Legal Framework for Agricultural Production and Environmental Protection in Tyumen Province of Russian Federation

PART I – ADMINISTRATIVE STRUCTURE OF RUSSIAN FEDERATION
PART II – AGRICULTURAL POLICY

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Based on the analysis of legal documents and reports; for internal use only
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Preface

This document provides the basic information about the Tyumen province (the geographical focus of SASCHA project) in the part of its place within the administrative structure of Russian Federation (Part I), and agricultural policy (Part II). The overview includes the administrative characteristic of the province, as well as the analysis of the legal framework which regulates agricultural production.

The content of the document is based on the analysis of legal documents and official reports. The analysis presented in the document will be updated after the explorative field research conducted by the sub-project 800 (SP800).

The purpose of the document is to assist the readers in preparing their field work, specifically:

- guiding the explorative field research;
- defining the issues which require clarification;
- identifying stakeholders, and
- interpreting empirical data.

The document is intended for the internal use by the researchers of all SASCHA sub-projects.

This report should be quoted as follows:


The content of this report is the sole responsibility of the author and does not necessarily represent the views of Germany or of the German Federal Ministry of Education and Research (BMBF).
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Abbreviations

AD    autonomous district

CRF   Constitution of Russian Federation

FAWR  Federal Agency of Water Resources

FSE   federal state establishment

GRF   Government of Russian Federation

ha    hectare

MARF  Ministry of Agriculture of Russian Federation

MERF  Ministry of Natural Resources and Ecology of Russian Federation

n/a   not available

RF    Russian Federation

SE    state establishment

SP    sub-project

t     ton

TP    Tyumen province

UFD   Ural Federal District

WTO   World Trade Organization
PART I: Administrative Structure of Russian Federation
1 Administrative Structure of Russian Federation

Russian Federation consists of 83 federal subjects (members) with equal rights. These federal subjects include 21 republics, 9 krais, 46 provinces (oblast), 4 autonomous areas (okrug), 2 cities of federal importance and 1 autonomous province (CRF, Article 65).

The relationships between the federal authorities and authorities of the federal subjects are regulated by the articles 71-72 of the Constitution of Russian Federation (CRF) and the federal agreements about the delimitation of power and responsibilities (further referred to as Federal Agreement). The issues related to the:

- ownership and use of land, subsoil, water and other natural resources,
- environmental protection and ecological safety, nature protected areas,
- land, water and forest legislation

are jointly regulated by the federal authorities and authorities of single federal subjects (CRF, Article 72; Federal Agreement, Article 2).

Each of the federal subjects has own statute and the power to establish own legislative system effective on the territory of the federal subject. The legislation of a federal subject is approved by its legislature (e.g. Duma of Tyumen province), and implemented by the government. The legislation of the federal subjects must be consistent with the federal legislation which is approved by the Parliament of Russian Federation (Duma). The Constitution and federal laws are legally superior to the statutes and laws of the federal subjects (CRF, Article 4).

Next to being divided into 83 federal subjects, Russian Federation is divided into 8 federal districts. The objectives of such division are:

- to assist the President of Russian Federation in executing his authority;
- to increase the effectiveness of the functioning of the federal governmental bodies, and
- to improve the system of control after the execution of the decisions of the federal governmental bodies (President 2000).

In each of the federal districts a plenipotentiary representative of the President of Russian Federation monitors the execution of the federal legislation by the authorities of the federal subjects and coordinates the work of the executive bodies within the federal district.

Next to administrative structure, the territory of Russian Federation is organised into 11 economic regions according to the geographical location, natural characteristics, economic conditions, and the historically formed production specialization.

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1 All federal subjects except for Republics have statutes. Republics have Constitutions.
2 Geographical and Administrative Characteristic of Tyumen Province

2.1 Geographical Characteristic of Tyumen Province

The Tyumen province was established in August 1944 with administrative centre in Tyumen (2144 kilometers from Moscow). It is the 3\textsuperscript{rd} largest federal subject of Russia with the territory of 1435.2 thousand square kilometres\(^2\). Its length from North to South comprises 2100 kilometres, from West to East – 1400 kilometres.

The northern frontier of the province is washed by the waters of the Kara Sea; the province borders Kazakhstan, Komi Republic, Krasnoyarsk Krai, and the provinces of Sverdlovsk, Kurgan, Omsk, Tomsk and Arkhangelsk (Department of Statistics of Tyumen Province).

2.2 Administrative Characteristic of Tyumen Province

2.2.1 Authorities of the Federal Subjects in Tyumen Province

The Tyumen province is the compound federal subject of Russian Federation because it embodies another two legally equal federal subjects – the Khanty-Mansiysk autonomous district – Yugra, and the Yamal-Nenetsk autonomous district (Statute of Tyumen Province, Article 1). Consequently the territory of the province includes the territories of the autonomous districts (Duma of Tyumen Province 1995, Article 2). The two autonomous districts were historically (in accordance with the Decree of the Supreme Soviet of the USSR from 14\textsuperscript{th} of August 1944) a part of the Tyumen province; this was later confirmed in the Federal Agreement and the Constitution of Russian Federation (Korepanov 2007). From the administrative perspective the complex structure of the Tyumen province means that in the part of the issues of joint competence of Russian Federation and the federal subjects the power of public authorities of the Tyumen province may also be extended to the autonomous districts (Constitutional Court of Russian Federation 1997).

Each of the three federal subjects (Tyumen province, Khanty-Mansiysk AD – Yugra and Yamal-Nenetsk AD) has own authorities. Here the legislature is represented by the respective Dumas, the executive – by governors and their apparatus. Among the executive agencies the following are relevant to the SASCHA project:

- Department of Agro-Industrial Development;
- Department of Investment Policy and State Support of Entrepreneurship;
- Department of Forestry;
- Department of the Use of Subsoil Resources and Ecology;
- Department of Finances;
- Department of Economy.

\(^2\) Including the territory of the Khanty-Mansiysk autonomous district-Yugra and the Yamal-Nenetsk autonomous district. For details see Section 2.2.1.
Table 2-1: Administrative Structure of Tyumen Province

<table>
<thead>
<tr>
<th>Federal Subject</th>
<th>Administrative Centre</th>
<th>Territory, thousand km²</th>
<th>Population, thousand people</th>
<th>No of Regions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tyumen province (+) a</td>
<td>Tyumen</td>
<td>1435.2</td>
<td>3404.7</td>
<td>38</td>
</tr>
<tr>
<td>Tyumen province (-) b</td>
<td>Tyumen</td>
<td>131.1</td>
<td>1343.1</td>
<td>22</td>
</tr>
<tr>
<td>Khanty-Mansiysk AD</td>
<td>Khanty-Mansiysk</td>
<td>534.8</td>
<td>1536.8</td>
<td>9</td>
</tr>
<tr>
<td>Yamal-Nenetsk AD</td>
<td>Novyy Urengoy</td>
<td>769.3</td>
<td>524.8</td>
<td>7</td>
</tr>
</tbody>
</table>

a Including Khanty-Mansiysk and Yamal-Nenetsk autonomous districts
b Without autonomous districts

Source: the official web-site of public authorities in Tyumen province [http://admtyumen.ru/ogv_ru/index.htm];
the official web-site of public authorities in Khanty-Mansiysk autonomous district [http://www2.admhmao.ru/wps/portal/hmao];

The relationships and distribution of responsibilities among the Tyumen province and the two autonomous districts is regulated by Articles 12-20 of the Statute of Tyumen Province (Duma of Tyumen Province 1995), Decree No 92 of the Duma of Tyumen province (Duma of Tyumen Province 1994), and Decree No 3 of the Council of Governors of Tyumen province (Council of Governors of Tyumen Province 1998). The coordination of activities among the three federal subjects is organized through:

- the joint meetings of the Tyumen, Khanty-Mansijsk and Yamal-Nenetsk Dumas;
- the Legislative Council (includes the Councils of the Tyumen, Khanty-Mansijsk and Yamal-Nenetsk Duma), and

In addition, some issues, such as province budget and the share of single federal subjects in it, are regulated by the agreements among the Tyumen province and the autonomous districts.

2.2.2 Federal Authorities in Tyumen Province

Next to own legislature and executive, the federal authorities are operating within the territory of Tyumen province.

Tyumen province (+) together with Sverdlovsk, Chelyabinsk and Kurgansk provinces forms the Ural Federal District (UFD). The Plenipotentiary Representative of the President of Russian Federation in the UFD carries out his tasks (see Section 1) with the assistance of advisory and consulting groups. For the issues addressed by SASCHA project the following working groups are relevant:

- the council on economic policy in the part of fuel and energy complex, mineral resources base, ecology and environmental protection;
- working group on the establishment of Ural grain company.

The UFD Doctrine of Food Security is the main document of interest for SASCHA project which is coordinated and monitored by the Plenipotentiary Representative of the President of Russian Federation in the UFD (see Section 3.2).

Within each of the federal subjects a federal inspector operates\(^3\) who is a subordinate to the Plenipotentiary Representative of the President in UFD. The federal inspectors coordinate the activities of the representatives of federal executives within federal subjects. In Tyumen province the following federal authorities relevant to the focus of SASCHA project are operating:

- the Low-Ob river basin department of the Federal Agency of Water Resources;
- Department of the Federal Service of State Registration, Cadastre and Cartography in Tyumen province (responsible for management of land resources);
- Department of the Federal Service of Control after the Use of Natural Resources in Tyumen province;
- Federal State Establishment (FSE) “Bureau of Land Melioration and Agricultural Water Supply of Tyumen Province”;\(^4\)
- Branch of the FSE “Russian Agricultural Centre” in Tyumen province;
- FSE “Territorial Information Base on Natural Resources and Environmental Protection of the Ministry on Environmental Protection in UFD”;
- State Establishment “Tyumen Centre of Hydrometeorology and Environmental Monitoring”;
- FSE on the water economy of the Low-Ob river basin;
- FSE “Land Cadastre Chamber in Tyumen Province”.

2.2.3 Public Authorities in Tyumen Province: Summary

The overview of the public authorities in Tyumen province is provided in Table 2-2. From the information presented in the table we may conclude about the following aspects which might be of interest for the project:

- agricultural activities are conducted in Tyumen province (-) and Yamal-Nenetsk AD (reindeer breeding); agricultural sector in Khanty-Mansiysk AD is very small;
- management of land and water resources is a responsibility of the federal authorities;
- management of forest resources is a responsibility of the public authorities of Tumen province.

