

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Voluntary    Public

**Date:** 5/6/2014

**GAIN Report Number:** RS1427

## Russian Federation

**Post:** Moscow

### Amended Agricultural Development Program 2013-2020

**Report Categories:**

Agricultural Situation

**Approved By:**

Levin Flake

**Prepared By:**

Yelena Vassilieva

**Report Highlights:**

On April 15, 2014, the Russian government amended the State Program for the Development of Agriculture and Regulation of Agricultural Commodities Markets in 2013-2020. This Program was adopted in 2012 and came to force in January 2013. The recent changes reduce projected federal funds for the Program in 2015 by 9.7 billion rubles (\$269 million) to 166 billion rubles (\$4.6 billion), and in 2016 by 21.3 billion rubles (\$592 million) to 165 billion rubles (\$4.6 billion). The stated justification for these reductions is that allocated federal funds for the Program in 2013 and 2014 were higher than planned. For crop production, the government increased crop producers' support in 2013 by 21.6 billion rubles, but now plans to significantly reduce this support in 2014-2016.

**General Information:**

On April 15, 2014, the Government of the Russian Federation adopted the Resolution No. 315 “On Amendments to the State Program for the Development of Agriculture and Regulation of Agricultural Commodities Markets in 2013-2020” (State Program 2013-2020). The Resolution No. 315 actually approved the new edition of the State Program 2013-2020, which has been considered the major legislative document that forms the Russian agricultural and agro-industrial policy. FAS/Moscow reported on the State Program 2013-2020 adopted in 2012 in the GAIN report [Agriculture Development Program 2013-2020 11-6-2012.pdf](#). The text of the Resolution No. 315 of April 15, 2014 and the whole text of the new edition of the Program 2013-2020 has been posted on the site of the Russian Ministry of Agriculture and replaced the previous version.

<http://www.mcx.ru/documents/document/show/22026.htm>

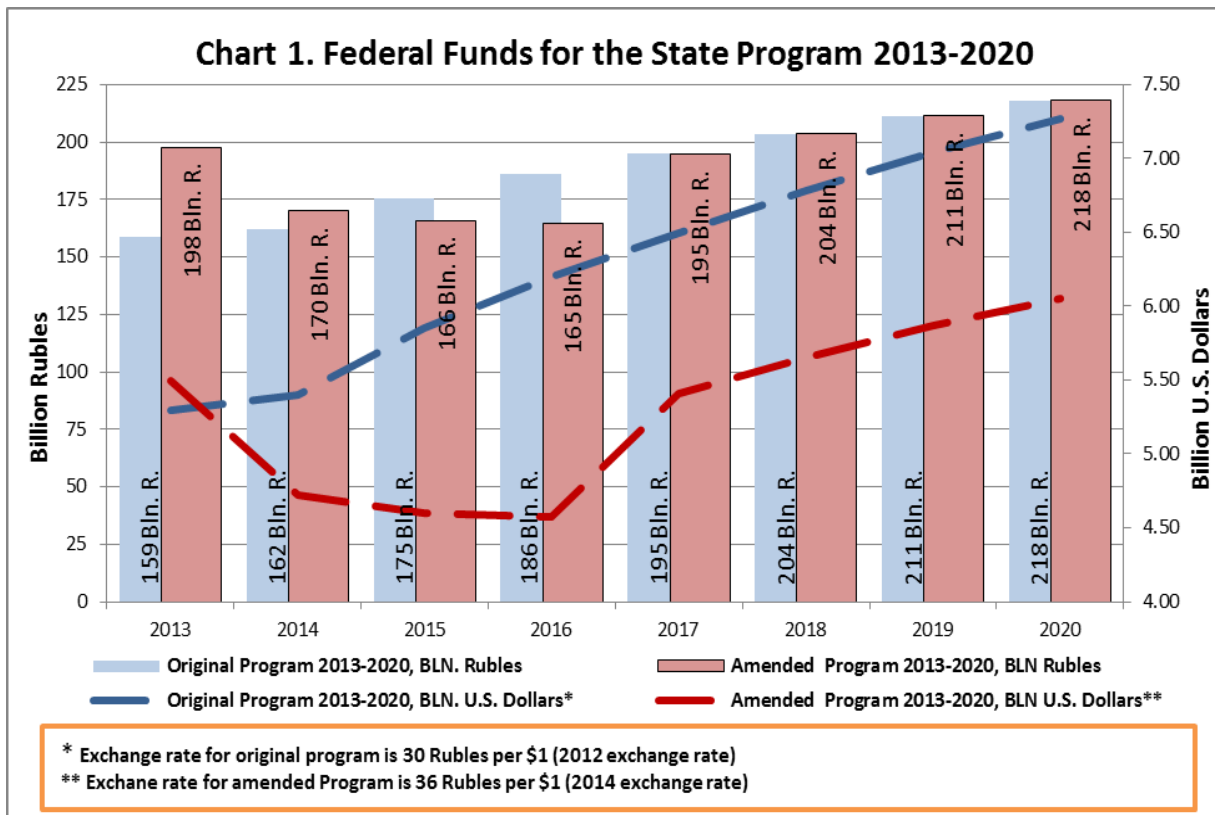
The unofficial translation of Resolution No. 315 of April 2014 is given in Annex 1. The comparison of budget for the original State Program 2013-2020 (adopted in 2012) and the edited State Program 2013-2020 (adopted on April 15, 2014) by sub-programs is given in Annex 2.

