

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

Russia

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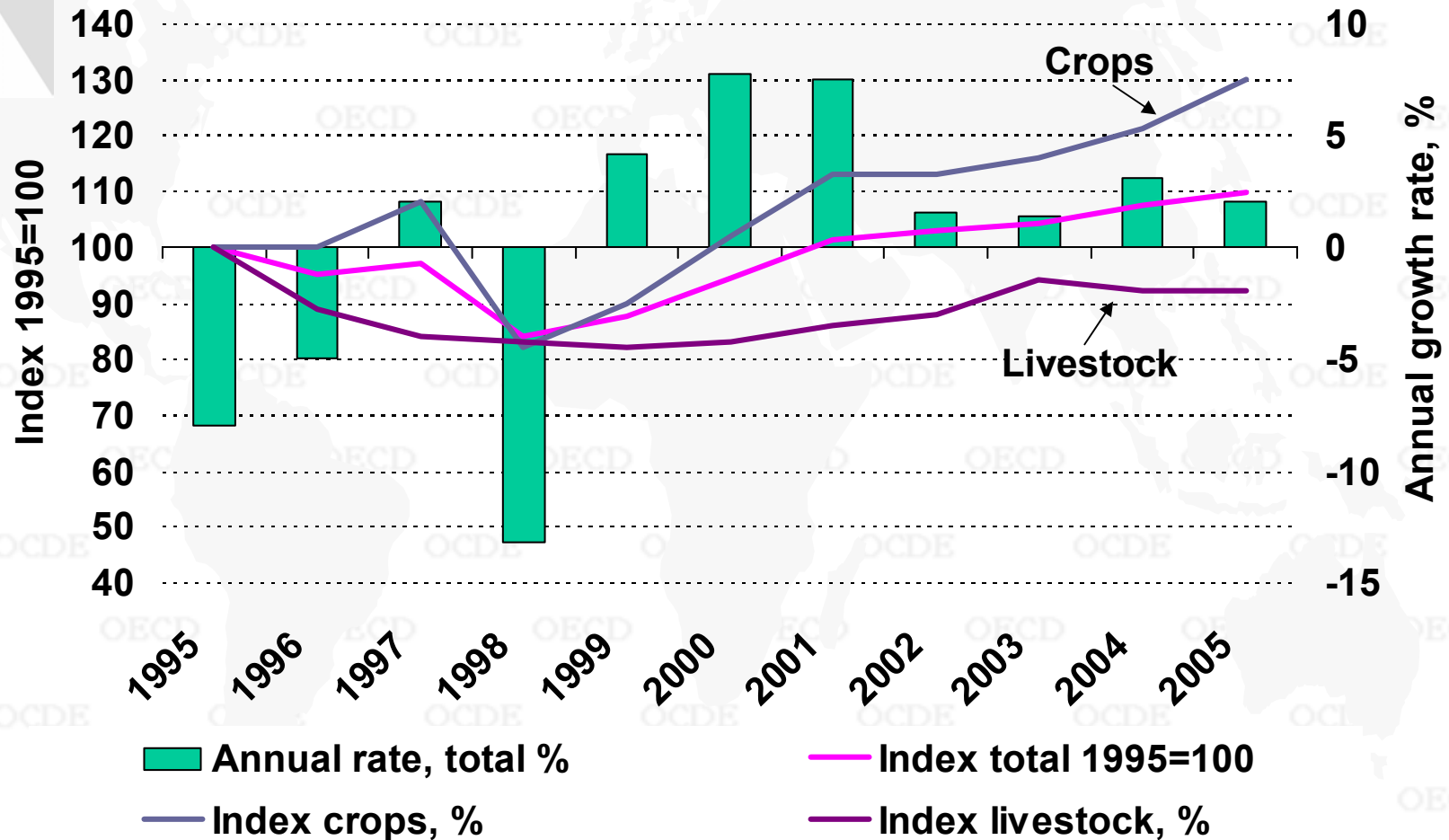
Directorate for Food, Agriculture and Fisheries

