



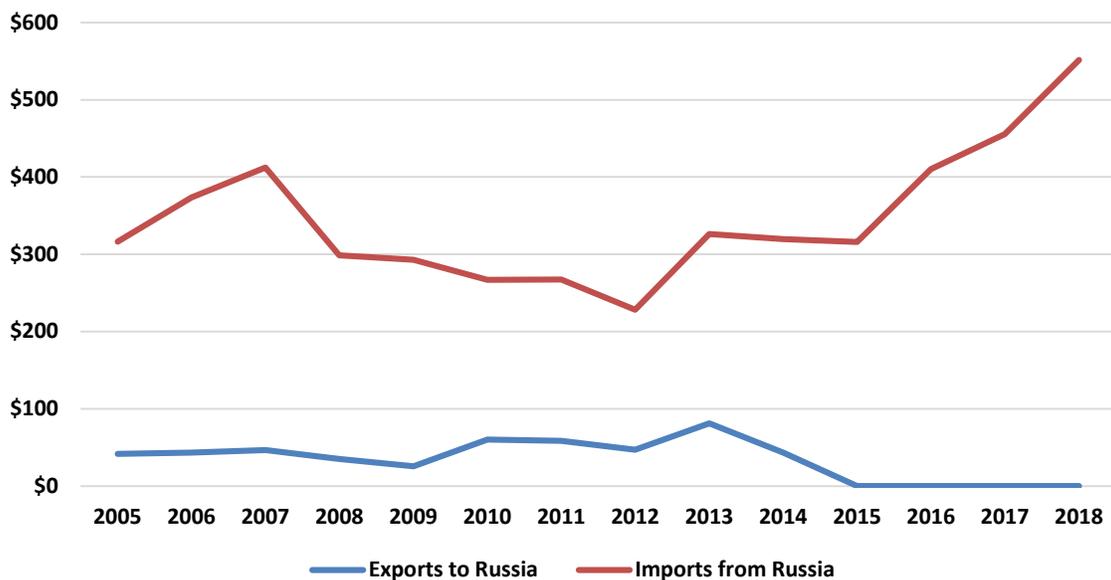
Wild, Natural & Sustainable®

## RUSSIAN EMBARGO BRIEF – Feb. 2020

### Highlights:

- The 2014 [Russian embargo on food products](#) from the U.S. and other western nations bans all **Alaska seafood products** (except canned salmon, which is not exported to Russia in large volumes).
- Alaska and Russia harvest many of the same species and many Russia-origin products are available in the U.S. market, often at lower prices than comparable Alaska products.
- The U.S. and the EU have not imposed any additional terms on the import of Russian perishable goods to U.S. or EU markets. **Russia continues to export seafood to the U.S. almost entirely duty-free.**
- **The value of Russian seafood imported by the U.S. has grown 69 percent since 2013**, the year preceding the Russian embargo.
- Russia is committing substantial federal investment to their seafood sector, increasing their capacity to produce high quality seafood products that compete directly with U.S. seafood products in major markets.
- **In the year prior to the embargo, 2013, Alaska seafood producers exported \$61.3 million worth of products to Russia – primarily salmon roe.**
- Prior to the embargo, Russia was the second most important export market for Alaska salmon roe after Japan. In 2013, without taking into account transshipments, the two markets took roughly 64% of all Alaska salmon roe exports, leaving no single comparable market for Alaska salmon roe other than Japan when the Russia market closed.

### U.S. - Russia Seafood Trade, \$Millions





Wild, Natural & Sustainable®

## Russia Bans Food Imports from Western Nations

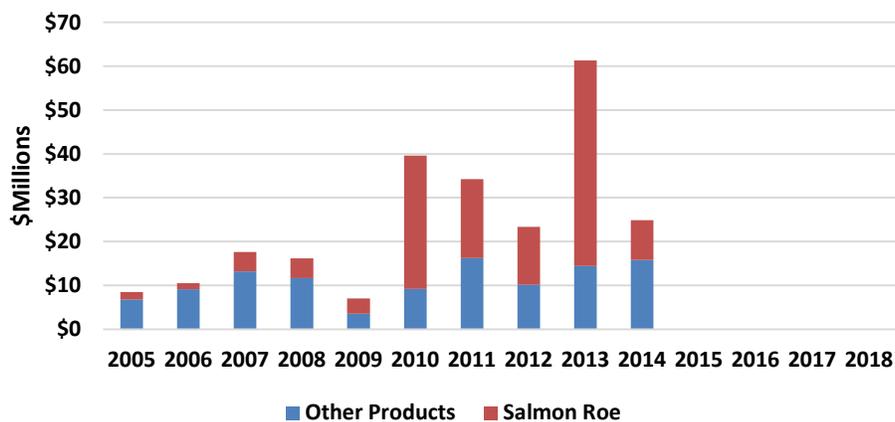
On August 7, 2014, the Russian government banned a broad range of imported food products from the EU, U.S., Canada, Australia and Norway, as retaliation for Western sanctions over the Ukraine crisis.<sup>1</sup>

The embargo covers all fish, crustaceans, mollusks and other aquatic invertebrates. This includes virtually all edible seafood products with the exception of canned seafood, which is still legal for import. However, Russia is not a measurable market for Alaska canned salmon, nor was it prior to the ban.

