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### Russian Agricultural Policy and Situation Bi-Weekly Update - 1

**Report Categories:**

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**Report Highlights:**

**GOR Distributed Subsidies . . . Rospotrebnadzor Inspects Turkish Goods During New Year Holidays . . . Russian Veterinary Service Bans Imports from Largest Brazilian Beef Suppliers . . . Russian Agriculture Minister Negotiated Broader Cooperation with Iran . . . Government Establishes Commission on Fisheries Sector and Improves Legislation for Combatting Illegal Fish Catch . . . MinAg Establishes Technical Committee on Irrigation and Reclamation . . . Deputy Agricultural Minister Speaks on Import Substitution in the Context of Food Security . . . More Than Fourteen Percent of Russian Agricultural Land Unused . . . Control of Alcohol and Customs Shifted to the Ministry of Finance . . . Transition Period for Retailers and Bar Owners for Adopting UFAIS . . . Primorye 2015 Food Price Inflation Up Thirteen Percent . . . Russia's Largest Catch Goes to Far Eastern Fishermen . . . Primorye Corn Ships to Japan . . . Ministry of Agriculture Plans Pinpoint Interventions in Dairy Market . . . No Improvement Expected in Chocolate Market**

**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 Distributed Subsidies:** On December 25, 2015, the GOR approved Orders No.2689-p and 2690-p allocating 5.1 billion rubles (\$637.5 million) to agricultural producers in a number of Russian provinces for compensation of losses due to emergency situations and natural disasters in 2015 and for the construction or renovation of greenhouses and livestock and dairy farms. Specifically, 3.8 billion rubles (\$475.0 million) was distributed to farmers in the Republic of Bashkortostan, Ingushetiya, Chechen Republic and Primorskiy province and others to compensate for the losses, 946.9 million rubles (\$13.9 million) was allocated for the construction of greenhouses and dairy farmers will receive 403.9 million rubles (\$5.0 million) under the subprogram "Development of Dairy Livestock." The document also provides a list of the provinces and the amount approved for budgetary allocations. <http://government.ru/docs/21311/>

**Rospotrebnadzor Inspects Turkish Goods During New Year Holidays:** The Federal Service of Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor) announced that the agency, in cooperation with the Ministry of Internal Affairs, intensified sanitary and quarantine control along federal borders and organized monitoring of wholesale and retail trade chains, shops, and markets, focusing on Turkish goods and food. The action was to enforce Decree No. 1296 of the Russian Government of November 30, 2015 "On Enactment of the Order of the President of the Russian Federation No. 583 of November 28, 2015 On the Measures for Implementation of the National Security of the Russian Federation and Protection of the Citizens of the Russian Federation from the Criminal Actions and on Implementing Special Economic Measures Against Turkey." Rospotrebnadzor reported that more than 1000 sites were inspected from January 1 to January 10, 2016. Violations were found at approximately 40 percent of the entities with most violations related to the lack of proper documentation. More than 360 lots (18 MT) of food were banned for sale. Rospotrebnadzor intends to continue the measures. [http://rospotrebnadzor.ru/about/info/news/news\\_details.php?ELEMENT\\_ID=5488](http://rospotrebnadzor.ru/about/info/news/news_details.php?ELEMENT_ID=5488)

**Russian Veterinary Service Bans Imports from Largest Brazilian Beef Suppliers:** Starting January 14, 2016, VPSS imposed temporary restrictions on frozen beef, beef byproducts, and prepared meat product imports from one of the biggest Brazilian establishments (No.385 JBS S/A) due to the detection of *Listeria monocytogenes*. Additionally, during October and November 2015, VPSS banned four other Brazilian beef establishments (# 941, 506, 2019 JBS S/A, SIF 791) due to findings of excessive levels of antibiotics from the Tetracycline group. <http://fsvps.ru/fsvps/importExport/brazil/enterprises.html?product=1&productType=1>

**Russian Agriculture Minister Negotiated Broader Cooperation with Iran:** On January 19, 2016 the Russian Minister of Agriculture, Alexander Tkachyov, visited Iran to meet with the Iranian Minister of Agriculture, Mahmoud Hojjati. Discussions focused on ways to expand cooperation in the agrarian sector. In particular, the two Ministers discussed the reduction of customs tariffs and the elimination of bureaucratic obstacles hindering broader cooperation in the agricultural sector. Recently, Iran significantly increased exports of food and agricultural products to Russia. According to Russian MinAg 2015 import data, imports from Iran account for 0.7 percent (or \$194.3 million dollars) of total Russian food and agricultural product imports. The largest products in CY2015 (based on value) include: vegetables, fruits, nuts, and vegetable and fruit processed products. Russia's exports to Iran totaled \$484.4 million dollars in 2015, or 3.1 percent of Russia's total exports. The principle products Russia exported to Iran include: grains (including wheat and meslin) and sunflower oil.

