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Production Recovers in 2012, Policy Changes Loom

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Report Highlights:
Russian milk production is forecast to rebound 1.5% in 2012 as feed supplies begin to replenish in the second half of 2011. In turn, as milk prices return to lower levels, local processors will direct more milk toward butter production. In 2011, butter production is revised downward, reflecting production to date. While Belarus remains the dominant as well as the GOR's preferred supplier of foreign dairy products, imports from all major suppliers have increased significantly in 2011 with rising retail prices. Russian production and trade-related policies will remain moving targets throughout the remainder of 2011 and likely into 2012 as the GOR continues to develop common regulations with its Customs Union partners as well as attempts to rebalance Russia's competitiveness in the market.

Summary

Russian milk production is forecast to rebound 1.5% in 2012 as feed supplies begin to replenish in the second half of 2011. In turn, as milk prices return to lower levels, local processors will direct more milk toward butter production. In 2011, butter production is revised downward, reflecting production to date. While Belarus remains the dominant as well as the GOR's preferred supplier of foreign dairy products, imports from all major suppliers have increased significantly in 2011 with rising retail prices. Russian production and trade-related policies will remain moving targets throughout the remainder of 2011 and likely into 2012 as the GOR continues to develop common regulations with its Customs Union partners as well as attempts to rebalance Russia's competitiveness in the market.

Fluid Milk

Inventories of cows in milk will decrease slightly but continued improvements in productivity and increased feed availability should increase fluid milk production by 1.5% in 2012. Share of factory use consumption in total 2012 fluid milk production will grow to 56% from 55% in 2011 with the aid of subsidies to modernize Russian dairy processors. Modern agricultural enterprises, which represent a growing percentage of milk production, sell 98% of their milk for processing. Estimates in 2010 and 2011 reflect production and trade through March 2011.

Table 1. Russia: Inventories, Fluid Milk Supply and Distribution, 1,000MT

Dairy, Milk, Fluid	2010		2011		2012	
	MY Begin: Jan 2010		MY Begin: Jan 2011		MY Begin: Jan 2012	
Russia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows In Milk	9,200	9,000	8,975	8,820		8,800
Cows Milk Production	31,740	31,900	31,400	31,200		31,660
Other Milk Production	0	0	0	0		0
Total Production	31,740	31,900	31,400	31,200		31,660
Other Imports	150	190	150	210		200
Total Imports	150	190	150	210		200
Total Supply	31,890	32,090	31,550	31,410		31,860
Other Exports	15	10	10	5		5
Total Exports	15	10	10	5		5
Fluid Use Dom. Consump.	11,695	11,800	11,500	11,700		11,700
Factory Use Consump.	17,730	17,830	17,590	17,255		17,705
Feed Use Dom. Consump.	2,450	2,450	2,450	2,450		2,450
Total Dom. Consump.	31,875	32,080	31,540	31,405		31,855
Total Distribution	31,890	32,090	31,550	31,410		31,860

Butter

Butter production is forecast to grow 7.7% in 2012, fully displacing imports and reflecting increased State support and lower expected milk prices as feed supplies replenish. Consumption is forecast flat as dairy spreads increase in popularity among consumers as a butter substitute. The Ministry of Agriculture's Target Program "Development of butter and cheese production in Russia for the period of 2011 – 2013" (Dairy Products Program) envisages 3.8% butter production in 2011, 3.3% in 2012, and 3.7% in 2013. However, market conditions resulting from the 2010 drought negatively influenced implementation of the program in 2011. Estimates in 2010 and 2011 reflect production and trade through March 2011.

Table 2. Russia: Butter Supply and Distribution, 1,000 MT (butter-equivalent)

Dairy, Butter Russia	2010		2011		2012	
	MY Begin: Jan 2010		MY Begin: Jan 2011		MY Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	12	12	7	7		7
Production	240	205	252	195		210
Other Imports	90	109	90	130		115
Total Imports	90	109	90	130		115
Total Supply	342	326	349	332		332
Other Exports	3	2	4	2		3
Total Exports	3	2	4	2		3
Domestic Consumption	332	317	335	323		322
Total Use	335	319	339	325		325
Ending Stocks	7	7	10	7		7
Total Distribution	342	326	349	332		332

Cheese

Cheese production and imports are forecast to grow 2.3% in 2012, reflecting increased State support and lower expected milk prices as feed supplies replenish. The Dairy Products Program envisages 4.5% more cheese production in 2011, 4.8% in 2012 and 5.2% in 2013. Like butter, the 2010 drought negatively influenced implementation of the program in 2011. Estimates in 2010 and 2011 reflect production and trade through March 2011.

