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Voluntary - Public

Date: 12/31/2009

GAIN Report Number: RS9081

Russian Federation

Post: Moscow

Meat and Poultry Quota Quantities for 2010-2012 Approved

Report Categories:

Livestock and Products

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Report Highlights:

The Russian government issued Resolution #1021, establishing meat and poultry quota quantities for 2010-2012. U.S.-country specific access in 2010 decreased from 750,000 to 600,000 MT for poultry, decreased from 100,000 to 57,000 MT for pork, and increased from 18,500 to 21,700 MT for frozen beef. Overall, the Resolution cuts 2009 global quota access over 20 percent for meat and poultry by 2012 as Russia attempts to move toward its stated self-sufficiency target of 85 percent. As farm-gate and retail prices are forecast to increase, the GOR's latest actions threaten to contract domestic consumption for a second consecutive year if household incomes do not rebound quickly from the economic downturn.

General Information:

Tariff-rate Quotas for Meat and Poultry

The Russian government issued Resolution #1021, setting meat and poultry tariff rate quota (TRQ) quantities for 2010-2012. In a further attempt to meet the food security target of 85 percent self-sufficiency, Russia will cut quota access for meat and poultry 6 percent in 2010, 10 percent in 2011, and 6 percent in 2012. The cuts to U.S.-country specific access are most significant for pork, being cut 43 percent in 2010. These large cuts to imports are not likely to be offset by domestic production expansion and will likely lead to higher prices at both the farm and retail level, as well as reduced consumption levels.

Table 1. Russia Tariff-Rate Quota Quantities and U.S. Shares, 1000 MT

Commodity	2008	2009	Resolution #1021		
			2010	2011	2012
Beef, fresh and chilled	28	28	30	30	30
Beef, frozen	445	450	530	530	530
--United States	18.3 (4.1%)	18.5 (4.1%)	21.7 (4.1%)	21.7 (4.1%)	21.7 (4.1%)
Pork fresh, chilled or frozen	493.5	531.9	472.1	472.1	425.1
--United States	49.8 (10.1%)	100.0 (18.8%)	57.5 (12.2%)	57.5 (12.2%)	51.6 (12.1%)
Pork Trimming	--	--	27.9	27.9	24.9
Poultry, fresh, chilled or frozen	1,211.6	952	780	600	550
--United States	901.4 (74.4%)	750 (78.8%)	600 (76.9%)	446.4 (74.4%)	409.2 (74.4%)
TOTAL MEAT & POULTRY	2,178.1	1,961.9	1,840	1,660	1,560

Resolution #1021 does not address tariff rates, which should continue to limit meat and poultry supply. As approved by the Russia-Belarus-Kazakhstan Customs Union, 2010 Russian import tariffs should continue to be mostly trade prohibitive. In-quota (IQ) duties remain the same at 15 percent for beef and pork and 25 percent for poultry. Over-quota (OQ) duties for beef and pork are also unchanged at 50 percent and 75 percent respectively. The poultry OQ duty will be reduced from 95 to 80 percent. However, within the Customs Union, Brazil is also identified as beneficiary under the Generalized System of Preferences (GSP) and could threaten Russia's attempt to limit access to meat and poultry beyond quota limits.

The Ministry of Economic Development (MED) distributed 25 percent of the 2010 TRQ volumes

quantities to importers on December 25 in proportion with their trade from January 1, 2007 to September 30, 2009. By April 15, MED should allocate the remaining quota to companies that imported in 2009 and do so in proportion to those companies' 2007-2009 imports. Imports from CIS countries as well as high-quality beef are excluded from these calculations.

The late December distribution of quota will delay the eligibility of most importers to begin trade in 2010 until late January at the earliest. Additionally, the 25 percent allocations of reduced quota volumes and country-specific volumes also assigned to importers created many small initial shares that totaled less than 10 MT. These allocations will not be utilized unless consolidated or until after the final TRQ volumes are assigned in April. Altogether, Russia should again have a lucrative market for quota rent as Post and market experts forecast 2010 prices to increase significantly.

