

BUSINESS

Business diary

Shanghai charter signing important, says Putin



President Vladimir Putin said the signing of the Charter of the Shanghai Cooperation Organization (SCO) to be adopted at its summit in St. Petersburg on June 7 will become a "serious international event."

In an interview with the Chinese newspaper Renmin Ribao on Wednesday, Putin said "we proceed from the standpoint that our key task in a short-term perspective is to make sure that the codifying of the Shanghai Cooperation Organization is completed without interruptions." The signing of the Charter will be a landmark event. It will give our organization a solid legal foundation and make it a subject of international law."

He stressed that the SCO "is not a military bloc but an open organization committed to broad international cooperation", and it "can play a very important role in creating a favorable environment for development in Asia."

In his words, Russia considers "the SCO, just as similar structures in the C.I.S., as one of the main mechanisms for ensuring security and developing cooperation in Central Asia."

Putin said "there is a common intention [among SCO members] to start devising mechanisms for fighting such threats as narcobusiness, organized crime, illegal arms trade and so on."

"One of the key priorities in the SCO's work is to ensure joint development of its member states," he added.

Security at the SCO summit and other international meetings on June 5-11 is ensured daily by 2,000 to 4,000 policemen and assigned units.

Putin says Almaty Summit was well-timed

The Almaty summit of the Conference for Cooperation and Confidence-Building Measures in Asia is "well-timed and very useful," President Vladimir Putin has said in reply to an Itar-Tass question.

Leaders of the Asian region, which has many conflicts, have had their first meeting to discuss security, Putin

said. "The conflicts have an influence on many countries, and all of us feel their aftereffects," he said.

Putin described as a very positive signal the fact that the Asian leaders met and approved two documents. He said he hopes that the summit will launch the settlement process in the region.

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Putin hopeful of peaceful Indo-Pak settlement



Russia's President Vladimir Putin said Wednesday he had received reassuring signals from the leaders of India and Pakistan on the possibility of a settlement of conflict between the two countries without the use of force.

Putin told the visiting UN Secretary General Kofi Annan the signals both Pakistani and Indian leaders had given during their talks with him in Almaty inspired hope. "It's important that they came to Almaty, that they sat down at the negotiations table and signed two documents stipulating the principles of a settlement without the use of force," he said.

In his turn, Annan thanked Putin for his personal efforts to help resolve the conflict situations in the Middle East and on the Indian-Pakistani border. He dismissed as erroneous the conclusion of some international mass media that the Russian president had failed to bring India and Pakistan to terms with each other. In actual fact, the two countries themselves lost the chances that the Almaty meeting had opened before them, he said.

Putin noted in this connection the organizers of the summit had never made it their goal to bring the Indian and Pakistani leaders together in Almaty. "Even more than that, some western leaders called on us to refrain from doing it," he added.

Kofi Annan met with Putin as part of a three-day visit to Russia. He is also expected to meet with Foreign Minister Igor Ivanov. Russia diplomats hope they will decorate Annan with a medal named after the Russian peacemaker and prominent diplomat of the 19th century Alexander Gorchakov. They distinguished Annan with the medal "for achievements in the art of diplomacy."

American poultry is again making its way to Russia, but it must now face new and controversial customs-clearance regulations.

U.S. exporters crying fowl

By **MARCIA VINHA**
The Russia Journal

American poultry shipments stalled by Russia's 36-day ban earlier this spring are finally making their first appearances in St. Petersburg's ports. But new, hotly debated customs controls are making it difficult for "Bush legs" to make it to supermarket shelves, and infuriated U.S. exporters claim they are being discriminated against.

Two ships with 22 tons of poultry worth more than \$9 million were finally allowed to pass through customs and clearance at St. Petersburg two weeks ago, after waiting almost two months for official approval — a delay that cost more than \$600,000. According to Russian authorities, importers could not entirely meet new veterinary standards.

Another shipment, allowed to set sail in mid-April, when the Russian government lifted its ban, arrived in St. Petersburg's port this week. But it, too, is subject to tough new requirements before being allowed into the country.

The American Poultry and Egg Export Association has called the requirements discriminatory and illegal.

