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Voluntary Public

Date: 4/30/2015

GAIN Report Number: RS1528

Russian Federation

Post: Moscow

2014 key results of the Russian Ministry of Agriculture

Report Categories:

Agriculture in the Economy

Agriculture in the News

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Report Highlights:

On April 22, 2015, the Russian government published on its website, key results of the Ministry of Agriculture in 2014, submitted by the agency for the GOR's review on March 15, 2015. The document includes major developments in the agricultural subsectors in CY 2014.

FAS/Moscow provides unofficial translation of the document below, for informational purposes only.

The original text can be found at http://government.ru/dep_news/17675/

The data provided in this report by the Russian Ministry of Agriculture does not necessarily correspond with data presented in previous or future FAS/Moscow commodity reports.

General Information:

Summary

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Begin Unofficial Translation.

2014 Key Results of the Ministry of Agriculture of the Russian Federation

In 2014, the agricultural output growth equaled 3.7 percent - including 5 percent growth in crop products and 2.1 percent growth in livestock products.

The food and processing industry maintained an upward trend with 2.5 percent growth in 2014, compared with 0.6 percent growth in 2013.

The subsidy adjusted profitability of agricultural producers in 2014 equaled 7.3 percent. Profitability without subsidies equaled minus 5.2 percent. The share of profit-making agricultural organizations has grown by 2.1 percent, for a total of 84.1 percent (coincides with a 3.9 percent reduction in the total number of farms).

In 2014, 188.7 billion rubles were allocated to support the implementation of the state program, including over 151.3 billion rubles of state support used for the agricultural production and rural social development programs.

The average monthly wages in agriculture, forestry and hunting sectors amounted to 17,600 rubles (+11.1 percent). The unemployment level in rural areas dropped by 11 percent.

Crop production development, processing and marketing of crop products

In 2014, 55.1 billion rubles were allocated for crop production development.

Acreage under crops, in all categories of farms in the Russian Federation, totaled approximately 79 million ha, including 46.2 million ha planted with cereals and pulses (+0.9 percent more than in 2013).

Gross cereals and pulses harvest in all categories of farms amounted to 105.3 million MT of grain (+12.8 percent). This is the second record crop in the history of modern Russian agriculture. The record

was set in 2008, with 108.2 million MT. The spring and winter wheat crop totaled 59.7 million MT (+13.4 percent).

The amount of grain harvested makes it possible to satisfy the domestic market in full, as well as create potential export capabilities of up to 30 million MT.

Record high crops were harvested in rapeseed – 1.5 million MT (+4.1percent) and soybeans – 2.6 million MT (+58.6 percent). The potato crop was better than last year and totaled 31.5 million MT (+3.0 percent).

The gross harvest of rice totaled 1.05 million MT in 2014 (+12.2 percent), 11,000 MT short of the record crop of 2010.

The gross harvest of vegetables was 15.5 million MT (+5.4 percent), fruit and berries totaled 2.98 million MT (+1.3 percent).

The number of crop insurance contracts supported by the state program signed in 2014 grew by 3.6 percent (6,990 contracts), and the planted acreage covered by crop insurance contracts totaled 12,826,900 ha. The share of insured acreage vs. planted acreage came up to 17.7 percent.

Production of the following commodities expanded: non-refined sunflower oil including corn oil (+21.3percent), beet white sugar (+3.2 percent), goats (+12.2 percent), fruit and vegetable preserves (+7 percent).

Self-sufficiency rate of domestic products exceeded the thresholds of the RF Food Safety Doctrine on a number of commodities: grain (98.9 percent), sugar (92.8 percent), potatoes (97.4 percent) and vegetable oil (84.4 percent).

Livestock production development, processing and marketing of livestock products

In 2014, cattle and poultry production for slaughter in live weight totaled 12.9 million MT (+4.1percent). Cattle and poultry production for slaughter (in live weight) increased by 7.7 percent in agricultural organizations and by 9.5 percent on private farms but showed 4.7 percent decrease in people's households.

Meat production growth was accomplished primarily in broiler and swine operations: poultry meat (+6.7 percent), pork (+4.7 percent), sheep and goat meat (+4 percent). Cattle production dropped by 1.1 percent.

Milk production totaled 30.8 million MT (+0.1 percent). The ongoing downward trend in milk production by households (-2.7 percent) is compensated by the production growth in agricultural enterprises (+2.2 percent) and private farms (-6.1 percent) combined. Despite the declining cowherd, the dairy industry is intensively growing due to improved milk performance. The average milk yields amounted to approximately 5,400 kg per cow in agricultural enterprises, which was 383 kg more than in 2013.

In 2014, the ratio of pedigree cows in the total dairy cowherd in the Russian Federation was 12.5 percent. Young pedigree cattle, sold and imported were 103,000 and 41,500 head, respectively (at the 2013 level).

