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Russian Federation

Livestock and Products Semi-annual

2013 Livestock Semi-annual Report

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Report Highlights:
FAS/Moscow has raised its 2013 forecast for Russia's imports of cattle as a result of continued strong government support for the building of herds. Beef production is also increased marginally as high feed costs are increasing slaughter rates and, thus, meat output. FAS/Moscow's 2013 forecast for imports of live swine is lowered as a result of increased domestic swine stocks and continued trade restrictions with Europe due to disease concerns. Forecasts for pork production are increased in 2013, and pork imports are also up slightly as improved market access is expected to lead to more purchases of pork and pork products.

Executive Summary:

Cattle and Beef

The Russian Federal Statistics Service (Rosstat) reports cattle inventories at the beginning of 2013 were 19.4 million head. Given the reduction in beginning-of-year cattle stocks compared to past years, FAS/Moscow forecasts 2013 cattle production lower than previous estimates. Forecasted 2013 cattle imports, however, have been revised upward as State subsidies for domestic beef production programs are expected to remain strong. Nevertheless, despite a reduction in historical cattle stocks, slaughter rates are expected to increase marginally due to sustained high prices for feed grains which, in turn, are expected to lead to greater Russian domestic beef production.

Despite an increase in domestic beef production, 2013 beef imports are also expected to remain strong, and are thus slightly higher than previous 2013 estimates. Access for foreign beef via the tariff-rate quota (TRQ) system, continued modification of existing sanitary regulations, and an updated high-quality beef definition are expected to continue to improve market access conditions for beef imports.

Table 1. Russia: Cattle Numbers, 1,000 Head

Animal Numbers, Cattle Russia	**2011**		**2012**		**2013**	
	Market Year Begin: Jan 2011		**Market Year Begin: Jan 2012**		**Market Year Begin: Jan 2013**	
	USDA Official	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Total Cattle Beg. Stocks	19 970	19 970	19 695	19 695	19 430	19 458
Dairy Cows Beg. Stocks	8 553	8 553	8 678	8 678	8 675	8 500
Beef Cows Beg. Stocks	290	290	310	310	360	390
Production (Calf Crop)	6 800	6 800	6 850	6 900	6 900	6 850
Total Imports	95	95	100	138	110	130
Total Supply	26 865	26 865	26 645	26 733	26 440	26 438
Total Exports	1	5	1	6	1	5
Cow Slaughter	0	0	0	0	0	0
Calf Slaughter	0	0	0	0	0	0
Other Slaughter	6 720	6 720	6 780	6 840	6 800	6 850
Total Slaughter	6 720	6 720	6 780	6 840	6 800	6 850
Loss	449	445	434	429	434	430
Ending Inventories	19 695	19 695	19 430	19 458	19 205	19 153
Total Distribution	26 865	26 865	26 645	26 733	26 440	26 438

NOTE: Official USDA data is available at http://www.fas.usda.gov/psdonlineonline

Table 2. Russia: Beef and Veal Production, Supply & Distribution (1,000 MT CWE)

Meat, Beef and Veal Russia	**2011**	**2012**	**2013**
	Market Year Begin:	**Market Year Begin:**	**Market Year Begin:**

	Jan 2011		Jan 2012		Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	6 720	6 720	6 780	6 840	6 800	6 850
Beginning Stocks	0	0	0	0	0	0
Production	1 360	1 360	1 350	1 380	1 345	1 390
Total Imports	1 065	1 065	1 070	1 070	1 080	1 080
Total Supply	2 425	2 425	2 420	2 450	2 425	2 470
Total Exports	8	8	8	8	9	9
Human Dom. Consumption	2 417	2 417	2 412	2 442	2 416	2 461
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2 417	2 417	2 412	2 442	2 416	2 461
Ending Stocks	0	0	0	0	0	0
Total Distribution	2 425	2 425	2 420	2 450	2 425	2 470

NOTE: Official USDA data is available at http://www.fas.usda.gov/psdonlineonline

Swine and Pork

Rosstat reports 2013 beginning swine inventories were approximately 18.8 million head, a noteworthy increase over past years. The increase in swine stocks is attributed to reduced backyard production (nearly 10% by volume) as a result of outbreaks of African Swine Fever and reduced competitiveness of informal producers compared with modernized agricultural establishments. Increased production at more efficient agricultural establishments has led to an increase in the number of domestic swine, and, given their improved production practices, an increased pig crop. With the increase in the number of domestically produced live swine, and the ongoing trade restrictions on live swine imports from the European Union due to outbreaks of the Schmallenburg virus, FAS/Moscow has revised downward its 2013 forecast for swine imports.

