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Russian Federation

Poultry and Products

AI And Reduced Supply Boosting Prices

2004

Approved by:

Allan Mustard
U.S. Embassy

Prepared by:

Mikhail Maximenko, Mark Petry and Randall Hager

Report Highlights: Although stocks had been sufficient through January, delayed poultry import quota distribution has reduced domestic availability. Supply has also been reduced on the world market due to the discovery of avian influenza in Asia, especially in major exporters Thailand and China, causing prices to rise in other exporting countries, especially the United States and Brazil. Some Russian importers expect world prices to decline later in the spring, and have reportedly decided to delay new purchases until that time.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

Poultry Stocks

At the end of 2003, Russian poultry traders aggressively brought in supplies to meet domestic demand and to increase their historical 2003 imports, which serve as a basis for 2004 allocations. As a result, domestic stocks expanded at the end of 2003 (please see GAIN report RS4004 for more information on this subject). However, products are not arriving in Russia at the normal rate because of implementation problems with the poultry quota due to the nearly month-long delay in distributing import licenses to Russian importers. While this problem has now been fixed, normal flows of poultry will not resume until early March due to the shipping times from North and South America.

Fortunately for the local consumer, these larger stocks have dampened the growth in domestic retail prices caused by restricted imports. Nevertheless, reduced poultry availability on the world market caused by the Avian Influenza (AI) outbreak in Asia may force further price growth in Russia. In addition, some major importers have declared that they will postpone poultry purchases from US, where export prices have also increased, until prices go down.

Effect on Poultry Consumption

The restricted supplies and higher prices will have a negative impact on Russian customers, as higher prices will make poultry more expensive and less available. Consumers may thus move to other types of proteins such as pork, beef, and seafood or vegetable proteins or other products. Pork and beef prices were higher in January on a year-to-year basis, but as poultry prices move to nearly the same level, consumers may begin to switch to those products even as they are more costly. Please see GAIN report RS4005 for more details on pork and beef prices.

Avian Influenza

Due to the onset of AI in southeast Asia, Russia has prohibited imports of live birds, hatching eggs, poultry and poultry products, feed and feed additives for poultry, and used equipment from Vietnam, Japan, South Korea, Cambodia, Taiwan, Indonesia, Laos, Hong-Kong, Pakistan, Thailand, and China.

In most cases, Russia has not been directly affected by the avian flu outbreak in Asia because imports have historically been limited to Chinese chicken breast meat. Therefore, Russia is mostly experiencing the indirect price affects of the Asia AI outbreak as global competition for supplies from the United States and Brazil intensifies from many importing countries.