

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Russian Agricultural Policy and Situation Bi-Weekly Update

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Report Highlights:

Russian Government supports farmers in Far East impacted by flooding...Grain intervention purchases begin...Customs Union duty on imported grain combines changed to a quota...Russian Government approves registration mechanism for GMO release into the environment...Law passed to merge different Academies of Sciences...Russian Government is working on changing fishery quota allocations...South Ossetia expressed desire to join the Customs Union...As well as various announcements from the Russian Veterinary Service

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 is Developing Measures of Support to the Far Eastern Agricultural Sector Severely Affected by Flooding

According to the information provided by the regional agricultural departments of the Far Eastern Region (the Republic of Sakha-Yakutia, Primorsky, Khabarovsk, Magadan and Amur regions, and the Jewish Autonomous Region) crops were destroyed on an area of 368.1 million hectares, and impacted 573 farms, as a result of the severe flooding that hit the region. Estimated damage including loss of profits is estimated at 6.6 billion rubles (\$200 million).

In response to the drastic situation in the Far East, the Ministry of Agriculture initiated measures to ensure the stability of the agricultural sector by introducing adjustments to the consolidated budget schedule and budget spending commitments for 2013. As part of this they redistributed part of the subsidies aimed for reimbursement of the cost of investment credits for beef cattle (in the amount of 3.2 billion rubles) as support measure aimed to stabilize agricultural situation in the Far Eastern regions. Several other support measures include compensation to household farmers on the loss of production (a total amount of around 1.7 million rubles) and a reduction of leasing payments to the impacted agricultural producers by 50 percent. The Ministry also is currently working out procedures and acts on the mechanisms for implementation of these measures.

http://mcx.ru/news/news/v7_show_print/16286.355.htm

Grain Intervention Purchases Began on October 15, 2013

On October 15, 2013, Russia began purchasing 2013-crop grain into the State Intervention Fund (grain intervention purchases). The state owned United Grain Company (UGC) will work, as in the previous interventions, as the state agent to conduct these interventions. The government will be purchasing milling wheat Classes 3 and 4, feed wheat Class 5 and fodder barley from the accredited suppliers (producers) from Krasnoyarsk and Altay krais, and Novosibirsk and Omsk oblasts. During the course of the first two days of procurement interventions (October 15 and 16) the suppliers sold to the Intervention Fund 58,050 metric tons (MT) of grain, including 33,750 MT of wheat Class 3, 12,420 MT of wheat Class 4, 4,320 MT of wheat Class 5, and 7,560 MT of feed barley. As of October 15, 2013, there were 75 accredited suppliers who were going to sell to the state Intervention Fund 421,300 MT of grain. The rules of interventions and related documents are posted on the site of the Ministry of Agriculture:

<http://www.mcx.ru/documents/document/show/25114.htm>. The information on the progress of interventions is on the site of the National Commodity Exchange: <http://www.namex.org/Zakupki2013/>.

Customs Union: Protective Import Duties on Grain Harvesters from the Third Countries Will Be Replaced by Import Quotas

On September 25, 2013, the Heads of Governments of states /members of the Customs Union decided (Decision of the Collegium of the Euro-Asian Economic Commission No. 42 of September 25th, 2013) to replace the current protective import duties on imports of grain harvesters from the third (non-CU) countries with import quotas of 774 harvesters per year total, including a quota for Kazakhstan of 300 units. Moreover, there is a provision that if Kazakhstan uses 70% or more of its quota in the first half of the year, within 90 days the quota will be reviewed. The decision comes to force on January 1, 2014.

The Decision can be found here:

<http://www.eurasiancommission.org/docs/Download.aspx?IsDlg=0&ID=4673&print=1>

Government Approved the Procedure for Registration of Biotech Events (GMO) for Release into Environment

On September 23rd, 2013, the Government of the Russian Federation adopted the Resolution (No. 839) “On the State Registration of Genetically-Engineered-Modified Organisms Intended for Release into the Environment as well as Products Derived from the Use of Such Organisms or Containing Such Organisms”. The Resolution approved the rules of registration of genetically engineered organisms and products and these rules come into force on July 1st, 2014. By this date the authorized ministries and federal services must update or develop procedures for the beginning of registration. The Resolution will not have any immediate effect on the cultivation of biotech crops in Russia, but creates an approval process to make such cultivation possible. For more information on the Resolution No. 839 see FAS/Moscow GAIN report at

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Government%20Resolution%20on%20GMO%20Registration%20for%20Environmental%20Release_Moscow_Russian%20Federation_9-25-2013.pdf