However, given the increase in domestic swine stocks, coupled with burgeoning feed costs as noted above, Russian domestic pork production is expected to appreciably increase in 2013. An increase in pork imports in 2013 is also anticipated, as compared to previous estimates, because of Russia's WTO commitments – namely a TRQ with favorable import duties and, as is the case for beef, continued modification of existing sanitary regulations.

Table 3. Russia: Swine Numbers, 1,000 Head

Animal Numbers, Swine	2011	2012	2013

Russia	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Total Beginning Stocks	17 231	17 231	17 258	17 258	17 300	18 793
Sow Beginning Stocks	2 150	2 150	2 100	2 150	2 200	2 250
Production (Pig Crop)	30 650	30 650	31 350	33 300	32 645	34 500
Total Imports	782	782	600	335	600	400
Total Supply	48 663	48 663	49 208	50 893	50 545	53 693
Total Exports	0	0	0	0	0	0
Sow Slaughter	0	0	0	0	0	0
Other Slaughter	29 603	29 603	30 058	30 300	30 800	31 500
Total Slaughter	29 603	29 603	30 058	30 300	30 800	31 500
Loss	1 802	1 802	1 850	1 800	1 850	1 850
Ending Inventories	17 258	17 258	17 300	18 793	17 895	20 343
Total Distribution	48 663	48 663	49 208	50 893	50 545	53 693

NOTE: Official USDA data is available at http://www.fas.usda.gov/psdonlineonline

Table 4. Russia: Pork production, Supply & Distribution (1,000 MT CWE)

Meat, Swine Russia	2011		2012		2013	
	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Slaughter (Reference)	29 603	29 603	30 058	30 300	30 800	31 500
Beginning Stocks	0	0	0	0	0	0
Production	2 000	2 000	2 045	2 075	2 075	2 150
Total Imports	971	971	975	1 070	1 000	1 080
Total Supply	2 971	2 971	3 020	3 145	3 075	3 230
Total Exports	0	0	0	0	0	0
Human Dom. Consumption	2 971	2 971	3 020	3 145	3 075	3 230
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	2 971	2 971	3 020	3 145	3 075	3 230
Ending Stocks	0	0	0	0	0	0
Total Distribution	2 971	2 971	3 020	3 145	3 075	3 230

NOTE: Official USDA data is available at http://www.fas.usda.gov/psdonlineonline

Production:

