

IV-MARKETING CANADIAN FRESHWATER FISH

From the outset of my inquiry into the freshwater fish industry, it was apparent that markets and marketing problems concerned the fisherman deeply. In this section, I intend to describe the marketing of freshwater fish. Also it is my purpose to outline the problems which I believe are of concern today in the marketing of Canadian freshwater fish, and to give you my views on these problems.

Marketing is the movement of goods from producer to consumer. In this inquiry, we are concerned with the movement of freshwater fish, produced in the provinces of Ontario, Manitoba, Saskatchewan, Alberta and the Northwest Territories. Also my inquiry deals primarily with the forces affecting the export movement of fish, because most Canadian freshwater fish is consumed outside Canada.

Before the fish reaches the consumer, many people handle it. The fish may be processed in several ways; it may be bought and sold a number of times; and it may cover great distances. In other words, in this section, I will deal with (a) how much fish is produced, (b) where it is marketed, at what price it is marketed, and in what form it is marketed; and (c) how it is marketed and by whom.

A. PRODUCTION

The Canadian freshwater fish industry markets annually over 100 million pounds⁽¹⁾ of fish. This total consists of commercial quantities of some twenty species of fish. The total catch is produced by some 9,000 fishermen, from over

400 lakes. These lakes vary in size from Lake Superior, 31,820 square miles, 11,110 in Canada, to a few which are less than one square mile, and are stretched out over three thousand miles. Production is therefore, characterized by low volume producers, both in terms of lakes and fishermen, and by decentralization.

Fragmentation of production has an adverse effect on cost of catching, assembling and transporting fish. On the other hand, it has a favourable result in levelling out production from year to year. Annual fluctuations normally are less than 10 percent of the level of the preceding year. The total supply of freshwater fish available for marketing shows a desirable element of stability.

Total production of freshwater fish has shown a slight upward trend. Comparing the annual average for the years 1955-1959, with that for the years 1960-1964, landings increased in each of the four provinces, especially in Saskatchewan. Only in the Northwest Territories, largely from Great Slave Lake, is there evidence of a downward trend during the past decade.

While overall production has shown little change, important shifts have occurred in the total and regional importance of certain species. *Blue pickerel* of which the catch in 1956 amounted to 12 million pounds, is no longer commercially important.⁽²⁾ Found mainly in Lake Erie, the decline of blue pickerel can be attributed to environmental changes,⁽³⁾ which have taken place in that lake, not the least of which is pollution. Landings of *yellow pickerel*, a separate but

(1) This includes some species of sea fish caught inland such as smelt and eel.

(2) See Appendix Table 5.

(3) H.C. Frick; Economic Aspects of the Great Lakes Fisheries of Ontario, Fisheries Research Board of Canada, Ottawa, 1965, Page 1.

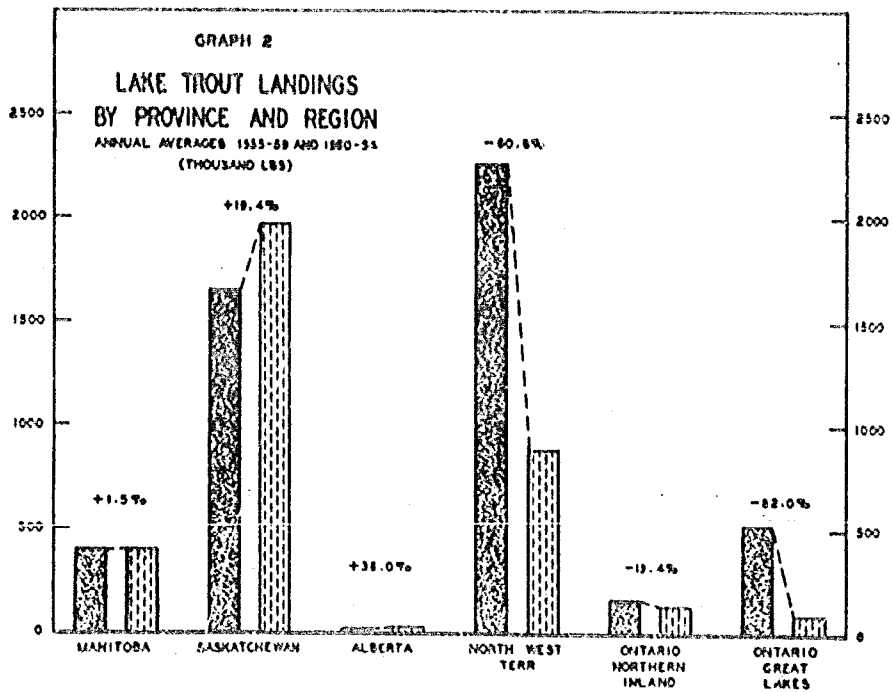
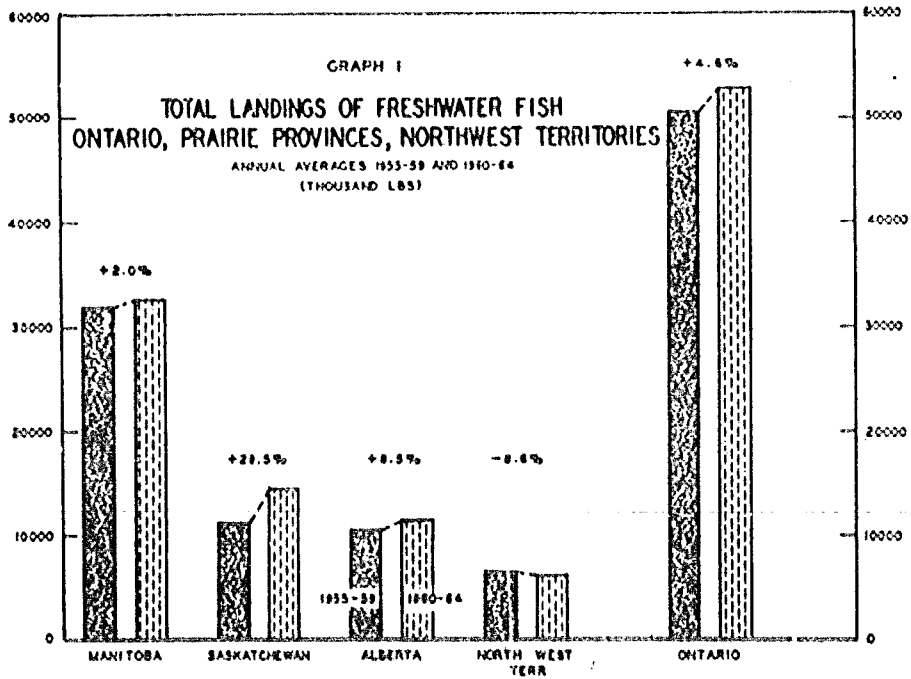


TABLE I
Landings of Freshwater Fish: Ontario, Manitoba,
Saskatchewan, Alberta, N.W.T.
Average 1955-1959 and 1960-1964
(000 lbs.)

	<u>Av. 1955-1959</u>	<u>Percent of total</u>	<u>Av. 1960-1964</u>	<u>Percent of total</u>	<u>Percentage Change 1960-1964 1955-1959</u>
Ontario.....	50,522	45.6	52,836	45.0	+4.6
Manitoba.....	31,977	28.8	32,616	27.8	+2.0
Saskatchewan.....	11,162	10.1	14,452	12.3	+29.5
Alberta.....	10,587	9.6	11,489	9.8	+8.5
N.W.T.....	6,598	6.0	6,028	5.1	-8.6
TOTAL	110,845	100.0	117,457	100.0	+6.0

Source: Fisheries Statistics: Dominion Bureau of Statistics.

closely related species, have also declined. (1) Again the reduction in output took place entirely in Ontario, as other main producing areas increased their production of this species. The Great Lakes, notably Lake Erie, were wholly responsible for the smaller catch of yellow pickerel. Northern Ontario expanded its output of this species.

In total, the landings of pickerel, blue and yellow, decreased from an average of 24 million pounds in 1955-1959 to 14 million pounds during the period 1960-1964, a drop of more than 40 percent. The Great Lakes which during the first five years accounted for over 50 percent of the marketable supply, provided only 12 percent of the Canadian total during the last five years. The other regions, including Northern Ontario, consequently produce close to nine-tenths of Canadian pickerel supplies. (2) In relation to total freshwater fish production, the relative importance of pickerel has dropped sharply from 20 percent to 12 percent.

Whitefish is now the most important species for the freshwater fish industry. The catch averaged 26 million pounds during the period 1960-1964, which was 9 percent more than the average during the preceding five years, and accounted for 22 percent of the total freshwater fish land-

ings. Provincially, only Alberta and Ontario showed a downward trend in production. Manitoba and Saskatchewan each supplied 28 percent of the total during the years 1960-1964, and the Northwest Territories, Ontario and Alberta 17 percent, 14 percent and 13 percent respectively. (3)

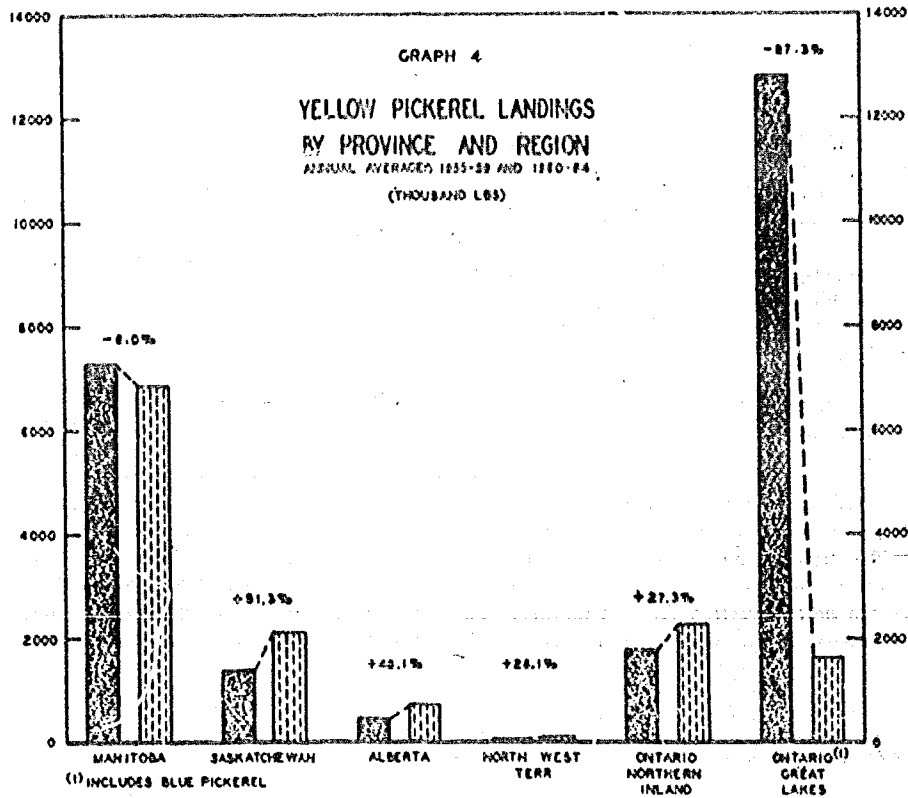
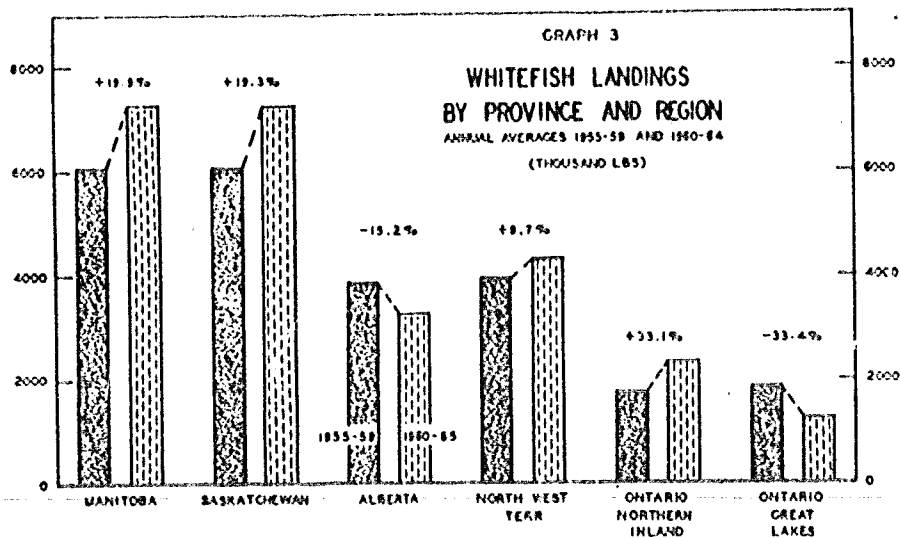
Within Ontario, the Great Lakes and Northern Ontario again show sharply diverging trends. Whitefish production on the Great Lakes has declined substantially, and represents less than 5 percent of Canadian production. On the other hand, Northern Ontario whitefish output has increased substantially and now accounts for one tenth of all Canadian whitefish marketed.

In the inland fishery in western Canada and Northern Ontario, over one third of the catch is whitefish. The dependence on whitefish is even greater in certain localities. Over seventy percent of the freshwater fish from the Northwest Territories is whitefish. In Saskatchewan, the entire fishery, increasingly in the northern part of the province, depends on whitefish for half of its total catch. Fishermen on the northern lakes in Manitoba, where 80 percent of that province's whitefish are landed, are also heavily dependent on the whitefish market, because that species represents 50 percent of their overall catch.

(1) See Appendix Table 5.

(2) See Appendix Table 4.

(3) See Appendix Table 3.



The commercial catch of *lake trout* has declined sharply during the past ten years.⁽¹⁾ The most spectacular and well-known decline has occurred in Ontario. The lake trout at one time the king-pin of the freshwater fishery on Lake Superior and Lake Huron, is no longer significant because of the destructive effect of the lamprey on the adult trout population. As late as 1950, the Great Lakes accounted for 35 percent of total Canadian lake trout supplies; at present for less than 3 percent. Lake trout production in the Northwest Territories also shows a drastic downward trend. The only significant growth in trout production has occurred in Saskatchewan. This province is now the main producer of lake trout accounting for over 50 percent of total Canadian supplies.

Landings of *Pike* averaged 8 million pounds during the 1960-1964 period, comprising some 7 percent of the total freshwater fish catch. The volume marketed of this fish has shown a moderate upward trend.⁽²⁾ All producing areas contributed to this expansion, with the exception of Manitoba, which is the main producer. This province, however, still supplies over 50 percent of total pike landings. Saskatchewan, Alberta and Ontario each account for between 10 and 20 percent. Ontario landings are confined almost entirely to Northern Ontario.

The Canadian freshwater fishery also landed an average of 4 million pounds of *sauger*.⁽³⁾ Sauger is a species of freshwater fish related to pickerel, and, except for small quantities from Northern Ontario and Lake Superior, is limited to Manitoba, particularly Lake Winnipeg. This fish, relatively insignificant for the freshwater fish industry as a whole, accounts for some 15 percent of the total Manitoba catch of freshwater fish, and represents some 40 percent of the Lake Winnipeg production. Sauger production has shown a slight downward trend.

