

# Russian Meat Sector: Time of opportunities or Time of uncertainty?

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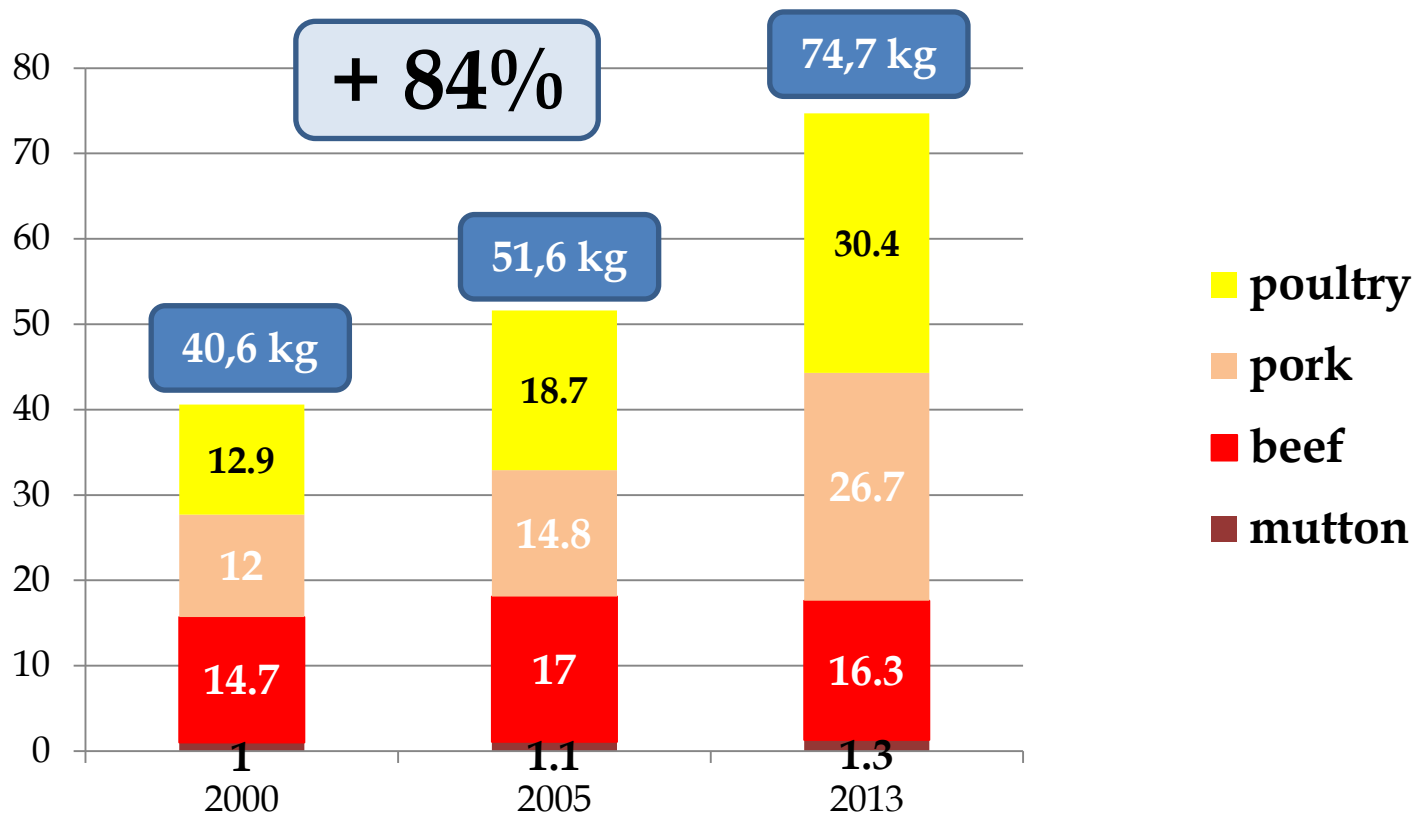
National Meat Association

