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Report Highlights:

Domestic poultry production is expected to increase 12.9 percent in 2008 and 12.9 percent 2009, compared to a 15 percent growth rate in 2007. The Russian poultry industry continues to lobby for more government support such as new price controls on animal feed, more subsidized credits, and new trade restrictions on imported poultry. The average price for domestic frozen chicken leg quarters (CLQ) increased 10 percent from June 2007 to June 2008 while prices for imported CLQ increased only 3 percent. Turkey production is forecast to increase 12.5 percent in 2009 as investors continue to commit resources to increase production capacity. Russia's Chief Medical Officer signed a resolution that prohibits the use of chlorinated anti-microbial washes in poultry production to take effect January 1, 2009.

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Table of Contents

Executive Summary	3
Production	3
Table 1. Russia: Construction of New Farms Livestock Breeding	4
Table 2. Russia: Poultry, Meat, Broiler Production, Supply and Demand Table	5
Table 3. Russia: Poultry, Meat, Turkey Production, Supply and Demand Table	6
Feed Stocks	7
Table 4. Russia: Livestock Conversion Factors: Calculation of "Cow-Equivalent Units"	7
Epizootic Situation	7
Consumption	8
Trade	8
Electronic Pre-Notification System in Force for U.S. Poultry Exports to Russia	8
Table 5. Russia: Meat and Poultry Imports, in MT	9
Table 6. Russia: Imports of Poultry Meat and Offals, in MT, by Country	9
Table 7. Russia: Imports of Poultry Meat and Offals, by Product Type, in MT	10
Table 8. Russia: Imports of Poultry Meat and Offals, by Country, in MT	10
Stocks	10
Prices	10
Table 9. Russia: Wholesale Poultry Prices in Moscow, Apr 03 – Jun 08 (Rubles/KG)	11
Table 10. Russia: Farmgate Prices for Livestock and Poultry, (Rubles/MT)	11
Policy Update	11
Russia Prohibits Use of Chlorine in Poultry Treatment	11
Frozen Poultry for Further Processing to be Banned	12
New Methodology for Calculating Poultry Import Quotas Proposed	12
Russia Lifts Import Duties on Hatching Eggs and Female Chicks for Breeding	13
Marketing	13
Table 11. Russia: Domestic Frozen Carcasses vs. U.S. Chicken Leg Quarters	14
Other Relevant Reports	15

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

Executive Summary

Domestic poultry production is expected to increase 12.9 percent in 2008 and 12.9 percent 2009, compared to a 15 percent growth rate in 2007. Demand for bio-fuels and high world grain prices are contributing to higher feed costs and hurting profits and investment. The marketing year 2008 grain yield is forecast at 93.2 million metric tons (mt), substantially higher than in previous years which should help provide some relief to record-high feed costs. Market analysts have stated that the Russian poultry industry is much more efficient today compared to any other time in recent history due mostly to competition with foreign producers. However, rising grain prices have revealed significant inefficiencies in domestic poultry production. The Russian government continues to search for a middle ground between protecting domestic poultry producers and protecting consumers from rising food prices.

The Russian Union of Poultry Producers (RUPP), the Russian Poultry Union and other such organizations continue lobbying for more government support such as new price controls on animal feed, subsidized credits, and trade restriction on imported poultry. The average price for domestic frozen chicken leg quarters (CLQ) increased 10 percent from June 2007 to June 2008 while prices for imported CLQ increased only 3 percent.

Turkey production is forecast to increase 12.5 percent in 2009 as investors continue to commit resources to increase production capacity. Producers are marketing turkey a healthier, more affordable alternative to red meat. Growing domestic production and rising levels of domestic and foreign investment in this area are expected to compensate for lower imports associated with the rise in customs duties.

Russia's Chief Medical Officer Gennadiy Onishchenko signed a resolution that prohibits the use of chlorinated anti-microbial washes in poultry production to take effect January 1, 2009. The new chlorine maximum residue level will be 100 times more stringent than the current level set in Russian regulations for poultry production. In effect, the resolution will prohibit the common industry practice of using chlorine in antimicrobial washes to kill surface food-borne pathogens such as *Salmonella* and *E. coli*.

Similar to last year, the Russian government has introduced a three-year historic basis (2005-07) for calculate the poultry quota in 2009 which excludes 2008.

