

The Ukrainian market of fish and fish products

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Ukraine in Europe

Ukraine is one of the largest European countries, in respect of both territory and population. Located in the heart of the Europe, this country is aimed at quick integration to the European economy and adaptation to the European standards of life. No doubt it plays a crucial role in the future of this continent. There are number of reasons to attract attention to this country, its laborious people and favorable nature conditions. The investment attractiveness of its industries and branches is one of those reasons. Undoubtedly, fisheries field is not the last in that respect : traditional high level of fish consumption in this country, unique nature possibilities, diligent and qualified specialists, so capacious and attractive market ...

GENERAL DATA OF THE COUNTRY

- Population (2009) - 46,1 mln
- Area - 603 700 sq. km (compare with France - 551,000 sq. km, Germany - 356,000; Spain - 505,000)
- Scanned area : west-east direction-1300 km long; from N to S - 900 km
- Territorial waters / Shelf area (Black Sea) - 24 850 / 77 514 sq.km
- Exclusive Economic Zone - ca 131 000 sq.km
- Coastline - 1758 km long (Black Sea - 1533 km; Sea of Azov - 225 km)
- 4% of the territory is occupied by freshwater bodies : 71,000 rivers with summary length 248,000 km; more than 8000 lakes, coastal lakes and technical reservoirs amount area of 24,033 sq. km - see details at the *Aquaculture* page

Ukraine in Europe

Map of Ukraine



Structure of the fish market

By species :

I) Input of National producer :

- **Coastal fisheries** (estuaries incl.) : European sprat, Azov tyulka, anchovy, grey mullet, pike-perch, brill, whiting and dogfish; also mussels and clams.
- **Marine aquaculture** : Pacific mullet; Mediterranean mussels; small quantities (prospective) of mullets, turbot, Black Sea flounder, striped bass, steelhead
- **Inland fishery and fresh-water aquaculture** : herbivorous fishes (about 70%), mainly silver carp and bighead carp are combined with common carp and some other species: pike-perch, European catfish, rainbow trout, pike, tench and crucian carp.
- **Deep-sea fishery**: horse mackerels, European pilchard, chub mackerel, sardinellas.

II) Contribution of import :

herring, mackerel, capelin, sprat, pilchard, Alaska pollock, hake, saithe, salmon, northern shrimp etc. – see page 14 as well

By type of products :

- 1) Fresh & chilled
- 2) Frozen (whole, H&G, fillet)
- 3) Salted
- 4) Smoked
- 5) Canned
- 6) Other: preserve (semiconserves), *paste, surimi, canned fish and vegetables*

State influence

The State supervision over the quality of fish products is effected basing on the following National laws :

- “On fish, other water living resources and products manufactured of those” (of 06.02.2003 N 486-IV)
- “On safety and quality of foodstuff” (23.12.1997 N 771/97-BP)
- “On veterinary medicine” (25.06.1992 N 2498-XII)
- “On Customs” (25.06.1991 №1262-XII); “Customs Codex” (11.07.2002 N 92-IV); “On the unique customs tariff” (No 2097/XII of 5 February 1992) and “On value added tax” (03.04.1997 No168/97-VR

(Re.imported products, see also slide 12)

Number of National Standards, Technical Provisions, Terms and Instructions is stated in the pertinent subordinate acts.

Regulation & Control bodies:

- Ministry of Agrarian Policy of Ukraine : State Committee for Fisheries and its central and local bodies (Fish Inspection, Fleet Safety inspection, Executive Bureau and their local bodies);
- State Committee of Veterinary Medicine and its local bodies
- Ministry of Health of Ukraine and its local Sanitary-and-Epidemiologic stations)
- Ministry of Environmental Protection of Ukraine (Ecological inspection)
- State Customs Service of Ukraine and its local bodies
- Ministry of the Interior of Ukraine
- State Committee for Standards of Ukraine

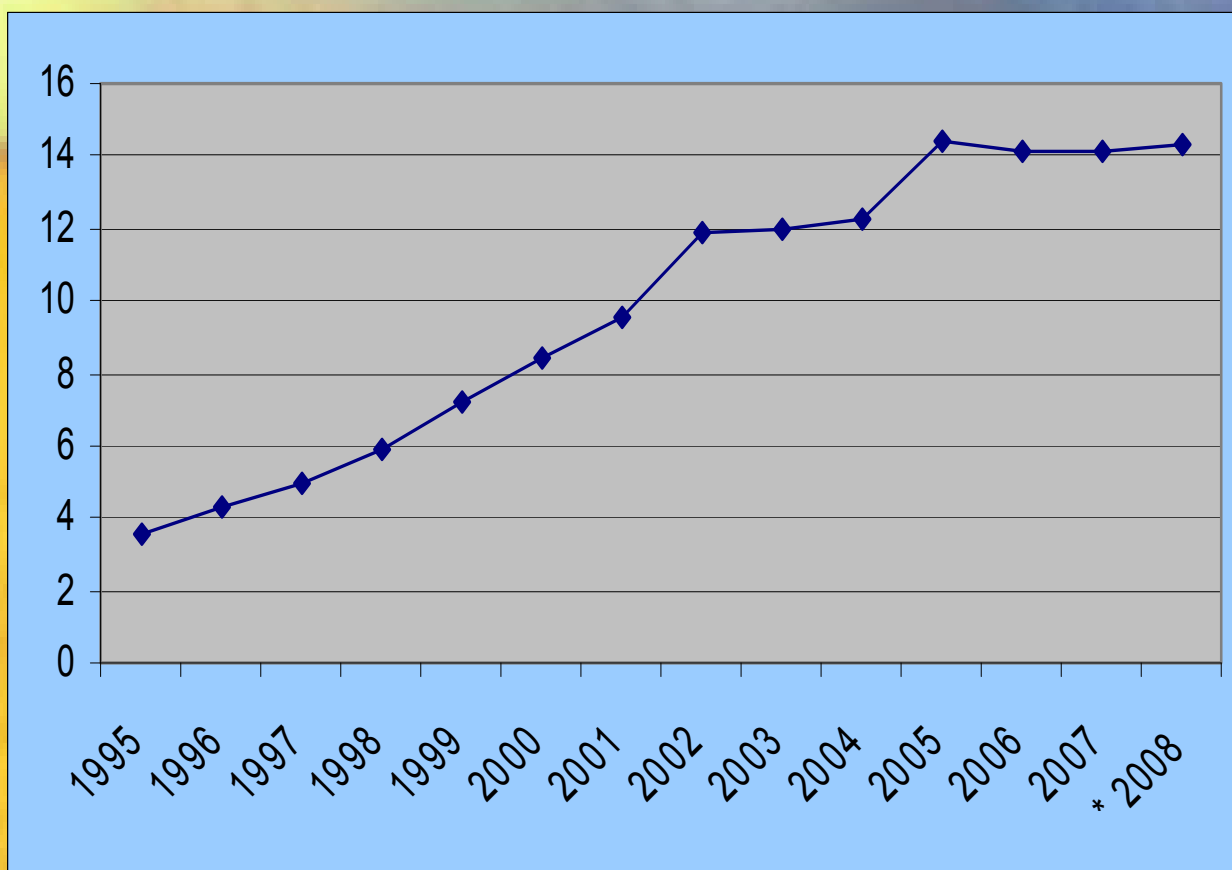
Fish market capacity and consumption trends

