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REPORT OF

**THE FISHERIES RECONNAISSANCE MISSION
TO ITALY, SPAIN AND PORTUGAL**

OCTOBER 22 – NOVEMBER 14, 1965

DEPARTMENT OF TRADE AND COMMERCE, OTTAWA, CANADA

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Canada

FISHERIES RECONNAISSANCE MISSION TO ITALY,

SPAIN AND PORTUGAL

OCTOBER 22 to NOVEMBER 14, 1965

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FISHERIES RECONNAISSANCE MISSION TO ITALY, SPAIN AND PORTUGAL

- OCTOBER 22 to NOVEMBER 14, 1965 -

A Fisheries Reconnaissance Mission to Italy, Spain and Portugal, sponsored by the Department of Trade and Commerce, departed for Milan on October 22. In Italy, the Mission visited fish centres, fish drying and processing plants, and called on Fisheries Associations at Milan, Genoa, Livorno, Naples and Rome. The itinerary in Spain included visits to important factories as well as interviews with representatives of the industry at San Sebastian and Vigo. From Spain the Mission travelled to Lisbon via Viana do Castelo, Lavadores, Oporto, Matosinhos, Aveiro, Ilhavo, Figueira da Foz, Nazare and Alcobaca.

The principal objectives of the Mission were:

- To appraise short and long-term prospects for Canadian salt cod in these traditional markets;
- To study the potential for exports of other fisheries products;
- To examine processing facilities, fisheries developments, methods of production and marketing.

Mission Membership

Mr. Guy Bernier,
General Manager,
Quebec United Fishermen,
Montreal, Quebec.

Mr. Richard C. Crews,
Fisheries Specialist,
Provincial Government of
Newfoundland,
St. John's, Newfoundland.

Mr. R. (Bob) F. Johnson,
Secretary-Manager,
Nova Scotia Fish Trade
Associations,
Halifax, Nova Scotia.

Mr. C. Robin Molson,
Chief, Resource Management,
Department of Fisheries,
Ottawa, Ontario.

Mission Membership (Cont'd.)

Mr. Bernard Choquette,
Fisheries Division,
Agriculture and Fisheries Branch,
Department of Trade and Commerce,
Ottawa 4, Ontario.

(Secretary of the Mission)

SUMMARY

Fish is an important staple of the diet of the people of Italy, Spain and Portugal. The large populations of these countries represent attractive markets for the several species of fish taken by their fishermen. The catch per unit-effort in conventional fishing grounds is falling and some larger firms have been diverting a number of vessels to South Africa to meet the increasing consumer demand.

Italy, Spain, and Portugal will continue to import fisheries products for the foreseeable future and Canada should remain a good supplier of salted cod in these traditional markets, provided the quality of Canadian fish is maintained and prices are competitive.

There is an excellent demand for salted fish in Italy at the present time. At the end of October, 1965, the 34,000 metric tons quota for imports from non-EEC countries was fulfilled and Italian importers asked for an extra quota for November and December. The Government also approached EEC for an increase in the duty-free import quota to 44,000 metric tons in 1966. Generally speaking, heavy salted wet fish is imported into Northern Italy and light salted dried fish into the Southern part of the country.

A market exists in Southern Spain for light salted fish but only a small part of this demand is currently met. Heavy salted fish is being

used to some degree as a substitute, but there are areas where light salted is preferred and premium prices paid for good qualities. Since the Spanish market is becoming more selective, Canadian exporters must place greater emphasis on quality and larger sizes if they hope to increase sales of salted fish. Northern Spain prefers large heavy salted fish but Spanish trawlere produce a high percentage of small fish. Thus a growing market exists for imported large sizes of good quality. Spanish salted fish dealers and people associated with the Spanish Government through their associations emphasized the need for greater co-operation among certain salted cod-producing countries.

There is a demand in Portugal for light and heavy salted cod. White dried fish is preferred in the South and a golden or yellowish colour fish in the North where small Madeira (light salted) is more popular than heavy salted fish. At present Canadian exporters cannot deliver small Madeira at the price level set by Portugal. Similarly, salted cod from Newfoundland and Gaspé is well liked, but under present conditions of retail price controls, the c.i.f. price of Canadian fish is too high. Some Portuguese buyers expressed the opinion that Canadian producers should consider exporting wet salted fish to be further dried in Portugal where the labour cost, including processing and packaging, is lower.

While Spain and Portugal do not offer immediate possibilities for Canadian frozen fish, there is demand in Italy for some species, particularly mackerel shark (porbeagle).

I T A L Y

The Fisheries of Italy

Inshore fishing is carried out all along the Italian coast and accounts for some 40 per cent of the total annual landings, divided among a large number of fishing ports. Most important are Viareggio, Livorno, Porto, S. Stefano, Anzio, Formia, Gaeta, Trapani, Mazara del Vallo, Bari, S. Benedetto del Taronto, Ancona and Chioggia. The balance of the annual landings is from deep-sea fishing in the Mediterranean and the Eastern Atlantic Ocean, off the African Coast.

The freezer trawlers operate mostly off the Canary Islands and the Coast of Mauritania. Their principal catch is Merluzzo (somewhat similar to Canadian hake) a popular fish in Italy. They also land quantities of squid and other species. The Mission learned that the catch per unit-effort is falling in traditional fishing grounds and some firms have been diverting vessels to fish off South Africa.

