Brazil's recently more relaxed import regulations present opportunities, particularly for saltfish. Africa cannot afford to purchase most Canadian species, and in many cases is not equipped to handle frozen fish, therefore sales possibilities are limited. However, an opportunity to increase sales may lie in expanded use of food aid expenditures to supply dried and canned fish to some African countries.

If Eastern Europe, in particular the U.S.S.R. and Poland, accept to meet their purchase commitments, and the German Democratic Republic (G.D.R.) continues to buy, these sales will be of particular value in removing excess supplies that can push prices down.

Transportation costs, limitations of export financing, and insufficient management skills in the fishing industry hamper Canadian exports; but a substantial increase in groundfish landings, improved fish management and control programs (i.e., West Coast salmon), and efforts to improve product quality augur well for increased export sales. More emphasis on underutilized species to traditional and non-traditional markets should also increase sales of these products.

Promotional projects are planned to respond to all the opportunities described above. These include trade fair participation in the U.S., the EEC, and Japan; solo shows; incoming buyer missions; market surveys; importers directories; and promotion of underutilized species. A closer working relationship with the industry and the provinces on export promotion has begun.

3. Grains and Oilseeds

As a leading contributor to the balance of payments, the grains and oilseeds sector is heavily dependent on exports and is therefore vulnerable to demand and price fluctuations in the world market. Constraints in the transportation and handling system were a factor limiting exports during the buoyant 1970s, but, in the 1980s, it is limited growth in demand and surplus production (particularly in the EEC and the U.S.) that is shaping market outlook. As well, a number of centrally planned economies and developing country importers continue to strive for greater self-sufficiency.

Grain markets are relatively free of restrictions, and Canada has been able to compete in commercial markets because of consistent good quality and reliability. The longer term outlook for grains and oilseeds exports is for continuing growth, but at a more modest rate, and in an increasingly competitive environment. Low market returns to producers, combined with difficulty for many countries in financing imports, are currently creating marketing problems. For the current year, Canada's export volume will fall short of recent levels due to the drought-reduced crop in western Canada, and the market share thus lost may be difficult to regain in the short term.

Exports also feature market concentration to a degree that tends to make the industry vulnerable. Further diversification in this regard will be a positive development. Recent advances in production of wheat in China is a case in point, although Asia, as a whole, continues to hold potential for increased exports.

Current grains and oilseed marketing strategy is to market as much volume as possible at competitive prices. While the processing and export marketing of grain and oilseed products is encouraged, the major market is for unprocessed grain and oilseeds. Consequently, most exports are in this form. Hard spring wheat remains the largest single class of grain exported, but the marketing thrust will include medium quality and soft wheats in coming years as the production of these types increases. This diversification in the basis for trade will be advantageous if developed in a controlled manner.

Canadian supply capability is dependent upon weather conditions, soil resources, and the anticipated financial returns to the farm sector. Expansion of grain and oilseed exports to 36 million tonnes by 1990 is considered by the industry to be a reasonable target. Key factors in continued expansion of Canadian grain trade are sustained production levels adequate to meet demand (particularly for oilseeds), competitive pricing, and comprehensive expeditious export financing facilities to assist in gaining access for a range of product to a variety of markets.

The Canadian International Grains Institute has proved very effective in market development and maintenance, and will continue this role. The Canadian Wheat Board (CWB), as the marketing agency for wheat, oats, and barley, will continue its program of customer visits and servicing, as will the Canadian Grain Commission on matters relating to quality standards, weighing, and inspection. The grain trade, with appropriate Government program support, will continue to promote Canadian grains, oilseeds and products through incoming and outgoing missions. Future initiatives will be targetted to specific commodities or countries. A general promotion has limited usefulness where a relatively small number of buyers and sellers (increasingly of a state or quasi-state trading nature) are largely aware of each others' needs, products, and supply capability.

4. Machinery and Equipment

Significant new opportunities for the export of machinery and equipment are expected over the next few years. In particular, exports in such areas as packaging, material handling, oil and gas field equipment, and environmental equipment should be strong, especially in the U.S. market, where the broad range of new equipment applications provides an opportunity for Canadian suppliers to specialize in particular market segments.

Significant market potential for Canadian machinery and equipment has also been identified for Europe (e.g., North Sea oil and gas activity), South and Southeast Asia (e.g., power, pulp and paper), Africa and the Middle East, Australia (e.g., oil and gas field equipment, and mining equipment), and South America. In addition, Canadian manufacturers of industrial equipment should be in a position to benefit from the new market demands that result from the increased automation of industrial processes facilitated through the application of micro-electronic technology.