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Union State Agrees to Common Agricultural Policy

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Policy and Program Announcements

Livestock and Products

Poultry and Products

Sugar

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Report Highlights:

On December 22, 2010, Russian and Belarusian Ministries of Agriculture agreed to a Common Agricultural Policy of the Russia-Belarus Union State as well as established 2011 import quotas for dairy, meat and poultry, and sugar, in accordance with also agreed Union State food balance sheets.

General Information:

Press sections of the Russian and Belarus Ministries of Agriculture reported that a joint meeting between the two Ministries was held in Minsk on December 22, 2010. The meeting addressed two questions: "On the Concept of the Common Agricultural Policy of the Union State" and "On coordination of the supply and demand forecast of the Union State for milk and dairy products, meat and meat products, and sugar in 2011." In accordance with the balance sheets, Russia and Belarus agreed to terms on 2011 import quotas for dairy, meat and poultry, and sugar.

Common Agricultural Policy of the Russia-Belarus Union State

As reported by the Belarusian Ministry of Agriculture, "Implementation of the main directions of agrarian policy requires synchronization of price, credit and finance, tax, insurance, and customs policy of the Union State; a consistent system of state support to producers; and the mutual attraction of investment in agriculture and processing industries of the agro-industrial complex." See translation below for the full details of the Union State's planned integration, including commitments on trade-distorting domestic support.

Dairy Quotas

In 2011, Belarus will ship Russia 3.6 million MT (milk-equivalent) of dairy products, including 65,000 MT of non-fat dry milk; 20,000 MT of whole milk powder; 50,000 MT of concentrated milk; 8,000 MT of dry dairy whey; 70,000 tons of cream butter; 125,000 MT of cheese and curd; and 300,000 MT of other dairy products. The shipments will be distributed evenly throughout the year. In return, Russia will ship Belarus 40,000 MT (milk-equivalent) of unspecified dairy products.

Meat and Poultry Quotas

In 2011, Belarus will ship Russia 210,000 MT (meat-equivalent) of meat and poultry, including 130,000 MT of beef; 20,000 MT of pork; 15,000 MT of poultry; and 45,000 MT of other meat products. Quotas on meat and poultry between Russia and Belarus are newly established in 2011.

Sugar Quotas

In 2011, Belarus will ship Russia 200,000 MT of refined sugar. The shipments will be distributed evenly throughout the year. In return, Russia will ship Belarus 100 MT of refined sugar.

News of the Ministry of Agriculture and Food of the Republic of Belarus

<http://mshp.minsk.by/news/caa000fe4206b7da.html>

On December 22, 2010 Minsk hosted a joint meeting of the Board of the Ministry of Agriculture and Food of Belarus and the Ministry of Agriculture of the Russian Federation.

The meeting addressed two questions: "On the Concept of the Common Agricultural Policy of the Union State" and "On coordination of the supply and demand forecast of the Union State for milk and dairy products, meat and meat products, and sugar in 2011."

On the first issue the Board decided: to approve the concept of a common agricultural policy of the Union State.

The concept of a common agricultural policy of the Union State was developed pursuant to paragraph 2.3.5 of the Joint Action of the Government of the Republic of Belarus and the Russian government to minimize the effects of financial crisis, improve the parameters of the balance of payments, improving the business environment and bilateral trade, approved by Decree of the Supreme State Council of the Union State dated February 3, 2009, #1.

The Document was finalized taking into account comments made during the discussion at the joint working meetings, as well as the rules of the Agreement on common rules of state support for agriculture, prepared under the formation of the regulatory framework of the Common Economic Space of Belarus, Kazakhstan and the Russian Federation.

The main purpose of the Common Agricultural Policy of Russia and Belarus as defined in the Concept is the sustainability and efficiency of development of agriculture, provision of food, the stabilization of markets for goods and services based on:

- mutually beneficial trade;
- adoption of production capacity for the needs of domestic and foreign markets;
- stimulation of innovative development of the industry;
- maintaining the competitiveness of producers and industry;
- development of rural territories;
- protection of environment.

The main directions of agrarian policy were defined as the following:

- to insure food security in the both countries;
- to increased economic stability and sustainability of national agricultural producers;
- to develop food product markets by stimulating market demand and supply for agricultural products and food;
- to develop agreed positions regarding international economic relations with third countries;
- to create economic conditions for mutually beneficial investment projects;
- to harmonize regulatory frameworks;
- to focus on the development of market relations and state regulations adequate to the situation;
- to avoid restrictive measures in the mutual supply of food (except for cases of violation of existing norms of technical regulations).

