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Global Agricultural Information Network

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### Russian Far East Ag Policy and Situation Update

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**Report Highlights:**

Primorye Farmers to Get 2.5 Billion Rubles... Agribusiness of Khabarovsk Krai to Demonstrate a Positive Trend... Khabarovsk Food Processing Industry to Increase Growth in Output... Russia's Kamchatka Region to Substitute Salmon Imports on Domestic Market... 660 German Dairy Cows Arrive to Primorye on Boeing Planes... Pigs from the Kursk Region to Arrive at New Breeding Complex in Sakhalin... Japanese to Show Interest to Primorye Buckwheat... China is Ready to Start Shipping Food to Primorye... Embargo to Divide Residents of Primorye.

## **General Information:**

Post introduces the Russian Far East Agricultural Policy and Situation Update, a summary of issues of interest to the U.S. agricultural community. The report includes information reported in the local media and offered by Russian federal and regional officials. Press articles are included and summarized in the report. Significant issues will be expanded upon in subsequent reports from the office.

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### **Primorye Farmers to Get 2.5 Billion Rubles.**

According to Primorsky Territory Administration, the total amount of federal and regional subsidies to support agriculture accounts for more than 2.5 billion rubles (\$62.5 million). The funds are allocated to the program, "Development of Agriculture and Regulation of Agricultural Products, Raw Materials and Food; Raising Living Standards of the Rural Population of the Primorsky Territory" for 2013-2020. 560 farmers get subsidies which make up about 25 percent of their own investments. The budgeted money is invested mostly in crop farming. In 2014 the territory for planting soybeans, a strategically important crop in Primorye, totaled 205,500 hectares, which is higher by 7 percent than planned. The last time such volumes of soybeans were planted in Primorye was in 1965. Planting of corn totaled 27.3 thousand hectares. The total volume of early grain crops is 54,800 hectares, potato – 4,000 hectares (7.2 percent higher than initially planned), vegetables – 3,900 hectares (5 percent higher). The farmers in the region gathered 110 thousand metric tons of early grain, which is double the amount from last year. For the recent years, the most promising export crops in Primorye have been soybeans and corn. Soybeans, with high protein content, are demanded in the market and local farmers are now working on the implementation of newer varieties in cooperation with Canadian and Russian plant selection breeders.

<http://deita.ru/news/economy/13.10.2014/4760584-fermery-primorya-poluchayut-znachitelnuyu-kompensatsiyu-za-trudy/>

### **Agribusiness of Khabarovsk Krai to Demonstrate a Positive Trend.**

The region has developed a food security doctrine for the period up to 2020. Available resources and stable demand for the food products creates preconditions for a more dynamic development of the food industry in the region. The Federal program of agricultural development in the region for 2013-2020 provides for a number of complex activities for strengthening beef and dairy farming and greenhouse horticulture, which will increase the volume of local raw materials for food production. Villagers will receive significant support from the regional budget, but the regional government endeavors to attract funds from federal programs (such as a program supporting 1<sup>st</sup> time farmers) and the development of family livestock farms and restoration of soil fertility of agricultural land affected by the floods in 2013 in the Khabarovsk territory. To support the businesses affected by the floods, the Russian Ministry of Agriculture selected 15 investment projects for the Khabarovsk territory with credit funds total to 228.2 million rubles (\$5.7 million). Modernization of production facilities and investments in effective projects contributes significantly to industry development. "Pereyaslavsky Dairy Plant" CJSC implements the investment project for installation of equipment for milk and dairy product bottling and automated line for production and packaging of granulated cottage cheese. 34 million rubles (\$850,000) has been invested into the project. Such large enterprises as "Amur broiler", "Khabarovskiy" poultry

breeding plant and "Vostok" are also upgrading their facilities. The industry actively cooperates with foreign partners. "Danylivka" LLC specializing in breeding cattle plans to construct the breeding complex for 1,350 livestock units jointly with a Belarusian partner. The regional authorities are actively negotiating with a company from Israel, which is interested in the construction of poultry complex for growing turkeys for meat with production capacity of 14 thousand metric tons per year. Small agricultural enterprises show a positive trend: over the past five years, farmers in the region have significantly increased milk production, meat (in live weight), eggs and soybeans.

