

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 12/17/2012

GAIN Report Number: RSATO 1216

Russian Federation

Fresh Deciduous Fruit Annual

Russian Long Term Fruit Imports Remain Positive

Approved By:

Deanna Ayala

Prepared By:

Svetlana Ilyina

Report Highlights:

In MY 2011 (July/June), Russia remained the largest importer of apples and pears in the world with a combined total of 1,621,860 MT of fruit. Fruit sales in general are on a long term steady increase in Russia. In 2012, however, per capita fruit consumption in Russia was in par with 2011 and reached 70.8 kg. In 2013, consumption is expected to grow slightly supported by the trend toward healthy diets in Russia. Russia produces only one fourth of the fruit it consumes and therefore relies heavily on imports. In MY 2012, Russian imports of apples and pears are expected to go up slightly and reach 1,260,000 metric tons (MT) and 420,600 MT respectively. The grape import forecast is around 397,000 MT slightly higher the 2010 level. The share of American fruits is small in Russia, less than 1 percent. The niche carved out by U.S. fruits is in the premium and high quality segment. Russia's recent accession to the WTO reduced import tariffs for apples immediately to 0.06 Euro/kg; rates for pears will be transitioned

down to 5 percent by 2015, which is expected to facilitate greater market access to U.S. fruits.

Apples, Fresh

Production:

Based on the Russian Federation Statistics Committee and other sources¹, Post forecasts MY12 apple production at 1,210,000 MT, 7.6 percent higher than in MY 2011. According to information from local contacts and growers, the current apple crop is excellent particularly in the “Non Black Soil Area” of Russia (Central, Uralskiy, and Northwest Federal Districts). This will compensate for a lackluster year in the other major growing region of Krasnodarskiy Kray, where growers project a 10 percent lower harvest due to flower bud damage by winter frosts and fruit damage from spring hail.

ATO Russia increased its MY 2011 (July/June) domestic apple production figure up from 955,000 MT (metric tons) to 1,124,000 MT which is on par with previous year’s production. This reflects the significant drop in production in 2010 due to a major drought in Russia. Commercial production data is based on industry reports and shows relatively steady increases, to 440,000 MT in MY12, due to improving yields in intensive orchards. Non-Commercial production was revised upward to 732,800 MT in MY11, also reflecting a major recovery post-drought. Good weather in MY11 helped to push apple production up and it exceeded ATO Russia’s previous estimation. Note: Approximately 65 percent of the domestic crop is grown on private plots for personal consumption.

The forecast for MY12 apple acreage is 214,000 planted hectares, on par with MY11 at 214,500 HA. Post also revised its MY10 estimate down from 220,000 HA to 217,000 HA. According to industry experts this trend will continue downward because producers are replanting old orchards with more profitable crops such as vegetables and wheat. That said, the industry is making a concerted effort to make apple production bigger and more profitable, primarily through increasing yields. In 2012, the average yield per hectare in Russia was around 6.6 tons per ha attributed mainly to low yields in older orchards which make up 75 percent of total area planted according to some industry estimations. The productivity of commercial orchards is expected to increase because growers have planted intensive orchards in big agricultural enterprises which have started to bear fruit. The productivity in these orchards varies from 12 to 40 tons per hectare, and possibly more in a good year. So, in approximately 2-3 years Russia could produce more “first class” apples (70+ in size and good color) with longer shelf life for retail.

In 2012, total supply is forecast up, to 2,470,000 MT. The abundant supply in MY11, 2,325,000 MT, was cited by some as the cause for a drop in the price of apples by 15-20 percent. In October 2012 the farm gate price of apples for consumption varied from 15-32 rubles per kg (\$0.48-1.04)², depending on quality and variety of fruit. Growers sell mostly truckloads to regional wholesalers in the Northwest of

¹ Post estimates are based on the Russian Federal Statistic Committee “seed type fruit” data, the All-Russia Census of Agriculture 2006, and interviews with farmers.

² 30.79 rubles /\$1 is the exchange rate used for conversions in the current report. For the Dollar/Ruble/Euro conversions fluctuations please refer to <http://bankir.ru/kurs/dollar-ssha-k-rossijskij-rubl>

Russia, Siberia and Central Russia or small wholesale shipments to local traders and families. There are a few growers in Krasnodarskiy Kray who produce good quality 65+ sized apples in good volumes and can secure a consistent supply for retail chains. In general, organized retail establishments tend to prefer imported apples. The Gala, Semerenka (a Russian light green sour variety), Golden Delicious, Red Chief, Florina, and Granny Smith varieties remain the most popular with growers.

Smaller-sized apples with possible damage are used in juice concentrate, puree, and jam production. APK Inform³ estimates that 50 percent of the domestic crop is going into processing. In 2012, the demand for local apples for juice production is high because of the lower supply and higher prices of Chinese apple concentrate. Secondly, apple juice remains the most popular juice in Russia with around 18 percent share of 3 billion liters of total juice production. However, the prices for such apples are very low, i.e. 3-5 rubles (\$0.1-0.16) per kg.

