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Product Brief

Fruit Juice and Juice Concentrates

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Report Highlights:
Russia is a growing market for juice and juice type beverages. Well-organized domestic juice producers have ambitious programs and considerable financing for the expansion of juice production, but the availability of necessary ingredients is limited by climate and natural resources. Along with the diversification of juices and juice type beverages, the prospects for U.S. exports are increasing.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
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Consumption and Market Sector

Average annual per capita juice consumption in Russia is 12-14 liters, but varies significantly from region to region. In Moscow and St. Petersburg, it is approaching 30 liters (close to the European level) while in most other regions it is less than seven liters. Currently, the assortment of juices and juice-type products is very wide and can meet the needs of all population groups, including those on a controlled diet. This includes beverages with certain micronutrients and plant matter additives, as well as products made with milk.

Official data on juice production is not available and customs statistics do not separate data on imports of juices from imports of juice concentrates. According to the data of the Russian Union of Juice Producers, domestic juice production increased from 442 million liters in 1998 to 1.75 billion liters in 2003, while imports decreased from 208 million liters to 54 million liters. In 2003, domestic juice and juice type products comprised 97 percent of Russia's 1.8 billion liter juice market. However, juice production itself is 80 percent dependent on imports of juice concentrates and purées. According to experts from the Ministry of Agriculture (MinAg), Russia imports approximately 190,000 metric tons of juice concentrates a year. With the exception of apple and wild berry concentrates, all concentrates are imported.

Imports of ready-for-consumption juices represented by premium class juices from Europe, Moldova, Ukraine, Armenia, and Azerbaijan are restricted in favor of domestic producers by the inadequate level of harmonization between Russian and international standards. Russia is moving in the direction of harmonization, but mostly to favor exports of Russian products.

Experts think the future development of the juice market will be connected, first of all, to increasing juice consumption in the regions outside the major consuming areas of Moscow and St. Petersburg. This means that imports of juice concentrates will increase along with the expansion of big companies into these regions.

Table 1. Volume of the Russian Juice Market, Million Liters, Percent

	1990	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total, million liters	550	600	700	745	650	548	750	1200	1480	1800
Including:										
- production (%)	100	45	52	60	68	77	92	93	96	97
- imports (%)		55	48	40	32	23	8	7	4	3

Source: data of the Russian Union of Juice Producers

Market Players and Structure

The development of juice production is characterized by increasing competition among and the enlargement of major juice companies. Eighty-eight percent of Russian juice production is concentrated in four companies: "Wimm-Bill-Dann Food Products" (Moscow), "Multon" (St. Petersburg and Moscow oblasts), Experimental Cannery "Lebedyanskiy" (Lipetsk oblast), and "Nidan-Foods" (Novosibirsk and Moscow oblasts). Recently, international companies Amtel Soft Drink (UK), "Glocken Gold" and "Eches-Granini" (Germany), "Coca-Cola" (US) and a few others have shown interest in investments or joint ventures. This decreases the product price, but eliminates customs payments and lowers transportation expenses. Some dairy companies have also started juice packing, especially during the winter when the supply of milk is lower. Recently, two famous beer companies (Krasny Vostok and Ochakovo brewery) expressed interest in juice production. These companies use only juice concentrates in their products. Fresh juice consumption is limited to “at-home” production in the apple-producing region and to some small niche markets of “premium” type products.

The juice market continues to expand rapidly, forty percent in 2002 and thirty percent in 2003. Industry experts attribute this slight slow down in growth to over development in the last two years, delays in the income growth of the population and competition between several big companies. Additionally, start-up costs are quite significant. Several million dollars are necessary to advertise and promote new juice brands. However, in 2002-2003 the juice market expanded faster than the markets for beer and bottled water. Research conducted in the eleven biggest cities of Russia showed that the company Wimm-Bill-Dann (major juices are “J7”, “100% Gold”, “Ryzhiy Up”) remains the leader with somewhere between 25 and 35 percent of the market (data varies widely from source to source), followed by the company “Multon” from St. Petersburg (juices “Rich”, “Dobryi”, “Nico”), and the cannery “Lebedyanskiy” (juices “Ja”, “Tonus”, “Fruktovy Sad”). Other experts think that in 2003, the Cannery “Lebedynskiy” moved to first place.

The major juice producing companies are working to organize a stable supply of raw materials, including acquiring plants that produce juice concentrates. For example, in 2002 the company “Wimm-Bill-Dann” purchased a plant in Tula oblast with the capacity to produce 2,500 metric tons of apple concentrate a year. The Company “Lebedyanskiy” in 2003 acquired Lipetsk oblast’s plant “Progress”, the biggest producer of juice concentrates in the Russia. In 2002, “Progress” produced 3,500 metric tons of juice concentrate, but used only one third for juice production and sold the rest to other juice bottling plants. The plant “Progress” specializes in the production of juice concentrates from locally produced fruits and vegetables (apples, carrots, and currant) and “Lebedyanskiy” is planning to purchase 20-25 percent of the concentrates the company needs for its juice production from this plant. However, all of these companies, for the foreseeable future, will continue to import the lion share of necessary raw materials.