Table 3. Russia: Cheese Supply and Distribution, 1,000 MT

Dairy, Cheese Russia	2010		2011		2012	
	MY Begin: Jan 2010		MY Begin: Jan 2011		MY Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	11	11	11	11		12
Production	430	435	430	440		450
Other Imports	365	305	370	335		340
Total Imports	365	305	370	335		340
Total Supply	806	751	811	786		802
Other Exports	22	20	23	7		10
Total Exports	22	20	23	7		10
Human Dom. Consumption	773	720	776	767		780
Total Dom. Consumption	773	720	776	767		780
Total Use	795	740	799	774		790
Ending Stocks	11	11	12	12		12
Total Distribution	806	751	811	786		802

Non-Fat Dry Milk (NFDM)

NFDM production is forecast to increase 7.1% to 75,000 MT in 2012. The Dairy Products Program envisions increased marketing of raw material byproducts of dairy processing, which should support production of NFDM. Estimates in 2010 and 2011 reflect production and trade through March 2011.

Table 4. Russia: Non-Fat Dry Milk Supply and Distribution, 1,000 MT

Dairy, Milk, Nonfat Dry Russia	2010		2011		2012	
	MY Begin: Jan 2010		MY Begin: Jan 2011		MY Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Production	70	70	75	70		75
Other Imports	180	180	180	185		190
Total Imports	180	180	180	185		190
Total Supply	250	250	255	255		265
Human Dom. Consumption	250	250	255	255		265
Total Dom. Consumption	250	250	255	255		265
Total Use	250	250	255	255		265
Total Distribution	250	250	255	255		265

Whole Milk Powder

Whole milk powder production is forecast to increase 5.0% to 63,000 MT in 2012 based on market analysts' expectations. Estimates in 2010 and 2011 reflect production and trade through March 2011.

Table 5. Russia: Whole Milk Powder Supply and Distribution, 1,000 MT

Dairy, Dry Whole Milk Powder Russia	2010		2011		2012	
	MY Begin: Jan 2010		MY Begin: Jan 2011		MY Begin: Jan 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Production	50	55	55	60		63
Other Imports	50	55	70	50		55
Total Imports	50	55	70	50		55
Total Supply	100	110	125	110		118
Other Exports	12	2	12	2		2
Total Exports	12	2	12	2		2
Human Dom. Consumption	88	108	113	108		116
Total Dom. Consumption	88	108	113	108		116
Total Use	100	110	125	110		118
Total Distribution	100	110	125	110		118

Production

Cow Inventory

By the beginning of 2012, cow inventories will shrink by 2.0% as feed costs will remain problematic through at least the 2011 harvest. By the end of March 2011, cow inventories decreased 1.6% compared to 2011 to 8.9 million head after cattle slaughter rates increased in 2010 as a result of the drought which sharply decreased feed supplies. Feed availability per cow-equivalent unit was 30% lower by the end of March 2011 compared to the same period of 2010. Dairy cow stocks fell 2.8% in 2010.

Fluid Milk

Continued improvements in productivity as well as increased feed availability should increase fluid milk production by 1.5% in 2012. In 2011, feed shortages led to a decline in milk production of 2.2% which is forecast to decrease to 31,200 MMT in 2011.

Russia continues to improve milk productivity at agricultural enterprises to replace declining herds. Of the 31.9 MMT of fluid milk produced in Russia in 2010, agricultural enterprises accounted for 44.9%, private households accounted for 50.4%, and private farms accounted for 4.7% of production. In 2009, these figures were 44.5%, 51.1%, and 4.4%, respectfully. In 2011, agricultural enterprises decreased first quarter fluid milk production to 6.2 MMT or 2.3% the same period in 2010. At the same time, annual cow milk productivity at these establishments increased to 1,108 kg from 1,093 kg.

