

Vitamins for Russia

February 5th, 2014

Event of the Committee on Eastern European Economic Relations at the FRUIT LOGISTICA International Trade Fair

Up to now Russia has been strongly dependent on the import of special crops such as fruit and vegetables. Within the framework of its Agricultural Development Programme for the period 2013 to 2020, the Russian government plans to target the development of value creation chains, and in particular, the cultivation of special crops, their storage, processing and marketing. The maintenance of the food trade's high quality requirements and product safety standards are decisive success factors for market access and thus for the development of the sector.

The Working Group on Agriculture of the Committee on Eastern European Economic Relations of the Federation of German Industries, together with the Messe Berlin, made use of the FRUIT LOGISTICA international trade fair to discuss perspectives for the development of the production and marketing of fruit and vegetables in Russia at a meeting with industry experts held on February 5th, 2014. Over 200 participants attended the conference. On the occasion of the event, and within the framework of the "German-Russian Agricultural Policy Dialogue", an official delegation of the Russian Ministry of Agriculture, with the support of the German Ministry of Food and Agriculture, attended the FRUIT LOGISTICA for the first time, gaining an insight into developments in the production and trade in fruit and vegetables in Germany.

In his opening speech, Dr. Friedrich-Wilhelm Kuhlmann, Head of the Plant Products Division of the Federal Ministry of Food and Agriculture, underlined the great importance of cooperation with Russia for his division. The "German-Russian Agricultural Policy Dialogue" provides an opportunity for an intensive exchange of expert knowledge on agricultural policy issues with the Russian Ministry of Agriculture. However, the Russian import ban on potatoes and tree nursery products from the EU, in force since July 2013, is currently a cause for concern.

Representing the Russian Ministry of Agriculture, Vladimir Asarow, Deputy Head of the Department for Market Regulation, Fisheries and the Food Industry, informed the conference of the funding measures for developing the production of special crops in Russia, e.g. state subsidies for the planting of new fruit plantations. His ministry sees a need for special action in the development of apple cultivation in Russia as the domestic production of fresh apples and processed apple products only contributes ten percent. Special development potential is seen in the North Caucasus region. As a consequence, the state "North Caucasus Development Corporation" has drawn up a regional development concept for agricultural value creation chains, also designed to attract international investors.

Pavel Grudin, the Managing Director of the fruit growing and horticultural company located close to Moscow "Sowchos imeni Lenina", with its rich tradition, provided a graphic report of his experiences as a Russian producer. As Russia's largest strawberry producer, he successfully sells a large proportion of his products in the Russian capital as a direct seller. While the majority of the strawberry seedlings and cultivation technology comes from Holland, his company employs local varieties for other types of fruit such as apples and pears. The biggest problem he sees for the development of competitive special crop cultivation in Russia is the absence of modern, effective pesticides for these crops. Due to the high costs for the approval of pesticides in Russia and the small cultivation areas for special crops, pesticide manufacturers have not been in a position to introduce these products into the Russian market up to now.

A second field report was provided by the Malino group, which in the regions of Moscow, Tulpa and Lipetz cultivates a total of 50,000 hectares of land, producing 120,00 t of potatoes, 80,000 t of vegetables, 50,000 t of grain and 15,000 t of milk annually, as well as being active in the trade of production equipment and irrigation systems. Tatiana Gubina, Deputy Managing Director, reported that her company's most important success factors are modern technology and qualified employees, an effective logistics and a positive corporate image. However, an improvement in the framework conditions for the development of the sector is also required. To this end, a range of players from the potato and vegetable production industry have joined together in the Russian Potato Association, establishing close cooperation with the European Potato Association and the German Plant Breeders Association. The associations are currently working together to establish an exemption to the Russian import ban on potatoes from the EU, in force since July 2013, for seed potatoes supplied to Russian propagation companies which make an important contribution to Russian potato production.

From the trade side, Didier Jonnier from Metro Cash and Carry in Russia, underlined that there is great interest in obtaining more fresh fruit and vegetables from Russian producers. Since 2001 the trading company has opened 73 Cash and Carry markets in Russia and currently draws fresh fruit and vegetables from 280 Russian suppliers. However, at four percent for fruit and 37 percent for vegetables, there is still considerable potential for increasing the proportion of products produced in Russia.

In the following podium discussion the Russian representatives emphasised their keen interest in increasing cooperation with Germany in the area of fruit growing and horticulture as a means of increasing their international competitiveness. On the one side, the customs union has increased competition with Kazakh and Belarusian producers, and on the other, WTO accession has also increased international competitive pressure on Russian producers. Dr. Gerhard Gündermann, Director of the Julius-Kühn Institute, offered to assist the Russian Ministry of Agriculture by providing it with know-how on pesticides from his state research facility. On the subject of the lack of effective pesticides for special crops in Russia, Yves Piquet, Russian Regional Director for the Bayer CropScience AG, pointed to the special regulations in the Member States of the European Union, which, under specific conditions, enable a simplified approval process for pesticides which are only used for special crops cultivated in areas strictly restricted in size.

Summing up, Gerlinde Sauer, Director of the Working Group on Agriculture of the Committee on Eastern European Economic Relations of the Federation of German Industries, underlined common German and Russian interests in the area of special crop production. In particular, the desire for greater cooperation in respect of access to modern production technologies. Here the Committee on Eastern European Economic Relations, through its Working Group on Agriculture, will campaign for a greater exchange of expert knowledge on the approval of pesticides for fruit and vegetables.

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