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Conference "Regional and International Cooperation in Central Asia and South Caucasus: Recent Developments in Agricultural Trade"

Samarkand, November 2-4, 2016

**Russian import restrictions
and their effects on the
agricultural sectors
of the CCA countries**

**Dmitry Bulatov,
National Union of Food Exporters (Russia)**



Reduction in exports to Russia from the US, EU, Canada, Australia and Norway from 2013 to 2015, USD million

Customs codes	Commodity group	US	EU countries	Canada	Australia	Norway	Total
02	Meat	354.4	2 115.2	275.8	177.8		2923.2
03	Fish	73.6	215.6	119.5	1.0	1 134.0	1543.7
04	Dairy products	15.6	1 660.3		43.6	4.4	1723.9
07	Vegetables	7.7	304.1	2.7	0.1	0.1	314.7
08	Fruits and nuts	230.3	1519.2	2.1	6.9		1758.5
16	Meat products	8.2	203.6			0.7	212.5
19	Flour products	9.9	304.5	0.2	0.6		315.1
21	Miscellaneous food products	11.4	459.1	2.1	0.4	10.5	483.5
	Total	711.2	6781.6	402.4	230.4	1 149.7	9275.1

Source: official statistics of the Federal Customs Service of Russia

70% of the reduction is due to meat, dairy products and fruits from the EU countries and fish from Norway.



Factors constraining agricultural import to Russia

Import substitution

Production of some agricultural products in Russia
in 2013-2015, thousand tonnes

	2013	2014	2015	Change: 2015 over 2014 (%)
Livestock and poultry	12 223	12 912	13 451	104,2
Milk	30 529	30 791	30 781	100,0
Vegetables	14 689	15 458	16 103	104,2
Fruits and berries	2 942	2 996	2 903	96,9

Source: Federal State Statistics Service

The decline of the ruble

The official exchange rate against the US dollar:

June 30, 2014 - **33.63** rubles per dollar,

December 30, 2014 - **56.26** rubles per dollar

(October 22, 2016 - **62.45** rubles per dollar)

Source: Central Bank of Russia



The fall in real incomes: the consequences

Reduced food consumption in Russia in 2015

- Meat - by 2.5%
 - Fish - by 12.2%
 - Hard cheeses – by 10%
 - Tomatoes – by 10%
- Source: Research Holding "Romir"
- Fruits – by 9.4%
- Source: RosBusinessConsulting

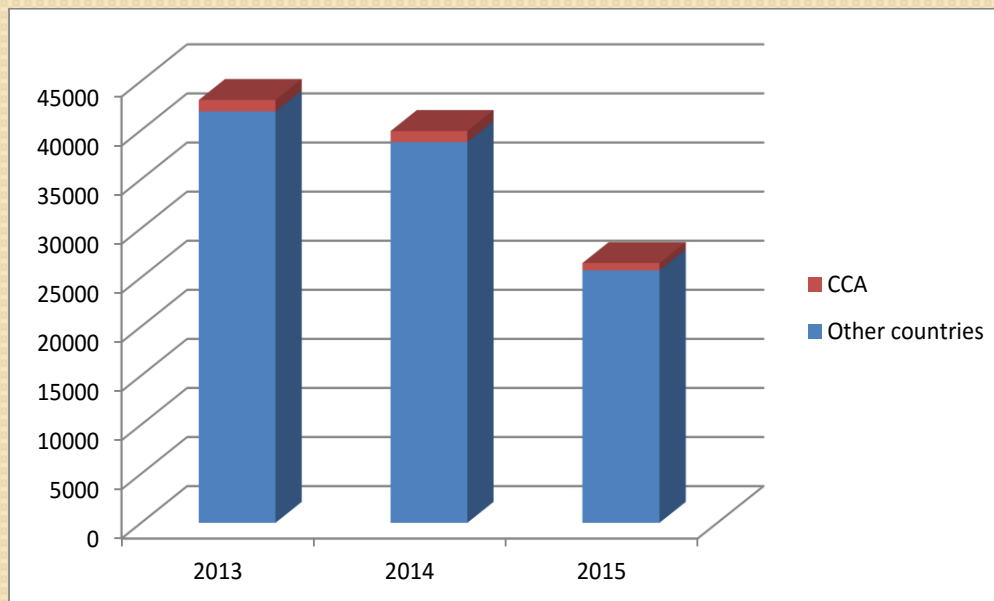
Reduced share of imported food products in the Russian retail trade

- Q1. 2014 – 36%
- Q1. 2016 – 24%

Source: Federal State Statistics Service



Russian agricultural imports in 2013-2015, USD million



	2013	2014	2015
Total	43 065.9	39 905.0	26 456.8
CCA	1 166.1	1 125.0	735.5
Other countries	41 899.8	38 780.0	25 721.3

Source: official statistics of the Federal Customs Service of Russia

Russian imports declined from 2013 to 2015 by 1.6 times (from 43.1 USD billion to 26.5 USD billion).

The share of CCA countries in Russian imports remains stable (2.8%).