In accordance with data reported by Agroindustrial complex administrative bodies in the Federation constituent entities: 567 livestock insurance contracts were subsidized (+38.2 percent) at 70.1 billion rubles of the total sum insured (+86.4 percent), the accrued insurance premium amounted to 849.0 million rubles (+101.8 percent). With that, over 4.3 million livestock units were insured.

Due to the increased production of cattle, poultry for slaughter and milk, processing facilities were able to increase production volumes of meat and by-products (+9.6 percent), meat (containing meat) semi-finished products chilled, partially frozen and blast chilled (+6.7 percent), sausage products (+1.9 percent), butter (+11.8 percent), cheese and cheese products (+14.1 percent).

It has been observed that the ratio of domestic products in the total volume of resources shows a stable upward trend: meat (up to 81.5 percent), milk and dairy products (78.3 percent).

Cattle inventory of specific beef and mixed breeds produced through breeding with specific breeds amounted to approximately 2.4 million heads (+8.3 percent).

Fisheries industry development

Structure of the fisheries industry

In 2014, Russian users harvested over 4.2 million MT (-1.9 percent) of aquatic bioresources throughout the high seas and the internal freshwater bodies.

The Exclusive Economic Zone of Russia documented an increase in the harvest levels of aquatic bioresources, namely: Pacific saury (+23 percent up to 64,000), squid (+34.7 percent up to 110,700 MT), and crab (+13.9 percent up to 57,400 MT).

Total imports of fish products to Russia dropped by 12.8 percent to 884,800 MT.

The volume of gross value added in the fisheries industry increased by 10.8 percent to 124.3 billion rubles in 2014.

The turnover of fisheries organizations and fish farms totaled 170.1 billion rubles (+18,5 percent).

Aquaculture development

In 2014, organizations of all types of ownership, released over 9.8 billion juvenile fish and larva of aquatic biological resources, including valuable and highly valuable species, into the bodies of water that present commercial fishing significance, which includes 2.2 billion that were funded from the federal budget through Federal State Budgetary Enterprises (FGBU), 5.9 billion were supported by contracts signed with the state authorities, 0.2 billion were covered by the compensation payments, and 1.5 billion by the internal funds of the organizations.

In 2014, organizations of all types of ownership released over 60.5 million fish of sturgeon species, over 1.07 billion fish of salmon species, approximately 993.5 million fish of whitefish species, approximately 7.7 billion fish of ordinary fish species, over 36.8 million fish of phytophagous and other fish species into the bodies of water that present commercial fishing significance.

Preliminary figures indicate that in total, approximately 160,000 MT of commercial fish and other aquatic species for human consumption were raised by Russian Federation fish farms in 2014.

Science and innovations

In 2014, the Russian fishery science put together the feasibility evaluation of the aquatic bioresources harvest levels for 638 commercial fish stock units in the Russian marine waters and approximately 120 units in the Russian traditional fishing grounds in the high seas. Harvesting of approximately 1,000 commercial stock units was validated for the internal freshwater bodies. Over 1,500 expeditions were completed in the Russian Federation zone and the foreign state zones.

Protection and monitoring

Based on the monitoring and supervision of activities in 2014, Rosrybolovstvo (the Federal Fisheries Agency) regional administrative officials detected approximately 130,000 violations of laws regulating fisheries and conservation of aquatic bioresources and their habitat in the internal bodies of water of the Russian Federation.

Violators were fined in the amount of approximately 429 million rubles. Over 3,700 appeals with the materials attached were filed to the investigating authorities to initiate criminal cases.

Aquatic biological resources illegally harvested totaled 718 MT, over 218,000 units of fishing gear, including over 130,000 units of netting gear more than 6,000 km long, and almost 25,000 transport vehicles were confiscated from violators of the fisheries law.

The key performance indicators, monitoring and surveillance, increased approximately 1.2-1.3 fold.

Port operations

As of December 31, 2014, according to the industry-based monitoring system, there was an increase in the amount of fish products delivered to the Russian shore via port terminal berths, for a total of over 1.3 million MT (+4.7 percent).

Support to small business

In 2014, approximately 4.75 billion rubles were allocated from the federal budget to subsidize long-term, medium-term and short-term loans borrowed by small businesses.

In 2014, the federal budget allocated 1.9 billion rubles, regional and local budgets dedicated 1 billion rubles and private farms raised 0.3 billion rubles to support new farmers.

New farmers will create over 6,000 new permanent jobs in the countryside during the grant availability period (18 months).

Approximately 1.4 billion rubles were allocated under the federal budget in 2014 to support private farms engaged in developing family livestock farms, 1.6 billion rubles were allocated by the regional and local budgets to implement measures aimed to support new farmers, and the private farms contribution totaled 1.7 billion rubles.

The average grant offering to a family livestock farm increased by almost 8 percent in 2014, compared with the previous year. This was due to the increase in the cost of construction materials, farm livestock, agricultural machinery and equipment.

