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Date: 11/13/2014

GAIN Report Number: RSATO032

Russian Federation

Post: Moscow ATO

Draft National Standard for Organic Production Announced

Report Categories:

Agricultural Situation

Special Certification - Organic/Kosher/Halal

Agriculture in the News

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Report Highlights:

In July 2014, the Russian State Duma Committee announced the start of public comments and expert evaluations of a draft version of National Standard (GOST) “Regulations of Organic Production” which lasted until September 15, 2014. The GOST is prepared in accordance with the Council Regulation (EC) No 834/2007 of June 28, 2007, and describes the requirements for organic production and labelling. The GOST includes specific lists of fertilizers, plant protection products and agricultural chemicals which are allowed for use in organic production. A new draft version of the GOST is expected to be published in late November 2014. The report includes a courtesy unofficial translation of the GOST.

General Information:

According to recent research undertaken by ROMIR information agency, 58 percent of Russian people are willing to buy organic products and 21 percent of Russians know what the "organics" means. Nevertheless, the organic market share in the Russian food sector is only about 0.1 percent. This is primarily due to the lack of clear organic legislation in Russia. Industry experts believe the market needs a fully transparent mechanism of certification, which is clear and understandable to everyone. Agricultural producers will only be interested in organic farming if clear legislation exists and if demand grows from Russian consumers. Recent development of organic products regulation in Russia is expected to boost both export and import flows in the future.

The Russian government continues to work on legislation for organic products. In July 2014, the Russian State Duma Committee announced the start of public comments and expert evaluations of a draft version of National Standard (GOST) "Regulation of Organic Production" which lasted until September 15, 2014. The Standard is prepared in accordance with the Council Regulation (EC) No 834/2007 of June 28, 2007, on organic production.

The GOST sets forth the requirements for the process of manufacture, processing and marketing of organic products as well as the use of information that refers the production to organic during labelling and advertising. The GOST includes definitions of organic and non-organic products, organic production, processing, conversion period, plant protection products, etc.

The GOST will be applied to the following types of organic products: natural (unprocessed) agricultural products; products of primary processing of agricultural crops, wild plants, livestock, and aquaculture intended for human consumption, feed (feedstuffs), vegetative planting and seed material, yeast used as foodstuffs or feed, aquaculture, and shall establish the requirements for their production (manufacturing), storage, transportation and marketing.

According to the GOST, the principles of organic production include:

- Design and management of the biological processes based on the ecosystems with the use of their internal natural resources;
- Restricted use of external additives;
- Refusal to apply chemically synthesized external additives.

The GOST highlights that genetically modified organisms (GMO) and products manufactured from GMO shall not be used in organic production as foodstuffs, feed, processing aids, crop protection products, fertilizers, soil improvers, seeds, vegetative planting material, microorganisms, or animals. It is also prohibited to use ionizing radiation to treat organic foodstuffs, feed and raw materials used in organic foodstuffs or feed.

The GOST also states that processed organic foods must contain no less than 95 percent ingredients of organic agricultural origin, with the remaining ingredients in the final product not exceeding 5 percent

of the total ingredients. Flavors, amino acids, processing aids, and other additives may be used only as set out in the GOST. The Appendix to the Standard includes lists of fertilizers, plant protection products and agricultural chemicals which are allowed for use in organic production.

Currently, the State Duma is compiling a list of public comments for the GOST. Some of the comments will be implemented in the new draft version which is expected to be published in late November 2014. Post will follow up and report more as things develop.

According to some optimistic estimates, the potential market for organic production in Russia could reach \$18 billion by 2020 giving Russia 10-15 percent of the world organics market. The number of certified organic producers could total more than 15,000 creating about one million high-income jobs in rural areas (Source: Union of Organic Farming). Unfortunately, many market analysts are forecasting disposable income in Russia to continue to drop along with the rapidly devaluating Ruble, slumping economy, and rising inflation figures. According to Rosstat, during January – March 2014, disposable income of Russian consumers declined by 2.5 percent. The Ruble has been weakening over the last several months and in November reached 46 Rubles/per 1 USD. As a result, all imported products are more expensive for Russian consumers at the same time as income stagnation is making Russian consumers more price-sensitive which will affect sales of higher priced organic products in the near to medium-run.

Related reports on this topic:

Development of a National Standard for Organic Products in Russia

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Development%20of%20a%20National%20Standard%20for%20Organic%20Products%20in%20Russia_Moscow%20ATO_Russian%20Federation_2-8-2013.pdf

New Draft Organic Regulations Available for Public Comments

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/New%20Draft%20Organic%20Regulations%20Available%20for%20Public%20Comments_Moscow%20ATO_Russian%20Federation_9-12-2014.pdf