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Global Agricultural Information Network

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Russian Consumers Go Nuts for US Peanuts

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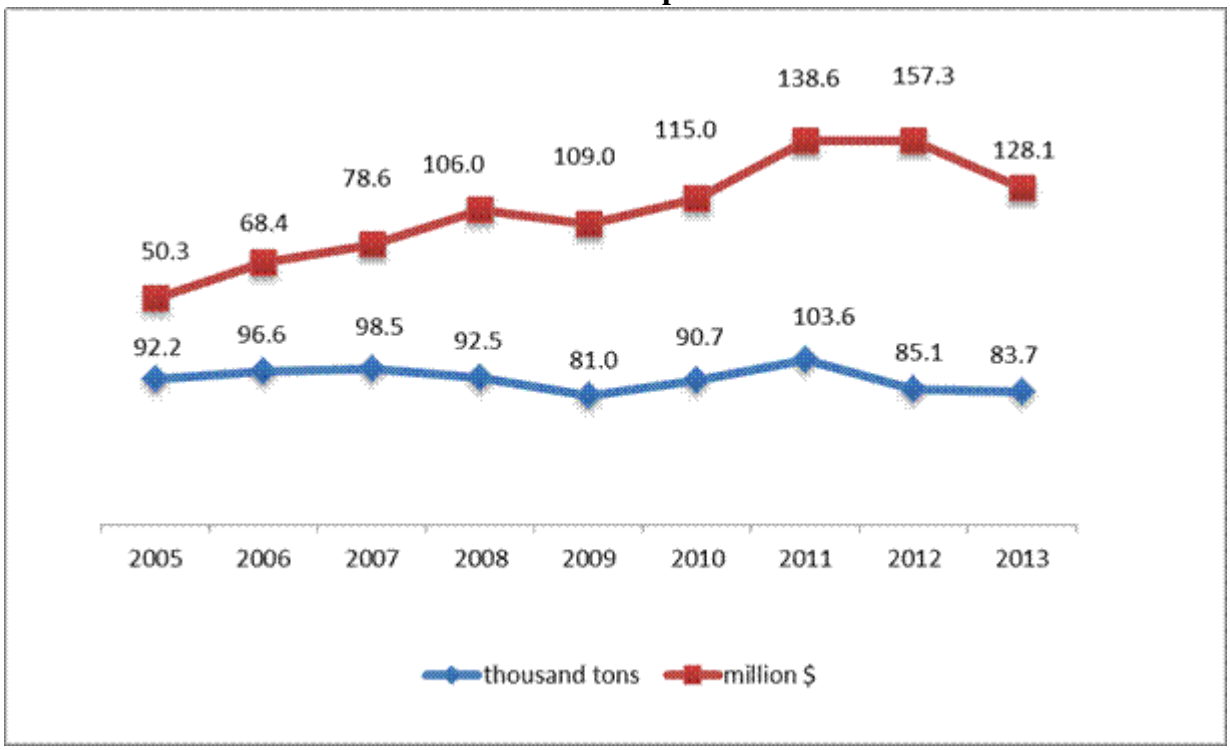
Report Highlights:
In calendar year 2013, Russia imported a total of 83,728 metric tons (MT) of peanuts valued at $128.9 million making it one of the world's largest export markets for this product. In 2014, the Russian market is forecasted to grow even further due to increasing demand from the retail and confectionary sectors and expected lower global prices resulting from India's renewed market access. The top suppliers of peanuts to Russia are Argentina with 52 percent of market share followed by the United States (23 percent) and Brazil (10 percent). In 2013, U.S. peanut exports jumped from 3,234 MT in 2012 to new record 19,025 MT – valued at $32.6 million – thanks, in large part, to very competitive prices resulting from an excellent crop in the United States.

General Information:

Russia is one of the largest export markets in the world for peanuts. Russia doesn't grow peanuts domestically and relies completely on imports to meet domestic consumption demand. In calendar year 2013, Russia imported 83,728 MT of peanuts valued at $128.9 million – down 1.6 percent in volume and down 18 percent in value compared with the previous year. Peanuts are well known in Russia and broadly used as ingredients by the food processing sector. Russia is a price sensitive market and imports can fluctuate depending on the availability of reasonable priced peanuts. For example, in 2012, global prices for peanuts were up 20 percent compared to the previous year resulting in a major drop in peanut imports (down from 103,580 MT in 2011 to 85,122 MT in 2012). "Runner" and "Virginia" are the main peanut varieties exported to Russia. Virtually all imported peanuts in Russia are shelled and are raw or blanched in bulk packaging. Non-processed peanuts enjoy zero customs duty.

