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Russians Love Citrus But U.S. Share Tiny

Report Categories:

Citrus

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Report Highlights:

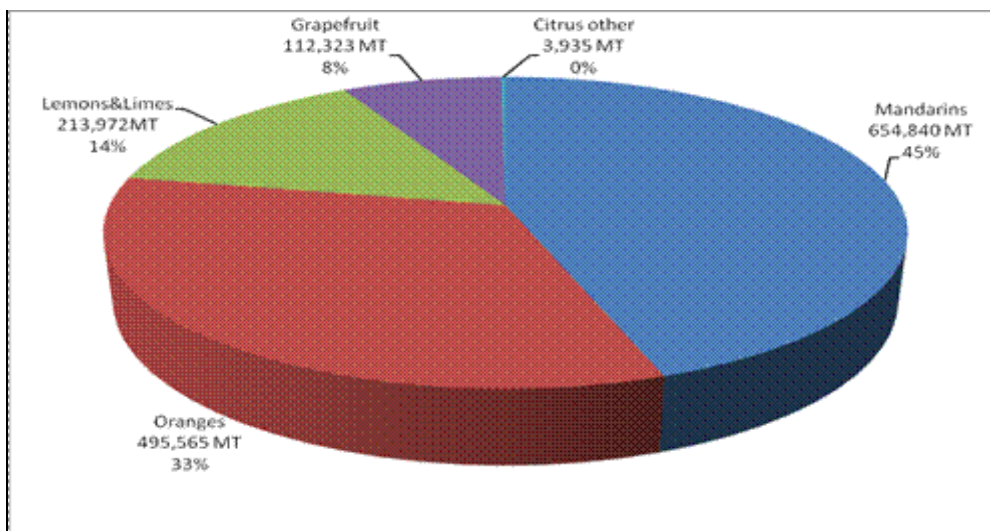
Russia doesn't grow citrus and therefore is entirely dependent on imports of oranges, grapefruits, mandarins, lemons, and limes. Thus, Russia is the largest importer of citrus fruits in the world and demand is still growing. In 2010, citrus imports showed 16 percent growth and reached a record 1,480,635 metric tons (MT). The trend is continuing in 2011. Based on the January – April data, citrus imports are up 29 percent in comparison with the 2010 record. In value terms, the Russian citrus market in 2010 was estimated at \$1.2 billion CIF. Consumer demand for tangerines, oranges, grapefruit and limes is going up driven by growing popularity and revitalized consumer spending post-crisis. The major suppliers of citrus to Russia are: Turkey, Egypt and Morocco. The Russian Far East remains a good market for U.S. citrus with 1,930 metric tons of U.S. imports in 2010.

General Information:

Russia doesn't grow citrus and therefore is entirely dependent on imports for consumption of oranges, grapefruits, mandarins, lemons, and limes. Indeed, Russia is the largest importer of citrus fruits in the world and demand is still growing. In 2010, citrus imports showed 16 percent growth and reached a record 1,480,635 metric tons (MT). In value terms, the Russian citrus market in 2010 was estimated at \$1.2 billion. The trend is continuing in 2011. Based on the January – April data, citrus imports are up 29 percent in comparison with the 2010 record.

According to the Russian Federation Statistics Committee research, Russians consumed 7.3 kg of citrus fruit per person in 2010, 20 percent more than in 2008. Citrus is the second most popular fruit category in Russia behind apples. All imported citrus goes to the retail/wet market sectors.

Figure 1: Market share of major citrus varieties 2010:



The Russian fruit market is far from saturated and has good potential for further expansion. Per capita fruit consumption is significantly lower than consumption levels in Europe, 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. Meanwhile, Russian per capita consumption of fruit is just 71 kg. However, Russian consumer demand for fruits and citrus in particular going up and is forecast to grow in 2011 supported by the following factors:

- Shifts toward healthier lifestyles. Eating healthier foods is part of the collective consciousness and more people are tracking calories and nutritional content.
- Uptick in consumer spending due to real disposable income increase of 4.1 percent in 2010.
- Russian consumers buy more fresh produce in retail stores. Since retailers are offering a better

assortment of fruits at different price points consumers are exposed to the product and can afford it. According to retail specialists, fresh produce sales in retail increased in 2010 significantly and reached 10 percent of total turnover. 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 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

Russia remains first and foremost a price market and 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. So the final price of the product remains the main criteria in purchasing making decision in Russia.

