

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Agricultural Situation

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Report Highlights:

According to the MinAg's draft Annual Report on implementation of the 5-year Agriculture Development Program in 2010, the Program's targets for 2010 were not reached because of the drought. However, additional government support enabled the growth of poultry and pig breeding to exceed target levels.

General Information:

On April 20, 2011, Russia's agricultural commission approved the Ministry of Agriculture's (MinAg's) draft annual report on the implementation of the 5-year Agriculture Development Program. When the government approves the report, it will be posted on the web-site of the Ministry of Agriculture. The previous report (results of 2009 and prospects for 2010) was issued in June 2010^[i].

Viktor Zubkov, the First Deputy Prime Minister, who chaired the meeting of the agricultural commission, pointed out that because of the unprecedented drought the total volume of agricultural production in 2010 was by 16 percent lower than the Program's target. Most of the program's targets for crop production were not reached. In the livestock industry the increases in milk production and pedigree breeding were also lower than the targets. In 2010 the government adopted special measures to support agriculture and increased loans by 25 billion rubles (\$833 million) and subsidies by 10 billion rubles (\$333 million). The Government also increased the Charter Capital of the state owned bank, Rosselkhozbank, and the state owned agricultural equipment supply company, Rosagroleasing, by a total of 7 billion rubles (\$233 million). This money allowed poultry and pig breeding to escape the drought unscathed. Rates of growth of these industries in 2010 were 11 and 6 percent respectively, and exceeded the Program's target for 2010. The government also extended payments for the subsidized-interest-rates loans for three years and decreased railway tariffs for movement of grain from the grain abundant to the grain deficit regions in Russia. According to V. Zubkov, the government measures provided for financial stability for the farming sector in 2010, and the average farmers' profitability (rentabelnost) decreased only slightly: to 8.3 percent from 9.4 percent in 2009.

^[i] For more information on the last year's report see GAIN RS1106 Agriculture Development Program in 2010 and Priorities for 2011 _ Moscow _ Russian Federation _ 1/26/2011