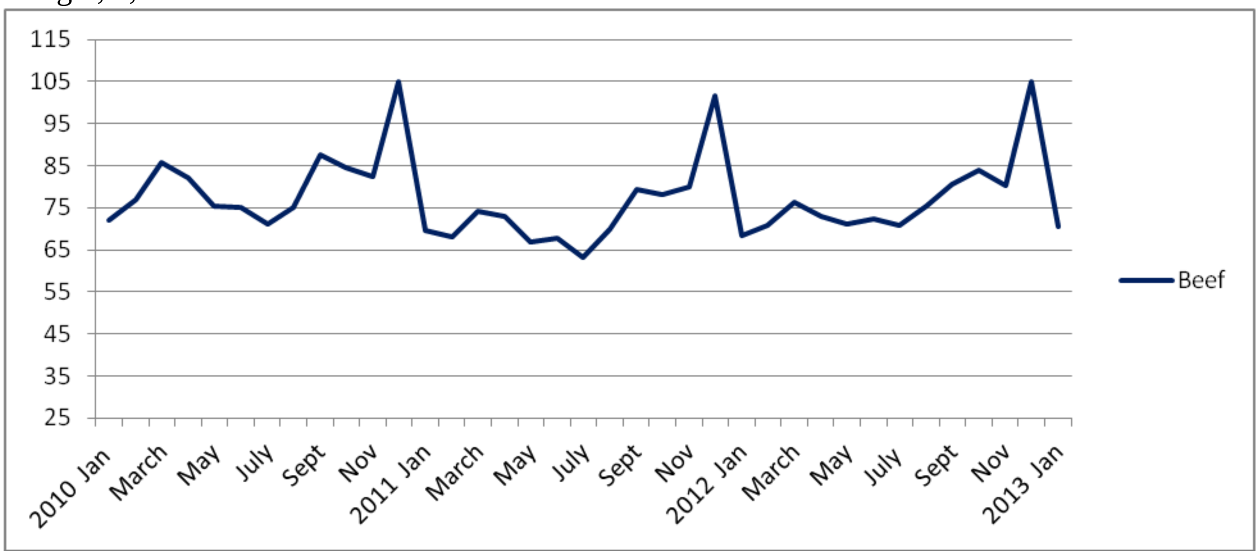
Cattle and Beef

FAS/Moscow forecasts 2013 beginning stocks of cattle to be slightly higher than past estimates as result of year-end Rosstat inventory statistics. Because of sustained high prices for domestic feed grains, which continue to strengthen (see, e.g., GAIN Report RS1304), FAS/Moscow also forecasts the number of cattle slaughtered in 2013 to increase slightly compared to previous forecasts.

In 2013, the Russian government will reportedly allocate RUR 8 billion ($260 million) for the support of Russian livestock production and RUR 2 billion ($65 million) to support Russian beef cattle production via as yet unspecified programs. According to the Ministry of Agriculture, Russia also plans to allocate RUR 400 million ($13 million) to support the purchase of bulls, embryos and semen of beef cattle breeds, including for imports. The Russian government has also increased the terms of government-backed soft loans for beef cattle producers for a period of up to 15 years and will also subsidize 100 percent of the interest rate beginning this year.

FAS/Moscow forecasts 2013 beef production at 1.39 MMT, carcass weight equivalent (CWE) in 2013, or approximately 3 percent higher than our previous forecasts for 2013. This increase in FAS/Moscow's forecast is attributable to an anticipated slaughter increase in 2013 because of increased feed costs, plus improved yields as a result of increased weights at slaughter as a result of improving farm management practices.

Graph 1. Russian Historical Monthly Beef Production (from Dairy and Beef Cattle), 2010-2013, Live Weight, 1,000 MTs



Source: Rosstat

According to the Russian National Association of Beef Producers (NUBP), the number of Russian feed lots has significantly increased over the past six years. The NUBP reports there were approximately 340 commercial feedlots in Russia in 2012, compared to just 16 in 2006.

The largest producer of high quality beef in Russia is the Bashkortostan region, which produced more than 7.5 percent of Russia's high quality beef in 2012, or 216,500 MT of beef on a live weight basis. Other major producing regions in Russia in 2012 were Tatarstan (158,900 MT), the Altai territory (122,000 MT), Kuban (116,400 MT), and the Saratov region (107,900 MT). Other beef producing areas in Russia, albeit in a smaller scale that those mentioned above, include: Kalmikiya, Voronezh, Lipetsk, Tyumen, Astrakhan, Rostov, and Orenburg oblasts.

