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## Russian Federation

### Trade Policy Monitoring

### New Customs Duties on Sugar Containing Products

### 2004

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**Report Highlights:**

According to new government resolutions, changes have been introduced to customs duties on sugar containing products for 2004. For the first time, the resolutions will link many tariffs to market prices (as defined by the monthly average of the New York Mercantile Exchange trading price) in an effort to increase the stability of the Russian sugar market. These resolutions mark a continuing effort by the Russian Government to control the large flow of sugar imports while simultaneously spur local sugar beet production.

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

**RESOLUTION OF THE GOVERNMENT OF THE RUSSIAN FEDERATION ON TARIFF REGULATION OF RAW SUGAR AND WHITE SUGAR IMPORTS IN 2004, No. 720 OF NOVEMBER 29, 2003**

The Russian Federation, the Government of the Russian Federation resolves:

1. To make the following changes to the Customs Tariff of the Russian Federation, approved by resolution of the Government of the Russian Federation of November 30, 2001, No. 830 "On the Customs Tariff of the Russian Federation and Commodity Nomenclature Applied in Conducting Foreign Economic Activities" (Collection of the Legislation of the Russian Federation, 2001, No. 50, Article 4735; 2003, No. 29, Article 2967):
  - a) Exclude from the Commodity Nomenclature of Foreign Economic Activities of the Russian Federation sub-subpositions in accordance with Appendix No. 1;
  - b) Include in the Commodity Nomenclature of Foreign Economic Activities of the Russian Federation sub-subpositions in accordance with Appendix No. 2;
  - c) Approve the accompanying import customs duties on raw sugar and white sugar.
2. For the Ministry of Economic Development and Trade to ensure monitoring of raw sugar prices on the New York Mercantile Exchange in order to determine the average monthly price. Establish that the average monthly price is calculated monthly as the average arithmetic price for raw sugar on the New York Mercantile Exchange for the current contract for all trading days (at close of trading).
3. For the Ministry of Economic Development and Trade of the Russian Federation to monthly submit to the State Customs Committee of the Russian Federation, by the 15<sup>th</sup> of the month, data on the average monthly price for raw sugar on the New York Mercantile Exchange in the preceding month, and publish them in the mass media.
4. For the State Customs Committee of the Russian Federation, in customs processing of goods indicated in Appendix No. 2 to the present resolution that are imported in accordance with the customs regime for domestic consumption, to exact import customs duties based on the data provided by the Ministry of Economic Development and Trade of the Russian Federation on the average monthly price for raw sugar from the first date of the month following the month in which these data were provided.
5. The present resolution enters into force on January 1, 2004, with the exception of points 2 and 3, which enter into force 15 days from its official publication.

Prime Minister Of the Russian Federation  
M. Kasyanov

Annex 1

Sub-subpositions subject to exclusion from the Commodity Classification (TN VED) of Russian foreign trade goods

| Code TN VED   | Position name                      | Supplemental unit measure |
|---------------|------------------------------------|---------------------------|
| 1701 11 100 1 | - - - - from January 1 to June 30  | —                         |
| 1701 11 100 9 | - - - - from July 1 to December 31 | —                         |
| 1701 11 900 1 | - - - - from January 1 to June 30  | —                         |
| 1701 11 900 9 | - - - - from July 1 to December 31 | —                         |
| 1701 91 000 1 | - - - - from January 1 to June 30  | —                         |
| 1701 91 000 9 | - - - - from July 1 to December 31 | —                         |

Annex 2

Sub-subpositions subject to inclusion from the Commodity Classification (TN VED) of Russian foreign trade goods

| Code TN VED   | Position name                                                                                                    | Supplemental unit measure |
|---------------|------------------------------------------------------------------------------------------------------------------|---------------------------|
| 1701 11 100 1 | - - - - at average monthly price no more than US\$99.21 per ton on New York Mercantile Exchange                  | —                         |
| 1701 11 100 2 | - - - - at average monthly price no less than US\$99.22 per ton, but no more than US\$112.44 per ton on New York | —                         |

