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Russia Going Nuts Over Almonds

Report Categories:
Tree Nuts

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Report Highlights:
Russia's commercial nut production is limited to pine nuts and is therefore Russia is entirely dependent on imports for consumption of most other tree nuts. In 2010, tree nut imports showed 8 percent growth and reached 75,549 MT. Despite that significant growth, the Russian tree nut market is far from saturated and has good potential for further expansion. Consumer demand for tree nuts is rising driven by revitalized consumer spending post-economic crisis and a trend toward healthy diets. For January-February 2011, Russian tree nut imports grew by 30 percent in volume, and Iranian pistachios, Turkish hazelnuts and California almonds grew by 295 percent, 91percent and 56 percent respectively. Though Russia remains a price sensitive market, demand-led growth is forecast to push imports up to 78,000 MT in 2011, up 5 percent from 2010.

General Information:

Production:

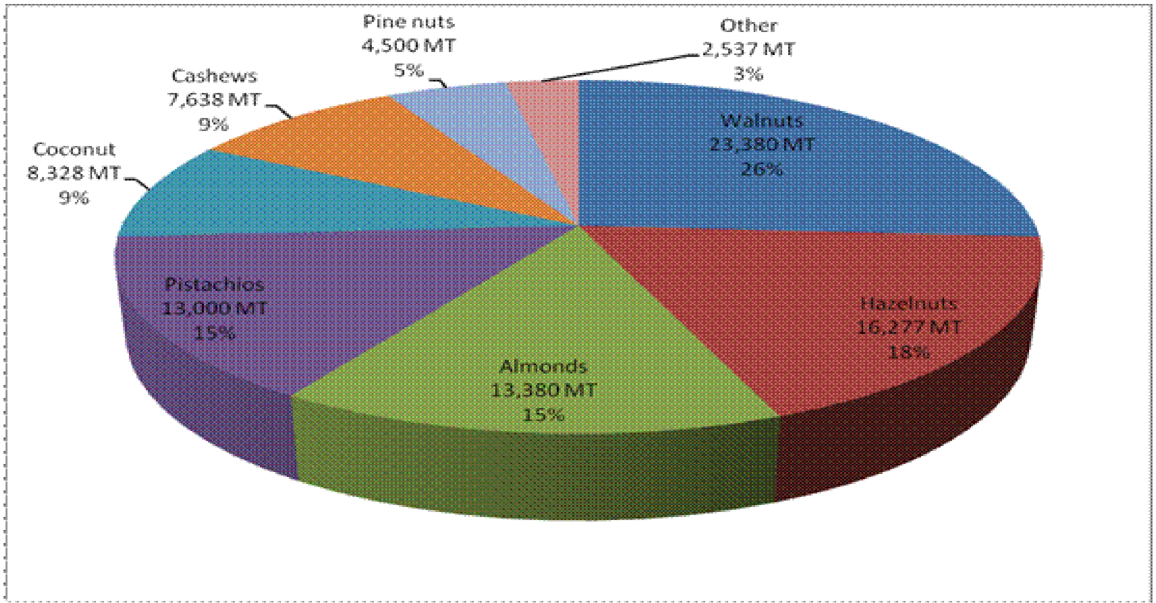
According to the Russian Federation State Statistics Committee (Rosstat), in 2010 Russian noncommercial nut production totaled 9,430 metric tons (MT). Post estimates that of that total Russia produced 5,900 MT of filberts and 3,530 MT of walnuts. The vast majority of that production was for personal consumption or private sale, with 97 percent of the crop (9,170 MT) produced by households. The only nut Russia produces in commercial volumes and for export is the pine nut. (Note: *Rosstat does not provide official data for pine nut production. Post has based pine nut production on local and international sources (e.g. the World Wildlife Fund (WWF) which studies Russian forest production and usage.))* Based on our research, Post estimates Russian pine nut production at 8,500 MT in 2010, which is considered to be a low crop for Russia. WWF reported that 2010 was the second poorest year for pine nut production in a row and expects a higher crop in 2011. In better years, Russia can produce up to 40,000 MT of shelled pine nuts. Pine nuts are widely grown in the Russian Far East and Siberia. The yield depends heavily on the weather conditions, accessibility of the harvesting areas, and wild animals' consumption. Usually, the landholder of the harvested areas, entrepreneurs, and the local population gather pine nuts and sell the in-shell product to local shelling factories or export them to China. According to the Global Trade Atlas, in 2010 Russia exported 2,470 MT of pine nuts, including 2,356 tons to China. However, the WWF believe that actual pine nut exports to China reached 4,000 MT.

