



MINISTRY OF AGRICULTURE
AND RURAL DEVELOPMENT

Russian embargo – history and impact 2014

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Ban on exports from Poland and EU to Russia

– sequence of events:

- 27 February 2014** ban on live pigs, their genetic material and pork products from Poland, as a result of reported ASF cases;
- 7 April 2014** ban on meat products containing pork from Poland and Lithuania;
- 1 August 2014** ban on selected fruits and vegetables from Poland;
- 7 August 2014** ban on selected agricultural and food products from USA, EU, Canada, Australia, and Norway.



List of products covered by the Russian ban

1 August 2014 (selected fruits and vegetables from Poland):

- apples, pears and quinces, fresh;
- apricots, cherries and sweet cherries, peaches (together with nectarines), plums and blackthorn fruit, fresh;
- cabbage, cauliflowers, kohlrabi, savoy cabbage and similar brassicas, fresh or chilled;
- other vegetables, fresh or chilled.

Export value from Poland to Russia in 2013 – **510 m EUR**



List of products covered by the Russian ban

7 August 2014 (USA, EU, Canada, Australia, Norway):

- beef, fresh or chilled,
- beef, frozen,
- pork, fresh, chilled or frozen,
- meat and edible meat offal of poultry covered by the item 0105, fresh, chilled or frozen
- salted meat in brine, dried or smoked,
- fish and crustaceans, molluscs and other water invertebrates,
- milk and dairy products,



List of products covered by the Russian ban

- vegetables, roots and tubers,
- fruit and nuts,
- sausages and similar products of meat, offal or blood, and food products based on them,
- finished products, including cheese and cottage cheese based on vegetable fats,
- food products (containing milk, based on vegetable fat).

Based on data from **2013**, the ban covered **67%** of Polish agri-food export to Russian Federation



20 August 2014 - Russian Federation introduced corrections to earlier list of banned products, excluding:

- Salmon fry and trout;
- Lactose-free milk and lactose-free dairy products;
- seed potatoes, spring onion, sugar corn and peas for sowing;
- biologically active additives, mineral and vitamin mixes, flavourings, protein concentrates (of animal and vegetable origin), and their mixes, dietary fibres, food additives (including complex ones

No significant contribution to Polish exports to Russia



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Effects of the Russian embargo for Poland

