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Report Highlights:

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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.

Two New Departments to Be Created at the Ministry of Agriculture: The Ministry of Agriculture site reports that the Department of Agricultural Market Regulation and Food Processing Industry will be divided into two separate departments: Department of Agro-Industrial Market Regulation and Department of Food and Food Processing Industries. The first one will be responsible for issues of strategic planning and regulation of agro-industrial markets, as well as implementation of the policy on import substitution. The latter will be looking into developing and supporting of food and food processing sectors, to include vineyards and wine production industries.

<http://www.mcx.ru/news/news/show/53529.355.htm>

<http://tass.ru/ekonomika/3523746>

President Putin Ordered Government to Draft Science Program for Development of Agriculture through 2025: Presidential Order No. 350 of July 21, 2016 authorized the Government to develop by the end of CY 2016, measures aimed at implementation of comprehensive science-based technologies in Russian agriculture through 2025. These measures shall be targeted to the development of planting seeds selection and animal breeding, the development of efficient feeds and feed additives and veterinary pharmaceuticals, as well as technologies that will improve the production, processing, and storing of agricultural and food products, and improve the quality control of agricultural products and raw materials, food, and genetic material. <http://rulaws.ru/president/Ukaz-Prezidenta-RF-ot-21.07.2016-N-350/>

Russian Government Approved Regulation for Phytosanitary Risk Assessment: The Government Resolution No. 770 of August 10, 2016, approved the Regulation for Phytosanitary Risk Assessment in Russia. The analysis of phytosanitary risks will be conducted by the Russian Federal Service for Veterinary and phytosanitary Surveillance (VPSS) based on the methods approved by the Ministry of Agriculture; and information on the results will be published on the VPSS's site. The Regulation was developed by the Ministry of Agriculture in accordance with the execution of the Russian Federal Law No. 206-FZ of July 2014 "On Plant Quarantine". <http://government.ru/docs/24132/>

Government Ordered Selling Rye from the Intervention Fund without Auctions: To support producers of rye flour and brown bread in several Russian regions where this bread is popular, the Russian Government (by its [Order 1712-p of August 13, 2016](#)) allowed the sale of rye from the 2008-2014 crops from the Intervention Fund without auctions to rye flour producers in Bashkortostan Republic (up to 20,000 MT), Tatarstan Republic (up to 12,000 MT), Volgograd oblast (up to 7,400 MT),

and Crimea (up to 1,860 MT). <http://government.ru/docs/24176/>

The Ministry of Agriculture Reports on the Current Status of Feed Harvest for Livestock for 2016-2017 Winter Stall Period: According to Russian regional statistics, as of August 10, 2016, all categories of farms harvested 48.5 million MT of coarse and green fodder. This figure equals 16.7 million MT of feed units which is 5.7 percent or 905.4 thousand MT more than at the same period in 2015. Total need in feed per head of cattle for 2016-2017 winter stall period is estimated at 16.9 centners (100 kg) of coarse and green feed units. As of August 10, the coverage in feed per head of cattle is estimated at 9.3 centers, or 55 percent of the total need in feed for 2016-2017 winter stall period. As of August 10, the distribution of coarse and green fodder throughout the regions of the Russian Federation is as follows: in the Central Federal District the needs in feeds is covered by 69.6 percent; in the Volga Valley - by 67.5 percent, in the North Caucasus – 35 percent; in the North West – 62.4 percent, in the Urals – 60.9 percent and in Siberian region- 37.2 percent, the Far Eastern Federal District – 32.5 percent. <http://www.mcx.ru/news/news/show/53819.355.htm>

Grain Stocks on August 1, 2016 are 31.4 million metric tons (MMT), 8.1 percent higher than last year: Russia's grain harvest started a week earlier in 2016, and the grain crop is higher than last year. Meantime grain exports in July 2016 were lower than in July 2015. Thus, Russia's grain stocks as of August 1, 2016 are 31.4 MMT, 8.1 percent higher than on August 1, 2015. http://www.gks.ru/bgd/free/b04_03/IssWWW.exe/Stg/d01/163zerno17.htm