UECBV AGM and the YEMCo Autumn Conference 2014

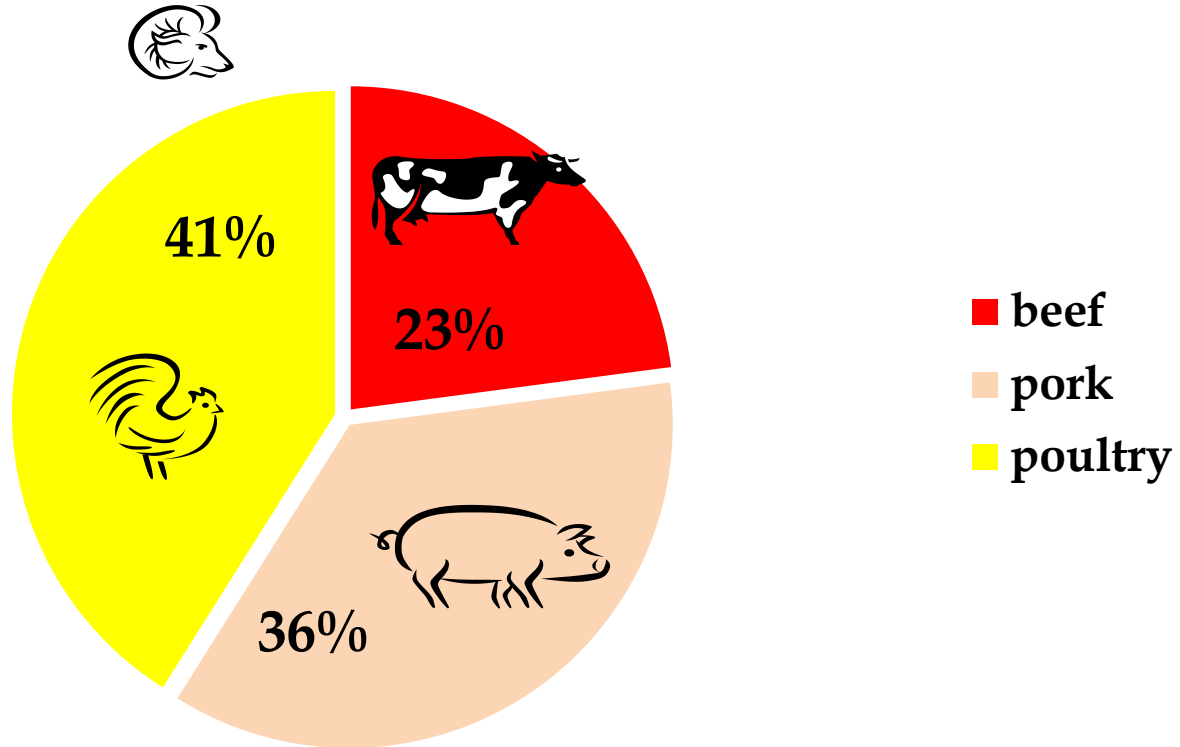
26 September 2014, Barcelona

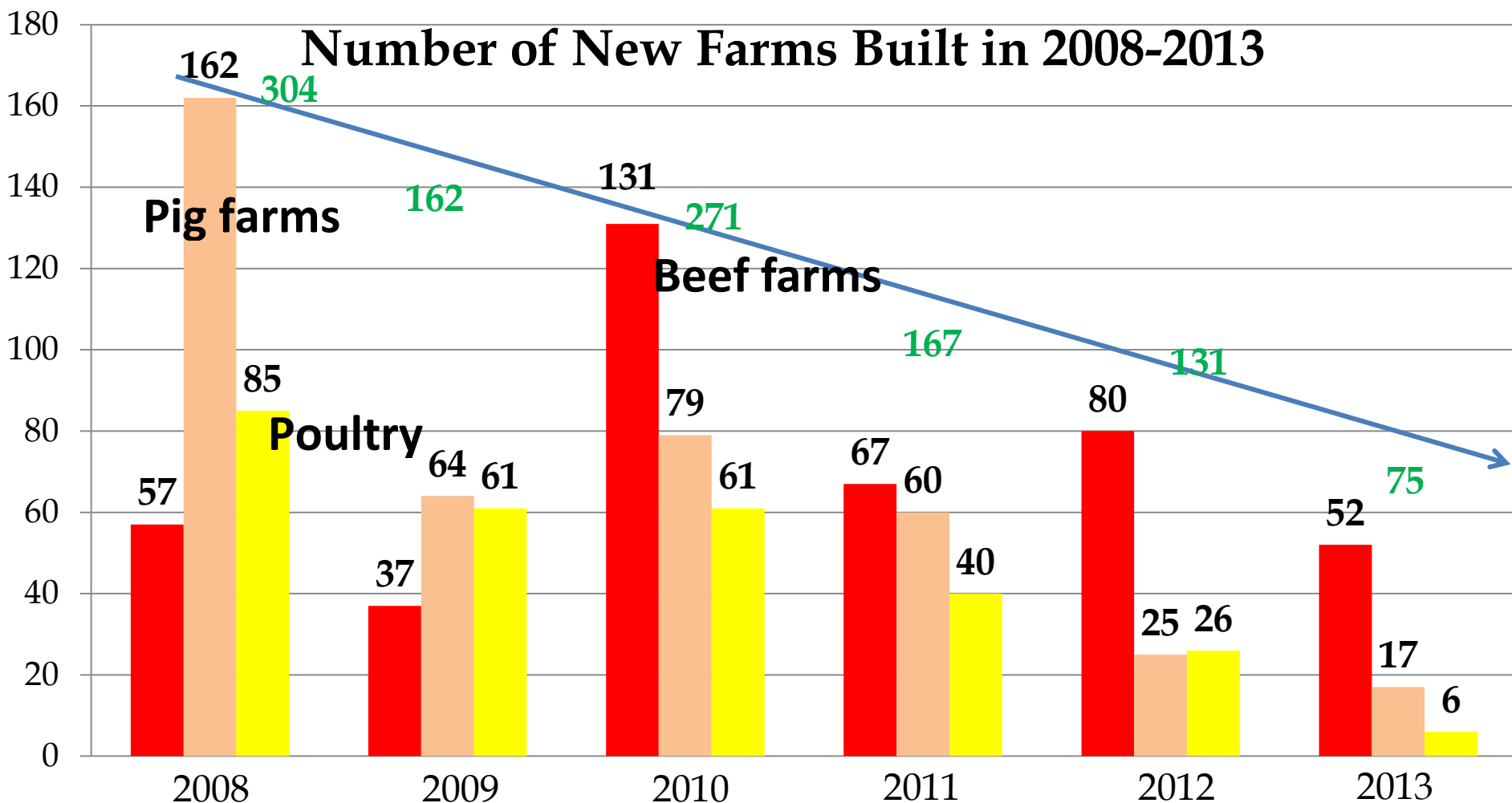


# Meat Consumption per Capita in 2000-2013 (kg/year)



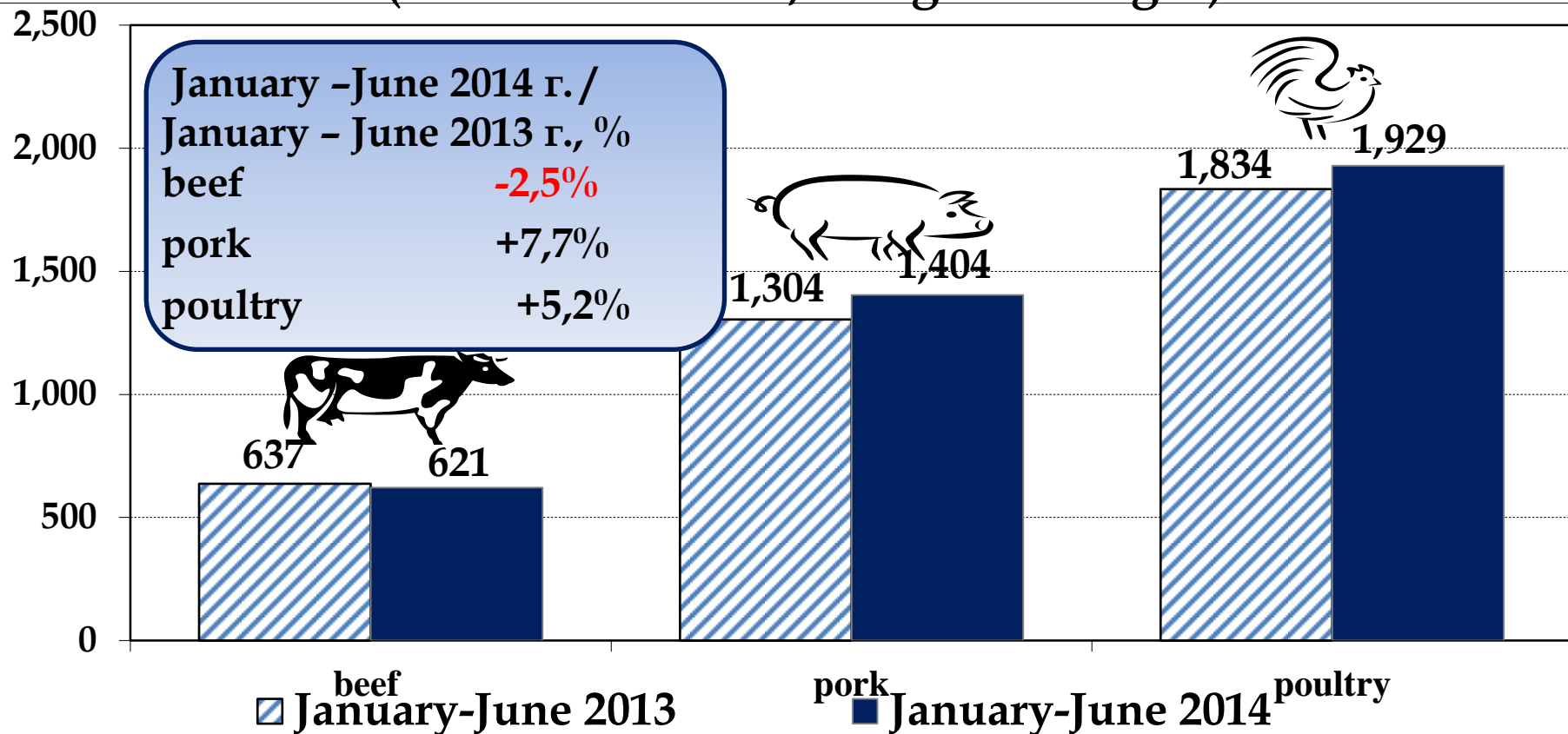
## Meat Consumption Structure in Russia in 2013, %





Source: Ministry of Agriculture of the Russian Federation

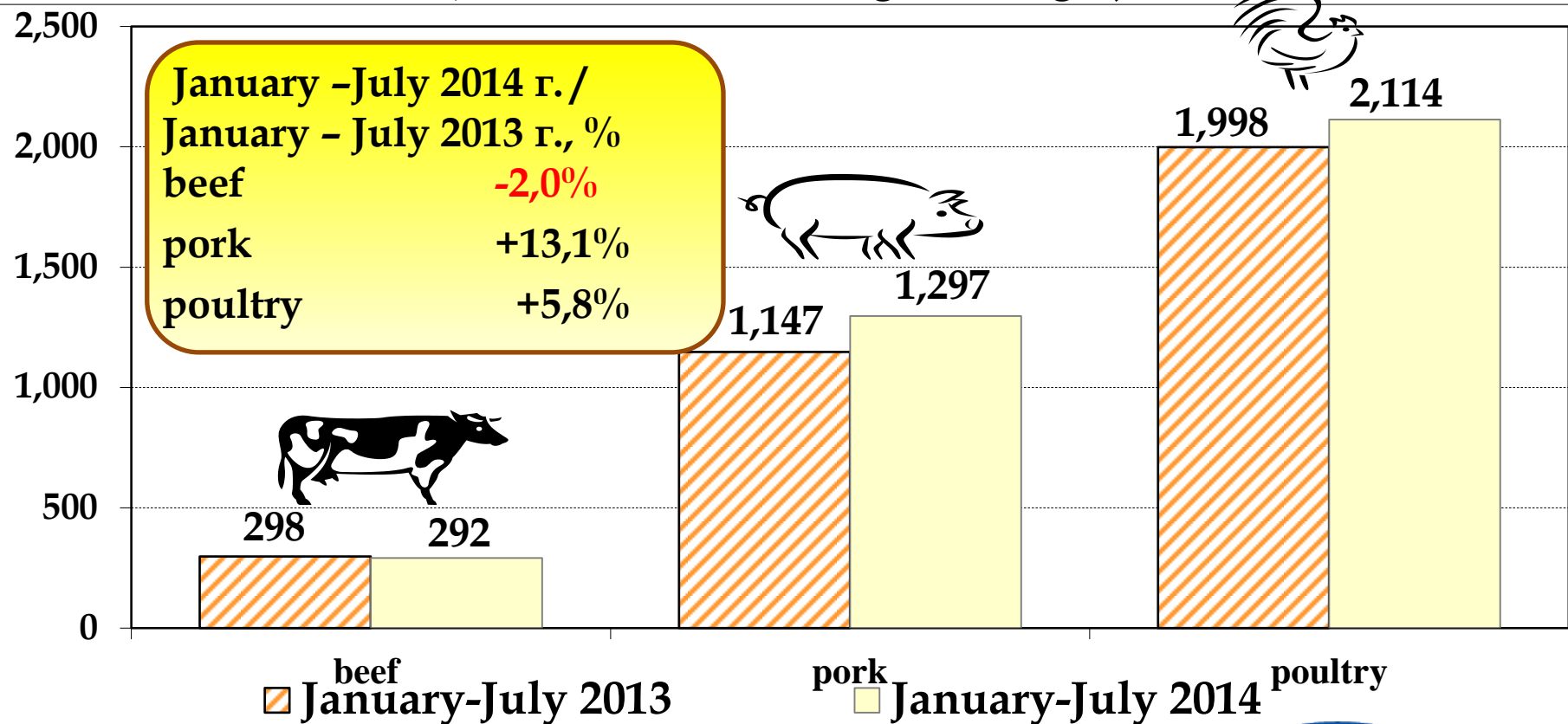
# Meat and Poultry Production January-June 2013-2014 (thousand tonnes, slaughter weight)



# Industrial Meat and Poultry Production in Russia

January-July 2013-2014

(thousand tonnes, slaughter weight)



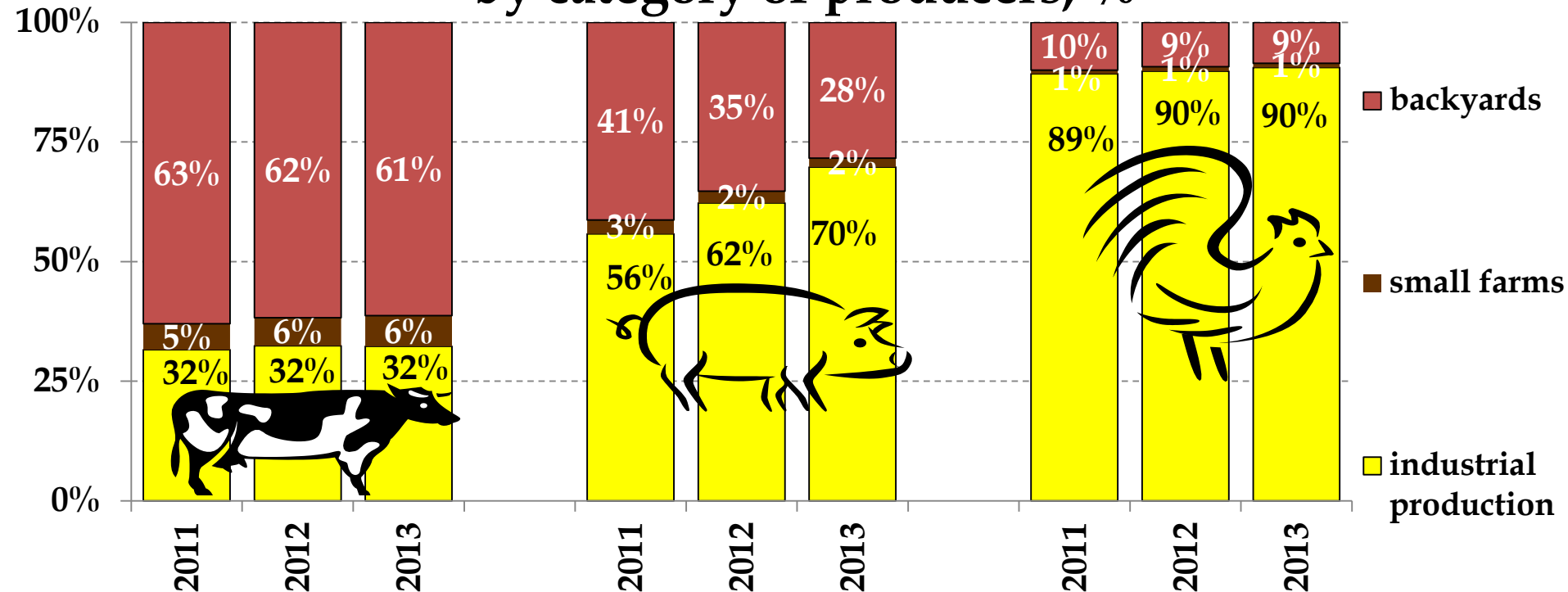
Source: Russian Federal State Statistics Service

## TOP-20 Pork Producers in Russia in 2013 (thousand tonnes, live weight)

1	ГК "МИРАТОРГ" Miratorg	356	13,7%
2	ГК "ЧЕРКИЗОВО" Cherkizovo	158	6,1%
3	ООО "ГК АГРО-БЕЛОГОРЬЕ" Agro-belogorje	148	5,7%
4	ГК "Русагро" Rusagro	116	4,5%
5	ЗАО "Аграрная Группа"	67	2,6%
6	ООО "КОПИТАНИЯ"	59	2,3%
7	ООО "ПРОДО Менеджмент"	50	1,9%
8	ООО "Камский Бекон"	46	1,8%
9	ОАО "Агрофирма Ариант"	42	1,6%
10	ГК "ОСТАНКИНО"	40	1,6%
11	ЗАО "Эксима"	40	1,5%
12	ГК "КОМОС ГРУПП"	39	1,5%
13	ООО "Агропромкомплектация"	38	1,5%
14	ООО "Агропромышленная Корпорация ДОН"	37	1,4%
15	ООО СХПК "Звениговский"	33	1,3%
16	Агрохолдинг "БЭЗРК - Белгранкорм"	32	1,2%
17	ЗАО "ТАЛИНА"	30	1,1%
18	ООО "Великолукский свиноводческий комплекс"	28	1,1%
19	ООО "АПК АГРОЭКО"	26	1,0%
20	УХК "Пром-Агро"	24	0,9%

