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Global Agricultural Information Network

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Far East Salmon Catch Down Again

Report Categories:
Fishery Products

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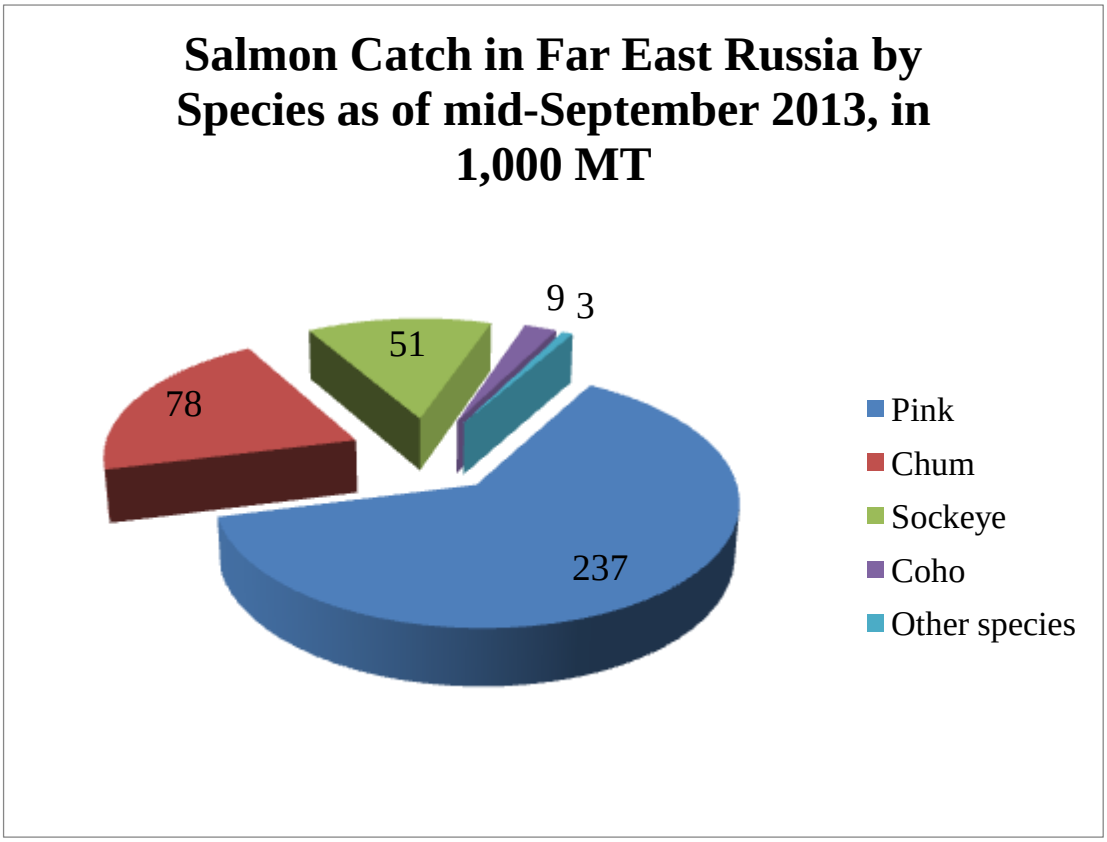
Report Highlights:
The Russian Fishery Agency forecasts the total salmon catch in Russia to only reach 360,000 MT in 2013 (nearly all of which is in the Russian Far East), which, if realized would be 20 percent lower than 2012, and 28 percent below 2011. Magadan Fishery Scientific Research Institute has a slightly more optimistic forecast at 380,000 MT but this would still be down considerably from previous years. The reason for a lower catch is attributed to the fact that salmon largely did not migrate as expected to the traditional places in the Russian Far East but a greater amount went to Alaska, resulting in a record level of salmon catch in Alaska this year.

General Information:

The Russian Fishery Agency forecasts total salmon catch in Russia to only reach 360,000 MT in 2013 (nearly all of which is in the Russian Far East), which, if realized would be 20 percent lower than 2012, and 28 percent below 2011 levels. Magadan Fishery Scientific Research Institute has a slightly more optimistic forecast at 380,000 MT but this would still be down considerably from previous years. The reason for a lower catch is attributed to the fact that salmon largely did not migrate as expected to the traditional places in the Russian Far East but a greater amount headed to Alaska for spawning. The Alaska salmon catch reached a record level this year, and according to the Alaska Department of Fish and Game Department, 272 million salmon were harvested to date, approximately 480,000 MT which is 59 percent higher from the 2012[1]. Pink salmon accounts for almost 80 percent of the total catch in Alaska, followed by sockeye and chum salmon.



