

- i) Incoming buyers' mission, September 1979;
- ii) Outgoing mission to Germany, May 1979;
- iii) Government participation at German food fairs, ANUGA 1979, 1981, and 1983;
- iv) The opening by Canadian industry of sales offices in Germany in 1979;
- v) The Annual Fisheries Council of Canada Convention (useful meeting site for German buyers), Ottawa, May 1981;
- vi) Worldwide fisheries marketing study of 1979, revised in 1982 (a joint effort by Fisheries and Oceans, ITC/DREE and private industry);
- vii) A meeting between members of the Fisheries Council of Canada and members of the German Processors Association to study the possibility of forming a joint Canada-Europe industrial co-operation working group for fisheries.

Canadian Success Stories

One of the main factors leading to increased sales, was the introduction of the 200-mile fisheries zone by Canada in 1977, to curtail the quantity of fish that had been caught annually, up to then, by foreign fleets. Since 1977, Canadian suppliers have been able to enter the West German market more easily and to build up business relationships with German importers. The approximately \$62 million worth of fish traded between Canadian exporters and German importers in 1980, and the approximately \$64 million traded in 1981, attest to Canadian success in exploiting this opportunity.

Success has been tempered by two factors, namely, the tendency of some Canadian fishery suppliers to treat the F.R.G. as a market of opportunity, to be exploited only when the North American market is less attractive; and the high value of the Canadian dollar compared with currencies of other European competitors.

Market Considerations

Tariffs and market regulation restrictions impede free access to the German market. Member states of the EEC jointly negotiate protection of fish stocks and conclude bilateral agreements. Canada has recently negotiated a long-term agreement (LTA) with the EEC that results in tariff reductions for certain species and quantities. Even with those changes, Canadian products will still have far from duty-free access to the EEC, a privilege Iceland now enjoys. Norway faces a tariff of only 3 per cent.

The Common Fisheries Policy, signed in January 1983, affects the market by changing the price structure for fish products and its relation to the price of alternative products. It brings recourse to such measures as the reference price system that could directly affect Canadian exports.

As a member of the EEC, Germany would be required to adhere to such a reference price system, which governs import price levels from third countries. That reference price represents, for certain

species, the minimum price at which exporters must sell their product.

There are no non-tariff barriers for fish products into West Germany other than the requirements of the German food law (maximum content specifications for mercury, chromium, pesticide residues and preserving agents). Finally, Canadian fish products face higher shipping costs than competitive fish from grounds nearer West Germany (e.g. the North Sea and Scandinavian waters).

Germany is not a spot-sale market, and German importers and processors expect a long-term, dependable relationship with their Canadian business partners. A worldwide reduction in herring supply, which did not affect Canadian fishing grounds, allowed Canada to become the major supplier of herring in Europe. Although the statistics are not clear, it seems that more than 20 per cent of herring import requirements have been shifted to mackerel and pilchard in recent years due to increased prices. As a result, customers are now showing acceptance of those species as a satisfactory substitute for the more expensive herring.

The Competition

As noted previously, the Common Fisheries Policy favours fish caught by EEC member countries and, to a lesser extent, Norway and Iceland. Despite the difficulties occasioned by the declaration of 200-mile offshore fishing zones, the German fishing fleet still remains an important supplier of fish for the F.R.G. industry.

The German government is concerned with the increasing dependence on imported fish and is attempting to reverse the trend. They are promoting substitutes for traditional fish imports and attempting to obtain maximum access to EEC and other waters, especially through joint-venture agreements.

The Scandinavian countries and Iceland enjoy preferential access, and they are established suppliers of a substantial portion (43 per cent) of the F.R.G.'s fish imports.

The Action Plan

Although Canada has some of the most modern processing plants in the world, much of the Canadian fishing industry still approaches marketing very much on a commodity basis. Technological orientation and innovation must be fostered to maintain an aggressive new-product and process development program.

The Canadian government can encourage that trend through use of the Enterprise Development Program (Innovation) and PEMD-Food, coupled with the identification of major areas of technological development and product markets.

To improve Canadian penetration of the fish and fish products market in Germany, the following activities are planned: