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Russian Federation

Fishery Products

Market Trends for Fish Snacks

2006

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Report Highlights:

Consumption of seafood and related products, such as fish snacks, is growing steadily in the Russian Federation. Russia is unable to meet growing domestic demand, thereby presenting excellent opportunities for U.S. exporters.

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Overview

The Russian market for fish and fish products is booming. Market analysts attribute the continued increase in consumption of fish and fish products to the following factors:

- Rising consumer disposable income, particularly in major metropolitan areas such as Moscow and St. Petersburg. It is estimated that income grew more than 20 percent in 2005, reaching an average monthly wage of \$1,031 in Moscow and \$370 in other regions.
- Moscow consumers spend 70 percent of their incomes on consumer goods, the highest ratio in Europe, according to Interactive Research Group.
- The retail market in major metropolitan areas increased an average of 28.6 percent per year, reaching \$117 billion. It is also estimated that 44 percent of all products sold through the retail sectors are imported.
- Changes in consumer preferences due to increased perceptions of healthy, nutritious, and low fat foods.
- Higher prices of other competitive animal proteins
- The impact of Avian Influenza fears
- Improvements in marketing channels

Consumption of fish and fish products has increased particularly in the ready-to-eat market segment for products such as shrimp, crabs, scallops, squids, and mussels. Products such as fish snacks are also becoming more popular among the average Russian customer. This report looks at the market for fish snacks, which is growing at a fast pace and offers some export opportunities for U.S. companies.

The Market for Fish Snacks

Fish snacks are becoming increasingly popular in Russia, particularly salty snacks. According to the Marketing Director of "Bridgetown Foods Co.," the volume of the Russian market for salty snacks is expected to grow by 8-10 percent in 2006. The General Director of "Siberian Bereg Co." announced a similar estimate of 10 percent. However, according to the Marketing and Sales Director of "Naturproduct Co." there are some good prospects for market growth in the snack segment, but the market for snacks is limited. He feels that the sale volume for all categories of snacks will increase by no more than five percent in 2006 and the same growth rate is likely to continue in the near future. He expects market saturation by 2009-2010, with average per capita annual consumption of salty snacks of 3.5 kilos. According to ACNielsen, the snack segment in Russia is 907,000 MT worth \$800 million.

The General Director of "Zolotoy Terem" believes that the market for fish snacks will achieve its peak growth rate in 2006, when market segmentation will take place between the main market players. In addition, the fish snack segment develop along with the snack market in general at 20-25 percent annually. Rapid growth in popularity for seafood snacks is attributed to their consumer attractiveness, particularly due to their healthy image.

Price does not seem to be a factor for the Russian consumer when making purchasing decision on specialty foods. Increasing demand for high-quality and more expensive fish and fish products has prompted retailers to launch new premium-priced products, including imported fish products. Local consumers are becoming accustomed to the regular flow of novelties and are developing more upscale tastes.

Table 1. Consumption of salted snacks in Russia by categories, 2004-2006

Consumption in cities (residents from 10 years and older)	2004, 1,000 people	%	2005, 1,000 people	%	Jan.- Jun 2006, 1,000 people	%
Packaged, cured, dried seafood	N/A	N/A	15,649	25.1	15,016	24.0
Chips	22,391	37.1	25,130	40.2	24,512	39.2
Packaged Crouton	30,402	50.3	35,983	57.6	34,436	55.1

Note: data for retail sales in Russian cities with population over 100,000 people

Source: TGI-Russia, Food Magazine 8 (22) – 2006

Table 2. Leading companies and brands (market players) in volume sales of fish and seafood snacks, in percent, Dec. 2004-Nov. 2005

Company, Brand Name	Aggregated share, value, %	Total share, quantity, %
Companies: "Bridgetown Foods", "Vostok-Zapad", "Dalpiko-Rybservis", "Zolotoy Servis", Sibirskiy Bereg", "Chumakov"	59	63
Others	41	37
Brands: BEERka ("Sibirskiy Bereg"), Dalpiko ("DalpikoRybservis"), Delmor ("Bridgetown Foods), Zolotoy Terem ("Zolotoy Terem"), Flotskaya zakuska ("Chumakov"), Shturval ("Vostok-Zapad")	57.6	61.7
Others	42.4	38.3

Source: ACNielsen

Note: data reflects retail sales in Russian cities with the population of over 10, 000 residents

Table 3: Structure of the Russian snack Market by volume, in percent, Dec. 2004-Nov. 2005

Seafood snacks	8.1
Potato chips	24.5
Corn chips	7.6
Crouton	33.7
Salted breadsticks and biscuits	2
Nuts	10.1
Packaged popcorn	Less than 0.1
Extruders	7.6