Fish is a traditional food for millions of Ukrainians.

*Potential consumption : 20-30 kg * 46 mln = 900-1400 MT/year*

	All market	Per capita
1995	188	3,6
1996	204	4,3
1997	237	5
1998	278	5,9
1999	339	7,2
2000	413	8,4
2001	533	9,5
2002	572	11,9
2003	574	12
2004	586	12,3
2005	677	14,4
2006	662	14,1
2007	649	14,1
* 2008	659	14,3

Long-term per capita variation :



Regional variation of traditions in fish consumption

Based on traditions and modern preferences, Ukraine can be divided into three regions.

Coastal Region (coastal areas of Odessa, Nikolayev, Kherson, Zaporozhje, Donetsk Districts, and Republic of Crimea).

Population consumes 25-50% more fishes if compared with other regions, mostly fresh and light-salted. Major species used are: anchovy, red mullet, sprat, Pacific mullet, grey mullet, Azov and Black Sea turbot, Black Sea flounder, bullhead, pike-perch, Azov and Black Sea herring, mussels, in some regions – Black Sea spiny dogfish and skates. Azov anchovy, red mullet, sprat, Azov and Black Sea herring are traditionally light-salted.

The Main Region (Lugansk, Kharkov, Dnepropetrovsk, Kirovograd, Poltava, Sumy, Cherkassy, Kiev, Chernigov, Vinnitsa, Zhitomir, Khmel'nitsk, Ternopol, and Rovno Districts and northern areas of Coastal Region) – people prefer meat and vegetables in everyday consumption, nevertheless fish is desirable as well. Large fresh-water species are preferred, like common carp which is traditionally grown to 2-3 kg and more, as well as pike-perch, pike, catfish, tench, and other big carps fished in local rivers and lakes.

Western Region (Chernovtsy, Ivano-Frankovsk, Zakarpatskaya, Lvov, and Volynsk Districts).

Fish is consumed 25-30 % less, though it is usually typical for a festive table. Of the smaller fishes trout (in mountainous areas) and crucian carp are desirable.

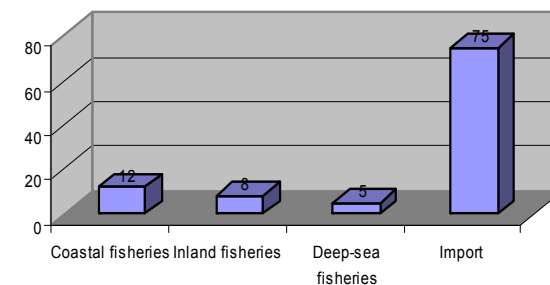
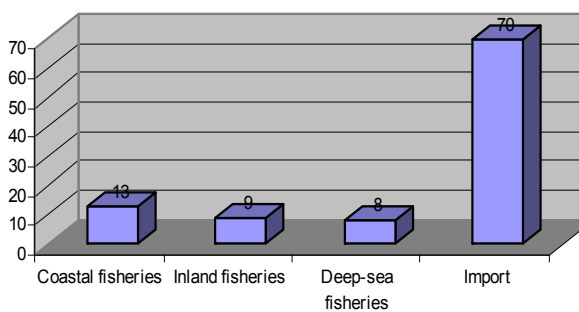
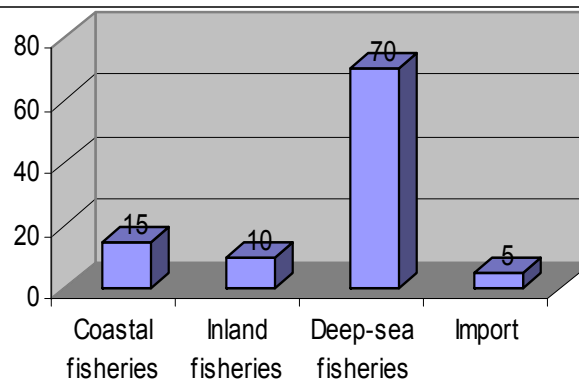
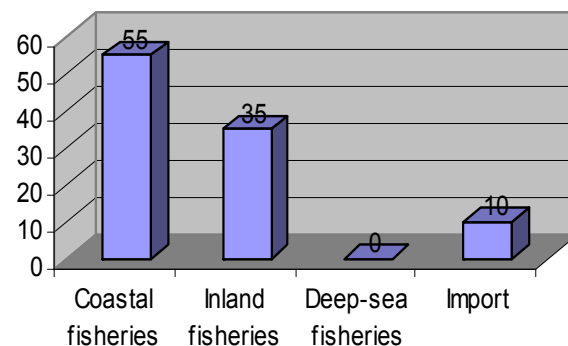
Regional variation of fish consumption

((более темной заливкой – места конц-й))