The Ruble is getting stronger against Dollar and Euro, making imports more affordable. On July 12, the exchange rate was 28.08RUB/USD¹ versus RUB 31.7/USD average in 2009. More information about the history of the RUB /USD exchange rate can be found on the web: <http://bankir.ru/kurs/dollar-ssha-k-rossijskij-rubl>

Another factor affecting traders is the price of credit, which remains relatively expensive. On May 3, the Central Bank of the Russian Federation increased the refinancing rate to 8.25%, the second time in 2010 that will lead to increase of the already high 12%-18% interest rate for banks.

Trade:

The major suppliers of citrus to Russia are: Turkey (mandarins, lemons, and grapefruit), Morocco (mandarins, and oranges), South Africa (oranges), Egypt (oranges), and China (mandarins and grapefruit).

Russia is already the largest importer of citrus fruits in the world and demand is still growing, by 471,861 MT in 2000 to 1,480,695 MT in 2010. For January- April 2011, imports grew by 24 percent due to increased shipments from Turkey, Morocco and Spain. Post expects the upward trend will continue and overall citrus imports will increase to 1,554,729 MT, up 5% from 2010.

These major players have several advantages in the Russian market. First, they qualify for preferential import duties under the Customs Union Commission Decision #130 which approved list of products enjoying the tariff preferences <http://www.tsouz.ru/db/ettr/Pages/tovRSiNRS.aspx> and lists of the developing and the least developed countries, users of preferences:

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

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

¹ This exchange rate is applied to all further Ruble –USD conversions in the current report.

The customs duty for product with preference is 75% of regular duty calculated in USD or Euros.

Second, in the case of Turkey – whose citrus exports to Russia get stronger every year the trade reports that Turkey is improving its competitive advantage by improving quality and packaging, expanding their supply season, and putting out promotional commercials on Russian TV.

Third, in the case of Morocco, in 2010, Maersk Line opened a direct line called the MARUS Express connecting Russia and Morocco. Now transit time between the two countries is 8-10 days. This regular and shorter shipment routing eases the logistics for Moroccan citrus and makes the product more competitive on the Russian market.

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

	2005	2006	2007	2008	2009	2010	Change (%) 2009/2010
All	943,743	1,209,668	1,248,052	1,298,686	1,275,615	1,480,635	16
Mandarins	319,214	431,397	469,516	518,709	524,824	654,840	24.77
Oranges	391,689	511,288	489,046	503,485	448,681	495,565	10.45
Lemons	184,106	206,760	202,096	182,926	206,036	210,837	2.33
Grapefruits	47,364	56,510	84,517	89,517	90,752	112,323	23.77
Limes	502	812	1,528	2,357	2,211	3,135	41.79
Other	871	903	1,804	1,622	3,108	3,935	26.59

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

Given that Russia is a vast country stretching for 12,000 km from East to West and spanning 9 time zones, the food market in Western Russia differs significantly from the Pacific coast market. The Port of St. Petersburg is the major trade route handling around 75 percent of shipped fruits to Russia. Most consumption is concentrated in the Western and Central Russia market, with approximately 120 million people in the territory reaching from the Western border stretching to the Ural Mountains. The Novorossiisk Port on the Black Sea receives more Egyptian and Turkish fruits and plays the increasing role in fresh produce supply to the Southern regions of Russia. The fruit market in European Russia is very competitive because suppliers from the EU, the Middle East, and the CIS are in close proximity to this market. Citrus from Turkey, Morocco, Egypt, and South America dominate in Western Russia markets.

The Russian Far East is 6 thousand miles from Moscow and its major citrus suppliers. Therefore, the RFE's main supply of citrus comes from China (5 hours drive from Vladivostok to the Chinese border). American oranges, lemons, and mandarins are imported to the RFE and have developed a niche market, there that is relatively stable. Most U.S. product is shipped from West Coast states, namely California.

Mandarin²

² In Russia consumers don't differentiate between mandarins, tangerines, Satsumas, or Clementines and call them all "mandarins". Therefore, data and trade information is also consolidated and Post has also consolidated reporting under the common category "mandarin".

Mandarin consumption is forecast at 665,000 MT and is one of the most popular fruits in Russia with the third largest sales volume after apples and bananas. Fresh mandarin consumption for CY 2010 is estimated at 620,000 MT based on import data excluding insignificant volumes of re- exports and 5 % for product losses during inland transportation and handling. According to Euromonitor, mandarins and oranges jointly are expected to see a healthy CAGR of 8% percent and can reach 1,492,000 MT altogether in 2015.

