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Russian Food Security Doctrine Reemerged

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Report Highlights:

Russian President Dmitriy Medvedev ordered the Government to prepare by April 2010 a proposal for guaranteeing Russia's food security. The proposal shall be based on the Russian National Food Security Doctrine that was discussed and approved at the meeting of the National Security Council on December 4, 2009.

General Information:

Food Security Doctrine Adopted by the National Security Council

On December 4, 2009, the Russian President Dmitriy Medvedev conducted a meeting of the National Security Council devoted to the preparation of Russia's Doctrine of Food Security (Doctrine). The Deputy Prime Minister Viktor Zubkov presented the Doctrine to the Council, and

the Council approved it. The Doctrine sets Russia's food self-sufficiency targets, and the main measures to reach them. Meantime, President Medvedev ordered the Government to prepare by April 1, 2010, a proposal aimed at implementing this Doctrine. The proposal focuses on upgrading the quality of Russia's agricultural production and the replacement of imports with domestic products.

A year ago the Russian Ministry of Agriculture developed a draft of the National Food Security Doctrine (for more information see GAIN report RS8089 _ Agricultural Situation _ Russia: Doctrine of Food Security). The President was planning to sign the Doctrine in the beginning of 2009, but the adoption of doctrine was postponed due to the economic crisis and the necessity to coordinate this doctrine with other ministries and agencies. The present Doctrine does not specify a budget or actual measure to achieve its targets; therefore, mass media called the present Doctrine an "ideology document". The presentation to the National Food Security Council is published on the Ministry of Agriculture's web-site <http://www.mcx.ru/news/news/show/3698.htm>

Food Security Doctrine Targets

The Doctrine sets the required minimum of self-sufficiency targets for the major food products: 85 percent in meat sector, 90 percent in milk sector, 80 percent in sugar and vegetable oil sectors, 95 percent in potato and grain sectors (Table 1). The Doctrine outlines the agricultural policy directions to reach these targets, such as import replacement measures in meat, milk and sugar sectors, and consumption and exports enhancement measures in the grain sector.

Table 1. Share of Domestic Production in the Russian Market by Product Groups, percent

	2008 actual	2012 (forecast)	Doctrine Target
Meat	61.2	76.5	85.0
Milk	77.8	78.5	90.0
Sugar	56.1	68.8	80.0
Vegetable oil	65.1	79.3	80.0
Potato	99.1	99.4	95.0
Grain	99.4	99.5	95.0

Source: Ministry of Agriculture

Production, Supply and Distribution Balances 2008-2012

For each product group the Ministry of Agriculture developed current and forecast production, supply and distribution balances through 2012, and outlined policy directions to reach the target balances. The balances were agreed upon with the Russian Ministry of Economic Development. The Ministry of Agriculture and the Russian Government already implemented some special programs (i.e. Program of Development of Beef Cattle Breeding in Russia in 2010-2012, Program of Development of Dairy Cattle Breeding in Russia in 2010-2012, Interest Rates Compensation Programs, Grain Interventions, etc)^[1] which will help to reach the proposed food security goals. The Doctrine, however, does not secure funding for future programs.

Please note that all figures in the balances below are taken from the Russian Ministry of Agriculture's web-site, and may not balance.

Meat Sector

Table 2. Meat and Meat Products Balance, CY 2008 – 2012, in 1,000 Metric Tons

	2008 (reported data)	2009 (estimate)	2010 (forecast)	2011 (forecast)	2012 (forecast)
Supply					
Beginning of year stocks	733	750	648	558	556
Production	6,268	6,687	7,010	7,340	7,816
Imports	3,249	2,500	2,200	2,000	1,850
TOTAL Supply	10,250	9,937	9,858	9,898	10,222
Distribution					
Non-food	54	58	60	61	61
Losses	15	11	10	10	10
Exports	81	80	80	81	85
Human consumption	9,350	9,140	9,150	9,190	9,380
TOTAL Distribution	9,500	9,289	9,300	9,342	9,536
End of year stocks	750	648	558	556	686
Share of imports in supply, %	31.7	25.2	22.3	20.2	18.1

Source: Ministry of Agriculture of the Russian Federation

The Doctrine envisages that in the meat sector domestic production will be replacing imports due to the following developments in the Russian meat market, and the following government policy:

- increasing programs for the development of provincial livestock and poultry production. Such provinces as Belgorod, Lipetsk, Leningrad, Penza, Omsk oblasts and Altay, Mordovia, Adygeya, Kalmykiya and Mary-El republics, already produce significantly more meat than they consume, and they will be the core territories for development of Russia meat production;
- further development of federal programs aimed at increase of domestic livestock production;
- import restrictions, like the decrease of meat import quotas in course of 3 years. The Ministry of Agriculture plans to drastically cut imports' by 2012 in order to meet Doctrine's parameters.