Another problem developing in the industry stems from the younger generation's reluctance to go to sea, although the Italian authorities do not consider the situation too serious at the moment. There were about 131,300 fishermen in 1960 using all types of boats. In 1963, they numbered 116,500 and preliminary statistics for 1964-65 show a further decrease. There are no formal programmes for training young fishermen, but some courses are given in specialized schools and on local ships.

Production and Distribution

Freezing plants in Italy, unlike those in Canada, are merely storage warehouses for distributing fish caught and frozen on board the trawlers or imported. Inshore fish is seldom frozen. Instead, fish is packed on ice in boxes and shipped by rail or truck from ports to inland markets.

The Italian consumer likes to examine the whole fish thoroughly before buying. Therefore, fresh fish is packed very carefully and the amount of labour for packing, unpacking for the wholesale auction, repacking and retail display is very high. Furthermore, the various regions in Italy require a differently prepared product. In spite of these factors, the supermarket method of retailing is becoming more popular. Its rate of expansion, however, will be limited due to the licensing system practiced by the Communes, which license each dealer to sell only certain products. Efforts are under way to change this so retailers can handle all products. A firm owning trawlers obtained a special licence to open a pilot store in Milan. This outlet, which has both self-service and clerks to serve customers, sells all types of fish. It is the only one of its kind in Italy at present.

The taxing system operated by the Communes is a further drawback to the distribution of fisheries products. A tax is levied on the contents of every truck entering the Commune area, but the rate of tax has no relation to the value of the product carried. The rate is set by the individual collecting at the time. These factors, which are a product of history, greatly increase costs of distributing fisheries products in Italy.

Another cost-increasing factor is the large number of middlemen between fishermen and consumer. The price of squid provides an example. Imported squid ranges between 300 to 350 lire per kilo c.i.f. (approximately Canadian 26 cents to 30 cents per pound). The retail price is 600 lire to 800 lire per kilo, depending on season (approximately Canadian 51 cents to 68 cents per pound). The trend is towards the elimination of the middlemen. However, this system has a long history and for political reasons any change will be slow.

A chain of wholesalers dominates the Italian market and handles

frozen fish marketing. The activities of firms such as the one mentioned as owning trawlers and operating its own retail outlet in Milan, generally run counter to these institutions.

At small ports where there is no market fishermen may ship the fish not sold locally to wholesalers in the cities. At the larger ports, inshore fish is sold by auction to wholesalers, who distribute locally or ship it to larger centres where they have cold storage warehouses and where there are wholesalers' markets. A good example is Milan, where the Communes operate a large wholesalers' market. About 75 per cent of the fish consumed in Milan is sold at this market. Average volume is about 50 metric tons per day. Fish begins arriving at about 6 a.m. and sales continue until about 9:30 a.m. All fresh fish is sold in the round state. Imported fish, frozen and fresh, as well as locally caught fresh fish, is handled at this market. Sales are only to retailers, restaurants or institutions. The Mission noted several truck loads of fresh fish just in from Spain, large quantities of frozen porbeagle from Norway, trout from Denmark, squid from Japan, sole from The Netherlands, and some spring salmon from Canada.

Assistance to the Industry

The various assistance programmes designed to improve coastal fisheries and increase productivity, have been good to date.

A special revolving fund was established in 1957, to maintain and where possible increase productivity. The fund provides low cost credit to small and medium-sized enterprises not otherwise able to replace or modernize vessels or equipment.

Every year the Government allocates money to the Foundation for Fishery Assistance and Supplies, a co-operative body that makes grants to fishermen who suffer loss, as well as to widows and children who are victims of fishing disasters. Fishermen otherwise unable to repair their boats,

install small engines or acquire fishing equipment, may obtain loans from the Foundation also.

A limited state fund covers three per cent of the normal rate of interest charged by private banks on loans to fishing enterprises. Though, bank security requirements restrict the number of enterprises that may take advantage of this support, the amount of money available is not sufficient to meet all applications.

Some fishing vessels were built under a special shipyard support programme, whereby the Government covered 30 per cent of the cost of new vessels that met certain requirements.

Prospects for Canadian Fisheries Products

a) Salted Fish

Generally speaking, heavy salted wet fish is imported into Northern Italy while light salted dried fish is imported into the South. In each case groups of companies control imports.

All income groups in Italy eat salted fish. It is cheaper than the preferred varieties of fresh fish and therefore much is consumed by lower income groups. At one time dried salted fish was imported in large quantities. However, since it takes more time to prepare dried fish, interest has swung toward wet salted. Wet salted fish can also be purchased and sold to consumers cheaper than dry fish.

Annual consumption of salted fish in Italy is about 10,000 tons light dry and 30,000 tons of heavy wet. Salted fish is imported into Italy mainly from France, Norway, Iceland and the Faroe Islands as well as Canada.

Size groupings of imports from these countries are as follows:

"C"	60/80 tails per 50 kilos
"B"	40/60 " " " "

"A"	30/40 tails per 50 kilos
"AA"	20/30 " " " "
"AAA"	10/20 " " " "

Scandinavian salted fish is landed at Esbjerg where Italian importers go and select the sizes and qualities required. This season initial f.o.b. price for groups "A" and "B" was £130 per metric ton. Class "C" was £110 per ton.

