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Report Highlights:

Russia increased red meat imports 10.8 percent during the first half of 2008 and is expected to increase domestic pork production in coming years. Beef production is expected to decrease two percent in 2009. Imports of live pigs for slaughter increased 30 percent in the first quarter of 2008 as exporters sought to avoid import TRQ limitations. Pork production is expected to increase 7% in 2009, largely due to growing investment in swine production, better reproductive yields, greater availability of investment credit subsidies, and a high grain yield in 2008. Livestock policies under the State Program for Development of Agriculture and Regulation of Food and Agricultural Markets in 2008-2012 encourage swine production and attempt to address Russia's declining cattle numbers. Russia and the United States agreed on several new veterinary certificates for live animals and livestock genetics. Russia is in the process of amending its veterinary, phytosanitary, and sanitary regulations.

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Moscow [RS1]
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Executive Summary

Russia's red meat imports increased 10.8% during the first five months of 2008, up from 518,800 tons imported during the same period of 2007.¹ Poultry imports increased 7.5% during the first five months of 2008, up from 426,900 tons imported during the same period of 2007. Unless Russian meat and poultry import regulations change, over-quota imports are projected to increase in 2008 and 2009. Imports of live pigs for slaughter increased 30% in the first quarter of 2008 as exporters sought to avoid import TRQ limitations. Supplies of live animals in Western Europe have been largely exhausted, and importers are turning to Australia, Canada, and now the U.S.

Potential investors in Russian cattle production are deterred by historically negative financial returns, and beef production is expected to decrease 2% in 2009. Pork production is expected to increase 7% in 2009, largely due to growing investment in swine production, better reproductive yields, greater availability of investment credit subsidies, and a high grain yield in 2008. Livestock policies under the State Program for Development of Agriculture and Regulation of Food and Agricultural Markets in 2008-2012 encourage swine production and attempt to address Russia's declining cattle numbers.

In May 2008 Russia and the United States agreed on several new veterinary certificates for livestock genetics, including for live cattle and bovine embryos. Appropriate Russian agencies changed food safety regulation for food additives, organic food, poultry chlorine treatment, and others.

Production

The Federal State Statistics Service (Rosstat) reported that as of July 1, 2008, there were 17.4 million hogs, 1% fewer than in 2007. In 2007 the swine herd totaled 17.6 million hogs, a 9.9% increase from 2006. In Russia, private plots generated 49% of cattle, 43% of swine, and 50% of sheep and goats at the end of June 2008. Rising input prices significantly affect small Russian producers, because private households have a limited ability to pass on higher costs to consumers. Total profits in the Russian pork industry are falling, and competition is becoming fiercer. More-profitable, vertically integrated companies are increasing their market share as they absorb less-efficient producers.

Falling grain prices will drive herd growth-potential, allowing farmers to increase their pig herds. Swine production is expected to increase 7% to 44.4 million pigs in 2009. In 2008 swine production is expected to increase 7% over the previous year due to unexpectedly high reproductive yields and an anticipated record grain yield. Some meat market analysts predict that as new and modernized pig farming complexes reach planned capacity, pork production will grow 75% from 2008 to 2012. Under the National Priority Projects, the Russian government hopes to increase annual domestic pork production to 2.4 MMT by building multiple new pork production facilities. Domestic livestock production is currently cost prohibitive due to unreasonably high production costs, feed conversion ratios, and rising energy prices. This may change in 2008 as a record-setting grain yield results in lower feed prices. Lower input costs and higher meat prices may make pork production more cost-effective.

In keeping with a long decline in the cattle sector, low productivity and reproductive inefficiency are expected to decrease cattle herds 3% in both 2008 and 2009. Beef production is forecast to fall 3% in 2008 and another 2% in 2009. While Russia has started

¹ Data included in this report are not official USDA data. Official USDA data are available at <http://www.fas.usda.gov/psdonlineonline>.

to develop a commercial beef cattle industry, it will not play a significant role in beef production in the near future. Dairy cattle, including bull calves and spent dairy cows, remain the primary source of domestic beef. Making beef an attractive area for investment in Russia remains a challenge.

According to Rosstat, Russia boosted production of basic food items in 2008. Processed meat production increased 18% to 1.1 million tons from January to May 2008. Sausage production increased 8.6% to 965,000 tons, and canned meat increased 13.5% in the same period. Production of all processed meat and meat products increased 7.7% in the first half of 2008 over the same period of 2007. Meat and offal processing increased 14%, including a 0.5% increase in pork, a 4% decrease in beef, and a 21.4% increase in poultry. Production of semi-ready products increased 11%, and sausage production increased 4%.