\(^3\) Within the territory of Tyumen province (+) three federal inspectors are operating: within the Tyumen province (-), within the Khanty-Mansiysk AD and within the Yamal-Nenetsk AD.
Table 2-2: Public Authorities in Tyumen Province

<table>
<thead>
<tr>
<th>Public Authorities</th>
<th>Tyumen Province (+)</th>
<th>Tyumen Province (-)</th>
<th>Khanty-Mansiysk AD</th>
<th>Yamal-Nenetsk AD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislature</td>
<td>Council of Legislature</td>
<td>Duma of Tyumen Province</td>
<td>Duma of Khanty-Mansiysk AD</td>
<td>Duma of Yamal-Nenetsk AD</td>
</tr>
<tr>
<td>Highest executive</td>
<td>Council of Governors</td>
<td>Governor of Tyumen province</td>
<td>Governor of Khanty-Mansiysk AD</td>
<td>Governor of Yamal-Nenetsk AD</td>
</tr>
<tr>
<td>Economy and Finances</td>
<td>Department of economy</td>
<td>Department of investment policy and state support of entrepreneurship</td>
<td>Department of finances</td>
<td>Department of economy</td>
</tr>
<tr>
<td>Ecology and environmental protection</td>
<td>Department of the use of subsoil resources and ecology</td>
<td>Department of ecology</td>
<td>Service of ecology</td>
<td>Department of ecology</td>
</tr>
<tr>
<td>Natural resources</td>
<td>Department of the use of subsoil resources and ecology</td>
<td>Department of natural resources and the non-raw sector of economy</td>
<td>Department of the management of natural resources and the oil-gas complex</td>
<td></td>
</tr>
<tr>
<td>Forest</td>
<td>Department of forestry</td>
<td>Service of monitoring and control in the field of the protection of environment, animal world and forest relations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>Department of agri-industrial development</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Authorities Executives</td>
<td>Highest executive</td>
<td>Federal inspector in Tyumen province</td>
<td>Federal inspector in Khanty-Mansiysk AD</td>
<td>Federal inspector in Yamal-Nenetsk AD</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>------------------</td>
<td>--------------------------------------</td>
<td>----------------------------------------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td>Ecology and environmental protection</td>
<td>Plenipotentiary representative of the President of RF in UFD</td>
<td>FSE “Territorial information base on natural resources and environmental protection of the Ministry on Environmental Protection in UFD” SE “Tyumen centre of hydrometeorology and environmental monitoring”</td>
<td>SE “Khanty-Mansiysk district centre of hydrometeorology and environmental monitoring”</td>
<td>Branch of the FSE “Territorial information base on natural resources and environmental protection of the Ministry on Environmental Protection in UFD” SE “Yamal-Nenetsk centre of hydrometeorology and environmental monitoring” Noyabrsk, Novy Urengoy, Salehard complex departments of the federal service of ecological, technological and nuclear monitoring</td>
</tr>
<tr>
<td>Natural resources:</td>
<td>Department of the federal service of control after the use of natural resources in Tyumen province</td>
<td>Department of the federal service of control after the use of natural resources</td>
<td>Department of the federal service of control after the use of natural resources in Yamal-Nenetsk AD</td>
<td></td>
</tr>
<tr>
<td>- Land</td>
<td>Department of the federal service of state registration, cadastre and cartography in Tyumen province FSE “Land cadastre chamber in Tyumen province”</td>
<td>Department of the federal service of state registration, cadastre and cartography</td>
<td>Department of the federal service of state registration, cadastre and cartography FSE “Land cadastre chamber in Yamal-Nenetsk AD”</td>
<td></td>
</tr>
<tr>
<td>- Water</td>
<td>Low-Ob river basin department of the Federal Agency of Water Resources FSE “Bureau of land melioration and agricultural water supply of Tyumen province” FSE on the water economy of the Low-Ob river basin</td>
<td>Department of water resources of the Low-Ob river basin</td>
<td>Department of water resources of the Low-Ob river basin</td>
<td></td>
</tr>
<tr>
<td>Agriculture</td>
<td>FSE “Bureau of land melioration and agricultural water supply of Tyumen province” Branch of the FSE “Russian agricultural centre” in Tyumen province</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: compiled by the author
PART II: AGRICULTURAL POLICY
3 Agricultural Policy

3.1 Federal Agricultural Policy

Agricultural production in Russian Federation is regulated by a number of legislative acts; the main documents on the federal level are:

- the Federal Law No 264 from 29th of December 2006 “On the Development of Agriculture” (Duma of Russian Federation 2006), and

3.1.1 Goals of Russia’s Agricultural Policy and Policy Measures

The Federal Law “On the Development of Agriculture” (Duma of Russian Federation 2006) sets the general framework for the state regulation of agricultural production in Russian Federation. It defines the term “agricultural producer” and sets the goals, directions and mechanisms of Russia’s agricultural policy.

The Law recognises the following types of agricultural producers:

- citizens conducting subsidiary production;
- agricultural organizations;
- agricultural consumption cooperatives, and
- peasant farms.

The law specifies that agricultural producer is an organisation or an individual entrepreneur who produces, processes and sells agricultural products under the condition that the income share from the sale of agricultural products constitutes not less than 70% of the total income in the calendar year.

The overall aim of the Russia’s agricultural policy is to ensure the country’s food security and independence from food import. The specific goals contributing to this aim are:

- increase in the competitiveness of Russian agricultural products and Russian agricultural producers;
- sustainable development of rural areas, employment of rural population and increase in its living standard;
- preservation and restoration of natural resources used for agricultural production
- establishment of the effective market for agricultural products and development of market infrastructure;
- creation of the favourable investment climate and increase in investments in agriculture;
- monitoring of the price indexes on agricultural products and price (tariff) indexes on industrial products (services).

State support of agricultural producers is the principal mechanism to achieve the policy goals. Here the following measures of the economic stimulation are foreseen by the law:
- subsidised credits to agricultural producers;
- subsidised insurance of production risks, such as full or partial loss of agricultural yields and perennial plantations resulting from such natural phenomena as draught, dust storms, winterkill, floods etc. The subsidies are provided in the amount of 50% of the insurance premium paid by agricultural producer;
- state support of measures for the protection of soil and agricultural land. Here the economic stimulation of the application of fertilizers is specifically mentioned.

Not only the production process, but also the market for agricultural produce is regulated by the Russia’s agricultural policy. The law specifies the following mechanisms of market control:
- setting the minimum and maximum settlement prices for agricultural products;
- intervention purchase;
- intervention sale;
- customs measures to limit the import of agricultural products on the territory of Russian Federation.

Thus, agricultural production in Russian Federation takes place in the conditions of strong protectionism and control. Being one of the most protected branches of the economy, agriculture is expected to experience particularly strong effects of the country’s accession to the WTO. The protocol of accession was signed on the 16th of December 2011 at the 8th Ministerial Conference. The last step to complete the accession process is for the Parliament of Russian Federation to ratify the protocol; this is expected to happen in July-August 2012. Currently the government of the country is in the process of finding the possibilities to protect some sectors of the country’s economy (including agriculture) under the conditions of WTO accession. According to the RiaNovosti, the consensus on the protectionist measures has not been reached as for 20th of February 2012.

The State Program of Agricultural Development and Regulation of Markets on Agricultural Products, Raw Materials and Food for 2008-2012 (Government of Russian Federation 2007, referred further to as the Federal Program of Agricultural Development) was developed at the

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request of the Ministry of Agriculture in response to the Law “On the Development of Agriculture”. The document represents the detailed plan of the law implementation where the general goals of the Russia’s agricultural policy are translated into concrete objectives, and the precise measures to achieve those objectives are developed with indication of funding sources.

The objectives of Russia’s agricultural policy can be allocated into two groups:

- objectives related directly to agricultural production, for example increase in animal and crop production, or increase in animal and crops productivity. The overall target of the programme is to achieve a 24.1% increase in agricultural output by 2012 in comparison to 2006. This target should be attained through a range of improvements in animal and crop production processes, as indicated in details in the following sections;

- objectives related to the support of agricultural production. Here belong the objectives and policy measures related to the financial stability of agricultural enterprises (see Section 3.1.4), development of infrastructure and logistics (see Section 3.1.4), soil fertility (see Section 3.1.5) and rural development (see Section 3.1.6).

The second group of objectives aims at the reduction of risks which may prevent Russia’s agricultural sector from reaching the policy goals. The Federal Program of Agricultural Development recognises the following risks:

- macroeconomic risks which may slow down economic development and investments in agriculture, and cause the sector’s dependency on state support;

- natural and climate risks. Agriculture depends strongly on the natural and climate conditions which determine crops productivity and forage availability to agricultural animals;

- social risks determined by the decreasing attractiveness of rural areas and the increasing disparity between the living standard in the cities and villages;

- legislative risks related to the imperfections in Russia’s legislative system. Here specifically the difficulties with legalizing property rights on land are mentioned. These difficulties prevent land mortgage and attraction of financial resources in market conditions.

The Federal Program of Agricultural Development recognises that some federal subjects might have other priorities of agricultural development determined by natural, economic, social or cultural characteristics than those indicated in the Program. In such cases the Federal Program of Agricultural Development provides the opportunity to finance the economically important programmes of agricultural development of the subjects of Russian Federation.

The decision on the subsidies to the budgets of federal subjects is taken on a competitive basis after the federal subjects submit their targeted integrated programs which should fulfil the following requirements:
- the program does not copy the measures foreseen by the Federal Program of Agricultural Development;
- the program is of particular importance for rural development within the federal subject;
- the program supports the traditional for the federal subject branch of agriculture;
- the program creates conditions for the development of a novel direction of agricultural production with positive impact on socio-economic development of rural areas.

The targeted integrated program of agricultural development of the federal subjects is one of the real options to integrate, finance and implement the sustainable development strategy elaborated by the SASCHA project. The Draft State Program of Agricultural Development for 2013-2012 (Ministry of Agriculture of Russian Federation 2012) prolongs the measure “Support of the Economically Important Programs of the Subjects of Russian Federation”. However, in contrast to the Program of Agricultural Development 2008-2012 the measure specifies the directions of agricultural production which are of priority for state support. In the part of crop production these are:
- protected vegetable cultivation;
- production and pre-processing of flax and hemp, and
- development of plant nursery.

In the part of animal production the following direction of the regional programs are favoured by the federal government:
- development of milk cattle-breeding;
- development of meat cattle breeding;
- development of selection-genetic and selection-hybrid pig-breeding centres, and
- development of the processing of pig products.

Thus, funding of the sustainable development strategy developed within the SASCHA project would be possible only if it corresponds to the above mentioned federal priorities of agricultural development.

3.1.2 The Animal Production Objectives of Russia’s Agricultural Policy

The Federal Program of Agricultural Development reports the low level of meat and milk production and high Russia’s dependency on the import of these products. Thus, if in crop production the 1990 production level was reached already in 2004, the animal production branch reached only half of the 1990 production level in 2007. That is one of the reasons why animal production is of high priority in the Federal Programme of Agricultural Development.

Other reason for promoting animal production is its link to the preservation of soil fertility and increase in living standard. Organic fertilizers are a by-product of animal production; the
branch contributes to the soil fertility and crop production objectives of Russia’s agricultural policy. High share of meat in the ration of people is in Russia an indicator of high living standard. Thus, enabling the increase in meat consumption would pursue the objectives of Russia’s socio-economic development, in particular in rural areas.

The Federal Programme of Agricultural Development aims at the increase in the average meat consumption from 55 kg per year per capita in 2005 to 73 kg per year per capita in 2012, and in average consumption of milk and milk products (in terms of milk) – from 235 kg per year per capita in 2005 to 261 kg per year per capita in 2012. The specific objectives indicate the target volume of produce to be achieved in different sub branches by 2012. These objectives are summarized in Table 3-1.