**Overview of major changes in edition 2014 compared to the 2012 version**

The amended version of the State Program 2013-2020 is characterized by the following:

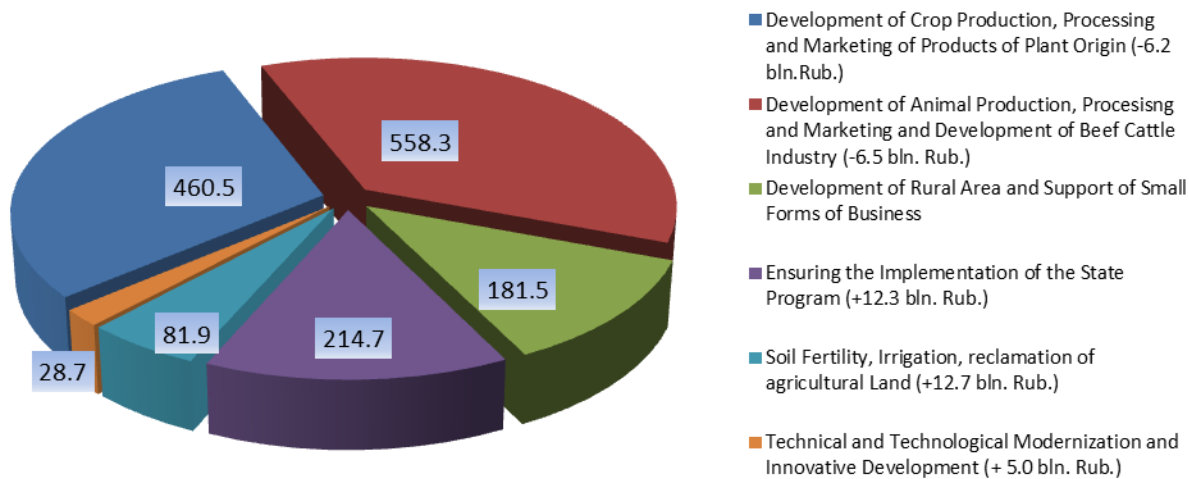
- The recent version is only one-third the length of the original: 49 pages and 5 attached tables with distribution of funds by years and by categories within each sub-program instead of 178 pages and 9 attached tables in the original edition (2012);
- The descriptions of the Program, and its sub-programs (so called “passports”) unlike previous descriptions, do not specify the current status of the agro-industrial complex, its problems, trends, and detailed measures that shall be undertaken for the implementation of the Program. The descriptions are limited to the amount of funds by year and major goals;
- The total amount of funding for the whole period 2013-2020 is raised by 15.9 billion rubles from 1,509.7 billion rubles (edition 2012) to 1,525.6 billion rubles (edition 2014). However, because of the weakening ruble, in U.S. Dollar the amount of financing decreased from \$50 billion as was in the 2012 edition (when \$1 = 30 Rubles) to \$42.4 billion considering that in 2014 \$1 = 36 rubles;
- The distribution of federal funds for the Program 2013-2020 by year is changed significantly. Federal funds expended for the Program in the first year of its implementation (2013) already exceeded the planned amount by 38.8 billion rubles. In 2014, allocated funding is 8.1 billion rubles above what the plan calls for. Meanwhile, funding for the Program in 2015 and in 2016 will drop by 9.7 billion rubles and 21.3 billion rubles, respectively, and will be lower than in 2014 (see Charts 1 and 2 below). The levels of federal financing of the program for 2017-2020 are nearly unchanged;
- The Ministry of Culture of the Russian Federation is added as the co-participant in the implementation of the Program, and in small amounts, will share with the Ministry of Agriculture funding of social and economic development of rural areas;
- The descriptions of each sub-program are reduced and do not include thorough analysis of the tools, methods, and stages of implementation of the sub-programs. In addition, the new version does not include reference to the participation of Rosselkhozbank (the State owned bank for financing agriculture on quasi-commercial terms) or Rosagroleasing (the State owned company for selling equipment to farmers on terms of installment payments) in the implementation of the

