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Conception of Agro-Industrial Policy Coordination in the CU

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Agricultural Situation

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Report Highlights:

On May 31, 2013, the Supreme Eurasian Economic Council published Decision No. 35 dated May 29, 2013, entitled "On the Conception of Harmonized (Coordinated) Agro-Industrial Policy of States - Members of the Customs Union and the Single Economic Space." The document approves the Conception of coordinated agro-industrial policy in the Customs Union and orders to develop the plan of measures for its implementation by January 1, 2014.

General Information:

On May 31, 2013, the Supreme Eurasian Economic Council published Decision No. 35 dated May 29, 2013, entitled “On the Conception of Harmonized (Coordinated) Agro-Industrial Policy of States - Members of the Customs Union and the Single Economic Space.” The document approves the Conception and orders to develop the plan of measures for its implementation by January 1, 2014. The Decision No. 35 and the attached Conception is posted on the official website of the Eurasian Economic Commission: <http://www.eurasiancommission.org/docs/Download.aspx?IsDlg=0&ID=4303&print=1>

The Conception of Harmonized (Coordinated) Agro-Industrial Policy of States – Members of the Customs Union (hereinafter – CU) [1] and the Single Economic Space (Hereinafter – SES) is a framework document that lists goals and main directions of the common agro-industrial policy of the state-members of the CU and the SES, the primarily goal being to increase exports of agricultural and food products outside the CU and to raise the share of CU member states in the world agricultural and food markets. However, the Conception does not specify concrete measures or funds for their implementation. The summary of the 30 pages’ Conception by articles is given below.

Summary of the Conception of Harmonized (Coordinated) Agro-Industrial Policy of States - Members of the Customs Union and the Single Economic Space

I. Reasons for forming the harmonized (coordinated) agro-industrial policy

The target of the integration processes on the territory of the CU and the SES is to create the Eurasian Economic Union. The basis for this Union is the coordinated policy in the key sectors of economy in order to provide smooth functioning of the common market. Agriculture is one of the strategic economic segments of states – members of the CU and the SES that guarantees their food security and influences the world food security. Agricultural land resources of the states, members of the CU, are 280 million hectares, and the CU is the world leader in production of sunflowerseed and beet sugar (1st place in the world), barley and oats (2nd place), and wheat (3rd place). So far, several agriculture-related documents have been adopted by the CU, including the Agreement on the Unified Rules of State Support of Agriculture (CU Agreement of December 9, 2010) [2], agreements on the unified measures of tariff and non-tariff regulation in the trade with the third countries (CU agreements of January 25, 2008), Agreement on the unified rules of technical regulation (November 18, 2010), agreements on the veterinary, sanitary and phytosanitary measures in the CU (CU agreements of December 11, 2009), and some other documents. However, many provisions of these documents are not fixed by the inter-government (international) agreements, and there is no inter-state mechanism for implementation of the harmonized (coordinated) agrarian policy. The role of the Conception is to determine targets of the coordinated agro-industrial policy and the main directions of this coordinated policy, which then, as assumed, shall be fixed by signing inter-state agreements.

II. Objectives and Tasks of the Harmonized Agro-industrial Policy

The objectives of the harmonized agro-industrial policy is the effective use of resources of member states for production of competitive agricultural and food products both for domestic consumption and for exports.

III. Main Directions of the Harmonized Agro-industrial Policy

The main directions of the harmonized agro-industrial policy, which shall be fixed by the international agreement/agreements of country-members, are the following:

1. *Agro-industrial complex forecasts.* This will include the development of common indicators,

forecasts of individual (country's) and common supply and demand data and preparation of consolidated analytical publications about the situation in agro-industrial complex of member states;