Poor management and the failure of most farms to modernize continue to hurt advancement of the Russian dairy industry. According to press reports, many leaders and top specialists simply do not know basic technological processes or market regulations. Prior to higher milk prices, many agricultural enterprises, equipped with new infrastructure and technology (supported by federal and regional budgets), were returning large profits. However, even during this period, since support was not reaching all Russian businesses, both producers and processors with older technologies were arguing that the dairy industry was unprofitable. In an attempt to resolve the inequity, the Russian Union of Milk Producers (SoyuzMoloko) and the Russian State Agricultural Leasing Company (RosAgroLeasing) signed a cooperation agreement with the target of providing equal access to federal credit to farmers for purchases of agricultural equipment and breeding animals. The main objectives of the agreement are as follows: (1) the implementation of measures to support domestic farmers, (2) the development of domestic livestock breeding, and (3) an increase of agricultural production by small producers in the rural areas by creating an environment for dairy processing, storage and marketing. The two organizations also discussed creating agricultural education and production centers for meat and dairy specialists to learn modern production methods.

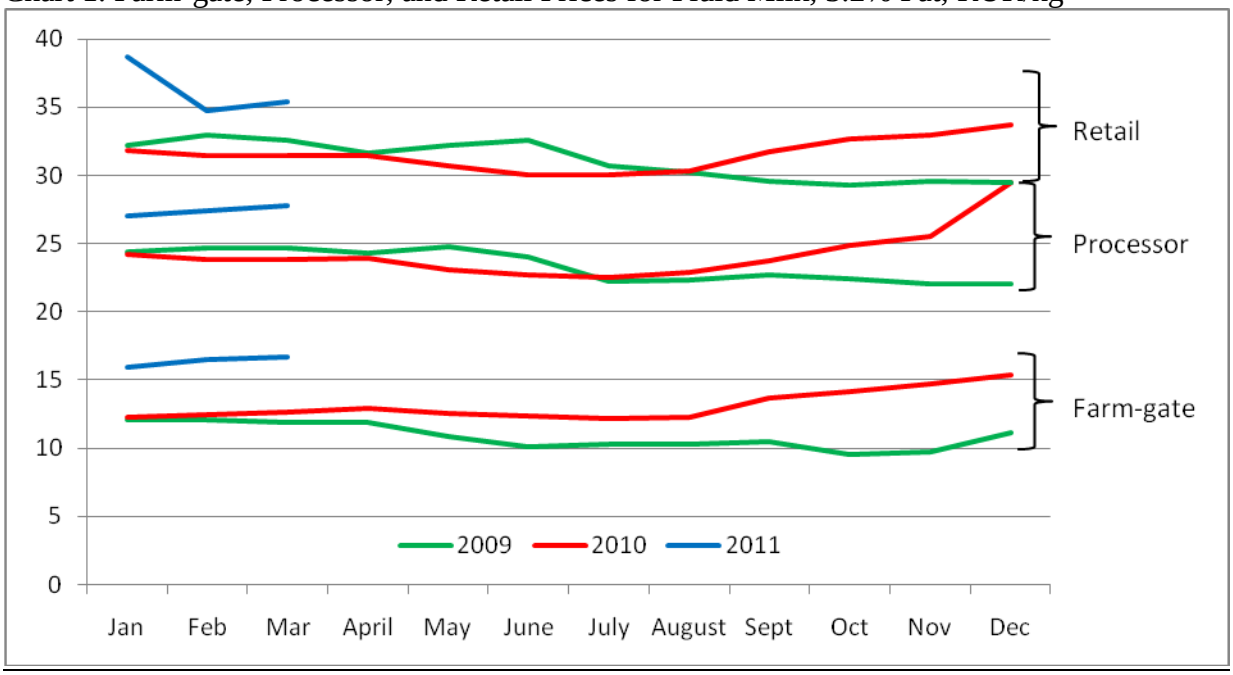
Fluid Milk Prices

The reduced milk supply continues to support prices in all segments of the market: farm-gate, processor, and retail well above year-ago levels (Chart 1).

Currently, with high milk prices, the financial position of dairy processors has become more difficult. Dairy product stocks are high, but due to high prices which have made imports competitive, quantity-demand for domestic products is low. As a result, the largest dairies have begun to decrease purchase prices for raw milk. They note that the price for raw milk should be between RUR11-14/liter ($0.37-$0.48) for 3.0-3.4% fat milk in 2011.

SoyuzMoloko reports that farms that took credits and modernized their production now struggle to pay back credit as demand for their products and profits have decreased. While some dairies are providing their fluid milk suppliers with credit, SoyuzMoloko insists that the State should forgive at least a portion of the debt and continue to subsidize loan interest rates, since it has an obligation to ensure the profitability of dairy producers.