The catch of *perch*, *smelt* and *white bass* has increased substantially during the past ten years. These three species combined have accounted for as much as one third of total landings of freshwater fish. Perch is the most important followed by smelt and white bass. Except for small commercial quantities reported for Manitoba and Saskatchewan, these species are landed in Ontario, almost in their entirety from the Great Lakes, and mostly from Lake Erie. Great Lakes production rose from 12 million pounds in 1955 to 24 million in 1964.⁽⁴⁾ As the catch of blue and yellow pickerel, lake trout and whitefish fell off, the production of perch, smelt and white bass rose. In relation to Lake Ontario and especially Lake Erie, there is evidence to suggest that the very factors which caused the diminution in the catch of the former, encouraged the expansion of the catch of the latter species.

The Canadian catch of *cisco*, (*lake herring*, *chub* and *tullibee*) amounts to approximately 10 to 15 million pounds annually,⁽⁵⁾ and therefore, represents around 10 percent of all freshwater fish landings. Lake herring is caught mostly in Lake Superior. Alberta is the more prominent producer of tullibee.⁽⁶⁾ Ontario is the main producer of chubs,⁽⁷⁾ mostly from Lake Huron. The Ontario catch of chubs has expanded rapidly over the past decade.

There are a number of other species which are commercially desirable, such as *sturgeon*, and *goldeye*. In terms of landings, these species have not at any time been significant.⁽⁸⁾ These fish will continue to be exploited because of special demand factors.

The remainder of the freshwater fish caught falls into a broad grouping called "rough fish".⁽⁹⁾ Included here are buffalo fish, sucker, redbone, carp, catfish and burbot. Normally rough fish is a by-product from fishing for the other species.

(1) See Appendix 2.

(2) See Appendix Table 6.

(3) See Appendix Table 7.

(4) See Appendix Table 8.

(5) See Appendix Table 9.

(6) Alberta landings actually consist of several species of cisco collectively known as tullibee.

(7) Besides lake herring, the Great Lakes produce several species of cisco collectively referred to as chubs.

(8) See Appendix Table 10.

(9) See Appendix Table 11, 12 and 13.

The volume of rough fish marketed nevertheless amounts to some 15 million pounds, or better than 10 percent of the total Canadian catch. While this is not an insignificant proportion in volume, the value of this fish does not have any economic significance for the industry as a whole. For a number of individual fishermen, however, these species defray a substantial portion of their fishing expenses.

The preceding survey indicates that pickerel, whitefish, lake trout, pike, sauger, perch, smelt and bass are the backbone of the freshwater fish industry in Canada. For these species, landings have during the past ten years taken on a more marked regional concentration. This has resulted primarily from changes in the Great Lakes fishery. In 1955 and 1956, more than half of the Great Lakes catch was made up of pickerel, blue and yellow, lake trout, whitefish, northern pike and sauger. By 1964, the relative importance of these species in the Great Lakes catch had fallen to less than 10 percent. In addition, whereas previously the northern inland region of Ontario was a comparatively insignificant factor in the overall availability of yellow pickerel, whitefish, pike and lake trout in that province, at present this area supplies well over half of the provincial total.⁽¹⁾ On the other hand, the dependence of the Great Lakes fishery on perch, smelt and bass has increased greatly;⁽²⁾ so much in fact that these species account for over 90 percent of the Lake Erie catch. For the freshwater fish industry of Canada as a whole, these developments have had two major results as regards availability of supply. First, the Great Lakes produce almost the entire catch of perch, smelt and bass. Second, the supply of pickerel, whitefish, sauger, pike and lake trout is confined principally to the Prairie Provinces, the Northwest Territories and the northern inland region of Ontario.

The landed value of the catch of freshwater fish in 1964 was 12 million dollars. The total amount received by Canadian inland fishermen for their catch has declined during the past decade.⁽³⁾ This reduction was caused solely by lower earnings in the province of Ontario; es-

pecially in the Great Lakes fishery where an increasing proportion of the total catch consists of low-priced perch, smelt and bass, and where the catch of high-priced lake trout, pickerel and whitefish has fallen off sharply. The returns to the fisherman in the western inland fishery have generally shown an upward trend, especially in Saskatchewan.

What about the future of the freshwater fish industry? There is substantial biological evidence that a greater production of freshwater fish is possible on a sustained basis. This is not assurance however that potential output will be realized. In fact, in my judgment, this will almost certainly not be the case, unless there is a reversal in the course of a number of developments, which have affected production adversely in recent years.

Production depends in part on the number of lakes which are fished commercially. This number increases as new lakes are opened, and decreases as old lakes are closed to commercial fishing. The opening and closing of lakes, while under federal jurisdiction, is regulated and administered by the provinces. Lakes are closed to commercial fishing mostly because they are required for sport fishing by the tourist industry. I am of the opinion that this practice in the past has been wasteful of Canadian freshwater fish resources. It may be true, as some suggest, that a lake will realize a greater return to the economy by sport fishing than by commercial fishing. In any case, it appears to me that these two forms of fishing need not be entirely exclusive. In fact there are grounds for believing that a combination of these two forms of utilization, as applied to different species in the same lake, would be beneficial biologically.

The problem of combining these two forms of fishing assumes additional significance and urgency when one considers that lakes closed to commercial fishing are generally closer to the market than virgin lakes. In other words, adding newly opened virgin lakes on the one hand, and closing lakes to commercial fishing on the other hand, has pound for pound, a negative impact on the average net income of the

⁽¹⁾ See Appendix Table 14.

⁽²⁾ See Appendix Table 15.

⁽³⁾ See Appendix Table 1.

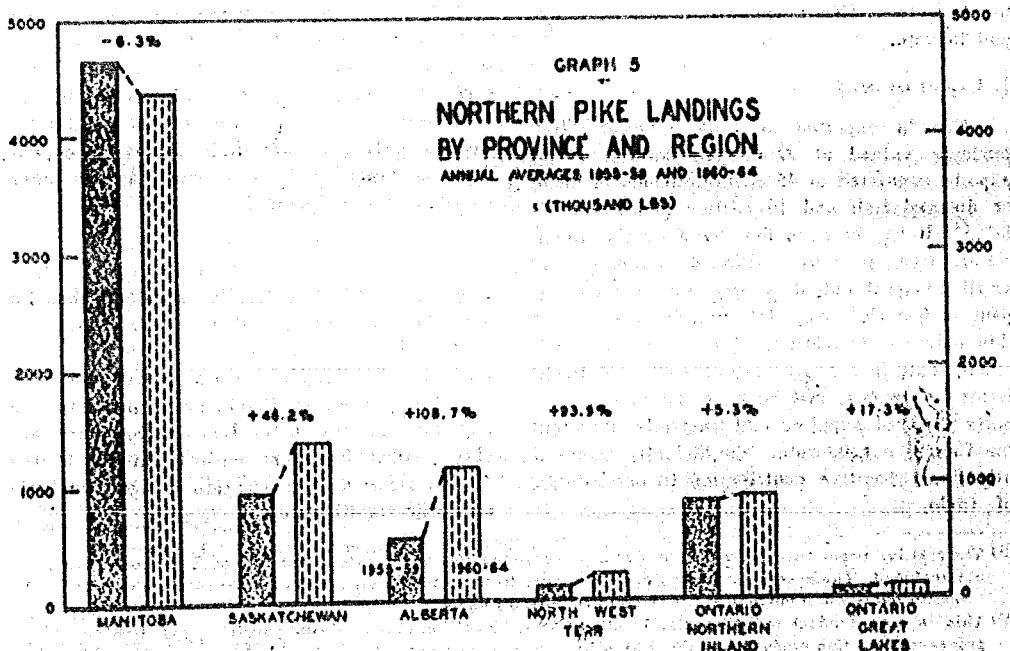
freshwater fisherman. The benefit to the fishermen will be great if the promotion of tourism and sport fishing does not restrict commercial fishing.

Pollution is another factor which has an adverse effect on the freshwater fishery. This is amply supported by the evidence brought before me. Certainly the biological potential of Canada's freshwater fish resources will not be realized if pollution of our inland lakes continues unhindered. Further pollution must be stopped, and waters presently polluted must be cleared. Canada's greatest asset, in my judgment, is pure unadulterated water. Yet year by year, Canadians are carelessly destroying this priceless heritage. I feel that it is my duty to say that while the terms of reference of this Commission are chiefly concerned with marketing that the evidence before my Commission clearly establishes the disastrous effect on the Canadian fisheries resulting from pollution. Moreover, it may not be sufficient from the viewpoint of the freshwater fish industry if preventive action entails making water fit for human consumption only. The waters should be fit biologically for

fish as well. Anti-pollution measures should also serve the needs of the freshwater fishery.

Changes are required in the regulations and attitude concerning sport fishing versus commercial fishing and those relating to pollution. A new progressive outlook in each of these areas of controversy will enhance the possibility of realizing potential output. This is certainly true for those species which have readily available markets at present. This would apply, however, even more if markets could be found for "rough fish". Waste and underutilization of the available stocks of rough fish have been particularly marked in the past, because these species lack volume markets which yield the fisherman an acceptable return. I feel that every effort should be made to develop markets for rough fish, since it is in this area that probably the greatest gains in landings can be achieved.

It is self-evident that even the most radical solutions to the problem areas outlined above will be of little consequence in terms of maintaining or increasing output if the fisherman cannot obtain a satisfactory livelihood from fishing.



This will eventually involve redressing the structural imbalance which exists today in the freshwater fishery; namely too many fishermen in relation to available fish stocks, using more productive equipment. The solution to the industry's current marketing problems will be of more immediate benefit. It should be realized however, that the gains from the latter in terms of income to the fisherman, will be modest in comparison with those to be obtained from the rationalization of the fishery.

B. MARKETS AND PRICES

Landings of freshwater fish amounted to 105 million pounds in 1964. Of this amount an estimated 85 million pounds, more than 80 percent, was marketed outside Canada and 20 million pounds were sold domestically. This means that each Canadian on average consumes a little better than 1 pound of freshwater fish, landed weight. In product weight, this would amount to 0.6 pounds compared to total per capita consumption of fish and shellfish in Canada of about 14 pounds. Freshwater fish is therefore not an important proportion of the total fish diet of the average Canadian.⁽¹⁾ It is also self-evident that the freshwater fish industry is foremost an export industry.

1. Export Demand:

Canada exported in 1964 freshwater fish products valued at 22 million dollars. These exports consisted of 45 million pounds of round or dressed fish and 16 million pounds of fillets.⁽²⁾ It can be seen that the Canadian freshwater fish industry, although comparatively small in total output, is an important participant in Canada's export trade. Moreover, since this industry, in addition to the non-commercial catch, satisfies nearly all of Canada's freshwater fish needs, and because the industry imports little of supplies and materials, therefore the Canadian freshwater fish industry makes a significant positive contribution to our balance of trade.

Exports of pickerel, sauger, pike, whitefish and lake trout totalled almost \$14 million, and were made up of 26 million pounds in the round or dressed form, and 8 million pounds in fillets. It can be seen that these five species account for over half the volume of freshwater fish exported and for two-thirds of the total value of freshwater fish exports. Canada exported 14 million pounds of perch, smelt and bass in 1964, which realized 3 million dollars.

Exports account for most of Canadian landings of each of the important commercial species. The degree to which sales depend on export markets can only be approximated, but for pickerel, sauger and northern pike, it appears that well over ninety percent of the commercial catch is exported. With the exception of small shipments of pike and whitefish to Europe, United States importers account for the entire export movement of these species. Of the total landings of whitefish, around 80 percent goes to the United States. This implies that the dependence of this species on the domestic market is greater than for pickerel, sauger and northern pike. However, domestic consumption is limited mostly to "B" whitefish, or whitefish infected with *Triacnophorus crassus*, which are unacceptable to the United States Food and Drug Administration for consumption in the United States. Canadian consumption of "A" whitefish, that is whitefish acceptable for export is negligible. Consequently, the whitefish fishery is dependent on export markets as much as the other above-mentioned species.

The proportion of the Canadian catch of lake trout consumed domestically is greater than for any other major species of freshwater fish. Sales to the United States, our major customer, represent normally some sixty percent of total Canadian production. Perch, smelt and bass, the important species in the Lake Erie fishery, are also marketed almost entirely in the United States. Domestic consumption is again of little economic significance.

⁽¹⁾ The relative importance of freshwater fish is understated here to the extent that the catch of sport fishing is not included. The average Canadian consumes more freshwater fish than indicated above, but the additional consumption is not a product of the commercial inland fishery.

⁽²⁾ This is on a product weight basis. In other words, 85 million pounds of fish supplied by the fisherman was processed into fish products weighing 61 million pounds; see Appendix, Table 21.

The Commission estimates that most of the 15 million pounds or so of rough fish produced in Canada is exported as well, the United States being again Canada's main customer. Exports and production are however, but a small fraction of the output which could be realized if the present stocks of rough fish were fully exploited. However, markets for these species in such great volumes are presently not available at economic prices. Consequently, the development of markets for these species is a prerequisite for achieving the potential of Canadian inland waters.

(a) The United States Market

The United States is and always has been, our most important market by far. As late as 1959, all our foreign sales went to that country. In recent years, there have been some shipments overseas, but in volume and value this still accounts for less than 5 percent of total foreign sales.

The United States market for freshwater fish was about 220 million pounds landed weight in 1964. Production in that country amounted to 135 million pounds and imports from Canada totalled 85 million pounds. Consequently, close to forty percent of the United States freshwater fish market was supplied by the Canadian industry. Moreover, this proportion has increased during the past ten years as United States production of freshwater fish has fallen off, and imports from Canada have risen.

Very significant, the Canadian industry is, in effect, the sole foreign supplier of freshwater fish to the United States. The reliance of the United States market on Canadian sources of supply is particularly pronounced for a number of individual species. More than 98 percent of the whitefish marketed in the United States is imported from Canada. The corresponding percentages for pickerel and pike are 97 percent and 100 percent respectively. In other words, Canada may be thought of as the sole source of supply for the whitefish, pickerel and pike consumed in the United States.⁽¹⁾

TABLE 2
United States Supply of Freshwater Fish
1955-1964
(000 lbs. round weight)

Year	U.S. Catch	Imports from Canada	Total Supply	Canadian as % of U.S. Supply
1955	146,642	85,362	232,004	36.8
1956	148,860	94,632	243,492	38.9
1957	133,103	90,955	224,058	40.6
1958	133,267	85,429	218,696	39.1
1959	130,154	85,805	215,959	39.7
1960	129,151	84,540	213,691	39.6
1961	128,511	93,976	222,487	42.2
1962	121,360	97,555	218,915	44.6
1963	128,800	95,798	224,598	42.6
1964	135,400	85,156	220,556	38.6

Source: Appendix, Table 20
"Fisheries of the U.S.", Department of the Interior.

⁽¹⁾ See Appendix Tables 18, 19 and 20.