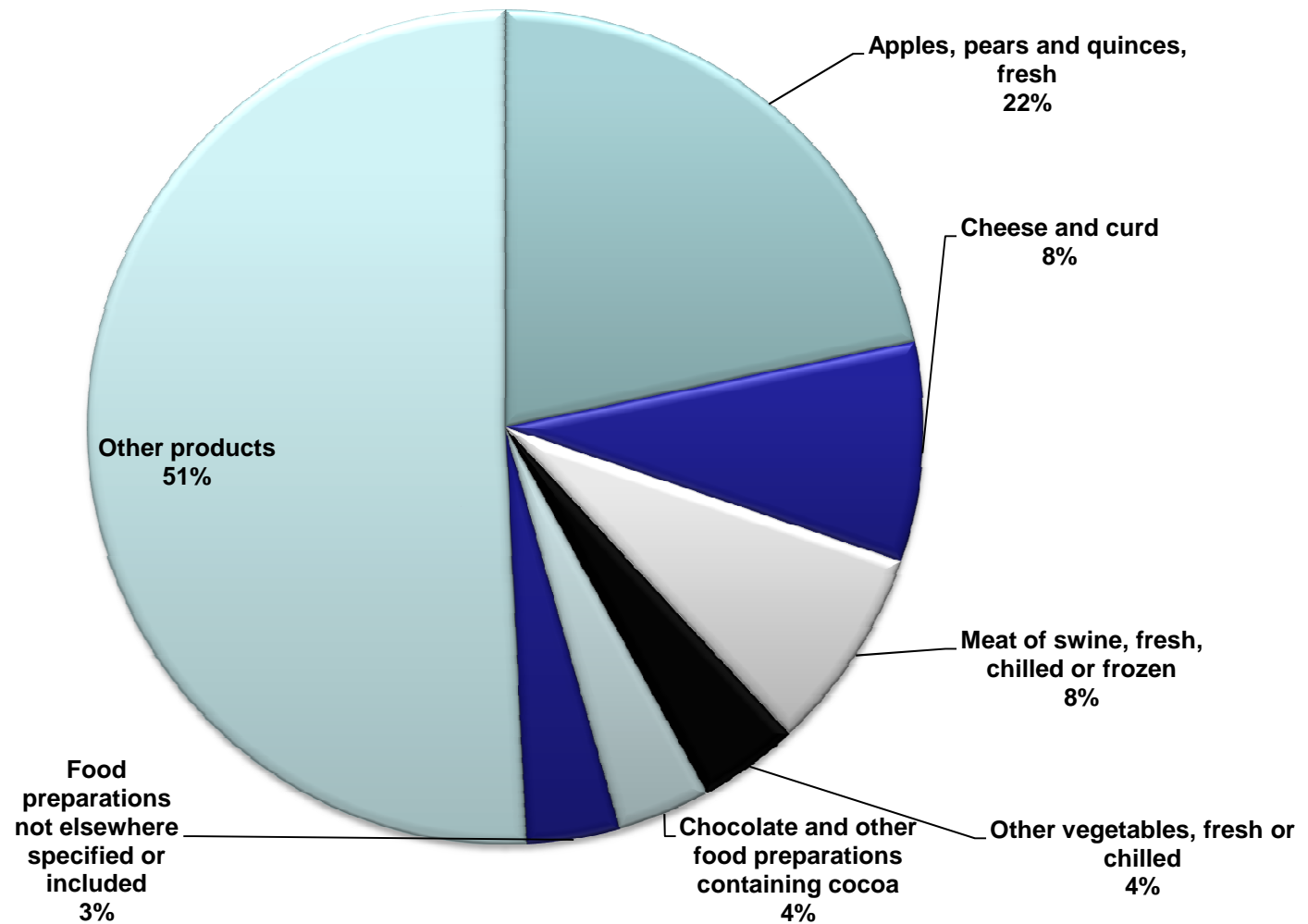


Importance of Russian market for Poland

- In the period 2004-2013, Polish agri-food export to Russia amounted to 1 257. 8 million EUR – characterized by a growing positive trade balance;
- 6,2% of agri-food export from Poland went to the Russian market in 2013;
- Surplus value in commercial turnover with Polish food products placed Russian on 2nd place, behind Germany.



Main agrifood products exported to Russia in 2013 [mln EUR]





Main markets affected by the embargo:

- Fruits and vegetables
- Milk and dairy products
- Meat and meat products



Fruit and vegetable market

Export of fresh fruits and vegetables to Russia in 2013 amounted to ca. 1 million tons, value of ca. 510 m EUR:

- Apples (700,000 tons, 22% of total production)
- Tomatoes (ca 51,000 tons, ca 6% of total production)
- Paprika (ca 8,000 tons, ca 6% of total production)
- Cabbage (ca 69,000 tons, ca 7% of total production)



Fruit and vegetable market

- Biggest problem with perishable products;
- Losses for producers of apples, tomatoes, paprika, cabbage, champignons, frozen fruits and vegetables – business plans made, problem of increased supply, market surplus and falling prices;
- Apples are main problem- risk of greatest market disturbance, as currently ca. 700,000 tons of apples to be managed;



Milk market

- 2013 – Russia 2nd largest recipient of Polish dairy products (140 m EUR, 8,6% of total export);
- Main products – cheeses (76,4%), milk and cream, butter;
- Embargo increased the downward trend in prices of dairy products due to increased market supply;
- Alternative markets needed – difficult due to a big supply on EU markets (cheeses);



Meat market

- **Pork** – sector in regression for several years (decrease of pig population, increased import of piglets, low profitability). Crisis intensified by ASF cases – export to Russia not possible anyway, but in 2013 value of pork export 11%. Currently fall in prices visible (20% less than in 2013), production less profitable;
- **Beef** – small export to Russia (10,000 tons), 85% to the EU, embargo of little importance, high demand in 3rd countries;
- **Poultry** – small export to Russia, mostly EU markets, sector very dynamic, no significant effect of the embargo

