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Russia's Small-Farm Lobby Seeks Urgent State Aid

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Kirill Kukhmar / TASS

A pro-Kremlin agricultural lobby group representing small farms has appealed to the Russian government for urgent financial support, warning that rising costs and tightening margins are putting producers under growing strain.

The Association of Peasant Farms and Agricultural Cooperatives (AKKOR), which says it has offices in more than 60 regions across Russia, asked the cabinet, Agriculture Ministry and parliament to expand state support measures, according to an appeal cited by industry outlet Agroekspert.

Small and mid-sized farms, which play a central role in domestic food production, are grappling with a mix of higher input costs, regulated grain export prices, administrative burdens tied to state digital systems and limited access to affordable financing — even as the government signals it may scale back agricultural subsidies to contain a widening budget deficit.

In its appeal, AKKOR said “economic conditions are worsening year by year,” pointing to declining profitability, a persistent mismatch between input costs and farm-gate prices and stricter oversight through digital reporting platforms.

Farmers have faced higher prices for fuel, fertilizers, electricity and other inputs, while export duties on grain introduced to stabilize domestic prices have capped revenues from overseas sales.

At the same time, compliance requirements linked to state-run information systems and product tracking schemes have added administrative costs and exposed smaller producers to fines for technical errors.

AKKOR proposed scrapping export duties on grains, legumes and oilseeds, easing penalties tied to digital systems, and exempting small farms from the Chestny Znak ("Honest Sign") product labeling system.

It also called for discounted tariffs on energy, fuel and fertilizers, or compensation for rising input costs.

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Among financial measures, the group urged the government to maintain subsidized lending at 70% of the Central Bank’s key rate and to allow residential construction on agricultural land — alongside legalizing existing buildings already erected on such plots.

The lobby also called for targeted support in regions near what Moscow calls its “special military operation” zone in Ukraine, including a moratorium on farm bankruptcies and expanded relief for businesses affected by emergencies, such as loan and leasing restructurings.

Small farms account for a substantial share of Russia’s agricultural output. According to Rosstat, they cultivate around 64% of the country’s sown area and in 2025 produced 58% of grain, 72% of sunflower seeds, 81% of vegetables and 83% of potatoes, as well as more than half of milk output and 70% of meat.

Despite that contribution, AKKOR said profitability in the sector continues to decline and warned that the number of small producers could fall further without additional support.

The appeal comes as the government weighs cuts to agricultural spending amid mounting fiscal pressure.

Russia’s federal budget deficit reached 3.45 trillion rubles ($45.9 billion) in January-February, prompting the Agriculture Ministry to propose reducing subsidies under a sector development program by 28% in 2027 to 25.3 billion rubles ($336.5 million).

By comparison, 49.36 billion rubles ($656.5 million) was allocated to regional support under the program in 2025.

Lobby groups in Russia’s agricultural sector routinely petition authorities for additional

support, but AKKOR’s latest appeal highlights the competing pressures facing policymakers as they seek to balance food security goals with tightening public finances.

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