Production

Broiler production increased 12.9 percent in 2008 and is projected to grow another 12.9 percent in 2009 even though the profitability of poultry production is declining due to increasing input prices. In response, the Russian Poultry Union requested that the Ministry of Economic Development quadruple the current import duty on poultry imports. During the first 6 months of 2008, the number of chickens at Russian poultry farms (excluding household birds) reached 280 million, up 7 percent compared to the same period in 2007.

Relatively strong economic growth has been restored in Russia after abrupt declines in poultry production at the beginning of nineties. Poultry production is the only agro-industrial sub-industry that has managed to triple output over the last ten years and break the record levels of 1992. Weight gain a day increased up to 50 grams a day (21.9 grams a day before 1992), due to introduction of new crosses of imported and domestic origin, modern management, feeding technologies, and diet. Average carcass weight reached about 1.9 kilo

in 2007 (carcass weight was 1.4 kilo before 1992), and better conversion rate - 1.9 kilo of feed per kilo of meat (3.44 kilo before 1992). Concentration of poultry production in Russia is growing – the 30 largest poultry facilities produce about 60 percent total poultry meat. This has led to the introduction of new equipment and new technologies which help reduce production costs. Domestic producers admit that significant improvements in the domestic poultry industry were reached thanks, in part, to stiff competition from foreign producers.

At the same time, however, market analysts agree that there is still room for improvement in the industry. Companies that produce 40 percent of total domestic poultry meat are far behind in terms of modern technologies, equipment, genetics efficient management systems. The disparity between poultry prices and input costs for production are preventing speedy improvements at most of these facilities.

According to Russian Union of Poultry Producers (RUPP) representatives, per capita consumption of poultry meat will reach 15 kilograms (kg) by 2010 (11 kg in 2008). As a result, they stated that the domestic poultry industry will have to increase production by improving management, utilizing better genetic stock, upgrade older poultry facilities with new technologies, and integrate western management practices if they are to compete with foreign producers for the growing consumption trend. According to RUPP, this goal can be achieved through the creation of vertically integrated structures and relatively closed circle "production-processing trade" on their bases. The united financial and technological system should include hatching and processing facilities, poultry farms, grain production, feed meals, and producers of biologically active components as well as veterinary substances as structural divisions. Such vertically integrated complexes already exist in many regions and have substantial support from federal and regional governments.

Table 1. Russia: Construction of New Farms Livestock Breeding

Type of Livestock	CY 2005	CY 2006	CY 2007
Cattle, head	27,500	59,800	152,800
Pigs, head	60,700	193,600	810,100
Sheep, head	6,200	18,300	26,400
Egg producing farms, 1,000 head of egg layers	1,150	715	1,149
Poultry farms, mln head/year	8.9	35	61.4

Source: Federal Statistics Agency

Table 2. Russia: Poultry, Meat, Broiler Production, Supply and Demand Table

PSD Table									
Country	Russian Federation								
Commodity	Poultry, Meat, Broiler			(MIL HEAD) or (1000 MT) 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
Inventory (Reference)	0	0	0	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0	0	0	0
Beginning Stocks	53	0	53	42	0	42	0	0	45
Production	1350	0	1350	1485	0	1550	0	0	1780
Whole, Imports	90	0	90	90	0	85	0	0	80
Parts, Imports	1132	0	1132	1150	0	1150	0	0	1110
Intra-EU Imports	0	0	0	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0	0	0	0
Total Imports	1222	0	1222	1240	0	1235	0	0	1190
Total Supply	2625	0	2625	2767	0	2827	0	0	3015
Whole, Exports	0	0	0	0	0	0	0	0	0
Parts, Exports	2	2	2	2	0	2	0	0	2
Intra EU Exports	0	0	0	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0	0	0	0
Total Exports	2	2	2	2	0	2	0	0	2
Human Consumption	2581	0	2581	2724	0	2780	0	0	2968
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Consumption	2581	0	2581	2724	0	2780	0	0	2968
Total Use	2583	2	2583	2726	0	2782	0	0	2970
Ending Stocks	42	0	42	41	0	45	0	0	45
Total Distribution	2625	2	2625	2767	0	2827	0	0	3015
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	2	0	0	0	0	0	0	0
Inventory Balance	-11	0	-11	-1	0	3	0	0	0
Production Change	31	31	31	14	0	15	-100	0	15
Import Change	-3	-3	-3	-1	0	1	-100	0	-4
Export Change	-71	-71	-71	-67	-100	0	-100	0	0
Trade Balance	-1220	2	-1220	-1238	0	-1233	0	0	-1188
Consumption Change	11	11	11	7	0	8	-100	0	7