PSD Tables

PSD Table: Cattle									
Country	Russian Federation								
Commodity	Animal Numbers, Cattle						(1000 HEAD) or (PERCENT)		
	2007	Revised		2008	Estimate		2009	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01.2007			01.2008			01.2009	
Total Cattle Beg. Stocks	19000	18695	19000	18370	0	18370	0	0	17815
Dairy Cows Beg. Stocks	9500	9250	9500	9400	0	9200	0	0	8955
Beef Cows Beg. Stocks	0	0	0	0	0	0	0	0	0
Production (Calf Crop)	7310	7110	7310	7280	0	7100	0	0	6970
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	75	60	75	75	0	75	0	0	75
Total Imports	75	60	75	75	0	75	0	0	75
Total Supply	26385	25865	26385	25725	0	25545	0	0	24860
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	1	5	1	0	0	0	0	0	5
Total Exports	1	5	1	0	0	0	0	0	5
Cow Slaughter	1450	1440	1450	1430	0	1400	0	0	1370
Calf Slaughter	0	0	0	0	0	0	0	0	0
Other Slaughter	6500	6701	6500	6470	0	6280	0	0	6120
Total Slaughter	7950	8141	7950	7900	0	7680	0	0	7490
Loss	64	80	64	70	0	50	0	0	40
Ending Inventories	18370	17639	18370	17755	0	17815	0	0	17325
Total Distribution	26385	25865	26385	25725	0	25545	0	0	24860
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0
Balance	0	0	0	0	0	0	0	0	0
Inventory Balance	-630	-1056	-630	-615	0	-555	0	0	-490
Inventory Change	-6	-6	-6	-4	0	-3	0	0	-3
Cow Change	-6	-6	-6	-3	0	-3	0	0	-3
Production Change	-6	-6	-6	-3	0	-3	0	0	-2
Production to Cows	77	77	77	77	0	77	0	0	78
Trade Balance	-74	-55	-74	-75	0	-75	0	0	-70
Slaughter to Inventory	42	44	42	43	0	42	0	0	42

PSD Table: Beef and Veal									
Country	Russian Federation								
Commodity	Meat, Beef and Veal			(1000 HEAD) or (1000 MT CWE) or (PERCENT) or (HEAD) or (KG)					
	2007	Revised		2008	Estimate		2009	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01.2007	01.2007		01.2008	01.2008		01.2009	01.2009
Slaughter (Reference)	7950	8141	7950	7900	0	7680	0	0	7510
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	1370	1380	1370	1340	0	1330	0	0	1300
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	1030	720	1030	1130	0	1110	0	0	1140
Total Imports	1030	720	1030	1130	0	1110	0	0	1140
Total Supply	2400	2100	2400	2470	0	2440	0	0	2440
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	8	5	8	8	0	8	0	0	8
Total Exports	8	5	8	8	0	8	0	0	8
Human Dom. Consumption	2352	2050	2352	2422	0	2392	0	0	2390
Other Use, Losses	40	45	40	40	0	40	0	0	42
Total Dom. Consumption	2392	2095	2392	2462	0	2432	0	0	2432
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	2400	2100	2400	2470	0	2440	0	0	2440
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0
Balance	0	0	0	0	0	0	0	0	0
Inventory Balance	0	0	0	0	0	0	0	0	0
Weights	172	170	172	170	0	173	0	0	173
Production Change	-3	-3	-3	-3	0	-3	0	0	-2
Import Change	12	12	12	12	0	8	0	0	3
Export Change	0	0	0	0	0	0	0	0	0
Trade Balance	-1022	-715	-1022	-1122	0	-1102	0	0	-1132
Consumption Change	3	3	3	3	0	2	0	0	0
Population	0	0	0	0	0	0	0	0	0
Per Capita Consumption	0	0	0	0	0	0	0	0	0