It is expected that family livestock farms, that received grant support in 2014, will create 60,300 livestock stalls where 15,300 of those will be cattle (including 9,000 dairy cattle).

Technology and engineering modification, innovative development

The total amount of subsidies for agricultural machinery manufacturers amounted to about 1.6 billion rubles, which ensured the supplies of over 3,000 units of machinery to agricultural producers in 2014. Overall, approximately 20,300 units of major machinery were acquired.

Results of the Federal Target Programs implementation

Federal Target Program “Sustainable Development of Rural Territories in 2014-2017 and until 2020”

The Russian Federation constituent entities built (acquired) approximately 1.3 million m² of housing for citizens residing in rural areas, including over 645,500 m² for young families and young professionals.

Over 3,000 km of gas distribution network and approximately 2,400 km of local water supply lines were put into operation. Provision of gas supply to residential houses (apartments) in the countryside from the gas distribution network went up to 57.4 percent, and potable water supply to the rural population reached 60.2 percent.

Open student positions reached 5,160 in the inquiry period.

Medical and obstetric stations and/or general practice doctor offices put into operation totaled 174. The growth of the rural population with access to medical and obstetric stations and/or general practice doctor offices equaled 91,700 people (+34.1 percent).

Flatwork sports facilities put into operation were 155,700 m² (2.4 times increase). The growth of rural population with access to flatwork sports facilities equaled 88,900 people (2.7 times increase).

Completed comprehensive site improvement projects for compact building in the rural areas totaled 18. Over 3,000 houses with total of 296,100 m² were built on the sites improved as part of the comprehensive development projects.

Projects completed based on local initiatives of grant recipients residing in rural areas totaled 130.

A total of 29,100 jobs were created in the countryside.

Federal Target Program “The Russian Farm Land Reclamation Development in 2014-2020”

The program was a follow-up of the reclamation system modernization course adopted by the Russian Government.

As a result of a set of reclamation activities, crop output on the farm lands increased by 15.6 percent. It was noted that the amount of the withdrawn farm land area that was drawn back into agriculture quintupled (from 35,000 to 177,100 ha).

Protection and conservation of 148,200 ha of farm land area against wind erosion and desertification ensured environmental benefits.

As a result of flood-protection works, 155,100 ha of farm land area, rural territories and also significant infrastructural assets were prevented from water erosion, waterlogging and flooding. This effect exceeded the program goals threefold. The efforts were especially important in light of the abnormal flood levels observed over the last two years in the regions of the Far East and Siberian Federal Districts.

Regarding “the capital investments” program line, 12 retrofitted hydro land reclamation systems and facilities were put into operation in 2014 in Altai, Buryatia and Mari El Republics, Stavropolski Krai, Vladimirskaya, Kirovskaya, Moskovskaya, Novgorodskaya, Saratovskaya, and Tverskaya oblasts. The facilities will help to prevent withdrawal from agriculture of approximately 69,000 ha of farm land and protect over 5,000 ha from water erosion, waterlogging and flooding. Overall, 103 state-owned hydro land reclamation sites that present the utmost importance for AIC were upgraded using federal investments in the amount of more than 5 billion rubles.

Social impact may be reflected in the 2.5 times increase in the number of existing and newly created technology intensive jobs – up to 24,000.

Approved Resolutions of the Government and adopted Federal Laws

The important outcome for 2014 of the agri-industrial complex and fisheries industries was the fact that the Resolutions of the Government [dated December 18, 2014 No. 1416](#) and [dated December 19, 2014 No. 1421](#) approved the amendments made to the State Program of Agricultural Development and Regulation of Agricultural Markets, Raw Materials and Food in 2013-2020, the [Fisheries Industry Development State Program](#), and also the following federal laws were adopted:

“Concerning the Introduction of Amendments to the Federal Law “On the Financial Rehabilitation of the Agricultural Producers” (as it pertains to the further participation of agricultural producers in the financial rehabilitation program);

“Concerning the Accession of the Russian Federation to the Convention on the Conservation and Management of High Seas Fisheries Resources in the North Pacific Ocean”;

“Concerning the Amendments to the Code of Administrative Offences of the Russian Federation” (as it pertains to the increase of administrative fines for the noncompliance with the use of farm land in accordance with the intended purpose);

“Concerning the Introduction of Amendments to the Federal Law “On Agriculture Development” (as it pertains to the distribution of the state support to organizations and individual entrepreneurs engaged in the primary and/or further (industrial) processing of agricultural products) and others.

Action plan (Road Map) on measures to facilitate the import substitution process in agriculture in 2014-2015 was approved in October. It calls for the improvement of regulations related to ensuring food security in the Russian Federation and the accelerated import substitution.

The Concept of Internal Food Aid Development in the Russian Federation was approved.

End Unofficial Translation.