USDA Foreign Agricultural Service
GAIN Report
Global Agriculture Information Network
Template Version 2.09

Required Report - public distribution

Date: 9/27/2004

GAIN Report Number: RS4051

Russian Federation

Fishery Products

Annual

2004

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Report Highlights:
Russia's commercial fish catch is expected to rebound in 2004-05 due to improvements in Russian fishing vessels and more production coming from Russia's Exclusive Economic Zone (EEZ). However, fish production in Russia is still below historical levels and it is not keeping pace with increased domestic demand for fish products, as consumer income is higher due to the sixth consecutive year of strong economic growth. In 2003, Russia became a net importer of seafood, reversing a trend started in 1998. The country remains a major exporter of unprocessed fish, and government policies are aimed at increasing production of high value products and fighting poaching.

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

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Executive Summary

Total fisheries production in 2004-05 is estimated to rebound from last year due to improvements in the Russian fishing fleet and more production coming from Russia's Exclusive Economic Zone (EEZ). However, production is still below historical levels and it is not keeping pace with the increased domestic demand for fish, as consumer income is higher in view of the sixth consecutive year of economic growth. New policy measures aimed at tackling old constraints are still to be implemented and the sector is asking for improvement of the quota system. Foreign investment in the sector remains low. In 2003, Russia became a net importer of seafood, reversing a trend started in 1998 with the devaluation of the Ruble, due to the competition of aggressive exporters such as Norway, and increasing demand for high value added seafood products. The country remains an exporter of unprocessed fish products.

Production

Wild Catch

According to trade sources, Russian catch in sea fisheries (wild catch) will likely increase by two percent in 2004-05, reflecting the adoption of policy measures aimed at improving the efficiency of the fishing industry and tackling administrative and bureaucratic constraints, including the restructuring of the fishery authority and new government incentives.

The Russian Statistics Committee reported a total wild catch of 3.3 million metric tons in 2003, about the same as in the previous year (please see table 1). Per trade sources, last year's production turned out to be better than previously expected because of an increase in catch outside of the Russian Economic Zone and the operation of new Russian factory ships with a large capacity of 35-40,000 metric tons. However, wild catch production is still well below historical levels.

Note: Data provided in the Production, Supply, and Distribution Tables of this report may differ from official Russian statistics because they also include estimated data provided by trade sources on production and unreported exports. These additional data reflect more accurately the real situation and outlook of the fishing industry.

Table 1: Fish Catches and Seafood Production in Metric Tons, 2000-2003

Product	2000	2001	2002	2003
Fish and other fish products:				
Total catch	3,776,362	3,620,522	3,257,632	3,284,989
Including:				
inland catch	393,370	272,581	273,762	291,175
Including:				
fresh basins	263,073	210,284	218,636	236,993

catch in Russian economic zones	2,444,237	2,464,125	2,065,471	2,105,750
catch in 200 mile zones of foreign countries	633,307	666,508	663,939	533,921
catch in open ocean areas outside of 200 mile zones	230,591	217,677	254,460	354,143
Catch by fish varieties:				
Herring	499,363	402,839	314,602	343,458
Sardine	11,811	3,544	9,108	4,815
Sprat (kil'ka & salaka)	149,478	96,392	69,232	76,656
Saury	13,698	35,884	44,302	50,895
Lancet fish	10,777	22,242	23,705	14,177
Mackerel	75,031	62,519	82,144	53,005
Sea perch	32,948	46,620	47,609	53,638
Jack mackerel	50,296	25,118	41,695	18,277
Plaice	106,461	114,139	88,177	85,101
Halibut	N/A	28,722	27,625	25,030
Sturgeon, total	539	622	491	513
Coregonus, total	10,728	9,987	9,260	9,640
Salmon, total	206,194	224,458	191,694	271,370
Cod fish, total	1,685,916	1,729,274	1,386,922	1,651,291
Includes: cod (theragra)	299,650	322,112	283,453	246,154
chalcogramma (lat.)	1,140,896	1,120,889	831,179	1,003,009
Haddock	28,642	40,060	40,598	43,479
Total seafood and crayfish	183,916	149,949	158,805	131,636
Includes crayfish and mollusks	177,397	144,249	147,479	122,006
Crabs	51,985	46,903	41,904	43,046
Shrimp	32,366	17,782	12,210	9,734

