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Russian Federation

Continuing Countersanctions Propel Growth in Domestic Production

Annual Fresh Deciduous Fruit Report

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Report Highlights:
For Marketing Year (MY) 2016/17, Russian apple, pear and table grape production are forecast to increase to 1,337,220 MT, 159,400 MT and 102,660 MT respectively. While current interest rates generally discourage large scale investment, the Russian government is offering subsidies for orchard and vineyard development. Continuing countersanctions on products from the United States, the European Union and Australia have had an adverse impact on Russian fruit trade. Russia's economic sanctions on Turkey will likely lead to a 10 percent decrease in table grape imports.

NOTE: Since June 2014, Crimean data are officially incorporated into Russian national statistics

(ROSSTAT). However, unless explicitly stated, USDA production and trade estimates do not include data from Crimea.

Commodities:
Apples, Fresh
Pears, Fresh
Grapes, Table, Fresh

General Information:

Apples

Area:

According to the Russian Federal Statistical Service (Rosstat), the total area under seed fruit production in 2015 was 243,400 hectares (ha), a decrease of 0.2 percent from the previous year. Apples account for approximately 86 percent of Russia's total seed fruit production area (Russian Federation Census of Agriculture, 2006). Accordingly, the planted area for apple orchards in MY 2015/16 is estimated at 209,240 ha. In 2015, apple growers in the Southern Federal District, the Central Federal District, and the North Caucasian Federal District, together representing more than 95 percent of Russia's commercial apple production, began to uproot old trees and invest in new orchard development. Although current interest rates generally discourage large scale investment, the Russian government is currently offering subsidies for seed fruit production. In 2015, the Ministry of Agriculture provided a total of 103.6 million rubles ($1.7 million) to uproot old trees and 2,311.3 million rubles ($37.1 million) for planting new orchards. The Russian government horticultural subsidy scheme specifically includes the following provisions:

- a reimbursement of 18,190 rubles ($292) per hectare for land cultivation after uprooting orchards older than 30 years (a twofold increase from the 2014 subsidy level) ;
- a reimbursement of up to 80 percent of expenses, but not more than 53,940 rubles ($866 per ha), for planting perennial fruit (a twofold increase from the 2014 level of support);
- a reimbursement of up to 80 percent of expenses, but not more than 200,000 rubles ($3,210 per ha), for planting perennial fruit nurseries (a tenfold increase from the 2014 level of support);
- a reimbursement of up to 80 percent of expenses, but not more than 232,540 rubles ($3,732 per ha) for planting intensive fruit orchards (threefold increase from the 2014 level of support);
- a reimbursement of up to 80 percent of expenses, but not more than 20,760 rubles ($333 per ha) for operational expenses of commercial scale production of perennial fruit and berries (a nearly tenfold increase from the 2014 level of support).

For MY 2016/17, area planted is forecast to increase to 210,000 ha.

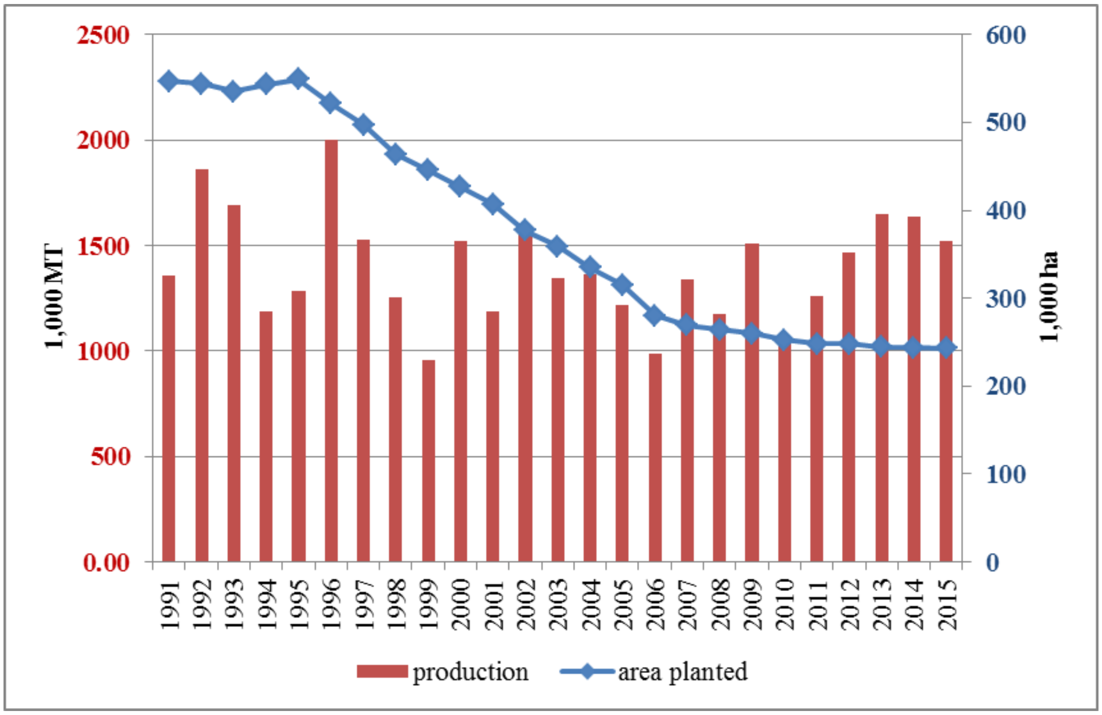
Production:

According to Rosstat, Russian seed fruit production declined by 7 percent in 2015, reaching 1,524,400 MT. An estimated 62 percent of Russia's seed fruit crop is grown by private households, 35 percent is cultivated by commercial scale agricultural enterprises, while the remaining 3 percent is grown by small microenterprises or commercial organizations listed on the Register of Legal Entities that comply with the terms of Federal law No. 209-FZ of July 24, 2007 - "On the Development of Small and Medium Business in the Russian Federation."

Approximately 52 percent of commercial apple production is concentrated around Krasnodarskiy Kray and Volgogradskaya Oblast in Russia's Southern Federal District. The Central Federal District, mostly south of the Moscow region, accounts for about 31 percent of commercial apple production, while 16 percent comes from the North Caucasian Federal District. Apple varieties such as Red Chief, Golden Delicious, Granny Smith, and Gala are generally grown in the warmer southern districts, whereas local varieties such as Semerenko, Slava Pobeditelyu, and Bolshevik are prevalent elsewhere. The average yield is approximately 9.8 MT per ha, however commercial orchards with better management practices obtain higher yields of around 12.2 MT per ha. For MY 2015/16, apple production is estimated at 1,311,000 MT. Heavy rainfall after blossoming and cooler weather in July had an adverse effect on fruit quality and size.

