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Report Highlights:

Prime Minister Medvedev Demands Substitution of Imported Seeds and Breeding Material . . . MinAg Develops Amendments to the Aquaculture Law . . . Russian and Norwegian Scientists Conduct Joint Research to Improve Rules for Managing Cod, Haddock and Capelin Catch . . . Russia's Grain Stocks Top Last Year . . . Record Grain Exports in February 2016 . . . Russian and Czech Officials Discuss Potential Cooperation in Agriculture . . . Russia and Jordan Discuss Mutual Cooperation . . . Russia Bans Imports of Peppers and Pomegranates from Turkey . . . Syria Now Supplying Fruits and Vegetables to Russia . . . EAEC Lowers Some Tariffs . . . New Agricultural Development Projects Initiated in the Russian Far East . . . Draft Law Liberalizes Development of Marine Area . . . Sugar Factory Project in Sovgavan . . . Russia Initiated Shipments of Grain to China . . . Changes to EAEU Food Safety Technical Regulations

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.

Prime Minister Medvedev Demands Substitution of Imported Seeds and Breeding Material: On March 14, 2016, Prime Minister (PM) Dmitri Medvedev stated that "dependence on imported seeds and breeding materials must be eliminated," noting that with effort and financing reliance on imported seeds, breeding materials and feed additives can be eliminated. Deputy PM Dvorkovich reported that over the past three months scientific and technical support of the agricultural sector has been developed. Reportedly this support consists of model programs that can be applied in different sectors of the seed and breeding material business, as well as two pilot programs for potato and poultry farming. Each program includes five blocks: for fundamental and applied research and development, development of research infrastructure, organization of test production using locally produced seeds and breeding materials, technology transfer and stimulation of Russian development, and training of personnel. Mr. Dvorkovich reported that model programs were developed for potatoes and poultry and are planned to be implemented in the second quarter of 2016. The GOR has identified the regions and specific entities for implementation of these programs, but have not yet announced the details. In addition, Dvorkovich also stressed that business is interested in a program for producing seeds for beets, including sugar beets. <http://government.ru/news/22158/>

MinAg Develops Amendments to the Aquaculture Law: On March 16, a working group at the Russian Ministry of Agriculture, chaired by the Deputy Minister of Agriculture and Head of the Federal Fisheries Agency, Ilya Shestakov, developed a package of amendments to the Law on Aquaculture and to several other regulatory acts. The new amendments are directed to eliminate regulatory "gaps" and stimulate accelerated development of the aquaculture sector in Russia. Specifically, members of the working group, authored a bill to introduce additional species of fish to aquaculture farming. MinAg hopes this measure will facilitate production of commercial aquaculture and increase profitability of aquaculture farms, as well as attract investment. In addition, the working group developed amendments to the Forestry Code to provide rules for the use of forest lands for aquaculture development needs. The working group plans to pass draft amendments for consideration by the State Duma in the spring session.

<http://www.mcx.ru/news/news/show/48988.355.htm>

Russian and Norwegian Scientists Conduct Joint Research to Improve Rules for Managing Cod, Haddock and Capelin Catch: During the 17th Russian-Norwegian Symposium "Sustainable Management of Marine Resources in the Northern Seas," in Bergen, Norway, scientists from both countries discussed better joint management practices for fish stock in the northern seas. The program

of the Symposium included evaluation of long-term management of fish stocks, regulation of catch, and sustainable and optimal management of stocks. Specifically, scientists presented joint research on the existing management rules for catching cod, haddock and capelin – the most important fish species harvested by Russia and other neighboring countries. The results and strategies considered at the symposium are either currently applied or to be introduced in long-term sustainable management of marine resources of the northern seas. There are also plans to publish the strategies to assist interested organizations and scientists.