The Mission was informed that the Germans have also attempted to produce salted fish similar to the fish from the Faroes, but apparently are not as skilled. The price is £8 to £10 per ton less than the Faroese fish. The Russians have also begun to produce salted fish for export.

For the Italian market, fish for salting must be bled and salted as soon as possible after being taken aboard the vessel. This prevents the blood from penetrating the flesh and causing a yellow colour. The fish must be white but white napes are not required.

The Mission was told, everywhere salted cod was imported, that increased prices and decreased sizes of all Canadian fish, as well as the lower quality of some if it, had hurt sales. Apparently consumption is expected to improve since the Italian Government has asked EEC for an increase in duty-free import quota from 34,000 tons in 1965 to 44,000 tons in 1966.

In recent years Italian importers buying fish from Quebec and Newfoundland have always received less light salted cod fish than they had contracted to buy. The light salted market in Italy could absorb at least 8,000 to 10,000 boxes of Gaspé Cure and 20,000 to 25,000 boxes of Newfoundland Shore Fish. Of this 80 per cent would have to be imported before the end of November, since most salted fish is consumed in Italy before Christmas. Large fish is preferred and the total of small fish should not exceed 15 to

20 per cent, preferably 10 per cent. If the required quantity is not available, consumers will substitute other products rather than switch to heavy salted fish.

Most of the consumers of light salted fish prefer to see the whole fish and would not likely buy a block of salted fillets where the whole fish has lost its identity. The Mission was told that the Norwegians tried to market wet salted fish which had been desalted and dried in Norway and imported as reconditioned fish. It would not sell.

One importer in Northern Italy expressed an interest in Canadian wet salted cod fillets. Since the C.A.B. (Consorti Acquisti Bacalhau) group in Genoa more or less controls imports of wet salted whole fish, the only way to import salted fish outside of the group would be to bring in salted fillets. It is possible that wet salted fillets could find a good market in Italy provided the quality is good, with white flesh and no yellow tinge. No prices were mentioned.

b) Frozen Fish

In marketing Canadian fisheries products in Italy two factors must be realized. Importers claim the cost of transportation, especially for frozen fish, handicaps trade between Italy and Canada in comparison with that between Italy and other European countries. Furthermore, handling costs at the port of Genoa are very much higher than at other Italian ports.

The second factor is the preferential duties applied to fish-producing members of EEC as opposed to non-members. For example, on frozen fillets the preferential rate is 8.1 per cent while for non-member countries the rate is 18 per cent.

When negotiating with Italian importers it is important that prices in Canadian dollars be quoted c.i.f. an Italian port. It is also most important for the Italian buyer to know the exact scientific name of

the species being offered. Local names for each variety of fish change completely from one district to another.

A great variety of frozen fish is imported into Italy every year. However, only some are of actual or potential interest to Canadian producers.

Mackerel Shark (Porbeagle)

The largest quantities of this species are imported from Norway. However, the Japanese, when fishing for tuna, catch some porbeagle and some of this also finds its way to the Italian market. Most porbeagle is consumed in Northern Italy and is imported through the Ports of Genoa, Livorno and Naples, as well as overland from ports in Denmark. The Mission was informed that the Italian market could absorb 8,000 tons annually. One large importer could handle between 5,000 and 6,000 tons. At the beginning of the season the imported price of frozen porbeagle is 300 lire per kilo. (approximately Canadian 26 cents per pound). Invariably the price increases to 400 lire (Canadian 34 cents per pound) at the end of the season. This situation arises because the Norwegians are virtually the only source and are able to make price changes at will. Furthermore, the supply in 1965 has been less than other years, causing further price increases.

The market requires that each shark be dressed with the head and tail removed. The fish must be well bled so that its flesh is light pink.

The Mission saw a large quantity of imported porbeagle prepared in this way. In addition, the breast bones were uncut and the belly flaps closed.

There are only five firms importing this species into Italy. One of them handles 35 per cent of the total. This large buyer informed the Mission that it would contract ahead for a firm price for quantities not less than 1,000 tons.

Swordfish

The swordfish market is somewhat smaller than for porbeagle and while porbeagle is consumed mainly in Northern Italy, swordfish is preferred in the South. Frozen swordfish must be fully dressed for the Italian market and treated in the same way as porbeagle in order to maintain the delicate colour of the flesh.

Tuna

About 55,000 tons of tuna are imported into Italy annually. Most of this is purchased from Japan, fully dressed, well bled and frozen at sea. The species consists of yellowfin, bluefin and skipjack. All tuna is imported frozen. It is used only by the canning industry. Most canned tuna is consumed in the North as salted fish is cheaper in the South. However, the Mission was informed that tuna may to some extent displace consumption of salted fish.

About 3,000 to 4,000 tons of bluefin (species *Thunnus Thunnus*) is imported into Italy annually. Importers prefer to know the area in which the fish is caught and the weight of each fish. They also informed the Mission that since the flesh deteriorates rapidly and the meat turns dark, it is very important that the tuna be well bled and frozen promptly.

Mackerel

The Mission made extensive enquiries concerning prospects for sales of frozen Canadian mackerel, but the outlook is not encouraging. At one time considerable quantities were imported into Italy for canning, but it is now cheaper to import the canned product from Morocco. If Canada's prices could compete, some quantities could be imported since Canadian mackerel is preferred. The present import price is 140 lire per kilo c.i.f.

