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GAIN Report

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Putin Declares 2012 Tariff-Quota Levels

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Approved By:

Morgan Haas

Prepared By:

Morgan Haas, Mikhail Maksimenko

Report Highlights:

Prime Minister Putin followed a July 22 announcement to reduce the tariff-quota quantities for poultry and pork with GOR Resolution #616.

General Information:

Prime Minister Putin followed a July 22 announcement to reduce the tariff-quota quantities for poultry and pork with GOR Resolution #616, signed July 27 and released July 29. The tariff-quotas for fresh and frozen beef in 2012 are retained at 30,000 MT and 530,000 MT, respectively. These totals are also in line with GOR Resolution #1021 of December 16, 2009. The tariff-quota for pork and pork trimmings is set at 320,000 MT and 30,000 MT, respectively, representing a 150,000-MT reduction from 2011 levels and a 100,000-MT reduction from the levels established in Resolution #1021. Notably, the pork trimming tariff-quota will remain largely unchanged. The tariff-quota for poultry in 2012 divides the 2011 poultry tariff-quota between boneless (80,000 MT) and bone-in parts (250,000). In total, this represents a reduction of 20,000 MT from 2011 levels and a reduction of 220,000 MT from levels prescribed in Resolution #1021. Resolution #616 does not indicate country-specific tariff-quota allocations as GOR Resolutions in previous years have specified.

The Prime Minister's announcement on tariff-quotas is early relative to previous years, when such details were typically only released in November and December. However, as the Prime Minister indicates, the Russian Government is open to considering other options for the 2012 tariff-quotas, pending a conclusion to Russia's WTO Accession.

The Russian-Belarusian-Kazakh Customs Union, the authority responsible for setting tariff-quota quantities, has not yet released a Decision regarding 2012 market access for imported meat and poultry.

Unfortunately for consumers, the Prime Minister's remarks leave little room for increased consumption. As the economy continues to improve, the GOR Resolution should place upward pressure on retail prices in 2012.

Table 1: Retail Poultry Prices (RUR) as of July 1, 2010 and 2011

	Whole birds	Chicken leg quarters	
		Domestic	Imported
2010	104.79	108.79	89.45
2011	115.93	114.25	102.54

Source: Ministry of Agriculture <www.mcx.ru>
\$1 USD = 27.6 Rubles

Prime Minister Putin's comments from July 22 as well as Government Resolution #616 follow.

During a working visit to Stupino, Vladimir Putin comments on the proposal of the Ministry of Agriculture and the Ministry of Economic Development regarding meat import quotas (July 22, 2011)

Vladimir Putin: We will take the decision proposed by the experts at the Agriculture Ministry and the Economic Development Ministry. We, that is Russia, will consume 3,500,000 metric tons of chicken and other poultry this year. And we will produce 3,150,000 metric tons this year. So we will have a deficit of approximately 350,000 metric tons of poultry. That is the amount we will import this year.

Quite recently, a few years ago, we imported more than one million metric tons of poultry, so we have experienced a lot of growth. In 2011, Russia will consume some three million metric tons of pork, and we produce some 2,400,000 metric tons. So this year we will import some 600,000-650,000 metric tons. And next year, there will be a small increase in poultry production, and so we expect to import some 330,000 metric tons.

We will see a considerable increase in pork production, because we have been launching new livestock production facilities, pig farms. According to a preliminary estimate, we shall produce an additional 300,000 metric tons of pork. That is to say, next year we will import 350,000 metric tons of pork.

Indeed, we have considered other parameters in the negotiating process on our accession to the WTO, but we can use and accept them only once Russia fully joins the World Trade Organization. If this does not happen, then the quotas that I have mentioned will remain in force. This is first.

Second, we will keep the import custom duties for products subject to quotas at 15%, and 75% for non-quota product. This is essentially a prohibitive import duty that will be very difficult to overcome. We are doing it, naturally, in the interests of domestic producers.

Again, we have been considering other options in the negotiating process. But, as I have said, we can only pursue these options if we also reach a package agreement on other issues and problems where our economic sectors would gain certain advantages. That's the first thing. Second, we must also immediately reach an agreement with both the United States and the European Union. And third, we must be fully accepted into the World Trade Organization.

Everything is possible. We have been quite flexible, but we have been working on joining the WTO for over 15 years. We intend to further negotiate, to seek compromises. The final result of a negotiating process is always a compromise that reflects the interests of all parties.

Source: <http://premier.gov.ru/eng/events/news/15997/>

RF Government Resolution of 27 July 2011 #616 “On tariff rate quotas for beef, pork and poultry meat in 2012”

The Government of the Russian Federation decrees:

To approve the enclosed volume of tariff quotas for 2012 in respect of meat of bovine animals, fresh or chilled and frozen (HS Code 0201 and 0202), pork, fresh, chilled or frozen and pork trimming (HS code 0203), frozen boneless chicken meat (HS code 0207 14 100 1), frozen bone-in halves or quarters, carcasses of domestic chicken (HS code 0207 14 TC 200 1), frozen bone-in chicken legs and their pieces (HS Code 0207 14 600 1) and frozen boneless meat of turkeys (HS Code 0207 27 100 1) for importation into the territory of the Russian Federation and placing them under the customs procedure for release for domestic consumption, except for products originating in and imported from the CIS member-states.

Prime Minister
Russian Federation
Vladimir Putin

Approved
Government Resolution
Russian Federation
on July 27, 2011 N 616

The volume of tariff quotas for beef, pork and poultry meat in 2012
(1,000 MT)

Product name	Volume of tariff quota
1. Meat of bovine animals, fresh or chilled (0201)	30
2. Meat of bovine animals, frozen (0202)	530
3. Pork, fresh, chilled or frozen (0203)	320
4. Pork trimming (0203.29.550.2, 0203.29.900.2)*	30
5. Frozen bone-in halves or quarters (0207.14.200.1), Frozen bone-in chicken legs and leg pieces (0207.14.600.1)	250
6. Frozen boneless chicken meat (0207.14.100.1), Frozen boneless turkey meat (0207.27.100.1)	80

* Pork trimming may be imported both as part of a tariff quota established with regard to pork trimming, as well as within the tariff quota established for pork.

Source: <http://www.tks.ru/news/law/2011/07/29/0006>