BARLEY, MALT AND BEER UNION

НАЦИОНАЛЬНЫЙ СОЮЗ ПРОИЗВОДИТЕЛЕЙ ЯЧМЕНЯ, СОЛОДА, ХМЕЛЯ И ПИВО БЕЗАЛКОГОЛЬНОЙ ПРОДУКЦИИ
Background

Lack of structure that provides relations between all representatives of the production chain “malting barley - beer”, including Russian and foreign science, business, state legislative and executive power.
Background

Introduction of restrictive measures of the state legislative and technical regulation, increase of excise duties, decline of industry growth rates, a significant decrease in production volumes and outflow of investment capital.
Background

- Lack of effective system of protection of the brewing industry interests from the viewpoint of the majority of market participants
- Activities of a number representatives of the state power leading to the formation of a negative image of beer products in society
Background

- Lack of state support system for malting barley, malt and hops production
- Need to implement the export potential
- Need to develop and support small and medium brewing business
In this regard, the establishment of a non-profit organization, that should be aimed to radically change the situation and to create favorable conditions for further development of the brewing industry in Russia, is of particular relevance.
Establishment of the Union

Barley and Malt Union was registered on January 11, 2011 and then on July 19, 2012 it was renamed as Barley, Malt and Beer Union according to the decision No. 7614060085 of the Ministry of Justice of the RF.
The Union numbers over 200 enterprises and companies of the industry, including the most authoritative world and Russian scientific institutions:

Russian Academy of Science General Genetics Institute n.a. N. I. Vavilov; All-Russia Plant Research Institute n.a. N. I. Vavilov (GNU VIR Rosselkhozakademia); Research and Teaching Institute for Brewing in Berlin (VLB); Weihenstephan Research Institute of the Technical University of Munich.

With the assistance of:
- Ministry of Agriculture RF
- Federation Council Committee on Agrarian and Food Policy and Environmental Management
Aims of the Union activities

- Development of a long-term strategy of industry development jointly with the state legislative and executive authorities of the Russian Federation
- Development of mechanisms of interaction between relevant government bodies (ministries, agencies, regional and federal authorities) and representatives of business and science within the framework of the industry development strategy
Aims of the Union activities

- Ensuring the integration of new mechanisms to the existing legislation and the one under development, at both federal and regional levels

- **Necessary:** a system of cooperation and consolidation between all parts of the closed-type production chain "malting barley - beer": malting barley and hops breeder - seed grower - agricultural producer (barley + hops) - trader – maltster – kvass producer - brewer - distributor
Main events

Field Day of Malting and Brewing Industry in Russia

With the assistance of:
- Ministry of Agriculture RF
- Federation Council Committee on Agrarian and Food Policy and Environmental Management

BARLEY, MALT AND BEER UNION

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With the assistance of:

- Ministry of Agriculture RF
- Federation Council Committee on Agrarian and Food Policy and Environmental Management

Main events

International Conference “Equipment Facilities and Raw Material Base for Malting and Brewing Production”
Main events

Regularly organized trips, including visa and other support: Fieldday in Germany (DLG), Oktoberfest, Green Week, Brau Beviale

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15.06.2011 – at the meeting of the working group of the State Duma “on amendments to the FL-171 - On state regulation of production and turnover of ethyl alcohol and alcohol containing products" the President of the Union Alexander Mordovin expressed his opinion about the need to set up the Expert Council attached to the Federal Service for Alcohol Market Regulation in the image and likeness of the Public Council attached to the Ministry of Agriculture RF or the Scientific Expert Council of the State Duma Committee on Agrarian Issues, due to which representatives of the production chain "malting barley - beer" and industry experts will be able to communicate with the market regulators

Result: the Head of the Federal Service for Alcohol Market Regulation I.P. Chuyan has taken a decision to establish the Expert Council
Results of the Union activities

05.07.2011 – in the run-up to enactment of the FL-171 the President of the Union A.N. Mordovin gave an open letter from the companies – members of the Union to the Administration of the President D.A. Medvedev. The letter sharply criticized the plans to introduce the "standards" of the German brewing in Russia, as well as licensing of production and turnover of beer products and deprivation of the license to produce beer without a court decision.