(about 12 cents per pound). Imported mackerel should be frozen individually and round. On the other hand there is a large fresh fish market in Italy for mackerel.

Dogfish

This species (Mustellus) is imported in Genoa from Argentina. It is consumed in the North only. There could be a market for the Canadian product if the quality were suitable. However, there was some difficulty in identifying the Canadian species among several varieties of dogfish imported into Italy. Since Canadian dogfish is known to have a high urea content, this could have a bearing on whether the Canadian species could be marketed successfully in Italy. One firm expressed an interest in receiving offers. This species is imported fully dressed.

Herring

Herring is consumed only in Southern Italy, and since Italians are not fond of fat fish, the market is declining in favour of other species. It is felt there is no Italian market for Canadian herring.

Squid

There are several varieties of squid available in Italy, but the species Loligo Vulgaris, because of its white flesh, is preferred by Italian consumers.

Most of the squid sold in Italy is caught during the winter (November-March) and eaten during the summer. Therefore, stocks at times are high. Large quantities are purchased from the Japanese who take them off the Gold Coast, the Madeira Islands and the Coast of Senegal. Quantities are also imported from Morocco and China. In addition Italian vessels bring a good deal of squid.

The market generally recognizes three sizes of squid: small, medium

and large. Squid which weigh under 200 grams per fish is classed as small, between 200 and 400 grams as medium, over 400 grams as large. The import price varies between 300 to 350 lire per kilo (Canadian 23 to 27 cents per pound) as there is apparently little difference in the prices for various sizes when large quantities are imported. The retail price ranges from 600 to 800 lire per kilo (Canadian 46 to 62 cents per pound) and the small squid generally sells at 10 per cent higher than the medium or large.

The Mission made extensive enquiries as to the possibilities of marketing Canadian squid and was informed that the Italian market is enormous. The Canadian squid has a darker flesh than that of the *Loligo Vulgaris* and is apparently tougher when cooked. As mentioned previously, a white flesh is preferred in Italy and it will be difficult to introduce the Canadian product. The bleaching of food products is forbidden by law and importers are convinced that the Italians would not accept a darker flesh squid. However, some firms have indicated their willingness to test the market. It was mentioned that Canadian squid might be in a stronger position if it were wrapped individually. While most areas in Italy require the skin to be off, squid imported into Naples should have the skin on.

Flatfish

There is a large market in Italy for extra small ($1\frac{1}{2}$ to three ounces), boneless, skin off, yellowtail fillets. The bulk of Italian imports comes from Denmark under the name of "lemon sole", either gutted whole fish packed on ice or frozen fillets in eight and 14-ounce packages. It is also imported in one kilo blocks for restaurants, institutions, etc.

It was explained to the Mission that some attempts have been made to import Canadian flounder fillets and that Italian buyers were pleased with the

packaging. At first they sold well, however, subsequent lots of fish smelled of iodine and the attempt was not successful.

The retail price of yellowtail fillets in Milan was 780 lire per kilo (Canadian 60 cents per pound). The retail price of frozen dover sole was 1,600 to 1,700 lire per kilo (Canadian \$1.20 to \$1.29 per pound).

The Mission was impressed by the extremely small size of flatfish fillets consumed in Italy and felt that if the quality is suitable, a good market exists for small flatfish from the Gulf of St. Lawrence. Since some of these fish are too small for filleting and large quantities are discarded at sea, some might be frozen round for export to Italy.

Turbot

A small market exists for frozen turbot. The c.i.f. price, dressed, head off was quoted \$1,000 per metric ton. However, only a small amount is consumed in Italy. Most of it is purchased by ship chandlers for sale to merchant vessels. Consumption of this species has fallen since it takes more time to prepare it for eating. Turbot should be packed in the same manner as yellowtail flounder.

Caplin

The Mission enquired about the possibilities of marketing frozen caplin in Italy. Italian importers were unfamiliar with this species, making it impossible to assess market possibilities. However, several expressed a willingness to attempt to market a trial shipment.

Lobster

The Mission was informed that North American lobster is not eaten in Italy. On the other hand the Italians consume considerable quantities of crayfish.

Shrimps

A good market exists for frozen shrimps. They are imported in 75 gram and 200 gram packs for the retail trade (3 ounce and 7 ounce packs) and in two kilo packs for restaurants. The retail price in Milan was about 1,300 lire per kilo (Canadian \$1.10 per pound).

Other Species

A continuing small market exists in Italy for live silver eels, monkfish tails, frozen salmon and pike from Canada.

S P A I N

The Fisheries of Spain

Spain ranks among the ten leading fishing nations of the world. Because of geography, fishing is particularly strong in the Spanish economy. An extensive coastline, together with a long history of cod fishing in North Atlantic fishing grounds, supports the continued exploitation of an important commodity.

A population of 32 million, with an average annual consumption of 15 pounds per person, represents an excellent home market for Spain's production of various species of fisheries products. Approximately 25 per cent of its production is exported. The industry is aiming at a much larger portion of the world market.

The Government, together with private initiative, is increasing efficiency of the deep sea fleet and the Spanish fishing industry is now in the process of substantial expansion and modernization. There is a greater emphasis on catching fish for the freezing trade. Some is being caught in the North Atlantic, but there has been a heavy concentration on fishing for Merluza in South African waters. This is a very popular fish in Spain and somewhat similar to Canadian hake.