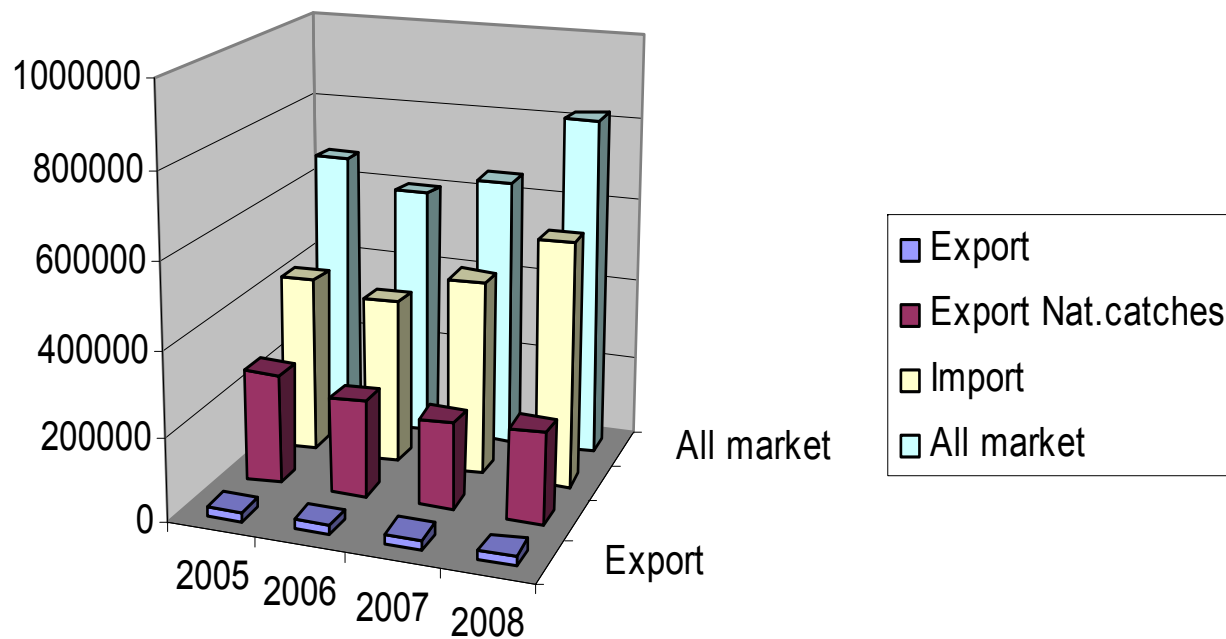
Long-term variation of the sources' contribution

Characteristic periods	Main sources and their role/share	(%)
Up to 70-th	Coastal fisheries	55
	Inland fisheries	35
	Deep-sea fisheries	0
	Import	10
80-th- 90-th	Coastal fisheries	15
	Inland fisheries	10
	Deep-sea fisheries	70
	Import	5
2000-2007	Coastal fisheries	13
	Inland fisheries	9
	Deep-sea fisheries	8
	Import	70
2008-2009	Coastal fisheries	12
	Inland fisheries	8
	Deep-sea fisheries	5
	Import	75



Last variation of the sources` contribution (2005-2007)

	All market	Import	National catches	Export
2005	671	426	265	20,6
2006	604	397	229	21,2
2007	649	467	207	25,2
2008	818	582	214	22,0