The share of these 20 producers amounted to **54,2%** of the overall industrial pork production in Russia in 2013

# Structure of Meat and Poultry Production by category of producers, %





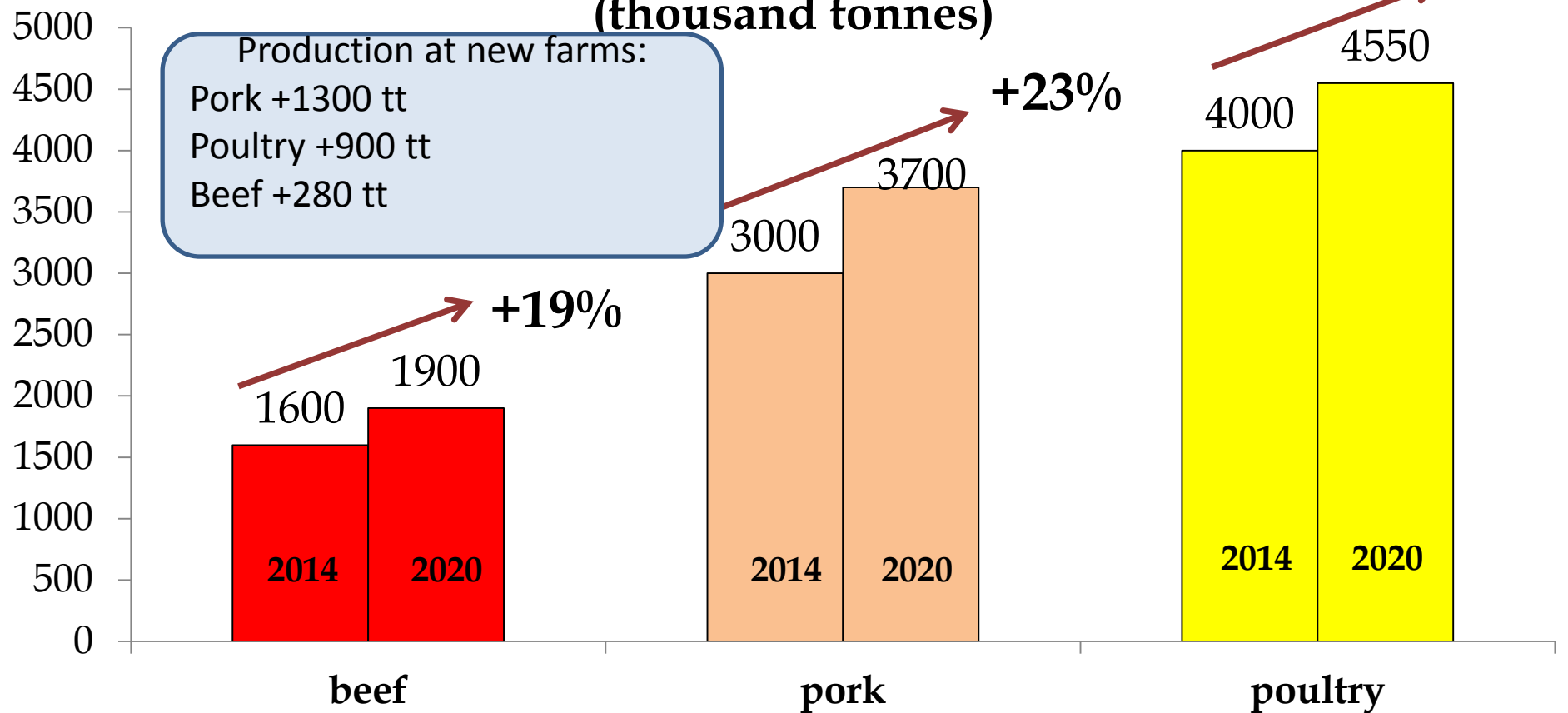


# To Invest or Not To Invest

## (Pros and Contrasts)

- High meat and poultry prices
- High margins
- Good harvest 105 mln t
- Comfortable feed prices
- Declining production in the back-yards and more space on the market
- Meat production – state priority
- Growing competence
- Better understanding of consumer needs
- Slow economy growth
- Possibly decreasing disposable incomes
- Shortage of bank loans and growing interest rates
- ASF and other diseases
- Unpredictable import volumes
- Exchange rates
- State budget deficit?
- Shortage of qualified top-managers for agricultural production
- Further liberalization of trade (FTA, CU, CIS etc.)

# Forecast for Meat Production in Russia 2014-2020 (thousand tonnes)



# What Affects Import of Meat in 2014

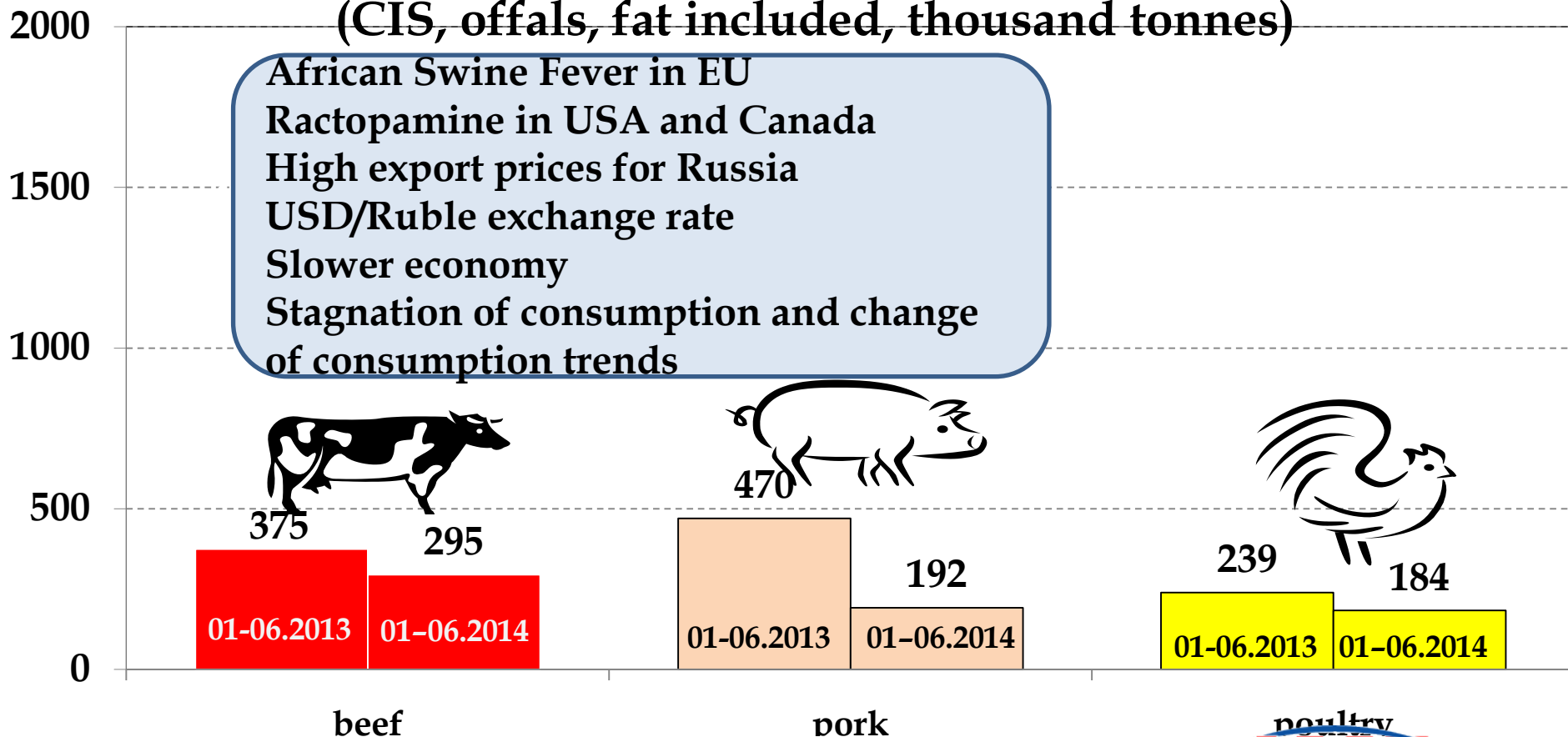
- Animal diseases (ASF-related ban from EU)
- Feed additives and hormones (USA, Australia, Canada)
- Strict veterinary requirements of the Customs Union – not enough establishments approved
- High export prices for the Russian market
- Exchange rates
- Monopoly of some exporting countries
- Growing demand on internal and international markets
- Decree on Protection Measures of August 6<sup>th</sup> 2014

About 40 thousand tonnes of meat and meat products from USA, EU, Norway and Canada worth 140 million dollars

were in transit (road/sea) when the Government's list of products under the ban was published