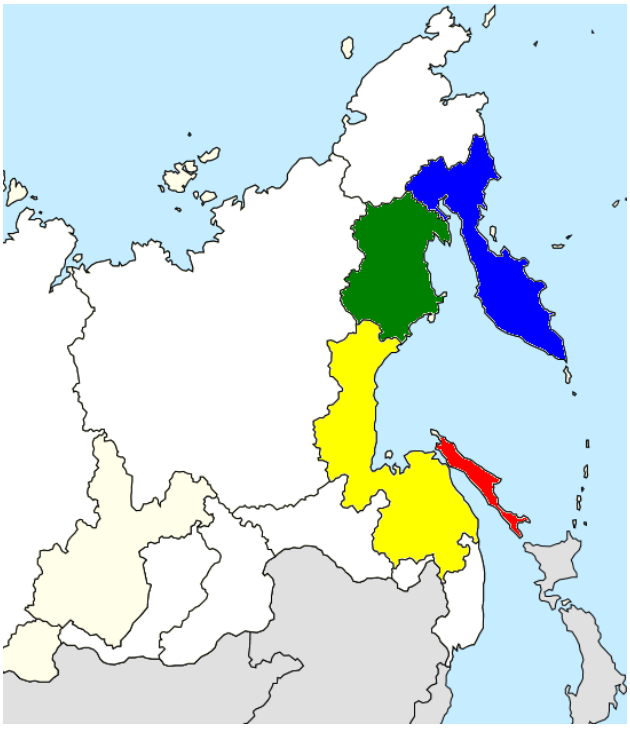
Source: Magadan Fishery Scientific Research Institute

Kamchatka and Sakhalin are major regions for Pacific salmon catch, followed by Khabarovskiy kray, Magadan, and Chukotka. Salmon harvesting runs from June through November. According to the Russian Federal Fishery Research Institute (TINRO-Center), by the end of September 2013, the salmon catch in Sakhalin was estimated at 201,500 MT, followed by Kamchatka kray, with 138,100 MT, Khabarovsk kray with 33,100 MT, and Magadan with 4,700 MT. The bulk of catch in Kamchatka is

[1] http://www.adfg.alaska.gov/index.cfm?adfg=commercialbyfisherysalmon.salmoncatch

sockeye salmon, while in Magadan and Sakhalin oblasts the catch includes pink salmon, and in Chukotka and Khabarovskiy kray it is chum salmon.

Pacific Salmon Catch by Region as of end September 2013



– Sakhalin with 53 percent of total catch
– Kamchatka kray with 37 percent
– Khabarovsky kray with 9 percent
– Madadan with 1 percent

According to the Federal Fishery Agency, despite a lower catch, a shortage of salmon or salmon roe in the Russian market is not expected. However, prices had been increasing as a result of the lower catch. Since June, the beginning of catching season, retail prices for salmon roe have increased by almost 70 percent, from 1.2 to 1.5 thousand rubles, up to 2.1 to 2.5 thousand rubles per kilogram. This increase in prices was due in part to the delayed beginning of the salmon catch (and prices could decrease as the harvest progresses through November). Also, another factor in the price increase was strong competition for raw materials (unprocessed roe) between local coastal processing facilities and specialized facilities in the Central Russia. Recently a number of new salmon processing facilities started operations in Kamchatka and Sakhalin, the two major salmon roe producing regions. As a result, processors from the European Russia are ready to pay higher prices for roe to ensure they fulfill their processing capacities. Trade sources report that the average annual Russian production of salmon roe for retail varies from 11,000 MT to 13,000 MT estimated at 28 to 30 billion rubles (almost $1 billion) in value.