Table 3. Russia: Poultry, Meat, Turkey Production, Supply and Demand Table

PSD Table: Turkey									
Country	Russian Federation								
Commodity	Poultry, Meat, Turkey								
	(MIL HEAD) or (1000 MT) or (PERCENT)								
	2007	2007		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
Inventory (Reference)	0	0	0	0	0	0		0	0
Slaughter (Reference)	0	0	0	0	0	0		0	0
Beginning Stocks	0	0	0	0	0	0		0	0
Production	25	0	25	30	0	35		0	40
Whole, Imports	0	0	0	0	0	0		0	0
Parts, Imports	65	0	65	55	0	70		0	70
Intra-EU Imports	0	0	0	0	0	0		0	0
Other Imports	0	0	0	0	0	0		0	0
Total Imports	65	0	65	55	0	70		0	70
Total Supply	90	0	90	85	0	105		0	110
Whole, Exports	0	0	0	0	0	0		0	0
Parts, Exports	0	0	0	0	0	0		0	0
Intra EU Exports	0	0	0	0	0	0		0	0
Other Exports	0	0	0	0	0	0		0	0
Total Exports	0	0	0	0	0	0		0	0
Human Consumption	89	0	89	85	0	105		0	110
Other Use, Losses	1	0	1	0	0	0		0	0
Total Dom. Consumption	90	0	90	85	0	105		0	110
Total Use	90	0	90	85	0	105		0	110
Ending Stocks	0	0	0	0	0	0		0	0
Total Distribution	90	0	90	85	0	105		0	110
CY Imp. from U.S.	0	0	0	0	0	0		0	0
CY Exp. to U.S.	0	0	0	0	0	0		0	0
Balance	0	0	0	0	0	0		0	0
Inventory Balance	0	0	0	0	0	0		0	0
Production Change	32	32	32	-14	0	0		0	0
Import Change	-32	-32	-32	-21	0	0		0	0
Export Change	0	0	0	0	0	0		0	0
Trade Balance	-65	0	-65	-55	0	-70		0	-70
Consumption Change	-22	-22	-22	-19	0	0		0	0

Feed Stocks

The Ministry of Agriculture forecast grain production in 2008 to reach 95 million mt, significantly higher than previous forecasts. The increase is due to good weather conditions in July and August, reported harvest progress, and excellent yields of winter grains - especially winter wheat - in European Russia. Prices of feed quality wheat and barley continue to fall rapidly.

Significant growth of the bio-fuel market globally is a major cause of rising grain and oilseed costs, according to market analysts, and the current market conditions for grains are expected to continue through 2009. Grain prices increased rapidly in Russia through in July before stabilizing at high levels as harvest progress reports were released. Higher prices attract exports and domestic sales, and the current environment will stimulate investments in grain production in 2009.

Feed stocks in early 2008 were slightly lower than the previous year and are expected to drop even further in 2009. Lower feed stocks and higher prices are creating problems for poultry operations and hinder achievement of growth rates seen in previous years.

Russia is developing protocols to register feed produced from genetically enhanced organisms (GEMs). A Russian government resolution transferred the testing and registration of feeds involving GEMs to the Ministry of Agriculture's Veterinary and Phytosanitary Surveillance Service (VPSS). VPSS has developed the draft administrative procedure for registration and has already received applications based on the procedures described in the draft.

Table 4. Russia: Livestock Conversion Factors: Calculation 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

Epizootic Situation

Poultry loss in 2007 reached 50 million head or 5.5 percent of the total poultry herd. In order to improve the epizootic situation of the domestic poultry herd, the Federal Veterinary and Phytosanitary Surveillance Service (VPSS) holds an annual "International Veterinary Congress for Poultry". The fourth such congress took place in Moscow in April 2008. Nearly 800 veterinary specialists from different regions in Russia as well as from several foreign countries participated in the event. The specialists at the conference agreed that significant growth of poultry production demands new approaches in order to provide appropriate

poultry health care at farms. This means close cooperation between farm management and veterinary services. It was reported at the congress that the most widely spread infections in Russia are E. colibacteria, Gumboro disease, bronchitis and Newcastle disease. Many poultry farms in Russia are not able to provide adequate veterinary care to poultry herds and can't comply with federal veterinary and sanitary rules that require farm operators to immunize poultry against these infections.