|               | <b>Mercantile Exchange</b>                                                                                                            |   |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------|---|
| 1701 11 100 3 | - - - - at average monthly price no less than US\$99.22 per ton, but no more than US\$112.44 per ton on New York Mercantile Exchange  | — |
| 1701 11 100 4 | - - - - at average monthly price no less than US\$125.67 per ton, but no more than US\$141.10 per ton on New York Mercantile Exchange | — |
| 1701 11 100 5 | - - - - at average monthly price no less than US\$141.11 per ton, but no more than US\$154.32 per ton on New York Mercantile Exchange | — |
| 1701 11 100 6 | - - - - at average monthly price no less than US\$154.33 per ton, but no more than US\$167.55 per ton on New York Mercantile Exchange | — |
| 1701 11 100 7 | - - - - at average monthly price no less than US\$167.56 per ton, but no more than US\$182.98 per ton on New York Mercantile Exchange | — |
| 1701 11 100 8 | - - - - at average monthly price no less than US\$182.99 per ton, but no more than US\$198.42 per ton on New York Mercantile Exchange | — |
| 1701 11 100 9 | - - - - at average monthly price no less than US\$198.43 per ton on New York Mercantile Exchange                                      | — |
| 1701 11 900 1 | - - - - at average monthly price no less than US\$99.21 per ton on New York Mercantile Exchange                                       | — |
| 1701 11 900 2 | - - - - at average monthly price no less than US\$99.22 per ton, but no more than US\$112.44 per ton on New York Mercantile Exchange  | — |
| 1701 11 900 3 | - - - - at average monthly price no less than US\$112.45 per ton, but no more than US\$125.66 per ton on New York Mercantile Exchange | — |
| 1701 11 900 4 | - - - - at average monthly price no less than US\$125.67 per ton, but no more than US\$141.10 per ton on New York Mercantile Exchange | — |
| 1701 11 900 5 | - - - - at average monthly price no less than US\$141.11 per ton, but no more than US\$154.32 per ton on New York Mercantile Exchange | — |
| 1701 11 900 6 | - - - - at average monthly price no less than US\$154.33 per ton, but no more than US\$167.55 per ton on New York Mercantile Exchange | — |
| 1701 11 900 7 | - - - - at average monthly price no less than US\$167.56 per ton, but no more than US\$182.98 per ton on New York Mercantile Exchange | — |
| 1701 11 900 8 | - - - - at average monthly price no less than US\$182.99 per ton, but no more than US\$198.42 per ton on New York Mercantile Exchange | — |
| 1701 11 900 9 | - - - - at average monthly price no less than US\$198.43 per ton on New York Mercantile Exchange                                      | — |
| 1701 91 000 1 | - - - - at average monthly price no less than US\$99.21 per ton on New York Mercantile Exchange                                       | — |
| 1701 91 000 2 | - - - - at average monthly price no less than US\$99.22 per ton, but no more than US\$112.44 per ton on New York Mercantile Exchange  | — |
| 1701 91 000 3 | - - - - at average monthly price no less than US\$112.45 per ton, but no more than US\$125.66 per ton on New York Mercantile Exchange | — |
| 1701 91 000 4 | - - - - at average monthly price no less than US\$125.67 per ton, but no more than US\$141.10 per ton on New York Mercantile Exchange | — |
| 1701 91 000 5 | - - - - at average monthly price no less than US\$141.11 per ton, but no more than US\$154.32 per ton on New York Mercantile Exchange | — |
| 1701 91 000 6 | - - - - at average monthly price no less than US\$154.33 per ton, but no more than US\$167.55 per ton on New York Mercantile Exchange | — |
| 1701 91 000 7 | - - - - at average monthly price no less than US\$167.56 per ton, but no more than US\$182.98 per ton on New York                     | — |

|               |                                                                                                                                       |   |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------|---|
|               | <b>Mercantile Exchange</b>                                                                                                            |   |
| 1701 91 000 8 | - - - - at average monthly price no less than US\$182.99 per ton, but no more than US\$198.42 per ton on New York Mercantile Exchange | - |
| 1701 91 000 9 | - - - - at average monthly price no less than US\$198.43 per ton on New York Mercantile Exchange                                      | - |

