



The Russian Market: Opportunities for U.S. Agriculture

Russia Is an Important Market for U.S. Agriculture

Russia offers a wealth of opportunities for U.S. farmers looking to export their crops, as well as U.S. firms selling farm machinery or investing in value-added food products. Following Russia's entry into the WTO, Russia's average import tariff for agricultural goods will drop from 21.5% to 18.9%,¹ and Russia will bind tariff levels on all agricultural products, adding more predictability to our market access.² Also, WTO membership will obligate Russia to abide by sanitary and phytosanitary standards that will help ensure market access.

U.S. Meat Exporters Stand To Gain From Russia Entering the WTO

U.S. meat exporters see Russia as a valuable market, and Russia's WTO accession will bolster their opportunities there by strengthening rules-based certainty.

- Russia is the #1 export market for U.S. poultry.³ The U.S. exported to Russia more than 745,000 metric tons of poultry in 2006 worth US\$458 million.⁴
- Russia bought more than half of total U.S. chicken leg exports in 2006.⁵
- Russia is the 6th largest export destination for U.S. pork and pork products,⁶ and these exports jumped more than 150% by value in 2006 to total US\$136 million.⁷
- In 2003, Russia was the 5th largest export market for U.S. beef.⁸ While Russia then closed its market to U.S. beef due to mad-cow disease concerns, through WTO negotiations with the U.S., Russia has now committed to reopening its market. Additionally, Russia will bind its 15% tariff for U.S. high-quality beef.⁹

Russia Is a Growing Market for U.S. Fish, Fruit, Nuts and Wine

- The U.S. exported US\$43 million of fish and other seafood to Russia in 2006, a 70% increase from 2004 levels.¹⁰
- U.S. apple exports to Russia doubled in value over 2004-2006,¹¹ and U.S. pear exports displayed double-digit growth both in volume and value terms in 2006.¹²
- Russia offers a market for U.S. almonds – U.S. almond exports to Russia grew 15% in value over 2004-2006, reaching almost US\$30 million.¹³
- Russia is one of the world's leading wine importers,¹⁴ and U.S. wine exports to Russia rose 27% in value in 2006.¹⁵

U.S. Firms Specializing in Farm Equipment and Food Processing See Abundant Opportunities

The U.S. Commercial Service estimates that Russian farmers will need approximately 17,000 combines and 45,000 tractors per year for the next 5 years,¹⁶ and U.S. firms selling value-added food ingredients have substantial investments in Russia.

- U.S. exports to Russia of agricultural tractors rose more than 50% by value in 2006.¹⁷
- John Deere's business in Russia is growing at a rate of more than 70% annually.¹⁸
- Cargill is one of Russia's leading agricultural investors, having invested more than US\$300 million in Russia's agriculture and food processing sectors.¹⁹

¹ Stephen K. Wegren, "Can Russian Agriculture Compete in the WTO," NBR Special Report, (March 2007).

² "Agricultural Goods Market Access," USTR Fact Sheet (November 19, 2006).

³ ITC Dataweb, Total U.S. Exports to All Countries (HTS-0207) by FAS Value.

⁴ Ibid; ITC Dataweb, Total U.S. Exports to Russia (HTS-020712 + HTS-020713 + HTS-020714 + HTS-020725 + HTS-020726 + HTS-020727), Quantity.

⁵ ITC Dataweb, Total U.S. Exports to All Countries (HTS-0207140010) by Quantity.

⁶ NPPC Press Release, (November 13, 2006).

⁷ ITC Dataweb, (HTS-0203), 2005-2006 by FAS Value.

⁸ NCBA Press Release, (November 20, 2006).

⁹ "Agricultural Goods Market Access," USTR Fact Sheet (November 19, 2006).

¹⁰ ITC Dataweb, Total U.S. Exports to Russia (HTS-03), 2006 by FAS Value.

¹¹ ITC Dataweb, Total U.S. Exports to Russia (HTS-080810), 2005-2006 by FAS Value.

¹² ITC Dataweb, Total U.S. Exports to Russia (HTS-080820) 2005-2006, by both FAS Value and Quantity.

¹³ ITC Dataweb, Total U.S. Exports to Russia (HTS-080211 + HTS 080212) 2004-2006 by FAS Value.

¹⁴ "California Wine Moves Into Retail Chains," USDA Foreign Agricultural Service, GAIN Report # RS6302, (February 16, 2006).

¹⁵ ITC Dataweb, Total U.S. Exports to Russia (HTS-2204), 2005-2006 by FAS Value.

¹⁶ Luba Savchenko, "Agricultural Equipment Trends in Russia," U.S. Commercial Service (March 2006).

¹⁷ ITC Dataweb, Total U.S. Exports to Russia (HTS-8701901065 + HTS-8701901040 + HTS-8701901070 + HTS-8701901060 + HTS-8701901055 + HTS-8701901090) 2005-2006 by FAS Value.

¹⁸ "U.S. Business in Russia," Brochure published by the American Chamber of Commerce in Russia (2007).

¹⁹ Cargill Press Release, (April 4, 2006).