

provides financial assistance to its fishing industry in terms of production and market development aids, loan guarantees for processing plants, provision and maintenance of harbour infrastructure and funding for vessel acquisition and repairs.

Japan

Japan became Canada's second largest market after the U.S. in 1984, importing \$233 million worth of Canadian fish products. The Japanese tariff structure has few duty free rates and not all the tariff items of importance to Canada are bound against increase. The General Preferential Tariff System (GSP) covers about 12 per cent of Japan's imports. Selected Japanese tariffs of interest to Canada are presented in Table VIII. Some of these are considered nuisance tariffs on products not produced in Japan such as the 12 per cent duty on herring roes.

Japan also maintains illegal quotas on important fish imports such as herring, cod and squid, licensing restrictions, various assistance programs and stringent sanitary and labelling regulations.

European Economic Community

The EEC, with its 300 million population, currently is Canada's third largest market. Exports to the EEC in 1984 were \$215 million, slightly lower than in previous years owing to an unfavourable exchange rate for Canada vis à vis European currencies. The EEC's tariff structure is also considered to be a barrier to trade for Canadian fish products. Table IX indicates selected EEC 1987 tariff rates ranging from 2 per cent to 20 per cent.

The GSP scheme of the EEC grants reductions of 30-100 per cent on 32 fish products from developing countries and least developed countries are granted a complete exemption from tariffs. Lomé Convention countries are granted duty-free treatment on some products and certain Mediterranean and African countries are accorded preferential treatment under bilateral association accords. But it is the preferential customs treatment applied to certain EFTA states (Iceland and Norway) which is potentially the most damaging factor in promoting Canadian exports to this market.

Canada negotiated a long-term fisheries agreement with the EEC in 1981 under which tariff quota rates were reduced on products of special interest to Canada in return for allocations in the Canadian fishing zone. This arrangement has not resulted in the market access gains originally anticipated.

The EEC has a number of non-tariff measures which distort trade:

- 1) a reference price system
- 2) trade-distorting domestic aids
- 3) export subsidies

As stated earlier, the main constraint on expanding trade with the EEC is the unfavourable exchange rate. The elimination or reduction of the differences in tariff rates on groundfish products between Canada and our major competitors (Iceland and Norway) which enjoy preferential treatment and removal of the application of the reference price system on imports could mitigate the disadvantage that Canadian products face in this market.