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Current status and trends
in Russian agribusiness, 2015
Survey of leading food
and beverage producers





Olga Papusha
Director
Food & Beverages Leader

Deloitte acknowledges our appreciation for the participants in our August 2015 survey connected with our research project “Current status and trends of agribusiness in Russia”. We would like to thank all participants for their time and interest in this undertaking. The opinions of these experts helped us to identify the key current problems, drivers, and development prospects for Russian agribusiness.

We are pleased to present the full version of the research report. The main conclusions of this report will be published by leading Russian media outlets.

Starting from 2015, such research will be carried out annually and will become part of a comprehensive study on Russian agribusiness. We look forward to inviting this year’s survey participants to be involved in our future research projects.

If you have any questions regarding this research, please do not hesitate to contact us.

Key sections

- Key constraints on agribusiness development in Russia in 2015
- Drivers of competitiveness in the Russian agroindustry in 2015
- Drivers of competitiveness for agroindustrial companies on the Russian market in 2015
- Development strategies for Russia’s agroindustrial companies in 2015
- Efficiency assessment of the government’s efforts to support and develop agroindustry
- External financing sources in 2015



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Key findings




Experts forecast inflation in Russia to fluctuate within 13-17 percent

15% – inflation forecast for 2015 by ministry of Agriculture (Russian Federation)

[Read more](#)

Constraints and factors of competitiveness



The top five constraints on the development of Russia's agribusiness market

- 47% Shortcomings of government regulation
- 36% Insufficient government support and financing
- 32% Currency risks
- 32% Insufficient capacities and production base
- 25% Lack of skilled personnel

*"Despite comprehensive measures taken by Russian authorities to support the agribusinesses, the key constraints remain as being either directly or indirectly related to the government."**

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In 2014, food price inflation reached 16.7 percent

- 19.3% Meat
- 18% Fish
- 14.2% Milk and eggs
- 11.6% Bread

[Read more](#)



The top three factors of competitiveness for agroindustrial companies on the Russian market


- 83% Optimization of energy and commodities costs
- 72% Global demand growth
- 69% Removal of administrative barriers

"Predictably, the lack of economic stability resulted in the cost optimization becoming a priority.

The second and third factors contributing to export growth require attention.

*"These drivers are directly related to the domestic market's shrinking potential for development, particularly as regards stimulation for agricultural production and declining purchasing power."**

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In January-July 2015 the best net profit growth was shown by such industries as

- 150% Fishing
- 69% Agriculture

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The top five drivers of competitiveness in the Russian agroindustry in 2015

- 72% Abatement of geopolitical risks
- 69% Removal of administrative barriers
- 67% Stable legislative and regulatory policies
- 67% Reduced currency risk
- 64% Government support: financing, subsidies, and investment

[Read more](#)

* Rinat Khasanov, Senior Manager, Audit, an Agribusiness team expert

Key findings



Strategies and financial support



The top three development strategies for Russian agroindustrial companies in 2015

83% Ramp up production

81% Cut costs

75% Raise external financing

*"The simultaneous cost cutting and production growth do not appear to contradict each other as companies aim to reduce per-unit cash costs, which should allow them to increase production and enhance competitiveness both domestically and globally while incurring the same financial costs."**

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Incentives and support Russian agribusiness

The government should provide incentives and support Russian agribusiness both on the federal and regional levels. In the opinion of the market participants, the government should financially support the development of Russia's agroindustry through subsidies, investments, etc. However, a pre-condition for governmental support is the lowering of administrative barriers. In aggregate, this means that any governmental support for Russia's agroindustry and its players would yield results only if there is real access to innovations.



The integral assessment of the government's efficiency in supporting and developing the agroindustry is at a medium level (47 percent of the total)

-3% The average satisfaction level of companies with the procedures for obtaining subsidies can be described as "somewhat dissatisfied"

83% The majority of experts in the Russian agribusiness market view the government's efforts in supporting the export of agricultural produce as not vigorous enough

58% The availability of insurance coverage for agricultural operations and assets is viewed at 58 percent (on a 100 percent scale), which can be interpreted as "somewhat available"

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The top three sources of external financing

42% Loans from Russian banks

36% Internal sources

17% Strategic partnership

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Demand for external financing sources

87% Of the respondents are interested in using external financing sources

*"Not all companies were financially prepared for the opportunity to increase the market share after the import substitution trend emerged. Therefore, they pin their hopes on external financing to help them increase production and extend the product line. The financing issue is a hot discussion topic due to the unstable economic situation in Russia."**

* Olga Papusha, Director, Audit, Agribusiness team Lead

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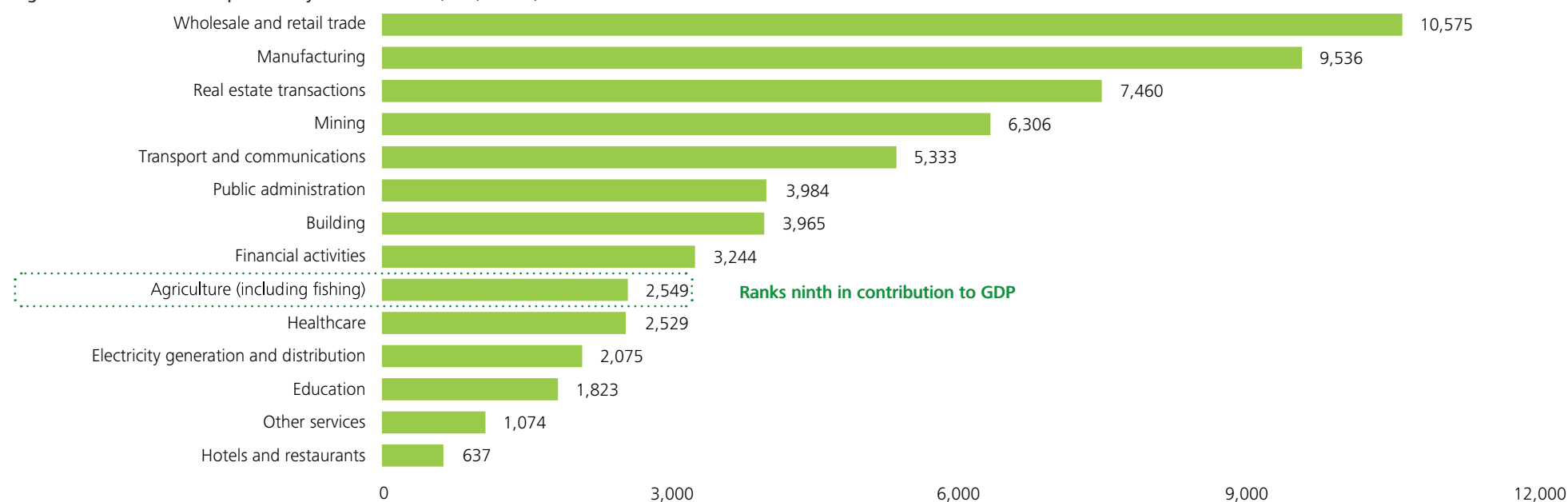


Industry outline

The agroindustry is a major cross-sectoral branch of Russia's economy. It comprises various branches of the economy such as agriculture (including fishery and forestry) and some industries related to agricultural production (see the next page). According to the latest data from the Russian Federal Statistics Service,

agriculture (including fishery) ranks among the top ten sectors of the Russian economy by contribution to the GDP (see Figure 1).

Figure 1. Russia's GDP composition by sector in 2014 (RUB, billion)



Ranks ninth in contribution to GDP

Source: Russian Federal Statistics Service

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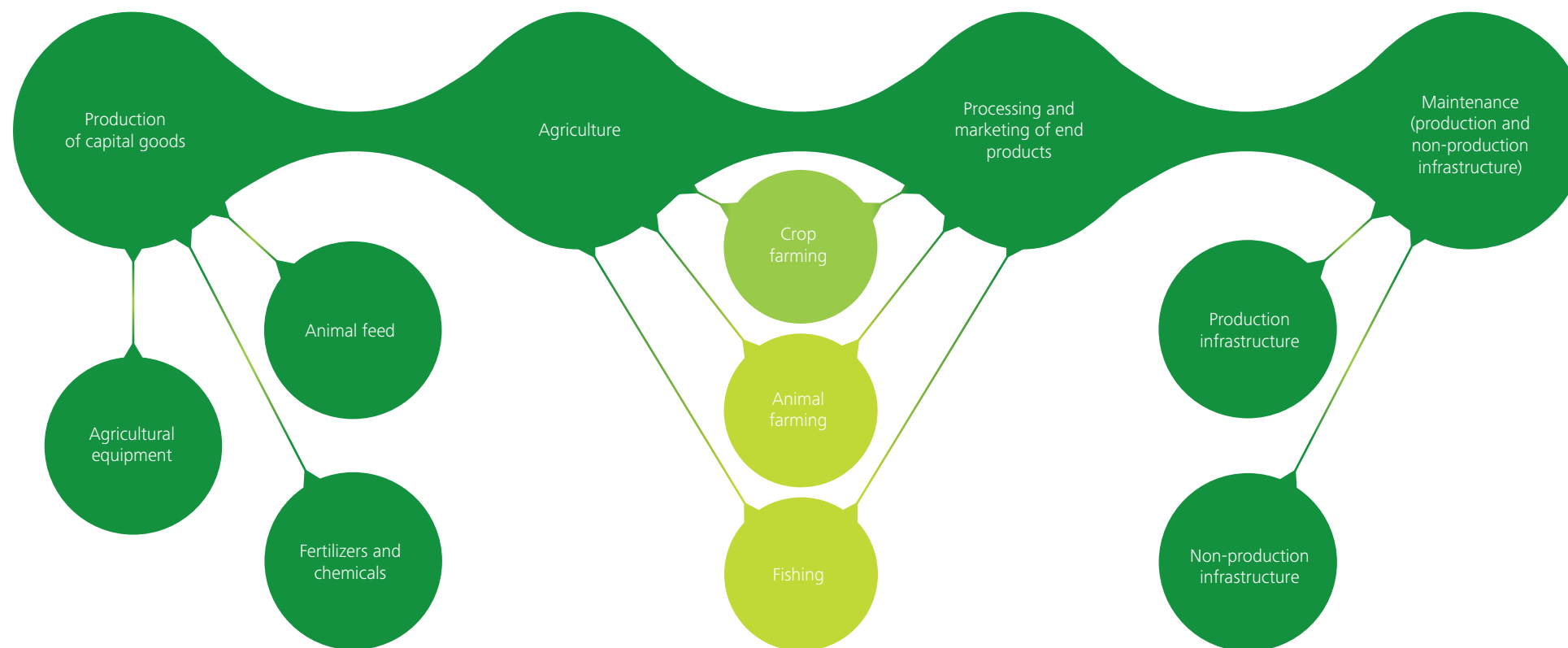
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Leading economists, analysts, and market participants continue to debate how to define what constitutes agriindustry. The divergence in opinions primarily stems from the complexity and cross-sectoral nature of this branch of the economy. Experts tend to define the agriindustry structure based on their own goals and objectives.

In our research, we defined Russia's agriindustry according to the key principles used by the majority of experts (see Figure 2).

Figure 2. Structure of Russia's agriindustry



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Market size in monetary terms

As of the end of 2014, the value of Russia's agricultural market (based on the preliminary cost estimates for Russia including the Republic of Crimea) was as follows:

- Crop production (in actual prices) — RUB 2.2 trillion (See Figure 3)
- Animal farming (in actual prices) — RUB 2.1 trillion (See Figure 3)
- Fishery production (producers' sales volumes) — RUB 170.1 billion (See Figure 4)

Figure 3. Agricultural output in actual prices, RUB billion (including all production cycles)



Source: Integrated Inter-Agency Statistics System



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Figure 3 shows a significant downturn in the crop farming market in 2010 and 2012. These negative trends were caused by extreme weather conditions in those years. In June 2010, a state of emergency was announced due to a heat wave in many Russian regions. Droughts hit a number of Russian regions including the republics of Bashkortostan, Tatarstan, Mari El, Chuvashia, Udmurtia, Mordovia, as well as the Orenburg, Volgograd, Samara, Saratov, Ulyanovsk, Chelyabinsk, and Kurgan regions.

The 2012 heat wave was less severe in terms of absolute temperature records compared to 2010, but exceeded it in duration and size of the area affected. A total of sixteen regions were hit including the Voronezh, Volgograd, Saratov, and Orenburg regions as well as Stavropol Territory and the Republic of Dagestan. In addition to the drought, crops suffered from other extreme conditions. In particular, torrential rains and hail destroyed crops in seven regions (Lipetsk and Voronezh regions, republics of Ingushetia, Dagestan, and Chechnya as well as the territories of Stavropol and Krasnodar). Moreover, in 2012, Russia's Ministry of Agriculture reported a locust outbreak over a 4.5 million hectare area while the beet webworm (*Loxostege sticticalis*), another dangerous pest, spread over 2.4 million hectares. The pests inflicted the worst damage on the crops in the Orenburg region.

In comparison, the 2010 heat wave destroyed 13.3 million hectares of crops, or 17 percent of the total planted acreage. Twenty-five thousand farms were affected with the direct damage amounting to RUB 41.7 billion. In 2012, the local government authorities estimated the damage at RUB 36.5 billion. However, Russia's Ministry of Agriculture believes that in some cases local authorities overstated the extent of damages in order to obtain more financing from the federal budget. Meanwhile, agricultural product prices, e.g., for buckwheat, skyrocketed.

That said, experts point to significant differences between the 2010 and 2012 weather anomalies. The 2010 heat wave had almost no long-term consequences as there were practically no vulnerable ecosystems in the affected areas, e.g., glaciers, permafrost, relict pine forests, steppe-like meadows,

or boreal forests. After the temperature and humidity returned to normal, the ecosystems in the European part of Russia, which had a strong recovery potential, quickly regained normal conditions. Conversely, the 2012 heat wave affected very vulnerable areas: the Ural, Altai, and Sayan mountains, permafrost areas and Arctic regions, severely damaging the ecosystems of the steppes to the south of Western Siberia, old-growth pine forests, and boreal coniferous forests. The self-recovery potential of these ecosystems is questionable as favourable climatic conditions for many years in a row are required. As a result, desertification borders expanded in the Altai territory and Omsk region by 20—40 kilometres in the north-eastern direction while the land underlying the Tomsk boreal coniferous forest, before it burned out, suffered from intensive soil erosion.

However, livestock production was not significantly affected by the heat waves in 2010 and 2012. The livestock production market posted sustainable output growth in monetary terms from 2007 to 2014 with the exception of some slowdown in output growth in monetary terms in 2013.

Despite the previous growth of the livestock production market and lower dependence of this agricultural sector on climatic conditions (e.g., droughts), there are rising concerns about this market in 2015. In July 2015, a state of emergency was announced in the Volgograd region due to a drought. Around eight percent of the crops have already been destroyed, while the total damage may amount to approximately RUB 1 billion. The drought threatened winter crops on a 250,000 hectare area. Animal feed production also was affected. Hay production is 1.5x below the 2014 level. Given this, Russia's Ministry of Agriculture plans to take the following measures in order to reverse a fall in livestock production volumes:

- Set up an ad hoc control boards overseeing animal feed and livestock wintering preparations;
- Estimate animal feed production and utilization in the 2015-2016 season;
- Prepare for straw harvesting and storage using up-to-date technology during the harvesting season;
- Move the livestock to less/un-affected areas within the respective administrative region.

