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

PORTUGAL

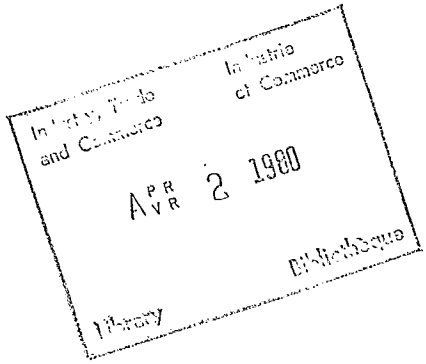
Government of Canada
Gouvernement du Canada

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

PORTUGAL Cu.11

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

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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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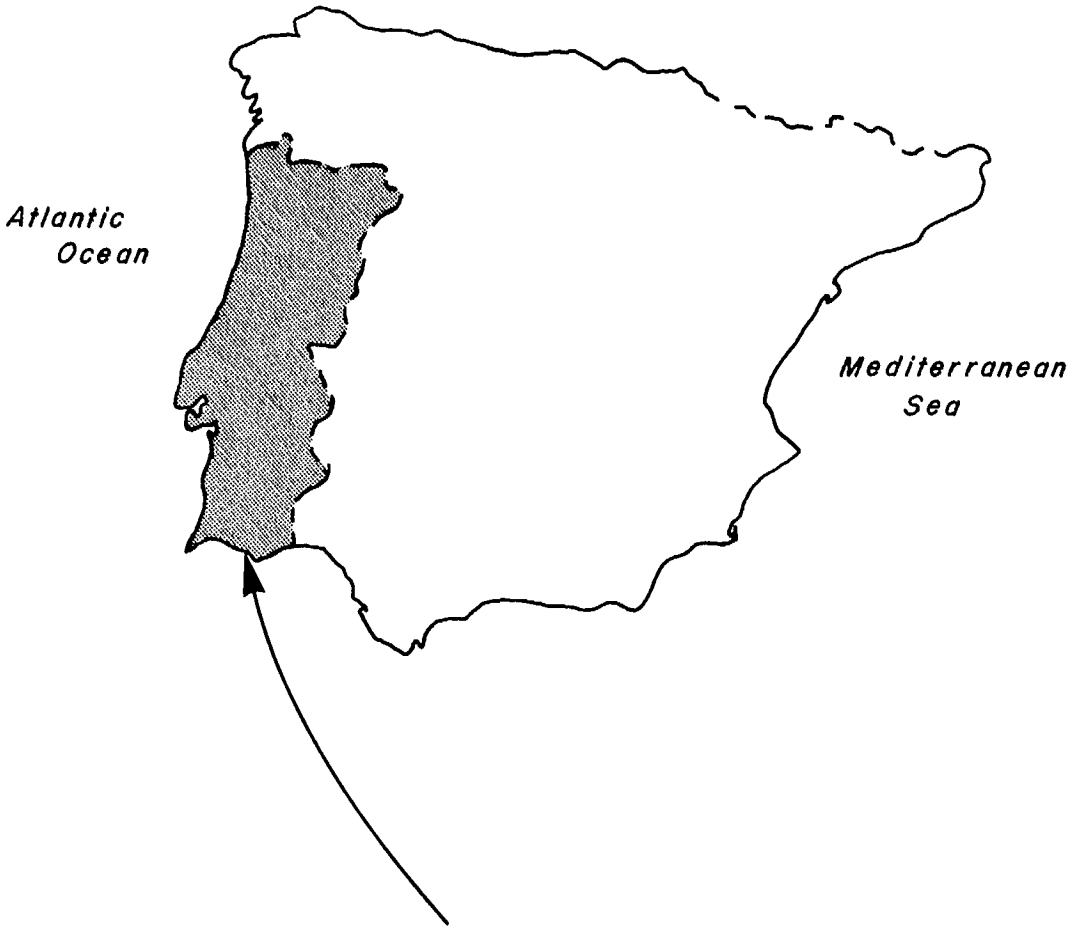
Department of Fisheries and Oceans