<http://www.fish.gov.ru/press-tsentr/novosti/12462-uchenyje-rossii-i-norvegii-obsudili-voprosy-upravleniya-zhivymi-morskimi-resursami-v-severnykh-moryakh>

Russia's Grain Stocks Top Last Year: According to recent Rosstat data, as of March 1, 2016, Russia's grain stocks are 27.5 MMT, the second highest March stocks in the last 6 years, and 6 percent higher than stocks on the same date last year. These stocks include stocks reported by agricultural enterprises (15.0 MMT) and by assembling, storing and processing enterprises (12.5 MMT).

http://www.gks.ru/bgd/free/b04_03/IssWWW.exe/Stg/d06/51zern%D0%BE18.htm

Record Grain Exports in February 2016: According to Russian Customs data, in February 2016, Russia exported 3.2 million metric tons (MMT) of grain, which is an historic record for Russian grain exports in February. These exports include over 2.1 MMT of wheat, 262,000 MT of barley, almost 0.7 MMT of corn, and 0.15 MMT of other grains, pulses and flour in grain equivalent. From July 2015 through February 2016, the first 7 months of the marketing year 2015/16, Russia exported almost 26 MMT of grains, pulses, and flour, including almost 19 MMT of wheat, 3.6 MMT of barley, and over 2.7 MMT of corn. <http://agroinfo.com/v-fevrale-2016-goda-rossiya-eksportirovala-rekordnoe-kolichestvo-zerna-0303201605/>

Russian and Czech Officials Discuss Potential Cooperation in Agriculture: On March 22, 2016, First Deputy Minister of Agriculture, Yevgeny Gromyko, led a delegation of Russian officials to Prague to participate in the intergovernmental commission on Economic, Industrial, Scientific and Technical Cooperation between the Russian Federation and the Czech Republic. During the meeting, parties discussed Russian-Czech relations in agriculture, including a range of questions on veterinary and phytosanitary control. In addition, Russia presented a list of potential food and agriculture investment opportunities for Czech businesses to consider.

<http://www.mcx.ru/news/news/show/49245.355.htm>

Russia and Jordan Discuss Mutual Cooperation: On March 23, 2016, the Russian Minister of Agriculture, Alexander Tkachyov, headed the third meeting of the Russian-Jordanian Commission on the Development of Trade, Economic, Scientific and Technical Cooperation in Amman, Jordan. The Jordanian team was led by the Minister of Planning and International Cooperation of the Hashemite Kingdom of Jordan, Imad Fakhuri. Experts from both countries discussed potential areas cooperation: agriculture, tourism, nuclear power, education and transport. During the meeting, Minister Tkachyov stated that following restrictions of shipments of plant products from Turkey, Russia was considering other suppliers, including Jordan. In addition, Russian and Jordanian specialists agreed on four veterinary certificates for shipping from Jordan to Russia chilled and frozen beef, poultry products, ready to eat meat products, and live cattle. It was also noted during the Commission meeting that Jordan already receives Eurasian Economic Union tariff preferences.

<http://www.mcx.ru/news/news/show/49265.355.htm>

Russia Bans Imports of Peppers and Pomegranates from Turkey: The Veterinary and Phytosanitary Surveillance Service of the Russian Federation (VPSS) introduced temporary restrictions on imports of peppers (HS code 0709601000) and pomegranates (HS code 0810909800) from Turkey, ostensibly due to systematic violations during the export of products under quarantine control. The ban took force on March 17, 2016. Products shipped prior to March 17, 2016, will be admitted after passing phytosanitary control and laboratory tests.

