

B. SECTORAL MARKETING

1. Agricultural and Food Products

Canadian animal breeding stock and genetic material enjoy a reputation for high quality and veterinary health standards. Offshore sales of animals and semen totalled \$65 million in 1983. There are opportunities for both animals and genetic material in South America, particularly dairy and swine, and for swine breeding stock in Southeast Asia and China. The challenge in Western Europe is to maintain market share in the face of tariff and non-tariff barriers. The U.S. remains the largest single market for beef and dairy animals, semen, and embryos.

Seed and table potatoes have some potential for expanded exports in the Middle East/North Africa, and South America. More secure access to the EEC is crucial for continued sales both within the expanded Community and to other markets. Apples, blueberries, and other berry crops have continued prospects in the U.K., Western Europe, Japan, and Southeast Asia. The major opportunities for the nursery and floriculture sector are concentrated in the U.S.

Canadian forage and oilseed varieties are facing more selective demand and difficult access in West European markets, but have good long term possibilities in Japan and China. Japan and Korea should be continuing markets for certain livestock feeds (i.e., dehydrated alfalfa, canola meal) and there is potential for feed ingredients and technical services in South and Central America. Pulse crops have prospects for growing markets in the Middle East/North Africa, and South America. The U.K. is the major buyer of white beans. Edible soybeans also do well in Southeast Asia. In the face of declining domestic and traditional export markets for leaf tobacco, countries in the Middle East with tobacco monopolies appear to offer the only growth prospects.

The food products sector comprises all processed foods, including meat, dairy, cereal preparations, fruits and vegetables, honey, sugars and syrups, confectionery, spices, oils/fats/shortening, beverages, and other preparations. Exports by 38 countries, which account for more than 80 per cent of world trade in these products, totalled U.S. \$61 billion in 1982, a 500 per cent increase over 1970.

The food processing sector is well-developed in Canada, with approximately 12 per cent of production being exported. However, Canada's international competitiveness is reduced by a number of domestic influences (i.e., marketing boards, labour costs) and the high value of the Canadian dollar. While Canadian exports rose by 360 per cent from \$476 million in 1970 to \$1.7 billion in 1982, Canada's share of the trade declined from 3.9 to 2.8 per cent.

The principal products of other countries entering world trade are meat (25 per cent of sector

trade in 1982), dairy (19 per cent), and beverages (13 per cent). Most categories show values in excess of \$1.6 billion and even the smallest (honey) had shipments in excess of \$100 million. The major destinations are Western Europe, U.S., Middle East, and the Pacific. However, for a variety of reasons, the most attractive opportunities exist in the U.S., Pacific, Middle East, and the Caribbean. In the U.S., Canada is historically the largest supplier, but there is ample opportunity for additional sales in every category. The Pacific (notably Japan) is an expanding market and, although Canadian sales have grown at twice the total market, there are opportunities in all major sectors. Canadian exports to the Middle East, the fastest growing market, are less than 1 per cent of the total. Sales to the Caribbean have maintained their share of that market.

A variety of direct constraints (i.e., prohibited imports, foreign exchange controls, quotas, and minimum import prices) and indirect constraints (i.e., health, labelling, licensing, etc.) restrict Canadian exports of food and agricultural products.

Proposed activities in the livestock sector include participation in seven major international livestock shows (Europe, Asia, Latin America) and sponsorship of technical seminars, incoming and outgoing missions, and visiting buyers. Support will be increased for horticultural product organizations to promote exports on a generic basis. The Department will sponsor participation in three nursery trade shows in the U.S., and will host several incoming missions for specific horticultural commodities in 1985. Sales missions to specific markets are planned for pulses and tobacco. Food product promotion activities will include participation in six major international food exhibitions, five regional shows in the U.S., and eight solo food shows, as well as retail promotions in stores and restaurants, and various missions.

2. Fisheries Products

Canada's fisheries products exports will remain highly dependent on three main markets — U.S., EEC, and Japan. In response to the strong U.S. dollar, Canadian exporters have attempted to increase their U.S. sales, particularly of groundfish; but possible countervail and anti-dumping findings could result in market disruptions. The weaker EEC currencies have left Canadian exporters trying to preserve markets there in anticipation of a return to strengthened economies and improved sales of groundfish and shellfish. However, until currency values in the EEC rise, Canadian exports will continue at lower levels. In spite of a recent decline in sales volumes, Japan becomes increasingly more important as an outlet for such products as herring, herring roe, crab, redfish, capelin, and squid.