PSD Table: Swine									
Country	Russian Federation								
Commodity	Animal Numbers, Swine						(1000 HEAD) or (PERCENT)		
	2007	Revised		2008	Estimate		2009	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01.2007	01.2007		01.2008	01.2008		01.2009	01.2009
Total Beginning Stocks	17180	17610	17180	18187	0	18187	0	0	19520
Sow Beginning Stocks	3750	3800	3750	3975	0	3975	0	0	4240
Production (Pig Crop)	39150	39300	39150	41700	0	41700	0	0	44400
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	377	60	377	377	0	400	0	0	400
Total Imports	377	60	377	377	0	400	0	0	400
Total Supply	56707	56970	56707	60264	0	60287	0	0	64320
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	1	1	1	0	0	0	0	0	0
Total Exports	1	1	1	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0	0	0	0
Other Slaughter	34669	34450	34669	36910	0	37070	0	0	39520
Total Slaughter	34669	34450	34669	36910	0	37070	0	0	39520
Loss	3850	3679	3850	3800	0	3697	0	0	3800
Ending Inventories	18187	18840	18187	19554	0	19520	0	0	21000
Total Distribution	56707	56970	56707	60264	0	60287	0	0	64320
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0
Balance	0	0	0	0	0	0	0	0	0
Inventory Balance	1007	1230	1007	1367	0	1333	0	0	1480
Inventory Change	4	6	0	4	0	6	0	0	7
Sow Change	4	6	3	4	0	6	0	0	7
Production Change	5	6	4	5	0	7	0	0	6
Production to Sows	10,4	10	10,4	10,5	0	10,5	0	0	10,5
Trade Balance	-376	-59	-376	-377	0	-400	0	0	-400
Slaughter to Inventory	202	196	202	203	0	204	0	0	202

PSD Table: Meat, Swine									
Country	Russian Federation								
Commodity	Meat, Swine			(1000 HEAD) or (1000 MT CWE) or (PERCENT)					
	2007	Revised		2008	Estimate		2009	Forecast	
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New
Market Year Begin		01.2007	01.2007		01.2008	01.2008		01.2009	01.2009
Slaughter (Reference)	34669	34450	34669	36910	0	37070	0	0	39520
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	1910	1910	1910	2030	0	2040	0	0	2180
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	894	700	894	910	0	940	0	0	960
Total Imports	894	700	894	910	0	940	0	0	960
Total Supply	2804	2610	2804	2940	0	2980	0	0	3140
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	1	1	1	1	0	1	0	0	1
Total Exports	1	1	1	1	0	1	0	0	1
Human Dom. Consumption	2749	2555	2749	2884	0	2924	0	0	3084
Other Use, Losses	54	54	54	55	0	55	0	0	55
Total Dom. Consumption	2803	2609	2803	2939	0	2979	0	0	3139
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	2804	2610	2804	2940	0	2980	0	0	3140
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0
Balance	0	0	0	0	0	0	0	0	0
Inventory Balance	0	0	0	0	0	0	0	0	0
Weights	55	55	55	55	0	55	0	0	55
Production Change	0	4	4	6	0	7	0	0	14
Import Change	0	4	4	2	0	5	0	0	7
Export Change	0	0	0	0	0	0	0	0	0
Trade Balance	-893	-699	-893	-909	0	-939	0	0	-959
Consumption Change	0	4	4	4	0	4	0	0	12

Consumption

Thanks to rising incomes, consumer demand for meat is growing. Rising domestic production and imports continue to satisfy demand.

Trade

Several organizations import live cattle, live hogs, semen, and embryos under the National Priority Project in Agriculture. These include the State Agro-Industrial Leasing Company, Rosagroleasing (<http://eng.rosagroleasing.ru/>), Rosplem (ros-plem@mail.ru), Agroplemsoyuz (<http://www.agroplemsoyuz.ru/>), and several other companies. Supplies of live animals in Western Europe have been largely exhausted, and importers are turning to Australia, Canada, and the U.S for imported swine genetics. Outdated Russian swine genetics

offer a 4:1 feed conversion ratio and fat hogs that are unfit for processing. Western swine genetics offer better feed conversion ratios and leaner hogs. Cattle genetics are in high demand as higher dairy yields and daily weight gain can only be achieved through specialized breeds. In 2008 Russian cattle breeders started to import live cattle and embryos from the United States after agreement on veterinary protocols was reached.