The most popular mandarin varieties are Clementine, and Satsuma, available year-round. Most consumers don't differentiate between these varieties and pay much attention to the country of origin. Aside from price the main factors are whether the product is seedless and whether it is tasty. The most popular size of mandarins in Russia is 80-120. Consumption of mandarins depends a lot on the season. Sixty percent of the annual volume of mandarins is imported in the November – January period. The fruit is a treat during the New Year holidays in Russia.

Russia is the biggest importer of mandarins in the world. In 2010, Russia imported 654,840 MT of product worth almost \$577.6 million, 24 percent up by volume from 2009. For the January – May 2011 period, mandarin imports grew by 25 percent again in comparison with 2010 record. Over 50 percent of supply came from Morocco and Turkey, each of whom increased exports in 2011 by 40 percent. China dominates on the Russian Far East market with nice-looking, flavorful, and well-priced mandarins. The U.S. share is very low. American mandarin imports to Russia totaled at 74 tons in 2010, all of which were shipped to the Russian Far East.

Turkey, Morocco, Pakistan and China start their seasonal shipments in November and the season lasts through March/April. Spanish mandarins are usually of good quality and higher price and go to the Moscow market, where demand for quality fresh produce is higher. The product from the South Hemisphere, Argentina, South Africa and Peru, arrives in April and is available on the market from June to November.

Table 2. Russia: Import Trade Matrix for Mandarins 080520 in Metric Tons, CY 2009-2010

	2009		2010
World	524,828	World	654,840
United States	54	United States	74
Others		Others	
Turkey	134,930	Morocco	167,807
Morocco	133,268	Turkey	163,524

China	78,928	Pakistan	81,996
Pakistan	43,477	China	66,381
Argentina	40,498	Argentina	45,010
Israel	23,713	Spain	27,442
Spain	19,863	Israel	22,797
Azerbaijan	11,774	Abkhazia	17,784
South Africa	11,143	South Africa	13,406
Cyprus	6,212	Cyprus	9,397
Others not listed	20,968		39,222

Table 3. Russia: Prices for Mandarins 080520 in US Dollars, CY 2011

Product	Origin	Unit	Price	Price per kg in USD
CIF average prices in January-April 2011 ³				
Mandarins	Argentina	ton	1,063.28 USD	1.06 USD per kg
Mandarins	South Africa	ton	1,072.73 USD	1.07 USD per kg
Mandarins	Spain	ton	1,141.18 USD	1.15 USD per kg
Wholesale price ⁴				
Mandarins	South Africa	1 kg	48 Rubles USD	1.7 USD per kg
Retail prices in St. Petersburg ⁵				
Price range in different stores depending on the store and quality of product.		1 kg	59 Rubles – 66 Rubles 2.10USD -2.74 USD	

Oranges

Oranges are the second most popular citrus fruit in Russia with 6.5 percent share of the fruit market. Post estimates orange consumption in 2010 at around 470, 700 MT (imports minus 5% losses during the in country transportation and insignificant re-export amount). According to Euromonitor, tangerines and oranges jointly are expected to see a healthy CAGR of 8% percent growth and can reach 1,492,000 MT altogether in 2015.

Oranges are available year-round in Russia, although winter is high season for consumption. The majority of oranges are consumed fresh except in the summertime when supply is lower and freshly squeezed orange juice is popular. The most popular orange varieties are Navel, Valencia of 56-72 sizes. They are sold loose or packed in 1 kg net packaging. Consumers typically prefer to buy loose oranges as they can pick themselves the fruits and check quality.

According to Euromonitor, the majority of oranges, and mandarins in 2009 were sold via supermarkets and

³ Here and other price comparison tables the source of CIF prices is Global Trade Atlas

⁴ Here and in the further price tables the wholesale prices were taken on July 12 from a commercial company site, one of the key fruit wholesalers in St. Petersburg and Moscow.

⁵ Here and in the further price tables the retail prices were identified during to the price survey on July 12.

hypermarkets, which represents a shift from traditional sales via open markets that recently accounted for 32% of citrus sales. In 2009, this share dropped to 26.5%, versus 29.5% through supermarkets and hypermarkets. It is expected that by 2012, over 31% of citrus fruits will be sold via supermarkets and hypermarkets, followed by open markets (25%) and discounters (16.7%).

The orange import forecast for 2011 is around 520,000 MT, up 5 percent. Russia is the third largest importer of oranges in the world. In 2010, Russian orange imports had nearly recovered to the pre-crisis level, reaching 495,565 MT. In January-May 2011, Russia imported 42 % more oranges compared with previous year's record due to increased supply from Turkey, Egypt, Spain and South Africa. 77 % of oranges are imported in the October – March period.

