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Report Highlights:

GOR Approved National Report on Quarantine and Phytosanitary Status ... MinAg Reports on Positive Dynamics in Livestock Insurance... April 2016 Survey of the Major Owners of Agricultural Land... Russia's Grain Stocks as of May 1, 2016 are Lower than Last Year... Grain Exports From Russia in the First 10 Months of MY 2015/16 Reached 31 MMT Tons... Ministry of Agriculture Increased Grain Crop 2016 Forecast... VPSS May Ban Imports of Feeds from the EU Countries Based on Finding of GE lines... VPSS Advised Grain Exporters to Tighten Control over Quality of Exported Grain... MinAg Works Out a Program on Export Development... Russian Minister of Agriculture Was Allowed Entry to France to Participate at the International Epizootic Bureau Meeting... MinAg Is Developing Reference Books on the Best Available Technologies in Agriculture... Russian Veterinary Authority Continues to Impose Import Restrictions... Penalties for Using Fake Excise Stamps to Increase from Turkey... Penalties for Using Fake Excise Stamps to Increase... Federal Retail Chains Ask the Government to Establish a Single Federal Authority... Investigation Begins at the Office of Mistral Alco, Russia's Largest Wine Importer... In 2015, Russia Remained a Top Ten Most Visited Tourist Country... Sochi Hotel 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 Approved National Report on Quarantine and Phytosanitary Status of the Russian

Federation: On May 11, 2016, Prime Minister of the Russian Government Dmitry Medvedev signed Resolution # 871-p which approved the National Report on Quarantine and Phytosanitary Status of the Territory of the Russian Federation (RF). The report was prepared by the Federal Phytosanitary and Veterinary Service based on monitoring data of the quarantine and phytosanitary situation in the RF. The Report consists of three major sections: 1) information on the spread of the quarantine pests on the territory of the RF; 2) establishing quarantine and phytosanitary zones for each individual quarantine pest on the territory of the RF; and 3) abolition of quarantine phytosanitary zones on each quarantine pest on the territory of the RF. The full version of the National Report can be viewed [here](http://www.mcx.ru/news/news/show/50813.355.htm).

<http://www.mcx.ru/news/news/show/50813.355.htm>

MinAg Reports on Positive Dynamics in Livestock Insurance with State Support: The Ministry of Agriculture reported on the results of a meeting on agricultural insurance. Representatives of the regional governments from Belgorod, Bryansk, Kursk, Moscow, Tambov, Perm Province, Republic of Tatarstan and also the National Union of AgroInsurers as well as the leading insurance companies in the agro-industrial field took part in the meeting. Reportedly, as of May 5, 2016, the number of insured farm animals has increased almost five times to 793.8 thousand heads in comparison to the similar period in 2015.

The amount of the insurance that covered the sown area was reduced in value by 17 percent or down to 912.3 thousand hectares versus the same period in 2015.

The insurance premiums under all contracts of crop harvest insurance increased in comparison to the last year's by 39 percent and reached 22.1 billion rubles, and the total amount of the insurance premiums for all the contracts in the field of animal husbandry has increased 1.5 times, or to 9.4 billion rubles.

According to the decision made by the Bank of Russia, since 2016 the status of uniform all-Russian association of insurers was given to the "Uniform Association of Insurers of the Agro-industrial Complex — the National Union of Agro-Insurers" (NSA). Thus, starting from 2016 contracts for agricultural insurance with state support can be signed only with insurance companies that are a member of NSA. <http://www.mcx.ru/news/news/show/50949.355.htm>

April 2016 Survey of the Major Owners of Agricultural Land in Russia: Consulting company BEFL prepared the annual survey of the major owners of agricultural lands in Russia as of April 2016. There are 43 companies on the list (in 2015 – 40 companies) that each owns over 100,000 hectares (HA). The total agricultural land (so called land bank) that is controlled by these 43 companies is 10.45

million HA, 16 percent more than in 2015. 5 companies on the top of the list control (each) over 500,000 HA of agricultural lands, in 2015 – only 2 companies controlled over 500,000 HA each. The top 10 companies are ranked as following:

- 1st place - “Prodimex” with 790,000 HA (600,000 HA of “Prodimex” and 190,000 HA of recently purchased “Agrokultura”),
- 2nd and 3rd places share “Miratorg” (594,000 HA) and “Rusagro” (594,000 HA). On April 7th Miratorg informed about additional acquisition of 100,000 HA for breeding beef cattle, and could have be on the 2nd place, and, if not count Prodimex’s Agrocultura, on the 1st;
- 4th place is “Ivolga-Holding” – 511,000 HA
- 5th place is Holding company “Ak Bars” – 505,000 HA;
- 6th place – “Agrocomplex” named after N. Tkachev – 456,000 HA (In 2015-2016 the company increased its land bank from 200,000 HA to 456,000 HA);
- 7th place – “RosAgro” – 400,000 HA;
- 8th place – “Avangard-Agro” – 370,000 HA
- 9th place – “Krasny Vostok Agro” – 350,000 HA
- 10th place – “Cherkizovo” group, including land of beneficiaries of Cherkizovo, members of Babaev’s family, is 340,000 HA