Table 1. Russia: Live Animal Imports, Pure Breeding, by Country, in Head

Rank	Country	- NMB - 2005	- NMB - 2006	- NMB - 2007
0	--The World--	13,906	54,925	74,788
1	Germany	0	19,716	31,708
2	Netherlands	6,091	16,587	18,318
3	Australia	0	6,832	8,008
4	Austria	2,819	3,803	5,873
5	Canada	0	30	5,114
6	France	0	2,360	2,458
7	Denmark	3,754	3,808	1,827

Commodity	Number	Region	Origin	Date
Pigs	10,000 sows, seed stocks	Sverdlovsk oblast	Denmark	2008
Cattle	2,700	Pskov, S. Petersburg, Volgograd, Mordoviya	Australia	June, 2008
Dairy Cows	500	RFE	Australia	September 2008
Dairy Cows	1,650	Orenburg, Ryazan, Samara	Canada	July 2008
Holstin, Angus, Hereford	2,730	S.Pet,Pskov, Volgograd, Mordoviya	Australia	August 2008
Dairy cattle	1,400	Novosibirsk	Holland	2008
Swine	10,000	Sverdlovsk Oblast	Denmark	2008
Cattle (Hereford)	350	Tatarstan	Canada	November 2007
Cattle (Angus)	1,050	Tver Oblast	Canada	November 2007
Swine	240	Orenburg	Hungary	August 2007
Swine	1,000	Mordovia	U.K.	June 2007
Swine	1,200	Orel	Canada	June 2007
Cattle	3,680	Tyumen	Germany	May–June 2007
Beef and dairy cattle (Angus & Holsteins)	2,000	Tatarstan	Canada	May 2007
Swine	1,432	Kirov	Canada	May 2007
Cattle	1,780	Primorskiy Kray	Australia	April 2007
Cattle (Simmentals)	2,000	10 Oblasts	Germany	2007
Dairy cattle	2,000	Krasnodar	Australia	2007
Cattle	1,500	Kaluga	Canada	2007
Cattle	10,660	Bashkiriya	Germany, Holland, France, Austria	2007
Swine	2,337	Bashkiriya	Germany	2007
Sheep	1,638	Bashkiriya	Germany	2007
Horses	155	Bashkiriya	Germany	2007
Dairy cattle (Limousin)	750	Bashkortostan	France	2007

Source: Press reports and FAS Moscow contacts

Imports of Live Animals for Slaughter

Russia imports a significant volume of live pigs for slaughter in response to growing food prices and an urgent need for raw meat for processing. These imports are not limited by tariff rate quotas (TRQ). Live pig imports increased 30% in the first quarter of 2008 over the same period of 2007. Most of it - 92,000 head out of total imports of 109,048 head - came for slaughter, a 37% increase from 2007. Russia imported 59,410 hogs for slaughter from Lithuania - over half of total pigs imported for slaughter – an increase of 50% from the first quarter of 2007. Imports of purebred hogs fell from 6,941 in the first quarter of 2007 to

3,523 in the first quarter of 2008. Most imports during this period came from Hungary, Ireland, Poland and Denmark.

Rank	Country	CY 2005	CY 2006	CY 2007
0	--The World--	57,957	296,617	279,266
1	Lithuania	0	40,745	159,805
2	Estonia	1,595	61,120	47,302
3	Germany	0	0	21,425
4	Ireland	0	797	15,008
5	Hungary	0	2,518	14,585
6	Poland	55,456	188,232	9,124
7	Czech Republic	32	0	6,799

Source of data: World Trade Atlas

Russia Increased Meat Imports 10.8% in Jan-May 2008

The Federal Customs Service (FCS) reported that Russian meat imports, excluding poultry, increased 10.8% to 575,000 tons (worth \$1.511 billion) during the first five months of 2008, up from 518,800 tons (\$1.266 billion) imported during the same period last year. Poultry imports increased 7.5% to 459,000 tons (\$420 million) from 426,900 tons (\$330.8 million) in the same period of 2007. According to Russian importers, Russia increased over-quota imports in 2007 due to competitive prices on the world market. Over-quota imports should continue to increase in 2008 and 2009 unless Russia changes its meat and poultry import regulations.

HSC	Commodity	January-May 2007		January-May 2008	
		(1,000 MT)	Million USD	(1,000 MT)	Million USD
0201-0204	Meat	518,800	1,266	575,000	1,511
0207	Poultry	426,900	330	459,000	420
0302-0304	Seafood	352,700	544	361,300	604

Source: Russian Custom Statistic Service

Russian beef imports increased 3% during the first three months of 2008 in relation to 2007. From January to March 2008, frozen beef imports totaled 140,000 MT, 52% of which came from Brazil. Other significant suppliers of beef include Argentina, Uruguay, and Paraguay.

