

The sourcing of inputs and destination of output is generally based on the principle of maximizing net income to the Canadian profit centre although this would not be the case for some smaller secondary processors based mainly in Quebec and Ontario that are controlled by large U.S. food processors.

Little investment in research and development is carried out by the fishing industry - about \$2 million yearly. On both coasts, processors and harvesters have benefitted from some transfer of technology from Japan.

The East Coast processing sector is currently undergoing a major restructuring of operations which encompasses some direct government involvement in equity participation, while the government is considering measures to bring about a rationalization of the West Coast harvesting sector.

Key strengths relative to major competitors.

Atlantic Fishery:

- excellent access to fish resources that are either stable or increasing - competitors' access stable or declining
- improvements in production and regulatory structure occurring
- proximity to the U.S. market

Pacific Fishery:

- relatively high returns from premium products (e.g. salmon)
- reputation as a high quality supplier

Freshwater Fishery

- 90 per cent of production is exported.

Key weaknesses relative to major competitors.

Atlantic Fishery:

- excess production and harvesting capacity generally, and excess harvesting capacity in some fisheries
- need to broaden product mix to include more higher value products and higher and more consistent quality to increase flexibility to respond to changing markets
- need to improve marketing discipline and strategies
- low margins

Pacific Fishery:

- excess harvesting capacity
- reduced resource availability due to overfishing
- financially poor processing sector
- processing costs high relative to competition

Dynamic Factors:

- a competitive exchange rate in relation to the U.S. dollar
- fishery investment flows on both sides of the border
- sensitivity to price changes in substitute protein products