

Voluntary Report – Voluntary - Public Distribution

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Report Name: Russia Mulls Replacing its Beef TRQs with Tariff as of 2022

Country: Russian Federation

Post: Moscow

Report Category: Trade Policy Monitoring, Livestock and Products, FAIRS Subject Report

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Report Highlights:

In November 2020 the GOR sub-commission on customs tariff regulation and non-tariff regulation and protective measures in external trade approved a proposal to replace its tariff rate quotas on imported beef with the flat rate import tariff of 27.5 percent. Russia's proposal is currently pending approval by the Eurasian Economic Commission. If approved, the change will take effect as of January 1, 2022. Access for high-quality beef, which is not subject to quotas, will remain unaffected. Before the market was closed to U.S. beef in 2014, most of U.S. beef exports came in to Russia at the import tariff of 15 percent. In 2020, almost all of Russia's beef imports came in either duty-free or at a preferential rate of 11.25 percent.

General Information

In November 2020 the GOR sub-commission on customs tariff regulation and non-tariff regulation and protective measures in external trade approved a proposal to replace its tariff rate quotas (TRQs) on imported beef with the flat rate import tariff of 27.5 percent. The GOR submitted its proposal to the Eurasian Economic Commission (EEC) and the EEC posted the [draft measure](#) on its website for public review between December 24, 2020, and January 13, 2021. The import tariff of 27.5 percent would be within the WTO bound tariff rate for Russia. If approved by the EEC, the change will take effect as of January 1, 2022. An unofficial English translation of the draft measure can be found below.

A quota on meat imports has been in place in Russia since 2003. Currently, Russia has TRQs of 530,000 metric tons (MT) on frozen beef and 40,000 MT on fresh and chilled beef. Russia's current in-quota import tariff on beef is 15 percent, the out-of-quota beef import tariff is 50 percent but not less than 1 Euro per kilogram, a little lower than Russia's final bound rate of 55 percent. The United States has a country-specific allocation of 60,000 MT within Russia's frozen beef TRQ. However, due to a combination of Russia's sanitary and phytosanitary (SPS) ban on U.S. beef and its [food import ban](#) that are still in effect, there have been no frozen, or fresh/chilled U.S. beef exports to Russia since 2013 and 2015, respectively, with 2012 being the last and best full year of U.S. beef exports to Russia. For details, please see Table 1 below.

Table 1. United States Beef Exports to Russia in 2010-2020, MT

HS Code	Description	2010	2011	2012	2013	2014	2015-2020
0201	Meat of Bovine Animals, Fresh or Chilled	1,939	5,333	4,867	47	8	0
0202	Meat of Bovine Animals, Frozen	23,601	41,063	43,793	0	0	0
Total:		25,540	46,396	48,660	47	8	0

Source: US Census Bureau

The current import tariff schedule of the Eurasian Economic Union¹ (EAEU) also contains HS codes for high-quality beef, which is not subject to TRQs and can be imported to EAEU countries, including Russia, at a 15 percent import tariff. The option to ship such high-quality beef to Russia at the 15 percent import tariff should remain available to U.S. beef exporters even if Russia converts its beef TRQs to the flat-rate tariff as proposed above.

Russia's Federal Customs Service provides the following break-down for in-quota, out-of-quota and high-quality beef imported from the United States in 2011-2014:

Table 2. Russian Beef Imports from the United States in 2011-2014, MT

Description	Import Tariff	2011	2012	2013	2014
In-quota beef	15 percent	37,414	44,545	0	13
Out-of-quota beef	50 percent but not less than 1 Euro per kg	1,207	777	0	0
High-quality beef	15 percent	858	1,132	56	9
Total:		39,479	46,454	56	22

¹ For details, please see GAIN report [RS1611 Eurasian Economic Union One Year On](#).

Source: Federal Customs Service of Russia

Should Russia lift its bans on U.S. beef in 2022, the terms of trade with Russia for U.S. beef exporters will change from the rate of 15 percent, applied to in-quota and high-quality U.S. beef, and 50 percent but not less than 1 Euro per kilogram for out-of-quota U.S. beef, exported to Russia between 2010 and 2014, to the 15 percent tariff for high-quality beef and the flat rate import tariff of 27.5 percent for all other beef as of January 1, 2022. At that, the competition, inter alia, would come from developing countries as determined by the EAEU system of preferences, which enjoy a preferential rate of 75 percent of the Unified EAEU import tariff, or 11.25 percent and 20.6 percent, respectively.