Mollusks	93,045	79,560	93,361	69,220
Fish; food products, including canned products	2,994,830	3,056,642	2,961,362	3,032,837
Non-canned edible fish products	2,808,621	2,843,303	2,740,699	2,786,072
Fish, live (excluding herring)	349,628	343,915	N/A	N/A
Fish frozen (excluding herring)	1,502,919	1,675,293	1,661,025	1,700,809
Fish chilled (excluding herring)	100,176	104,919	N/A	N/A
Fillet frozen (excluding herring)	117,858	92,667	49,441	67,732
Salted herrings	32,144	33,354	34,420	41,834
Herring, all types of processing	N/A	407,124	372,966	374,755
Smoked fish (excluding herring)	23,576	26,579	28,683	33,498
Fish dries and dry-cure	8,418	9,133	9,971	10,487
Spiced and marinated products	1,613	2,424	2,478	3,487
Culinary products	8,170	11,608	16,818	37,736
Balyk products	1,114	1,284	1,641	2,077
Food, feed, and industrial products	N/A	187,895	163,807	121,336
Caviar, total	25,985	28,034	21,652	24,965
Including sturgeon	24	24	24,5	14,7
Including salmon	6,526	6,120	5,674	7,084
Fish and seafood fat	3,248	2,801	2,472	1,809
Fish feed meal	116,187	98,399	66,636	67,360

Source: Russian State Statistics Committee
Note: Official data do not match FAS estimates as noted above and is provided for comparison purposes only. Some numbers in this table may not add due to rounding.

Aquaculture

In the absence of reliable government data for aquaculture production in the Russian Federation, industry sources estimate total fish farm production in 2004 to be approximately 93,000 metric tons, up 3.3 percent from 2003. The outlook for 2005 calls for an increase in production of around five percent reflecting new maturing projects in this field. In addition, Russia's former State Fisheries Committee has placed aquaculture as one of the government's priorities in 2004 to receive incentive programs for developing industrial-scale freshwater and marine culture. The focus of these programs will consist of the optimization of breeding centers for restocking of selective species. Two hatcheries are soon to be commissioned with a capacity to produce more than 34 million juveniles per year. These include the Don River hatchery in Rostov region for sturgeon restocking and the Kalinin hatchery in Sakhalin.

The diversity of fishing reservoirs in the Russian Federation offers a strong opportunity for developing different production methods. Current development of aquaculture is concentrated in three main areas: ponds, industrial (artificial bodies of water), and ocean farming in pens. Government and private enterprises are developing new technologies to assist producers to improve production yields and reduce the cost of production. Some of these projects are joint ventures with foreign companies. However, output growth has been tempered by the following factors: a) demise of former agricultural support policies; b) difficulties in farm-restructuring and enterprise-privatization, which creates an uncertain legal status of farm ownership; c) environmental degradation of inland waterways through industrial, urban, agrochemical pollution; d) occasional shortages of imported feedstuffs; e) shortage of investment capital for restructuring, maintenance, and for investment; and f) lack of new distribution and marketing channels, for both lower and higher priced aquaculture products.

Regional Focus – Sturgeon Breeding Farm

Konakovo Sturgeon Breeding Farm is located about 80 miles north of Moscow in the small town of Konakovo. It is a state-owned farm and a branch of the Scientific Research Institute of Freshwater Fisheries built in 1973. The primary purpose of the Institute was to develop technologies for carp and trout breeding. The farm has become a place where scientific methods of aquaculture are applied with the use of warm wastewaters from the neighboring power station.

Full-cycle technology for domestication of sturgeon was the first worldwide experiment developed in this farm. Rare and endangered species are growing on the farm, such as Siberian sturgeon, Lena River sturgeon, stellate sturgeon of both European and Siberian origin, Russian sturgeon and white sturgeon. As a branch of the Scientific Institute, the hatchery has developed experiments and studies in the areas of acclimatization, feed, and breeding technologies that enable better productivity.