Federal Law on Merger of Russian Academy of Sciences, Russian Academy of Agricultural Sciences and Russian Academy of Medical Sciences Adopted

On September 27, 2013, the Russian President signed the Federal Law “On the Russian Academy of Sciences, Reorganization of the State Academies of Sciences and on Amendments to Some Legal Acts” (Federal Law No. 253-FZ of September 27, 2013) with immediate effect. The federal law envisages that the formerly independent Russian Academy of Sciences, Russian Academy of Medical Sciences and the Russian Academy of Agricultural Sciences are merging into the Russian Academy of Sciences. It is expected that the transfer period for uniting these academies will be 3 years. The main function of the new Academy will be coordination of fundamental science and research and expertise of science related programs and projects. The organizations (including research institutes) that have been under the jurisdiction of all three academies shall be assigned to the new federal executive authority that will be specially created by the Government of the Russian Federation to own and to operate the property of all these three Academies. The Presidential Order “On the Federal Agency of Science Organizations” has been signed by the President of the Russian Federation also on September 27, 2013. The Federal Law No. 253-FZ and the Presidential Order No. 735 are here: <http://kremlin.ru/acts/19301>. It is reported that the Heads of the Russian Academy of Agricultural Sciences and the Russian Academy of Medical Sciences have stated that they will strive hard to ensure that their respective academies and subordinate institutions report directly to the Ministry of Agriculture and the Ministry of Health, respectively, and not to the newly established federal agency.

Though the Law is enacted the new overseeing agency has not been formed yet and full implementation of the Law will depend on a number of acts and procedures that are to be enacted.

The Russian Federal Anti-Monopoly Service and the Russian Ministry of Agriculture are Working on Mutually Agreed Changes to Quota Distribution System for Fishery Companies

The First Deputy Minister of Agriculture, Igor Manylov, was appointed as the head of the interagency working group created in September 2013 by the order of Vice Premier Arkadiy Dvorkovich. The purpose of the working group is to cooperate with the Ministry of Agriculture to draft a document on the modernization of quota distribution system for fishing. During the latest meeting in the government on fishery issues, which took place on September 24th, the Federal Antimonopoly Service came out with the initiative to change the so-called historical principle for quota distribution system. According to Federal Anti Monopoly Service, the historical principle should be redefined by the ability of the fishery companies to prove that they own infrastructure, fishing vessels and transparent turnover. Currently the quotas for fishing can be held by companies who no longer own fishing vessels and can easily re-sell their quotas to other fishing companies. The new draft on changes is expected in 2-3 months.

<http://agronews.ru/news/detail/129680/>

South Ossetia Expresses Interest in Joining the Customs Union

South Ossetia has expressed its interest in joining the Customs Union of Russia, Belarus and Kazakhstan, according to statements made by Leonid Tibilov, “President” of the breakaway Georgian province, during a meeting with the Assistant to the President of the Russian Federation for Cooperation with South Ossetia and Abkhazia. For more information, see

http://translate.googleusercontent.com/translate_c?depth=1&hl=en&ie=UTF8&prev=t&rurl=translate.google.com&sl=ru&tl=en&u=http://news.mail.ru/politics/15208936/&usg=ALkJrhij1_3APLjogX3nV3RC7DZ029o1Ew. (NOTE: The United States considers South Ossetia to be a part of the Republic of Georgia and not an independent country. Its independence was recognized by just a handful of countries, including Russia, after the 2008 Russian-Georgian war.

Belarus Bans Russian Cattle Product Imports From Amur Oblast and Zabaykalsky Krai

According to the Belta news source, Belarus has placed restrictions on the importation of Russian cattle products from Amur Oblast and Zabaykalsky Krai due to foot-and-mouth disease outbreaks in those regions. Belarus imported 703 MT of beef from all of Russia in 2012, 29 percent (by volume) of the total beef imported last year. For more information, see

<http://news.belta.by/en/news/econom?id=728045>.

