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Review of Fisheries in OECD Countries
Policies and Summary Statistics 2008

PART III

Chapter 30

Russian Federation

Main characteristics of the Russian fishing sector

The total Russian marine catch in 2003 amounted to 3.3 million mt, about the same as in 2002. Most of the catch came from the Russian EEZ (approximately 64%), while 14% came from the 200 mile zones of foreign countries, 10% from the open ocean areas outside of 200 mile limits, 7% from inland waters and 5% from freshwater basins. This amount of catch is still well below historic levels of 7 million mt in 1991.

In 2004, the Russian fleet was comprised of 3 073 vessels, of which there were 2 574 fishing vessels, 54 processing vessels, 406 freezer vessels and 39 other transport vessels. Of the 2 574 fishing vessels, 17% were large vessels (over 64 metres length overall (LOA)), 51% medium-sized (34-65 m LOA) and 32% were small vessels (24-34 metres LOA). At present, the fishing fleet is characterized by a significant number of physically worn-out and obsolete vessels. It is estimated that about 63% of total vessels are beyond the exploitation time norms for the vessel.

In 1991, the fishing industry provided employment to 556 000 people in Russia, while in 2003 the total number of employees in fisheries was estimated at 370 000 persons. The decline in employment can be directly attributed to the national crisis of the 1990s and the subsequent negative macroeconomic factors that influenced the industry immediately thereafter.

Domestic consumption of fish and seafood products declined sharply after the fall of the Soviet Union as the overall seafood industry was compelled to change its structure due to the resulting economic crisis. The average level of fish consumption fell from more than 20 kg per capita in the 1980s to less than 10 kg in the 1990s. The Central Statistics University has estimated that annual per capita consumption is on the rise; at 11 kg (product weight) in 2003. New product forms and food marketing strategies that enhance convenience, quality and choice as well as the role of increasing incomes, have undoubtedly been a factor in this increase.

The Russian fishing industry is strongly export oriented. In 2003, total Russian exports of seafood products amounted to 1.2 million mt, more than one third of annual national production. Russia imported more than 800 000 mt of seafood at a cost of USD 547 million in 2003, this being the highest amount of seafood imports, both in terms of volume and value, over the last two decades. After the crisis of 1998, the exports of fish products did not reach pre-crisis levels (1.2 million mt) again until 2000. Since then, exports have been relatively stable with a slight increase in value to USD 1.5 billion from USD 1.1 billion in 1998. The main markets for the Russian seafood exports are South Korea, Japan, China, the EU and the USA.

