

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: 6/30/2017

GAIN Report Number: RS1740

Russian Federation

Post: Moscow

Russian Agricultural Policy and Situation Bi-Weekly Update - 8

Report Categories:

Agriculture in the News

Approved By:

Jonathan P. Gressel

Prepared By:

Staff

Report Highlights:

Russian Ministry of Agriculture Calls for Refocus from Import Substitution to Export Development...
Ministry of Agriculture Supports Construction of Export/Import Agrologistic Hub in Primorsky
Territory... The Cost of the Minimum Food Basket Increased in May... Commercial Dairy Farms
Increased Milk Production by Three Percent in January –May 2017... Russia's Salmon Catch is Up...
Kazakh President Signed Amended Legislation on Flora and Fauna Protection... Meat Processing Facility
Starts Operation in Kostanai region in 2018... Russia's Veterinary and Phytosanitary Surveillance Service
(VPSS) Restricts Import of Cows, Pigs from Karaganda Region over Pasteurellosis Outbreak... Asian
Development Bank and Kazakhstan's KazAgro to Work on an Entrepreneurship Development Program
in Rural Areas

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.

Russian Ministry of Agriculture Calls for Refocus from Import Substitution to Export

Development: On June 21st, State Secretary and Deputy Minister of Agriculture Sergey Levin participated at the II Annual Project “Russian Agrarian Forum: Ways to Provide for Sustainable Growth in the Sector.” During one of the sessions devoted to export potential of agrarian business, Deputy Minister Levin stated that “Russia is almost fully self-sufficient in providing agricultural products for itself and we are gradually moving our focus from import substitution to developing our export potential.” In CY 2016, export of agricultural products from Russia reached \$17 billion or up 4.3 percent from CY 2015. An upward trend in exports was due to increases in grain exports by 10 percent, vegetable oil by 17 percent and fish and seafood products by 9 percent. Mr. Levin also noted that the main destinations for agricultural products are China and Turkey, followed by Kazakhstan, South Korea and Egypt. He also reminded the participants that starting from January 1, 2017, the priority project “Export of Agricultural Products” developed by the Ministry of Agriculture came into force. The objective of the project is to increase exports of agricultural products to \$19 billion in 2018 and to \$21.4 billion by 2020. The project provides for the activity in three main directions: study the potential of foreign export markets, developing an export promotion system, and financing Veterinary and Phytosanitary Surveillance Service (VPSS) activities that will facilitate shipments of domestically produced agricultural products to new foreign markets.

<http://mcx.ru/press-service/news/sergey-levin-eksport-budushchee-rossiyskogo-apk/>

Ministry of Agriculture Supports Construction of Export/Import Agro-logistic Hub in Primorsky Territory:

Deputy Minister of Agriculture Yevgeny Gromyko met with Governor of Primorsky Krai Vladimir Miklushevskiy, to discuss construction of an export/import agro-logistic hub in the region. In the Primorsky territory, Yevgeny Gromyko visited Cape Nazimova, and other sites proposed for construction of a hub. The deputy minister noted that Nazimova is the most convenient location for construction of a port wholesale distribution center since it has the developed port, railway and motor transport infrastructure. It is planned that the hub will start operations between 2018 and 2019 and will increase the export of agricultural products from Russia.

Earlier Minister Alexander Tkachyov declared that creation of an agro-logistic hub in Primorsky will allow increased processing volumes, stimulate export of all ranges of agricultural products, develop internal commodity turnovers, and will facilitate the promotion of Russian agricultural products to the new markets of the Pacific Rim.

<http://mcx.ru/press-service/news/evgeniy-gromyko-sozdanie-agrologisticheskogo-khaba-v-primore->

[uvelichit-eksport-selkhozproduksii-v-a/](#)

The Cost of the Minimum Food Basket Increased in May: In its monthly report on socio-economic development, the Russian State Statistical Service (Rosstat) showed a significant increase in the cost of the minimum food basket in May 2017. Its cost has increased 4.2 percent in May 2017, which is 9.4 percent accumulated growth since the beginning of the year. The spike is mostly due to the seasonal rise in prices for certain types of fruit and vegetables. Cabbage prices increased by 40 percent. Prices for potatoes, onions, carrots and beets increased from 20 to 30 percent. Lemon prices went up by 11 percent and apples by 7.5 percent. The cost of the minimum set of food supplies rose by 9.4 percent (to 4,036 rubles) between January and May 2017. In May 2017, food prices grew faster than the headline consumer price inflation, which was 1.7 percent monthly or 4.1 percent annual.

