

2) Current Market Conditions

The representative of Taiyo Fisheries painted a somewhat negative picture for the Japanese roe market estimating that the inventory carryover of Atlantic herring roe from 1987 was some 4,000 tonnes while the 1988 production reached 7,000 to 7,300 tonnes. This large tonnage was characterized as a "near disaster for the market". It was also suggested that because of the relatively small roe size of salted Alaska roe in 1988, particularly Bristol Bay production, this product would likely also compete with Atlantic roe further damaging its competitiveness. The price of frozen roe has already been reduced by 20% from 1987 and some importers were said to be selling at a loss since the festive season was the main season for sales, accounting for up to 40% of Atlantic herring roe production.

The rep of Nippon Suisan provided a similar reading of the market emphasizing the same points and also noting that the inventory problem was exacerbated by the poor quality of Canadian roe. The poor health of the Emperor has also had a particularly bad effect on the production of salted roe in Hokkaido. This year only 8000 tonnes were produced compared with 12,000 tonnes in a normal year. Also, processors are said to be delaying purchases of Atlantic roe pending the expectation of lower prices.

The estimated 4000 tonne carryover from 1987 is not poorer quality product but product which arrived late in Japan and must clear the market first in 1988. Only 2,000 tonnes of the expected 1988 import of up to 7,500 tonnes is expected to be sold leaving an estimated carryover at the beginning of the 1989 season of up to 5,500 tonnes. It was also noted that price agreements between importers and processors were delayed this year with the result that part of the key gift giving season was lost. The situation is not expected to improve next year when further lower prices are expected.

The Canadian side queried the likely impact of declining pollock roe supplies on the demand for Atlantic herring roe. The Japanese replied that pollock roe processors purchased Atlantic herring roe in 1987 due to low prices but no clear trend of substitution was yet apparent. It was noted that mackerel and saury are also possible substitutes for Atlantic roe at the lower end of the market.