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REPORT OF

**THE CANADIAN FISHERIES
RECONNAISSANCE MISSION
TO CZECHOSLOVAKIA, RUMANIA,
HUNGARY AND YUGOSLAVIA**

FEBRUARY 20 TO MARCH 2, 1967

DEPARTMENT OF TRADE AND COMMERCE
OTTAWA CANADA

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Canada
CANADIAN FISHERIES RECONNAISSANCE
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CZECHOSLOVAKIA, RUMANIA, HUNGARY,
AND YUGOSLAVIA]

February 20 to March 2, 1967.

Department of Trade and Commerce,
OTTAWA, Canada.

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CANADIAN FISHERIES RECONNAISSANCE MISSION
TO
CZECHOSLOVAKIA, RUMANIA, HUNGARY, AND YUGOSLAVIA
February 20 to March 2, 1967

Aims and Objectives

The aims and objectives of the Mission were:

1. To learn at first hand the kinds and varieties of fisheries products sold to Czechoslovakia, Rumania, Hungary, and Yugoslavia by competitive fish-producing nations;
2. To examine possible long-term outlets for the sale of Canadian fisheries products, particularly Atlantic Coast frozen fillets and blocks.

Membership

Spencer Lake	President, H. B. Clyde Lake Limited, St. John's, Newfoundland.
Denis Monroe	Vice-President, Fishery Products Ltd., St. John's, Newfoundland.
Robert F. Johnson	Secretary-Manager, Nova Scotia Fish Packers Association, Halifax, Nova Scotia.
T. Ray Kinsella	Assistant Director (Fisheries), Agriculture and Fisheries Branch, Department of Trade and Commerce, Ottawa, Ontario.

Itinerary

Prague, Czechoslovakia	- February 20 - 21
Brno, Czechoslovakia	- February 22 - 23
Hodonin, Czechoslovakia	- February 23
Bratislava, Czechoslovakia	- February 24
Bucharest, Rumania	- February 27 - 28
Budapest, Hungary	- March 1
Zagreb, Yugoslavia	- March 2

Summary

The demand for fish in Czechoslovakia, Rumania, Hungary and Yugoslavia is slowly increasing. The preference is for locally-produced freshwater fish but imports of salt water species in their various forms are gradually increasing. There are no tariff barriers in these countries but balance-of-payments difficulties affect each market to a substantial degree with the result that barter trading and low prices are significant factors in making sales. All purchasing other than in Yugoslavia is controlled by governmental agencies, usually by contracting in advance for the season. These are listed in the Appendix.

The Mission considers that the most encouraging prospects in the near future are for sales to Czechoslovakia of frozen Greenland halibut and canned sardines, but there is also a longer term prospect for frozen groundfish. Imports of fish meal with the exception of Rumania are substantial and are increasing. The current requirements are purchased from European and South American producers. The sales prospects in Rumania, Hungary and Yugoslavia are considered to be marginal at this time owing to the low priority given to imported fish products and the established position of traditional suppliers through special trade arrangements.

CZECHOSLOVAKIA

The Mission called on the officials of the Fisheries Division of Koospol State Trading Company in Prague. These officials appeared well informed about the total world frozen fish situation - and expressed the view that Canada may be a future supplier to Czechoslovakia. They indicated that Czechoslovakian imports of fresh and frozen fish ranged between 46,000 - 50,000 tons annually. The bulk is in frozen form with about 4,000 tons of fresh fish being purchased during the winter months. Imports consist of some 12,000 tons of frozen saithe and cod fillets; 20,000 tons of herring and the balance frozen mackerel, other species of groundfish, and tuna. Approximately 1,500 tons of dressed Greenland halibut is imported, in addition to a small quantity of fillets of this species. The Czech officials mentioned that imports of frozen fish will increase greatly as exchange becomes more readily available.

Koospol is the only importer of fish - and is State-controlled. The supplies are distributed through two channels - state and co-operative organizations - with about 80 per cent handled by the State through its network of retail outlets throughout the country. Czechoslovakia has some 37 fish distribution centres, 20 coldstorage or frozen fish plants, and 11 fish processing operations. These latter plants are used to further process imported fish. The major consuming areas in order of importance are Bohemia, Moravia, and Slovakia. Imports have been inhibited by the lack of adequate refrigerated trucks (there are only 27) to transport supplies from border points such as Hamburg, West Germany. However,

facilities for internal distribution are good with at least 100 refrigerated trucks and 30 refrigerated railway cars available for this purpose. Retail prices are controlled and are the same in all parts of the country except in remote mountain areas where extra transportation charges are added. For example, the retail price of frozen groundfish fillets or blocks is roughly 50 cents (Cdn.) per kilo.

The Mission members were taken on a tour of several of the retail fish stores and observed, in addition to frozen fillets and fresh and live carp, supplies of canned rock lobster from Cuba (70 cents per 8 oz. tin), canned herring from Russia (28 cents per 12 oz. tin), and Portuguese canned sardines in olive oil (50 cents per 4 oz. tin). Fish, poultry and game are sold in the same outlets. The major fish supplying nations are Russia, Norway, Iceland, Denmark, Japan, and Britain. The domestic catch ranges around 10,000 metric tons and includes carp, pike, pickerel, and trout. Most of this is taken from State administered fish ponds. Per capita consumption averages some 5 kilos annually (4 kilos fresh and frozen and 1 kilo canned) or about 11 pounds.

