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Report Highlights:

Russian poultry imports have returned to pre 1998 levels. Higher beef and pork prices are expected to further stimulate poultry demand. Imports should reach 925,000 MT in 2001.

Includes PSD changes: Yes
Includes Trade Matrix: No
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Executive Summary

During 2000, Russian poultry production increased by 3 percent in comparison with the 1999 output. As the total number of domestic producers continues to decline, foreign and domestic investors are bringing better management practices to the sector, and boosting the feed conversion ratios. As EU meat subsidies ceased during the latter half of the year, pork and beef prices increased. Russian importers' appetite for U.S. poultry products rebounded, and Russia imported 870, 000 MT of poultry. During 2001, the total amount of poultry imports is expected to reach 925,000 MT.

Production

During 2000, the number of domestic poultry producers continued falling. However, international investors are bringing greater expertise and quality management to the sector. As vertically integrated poultry operations benefit from better breeds of poultry and inexpensive feed supplies from grain produced on poultry farms, feed conversion ratios are improving. Total output of poultry products expanded slightly, while live weight production fell somewhat. However, smaller less efficient farms in the sector still suffer from high feed costs, a lack of credit, and the high cost of inputs.

Table 1: Efficiency of Broiler Production in Russia, 1999

Name of Farm	Poultry Breed	Live weight production	Average per day weight gain (grams)	Average weight per head	Feed conversion (kg of feed to produce one kg of meat)	Poultry Survival rate %	Profit %
Reftino	Smena	17,922 MT	36.3	1,601	2.09	88	11.0
Tumen broiler	Gibro	17,020	34.7	1,896	2.25	87.9	5.0
Krasnaya Polyana	Baros	11,633	41.1	1,800	2.13	97.7	4.0
Oktyabrskaya	Smena	11,371	38.6	1,965	2.22	93.2	42.0
Mikhailovskaya	Issa	9,134	42.1	1,818	2.20	93.8	6.0
Permskaya	Smena	8,567	31.8	1,452	2.20	88.7	7.0
Sredneuralskaya	Smena	7,925	33.7	1,582	2.23	87.0	14.0
Ivanovskii Broiler	Smena	7,365	32.0	1,326	2.40	95.1	4.5
Petelinskaya	Smena	7,186	32.7	1280	2.20	90.7	31.0
Mari-El	Smena	6,803	37.2	1,678	2.22	93.3	15.0
Starominskaya	Rus'	3,980	38.7	1,885	2.36	93.6	1.1
Roskar	Issa	1,484	43.2	1,853	1.92	95.3	-
Don	Konkurent	550	44.3	2,700	2.30	94.0	23.0

Source: Russian Poultry Research Institute Publication, 2000

Consumption

Per capita poultry consumption in Russia was approximately 10 kg during 1999 and 2000. It is expected to reach 10.4 kg during 2001, as a result of relatively higher pork and beef prices. Inexpensive frozen poultry cuts are still popular with Russian consumers. More expensive fresh and chilled local cuts are also gaining popularity, but plants lacking the technology to process poultry offer whole birds.

Trade

During 2000, poultry importers benefitted from lower tariffs and VAT implemented during the later half of the year. They were able to save 8 to 10 percent on import duties fixed in euros as the dollar gained strength while the euro weakened. Although uncertainty caused by border crossing restrictions diminished trade during the first half of 2000, tariff reductions combined with strong demand during the second half of the year precipitated annual poultry imports equal to the 1999 level.

The demand for mechanically deboned U.S. chicken meat (MDM) grew during 2000, and surpassed the demand for turkey MDM. This trend is expected to continue long term, as the quality and price of U.S. product has become competitive with EU products.

The demand for U.S. chicken leg quarters and MDM is expected to continue growing during 2001 for the following reasons: 1) poultry remains the cheapest source of animal protein in the market; 2) domestic output cannot satisfy the market; 3) competitor countries are focusing efforts on other markets. The United States

continues to occupy approximately 80 percent of the Russian poultry import market. During 2001, Russia is expected to import 925,000 MT of poultry .