The heavy dependence of the Canadian freshwater fish industry on the United States market suggests a need for alternative markets. However, while small shipments have been made to Europe, European consumers have generally not been willing to pay as much as United States consumers for freshwater fish. Overseas sales of pike were made at prices comparable to those received from the United States market, but this is because it is a preferred species there, while in North America it is not. There also have been small shipments of whitefish overseas, but they were "B" fish, unacceptable for the United States market. This effort to market highly infected whitefish in Europe is, in the opinion of the Commission undesirable. It may in any event be a short-term operation only, but meanwhile will be very detrimental to already well-established markets for other species of Canadian fish, in which Canada can pride itself on the quality provided.

The domestic market could become a more important customer of the Canadian freshwater fish industry; particularly if this industry would be more careful of the quality made available, and would not use the domestic market as a last resort to market fish of otherwise unacceptable quality. The volume which can be sold at prices comparable to those in the United States will however, remain limited, as long as Canadian anglers have already access to well-stocked waters.

These factors lead me to believe that the Canadian freshwater fish industry will continue to be dependent on the United States market as its single, most important and most profitable outlet. To be so heavily dependent on one market area is not desirable, in fact it constitutes a weakness in marketing position which has not been overlooked by United States importers of fresh, round or dressed freshwater fish in the past. The Canadian freshwater fish industry, however has not taken advantage of the bargaining strength inherent in its position as the sole foreign supplier of freshwater fish to the United States market, where we control as much as 100 percent of the supply of the major species. This should be a source of great strength. Instead, the potential bargaining power has been wasted, because the selling func-

tion is shared by too many individual exporters and dealers. The multiplicity of middlemen has been detrimental to Canadian fishermen and the resulting loss of bargaining strength constitutes one of the main areas of concern in the marketing of freshwater fish today.

(b) The Nature of the Demand for Freshwater Fish

It is readily apparent from the above outline that the marketing of each of the important commercial species is heavily oriented to export trade, principally with the United States. The welfare of the entire inland fishery, but particularly for each of the major species, is therefore dependent on demand conditions and market developments in that country. Hence, an examination of the nature of the demand for freshwater fish in the United States is a requisite for a full investigation of the freshwater fish industry.

The demand for freshwater fish in the United States is largely ethnic, racial and regional in origin. The use of freshwater fish is a matter of religious ritual and tradition for Jewish people. Negroes, as was pointed out to me during informal discussions with the American importers, also prefer freshwater fish, probably because of their past proximity to, and dependence on inland waters for this protein-rich food. A natural preference for freshwater fish is also found in the mid-west in the United States.

The Jewish population in the United States is a major consumer of Canadian freshwater fish. Canadian fish marketed in the round is purchased by members of the Jewish faith in the preparation of ceremonial dishes for Sabbath observance and for the thirty or more special fast days and holidays that occur each year. In the past, the Jewish housewife with traditional ceremony made the dish in her kitchen from freshwater fish, predominantly fresh whitefish, with occasionally other species such as pickerel, pike and carp. Canadian exports of whitefish, to conform to this demand pattern, were mainly shipped fresh dressed.

The population of the mid-western states has shown an affinity for pickerel and pike because these are native to the region. Lacking

a commercial fishery of any size, most of the region's freshwater fish requirements must come from Canada. In the past, much pickerel and pike was sold round, frozen. They were caught in Canada, and were exported without further processing. Storage on the part of the rural, non-urban consumer was not a problem during the long winter.

The Negro population has also long been a major consumer of freshwater fish, and its importance as such was repeatedly emphasized. Their preference is still for the less expensive species, e.g. rough fish such as carp, suckers, etc., most of which are landed not in Canada, but in the United States. However, this group of consumers represents a significant potential demand for Canadian freshwater fish.

An important portion of Canadian freshwater fish has been used by United States manufacturers for smoking. In 1961, the production of smoked whitefish and chub amounted to over 6 million pounds.⁽¹⁾ The whitefish is imported almost exclusively from Canada, as are most of the chubs. Whitefish for smoking comes primarily from Lake Winnipeg, and is recognized by the trade as a premium grade of whitefish. Since they are smoked in the United States, the Canadian freshwater fish industry exports the whitefish and chubs in the whole form.

Traditionally, the Canadian freshwater fish industry has marketed almost all its catch fresh, either round or dressed. The most notable feature of this product is its perishability, which has greatly influenced marketing. There is a premium on time in moving fish from producer to consumer. Distance from markets, measured in time, is a serious handicap. It is appreciated readily that perishability affects adversely the bargaining position of the primary producer in relation to the exporter and the latter in relation to the United States importer.

One favourable feature of the demand for whole, fresh fish is that it has the attributes of a luxury demand. It is a product preferred by its major consumer groups, and in their view substitutes are unacceptable. It is a high-priced product in relation to other protein-rich foods,

particularly sea fish. The willingness of the consumer to pay the higher price for the major inland species, covers not only the higher costs of moving a perishable product, but also rewards the fisherman with a higher per pound return than his colleague in the East Coast sea fishery.

Another important characteristic of demand for whole freshwater fish is its seasonal and weekly peaks in consumption. This is because demand is closely connected with fast days and holidays. Fishing effort, of course, should follow the pattern of consumer demand. Hence, because of the perishable nature of the product and because of the distance which separates the primary producer in Canada from his market in the United States, ideally most of the fishing effort in the freshwater fishery should be concentrated in the beginning of the week, if the product is to reach the weekend market in optimum condition. To miss the weekend market, means at the very least, a lower return because the quality of fresh fish inevitably deteriorates when it is held over.

The public interest would be served best if fishing effort were maximum at times of seasonal highs in demand. However, proper coordination is a problem. On a short-term basis, the fisherman and local buyer can coordinate supply and demand knowing that if they fell their returns will be lower. Longer term coordination, however, is influenced by provincial regulations which govern the opening and closing of fishing seasons for lakes. Since each provincial government wishes to maximize the return for its fishermen, open seasons have tended to correspond with the seasonal peaks in demand. Through lack of coordination between provinces, there has very often been over-production which caused depressed prices. These circumstances emphasize the need for coordination of total fishing effort with consumer demand, a need which is even greater when one realizes that fluctuations in demand for a perishable product can be greatly exploited in the bargaining process on the market place.

The seasonal nature of demand, in conjunction with the uncontrollable natural factors

⁽¹⁾ Report to Federal-Provincial Prairie Fisheries Committee of Sub-Committee on Marketing Organization for freshwater fisheries; Table IX, Page 49.

which govern fishing effort and its success, means that price fluctuations during the year are inevitable. This inherent instability in prices is however, increased in terms of the number and size of changes by two outside forces. First, there is the absence, on the part of the Canadian authorities, of any concerted effort within the limits set by nature, to coordinate supply with demand. And second, the multiplicity and amplitude of price changes is increased by the importer who exploits this lack of coordination.

The present instability in prices⁽¹⁾ is a cause of concern⁽²⁾ to many fishermen. Therefore, because of natural factors and because of provincial regulations one fisherman catches most of his fish when the market is weak and another when the market is strong. This is clearly undesirable, especially to the extent that the instability can be controlled. A more proper alignment of supply with demand and an improvement in bargaining position will prevent much of the instability in prices which has existed in the past.

2. The Change in Demand and Its Impact

While the Canadian freshwater fish industry markets most of its fish today in the round, or dressed form, it is evident from Table 3 that consumer demand has been shifting to the filleted product. These changes in consumer preference are the result of the revolution which has taken place in food merchandizing and of higher standards of living. The continuous shift from purchasing unprocessed primary produce to manufactured "convenience" foods so common in consumer behaviour during the post-war period, has also characterized the consumption pattern for freshwater fish. This has applied not only to consumers of freshwater fish in general but also to those special groups of consumers dealt with above.

The young Jewish suburbanite is now more likely to buy ready-made "gefilte" fish than to prepare it. Production of "gefilte fish" in jars has expanded greatly in recent years.⁽³⁾ However, the manufacturer uses fillets as raw material rather than fresh, round or dressed fish.

⁽¹⁾ See Appendix, Table 21.

⁽²⁾ Transcript of Public Hearing, Page 501.

⁽³⁾ See Appendix, Table 31.

Moreover, while the manufactured product consists primarily of whitefish fillets, it may contain pickerel, pike or carp as well.

TABLE 3

Canadian Exports of Freshwater Fish by from Utilization Year 1941 and Annual Averages, 1955-1959 and 1960-1964 (round weight, 000 lbs.)

	1941	Average 1955-1959	Average 1960-1964
Fresh, or frozen	65,311	51,806	53,755
round or dressed	6,002	36,630	37,812
Filleted, fresh or frozen			

Source: Appendix, Table 23

A similar change has occurred in the purchasing behaviour of the Mid-westerner. Sales of frozen round pike and pickerel by the truckload during the winter in small farming communities are memories now. Fresh dressed pickerel is still purchased, but the one-pound package of fillets has become dominant. Production of smoked fish, particularly smoked whitefish, has fallen off; especially and increasingly so after recent cases of botulism attributable to some fish smoked in the United States. This again has reduced the demand for whole, dressed Canadian whitefish.

The growing utilization of Canadian freshwater fish for filleting has not affected all species equally. The volume of whitefish which has been filleted has increased in relative as well as absolute terms. (See Table 4). This is a reflection in part of the greater proportion of "B" whitefish produced today, the remoteness of some producing areas and the fact that demand for whole dressed whitefish has levelled off. However, at present 70 percent is still marketed fresh or frozen, round or dressed.

Exports of pike, pickerel and sauger compared with landings of these species suggest that more than half of Canadian production is currently filleted. Moreover, it can be seen in Table 4, comparing the years 1955 and 1964

TABLE 4

**Landings and Utilization of Canadian Whitefish:
Annual Averages 1955-1959 and 1960-1964**

Whitefish landings	Av. 1955- 1959	Av. 1960- 1964
Whitefish landings (000 lb. round weight)	23,574	25,717
Marketed fresh or frozen (a) whole or dressed (000 lb. round weight)	17,717	17,754
Filleted (000 lb. round weight)	5,857	7,963
Percent filleted	24.8%	31.0%

(a) Assumed all exported

that the proportion filleted has continued to increase. For the five major species, whitefish, pickerel, lake trout, sauger and pike combined exports in fillet form have expanded rapidly, and exports in the whole form have declined. The change in demand, however, has not proceeded far enough to make filleting the major form of utilization of these species.

TABLE 5

**Canadian Exports of Pickerel, Pike, Sauger
By Form of Utilization: 1955, 1960, 1964
(000 lb. round weight)**

	1955	1960	1964
Exported whole or dressed	17,840	11,962	10,536
Exported as fillets	22,097	9,277	14,815
Total Exports	39,937	21,239	25,351
Total Landings	42,936	26,319	23,567

TABLE 6

**Total Canadian Exports of Whitefish: Pickerel,
Lake Trout, Sauger, and Pike: By
Form of Utilization: 1960-64
(000 lb. round weight)**

	1960	1961	1962	1963	1964
Exported fresh or frozen, whole or dressed	35,516	33,136	33,050	30,276	28,509
Exported as fillets	13,831	13,607	16,192	18,116	19,187

Perch produced in Canada, largely from Lake Erie, are mostly exported as fillets. Moreover, during my visit to some United States importers, I was informed that whole perch imported from Canada were filleted as well. The perch is therefore, marketed almost entirely as a filleted product. This is, on the one hand, again indicative of the consumer's preference for this product form. On the other hand, the size of the perch limits marketing primarily to fillet form. As round or dressed fish the quantity of perch which could be marketed would be much less than present production. In other words, the perch fishery could not have developed to the extent it has without modern merchandizing techniques. Smelt is marketed primarily frozen dressed, the processing having been carried out in large-scale modern plants. Chub produced in Lake Huron, depends for its commercial significance on the smoking trade. Chub are therefore exported in the fresh whole form, and this pattern of utilization is not affected by the change in consumer preference.

The basic impact of the shift in consumer demand lies in the nature of the filleted product. The fillet, normally marketed frozen, can be stored. Filleting therefore, reduces perishability greatly. The demand pattern shows greater regularity therefore, because the consumer can store the product. Storability is of great benefit in reducing the incidence of irregularities in total fishing effort and total supply. Thus the problem of coordination between demand and supply is largely overcome when freshwater fish is filleted rather than sold fresh. And hence the price instability which pervades the marketing of whole fish largely disappears when the freshwater fish is filleted.

3. Prices

The freshwater fish industry is in the first place an export industry. The economic viability of this industry consequently depends primarily on the return from the export market. An inquiry into marketing Canadian freshwater fish is therefore not complete without a brief analysis of export earnings. We wish to emphasize in this section especially the level of prices today and the difference in return from exporting freshwater fish in the whole, dressed form and as fillets.

On the United States market, the return on whole Canadian freshwater fish varies with species, size, freshness, region of production, method of production, and whether it is dressed or not. There is however, not a price schedule in Chicago or New York which recognizes for each species these factors separately, or indicates what volume was marketed at each of these price levels. The premium on fish caught in pound nets is specified in a separate quotation for whitefish and pickerel on the New York market, but not on the Chicago market. The Chicago market has separate quotations for different sizes of perch, bass, smelt and rough fish. But size differences for pickerel, pike, sauger, lake trout and whitefish are not specified in either Chicago or New York. Yet some Canadian exporters sell white fish by size and are paid accordingly. And while the Chicago market has a separate quotation for "Lake Superior" whitefish, covering generally Great Lakes production and one for "Canadian" whitefish from the Western fishery outside the Great Lakes, there appear to be no separate quotations for Great Slave Lake or Lake Winnipeg whitefish, which are both accepted by the trade as premium grades. Moreover, there are no separate quotations for each species in recognition of differences in quality. The price quotations⁽¹⁾ given therefore, must incorporate all these factors which are not recognized in separate quotations. The result is a price range rather than a price.

The wholesale price ranges are however, not a reliable indicator from month to month or even year to year, of the strength of the market or the average price paid for the volume marketed. The Commission was forced to rely on average

export values for this information. The existence of price ranges does however, indicate the lack of standardization and grading in marketing Canadian fish and the little control exercised by Canadian exporters in it. While the use of annual unit export values indicates the average return per pound exported, they as well hide the disparities in prices which exist for the various reasons discussed above.

(a) Price Trends

The average annual export value for each of the major species has increased since 1955. This is so for whole fish or fillets, fresh, or frozen fish. In fact the average return in 1965 was generally higher than during the previous ten years, evidence that market conditions are at present very favourable.

The accompanying graph shows that unit export earnings of whole dressed pickerel, sauger, whitefish and lake trout are higher than for pike, perch, and smelt. It is also readily apparent that the price rise has been greater for pickerel, pike, and sauger than for the other species. The average return for these three species in 1965 was in fact more than double that in 1955. The strength of pickerel prices resulted from the decline in total output, following the diminution in Great Lakes production. Sauger, a species related to pickerel, has benefited similarly from the reduced output of pickerel. Unit export values for northern pike have also strengthened substantially. Consumer acceptance of this species, partially as a substitute for pickerel and sauger, and particularly in fillet form has improved, and prices have reacted accordingly. Since pickerel production declined only on the Great Lakes, therefore the beneficial impact on its price, and on sauger and pike prices, was felt solely by the industry in Western Canada and in Northern Ontario.