Currently the farm produces five million eggs, 150,000 eggs of sturgeon and stellate and 40 tons of commodity sturgeon and has developed agreements with 20 countries to sell eggs through dealers to China, South Korea, Uruguay, Hungary and CIS countries. The farm participates in ecological programs in the oblast and has agreements with other similar breeding centers and farms for restocking neighboring lakes and ponds. More than 100,000 sturgeon hatchlings will be released this year in the Konakovo reservoir. For several years now the hatchery sends stellate sturgeon roe for incubation and growing to different breeding centers in Russia.

According to the farm spokesman, there is great potential to double sturgeon production at the farm, and caviar production could bring considerable profits for the sustainability of the Institute. However, the government does not allow export of caviar produced from domesticated species and allows only the export of caviar from the roe of fish raised from egg to maturity at a farm as opposed to the specimens caught in the wild and domesticated for the brood stock. As a result, caviar is sold at lower prices on the domestic market.

Climbing energy prices resulting from energy price deregulation in Russia has affected the profitability of the hatchery. Lack of government support and investments have further aggravated the situation. The hatchery has not been renovated for more than 30 years and some equipment like basins, pumps, reservoirs, and buildings require urgent upgrade.

Salmon

The Russian government set the overall acceptable amount of salmon catch at 256,000 metric tons in 2004, which is 30,000 tons more than the quota in 2003. The Russian government also allowed scientific-research organizations to catch 6,500 metric tons of salmon for research purposes on the condition of salmon stocks in Russian waters. Post forecast production to increase in 2005 by one percent because of competition from imports, mostly from Norway.

Japanese fishermen, mainly from the island of Hokkaido, were given permission to catch 11,000 tons of salmon in Russian's economic seawaters for a fee. It has been reported that Japanese boats will pay 292.51 yen per kilogram of salmon caught in Russia's EEZ. More than $1 million of the proceeds from payment for the quotas will be used for developing fish farms in the Far East, which raise up to 600 million young salmon a year. Three-quarters of the Total Allowable Catch (TAC) consists of pink salmon, while chum and sockeye have contributed 14.4 percent and 7.9 percent, respectively. The remaining proportion contains arctic char, Coho and Chinook salmon. Fishing companies in the Far East expect to make more than $600 million this salmon fishing season, which lasts until the end of September, according to experts in the regional fisheries department. Fishermen in Sakhalin and Kamchatka expect to have the largest catches, of 150,000-180,000 tons, in 2004, according to estimates by R&D institutes. The Russian Far East is the source of nearly one-third of all wild Pacific salmon, but its fisheries face intense pressure from poachers and gas developers.

Atlantic salmon is consumed west of the Ural Mountains, mainly in Moscow and St. Petersburg and other cities with significant purchasing power, while Pacific salmon is consumed throughout Russia, being sold mainly in frozen, salted or canned form.

Norway is the main supplier of Atlantic salmon to Russia. Atlantic salmon imports from Norway increased significantly in 2003 and remain strong in 2004. According to trade sources, the price of imported salmon is attractive, but also the changes in the distribution system and retail structure of Russia's seafood system are contributing to improved demand. Russian importers prefer the larger salmon grades because these are more cost efficient in production activities, and processed into a light salted product. Also, new consumption patterns are being adopted by high-income and educated younger people.

Fish Roe

According to the Federal Fisheries Agency, the production of salmon roe during the fishing season in the Russian Far East should hit 25,000-26,000 metric tons. The forecast is based on a higher TAC of 255,820 metric tons of salmon approved by Prime Minister Fradkov for

2004, the largest quota for the past years. Kamchatka is expected to be leading the region in 2004 with a total TAC of 155,000 metric tons, including pinks and other salmons.

In 2004 Russia has been allowed the right to export 30.3 metric tons of black caviar under a quota of about 500 metric tons, which has not decreased for the past ten years. However, according to press reports, the United Nations has stopped issuing export quotas for Caspian caviar until Russia and other countries curb rampant poaching.