Koospol prefers skinless and boneless fillets but fillets with pin bones are acceptable, because of the price factor. A 4.5 kg. pack containing 10 cello wraps of approximately one pound each is the accepted method of packing. These are then weighed at time of sale. Fillets normally sell at one-third to one-quarter the price of meat.

The Mission members also toured frozen food, coldstorage, and fish processing plants in Prague, Brno, Hodonin, and Bratislava. The group had interesting discussions with the senior officials of these plants - and examined frozen and canned fish imported from other fish-

producing nations. Some \$12-15 million are made available annually to Koospol for the import of fisheries products. This does not include reported imports of 50,000 tons of fish meal from Peru, Chile, Iceland, Norway, Denmark, and Russia. No official statistics are available on imports of fisheries products.

The longer term prospects for sales of various species of frozen groundfish are encouraging. In addition, it was agreed that immediate or short term purchases of frozen Greenland halibut might be concluded. The industry members of the Mission will make arrangements for a sample shipment to Koospol of frozen Canadian Greenland halibut from the 1967 catch - possibly the forerunner of substantial shipments to Czechoslovakia. There also appear reasonable prospects for completing sales of canned sardines and tuna (especially Bluefin) provided prices are competitive.

In summary, the Mission members and the Koospol officials were pleased with the results of the visit and expressed the view that it was worthwhile. However, interested exporters must bear in mind that in the Czech market price is the principal consideration. Sales can only be made provided good quality merchandise is offered at a price very competitive with that of traditional suppliers. While herring is the most popular species at the moment, it was stressed to the Mission that retail pricing policy will shortly be changed to reflect actual raw material cost (it is now based on the average cost of all species). When this happens, Koospol may be able to import and sell more sophisticated packs such as flounder and skinless perch.

RUMANIA

The Mission's visit to Rumania was confined to the Prodexport State Trading Company in Bucharest, which is the sole importer of fisheries products. Discussions centred on local production as well as imports. The Rumanian officials indicated that their country is not a large importer of fish since per capita consumption amounts to only about five pounds annually and there is a freshwater fishery. Consumers, especially those living near the Danube, show a strong preference for all freshwater species.

Nearly all transactions involving imports of fish are handled by barter deals of one kind or another. For example, Iceland exchanges frozen cod fillets for Rumanian oil while Denmark takes tomato paste in return for canned fish. Officials mentioned that 1967 requirements for imports of frozen fish had already been contracted. However, Prodexport is interested in possible shipments from Canada in 1968 and 1969. Sales would be contingent on price and the availability of currency or the feasibility of a barter deal. Obviously, it would be difficult for Canadian firms to do business on the latter basis.

Rumania imports fish meal from Peru, in recent years up to 5,000 tons annually. These imports are covered by convertible currency.

The Prodexport officials showed an interest in Canadian freshwater fish, particularly carp and also canned sardines. They requested samples and said that terms of payment would depend on quotations. They pointed to possible triangular deals involving third countries which have been consummated successfully in past years by other fish-producing

countries. Quotations should be made c.i.f. Hamburg or in instances of full cargos c.i.f. Constanta. Prodexport has its own agent in Hamburg for convenience in handling imports. It appears that railway refrigerated cars or trucks are available to transport supplies of fish from these points to the major cities of Rumania. Prodexport does not take delivery of the goods but acts merely as the purchasing agency. Government-controlled wholesalers store the supplies - and deliver the fish on a day to day basis to retail outlets. Some retail shops have refrigerated cabinets (which are used to hold fish as well as meat) while others maintain their daily requirements by means of ice. The Rumanian officials suggested that consignments would need to be made during the period October-March because of the overall shortage of refrigeration facilities. Unlike Czechoslovakia, retail prices differ for the various species according to type, size, and grade.

Rumanian fish production facilities include two large Japanese-built trawlers presently fishing for herring off the Faroe Islands. There are no official statistics available but it is believed that Rumanian production cannot satisfy its own limited demand for fish.

HUNGARY

The Mission members called on officials of Terimpex State Trading Company in Budapest, sole importers of frozen fish into Hungary.

The officials indicated that, while annual imports of frozen fish into Hungary have increased from 20 tons in 1962 to some 3,000 tons in 1966, demand is still relatively small. With a population of ten million, per capita consumption of all fisheries products is only roughly 3.3 pounds annually. The species currently being imported are cod, pollock, and ocean perch in frozen fillet form, as well as small quantities of herring. Present supplying nations are Norway, Iceland, and Denmark. Imported frozen fish is brought in by refrigerated trucks via Hamburg. In view of the fairly limited demand, shipments are confined to lots of up to 100 tons. The only acceptable pack is one-half kilo blocks wrapped in cellophane packed ten or 20 pieces per master carton. Apparently present suppliers are filleting and freezing the fish at sea in large blocks, sawing them at shore plants and packing in small units.