The average return in export markets has increased particularly slowly for Canadian whitefish. In view of the importance of whitefish in the inland fishery the stability in the return on this species has been a cause of great

(1) See for instance, Appendix, Table 21.

concern, especially in Western Canada and Northern Ontario, where over 90 percent of Canadian production originates.⁽¹⁾ Since the expansion in Canadian output has been limited during the past ten years, the stability in average returns is a reflection of the change in the purchasing pattern of the Jewish housewife, the increase in production of inferior grades of whitefish, and the consequent expansion in the production of whitefish fillets. Underlying these more readily assessable factors is the basic weakness of the Canadian exporter in selling whitefish, and the confusion and uncertainty which plagues the marketing of this species.

The average unit export value for whole dressed lake trout has also not shown a significant increase. This is however, due largely to a change in the relative importance of producing areas. Lower-priced Saskatchewan production has increased, and the output of the Great Lakes

and of Great Slave Lake of premium grades of lake trout has declined. This change in composition has hidden to a considerable extent the real strength of the market for lake trout.

(b) The Export Return on Fillets

A pound of freshwater fish fillets brings a greater return than a pound of whole fish. This should be so since it requires more than one pound of whole fish to produce a pound of fillets, and because of the additional filleting costs. When, however, one compares the return on fillets with that on whole fish, on a round or landed weight basis, then it becomes apparent that the return on fillets not only does not cover the costs of filleting, on average, but is even smaller than the return on whole fish. (See Table 7).⁽²⁾ In 1964, for instance, a pickerel weighing one pound when landed realized an average of 37.3 cents when exported round or

TABLE 7
Average Unit Export Values for
Canadian Pickerel and Whitefish: By
Form of Utilization: 1961-1964

	1961	1962	1963	1964	1961	1962	1963	1964
	Pickerel				Whitefish			
	(cents per pound)							
<i>Product Weight</i>								
Fresh, round or dressed	35.8	37.2	39.2	39.2	38.6	36.3	35.5	36.7
Fillets	66.7	65.1	69.5	70.0	34.1	32.1	36.2	40.1
<i>Round Weight</i>								
Fresh, round or dressed	34.1	35.4	37.3	37.3	32.2	30.3	30.4	30.3
Fillets	26.4	26.1	27.8	28.0	17.1	16.1	18.1	20.1

(1) The stability in whitefish prices as far as the Western fishery is concerned, is overstated, because the proportion of high-priced Great Lakes whitefish, was higher in 1955-1959 than in later years, which modifies the impact of a general increase in price.

(2) Even if the return on a round weight basis, is the same for the two forms of utilization, then the additional filleting costs have not been recovered. Filleting may be beneficial to the Canadian economy in that more processing will increase employment, but unless the foreign consumer pays for the cost of filleting these additional costs will be reflected in a lower return to the fisherman. It should be noted that the reduction in weight effects a saving in transportation costs.

dressed, and 28.0 cents when exported as fillets.⁽¹⁾ A similar gap in export returns, on a round weight basis, applies to sauger, pike and lake trout.

For pickerel, pike, sauger, whitefish and lake trout, it is implicit in the nature of the demand for fillets, as compared with the demand for round or dressed fish, that the return will on average be lower. The round or dressed product is a readily identifiable preferred commodity for its consumer. The filleted product has lost some of this identity. Moreover, quality to a discerning buyer is not as easily recognized in the fillet. In other words, the intensity of preference for the fresh whole fish may not be transferred to the filleted product. This in turn permits erosion of the freshwater fish market by available lower-priced substitutes in those areas where preference for freshwater fish is weakest. In order to combat this lower-priced marginal substitution, the filleted product must be marketed at a price, on a comparable round weight basis, on average, below that of the fresh, whole or dressed product.

There are therefore, two distinctive areas of demand or two markets for those freshwater fish species which can be utilized freely for filleting or for the fresh, whole dressed fish trade. This is not so for perch, which is marketed almost exclusively as fillets, or smelt which is sold largely in the dressed or headless form, or chub and tullibee which are generally speaking smoked. Whole pickerel, pike, sauger, whitefish, and lake trout in other words, do not compete with fillets on the market. Freshwater fish fillets compete with fillets of sea fish and other non-meat products.⁽²⁾ In other words, the two markets are exclusive of each other, although the raw material is the same. Theoretically this is a source of marketing strength. That portion of the catch which the fresh market cannot absorb at a given price is filleted. Therefore, the demand for the lower-priced fillet can be used to stabilize the price in the premium market, particularly during periods of oversupply.

The difference in export return between fish fillets and round or dressed fish is much greater for whitefish than for pickerel. The lower return when whitefish is filleted represents in part as well the loss of identity as a preferred product. However, there are more compelling reasons for the weak market performance of the whitefish fillet. Frozen whitefish fillets cannot be stored without a rapid loss in quality when frozen with present freezing techniques, because of the high fat content of whitefish. Moreover, most whitefish which is filleted at present is "B" whitefish, which cannot be sold whole dressed except in the lower-priced domestic market. This lack of alternatives is appreciated fully by United States importers of whitefish fillets. Furthermore, the fillets consist frequently of whitefish which were exported originally for the dressed fish trade but which were rejected by the United States Food and Drug Administration inspectors as "B" whitefish. By the time these have been returned, filleted, and candled,⁽³⁾ the quality is far from desirable. This has undermined seriously consumer confidence in this product. These factors all contribute to the relative low price obtained for whitefish fillets.

It is apparent that one cannot as readily separate the demand for whitefish into two distinctive segments as the demand for other species. There is in effect no freedom of choice in the utilization of "B" whitefish. The "B" whitefish can be marketed only in fillet form. Consequently, under the conditions which today govern the marketing of whitefish, supplies diverted to filleting have practically no stabilizing effect on the price of "A" whitefish which is marketed round or dressed. Therefore, the benefit to be derived from the existence of two markets is largely absent as far as whitefish is concerned. This suggests a greater degree of instability in the marketing of whitefish than of other species.

Canadian export earnings would improve significantly therefore if the whitefish fillet could be marketed at a substantially higher price. This

(1) This difference is understated in that the exports, round or dressed are quoted f.o.b. Winnipeg, and fillets are quoted c.i.f. destination.

(2) Marketing of Saskatchewan Freshwater Fish; Unpublished Report by J.T. Phalen and A.A. Holdt, Department of Co-operation, Government of Saskatchewan, page 4.

(3) Candling denotes the procedure for removing the *Trisenocephalus crassus* cysts.

will require in the first place the removal of the uncertainty which pervades the marketing of whitefish due to the present inspection system. Second, it will require a quality product, using fresh raw material, hygienic processing facilities and low-temperature cold storage facilities. Third, there will have to be a concerted effort by the freshwater fish industry, to increase consumer acceptance of this product.

The preceding discussion makes it clear that the shift in consumer preference has been of benefit to the marketing of Canadian freshwater fish. It is also clear that, as long as there is a demand for fresh, round or dressed freshwater fish, giving a premium price, there is no advantage to the Canadian industry to market all fish produced in fillet form. It is desirable that filleting be restricted to the amount required which will stabilize the premium market for the whole, round or dressed products; or to the amount which will maximize the return to the Canadian industry for all the fish it handles. Although the volume of filleting will undoubtedly increase, we feel that nothing should be done which will unduly hasten this process.

In summary, the freshwater fish industry is an export industry, which makes a worthy contribution to our balance of trade. The industry is dependent for its foreign sales almost wholly on the United States market for freshwater fish, and therefore lacks effective alternative outlets. On the other hand, United States importers depend on the Canadian industry for forty percent of its freshwater fish requirements, and for almost its entire needs of pickerel, sauger, pike, whitefish and lake trout. This potential source of strength has been wasted by a dispersion of selling power among too many individual exporters in the face of control over United States imports of whole round or dressed fish by a few importers.

The freshwater fish industry's major product is still round or dressed fish in spite of the gradual shift to filleting; this is particularly so for pike, pickerel, sauger, whitefish and lake trout. We indicated that for these species there are two distinctive areas of demand. If properly exploited, this would have a potential for achieving orderly marketing and maximizing returns.

Unfortunately, this potential has not been tapped sufficiently, and it appears to be impossible within the present structure of the industry. It is my opinion that the freshwater fish industry, as presently constituted, and in so far as it depends on and is controlled by United States importers of fresh round or dressed fish, has no interest in utilizing Canadian pickerel, pike, sauger, whitefish and lake trout for filleting. The filleted product by-passes this importer, and therefore, filleting reduces his turnover, control of supply and hence bargaining power. Even without this external pressure the Canadian dealers and exporters are inclined to the perpetuation of the marketing of fish in the fresh form. This is so because in essence they are merely commodity brokers interested in short-run gains. Filleting, on the other hand, requires a substantial outlay in plant and equipment, which contradicts this basically short-run outlook prevailing in the industry. In other words, the present dealers and exporters are inclined not to fillet and consequently foster the continuance of the instability in the marketing of fresh fish. This is not surprising because the loss in revenue in the long run affects not the dealer or exporter but the fisherman.

Prices received by Canadian exporters are currently higher than those which prevailed during the past ten years. Market conditions for Canadian freshwater fish are favourable and will continue to be strong in view of the increasing population and declining production of acceptable fish in the United States, provided the Canadian industry supplies a high-quality product.

C. PATTERNS OF MARKETING FRESHWATER FISH AND THE PARTICIPANTS

While the marketing of freshwater fish has a very impersonal non-human connotation, my inquiry is, in essence, concerned with people and with their involvement in the marketing process. Marketing begins with the fisherman and before freshwater fish reaches the consumer a number of other participants are involved. They are the dealer, the processor, the exporter and the importer. The participants in the export movement of Canadian freshwater fish are not

always the same, in fact they vary as marketing patterns vary.

As ownership of the fish is transferred, marketing evolves into a number of selling-buying relationships. According to my terms of reference, I must enquire into the strength or weakness of selling Canadian freshwater fish. In this subsection, it is my intention first, to describe the patterns by which most freshwater fish moves to the United States market, second, to outline the number of participants in marketing and third, to convey impressions of the relationships between these participants.

1. Marketing Patterns

Freshwater fish does not always move to export markets in the same manner. Many factors, including the product form demanded, the location of producing areas, the distance between fishermen and consumer, and possible means of transportation, have an impact on marketing patterns. As these influences vary from one region to another at any given time, and as they change with time at a given place, so marketing patterns will vary and change. Our primary interest is in the impact of the fish product demanded on participation in marketing, emphasizing the shift from round or dressed fish to fish fillets.

Freshwater fish are marketed essentially in two ways: (1) whole and (2) filleted. Whole freshwater fish may be put on the market "round", "dressed" or "headless". "Round" is as the fish comes from the water. When the viscera, gills and kidney⁽¹⁾ have been removed the fish is "dressed". A "dressed" fish with the head removed is called "headless" by the trade. A filleted fish has the major bone structure removed and results in two fillets "skin-on"; when the skin is removed the fillets are classified as "skinless".

(a) Marketing Whole Fish

The freshwater fish marketed whole, round, dressed, or headless consists currently mostly of pickerel, pike, sauger, whitefish and lake trout. These five species are at present for more than ninety percent produced in Northern

Ontario, the Prairie Provinces, and the Northwest Territories.

(i) Patterns and Participants

Round or dressed fish moves to the United States market essentially in three ways. First, the fisherman sells directly to an importer. Second, he sells to a Canadian exporter who deals with the importer. And third, the fisherman sells to a local dealer, who in turn ships the fish to an exporter.

The fisherman is the first and essential participant in marketing Canadian freshwater fish. This obvious fact appears to be often forgotten by the other participants in their relationships with the fisherman.

When the fisherman sells his round or dressed fish to the importer, he himself performs the exporting function. The only buying-selling relationship is that between the fisherman and importer. This marketing pattern avoids any additional middlemen, always an advantage from the fisherman's viewpoint. Generally, such a direct fisherman-importer relationship can only exist when the distance to market is relatively short. The extra express charges on small lots, and the overhead cost of telephone calls can be absorbed only when the distance involved is relatively short and when the value of the species marketed is high. These conditions apply mainly to Great

Lakes fishermen who handle whitefish, pickerel, and lake trout. Because the supply of these species of fish from the Great Lakes has declined, this direct export pattern accounts for less than ten percent of the total marketings of these species.

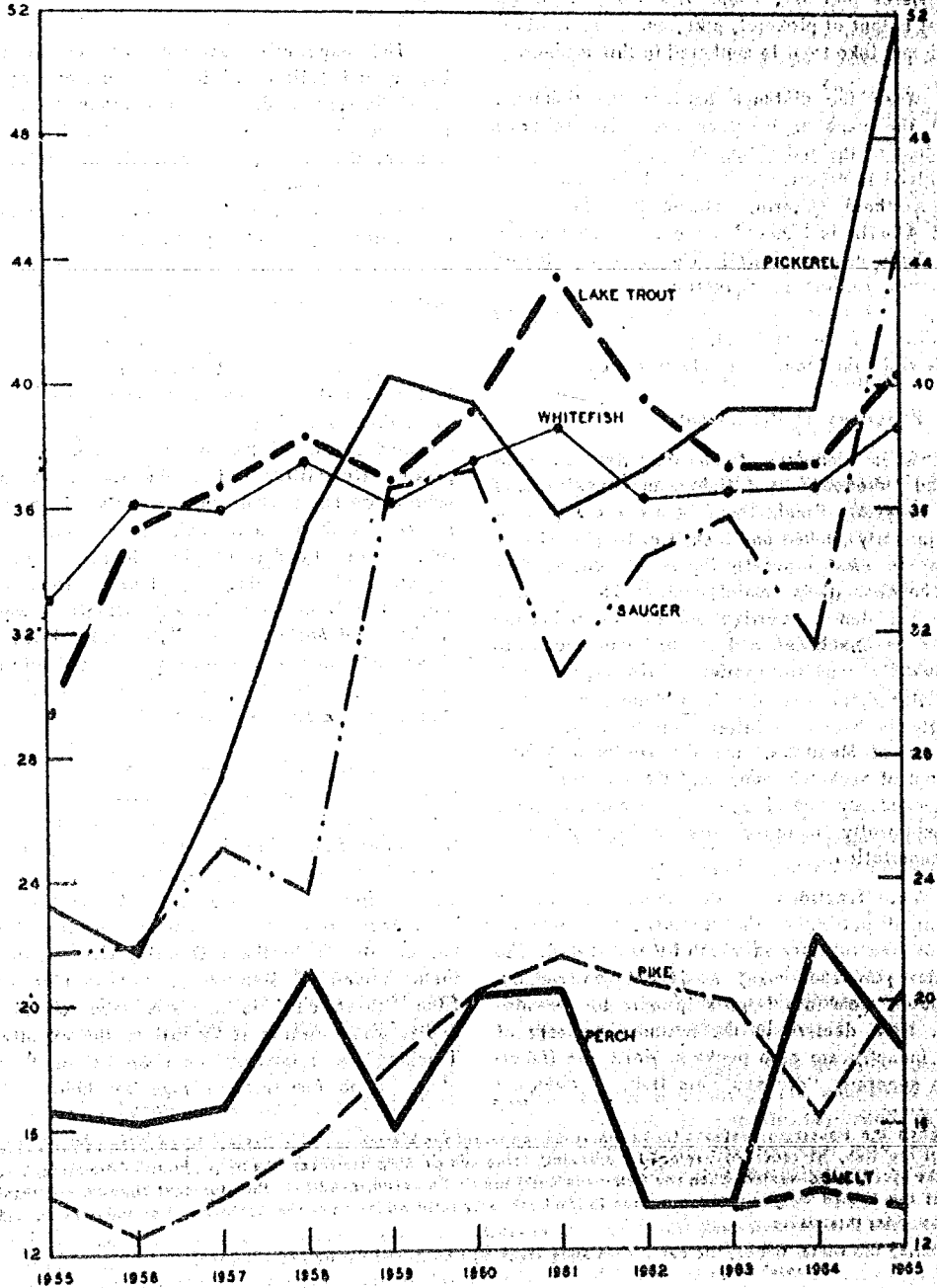
The second way in which fresh dressed fish reaches the importer is through a Canadian exporter. The participation of an individual who executes specifically an exporting function becomes necessary when fish is produced by many small-volume producers who are located a great distance from the market. When costs of transportation, handling and marketing become large in relation to the overall value of the product, it is advantageous for the fisherman to sell to an exporter. The fisherman-exporter

⁽¹⁾ This is usually called "blood" by the trade.

