

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: 4/7/2014

GAIN Report Number: RS1424

Russian Federation

Post: Moscow

Russian Agricultural Policy and Situation Bi-Weekly Update

- 7

Report Categories:

Agriculture in the News

Approved By:

Levin Flake

Prepared By:

FAS/Moscow Staff

Report Highlights:

The Russian Ministry of Agriculture reports on Russia's self-sufficiency goals...The Ministry also announces initial target prices for 2014 grain intervention purchases...The Russian Union of producers of leather goods considers asking for a hides and skins export ban...The Ministry of Agriculture increases loan terms for milk producers...The Government approves various orders for subsidy distribution...The Customs Union and Vietnam reportedly conclude first round of FTA talks... EU reportedly preparing WTO complaint against Russian restrictions on pork... Russia restricts Australian beef...Russia allows EU seed potatoes to re-enter the Russian market...and various other news items

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.

The Ministry of Agriculture Reports on Food Security Doctrine Goals

The Ministry of Agriculture recently reported on progress towards the self-sufficiency goals of the Russian Food Security Doctrine. These goals were surpassed in 2013 in grain (with 98.4 percent self-sufficiency compared to the goal of 95 percent), in sugar (92.9 percent compared to the goal of 80 percent), vegetable oil (81.1 percent compared to the goal of 80 percent) and in potatoes (97.5 percent compared to the goal of 95 percent). However, the goals for milk, meat and fish remain far from being reached. For milk the goal is 90 percent self-sufficiency, and in 2013 only 76.6 percent was achieved. In meat the goal is 85 percent and only 77.5 percent was reached, and for fish the goal is 80 percent and 78.2 percent was reached. The Minister of Agriculture attributed this to a lack of funding from the federal budget. According to mass media, the Minister succeeded in increasing the agricultural federal budget by 42 billion rubles for 2014, most of which will be spent to compensate agricultural producers from losses connected with WTO accession, including 15 billion rubles for compensating losses in production of milk, butter, eggs and meat. This, according to Minister Fyodorov, will allow increase meat production by 2 percent. However, production of milk may start increasing only if the government allocates more funds, but these possible additions will be discussed at the next meeting of the Government devoted to agriculture. <http://mcx.ru/news/news/show/22066.355.htm.>
[http://agronews.ru/news/detail/132511/.](http://agronews.ru/news/detail/132511/)

The Ministry of Agriculture Approves Minimum Target Prices for 2014 Grain Intervention Purchases

In accordance with the Russian legislation in the end of March, 2014, the Minister of Agriculture approved the target market prices, at which the government will begin purchasing 2014 grain to the State Intervention Fund. The Ministers' Order No. 94 of March 26, 2014, was posted on the Ministry of Agriculture's web-site on March 31, 2014 (<http://www.mcx.ru/>). The target prices for 2014 crop for wheat, food rye and fodder barley are 2-5 percent higher than those approved a year ago for 2013 crop. Target price for corn is the same as for crop 2013. Thus, the Government will begin buying grain of 2014 crop from farmers when/if the market prices of milling wheat Class 3 falls to 6,750 rubles (\$193) per MT (6,550 rubles in 2013), wheat Class 4 fell to 6,450 rubles (\$184) per MT (6,300 rubles in 2013), and the market price of feed wheat Class 5 to 6,100 rubles (\$174) per MT (5,950 rubles in 2013) in the Central, North-Western, Volga Valley, North Caucasus and Southern federal districts. For the Urals, Siberia and the Far East the procurement interventions will begin when market prices fall below 6,400 rubles (\$183) (6,250 rubles in 2013), 6,200 rubles (\$177) (6,050 rubles in 2013) and 6,000 rubles (\$171) (5,700 rubles in 2013) per MT, respectively. The minimum price for food rye is set at 5,100 rubles

(\$146) (4,950 rubles in 2013), for fodder barley – at 5,150 rubles (\$147) (5,050 rubles in 2013), and for corn, Class 3 – 5,600 rubles (\$160) (the same as in 2013) per MT for all federal districts.

The Russian Union of Producers of Leather Goods and Shoes is Considering Proposing the Russian Government Ban Exports of Hides and Skins of cattle from Russia

At a meeting held in the Ministry of Agriculture on April 1, 2014, the General Director of the Russian Union of producers of leather goods and shoes reported that the industry is short of domestic supply of hides and skins that has increased domestic prices of leather and decreases competitiveness of Russian products. The Union and the Russian Ministry of Industry and Trade are proposing to ban exports of raw hides and skins of cattle for a half a year. However, the Ministry of Agriculture agreed only on the further consideration of this issue, since the decision may affect Russian agricultural producers.

<http://regulation.gov.ru/project/13155.html>

Russian Government Increases Loan Terms for Milk Producers

The Russian Government Improved Terms of Support of Russian Milk Producers by Increasing the Period of Supported Investment Loans from 8 to 15 years, and by Lifting the level of Subsidized Interest Rates from 80 percent to 100 Percent. The Resolution of the Russian Government No. 256 of April 2, 2014 changes the rules and terms of allocation of federal budget subsidies in favor of long term investments in the Russian milk production. In order to support and develop Russian milk producers, and in accord with the proposals of the Ministry of Agriculture of the Russian Federation, Russian milk producers will be able to borrow money for investments in development of milk production for up to 15 years using the federal program of interest rate subsidies, and the subsidies will be covering 100 percent of interest rate. The previous coverage was 80 percent, and the maximum period of covered loans was 8 years. <http://government.ru/docs/11506>

The Russian Government Approves Various Orders for the Distribution of Subsidies for Agricultural Production and Rural Development