Chart 1. Farm-gate, Processor, and Retail Prices for Fluid Milk, 3.2% Fat, RUR/kg



Dairy Products

Lower priced milk that will come with increased supply in 2012 will primarily benefit domestic butter production, while other dairy products will see comparatively modest gains. The Ministry of Agriculture's Target Program "Development of butter and cheese production in Russia for the period of 2011 – 2013" (Dairy Products Program) should support the modernization of Russian dairy processors and thereby also support increased milk volume destined for factory use. Specifically, the plan foresees that 15-16% of fluid milk sent to the processing industry will go for cheese production. Domestic production of milk powder remains important to account for seasonal milk production in addition to retaining strategic stocks.

The Russian State Statistics Service (Rosstat) January-March data indicates a more a favorable outlook for cheese and WMP than previously forecast but a more pessimistic outlook for butter and NFDM. Production-to-date of whole milk products (calculated as milk-equivalent) and butter decreased by 1.9% and 6.3%, respectively. Butter production remains severely constrained by high milk prices and increased consumer preferences for lower priced dairy spreads. According to SoyuzMoloko, dairy spread production was 11.5% higher than butter production during the fourth quarter of 2010 – a first in Russian history.

Estimates in 2010 reflect final 2010 Rosstat data. Fluid milk, cheese, and whole milk powder production volumes increased, while butter production decreased.

Modern agricultural enterprises, which represent a growing percentage of milk production, sell 98% of their milk for processing.

Milk and Dairy Product Marketing

Growing Interest in Milk Marketing Cooperatives
Russia has seen an emerging interest in dairy cooperatives in order to increase profits. In an average size dairy oblast, Lipetsk, 60% of the milk producers organized a milk marketing cooperative in order to allow farmers to concentrate on production. As a result, cow inventories of cooperative members have already grown, and the cooperative has fixed a year-long milk price with its major customers. These dairy farmers are now demanding the GOR decrease VAT for milk sold from dairy cooperatives. Also, they are actively campaigning for the GOR to turn to dairy cooperatives when purchasing milk for social needs (e.g., schools, hospitals, army, and prisons).

Trading Dairy Products on the Exchange
In March, SoyuzMoloko and Moscow Interbank Currency Exchange (MICEX) signed an agreement of cooperation, which includes plans for spot trading, deliverable futures contracts, as well as settlement services for milk and dairy products. Spot trading of dry milk should begin sometime during the second quarter of this year. Contracts for other dairy commodities, including butter, will follow. Russian, Belarusian, Kazakh, and Ukrainian parties are expected to trade on the market.

Trade

Imports
While butter imports should fall back in 2012 as domestic production increases, increasing consumer buying power should continue to support cheese imports. Market analysts expect both WMP and NFDM imports will increase slightly. In 2011, the short milk supply has increased year-to-date imports of butter, cheese, and fluid milk. However, while imports of milk powder from third-party suppliers are above last year levels, lower imports from Belarus have kept total import supply relatively flat.

In spite of prolonged shortages, Russia continues to actively restrict market access for dairy products through the use of quantitative measures as well as sanitary and technical barriers to trade. The aim is two-fold: (1) restrict foreign supply in order to support domestic prices and thereby support domestic production and (2) where imports are necessary, import from Russia's Custom Union partners, particularly Belarus.

Tariffs and Quotas
Lobbied by a strong domestic dairy industry, the Russian Ministry of Agriculture is considering further increases to customs duties on dairy products. In 2010, import duties increased on cheese, whey, other dairy products, as well as palm oil. The Russian-Kazakh-Belarusian Customs Union (CU) must approve any decision to increase duties.

Annually, Belarus supplies roughly 40% of Russia's imported butter, 30% of its cheese, 80% of its milk powder, and 85% of its fluid milk. Nonetheless, imports from Belarus are currently limited though a quota system with quarterly targets. However, Belarus and Russia maintain an understanding that the quota levels can be changed in order to meet Russian market conditions.

SPS/TBT
Market access for countries outside the CU will further come into question in 2012. According to CU Decision #455 of November 18, 2010, Russia will cease honoring all previously agreed dairy health certificates on January 1, 2012. Starting that date, CU Decision #607 of April 7, 2011, sets forth the new uniform health certificates, which Russia will force exporters to use.

