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Report Highlights:

Financing of Agricultural Sector Remains a Government Priority . . . Russia to Destroy Illegally Imported Sanctioned Foods . . . GOR to Develop a National Food Safety Management System . . . Gromyko Appointed as New Deputy Minister of Agriculture . . . Viktoriya Abramchenko Appointed Stats Secretary and New Deputy Minister of Agriculture . . . Improvements in the GOR Wood Tracking System . . . Russia Will Begin Producing Legal Moonshine and Whiskey . . . Ukrainian Company to Produce Beer in Russia . . . Kyrgyzstan EAEU Accession Pending Ratification . . . Key Interest Rate Cut to Eleven Percent

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.

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Financing of Agricultural Sector Remains a Government Priority: During the government meeting on 2016 – 2018 budget expenditures for the agricultural and fisheries sectors, PM Dmitri Medvedev stated that the government allocated 188 billion rubles to support the agricultural sector in CY2015. PM Medvedev also said that in the framework of the anti-crisis government plan, the government has already allocated 33 billion rubles out of the 50 billion rubles planned to support the sector. According to him, growth in agricultural sector in 2014 is estimated at 4 percent, in crop production - 5 percent, and in livestock – 2 percent. Other measures of support in agriculture may include providing a capital contribution to “RosAgroLeasing” to provide support to a number of sectors that are lagging behind, such as dairy, greenhouse vegetable production, grape production, and construction of wholesale logistic centers and small farms. <http://government.ru/news/19008/>

Russia to Destroy Illegally Imported Sanctioned Foods: In accordance with the order of President Putin No. 391 of July 29, 2015 regarding the on-site destruction of products that were imported into Russia in violation of the food embargo from August 6, 2015, the Government issued decree No. 774 of July 31, 2015 establishing the relevant procedures. In particular, the decision on destruction will be made by officials from the Federal Customs Service, Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoz nadzor), and Federal Service for Consumer Rights Surveillance and Human Well-Being (Rospotrebnadzor). According to the decree, the destruction should be carried out in front of two independent witnesses, captured on video, photographed, and documented. The measure will not apply to items brought by individuals for personal use, provided accompanying veterinary and phytosanitary documents are in order. <http://kremlin.ru/events/president/news/50074>, <http://government.ru/media/files/3w48H4SV7WJVTO0POwmrHoxdR72wtEw2.pdf>,

GOR to Develop a National Food Safety Management System: President Vladimir Putin ordered the government to develop a national food safety management system. The main government agency responsible for implementation of the project is the Federal Service for Supervision of Consumer Rights Protection and Welfare (Rospotrebnadzor), however, other ministries, including the Ministry of Agriculture, the Ministry of Economic Development and the Ministry of Trade will be involved in the project. The objective is to eliminate the system of double standards during quality assessment of food products under the same trademarks intended for sale in Russian and foreign markets. The draft of the document is due to President Putin by November 10, 2015.

<http://top.rbc.ru/business/24/07/2015/55b1886c9a7947fbbb90d14f>

Gromyko Appointed as New Deputy Minister of Agriculture: On July 23, 2015, by order #1413-p, Prime Minister Dmitry Medvedev appointed Yevgeniy Gromyko as the new Deputy Minister of Agriculture. <http://government.ru/docs/19028/>

Viktoriya Abramchenko Appointed Stats Secretary and New Deputy Minister of Agriculture: On July 23, 2015, by order #1417-p, Prime Minister Dmitry Medvedev appointed Viktoriya Abramchenko as Stats Secretary and the new Deputy Minister of Agriculture. By Order#1416-p, PM Medvedev relieved Aleksander Petrikov from his position of Stats Secretary and Deputy Minister of Agriculture, and appointed him as a Deputy Minister of Agriculture.

<http://government.ru/media/files/TAAwuhpmmKB8IqAW5llW21GEJvyjXQyy.pdf>

<http://government.ru/media/files/9AsqlZ4tvVqTbIEk2p16iyqT8WRbToYm.pdf>

Improvements in the GOR Wood Tracking System: The Government of Russia announced recent improvements in the state monitoring system for wood tracking in Russia. Specifically, the mechanism for the accounting of transactions is now in operation, including tracking of export-import transactions. According to the government web-site, the new system has already reduced the illegal turnover of wood. On January 1, 2015, the official internet portal of the unified state automated system for wood accountability and transactions began operations. The system currently holds information on more than 1.2 million regulatory and management documents related to wood origin. The Ministry of Internal Affairs, the Federal Customs Service and other monitoring and controlling agencies use the portal. The government is planning to implement the wood accountability system on an industrial scale starting January 1, 2016. http://government.ru/dep_news/19031/

Russia Will Begin Producing Legal Moonshine and Whiskey: From July 1, 2015 the standard GOST 55799-2013 "Grain Distillate Technical Conditions" entered into force in Russia. The standard legalizes the production of any distilled beverage from grains. Currently Russian companies that had not previously produced grain spirits, such as whiskey and moonshine, are signing agreements to initiate production in Russia.

<http://news.rambler.ru/business/30811293/>

Ukrainian Company to Produce Beer in Russia: According to TASS, during the summer of 2015 the Ukrainian company, Obolon, signed a contract with the Moscow Brewing Company (MBC) to begin the production of Obolon beer in Russian MBC facilities. In August 2014, Rospotrebnadzor suspended imports of spirits, beer and beer beverages from a number of Ukrainian enterprises. In particular, the ban impacted beer produced by the Obolon company, one of the largest Ukrainian breweries. Prior to the ban, Obolon had been one of the most popular imported beer brands in the Russian market for many years. <http://tass.ru/ekonomika/2146987>

Kyrgyzstan EAEU Accession Pending Ratification: Vice Prime Minister of Kyrgyzstan Valery Dil reported that Armenia, Belarus, and Russia have finalized their ratification of the Treaty on Kyrgyzstan's accession to the Eurasian Economic Union (EAEU) but final ratification by Kazakhstan is still pending. According to Vice Minister Dil, Kyrgyzstan will begin the removal of customs barriers as soon as the note from Kazakhstan is received. <http://www.akipress.com/news:562884>

Key Interest Rate Cut to Eleven Percent: On July 31, 2015, the Board of Directors of the Central

Bank of Russia (CBR) lowered the key interest rate an additional 0.5 percentage points, to 11 percent. This most recent rate reduction followed a number of cuts made earlier this year that saw the rate decrease from 17 percent (introduced in December 2014) to limit a plunge in the value of the ruble. According to the CBR's press-release, the decision was based on the Bank's analysis that the risk balance has shifted toward a significant economic slowdown, despite higher inflation risks. The next CBR's Board meeting to review the key rate will be held on September 11, 2015.

http://www.cbr.ru/eng/press/pr.aspx?file=31072015_133023eng_keyrate2015-07-31T13_05_20.htm.