According to the head of Russia's caviar union, Vyacheslav Mironov, the new move by Convention on the International Trade in Endangered Species of Fauna and Flora (CITES), is "unjustified and unfair" and is unlikely to help combat poaching and illegal exports. He also stated that Russian producers would not suffer, however, since previous quotas set by CITES were tiny compared to the amount sold domestically and because the price difference between the two markets has closed dramatically. A kilogram of caviar now sells for just $50 to $100 less in Russia that it does abroad.

According to the Federal Fisheries Agency, Russia can catch 500 tons of sturgeon in the Volga delta in 2004, which is part of the quota agreement set by the International Commission for fishing in the Caspian. Russian fishermen caught about 300 tons of beluga, chum and stellate sturgeon in the summer season. It is expected that the international commission will increase quotas for the sturgeon catch in 2005 for all countries in the Caspian due to an increase in their stock. Meanwhile two other Caspian States, Kazakhstan and Azerbaijan, are mounting efforts to increase their catch share and output.

Groundfish

The groundfish catch is forecast to rebound in 2005 and increase by nearly four percent, reflecting an increase in the fishing quota, new investments in the fishing-fleet (such as large capacity ships), and increased demand for fish.

The joint Norwegian-Russian Fisheries Commission set the cod quota for 2004 at 486,000 metric tons, well above the recommendation made by the scientific community of 389,000 metric tons. The world's largest cod stock is in the Barents Sea. In the Arctic waters along the Norwegian and Russian coats, cod still plays a vital role in the rich marine ecosystem. The cod stock is defined as being fished outside safe biological limits. Environmentalists believe that cod stock is under threat from overfishing, oil exploration, and Soviet-era radioactive waste.

The age structure of the stock has changed as a result of high fishing pressure over time. There are indications of large-scale discards and unreported landings. According to Norwegian sources, actual cod catch in the past ten years in the Arctic amounted to 1.2 million metric tons above the recommended catch.

The commission also formally agreed that a permanent working group would evaluate the current regulation to improve the control regime in order to reduce the problem of illegal fishing activities in the area. Several means were mentioned, such as establishing control points for reloading at sea and drafting guidelines for revocation of licenses for boats that are found guilty.

The TAC for pollack in 2004 has been set for the RFE Basin at 909,450 metric tons, including 415,000 tons of the Okhotsk pollack, a cut of 34.6 percent from last year. In the Bering Sea the pollack TAC has been reduced by 45,000 tons although under the preliminary forecast the pollack harvest in 2004 should have grown by 15,750 metric tons from 425,000 metric

tons. However, the TAC for Alaska pollack TAC in the Bering Sea has been reduced to 380,000 metric tons despite the stability of stocks and a satisfactory fishing season. This has raised some criticism by Russian fishermen about the fact that the TAC for 2004 of Alaska pollack in the US zone of the Bering Sea has been significantly increased and similar growth is expected in the future.

Crabs and Crabmeat

Crab and crabmeat production is expected to increase slightly in 2004 and 2005 because of overfishing and poaching. According to Russian scientists in Vladivostok, production in the Kamchatka peninsula will be a little higher than 5,000 metric tons this year due to overfishing. It is expected that commercial king crab operation will begin in 2004 in the Barents Sea.

Poaching is a major problem in crab trade with Japan. According to a recent study published by Hokkaido University, during the period 1998-2001, Japan imported from Russia $559 million of crab and crabmeat, but official Russian statistics only show $109 million. Poaching was also the subject of a recent investigative report by a leading Russian news channel.

Consumption

Overall consumption of fishery products in Russia is expected to reach 3.0 MMT in 2004 up three percent from 2003. The increase in fish consumption can be attributed to the following factors: a) higher market prices for all types of meats, but mostly for poultry, due to the implementation of import quotas which have provoked a shift in consumption to fish products; b) changing structure of consumer segmentation in Russia with more people aged between 30-45, with higher income to purchase high-value fish products such as salmon; c) ongoing modernization of Russia's distribution and retail structure which now makes seafood delicacy available to new consumer groups interested in more variety and quality, rather than cost; d) increase in seafood delicacy like octopus, squids, mussels, sea scallops, and other less familiar seafood for ordinary consumer; d) health and safety concerns with diseases affecting meats in general causing some consumers to switch to alternative animal proteins.