Tree nut production in Russia in 2010 totaled 17,930 MT, of which 4,500 MT were pine nuts that entered commercial channels.

Consumption:

Since 2005, nut consumption in Russia has increased dramatically, driven by rising incomes throughout most of the period and heightened consumer awareness of the health benefits of eating nuts. There is no official data for nut consumption. Based on imports and local production records, Post estimates that in 2010, Russian tree nut consumption was around 89,500 MT.

Figure 1: Market share of major tree nuts varieties 2010:



The Russian tree nut market is far from saturated and has good potential for further expansion. Per capita tree nut consumption is around 0.67 kg (including imported sweetened nuts and seeds). This is significantly lower than consumption levels in European countries, the United States, Japan, and China. For example, according to the Economic Research Service, the typical American consumes 270 pounds (122.5 kg) of fruit and tree nuts (fresh and processed, fresh-weight basis) each year. However, Russian consumer demand for tree nuts is going up and is forecast to grow by 5 percent in 2011 and 2012. The factors behind this trend include:

- Uptick in consumers spending due to real disposable income increase of 4.1 percent and less saving in 2010
- Consumer shift toward use of more dried fruit, nuts, and their mixtures as snacks, desserts, and in cooking.
- Consumer shift toward healthier lifestyles and new products. Eating healthier foods is part of the collective consciousness and more people are tracking calories and nutritional content.
- Influence of Russian Government's social advertising and education campaign to discourage excessive alcohol consumption, smoking, and overeating.
- Shopping in retail outlets is becoming the de facto choice for Russian consumers who had been shopping at outdoor markets. Since retailers are offering a better assortment of nuts at different price points consumers are exposed to the product and can afford it. Major retail chains are well represented in big cities and continue to expand in the regions. Please see more information about the retail sector development in Russia, and purchasing behavior in ATO Moscow's 2010 Retail Report at:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Moscow%20ATO_Russian%20Federation_8-30-2010.pdf

The majority of imported nuts enters Russia in bulk and is packaged locally into consumer-ready packs or used in the confectionery, baking, and dairy industries. Post estimate that 60 % of all imported nuts are going to these three sectors and the rest, 40%, is going into snack production. Note: this percentage varies depending on the nut variety.

As a major consumer of nuts, the food processing sector has a major influence on demand. This sector has been showing positive growth, for example for the January-August 2010 period the index of food products manufacturing increased by 4.9 percent. For two of the key nut-using sectors we find the following growth indices: dairy products – by 10.5 percent, confectionery – by 4.5 percent. Please see more information about the food processing sector development in Russia in our 2010 Food Processing Ingredients Report at: http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Food%20Processing%20Ingredients_Moscow%20ATO_Russian%20Federation_12-21-2010.pdf Growth in processing and consumer demand supports Post's forecast for future growth in nut usage in 2011.

Producers and exporters should bear in mind that while demand is relatively strong, Russia remains a price sensitive market. Food processors are trying to produce quality product at an affordable price. Consumer behavior is still showing some effects of the economic crisis. Today's buyer makes more rational and thoughtful purchases, pays less attention to brands, and searches for products that offer a balance between price and quality. As a result, some manufacturers vary their ingredients based on price. For example, the confectionery industry switches off between almonds, hazelnuts, and cashews in mass product manufacturing depending on the market price.

Market Development:

A number of trends in the market are influencing nut consumption and sales. One such trend in 2010 was the onslaught of new product launches. Consumers are interested in new foods and the food industry is searching for new ideas and new ingredients to capture their attention. For example, in 2010 imports of U.S. pecans increased three times, though the volumes are still small overall.

Secondly, up to now, private labels were a relatively underdeveloped segment of retail that now retailers are expanding. These private labels lines capitalize on brand familiarity while making the product more affordable for the final consumer. Nuts and dried fruits packaged under private labels are more moderately priced and can help boost sales among middle to lower income consumers.

Third, snack production and sales enjoyed growth in volume and value, as well. According to Euromonitor, in 2010 sweet and savory snacks grew 7% to reach Rub 98 billion ($3.3 billion). The nut snacks category will continue to grow and reach 47,440 MT in 2015 from 42,840 MT in 2010.

