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Report Highlights:

The Customs Union between Russia, Belarus and Kazakhstan was launched on July 6, 2010, when the Unified Custom Code came to force. However, the unification of veterinary, sanitary and phytosanitary requirements have yet to be completed. The transitional period may last for another year or two. The timely process will hamper agricultural trade as clearance will be left to the custom officer's "on-spot" decisions.

General Information:

The Custom Union agreement between Russia, Belarus and Kazakhstan was reached on December 2009 and due to come into law July 1, 2010. Complication with Belarus resulted in a slight delay and it came into force on July 6, 2010, when all three countries finally ratified it. Some customs procedures at the Russian/Belarusian and Russian/Kazakhstani border have been slightly changed by the Unified Custom Code, but the national custom posts on the borders between the three countries will remain until at least July 1, 2011^[i]. So far most changes in custom procedures apply to passengers' luggage and cash. Currently, most rules and requirements for food and agriculture imports to Russia remain unchanged.

The Custom Union Commission adopts the Union's legislative documents, including those documents pertaining to the unification of veterinary, sanitary and phytosanitary requirements. The information about Commission decisions and adopted documents is posted on the Union's web-site: <http://www.tsouz.ru/db/ettr/Pages/default.aspx>. The Custom Union has not completed the development of the unified veterinary, sanitary and phytosanitary requirements (SPS). Some officials expect that these procedures will be completed by July 2011. Changes in the on-going unification of veterinary, sanitary and phytosanitary requirements for all three countries will influence agricultural and food product trade more seriously than changes to the custom code. Another important development of the Custom Union is the adoption of unified technical regulations which includes technical regulations for food products. Some officials set July 2012 as the final date for the Custom Union technical regulation adoption. However, experts consider that this may take much longer than two years.

UNIFIED CUSTOM CODE, CLEARANCE PROCEDURE AND IMPORT DUTIES

On July 6, 2010, the unified Custom Code came in force in the Custom Union. It determines terminology, codes, and import duties on commodities shipped to the Custom Union. Custom codes and custom import duties for most food and agricultural products remain the same as Russian codes and import duties. The text of the Custom Union Code (CUC) in Russian and its unofficial translation into English is posted on the web-site of the Customs Union <http://www.tsouz.ru/Docs/kodeks/Pages/default.aspx>.

In order to facilitate the transition of custom clearance procedures, the Russian Federal Custom Service Service (FCS) issued two letters to the head of the Russian customs. The first outlined the amendments that the Union Custom Code made to the 2003 Russian Custom Code and second clarified that "until the Russian Custom Code is recalled, it is valid insofar as it does not conflict with the Custom Code of the Custom Union". The letter also stipulates that for the transitional period, the Custom Union's custom declaration shall be based on the "residency principle", i.e. the applicant shall submit a customs declaration only to the specific custom bodies of that country (where the applicant is registered or permanently lives) in the Custom Union. For example, the Russians shall submit declarations only to custom bodies in the Russian Federation. The Residency Principle will last until the civil, banking, and tax legislature of the three countries is unified. The Russian Federal Custom Service plans to remove Russian Custom posts from the borders between Russia/Kazakhstan and

Russia/Belarus by July 1, 2011; however the transfer may take longer.

UNIFICATION OF SPS REQUIREMENTS

Trade in agricultural and food commodities is heavily dependent on the veterinary, sanitary and phytosanitary requirements, which are not reflected in the Custom Code. However, unification of sanitary, veterinary and phytosanitary requirements for commodities shipped to the Custom Union territories remains a goal of the Union. On July 6, 2010, the relevant authorities of the member countries developed and agreed upon several SPS documents, which were adopted by the Custom Union Commission decisions of May 28 and June 18, 2010 (Decisions ## 299, 317, and 318).

Decision on Sanitary Measures in the Custom Union

Decision #299 On the Use of Sanitary Measures in the Custom Union was adopted by the Custom Union Commission on May 28, 2010 and is posted on the web-site:

<http://www.tsouz.ru/KTS/KTS17/Pages/default.aspx> .

