

Recent market access issues

- Increased import duties for **cars** (Decree 903 of 05.12.2008, valid for 9 months, entered into force on **12.1.09**). The duty increases are between 5 % and, in certain cases, 20 % ad valorem. Changes to the specific duties represent in certain cases (specifically for trucks) an increase of up to 400%. Steepest increases are for used cars, but new cars are hit across the board. To this problem, the problem of the Rouble devaluation needs to be added which makes imported cars very expensive.
- New Decree on **Harvesters** (# 12 of 9 January 2009, entered into force on **15.02.09**). Russia has raised import duties for combine harvesters to 15%, but no less than €120 per 1 kW of engine. Following joint efforts of the EU and the US, Russia committed to phase out the tariff surcharge of 15% introduced in January 2006 to 5% in the context of the US-Russia bilateral WTO accession agreement in November 2006. The duties were reverted back to 5% temporarily in June 2007 and the lower duty was applied temporarily until January 2009. To this problem, the problem of the Rouble devaluation needs to be added which makes imported harvesters even more expensive. Another major problem is leasing and financing via local banks (Rosagroleasing,..), which do not support imported harvesters (but difficult to challenge).

Russia has also opened a Safeguards (**SG**) investigation on the same product and the final findings were due for 15 November 2008, but Russia has extended the investigation until 15 February 2009. MIT apparently already transmitted their conclusions to the Government (we have not received it in advance, neither the US), but we were promised to get them soon. (We understand that these measures would be cumulative for the overlapping products of the Harvesters decree).

- New Decree on **Steel** (# 9 of 9 January 2009, entered into force on **14 Feb.09**, for 9 months): a decision to raise import duties for a range of rolled steel products and steel tubes (pipes, carbon long products (wire rod, merchant bars, sections), stainless flat products etc).
- There is also an open Safeguard (**SG**) investigation on stainless (welded and non-welded) steel pipes (only a few out of over 100 products of the steel decree are overlapping). Consultations were held, COM also handed over a note verbale (17.12.08). Latest information (16.2.09) from MIT (Dyachenko): import duty increases for pipes did not mean that SG investigation is terminated - two proposals had been submitted for Government approval – that on the increases and another proposal on SG. The increases had been decided on, while the SG measure was still being considered.
- **Road tax** on all foreign transport - Decision of the RF govt to impose a road tax on all foreign transport as of 1 February - but not on domestic transport. (Govt. Resolution No. 1007 of 24. Dec. 2008, entered into force on **1 February 2009**). The measure is applied and operators pay (problems have been reported on the RU-Estonian border to do the payments).
- Import duties on different **agricultural products**: 3 decrees published on 31.01.2009, entering into force 1 month after publication, on increased import duties for a period of 9 months for:

- Decree # 70 on soy meal: increased import duties of 5%
- Decree # 71 on butter and other dairy fats: 15% but not less than 0,35 euro per 1 kg
- Decree # 72 on certain types of milk and cream: 20%

- **Meat quotas** (Decree # 918 of 08.12.2008), EU poultry quota is reduced from 236.4 thousand tonnes to 185.8 thousand tonnes (on beef and pork, the quota is actually increased. Recent request by RU to redistribute some of the unused frozen beef quota from EU to other countries – *for details please check with Agricultural Counsellors*).

- Different open Russian anti-dumping (**AD**), **and SG** procedures (SG on harvesters, SG steel pipes, AD polymer-coated metal, SG cutlery).

- In addition, we have heard about **possible new SG/AD to come (not confirmed)**:
 - possible SG on galvanised steel (important component for the local car production)
 - possible SG on fasteners (metal nuts and bolts for machines)
 - possible SG on needles for syringes (major French producer)
 - possible AD investigation concerning stainless steel (cold rolled and hot rolled flat products in austenitic and ferritic grades)

- **Others which may be in the pipeline (not confirmed)**: Cheese, leather (wet blue), shoes, furniture, tyres, construction equipment