The outlook for 2005 also calls for a continued increase in fish consumption since production is not keeping pace with increased demand as consumer's income improves from the sixth consecutive year of economic growth.

Trade

Overall

The Russian Federation became a net exporter of fish products after the devaluation of the ruble in 1998. However, this trend was inverted in 2003. According to the Russian State Customs Committee, total Russian seafood exports (chapter 3 of the HTS) reached $399.4 million in 2003, up 4.1 percent from 2002, while imports reached $403.7 million, up 31 percent from 2002 with a total trade deficit of $4.3 million. Trade sources attribute this deficit to the following factors: a sharp decrease in the value of exports of black caviar; a sharp increase (over 155 percent) of salmon imports, mostly from Norway; nearly 80 percent of all seafood exports are not processed with lower aggregate value to the product; the lack of unified law on fisheries and lack of policy coordination between different government agencies (both at the federal or regional levels); poaching; illegal landings in foreign ports or foreign vessels; lack of compliance with European Union fishery standards; and lack of organization among small and mid-sized fishing companies. The outlook for 2004-05 calls for a continued increase of imports because production is not keeping pace with the growth in

domestic demand. During the first half of 2004, imports of fish and fish products increased by over 60 percent, while exports declined in the same period by nearly 40 percent.

Russian seafood exports remain concentrated in few markets such as South Korea (30 percent), Japan (29 percent), and China (17 percent), while Norway accounts for half of Russian imports of seafood, followed by a distant United Kingdom with (eight percent), and Denmark (seven percent).

Unreported exports continue to be a difficult issue for the government. There is no reliable estimate for unreported exports and imports, although trade sources believe they fall within a range of 25 to 35 percent of total official data. Some trade sources believe that unreported data is as high as 100 percent of all official data. Underreporting is motivated by attempts to evade state and federal taxes, customs duties, and complete accounting for quota usage. A significant share of the unreported fish catch is in the Russian Far East, where fishermen harvest in Russian territorial waters but ship the product directly to other countries (mainly to Japan, Korea and China) without registering the catch with Russian Customs. The same is happening in the Barents Sea with cod catches.

The United States is a major destination for a variety of edible fish and seafood from Russia. In 2003, the United States imported $253 million of fish and seafood products from Russia, down 6.9 percent from 2002, while Russia imported $10.6 million of seafood products, down four percent.

Changes in Export Duties for Crabs, Lobsters and Crawfish

The Government of the Russian Federation issued Resolution #450 on September 3, 2004, abolishing export tax for certain fish and fish products. Per this Resolution, beginning October 1, 2004, the government will lift the five percent (for live) and ten percent (for processed) export tariffs on crabs, sea crawfish and lobster, (HTS 030621 000, 030622 0000, 030623 0000, and 1605 10 0000, 160520 910, 160530 1000, 160540 0000, 160590 9000). According to the Interagency Commission on Domestic Market Protection the elimination of exports tariffs for these products is attributed to the oversupply of these products in the domestic market exceeding domestic demand and higher world prices. In addition, it meets two government priorities: 1) to stimulate export of high value products; and, 2) to conform to WTO trade requirements on export liberalization of commodities and services.

Policy

Overall

On March 10th 2004, President Putin issued an order changing the structure of his ministerial cabinet. By this order, the former Russia State Fisheries Committee was abolished and a new agency called Federal Agency for Fisheries was formed under the Ministry of Agriculture to manage the Russian fishing industry.

According to Minister of Agriculture Aleksey Gordeyev, the new ministerial structure will provide more authority to the Ministry of Agriculture to supervise effectively the fishery sector. As of April 7, 2004 the Government of the Russian Federation published decision No. 182 entitled "Issues of the Federal Fishery Agency" establishing the scope under which the Russian government will exercise its authority. Basically, the Federal Fishery Agency is a federal body of executive authority to render government services in the areas of

fishing, state property management (for both subordinate enterprises and in institutions), and judicial functions in the areas of rational use, study, conservation and reproduction of biological resources and their habitat.