Table1. Russia: Forecast Sales of sweet and Savory Snacks by Category, CY 2010-2015, Thousands of Metric Tons

Forecast Sales of Sweet and Savory Snacks by Category: Volume 2010-2015						
'000 tons	2010	2011	2012	2013	2014	2015
Chips/Crisps	77.11	78.80	80.14	81.35	82.65	84.20
Extruded Snacks	12.25	12.62	13.05	13.50	13.94	14.37
Fruit Snacks	10.30	11.24	12.49	14.05	15.75	17.60
Nuts [1]	42.84	43.74	44.57	45.36	46.31	47.44
Popcorn	7.56	7.95	8.37	8.78	9.18	9.57
Pretzels	2.63	2.68	2.74	2.80	2.88	2.94
Tortilla/Corn Chips	5.05	5.27	5.52	5.79	6.05	6.30
Other Sweet and Savory Snacks	167.08	169.59	172.47	174.77	175.99	176.87
Sweet and Savory Snacks	324.83	331.90	339.36	346.40	352.75	359.30

Source: Euromonitor International form trade associations, trade press

Trade:

The major suppliers of tree nuts to Russia are: Ukraine (walnuts), the United States (almonds), Iran (pistachios), Turkey (hazelnuts), Azerbaijan (hazelnuts), Indonesia (coconuts), the Philippines (coconuts), and Vietnam (cashews). With the exception of Ukrainian walnuts, all tree nuts demonstrated volume and value growth in 2010.   Based on official data and interviews with the trade, Post estimates that tree nut imports rose from 52,097 MT [1] in 2005 to 88,220 MT in 2008. In 2009, Russian tree nut imports dropped to 69,742 MT due to the economic crisis and consumption switched to the more affordable peanut. In 2010, the trend picked up where it left off before the crisis and tree nut imports demonstrated 8 percent growth in volume and reached 75,549 MT. In value terms the tree nut market in Russia in 2010 is estimated at $334.5 million, 14 percent higher than in 2009. Data for 2011 is still very limited, but based on the performance in January-February 2011, when Russian tree nut imports grew by 30 percent in volume, and Iranian pistachios, Turkish hazelnuts and California almonds grew by 295 percent, 91 percent and 56 percent respectively. Post expects the upward trend will continue and overall tree nut imports will increase to 78,000 MT, up 5% from 2010.

One third of all tree nut imports to Russia come from former Soviet republics: Ukraine, Azerbaijan, Tajikistan, and Uzbekistan. In 2010, they supplied 24,741 MT of tree nuts. These countries have historically supplied fruits and nuts to Russia, have a built-in transportation advantage and lower prices.

Since Soviet times Uzbek, Azerbaijani, and Tajik suppliers handled the fruit and nut trade throughout Russia and created fully integrated systems of product distribution including imports and wholesale distribution to the regions, as well as processing and sales at wet markets nationwide.

In 2010, the United States exported 14,572 MT of tree nuts to Russia and became the second largest supplier of tree nuts following the Ukraine. American nut exports are forecast to grow by at least 5 percent in volume and exceed 15,300 MT in 2011. The main driver of this growth is the increase in California almond exports. California pistachios are also present in the market but volumes fluctuate based on price competitiveness, particularly with Iranian pistachios.

Based on interviews with the trade, Post estimates that a significant volume of California almonds and pistachios are transshipped through Europe and Hong Kong and other countries. For example, from January to July 2010, 2,053MT of California almonds -- one third of the product imported to Russia for that period -- arrived from Finland, Hong Kong, and Estonia. They are classified as U.S. imports on Russia's import data but most likely these transshipments are not included in the United States export data for the Russian market. Traders give several reasons for this phenomenon:

- The brokers provide better terms (e.g. sometimes don't ask for prepayment) when they know the importing company;
- Quicker delivery from Europe or Hong Kong compared with 30 days shipment from the United States;

Nut imports are distributed throughout Russia, however there is a concentration of imports coming through Moscow. To be more precise, 43 percent of all imported nuts are distributed by importers and processors in Moscow and Moscovskaya Oblast (i.e. Region). Other strong nut players are concentrated in St. Petersburg, Novosibirsk, in the southern region of Krasnodarski krai, and in Belgorodsakya Oblast near the Ukrainian border. From these destinations, consumer-packed nuts and ingredients are distributed to all regions in Russia including Siberia and the Russian Far East via well developed distribution system or dealers.

