

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Ukraine halts fruit and vegetable exports to Russia

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Agriculture in the News

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Report Highlights:

After a series import of bans on potatoes, sunflower seeds and soybeans, Russia's food safety authority, Rosselkhoz nadzor introduced a complete ban on all products subject to quarantine control. The ban covered all fruits and vegetables and is valued at \$51 million (based on 2013 values). While the diversification of vegetable exports seems problematic, fruit exports on the other hand, can be redirected to other markets. The complete ban package includes meat, dairy and many processed products. Ukraine's agricultural exports to Russia in the remaining months of 2014 will be negligible.

General Information:

On October 21, 2014, Russia's food safety authority, Rosselkhoznadzor, banned imports of all products subject to phytosanitary control of Ukrainian origin. The ban also included the transit of such products through Ukraine's territory.

According to Rosselkhoznadzor's public statement, it contacted Ukraine's Veterinary and Phytosanitary Service with a request to provide information on planted area and harvest of select crops in different regions of Ukraine. Furthermore, Ukrainian authorities failed to provide such information by the October 21 deadline as it was requested. Rosselkhoznadzor also stated that there were cases when imported Ukrainian products arrived to Russia without proper labeling and that this provided grounds for "re-export suspicions". They also added that there was a case when Ukrainian products were re-exported through Belorussia containing invasive quarantine pests, and specifically cited the *western flower thrips* [*Frankliniella occidentalis* (Pergande)].

Ukraine's Ministries of Agricultural Policy and Economic Development sent an official inquiry to Russia's World Trade Organization notification point on October 22, questioning the reasoning behind the baseless ban (no real evidence was provided, just rhetoric).

Economic Impact

Total market loss for Ukrainian producers of agricultural products is expected to be close to \$51 million (a figure derived from the annual trade value in 2013). However the real impact can be much lower due to turbulent political developments of recent months and the total decline in trade associated with them. Ukraine's fruit and vegetable exports to Russia were declining from \$72 million in 2011 to \$51 million in 2013. Some of Ukraine's larger fruit exporters reportedly considered the Russian market highly risky since 2011, and limited their share of sales in an effort to mitigate this risk despite the close geographic proximity and considerably strong market demand for them.

Commodity	Description	United States Dollars			% Share			% Change
		2011	2012	2013	2011	2012	2013	2013/2012
Commodity: Fresh Vegetables, Group 22 (2012)								
Fresh Vegetables, Group 22 (2012)		57.3	47.1	43.5	100.0	100.0	100.0	-7.5
070200	Tomatoes, Fresh Or Chilled	35.1	31.3	23.0	61.4	66.6	52.9	-26.5
070700	Cucumbers And Gherkins, Fresh Or Chilled	14.9	11.3	10.9	25.9	24.1	25.0	-3.7
070310	Onions And Shallots, Fresh Or Chilled	0.2	1.1	2.7	0.3	2.3	6.2	148.0
070610	Carrots And Turnips, Fresh Or Chilled	1.1	0.1	1.8	1.9	0.3	4.1	1258.3
070490	Edible Brassicas (Cabbages Etc) Nesoi, Fr Or Chill	0.3	1.0	1.6	0.5	2.2	3.7	58.2
070690	Salad Beets, Radishes, Etc Nesoi, Fresh Or Chilled	1.0	0.3	1.4	1.8	0.7	3.3	322.2
070190	Potatoes, Except Seed,	2.8	0.4	1.1	5.0	0.9	2.6	180.4

	Fresh Or Chilled, Nesoi							
	Others not Listed	1.9	1.4	1.0	3.3	3.0	2.2	-27.2
Fresh Fruit, Group 23 (2012)		14.8	9.9	7.8	100.0	100.0	100.0	-20.6
080920	Cherries, Sweet Or Tart, Fresh	2.8	3.4	3.7	19.0	34.5	47.4	8.9
080810	Apples, Fresh	10.8	6.0	3.4	73.0	60.7	42.8	-44.0
081010	Strawberries, Fresh	0.1	0.3	0.3	0.9	2.9	3.9	7.1
080910	Apricots, Fresh	0.5	0.0	0.2	3.7	0.0	2.6	5798.0
080610	Grapes, Fresh	0.0	0.0	0.1	0.1	0.1	1.6	795.2
	Others not Listed	0.5	0.2	0.1	0.0	0.0	0.0	0.0
Total Trade Value		72.0	56.9	51.4	n/a	n/a	n/a	-9.8

Source: World Trade Atlas

This ban is the final step to a series of bans and trade restrictions introduced by Russia on Ukraine's agricultural products. The table below illustrates how Russia, since 2011, began to phase Ukraine out of their market on a number of agricultural products.