Table 5. Russia: Fz Beef Imports, HS 0202, Jan-Mar, 2006-2008, in Metric Tons

					% Change
Rank	Country	2006	2007	2008	08/07
0	--The World--	101,276	130,712	140,526	2.48
1	Brazil	51,340	85,341	74,257	-12.99
2	Argentina	25,611	27,103	23,153	-14.57
3	Uruguay	2,662	4,954	18,319	269.77
4	Paraguay	13,790	9,069	14,418	58.97
5	Australia	324	537	2,586	381.27
6	Ukraine	529	6,422	2,393	-62.74
7	Germany	1,699	1,385	1,250	-9.74

Source: World Trade Atlas

Russian pork imports increased 40% year-on-year during the first three months of 2008. From January to March 2008, fresh and frozen pork imports totaled 152,626 MT, 30% of which came from Brazil. Other significant suppliers of pork include the United States, Canada, Denmark, and Germany.

Table 6. Russia: Fresh or Fz Pork Imports, HS 0203, Jan-Mar, 2006-2008, in Metric Tons

					% Change
Rank	Country	2006	2007	2008	08/07
0	--The World--	96,672	108,905	152,626	40.15
1	Brazil	44,310	59,434	44,901	-24.45
2	United States	7,113	10,619	33,003	210.79
3	Canada	7,346	13,639	20,306	48.87
4	Denmark	15,817	8,700	17,224	97.97
5	Germany	5,253	6,243	10,290	64.81
6	France	1,282	695	6,720	865.85
7	Finland	4,321	2,502	4,165	66.43
8	Spain	1,109	1,737	3,639	109.46
9	Netherlands	1,578	1,490	3,245	117.72
10	Belgium	1,131	1,780	2,992	68.09

Source: World Trade Atlas

Russian Vet Service Inspects Ukrainian Meat Processing Plants

The Federal Veterinary and Phytosanitary Surveillance Service (VPSS) inspected 30 Ukrainian plants that wished to export livestock products to Russia in July 2008. Until July 2008, 26 meat and dairy facilities exported their products to Russia.

Beef Imports from Japan

Russia is considering importing beef from Japan under guarantees from Japan's veterinary service in the near future. Japan proposed 18 plants for approval, but Russia permitted exports from only three. Russia may send inspectors to Japan by the end of the year to inspect additional Japanese beef plants. During his visit to Japan in mid-August, Minister of

Agriculture Gordeyev said that Russia will buy from Japan the best cuts of marble beef, those traded at auctions at a starting price of \$10 per 100 grams.

Brazilian Meat Exports

Brazil hopes to increase the volume and quality of meat exports to Russia. According to the Brazilian Association of Meat, exporters experienced problems in 2007 because they increased export volumes at the expense of quality. Foot and Mouth restrictions lead to a further decline in Brazilian exports in the first quarter of 2008. Brazil consequently introduced new inspection forms to record meat origin and quality. According to the Association, after joint inspections, the number increased of approved facilities increased from 17 to 68 plants by June 2008. Exports from Brazil are expected to return to pre-FMD levels by the end of 2008.

VPSS Inspectors to Check Belarusian Meat Plants

On August 18 VPSS began inspecting meat and dairy plants in Belarus. Sixteen inspectors will inspect six new plants and 30 plants that have previously passed joint inspection. Beginning May 14, 2008, meat and dairy products exported from Belarus to Russia may only come from the 135 plants approved by VPSS. Belarus plans to export to Russia 55,000 MT of beef, 20,000 MT of pork, and 8,000 MT of poultry meat in 2008.

VPSS Starts an Experiment on Preliminary Notification

In an effort to reduce the length of veterinary inspections at the border, VPSS introduced an experimental procedure at customs in Kaliningrad Oblast, which covers Kaliningrad, Smolensk, Tver, Pskov, and Leningrad oblasts. Kaliningrad's regional Veterinary Directorate introduced a system of preliminary notification for rail shipments of livestock-origin products from the European Union to the Russian Federation. The exporter or importer was instructed to send electronic notification with scanned copies of the exporting country's veterinary certificate. Such shipments would get preference over those that did not provide preliminary notification, thus saving time at customs inspections. While this experiment takes place, existing clearance procedures will still be in force at other customs posts.

