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VPSS Eases Rice Import Ban for Shipments On the Water

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Report Highlights:

VPSS announced that it will allow imports of rice shipped before December 4 with previously issued permits. Importers are awaiting clearance of up to 20,000 metric tons of rice still on the water. Future rice shipments remain banned. VPSS's new procedures are unclear, thereby increasing uncertainty and market instability.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

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Executive Summary

On December 12, the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) issued a statement that will allow clearance of rice imports that sailed before December 4. Russia had temporarily stopped issuance of rice import permits and canceled previously issued permits effective December 4, 2006 (see GAIN RS6066). Pressure from importers such as Angstrom, banks, and exporting countries is suspected to be the impetus for the revised stance by VPSS on shipments at the border and on the water. An estimated 20,000 metric tons of rice, already on the water when Russia's rice ban was imposed, shall be given clearance under old permits with suitable phytosanitary certificates and shipment documents. Importers say that that this easement could help to curb prices, which have increased by 15 - 20 percent since the ban.

However, the statement by VPSS is unclear on the status of future shipments, and does not indicate that rice shipped after December 4 will be permitted entry. VPSS did not lift the ban on future shipments, and does not fully specify which procedures will be necessary to resume trade. Rice shipped after December 4 will be allowed only through three import points: Kaliningrad, St. Petersburg and Novorossiysk. All shipments will be thoroughly inspected before clearance. Importers express concern that VPSS has not made the testing procedures uniform and transparent. VPSS concentrated permit issuance at its headquarters, but has not disclosed which office will be responsible for the permits or what the new procedures will be. This absence of transparency and predictability increases risks for importers and could potentially raise domestic prices.

VPSS's Information Letter on the Movement of Rice Sailed Before the Ban

[Unofficial embassy translation]

Begin text:

VPSS Information Statement of December 12, 2006

On the movement of rice shipments that sailed prior to VPSS's recall of previously issued quarantine permits for rice imports

In order to prevent imports to the territory of the Russian Federation of rice groats that do not meet the safety and quality requirements, starting December 4 of this year, VPSS recalled all previously issued import quarantine permits for imports of rice to the Russian Federation regardless of country of origin and of the shipment. For rice shipments which sailed after December 4 of this year, regardless of country of origin and the shipment (including from the CIS countries), VPSS has identified specially equipped points of entry at the Russian Federation border in the sea ports of cities of Kaliningrad, St. Petersburg, Novorossiysk. As far as the equipment for examining rice safety and quality parameters is installed, additional points of entry will be identified. Rice shipments sailed before December 4 this year are allowed for imports if the appropriate phytosanitary certificates and shipment documents are available. Imports and clearance of commercial rice consignments are conducted only based on the results of laboratory testing for safety and quality. Paper work and issuance of import quarantine permits for rice shipments will be conducted by the VPSS's headquarters.

End text.

Source: Press service of the Ministry of Agriculture. www.mcx.ru