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Report Highlights:

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Russia Sets up a Government Commission on the Issues of the Agro-Industrial Sector... Fisheries Companies with Foreign Management Will Lose their Quotas for Fish Catch... The GOR Approves Order on Signing the CIS Convention on Agrobiodiversity Conservation... Central Bank Cuts Key Interest Rate to 10.5 Percent... Head of VPSS Sergey Dankvert discussed safety and quality of meat and poultry with potential Russian exporters ...Implementation of the Russian Food Stamp Program to Be Postponed

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.

Draft Rules on Reimbursement of Costs to Banks Providing Loans to Ag Producers at a Five Percent Interest Rate: GOR published [Draft Rules](#) of reimbursing costs to banks which provide short term and long-term loans to agricultural producers at the government-fixed five percent interest rate. New rules aim at improving the financial performance of agricultural businesses by changing the existing model of interactions between the government, banks, and producers. If approved, the new rules will stimulate banks to offer up to Rub 1 billion loans for 1 year for operational needs of crop producers, livestock and dairy farmers, as well as up to Rub 10 billion loans for investment projects, both at 5 percent maximum interest rate. Long-term subsidized loans for creation and modernization of greenhouses, orchards, vineyards, poultry and swine processing plants, and storage facilities for potatoes, fruits, vegetables, grain seeds are planned for a loan tenure of from two to eight years. Subsidized loans for beef and dairy cattle projects are intended for payback period from two to 15 years. According to the draft, the government commits to reimburse the difference between the 5 percent interest rate and the interest rate which corresponds to the bank's requirements for credit approval. To define the responsibilities of the banks and the commitments of the authorities, the parties will be signing specific agreements for each particular project. New rules are intended to eliminate investors' risks related to delays of subsidy payments by government. The negative impact of any disruptions of state budget implementation will be transferred from final borrowers to the lenders and the government. <http://regulation.gov.ru/projects#npa=49404>

Six Ministers of Fisheries of Northern Atlantic Region Discusses Issues of Fish Conservation:

TASS reports that on June 9th, six Ministers of Fisheries from the Northern Atlantic region, including Russia, Norway, Greenland, Canada, Faroe Islands, Iceland and a representative of the EU, met in St. Petersburg to discuss research on conservation of fish resources in the Northern Atlantic. The main topic of the annual meeting is management of fish resources in the region. According to Ilya Shestakov, Deputy Minister of Agriculture and the Head of the Russian Fisheries Agency (FFA) "it is very important for us to agree with the counterparts on distribution of catches and assessment methods of fish resources." Deputy Minister Shestakov also stated that this session will focus on research on fish resources aiming at conservation and sustainable harvest of fish in the Northern Atlantic. The Fisheries Ministers meet every year in one of the member counties by rotation to address important issues of fisheries and develop principles of international fisheries policy for the current year and perspective. The final communique that will be developed based on the results of the meeting is called to facilitate conservation of fish and water resources in the Northern Atlantic.

<http://tass.ru/ekonomika/3350843>

Russia Sets up a Government Commission on the Issues of the Agro-Industrial Sector and Development of Rural Territories: Government Resolution No. 524 of June 10, 2016, sets up a government commission on the issues of Agro Industrial Sector and Development of Rural Territories (Commission). The Commission was initiated by the Ministry of Agriculture. According to Agriculture Minister Tkachyov, the Commission “will be a coordinating body ensuring consistent interaction with executive authority and organizations aimed at implementation of the unified state policy in the agricultural and fisheries sectors as well as sustainable development of rural territories.” The Commission will consider drafts of legislative documents aimed at development of agro-industrial complex and rural territories, draft programs for development of certain industries of agro-industrial complex, issues in the sphere of fisheries, and the regulation of the sales and disposition of agricultural lands, and the development of markets for agricultural and food products. The Commission will be headed by the Prime Minister. The members of the Commission will be appointed by a separate order of the Government. The Commission replaced two separate government commissions on the issues of agro-industrial complex and on the issues of fishery complex that has existed since 2012.