History of recent import bans:

On July 16, Russia's Federal Veterinary and Phytosanitary Service (Rosselkhoznadzor) officially announced that Russia would halt all imports of import of Ukrainian potatoes.

On July 28, Russia stopped all imports of Ukrainian dairy products. And later, on October 13, Russia followed with a more prescriptive banned that covered all imports of cheese products (cheese-like products include products where butterfat is replaced with vegetable oil).

On July 29, Russia implemented a ban on all imports of canned vegetables and fish of Ukrainian origin. Russia claimed that there were deficiencies found in seven products of Ukrainian origin, and therefore, all suppliers were castigated with a blanket ban.

On July 31, Rosspotrebnadzor also [announced](#) that all juice and infant formula imports of Ukrainian origin were banned. Two days prior to implementing the ban, Russian authorities announced that this ban came as a result of noncompliance with Customs Union technical regulations and because Ukrainian suppliers misused the "EAU" (Eurasian Union) compliance sign instead of the Customs Union sign on their product labeling.

On August 1, Rosselkhoznadzor banned all imports of soybeans, soymeal, corn groat, and sunflower of Ukrainian origin claiming the "presence of a quarantined weed" was found in these products, although no proof of which inspection methodology was used to determine this finding was made public or reported to Ukrainian authorities, nor was evidence ever provided of the alleged finding.

Ukraine's Exports to the Russian Federation and Trade Restrictions in Place

Commodity	Description	United States Dollars			State of Trade
		2011	2012	2013	
	ALL Ag, Fish, Forestry (HS4)	2158.4	2176.7	2085.5	
0406	Cheese and Curd	390.8	307.8	314.2	Trade Ban
1806	Chocolate & Other Food Products Containing Cocoa	391.2	412.9	306.6	Partial Trade Ban
1905	Bread, Pastry, Cakes Etc; Comm Wafers, Emp Caps Etc	99.4	118.4	119.2	
2208	Ethyl Alcohol, Undenat, Und80%	78.0	76.5	90.6	