Consumption

Consumption of poultry meat will continue to grow and is projected to rise by 6.3 percent in 2009 compared to the more rapid 12.9-percent growth in domestic production.

Turkey meat consumption is increasing in Russia as growth in domestic consumption is compensating for a decrease in imports caused by stricter government measures in assuring declaration of full customs values.

The poultry supply is expected to increase by 6.2 percent in 2009 due to sustained growth in domestic poultry production and large import volumes. Poultry consumption is also expected to grow as disposable incomes are increasing leading to higher demand. Russia's gross domestic product grew by 8.1 percent in 2007, exceeding the government's forecast and registering the fastest growth rate since 2000.

Trade

Poultry imports into Russia reached 1.287 million MT in 2007 with a value of \$1.151 billion. The poultry TRQ for 2008 is set at 1.211 million MT of which the United States receives 901,400 MT. From January-June 2008, the U.S. share of total broiler imports was 73 percent; Brazil 12 percent; and Germany 6 percent. U.S. exports of poultry to Russia increased 29 percent from January to June 2008 compared to same period a year earlier while the value of U.S. poultry exports jumped 46 percent.

The current livestock environment in Russia makes imported broiler meat an attractive source of animal protein for consumers. Cattle production has not yet begun to significantly recover in Russia and pork production growth is still below Ministry of Agriculture expectations. Rising feed prices are slowing investments in the domestic broiler industry as well.

Electronic Pre-Notification System in Force for U.S. Poultry Exports to Russia

VPSS began a new system of advanced electronic pre-notification on September 15, 2008 for meat products exported to the Russian Federation from the United States as well as from Argentina, Uruguay and Paraguay.

The agreement reached between VPSS and the USDA Food Safety and Inspection Service states that the advance notification, in the form of a scanned copy of a veterinary certificate, signed by FSIS veterinarians in charge for each separate meat product shipment, should be sent by e-mail to VPSS. Provision of the above-mentioned FSIS certificate will enable the customs officer at the state border customs point to verify the scanned copy of the certificate by comparing it to the original, inspect the shipment and custom clear the product. The scanned copy of the certificate is filed together with the original.

Table 5. Russia: Meat and Poultry Imports, in MT

HS Code	Product	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2008	Percent Change 08/07
0202	Beef, Frozen	218,693	347,814	334,497	-3.83
0203	Pork,Fresh Or Frozen	273,770	275,185	359,346	30.58
0207	Poultry Meat,Offal	582,727	534,566	585,137	9.46
0206	Edible Animal Offal	130,337	151,166	145,820	-3.54
0209	Pig And Poultry Fat	112,257	103,756	119,760	15.42
0201	Beef Fresh/Chilled	9,553	9,165	8,759	-4.44

Source: World Trade Atlas

Table 6. Russia: Imports of Poultry Meat and Offals, in MT, by Country

Rank	Country	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2008	Percent Change 08/07
0	--The World--	582,727	534,566	585,137	9.46
1	United States	416,691	378,791	429,453	13.37
2	Brazil	91,715	83,740	71,667	-14.42
3	Germany	23,965	28,368	33,970	19.75
4	France	19,707	22,358	25,675	14.84
5	Belgium	8,523	6,518	9,074	39.22
6	Canada	2,360	2,385	5,692	138.61
7	Netherlands	5,934	4,863	3,226	-33.67
8	Argentina	1,043	1,304	2,267	73.81
9	Finland	2,398	1,429	1,637	14.57
10	Spain	117	276	954	245.94