"Even though a new protocol [to regulate U.S. chicken imports] was signed on March 31, Russian authorities have attempted to put additional restrictions on trade by placing added requirements on importers of U.S. poultry that are both unreasonable and unfair," said **Jim Sumner**, the association's head, in an e-mail interview from Atlanta. "Our biggest concern is that these restrictions are being placed on U.S. products only, and not on products from other countries such as the EU or Brazil."

Sumner said the importer's obligation to show original veterinary documents from American production lines upon arrival is one of the biggest impediments to trade.

"Express-mail service works great and is much more reliable than a ship's captain," he argued. Besides, factories do not want to lose control of original documents, a precaution taken in case of customer complaints.

Importers are still figuring out how to comply with the demands, which also require documents to prove they are able to provide enough cold storage space for the whole shipment and that their meat processors have proper facilities to safely handle salmonella-contaminated poultry.

USAPEEC argues that part of the cargo is immediately sent to the regions from the port, so they do not need to provide cold storage for the entire shipment. Insiders agree, however, that many U.S. process-

Employees of a veterinary service check a shipment of U.S. poultry that arrived in the Urals city of Yekaterinburg. The Russian Agriculture Ministry imposed new conditions on poultry imports, citing concerns about sanitary conditions in U.S. plants and the use of antibiotics in American chickens.

ing factories are not able to safely process meat contaminated with salmonella.

While the poultry export association argues that the demands are not in the March protocol, which regulates U.S. poultry imports, some traders believe they will protect consumers by subjecting imported food to tougher quality control. In a month's time importers will be able to fulfill the extra demands, they argue.

"For the majority of importers, the requirements pose technical obstacles for trade. But we must admit that they are correct concerning quality control of the imported product," said **Valery Skripchenko**, vice president of government relations for **Produkty Pitanya**, one of Russia's largest chicken processors which operates under Zolotoi Petushok brand name.

The company, which is among the biggest U.S. importers for meat processing, claims to be ready to comply with the demands, but has not resumed purchasing from the United States yet. "We have ordered special cuts that are still under negotiation," Skripchenko said.

The poultry export association warned that the new, strict requirements might seriously diminish the largest U.S. export to Russia.

"While we are pleased to see trade resumed, we are far from 'business as usual,'" said Sumner, adding that he fears trade might not resume at the previous level of \$50 million per month. "This is an unnecessary government intervention — apparently for the purpose of controlling and restricting trade with the United States."

American exporters say they fear trading with Russia because of what Sumner calls "double standards" in regulation. As a result, any country can offer the same amount of chicken at a competitive price, which may wedge the United States further out of the market.

The so-called "Bush's legs," a nickname for the food that deluged the market in post-Soviet shortages, became the cheapest source of animal protein in Russia when local production was unable to sup-

ply demand. They currently account for 90 percent of chicken leg quarters' sales, while American poultry makes up 50 percent of the Russian market, according to the **Institute for Agricultural Market Studies**, or IKAR.

Exporters also have special incentives to ship their products to Russia: The low prices of chicken leg quarters in the United States, where it is considered lower quality than the popular white breast meat, are compensated for in the Russian market, where the cuts are sold at nearly identical prices. That is partially what made Russia the United States' largest poultry consumer, buying 50 percent of U.S. poultry production.

The ban, issued March 10, drew media attention because it coincided with a U.S. decision to impose tariffs on steel imports. But the two sides have not publicly linked the different trade issues. The Russian government expressed concern about American plants' use of antibiotics and additives and raised questions about their sanitary conditions, issues later supported by salmonella cases in some instances. A ban on Chinese meat products was also imposed about the same time and recently lifted.

However, authorities have not remained silent about the government's interest in protecting the national poultry industry. Next year, quotas for poultry imports ranging from 600,000 to 900,000 tons a year should be introduced, First Deputy Minister of Agriculture **Sergei Dankvert** told the daily Vedomosti.

When U.S. exporters did not sell a single leg quarter last month, Russian importers and producers reacted by hiking their prices about 20 percent, which resulted in a 15 percent increase in the retail price for the beginning of May, as **Produkty Pitanya** did with its monthly production of 2,000 to 4,000 tons.

"Until the ban, prices for domestic product fell for several consecutive months. Importers had stocks sufficient for three months, which smoothed the hike," said **Dmitry Rytko**, general director of IKAR. He added that it is still early to attest to an increase of local production. ■



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