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Report Highlights:

Russia's poultry industry stagnates for the first time in a decade... VPSS Calls Krasnodar Kray Administration to Strengthen Response to African Swine Fever... GOR Drafted a Resolution on "On Indications of Non-Use of Land Plots for Intended Purpose... GOR Drafted Amendments to the "Law on Veterinary"... GOR Simplified Export/Import Procedures at the Entry Points... Grain Stocks on November 1, 2016 are 47.7 million metric tons... MinAg Officials Report at the Federal Assembly on Food Security Issues... GOR signed Resolution #2524-p "On Approving a list of Products for the Purpose of Provision State Support... The Russian Federal Service for the Regulation of the Alcohol Market Assumes New Responsibilities... Russia Creates a Registration System for Vineyards... RusAgro Plans to Construct Swine Facilities in Tambov Province... Thailand Applied to Eurasian Economic Union (EEU) for Agreement on Free Trade Zone... The Government of Russia Expects Growth of Per Capita Incomes... High-Level Intergovernmental Russian-Singapore Commission Meeting... Kazakhstani Cotton Harvest to Increase 2.6 Percent in 2016

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.

Russia's poultry industry stagnates for the first time in a decade: On Dec 01, 2016, *Global Meat news.com* published "In the third quarter of 2016, Russia's poultry industry stopped growing for the first time in a decade, according to the agro-research firm SovEcon."

<http://www.globalmeatnews.com/Industry-Markets/Russia-s-poultry-industry-stagnates-for-the-first-time-in-a-decade>

VPSS Calls Krasnodar Kray Administration to Strengthen Response to African Swine Fever: On December 1, 2016, VPSS approached the Krasnodar Kray administration with concerns about insufficient African Swine Fever (ASF) countermeasures and called for introducing a quarantine in the entire territory of Krasnodar Kray. Previously, VPSS had restricted the quarantine to 5 kilometers around the site of the outbreak. Quarantine measures include restrictions on grain movement. Krasnodar is a major grain producing area and site of Russia's main grain port, Novorossisk. Reportedly, local veterinarians identified ten outbreaks of ASF among pigs in private household farms. In addition, ASF outbreak was confirmed in large agroholdings, such as "Dan-Kub" and "Kubanskiy Bacon".

<http://www.fsvps.ru/fsvps/news/19326.html>

GOR Drafted a Resolution on "On Indications of Non-Use of Land Plots for Intended Purpose or Use with Violations of the Russian Federation Legislation Considering the Specifics of Agricultural Operations or other Activities Related to Agricultural Production in the Territory of the Russian Federation": The [Resolution](#) has been drafted following the previous multiple amendments to legislation aimed to bring idle agricultural lands in operation, in particular the [Federal Law No. 354-FZ](#) dated July, 3 2016 "On Amendments to Certain RF Legislative Acts Concerning Improvement of the Procedure for the Expropriation of Agricultural Land Plots Due to Failure to Use Land for Intended Purpose in Compliance with Law of the Russian Federation." The draft aims to improve the effectiveness of the state surveillance over agricultural lands and defines the signs of improper use of farm land, including compliance of operations with effective classification, and determination of the share of idle lands taking into account regional differences. According to Article 6 of the Federal Law #101 of July 24, 2002 «On Farm Land Turnover», a land plot declared as farm lands may be legally withdrawn from its owner in the event of its improper use or failure to use it for the correct purpose within three years.

<http://regulation.gov.ru/projects#npa=18209>

GOR Drafted Amendments to the “Law on Veterinary”: The [Draft Federal Law](#) introduces a new obligatory Register for facilities used for production, processing, storing, transportation or quarantine of live animals and products of animal origin, regardless of the form of ownership (including backyard farms and unregistered entrepreneurs). The draft contains provisions authorizing the Federal Veterinary and Phytosanitary Service (VPSS) to develop and maintain a computer registration system for the purposes of the new Register; to conduct inspections of the production facilities related to this registration; to issue, and to change or annul the registration of the producers. According to the draft, the legislation will come into effect on the date of its publication, and all organizations and persons defined as subjects according to the new regulation will be obliged to get registered in the computer system run by VPSS within six months. The draft also provides administrative rights to the National Guard, Law Enforcement, Defense, Internal Affairs (police) agencies to register and maintain the registration of the facilities subordinated to the listed authorities. The draft legislation is available for public comments until January 18, 2017. <http://regulation.gov.ru/projects#npa=59125>

GOR Simplified Export/Import Procedures at the Entry Points Located on the Territory of Free Vladivostok Port: On November 12, 2016, the GOR approved Resolution No. 1154 “On the Procedure of Sanitary-Quarantine Phytosanitary Control by the Customs Authorities at the Entry Points at the Customs Border Located on the Territory of Free Vladivostok port.” The objective of the document is to improve effectiveness of export/import procedures and shipments clearance at the port. Customs and border authorities will be the only ones operating at the entry points located at the Free port of Vladivostok. According to the Resolution, the Customs authority was delegated responsibilities of both the Federal Phytosanitary and Veterinary Surveillance Service (VPSS) and Federal Service on Surveillance for Consumer Right Protection and Human Well-Being (Rosпотребнадзор). In implementation of the Resolution, VPSS together with Rosпотребнадзор have worked out methodological recommendations using information technology on their interaction when implementing different types of control performed by the Customs officials. In addition, the GOR Resolution confirms that the SPS control at the border is in accord with the EAEU rules. The document came into force on November 23rd, 2016.