Source: World Trade Atlas

Table 7. Russia: Imports of Poultry Meat and Offals, by Product Type, in MT

HS Code	Description	Jan-Jun 2006	Jan-Jun 2007	Jan-Jun 2008	Percent Change 08/07
0207 Poultry Meat & Offals	Total	582,727	534,566	585,137	9.46
020712	Chicken, Whole, Frz	32,299	35,413	34,329	-3.06
020714	Chck Cut+Ed Ofl, Frz	515,083	471,885	516,881	9.54
020726	Trky Cut+Ed Ofl F/C	257	812	602	-25.77
020727	Trky Cut+Ed Ofl, Frz	34,830	25,650	32,488	26.66
020733	Dck, Gse+Gn N Pce, Frz	163	622	720	15.76
020736	D, G, G Cut+Ed Ofl Frz	71	139	101	-26.82

Source: World Trade Atlas

Table 8. Russia: Imports of Poultry Meat and Offals, by Country, in MT

Rank	Country	CY 2005	CY 2006	CY 2007	Percent Change 07/06
0	--The World--	1,318,164	1,274,196	1,287,348	1.03
1	United States	826,275	878,311	890,375	1.37
2	Brazil	244,282	184,500	194,813	5.59
3	Germany	111,666	63,925	82,256	28.68
4	France	57,246	58,032	60,025	3.43
5	Belgium	18,900	30,801	26,014	-15.54
6	Netherlands	8,190	11,024	8,260	-25.07
7	Canada	11,267	4,143	7,727	86.5
8	Finland	2,632	5,692	4,509	-20.8
9	United Kingdom	14,460	25,890	3,659	-85.86
10	Argentina	8,797	1,778	3,467	95.01

Source: World Trade Atlas

Stocks

Poultry stocks are sufficient for retail trade and processing. Market analysts have stated that current stocks are excessive due growing poultry imports. Carryover is whatever amounts are needed for normal commercial purpose.

Prices

The average price of the consumer basket of staple foods continues to increase according to the Federal State Statistics Service (Rosstat). Rosstat reported that food inflation in Russia hit 12.1 percent during the first 8 months of 2008. During the same period, prices for meat and poultry have risen 12 percent; almost 3 times higher than in the same period in 2007 (4.1 percent respectively). In August 2008 alone, poultry prices increased 2.4 percent.

Table 9. Russia: Wholesale Poultry Prices in Moscow, Apr 03 – Jun 08 (Rubles/KG)

Date	Exch. Rate, RU/\$	Domestic Chicken			Imported Chicken		
		Frozen carcasses	Frozen breast, boneless	Frozen leg quarters	Frozen carcasses	Frozen breast, boneless	Frozen leg quarters
04/30/2003	31.10	41.77	55.67	44.50	41.90	56.38	34.42
03/31/2004	28.49	54.07	84.50	52.50	52.51	80.30	44.96
03/30/2005	27.83	61.42	85.00	56.10	63.17	87.33	54.66
03/30/2006	27.76	48.56	91.82	53.42	52.54	102.38	43.23
03/31/2007	25.56	56.51	111.42	56.50	60.90	124.00	54.67
04/30/2007	25.69	57.91	115.25	58.50	61.50	130.51	55.51
05/24/2007	25.90	58.94	117.28	58.78	59.62	132.25	57.56
06/30/2007	25.67	60.41	120.40	60.20	60.38	128.10	56.50
07/30/2007	25.41	61.08	123.15	64.83	60.00	133.02	57.46
08/30/2007	25.76	60.70	118.40	61.40	61.30	125.28	52.35
10/04/2007	24.93	59.02	122.44	59.70	60.83	124.50	53.85
10/25/2007	24.93	61.81	123.04	60.22	60.83	124.50	53.85
11/29/2007	24.36	63.17	121.82	59.28	68.60	126.51	54.31
12/29/2007	24.70	65.65	119.80	58.53	68.25	125.15	53.08
01/29/2008	24.48	65.60	117.62	56.28	69.24	119.60	52.30
02/28/2008	24.20	66.83	114.26	61.33	69.00	120.09	52.60
03/27/2008	23.52	66.84	117.84	62.82	68.00	119.03	55.56
04/30/2008	23.66	67.99	118.99	69.17	68.31	120.67	55.88
05/29/2008	23.58	65.04	121.79	67.92	70.08	116.79	56.31
06/26/2008	23.61	67.17	117.83	66.28	68.59	120.49	58.54

Source: Institute of Agrarian Market Research (IKAR)

Table 10. Russia: Farmgate Prices for Livestock and Poultry, (Rubles/MT)

