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### Russian Agricultural Policy and Situation Bi-Weekly Update - 2

**Report Categories:**

Agriculture in the News

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**Report Highlights:**

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Russian Ministry of Agriculture Ready to Continue Cooperation with Austria . . . Agriculture  
Priorities Discussed at the “United Russia” Congress . . . Import Substitution Progress Report . . .  
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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.

**Russian Ministry of Agriculture Discusses Cooperation with Hungarian AgroHoldings:** On February 3, 2016, the First Deputy Minister, Yevgeniy Gromyko, met with the President of Hungarian "Bonafarm Holding," and the Head of the agrarian financing bank group, OTP Bank. The focus of the meeting was cooperation in agriculture, specifically on potential OTP Bank financing and credit programs for agroindustrial enterprises in Russia. Other potential areas of cooperation included exchanges in technology and machinery for large livestock and poultry projects.  
<http://www.mcx.ru/news/news/show/47569.355.htm>

**Russian Ministry of Agriculture Ready to Continue Cooperation with Austria:** On February 1, 2016, the Co-Chairs of the Russian-Austrian Working Group on Agriculture met to discuss cooperation in the agrarian sector. Topics of interest included: biological waste, machinery, exchange in technology, as well as cooperation in grape production, winemaking and aquaculture. Both sides noted that despite the difficult trade and economic environment, Russia and Austria have tremendous potential and plan to continue joint projects in the agricultural sector. Russia's principle exports to Austria in CY2015 were fresh and dried legumes, oilseeds, wheat and barley. Russia's main imports from Austria were sauces, spices, pet food, alcoholic and non-alcoholic beverages, processed fruits and vegetables, and processed grain products.  
<http://www.mcx.ru/news/news/show/47514.355.htm>

**Agriculture Priorities Discussed at the "United Russia" Congress:** At the 15<sup>th</sup> "United Russia" Congress, the Minister of Agriculture Alexander Tkachyov, highlighted MinAg's 10 priorities for the development of the agricultural and fisheries sector until 2020. The priorities include: ensure food security and import substitution; effective industry financing, financial support to farmers; technical renovation; support for agrarian science and education; development of rules for managing agricultural lands; improve quality of life in rural areas, establish fair prices for food and improve food quality; develop export of agricultural products; and development of coastal fish processing, infrastructure and

storage facilities. In addition, Minister Tkachyov intends to simplify the distribution of subsidies and subsidized interest rates by implementing a system where financing will go directly from the federal budget to the banks, eliminating passing through regional bureaucracy. He also intends to develop amendments to the Trade Law to address food product pricing issues, such as restricting allowable retail chain mark ups. <http://www.mcx.ru/news/news/show/47655.355.htm>

**Import Substitution Progress Report:** At the February 11, 2016 meeting of the government, Minister of Agriculture Alexander Tkachyov reported on the status of the agricultural import substitution program noting that in the last 10 years agricultural production increased 40 percent as a result of government measures and financial support to the sector. Tkachyov stated that Russia is fully self-sufficient in grain, oil, sugar and potatoes, and meets 89 percent of domestic meat needs. According to the Minister, Russia's agricultural imports shrunk by one-third in the last several years. In particular, he noted that Russian imports of poultry decreased three-fold. Moreover, he stated that, "in 2015, despite the difficult economic and political situation, Russia exported agricultural products worth \$16 billion, or 5 times more than 10 years ago." Full minutes of the government meeting can be found at: <http://government.ru/meetings/21755/stenograms/>

**Primorye Food Production Increased in 2015:** According to the Primorskiy Regional Office of Federal Statistics Service, in 2015, the regional manufacturing industry declined in almost all sectors except for machinery and equipment (up 31 percent), food products and beverages (up 4 percent), and wood processing and wood products (up 1 percent). Production of cereals increased by 90 percent, with vegetable oil jumping by 49 percent, sugar by 13 percent, cheese and cottage cheese by 11 percent, whole milk by 10 percent, meat preparations by 6 percent, and fish and fish products by 4 percent. [http://primstat.gks.ru/wps/wcm/connect/rosstat\\_ts/primstat/ru/news/rss/d9ccfb004b7bb00c8813def3fcc8acff](http://primstat.gks.ru/wps/wcm/connect/rosstat_ts/primstat/ru/news/rss/d9ccfb004b7bb00c8813def3fcc8acff)