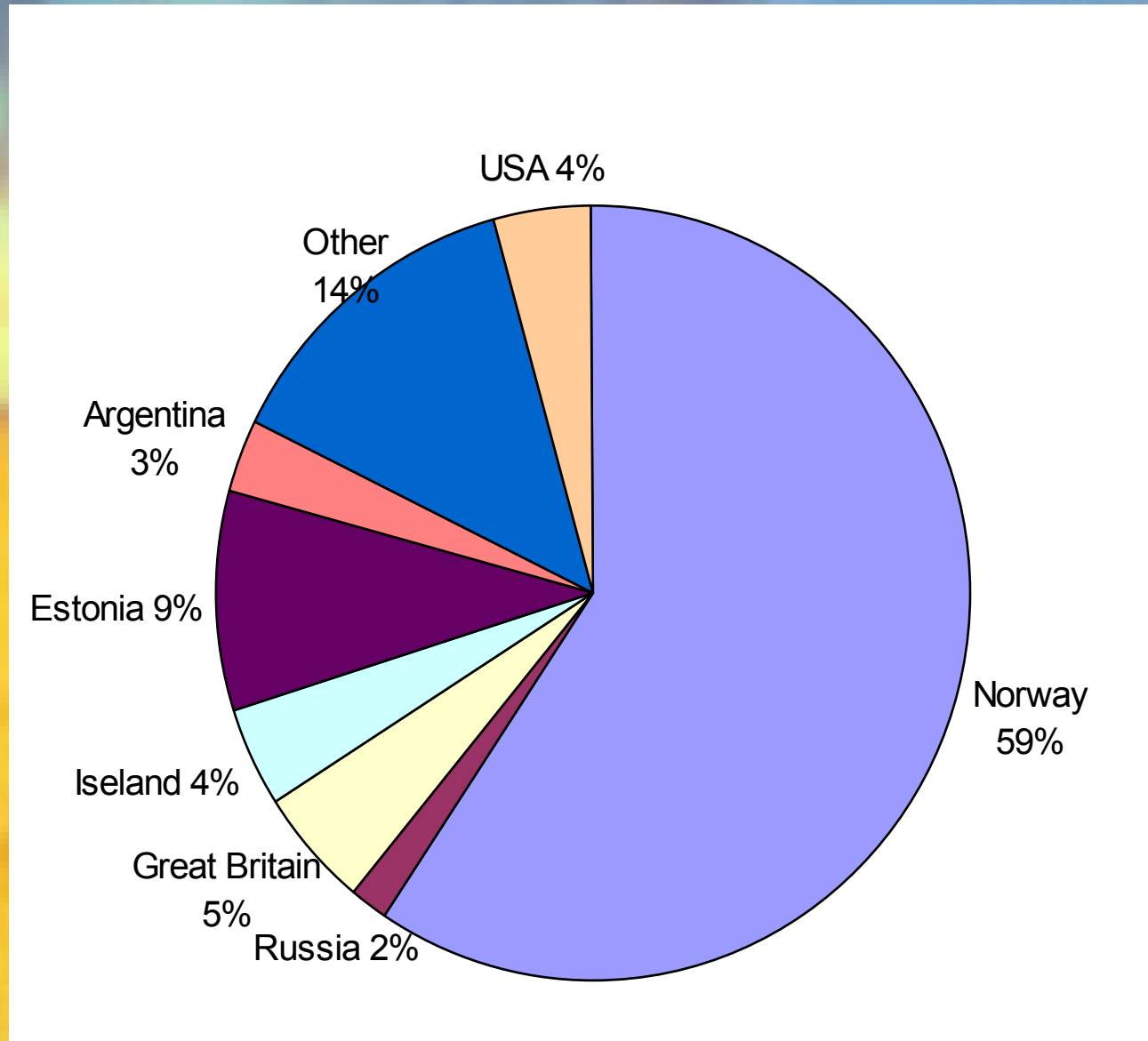


Import regulation

- National policy in relation to imports aims attraction of fish products to the domestic market.
- In accordance with the National Laws, the importers of fish products have the following expenditures: customs duty, import duty, value added tax.
- 1) Customs duty - is imposed on the ground of the Decree of the Cabinet of Ministers of Ukraine of 27 January 1997 No 65 and make 0.2% of the declared customs cost, but not more than \$US1000.
- 2) The duty for imported fish products is levied on the basis of the Law of Ukraine "On the unique customs tariff" (No 2097/XII of 5 February 1992). The duty is imposed in accordance with the Decree of the Cabinet of Ministers of Ukraine No1378 of 8 November 1996; for most of fish products it equals 5% of their customs value.
- The imported duty is not imposed when importing products from countries with which Ukraine has agreements on free trade.
- 3) Value added tax is imposed on the ground of the Law of Ukraine of 3 April 1997 No168/97-BP "On value added tax". It is equal to 20% of the sum resulted from addition of the declared customs cost of fish products, customs charge and customs duty. In accordance with this document the tax при ввозе is paid only by importers bringing fish products for immediate sale. There is no tax when importing fish raw materials and semi-finished products for processing, it is imposed in sale.
- Fish caviar and crustaceans are imposed by the excise charge which equals to 30% of total cost of goods after imposing tariffs and duties.
- No import quota established in Ukraine.
- The pertinent subordinate acts describe the procedures of implementation of the above.

Import - by countries (2005, in value terms)

- Total volume of import amounted 245 th.MT of fish products for US\$ 88.4 million.
- Major exporters to the Ukrainian domestic market were: Norway (about 170,000 t), Estonia (36,000 t), Iceland (13,000 t), Russia (8,000 t), Mauritania (5,000 t – probably re-export), Great Britain and USA (3000 t each)



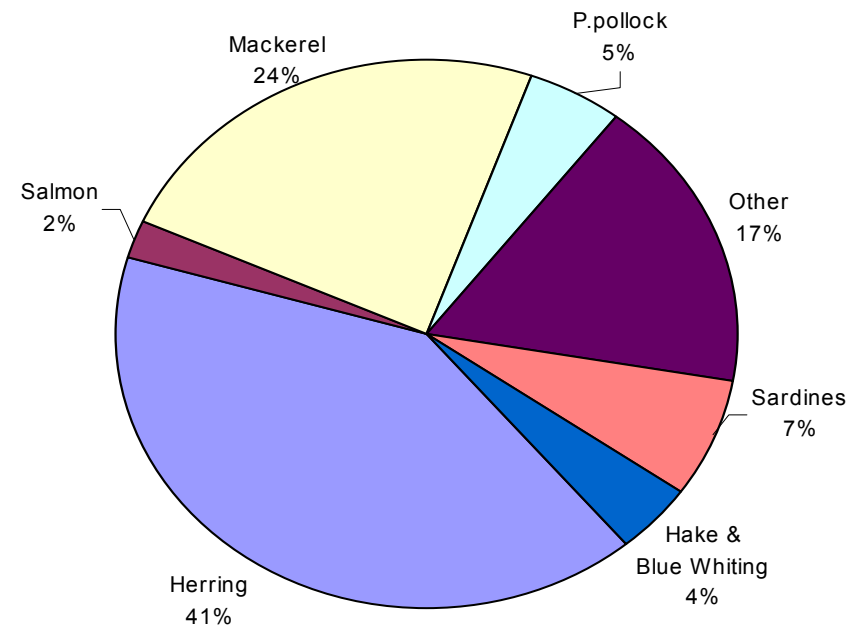
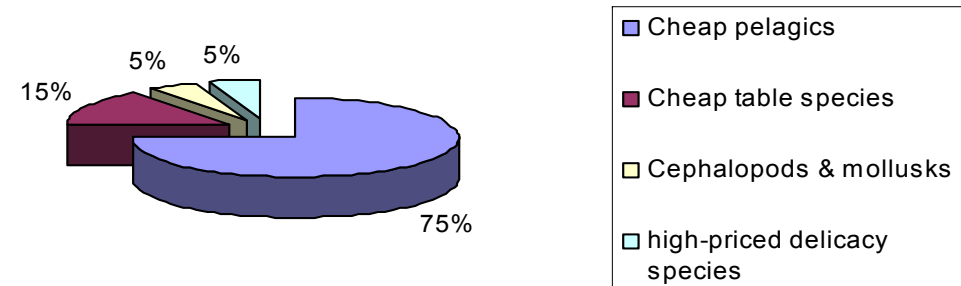
Import - by species (in value terms)

Group 1 (70-80%) - cheap pelagics suitable both for direct consumption and processing : Atlantic herring, Atlantic mackerel, capelin, sprat and pilchard

