ANNEX TO THE **WORLDWIDE FISHERIES MARKETING STUDY:** PROSPECTS TO 1985

NETHERLANDS

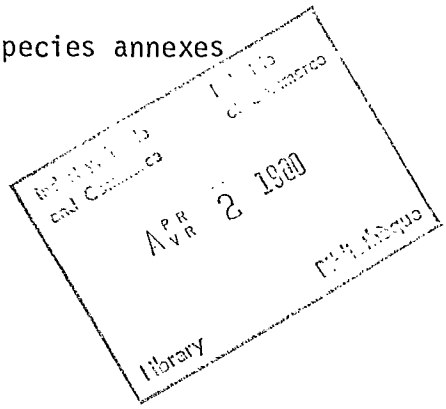
Government of Canada
Gouvernement du Canada

Fisheries and Oceans
Pêches et Océans

Industry, Trade and Commerce
Industrie et Commerce

Canada. Dept. of Fisheries and Oceans. Fisheries Economic Development + Marketing. Marketing Services Branch.

(This report is one of a series of country and species annexes to the main study - entitled the Overview).



D R A F T

Annex to the
Worldwide Fisheries Marketing Study:
Prospects to 1985

NETHERLANDS

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Specifically, this Report would not have been possible without the cooperation and assistance of fishermen, processors, brokers, wholesalers, distributors, retailers, consumers and their organizations as well as government officials with whom we visited and interviewed. Though too numerous to mention separately, we would like to extend our sincere gratitude and appreciation.

The views expressed in this Study, however, are ours alone and reflect the Canadian perception of worldwide markets.

With regard to the overall Study, we would like to acknowledge:

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To all of the above, we extend our thanks.

E.W.
July, 1979

FOREWORD

As a consequence of global extension of fisheries jurisdictions, a radical shift has taken place in the pattern of worldwide fish supply and demand. This change is still going on and will continue for many years before an equilibrium situation is reached. However, in the midst of this re-adjustment, a new trade pattern is emerging -- some net exporting countries are now importing and vice versa. In the longer term, some countries will experience shortages of supply and others will have a surplus. Fortunately, Canada is amongst the latter group.

The implications for the marketing of Canadian fisheries products arising from the worldwide introduction of the 200-mile limit are extensive. With our vastly improved supply position relative to world demand, government and industry are understandably concerned about ensuring that the bright promise of increased market opportunities are real and can be fulfilled. One of the steps in this process is the publication of the Worldwide Fisheries Marketing Study which assesses the potential on a country and species basis.

Specifically, the purpose of the Study is to identify the short (1981) and longer-term (1985) market opportunities for selected traditional and non-traditional species in existing and prospective markets. In this initial phase, 14 country markets and 8 species groups are analysed. It should be noted that while the information contained in the Reports was up-to-date when collected during March-June 1979, some information may now be dated given the speed with which changes are occurring in the marketplace. In this same vein, the market projections to 1981 and 1985 should be viewed with caution given the present and still evolving re-alignment in the pattern of international fisheries trade, keeping in mind the variability of key factors such as foreign exchange rates, energy costs, bilateral fisheries arrangements and the recently concluded GATT-MTN agreements which have a direct effect on trade flows.

Notwithstanding, the findings contained in these Reports represent an important consolidation of knowledge regarding market potential and implications for improvements in our existing marketing and production practices.

Thus, the results of the Study should usefully serve as a basis for planning fisheries development and marketing activities by both government and industry in order to capitalize on the identified market opportunities.

This draft Report is published for discussion purposes and as such we invite your critical comments.

Ed Wong

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Department of Fisheries and Oceans

