

exports of these products to the U.S. In contrast, there exists an excellent opportunity to increase exports of salmon to the U.S. if the stock of farmed salmon continues to expand as expected. Opportunities may also exist to increase Canadian exports of swordfish, cusk and hake.

In addition to the potential for increased exports of salmon, swordfish, cusk and hake, opportunities may exist for capturing greater value added through further processing. Trends including an increase in meals eaten in restaurants, greater use of microwaves, increased demand for frozen, easy to prepare meals, and the trend toward greater consumption of fish and fish products will be driving forces in determining the attractiveness of this area of opportunity. Excluding fish prepared without oil and packed in airtight containers, where Canada, Japan and European countries export little to the U.S., there exists a potential opportunity to replace Japanese and European imports for other prepared and preserved fish. In 1986, Canada held a 41% share of the U.S. market for these products, while Japan and the European countries held 34% and 8% respectively.

Canadian products appear to enjoy a competitive price advantage over those imported from Japan and the European countries. The average price for Canadian prepared and processed fish in 1986 was \$0.93 per pound, while Japanese products averaged \$1.29/lb. and European products were \$1.84/lb. While, most fish and fish products enter the U.S. duty free, processed fish imports from Canada are subject to duties ranging from 2.5% to 15%. While these tariffs may, at present, represent a barrier to increased Canadian exports, the terms of the proposed Canada-U.S. Free Trade Agreement require that all tariffs on processed seafood be eliminated by January 1, 1998. For some of the lower tariff items (average base rate 6.9%), phase-in removal of existing tariffs would be completed by January 1, 1993. Appendix 6 presents a summary of present duties of all Canadian fish and fish products entering the U.S. and provides the schedule for tariff removal under the Agreement.