<http://www.agroinvestor.ru/analytics/news/23283-reyting-krupneyshikh-latifundistov-10-45-mln-ga-na-43-kh-igrokov/>

Russia’s Grain Stocks as of May 1, 2016 are Lower than Last Year: According to recent Rosstat data, in April 2016 Russia’s grain stocks decreased 20 percent from 23.3 MMT on April 1st to 18.6 MMT on May 1st. These stocks are 2 percent lower than on the same date last year, and now rank only the third highest May stocks in the last 6 years. These stocks include stocks reported by agricultural enterprises (8.9 MMT) and by assembling, storing and processing enterprises (9.7 MMT).

http://www.gks.ru/bgd/free/b04_03/IssWWW.exe/Stg/d06/97zern%D0%BE20.htm

Grain Exports From Russia in the First 10 Months of MY 2015/16 Reached 31 Million Metric Tons, a Historic Record: According to preliminary data of the Russian Customs, in July 2015 through April 2016 Russia exported over 31 million metric tons (MMT) of grain and pulses. This is a record export for the same period in any marketing year. Moreover, these exports exceed volumes of grain exported from Russia in any complete marketing year in Russian history. The 10 months’ export is comprised of 21.9 MMT of wheat, 4,1 MMT of barley, 4.1 MMT of corn, 0.7 MMT of pulses, and 0.2 MMT of other grains. (Analysts’ reports based on Customs data).

Ministry of Agriculture Increased Grain Crop 2016 Forecast from 104 Million Metric Tons (MMT) to 106 MMT: On May 25th, 2016, Alexander Tkachyov, the Minister of Agriculture, reported that Russia plans to harvest 106 MMT of grain in 2016. The previous forecast was 104 MMT. The forecast takes into account opinions of experts, agronomists, regional surveys.

<http://tass.ru/ekonomika/3313365>

VPSS May Ban Imports of Feeds from the EU Countries Based on Finding of GE lines not Registered in Russia in these imported feeds: Federal Service on Veterinary and Phytosanitary Surveillance of the Russian Federation (VPSS) reported that in course of examination of feeds imported from the EU countries has found genetically engineered substances that were not registered in Russia. VPSS notified the veterinary authorities of the EU and reported that in case of finding such violations in the future, VPSS may ban imports of feeds from certain EU countries, and if violations continue, from

the EU as a whole. <http://www.kommersant.ru/doc/2994413>

VPSS Advised Grain Exporters to Tighten Control over Quality of Exported Grain: Federal Service on Veterinary and Phytosanitary Surveillance of the Russian Federation (VPSS) reminded grain exporters that in accord with the International Convention on Plant Protection and Quarantine (Rome 1951, edition of 1997), each country has the right to establish national phytosanitary requirements for imported products, and these requirements may differ from Russian. Thus, Egypt, China, Armenia and Azerbaijan require that imported grain shall be free from all types of Ambrosia (*Ambrosia* spp.). VPSS controls quality of exported grain, and, in 2015, found 500 cases when grain destined to exports from Russia did not meet the requirements of the importing country. For prevention of violations, VPSS ordered its territorial offices to tighten control over storing, transportation and out-loading grain. <http://www.fsvps.ru/fsvps/news/17216.html>

Ministry of Agriculture Works Out a Program on Export Development of Agricultural Products: According to the Press Service, the Ministry of Agriculture is working out a sub-program on export development of Russian agricultural products. The sub-program is being developed in the framework of the State Program “On Development of Agriculture in 2013-2020”. The sub-program will facilitate promotion of Russian agricultural products in foreign markets. The issues related to the development of the program will be discussed at an intra-agency working group meeting on supporting exports. Earlier, Minister of Agriculture Tkachyov mentioned that Russia had significant potential for building up exports and it was necessary to open up new markets, specifically in Asia and the Middle East. According to the MinAg estimate, in 2015, exports of agricultural products totalled \$17 billion. In addition, Minister Tkachyov noted that in 5 years Russia will increase exports of agricultural products to \$40 billion. <http://www.agronews.ru/news/minselxoz-razrabatyvaet-podprogrammu-po-razvitiyu-eksporta-produkcii-apk.html>