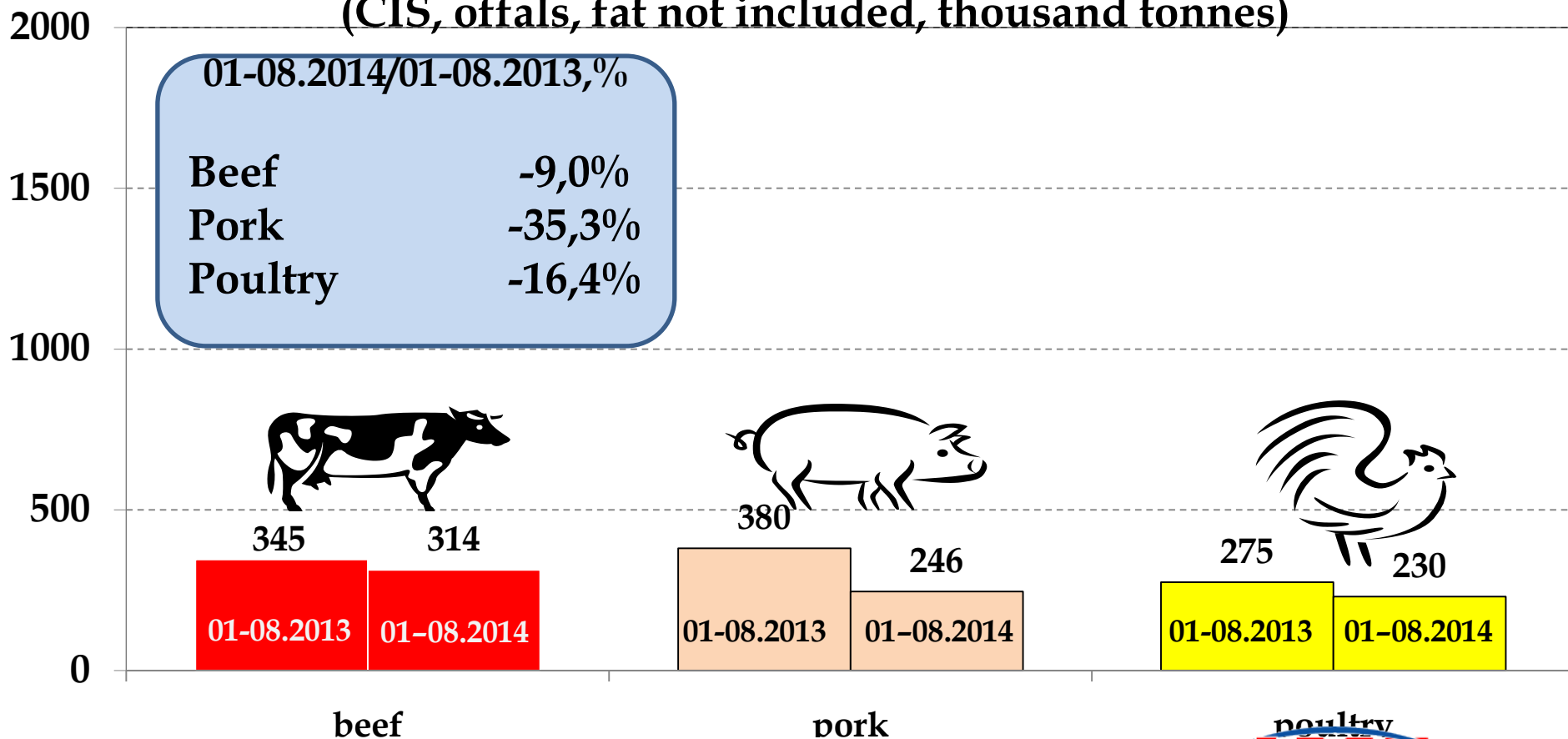
# Import of Meat to Russia January-June 2013-2014

(CIS, offals, fat included, thousand tonnes)



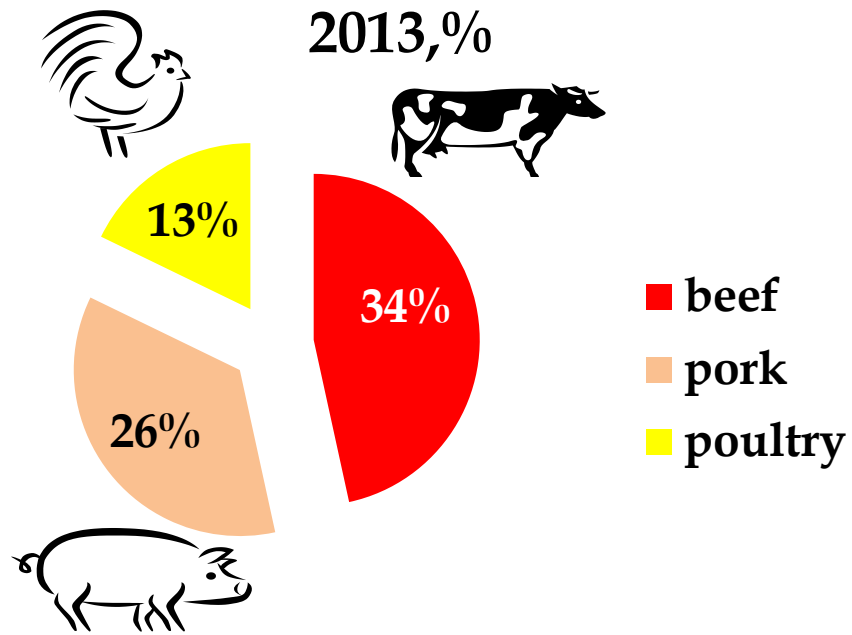
Source: NMA

# Import of Meat to Russia January-August 2013-2014 (CIS, offals, fat not included, thousand tonnes)

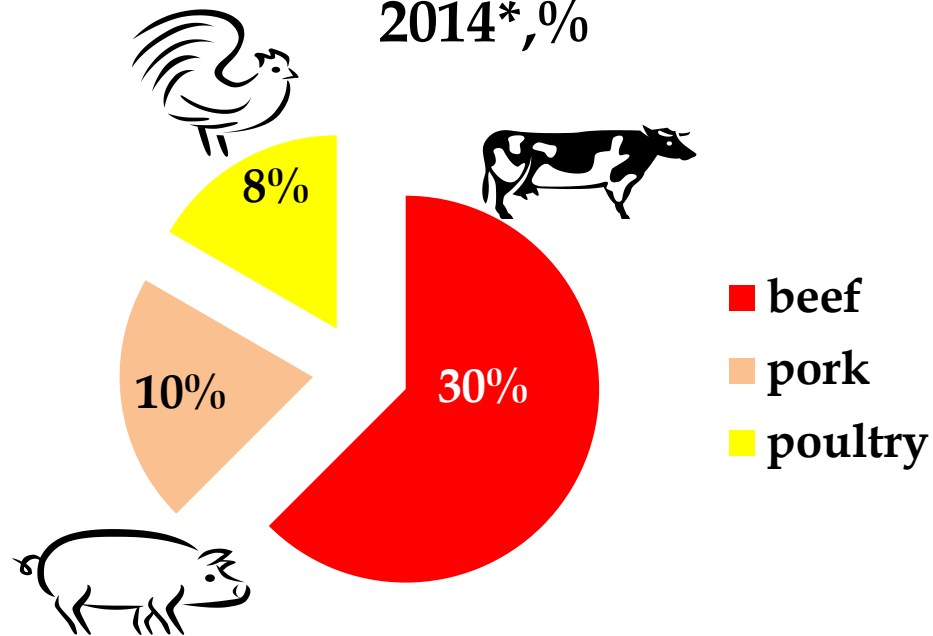


Source: NMA

## Meat Import Share in Consumption in Russia in 2013,%



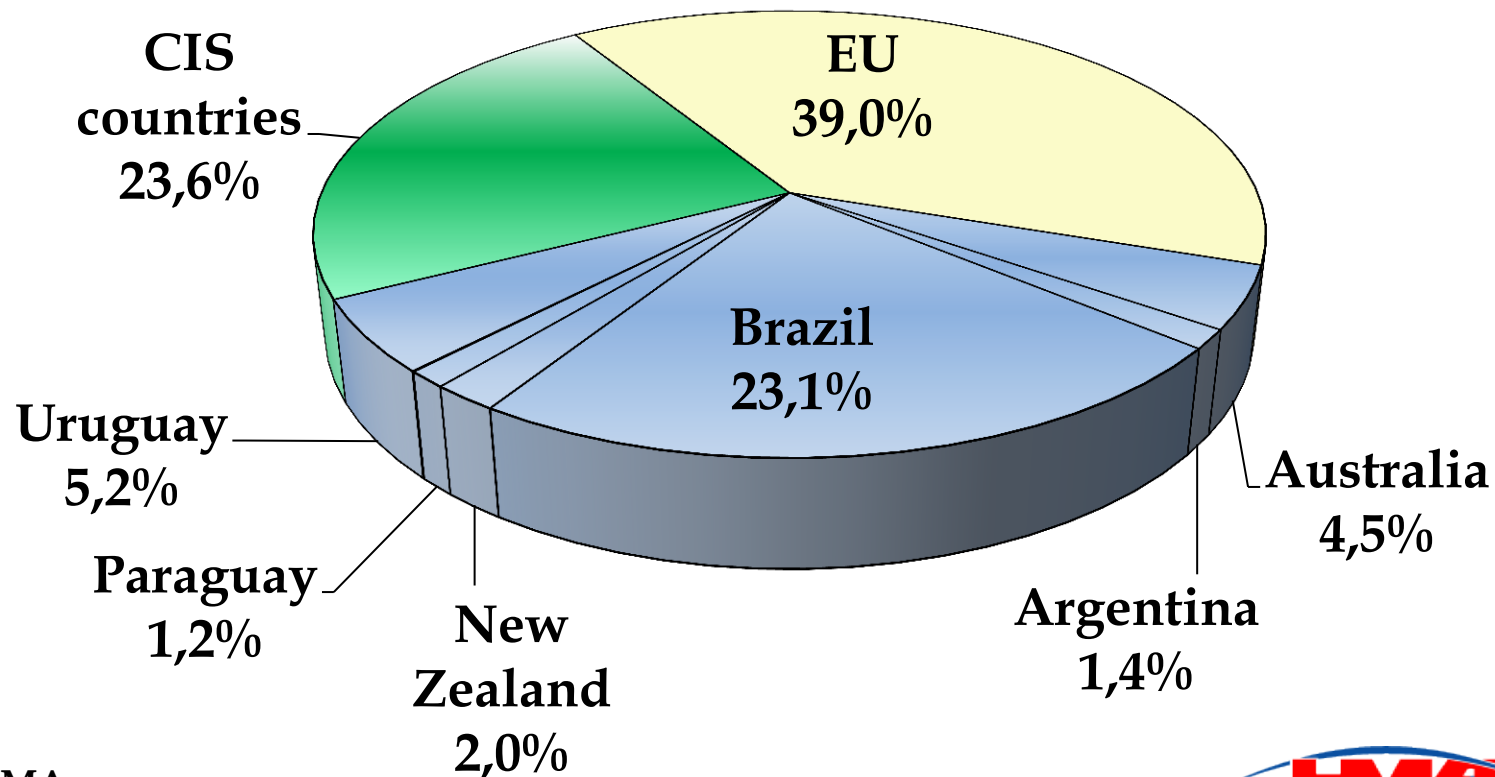
## Meat Import Share in Consumption in Russia in 2014\*,%



