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Russian Federation

Grain and Feed

New Seasonal Import Duty on Rice

2009

Approved by:

Mary Ellen Smith
U.S.Embassy

Prepared by:

Yelena Vassilieva

Report Highlights:

Russia increased the duty on rice starting February 15, 2009 through May 15, 2009. The new import tariffs on rice and rice products (HS numbers 1006, 1103 19 500, 1103 20 500 0, 1104 19 910 0, 1108 19 100 0) will be 0.16 EURO per 1 kilogram during this period. The previous import tariff on all rice and rice products was 0.07 EURO per 1 kilogram.

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

Recently published Russian Government Resolution #179 of February 14, 2009, imposes a temporary duty of 0.16 EURO per 1 kilogram on imported rice and rice products. The duty is imposed starting February 15, 2009 and will last through May 15, 2009. The Resolution of the Government was published in the official Russian newspaper Rossiyskaya Gazeta on March 4, 2009. With other GOR Resolutions the procedure has always been that Resolutions come to force after their publications in Rossiyskaya Gazeta. For this particular Resolution the exception was made, as it has become valid 16 days before the official publication. The temporary import tariff covers the whole range of rice and rice products, and is 2.2 times higher than the previous rate of 0.07 EURO per kilogram. Rumors about increase of rice import tariffs appeared in January 2009 and delay in publishing of Resolution reflects disputes between protectionists and those concerned about growth of domestic food price. Two years ago one of the major Russian grain trading company made significant investments into modernization and development of domestic rice production in the Southern Federal District, and production began to increase, but according to experts, 40 – 60 percent of domestic rice consumption is still based on imports.

As the duty is specific rather than ad valorem, this new tariff will primarily affect cheaper imports of Asian rice. The after-clearance price of Asian rice may increase as much as 19 percent. Given U.S. rice is significantly more expensive the increase will be only 4 percent.

In 2008 U.S. rice imports were ranked eighth among Russian rice supplier with a 9 percent share of Russia's imports. The average price of U.S. rice was among the highest – \$1.42 per kilogram, while the average prices of rice from Thailand (52 percent of Russia's imports), Vietnam (20 percent), and China (12 percent) were \$0.65, \$0.59, and \$0.44 per kilogram respectively. In 2008 45 percent of rice imports were sold to Russia during February – May, but the U.S. share was less than 6 percent.

Text of the Resolution #179 of February 14, 2009.

Begin text:

Resolution of the Government of the Russian Federation #179 of February 14, 2009
"On Seasonal Duties on Rice and Milled Rice Products Imported to the Territory of the Russian Federation in 2009"

In accordance with Article 6 of the Law of the Russian Federation "On Custom Tariffs", the Government of the Russian Federation decrees the following:

1. To set seasonal duties on rice and milled rice products imported to the Russian Federation (TN VED¹ codes of Russia 1006, 1103 19 500, 1103 20 500 0, 1104 19 910 0, 1108 19 100 0) at 0.16 Euro per kilogram for the period through May 15, 2009.
The Federal Customs Service shall provide for collecting seasonal custom duties in accordance with the Russian legislature
2. To determine that point 2 of the Russian Government Resolution #1347 of October 22, 1997 "Issues of Custom-Tariff Policy" does not apply to import custom duties determined in point 1 of the present Resolution².

¹ TN VED Code of Russia (Customs Nomenclature Code of the Foreign economic Activity of the Russian Federation) is close, but not equal to the US HS Number.

² Point 2 of the Russian Government Resolution #1347 of October 22, 1997 "Issues of Custom-Tariff Policy" stipulates the following: 2. One time change of custom tariff rate shall not exceed 10 percent points (for the ad-valorem tariffs) or the equivalent absolute value for the special tariffs or special components of the combined import tariffs"

3. The present Resolution enters into force on February 15, 2009.

Chairman of the Government of the
Russian Federation

V. Putin

End text

Russia's Rice Imports and Domestic Prices

According to the World Trade Atlas data, in 2008 Russia imported 274,076 metric tons (MT) of rice and milled rice products, a 17 percent increase from 2007. However, imports in 2007 were much lower than before Russia's rice imports ban in the end of 2006³. In 2006 Russia imported these imports were much lower than less than Russia imported before the temporary ban on rice imports was imposed in the end of 2006. Thus, in 2006 Russia's imports of rice and milled rice products were 358,058 MT. In spite of increasing domestic rice production, in 2008 imports constituted from 40 to 50 percent of domestic rice consumption. Dollar prices of imported rice and most of imported milled rice products increased in 2008 compared with 2007. Domestic price of 1 kilogram of rice (rice groats, Grade 1) increased from 19.83 Rubles (\$8.32) in March 2008 to 26.10 Rubles (\$10.33) in the end of September, 2008. In the fall 2008 domestic price in Rubles stabilized at 26- 27 Rubles per kilogram, while in Dollar equivalent it dropped to \$7.90 per kilogram. Sharp increase of rates of US Dollar and Euro in the fall 2008 and January – February 2009 have already increased the price of imported rice for Russian consumers. By mid February, 2009, domestic price of rice in Rubles reached 32 Rubles per kilogram (\$9.0). Given that the current rate of Euro is approximately 45.5 Ruble, and that rate remains until mid May, the increase of import tariff alone from 0.07 Euro to 0.16 Euro per kilogram will increase price of imported rice in Rubles by another 4.10 rubles per kilogram.

Table 1. Russia: Imports of Rice and Milled Rice Products, Metric Tons, Average Price in \$US per 1 Kg

TN VED Code		2007	2008	% change
1006	Rice			
	- quantity, MT	233,277	273,534	17.3
	- \$US/kg	0.39	0.62	59.0
1103 19 500 0	Rice Groats and Meal			
	- quantity, MT	219	80	-63.5
	- \$US/kg	1.25	1.49	19.2
1103 20 500 0	Rice Pellets			
	- quantity, MT		0	
	- \$US/kg		0.73	
1104 19 910 0	Flaked Rice Grains			
	- quantity, MT	510	448	-12.2
	- \$US/kg	1.02	1.55	52.0
1108 19 100 0	Rice Starch			
	- quantity, MT	6	14	122.9
	- \$US/kg	2.57	2.35	-8.6

Source: World Trade Atlas

³ For more information on the rice imports ban see Post's GAIN reports RS8029, RS7054, RS7045, RS6069, R6066

Relevant Reports

RS9005 New 5 Percent Import Duty on Soybean Meal
<http://www.fas.usda.gov/gainfiles/200902/146327196.pdf>

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