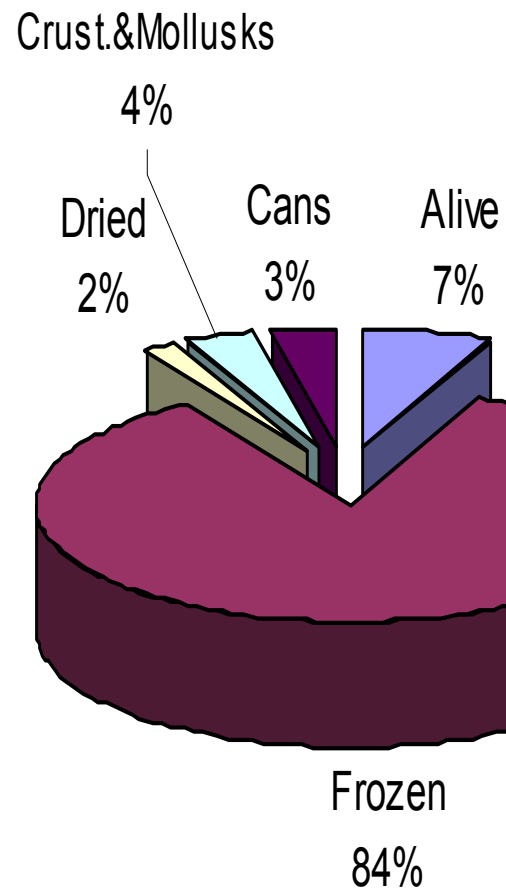
Group 2 (15%) - cheap table species : saithe, hake, Alaska pollack, some other gadoids as well as surimi

Group 3 (5-10 %) - cephalopods & mollusks

Group 4 (5%) -high-priced delicacy species : black and red caviar, sturgeons, lobsters, big tropical shrimps, shellfish; also farmed salmon and northern shrimp



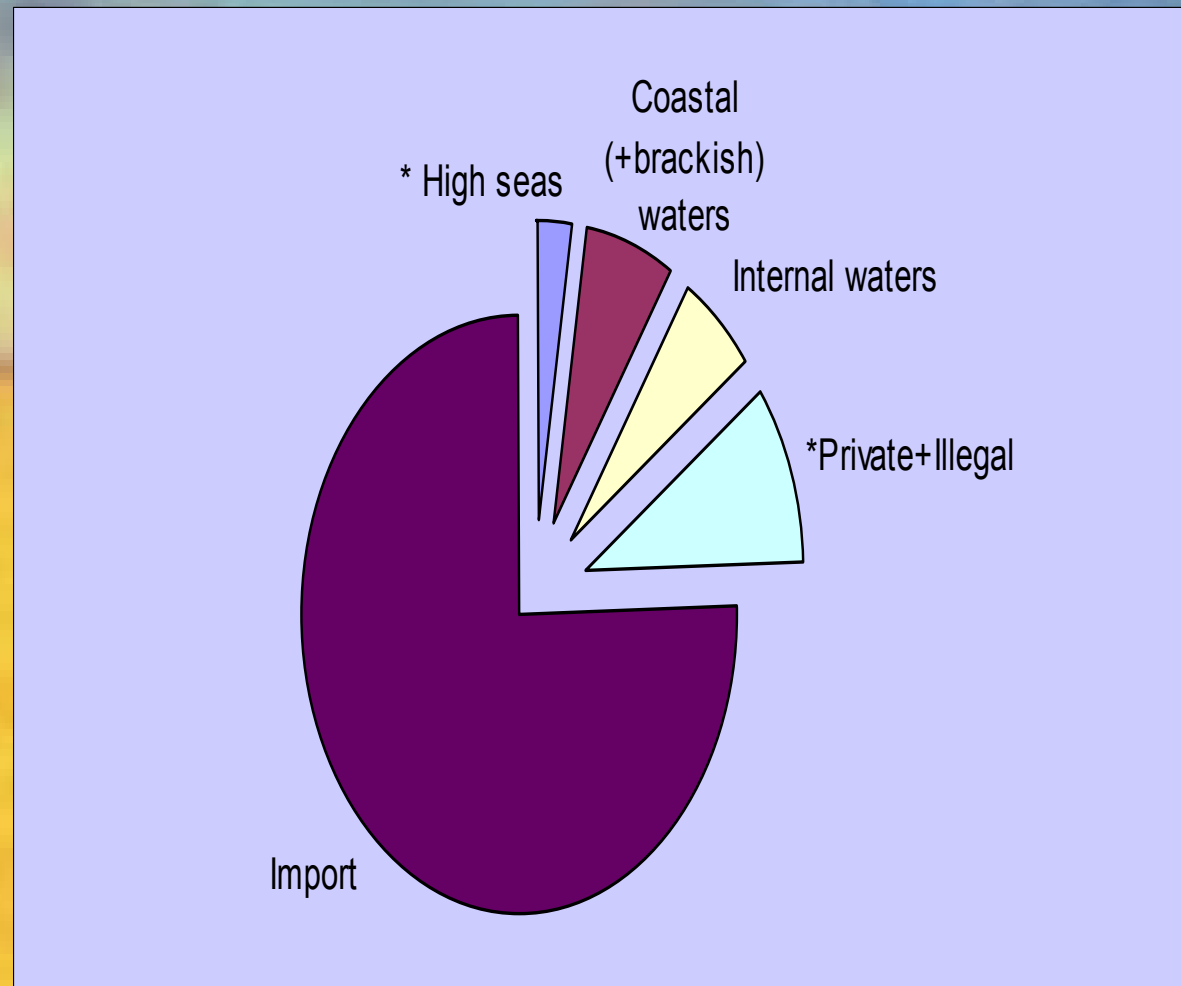
Import — by view of products (in value terms)