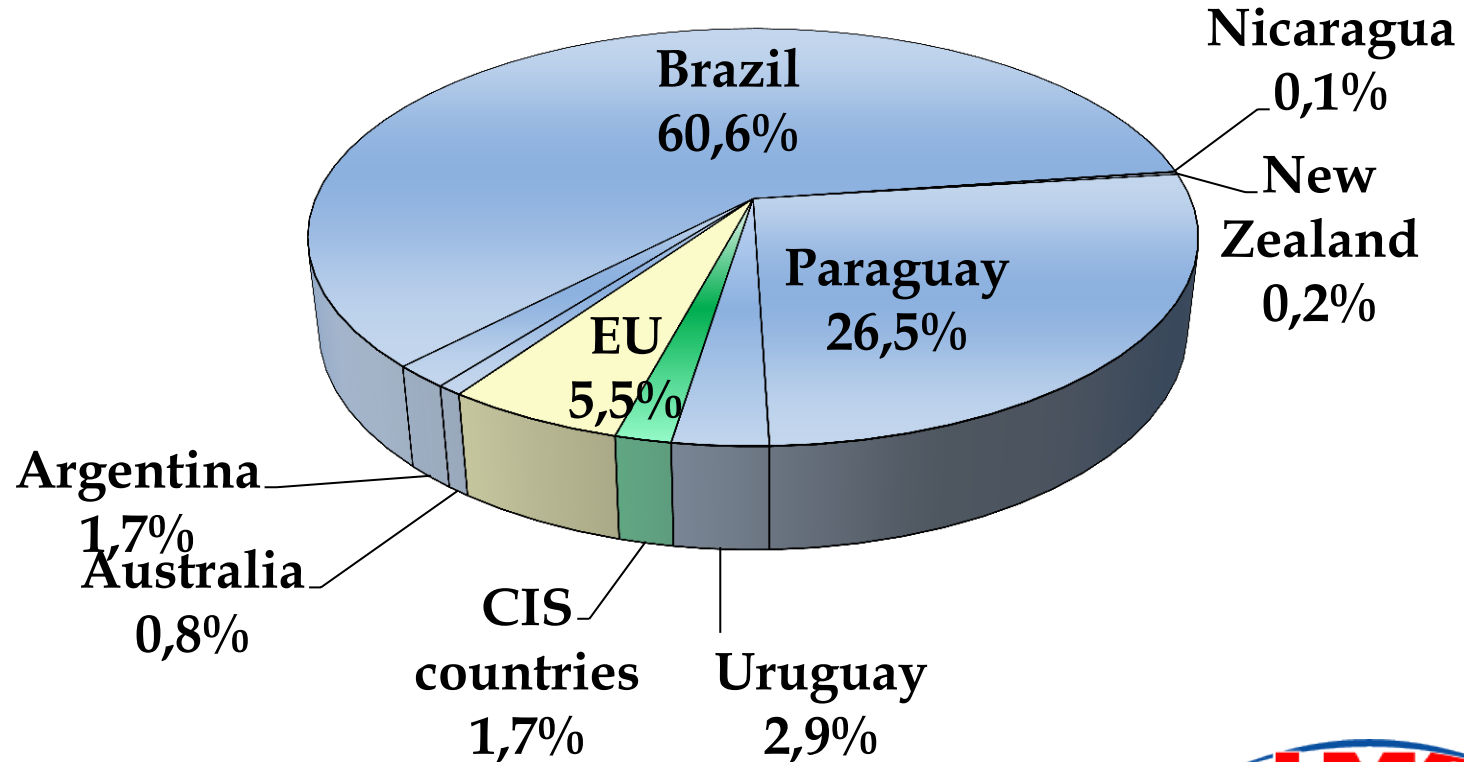
\* National Meat Association's forecast



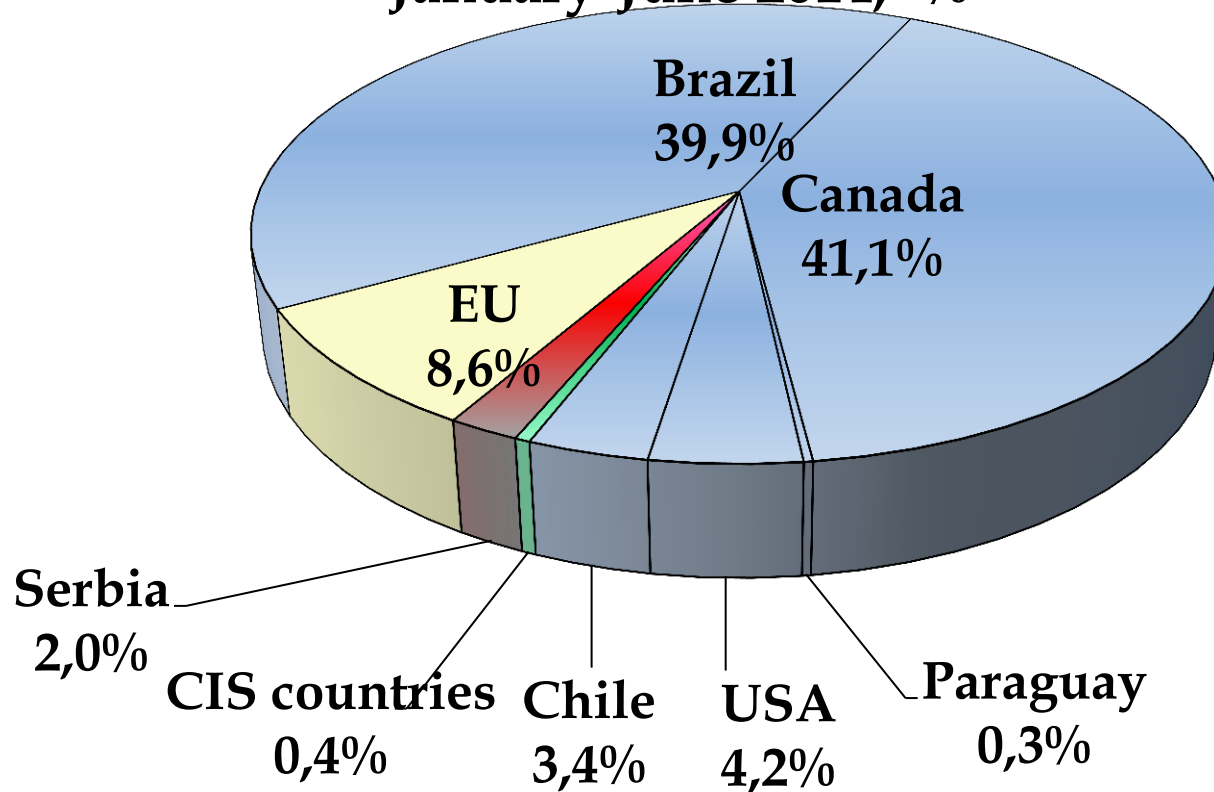
## Structure of Chilled Beef Import to Russia 01.2014 -06.2014, %



## Structure of Frozen Beef Import to Russia 01.2014 -06.2014, %



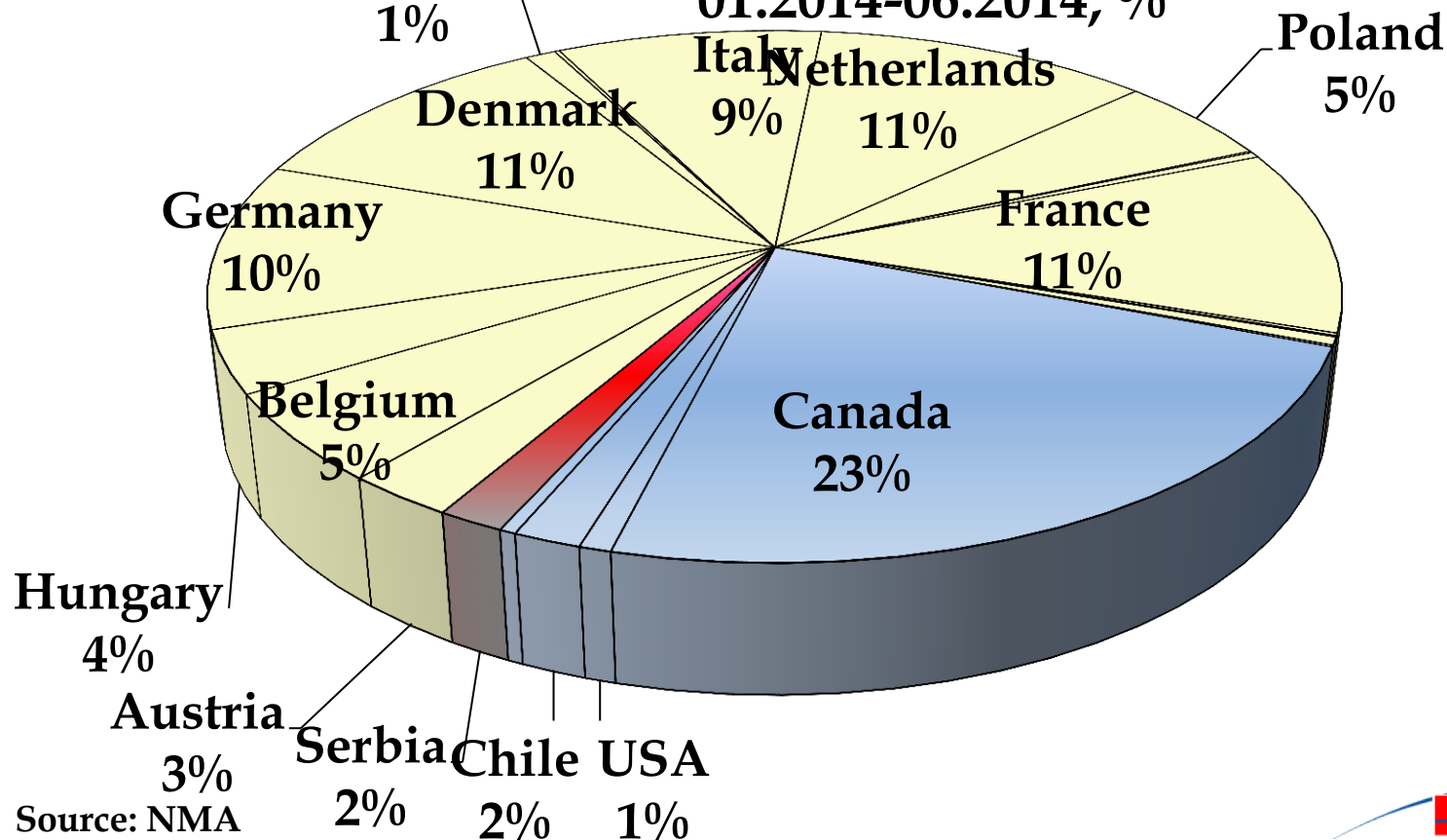
## Structure of Pork Import to Russia January-June 2014, %



