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Report Highlights:

GOR Moves VPSS Deputy Head to a Deputy Minister of Agriculture Position... EEC Council approved draft Agreement of the EAEU Member States on Circulation of Planting Seeds in the Eurasian Economic Union... Russian Veterinary Authority Restricts Imports of Meat Products from New Zealand... VPSS Introduces Enforcement Measures Against Belarus Origin Products... Russia's Federation Council Discussed Issues of Grain Production... Grain Stocks on February 1, 2017 are 35.0 MMT... China, Turkey and Egypt are Major Destinations for Russian Agriculture and Food Exports in 2016... Deputy Minister of Agriculture Sergei Levin Met with the President of the International Poultry Council (IPC) at Gulfood... Kazakh Government Adopts Agriculture Development Program... Baumann GmbH & Co. Plans to Invest in Meat Processing Project in Almaty Region... Kazakh Farmers to Start Commercial Lentil Cropping... Karaganda Regional Authorities to Provide \$11.3 million to Start up 37 Farmers' Cooperatives...

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.

GOR Appoints VPSS Deputy Head, Dr. Yevgeniy Nepoklonov, to a Deputy Minister of Agriculture Position:

On February 21, 2017, Prime Minister Medvedev signed Resolution #311-p appointing Dr. Yevgeniy Nepoklonov to the 8th ranked Deputy Minister of Agriculture. In his new position, Dr. Nepoklonov will likely be responsible for veterinary issues and have supervision of the Veterinary Department. Dr. Nepoklonov served as a Deputy Head of VPSS for two terms: the first one - from 2004 to 2008; and the second - from 2011 to date. It still remains unclear who will take over Dr. Nepoklonov's responsibilities in VPSS, which include import/export of live animals and meat, poultry, dairy and seafood products.

<http://government.ru/docs/26545/>

<http://government.ru/media/files/GHxKVOMfAqYaMpS11IHxvMVRMkwBhjMW.pdf>

China, Turkey and Egypt are Major Destinations for Russian Agriculture and Food Exports in 2016:

Recently, the Russian Export Center (REC) published a report on the export of agricultural and food products and the main trading partners in 2016. China accounts for 10.1 percent of total agriculture and food shipments, followed by Turkey (9.2 percent) and Egypt (7.9 percent). Other important export destinations include the Republic of Korea (7.8 percent), and Kazakhstan (7.1 percent). At \$1 billion, fish and seafood make up more than 30 percent share of total exports to China. Other major export products from Russia to China include soybean and sunflower oil, valued at \$121 million and \$107 million, respectively.

The Ministry of Agriculture reports that exports of agriculture and food products increased by four percent in 2016 to an estimated \$17 billion. Wheat accounts for 27.7 percent, frozen fish – for 12.9 percent, sunflower oil – for 9.5 percent, and corn – 5.6 percent. Other significant categories of agricultural and food exports are shellfish (4.4 percent), chocolate products (3.1), and barley (2.8). Experts consider that ready-to-eat products, beverages and poultry have strong export potential.

<http://www.rbc.ru/business/01/03/2017/58b59b3f9a79476034e16c28?from=main>

Russia's Federation Council Discussed Issues of Grain Production and Use in Marketing Year 2016/2017 and Quality of the 2016 Grain Crop:

The Federation Council, the upper chamber of Russia's legislature, discussed the quality of Russian grain crop 2016 at a meeting devoted to the forecast of grain supply and use in marketing year 2016/2017. Yulia Koroleva, Director of the Center of Grain Quality Assessment of the Federal Service for Veterinary and Phytosanitary Surveillance (hereinafter - Center), reported on the quality of Russia's grain crop, and specifically the wheat crop, in

2016. Wheat is Russia's main grain both in domestic consumption and exports, and wheat production in 2016 reached the record high level of 73 million metric tons (MMT) and was 63 percent of the total grain crop. According to the Center, the volume of milling (food) quality wheat (Classes 3 and 4) also reached the record level of 51 MMT, or 71 percent of wheat crop. However, volume and the share of Class 3 wheat in total milling wheat production was the lowest in the last five years (approximately 16 MMT primarily due to unfavorable weather conditions during grain maturation in European Russia, i.e., high level of rainfalls and temperatures above 30 degrees Centigrade. However, the total production of milling quality wheat will allow Russia to meet both domestic demand for human consumption and to maintain wheat exports. In the period July 2016 through January 2017, Russia exported 18 MMT of wheat to 86 countries. The full text of the presentation can be found in the link in the press release of the Federal Service for Veterinary and Phytosanitary Surveillance:

<http://www.fsvps.ru/fsvps/news/20201.html>

EEC Council approved draft Agreement of the EAEU Member States on Circulation of Planting Seeds in the Eurasian Economic Union: By Order No. 28 of November 30, 2016, the EEC Council approved the draft Agreement of the EAEU member states "On Circulation of Seeds of Agricultural Plants within the Eurasian Economic Union" (original in [Russian](#).) The Order calls on all member states to finalize their own procedures in the field of registration and circulation of planting seeds by April 3, 2017, in order to be ready to sign the Agreement. The draft Agreement (FAS/Moscow [reported](#) on the draft when it was approved by the EEC Collegium, the preliminary stage in the EAEU decision making process.) The draft proposes to unify regulations for circulation of non-GE planting seeds among all member states within the customs territory of the Union, including testing and registration and certification of the seeds. Also the unified seed varieties register should be created within the EAEU. The EEC Council is responsible for adoption of unified methods for variety tests and for formation and monitoring of the unified seed register. Until the EEC Council adopts these unified methods by the consent of all member-states, the member states will be using variety test methods in accordance with their own legislation.

Russian Veterinary Authority Restricts Imports of Meat Products from New Zealand: On February 2, 2017 The Federal Service for Veterinary and Phytosanitary Surveillance of the Russian Federation (VPSS) issued an official letter on temporary restrictions on beef meat, sub-products and fat imports from New Zealand— [Russian](#). On February 8, 2017, Russia notified this draft document to the WTO via [G/SPS/N/RUS/135](#). According to the notification, VPSS "introduces temporary restrictions on import of beef, beef by-products and beef tallow from New Zealand to the territory of the Russian Federation due to systematic detection of prohibited and harmful substances and diseases causative agents in the regulated products." The decision was based on detection of ractopamine in New Zealand beef, a beta-agonist which is prohibited for use in both New Zealand and Russia.

In Retaliation, VPSS Introduces Enforcement Measures on Belarus Origin Products: On February 13, 2017 VPSS issued a press release entitled "On introduction of special control measures against Belarus origin products with a high risk of spreading African swine fever" ([Russian](#)). VPSS imposed import permit requirements for animal products, feed grains, feed meal and pellets, sausages, brans, hides and skins, casings from Belarus. According to the [press release](#), VPSS introduced temporary restrictions in response to Belarus protective measures taken in January 2015 "in connection with Russian outbreaks of foot and mouth disease, avian influenza and African swine fever." The press release noted that EAEC legislation does not provide for the issuance of import permits for trade

between member countries.

Grain Stocks on February 1, 2017 are 35.0 million metric tons (MMT): This is the sixth month in a row of the highest grain stocks (y-o-y) in the last seven years. The record stocks are due to the record grain crop of 118 MMT and slow pace of exports. During the period of July 2016 through January 2017, Russia exported 23.5 MMT of grain compared with 23.2 MMT in the same period last year (July 2014 – January 2015). In Southern European Russia (Southern and North Caucasus federal districts), the major grain exporting districts of Russia, stocks were also the highest in the last seven years – 10.7 MMT. Wheat stocks at the assembling and processing enterprises on February 1, 2017 were almost 10.94 MMT, the highest in the last five years. Milling quality wheat comprised over 70 percent of these stocks. Volume of milling quality wheat at the assembling and processing enterprises on February 1, 2017, was 7.67 MMT, the highest in the last five years. However, the share of this wheat in the total volume of wheat stored at assembling and processing enterprises was the lowest in these five years.
http://www.gks.ru/bgd/free/b04_03/IssWWW.exe/Stg/d01/29.htm

GOR Amends the Law on Fisheries to Reflect Changes in Procedure for Auctions of Harvesting Quotas for Fish and Seafood: On February 21, 2017 the Russian Government approved Resolution # 225 “On Amendments to the Rules for Conducting Auctions of Harvesting Quotas for Fish and Seafood. “ By adopting the Resolution the GOR is aiming at conforming to the provisions of the Federal Law on Fisheries enacted in 2005. Thus, the new amendments require that all auction participants, competing for coastal quotas, have registration in the respective coastal territory (province) of the Russian Federation. In addition, auction participants should provide documentation attesting that fishing vessels with main engine capacity more than 55 kW and with a gross tonnage of more than 80 MT are equipped with transponders. The Resolution also contains a new provision that sets forth auction rules for certain fishing areas that were previously restricted for fishing.
<http://government.ru/docs/26626/>