July, 1979
Ottawa

NETHERLANDS

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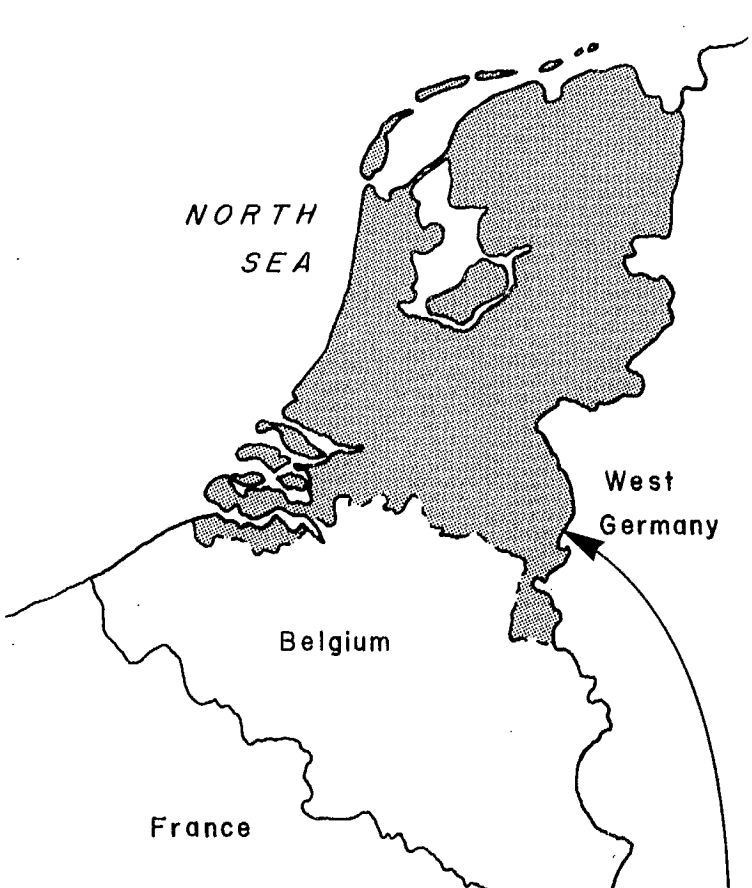
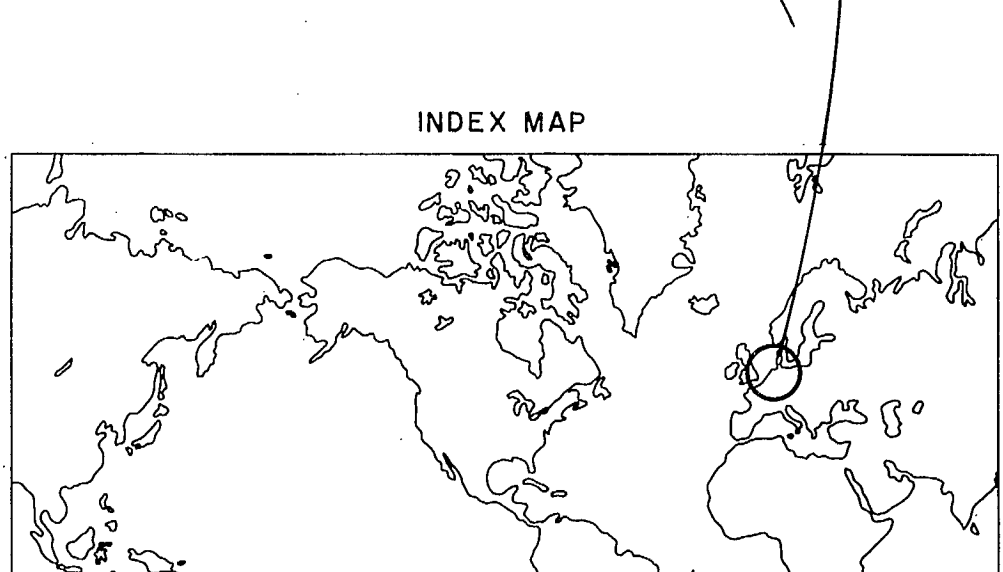


INDEX MAP



A. DEMAND FOR FISH

Most fish is consumed fresh in the Netherlands, according to the season, with plaice and cod as the leading species. There is, as yet, strong consumer resistance to frozen fish. Per capita consumption in recent years has been about 12 kg per year and is expected to grow to no more than 12.3 kg per year by 1985. Therefore, total domestic consumption is projected to increase by 6.8% to 178,400 tonnes in 1985, from 167,000 tonnes in 1977. As a parallel to consumption trends the present population of 14 million is expected to grow to some 14.6 million by 1985.

Consumers have begun to show resistance to recent high prices for herring and are switching to mackerel. Higher prices for Mattjes herrings, caused by sharp reductions in landings, were met with a marked drop in demand. Herring consumption has dropped from 2.7 kg per capita in 1976 to 1.7 kg per capita in 1978. This has meant that herring consumption has fallen from 37,000 tonnes in 1976 down to 24,000 tonnes in 1978, or 36 percent in two years. These results are shown in Table I.

By contrast, shellfish consumption has increased in the last few years. The present trend shows a growing market in crustaceans and mussels, the latter being the

most popular shellfish. Domestic per capita consumption grew from 2.4 kg per year in 1976 to 3.4 kg per year in 1978. Although Canadian lobster is available in better restaurants, consumers still prefer the more expensive Norway lobster. Lobster is not readily available in the consumer market primarily because of high prices. Much of the imported Canadian lobster is re-exported to other EC countries.

TABLE 1 - DOMESTIC CONSUMPTION 1976, 1977, 1978, 1981 and 1985

	1976	1977	1978	1981	1985
1. Per capita consumption (edible or product weight in kg).	12.1	12.0	12.1	12.1	12.3
2. Population (millions)	13.8	13.9	14.0	14.2	14.5
3. Domestic Market (line 1 x line 2 in thousand metric tons).	167	167	169.4	171.8	178.4
4. Percentage increases				2.87 (1981/1977)	6.83 (1985/1977)
5. Species edible or product weight in kg:					
(a) herring, fresh, frozen cured	2.7	1.9	1.7	1.4	1.6
(b) other seafish, fresh and frozen (whiting, cod, plaice, sole and mackerel)	5.0	4.9	5.0	5.1	5.1
(c) Mussels and crustaceans, fresh and frozen, mainly mussels	2.4	3.2	3.4	3.5	3.5
(d) Canned fish	1.6	1.6	1.6	1.6	1.6
(e) Freshwater fish, mainly eels	.4	.4	.4	.5	.5

B. SUPPLY OF FISH

(a) Domestic Sources

The future of the Netherlands fishing industry will be shaped largely by common policies of the European Community members. The Dutch are in a position to exert considerable influence within the EC because of the importance of the domestic industry to their national economy. Until a common fish policy is developed, problems will persist for individual EC members. Dutch officials expect that talks on a total fisheries policy will have to wait until the aftermath of Britain's election. Prime Minister Thatcher's government holds different views than did its predecessor on both Community activity and common fisheries policies.