According to APK Inform, Russian and Ukrainian growers have losses of up to 12-13 percent of apples annually due to inadequate storage facilities or late harvesting. This year the losses could reach 15 percent because the apples ripened two weeks earlier than the normal harvesting due to warmer temperatures. Some apples were overripe when harvested and put into storage thus shortening their life span even in modern storage facilities.

In 2012 Russian producers continued to invest in infrastructure to improve the quality and marketability of their apples. For example, many orchards are investing new storage facilities or renovation of existing storage. With more up-to date storage they believe they could expand the sales season for local apples and increase revenue. According to industry sources, growers have 20% more storage facilities compared with last year.

Growers also continue to replace the old orchards with “semi intensive” and “intensive” techniques although not at the same rate as orchards are being converted to other crops or abandoned. Those converting to “semi” or “intensive” production are using Italian, Serbian, Polish, and Ukrainian root stock. In 2012, the Government of the Russian Federation provided support in the form of a 10 percent reimbursement of the cost of orchard renovation works, which for intensive types of orchards reportedly totaled around RUB1,200 -1,300 (\$38,974-\$42,222). Nevertheless, this level of support is still not sufficient to encourage rapid industry renovation.

On July 14, 2012, the State Program for the Development of Agriculture and Regulation of the Agricultural Products and Raw Materials Markets for 2013-2020 was adopted (Resolution # 717 signed by Prime Minister Medvedev). This program has numerous provisions devoted to horticulture development including: partial reimbursement for new orchard planting, partial reimbursement for old orchard removal, cultivation development, financial support for research in new varieties and seed breeding, and lower interest rates for investment in storage facilities. The program states that the level of funding for measures supporting the cultivation of plants and perennials and plant-based product processing will reach RUB466.5 billion (\$15.2 billion) during the span of the program, 2013-2020. The cost estimate for 2013 is RUB 45.8 billion (\$1.4 billion). The budget appropriation of these sums must

³ APK-Inform Co is an agricultural information agency specializing in agricultural production, trade, and distribution analysis. <http://www.apk-inform.com/en>

be included in the Federal budget, discussion of which usually takes place in the Duma in November/December.

Consumption:

Fruit sales in general are on a steady increase in Russia (see Table 8). However, official statistics show that per capita fruit consumption is relatively flat. In 2011, per capita fruit consumption remained on par with 2010 at 70.8 kg. Fruit consumption in Russia varies widely depending on geographic location. In rural areas and small cities, Russians tend to consume locally grown fruits and vegetables where a lot of canning is traditionally done in order to preserve fruits and vegetables for out of season consumption. Fruit consumption, especially imported fruit, is substantially higher in urban areas such as Moscow, St. Petersburg and Vladivostok.

According to Statistic Committee data, the average monthly spending for food products per person was 3,127.3 rubles (\$101.57) of which 7.8 percent went to fresh fruits.

Russians are still hesitant to go back to their pre-2008 crisis spending levels despite signs that purchasing power is increasing due to the higher income and lower unemployment. Consumers remain cautious and their purchasing behavior reflects a calculated balance between price and quality.

Apples are the most popular fruit in Russia. Apples alone capture 25 percent of the fruit market and are recognized in Russia as one of the healthiest products. In 2011, apple per capita consumption was 10.8 kg per person, slightly lower than in 2010. In MY12, domestic consumption of apples is expected to go up from 1,544,000 to 1,550,000 MT due to their popularity and affordable prices. Apples are one of the least expensive fruits in Russia, which is critically important and often cited as the main criteria in food procurement. AT Russia expects the consumption of apples in Russia will continue to grow slightly.

Russian consumers know such varieties as Semerenko, Bely Naliv, Ranet, Royal Gala, Golden and Granny Smith. Russians have a strong preference for locally-grown apples (i.e. in grown in Russia or the former Soviet republics such as Ukraine and Moldova) and prefer to buy them in season, in the September-November.

Trade:

Russia is the largest importer of apples in the world. In 2011, import volume reached 1,201,280 MT (8 percent increase over the 2010 record) or \$719.1 million, up 4.6 percent from MY10.

In MY11, the major suppliers of apples to Russia were: Poland (463,887 MT), Moldova (178,613 MT), China (127,528 MT), and Serbia (96,983 MT). The supply of good quality and affordable apples from these countries represented 70 percent of imports. Post expects this trend to continue in the MY12 season. Poland has become a particularly strong apple supplier to Russia. In 2011, Poland expanded its exports of apples to Russia by 83 percent. Meanwhile, Chinese exports to Russia are declining, perhaps due to growing Chinese domestic consumption. Chinese apple exports have decreased from 203,178 MT in 2008 to 158,307 MT in 2011. Exports from Italy, France, the United States, and Southern Hemisphere countries declined significantly because the weakening of the Russian ruble made them too expensive for many consumers especially when less expensive and good quality apples were available from other sources.

