



BARLEY AND MALT UNION

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Primary State Registration Number
1117600000022
Individual Taxpayer Number
7608015236
Tax Registration Reason Code
760801001

To Victor Zubkov,
First Deputy Prime Minister
Of Russian Federation

Dear Mr. Zubkov!

On October 25-26 in Moscow was held the Third International Seminar «Raw Materials for Malting and Brewing Production» that gathered over 200 participants from different parts of the production chain "malting barley - beer."

We express our deep unanimous concern in connection with the present situation for regulation of the beer production and the absence of the necessary dialogue "science-business-government". This fact can lead to highly undesirable consequences for agriculture in our country and lead to serious losses, including those of economic and image nature for the whole country.

In attachment we bring along the Resolution of the participants of the seminar.

Sincerely,

Alexander Mordovin
President of the Union



RESOLUTION
Of the participants of the III International Seminar
"The raw material base for the malting and brewing industries"
25-26 October 2011
Moscow

To Victor Zubkov,
First Deputy Prime Minister

Dear Mr. Zubkov !

Barley and Malt Union (BMU) is an organization that brings together the primary links of the production chain "malting barley - beer": plant breeders, seed growers, agricultural producers, producers of hops and malt.

At the moment Russia annually produces up to 2.5 million tonnes of malting barley (sown area of about 1 million hectares) and about 300 companies are engaged in its production, and most of them are members of our Union. Due to the support of Elena Skrynnik, Minister of Agriculture and Gennady Gorbunov, the President of the Federation Council Committee on Agro-Food Policy and Fishery, our Union has established a clear system of interaction with a large malting and brewing business. Eventually on 28.09.2011 in the Ministry of Agriculture of the Russian Federation was held a signing ceremony of a Cooperation Agreement between Barley and Malt Union and the Union of Russian producers of beer and soft drinks.

With the support of the above mentioned government agencies we have been able to resolve all pre-existing problems in the relationship between the producers of malting barley and its consumers. In the framework of cooperation of two Unions there appeared a new possible activity: the revival of domestic hops production which, if successfully implemented, will give a job to more than a thousand farms, who will produce 30 thousand tons of hops annually, including for export purposes.

However, there are some very important issues that have a direct impact on companies - members of our Union. These issues include legislative proposals for regulation of the beer production that considerably destabilize agricultural producers. Attempts to regulate the market of brewing products without their consent can virtually lead to the complete elimination of the production of malting barley and as a result to depriving our agribusiness of up to 50 billion of income annually.

As you know Mr. Zubkov, on 18.11.2010 was signed the Agreement "On the common principles and rules of technical regulation in the Republic of Belarus, Kazakhstan and the Russian

Federation". On the base of this agreement was prepared a draft of Technical Regulations of the Customs Union "On the safety of alcohol products" (further the Technical Regulations). These Regulations aim to establish some uniform mandatory requirements for alcoholic beverages and to ensure its free move within the Customs Union. The present draft of Technical Regulations stipulates norms that, in case of their entry into force, will lead to extremely negative consequences for the entire production chain "malting barley - beer." Here I would like to mention first of all the definition of beer used in the document. The Draft Technical Regulations restrict the use of grain products and (or) sugary products at 20% of the malt used.

Unfortunately, the domestic malting barley, depending on weather conditions may be of little or no use for malting processes and can be used in the brewing process just as unmalted source of grain. In this regard, the Russian manufacturers of malt and beer, for obvious reasons, will not be able to meet their needs in Russia and will buy raw materials for beer production abroad, as it was 10 years ago. Today the Russian agribusiness companies provide 80% of the needs of the Russian brewing industry for raw materials.

It is also important to note that limiting the use of cereals and sugar-containing products contradicts to international practice of brewing and the requirements of EU and the EEC countries. It is also not justified in terms of safety and quality. For example, the USSR State Standards established proportions of malt and grain products and (or) sugar-containing products as 50% to 50%.

Federal Service for Alcohol Market Regulation proves the need to impose restrictions on the use of unmalted materials in the beer production by the standards of the regulation EC General standard for food additives CAC/STAN 192-1995, Rev.6 (2005) Codex stan 192-1995 (Rev.6-2005). However, we ask you to draw your attention to the fact that in this document there are no restrictions on the replacement of malt by grain products or grain, and the definition of beer and malt beverages includes a wide range of varieties.

We are also bewildered by the definition of the standard prohibiting the production and trafficking of beer in a plastic bottle (retail pack based on polyethylene, polystyrene and other plastics material). The Commission of the Customs Union took a decision number 769 from 16.08.2011 to adopt a Technical Regulation "On the safety of the package", according to which there are no restrictions on the use of plastic packaging. It should be noted that the use of PET – packaging, including reusable one, is quite common in Germany, Scandinavia, Asia and Latin America. The ban on beer in PET bottles will strike a lot the entire production chain, as today about 47 % of the beer is produced in this package.