The absence of an EC common fisheries policy has actually worked to the advantage of the Dutch fishermen, as the quasi-legality of the current national quota restrictions have seriously impeded the judicial process. The herring ban has created the most significant problems. British attempts to extend fishing authority to a 50 mile zone off their coast threatens Dutch catches of herring and mackerel. The Dutch believe that Britain will not succeed in establishing this perimeter. In the meantime, adjustments have had to be made to what is considered a temporary situation. As demand has eased,

inventories have built up enabling the Netherlands to adopt a firmer stance in trade negotiations. In light of herring catch difficulties over the past three years the majority of Dutch trawlers have switched to mackerel fishing with the government providing export assistance. This has ensured a market for the mackerel catch destined mostly for African nations. Herring processors are now using considerable mackerel for their smoked and marinated products.

The Dutch believe that EC waters will never again be able to support the volume of fishing of the early 1970's. Curtailment of the distant water fleets of other EC members means that their vessels will be turning increasingly to fishing in EC waters. Even with an increased EC stock, this means that quota shares for each member are likely to be lower than in the past. Thus the longrun outlook is for small European harvests generally.

Although herring fishing is banned in the North Sea -- until 1981 by present estimates -- quotas for other areas have been allocated to Dutch fishermen. However, their catch declined to 7,000 tonnes in 1978 from 20,000 tonnes in 1977, due to manipulation of the timing of fishing seasons by other countries. To allay this problem required tough negotiations with Ireland and Scotland.

It is estimated that there are presently 350,000 to 400,000 metric tons of herring in the North Sea and that the ban should not be lifted until 800,000 metric tons are available. And even when supplies have returned to this level, biologists recommend a mini-quota of 25-50 tonnes should be imposed in the initial reopening year. One factor which will depress prospects for herring recovery in 1979 and 1980 is the poor recruitment in 1976 and 1977. The recruitment situation will have to be monitored very closely, since it has an important bearing on when the herring ban can be lifted.

In 1976 Dutch domestic fish production fell to 238,000 tonnes, the lowest recorded catch since 1950. Preliminary figures for 1978 indicate a bigger commercial volume at 266,366 tonnes.

TABLE 2

Dutch Domestic Fish Production (Tonnes)

Year	Landings	Withdrawn from Market	Commercial Quantities
1976	255,820	17,530	238,290
1977	302,084	34,849	267,135
1978	269,766	3,400	266,366

The Dutch Central Bureau of Statistics and Ministry of Fisheries base the above calculation on records of auction sales and landings records of freezer trawlers. But accurate reporting has become impossible due to abolition of the compulsory sale of fish through auctions, and the introduction of quotas on certain fish species. It is thought that avoidance of full disclosure of fish catches may range from 20% to 100% depending on species because each fisherman is allocated a portion of the national quota. Fishermen do not consider that illegal fishing leads to stock depletion.

As a result, the statistical reports of the fishing industry presented in Table 3 must be interpreted cautiously. They probably underestimate the actual 1976 and 1977 landings.

(b) Import Sources

The reduction of both domestic fish and supplies of related EC countries pose problems; more for the Netherlands' role in international fish markets than for meeting demand at home. The Dutch have established markets throughout the world and will attempt to retain and service these markets by relying more heavily on imported raw materials as long as it is profitable for them to do so.

TABLE 3: LANDINGS BY SPECIES, 1976, 1977, 1978, 1981, 1985

(~~thousand~~ metric tons, round weight)

English, French, Latin, Dutch	1976	1977	1978	1981	1985
Cod, Cabillaud, Gadus morrhua, Kabelijauw, Gul	22,469	30,792		30,000	30,000
Haddock, Eglefin, Melanogrammus aeglefinus, Schelvis	2,212	1,742		2,000	2,000
Redfish, Sebaste, Sebastes Marinus, Roodbaars					
Turbot, Turbot, Psetta maxima, Tarbot	3,458	3,392		33,000	34,000
Halibut, Flétan, Hippoglossus hippoglossus Heilbot	1,000	1,000		1,000	1,000
Pollock, Lieu jaune, Pollachius pollachius, Pollak	7,050	7,911		8,000	8,000
Hake, Merlu, Merluccius merluccius, Heek	66	53		60	60
Flatfish, Poissons plats, - , Platvis					
Grenadier, Grenadier, Coryphaenordes Rupestris, _					
Capelin, Capelan, Mallotus Villosus, Lodde					
Herring, Hareng, Clupea harengus, Haring	57,090	19,701		65,000	100,000

Table 3 (continued)

	1976	1977	1978	1981	1985
Mackerel, Maquereau, Scomber scombrus, Makreel	17,609	40,469		30,000	25,000
Salmon, Saumon, Salmo Salar, Zalm					
Freshwater Fish, Poissons d'eau douce, - , Loetwatervis					
Squid, Calmar, Loligo vulgaris, Pylinktvis					
Lobster, Homard, Homarus Americanus, Kreeft	29	16		20	20
Crab, Crabe, Chionoecetes Opilio, (Cancer Irroratus) Krab	78	77		78	78
Scallops, Coquille St. Jacques, Pecten jacobaeus, St. Jakobsschelp					
Shrimps, Crevette grise, Crangon vulgaris, Grijze garnaal	7,491	4,026		5,000	5,000

It is to be expected that the increased reliance on imported fish supplies will be met on a competitive basis, by diminished supplies from within the EC, and through greater purchases from fish surplus producers outside the Community, such as Iceland, Norway, Denmark and Canada.