Imports in MY12 are expected to increase slightly to 1.26 MMT. As of October 2012, the Russian market is flush with apples both domestic and imported and the prices are 15-20 percent lower than last year. In MY12, Poland, Moldova, Ukraine, Azerbaijan, Hungary, and Serbia will dominate the Russian market. These countries are gaining market share because they can offer good prices and quality – which is improving every year. Meanwhile, according to the World Apple and Pear Association (WAPA), in 2012 apple production in Europe is lower than three-year average. Golden Delicious production will be down by 15 percent, Gala by 6, and Red Delicious by 18, while Ida Red will go up by 34 percent given larger crop in Hungary and Poland.

In MY11, U.S. apple exports to Russia dropped by more than half from 12,614 MT in 2011 to 5,529 MT. The 2012 season, like the previous one, will also be very difficult for American apples in Russia because of competition from other suppliers, as noted above. Two of the strong selling points of American apples are long shelf life and consistent quality. Russian consumers like large, richly colored apples, which are characteristics that U.S. suppliers can normally provide. This year the American domestic market is very good and the prices are high for Washington apples due to the low crop on the East Coast. ATO Russia expects that due to higher prices American apple sales in Russia in MY12 will be difficult and won't likely exceed last year levels. Prices for apples as of October 23, 2011 at the distribution level in St. Petersburg are as follows:

- Polish apples -- 30-33 rubles per kg (\$0.97-1.07)
- Moldavian apples -- 30 rubles per kg ((0.97)
- Serbian -- 46 rubles per kg (\$1.49)
- Spanish -- 57 rubles per kg (\$1.85)

Pears, Fresh

Production:

ATO Russia revised the pear production figure for MY11 (July/June) down to 124,100 MT in accordance with Russian Statistic Committee data and interviews with farmers which indicate that actual losses from frosts in Krasnodar were significant and overall production dropped by at least 10 percent. Commercial production accounted for 18,900 MT and household plots for the remainder.

Commercial production of pears is concentrated in the Southern and Volga Valley region of Russia. The main pear varieties popular with Russian growers are Abbat Fettel, Williams, Conference, Kyure, and Lesnaya Krasavitsa. Local varieties are able to withstand winter frosts better, but their fruits are generally considered to be less flavorsome. In 2012, pears suffered from frosts again and the crop was also damaged by slow worm. The production in MY12 is estimated around 112,000 MT (17,000 MT of commercial production and 95,000 MT of household production). Pear production is declining in popularity because of the pear's sensitivity to frost and lack of resistance to plant diseases compared to other crops. Therefore, ATO Russia believes that commercial pear production will continue to decline. In contrast, pears are often planted in private orchards where families grow pears for personal consumption and winter canning.

Consumption:

Pears are one of the most popular fruits in Russia following apples, citrus, and bananas. Based on import and production data, pear consumption per capita is around 3.5 kg. In MY11, consumption totaled 510,000 MT and ATO Russia believes that consumption will remain at that level in MY12. For Russians, the ideal pear is usually described as juicy, crispy, sweet, and not overripe. Russians usually eat pears as a whole fruit or sometimes include it in fruit salads. Consumers know some of the most popular pear varieties like Conference, Williams, and Red Bartlett, but don't pay a great deal of attention to product origin. Pears are not associated with a definite season in Russia and people buy them year round. Consumers tend to buy pears in chain supermarkets during their weekly shopping, and some still make purchases close to home at fruit kiosks and open air seasonal kiosks. Pear-based desserts are increasingly available on menus of high end and casual restaurants and are gaining popularity with consumers pursuing healthier diets.

Pear consumption patterns are different in rural areas because of lower incomes and because many rural residents grow their own fruits and vegetables. Around one-quarter of the Russian population lives in rural areas and consumes pears grown on their own plots or their neighbor's.

Trade:

In MY 2011, Russia remained the world's largest importer of pears with 420,580 MT of imports by volume and \$462.2 million by value (a 2.5 percent increase in volume and almost by 9 percent increase in value terms from last year). In MY11, the largest suppliers of pears to Russia were: Belgium (128,313 MT), Argentina (91,475 MT), and the Netherlands (71,425 MT). Russia sourced around 58 percent of all pears from European countries. Polish pears, which tend to be less expensive, expanded sales to Russia by 25 percent. Southern Hemisphere countries continued to supply pears in the winter season. U.S. pear imports to Russia totaled 6,919 MT, down 28 percent from the previous season. U.S. pears experienced sluggish sales due to strong competition from the European pear crop which was up by 12 percent.

For MY12, imports are forecast to reach 420,600 MT. According to the World Apple and Pear Association, the 2012 season crop in Belgium, the Netherlands, and Spain will be significantly lower. The production of Conference could drop by 21 percent, Abbat Fetel by 26 percent, and Williams by 19 percent. The crop in Southern Hemisphere countries is also forecast to be 10 percent lower. Post expects Poland could fill in and replace the missing volumes with less expensive pears. American pears have a potential to expand sales if the price fits the market.