Decision #299 approved the following documents for sanitary and epidemiological control:

- **Unified List of Commodities** Subject to Sanitary-Epidemiological Surveillance (Control) at the Custom Boarder and in the Custom Union Territory (hereinafter - Unified List). Section I of this document specifies groups of commodities that are subject to sanitary-epidemiological control. All food products (in natural or processed form), including those derived from genetically modified organisms, from custom codes 02-05, 07-09, 11-25, 32-34, and 35 are subject to this control (paragraph 1 of Section I of the List). Section II of the List names commodities which are subject to the state registration as well. Among these commodities are mineral water, bottled water, soft drinks, specialized products, baby-food, biologically active additives, raw materials for biologically active additives, organic products, food additives, food derived from genetically modified organisms, genetically modified microorganisms, food additives, cosmetic products, and some other industrial products. Products imported to the Customs Union territory for the first time and are subject to sanitary-epidemiological control, also need state registration. These products are specified in a separate custom's code table. Section III of the document enumerates products that do not need state registration. Such products include sanitary-epidemiological research samples, some spare parts, souvenirs, etc. The Russian text of the Unified List is on the Custom Union web-site: http://www.tsouz.ru/KTS/KTS17/Pages/P1_299.aspx . The unofficial translation of the document is attached;
- **Unified Sanitary-Epidemiological Requirements** for Products Subject to Sanitary – Epidemiological Surveillance (hereinafter – Unified Sanitary Requirements): http://www.tsouz.ru/KTS/KTS17/Pages/P2_299.aspx . This document stipulates sanitary requirements for 21 groups of products, including Section 1, food products (Requirements for safety and nutritional value of food products); Section 9, bottled drinking water (Requirements for bottled drinking water); Section 15, pesticides and agro-chemicals (Requirements for pesticides and agrochemicals); and Section 21, mineral water (Requirements for mineral water). Attached is the English translation for the names of product groups.

Section 1 (Requirements for safety and nutritional value of food products) can be found on: <http://www.tsouz.ru/KTS/KTS17/Documents/Гл.11%20Р.1%20Пищевые%20продукты.doc> . These requirements are structured as following:

- general information, that determines scope of requirements, terms and definitions, general provisions, food labeling requirements, safety and nutritional value requirements, and storage-transportation requirements. The unofficial translation of this part of Requirements is attached.
- separate requirements for groups of food products, such as meat and meat products (part 1), milk and dairy products (2), fish and seafood and their products (3), cereals and products of milling and bakery industry (4), sugar and confectionary products (5), fruit and vegetable products (6), oils and fats and their products (7), beverages (part 8), other products (part 9), biologically active food additives (10), special products (parts 11), baby-food and food for children (parts 12, 13, 14), sublimated products (part 15);
- information on the microbiological indexes for baby-food dairy products (part 17), requirements for raw materials for baby food (part 18),
- attachment on the hygiene requirements for safety of canned food, and attachment on the parasitological indexes in fish and seafood products.

For the most part, the food safety and nutritional value requirements are similar to the Russian SanPiN 2.3.2.1078-01 (Hygiene Requirements for Safety and Nutritional Value of Food Products) with amendments made in 2002-2010. However, some parts of these requirements may differ from SanPiN and reflect sanitary regulations from Belarus, Kazakhstan and/or international standards.

Section 15 (Requirements for pesticides and agrochemicals) can be found on: <http://www.tsouz.ru/KTS/KTS17/Documents/Гл.11%20Р.15%20Пестициды.doc>. Requirements for pesticides and agrochemicals are separated. For both groups of products the requirements outline the scope of application, terminology, general provisions, safety assessment criteria, toxicology assessment, packaging and labeling requirements. The unofficial translation of the text is attached. The second portion of these requirements includes MRL's for the presence of chemicals and pesticides in the environment, including agricultural crops and food products. At a glance, this 66 pages table appears to be similar to the Russian Hygiene Norms for the Presence of Pesticides in the Environment (HN 1.2.1323-03 with 13 additions made in 2003 -2010) developed by the Russian Federal Service for Protection of Consumer Rights and Well-Being of Population (Rospoterbnadzor) ^[iii] .

All pesticides and chemicals imported to/applied in the Custom Union region shall be registered. However, the procedure of registration for the whole Custom Union has not been developed yet. These procedures are different in Russia, Belarus and Kazakhstan, and the major international companies that export their chemicals to Russia are worried that a merger of registration procedures might increase the import of falsified chemicals to Russia. So far the registration for these chemical and pesticide either import to or produced in Russia is handled by the Russian Federal Service for Veterinary and Phytosanitary Surveillance.

- **Unified forms of documents** that confirm safety of products: <http://www.tsouz.ru/KTS/KTS17/Documents/Пр.3%20Формы.doc>. The translation of these

forms is attached.

- **Procedures for state sanitary-epidemiological control** of individuals, means of transportation and goods moved through the border and in the Custom Union territory:
<http://www.tsouz.ru/KTS/KTS17/Documents/Пр.4%20Порядок.doc> . The English translation for the text part of these procedures is attached.