Russian Minister of Agriculture Was Allowed Entry to France to Participate at the International Epizootic Bureau Meeting: According to RIA Novosti, the Ministry of Foreign Affairs of France granted permission to the Minister of Agriculture Alexander Tkachyov, who is under sanctions, to visit France to participate at the session of the International Epizootic Bureau. Minister Tkachyov had a meeting with the Director General of the World Organization for Animal Health. Both sides noted the need for finding mutually beneficial solutions in trade of certain types of animal products and agreed to continue working on these issues at the expert level. He also met with the French Minister of Agriculture. <http://www.rbc.ru/rbcfreenews/57433e209a79474b29d1961a?from=newsfeed>

MinAg Is Developing Reference Books on the Best Available Technologies in Agriculture: On May 25th Deputy Minister of Agriculture, Yelena Astrakhantseva conducted a meeting on the development of reference books on the best available technologies (BAT) in the agro-industrial sector. Creation of the BAT reference is one of the activities in the action plan aimed at moving from the use of old and inefficient technologies to the introduction of the best available technologies, approved by the Government Resolution #398-p dated March 2014. According to the action plan, the Ministry of Agriculture together with the Ministry of Industry and Trade and the Federal Agency on Technical Regulation are scheduled to work out the following reference-books by 2017: “Intensive swine breeding”, “Intensive poultry breeding”, “Animal slaughter at meat processing facilities, cold storages, and production of animal by-products”, and “Production of milk and dairy products”. Currently, the Ministry of Agriculture is working with scientific and research institutions as well as industry unions on

this project.

<http://www.mcx.ru/news/news/show/51222.355.htm>

Russian Veterinary Authority Continues to Impose Import Restrictions on Agricultural Products from Turkey: On May 11, 2016 VPSS imposed temporary restrictions on the import of lettuce (HS code 070511) and salad (HS Code 070519), starting May 16, 2016, on the ground of detection of Western flower thrips (*Frankliniella occidentalis* Perg.) in the shipments of lettuce.

<http://www.fsvps.ru/fsvps/news/17088.html>

On May 18, 2016 VPSS imposed temporary restrictions on the import of zucchini and pumpkin HS 070993 from Turkey, starting May 19, 2016, based on the detection of Western flower thrips (*Frankliniella occidentalis* Perg.) in the shipments of zucchini.

<http://www.fsvps.ru/fsvps/news/17160.html>

Penalties for Using Fake Excise Stamps to Increase: A draft law on increasing penalties for applying fake excise stamps on alcohol beverages has been sent to the State Duma. According to the Russian State Statistics Service (Rosstat), the number of documented offenses related to the illegal turnover of alcoholic products, including the use of fake excise stamps, has increased from 1,091 cases in 2012, to 2,149 cases in 2014 and 1,663 cases in the first half of 2015. In cases of using fake excise tax stamps, the Russian government budget loses while dishonest suppliers receive more than 100 rubles extra in unpaid taxes from just one half liter bottle of hard alcohol.

<http://tass.ru/ekonomika/3293784>

Federal Retail Chains Ask the Government to Establish a Single Federal Authority Responsible for Issuing Licenses for Alcohol Trade: Federal retail chains are asking the Russian government to establish a single authority responsible for issuing licenses for alcohol trade. The aim is to avoid administrative burdens from regional authorities many of which have different licensing requirements.

<http://www.alcoexpert.ru/itnews/29778-alkogol-iz-odnix-ruk-krupnye-seti-prosyat-sozdat-edinyj-organ-po-vydache-licenzij-na-spirtnoe.html>

Investigation Begins at the Office of Mistral Alco, Russia's Largest Wine Importer: On May 19, 2016, members of Russia's Investigative Committee searched the office of Mistral Alco, Russia's largest importer of wine. According to the company co-owner Beslan Agrba, the investigation might be connected to issues involving turnover of excise stamps. According to the Center for Federal and Regional Alcohol Market Research, Mistral Alco imported 18.56 million liters of wine in 2015 giving it 11.1 percent market share of total imported wines.

<http://www.rbc.ru/business/19/05/2016/573daf549a7947267b2a445e?from=newsfeed>

In 2015, Russia Remained a Top Ten Most Visited Tourist Country: Data from United Nations World Tourism Organization (UNWTO) showed that Russia again was in the top ten most visited countries by tourists in 2015. The overall number of foreign tourists visiting Russia increased by 6.2 percent to 31.6 million in 2015. Russia came in tenth place in 2015 and was in ninth place in 2014 according to UNWTO. Due to the devaluation of the Russian ruble, travel to Russia has become more affordable for foreign tourists. <http://www.forbes.ru/news/318717-rossiya-vnov-voshla-v-top-10-samykh-poseshchaemykh-turistami-stran>

Sochi Hotel Market: According to Jones Lang LaSalle Inc., in the first quarter of 2016, hotels in Sochi registered an occupancy rate of 70 percent. The average daily rate was almost 10,000 rubles from

January-March of 2016 and has been at record highs since the Olympics Games in 2014. Revenue per available room was 54 percent higher in comparison to the previous year.

<http://www.horeca-magazine.ru/article/3541/>