C. IMPORT MARKET POTENTIAL

Import projections for 1981 and 1985 given in Table 4 show the potential for Canada and are based on the following assumptions:

* The Dutch want to retain their important trading position in fisheries whether or not their landings improve.
* The re-opening of North Sea herring fishery - possibly by 1981 - will reduce the need for large quantities of Canadian herring imports. Canada will be able to retain some of the market if grading is improved and other minor irritants can be resolved.
* The import projections assume that Canada will keep salmon prices competitive with other fish.
* The trend to increased consumption of shellfish is assumed to continue, while the relative price of Canadian species of shellfish will remain more price competitive than those of other countries.

Potential for expanding the fisheries trade in key species is now reviewed:

(i) Herring:

Some potential exists for exports if Canadian suppliers can resolve the grading and fat content problems which concern the Dutch. A resolution of these trading difficulties would do much to minimize the loss of market share once the North Sea herring grounds are re-opened. A limiting factor to export prospects is the reduction in Dutch herring processing investment. European processors have sold off some capacity and it will take time for them to re-establish herring processing operations.

(ii) Mackerel:

As a result of the herring ban in the North Sea a number of herring trawlers are now fishing mackerel and a number of processors have also converted to processing mackerel. In order to encourage the switch both the EC and Netherlands authorities are subsidizing exporters who export mackerel to non-EC countries.

While some officials consider mackerel is being used as a substitute for herring, there are mounting indications that, in fact, it is regarded as a new product for the European market.

(iii) Salmon:

This market can be expected to grow slightly if Canadian prices remain competitive. It is projected that

Canada will increase its share of the Dutch canned salmon market, but make only modest gains in the market for fresh and frozen round dressed salmon.

(iv) Shellfish:

Lobster, crab and shrimp offer continued opportunities for slow but valuable export growth, particularly in view of the increased consumption trend and because of the relatively high prices of shellfish from other countries.

(v) Other:

There are opportunities for silver eels, turbot and scallops with roe. Small inroads can be made this year and gradual development prospects exist for the future if quality is good and price can be competitive.

Country: Netherlands

TABLE 3. IMPORT MARKET PROJECTIONS, 1981 and 1985

(thousand metric tons, product weight)

	1976		1977		1978		1981		1985	
	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada
COD										
Round-dressed fresh	3.2		5.4		4.8		6		8	
Fillets	3.6		5		3.7					
Blocks										
Cured	.2		.3	.3						
Canned										
Other (specify)										
Roe										
Frozen, round dressed			.3							
HADDOCK										
Round-dressed fresh	1.7		1.7		1.4		2		2	
Fillets	.4		.5		.4					
Blocks										
Cured										
Other										
Frozen, round dressed			.1							
REDFISH										
Round-dressed fresh										
Fillets										
Blocks										
Other		N.A. but believed to be insignificant								
Frozen, round dressed										
TURBOT										
Round-dressed fresh										
Fillets										
Blocks		N.A. BUT BELIEVED TO BE INSIGNIFICANT								
Other										
Frozen, round dressed										

N.'A': not available

Country: Netherlands

TABLE 3. IMPORT MARKET PROJECTIONS, 1981 and 1985

(thousand metric tons, product weight)

	1976		1977		1978		1981		1985	
	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada
HALIBUT										
Round-dressed fresh	.1		.1							
Fillets										
Blocks										
Other										
Frozen, round dressed	.1		.1		.1		.3	.1	.5	.1
POLLOCK										
Round-dressed fresh	2.4		1.8		1.1		2.5		2.6	
Fillets	9.0		1.3		1.7					
Blocks										
Cured										
Other										
Roe										
Frozen, round dressed	.1		.3		.1					
HAKE										
Round-dressed fresh										
Fillets										
Blocks										
Cured		N.A.* BUT BELIEVED TO BE INSIGNIFICANT								
Other										
Frozen, round dressed										
FLATFISH										
Round-dressed fresh	1.6		3		5.5		3		3	
Fillets			N/A							
Blocks										
Other										
Frozen, round dressed	.4		.5		.4					

*SOLE AND PLAICE ONLY AS OTHER SPECIMEN LISTED SEPARATELY

Country: Netherlands

TABLE 3. IMPORT MARKET PROJECTIONS; 1981 and 1985

(thousand metric tons, product weight)