2007 Sources of supply analyzes

*Note : figures are estimated (supposed) only

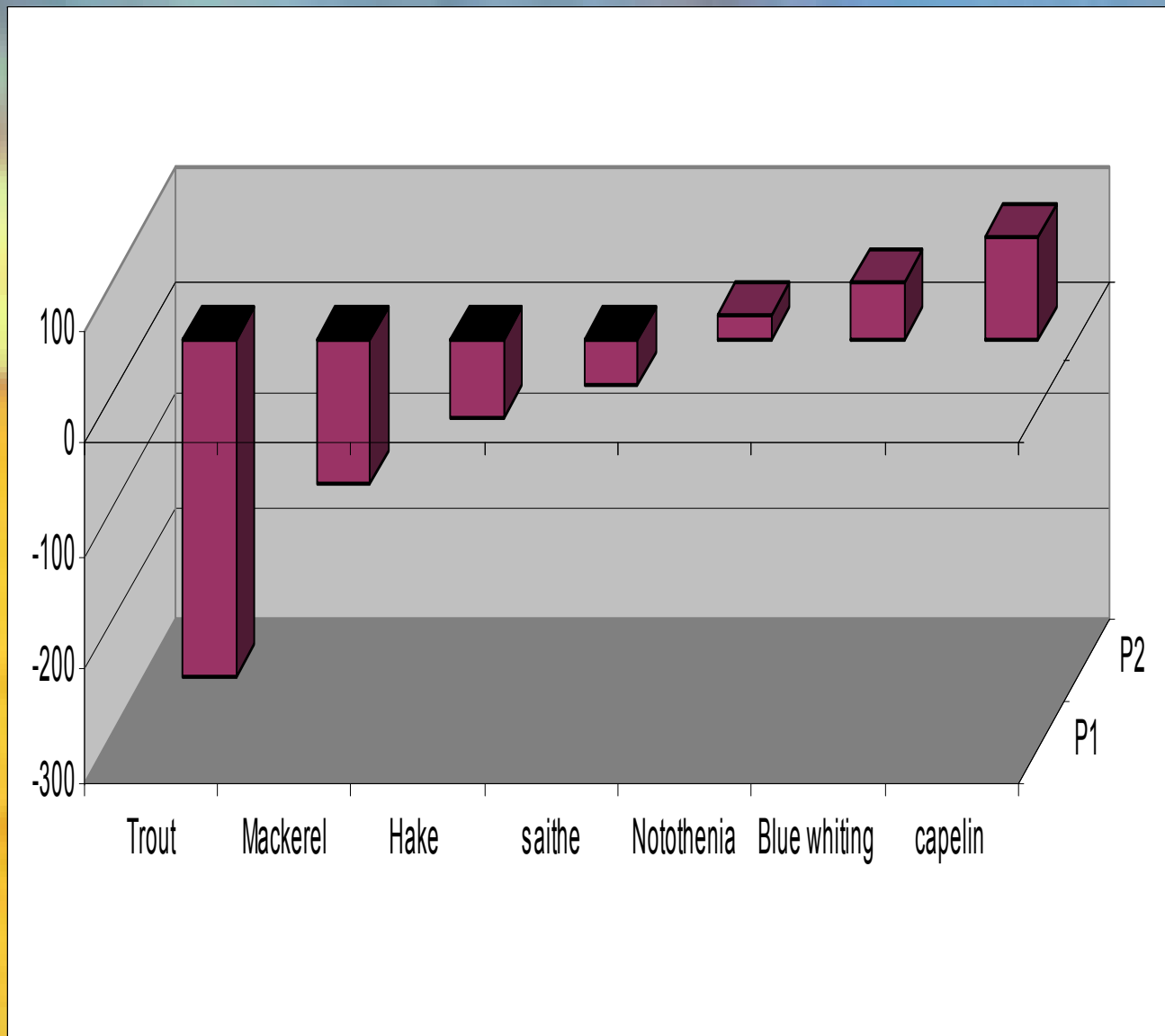
2007	Th.MT	%
* High seas	15	2,4%
Coastal(+brackis) waters	42	6,8%
Internal waters	36	5,8%
Ttl-National production	93	15%
* Private fishing +Illegal fishing & import	60	10%
Import	466	75%
All market	619	100