**Table 3-1: Animal Production Objectives of Russian Federation**

<table>
<thead>
<tr>
<th>General objectives</th>
<th>Specific objectives (by sub branch)</th>
</tr>
</thead>
<tbody>
<tr>
<td>– to increase animal production by 32.9% by 2012 in comparison to 2006</td>
<td>– to ensure that by 2012 pedigree animals constitute 13% of the total population of agricultural animal</td>
</tr>
<tr>
<td>– to ensure the annual increase of 5% in animal production index starting from 2009</td>
<td>– to reach the production of 11.4 mln. ton livestock and poultry in live weight by 2012</td>
</tr>
<tr>
<td></td>
<td>– to achieve the 70% share of domestically produced meat on the meat market</td>
</tr>
<tr>
<td></td>
<td>– to reach the production of 37 mln. ton milk by 2012</td>
</tr>
<tr>
<td></td>
<td>– to achieve the 81% share of domestically produced milk on the market for milk and milk products</td>
</tr>
<tr>
<td></td>
<td>– to increase the production of poultry meat from 2.55 mln. ton in 2009 to 3.4 mln. ton in 2012</td>
</tr>
<tr>
<td></td>
<td>– to increase the production of poultry meat from 18 kg per year per capita in 2009 to 24.5 kg per year per capita by 2012</td>
</tr>
<tr>
<td></td>
<td>– to increase the production of eggs from 39.4 bln. in 2009 to 43 bln. by 2012</td>
</tr>
<tr>
<td></td>
<td>– to increase eggs production from 262 per year per capita in 2009 to 303 per year per capita by 2012</td>
</tr>
<tr>
<td></td>
<td>– to decrease the share of imported poultry meat from 27.9% in 2009 to 14% by 2012</td>
</tr>
</tbody>
</table>

**Source:** compiled by the author on the basis of the Federal Program of Agricultural Development and the Program of Poultry Farming

Next to the Federal Programme of Agricultural Development the meat production in Russian Federation is regulated by the Targeted Program of the Ministry of Agriculture “Development of Poultry Farming in Russian Federation for 2010-2012 and Conception of the Development of the Poultry Farming Branch for the Period 2013-2020” (Ministry of Agriculture of Russian Federation 2010a, referred further to as the Programme of Poultry Farming). The development of the poultry sub branch is particularly important for the achievement of Russia’s meat production objectives because of the short production cycle and the potential of the sub branch to sharply increase the production volume within a short term.
The development of animal production is supported by the state. The budget funding is available for various measures within the Federal Programme of Agricultural Development and the Programme of Poultry Farming. Table 3-2 summarizes the amount of funding to be allocated from the federal budget. The funds from the federal budget are expected to cover up to 30% of costs bore by agricultural producers. The funds from the federal budget are available only on the condition that federal subjects contribute to the funding of measures from their own budgets in the amount of not less than 30% of the funds available from the federal budget.

Table 3-2: Funding of Animal Production from the Federal Budget

<table>
<thead>
<tr>
<th>Funding Purpose</th>
<th>Amount of Financing, mil. RUB (EUR)</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2009</td>
<td>2010</td>
<td>2011</td>
<td>2012</td>
<td></td>
</tr>
<tr>
<td><strong>Programme of Agr. Development</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Support of pedigree stock-breeding, including:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- subsidies to support pedigree stock-breeding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Development of goat and sheep production</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Anti-epizootic measures</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Programme of Poultry Farming</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction of poultry producing enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconstruction of poultry producing enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconstruction of egg producing enterprises</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction of reproducers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reconstruction of reproducers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidies to cover part of payment for agricultural credits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*a* For calculation the average RUB to EUR exchange rate for the period 14.07.2006-14.07.2007 was used. The average RUB to EUR exchange rate for the period was 0.0286 EUR for 1 RUB, obtained from [http://www.oanda.com/lang/de/currency/historical-rates/](http://www.oanda.com/lang/de/currency/historical-rates/)

*b* For calculation the average RUB to EUR exchange rate for the period 15.12.2009-15.12.2010 was used. The average RUB to EUR exchange rate for the period was 0.0242 EUR for 1 RUB, obtained from [http://www.oanda.com/lang/de/currency/historical-rates/](http://www.oanda.com/lang/de/currency/historical-rates/)

*Source:* compiled by the author on the basis of the Federal Program of Agricultural Development and the Program of Poultry Farming
3.1.3 The Crop Production Objectives of Russia’s Agricultural Policy

Crop production in Russian Federation is considered to be in a better condition than animal production. The following development directions are set for the branch by the Federal Program of Agricultural Development:

- increasing crop productivity;
- production of high-quality domestic seed material;
- production of flax;
- production of rape-seed;
- crop production in the conditions of Extreme North;
- establishment of perennial plantations.

The increased flax production should provide the Russian industry with raw material, namely flax seed and fiber. Flax production in Russia was regulated by the Targeted Program of the Ministry of Agriculture “Development of Flax Complex of Russia for 2008-2010” (Ministry of Agriculture of Russian Federation 2008).

Increase in the production of rape-seed aims at the provision of population with oil and animal production – with forage proteins. Rape-seed oil is not yet considered in Russia a source of energy.

Table 3-3: Crop Production Objectives of Russian Federation

<table>
<thead>
<tr>
<th>Specific objectives</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>- to organize the reproduction of high-quality seed material by ensuring that by 2012 not less than 10-15% of the total sawn area is under elite seeds</td>
<td></td>
</tr>
<tr>
<td>- to increase the productivity of cereals by 14% in the period 2008-2012 in comparison to the productivity in the period 2002-2006</td>
<td></td>
</tr>
<tr>
<td>- to reach the average cereals productivity of 2.13 t/ha</td>
<td></td>
</tr>
<tr>
<td>- to increase the gross yield of flax seed to 36.7 thousand ton</td>
<td></td>
</tr>
<tr>
<td>- to increase the gross yield of flax fiber to 96 thousand ton</td>
<td></td>
</tr>
<tr>
<td>- to increase flax productivity (fiber) to 0.8 t/ha</td>
<td></td>
</tr>
<tr>
<td>- to increase the area under flax to 120 thousand ha</td>
<td></td>
</tr>
</tbody>
</table>

Source: compiled by the author on the basis of the Federal Program of Agricultural Development and the Program on the Development of Flax Complex

The increasing crop production in Extreme North aims at the provision of animal production branch with forage. With this purpose it is planned to expand the cultivation of low productive land. For Tyumen province this direction of agricultural development means the expansion of land cultivation in the Yamal-Nenetsk AD; also the share of arable land on the border between Siberia and Taiga might increase.
Agricultural Policy

The crop production measures are supported from the federal budget in the same way as the animal production measures: the funds available from the federal budget should cover up to 30% of expenditures needed for the achievement of the crop production objectives. The required contribution from the budgets of federal subjects should constitute 30% of the funds available from the federal budget. The planned funding of different crop production measures by source is summarized in Table 3-4.

Table 3-4: Funding of Crop Production from the Federal Budget

<table>
<thead>
<tr>
<th>Funding Purpose</th>
<th>Amount of Financing, mil. RUB (mil. EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
</tr>
<tr>
<td><strong>Programme of Agr. Development</strong> (^a)</td>
<td>3,159.41</td>
</tr>
<tr>
<td></td>
<td>(90.35)</td>
</tr>
<tr>
<td>Support of the elite seeds production</td>
<td>477.40</td>
</tr>
<tr>
<td></td>
<td>(13.65)</td>
</tr>
<tr>
<td>Support of agricultural producers in Extreme North</td>
<td>400.00</td>
</tr>
<tr>
<td></td>
<td>(11.44)</td>
</tr>
<tr>
<td>Development of flax production, including:</td>
<td>665.26</td>
</tr>
<tr>
<td></td>
<td>(19.03)</td>
</tr>
<tr>
<td>- subsidies to loan charges for the credits on</td>
<td>22.67</td>
</tr>
<tr>
<td>purchase</td>
<td>(0.65)</td>
</tr>
<tr>
<td>- subsidies to the purchase of elite seed</td>
<td>22.76</td>
</tr>
<tr>
<td></td>
<td>(0.65)</td>
</tr>
<tr>
<td>- subsidies to flax production</td>
<td>231.00</td>
</tr>
<tr>
<td></td>
<td>(6.61)</td>
</tr>
<tr>
<td>Rape-seed production, including:</td>
<td>656.20</td>
</tr>
<tr>
<td></td>
<td>(18.76)</td>
</tr>
<tr>
<td>- subsidies to loan charges for credits</td>
<td>275.00</td>
</tr>
<tr>
<td></td>
<td>(7.87)</td>
</tr>
<tr>
<td>- partial compensation of costs on chemicals</td>
<td>282.80</td>
</tr>
<tr>
<td></td>
<td>(8.09)</td>
</tr>
<tr>
<td>- subsidies to the purchase of elite seed</td>
<td>55.40</td>
</tr>
<tr>
<td></td>
<td>(1.58)</td>
</tr>
<tr>
<td>Establishment of perennial plantations</td>
<td>960.55</td>
</tr>
<tr>
<td></td>
<td>(27.47)</td>
</tr>
<tr>
<td><strong>Programme on the Development of Flax Complex</strong> (^b)</td>
<td>655.26</td>
</tr>
<tr>
<td></td>
<td>(17.82)</td>
</tr>
</tbody>
</table>

\(^a\) For calculation the average RUB to EUR exchange rate for the period 14.07.2006-14.07.2007 was used. The average RUB to EUR exchange rate for the period was 0.0286 EUR for 1 RUB, obtained from [http://www.oanda.com/lang/de/currency/historical-rates/](http://www.oanda.com/lang/de/currency/historical-rates/)

\(^b\) For calculation the average RUB to EUR exchange rate for the period 16.06.2007-16.06.2008 was used. The average RUB to EUR exchange rate in the period was 0.0272 EUR for 1 RUB, obtained from [http://www.oanda.com/lang/de/currency/historical-rates/](http://www.oanda.com/lang/de/currency/historical-rates/)

Source: compiled by the author on the basis of the Federal Program of Agricultural Development and the Program on the Development of Flax Complex
3.1.4 Support of Agricultural Enterprises in the Part of Financial Stability, Infrastructure and Logistics

Financial instability and low profitability of agricultural enterprises are considered in the Federal Program of Agricultural Development an obstacle to the development of the sector and achievement of agricultural production objectives. Russia’s agricultural policy aims at the decrease of the producers’ dependency on state support. This is to be achieved by the reduction in the number of unprofitable producers and increase in the average profitability rate (see Table 3-5). The Federal Program of Agricultural Development foresees the following measures:

- attracting the credits of commercial banks and loans of the agricultural credit and consumption cooperatives;
- development of land mortgage system;
- support to the small forms of agricultural producers;
- rescheduling of debts of agricultural enterprises. This measure is further regulated by the Federal Law “On the Financial Rehabilitation of Agricultural Producers” (Duma of Russian Federation 2002).

Table 3-5: Objectives of the Financial Stability of Agricultural Enterprises in Russian Federation

<table>
<thead>
<tr>
<th>General objectives</th>
<th>Specific objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>- to reduce the share of unprofitable producers till 30%</td>
<td>- to increase the share of the insured cultivated areas to 40% of the total cultivated area</td>
</tr>
<tr>
<td>- to achieve the average profitability of 10% for agricultural enterprises</td>
<td></td>
</tr>
</tbody>
</table>

Source: compiled by the author on the basis of the Federal Program of Agricultural Development

The Federal Program of Agricultural Development foresees subsidies from the federal budget on the partial reimbursement of the loan payment for the following types of credits:

- short-term credits for a period up to 1 year on the purchase of fuels and lubricants, spares, mineral fertilizers, chemicals, young animals etc.
- investment credits for the period up to 8 years for the purchase of equipment, machines, transportation means construction and reconstruction of agricultural premises etc.

The Federal Program of Agricultural Development also foresees support of subsistent agricultural producers by providing partial reimbursement of the loan payment for the following types of credits:

- for a period up to 2 years on the purchase of fuels and lubricants, spares, mineral fertilizers, chemicals, forage etc.
investment credits for the period up to 5 years for the purchase of agricultural animals, machines, tractors, transportation means, construction and reconstruction of agricultural premises etc.