	1976		1977		1978		1981		1985	
	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada	Total	Fr Can
GRENADIER										
Round-dressed fresh										
Fillets										
Blocks										
Cured										
Canned		NO IMPORTS								
Other										
Frozen, round dressed										
CAPELIN										
Round-dressed fresh										
Cured										
Canned										
Other		NO IMPORTS								
Roe										
Frozen, round dressed										
HERRING										
Round-dressed fresh	10.8		6.2		4.0		7		8	
Fillets										
Butterfly fillets	NOT LISTED SEPARATELY									
Blocks										
Cured	7.5		10.2	.3	13.6	1.2	4		4.5	
Canned	7.5		.4		0.4					
Other										
Roe										
Frozen, round dressed	15.1	.5	20.3	2.8	28.8	10.4	10	.2	19	5
MACKEREL										
Round-dressed fresh	9.6		10.5		7.1		8		9	
Fillets										
Cured					0.1[a]					
Canned	1.3		1.5		1.2		1.8		2	
Other	1.3		1.5		1.2		1.3		2	
Frozen, round dressed	3.5		6.9		5.6		5	.2	6	

Country: Netherlands

TABLE 3. IMPORT MARKET PROJECTIONS, 1981 and 1985

(thousand metric tons, product weight)

	1976		1977		1978		1981		1985	
	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada
SALMON										
Round-dressed fresh	.03		.03		.06					
Fillets/Steaks										
Cured										
Canned	4.2	.3	3.9	.9	4.9	1.1	5	1.5	5.2	1.6
Other										
Roe										
Frozen, round dressed	1.1	.26	.8	.178	1.1	.24	1.2	.2	1.3	.3
OTHER FINFISH										
Round-dressed fresh	4.		5.7		6.3		7		8	
Fillets	4.3		5		4.2		6		6.5	
Blocks										
Cured	.2		.3		.3		.2		.2	
Canned	5.2	.03	3.9		3.8		5		6	.3
Other										
Frozen, round dressed	3.8	.1	3.7	.1	6.1	.1	4.3	.2	4.8	.2
FRESHWATER FISH										
WHITEFISH										
Round-dressed fresh										
Fillets										
Blocks										
Other										
Frozen, round dressed										
PIKE										
Round-dressed fresh										
Fillets										
Blocks										
Other										
Frozen, round dressed										

Country: Netherlands

TABLE 3. IMPORT MARKET PROJECTIONS, 1981 and 1985

(thousand metric tons, product weight)

	1976		1977		1978		1981		1985	
	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada
PICKEREL and SAUGER										
Round-dressed fresh										
Fillets										
Blocks										
Other										
Frozen, round dressed										
LAKE PERCH										
Round-dressed fresh										
Fillets										
Blocks										
Other										
Frozen, round dressed										
LAKE SMELT										
Round-dressed fresh										
Fillets										
Blocks										
Other										
OTHER FRESH-WATER FISH										
Round-dressed fresh	.3		.3		.3		.5		.6	
Fillets										
Blocks										
Other										
Frozen, round dressed	.4		.6		.3		.8		.9	.1

Country: Netherlands

TABLE 3. IMPORT MARKET PROJECTIONS; 1981 and 1985

(thousand metric tons, product weight)

	1976		1977		1978		1981		1985	
	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada	Total	From Canada
SHELLFISH										
SQUID										
Round										
Tube										
Dried										
Other	NOT LISTED SEPARATELY									
LOBSTER										
In Shell	.43	.14	.42	.16	.55	.31	.45	.18	.48	.19
Meat			.02	.02	.02	.02	.1	.1	.2	.2
Canned	.07	.01	.04	.01	.09	.01	.1	.03	.1	.03
CRAB										
In Shell					.1					
Meat	.64	.051	.65	.04	.8	.16	1.1	.2	1.2	.2
Canned										
SCALLOPS										
Meats										
Meats with roe	NOT LISTED SEPARATELY									
SHRIMPS										
Raw - in hell	6.5		4.8	.03	6.3	.01	7		7.2	
Cooked, eled & deveined	3.8		4		4.5		5	.1	5.5	.3
Canned										
OTHER SHELL-FISH										
In shell	26.2		8.9	.04	6.7		25	.1	30	.2
Meat										
Canned	.4		.5		.8		.8		.9	
TOTAL IMPORTS	125	2.15	121	4.6	127	12.6	118	5	144	10

D. MARKETING PROBLEMS

(i) Quality:

The quality of fish imports is of primary concern to Dutch traders. Their reputation as international suppliers depends on the quality of their exports. Unless the standard of imported raw material for processing into exports matches that of fish products sold in the domestic market, the Dutch processor-exporter will risk losing a recognized position as a quality producer. The Dutch consider that Canadian exports have been of inferior quality. This uneasiness underlines difficult sales negotiations and weak prices offered to Canadian suppliers.

There are two outstanding problem areas:

* The Dutch are especially dissatisfied with the Canadian grading system for herring. They normally want grades as follows: under 6 per kg, 6 - 9 per kg, and 9 - 12 per kg. It is not unusual for an importer to request a grading of 6 - 9 per kg and then receive a load of herring which has a small number of bigger fish (over 9) and a quantity of smaller fish (under 6), which taken together average a size between 6 - 9 per kg. In fact the shipment has very few fish in the 6 - 9 kg size range, much to the surprise and aggravation of the customer.

* Dissatisfaction also exists with the fat content quoted by Canadian exporters. Apparently, it often bears little resemblance to the level requested.

Canadian West Coast herring has experienced difficulty in penetrating the Netherlands market. The problem may be one of interpretation. The Europeans are trying to use spawning herring to make a smoked product, but the bellies of these herring seem too soft to be processed into traditional products. In these circumstances Canadians may appear to be misrepresenting their products, or Europeans may be misunderstanding what they are buying.