Global Forum, 20-21 November 2006

Policy context

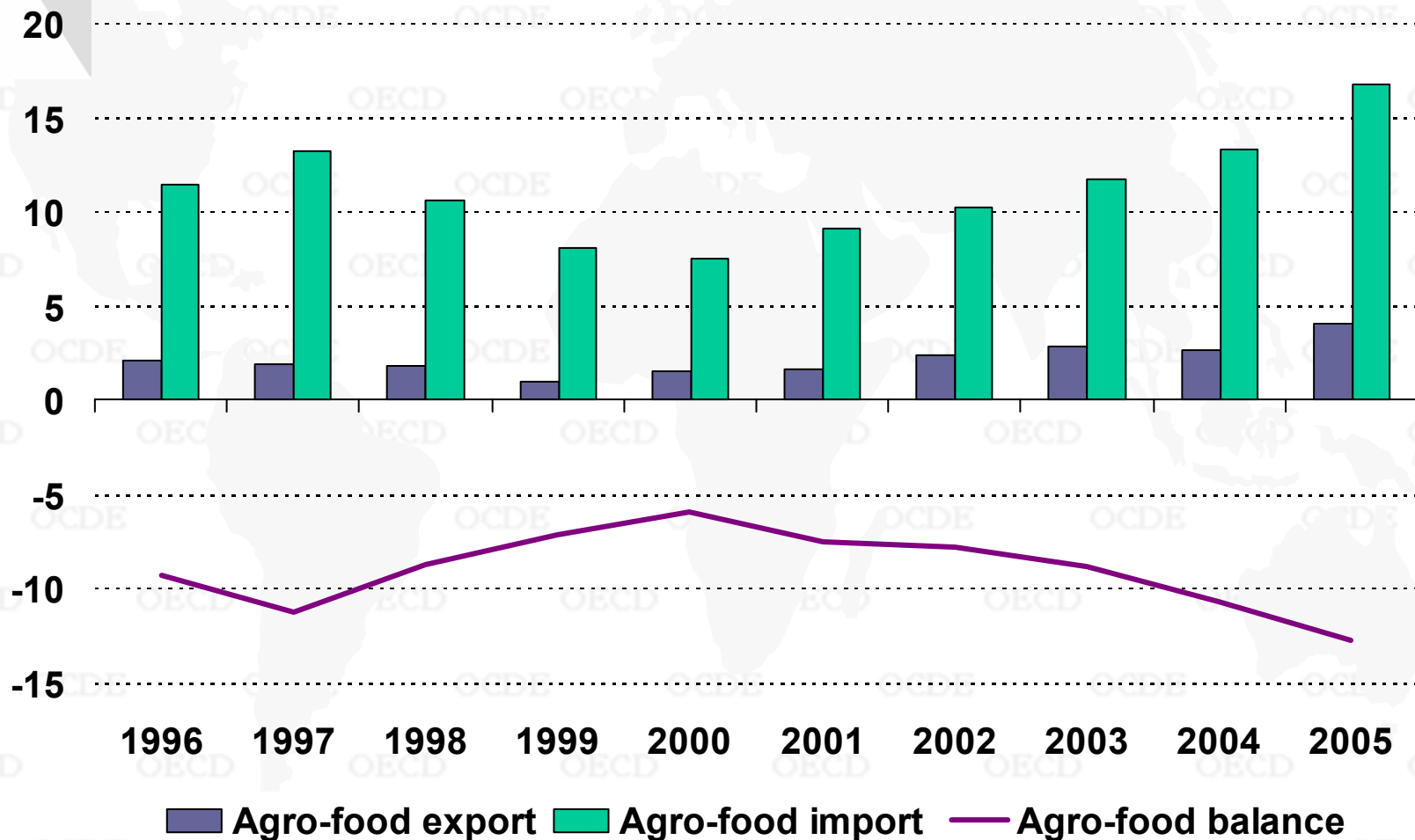
- Agriculture is an important sector
5% of GDP, 11% of employment, 18% of total imports
- Dualistic structure
41% of ag output by large farms and 59% by households and family farms
- Strong overall growth, driven by domestic demand; important fiscal surplus
GDP up by 6.8%, real incomes by 9.3 % in 2004-05
- However: high inflation, high energy prices and appreciation of the rouble