http://www.gks.ru/free_doc/doc_2017/info/oper-05-2017.pdf

Commercial Dairy Farms Increased Milk Production by Three Percent in January –May 2017:

According to the Ministry of Agriculture, commercial dairy farms produced 181.6 thousand MT more milk in January-May 2017 compared to the same period in 2016. The director of the livestock farming department of the Ministry of Agriculture, Mr. Amerkhanov explained the positive dynamics in commercial milk production sector by investments in cow productivity and state support of the sector.

Milk production grew 12.4 percent in Belgorod region, 7.6 percent in Kirov region, 7.1 percent in Voronezh, 7.1 percent in Sverdlovsk, and 4.7 percent in Republic of Udmurtia. Average yield per cow grew 5.4 percent to 2.6 thousand MT in five months. Cow productivity indicators have increased most in Kaliningrad, Kamchatka, Chelyabinsk, Tula and the Republic of Chuvashia. Milk production declined in Smolensk, Lipetsk, Moscow regions and the Republic of Karelia.

<http://mcx.ru/press-service/news/po-itogam-5-mesyatsev-proizvodstvo-moloka-v-selsokhozorganizatsiyakh-vyroslo-na-2-9-/>

Russian Grain Stocks as of June 1st 2017 are 18.5 MMT, the Highest June 1st Stocks in the Last Five Years: According to Rosstat, as of June 1st, 2017, (one month before the grain crop in 2017 starts coming to the marketing channels) Russian grain stocks in agricultural, assembling and processing enterprises totaled up to be 18.5 MMT, which included 8.1 MMT in agricultural enterprises and 10.4 MMT in assembling and processing enterprises. High stocks and prospects of good crop in 2017 were pushing domestic grain prices in rubles down. Lower prices stimulated grain exports in June 2017 which are expected to continue at an unprecedentedly high pace. According to VPSS based on the issued phytosanitary certificates), Russia exported 1.45 MMT of grain and grain products during the first 18 days of June, 77 percent more than in the same period last year.

http://www.gks.ru/bgd/free/b04_03/IssWWW.exe/Stg/d02/119.htm and <http://www.fczerna.ru/News.aspx?id=7499>.

Russian Salmon Catch is Up: As of June 26, fishermen in the Far East harvested 12,300 MT of Pacific salmon, which is a 43 percent increase compared to the same period in 2015. (Note: Salmon catch is traditionally compared to even and uneven years due to the cyclical spawning nature of the species.) The Kamchatka territory has the lead in catch of salmon. The press office of the Federal Fisheries Agency reports that currently fishermen are harvesting salmon at the coast of Kamchatka territory in the Petropavlov-Commandor subzone with total catch of 11,558 MT as of June 26. This is a 47 percent increase over the same period in 2015. The catch mainly consists of sockeye and chinook salmon. Reportedly, the catch in Sakhalin territory is still very low, however with positive dynamics.

As of June 26, local fishermen harvested 715 MT of salmon in Sakhalin which is a 6 percent increase

over 2015. The acting Director of the Kamchatka Scientific Research Institute of Fishery and Oceanography Mikhail Kovalenko claims researchers continue to work on assessing the condition of fish stocks and biology in the river basins. Now they are conducting accounting of fry emigration from the rivers of the western and eastern coasts of the peninsula. According to the preliminary observations, emigration of fry in the rivers of eastern Kamchatka is as abundant as in the eastern rivers, in which population of pink salmon of even generation has increased recently.

<http://fish.gov.ru/press-tsentr/obzor-smi/18586-dobycha-lososya-v-bolshom-plyuse>

Kazakh President Signed Amended Legislation on Flora and Fauna Protection: Kazakh President Nursultan Nazarbayev has signed the Law on Amendments to Kazakhstan's Several Legislative Acts on the Flora and Fauna Issues. President Nazarbayev signed the amended law aimed at improving legislation regarding the protection, reproduction and use of flora and fauna, according to the statement on the website. Deputy Prime Minister and Minister of Agriculture Askar Myrzakhmetov said earlier that the amendments envisage improving the norms of the country's Forest, Water and Environmental Codes and the Law on the Protection of Wildlife. The amendments include rules aimed at carrying out work to restore populations of certain species such as the Przewalsky horse, Balkhash tiger, all whom used to inhabit this area.