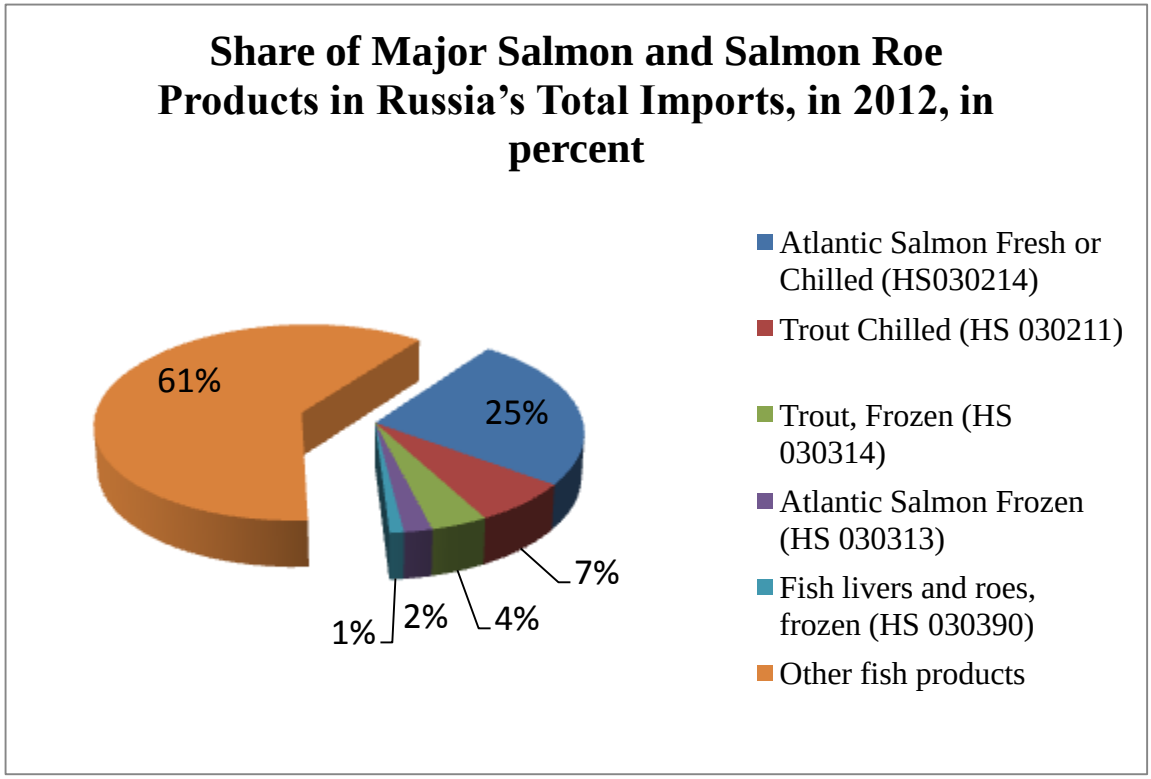
Trade in Salmon and Salmon Roe

Although Russia is a major producer of Pacific salmon, the country imports large volumes of Atlantic salmon. Trade figures show a steady increase in imports of Atlantic salmon during the last few years. In 2012, Russia's imports of fish and fish products were valued at $2.6 billion, almost the same as in 2011. The share of primary salmon products and salmon roe in total imports of fish and seafood to Russia is estimated at 39 percent and is presented in the chart below.

About two-thirds of salmon imports into Russia come from Norway and Russia is the world's largest importer of Norwegian salmon. Demand for these imports continue to be strong due to:

- the expansion of Russian middle class;
- improved logistics for seafood and handling in European Russia coupled with the logistical challenges of getting Far East Russian salmon to European Russian urban centers;
- the growing demand for healthier products in Russia.

Also, in 2012, Russia imported $29 million worth of salmon liver and roe (HS 030390) for red caviar. The United States was the leading supplier of this product at more than $11 million of salmon roe in value, or 38 percent share of total imports of the product to Russia. In 2013, although total imports of salmon roe have been up (for January-August 2013 estimated at $20 million, a 17 percent increase over the same period in 2012), imports from the United States have been down. This has primarily been due to the lower Alaskan catch in 2012 and subsequent high prices. With the large 2013 catch in Alaska, U.S. export volumes to Russia are expected to rise in coming months as these new roe supplies begin to hit the market. The demand for salmon roe will continue to be strong as this is historically a traditional product for the Russians, and demand should strengthen with the upcoming holiday season.



