

appears that fish farming will have considerable impact on the traditional industry in the next 20 years, as the expertise develops.

Competitively priced fish species raised through aquaculture are already available on the market. Norwegian-farmed salmon and Canadian-farmed Atlantic salmon seem to be more acceptable than the free-range fish because of their uniform sizing and perceived superior quality. One company which grows and markets catfish in the southern United States, is experiencing growth at the rate of as much as 60% a year. Quality, continuity of supply and low costs due to economies of scale seem to be the principal reasons for the firm's success.

Aquaculture offers benefits from reduced transportation and harvesting costs. The fish can be raised close to the target markets and delivered fresh. Handling and storage costs are reduced to a minimum. The product is harvested as needed, in quantities that closely match demand, thereby avoiding losses due to wastage. Long channels of distribution from the boats to the shore to the market by truck, rail or air can be shortened substantially.

Aquaculture also receives a much higher return from its capital investment than does free-range fishing. The cost of catching the fish is significantly lower as throughout the growing period the fish are confined in enclosures which permit efficient harvesting.

Compared with conventional fishing, aquaculture has much in its favour and promises to be the industry of the future. Aquaculture is in a dramatic phase of growth; experts predict that its impact will become more significant in the fishing industry in the next few years. By that time, the major food corporations of the United States and Canada will have consolidated their positions within the aquaculture industry and will even have moved ahead to control it.

Aquaculture has the potential to have a negative effect on the freshwater fish industry of Canada. Even if leading corporations within the Canadian industry were to shift their efforts to fish farming, they are not likely to be competitive unless they establish their operations closer to the major U.S. markets. Canada should therefore be moving quickly to take the action necessary to protect its fishing industries against the potential loss of revenue and jobs.

In view of the above, the Committee recommends that:

- (19) Industry and the Department of Fisheries and Oceans increase their monitoring of developments in aquaculture with a view to assisting in the consolidation of the freshwater aquaculture industry in Canada and helping the traditional fishing industry react to these developments.**

4.3.4 The Potential Impact of Duties on Canada's Exports

Any industry which is dependent upon a single market for up to 85% of its sales has a legitimate cause for concern in the resurgence of protectionist sentiment in the U.S. Notwithstanding the Canadian government's thrust toward freer trade with that country, the nature and operating mechanisms of the U.S. legislative system leave open the possibility, as U.S. terms of trade continue to decline, that imports of a variety of Canadian products will be subject to U.S. industry's pressures for protection. Although