

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Ukraine

Post: Kiev

Fish Imports are on the Rise

Report Categories:

Fishery Products

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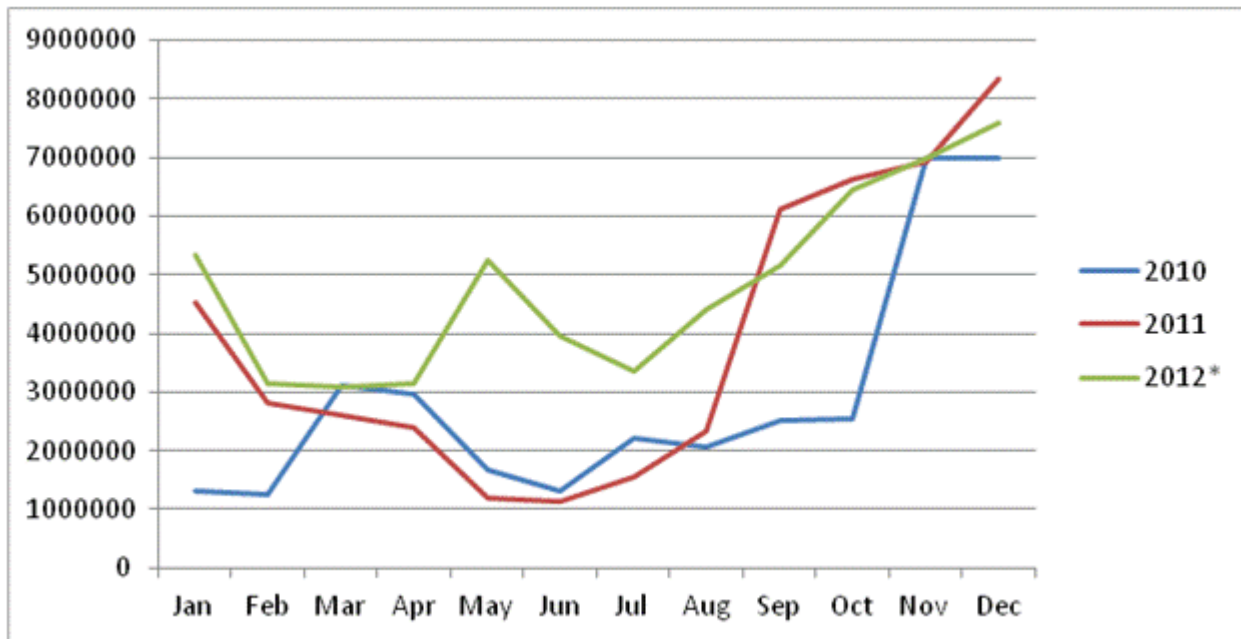
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Report Highlights:

In 2012, exports of U.S. seafood and fish into Ukraine increased almost by 25 percent. U.S. occupied third place in the rating of exporters after Norway and Iceland. Growing disposable incomes allowed for significant diversification of exports. Although the market is maturing, exports to Ukraine are expected to grow in 2013 and beyond.

The market for U.S. fish and seafood in Ukraine is expected to exceed \$57 million in 2012. This is a 24 percent increase over the 2011 figure (\$46.6 million). This is probably the quickest growing commodity group in U.S.-Ukraine trade.