In 2014, peanut exports to Russia are expected to grow as demand for healthy foods continues rising trajectory. Russians frequently consume peanuts as part of a snack mix which is considered to be good for one's health. Plus, global prices are expected to drop in 2014 as returns to the market after suffering a trade restriction by Russian health officials. During the first 2 months of 2014, Russian peanut imports have already jumped 70 percent in volume (16,209 MT) and 42 percent in value ($23 million) compared to the same time period in 2012.

Chart 1. Russia: Peanut Shelled and In-Shell Imports 2005-2013



Source: Russian Federal Customs Service

Consumption:

According to the Euromonitor, the vast majority of imported peanuts go to the food processing sector in Russia. It is estimated that Russian confectionary and baking companies consume 67.1 percent of all peanut imports. The raw shelled peanuts are roasted, diced, and sliced in Russia for further processing. Confectionary and bakery are the main consuming industries here and the demand for the peanuts is expected to remain strong according to food industry analysts. Retail channels accounted for the 32.9 percent of total peanut consumption in 2013 as the majority of peanuts are roasted, salted, and packed in Russia under Russian brands and sold via retail. Some peanuts are sold by weight in outdoor markets as well. Demand for the peanuts in retail is expected to grow in 2014 and beyond as heightened consumer awareness of the health benefits of eating nuts is creating more demand as a healthy snacking alternative. Nut snacks sales are increasing and are expected to reach 47,440 MT in 2015 from 44,570 MT in 2012 (based on Euromonitor forecasting). Peanuts are popular among price sensitive consumers and are considerably less expensive than other nuts. Sales of peanuts in small portions are expanding for use as healthy snacking while consumers also buy peanuts in big packages for home cooking. Peanuts in retail stores are usually sold as roasted, or roasted and salted in 30-500 grams packaging or by weight at market places and hypermarkets. Polling data shows that Russian consumers don't pay attention to country of origin and focus more on flavor, taste, and price.

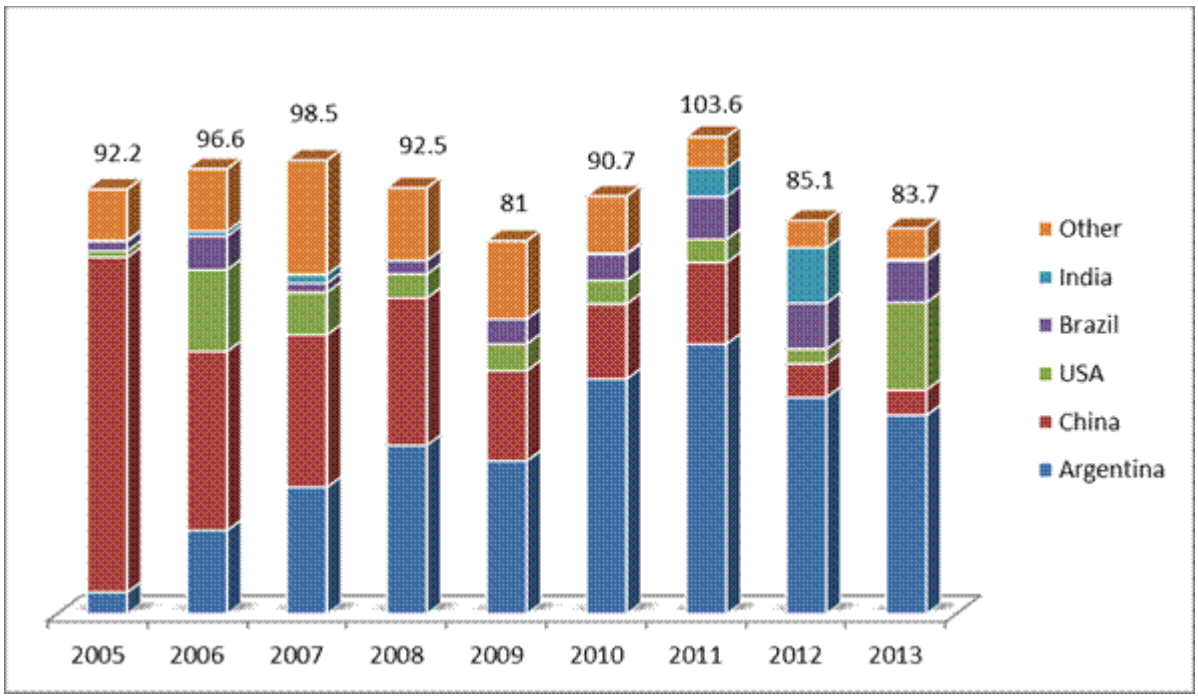
Peanut prices in Russia depend a lot on quality, packaging, brand, and store format and varies from 120 Rubles ($3.33) [1] to 290 Rubles ($8.05) per kilogram**.** Peanut prices are significantly less than almonds, cashews, hazelnuts, and walnuts, which helps make peanuts very attractive in Russia for both consumers and the food processing sector. Peanuts are available in all retail formats with 47 percent of peanuts sold via supermarkets and hypermarkets, 20 percent via open markets, and 7.2 percent via convenience stores. The share of the open markets is forecast to decline further in 2014 and beyond due to the expanding popularity of modern retail formats in Russia.