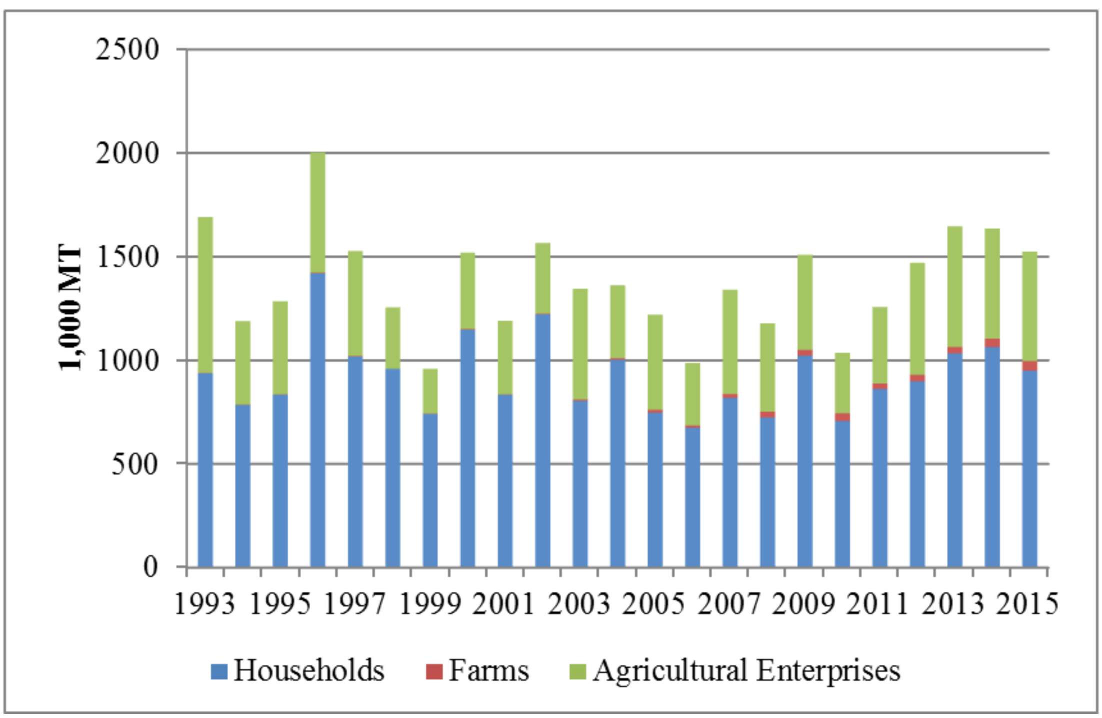
With favorable weather conditions, private orchard production is expected to increase by 0.5 percent in MY 2016/17 to reach 763,450 MT. Apples from private orchards are generally only used for personal consumption, and therefore do not enter commercial channels. In MY 2016/17, commercial apple production is forecast to increase by 4 percent to reach 573,770 MT. This trend will likely continue as government policy encourages investment in the development of more productive orchards.

Chart 1. Russia: Seed Fruit Production and Area Planted, 1990-2015



Source: Rosstat

Chart 2. Russia: Seed Fruit Production in Different Types of Organizations, 1993-2015



Source: Rosstat

Trade:

Russia is the world's largest apple importer. In MY 2015/16, Russia imported 741,357 MT valued at $379.5 million, a 9 percent decrease in volume from MY2014/15. In August 2014, Russia introduced countersanctions to retaliate against the economic sanctions that were placed on Russia following the Ukrainian crisis. Russia's countersanctions, which have now been extended until the end of 2017, affect agricultural products originating from the United States, Canada, the European Union, Australia, and Norway. For more information, please refer to [GAIN report RSATO038 Russia Extends Import Food Ban through End 2017.]

Officially, Russian importers are importing apples from suppliers that are not subject to the countersanctions. In MY 2015/16, Russia's largest apple suppliers included Belarus (221,908 MT), Serbia (198,892 MT) and China (113,923 MT). Moldova also became fourth largest supplier, doubling exports from 22,280 MT in MY 2014/15 to 57,206 MT in MY 2015/16. However, the Federal Veterinary and Phytosanitary Surveillance Service (Rosselkhoznadzor) has repeatedly detected shipments of fresh produce from various banned origins. Since August 2014, Rosselkhoznadzor has detected more than 1,085 illegal shipments. In many cases, these shipments transited through Belarus with counterfeit phytosanitary certificates from countries like Albania, Chile, Turkey, Israel, Tunisia, Morocco, Serbia, Bosnia and Herzegovina, Ecuador, Egypt and the Republic of South Africa). On July 31, 2015, the Russian Government adopted Decree #774, which clarifies procedures for destroying banned products that originate from the United States, the European Union, Canada, Norway and Australia. Notwithstanding this Decree, products from banned countries continue to appear in the Russian market. On December 7, 2015, Rosselkhoznadzor introduced a special surveillance regime to confirm the authenticity of phytosanitary certificates.

- As of March 14, 2016 imports from Moldova under HS code 0808 and 0809 must be accompanied by Moldavian phytosanitary certificate which specifically identifies a registered Russian consignee. Imports are permitted only via the border checkpoints in Belgorodskaya, Bryanskaya, and Kurskaya Oblast.
- As of April 6, 2016, imports from India, Jordan and Liberia cannot be transshipped, and must only enter through an official border entry point of the Russian Federation.
- As of June 18, 2016, imports from Cameroon, Sierra Leone, the Democratic Republic of Congo, Cote d'Ivoire, Uganda, Benin, Nigeria, Guinea-Bissau, Guinea, and Burkina Faso may only enter through official international border checkpoints of the Russian Federation.
- As of August 4, 2016, imports of high phytosanitary risk from Bosnia and Herzegovina are subject to temporary restrictions
- For further information, please refer to [the Rosselkhoznadzor official website].