High-quality Beef

The appearance of 82,000 MT of increased quota access for frozen beef in 2010 should be completely mitigated by a redefined high-quality beef standard. The new definition will strip the current quota-exempt status of beef priced between 3 Euro/kg and 8 Euro/kg. Beef priced over 8 Euro/kg will continue to be quota-exempt and receive the IQ rate.

Table 2. Russia Beef Imports, 2008, MT

	Total	Brazil	United States
Total Imports	791,159	403,851	18,567
In-quota	318,367	166,826	11,381
Over-quota	283,440	129,783	2,618
High-quality Beef (>3 Euro/kg)	189,351	107,241	4,322

Food Security Doctrine

Restricting quota access was largely done to achieve objectives in the Food Security Doctrine, approved by the National Security Council on December 4, 2009. The Doctrine focuses on upgrading the quality of Russia's agricultural production and the replacement of imports with domestic products. Specifically, the Doctrine sets an 85 percent self-sufficiency target for meat and poultry products.

Table 3. Meat and Poultry Balance Sheet, 1000 MT

	2008	2009 (estimate)	2010 (forecast)	2011 (forecast)	2012 (forecast)
Supply					
Beginning of year stocks	733	750	648	558	556
Production	6,268	6,687	7,010	7,340	7,816
Imports	3,249	2,500	2,200	2,000	1,850
TOTAL Supply	10,250	9,937	9,858	9,898	10,222
Distribution					
Non-food	54	58	60	61	61
Losses	15	11	10	10	10
Exports	81	80	80	81	85
Human consumption	9,350	9,140	9,150	9,190	9,380
TOTAL Use	9,500	9,289	9,300	9,342	9,536
End of year stocks	750	648	558	556	686
TOTAL Distribution	10,250	9,937	9,858	9,898	10,222
Share of production in supply	61.2%	67.3%	71.1%	74.2%	76.5%

While many details remain unclear regarding the 2010-2012 targets, it appears evident that the GOR does not foresee reduced quota quantities being replaced by substitute, tariff-only products or OQ trade. Instead, it is peculiar that the GOR forecasts such trade to further decrease while many market experts suspect meat and poultry prices to again increase next year.

Table 4. Russia Imports of Meat and Poultry, by Tariff Classification, 1000 MT

	2009	2010	2011	2012
Import Target	2,500.0	2,200	2,000	1,850
TRQ Volume	1,961.9	1,840	1,660	1,560
Over-quota (OQ) and Tariff-only Volume	538.1	360	340	290
Share of OQ and Tariff-only Volume	21.5%	16.4%	17.0%	15.7%

According to statistical data in raw meat and poultry (Chapter 02) trade, estimates of import quantities have continually grown in recent years, and while trade in these products is down in 2009, it is still on pace to reach 600,000 MT and represent 22 percent of total meat and poultry trade. These numbers do not take into account trade of prepared and processed meat and poultry products.

