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The Problems that Interfere the Development of Trade And Economic Relations in Fish Industry

Olga Yu. Vorozhit
The Vladivostok State University of Economics and Service, Russia
Olga.Vorozhit@vvsu.ru

Abstract

In the recent years the problem of competitiveness in fishing industry of Russian Far East is of the highest importance. There is a number of tasks that require urgent solution. The solution of any problem is impossible without diagnosing the causes and identifying the main factors. It is important to realize the main peculiarities and problems of entrepreneurship development in the fishing industry of the Russian Far East, which provides more than 60% of the fishery production in the country.

This article identifies key obstacles for sustainable development of fisheries in Russian Far East, consequently, to decreasing of fish industry competitiveness.

The transformations being held in the years of economic reforms in our country impacted fish industry negatively. Till 90th years of last century there was a powerful entity which included not only fish extracting, but also refinery organizations, ship building and ship mending, also it involved producing craft tools. An integral part of fish industry was ports. Far Eastern fish industry complex had a steady international communications. Besides, it possessed considerable potential in international communications development.

As a result of privatization of the former state ownership the uniform fish's industry entity broke up into separate structures, this result in setting of lots of small independent enterprises, each of these organizations was actually engaged in extraction, processing and sale of its products, involving lots of middlemen into the activity that has led to rising in prices, and,

The nearest history's analysis of FEED fish industry's development and its present condition, fish industry competitiveness estimation have allowed to reveal some crucial problem blocks, found in branch, connected with threats to economic safety of our country (pic 1).

Fish Industry's Break Up. Fish industry complex decoy resulted in creation of a significant amount of independent fish industrial structures. At the present day it is necessary to establish the fact of missing organizational and economic relations between fish and sea products extraction and their processing. Practically there are no connection between fishing organizations with the enterprises of other branches. It leads to low economic efficiency of fish industry, decreasing the investment attraction in this sphere.

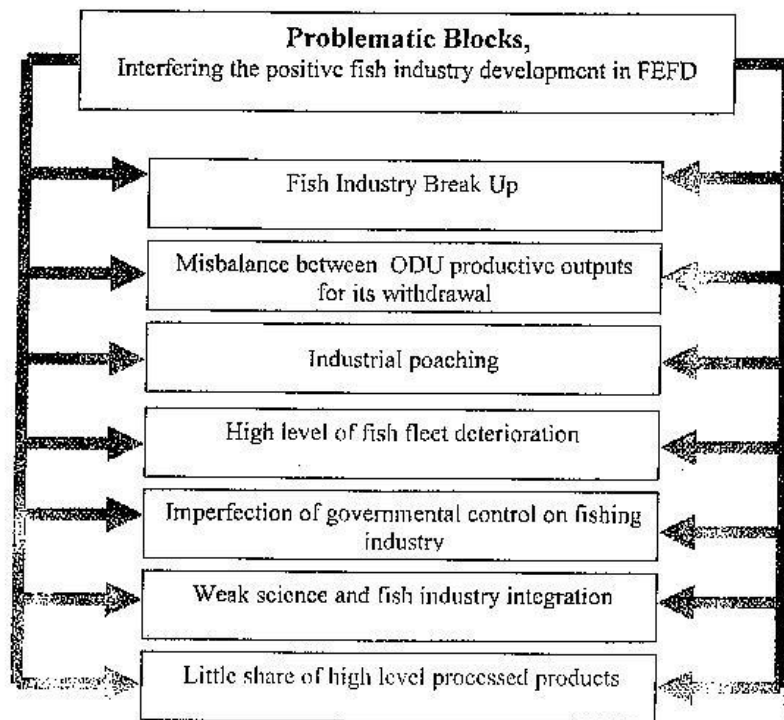


Fig. 1. Problematic Blocks,
Interfering the positive fish industry development in FEFD
Developed by author basing on [3,5]

The increasing the amount of the extracting companies in the conditions of the limited raw materials sources occurs because of their redistribution, instead of new craft objects development. Putting the limits on fish and sea products extraction can provoke poaching, because the quota that have been already achieved doesn't allow to cover the expenses spent on extraction.