Growth is moderate, driven by crop production



Agro-food trade deficit widened

USD mln

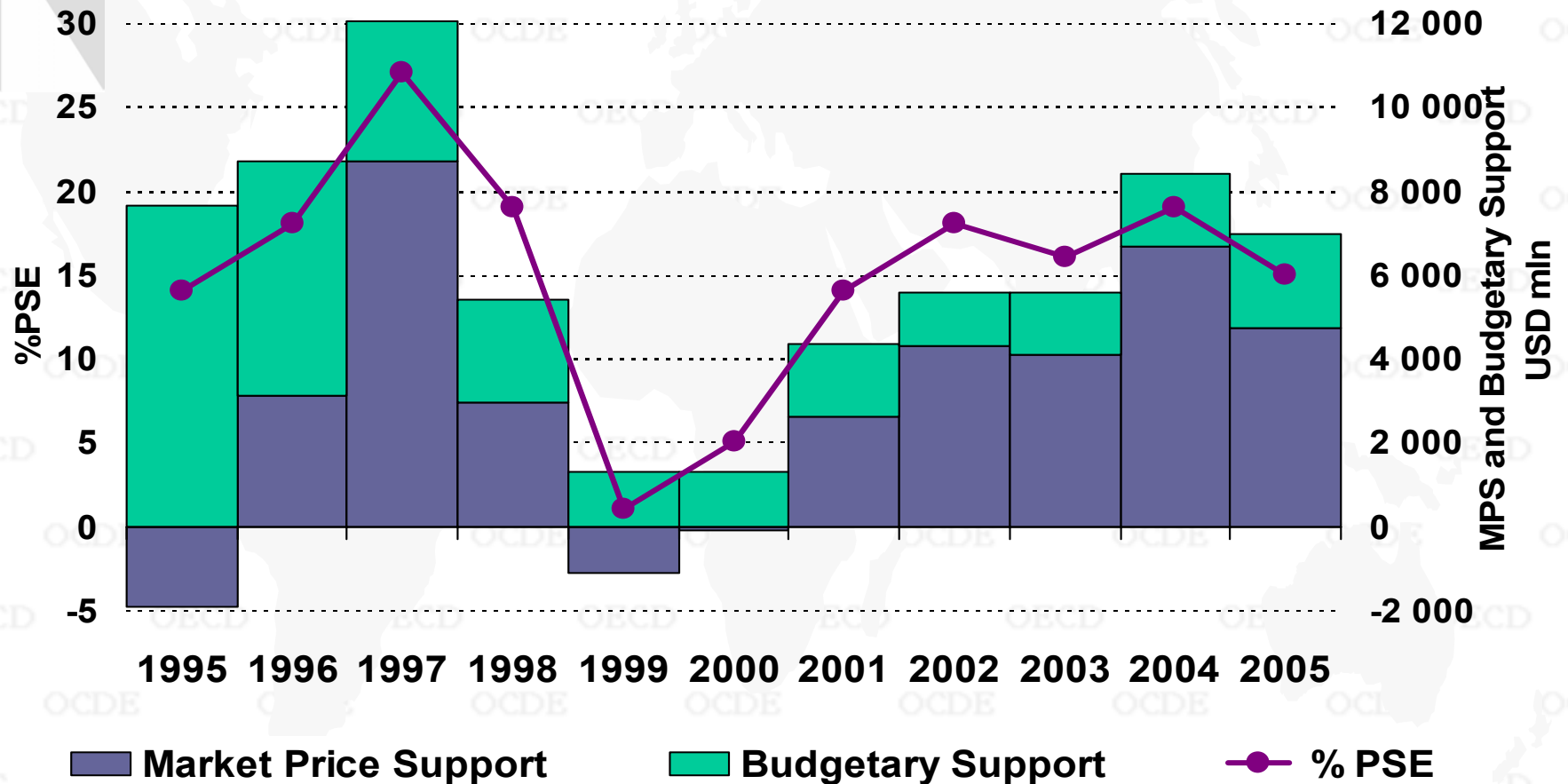


Recent policy developments

- Basic agricultural measures remained unchanged
 - Input subsidies: interest rates; variable inputs
 - Domestic price support: grain interventions; livestock subsidies
 - Border protection: meat and sugar
- Implementation and financing largely delegated to regions
- National Priority Project for Development of Agro-Industrial Complex in 2006-07
- WTO negotiations advanced