Until the negative assessment of Canadian quality can be overcome, Canadian exporters can expect to meet price resistance in Dutch markets, particularly in species such as herring.

If the Canadian crab producers could eliminate the blue (grey spots) in canned crab, the Canadian product could attract more interest and even command a higher price. The Dutch have expressed dissatisfaction with alleged shortcomings of Canadian grading systems for shellfish.

The EC subsidy on mackerel exported to non-EC countries makes it difficult for Canadian exporters to compete in this market. It is unlikely that this subsidy situation will improve while the herring ban remains in effect.

(ii) Price:

With salmon and lobster,the market share issue is one of Canada maintaining competitive price levels. Traditional exports of salmon and lobster appear to have overcome the quality barrier. The U.S.A. has made inroads with these products in recent years and Canadian exporters are well advised to keep abreast of U.S.A. export prices.

(iii) Non-tariff barriers:

As noted, the EC offers a subsidy to encourage exports of mackerel to non-EC countries. The subsidy per tonne is presently 5 units of account per 100 kg, and is reviewed every three months (ie. a unit of account = 3.4027 Dutch guilders, so the subsidy is 17 guilders per 100 kg, or about $100). As a result, it is possible for the Dutch to export mackerel to Canada at approximately $460 per tonne C.I.F. Canadian, which is close to the processors price in Canada.

In addition, the EC has a common fish pricing system to protect domestic producers when prices fall below an agreed minimum level. While the system is intended to "stabilize" prices, in effect it acts as a trade barrier for exporters such as Canada, who have no preferential market entry.

E. TRADE PRACTICES

Fishery products normally enter the Netherlands through importers and processors. The importers sell to wholesalers, processors and the retail trade and re-export the product. Processors further process the product and sell to wholesalers retail outlets and export finished product.

Appendix I sets-out and explains in some detail those tariff and non-tariff barriers to trade. Included are the various duties, taxes and packaging requirements.

The Dutch are anxious to re-introduce the system of mandatory sale by auction of all fish. Fish auctions and quality are almost synonymous to people within the Dutch fishing industry. As of January 1, 1978 there were 475 processors within the Netherlands, mainly small family businesses, with less than ten employees.

List of Appendices

CUSTOMS TARIFF STRUCTURE

The Common Customs Tariff (CCT) of the EEC, which applies to goods imported into the Community from third countries (including Canada),is based on the internationally agreed system of classification of imports known as Customs Co-operation Council Nomenclature (commonly known as the Brussels Tariff Nomenclature) which is employed by approximately 75 countries throughout the world. Under this classification system, the correct tariff classification for most imports into the Community may quite readily be determined.

The CCT contains about 1000 tariff classifications which are consolidated into 21 sections and 99 chapters as well as interpretive rules. The layout of the CCT is set out in four columns. The first column indicates the tariff heading number, the second provides a description of the goods, while the third and fourth columns provide for "Autonomous" and "Conventional" rates of customs duties. Customs duties applicable to imported goods originating in countries which are Contracting Parties to the General Agreement on Tariffs and Trade (GATT), including Canada, or with which the Community has concluded agreements containing the most-favoured-nation tariff clause are the "Conventional" duties. Where no "conventional" duty is shown against a heading

or sub-heading, or where the conventional rate is higher than the autonomous rate, duty will be charged at the autonomous rate.

Customs duties in the Community are levied as either "ad valorem" or "specific" charges. Ad valorem duties are used most widely throughout the tariff and are charged on a percentage of the declared value as defined by EC regulations (see "Value for Duty" section below). In the remaining classifications where specific rates are applicable, the charge is made at so much per unit of net weight or other measure of quantity as specified.

As of July 1, 1977 the customs tariffs of Britain, Ireland and Denmark became fully aligned with the Community's Common Customs Tariff which was already in existence throughout the original member countries of the EEC.

Under the terms of preferential trade agreements between the EEC and certain Mediterranean countries and developing countries, many goods imported into the EEC from these countries are granted preferential rates of duty, either at reduced rates or duty-free. Canadian exports to the EEC, however, do not benefit from any such arrangement.

VALUE FOR DUTY

The value to be declared on Customs entries (whether for goods free of/or exempted from duty, goods subject to a specific duty or goods subject to duty ad valorem), is the value as set out in the EC Regulations, which are based on the Customs Co-operation Councils' definition of value for customs purposes.

Briefly stated this value is the "normal" price which the goods would fetch, at the time when they are entered for home use, on sale in the open market between buyer and seller independent of each other, with delivery to the buyer at the port or place of importation, the seller bearing freight, insurance, commission and all other costs, charges and expenses incidental to the sale and the delivery (except any duty or value added tax chargeable in the Community).

When goods are imported under a contract of sale negotiated under open market conditions between buyer and seller independent of each other, their value for the purpose of duty is normally taken to be the price payable under the contract, adjusted as may be necessary to take account of the costs, charges and expenses as above. Where an amount in foreign currency has to be converted to its EEC member-state equivalent, the rate of exchange to be used is that appropriate at the time of lodgement of the Customs entry.