In 2007 Russian veterinary officials stated that they would soon impose a new electronic system to detect counterfeit veterinary certificates and reduce the smuggling of illegal livestock products into Russia. They cited an "increasing number of cases where accompanying documentation was filled with errors."²

Prices

Consumer prices have grown 9.3% since the beginning of 2008, a rapid increase compared to 6.6% during the same period of 2007. Experts forecast that inflation will reach 12.9% in 2008. The Economic Development Ministry raised its inflation forecast for the year from 10.5% to 11.8%. According to Rosstat, meat and poultry prices have increased 9.6% since January 2008, reaching an annual growth rate of 15.1%. Meat and poultry prices grew 1.6% in July alone. The trend of price increases for pork and beef – of both domestic and imported origin - will likely continue for the following reasons:

- ? World demand for agricultural products of plant and animal origin;
- ? Significant increase in input costs for meat and poultry production;

² Please see GAIN Report RS7067 for more information.

? High inflation in Russia;

? State interference into internal and foreign trade by non-market levers.

According to Minister Gordeyev, prices of livestock products should be stable and fair. The government, he said, should comply with the Federal Law on Agricultural Development, monitor price increases, and allocate compensatory subsidies in a timely manner. According to Minister Gordeyev, the government allocated 10 billion rubles (approximately \$400 million) in 2008 to subsidize pork and poultry production to prevent losses and make production profitable.

Beef wholesale prices increased sharply in fall 2007. For the most part, prices have increased for both domestic and imported beef since then. The exception was from December 2007 to March 2008 when the market was saturated with frozen beef. During that time, TRQ regulations forced importers to determine quota volumes in order to get TRQ statistics for the following year. Domestic pork prices were stable in 2007 and started to increase in May 2008. Imported pork prices increased from 89 rubles/kilo (\$3.56) in August 2007 to 120 rubles/kilo (\$4.80) in July 2008.

Table 7. Russia: Beef and Pork Wholesale Prices, Half Carcass, Dec 2003 –Jul 2008 (RUR/Kg)

Date	Exchange rate ruble/\$	Domestic beef	Imported beef	Domestic pork	Imported pork
12/30/2003	29.25	51.00	54.96	52.50	53.89
12/29/2004	27.78	72.00	81.17	83.50	84.12
12/30/2005	28.75	81.00	85.41	85.00	88.10
12/30/2006	26.38	85.00	91.83	74.50	88.89
01/30/2007	26.57	94.05	91.09	78.00	83.13
02/28/2007	26.16	86.55	84.00	67.00	80.46
03/20/2007	26.02	88.10	85.42	61.50	73.84
04/30/2007	25.69	93.10	91.73	65.00	80.49
05/30/2007	25.90	93.10	92.96	66.50	77.50
06/30/2007	25.81	90.20	89.75	70.00	78.08
07/30/2007	25.50	93.10	88.03	78.50	77.80
08/30/2007	25.76	90.55	89.44	79.00	88.77
09/30/2007	24.95	93.10	91.34	83.00	91.58
10/30/2007	24.70	105.00	92.57	90.00	96.15
11/30/2007	24.35	93.10	107.34	92.50	117.23
12/30/2007	24.54	101.00	105.00	92.50	99.50
01/30/2008	24.48	106.25	108.25	92.50	117.49
02/29/2008	24.12	107.33	107.88	88.75	107.04
03/31/2008	23.25	105.67	104.25	86.33	105.03
04/30/2008	23.65	100.00	111.23	86.50	116.07
05/31/2008	23.67	115.94	117.44	90.00	115.12
06/30/2008	23.41	120.48	123.98	98.00	115.66
07/30/2008	23.33	122.50	125.00	103.00	119.68

Source: Institute of Agrarian Market Research (IKAR)

					% Change
HS Code	Description	2005	2006	2007	07/06
02 Meat	Total	3,145,524	3,175,361	3,304,262	4.06
0202	Beef, Frozen	672,897	647,246	712,812	10.13
0203	Pork, Fresh Or Frozen	562,849	625,657	671,738	7.37
0207	Poultry Meat, Offal	1,318,164	1,274,196	1,287,348	1.03
0201	Beef Fresh/Chilled	23,753	22,551	21,133	-6.29

Source: World Trade Atlas

					% Change
Rank	Country	2005	2006	2007	07/06
0	--The World--	562,849	625,657	671,738	7.37
1	Brazil	397,722	233,249	282,198	20.99
2	Denmark	33,048	107,104	92,476	-13.66
3	United States	29,687	68,424	75,129	9.8
4	Canada	10,280	64,961	70,474	8.49
5	Germany	19,438	43,686	43,533	-0.35
6	Spain	4,005	13,623	26,427	93.98
7	Netherlands	10,208	16,702	17,215	3.07
8	France	9,759	18,086	16,006	-11.5
9	Belgium	1,548	14,335	14,654	2.22
10	Finland	8,617	16,388	14,463	-11.74
11	Ireland	964	5,164	9,306	80.2

