



Russian Weight Verification and Load Regulation: Citrus Logistics Forum 2018



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Russian Market

- ▶ South Africa acquires BRICS membership in 2010
- ▶ BRICS = Five major National Economies
- ▶ Brazil; Russia; India; China; South Africa
 - ▶ The five BRICS countries **represents more than two fifths of the world population** and account for almost **one quarter of world GDP** amounting to roughly **\$16.6 trillion** (www.imf.org, Prasad: 2017)
- ▶ Use to import around **\$60 billion** agricultural and food products annually, now the figure fluctuate around **\$20 billion** (source -Agroinfo)
- ▶ **Consumers** spend up to **half their income on fruit** and drinks Substantially **higher than the EU**
- ▶ What this means: **Consumers** are **turning away** from **higher-end products** towards **affordable offerings**



Russian Market

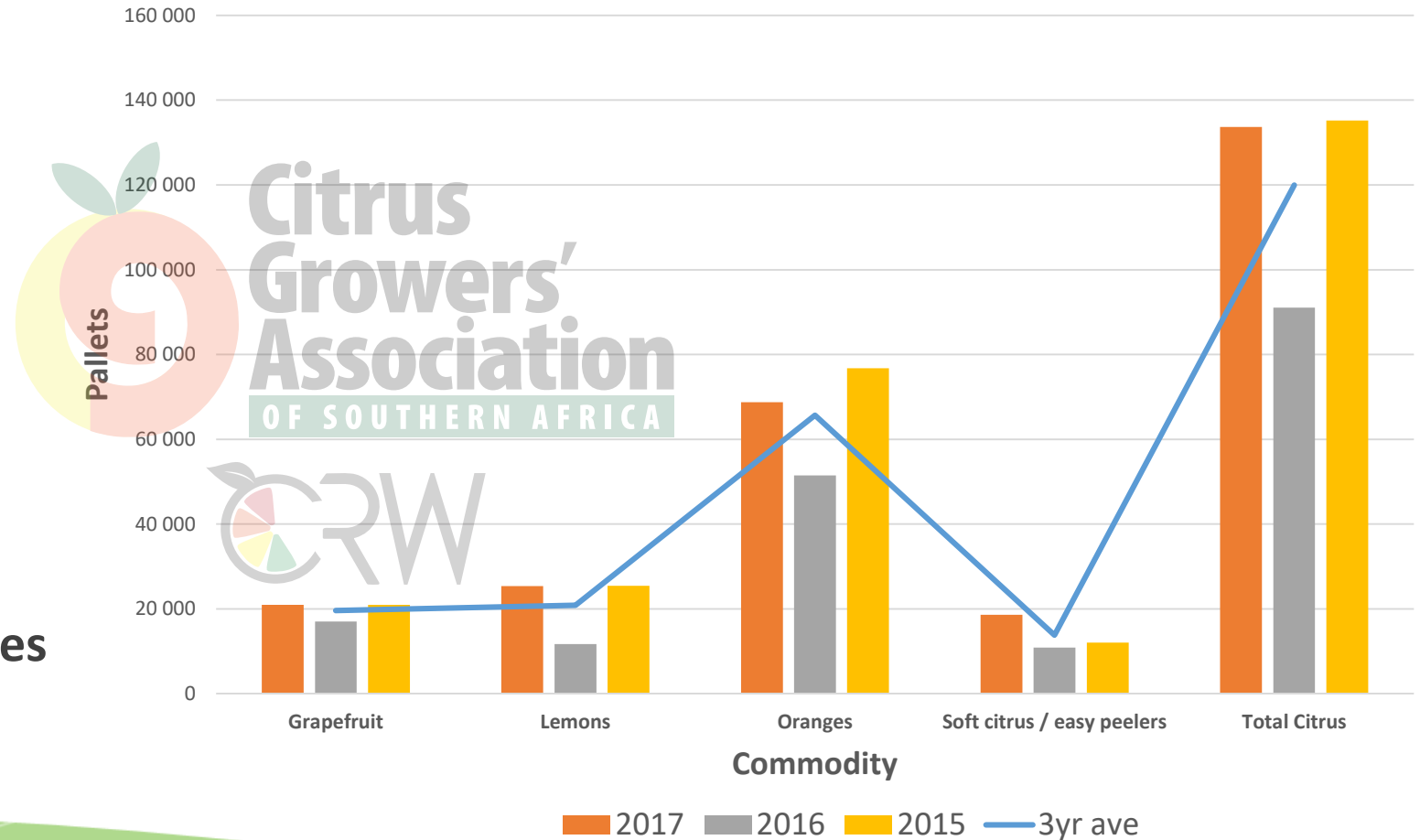
► Citrus exports to Russia:

- 2015 = 135 089
- 2016 = 91086
- 2017 = 133 641

► New phytosanitary import requirements from **1 July 2017**

► No import tariff for RSA oranges (Introduced : **31 Dec 2017**)