Source: NMA

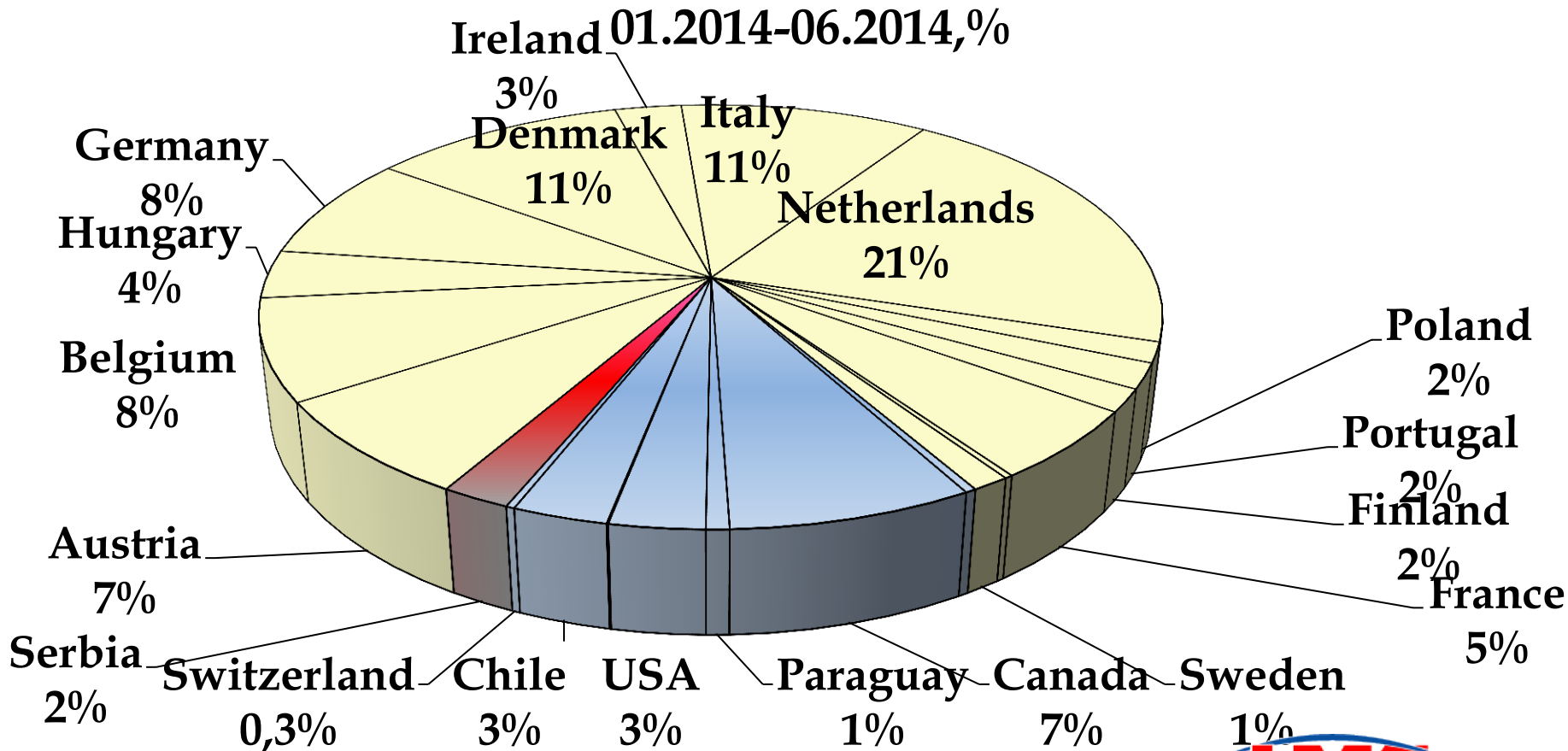
# Structure of Pork Fat Import to Russia

01.2014-06.2014, %



Source: NMA

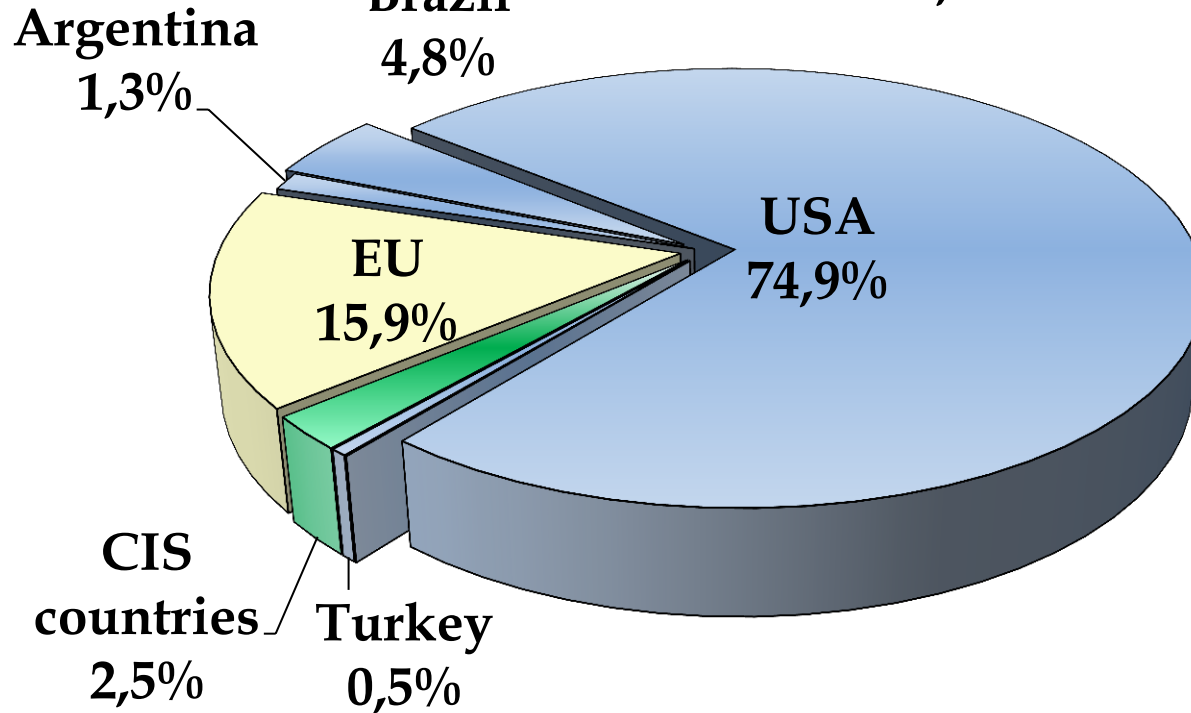
# Structure of Pork Offals Import to Russia



Source: NMA

# Structure of Poultry Import to Russia

Brazil 01.2014-06.2014, %

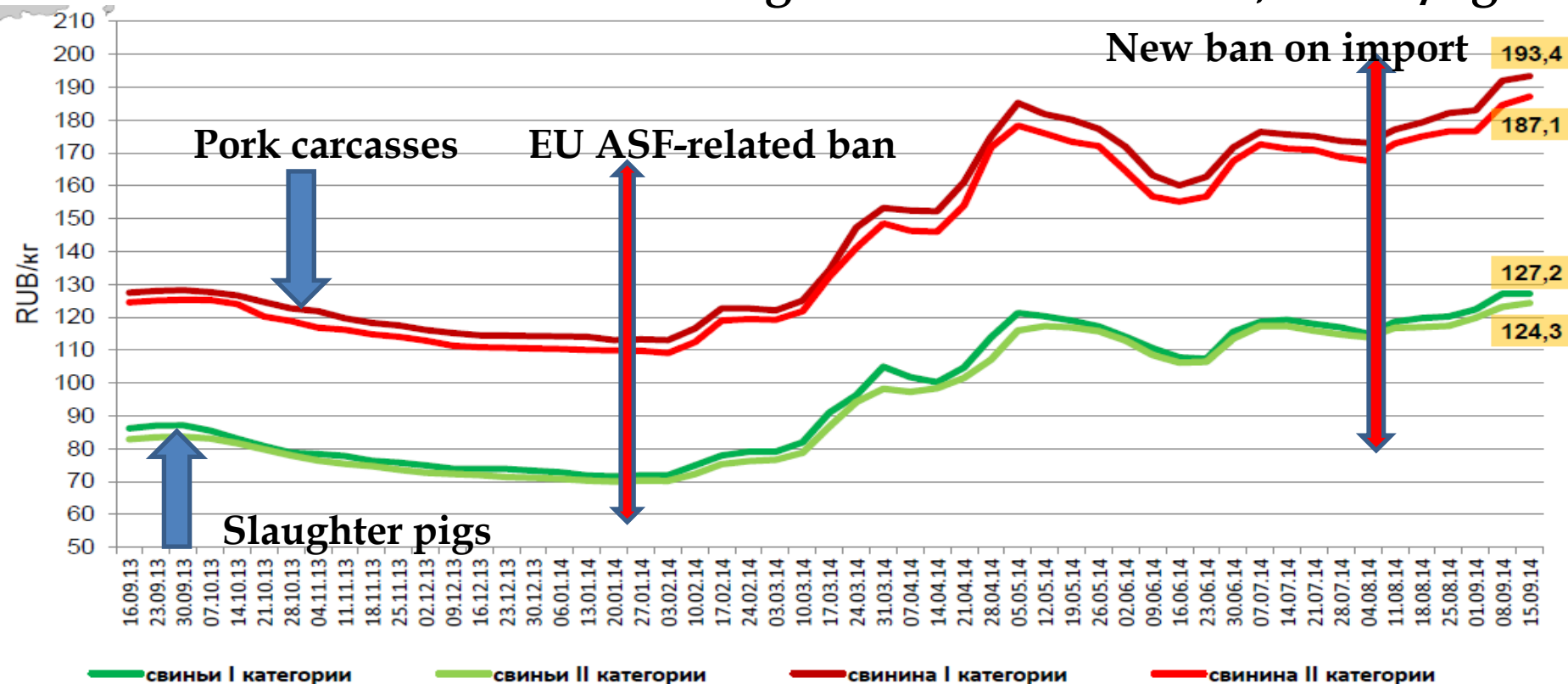


## Resources of Beef, Pork and Poultry in 2013-2014\* (thousand tonnes)

	2013	2014	<i>2014* to 2013,%</i>
beef	2 460	2 307	-6%
pork	3 815	3 325	-13%
poultry	4 325	4 324	<i>unchanged</i>
<b>TOTAL:</b>	<b>10 600</b>	<b>9 955</b>	<b>-6%</b>

