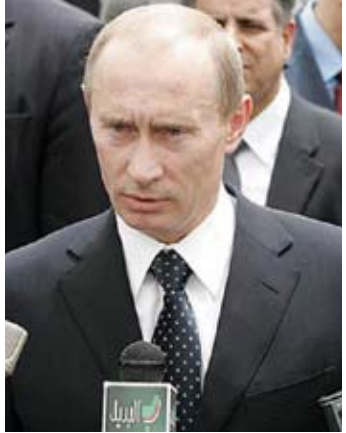


Putin Vows, Russia Will Become a Food Exporter

Russian Prime Minister Vladimir Putin made these remarks to a meeting on agriculture on May 19, in the town of Yessentuki, Stavropol Territory. The speech was translated from Russian for EIR. For more on this conference, see article, p. 34.



Vladimir Putin

As agreed, we are going to be dealing with the problems of agriculture and the agroindustrial complex as a top priority, among other questions. Today we are holding the first conference on this topic. You are aware that the steep rise of prices on world food markets has seriously affected the situation in our country, too. Pensioners, families with many children, and other socially vulnerable groups in the population, for whom food is their biggest item in their family budgets, have felt this the most.

Under these conditions, we need to pay close attention to the development of our agroindustrial complex (APK) and to increasing the stability of our domestic food market.

Russia's agrarian potential is truly unique. It makes it possible not only to meet our own needs, but to make our presence known as a major player in world food markets.

A serious basis for this has already been laid, including through implementation of the National Project. Development of the APK has really become a priority for the Federal and regional governments. Many billions of rubles have been invested in the sector.

You know, the Minister of Agriculture and I were recalling just now, how in the late 1990s, ninety percent of the agricultural enterprises in the country were loss-making. 90%! Today there are still quite a few—around 25%. But it was 90%! And the most important thing now, is that the state of mind of people living and working in rural areas has begun to improve.

An important step was the adoption of a Federal Law on the Development of Agriculture, and the five-year State Program.

Our key objectives are to ensure the steady development of agricultural areas, raise the quality of rural life, and achieve substantially increased efficiency of the APK, and competitiveness of our agricultural production. That means protecting ourselves from world market fluctuations.

Our policy must guarantee access to food and stable prices, for the population, while creating incentives for efficient agrarian production.

I would like to mention the following key points.

First. We must substantially increase production of the main types of agricultural production. Above all this concerns meat, milk, and grain. And grain needs the most attention, since it is the main raw material for all of agriculture.

In world practice, production of one ton of grain per capita is considered optimal. We have increased our grain production and already have an export capability which is not bad. But, to reach that world level, we need not only to increase the area under cultivation, but also to work seriously on raising yields and efficiencies in grain production.

Second. Technological re-equipping of the sector. For this purpose, we should develop effective leasing schemes and expand the use of long-term credit.

Third. It is important for us to achieve price stability for the main types of resources used in the APK. I am not saying anything new here: This means, above all, motor lubricants and fertilizer. To achieve this we need to improve the effectiveness of anti-monopoly regulation and subsidies.

Fourth. A modern risk-management system. The State Program provides for developing agricultural insurance.

Fifth. We need modern market techniques for reacting to conjunctural changes that affect the main types of agricultural products. This requires a system for constant monitoring. And if prices exceed established limits, there should be automatic measures, and I mean purchasing interventions, and regulation using import and export tariffs. This array of instruments exists and is in use, but unsystematically, and often very late, unfortunately.

Under rapidly changing conjunctural conditions and rising prices on world food markets, the Ministry of Economic Development and the Ministry of Industry and Trade must make an inventory of all of our foreign trade agreements in the agroindustrial area and, jointly with the Ministry of Agriculture, present specific proposals to improve our foreign economic policy in this area. Being guided, of course, exclusively by the interests of our domestic producers and consumers.

In this connection, we need to update our regulatory base for production and sale of food products, and adopt modern technical regulations.

Lastly, steady development of the APK and the food market require that we shape an effective trade policy, one which allows us to reduce costs along the pathway a product takes from the producer to the consumer.

We shall formulate the relevant orders, based on the results of today's meeting.