The major orange exporters to Russia are: Egypt (149,888 MT), South Africa (129,176 MT), and Turkey (77,846 MT). These three countries hold 70 % of the Russian market. Turkey, Egypt and Moroccan product is imported mostly from November to May. South African citrus covers demand from June through November in Russia. In 2011, the orange market was in oversupply as Moroccan supply stayed on the market longer than expected (until July) and coincided with supplies from South Africa creating a short-term glut on the market. Some importers expect losses because of this situation.

American oranges are not widely available on the Western Russian market. According to importers, American oranges lack the appearance of other origins and are more expensive than Middle Eastern and South African product. That plus the logistics make the U.S. citrus less competitive in Russia. For example, the freight from the U.S. west coast to St. Petersburg costs \$8,000-8,500, while the delivery from South America is \$6,500 and that from Morocco, Turkey and Egypt costs \$3,000-3,500.

In 2010, Russia imported 1,531 MT of oranges from the United States, 16 percent more than in 2009. American oranges are largely shipped to the Russian Far East. During the January-April 2011 period, American orange imports grew 91 % due to reduced shipments from China and better recognition of American citrus. Post sees this as a rare chance for American fruits to expand their market share in the Russian Far East. Currently, American citrus is imported by importers who have a niche in that market. These RFE importers report that American citrus accounts for 15 % of their citrus portfolio, and have stable consumers.

Table 4. Russia: Import Trade Matrix for Oranges 080510 in Metric Tons, CY 2009-2010

Year	2009		2010
Grand total	448,681		495,565
U.S.	1,274	U.S.	1,531
Others		Others	
Egypt	134,332	Egypt	149,688
South Africa	93,550	South Africa	129,176

Turkey	85,380	Turkey	77,846
Morocco	81,848	Morocco	63,653
Argentina	18,967	Argentina	27,892
China	13,081	China	15,117
Spain	6,003	Spain	15,063
Uruguay	5,518	Uruguay	6,352
Israel	3,174	Israel	2,143
Brazil	1,558	Italy	1,421
Others not Listed	3,996		5,683

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

Table 5. Russia: Prices for Oranges 080510 in US Dollars, CY2011

Product	Origin	Unit	Price	Price per kg in USD
CIF average prices in January-April 2011				
Orange	South Africa	ton	952.56 USD	0.95 USD per kg
Orange	Morocco	ton	933.70 USD	0.93 USD per kg
Orange	Egypt	ton	832.35 USD	0.83 USD per kg
Wholesale price				
Orange Valencia	Egypt	15 kg box	380 Rubles /13.53USD	0.9USD per kg
Orange Late	Morocco	15 kg box	400 Rubles /14.24 USD	0.94USD per kg
Orange Novel	South Africa/ Argentina	15 kg box	480/460 Rubles 17.09/16.32 USD	1.13/1.08USD per kg
Retail prices in St. Petersburg				
Price range in different stores depending on the store and quality of product.		1 kg	27 Rubles – 47 Rubles 0.96USD - 1.67 USD	

Grapefruit

Consumption of grapefruit has been growing in Russia since 2005. There is no official data available about the consumption per capita but according to Post's estimation the consumption of grapefruits exceeded 115 thousand tons in Russia in 2011. This new-to-Russia citrus fruit has gained popularity as an excellent healthy fruit with a tart taste. Fresh grapefruit juice is very popular for home cooking and in restaurants in Russia. Russians have particular taste in grapefruits and prefer a grapefruit with deep orange color and red spots. According to importers, Russians believe that the more intense orange/red color of the grapefruit indicates better taste. Star Ruby is the most beloved variety in Russia. In terms of sizes, 28-32 are the most popular.

Russia imports 100% of supply and since 2005 grapefruit imports have increased more than twofold from 47,364 MT to a record 112,323 MT in 2010. In value terms, the Russian grapefruit market is estimated at \$86.5 million in CIF prices. For January-May 2011, grapefruit imports went up by 16 percent and seem to be on the way to breaking last year's record. Turkey, China, South Africa, and Israel supply 93 percent of grapefruits to Russia, where Turkey alone captures up to 38% of market (43,561 MT). Israeli grapefruits are

considered high end and more tasty. Chinese grapefruit is broadly sold in the Russian Far East, where it is stronger because of the close proximity to the market and competitive price. South American grapefruits are covering the major demand during summer season.