On November 28, 2015, President Vladimir Putin issued Decree # 583 on the "Application of Special Economic Measures against the Turkish Republic." As a result of this Decree, imports of Turkish apples, grapes, pears and other agricultural products were also banned from entering the Russian Federation. In MY 2014/15, imports of Turkish apples reached 11,914 MT, up from 230 MT during the previous year. Still, Turkish apples represent less than 1 percent of the Russian market, and therefore the impact of the sanctions is negligible.

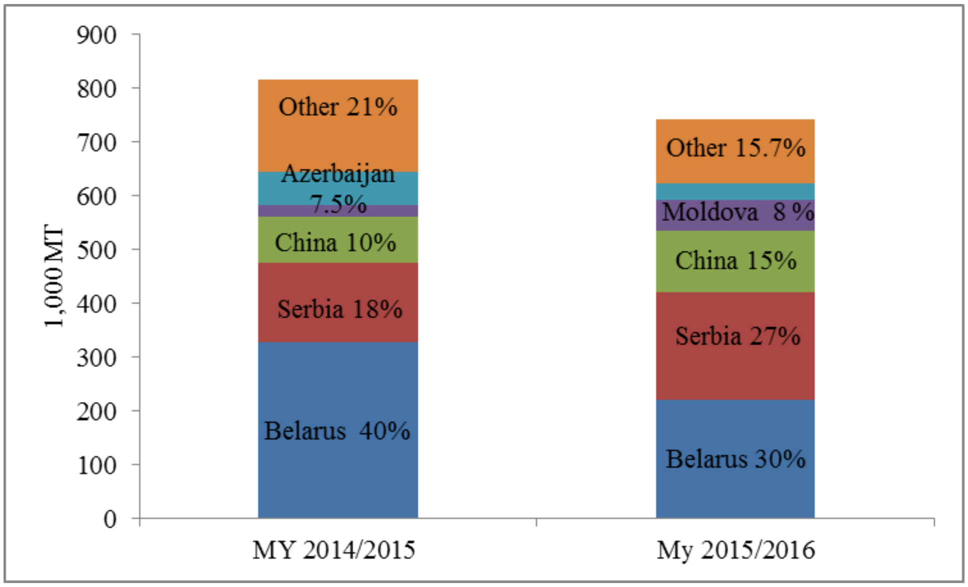
In MY 2016/17, Russian apple imports are expected to decline by 3 percent to 720,000 MT. Tighter border controls will increase the cost of imported apples, and with more locally produced fruit available on the market, budget conscious consumers are expected to curb spending on imported fruit. During the month of July 2016, apple imports from Belarus fell to 695 MT, a 96 percent decrease from the 17,846 MT imported during the same period in the previous year. Apple imports from China also fell by 30 percent; however, Moldovan apples remain competitive, and assuming continuing stability in the ruble exchange rate, apple imports from offseason Southern hemisphere suppliers are expected to remain strong.

Table 1. Russia: Import Trade Matrix for Apple in MT, MY 2013/2014 – MY2015/2016

MY 2013/2014		MY 2014/2015		MY 2015/2016	
US	10,855	US	19	US	0
Others		Others		Others	
Poland	544,637	Belarus	328,649	Belarus	221,892
Belarus	166,370	Serbia	146,779	Serbia	198,892
Moldova	165,157	China	85,472	China	113,923
China	93,126	Azerbaijan	51,813	Moldova	57,206
Serbia	68,762	Chile	24,863	Azerbaijan	32,558
Azerbaijan	34,135	Brazil	22,985	Macedonia	32,556
Italy	28,566	Poland	22,280	Chile	23,606
France	22,585	Moldova	21,201	Bosnia and Herzegovina	15,356
Chile	22,173	Ukraine	17,593	Argentina	14,734
Belgium	21,779	Macedonia	14,578	South Africa	12,032
Total from Other	1,167,290	Total for Other	746,213	Total from Other	722,771
Others not listed	41,800	Other not listed	71,244	Others not listed	18,586
Grand total	1,209,090	Grand total	817,457	Grand total	741,357

Source: Global Trade Atlas

Chart 3. Russia: Apple Import by Country, MY 2014/2015 - MY 2015/2016



Source: Global Trade Atlas

Table 2. Russian Federation Customs Duty

Product and HS code	Customs Duty
Apples 0808 10 800 1 From January 1 to 31 March	0,036 Euro per 1 kg
Apples 0808 10 800 2 From April 1 to June 30	0,031 Euro per 1 kg
Apples 0808 10 800 3 From July 1 to July 31	0,036 Euro per 1 kg
Apples 0808 10 800 5 From August 1 to November 30 Varieties Golden Delicious and Granny Smith	0,088 Euro per 1 kg
Apples 0808 10 800 6 From August 1 to November 30 other varieties	0,068 Euro per 1 kg
Apples 0808 10 800 7 From December 1 to January 31 Golden Delicious and Granny Smith	0,55 Euro per 1 kg
Apples 0808 10 800 8 From December 1 to January 31 Other varieties	0,054 Euro per kg

Consumption:

With a population of 144.2 million people, Russia is one of the largest consumer markets in the European subcontinent. In 2015, Russian fruit consumption decreased as retail prices increased and real incomes declined. According to Rosstat, average annual fruit consumption in Russia (including nuts, juices, dried, canned and frozen fruits) declined by 7 percent to 71 kg per person. Fresh fruit consumption fell from 43.9 kg in 2014 to 41.3 kg in 2015. Fresh fruit consumption is generally higher in urban areas (44.1 kg per person) where incomes are higher and where there is a greater availability of an assortment of fruit. However, official data on fresh fruit consumption in rural areas may underestimate consumption of private and locally produced fruit. Approximately 24 percent of the Russian population lives in rural areas.

