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Report Highlights:

Ministry of Agriculture Develops Program on Export of Agricultural Products... GOR to Maintain Support for Agriculture at 214 Billion in CY2017... The New Session of the State Duma Approved the Heads of the Committees... Russian Government lifted restrictions on imports of some fruits from Turkey... Beginning July 1, 2017, the Government will allow producers to buy back products...GOR ordered the Ministry of Economic Development to draft tariff quotas on imports of long-grain rice... BRICS Countries Signed an Agreement on Cooperation in Agriculture...Foot and Mouth Disease (FMD) Outbreak in Russia... Vegetable Oil Production Facility Started Operations in Lipetsk... Russian Ministry of Agriculture Initiates Proposal to Set a Minimum Retail Price... Declining Revenue in Russia's Foodservice Sector... Russia Sees Rapid Expansion of Specialized Alcohol Retail Shops

General Information:

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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.

Ministry of Agriculture Develops Program on Export of Agricultural Products: During Golden Autumn, a major annual agricultural show, that is held in Moscow in October, Minister of Agriculture Aleksandr Tkachyov stated that the export of agricultural products will be a priority direction for his Ministry and to support the idea the Ministry was working on a draft program entitled "Development of Export of Agricultural Products". He also added that the implementation of the Program in 2017-2020 will require 11.5 billion rubles in public financing. The priority export markets for Russia are China, Southeast Asia and Middle East, and the key products are meat and offal, grain, flour-milling products, and fat-and-oil products. *Dairy News* notes that Minister Tkachyov believes that limiting food imports from other countries is the right direction and it has to be continued. According to the Minister, it helped the Russian agricultural sector to set its sights on the export market.

<http://kvedomosti.ru/news/minselxoz-razrabotal-programmu-podderzhki-eksporta-produkcii-apk.html>

GOR to Maintain Support for Agriculture at 214 Billion in CY2017: Vice Premier of the Russian Federation Arkadiy Dvorkovich stated that the GOR will not increase to the budget of the Ministry of Agriculture in CY2017, but will maintain the same level of support as in CY2016, which was 214 billion rubles. This statement came in response to Minister of Agriculture Alexander Tkachyov's speech where he said that Ministry of Agriculture will need an additional 40 billion rubles to subsidize interest rates on short-term credits and for reimbursement of capital inputs for farmers. Currently the draft budget plan allocates only five billion rubles to support preferential credits at an annual interest rate not exceeding five percent. The mechanism will be instituted beginning on January 1, 2017. In addition, the Ministry of Agriculture suggested that compensation for capital inputs for farmers for renovation of dairy farms in 2017 be increased from 20 percent to 25 percent of expenditures, and in the Far Eastern Federal District up to 40 percent.

<http://kvedomosti.ru/news/pravitelstvo-rf-ne-budet-uvelichivat-finansirovanie-minselxoz-a-v-2017-g.html>

The New Session of the State Duma Approved the Heads of the Committees: Vladimir Kashin will chair the Committee on Agrarian Policy at the State Duma. He is a member of the Communist Party, professor, doctor of agricultural sciences, member of the Russian Academy of Sciences. Nikolay Pankov, who was the head of the Agrarian Committee at the State Duma, was nominated for the position of the first deputy head of Unified Russia faction.

<http://kvedomosti.ru/news/vladimir-kashin-stal-glavoj-agrarnogo-komiteta-gosdumy-novogo-sozyva.html>

Russian Government lifted restrictions on imports of some fruits from Turkey. According to Government Resolution #1020 of October 9, 2016, the following fruits are excluded from the list of products restricted for imports from Turkey:

- oranges, fresh and dried (HS 080510);
- mandarins, tangerines, and citrus hybrids (HS 080520);
- apricots fresh (HS 080910);
- peaches, nectarines (HS 080930);
- Plums, black thorn (HS 080940).

The Resolution No. 1020 came to force on the date of its publication on October 11, 2016. The list of products restricted for imports to the Russian Federation from Turkey was established by Resolution #1296 of November 30, 2015 and was in force since January 1st, 2016. Poultry, turkey, tomatoes, onion, cabbage, cucumber, grape, apples, pears, strawberry, and salt remain on the list of products prohibited for import into Russia. <http://government.ru/docs/24859/>

Beginning July 1, 2017, the Government will allow producers to buy back products that they sell to the State Intervention Fund. The Government Resolution No. 1003 of October 5, 2016, amends the rules of purchasing and selling of products (grain and dairy products) to/from the State Intervention Fund. The amendments come into force on July 1, 2017, and seemingly will not influence rules for grain interventions in MY 2016/17. The major amendment is that producers, who sold their products to the State Intervention Fund, will have the right to buy back their products (grain) from the Intervention Fund, and this operation will be considered as a pledge transaction. <http://government.ru/docs/24774/>

