

Lack of processing in Russia

For the first time in years, pig production is going up again in Russia. However, increased production is creating problems with logistics, explains Sergey Yushin, Chief of the Executive Committee at the Russian National Meat Association (RNMA).

By Vincent ter Beek

The meat market in Russia is atypical for Europe as the price of pork is higher than for beef. Pork prices reached a historical level in 2006. For years, the reason for this has been a relative shortage of pigs. The number of pigs has been declining ever since the fall of the Soviet Union, to an all-time low of 13.2 million head in 2004 – compared to 38 million prior to the Soviet collapse.

Lack of processing

Nowadays, pig production in Russia is on the rise again. Yushin from the RNMA however, predicts that the rebirth of Russian pork industry will not be easy. The core of his story comes down to logistics: when pig numbers rapidly

increase, the capacity of slaughtering and processing facilities should grow too. Yushin feels this is the area in which extra steps should be taken.

Too much pork

The first steps for that upward trend in production in the last couple of years were taken by president Putin, by launching a national priority project called 'Development of the Agrifood Sector.' This project aimed to invest 16.2 billion roubles in 2006 (€466 million) and 18.7 billion roubles in 2007 (€538 million) in agriculture from the federal budget. The effort has to result to a Russian herd of 30 million head in 2010.

However, there are 'dangers'

in this policy, Yushin says, because these extra pigs cannot be processed and sold today. "People in the business have been writing letters about this to Mr Putin, as a result of the policy, many investors, backyard producers as well, decided to invest, causing there to be too much pork on the market. This in turn means that wholesale prices have decreased dramatically, but retail prices stayed the same. My point is that the rise in pig production will not yet make the Russian consumption grow. At the moment, we are stuck with low-quality, high-cost pigs."

The causes are clear, says Yushin. "First of all, there is a huge deficit of modern slaughtering and processing plants, as there is a very underdeveloped or a non-existent logistics infrastructure in Russia." In politics, this danger was underestimated, he says. "Unfortunately, our politicians do not think in terms of economics. They only look at the growing pig numbers. But what's the point of growing the production if slaughtering plants aren't there and many producers suffer losses?"

Consumer demands

The logistics problem also affects the market. As demographics in Russia change rapidly, a different demand for pork has grown. Yushin says, "In the old Russian situation, producers produced fatter pigs, with 5 cm of fat, meat content was and often is only 36-38 percent, combined with a very small loin



Sergey Yushin, of the executive committee at the Russian National Meat Association: "Why not dream of exporting?"

and leg. These days, however, the demand is different. The processing industry wants more meat: we need leaner hogs with 56-58 percent or more muscular tissue." Part of this problem comes down to poor genetics and selection and feed, Yushin says. In order to become self-sufficient, Russian policy should be aimed at creating a thriving, low-cost, efficient producing industry. In addition, pork has to be promoted and many backyard farmers should have to give up producing pork.

Supermarkets affected

Coming back to 2007, many supermarkets still have to import their pork – as it is chops they want, not live pigs. And as long as the current situation remains the same – retail pork prices might continue to be high for a while. Yushin added, "When will Russian people start eating a lot of pork? When all else is gone. When there is no beef any more, no poultry, not even bananas." **MI**

Figure 1 - Number of pigs in Russia 1990 - now.