Under these circumstances, the invoice value may be accepted as the basis for the "normal" price. However, special price arrangements between suppliers and importers who are agents, brokers, licensees, distributors, or concessionaires, or who are business associates of the supplier are considered by the customs authorities as a departure from the "normal" price concept. In this situation the customs officials may initiate inquiries for the purpose of establishing a proper dutiable value. Increasing the agreed-upon price for duty purposes could result from such investigations.

The value for the purpose of ad valorem duty is the value as previously mentioned at the time when the goods are entered for home use. When warehoused goods are entered for home use, the value may be different from the value at the time of entry for warehousing at importation.

ANTI-DUMPING DUTIES

The EC Council of Ministers and Commission are constitutionally responsible for the application of Community anti-dumping controls. They are, however, dependent upon individual member-states for the processing of applications, for invoking the regulations, submission of relevant details, requests for immediate intervention in the market place (provisional anti-dumping duty), and enforcement of Council decisions.

Under the anti-dumping regulations, national authorities are empowered to impose anti-dumping duties on imports from any country if the imports are dumped or subsidized, and it would be in the Community interest to take such action, provided that they are satisfied that the dumping or subsidization is causing or threatening material injurry to a Community industry or to an established industry in another GATT country which exports like goods to the Community, or that it is retarding materially the establishment of an industry in the Community.

Goods are regarded as dumped if the export price from the country of origin or export is less than the fair market price there. The fair market price is the price at which identical or comparable goods are being sold in the ordinary course of trade in the country of origin or export, but subject to any adjustments necessary to ensure that the comparison between the fair market price and the export price

is effectively a comparison between the prices on two similar sales.

If, however, identical or comparable goods are not sold in the country of origin or export, or are not sold in circumstances which enable the fair market price to be determined by reference to the domestic selling price of the goods, the fair market price is to be determined by reference either to any representative price obtained for the goods when exported to another country with appropriate additions for administrative, selling or other costs and profit. Finally, where the system of trading in the country of origin or export is such, as a result of government monopoly and control, that the fair market price cannot appropriately be determined in any of these ways, it may be determined by reference to any price obtained for identical or comparable goods exported to the Community from another country, with adjustments to ensure that the comparison is between the prices on two similar sales.

Subsidies include any bounty or subsidy given by a government or other authority on the production or export of goods, whether directly or indirectly.

There is also power to impose provisional charges if the facts so far before the authorities indicate that dumping or subsidization is taking place and is causing or threatening

material injury to a Community industry. No duty can actually be levied by virtue of a provisional charge order, but security (normally a cash deposit) may be required under the order for any duty which may eventually be imposed. If a definitive duty is imposed, it may be imposed retrospectively, but only for any period during which the provisional charge was in force and its rate may not exceed that of the provisional charge. Provisional charge orders expire after three months, and as they can only be renewed for a further three months, their maximum period is six months. In the case of imports from countries which have signed the GATT Anti-Dumping Code (including Canada), the Commission will extend provisional charge orders for six months only if exporters and importers concerned request such an extension.

Where the Commission finds evidence requiring that measures against dumping be taken, they shall inform all interested parties by publication in the Official Journal of the European Communities indicating the product, country of origin and/or export, the member state effected, the names of the exporters and of the importers.

It is open to the overseas manufacturer and exporter, as well as to the importer of the product concerned, to offer the appropriate authorities any evidence relevant to

an anti-dumping application and to express objections to it. Similarly, consumers and users of the imported product may express their opinion, since the Commission finally has to determine whether the imposition of a duty is in the Community interest. The Community has no statutory power to compel any person to furnish information, but it points out that it is in the interest of all parties that a decision should only be reached in the light of a knowledge of all the relevant facts and considerations.

Representations may be made orally or in writing to the Commission. To facilitate these representations, a summary of the application is given on a confidential basis to all parties who have a bona fide interest in the case. There are no public hearings and normally no confrontation of the opposing parties. Under the terms of the GATT Anti-Dumping Agreement, the Canadian Government (and similarly any Canadian exporter concerned) is informed when a investigation into dumping duties is being considered.

VALUE ADDED TAXES

Most products sold in the EEC, whether imported from abroad or manufactured domestically, are subject to a value added tax. This tax is popularly known as the TVA from the French appellation, "taxe sur la valeur ajoutée", or VAT the designation used in Britain. While all the countries in the Community have a standard method of application of VAT, the applicable rates are not harmonized and vary widely from country to country.

In most cases, there are two or three categories of rates: a standard rate, a lower rate or exemption applicable to foodstuffs or other essentials, and a higher or major rate applicable to luxury goods or non-essential articles. For example, the standard rate in Britain is 8%, exemption or nil rate is granted on certain essentials and a rate of 12.5% applies to a wide range of goods regarded as non-essential, including many household electrical appliances and cameras.

The standard rate in the other countries is as follows (as of August 1977):

Belgium	- 18%	Denmark	- 18%
France	- 20%	Germany	- 11%
Italy	- 14%	Ireland	- 20%
Luxembourg	- 10%	Netherlands	- 18%

Value added tax is assessed on the duty-paid value of imported goods.

NON-TARIFF BARRIERS

Non-tariff barriers (NTB's) may said to be measures and practices, public or private, other than customs tariff, operated in a country, or by a common agreement in two or more countries, which have, directly or indirectly, the effect of hindering trade.

