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## Russian Federation

### Livestock and Products

### Meat and Poultry Prices Update

### 2009

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**Report Highlights:**

Average [retail prices for meat and poultry](#) in Russia [increased](#) by more than 23 percent in 2008 while the increase in overall food prices jumped nearly 18 percent. Meat market analysts expect this trend to continue in 2009 as the Russian government continues to take protectionist measures to limit imports of meat and poultry.

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Includes PSD Changes: No  
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[RS]

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## Executive Summary

According to the Russian State Statistic Service (Rosstat) average retail prices for meat and poultry increased in Russia by more than 23 percent in 2008 while the overall growth of food prices in general jumped by nearly 18 percent. Demand for beef and pork is expected to decrease due to higher prices as Russian consumers begin substituting them for cheaper proteins such as chicken meat and eggs.

The Russian government continues to implement protectionist measures against imported agricultural products such as increasing import duties on butter, soybean meal and dry milk powder, using tariff rate quotas to limit meat and poultry imports, delisting U.S. and European Union meat and poultry plants ostensibly for not meeting Russian requirements and other such actions. Alongside the protectionist climate in Russia, the Russian Ruble decreased by 35% against the U.S. Dollar during the last 6 months making imported agricultural products much more expensive. All of these factors are leading to higher prices throughout the production/import/wholesale trade/retail trade chain.

### Incomes Falling, Prices Rising

Rosstat figures demonstrate that disposable income grew just 2.7% in 2008 after jumping 12.1% in 2007. In addition, Rosstat reported that inflation in January 2009 reached 2% with much of it attributed to the rise in meat and poultry prices. 2008 poultry and meat price growth were the most significant compared to other food products (table 1).

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**Table 1: Dynamics of food prices in November and December 2008**

Food products	As percentage of previous month		As percentage of Dec 08 compared to Dec 07	As percentage of Dec 08 compared to Dec 07
	November	December		
Food products	1.3	1.0	17.6	17.1
Meat and poultry	1.7	1.2	22.2	8.4
Fish and fish products	2.4	2.2	15.1	9.0
Milk and dairy products	1.4	0.7	12.2	30.4
Butter	100.9	0.6	10.5	40.3
Vegetable oil	-1.4	-1.9	22.1	52.3
Eggs	3	1.3	13.8	28.7

Source: ROSSTAT

Ministry of Agriculture officials have publically vowed to limit meat and poultry imports in order to protect domestic meat and poultry producers during the global financial crisis. Outgoing Minister of Agriculture Aleksey Gordeyev has accused imported meat shipments on

numerous occasions of driving down farmgate pork prices and expressed the need for serious measures to limit meat imports even if it means increasing prices for Russian consumers. A major cause of concern of Russian government officials is the ability of new pork and poultry producers to repay their subsidized loans financed under the National Priority Project for Agriculture.

Increasing beef and pork prices will likely lead many Russian consumers to substitute more expensive red meats for poultry meat and eggs. Demand for pork is lower than for poultry and some importers are switching from buying hams and other premium cuts to cheaper pork offals and trimmings which are growing more popular with consumers who watch food prices rise on a monthly basis. With rising demand for poultry in 2009, prices are expected to go up for both domestic and imported products.

### **Poultry Wholesale Prices**

Domestic frozen poultry carcasses and chicken leg quarters' wholesale prices in Moscow increased by 24% in December 2008 compared to December 2007 (table 2). Prices for imported chicken carcasses increased by 14% while imported chicken leg quarters' prices increased by 31% during the same time period. Such increases were the largest seen in recent years. The price differential between wholesale domestic and imported chicken leg quarters was always substantial and generally hovered around 10 Rubles/kg in the first half of 2008. The gap decreased in the second half of the year and ranged between 3-6 Rubles/kg.

### **Poultry Retail Prices**

Retail prices for poultry also increased significantly in Moscow (table 3). The top price level increased and wealthier customers can buy more expensive products of well known brands, and buyers with lower incomes can still enjoy cheaper products from less known producers coming from removed regions. About 30% of total poultry and meat retail trade takes place at open air market.

Ministry of Agriculture officials have been planning for many years to develop a system of cooperative farmers markets to make distribution chain shorter and thus, allow customers to buy lower priced meat and other food items. According to this plan agricultural products would go straight from the field/farm to farmers markets and would be traded by farmer's representatives avoiding the retailers.