## Customs import duties

| Code TN VED   | Position                                                                                                                              | Rate (value in euros or dollars) |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|
| 1701 11 100 1 | - - - - at average monthly price no less than US\$99.21 per ton on New York Mercantile Exchange                                       | US\$270 per 1,000 kg             |
| 1701 11 100 2 | - - - - at average monthly price no less than US\$99.22 per ton, but no more than US\$112.44 per ton on New York Mercantile Exchange  | US\$250 per 1,000 kg             |
| 1701 11 100 3 | - - - - at average monthly price no less than US\$112.45 per ton, but no more than US\$125.66 per ton on New York Mercantile Exchange | US\$235 per 1,000 kg             |
| 1701 11 100 4 | - - - - at average monthly price no less than US\$125.67 per ton, but no more than US\$141.10 per ton on New York Mercantile Exchange | US\$221 per 1,000 kg             |
| 1701 11 100 5 | - - - - at average monthly price no less than US\$141.11 per ton, but no more than US\$154.32 per ton on New York Mercantile Exchange | US\$206 per 1,000 kg             |
| 1701 11 100 6 | - - - - at average monthly price no less than US\$154.33 per ton, but no more than US\$167.55 per ton on New York Mercantile Exchange | US\$194 per 1,000 kg             |
| 1701 11 100 7 | - - - - at average monthly price no less than US\$167.56 per ton, but no more than US\$182.98 per ton on New York Mercantile Exchange | US\$180 per 1,000 kg             |
| 1701 11 100 8 | - - - - at average monthly price no less than US\$182.99 per ton, but no more than US\$198.42 per ton on New York Mercantile Exchange | US\$164 per 1,000 kg             |
| 1701 11 100 9 | - - - - at average monthly price no less than US\$198.43 per ton on New York Mercantile Exchange                                      | US\$140 per 1,000 kg             |
| 1701 11 900 1 | - - - - at average monthly price no less than US\$99.21 per ton on New York Mercantile Exchange                                       | US\$270 per 1,000 kg             |
| 1701 11 900 2 | - - - - at average monthly price no less than US\$99.22 per ton, but no more than US\$112.44 per ton on New York Mercantile Exchange  | US\$250 per 1,000 kg             |
| 1701 11 900 3 | - - - - at average monthly price no less than US\$112.45 per ton, but no more than US\$125.66 per ton on New York Mercantile Exchange | US\$235 per 1,000 kg             |
| 1701 11 900 4 | - - - - at average monthly price no less than US\$125.67 per ton, but no more than US\$141.10 per ton on New York Mercantile Exchange | US\$221 per 1,000 kg             |
| 1701 11 900 5 | - - - - at average monthly price no less than US\$141.11 per ton, but no more than US\$154.32 per ton on New York Mercantile Exchange | US\$206 per 1,000 kg             |
| 1701 11 900 6 | - - - - at average monthly price no less than US\$154.33 per ton, but no more than US\$167.55 per ton on New York Mercantile Exchange | US\$194 per 1,000 kg             |
| 1701 11 900 7 | - - - - at average monthly price no less than US\$167.56 per ton, but no more than US\$182.98 per ton on New York Mercantile Exchange | US\$180 per 1,000 kg             |
| 1701 11 900 8 | - - - - at average monthly price no less than US\$182.99 per ton, but no more than US\$198.42 per ton on New York Mercantile Exchange | US\$164 per 1,000 kg             |
| 1701 11 900 9 | - - - - at average monthly price no less than US\$198.43 per ton on New York Mercantile Exchange                                      | US\$140 per 1,000 kg             |
| 1701 12 100 1 | - - - - from January 1 to June 30                                                                                                     | US\$250 per 1,000 kg             |
| 1701 12 100 9 | - - - - from July 1 to December 31                                                                                                    | US\$270 per 1,000 kg             |
| 1701 12 900 1 | - - - - from January 1 to June 30                                                                                                     | US\$250 per 1,000 kg             |
| 1701 12 900 9 | - - - - from July 1 to December 31                                                                                                    | US\$270 per 1,000 kg             |
| 1701 91 000 1 | - - - - at average monthly price no less than US\$99.21 per ton on New York Mercantile Exchange                                       | US\$270 per 1,000 kg             |