Currently, Russia does not permit the United States to export dairy products to Russia. Russia maintains that in order to export, dairy products must come from CU-approved facilities. Russia began enforcing this requirement in September 2010.

Exports
Russian dairy exports are negligible and destined primarily to former Soviet Union countries.

Policy

The GOR and SoyuzMoloko continue to take active steps to increase domestic support as well as trade barriers in efforts to provide additional support for local producers.

While at the AgroFarm Expo in April 2011, the Minister of Agriculture indicated the National Agricultural Program supported construction of more than 2,500 modern livestock farms for the last several years, and many of them now exceed the technological advancement of foreign counterparts. The Minister said 55 programs for dairy cattle breeding have been started since 2009. The Ministry allocated RUR1.0 billion ($33 million) in 2011 and RUR3.5 billion ($116 million) in 2010 for cattle improvement programs. As a result, the Minister noted the number of pedigree cattle increased from 7.4% to 12.0% in Russia's dairy herd during the last five years.
The Minister continued to pledge that an additional RUR5.0 billion ($166 million) will be transferred to regions that had not reduced cattle inventories at the end of 2010. Furthermore, she stated that subsidies from the branch target program for the development of family-based dairy farms had created 311 new farms, which in total produce an additional 58,400 MT of milk, and this program would be extended through 2020. The Minister concluded with several measures currently under consideration in order to maintain a stable situation in the dairy industry:

- Intervening with the Joint Grain Company to buy up to 100,000 MT of milk powder;
- Increasing customs duties on several items, including butter and cheese;
- Adjusting the supply, if necessary, of Belarusian dairy products within agreed quotas, such as moving summer deliveries to the autumn and winter period;
- Creating a program for butter and cheese production in order to stimulate modernization of the dairy industry, supported by subsidized loans;
- Developing new mechanisms to support milk production, including direct subsidies per liter of high-quality marketed milk in preparation for a new State Program for Agriculture Development for 2013-2020 (SPAD 2013-2020);

- Developing a new section within the SPAD 2013-2020 devoted to the development of processing industries;
- Following Technical Regulation use and labeling requirements related to tropical oils;
- Establishing a program of domestic dairy product advertisement aimed at increasing consumption of Russian milk.

Participants of the Dairy Cattle Breeding Seminar at the AgroFarm Expo discussing problems of the industry contributed recommendations of their own to improve the Russian dairy sector.

- Adjust statistical dairy cow inventories to reflect actual totals. It is well documented that cow inventories in private households are difficult to count and local administrations have a tendency to overestimate the number in order to receive State subsidies applied at a per head rate.
- Create separate dairy breed associations to help improve genetic potential;
- Establish independent, expert companies that would provide objective evaluations of pedigree cattle. Currently, pedigree dairy cattle potential is evaluated by the same farms that market pedigree cows. These pedigrees are difficult to verify.

Earlier in March 2011, officials from the Russian Government as well as milk producers and processors from Russia and Belarus, Kazakhstan, and Ukraine gathered for the 2nd Annual Meeting of SoyuzMoloko. Organizers of the meeting reported that the annual capital turnover in the Russian dairy industry is valued at about RUR640 billion ($21.3 billion). Annual investments in the industry accounted for about RUR13-15 billion ($448-520 million). Dairy products account for 10-15% of total food product turnover at retail.

First Deputy Prime Minister Viktor Zubkov made the following comments.

- Private households were the only milk producers that had increased liquid milk production in 2010.
- The GOR will increase support to producers which introduce new technologies (e.g., biogas production), which lead to lower production costs and less waste. FDPM Zubkov tasked RosAgroLeasing to provide credit for longer than 10 years for such projects.
- In the first quarter of 2011, major milk producers pay only half the market value for feed.
- The GOR will subsidize the purchase of dairy heifers.
- Small farmers will receive subsidized loans for cattle purchase and dairy farm construction until 2020.
- Farmers should sell more fluid milk at farmers markets to bypass middlemen.
- FDPM Zubkov also noted his displeasure with the lack of control in the retail sector that currently allows identical products in different venues to be sold at different prices.

SoyuzMoloko Head Andrei Danilenko recommended two ways to stimulate milk production.