Table 2. Russia: Tree nut imports by category, CY 2005 - 2010, Metric Tons

	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**Change 2009/2010**
Tree nuts	52,097	55,439	75,008	88,220	69,742	75,549	8.3
Walnuts	5,851	6,450	10,432	14,544	20,932	19,856	-5.1
Almonds	9,103	7,397	11,036	13,201	12,051	13,890	15.2
Pistachios	9,553	16,085	20,749	27,076	11,834	13,000	9.8
Hazelnut	7,492	8,643	11,556	13,463	9,572	10,327	7.8
Coconut	10,084	8,594	11,571	8,171	7,119	8,328	6.9
Cashew	6,342	5,126	6,448	8,943	5,721	7,638	33.5
Other	3,672	3,144	3,216	2,822	2,513	2,510	-0.1

Source: Global Trade Information System, www.gtis.com

Table 3. Russia: Tree nut imports by country, CY 2008-2010, USD/Metric Tons

Partner Country	2008		2009		2010	
	USD	MT	USD	MT	USD	MT
World	382,769,419	88,220	291,680,268	69,742	334,882,500	75,549
United States	103,621,810	19,922	82,242,857	15,508	82,584,944	14,572
Iran	108,911,389	18,870	48,995,943	7,755	69,105,827	11,282
Ukraine	21,097,445	8,470	38,233,326	13,657	45,849,990	15,583
Vietnam	40,101,854	10,117	29,427,617	6,091	34,117,664	6,473
Turkey	36,965,793	6,882	16,419,301	3,177	25,812,751	4,438
Azerbaijan	18,349,657	5,330	23,680,235	6,081	20,991,310	5,324
Indonesia	5,585,194	3,805	6,428,744	4,039	7,670,154	4,644
Tajikistan	11,721,321	3,606	12,653,845	4,108	7,057,556	2,125
Brazil	3,665,541	833	4,046,917	687	6,301,823	1,059
Spain	1,592,756	331	2,208,369	388	6,046,323	909
India	1,080,577	243	1,722,257	261	5,933,831	900
Uzbekistan	6,054,583	2,008	6,883,789	2,442	5,707,738	1,709
Philippines	4,271,273	2,436	3,299,081	1,743	5,473,140	3,068
Cote d Ivoire	1,773,715	1,281	2,480,525	1,542	2,464,821	1,550

Source: Global Trade Information System, www.gtis.com

Almonds:

According to the Global Trade Atlas, Russia imported 13,890 MT of almonds in 2010, three times more than a decade ago and 15 percent more than in 2009. In value terms, the Russian almond market is estimated at $78.2 million and imports to Russia are expected to grow due to increasing demand.

Almonds are used in the food manufacturing industry and sold as consumer-ready snacks in retail stores. According to Euromonitor, almond sales [2] at retail (in snack packs) or in wet markets (loose) and to the HRI sector totaled 4,900 MT in 2009, is estimated at 5,300 MT in 2010 and will go up 6-7 percent per year, and reach 6,800 MT in 2014.

The majority of almonds are used in the food processing industry, roughly 65 percent, or 8,890 MT in 2010. The food industry primarily uses almonds as an ingredient in confectionery, dairy, bakery, and cereals. Importers buy whole and broken almonds with the less expensive California varieties largely used as an ingredient base. For example, California 27/30, 30/32, and 32/34 are used in finished confectionery products while the smaller sized almonds are diced and used as a base. For premium products and decorative purposes more expensive almonds may be used. Further cutting, dicing, and roasting for the food manufacturing industry is done in Russia. Almond fraction 2/4 is very popular with food processors. California 27/30, Nonpareil 20/22, and 23/25 are used in snack production in Russia, where the appearance is as important as nutrition factors.

According to the industry, almonds compete with hazelnuts and cashews in mass-produced products. Reportedly, final consumers do not recognize which nut variety is used in mass produced products. As long as they can detect the nut taste in the candy/cookie/etc. they are satisfied. So the manufacturers adjust the recipe depending on the price and quality balance of available nuts.

Wholesale Prices [3] in Moscow for Select Almond Varieties	
Almond California SSR 27/30	217.34 rubles per kg (U.S. $7.6)
Almond Nonpareil/Extra 27/30	243.43 Rubles per kg (U.S. $8.65)
Almond diced fraction 0-2	118.81 Rubles per kg (U.S. $ 4.22)
Almond slices	318.77 Rubles per kg (U.S. $11.33)

While almond sales are growing, their popularity depends somewhat on their price relative to pistachios, hazelnuts, walnuts or cashews. Other factors are: taste, quality, packaging, and brand. Natural almonds are growing in popularity. Retail specialists claim that interest in glazed and flavored almonds is going up. Also gaining popularity are fruit and nut mixes, which typically contain almonds. Almonds are available at retail and in markets in 100/150/200/230/300/500 gram packaging. Selling by weight is still popular and broadly available in hypermarkets, independent stores, and market places. At the same time, many people are switching to packaged nuts because they consider the prepackaged product to be more clean and safe.