Regulations and Policy

Russian juice production is regulated by the general sanitary-epidemiological requirements for food products and by the specific standards for juice and juice type products. These standards are primarily aimed at the harmonization of Russian standards to international standards for export facilitation, but also cover imports to Russia. Several new standards and amendments to former standards were adopted in December of 2003. The first change is to GOST P 51398-99 “Canned Products: Juices, Nectars, and Juice Containing Products, Terms and Determinations”, and a series of GOST P “Technical Conditions” and “General Technical Conditions” for fruit and vegetable juices, nectars, and juice containing beverages.

Foreign trade in raw materials is well controlled by the Russian Union of Juice Producers. Information on the value of imported juice concentrates and puree (HS numbers 2007 and 2009) which varies by country (Fin. Izvestiya, March 3, 2003) is contained in order #01-06/4621 from the Customs Committee of the Russian Federation.

Trade

Exports

Russia does not export juice concentrate, but recently some large companies began trying to increase sales of packed juices to foreign markets, i.e. “Lebedyanskiy” sells juices to Belarus, Ukraine, Armenia, Azerbaijan, Kazakhstan, Uzbekistan, and Mongolia. However, the companies do not have a stable foreign market and their juices are occasionally sold by local distributors if they find a niche, i.e. to immigrants from Russia who know and like the brand.

Imports

Imports of juice concentrate increased from approximately 50,000 metric tons in 1999 to over 190,000 metric tons in 2002. The structure of imported juice concentrate in 2002 is given in Table 2. Over seventy percent is orange, pineapple, grapefruit, and other tropical fruits not produced in Russia.

Table 2. Imports of juice concentrates by types of juice, 2002

Types of concentrated juice	Percent of the total
Total volume, percent	100
Including:	
- orange	32.5
- apple	22.3
- pineapple	13.7
- grape	9.1
- peach/apricot	5.5
- tropical	5.5
- grapefruit	3.7
- cherry	3.3
- berries	2.1
- pear	1.1
- other	1.2

Source: Union of Juice Producers

This structure does not include imports of concentrated tomato juice, which is declared as tomato paste in accordance with Russian HS custom codes. Tomato paste for production of tomato juice would rank third, by volume and importance, after orange and apple juice concentrates.

In 2003, Russia imported 199,200 metric tons of fruit and vegetable juice (mostly concentrate- tomato paste was not included) worth 142.5 million US Dollars, a seven percent by volume and eleven percent by value increase from 2002. Imports continued to increase in 2004 and during the period January through May 2004, Russia imported 96,000 metric tons of juice, worth 80 million US Dollars. Imports of juices from the U.S. increased from 796 metric tons in 2002 to 1,898 metric tons in 2003. Russia imports mostly juice concentrates from the U.S. and although in quantity terms, imports from the U.S. rank 21st, in value terms the U.S. ranks 18th. The structure of juice concentrate imports by country does not provide an accurate picture of trade, however, because forty percent is imported from the Netherlands which does not produce tropical fruits. In 2002, the Netherlands became the leading exporter of juices to Russia, its share increased from 6.4 percent to 23.8 percent. Since it is the transit point for juice concentrates, the Netherlands exports as its own product, juice concentrates originating from other countries, including the United States. Russia also imported from Brazil (9.8 percent of total imports), Iran (seven percent) and China (six percent).

Frozen orange juice (HS code 2009 11) is the largest category of imported juice. Total imports of orange juice (frozen and non frozen) in 2003 were 49,371 metric tons, an increase of 22 percent from 2002. The share of frozen orange juice increased significantly, from 4.6 percent in 1998 to 26.6 percent in 2003, while the share of non-frozen orange juice decreased from 10.9 percent to 3.7 percent. The share of pineapple juice increased, as well as, the share of apple juice, while imports of tomato juice shrank from 23.2 percent to 2.8

percent. The volumes of juice imports in CY 2001-2003 and January-May 2004 are given in Table 3.

Table 3. Imports of Juices by Type, Metric Tons

HS	Description	2001	2002	2003	January -May 2004
	2009 FRUIT and VEGETABLE JUICE	182,436	186,609	199,152	95,938
200911	FROZEN ORANGE	13,886	31,126	39,868	20,610
200912	ORANGE JUICE, NOT FROZEN	0	2,199	3,654	1,145
200919	ORANGE, NOT FROZEN	15,083	7,224	5,852	2,850
200920	GRAPEFRUIT	3,859	10	0	0
200921	GRAPEFRUIT JUICE	0	431	631	147
200929	GRAPEFRUIT JUICE NOT FORTORIFIED W VITAMINS	0	4,896	4,825	2,555
200930	OTHER CITRUS, NOT MIXED	607	2	0	0
200931	JUICE OF 1 CITRUS FRUIT	0	111	110	43
200939	JUICE OF OTHER SINGLE CIRTUS FRUIT,NT FROT,NESOI	0	872	832	192
200940	PINEAPPLE	14,250	50	0	0
200941	PINEAPPLE JUICE	0	658	829	251
200949	PINEAPPLE JUICE, NT FORT., UNFERMNT, NESOI	0	21,294	20,954	11,954
200950	TOMATO JUICE	13,153	10,771	8,469	2,876
200960	GRAPE, NOT FERMENTED	10,124	1	0	0
200961	GRAPE JUICE	0	932	1,169	169
200969	GRAPE JUICE, NESOI,NT FORTIFIED WITH VITAMINS/MIN	0	9,879	11,995	3,941
200970	APPLE, NOT FERMENTED	37 205	71	0	0
200971	APPLE JUICE	0	6 789	6 851	3 010
200979	APPLE JUICE, NESOI,NT FORTIFIED W VITAMINS, UNFER	0	27 917	31 832	16 830
200980	OTHER, NOT MIXED	44 448	36 568	35 917	16 732
200990	MIXTURES	29 821	24 807	25 364	12 633