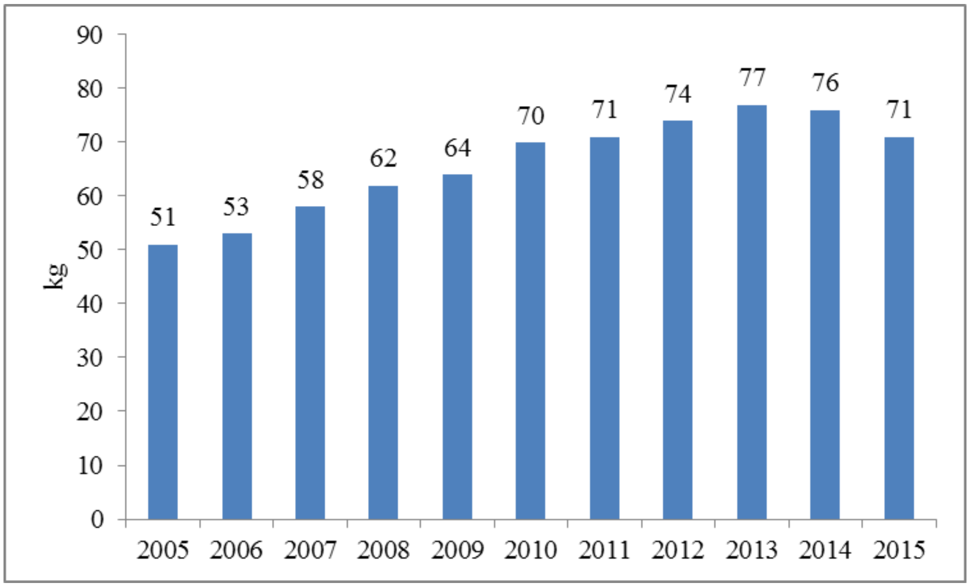
Rosstat estimates that in 2015, the average Russian household spent 531.4 Rubles ($8.5) a month on purchases of fresh fruit, a 20 percent increase from 2014. Despite relatively stable macroeconomic indicators (year-on-year inflation is currently 7.2 percent, the lowest level since March 2014) and currency ($1 = 62.3031 rubles), average consumer spending has fallen. Real disposal incomes decreased by 1 percent in 2014, by 4 percent in 2015, and by 5.3 percent during the period of January to July 2016. Sales in the retail sector fell by 9.9 percent in 2015 and by 5.7 percent during the first half of 2016. According to a Nielsen Company survey, more than 33 percent of Russian consumers have reduced purchases of fresh fruit and vegetables compared to the same period in 2015. The survey, which took place during a 7-day period from June 29th to July 6th, questioned more than a 1000 Russian consumers in Moscow, St. Petersburg and 28 other Russian cities with populations of greater than half a million people. The Nielsen survey indicated that 33 percent of consumers have reduced purchases of fresh vegetables, while 43 percent of consumers reduced purchases of fresh fruit (44 percent reduced purchases of berries).

More than 80 percent of Russian consumers indicated increasing prices as the main reason for the decline in purchases of fresh produce. Other respondents (15 percent) indicated that they were dissatisfied with the quality of the products or that they had increased their reliance on backyard production. While the volume of overall purchases has fallen, more than 90 percent of survey respondents indicated that they are still purchasing fresh fruit and vegetables. The most popular purchases include cucumbers (92 percent), tomatoes (91 percent), apples (81 percent), potatoes and onions (79 percent each), bananas (78 percent) and lemons (56 percent). The main sales channels of fresh and seasonable products were hypermarkets, markets, weekend trade fairs, and discounters. In discounters, consumers were buying fresh vegetables (50 percent of respondents) and fruits (47 percent), and chilled poultry (45 percent). For fresh seasonal berries, 67 percent of respondents visited markets, and in hypermarkets they were looking for chilled poultry meat (50 percent), meat (44 percent), and fish (42 percent).

Apples are one of the most affordable and popular fruits in Russia, representing around 20 percent of the total fruit market. Russians usually consume fresh apples whole, often as a healthy snack. Apples are sometimes included in salads or as a part of a main dish. Many popular Russian desserts also use baked apple or apple puree as an ingredient. Russian consumers have a strong preference for locally-grown apples, and from August to November (when local apples are in-season), Russian consumers buy large quantities from open markets and from outdoor street kiosks. During the rest of the year (December to July), consumers tend to buy imported apples in hypermarkets and retail discounters such as Magnit, X5 Retail Group, Auchan Group, METRO Cash&Carry, Dixi Group, Dorina Holding (O'key) etc…

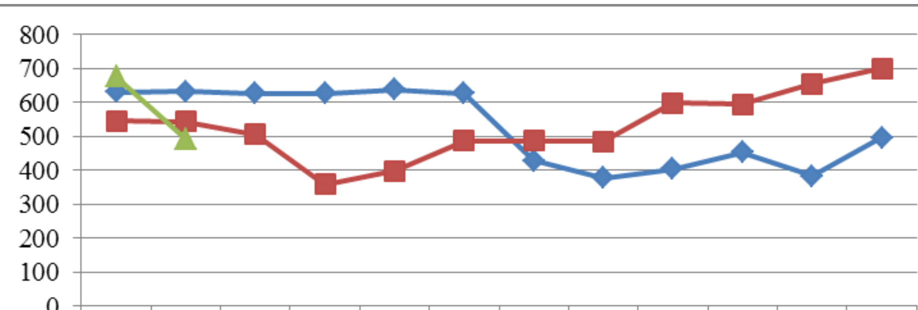
Based on overall trends in decreased consumer spending, Russia's fresh apple consumption is forecast to decline by 0.7 percent in MY 2016/17 to 1,628,400 MT. Apple prices should remain stable as long as supplies of locally produced fruit and relatively inexpensive imports from Moldova are available. With increasing production of locally grown apples, an estimated 348,300 MT will be used in the production of apple juice concentrate and puree, a 4 percent increase from MY 2015/16. An estimated 15 percent of the domestic apple crop is used in food processing.

Chart 4. Russia: Average Fruit Consumption, kg per person per year, 2005-2015



Source: Rosstat

Chart 5. Russia: CIF Prices for Apples, MY214/2014, MY 2015/2016, July & Aug. 2016, in USD per MT



	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	Apr	May	June
MY 2014/2015	631	632	626	626	639	627	428	378	405	453	384	497
MY 2015/2016	546	544	506	359	399	487	487	485	599	595	656	700
MY 2015/2016	676	492										

Source: GTA

Policy:

On August 13, 2016, the Government of Russia adopted Resolution # 792 approving New Rules for Phytosanitary Quarantine Control at State Borders. The newly introduced rules authorize the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) and the Russian Customs Service to regulate and inspect shipments entering the Russian Federation. For more information, please refer to USDA FAS Gain Report RS1649 “New Rules for Phytosanitary Control at the State Border of the RF.”

