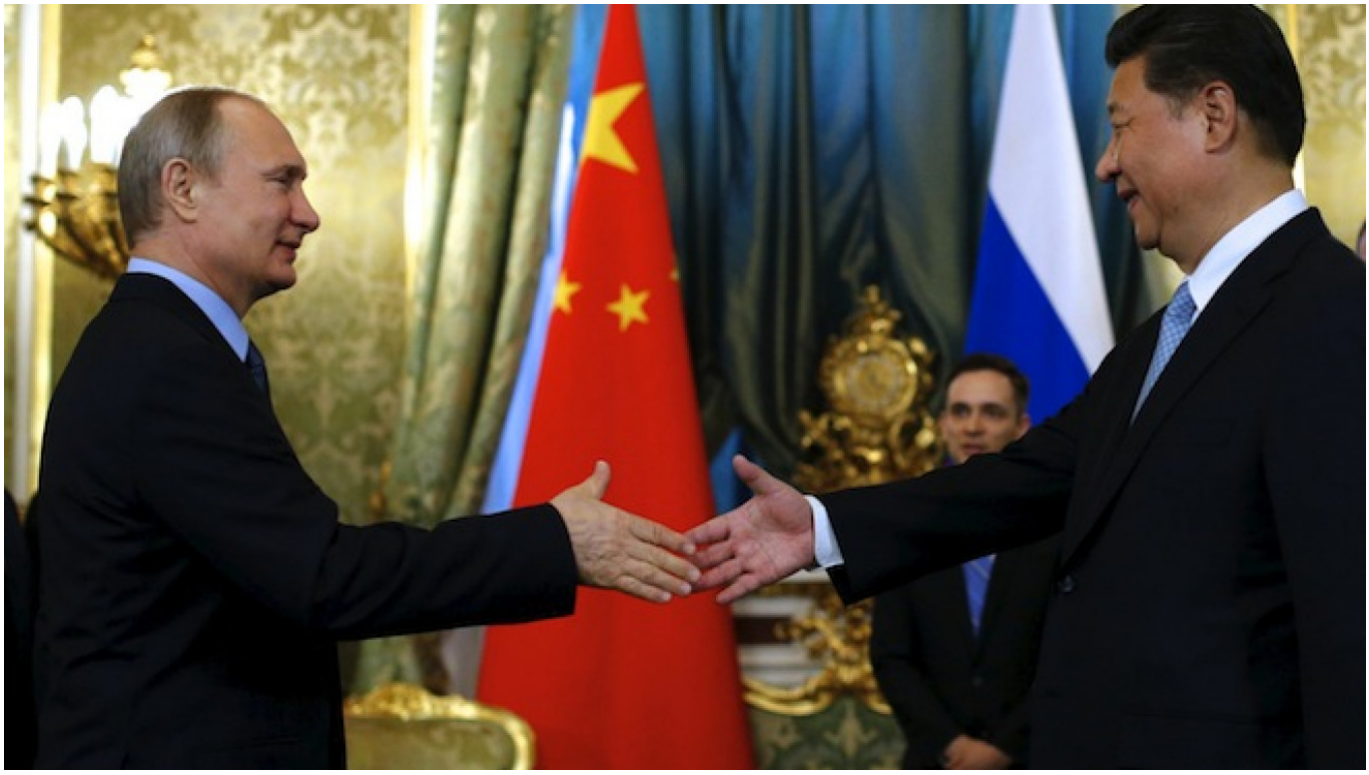
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Russia and China to Launch $2 Billion Fund to Boost Farming

By The Moscow Times

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Russia's President Vladimir Putin (L) welcomes China's President Xi Jinping during their meeting at the Kremlin in Moscow, May 8, 2015.

Russia and China will launch a $2 billion fund to invest in agricultural projects in the two countries, a Russian state-sponsored investment fund said Friday.

The deal was signed during Chinese President Xi Jinping's visit to Moscow for the 70th anniversary celebration of the defeat of Nazi Germany in World War II.

The agreement comes as Russia strives to boost local food production after Moscow banned imports of produce worth around $9 billion per year from the United States, Europe and a number of other countries in response to Western sanctions over Ukraine. Russia's agricultural sector has struggled to ramp up production due to lack of financing.

The Russian Direct Investment Fund (RDIF), a $10 billion government-backed equity fund,

said in an online statement Friday that it had signed a deal with the Russia-China Investment Fund (RCIF) and the People's Government of Heilongjiang province, a Chinese region that borders Russia.

The three parties will launch a $2 billion fund targeting investment in agricultural projects in Russia and China and will also consider creating an experimental agricultural free trade zone between the Heilongjiang province and Russia's neighboring Amur Region, the statement said.

"Russia and China's investment in agriculture will enable the development of large areas of [uncultivated] arable land on the borders between our countries," RDIF chief Kirill Dmitriev was quoted as saying in the statement.

The RDIF also announced Friday the creation of a consortium of Russian and Chinese investors that will back a venture to help sell Russian passenger aircraft in China.

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