July, 1979
Ottawa

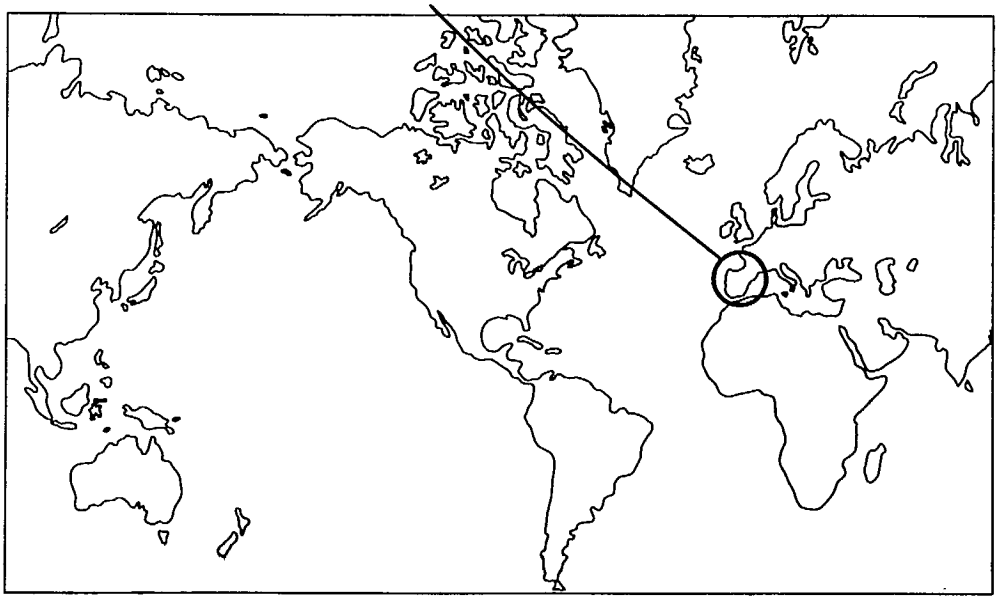
PORTUGAL

Table of Contents

PORTUGAL



INDEX MAP



A. OVERVIEW

The Portuguese have a very pronounced taste for fish. They maintain the third highest per capita fish consumption in the world. The fishing industry (production and processing) plays a relatively important role in their economy. It generates substantial employment and foreign exchange earnings for this nation of eight million people.

The 1970s have, however, been a decade of reversals for the Portuguese fishing industry. Between 1970 and 1977 its catches declined by 33 percent from 464,500 metric tons to 310,300 metric tons. Details of these data are shown in Table I. Fish exports by volume dropped by 36% as they declined from 72,000 metric tons to 46,000 metric tons in 1976.

Setbacks in the fishing industry mirror the recent fate of the Portuguese economy. It is in a precarious situation after an extended period of political and social disruption. The inflation rate for 1978 has been estimated to be 24 percent, as compared to the 1977 rate of 27 percent. Industrial investment was down by one half in 1978 compared to the previous year and industrial production grew by only four percent. The government has been running a huge budgetary deficit,in part to reduce the 10 percent rate of unemployment.

The increasing cost of fuel as well as the imposition of various 200 mile limits have caused higher costs for fishermen going after fewer ocean resources. Consequently, catches have declined and in turn this has seriously affected the processing sector, where some companies are working now at only 50 percent capacity.

In an effort to reverse the declining fortunes of the fishing industry, the Portuguese Prime Minister announced on March 2, 1979 that a national fisheries program was being prepared. This was expected to be completed in June 1979. The proposed program advocates the adoption of five major measures:

1. To exploit to the maximum all fishing resources offered by the newly declared 200 mile Portuguese fishing zone.
2. To maintain Portugal's position in the international waters which have been traditionally fished by Portuguese fleets.
3. To reach agreements on Portuguese fishing rights with Guinea-Bissau and Cape Verde in the coming months and with Angola and Mozambique at a later date.
4. To convert the existing fishing fleet in order to utilize its full capacity (at present, only 40 percent of capacity is used).
5. To determine the most suitable vessel to fish in Protugal's 200 mile zone.

B. LANDINGS

Portugal has three 200 mile zones: the continental coastal zone, the zone around Madeira, and the Azores Zone. However, there is little biological knowledge of these zones, and they are generally considered to be fished out. The only abundant species available are the pelagics (i.e. tuna) in the Azores and Madeira, and the trumpet fish (used for fish meal) in the coastal zone.

