

Price - It is generally true the the major U.S. buyers are price shoppers, known for their "nickel and dime" adherence to the bottom line. The net effect of this attitude has been to drive the best-quality seafood into markets more wiling to pay the price. We see this attitude carried over into the retail sector, where major retail buyers buy almost exclusively on price, demanding the highest quality, but often not knowing what that means. As regards whitefish at retail, once you leave the world of \$3.99/lb. for protein, you've lost a good many customers, and most seafood now exceeds that price. Restaurants, especially independent restaurants, are different. Astronomical menu prices can be charged and will be paid by someone.

If the Free Trade Agreement results in smaller Canadian suppliers establishing better long-term relationships with buyers, and doing that directly rather than through middle men it is a reasonable assumption that prices and competitiveness would be affected in a positive way.

Some shellfish products (crab, for example) face fairly high tariffs in U.S. markets, but because there is a strong demand for the product prices are good and tariffs do not appear to limit trade in any significant way. So removal of tariffs on shellfish products under the FTA is not likely to have a large impact on trade with the U.S.

Convenience - If we take a look at the American consumer's demand for convenience in cooking, the importance of this item becomes apparent. For years, actually for as long as it has existed in the United States, the seafood industry has been a commodity market. Few products are branded or packaged in a way to make them attractive to the buying public, and the consumer hasn't had much help in overcoming his or her fear of home preparations. Consumers still need to be persuaded that seafood can offer a convenient and efficient meal when prepared in the home. Most seafood is still eaten in restaurants.