Source: World Trade Atlas

					% Change
HS Code	Description	2005	2006	2007	07/06
02 Meat	Total	3,145,524	3,175,61	3,304,262	4.06
0203 Pork, Fresh Or Frozen		562,849	625,657	671,738	7.37
020329	Frozen Cut Boneless	343,537	440,154	479,815	8.67
020321	Frozen Carcasses	170,349	93,650	96,534	3.08
020322	Frozen Cuts+Bones	38,528	70,630	74,259	5.14
020319	Fresh Cuts Boneless	5,036	10,425	13,902	33.35
020311	Fresh Carcasses	5,342	9,399	7,225	-23.13
020312	Fresh Cuts+Bones	55	2	1	-51.58

Source of data: Customs Committee of Russia

					% Change
HS	Description	2005	2006	2007	07/06
02 Meat	Total	3,145,524	3,175,361	3,304,262	4.06
0202 Beef, Frozen		672,897	647,246	712,812	10.13
020230	Cuts Boneless	625,348	640,615	674,776	5.33
020210	Carcass, Whole/Half	44,845	1,831	34,090	1 761.77
020220	Cuts With Bone	2,703	4,799	3,945	-17.81

Source of data: Customs Committee of Russia

Stocks

Stocks of meat are sufficient for retail trade and processing. Imports help keep prices at an affordable level.

	2006	2007	2008
Feed Availability	10.0	9.0	9.0
Including Feed Grain	3.4	3.3	3.4

Source: Rosstat

Development of livestock production⁴ in Russia increased demand for protein feeds. Russia's imports of soybeans and soybean meal subsequently skyrocketed, thereby suggesting that

³ Feed units are calculated in oat equivalence, where 1 feed unit = 1 kilo of oats.

⁴ Please see GAIN RS7020 and GAIN RS5086 for more information.

demand for biotech feed products is also growing. Russia imported 215,259 MT of soybeans from July 2007 through March 2008, compared with only 2,333 MT in the same period of the preceding year.

There are no specific bans on importing biotech products.⁵ The Federal Service for Veterinary and Phytosanitary Surveillance of the Ministry of Agriculture (VPSS) registers biotech feed-use crops. VPSS developed and adopted new registration procedures⁶ reportedly similar to an earlier protocol used in 2004. Registration for feed use still expires after five years.

Policy

President Authorizes the Ministry of Economic Development to Impose State Control Measures on Food Imports

In July 2008 President Dmitry Medvedev unexpectedly removed the Ministry of Agriculture's ability to regulate tariffs on food imports. The President officially transferred the power to the Ministry of Economic Development (formerly known as the Ministry of Economic Development and Trade). The Ministry of Economic Development now has the right to draft governmental decisions on customs, tariffs, and non-tariff regulations with respect to agricultural products. The President's decision also involves preparation for the White House's decision on food import limitations, including the introduction and abolition of quotas and duties for these operations. The Ministry of Agriculture lost other leverage over the agrarian sector when the Ministry of Industry and Trade decided to revise the law "On Trade" to be more market-oriented than the Ministry of Agriculture had expected.

Meat Tariff Rate Quotas

On April 14, 2008, the Ministry of Economic Development announced that all 2008 pork and beef TRQ had been distributed. The announcement came in conjunction with Russian TRQ legislation.⁷ One-quarter of the 2008 pork and beef TRQ was announced on December 14, 2007.⁸ The remaining 75 percent was allocated based on full-year import data.

In August 2008, the Russian government announced that it is considering cancelling some agreements that were signed during negotiations for its WTO accession and the TRQ agreements may be among those to be revisited. The current agreement provides for TRQ country specific allocations through at least 2009.

Hygienic Requirements for Food Additives Amended and Changed

Russia approved amendments and changes to hygienic requirements for food additives.⁹ The new requirements are stipulated in SanPiN 2.3.2.2364-08 Amendments and Changes #1 to the Sanitary and Epidemiological Regulations SanPin 2.3.2.1293-03 Hygienic Requirements for Use of Food Additives. The original requirements were registered at the Ministry of Justice of Russia in 2003. The new hygienic requirements for food additives became effective on August 1, 2008.

Hygienic Requirements for Organic Food Products

⁵ Please see GAIN RS8056 for more information.

⁶ Please see GAIN RS7078 for more information.

⁷ Please see GAIN RS8027 for more information.

⁸ Please see GAIN RS7093 for more information.