Russia, Norway and Iceland to Launch Joint Educational Project in Aquaculture: Starting from October 2016, a new International project under the title “Russian Scandinavian Research and Innovation Center in Aquaculture” will be launched. The objective of the project is to develop systematic educational patterns for aquaculture in Russia based on experience from Norway and Iceland. The participants of the project include Murmansk State Fisheries Technical University, Moscow State Technological and Management University, Tromsø University- Arctic Norwegian University and University College Holar in Iceland. Experts from Norway and Iceland will share their experience with the Russian counterparts in educating staff of the aquaculture industry. The subjects of lectures will include: aquaculture of sea and freshwater species; monitoring fish maturation; feeding, management of brooding fish stock and physiology of anadromous fish. It is expected that businesses interested in upgrading their staff in aquaculture will also be involved in developing the educational program. <http://www.fish.gov.ru/press-tsentr/novosti/14568-rossiya-norvegiya-i-islandiya-zapuskayut-sovmestnyj-obrazovatelnyj-proekt-v-oblasti-akvakultury>

Ministry of Agriculture and the State Corporation “RosCosmos” Signed Agreement on Cooperation in Space Activities: On August 18th, Minister of Agriculture Alexander Tkachyov and General Director of State Corporation “RosCosmos” Igor Komarov signed a cooperation agreement in space activities. The agreement is aimed at coordination of scientific and technical as well as information and analytical interaction between the MinAg and RosCosmos in the issue of using the results of space activities for implementation of state monitoring of agricultural lands. The main direction for cooperation would be making use of space technologies in the process of creating unified federal information system of agricultural lands and utilizing space technologies to improve the efficiency of the agroindustrial sector. http://www.mcx.ru/news/news/show_print/53850.355.htm

Russia Launches Purchasing Grain from the 2016 Crop for the State Intervention Fund on

August 19: Russia's Agriculture Minister is launching purchasing of grain harvested in 2016 to the State Intervention Fund beginning August 19, 2016. The state-owned United Grain Company will be acting as the government agent. The first purchases will be carried out in Crimea. The grain purchase interventions will be carried at the commodity exchanges "AO Crimea Exchange" and ZAO "National Commodity Exchange", which has 7 territorial platforms (Moscow, Ekaterinburg, Novosibirsk, Samara, Nizhniy Novgorod, Rostov-on-Don, and Saint Petersburg), as well as 44 centers of remote access to trading platforms. The Ministry of Agriculture plans to buy up to 0.6 MMT of grain for the Intervention Fund by the end of CY 2016, and the total purchases in MY 2016/17 may reach 2 MMT. The target prices for these interventions were determined by the Ministry of Agriculture and ranged from 10,900 Rubles per MT for milling wheat Class 3 to 7,400 rubles per MT for food quality rye (FAS/Moscow GAIN Report [Grain and Feed Update](#)).

<http://www.mcx.ru/news/news/show/53868.355.htm>.

New Rules of Phytosanitary Quarantine Control at the State Border of Russia adopted by the

Government: The Government Resolution No. 792 of August 13, 2016, approved the Rules of Implementation of the State Quarantine Phytosanitary Control (surveillance) at the checkpoints at the state border of the Russian Federation. The new Rules were prepared by the Ministry of Agriculture of Russia, pursuant to the Federal Law of July 21, 2014 №206-FZ "On Plant Quarantine". The Rules stipulate that the state quarantine phytosanitary control is carried out by the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) and its territorial bodies, as well as the Customs authorities as regards examination of the documents on regulated products and these products at checkpoints. The Rules determine the actions and the order of decision-making of Customs and VPSS's officials. <http://government.ru/docs/24216/>

EAEU-Vietnam FTA to Come into Force as of October 5, 2016: According to the Eurasian Economic Commission (EEC), the Free Trade Agreement (FTA) between the Armenia-Belarus-Kazakhstan-Kyrgyzstan-Russia Eurasian Economic Union (EAEU) and Vietnam will come into effect as of October 5, 2016. Veronika Nikishina, the EEC Minister for Trade, commented that as of October 5, 2016, tariffs will be lowered for the majority of goods traded between the EAEU and Vietnam. The EAEU-Vietnam FTA, signed in Kazakhstan on May 29, 2015, provides for removal of customs duties on almost 60 percent of the traded goods immediately after it enters into force, and gradual reduction for the remaining goods until 2027.