- Program and its sub-programs;
- The new version contains the same self-sufficiency targets for 2020 of the Food Security Doctrine:
  - in grain – up to 99.7 percent of Russian total grain supply (including carry-over stocks)
  - in sugar beet – up to 93.2 percent,
  - in vegetable oil – up to 87.7 percent
  - in potato – up to 98.7 percent,
  - in meat and meat products – up to 88.3 percent,
  - in milk and dairy products – up to 90.2 percent of Russian supply of milk and dairy products (including carry-over stocks).



Source: FAS/Moscow based on the former and the new edition of the State Program 2013-2020.

**Chart 2. Federal Funds for Major Sub-Programs in the State Agricultural Program  
2013-2020, edition 2014 (change from edition 2012 is in brackets), billion Rubles**



Source: FAS/Moscow based on the former and the new edition of the State Program 2013-2020.

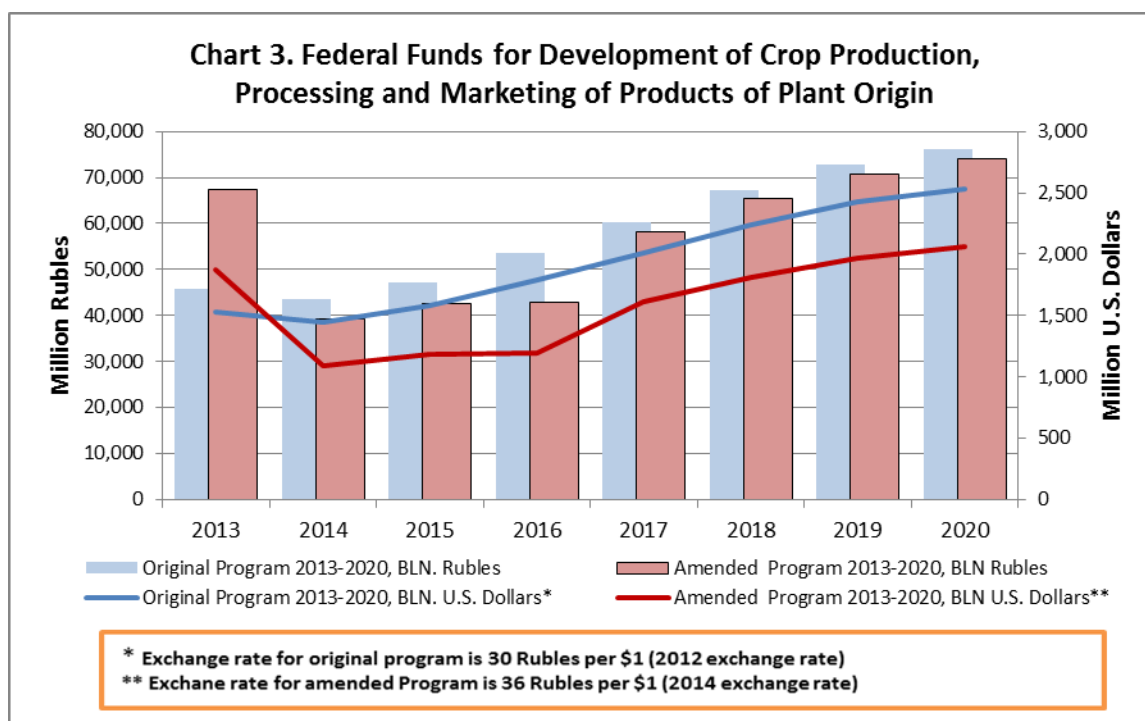
The expected co-financing of the Program 2013-2020 from provincial budgets is forecast to decrease by 54.8 billion rubles, from 777.6 billion rubles (\$25.9 billion at exchange rate 2012) to 722.8 billion rubles (\$20.1 billion at exchange rate 2014) during the whole period 2013-2020.