2. *State support of production and processing of agricultural product.* The main directions of the state support were determined by the Agreement on the rules of the state support of agriculture of December 9, 2010, which, as said, is based on the WTO Agreement on Agriculture of April 15, 1994. The directions and the mechanisms of the state support of production and processing shall be fixed in the agreement between the countries, members of the CU and SES. The agreement shall authorize the Eurasian Commission to monitor the implementation of the CU Agreement of December 9, 2010 based on the uniform methodology of calculation of volumes of the state support, preparation of surveys of state support and recommendations for upgrading the effectiveness of this support.
3. *Regulation of common agricultural market.* The Conception stipulates that prices in the common agrarian market at all stages of circulation of agricultural and food products will be regulated by demand and supply, taking into account the legislation of the member states. The state regulation shall provide for stable and predictable terms of functioning of agro-industrial complexes of member-states in order to: 1) increase competitive capacity of products of member-states compared with the third countries' products; 2) guarantee equal conditions for competition in the common agrarian market, including access to market infrastructure and unhampered movement of commodities; 3) guarantee transparency of prices and price information; 4) develop investment attractiveness of agro-industrial complex of member-states; 5) guarantee economic availability (affordability) of agricultural and food products for consumers; and 6) minimize the negative impact of short term fluctuations in the domestic and foreign markets.
---Considering the accession of member states to the WTO, and the limitations on use of custom/tariff measures, the state bodies of the member-states shall assist business by providing information necessary for carrying out protection, antidumping and compensatory investigations, and for implementation of such measures.-Considering the accession of member states to the WTO, and the limitations on use of custom/ tariff measures, the state bodies of the member-states shall assist business by providing information necessary for carrying out protection, antidumping and compensatory investigations, and for implementation of such measures.
--The member states will provide the state support for modernization and building of market infrastructure, including warehouses, logistical centers, wholesale and specialized markets (including livestock markets), sea and river terminals, specialized transport (including car, rives and sea, railroad transport).
--The member states shall aim at implementation of the unified railway tariffs, unified rules of turnover of warehouse receipts for grain and other agricultural commodities and formation of the common commodity exchange with such instruments as futures, options, and mechanisms of hedging of price risks. The role of the Eurasian Commission in monitoring the common agricultural market shall be fixed by the international agreement of country-members.
4. *Unified requirements in the sphere of marketing of agricultural and food products.* The Conception envisages that the system of technical regulations will provide for agreed, uniform approaches to safety of products, to turnover of agricultural chemicals, veterinary pharmaceuticals, planting seeds, pedigree animals. The Eurasian Commission will conduct the uniform register of selection achievements, of pedigree animals.
5. *Ensuring sanitary, phytosanitary and veterinary (veterinary-sanitary) measures.* The legislation of the CU and the SES shall guarantee protection of the CU territory from imports and spread of

infection agents, and shall provide for the uniform methods of through control and surveillance in the sphere in the veterinary, sanitary and phytosanitary.

6. *Development of exports of agricultural and food products.* The increase of exports and the share of country-members in the world trade shall be the strategic goal of the agreed agro-industrial policy. The development of exports potential will be based on coordinated marketing policy in the foreign markets (mutual exhibitions, assistance in certification of products for the foreign markets, etc.), and “optimization” of flow of export. For some export commodities the coordinated export policy may go as far as creation of export “pools”.
7. *Science-based innovative development of agro-industrial complex* will be based on integration and coordination of research in the spheres of innovations.
8. *Integrated information support of agro-industrial complex.*

IV. Mechanism for implementation of agro-industrial policy.

In order to reach the goals of coordinated agro-industrial policy the international agreements shall envisage the distribution of functions between the Commission and the bodies of executive power of the member states, the use of transparent and prompt mechanisms of decision making, mechanisms of control. Participation of industrial unions and organizations is also envisaged

V. Expected results from the implementation of the harmonized agro-industrial policy.

The harmonized agro-industrial policy shall increase the efficient use of budget money for support of agro-industrial complex, upgrade the competitive position in the world markets and strengthen the political and economic influence of CU in development of the world agrarian market.

Attachement 1. Decision No. 35 of May 29, 2013.

BEGIN UNOFFICIAL TRANSLATION:

DECISION No 35

May 29, 2013

Astana

On the Conception of Harmonized (Coordinated) agro-Industrial Policy of States – members of the Customs Union and the Single Economic Space

Taking into account the presentation of Mr. Khristenko V.B., Chairman of the Collegium of the Eurasian Economic Commission, the Supreme Eurasian Economic Council, at the level of Heads of Governments, decided:

1. To approve the proposed Conception of Harmonized (Coordinated) Agro-Industrial Policy of States - Members of the Customs Union and the Single Economic Space.
2. The Eurasian Economic Commission together with states – members of the Customs Union and the Single Economic Space shall:
 - Develop by January 1, 2014, the plan of activities for implementation of the Conception indicated in point 1 of the present Decision, and to submit the plan for the review at the scheduled meeting of the Supreme Eurasian Economic Council with participation of the heads of the countries;
 - By May 1, 2013 develop and include in the draft Agreement about the Eurasian Economic Union the main principles of the harmonized (coordinated) agro-industrial policy of state, members of the Customs Union and the Single Economic Space

Members of the Supreme Eurasian Economic Council:

From the Republic of Belarus	From the Republic of Kazakhstan	From the Russian Federation
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END UNOFFICIAL TRANSLATION

^[1] So far member states of the CU are Republic of Belarus, Republic of Kazakhstan and the Russian Federation)

^[2] For more information see FAS/Moscow GAIN report [Union State Agrees to Common Agricultural Policy_12-29-2010.pdf](#)