

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Russian Federation

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## Fish and Seafood Production and Trade Update

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**Report Highlights:**

Russian fishermen harvested 3.7 million metric tons of fish and seafood in 2009, 12.9 percent more than in 2008. The increase in domestic production is the result of continued support from the government, a drop in imports and higher domestic consumption of fish, mostly staple types. It is estimated that per capita consumption of fish in Russia increased from 13.9 kilos in 2008 to 19 kilos in 2009. The outlook for 2010 suggests continued higher demand for fish due to higher meat prices, specifically in the lower-priced segments such as herring, hake and perch, compared with more expensive fish and processed products.

## **Executive Summary**

Russian fishermen harvested 3.7 million metric tons of fish and seafood in 2009, 12.9 percent more than in 2008. The increase in domestic production is the result of continued support from the government, a drop in imports and higher domestic consumption of fish, mostly staple types. It is estimated that per capita consumption of fish in Russia increased from 13.9 kilos in 2008 to 19 kilos in 2009. The outlook for 2010 suggests continued higher demand for fish due to higher meat prices, specifically in the lower-priced segments such as herring, hake and perch, compared with more expensive fish and processed products.

## **Wild Catch**

Russian fishermen harvested 3.7 million metric tons of fish and seafood in 2009, an increase of 12.9 percent over 2008. The Federal Strategy for Fishery Sector Development program through 2020 calls for an increase in wild catch to 6.5 million MT and domestic fish and seafood production to 5.2 million MT in the short-term. According to the Russian Federal Fishery Agency, since the beginning of 2010, Russian fishermen increased wild catch by 24.4 percent to 219,800 MT, which accounts for 5.5 percent of the total allowable catch for 2010.

The overall increase in wild catch in 2009 is attributed primarily to larger catches of Pollock and salmon species. In 2009, Russian harvesters caught 850,000 MT of Pollock in the Okhotsk Sea and the outlook for 2010 calls for a further increase in the catch of Pollock up to 1 million MT. However, current lower prices for Pollock and lack of storage facilities have forced Russian fishermen to store product in China waiting for improvements in market price.

Record salmon catch in 2009 reached 538,000 MT, 1.5 times the amount of salmon caught in 2008. The larger supply of salmon forced wholesale prices in Moscow of frozen pink salmon to 55 rubles per kilo, and from 90 rubles to 70 rubles in the retail chains. Total harvest for salmon roe reached 25,000 MT in 2009.

Reports indicate that in the far eastern basin, the catch is estimated at 169,800 MT, which represents an increase of 39,300 MT from the same period of 2009.

In the Bering Sea, the catch declined from 27,500 MT to 14,200 MT, in 2009. The drop in production is attributed to poor weather conditions, which hampered the Pollock catch. The catch for the Sea of Okhotsk, however, increased by 51,600 MT, to 149,600 MT.

In the North basin, wild catch went up by 4,300 MT to 16,000 MT while the catch in the Baltic Sea decreased by 600 MT to 1,200 MT.

In the international zones, Russian fishery companies caught 29,800 MT, which is 200 MT higher than the same catch of last year. In convention zones and open sections of the Pacific Ocean, wild catch increased by 400 MT to 1,100 MT.

## **Consumption**

Consumer prices for frozen non-eviscerated fish and seafood increased by 7.9 percent up 78 rubles per kilo, however, overall price growth for fish and seafood in 2009 is estimated at 10.6 percent. According to Rosstat in December 2009, prices for frozen fish fillet dropped by 1.9 percent and for salmon roe for 2.7 percent.

The analytical group of the Russian Fishery Union, estimates retail sales of fish and seafood between 2009- 2012 to increase by 20 percent, or 6.7 percent annually.

However, the Ministry of Economic Development estimates a lower increase of 9.1 percent for the same period.

According to Rosstat, retail prices for fish and seafood in Russia increased by 11 percent in 2009. Most companies have attributed this change to the economic slowdown and decreasing purchasing power of the middle class. The outlook for 2010 suggests higher demand for fish and increasing per capita consumption, specifically in lower-priced segments such as herring, hake and perch compared with more expensive fish and processed products. The upward trend in consumption is attributed to the increase of 12 percent in harvest of fish and seafood in 2009 and government initiatives aimed at improving efficiency of the sector by stimulating local value-added processing domestically. As the result of the measure, index for fish processing production went up by 7 percent in 2009.

Fish consumption patterns depend heavily on household income and preferences within the population. Consumption preferences of the Russian population: herring, Pollock; mackerel, salmon and trout. Frozen fish is also traditionally popular with the Russian population. According to Russian Statistics Service average fish consumption per capita in Russia has increased from 13.9 kilos in 2008 to 19 kilos in 2009.

