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GAIN Report

Global Agricultural Information Network

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Russian Federation

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Rice Import Duty Increased

Report Categories:

Grain and Feed

Trade Policy Monitoring

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Report Highlights:

The Russian Government increased import duties on rice and rice products from 0.07 Euro per 1 kilogram to 0.12 Euro per 1 kilogram. The new duty will be in force from December 11, 2009, through September 10, 2010.

General Information:

The Russian Government Resolution #881 of November 2, 2009, imposes a 9 months' duty of 0.12 Euros per 1 kilogram on imported rice and milled rice products. The Resolution was published in Rossiyskaya Gazeta^[1] on November 10, 2009. The duty will be in force from December 11, 2009 through September 10, 2010. The Russian Government imposed temporary import duties on rice several times since January 10, 2006, when the duty was set at 0.07 EURO per kilogram. The last temporary duty of 0.16 EURO per kilogram lasted from February 15, 2009 through May 15, 2009 (see GAIN RS9012 _ Grain and Feed _ New Seasonal Import Duty on Rice).

The objective of the increase is to protect the growing domestic rice industry. The imposition of duties depends on the trends in domestic rice production, the world prices, and the currency exchange rates. The current increase is based on the expected increase in domestic rice production. As the duty is specific rather than ad valorem, it will primarily affect cheaper imports of Asian rice, which compete in price and quality with domestic products. U.S. rice fills the market niche of high quality rice, and therefore has a lower price elasticity. In CY 2008 Russia imported 2,400 metric tons (MT) of U.S. rice and rice products, less than 1 percent of Russia's total rice and products imports, but the unit value of U.S. products was 2.3 times higher than the average value of Russia's rice imports. In January – September 2009, the average value of imported U.S. rice and products was \$1,970/MT, while the average value of all Russia's rice imports was \$537/MT. Chinese rice was \$394/MT and rice from Vietnam was \$450/MT.

In 2008, Russia harvested 738,000 metric tons (MT) of rough rice, an equivalent of 480,000 MT of milled rice. Russian experts estimate rough rice production in 2009 at 850,000 MT – 950,000 MT, an equivalent of 550,000 MT – 620,000 MT of milled rice. Russian companies began investing in rice production in 2006, and in 2008 production increased by 30 percent from 571,000 MT (370,000 MT of milled rice) in 2005. The federal government and some provincial governments (i.e. administration of Krasnodar kray) support rice production through seed subsidies and modernization of irrigation systems. At present, the federal government subsidizes production of every metric ton of foundation (so called “elite”) planting seeds by 5,400 rubles (\$180.0^[2]). Krasnodar kray adds another 2,000 rubles (\$66.7) in subsidies to kray's seeds producers. The federal government and some provincial authorities also allocate money for reconstruction of irrigation systems and improvement of rice bays. There is no data on the cost of production of rice in Russia, but some experts report that in spite of government subsidies, the price of domestic rice is higher than price of imported Asian rice.

Furthermore, as the ruble strengthens to dollar, imports become more attractive, and domestic rice becomes less competitive. Annual domestic rice consumption is estimated at 680,000 MT – 700,000 MT, and along with growing domestic production, competition in the Russian market increases.

Imports of milled rice decreased from 379,124 MT in CY 2005, to 273,279 MT in CY 2008. Imports of rice in January – September 2009, were 161,154 MT, 29 percent less than in the same period last year. In 2008 Russia exported 22,952 MT of rice, but in January – September 2009, Russian rice exports increased to 51,631 MT; 20,396 MT were exported to Kazakhstan.

Table 1. Russia: Rice Imports in CYs 2004-2008, by Countries, Metric Tons.

	2004	2005	2006	2007	2008	January – September period		
						2009	2008	Change 2009 to 2008, percent
World	466,872	379,124	357,545	233,279	273,534	161,154	226,293	-28.8
Thailand	106,536	58,483	38,643	87,106	140,971	45,686	115,474	-60.4
Vietnam	107,425	82,973	63,469	41,128	55,289	63,062	42,869	47.1
China	130,281	128,165	142,992	10,265	32,129	26,489	28,913	-8.4
Kazakhstan	66,233	30,976	17,620	31,796	19,031	2,112	18,519	-88.6
India	7,331	22,230	49,999	46,188	8,024	0	8,024	-100.0
Uruguay	0	0	260	4,482	6,514	9,146	5,313	72.1
Egypt	23,074	21,731	6,374	2,535	2,741	325	2,741	-88.1
United States	2,617	4,621	4,787	305	2,389	1,204	1,261	-4.5
Pakistan	14,452	23,797	28,452	5,761	2,262	4,470	736	507.3
Other	8,923	6,148	4,949	3,713	4,184	8,660	2,443	254.5

