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Imports of Ukraine Chocolate Threatened in Trade Spat

By The Moscow Times

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GENEVA— Russia plans to put trade sanctions on Ukraine, penalizing imports of chocolate, coal and glass in retaliation for a Ukrainian emergency import tax on cars that has drawn World Trade Organization opposition.

Ukraine imposed the emergency car tax under the WTO "safeguard" rules, which allow countries to protect a sector if there is a threat of serious damage to producers from a surge in imports. But there are strict rules about their use, which Ukraine is accused of ignoring.

In response, WTO members affected by the car tax are allowed to levy an equivalent tax on Ukrainian imports.

Russia said its proposed tax on Ukrainian imports would come into force as soon as it was adopted by the Customs Union, which also includes Kazakhstan and Belarus.

Russia is the second of five concerned WTO members to spell out how it plans to punish Ukraine over the car tax.

Turkey has already said it plans to target Ukrainian walnuts. But the other opponents of Ukraine's car tax could hurt Kiev more.

Japan plans to raise the issue at a WTO meeting on Thursday. Like the other opponents, the European Union and South Korea, it has not spelled out how they might retaliate against Ukraine.

In a WTO filing published on Tuesday, Russia said the Ukrainian car tax would hit Russian car exports worth $328 million, raising $36 million of tax.

To offset this, it said it reserved the right to impose a duty of 0.1 euros per kilogram of Ukrainian chocolate, 15 percent on glass and 54 percent on coal.

Diplomats say the car tariff is part of a pattern of aggressive and eccentric behavior by Ukraine, which is vetoing Yemen from joining the WTO, pursuing a legal challenge to Australian tobacco laws and undermining the WTO system by demanding a far-reaching renegotiation of its tariffs.

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