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A VISIT TO ALLIMPEX-KAMCHATKA

Dear Peter,

There's nothing like a lovely piece of ruby-red smoked salmon to evoke ~~out~~ gustatory joy in a travelling gourmand like myself. I first tried Allimpix-Kamchatka smoked salmon over a year ago while in Moscow with my wife, Svetlana. She came running up to our apartment, her green eyes flashing with excitement. "Pete", she said, "Look what I got a hold of from a friend!" (In Russia, you never buy the good things at a store--you get them from a friend). She triumphantly pulled ten letter-sized packets out of her big, black handbag and thrust one at me. "Smoked salmon", she said, "The best. Open it up, while I get the bread and tea ready."

I opened one of the gold-label packages, noting the faint whoosh of vacuum packing, and began to load the bright pieces of smoked salmon onto a plate. Curious, I popped a small bit into my mouth; salted to perfection, with a subtle smoked flavor, it melted like butter. Shazam. "How much did this cost you?", I asked. "30 rubles", said Svetlana, bustling around the table. I did a quick calculation--those days, 30 rubles was about fifty cents. Not bad, I thought.

Hours later, we had finished off three of the packages, a bottle of wine, tea, and salad, a lovely Russian lunch on a rainy day in Moscow. "Where in the world does this stuff come from?" I thought, and looked at a package; the salmon was produced by a German-Russian joint-venture, 'Allimpex-Kamchatka' based in Petropavlovsk-Kamchatsky, a city way out in the Russian Far East, on the Kamchatka Peninsula...the back of beyond...interesting. How could anyone out there in the provinces make something that tasted so unbelievably good?

A year later, by a simple twist of fate, I find myself in the Russian Far East, based in the city of Petropavlovsk-Kamchatsky,

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researching the Russian fishing industry. I remembered the smoked salmon I had tasted in Moscow, did some checking around, and found out that Allimpex-Kamchatka is still in business. Through a friend, I managed to get an interview with Igor Potapenko, the General Director of Allimpex-Kamchatka, and a tour of its plant.

From the outside, the Allimpex-Kamchatka plant looks like any other concrete warehouse in Russia, low, grey, and non-descript. As we walked up to Potapenko's office along a dark, rickety staircase, I found myself wondering how a place like this could produce the kind of salmon I had sampled in Moscow a year earlier.

I got my first clue upon meeting Mr. Potapenko, a pleasant, bespectacled, fortyish gentleman with a forthright manner which bespoke of quiet self-confidence. Originally a refrigeration mechanic on a factory trawler, he has risen to his present post by a combination of administrative know-how, determination, and good fortune. In modern Russia, a businessman resembles nothing more than a juggler with a dozen balls in the air at once. Potapenko's phone rang at least seven times during our interview, and twice his secretary brought in papers to be signed, yet never once did he drop the conversational ball.

"We got our start in 1989", he explained, "As part of the giant fishing enterprise, Kamchatrybprom, which had at the time over 30,000 employees. We were originally a small branch formed to work with our German partner, the EMB Corporation, but we have since become a joint-venture company, independent of Kamchatrybprom, with our own license."

Allimpex-Kamchatka annually produces one hundred and forty tons of finished product a year, with ten to fifteen percent of that going for export on foreign markets. It's processing plant is outfitted with modern German equipment, and is airy, well-lit, and immaculately clean.

I toured the factory with a quality-control engineer, and was immediately impressed by the diligence with which cleanliness was maintained. Twice during our tour, operations were halted, and work stations, floor, and tools were thoroughly washed. Workers wore gloves and hairnets, and walked through sanitary dip upon entering the factory. "Sanitation is our top priority", explained the engineer, "Without that, our product quality suffers, and we can't compete on the world market."

With sixty employees and seven managers, Allimpex-Kamchatka sharply diverges from the traditional, top-heavy administrative structure that characterizes many Russian enterprises. That suits Mr. Potapenko just fine. "We work very effectively here", he said, "Our emphasis is on producing a world-class product."

In contrast to many Russian factories and enterprises I have visited, where workers lounge, drink tea, and take extended smoke breaks, the employees at Allimpex-Kamchatka were all bustling at their stations.

