

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Agriculture in the News

Approved By:

Holly Higgins

Prepared By:

FAS/Moscow Staff

Report Highlights:

The Russian Ministry of Agriculture increased the 2014 grain crop forecast... Russian Authorities Transfer Authority for Alcohol Production to Ministry of Agriculture... Federal Veterinary and Phytosanitary Surveillance Service and Federal Service for Consumer Rights Protection approved safety control of meat and milk (and products) ... Russian fishermen are afraid that the EU eco-labeling requirements could hamper Russian fish exports... Federal fishery research institutions are excluded from privatization plans... Farmers' delinquent loans to Rosagroleasing increased... Ministry of Agriculture approved programs for development of vegetable oil and flour milling industries in 2014-2016... Russia, Belarus, and Kazakhstan signed Eurasian Economic Union (EEU) Treaty... Armenia and Kyrgyzstan plan to join EEU in 2014...

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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Russian Agricultural Minister Increased the 2014 Russian Grain Crop Forecast to 100 Million Metric Tons. On May 22, 2014, Nikolay Fedorov, Russian Agricultural Minister reported that Russia may harvest 100 million metric tons (MMT) in 2014. The previous forecast of the Ministry of Agriculture was 95-98 MMT. <http://agronews.ru/news/detail/133491/>

Russian Ministry of Agriculture will be covering issues of production of alcohol products, including vines and spirits, while the turnover/sales of alcohol in Russia will remain under the Russian Regulator of Alcohol Markets (Rosalcoholregulirovanye). Dmitry Medvedev, the Russian Prime Minister ordered the transfer all issues of production of alcohol products to fall under the authority of the Russian Ministry of Agriculture. The management of turnover/sale of alcohol products will remain under the Authority of the Russian Regulator of Alcohol Markets (Rosalcoholregulirovanye) <http://www.mcx.ru/news/news/show/24530.174.htm>

The Russian Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) and the Russian Federal Service for Consumer Rights Protection and Well-Being of Population will share surveillance over safety of meat and milk and related products. The Russian Government authorized the Russian Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) at the Ministry of Agriculture and the Russian Federal Service for Consumer Rights Protection and Well-being of Population to control, within their competence, the safety of meat and meat products and milk and dairy products in accord with Customs Union technical regulations "On Safety of Meat and Meat products" and "On Safety of Milk and Dairy Products (Government Resolutions No.474 and 475 of May 21, 2014). The technical regulations came to force on May 1, 2014. <http://government.ru/docs/12591> and <http://government.ru/docs/12593>

Russian fishermen fear that they will not be able to export their products to the EU since Brussels insists on changing EU import requirements for fish and seafood products starting from 2015. EU authorities intend to require all suppliers to provide the certificates of so-called eco-labeling. Market participants believe that introduction of additional certification will disadvantage Russian fisheries versus competitors.

The Russian Pollock Association (RPA) appealed to the Ministry of Economy, Federal Fishery Agency (Rosrybolovstvo) and the Eurasian Economic Commission (EEC) to lobby for the interests of the Russian fish exporters to the European Union. The RPA, in its letter to the Head of Rosrybolovstvo, Ilya Shestakov, requests that the agenda of trade and economic negotiations between Russia and the EU include a proposal for recognition of ecological certificates issued by Marine Stewardship Council (MSC) as the basis of the certificate or its alternative to eco-labeling. The MSC - an independent

international nonprofit organization-- issues certificates that allow harvesters and processors to appeal issues related to fishing activity vs. poaching and thus does not harm the ecosystem. Over the past five years, Russian fishermen spent nearly \$ 1.5 million on such certificates. Officials in Brussels have asserted that only an official regulatory agency should issue eco-labeling compliance certificates. <http://www.kommersant.ru/doc/2469085>

On May 5th, 2014, the Government of the Russian Federation approved Resolution No. 742-p that set out reorganization procedures for Federal Unitary enterprises which report to the Federal Fishery Agency (Rosrybolovstvo).