U.S. grapefruit imports were up from almost zero in 2007 to 1,214MT in 2009. In 2011, imports of American grapefruits dropped to 209 MT. Given consumers' predilection for deep orange-colored grapefruit, American yellow grapefruit exporters would need to educate consumers and build demand for their product based on its sweet taste and juiciness or carve out a special niche for the yellow grapefruit.

Table 6. Russia: Import Trade Matrix for Grapefruit 080540 in Metric Tons, MY 2009-2010

Year	2009		2010
Grand total	90,752		112,323
U.S.	1,214	U.S.	209
Others		Others	
Turkey	38,211	Turkey	43,561
China	19,797	China	31,635
South Africa	15,295	South Africa	18,814
Israel	11,713	Israel	12,000
Mexico	1,004	Mexico	2,653
Spain	891	Argentina	1,025
Argentina	641	Spain	691
Morocco	544	Swaziland	631
Zimbabwe	481	Morocco	365
Swaziland	296	Zimbabwe	188
Others not Listed	665		551

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

Table 7. Russia: Prices for Grapefruits 080540 in US Dollars, CY 2011

Product	Origin	Unit	Price	Price per kg in USD
CIF average prices in January-May 2011				
Grapefruit	Turkey	ton	946.09 USD	0.94 USD per kg
Grapefruit	China	ton	973.82 USD	0.97 USD per kg
Grapefruit	South Africa	ton	1,067 USD	1.06 UDS per kg
Grapefruit	Argentina	ton	1,090.03USD	1.09 USD per kg
Wholesale price				
Grapefruit	Argentina	1 kg	42 Rubles	1.49 USD per kg
Grapefruit	South Africa	1 kg	44	1.57 USD per kg

			Rubles	
Retail prices in St. Petersburg				
Price range in different stores depending on the store and quality of product.		1 kg	69.9 Rubles- 100 Rubles 2.48 USD -3.56 USD	

Lemons and Limes

Lemon consumption is relatively stable in Russia at about 200,000 MT. Post estimates that consumption will grow by several percent per year depending on supply quality and price level and will reach 210 MT in 2011. Lemon traditionally is very popular with tea and in home cooking especially for fish dishes. The most popular sized lemons are 100-130. The HRI sector is the biggest customer of limes. The popularity of the limes is still relatively weak but as an ingredient in cocktails and as a decoration in drinks is expanding. The demand for limes is far from saturated and consumption will grow significantly.

Russia is the second biggest importer of lemons and limes in the world. In 2011, Russian imports are forecast to grow by 2 percent and reach 224,670 MT. In 2010, Russian imports of lemons and limes were up by 2.7 percent and reached 213,972 MT (lemons 210,837 MT and limes 3,135 MT). Turkey supplied 53 % of lemons and its share is consistently going up due to competitive prices and close proximity to the market. Three other global players, Argentina, South Africa, and Spain share the rest of the market. Argentina's exports are expected to decrease due to larger production of lemons which did not reach the size required by export markets. Spain might increase its exports to Russia due to a 20 percent production increase (the source: on-line magazine Fresh Plaza). Limes showed impressive growth of 43 percent in 2010 compared to the 2009 record, sourced largely from Brazil (66% market share) and Mexico (30% market share). Post expects the import volume growth will continue in 2011 considering the data from January – May 2011 shows upward growth.

In 2010, America exported 1,689 MT to Russia, 30 percent more than in 2009. However, from January to May 2011, U.S. lemon imports dropped by 90 percent, due to decreased shipments to the Western Russia market. The Russian Far East remains a customer of U.S. lemons although overall sales are expected to be significantly lower in Russia in 2011.

Table 8. Russia: Import Trade Matrix for Lemons & Limes 080550 in Metric Tons, CY 2009-2010

Year	2009		2010
Grand total	208,246		213,972
U.S.	1,302	U.S.	1,689
Others		Others	
Turkey	106,938	Turkey	117,522
Argentina	46,963	Argentina	43,117
Spain	29,547	South Africa	20,756
South Africa	12,881	Spain	16,944
Morocco	2,969	China	4,936

China	2,472	Brazil	2,084
Brazil	2,290	Uruguay	1,939
Egypt	985	Egypt	1,340
Israel	866	Morocco	1,230
Mexico	538	Mexico	948
Others not Listed	495		1,467