The Russian government continues to provide subsidies for the construction and modernization of storage capacity. According to industry sources, the objective is to reach a capacity equivalent to approximately 15 to 20 percent of horticultural production. Construction of modern storage facilities is very capital intensive, however on March 30, 2016, the Russian Government signed Order # 540-p to distribute 8,954.7 billion rubles for construction and modernization of agro-industrial facilities, including purchases of machinery and equipment. Russian government subsidies are allocated within the framework of the “Development of Agriculture and Market Regulation of Agricultural Production and Raw Material from 2013 until 2020.” Under this program, 812.4 million rubles have been specifically earmarked for the development of fruit storage.

Table 3. Russian Federation Apples: Production, Supply and Disappearance

Apples, Fresh Market Begin Year	2014/2015 Jul 2014	2015/2016 Jul 2015		2016/2017 Jul 2016	
Russia	USDA Official	USDA Official	New Post	New Post	(Units)
Area Planted	210200	212200	209240	210000	(HA)
Area Harvested	161300	162300	156520	160000	(HA)
Bearing Trees	94000	95000	0	0	(1000 TREES)
Non-Bearing Trees	47000	53000	0	0	(1000 TREES)
Total Trees	141000	148000	0	0	(1000 TREES)
Commercial Production	556700	550600	551700	573770	(MT)
Non-Comm. Production	851900	839400	759300	763450	(MT)
Production	1408600	1390000	1311000	1337220	(MT)
Imports	817300	725000	741357	720000	(MT)
Total Supply	2225900	2115000	2052357	2057220	(MT)
Fresh Dom. Consumption	1799800	1665800	1640637	1628400	(MT)
Exports	1000	9700	10742	10500	(MT)
For Processing	369500	370000	334,690	348300	(MT)
Withdrawal From Market	55600	69500	66288	70020	(MT)
Total Distribution	2225900	2115000	2052357	2057220	(MT)
TS=TD	0	0	0	0	

Pears

Production:

Russian pear production in MY 2015/16 is estimated at 154,770 MT, a 4 percent decrease from the previous year. Adverse weather conditions had a significant impact on yields. Commercial orchards, which represent less than 15 percent of total pear production, were particularly affected by frost.

According to industry sources, susceptibility to frost damage has discouraged investment in pear production, and more and more commercial growers are gravitating toward apple cultivation.

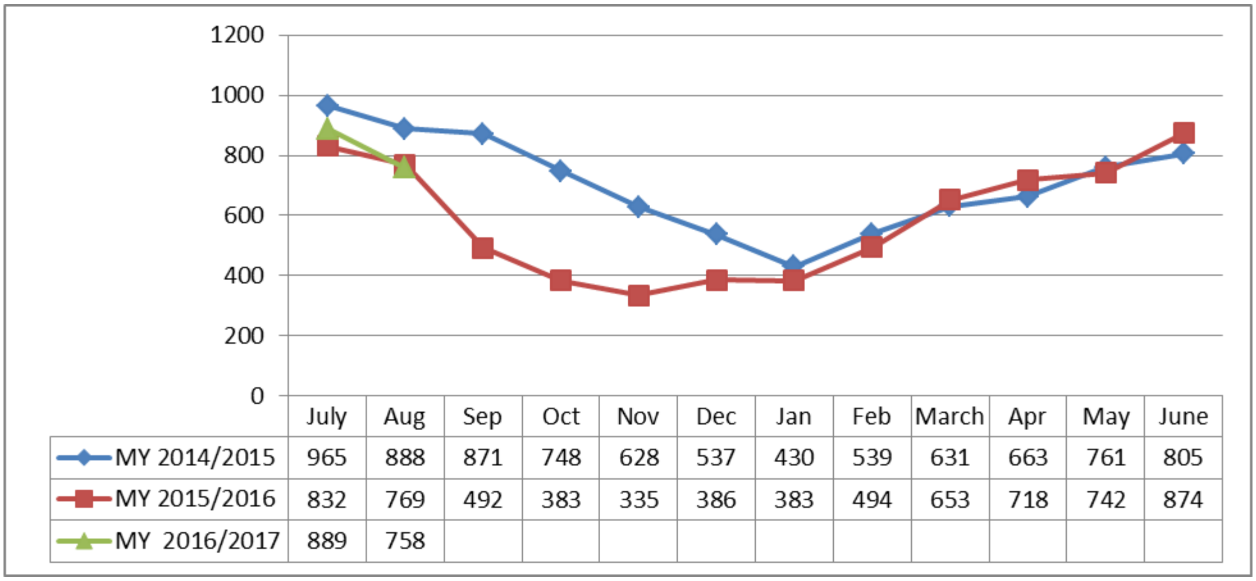
Assuming more favorable weather conditions in MY 2016/17, Russia's pear crop is forecast to grow by 3 percent to reach 159,400 MT. Area planted and harvested is forecast to remain stable at 31,620 ha and 23,640 ha respectively. Commercial production is expected to grow by 2 percent to reach 22,000 MT, while private household is forecast to reach 137,400 MT. Abate Fetel, Williams and Conference pear varieties are popular in the warmer southern areas. Local pear varieties such as Kyure, and Lesnaya Krasavitsa are more resistant to frost but they are generally considered to be less flavorful.

Trade:

As most locally grown pears (86 percent) are for personal consumption, Russian retailers depend heavily on foreign suppliers. In MY 2015/2016, Russian pear imports remained stable notwithstanding the disruption of countersanctions on traditional European suppliers. Over the last two years, Belarus has emerged as Russia's largest pear supplier. In MY 2015/16, pear imports from Belarus reached 113,854 MT, a 17 percent increase from the previous year (and a four-fold increase from MY 2013/14).

At the same time, Russian Federation authorities (Rosselkhoznadzor) are increasingly vigilant in detaining shipments that are suspected of circumventing countersanctions. With stricter border controls, Russian pear imports are expected to decline by 7 percent to reach 245,000 MT in MY 2016/17. During July 2016, the monthly volume of Russian pear imports dropped 55 percent to 7,278 MT (from 16,210 MT in July 2015). According to APK Inform current wholesale prices ranges from 75 Rubles ($1.2) per kg for Triot pear from Guinea-Bissau to 120 Rubles ($1.9) for kg for Red Bartlett pears from Argentina.