Table 3-6: Funding of Measures for the Financial Stability of Agricultural Enterprises and the Development of Infrastructure and Logistic from the Federal Budget

<table>
<thead>
<tr>
<th>Funding Purpose</th>
<th>Amount of Financing, mln. RUB (mln. EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Programme of Agr. Development a</strong></td>
<td>2008          2009          2010          2011          2012</td>
</tr>
<tr>
<td></td>
<td>(976.80)      (1098.92)      (1329.11)     (1391.06)     (1410.18)</td>
</tr>
<tr>
<td>Increasing availability of credits, including:</td>
<td>22,826.70     31,096.43     38,445.05     40,238.40     40,537.1</td>
</tr>
<tr>
<td>- subsidies to reimburse the loan payments for short-term</td>
<td>(652.84)      (889.36)      (1099.53)     (1150.82)     (1159.36)</td>
</tr>
<tr>
<td>credits</td>
<td>6,000.00      9,000.00      10,000.00     10,500.00     11,025.00</td>
</tr>
<tr>
<td></td>
<td>(171.60)      (257.40)      (286.00)      (300.30)      (315.31)</td>
</tr>
<tr>
<td>- subsidies to reimburse the loan payments for investment</td>
<td>16,826.70     22,096.43     28,445.05     29,738.40     29,512.10</td>
</tr>
<tr>
<td>credits</td>
<td>(481.24)      (631.96)      (813.53)      (850.52)      (844.05)</td>
</tr>
<tr>
<td>Increasing financial stability of small forms of agricultural production, including:</td>
<td>11,327.20     7,327.20      8,027.20      8,400.00      8,770.00</td>
</tr>
<tr>
<td></td>
<td>(323.96)      (209.56)      (229.58)      (240.24)      (250.82)</td>
</tr>
<tr>
<td>- subsidies for the loan payments</td>
<td>5,627.20      6,327.20      7,027.20      7,400.00      7,770.00</td>
</tr>
<tr>
<td></td>
<td>(160.94)      (180.96)      (200.98)      (211.64)      (222.22)</td>
</tr>
<tr>
<td>- increasing the authorized capital of the public joint-</td>
<td>5,700.00      1,000.00      1,000.00      1,000.00      1,000.00</td>
</tr>
<tr>
<td>stock company “Russian Agricultural Bank”</td>
<td>(163.02)      (28.60)       (28.60)       (28.60)       (28.60)</td>
</tr>
<tr>
<td><strong>Program of the Development of Infrastructure and Logistics b</strong></td>
<td>-             -             1,000.00      3,980.00      7,020.00</td>
</tr>
<tr>
<td></td>
<td>(24.20)      (96.32)       (169.88)</td>
</tr>
</tbody>
</table>

For calculation the average RUB to EUR exchange rate for the period 14.07.2006-14.07.2007 was used. The average RUB to EUR exchange rate for the period was 0.0286 EUR for 1 RUB, obtained from [http://www.oanda.com/lang/de/currency/historical-rates/](http://www.oanda.com/lang/de/currency/historical-rates/)

For calculation the average RUB to EUR exchange rate for the period 15.12.2009-15.12.2010 was used. The average RUB to EUR exchange rate for the period was 0.0242 EUR for 1 RUB, obtained from [http://www.oanda.com/lang/de/currency/historical-rates/](http://www.oanda.com/lang/de/currency/historical-rates/)

Source: compiled by the author on the basis of the Federal Program of Agricultural Development and the Program of the Development of Infrastructure and Logistics

The insurance of agricultural production from the risks related to climatic conditions, extreme events, illnesses and epidemics among agricultural animals is one of the important factors in the financial stability of agricultural enterprises. The state support to the insurance in agricultural sector is regulated by the Federal Law “On State Support in the Field of Agricultural Insurance” (Duma of Russian Federation 2011) which entered into force on 1st of January 2012 (except for the clauses regulating the insurance of agricultural animals; these
clauses enter into force from 1st of January 2013). The law specifies the conditions for state support, e.g. the objects of agricultural insurance, the production risks, the requirements to the insurance agreement etc. The state support is provided in form of subsidies from the federal budget to the budgets of federal subjects when the latter upon the request of an agricultural producer transfer 50% of the producer’s insurance fee to the account of the insurance company.

The development of agricultural infrastructure and logistics is regulated by the Targeted Program of the Ministry of Agriculture “Development of Infrastructure and Logistical Provision of Agricultural Market for 2010-2012” (Ministry of Agriculture of Russian Federation 2010b). The program aims specifically at improving the facilities for the transhipping and storage of grain. For the Tyumen province the program identifies the deficit of storage facilities for 221.25 thousand ton grain. As an outcome of the program the storage facilities for 2,027 ton grain are to be installed in the UFD by 2013.

The measures in the field of financial stability and development of agricultural infrastructure and logistics will financed be partially from the federal budget with a mandatory contribution from the budgets of the federal subjects.

3.1.5 Preservation of Soil Fertility

Preservation of soil fertility is an important direction of Russia’s agricultural policy which aims at the increase in the high-quality agricultural produce.

Table 3-7: Objectives of Soil Fertility Protection of Russian Federation

<table>
<thead>
<tr>
<th>General objectives</th>
<th>to preserve and increase soil fertility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Specific objectives</td>
<td></td>
</tr>
<tr>
<td>- to prevent the abandonment of 5.55 mln. ha of agricultural land</td>
<td></td>
</tr>
<tr>
<td>- to introduce 3.2 mln. ha of abandoned land into agricultural use</td>
<td></td>
</tr>
<tr>
<td>- to introduce 420 thousand ha of meliorated land into agricultural use</td>
<td></td>
</tr>
<tr>
<td>- to introduce into agricultural use 66.4 thousand ha of land damaged by Chernobyl catastrophe</td>
<td></td>
</tr>
<tr>
<td>- to introduce 18.4 mln. ton mineral fertilizers in terms of active ingredient</td>
<td></td>
</tr>
<tr>
<td>- to protect 188.7 thousand ha of land from water erosion and flood;</td>
<td></td>
</tr>
<tr>
<td>- to protect 715 thousand ha of agricultural land from wind erosion and desertification</td>
<td></td>
</tr>
<tr>
<td>- to decrease soil acidity by liming of 2037.5 thousand ha and phosphorization of 475 thousand ha</td>
<td></td>
</tr>
<tr>
<td>- to decrease soil salinity by gypsumming of 162.5 thousand ha and by meliorative cultivation of 233 thousand ha</td>
<td></td>
</tr>
<tr>
<td>- to plant 192 thousand ha of forest strips which will protect 2.3 mln. ha of agricultural land</td>
<td></td>
</tr>
<tr>
<td>- to decrease the number of incomplete melioration constructions</td>
<td></td>
</tr>
</tbody>
</table>

*Source:* compiled by the author on the basis of the Federal Program of Agricultural Development and the Program on Soil Fertility
The Federal Program of Agricultural Development foresees the following measures to preserve and increase soil fertility:

- land protection from floods and water erosion;
- protection of agricultural land from wind erosion and desertification;
- application of mineral fertilizers, and
- monitoring of soil fertility on agricultural land and establishment of the information base on soil fertility.

The exact soil protection measures, the sources and amount of their funding are planned in the Federal Targeted Program “Preservation and Restoration of Soil Fertility on Agricultural Land” (Government of Russian Federation 2006, further referred to as the Program on Soil Fertility). To achieve the soil fertility objectives, the Program on Soil Fertility foresees a range of specific land melioration measures (see Table 3-8).

**Table 3-8: Soil Protection Measures Planned within the Federal Targeted Program “Preservation and Restoration of Soil Fertility on Agricultural Land”**

<table>
<thead>
<tr>
<th>Type of Measure</th>
<th>2006-2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Soil monitoring (mln. ha), including</td>
<td>164</td>
</tr>
<tr>
<td>- agrochemical (mln. ha)</td>
<td>136</td>
</tr>
<tr>
<td>- ecological-toxicological (mln. ha)</td>
<td>28</td>
</tr>
<tr>
<td>Agrochemical measures, including</td>
<td>-</td>
</tr>
<tr>
<td>- application of mineral fertilizers (mln. ton active ingredient)</td>
<td>18.4</td>
</tr>
<tr>
<td>- application of organic fertilizers</td>
<td>645</td>
</tr>
<tr>
<td>- application of peat and sapropel</td>
<td>39</td>
</tr>
<tr>
<td>- liming of acid soils (thousand ha)</td>
<td>2037.5</td>
</tr>
<tr>
<td>- phosphorization of soils with low natural fertility (thousand ha)</td>
<td>475</td>
</tr>
<tr>
<td>- gypsumming of saline soils (thousand ha)</td>
<td>162.5</td>
</tr>
<tr>
<td>- meliorative cultivation of saline soils (thousand ha)</td>
<td>233</td>
</tr>
<tr>
<td>- application of microbiological fertilizers (mln. portions)</td>
<td>112.5</td>
</tr>
<tr>
<td>Hydro melioration and land improvement</td>
<td>-</td>
</tr>
<tr>
<td>- reconstruction of irrigation systems (thousand hectares)</td>
<td>273</td>
</tr>
<tr>
<td>- reconstruction of drainage systems</td>
<td>147</td>
</tr>
<tr>
<td>- land improvement by removal of stones, vegetation and primary land cultivation</td>
<td>415</td>
</tr>
<tr>
<td>- anti-erosion constructions for prevention of yields’ loss (pieces)</td>
<td>2407</td>
</tr>
<tr>
<td>- agromelioration, revegetation of deserted and damaged land (thousand hectares)</td>
<td>556</td>
</tr>
</tbody>
</table>

*Source:* Annex 6, 7 and 8 to the Federal Targeted Program “Preservation and Restoration of Soil Fertility on Agricultural Land”.
The establishment of soil monitoring system is one of the most important measures because it would result in the establishment of an information base on soil resources. The fact that this measure was planned within the Program on Soil Fertility indicates that soil monitoring was either not existing or not operational prior to 2006 (the start of the Program).

Next to planning soil melioration measures, the Program on Soil Fertility provides the characteristic of soils on agricultural land and sets the crop production objectives for each of the federal districts. For the UFD, part of which is Tyumen region, the soil suitability for agricultural production and crop production objectives are indicated in Table 3-9. Linking soil characteristics directly to crop production means that soils are considered one of the production inputs by Russia’s agricultural policy. The off-site effects of soil degradation are not considered and the ecosystem services other than enabling agricultural production are not recognized. This is also confirmed by the identification of soil quality with soil fertility. The acknowledgement of other ecosystem services provided by soil as well as environment-related soil protection objectives should be looked for in Russia’s environmental policy.

Table 3-9: Distribution of Arable Land by the Classes of Suitability for Agricultural Production and its Increase

<table>
<thead>
<tr>
<th>Prognosis for the Ural Federal District (UFD)</th>
<th>Arable land (mln. ha)</th>
<th>Distribution of arable land by classes of soil suitability for agricultural production</th>
<th>Expected production in grain units (mln. ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current situation (mln. ha)</td>
<td>8.5</td>
<td>I (55-61) ( ^a )</td>
<td>II (47-53)</td>
</tr>
<tr>
<td>Increase in arable land and crop production</td>
<td>+0.2</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

\( ^a \) grain potential of the soil class, metric centner per ha

Source: Annex 2 to the Federal Targeted Program “Preservation and Restoration of Soil Fertility on Agricultural Land”.

The data in Table 3-9 indicate that the larger share of arable land in the Ural Federal District, including Tyumen province, is of lower fertility classes. The objective to increase crop production by 2.1 mln. ton grain units is to be achieved by the additional cultivation of 200 thousand hectares of land with VI class of soils. The productivity of these soils is not high, but the off-site effects of their disturbance by cultivation may be significant.

