

severe supply problems for certain species such as Atlantic cod and flatfish, Canada still has a solid fish and seafood resource base.

Opportunities for new economic development in the groundfish and shellfish sectors and in new product development of the West Coast Fish processing industry are substantial.

(6) SECTORAL MARKET PROBLEMS

The Canadian seafood industry at present because of financial and resource shortages of certain traditional species is not with some exceptions, particularly well-positioned to make the transition from a commodity based business to one that is value-added market driven and consumer oriented. During good times, most seafood firms have been able to sell their products without devoting resources to promotional efforts collectively.

Fishing industry leaders primarily through the Fish and Seafood Sector Advisory Group on International Trade (SAGIT) have stressed that, in their view, the Canadian fishing sector will be unable to compete globally in the future without addressing some domestic structural and regulatory obstacles to efficiency and competitiveness. Such factors, they argue, lead to oversupply of fishing vessels, processing plants and workers engaged in production and make returns insufficient for capital investment or to sustain traditional employment levels.

The agreement between the European Community and the European Free Trade Association concluded in 1991 and the potential of certain Scandinavian states to join the EC may result in a decline of Canadian seafood exports to our third largest trading block. There is a real challenge to hold on to our current share of this market.

Developing countries in particular, with warm water, fast growing species and low labour costs have become major competitors for Canadian seafood. The marketplace has a full range of new competitive finfish species positioned against Canadian cod, ocean perch, haddock and Atlantic pollack. Those species are Alaskan pollock, farm raised catfish, whiting, orange roughy, South American king clip, Asian tilapia and New Zealand Hoki. These competitive species have eroded Canada's market share in the United States and other markets.

Canada has lagged behind when compared with Nordic and European countries that have invested heavily in the development and export of processing equipment. Unique processing equipment is necessary for efficient production and utilization of certain non-traditional, farm raised and value-added products. As well, financing for equipment acquisition and inventory maintenance from the period of start up of production to repeat sales in aquaculture operations, is scarce and relatively expensive.

Canadian international marketing efforts have tended to be somewhat uncoordinated with a less than optimum level of cooperation between governments and industry and a lack