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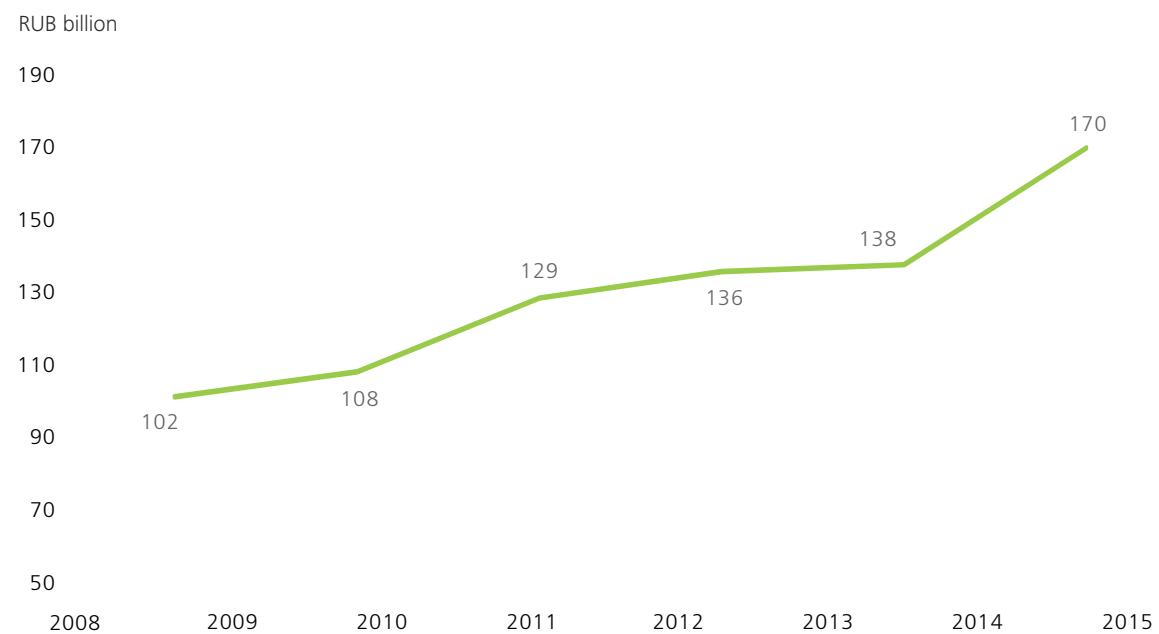


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Fishery market performance in 2009-2014 is shown in Figure 3. The trends are somewhat similar to those on the livestock production market; the fishing and fish-farming volume growth in monetary terms looks sustainable.

Figure 4. Fishery sales (RUB billion)



Source: Federal Fisheries Agency



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- As of 29 September 2015, Russian fisheries harvested 3,388,600 tonnes of fish (including aquatic animals), exceeding the 2014 level by 218,900 tonnes (plus 6.9 percent).
- The total catch in the Western Pacific reached 2,236,600 tonnes, rising 79,800 tonnes year-on-year. The catch of Alaska pollock increased by 89,800 tonnes to 1,408,100 tonnes;
 - In the Arctic, the catch reached 441,200 tonnes, or 15,500 tonnes below the 2014 level. The cod catch declined by 55,900 tonnes to 308,400 tonnes. The haddock harvest was up 13,700 tonnes to 65,400 tonnes;
 - The total catch in the Baltic Sea increased by 9,700 tonnes year-on-year versus 2014 to 42,400 tonnes. The sprat catch was 19,400 tonnes, up 5,200 tonnes year-on-year. The Baltic herring harvest was up 3,000 tonnes to 16,400 tonnes;
 - The fish harvest in the Azov Sea and Black Sea increased by 29,700 tonnes to 59,100 tonnes. Russian fisheries harvested 21,800 tonnes of European anchovy exceeding the 2014 level by 9,900 tonnes. The Black Sea sprat catch was up 3,100 tonnes to 6,000 tonnes;
 - The total fish catch in the Caspian Sea was 21,600 tonnes (plus 1,900 tonnes year-on-year). The European sprat catch increased by 600 tonnes to 1,100 tonnes. The harvest of large- and small-sized freshwater fish increased by 1,200 tonnes to 16,800 tonnes;
 - In foreign zones, Russian fisheries caught 349,400 tonnes of fish (plus 66,900 tonnes year-on-year). Russia's fish catch in conventional zones and international waters exceeded the 2014 level by 46,400 tonnes, reaching 238,400 tonnes.

To sum up, we cite below the Federal Statistics Service operating data on all Russian enterprises, excluding small businesses, banks, insurance, and budgetary institutions.

- In January–July 2015 the total net financial result (earnings minus losses) of Russian enterprises rose 37.5 percent to RUB 5.73 trillion (versus RUB 4.17 trillion in January–July 2014);
- The earnings of 37,200 companies totalled RUB 6.8 trillion;
- The losses of 16,900 companies totalled RUB 1.1 trillion;
- In July 2015, Russian corporate earnings fell by 2.5 percent to RUB 462.2 billion versus RUB 473.9 billion in July 2014;
- In January–July 2015, the share of loss-making companies decreased by 0.7 percentage points to 31.2 percent.

Russian fishing industry companies posted the strongest earnings growth compared with animal and crop farming in January–July 2015 (2.5x), with earnings of processing companies up 83.2 percent to RUB 1.7 trillion. Earnings in agriculture, hunting, and forestry rose 69 percent to RUB 151.1 billion.

To compare, we present data on other industries:

- Net earnings in the Russian transportation and TMT sectors increased by 42.9 percent to RUB 524.1 billion;
- Earnings in the resource extraction industries rose 9.7 percent to RUB 1.4 trillion;
- Net earnings in construction increased by 21.4 percent to RUB 35.4 billion;
- Earnings in real estate and services declined by 22.7 percent to RUB 160.3 billion.



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Price analysis: producer prices

Agricultural market prices are shown for each segment (crop farming, livestock production, and the fishing industry) in Figures 5, 6, and 7 respectively.

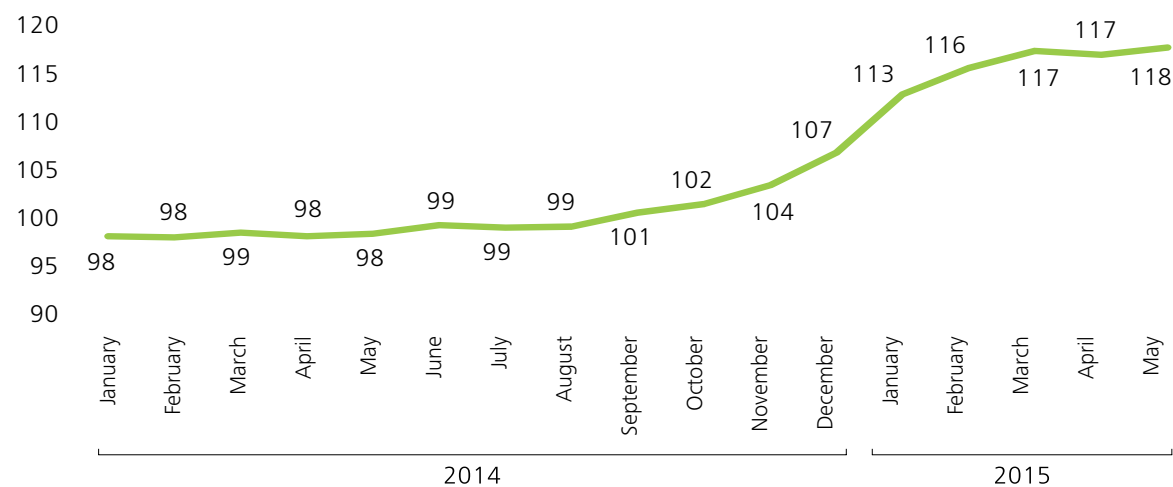
Crop farming producer prices posted significant growth from August 2014 to May 2015. From start of 2015, the prices were up 10 percentage points, growing faster than inflation at 8.3 percentage points for the same period.



Table 1. Top five crop farming products by price index (year-on-year), percent

	May 2015
Buckwheat	186.09
Sunflower seeds	146.36
Cabbage	142.48
Large and small fruits	134.69
Raw rice	134.13

Figure 5. Crop farming price index, (year-on-year), percent



Source: Integrated Inter-Agency Statistics System

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Oppositely, livestock producer prices have tended to decline since February 2015. On average, the PPI in the livestock production segment rose 6 percentage points year-on-year from May 2014 to May 2015 peaking in February-March 2015 (19 percent growth year-on-year). This trend was mostly due to exchange rate fluctuations. Thus, a steep rise in livestock production prices in December 2014–

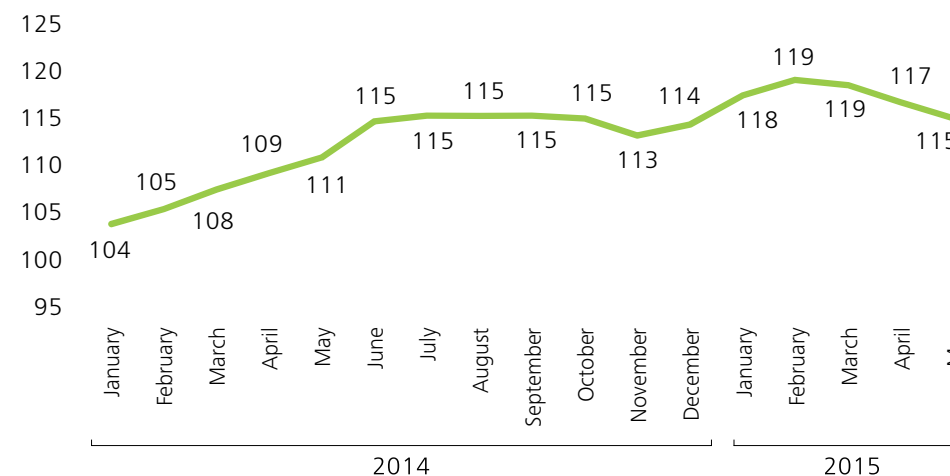
February 2015 coincided with a sharp strengthening of the U.S. dollar versus the rouble (from RUB 51.8 to RUB 69.8). That said, the subsequent retreat of RUB/USD to RUB 51.1 has caused livestock producer prices to correct.

Table 2. Top five livestock products by price index (year-on-year), percent

	May 2015
Reindeer	171.91
Hen eggs	132.98
Poultry (dressed weight)	125.59
Pigs (dressed weight)	119.32
Cattle (dressed weight)	117.52



Figure 6. Livestock price index (year-on-year), percent



Source: Integrated Inter-Agency Statistics System

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The fishing industry price index also fluctuated in sync with the rouble rate. The fish market is more sensitive to currency risks in terms of producer price growth and volatility. As early as October 2014, fish prices surged 18 percent year-on-year while half a year later in March 2015, fish prices were up 42 percentage points (October 2014–March 2015).

Based on the preliminary data, Russia's Federal Fisheries Agency expects fish consumption to decline in 2015 due to the price growth.



Expert commentary:

Regretfully, our preliminary estimates show that fish consumption in 2015 is likely to be lower compared to previous years.

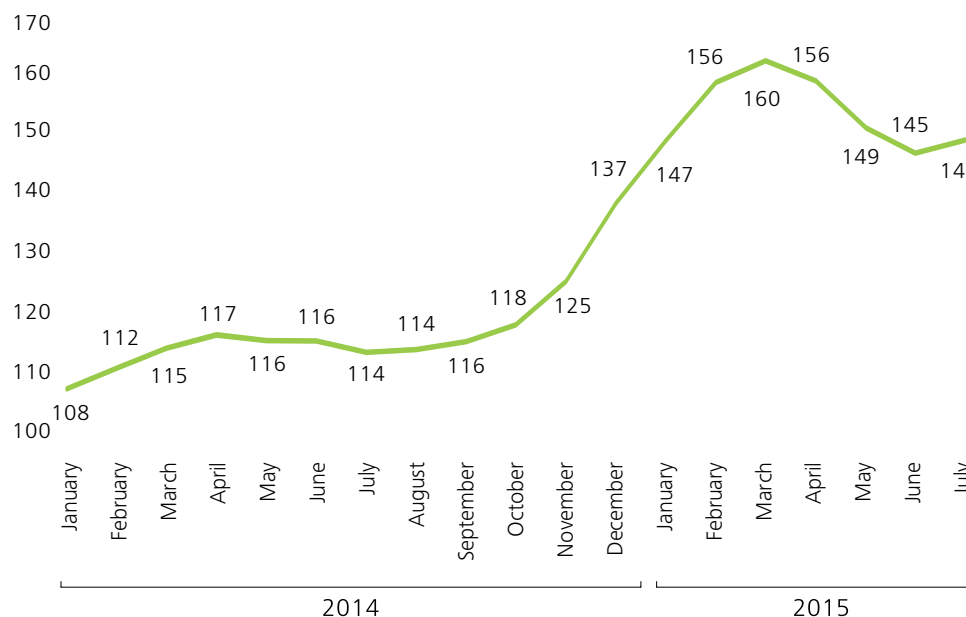
Ilya Shestakov

Head of Federal Fisheries Agency

The decline in consumption was due to economic factors, with the key reason being the weakening of the rouble. As a result, experts say that the average fish consumption in Russia this year is likely to decline to 20–20.5 kilograms per capita versus 22.3 kilograms per capita in 2014. That said, "... it is not export growth which is likely to become the primary cause of the lower fish consumption in Russia, but a significant decline in imports related to, among others, price factors. There are sufficient resources, but it is exactly the price situation that is set to cause fish consumption decline this year," Ilya Shestakov said.

At the same time, the Federal Fisheries Agency does not expect sharp fish price fluctuations in 2015. In 2014, prices rose due to "market strains" caused by the devaluation of the rouble and the price shock affecting the importers who had to re-direct deliveries to other countries after Russia banned certain food imports. As of 11 August 2015, since the beginning

Figure 7. Fishing industry price index (year-on-year), percent



Source: Integrated Inter-Agency Statistics System

of the year Russian fisheries harvested 2.8 million tonnes of fish (plus 8.9 percent year-on-year). The catch of fish subject to the food embargo (sprats, European sprats, and European anchovy) also rose. The salmon catch in the Western Pacific increased by 5 percent to 218,000 tonnes versus 2013 since the start of the fishing season. Contrary to the standard year-on-year comparison, the salmon catch data is compared between even or odd years (poor or rich in terms of salmon catch). The Federal Fisheries Agency expects the total salmon catch to reach 450,000 tonnes in the 2015 season versus the allowable 496,000 tonnes. In 2013, Russian fisheries harvested 405,500 tonnes of salmon.