|               |                                                                                                                                       |                      |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| 1701 91 000 2 | - - - - at average monthly price no less than US\$99.22 per ton, but no more than US\$112.44 per ton on New York Mercantile Exchange  | US\$250 per 1,000 kg |
| 1701 91 000 3 | - - - - at average monthly price no less than US\$112.45 per ton, but no more than US\$125.66 per ton on New York Mercantile Exchange | US\$235 per 1,000 kg |
| 1701 91 000 4 | - - - - at average monthly price no less than US\$125.67 per ton, but no more than US\$141.10 per ton on New York Mercantile Exchange | US\$221 per 1,000 kg |
| 1701 91 000 5 | - - - - at average monthly price no less than US\$141.11 per ton, but no more than US\$154.32 per ton on New York Mercantile Exchange | US\$206 per 1,000 kg |
| 1701 91 000 6 | - - - - at average monthly price no less than US\$154.33 per ton, but no more than US\$167.55 per ton on New York Mercantile Exchange | US\$194 per 1,000 kg |
| 1701 91 000 7 | - - - - at average monthly price no less than US\$167.56 per ton, but no more than US\$182.98 per ton on New York Mercantile Exchange | US\$180 per 1,000 kg |
| 1701 91 000 8 | - - - - at average monthly price no less than US\$182.99 per ton, but no more than US\$198.42 per ton on New York Mercantile Exchange | US\$164 per 1,000 kg |
| 1701 91 000 9 | - - - - at average monthly price no less than US\$198.43 per ton on New York Mercantile Exchange                                      | US\$140 per 1,000 kg |
| 1701 99 100 1 | - - - - from January 1 to June 30                                                                                                     | US\$340 per 1,000 kg |
| 1701 99 100 9 | - - - - from July 1 to December 31                                                                                                    | US\$340 per 1,000 kg |
| 1701 99 900 1 | - - - - from January 1 to June 30                                                                                                     | US\$340 per 1,000 kg |
| 1701 99 900 9 | - - - - from July 1 to December 31                                                                                                    | US\$340 per 1,000 kg |

Source: Interfax

### Additional Changes to Sugar Containing Products Tariff Codes

Prime Minister Mikhail Kasyanov also approved new import duties of 0.23 euros per kilogram for a number of other products that contain sugar. The new rates apply to artificial honey, syrups containing more than 50 percent sucrose in dry weight, chocolate and other cocoa products with more than five percent sucrose and a number of other commodities. The duty on these products was previously five percent of the customs value.

In determining the country of origin of raw sugar and white sugar imports, the sugar content and its origin will play the key determining factor. Mixing (including dilution with water, addition of flavorings, cocoa or other substances) will not change the origin of products under the 1702, 1704, 1806 or 2106 tariff codes.

According to the Government Resolution #686, dated November 13, 2003, temporary custom duties were introduced on certain sugar containing products. The Resolution came into force on December 18, 2003 and will be valid for 9 months. The following table outlines the tariff changes included in the resolution.

| Tariff Code   | Category | Custom duty as percent of custom value, Euro/kilo |
|---------------|----------|---------------------------------------------------|
| 1702 20 900 0 | --other  | 0.23                                              |

|               |                                                                                                                                                     |      |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|------|
| 1702 90 600 0 | -- artificial honey,<br>whether or not mixed<br>with natural honey                                                                                  | 0.23 |
| 1702 90 710 0 | ---containing 50<br>percent by weight or<br>more of dry<br>saccharose                                                                               | 0.23 |
| 1702 90 750 0 | ----in powder<br>agglomerated or not<br>agglomerated                                                                                                | 0.23 |
| 1702 90 790 0 | ----other                                                                                                                                           | 0.23 |
| 1702 90 990 0 | --other                                                                                                                                             | 0.23 |
| 1806 10 200 0 | -- containing 5<br>percent by weight<br>but less than 65<br>percent by weight of<br>more of saccharose<br>(including invert<br>sugar) or isoglucose | 0.23 |
| 1806 10 300 0 | --containing 65<br>percent by weight or<br>more but not less<br>than 80 percent of<br>saccharose (including<br>invert sugar) or<br>isoglucose       | 0.23 |
| 1806 10 900 0 | --containing 80<br>percent by weight or<br>more of saccharose<br>(including invert<br>sugar) or isoglucose                                          | 0.23 |
| 1806 20 950 0 | ---other                                                                                                                                            | 0.23 |
| 2106 90 590   | ----other                                                                                                                                           | 0.23 |

Source: Rossiyskaya Gazeta, November 18, 2003