Last market trends

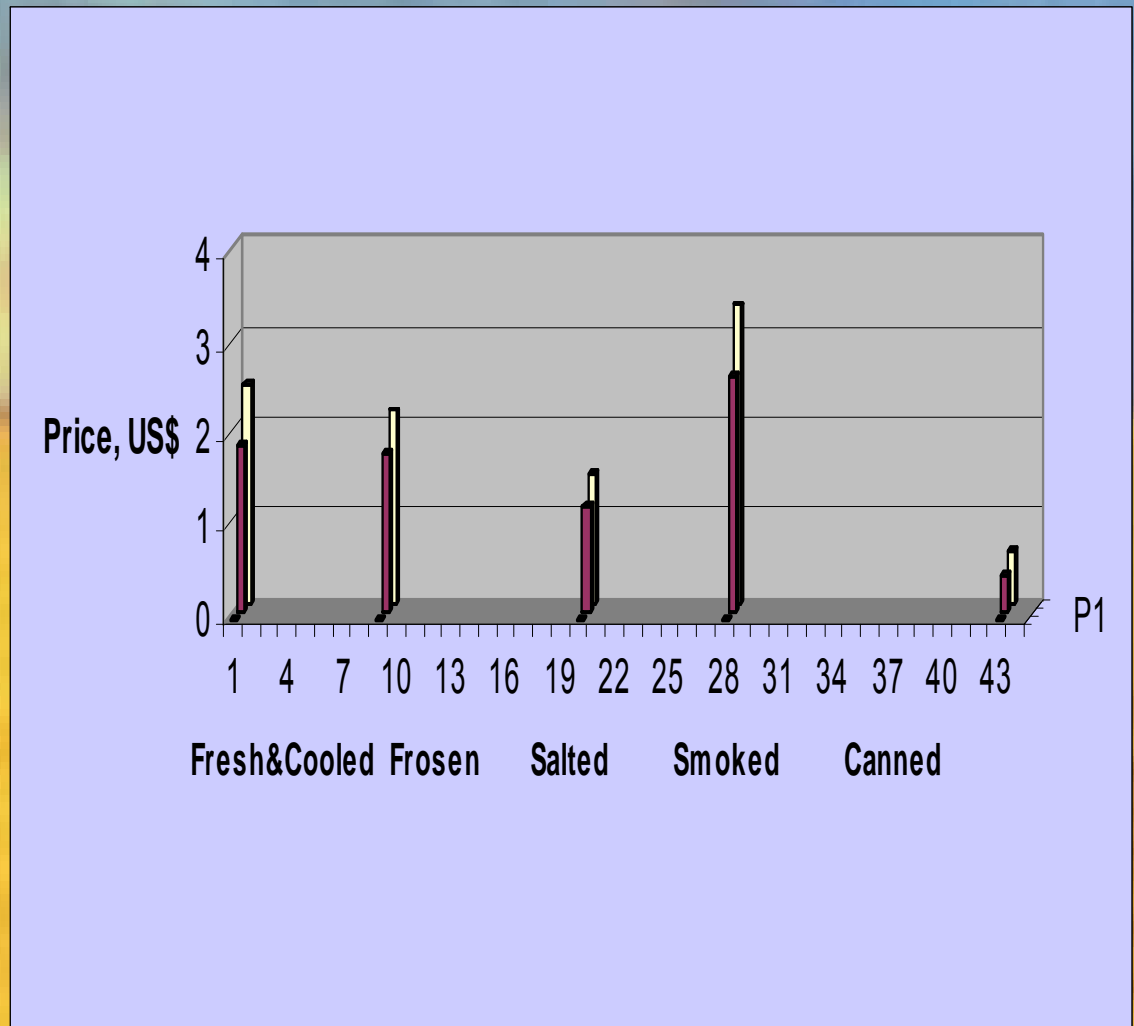
Re-structure of fish import –by species

2009 to 2007,	%
Trout	-300
Mackerel	-130
Hake	-70
Saithe	-40
Notothenia	20
Blue whiting	50
Capelin	90

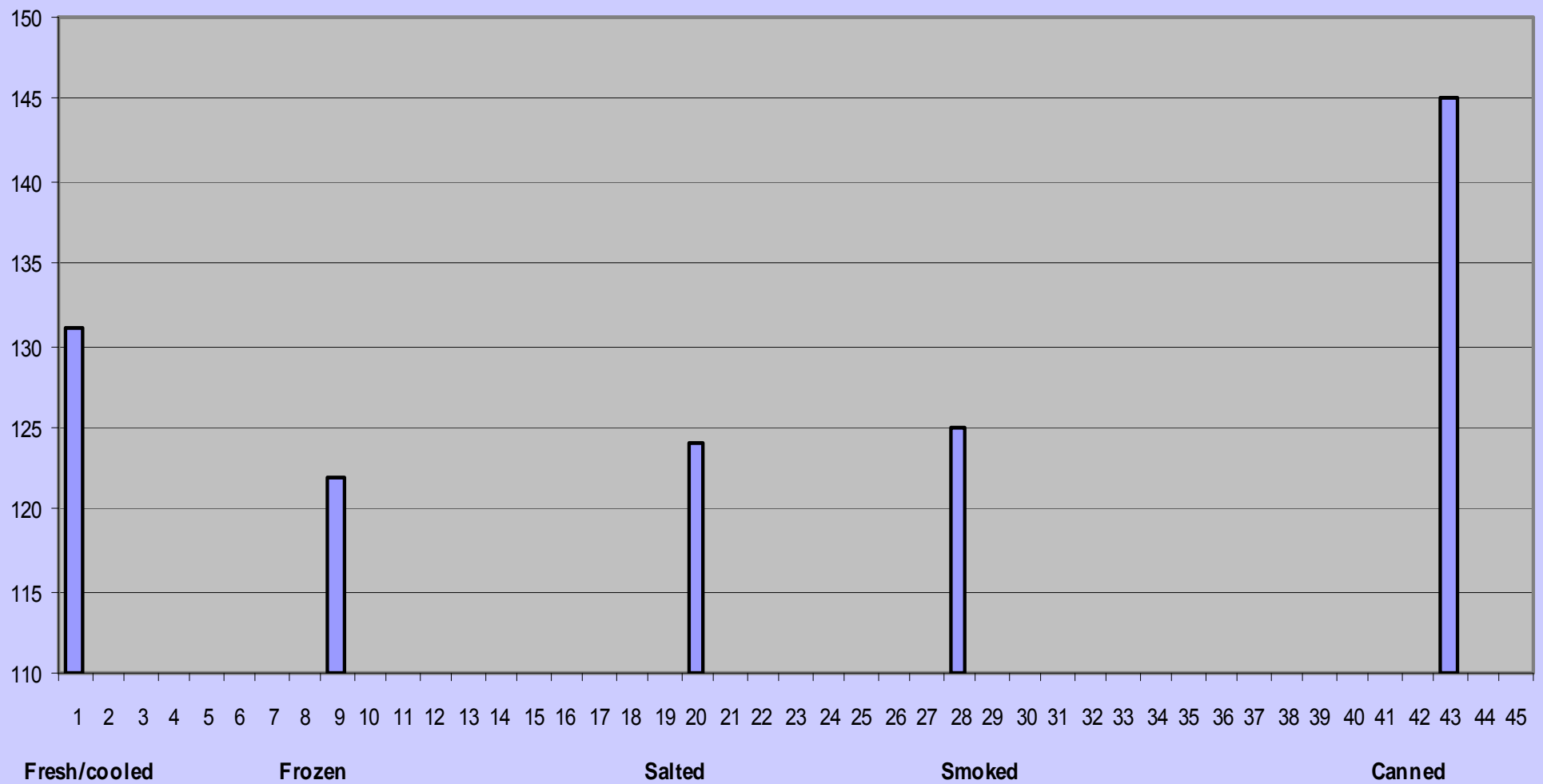


Last prices trends (2008-2009)

	2008	2009	%
1) Fresh & cooled	1,84	2,42	131
2) Frozen(whole, H&G, fillet)	1,74	2,13	122
3) Salted	1,16	1,44	124
4) Smoked	2,6	3,3	125
5) Canned	0,42	0,6	145



Prices 2009 to 2008 (%)