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Price analysis: consumer prices

We analysed consumer prices to identify the top five fastest growing product categories by price as of May 2015 (see Tables 3 and 4):

Table 3. Top five crop farming products by CPI growth

	Increase, percent
Buckwheat	94
Granulated sugar	51
White cabbage	45
Milled rice	44
Greenhouse tomatoes	35

Table 4. Top five livestock products by CPI growth

	Increase, percent
Hen eggs	29
Chicken meat	27
Chicken leg quarters	24
Pork	24
Beef	23

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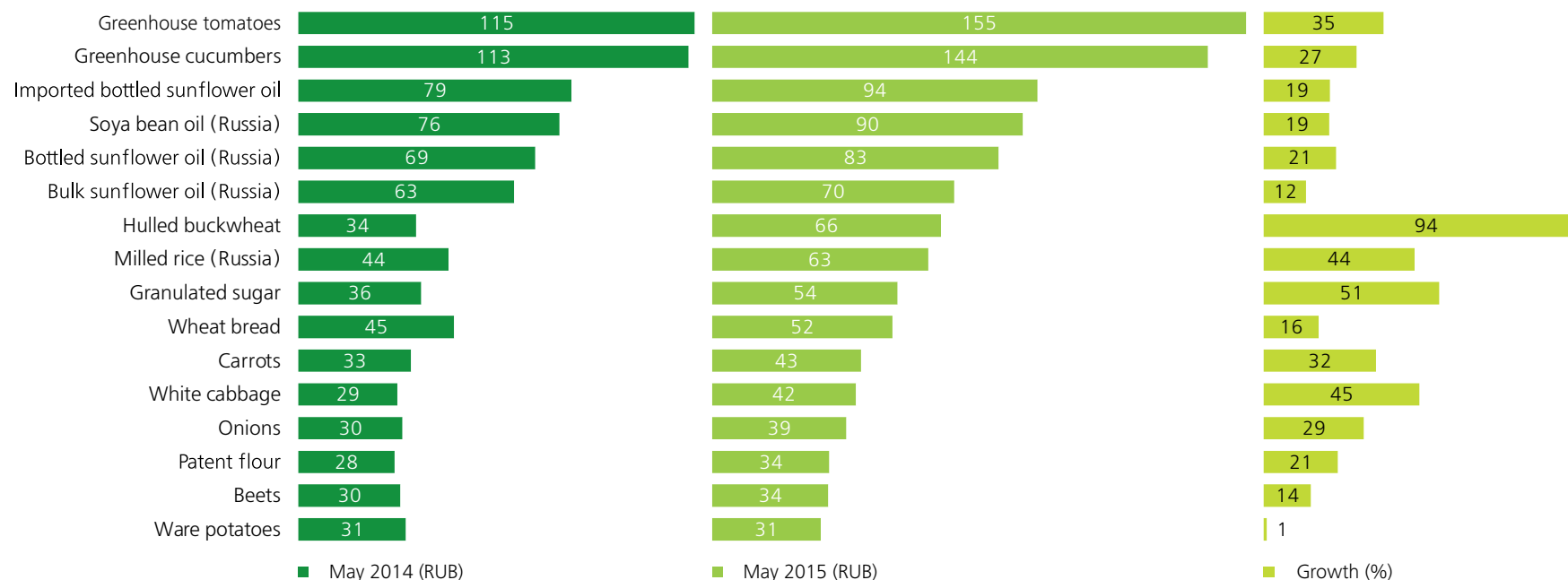


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The charts below show actual consumer price data on certain crop and livestock farming products for May 2014 and May 2015 (see Figures 8 and 9).

Figure 8. Food CPI, crop farming products



The price of peeled buckwheat posted the strongest growth (plus 94 percent year-on-year in May 2015) in this crop product group.

White cabbage and milled rice grown domestically ranked second (plus 45 percent and plus 44 percent, respectively).

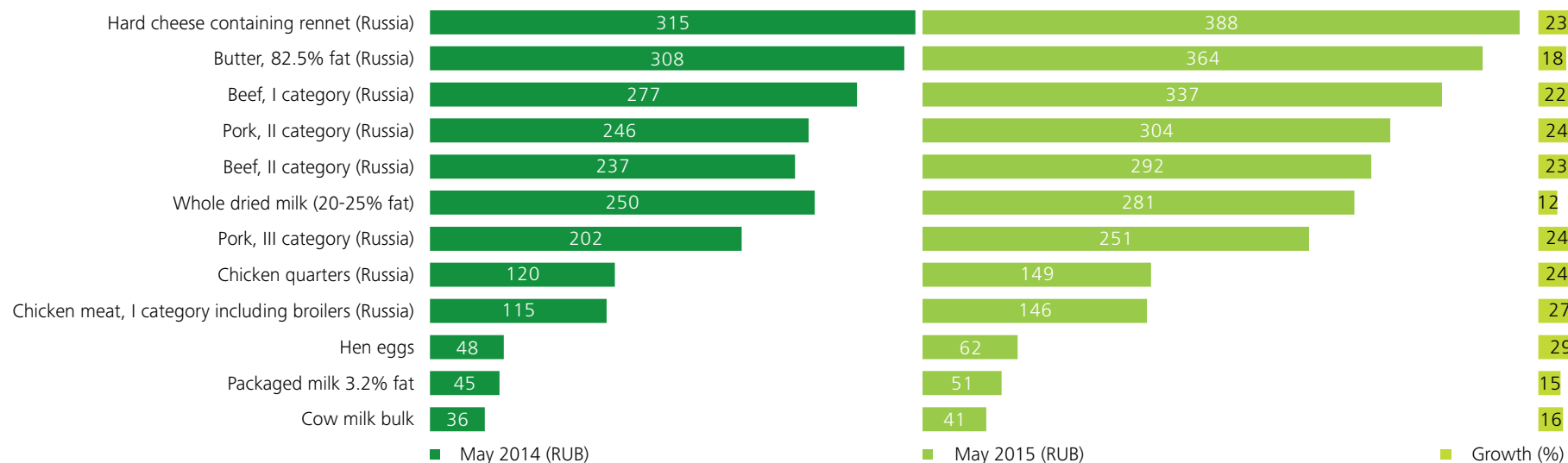
Greenhouse tomatoes took third place in price growth (plus 35 percent year-on-year).



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Figure 9. Food CPI livestock products



Overall, annualized animal food prices rose much slower compared to crop product prices. Hen egg prices posted the most significant year-on-year increase by May 2015 (plus 29 percent).

The price of first category chicken meat rose the second fastest (plus 27 percent year-on-year).

The third place in this “consumer price race” was split between chicken leg quarters (locally produced), third and second category pork, and hard rennet cheese, which all added 23–24 percent in price terms.

Overall, food product prices advanced 16.7 percent in 2014 including:

- Meat — 19.3 percent
- Fish — 18 percent
- Milk and eggs — 14.2 percent
- Bread — 11.6 percent

We note that in December 2014 vegetable prices rose the most (plus 14.4 percent), notwithstanding the bumper vegetable crop of 15.45 million tonnes (an all-time high in recent Russian history). Fruit prices grew the second fastest (plus 9.7 percent). In contrast, food product prices declined by 1 percent on average in the EU countries: bread became 0.2 percent cheaper, meat prices fell by 0.7 percent, but fish became 1.6 percent more expensive.



Expert forecasts

- In September 2015, Russian Agriculture Minister Alexander Tkachyov forecast food price inflation at 15 percent in 2015;
- According to Deputy Economic Development Minister Alexey Vedev, 2015 inflation will be in the range of 15–17 percent;
- Morgan Stanley estimates Russia's 2015 inflation at a mere 13.7 percent;
- The CBR's inflation target is 8 percent;
- The Russian agricultural sector's contribution to the GDP is expected to grow to 3.8 percent in the next three years (by 2017).



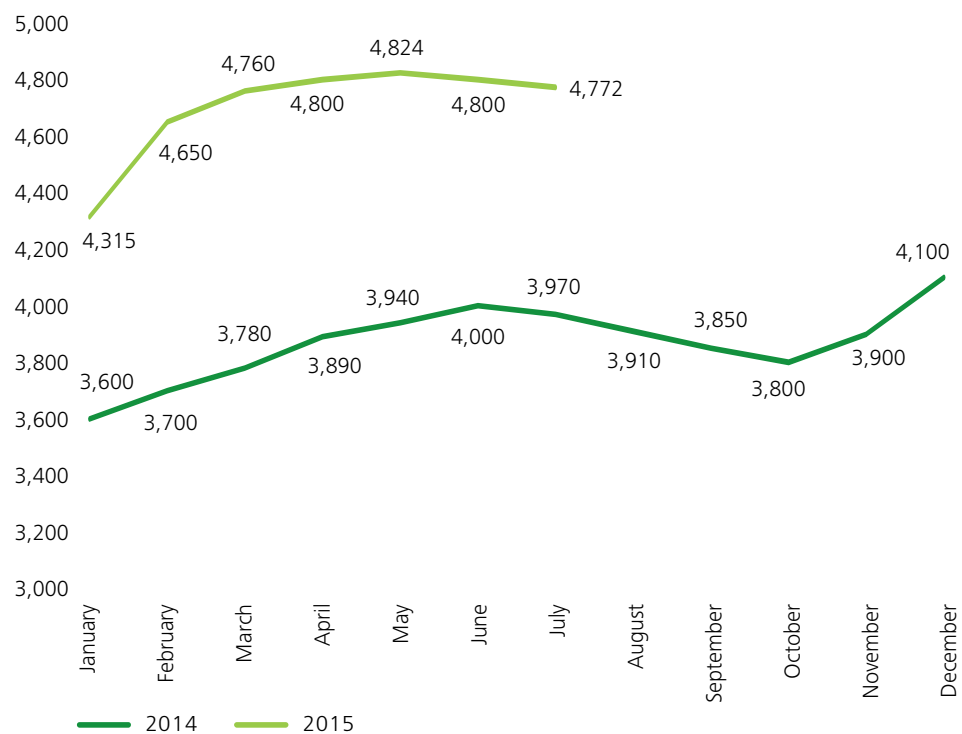
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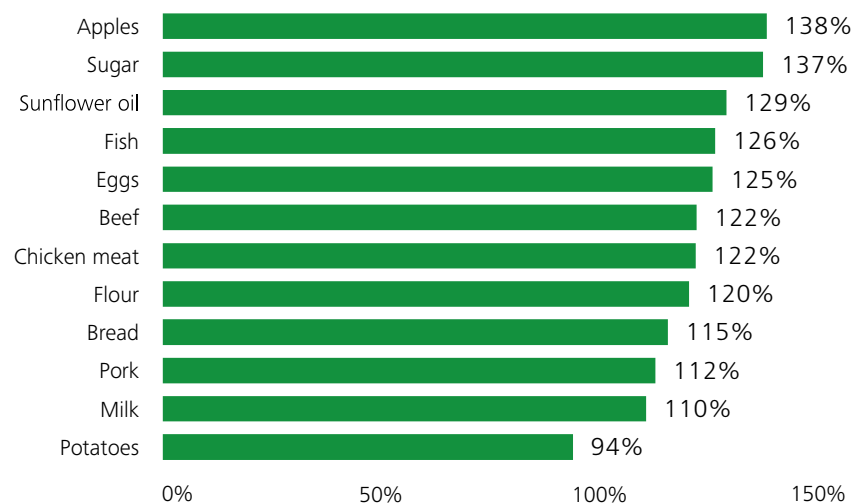
According to VCIOM (Russian Public Opinion Research Centre), the number of Russians who had to economize on food rose by June 2015 with the percentage of the population buying cheaper food or declining to buy some goods increasing by 18 percentage points from January to June 2015. Meanwhile, the respondents pointed to the slower growth of prices for staple goods.

Figure 10. Food basket cost changes (RUB)



The price growth for meat was the most noticeable for the population. The respondents also cited a rise in dairy, vegetable, and fruit prices. However, as soon as June, the number of respondents noting meat price growth (74 percent) became significantly lower than in January (89 percent) falling even below the September 2014 level (85 percent) (Figures 10 and 11).

Figure 11. Food product price index for certain food basket constituents, May 2015, percent year-on-year



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Russia's agribusiness in a global context

Only one year ago, Russia ranked fifth among the top importers of agricultural produce following the EU, China, the United States, and Japan. However, international developments in the past year, e.g., the food import ban imposed by Russia in response to Western sanctions, led to significant shifts in the government's strategy toward regulation of the national agroindustry as well as to changes in the strategic management approaches of agroindustrial companies themselves.

A significant reduction of food product imports in 1H15 was the first consequence of the international developments and experts expect this trend to strengthen until the end of 2015. Economists believe that rouble devaluation will definitely cause Russian imports to decline in 2015 from 15–200 percent. Experts expect the deepest contraction in imports of engineering goods and equipment, i.e. in the category of investment goods (designated for production of other goods and not for end consumers). The 2009 crisis resulted in a 36 percent fall in Russia's total imports while the import of vehicles and equipment for investment purposes shrank by 48 percent (by over 70 percent on some counts). In addition to the exchange rate, investment contraction was another factor causing import contraction.



Expert commentary:

In 2015, a 1.5-2x drop [in imports] is possible at the current exchange rate level.

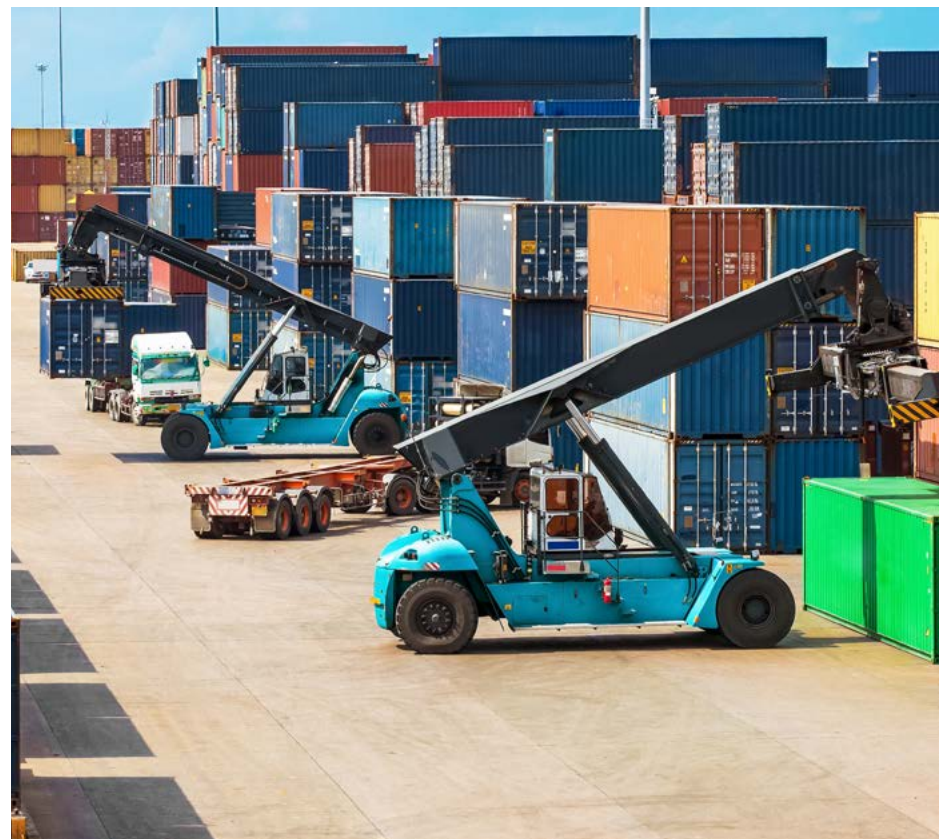
Alexander Knobel

International Trade Research Centre Director, Russian Presidential Academy of National Economy and Public Administration (RANEPA)

Next year [2016], imports are set to shrink by 15-20 percent if this year's factors (the weaker rouble and sanctions) remain in force.

Elena Abramova

Director of the Centre for Macroeconomic Analysis and Short-term Forecasting (CMASF)



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In the consumer goods segment, declining imports are set to affect luxury and “medium-plus” category goods with high price elasticity of demand (expensive cars, jewellery, top European fashion brands, etc.). This is a negative, albeit sound market reaction to the price growth and households’ waning purchasing power.



Expert commentary:

The demand started shifting from the ‘medium-plus’ category to ‘medium’ and ‘economy’ segments.

Vitaly Filonov

Marketing Director, Mamagazin.ru (online hypermarket offering children’s goods)

That said, Russian agroindustrial companies see the current situation as a good import substitution opportunity given the governmental policy that is supportive of the local agroindustrial market. At first glance, such a trend would bode well for the development of local production. However, leading economists and experts on the Russian agroindustry believe that a decline in imports should not necessarily result in domestic production growth as lower competition without affordable loans and financial support for agroindustrial companies will not provide a real opportunity to trigger import substitution mechanisms.

In 2015, zero growth is quite possible. It will not be an easy task to achieve growth in crop farming given the high base effect of 2014; livestock production is set to advance owing to the previously gained momentum with new investments likely to start paying off no earlier than 2016.

