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# GAIN Report

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## Russian Federation

### Citrus

## Russian importers seeking new citrus suppliers

### 2005

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**Report Highlights:**

In 2004, Russia imported 46,000 tons of grapefruit. In 2005, that mark will be equaled or surpassed according to ATO estimates. Most of Russia's busiest months for fruit imports are in the Fall. Russia is the third global export market for grapefruit after Japan and Canada. Among the leading suppliers of grapefruit to Russia are Turkey, Israel, South Africa and Argentina. The grapefruit market in Russia offers opportunities for new exporters to enter the market as the demand for higher quality products is growing. ATO has received many inquiries this season for interest in Florida, Texas, and California citrus. Other suppliers present on the Russian market can only provide enough volumes to satisfy 50 percent of importers needs. Lack of marketing and brand awareness in the fruit industry will benefit exporters to Russia who are willing to start advertisement activities in Russian stores and grocery markets.

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[RS]

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## Consumption

According to research from the Russian Fruit and Vegetable Alliance, 12 percent of Russians consider citrus as their favorite fruit. Tangerines and oranges are most common, while grapefruit is still considered something more sophisticated. Still, due to increasing incomes, changes in consumer preferences towards a healthier lifestyle, better fruit availability and variety, there is a trend of increasing volume of fruit consumption in Russia and an increase of grapefruit consumption as well. Russia is the world's largest importer of fresh fruit among the emerging nations.

In 2004, Russia imported 46,000 tons of grapefruit. Russia is the third largest global import market by volume for grapefruit after Japan (288,000 tons) and Canada (51,000 tons). Global grapefruit trade equals 464,000 tons, according to World Trade Atlas, from GTI. Among the leading suppliers of grapefruit to Russia are Turkey, Israel, South Africa and Argentina. See Table 1.

Table 1. Volumes of grapefruit imports, 2002-2005.

2005, (Jan-Sept, 9 months) – 30,000 tons

2004 - 46,000 tons

2003 – 32,000 tons

2002 – 33,000 tons

2001 – 22,000 tons

2000 – 14,000 tons

1999- 12,000 tons

1998- 19,000 tons

1997- 21,000 tons

Russia Import Statistics												
Commodity: 080540, Grapefruit, Fresh Or Dried												
Monthly Series: 01/2005 - 09/2005												
Partner Country	Quantity, tons											
	01/2005	02/2005	03/2005	04/2005	05/2005	06/2005	07/2005	08/2005	09/2005			
World	3683	<b>5947</b>	3356	5683	2518	4100	2564	831	1285			
Turkey	2469	<b>3984</b>	1945	1765	359	23	0	0	0			
Israel	989	1757	1241	<b>3600</b>	952	223	19	1	139			
South Africa	0	1	2	1	249	<b>2433</b>	1583	561	922			
Argentina	0	0	0	275	849	<b>1128</b>	835	235	151			
China	170	<b>194</b>	88	7	0	0	0	1	1			
Monthly Series: 01/2004 - 12/2004												
Partner Country	Quantity, tons											
	01/2004	02/2004	03/2004	04/2004	05/2004	06/2004	07/2004	08/2004	09/2004	10/2004	11/2004	12/2004
World	2491	4933	<b>6818</b>	3120	4337	4197	3337	1389	1061	3630	4110	<b>6821</b>
Turkey	1643	3068	4144	1230	1476	575	148	21	0	2759	3269	<b>4994</b>
Israel	837	1686	<b>2531</b>	1847	1355	97	13	38	77	468	534	1548
South Africa	1	0	2	2	719	2155	<b>2214</b>	899	568	124	5	1
Argentina	0	0	0	0	585	<b>1082</b>	884	379	324	131	0	0
China	0	0	12	0	0	0	0	0	0	47	<b>259</b>	250

Monthly Series: 01/2003 - 12/2003												
Partner Country	Quantity, tons											
	01/2003	02/2003	03/2003	04/2003	05/2003	06/2003	07/2003	08/2003	09/2003	10/2003	11/2003	12/2003
World	4719	2407	4854	2978	1069	1721	3041	772	471	2071	<b>5624</b>	2501
Turkey	4119	1683	3630	933	8	0	0	0	0	1714	<b>4517</b>	1464
Israel	530	686	1137	<b>1936</b>	833	187	28	6	27	243	1060	934
South Africa	2	3	5	0	53	577	<b>2313</b>	528	407	69	1	4
Argentina	0	6	1	1	144	<b>761</b>	550	152	2	0	0	0
China	0	0	19	20	0	0	0	0	0	37	41	<b>61</b>