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

Table 9. Russia: Prices for Lemons 080550 in US Dollars, CY 2011

Product	Origin	Unit	Price	Price per kg in USD
CIF prices in February-May 2011				
Lemon	Turkey	ton	962.45 USD	0.96 USD
Lemon	Argentina	Ton	1,062.76 USD	1.06 USD
Lemon	South Africa	Ton	1,061.62 USD	1.06 USD
		Ton	USD	
Wholesale price				
Lemons	Argentina	18 kg box (88-138)	700 -760 Rubles \$24.93-\$27.06	\$1.39-\$1.5
Lemons Dole	South Africa	15 kg box	580 Rubles /\$20.66	\$1.37
Retail price				
Price range in different stores depending on the store and quality of product.		1 kg	52.90 Rubles – 90 Rubles 1.88 USD - 3.20 USD	

Safety regulations:

Even with the Russia-Belarus-Kazakhstan Customs Union now in force, most of the import rules and requirements for fruits remain unchanged.

Citrus fruits 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/db/techregulation/sanmeri/Documents/PishevayaCennost.pdf>

The maximum residue levels for pesticide specifically can be found in the GAIN 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%20Moscow%20Russian%20Federation%2012-22-2010.pdf>

Citrus goes 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. The quarantine regulations can be found in the GAIN report Russia Updates 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

The packaging of the imported products must comply with Russian standards regulation GOST. Please see Section III, above, and <http://www.bpk.ru/catalog/gosts/001.067>

Import procedures:

The procedures and documentation process on the Russian side have changed to the following. The importer has to undertake several steps while handling citrus imports into the Russian Federation:

1. 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 citrus, 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.

2. The importers have to submit originals of all documents necessary for phyto - sanitary control and customs clearance to the customs office at least one day prior to the cargo clearance. For citrus the package of document should be as follows: the contract, an invoice, bill of lading, packing list, declaration of conformity, phytosanitary certificate from the exporting country authorities (APHIS for American produce), and safety certificate for some for some produce from European and South American countries.

- The phytosanitary certificate of the exporting country should be issued before actual departure of the lot from the territory of the Party, the authorized body which it is issued.
- The phytosanitary certificate must be printed out, not filled in handwriting.
- 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.
- All windows of 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.

3. Citrus fruits are subject to sanitary-epidemiologic inspection and phytosanitary control.

Since July 1, 2011 the customs officer has authority to examine the documentation package and release the cargo, if the papers are accurate. However, if there is questionable situation or papers are not right, the customs officer turns the case over to the Russian Federation Veterinary and Phytosanitary Surveillance Service (VPSS) inspector for additional paper examination and/or cargo inspection.

4. After the papers are examined, the value added tax (VAT) and customs duties are paid, and Customs releases the cargo.

The importer pays the customs duties account for a percentage of the customs value of the shipment (product value and transportation cost) in U.S Dollars or Euros. The VAT of 18 % is taken from the summarized customs value and duties. 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>

Table 10. Russia: Customs duties according to the Customs Union Tariff List.

Harmonization code	Product	Customs duty (in percentage of customs value, either in USD or Euros)
0805	Citrus fruits, fresh or dried:	
0805 10	– oranges:	
0805 10 200 0	– – oranges sweet, fresh	5, but not less than 0,02 Euro per 1kg
0805 10 800 0	– – other	5, but not less than 0,02 Euro per 1kg
0805 20	– mandarins (including tangerines and Satsuma); clementines, vilkings and analogous citrus hybrids:	
0805 20 100 0	– – clementines	5, but not less than 0,03 Euro per 1 kg
0805 20 300 0	– – Montreal and Satsuma	5, but not less than 0,03 Euro per 1 kg
0805 20 500 0	– – mandarins and vilkings	5, but not less than 0,03 Euro per 1 kg
0805 20 700 0	– – tangerines	5, but not less than 0,03 Euro per 1 kg
0805 20 900 0	– – other	5, but not less than 0,03 Euro per 1 kg
0805 40 000 0	– grapefruit, including pommel	5, but not less than 0,02 Euro per 1 kg
0805 50	– lemons (Citrus limon, Citrus limonum) and limes (Citrus aurantifolia, Citrus latifolia):	
0805 50 100 0	– – lemons (Citrus limon, Citrus limonum)	5, but not less than 0,035 Euro per 1kg
0805 50 900 0	– – limes (Citrus aurantifolia, Citrus latifolia)	5, but not less than 0,035 Euro per 1 kg
0805 90 000 0	– other	5, but not less than 0,02 Euro per 1kg

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/scripts/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

Food and Agricultural Import Regulations and Standards Narrative

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