

Agriculture Ministry Seeks \$230Bln Investment

By [The Moscow Times](#)

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The Agriculture Ministry issued an ambitious draft plan, needing 6.8 trillion rubles (\$230 billion) of investment by 2020, to raise grain output and exports, slash dependence on imported raw sugar and become an exporter of pork and poultry meat.

The draft of a state program for agricultural development for 2013-20, published on the ministry's web site, says federal and regional budgets are expected to provide two-thirds of this amount.

The ministry is just setting targets for itself, and the plans are likely to be revised downward, Andrei Sizov, president of SovEcon agricultural analysts, said Tuesday.

"First of all, it is a big question whether the desired financing can be found," Sizov said.

"And another issue is that even if these targets are reached, Russia is unlikely to find a market

for all these commodities, as the competition is high."

The draft has yet to be agreed upon with other government ministries and approved by the government.

Under the plan, Russia, until last year the third-largest wheat exporter, will aim to increase grain output to 125 million tons in 2020 from 85 million to 90 million tons expected this year.

The exportable surplus would rise to 41.5 million tons from 20 million to 23 million expected in the current season. Russia has lifted a wheat export ban imposed after drought slashed last year's harvest.

For this purpose, the ministry plans to increase sown area to 50 million hectares from the current 44 million and average yields to 2.5 tons per hectare from 2.0 tons.

It also plans to build new grain storage capacity and deep-sea export terminals on the Azov, Black and Baltic seas and on the country's Pacific coast.

Currently, Russia has only two deepwater export ports, Novorossiisk and Tuapse. Significant volumes are moved via small river ports either directly to buyers, or reloaded on the open sea onto larger vessels.

"Exports should be increased to countries of the Asia-Pacific, Africa, Latin America and Europe," the draft said.

The draft says Russia should reach stability in the production of sunflower seeds at 7.5 million tons by 2020. SovEcon expects the country to harvest a record sunflower seed crop of 8.3 million tons this year.

The program also calls for drastically cutting dependence on imported raw sugar. The country should produce 5.4 million tons of beet sugar in 2020, covering 91.2 percent of its needs. Russia produces more than half of the sugar it consumes from domestic beets and the remainder from imported raw sugar.

The draft also said Russia, a major meat importer, should double output to 14.1 million tons by 2020, mainly poultry and pork.

"By 2020, exports of poultry meat may be 400,000 tons and of pork 200,000 tons," it said. Currently domestic production covered only 73 percent of consumption with the rest covered by imports.

The draft envisages switching to import tariffs from tariff quotas after domestic products reach "sufficient competitiveness," without specifying when this may happen.

Russia is rapidly developing poultry and pig breeding and has said it should reach self-sufficiency in the next three years.

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