#### *Sub-Program Development of Crop Production, Processing and Marketing of Products of Plant Origin*

The total budget of this sub-program for 2013-2020 originally was 466.6 billion rubles (\$15.6 billion at exchange rate 2012) and comprised 31 percent of the State Program 2013-2020. The amended budget of this sub-program is 460.5 billion rubles (\$12.8 billion at exchange rate 2014), and its share also decreased slightly to 30 percent. The government increased crop producers' support in 2013 by 21.6 billion rubles, but now plans to significantly reduce this support in 2014-2016. In U.S. Dollars' terms the decrease of support of crop producers is even sharper due to a 20 percent increase of the value of the dollar to Russian ruble in 2014 compared to 2012, when the Program 2013-2020 was adopted.

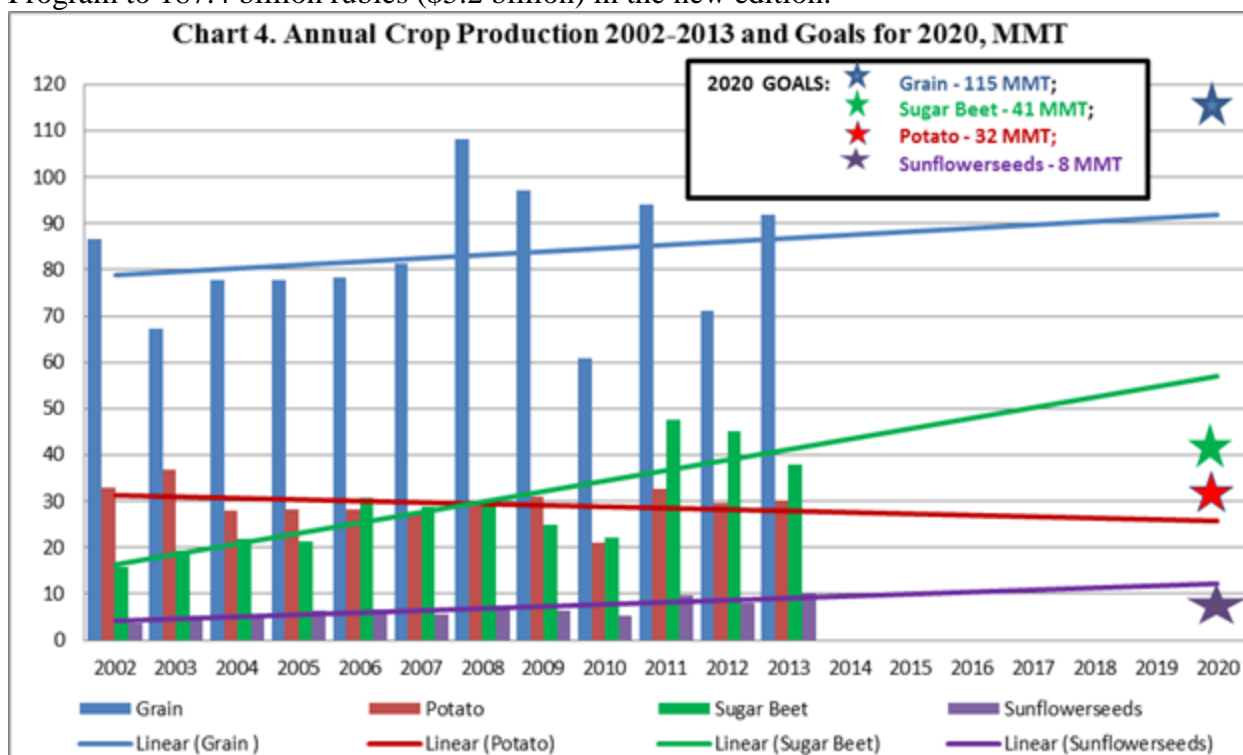
Meanwhile, the production targets to be reached by 2020 remain the same as in the original program.

