

## AGRICULTURE IN RUSSIA: GOING DIGITAL

### ■ Ministerial project “Digital Agriculture”. Period of implementation: 2019-2024

Digital transformation of agriculture that will be achieved by the introduction of digital technologies and new platforms is aimed at fostering agricultural exports, reaching a technological breakthrough in agricultural sector, obtaining food security as well as doubling labor productivity at “digital” agro-enterprises by 2024.

The agriculture digitalization process is closely entwined with the digitalization of national economy. National program “Russian digital economy”, among other objectives, is aimed at increasing efficiency of the cooperation between agricultural companies and public bodies by digitalization and introduction of a new government support service for agricultural sector. The service will allow companies to have a swift access to up-to-date agricultural sector information as well as the list of available programs of government financial support.

### ■ Digital transformation developments:

- National level: digital platforms of the Ministry of Agriculture, big data analytics with the help of blockchain and Artificial Intelligence technologies;
- Regional level: “smart” planning and “smart” contracts;
- Business level: broad introduction of complex digital agro-technologies, digital education for agricultural specialists.



### ■ New platforms

“Land of knowledge” – digital agrarian platform comprising different services: databases, educational service, crop monitoring service.

“Land of knowledge” educational service is being developed as the “55th agrarian university” – a digital educational agrarian system, the first of its kind in Russia. The system is planned to provide users with the access to numerous professional digital programs and courses. In 2019-2021 more than 55 000 specialists of Russian agricultural companies will be trained in digital economy via “Land of knowledge”.

“Teleagronom” service will monitor, model and diagnose crop diseases.

“Efficient hectare” – agricultural lands database

The service will accumulate assessment of agricultural lands (their condition and potential), provide digital solutions for land use.

“Agri-products tracking system”

The service accumulates data about production, transportation of agricultural goods.

“Russian green brand” – organic, sustainable, bio. The service “Russian green brand” is a system controlling production, storing, transporting and market realization of organic agricultural products.

The platform will also allow paper-free document flow.

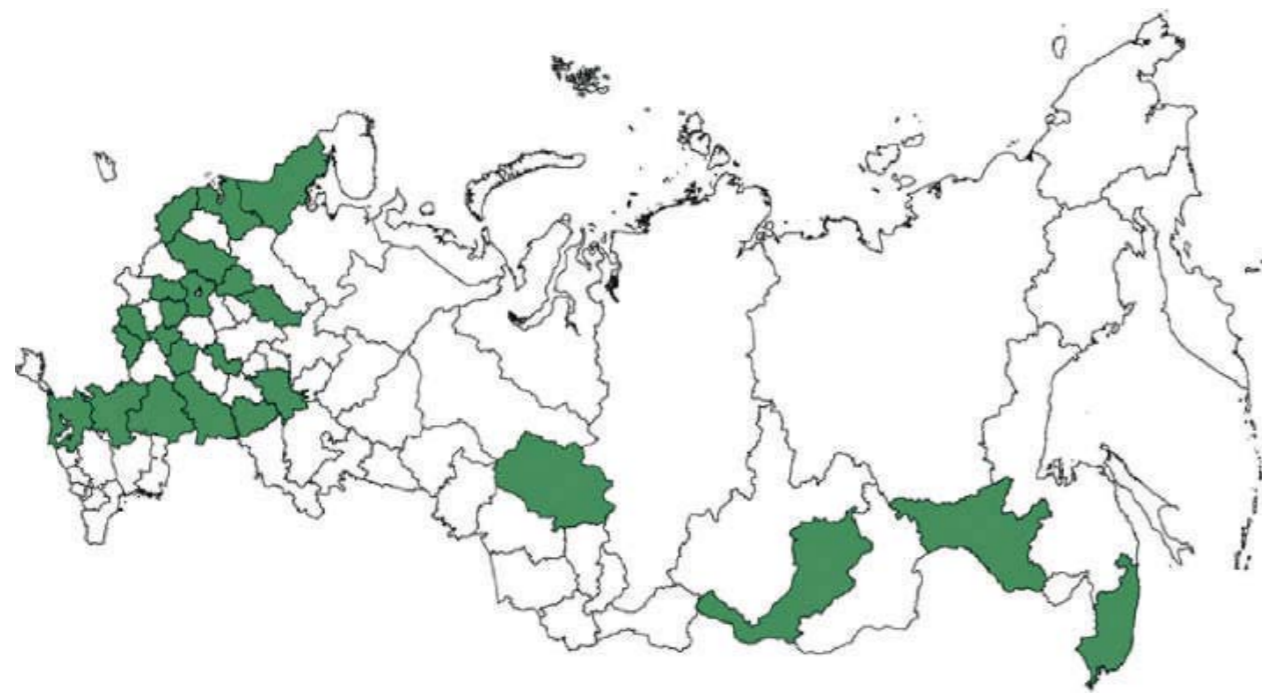


## DEVELOPMENT OF ORGANIC AGRICULTURE IN RUSSIA

The Russian market for organic products is currently in an early growth phase. Over the last 15 years, the market has grown 10 times in value: from US \$16 million in the early 2000s to US \$160 million in 2016.