Commodity	2005	2006	2007
Poultry	40,813	39,822	43,350
Cattle	34,003	39,235	41,762
Pigs	50,420	51,821	49,051
Sheep and Goats	29,199	30,356	33,647
Eggs/1,000	1,712	1,651	1,974

Policy Update

Russia Prohibits Use of Chlorine in Poultry Treatment

On June 2, 2008, Russia's Chief Medical Officer Gennadiy Onishchenko signed Resolution #33, On Production and Circulation of Poultry Meat.¹ The resolution prohibits water-based solutions used to handle poultry carcasses that contain chlorine in amounts exceeding the

¹ The status and authority of the Chief State Sanitary Inspector of the Russian Federation is similar to the Chief Medical Officer. The Chief State Sanitary Inspector of the Russian Federation is the Head of the Federal Service for Protection of Consumer Rights and Human Well-Being (Rosпотребнадзор). Please see GAIN RS8050 for more information.

hygienic requirements for drinking water, effective January 1, 2009. The new chlorine maximum residue level will be 100 times more stringent than the current level set in Russian regulations for poultry production. In effect, the resolution will prohibit the common industry practice of using chlorine in antimicrobial washes to kill surface food borne pathogens such as *Salmonella* and *E. coli*.

Frozen Poultry for Further Processing to be Banned

On June 8, 2008, Russia's Chief Medical Officer Onishchenko signed Resolution #30, "On approval of SanPiN 2.3.2 2362-08." With the exception of mechanically-separated meat and collagen containing raw materials from poultry meat, the resolution prohibits the use of frozen poultry meat for manufacturing baby food, dietetic nutrition, and specialized food products for pregnant and nursing women, effective January 1, 2010. It further prohibits the use of frozen poultry meat for manufacturing into any type of food product, effective January 1, 2011. Chilled meat is defined as meat obtained immediately from slaughter as well as its offals, subject to cooling down to temperatures from 0° to 4° Celsius in deep muscle tissue.

Onishchenko stated that he was forced to sign this resolution due to "current scientific data confirming that using frozen meat significantly harms human health." No scientific data was provided to the press or to interested parties that requested this information. In late 2007, Russia approved a voluntary national standard for chicken meat, known as GOST 52702-2006, which went into effect on January 1, 2008. This voluntary standard recommends using only fresh/chilled poultry meat for further processing. Consequently, those facilities that use frozen poultry meat to process other products cannot state on the label that they are in accordance with GOST 52702-2006.

Currently all imported poultry meat is frozen. Once Resolution #30 takes effect it will significantly decrease poultry imports by as much as 20 percent.

New Methodology for Calculating Poultry Import Quotas Proposed

The Russian Government Commission for Safeguard Measures in Foreign Trade and Customs and Tariff Policy proposed the introduction of a three-year historic basis (2005-2007) to calculate meat and poultry import quotas for 2009 that excludes data from 2008. By using these calculations, the main portion of 2009 meat import quotas would go to those who imported meat products between 2005 and 2007, in proportion to the volumes of their shipments.

Since 2007, in accordance with Government Resolution #732 dated December 5, 2005, "On Importation of Beef, Pork and Poultry Meat in 2006-2009," quotas have been distributed on the basis of the previous year's shipments. In 2007 an amendment was made to distribute 2008 quotas for poultry meat on the basis of 2005 and 2006 shipments.

Meat market analysts have stated that the government is planning to unify quota calculations for all types of meat. It is their view that by removing the preceding year from the base calculation (i.e. removing 2008 data when calculating the 2009 quota), it would prevent the incentive for importers to rush and purchase larger volumes in an effort to secure a bigger share of the next year's quota allocation. Domestic meat and poultry producers complain that sudden spikes in supply could lead to overstocking of the Russian market and cause a severe price decline, hurting Russian meat producers and importers alike.

Russia Lifts Import Duties on Hatching Eggs and Female Chicks for Breeding

The Russian government issued a resolution temporarily lifting import custom tariffs for hatching eggs and grandparent and parent female chicks of fowls weighing less than 185 grams. The previous tariffs for these commodities were 5 percent for chicks and 15 percent for hatching eggs. Hatching eggs and grandparent and parent female chicks are important for the quickly growing Russian poultry and egg sector. International prices for these commodities have been rising rapidly over the past year, particularly for grandparent and parent female chicks weighing less than 185 grams. Although Russia imported fewer breeding chicken in 2007 than in 2006 (10 million heads vs. 13 million heads), the average import price increased from US\$2.81 per head to US\$4.10 per head. Most of Russian breeding chicks imports come from the Netherlands, Denmark, Germany, Hungary, and France, with the total import value in 2007 reaching US\$41.3 million, up 11 percent from 2006.