<http://www.mcx.ru/news/news/show/47097.355.htm>  
[www.interfax.ru](http://www.interfax.ru)

**Government Establishes Commission on Fisheries Sector and Improves Legislation for Combatting Illegal Fish Catch:** On December 25, 2015, the GOR approved Resolution No. 1431 on Establishing Government Commission on the Issues of Development of Fisheries Sector. The Commission will ensure that actions of federal and regional executive authorities for the development and implementation of a uniform state policy in fisheries and aquaculture are coordinated. The document is prepared by the Ministry of Agriculture in implementation of the President's orders following the results of the meeting of the Presidium of the State Council on October 19, 2015. As part of the implementation of import substitution goals, the government has made the development of the fisheries sector in Russia, as well as aquaculture, a priority. <http://government.ru/docs/21284/>

On December 24, 2015, the GOR issued Order No. 2661-p "On Measures on Implementation of the National Plan on Prevention, Control and Elimination of Illegal, Unreported and Unregulated Fishing." The program was developed under the framework of the state program "Development of the Fisheries Sector" (approved by the Government order No. 315-r dated March 7, 2013) and will permit a number of measures to counteract illegal, unreported and unregulated fishing, and to provide control over the performance of the measures. The program also provides for strengthening control over fish and seafood catch turnover, the creation of a system for tracking the origin of a catch through all stages of movement, the introduction of an electronic logbook and use of a digital signature by captains of fishing vessels, the development of international cooperation in counteraction on illegal, unreported and unregulated fishing, strengthening of administrative and criminal sanctions concerning violators of legislation on fisheries and the preservation of fisheries resources, and quick and preventive measures for the identification and suppression information on illegal production (catch) of fish.  
<http://government.ru/docs/21286/>

**MinAg Establishes Technical Committee on Irrigation and Reclamation:** The Technical Committee on Standardization "Irrigation and Reclamation" was established through the initiative of the Russian Ministry of Agriculture. The main objective of the Committee is to develop a national standardization for irrigation and reclamation, developing a full regulatory framework for the technical regulation of the sector. <http://www.mcx.ru/news/news/show/47096.355.htm>

**Deputy Agricultural Minister Speaks on Import Substitution in the Context of Food Security:** At the Gaidar Forum [1] held January 13, 2016, Sergey Levin, Deputy Minister of Agriculture, focused his

speech “Import Substitution in the Context of Food Security” on the proposed amendments to the Russian Food Security Doctrine. Levin stressed that food security involves not only Russian food self-sufficiency, but also physical and economic access to food for the entire population. According to the Deputy Minister, measures of state support of agribusiness are rearranged in accordance with this new understanding of food security. In particular, these measures provide support for the food and processing industry, as well as the implementation of a program of domestic food aid which will stimulate demand for food. Because this food aid program will cover only food products produced domestically, it is designed to particularly stimulate demand for domestic production. Additionally, the policy will support exports of promising agricultural products. Levin said that not only wheat and sunflower oil will be considered as promising export products, but also pork, poultry meat and wine grapes. Levin noted that it is necessary to include security thresholds for self-sufficiency for vegetables melons, fruits and berries in the Doctrine. These thresholds will be from 70 percent to 90 percent. Currently, the Doctrine established thresholds for grain, meat, milk, potatoes, vegetable oil, and sugar. [http://www.mcx.ru/news/news/show\\_print/46956.355.htm](http://www.mcx.ru/news/news/show_print/46956.355.htm); <http://www.kommersant.ru/doc/2890553>

**More Than Fourteen Percent of Russian Agricultural Land Unused:** According to an audit by the Russian Accounting Chamber, approximately 14.5 percent of agricultural land (over 56 million hectares) is not used for agricultural production. Moreover, the mechanism for recovering agricultural lands from owners who misuse it is not efficient. The Accounting Chamber also noted that state monitoring of agricultural land is fragmented, and that the Uniform Federal Information System on agricultural lands is not fully operational. <http://tass.ru/ekonomika/2594634>

**Control of Alcohol and Customs Shifted to the Ministry of Finance:** Russian President Vladimir Putin transferred supervision of the Federal Customs Service (FCS) and the Federal Service on Regulation of Alcohol Market (FSRAM) to the Ministry of Finance on January 15, 2016. Previously, FCS and FSRAM reported directly to the Russian Government. According to Presidential order <http://kremlin.ru/acts/news/51175>, the Ministry of Finance was given responsibility for formulating and implementing state policy and legal regulations in the sphere of production and circulation of ethyl alcohol, alcohol and alcohol-containing products. A single system of tax and non-tax payments within the Ministry of Finance will be created which will increase the effectiveness of administration and tax collection. <http://www.rbc.ru/economics/15/01/2016/5698f90d9a7947cf26cff2f4>

