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Report Highlights:

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General Information:

Putin Signed Federal Law Limiting Agencies Authority: Federal Law No.434-FZ of December 22, 2014, amends the Codex of Administrative Violations and increases punishment of controlling agencies for exceeding authority. Exceeding of controlling authority, such as carrying out checks in the absence of justification for these checks, violation of the terms of audit, lack of coordination of unscheduled on-site inspection with prosecutors, etc., may lead to fines of up to 10,000 rubles or disqualification of the controlling officer for a period not to exceed one year.

<http://publication.pravo.gov.ru/Document/View/0001201412230005?index=2&back=False>

Russian Fish Catch Down Slightly in 2014: As of December 30, 2014, data from the Fish Monitoring Center showed that total Russian catch of all fishing entities equaled 4,039 MMT, or 2.2 percent less than last year. The fish and seafood catch in Russia's Far Eastern basin fell by 13.6 percent in 2014 to 2,695 MMT. The total catch of bio-resources in the Northern basin decreased by almost 6 percent, to 568,700 MT. At the same time, Russia's fish catch in the Baltic Sea increased by 16 percent, to 46,800 MT. Russian fishing companies increased their catch of aquatic bio-resources in the Azov and Black Seas by 68 percent, to 50,400 MT. Russia's catch of water bio-resources in the Caspian Sea basin were almost unchanged in 2014, compared with the catch from last year. Russia also reduced the volume of its quota catch in the zones of foreign states by almost 3 percent, to 430,500 MT. At the same time, Russian fishermen's catch in convention-covered areas and the open part of the World Ocean grew by almost 24 percent, to 211,000 MT.

<http://clients.tass-online.ru/?page=popup&langID=2&productID=2&aid=7201295>

Federal Law Extends Support to Processing and Marketing of Agricultural Products: On December 29, 2014 President Putin signed Federal Law No.467-FZ, amending the Federal Law on Development of Agriculture (No.264-FZ of December 29, 2006). The amendments extend the system of soft-term agricultural loans (partial compensation of interest rates) to organizations and individual entrepreneurs that process and market agricultural products. Processors of agricultural products may get access to the soft-term loans for owned or rented facilities. The loans will be available to those whose income from processing/marketing of processed agricultural products is not less than 70 percent of their total income. The interest rate compensation component will be in effect until January 1, 2021. The federal funds for this compensation package will be allocated from the federal budget through subsidies to provinces. The Federal Law No. 467-FZ of December 29, 2014 came into force on January 1, 2015.

<http://www.garant.ru/hotlaw/federal/592372/#review>

Russian Ministry of Agriculture Approved Quarantine List: Ministry of Agriculture's Order No. 501 of December 15, 2014 approved the list of quarantine items. The list consists of three parts: I. Quarantine objects that are absent on the territory of the Russian Federation, II. Quarantine objects that have limited distribution on the territory of the Russian Federation and III. Regulated non-quarantine hazardous objects on the territory of the Russian Federation. The list replaces the previous list of quarantine items approved by the Order of the Ministry of Agriculture in December 2007.

<http://regulation.gov.ru/project/17468.html>

Ministry of Agriculture Published 2014 Crop Production Summary: According to the Ministry of Agriculture, in 2014 Russia harvested over 105 million metric tons (MMT) of grain and pulses [1] in

clean weight (in 2013 – 92.4 MMT), 8.9 MMT of sunflowerseeds (in 2013 – 10.5 MMT), 2.5 MMT of soybeans (1.6 MMT in 2013), 1.45 MMT of rapeseed (1.4 MMT in 2013), 32.7 MMT of sugar beet (39.3 MMT in 2013), 31.5 MMT of potato (30.2 MMT in 2013), 15.4 MMT of vegetables (14.7 MMT in 2013), and almost 3.0 MMT of fruits and berries of all kinds (2.9 MMT in 2013).

<http://www.mcx.ru/documents/document/show/31132.htm>

GOR Signed Declarations on Timber Transactions: On January 6, 2015, the Russian government signed Resolution # 11 “On Approving Rules for Providing Declarations on Timber Transactions (Rules).” According to the Rules, legal entities and individual entrepreneurs must provide to an operator of the unified state automated information system of timber tracking and transactions, a declaration on any completed transaction. This declaration can be done in the form of electronic document with electronic signature by means of information telecommunication public network, including internet and unified portal for state and municipal services. The resolution will come into force on July 1, 2015. Declaration of timber transactions will track the origin of timber as well as prevent attempts of illegal timber turnover.