Experts from the Institute for Agricultural Market Studies



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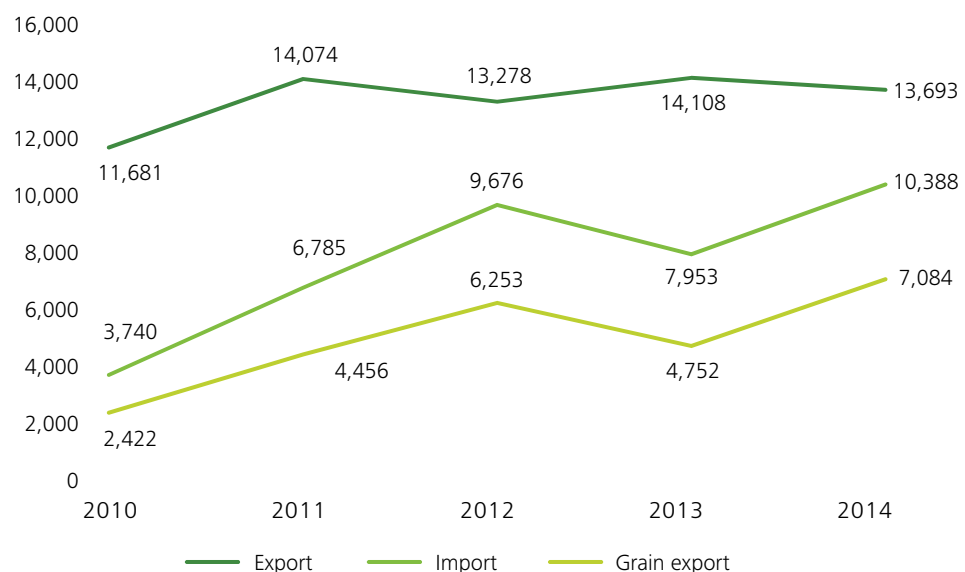
Statistical survey of key Russian agribusiness indicators



The current data on exports and imports of Russian crop farming products is presented in Figure 12. In 2014, exports of crop farming products surged 30.6 percent to USD 10.4 billion while imports somewhat declined (by 3 percent, to USD 13.7 billion) in what can be partly considered as a response to the sanctions introduced in late 2014. Despite the downward trend in net exports (with the exception of 2013), the import of crop farming products, overall, exceeds exports.

Importantly, grain exports account for a significant part of the crop farming exports. Experts anticipate grain export volumes to shrink in 2015, attributing this to the imposition of the export duty on wheat (effective 1 July 2015). According to the Russian Federal Customs Service, the exports of grain reached 30.7 million tonnes in the 2014–2015 agricultural seasons (as of 1 July 2015). In an interview, Russian Agriculture Minister Alexander Tkachev cited two scenarios for grain exports (in 2015) — a pessimistic scenario (20 million tonnes) and an optimistic scenario (25-30 million tonnes).

Figure 12. Russia's foreign trade including the CIS: crop farming products (USD million)

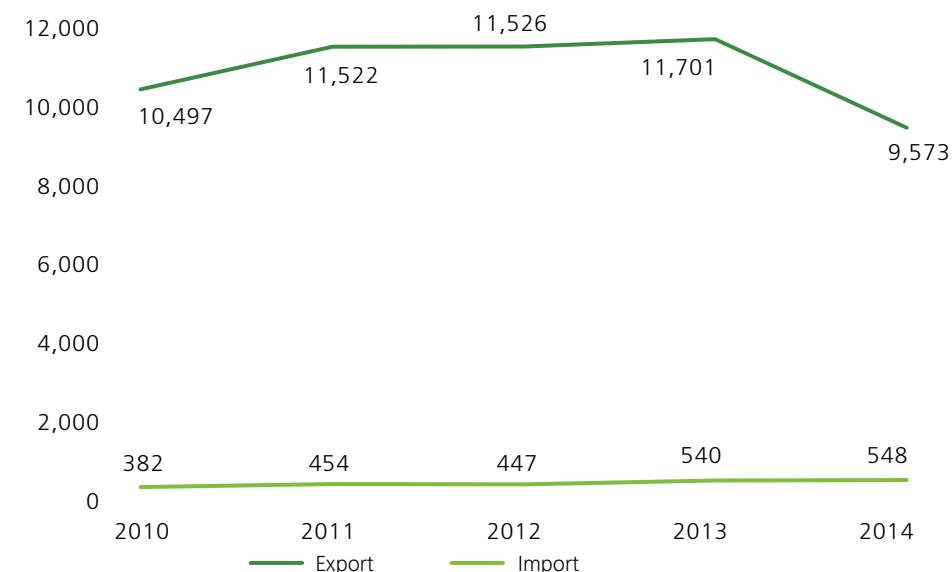


Source: import, export, and grain export (where applicable)

In 2015, Russian grain exports continued to shrink. Experts attribute this to the imposition of the export duty on wheat, effective from 1 July 2015, as well as to rouble volatility. In 2014–2015, Russia exported 30.7 million tonnes of wheat. For the moment, the Ministry of Agriculture is retaining its conservative 2015 forecast, which is at the 2014 level of 30 million tonnes. [The interview with Interfax, July 2015].

The data on the export and import of Russian livestock products is presented in Figure 13. In contrast to the export of livestock products, which appears relatively stable in dollar terms, the import of livestock products slumped in 2014 by 18 percent to USD 9.5 billion. Nevertheless, the net exports of Russian livestock products appear quite strong, differing drastically from crop farming exports.

Figure 13. Russia's foreign trade including the CIS (USD million): livestock products (USD million)



Source: import, export, and grain export (where applicable)



Statistical survey of key Russian agribusiness indicators

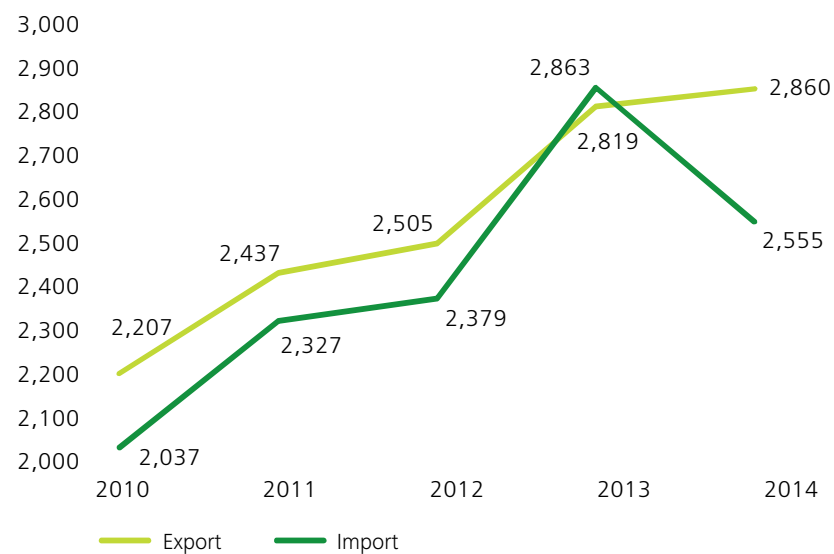


As for the international fish trade, Russia's fish imports included frozen fish (52.5 percent of fish imports), prepared, preserved, and canned fish (17.5 percent), fish fillets and steaks (14 percent), crustaceans and shellfish (8 percent), and fresh or chilled fish (5 percent), according to the Federal Fisheries Agency.

The statistical data on Russia's fish exports and imports is presented in Figure 14. As of the end of 2014, the trend of fish export growth in USD terms continued (USD 2.86 trillion) while imports shrank by 10.7 percent to USD 2.56 trillion.

Contrary to past positive trends, experts note a 2.2 percent decline in Russian fish exports to 934,200 tonnes in 1H15 as well as a 48 percent drop in imports. Presently, the share of imported fish in Russian stores is around 35 percent.

Figure 14. Russia's foreign trade including the CIS (USD million): fishing and fish farming (USD million)



Source: import, export, and grain export (where applicable)

Russian fish imports dropped by 41 percent year-on-year to 259,400 tonnes according to the 1H15 preliminary data of the Federal Statistics Service cited by the Federal Fisheries Agency.

The Federal Fisheries Agency notes a decline in fresh and chilled fish imports (minus 77.8 percent year-on-year) as well as in frozen fish imports (minus 40 percent). In addition, crustaceans and shellfish imports fell (minus 51.2 percent). In January–June 2015, imports of fresh, chilled, and frozen Atlantic salmon and trout fell by 78.1 percent year-on-year. Imports of frozen Atlantic mackerel fell 41.2 percent as well as frozen herring (minus 52 percent), frozen capelin (minus 29.5 percent), and frozen sardines (minus 82.2 percent).



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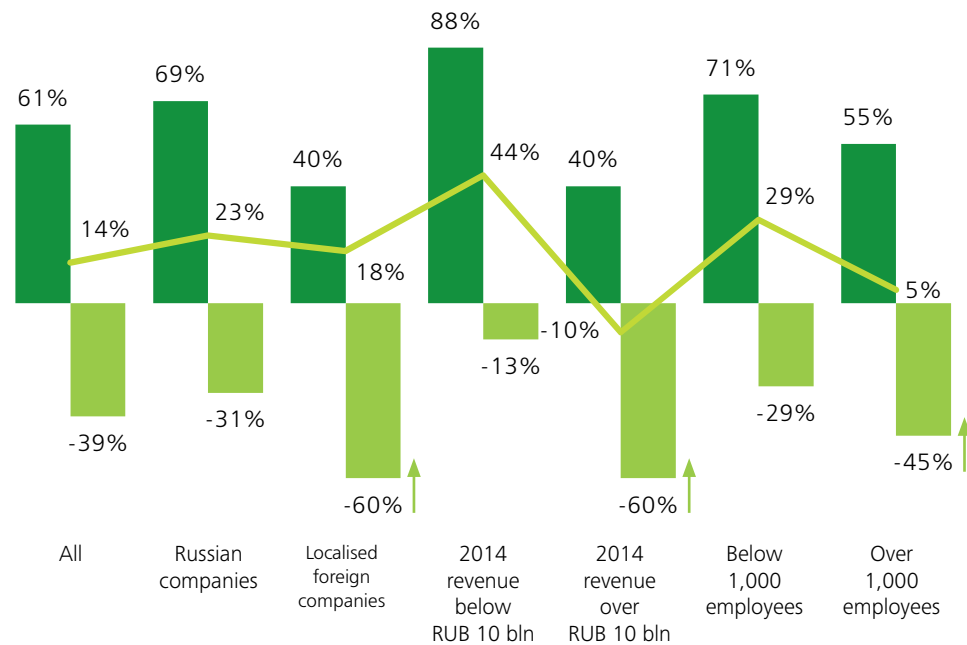
Market environment

Current state of the Russian agroindustry and market players

The majority of polled companies (61 percent) view the situation on the Russian agroindustrial market in 1H15 positively. At the same time, 39 percent of respondents disagree with the positive assessment and have a negative view of the current market situation. Thus, the overall view of the Russian

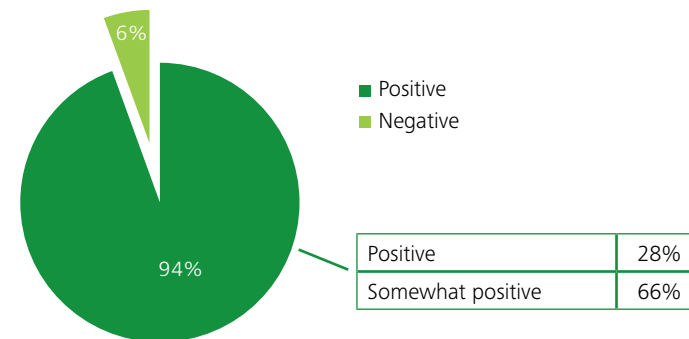
agroindustry in 1H15 reflects both a high degree of uncertainty in core sectors of the Russian economy (e.g., in the agroindustrial market) and a positive development outlook for the foreseeable future.

Opinions on the current state of the Russian agroindustry, 2015



— General view on the current state of the Russian agroindustry
 ■ Positive
 ■ Negative

Opinions on the current state of Russian agroindustrial companies, 2015



Trends

- Localized foreign companies appear to be less optimistic. The share of negative opinions on the situation in the Russian agroindustry among them exceeded the average by 21 percentage points and was higher than that of the Russian respondents sharing the same view by 29 percentage points;
- Companies with revenue of less than RUB 10 billion and with less than 1,000 employees showed significantly higher satisfaction with the current state of the Russian agroindustry (the market was viewed positively by 88 percent and 71 percent respectively). Meanwhile, larger companies (in terms of sales and personnel) tended to be more negative (60 percent and 45 percent respectively);
- The absolute majority of respondents (94 percent) positively characterized the performance of their companies on the Russian agroindustrial market. This trend is in line with our previous conclusion on the positive outlook for Russian agribusiness.

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Impact of economic and political developments in late 2014–early 2015

In our research, we looked at the most significant international economic and political developments, their nature and impact on agroindustrial companies' operations in Russia.

The research shows that exchange rate fluctuations have the most negative impact on agroindustrial companies in Russia: The negative impact of the USD and EUR appreciation was rated at (minus 67 percent) and (minus 61 percent) respectively, with (minus 100 percent) being the maximum level. We note that larger companies (with revenue over RUB 10 billion and more than 1,000 employees) and companies with long-term market strategies suffered from the exchange rate fluctuations to a greater extent.

In the opinion of survey participants, the establishment of the special Russia-China Investment Fund (RCIF), designed for investments in agricultural projects, was the most positively perceived factor (plus 19 percent). The creation of the fund was viewed as a more efficient step by representatives of smaller companies (with revenue of less than RUB 10 billion and less than 1,000 employees), as well as by companies with long-term market strategies.

Overall, the prevailing perception of economic and political developments in late 2014–early 2015 is negative. The perceived resulting impact of positive developments, such as the creation of the joint Russia-China Investment Fund, the imposition of a food embargo by Russia in response to the sanctions, and the strengthening of trade relations with China, turned out to be four times weaker than the perceived resulting impact of the export duty hike and the strengthening of the USD and EUR.