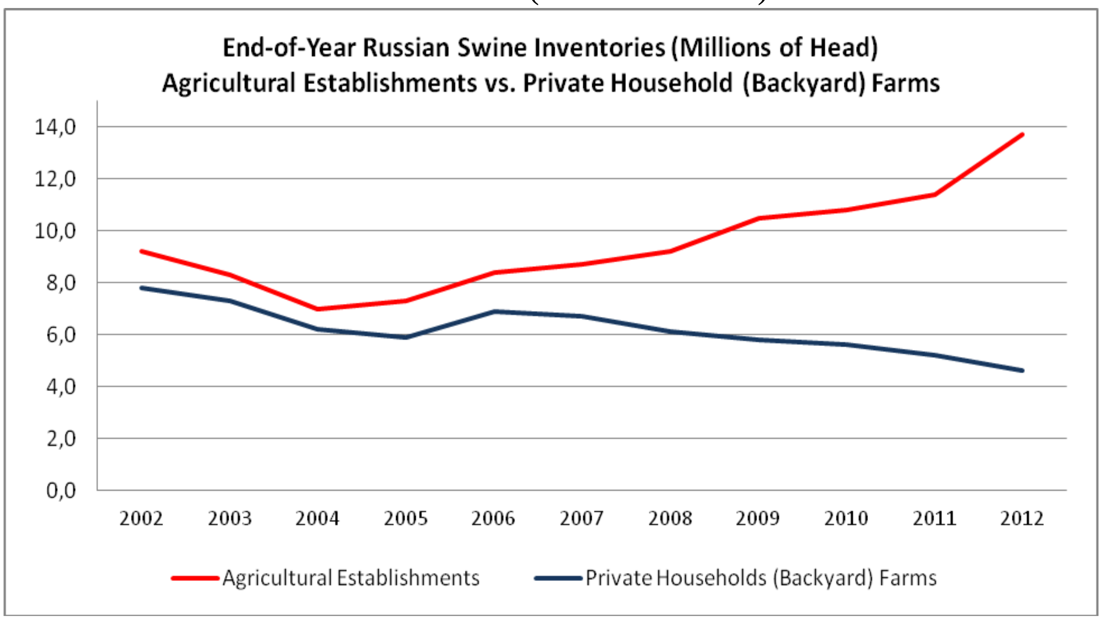
Swine and Pork

FAS/Moscow forecasts 2013 beginning stocks of swine to increase by 8 percent over past estimates as result of an increase in year-end Rosstat inventory statistics. Backyard production has been declining in

Russia for several years, but inventories at these farms significantly declined in 2012 (falling by nearly 10 percent, by volume). African Swine Fever continued to have a negative impact on backyard production across Russia, and the Russian Ministry of Agriculture has even gone so far as to recommend that backyard producers switch to raising other livestock rather than swine.

However, increased production at more efficient agricultural establishments has led to an increase in the total number of domestic swine, and, given improved production practices, an increased pig crop.

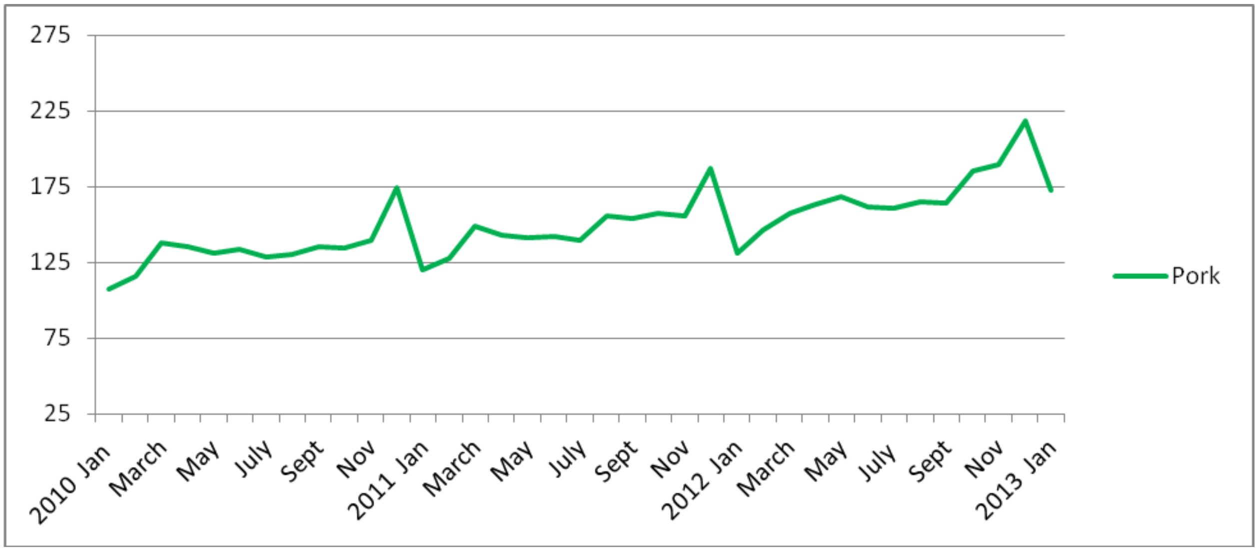
Graph 2: End-of-Year Russian Swine Inventories (Millions of Head)



Source: Rosstat

FAS/Moscow has increased its 2013 Russian pork production forecast by approximately 4 percent to approximately 2.15 MMT, carcass weight equivalent (CWE), because of an anticipated continuation of improving production yields and an increase in the number of slaughtered hogs due to rising feed costs.