Table 5. Russia Imports of Meat and Poultry, MT

HS	Description	Calendar Year					Year-To-Date	
		2004	2005	2006	2007	2008	Oct-08	Oct-09
0201	Meat Of Bovine Animals, Fresh Or Chilled	20,261	23,754	22,552	21,133	19,571	16,192	9,290
0202	Meat Of Bovine Animals, Frozen	490,863	672,897	647,247	712,812	791,159	659,163	487,827
0203	Meat Of Swine (Pork), Fresh, Chilled Or Frozen	455,309	562,850	625,657	671,739	790,955	645,126	498,206
0204	Meat Of Sheep Or Goats, Fresh, Chilled Or Frozen	3,755	6,894	14,898	11,431	17,225	14,374	6,884
0205	Meat Of Horses, Asses, Mules, Hinnies Fr, Chld, Fz	24,397	30,671	35,924	29,061	27,172	21,219	18,150
0206	Ed Offal, Bovine, Swine, Sheep, Goat, Horse, Etc.	209,506	295,948	296,247	307,163	321,352	259,947	240,943
0207	Meat & Ed Offal Of Poultry, Fresh, Chill Or Frozen	1,101,195	1,318,164	1,274,196	1,287,349	1,217,587	978,512	722,321
0208	Meat & Edible Offal Nesoi, Fresh, Chlld Or Frozen	5,738	10,820	16,513	13,896	9,987	8,383	6,470
0209	Pig & Poultry Fat Frsh Chld Frzn Salted Dried Smkd	183,066	221,421	240,110	247,211	267,096	217,716	212,007
0210	Meat & Ed Offal Salted, Dried Etc. & Flour & Meal	1,164	2,106	2,017	2,468	2,916	2,576	1,035
TOTAL MEAT & POULTRY								
(Chapter 02)		2,495,256	3,145,525	3,175,362	3,304,263	3,465,019	2,823,210	2,203,133
TRQ commodities								
(0201, 0202, 0203, 0207)		2,067,628	2,577,665	2,569,652	2,693,033	2,819,271	2,298,994	1,717,643
Tariff-only commodities								
(0204, 0205, 0206, 0208, 0209, 0210)		427,628	567,860	605,710	611,230	645,748	524,216	485,490
Share of TRQ-free commodities		17.1%	18.1%	19.1%	18.5%	18.6%	18.6%	22.0%

Unofficial Embassy Translation of Resolution #1021

The Government of the Russian Federation Resolution #1021 of 16 December 2009, “On import of beef, pork and domestic poultry meat in 2010-2012.”

The Government of the Russian Federation decrees:

1. Approve tariff rate quota for meat of bovines, fresh or chilled, frozen, codes 0201 of the Tariff Nomenclature of Foreign Economic Activity of Russia (TN VED) and 0202 of TN VED (hereinafter – beef); pork, fresh, chilled or frozen, and trimmings, code 0203 of TN VED (hereinafter – pork); and meat of domestic poultry, code 0207 of TN VED (hereinafter – poultry), imported into the customs territory of the Russian Federation in 2010-2012 in accordance with the customs regime of clearance for domestic consumption, excluding beef, pork or poultry originated in and imported from member states of the CIS, in volumes according to the Appendix;

2. Ministry of Economic Development of the Russian Federation:

a) is to implement distribution of:

by 18 December 2009, 25 percent of the volume of commodities listed for 2010 by the Appendix to

this Resolution among participants in foreign economic activity that imported beef, pork or poultry to the customs territory of the Russian Federation in 2009 in accordance with customs regulations on release for domestic consumption, in proportion to the volumes of beef, pork, or poultry imported by these traders to the customs territory of the Russian Federation in 2007-2008, and from 1 January through

30 September, 2009, except for beef, pork or poultry that originated in and were imported from CIS countries, and for beef classified in TN VED of Russia in commodity sub-lines 0201-30 000 3, 0202-30 100 3, 0202-30 500 3, and 0202-30 900 3;

by 15 April 2010, 100 percent of the volume of commodities listed by the Appendix to this resolution for 2010, less 25 percent of commodity volumes distributed in accordance with bullet three of the current paragraph among participants in foreign economic activity that imported beef, pork or poultry to the customs territory of the Russian Federation in the year 2009 in accordance with customs regulations on release for domestic consumption, in proportion to the average volumes of beef, pork and poultry imported by these traders in 2007-2009, excluding beef, pork or poultry originated in and imported from member states of the CIS, and beef classified in TN VED of Russia in commodity sub-lines 0201-30 000 3, 0202-30 100 3, 0202-30 500 3, and 0202-30 900 3;

b) to forward to the Ministry of Industry and Trade of the Russian Federation list of distribution volumes of beef, pork or poultry among participants in foreign economic activity in accordance with sub-paragraph "a" of this paragraph.