The wholesale price in St. Petersburg for Conference pears from Belgium is in the range of 47.5 - 58 rubles (\$1.53-\$1.88), Dutch Durando pears – 50 rubles per kg (\$1.62), Polish pears 40 rubles per kg (\$1.3) as of October 22, 2012.

Grapes, Table, Fresh

Production:

Post revised the table grapes production for MY11 in accordance with Russian Statistic Committee data and based on information from industry sources. Based on the official record, table grapes production in MY11 reached 80,630 MT including commercial 44,950 MT and non-commercial 35,680 MT production. However, post decreased the number of the table grapes produced by households to 11,800 MT, because the majority of the product grown on private orchards goes into home wine production rather than table grapes. Accordingly, total grape production is estimated at 62,750 MT.

In MY12, Russian production of table grapes is expected to be 10 percent lower. Some grape vines were winterkilled by strong frosts in Krasnodarskiy Kray, the main grape producing area in Russia. The total domestic grape production in the current season is estimated around 56,470 MT.

Table grape production in Russia is limited for several reasons. Firstly, the climate limits growing to very few areas in the South of the Russian Federation. Secondly, competition from wine grapes and other crops is very strong. The production of the wine grapes is ten times greater than table grapes production in Russia. Table grape production is very labor intensive while wine grapes are picked by machines and have a guaranteed channel of sales. Thirdly, according to wholesalers, imported table grapes are preferable to domestic because they have a longer storage life, nearly a month versus domestic grapes that need to be sold within 5-20 days.

The most popular grape varieties cultivated in Russia are local. Plevan are white grapes (around 30 percent of the crop), harvested in mid August. The Moldova is a black grape (around 70 percent of the crop; harvested in mid September). Prices in September were around 20-24 rubles per kg (\$0.65-0.78), 20 percent higher compared with 2011. The domestically grown grapes are usually consumed where they are grown via farmers' markets. During the season, some shipments of the Moldova variety go to big cities in Siberia and the Urals areas. This year, farmers claimed to have problems selling their harvest via retail channels, which are interested in longer shelf life and year round supply.

Consumption:

Grapes are one of the most popular fruits in Russia, almost on par with pears but after apples, bananas, and citrus and consumption is still growing. According to the Russian Statistic Committee, in 2011 grape per capita consumption in Russia reached 3.1 kg, up 10 percent compared to 2010. It is unclear which direction consumption will go in MY12. While consumption will be supported by healthier diets and recognition of fruits as one of the basic elements of a healthy diet, economic uncertainty could change purchasing habits and reduce purchases of grapes in favor of very simple fruits.

ATO Russia's estimation of MY12 table grape consumption is 444,000 MT, slightly above the 2011 level (443,827 MT).

Russians prefer seedless and beautiful grapes and usually buy Uzbeki and Moldovan grapes in season. Both consumers and traders still consider grapes from former Soviet bloc countries "local product".

Grapes are available year round in Russia. However, the peak consumption months are August – November (66 percent of annual sales), when the most affordable and well-known grapes from Moldova, Uzbekistan, and Kyrgyzstan are available. Many Russians buy grapes during their weekly shopping in supermarkets and discounters. However, during the fall season, Russians purchase a lot of fresh seasonable grapes and other produce spontaneously on a daily basis and usually in open-air fruit stands, where the product from former Soviet Republics is broadly available.

Grapes are available on the shelves of big city supermarkets year round. The retail chains tend to supply product from Turkey, Italy, Argentina, Peru, and South Africa. Grapes from NIS countries are available in retail chains soon after picking, when it is possible to get volumes of product on a regular basis. Like wholesalers, retailers comment on the shorter life span of "local grapes" and also note that the

percentage of waste during handling is much higher compared to product from Europe or South America.

Trade:

Russia remains one of top importers of grapes in the world. In MY11, Russia imported 392,628 metric tons, worth \$530.9 million, down by 4 percent in volume and value. Turkey, the largest exporter to Russia, supplied 167,518 MT in MY2011, almost 40 percent of the Russian grape market by volume. Uzbekistan remains the second biggest supplier with 62,996 MT, followed by Chile with 32,723 MT.

In MY12, the grape import forecast is around 397,000 MT, slightly higher than in 2011. In June – August 2012, import volumes reached 83,858 MT, the same amount as in 2011 for this period. Turkey remains the major supplier of grapes to Russia. Uzbekistan, Moldova, and Armenia are increasing sales to Russia and probably will capture 25 percent of the Russian grape market in 2012. And due to counter-seasonal production, grapes from Argentina, Chile, and South Africa arrive in January and dominate the market until June. Exports from Argentina could be lower this year because of low crop. On the other hand, Peru announced a good crop and expanded plans for exports in MY12.