Russian Federation – Summary statistics

Figure III.30.1. **Harvesting and aquaculture production**

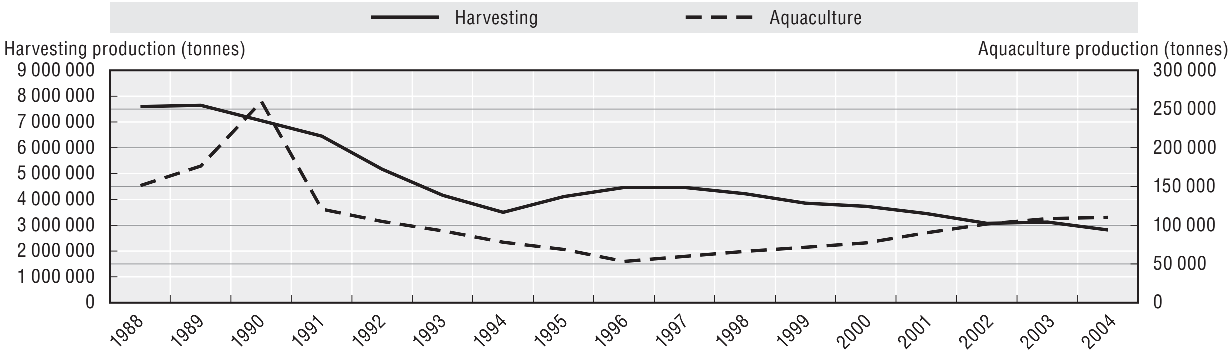

Figure III.30.2. **Key species landed by tonnage in 2003**

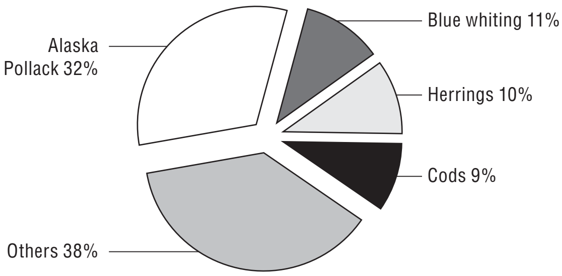

Figure III.30.3. **Trade evolution**

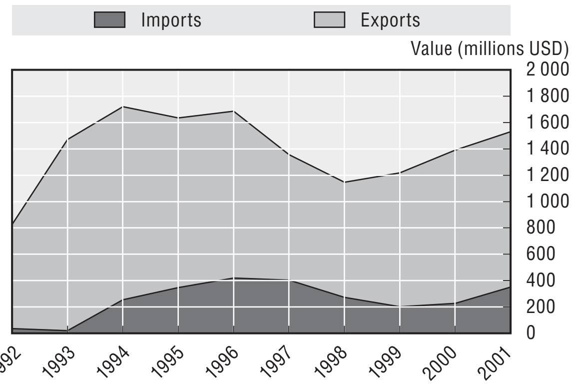

Figure III.30.4. **Production profile**

	1996	2004
Number of fishers	n.a.	124 000
Number of fish farmers	n.a.	n.a.
Total number of vessels	n.a.	3 073
Total tonnage of the fleet	n.a.	n.a.

n.a.: Not available.

Source: Figures III.30.1 and III.30.3: FAO; Figures III.30.2 and III.30.4: OECD.

ADDITIONAL DETAILS

Legal and institutional framework

The Far East region

The Far East region is the most important territory for the Russian fishing industry, accounting for approximately 60% of the total national catch. The Pacific Ocean is the main location of Russian marine resources, where almost 2 million mt of fish and seafood were caught in 2003 (43% of the TAC). Almost all the catch was taken exclusively in the Russian EEZ (98%). Most of the catch in the Russian Far East was taken in the northwest part of the Pacific Ocean. Major fish resources in the Russian EEZ are located in the Okhotsk Sea (35.3%), the western Bering Sea (14.6%) and from the East Kamchatka zone (9%).

During the period 2000-03, the overall catch in the Far East basin has declined by 15%, which is reflected in the decreased catches of the following species: Alaska pollack by 13%, plaice by 20%, herring by 47% and cod by 24%. However, in 2003 a positive growth trend in catches was observed for some species. Salmon catches increased by 37% over 2002 values, and the harvest of pollack roe increased by 26%.

The North administrative region of the Russian Federation

The North administrative region of the Russian Federation is the second most important region for the national fishing industry, with estimates of production at 20% of the total national catch. In 2003, the harvest of fish and seafood in the North administrative region of the Russian Federation decreased by 20%, down to 727 000 mt. The main part of the catch from the North administrative region of the Russian Federation came from the Northeast Atlantic Ocean.

The western administrative region of the Russian Federation, including the Baltic coast

The western administrative region of the Russian Federation, including the Baltic coast, constituted 11% of the total Russian catch at 372 000 mt in 2003. The catch was 5% lower than the 2002 harvest. During the last three years, however, catches have increased by 11%. The greater proportion of catches came from the Northwest Atlantic Ocean (83%).

The western area includes all the regions on Russia's boarders with Finland, Estonia, Latvia and Belarus. The Kaliningrad region is separate from Russia proper and this area borders Poland and Lithuania. The region meets the Baltic Sea in the west. Fishing vessels operate from here in the Baltic Sea, North Sea and Norwegian Sea, as well as in the Equatorial and South Atlantic.

Southern region

The Southern region catch (including the Caspian Sea) was 123 000 mt in 2003. The region contributes around 7% of the total Russian catch. One half of the catch (60 000 mt) comes from the Caspian Sea, while catch from the Black Sea was estimated at 29 000 mt, and the Sea of Azov contributed 12 000 mt.

The main fishing regions in the southwest territory of Russia are the Krasnodarsky Krai, Adygeia and Rostov regions. The Krasnodarsky territory is situated in the western area of the Caucasus and is washed by two seas – the Black Sea in the southwest and the Azov Sea in the northwest. The Rostov region lies in the south of the East-European Plain and in the Caucasus and is washed by the Azov Sea in the West.