Deputy Minister of Agriculture Sergei Levin Met with the President of the International Poultry Council (IPC) James Sumner: On February 27, State Secretary and Deputy Minister of Agriculture Sergei Levin met with James Sumner, Chairman, and Ricardo Santin, Vice Chairman, of the International Poultry Council at Gulfood 2017 in Dubai. Deputy Minister Levin assured meeting participants that the Russian side is ready to cooperate with the IPC on issues related to poultry trade development, promotion of the product’s useful qualities, and resolution of technical barriers to trade in poultry. During the meeting Mr. Levin emphasized that in 2016, Russia produced 6 MMT of poultry and became the fourth largest producer of poultry in the world after the United States, Brazil and China (*Note: USDA data place India in fourth place*). He continued by saying that successful development of the Russian industry was not only due to the efficient mechanism of government support, but also to productive interaction with international companies in promoting poultry products. The Deputy Minister assured Mr. Sumner that Russian experts will continue taking part in IPC technical meetings regularly.

Note: IPC is an international organization established on October 7, 2005 with the purpose of bringing together leaders of poultry industries worldwide in order to find solutions in trade, research and improve interaction of poultry industries between the countries. IPC includes representatives from 23 countries and 53 associated members.

<http://www.mcx.ru/news/news/show/59230.355.htm>

Kazakh Government Adopts Agriculture Development Program: According to the statement made by Deputy Minister of Agriculture Kairat Aituganov during a Cabinet meeting in Astana, the government of Kazakhstan adopted an Agriculture Development Program for 2017-2021 (Program). The Program defines eight tasks and sets forth 134 steps. One of the tasks of the Program is to encourage small- and medium-sized farms to organize agricultural cooperatives. Deputy Minister said that cooperatives will get financing from Agriculture Financial Fund. In addition, the government will subsidize initial payment and VAT expenses of the cooperatives.

The government is planning to review the access mechanism to subsidies: eleven inefficient types of subsidies will be abolished and another 39 type of subsidies will be optimized. The new program will require \$7.4 billion worth of investment, of which \$3.8 billion will be allocated from the government budget, \$2.7 billion will be provided by local authorities and \$ 0.9 billion - by microfinance organizations and business entities. <http://www.interfax.kz>

Baumann GmbH & Co. Plans to Invest in a Meat Processing Project in the Almaty Region: Baumann GmbH & Co., a German company, intends to invest \$20.1 million in a project for construction of a meat processing plant in the Almaty region. The plant will be built in the industrial zone Bereke in the Ili district of the Almaty region. The designed capacity of the plant will be 66,000 sheep a month.

Kazakh Farmers to Start Commercial Lentil Cropping: According to the statement made by the First Deputy Minister of Agriculture Kairat Aituganov at a meeting on food security at the Senate, Kazakh agricultural companies in the North Kazakhstan and Akmola regions are planning to sow an area of 200,000 hectares with lentil. The First Deputy Minister stated: "For the first time we're going to plant and crop the exotic culture of lentils. The supply contracts have been inked with India and Turkey. The price of green lentils in the world markets comes to \$1,000 per MT."

The First Deputy Minister also noted that in order to have a 40 percent increase in food exports by 2021, specific targets were set for each type of product. In particular, grain exports are expected to increase from \$649 million to \$715 million; flour export - from \$344 million to \$414 million; oilseeds - from \$111 million to \$383 million; vegetable - from \$40 million to \$340 million, and beef - from \$16 million to \$193 million.

<http://www.interfax.kz>

Karaganda Regional Authorities to Provide \$11.3 million to Start 37 Farmers' Cooperatives: The Karaganda region received \$11.3 million in public funds from the state budget to establish 37 agricultural cooperatives in 2017. According to the regional governor, 15 cooperatives will be formed by April 1st, and 22 more – by the end of 2017. Within the framework of the action plans signed with the Ministry of Agriculture and the Ministry of Social Development, the regional administration plans to assist in financing 767 family-owned feedlots, 11 slaughter houses and 17 milk collection points. <http://www.interfax.kz>