In MY11, California table grape imports to Russia were down to 1,780 MT from 3,718 MT in 2010 due to strong competition from Italian grapes, the main competitor of the California grapes in terms of price and quality. In MY 2011, importers claimed quality problems with California grapes that could inform purchasing habits in the coming season. The season for California grapes peaks in November and December. A new addition to the competitor field is Peru, whose grapes are in season earlier than product from other South American countries and fit the pre-holiday sale season. In MY12, Europe and Peru have stable crops of grapes. With these strong competitors in the narrowing niche of high end grapes in Russia, American grapes must be high quality and competitively priced to gain market share in Russia.

During the week of October 22, the wholesale price for Italian white/red grapes was 80-83 rubles (\$2.6-\$2.7) per kg. Prices for Uzbeki white seedless grapes and black grapes were 40-45 rubles (\$1.29- \$1.46) per kg.

Policy:

August 22, 2012, Russia officially joined the World Trade Organization (WTO). While Russia's full-fledged WTO accession promises to reform some measures, the transition to full compliance with international standards is unlikely to be immediate.

Many of Russia's food and trade regulations have or are undergoing reform as Russia readies itself for international standards and unification of the Russia-Belarus-Kazakhstan Customs Union (CU) which entails policy integration and unification. Post recommends checking regularly the www.fas.usda.gov database of Attaché reports for updates under the "sanitary/phytosanitary/food safety report" category and also advises that exporters consult with their importer in order to ensure that they have the most up-to-date information.

A revised Customs Union Tariff Schedule reflecting Russia's WTO tariff commitments came into effect as of the first day of Russia's WTO membership - August 22, 2012. In the table below please find updated information for apples, pears, and grapes harmonized codes and tariffs changes. The full current

Tariff schedule for all products can be found on the Customs Union web site in Russian:
<http://www.tsouz.ru/db/etr/ettwto/Pages/default.aspx>

Table 1. Harmonized codes and tariffs according to updated the Customs Union Tariff List.

Harmonization code	Product	Customs duty (in percentage of customs value, either in USD or Euros per kg)	
		Current WTO tariffs	Old tariffs
0806	<i>Grapes fresh and dried</i>		
0806 10	Grapes fresh		
0806 10 100 0	Table grapes fresh	5%	5%
0808 10	<i>Apples</i>		
0808 10 100 0	Apples for cider production, bulk from September 16 - December 15	0.2 Euro per kg	0.2 Euro per kg
0808 10 800	Other:		
0808 10 800 1	Apples from 1 of January to 31 of March	0.06 Euro per kg	0.1 Euro per kg
0808 10 800 2	Apples from 1 of April to 30 of June	0.06 Euro per kg	0.1 Euro per kg
0808 10 800 3	Apples from 1 of July to 31 of July	0.06 Euro per kg	0.1 Euro per kg
0808 10 800 4 Old code	Apples from 1 of August to 31 of December	N/A	0.2 Euro per kg
	From August 1 to November 30		
0808 10 800 5 New code	Golden Delicious or Granny Smith varieties	0.2 Euro per kg	N/A
0808 10 800 6 New code	Other	0.1 Euro per kg	N/A
	From December 1 to December 31		
0808 10 800 7 New code	Golden Delicious or Granny Smith varieties	0.2 Euro per kg	N/A
0808 10 800 8 New code	Other	0.1 Euro per kg	N/A
0808 20 500 0 Old Code	Pears	N/A	10%
0808 30 New Code	<i>Pears</i>		
0808 30 100 0 New code	Pears for perry or pear cider production, bulk from August 1 to December 31	10%	N/A
0808 30 900 0 New code	Other	10%	N/A
0808 40 000 0 New code	Quince	10 %	N/A

Apples, pears and grapes from certain developing and less developed countries qualify for preferential import duties under the Customs Union Commission Decision #130 which approved a list of products enjoying the tariff preferences and can be found here:

<http://www.tsouz.ru/db/etr/Pages/tovRSiNRS.aspx> A list of the developing and least developed

countries who are eligible users of preferences can be found here:

<http://www.tsouz.ru/db/ettr/Pages/RazvivStrani.aspx>

<http://www.tsouz.ru/db/ettr/Pages/NaimRazvStrani.aspx>

The duty for products with preference is 75% of the regular duty calculated in USD or Euros. For example, the duty on 1 kg of U.S. pears is 10 percent and for pears from Argentina 7.5 percent. The duty is calculated based on the price of the invoiced goods subject to verification compared to an “indicative price” by the Customs official.

Russia is moving toward ratification of a Free Trade Agreement with CIS countries including Ukraine, Belorussia, Kazakhstan, Armenia, Kyrgyzstan, Moldova and Tajikistan. If the agreement comes into force as is currently planned, apples, pears, and grapes from the aforementioned countries will enjoy zero customs duties.