During President Putin's two-day trip to Primorye in June 2004, he publicly criticized the pace of the restructuring of the fishing industry in Russia. He complained that the sector has made some changes in the past three years, but these changes have been slow and not benefited Russian consumers. The President also stated that "the Russian fishing industry is largely export-oriented by supplying the world with unprocessed products at lower prices, while Russian consumers pay higher prices for imports of value-added fish products."

The working group of the State Council met in early September in Primosrskiy kray to follow up on President Putin's message. The purpose of the meeting was to work out a program for developing and increasing competitiveness of the Russian fishery industry. Four major issues were addressed:

1) Conversion of Government Resolution #704 dated 11/20/03 "Quotas on Catching of Biological Resources" to Federal Law;
2) Enforce the mechanism for turnover of quota shares in the secondary market (that is a part of the above Resolution);
3) Bio-resources caught in the EEZ, to be registered and declared in Russian ports, and processed at domestic processing facilities;
4) The government to take the bulk of responsibility for financing science and research referring to fisheries in Russia.

In an effort to create a comprehensive federal law that will rule the Russian fishery sector, specialists have been working for the past eight years on the draft of the "Law on Fisheries and Water Biological Resources Protection." The latest agreed version lags behind the changes already introduced by the fishing sector. According to Natalia Komarova, Chairman of the Committee for Natural Resources, the draft must be updated to comply with the current realities and the new level of relationships between the provinces and the federal government. Currently the draft law is in the State Duma and likely will be passed before the end of the year.

Stanislav Il'yasov, head of the Federal Agency for Fisheries, called for an increase in the government budget allocation from 6.4 billion rubles in 2004 to eight billion rubles in 2006 in order to provide the fishery industry with sufficient financial funds for development of a sustainable program. He also indicated that the main objectives for the industry are: 1) increase the budget (up to four billion rubles) for science and research; 2) upgrade the Russian fleet by building 30-40 more large-tonnage vessels (depreciation of the Russian fleet currently is estimated at 70 percent); 3) create leasing companies, similar to the government enterprise "RosAgroLeasing"; and, 4) establish a commodity exchange in the form of electronic trade.

Issue on Quotas

In January 2004, Russia switched to a five-year capture quota share distribution system. According to the rules of the new system, the applicant for a quota must provide historical annual catch records for the last three years (2000-2003) along with records of allocated and purchased quotas, have fished out the previous year's officially allocated quota, possess a fishing vessel(s), and outfit the vessel with equipment for satellite distribution of information including data on the size of the catch and real-time monitoring of the vessel's location and movement. If these records are not accurate or the company did not report catching its

entire quota during any of the previous seasons, it might lead to problems for the company and it will not be eligible for fishing licenses and will be left without allocations to fish.

On January 12, 2004 Russia's former State Fisheries Committee and fishing companies started signing agreements on fishing quota allocations for the period 2004 to 2008.

The five-year quota allocation system breaks down as follows:

- 70% of the TAC (industrial quota) is distributed among fishing companies;
- 20% of TAC is distributed among regional state institutions for fishing in the 12-mile zone;
- 10% of TAC is quota for scientific institutions and foreign countries.

The new distribution system has caused a lot of complaints, especially from smaller companies that cannot afford to purchase a higher number of quotas during the auctions. They also had their 2004 quota limited because the data was based on the quota purchased in previous auctions. Therefore, the only way for these companies to remain in business is by forming quota pools with other companies.

Since the new regulations allow a quota holder either to lease or to sell the entire quota for one species to another company, the larger companies are interested in buying more quotas. However, the mechanism of turnover of quota shares in the secondary market (that is a part of the above Resolution) is not working effectively and changes will be considered.

According to the new program, the quota user has to pay for resource utilization. A fishing company is required to make a down payment of ten percent for each species with the balance paid in equal portions during the balance of the fishing season. The fees for resource utilization are somewhat similar to what the initial prices of the quota at the auctions.

