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Russia Stipulates a List and Criteria of Territories Disadvantaged for Agricultural Production

Report Categories:

Agriculture in the News

Agricultural Situation

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Report Highlights:

On January 26, 2017 the Government of Russia (GOR) approved Resolution #104-p, stipulating the List of Territories Disadvantaged for Agricultural Production. The List includes 29 Provinces from various Federal Districts. These Provinces include approximately 17 percent of Russia's rural population, produce 15.6 percent of all Russian agricultural production, and cover 13.3 percent of Russian sown crop area. This measure is a continuation of earlier initiatives by the government to mitigate any negative impact to domestic producers due to accession to the World Trade Organization (WTO). Through this resolution Russia seeks to use Annex 2 13(a), as green box support for "producers in regions determined as disadvantaged."

General Information:

Summary

On January 26, 2017 the GOR approved Resolution #104-p stipulating the List of Territories Disadvantaged for Agricultural Production (the List). The Russian Ministry of Agriculture will use the List to classify measures of state support to agriculture and possible compensation of additional costs resulting from the impact of unfavorable factors on agricultural production. The List includes 29 Provinces from various Federal Districts. These Provinces include approximately 17 percent of Russia's rural population, produce 15.6 percent of all Russian agricultural production, and cover 13.3 percent of Russian sown crop area. This measure is a continuation of earlier initiatives of the government to mitigate any negative impact to domestic producers due to Russia's WTO accession.

The Ministry of Agriculture identified 29 Provinces of the Russian Federation as "disadvantaged for agricultural production," including:

- Two Provinces (Bryansk and Ivanovo Oblasts) from the Central Federal District;
- Four Provinces (Karelia Republic, Komi Republic, Arkhangelsk Oblast, and Nenetsk Autonomous District) from the North-West Federal District;
- Two Provinces (Volgograd Oblast and Kalmykiya Republic) in the Southern Federal District;
- Four Provinces (Dagestan Republic, Ingushetiya Republic, Republic of Northern Osetiya, and Karachayev-Cherkesiya Republic) in the North Caucasus Federal District;
- One Province (Perm Kray) in the Volga Valley Federal District;
- Three Provinces (Tyumen Oblast, Yamalo-Nenetsk Autonomous District, and Khanty-Mansiysk Autonomous District) in the Ural Federal District;
- Five Provinces (Altay Republic, Buryatiya Republic, Tyva Republic, Kemerovo Oblast and Tomsk Oblast) from the Siberia Federal District; and
- Eight Provinces (Yakutia (Sakha) Republic, Kamchatka Kray, Primorsk Kray, Khabarovsk Kray, Magadan Oblast, Sakhalin Oblast, Jewish Autonomous District, and Chukotka Autonomous District) of the Far East Federal District.

The list of "territories disadvantaged for agricultural production" and the text of the Resolution in Russian can be found here:

<http://government.ru/docs/26255/>

Through this resolution Russia seeks to use Annex 2 13(a), as green box support for "producers in regions determined as disadvantaged."

Annex 2 of the WTO Agreement on Agriculture, "DOMESTIC SUPPORT: THE BASIS FOR EXEMPTION FROM THE REDUCTION COMMITMENTS," Paragraph 13 "Payments Under Regional Assistance Programs," Subparagraph a), reads as follows: Eligibility for such payments shall be limited to producers in disadvantaged regions. Each such region must be a clearly designated contiguous geographical area with a definable economic and administrative identity, considered as disadvantaged on the basis of neutral and objective criteria clearly spelled out in law or regulation and indicating that the region's difficulties arise out of more than temporary circumstances.

Background

Russian legislative authorities and the Ministry of Agriculture have undertaken several actions that may allow an increase in domestic agricultural support, including subsidies, over the limits prescribed by Russia's WTO commitments. They reportedly initiated such actions in order to mitigate any negative impact on domestic producers due to WTO accession. The WTO Agreement on Agriculture states that Members may classify budget support for farmers in "disadvantaged areas for agricultural production" as "green box." Thus, through this Resolution the GOR plans to increase support to agricultural producers in areas determined to be "disadvantaged areas for agricultural production" beyond Russia's WTO "amber box" commitments. In order to implement this program, the Russian Parliament initiated amendments to the Federal Law on Agriculture and included in this Federal Law the category "territories unfavorable for agriculture."

On November 15, 2012, the Russian Ministry of Agriculture published on its website a draft Government Resolution on the criteria for designation of an area as "territories unfavorable for agricultural production." (However, at present the document is no longer available online.) Also the Russian Government (Ministry of Agriculture) proposed criteria for deciding which Provinces can be categorized as "territories unfavorable for agriculture."