Thus, grain production target by 2020 is 115 million metric tons (MMT), intervention fund - 8.5 MMT, grain exports – up to 30 MMT, production of vegetable oil – 3.3 MMT, production of sugar beet – up to 41 MMT, production of beet sugar – 5.4 MMT, and production of potatoes – 32 MMT.



Source: FAS/Moscow based on the former and the new edition of the State Program 2013-2020.

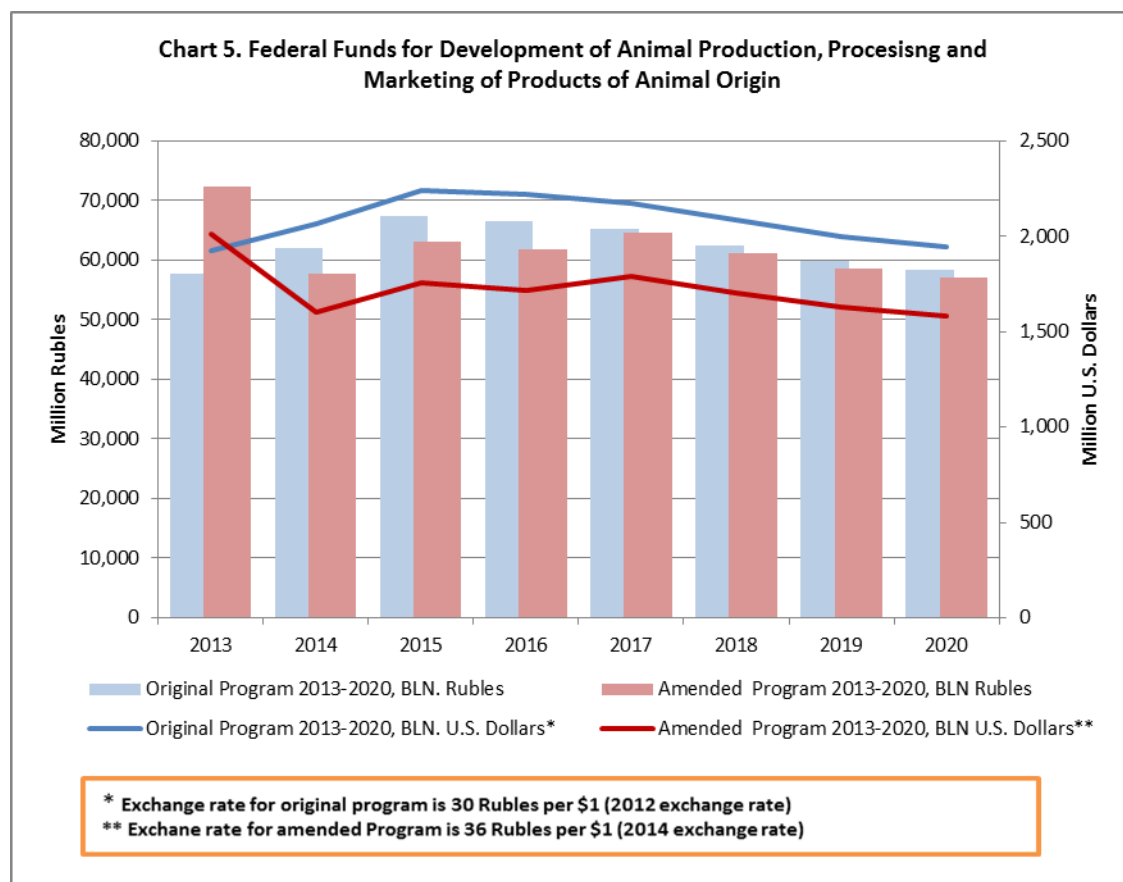
The co-financing of this sub-program from provincial budgets for the whole period 2013-2020 is planned to decrease from 212.9 billion rubles (\$7.1 billion) as stipulated in the original edition of the Program to 187.4 billion rubles (\$5.2 billion) in the new edition.