Implementation of the main directions of agrarian policy requires synchronization of price, credit and finance, tax, insurance, and customs policy of the Union State; a consistent system of state support to producers; and the mutual attraction of investment in agriculture and processing industries of the agro-industrial complex.

State support for agriculture provides the following mechanism for its provision:

- measures which do not have distortionary effects on intra-trade in agricultural products are applied without restrictions;
- it is forbidden to use measures that are most distorting for mutual trade by agricultural commodities;
- application of measures having a distorting effect on mutual trade by agricultural commodities are limited by 10% of the gross value of agricultural products. Six-year transition period is set for the Republic of Belarus.

The main directions of the State support were identified during the meeting:

- With regard to the development of balances forecast, it is proposed to use a wide range of development indicators of national agro-industrial complexes, taking into account opportunities to export and needs to import agricultural products, raw materials and foodstuffs. It is also proposed to develop the consolidated forecast balance of the Union State, which will be the basis for determining the indicators of the national agro-industrial complex development forecasts.
- Introduction of a unified system of technical regulation, standardization, and certification of products on the market of the Union State is also envisaged. These trends are consistent with the normative documents drawn up within the Customs Union of Belarus, Kazakhstan and the Russian Federation.
- Significant role in the integration of agro-industrial complexes of Russia and Belarus plays formation and functioning of the common agricultural market, which is a system of measures and mechanisms to regulate trade by agricultural products, raw materials and food, means of production and services for agriculture, based on the Common Agricultural Policy, a contractual relationship, providing financial, economic, legal, and information and technological conditions.
- Common agricultural market should contribute to creating an environment that encourages improved competitive advantage of agricultural systems of the Union State. This requires further improvement of the mechanism of its formation and operation, including the development of food markets in view of advancing the interests of the Union State and to create conditions for joint investment and innovation projects.
- It is proposed to form a common agricultural market step-by-step, by applying the basic principles of the Customs Union and Common Economic Space with the gradual inclusion in the system of the market of separate product segments, with targeted infrastructure development and use of various methods of its regulation.
- Implementation of key provisions of the Common Agricultural Policy of the Union State will enhance the efficiency of agriculture by creating a competitive environment, the introduction of economic mechanisms of regulation of mutual trade, improving rural livelihoods.

Following consideration of the second issue it was decided to approve forecasts of supply and demand of the Union State for milk and milk products, meat and meat products, and sugar in 2011, developed by the Ministry of Agriculture and Food of Belarus and the Ministry of

Agriculture of Russia, and if necessary, in agreement between the Ministries to implement an adjustment taking into account the actual 2010 numbers.

It was stressed during the meeting, that the approval of the forecast balance sheets helps to stabilize the situation on the food markets.

The demand and supply balances forecasts of the Union State on the major types of products are developed every year since 1997. Ministry of Agriculture of Russia, Ministry of Agriculture of the Republic of Belarus and the Ministry of Economy developed in the framework of this activity the forecast balance sheets for 2011 on the three major types of agricultural and food products: meat and meat products, milk and dairy products, and refined sugar.

State and customs statistics data were used in drawing up the balances as well as targets of the state programs for agricultural development and regulation of the agricultural products, raw materials and food markets in 2008 - 2012 (Russia) and Rural Development for 2011-2015 (Belarus). In accordance with the established balance sheets for 2011, reciprocal deliveries are planned in the following amounts:

1. Milk and dairy products (milk-equivalent):

- from the Russian Federation to the Republic of Belarus – 40,000 MT;
- from the Republic of Belarus to the Russian Federation – 3,600,000 MT, including the types of products:

Name of product	Non fat dry milk	Whole milk powder	Concentrated milk	Dry dairy whey	Dairy Butter	Cheese and curd	Other dairy products
Shipments, 1,000 MT	65	20	50	8	70	125	300

A uniform distribution by quarters is envisaged for the specified dairy products supply in 2011.

2. Meat and meat products (meat-equivalent):

- from the Russian Federation to the Republic of Belarus – 1,500 tons;
- from the Republic of Belarus to the Russian Federation – 210,000 tons, including separate kinds of meat:

Name of product	Beef	Pork	Poultry	Other meat products
Shipments, 1,000 MT	130	20	15	45

3. Sugar:

- from the Russian Federation to the Republic of Belarus – 100 tons;
- from the Republic of Belarus to the Russian Federation – 200,000 tons.

A uniform distribution of supply of sugar is envisaged on a quarterly basis, by 50,000 MT, during 2011.

The information can be found on the relevant Ministry of Agriculture websites in Russian:

- Russia: <http://www.mcx.ru/news/news/show/4339.178.htm>;
- Belarus: <http://mshp.minsk.by/news/caa000fe4206b7da.html>