<http://www.eurasiancommission.org/ru/nae/news/Pages/19-08-2016.aspx>

Nielsen Survey Indicates Decline in Russian Consumer Purchases of Fresh Fruits and Vegetables:

According to a 2016 Nielsen Company survey, more than 33 percent of Russian consumers have reduced purchases of fresh fruit and vegetables compared to the same period in 2015. The survey, which took place during a 7-day period from June 29th to July 6th, questioned more than a 1000 Russian consumers in 30 cities with populations of greater than half a million people. The Nielsen survey indicated that 33 percent of consumers have reduced purchases of fresh vegetables, while 43 percent of consumers reduced purchases of fresh fruit (44 percent reduced purchases of berries). According to the survey, more than 80 percent of Russian consumers indicated increasing prices as the main reason for the decline in fresh produce purchases. Other respondents (15 percent) indicated that they were dissatisfied with the quality of the products or that they had increased their reliance on backyard production. While the volume of overall purchases has fallen, more than 90 percent of survey

respondents indicated that they are still purchasing fresh fruit and vegetables. The most popular purchases include cucumbers (92 percent), tomatoes (91 percent), apples (81 percent), potatoes and onions (79 percent each), bananas (78 percent) and lemons (56 percent).

<http://www.rbc.ru/business/28/07/2016/5799ef899a794793ae7dd0ca?from=newsfeed>

During the First Half of 2016, Moscow Hotel Occupancy Reached 68 Percent: During the first half of 2016, Moscow's average hotel occupancy reached 68 percent, a five year record. According to JLL data, Average Daily Rates (ADR) increased 6.7 percent to 7800 rubles. As a result, RevPAR (Revenue per Available Room) reached 5200 rubles, an increase of nearly 15 percent compared to the same period last year. The luxury segment of Moscow's hotel market continues to set new records. Foreign guests are finding that they can afford the highest levels of service due to the relatively weak ruble.

<http://kommersant.ru/doc/3036293>

During the First Half of 2016, Imports of Major Alcohol Categories Increased: After a record decline in 2015, imports of major alcoholic beverages increased during the first half of 2016. According to Russia's Federal Customs Service, Russia imported 9.83 million liters of whiskey- up 2.1 percent; 1.97 million liters of rum- up 34.9 percent; 74.94 million liters of table wines – up 10.1 percent; 11.67 million liters of sparkling wines – up 7.1 percent compared to the first half of 2015.

<http://kommersant.ru/doc/3055333>

Russia Announces Plans to Test Alcohol Quality: Russia announced plans to allocate 3 to 4 million rubles from the state budget for testing the quality of local alcohol beverages. The autonomous non-profit organization "Russian Quality System" (Roskachestvo) will test champagne/sparkling wine and plans to publish results in a large-scale study by the end of 2016. The study will identify counterfeit and poor quality beverages on the market.

<http://www.alcoexpert.ru/itnews/31067-iz-byudzheta-vydelyat-dengi-na-issledovaniya-kachestva-alkogolya.html>

Kazakhstan Temporarily Bans Imports of Livestock and Meat from Russia: On August 3rd Kazakhstan imposed a temporary ban on imports of cattle and animal products from Russia due to the anthrax outbreak in the Yamalo-Nenets Autonomous District of the Russian Federation. In addition, due to the nodular dermatitis cases in various regions of Russia, the Kazakhstani Ministry of Agriculture introduced a temporary ban on imports of livestock and animal products to and transit through Kazakhstan from Russia.

<http://akipress.com/news:580799>