Some trawlers formerly engaged in cod fishing in the North Atlantic have been renovated and equipped with freezers. However, other vessels have been constructed for the production of salted codfish. There were 96 new vessels added to the fishing fleet in 1964 and another 92 are under construction. Members of the industry have indicated concern over expansion of the fleet, especially in the frozen segment, as production rate is outpacing growth in consumption and improvements in distribution facilities. There is little indication of any slowdown in the vessel construction programme.

Members of the Mission were conducted through several Spanish shipyards, where a large number of stern trawlers and tuna boats were under construction. Some of the stern trawlers were being built for Cuba.

Production

a) Salted fish

The annual production of salted fish was stated at about 80,000 metric tons (wet salted basis) of which 20 to 25,000 were for export. Some Spanish producers were optimistic that exports will increase to 40,000 metric tons within the next five years. However, the Mission felt this could occur only through reduced home consumption, greater fishing efforts or by increasing imports. The total salted fish production in 1965 is expected to be lower than 1964.

Owners of "parejas" (trawlers used for pair fishing) are more enthusiastic about prospects for the salted cod fisheries than owners of other trawlers, probably because the pairs catch a higher percentage of large fish. One firm with 14 pair vessels estimated that 80 per cent of its production was large fish. The regular trawlers catch about 80 per cent small fish. The production at one of the larger plants visited was 80 per cent medium, large and extra large fish. There is a very strong demand for large fish in Spain. In some instances the price is double that of small. The larger size of good quality heavy salted cod retails to consumers from 30 pesetas to 50 pesetas a kilo, or Canadian 25 cents to 40 cents per pound. Extremely good quality, large size salted cod fillets were selling in supermarkets at 64 pesetas a kilo (Canadian 55 cents per pound).

A group of processors expressed concern over the rising costs of producing salted fish and also the competition experienced from other exporting countries, especially France which, as a member of EEC, is in a preferential

position in shipping to Italy. Hourly rates paid to plant workers are low by Canadian standards, but an elaborate social assistance programme adds considerably to the cost of operation. Of greatest concern are the higher wages to trawler crews. The various costs involved in operating trawlers engaged in salted cod fishing are steadily increasing. This is partly caused by the declining catch per unit-effort resulting in longer trips. There is continuing pressure for higher wages and fringe benefits for fishermen, and good fishermen are becoming difficult to find. Crews are paid a minimum or guaranteed wage on a monthly or per trip basis as well as a percentage of the value of the catch. Spanish vessel owners estimate that their costs increased by 15 per cent during the past year.

The salted fish sold domestically has a higher moisture content than that exported to South America, the Caribbean and the Congo. Fish exported to the Congo and South America is dried to between 30 and 32 per cent moisture content while fish shipped to the Caribbean is about 38 per cent.

b) Frozen Fish

Most of the increase in fishing vessels is directed to the frozen fish trade. Processors of frozen fisheries products are confident that in time frozen fish will become more acceptable than salted fish and account for a high proportion of sales. In the meantime fresh fish is still preferred and one of the most popular species is the Merluza, which brings a premium when sold fresh. In one supermarket fresh Merluza was selling at four times the price of the frozen variety.

While frozen fish has not been accepted by Spanish consumers as in North America, there is a steadily increasing demand. Up to now it has consisted almost entirely of "whole" frozen fish, sold in the round or as steaks. Some frozen, unskinned Merluza steaks, cellophane packaged in one or two pound units, are being produced and marketed by one of the largest

frozen fish producers in Spain. When the time appears appropriate, this firm plans to produce and distribute frozen fillets. With this objective, a plant formerly producing salted fish is being remodelled. It will have an initial capacity of 80 million pounds per year.

One drawback is the lack of facilities in retail outlets for handling frozen fish. One producer is meeting this problem by making freezer chest cabinets available to retailers at cost, giving up to 30 months to pay.

The production of frozen fish now exceeds demand and inventories are increasing. In some quarters there is a feeling that the expansion of the trawler fleet for producing frozen fish is too rapid and could lead to problems for the industry. This view is not unanimous.

c) Canned fish

Mission members visited some of the largest canneries in Spain, mainly at Vigo. These factories, with highly integrated operations, appear efficient and process a variety of products, including sardines, tuna, clams and mussels.

Mussels are cultivated on a very substantial scale in Northern Spain. Hundreds of mussel hatcheries (mejilloneras) were seen floating in the bays. These mussels appear to be the same variety as found on the Canadian Eastern seaboard. They are canned by almost all factories. Blue-fin tuna was also being canned.

Fish distribution organizations

A relatively efficient distribution system is essential to the smooth operation of the Spanish first-hand price system.

In Spain, sales are made freely on landing and by auction in all ports. All species of fish are auctioned. The system is organized in all

Spanish fishing ports, such as Vigo, Cadiz, Corunna, Algeciras, Pasajes, Bermeo and Santona. Most ports have a fish market (lonja) where auctions are held. These markets are run by fishermen's associations (codfrodias), ship-owners' cooperatives or the town authorities. Exporters and distributors are required to operate under licence but there is no restriction on the number of licences issued.

Fish intended for processing or deep-frozen on board is not sold by auction nor is salted fish sent directly to the driers. The prices for these direct sales are fixed by agreement between seller and buyer.

Wholesalers and retailers belong to associations (Gremios) which include all members of the industry. These organizations co-operate with the authorities to ensure that fish is handled properly and stored in satisfactory conditions.