Source: Customs Committee of Russia

Developments of Salmon Production in Aquaculture

Russia has strong potential in aquaculture production, and currently produces an estimated 150,000 MT of fish under this system. However, the share of salmon under aquaculture farming is estimated at 20,000 MT. Recently the Russian government has taken some initiatives to stimulate aquaculture production and development by passing Decree # 315-p: "Federal Program on the Development of the Russian Fishery Industrial Sector from 2013 till 2020." Also, regional authorities have provided funds at subsidized interest rates for purchasing fish breeding stock and renovation of infrastructure. In addition, in June 2013, a long-awaited "Law on Aquaculture" was approved by the Russian government, but a number of implementing regulatory rules and acts are to be passed before the law comes into force. The fishery community believes that the implementation of the law with more transparent rules for the aquaculture sector would spur aquaculture development. The law will come into force in January 2014.

Currently there are two major companies investing in aquaculture: "Russian Sea" and "Russian Salmon". The firm "Russian Sea" started operation of two salmon production farms: one in the Barents Sea in 2012, and a trout farm in Karelia. It has already invested 1.7 billion rubles and is expected to invest an additional 18 billion rubles more to reach targeted production volumes of 30,000 MT by 2018. "Russian Salmon" has signed an investment contract with the local government in Murmansk for investing in fish hatcheries in the coastal areas of the Barents and White Seas. The company is forecast to produce as much as about 20,000 MT of salmon in 2013. The company potentially can produce 80,000 MT to 100,000 MT of Atlantic salmon by 2020.

Fish and Seafood Market Access Changes due to WTO Accession

Nearly all categories of fish, both frozen and fresh and filets have seen reduced tariffs as a result of WTO accession, although many of these changes are being phased in gradually. The tariff for salmon roe will fall from 10 percent to only 3 percent by 2014.

<u>Medium-term Market Access Gains due to WTO Accession</u>

Fresh or Chilled Fish (excluding Fillets): All fresh or chilled fish types, as well as frozen fish are expected to have reduced import tariffs although most of these will be reduced during 2013-2017. The post accession bound rate for these products, including for salmon and salmon roe products, is 10 percent and final bound rates will fall to between 8 percent and 3 percent depending on the species. Please see table below for more details:

Table 1. Import Tariff Rates and Final Bound Rates Upon Russia's WTO Accession

HS Code	Description	Tariff Upon Accession	Final Bound Rate	Implementation
0303	Fish, frozen, excluding fish fillets and other fish meat of heading 0304:			
	- Pacific salmon (Oncorhynchus nerka, Oncorhynchus gorbuscha, Oncorhynchus keta, Oncorhynchus tschawyscha, Oncorhynchus kisutch, Oncorhynchus			

	masou and Oncohynchus rhodurus), excluding livers and roes:			
0303 11 000 0	- - sockeye salmon (red salmon) (Oncorhynchus nerka)	10	7	2015
0303 19 000 0	- - other	10	7	2015
	- other salmonidae, excluding livers and roes:			
0303 21	- - trout (Salmo trutta, Oncorhynchus mykiss, Oncorhynchus clarki, Oncorhynchus aguabonita, Oncorhynchus gilae, Oncorhynchus apache, Oncorhynchus chrysogaster):			
0303 21 100 0	- - - of the species Oncorhynchus apache or Oncorhynchus chrysogaster	10	3	2016
0303 21 200 0	- - - of the species Oncorhynchus mykiss, with heads and gills on, gutted, weighing more than 1,2 kg each, or with heads off, gilled and gutted, weighing more than 1 kg each	10	3	2016
0303 21 800 0	- - - other	10	3	2016
0303 22 000 0	- - Atlantic Salmon (Salmo salar) and Danube Salmon (Hucho Hucho)	10	3	2016
0303 29 000 0	- - other	10	3	2013
0303 79 290 0	- - - - - - other (for example, “heads off”)	10	7, but not less than 0.035 € per kg	2014
0303 79 310 0	- - - - - other	10	7, but not less than 0.035 € per kg	2014
0303 80	- livers and roes:			
0303 80 100 0	- - hard and soft roes, for the manufacture of deoxyribonucleic acid or protamine sulphate	10	3	2014

0303 80 900 0	- - other	10	3	2014