WORLD TRADE ORGANIZATION

G/STR/Q1/RUS/2

10 May 2016

(16-2568)

Working Party on State Trading Enterprises

Original: English

STATE TRADING

REPLIES TO QUESTIONS[1] POSED BY THE EUROPEAN UNION REGARDING THE RUSSIAN UNITED GRAIN COMPANY

The following communication, dated 9 May 2016, is being circulated at the request of the Delegation of the Russian Federation.

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Question 1

Clarify whether they intend to notify the United Grain Company to the WTO as an STE.

Reply:

United Grain Company (UGC) is not a state trading enterprise within the meaning of the working definition set forth in the Understanding on the Interpretation of Article XVII of GATT 1994, so there is no need to notify UGC to the WTO as an STE.

Question 2

The reasons for maintaining this state trading enterprise.

Reply:

UGC is not a state trading enterprise within the meaning of the working definition set forth in the above-mentioned Understanding.

Question 3

The legal basis for granting the relevant exclusive or special rights or privileges, including legal provisions and summary of statutory or constitutional powers to UGC.

Reply:

The Government of the Russian Federation has not granted to UGC exclusive or special rights or privileges, statutory or constitutional powers to exercise trade operations, including internal trade, export or import. UGC exercises these trade operations on the basis of equal agricultural market participant.

Question 4

A detailed description of the functioning of UGC indicating, in particular, how import levels are established by the state trading enterprise and how the resale prices of imported products are determined.

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Reply:

Import levels are determined on commercial basis. The resale prices of imported products are determined by market pricing.

In 2014 the United Grain Company did not participate in import operation.

Question 5

A brief description of market structure, in particular statistics on the total quantity of export of food grains and the quantity of exports from UGC.

Reply:

In 2014 UGC exported 1,108.4 thousand tons of agricultural products (3.7% of total grain export from the Russian Federation).

In 2014 Russia exported 30.1 million tons of grains: 22.1 million tons of wheat (73%), 4 million tons of barley (13%), 3.5 million tons of maize (12%), 0.5 million tons of other grains (2%).

The main export destinations for UGC are the Middle East countries. In 2014 UGC exported 928 thousand tons of wheat (4.2% of total Russian wheat export), 100 thousand tons of maize (2.5% of total Russian maize export) and 80 thousand tons of barley (2.3% of total Russian barley export).

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