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## Russian Federation

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### Russia Temporarily Restricts US Imports of Corn and Soybeans

**Report Categories:**

FAIRS Subject Report

Trade Policy Monitoring

Oilseeds and Products

Sanitary/Phytosanitary/Food Safety

**Approved By:**

Robin Gray

**Prepared By:**

Staff

**Report Highlights:**

On February 11, 2016, the Russian Veterinary and Phytosanitary Surveillance Service (VPSS) officially notified that: starting February 15, 2016, VPSS will impose temporarily restrictions on corn and soybeans originating from the United States of America to the Russian Federation as a result of violations of international and Russian phytosanitary requirements. U.S. soybean exports set a record at 510 TMT valued at \$190 million in CY 2015.

Post provides an unofficial translation of the announcement.

**General Information:**

On February 11, 2016, the Russian Veterinary and Phytosanitary Surveillance Service (VPSS) officially notified that: starting February 15, 2016, VPSS will impose temporarily restrictions on corn and soybeans originating from the United States of America to the Russian Federation as a result of violations of international and Russian phytosanitary requirements.

Post provides an unofficial translation of the announcement.

An unofficial English translation of the announcement can be found below.

**BEGIN UNOFFICIAL TRANSLATION.**

The Federal Veterinary and Phytosanitary Surveillance Service (VPSS), per the results of phone negotiations with the United States conducted on February 9, 2016 regarding violations of international and Russian phytosanitary requirements in shipments of corn and soybeans to the territory of the Russian Federation, informs that, unfortunately, the U.S. side did not undertake effective measures for preventing delivery of mentioned quarantined products contaminated with quarantine pests to the territory of the Russian Federation.

In this situation, VPSS is forced to impose temporary restrictions on the import, including transit through third countries, of corn and soybeans originating from the United States of America to the Russian Federation, starting February 15, 2016, taking into account the lack of appropriate system of phytosanitary control of corn and soybeans in the U.S. with regard to shipments intended for Russia, in order to protect the territory of the Russian Federation from the entry of quarantine pests, which are absent in Russia, in compliance with the International Plant Protection Convention and the Agreement on the Application of Sanitary and Phytosanitary Measures.

**END UNOFFICIAL TRANSLATION.****COMMENTS:**

The United States and Russia have been communicating for more than ten years regarding issues with certain quarantine pests found in shipments of popcorn and soybeans from the United States. However, VPSS had always permitted the shipments to proceed because the intended use involved further processing which denatures the contaminant. On January 25, 2016 VPSS announced on their website and in the press that during 2015, VPSS inspections revealed multiple incidents of plant quarantine pests in shipments of corn [actually popcorn] and soybeans from the United States. VPSS claimed further that a pest risk analysis they had commissioned indicated 10 to 15 billion rubles in potential agricultural losses, if corn plant pest became widespread in Russian agriculture. While a pest-risk analysis like the one Russia conducted may indicate a disease has the potential to significantly impact the environment, there must be a pathway for release of that contaminant into the environment. The type of treatment currently conducted in Russia has clearly prevented such a release. Nevertheless, VPSS stated that the processing of these “infested” products in the territory of the Russian Federation

threatened to destabilize Russia's food and phytosanitary security and that if the United States did not institute prophylactic measures, shipments would be banned. The U.S. Animal Plant Health Inspection Service (APHIS) repeatedly asked for copies of the risk analysis completed by VPSS but it was never provided.

APHIS and VPSS held technical talks via conference call on February 9th. Following those talks, VPSS announced imposition of the temporary restriction of imports of soybeans and corn [popcorn] from the United States.

## **TRADE IMPLICATIONS**

Untouched by Russia's food import embargo, soybeans were the number one U.S. agricultural export to Russia in 2015, reaching nearly \$190 million, the highest export level since 1970. The growth of U.S. soy exports has been largely attributable to Russia's efforts to grow its modern poultry and livestock industries. The United States is currently ranked Russia's third supplier, after Paraguay and Brazil. Following VPSS' announcement of the temporary ban, Agriculture Minister Alexander Tkachyov commented on Rossiya 24 television that Russia can replace U.S. imports with products from Latin America and Asia. However, it is questionable whether Russia will be able to replace U.S. imports of soybeans. Recently VPSS publically noted that the stacked, genetically engineered soybean variety, Intacta, widely planted in Paraguay and Brazil, has not yet been approved in Russia. Moreover, Russia does not yet have regulations for the risk assessment and approval of stacked genetically engineered events.

In early February, the Plant Epidemiology and Risk Analysis Laboratory at APHIS conducted its own analysis of the potential risk to Russian agriculture from the cited pests. They concluded that six of the seven pests are currently present in the Russian Federation and should not be subject to regulation. In addition, they were not able to identify any pests that could potential follow the export pathway on soybeans from the United States to the Russian Federation for industrial processing.

U.S. popcorn exports to Russia were valued at nearly \$6 million in 2014 and have dropped approximately 30% in 2015, largely due to worsening economic conditions and the progressive devaluation of the Ruble.

While VPSS has noted incidents of unacceptable levels of contaminants in soybeans imported from other countries (namely Brazil and Argentina); it has not threatened an outright ban of shipments from those other countries nor made similar public statements about the incidents from other countries. Additionally, this action by VPSS seems to be part of a series of SPS-related maneuvers to block imports of U.S. products. Earlier, shipments of both peanuts and wine from the U.S. were blocked based on Russia's application of SPS standards that were inconsistent with international standards. However, the wine action was limited to three specific lots of wine and U.S. wine exports have continued. Since implementation of the food import embargo in August 2014, the Russian Government and media have issued extensive propaganda challenging the safety and quality of the food and agricultural products from the United States without offering any credible evidence of a risk. Coincidentally, in November 2015, Monsanto was challenged in its re-registration application for a genetically engineered (GE) soybean line and current soybean imports from South America are threatened because Russia has not yet approved GE stacked events. While it is true that Russia has

seriously lagged in developing risk assessment tools for evaluating GE products, the new Minister of Agriculture has also been an outspoken critic of the use of genetic engineering in agriculture.