



## FACT SHEET #1

### Business opportunities in Russia

Russia currently has one of the world's fastest growing economies and is rapidly becoming one of the most attractive investment destinations. The integration of Russia into the world economic system and Russia's entry into APEC in 1995, together with the stable dynamics of its economic development, provides a strong foundation for new and successful trade relations with Australia

Following the demise of the Soviet Union much of the agricultural land production potential has been under-utilized or not farmed in any substantial way. Both the central and local governments, along with various investors, now see the necessity and the opportunity to develop this massive resource as a food and fibre provider for local and export markets.

Australia is a recognized world-leader in agriculture, and certainly becoming very well respected in Russia. Australian farmers are pre-eminent in the breeding and export of beef to the world markets and rank equally with Brazil in meat production and exports.

Natural resources such as oil, gas and mining, together with agriculture, form the foundation of the entire Russian economy. The resources sector is enjoying strong growth and development and whilst agriculture is in urgent need of innovation, enhancement and investment it offers very significant opportunity and potential.

The Russian agribusiness economy is not performing at all close to its potential compared with countries such as Australia. Animal husbandry and production performance, particularly in the beef and sheep industries, is very much behind "best practice". Expertise and proven skills are required to rejuvenate the agricultural industry and upskill its workforce. Priority areas include:

- recovery and renewal of the livestock population;
- genetic improvements in breeding;
- introduction of advanced veterinary methods which meet world standards;
- methodologies for prevention and containment of epidemics;
- establishment of educational institutions to train personnel and managers for commercial farms;
- production and importation of new equipment and the latest agricultural technologies;
- implementation of modern management and accounting systems; and
- changes to the legislative base regulating the meat industry and animal husbandry practices in Russia to allow the market to run effectively in the new economy.

Expo-Trade believes Australia's vast experience and significant international success in agriculture could be influential in contemporising the agricultural sector in Russia. There are huge opportunities for Australian companies willing to engage with Russia, optimizing its extensive land and water assets so it may realize its potential in food production.

As the world economies divide into "industrial factories" (such as China and India) and "agri-producers" (including Australia and Brazil) there is an ever-increasing demand for safe, reliable food supplies. A rejuvenated Russian agricultural industry could have the capacity and ability to become a world leader.

In 2005, the Russian government identified and funded four priority areas for the development of the economy. One of these Russian National Priority Projects encompasses agriculture including livestock and animal husbandry.

Under the project, Expo-Trade has already supplied approximately 30 thousand heads of cattle, both dairy and meat, to Russia with the assistance of the Australian company Elders.

Russia's objective is to build its food production capacity to meet domestic demand and ultimately to be recognised as an exporter to international markets.

Ongoing co-operation between Australia and Russia in this key priority area will be of enormous mutual benefit. For Australia, it means access to the vast and fast-growing Russian market and broadening the base for agricultural production; for Russia, it will mean the development of sophisticated agricultural and food production sectors.

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