Agricultural export to Russia from the CCA countries in 2013-2015 by country, USD million

Years/ Countries	2013	2014	2015	Change: 2015 over 2013, %	Change: 2015 over 2013, USD million
Azerbaijan	296,455	303,938	270,117	91,1	-26,338
Armenia	274,663	241,164	164,341	59,8	-110,322
Georgia	106,332	228,730	126,791	119,2	20,459
Kazakhstan	364,720	277,739	208,900	57,3	-155,820
Kyrgyzstan	18,502	17,394	13,624	78,3	-4,878
Tajikistan	7,045	1,786	2,348	33,3	-4,697
Turkmenistan	0,340	0,468	0,266	78,2	-0,074
Uzbekistan	98,042	53,734	59,102	60,3	-38,094
TOTAL	1166,099	1124,953	735,519	63,1	-430,580

Source: official statistics of the Federal Customs Service of Russia



Exports to Russia from the CCA by countries and commodity groups in 2013/2014/2015, USD million

Customs codes	Country/ Commodity group	Azerbaijan	Armenia	Georgia	Kazakhstan	Kyrgyzstan	Tajikistan	Turkmenistan	Uzbekistan
02	Meat	-/-	-/-	-/-	3,2/11,2/11,3	-/-	-/-	-/-	-/-
03	Fish	-/-	31,7/32,3/10,7	-/-0,8	4,9/3,8/4,6	-/-	-/-	-/-	-/-
04	Dairy products	-/-	7,1/8,3/21,0	-/-	18,6/32,0/19,9	0,4/0,2/-	-/-	-/-	-/-
07	Vegetables	85,6/105,0/91,3	8,4/5,8/9,3	-0,1/0,8	2,5/6,1/4,4	4,9/4,1/5,4	5,3/0,4/0,3	-/-	34,5/23,1/18,5
08	Fruits and nuts	153,9/149,2/144,4	25,5/18,4/8,4	9,2/19,5/23,1	2,6/11,7/4,2	0,8/1,3/2,1	1,6/0,9/1,5	0,3/0,2/0,1	33,5/4,0/14,7
09	Tea and coffee	15,8/6,2/3,7	2,6/2,8/2,7	0,3/3,0/3,2	4,6/5,7/5,4	-/-	-/-	-/-	1,9/2,1/1,1
10	Cereals	-/-	-/-	-/-	244,6/116,1/79,0	-/-	-/-	-/-	-/-
12	Oilseeds	0,3/0,2/0,2	0,2/0,2/0,1	-/-0,2	5,8/3,4/15,6	0,6/0,2/0,3	-/-	-/-	0,1/0,5/0,2
16	Meat and fish products	-/-	1,5/1,0/0,7	-/-	0,5/2,5/1,7	-/-	-/-	-/-	-/-
17	Sugar and sugar confectionery	0,2/0,4/0,3	-/-	-/-0,5	19,8/23,1/14,2	-/-	-/-	-/-	-/-
18	Cocoa and products	6,3/5,3/1,9	-0,2/0,2	-/-	14,1/20,2/10,0	-/-	-/-	-/-	-0,6/0,4
20	Vegetable, fruit and nut products	10,0/7,4/4,7	13,9/17,5/9,2	1,0/1,9/2,5	0,8/0,8/1,3	0,4/0,3/0,3	-/-0,2	-0,1/-	10,3/6,4/7,6
21	Miscellaneous food products	1,3/1,1/0,9	1,0/1,5/3,5	0,6/0,7/0,5	1,0/1,1/0,5	1,0/0,8/0,6	-/-	-/-	-/-
22	Alcoholic and nonalcoholic beverages	18,4/26,0/21,6	179,8/151,9/92,6	95,2/203,5/95,2	6,2/10,2/14,5	0,4/0,3/0,1	-/-	-/-	7,1/7,9/8,0
24	Tobacco	4,5/3,1/0,9	3,4/2,0/3,9	-/-	0,1/0,1/2,1	10,1/10,0/4,7	-0,5/0,3	-/-	7,5/7,4/7,7

	Growth		Stability		Decrease	-/-	No deliveries
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Recommendations

International level

Increased participation in the work of international organizations and specialized institutions, application of their recommendations.

Regional level

Increasing efficiency of international cooperation in the Eurasian Economic Union (Kazakhstan, Armenia and Kyrgyzstan are members of the Union).

National level

Export promotion measures, which fully comply with rules and regulations of the WTO, and are successfully used in world practice.



International level

Increased participation in the work of international organizations and specialized institutions, application of their recommendations.

Examples:

- *Discussion of the FAO report "The State of Agricultural Commodity Markets: 2015-2016 years. Trade and food security" (Moscow, April 2016).*
- *Round table "Best practices in export promotion: Experiences in Latin America, Europe and Central Asia", organized by FAO and IAMO (Halle, Germany, 24-25 May 2016).*
- *Conference "Regional and International Cooperation in Central Asia and South Caucasus: Recent Developments in Agricultural Trade" (Samarkand, Uzbekistan, 2-4 November, 2016).*



Regional level

Increasing efficiency of international cooperation in the Eurasian Economic Union (Kazakhstan, Armenia and Kyrgyzstan are members of the Union):

- Unification of the quality requirements in accordance with international standards and requirements of the importing country.

- Reduction of import of goods, if the production is possible on the territory of the Union (recorded in the recommendations of the Board of the Eurasian Economic Commission).

- Creation of favorable conditions for transit through the territory of the Member States of EAEC.

In the future - transition from concerted actions to common export policy.



National level

- Increasing the efficiency of export operations (*preferential taxes, credits and insurance*);
- The elimination of barriers to exports (*reduction and simplification of customs procedures, acceleration of VAT refund to exporters*);
- Financing researches of potential markets and promotion opportunities;
- Promotion of regional and national brands;
- Support for publications (*journals, directories, catalogs*);
- Incentives for the best exporters by special contests;
- Exhibitions and business missions in different regions of Russia;
- Promotion of the products through special national shops and new formats;
- Promotion of associations of exporters (*in particular, involving such associations in the process of development and implementation of export policy, developing cooperation with counterparts in Russia*).



EABC - EXPO



"Eurasian Business Council - Expo" is a permanent trade and exhibition area. It is located in "Food City" in Moscow, which is the largest agricultural marketplace of Russia. Pavilions of Russian regions and foreign countries are opened in the exhibition space.



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AGROS

Agri-Food Russia

nfeu2000@mail.ru
www.prodexport.ru