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Russian Federation

Dairy and Products

Import Duties Raised on Infant Formula

2009

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Report Highlights:

The Russian government issued a new resolution increasing import duties on a number of baby milk items from 5 percent to 15 percent, but not less than 0.18 Euro per kilogram. This action was taken in response to the European Union's decision to reintroduce export refunds for butter, cheese, and milk powders in late January 2009, which were suspended two years ago. The higher duties will go into effect on May 4, 2009.

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

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Executive Summary

The Russian government issued a Resolution #173 on February 26, 2009, increasing import duties on a number of baby milk items from 5 percent to 15 percent, but not less than 0.18 Euro per kilogram. This action was taken in response to the European Union's decision to reintroduce export refunds for butter, cheese, and milk powders in late January 2009, which were suspended two years ago. The higher duties will go into effect on May 4, 2009.

Russian government officials have stated that these measures will help to protect domestic dairy farmers from "unfair competition" – a comment aimed at the European Union. Dairy analysts believe that this action, as well as recent duty increases on other dairy products such as butter, milk and cream (see GAIN RS9006), was in response to the European Union's re-introduction of export refunds to their dairy producers. Russian officials have publically denounced other countries' trade distorting policies supporting their dairy sectors and the unfair advantage that it gives to their producers in the export market.

Market analysts have commented that this measure is not appropriate during a serious economic crisis. Moreover, many infants in Russia have milk allergies or other dietary sensitivities which require special hypoallergenic and specialized formula that are only supplied by imports.

According to the Dairy News Agency, Russia's Chief Medical Officer¹ Gennadiy Onishchenko announced on March 16, 2009, that Russia will not raise import duties on infant formula or baby foods containing dairy because Russia does not produce sufficient volumes of these important products for Russian families. His statement directly contradicts the Resolution #173, leading some to believe that Russia could postpone/cancel such action.

The United States is not a major supplier of these commodities to Russia. Most of them are shipped from Poland, Finland, Germany, France and Italy. Total imports of milk, and cream, non-sweet, non-concentrated was \$21.8 million in 2008 - 27 percent growth over 2007.

The Resolution was published in the official Russian government newspaper Rossiiskaya Gazeta on March 4, 2009, and can be found at the following URL:

<http://www.rg.ru/2009/03/04/moloko-tarif-dok.html>

¹ The status and authority of the Chief State Sanitary Inspector of the Russian Federation is similar to the Chief Medical Officer. The Chief State Sanitary Inspector of the Russian Federation is the Head of the Federal Service for Protection of Consumer Rights and Human Well-Being (Rosпотребнадзор).

Commodities Facing Higher Import Duties

Duty rates

Code	Description	Current Duty Rate	New Duty Rate
0401 20 110	(Milk and cream, not concentrated nor containing added sugar or other sweetening matter, of a fat content, by weight, exceeding 1% but not exceeding 6%) – in immediate packings of a net content not exceeding 2 liters		
0401 20 110 1 (new item)	– milk in immediate packings of a net content not exceeding 0.35 liters for baby food	15%	15%
0401 20 110 9 (new item)	– other	15%	15%
0401 20 910	– in immediate packings of a net content not exceeding 2 liters:		
0401 20 910 1 (new item)	– milk in immediate packings of a net content not exceeding 0.35 liters for baby food	15%	15%
0401 20 910 9 (new item)	– other	15%	15%
0403 90 510	– less than 3% mass – kefir		
0403 90 510 1 (new item)	– in immediate packings of a net content not exceeding 0.35 liters for baby food	5%	15%, but no less than 0.18 Euros per kg
0403 90 510 2 (new item)	– other	5%	15%, but no less than 0.18 Euros per kg
0403 90 510 9 (new item)	– other	5%	15%, but no less than 0.18 Euros per kg
0403 90 530	– over 3% mass but less than 6% mass – kefir		
0403 90 530 1 (new item)	– in immediate packings of a net content not exceeding 0.35 liters for baby food	5%	15%, but no less than 0.18 Euros per kg
0403 90 530 2 (new item)	– other	5%	15%, but no less than 0.18 Euros per kg

0403 90 530 9 (new item)	– other	5%	15%, but no less than 0.18 Euros per kg
	– curds		
0406 10 200 2 (new item)	– in immediate packings of a net content not exceeding 200 grams for baby food	5%	15%, but no less than 0.3 Euros per kg
0406 10 200 3 (new item)	– other	5%	15%, but no less than 0.3 Euros per kg

Source: Official newspaper Rossiiskaya Gazeta, March 4, 2009.

Other Relevant Reports

RS9006 Import Duties Raised on Milk and Butter
<http://www.fas.usda.gov/gainfiles/200902/146327213.pdf>

RS8098 Dry Milk State Interventions will be Implemented in 2009
<http://www.fas.usda.gov/gainfiles/200901/146327026.pdf>

RS8084 Dairy Annual Report
<http://www.fas.usda.gov/gainfiles/200811/146306314.pdf>

RS8046 Russia Changes Definition of Milk
<http://www.fas.usda.gov/gainfiles/200806/146294951.pdf>

RS8037 Dairy Semi-Annual Report
<http://www.fas.usda.gov/gainfiles/200805/146294675.pdf>