Source: USDA Global Trade Atlas

Table 2. Unit Value of 1 Metric Ton of Imported Rice, by Countries, U.S. Dollars per Metric Ton

	2004	2005	2006	2007	2008	January – September period		
						2009	2008	Change 2009 to 2008, percent
World	185.75	257.84	316.49	387.75	617.39	589.62	537.37	9.7
Thailand	205.58	326.56	383.84	429.01	647.80	610.10	650.31	-6.2
Vietnam	118.56	206.38	284.54	341.24	594.87	601.52	449.69	33.8
China	157.40	227.41	310.42	359.74	440.69	449.75	393.61	14.3
Kazakhstan	261.46	265.09	182.41	280.56	446.88	452.07	258.91	74.6
India	234.42	298.87	328.68	372.96	559.09	559.09		
Uruguay			349.61	450.62	734.69	696.44	604.85	15.1
Egypt	209.05	307.78	372.35	463.42	578.41	578.41	929.48	-37.8
United States	511.69	477.85	492.91	3,196.07	1,420.53	1,792.20	1,970.26	-9.0
Pakistan	236.78	267.23	333.03	351.89	1,105.44	1,172.15	616.45	90.1

Source: USDA Global Trade Atlas

Text of Russian Government Resolution #881 on Temporary Import Duties on Rice

Begin unofficial translation

Resolution of the Government of the Russian Federation #881 of November 2, 2009
“On Temporary Import Duties on Rice and Milled Rice Products

The Government of the Russian Federation decreases the following:

1. To approve for a nine months' period the attached import duties on rice and milled rice products, per the Commodity Nomenclature of the foreign economic activity of the Russian Federation, approved by the Resolution of the Government of the Russian Federation #718 of November 27, 2006 “On the Customs tariff of the Russian Federation and the commodity nomenclature for the foreign economic activity”
2. To determine that point 2 of the Russian Government Resolution #1347 of October 2, 1997 “Issues of Custom-Tariff Policy” does not apply to import custom duties determined in point 1 of the present resolution^[3]
3. The present Resolution enters into force in a month from its official publication

Chairman of the Government of the
Russian Federation

V. Putin

End translation

The attachment to the Resolution specifies the following rice and milled rice products groups (by the TN VED Code of the Russian Federation^[4]):

1006 10 100 0, 1006 10 210 0, 1006 10 230 0, 1006 10 250 0, 1006 10 270 0, 1006 10 920 0,
1006 10 940 0, 1006 10 960 0, 1006 10 980 0,
1006 20 110 0, 1006 20 130 0, 1006 20 150 0, 1006 20 170 0, 1006 20 920 0, 1006 20 940 0,
1006 20 960 0, 1006 20 980 0,
1006 30 210 0, 1006 30 230 0, 1006 30 250 0, 1006 30 270 0, 1006 30 420 0, 1006 30 440 0,
1006 30 460 0, 1006 30 480 0, 1006 30 610 0, 1006 30 630 0, 1006 30 650 0, 1006 30 670 0,
1006 30 920 0, 1006 30 940 0, 1006 30 960 0, 1006 30 980 0,
1006 40 000 0,
1103 19 500 0, 1103 20 500 0,
1104 19 910 0, 1108 19 100 0.

Import tariff for all commodities in these groups is 0.12 Euro per kilogram.

The Russian text of the Resolution is on the web-site: <http://www.rg.ru/2009/11/10/ris-dok.html>

Relevant Reports

RS9012 Grain and Feed _ New Seasonal Import Duty on Rice
RS8029 Product Brief _ Russia Lifts Ban on U.S. Rice Imports
RS7054 Grain and Feed _ July Rice Update
RS7045 Grain and Feed _ Rice Situation Update
RS7015 Grain and Feed _ Seasonal Import Tariffs on Rice and Rice Products
RS6069 Grain and Feed _ VPSS Eases Rice Import Ban for Shipments on the Water
RS6066 Grain and Feed _ Russia Temporary Bans Rice Imports
RS5083 Trade Policy Monitoring _ Rice and Products Import Duties

^[1] Publication in Rossiyskaya Gazeta is considered an official release of the document to the public.

^[2] The exchange rate is 30 rubles per \$1.

^[3] 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 tariff) or the equivalent absolute value for the special tariff or special components of the combined import tariffs”.

^[4] TN VED Code of Russia (Customs Nomenclature Code of the Foreign Economic Activity of the Russian Federation) is close, but not equal to the U.S. HS Number.