## Trade

Russian imports of fish and seafood for the period between January-November 2009 is estimated over \$1.4 billion, a drop of 21 percent over the same period in 2008. Imports from the United States for CY 2009 are projected at \$27 million, 28 percent down versus 2008.

**Table 1: Russia Imports of Fish and Seafood (HTS 03), Jan–Nov 2009, \$ million**

					<b>percent Change</b>
<b>Rank</b>	<b>Country</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>09/08</b>
1	Norway	515.343	620.875	640.929	3.23
2	China	159.735	175.357	145.360	-17.11
3	Vietnam	99.633	180.999	93.106	-48.56
4	United Kingdom	76.105	65.157	70.268	7.84
5	Denmark	101.513	100.584	61.314	-39.04
6	Chile	80.530	94.735	54.389	-42.59
7	Canada	48.261	79.822	45.900	-42.5
8	Iceland	41.095	49.279	40.739	-17.33
9	Spain	12.125	17.919	26.465	47.69
10	United States	41.874	37.666	23.128	-38.6
	<b>World</b>	<b>1492.209</b>	<b>1798.808</b>	<b>1423.073</b>	<b>-20.89</b>

**Table 2: Import-Export Structure of Fish and Seafood, in 2009, in percentage.**

<b>Product Title</b>	<b>Exports from Russia</b>	<b>Imports to Russia</b>
Frozen Fish	89	54.6
Fish fillet	4.7	20
Crustaceans	2.2	5.1
Live and chilled fish	0	9.2
Other fish	4.1	11.1
Source: Federal Fishery Agency		

## Government Policy in the Fishery Sector

According to sources at the Federal Fishery Agency, Russia can increase the share of domestically caught fish on the local market from current 70 percent to 80 percent in the near term. According to

the same source, in 2009 despite economic downturn, the fishery sector showed positive results attributed to a series of government measures, including the government initiative in identifying fish species for total allowable catch. Two thirds of low valuable fish species came off the list. This effort enabled fishermen to increase catch of fish species that were previously ignored, such as squid, rattail, navaga, as well as some delicatessen seafood as skate, mussels, some species of shrimps and octopus.

The government is developing a custom tariff regulation policy aimed at supporting local producers. According to officials from the Federal Fishery Agency, this mechanism will halt low grade fish imports from China and Vietnam. According to some sources there are pledges from several fish community groups to restrict imports of aquaculture salmon from Norway that are fed with feed containing numerous additives.

Aquaculture in Russia has good potential specifically in the Far East. The Law on aquaculture is still under development. The Federal budget allocated 343.8 million rubles to the artificial reproduction of fish and other food species in 2009, and released 6.7 billion hatchlings. The government program for aquaculture development foresees construction of modern hatcheries for scallops, sea urchins and mussels. Experts believe that it will create more than 80,000 jobs in the Far East. However, the lack of regulation and transparent rules in this field poses a significant obstacle to the sector's development.

The Federal Fishery Agency in cooperation with the Moscow Food Resources department is planning to establish fast-food chain "Okean" in Moscow. According to the agreement 300 street kiosks will be selling fried fish (locally harvested Pollock, cod, sea salmon and haddock) and chips. The decision to implement the project in Russia was prompted by the fact that 10 percent of the total population in Russia lives in Moscow. The estimated price for a dish will vary from 3 to 7 dollars and will be affordable for the average Russian consumer. This initiative may provide an opportunity for U.S. suppliers of sauces and ingredients.

### **Food Security Doctrine**

On January 30, 2010, Russian President Dmitry Medvedev signed Russia's Food Security Doctrine. The Doctrine is a framework document that outlines Russia's food self-sufficiency targets. In accordance with the Doctrine, Russia established the following minimum self-sufficiency targets: 95 percent in grain and potatoes, 90 percent in milk and dairy products, 85 percent in meat and meat products and 85 percent in edible salt, and 80 percent in sugar, vegetable oil, and fish products. The Doctrine also underlines the necessity to guarantee safety of food

products supplied to Russian consumers.

The document calls for more efficient use of aquatic biological resources in Russia, including developing industrial aquaculture. Applying innovative technologies in value processing and improving storage and transportation practices of agricultural products and seafood are also among priorities.

(For more information on the Food Security Doctrine, please refer to Attache Reports on [www.fas.usda.gov](http://www.fas.usda.gov), RS 1008 *Food Safety Doctrine Adopted*)