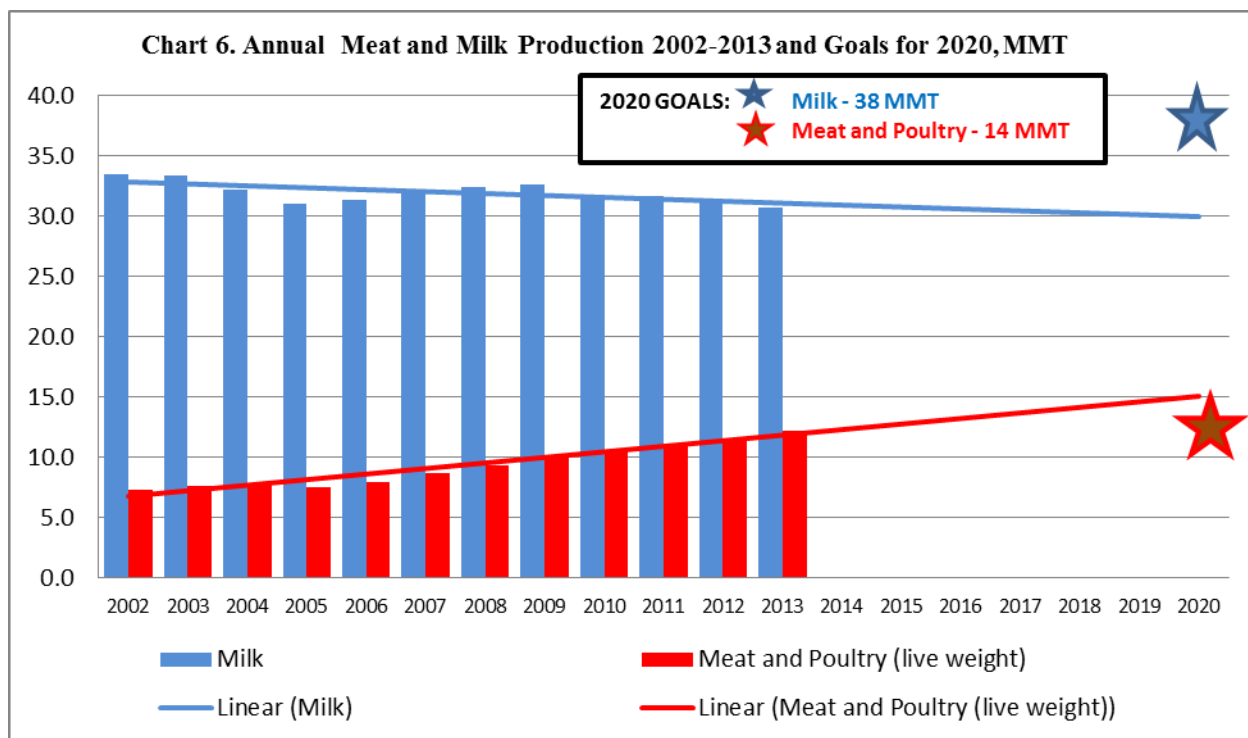
Source: FAS/Moscow calculations based on Russian official production data 2002-2013

*Sub-Program Development of Animal Production, Processing and Marketing of Products of Animal Origin*

The total budget of this sub-program for 2013-2020 originally was 499.4 billion rubles (\$16.6 billion at exchange rate 2012) and comprised 33.1 percent of the State Program 2013-2020. The amended budget of this sub-program is 496.3 billion rubles (\$13.8 billion at exchange rate 2014), and its share also decreased slightly to 33.0 percent. The government increased animal producers' support in 2013 by 14.6 billion rubles, or by 25 percent, but plans to decrease this steadily in 2014-2020. In U.S. Dollars' terms the decrease of support of animal producers is even sharper due to a 20 percent increase of value of dollar to Russian Ruble in 2014 compared to 2012, when the Program 2013-2020 was adopted. Meanwhile, the production targets to be reached by 2020 remain the same as in the original program. Thus, production of livestock and poultry for slaughter shall increase by 2020 to 14.1 MMT, per capita meat consumption shall increase to 73.2 kg (69.1 kg in 2012), production of milk shall increase to 38.2 MMT, and per capita consumption of milk and dairy products shall increase to 259 kg (247 kg in 2012).



Source: FAS/Moscow based on the former and the new edition of the State Program 2013-2020.

