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Russian Federation

Fishery Products

Seafood Import and Consumption Soars

2006

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Report Highlights:

Russian imports of fish and seafood products in 2005 reached nearly \$1 billion, up 48 percent from 2004. According to trade analysts, this trend will likely continue into the near future, reflecting growing consumer income in important metropolitan areas, higher prices for other animal proteins, changes in consumer preferences, and the recent avian influenza scare. Consumption has soared in the ready-to-eat market segment for products like shrimp, crabs, scallops, squids, and mussels, growing an average of thirty percent annually. The United States has boosted exports of fish products to Russia by nearly 100 percent.

Includes PSD Changes: No
Includes Trade Matrix: No
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Trade

In 2005, Russia's trade deficit in exports and imports of fish and fish products reached nearly \$500 million, an increase of 55 percent over the previous year. Although Norway remains the most important supplier of fish and fish products to Russia, other countries have increased their share in the Russian market. The United States has boosted exports of fish products to Russia by nearly 100 percent.

Table 1. Russian Federation: Imports of Fish and Fish Products, by Country of Origin, Jan-Dec., 2003-2005, million dollars.

Country	2003	2004	2005	% Change 05/04
World	403.723	642.904	950.684	47.87
Norway	196.029	305.907	448.133	46.49
Mauritania	18.403	25.636	38.669	50.84
Iceland	3.448	18.339	23.203	26.52
Estonia	3.827	8.099	18.580	129.4
United States	7.994	22.769	43.477	90.95

Source: Federal Customs Service

Table 2. Russian Federation: Exports of Fish and Fish Products, by Country of Destination, Jan-Dec., 2003-2005, million dollars.

Country	2003	2004	2005	% Change 05/04
World	399.435	324.998	456.625	40.50
China	69.228	70.402	127.552	81.18
Japan	115.031	79.654	94.414	18.53
Korea, South	118.794	71.996	87.085	20.96
Estonia	8.331	12.048	15.242	26.50
United States	10.625	10.725	10.825	0.94

Source: Federal Customs Service

Consumption

Although fish is the third most widely consumed animal protein, following red meat and poultry, consumption of fish and fish products is rapidly growing in Russia, market analysts attribute the increase in consumption of fish and fish products to the following factors:

- a) Rising consumer disposable income, reflected in major metropolitan areas such as Moscow and St. Petersburg;
- b) Changes in consumer preferences due to increased perceptions of healthy, nutritious and low fat foods;
- c) Avian influenza scare;
- d) Higher prices of other competitive animal proteins;
- e) Increased investment in new processing facilities, leading to a larger availability of products;
- f) Improvements in marketing channels.

Branded and Delicatessen Market

The variety of fish and seafood products in the Moscow and St. Petersburg markets today is equivalent to other markets in the European Union. There is a full range of items found in local markets, from low or no-added value products (whole frozen or headed and gutted fish) to highly value-added selections (breaded fish, fish sticks, and surimi).

Market analysts indicate an annual increase of seventeen percent in the consumption of fish and fish products in general. However, the dynamics of growth in this field is seen in such delicatessen (ready-to eat foods) market segments as shrimp, crabs, scallops, squids, and mussels, which grow by over thirty percent annually, and consumption is estimated at over three million kilograms per year. Customers with high purchasing power consume delicatessen seafood at least once or twice per week, while other consumer categories purchase expensive seafood only for holidays and festive occasions.

Fish and seafood delicatessen market volume is almost 4,000 MT annually, but is still far from saturation. Increases in quota allocation for seafood in Russia reflects development in the seafood market, but Russia still exports most of its production in bulk, primarily to China and Japan. Recently the Russian government has made steps aimed at stimulating processing of harvested catch by simplifying procedures of catch declaration at Russian ports. However, there are not enough processing facilities at coastal areas.

Currently there are a limited number of brands in the seafood delicatessen market, mostly Russian brands. The largest share of the market belongs to the Ledovo company which has a thirty percent market share of fish in general, and an eighty percent market share of other specialty seafood and preserves. Other well-known brands such as Salmon and Bon Appetit offer more than eighty different types of seafood products, while Severnaya Company accounts for a more than eighteen percent market share of the squid segment. Danish companies such as Nordic - Seafood, Agama, and Albatros also have widely distributed seafood products in Russia.

According to trade sources, Russian consumers are increasingly demanding greater variety and quality. As a result, local retail outlets and restaurants now offer a wide selection of both traditional products (herring, mackerel, salmon) and exotic items such as squid, prawns, mussels, and oysters. Although the United States accounts for about four percent of Russia's imports of fish and seafood products, rising consumer income, changing consumer habits, and a stable exchange rate offer new market opportunities for U.S. fish and seafood products.

For example, in 2005 Russian imports of squid from the United States reached \$150,000, up 455 percent from the same period in 2004. Market analysts expect squid and other seafood delicacy demand to continue to increase in the near future due to rising income and consumer preferences for healthy and nutritious food.

Table 3. Russian Federation: Imports of Squid (HTS 030749) by Country of Origin, Jan-Dec., 2003-2005, million dollars.

Country	2003	2004	2005	% Change-05/04
World	6.963	14.338	20.499	42.97
China	4.354	10.863	11.331	4.31
Peru	951	1.428	5.025	251.79
Chile	436	799	1.796	124.77
Thailand	317	320	680	112.59
Vietnam	211	209	337	61.59
Spain	208	107	246	130.05
Japan	101	99	167	68.91
Belgium	63	69	157	128.9
Denmark	176	157	154	-1.56
United States	11	27	150	454.94

Source: Federal Customs Service

Price Survey for Squid and Products

Price surveys conducted by FAS Moscow show that squid is available in open markets, retail outlets, and hypermarkets mostly in frozen and unpeeled form. The price difference between unprocessed and smoked, ready-to-eat squid is nearly twice. At Prestige-M market, located on the ring road on the western side of Moscow, the choice is limited to only one type of local frozen squid. The market at Tyopliy Stan in the southern part of the city offers frozen squid at the same price and also smoked squid for the price of 125 rubles per kilogram. The choice of high value seafood products, including squid, is not as diversified as it is in the supermarkets and stores. Price surveys of the hypermarket Auchan show frozen local squid priced at 76 rubles or eight percent higher than the price at open markets. In addition to frozen squid sold in bulk, the hypermarket also offers smoked squid for 142 rubles per kilogram, 200-400 gram smoked squid (individually packed) for 253 rubles, and preserved squid in mustard sauce (170 grams) for 45 rubles. All squid products are locally harvested and are packaged either in Moscow or St. Petersburg.

The local retail chain Seventh Continent offers a great variety of frozen squid both locally produced and imported. There is a major gap in prices between open market, hypermarket, and the Seventh Continent for nearly all fish and seafood products. The price for frozen squid ranges from 83.5 rubles to 114.00 rubles per 0.5 kg of Russian product and up to 199 rubles for the same quantity of frozen squid imported from Germany. Frozen squid rings are imported from Germany and Denmark in 0.5 kg and 0.75 kg packages for the price of 329 rubles and 141 rubles accordingly. Squid rings in sauce can be also found in retail chains. A 185-gram can produced in the Russian Far East is sold for 33.50 rubles, while 400 grams of squid rings in sauce of other Russian origin costs 127 rubles.

Regulations for Importing Fish and Seafood

For more information on Russia's food import regulations for fish and seafood products, please refer to GAIN Report RS 5008. For further information on the market and general food safety regulations that regulate food product trade, please refer to GAIN reports RS 4305, RS 4051, RS 4040, RS 5020, and RS 5025.