

The enlargement of the EEC by the entry of Portugal and Spain may also put Canada at a disadvantage. Presently, Portugal maintains high duties on fresh, frozen, smoked and salted products; many of these products are also subject to global quotas; and all products are subject to import licensing. Recent economic difficulties have resulted in an import surcharge being applied to many imports. All imports into Spain require an import license or declaration and, since December 1976 all marine imports are subject to discretionary licensing to ensure that fishery imports are only supplementary to catches of the Spanish fleet. Spain also employs prohibitions and quotas to regulate imports. Financial assistance is available to the harvesting and processing sector and the government subsidizes prices of some fishery products on a seasonal basis.

While these trade barriers may be modified with the application of the EEC's Common External Tariff and import régimes, Canada may require compensation if Portugal and Spain are permitted by the EEC to raise bound tariff rates on certain items to ease the impact of their alignment with the Community.

Canada

The Canadian import régime for fish products, unlike that pertaining to agricultural goods, is remarkably open with imports accounting for 63 per cent of the apparent Canadian market. Canada allows duty free entry for many fish products although processed and prepared products are generally dutiable at higher rates. Virtually all imports enter on an MFN basis (Table X lists selected Canadian tariffs). Neither licensing nor quota restrictions are applied to imports or exports. Although export subsidies are not provided, the domestic fishing industry has benefitted from financial aid in the form of loans and equity infusions to carry out major restructuring efforts and grants or loan guarantees under regional development programs. A notable exception in this regard is the absence of EDC financing which is particularly required for many Latin American markets.

There are other domestic policies which are considered by certain countries to influence trade flows. These include:

- 1) fishing zone allocations in return for market access benefits
- 2) over-the-wharf and over-the-side sales policies
- 3) state trading operations (e.g. Canadian Saltfish Corporation)

Table XI compares Canadian tariff rates on fish products with eight other countries.

Section IV - Potential Impact of Trade Liberalization

A. Bilateral Agreement with the U.S.

EXEMPT-

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