



FOR IMMEDIATE RELEASE

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EU-Extension of economic sanctions against Russia – Fresh produce sector calls for the maintenance of dialogue with the Russian authorities

The EU reconfirmed the extension of economic sanctions on Russia until the 31st of January 2017. This announcement came after the decision of Russia at the 29th of June 2016, to prolong the embargo on food products for the next 18 month. Freshfel regrets this on-going political dispute, which severely hit the trade of fresh produce. The introduction of the ban in August 2014 affected an export volume of 2.5 million T of fruit and vegetable worth more than € 2.2 billion. This corresponds to roughly one third of the total burden of agri-food products originating in Western European countries affected by the embargo. Freshfel therefore calls upon the European Commission, to maintain the dialogue with the Russian authorities to preserve the opportunity to restore business as fast possible for fresh produce.

The Russian embargo on European food products had far reaching implications on the EU and the international fresh produce market, which can be witnessed until today. In particular the trade with apple, pear and tomato suffer severely from the loss of an important key market. Only for the commodity apple, the EU exporters lost a market supplied with 790.000 T of apple. The trade with tomato dropped from its 230.000 T of export and also the export of pears worth 200.000 T came to a standstill. The embargo does not only have an impact on export, but also led to high price pressure for the most affected commodities in the internal market. Moreover, the sanctions continue to deprive Russian consumer's access to European fresh produce, which were increasingly demanded in the years prior the ban.

When the embargo was introduced, the sector welcomed the immediate response of the European Commission, providing exceptional measures to counterbalance the effects of the interrupted trade relations. Unfortunately, the measures had only limited effects. Some free distribution benefits, being part of the recovery package, are now generating new indirect market difficulties. Free distribution to charity is the main destination of distribution of surplus volumes within the exceptional scheme, but free access to the distributed products for the consumer influences commercial opportunities for the operators. With the beginning of the third season under embargo, even less budget will be available for the year to come. Freshfel engages frequently with the European Commission to reinforce the efficiency of the exceptional measures scheme for the benefit of the sector.

Besides managing the economic challenges caused by the ban, EU exporters have made great effort to diversify their export destinations. Gaining access to new third country market hereby proved itself as a time-consuming, technically complex and costly procedure. Volume to newly opened markets remained small compared to the significant trade that was previously in place with Russia.

Freshfel Europe therefore stresses the importance to maintain dialogue with the Russian authorities to progressively restore business, which is also affected by the volatile economic circumstances in Russia. The association further urges the European Commission to also continue to improve the efficiency of its exceptional measures and to continue to facilitate market access to third countries.

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Note to the Editors:

Freshfel Europe is the European Fresh Produce Association, representing the interests of the fresh fruit and vegetables supply chain in Europe and beyond. Freshfel Europe currently has over 200 members, including both companies and associations. For more information, contact the association at info@freshfel.org or visit the association website www.freshfel.org.



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