Chart 6. Russia: CIF Prices for Pears, MY214/2014, MY 2014/2015, July & Aug. 2016, in USD per MT



Source: GTA

Table 4. Russia: Import Trade Matrix for Pears in Metric Tons, MY 2013-2015 Year

MY2013/2014		MY 2014/2015		MY 2015/2016	
US	10,367	US	0	US	0
Others		Others		Others	
Belgium	119,487	Belarus	95,001	Belarus	113,854
Argentina	81,996	Argentina	70,079	Argentina	72,662
Poland	49,044	China	30,505	China	30,384
Netherlands	44,075	South Africa	20,871	South Africa	17,139
Belarus	27,639	Chile	8,880	Chile	7,484
China	16,438	Serbia	6,107	Bosnia and Herzegovina	7,126
South Africa	11,717	Turkey	4,823	Serbia	6,872
Spain	11,536	Bosnia and Herzegovina	4,158	Turkey	5,226
Portugal	6,432	Morocco	3,672	Armenia	1,990
Serbia	5,631	Armenia	3,400	Azerbaijan	203
Total from Other	373,995	Total from Other	247,496	Total from Other	262,940
Others not listed	17,065	Others not Listed	16,058	Others not listed	582
Grand total	391,060	Grand total	263,554	Grand total	263,522

Chart 7. Russia: Pear Imports by Country, MY 2014/2015 - MY 2015/2016

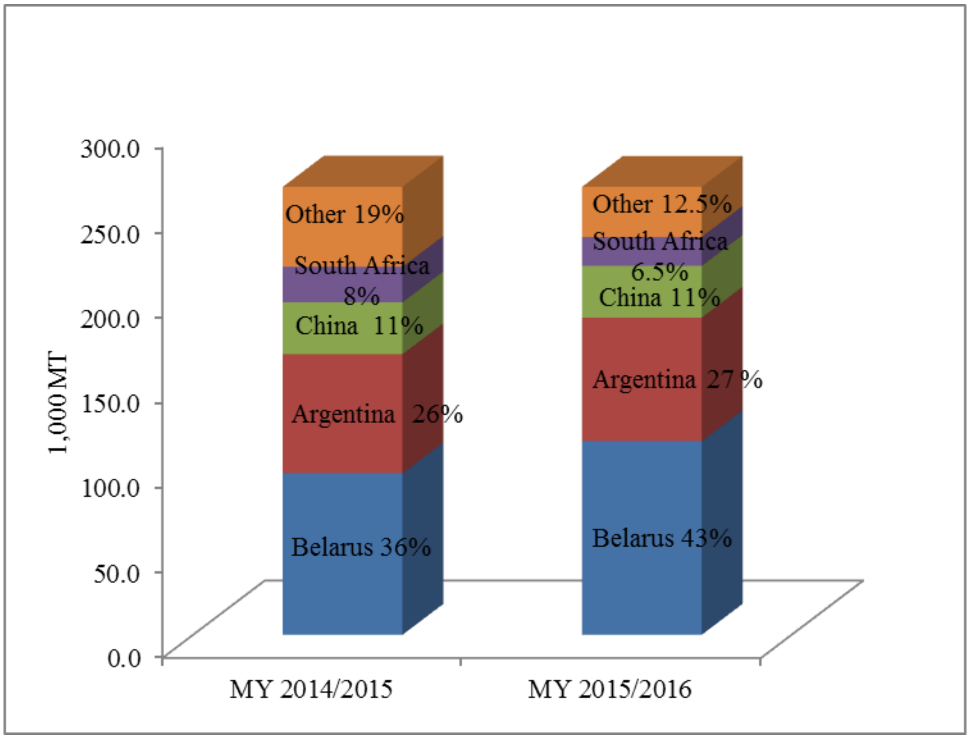


Table 5. Customs Duty in Percentage of Customs Value or in Euro or in USD

Product and HS code	Customs Duty
Pears 0808 30	5%

Consumption:

For Russians, the ideal pear is usually described as juicy, crispy, sweet, and not overripe. Russian consumers typically eat pears whole or sometimes as an ingredient in fruit salads. Consumers are very conscious of pear varieties such as Conference, Williams and Red Bartlett, but they generally do not pay much to the country of origin. Pears are not particularly associated with a specific season in Russia, and people normally buy them year round. Consumers tend to buy pears in supermarkets, but occasionally also make purchases at fruit kiosks and open air markets. In MY 2015/16, pear consumption reached 393,546 MT, a 2 percent decrease from the previous year. Despite the fact that pears remain a very popular and desirable fruit (along with apples, citrus, and bananas), fresh pear consumption is forecast to decrease by 3 percent to 381,050 MT in MY 2016/17. Russia’s pear consumption is generally sensitive to changes in price and income. The decline in household purchasing power is expected to have an adverse effect on overall purchases.

Table 6. Russian Federation Pears: Production, Supply and Disappearance

Pears, Fresh Market Begin Year Russia	2014/2015 Jul 2014	2015/2016 Jul 2015		2016/2017 Jul 2016	
	USDA Official	USDA Official	New Post	New Post	(Units)
Area Planted	31800	31900	31630	31620	(HA)
Area Harvested	24400	24400	23660	23640	(HA)
Bearing Trees	11500	10800	0	0	(1000 TREES)
Non-Bearing Trees	3900	3000	0	0	(1000 TREES)
Total Trees	15400	13800	0	0	(1000 TREES)
Commercial Production	23200	24100	21570	22000	(MT)
Non-Comm. Production	137251	135900	133200	137400	(MT)
Production	160451	160000	154770	159400	(MT)
Imports	264600	270000	263522	245000	(MT)
Total Supply	425051	430000	418292	404400	(MT)
Fresh Dom. Consumption	399851	404700	393546	381050	(MT)
Exports	300	400	346	350	(MT)
For Processing	8900	9500	9400	10000	(MT)
Withdrawal From Market	16000	15400	15000	13000	(MT)
Total Distribution	425051	430000	418292	404400	(MT)
TS=TD	0	0	0	0	

Grapes

Production:

In MY 2015/2016, Russia's planted area for table grapes reached 9,300 ha, a marginal decline of 1 percent from the previous year. Government subsidies, which include 103.6 million rubles ($1.7 million) for uprooting old orchards and 2.311 billion rubles ($37.1 million) for planting new vineyards, are encouraging domestic investment. According to Russia's Ministry of Agriculture, in 2015, new vineyard planting reached 3,350 ha. Most of this new development, however, is largely directed toward Russia's wine making industry. On January 1st, 2016, the Russian government introduced a new excise tax of 5 rubles per liter ($0.08) for wine with a protected geographical indication (GI) (and 13 rubles per liter, $0.2, for sparkling wine). For non-GI wine, the excise tax is 9 rubles per liter ($0.15) or 26 rubles per liter ($1.6) for sparkling wine. This measure is expected to help finance and stimulate further investment in wine grape cultivation.