Trade:

Russia is one of the biggest exports markets for the shelled peanuts. In 2013, Russia imported 83,728 MT of peanuts valued at $128.9 million - a 1.6% decrease in volume and 18 percent in value compared to 2012. Russian peanut market is a mature market with stable demand for the product, but the volume of the peanut imports may vary depending of the global prices. In 2012, 20 percent price growth resulted in peanut exports decline from 103,580 MT in 2011 to 85,122 MT in 2012. In 2014, the Russian market is forecasted to grow due to increasing demand from the retail sector and decline of the prices for peanuts on the international market.

[1] The exchange rate is 36.02 Rubles per one U.S. dollar on the 29th of April 2014. Please see the exchange rate daily fluctuation on http://bankir.ru/kurs.

Chart 2. Russia: Peanut Imports by Country, 2005-2013, in Thousand MT



In 2013, the major suppliers of peanuts to Russia were Argentina with 52 percent of market share followed by the United States (22.8 percent) and Brazil (10 percent). In 2013, Argentina exported 43,123 MT of peanuts to Russia valued at $65.8 million. According to market analysts, peanuts from Argentina are known for having a good quality for price ratio. Because of this, Argentina has more than 50 percent market share in Russia since 2010. China and India export less expensive peanuts to Russia but supplies from these destinations are less stable each year. For example, Chinese peanut exports to Russia reached 17,738 MT in 2012 but only 5,477 MT in 2013.

U.S. peanuts have been exported to Russia since 2005 although it was difficult for U.S. exporters to compete against peanuts from South America. Russia's booming economy and growing middle class over the last decade has helped create more demand for higher quality product which has benefited U.S. peanut exporters. In 2013, U.S. peanut exports jumped from 3,234 MT in 2012 to 19,025 MT – valued at $32.6 million - due to very competitive prices resulting from an excellent crop in the United States. For the first months of 2014, U.S. peanut exports were on par with last year and reached 1,841 MT. 2013 was a very good year for U.S. peanut exporters as the United States was the second largest exporter to Russia. For calendar year 2014, Post expects U.S. peanut exports to Russia continue to grow, as long as prices remain stable and competitive, as demand for higher quality nuts is rising in Russia's confectionary and baking sectors.

Table 1. Russia: Shelled Peanut Imports by Country, 2011-2013

Russia Import Statistics Commodity: 120242, Peanuts, Shelled, Whether Or Not Broken Other Than Seed
Calendar Year: 2011 - 2013

Partner Country		2011		2012		2013	
		USD	Metric Tons	USD	Metric Tons	USD	Metric Tons
World		156,366,122	101,997	155,915,818	84,092	126,884,947	82,773
Argentina		94,989,893	58,590	92,409,382	47,026	65,796,353	43,123
United States		9,603,634	5,054	5,184,885	3,234	32,594,842	19,025
Brazil		15,902,451	9,269	21,255,756	10,541	12,264,574	9,028
Nicaragua		8,993,992	4,873	5,704,982	2,390	7,455,460	5,870
China		15,747,208	16,529	9,327,084	6,317	6,996,448	4,548
Paraguay		461,925	314	1,589,024	843	944,293	578
India		8,987,814	6,228	18,338,256	12,098	548,806	439
Vietnam		149,844	87	238,939	139	195,782	112
Senegal		0	0	1,429,875	1,269	41,898	40
Uzbekistan		1181865	821	219,154	108	1,613	1
Tajikistan		271733	211	12,015	26	1,524	1