Resource Utilization Fees

Species	Price per metric ton in $U.S.
Pollock	120-70
Cod	100
Sole	120
Pink salmon	120
Red salmon	700
Urchin	200
Crab	35,000
Mollusk	250

With the new system, the projected receipts from fishery sector to the federal and regional budgets will decrease by two to threefold (compared to the receipts from the auctions). However, it is believed that the concept will bring more transparency, stability and will yield more investments to the sector.

For more information and background on quota distribution system in Russia please see GAIN Report RS3053, dated December 8, 2003.

Poaching

Poaching is one of the major obstacles hindering sustainable fishery development in Russia. Poaching damages the internal market and causes price dumping in the world market. The main reason for poaching is the ineffective system of state inspection and control over biological resources caught in the Russian Exclusive Economic Zone.

According to a top border guard official, 90 percent of the poachers in Russia's economic zone are Russians. These fishermen sell their catch to Japan or China directly or reload in foreign vessels at sea, allowing them to make large profits tax-free. Russian fishing boats have stopped answering signals from onshore stations. They disguise their hull numbers and use false names.

According to Vladimir Setun, deputy head of the Primorye administration's Committee for Fisheries, one reason for the increase in domestic poaching is the lack of fishing quotas. However, experts say economic depression is what forces fishermen to become poachers. Igor Berkovich, head of the police division tasked with fighting crime in fisheries, said high taxes are one of the major reasons for poaching.

According to different sources, other reasons for poaching include: unemployment, low income of the local population, low public environmental awareness, the lack of marine resource conservation-oriented legislation, high and constant demand for seafood products from the neighboring Asian countries; hard social and economic conditions of the citizens of the coastal villages; and lack of coordination among government agencies. The volume of poaching in the fishing industry varies from 50 to 80 percent. According to a study conducted by the University of Japan at Hokkaido, trade statistics between Russia and Japan for 1998-2001 show that Japan imported fish products in the volume of $1.8 billion. However, according to the Russian export statistics for the same period, Russia exported to Japan fish products estimated at $280 million. The large discrepancy clearly indicates the real volume of trade of poachers, estimated at 73.7 percent of the total trade of seafood and fishery products in Japan. Within the same period Japan imported crab products valued at $559 million, but Russia reported official exports of only $109 million.

During Minister Gordeyev's visit to the Russian Far East, the region that accounts for up to 60 percent of Russia's fish catch, he said the law will be fine-tuned, taking into account the views of fishermen in the Russian Far East. The document is believed to be an important legislative tool aimed at the legislative base for fishing, perfection of mechanisms for managing the sector, and fighting poaching.

An amendment to the Russian Federation Criminal Code was enacted on September 1, 2004, calling for intensified enforcement and control of fish poaching. For the first time within the last 15 years high penalties (varying from 150,000 rubles, or $5,000, up to one million rubles, or $33,000) for fish and other bio-resource poaching were introduced in Russia.

Marketing

GAIN Report RS4305 provides a road map for market entry and best prospects for U.S. suppliers of fish and seafood products to the Russian market.

Table 2. Production, Supply, and Distribution of Salmon, MT

PSD Table							
Country	Russian Federation						
Commodity	Salmon, Whole/Eviscerated				(MT)		
	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Beginning Stocks	11000	11000	9000	9000	9000	8600	(MT)
Total Production	223500	221000		225100	0	229600	(MT)
Intra-EC Imports	0	0	0	0	0	0	(MT)
Other Imports	8000	10500	0	11000	0	11150	(MT)
TOTAL Imports	8000	10500	0	11000	0	11150	(MT)
TOTAL SUPPLY	242500	242500	9000	245100	9000	249350	(MT)
Intra-EC Exports	0	0	0	0	0	0	(MT)
Other Exports	110000	110000	0	111200	0	112312	(MT)
TOTAL Exports	110000	110000	0	111200	0	112312	(MT)
Domestic Consumption	114000	114000	0	115500	0	117232	(MT)
Other Use/Loss	9500	9500	0	9800	0	9800	(MT)
TOTAL Utilization	123500	123500	0	125300	0	127032	(MT)
Ending Stocks	9000	9000	9000	8600	0	10006	(MT)
TOTAL DISTRIBUTION	242500	242500	9000	245100	0	249350	(MT)