Russia's table grape production area is forecast to remain stable at around 9,200 ha in MY 2016/17. Approximately 60 percent of Russia's commercial table grape production is concentrated in the Southern Federal District, while most of the remaining production is located in the North Caucasian Federal District. In the South, competition for suitable land tends to favor wine production as many growers see greater opportunities in the wine sector.   Table grape production is also constrained by high production costs, limited storage facilities and limited availability of high quality rootstock.

In MY 2015/16, Russian table grape production reached 100,580 MT, a 1 percent increase from the previous year. Commercial production reached 41,650 MT as recently developed vineyards began to see an increase in average yields. The “Moldova” black grape variety, typically harvested in mid-September, accounts for almost 70 percent of Russia’s commercial table grape crop. The other main grape variety is the white “Plevan,” which is typically harvested in mid-August. According to industry sources, wholesalers and retailers in Moscow, St. Petersburg and Ekaterinburg have developed good profit margins in selling local grape varieties. Farm prices vary from 25 to 45 rubles per kg. ($0.4 to $0.72), and can typically sell at wholesale for 78 to 117 rubles per kg. ($1.25 to $1.88).

Trade:

Russia is one of the world’s leading importers of table grapes. In MY 2015/2016, Russia officially imported 255,025 MT, valued at $273.7 million, a decrease of 15 percent by volume and 22 percent decrease by value compared to the previous year. However, industry sources believe that Russia’s table grape imports are substantially higher as numerous unrecorded shipments enter the Russian Federation from Uzbekistan. These shipments are custom cleared in Uzbekistan and Kazakhstan, and enter into the Russian Federation without additional duties.   Depending on crop and market conditions, Uzbekistan has traditionally supplied Russia with 46,000 to 73,000 MT of table grapes a year. However, Uzbekistani table grape shipments are not always fully counted in Russian Customs statistics.

Turkey is Russia’s largest supplier of table grapes, shipping 119,166 MT ($124.2 million) in MY 2015/16 – equivalent to approximately 46 percent of Russia’s table grape market.   In MY 2015/16, Russian imports from Belarus more than doubled, reaching 24,146 MT.   Russia’s other major table grape suppliers included Moldova (15,944 MT), India (15,082 MT), and Chile (13,998 MT). During the winter off-season, table grapes from Peru, Chile, and South Africa dominate the market, however consumption volumes are significantly lower due to the relatively higher prices.

In MY 2016/17, Russian imports of table grapes are forecast to decrease by 10 percent to reach 230,000 MT.   Russian sanctions on Turkish fresh produce, which began on January 1, 2016, are currently still in effect.   Turkey has been Russia’s largest single supplier of table grapes, and while trade with other countries has grown, Turkey’s absence from the market has had a dampening effect on imports.   From June to August 2016, Russia imported 36,706 MT of table grapes ($35.4 million), a 40 percent decline by volume and 49 percent decline by value compared to the previous year. Imports from Armenia, Uzbekistan, and Kazakhstan reached 8,280 MT, 4,856 MT and 2,785 MT respectively.

Table 7. Russia: Import Trade Matrix for Grapes in Metric Tons, MY 2013-2015 Year

MY 2013/2014		MY 2014/2015		MY 2015/2016	
US	1,017	US	0	US	0
Others		Others		Others	
Turkey	139,011	Turkey	168,088	Turkey	119,166
Chile	29,369	Moldova	30,093	Belarus	24,146
Italy	27,869	Chile	18,596	Moldova	15,944
India	26,807	Peru	15,184	India	15,082

Moldova	23,504	South Africa	10,572	Chile	13,998
Peru	22,360	China	10,167	Uzbekistan	13,441
South Africa	12,516	Belarus	9,893	Peru	12,890
China	9,653	India	9,174	Egypt	11,430
Iran	6,677	Egypt	6,284	China	8,025
Armenia	6,118	Armenia	5,815	South Africa	7,311
Total from Other	303,884	Total from Other	283,866	Total from Other	241,486
Others not listed	21,026	Others not listed	17,441	Others not listed	13,540
Grand total	324,910	Grand total	301,307	Grand total	255,026

Table 8. Customs Duty in Percentage of Customs Value or in Euro or in USD

Product and HS code	Customs Duty
Grapes 080610	5%

Chart 8. Russia: Grape Imports by Country, MY 2014/2015 - MY 2015/2016, in 1,000 MT