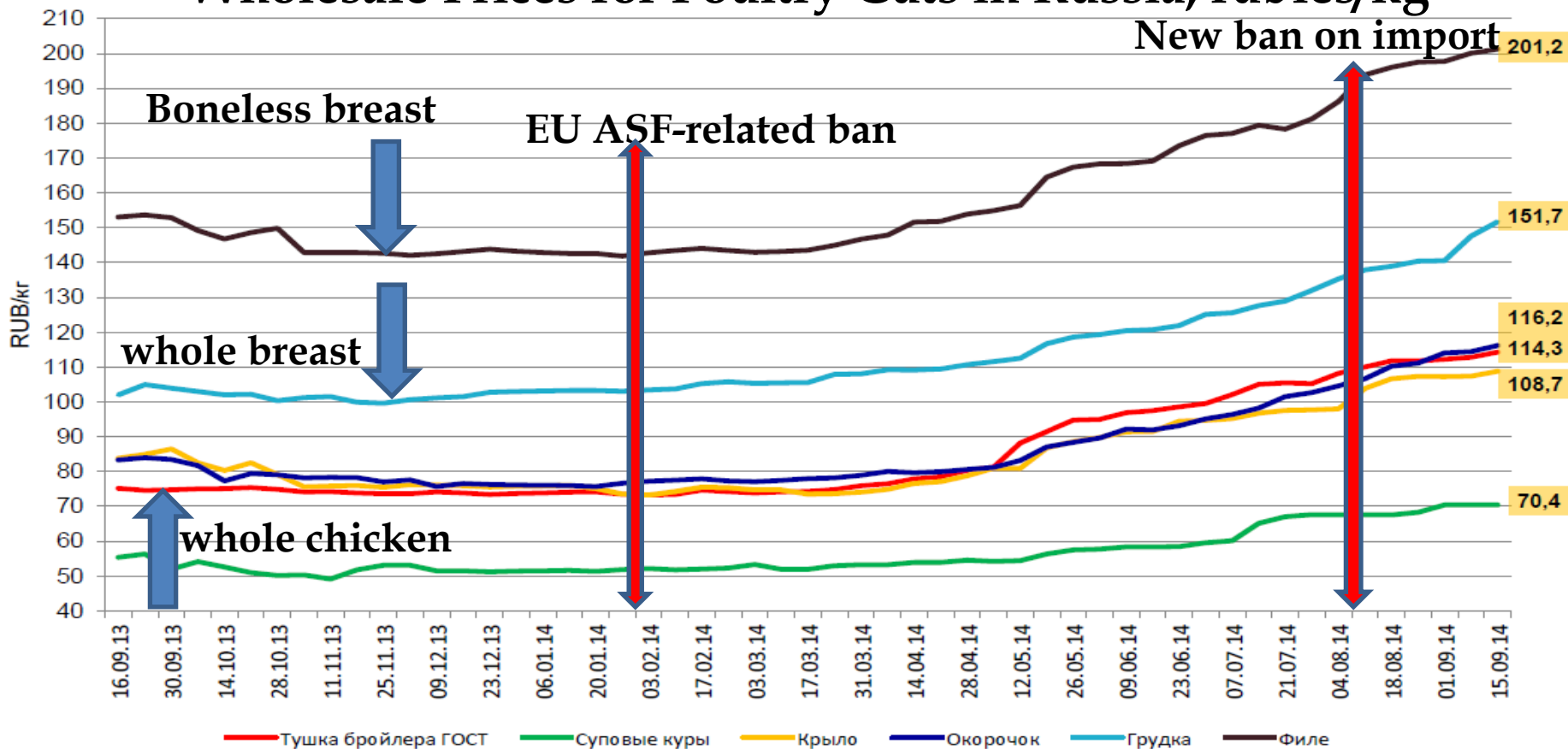
\*National Meat Association' forecast

# Wholesale Prices for Live Pigs and Pork in Russia, rubles/kg



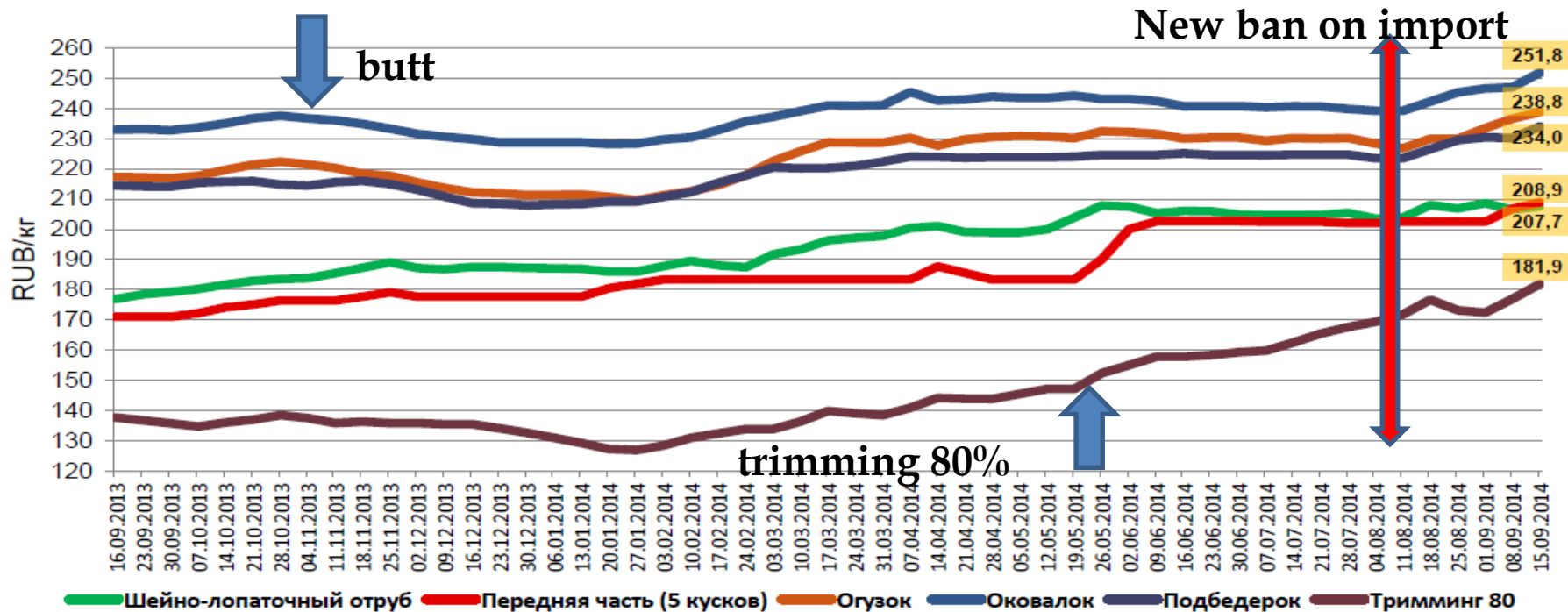


# Wholesale Prices for Poultry Cuts in Russia, rubles/kg

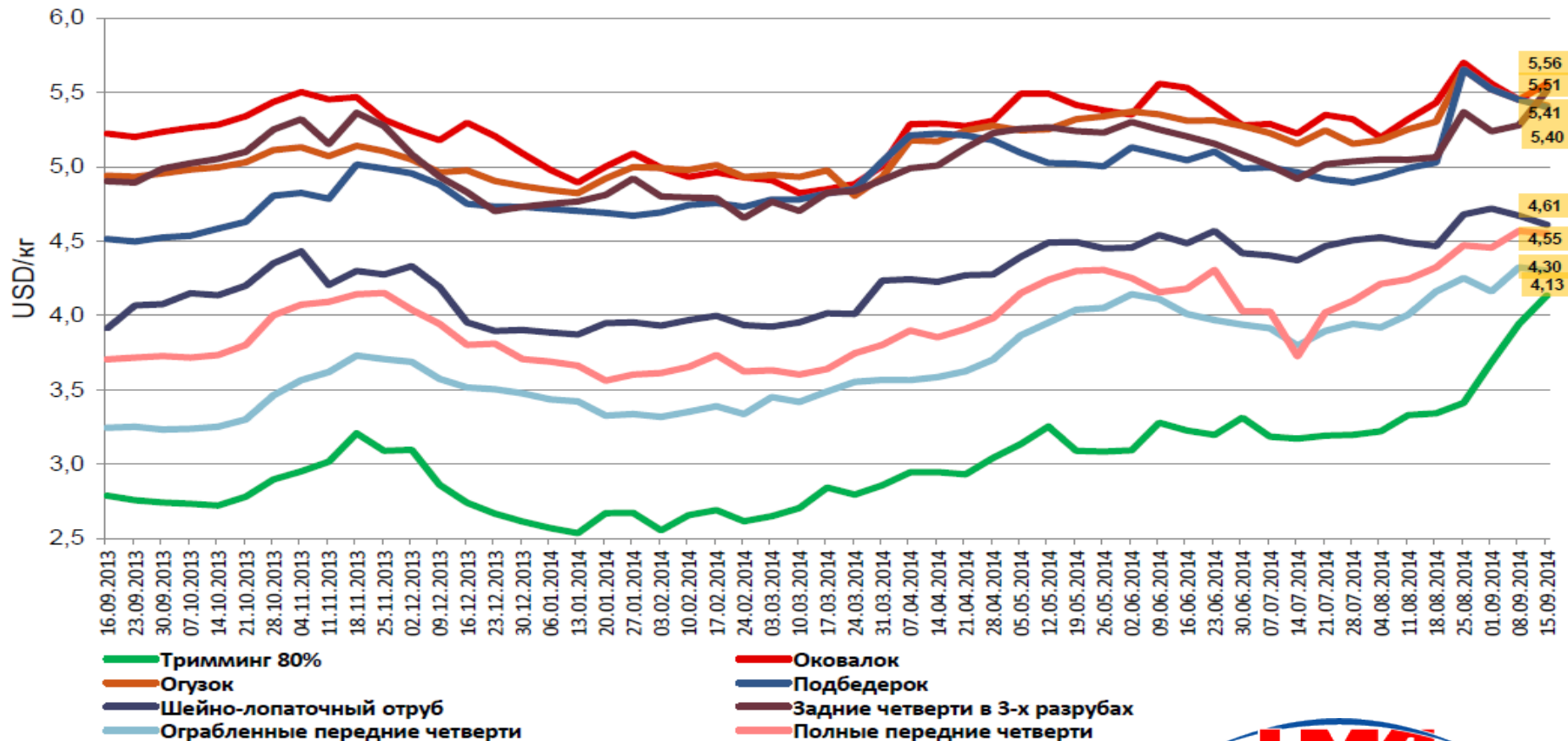


Source: NMA

# Wholesale Prices for Beef in Russia, rubles/kg

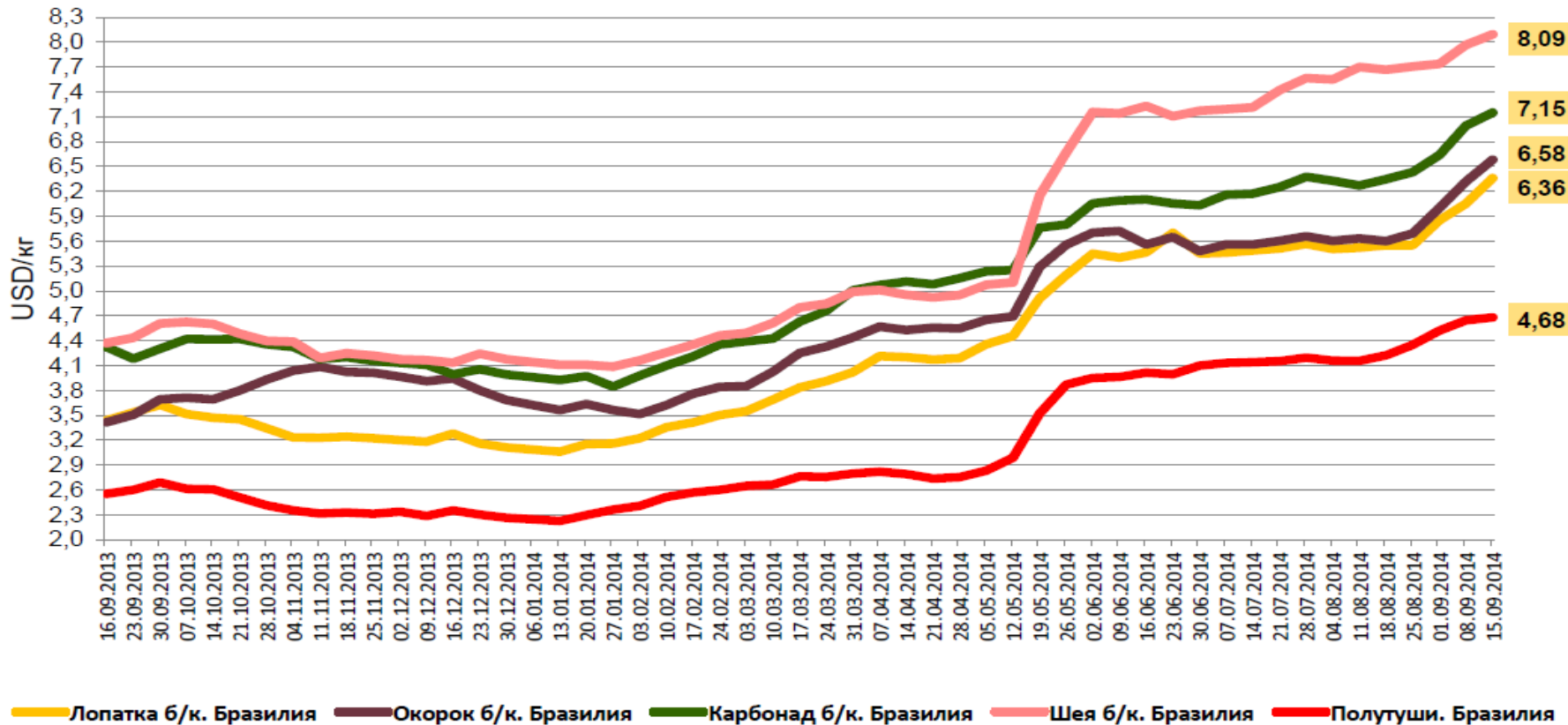


# Export Prices for Beef CIF Sankt-Petersburg, USD



Source: NMA

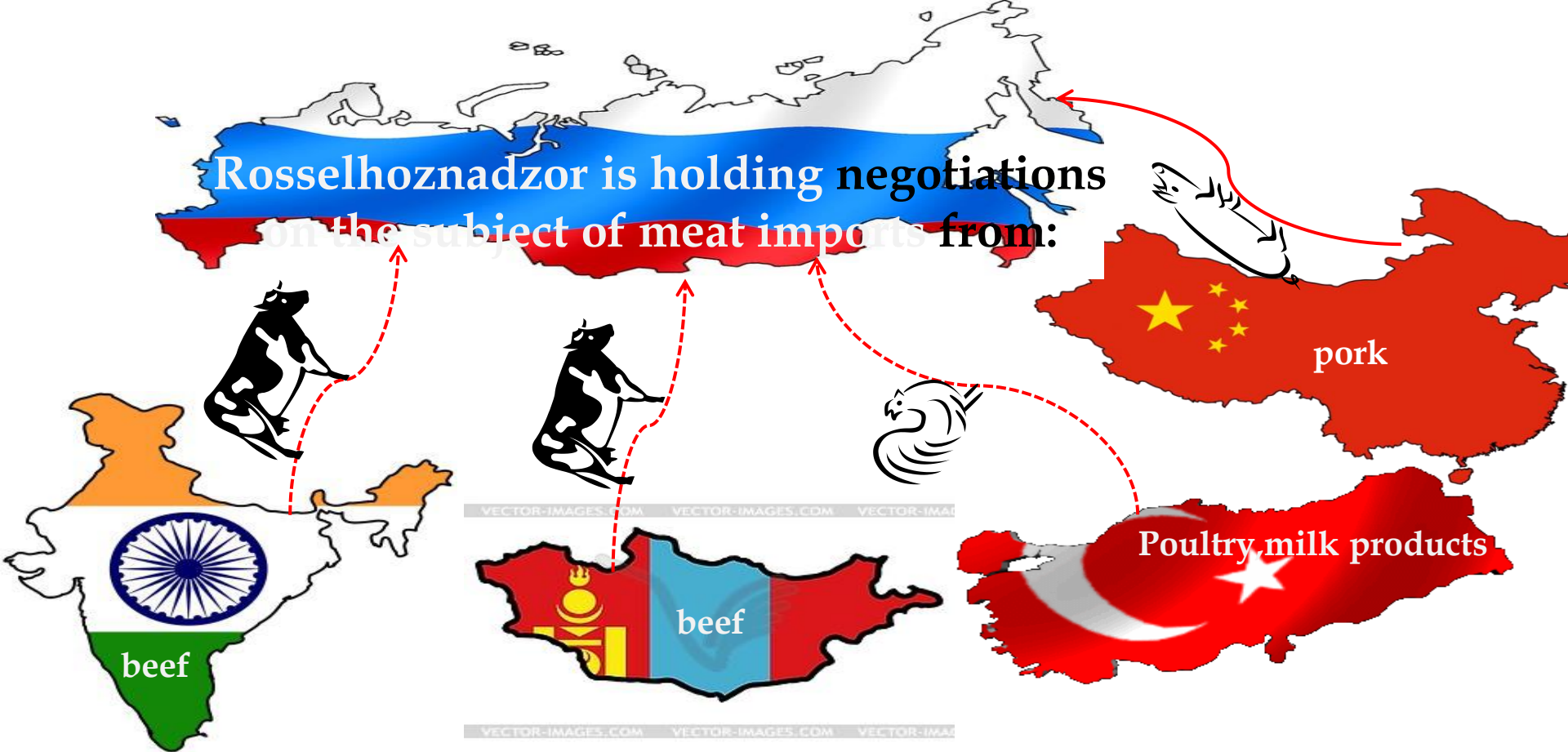
# Export Prices for Brazilian Pork CIF Sankt-Petersburg, USD



Source: NMA

# Impact and Consequences of Decreased Import

- Government attention to price hikes
- Looking for new suppliers
- Belarus benefits from the ban
- Meat processing – growing losses
- Reemerging of illegal trade
- Retail vs Processing – who gets meat?
- Consumption changes
- Consumer concerns



Source: Rosselhoznadzor

# African Swine Fever in Russia in 2014\*

Number of outbreaks in 2014:

Among wild boars **86**

Among domestic pigs **32**

*among them in industrial holdings 3*

Number of animals slaughtered **>200 000**

\*- according to information from Rosselkhoznadzor 20.08.2014



# Эпизоотическая ситуация по АЧС в эндемичных зонах\* на территории Российской Федерации (N = 703)\*\*

## "Северная" эндемичная зона

Первый зарегистрированный случай - апрель 2011 г.

Всего **290** случаев с 04.2011 по 09.2014.

Из них: **81** (28%) случай в популяции домашних свиней;

**201** (69%) случай в популяции диких свиней.

**8** (3%) инфицированных объектов.

Регионы: Тверская обл., Новгородская обл., Смоленская обл., Ярославская обл., Московская обл., Тульская обл., Владимирская обл., Псковская обл., Ивановская обл., Калужская обл., Брянская обл., Орловская обл.

## Внеэндемичные "выносные" случаи

Первый зарегистрированный случай - июль 2008 г.