<http://www.fsvps.ru/fsvps/news/16571.html>

Syria Now Supplying Fruits and Vegetables to Russia: A second shipment from Syria, consisting of 3,000 metric tons of oranges, lemons, grapefruit, tomatoes, and cabbage, recently arrived in the Port of Novorossiysk. Imports of Syrian fruit and vegetables have the potential to partially replace Turkish produce, which was banned starting January 1, 2016. Currently, Syrian produce is sold via Moskovskiy wholesale and retail food center "Food City." However, reports indicate that Syrian exporters are also negotiating with retail chains "Magnit" and "Pyaterochka." <http://tass.ru/ekonomika/2760747>

EAEC Lowers Some Tariffs: On March 22, 2016, the Board of the Eurasian Economic Commission (EAEC) reduced import duties on Brussels sprouts, cauliflower, broccoli, dried grapes, dates, and pistachios. According to Veronika Nikishina, EAEC Minister for Trade, the tariffs were lowered because, "These vegetables, fruits, and nuts are grown in insufficient quantities to meet domestic demand or do not grow at all in the countries of the Eurasian Union. Therefore, the EAEC Board decided to lower taxes to reduce costs to processors and lower prices for consumers." Tariffs on pistachios and dates were permanently eliminated. Tariffs on broccoli, Brussels sprouts, and cauliflower were reduced from 11-13% to 5% of the customs value, until May 31, 2019. Tariffs on dried grapes were reduced from 5% to 0% of customs value until May 31, 2019. The new duties come into force 30 calendar days following the official publication.

<http://www.eurasiancommission.org/ru/nae/news/Pages/25-03-2016-1.aspx>

New Agricultural Development Projects Initiated in the Russian Far East: The General Director of JSC Corporation for Development of the Far East, Denis Tikhonov, signed agreements with three companies: "Mikhailovskiy," "Khabarovsk" and "Belogorsk." The companies will invest more than 65.5 million rubles in the economy of the Russian Far East, as well as employ more than 500 people.

All the projects are aimed at the development of agriculture and contribute to import substitution of raw materials and food products.

http://zrpress.ru/business/dalnij-vostok_18.03.2016_76778_tri-soglasheniya-podpisany-s-novymi-rezidentami-tor-mikhajlovskij-khabarovsk-i-belogorsk.html

The Russian Government approved draft regulations for public funding of three investment projects in the Far East. Two projects will receive state support for the development of pig production and construction of a brewery in the Kamchatka region. The third project will support development of infrastructure in Kamchatka, with a focus on expanding power supply, road access, and external water supply networks.

http://minvostokrazvitia.ru/press-center/news_minvostok/?ELEMENT_ID=4093

Draft Law Liberalizes Development of Marine Area: The Ministry for the Development of the Far East drafted a bill to remove existing restrictions on area available for aquaculture development. If the bill passes, businesses will have access to approximately one million additional hectares of marine area

for aquaculture development. The restrictions are to be lifted for at least the next 10 years. The Ministry stated that the goal is to create maximum freedom in the Far East for investment and business development. <http://primrep.ru/2016/03/novyj-zakon-dast-svobodu-marikulturshhikam-dalnego-vostoka/>

Sugar Factory Project in Sovgavan: The Thai company “Sutech Engineering” found investors to construct a sugar factory, scheduled to be built in the port special economic zone in Sovetskaya Gavan of the Khabarovsk region. The new sugar factory is expected to produce 550,000 metric tons of sugar per year and will cost roughly \$150 million to build. <http://www.vostokmedia.com/n276797.html>

Russia Initiated Shipments of Grain to China: According to Evgeniy Nepoklonov, Deputy Head of the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS), Russian shipments of wheat to China have begun, although data on the quantities shipped is not available. The Chinese grain market was officially opened for Russian producers in mid-December 2015, following completion of phytosanitary agreements. Russian domestic farmers are now allowed to export wheat, rice, soybeans, corn and canola to China. So far, exports have consisted only of shipments of small volumes. http://sfera.fm/news/rossiya-nachala-postavki-zerna-v-kitai_14269

Changes to EAEU Food Safety Technical Regulations: Draft changes to the technical regulations of the Customs Union, "On Food Safety" have already passed the public discussion stage. The most substantive change in the regulations is a ban on the use of fat and oil products in the manufacture of chocolate products. The changes go into effect one year after passage. <http://bfi-online.ru/rnews/index.html?kk=86011d8310&msg=4981>