<http://www.consultant.ru/cons/cgi/online.cgi?req=doc&base=LAW&n=206977&fld=134&dst=1000000001,0&rnd=0.24023445274873478#0>
http://dvtu.customs.ru/index.php?option=com_content&view=article&id=20436:2016-11-22-05-03-35&catid=263:2015-12-23-04-03-34&Itemid=279

Grain Stocks on November 1, 2016 are 47.7 million metric tons (MMT): This is the third month in a row of the highest grain stocks (y-o-y) in the last five years. The record stocks are due to the record grain crop (industry analyst estimate grain crop 2016 at 117-118 MMT) and slower pace of exports than last year. In July-October 2016, Russia exported 13.4 MMT of grain compared with 14.2 MMT in the same period last year and 15.1 MMT in July – October 2014. In Southern European Russia (Southern and North Caucasus federal districts), the major grain exporting districts of Russia, stocks were also the highest in the last five years – 16.0 MMT, and almost did not change from October 1, 2016. Wheat stocks at the assembling and processing enterprises on November 1, 2016 were also the highest stocks in the last five years. http://www.gks.ru/bgd/free/b04_03/IssWWW.exe/Stg/d01/234.htm

MinAg Officials Report at the Federal Council on Food Security Issues: On November 24, 2016, Yelena Astrakhantseva, Deputy Minister of Agriculture, and Vladimir Volik, Director of the Department

of Agrarian and Industrial Markets Regulation, took part in parliamentary hearings of the Federal Assembly at the Federation Council on the following subject: “Ensuring Food Security in the Subjects of the Russian Federation as the Factor of Ensuring National Security”. The participants of the meeting discussed various aspects of the Russia’s food security, including implementation of the import substitution program in agricultural sector, raising awareness of the population about healthy foods, and ways to combat counterfeited products. The participants also addressed questions on how to mitigate Russia’s technological dependence on seed and seedlings imports, use of chemicals, machinery and equipment, and also strengthening the roles of science in addressing these tasks. In her report, delivered at the event, Yelena Astrakhantseva noted that the main indicator of the Food Security Doctrine is used for estimating the level of food security in the country is the specific weight of domestic agricultural production and food in the total volume of the resources. She reported that in 2015, threshold values for grain reached 99.2 percent, or 4.2 percent higher than the value set in the Doctrine; the value on vegetable oil reached 82.5 percent, or 2.5 percent higher; on sugar – 93.3 percent, or 13.9 percent higher; on potatoes, the value is estimated at 97.1 percent, or 2.1 percent higher than threshold set in the Doctrine. Additionally, in 2015, the values established by the Doctrine on meat and fish were also exceeded. The share of domestic meat production in the total volume of resources reached 87.4 percent, while the Doctrine has it at 85 percent, the share of domestic fish production in the total volume of resources constituted 80.4 percent, or 0.4 percent up than that set in the Doctrine. Of note, MinAg apparently did not report on milk, where self-sufficiency is still below target.

<http://www.mcx.ru/news/news/show/56881.355.htm>

On November 28, 2016 the GOR signed Resolution #2524-p “On Approving a list of Products for the Purpose of Provision State Support to the Organizations Engaged in Primary and Industrial Processing of Agricultural Products”. Approval of the list will allow to provide state financial crediting in the sphere of development of agricultural industry, will increase availability of credit resources to the organizations and individual entrepreneurs who are engaged in primary and (or) subsequent (industrial) processing of agricultural products. The list includes the following products: meat and poultry, meat processed products, processed and canned fruit and vegetables, animal and vegetable oils; dairy and dairy products; flour products, bakery and confectionary; other food stuff; animal feeds; beverages; amino compound, glycerin, essential oils, food gelatin; lysine, glutamic acid and their salts. The documents stipulates that specific directions and volumes of financial state support to processors of products included in the list will be determined within the implementation of the Federal Program “On the Development of Agricultural Industry and Regulation of the Markets of Agricultural Products, Raw Materials and Food for 2013-2020.”