Monthly Series: 01/2002 - 12/2002												
Partner Country	Quantity, tons											
	01/2002	02/2002	03/2002	04/2002	05/2002	06/2002	07/2002	08/2002	09/2002	10/2002	11/2002	12/2002
World	2863	<b>4415</b>	3120	3423	2663	1516	2130	1077	504	3738	4247	3230
Turkey	2162	3526	1581	2376	726	26	1	7	0	3489	<b>3847</b>	2816
Israel	604	849	1521	941	<b>1578</b>	873	6	2	13	95	376	309

South Africa	14	9	5	18	36	224	<b>1228</b>	452	244	78	6	7
Argentina	1	0	0	0	305	287	<b>611</b>	590	81	23	0	0

Source: World Trade Atlas

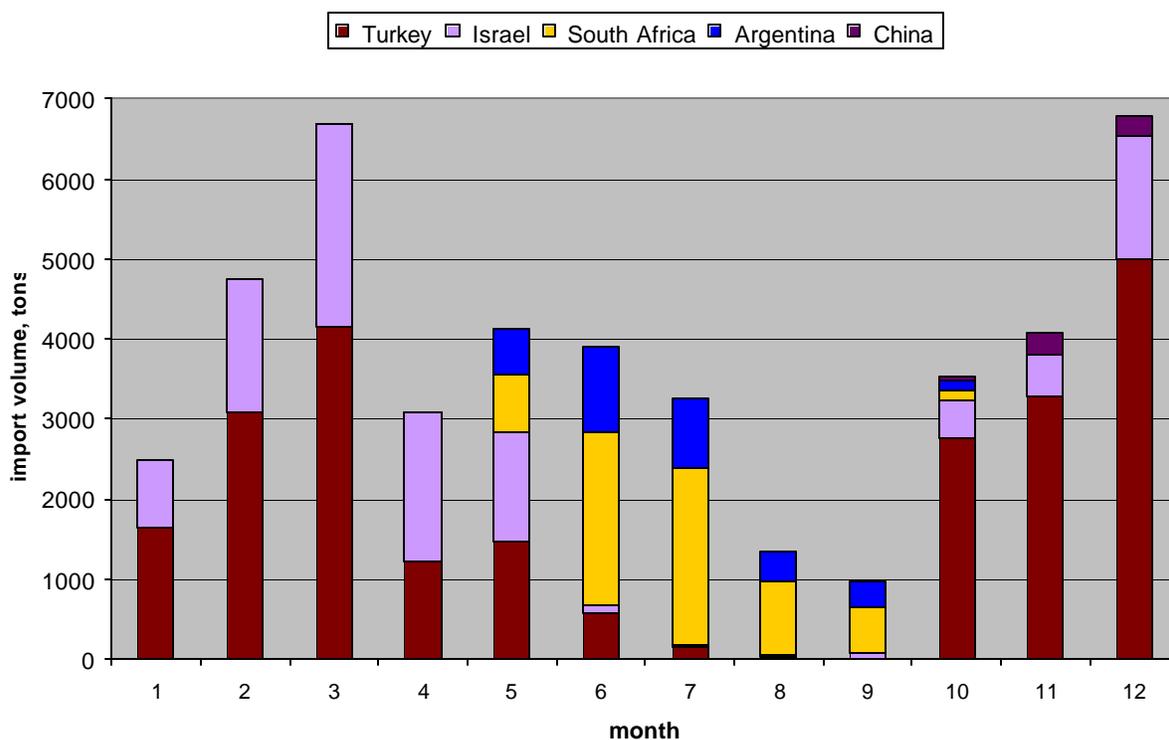
**Popular grapefruit varieties**

The most popular grapefruit varieties are Red Ruby and Star Ruby, as Russians prefer pink fruit. A red blush is always favored. Russian consumers are used to some discoloration on the surface of the fruit still, as it is everywhere in the world, fruit must look nice to find its consumer. Green varieties of grapefruit were actively sold on the market a few years ago, but these varieties are not popular now.

**Competition**

Grapefruit, as all other citrus, becomes very popular in Russia during snowy times of the year as it is known among the consumers for its vitamins. Snow season in the Western part of Russia starts end of October and ends in April. Snow season matches the season of Turkish and Israeli harvest and that is the time for great demand and competition.

**Chart 1. Competition among grapefruit exporters to Russia, by month, 2004.**



**Challenges for Florida grapefruit on the Russian market.**

There is a lack of awareness of Florida citrus among Russian importers and retailers. None of the Russian fruit industry managers would believe that the United States counts for 35 percent of total world grapefruit production. There is a lack of sales experience of U.S. citrus in Russia. The price on the product is quite high. Such countries as Turkey, Israel, South Africa, Argentina and Spain have established their contacts with Russian trade and found their niche. Logistics and transportation from Argentina, South Africa is done in collaboration with apple and pear growers of these countries on vessels, not containers.