3. Ministry of Industry and Trade of the Russian Federation shall conduct beginning December 23, 2009 through December 31, 2010 issuance of licenses for the import of commodities listed in paragraph 1 of this resolution in volumes distributed in accordance with paragraph 2 of this resolution;

4. The decision on issuance or refusal to issue licenses for the import of commodities listed in paragraph one of this resolution shall be made by the Ministry of Industry and Trade of the Russian Federation within 5 days from the submittal of application according to the established procedure.

The term of such licenses is established beginning January 1 through December 31 2010.

5. The Federal Customs Service is to forward to the Ministry of Economic Development of the Russian Federation:

by November 15 of the preceding year, the list of participants of foreign economic activity which imported beef, pork or poultry to custom territory of the Russian Federation in the period of January

1 through September 30 of the preceding year according to the customs regime of clearance for domestic consumption, excluding beef, pork or poultry originated in and imported from member states of the CIS;

by March 01 of the current year, the list of participants in foreign economic activity which imported beef, pork or poultry in the period of January 1 through December 31 of the preceding year to the custom territory of the Russian Federation in accordance with the customs regime of clearance for domestic consumption excluding beef, pork or poultry originating in and imported from the CIS member-countries.

6. This decree goes into force after its official publication.

Chairman of the Government
of the Russian Federation V. Putin

Volumes of tariff rate quotas for 2010 - 2012
(thousand tons) [1]

Commodity		2010	2011	2012
1.	Meat of bovines, fresh or chilled (TN VED [2] of Russia 0201) of which:	30	30	30
	European Union	29	29	29
	other countries	1	1	1
2.	Meat of bovines, frozen (TN VED of Russia 0202) of which:	530	530	530
	European Union	60.0	60.0	60.0
	United States	21.7	21.7	21.7
	Paraguay	3.0	3.0	3.0
	other countries	448.3	448.3	448.3
3.	Pork fresh, chilled or frozen (TN VED of Russia 0203) of which:	472.1	472.1	425.1
	European Union	225	225	202.5
	United States	57.5	57.5	51.6
	other countries	189.6	189.6	171.0
4.	Meat and edible byproducts of domestic poultry, indicated in commodity lines 0105, fresh, chilled or frozen (TN VED of Russia 0207) of which:	780	600	550
	European Union	144.3	111.0	101.75
	United States	600.0	446.4	409.20
	other countries	35.7	42.6	39.05
5	Trimming (commodity sub lines of TN VED of Russia 0203 29 550 2 and 0203 29 900 2) all countries	27.9	27.9	24.9

[1] Metric tons

[2] Tariff Nomenclature of Foreign Economic Activity of the Russian Federation

Relevant Reports

RS 9079: Russian Food Security Doctrine Reemerged

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/
Russian%20Food%20Security%20Doctrine%20Reemerged_Moscow_Russian%20Federation_12-22-2009.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russian%20Food%20Security%20Doctrine%20Reemerged_Moscow_Russian%20Federation_12-22-2009.pdf)

RS 9059: Livestock and Products Annual – Meat Consumption Falls

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/
LIVESTOCK%20AND%20PRODUCTS%20ANNUAL_Moscow_Russian%20Federation_02.09.2009.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/LIVESTOCK%20AND%20PRODUCTS%20ANNUAL_Moscow_Russian%20Federation_02.09.2009.pdf)

RS 9054: Poultry and Products Annual – Self-Sufficiency Goals Push Subsidies and Inflation Higher

[http://gain.fas.usda.gov/Recent%20GAIN%20Publications/
POULTRY%20AND%20PRODUCTS%20ANNUAL_Moscow_Russian%20Federation_31.08.2009.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/POULTRY%20AND%20PRODUCTS%20ANNUAL_Moscow_Russian%20Federation_31.08.2009.pdf)

RS 9020: Meat & Poultry TRQ Mechanism Announced for 2009

<http://www.fas.usda.gov/gainfiles/200903/146347563.pdf>

RS 8096: Import Poultry and Meat Duties and Volumes Changed for 2009

<http://www.fas.usda.gov/gainfiles/200902/146327326.pdf>