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Russia Sets Ambitious Dairy Exports Goal for 2025

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Report Highlights:

This report contains a read-out from the tenth annual congress of Russia's National Union of Milk Producers (Soyuzmoloko), which took place in Moscow on February 6, 2019. The key speaker at the event, Russian Minister of Agriculture Dmitry Patrushev, expressed confidence that by 2025 Russian dairy exports would hit \$1 billion. The Minister also assured Russian dairy producers that in 2019 the government would continue and expand its support for the industry.

General Information

Russia's [National Union of Milk Producers](#) (Soyuzmoloko) held its tenth annual congress in Moscow on February 6, 2019. The main news for the members of Soyuzmoloko came from its chairman Andrey Danilenko, who has been heading the Union since its foundation in 2008. Mr. Danilenko opened the congress by announcing his departure and replacement by Stefan Duerr, President of [EkoNiva Group](#). Mr. Danilenko also spoke about the Union's successes over the last decade, including the development of the dairy industry support program, adopted by the government.

The key speaker at the event, Russian Minister of Agriculture Dmitry Patrushev, touched briefly on the results of dairy production in 2018 and forecast for 2019, then focused on government support to the industry and its export potential.

In particular, Minister Patrushev stressed that development of the dairy industry is a priority for the Russian government. According to the Minister, in 2018, milk production in all Russian farms of all categories increased by 1.5 percent compared with 2017, and reached 30.6 million tons. The Ministry forecasts that in 2019 Russian milk production will increase by 2.8 percent to 31.1 million tons.

Minister Patrushev noted that active government support promoted the positive dynamics of the dairy industry development. He said that in 2018, Russian domestic support for the industry included (1) subsidies for investment and short-term loans, (2) subsidies for reimbursement of capital expenditures for dairy farms, and (3) subsidies for the increase of productivity in dairy farming. Additionally, the government provided support in the form of grants to over 3,000 small farms and new farmers in 2018, with dairy farms accounting for about 60 percent of such grantees.

Overall, according to the Minister, the Russian government allocated more than 28.3 billion rubles (\$452.5 million) for the development of the dairy industry in 2018. Minister Patrushev said that all of the types of domestic support for dairy farmers he listed would remain in effect in 2019. Moreover, in 2019, the government will expand the list of dairy farming areas covered by government support to include construction of dry milk production facilities for baby food and related components.

According to Minister Patrushev, government support measures will help increase milk production in the country, as well as reduce the import of dairy products to Russia. He also noted that Russia needed to increase dairy exports, which fell by 12 percent to \$243.5 million in 2018. The Minister suggested that the participants of the congress work together with the Ministry of Agriculture to analyze the reasons for the decrease. At the same time, he expressed confidence that by 2025 Russian dairy exports would hit \$1 billion, as part of Russia's [drive to increase food and agricultural exports to \\$45 billion annually by 2024](#).

The Minister said that Russia should explore new markets in order to achieve its export goals. He noted that Russia currently exported its products primarily to the countries of the Eurasian Economic Union and the Commonwealth of Independent States. Therefore, Russia's export geography should be expanded, in particular towards China and the countries of the Southeast Asia. According to Minister Patrushev, work in this direction is already underway. Thus, at the end of 2018, China allowed exports of dairy products from the first ten Russian companies, and on February 4, 2019, the Ministry sent a list of 23 additional Russian manufacturers to the Chinese side for approval. As a result, the Minister

announced that exports of Russian dairy products to China might begin before the end of the first half of 2019.

At the end of his speech, Minister Patrushev expressed confidence that close cooperation of the Ministry with representatives of the Union, as well as agricultural producers, would contribute to the achievement of objectives set for the industry and agriculture as a whole. He also said he was convinced that the new chairman of Soyuzmoloko Stefan Duerr would successfully continue to develop the Union's initiatives launched by Mr. Danilenko. Mr. Duerr, in his turn, enthusiastically promised to live up to the Minister's and members' expectations and confirmed that the goal of increasing Russian dairy exports to \$1 billion by 2025 was fully achievable.