Impact of economic and political developments

Event	All	Russian companies	Localised foreign companies	Revenue below RUB 10 bln	Revenue over RUB 10 bln	Below 1,000 employees	Over 1,000 employees	Short-term strategy (up to 5 years)	Long-term strategy (over 5 years)
Creation of RCIF	19%	19%	20%	31%	10%	36%	9%	10%	31%
Food import ban	11%	15%	0%	0%	20%	7%	14%	10%	13%
Trade agreements with China	11%	12%	10%	13%	10%	21%	5%	0%	25%
De-offshorisation law	0%	4%	-10%	0%	0%	7%	-5%	-5%	6%
Sanctions	-8%	0%	-30%	-6%	-10%	-36%	9%	5%	-25%
Export duties	-31%	-19%	-60%	-50%	-15%	-29%	-32%	-25%	-38%
USD strengthening	-61%	-62%	-60%	-56%	-65%	-36%	-77%	-50%	-75%
Euro strengthening	-67%	-69%	-60%	-69%	-65%	-50%	-77%	-60%	-75%
Integral effect	-16%	-13%	-24%	-17%	-14%	-10%	-19%	-14%	-17%

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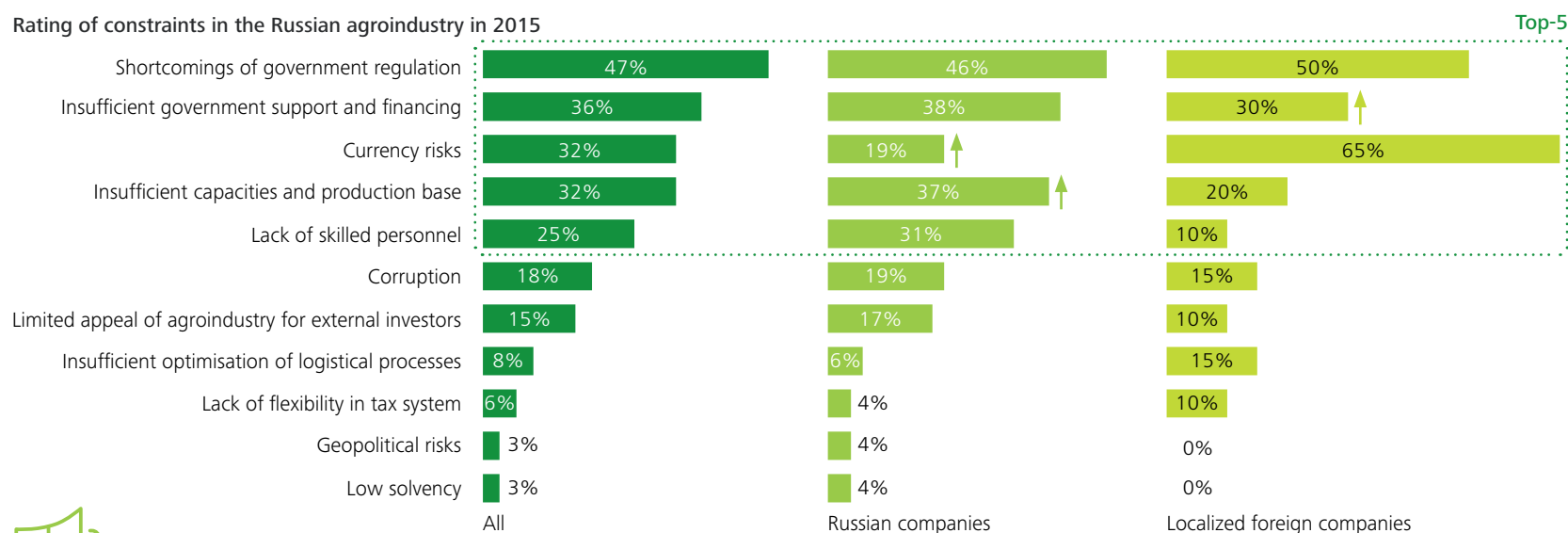
Key constraints on the Russian agricultural industry

Based on the survey results, we rated the constraints currently faced by the Russian agricultural companies.

Top five constraints for Russian agroindustry:

- Shortcomings of government regulation (47 percent)
- Insufficient government support and financing (36 percent)
- Currency risks (32 percent)
- Insufficient capacities and production base (32 percent)
- Lack of skilled personnel (25 percent)

Rating of constraints in the Russian agroindustry in 2015



Trends

- Currency risks pose a major problem for localized foreign companies. The significance of this issue for localized foreign companies is 46 percentage points higher than for Russian companies;
- Russian companies tend to suffer more frequently from insufficient capacities and a weak production base as well as from the lack of skilled personnel. The level of concern with these factors among Russian companies is higher than that among foreign companies by 17 percentage points and 21 percentage points respectively.

Importantly, the perception of the current situation on the agricultural market is influenced by both the company's primary jurisdiction (Russia-based or international) and such criteria as the revenue, company headcount, market strategy horizon as well as the current view on the situation in the Russian agricultural market.

Below we review the key differences in attitudes toward the afore-mentioned constraints among companies with revenues of less than RUB 10 billion and less than 1,000 employees versus companies with revenues over RUB 10 billion and more than 1,000 employees.

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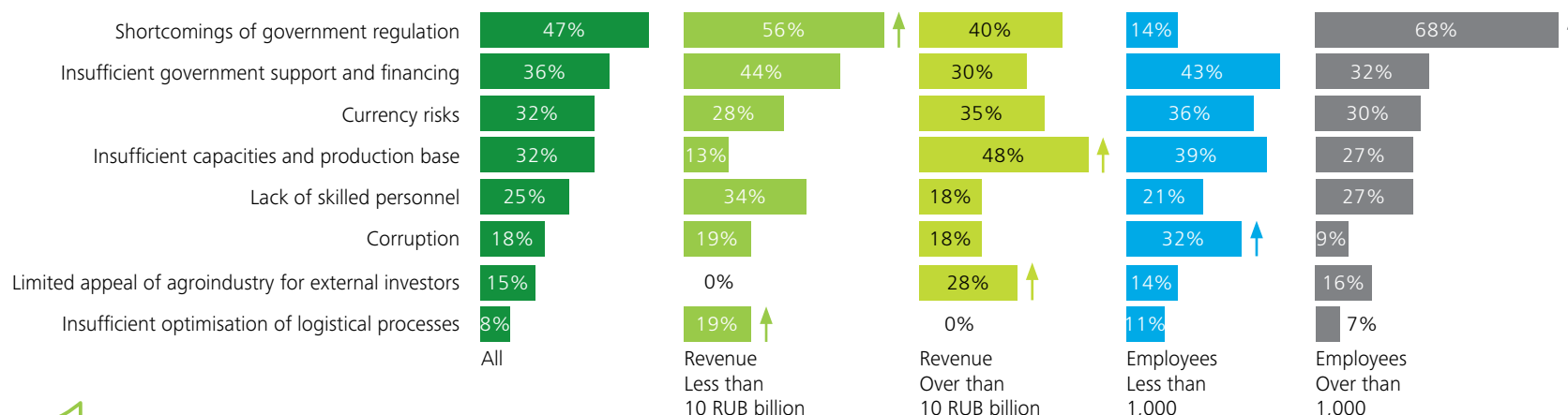
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Current state of the Russian agroindustry



Rating of constraints in the Russian agroindustry in 2015 (2)



Trends

- Large agroindustrial companies (with revenue over RUB 10 billion in 2014) ranked insufficient capacities and production base as their most serious constraint (48 percent). This trend is very unfavourable given that the large Russian agroindustrial companies are assigned a core role in the current and future anti-crisis projects driven by international sanctions against Russia and resulting import substitution efforts. Consequently, the lack of production capacities in these companies would hamper the future development of the Russian agroindustry and the economic recovery as a whole (affecting the GDP). Prompt support from the government, including subsidies, is required in order to deal with these challenges. We will consider this issue in more detail below;

Although the issue of insufficient production capacities did not make it to the list of the top three constraints overall, its significance should not be underestimated. Furthermore, the challenge of an insufficient production base against the backdrop of growing uncertainty and looming economic isolation should not be relegated to smaller companies. Hence, the federal and regional authorities should be focusing regularly monitoring of the situation in the Russian agroindustry at all business levels;

- Agribusinesses with revenue of less than RUB 10 billion in 2014 are more sensitive to the key issue of the shortcomings of government regulation (a 56 percent rating). In addition, representatives of this group have greater concerns about insufficient optimization of logistical processes (19 percent);

While the former issue is mostly beyond the control of the respondents, the logistical issues may be addressed by improving in-house management efficiency. This conclusion is supported by the fact that such companies tend to experience a shortage of skilled personnel more often (34 percent), which is probably related to the logistical deficiencies cited by them.

As noted above, the rating of constraints in the Russian agroindustry is also influenced by the way in which the target audience perceives the current status of affairs in the industry as well as by the company's strategy time horizon. Below we review the distribution of concerns in each group.

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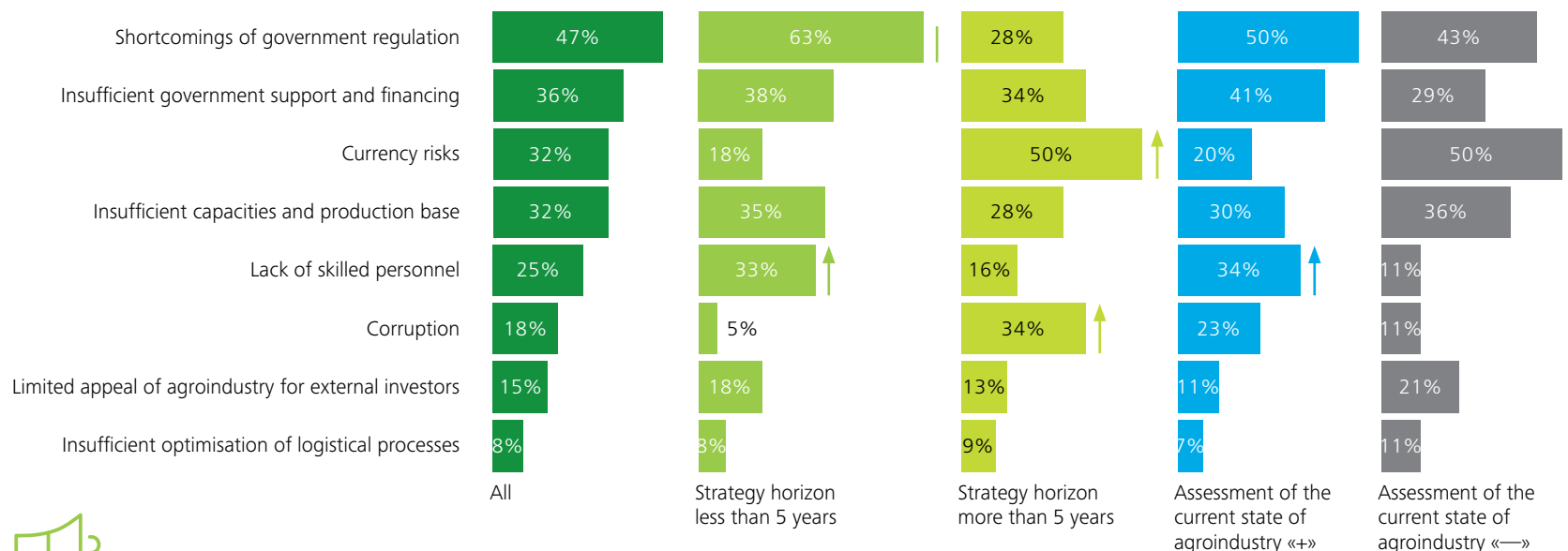
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Current state of the Russian agroindustry



Rating of constraints in the Russian agroindustry in 2015 (3)



Trends

• Interestingly, the companies with short strategy horizons (up to five years) cite shortcomings of government regulation (63 percent) and lack of skilled personnel (33 percent) as key obstacles to development. Meanwhile, agribusinesses with longer strategy horizons (beyond five years) see the main obstacles for their development in currency risks (34 percent) and corruption (34 percent);

• There are some peculiarities in the attitudes of companies that have different views on the current state of the Russian agroindustry. The respondents with a positive view on the status of the Russian agroindustry in 1H15 are significantly more sensitive to the lack of skilled personnel (34 percent) while those with negative views are more concerned with currency risks (50 percent).

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Conclusions

Overall, the agroindustrial market players are somewhat uncertain about the current state of the Russian agroindustry. That said, the following top **five key obstacles for the development of the Russian agroindustrial market were identified**:

- Shortcomings of government regulation (47 percent)
- Insufficient government support and financing (36 percent)
- Currency risks (32 percent)
- Insufficient capacities and production base (32 percent)
- Lack of skilled personnel (25 percent)

We believe that it is critical to focus on the lack of production capacities. The special attention to this issue derives from the survey finding that the weakness of the agricultural production base is perceived to be a more serious obstacle for the large agribusinesses that are considered a key driving force behind Russia's overall economic recovery.



Note

To a larger extent, the latter conclusion is based on the macroeconomic analysis of the market situation in which the SME contribution to the recovery is much less significant. Although our survey was conducted among large companies, there are small, medium-size, and micro-businesses on the Russian agricultural market. These companies, particularly small and micro-businesses, are struggling to survive in the current economic and political environment. Despite the ongoing import substitution campaign, agricultural SMEs find it difficult to compete with large companies and reach the end consumer as the purchasing power of households shrinks. This trend is obvious in remote Russian regions, where the purchasing power of households decreases faster than in Central Russia, while local agribusinesses possess fewer material, technical, and organizational resources as well as intangible assets in order to protect and enhance market positions in times of global financial crises.



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Key drivers of agroindustrial development in Russia in 2015

One of the goals of our research on the Russian agroindustry was to identify development drivers, i.e. factors conducive to enhancing the competitiveness of the Russian agroindustry on the global market.

The rating of global competitiveness drivers for the Russian agroindustry

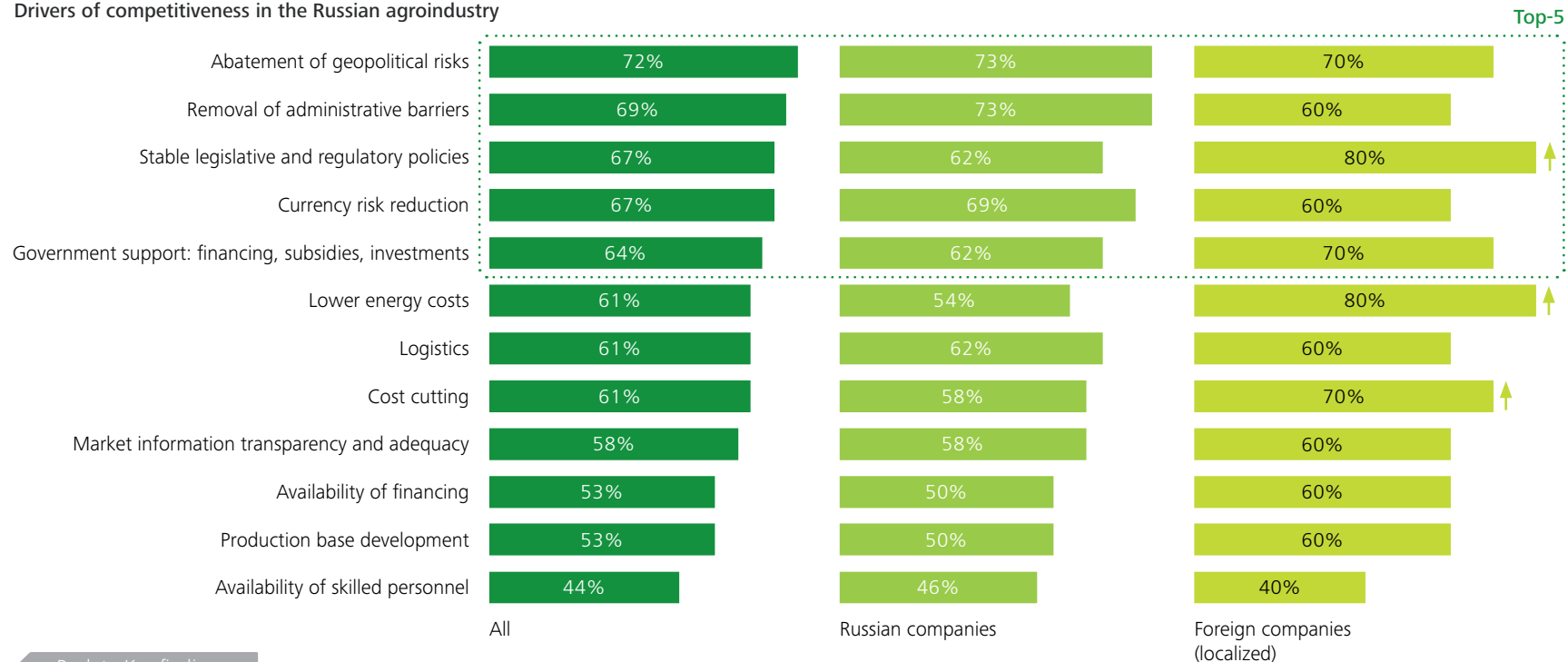
Russian agroindustry development drivers were rated based on the results of the socioeconomic analysis. The key drivers that support the development of the Russian agroindustry are as follows:

- Abatement of geopolitical risks (72 percent)
- Removal of administrative barriers (69 percent)
- Stable legislative and regulatory policies (67 percent)

- Reduced currency risk (67 percent)
- Government support: financing, subsidies, and investment (64 percent).