CANADIAN FRESHWATER FISH UNIT EXPORT VALUES: SELECTED SPECIES:

CENTS
PER LB

CENTS
PER LB



relationship is characteristic of the Great Slave Lake fishery in the Northwest Territories, the fishery on the southern end of Lake Winnipeg and and the Great Lakes fishery. The Commission estimates that only about fifteen percent of the total output of pickerel, pike, and sauger, whitefish and lake trout is marketed in this manner.

When the distance between the fisherman and the exporter becomes excessive in terms of cost to the fisherman, then a dealer becomes involved in exporting. Almost all the fish landed in Northern Ontario, Manitoba, Saskatchewan and Alberta is handled not only by an exporter but by a dealer as well. The fisherman-dealer-exporter method of marketing is the most important, because it accounts for about three quarters of the pickerel, pike, sauger, whitefish and lake trout currently marketed.

(ii) Functions of Participants

When Canadian freshwater fish are marketed "dressed", the fisherman normally does the dressing. Fresh, round or dressed fish must be properly packed and iced, i.e. be placed parallel to each other in layers of ice so that freshness will be maintained.⁽¹⁾ This packing function can be carried out by the fisherman when he has boxes and ice and has access to railway or road transportation. However, a substantial proportion of inland fishermen, particularly in Northern Ontario, the northern lakes region of Manitoba, and the Northern Affairs region of Saskatchewan, must fly out their catch unpacked because shipping a box and ice would substantially increase already high costs of transportation.

The functions of the dealer reflect the physical setting of that segment of the freshwater fish industry in which he is located. The dealer purchases many small catches and assembles them into large shipments for forwarding. Most dealers in the northern segment of the industry are also packers. While the fisherman generally "dresses" his fish, he does not

pack it, particularly if the fish is flown out. The need to reduce transportation costs through larger-scale operations make the dealer another necessary participant in marketing freshwater fish.

The exporter's functions are essentially buying and selling. While the exporter may in some instances dress fish purchased in the round, ice and pack it; or may grade, re-ice and re-pack, the exporter is basically not involved in the transformation of the product. The exporter of round or dressed fish is primarily a commodity broker not a processor.

(iii) Transportation

The Commission did not ascertain the relative importance of rail, truck, plane and boat in the overall movement of fish from fisherman to market. Trucking has however, become the favoured means of transportation. Trucks have greater flexibility, and unlike trains are not scheduled. The use of trucks greatly widens the choice of loading and unloading points which permits greater freedom of plant location. As is important when moving a perishable item, the shipment receives individual attention when trucked, but not when moved by train. Each of these advantages of trucking is associated with saved time, a most important consideration when marketing a perishable product.

From the fisherman to the exporter, transportation involves a combination of plane, train, truck and boat. Because more and more freshwater fish is produced from remote lakes inaccessible by rail or road, therefore, the volume of fish which moves initially by air has been increasing.⁽²⁾ Air transport is important particularly in Northern Ontario, and the northern halves of Manitoba and Saskatchewan. Fish "flown out" is normally received by a dealer who forwards it by rail to the exporter. Trucking is relatively unimportant in these areas. Road construction lags far behind the

⁽¹⁾ When the fisherman performs these functions, he increases his income from fishing. In addition to the value of the fish, he receives a return for dressing, icing and packing. However, the by-products of dressing, i.e. the viscera, are wasted. When the fisherman sells his fish dressed, headless, then for most species one third of the landed weight remains behind in the bush. Any rationalization of the freshwater fish industry should consider this waste.

⁽²⁾ During the winter fishery the catch from such areas may be moved out by snowmobiles.

physical expansion of the freshwater fish industry. The initial movement of fish produced in Great Slave Lake and the Great Lakes, involves principally trucking. On Lake Winnipeg fish is still shipped by boats owned by the fish companies.

Truck transportation has become most prominent for forwarding freshwater fish from exporter to importer. Trucks move 90% of Canadian fish marketed in Chicago.⁽¹⁾ Great Slave Lake whitefish and lake trout are trucked from Hay River to Edmonton, a distance of 700 miles, and after a transfer, are trucked another 1500 miles to Chicago. The export movement of fish into Detroit is mostly by truck, although rail transport may be involved as far as Windsor. Shipments of fish for New York City are initially by rail to a border point, i.e. Montreal, and are trucked the rest of the way. Ninety percent of the receipts of freshwater fish at the Peck Slip section of New York City's Fulton Street Fish Market are brought in by truck.⁽²⁾

(iv) Distribution in the United States

Most whole round or dressed fish exported to the United States is marketed in New York City, Detroit and Chicago. In view of the concentration of Jewish people and Negroes in these centres, and Chicago being the gateway to the Mid-west, the prominence of these three cities in the marketing of whole fish is not surprising.

Importers in New York City have traditionally handled most of the round or dressed pickerel, whitefish and lake trout produced in the Great Lakes, and this region was the main area of supply for these importers. Detroit and Chicago have been the major centres for handling Canadian freshwater fish produced in the western provinces, Northern Ontario and the Northwest Territories. Freshwater fish which funnelled through Winnipeg, Edmonton and Prince Albert was handled most by importers in these two United States cities. Thus in the past, the export movement of freshwater fish was marked by two flows; one between the Great Lakes

and New York City; and the other between the western inland fishery and Detroit and Chicago.

The Great Lakes are no longer an important producer of pickerel, whitefish and lake trout. This has forced New York importers to look to western Canada as a new source of supply for round or dressed fish. Today, a substantial proportion of the total export movement of western fish goes to New York. Importers in Chicago and Detroit who previously controlled almost the entire movement of round or dressed fish from the Canadian inland fishery outside the Great Lakes, now receive only part, although the larger part. The eclipse of the traditional Great Lakes fishery has introduced an additional competitive element in the western inland fishery, thus weakening the dominant position of Detroit and Chicago importers.

The importer of round or dressed fish is in essence a receiver and distributor. The nature of the product makes him an essential link in the marketing process. Round or dressed fish is retailed by many small fish stores each handling a relatively small volume. Thus the marketing of the round or dressed product begins with small volume producers and ends with small volume retailers. Transportation over long distances necessitates both aggregation by the exporter in Canada, and distribution by the importer in the United States.

(b) Marketing Fish Fillets

At present almost the entire catch of perch, smelt and bass and an estimated forty percent of the combined landings of pickerel, pike, sauger, whitefish and lake trout is plant processed. The marketing of the more fully processed fish product accounts now for the larger part of the catch of the Great Lakes fishery as a result of the recently acquired prominence of perch, smelt and bass in that fishery.

Marketing freshwater fish in fillet form involves further processing. The additional processing function is usually performed in on-shore plants which are equipped with freezing facilities in order that the fillet can be frozen

⁽¹⁾ Receipt and Prices of Fresh and Frozen Fishery Products in Chicago, Market News Service, U.S. Department of Interior.

⁽²⁾ New York City's Wholesale Fishery Trade, Market News Service, U.S. Department of Interior.

for longer storage. The essential difference between marketing round or dressed fish and marketing fillets is that the latter requires a processor.

The processing function has in general been taken over by the exporter who previously handled only round or dressed fish. In other words, the exporter is no longer merely a broker of round or dressed fish with a short-run concern for covering variable costs; his only costs. He is now a processor, of necessity more concerned with the future, because of his outlay for plant and equipment.

The difference in outlook, generated by a change in demand and utilization is naturally of the utmost significance to the industry. Unfortunately, not all exporters have committed themselves to an investment in filleting and freezing facilities; and the facilities of those that have, indicate generally an inadequate commitment. This appears to be especially so for the exporter-processors in the western inland fishery. In this segment of the freshwater fishery, there still remains too much evidence of the old hit-and-run philosophy.

Filleting does not affect the participation of the fisherman as primary producer and primary seller. His role in the transformation of the fish into a marketable product however, generally ceases and he no longer "dresses" his fish or packs it for export. He delivers his fish for filleting "in the round" and consequently, loses the additional return for the dressing function, which may be as much as 3 cents per pound or 10 percent if he receives 30 cents per pound for round fish. On the other hand, plant dressing and filleting permits the utilization of the by-product for animal feed. Plant processing has another advantage; namely it will promote exploitation of "rough fish" for making fish meal or other animal feeds.

Filleting of necessity introduces another middleman, the processor, in the marketing process. The fisherman himself is excluded from exporting and can sell only to the processor-exporter. One fishery which has experienced this change is the Lake Erie fishery. When

pickerel was the paramount species the fisherman had a choice to sell round or dressed directly to the importer or to sell to an exporter or processor. Today, with perch, smelt, and bass the dominant species, the Lake Erie fisherman has lost this option and he must sell his catch to the processing plant.

The role of the dealer remains basically the same, whether pickerel, sauger, pike, whitefish, and lake trout are filleted or are sold round or dressed. His assembling and forwarding functions continue to be required. The dealer still ices the fish and packs the fish, because until it is frozen it remains highly perishable. In general, filleting has not greatly affected the marketing pattern and participation in Canada. The advantages of filleting are a highly desirable change in outlook by exporter, and a removal of processing from the fisherman which increases the utilization of offal. The disadvantage is a loss of income to the fisherman because of increased processing costs which are usually not recovered from the foreign consumer.

The main impact of filleting is felt by United States' importers of round or dressed fish. Shipments of round or dressed fish are distributed in many small parcels, because retailers handle small volumes and because the product cannot be stored. The retailer orders at least once a week which rules out any direct relationships between the Canadian exporter and the retailer. Filleting changes this. The frozen fillet is the logical outcome of modern merchandizing as embodied in the supermarket. The large turnover of the supermarket combined with the storability of the frozen fillet means less frequent but larger orders. In addition, transportation costs are a smaller proportion of the total value, so the exporter can advantageously deal directly with the supermarket. Consequently, the marketing of fillets makes the importer-distributor redundant. Therefore, to the extent that Canadian freshwater fish is filleted, the United States' importer of round or dressed fish is by-passed in marketing. Filleting reduces the control of the United States' importer of round or dressed fish over the export movement of Canadian freshwater fish.

2. The Number of Participants

(a) Fishermen

In recent years, about fifteen thousand commercial fishing licenses have been issued in inland Canada.⁽¹⁾ The actual number of men engaged in the commercial inland fishery is, however, around nine thousand; see Table 8. The average fisherman in the inland fishery lands per year eleven thousand pounds of all species of fish. When allowance is made for the much higher average landings per man in the Lake Erie perch, amelt, and bass fishery, and in the chub, lake herring and tullibee fisheries of Lake Huron, Lake Superior and Lesser Slave Lake, per capita landings elsewhere are reduced substantially. In fact, when "rough fish" are excluded, it appears that average landings of pickerel, lake trout, sauger, pike and whitefish are not much more than 6,000-7,000 lbs. per fisherman. Even this figure hides a wide disparity. For instance, average landings on Great Slave Lake have been in the neighbourhood of 15,000 lbs. per fisherman, while the average fisherman in the North Channel of Lake Huron landed in 1964 less than 3,000 pounds. Even though some produce much more than others, the fact remains that in terms of marketing each fisherman supplies a relatively insignificant proportion of the total volume which is marketed.

The fisherman engaged in the commercial inland fishery can be divided into two groups: (1) white fishermen, and (2) Indian and Metis. There is no accurate information on the relative number of fishermen in each group. Indians or Metis participate little in the Great Lakes fishery, but are the dominant factor in Northern Ontario. In the inland fishery of Manitoba, Indians and Metis are the more numerous on the lakes of 54° latitude, while on the large southern lakes white fishermen are the more numerous.

(1) A fisherman is for purposes of provincial legislation, a person licensed to fish, since a license is required for the summer fishery and the winter fishery, and sometimes for different lakes as well. In some provinces the number of licenses issued greatly exceeds the actual number of men who during a given year engage in the commercial inland fishery.

(2) In 1946-47, the Saskatchewan Government decided that fishing in the Northern Affairs Region be limited to residents of that area. Since the population was mostly Indian or Metis, therefore their participation in the local freshwater fishery expanded quickly.

(3) Information supplied by the Government of Alberta.

(4) Information supplied by the Department of Northern Affairs, Ottawa.

TABLE 8

Canada: Number of Fishermen Engaged in the Freshwater Fishery, 1961-1964

	1961	1962	1963	1964
Ontario	3,059	2,993	3,271	2,952
Manitoba	3,380	3,464	3,568	3,361
Saskatchewan ^(a)	1,750	1,850	1,827	2,020
Alberta ^(a) (b)	n.a.	n.a.	n.a.	1,408
N.W.T. ^(c)	336	476	453	508

(a) Duplication of license holders between summer and winter fishing could not be removed for these provinces.

(b) Excludes some 4,000 commercial license holders which are assumed to engage primarily in sport fishing.

Source: Ontario, Saskatchewan, N.W.T., D.B.S. Fisheries Statistics of Manitoba and Alberta; Provincial Governments.

Almost all commercial fishermen in the Northern Affairs region of the province of Saskatchewan are Indians or Metis.⁽²⁾ In Alberta, 996 licenses were issued in 1964 to Indians,⁽³⁾ suggesting that commercial fishing is performed mostly by Indians there. In the Northwest Territories, 133 commercial fishing licenses were issued to Indians and Eskimos in 1964, but white fishermen are more numerous in this region with 375 licenses.⁽⁴⁾ In brief, white men generally fish in the more southerly areas, and the larger lakes, and Indian and Metis fish on the more remote smaller northern lakes.