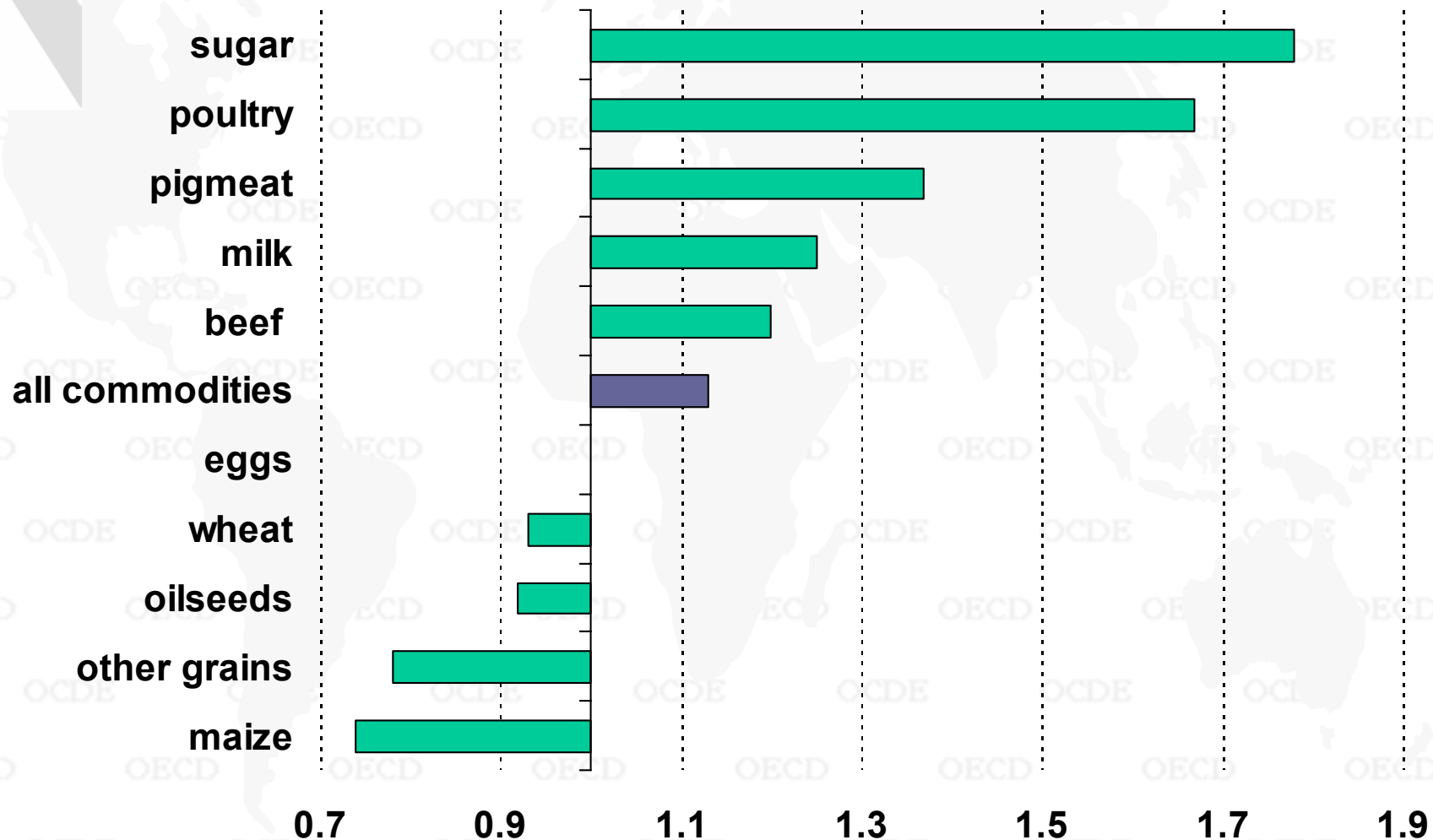
PSE level and composition over time

Producer support returns to levels before 1998 crisis

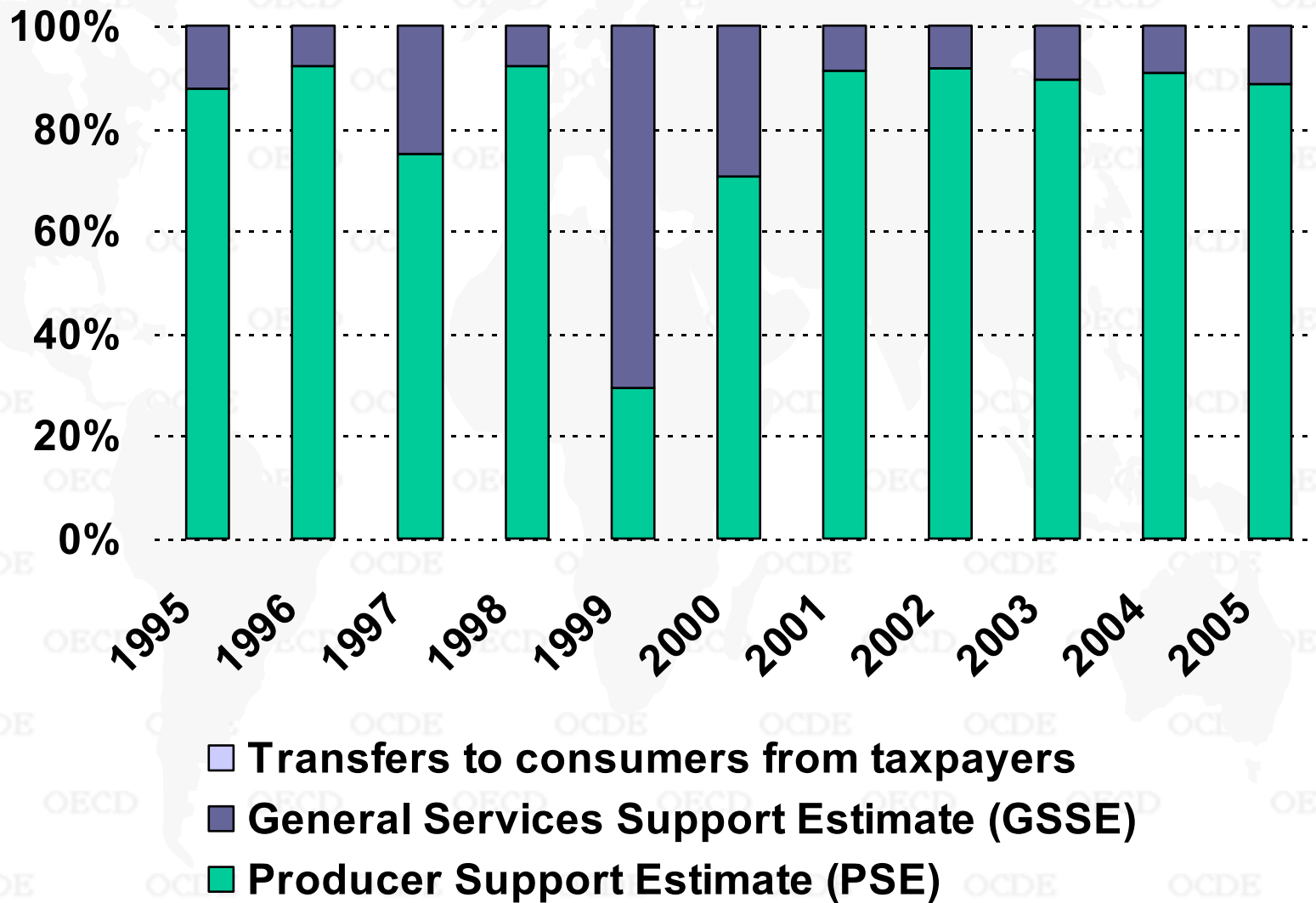


Producer NPC by commodity 2003-05 average

Significant variation of protection across commodities



TSE composition over time





Policy evaluation and recommendations

- Support rose from the crisis lows
- The majority of support is MPS, output and input payments
- Although recently - more focus on competitiveness, sustainability and rural development
- Important that this is not a transitory feature
- Redistribution of support towards the sector's long-term competitiveness serves producers and consumers better