Japan's seafood is imported, these changes are having a dramatic effect on exporters. The growing price sensitivity among Japanese consumers has been exacerbated in recent months by the weakened yen and a prolonged recession.

The nature of Canada's seafood exports to Japan has changed over the past five years from an emphasis on salmon to an emphasis on shellfish. However, given the cyclical nature of seafood supplies, it is likely that a shift back to salmon will occur as west-coast resources rebound and east-coast crab enters a period of declining abundance. The Japanese seafood trade paper *Daily Sea Foods Trade and Market News* originally estimated that imports of frozen sockeye salmon from Canada would decrease by 23 per cent, from 3000 tonnes in 1995 to 2300 tonnes in 1996. However, other estimates indicate that the improved situation in the Fraser River will increase the import of frozen sockeye from Canada to 4-5000 tonnes this year. There is also a renewed interest in Canadian mackerel as a result of the reduced supply and the higher prices from the Norwegian producers.

Established products in the market include black cod, herring roes (cured and frozen), crab, shrimp and hokkigai clams. Frozen processed lobster exports remain secure because the U.S. cannot harvest canner sizes, but live exports are under heavy competition from Maine. The re-entry of Newfoundland capelin exporters into the Japanese market in the latter half of 1996 is a positive move, and no analysis should ignore the variety of shellfish entering Japan in small volumes but at high prices.

Shifting Patterns of Distribution and Retail Trends

Shrinking retail margins are pushing retailers to cut out middlemen and to negotiate directly with producers. In April 1995, the Hokkaido Federation of Fish Cooperatives announced that their members would work to expand direct sales of seafood to retailers. By 1997, the Federation hopes to sell 6 per cent of its annual fish sales directly to retailers; it now sells only 2 per cent directly. If this trend continues, it could signal an emerging change in the power of importers compared with retailers and reprocessors.

With the drop in total Japanese fish landings, especially in distant water fisheries, the importance of farmed fish consumption has been increasing. In 1985, farmed fish as a percentage of total landings (12.2 million tonnes) by Japan was 9.7 per cent (8.9 per cent sea farming and 0.8 per cent freshwater). By 1994, this percentage had increased to 17.5 per cent (sea farming 16.6 per cent; fresh-water farming 0.9 per cent) of the 8.1 million tonnes of total landings. Expensive species that consumers could not in the past often afford to buy have become popular as a result of increased quantities and lower prices made possible through the development of aquaculture.

Farmed fish imports, as a percentage of total fish imports, have also been increasing in the Japanese market. While imported farmed fish species are limited (major species being warm-water shrimp; Atlantic, coho and spring salmon; trout; and eel), their market share has been increasing. In particular, the market for imported Atlantic and coho salmon has developed rapidly. In 1995, the total import of farmed salmon amounted to 90 000 tonnes (an increase of 16 per cent from 1994), while the total import of wild salmon decreased by 32 per cent from 167 000 tonnes in 1994 to 113 000 tonnes. Increased availability, consistently high quality, and a higher fat content than wild