⁹ Please see GAIN RS8053 for more information.

Russia approved hygienic requirements for organic food products through Resolution #26 of April 21, 2008.¹⁰ This is Russia's first official document defining "organic" food products, including livestock products, and the requirements for producing, storing, transporting, handling, and distributing "organic" products. The sanitary regulations for organic products became effective on July 1, 2008. After July 1, 2008, all products that are named or labeled as "organic" must meet all requirements stipulated in the Amendments and Changes #8, and anyone who breaches these requirements is subject to disciplinary, administrative, and criminal liability.¹¹

Revising the List of Declaration Points for Imported Meat and Meat Products

The Russian Federal Customs Service published revised the list of declaration points for imported meat and meat products as of April 15, 2008.¹² The revised list reopened several customs declaration points in the Russian Far East Customs Directorate and the North West Customs Directorate which have historically handled more than 85% of total Russian meat imports.

Russia Amends Sanitary Rules and Norms (SanPiN)

The Federal Service on Surveillance for Consumer Rights Protection and Human Well-Being (Rospotrebnadzor) approved amendments and changes #10 to SanPiN 2.3.2.1078-01. The new SanPiN 2.3.2.2401-08 contains additional hygienic requirements for the safety and nutrition value of food products. In addition to other requirements, the new document contains maximum permissible levels for "Dioxins," "Phyco toxins," "Ochratoxin A," and "Pentachlorophenol."

Pre-Notification of Export Certificates

For certificates issued on or after August 1, 2008, Russia's Veterinary and Phytosanitary Surveillance Service requires advance e-mail notification of all scheduled shipments of U.S. poultry, pork, and beef. It is the responsibility of the exporter to assure that notification is provided.

Russia issued a draft "Technical Regulations On Meat Production and Its Turnover", stipulating that many products may be produced only from chilled pork. Belarusian meat processing facilities subsequently ordered special refrigerated tracks to transport chilled carcasses and half carcasses to Russia. Currently, this product is shipped in refrigerators with a temperature of -18 degrees Celsius.

¹⁰ Please see GAIN RS8045 for more information.

¹¹ The Federal Law #52 of 1999 "On Sanitary and Epidemiological Wellbeing of the Population" stipulates that "It is compulsory for citizens, individual entrepreneurs, and legal entities to comply with the Sanitary Rules" (Article 39), and "Disciplinary, administrative, and criminal liability is admitted for breaching the sanitary legislation" (Article 55).

¹² Please see GAIN RS8025 for more information.

Table 13. Russia: Livestock Conversion Factors: Calculations of "Cow-Equivalent Units"	
Type of Livestock	Conversion Factor
Adult cattle	1.0
Calves, more than 1 year old	0.50
Calves, less than 1 year old	0.12
Adult hogs	0.50
Piglets, more than 4 month old	0.25
Piglets, less than 4 month old	0.05
Adult sheep and goats	0.10
Lambs	0.06
Adult horses	1.10
Colts, more than 12 month old	0.80
Colts, less than 12 month old	0.25
Poultry	0.02
Source: Manual "Statistics". A.F. Grishina. 2003	

Other Relevant Reports**RS8056** Biotechnology Annual<http://www.fas.usda.gov/gainfiles/200807/146295243.doc>**RS8053** Amendments and Additions to SanPiN on Food Additives<http://www.fas.usda.gov/gainfiles/200807/146295135.doc>**RS8050** Chlorine Use in Poultry Production Banned<http://www.fas.usda.gov/gainfiles/200807/146295041.doc>**RS8045** New SanPiN for Organic Products<http://www.fas.usda.gov/gainfiles/200806/146294938.doc>**RS8027** Russia Distributed All of Beef and Pork TRQ<http://www.fas.usda.gov/gainfiles/200804/146294276.doc>**RS8014** Livestock Semi-Annual<http://www.fas.usda.gov/gainfiles/200803/146293870.pdf>**RS7093** 25 Percent of 2008 Meat and Poultry Tariff Rate Quota Distributed<http://www.fas.usda.gov/gainfiles/200712/146293295.doc>**RS7078** Registration Procedure for GMO Feeds<http://www.fas.usda.gov/gainfiles/200711/146292888.doc>**RS7067** Livestock and Products Annual<http://www.fas.usda.gov/gainfiles/200710/146292718.doc>**RS7020** Progress of the National Priority Project in Agriculture<http://www.fas.usda.gov/gainfiles/200702/146280251.doc>