A draft order was prepared by the Ministry of Agriculture of Russia in an effort to optimize the organization and oversight of Rosrybolovstvo research institutes. According to Resolution No. 742-p, eleven Fishery Scientific Research Institutes that are currently reporting to Rosrybolovstvo will be reorganized as Federal Scientific Institutions. The Resolution also excludes these fish research institutions from the forecast plans (program) for Federal property privatization and the main directives of federal property privatization for 2014-2016 (approved by the Decree of the Government of Russia from July 1, 2013 № 1111 -p). Reorganization of these institutions is aimed at enhancing effectiveness of the research in the fishery industry. <http://government.ru/docs/12159>

Farmers' Overdue Debts to "Rosagroleasing" Reached 25 billion Rubles. Visiting Amur oblast in the Russian Far East, which was severely affected by last year's flood, the Russian President advocated for additional funds for the Far Eastern division of "Rosagroleasing", the state owned Russian company that sells equipment to farmers on installment payments using federal government interest rate subsidies. Meanwhile, the Russian Minister of Agriculture reported that farmers' total delinquent debts to "Rosagroleasing", have already reached 25 billion rubles (\$700 million) by mid-May, 2014. <http://agronews.ru/news/detail/133494/> and <http://agronews.ru/news/detail/133495/>

The Ministry of Agriculture approved a branch program for development of the vegetable oil industry in 2014-2016. The Order of the Ministry of Agriculture No. 166 of May 23, 2014, approved the Program for Development of Vegetable Oil Industry in 2014-2016. The financing is forecasted to use self-funding by oilseed producers and crushers plus guaranteed loans (total forecast financing is 34.5 billion rubles or approximately \$1 billion). The Ministry of Agriculture will participate in this program through subsidizing purchases of seeds, through interest rate subsidies, but the volumes of such support are not specified in the program. Production of Russia's three major oilseeds (sunflowerseed, soybeans and rapeseed) is forecast to reach 15 million metric tons (MMT) in 2016 (13.6 MMT in 2013), and production of vegetable oil is forecasted at 4.5 MMT (4.7 MMT in 2013). <http://www.mcx.ru>

The Ministry of Agriculture approved a branch program for development of the flour milling industry in 2014-2016. The Order of the Ministry of Agriculture No. 170 of May 23, 2014, approved a Program for Development of Flour Milling Industry in 2014-2016. The Program estimates total investments (self-financing millers and guaranteed loans) in development of flour milling industry in 2014-2016 at 6.8 billion rubles (approximately \$200 million). The Ministry of Agriculture will participate in implementation of this program via interest rate subsidies and other means of support, but the volumes of such support are not specified in the Program. Russia's production of flour is forecast at 10.1 million metric tons (MMT), the same as in 2013, but quality and nutritional value of flour and grain

products, such as cereals, starches, by-products for feeding, etc. is forecast to improve.

<http://www.mcx.ru>

Russia, Belarus, and Kazakhstan Sign Eurasian Economic Union Treaty

According to the official website of the President of Russia, the presidents of Russia, Kazakhstan, and Belarus signed the Treaty on the Eurasian Economic Union (EEU Treaty) on May 29, 2014, at the Supreme Eurasian Economic Council meeting in Astana. The EEU Treaty should come into force on January 1, 2015, pending its ratification in Russia, Kazakhstan, and Belarus. Under the EEU Treaty, the three states undertake to guarantee the free movement of goods, services, capital and work force and to implement a coordinated policy in such key areas as energy, industry, agriculture and transport.

<http://eng.kremlin.ru/news/22399>

Armenia to Join Eurasian Economic Union (EEU) by June 15, 2014

RIA Novosti quoted Armenian President Serzh Sargsyan as saying that Armenia is planning to join the Treaty on Eurasian Economic Union before June 15, 2014. "I ask to fix June 15 of the current year as a deadline to sign the agreement on Armenia's accession to the Eurasian Economic Union Treaty,"

Sargsyan said. <http://en.ria.ru/world/20140529/190214791/Armenia-Plans-to-Join-Eurasian-Economic-Treaty-By-June-15.html>

Kyrgyzstan to Join EEU by the End of 2014 with the Help of \$1.2 Billion from Russia

According to RIA Novosti, Kyrgyz President Almazbek Atambayev expects his country to join the Eurasian Economic Union (EEU) by the end of 2014 after Moscow and Bishkek have agreed to create a fund aimed at helping Kyrgyzstan integrate into the Customs Union. RFE/RL quoted Kyrgyzstan's economy minister Temir Sariev as saying that \$1 billion would be given to Kyrgyzstan by Moscow as a long-term loan, while an additional \$200 million will be classified as a Russian grant to help implement a "road map" for Kyrgyzstan joining the customs union.

<http://en.ria.ru/world/20140529/190214791/Armenia-Plans-to-Join-Eurasian-Economic-Treaty-By-June-15.html> and <http://www.rferl.org/content/russia-to-allocate-12-billion-to-help-kyrgyzstan-join-customs-union/25404113.html>