Russian Approves Imports of Chilled Beef from Several Argentinean Establishments

Based on guarantees provided by the National Service of Animal Health and Agri-Food Quality of Argentina related to storage, production, and distribution facilities, the Russian veterinary service has announced it will permit imports of vacuum-packed chilled beef from 14 establishments. For additional information, see http://www.fsvps.ru/fsvps/news/7726.html?_language=en

Russia Resumes Importing Chilled Beef from Lithuania

Based on an analysis of data submitted by the Veterinary Service of Lithuania confirming actions which corrected deficiencies that were identified during the monitoring and inspection of Lithuanian establishments producing animal products, and in accordance with a protocol regulating the safety of

imported meat products, the Russian veterinary service has lifted temporary restrictions on Lithuanian chilled beef from 4 establishments. See http://www.fsvps.ru/fsvps/news/7725.html?_language=en

Russia Resumes Chilled Veal Imports from the Netherlands

Based on the guarantees provided by the Veterinary Service of the Ministry of Economic Affairs, Agriculture and Innovation of the Netherlands, as well as the bilateral protocol regulating requirements for safety control for chilled veal exported from the Netherlands into Russia, the Russian veterinary service has lifted trade restrictions on five establishments. For additional information, see http://www.fsvps.ru/fsvps/news/7724.html?_language=en

Russia Publishes a Preliminary Report on its Inspection of Brazilian Meat-Processing Plants

The Russian veterinary service inspected 18 Brazilian meat-processing plants in June of 2013, two of which had never exported their products to the Customs Union before. A list of the reported violations that Rosselkhoznadzor identified has been made available in its inspection report which is published on its website at: http://www.fsvps.ru/fsvps-docs/ru/importExport/brazil/files/inspection_20130914_pre.pdf. For additional information, see http://www.fsvps.ru/fsvps/news/7684.html?_language=en.

Russia Stresses Concerns with the Functional Efficacy of the EU Traceability System for Regulated Goods

According to the Russian veterinary service, while the European Commission assures that the pan-European traceability system has been improved after the detection of improperly labeled meat products adulterated with horsemeat, new violations continue to be detected and further corrective actions appear necessary. Specifically, the Russian veterinary service indicated the Finnish Food Safety Authority has acknowledged the improper labeling of South American raw intestines exported to Russia as a product of Germany, the Food and Veterinary Service of Latvia acknowledged the improper transit of Brazilian raw intestines through Latvia, the Lithuanian Veterinary Service acknowledged an attempt to smuggle Spanish pork fat to Russia via Klaipėda, and Kaliningrad Oblast detailed Polish pork skins improperly labeled as being of German origin. For more information, see http://www.fsvps.ru/fsvps/news/7796.html?_language=en

Russia Restricts Dairy Imports from Lithuania

The Head of the Russian Federal Service for the Protection of Consumer Rights and Human Well-Being (Rospotrebnadzor) and Russia's Chief Sanitary Doctor, Gennadiy Onishchenko, announced Russia's decision to restrict dairy from Lithuania due to concerns regarding sanitary and epidemiological risks. Russian and foreign commentators attribute the decision to ban Lithuanian dairy products to ulterior motivations, such as an effort to put pressure on Lithuania's on-going gas purchasing agreement negotiations with Gazprom and dissatisfaction with the EU's Eastern Partnership initiative ahead of the mid-November Summit in Vilnius. The European Commission, in turn, has announced plans to raise its concerns with the arbitration mechanisms of the World Trade Organization. In response, Russia has reiterated its argument that the ban is a "health safety issue and not a trade dispute," Although Lithuania is not a major supplier of Russian dairy imports, Russia is a significant export market for Lithuanian dairy exporters (particularly cheese). See, e.g., <http://www.eubusiness.com/news-eu/russia-lithuania.qri> and <http://translate.google.com/translate?sl=ru&tl=en&js=n&prev=t&hl=en&ie=UTF-8&u=http%3A%2F%2Fwww.interfax.ru%2Frussia%2Fnews.asp%3Fid%3D334731>.

Deputy Head of Russian Veterinary Service Meets with the Committee of the Federation Council for Agriculture, Food and Environment Policy

The meeting focused on the containment and elimination of particularly dangerous animal diseases, including those common to both humans and animals, in the territory of the Russian Federation." The Deputy Head of the Russian veterinary service, Nikolai Vlasov, expressed concerns related to the seriousness of the epizootic situation of the country (as it relates to African Swine Fever, brucellosis, foot and mouth disease, leptospirosis, and smallpox).

Dr. Vlasov argued the solution must be developed at the national level, with the creation of a vertical decision-making body which, he argued, requires a structural correction of the mistakes made in the reform of the State Veterinary Service in 2004. For additional information, see

<http://translate.google.com/translate?sl=ru&tl=en&js=n&prev=t&hl=en&ie=UTF-8&u=http%3A%2F%2Fwww.fsvps.ru%2Fsvps%2Fnews%2F7867.html>.