Based on the above, Mr. Zubkov, we ask you to help us to make sure that our proposals were included in the final discussion and adoption of the draft Technical Regulation "On the safety of

alcohol products," as well as in establishing an effective dialogue with the Federal Service for Alcohol Market Regulation by creating an Expert Council composed of representatives of trade unions and market experts, as it is organized in the Ministry of Agriculture.

In addition, we ask you to provide the possibility of organizing your meeting with representatives of relevant unions, market experts and leaders of the largest malting, brewing and agricultural companies to discuss problems and ways to further develop the industry.

Sincerely,

Alexander Mordovin

President of the Barley and Malt Union

on behalf of the Barley and Malt Union members and the participants of the seminar
(a total of 160 companies)



The list of participants signed the Resolution

1. Ackermann Saatzucht GmbH&Co KG
2. Agroindustrial Union of Russia, Moscow
3. Alfred S. Toepfer
4. Russian Grain Union, Moscow
5. Barley and Malt Union
6. BayWa AG
7. Saatzucht Josef Breun GmbH&Co KG
8. FrigorTec GmbH
9. I.G. Pflanzensucht, Germany
10. KWS Lochow GmbH
11. RepOffice "Maison Florimond Desprez"
12. Association of hops producers Russia, Cheboksary
13. SECOBRA Recherches SAS
14. Simon H. Steiner
15. State Scientific Institution "All-Russia Scientific Research Institute of Irrigable Vegetable and Melon Growing"
16. All-Russia Plant Research Institute n.a. Vavilov, Saint-Petersburg
17. Union of Russian Beer and Soft Drinks Producers
18. SUE "Belotroitsky", Mordovia
19. SUE "Glukhovskoe", Mordovia
20. CJSC "AGROBROKER", Lipetsk region
21. CJSC "Artel"
22. CJSC "Bayer CropScience"
23. CJSC "Golun", Orel region
24. CJSC "Zeros", Lipetsk region
25. CJSC "Kurakinskoe", Orel region
26. CJSC "Lipetskmyaso", Lipetsk region
27. CJSC "Moscow Efes Brewery"
28. CJSC "Orel Unated Grain Company", Orel Region
29. CJSC "Otkormochnoye", Tula region
30. CJSC "Trade-industrial complex "Agro-Trade", Kazan
31. CJSC "Uspenskoe", Orel
32. CJSC "Yara", Moscow
33. Self-employed entrepreneur Shestopalov Ilya, Tambov region
34. Self-employed entrepreneur farm enterprise Khramov A.G.
35. Farm enterprise Bondarev Sergey Ivanovich, Voronezh
36. Farm enterprise Denisov Sergey, Ryazan region
37. Farm enterprise Zolina Evdokia, Kazan
38. Farm enterprise Kotov Victor, Voronezh region
39. Farm enterprise "Krapp", Tula region
40. Farm enterprise "Niva", Kursk region
41. Farm enterprise Pantyushin Mordovia
42. Farm enterprise "Privolye-1", Lipetsk region
43. Farm enterprise Sajaia Goneli, Ryazan region
44. Kolkhoz "Rechnoye", Lipetsk region
45. Kolkhoz "Menshov", Ryazan region
46. Kolkhoz "Dolgov E.A.", Altai Territory
47. Association of Agricultural Producers of the Lipetsk region, Lipetsk
48. APC "Pustynsky", Penza region
49. JSC "Agrarian", Ryazan region

