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EU Vegetables Banned Over E. Coli

By Khristina Narizhnaya

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Bell peppers imported from the Netherlands, pictured for sale at a Moscow street stand on Thursday, are among the vegetables affected by the ban. **Igor Tabakov**

The ban on vegetable imports from the European Union, introduced by Russia on Thursday, will not have a lasting impact on the market, but may cause temporary price hikes and shortages of certain vegetables, analysts and industry spokespeople said.

The Federal Consumer Protection Service declared an indefinite ban on vegetables from the European Union following an outbreak of E. coli bacterial infection that affected more than 1,500 people across Europe, killing at least 17 as of Thursday.

The Sedmoi Kontinent supermarket chain, which has 148 stores in Moscow, imports a significant amount of vegetables from Europe, mainly from the Netherlands and Belgium, and expects a shortage of eggplants and peppers, said company spokeswoman Vlada Baranova.

"The cutoff of European vegetables will affect our stores a lot," Baranova said. "Even stocking

up on vegetables from other importers just won't be enough to make up for the shortage."

Azbuka Vkusa, an upscale supermarket chain with 36 stores in the Moscow region, will immediately get rid of all European vegetables on its shelves, though this will deplete its stock of vegetables by nearly half, said Igor Yadroshnikov, spokesman for the franchise.

The consumer rights watchdog banned vegetable imports from Germany and Spain earlier this week, then extended it to all of the EU after infections were also reported in Austria, Denmark, France, the Netherlands, Norway, Sweden, Switzerland and Britain.

Scientists failed to pinpoint the source of infection as of Thursday, saying only that it is caused by fresh vegetables grown in Europe. The strain of E. coli behind the outbreak is unknown to scientists, the World Health Organization said, The Associated Press reported.

No other country has banned European vegetables imports. EU Health Commissioner John Dalli will protest the Russian ban as "disproportionate," European Commission spokesman Frederic Vincent was cited by Reuters as saying.

EU countries account for about $1.6 billion of Russia's vegetable market retail turnover of $12 billion, Finam Holding Group analyst Maxim Klyagin said. About 40 percent of vegetables are imported, with a third coming from EU countries and the rest mainly from the Commonwealth of Independent States and the Middle East, he said by phone.

The domestic market receives nearly a third of early vegetables, mostly potatoes, beets, cabbage and carrots, from the EU between June and August, said produce publication APK Inform editor Tatyana Getman.

The ban will cause prices of those particular vegetables to go up while Russia turns to China, Kazakhstan, Azerbaijan and other neighbors to buy produce that has not yet ripened in Russia, Getman said.

But Klyagin predicted only a mild short-term rise in prices, saying domestic producers and alternative markets, such as the CIS, Middle East or Asia, will compensate for the demand.

Also, since prices went up 60 percent last year because of abnormally hot weather, retailers will be hesitant to raise prices any further for fear of making vegetables unaffordable for many consumers, he said.

Dependence on produce imports is most acute during the winter months and decreases in the summer. The new harvest will also help compensate for losses from the import ban, Klyagin said.

Domestic vegetable producers welcome the ban, said Federation of Independent Trade Unions secretary Alexander Shershukov. Russian growers struggle to compete with European producers who are larger and can charge less money for their products, he said.

"Stores will buy from domestic producers now," Shershukov said. "It's good for our industries."

Indeed, Azbuka Vkusa stores will try to fill their empty shelves by stocking up on vegetables

from Russian producers as well as vegetables from countries such as Azerbaijan, company spokesman Yadroshnikov said.

With the market free of European vegetables, domestic producers can keep prices stable, said Valentina Lazutina, an economist at AgroKostroma, a co-op of Russian vegetable producers.

Lazutina said she hopes that the potential shortage of vegetables caused by the ban will push the government to dole out subsidies to domestic agricultural production.

Importers said they are not feeling the pain of the ban yet. "We continue to work normally, maybe we'll feel the consequences later, it's difficult to predict," said Irina Slyusarenko, manager of APEK, a small company that imports vegetables from Poland.

Her colleagues who import vegetables from Germany, Italy and Spain have not yet faced any problems either, she told The Moscow Times on Thursday. Another produce importer, who asked not to be named, said trucks en route to Russia from the EU with vegetables are expected to be recalled, but no further information was available at press time.

Retail buyers have already gravitated toward produce from Russia and CIS countries, said Kudus Sodikov, a supplier of Russian and imported fruits to Moscow's Pokrovsky market. Demand has diminished for cucumbers, which are thought to be the cause of infection, and the same will probably happen with other European vegetables, he said.

"People get suspicious of buying anything that may potentially hurt them," Sodikov said.

Vegetable shoppers confirmed his predictions. "I've tried to stick to domestic products since the ban," said Vitaly Bulokh, an engineer at a repair service center who was buying fruit at a produce stand in northern Moscow.

Russia will ban livestock and other meat products from almost all producers in Brazil, Russia's top meat supplier, starting June 15, for not meeting Russian standards, Interfax reported.

Herbert Mosmuller contributed to this story.

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