

## **RUSSIA**

The function of coordinating fish products harvesting and sale to wholesale and retail channels is carried out by the Fishery Committee of the Russian Federation. The Committee provides fish and seafood supplies for federal state requirements {which include strategic reserves, army and navy supplies, and sourcing supplies for state-run medical and charitable institutions}. For fiscal year 1993, the volume of these deliveries exceeded one million tons of fish and seafood. The Fishery Committee delegates its rights for concluding state contracts to the "Fish Market" Joint Stock Company. Russian suppliers of fish and seafood used for national state requirements obtain certain advantages. Despite these incentives, deliveries of fish and seafood for national state requirements fall short of demand. Russian plans are to maintain the centralized distribution of fish and seafood production for national needs until 1995. From 1996 onward, Russian authorities want to shift to the delivery of fish production through direct horizontal links with foreign suppliers.

Direct links between fishing companies and retailers, combined with the formation of a "free" fish and seafood market, should allow fishing companies the right to sell their products at market prices without state interference. At the present time, over and above federal state fisheries requirements, a market exists for free sale of fish and seafood through direct contracts. In the past, when prices in Russia were determined by the administration, fish and seafood represented the most economical source of protein available to Russian consumers. Prices have increased significantly such that many fish and seafood species have become more expensive than poultry.

In 1990-91, the annual per capita consumption of fish and seafood in Russia was more than 20 kilograms; by 1992 the figure had dropped to 13.3 kilograms; and in 1993, per capita consumption had fallen to 9.0 kilograms. In accordance with the Russian fishery development program, the target number for 1995 has been set by Russian authorities at 16.0 kilograms per capita. The Russian Market for fish and seafood products is quite different from previous during the Soviet centralised system. The number of retail establishments has increased, as well as the variety. At one end, the Russian market demand exceeds supply, with potential for low priced seafood products intended for consumption almost unlimited. At the other end, there is a smaller, but growing market, for high-end products including lobster. Lobster products are sold to western-style restaurants, Russian hotels, and specialty shops selling imported seafood products.

Product forms imported include live and frozen lobster. While examining market potential, international lobster exporters should remember logistics and distribution can be difficult; sufficient funds are often lacking; and the business environment is constantly evolving. Apart from deliveries required to fulfil national state requirements through the "Fish Market" Joint Stock Company, the Fisheries Committee carries out the free sale of fish and seafood products on the basis of contracts and long-term agreements. Such contracts are concluded between fish and seafood producers, and the wholesale trade and production enterprises located in the larger cities across Russia.

At the present time, trade and production enterprises are being reformed into joint-stock companies. These companies receive and handle large quantities of fish and seafood, hold the product in cold storage, and then distribute the goods to the Russian retail trade network. The retail trade network consists of the specialized shops and outlets which handle fish and seafood products. It is through Russian retail networks that large volumes of fish and seafood are offered to the general population for consumption. Retail outlets of this type as a rule are not state enterprises, but have been privatised under the liberalised Russian economy. Fish and seafood products are in demand across Russia, and there is ample room on local markets for increases in both the quantity and variety of fish and seafood products available. International firms might examine exporting processed lobster products and raw materials for further processing. With the increasing size of the expatriate community; the Russian nouveaux-riches; and the influx of tourist and business visitors to Moscow and St. Petersburg; a number of western-style stores and restaurants have emerged. Many of these stores and retail outlets are selling imported foodstuffs, including lobster products. Compared to the total volume of seafood products consumed in the Russian market, these sales are small. However, this demand represents an emerging niche market which can be captured through effective marketing.

## **SAUDI ARABIA**

The domestic market in Saudi Arabia for fish and seafood products is quite substantial, with total imports of approximately 25,000 tonnes per year. Trade contacts have indicated the demand for imported fish and seafood products will increase over the next few years due to growth in national population; shifting tastes and preferences; the proliferation of supermarkets; and increases in expatriates who consume a sizeable portion of the domestic market for seafood.