Graph 3. Russian Historical Monthly Pork Production, 2010-2013, Live Weight, 1,000 MTs



Source: Rosstat

Overall 2012 pork production increased across Russia, including considerably in the center of Russia (i.e., by 40 percent to 102,000 MT live weight or 75,000 MT slaughter weight) – in Belgorod, Kursk, Lipetsk, Voronezh and Tambov oblasts. The State Duma has requested the Ministry of Agriculture allocate RUR 9.5-10 billion ($311-330 million) of additional one-time financial support payments, in the form of subsidies from the state budget, to compensate for increased feed prices and support Russian swine production in 2013. If granted, this support is anticipated to help efficient pork producers maintain profitability.

In an effort to further support Russian agriculture, Russian legislators have approved changes to the Russian Tax Law which fixes a zero tax rate on profits earned by agricultural producers which, in turn, will benefit all branches of the Russian meat industry. Previously, this tax-free status was set to expire in 2020. In addition, in 2012, the Russian Ministry of Agriculture selected 30 support projects for implementation that will help modernize pre-existing facilities and develop new facilities (e.g., slaughter houses, breeding facilities, meat production, etc) as well. The Federal and regional budgets will allocate approximately RUR 9 billion ($300 million) to support these projects.

Consumption:

Beef

FAS/Moscow slightly increased its previous forecasts for 2013 beef consumption due to anticipated increases in domestic production and the continued strength of imports. At present, approximately 90 percent of Russian beef is produced from dairy cattle. Imported and locally produced high quality beef in Russia is utilized by the hotel, restaurant, and institutional (HRI) sector, including in an increasing number of Russian steak restaurants which have become quite popular in Russia's major cities. Processers reportedly still prefer imported beef over domestic cuts and carcasses which are considered less standardized. Processers have also expressed a preference for lean beef which they report is easier to utilize in sausage and burger production.

Pork

Pork consumption is forecast to increase by approximately 5 percent over previous estimates for 2013 because of anticipated increases in production and the availability of competitively priced imports.

Trade:

Cattle and Beef

Overall U.S. exports of live cattle eclipsed previous records in 2012, and FAS/Moscow has revised upwards its 2013 Russian cattle import forecast as federal and regional governments continue to offer subsidies to support the further development of Russia's cattle herds. FAS/Moscow has also raised Russian cattle exports to account for the few thousand head of cattle which have been shipped from Russia to Azerbaijan over the past few years.

Despite an increase in domestic beef production, FAS/Moscow anticipates 2013 beef imports will also remain strong, even slightly higher than previous 2013 estimates. Access for beef via a tariff-rate quota (TRQ) system, continued modification of existing sanitary regulations, and an updated high-quality beef definition are expected to continue to improve market access conditions for imports.

Russian beef imports in 2012 increased by 3.3 percent to 730,805 MT (PWE) from 707,503 MT in 2011. Imports from Brazil accounted for 39.6 percent, Paraguay – 19 percent, and Belarus – 16.6 percent. However, FAS/Moscow believes Belarusian imports may have actually accounted for a larger percentage due to underreported intra Customs Union trade. Imports of beef to Russia from the United States accounted for 46,292 MT-- 7.4 percent of total beef imports, an 18 percent increase from 2011.

Swine and Pork

Russian import duties on live swine were decreased (from 40 percent but not less than 0.5 Euro/kilo) to five percent in August 2012. Despite the positive impact that this tariff reduction should have on import volumes, FAS/Moscow lowered its 2013 swine import forecast to 400,000 head due to an increase in domestic swine stocks and ongoing trade restrictions with the European Union related to continued outbreaks of the Schmallenburg virus.