	Alc; Spirit Beverag				
1201	Soybeans, Whether Or Not Broken	6.3	16.3	78.7	Trade Ban
2009	Fruit Juice Nt Frtfd W Vit/Mnl Veg Juice No Spirit	54.2	82.5	72.7	Trade Ban
0207	Meat & Ed Offal Of Poultry, Fresh, Chill Or Frozen	11.6	68.9	71.6	Voluntary Export Restriction**
2106	Food Preparations Nesoi	4.8	26.4	64.0	
2204	Wine Of Fresh Grapes; Grape Must Nesoi	29.8	39.4	57.7	
1704	Sugar Confection (Incl White Chocolate), No Cocoa	92.4	77.4	56.5	Partial Trade Ban
2203	Beer Made From Malt	72.3	73.4	49.9	
0201	Meat Of Bovine Animals, Fresh Or Chilled	22.0	40.9	46.0	
2005	Vegetables Nesoi Prepared Etc Nesoi, Not Frozen	37.0	29.1	36.8	Trade Ban
1604	Prep Or Pres Fish; Caviar & Caviar Substitutes	30.1	36.9	33.4	Trade Ban
1803	Cocoa Paste, Defatted Or Not	35.6	28.6	29.9	
2002	Tomatoes Prepared Or Preserved Nesoi	11.5	22.0	29.0	Trade Ban
1517	Margarine; Edible Mixtures Etc An Or Veg Fat & Oil	53.4	34.0	28.4	Trade Ban
2001	Veg, Fruit, Nuts Etc, Prep Or Pres By Vinegar Etc	27.5	26.2	26.9	Trade Ban
0402	Milk And Cream, Concentrated Or Sweetened	21.3	35.8	24.8	Trade Ban
0702	Tomatoes, Fresh Or Chilled	35.1	31.3	23.0	Trade Ban
0202	Meat Of Bovine Animals, Frozen	34.9	26.4	22.7	
1512	Sunfl-Seed, Safflow Or Cottonsd Oil Etc, No Ch Mod	118.6	20.7	21.3	Partial Trade Ban
2202	Waters, Sweetened Etc & Oth Nonalc Beverages Nesoi	16.0	16.3	19.5	
0203	Meat Of Swine (Pork), Fresh, Chilled Or Frozen	56.9	90.9	19.5	Equivalent of Trade Ban*
0404	Whey & Milk Products Nesoi, Flavored Etc. Or Not	3.5	3.5	18.8	Trade Ban
1005	Corn (Maize)	27.1	8.1	17.7	
2915	Sat Acyclic Nonocarbox Acid & Anhyd, Halogon Etc	23.2	34.3	17.7	
1901	Malt Ext; Food Prep Of Flour Etc Un 40% Cocoa Etc	2.3	2.6	17.4	
0405	Butter And Other Fats And Oils Derived From Milk	5.2	0.2	16.4	Trade Ban
3824	Binders For Found Molds; Chemical Prod Etc Nesoi	22.9	26.4	15.2	
2103	Sauces & Prep; Mixed Condiments, Mustard Flour Etc	15.6	15.4	14.5	
1902	Pasta, Prepared Or Not; Couscous, Prepared Or Not	6.7	14.0	14.4	
2101	Extracts Etc Of Coffee, Tea Or Mate; Roast Chicory	5.3	8.7	12.8	
0302	Fish, Fresh Or Chilled (No Fillets Or Other Meat)	15.3	13.0	11.5	
0707	Cucumbers And Gherkins, Fresh Or Chilled	14.9	11.3	10.9	Trade Ban

2008	Fruit, Nuts Etc Prepared Or Preserved Nesoi	6.4	8.7	9.0	Trade Ban
1702	Sugars Nesoi, Incl Chem Pure Lactose Etc; Caramel	3.4	2.8	8.4	
1206	Sunflower Seeds, Whether Or Not Broken	10.2	5.1	7.8	Trade Ban
1108	Starches; Inulin	5.8	7.8	7.1	
2905	Acyclic Alcohols & Halogenat, Sulfonatd Etc Derivs	1.4	2.5	7.0	
1103	Cereal Groats, Meal And Pellets	6.6	7.2	6.7	Partial Trade Ban
0407	Birds' Eggs, In The Shell, Fresh, Preserv Or Cookd	9.4	4.0	6.6	
	Other not listed***	183.0	179.0	137.2	N/a

* *Approved facilities are situated in a central government uncontrolled zone*

** *Results in no trade*

*** *There could be additional trade restrictions in place but not listed product bans as well as restrictions imposed on individual companies that would not be captured in this table.*

Source: World Trade Atlas, FAS/Kyiv trade analysis

And there's more...

It should be noted that products traded between the two countries may be subject to various other restrictions that will keep trade at a minimum. For example, trade in red meat products is subject to an approved list of facilities. Changes to these lists are frequent and sporadic from Russia, which complicates business planning and disrupts trade significantly. Similarly, exports of beer and hard liquors are subject to restrictions imposed on major exporters.

The introduction of such a large number of trade restrictions covering the vast majority of agricultural and food products were cloaked as SPS and technical irregularities. Ukrainian authorities' attempts to resolve existing bans and to prevent new ones have been met unsuccessfully. Russia has banned modern facilities that were approved for the EU market and adhere to the highest food safety standards (much higher than most facilities in Russia). The majority of exporters are well aware of Russia's requirements in cases when they are different for the EU ones and have adjusted their controls accordingly. The political nature of these bans is clear to manufacturers and producers' associations as reflected in their public statements.

Filing a complaint regarding the fruit and vegetables trade ban to the World Trade Organization (WTO) is a rare exception for Ukraine. Ukrainian companies and official authorities had not seen much sense in employing international trade resolution tools in the past, as they can be lengthy, cumbersome and costly.

Trade in products that are used by Russia's food processing industry remain by in large unaffected by the onslaught of politically motivated trade restrictions. However, even for products falling under this category, trade risks remain high.