<http://government.ru/docs/16482/>

<http://government.ru/media/files/EK2TmyGPXLE.pdf>

Federal Draft Program for Commercial Aquaculture Development for 2015 -2020: The objective of the document is to increase aquaculture production and stocking material. The document sets forth an increase in aquaculture production up to 195,500 MT (increase of 25.8 percent over 2013 production levels), and stocking material up to 29,410 MT in 2015. The draft program provides for an increase in aquaculture production by 2016 up to 225,400 MT (increase of 45 percent), and by 2020 up to 320,200 MT (an increase of 2.1 times 2013 production levels). For stocking material, the program foresees production growth of up to 31,290 MT by 2016, and up to 38,680 MT by 2020. Also, the program provides for increasing competitiveness of the local aquaculture production as a result of projected use of newly domesticated fish species. Experts in the Ministry of Agriculture estimate current annual growth in aquaculture production between 7 and 10 percent.

http://www.fish.gov.ru/presscentre/smi_review/Pages/smi1518.aspx

Russian Government Implements Unscheduled Inspections Starting January 23, 2015:

According to Federal Law #532-FZ, the Federal Service for Consumers’ Rights Protection and Well-being (Rospotrebnadzor), will have the right to conduct sanitary inspections on quality and safety of food products in restaurants and supermarkets without preliminary notice. Previously, Rospotrebnadzor had to notify the organization no later than one day in advance of an upcoming sanitary inspection. Administrators argued that because of the advance notice requirement, violators had time to cover up violations and forge documentation if needed, rendering the inspection ineffective. The bulk of inspections conducted by Rospotrebnadzor since 2008 were routine ones, and according to the Head of Rospotrebnadzor, Anna Popova, the number of sanitary inspections conducted between 2008 and 2014 decreased four-fold.

<http://www.ng.ru/news/490623.html>; <http://www.kremlin.ru/acts/47443>

New Minimum Retail Price for Certain Alcohol: As of February 1, 2015 the Federal Service on Regulation of the Alcohol Market (Rosalkogol’regulirovanie), will set a new minimum retail price for a half liter bottle of strong alcohol. For the first time in the history of the minimum retail price setting, the price will not increase, but rather decrease. A half liter bottle of vodka will be available for 185 rubles

instead of the current minimum price at 220 rubles.

[http://top.rbc.ru/business/11/01/2015/54b272569a79474295bf7a37#xtor=AL-\[internal_traffic\]--\[rbc.ru\]-\[details_main\]-\[item_4\]](http://top.rbc.ru/business/11/01/2015/54b272569a79474295bf7a37#xtor=AL-[internal_traffic]--[rbc.ru]-[details_main]-[item_4])

Record Volumes of Fish Shipped from the Far East During the Holidays: During the Russian Christmas and New Year holidays (January 1 to January 12), the Far Eastern Railway hit record transport volumes of Pacific fish. More than 11.7 thousand tons of fish were shipped in refrigerated and insulated railcars, twice higher the amount shipped during the same period last year. Over the last year the Far Eastern Railway management has paid special attention to logistical issues in transporting Pacific fish to the central regions of Russia. The specialists of Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoz nadzor) has also worked to improve their time lines for inspection and issuance of necessary paperwork. Fish caught in Russian waters for the domestic market still take ten to twelve days for completion of registration paperwork and a total annual industry expenditure of 3.6 billion Rubles for veterinary paperwork. However, paperwork for fish to be exported usually takes no more than one day.

