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Global Agricultural Information Network

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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.

GOR Approved Amendments to the State Program "On Agricultural Development":

On March 31, 2017 GOR approved Resolution # 396, amending the State Program "On Agricultural Development for 2013-2020 (Program)." The Resolution is intended to bring into line financing and funding of the state program with the Federal Law "On the Federal Budget for 2017 and the Planning Period of 2018 and 2019" ([GAIN RS1702 Bi-Weekly Update](#)).

The amendments approve funding in the federal budget for 2017-2019 for implementation of the Program: in 2017 - Rub 215.8 billion; in 2018 - Rub 197.9 billion; and Rub 195.0 billion in 2019. In 2020, the allocation is expected to be Rub 194.06 billion. Thus, the funding for the Program in 2018-2020 was reduced by 42 percent from the previous estimate of 1.012 trillion rubles.

The priority program "Export of Agricultural Products" has been incorporated into the State Program along with the following sub-programs: "Technical and Technological Upgrade and Innovative Development", "Development of Financial and Credit System in Agricultural Sector", "Development of Sub-Sectors in Agriculture", "Stimulation of Investments in Agro Industrial Complex" and "Supporting the General Conditions of Agricultural Operations."

Amendments also include rules for provision and distribution of subsidies from the federal budget to regional budgets for:

- decoupled support granted to horticultural producers;
- increasing productivity of dairy cattle;
- partially compensation interest rate on investment credits in the agro-industrial sector;
- partial compensation of direct expenditures related to construction and modernization of agricultural facilities.

The GOR intention remains to provide the major portion of funds to the most developed regions and continue to support the most efficient producers to ensure the effective use of the funds.

<http://government.ru/media/files/JWRPADsWz8jS70lhYReecaFArmKnuHOu.pdf>

Minister of Agriculture Tkachyov Speaks about the Results in Agriculture in 2016 and Priorities for Agricultural Sector in 2017: On April 7th Prime Minister Dmitry Medvedev chaired an Annual

Collegium at the Ministry of Agriculture. During the meeting Minister Alexander Tkachyov reported “On Main Results and Activities of the Ministry of Agriculture in 2016 and Priorities for 2017.” Minister Tkachyov stated priorities for the sector include: increasing efficiency of measures of state support, providing accessible credits for farmers and agricultural producers, technical renovation, developing new farm lands, improving rural life, soil cultivation, selection and genetics, and agricultural cooperation. He said that in 2016 agricultural production increased four percent compared to 2015, and almost all sectors of agricultural production showed positive trends, except milk production. He stated it is important to continue to stimulate beef and milk production, vegetable production in greenhouses, and establishing orchards, since all these sectors are still import dependent. The Minister noted that credit available to the sector has increased significantly. Banks increased the amount of credits provided to farmers and organizations by 1.6 times, or to one trillion rubles, including 261 billion rubles for investment credits; and credits for carrying out seasonal field work reached 260 billion rubles, a 30 percent increase over 2015.

Minister Tkachyov stated that it is equally important to support small farmers along with large agricultural organizations. Therefore, the Ministry decided to allocate a 20 percent quota in soft interest rate credits to support small farms. In 2016, the GOR doubled financing for development of rural cooperation, as a result the number of cooperatives doubled. Irrigation and land improvement is another priority issue for the Ministry. Financing for soil melioration increased by 1.5 times in 2017, which will allow reclamation of an additional 100,000 hectares.

The Minister called for continued development of seed selection and genetics. The share of imported seeds varies from 20 to 80 percent. For example, the imports share of seed potatoes is 80 percent; sugar beet - 70 percent, corn - 28 percent, sunflower – 44 percent and vegetable - 23 percent. Currently, Russia imports 80-90 percent of total brooding stock in poultry sector. One third of young breeders for the dairy industry is also imported. Minister Tkachyov said that in 2016, 10 seed selection centers and four genetic centers have already received subsidies from the government.

The Minister also noted that fish and seafood production increased by six percent in 2016, and profitability of more companies in the sector had an upward trend. Along with this, in 2016 imports of fish and seafood decreased by 10 percent in volume, while exports increased by 10 percent. (note: Russian Customs Service reports total exports of fish and seafood increased only about 4.8 percent in volume in CY2016). The Minister also discussed the importance of improving education for agricultural staff. The Ministry of Agriculture is planning to develop a program for staff education and upgrading and release it for discussion in 2017.