<http://government.ru/docs/23407/>

Fisheries Companies with Foreign Management Will Lose their Quotas for Fish Catch: The Federal Fisheries Service (FFA) reports the GOR decision that approves forced suspension of right for catching fish in case a company is illegally managed by a foreign investor. FFA amended the rules for applying, registering and annulling permits for fish catch. The new rule is intended to prevent foreign control over the Russian fisheries industry. Participation of foreign capital in fish catching is possible only when approved by the Governmental Commission on Investments. The Federal Antimonopoly Service (FAS) will be responsible for identifying illegal foreign control. If the fact of illegal control over a juridical entity is identified, the fisheries quota will be revoked and distributed among legal fish harvesting companies.

<http://www.fish.gov.ru/press-tsentr/obzor-smi/13720-kompanii-s-inostrannym-upravleniem-lishatsya-kvot-na-vylov-ryby>

The GOR Approves Order on Signing the CIS Convention on Agrobiodiversity Conservation: On June 2nd 2016, the GOR issued Order #1101-p on signing the CIS Convention on Agrobiodiversity. The objective of the Convention is to facilitate ensuring food security of CIS countries, their sustainable economic development, and improving the quality of life and health of the populace via collaboration, management and planning in conservation, and rational use of agrobiodiversity. The Convention determines principles, tools and practical ways of its implementation, priorities that ensure conservation and rational use of agrobiodiversity, as well as methods of mutual activities that facilitate rational use of components of agrobiodiversity. The Convention is in compliance with the clauses of the Treaty on Eurasian Economic Union dated May 29th 2014, as well as with regulation of the other international treaties of the Russian Federation. Signing of the Convention will facilitate cooperation between CIS countries in collection, conservation, research and rational use of genetic resources and agrobiodiversity.

<http://government.ru/docs/23326/>

<http://government.ru/media/files/kntPWFQvPjM3dstbGUN0Mu5HcAWoumZA.pdf>

Central Bank Cuts Key Interest Rate to 10.5 Percent: On June 10, 2016, the Board of Directors of the Central Bank of Russia (CBR) lowered its key interest rate by 0.5 percentage points to 10.5 percent, noting “the positive trends of more stable inflation, decreased inflation expectations and inflation risks

against the backdrop of imminent growth recovery in the economy.” According to Russia’s Federal State Statistics Service, Russia’s headline consumer price index (CPI) came in at 7.3 percent year-on-year for a third consecutive month in May 2016 versus double digit CPI seen throughout 2015. The CBR said in its press-release that it would consider the possibility of a further rate cut based on estimates for inflation risks. The next CBR’s Board meeting to review the key rate will be held on July 29, 2016.

http://www.cbr.ru/eng/press/pr.aspx?file=10062016_133019eng_dkp2016-06-10T13_25_40.htm

Head of VPSS Sergey Dankvert discussed safety and quality of meat and poultry with potential

Russian exporters: A meeting between Sergey Dankvert, the Head of Russia's Federal Service for Veterinary and Phytosanitary Surveillance (VPSS), and the representatives of the meat and poultry production industry took place on June 14, 2016. The discussion focused on current issues related to the export market expansion for Russian meat and poultry products. To define the priorities and better coordinate the efforts of the Federal service and business, VPSS invited the industry to submit detailed information about products available for export and the target markets. The participants also discussed the issue of maintaining a list of Russian producers, who meet the international trade standards and have enough expertise and capacity for export operations. The enhanced administration of the eligible exporters list should support the positive image of Russian meat products in international markets. The participants agreed that there is a need for a more effective system of quality and safety control in the domestic market.

<http://www.fsvps.ru/fsvps/news/17421.html>

Implementation of the Russian Food Stamp Program to Be Postponed: A food stamp program of targeted assistance to economically vulnerable social groups, proposed by the Ministry of Industry and Trade in 2015 won’t start in 2017: According to multiple unofficial media sources, the GOR is ready to approve a new action plan for the development of the food assistance program. The program was initiated by the Ministry of Industry and Trade in 2015. The initial plan was to launch the food assistance program in 2017. However, the Ministry reportedly, failed to draft the required legislative framework to start the program as planned. Now the Ministry of Industry and Trade, the Ministry of Agriculture, The Ministry of Labor, the Ministry of Finance, the Ministry of Economic Development and the Bank of Russia will cooperate to draft the new plan of Rub 342 billion food assistance programs.

<http://izvestia.ru/news/617534>

<http://www.agronews.ru/news/programma-prodovolstvennoj-pomoshhi-maloimushhim-otkladyvaetsya.html>