

Greenhouse Farming in Russia 2014

Background and current situation

In recent years, the situation in Russian greenhouse farming has significantly deteriorated. Many vegetable and flower greenhouses have been closed down mainly due to low profitability and high production costs.

Most of the greenhouses in Russia were built in the 1970s and 1980s, and so far, have not been modernized or rebuilt. The lack of modern equipment and growing production costs have resulted in unprofitability of many businesses. During the Soviet times, greenhouses were built not only close to big cities and towns, but also within the territory of almost every big industrial enterprise. By the 1980s, the total greenhouse area in the USSR reached 4 700 hectares with many research institutes and laboratories being involved in the development and introduction of new agricultural technologies, greenhouse equipment and selection.

Since that time the total area covered by greenhouses in Russia has decreased 2.5 times and continues to decline (see Table 1). Most of the Russian greenhouses shut down for winter because production costs in winter time are very high.

Table 1. Total Greenhouse Area by Country

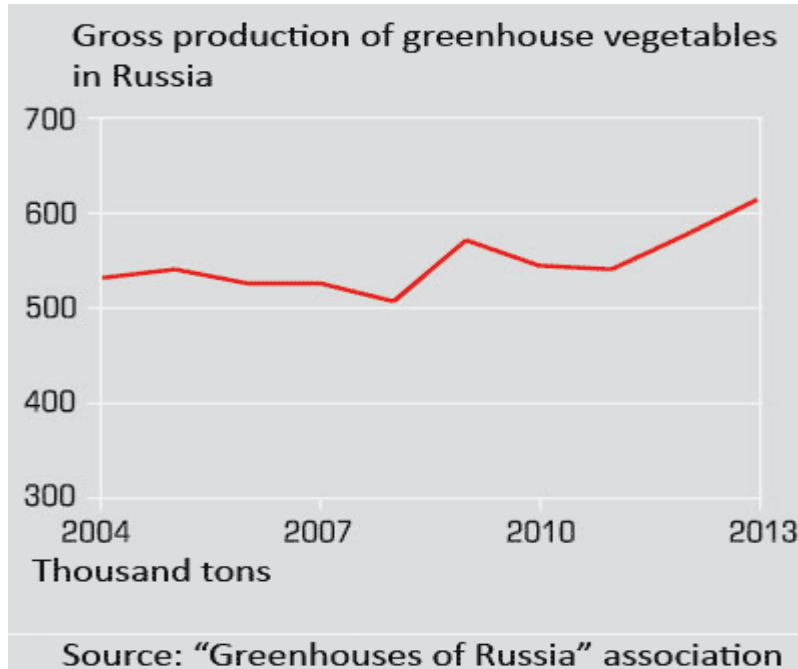
Country	Total Greenhouse Area
Spain	52 000 ha
Japan	42 000 ha
Turkey	35 000 ha
Italy	20 000 ha
Netherlands	10 000 ha
France	8 000 ha
Poland	7 000 ha
Russia	1 800 ha

Source: Association "Teplitsy Rossii" (Greenhouses of Russia)

According to data of the Russian Ministry of Agriculture, greenhouse vegetables account for 25% of the total consumption among local citizens. Russians consume about 1,8 million tons of greenhouse vegetables, out of which 600 thousand tons are produced locally (see Table 2). Cucumbers account for

the majority of greenhouse production with 67%. Tomatoes account for 30% of greenhouse production. The rest is accounted for greens, cabbage and marrows.

Table 2. Gross Production of Greenhouse Vegetables in Russia 2004-2013



Russian greenhouse growers can meet only 35% of the domestic demand for vegetables, 65% of the domestic demand is supplied by imports. Most of vegetables have been imported from the European Union – Netherlands, Spain, Poland and Greece. But in August 2014, Russia banned fruit and vegetables from the European Union for one year as a countermeasure to western sanctions.

Russia's annual greenhouse vegetable production per capita is only 4 kilograms. This is, of course, very little compared to what is recommended by WHO – 400 g of fruit and vegetables per day.

Main challenges for Russian greenhouse growers

The main challenges for Russian greenhouse growers include:

- Heavy wear of greenhouse equipment and low efficiency
- High energy costs
- High interest rates for growers
- Lack of modern greenhouses
- Bad selection and seed breeding.

These are just a few challenges that Russian growers face today.

Priority

The bad situation in the greenhouse sector has not attracted the attention of the Russian government for a long time despite of the fact that many leading greenhouse growers have repeatedly called upon the Russian Ministry of Agriculture to receive state support. During 2008-2012, the Russian government gave subsidies to farmers and growers to facilitate the production of greenhouse vegetables. During that recovery period, the greenhouse area increased by 200 ha.

With the new food ban, a lot will change in the greenhouse industry. This sector has finally been included into the state programme for “Development of Russian Agricultural Industry until 2020”. This means that it will be included into the list of agricultural sectors whose development will be a priority for the Russian government.

So, Russia wants to be less dependent on imports and strengthen its agriculture. To reduce imports, Russia should increase its total greenhouse area twofold, i.e. reach the Soviet greenhouse area of 4 700 ha by 2020.

Russia is planning to increase the total area of greenhouses by 46% in 2014 and expects 129% increase by 2020. Considering the fact that more than 70 ha of greenhouses were started up in 2013 and in the first half of 2014 500 ha of greenhouses were started up, the plan for short term perspective seems too ambitious. However, if 500 ha of greenhouses come into operation every year then during the forecasted period the total area of greenhouses would reach 4 700 ha.

The Russian government will probably start subsidizing greenhouse farming. Subsidies on energy, investments and special loans for construction and modernization of greenhouses and equipment should support and motivate local greenhouse growers. The situation on the local food market should attract new investors into the sector.

Investment projects in North-West Russia

Company Name	Project Scope	Investment	Deadline
OOO Novgorodskye Teplitsi http://vngh.ru	Production increase, construction 2 phase	2,9 billion RUR	2014

The total greenhouse area dedicated to vegetables will be 24,7 ha. The project includes 4 greenhouses 6,17 ha each.

Designed production capacity - 17 thousand tons.

Contacts

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Vyborzhec – the biggest greenhouse grower in North-West Russia

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Novgorod Greenhouses – greenhouse grower

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- **Project partner – TeplitsSpecServis – greenhouse distributor**
<http://www.stroitelstvo-teplic.ru>
- **Project partner – Gavrish – seeds producer and distributor**
<http://www.gavrish.ru>

Agrisovgaz - the biggest Russian manufacturer of greenhouses

<http://www.teplitsi.ru/>

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Atlant – greenhouse producer

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Modul – greenhouse producer

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Sources

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