[http://dvkapital.ru/specialfeatures/khabarovskij-kraj\\_19.10.2014\\_6487\\_agropromyshlennyj-kompleks-khabarovskogo-kraja-demonstriruet-polozhitelnuju-dinamiku.html](http://dvkapital.ru/specialfeatures/khabarovskij-kraj_19.10.2014_6487_agropromyshlennyj-kompleks-khabarovskogo-kraja-demonstriruet-polozhitelnuju-dinamiku.html)

### **Khabarovsk Food Processing Industry to Increase Output Growth.**

During the first 8 months of 2014, growth in output of the food processing industry of the Khabarovsk Territory ranged from 2 to 64 percent compared with the same period of 2013. Dairy products output was increased 2 percent (with total volume of 60,400 MT), meat and offal – by 3 percent (7,000 MT), sausage products - by 64 per cent (5,600 MT), semi-finished meat – by 8 percent (4,500 MT, fish products - by 17.1 percent (154,100 MT) and eggs – by 4 percent (214 million pieces). According to the Head of Food Processing Industry of the regional Ministry of Agriculture, production growth is the result of the facilities upgrades, creating greater varieties of products, quality improvement and new players in the market. In particular, Yakut meat processing company "SKIF" opened a branch in the Khabarovsk Territory and launched production of a wide range of sausage products. Currently, the region accounts for about 300 food processing enterprises and the industry employs more than 6,000 people manufacturing roughly 1,550 different products. For the first 8 months of 2014, taxes from the food processing industry to the regional budget totaled 3.3 billion rubles (\$80,487) which is 10 percent more compared to the same period of the last year.

<http://deita.ru/news/economy/14.10.2014/4760882-predpriyatiya-pishchevoy-i-pererabatyvayushchey-promyshlennosti-khabarovska-sushchestvenno-uvelichil/>

### **Russia's Kamchatka Region to Substitute Salmon Imports on Domestic Market.**

Russia's Far East and Kamchatka are practically able to substitute all of the imported farmed salmon which Russia used to purchase from abroad before the food import ban on a wide range of products was introduced in response to Western sanctions, the territory's governor Vladimir Ylyukhin told the Federation Council upper house of Russian parliament on Wednesday, October 15. He stressed that Kamchatka territory was one of the country's major fish producers and, "the region provides almost a third of fish yields in the Far East and one fifth of all yields in Russia in total". Proving that, the local administration calculated that 873,600 MT of fish was captured in the area last year. Ylyukhin said that in 2014, local producers allocated almost the entire catch to the domestic market, but, unfortunately, only part of the volume had actually reached the consumers yet. Such difficulties with fish transportation are explained by the fact that all goods from Russia's Far East are delivered via the transport corridor in Russia's Primorye region. "Every year Primorye ports are overwhelmed with goods and the local railroad just cannot handle such huge traffic, while the prices on cargo unloading, depositing and transportation are really exorbitant", the governor said. He believes that the Northern Sea Route /Sevmorput/, the shipping lane from the Atlantic to the Pacific Ocean running along the Russian Arctic coast to the Bering Strait, can be the solution of the problem, for this bypass route will be much cheaper than costly railroad transportation throughout the country. Besides, this alternative shipping way may sufficiently raise Russia's export potential.

<http://itar-tass.com/novosti-partnerov/1509111>

### **660 German Dairy Cows Arrive to Primorye on Boeing Planes.**

The cattle is acquired by "GrinAgro", a large cattle-breeding complex located in Khankaisky area. The new herd of heifers will contribute to the development of livestock breeding in Primorye. As reported by the regional Department of Agriculture, the animals' transportation is scheduled by four flights of Boeing 747-400 airplanes. The aircraft can accommodate 165 cows per flight according to experts. The animal unit of the breeding stock from Germany will cost about 260,000 rubles (\$6,341). The cows will come to Primorye with all the necessary documents. Upon arrival, the animals will be registered by the representatives of Rosselkhoznadzor (Federal Veterinary and Phytosanitary Surveillance Service) according to Russian law. The breeding cows previously imported in Primorye successfully acclimatized and gave the first offspring. Each pedigreed cow can produce up to 10,000 pounds of milk per year which is three times higher than the average cow. This is three times as higher than the production at the average commercial farm. Currently the regional agricultural sector forecasts the real prospect for filling the market of Primorye with high-quality dairy products. The practice of the recent years has shown that one modern farm launched with highly productive cattle can increase the production capacity up to 10,000-15,000 pounds of milk. This is approximately the same as the current production of one or two areas.

[http://www.zrpress.ru/markets/primorje\\_16.10.2014\\_69012\\_660-nemetskikh-korov-priletjat-v-primorje-na-boinge.html](http://www.zrpress.ru/markets/primorje_16.10.2014_69012_660-nemetskikh-korov-priletjat-v-primorje-na-boinge.html)

### **Pigs from the Kursk Region to Arrive at New Breeding Complex in Sakhalin.**

A herd of 587 pigs has been brought from the Kursk region to the modern pig-breeding complex just launched in the village Taranai in the southern Sakhalin. The herd of pedigree cattle has been placed in breeding farm. The first offspring is expected in April 2015, and the first supplies of meat will be available in the 4<sup>th</sup> quarter of 2015. 12,000 pigs a year will be fatten for slaughter up to an average live weight of 110 kg. The complex will produce 1.3 MT of meat in live weight. At first, the meat will be supplied chilled in whole carcasses and half carcasses, later the enterprise will switch to processing using its own facilities. The estimated selling price of meat in carcasses/half carcasses is 220 rubles (\$5.26) per kg. The pricing policy allows to compete with frozen meat and to ensure consumer demand for the products in the domestic market. The company's share will total 10% of the pork market, and it will substitute the part of imported frozen meat products. A new pig-breeding complex was established in the framework of the State Program "Development of Agriculture and Regulation of Markets for Agricultural Products, Raw Materials and Food in the Sakhalin Area for 2014 - 2020".