Fruits and vegetables are subject to sanitary-epidemiologic control, based on Decision # 299 on Use of Sanitary Measures in the Customs Union. This inspection checks whether the imported produce complies with the chemical, radiological, biologically active, microbiological, and pesticide content norms of the Russian Federation. The Unified Sanitary–Epidemiological requirements can be found in Russian on the website of the Customs Union:

<http://www.tsouz.ru/db/techregulation/sanmeri/Documents/PishevayaCennost.pdf>

The Russian competent authority, Federal Service for Veterinary and Phytosanitary Surveillance (VPSS), requires that the exporter provide information to VPSS on the pesticides used at growing and storage location of the plant products, on the date of the last treatment, and on the MRLs of pesticides in these products. The information may be in the form of a letter from producer or from the producer’s association. There is no standard form, but VPSS developed a sample form of a letter (declaration) in Russian on pesticides (see Attachment I). The maximum residue levels for pesticides specifically can be found in the following GAIN report *The Customs Union Update on MRLs for Pesticides in Ag Products*:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Customs%20Union%20Update%20on%20MRLs%20for%20Pesticides%20in%20Ag%20Products_Moscow_Russian%20Federation_12-22-2010.pdf

Apples, pears and grapes, as products of recognized high phytosanitary risk, go through phytosanitary control. Please refer to GAIN report RS1102 _ Russia Updates Quarantine Regulations of Imported Products _ Moscow _ Russian Federation _ 1/18/2011

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20Updates%20Quarantine%20Regulations%20of%20Imported%20Products_Moscow_Russian%20Federation_1-18-2011.pdf

which provides detailed information on the list of quarantine objects that shall be controlled in products imported from the United States, and also an unofficial translation of the general phytosanitary requirements of the Russian Federation for imported products subject to phytosanitary control at the border and inside the territory of the Customs Union, specified by products groups.

Fresh produce shipments should be accompanied by a Phytosanitary certificate from the exporting country authorities (APHIS for American produce) to be able to certify and clear products in Russia.

- **The issuance date of the certificate should be before the actual departure of the lot from the territory of the authorized body which issued the certificate.**
- The phytosanitary certificate must be typed, not hand written.
- The net weight in tons or kilograms must be identified in the document. The weight in the certificate should comply with actual weight of the shipment and weights identified in Bill of Lading and Invoice.
- All boxes on the document should be completed. If there is a box requesting information not applicable for the current shipment, the empty box should be marked with cross. Each of these defects in filling out the phytosanitary certificate causes Customs authorities to question the importers and requires extra effort and time for shipment clearance that makes the produce more expensive and less competitive on the market.

Import procedures:

The importer must undertake several steps while handling fruit and vegetable imports into the Russian Federation:

1. Russia no longer requires an Import Quarantine Permit for imported products. (See [GAIN RS1140 Russia No Longer Requires Import Quarantine Permit](#))

2. The importer must obtain a declaration of conformity prior to product shipment. This document certifies that the product conforms to quality standards of the Russian Federation. The certification bodies approved by the Russian authorities have the right to issue the declaration of conformity. The declaration can be issued for one shipment or according to the contract for several shipments. The declaration of conformity is issued based on a copy of the contract and phytosanitary certificate of the exporting country authorities. The certificate of Conformity will accompany the product use and sales in Russia.

3. The importers must submit originals of all documents necessary for sanitary, phytosanitary control and customs clearance. For major fruits and vegetables the package of documents should be as follows:

1. The customs declaration;
2. Documents confirming the legal capacity of the importer;
3. The contract, an invoice, bill of lading, packing list;
4. Declaration of conformity (issued by Russian certification body before product shipment)
5. A Phytosanitary certificate from the exporting country authorities (APHIS for American produce);
6. Declaration of Safety of food production of plant origin (of the phyto-genesis) delivered to the Russian Federation according to norms, concerning pesticides residues, established by the Russian legislature. (Attachment I).
7. Certificate of Safety for some types of produce from European Union and South American countries issued by certified laboratories, stating that the produce complies with MRLs norms in Russia
8. Russian Customs may ask as well for the certificate of origin (released by the producers) and export declaration (issued by the customs authorities of the exporting country).
9. Customs Duty payment confirmation;

10. Supporting documentation with respect to the declared customs value of the goods (e.g., foreign trade contract, payment documentation, exporter's official price lists, etc.);

Marketing:

Russia is one of largest buyers of fruit in the world and is recognized as a priority market by many European, Turkish, Moroccan, and South American growers. Almost all these countries actively promote their products among the Russian trade via educational tours in their main growing areas including introductions to main growers and promotions and professional training in Russia.