Policy

Border Restrictions

Following implementation of border crossing restrictions and a unified poultry duty during the spring and summer of 2000, most traders were forced to import under the same conditions. According to importers, black market trading has almost ceased. Consequently, Russian trade authorities did not continue to lower poultry tariffs as anticipated.

The State Customs Committee (SCC) continues to toughen its control over imported poultry meat. Following the imposition of a ban on the import of poultry originating from countries without land routes to Russia, the Committee introduced restrictions with respect to importers of European products. Currently, poultry products from countries with land routes from the EU must enter the Moscow region only through eight customs points located in Moscow. The restriction does not apply to entry points outside of the Moscow region, however, and does not give equal treatment to all poultry imports.

Quotas and Protective Measures

The Russian Ministry of Agriculture continues to lobby for the protection of domestic poultry production. Despite the call for a poultry import quota, most experts believe that the GOR is unlikely to pursue this policy. Besides leading to corruption, it would hurt domestic producers by depressing the total domestic consumption of poultry products since domestic output is too low to meet consumer demand due to structural import constraints.

Tariffs

On November 29, 2000, Russia published Decree #886, entitled, "On Partial Changes to GOR Decree No. 148, issued February 22, 2000." The decree applies new tariff rates on many products between January 1, 2001 and the end of September 2001. It consolidates differing tariff levels into fewer but broader groups. Under the decree, a total of 3,500 different tariffs will be divided into four main tariff rates of 5, 10, 15 and 20 percent -- instead of the current seven groups of 0, 5, 10, 15, 20, 25, and 30 percent. Local sources see this move as a strategy to speed Russia's accession to the WTO.

Table 2: Partial Changes in Russian Meat and Poultry Customs Duties

Tariff code	Commodity	New Tariff	Old Tariff
1602201100	Of goose and duck liver,	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602201900	Other	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602209000	Other	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602311100	Raw turkey meat	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602311900	Other	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602313000	Containing 25% or more meat or offal	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602319000	other	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602321100	Raw, from chicken containing more than 57% of meat or offal,	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602321900	Other	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602323000	Containing 25% or more but less than 57% of chicken meat or offal	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602329000	Other	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602392100	Raw	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602392900	Other	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602394000	Containing 25% or more but less than 57% of chicken meat or offal	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo
1602398000	Other	20%, but not less than 0.5 Euro per 1 kilo	15% but not less than 0.4 Euro per 1 kilo

Source: Russian State Customs Committee

Marketing

Prices

U.S. poultry prices did not significantly change between August 2000 and January 2001 (see table 3). This stability was a result of a unified poultry duty, and a beneficial tariff situation precipitated by a weak euro as compared to the U.S. dollar. (Russian Customs duties are fixed in rubles and euros.)_ In contrast, prices of pork and beef products grew significantly - 40 percent between August 2000 and January 2001.

Table 3: Russian Wholesale Prices for Poultry, Pork, and Beef Products

Commodity	Rubles/kilogram			Dollars / kilogram		
	2000		January 2001	2000		January 2001
	January	August		January	August	
Poultry						
Leg quarters, imported	23 - 25	26-32	28-34	0.81 - 0.88	0.94 - 1.15	0.98 -1 .20
Turkey, imported	24 - 26	55-57	60-65	0.84 - 0.91	1.98 - 2.05	2.12 - 2.15
Whole bird	32 - 36	40-41	38-43	1.12 - 1.26	1.44 - 1.48	1.40 - 1.52
Pork						
Shoulder, France, Denmark	34	38	50-55	1.19	1.37	1.75 - 1.94
Trimmings	39	39 - 48	42-50	1.35	1.40-1.73	1.50 - 1.80
Fresh ham, bone in	39	42	65	1.36	1.51	2.04
Half carcasses	36	42 - 44	51	1.26	1.51-1.59	1.80
Beef						
Trimmings	37	42 - 46	45	1.30	1.52 - 1.66	1.70
Ribeye roll	73	80	85 - 95	2.56	2.88	3.00 - 3.18
Beef side	35	44	48	1.23	1.59	1.69
Boneless	45	52 - 67	55 - 80	1.58	1.88 - 2.42	1.94 - 2.82