While the overall number of fishermen in the inland fishery has not changed much in recent years, participation by Indians and Metis has been increasing and by white men has declined. The number of Great Lakes fishermen has been diminishing for some time because of a drastic drop in the catch of pickerel, whitefish, and lake trout. With abundant alternative employment opportunities available in recent years, a

increasing number of fishermen no longer have an incentive to remain in the Great Lakes fishery⁽¹⁾. In 1946, there were 3,037 Canadian fishermen on the Great Lakes; by 1959, the number had declined to 2,150 and by 1963 the number was reduced to 1,726⁽²⁾.

In Manitoba, participation by white men in the fishery is declining as well, particularly on the three large southern lakes. This shows the general dissatisfaction with present conditions in the industry, particularly among fishermen of Icelandic origin or ancestry who have been for long, a prominent factor in the Manitoba fishery. In fact, the degree of happiness and contentment of these people in their occupation is often regarded as a useful indicator of the state of the freshwater fish industry. During the public hearings, it was made quite clear that they are not happy, are not content, but are very discouraged⁽³⁾.

While the number of white commercial fishermen has been declining the number of Indians and Metis has increased. The number of fishermen in Northern Ontario has grown from 1,068 in 1958 to 1,391 in 1963⁽⁴⁾. During the same period, the number of fishermen in the Northern Lakes Region of the Province of Manitoba expanded from 1,598 to 1,973⁽⁵⁾. A similar expansion has occurred in the number of licences issued in the Northern Affairs Region of the Province of Saskatchewan.

The expanding participation of the Indian and Metis in the commercial freshwater fish industry has significance for the marketing of Canadian freshwater fish. They may be less conscious about quality as reflected in their personal care of the product. Of greater consequence is the fact that the first buyer-seller relationship involves increasingly persons who

have not been introduced to the intricacies of the marketing process, and therefore lack or have inadequate knowledge about marketing which impairs further their already weak bargaining position. Problems in marketing freshwater fish are becoming more and more just another aspect of the generally deplorable economic and social conditions which mark the existence of Indians and Metis in Canada's northland.

(b) Dealers

The dealer participates in marketing most of the fish landed in the inland fishery outside the Great Lakes. The dealer buys freshwater fish from the fisherman, sells it domestically but does not export it. The Commission estimates that in 1964, 285⁽⁶⁾ persons were licensed by the provincial governments of Manitoba, Saskatchewan and Alberta to buy and sell fish domestically. Of this total there are 198 in Manitoba, 60 in Saskatchewan⁽⁷⁾, and 27 in Alberta. Landings in these three provinces in 1964 totalled 56 million pounds, so that each dealer on average handled slightly less than 200,000 pounds of fish⁽⁸⁾. Assuming that there are some 6,000 men engaged in commercial fishing in the three Prairie Provinces⁽⁹⁾, it would appear that each dealer handles the catch of about 21 fishermen.

In the province of Manitoba alone there are 193 dealers who buy fish from the fishermen. On the southern lakes there are 114 dealers, mostly operators of fishing stations. The northern lakes have 84 people licensed to buy and sell fish. In 1964, Manitoba had 3,361 men engaged in the commercial fishery who caught 29 million pounds of freshwater fish. There was one dealer for every 17 fishermen and each dealer on average handled 150,000 pounds of fish, well below the

(1) See Transcript of Public Hearings.

(2) Fisheries Statistics, Ontario - D.B.S.

(3) See Transcript of Public Hearings.

(4) D.B.S. Fisheries Statistics - Ontario, 1959 and 1963.

(5) D.B.S. Fisheries Statistics - Manitoba, 1959 and 1963.

(6) This figure was derived from information made available to the Commissioner by the Provincial Governments.

(7) This includes the manager of each local fishermen's co-operative.

(8) This is a maximum figure, in that no allowance is made for deliveries by fishermen directly to the exporter, thus by-passing the dealer.

(9) Allowing for duplication.

average for all three prairie provinces. The contrast with the general level is even greater when one considers the Northern Lakes Region separately, where each dealer averaged only 135,000 pounds.

The Saskatchewan freshwater fish industry presents a much more favourable ratio between the number of dealers and the volume of fish handled. The sixty dealers average almost 240,000 pounds each. The greater average amount per dealer can be attributed largely to the co-operative associations, the members of which produce about 7 to 7.5 million pounds of fish annually⁽¹⁾. In other words, each manager of a local, who is assumed to have the equivalent function of a dealer, handles about 400,000 pounds of fish. By comparison, the same volume of fish in the Northern Lakes Region of Manitoba would have encouraged the presence of three dealers. The average volume handled by private dealers in Saskatchewan is well below that achieved by each local co-operative. Private dealers number 42 and they handle the other 50% of the provincial catch, about 170,000 pounds each, closer to the average for all the prairies.⁽²⁾

Fishermen's co-operative associations, in the person of their respective managers do not eliminate the dealer-packer, but essentially replace him. The dealer's functions are carried out by the local co-operative, which demonstrates that the forwarding function is necessary in the physical setting of the freshwater fish industry in Northern Ontario and Western Canada. Competition among exporters for available supplies of fish results in duplication that is removed by the formation of a co-operative, which handles the entire catch of its fishermen members. The removal of duplication reduces the total overhead costs of marketing freshwater fish, and provides

an opportunity for increasing the return to the fisherman. The large volume of fish handled by each Saskatchewan co-operative suggest that the number of independent dealers could be reduced greatly, particularly in Manitoba.

(c) Exporters

The Commission estimates that there are some ninety-three exporters⁽³⁾ involved in selling Canadian freshwater fish in the United States and overseas. Sixty-one are located in Ontario and thirty-two in the three Prairie Provinces.

In the Lake Erie region of the Province of Ontario, there are twelve firms which process and export freshwater fish. These exporters handle primarily perch, smelt, and bass from Lake Erie and Lake Ontario. The catch from Lake Ontario is processed by Lake Erie exporters because there are no processing facilities near the former. Moreover, processing is necessary because the size of the fish eliminates marketing whole, round or dressed. The processor-exporters in this area handled, on average, about 28 million pounds of perch, smelt, and bass during the past five years.

The combined capacity of the facilities on Lake Erie are not sufficient to process and store⁽⁴⁾ as much perch, smelt, and bass as can be produced, without overfishing, from Lake Erie and Lake Ontario; a fact that was brought out quite decisively at the public hearings⁽⁵⁾. We find, however, that processing and storage capacity and particularly the latter, is inadequate mainly because production is seasonal; most of the catch is made in a relatively short period in the spring and in the fall of the year.

(1) Submission by Co-Operative Fisheries Limited to the Commission.

(2) This is overstated because Alberta dealers probably handle a good portion of Lake Athabaska production, and Manitoba dealers siphon off part of the catch of such adjacent lakes as Reindeer Lake.

(3) The Governments of Alberta, Saskatchewan, and Manitoba license exporters, and therefore the number of exporters in those provinces can be ascertained quite readily. The Ontario Government does not license exporters and hence their exact number is unknown. The Commission has included, in its estimate the 18 plants who have certificates of registration as fresh and frozen fish plants, and 43 major exporters of whole, dressed fish, on the basis of information supplied by the Ontario Government.

(4) With regard to a shortage capacity this refers not only to the lack of physical space but also to the inability to finance seasonal carryover of any extent.

(5) Transcript of Public Hearings, pp. 798, 799 and 803.

Not every year does the catch exceed plant capacity. However, periodically there are years when the fish crop is particularly good, or when conditions favour harvesting it at a greater rate than could be sustained indefinitely. The fall of 1965 and the spring of 1966 was such a period. At this time, as in 1962, production was curtailed because of limited plant capacity. When fishing is good, the fisherman finds both that he cannot maximize his catch, and that his price is depressed. Fluctuations in landings do not, however, create the confidence which leads industry to invest in more processing and particularly more storage facilities. Hence, without action by government it would appear that the current situation will recur from time to time.

Other exporters in the Great Lakes region handle mostly round or dressed fish; pickerel, whitefish, lake trout, sturgeon, etc. Their number and the volume handled by them has declined as the Great Lakes catch of these species has decreased. Their position will remain precarious as long as Great Lakes production remains at its present level.

In Northern Ontario there are three exporters with licensed filleting facilities. A number of other exporters handling round or dressed fish only are also present. Exporters in this area handle both Great Lakes fish and "inland" fish. They do not control all freshwater fish landed in Northern Ontario because Winnipeg exporters compete with them and siphon off a substantial portion of the total regional catch. This inter-company competition has been beneficial to the fisherman, but has caused friction among those concerned and discontent that was voiced at the public hearings.⁽¹⁾

There are thirty-two firms licensed in Manitoba, Saskatchewan, and Alberta to export freshwater fish⁽²⁾. Their supply comes from the Northwest Territories, the Northern Ontario region nearest Manitoba, and the three Prairie Provinces. The total catch of this area is approximately 65 million pounds, round weight, of

which about 50 million pounds are exported. The firms licensed to export handle a substantial portion of domestic marketings and account for the entire export movement. Most of the 15 million pounds marketed domestically are species such as tullibee, suckers, burbot, etc. which do not enter export trade in significant volumes and which, to the extent that they are used for feed in fur-ranching, do not enter normal trade channels. The export movement handled by Prairie exporters consists mostly of pickerel, pike, sauger, whitefish and lake trout.

While there are thirty-two firms licensed as exporters, the Commission estimates by far the larger part of the export movement is controlled by twenty firms, of these thirteen are located in Manitoba, mostly in Winnipeg, three in Saskatchewan and four in Alberta. Alberta exporters control the export movement of pickerel, pike, sauger, whitefish, and lake trout landed in the Northwest Territories, Alberta, and Lake Athabasca. Total landings of these species from these areas amounted to 10 million pounds in 1964, indicating that each exporter averaged 2.5 million pounds.

In Saskatchewan, there are three major exporters, of which Co-operative Fisheries Limited, the one-desk selling agency for 18 local co-operative associations, is by far the largest. The other two are privately owned. The Co-operative Fisheries Limited handles the catch of the co-operatives which amounts to about 7 to 7.5 million pounds. The two privately-owned Saskatchewan exporters handle in the neighbourhood of 5 million pounds.⁽³⁾

The supply of pickerel, sauger, pike, lake trout, and whitefish, available to Manitoba exporters from Manitoba, and from adjacent areas in Northern Ontario and in Saskatchewan amounted to approximately 23 million pounds in 1964. It is supplemented by purchases from exporters in Saskatchewan⁽⁴⁾ so that the total volume handled by Manitoba exporters is around 25

(1) Transcript of Public Hearings, p. 1021.

(2) Information provided by provincial governments.

(3) Saskatchewan exporters do not handle the entire provincial catch. A portion of the catch is marketed by Alberta exporters and Manitoba exporters.

(4) The report of the auditor revealed that of the total turnover of Co-operative Fisheries Ltd. in the year ending Oct. 31, 1965, close to 15% was accounted for by sales to other Canadian exporters.

million pounds. Each exporter in Manitoba averages therefore less than 2 million pounds per year. It is clear that the ratio of exporters to available supply of freshwater fish is higher in Manitoba than in the two other Prairie Provinces. Since two firms handle 12-15 million pounds and 4 million pounds respectively,⁽¹⁾ then clearly many of the other exporters have small and marginal businesses. Discussions with members of the trade reveal that they realize that a reorganization and rationalization of the present industry is necessary.

Western exporters handle mostly round or dressed fish. The increasing prevalence of "B" whitefish and the gradual shift in consumer preference to the filleted product in general have led to the provision of filleting facilities. As pointed out previously, exporters have become increasingly processors. All exporters in Manitoba are licensed as processors and the three exporters in Saskatchewan also each operate one or more filleting plants. In other words, there are at least twenty firms who fillet fish regularly and as many as 31 establishments where some filleting is carried out.

Many of the plants meet the standards required in order that the product be labelled "Canada Approved" by the Federal Department of Fisheries. Nevertheless, most of the establishments, in my opinion, are small and inefficient, and many are out-of-date and are incapable of producing consistently a top-quality product. More important, there are few if any storage facilities available anywhere in Canada which can maintain a temperature of -15°F.⁽²⁾ This temperature or a lower one is a prerequisite for prolonged storage of high quality frozen fish.⁽³⁾ The absence of enforced standardization in production and of quality control, and the inevitable lowering of quality which results, have undoubtedly affected adversely consumer acceptance of Canadian freshwater fish fillets.

The general inadequacy of filleting facilities in the freshwater fish industry suggests that

most exporters are not willing to commit themselves to an investment in modern plant and equipment. There are two reasons for this unwillingness to invest or "plow back" money into the freshwater fish industry. First, the exporter still prefers to market fish round or dressed. Second, if each exporter were to erect a modern filleting plant, there would not be enough fish to go around. In a seasonal industry in which, moreover, filleting is basically a market stabilization, idle capacity is a major deterrent to investment. Western processors filleted in the neighbourhood of 20 million pounds of fish in 1964, a volume which obviously would not permit every exporter to operate a modern well-equipped filleting plant at capacity. The need to rationalize and consolidate this aspect of the freshwater fish industry is obvious, for the present approach of the industry is inefficient and wasteful.

(d) Importers

While the number of importers of round or dressed fish has declined, importers of fish filets have become more numerous and overall the number of firms in the United States which import Canadian freshwater fish has increased. So control over the total export movement has become diffused, which affects the market position of Canadian exporters beneficially.

The New York fresh fish market, on Peck Slip off Fulton Street has declined sharply. As discussed previously, among the contributing factors were the drop in Great Lakes production and the change in consumption patterns. The number of importers of Canadian round or dressed fish has fallen off sharply. At present, there are no more than a dozen firms left on the New York freshwater fish market.

Fewer dealers operate in the Chicago and Detroit area also. At present, there remain five importers in Chicago and five in Detroit who handle round or dressed Canadian freshwater fish. In Chicago, one firm accounts for 65 per cent of the fresh fish business and the next

(1) Auditor's Report.

(2) Evidence submitted to the Commission.

(3) Verbal report Fisheries Research Board of Canada.

largest 25 per cent.⁽¹⁾ One of the four firms in Detroit is reported to control almost the entire flow of freshwater fish from Western Canada into that city. The other three handle primarily Great Lakes fish, mainly perch, which they fillet, and supplement with Western fish when it can be obtained.

Many times during the course of my inquiry control by importers in Chicago and Detroit was cited as the main problem in marketing Canadian freshwater fish. Previously, we pointed out that the importer-distributor has been a necessary participant in marketing round or dressed fish. Consequently, they will continue to participate in marketing Canadian freshwater fish as long as it is marketed round or dressed; and it is desirable that they do. Control over the export movement of Canadian fish by Chicago and Detroit importers has, however, diminished during the past decade. When Canadian freshwater species were mostly sold round or dressed the United States importers, particularly in Chicago and Detroit, exercised market advantages derived from their monopsonistic position. Today the market position of the United States buyers in Chicago and Detroit is less imposing. First, their position was undermined when New York importers were forced to seek supplies in Western Canada following the decline in the Great Lakes fishery for pickerel, whitefish, and lake trout. Second, the shift in consumer demand for fillets reduced their overall participation in marketing. In other words, the importers in Chicago and Detroit are today getting a smaller share of a smaller market. However, through their control of the market for round or dressed fish, they continue to exercise a widespread influence indirectly over the entire western freshwater fish industry.