Capture fisheries

The Russian fishing includes about 170 species of finfish and invertebrates of more than 100 commercial species. In terms of volume, the largest part of the national harvest for human consumption comes from Alaska pollack (30-40% of total catch). Herring is second with 10% and Atlantic and Pacific cod accounts for 9%. Salmon catches contribute 7%, but the species is very important in terms of its high value. Other important catches include mackerel, capelin, Pacific saury, halibut, haddock and crabs (23%). Blue whiting, which accounts for 11% of the total catch, is mainly used for production of fish meal.

Aquaculture

Aquaculture production in Russia has been growing steadily over the last 7 years reaching almost 108 751 mt in 2003. The majority of output is represented by carp (Common carp, Silver carp and Gras carp), trout and whitefish. Sturgeon farming is a Russian specialty and scallop aquaculture is a new trend.

The development of aquaculture in Russia has also been encouraged by the government. The government established a particular state system aimed at developing the nation's freshwater aquaculture industry and provided financial support to fish farms. Accordingly, it is expected that the production of inland fish will rise to 600 000 mt by the year 2006.

Government financial transfers

Fisheries employment

In 1991, the fishing industry provided employment to 556 000 people in Russia, while in 2003 the total number of employees in fisheries was estimated at 370 000 persons. Thirty three per cent (124 000 persons) of all employees in the Russian fishing industry are working as crew on the fleet. Fifteen per cent of the total, or 56 000 persons, are directly employed in the fish processing industry while 51 000 persons work in the fish trade/marketing sector. Fleet-based support employees, excluding crews, comprise 40 000 persons; 30 000 persons are engaged in the fish catching industry; 19 000 persons are engaged in the shipbuilding sector; and 15 000 work in Russian seaports.

Policies

During the period 1995-2004, the State Fisheries Committee was the main authority responsible for managing the overall Russian fishing sector. Its key functions were: 1) to distribute fish quotas; 2) to monitor the utilisation of fish resources; 3) to license fishery and aquaculture activities; 4) to formulate the national strategy for the fishery sector; and 5) to represent Russia at international events.

In 2004, the Russian President issued an order changing the structure of his ministerial cabinet. By this order, the former Russian State Fisheries Committee was abolished and a new agency called the Federal Agency for Fisheries was formed under the Ministry of Agriculture to manage the Russian fishing industry. According to the decree, a Federal Agency is described as an organ of executive power carrying out within its specified spheres the functions of law-enforcement, government services and control of properties, except for the functions of inspection. The new ministerial structure is planned to provide more authority to the Ministry of Agriculture to more effectively supervise the fishing sector.

The government has set targets to boost the nation's shipbuilding and modernisation of fleet facilities over the period 2003-10. The strategies are: 1) Evaluation and revision of the fishing and processing fleet focusing on its technical condition and capacity; 2) Creation of incentives for design and construction of highly efficient fishing vessels; 3) Monitoring of the fleet capacity; and 4) Consolidation of small fleet enterprises.

Post-harvesting policies and practices

Strategies

In order to optimise the complex fishing sector and implement a whole range of changes, the government has developed a strategic plan for the period until the year 2020. The overall target is to develop a long-term mechanism in order to resolve current problems in various aspects of the fishing industry, including legislation, management, resource utilisation, and support facilities.

Moreover, Russian industry will seek to double its fish catch from the current 3.3 million mt a year by 2020. This target is expected to be achieved by increasing fish catches in Russian waters and signing agreements with other countries, allowing Russian vessels to fish in their EEZ waters. Such agreements have recently been signed with Morocco and Mauritania and a similar agreement may be prepared with Peru.

Seafood processing industry

Over the last decade, significant changes have occurred in the Russian food processing sector. Large fish processing plants that functioned effectively in Soviet times were left in a difficult position as sharply reduced state financing together with the reduced supply of raw fish forced them to adjust to new market realities. Some fish processing plants closed, others survived by implementing new techniques and changing their overall management structure. In addition, many smaller private companies emerged, investing in modernisation and providing a new range of fish products.

In 2003, output from the processing industry amounted to more than 3.1 million mt, including 2.9 million mt for human consumption. For several years, production growth has been relatively stable with an annual increase of 4-6 %. The major output of the Russian seafood processing sector included frozen and semi-frozen fish. It comprised some 67% of total production or 1.8 million mt in 2003. Canned products comprised 464 000 mt in 2003, or 16% of production. This primarily consisted of herring, mackerel, sprat and some high value fish like salmon. The Russian canned sector is also moving towards an increasing range of products.