Because of highly fertile soils the Central, South and Privolzhsky federal districts are the priority areas for the restoration of soil fertility and increase in crop productivity as defined by the Program on Soil Fertility. These are the target districts where the scientifically grounded land cultivation systems and land melioration measures are to be applied. The Tyumen province is not a priority region for soil protection and improvement. This means that we may expect a low amount of federal funds allocated to the budget of Tyumen province within the program on Soil Protection.
415,330.98 million RUB was planned for the implementation of the Program on Soil Fertility. The detailed overview of the funding sources for the implementation of the Program on Soil Fertility is provided in Table 3-10. The funding scheme is based on the principle of co-financing from the federal budget, budgets of the federal subjects and non-budget sources. The latter constitutes more than a half of the financial prognosis. The high costs of the specific soil protection measures, such as anti-erosion constructions or reconstruction of irrigation or drainage systems, might be an obstacle to the attraction of the non-budget investments and hamper the implementation of the whole program.

Table 3-10: Funding of the Program on Soil Fertility by Sources

<table>
<thead>
<tr>
<th>Source of Funding</th>
<th>2006-2013, mln. RUB (mln. EUR a)</th>
<th>Amount of Financing, mln. RUB (mln. EUR a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2006</td>
<td>2007</td>
</tr>
<tr>
<td>Federal budget, including:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Ministry of Agriculture</td>
<td>95395.39 (2842.78)</td>
<td>3736.90 (111.36)</td>
</tr>
<tr>
<td>- Federal Agency on Water Resources</td>
<td>94862.74 (2826.61)</td>
<td>3600.00 (107.28)</td>
</tr>
<tr>
<td>- Russian Academy of Agricultural Science</td>
<td>432.70 (12.89)</td>
<td>136.90 (4.08)</td>
</tr>
<tr>
<td>Budgets of federal subjects</td>
<td>85138.925 (2537.14)</td>
<td>5263.10 (156.84)</td>
</tr>
<tr>
<td>Non-budget sources</td>
<td>254796.73 (763.964)</td>
<td>23177.80 (690.70)</td>
</tr>
</tbody>
</table>

a For calculation the average for RUB to EUR exchange rate for the period from 20.02.2005-20.02.2006 was used. The average RUB to EUR exchange rate for the period was 0.0298 EUR for 1 RUB, obtained from [http://www.oanda.com/lang/de/currency/historical-rates/](http://www.oanda.com/lang/de/currency/historical-rates/)

Source: Annex 10 to the Federal Targeted Program “Preservation and Restoration of Soil Fertility on Agricultural Land”.

While most of the measures are to be co-financed, there are a number of activities which are to be financed entirely from the federal budget. These activities mostly refer to the reconstruction and maintenance of land melioration and water protection systems of federal importance. As indicated in Table 3-11, four such utilities are located in Tyumen province. One of the utilities, namely the Gavrinskaya melioration system, is located within the third test area of SASCHA project.
Table 3-11: The Constructions and Utilities in the Tyumen Province which are to be Financed by the State Capital Investments in the Framework of the Federal Targeted Program “Preservation and Restoration of Soil Fertility on Agricultural Land”

<table>
<thead>
<tr>
<th>Name of the Utility</th>
<th>Measurement unit</th>
<th>Capacity</th>
<th>Year of introduction into operation</th>
<th>Total funding in 2006-2013, mln. RUB (mln. EUR)</th>
<th>Funding by the last years, mln. RUB (mln. EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Total RUB (^a) (mln. EUR (^b))</td>
<td>Funding by the last years, mln. RUB (mln. EUR)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2009</td>
<td>2010</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2011</td>
<td>2012</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>Reconstruction of the Novo-Tarmansk melioration system, Novo-Tamarnist village of Tyumen province</td>
<td>ha</td>
<td>408</td>
<td>2010</td>
<td>30.432 (0.91)</td>
<td>16.932 (0.50)</td>
</tr>
<tr>
<td>Reconstruction of the Kavdyk drainage system, Yaloturovst region of Tyumen province</td>
<td>m^2</td>
<td>1210</td>
<td>2013</td>
<td>39.00 (1.16)</td>
<td>-</td>
</tr>
<tr>
<td>Reconstruction of the production basis of the state enterprise “Tyumenmeliovodhoz”, Tyumen</td>
<td>m^2</td>
<td>8762</td>
<td>2010</td>
<td>39.38 (1.17)</td>
<td>13.28 (0.40)</td>
</tr>
<tr>
<td>Reconstruction of the Gavrinskaya melioration system, Ishim region of Tyumen province (^c)</td>
<td>ha</td>
<td>2728</td>
<td>2011</td>
<td>5.9 (0.18)</td>
<td>26.1 (0.80)</td>
</tr>
<tr>
<td>In total for Tyumen province</td>
<td></td>
<td></td>
<td></td>
<td>114.712 (3.42)</td>
<td>30.212 (0.90)</td>
</tr>
</tbody>
</table>

\(^a\) adjusted for the prognosis of prices for the respective years

\(^b\) For calculation the average for RUB to EUR exchange rate for the period from 20.02.2005-20.02.2006 was used. The average RUB to EUR exchange rate for the period was 0.0298 EUR for 1 RUB, obtained from [http://www.oanda.com/lang/de/currency/historical-rates/](http://www.oanda.com/lang/de/currency/historical-rates/)

\(^c\) located in the 3rd test area (Ishim) of the project

Source: Annex 3 to the Federal Targeted Program “Preservation and Restoration of Soil Fertility on Agricultural Land”

### 3.1.6 Rural Development

The rural development direction of Russia’s agricultural policy aims at increasing the attractiveness of rural areas with a final goal to provide agricultural sector with labour and experts. The Federal Program of Agricultural Development distinguishes the following rural development objectives:

- improvement of housing conditions;
increasing the level and quality of engineering infrastructure, and
development of social infrastructure.

Rural development in Russian Federation is regulated by the Federal Targeted Program “Social Rural Development till 2013” (Government of Russian Federation 2002, referred further to as the Rural Development Program).

**Table 3-12: Rural Development Objectives of Russian Federation**

<table>
<thead>
<tr>
<th>General objectives</th>
<th>Specific objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>- to improve housing conditions</td>
<td>- to improve housing conditions for 207.5 thousand rural families</td>
</tr>
<tr>
<td>- to increase the level and quality of engineering infrastructure</td>
<td>(introduction into operation and purchase of 12,848.85 thousand m² of housing facilities), including 86.2 thousand young families and young experts (introduction into operation and purchase of 4,892.89 thousand m² of housing facilities)</td>
</tr>
<tr>
<td>- to develop social infrastructure</td>
<td>- to increase to 53.8% the supply of rural dwellings with gas (432,444 dwellings)</td>
</tr>
<tr>
<td></td>
<td>- to ensure 90% of attendants of general schools in the morning shift (to introduce 11.985 thousand study places into operation)</td>
</tr>
<tr>
<td></td>
<td>- to increase to 40-45% the level of provision with preschool establishments to introduce 195.85 thousand places into operation)</td>
</tr>
<tr>
<td></td>
<td>- to increase the network of medical establishments by 1392 units</td>
</tr>
<tr>
<td></td>
<td>- to increase the level of provision with club establishments to 191 places per 1000 inhabitants (to introduce additional 41.27 thousand places into operation)</td>
</tr>
<tr>
<td></td>
<td>- to attract 3% of studying rural youth and 22% of population working in rural areas to sport activities</td>
</tr>
<tr>
<td></td>
<td>- to increase to 56.2% the level of population provision with drinking water</td>
</tr>
<tr>
<td></td>
<td>- to provide central water supply to 23,570 dwellings</td>
</tr>
<tr>
<td></td>
<td>- to introduce 985.55 thousand phone numbers into operation</td>
</tr>
<tr>
<td></td>
<td>- to upgrade to the normative technical condition 13.8 thousand km of departmental roads which connect rural settlements</td>
</tr>
<tr>
<td></td>
<td>- to introduce into operation 5.2 thousand km of public roads which connect rural settlements</td>
</tr>
</tbody>
</table>

**Source:** compiled by the author on the basis of the Federal Program of Agricultural Development and the Rural Development Program

Similar to other direction of Russia’s agricultural policy, the rural development measures are to be co-financed from the federal budget, budgets of federal subjects and non-budget sources. An overview of the planned investments by source of financing is provided in Table 3-13.
Table 3-13: Funding of Rural Development Measures by Sources of Financing

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, billion RUB (billion EUR (a))</td>
<td>275.3</td>
<td>52.9</td>
<td>143.00</td>
<td>79.4</td>
</tr>
<tr>
<td></td>
<td>(9.61)</td>
<td>(1.85)</td>
<td>(4.99)</td>
<td>(2.77)</td>
</tr>
<tr>
<td>Federal budget, billion RUB (billion EUR (a))</td>
<td>63.6</td>
<td>5.5</td>
<td>34.9</td>
<td>23.2</td>
</tr>
<tr>
<td>including:</td>
<td></td>
<td>(2.22)</td>
<td>(1.22)</td>
<td>(0.81)</td>
</tr>
<tr>
<td>Budgets of federal subjects, billion RUB (billion EUR (a))</td>
<td>116.0</td>
<td>23.1</td>
<td>59.4</td>
<td>33.5</td>
</tr>
<tr>
<td></td>
<td>(4.05)</td>
<td>(0.81)</td>
<td>(2.07)</td>
<td>(1.17)</td>
</tr>
<tr>
<td>Non-budget sources, billion RUB (billion EUR (a))</td>
<td>95.7</td>
<td>24.3</td>
<td>48.7</td>
<td>22.7</td>
</tr>
<tr>
<td></td>
<td>(3.34)</td>
<td>(0.85)</td>
<td>(1.70)</td>
<td>(0.79)</td>
</tr>
</tbody>
</table>

\(a\) For calculation the average RUB to EUR exchange rate for the period 03.12.2001-03.12.2002 was used. The average RUB to EUR exchange rate for the period was 0.0349 EUR for 1 RUB, obtained from http://www.oanda.com/lang/de/currency/historical-rates/

Source: compiled by the author on the basis of the Rural Development Program

3.2 Agricultural Policy at the UFD Level

The public authorities at the level of the Ural Federal District are represented by the plenipotentiary representative of the President of Russian Federation and his apparatus; their responsibility is to monitor the execution of federal legislation and operation of the federal authorities within the federal subjects of the district. The coordination of agricultural production within the federal district proceeds according to the Concept of Food Security of the UFD for the Period till 2020 (referred further to as the UFD Concept of Food Security). The document was prepared by the apparatus of the plenipotentiary representative in accordance with the Concept of Food Security of Russian Federation (President of Russian Federation 2010).

Table 3-14: Prognosis for the Production of the Main Types of Agricultural Produce in Tyumen Province (-) in 2020

<table>
<thead>
<tr>
<th>Agricultural products</th>
<th>Livestock and poultry in live weight</th>
<th>Milk</th>
<th>Grain</th>
<th>Potato</th>
<th>Vegetables</th>
<th>Eggs, mln. pieces</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>thousand ton</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production in 2020</td>
<td>260</td>
<td>1100</td>
<td>2080</td>
<td>400</td>
<td>800</td>
<td>1500</td>
</tr>
<tr>
<td>Increase in 2020 in comparison to 2009</td>
<td>122.2</td>
<td>543.3</td>
<td>198.0</td>
<td>553.5</td>
<td>188.3</td>
<td>209.2</td>
</tr>
</tbody>
</table>

Source: the UFD Concept of Food Security

Food security is understood as stable and sufficient provision of population with safe agricultural products, fish products and food. The prerequisite of food security is stable internal agricultural and food production, and availability of sufficient reserves. The UFD Concept of Food Security reviews the state of art within the federal subjects of the district and
defines the priority directions of agricultural and food production for the federal district and its single administrative units.