Decision on Veterinary Measures in the Custom Union

The Decision on veterinary measures and veterinary control in the Custom Union was adopted by the Custom Union Commission on June 18, 2010 (Decision #317):

http://www.tsouz.ru/KTS/KTS17/Pages/R_317.aspx

Decision #317 approved the following documents on veterinary control:

- List of products subject to veterinary control at the Custom Union border (products are listed by custom codes for the Custom Union);
- Veterinary control procedures at the Custom Union border and on the Custom Union territory
- Provisions for the joint tests for samples of commodities subject to veterinary control
- Unified veterinary requirements for commodities under veterinary control
- Unified veterinary certificate forms.

The veterinary control procedures came to force on July 1, 2010 however, the actual timeline for implementation is unclear. During the transitional period or until the unified electronic system for issuing veterinary import permits is developed and installed, the member countries shall follow their own procedures for issuing permits. In mid July 2010, Sergey Dankvert, the Head of VPSS, reported that veterinary services in Belarus and Kazakhstan will be joining the VPSS's electronic system, Argus, allowing them to issue export/import/transit permits. However, this fact is not confirmed by the Commission. The uniform veterinary certificates come to force in July 2010, but the old member country veterinary certificates, issued before July 1, 2010, are valid until January 1, 2011. By January 1, 2011, the member countries will form a unified register for veterinary pharmaceuticals and feed additives. Prior to January 1, 2011, imports of these products are allowed if they are registered by the authorized agency of the member country.

Decision on Custom Union's Phytosanitary Measures and Quarantine Control

The Decision on phytosanitary and quarantine control at the border of the Custom Union and in the Custom Union territories was adopted on June 18, 2010 (Decision #318):

http://www.tsouz.ru/KTS/KTS17/Pages/R_318.aspx . This Decision approved the following documents issued for phytosanitary and quarantine control:

- List of quarantine products (cargoes, materials, goods) subject to quarantine-phytosanitary control at the border of the Custom Union, and in the Custom Union territory. Products are enumerated in accordance with custom codes of the Custom Union;
- Provisions for quarantine-phytosanitary control at the custom border of the Custom Union. This document determines the scale of phytosanitary control, terminology, procedure of control, sampling and examination of samples, disinfection procedures, transitional provisions (until January 1, 2011), and temporary peculiarities of quarantine control at the Russian/Kazakhstani

- border;
- Provisions for quarantine-phytosanitary control in the territory of the Custom Union.

Implementation of Custom Union Sanitary, Veterinary and Phytosanitary Decisions

The unified sanitary-epidemiological, veterinary and phytosanitary requirements for the Custom Union were enacted on July 1, 2010 however; the actual timeline for implementation is unclear. The transition period is expected to last until January 1, 2011. In the meantime, the previously issued certificates, and permits by member countries are valid: some in the territory of all three countries, some only in the country that issued a permit.

In reality, the coordination and implementation of the Custom Union's SPS requirements may take longer than the Custom Union Commission envisaged, because offices and personnel are not yet ready to work in the new environment. Thus, Rospotrebnadzor decided that business that wants to get products registration for the whole Custom Union shall submit applications only to the Rospotrebnadzor's Moscow headquarter office. Business expects that this procedure will be very slow and cumbersome. Many companies will continue to submit applications through companies contracted by Rospotrebnadzor for registering products for Russia only.

Business envisage that the transitional period may last longer than through December 31, 2010; hampering trade and leaving agricultural and food products customs clearance in the hands of to the "on the spot" decisions of customs officers.

UNIFICATION OF TECHNICAL REGULATIONS

In preparing for the Customs Union, Russia, Belarus and Kazakhstan agreed to unify the three countries technical regulations (TR) beginning in 2011, but left the rights for exemptions from these unified regulations. The Custom Union Commission's Decision #319 developed the strategy for the transition to the unified technical regulations and the system for safety assessment. The system outlines a transit from the current system of mandatory certification of conformity of products to a system of declaration of conformity (for more information on the declarations of conformity vs certification of conformity see GAIN report RS1015^[iii]). This strategy was specified in the following attachments to the Decision #319:

