

Ban on food imports: Russia introduces counter-sanctions

Russia has introduced a one-year ban on the import of certain food and food products originating from the US, EU, Canada, Australia and Norway.

The list of banned goods is based on the Presidential Decree dated 6 August 2014 "On special economic measures aimed at national security of the Russian Federation". The Russian Government published the list which takes effect from 7 August 2014 and from such time all banned goods will be blocked at the border and not allowed to enter the Russian customs territory.

For the moment the ban covers the following types of food products:

- meat (including poultry and pork) and meat products (sausages, etc) fresh, chilled or frozen;
- milk and dairy products;
- fish and shellfish;
- vegetables, edible roots and tuber crops;
- fruits and nuts;
- products (such as cheese and milk) based on vegetable fats.

The Governmental list identifies the banned goods, and the Russian customs authorities will check compliance with it, by reference to the identification numbers for the relevant goods set out in the Harmonised System of the Customs Union (the so-called Foreign Economic Activity Commodity Nomenclature of the Customs Union).

Although Russia is a member of the Customs Union, Belarus and Kazakhstan – the other two members – did not support the ban and so it is still possible to export the restricted goods to these countries. This, however, does not mean that it will be possible to export them to Russia via Belarus or Kazakhstan. While Russia does not have customs borders with the Customs Union members, there are mechanisms based on the Customs Union legislation that allow the customs authorities of Kazakhstan and

Belarus to prohibit importation of the banned goods whose ultimate destination is Russia.

One may consider processing banned goods on the territory of Kazakhstan or Belarus for subsequent sale to Russia. While this may be a way out for certain types of imported goods, the level of processing required would need to be significant enough so as to justify a change in the country of origin of those goods (as certified by a special certificate of origin issued by Belarusian or Kazakh authorities). This means that simple re-labelling or re-packaging in Belarus or Kazakhstan would not resolve the issue. The processing may be inappropriate for many types of banned goods or require additional investments.

The Russian Government has indicated that it is ready to take all necessary measures to enforce the ban domestically. It has been reported in the Russian press that the authorities agreed with major national food retail chains on monitoring their inventories of the banned goods so as to ensure that such goods do not appear on shelves. There are also reports of "food patrols" that will report to the authorities the sale of banned goods in shops.

While the ban does not cover baby food, certain types of products essential for people with special dietary requirements (such as gluten-free and lactose-free food) were also banned. Based on the information published on the official web-site of the Russian Government it is,

however, expected that the list of banned goods will soon be amended to exclude gluten-free and lactose-free food, goods for allergic individuals and diabetics. It also expected that the import of certain types of food for sportsmen, food supplements and vitamins and seeds and fry essential for the Russian agricultural sector will be permitted.

Based on the preliminary calculations of the Russian Government, it is estimated that Russia's import-substitution programme will cost approximately RUB50 billion (circa EUR1.05 billion) annually over the next 5 years.

On 18 August 2014 it was reported in the Russian press that the Russian Government has sent proposals for additional import bans (in particular, the banning of certain industrial products such as automobiles and medical equipment) to the President for approval, although Russian officials claim that any such additional measures would be imposed only if the EU or the US toughen their sanctions against Russia.

We will keep you updated on further developments.

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