From our point of view, the decision of this problem can be taken as integration processes promoting the setting of huge fish industries associations, concentrating the fish extraction and processing, then selling in out as their mission. Creation of fishing units in Far East region will allow to unite large, average and small associations, to direct their efforts on uniform purpose achievement – the increasing of fish industry competitiveness.

One of possible variants of integration processes activation is practice of quotas allocation not to separate vessels and even not to

separate enterprises, but splitting the quota large prizes which are capable to choose common vessels. In this case these enterprises will be compelled to cooperate implementing the industrial activity.

Misbalance between admissible amount of craft and output industrial capacities for withdrawal. There is a big problem in nowadays. It is an excess of fishery vessels trade possibilities over the capacities of admissible bio resources extraction and processing. There are much more vessels specially equipped for crafting such things as cod, pollack than it is required for their development according ODU.

The researches being made shown that modern raw material base can supply work more then 80 huge and 50 average vessels in conditions of equal input. In reality we have only 192 huge and 589 average vessels in beginning of 2000 year.

In pre-privatization period the basic extraction and processing's capacity supported on large organizations. And each of them had

less than 50 units of oceanic fleet. Now the fishing branch in Russia is presented commonly by 5 thousand enterprises the most part of it is unprofitable. One Russian company has 2-3 vessels that does not allow the state to operate the bio resources effectively, and business can't effectively master them.

We should note that changing by zones in structure of fish and sea products extraction significantly mounted the input on bio sources, that are placed in Russian economic zone, which will surely result in stocks decreasing, that decreases the risk of being employed in fish industry.

The solution is commonly known and it is implementing in lots of fishing counties: the quantity of fishing vessels should be strictly equal to source base possibilities. All the vessels appeared to be excess are going to other craft zones, including World Ocean. Or they can be sold out.

This problem gives a life to new ones.

The high level of extraction outputs provokes the industrial poaching in FEDF. This, however leads to phantom turnover and smuggling, having fish and sea products transported out of the country.

All the sources that were smuggled put together can be estimated as \$1billion, that is equal to 1 million ton of water bio sources.

To solve this problem it's necessary to put all the functions such as coordinating, governmental control and utilization of all water sources on uniform federal body of the executive power.

High level of plant depreciation. Having a superfluous outputs in different craft objects doesn't solve the problem of supporting fishing enterprises with plant. At the present day there more than 65% plants in Far Eastern fish industry tears and have got to be updated. This situation also impacts the craft quality and it is a factor of safety decrease of fish extraction.

Problem of upgrading the fleet is a complex problem. Governmental support is extremely welcomed, not only involving investment projects, but also credits, subsidizing of the interest rates. It's important to support the putting of the fishing vessels construction orders on Russian ship building entities.

Imperfect system of governmental fish industry. Practically all the problematic blocks impact this problem. It can be divided into several indexes. Firstly, there is no water bio sources regulating base. Firstly there are no

auslere water sources regulating. The standard documents, developed by various bodies, mutually conflict with each other without determining clear norms and rules. Secondly, the activity of the separate ministries and departments which provide fishing activity in region is not submitted. Thirdly, there is no state vertical in fishing activity.

Such situation generates an inefficiency of the state control in using sea bio resources and consequently non-observance the ODU on some objects of a craft, the poaching growth in an economic zone of the Russian Federation, an illegal turn of fish and seafood and their illicit export abroad.

Absence of the state support along with the above-stated problems generates also others. Poorly enough in Russia and in Far East Region mar culture develops, in comparison with primary fishing powers.

Separate problem in the given block is the operating mechanism of quotas allocating. The basic part of quotas under various schemes is redeemed by the foreign companies. As a result fish and seafood with low degree of processing leave for export under the dumping prices.

The system of the taxation established in Russia, rules of customs registration interfere with developing of fishing activity for today, and fishing enterprises leave from the Russian market. The difference in taxes and tax collections is considerable by delivery of fish production abroad and on the Russian coast. At official export it is necessary to pay the duty at a rate of 5-10%, and by delivery of production to home market the size of the VAT makes 18%. Expenses in the Russian ports on purchasing gas, the equipment and special tools for fishing in 2-3 times above than in foreign ports. Repair, services are more cheaply in foreign ports too, taxes are lower and the credit is more profitable. Arrival and withdrawal registration, boat unloading, their supplies take 3-5 hours in foreign ports. In the Russian ports official registration of papers for short-term parking of a boat exceeds one day and on occasion takes about three days. Thus vessel idleness costs from \$100 to \$500 for one hour. For example, in Pusan (South Korea) the crew pays \$500 a day to the authorities for all: living, port services, repair, etc.