**Opportunities for Florida grapefruit on the Russian market.**

The grapefruit market in Russia offers opportunities for new exporters to enter the market as some suppliers that are present on the Russian market lack quality, while others cannot provide enough volumes satisfying sometimes less than 50 percent of importers needs. With toughening of phytosanitary regulations, the market is closing off low-quality citrus causing more demand for countries with developed food safety systems. As consumer's incomes in many Russian cities grow and new western-style supermarkets are rapidly expanding into regions - the market is demanding more diversification.

### Prices

Many Russian consumers nowadays tend to look for better quality products rather than for cheaper prices. Therefore, the higher cost of fruit together with supreme quality is not an obstacle to trade.

Wholesale prices in December 2005:

Red Ruby (size 40,45)– Israel – 39.4 ruble/kg (Exchange rate – \$1= 28.8 rubles) - \$1.37

Red Ruby (size 30) – Israel – 45 ruble/kg - \$1.56

Red Ruby (size 30, not bright coloring) – Turkey – 37 ruble/kg - \$1.28

CIF prices in June 2005:

Red Ruby - Box 13.5 kg – South Africa - CIF St. Petersburg \$10.5, FOB \$8

Red Ruby - Box 13.5 kg – Argentina - CIF St. Petersburg \$10.25, FOB \$7.75

The average wholesale price during spring and summer 2005 was 40 rubles/kg (\$1.39).

According to the data provided by one Russian importer, the price of grapefruit grew 2 times during the past few years. The trend is expected to continue making fruit from the U.S. more competitive.

Average import prices on grapefruit:

2005 - \$1.2 kilo

2003 – \$0.93 kilo

2002 - \$ 0.73 kilo

2001 - \$0.57 kilo

2000 - \$0.69 kilo

### Payment terms

Russian importers are used to making 70 percent advance payment one week before the vessel arrives in St. Petersburg and 30 percent approximately two weeks after the vessel has arrived in St. Petersburg. Many Russian importers have been dealing with US fruit exporters from Washington, Oregon and Virginia.

For more information on starting business with Russia see the annual Exporter Guide prepared by ATORussia at [www.fas.usda.gov](http://www.fas.usda.gov) Attache Reports GAIN RS5318.

### Import duty

For grapefruit, the tariff rate is counted as 5 percent of dutiable cost, but not less than EURO 0.02 per kilo, VAT 18 percent.

For more information on tariff rates, import procedures and labeling requirements see attache report GAIN RS5026 at [www.fas.usda.gov](http://www.fas.usda.gov).

**Sizes**

Russia is a country with demand for big-sized fruits. With grapefruit this rule works especially because Russian consumers tend to mix small sized grapefruits with oranges. Most favorable sizes are: 24, 28, 32.

**Packaging**

According to trade, open top box, size 40x60x15 is the best package for grapefruit if shipped to Russia. Most grapefruit that are sold in the Russian market come in open top boxes.

**Eating habits**

Russians are used to eat grapefruit the way they eat oranges. They peel the fruit and eat it with their hands. There are no grapefruit spoons available on the market and it is still not common to consume the fruit using a spoon, which creates a whole field for marketing activities. As a significant number of Russians travel intensively, such habits are coming to the country. Freshly squeezed grapefruit juices are available in many restaurants and cafes and are becoming very popular. Home squeezers are available in stores for people who like to have fresh citrus juice with their breakfast or brunch. As a health-conscious market, more fresh juices are being consumed.

**Marketing**

Fruits are not strongly marketed in Russia. The only marketing activities happen in a limited number of stores. Common retail marketing methods for fruits and vegetables in retail is merchandising (separate displays, power-zones, shelf trays), seasonal sales, internal radio announcements, "SALE", or "BARGAIN" signs. All these marketing tools are modest compared to other departments in a retail outlet (alcohol, snacks, confectionery, meat departments). Fruit department managers of retail stores are willing to have more promotions inside stores and are more opened to such offers than their colleagues from other departments.

For more information on fresh fruit see an attaché report GAIN RS5307 at [www.fas.usda.gov](http://www.fas.usda.gov). Exporters can join ATO Russia's World Food Moscow's U.S. pavilion for fresh fruits to held in Sept 2006. Join by writing [atomoscow@usda.gov](mailto:atomoscow@usda.gov)