



U.S. Agriculture Sector

Russia's Membership in the WTO will provide significant commercial opportunities for U.S. exporters

- *U.S. farmers and exporters will have more certain and predictable market access as a result of Russia's commitment not to raise tariffs on any products above the negotiated rates and to apply non-tariff measures in a uniform and transparent manner.*
- *In particular, Russia has committed to applying the WTO Agreement on Sanitary and Phytosanitary Measures, limiting its ability to impose arbitrary measures that have impeded trade in the past.*
- *Russia's compliance with its obligations, including those on tariffs and non-tariff measures, will be enforceable through use of WTO dispute settlement.*

Agriculture Sector Overview

- Russia is becoming an ever larger market for agricultural products. In 2005, Russia imported just under \$15.8 billion worth of agricultural products from around the world, but by 2010 imports doubled to more than \$31.7 billion. U.S. producers and exporters are well positioned to take advantage of the expected increased demand for consumer-ready imported foods as the Russian economy expands.
- In 2010, the United States was the third largest supplier in the Russian market, where imports of U.S. food and agricultural products reached nearly \$1.3 billion. Russian retail food and beverage sales are forecast to increase in real terms from just over \$200 billion in 2010 to more than \$240 billion by 2014—a 20 percent increase. This is good news for U.S. food exporters as imports are expected to meet some of this growing consumer demand.

Improved Market Access for U.S. Agriculture Sector

- **Apples:** Russia will reduce its tariff rate for apples by 70 to 85 percent within 5 years. The specific tariff rate will be lowered from 0.06 euro per kg to 0.03 euro per kg and from 0.2 euro per kg to 0.06 per kg depending on the apple variety and season.
- **Grapes, raisins and pears:** Russia will reduce tariffs on grapes, raisins, and pears from 10 percent to 5 percent within 3 years.
- **Cherries:** Russia will lower its tariff on fresh cherries by 50 percent within 2 years. The ad valorem rate will be reduced from 10 percent to 5 percent within 2 years.
- **Oranges and grapefruit:** Russia will bind its current applied tariff rates for both upon accession at 5 percent, and will lower the specific tariff component for oranges from 0.03 euro per kg to 0.017 euro per kg and for grapefruit from 0.03 euro per kg to 0.015 euro per kg within one year.
- **Almonds, walnuts, pistachios and macadamia nuts:** Russia will bind its current applied rate of 5 percent for fresh or dried nuts including almonds, walnuts, and pistachios upon accession.
- **Whey:** Russia will establish a TRQ of 15,000 metric tons, with a 10 percent in-quota duty, for lines of commercial interest to U.S. dairy suppliers. The over-quota rate will be 15 percent. In addition, Russia will reduce the duty from 15 to 10 percent after 3 years on two other commercially significant whey products.
- **Cheeses:** Russia is reducing its maximum tariff bindings on cheese from 25 to 15 percent with most reaching the final bound rate within 3 years.
- **Soybeans, soybean meal and soybean oil:** Russia will bind its tariff on soybeans at zero and cut its tariff on soybean meal from 5 percent to 2.5 percent within a year. Russia has also committed to bind its tariffs on soybean oil at 15 percent upon accession.
- **Breakfast Cereals:** Russia will reduce tariffs on breakfast cereals from 15 to 10 percent within 3 years.

- **Soups:** Russia will reduce tariffs on soups from 15 percent to a maximum of 12.5 percent within 3 years.
- **Wine:** Russia will reduce its tariffs on wine from 20 percent to 12.5 percent within 4 years.
- **Pork:** Russia has agreed to a global tariff rate quota (TRQ) of 400,000 tons for fresh/chilled/frozen pork and a separate TRQ of 30,000 tons for pork trimmings. Both TRQs will have zero in-quota rates. As of January 1, 2020, Russia will adopt a tariff-only regime for pork with a bound duty of 25 percent, and Russia will apply this duty to all imports, including from countries exporting under Russia's tariff preference program.
- **Beef:** The United States will have access to 11,000 tons of a global TRQ for fresh/chilled beef and a U.S. country specific TRQ of 60,000 tons for frozen beef. Both TRQs have an in-quota tariff of 15 percent. In addition to access under these TRQs, the United States will be able to export high-quality beef outside of the TRQ at a 15 percent tariff rate.
- **Poultry:** Russia will maintain a 250,000 ton TRQ for chicken halves and leg quarters with an in-quota tariff rate of 25 percent and separate TRQ access for commercially important turkey products.

Other Key Commitments by Russia for the Agriculture Sector

Sanitary and Phytosanitary (SPS) Measures

- Russia and its Customs Union Partners (Kazakhstan and Belarus) have established the legal framework necessary for Russia to comply fully with the WTO SPS Agreement. In addition, Russia has undertaken commitments on how it will comply with the SPS Agreement and its other commitments affecting trade in agricultural products. These commitments will provide U.S. exporters of meat, poultry, and other agricultural products with an enforceable set of disciplines against trade restrictions that are not based on science and a risk assessment. Russia has also agreed to strong rules on harmonizing SPS measures applied in Russia with international standards. The Customs Union now has a mechanism for recognizing the equivalence of food safety systems of WTO Members and rules on inspection of establishments in third-countries, such as the United States, that export product to Russia and the other Customs Union partners. Increased transparency, including the right to provide comments on SPS measures before they are adopted, and application of transition periods before new measures are applied are also part of Russia's commitments. Russia will apply these rules from day one of its WTO membership.

Veterinary Certificates

- Although the Customs Union has adopted a common set of veterinary requirements and common veterinary certificates, it also has adopted measures that allow it to negotiate country-specific veterinary certificates that vary from the common requirements. These variances will be critical in the United States' ability to negotiate certificates with Russia. In addition, Russia has eliminated the requirement to have a veterinary certificate, import permit or be on a list of establishments approved for export for key products of interest to the United States, such as soybeans and corn, and has reduced the import requirements for other products such as dairy products. These commitments will allow U.S. agricultural exporters to enjoy more fully the market access commitments made by Russia.

Domestic Support

- Russia committed to bind its aggregate measure of support (AMS) at \$9 billion for 2012 and 2013, with a gradual phase down to \$4.4 billion by 2018, a level below current spending. As a further restraint on trade-distortive subsidies until 2018, Russia has agreed to ensure that the sum of all of its product-specific support does not exceed 30 percent of its non-product specific support. In addition, Russia has committed to bind its export subsidies at zero.

Tariffs and Geographical Indications

- The United States negotiated other commitments affecting market access for agricultural products, including commitments that product descriptions in Russia's tariff schedule that include geographical names for wine and cheese not give rise to enforcement of geographical indications at the border. Further, any tariff concessions that other WTO Members negotiate for particular wines and cheeses, e.g., with product descriptions that include geographical names, will apply to all wines and cheeses, addressing the possibility that different tariffs could apply based on geographical indications.