- Attachment 1 - stipulates requirements for national certification and testing laboratories for their inclusion in the Custom Union certification network
- Attachment 2 - determines the procedure for the creation and management of a Unified Register and issued declarations and certificates of conformity
- Attachment 3 - includes standard unified forms for certificates of conformity and declarations of conformity in addition to requirements for completing these forms;
- Attachment 4 - describes procedures for imports of products subject to mandatory confirmation of conformity
- Attachment 5 - describes the roles and functions of the Custom Union's Coordination Committee on Technical regulation, and application of Sanitary, Veterinary and Phytosanitary Measures
- Attachment 6 - is the Unified List of Products Subject to Mandatory Confirmation of Conformity in the Custom Union. The conformity of these products shall be guaranteed by the

unified document of the Custom Union. The table includes the name of commodity, standards (mostly Russian standards) which the commodity should meet and the relevant custom code for the Custom Union. The list includes products such as electrical equipment and appliances, machines (including agricultural machines), light industry commodities (clothes, underwear, etc.) and other goods. This list also includes the following agricultural and food products:

- tobacco products (cigarettes and papirosas)
- all types of feeds for animals, including formula feeds, premixes, protein feed additives, such as oilseeds meal and cake, fish meal, protein-vitamin additives, dry milk for feeding and dry milk replacements
- canned food products (fish, caviar, seafood)
- coffee and coffee products
- tea
- sugar (cane and beet)
- spices

For some products mandatory certification is expected until January 1, 2011 and will be replaced by the conformity declaration after this date

- Attachment 7 is the draft document for the development procedure, amendments and recall of technical regulations for the Custom Union.

It is thought that by October 1, 2010, the Custom Union members shall develop proposals for the further unification of nomenclature for mandatory certification of conformity related Decision #319. The final list is expected to take effect by January 1, 2011. Until January 1, 2012, business can choose whether to apply for the Custom Union uniform certificate/declaration of conformity or for the certificate/declaration of conformity of the country – member of the Custom Union.

In order to be enforced in all three countries, a technical regulation (TR) shall be adopted by the Commission of the Customs Union. According to the Russian Deputy Minister of Industry and Trade, Vladimir Salamatov, by 2012 the Union's TRs will replace all national TRs. However, mass media (Vedomosti) comment that this may not happen in time. Thus, the Russian Federal Law for Technical Regulation established in December 2002, expects that the hundreds of Russian state standards (GOSTs), SanPiNs and other major regulations will be replaced by TRs as early as 2010. However, to date Russia has only adopted 18 TRs of which only 7 are in force.

Custom Union Commission - Decision #319 - technical regulation in the Custom Union can be located at : http://www.tsouz.ru/KTS/KTS17/Pages/R_319.aspx . Attached are the translations.

HOT LINES AND CONTACT POINTS IN RUSSIA

The major regulatory framework documents of the Custom Union were developed by July 2010, but the text of these regulatory documents did not answer all questions traders and business had. Besides, the implementation of all regulations, the mechanism for the functioning of customs and inspection services has not been developed. In order to facilitate the transition, the Russian Federation created a system of consultation hot-lines to guide foreign economic traders and businesses. The hotline information is posted on the official Russian Government website: <http://government.ru/docs/11253/> :
- Ministry of Economic Development for Russia: tel. +7-495-651-77-50 (Weekdays: from 9:00 AM to 9:00 PM; Saturdays - from 9:00 AM to 3 PM)

- Federal Custom Service for Russia: +7-495-740-18-18 (24 hours)
- Russian Federal Service for Consumer Rights Protection and Well-Being of Population (Rospotrebnadzor): 8-800-100-00-04 (Weekdays: from 10:00 AM to 5:00 PM)
- Russian Federal Service for Veterinary and Phytosanitary Surveillance - Rosselkhoznadzor (VPSS): +7-915-022-14-17 (24 hours)
- Secretariat of the Customs Union Commission +7-495-604-40-38 (Weekdays: from 9:00 AM to 6:00 PM)

Information pertaining to the Customs Union workings and documents reference: www.tsouz.ru ; the Russian Ministry of Economic Development: <http://www.economy.gov.ru/minec/activity/sections/> ; the Federal Customs Service of Russia: <http://www.customs.ru/ru/> ; Rospotrebnadzor: <http://www.rospotrebnadzor.ru/> ; and VPSS: <http://www.fsvps.ru/fsvps>.

^[i] Vedomosti, July 6, 2010

^[ii] For more information see GAIN report RS1029_Sanitary/Phytosanitary/Food Safety _ Update on MRLs for Pesticides and Chemicals in Agricultural Crops _ Moscow _ Russian Federation _ 6/22/2010

^[iii] For more information on the Russian project of transfer from the system of conformity certification to declaration of conformity see GAIN RS1015_Policy and Program Announcements _ Declaration of Conformity Replaces Certification for Many Products _ Moscow _ Russian Federation _ 3/22/2010.