Now that tariff barriers are being lowered through trade negotiations and freer trade is being encouraged, NTB's take on much greater significance than before. For the most part outside the agricultural sector, these barriers are not imposed by the EEC but result from the application of national regulation of individual member states. However, some restrictive aspects of Community policies have the effect of distorting trade with third countries.

LABELLING, PACKING AND ADVERTISING FOODSTUFF FOR SALE TO CONSUMER

The EC Commission presented a draft directive on the labelling, packaging and advertising of pre-packaged foodstuffs for retail sale to the Council of Ministers in May, 1976.

It is anticipated that the directive will receive approval by the end of 1977, with each member state required to amend its national legislation to comply with the directive within the year following approval. Products will be required to meet the labelling standards 24 months after approval of the directive, and trade in products which do not comply with the provisions of the regulations will be prohibited 3 years after the date of publication.

The following particulars should be noted by exporters of prepackaged food products to the Community.

The label will be required to indicate:

A) Name under which the product is sold.

B) List of ingredients.

C) The net quantity in the package, in metric terms.

D) Date of minimum durability (shelf life).

E) Special storage conditions or methods of preparation.

F) Name and address of manufacturer, or packer, or seller established in the Community.

G) Country of origin.

H) Instructions for use when purchaser would be unable to prepare contents without such instructions.

If the foodstuff has been prepared for consumption, the lable must also indicate whether contents have been steamed, boiled, smoked, freeze-dried, powdered, deep-frozen or prepared in some other manner.

If this directive is adopted as presented to Council, labelling which is considered to mislead purchasers as to the origin, composition, quantity, identity, characteristics, method of manufacture or production, will be banned and the goods will not be eligible for trade.

The language used in labelling or advertising may be that of the member state to which the goods are consigned for sale, and/or any other recognized language of the community. The Commission proposes that the characters be not less that 1.5 millimetres high, and not less that 1/10th the size of the largest characters used on the label, with a maximum size of 5 millimetres high.

Until this regulation has the force of law, national labelling laws remain in effect.

NATIONAL REGULATIONS

NETHERLANDS

Labelling:

In general, country of origin requirements apply only to corrections of false indications of origin. There are no Netherlands regulations, presently in force, regarding the manner in which trademarks appear on imported goods. Fresh fruits and vegetables must be labelled in accordance with the EEC directives, including the variety, country of origin, and the EEC grade. Grading may be accomplished after importation, under control of the appropriate Dutch authority.

Certificates:

Certificates of origin are not normally required. When requested, two are required, certified by a recognized Chamber of Commerce.

Health certificates are required for shipments of live bovine animals, hogs, horses and poultry for human consumption, certified by an official of the veterinary service in the country of export. Certificates are also required for fresh, chilled or frozen meats, meat preparations, artificial fertilizers and animal feeds containing meal of animals, bones or blood.

Samples:

Samples of no commercial value are admitted free of customs duty. Temporary duty and tax-free importation is permitted for samples which are imported solely for the solicitation of orders. Such importations may be made either under bond or by deposit of custom charges payable, subject to refund upon exportation. The Netherlands is a signator to the Customs Convention concerning the ATA Carnet for the Temporary Importation of Goods, and Canadian exporters may avail themselves of the services of Carnet Canada, at the Canadian Chamber of Commerce in Montreal.

THE NETHERLANDS

Provisional 1979 Catch Quota Arrangement

The Minister of Agriculture and Fisheries has announced the catch quotas applicable to Dutch fishermen in 1979. The quotas, laid down in three ministerial decrees, will apply as long as the common fisheries policy has not taken effect but not beyond April 1, 1979. The quotas should therefore be considered as provisional measures.

Pending the coming into operation of the common fisheries policy, Dutch fishermen are allowed to catch as much fish as provided for in the various quotas but any landings will be deducted from the final 1979 quotas to be set ultimately by the Council of Ministers. The provisional quotas have been established in line with what was agreed during the session of the Council of Ministers on December 18 and 19, 1978.

	Sole	Plaice
	- tonnes -	
North Sea	9,568	43,836
Sont, Belt, Baltic Sea	-	-
Skagerrak	-	1,135
Gulf of Biscay	74	1
West of Ireland	-	-
Irish Sea	199	48
South of Ireland	33	87

Note: No individual quotas will be applicable to sole and plaice catches in fishing grounds other than the North Sea.

Herring

No herring may be fished in traditional waters, including the North Sea, English Channel and Hebrides. The quota for the Irish Sea has been set at 629 tonnes, that for the waters west of Ireland at 2,000 tonnes.

Other Species

	tonnes	area
Cod	17,165	North Sea
Saithe	4,087	North Sea and Skagerrak
Mackerel	1,888	North Sea and Skagerrak
	35,646	West of Scotland, Irish waters, Gulf of Biscay
Haddock	2,450	North Sea
Whiting	6,393	North Sea

The 1979 TAC for blue whiting for all EEC fishermen has been set at 500,000 tonnes, applicable to the North Sea, Hebrides, Irish waters and waters east of Greenland.

In addition, there will be a TAC of 130,000 tonnes for horse mackerel for EEC fishermen, except the British, applicable to the Hebrides, Irish waters and the Gulf of Biscay.