Currently almonds are price-competitive compared with other nuts. The retail price for one kilogram of almonds ranges from 380 rubles (U.S. $13.51) to 1,350 rubles (U.S. $48) depending on the quality of the almond, the store format, and packaging. An April 1 price survey of one independent store in St. Petersburg revealed that one kilogram (kg) of loose almonds cost 380 rubles (U.S. $13.51), the same as the price for hazelnuts. One kg of walnuts or cashews cost 450 rubles (U.S. $ 16), pistachios - 490 rubles (U.S. $17.42), brazil nuts – 690 rubles (U.S. $24.54), pine nuts – 1,350 rubles (U.S. $48). That price differential factor makes almonds more popular with final consumers who buy the nut snack occasionally and for whom price is a deciding factor in final purchase.

Euromonitor estimated that retail and HRI sales [4] of almonds totaled 5,300 MT in 2010 in Russia. Of that 5 percent is sold to foodservice and institutional food companies. The remaining 95% are distributed via retail. In almond distribution, supermarkets and hypermarkets held an estimated 32.5% of the retail market in 2008, and will expand to 37 % in 2011. Open markets are in second position in retail almond distribution with 20 % share in 2011. Discounters and independents handle 13% and 8.5 % of almond retail distribution accordingly.

The United States is traditionally the main almond supplier to Russia and captured 91% of market in 2010. In 2010, the Californian almond supply grew 10 percent and totaled 12,764 MT due to the tenfold increase in shelled almond sales (1,242 MT in 2010 versus 128 MT in 2009). At the same time, Spain increased shelled almond exports to Russia by 154 percent and reached a record 810 MT in 2010. Although Spanish almonds are more expensive than American almonds they are the closest competitor to American almonds in Russia.

For January-February 2011 (the most recent data available), U.S. almond imports were up 56% from last year's level. The California almond imports are forecast to increase by 7 percent for the calendar year and reach 12,789 MT in 2011, if the price continues to fit the market.

Table 4. Russia: Almonds Shelled (HTS 080212) import by country, CY 2008-2010, USD/Metric Tons.

Partner Country	**2008**		**2009**		**2010**	
	USD	MT	USD	MT	USD	MT
World	69,124,269	13,160	60,514,652	11,850	70,290,496	12,520
United States	66,708,376	12,681	58,064,466	11,417	63,684,377	11,522
Spain	1,355,749	308	1,721,438	319	5,375,502	810
Germany	398,254	60	431,703	62	441,185	62
Australia	61,200	17	0	0	330,858	52
Chile	241,000	40	134,907	27	164,389	30
Uzbekistan	3,750	1	20,357	2	158,470	24
France	81,833	13	28,773	5	50,554	8
Lithuania	73,678	10	72,764	14	23,515	3
China	0	0	0	0	21,176	4
Tajikistan	1,691	0	2,067	0	18,831	4

Source: Global Trade Information System, www.gtis.com

Table 5. Russia: Almonds In Shell (HTS 080211) import by country, CY 2008-2010, USD/Metric Tons

Partner Country	**2008**		**2009**		**2010**	
	USD	**Quantity**	**USD**	**Quantity**	**USD**	**Quantity**
World	256,451	41	1,249,117	201	7,929,873	1,370
United States	123,742	20	778,810	128	7,124,013	1,242
Spain	111,756	18	396,363	61	546,478	86
Chile	0	0	0	0	136,125	23
Uzbekistan	695	0	7,013	1	72,069	11
Tajikistan	14,383	2	16,782	3	46,068	7
China	0	0	12,887	2	3,094	1
Lithuania	1,419	0	0	0	1,193	0
Italy	4,456	0	3,483	0	834	0
Turkey	0	0	33,779	5	0	0

Source: Global Trade Information System, www.gtis.com

Pistachios

Russia doesn't produce pistachios and therefore relies on imports for 100% of consumption. Russia was the seventh biggest importer of pistachios in the world in 2010, with market volume estimated at 13,000 MT, 9.8 percent higher than in 2009. This can be attributed in part to recovery post-crisis. Demand started to recover in 2010 and is forecast to grow in 2011.

Most pistachios are imported raw and in bulk. Wholesalers do subsequent roasting, salting, and packaging in Russia. According Post estimates, over 50 % of pistachios go into snack production, the rest is consumed as an ingredient in confectionery, dairy, bakery, ice cream production, and deli meat processing. Food manufacturers order cleaned pistachios, at times requesting pistachios with intense green color.

