

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

Date: 11/12/2015

GAIN Report Number: RS1594

Russian Federation

Post: Moscow

Russian Agricultural Policy And Situation Bi-Weekly Update - 18

Report Categories:

Agriculture in the News

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Report Highlights:

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Distribution Orders . . . Construction of Primorye Fisheries Cluster to be Launched in 2016 . . . Alcoholic
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General Information:

Welcome to the Russian Agricultural Policy and Situation Bi-Weekly Update, a summary of issues of interest to the U. S. agricultural community. The report includes information that has been garnered during travel within Russia, reported in the local media, or offered by host country officials and agricultural analysts. Press articles are included and summarized in this report. Significant issues will be expanded upon in subsequent reports from this office. Minor grammatical changes have been made for clarification.

DISCLAIMER: Any press summary contained herein does NOT reflect USDA's, the U.S. Embassy's, or any other U.S. government agency's point of view or official policy.

GOR Allocates Additional Funding for Agricultural Credits: Recently, the Ministry of Agriculture reported that an additional 9 billion rubles has been allocated for the development of plant production and livestock breeding for subsidies on investment credits. The allocation was made from the federal anti-crisis budget. The total amount of the federal support allocated for the two subsectors equals 45 billion rubles, with 15.4 billion rubles coming from the federal budget. The additional funding from the anti-crisis budget includes 3.8 billion rubles on investment credits, for the development of crop production; and 29.2 billion rubles, including additional funds from the anti-crisis budget of 5.1 billion on investment credits, for the development of livestock breeding. The GOR contends that additional support of 8.9 billion rubles will be sufficient to compensate 100 percent of the refinancing rate of the Bank of Russia on investment credits, as well as for prolongation of credits for the period of up to 1 year.

The Ministry of Agriculture reports that in 2015, 55 billion rubles were allocated as subsidies for investment credits, including 15.4 billion rubles for crop production; 29.2 billion rubles for livestock breeding, 5.2 billion rubles for dairy cattle, and 5.1 billion rubles for beef cattle.

<http://www.mcx.ru/news/news/show/44596.355.htm>

New Federal Agricultural Subsidy Distribution Orders: The GOR issued two new orders on the distribution of agricultural subsidies among provinces:

- GOR Order No.2079-p of October 17, 2015, on distribution of 398 million rubles to 17 provinces to support economically important regional programs aimed at the development of livestock breeding (<http://government.ru/docs/20150/>;
- GOR Order No.2078-p of October 17, 2015 on distribution of 1.0 billion rubles to 23 provinces to support economically important regional programs in the sphere of crop production. The subsidies are aimed for the development of flax production, rice growing, and restoration of agricultural soil fertility, suffered from flood, in the Far Eastern Federal District. (<http://government.ru/docs/20142/>)

The GOR issued two new orders on increasing the amount of agricultural subsidies for plant production and cattle breeding among provinces. The subsidies are allocated within the framework of the federal program "Development of Agriculture and Market Regulation of Agricultural Production and Raw Material from 2013 till 2020" and according to the "anti-crisis plan" of the government:

- GOR Order No.2164-p of October 24, 2015, on increasing subsidies by 3.8 billion rubles (in

addition to earlier distributed 11.6 billion rubles) to 79 provinces for partial compensation of interest rate on investment loans for development of plant production, processing and infrastructure. The subsidies are allocated within the framework of the federal program “Development of Agriculture and Market Regulation of Agricultural Production and Raw Material from 2013 till 2020 and according to “anti-crisis plan” of the government (<http://government.ru/docs/20257/>);

- GOR Order No. 2163-p of October 24, 2015, on increasing subsidies by 5.1 billion rubles (in addition to earlier distributed 24.1 billion rubles) to 74 provinces for partial compensation of interest rates on investment loans for development cattle breeding, processing, as well as improve logistics and infrastructure to support markets of products of animal origin. (<http://government.ru/docs/20259/>).

Construction of Primorye Fisheries Cluster to be Launched in 2016: According to the spokesman for the Primorye administration, construction of a fisheries cluster in the region will be launched in 2016. The Federal Fisheries Agency (FFA) and one of its budgetary unitary enterprises will be in charge of the implementation of the project. The project will become a part of the federal program on the Development of the fisheries industry and the Development of the Far East. The cluster is planned to contain a number of fish processing facilities, cold storage facilities with a total capacity of 700,000 MT, transport and port infrastructure, as well as a trade and a logistical center. Planned daily production capacity of the cluster is set at 220 - 550 MT of fish and seafood products.