Spain has no minimum prices or catch quota systems, but a semi-State body, the General Commission for Supplies (Comisaria General de Abastecimiento) can take action to ensure an adequate and rational distribution by buying surpluses when catches are heavy. The Commission's role in this respect has been limited and it can only take over from the normal fish trade in abnormal circumstances. The Commission keeps in touch with all aspects of foreign trade in fisheries products to ensure that home supplies do not suffer through excessive exports or exports of particular species which constitute the staple fish diet of the Spanish population.

Assistance to the Industry

The Spanish Government's present financial assistance programme to the fishing industry is directed to meet the economic and social needs of the country. Assistance to the industry is under the jurisdiction of the Ministry of Commerce.

To increase the capacity of the fishing fleet so vessels can operate where the best commercial varieties are located, subsidies are granted and loans issued for building new steel ships over 100 tons. The loans are distributed by the National Reconstruction Credit Institute.

The Government endeavours to improve standards of living and social conditions of less fortunate fishermen. It provides loan facilities administered by the Marine Welfare Institute, a Division of the Ministry of Labour. They are available to boat owners for repairs and new machinery or equipment as well as for building small craft. Fishermen's Co-operatives and Associations also have access to such loans.

Prospects for Canadian Fisheries Products

a) Salted fish

A market exists in Southern Spain for light salted fish. It must be prepared to meet Spanish consumer requirements. Only a small part of this potential is currently met. Heavy salted is being used to some degree as a substitute but there are areas in Southern Spain where light salted is preferred and premium prices paid for good quality. The Spanish market is becoming more selective and to develop increased sales of salted fish, it will be necessary to place greater emphasis on improved quality and larger sizes.

Northern Spain requires large heavy salted fish. In view of the higher percentage of small fish being produced by Spanish trawlers, there could be a growing market for imported large sizes of good quality. It was noted that the large fish processed in Spain and those imported from Iceland and Norway were white naped. The fish at some plants was salted only heavily enough to prevent spoilage on the fishing trip from the Grand Banks -- not "heavy salted" in the sense we use the term in Canada.

Spanish salted fish dealers and others associated with the Spanish Government emphasized the need for greater co-operation among certain salted cod producing countries. They pointed out that world demand in salted cod exceeds supply. Yet there are many instances where exporters are needlessly depressing prices through lack of a coordinated sales policy. They stated that production costs can be expected to increase, and that they were hoping a way could be found to work out a pricing arrangement among Canadian, Spanish and French exporters, starting with an exchange of information.

One large producer of salted fish was interested in obtaining supplies of saltbulk fish from Canada. He thought processing costs in Spain were much lower than in Canada.

b) Other Products

As indicated previously, production of frozen fisheries products is greater than demand and the Spanish market does not at this time present any possibilities for Canadian products.

Interest was expressed in importing frozen whole tuna from Canada to increase supplies of raw material. White albacore and yellowfin varieties are preferred but the blue fin is also canned. Canneries producing tuna are not working to capacity.

As in Italy, the species of squid consumed in Spain is the "Loligo Vulgaris", a different variety from that caught in Canadian waters. However, some importers and canners indicated interest in receiving trial shipments of the Canadian variety and would be prepared to test its acceptance by Spanish consumers.

While there is a market in Spain for mackerel for canning, it is doubtful that Canada would be able to export at competitive prices.

P O R T U G A L

The Fisheries of Portugal

Fishing is important to the economy of Portugal. It provides a fundamental staple of the Portuguese diet, and the main source of animal protein. It also provides the raw material for canning, one of the country's top export industries. Fishing and related activities, such as vessel construction and net making, employ some 15,000 people and account for a total investment of approximately \$760 million.

The Portuguese fisheries fall within the following clearly distant categories:

- inshore fishing by small boat owners near their ports of registration;
- sardine fishing by large fleets using purse-seines along the Portuguese seaboard;
- fishing for tuna;
- ocean trawling off the African coast;
- inshore trawling;
- distant water fisheries off Newfoundland and Greenland, especially trawling and line fishing for cod.

The principal fishing districts in Portugal are Viana do Castelo, Povoia do Varzim, Vila do Conde, Matosinhos, Aveiro, Figueira da Foz, Buarcos, Nazaré, Peniche, Cascais, Lisbon, Sesimbra, Setubal, Sines, Lagos, Portimao, Albufeira, Faro, Olhao, Tavira and Vila Real de Santo Antonio.

There are approximately 11,100 registered vessels with a gross tonnage of 146,390. Of these 3,046 are power driven and have a gross tonnage of 135,441. The balance are sail and row boats. The cod fishing fleet is

composed of 33 trawlers and 42 line fishing vessels.

The Organization of Fisheries

Generally speaking Portuguese fisheries operate under a corporative system that is an integral part of the organization of the Nation. Institutes of fisheries and other corporative or economic co-ordination bodies are not official State departments, but in all employers' associations there is a Government delegate who acts as a supervisor for management.

All advisory or executive departments dealing with fisheries are under the Naval Ministry. Policies, research, navigation and hydrography are matters handled by the Directorate of the Navy. Executive functions, such as enforcement of regulations governing fishing activities, are under the Harbour Masters of Ports and Naval Branch offices.