Wholesale Prices in Moscow for Select Pistachio varieties [5]	
Pistachios salted roasted 28/30, Iran	295.44 rubles per kg (U.S. $10.50)
Pistachios natural raw 28/30, Iran	292.57 rubles kg (U.S. 10.40)
Pistachios cleaned, Iran	610.96 rubles per kg (U.S. $21.72)

The retail price for one kilogram of pistachios ranges from 490 rubles (U.S. $17.42) to 1,359 rubles (U.S. $48). The price depends greatly on the quality of the pistachios, the store format, and packaging.

The popularity of pistachios as a snack product is growing in Russia, particularly for the salted roasted variety. Pistachios are often consumed with beer, however consumer awareness of pistachios as a healthy snack is growing, as well. Euromonitor estimates pistachio sales at retail and HRI sectors at 4,700 MT in 2009 and forecasts growth up to 5,800 MT in 2010 and 8,900 MT in 2014. Supermarkets and hypermarkets are becoming very important sales points for pistachios and accounted for 43 percent of retail sales retail sales in 2010 with potential to reach 45.5 percent in 2011.

In 2010, Russia imported 13,000 MT of pistachios worth almost $80.1 million and up 10 percent from 2009. Iran is the traditional supplier of pistachios to Russia and captured 86.8 percent of the market in 2010. U.S. imports have dropped considerably over the past three years, from 7,079 MT in 2008 to 3,821 MT in 2009 and to 1,597MT in 2010. The main factor in this decline has reportedly been due to higher prices for the American product relative to Iran. That trend is playing out so far in 2011, as well, when we have seen a decrease in American pistachio imports. As a result, Post expects U.S. pistachio imports to continue on their downward trend in 2011.

Table 6. Russia: Pistachios 080250 Import by Country, CY 2008-2010, USD/Metric Tons

Partner Country	**2008**		**2009**		**2010**	
	USD	**Quantity**	**USD**	**Quantity**	**USD**	**Quantity**
World	151,094,205	27,076	73,252,609	11,834	80,160,800	13,000
Iran	108,911,389	18,870	48,995,943	7,755	69,105,827	11,282
United States	36,233,975	7,079	22,671,257	3,821	10,279,056	1,597
China	108,028	19	660,543	107	345,766	52

Tajikistan	645,509	117	94,043	17	322,240	56
Spain	0	0	36,360	6	70,896	10
France	6,388	1	4,291	1	12,527	2
Latvia	6,128	0	7,634	0	9,621	0
Germany	27,860	3	6,291	0	7,914	0
Italy	28,678	5	2,610	0	2,308	0
Switzerland	3,793	1	1,542	0	1,918	0
Finland	360	0	878	0	1,398	0
Uzbekistan	0	0	2,036	0	1,329	0
Vietnam	5,115,700	981	120,815	23	0	0

Source: Global Trade Information System, www.gtis.com

Walnuts:

In 2010, Russian walnut imports were stable and totaled 19, 872 MT in volume and $60.9 million. 77 percent of the walnut supply comes from Ukraine with the remainder coming mainly from Tajikistan and Uzbekistan. Walnuts from the Commonwealth of Independent States (CIS) are much cheaper that walnuts coming from other destinations, including the United States. In fact, it is very difficult to compete with CIS product on the Russian market.

Table 7. Russia: Walnuts Shelled 080232 Import by Country, CY 2008-2010, USD/Metric Tons

Partner Country	2008		2009		2010	
	USD	Quantity	USD	Quantity	USD	Quantity
World	36,430,311	10,998	54,161,192	16,131	55,898,558	16,630
Ukraine	17,715,089	5,914	33,020,257	10,233	41,750,983	12,867
Tajikistan	10,292,277	2,937	11,441,205	3,369	6,299,834	1,837
Uzbekistan	5,770,274	1,714	6,427,571	2,046	5,284,799	1,555
Chile	841,600	160	905,034	148	1,306,285	217
India	0	0	14,601	3	569,370	71
Germany	201,062	14	200,542	11	162,398	8
United States	1,847	0	239,602	39	153,475	21
Moldova	3,355	0	44,990	12	95,332	17
Poland	27,300	4	31,725	6	76,760	14
Spain	125,016	4	53,580	2	49,494	2

Source: Global Trade Information System, www.gtis.com

Table 8. Russia: Walnuts in Shell 080231 Import by Country, CY 2008-2010, USD/Metric Tons

Partner Country	2008		2009		2010	
	USD	Quantity	USD	Quantity	USD	Quantity
World	4,902,385	3,566	7,483,745	4,802	5,160,726	3,242
Ukraine	3,424,796	2,560	5,214,707	3,424	4,099,008	2,716
Tajikistan	771,790	557	1,099,748	719	378,098	236
United States	253,977	82	226,607	65	288,745	89