Adverse conditions of conducting business in fishing activity in Russia have forced the enterprises to address for credits in foreign banks and the credit organizations and also to

involve loans. Calculations under credits by fish and seafood became result of it. The developed infrastructures, simplicity of registration involve industrial boats in foreign ports. All of it does not promote developing and economic prosperity of fishing activity in Far East Region of Russia.

The decision of the given problem, in our opinion, is possible with simplification of customs procedures, decreasing every possible gathering and duties, developing a fisherman service network, etc.

Weak integration between science and fishing activity. Fishing complex disintegration has led

to full disappearance of scientific researches in the field of bioresources conditions. For too the poor finance designated on these purposes and also organizational and technical miscalculations reconcile insignificant volume to discrepancies in determining of volume admissible fishing on separate trade objects.

Let's consider volumes of bioresources fishing on designated quotas in 2007 of separate East Region subjects (table 1).

Table 1 - Development of quotas on bioresources fishing by Far East Region subjects in 2007.

No	The indicator name	Primorsky region	Khabarovsk region	Kamchatsky region	Sakhalin region	Magadan region
1	2	3	4	5	6	7
1	Fish and seafood extracting (th/t)	676,3	146,9	691,8	518,2	107,2
2	Volume of industrial quotas (th/t)	970,4	185,8	864,0	855,7	150,0
3	Development of industrial quotas (%)	70	79	80	61	71

As we can see from the table 1 any Far East Region subject has not mastered the designated volumes on quotas.

For today practically there is no research fleet. The Scientific research institutes, developing fishing activity, such, for example, as TINRO, practically do not study strategic questions of developing fishing activity in region.

The system of specialist's preparation for a fishing industry in Far East region is not perfect. Branch high schools prepare experts in the list of specialties which were generated at the USSR, and also not profile specialties claimed in the market. However such approach does not consider the developing requirement of fishing science interferes with mar culture developing. As a result high schools release experts who are not claimed by the fishing organizations.

Weak motivation of fishprocessing development. Especially sharply for today in a fishing industry of Russia there is a problem of deep processing degree output. Especially it is actual for production exported to other states. It is necessary to notice that building of large complexes on deep processing of fish and seafood and also the creation of small and middle fishing enterprises will allow not only to solve problems of population employment in Far East Region, but also will increase tax revenues

in budgets of all levels, will raise the fishing organizations, will charge the market with fish production ready to will press foreign manufacturers.

The exit on the foreign markets for processed production except the deep above-stated questions will allow to use foreign currency, to raise the status of Russian manufacturers. Create fishprocessing manufactures should be supported by the state, besides it is necessary to use to the full potential already available fishing industry and to involve foreign capital realizing attractive projects.

Thus, the facts revealed and specified are the key reasons in our opinion of competitiveness of Russian fishing on the world market.

The major task influencing competitiveness of a fishing industry of Russia, reducing the volume of not processed fish products abroad, in our opinion a creation of favorable conditions for delivery of fish products on the world market. First of all, it is a question of simplification of registration of industrial boats in ports, reducing of port fees, creation of conditions for developing fish goods wholesale system. In this connection the necessity of entering of respective amendments and additions for the law «About fish

Russian Federation», «the Customs code of the Russian Federation» has ripened and abreast other statutory acts.

Escalating of capacities of specialized manufactures of a fishing industry is necessary to carry out mainly on the basis of expansion, reconstruction and modernization of the operating enterprises. It is expedient to build only those objects which are provided by government programs of federal, branch and regional levels. Considering its basic role in the food problem decision, the state should provide priority conditions for stable development of a fishing industry. So, new socially focused state policy in the field of its developing that confirms necessity of development series of measures on competitiveness increase fishing activity in the domestic and foreign markets is necessary.

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