General trends observed in the Russian seafood processing sector include: 1) The move by national processors towards more value-added products; 2) The ongoing trend of local processors to compete for quality oriented customers, rather than for price-oriented ones; 3) An increasing number of Russian consumers who prefer "easy-to-cook" seafood products such as fish fillets, fish cakes, ready to use seafood salads and other convenient products; 4) Domestic processors and marketing specialists who now offer a wider range of seafood products due to increased competition in the marketplace; 5) Better labelling and packaging of local products in response to the demand of many Russian consumers. This applies particularly to canned fish as many consumers find it difficult to recognise one company's production from another.

Trends in consumption

Ongoing modernisation of the overall distribution and retail structure has enhanced the availability of fish and seafood products in the market place. This change is especially noticeable when reviewing the facilities for storing fresh fish. Formerly, many shops had to refuse fresh fish due to the lack of appropriate storage capacity. The establishment of numerous hyper- and supermarket chains has now allowed more fresh fish to be available on the market. For an example of this trend, the present ratio of fresh to frozen Norwegian salmon is 50:50 on the market that previously bought only frozen salmon. Furthermore, this restructuring of the distribution system has also facilitated the supply of more fish to remote rural regions though the active expansion of retail chains.

The diversity of fish species, product forms, and seafood specialties has played a major role in explaining increased seafood consumption. Products such as mussels, oysters, shrimps, octopus, squids and sea scallops were not familiar to the regular Russian customer. Now, if reasonably priced, many consumers are eager to try them. In other price segments, the increased range of fish species and processed forms encourages customers to forget the previous image of fish as being a boring meal.

The changing trend in the increase of fish demand has been due to consumers with relatively high or increased disposable incomes. It is noted, however, that Russian consumers are becoming more interested in variety and quality rather than cost. Many people have also started to eat fish more frequently due to health concerns.

Wholesalers and retailers

At present, there are more then 2 000 companies engaged in seafood wholesale trade and distribution. Most fish and seafood importers and distributors are located in Moscow, making this the main transhipment point for the outer regions. More than 300 wholesalers, traders and distributors supply fish and seafood products to the Moscow region alone. For the Russian Far East, Vladivostok is home to most major importers/distributors and serves the same focal point function as Moscow for eastern traders.

Russian food retail structure consists of about 340 000 food and beverage retail outlets. Open markets account for about 43% of total sales; traditional grocery shops for 35%; kiosks and specialty shops for 13% and hypermarkets, supermarkets and discounters for the remaining 9%. While modern retail chains currently account for less than 10% of total national retail sales and 28% in Moscow, these chains are expanding rapidly and should be considered as prime targets for sales of fish and seafood products in the future.

Markets and trade

Exports and imports

Most exported fish comes from the Russian Far East region and the Barents Sea. Almost half or 517 000 mt of total Russian seafood exports are frozen groundfish, which includes such species as Alaska pollack, whiting, haddock, saithe, ling, tusk and hakes, except cod. Export of this large group of fish products was worth USD 320 million, or approximately one fifth of the total value of Russian seafood exports. South Korea and Japan have, respectively, market shares of 29% and 30% of the total Russian seafood export market. China takes approximately 17%, while EU countries and the USA have 12% each.

Russia imported more than 800 000 mt of seafood at a cost of some USD 547 million in 2003. Frozen herring is the main species imported by Russia, both in terms of volume and value. In 2003, Russia imported 200 000 mt of herring valued at USD 84 million. Almost all herring supply comes from Norway. Russia imported some 35-40% of its total seafood imports from Norway in 2003, the largest supplier to Russia.

It is estimated that one third of national fish imports are from catches by Russian fishermen, landed abroad. For example, a significant part of the Russian-caught cod landed in Norwegian ports is processed and then exports to Russia. Alaska pollack, delivered to South Korea, is also imported to Russia as surimi or surimi-based products.

Russian imports of frozen Atlantic mackerel were estimated at 109 000 mt for a value of USD 59 million. The imports of sardines, sardinellas, brisling and sprat in frozen and canned categories amounted to 68 000 mt and 39 000 mt respectively. Those species are mainly imported from the EU countries. The Russian market for shrimps and prawns is growing very fast. In 2003, 26 000 mt of frozen shrimps and prawns were imported, mainly from Denmark and Canada.

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