Result: “Malting barley – beer” representatives’ opinion has been taken into account and the provisions for compulsory licensing of production and turnover of beer products and the right of the Federal Service for Alcohol Market Regulation to cancel licenses out of court have been removed from the legislative act.
Results of the Union activities

28.09.2011 – Cooperation Agreement between the Union of Russian Brewers and the Barley and Malt Union (since 19.07.2012 – Barley, Malt and Beer Union)

Result: The Agreement gives an opportunity to coordinate joint activity against inadmissible measures of excessive legal and technical regulation of the brewing industry as well as contributes to the establishment of close relations between the enterprises of the production chain "malting barley - beer"
Results of the Union activities

25.10-26.10.2011 – III International Conference “Raw Material for Malting and Brewing Production” was attended by over 200 companies – all the parts of the production chain “malting barley – beer” were represented there

Result: The resolution of participants, backed by the Heads of regions – malting barley producers, leading agro-industrial Unions of Russia – the Agro-industrial Union and the Grain Union – and passed to the RF Government Office to the First Deputy Prime Minister V.A. Zubkov, says about inadmissibility of prohibition on the use of unmalted grain and sugar products, the use of PET containers and measures of excessive governmental and technical regulation of the industry
Results of the Union activities

06.12.2011 – Round table discussion of the participants of the production chain “malting barley - beer” and the RF regions with participation of the Minister of Agriculture E.B. Skrynnik in the office of the Ministry of Agriculture RF: Status and development prospects of raw material base for malting and brewing industries

Result: Ordinance of the Minister on the development of the analytical target program “Quality brewing raw material production in Russia for the period 2013-2020”, which will enable development of equipment facilities of enterprises - producers of malting barley - and financing PPP and fertilizers needed for production of high quality raw materials.
Results of the Union activities

31.01.2012 – Enlarged meeting of the Federation Council Committee on Agrarian and Food Policy and Environmental Management: Status and development prospects of raw material base for malting and brewing industries and beer production. Problems of Legal Regulation

Result: In the decision addressed to the First Deputy Prime Minister RF and to the relevant entities the state executive power the need for differentiated excise taxes depending on the volume of production as well as a detailed study of the need to prohibit the use of PET containers, unmalted grain and sugar products, assess of the impact of these restrictions on the AIC and the creation of the Expert Council attached to the Federal Service for Alcohol Market Regulation are specified
20.02.2012 – Ordinance of the Minister of Agriculture RF E.B. Skrynnik on establishment of the working group “On logistical support of agri-food market” and inclusion of the Union President Mordovin A. N. as the member of the group

Result: The companies – members of the Union takes the opportunity of direct dialogue with the leadership of ZAO Rusagrotrans and a platform for building of long-term relationships
Results of the Union activities

22.02.2012 - Launching of the website of the Union, as well as the website of the International Conference and the Field Day of malting and brewing industry in Russia

Result: over 5,000 people visit the website of the Union every month that confirms the interest of diverse audiences (over 100 countries) to the theme of the website and the need for further development
Results of the Union activities

22.03.2012 – Meeting at the Ministry of Agriculture: Hop growing development in the Russian federation

Result: Decision on the need to revive domestic hop growing and its inclusion into the analytical target program “Quality brewing raw material production in Russia for the period 2013-2020”

19.04.2012 – Round table discussion at the Federation Council: Status and development prospects of the brewing industry in the countries off the Customs Union
Results of the Union activities

26.04.2012 – Enlarged meeting of the Federation Council Committee due to preparation of the Government Hour “On measures of state regulation of alcohol and alcohol containing products market in the RF”

27.04.2012 – Government Hour “On measures of state regulation of alcohol and alcohol containing products market in the RF” at the Federation Council office
25.04.2012 – Government meeting on issues of legislative and technical regulations of enterprises of the production chain "malting barley - beer".

Result: Order to the Federal Service for Alcohol Market Regulation and to the Federation Council Committee on Agrarian and Food Policy and Environmental Management on holding a joint enlarged event with representatives of the whole production chain to discuss:

- the need for a differentiated excise taxation of the industry and plans to increase excise taxes;
- creation of a separate "window" for communication of enterprises of small and medium business with the market regulator - the Federal Service for Alcohol Market Regulation;
- introduction of the three-year transition period prior to the coming into force of the restrictions on the use of PET containers;
- staff of the Expert Council to the Federal Service for Alcohol Market Regulation.
## Results of the contest “The best malting barley producer in Russia 2011”