A major deterrent to prospective Canadian exports of frozen fish to Hungary is the stringent requirements of the Hungarian (veterinary or) health laws. These restrict imports to fish which are less than "30 days old" from the time the fish are caught to actual delivery at the Hungarian border. The products are subject to inspection on entry

and are checked by three separate government organizations any of which has authority to reject shipments.

The apparent reason for this procedure is the suspicion of Hungarians towards fish that are frozen. There are only limited refrigeration facilities in Hungary. The main consumption of fish is from locally caught inland waterways delivered fresh. When Mission members pointed out that it would be almost impossible to meet these local health law requirements, the Hungarian officials indicated that these regulations might be modified to some extent.

As in all Eastern countries, price is the principal consideration (even actual species being less important). Frozen fish fillets from Canada would have to compete with those of European producers who are aggressively following up their earlier contact with Hungary. Trade representatives from Iceland and Norway were due in Budapest and Prague shortly after the visit of the Mission. The Mission expressed the view that efforts should be made to introduce frozen Greenland halibut fillets in the Hungarian market and that possibly samples of skinless perch, cod, and pollock might arouse interest if packed appropriately and priced competitively. Payment for frozen fillets is on a letter of credit basis, payable after the fish has been inspected and accepted for import into the country.

Discussions were also held with the officials of Agrimpex, the State importing agency handling imports of animal feeding stuffs including fish meal. Current annual imports are around 40,000 tons - and are purchased from several sources, principally Peru, Morocco, Scandinavia,

and South Africa. While shipments ranging up to 4-5,000 tons are acceptable, the preference is for smaller lots more in line with the rate of usage. The terms of sale for fish meal are also a letter of credit basis with a holdback of four per cent subject to acceptability. The Agrimpex officials have purchased their needs up to July 1967 but would be pleased to entertain offers for delivery after that date.

YUGOSLAVIA

The Mission met with the Jugoriba Export-Import Agency in Zagreb, a non-government trade organization which handles all import purchases and export sales for its 18 fish-processing members. In fact, Jugoriba purchases all the fish imported into Yugoslavia including both canned and frozen fish.

While the population of Yugoslavia is some 20 million, the per capita consumption of fish in all forms is the lowest in Europe, only about three pounds annually. There is a fairly steady demand in the coastal cities and towns but, as in Hungary, the populace in the inland area is very suspicious of frozen fish. Meat is plentiful and relatively cheap and is therefore preferred. Nevertheless, the Yugoslav agency is endeavouring to promote the sale of frozen fillets in the interior by promotion and advertising. At present, substantial quantities of frozen whole fish (gutted and head on) are being delivered to Yugoslavia. Limited quantities of frozen fillets are also being marketed. Overall imports of frozen fillets into the country during the past few years have grown from nothing to about 600 metric tons annually. The agency officials are confident that such sales will expand once the suspicion connected with frozen fish is overcome. This will not occur in the immediate future although consumption is increasing gradually, partly due to the tremendous influx of tourists during the summer season.

Frozen groundfish fillets (cod and ocean perch) are now purchased from West Germany, Denmark, Norway, and Great Britain. These are packed in pre-weighed half and one-kilo blocks cello wrapped. Fish imports are under global license and depend largely on the Agency's ability to export Yugoslavian fish products for convertible currency.

The 1967 list of frozen fish requirements includes 1,000 tons of star-gazers (caught off the coast of South Africa), 800 tons of squid (*Loligo vulgaris*), 500 tons of cod fillets (in one or half-kilo blocks), 400 tons of African bream and other sundry quantities. Imports are usually landed at Rueka (near Trieste). Prices in fisheries products are established by supply and demand - there is no government price control.

Yugoslavia is the only country visited that publishes fisheries statistics. Total landings of sea fish in 1959 were 18,879 metric tons and increased to 26,091 metric tons by 1965. Sardines and other pelagic species account for more than 700 per cent of the total. The quantity of fish taken in the freshwater fisheries, mostly carp, was 10,533 metric tons in 1959 with 1965 returns reaching 15,901 tons. Imports of fish meal range around 40-50,000 metric tons annually with Peru being the principal supplier.

It was concluded that Canadian exporters are at a disadvantage (compared to European producers) because of high freight costs to Adriatic ports on the present small quantities of fish imported. While the Yugoslav market offers no immediate opportunity it does bear

watching because of the large number of tourists visiting the country every summer who demand luxury seafoods. On the other hand, Yugoslavs are known to be efficient ship builders and factory trawlers will likely be built for North Atlantic operations if and when increase in domestic consumption justifies such a move.

APPENDIX

PURCHASING AGENCIES IN EASTERN EUROPE

KOOSPOL,
Dukelskych Hrdinu 47,
Praha 7, Czechoslovakia.

AGRIMPEX,
Nador U. 22,
Budapest V, Hungary.

PRODEXPORT,
5-9 Rue Gabriel Pery,
Bucharest, Rumania.

JUGORIBA,
Nehajska 15/111,
Zagreb, Yugoslavia.