- Support marketable milk depending on its quality rather than provide support per head of cow. Danilenko stated there is no sense to support low-productive cows. Farmers falsify dairy cow figures reporting higher cattle numbers to get more subsidies. Growth of milk retail prices has limits, while milk production costs are growing.
- Raise customs duties on imports of palm oil, which are used to produce cheese, cottage cheese, butter, and condensed milk. Danilenko noted it was hard to compete with "fake" products when counterfeiters have higher profits and therefore more resources to advertize.

Prior to the 2nd Annual Meeting, SoyuzMoloko sent a letter to the Ministry of Agriculture stating that as a result of the 2010 drought, a strengthening currency, and subsidized European exports, Rosstat indicated the share of imported dairy products in 2010 amounted to 19.2% of the total supply, compared to 16.8% in 2009. Against this backdrop, producers' stocks of long-term storage products (butter, cheese, and milk powder) as of March 1, 2011, had doubled compared to the year previous. In conclusion, SoyuzMoloko asserted that since existing customs duties do not protect the Russian dairy market, they needed to be substantially raised, particularly for butter (from 15% to 20%), cheese and cottage cheese (from 15% to 25%), and milk and cream in powder granules or other solid forms (from 25% to 40%). Commenting on the letter, the Institute of Agricultural Market Studies noted it would be important to ensure the preservation of a competitive environment and consumer protection if protective measures are taken.

Technical Regulations under Development

Both the Technical Regulation on Milk and Dairy Products (Federal Law #88) as well as the Technical Regulation on Fat and Oil Products (Federal Law #90) are currently under development at the CU as well as the Eurasian Economic Community (EAEC). Changes to them will impact both domestic and imported dairy products to the region. Draft versions of these new Technical Regulations are published yet remain under internal review. The CU has currently delayed the release of these Technical Regulations for public comment since March 2011, as internal agreement among the three parties has not yet been reached. Following the CU, the EAEC is scheduled to complete its work on the Technical Regulation on Fat and Oil Products in the 2nd and 3rd quarter of 2011, while the Technical Regulation on Milk and Dairy Products is scheduled for the 3rd and 4th quarter of 2011. Ultimately, the Technical Regulations for Russia, the CU, and the EAEC should be identical.

In April, Russian and Belarusian experts agreed to introduce the term "vegetable-dairy products" in Technical Regulations where non-dairy fat content is more than 50% of the content on a fat-basis.

The Russian Union of Milk Processors and the Association of Soap and Fat Producers agreed in April 2011 to organize a seminar "Modern Technologies of Producing Milk-Containing Products," at the end of May 2011 in order to discuss the Technical Regulation on Fat and Oil Products.

MILK AND DAIRY TABLES

Cattle Inventory

Table 6. Russia: Cattle Inventories, Million Head

	Cattle			Including Cows		
	2009	2010	% Δ	2009	2010	% Δ
Cattle inventories, total	20,6713	20,034.3	96.9	9,025.8	8,797.0	97.5
Agricultural establishments	9,5552	9,231.2	96.6	3,767.6	3,695.5	98.1
Private households	9,7587	9,373.2	96.0	4,624.7	4,433.3	95.9
Private farms	1,357.5	1,429.9	105.3	633.6	668.2	105.4

Source: Rosstat

Table 7. Russia: Feed availability by April 1

	2009	2010	2011	% Δ
Feed units[1], MMT	9.3	9.8	6.9	70.0
Feed grain, MMT	4.0	4.3	3.1	72.1
Per cow-equivalent units, MT	0.59	0.62	0.43	69.4

[1]One feed unit equals 1 kilogram of oats in energy equivalent.
Source: Rosstat <http://www.gks.ru/bgd/regl/b11_01/IssWWW.exe/Stg/d03/2-1-5-1.htm>

Supply and Distribution

Table 8. Russia: Supply and Utilization of Dairy Products, 1,000MT

	2005	2006	2007	2008	2009	% Δ
Stocks, beginning of the year	1,692.8	1,776.6	1,870.0	1,925.7	2,096.9	108.9
Production	30,825.6	31,097.4	31,988.4	32,363.1	32,570.2	100.6
Import	7,115.4	7,292.7	7,133.9	7,315.3	7,004.9	95.8
Total supply	39,633.8	40,166.7	40,992.3	41,604.1	41,672.0	100.2
Consumption, nonfood	4,096.9	4,067.0	4,168.0	4,307.6	4,372.2	101.5
Losses	17.1	20.7	21.4	21.4	22.8	106.5
Exports	492.8	532.0	582.5	612.3	519.8	84.9
Personal consumption	33,250.4	33,687.1	34,294.7	34,565.9	34,900.6	101.0
Stocks, end of the year	1,776.6	1,859.9	1,925.7	2,096.9	1,856.6	88.5

