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Fishery Products

Policy Update

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Report Highlights:

In addition to the State Fisheries Committee, a new government commission will be formed in the near future with a mandate to develop the fisheries sector. The commission's objectives will include establishing order in the Russian port system, analyzing and eliminating structural and logistical drawbacks, enhancing Russia's presence in international fishery markets, increasing the competitiveness of Russian seafood products, and stimulating social responsibility in the Russian fisheries industry. The State Fisheries Committee is also working to amend current legislative documents to simplify the registration process for vessels at Russian ports and introduce stringent measures to combat poaching.

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

Policy Update

According to Russian Prime Minister Viktor Zubkov, the Russian fishing industry is in a critical situation due to the depreciation of fish processing facilities and vessels and the prevailing trend of exporting raw materials. Prime Minister Zubkov also noted that, besides the State Fisheries Committee (Goskomrybolovstvo), another government commission will be formed in the near future to further develop the fishery sector. Deputy Prime Minister Sergey Naryshkin will be nominated to head this new Commission, which will have the following set of priorities: establishing order at Russian ports, analyzing and eliminating structural and logistical drawbacks, enhancing Russia's presence in international fishery markets, increasing the competitiveness of Russian seafood products, and stimulating social responsibility in the Russian fisheries industry.

According to Viktor Zubkov, the trade balance of seafood products is of concern to Russian authorities since more than half of Russia's seafood demand is met by imports. Total imports of fish and seafood in Russia account for 33 percent of market share. In Moscow, the import share is around 60 percent. The government seeks to reduce this trade imbalance through enhanced facilitation of customs clearance for fishing vessels at Russian ports.

Andrey Krayniy, Head of Goskomrybolovstvo, pledged that his agency will work hard to change and amend legislation in order to foster efficiency in the fisheries sector. The primary objective of the Committee is to develop a uniform order and simplify the procedure for vessel registration at Russian ports. According to Krayniy, 64 documents need to be amended to make registration more transparent and efficient. He believes that representatives from four different government services, such as border guards, customs officials, port authorities, and veterinarians from the Veterinary and Phytosanitary Surveillance Service, must provide sufficient personnel to perform the necessary activities for clearing the vessel. Currently it takes a couple of weeks to get approval for shipment clearance since there are veterinarians from various agencies involved in this process. According to the Head of Goskomrybolovstvo, ports must be renovated so that the process of registering catch will take only a few hours rather than days.

In early February, Andrey Krayniy visited Khabarovsk and announced that the agency is working on a Federal Targeted Program (FTP) for the development of the fishery sector in 2009-2013. By April 1, 2008, his agency is expected to submit a document for government review that will provide fishing companies with reliable financial tools and guarantee investments in the sector. According to the agency, 61.6 billion rubles (US\$2.52 billion) are needed to revive the sector. The program includes the construction of 493 vessels, 93 fishery hatcheries, and 14 fishery terminals. The program aims to eliminate delays in the inspection of vessels, and provides incentives for fishermen to bring their catch to Russian ports. With successful implementation of the program, annual catch would double from 3.3 million tons to 5.9 million tons, and the share of processed fish products would rise from 51 percent to 82 percent, while the average per capita consumption would likely reach 23 kg, twice as much as 2007.

While government approval and implementation of this strategic plan is far from certain, it would be an important step in reducing corruption and crime in the industry, enforcing sustainable use of marine resources, and providing a solid legislative footing for a prosperous fisheries sector.

In December 2007, President Putin signed several amendments to the Federal Law on "Fishing and Conservation of Marine Biological Resources" (Number 166/04). The amendments outline several changes in the rules for commercial and coastal fishing and the role of the government in monitoring and ensuring resource sustainability. This document

established a number of measures aimed at combating poaching, such as various economic methods and monitoring mechanisms that determine the location of fishing vessels.

According to these amendments, as of January 1, 2008, the tax rate for using biological water resources is set at 10 percent for catches unloaded at Russian ports; for exported fish the rate is 100 percent. Moreover, starting on January 1, 2009, all fish harvested in a 200 mile Exclusive Economic Zone (EEZ), on the shelf and in the internal seas, must be declared at Russian customs before the company decides whether to export or sell in the domestic market.

Another measure, to come into force on January 1, 2009, will restrict foreign vessels receiving quotas. According to Andrey Krayniy, intergovernmental agreements will not be canceled. However, the Russian fleet will be granted exclusive access to the EEZ without having to compete against foreign vessels.

An amended law incorporates a separate article on the "Catch of anadromous fish species", which states that a high-level government official of the Russian Federation is to be in charge of fish and catch regulations.

Russia will switch to a ten-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 four years.

During his trip to Khabarovsk, Andrey Krayniy also highlighted a number of progressive measures that are already in place. They include, but are not limited to, a government decision to rebate interest rates to eight percent (out of 12 percent) at the expense of the government for fleet modernization and shipbuilding. A similar advantage will be granted to fishing companies developing coastal processing facilities. Another effort will be to develop a chain of refueling bases that will sell fuel at a preferential cost to fishing companies. The companies are already set in the port of Nevelsk, Petropavlovsk-Kamchatskiy and others. According to Andrey Krayniy, his Committee plans to invest 50 billion rubles (US\$2.05 billion) in the fishery sector in 2008.

Poaching

According to the Russian Statistics Service (Rosstat), total fish and seafood catch in 2007 is estimated at 3.25 million metric tons, slightly up from 2006. Krayniy stated that, "though the agency combats poaching every day and every hour, it is far from the victory yet." The government allocated more than 300 million rubles (US\$12.3 million) to purchase three high-speed vessels for fishery protection, which will be used to block poachers' exit to the Okhotsk Sea. According to the Trade Chamber, Russia annually loses 28 billion rubles (US\$1.15 billion) as the result of poaching.

The head of Goskorybolovstvo also believes that punishment for poaching must be stricter, and regulations need to be amended to reflect this end. It is estimated that poaching has reached the scale of industrial fishing. Generally, levels of illegal fishing are 1.5-5 times higher than those of permitted fishing, and for sturgeon, 20 times higher. According to trade estimates, poachers catch 1.5 times more Pollock and 10 times more sea urchin than allocated quotas.