This does not suggest that the solution is to fillet all Canadian fish and thus eliminate entirely the influence of these importers. In discussing the changes in demand it was made clear that this would not be beneficial to the Canadian fishermen at existing prices. The solution is to utilize the Canadian catch of freshwater fish for both the round or dressed fish market and the fillet market in those amounts

which will maximize Canadian export earnings. This will simultaneously minimize the influence of the United States importer. In other words, the emphasis should be on co-ordination, which is lacking or absent at the moment.

3. Relations Between Participants

Marketing involves a number of buyer-seller relationships. Each time that the ownership of fish is transferred, bargaining takes place between two positions of market strength. Each party seeks to recover the costs it has incurred and thereafter to maximize the return on capital and labour invested. Bargaining is concluded when both parties agree on a mutually acceptable price. Consequently, there is a price for each species of Canadian freshwater fish at each step of the marketing process.

According to my terms of reference, I am commissioned to establish whether the Canadian exporter finds his bargaining position weak relative to the United States importer or, whether the export price realized represents a recovery of all costs incurred by the exporter and a maximum return on his investment and labour. Also I am instructed to establish what the bargaining position of the fisherman is in relation to the exporter.

It is apparent that the middlemen in marketing freshwater fish, i.e., the United States importer, the Canadian exporter and the Canadian dealer, each bargain twice, once as a buyer and once as a seller. Therefore, the importer, the exporter and the dealer have two opportunities to recover their incurred costs and to maximize their return on capital and labour. By comparison the fisherman and the consumer of Canadian freshwater fish are at a disadvantage in marketing because they participate only once, the former as seller and the latter as buyer.

Information on prices and costs at all levels, especially for the United States importers, is unavailable or at best sketchy. Consequently, a deductive analysis, using prices and costs to determine the strength or weakness of the importer, the Canadian exporter and the fisherman

(1) "Marketing of Saskatchewan Fish"; Department of Cooperation, Government of Saskatchewan, Unpublished Report.

is not possible. We can only describe qualitatively our impressions concerning the relations between these participants and indicate pertinent evidence brought before the Commission.

(a) The United States importer and the Canadian Exporter

In the previous discussions we have defined two groups of United States importers: (1) importers of round, dressed fish, and (2) importers of fillets. Canadian exporters sell freshwater fish to both groups. It is my purpose to describe the relations between the Canadian exporter and each kind of United States importer.

(i) The Canadian Exporter and the Importer of Round or Dressed Fish

The market position of any firm cannot be stronger than when it is the sole supplier of the product it sells and the sole outlet for the raw material it purchases and when the demand for the product is influenced little by the price asked, and the supply of the raw material is influenced little by the price offered, and also when the firm sells to many relatively small-volume buyers and purchases from many relatively small-volume sellers. The previous sections in this chapter indicate that this position was approached by the United States importers of round or dressed fish in past years, especially the importers in Chicago and Detroit who controlled the export movement of western freshwater fish. Consumption of round dressed fish was governed by institutional factors, religion, etc., rather than by price, and supply which was related to fishing effort, was also largely unresponsive to price. And as far as Canadian exporters were concerned, these importers were their sole outlet.

The United States importers of round or dressed are still the dominant market influence. However, their advantage has been reduced, because of the changes which have taken place in marketing Canadian freshwater fish in recent years. More filleting in effect means that the supply of round or dressed fish has become much

more responsive to price for those species which can be utilized for both the round or dressed market and the fillet market. If the price offered by a United States importer is not acceptable then the Canadian exporter withdraws the fish by filleting it.

Stabilizing the market for round or dressed fish by filleting is obviously only to the advantage of the Canadian exporter when the two product forms are normally about equally profitable. It is advantageous when marketing pike, pickerel, and sauger, but not whitefish because of a very substantial price differential between the two product forms. So the beneficial impact of filleting on market position does not apply to whitefish. Hence, control by United States importers over the export movement of whitefish continues unabated.

In addition to filleting, other developments now provide Canadian exporters with alternative outlets; for instance, the opening up of other foreign markets which has involved mainly pike. Prices offered for other species in foreign countries do not favour the extension of markets beyond the United States at present. However, attempts to develop new markets with acceptable returns should be encouraged.

In spite of these additional competitive elements, the United States importer of round or dressed fish continues to bargain from a position of strength. Consequently, he can maximize his profits from two sides, namely at the expense of the United States retailer and at the expense of the Canadian exporter. After all, on the market place the strength of the one participant is the weakness of the other. The importer's position encourages him to overload the market at all times. He retains gains from favourable market developments and passes on losses from adverse situations. He need have little concern for adequate storage facilities because the additional cost of inefficiencies will be absorbed in the long run by someone else. It is therefore not surprising that Canadian dressed pickerel which was exported at a price of 45 cents f.o.b. Winnipeg, (1) retailed for 89 cents U.S. (2) in other

(1) Auditor's Report: Price f.o.b. Winnipeg, July 1, 1965.

(2) Report of Market Survey for Fresh and Frozen Fish in the Central U.S., Department of Trade and Commerce, not published: Price retail, Great Northern Inc. Minneapolis, July 31, 1965. Retail prices for dressed pickerel in two other centers on this date were 99 cents U.S. and U.S. \$1.09 per lb.

words, the Canadian exporter received less than fifty percent of the final price for pickerel, which was caught, iced, dressed and packed in Canada. The spread between the exporter's price and the price to the consumer was more than one hundred percent.

The business relationships between the Canadian exporter and the United States importer of round or dressed fish reflects the relative strength of the two participants. Many Canadian exporters of round or dressed fish are, in effect, agents of the importers in Chicago and Detroit, and retain little independence. A number of these are incorporated under Canadian law and are subsidiaries of the importing firm. In these instances, it is unrealistic to discuss a bargaining process which leads to an export price.

With regard to the independent exporter, all dealings with the importer are by telephone. There are no legally binding contracts. Such formalization would introduce an element of rigidity which the importer rejects as an encroachment on his market position. From evidence brought before the Commission, it is clear that the importer can reduce the invoice price agreed upon for poor quality, or shortages, etc., with impunity.⁽¹⁾ For instance, the payment to one Canadian exporter quite regularly involved a reduction in the invoice price of 5 cents per pound.⁽²⁾ The importer has no use for standardization or grading because they would reduce flexibility which he now exploits from his dominant market position. It can be seen that it would be extremely beneficial to formalize the marketing of Canadian round or dressed fish.

(ii) The Canadian Exporter and the Importer of Fillets

The market position of the importer of fillets is not as strong in relation to the Canadian exporter as that of the United States importer of round or dressed fish. The freshwater fish fillet has readily available substitutes and consequently the consumer is more price-conscious.

The number of United States retailers willing to handle filleted fish exceeds available supply. With the exception of perch fillets, the supply of fillets of other major species is also sensitive to price changes, since the amount filleted depends generally on the price which can be realized when the fish is marketed whole round or dressed. These factors in general favour the Canadian exporter in marketing.

The proportion of the retail price which accrues to the Canadian exporter is much more realistic for freshwater fish fillets than for round or dressed fish. From July 5, to August 16, 1965, the price of frozen fillets of pickerel was between 89 cents and 94 cents Can. f.o.b. Madison, Wisconsin.⁽³⁾ Allowing 4 cents for freight and duty, the price f.o.b. Winnipeg was between 85 cents and 90 cents Can. per pound. On July 31, in Minneapolis, frozen pickerel fillets retailed between Can. \$1.28 (U.S. \$1.19) and Can. \$1.50 (U.S. \$1.29).⁽⁴⁾ The Canadian exporter therefore received between sixty and sixty-five percent of the retail price and the spread amounted to approximately 50 percent of the exporter's price.

Transactions between the Canadian exporter and the United States importer of fish fillets are more formalized, partly because of the nature of the product. A more important factor is that both participants are members of the modern world of business. The Canadian processor has a substantial investment in plant and equipment, as does the United States importer. Both are concerned with conditions in the industry in the long-run, which creates a degree of interdependence and mutual interest.

The export trade in fish fillets often involves contracts to supply a United States importer for one or more seasons. One large Canadian producer of perch fillets has a long-term agreement to supply a division of a large United States food retailing concern. Similarly, a Saskatchewan exporter has a three-year contract to supply a United States food products manufacturer. These

⁽¹⁾ The Commission recognizes that Canadian exporters do on occasion ship inferior quality and "short weight" their boxes. But this is the sort of retaliation which is inherent in the round, dressed fish trade.

⁽²⁾ Auditor's Report.

⁽³⁾ Auditor's Report: Price c.i.f. destination.

⁽⁴⁾ Report of Market Survey for fresh and frozen fish in the Central U.S., Department of Trade and Commerce, not published.

formalized trade relations between the United States importer and the Canadian processor-exporter afford the latter a degree of certainty which he lacks when he sells round or dressed fish.

The trade in fillets is marked also by greater standardization such as package sizes. While the distinction between species is maintained, differences like size, colour and lake of origin disappear during processing. Fillets can be stored, and variations in quality are therefore minimized. These factors greatly increase confidence between buyer and seller, and in turn contribute to greater stability in prices.

During my discussions with United States importers of fillets they expressed on several occasions their interest in stability of prices. From their viewpoint, good business demands a regular supply at relatively stable prices so that consumers' good will can be retained by goods on the shelf each day without drastic fluctuations in price. This is good business for both sides.

The position of the Canadian processor-exporter of fillets in relation to the United States buyer is stronger than that of the Canadian exporter of round or dressed fish. This again emphasizes the great need to reorganize, rationalize and standardize the marketing of round or dressed fish, the premium product of the Canadian freshwater fish industry.

(b) Relations Between the Exporter and the Fisherman

My terms of reference also specify weakness in domestic prices. In other words, this Commission was also requested to consider the bargaining position of the fisherman in relation to the exporter or his agent the dealer.⁽¹⁾ We will examine whether the price to the fisherman reflects the export price, and what factors influence the spread between the export price and the price to the fisherman.

First, we will discuss the factors which affect price determination between the exporter

and the fisherman in Western Canada where marketing involves participation of a dealer-packer in most cases. Over ninety percent of the Canadian catch of pickerel, pike, sauger, lake trout and whitefish is produced in this region; they are marketed mostly in the round or dressed form. Second, the situation in the Great Lakes area will be examined where marketing is more direct, and where filleting and plant processing are more prominent, because of the dominance of the perch, smelt and bass fishery.

(i) The Western Inland Fishery

In this region, the freshwater fishery consists of some six to seven thousand fishermen, close to three hundred dealers and, about thirty-five exporters. In the following paragraphs, I propose to comment on the relationships between the exporter, his agent and the fisherman. Of particular importance is the change which is taking place in the position of fisherman versus the exporter. While it was not possible to determine the number of fishermen involved, the direction of the change is unmistakable. The situation which prevailed some ten or fifteen years ago would now apply to only about a quarter of the fishermen. In order that the full significance of the recent developments may be appreciated, we will comment first on the relationship between the exporter and fisherman which was most common previously. Subsequently, we will indicate the recent developments which have altered these relations for the majority of fishermen.

The Western Inland fishermen normally had only one buyer for his fish, because of the physical setting of the fishery. Fishermen on the smaller, more remote northern lakes especially, seldom had an alternative when they sold their catch. On a lake which could produce only 50,000 pounds per year, for example, it would usually not be profitable for two buyers to operate since neither would handle enough fish. Under these non-competitive conditions, the continuation of fishing effort, i.e. the assurance of a supply of fish, was the whole motivation of the exporter in his relations with the fisherman.

⁽¹⁾ While a number of dealer-packers are independent entrepreneurs the larger number are agents of the exporters. Therefore, we have considered the exporter and the dealer-packer as one entity in dealing with the fisherman.

To entice him to fish, the exporter or his agent often provided the fisherman with a boat, an outboard motor and nets, usually on a rental basis. Normally, the exporter also made working capital available in the form of food, gasoline, and oil; wages for the fisherman's helpers, etc. At the public hearings, it was indicated that many fishermen still remain undercapitalized and depend on the fish company for equipment and other supplies.⁽¹⁾ One exporter had on January 31, 1965, accounts due from shippers⁽²⁾ in the amount of 352 thousand dollars.⁽³⁾

The establishment of a price to the fisherman is of course influenced greatly by the fisherman's dependence on the exporter for equipment and supplies. When the fisherman is in debt to the exporter, he is not basically concerned with the price of each species he delivers. Of prime interest is the overall return on his catch and whether it is sufficient to cover the debt accumulated by the end of the season. Fishermen have indicated to me that often it is not.⁽⁴⁾ The Commission was unable to determine whether some fishermen fail to clear their debt regardless of good or bad catches.

As far as the exporter is concerned, the return to the fisherman need not be higher than just enough to assure his participation in the fishery. The return per pound to the fisherman need not be the export price minus the costs of handling, packing, icing, transportation, financing, etc., if a lower return will entice him to keep fishing. Therefore, the return paid by the exporter to the fisherman need have little or no relation to the export price. Also there need be little rationale to prices for each species and between species from lake to lake.

That fish companies make no attempt to relate prices to the fisherman to export prices is indicated by their lack of a separate bookkeeping

system for their financing operation. At the public hearings it was stated that fish companies did not know the cost of financing the fishermen.⁽⁵⁾ This cost, e.g. bad debt write-offs, is considered an integral part of the overall marketing operation, and is carried by all the fishermen whether in debt to the company or not. That the price to the fisherman is the same regardless of his state of indebtedness was also brought forward at the public hearings.⁽⁶⁾ It is evident that under these conditions there is little, if any, competition among exporters for the available supply of freshwater fish in terms of price to the fisherman.

The fisherman's weakness in marketing is obvious if his return lacks a constant relation to what the dealer or exporter receives. The Commission obtained evidence on prices to the exporter, to the dealer, and to the fishermen in northern Manitoba for dressed pickerel and dressed whitefish marketed on selected days during the 1965 summer season. With regard to dressed pickerel⁽⁷⁾, we conclude that (a) the fisherman generally did not benefit from the 6-8 cents increase in price which occurred during the summer season and (b), that the price to the fisherman on the northern lakes for any one day varies substantially from lake to lake and (c) that the fisherman's share of the export price is less than half.

From company books examined, it seems that the exporters passed on the increase in their return to the dealers. The dealers, however, failed to pass it on to the fishermen, as the price at the lake remained the same. The fishermen did not benefit from a strong market.⁽⁸⁾

Prices at the lake for dressed pickerel varied from lake to lake on any one day with as many as four different quotations among five lakes. While no doubt these variations in part

(1) Transcript of Public Hearings.

(2) Presumably local dealers who financed the fishermen.

(3) Auditor's Report.

(4) Transcript of Public Hearings.

(5) Transcript of Public Hearings.

(6) Transcript of Public Hearings. Significantly, under these circumstances there is little or no incentive for a more enterprising fisherman to become independent, because the price he receives will not include an additional return for using his own equipment.

(7) See Appendix, Table 27.