The Vessel Owners' Associations and the Central Board of Fishermen's Centres widen the activity of the Naval Ministry. The former, known as "Grémios", group together all members of the fishing industry. They aim at improving and developing the Portuguese fisheries as well as ensuring the orderly marketing of the catches. The principal "Grémios" are owners of codfishing vessels (Grémio dos Armadores de Navios da Perca do Bacalhau), owners of deep sea fishing vessels (Grémio dos Armadores de Navios da Pesca de Arrasto), owners of sardine-fishing vessels (Grémio dos Armadores da Pesca da Sardinha), owners of tuna-fishing vessels (Grémio dos Armadores da Pesca do Atum), and owners of whale-fishing vessels (Grémio dos Armadores da Pesca da Baleia). There are also five regional "Gremios" and one exporter "Gremio" for canned fish.

Two co-ordinating bodies, the Portuguese Canned Fish Institute and the Cod Trade Regulation Board, have the power to regulate trade in their respective fields.

The Cod Fish Regulation Board (Comissao Reguladora do Comércio de Bacalhau) is responsible for co-ordination of the codfish trade, storage, quality control of imported and locally dried cod, and laboratories. All imported salted cod is purchased by the Board and stored in its warehouses where it is selected by size, weight and quality according to Portuguese specifications. When repacked the name of the country of origin is indicated.

In assessing the moisture content of salted fish, Canadian and Portuguese dealers are likely to have varying opinions. The Portuguese test only a piece from the centre of the fish. In Canada a centre piece as well as a section of the much drier and thinner wing is taken. As a result the Canadian assessment of moisture content could be lower than the Portuguese.

The method used to determine the class of the salted fish also differs. In Portugal the fish is classed according to weight, whereas in Canada the length of the fish is the determining factor. One of Canada's "small" fish could thus qualify as a Portuguese "medium" and one of Canada's "medium" could be considered by the Portuguese as "small". It might be of advantage to consider supplying Canadian salted fish sized in accordance with Portuguese market requirements.

At the Board's warehouse at Oporto - with a capacity of 5,000 metric tons - members of the Mission examined some of the imported salted cod. Wet salted cod imported from Iceland is dried at the warehouse to a moisture content of 44 per cent. As in Spain and Portugal, the domestic fish is generally split on the left. Cod purchased from Norway had been dried to a moisture content of 45 per cent.

It was indicated that in many instances salted fish purchased from Canada was of inferior quality and had a high degree of fermentation. It

was accepted by the Board only as a borderline quality. Officials of the Board believed that fermentation starts before the fish is dried and suggested that it was due to improper washing. They also expressed the view the fish was not salted sufficiently.

Production

Portugal's annual catch exceeds 500,000 metric tons. Catches made by trawlers off the African Coast are mainly for the fresh and frozen market. Cod taken in the waters off Newfoundland and Greenland is salted on board vessels and landed as wet salted. The total production of wet salted cod last year amounted to approximately 50,000 metric tons (dried weight basis).

The production of canned fish takes first place with an annual output of 88 thousand metric tons in 1964. Three years ago canned fisheries specialties were the leading export commodity and currency earner. The main species of fish for canning are sardine, tuna, horse-mackerel, anchovy, pilchard, calamare (squid), cuttle-fish and other varieties. The principal canning centres are Matosinhos, Peniche, Lisbon, Setubal, Lagos, Portimao, Alhao and Vila Real de Santo Antonio. There are also canneries on Madeira Island and the Azores archipelago. These ten centres have between them a fleet of close to 400 fully-equipped motor vessels. The Mission visited canneries at Matosinhos and Aveiro.

Portugal is also a producer of cod liver oil. Members of the Mission were guests of the "Refinaria de Oleos de Figados de Bacalhau" at Ginjal-Cacilhas, the only cod liver oil refinery in the country. The larger percentage of oil handled by this firm is exported as crude. Germany is the

most important buyer of this commodity. Refined oil is distributed in Portugal mainly to children, through the facilities of Government organizations, and to pharmacies.

Marketing of Fisheries products

With the exception of salted cod considered a staple of the diet of the people, fish prices in Portugal find their own levels. However, every phase of production and distribution is well organized to prevent undue fluctuation of prices.

Fresh fish is sold first-hand by auction at the landing stage. Some sales are made by contract between fishmongers and trawler-owners "Grémio".

The first-hand sale of fresh fish is organized by local authorities. Bids can be made by wholesalers and retailers alike. A system of auctioning starting from maximum prices is applied for the most popular species. Direct sales are also carried out regularly to Government institutions, hospitals, welfare organizations and fish-freezing concerns. Fresh sardines are sold freely at all landing stages; there are no direct sales contracts.

Fresh fish is generally retailed in market stalls or by hawkers. Most of them are in Lisbon and Oporto. Retail prices are not allowed to exceed the purchase price plus the wholesalers' and the retailers' legal profit margin.

Fish frozen at sea is sold by direct negotiation between ship-owners and wholesalers.

Salted cod is sold at fixed prices at every stage of distribution, i.e. by ship-owners, wholesalers and retailers. The Government supervises the quality and selling price of salted cod. Whether of Portuguese or

imported origin, it is sold at the same price, but Portuguese salted cod is subject to a special levy to offset the higher cost of its imported counterpart.