<http://www.fish.gov.ru/press-tsentr/obzor-smi/8388-proekt-sozdaniya-rybnogo-klastera-v-primore-v-2016-godu-budet-vklyuchen-v-gosprogrammy>

Alcoholic Beverage Sales May Be Disrupted in January: After January 1, 2016 only wholesalers that are connected to the Unified Federal Automatic Information System (UFAIS) system will be allowed to sell alcoholic beverages. The vast majority of Russian wholesalers (currently estimated at 95 percent) that currently supply alcohol are still not connected to UFAIS. One of the main reasons for a reluctance to connect to UFAIS is the cost. Connection to UFAIS for one commercial space, with one cash register, costs approximately 250,000 rubles. This cost includes the special cash register, with a UFAIS connection, and payment of software and subscription services. <http://izvestia.ru/news/594349>

Miratorg President Discusses Company Strategy: On November 02, 2015 the Russian newspaper “Vedomosti” published an interview with Victor Linnik, the President of the leading Russian meat producer Agri-Business Holding “Miratorg.” Mr. Linnik commented on the company’s growth and import substitution strategy through 2020, confirming plans to double the company’s pork production capacity and increase beef breeding cow inventories to 350,000 head in four years. Miratorg’s President also responded to questions about the company’s financial performance, borrowing policies, and relations with the Ministry of Agriculture and the Ministry of Economic Development. Mr. Linnik also spoke about the impact on domestic agricultural production due to Russia’s accession to the WTO. <http://www.vedomosti.ru/business/characters/2015/11/03/615350-putin-medvedev-ponyali-u-nas-druzei-v-mire-net?from=newsletter-editor-choice#/galleries/140737492491472/normal/1>

Spanish Agricultural Holding Group Purchases Share of Cherkizovo Group: The Spanish agricultural holding, Grupo Corporativo Fuertes, acquired a 5.06 percent ownership share of the “Cherkizovo” Group. Cherkizovo is the 2nd largest pork and poultry producer in Russia. Grupo Fuertes has bought shares totaling an approximate valuation of \$30 million in the open market. JSC Cherkizovo Group and Grupo Corporativo Fuertes S.L. entered into a strategic partnership in 2012, launching a joint turkey production complex in the Tambov region. This complex is poised to become Russia’s largest turkey growing facility once it is completed in 2016.

<http://cherkizovo.com/en/press/company-news/5909/>

Kamchatka Crab Harvest is Up: The Russian Federal Fisheries Agency (FFA) reported that as of November 2, 2015, Russian fishermen harvested 4.6 thousand MT of king crab (Kamchatka crab), or 863 MT more than in the same period in 2014. The Agency reports that 65 percent of total allowable quota for king crab has already been harvested. In addition, the catch of other crab species, such as blue crab and golden king crab, has also been up and the quota for these species has been fulfilled by 92 percent and 62 percent, respectively. The FFA attributed the increased catch levels to a restored crab population in the region, as well as improved research.

<http://www.fish.gov.ru/press-tsentr/novosti/8418-vylov-kamchatskogo-kraba-dostig-4-6-tys-tonn-prevysiv-proshlogodnij-pokazatel-pochti-na-23>

VPSS Reports on Verification of Phytosanitary Certificates: The Russian Veterinary and Phytosanitary Surveillance Service (VPSS) continues to verify the authenticity of phytosanitary certificates accompanying products under quarantine control. During the period August through October 2015, VPSS uncovered 46 counterfeit phytosanitary certificates of claimed country of origin, accompanied by re-export phytosanitary certificate issued by the Main State Inspection for Seed Production, Quarantine and Plant Protection of the Republic of Belarus for products entering into the territory of the Russian Federation. Regions with the greatest numbers of forged phytosanitary certificates are: Turkey - 15 cases, Morocco - 11 cases, Ecuador - 10 cases, South Africa - 5, Macedonia - 2 cases, and Chile, Bosnia and Herzegovina, and Egypt - 1 case per each country.

<http://www.fsvps.ru/fsvps/news/15467.html>

Primorye Processed Wood Exports Slowly Growing: In the third quarter of 2015, market analysts observed a gradual increase in exports of processed wood as a share of total exports for the region. Nearly 600,000 cubic meters of wood were exported through the checkpoints of the state border - mainly to China – from July 2015 through September 2015. This included sawn timber at 158,200 cubic meters - or about 26.6 percent of total exports. The rest of the exports were comprised of raw logs.

<http://primamedia.ru/news/economics/30.10.2015/470321/udelniy-ves-eksporta-obrabotannoy-drevesini-v-primore-ponemnogu-rastet.html>

New Hog Farm Launched in Primorye Priority Development Territory: "Mercy Trade," the anchor investor of "Mikhailovskiy" priority development territory, launched operations of a new hog farm in the Spassky district of Primorye. The company purchased more than 3,000 pigs for the new facility which has the capacity of 83,000 head per year. The main project of the "Mercy Trade" company will involve the operation of seven hog farms with the capacity of up to 540,000 head per year. The program also includes enterprises for deep processing of meat, a new elevator for storing grain, and a feed mill. The total project cost is estimated at 20.3 billion rubles.

<http://primamedia.ru/news/economics/30.10.2015/470301/noviy-svinokompleks-zarabotal-v-tor-mihaylovskiy-v-primore.html>