Source: ACNielsen

Note: data for retail sales in Russian cities with population over 10,000 people

Table 4. Structure of Russian snack market in value, Dec. 2004 – Nov. 2005, in percent

Seafood snacks	20.1
Potato chips	34.1
Corn chips	0.1
Crouton	23.3
Salted breadsticks and biscuits	0.7
Nuts	12.4
Packaged popcorn	0.1
Extruders	9.1

Source: ACNielsen

Note: data for retail sales in Russian cities with population over 10,000 people

Table 5. Structure of the Russian snack market in volume, Dec. 2004 – Nov. 2005, in percent

Squid	43.7
Finback whale	17.5
Anchovy	10.4
Jack mackerel	6.7
Caspian roach	4.8
Other species	16.8

Source: ACNielsen

Note: data for retail sales in Russian cities with population over 10,000 people

Table 6. Distribution of retail volumes from seafood snacks in value, Dec. 2004 – Nov. 2005, in percent

Squid	53.0
Finback whale	15.7
Anchovy	7.0
Jack mackerel	5.9
Caspian roach	2.0
Other species	16.4

Source: ACNielsen

Note: data for retail sales in Russian cities with population over 10,000 people

Recent Import Data of Fish and Fish Products

Russian imports of fish and seafood products in the first half 2006 reached nearly \$500 million, up almost 30 percent from the same period in 2005. 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, and changes in consumer preferences for healthier foods.

According to the latest statistics available, the import value for dried and salted fish (HTS 0305), during Jan-Jun 2006 was \$16.6 million, an increase of nearly 40 percent. A breakdown of the commodity group (HTS 0305) also shows two years of steady growth.

Table 7. Russia imports of selected fish and seafood products, Jan.-Jun. 2005-2006, in million dollars

HS	Description	2005	2006	% Change 06/05
	World	39238.81	52962.4	34.97
03	FISH AND SEAFOOD	388.26	491.1	26.49
0305	FISH,DRIED,SALTED ETC	11.92	16.6	39.33
030559	OTH DRIED NT SMOKED	10.594	15.507	46.38
030530	FILLET,NOT SMOKED	0.016	0.390	2384.92
030520	LIVER & ROE	0.747	0.285	-61.85
030549	OTHER SMOKED	0.431	0.279	-35.2
030569	OTHER, NT DRY/SMOKE	0.078	0.062	-20.25
030541	SMOKED SALMON	0.027	0.052	95.46
030563	ANCHOVIES,NT DRY/SM	0.023	0.023	2.95

Source: Russian Customs Committee

Opportunities for U.S. fish and fish products exports to Russia will continue to grow and may reach \$50 million in 2006, up from \$45 million in 2005. U.S. exporters can compete in high-quality fish and fish products, particularly in up-scale retail and in the hotel and restaurant sectors. Demand in these sectors remains strong and Russia's domestic production and international catch cannot keep up with growing demand, thereby presenting an excellent opportunity for increased imports.

Note: 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.

Tariffs

The standard import duty for most fish and seafood products is ten percent. The following table provides the duties for some products that are exceptions to this rate.

Table 8. Import duties for selected ready to eat fish and seafood products

0305.10.0000	Flour, meal and pellets of fish, fit for human consumption	5%
0305.20.0000	Liver and roe, dried, smoked, salted or in brine	20%
0305.41.0000	Pacific salmon (<i>Oncorhynchus spp</i>), Atlantic salmon (<i>Salmon salar</i>) and Danube salmon (<i>Hucho hucho</i>)	20%, but not less than 4 Euros/kg
0306.23.1000	Shrimps/Prawns of the family <i>Pandalidae</i> , including live, fried, chilled, dried salted or in brine	10%
030530	Fish fillet, dried, salted or in brine, not smoked	10%

Source: www.tks.ru

Prices

All kinds of salted snacks, including fish and seafood snacks, are available in open markets, retail outlets and hypermarkets. Dried and/or cured seafood snacks are packaged in small

20-gram plastic bags up to larger 80 grams bags. The table below provides prices for different types of snacks both locally produced and imported in an average Moscow supermarket:

Fish snacks, quantity	Prices, \$
Dried squid, 20 gr	0.50
Dried squid, 40 gr	0.90
Finback whale, 80 gr	1.90
Anchovy, 40 gr	0.52
Dried shrimp, 20 gr	1.00
Caspian roach, 70 gr	1.90
Dried squid rings, 80 gr	2.10
Other snacks	
Crouton, 50 gr	0.30
Chips (locally produced), 75 gr	0.75
Chips Lays, 90 gr	1.10