Table 3. Production, Supply, and Distribution of Groundfish, MT

PSD Table							
Country	Russian Federation						
Commodity	Groundfish, Whole/Eviscerated				(MT)		
	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Beginning Stocks	440000	440000	447000	447000	0	437000	(MT)
Total Production	2500000	2500000	0	2310000	0	2380000	(MT)
Intra-EC Imports	0	0	0	0	0	0	(MT)
Other Imports	500000	500000	0	615000	0	676500	(MT)
TOTAL Imports	500000	500000	0	615000	0	676500	(MT)
TOTAL SUPPLY	3440000	3440000	447000	3372000	0	3493500	(MT)
Intra-EC Exports	0	0	0	0	0	0	(MT)
Other Exports	2070000	2070000	0	1950000	0	2067000	(MT)
TOTAL Exports	2070000	2070000	0	1950000	0	2067000	(MT)
Domestic Consumption	795000	795000	0	865000	0	882300	(MT)
Other Use/Loss	128000	128000	0	120000	0	117000	(MT)
TOTAL Utilization	923000	923000	0	985000	0	999300	(MT)
Ending Stocks	447000	447000	0	437000	0	427200	(MT)
TOTAL DISTRIBUTION	3440000	3440000	447000	3372000	0	3493500	(MT)

Table 4. Production, Supply and Distribution of Fish Roe, MT

PSD Table

Country	Russian Federation						
Commodity	Fish,Urchin Roe/Caviar,Livers				(MT)		
	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Beginning Stocks	9000	9000	8800	8900	0	8895	(MT)
Total Production	51000	53200	0	54265	0	54800	(MT)
Intra-EC Imports	0	0	0	0	0	0	(MT)
Other Imports	2000	2000	0	1800	0	1750	(MT)
TOTAL Imports	2000	2000	0	1800	0	1750	(MT)
TOTAL SUPPLY	62000	64200	8800	64965	0	65445	(MT)
Intra-EC Exports	0	0	0	0	0	0	(MT)
Other Exports	16500	17800	0	18520	0	18900	(MT)
TOTAL Exports	16500	17800	0	18520	0	18900	(MT)
Domestic Consumption	23600	23600	0	23650	0	23887	(MT)
Other Use/Loss	13100	13900	0	13900	0	13400	(MT)
TOTAL Utilization	36700	37500	0	37550	0	37287	(MT)
Ending Stocks	8800	8900	0	8895	0	9258	(MT)
TOTAL DISTRIBUTION	62000	64200	8800	64965	0	65445	(MT)

Table 5. Production, Supply, and Distribution of Crab and Crab Meat, MT

PSD Table

Country	Russian Federation						
Commodity	Crab and Crabmeat				(MT)		
	2003 USDA Official [Old]	Revised Post Estimate [New]	2004 USDA Official [Old]	Estimate Post Estimate [New]	2005 USDA Official [Old]	Forecast Post Estimate [New]	UOM
Market Year Begin		01/2003		01/2004		01/2005	MM/YYYY
Beginning Stocks	1800	1800	1800	1800	0	1700	(MT)
Total Production	94000	94000	0	95500	0	97650	(MT)
Intra-EC Imports	0	0	0	0	0	0	(MT)
Other Imports	500	500	0	625	0	700	(MT)
TOTAL Imports	500	500	0	625	0	700	(MT)
TOTAL SUPPLY	96300	96300	1800	97925	0	100050	(MT)
Intra-EC Exports	0	0	0	0	0	0	(MT)
Other Exports	73000	73000	0	74025	0	75100	(MT)
TOTAL Exports	73000	73000	0	74025	0	75100	(MT)
Domestic Consumption	20000	20000	0	20900	0	22000	(MT)
Other Use/Loss	1500	1500	0	1300	0	1250	(MT)
TOTAL Utilization	21500	21500	0	22200	0	23250	(MT)
Ending Stocks	1800	1800	0	1700	0	1700	(MT)
TOTAL DISTRIBUTION	96300	96300	1800	97925	0	100050	(MT)