**Transition Period for Retailers and Bar Owners for Adopting UFAIS:** Prime Minister Dmitry Medvedev signed a resolution in late December 2015, establishing a transition period for retailers, as well as bars and catering establishments, for entering information on purchased alcohol into the Unified Federal Automated Information System (UFAIS). Information on alcohol products purchased by companies between January 1 and March 31, 2016 must be entered to UFAIS by April 20, 2016. According to amendments to Federal Law # 171 on State regulation of production and turnover of alcoholic beverages, distributors/wholesalers must provide information on alcohol turnover to UFAIS as of January 1, 2016. <http://www.kommersant.ru/doc/2889251>  
<http://www.kommersant.ru/doc/2889251>

**Primorye 2015 Food Price Inflation Up Thirteen Percent:** According to the Primorskiy Regional Office of Federal Statistics Service, food prices in 2015 in Primorye increased on average by 12.8 percent. The most significant price increases were seen for fish products (27.9 percent). Fruits and

vegetables increased on average by 21 percent. Canned baby food and confectionery products rose by 24 percent, and dry soups in packets, mayonnaise, margarine, canned vegetables, olive oil and sunflower rose between 25-38 percent. The cost of the minimum food consumer basket was 5,103.7 rubles at the end of December, up 12.1 percent compared to December 2014.

[http://zrpress.ru/markets/primorje\\_18.01.2016\\_75853\\_tseny-na-produkty-v-primorje-v-2015-godu-vyrosli-na-13.html](http://zrpress.ru/markets/primorje_18.01.2016_75853_tseny-na-produkty-v-primorje-v-2015-godu-vyrosli-na-13.html)

**Russia's Largest Catch Goes to Far Eastern Fishermen:** Russian fishermen set a record harvest in 2015 with total catch of 4.4 million metric tons (MT) - the highest yield in 15 years. The fishermen from the Far Eastern basin showed the highest increase in yields with production totaling 2.79 million MT, or 67,200 MT more than last year. Predominately, the catch included Pollock at 1.6 million MT and Pacific Salmon at 375,000 MT. The Russian Federal Fisheries Agency noted that the catch of cod in the north decreased this year due to a quota reduction, but production of haddock increased.

<http://www.vostokmedia.com/n270044.html>

**Primorye Corn Ships to Japan:** In January, the "Rusagro" group of companies shipped a pilot batch of 10,000 MT of corn grown in Primorye to Japan. In 2016, Rusagro plans to increase shipments to Japan and to begin shipping corn to China. Rusagro began planting corn in the Primorsky Territory in 2015 with 3,500 hectares. With future plans to build dryers and elevators for corn, the goal is for Primorye to increase corn production up to 1 million MT per year. In the short term, Rusagro expects to produce 100,000 MT of corn per year, shipping nearly all as exports to China.

[http://zrpress.ru/business/dalnij-vostok\\_20.01.2016\\_75899\\_primorskaja-kukuruza-uplyla-v-japoniju.html](http://zrpress.ru/business/dalnij-vostok_20.01.2016_75899_primorskaja-kukuruza-uplyla-v-japoniju.html)

**Ministry of Agriculture Plans Pinpoint Interventions in Dairy Market:** According to the Deputy Minister of Agriculture, Sergey Levin, nine regions have been identified as problematic in the dairy market from the point of view of pricing and seasonal differences. Purchasing and commodity interventions will start in the selected regions which have drying capacities for manufacturing milk powder. Included are Bashkiriya, Tatarstan, Udmurtiya, Altayskiy krai, Orenburgskaya, Saratovskaya, Omskaya, Novosibirskaya and Belgorodskaya Provinces. The Minister will decide whether to expand or shorten the list for interventions at a later date.

<http://bfi-online.ru/rnews/index.html?kk=1a034ba925&msg=4807>

**No Improvement Expected in Chocolate Market:** In 2015, Russian confectioners were forced to respond to changes in the market due to the lack of raw materials for manufacturing chocolate products. Now, experts predict a further decline in chocolate production. According to the Research Center of the confectionery market, imports of cocoa products reduced by nearly 30 percent during the first 10 months of 2015, compared to the same period in 2014. The decline in imports is attributed to the growth of world prices for cocoa products, the current economic situation in Russia and the ruble devaluation.

<http://bfi-online.ru/rnews/index.html?kk=86b068f0b8&msg=4806>

<sup>[1]</sup> Gaidar Forum - an annual international scientific conference in the field of economics.