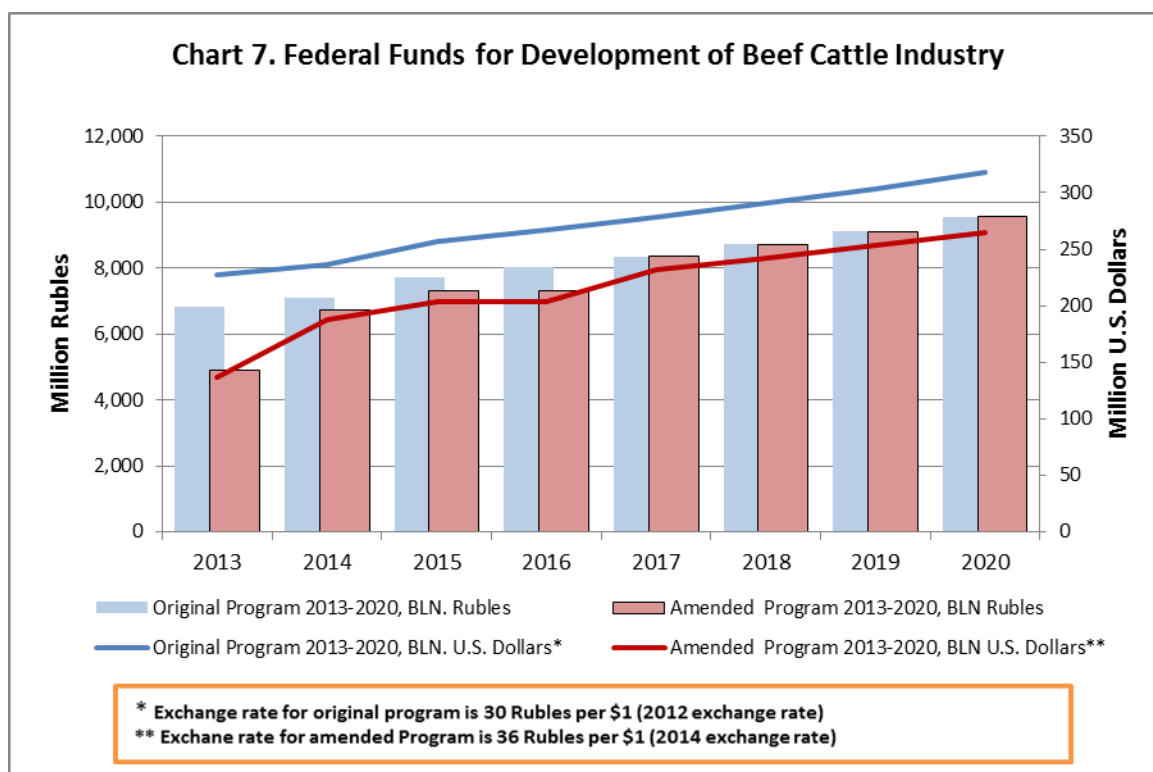


Source: FAS/Moscow calculations based on Russian official production data 2002-2013

The co-financing of this sub-program from provincial budgets for the whole period 2013-2020 is planned to decrease from 274.9 billion rubles (\$9.2 billion at exchange rate 2012) as stipulated in the original edition of the Program to 261.0 billion rubles (\$7.2 billion at exchange rate 2014) as in the new edition.

#### Sub-Program Development of Beef Cattle Industry

The total budget of this sub-program for 2013-2020 originally was 65.4 billion rubles (\$2.2 at exchange rate 2012 billion) and comprised 4.3 percent of the State Program 2013-2020. The amended budget of this sub-program is 62.0 billion rubles (\$1.7 billion at exchange rate 2014), and its share decreased to 4.1 percent. The government funds for this sub-program dropped in 2013 by 28 percent from the original plan, and in 2014-2016 will be also lower than the original plan. Despite the overall decrease of financing of this program, the targets to be reached by 2020 remain the same as in the original program: the number of heads of pedigree beef cattle shall reach 3,590,000 heads in 2020 compared to 1,990,000 in 2012.



Source: FAS/Moscow based on the former and the new edition of the State Program 2013-2020.

The co-financing of this sub-program from provincial budgets for the whole period 2013-2020 is planned to decrease from 41.6 billion rubles (\$1.4 billion at exchange rate 2012) as stipulated in the original edition of the Program to 40.2 billion rubles (\$1.1 billion at exchange rate 2014) as in the new edition.