The major global exporters of fruit took part in the World Food Moscow annual trade show in September 2012. The Fruit Pavilion has become the largest pavilion at the show. The major Russian importers use this platform for negotiations for the coming season. The USDA Agricultural Trade Office in Russia traditionally organizes an American Pavilion during [World Food Moscow](#). Post highly recommends that new-to-market companies who are interested in Russia join the pavilion in 2013. ATO Russia and USDA Washington D.C. will assist with logistics and the ATO can arrange introductions to the major fruit players in Russia. For more information about participating in the American Pavilion at World Food Moscow please contact: Olga.Kolchevnikova@fas.usda.gov. Photos from World Food Expo are available on the Fresh News magazine photo report http://www.fruitnews.ru/news/photoreportage/index.php?ELEMENT_ID=25061 and on the FAS Russia website: <http://www.usda.ru/eng/media>

In Russia, marketing of fresh produce is becoming more and more sophisticated. The retail chains are open to hosting tastings, samplings, and/or informational displays. Such events create better awareness of the product among the final consumers and encourage sales. In Western Russia such events can increase sales significantly.

In 2012, the Association of Citrus Growers from South Africa sponsored a Citrus Conference during World Food, where they met major Russian importers and discussed the market potential and challengers in Russia. Chile also focused marketing efforts on Russia in 2012 including a trade mission to Russia to develop contacts between fruit traders of both countries. FROM, the biggest producing cooperative of apples in Italy, launched a Russian-language site devoted to apples from the Alps, commissioned billboards and can provided promotional materials to retail to promote its product. These are but a few examples of aggressive and effective promotions in Russia.

Production, Supply and Demand Data Statistics:

Table 2. PSD Table, Apples

Apples, Fresh Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	220,000	217,000	215,000	214,500		214,000
Area Harvested	170,000	173,000	170,000	170,000		169,000
Bearing Trees	88,000	89,000	89,000	89,000		92,000
Non-Bearing Trees	34,000	35,000	37,000	38,000		39,000
Total Trees	122,000	124,000	126,000	127,000		131,000
Commercial Production	560,000	350,000	585,000	391,200		440,000
Non-Comm. Production	350,000	560,000	370,000	732,800		770,000
Production	910,000	910,000	955,000	1,124,000		1,210,000
Imports	1,110,700	1,110,700	1,210,000	1,201,280		1,260,000
Total Supply	2,020,700	2,021,700	2,165,000	2,325,280		2,470,000
Fresh Dom. Consumption	1,199,700	1,530,000	1,324,000	1,544,000		1,550,000
Exports	500	4,000	1,000	5,000		6,000
For Processing	800,500	457,700	800,000	721,280		854,000
Withdrawal From Market	20,000	30,000	40,000	55,000		60,000
Total Distribution	2,020,700	2,021,700	2,165,000	2,325,280		2,470,000
HA, 1000 TREES, MT						

Table 3. Import Trade Matrix for Apples in Metric Tons, MY 2010-2011

Year	2010		2011
U.S.	12,614	U.S.	5,529
Others		Others	
Poland	252,773	Poland	463,887
China	158,307	Moldova	178,613
Moldova	148,588	China	127,528
Serbia	96,983	Serbia	85,301
Italy	64,407	Italy	58,345
Argentina	51,603	France	45,404
Ukraine	50,984	Azerbaijan	43,581
France	50,635	Chile	37,687
Chile	49,114	Argentina	35,669
Belgium	47,627	Belgium	25,264
Total for Others	971,021	Total for Others	1,101,279
Others not Listed	139,668	Others not Listed	100,001
Grand total	1,110,689	Grand total	1,201,280

Source: Global Trade Atlas

Table 4. PSD Table, Pears

Pears, Fresh Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	38,000	35,000	0	32,300		30,600
Area Harvested	29,000	28,000	0	26,500		25,270
Bearing Trees	12,000	11,000	0	10,500		10,200
Non-Bearing Trees	4,000	3,000	0	2,750		2,700
Total Trees	16,000	14,000	0	13,250		12,900
Commercial Production	20,000	20,000	21,000	18,900		17,000
Non-Comm. Production	115,000	115,000	120,000	105,200		95,000
Production	135,000	135,000	141,000	124,100		112,000
Imports	409,900	409,900	425,000	420,580		420,600
Total Supply	544,900	544,900	566,000	544,680		532,600
Fresh Dom. Consumption	499,800	492,000	511,200	510,000		510,000
Exports	100	1,500	800	55		100
For Processing	40,000	40,400	43,000	22,625		14,300
Withdrawal From Market	5,000	11,000	11,000	12,000		8,200
Total Distribution	544,900	544,900	566,000	544,680		532,600

HA, 1000 TREES, MT

Source: Rosstat, Global Trade Atlas, trade press, interviews

Table 5. Import Trade Matrix for Pears And Quinces in Metric Ton, MY 2010-2011

Year	2010		2011
U.S.	9,635	U.S.	6,919
Others:		Others:	
Belgium	139,185	Belgium	128,313
Argentina	108,126	Argentina	91,475
Netherlands	46,375	Netherlands	71,425
China	26,602	Poland	32,910
Spain	20,906	China	19,633
South Africa	13,140	South Africa	16,344
Poland	11,195	Spain	14,974
France	7,566	Italy	9,777
Portugal	6,319	France	7,973
Chile	6,075	Portugal	6,695
Total for others	385,489	Total for others	399,519
Others not listed	24,446	Others not listed	21,060
Grand total	409,935	Grand total	420,579