Last market trends

2008-2009, National production, export and import

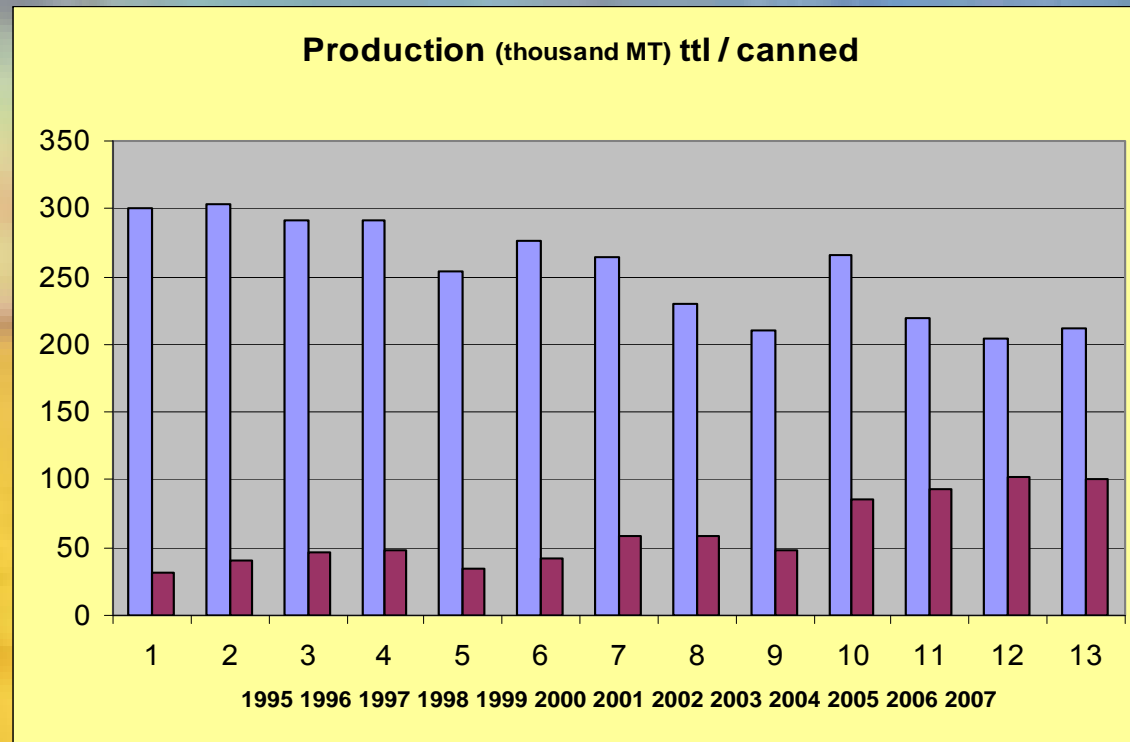
- Some sources advise of production raise, in fishing (3%) and especially in processing (canning / preserving / smoking – up to 20-25%). State Statistics Committee confirms these trends – see the Tables on the right :
- These changes can not be considered as satisfactory: fish quality in the market decreases, export orients mainly to CIS markets

2008	MIn.US \$	% to 2007	% export to Import
Import	617	139	
Export	3,7	65	0,6

Jan-July 2009	MIn.US \$	% to I-VII. 2008	% export to import
Import	243	73	
Export	6,7	306	2,8

National production

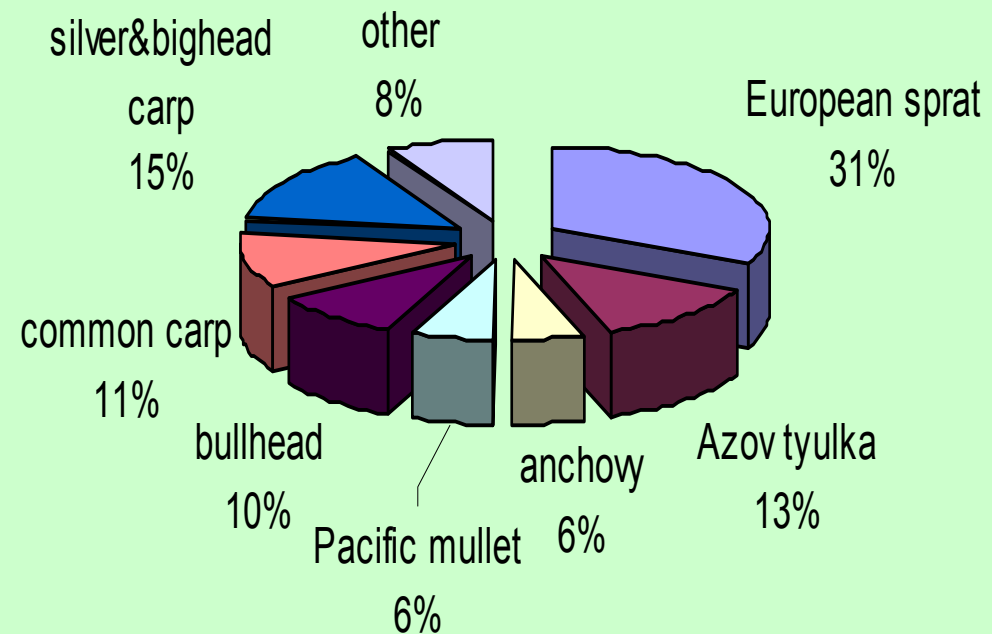
	Fish products			
	For human consumption – in all	Including canned	Fish meal	Fingerlings introduced, mln.
1995	301	30,8	23	80
2000	276	42,4	17,7	36,3
2003	210	48,7	13,7	11,3
2004	266	85	9,7	15
2005	220	93,3	6	8,4
2006	205	102,4	4	13
2007	211,5	100,6	6	–



Input of National producer - by species

(2007, MT and share)

European sprat	31423
Azov tyulka	12563
anchovy	5407
Pacific mullet	6035
bullhead	9607
common carp	10531
silver & bighead carp	14705
other	8000



SOLUTION: mutual activities

(experience and prospects)

- **Marketing researches, logistics and infrastructure development, realization of fish**
- **Aquaculture modern development**
- **Full and rational utilization of Ukrainian fishing possibilities**
- **Clondyking operations**
- **Export**