Source: Satory Catalogue Internet Service: www.satory.ru; January 29, 2001

PSD Table						
Country:	Russian Federation					
Commodity:	Poultry, Meat, Total					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	640	640	660	660	660	680
Whole, Imports	50	50	40	50	60	60
Parts, Imports	815	815	710	820	862	862
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	865	865	750	870	922	922
TOTAL SUPPLY	1505	1505	1410	1530	1582	1602
Whole, Exports	1	1	0	1	1	1
Parts, Exports	5	5	2	5	2	6
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	6	6	2	6	3	7
Human Consumption	1449	1449	1358	1474	1529	1545
Other Use, Losses	50	50	50	50	50	50
Total Dom. Consumption	1499	1499	1408	1524	1579	1595
TOTAL Use	1505	1505	1410	1530	1582	1602
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1505	1505	1410	1530	1582	1602

PSD Table						
Country:	Russian Federation					
Commodity:	Plty, Meat, Chicken -16 wks					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	350	350	380	380	380	395
Whole, Imports	15	15	15	20	20	30
Parts, Imports	730	730	700	730	872	800
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	745	745	715	750	892	830
TOTAL SUPPLY	1095	1095	1095	1130	1272	1225
Whole, Exports	1	1	1	1	1	1
Parts, Exports	4	4	4	4	4	4
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	5	5	5	5	5	5
Human Consumption	1065	1065	1070	1105	1247	1200
Other Use, Losses	25	25	20	20	20	20
Total Dom. Consumption	1090	1090	1090	1125	1267	1220
TOTAL Use	1095	1095	1095	1130	1272	1225
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	1095	1095	1095	1130	1272	1225

PSD Table						
Country:	Russian Federation					
Commodity:	Poultry, Meat, Turkey					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	8	8	7	7	7	7
Whole, Imports	3	3	2	2	2	4
Parts, Imports	96	96	35	40	50	50
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	99	99	37	42	52	54
TOTAL SUPPLY	107	107	44	49	59	61
Whole, Exports	0	0	0	0	0	0
Parts, Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
TOTAL Exports	0	0	0	0	0	0
Human Consumption	106	106	43	48	58	60
Other Use, Losses	1	1	1	1	1	1
Total Dom. Consumption	107	107	44	49	59	61
TOTAL Use	107	107	44	49	59	61
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	107	107	44	49	59	61

PSD Table						
Country:	Russian Federation					
Commodity:	Poultry, Eggs					
		1999		2000		2001
	Old	New	Old	New	Old	New
Calendar Year Begin		01/1999		01/2000		01/2001
Layers	150	150	150	140	150	135
Beginning Stocks	0	0	0	0	0	0
Production	33000	33000	33200	33500	33250	34200
Hatch Eggs, Imports	50	50	70	70	75	75
Shell Eggs, Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
TOTAL Imports	50	50	70	70	75	75
TOTAL SUPPLY	33050	33050	33270	33570	33325	34275
Hatch Eggs, Exports	50	50	50	50	50	50
Shell Eggs, Exports	0	0	0	0	0	0
Other Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
TOTAL Exports	50	50	50	50	50	50
Hatch Eggs, Consumption	2150	2150	2150	2150	2150	2180
Shell Eggs, Human	29550	29550	29770	30000	29820	30600
Shell Eggs, OT Use/Loss	1300	1300	1300	1370	1305	1445
Other Dom. Consumption	0	0	0	0	0	0
Total Dom. Consumption	33000	33000	33220	33520	33275	34225
TOTAL Use	33050	33050	33270	33570	33325	34275
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	33050	33050	33270	33570	33325	34275
Calendar Yr. Imp. from U.S.						