<http://deita.ru/news/economy/15.01.2015/4815701-rekordnye-obemy-ryby-s-dalnego-vostoka-otgruzili-za-vremya-prazdnikov/>

Far East Investment Projects List Extended: The Ministry of the Russian Federation on the Development of the Far East published the list of fifteen projects conditionally admitted for implementation in the Far East. The investors are able to provide necessary paperwork until January 26, 2015. In February the Ministry will consider the selected projects at the meeting of the Sub-Commission on the implementation of investment projects in the Far East and the Baikal region. Selected projects will receive additional government legal and financial support at both the federal and regional levels. Among others, the list of the projects approved for selection includes: Development of pig breeding in Kamchatka (Agrotech Holding JSC), Seed Plant in the Amur Region (Amur Agro Holding LLC); Production and logistics complex for storage of plant materials, equipment for grain conditioning and plant for seeds production (Amuragrokompleks LLC); Reconstruction and modernization of Nakhodka Sea Fishing Port (Stevedoring Company "Terminal" LLC); Greenhouse complex with area of 32540 sq. m. ("Greenhouse" Agricultural Production Cooperative); Production of planed and profiled lumber ("Asia Forest" LLC). Sixteen rejected projects included: Fishing industry cluster on Shikotan island, Sakhalin region (JSC "Rybokombinat Ostrovnoy"); Construction of agricultural complex ("RUSAGRO-Primorye" LLC); and Innovative agro biotechnology complex ("Green Leaves" Production and Construction Company).

http://minvostokrazvitia.ru/press-center/news_minvostok/?ELEMENT_ID=2860

Primorye Sugar Producer Shifting to Domestic Beets: "Primorskiy Sakhar", the largest sugar producer in Primorye and the Far East, has announced five-year plans to modernize production facilities to allow for the production of sugar from domestic sugar beets. This modernization will enable the producer to utilize locally produced beets instead of imported sugarcane. Currently all products are made from imported raw materials, particularly imported raw sugarcane. With the weakened ruble the retail price of sugar has risen sharply.

<http://primamedia.ru/news/economics/14.01.2015/414259/primorskiy-sahar-hochet-pomenyat-importnyi-sirets-na-otechestvennyyu-s.html>

Increased Demand for Russian Far East Seafood Observed in China. The Far East seafood is popular in China during the New Year holidays. People buy fish and seafood in the provinces of Heilongjiang, Jilin and Liaoning. The sales peak came in late December but the trend may continue

until the Chinese New Year, according to the Chairman of the Association of Applied Economics, Heilongjiang Province, where many outlets of Russian goods are concentrated. Demand is also high in the provinces of Jilin and Liaoning. Reportedly, Heilongjiang Province businessmen plan to invest about 80 million US dollars in projects implemented in the territory of Primorye. The investors show the greatest interest in the project of “Milhailovski” Agro park selected by the Government of the Russian Federation as one of the five prospective priority development sites.

<http://primamedia.ru/news/economics/09.01.2015/413382/povishenny-spros-na-dalnevostochnuyu-moreproduktseyu-nablyudaetsya-v-kitae.html>

US Fast-Food Chain Carl's Jr. Closes Restaurants in Russia: California-based fast-food chain, Carl's Jr, recently announced plans to close outlets in three Russian cities amid the current volatile economic environment. The chain will be closing 26 establishments in St. Petersburg, Krasnodar and Novosibirsk and leaving 17 outlets in Yekaterinburg, Nizhny Novgorod, Saratov, Kemerovo, the Moscow region and several other cities. Carl's Jr. operates over 3,400 restaurants around the world. Russia's first Carl's Jr. Restaurant appeared in the city of St. Petersburg in early 2006. In 2011, the company expanded into the country's third-largest city of Novosibirsk, the first among global fast-food chains to enter the capital of Siberia. Hamburger chain Burger King opened its first restaurants there in 2013 and the McDonalds chain started expanding to Siberia in 2014. <http://itar-tass.com/en/economy/770807>

Eurasian Economic Union (EAEU) Launched, Armenia Becomes Member. The Eurasian Economic Union (EAEU) for Belarus, Kazakhstan, and Russia, came into force as of January 1, 2015. Under an agreement signed in October 2014, Armenia officially became an EAEU member on January 2, 2015, but will have a limited representation in the EAEU's executive bodies until their term of powers expires in late 2015. The country will join the agreements between the EAEU member-states on common grounds, and will switch to a common customs tariff step-by-step by 2022. Until 2022, Armenia will be able to apply customs duties on a number of goods, including meat and meat products, which differ from customs rates of the bloc. Armenia is expected to launch talks with the member-states of the World Trade Organization (WTO) on changing its commitments due to its joining the EAEU. <http://www.themoscowtimes.com/business/article/armenia-joins-russia-led-eurasian-economic-union/514035.html>

^[1] The data includes 1 MMT harvested in Crimea.