Source: Global Trade Atlas

Table 6. PSD Table, Grapes

Grapes, Fresh Russia	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Jun 2010		Market Year Begin: Jun 2011		Market Year Begin: Jun 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	7,500	6,200	0	6,200		61,300
Area Harvested	5,500	4,400	0	4,500		45,550
Commercial Production	27,800	27,750	28,500	44,950		40,450
Non-Comm. Production	2,500	2,500	2,700	11,800		10,620
Production	30,300	30,250	31,200	56,750		51,070
Imports	407,700	407,730	410,000	392,628		397,000
Total Supply	438,000	437,980	441,200	449,378		448,070
Fresh Dom. Consumption	435,800	422,980	439,050	442,700		443,000
Exports	200	500	150	175		170
For Processing	0	0	0	0		0
Withdrawal From Market	2,000	14,500	2,000	6,503		4,900
Total Distribution	438,000	437,980	441,200	449,378		448,070

HA, MT

Source: Rosstat, Global Trade Atlas, trade press, interviews

Table 7. Russia: Import Trade Matrix for Grapes in Metric Tons, MY 2010-2011

Year	2010		2011
U.S.	3,718	U.S.	1,780
Others:		Others:	
Turkey	167,518	Turkey	160,154
Uzbekistan	53,504	Uzbekistan	62,996
Chile	42,959	Chile	32,723
Italy	28,409	Moldova	23,109
Moldova	16,873	Italy	22,867
Argentina	15,450	Peru	16,556
South Africa	13,628	South Africa	15,028
Peru	13,185	Argentina	10,953
Kyrgyzstan	13,067	China	10,110
China	11,800	India	7,392
Total for Others	376,393	Total for Others	361,888
Others not Listed	31,343	Others not Listed	30,740
Grand total	407,736	Grand total	392,628

Source: Global Trade Atlas

Table 8: Forecast Sales of Fruits by Category: Total Volume 2009-2014, in thousand tons

	2009	2010	2011	2012	2013	2014
Apples	1,454.5	1,541.9	1,619.3	1,670.3	1,710.1	1,737.3
Bananas	927.6	972.6	1,010.6	1,059.9	1,098.5	1,121.8
Cherries	104.6	114.4	124.7	135.6	145.4	154.8
Cranberries/Blueberries	32.3	34.4	36.1	37.8	38.2	38.6
Grapefruit/Pomelo	80.4	82.5	83.3	84.7	85.7	86.5
Grapes	440.4	468.8	505.6	531.4	564.5	588.3
Lemon and Limes	187.8	191.5	192.5	195.3	197.2	201.2
Oranges, Tangerines and Mandarins	1,007.3	1,037.0	1,120.0	1,215.7	1,302.5	1,383.9
Peaches/Nectarines	160.8	171.2	192.7	212.4	229.7	246.3
Pears/Quinces	419.6	438.7	483.1	522.5	555.2	582.3
Pineapple	29.7	31.7	33.9	36.6	38.9	40.5
Plums/Sloes	86.2	90.9	96.7	101.9	106.2	110.3
Strawberries	79.2	86.4	94.0	101.1	108.1	113.6
Other Fruits	673.8	714.9	752.3	806.2	859.6	898.8
TOTAL	5,684.2	5,977.1	6,344.8	6,711.4	7,039.7	7,304.0

Source: Euromonitor International from trade associations, trade press, company research, trade interviews, trade sources

Other Relevant Reports

Attaché reports on the Russian food and agricultural market are available on the FAS Website; the search engine can be found at <http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp>

Exporter Guide: Opportunities in Russia
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Moscow%20ATO_Russian%20Federation_7-6-2012.pdf

Food and Agricultural Import Regulations and Standards Narrative
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20and%20Agricultural%20Import%20Regulations%20and%20Standards%20-%20Narrative_Moscow_Russian%20Federation_1-17-2012.pdf

Russian Retail Sector continues expansion
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Moscow%20ATO_Russian%20Federation_9-24-2012.pdf

Market Opportunities for Key U.S. Products in Russia

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Market%20Opportunities%20for%20Key%20U.S.%20Products%20in%20Russia_Moscow_Russian%20Federation_3-20-2012.pdf

Russia Update Quarantine Regulations of Imported Products

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20Updates%20Quarantine%20Regulations%20of%20Imported%20Products_Moscow_Russian%20Federation_1-18-2011.pdf

Customs Union Update on MRLs for Pesticides in Ag Products

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Customs%20Union%20Update%20on%20MRLs%20for%20Pesticides%20in%20Ag%20Products_Moscow_Russian%20Federation_12-22-2010.pdf