GOR ordered the Ministry of Economic Development to draft tariff quotas on imports of long-grain rice from Vietnam to the EAEU. Government Resolution No. 1002 of October 5, 2016: www.pravo.gov.ru/laws/acts/75/49484850.html

BRICS Countries Signed an Agreement on Cooperation in Agriculture: During the 8th Summit “BRICS-2016” that took place in Goa, India, during October 15-16, 2016, the heads of the delegations signed a Memorandum on Cooperation and Research in Agriculture (Agreement). Deputy Minister of Agriculture Yevgeny Gromyko headed the Russian delegation in this event. The Agreement will facilitate effective cooperation between BRICS member states on the issues of sustainable development of the agro-industrial sector, mitigation of malnutrition and poverty worldwide, joint research, professional exchanges, implementation of joint projects and promotion of trade in agricultural products. Deputy Minister Gromyko stated that “today these are priority issues where federal and private financial support is needed. We consider BRICS as a huge source of investment opportunities and Russia is ready for cooperation in the sphere.”

<http://kvedomosti.ru/news/chleny-briks-podpisali-memorandum-o-sotrudnichestve-v-selskom-xozyajstve.html>

Foot and Mouth Disease (FMD) Outbreak in Russia: *On October 20th, Russia notified the OIE about an outbreak of foot and mouth disease identified in a commercial dairy farm “VKV”, located in the village Vyshmanovo, 20 km from Vladimir city. Reportedly, 90 heads of cattle were infected with FMD virus Type Asia-1. The affected farm operates as a breeding center for dairy cattle and raw milk producer. There are total 800 heads, including 400 milking cows on the farm. It is noteworthy that the affected farm is located 14 km from the Federal Centre for Animal Health (ARRIAH* <http://www.arriah.ru/>), which is under the Federal Veterinary and Phytosanitary Surveillance Service and currently in charge of coordinating counter-epizootic measures against FMD. This outbreak occurred shortly after Russia had received an OIE certificate last May recognizing it as a country with a zone free from Foot-and-Mouth Disease without vaccination. The outbreak occurred within the FMD-free zone.

<http://www.fsvps.ru/fsvps-docs/ru/iac/operative-messages/2016-10-21.pdf>

Vegetable Oil Production Facility Started Operations in Lipetsk: *Krestyanskiye Vedomosti* (Farmers News) web-site reports that a large vegetable oil production facility launched its operation on the territory of the special economic zone “Terbuny” in Lipetsk province. Reportedly, starting from 2017, when the facility will operate at full capacity, it will process 2,000 MT of oilseeds daily. The annual production capacity of the facility is reported at 300,000 MT. The project cost five billion rubles and was initiated by company “Chernozemye” (Black Soil), owned by a group of entrepreneurs from Ukraine. Initially, they were planning to invest in Ukraine, but due to the economic downturn and political instability in that region, the businessmen did not want to take the risk. In addition to processing facilities, there is also a logistical center, 70,000 MT grain silo facility, and railway and transport terminals at the plant. The investor is planning to start production of margarine, as well as oils from various oilseeds, as well as to install equipment for deep value processing of grain.

<http://kvedomosti.ru/news/maslozavod-gigant-zapushhen-v-lipeckoj-oblasti.html>

Russian Ministry of Agriculture Initiates Proposal to Set a Minimum Retail Price for Table Wine:

The Russian Ministry of Agriculture has announced plans to set a 250 ruble minimum retail price for 0.75 liter bottles of table wine. The Ministry’s proposal, which was officially unveiled at the All-Russian Winemakers Summit in Abrau-Durso, will go into effect in 2017, and will remain in place until 2025. With the new price guarantee for table wine, the Ministry of Agriculture is hoping to also provide 20.5 to 81 billion rubles in state subsidies to further the development of domestic viticulture and winemaking. <https://rg.ru/2016/10/15/minselhoz-podderzhal-vvedenie-minimalnoj-ceny-na-vino-v-2017-godu.html>

Declining Revenue in Russia’s Foodservice Sector: According to the Russian Federal Statistics Service (Rosstat), gross revenue in the restaurant and café sector declined by 3.7 percent to 840.5 billion rubles during the first eight months of 2016. In 2015, total sales in the sector were 1.3 trillion rubles, down 5.5 percent from the previous year.

<http://realty.interfax.ru/ru/news/articles/72710/>

Russia Sees Rapid Expansion of Specialized Alcohol Retail Shops: Despite general stagnation in Russia’s retail sector, “Alcomarkets” are expanding rapidly. Today, there are approximately 8000 specialized alcohol retail shops or “Alcomarkets” in Russia, more than 10 times the number of outlets in

existence a couple of years ago. <http://www.russretail.ru/rost/tendencii/14870-alkogolnyy-specnaz-rossii-kak-biznes-rasproboval-alkomarkety.html>