## Russian Market for Alaska Seafood Prior to Embargo

Russia represented a roughly \$60+ million market for Alaska seafood prior to the embargo. The continued loss of this market reduces the value of Alaska's seafood by decreasing competition.

**Value of Alaska Seafood Exports to Russia, by Major Product Type, 2005-2018**



While the four-year average prior to the embargo (2010-2013) represented a roughly \$40 million export market, the long-term trend suggested a growing market. Alaska seafood producers exported \$61.3 million worth of products to Russia in 2013. Salmon roe, primarily pink, accounted for 76.4 percent of this export value in 2013, and the majority of export value in previous years as well.

Alaska producers and the State of Alaska, through the Alaska Seafood Marketing Institute (ASMI), invested in the Russian market. ASMI conducted marketing efforts to build demand in the region beginning in 2006, attending events alongside Alaska producers, such as World Food Moscow. Growth in the Russian market created competition with Japanese roe buyers. This contributed to increases in Alaska pink salmon prices from 2010 through 2013, which benefitted Alaska producers and fishermen.

<sup>1</sup> <https://www.wsj.com/articles/russia-bans-food-imports-in-retaliation-to-western-sanctions-1407403035>



Wild, Natural & Sustainable®

Prior to the embargo, Russia also imported a growing volume of Alaska pollock surimi and the country also imported a few million dollars in other products, such as frozen Alaska pink salmon. Russian consumers generally considered Alaska products better quality than Russian products from the Far East.

As Russian seafood producers increase the quality and volume of products that compete directly with U.S production, the U.S. is unable to compete for a large and growing Russian domestic market.

### Russian Seafood Exports to the U.S.

Although the Russian market closed to the U.S. industry more than five years ago, the U.S. is a key market for Russia’s seafood industry. **When the embargo went into effect in August 2014, no corresponding limitation was placed on U.S. markets for Russian seafood producers.**

In fact, **the value of Russian seafood imported by the U.S. has grown 69 percent since 2013**, the year preceding the Russian embargo.

The U.S. imported \$551 million of seafood from Russia in 2018, plus \$50 million of pollock products from China which primarily consist of pollock caught in Russia. Crab made up 84 percent of the value of products imported from Russia in 2018. Other products of significant value include cod, salmon, and haddock (not including pollock products produced in China).

These are important species for the Alaska industry and compete directly with Alaska seafood products in the U.S. market. Russia is not subject to any special import duties in the U.S. and is designated as having NTR (Normal Trade Relations) status. For seafood (chapter 03), NTR duties are generally “free” although there are numerous exceptions. The top ten seafood HS codes imported from Russia are all “free.”

### Russian Investment

A variety of efforts are underway to increase the value of Russian seafood production and exports. According to Russian fishery officials, the country is implementing a plan to nearly double the value of its seafood exports by 2024 (to over \$8 billion).

The plan is based on a huge national investment in increasing and modernizing processing capacity in the country. Construction is currently underway or planned for more than 20 new fish processing facilities and 35 fishing vessels, primarily centered around fishing ports on the far east seaboard, with the goal of 90 new vessels by 2030. The plan also includes the launch of a new marketing and supply chain organization known as “The Russian Fish.” **Total investments in the Russian fishery sector, including shipbuilding, plant building, aquaculture development and marketing, between 2018-2025 are estimated to reach \$6.9 billion.**

Year	\$Millions
2012	\$229
2013	\$326
2014	\$320
2015	\$316
2016	\$410
2017	\$455
2018	\$551

Source: NMFS Foreign Trade Data.



Wild, Natural & Sustainable®

**Sources include:**

Global Trade Atlas.

Russia Federal Agency for Fishery <http://fish.gov.ru/>

Russia Federal State Statistics Service (RosStat) <https://eng.gks.ru/>

<https://www.undercurrentnews.com/2019/09/04/putin-inaugurates-gidrostroy-s-new-pelagic-pollock-plant-in-russias-far-east/>

<https://fishnews.ru/news/36303>

<https://www.seafoodsource.com/news/supply-trade/russia-wants-to-double-revenues-from-seafood-exports-by-2024>

<https://www.undercurrentnews.com/2019/05/15/current-investment-just-the-beginning-as-russia-sets-8-5bn-seafood-export-target/>