Despite an anticipated increase in production, 2013 pork imports are expected to be higher than previous estimates, because of Russia's WTO commitments – namely a TRQ with favorable import duties and, as is also the case for beef, continued modification of existing sanitary regulations.

FAS/Moscow has also revised 2012 pork imports to reflect full year trade data which has recently become available. Russia increased pork imports in 2012 by 10.2 percent to 822,961 MT (PWE), 77 percent of which was frozen. The largest pork exporters to Russia were the EU – accounting for 37 percent of Russia's pork imports, Canada – 21.8 percent, Brazil –14.8 percent, the United States – approximately 12 percent, and Belarus – 9.6 percent. The United States exported 87,942 MT of pork to Russia in 2012, a 52 percent increase over 2011.

Policy:

In 2013, Russia instituted a ban on the importation of U.S. beef, pork, and beef and pork by-products until such time as the United States provides guarantees that these products are ractopamine-free. As of the end of January 2013, Brazil, Paraguay, and Argentina had increased the volume of beef they exported to Russia, when compared to the same period in 2012. As of the end of January 2013, Brazil, Chile, Ireland, France, Hungary, and the Netherlands had all increased the volume of pork they exported to Russia, when compared to the same period in 2012.

Trade Tables

Table 5. Russia Live Bovine Imports From World, Annual Series: 2007-2012

Partner Country	Quantity					
	2007	2008	2009	2010	2011	2012
World	74883	58352	48732	37725	94468	137613
United States	0	1936	9109	2487	19092	74734
Australia	8008	14867	9643	10311	31979	36645
Denmark	1827	0	0	0	3128	10811
Hungary	880	4540	7126	6300	2288	3874
Poland	0	0	0	413	1313	2383
Austria	5873	6512	1781	1191	2680	2087
Canada	5114	13178	3739	202	6763	1862
Finland	372	236	593	579	1235	1238
Slovakia	0	0	2241	1806	1306	1194
Sweden	0	0	0	138	147	971
Netherlands	18318	1395	8953	8054	14366	785

Source: Global Trade Atlas *Belarus is not Included

Table 6. Russia Live Swine Imports From World, Annual Series: 2007-2012

Partner Country	Quantity					
	2007	2008	2009	2010	2011	2012
World	376661	770454	1205295	782500	781931	334473
Belarus*	N/D	0	3450	54233	112754	103131
Denmark	20600	35318	27999	18497	73039	77739
Estonia	47302	61365	152450	155432	231925	53120
Latvia	2757	31597	82585	112239	141844	45894
Germany	45666	180868	244192	121841	59569	26728
Poland	26885	47812	123479	9945	13102	8268
Ireland	16007	8292	1998	3866	6782	4055
France	10341	3897	1650	2710	1844	3952
Hungary	17637	26536	33168	5716	305	3871
Canada	10664	3451	5666	6298	4509	3507
Czech Republic	8186	16511	8114	0	5663	1797
United States	0	0	0	0	1116	1242

Source of Data: Global Trade Atlas *Belarus Export Data – Global Trade Atlas

Table 7. Russia Beef Imports From World, Annual Series: 2007 – 2012, MT

Commodity	**Description**	**Quantity**					
		2007	**2008**	**2009**	**2010**	**2011**	**2012**
BEEF	BEEF	735,485	811,909	639,462	626,767	605,025	626,246
0202	Meat Of Bovine Animals, Frozen	712,812	791,159	624,077	606,083	566,545	584,615
0201	Meat Of Bovine Animals, Fresh Or Chilled	21,133	19,571	11,765	19,748	35,732	41,165
160250	Prepared Or Preserved Bovine Meat Etc. Nesoi	1,522	1,172	3,617	935	2,748	461
021020	Meat, Bovine Animals, Salted, In Brine, Drd, Smokd	17	8	3	1	0	5