Meat Processing Facility Starts Operation in Kostanai region in 2018: The press office of the regional administration told Interfax-Kazakhstan that Aluminstroi LLP intends to build a meat processing facility worth \$282,000 in the town of Arkalyk, in the Kostanai region. Its commissioning is scheduled for May 1, 2018. The company's own funds amount to \$56.4 thousand and borrowed funds to \$225.6 thousand. The project processing capacity is 10 MT of meat per day to produce up to three MT of sausages and one MT of canned products. The company plans to reach the designed capacity in the 1st quarter of 2020.

www.interfax.kz

Russia's Veterinary and Phytosanitary Surveillance Service (VPSS) Restricts Import of Cows and Pigs from Karaganda Region over Pasteurellosis Outbreak: Russia's veterinary watchdog, VPSS, has imposed temporary restrictions on the import of all kinds of ruminant animals and pigs from the Karaganda region to Russia over an outbreak of pasteurellosis. The restriction also includes the "genetic material and livestock products derived from these species that have not undergone heat treatment at a temperature of 72°C for at least 30 minutes." The restrictions have been in place since June 16.

It was reported earlier that in Karaganda region on June 12 this year that pasteurellosis was registered in more than 237 cattle in three villages of Nura district - the Village named after Mynbayev, Zarechnoye and Tasaut - with the total loss of 96 heads of cattle and six piglets.

Pasteurellosis is an infection found in humans and animals. Pasteurella multocida bacteria are located in the mouth and respiratory tract of various animals, including rabbits, cattle and marmots. It is caused by infection with bacteria of the Pasteurella genus. Pasteurella multocida is the most commonly reported organism in this group, and is well known as both a common commensal (part of the normal bacterial flora) and pathogen in a variety of animal species.

www.interfax.kz

Asian Development Bank, Kazakhstan's KazAgro to Work out an Entrepreneurship Development Program in Rural Areas: KazAgro's press service reported that the Asian Development Bank (ADB) is offering KazAgro Holding assistance and detailed discussion on the issues of privatization of its subsidiaries. The offer also includes assistance with rehabilitation projects for irrigation channels and creation of trade and logistics centers.

The cooperation issues were discussed at a meeting in Astana by ADB's Vice President Diwakar Gupta and Chairman of the Management Board of KazAgro Nurlybek Malelov. The main subject of the discussion was the development of the country's agriculture and financing of projects in industry. In particular, the meeting addressed the financing of the private sector's projects in the agro-industrial complex through KazAgro and development of a joint ADB and KazAgro program to support and develop entrepreneurship in rural areas. In addition and with regard to technical support, ADB will examine a new modular funding system for microcredit organizations, developed by KazAgro, to increase effectiveness.

National Managing Holding KazAgro JSC, established in 2006, is in charge of the government's agricultural policy. The company manages the assets of its subsidiaries:

- National Company Food Contract Corporation JSC
- KazAgroProduct JSC
- KazAgroFinance JSC
- Agrarian Credit Corporation JSC
- Fund for Financial Support of Agricultural Sector JSC
- KazAgroGarant JSC
- KazAgroMarketing JSC

ADB is committed to reducing poverty through inclusive economic growth, environmentally sustainable growth and regional integration. ADB is owned by 67 members, including 48 from the region. The Philippines capital of Manila was chosen to host ADB in 1966. Its vision and mission is Asia and Pacific region free of poverty, to help its developing member countries reduce poverty and to improve the quality of life of their people. To date, ADB has provided Kazakhstan with 30 government-guaranteed loans worth \$4.6 billion. ADB has supported the private sector with 8 loans worth \$455 million (without government guarantees and supported 83 technical support projects) total \$37 million. Last year, ADB's active project portfolio in Kazakhstan surpassed \$1 billion in value.

www.Interfax.kz