The business-like atmosphere is hardly a coincidence. Workers at Allimpex-Kamchatka keep their jobs the old-fashioned way--they earn them. "We have people come for a month to see how they like it", explained Potapenko, "And if they can adjust to the pace, they stay on." The workers I saw labored with great concentration as they carefully laid pieces of smoked salmon into packages with the Allimpex-Kamchatka trademark. Potapenko explained that employees of Allimpex-Kamchatka are paid two and one half times more than workers at other processing plants on Kamchatka. Other benefits--free transportation to and from work by company bus, and the opportunity to buy imported Japanese goods through the company--makes work at Allimpex-Kamchatka an attractive proposition for those who stay on.

The emphasis on quality also means that Allimpex-Kamchatka is free from the old bugbears of the Russian workforce, laziness and drunkenness. "We keep labor discipline high, and do not tolerate alcohol here", said Potapenko, "Our operations depend on the quality of work we get from our employees." Potapenko scoffs at the prejudice that Russian workers can't work up to Western standards. He notes that all of Allimpex-Kamchatka's employees are Russian. "Workers need incentive", he said, "And we give it to them. That's enough."

With economic chaos rampaging through Russia, Potapenko has to work hard to keep Allimpex-Kamchatka running. "At first, things went well here", he recalls, "But with the situation changing all the time, we are stretched to the limit to keep running." The challenges come from all sides. For example, since Russian salt does not meet quality standards, Allimpex-Kamchatka imports all the salt it uses in processing salmon. Similarly, the company imports packaging materials from overseas. These imported materials are subject, by Russian law, to an astronomical twenty-six percent customs duty. "Customs duties that high can shut a company out of the foreign market entirely", said Potapenko, "We've had to struggle to stay competitive, and stay out there."

Inflation further complicates the day-to-day operations of Allimpex-Kamchatka. With the price of goods rising out of control in many sectors of the Russian economy, luxuries like smoked salmon are, on the face of it, an item most consumers can do without. And, in fact, Allimpex-Kamchatka recently stopped selling its product in its home city of Petropavlovsk-Kamchatsky. Nobody, it seems, wanted to buy expensive salmon (now 70 rubles for about 6 ounces), however attractively packaged and high-quality, in a town where the markets are usually awash

with cheap, homemade, smoked salmon. However, sales on the 'materik'--mainland Russia, where salmon is comparatively rare--remain strong. "People still place orders and buy our product, even though it's expensive. Quality always sells", remarked Potapenko with a smile.

Local government presents its own obstacles to Allimpex-Kamchatka's operations. "Local officials took most of our salmon quota away this year. We got an allocation of only thirteen tons, not nearly enough for our needs. We had to buy the rest from small producers, which turned out to be twice as expensive for us. As a result, we had to raise the price of our product", explained Potapenko.

Despite economic upheaval, Allimpex-Kamchatka is not only still in business, it is flourishing. The company recently broke into the highly-competitive Japanese market, signing a contract with the Nichimon Corporation and Nisso Boeki Corporation, Ltd., for an order of forty tons of smoked salmon. "The Japanese went around to every factory in Petropavlovsk, but they were most impressed with our product", said Potapenko with pride, "Breaking into the Japanese market is our biggest success to date."

Potapenko grows thoughtful when asked for advice for Americans wishing to enter the competitive and highly confusing Russian Far East fishing business. "I don't really know what to advise them", he said, "The situation here is so fluid and difficult. One day the laws say one thing, and then a month later, they say something else. There's just no way to predict what's going to happen next."

Although a multitude of problems bedevils Potapenko, Allimpex-Kamchatka has its sights set on bigger and better things. The processing plant is being outfitted with processing equipment for a line of halibut and cod fillets. Allimpex-Kamchatka also will soon be producing pollock roe caviar for their Japanese clients. Potapenko readily admits that he is aiming for the American market, too. "I have a trip planned to Seattle in January", he said, "I think people in the United States will enjoy our product."

When I left the Allimpex-Kamchata plant, Potapenko quoted the old Russian proverb, "The sea loves the courageous." Although I enjoyed meeting with Potapenko, it was even better to see a Kamchatka business that is not just surviving, but making headway against the bureaucratic and economic storms battering the Russian Far East fishery.

Best wishes,

Peter H. Christiansen