Source: Russian Federal Customs Service

Table 2. Russia: Peanut In Shell Imports by Country 2011-2013

Russia Import Statistics Commodity: 120241, Peanuts, In Shell, Other Than Seed							
Calendar Year: 2011 - 2013							
Partner Country		**2011**		**2012**		**2013**	
		USD	**Metric Tons**	**USD**	**Metric Tons**	**USD**	**Metric Tons**
World		2,226,224	1,583	1,348,181	1,030	1,255,727	955
China		1,732,384	1,209	1,314,055	996	1,196,793	929
Argentina		37,678	22	2,024	1	49,336	20
Israel		0	0	0	0	9,138	6
Tajikistan		385,384	296	24,450	28	460	0
Uzbekistan		27,316	19	7,652	5	0	0

Source: Russian Federal Customs Service

Policy:

Certification and customs clearance in Russia is a complicated process. Post recommends that you communicate and consult with imports about the latest requirement to insure quick and smooth customs clearance. Peanuts are subject to sanitary-epidemiological control. To clear customs, this product must be accompanied by documents confirming their conformity with Russian standards of safety and quality, i.e. - the state registration and the **Declaration of Conformity**.

1. Imported peanuts must comply will all sanitary-epidemiological requirements of the Customs Union (of which Russia is a member): http://www.tsouz.ru/db/techregulation/sanmeri/Documents/PishevayaCennost.pdf

and all Russian Hygiene Norms, the Maximum Residue Limits (MRLs), for pesticides and chemicals in external entities. Please read more about MRL in the report:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/New%20Russian%20MRLs%20for%20Pesticides%20in%20Agricultural%20and%20Food%20Products_Moscow_Russian%20Federation_1-10-2014.pdf

The exporter must provide the following documents to importers for the Declaration of Conformity arrangement in Russia:

- Product samples of every type and/or name, in sufficient quantities to conduct the sanitary-epidemiological expert examination and certification (samples for testing are not subject to customs fees)

- Contract to supply the product (or data about the contract), the annex to the contract or specifications (or the data about it)

- Documents confirming the origin, safety, and quality of the product (issued by the authorities of the country of origin), manufacturer of the product, the certificate of origin or another document confirming the origin, quality certificate and/or protocols of testing, and analysis

- Samples or mockups of the label.

Declarations of conformity are usually valid for 3 years.

2. Peanuts are recognized as products with high phytosanitary risk and every shipment should be accompanied with a phytosanitary certificate from the exporting country.

Phytosanitary certificates are issued for each lot of a product. The below report provides the list of quarantine objects that shall be controlled in products imported from the United States.
GAIN report RS1102 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

While arranging the phytosanitary certificate, please make sure that the document is filled out accurately and check to make sure of the following:

1. The issuance date of the phytosanitary certificate should be **before** the actual departure of the lot from the territory of the authorized body which issued the certificate.
2. Please put the country of origin, not State of origin
3. Please put country of delivery
4. The net weight in tons or kilograms must be identified and comply with actual weight of the shipmen and weights identified in Bill of Lading and Invoice.

Each defect 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.

3. Aflatoxin Certificate, the document certifying that Aflatoxin B1 content doesn't exceed the Russian

requirement 0,005 milligram/kilogram.

Peanuts are cleared based on the harmonized codes and tariffs of the on the Customs Union Tariff Schedule. http://www.eurasiancommission.org/ru/act/trade/catr/ett/Documents/ett12.pdf

Unroasted and uncooked peanuts in shell (HC 1202 41 00 0) and shelled (HC 1202 42 00 0) enjoy zero customs duty. However, the importer has to pay 18 percent value added tax (VAT) taken of the customs value of the product.

Roasted peanuts (HC 2008 11 960 0) and peanut butter (HC 2008 11 100 0) are subject to 15 percent customs duty taken of the custom value and 18 percent VAT.

Market Access:

The best way to learn more about market trends in Russia is to meet with local importers and distributors. Therefore, Post recommends participation in one of the major food and beverage shows in Russia. The Agricultural Trade Office (ATO) in Moscow arranges a USA Pavilion at World Food Moscow every year - one of the biggest food trade shows in Russia, http://www.world-food.ru.

In 2014, the World Food Moscow trade show will take place September 15-18. Last year, World Food Moscow attracted 1,660 companies from 70 countries and roughly 27,000 trade visitors from 79 Russian regions and 89 foreign countries. It is an excellent place to make initial contact with Russian importers and evaluate the potential for your product in the Russian market. Please see the interview with companies participated in American Pavilion in 2013. http://www.usda.ru/media-foto-video.html.

Please contact atomoscow@fas.usda.gov for more details.