The prolific 12 mile area of the coastal zone is now fished exclusively by the Portuguese. One of the consumption aims is to restore the stocks of blue whiting, pilchards and hake in this area. There are three other fishing grounds in this zone which is hoped will continue to provide good fishing namely Banco Gorringe, Banco Ampere, and Banco Josephine.

Portugal's foreign fishing effort historically has been off the coasts of Morroco, Mauritania, Norway and Canada. All four of these countries have 200 mile zones and thus have reduced Portugal's share.

Her catch of Atlantic cod off Canada is an example. In 1971, Portugal caught 171,000 m.t. in the Northwest Atlantic, representing 37 percent of her total catch. By 1977, this declined to 32,200 m.t. reflecting only 10 percent of the

total. For a nation that consumed high quantities of dried salt cod, this reduction was felt not only by the fishermen and vessel owners, but by the salt cod processors and the consuming public.

To offset these effects efforts,are being made to initiate joint ventures with her former African colonies. Talks are being held with Guinea-Bissau and Cape Verde. Discussions are also planned for Angola and Mozambique. Yet there are some doubts about the long-term results, as Portugal does not have a modern fleet to offer these countries. The fleet is generally divided into: (1) coastal vessels, (2) deep sea vessels which venture south to Africa, and (3) distant water vessels which include its freezer trawlers and the cod fishing vessels,of which there are fifteen and fifty respectively.

The old hake trawlers that worked the Mauritanian coast will probably be converted to pursue the trumpet fish in her coastal zone. A Norwegian-Portuguese joint venture has been formed in which the Norwegian partner will construct a fibre-glass plant in Portugal to produce small coastal fishing boats.

The fact is that Portugal does not have sufficient stocks in her own zone, nor is she able to catch enough in other zones to meet her own needs. Projections in the attached table

anticipated no major increases in domestic landings through to 1985.

C. DOMESTIC SEAFOOD CONSUMPTION

The Food and Agriculture Organization has estimated that per capita consumption of fish by the Portuguese averaged 58.5 kg. live weight per annum, during the years 1972-74. This places Portugal as the third highest fish consumer in the world.

Data obtained directly from Portugal show consumption in product weight to be 35.84 kg. in 1977. A decline of 0.5 percent per year to an estimated 35.29 kg. for 1980 was projected (see Table 2). It is estimated that 30 to 40 percent of the fish consumed is frozen. It is expected that frozen fish consumption will rise as supplies of fresh become more difficult to obtain. The majority of fresh consumption is of sardines (pilchards), horse mackerel (scad), whiting (merliccius hake) and blue whiting (gadus poutassou).

The consumer taste for fish is expected to continue to be voracious. However, declining landings will cause the relative prices of seafood to rise. Under normal circumstances, these market events would probably trigger an increased inflow of imports. By adding to available supplies, imports would temper price increases and allow the market to settle at an equilibrating set of fish sales and prices. Over

TABLE I PORTUGAL: NOMINAL CATCHES, '000 M.T.

	1971	1976	1977	1981	1985
1. FRESHWATER	-----	0.1	0.1	nea	nea
2. ANADROMOUS	0.3	0.2	0.2	nea	nea
3. MARINE FISHES:					
Greenland Halibut	-----	0.2	0.2	nea	nea
Turbot	0.1	0.1	0.1	nea	nea
Other Flat Fish	1.3	4.2	2.3	2.0	2.0
Atlantic Cod	171.0	71.2	32.2	30.0	30.0
Redfishes	-----	6.8	3.5	4.0	4.0
White Hake	-----	1.5	2.0	2.0	2.0
Pollock (saithe)	-----	7.3	0.8	1.0	1.0
Mackerel, Atlantic	1.0	1.8	1.0	1.0	1.0
Haddock	-----	0.3	-----	----	----
Pilchards (sardines)	84.5	79.7	79.9	80.0	80.0
Horse Mackerels	57.8	51.9	55.9	55.0	55.0
Hakes, Merluccius	34.1	33.1	22.0	20.0	20.0
Tunas	5.8	6.3	12.7	8.0	8.0
Mackerel, Chub	20.4	9.4	11.6	12.0	12.0
Seabreams	6.3	16.1	10.9	11.0	11.0
Scabbardfish	5.4	5.7	9.1	6.0	6.0
Other Marine Fishes	65.0	41.3	57.3	60.0	60.0
4. CRUSTACEANS	0.6	0.3	0.1	nea	nea
5. MOLLUSCS:					
Octupuses	2.3	4.5	3.7	4.0	4.0
Other Molluscs	9.1	4.0	4.7	5.0	5.0
TOTAL	465.0	346.1	310.3	300.0	300.0

nea: no estimates attempted because landings too small.