We note that from the standpoint the Russian agroindustry's global competitiveness, the stability of the legislative and regulatory policies was perceived as being the most critical factor by localized foreign companies (80 percent). According to them, a reduction of energy costs (80 percent) and cost cutting (70 percent) are the other factors that can contribute the most to unlocking agroindustrial potential.

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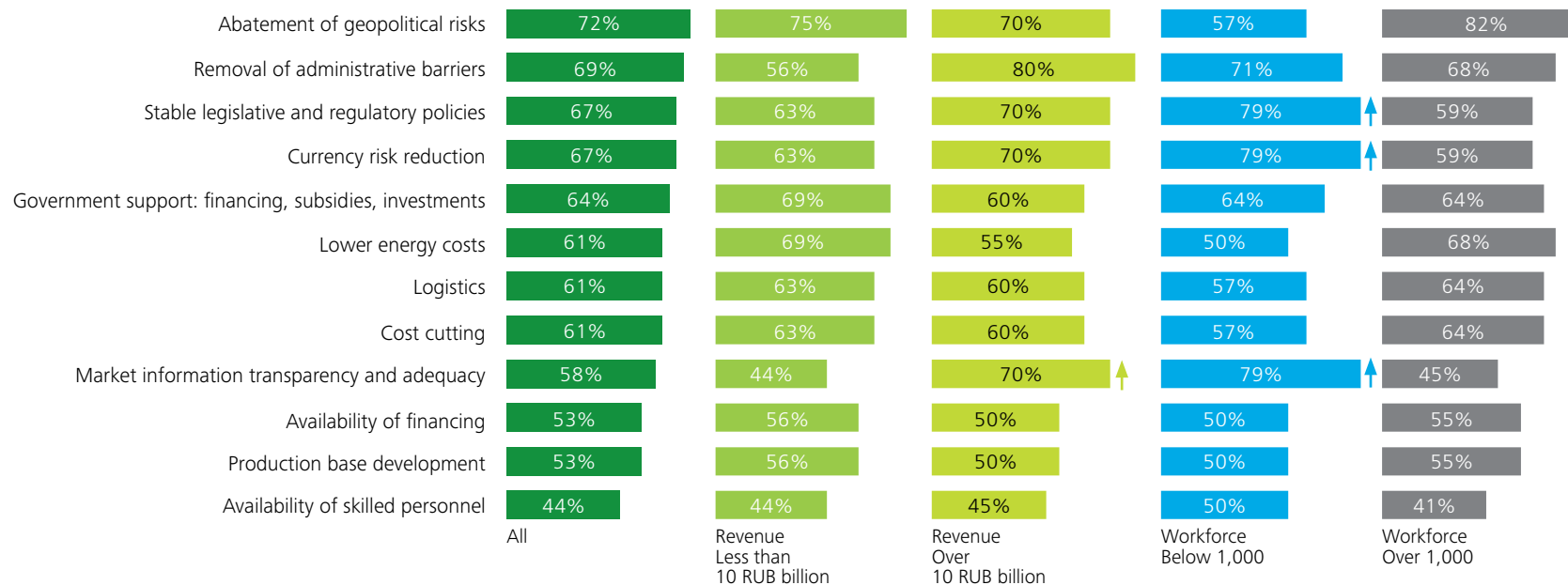


Current state of the Russian agroindustry



Companies with different revenues and headcounts assigned different ratings to competitiveness factors in the Russian agroindustry.

Drivers of competitiveness in the Russian agroindustry



Trends

- In the view of respondents from companies with revenue over RUB 10 billion, the removal of administrative barriers is key for enhancing the competitiveness of the Russian agroindustry on the global market (80 percent). Also, this group attaches more importance than others to transparency and availability of market information (70 percent);
- Companies with less than 1,000 employees tend to give a higher rating to the stability of the legislative and regulatory policies, currency risk reduction as well as the transparency and availability of market information (rating 79 percent each).



Conclusions

The general conclusion from the analysis of ratings assigned by the respondents to competitiveness drivers of the Russian agroindustry is that the government should provide incentives and support Russian agribusiness both on a federal and regional level. In the opinion of market participants, the government should financially support Russia's agroindustry through subsidies, investments, etc. Lowering administrative barriers is another requirement. Any government support for Russia's agroindustry and its players would yield results only if there is real access to innovations. We will review the aspects of government support in more detail below.

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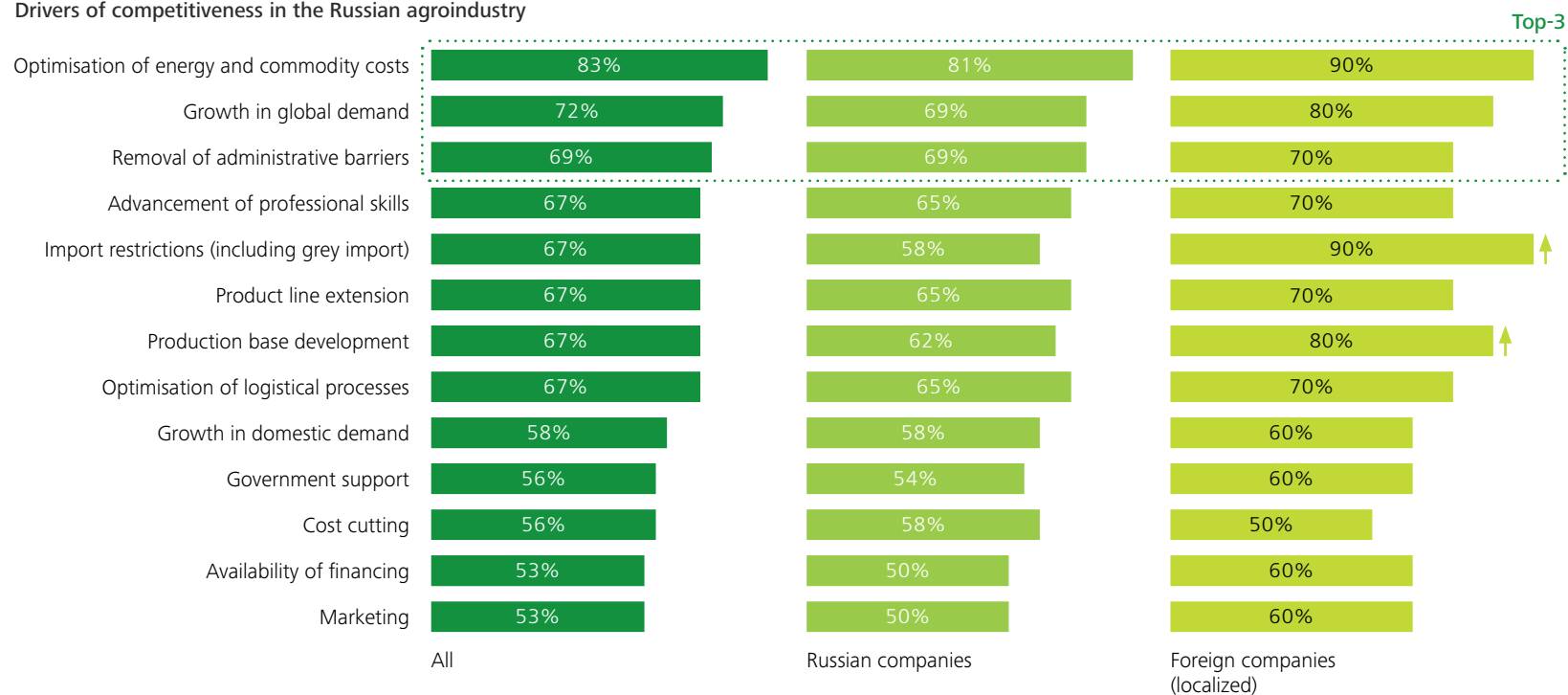
Rating of key competitiveness drivers on the Russian agroindustrial market

The efficiency of a market is tied to the growth and strengthening of its players' positions. This section is devoted to drivers influencing the competitiveness of Russian agroindustrial companies.

The survey respondents rate the top three drivers of competitiveness for agroindustrial companies on the Russian market to be:

- Optimization of energy and commodities costs (83 percent)
- Global demand growth (72 percent)
- Removal of administrative barriers (69 percent)

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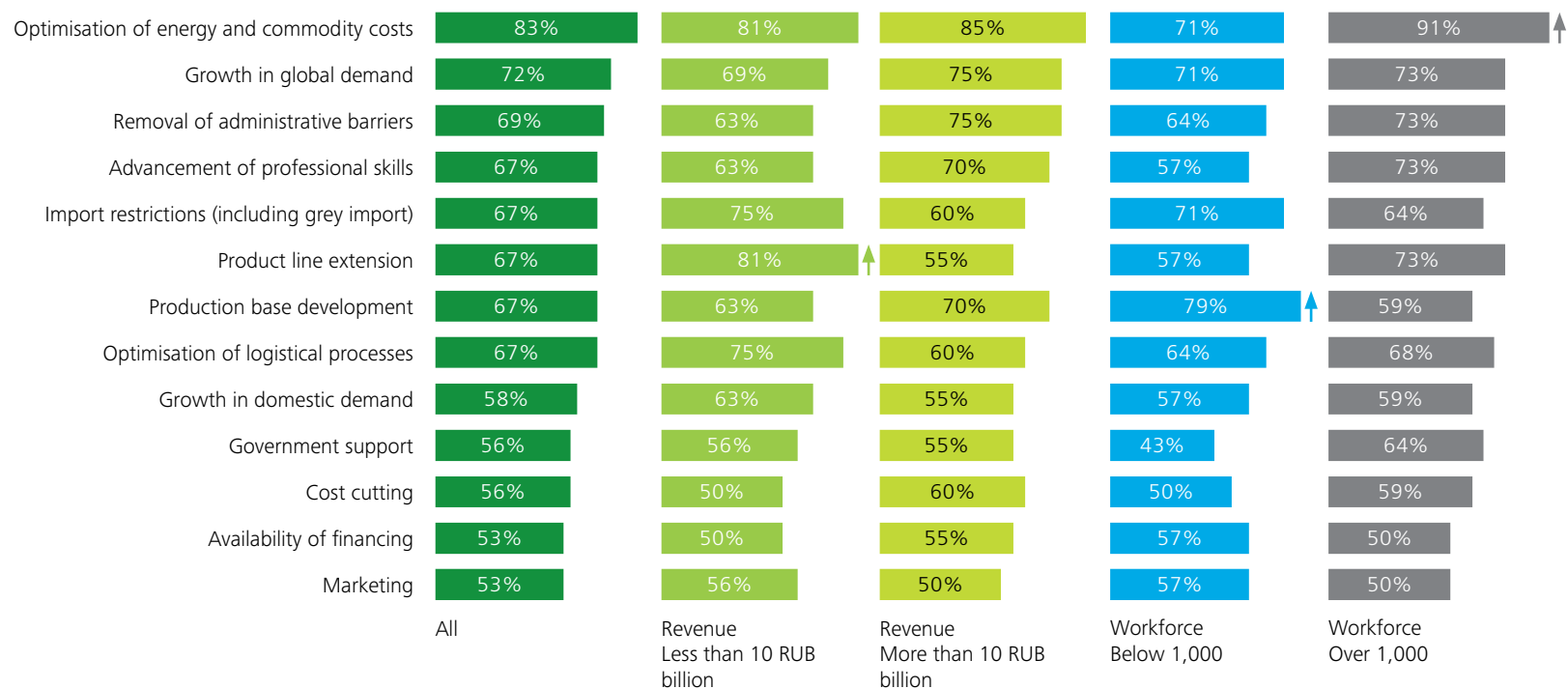


Trends

- The key drivers allowing foreign companies to enhance their market positions are optimization of energy and commodities costs as well as import restrictions (including grey imports), rated 90 percent each. Representatives of foreign companies also highly rate the potential effects of production base development;
- The respondents from agroindustrial companies with revenues of less than RUB 10 billion, as well as those who have a positive view on the current state of the Russian agroindustry, pointed more often to product line extension as an important competitiveness driver. Meanwhile, the respondents with a negative view on the state of the agroindustrial market tend to attach more importance to global demand growth (86 percent), advancement of professional skills (79 percent), production base development (79 percent), and cost cutting (64 percent);

- The representatives of agroindustrial companies with less than 1,000 employees cite production base development (79 percent) as a key driver for their companies. The same applies to companies with long-term strategies over five years (81 percent);
- That said, larger companies with over 1,000 employees see the optimization of energy and commodities costs as the most important driver for their businesses (91 percent).

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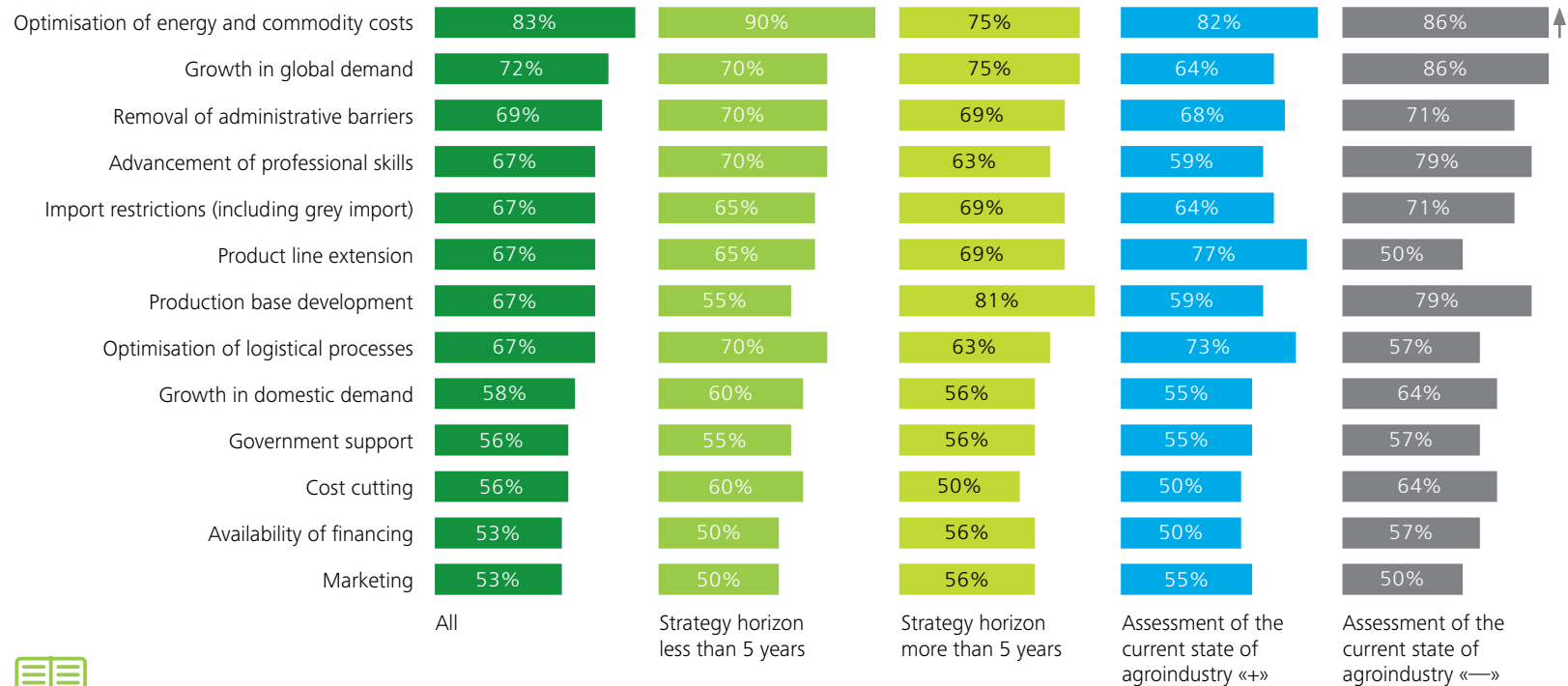
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Conclusions

Overall, the analysis of agribusiness competitiveness drivers allows for the conclusion that the companies less favourably positioned on the market rely on global demand growth. Meanwhile, the respondents who positively evaluated the current situation in the Russian agroindustry, tended to emphasise the product line extension in their development strategy.

