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Russian Federation

Trade Policy Monitoring

Russia Consolidates Import Tarriffs

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Report Highlights:

On November 29,2000, Russia published a decree that will simplify Russia's tariff structure, cut some high duties, change duty-free treatment for some goods and cut some combined rates. Despite some lower duties, those on most US agricultural exports remain unchanged and it is not expected that US trade will be boosted save possibly for seafood exports.

Includes PSD changes: Yes
Includes Trade Matrix: No
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Executive Summary

On November 29, 2000, Russia published a decree that will simplify Russia's tariff structure, cut some high duties, change duty-free treatment for some goods and cut some combined rates. Russian sources indicate these changes were made to aid Russia's WTO accession. Despite some lower duties, those on most US agricultural exports remain unchanged and it is not expected that US trade will be boosted save possibly for seafood exports.

The resolution in detail

Duties are consolidated

On November 29, 2000, Russia published Decree #886, entitled, "On partial changes to the GOR Decree #148, issued February 22, 2000". The decree applies new tariff rates on many products from January 1, 2001 until the end of September. Local sources see this move as a strategy to speed Russia's accession to the WTO because it consolidates differing tariff levels into fewer but broader groups. Under the decree, a total of 3,500 different tariffs will be divided into four main tariff rates of 5, 10, 15 and 20 percent -- instead of the current seven groups of 0, 5, 10, 15, 20, 25, and 30 percent.

Many high duties are cut

Of these changes, the most significant is the reduction of the maximum import tariff from 30 percent to 20 percent for most goods. The 30 percent tariff will only remain in place on a few "economically sensitive" goods including white sugar, tobacco and alcohol. The 20 percent tariff will replace the 30 percent rate for consumer products, chemicals and industrial equipment. The decree also cuts the number of goods charged 25 percent from 624 to 104, including fruit, vegetables, alcohol and fish.

Duty-free treatment changes

A tariff-free regime will be maintained for socially important goods such as insulin containing medicines, and wheel-chairs and spare parts. In addition, the government resolution ends duties for technical equipment, the equivalent of which is not produced in Russia. This duty-free treatment will be given in response to proposals that must be submitted to the government within two months. However, at the same time some raw materials formerly imported duty-free for further processing will be charged 5 percent. In general, the more a good is processed, the higher the duty is will face.

Combined rates fall

Combined rates will be changed in line with ad valorem rates. For example, if a commodity is subject to a tariff of 25%, but not less than a fixed amount of euros per kilogram, then when the tariff is reduced from 25% to 20%, the fixed component charged in Euros will also fall proportionately.

Duties on major US agricultural exports mostly unchanged

Tariffs on meat and poultry products were not changed, excluding offal used for pharmaceutical purposes which were not subject to any duty and are now subject to 5 percent duty. The 25 percent rate will remain for poultry and other goods that received tariff reductions in July 2000. Duties on salmon (0305 41 000 0) were reduced to 20 percent, but not less than 4 Euro per kilo (from 30percent but not less than 6 Euro per kilo) and trout (0305 49 459) from 20 percent to 10 percent. Tariffs for traditional Russian frozen fish - herring, cod, salmon, mackerel will remain at the previous level (10 percent). However, import tariffs on dry, salted, hot or cold smoked" delicatessen fish products such as salmon, trout, and will be reduced by 10 percent. Local producers fear that the imports of delicatessen fish products will increase as a result. Other products such as wine and lumber will also get slightly more favorable treatment while duties for processed meat went up slightly.

Because tariffs for grains, poultry, most meat and oilseed products are unchanged, it is not expected that the current resolution will have a profound effect on US exports, except for seafood exports which could benefit significantly from the changed tariffs. Local sources also believe that tariff simplification will reduce the tendency of importers to reclassify items to get more favorable duty treatment.