#### Other sub-programs

The edited Program 2013-2020 increased the federal funds for the Ministry of Agriculture and the Federal Service for Veterinary and Phytosanitary Surveillance from 202.5 billion rubles (\$6.7 billion at exchange rate 2012) to 214.7 billion rubles (\$6.0 billion at exchange rate 2014) in order to ensure the implementation of the Program. The total federal funds for programs aimed at improving soil fertility, irrigation and reclamation of agricultural lands are raised from 69.2 billion rubles (\$2.3 billion at exchange rate 2012) to 81.9 billion rubles (\$2.3 billion at exchange rate 2014), and federal funds for technical and technological innovations were raised from 23.7 billion rubles (\$790 million at exchange rate 2012) to 28.7 billion rubles (\$797 million at exchange rate 2014). However, the bulk of these increased funds will be paid later in the period.



## **Annex 1. Resolution of the Government of the Russian Federation No. 315 of April 15, 2014**

*Begin unofficial translation*

Government of the Russian Federation  
Resolution  
No. 315 of April 15, 2014  
Moscow

On Amendments to the State Program for the Development of Agriculture and Regulation of  
Agricultural Commodities Markets in 2013-2020

The Government of the Russian Federation decrees:

1. Approve the attached amendments to the State Program for Development of Agriculture and Regulation of Markets of Agricultural and Food Products in 2013-2020 that was approved by the Resolution of the Government of the Russian Federation No. 717 of July 14, 2012 “On the State Program for the Development of Agriculture and Regulation of Agricultural Commodities Markets in 2013-2020” (Collection of legislation of the Russian Federation, 2012, No. 32, art. 4549; 2013, No. 30, art. 4110);
2. The Ministry of Agriculture shall:
  - post the State Program for Development of Agriculture and Regulation of Markets of Agricultural and Food Products in 2013-2020 with amendments approved by the present Resolution on the Internet web-site of state programs of the Russian Federation within two weeks after the date of its official publication;
  - take measures for implementation of this state program

Chairman of the Government of the  
Russian Federation

D. Medvedev

## **Annex 2. Federal Financing of the State Program 2013-2020: Comparison of Edition 2012 and Edition 2014, by sub-Programs**

|  | Total<br>(edition<br>2012),<br>million<br>rubles | Total<br>(edition<br>2014),<br>million<br>rubles |
|--|--|--|
| <b>State Program for Development of Agriculture and Regulation of<br/>Agricultural Commodity Markets</b> | 1,509.<br>75                                     | 1,525.<br>59                                     |
| <b>-----Ministry of Agriculture</b>  | 1,423.<br>86                                     | 1,437.<br>82                                     |
| <b>-----VPSS</b>   | 85.89  | 85.01  |
| <b>-----Ministry of Culture</b>  |  | 2.76   |
| - Development of Crops Production, Processing and Marketing of Products<br>of Plant Origin               | 466.56   | 460.46   |

|   |        |        |
|---|--------|--------|
| - Development of Animal Production, Processing and Marketing of Products of Animal Origin             | 499.37 | 496.26 |
| - - - - - <i>-Ministry of Agriculture</i>   | 489.27 | 487.67 |
| - - - - - <i>-VPSS</i>  | 10.10  | 8.59   |
| - Development of beef cattle industry   | 65.39  | 62.04  |
| - Support of Small Forms of Business  | 83.67  | 81.76  |
| - Technical and Technological Modernization and Innovative Development                                | 23.70  | 28.71  |
| - Ensuring the Implementation of the State Program  | 202.45 | 214.72 |
| - - - - - Ministry of Agriculture   | 126.67 | 138.30 |
| - - - - - VPSS  | 75.79  | 76.42  |
| - Federal Target Program "Social Development of Rural Area through 2013"                              | 9.01   | 9.01   |
| - Federal target program "Sustainable Development of Rural Territories in 2014 - 2017 and Until 2020" | 90.42  | 90.70  |
| - - - - - <i>-Ministry of Agriculture</i>   |        | 87.94  |
| - - - - - <i>-Ministry of Culture</i>   |        | 2.76   |
| - Federal Target program "Restoration of soil fertility and landscapes 2006-2010 and through 2013"    | 7.15   | 6.63   |
| - Federal Target Program "Development of reclamation of agricultural lands in 2014-2020               | 62.03  | 75.30  |

Source: State Program for the Development of Agriculture and Regulation of Agricultural Commodities Markets in 2013-2020, editions 2012 and 2014.

