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Report Highlights:

The Russian Government extended until November 1, 2005 the temporary regime for grain export quality certification by the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS), and ordered the development of a permanent nationwide system of grain quality certification accredited by the VPSS.

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Executive Summary

The Russian Government extended until November 1, 2005 the current temporary regime for quality certification for grain exports by the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS), and determined the rules and structure of a permanent nationwide grain quality certification system accredited by the VPSS.

Extension of Temporary Regime of Quality Certification for Exports

As forecast in GAIN Report RS5059 *Grain and Feed August Monthly Update*, the temporary regime of grain quality certification for exports (see GAIN Report RS5035 *Grain and Products Quality Certification for Foreign Trade* for details) was *post factum* extended for another three months until November 1, 2005 by the Resolution of the Russian Government #476 of August 2, 2005 "On Amendments to the Resolution of the Government of the Russian Federation of April 30, 2005, #275" (published August 4, 2005). The four-day legislative vacuum did not halt Russian grain exports in early August.

Development of a New Nationwide System of Grain Quality Certification

In the meantime two other resolutions set guidelines for development of a permanent nationwide system of grain quality certification. Certification authority is permanently assigned to the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS), while domestic grain quality "monitoring" is passed to the Federal Agency for Agriculture, although the scope of these monitoring functions has not been clarified.

Resolution #491 of August 4 "On measures for provision of state control over quality and safety of grain, compound feeds and components for feeds production, and by-products of processing grain" (published August 9, 2005) adds the following authorities to the VPSS Tasks and Regulations:

- to guarantee quality and safety of grain, compound feeds, feed components, and by-products of processing grain;
- to perform accreditation of certification agencies and testing laboratories (centers) that confirm the conformity of quality and safety of grain, compound feeds, feed components, and by-products of processing grain, and to control the activities of these agencies in the field of conformity certification of grain and products;
- to perform state control of quality and safety of grain, compound feeds, feed components, and by-products of processing grain in the course of procurement of these products for state needs, in the course of delivery of grain to the state reserve, storing and transporting of this grain and products;
- to perform state control of quality and safety of grain, compound feeds, feed components, and by-products of processing grain at imports (exports) into (from) the territory of the Russian Federation.

To fulfill these functions, the VPSS added 121 staff units.

By the same Resolution, the "organization of monitoring of information about commercial and consumer characteristics of grain, including analyses of grain" is passed to the Federal Agency for Agriculture. Thus, information on the quality of grain, availability of grain of certain classes and grades at the national level and by regions will be collected and distributed by this Agency. However, the Resolution did not specify how this information is collected, and when and on what terms it will be made available to public or market.

The second document, Resolution #478 of August 2 "On provision of state control over quality and safety of grain, compound feeds and components for feeds production, and by-

products of processing grain" (published August 5, 2005), declares that the control of quality of grain and grain quality and safety certification will be conducted by agencies, accredited by the VPSS, and set November 1, 2005 as the date for beginning of activities of these new agencies. There is no exact reference on agencies and their location, or on what the term "accreditation" at VPSS means. Grain market experts consider that these agencies will probably be organized on the basis of 15 (out of 75) regional offices of the former State Grain Inspection that were transferred by the same Resolution to the VPSS' authority, although the resolution says that these agencies will be "incorporated" in the Federal Center for Evaluation of Safety and Quality of Grain and Products of the VPSS "as separate structural subdivisions." The other 60 regional offices of the State Grain Inspection are transferred to the Federal Agency for Agriculture and will be liquidated. The Ministry of Agriculture is required to submit by October 2005 proposals on liquidation of these offices to the government.

The list of regional agencies of the former State Grain Inspection that were passed to the authority of the VPSS, and that are said to function as "accredited" quality and safety-certifying agencies is attached below.

Comments

The State Grain Inspection was liquidated in December 2004 (see GAIN Report RS4066 *Demise of the State Grain Inspection Service*). The original intentions of the grain inspection reform were to divide the grain safety control authorities between the VPSS and the oblast and kray authorities, while giving the would-be non-mandatory quality certification to the independent expert companies. However, the recent Resolutions outline a system in which grain quality certification will be completely controlled by the VPSS, both for foreign trade, and for movement of grain on the domestic market. The main Russian market players in general are content that at least the problem of quality certification for exports has been resolved, but those who are not export oriented are concerned about the following:

- the number of grain quality and safety certifying agencies under the supervision of the VPSS will be much smaller than the number of former State Grain Inspection offices, and the actual procedure of certification and charges are not clear still, as there are no definitions of the status of "accredited" agencies;
- The issue of nationwide monitoring of information on the quality of grain mainly remains unresolved. It is not clear if the Federal Agency for Agriculture, which was given this authority, will be able to monitor and inform the market about the quality of grain nationwide and in different regions after the liquidation of the regional offices. Further, there has been no prescription on how the Federal Agency for Agriculture will conduct these functions.

Attachment. List of grain inspection regional offices that have been moved to the Federal Service for Veterinary and Phytosanitary Surveillance

1. State Grain Inspection for Altay kray and Altay Republic in Barnaul, Altay kray
2. State Grain Inspection for Krasnoyarsk kray and Evenkiya and Taymyr autonomous districts in Krasnoyarsk, Krasnoyarsk kray
3. State Grain Inspection for city Novorossiysk in Novorossiysk, Krasnodar kray,
4. State Grain Inspection for Primorskiy kray in Vladivostok, Primorskiy kray,
5. State Grain Inspection for Stavropol kray and Karachayevo-Cherkesskaya Republic in Stavropol, Stavropol kray,
6. State Grain Inspection for Khabarovskiy kray, Kamchatka and Magadan oblast in Khabarovsk, Khabarovskiy kray,
7. State Grain Inspection for Volgograd oblast in Volgograd, Volgograd oblast,
8. State Grain Inspection for Kaliningrad oblast in Kaliningrad, Kaliningrad oblast,

9. State Grain Inspection for Omsk oblast in Omsk, Omskaya oblast,
10. State Grain Inspection for Orenburg oblast in Orenburg, Orenburg oblast,
11. State Grain Inspection for Chita oblast, Aginsk and Buryatiya autonomous districts in Chita, Chita oblast,
12. State Grain Inspection for Rostov oblast in Rostov-on-Don, Rostov oblast,
13. State Grain Inspection for Samara oblast in Samara, Samara oblast,
14. State Grain Inspection for St. Petersburg and Leningrad oblast in St. Petersburg,
15. State Grain Inspection for Voronezh oblast in Voronezh, Voronezh oblast