**Table 2. Russia: Wholesale Poultry Prices in Moscow, Apr 03 – January 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
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
07/31/2008	23.45	66.40	111.50	66.00	68.40	117.56	59.82
08/28/2008	24.60	65.70	115.67	68.93	66.62	117.70	62.97
09/25/2008	25.07	69.61	122.63	74.50	75.37	119.27	69.07
10/30/2008	27.10	75.63	121.56	76.21	76.27	120.78	70.96
11/27/2008	27.36	79.78	120.17	73.87	76.08	120.03	70.82
12/25/2008	28.61	81.63	120.89	72.66	77.50	119.02	69.54

Source: Institute of Agrarian Market Research (IKAR)

**Table 3. Russia: Poultry Retail Prices, Moscow, (Rubles/kg)**

	Moscow open-air market				Moscow hypermarket (Auchan)			
	Dec 2007		Dec 2008		Dec 2007		Dec 2008	
	Chilled	Frozen	Chilled	Frozen	Chilled	Frozen	Chilled	Frozen
Chicken								
Whole birds	69-80	60-75	80-120	90-100	69-85	60-80	75-120	75-100
Leg quarters	70-95	60-70	95-105	85-90	70-80	60-65	90-110	85-100

Source: Post market survey, January 23, 2009

### Red Meat Wholesale Prices

Domestic beef wholesale prices increased by 34% in December 2008 over a 12-month period while imported beef prices jumped 36%. Domestic pork prices increased 33.5% while imported pork increased by only 26%. Most of growth occurred in the second half of 2008. High than usual over quota pork and beef imports in 2008 did not stop prices from growing at tremendous rates.

**Table 4. Russia: Beef and Pork Wholesale Prices, Half Carcass, Dec 2003 – Dec 08 (Rubles/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
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
08/30/2008	24.58	125.87	129.87	113.67	119.00
09/30/2008	25.25	129.75	139.25	123.40	125.37
10/30/2008	27.10	132.21	145.20	127.68	127.54
11/30/2008	27.61	134.00	146.67	129.33	127.20
12/30/2008	29.23	135.00	143.30	123.50	125.00

Source: Institute of Agrarian Market Research (IKAR)

### Red Meat Retail Prices

Retail prices for beef and pork increased even higher in comparison with wholesale prices in 2008. The prices for frozen pork and frozen beef jumped by 30% and 35% respectively in 2008 in Moscow region open air markets and hypermarkets. Price increases of chilled pork and beef jumped about the same level during 2008 as well.

**Table 5. Russia: Beef and Pork Retail Prices, Dec 2007 and Dec 2008 (RUR/Kg)**

Pork	Moscow Open air Market				Moscow Hypermarket (Aushan)			
	Dec 2007		Dec 2008		Dec 2007		Dec 2008	
	chilled	frozen	chilled	frozen	chilled	frozen	chilled	frozen
Pork								
Boneless	180-200	140-180	230-280	190-250	185-295	150-180	260-350	180-200
Bone-in	160-190	125-150	210-230	170-230	175-220	140-155	200-260	150-180
Beef								
Boneless	200-240	180-200	270-370	200-270	200-300	170-230	260-380	170-220
Bone-in	170-200	150-180	200-230	180-200	160-200	135-170	190-230	150-185

Source: Office of Agricultural Affairs market surveys

### Meat Prices Expected to Rise in 2009

Retailers and traders that attended the XIV International Summit of Leaders of the Food Market in Moscow in early February 2008 said that food product prices will likely grow by 25-

40 percent in 2009. Minister of Agriculture Gordeyev recently stated that he expects to see new pork and poultry projects continue in 2009 even as market analysts predict a major decrease in domestic production resulting from the financial crisis. Gordeyev optimistically stated that in a couple of years, Russia may "overproduce" poultry meat and eggs making it necessary to introduce production quotas to help keep prices at certain appropriate levels for producers.

### Other Reports

RS9008 Economic Crisis Update

<http://www.fas.usda.gov/gainfiles/200902/146327327.pdf>

RS8099 Chlorine Ban Postponed Until January 1, 2010

<http://www.fas.usda.gov/gainfiles/200812/146306969.pdf>

RS8096 Import Poultry and Meat Duties and Volumes changed for 2009

<http://www.fas.usda.gov/gainfiles/200902/146327314.pdf>

RS8095 Russia Changes Legislation and Structure of Animal Improvement Industry

<http://www.fas.usda.gov/gainfiles/200812/146306807.pdf>

RS8089 Russia: Doctrine on Food Security

<http://www.fas.usda.gov/gainfiles/200811/146306496.pdf>

RS8087 Meat and Poultry TRQ Announced for 2009

<http://www.fas.usda.gov/gainfiles/200811/146306457.pdf>

RS8071 Poultry Annual Report

<http://www.fas.usda.gov/gainfiles/200809/146295900.pdf>

RS8067 Livestock Annual Report

<http://www.fas.usda.gov/gainfiles/200809/146295694.pdf>

RS8064 New Method Proposed for Calculating 2009 Meat and 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>