Poland	157,927	67	513,080	199	198,878	80
Uzbekistan	279,864	294	426,812	394	191,072	119
Italy	3,021	0	1,337	0	2,967	0
Kyrgyzstan	0	0	0	0	1,537	1
Unidentified Country	8,281	5	1,454	1	423	0
Lithuania	1,261	0	0	0	0	0
China	1,468	1	0	0	0	0

Source: Global Trade Information System, www.gtis.com

Hazelnuts:

In 2010, Russia imported 10, 325 MT of hazelnuts for $48 million, up 7 percent in volume compared to 2009. Azerbaijan and Turkey dominate the Russian hazelnut market. In 2010, Turkey increased its share to 43 percent from 33 percent in 2009. However, Azerbaijan with less expensive product and good knowledge of the distribution channels in Russia is successfully competing with Turkish hazelnuts in Russia. Sources say that Azerbaijan may capture more of the market in the future. However, Post expects that Turkey and Azerbaijan will remain the two major players on the Russian hazelnut market.

Table 9. Russia: Hazelnut shelled 080231 Import by Country, CY 2008-2010, USD/Metric Tons

Partner Country	2008		2009		2010	
	USD	Quantity	USD	Quantity	USD	Quantity
World	59,070,031	13,210	41,107,475	9,492	48,366,058	10,134
Turkey	36,959,396	6,881	16,355,402	3,169	25,812,359	4,438
Azerbaijan	18,320,836	5,316	23,658,481	6,068	20,989,449	5,323
Abkhazia	0	0	857,702	223	1,308,562	342
Germany	110,874	19	105,320	12	116,711	11
Georgia	3,473,162	963	75,914	13	103,955	15
Lithuania	66,436	7	34,787	4	22,742	2
France	13,365	2	4,821	1	5,115	1
Switzerland	4,265	1	3,133	1	4,604	0
Latvia	3,181	0	1,534	0	1,174	0
Italy	6,438	0	9,916	1	885	0

Pecans:

In 2010, Russian imports of pecans increased by 246 percent to 111 MT. The volumes are very insignificant so far but could grow as a result of new ingredients applications particularly in the confectionery sector. Post considers pecans to have potential for growth in Russia.

Policy

Even with the Russia-Belarus-Kazakhstan Customs Union now in force, most of the import rules and requirements for nuts remain unchanged. However, the procedures and documentation process on the Russian side have changed.

According to the Commodity Nomenclature of the Customs Union, nuts are under the following commodity codes, similar to the Russian Commodity Nomenclature:
Nuts, fresh or dried, whether or not shelled or peeled: 0801, 0802
-cashews (0801 31 000 0, 0801 32 000 0)
-almonds (0802 11, 0802 12)
-hazelnut shelled (0802 21 000 0, 0802 22 000 0)
-walnuts (0802 31 000 0, 0802 32 000 0)
-pistachios (0802 50)
-pecans 0802 90 200 0

Please see the commodity codes list on http://www.tsouz.ru/db/ettr/tnved/Pages/default.aspx
The importer has to undertake several steps while handling fresh produce imports such as nuts into the Russian Federation:

1. Import quarantine permission. Prior to the product shipment, the Russian importer should apply for and obtain an import quarantine permit from the Russian Federation Veterinary and Phytosanitary Surveillance Service (VPSS). (Note: Importers do not need to present a phytosanitary certificate from the exporting country in order to obtain the Import Quarantine Permit although it will be required for the declaration of conformity, please see below.) Usually, the importer gets a one-year import permit for a defined list of and amount of products.

2. The importer must obtain a declaration of conformity prior to product shipment. This document certifies that the product conforms to GOST (i.e. State Standard) 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. For nuts, the declaration of conformity is issued based on a copy of the contract, phytosanitary certificate of the exporting country authorities, a quality certificate from the producer/packer and certificate of origin, although this last item is not obligatory. Some importers claim they provide a letter from the exporting country's laboratories certifying that the shipped product is "GMO free". The certificate of Conformity will accompany the product use and sales in Russia. For an incoming shipment the importer also attaches copies of transportation documents including: the invoice, bill of lading, and packing list.

3. Prior to the customs clearance, nuts must be inspected by the Russian Federation Veterinary and Phytosanitary Surveillance Service. Nuts (fresh, dried, canned) are subject to sanitary-epidemiologic inspection, 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, pesticide content norms of the Russian Federation. The Customs Union Commission

adopted the Unified Sanitary–Epidemiological requirements that can be found here: http://www.tsouz.ru/KTS/KTS17/Documents/Гл.II%20Р.1%20Пищевые%20продукты.doc.

