

INDUSTRIAL COMMITTEES

SEED COMMITTEE

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CREATING CONDITIONS FOR SEED PRODUCTION LOCALIZATION IN RUSSIA

The Government of the Russian Federation continues to express concern about the dependence of Russian farmers on supplies of imported seeds for a number of important agricultural crops. Seed production localization in Russia by international companies is considered as a way to solve this problem. Intense discussions of the criteria for seed production localization are in progress. The Annex to Decree of the Government of the Russian Federation of July 17, 2015 No. 719 "About the Confirmation of Industrial Production on the Territory of the Russian Federation" establishes requirements for the products of particular industries to be classified as produced in the Russian Federation. For seed production, such requirements have not yet been developed.

Some participants of today's discussions on the seed production localization process require the introduction of primary seed production in the Russian Federation (production of parental forms of hybrids or super elite seed varieties), as well as R&D breeding to obtain new varieties and parental lines of hybrids. This requirement can hardly be treated as economically and professionally justified, especially at the initial localization stage. First of all, primary seed production is possible only subject to special conditions, including the availability of special isolated breeding zones, special expensive technology, machinery, and equipment to maintain and preserve the genetic purity, varietal and sowing features of parental forms, as well as guaranteed protection of intellectual property rights. It can rather be implemented as the final stage of seed production localization, assuming its economic feasibility. Moreover, in other industries (machine tools, automotive, special machinery, etc., presented in the Annex to Decree of the Government of the Russian Federation of July 17, 2015 No. 719), such

a requirement – conducting research and development in the Russian Federation and the production of high-tech components – is missing.

The practice of industrial production localization demonstrates that the regulation of this process should be well-balanced, consistent, and imply the investment attractiveness of localization as a mandatory component. The requirements/criteria for classifying products as Russian in relation to industrial production were elaborated through regular discussions with manufacturers, with the active involvement of international companies aimed at long-term business activities in Russia and the development of investment projects and presented subsequently in Decree of the Government No. 719. Almost all international breeding companies have already localized seed production in Russia in various forms. Up to 40% of the seeds sold by the member companies of the Committee in Russia are already produced domestically. These companies already have or are planning to launch their R&D and breeding stations, they are engaged in developing hybrids and varieties of the main field crops, and have created laboratories for seed quality testing. Moreover, some companies have already built their own plants: the KWS plant for sugar beet seed production at the Lipetsk Special Economic Zone and Lidea plant for field crop production in the Pavlovsky District of the Voronezh Region. According to customs statistics for the last three years, imports of seeds have not grown significantly.

RECOMMENDATIONS

- › Elaboration of the requirements/criteria for classifying seed production as Russian through regular interaction of the Ministry of Agriculture and other government authorities with international companies that have been doing business in Russia for a long time and ceaselessly strive to



attain its full-fledged development. Manufacturers of agricultural machinery and plant protection products have had a similar positive experience.

- › Exclusion of the requirement to relocate the production of parental forms of hybrids to the Russian Federation from the criteria for classifying seeds as those produced on the territory of the Russian Federation. At the initial localization stages, it is unreasonable and does not inspire companies to develop their own production in the Russian Federation.
- › The creation of relevant economic and legal conditions for seed production localization in Russia will allow the dependence of Russian agricultural producers on seed imports and associated risks to be reduced, on the one hand, and to maintain a high yield potential, on the other hand.

REGULATORY ACTIONS ON SEED IMPORT PROCEDURES BASED ON THE LAW OF THE EAEU AND REGULATIONS OF THE RUSSIAN FEDERATION

Starting from February 2021, trucks with seeds for spring planting began to be sent to temporary storage warehouses on the orders of customs officers. Seed suppliers were waiting for the results of expert examination regarding the absence of GMOs and the quarantined items to receive the Phytosanitary Control Certificate issued by the Federal Service for Veterinary and Phytosanitary Surveillance (Rosselkhozadzor) and a customs declaration giving the permit for seed circulation. The waiting period could be as long as thirty days. Some customs officers did not allow vehicles to leave or move to the warehouses of companies with the attached stamp "Release is permitted without the right to sell" which is to be affixed by Rosselkhozadzor inspectors.

Until this year, when importing seeds to Russia, quarantine phytosanitary control (supervision) was carried out in accordance with Clause 3.8. of the Regulation on Quarantine Phytosanitary Control (Supervision) at the Customs Border of the Eurasian Economic Union approved by Decision of the Customs Union Commission of June 18, 2010 No. 318 "On Ensuring Plant Quarantine in the Eurasian Economic Union". In accordance therewith, "the legislation of a member state may provide for cases when, prior to receiving the opinion of a quarantine phytosanitary expert examination, an official of an authorized body of a member state permits the release of quarantined items subject to compliance with certain conditions (place of storage, restrictions on circulation, etc.)". Correspondingly, during quarantine phytosanitary control (supervision), a "conditional release" of products may take place when the importer undertakes not to sell the goods until the end of the quarantine phytosanitary control (supervision) and store them in certain places, and the Rosselkhozadzor authorities reserve the right to exercise control over seeds released "conditionally", at the importer's warehouse.

In accordance with the ordinance of Rosselkhozadzor, all seed suppliers received the certification of their warehouses in September 2020. This was preceded by taking all necessary measures for the quarantine phytosanitary disinfection thereof. Then, inspectors of the territorial departments of the Rosselkhozadzor conducted their quarantine phytosanitary examination according to Clause 2 of Article 8 of Federal Law of July 21, 2014, No. 206-FZ "On Plant Quarantine". The premises and open areas of temporary storage warehouses are not designed for the long-term storage of seeds. A failure to comply with the relevant requirements bears the risk of changing the qualitative characteristics of seeds. Additional expenses incurred by companies due to keeping goods at temporary storage warehouses and paying for the downtime of vehicles may lead to an increase in the price of the final food products in the next season.

Thus, the problem is of a systemic nature, and its solution depends on meaningful interagency interaction and the relevant regulatory framework, which are lacking for the time being.

RECOMMENDATIONS

- › Development and implementation of a clear seed import procedure in accordance with the provisions of Decision of the Customs Union Commission of June 18, 2010 No. 318. Introducing the right of the Rosselkhozadzor inspectors to affix a stamp "Import is allowed without the right to sell" on the phytosanitary certificate and shipping documents, and the right of the customs officers to allow the exit of vehicles and their movement to the warehouses of companies in relevant regulations. Accordingly, prior to the receipt of the Phytosanitary Control Certificate, companies will send seeds to their warehouses certified in accordance with the requirements for the storage of seeds.
- › Forming a smooth procedure for interaction between the Rosselkhozadzor inspectors and the Federal Customs Service when taking control and supervisory measures during seed import. This will allow Russian agricultural producers to be provided with seeds in the volumes and within the time frames indicated in agreements with suppliers, which is crucial during spring planting and for the food security of the country in general.



More information on the
Committee page