50. JSC "Agro company "Dobrovsky", Lipetsk region
51. JSC "Agro company "Lipetsk", Lipetsk region
52. JSC "Alfa-Bank"
53. JSC "Baltika Brewery"
54. JSC "Group of companies "Agroprom-MDT", Moscow
55. JSC "Lyskovsky Brewery"
56. JSC "Named after Lermontov", Lipetsk region
57. JSC "Novopetrovskoye", Tula region
58. JSC "SUN InBev"
59. JSC "Stroshaygovsky Agropromsnab", Mordovia
60. JSC "Breeding Plant named after A Georgiyevsky", Orel
61. JSC "Barnaul Brewery"
62. JSC "Rassvet", Lipetsk region
63. JSC "Russky Dom", Kursk region
64. LLC "Agribusiness", Lipetsk region
65. LLC "Agro-Guard" Mordovia
66. LLC "Agroinvest" Mordovia
67. LLC "Agroconsulting", Lipetsk region
68. LLC "Agroindustrial Group "Molochny Produkt"
69. LLC "Agrokubanprodukt", Krasnodar
70. LLC "Agroliga of Russia", Moscow
71. LLC "AgrosKhleborob"
72. LLC "Agrotech-Garant", Voronezh region
73. LLC "Agro company named after Kalinin", Lipetsk region
74. LLC "Agro company named after Lenin", Lipetsk region
75. LLC "Agro company "Palna", Lipetsk region
76. LLC "Agro company "Trio", Lipetsk region
77. LLC "Amazone"
78. LLC "APK Skopinskaya Niva"
79. LLC "Art-Agro", Yaroslavl region
80. LLC "A-Service", Yaroslavl region
81. LLC "Beryozovo", Ryazan region
82. LLC "Borkowski", Lipetsk region
83. LLC "Vavilovo", Lipetsk region
84. LLC "Renaissance", Tula region
85. LLC "Volovselhoztehnika", Tula region
86. LLC "Dieckmann Technologies", Moscow region
87. LLC "DuPont Science and Technologies", Moscow
88. LLC "ECOINVEST"
89. LLC "Heineken Brewery"
90. LLC "Yeletsky", Lipetsk region
91. LLC "Znamenskoye", Tula region
92. LLC "Zolotaya Niva", Lipetsk region
93. LLC "Kaminino" Tula region
94. LLC "Kalina", Kaliningrad region
95. LLC "Khmelservis"
96. LLC "Comprador", Orel region
97. LLC "Konopatskoye" Mordovia
98. LLC "Konny zavod "Chesmensky", Voronezh region
99. LLC "KorKom", Moscow
100. LLC "Korotish", Orel region
101. LLC "Kultura" Mordovia

102. LLC "MTS Kurkinskoe", Tula region
103. LLC "Lesnoe", Altai Territory
104. LLC "Limagren RU", Krasnodar
105. LLC "Lipetskptitsa", Lipetsk region
106. LLC "Lipovka", Tambov
107. LLC "Luch", Mordovia
108. LLC "May", Lipetsk region
109. LLC "Maksy"
110. LLC "Maxim Gorky", Tula region
111. LLC "Medayevskoe", Mordovia
112. LLC "Agro-Invest Management Company", Moscow
113. LLC "Mitrofanovskoe", Voronezh region
114. LLC "MITS "Beer and Beverage XXI century", Moscow
115. LLC "Molchanovskoye," Tula region
116. LLC "Mozhary", Ryazan region
117. LLC "Mukomolny Zavod "Ternovsky"
118. LLC "Narodnenskoe Cereal Company," Voronezh region
119. LLC "Niva", Tula region
120. LLC "Niva Black Earth", Voronezh
121. LLC "N.R.G. Kolos Corporation", Yaroslavl region
122. LLC "OKTA", Tambov
123. LLC "Openovskoe", Tyumen region
124. LLC "Production Company "Kurskeksport", Kursk
125. LLC "Pronto M", Moscow
126. LLC "Russky Chernozem", Voronezh region
127. LLC "Russian Grain Company"
128. LLC "Saatbau Linz", Krasnodar
129. LLC "SAATEN-UNION Rus"
130. LLC "Sasovsky APK", Ryazan region
131. LLC "Stimul", Altai Territory
132. LLC "Breeding company Boreal-Hordes", Moscow region
133. LLC "Seliger-Agro", Kursk region
134. LLC "Agricultural enterprise "Volovsky Kolos", Lipetsk region
135. LLC "Agricultural enterprise "Yeletsky Kolos", Lipetsk region
136. LLC "Agricultural enterprise "Zarya", Tula region
137. LLC "Podsobnoe Khozyaistvo", Mordovia
138. LLC "SABMiller RUS"
139. LLC "Selhozinvest", Lipetsk region
140. LLC "Sibirsky Kolos"
141. LLC "Soglasiye", Lipetsk region
142. LLC "Sosnovka", Orel
143. LLC "Syngenta", Moscow
144. LLC "Triumf", Ryazan region
145. LLC "Troynyanskoe", Voronezh region
146. LLC "Tula Grain Company", Tula region
147. LLC "Ural Grain Company", Yekaterinburg region
148. LLC "Khrenovskaya Niva", Voronezh region
149. LLC "Elevator Ramonsky", Voronezh region
150. LLC «Elekom» Mordovia
151. LLC "Enki", Moscow
152. LLC "Vilion", Tambov
153. Agricultural Production Cooperative "Boryatino", Tula region

154. Agricultural Production Cooperative "Yekaterinovka", Orel
155. Agricultural Production Cooperative "Zdorovetsky", Orel
156. Agricultural production cooperative "Klutch-Suzgarevsky", Mordovia
157. Agricultural production cooperative "MTS Rodomanovskaya" Mordovia
158. Agricultural Production Cooperative "Khleborob", Tula region
159. OJSC "VSK", Moscow
160. Ministry of Agriculture and food