



USDA Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Template Version 2.09

Required Report - public distribution

Date: 4/13/2006

GAIN Report Number: RS6022

Russian Federation

Fishery Products

Salmon Prices Soaring in Russia

2006

Approved by:

Allan Mustard
American Embassy, Moscow

Prepared by:

Kimberly Svec and Marina Muran

Report Highlights:

Salmon prices in Russia have continued to rise since the beginning of the year due to the import ban imposed on fresh Norwegian salmon. However, trade sources confirm a major increase in frozen salmon imports from Norway and believe that the upward trend for salmon prices is also related to other problems with animal proteins, such as restrictions on beef imports from South America, a drop in poultry consumption due to the avian influenza scare, and stronger demand for fish from European Union.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Moscow [RS1]
[RS]

According to the Federal Statistics Service, fish and seafood product prices in the Russian market increased by 1.1 percent during the first quarter of 2006. However, salmon prices have increased 30 percent since early February 2006 and pink salmon prices jumped nearly 50 percent.

The following factors are currently affecting fish and seafood prices in Russia:

- On January 1, 2006, the Federal Service for Veterinary and Phytosanitary Surveillance (VPSS) imposed a ban on fresh Norwegian salmon due to allegedly high levels of cadmium and lead in fish samples;
- Import restrictions on beef and pork imports, mostly from South America, have caused meat prices to increase in general;
- The avian influenza scare has reduced poultry consumption in Russia and other European countries, and spurred an increase in the price of fish and seafood products.

According to trade sources, before the January 2006 ban, Russia imported an average of 600-700 metric tons of salmon per week. Despite the drop in imports of fresh salmon, traders say that imports of frozen salmon increased in volume by 31 percent during the first two months of 2006. However, this is not considered sufficient to make up for the loss of fresh salmon imports. Norwegian exporters are also reluctant to export to Russia due to the unpredictability of the Russian market because of the uncertainty of the duration of the ban. However, after the visit of Russian Prime Minister Fradkov to Oslo in late March, Norwegian officials are more optimistic for a quicker solution to the ban.

Russian importers also believe that the upward trend in fish prices in the European Union will eventually spill over into the Russian market, and cause a 10 to 20 percent increase in prices in the near term. According to these sources, the European Union is facing rising prices due to lower fish stocks, combined with a reduction in annual catch quotas and strong demand for seafood products due to the avian influenza scare.

In 2005, according to the Russian Customs Committee, Russia imported more than \$90 million of chilled salmon from Norway, an 80 percent increase from 2004. Russia is the largest market for Norwegian salmon and demand is trending upwards as the Russian middle class expands and logistics to move fish and seafood products improves in the major metropolitan areas, particularly Moscow and St. Petersburg.

Table 1. Russia: Imports of chilled salmon (HTS 030212), Jan–Dec 2003-05, in million dollars.

Country	2003	2004	2005
The World	20.776	46.892	85.232
Norway	20.467	46.415	84.791
United Kingdom	0.185	0.373	0.245
France	0.080	0.067	0.087
Netherlands	0.001	0	0.055
Estonia	0	0	0.047
Sweden	0	0	0.004

Source: Customs Committee of Russia