

# Cigarette Market, LUKoil: Business in Brief

By [The Moscow Times](#)

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## **Japan Tobacco Chief Says Russian Cigarette Market to Shrink by 8-10%**

Russia's cigarette market will shrink by 8-10 percent this year as anti-smoking legislation and an economic downturn begin to bite, the head of Japan Tobacco, Mitsuomi Koizumi, told Japan's Nikkei paper, ITAR-Tass reported Monday.

Koizumi blamed the fall on a tax hike on cigarettes in January and the introduction of a ban on smoking in restaurants and cafes that came into force this month.

Much of the reduction in sales will also be due to smokers choosing cheaper brands, he added — "When the economy begins to slide, buyers of expensive cigarettes drop down to lower-quality products."

Koizumi said Japan Tobacco, which with brands like Winston and Camel has a 36 percent

share of the Russian market, ought to see its revenues fall in Russia slower than the overall 8-10 percent contraction. *(MT)*

### **LUKoil, Gazprom to Jointly Explore Barents Sea**

Russia's LUKoil and Gazprom will set up a joint venture by the end of this year to explore a part of the Barents Sea shelf, LUKoil CEO said Monday.

LUKoil, Russia's biggest nonstate oil producer, will have a 34 percent share in the venture, Vagit Alekperov told reporters on the sidelines of an energy conference in Moscow.

He added the companies would finance exploration pro-rata their shares in the project but did not elaborate.

Russian law reserves the right to secure new offshore fields in Russia for state-controlled enterprises only and the partnership with Gazprom allows LUKoil to evade the restrictions. *(Reuters)*

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