The predicted for 2020 increase in agricultural production (for the data on Tyumen province please refer to Table 3-14) would make the district independent in the provision with bread and animal husbandry – with forage. As regards other agricultural products, the district will be provided with internally produced meat (in slaughter weight) by 73%, milk – 71%, eggs – 140%, potato – 193%, vegetables – 60%.

The agricultural production objectives for the district were set after comparing the data on the average food consumption per capita and the recommended norms of food consumption. The data for the Tyumen province is provided in Table 3-15.

Table 3-15: Actual and Recommended Consumption of the Main Food Products in Tyumen Province

<table>
<thead>
<tr>
<th>Food products</th>
<th>Recommended consumption norms</th>
<th>Consumption in administrative unit in 2008</th>
<th>Russian Federation</th>
<th>Tyumen province (-)</th>
<th>Khanty-Mansiyansk AD</th>
<th>Yamal-Nenetsk AD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meat and meat products, kg/capita/year</td>
<td>75</td>
<td></td>
<td>61</td>
<td>48</td>
<td>77</td>
<td>109</td>
</tr>
<tr>
<td>Milk and milk products, kg/capita/year</td>
<td>305</td>
<td></td>
<td>242</td>
<td>164</td>
<td>192</td>
<td>274</td>
</tr>
<tr>
<td>Eggs, pieces</td>
<td>250 a</td>
<td></td>
<td>254</td>
<td>259</td>
<td>170</td>
<td>211</td>
</tr>
<tr>
<td>Bread, kg/capita/year</td>
<td>105</td>
<td></td>
<td>121</td>
<td>128</td>
<td>77</td>
<td>99</td>
</tr>
<tr>
<td>Potato, kg/capita/year</td>
<td>100</td>
<td></td>
<td>132</td>
<td>168</td>
<td>59</td>
<td>44</td>
</tr>
<tr>
<td>Vegetables, kg/capita/year</td>
<td>150</td>
<td></td>
<td>110</td>
<td>64</td>
<td>88</td>
<td>101</td>
</tr>
</tbody>
</table>

a kg/capita/year

Source: compiled by the author on the basis of the UFD Concept of Food Security

From the data in Table 3-15 we observe the following:

- low consumption of meat products and vegetables, and high consumption of potato in Tyumen province which may be an indicator of low average income per capita;

- high consumption of animal products (meat and milk) in the autonomous districts. This may be explained (1) by the fact that animal husbandry is a traditional branch of agriculture in the districts determined by natural and climatic conditions; (2) by the higher income of those employed in oil and gas sector, and (3) by the specific physical needs of the population living in severe natural and climatic conditions.
Table 3-16 provides an overview of the self-sufficiency of Tyumen province in the main food products. The administrative districts within the Tyumen province are almost fully dependent on the import of all food products. Only potato is produced in relatively good volume in Khanty-Mansiysk AD. Such food dependency of the ADs is expected to be compensated at the expense of increased agricultural production in the neighboring federal subjects and in particular in Tyumen province (-).

Table 3-16: **Self-sufficiency of the Administrative Units of Tyumen Province in the main Food Products in 2008**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Self-sufficiency, %</th>
<th>Russian Federation</th>
<th>Tyumen province (-)</th>
<th>Khanty-Mansiysk AD</th>
<th>Yamal-Nenetsk AD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Meat and meat products, kg/capita/year</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To actual consumption</td>
<td></td>
<td>69</td>
<td>43</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>To recommended consumption</td>
<td></td>
<td>56</td>
<td>27</td>
<td>4</td>
<td>9</td>
</tr>
<tr>
<td>Milk and milk products</td>
<td></td>
<td>83</td>
<td>156</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>To actual consumption</td>
<td></td>
<td>66</td>
<td>84</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>To recommended consumption</td>
<td></td>
<td>100</td>
<td>256</td>
<td>9</td>
<td>0</td>
</tr>
<tr>
<td>Eggs</td>
<td></td>
<td>102</td>
<td>265</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Potato</td>
<td></td>
<td>108</td>
<td>165</td>
<td>70</td>
<td>3</td>
</tr>
<tr>
<td>To actual consumption</td>
<td></td>
<td>142</td>
<td>211</td>
<td>42</td>
<td>1</td>
</tr>
<tr>
<td>To recommended consumption</td>
<td></td>
<td>79</td>
<td>64</td>
<td>13</td>
<td>0</td>
</tr>
<tr>
<td>Vegetables</td>
<td></td>
<td>58</td>
<td>72</td>
<td>7</td>
<td>0</td>
</tr>
</tbody>
</table>

*Source:* compiled by the author on the basis of the UFD Concept of Food Security

As regards Tyumen province (-), next to Kurgansk province, it is the main grain producer in UFD. At the same time we observe that its self-sufficiency in food products is hampered in part of meat products and vegetables. From the comparison of self-sufficiency in meat and milk products we may conclude that animal husbandry in the province specializes mostly on milk production.

A more detailed overview of the production of the main food products in Tyumen province by different types of agricultural producers is provided in Table 3-17. Here we see that for Tyumen province (-) the production of livestock and poultry, and milk is almost equally distributed between the agricultural organizations on the one hand, and peasant farms and households on the other hand. This is explained by a high share of livestock and poultry kept
by household for own use/consumption (eggs, milk, meat consumption). Almost all eggs in the region are produced in large highly specialized farms; these might be heavily subsidized from the budget in the framework of the Program on Poultry Farming. Interesting trends are observed in crop production: cereals and leguminous are grown by large agricultural organizations, while potato and vegetables are mostly produced by peasant farms and households; their large share is intended for own consumption.

### Table 3-17: Production of the Main Types of Agricultural Products in Tyumen Province in 2009

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Tyumen province (-)</th>
<th>Khanty-Mansiysk AD</th>
<th>Yamal-Nenetsk AD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Livestock and poultry (in live weight), thousand ton</td>
<td>137.8</td>
<td>7.3</td>
<td>7-1</td>
</tr>
<tr>
<td>Share of agricultural organizations, %</td>
<td>53.3</td>
<td>20.5</td>
<td>39.4</td>
</tr>
<tr>
<td>Share of peasant farms and households, %</td>
<td>46.7</td>
<td>79.5</td>
<td>60.6</td>
</tr>
<tr>
<td>Milk, thousand ton</td>
<td>556.7</td>
<td>21.4</td>
<td>1.8</td>
</tr>
<tr>
<td>Share of agricultural organizations, %</td>
<td>46.3</td>
<td>28.0</td>
<td>77.8</td>
</tr>
<tr>
<td>Share of peasant farms and households, %</td>
<td>53.7</td>
<td>72.0</td>
<td>22.2</td>
</tr>
<tr>
<td>Eggs, million pieces</td>
<td>1302.0</td>
<td>20.0</td>
<td>0.1</td>
</tr>
<tr>
<td>Share of agricultural organizations, %</td>
<td>94.6</td>
<td>76.0</td>
<td>0</td>
</tr>
<tr>
<td>Share of peasant farms and households, %</td>
<td>5.4</td>
<td>24.0</td>
<td>100</td>
</tr>
<tr>
<td>Cereals and leguminous, thousand ton</td>
<td>1526.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share of agricultural organizations, %</td>
<td>84.7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share of peasant farms and households, %</td>
<td>15.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Potato, thousand ton</td>
<td>611.7</td>
<td>91.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Share of agricultural organizations, %</td>
<td>23.0</td>
<td>0.8</td>
<td>0</td>
</tr>
<tr>
<td>Share of peasant farms and households, %</td>
<td>77.0</td>
<td>99.2</td>
<td>100</td>
</tr>
<tr>
<td>Vegetables, thousand ton</td>
<td>190.8</td>
<td>18.6</td>
<td>0.1</td>
</tr>
<tr>
<td>Share of agricultural organizations, %</td>
<td>28.4</td>
<td>6.5</td>
<td>100</td>
</tr>
<tr>
<td>Share of peasant farms and households, %</td>
<td>71.6</td>
<td>93.5</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: compiled by the author on the basis of the UFD Concept of Food Security

He UFD Concept of Food Security identifies the following risk for the food sufficiency of the federal district:

- yearly fluctuations in crop yields which particularly affect the stability of the forage supply and hamper the development of animal husbandry;
- availability and supply of meat and milk products. The insufficiency of meat and milk products in the UFD, and specifically Tyumen province (+), determines high dependency of the district and province on import which threatens food security. At the same time import of milk and meat products from other regions of Russia is
complicated by the consumption competitiveness. The expectation is that agricultural produce from Russia’s South and Central regions – the main agricultural regions – will be delivered to Moscow and its neighbouring territories because of (1) higher income per capita, and (2) shorted distance, better transportation facilities and lower transportation costs. Thus, UFD, and in particular its northern territories, is characterized by lower attractiveness for the sellers of agricultural products. That is why self-sufficiency of the federal districts in meat and milk is the main food security goal.

The food risks of the Khanty-Mansiysk and Yamal-Nenetsk ADs are specifically underlined. These risks are determined by the:

- insufficient agricultural production within the districts due to climate conditions;
- high food demand due to employment in the enterprises of oil and gas sector;
- high dependency on food import;
- limited food import in the navigation period and in winter;
- lack of circulating assets and difficulties in obtaining bank credits for the entrepreneurs supplying food to the ADs;
- specifically for Khanty-Mansiysk AD, the periodicity of high water and floods which leads to (1) the loss of potato and vegetables yields, and (2) limited access to meadowlands;
- specifically for Yamal-Nenetsk AD, limited access to meadows due to climate conditions (ice crust in spring months) which leads to the mortality of reindeers.

Considering that significance and efficiency of agricultural production in Khanty-Mansiysk and Yamal-Nenetsk ADs is low, the UFD Concept of Food Security identifies the need to expand and intensify agricultural production in the provinces neighbouring to the ADs, namely in the South of Tyumen province (Tyumen province (-)) and suburbs of Yekaterinburg and Kurgan.

The UFD Concept of Food Security defines the following priorities for agricultural production in the district:

- development of animal husbandry for milk production;
- development of animal husbandry for meat production;
- development of grain production, and
- development of forage production.

We observed that animal production constitutes the dominant share of the policy priorities. Based on this and on the preceding discussion on the state of agricultural production and the main threats to food security in the federal district, we may expect the expansion of animal
husbandry in Tyumen province within the next years. This might have the following consequences:

- alteration in the structure of agricultural crops with an increasing share of forage crops;
- expansion of cultivated land determined by the increasing demand for forage, and
- increase in manure which might play a role of organic fertilizer or become a burden for the environment.

3.3 Agricultural Policy in Tyumen Province

In the previous sections we have set a legal framework for the decision making of the public authorities of Tyumen province on the issues related to agricultural production. In this section we consider the rules which regulate agricultural sector on the territory of the province.

The goal of the Law of Tyumen Province “On the State Support of Agricultural Production” (Duma of Tyumen Province 2004) is to create favourable conditions for the competitive agricultural production in Tyumen province and to satisfy the needs in agricultural products and raw materials. The law foresees the following forms of state support:

- preferential taxation;
- tax credit;
- partial reimbursement of the expenditures on leasing objects and the credit fee;
- equipment and re-equipment of enterprises;
- provision of advertisement, information and advisory services to the enterprises.

The law further defines the main directions of the state support, and the concrete measures to be supported. For example, within the animal husbandry the support is to be provided to the milk production and processing, pedigree-breeding, production and purchase of mixed fodder etc. In the part of soil fertility protection, the measures of soil monitoring and fertilizers application are to be financed. Similar the measures for other directions of state support are defined.