Meanwhile, Russia's beef quotas utilization rate declined from over 80 percent in 2014 to 31 percent in 2019, with the latest available data for January-November 2020 showing the rate of just 22 percent. Russia's total beef imports, including both in- and out-of-quota shipments, have been lower than the total 570,000 MT of Russia's beef TRQs since 2015.

The share of duty-free beef imports to Russia from its EAEU partners (Belarus, Kazakhstan, Armenia and Kyrgyzstan), increased from 12 percent in 2013 to around 40 percent in 2018-2020. Russian statistics for January-November 2020 reveal that top ten countries delivering beef to Russia in 2020 accounted for 99.99 percent of all imports of the beef HS codes 0201 and 0202 that are currently subject to TRQs. In addition to the four EAEU partners that supply beef to Russia duty-free, all other top-ten sources of such beef imported to Russia in 2020 were developing countries supplying their beef to Russia at a preferential rate of 11.25 percent. For details, please see Table 3 below.

Table 3. Russia's imports of beef (HS 0201 and 0202) in 2013-2020 (Jan-Nov) from top 10 countries as of 2020, MT

Partner	2013	2014	2015	2016	2017	2018	2019	2020 (Jan-Nov)	2020 Rank (Jan-Nov)	2020 Share (Jan-Nov)
Belarus	77,823	98,380	123,637	139,811	129,926	139,721	101,419	87,846	1	37%
Paraguay*	139,436	129,829	94,496	74,597	67,785	112,660	85,160	60,659	2	26%
Brazil*	310,633	309,749	164,139	129,101	137,164	7,723	62,802	48,396	3	20%
Argentina*	14,879	22,975	6,614	3,547	5,100	39,140	19,625	14,913	4	6,3%
India*	0	0	9,621	6,282	9,325	17,068	18,199	10,329	5	4,4%
Colombia*	0	1,598	6,448	4,898	4,364	11,183	6,440	6,038	6	2,6%
Uruguay*	35,351	23,659	6,315	5,233	5,242	15,371	726	4,809	7	2,0%
Kazakhstan	70	639	878	200	487	2,035	1,347	2,968	8	1,3%
Armenia	0	0	22	0	0	0	0	521	9	0,2%
Kyrgyzstan	0	0	0	0	0	0	20	216	10	0,1%
Total from the world:	660,630	633,745	439,413	366,767	361,702	346,840	296,206	236,718		
Including:										
in-quota	510,114	472,978	276,124	226,615	218,288	195,770	173,876	126,157		
out-of-quota	141,625	155,505	159,385	135,495	139,939	146,225	120,200	109,238		
high-quality	8,894	5,262	3,905	5,657	3,475	4,845	2,133	1,321		
Share of top 10 in 2020:	88%	93%	94%	99%	99%	99%	100%	100%		
Share of EAEU partners:	12%	16%	28%	38%	36%	41%	35%	39%		

Source: Federal Customs Service of Russia

* Developing countries are eligible for a preferential import tariff rate, which is 75% of the Unified EAEU import tariff

BEGIN UNOFFICIAL TRANSLATION:

**EURASIAN ECONOMIC COMMISSION
COUNCIL**

DECISION

_____ 20____ No. _____ city

On Establishment of Import Customs Tariff of the Unified Customs Tariff of the Eurasian Economic Union for Certain Types of Beef

In accordance with Articles 42 and 45 of the Treaty on the Eurasian Economic Union of May 29, 2014 and item 4 of Annex No. 1 to the Rules of Procedure of the Eurasian Economic Commission approved by Decision of the Supreme Eurasian Economic Council No. 98 of December 23, 2014, the Council of the Eurasian Economic Commission **has resolved:**

1. To establish the rates of import customs tariff of the Unified Customs Tariff of the Eurasian Economic Union (Annex to Decision of the Eurasian Economic Commission's Council No. 54 of July 16, 2012) for fresh and chilled and frozen beef classified under the following EAEU HS Codes: 0201 10 000 8, 0201 20 200 8, 0201 20 300 8, 0201 20 500 8, 0201 20 900 8, 0201 30 000 8, 0202 10 000 8, 0202 20 100 8, 0202 20 300 8, 0202 20 500 8, 0202 20 900 8, 0202 30 100 8, 0202 30 500 8, and 0202 30 900 8, at 27.5 percent of their customs value.

2. The present Decision shall come into effect as of January 1, 2022.

Members of the Council of the Eurasian Economic Commission:

From the Republic of Armenia	From the Republic of Belarus	From the Republic of Kazakhstan	From the Kyrgyz Republic	From the Russian Federation
M. Grigoryan	I. Petrishenko	A. Smailov	E. Asrandiev	A. Overchuk

END UNOFFICIAL TRANSLATION.

Attachments:

No Attachments.