At the end of March 2014, the Russian Government issued the following orders that approve the distribution of 2014 federal subsidies for support of agriculture and rural development in Russia between the provinces:

- The Government Order No. 479-p of March 31, 2014, approved the distribution of 2014 federal subsidies for improvement of living conditions and support of young specialists and their families in rural areas, for the development of infrastructure (social and engineering, such as schools, medical services, gas, water, waste disposal systems, etc.) in rural areas, and for grants to support entrepreneurial initiatives in rural areas. The overall amount of these subsidies is 11.25 billion rubles (\$321 million), including 5.52 billion rubles (\$158 million) for improvement of living conditions of young specialists and their families, 5.63 billion rubles (\$160 million) for development of infrastructure 95 million rubles (\$2.7 million) for grants;
- The Government Order No.475-p of March 31, 2014, approved the distribution of federal subsidies between provinces for the development of soil improvement, irrigation and reclamation of agricultural lands in accordance with the Federal Target Program “Development of Reclamation and Irrigation of Agricultural Land in 2014-2020”. The Order covers distribution of subsidies from the federal budget in 2014 and the planned federal allocations for these purposes in 2015 and 2016. The total amount of these subsidies in 2014 is 2.35 billion rubles (\$67 million). The amount of subsidies in 2015 is 2.36 billion rubles (\$68 million), and in 2016 – 2.38 billion rubles ((\$68 million). Subsidies to be distributed among provinces in 2015 and in 2016

include “non-distributed funds”: 118 million rubles (\$3.4 million) in 2015 and 238 million rubles (\$6.8 million) in 2016;

- The Government Order No. 474-p of March 31, 2014, approves the distribution in of 2014 subsidies between provinces for compensating private farmers’ and individual entrepreneurs’ expenses for registration property rights for their agricultural land. The total amount of these subsidies is 39.1 million rubles (\$1.1 million).

Source: www.mcx.ru (in New Documents)

Customs Union and Vietnam Reportedly Conclude First Round of FTA Talks

According to the Belarusian Telegraph Agency (BelTA), the first round of talks on a free trade agreement between Vietnam and the Customs Union member states (Russia, Belarus, Kazakhstan) concluded in Almaty, Kazakhstan. For more information, see <http://news.belta.by/en/news/econom?id=744798>.

EU Reportedly Preparing WTO Complaint Against Russian Restrictions on Pork

As reported in Europe Online Magazine, a trade spokesman for the EU has noted that the EU is preparing to take Russia to the WTO over its ban on EU pork imports which stem from an outbreak of African Swine Fever in the region. For more information, see http://en.europeonline-magazine.eu/eu-preparing-wto-action-over-russian-ban-on-pork-exports_329204.html.

Russia Restricts Australian Beef as of April 7, 2014

Quoting an official from the Russian Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor), ITAR TASS reports that all types of imported beef imported from Australia will be restricted as of April 7, 2014. For more information, see <http://www.microsofttranslator.com/bv.aspx?from=&to=en&a=http://itar-tass.com/ekonomika/1089047>.

The Russian Federal Service for Veterinary and Phytosanitary Surveillance at the Ministry of Agriculture of the Russian Federation Allows EU Seed Potatoes

The Russian Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhoznadzor) at the Ministry of Agriculture of the Russian Federation allowed imports of seed potato from Netherlands on March 25, 2014. A few days before, on March 22, 2014, VPSS allowed imports of seed potato from Germany, France and Poland. <http://www.rg.ru/2014/03/25/kartofel-anons.html>. The ban on imports of seed potato from the EU was introduced by the VPSS in July 2013. According to the VPSS’s instructions issued in 2013, and agreed upon with the major EU exporters of seed potato to Russia, imports is allowed only after VPSS checks each batch of seed potato prepared for exports to Russia on absence of quarantine pests.

Belarus Accounts for an Increasing Percentage of Russian Trade

As reported by BelTA, Belarus was Russia fifth largest global partner in 2013, and its largest CIS trading partner during the same period. For more information, see <http://news.belta.by/en/news/econom?id=744362>.

Common Ground Found on Many Elements of the Eurasian Economic Union Treaty

According to BelTA, common ground was found on many elements of the Eurasian Economic Union Treaty at a session of the Council of the Eurasian Economic Commission which was held in late March

in Moscow, including sections on trade policy, sanitary and phytosanitary measures, and manufacturing and agribusiness. For additional information, see <http://news.belta.by/en/news/econom?id=744248>.

Russia Ratified Protocol on Application of the CIS FTA with Uzbekistan

According to the official website of the Russian President, President Putin signed Federal Law On Ratification of the Protocol on the Application of the Free Trade Zone Agreement of October 18, 2011, between its Parties and the Republic of Uzbekistan. For more information, see: <http://eng.kremlin.ru/acts/6964>.

Russia Restricts Transit of Live Pigs through Ukraine, Lithuania, and Poland as of April 7, 2014

According to Rosselkhoznadzor release, Russia will impose restrictions on transit of live pigs through the territory of Ukraine, Lithuania, and Poland as of April 7, 2014. For more information, see <http://www.microsofttranslator.com/bv.aspx?from=&to=en&a=http%3A%2F%2Fwww.fsvps.ru%2Fsvps%2Fnews%2F9409.html>.

Russia Restricts Imports of Polish and Lithuanian Prepared Meat as of April 7, 2014

According to the Baltic Times, Rosselkhoznadzor has restricted imports of prepared meat product from Poland and Lithuania out of concern that thermal processing may be ineffective at destroying the African Swine Fever virus. For additional information, see <http://www.baltictimes.com/news/articles/34687/>.