<table>
<thead>
<tr>
<th>Sample number</th>
<th>Sample 1</th>
<th>Sample 4</th>
<th>Sample 6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company name</strong></td>
<td>Soufflet Agro Rus</td>
<td>Seliger Agro</td>
<td>Sasovksy APK</td>
</tr>
<tr>
<td><strong>Purity %</strong></td>
<td>Beatrix 100 %</td>
<td>Jennifer 100 %</td>
<td>Marnie 100 %</td>
</tr>
<tr>
<td><strong>Moisture %</strong></td>
<td>11,7</td>
<td>13,2</td>
<td>13,0</td>
</tr>
<tr>
<td><strong>Protein %</strong></td>
<td>12,5</td>
<td>13,8</td>
<td>11,9</td>
</tr>
<tr>
<td><strong>Germination power, 3d day %</strong></td>
<td>97</td>
<td>95</td>
<td>99</td>
</tr>
<tr>
<td><strong>Germination power, 5th day %</strong></td>
<td>97</td>
<td>96</td>
<td>99</td>
</tr>
<tr>
<td><strong>Germintive ability</strong></td>
<td>100</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td><strong>Grain size &gt; 2,8 мм %</strong></td>
<td>47,2</td>
<td>94,4</td>
<td>88,9</td>
</tr>
<tr>
<td><strong>Grain size &gt; 2,5 мм %</strong></td>
<td>47,3</td>
<td>3,7</td>
<td>10,9</td>
</tr>
<tr>
<td><strong>Grain size &lt; 2,2 мм %</strong></td>
<td>4,4</td>
<td>0,6</td>
<td>0,1</td>
</tr>
<tr>
<td><strong>Extractivity</strong></td>
<td>79,1</td>
<td>78,7</td>
<td>80,1</td>
</tr>
<tr>
<td><strong>Appearance</strong></td>
<td>no remarks</td>
<td>no remarks</td>
<td>no remarks</td>
</tr>
<tr>
<td><strong>Final rate</strong></td>
<td>(TUM recommendation)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>
## Results of the contest “The best malting barley producer in Russia 2012”

<table>
<thead>
<tr>
<th>Sample number</th>
<th>Sample 3</th>
<th>Sample 5</th>
<th>Sample 6</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Company name</strong></td>
<td>Sasovksy APK</td>
<td>IP Bednenko</td>
<td>IP Bednenko</td>
</tr>
<tr>
<td><strong>Purity , %</strong></td>
<td>Sunshine 100 %</td>
<td>Marnie 100 %</td>
<td>JB Flavour 100 %</td>
</tr>
<tr>
<td><strong>Moisture , %</strong></td>
<td>12,6</td>
<td>12,5</td>
<td>12,7</td>
</tr>
<tr>
<td><strong>Protein , %</strong></td>
<td>11,4</td>
<td>10,0</td>
<td>8,6</td>
</tr>
<tr>
<td><strong>Germination power, 3d day %</strong></td>
<td>99</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Germination power, 5th day %</strong></td>
<td>99</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td><strong>Germintive ability, %</strong></td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td><strong>Grain size &gt; 2,8 мм %</strong></td>
<td>96,0</td>
<td>95,8</td>
<td>64,8</td>
</tr>
<tr>
<td><strong>Grain size &gt; 2,5 мм %</strong></td>
<td>3,8</td>
<td>4,1</td>
<td>34,5</td>
</tr>
<tr>
<td><strong>Grain size 2,2 мм %</strong></td>
<td>0,1</td>
<td>0,0</td>
<td>0,5</td>
</tr>
<tr>
<td><strong>Grain size &lt; 2,2 мм %</strong></td>
<td>0,1</td>
<td>0,1</td>
<td>0,2</td>
</tr>
<tr>
<td><strong>Extractivity, %</strong></td>
<td>81,2</td>
<td>82,3</td>
<td>82,4</td>
</tr>
<tr>
<td><strong>Appearance</strong></td>
<td>no remarks</td>
<td>no remarks</td>
<td>no remarks</td>
</tr>
<tr>
<td><strong>Final rate</strong></td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>(TUM recommendation)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Plans for the future

We will concentrate our efforts on strengthening of the dialogue with the legislative and executive bodies of state power:

Relevant Federation Council Committees (on agrarian and food policy and economic policy), the State Duma (on agrarian and economic policy, innovative development and entrepreneurship), the Government of the RF (Department agroindustrial complex), the Ministry of Agriculture, the Ministry of Health and Social Development, the Federal Service for Alcohol Market Regulation, the Federal Service for Supervision of Consumer Rights Protection and Human Welfare.
Plans for the future

- The meeting of the Expert Council on development of raw material base for malting and brewing industries at State Duma Committee on Agrarian Issues - October 2012
- Meeting of the Federation Council Committee on Agrarian and Food Policy and Environmental Management on issues of small and medium brewing business - October 2012
- Round table discussion with the Minister of Agriculture N.V. Fedorov for discussion of the issues of the production chain "malting barley - beer" - November 2012
Plans for the future

Trips:

- Representatives of the Union to the PRC for discussion and implementation of the Russia – China co-project “Scientific trials of malting barley varieties” aimed to introduce Russian malting barley to the Chinese market – 16-22 September 2012
- Trip of 30 Russian representatives to Oktoberfest-2012, including visit to the Weihenstephan Research Institute and the leading malting barley breeders - 02-06 October 2012
- Participation of the Union representatives in Brau Beviale (the Union will take part with its own stand) – 12-16 November 2012
At the III Field Day of Malting and Brewing Industry in Russia in July 2013

At the V International Conference Equipment Facilities and Raw Material for Malting and Brewing Production in September 2013

As well as at the other interesting and important events. Thank you for your attention!