Source: Global Trade Atlas *Belarus is not Included

Table 8. Major Russia Beef Imports, Annual Series: 2007 – 2012, MT

Partner Country	**Quantity**					
	2007	**2008**	**2009**	**2010**	**2011**	**2012**
World	735,485	876,595	752,197	755,314	707,503	730,805
EU-27	41,407	52,774	19,266	78,717	80,741	52,313
Brazil	455,626	404,001	322,969	282,184	224,160	248,906
Paraguay	62,755	83,280	46,663	64,089	50,478	119,470
Belarus*	N/D	64,686	112,735	128,547	102,478	104,559
Uruguay	20,029	88,908	66,199	78,926	77,528	65,870
United States	0	18,780	3,183	22,311	39,215	46,292
Australia	3,902	69,056	16,224	41,167	65,251	34,128
Mexico	0	0	0	2,863	22,516	27,229
Ukraine	33,531	16,711	18,823	12,847	12,367	14,170
Argentina	112,830	69,384	136,991	33,933	14,899	8,933
Moldova	1,108	91	63	1,530	3,514	3,151
New Zealand	102	3,684	394	1,041	2,133	2,963

Source of Data: Customs Committee of Russia * Belarus Export Data – Global Trade Atlas

Table 9. Russia Imports From World: Beef, 0202, Frozen, Annual Series: 2007 – 2012, MT

Commodity	Description	Quantity					
		2007	2008	2009	2010	2011	2012
0202	Meat Of Bovine Animals, Frozen	712,812	791,159	624,077	606,083	566,545	584,615
020230	Meat Of Bovine Animals, Boneless, Frozen	674,777	769,608	596,781	587,058	550,062	575,873
020210	Carcasses/Half-Carcasses Of Bovine Animals, Frozen	34,090	17,153	18,812	13,833	9,016	6,805
020220	Meat, Bovine Cuts With Bone In, Frozen	3,945	4,398	8,485	5,191	7,466	1,937

Source: Global Trade Atlas *Belarus is not Included

Table 10: Russia Pork Imports From World*: Annual Series: 2007 – 2012, MT

	Description	Quantity					
		2007	2008	2009	2010	2011	2012
PORK	PORK	687,818	810,262	649,791	656,974	681,591	743,579
020329	Meat Of Swine, Nesoi, Frozen	479,815	581,609	481,801	494,793	516,303	576,536
020322	Meat, Swine, Hams, Shoulders Etc, Bone In, Frozen	74,259	94,529	67,196	64,923	72,639	68,107
020321	Carcasses And Half-Carcasses Of Swine, Frozen	96,535	89,714	68,722	56,459	39,954	40,361
020319	Meat Of Swine, Nesoi, Fresh Or Chilled	13,902	18,765	14,060	20,178	26,028	32,124
160249	Prepared Etc. Swine Meat, Offal, Etc. Nesoi	10,621	12,654	10,225	10,938	16,636	16,167
020311	Carcasses & Half-Carcasses Of Swine Fresh, Chilled	7,226	6,337	3,718	4,271	1,661	3,077
021019	Meat Of Swine Nesoi, Salted, In Brine, Dried, Smkd	300	111	154	1,856	3,873	2,342
160241	Prepared Or Preserved Swine Nesoi, Hams Etc	1,615	1,782	1,401	1,310	1,760	2,237
160242	Prepared Or Preserved Swine Nesoi, Shoulders Etc	1,767	2,301	1,260	1,222	1,506	1,609

Source: Global Trade Atlas *Belarus is not Included

Table 11. Major Russia Pork Imports, Annual Series: 2007 – 2012, MT

Partner Country	Quantity					
	2007	2008	2009	2010	2011	2012
World	687,818	851,230	673,906	704,597	746,657	822,961
EU-27	257,153	302,236	247,716	303,686	356,609	309,151
Germany	44,543	69,431	84,552	112,617	110,895	87,843
Spain	33,524	42,243	33,184	37,395	61,458	67,580
Denmark	92,604	69,037	65,368	72,711	80,395	60,694
France	16,456	36,174	27,016	32,527	34,615	22,960
Canada	70,474	102,762	41,962	67,122	112,017	179,615
Brazil	282,220	238,740	249,715	223,926	133,050	122,313
Belarus*	N/D	40,968	24,115	47,623	65,066	79,382

United States	75,208	159,417	107,676	59,405	58,016	87,942
Ukraine	0	0	0	471	12,708	21,130
Chile	96	5,607	2,027	1,600	5,284	18,544

Source: Global Trade Atlas * Belarus Export Data – Global Trade Atlas