While initially 100 percent of the market consisted of imported products (primarily from France, Germany, and Italy), in 2016 the value market share of domestic certified organic products amounted to 20 percent of the total market.

As of 2016, 289,89 hectares were certified organic in Russia (including areas in conversion). Over the previous 11 years (2005–16) organic agricultural land area has increased significantly, from 6,900 hectares of land reported under organic management in 2005. In 2014–15 Russia experienced a rapid growth of organic agricultural land area: 139,292 hectares were added over a two-year period. At the same time, organic land in Russia accounts for only a 0.2 percent share of total agricultural land in the country.



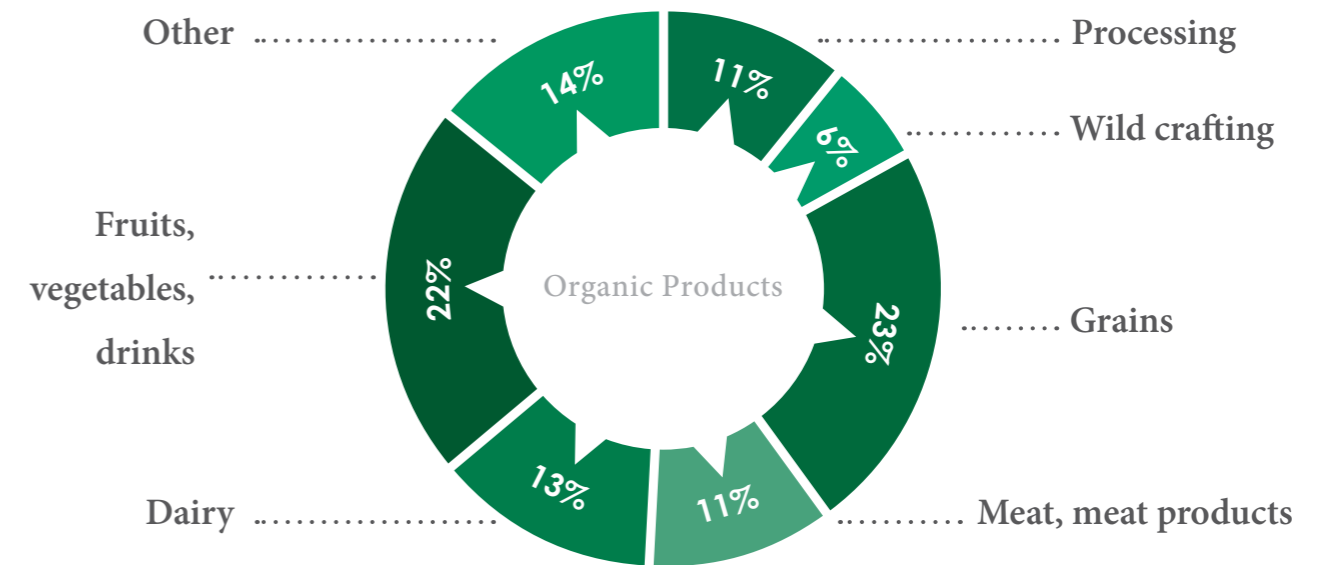
Organic Producers by Region

Geographically most of the producers are located in the European part of Russia — in Yaroslavl region, Saratov region, Rostov region, Krasnodar region, and Moscow region, among others. The largest organic producers include agricultural holdings Agrivolga, Arivera, Sibbioproduct, UFENAL and Savinskaya Niva, which are also present on the retail side and have their own specialized stores located primarily in Moscow and St. Petersburg.

The geography of organic production and retail is linked to the location of most of the consumers for these products. Considering that organic products are two to five times more expensive than conventional food products in Russia, the largest markets for organic products are Moscow and St. Petersburg (where incomes and purchasing power are higher than in other cities). These markets account for over 70 percent of total sales.

Organic farms in Russia produce mostly grains (23 percent) and fruits and vegetables (22 percent).

Dairy products account for 13 percent of the organic production in Russia, followed by meat and meat products at 11 percent.



Organic Production by Sector

Three national standards (GOSTs) currently regulate the production and distribution of organic product in Russia:

- GOST R 56104-2014 “Organic Food Products: Terms and Definitions,” dated September 10, 2014,
- GOST R 57022-2016 “Organic Products: Guidelines for Voluntary Certification of Organic Production,” dated August 5, 2016,
- GOST 33980- 2016/CAC/GL 32-1999, NEQ “Organic Products: Rules for Production, Labeling and Sale” dated October 25, 2016

All of these standards provide rules for the production, storage, and transportation of organic products of plant, animal, and microbial origin, as well as aquaculture products in their natural or processed form that are used as food, animal feed, or planting material and seeds.

The law “On Production of Organic Products” is to enter into force in 2020

The law introduces the key concepts—such as organic products, organic production, and distribution. It also prohibits labeling and distributing organic products that have been produced at a facility that has not been certified organic. In addition, the law requires obligatory accreditation of certifying companies with the respective state agency, establishes a national register of organic producers, and introduces a national common logo for organic products.

