

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 5/15/2015

GAIN Report Number: RS1529

Russian Federation

Post: Moscow

Russian Agricultural Policy and Situation Bi-Weekly Update

7

Report Categories:

Agriculture in the News

Approved By:

Robin Gray

Prepared By:

STAFF

Report Highlights:

President Putin Appoints New Minister of Agriculture... Central Bank Cuts Key Interest Rate as CPI Stabilizes... Russian Government Approved Distribution of Subsidies to Support Rural Infrastructure... Ministry of Agriculture's 2014 Performance Report Action Update... Prevention of Arctic Unregulated Fishing... Northern Sea Route to Reduce Fish and Seafood Shipping Costs... Khabarovsk Fish to Fill Moscow Shelves... Anti-Monopoly Service Files Suit against Federal State Unitarian Fishery Enterprise... Russia to Feed China with Meat Products... Russian-Chinese Fund Established for Investments in Agribusiness... Comprehensive Phytosanitary Survey of Field Crops in Russia... New Governmental Organization "Russian System of Quality"... EAEU, China's Silk Road Economic Belt Project to Coordinate Development... Kyrgyz EAEU Accession Pending Ratification

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.

President Putin Appoints New Minister of Agriculture: On April 22, 2015, President Putin signed Presidential Decree № 206, "On {the} Minister of Agriculture of the Russian Federation," which appointed Alexander Tkachyov as Russia's new Minister of Agriculture. Before this appointment Aleksander Tkachev had been the Governor of Krasnodar kray, one of the leading agricultural provinces of the Russian Federation, for 14 years. The former Minister, Nikolai Fyodorov, was, in turn, appointed as a Kremlin adviser. <http://www.kremlin.ru/acts/bank/39639>

Central Bank Cuts Key Interest Rate as CPI Stabilizes: On April 30, 2015, the Central Bank of Russia (CBR) lowered its key interest rate by 1.5 percentage points to 12.5 percent, following a reduction from 17 percent to 15 percent in January and further to 14 percent in March. According to the CBR's press-release, in February-April 2015 the ruble strengthened while consumer demand contracted and monthly consumer price inflation declined signaling stabilization in annual inflation. Meanwhile, Russia's Federal Statistics Service (Rosstat) reported that Russia's monthly consumer price index (CPI) declined to 0.5 percent in April 2015, down from 3.9% in January, 2.2% in February and 1.2 percent in March 2015. On an annualized basis, the CPI declined to 16.4 percent in April 2015 from 16.9 seen in March 2015. http://www.cbr.ru/eng/press/PR.aspx?file=30042015_133105eng_dkp2015-04-30T13_10_54.htm, <http://tass.ru/ekonomika/1951862>

Russian Government Approved Distribution of Subsidies to Support Rural Infrastructure:

On April 20, 2015, the Russian Government approved Resolution #700-p, setting the allocation of subsidies at the total amount of 8,945 million rubles for implementation of the federal targeted program "Sustainable Development of Rural territories in 2014-2017 and until 2020 as part of the State Program of Agricultural Development for 2013-2020". The subsidies will be aimed to improve living conditions of people and social and engineering infrastructure of rural areas. http://government.ru/dep_news/17790/

Ministry of Agriculture's 2014 Performance Report Action Update: On the results of discussion of Ministry of Agriculture's report on implementation of Agriculture Development Program in 2014 (GAIN report [2014 Key Results of the Russian Ministry of Agriculture 4-30-2015.pdf](#)) the Russian Government ordered the Ministry of Agriculture, together with other agencies, to submit the following proposals to the Government: on mechanism of returning un-used agricultural lands to agricultural production (by July 7, 2015); on simplification of transfer of federal budget funds to agricultural producers (by June 20, 2015); and on increasing efficiency of research in the field of agriculture, specifically in seed breeding and pedigree livestock, for import (by August 5, 2015).

http://government.ru/dep_news/18032/

Prevention of Arctic Unregulated Fishing: Government Order No. 851-p of May 11, 2015 ordered the Ministry of Foreign Affairs to sign the Declaration on Prevention of Unregulated Fishing in the High Seas of the Arctic Ocean on behalf of the Russian Government. The Declaration was drafted by Norway, Canada, Denmark, Russia and the U.S. and implies mutual cooperation in preservation and management of live sea resources without creation of any additional regional managing structure. The parties intend to take interim measures in the future to curb unregulated fishing in this area.

<http://government.ru/docs/18053/>

Northern Sea Route to Reduce Fish and Seafood Shipping Costs: On April 30, federal ministries and departments officials, representatives of the Far Eastern regions and experts of business community discussed the prospects of Northern Sea Route development and its transformation into an efficient transport artery. Currently, only 35 percent of the 2 million metric tons of fish caught in the Far East is consumed in other regions of Russia. The main reason, in addition to the complexities of clearance at the ports, is the high cost and the duration of delivery. According to Denis Askinadze, the Managing Director of the Foundation for the Far East and the Baikal region Development, using the Northern Sea Route to deliver fish to the European part of the country may reduce costs by 30 percent. The use of the Northern Sea Route will unclog the Trans-Siberian Railway, reduce the imbalance in the market of railway transportation of fish during the fishing season, reduce the number of links in the transportation rout and increase the speed of delivery to 20-25 days instead of 40 for the traditional route.