Salted and dried cod is sold through licensed wholesalers. The Mission paid courtesy calls on executives of the Wholesalers' Guild at Oporto and Lisbon. The Guild represents all food wholesalers in Portugal, who must operate under licence. There are presently 600 members, but not all of them deal in salted cod. Several of the wholesalers also own trawlers, although they claim that this is not a money-making proposition. The new stern trawlers, which in Portugal can be financed by a loan of up to 40 per cent of the cost but receive no subsidy, are obliged to salt 90 per cent of the catch.

One vessel owner claimed to have had a line of fishing vessels anchored in Lisbon harbour for six months while imports of salted fish were being carried in Danish or German bottoms. In Portugal fishing boats are not allowed to carry fish and general cargo at the same time.

Another problem mentioned by the Guild is the increasing difficulty of obtaining crews for the salted cod fisheries. Some engineers were said to have emigrated to Canada to join a trawler crewed entirely by Portuguese fishermen. Similarly a picture of a new German vessel appeared in a local paper and half her crew was Portuguese. In an effort to obtain additional crew the government permits time spent at sea to be credited against compulsory military service. Working on a line vessel, a Portuguese fisherman may earn as little as \$1,000 per six-month trip - never as much as \$2,000 plus food, sickness and disablement insurance. On vessels of many other nations he would earn much more. Costs of operating the Portuguese fleet have been rising

steadily in recent years and this trend is expected to continue. It is estimated that in 15 years the fleet will consist only of trawlers, as line fishermen become more difficult to obtain. This switch to trawlers will inevitably bring catches of smaller fish, which could result in a reduction of the per capita consumption of salted cod.

Salted cod can only be imported by the Cod Fish Regulation Board. For years the Guild has been trying to have free import of salted cod re-established along with the abolition of retail price controls. From March to December 1964, the import monopoly of the Board was suspended, but retail price controls were maintained so that free buying meant very little in actual practise. It was impossible for the wholesalers to import except at prices low enough to enable them to recover their costs. There is some hope, however, that the matter will be further considered by Government authorities. Officials of the Guild are continuing to press for free importation and increases in present price ceilings which they contend do not reflect the ever-increasing costs of production and distribution.

Assistance to the Industry and Fishermen

The Government contributes substantially to development of the fishing industry. To this end the State provides incentives to shipyards absorbing a large percentage of the labour force. It also aims at improving and expanding production of protein foods.

Support to the industry takes the form of loans to the fishing fleet, as well as to the canning, freezing and marketing sectors under the jurisdiction of the Modernization and Equipment Fund for the Fishing Industry.

Long-term loans at low interest rates are granted under this Fund. Help is also provided by the Unemployment Fund.

Social Welfare and various services provided to the fishermen, plant workers and their families play an important role in the Portuguese fishing communities. Hospital services and medical services are furnished under the administration of the "Casae dos Pescadores". Nurseries, houses, rest homes, child welfare centres, professional schools, holiday camps, fishermen's homes, canteens and cooperatives have been set up by this organization.

Members of the Mission were very much impressed by the facilities most of the large factories have for employees. Although wages are low compared to Canadian standards, it must be kept in mind that the employer is required to maintain excellent working conditions for all employees. This adds to his costs.

Prospects for Canadian fisheries products

a) Salted Fish

There is a demand in Portugal for light and heavy salted cod. White dried fish is preferred in the South and a golden or yellowish colour fish is in demand in the North. Small madeira (light salted) is more popular than heavy salted fish. The price differential between small madeira and the same size heavy salted fish is greater in Portugal than in Canada. Under free prices, small madeira would sell at the same price as large heavy salted fish. Salted cod from Newfoundland and Gaspé is well liked in Portugal, but under present conditions of retail price controls, the CIF price of Canadian fish is too high.

Because of the existing price ceilings, the vessel owners are having difficulties as the cost of producing salted fish is increasing and

there is little or no margin of profit for them. In most foreign producing countries the export selling prices for various grades of salted fish are high in relation to the ceiling prices established in Portugal.

While the Portuguese authorities are well aware of the difficulties encountered by domestic producers and although the cost of living index is 20 per cent higher than at the time price ceilings were established, there is no indication that price ceilings will be revised upwards. At one meeting with the Wholesalers' Guild, officials mentioned that in presenting their case for free prices or higher price ceilings it might be useful to have a statement describing the situation in Canada where in order to compete with the demand from filleting plants and meet higher production costs, prices for salted fish must be increased or there will be no supply available for export to Portugal.

Members of the Mission were informed by industry representatives that the annual consumption of approximately 75,000 metric tons of salted fish could be increased to 90,000 if price ceilings were removed. Regardless of the expansion of frozen fish production there will always be a good demand for salted fish. Experience has shown that when the consumers had to turn to other foods because of low production and imports of salted cod, they returned to salted fish as soon as it was available.

Portuguese buyers of Canadian salted fish are well aware that in Canada the production of salted fish is declining in view of the demand and excellent prices obtained for the fresh and frozen product. They are of the opinion that Canadian producers should give consideration to exporting wet salted fish to be further dried in Portugal where the labour cost is much cheaper - about 45 escudos per 60 kilos for drying, culling and packaging (approximately Canadian \$1.68 per 132 pounds).

b) Other products

The market potential for frozen fish is very poor at present.

Some mackerel is consumed in Portugal, mostly in the canned form. The larger percentage is produced for the export trade. Therefore, there are no prospects for Canadian sales of frozen mackerel.