Minister Tkachyov also believes it is important to continue to increase competitiveness of domestic production and develop foreign markets. He said that the current focus of the Ministry is export of agricultural products rather than import substitution. He also reported that in CY2016 import volumes of food products went down by six percent to \$25 billion, while export increased by five percent, to \$17 billion. The full transcript of the Minister’s speech can be viewed at: <http://government.ru/news/27097/>

Russia Showcases Local Wines at the International Show “VINITALY” in Verona: Ministry of Agriculture announced that for the first time Russia will present its national display at the International Exhibition of wines and alcoholic drinks “VINITALY-2017” in Verona from April 9 to 12. Twenty Russian wine companies from six provinces will present 600 products at the Show. The national display will have regional expositions of wines from Rostov province, Republic of Dagestan, Krasnodar

and Stavropol provinces, as well as exhibits of large Russian wine producers, such as Phanagoria, “The Tsimlyansk Wines”, “Kuban Wine” and “Alma Valley.” The Ministry hopes that participation in the Show will attract investment and show the uniqueness of the Russian winemaking as well as make Russian wines known abroad.

Reportedly, as of January 1, 2017, the planting area for vineyards in Russia reached 87,600 hectares. In 2016, according to the Russian Statistical Agency (Rosstat), total grape production is estimated at 551,700 MT, which is 15.8 percent higher than 2015. Since 2010, Russia increased wine production by 13 times. Currently domestic wine production is estimated at 90 million liters. Russia has about 200,000 hectares of area which is suitable for vineyards. From 2017 to 2025, the Ministry of Agriculture has an objective of increasing vineyards by 68,000 hectares.

<http://www.mcx.ru/news/news/show/60222.355.htm>

President Putin Subordinates Rosstat to Ministry of Economic Development: President Putin signed Decree #141 of April 3, 2017 “On Enhancement of the Management of the State Statistical Service (Rosstat).” The Decree, that is effective immediately, transferred the functions of Rosstat to the Ministry of Economic Development (MED). Previously, Rosstat was an independent agency reporting directly to the Presidential Administration, although its administrative status has changed several times during the past 15 years. The last change occurred in 2012, when Rosstat was made independent from MED. <http://publication.pravo.gov.ru/Document/View/0001201704040022?index=0&rangeSize=1>

GOR Amended a List of Reduced VAT Goods: On March 28, 2017 the GOR approved Resolution #341, which amended the list of goods taxable at a reduced 10 percent VAT rate. The following goods have been added to reduced VAT list (goods listed in accordance with the All-Russian Classification of Products (OKPD 2): from the Section one - “live animals and poultry in live weight...”: OK 014410130 Camels for slaughter, OK 014511410 Sheep for slaughter, OK 014512420 Goats for slaughter, OK014610500 Swine for slaughter, OK 014911130 Rabbits for slaughter, OK014919150 Deer for slaughter; from Section 2 - “Meat and meat products excluding premium deli...”: OK101314114 Thick short meat sausage with fat; OK101314124 Thick short meat containing sausage with fat; OK101314300 sausage products fried; from Section 3 “Eggs and Egg products”: OK014723 hatching eggs (excluding from purebred- breeding birds); OK108912 Eggs not in shell and egg yolks fresh or preserved; eggs in shell preserved or cooked; egg albumen; from Section 4 “Vegetables (including potatoes)”: OK011331000 “*Capsicum annuum* and black pepper not dried ” and OK 011351130 “Potato seeds”.

<http://publication.pravo.gov.ru/Document/View/0001201703290004>

Kazakhstan Plans to Boost Mutton Exports: Deputy Minister of Agriculture, Gulmira Isayeva stated that Kazakhstan plans to increase mutton exports to 160,000 MT by 2021.

Reportedly, Kazakhstan is now getting required approvals from the Chinese and Iranian veterinary authorities.

<http://www.interfax.kz>

TPK Tengri Holding to Start \$9.2 Million Grain Storage Project in 2018: TPK Tengri Holding LLP plans to build a grain elevator for a cost of \$9.2 million in the Kostanai region in 2018. A company representative said that “the goal of the project is to provide services in processing, drying, storing and shipping grain and oil crops, with a capacity of 136,000 MT per year.”

TPK Tengri Holding is a grain storage and processing company.

Another Grain Elevator Worth \$8.3 Million to be Launched in KostanaI in 2018: Favourite Group Astana LLP in KostanaI (the administrative center of Kostanai region) plans to build a grain elevator worth \$8.3 Million (313.02 tenge/ \$ 1), the city mayor's office has said in a statement. The facility capacity is to be 50,000 MT per year with the project to be completed in 2018. Under the project a contract for leasing a 4-hectare land plot and a certificate on the land plot allocation have been prepared. Currently, a land survey is under way with the aim of defining a layout for technological equipment, according to the statement.

Favourite Group Astana's main activity is sales of goods.

<http://www.interfax.kz>