<http://government.ru/docs/25480/>

The Russian Federal Service for the Regulation of the Alcohol Market Assumes New Responsibilities for Data Collection: On January 1, 2017, the Russian Federal Service for the Regulation of the Alcohol Market (FSRAM) will begin collecting statistics on the alcohol market, and will collaborate with the Federal State Statistics Service (Rosstat), which was previously responsible for the collection of production and sales data. FSRAM will draw information from the United Federal Automated Information System (UFAIS), a required reporting and record management system for companies working with procurement, storage, supply of wine, spirits, and other alcoholic drinks.

<http://izvestia.ru/news/644651>

Russia Creates a Registration System for Vineyards: Prime Ministerial Decree No.1195 “On the Registration of Vineyards,” stipulates the creation of a Vineyard Registration System. The new system will assign a reference number to every vineyard, and will contain information on all Russian vineyards. Individual vineyards will be classified according to parameters such as location, size, ownership, vines, planting density per hectare and yield. Registration information, which will be published on the official Ministry of Agriculture website, will also help with the implementation of a system to protect geographic indicators.

<http://www.rbc.ru/business/22/11/2016/583418479a794716a2487ba8?from=newsfeed>

RusAgro Plans to Construct Swine Facilities in Tambov Province: *Krestyanskiye Vedomosti* reports that RusAgro will start construction of three new swine production facilities in Tambov oblast in spring 2017. The total annual production capacity is planned at 45,000 MT of meat and the total cost of construction is estimated at eight billion rubles. According to RusAgro representative, the location of the new facilities will be in the vicinity of already existing RusAgro swine production facilities in order to make the project cost efficient.

<http://kvedomosti.ru/news/rusagro-vozvedet-v-tambovskoj-oblasti-neskolko-svinovodcheskix-kompleksov.html>

Thailand Applied to Eurasian Economic Union (EEU) for Agreement on Free Trade Zone: The EEU is considering the application of Thailand for a free trade agreement and offered to sign a Memorandum of Understanding. The Minister of Foreign Affairs of Thailand, Don Pramudwinai, told TASS back in May 2017 that the results of economic assessment of establishing a free trade zone between Thailand and the EAEU was positive. After that, Thailand has applied to the EAEU to initiate the start of negotiations on free trade agreement. EAEU Minister for Integration and Macroeconomics Tatiana Valovaya noted that currently the EAEU is considering about 40 applications for free trade agreements.

<http://tass.ru/ekonomika/3818998>

The Government of Russia Expects Growth of Per Capita Incomes: First Deputy Prime Minister Igor Shuvalov recently stated that the fall of per capita incomes is over. Also, the official noted that income grows within some income groups of the population, and next year this trend is expected to continue. So, the Russian Ministry of Economic Development (MED), according to the baseline scenario of the forecast of social-economic development of the country for 2017-2019, expects incomes to increase by 0.2 percent in 2017, after a decline of 5.6 percent in 2016. MED estimates that real wages may increase by 0.3 percent in 2016, and the next year will add another 0.4 percent. The inflation rate may decrease from 5.8 percent in 2016 to four percent in 2017. Food retail turnover will stop decreasing, and after minus 4.6 percent in 2016, next year will show plus 0.6 percent. As a result, the increase in consumption will again become the main driver of economic growth in the country. According to Rosstat, in January-October, real disposable income fell by 5.3 percent over the same period in 2015, while in October 2016, there was an increase of one percent compared to September 2016. Real wages rose 0.5 percent in the first ten months (plus 0.6 percent in September). Food retail turnover for this period was 5.3 percent lower than a year earlier, but 0.7 percent higher than in September.

<http://www.agroinvestor.ru/markets/news/24900-pravitelstvo-zhdet-rosta-dokhodov-naseleniya/>

High-Level Intergovernmental Russian-Singapore Commission Meeting Took Place: Creation of a free trade zone between the Eurasian Economic Union (EAEU) and Singapore was discussed at the meeting. The agreement on a free trade zone between the EAEU and Singapore is scheduled for conclusion in 2017. Ratification of the document could take place in the first half of 2018. "For us it is important to cooperate with Singapore on a free trade zone, as Singapore is a member of Association of South East Asian Nations (ASEAN)," said Igor Shuvalov First Deputy Prime Minister of the Russian Federation. According to him, the relationship with Singapore could facilitate Russia's interaction with ASEAN.

<http://government.ru/news/25410/>

Kazakhstani Cotton Harvest to Increase 2.6 Percent in 2016: This year's cotton harvest in South Kazakhstan region, the only cotton-producing region in the country, increased by 2.6 percent to make 281,000 MT, the regional agriculture department told Interfax-Kazakhstan (www.interfax.kz). Last year Kazakhstan collected 273,900 MT of cotton. About 70-80 percent of the cotton will be exported to Pakistan, China, Turkey, Baltic States and Russia.