Source: State Customs Committee of the Russian Federation

Import tariffs

Import tariffs for most juices remain fifteen percent but not less than 0.07 EURO per liter. However, in June 2000 significant changes were made in import duties for juice concentrates imported in containers (barrels, cisterns, tanks) of not less than 40 kg capacity. Tariffs for these juice concentrates were drastically cut to a simple five percent. This five percent tariff applies to the following juice concentrates in bulk containers of not less than 40 kg capacity:

- Concentrates of all citrus juices (frozen and non-frozen, with or without added sugar), HS numbers 2009.11.190.1, 2009.11.990.1, 2009.19.190.1, 2009.19.980.1, 2009. 29.190.1, 2009.29.990.1, 2009.39.190.1, 2009.39.310.1, 2009.39.390.1;
- Concentrates of pineapple juice, HS numbers 2009.49.190.1, 2009.49.990.1;
- Concentrates of grape juice, HS number 2009.61.100.1, 2009.69.510.1;
- Concentrates of other vegetable and fruit juices, HS numbers 2009.80.190.1, 2009.80.360.1, 2009.80.710.1, 2009.80.730.1;
- Concentrates of juice mixtures, HS numbers 2009.90.410.1, 2009.90.490.1.

Duties on imports of bulk juice concentrates of some fruits and tomatoes that are produced in Russia were modestly decreased to ten percent, but not less than 0.05 EURO per liter:

- Concentrates of tomato juice, HS number 2009.50.900.1;
- Concentrates of apple juice, HS number 2009.79.190.1, 2009.79.300.1, 2009.79.990.1;
- Concentrates of other vegetable and fruit juices, HS number 2009.80.380.1, 2009.80.790.1;
- Concentrates of juice mixtures, HS numbers 2009.90.190.1, 2009.90.290.1.

To distinguish among the types of bulk juice concentrates, Russia began using 10 digit HS codes. The cut in tariffs was expected to stimulate imports of fruit juice concentrates (bulk) and from July, 2000 through June 2003 imports of juice concentrates did increase.

Post Contacts and Further Information

For more information on juice companies in the Russian market, please contact the Moscow Agricultural Trade Office at

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USDA/FAS AND ATO PROGRAMS AND SERVICES

The Foreign Agricultural Service and the Agricultural Trade Office/Moscow offer a variety of programs, services, and information resources to help U.S. exporters of food, beverage, and agricultural products learn more about the Russian market, establish initial contact with Russian buyers, and promote their products in the local market. Following is a partial listing of programs and services:

Trade Leads are direct inquiries from Russian buyers seeking U.S. sources for specific food, beverage, or agricultural products. U.S. companies can receive these Trade Leads by contacting the AgExport Services Division, FAS/USDA or by visiting the USDA/FAS Homepage (see contact information at the beginning of this section).

Buyer Alert is a bi-weekly publication providing information on specific food, beverage, and agricultural products offered by U.S. exporters. U.S. companies may place ads in Buyer Alert by contacting the AgExport Services Division, FAS/USDA (see contact information at the beginning of this section).

U.S. Supplier Lists are drawn from an extensive database of companies that can supply a wide range of U.S. food, beverage, and agricultural products. The ATO Moscow supplies these lists to Russian importers on request. U.S. companies that wish to be included in this database should contact the AgExport Services Division, FAS/USDA (see contact information at the beginning of this section).

Foreign Buyer Lists are drawn from an extensive database of Russian importers dealing with a wide range of food, beverage, and agricultural products. U.S. companies can order these lists through the AgExport Services Division, FAS/USDA (see contact information at the beginning of this section).

ATO/Moscow also coordinates U.S. participation in local trade shows (see list of Russian Trade Shows below), sponsors supermarket and menu promotions, provides support for trade missions, and can help arrange appointments for first-time visitors to Russia. For more detail on these and other programs or activities, please contact the ATO/Moscow (see contact information above).

The FAS website (www.fas.usda.gov) is an excellent source of information on other USDA/FAS export promotion/assistance programs, such as the Market Access Program (MAP) and Credit Guarantee Programs, as well as a wide range of information and reports on market opportunities for U.S. food, beverage, and agricultural exports world-wide.