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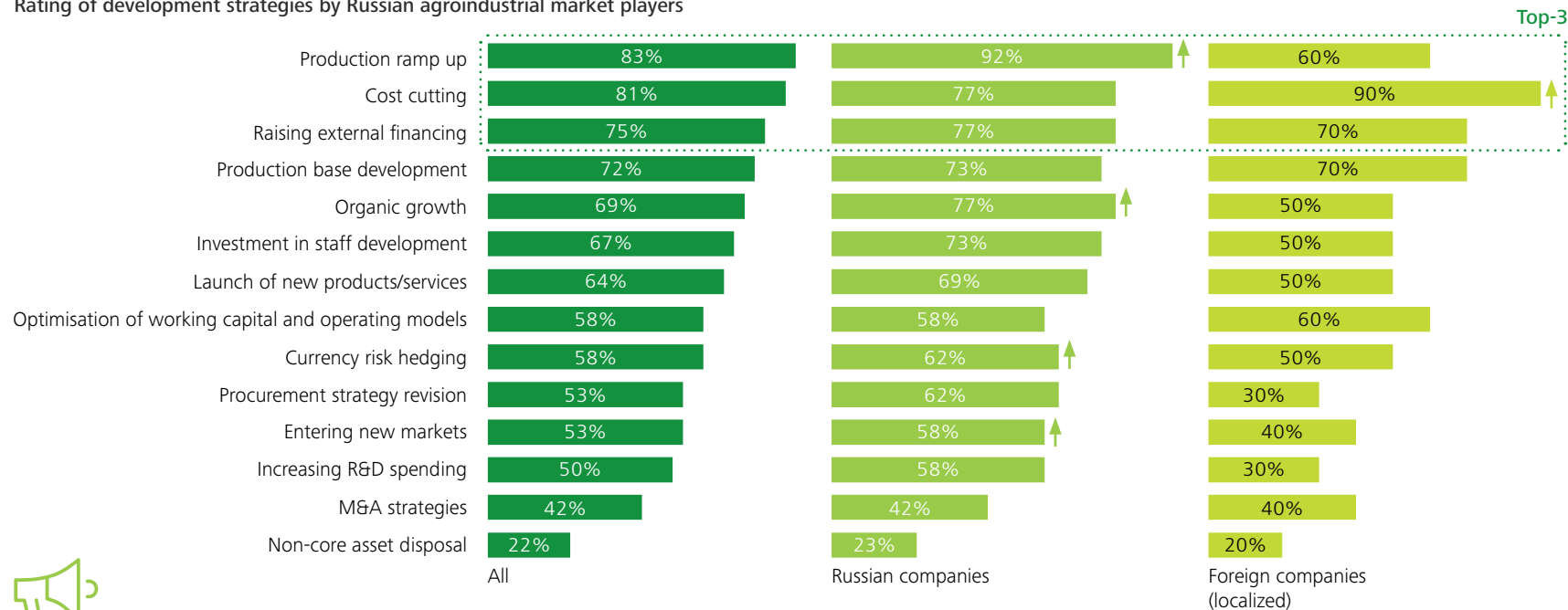
The data derived from expert opinions allowed us to rate the priority development strategies of Russian agroindustry players.

The top three priority strategies in 2015 are as follows:

- Ramp up production (83 percent)
- Cut costs (90 percent)
- Raise external financing (75 percent)

Notably, these strategies are of almost equal importance for the respondents. This could imply that the production ramp up is linked to the availability of external financing. Moreover, this conclusion is supported by our econometric (factoral) analysis in which we identified that the simultaneous production ramp up and cost cutting are only likely if external financing is available. See the section External support for Russian agroindustry, which further underlines this finding. Therefore, the identified pattern is peculiar to the strategic views of Russian agricultural market players in 2015 and reflects the companies' response to the current import substitution campaign.

Rating of development strategies by Russian agroindustrial market players



Trends

- The production ramp up strategy is more common for Russian companies (92 percent), which is mostly explained by the ongoing import-substitution policy. Local companies also tend to attach more importance to organic growth strategies (77 percent), revision of acquisition strategies (62 percent), and increasing R&D spending (58 percent);

- In turn, foreign companies are highly inclined to cut costs as a first measure (90 percent).

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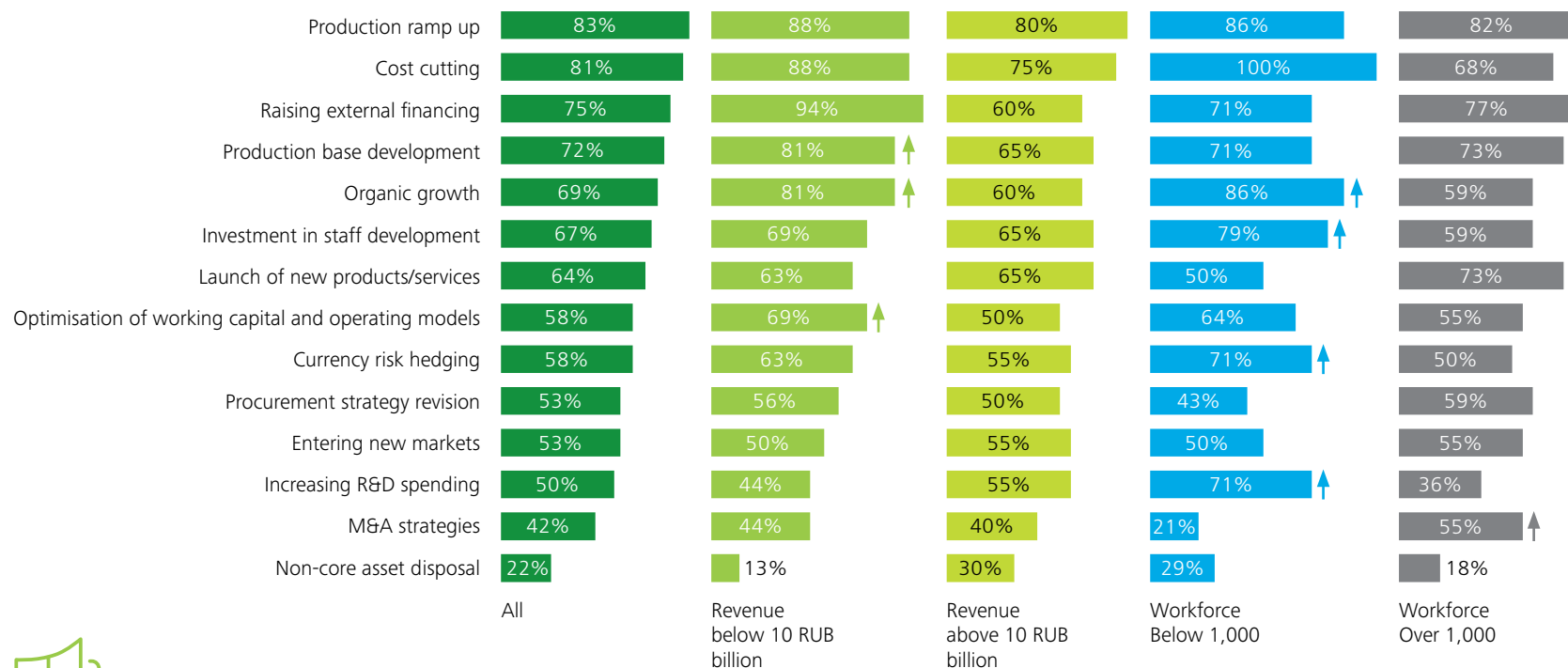
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Rating of development strategies by Russian agroindustrial market players



Trends

- Companies with revenues of less than RUB 10 billion give more weight to the strategies based on raising external financing (94 percent), development of the production base (94 percent), organic growth (81 percent) as well as optimization of working capital and operating models (69 percent);
- Large companies with over 1,000 employees focus more on the launch of new products/services (73 percent) and M&A strategies (55 percent);
- Meanwhile, companies with less than 1,000 employees put the emphasis on cost cutting (100 percent), organic growth (86 percent), investment in staff development (79 percent), currency risk hedging (71 percent), and increasing R&D expenditures.

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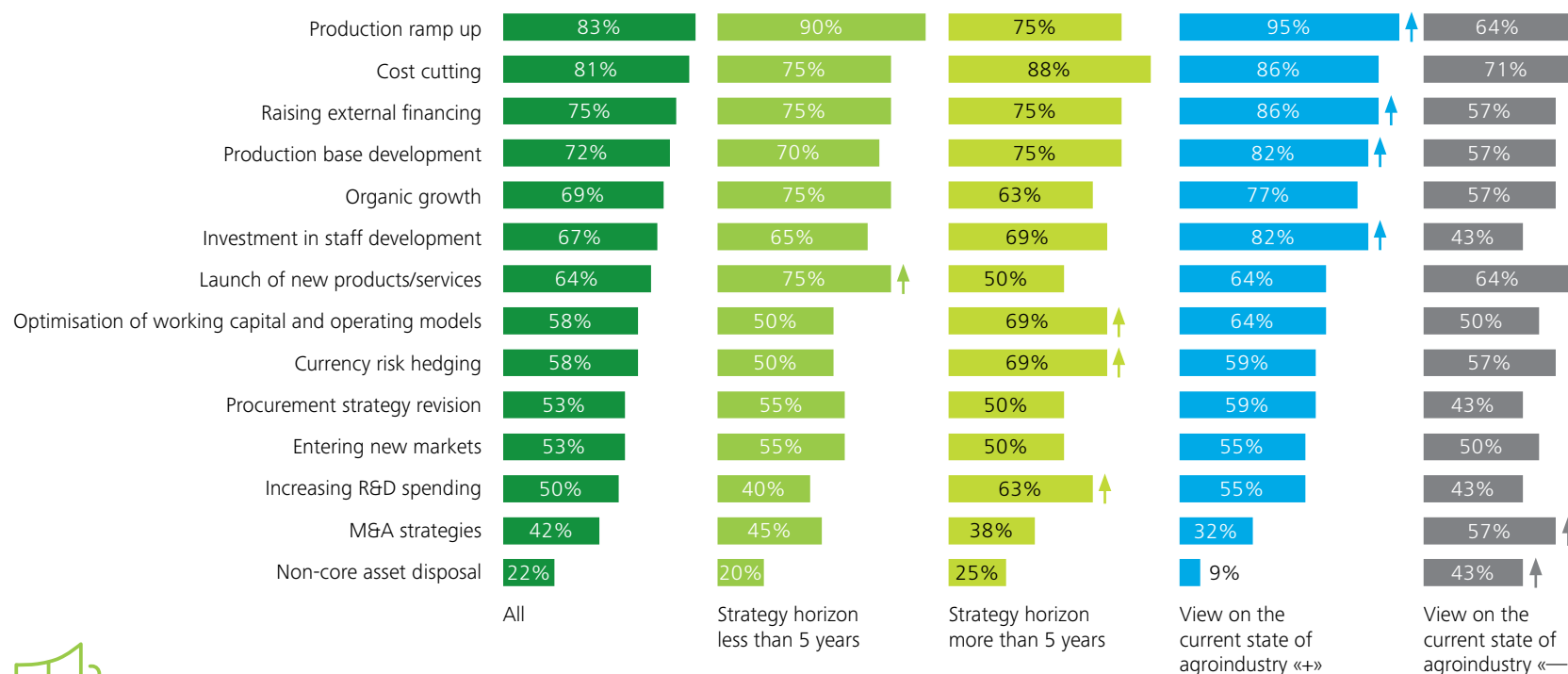
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Current state of the Russian agroindustry



Rating of development strategies by Russian agroindustrial market players



Trends

- Development strategy ratings differ depending on the companies' strategy time horizons. Thus, companies with short-term strategies (up to five years) favour strategies based on the launch of new products and services;
- At the same time, companies with long-term strategies (over five years) emphasise optimization of the working capital and operating models (69 percent), currency risk hedging (69 percent), and increasing R&D expenditures (63 percent);

- Overall, companies with an optimistic view on the current state of the market tend to assign higher importance to virtually all strategies, indicating stronger commitment to business development. In particular, they emphasise ramping up production (95 percent), raising external financing (86 percent), enhancing production base (82 percent), and investing in staff development (82 percent);
- Companies with negative views on the current state of the Russian agroindustry give more weight to M&A strategies (57 percent) and non-core asset disposal (43 percent).

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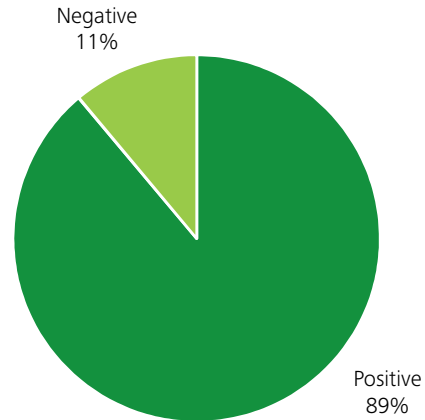
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Current state of the Russian agroindustry

Attitudes towards closer relations between Russia and the other BRICS



As part of our research, we examined the attitudes of agroindustrial players towards the declared intention to foster better relations between Russia and the other BRICS countries. The overwhelming majority (89 percent) took a positive stance toward this strategy and only 11 percent of the respondents stated that they do not favour the better relations between Russia and the other BRICS countries.



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Government support for the Russian agroindustry

Overall efficiency of the government's efforts to support and develop the Russian agroindustry

The integral assessment of the government's efficiency in supporting and developing the Russian agroindustry is at a medium level (47 percent of the total). Foreign companies assigned a higher rating to the efforts of the Russian government (55 percent).

Efficiency of Government's efforts to support and develop the Russian agroindustry



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Efficiency of government subsidies for Russian agroindustrial companies

All survey participants were aware of subsidy support for Russian agroindustrial companies with the majority of them (83 percent) having experienced receiving subsidies. The share of subsidy recipients was particularly high among market participants with revenues of less than RUB 10 billion (10 percent), short-term horizon strategies (up to five years, 100 percent) and positive views on the current state of the Russian agroindustry (91 percent).

Subsidy awareness and experience



- Yes, I know about subsidies and have received them
- Yes, I know about subsidies but have not received them



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Financing and support for the Russian agroindustry



The average satisfaction of companies with the procedures for obtaining subsidies can be described as “somewhat dissatisfied” (minus 3 percent). Companies with revenues over RUB 10 billion, as well as those with negative views on the current state of the Russian agroindustry, show a significantly higher degree of dissatisfaction (25 percent and minus 43 percent respectively).

Positive attitudes toward governmental subsidy programs are particularly strong among companies with revenues of less than RUB 10 billion (17 percent) and a workforce of less than 1,000 (13 percent)

as well as among those with positive views on the state of the Russian agroindustry in 1H15 (18 percent).

Hence, subsidies are assumed to be more easily available to smaller agribusinesses. Furthermore, the availability of subsidies affects the assessment of the current state of the agroindustry — the less available the subsidies the more sceptical stance the player is likely to take.