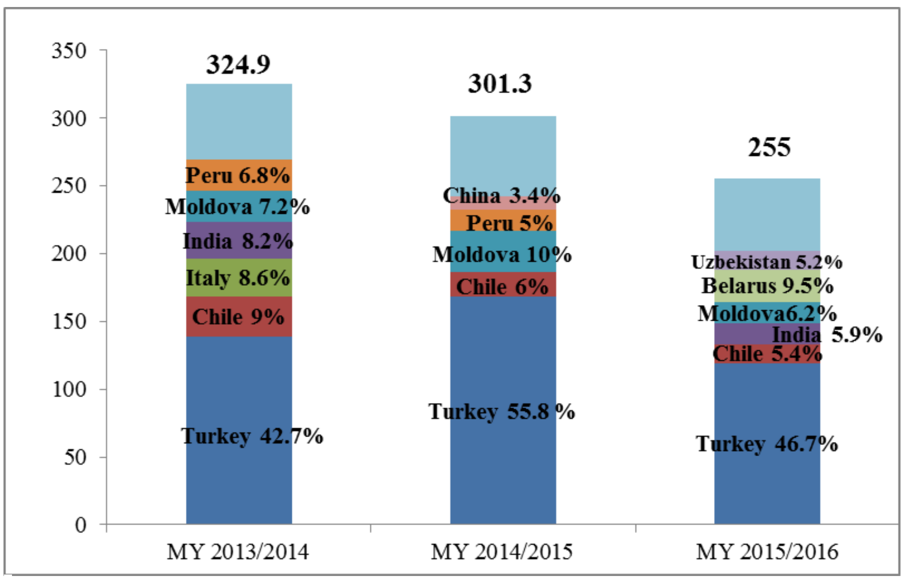


Chart 9. Russia: Grape Imports by Country, June-Aug 2015

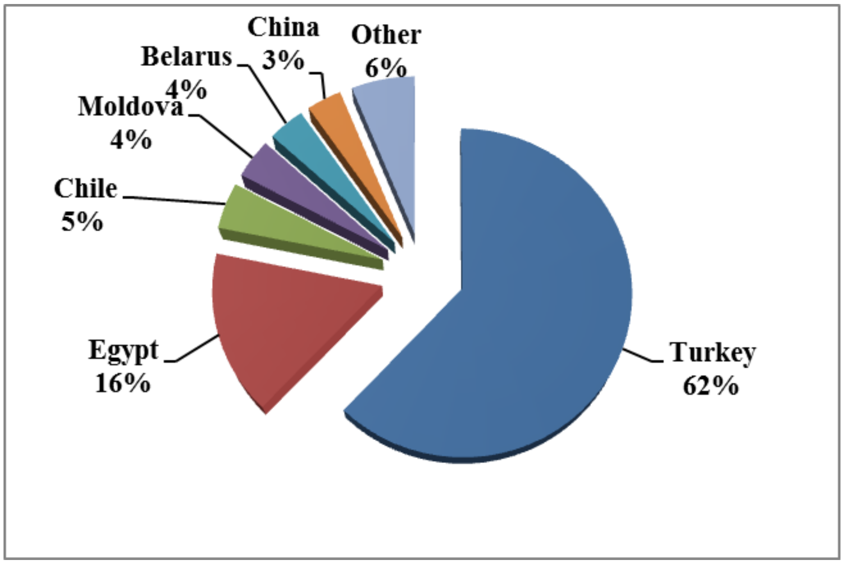


Chart 10. Russia: Grape Imports by Country, June-Aug 2016

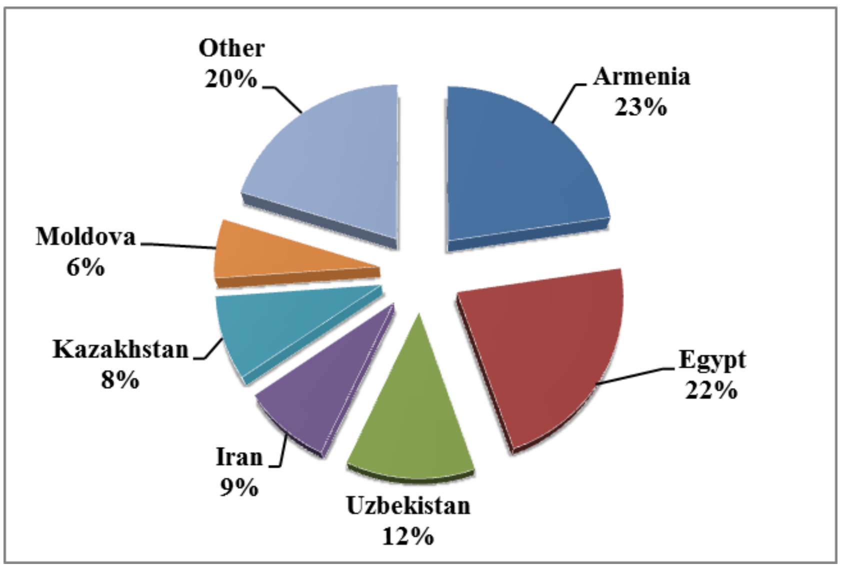
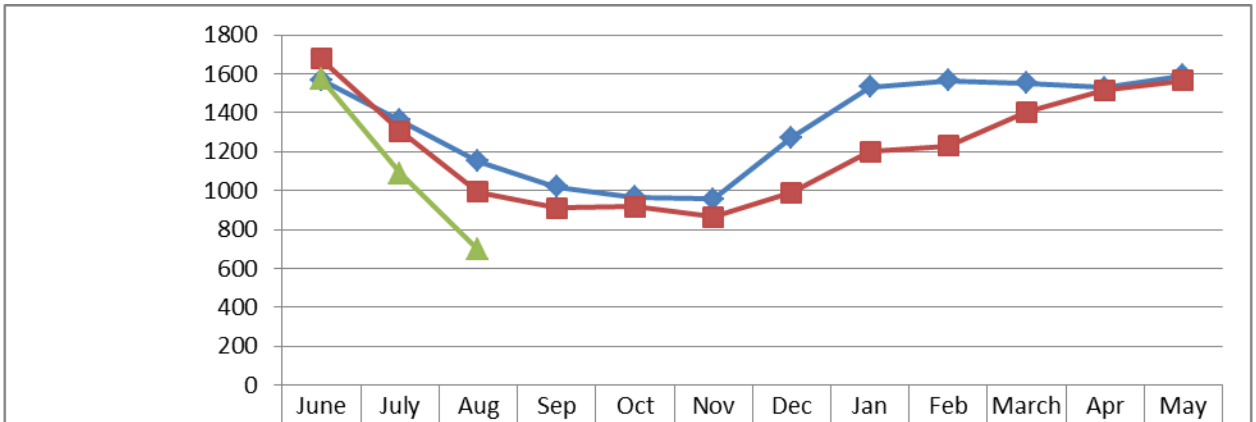


Chart 11. Russia: CIF Prices for Grapes, MY214/2014, MY 2015/2016, June, July, Aug 2016, in USD per MT



	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	March	Apr	May
MY 2014/2015	1569	1362	1150	1018	967	956	1274	1532	1565	1553	1531	1591
MY 2015/2016	1676	1307	992	910	918	865	989	1199	1231	1403	1515	1565
MY 2015/2016	1575	1090	698									

Consumption:

Grapes are one of the most popular fruits in Russia, and prior to the economic crisis, consumption was growing. However, beginning in MY 2013/14, table grape consumption declined as consumers lost purchasing power and shifted purchases to less expensive basic fruits like apples, citrus and bananas. In MY 2016/2017, table grape consumption is expected to decline by 7 percent, to 322,760 MT. According to the APK-Inform survey, in October 2016, the Moscow wholesale price for table grapes varied from 78 Rubles ($1.2) to 117 Rubles ($1.25) per kg, a 4 to 7 percent from the previous month. September to November are generally the peak months for table grape, when affordable local supplies and imports from Moldova and Uzbekistan dominate the market. Local grape supplies are typically all sold out by end of October, and for the rest of the year, Russian retailers depend entirely on foreign suppliers. An estimated 66 percent of table grape consumption occurs during the peak season of August to November.