Originally, 41 Russian Provinces were proposed to be acknowledged as "territories unfavorable for agricultural production." These Provinces included approximately 39 percent of Russia's rural population, produced 32 percent of all agricultural production, and covered 33 percent of Russian sown crop area.

Russia legalized the term "disadvantaged areas for agricultural production" via Federal Law No. 236-FZ of July 23, 2013, titled: On Amendments to Article 7 of the Federal Law "On Development of Agriculture." Federal Law No. 236-FZ outlines the general criteria for listing areas as disadvantaged, such as climate, soil conditions, geographical location, and socio-economic factors. The provided criteria do not include crop yields or farm productivity.

Please refer to [GAIN report](#) for translation of the text of the Federal Law, more detailed information on proposed criteria and a list of "territories unfavorable for agricultural production."

On January 27, 2015 the Russian government approved criteria for areas disadvantaged for agriculture through adoption of Regulation #51. Regulation #51 establishes procedures and criteria for qualifying territories as unfavorable for production of agricultural products.

<http://government.ru/docs/16646/>

<http://government.ru/media/files/fFNoQIOBb4o.pdf>

A brief summary in English of the government regulation is provided below:

START OF UNOFFICIAL, TRANSLATION

Regulation # 51 dated January 27, 2015 "On Establishing Criteria for Qualifying Territories as Unfavorable for Production of Agricultural Products." The Resolution provides the legal basis to approve which territories are unfavorable for production of agricultural products. The list is necessary to classify measures of support for agriculture in compliance with WTO norms.

Background Information:

Regulation #51 was developed by the Ministry of Agriculture in implementation of Federal Law #226-FZ dated July 23, 2013, titled “On Amendments to Article 7 of the Federal Law “On Development of Agriculture.” Regulation #51 establishes procedures and criteria for qualifying territories as unfavorable for production of agricultural products.

The following criteria were defined:

- a. Condition of soil of agricultural land, that must comply with one or several characteristics foreseen by the rules (sandy soils, heavy clay soils, alkali soil and other types);
- b. Natural conditions (presence of agricultural lands that are located at an altitude above 600 meters above sea level, and/or on slopes with more than a 15 percent incline);
- c. Climatic conditions (territories that are subject to heavy drought and/or water saturation, characterized by indicators calculated based on data over at least a 20-year period); and
- d. Socio-economic factors (the integral index of social-economic development of rural territories, is calculated by ranking the following indicators: (an index of the total rural population (for the last 5 years), the ratio of per capita disposable resources of rural households to the regional, minimum subsistence level (for the last year), and unemployment level in rural territories (for the last reported year).

According to Regulation #51, the territory is considered “unfavorable for the production of agricultural products” if at least one of the following conditions applies:

1. Fifty percent, or more, of the agricultural land (if climatic index applies, 50 percent or more of the territory) complies with one or more criteria (soil condition, natural and/or climatic conditions), and the integral index of the socio-economic development of the rural territory is less than the calculated average index for the Russian Federation; and
2. Eighty percent or more of agricultural land (if climatic index applies, 50 percent or more of the territory) complies with two or more criteria (soil condition, natural and climatic conditions), independently of the integral index of the socio-economic development of the rural territory in the Province.

Regulation #51 provides for the formulation of a list of the territories of the Federation which are qualified as unfavorable for production of agricultural products. The determination of whether a territory qualifies as “disadvantaged for agricultural production” is conducted by the Russian Ministry of Agriculture. A list of qualifying territories is compiled based on data provided by the Russian Register and the Russian Hydro-Meteorological Service (RosHydroMet) for determination of the climatic indexes, by the Russian State Statistical Service (Rosstat) for determination of the socio-economic indicators and by the Federal Agency of Scientific Organizations (FANO) for determination of the soil and natural conditions indexes. The list must be approved by the Russian Government and reviewed as needed, but at least once every three years.

Regulation #51 was developed to provide the legal basis for the approval of the list of territories

determined to be “unfavorable for production of agricultural products.” Russia is providing the list to comply with WTO norms in classifying measures of support for agriculture.

END OF UNOFFICIAL TRANSLATION

The Ministry of Agriculture published a list of 29 territories determined to qualify as “disadvantaged for agricultural production” based on analysis of the criteria provided in Regulation #51. (Note: the official translation refers to 30 territories as qualifying.)