**Primorye Ice Cream Plant Begins Exporting to China:** At the end of 2015, the Arsenyevsky dairy plant attended the Hong Kong Food Festival and as a result signed a contract for delivery of 1,500 metric tons of ice-cream to Shanghai. According to the Arsenyevsky General Director, the regional authorities and the Export Development Center played a major role in the successful implementation of this agreement. <http://deita.ru/news/economy/02.02.2016/5057959-primorskoe-morozhenoe-nachali-prodavati-v-kitai/>

**Oil Extraction Plant Construction Begins in Amurskaya Oblast:** The "Amurskiy" oil extraction plant moved to the active development stage following the purchase of 90 percent of needed equipment. The "Amurskiy" plant produces food isolate, dietary fiber and soybean oligosaccharides made from soy meal. The project will receive investments totaling 1.1 billion rubles. Upon completion of the first phase of the project, two workshops will be launched: the first for refined deodorized oil production and the second for feed and food meal production. [http://minvostokrazvitia.ru/press-center/news\\_minvostok/?ELEMENT\\_ID=4008](http://minvostokrazvitia.ru/press-center/news_minvostok/?ELEMENT_ID=4008)

**Russian Cheese Production Grows While Sausage Output Drops:** According to the Russian Federal Statistics Service (Rosstat), output of cheese and cheese products in Russia amounted to 581,000 MT in 2015, a 17.1 percent jump from production in 2014. However, liquid milk production (totaling 5.4 million tons) only increased 0.4 percent in 2015 compared to 2014. At the same time, yogurt output dropped 1.8 percent in 2015 to slightly more than 1 million tons. Meat production, totaling 2 million

tons, increased 13 percent in 2015, compared to 2014. Poultry meat output increased 9.6 percent, reaching 4.3 million tons in 2015. Production of sausage products dropped 1.5 percent, compared to 2014, with 1.5 million tons of sausage products produced. Crude sunflower oil production decreased by 9 percent, to 3.7 million tons.

<http://bfi-online.ru/znews/index.html?kk=f06d4aee2b&msg=4833>

**Russian Juice Production Down:** According to Rosstat data, the manufacture of fruit and vegetable juices in Russia fell 29.5 percent in 2015, with total production at 1.9 billion standard cans. This is the lowest juice production volume seen in the last five years. According to Euromonitor International, sales of juices, nectars and juice drinks in volume terms grew between 2010 and 2012, but decreased by 2 percent in 2013 and dropped another 4 percent in 2014. The average retail price of fruit juices in Russia in December 2015 was 72.2 rubles per liter, which is 16.5 percent higher than in December 2014, and 26.2 percent higher than in December 2013. <http://bfi-online.ru/rnews/index.html?kk=d17cb96f91&msg=4847>

**Rosspirtprom Now the Largest Ethyl Spirit Manufacture:** In January 2016, the Russian state owned company, Rosspirtprom, bought 8 ethyl spirit manufactures in the Tula, Novosibirsk, Kaluga, Severnaya Osetiya and Kabardino-Balkariya regions. Russia produced 423.8 million liters of ethyl spirits in 2015, according to Rosstat data. Of that amount, 171.8 million liters were produced by the 8 manufactures purchased by Rosspirtprom.

<http://www.rbc.ru/business/02/02/2016/56af890b9a794758412e6d95?from=main>

**McDonald's Russian Investment Plans:** McDonald's announced plans to increase investments in the development of its Russian business to almost 9 billion rubles (\$112 million) in 2016. The development plans include opening 60 new restaurants and developing more franchising opportunities. In 2015, McDonald's opened 59 new outlets in Russia and 73 in 2014.

<http://tass.ru/en/economy/852011>

**Holding Ariant Ranked Largest Wine Producer in Russia:** Holding Ariant became the largest wine producer in Russia in 2015 and the largest vineyard owner. In 2015, Ariant produced 70 million bottles of wine, up 40 percent compared to 2014.

<http://www.rbc.ru/business/26/01/2016/56a7973d9a79471294a9ad3b>