Exports of U.S. Seafood to Ukraine, USD

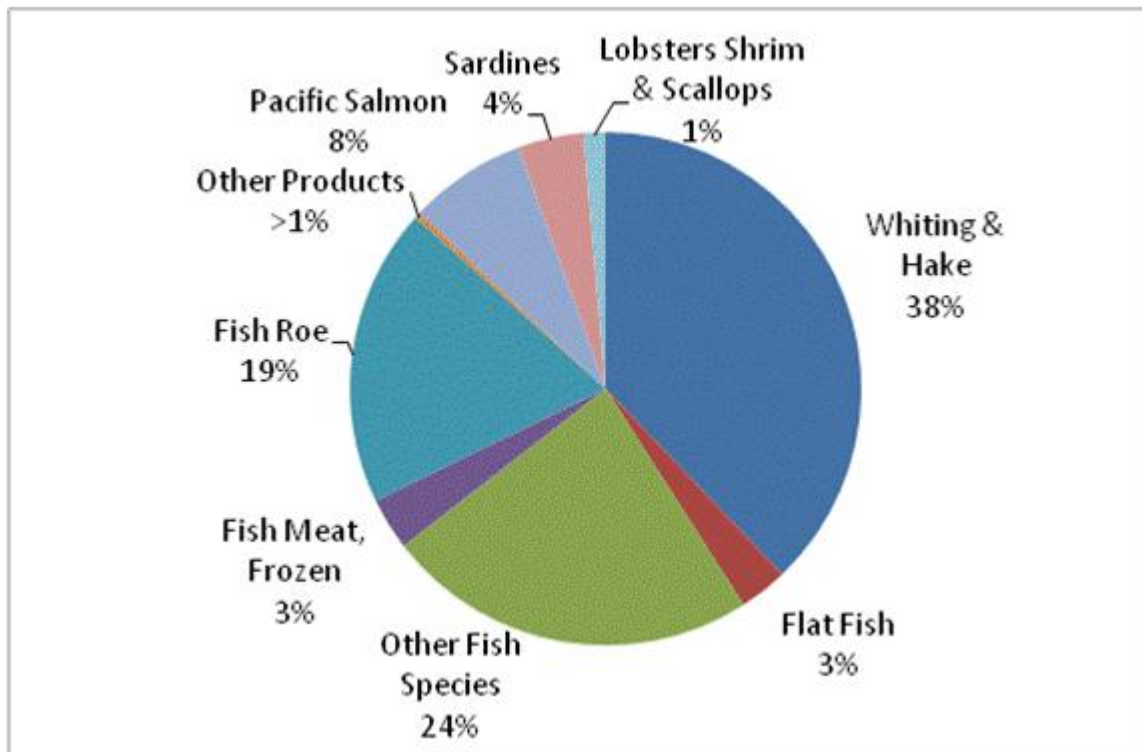


*Estimate

Source: Ukrainian State Statistics Service

The growth trend started in 2004-06 when the Ukrainian market discovered inexpensive U.S. salmon roe. Now, this item is responsible for 20 percent of all sales. The importance of traditional hake, salmon and salmon roe is shrinking as consumers discover other U.S. products. New items include flounder, mackerel sardines, crabs, and lobsters. The share of salmon roe dropped from 1/3 of the market to 1/5 of the market in last three years.

Structure of U.S. Fish Exports in 2012 (USD)



Source: Ukrainian State Statistics Service

FAS/Kyiv believes that sustainability of Ukrainian market will remain high, although not at such an exceptional growth rate as the market may mature in a year or two. However, slow substitution of Norwegian herring by other species may continue in the future.

This sustainability conclusion follows from the Ukrainian fish consumption pattern observed in recent decades. In the 1990's and 2000's, Ukraine's consumption concentrated mostly on the less expensive traditional fish supplied by Norway. This country maintained 50-57 percent market share with mainly herring, mackerel and Atlantic Pollock. In the mid 2000's, Ukrainians became familiar with the taste of other fish and the market slowly changed in step with an increase in disposable income.

There are some external risk factors which may undermine fish market growth even in 2013. Ukraine's macroeconomic indicators were trending downward in 2012 and many analysts opine that currency devaluation in 2013 is likely. This would decrease the attractiveness of imports and may have temporal negative impact on trade numbers.

Top 10 Suppliers of Fish to Ukraine in 2009-11

Partner Country		United States Dollars			% Share			% Change 2011/2010
		2009	2010	2011	2009	2010	2011	
	World	535	651	602	100.0	100.0	100.0	- 7.54
1	Norway	220	203	187	41.1	31.3	31.1	- 7.98
2	United States	24	35	47	4.4	5.4	7.7	33.20
3	Russia	26	37	44	4.8	5.7	7.3	18.30
4	Iceland	35	50	41	6.6	7.8	6.9	- 18.18
5	China	23	34	35	4.3	5.2	5.8	3.42
6	Canada	18	35	28	3.4	5.5	4.7	- 20.22
7	Vietnam	38	36	26	7.1	5.5	4.2	- 28.58
8	United Kingdom	21	31	20	3.9	4.8	3.3	- 35.18
9	Argentina	8	29	19	1.4	4.4	3.1	- 34.62
10	Belarus	15	13	19	2.8	2.0	3.1	45.88
	Others	107	147	136	20.0	22.6	22.7	n/a

Source: Ukrainian State Statistics Service

Norway remains at the top position in the list of suppliers, but the U.S. and other countries are catching up. Now the growth rate of U.S. exports to the Ukrainian market is limited rather by current lower exportable supply of some types of seafood than by domestic consumer demand. However, the ability to supply hake is not limited and export of these items could increase significantly.