Ongoing market monitoring needed to assess actual losses



Actions taken at EU level

- 12 August 2014 – Poland requests the EC to launch dispute settlement procedure with Russian Federation under WTO rules;
- Poland consequently requests for urgent, adequate measures to be taken by the EC aimed at compensating losses of producers and stabilizing the market, and thus limiting direct and indirect effects of the embargo;
- **Milk market** – export refunds, direct support to milk producers, limiting financial burdens linked with exceeding quotas (i.e. correction of fat coefficients);
- **Fruit and vegetables** – need to allocate adequate funds for withdrawal mechanisms, equal treatment of members and non-members of producers groups



Actions taken at EU level

- **Meat market** – stabilizing measures, search for alternative markets, consider export refunds;



Actions taken at national level

- Search for new markets and promotional campaigns in 3rd countries – joint actions by Ministry of Agriculture, Agency for Agricultural Market, Ministry of Economy, Polish Embassies + Trade Sections (mainly Asian countries – China, South Korea, Japan, Singapore, North Africa, Middle East, India)
- Ministerial and interministerial crisis teams set up
- Implementation of the withdrawal mechanisms by the AAM
- Better regulation of relations within the food chain

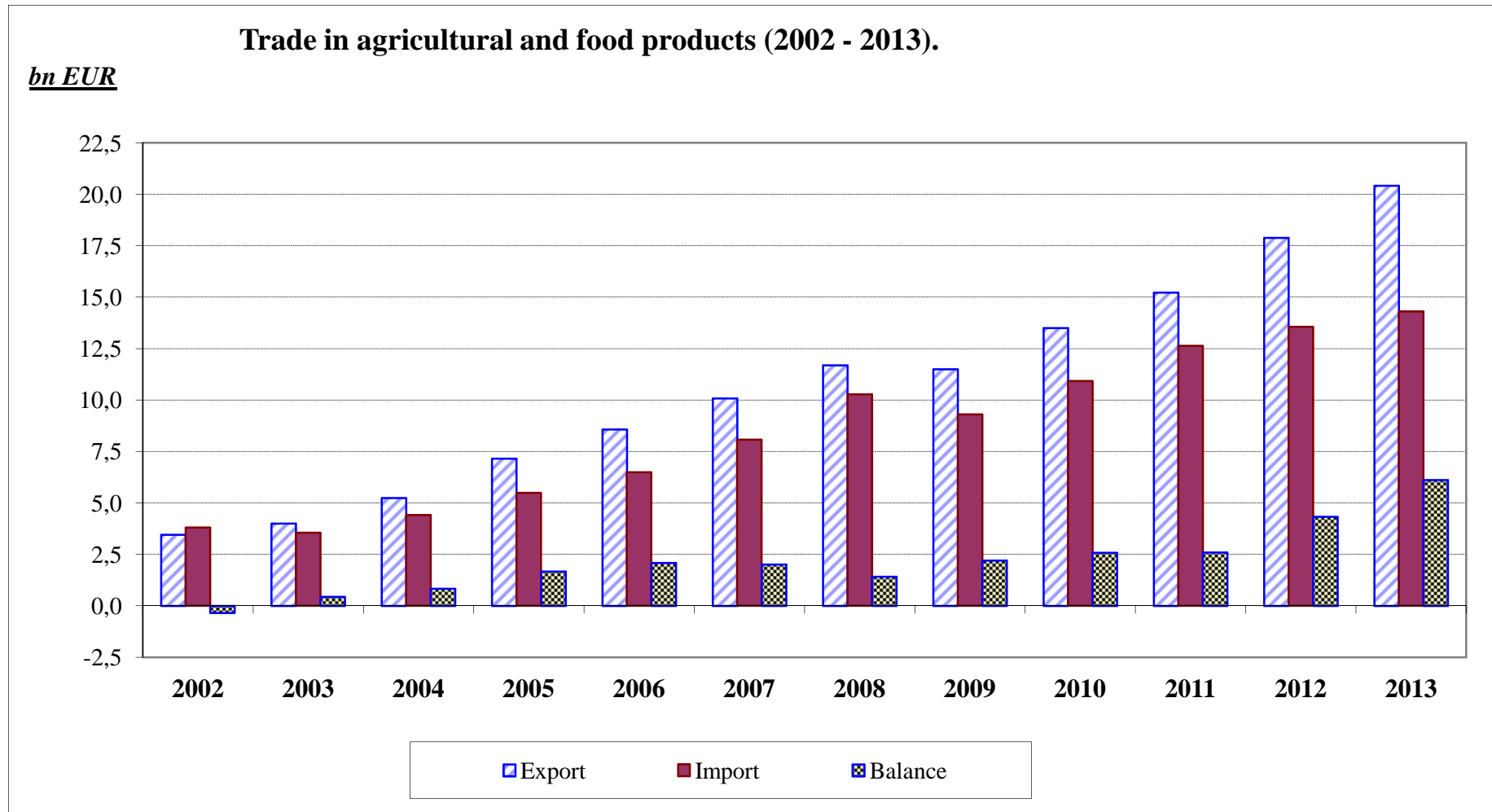


Conclusions:

- Export ban will have most severe impact on products which Russia was main recipient of – apples, pears, tomatoes;
- Need to search for new markets – not easy, intensified competition on the part of EU Member States, veterinary and phytosanitary requirements to be negotiated bilaterally with 3rd countries
- Wake-up call for producers and companies – need for export diversification

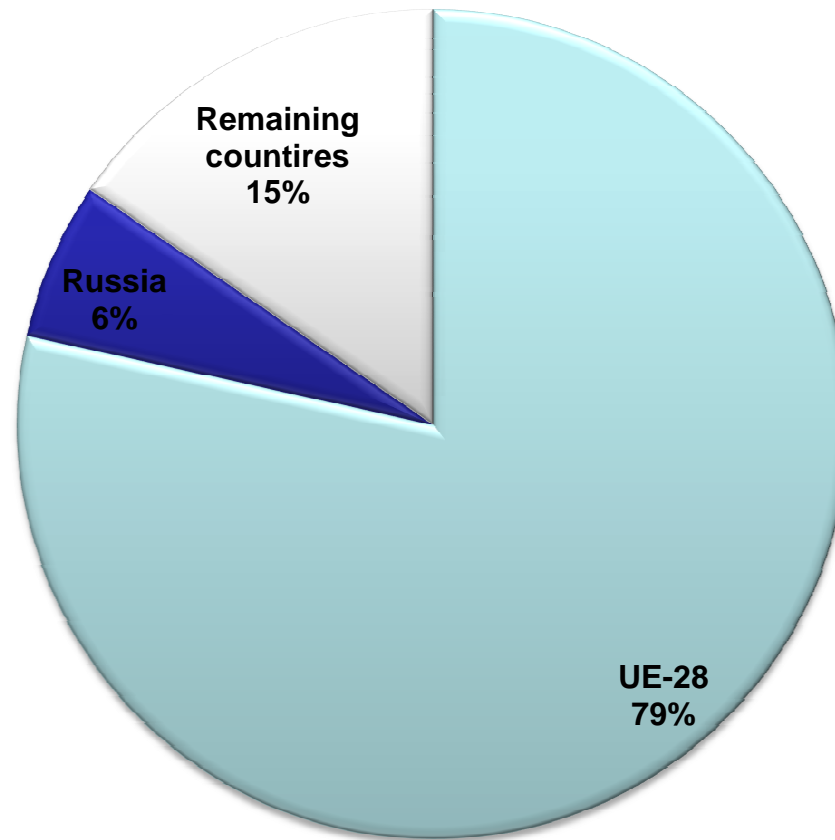


The big picture





Polish export of agricultural and food products in 2013 [bn euro]





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THANK YOU FOR YOUR ATTENTION !