Source: Rosstat

Milk Processing

Table 9. Russia: Dairy Product Production, 1,000 MT

	2009	2010	January-March		YTD % Δ
			2010	2011	
Whole milk product (milk equivalent)	10,390	11, 297	2, 746	2,692	98.1
Cheeses and cheese products	428.2	433.4	90.9	91.6	100.8
Dairy butter	215.2	205.2	46.8	43.9	93.8
Milk and cream in solid form	114.0	109.7	17.6	19.3	109.7

Source: Russian Union of Milk Producers

Table 10. Russia: Dairy Product Production, 2005-2009, MT

	2005	2006	2007	2008	2009
Animal butter	235,113	221,744	231,385	220,443	192,535
Dairy butter	199,127	194,054	210,447	208,379	183,481
Cheeses and cottage cheese	563,686	644,120	724,014	687,451	719,575
Cheeses (including Fat cheese)	331,307	362,603	379,138	360,291	368,226
Whole milk products (milk equivalent)	8,588,704	9,099,927	9,165,139	9024,590	9343,015
Including milk production in natural weight - liquid and pasty dairy products for infants	85,157	85,641	102,248	109,825	106,262
Cow's whole milk powder, cream powder and dry mixes for ice cream	75,447	72,056	71,157	78,294	46,373
Including milk powder (mother milk substitute) and a mixture of powdered milk for infants	14,150	14,379	16,051	21,537	17,913
Skimmed milk powder, whole milk replacer and whey powder	107,999	117,901	130,357	124,208	102,996
Low-fat dairy products (skim milk equiv.)	391,713	406,068	399,591	432,992	410,353
Milk drink	n/a	n/a	n/a	n/a	46,831
Ice cream	322,854	306,338	323,529	310,832	
Per capita milk consumption	0.234	0.238	0.241	0.243	0.246

Source: Rosstat

Table 11. Russia: Production Capacity Utilization at Ag Enterprises, %

	2005	2006	2007	2008	2009
Whole milk products (milk equivalent)	48	51	55	54	57
Butter	27	28	31	32	27
Cheese	61	66	66	58	64
Canned milk	61	58	50	65	58
Vegetable oil	70	69	66	63	73
Margarine	56	60	64	60	60

Source: Rosstat <http://www.gks.ru/free_doc/new_site/business/prom/moch.htm>

Trade

Table 12. Russia: Imports of Dairy Products, 1,000 MT

Products	2008	2009	2010	Jan-Mar '10	Jan-Mar '11	YTD %Δ
Butter 040510	120.8	102.2	108.9	16.0	19.0	118.8
--from Belarus	45.6	50.4	40.8	5.9	2.9	49.2
Cheese and curd 0406	363.9	359.4	431.1	52.3	60.8	116.3
--from Belarus	101.7	119.9	127.2	16.3	20.0	122.7
Milk powder 0402	160.2	133.9	236.5	32.9	32.6	99.1
--from Belarus	141.4	120.7	157.6	24.3	21.4	88.1
Whole milk 0401	78.7	118.5	190.1	28.2	31.0	109.9
--from Belarus	65.1	104.7	162.4	25.5	26.5	103.9

Source: Russian Union of Milk Producers

Table 13. Belarus: Dairy Export Quota to Russia, 2011

	NFDM	Whole Milk Powder	Concentrated milk	Dry whey	Dairy Butter	Cheese and cottage cheese	Other dairy products
QI	16.0	5.0	12.5	2.0	17.5	31.0	75.0
QII	16.0	5.0	12.5	2.0	17.5	31.0	75.0
QIII	17.0	5.0	12.5	2.0	17.5	32.0	75.0
QIV	16.0	5.0	12.5	2.0	17.5	31.0	75.0
Total	65.0	20.0	50.0	8.0	70.0	125.0	300.0

Source: The Russian Union of Milk producers http://www.souzmoloko.ru/news/news_659.html