Source: 1971,76,77 FAO Year Books.
1981, 85 projections.

TABLE 2

PORTUGAL

DOMESTIC SEAFOOD CONSUMPTION

(Final Product Weight, Kg)

Per Capita Consumption		Fish	Crustacea & Molluscs	Total
	77	34.19	1.65	35.84
	78	34.00	1.66	35.66
	79	33.81	1.66	35.47
	80	33.63	1.66	35.29
own	81	-----	-----	35.00
estimates	85	-----	-----	35.00

Source: 1977-80 Direccao Geral des Pescas
1981-85 Own estimates

TABLE 3

DOMESTIC CONSUMPTION

	1977	1981	1985
1. Per Capita Consumption (final product weight, kg)	35.8	34.9	32.5
2. Population (millions)	9.8	10.0	10.3
3. Domestic Market (thousand m.t.)	350	349	334
4. Percentage increase/decrease	0	0	-5%

Source: Previous tables; population figures from Institute Nacional de Estatistica.

time imports could be expected to steadily rise, other things being equal. But they are not equal; due to balance of payments problems the Portuguese government has restrained all imports, including fish. The future of this trade policy remains in doubt. It clouds any realistic forecast of market developments in Portugal.

Table 3 shows an estimated decline in Portuguese per capita fish consumption between 1977 and 1981 of 2.5 percent, followed by a further decline of 7 percent from 1981 to 1985. Even with a growing population, these projected consumption rates imply that there will be no growth in the total volume of fish consumed up to 1981, and beyond that a decrease of 5 percent by 1985. These estimates are, of course, very sensitive to the outcome of the Government's domestic fisheries and import policy. If imports are freed up, then prices will not increase so rapidly and consumption could go higher. If imports are obstructed up to 1985, then consumption will be lower than forcasted in Table 3.

D. IMPORT MARKET FORECASTS

There are two Portuguese markets for Canadian exporters namely, domestic and canning.

(i) Canning Product Market

As the majority of the canning industry's products are exported, thereby assisting the country's balance of

payments, import licenses are readily obtained by this sector. Its most serious problem is obtaining raw material such as tuna, mackerel and pilchards. The sector is importing frozen pilchards from the U.S.S.R.

Canners are willing to look at other species such as Atlantic mackerel, Atlantic herring, squid (Illex), Pacific anchovy and even grenadier in the long term. The processors who export frozen fish products would like the same freedom on import licenses, and are pressing the government on this.

(ii) Domestic Products Market

The domestic import market will depend entirely upon the state of the country's economy. Canada's commensurate benefit policy should give Canadian exporters an edge over some other fishing nations, especially for cod. Aside from squid, the Portuguese know very little about other Canadian species. However, the Portuguese government hopes to introduce redfish this year. If in the long term the government liberalizes it import policy, other species could be introduced.

I. Cod

(i) Cod Supplies

In 1971, Portugal's catches of Atlantic cod

LISBON - Portugal
March 16, 1979

TABLE 4

PORTUGAL
FISH IMPORTS BY COUNTRY SOURCES

COD	1976		1977	
Fresh (Wet Salted)	Metric Tons	$ Cdn.	Metric Tons	$ Cdn.
Denmark	494.4	641,425	-	-
Iceland	22,291.0	25,833,525	19,720.7	26,292,775
Norway	4,803.0	6,078,050	4,214.8	6,660,950
Spain	1,898.1	1,556,050	12.4	20,200
CANADA	18.5	19,750	-	-
	29,505.0	34,128,800	23,947.9	32,973,925
Chilled or Frozen Fillets				
Italy	0.4	150	-	-
Norway	0.2	450	-	-
Spain	688.7	414,350	179.8	346,175
Uruguay	0.1	125	-	-
	689.4	415,075	179.8	346,175
Chilled or Frozen				
Soviet Union	20.0	15,150	15.0	11,375
Spain	1,158.0	602,275	522.2	514,175
	1,178.0	417,425	537.2	525,550
Dried				
West Germany	3.9	6,600	-	-
Netherlands	0.1	200	-	-
Britain	100.8	162,375	14.6	32,900
Iceland	1,517.7	1,924,350	706.0	1,063,850
Norway	11,142.6	17,856,725	7,865.1	17,228,700
Spain	42.1	40,825	30.0	37,025
CANADA	-	-	1,338.9	2,177,350
	12,807.2	19,991,075	9,954.6	20,539,825
Sub Total	44,179.9	54,952,375	Sub Total 34,619.5	54,385,745