http://minvostokrazvitia.ru/press-center/news_minvostok/?ELEMENT_ID=3140

Khabarovsk Fish to Fill Moscow Shelves: Next autumn Khabarovsk fish products will flood Moscow. "Torgrybprom" concluded the relevant supply contracts with retail outlets of the Russian capital. The enterprise represented the region at the first All-Russia festival "Fish Week" held with the support of Federal Fisheries Agency. <http://vostokmedia.ru/n235790.html>

Anti-Monopoly Service Files Suit against Federal State Unitarian Fishery Enterprise: The Federal Anti-Monopoly Service filed a law suit against the Federal State Unitarian Enterprise, "National Fishery Resources" ("NatRybResources") regarding violations during tenders on leasing port facilities in Primorye, Kamchatka and Sakhalin and during auctions for fish quota distribution. NatsRybResources was organized in 1999 with the objective to form targeted budgetary management of federal funds for research, preservation and restoration of biological aquatic resources, and later was also authorized to manage facilities on the territory of most fish ports in the Far East.

<http://www.agronews.ru/news/detail/140349/>

Russia to Feed China with Meat Products: According to the Russian Federal Veterinary and Phytosanitary Surveillance Service (Rosselkhoz nadzor), representatives from the Chinese Veterinary Service will visit Russia on May 14-17 to discuss issues of bilateral cooperation and familiarization with the Russian system of control in sphere of pork and beef production. During the visit, the Chinese delegation will hold talks on the safety of import and export of products of animal origin, as well as technical consultations on African swine fever. The discussions on the access of Russian products to the Chinese market will continue during an international seminar on international inspection, which will be held in Chongqing on May 28-29. <http://deita.ru/news/economy/12.05.2015/4895582-rossiya-namerena-nakormit-kitay-myasnoy-produktsiey/>

Russian-Chinese Fund Established for Investments in Agribusiness: The Russian Foundation for Direct Investments (RFPI), Russian – Chinese Investment Foundation and the government of the Chinese province Heilongjiang, established a \$2 billion fund for the support of investments into development of agricultural projects in the Russian Far East and in China. The cost of each project may be from \$100 million to \$200 million. The parties may also consider creation of an experimental free trade agricultural zone between the Heilongjiang province and Amur oblast of the Russian Far East, with payments in rubles and in yuan. <http://agronews.ru/news/detail/140465/>, <http://www.vedomosti.ru/business/articles/2015/05/08/>

Comprehensive Phytosanitary Survey of Field Crops in Russia: The Russian Ministry of Agriculture posted a comprehensive phytosanitary survey of field crops that includes a survey of the general spread of pests and diseases in Russia in 2014, by territories and by crops, including grains, corn, pulses, rice, perennial grasses, oilseeds, flax, vegetables crops, soybeans, potato, fruits, berries, and grapes. The survey also covers the spread of weeds within the territory of the Russian Federation. The survey was conducted by Rosselkhozcenter (<http://rosselkhozcenter.com>) a federal budget enterprise under the surveillance of the Ministry of Agriculture. <http://www.mcx.ru/>

New Governmental Organization “Russian System of Quality”: Government Order No. 780-p, of April 30, 2015, established the non-commercial organization “Russian System of Quality”. The organization will be financed from the federal budget and will test products and issue voluntary certificates of conformity and signs of conformity. Priority fields of activities of this organization will be food and processing industries, foreign and domestic trade. <http://government.ru/media/files.pdf>

EAEU, China’s Silk Road Economic Belt Project to Coordinate Development: According to the Kremlin website, President Putin and Chinese President Xi Jinping signed a joint declaration on coordinating development of the Armenia-Belarus-Kazakhstan-Russia Eurasian Economic Union (EAEU) and the Silk Road Economic Belt after a meeting on May 8, 2015. As Xinhua reported, China supports Russia’s promotion of regional integration within the EAEU framework and agrees to launch talks with the EAEU on an economic and trade cooperation deal. One of the measures to help boost regional cooperation listed in the declaration envisions setting up trade-facilitating mechanisms in ripe areas, formulating common policies in fields of common interests, and studying the long-term objective of establishing a free trade zone between China and the EAEU. <http://en.kremlin.ru/events/president/news/49430>, http://news.xinhuanet.com/english/2015-05/09/c_134222936.htm

Kyrgyz EAEU Accession Pending Ratification: During the EAEU summit in Moscow on May 8, 2015, two Protocols defining the terms of a transition period for Kyrgyzstan after its EAEU accession were signed by the Presidents of the Armenia-Belarus-Kazakhstan-Russia EAEU and the Kyrgyz Republic. Pending ratification of these Protocols and the Treaty on the Kyrgyz EAEU accession of December 23, 2014, expected in June-July 2015, Kyrgyzstan will officially join the EAEU. According to the Protocols, Kyrgyzstan will switch to a common customs tariff step-by-step by 2020. Until 2020, the Kyrgyz Republic will be able to apply customs duties on a number of goods, including a dozen of agricultural items, which differ from customs rates of the bloc. Kyrgyzstan is expected to launch talks with the member-states of the World Trade Organization (WTO) on changing its tariff commitments due to its EAEU accession. <http://www.eng.24.kg/cis/175641-news24.html>,

<http://en.kremlin.ru/events/president/news/49435>