will be opened under the brand DoubleTree by Hilton in late 2013.

Currently, the Carlson Rezidor Group has three hotels in Sochi (Radisson Lazurnaya Hotel, Radisson Blu Hotels & Resorts, and Radisson Hotel, Rosa Khutor). The current Hyatt Regency Sochi features 199 guestrooms. More western style hotels are operating in the Sochi region such as the Marins Park hotel, Grand Hotel Polyana, Rodina Grand Hotel & Spa.

There are usually two restaurants in four-star hotels and three restaurants in five-star hotels. According to industry experts, tourists often eat breakfast and dinner in their hotel, but they eat lunch “out in the city.” Luxury hotels represent the best opportunity for selling American products. Other categories of hotels and catering formats often have limited foodservice offerings. Hotel restaurants operate like other restaurants and purchase items through distributors.