For the most part, the requirements are similar to the Russian SanPin 2.3.31078-01 and amendments made in 2002-2010. The pesticide and chemical maximum residue limits (MRL's) in agricultural crops are found in http://www.tsouz.ru/KTS/KTS17/Documents/Гл.IIs%20Р.15%20 Пестициды.doc, similar to Russian Hygiene Norms for the Presence of Pesticides in the Environment (HN 1.2.1323-03 with 13 additions made in 2003-2010).

Nuts go through phytosanitary control, according to the Decision of the Customs Union Committee # 318 of June 18, 2010). The aim of the control is to inspect the condition of the imported produce for the presence of harmful quarantine organisms in the shipment.

Please see the products list under phytosanitary control in Gain RS1058 Customs Union List of Imported Products under Phytosanitary Control and updated guarantee regulations in the report Russia Updated Regulations of the Imported products http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Russia%20Updates%20Quarantine%20Regulations%20of%20Imported%20Products_Moscow_Russian%20Federation_1-18-2011.pdf
.
The packaging of the imported products must comply with Russian standards regulation GOST. Please see Section III, above, and http://www.bpks.ru/catalog/gosts/001.067

For nuts, sanitary-epidemiological surveillance is conducted by VPSS. Fresh produce importers must provide VPSS inspectors the contract originals, an invoice, bill of lading, packing list, declaration of conformity [6] , phytosanitary certificate from the exporting country authorities (APHIS for American produce) [7] , safety certificate for some produce from European and South American countries [8] ; for nuts quality certificate, and other safety document previously submitted for declaration assurance are attached. The importers can ask the shipper for the list of pesticides used during cultivation to provide to VPSS. For nuts clearance the importers can ask the fumigation certificate be prepared for inspection. The VPSS inspector examines the documents and upon passing inspection stamps them with "Release permitted" on the bill of lading which serves as proof that the cargo has passed the quarantine control and was released by VPSS.

4. Customs clearance. The importer must provide: contract, bill of lading stamped by VPSS, invoice, packaging list, phytosanitary certificate from the exporting country, quality certificate, declaration of conformity, and customs duties and VAT proof of payment. Then customs will release the cargo.

The customs duties account for a percentage of the customs value [9] of the shipment in U.S Dollars or Euros. The customs duties are calculated according to the Unified Customs Tariff list accepted by Customs Union Commission in the Decision #130 on the 27 of November 2009. Please see the tariffs on the link:

http://www.tsouz.ru/db/ettr/tnved/Pages/default.aspx
The 18% VAT is taken from the customs value summarized with customs duties of the product

Nuts (0801, 0802 fresh or dried, whether or not shelled or peeled) are subject to a 5% duty from customs value.
Almonds (080211, 080212), cashew shelled (0801320000), hazel-nut shelled (0802 22 000 0) - no customs duty

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_12-21-2010.pdf

Russian Retail Food Sector | Retail Food Sector
http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Moscow%20ATO_Russian%20Federation_8-30-2010.pdf

[1] The category "nuts" includes the snack products from peanuts (groundnut).
[1] The import figures for tree nuts are based on the Global Trade Atlas Russia import record and domestic traders' interviews. The volume and value numbers for California almonds and pistachios includ nuts re-exported via European and Asian brokers and therefore differ from the official USDA record.

[2] Nut sales include sales via retail, food service, institutional channels, where retail handles 95% of nut sales.

[3] Please be advised that the prices are taken on April 11 from a commercial company site, and vary over time. The exchange rate used here is 28.12 rubles per $1

[4] Nut sales include sales via retail, food service, institutional channels, where retail handles 95% of nut sales.

[5] Please be advised that the prices were taken on April 11 from a commercial company site, and may vary over time.

[6] It is critically important for the successful customs clearance of nuts that the same producer/ packer shows up in the quality certificate, the declaration of conformity, and on the packaging of the boxes or bags

[7] The phytosanitary certificate must be printed out, not filled in by hand. The **netto weight** must be

identified in the document. All boxes of the document should be filled. If there is the box requesting information not applicable for the current shipment, it should be marked with an “x” or cross. Any defects in completion of the phytosanitary certificate cases Customs authorities to question the importers and leads to extra effort and time for shipment clearance, making the product more expensive and less competitive on the market.

[8] Safety certificate is obligatory for some produce from European and South American countries. It is certifying minimal residue level of pesticides and chemicals. This certificate can be issued by definite laboratories approved by VPSS.

[9] Customs value is the product value and cost of the product shipment to the point of customs clearance.

[1] The category “nuts” includes snack products made from peanuts (groundnut).