Всего **16** случаев с 07.2008 по 09.2014.

Из них: **11** (69%) случаев в популяции домашних свиней;

**5** (31%) инфицированных объектов

Регионы: Оренбургская обл., Р.Карелия, Ленинградская обл., Нижегородская обл., Р.Татарстан, Архангельская обл., Мурманская обл.

## "Южная" эндемичная зона

Первый зарегистрированный случай - ноябрь 2007 г.

Всего **397** случаев с 11.2007 по 09.2014.

Из них: **268** (67%) случаев в популяции домашних свиней;

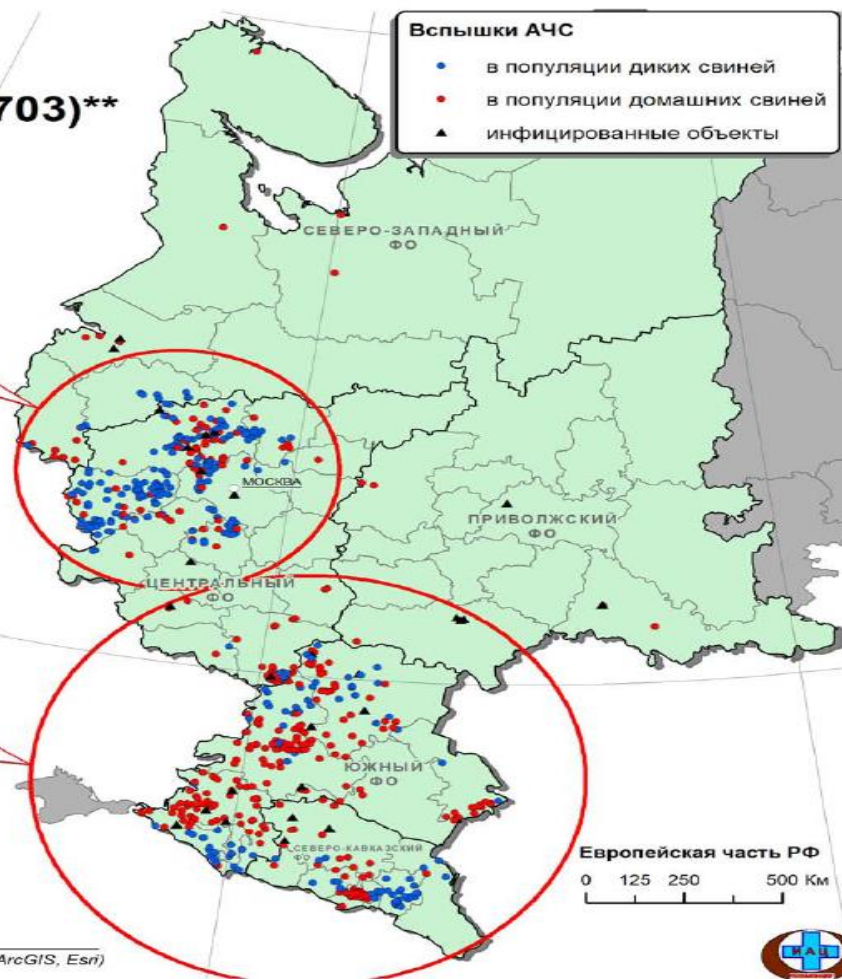
**110** (28%) случаев в популяции диких свиней.

**19** (5%) инфицированных объектов.

Регионы: Р.Чечня, Р.Ингушетия, Р.Дагестан, Р.Карачаево-Черкесия, Р.Сев.Осетия-Алания, Р.Кабардино-Балкария, Р.Адыгея, Р.Калмыкия, Ставропольский край, Краснодарский край, Астраханская обл., Волгоградская обл., Ростовская обл., Саратовская обл., Тамбовская обл., Воронежская обл., Белгородская обл., Курская обл.

### Вспышки АЧС

- в популяции диких свиней
- в популяции домашних свиней
- ▲ инфицированные объекты



\*границы эндемичных зон определены с помощью функции геопространственной статистики Standard Distance (ArcGIS, Esri)

\*\*данные ФГБУ "Центр Ветеринарии" (г.Москва) и ГНУ "ВНИИВВиМ" (г.Покров)



# Conclusions

- Good market for Russian producers
- Government will stimulate more investments, increase support
- Investors are ready to invest even if and after the ban is lifted
- WTO ASF dispute – unclear outcome
- Importers lose market and money, some want to invest in production
- Processing plants want to invest/build/buy to ensure their own raw material supply
- New suppliers (China, India? Thailand, Turkey, Mongolia?) will benefit from the ban
- Trade has become victim to political ambitions and lack of dialogue between business and politicians
- Russia will continue its pace to self-sufficiency

# THANK YOU

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