

Government Cuts Subsidies to Russian Milk Producers

By [The Moscow Times](#)

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Russia's Agriculture Ministry has reduced direct subsidies for milk producers this year to a mere 100 million rubles (\$1.5 million), undercutting promises of support for local farmers to boost output, the Vedomosti newspaper reported Wednesday.

The Agriculture Ministry said in June it would funnel 500 million rubles (\$7.5 million) into reimbursing expenses to modernize milk production, but according to a letter sent by Agriculture Ministry official Anatoly Kutsenko to the executive director of Russia's National Dairy Producers Union, Artyom Belov, and obtained by Vedomosti, the ministry has cut that amount fivefold.

The money has instead been used to subsidize interest rates on short term loans, an Agriculture Ministry spokesperson told Vedomosti.

Demands on the Russian dairy industry have increased following Moscow's bans on imports of dairy products from the U.S., European Union and some other countries last year — a

response to sanctions on Russia over its role in the Ukraine crisis.

Russia is a net food importer, and officials have used the tensions created by the conflict in Ukraine to promote self-sufficiency in food production.

The dairy industry is building facilities to house 40,000 heads of cattle and needs far more money than the ministry is currently planning to allocate, Belov was quoted by industry news site Milknews.ru on Wednesday.

The Russian government reduced the total amount of subsidies for the milk industry from the planned 25 billion rubles (\$378 million) to 13.6 billion rubles (\$206 million) this year, Belov said, adding that this was half the amount received by the industry in 2013.

Belov said that the government had promised it would help cover the additional expenses incurred by the dairy industry to expand production, according to Milknews.ru.

Milk imports dropped 4.5 times between August 2014 — when the embargo on Western dairy was imposed — to June, compared to the same period a year before, the RIA Novosti news agency reported, citing data from the National Dairy Producers Union.

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