<http://sakhalinmedia.ru/news/economics/20.10.2014/394842/sviney-iz-kurskoy-oblasti-zavezli-v-noviy-zhivotnovodcheskiy-kompleks-na-yuge-sahal.html>

### **Japanese to Show Interest to Primorye Buckwheat.**

Vice-governor of Primorye Territory Sergey Sidorenko met with a delegation of Japanese representatives from Sumitomo Corporation Hokkaido. The parties discussed cooperation of Primorye and Japanese companies in various areas, mostly about joint projects in the field of agriculture. As the president of Sumitomo Corporation Hokkaido, Takayuki Doi commented that the delegation arrived in Primorye to explore the opportunities for new projects in the region. Since the climate of Hokkaido is very similar to the climate of Primorye, many technologies that have already been tested in Japan can be applied here. In particular, the Japanese side is interested in exporting buckwheat. The delegation participants have scheduled a series of meetings with local farmers. Sergei Sidorenko said that Primorsky Krai is planned to build a grain terminal for handling large volumes, not only from Primorye

but also from Siberia. In the future, such logistics could be a significant assistance for the Japanese partners. The vice-governor claimed that one of the priorities for the Primorye today is development of greenhouse horticulture which can reduce import dependence of the region from foreign vegetables during the cold season. After gas arrived in Primorye, the region received accessible and affordable energy resources for the development of greenhouse production. Greenhouse cultivation is an interesting direction for Hokkaido Sumitomo Corporation which implements a pilot project for growing strawberries in greenhouses, and this technology can be applied in Primorye.

[http://www.zrpress.ru/business/primorje\\_14.10.2014\\_68969\\_japontsam-zakhotelos-primorskoj-grechki.html](http://www.zrpress.ru/business/primorje_14.10.2014_68969_japontsam-zakhotelos-primorskoj-grechki.html)

### **China is Ready to Start Shipping Food to Primorye.**

Chinese enterprises are ready to provide Primorye with thousands of metric tons of fruits, vegetables and meat. Heilongjiang Province entrepreneurs have begun to increase production to cover all the needs of the Primorsky region for raw materials and food products. It has also started to build the appropriate infrastructure as well. This was reported by the participants of the first Russian-Chinese trade fair of fruit and meat products which was held in Suifenhe on October 17. Cross-border cooperation between Russia and China has entered into a new round of development. As the result of introduced import food ban, China is ready to provide Primorye with raw materials and food products which are no longer available from the number of countries on the "black list". For Chinese entrepreneurs it was a great chance to establish contacts for their products supply to Russia. China is ready to supply Russia with 300,000 MT of agricultural products per year. Two Chinese factories have been certified to export pork to Russia. According to the Deputy Mayor of Sujfenhe government, China will be able to ship at least 200,000 MT of meat this year. Chinese entrepreneurs are confident that food embargo in Russia will improve the economy of border regions of China due to increased production. In connection with the food embargo, the Russian market opportunities for selling fruits increased up to \$1 billion and made it possible the delivery of vegetables up to almost \$7 million. It provides great opportunities for the development of Chinese exporting agricultural enterprises, as the Chamber of the Economy Chairman in Heilongjiang Province noticed. The trade volume between China and Russia reached a historic high in 2013 surpassing 88 billion US dollars. China became a major trading partner of Russia and Russia took place in the top ten of the leading partners of China. Perhaps because of the increased volume of exports of fruit and meat products from China to the Russian Federation, the trade volume between two countries is expected to increase even more.

<http://primamedia.ru/news/economics/20.10.2014/394626/prodovolstvennuyu-interventsiyu-gotov-nachat-prigranichniy-kitay-v-primore.html>

### **Embargo to Divide Residents of Primorye.**

According to the poll conducted by *RIA PrimaMedia*, most residents of Primorye are opposed to the government's retaliatory embargo on food imports from the United States, European Union, and other countries. 1,575 respondents were asked to select two options, the most popular of which was, "I do not support food import ban against the United States and EU as they affect ordinary Russian citizens". 522 people (33%) voted for this option. The second place is taken by those who support the embargo and hope that the ban on imports will help to establish domestic production in Russia. 498 people (32%) voted for this option. 306 people (19%) expressed negative attitudes towards the food ban due to significant price increases for goods, and 238 readers (15%) indicated that they didn't have enough money for the "forbidden" foods event before the introduction of the "black list".

<http://primamedia.ru/news/economics/14.10.2014/393339/embargo-razdelilo-zhiteley-primorya-na->

[soglasnih-terpet-i-protivnikov-sanktsiy.html](https://soglasnih-terpet-i-protivnikov-sanktsiy.html)