(8) This seems to suggest that the real strength lies with the dealer-packer not the exporter. This is generally speaking not so, because the dealer-packer is usually a commissioned agent, financed by the exporter.

reflect differences in transportation costs and in size and quality of pickerel, the fisherman does not know how his price compares with the export price, or with the price to fishermen on adjacent lakes.

The absence of any direct connection between the lake price and the export price is even more evident for whitefish. As pointed out, previously there are two trade grades of whitefish, (1) "A" whitefish which has been passed by Canadian inspectors and United States inspectors and is acceptable for export, and (2) "B" whitefish which cannot be exported. Because of the difference in returns on these two grades, the exporter-processor extends this distinction to his purchasing, recognizing "export" and "non-export" whitefish. In addition, the exporter breaks down the export grade in four classes, small, medium, large and jumbo. The dealer, the exporter's agent, apparently receives payment on the basis of this grading pattern,⁽¹⁾ but from the data examined, it appears that the fisherman does not. The common usage seemingly is to quote a single price for all whitefish. The lack of standardization and grading at the fisherman's level again substantiates his weakness in marketing, and the strength of the dealer and the exporter.

At this point, I wish to expand briefly on the share of the market price which the Canadian freshwater fisherman receives. During the summer of 1965, northern Manitoba fishermen received only 16-28 cents for dressed pickerel for which dealers were paid 34-47 cents and for which exporters received 50-56 cents if sold round or dressed and 56-64 cents⁽²⁾ if sold in fillet form. The price for whitefish to the fisherman during this period varied from 4 to 20 cents. The exporter received from 28-55 cents for dressed whitefish, depending on size, and for whitefish fillets 17 cents (dressed weight basis).⁽³⁾ In other words, in these specific instances, the fisherman received less than half of the export price.

⁽¹⁾ See Appendix, Table 28.

⁽²⁾ The higher return on fillets during this period represents the filleting costs, which were recovered in this instance.

⁽³⁾ See Appendix, Table 27 and 28.

⁽⁴⁾ Auditor's Report.

The spread consists of transportation costs, packings costs, filleting costs, marketing expenses and a return for labour and capital invested by the dealer and exporter. The more distant the market, the greater the spread. The greater the proportion of fish that is filleted the greater will be the average spread on all fish. Greater costs of packing, filleting and marketing because of inadequate equipment or arising from an excessive number of dealers, processors and exporters all tend to add to the difference between export and lake price.

The return to the dealer and exporter for labour and capital invested also is a component of the price gap. In the case of two prominent exporters, profit after taxes in 1964 and 1965 seems to have been less than 2 cents per pound.⁽⁴⁾ However, possible profits from packing stations which were operated by the exporter's agent were excluded from this calculation. The Commission was unable to determine the return on labour and capital at this intermediate level or to whom it accrued. However, if there are large profits, it is clear that they must be realized at this level.

Fishermen in the N.W.T. and in Alberta receive close to sixty percent of the export price, a larger proportion than any other group. Their share is larger because they produce a higher grade of fish than that produced elsewhere, which moreover is exported mainly in the dressed form. Further, while these areas are more distant from the eventual market, road transportation has reduced freight costs below that for fish produced in northern Saskatchewan and northern Manitoba where most fish must be moved initially by air.

Manitoba fishermen receive on average close to 55 percent of the market value of all fish delivered and Saskatchewan fishermen nearly 50 percent. The Saskatchewan fishery is in an unenviable position. Much fish must be flown out. The grade of pickerel and whitefish is generally considered to be lower than that from other areas of fishery. The proportion of the whitefish catch not acceptable for export is greater as well. These

factors all encourage filleting which increases the price spread.

Although the weakness of the fishermen's position is readily apparent when the price fails to reflect the export price, the negligible role of many fishermen in selling their product was brought out even more forcefully at the public hearings. Several times fishermen pointed out to me that they did not even know the price of their fish at time of delivery.⁽¹⁾ Nothing, in my opinion, demonstrates more dramatically their basic weakness in marketing their product. The position of these men, and of their colleagues in a similar situation, is unique.

The exporter, or his agent, does not commit himself to a price because of uncertainties in marketing. The vagaries of the market are especially significant for whitefish. A whitefish is not an "export" or "A" whitefish until inspected by the United States Food and Drug Administration inspectors. If it fails to pass inspection, it cannot be exported, except possibly after it is filleted. So the price to the exporter is greatly reduced.⁽²⁾ It is understandable that exporting whitefish involves a great risk to the Canadian exporter even though less than 2 percent of all exports are rejected by United States authorities. Moreover, payment by the importer may be delayed, a further uncertainty; and not until payment will the Canadian exporter know if the invoice price has been reduced. Then if fish must be frozen or stored because of market conditions, the exporter will tend to delay payment to the fishermen not only to reduce financing costs but also as a "hedge". By not giving a price to the fisherman at time of delivery, the exporter via his agent, passes on to the fisherman all the risks which he may encounter in marketing.

We can see that the pressures which United States importers of whole, dressed fish exert on the Canadian exporter are passed on to the Canadian fisherman. In addition the costs of inefficiencies in handling and processing in Canada, described previously, are also absorbed by the fisherman. Distress selling by Canadian exporters

because of a lack of financial reserves can occur freely at the expense of the fisherman. Fluctuations in export prices are passed down in exaggerated fashion because at each stage of marketing additional cost factors are added. The exporter need show little concern with the proper utilization of fish in relation to the market because any loss in revenue accrues to the fisherman.

Now it is not our intention to suggest that all fishermen in Western Canada and in Northern Ontario are utterly dependent on the exporter or the local dealer. This may have been so for most of the inland fishermen in these regions at one time but the market position of most fishermen has improved in recent years, and they now have a greater voice in marketing their fish.

The bargaining position of many fishermen has improved mainly because of the co-operative movement. The impetus for fishermen's cooperatives in Western Canada was the formation of the Fish Marketing Service in 1949 in Saskatchewan. The Fish Marketing Service, successor of the Saskatchewan Fish Board, was a provincial crown corporation created to provide on a voluntary basis a commission service for fishermen who wished to market their fish through it. However, it was realized that fishermen should participate in marketing, and that fishermen's cooperatives should be encouraged for this purpose.⁽³⁾ Today Cooperative Fisheries Limited, the successor of the Fish Marketing Service is a central sales agency owned and operated by 18 local fishermen's cooperative associations in the province of Saskatchewan.

Provincial governments and the Indian Affairs Branch of the Federal Department of Citizenship and Immigration have encouraged the formation of cooperatives in the other provinces. Many fishermen's cooperatives with the help of government loans now own their boats and equipment and operate their own store. Many cooperatives outside Saskatchewan sell their product by tender to the highest bidder. Obviously, these fishermen have a freedom of choice in selling which is of

(1) Transcript of Public Hearings.

(2) Transcript of Public Hearings.

(3) Helen Buckley "Trapping and Fishing in the Economy of Northern Saskatchewan", Report No. 3, Economic and Social Survey of Northern Saskatchewan, Center of Community Studies, University of Sask., Saskatoon, page 101.

financial benefit to them. The formation of cooperatives has done much to alleviate the depressed economic state of the fisherman, and should receive every encouragement in the future.

A further effort at strengthening the bargaining position of the fisherman was undertaken by the Manitoba government. It established a radio service which gives current fish prices to the fishermen for the main species at various lakes in that province, which has the effect of giving the fisherman some knowledge of current market conditions, thus providing him with leverage in selling his fish.

The various programs outlined above have been instrumental in strengthening the bargaining position of most inland fishermen. But it must not be forgotten, as is quite apparent from the evidence submitted at the public hearings, that there are even today many fishermen who are in fact little better than indentured labourers of the fish companies. Mostly Indian and Metis, who have no alternative employment, their lack of any bargaining position should be a matter of concern to all levels of government.

The Commission wishes to point out also that the strengthening of the fisherman's position, while desirable, has occurred in part at the expense of the exporter. Weakening of the exporter's position with respect to the fisherman is not ipso facto accompanied by a corresponding strengthening in his position versus the United States importer. The uncertainties of the market and the extra cost of inefficient antiquated facilities must increasingly be absorbed by the exporters themselves. Consequently, the opportunity of the processing industry or the exporters to generate funds for modernizing their plants and equipment has been reduced.

It should also not be overlooked that, as long as the United States importer of round or dressed fish retains control over the premium market for freshwater fish, the benefit of any rationalization in the Canadian industry will tend to accrue to them rather than to the Canadian exporter or the Canadian fisherman. This point was emphasized in one of the briefs submitted to the Commission.⁽¹⁾ If bargaining strength can pass on to

other levels the additional cost from inefficient marketing then it can as well reverse the process by absorbing the benefit of reductions in cost. Ideally any strengthening of the position of either the fisherman or the exporter should not occur at the expense of the other, but at the expense of the United States importer.

(ii) The Great Lakes Fishery

In this section, we are concerned with the relations, as sellers and buyers, between about 1700 fishermen and some fifty to sixty exporters and processors. The marketing of perch, smelt and bass - 24 million pounds or two-thirds of the total landings of the Great Lakes in 1964 - involved approximately 700 fishermen and a dozen processors. In terms of the export movement of Great Lakes freshwater fish the relationship between these fishermen and processors is most significant.

The fisherman catching perch, smelt and bass must sell to a processor since the volume market for these species is for fillets not for round or dressed fish. While some can be exported "in the round" to United States processors, large quantities cannot. In fact, Commission members noted during a visit to Detroit that only one of the four main importers had adequate equipment and capacity to handle these species in the round. The fisherman has therefore little choice but to sell his catch to one of the dozen or so Canadian processors.

It would appear that the fisherman is often in a weak position when selling his catch to the processor. When the catch is less than the processing capacity, as in 1964, then competition among processors and United States importers of round perch will effect a high price to the fisherman, 18.3 cents per pound. When capacity is inadequate to handle and store the catch, as in 1962, then the weakness of the fisherman's position is apparent, particularly his lack of alternative outlets. The average price to the fisherman in 1962 was 6.2 cents.

Fluctuations in price to the fisherman for perch, smelt and bass, especially the first named, are a result primarily of interaction between

(1) Submission of the Province of Manitoba.

supply and the capacity of handling and storage facilities. The fact that recent prices have been much below those of previous years does not indicate that the supply of perch fillets is inconsistent with demand in the U.S. One processor has indicated that he has a long-term contract with a United States merchandizing firm to supply just one of their divisions since supplies could not be guaranteed on a sustained basis to supply an additional regional division. As indicated previously, the exporter of perch fillets has a relatively firm market position in relation to the United States importer. Weakness in the price to the fisherman, and its attendant fluctuations, are therefore, largely a domestic marketing problem, not one of export marketing.

In marketing of pickerel, lake trout, and whitefish, the Great Lakes fisherman, like all freshwater fishermen, does not bargain from strength with the exporter. There are however, a number of factors which, by comparison with the western fishermen, tend to obscure this basic weakness and which appear to lessen its incidence on the fisherman.

The Great Lakes fisherman catches pickerel, lake trout and whitefish which are recognized by the trade as of premium grade, and which are usually priced higher than the same species from Western Canada. Moreover, with the sharp reduction in Great Lakes production of these species the position of the fisherman has improved, so that the advantage of nearness to the market and hence reduced transportation costs is reflected in his return when compared to the price to the fishermen in Western Canada. The Great Lakes fisherman gets a higher average return for his fish, because it fetches a higher price in the United States and because he obtains a larger share of this price.

In 1961, the average value per pound of fresh, dressed pickerel exported by the freshwater fish industry as a whole was 23 cents.⁽¹⁾ The average value for exports from Ontario was 33 cents.⁽²⁾ The landed value to the Ontario fisherman for pickerel in that year was 25 cents.⁽³⁾

In other words the Great Lakes, fisherman received at least 75 percent of the export price, and received more than the export price for pickerel produced in Western Canada. Compared with fishermen in Western Canada, these figures indicate little weakness. The Commission also found little concern about the fisherman's selling position on the part of the fisherman himself or the Government of Ontario.

SUMMARY

Marketing Canadian freshwater fish involves nine thousand fishermen, more than three hundred dealers and close to one hundred exporters. Most of the freshwater fish produced in Western Canada and in Northern Ontario, mainly pickerel, pike, sauger, lake trout and whitefish, requires the participation of all three levels. The marketing of Great Lakes fish normally excludes the dealer and is consequently more direct.

The Canadian exporter experiences weakness in selling Canadian freshwater fish to the United States importer. This weakness in bargaining occurs especially when the fish is sold in the whole round dressed form, as is most pickerel, pike, sauger, lake trout and whitefish, which are produced largely in Western Canada and Northern Ontario. Great Lakes production of these species has always enjoyed a more advantageous position in export markets because it is recognized as a premium grade, an advantage which has recently increased because of a sharp reduction in output. In exporting fillets, the exporter has a more favourable market position.

The weakness in export prices of dressed fish means not only that the Canadian exporter's share of the consumer's price is very small, but also that he pays for the cost of uncertainties and inefficiencies which the United States importer-distributor encounters in marketing. This applies particularly to the exporter of whole dressed fish in Western Canada. Because the Canadian exporter sells fillets directly to the retailer, bypassing the importer-distributor, and because the market position of fillets is more favourable,

⁽¹⁾ Trade of Canada, Dominion Bureau of Statistics, 1961.

⁽²⁾ Harold C. Frick, Economic Aspects of the Great Lakes Fisheries of Ontario Fisheries Research Board of Canada, Ottawa 1965, Appendix, Table XI. Includes Northern Ontario.

⁽³⁾ Fisheries Statistics, Ontario; Dominion Bureau of Statistics, 1961. Includes Northern Ontario.

therefore the export return on fillets of freshwater fish represents a more favourable share of the consumer price.⁽¹⁾

The Canadian inland fisherman, in selling his fish, has a relatively weak bargaining position, and in many instances has no position at all except the threat to quit. And for many inland fishermen this is an empty threat in as much as they are neither capable of having nor have alternative employment opportunities. This is especially true in Northern Ontario and in the northern parts of Saskatchewan, Manitoba and Alberta where the fishermen are mostly and increasingly Indians and Metis. The cooperative movement has helped to improve the situation, notably in Saskatchewan where local cooperatives have their

own sales agency, Cooperative Fisheries Limited.

The fisherman in Western Canada has little or no influence in price determination, and must absorb the risks which result from the exporter's weakness in marketing and the additional costs which result from too many exporters and too many dealers, and from the inefficient operation of Canadian handling and processing facilities. In addition, the remoteness of producing areas adds high costs of transportation of which flying costs are becoming a more important component. Consequently, the fishermen in this segment of the freshwater fish industry receives only about 50-60 percent of the export price, or approximately one quarter of average price paid by the consumer in the United States.

⁽¹⁾ Despite a larger share of the retail price the return on freshwater fish fillets (round weight basis) has normally been less than the average return on whole dressed fish, because while the Canadian share for the latter is smaller the consumer's price has always been considerably higher. Obviously, greater gains can be made by improving the position of Canadian freshwater fish in the market for whole, dressed fish, than in the market for fillets.