The resolution was issued on June 4, 2008 and goes into effect one month after its official publication for nine months.

Marketing

Some Russian poultry producers are casting Russian chicken products as healthier and a greater value than imported chicken from the United States, but their argument is problematic. Domestic producers are attempting to show Russian poultry as a better value than U.S. imported poultry by comparing the fat and protein percentages, and pricing information, of dissimilar poultry products (see Table 11 below).

For example, since frozen carcasses are larger than leg quarters, and include breast meat areas, fat comprises a smaller percentage of the total product. Thus the ratio of protein-to-fat is greater in frozen carcasses relative to leg quarters, and this gives frozen carcasses a higher meat yield. The meat yield is combined with pricing information, and domestic producers can show that although the retail price for frozen carcasses is about 9 percent higher per kilogram than imported leg quarters, consumers pay about 17 percent less per kilogram in terms of meat value, and receive more protein.

However the argument is problematic, again, because it rests on comparing dissimilar products, and hides inefficiencies in domestic production relative to imports. A new analysis between similar chicken products would give Russian consumers accurate information.

Table 11. Russia: Domestic Frozen Carcasses vs. U.S. Chicken Leg Quarters

	Frozen carcass, Russia	Chicken leg quarters, USA
Protein	No less than 20%	Less than 15%
Fat	No more than 12%	Up to 28%
"Pure" meat yield (without bones, skin or fat)	72%	42%
Retail price	75.6 Rub. per 1 kg	69.1 Rub. per 1 kg
"Pure" meat value	100 Rub. per 1 kg	120 Rub. per 1 kg

Estimated by "Rosptitsoyuz" experts

Source: Rossiyskaya Gazeta

Other Relevant Reports

RS8066 Grain September Monthly Update

<http://www.fas.usda.gov/gainfiles/200808/146295659.pdf>

RS8064 New Method Proposed for Calculating 2009 Poultry Import Quotas

<http://www.fas.usda.gov/gainfiles/200808/146295641.pdf>

RS8050 Chlorine Use in Poultry Production Banned

<http://www.fas.usda.gov/gainfiles/200807/146295041.pdf>

RS8049 Frozen Poultry for Further Processing to be Banned

<http://www.fas.usda.gov/gainfiles/200807/146295034.pdf>

RS8041 Russia Lifts Import Duties On Hatching Eggs and Female Chicks for Breeding

<http://www.fas.usda.gov/gainfiles/200806/146294858.pdf>

RS8028 Russia Distributes All 2008 Poultry TRQ

<http://www.fas.usda.gov/gainfiles/200804/146294301.pdf>

RS8015 Poultry Semi-Annual Report

<http://www.fas.usda.gov/gainfiles/200803/146293906.pdf>

RS8007 Implementation Date Extended on Points of Entry for Meat Products

<http://www.fas.usda.gov/gainfiles/200802/146293789.pdf>

RS8006 Food Price Control Will Be Extended Until May 1, 2008

<http://www.fas.usda.gov/gainfiles/200801/146293562.pdf>

RS8005 Import Duties on Meat and Poultry Changed

<http://www.fas.usda.gov/gainfiles/200801/146293553.pdf>

RS8003 Russia and Brazil Sign Protocol on Meat Shipments

<http://www.fas.usda.gov/gainfiles/200801/146293483.pdf>

RS7094 List of Essential Commodities Subject to Potential Export Ban

<http://www.fas.usda.gov/gainfiles/200712/146293328.pdf>

RS7093 25 Percent of 2008 Meat and Poultry Tariff Rate Quota Distributed

<http://www.fas.usda.gov/gainfiles/200712/146293295.pdf>

RS7085 Russian Customs Limits Ports of Entry for Meat

<http://www.fas.usda.gov/gainfiles/200711/146293118.pdf>

RS7078 Registration Procedures for GMO Feeds

<http://www.fas.usda.gov/gainfiles/200711/146292888.pdf>