RUSSIA

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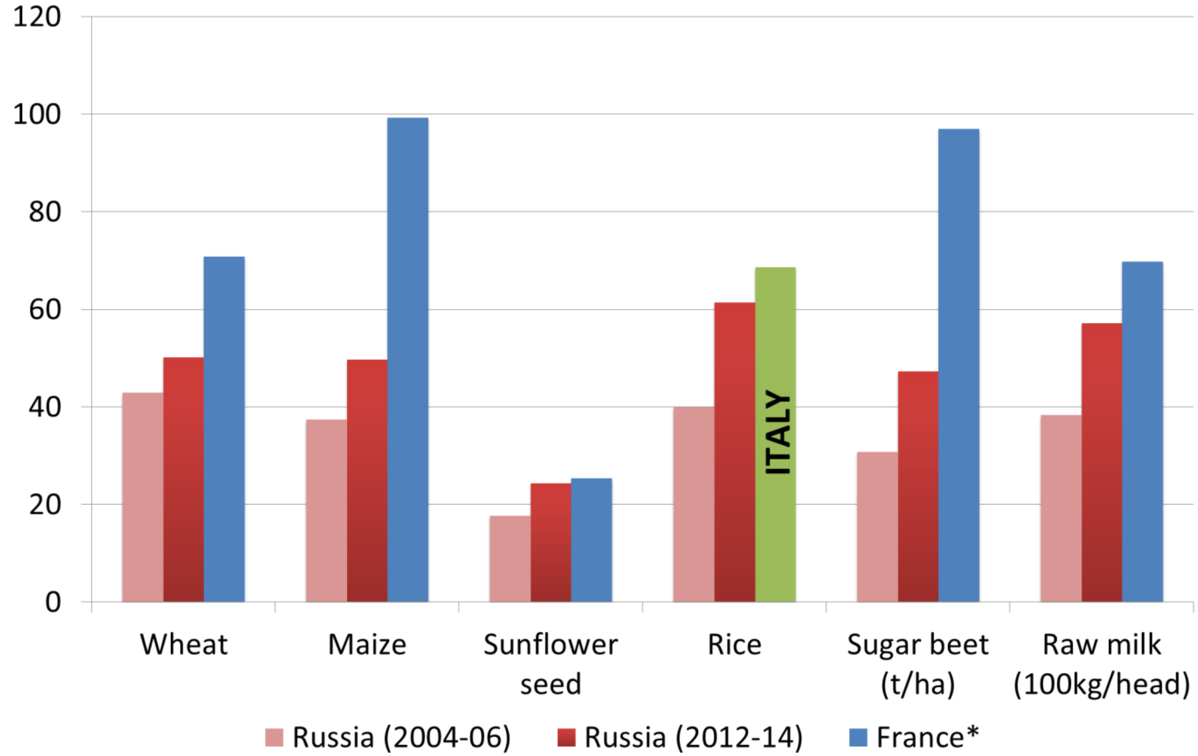
Production potential



Yield gap: 2004-06 Rus average (Krasnodar), 2012-14 Rus average (Krasnodar) and France (*Rice yield: Krasnodar to Italy)

Trade potential

	2013/14	2020	Countries/Regions
Wheat	18 260	26 000	Middle East, Africa, Southeast Asia
Maize	4 052	8 000	
Sunflower oil	3 866	5 000	
Rice	190	260	Turkey, CIS, Mongolia, Iran
Poultry* (incl. by-products)	55	180	China, Southeast Asia, Kazakhstan, Africa

**** 2014 year results***

Factors influencing future developments

- Macroeconomic destabilization may affect future investment and business climate
- “Governmentalization” of the main national economy industries
- Speed of localization (if any) of major multinational ag machinery, ag chemicals, and genetic brands
- The development of Eurasian Economic Union and its common ag market

Main strengths and weaknesses

Strengths

- Sizable non-tackled efficiency gap and relevant growth potential
- Strong geo location and strong import substitution opportunities
- Improving of domestic products competitiveness and strong output growth opportunity window

Weaknesses

- Aggravated terms of domestic farm and agribusiness finance
- Outdated infrastructure and state monopolies
- General investment climate and rule of law need substantial improvements

Recommendations

- To combine both the support of most advanced export oriented industries, such as grains, and oilseeds, as well as address import substitution potential in most promising vertical subsectors
- The rule of law and private ownership institutional building must become the priorities for the domestic agricultural economics agenda
- The state must concentrate its support on green box type of measures rather than on quite distorting and contradictory direct farm support