Citrus exports to Russia 2015 to 2017



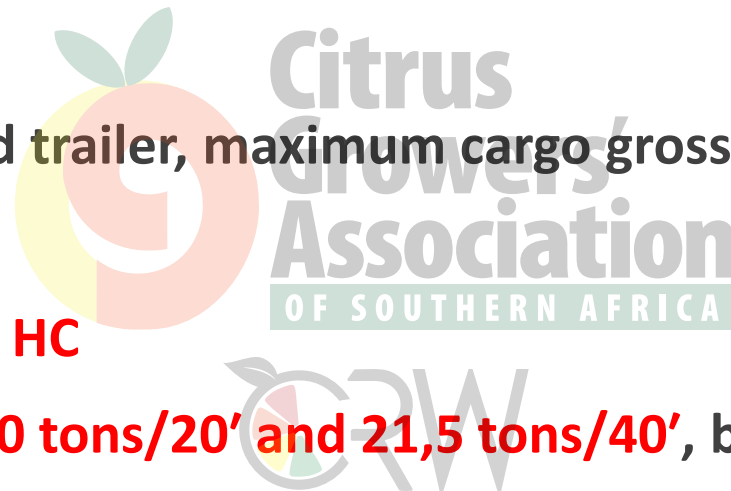
Russian Load Regulation

- ▶ WHY?
- ▶ **Federal and Regional agencies** involved in issuing documentation and transport regulation:
 - ▶ Department of the Russian Transport Inspectorate, the State Automobile Inspectorate, the Russian Federal Road Service and other
- ▶ **Ministry of Transport aims to consolidate** these agencies and their functions into a single body.
- ▶ **Downsizing on the number of agencies** involve in regulating the transport sector.
- ▶ **Minimising the number of regulations** applicable to the trucking sector.
- ▶ How?:
 - ▶ Improving anticorruption efforts (via the existing criminal code); streamlining regulations and red tape, amendment of regulation i.t.o truck weight limitations.
- ▶ Challenge?: Number of **operators without proper licensing & requirements**, offer a **lower price** due to **lower operating cost** of their **illegal** status.



Russian Load Regulation

- ▶ Effective July 2015 - Maximum allowed total vehicle weight (truck plus trailer and container with cargo) is limited to:
 - ▶ **40 tons** for **5-axis** vehicle
 - ▶ **44 tons** for **6-axis** vehicle
- ▶ Depending on type of truck and trailer, maximum cargo gross weight (excluding container tare):
 - ▶ 20 tons for 20' DV
 - ▶ **21,5 tons** for **40' DV and 40' HC**
- ▶ **Delivery of heavy cargo, over 20 tons/20' and 21,5 tons/40', by trucks, will still be possible but will require special permit** for trucking companies.
- ▶ In addition, **effective 15/11/2015 overweight surcharge** will be applicable for all trucks with permissible weight **over 12 tons**.



Weight Verification and Regulation

- ▶ International Trade - Actual weight; underweight and overweight **are normal practical difficulties in trade.**
- ▶ **Weight correspondence to documentation** (phytos, B/L, invoices) required for both **Government Services, Customs** and for **buyers & sellers.**
- ▶ In the Russian market fruits are **sold by weight.** Subsequently, **invoices and payments** = by weight
- ▶ Challenges?:
- ▶ Declared weight on the documentation (not necessarily VGM weight).
- ▶ **Discrepancy** between the **actual Tare mass** of refrigerated containers versus **plated Tare mass** on the container **door** (CGA survey compiled by Andy Connell 2017)



Weight Verification and Regulation

- ▶ **Discrepancies in 53% of the units in the sample with more than 150kg variance in Tare mass.**
- ▶ **Difference in weights occurred in 98.18% of units in the sample**
- ▶ **7% of the sample units had a greater than 600kg variance in Tare mass.**
- ▶ **The discrepancy in Tare Mass, calculation method used to derive cargo weight and factors such as moisture loss of fruit in transit have a significant impact on declared weight**
- ▶ **Approached:**
 - ▶ Association of Producers, Importers and Exporters of Fresh Produce (“**APIEFP**”)
 - ▶ Russia-RSA Business Council
- ▶ **Existing legislation:**
 - ▶ **Customs Code of Customs Union, Article 181, Decision # 257 of Eurasian Commission and Administrative Code of Russian Federation Chapter 16.**
 - ▶ **CUSTOMS CODE OF THE CUSTOMS UNION ADOPTED BY RESOLUTION OF THE INTERSTATE COUNCIL OF THE EURASIA ECONOMIC COMMUNITY NO. 17 OF NOVEMBER 27, 2009) Article 181, Chapter 27 – Unofficial document in English (www.wipo.int)**



Weight Verification and Regulation - Feedback

- ▶ Only Russian (**Eurasian Commission's**) customs rules are **valid** in the Russian Federation. **No foreign**, be it national or international **rules** are **applicable** for **passage** of goods into Russian territory
- ▶ Underweight and overweight declaration of goods - **Tolerance is zero**
- ▶ **Russian Government, Federal Customs service, Chamber of Commerce and Industry of Russian Federation understand** that the above regulations are **not accommodative** for fruit trade
- ▶ Legal requirements: +/- **8%** can be referred to **TARA weight**, and **92%** to **Netto weight**.
- ▶ **VAT** is paid on **Netto** weight
- ▶ **National body** who regulating weight is **Customs authorities**. Department called **OPSUR** (in Russian **ОПСУР**). OPSUR functions as a **Department for applying Risk Management Systems**.
- ▶ Weight of BL = **VGM** minus the weight of **empty container**.



Weight Verification and Regulation

- ▶ Closure:
- ▶ **Bilateral relations** between **BRICS countries** are **based** on:
 - ▶ Non-Interference,
 - ▶ Equality and Mutual Benefit
 - ▶ Creation of Trade Opportunities for Value-Added Exports and Investment.
- ▶ The **Russian Federation** - **long-term trading partner** of the South African **fruit industry**, especially **citrus** exports.
- ▶ The Way Forward:
- ▶ **Russia-RSA Business Council** prepare a request to **ITEC: Intergovernmental commission on trade** as **agenda point** at their meeting into the protocol.
- ▶ **Report** to higher authority - **Chamber of Commerce and Industry of Russian Federation**





Thank you



Fresh Produce Exporters' Forum

+27 21 526 0474

werner@fpéf.co.za

www.fpéf.co.za