Milk and Dairy Sector

Table 3. Milk and Dairy Products Balance, CY 2008 – 2012, in 1,000 Metric Tons

	2008 (reported data)	2009 (estimate)	2010 (forecast)	2011 (forecast)	2012 (forecast)
Supply					
Beginning-of-year stocks	1,926	2,097	2,105	2,093	2,022
Production	32,363	32,430	32,550	32,700	32,950
Imports	7,315	7,100	7,000	7,000	7,000
TOTAL Supply	41,604	41,627	41,655	41,793	41,972
Distribution					
Non-food	4,309	4,350	4,370	4,400	4,450
Losses	21	22	22	21	21
Exports	613	600	600	650	700
Human consumption	34,563	34,550	34,570	34,700	35,000
TOTAL Distribution	39,507	39,522	39,562	39,771	40,171
End of year stocks	2,097	2,105	2,093	2,022	1,801
Share of imports in supply, %	17.6	17.1	16.8	16.7	16.6

Source: Ministry of Agriculture of the Russian Federation

In the milk and dairy sector imports (including imports from Belarus) replacement will be based on the following measures:

- increasing programs developing dairy herds;
- support for family dairy farms;
- economically feasible provincial programs aimed at stimulation of milk production;
- tariffs regulation which increase tariffs on imported dairy products;
- state interventions in 2010 for sterile milk, creamy butter, and hard cheeses

The Ministry of Agriculture envisages that such provinces as Mordovia republic, Alay kray and Vologda oblast, which specialize in dairy cattle farming and already produce more milk than consume, will be the core territories in increasing Russian milk production and in replacing imports.

Sugar Sector

Table 4. Sugar Balance, CY 2008 – 2012, in 1,000 Metric Tons

	2008 (reported data)	2009 (estimate)	2010 (forecast)	2011 (forecast)	2012 (forecast)
Supply					
Beginning of year stocks	2,850	2,917	2,405	2,045	1,566
Production	5,873	4,859	5,040	4,950	5,151
- from sugar beet	3,481	3,109	3,290	3,450	3,651
- from raw sugar	2,391	1,750	1,750	1,500	1,500
Imports of white sugar	165	179	180	180	180
TOTAL Supply	8,888	7,955	7,625	7,175	6,898
Distribution					
Non-food	450	250	250	250	300
Exports	54	50	80	80	80
Human consumption	5,467	5,250	5,250	5,279	5,297
TOTAL Distribution	5,971	5,550	5,580	5,609	5,677
End of year stocks	2,917	2,405	2,045	1,566	1,221
Share of sugar from beets in domestic supply, %	56.1	60.8	63.3	66.7	68.8

Source: Ministry of Agriculture of the Russian Federation

The Ministry of Agriculture plans that in the sugar sector imports will be replaced with domestic production due to government support of domestic sugar production and sugar industry in the following directions:

- support of domestic production of sugar beet;
- support in construction and modernization of sugar refineries;
- development of planting seed production;
- tariff regulations

Grain Sector

Table 5. Grain Balance, CY 2008 – 2012, in 1,000 Metric Tons

	2008 (reported data)	2009 (estimate)	2010 (forecast)	2011 (forecast)	2012 (forecast)
Supply					
Beginning of year stocks	43,250	65,801	65,334	61,269	59,984
Production	108,182	93,000	95,000	100,000	105,000
Imports	959	1,000	900	850	800
TOTAL Supply	152,391	159,801	161,234	162,119	165,784
Distribution					
Domestic Consumption	73,453	75,484	77,751	78,629	80,172
including:					
- Food	17,887	18,000	18,100	18,200	18,300
- Feeds	40,670	42,075	44,243	44,813	46,000
- Seeds	11,347	11,550	11,568	11,616	11,712
- Industrial processing	2,600	2,650	2,700	2,800	2,900
- Losses	949	1,192	1,140	1,200	1,260
Exports	13,594	19,000	22,214	23,506	25,764
TOTAL Distribution	86,590	94,484	99,965	102,135	105,936
End of year stocks	65,801	65,334	61,269	59,984	59,848

Source: Ministry of Agriculture of the Russian Federation

The current level of domestic grain production exceeds the domestic demand in grain. Thus, in this segment Ministry of Agriculture sets the following tasks:

- to support development of grain infrastructure and logistics;
- to develop domestic demand in grain (especially livestock and poultry sector's demand),
- to support grain exports;
- to guarantee price stability in the grain market through mechanisms of grain interventions and grain pledge operations

Vegetable Oil and Potato Sectors

The Ministry of Agriculture's presentation of the Doctrine does not provide balances on vegetable oil and potatoes. On potatoes the presentation only remarks that domestic production covers 99 percent of domestic demand in potato, while the Doctrine's target is only 95 percent.

Main Directions of Implementation of the Doctrine

The Doctrine will be utilized through the following major government activities:

- System of permanent monitoring of the status of Russia's food security;
- State program of development of agriculture and regulation of agricultural and food markets;
- Program of development of infrastructure and logistical support of agrarian markets;
- Custom-tariff regulation of imports, interventions, support of exports;
- Program of Russia's participation in the international cooperation in the field of agriculture and global partnership;
- System of social food and nutrition

Comments

The Doctrine is a framework document, and does not ensure concrete government programs in different segments of domestic agriculture, food industry and trade. Some of the programs aimed at increase of domestic production and regulation of domestic markets already exist. These and possibly some new programs aimed at meeting the Doctrine's targets might be approved by April 2010, in accordance with President Medvedev's instructions. However, the parameters of the Doctrine have already been agreed upon with the Russian Ministry of Economic Development, and might become the basis for development of domestic and foreign trade policy of this Ministry even before the adoption of special programs.

^[1] These government programs are described in the Moscow Post 's commodity reports, like GAIN reports RS9073 Grain and Feed December Update, RS9072_Grain Procurement Interventions in November 2009, RS9060_Beet Sugar Production Down in MY 2009/10, RS9059 _Livestock and Products Annual, RS9054 Poultry and Products Annual, RS9035 _ Dairy Semi-Annual Report.