SEAFISH
the authority on seafood

Factsheet on the Russian ban on the import of seafood from the EU

Background

On 7 August 2014, the Russian Federation issued a note entitled '"On measures for the implementation of the Executive Order of the President of the Russian Federation No. 560 of August 6 "On the application of certain special economic measures to ensure the security of the Russian Federation"'

The Executive Order as implemented by the note bans the importation of a list of agricultural and seafood products originating from the EU, the US, Canada, Australia and Norway for a year or until the sanctions imposed by the West on Russia are lifted.

The list of banned foods includes seafood, which is listed on the official note as:

HS Code	Name of product
0301, 0302, 0303, 0304, 0305, 0306, 0307, 0308*	Fish, lobsters, molluscs, shrimps and other invertebrates

The ban does not appear to include prepared or preserved seafood products listed under Customs Codes 1604 and 1605. Exports from the UK of commodities falling under these codes are not significant.

The European Commission issued a statement regretting the ban, and indicating it will assess the situation as soon as the full content and extent of the measures are available. It also stated that the European Union is committed to de-escalate the situation in Ukraine. The Commission stated it reserved the right to "take action as appropriate".

The Russian border appears to have been closed to EU seafood since midnight on 7 August. Belarus and Kazakhstan, which along with Russia form the Customs Union, still have their borders open, and the movement of EU seafood into the Customs Union countries across these borders is still permitted. It is not clear for how long this route will remain open.

Market data

The UK exported 13 000 tonnes of seafood worth £18m to Russia in 2013, made up primarily of mackerel (£16m) and salmon (£1m). Overall, the UK exported seafood worth £1.45bn globally.

The UK also exported over 1000 tonnes (worth £1.6m) of aquatic animal by-product unfit for human consumption to Russia in 2013. This commodity appears to be unaffected by the ban.

To break it down:

1.2% (by value) of UK seafood exports in 2013 were to Russia (£18M of £1.46bn)

89% (by value) of 2013 UK seafood exports to Russia were of mackerel. (£16M of £18M)

17% (by value) of 2013 UK exports of mackerel were to Russia. (£16M of £96.2M)

The majority of mackerel (pelagic) landed in the UK is caught by the Scottish pelagic fleet, covering Peterhead, Fraserburgh and Shetland. Russia accounts for between a quarter and a third of all frozen mackerel exports from the Scottish primary pelagic processing plants. The UK quota for mackerel has recently doubled meaning the Scottish fleet will be catching more than ever. Therefore, the biggest impact of the sanctions will affect the Scottish pelagic industry – both offshore and onshore.

The consequence of reduced market and increased quota is that large tonnages of mackerel will be consigned for fish meal and oil.

It has been suggested that Japan, China and the rest of South East Asia will become key targets in order to create new and bigger markets for Scottish mackerel.

Seafish Economic Analysis

It's important to consider the cumulative effects of a number of trade barriers and difficulties, e.g. Russian import ban, in conjunction with inability to get shipment insurance for exports to alternative key markets such as Ukraine and Nigeria.

Other sources of uncertainty in the pelagic sector include natural variation in the stock levels and geographical distribution, as well as lack of agreement among coastal states over the last several years concerning quota levels, only recently partly resolved.

Uncertainties concerning supply of raw material and markets for products make it harder to plan business activities, recruit staff and raise finance. Strategic investment decisions are more risky.

If processors can't sell it, will they buy it? If the processors won't buy it, will the fleet catch it? Most of the exported product is frozen immediately after landing and the ban might last less than the initially anticipated one year period, meaning that it is possible to regain trade if there is enough frozen storage capacity in the meantime.

Of all the mackerel exported by the UK, the amount going to Russia could potentially be sold to other export markets and to domestic markets after some time spent on winning new customers.

UK quota for mackerel in 2014 is around 290,000 tonnes, nearly double what it was in 2013.

Number of fish processing FTE jobs in Scotland was estimated after census of the industry by Seafish in 2012. Approx. 5,000 FTE jobs in sea fish processing businesses and an additional 2,800 in businesses principally processing salmon. (A new census of the fish processing sector is just getting under way).

Total UK FTEs in pelagic only processing companies in 2012 was 914.

Will the Faroes and Iceland be able to fill the gap left by ban on Russia imports from EU?

In 2013, Iceland landed 154,319 tonnes of mackerel. UK exported around 11,000 tonnes to Russia in recent years.

UK average prices are much higher than Iceland and Faroes, because typically the UK exports bigger sized fish. So Iceland might be able to provide the tonnage but possibly not the desired size. Size has implications for costs and therefore profitability of processing.

Seafish Activity

Seafish is providing short-term market support in South East Asia at the following events:

Tokyo Seafood Show (19-21 August)
Working with SDI to provide a meeting place for pelagic processors on the SDI pavilion. Half the area of the pavilion will be dedicated to the Scottish pelagic processors at which they can conduct meetings. Shetland Catch, Denholms and Lunar will be using this facility while Northbay Pelagics (Freshcatch) have decided to take their own bespoke space adjacent to the SDI Pavilion. SDI also has a chef cooking up samples on the pavilion and they will include pelagics in the sampling.

Asia Seafood Expo, Hong Kong (2-4 September)
Seafish will have an information stand at this show. It will be 30sqm in size and will offer meeting facilities for all UK visitors to the show. The current plan is for it to be branded as “Seafood from Britain” and to carry information on the UK industry. Pelagic companies wishing to use the stand are quite welcome.

World Seafood Moscow (9-12 September)
A British pavilion and the pelagic processors have decided to continue with their plans to attend the show to demonstrate to their customers that they are not abandoning the Russian market.

China Fisheries, Qindao (5-7 November)
Most important seafood exhibition in Asia. All four pelagic processors are attending as part of the UK pavilion.

Looking further ahead, we plan to attend the Seoul Seafood show (April/May 2015).

*A footnote to the Russian note states that for the purposes of the note, the reader should be guided by the Customs codes and the name of the product.

[According to the Common Customs Tariff of the EU, HS Codes 0301–0308 cover live fish; fresh, chilled and frozen fish, fish fillets and other fish meat including minced; dried, salted, brined and smoked fish; flours, meals and pellets of fish that are fit for human consumption; crustaceans, molluscs and other aquatic invertebrates; crustaceans, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; smoked crustaceans, whether in shell or not, whether or not cooked before or during the smoking process; crustaceans, in shell, cooked by steaming or by boiling in water, whether or not chilled, frozen, dried, salted or in brine; flours, meals and pellets of crustaceans, fit for human consumption; and molluscs, whether in shell or not, live, fresh, chilled, frozen, dried, salted or in brine; smoked molluscs, whether in shell or not, whether or not cooked before or during the smoking process; flours, meals and pellets of molluscs, fit for human consumption.]