

SEAFOOD MARKET IN BRIEF

The function of coordinating fish products production and their sale to wholesale and retail channels is carried out by the Fishery Committee of the Russian Federation. The Committee also 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 (listed under importers/distributors/end-users). Russian suppliers for fish and seafood to be used for national state requirements obtain certain advantages in the form of preferential credits and compensations for the rise in fuel prices. Despite these incentives, deliveries of fish and seafood for national state requirements fall short of demand.

The Russian market for fish and seafood products is quite different from what it was in the Soviet centralised system. The number of outlets has increased, as well as the variety of outlets. At one end, the market demand exceeds supply and the potential for medium and low priced fish/seafood products intended for general consumption is almost unlimited. At the other end, there is a small but growing market for higher end products sold to western style restaurants, hotels and shops selling almost exclusively imported products.

The main species imported are: herring (mostly salted in barrels), sardines in oil, canned herring in sauce, sardines in tomato sauce, fillets of cod, tuna, lobster, scallops, shrimp and molluscs. Most find their way to hotels, restaurants and western style grocery stores. While looking at the market potential, exporters should keep in mind that logistics and distribution can be difficult, funds are often lacking and the business environment is unsettled. It is expected that the average tariff rate will be increased, probably doubled.

Russian aquaculture totalled 112,000 tonnes in 1992, and is based on breeding in ponds, lakes, cages and pools, including natural bodies of water. It is estimated that Russia has the capacity to use 400,000 kilometres of rivers, 20,000,000 hectares of lakes, and 4,500,000 hectares of reservoirs for aquaculture production. However at the present time, aquaculture, like other segments of the domestic Russian seafood market, is facing economic difficulties. The decline is largely connected to the breakdown of economic relations between enterprises and the worsening of material and technical supplies.

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.