The Law itself represents only an intention to coordinate agricultural production in Tyumen province. The main document which regulates the implementation of agricultural policy in the province is the long-term targeted program “The Main Directions of the Development of Agro-Industrial Complex of Tyumen Province” for 2008-2014 (referred further to as the Province Program of Agro-Industrial Development) approved by the Government of Tyumen Province.\footnote{The initial long-term targeted program “The Main Directions of the Development of Agro-Industrial Complex of Tyumen Province” for the period 2008-2012 was approved by the Decree of the Government of Tyumen Province No. 1173 from 28.08.2008. In 2011 the program was prolonged till 2014 by the Decree of the Government of Tyumen Province No. 1502 from 30.08.2011. The text of the prolonged program is not yet available. Therefore the data from the Program for 2008-2012 are further used in this document.}
The Province Program of Agro-Industrial Development starts with the report on agricultural development in the period 2006-2007, i.e. the period in between the approval of the Federal Law “On Agricultural Development” (Duma of Russian Federation 2006) and the approval of the Federal Program of Agricultural Development (Government of Russian Federation 2007). From this report we see that in 2006-2007 the state support and coordination of agricultural production proceeded according to the directions indicated in the Law (see Table 3-18). In total the state support of agricultural producers in Tyumen province in the period 2006-2007 increased from 7 to 19 kopecks per 1 RUB of expenditures of agricultural producers. As follows from the Table 3-18, state funds were mostly invested in the construction of facilities for the animal husbandry branch, animal breeding and seed farming. Rural development and soil protection measures are not mentioned.

Table 3-18: Agricultural Development in Tyumen Province in 2006-2007 after the Approval of the Federal Law “On Agricultural Development”

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop production</td>
<td>Development of elite seed farming</td>
<td>13 production lines for high-quality seeds were put into operation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Seed farm for perennial herbs with the capacity 2 thousand ton seeds per year introduced into operation in Tyumen region</td>
</tr>
<tr>
<td>Animal production</td>
<td>Development of pedigree animal breeding</td>
<td>In the 4th quarter of 2007 the pig hybrid-selection centre “Yubileynyy” was introduced into operation in Ishim region</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Purchased over 17,000 heads of high productive pedigree livestock for milk</td>
</tr>
<tr>
<td></td>
<td>Increase in animal production</td>
<td>In 2006 the construction of 15 modern milk complexes started; by 2008 11 of them were introduced into operation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Construction of pig farming complex for 50 thousand heads in Nizhnetavdinsk region</td>
</tr>
<tr>
<td>Financial stability</td>
<td>Availability of credit resources</td>
<td>1.8 times increase in crediting of small forms of entrepreneurship</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Crediting of individual households increased 5 times</td>
</tr>
</tbody>
</table>

* the enterprise is located in the 3rd test area of the project

Source: compiled by the author on the basis of the Federal Law “On Agricultural Development” and the Province Program of Agro-Industrial Development

The Province Program of Agro-Industrial Development identifies the following risks faced by the agro-industrial sector of the economy of Tyumen province:

- lack of labour force;
- technical and technological lag of most agricultural enterprises;
- expansion of food import, and
- instable financial conditions of most enterprises.

These risks are to be overcome or reduced by the attainment of the objectives set by the Program (see Table 3-19).
Table 3-19: Objectives of Agricultural Development Set in the Province Program of Agro-Industrial Development for 2008-2012

<table>
<thead>
<tr>
<th>Direction</th>
<th>Agricultural development objectives of Tyumen province</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attracting labour to agricultural sector</td>
<td>The training farms determined for the:</td>
</tr>
<tr>
<td></td>
<td>- production of perennial herbs, seeds of cereals and leguminous, potato and vegetables, forage</td>
</tr>
<tr>
<td></td>
<td>- integrated application of weed and pest killers</td>
</tr>
<tr>
<td></td>
<td>- exploitation of agricultural machines</td>
</tr>
<tr>
<td></td>
<td>Subsidies to young specialists employed in agriculture for the purchase of dwellings</td>
</tr>
<tr>
<td></td>
<td>Training of specialists in crop protection</td>
</tr>
<tr>
<td></td>
<td>Increase in milk productivity of animals</td>
</tr>
<tr>
<td></td>
<td>1.5 times increase in milk production by 2012 comparing to 2007</td>
</tr>
<tr>
<td></td>
<td>1.9 times increase in milk production in agricultural organizations by 2012 comparing to 2007</td>
</tr>
<tr>
<td></td>
<td>Average milk yield of 6000 kg per year per cow in agricultural organizations by 2012 (1589 kg more than in 2007)</td>
</tr>
<tr>
<td></td>
<td>Purchase of the 20 thousand heads of pedigree heifers</td>
</tr>
<tr>
<td></td>
<td>Construction and introduction into operation of 20000 livestock places</td>
</tr>
<tr>
<td>Animal production</td>
<td>40 pedigree farms by 2012 with 57.2 thousand heads</td>
</tr>
<tr>
<td></td>
<td>20% of pedigree animals of dairy breed</td>
</tr>
<tr>
<td>Increase in pedigree livestock</td>
<td>25.5% increase in the production of livestock and poultry in live weight by 2012; in agricultural organizations –36% increase 6000 ton increase in pork production by the “Yubileynyy” farm;</td>
</tr>
<tr>
<td></td>
<td>Production of 7500 ton pork in “Parus” farm (to be introduced into operation and reach the maximum production capacity in 2010)</td>
</tr>
<tr>
<td></td>
<td>50% (14000 ton) increase in poultry meat production by the “Tyumen Broiler” farm</td>
</tr>
<tr>
<td>Meat production</td>
<td>To replace 30 thousand ha per year of low productive herbs with high quality/productivity herb varieties</td>
</tr>
<tr>
<td>Forage production</td>
<td>To increase to 65% the share of area sown with leguminous in the total area sown with perennial herbs</td>
</tr>
<tr>
<td></td>
<td>To increase the area of corn plantations to 20 thousand ha</td>
</tr>
<tr>
<td></td>
<td>To reach by 2012 the production of 250 thousand ton hay, 928.8 thousand ton haylage, 230 thousand ton silo</td>
</tr>
</tbody>
</table>
### Crop Production

| Re-equipment of crop production | 2 times increase in power tractors and high-productive combines by 2012 in comparison to 2007  
Purchase of 200 tractors, 450 grain combines, 250 forage harvesters by 2012  
37.7% re-equipment with tractors, 40% - with grain combines and 50.5% - with forage harvesters in 2012 |

| Increase in crop production | To increase the by 760 thousand hectares the land sown with cereals and leguminous  
To produce 1978 thousand ton grain in 2012  
Selection and trial of new varieties (2-3 varieties per year) of cereals and leguminous adapted to the natural-climatic conditions of Tyumen province with productivity up to 6 ton per ha and vegetation period of 70-80 days  
Yearly purchase of 5000 ton seeds, including 500-1000 ton seeds of foreign selection  
To achieve 15% of cultivated land sown with elite seeds  
To increase the share of early-maturing varieties of cereals and leguminous with short vegetation period, in particular spring wheat  
To select potato varieties adapted with vegetation period of 60-100 days and productivity 30-45 t/ha |

| Support of small producers | By 2012 the number of borrowers (subsistent and peasant farms) from the rural credit cooperatives \(^a\) constitutes 16000  
The agricultural cooperatives on procurement, sale and processing of agricultural produce will cover 70% of rural settlements with the purchase of agricultural produce in 2012  
By 2012 the sale of animal products produced in households and peasant farms will increase by 15% for milk and 20% for meat |

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\(^a\) the enterprise is located in the 3rd test area (Ishim region) of the project  
\(^b\) the enterprise is located in the 1st test area (Kaskara) of the project  
\(c\) The agricultural consumption credit cooperative is a voluntary association of subsistence and peasant farms which aims at the provision of preferential loans to its members for the purchase of agricultural inputs such as fertilizers. In Tyumen province such cooperatives are established with state assistance: 95% of their funds is formed from the state budget.

*Source:* compiled by the author on the basis of the Province Program of Agro-Industrial Development
In Table 3-19 we observe that agricultural production within the small forms of producers (peasant farms and households) is to be especially supported. This intention of public authorities is contrary to the seemingly common opinion that small agricultural producers are unprofitable and not viable without state support6.

Protection of soil fertility is another objective of particular interest for SASCHA project because its achievement might have positive effects on soil quality and the provision of ecosystem services by the resource. The specific measures on soil fertility protection are specified in Table 3-20.

Table 3-20: Measures to Increase Soil Fertility Planned within the Province Program of Agro-Industrial Development for 2008-2012

<table>
<thead>
<tr>
<th>Measures</th>
<th>Unit of measurement</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2008</td>
</tr>
<tr>
<td>Application of organic fertilizers</td>
<td>thousand ton</td>
<td>970.0</td>
</tr>
<tr>
<td>Chemical melioration of soils</td>
<td>thousand ha</td>
<td>3.5</td>
</tr>
<tr>
<td>Agrochemical soil monitoring</td>
<td>thousand ha</td>
<td>285.0</td>
</tr>
<tr>
<td>Prevention of the abandonment of agricultural land</td>
<td>thousand ha</td>
<td>5.0</td>
</tr>
<tr>
<td>Introduction of abandoned land into agricultural production</td>
<td>thousand ha</td>
<td>10.0</td>
</tr>
<tr>
<td>Introduction of meliorated land into operation, including:</td>
<td>thousand ha</td>
<td>0.3</td>
</tr>
<tr>
<td>- construction of irrigated land</td>
<td>thousand ha</td>
<td>-</td>
</tr>
<tr>
<td>- reconstruction of irrigated land</td>
<td>thousand ha</td>
<td>-</td>
</tr>
<tr>
<td>- reconstruction of drained land</td>
<td>thousand ha</td>
<td>0.3</td>
</tr>
</tbody>
</table>

Source: Province Program of Agro-Industrial Development

We observe that the Province Program of Agro-Industrial Development foresees the expansion of land cultivation. As regards the protection of soil fertility, different types of soil melioration measures are planned. Specifically application of organic fertilizers should increase, obviously due to planned increase in the number of animals in the province. At the same time application soil protection from erosion is not foreseen. Soil protection from erosion is of particular importance because of the off-site effects of this type of soil degradation and the costs of the measures which may be too high to be covered by single producers. In general, the measures for soil fertility protection point out at agricultural intensification which would rather have negative impact on the environment and the quality of specific natural resources.

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6 This preliminary conclusion is based on the impression received during the visit to Tyumen province in August 2011, when several actors belonging to different actor groups expressed the opinion that small agricultural producers do not have the future. This perception and the reasons for the state support of small agricultural producers will be studied during the field research.
Table 3-21 presents the expenditures on agricultural support foreseen by the Province Program of Agro-Industrial Development in comparison with the expenditures on the program planned in the province budgeted for the respective years.