TABLE 4

PORTUGAL
FISH IMPORTS (Cont.)

SQUID	1976		1977	
	Metric Tons	$ Cdn.	Metric Tons	$ Cdn.
West Germany	157.0	57,950	-	-
France	613.8	475,925	301.5	259,250
Spain	1,805.6	1,233,600	574.3	461,725
Rep. of Angola	20.0	11,625	93.2	23,275
USA	54.4	42,175	304.8	230,875
South Korea	90.3	67,450	45.0	35,775
Japan	656.6	536,200	440.0	410,550
Netherlands	-	-	95.2	81,950
Soviet Union	-	-	20.3	16,600
Others	59.2	43,725	-	-
Sub Total	3,456.9	2,468,650	1,874.3	1,520,000
HAKE				
Fresh				
Spain	68.2	58,225	-	-
South Africa	35.0	25,375	-	-
	103.2	83,600		
Fillets				
Spain	971.0	690,100	18.6	21,725
South Africa	10.0	7,125	-	-
Rep. of Angola	15.0	6,325	-	-
Argentina	149.8	88,025	-	-
	1,145.8	791,675	18.6	21,725
Chilled or Frozen				
West Germany	-	50	-	-
Denmark	0.3	600	-	-
Netherlands	0.1	700	-	-
Italy	373.3	215,225	78.9	34,325
Poland	1,367.5	501,250	107.8	51,675
	1,741.5	717,825	186.7	86,000

(carried forward)

TABLE 4

PORTUGAL
FISH IMPORTS (cont.)

brought forward ...	1,741.5	717,825	186.7	86,000
Soviet Union	2,314.4	644,900	3,012.4	1,141,800
Spain	5,528.9	2,380,125	1,009.3	472,925
South Africa	1,936.6	1,067,150	4,376.9	1,337,275
Rep.of Angola	219.1	151,825	87.6	25,925
Rep.of Cape Verde	13.4	2,800	-	-
Argentina	3,045.7	1,199,400	743.8	312,075
Peru	216.4	66,625	-	-
Uruguay	555.4	176,075	395.1	169,875
Japan	606.0	373,650	168.1	121,075
USA	-	-	14.2	8,500
	16,177.1	6,780,375	9,994.1	3,675,450
Sub Total	17,426.1	7,655,650	10,012.7	3,697,175

OTHER SPECIES

	1976		1977	
Fresh, Chilled or Frozen	Metric Tons	Cdn$	Metric Tons	Cdn$
Tuna from Spain, Cuba, Rep. of Angola, Rep.of CapeVerde and others	4,507.0	2,181,025	5,439.8	5,567,950
Sardine from Soviet Union, West Germany and others	3,864.1	572,450	26,551.2	4,420,750
Others species not specified from Spain, Rep.of Angola, South Africa and others	2,603.8	1,067,000	3,877.7	1,624,975
Salted, in brine, dried or smoked (except cod)				
Species not specified from Spain, Argentina and others	388.1	250,475	3,730.6	2,041,100
Fresh,Chilled,Frozen,Salted in Brine, dried or boiled (except squid)				
Crustacea and molluscs from Rep.of Mozambique, Spain, France and others	9,799.2	6,914,500	4,554.0	2,950,150
Sub Total	21,162.2	10,985,450	44,153.3	16,604,925
Grand Total	86,225.1	65,076,675	90,659.8	76,207,845

were 171,000 m.t. In 1977 this had been reduced to 32,300 m.t., a drop of 80 percent. These landings may continue to fall. Cod consumption has already declined not only because of the smaller amount caught but also because of higher world prices and the efforts of the government to shift consumption patterns to other species.

