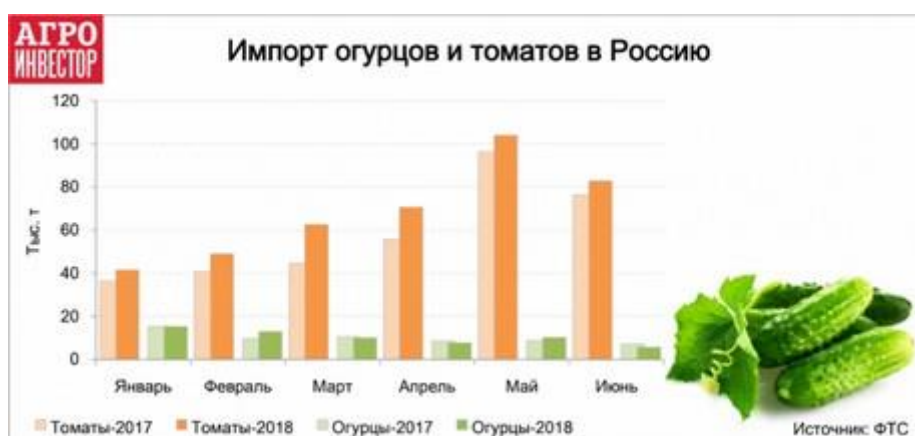


Russia: Greenhouse crops hit record high

According to a forecast by the association Greenhouses of Russia, vegetable crops grown in greenhouses will exceed the highest numbers in the whole history of Russian agriculture and will reach 1.1 million tons. The Technologii Rosta company have made a similar projection. According to the Russian Federal State Statistics Service, last year the agricultural companies harvested 922 thousand tons of greenhouse vegetables. The Ministry of Agriculture have reported that as of September 26, the gross output has comprised 713.6 thousand tons, 21% more than the same period of last year. Cucumber crops have reached an amount of 450 thousand tons (+12.8%), tomatoes have reached 243.7 thousand tons (+33.3%), other vegetables amounted to 11.2 thousand tons (+19.1%).



Productivity increased due to the appearance of new greenhouse complexes, launched in 2016-2017 and now reaching full capacity, commented the general director of Technologii Rosta, Ms. Tamara Reshetnikova. The president of the association Greenhouses of Russia, Mr. Arkadiy Muravyov, also noted that the growth is related to exploiting new facilities: since 2013, around 200 ha of greenhouses are launched annually. With that, every year about 50-60 ha of old greenhouses are put out of operation. According to Technologii Rosta, the acreage of winter greenhouses increased by 12% last year, and in 2018 more than 300 ha of new complexes will have been launched. "Within the last three years, due to governmental support, a lot of investments have been attracted to the industry, and the greenhouse sector has



changed dramatically. Only five years ago the share of old greenhouses, needing modernization or closing, amounted to 70%, at the moment it has decreased to 52%”, reported Ms. Reshetnikova.

According to Mr. Muravyov, as of today the country's internal demand for cucumbers is almost fully met by its own producers. “In 2013 the import share still made up 65% of consumption, in 2017 it decreased to 12%”, specified Mr. Muravyov. The expert added that tomato production has also increased considerably within the last years: in 2013 Russia produced 19% of consumed tomatoes, in 2017 the number increased to 61%.

Tomato growth has been actively increasing in the past years. In 2018, according to Technologii Rosta, it will increase by 18% in comparison with last year, while the cucumber crops will only increase by 12% compared to 2017. “We anticipate changes in the overall vegetable crop share. In 2017 the share of cucumbers amounted to 65%, and the share of tomatoes was 34%, this year the tomato share will be not less than 35%. The share of other crops will not exceed 1.5-2%. According to the Russian Federal State Statistics Service, last year agricultural companies harvested 578 thousand tons of greenhouse cucumbers and 318 thousand tons of tomatoes.

“The volume of imported cucumbers, bell peppers, eggplants and especially tomatoes has increased in the first half of 2018 in comparison with last year. However, within the past months, the growth has slowed down and has become the same as a year ago”, noted Ms. Reshetnikova. Such dynamics are related to the fact that in summer and in the beginning of autumn the above vegetables grown in the field are sold at a low price, and the market does not require imported vegetables.

As for export, the main destinations are the Donetsk and Lugansk regions in Ukraine, while smaller amounts are exported to Kazakhstan. However, much fewer vegetables are exported than imported, Ms. Reshetnikova says.

She believes that today the greenhouse sector is very attractive for investors thanks to significant state support and a possibility of obtaining easy-term loans. “However, in the nearest future, possibly even from 2019 onward, state support to the greenhouse sector will be decreasing and redistributed to other agricultural sectors”, noted Ms. Reshetnikova. Thus, new projects on greenhouse vegetable growing will become less



attractive. “We are approaching market saturation and in 3-4 years the investments in the greenhouse sector will stop”, agreed Mr. Muravyov. However, at the moment the market is not yet shaped: Russia isn't growing enough tomatoes, including cherry tomatoes, nor sufficient amounts of bell peppers and eggplants, added the expert.

Currently, the investments in the greenhouse sector are continuing. Thus, Rosselhozbank has recently directed over 42 million euros of credit funds to the construction of Donskaya Usadba, with a production capacity of 11.5 thousand tons of cucumbers and tomatoes a year. The enterprise is part of the greenhouse complex Technologii Rosta.

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