Table 3-21: Expenditures on Agricultural Development as Planned in the Province Program of Agro-Industrial Development and in the Province Budgets

<table>
<thead>
<tr>
<th>Measures financed from the budget of Tyumen province</th>
<th>Expenditures on agricultural development planned in the province program, million RUB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2008</td>
</tr>
<tr>
<td>Expenditures planned in the Province Program of Agro-Industrial Development</td>
<td>7426.4</td>
</tr>
<tr>
<td>Expenditures within the Province Program as planned in the province budget for the year *, including the expenditures on:</td>
<td>7248.9</td>
</tr>
<tr>
<td>Federal targeted Program of Soil Fertility</td>
<td>175.4</td>
</tr>
<tr>
<td>Federal targeted Rural Development Program</td>
<td>194.0</td>
</tr>
<tr>
<td>Partial compensation of credit fees to households and peasant farms for the credits up to 8 years</td>
<td>76.3</td>
</tr>
<tr>
<td>Partial compensation of credit fees to agricultural producers for the credits from 2 to 10 year</td>
<td>313.8</td>
</tr>
<tr>
<td>Partial compensation of credit fees to agricultural producers (except households) for the credits up to 1 year</td>
<td>151.8</td>
</tr>
<tr>
<td>Partial compensation of expenditures on the insurance of agricultural yields</td>
<td>6.9</td>
</tr>
<tr>
<td>Subsidies for the support of animal husbandry</td>
<td>1127.5</td>
</tr>
<tr>
<td>Support of pedigree breeding</td>
<td>123.9</td>
</tr>
<tr>
<td>Support of elite seed farming</td>
<td>70.8</td>
</tr>
<tr>
<td>Partial compensation of expenditures on chemicals</td>
<td>338.4</td>
</tr>
<tr>
<td>Partial compensation of expenditures on weed and pest killers</td>
<td>2.8</td>
</tr>
<tr>
<td>Partial compensation of expenditures on mineral fertilizers</td>
<td>-</td>
</tr>
<tr>
<td>Partial compensation of expenditures on establishment of perennial plantations</td>
<td>-</td>
</tr>
</tbody>
</table>

* the volume of expenditures is taken from the province budgets for the respective years. In reality the total expenditures and the expenditures on specific measures might be different. There is no freely available official information or report on the execution of province budgets.

Source: compiled by the author on the basis of the province budgets for 2008 (Duma of Tyumen province 2007), 2009 (Duma of Tyumen province 2008), 2010 (Duma of Tyumen province 2009), 2011 (Duma of Tyumen province 2010b) and 2012 (Duma of Tyumen province 2011b)
In the Table we observe that the financing planned in the province budget steadily decreases over the period 2008-2012 and is lower than foreseen by the Province Program of Agro-Industrial Development. In 2012 this difference constitutes more than 1.9 billion RUB. Judging by the volume of expenditures, the main directions of the state support are:

- availability of short-term credits to agricultural producers;
- animal husbandry;
- pedigree breeding;
- seed farming, and
- availability of chemicals.

The term “chemicals” in Russia refers to a number of inputs used in agricultural production: fertilizers, herbicides, pesticides, veterinary preparations and growth stimulators. Considering that the expenditures on fertilizers, herbicides and pesticides are planned in separate articles, we may conclude that state support in the part of chemicals refers to veterinary preparations and growth stimulators. This assumption needs to be verified during field research.

As regards other measures, we observe a gradual decrease of interest in rural development and soil fertility.

Both, federal and province budget are the sources of funding of the expenditures indicated in Table 3-21. The share of each source is, however, not known. We may assume that the overall decrease in state support and the variation in expenditures on specific measures are caused by the variation in the volume of funds allocated from the federal budget to the province budget for the support of agricultural production. This assumption needs to be verified during field research.

The implementation of the Province Program of Agro-Industrial Development is further supported by a number of Procedures which set the conditions and rules for the allocation of funds from the federal and province budgets, namely:

- the Procedure of State Support in Form of Subsidies for the Development of the Material and Technical Basis in the Agricultural Complex of Tyumen Province (Government of Tyumen Province 2007a);
- the Procedure of the Allocation of Budget Funds for the State Support of Agricultural Production in the Part of the Development of Cooperation and Increase of the Competitiveness of Regional Agricultural Producers in the Framework of the Program ‘Cooperation’ (Government of Tyumen Province 2007b);
- the Procedure of the Partial Compensation of Expenditures on Credit and Loan Fees from the Province Budget (Government of Tyumen Province 2007c);
- the Procedure of the Allocation of Funds from the Federal and Province Budgets for the State Support of Agricultural Production (Government of Tyumen Province 2008a).
3.4 Implementation of Agricultural Policy in Tyumen Province

Several official documents are available which report on the implementation of agricultural policy in Tyumen Province for the period 2009-2010. The main results of agro-industrial development are summarized in Table 3-22. The information for the period 2006-2007 was provided in Table 3-18; information for 2008 is not freely available.

From the Table 3-22 it follows that major progress in 2009-2010 was achieved in the animal husbandry branch of the Tyumen agro-industrial sector. We also observe the expansion of animal production and the supporting facilities in 2010 in comparison to 2009. Thus, the livestock population in the province has been growing, the number and share of pedigree livestock has been increasing, the re-equipping of the sector proceeds.

Animal production is also the main and the only reported direction of state support to small agricultural producers. The latter is provided in the form of sale of livestock, also that of high-productive breeds, on preferential terms, and the provision of free forage.

In the part of crop production, the expansion of cultivated land is the main outcome relevant for the project. Expansion of arable land is the crop production objective set in the federal agricultural policy and in the UFD Concept of Food Security. In this regard we may expect further increase in the share of arable land.

In the part of rural development direction of the Tyumen agricultural policy, the outcomes of state support decrease in 2010 comparing to 2009. This may be explained by the decrease in the available budget funding (also from the federal budget) for the rural development measures, or the lack of interest from the policy target groups, i.e. rural areas remain unattractive in spite of the available state support.

Judging upon the reported progress in agro-industrial development, we may conclude that agricultural production is a clear priority for state and investments and support. This is in line with the strategic goals of the federal policy of agricultural development (see Section 3.1.2) and the objectives set for the Tyumen province by the UFD Concept of Food Security (see Section 3.2). At the same time it is not clear, if the outcomes of agro-industrial development summarized in Table 3-22 are entirely those which were enabled by state support, or if some of data also includes private investments of agricultural producers. This in particular concerns such indicators as the purchase of agricultural machines, emergence of new animal production and forage production enterprises etc.

Further investigation through the in-depth interviews with stakeholders is needed to grasp the scope of the state support impact on agricultural development in Tyumen region.
<table>
<thead>
<tr>
<th>Year</th>
<th>Total budget funds allocated to the state support of agriculture (million RUB)</th>
<th>Support to small producers</th>
<th>Financial stability of agricultural producers</th>
<th>Animal production</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>7,491.9</td>
<td>3,700 pedigree pigs</td>
<td>7,030 ton</td>
<td>5,000 heads of pedigree cattle were reconstructed in &quot;Yubilejnyy&quot; pig farm.</td>
</tr>
<tr>
<td>2010</td>
<td>6,478.0</td>
<td>430 heads of improved cattle</td>
<td>14,400 ton</td>
<td>14 mini farms introduced into operation</td>
</tr>
</tbody>
</table>

- **Animals sold on preferential terms:**
  - 3,700 pedigree pigs
  - 550 heads of improved cattle
  - 24,000 ton

- **Gratis provision of mixed fodder:**
  - 2,400 ton

- **Financial stability of agricultural producers:**
  - 1.03 billion RUB
  - 14 mini farms introduced into operation
  - Pig farm for 300 animals constructed in Uvansky region

- **Partial compensation of credit fees:**
  - 14 mini farms introduced into operation
  - Pig farm for 300 animals constructed in Uvansky region

- **Animals production:**
  - 4,500 pig places were reconstructed in "Yubilejnyy" pig farm.
  - 4,300 livestock places reconstructed at the 5 milk enterprises of Shadkovskiy, Nizhnetavdinskiy and Uporovskiy regions
  - 4,300 livestock places reconstructed at the 5 milk enterprises of Shadkovskiy, Nizhnetavdinskiy and Uporovskiy regions
  - 2,300 heads of pedigree livestock of foreign selection were purchased
  - 291 heads of pedigree cattle from other parts of Russia were purchased
  - Within agricultural enterprises the share of pedigree livestock reached 50%
## Crop production

<table>
<thead>
<tr>
<th>Increase in crop production</th>
<th>Average productivity of cereals and leguminous 2.12 ton/ha</th>
<th>Average productivity of cereals and leguminous 1.81 ton/ha</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>81% of agricultural land under cereals and leguminous was cultivated with resource-conserving technology</td>
<td>85% of agricultural land under cereals and leguminous was cultivated with resource-conserving and soil protecting technology</td>
</tr>
<tr>
<td></td>
<td>85% of agricultural land under cereals and leguminous was cultivated with resource-conserving technology</td>
<td>8,000 ha abandoned land introduced into cultivation</td>
</tr>
<tr>
<td></td>
<td>8,000 ha abandoned land introduced into cultivation</td>
<td>Cultivated land increased by 16,100 ha</td>
</tr>
<tr>
<td>Purchase of agricultural machinery</td>
<td>416 machines, of those 200 tractors, 77 grain combines, 37 forage combines and 33 wide-cut seeding machines</td>
<td>627 machines</td>
</tr>
<tr>
<td>Support to the purchase of mineral fertilizers</td>
<td>88,700 ton purchased</td>
<td></td>
</tr>
</tbody>
</table>

## Rural Development

<table>
<thead>
<tr>
<th>Training and retraining or specialists and managers</th>
<th>705 persons</th>
<th>455 persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment of young specialists in agricultural sector</td>
<td>248 graduates</td>
<td>92 graduates</td>
</tr>
<tr>
<td>Improved housing conditions for young experts employed in agriculture and their families</td>
<td>232 persons/families</td>
<td></td>
</tr>
</tbody>
</table>

## Soil Protection

<table>
<thead>
<tr>
<th>Protection of Soil Fertility</th>
<th>Agrochemical monitoring of 220 thousand ha arable land conducted</th>
<th>Liming of soil on 1.2 thousand ha agricultural land</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Phosphorization of soil on 650 ha agricultural land</td>
<td>85.4 thousand ton mineral fertilizers applied</td>
</tr>
<tr>
<td></td>
<td>23.7 thousand ton organic fertilizers applied</td>
<td>Agrochemical monitoring of 220 thousand ha arable land conducted</td>
</tr>
</tbody>
</table>

\* the enterprise is located in the 3rd test area of the project

*Source:* compiled by the author on the basis of Duma (Parliament) of Tyumen Province 2010a, Duma (Parliament) of Tyumen Province 2010c, Duma of Tyumen Province 2011a, Duma of Tyumen Province 2011b, Duma of Tyumen Province 2011c, Duma of Tyumen Province 2011d, Duma of Tyumen Province 2011e, Duma of Tyumen Province 2011f, Duma of Tyumen Province 2011g
3.5 Conclusions

Having analysed Russia’s agricultural policy on all administrative levels, we may conclude that intensification of and increase in agricultural production are the main goals. Animal husbandry is particularly supported because high consumption of meat is considered an indicator of living standard. The nutrition planning in Russia is oriented on the old Soviet norms and the comparison with the consumption of meat in the US. The new trends (as in the EU) to increase the share of plant products and decrease the share of meat in daily ration are not valued. Such ideology and state support to animal production by all types of producers are likely to have negative effects on the environment and accelerate the climate change effects of Russia’s agricultural sector.

In crop production branch, the increase in yields is to be partly achieved through the increase in arable land. In Tyumen province this is to be done at the expense of low productive land. Cultivation of low productive land won’t contribute much to the agricultural output, but the off-site effects might be significant.

The environmental component is very low in Russia’s agricultural policy; it is represented only by the measures for soil fertility protection. Here it is important to consider that soil is perceived as an input to agricultural production, and its quality is associated with fertility. The soil protection measures implemented on the territory of Tyumen province would have short term positive effects on fertility but won’t be able to protect the resource in the long run, for example, from such type of degradation as erosion. Tyumen province is not a priority region for soil protection and improvement. This means that we may expect a poor allocation of financial resources the federal budget to Tyumen budget within the Program on Soil Protection. This assumption is confirmed by the data on the funding of soil protection from the province budget.

The rural development measures in the province are implemented, but their outcomes are lower than expected. The employment of young and high-qualified specialists in agriculture remains critical.

Agricultural production is expected to experience significant changes after the protocol of WTO accession by Russian Federation is ratified by Russian Parliament.
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