Table 14. Russian Imports of Dairy Products

		Value ($1,000)					Volume (1,000 MT)				
		Annual		Year-to-Date			Annual		Year-to-Date		
		2009	2010	Feb-10	Feb-11	% Δ	2009	2010	Feb -10	Feb -11	% Δ
TOTAL DAIRY PRODUCTS		1,178,998	1,978,512	235,148	370,358	57.50	384	549	68	99	45
European Union		809,449	1,380,853	159,828	248,484	55.47	273	405	50	69	38
Ukraine		252,084	387,598	52,390	64,102	22.36	63	71	9	11	16
New Zealand		69,452	77,289	10,634	31,476	195.98	30	30	4	11	163
Argentina		21,921	49,860	3,578	8,628,9	141.10	8	15	1	2	96
Switzerland		6,682	21,370	1,609	1,895	17.73	1	6	1	1	- 4
Australia		5,387	8,662	652	10,422	1,498.04	2	5	0	3	1754
Kazakhstan		3,217	1,816	380	0	- 100.00	2	1	0	0	-100
United States		2,829	23,832	4,371	99	- 97.72	1	10	2	0	- 99
Norway		2,798	3,857	502	560	11.46	1	1	0	0	10
Uruguay		1,951	11,345	1,015	1,436	41.46	1	4	0	1	74
040110	Milk/Cream, Fluid, ≤ 1% Fat	382	723	59	116	96.1	0	1	0	0	93
040120	Milk/Cream, Fluid, 1% ≤ 6% Fat	5,510	8,850	964	2,328	141.51	6	11	1	3	122
040130	Milk/Cream, Fluid, >6% Fat	12,131	36,599	3,261	7,082	117.14	6	15	1	3	100
040210	Milk/Cream, Dry, ≤ 1.5% Fat	21,257	180,230	20,117	30,557	51.89	8	62	7	10	56
040221	Milk/Cream, Dry, Unsweetened, > 1.5% Fat	16,616	52,701	7,391	8,891	20.29	5	14	2	3	26
040229	Milk/Cream, Dry, Sweetened, > 1.5% Fat	207	915	0	72	n/a	0	0	0	0	n/a
040291	Milk/Cream, Concentrated, Unsweetened	6	125	0	11	n/a	0	0	0	0	n/a
040299	Milk/Cream, Sweetened	704	758	66	57	-12.89	0	2	0	0	-11
040310	Yogurt	9,325	14,678	1,761	4,144	135.31	6	9	1	3	125
040390	Buttermilk/Kephir/Curdled/Fermented/Acidified	10,132	16,827	2,187	5,082	132.32	6	8	1	3	150
040410	Whey & Modified Whey	42,460	50,990	7,554	6,532	-13.53	51	46	8	6	-27
040490	Products Of Natural Milk Constituents, Other	3,057	7,529	782	582	-25.47	1	1	0	0	66

040510	Butter	126,331	207,330	29,018	64,214	121.28	50	66	10	20	102
040520	Dairy Spreads	15,645	19,815	3,438	5,866	70.61	5	4	1	1	40
040590	Dairy Fats And Oils, Other (e.g., AMF)	14,268	25,863	4,475	11,698	161.37	4	5	1	2	95
040610	Cheese, Fresh	70,347	99,286	10,753	19,520	81.52	23	29	4	6	67
040620	Cheese, Grated Or Powdered	4,426	7,020	609	1,523	149.99	1	2	0	0	49
040630	Cheese, Processed, Not Grated Or Powdered	41,896	57,037	7,382	13,586	84.02	13	16	2	4	52
040640	Cheese, Blue-Veined	16,257	21,145	2,940	3,516	19.59	3	4	1	1	18
040690	Cheese, Other	742,896	1,135,124	129,689	180,616	39.27	189	244	28	35	26
210500	Ice Cream And Other Edible Ice	19,553	25,977	1,875	3,154	68.24	5	6	0	1	73
350110	Casein	258	1,839	0	386	n/a	0	0	0	0	n/a
350190	Caseinates & Other Derivatives; Casein Glue	2,466	3,311	307	522	69.99	1	1	0	0	48
350220	Milk Albumin, Inc Conc of ≥2 Whey Proteins	1,8 1	2,240	422	205	-51.38	0	0	0	0	-63
350710	Rennet And Concentrates	1,487	1,593	85	85	-0.9	0	0	0	0	-21.49

NOTE: Statistics exclude Belarus (2009-2011) and Kazakhstan (since August 2010)