

Costly & cumbersome labelling demands "have disturbed South African fruit industry in Russia"

South African citrus industry appeals to Putin

The trade in citrus between Russia and South Africa has been under strain for the last three years. From 2014 to 2015 there was a 40% decrease in trade and over the period 2013 to 2016 the drop is dizzying: from 129,000t to 66,000t last year.

The reduction in volumes is attributed to various factors, among them the Rouble-Rand and Rouble-US Dollar exchange rates (which some regard as the principal reason for the decrease), lower demand from Russia and also to the controversial foodstuff import labelling demands instituted by the Euro-Asian Economic Commission (EAC) in 2011; applicable worldwide and fully enforced since February 2015.

The Citrus Growers' Association has now, after various fruitless attempts to raise their concerns with the Russian and EAC authorities, sent a letter directly to President Vladimir Putin as well as to the Russian Embassy in Pretoria.



Anton Kruger, CEO of the Fresh Produce Exporters' Forum, confirms that the letter was sent about two weeks ago and that the industry is still waiting for a response.

Mikhail Fateev, head of the food and agriculture section at the Russia-South Africa Business Council, notes that the labelling requirement is a technical barrier to trade which makes South African citrus more expensive on the Russian market as well as keeping emerging black South African citrus farmers out of that market, due to the extra requirements. "The EAC stickers introduced by Russia from February 2015, and silently accepted by the South African government, have substantially disturbed the work of the South African fruit industry in the Russian market," he told delegates at the CGA Summit in March.

While the Citrus Growers' Association accepts that Russia is within its rights to set restrictions on imports, Justin Chadwick (CGA CEO) says that the logistics of the labelling requirements have been costly and cumbersome to South African exporters. An EAC sticker in Russian, or Russian and English, is required on every single carton, even though the information therein already appears in the shipping documents. For this reason, the South African exporter needs to prepare a batch of stickers for each consignment and send an example electronically to the Russian importer for approval, whereafter the exporter prints and affixes it to every carton.

EAC

The information contained on the EAC sticker is the name of the product, the producer, the exporter, the importer (the receiver), the lifespan of product as well as the insignia of the Euro-Asian Economic Commission.

However, sometimes the receiver's details are only known for certain just as the pallets are about to be loaded, at which point the pallet must be broken open to stick the required EAC stickers on each carton, of which there are a minimum of seventy per pallet. It should be borne in mind that the fruits were packed under cold storage conditions for the long ocean voyage, which may be compromised by this re-opening of the pallets.

The cost of these stickers is borne by the exporter, at \$0.50 (R6.66) per carton and when linguistic mistakes creep in with the Russian component of the sticker (a language understood by very few in South Africa), the costs for the exporter multiply, not to mention delays in shipping.

"Our message to South African exporters is to work very closely with their importers," says Anton Kruger.

Therefore, in their letter to President Putin, the CGA requests that the stickers should be replaced by bar codes and that the required labels should not be required on each and every carton, but on the pallet (in which case only four stickers are needed per pallet; one on each side). The CGA calls on the long historic relationship between Russia and South Africa as well as on trade talks between presidents Zuma and Putin in 2014 to cement and bolster trade ties. Furthermore, both countries are members of the BRICS formation, an association of emerging economies which also includes Brazil, China and India.



In 2016 Russia was still the world's largest importer of mandarins (730,000 metric tonnes) and the world's second biggest orange importer (480,000 metric tonnes). Egypt provided the most oranges to Russia last year (269,178 metric tonnes) while most mandarins (a catch-all phrase for soft citrus) came from Turkey (256,442 metric tonnes). South Africa provided the third most oranges, grapefruit and lemons to Russia last year but was only the seventh biggest soft citrus supplier.

By contrast to the dropping off of trade between South Africa and Russia, Morocco's Russian exports saw a 7% increase this season and after a thawing of relations, Turkish exports to Russia are up as well.

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