Criteria of subsidy support efficiency	All	2014 revenue below RUB 10 bln	2014 revenue over RUB 10 bln	Below 1,000 employees	Over 1,000 employees	Short-term strategy (less than 5 years)	Long-term strategy (over 5 years)	Positive view on state of agroindustry	Negative view on state of agroindustry
Sufficiency and availability of information on subsidies	3%	25%	-21%	10%	0%	10%	-10%	20%	-30%
Simplicity of subsidy issuance process	-20%	-6%	-36%	-20%	-20%	-20%	-20%	-5%	-50%
Duration of subsidy application review	7%	31%	-21%	40%	-10%	-5%	30%	35%	-50%
Actual duration of subsidy issuance	0%	19%	-21%	20%	-10%	-5%	10%	20%	-40%
Average satisfaction with subsidy support	-3%	17%	-25%	13%	-10%	-5%	3%	18%	-43%

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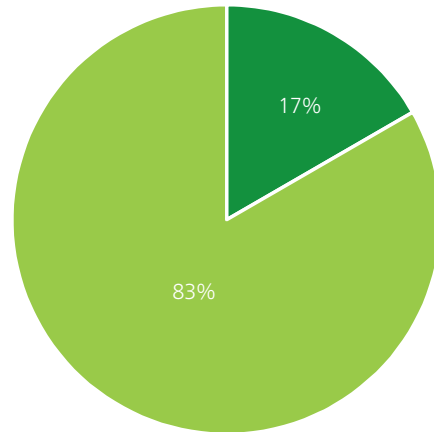


Financing and support for the Russian agroindustry



Overall, the majority of agribusiness experts (83 percent) tend to assess the government's efforts in supporting agricultural exports negatively, viewing them as insufficient. Only 17 percent of the respondents believe that the current subsidy framework is sufficient with no need to increase the efficiency of the government's policy in this field.

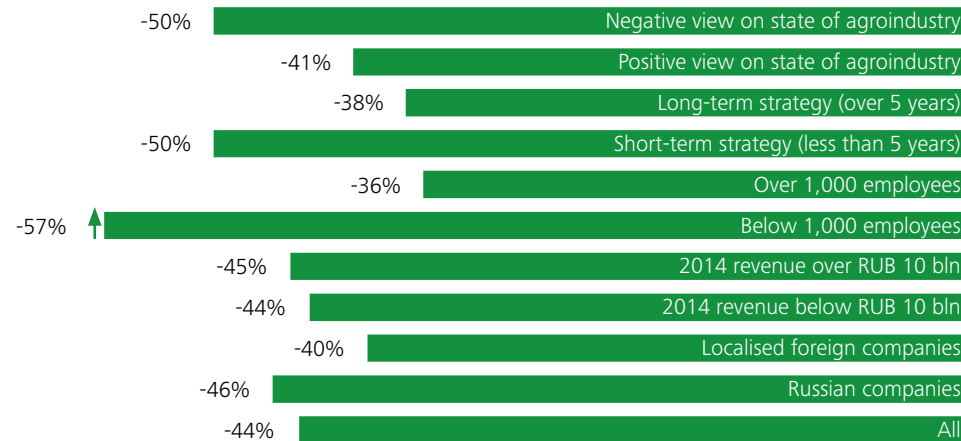
Views on sufficiency of Government's efforts to support agricultural exports



■ Sufficient
■ Insufficient

In order to compare opinions on the sub-group level, we outlined below their respective integral assessments of the government's efficiency in supporting agricultural exports (based on the sufficiency criterion). Overall, the government's current efforts can be described as insufficient (minus 43 percent) with smaller companies (less than 1,000 employees) being the most dissatisfied (minus 57 percent).

Integral sufficiency assessment of the Government's efforts to support agricultural exports



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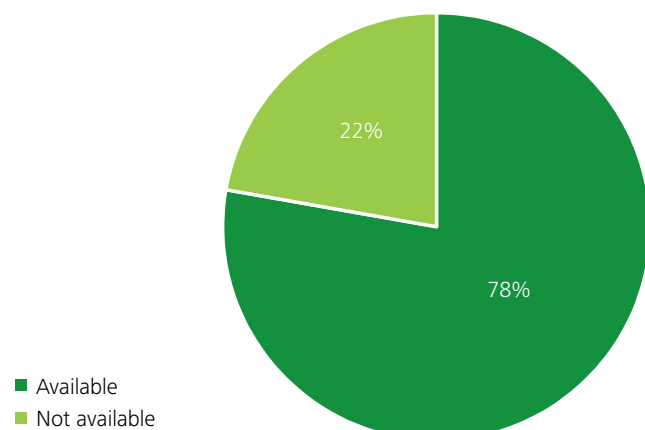
Financing and support for the Russian agroindustry



Assessment of insurance availability for operations and assets of Russian agroindustry players

Most respondents (78 percent) state that the insurance of agricultural operations and assets on the Russian agroindustrial market is generally available. At the same time, almost every fifth respondent (22 percent) pointed out that this kind of insurance is somewhat unavailable.

Availability of insurance for agricultural operations and assets



The overall availability of insurance for agricultural operations and assets is rated at fifty eight percent, which can be interpreted as "fairly available." More positive assessments came from foreign localized companies (90 percent), companies with revenues over RUB 10 billion (90 percent), companies with long-term (over five years) strategies (73 percent), and the companies optimistic about the state of the agroindustry (67 percent).

Availability of insurance for agricultural operations and assets



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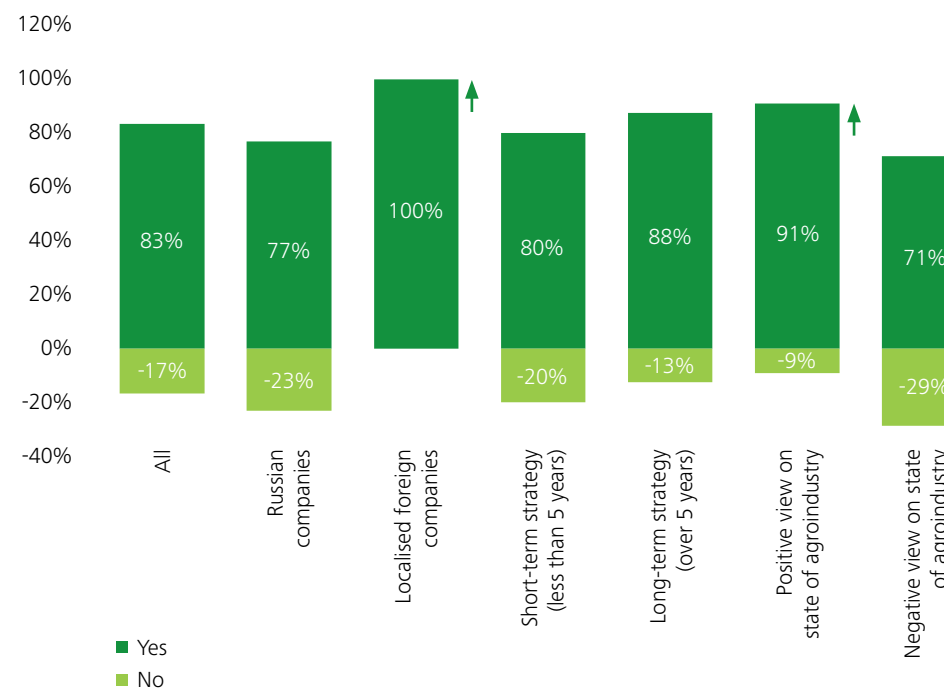


External support for the Russian agroindustry

One of the key and common trends in the main sectors of Russia's economy is the high demand for external financing. The Russian agroindustry is no exception. Thus, the majority of participants on our survey (87 percent) indicated that raising external financing is very important for their companies. Only 17 percent of respondents said that they were not interested in external financing.

We note that the demand for external financing is particularly strong among foreign companies (100 percent) and companies optimistic about the state of the Russian agroindustry (91 percent). This is because the companies optimistic about the current state Russian agroindustry, as the survey shows, are more willing to actively develop their businesses. In addition, the development of agribusinesses in the current economic environment is perceived to be difficult without raising external financing, and in most cases is associated directly with external financing. Therefore, it is the above-mentioned groups that need the material external support the most.

Significance of external financing



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Financing and support for the Russian agroindustry



Loans from Russian banks are the most sought-after source of financing for Russian agribusinesses. The attractiveness of loans is rated at 42 percent, which can be interpreted as a “rather attractive source of financing”. Large companies with revenues over RUB 10 billion and more than 1,000 employees (45 percent and 68 percent, respectively) cited loans as the most attractive source of financing. The attractiveness of Russian banks was also rated relatively high (55 percent) by the companies optimistic about the current state of the Russian agroindustry. Russian SME and micro-businesses are known to have limited access to bank financing. Such companies have limited access to lending due to either high interest rates, or regulatory, institutional, and bank requirements (mostly applicable to small businesses). Hence, the survey shows that the most attractive option for large companies is loans from Russian banks.

Internal financing sources were ranked second (36 percent). This source of financing was cited as the most preferable by companies with revenues over RUB 10 billion (due to the availability of such sources), companies with less than 1,000 employees (57 percent) as well as by those pessimistic about the current state of the Russian agroindustry (57 percent). The last finding shows that companies

with negative attitudes tend to rely more on their own resources. This might also be attributed to the peculiarities of Russian business mentality.

The attractiveness of strategic partnerships was rated at 17 percent. This source of financing is most favoured by Russian companies while foreign players consider this option completely unattractive (minus 50 percent).

Loans from investment funds were rated as the least attractive financing option (minus 8 percent). Only companies with long-term strategies (over five years) and those optimistic about the current state of the Russian agroindustry perceive this source of financing as slightly more suitable (19 and 9 percent respectively).

Loans from foreign banks look attractive only for foreign companies (30 percent). The overall suitability of this option is at a neutral level (minus 3 percent).

Attractiveness of sources of financing

Financing options	All	Russian companies	Localised foreign companies	2014 revenue below RUB 10 bln	2014 revenue over RUB 10 bln	Below 1,000 employees	Over 1,000 employees	Short-term strategy (less than 5 years)	Long-term strategy (over 5 years)	Positive view on state of agroindustry	Negative view on state of agroindustry
Loans from Russian banks	42%	42.3%	40%	37.5%	45%	0%	68.2%	40%	43.8%	54.5%	21.4%
Internal sources of financing	36%	34.6%	40%	18.8%	50%	57.1%	22.7%	30%	43.8%	22.7%	57.1%
Strategic partnerships	17%	42.3%	-50%	0%	30%	-7.1%	31.8%	25%	6.3%	36.4%	-14.3%
Loans from foreign banks	-3%	-15.4%	30%	-6.3%	0%	-14.3%	4.5%	-15%	12.5%	4.5%	-14.3%
Loans from investment funds	-8%	0%	-30%	-12.5%	-5%	0%	-13.6%	-30%	18.8%	9.1%	-35.7%
Average appeal of third-party financing	17%	21%	6%	8%	24%	7%	23%	10%	25%	25%	3%

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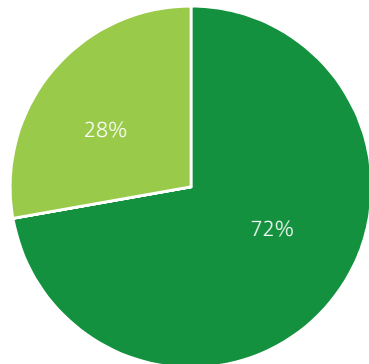


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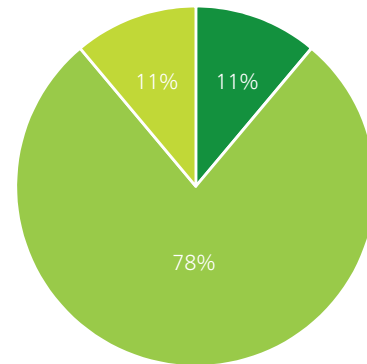
Thirty-two representatives of the Russian agroindustry from 30 companies participated in the survey.

Company type



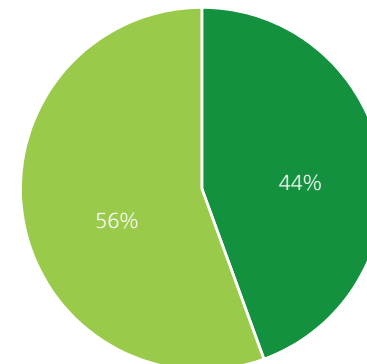
- Russian company
- Localised foreign company

Company's field of business



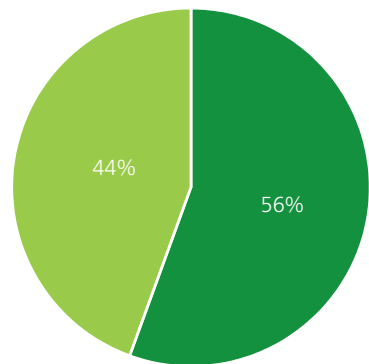
- Industry
- Business
- Processing and marketing

Annual revenue



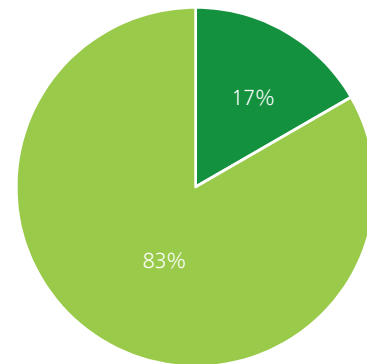
- Below RUB 10 bln
- Over RUB 10 bln

Strategy horizon



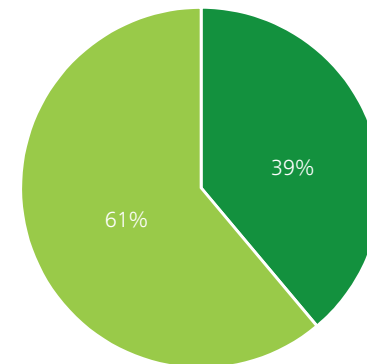
- Short-term strategy (less than 5 years)
- Long-term strategy (more than 5 years)

Respondent's professional group



- Management
- Finance

Headcount



- Less than 1,000 employees
- More than 1,000 employees

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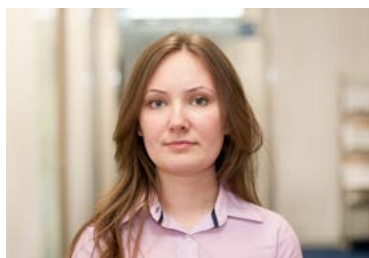
Egor Metelkin
Partner
Audit
Consumer & Industrial Products Leader
Deloitte CIS
emetelkin@deloitte.ru



Olga Papusha
Director
Audit
Food & Beverages Leader
Deloitte CIS
opapusha@deloitte.ru



Rinat Khasanov
Senior Manager
Audit
Agribusiness
Deloitte CIS
rkhasanov@deloitte.ru

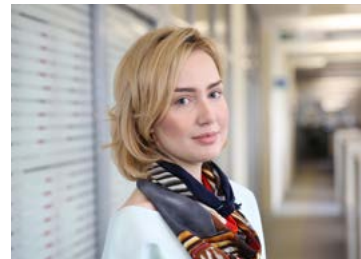


Elena Rakhlenko
Senior Industry Development Coordinator
Consumer Business
Deloitte CIS
erakhlenko@deloitte.ru

Authors



Marina Elovskaya
Senior Manager
Business Development
Deloitte CIS
melovskaya@deloitte.ru



Lora Zemlyanskaya
Senior Specialist
Research Centre
Deloitte CIS
lzemlyanskaya@deloitte.ru



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