

II - CONCLUSIONS OF THE PEAT MARWICK STUDY

U.S. imports of the seven Schedule A fish and fish product groups subjected to detailed analysis in this report are estimated at \$780 million in 1987, up 67% from the 1982 level. Canada enjoyed a 34% share of this market in 1987, compared to 28% in 1986, while Japan and a number of European countries including Denmark, Norway and Iceland are also significant suppliers.

This study concludes that the devaluation of the U.S. dollar and the likely implementation of the Canada-U.S. Trade Agreement will significantly expand opportunities for increased Canadian exports of fish and fish products to the U.S. Roughly two-thirds of U.S. importers interviewed reported rising costs for their imports due to the decline in the value of the dollar. In addition, thirty-eight (38) percent expected to increase their purchases of Canadian products upon implementation of the Free Trade Agreement. Specific opportunities exist for increased exports of salmon, swordfish, cusk and hake, as well as for greater shipments of processed fish and fish products to capture greater value added. While there is the potential for greater exports of other fish products, supply limitations are likely to limit the Canadian industry's ability to respond to these additional opportunities.

It is important to recognize that U.S. purchasers import primarily due to limited availability of domestic supplies. As the majority of importers are satisfied with their current suppliers, any increase in imports from Canada will be based on favourable price or supply of products not available through U.S. sources.

In attempting to access the U.S. market, Canadian firms should recognize that U.S. importers prefer to receive information on companies and their products through brochures and/or through direct personal contact. While these are the most desirable means of securing consideration by a U.S. buyer, numerous additional information sources such as trade fairs and industry publications will be influencing factors in the decision-making process. Some U.S. importers identified in this report have indicated specific products for which they are seeking alternate sources of supply while numerous others expressed the desire to hear from Canadian suppliers regarding the availability of all products (See Appendix 1).

The Department of External Affairs recommends that Canadian firms should consult the Canadian Trade Commissioner located closest to each company being