Portuguese imports of all forms of cod decreased by 21 percent from 44,200 m.t. in 1976 to 34,6000 a year later. These results are shown in Table 4. While total cod imports are declining, Canada might be able to capture a larger portion of these imports. In 1977, Canada provided only 1,300 metric tonnes, or 3 percent of Portugal's total cod imports.

For reasons already spelled out, it is difficult to project accurately Portugal's imports in 1981 and 1985. The political and economic situations are the major influencing factors and local sources are reluctant to even project what next year will bring. Other unknown factors are the outcome of Portugal's proposed joint ventures, the extent to which Portugal takes advantage of Canada's commensurate policy, and the effect of Portuguese entry into the E.E.C.

(ii) Wet and Dry Salt Cod Imports

Import statistics for 1977 show that cod is the

largest of all fish species imported by Portugal. It accounts for nearly half of all fishery imports. Cod imports in wet salted form amounted to 23,947,900 metric tons. This was supplied primarily by Iceland and, to a much lesser extent, by Norway. Dried salted cod totalled 9,954,600 metric tonnes, supplied primarily by Norway with one seventh of these imports originating in Canada.

If certain trade barriers can be overcome and a commensurate benefit arrangement made with Portugal, there is a good opportunity for Canadian suppliers to take the lions share of the cured, dry salt market for cod. Indications are that imports of wet salted cod could be phased down at the same time. The Portuguese government through the CRCB (the buyer/importer of dried and wet salted cod) has arbitrary control of the volumes of imported fish. Market prognostications are therefore tentative at best.

By 1985, total imports of cod could decline to 15,000 metric tonnes because of increasing prices. Out of this, Canada might have a market of 10,000 metric tonnes. There will continue to be a traditionally based market for salt cod even though supplies dwindle and prices rise. The working class is already moving to other fish; yet salt cod will never completely die out, and its consumption will probably be concentrated during religious or festive occasions.

TABLE 5

TOTAL IMPORTS

(metric tons, product weight)

COD	Total	from Canada	Total	from Canada
Round-dressed	1,178.0	-	537.2	-
Fillets	689.4	-	179.8	-
Cured	12,807.2	-	9,954.6	1,338.9
Wet Salted	29,505.0	-	23,947.9	-
HAKE (Whiting)				
Round-dressed	16,280.3	-	9,994.1	-
Fillets	1,145.9	-	18.6	-
SQUID				
Round	3,456.9	-	1,874.3	-
LOBSTER				
In shell	177.1	-	34.9	-
CRABS				
in shell	534.8	-	242.1	-
SHRIMPS				
Raw	1,321.8	-	401.5	-
TOTAL	86,224.6		90,659.7	
Fish, fresh, chilled or frozen	59,77.3		70,546.4	
Fish salted, dried or smoked	13,195.2		13,685.0	1,338.9
Crustaceous and Molluscs	13,256.1		6,428.3	
	96,224.6		90,659.7	1,338.9

Source: Instituto Nacional de Estatistica, Comércio Externo 1976 and 1977.

(iii) Portuguese Salt Cod Specifications

The Portuguese like the large and extra large sizes. They produce the small and medium sizes themselves. Humidity is 42 to 45 percent. The salt should not be too heavy nor too light. It was explained that their salting is done on board ship in the traditional manner, so there were no specifications for this method. One person who was familiar with this process said they use 700 kg of salt to a tonne of fish. The black nape could be left because removing it would increase the necessary asking price.

While the statistics show a decline in the amount of imported "whole headed and gutted" and "fillets", there still appears to be a good long-term potential for this product. Several processors indicated that they would like to have freedom to import dressed, head-off frozen cod from Canada. They would process it into frozen packaged fillets, and sell to the restuarant trade, which would either serve it in steaks or cooked whole, skin on.

Again there are many unknowns in projecting figures for this product, but it is known that the government intends to purchase 1,000 m.t. of frozen H & G cod this year. An optimistic view is that these imports will increase annually by 10 percent until 1981 (1,200 m.t.), and then by 15 percent annually until 1985 (2,300 m.t.). It seems that Canada could

capture this entire market. The market prospects for frozen fillets, on the other hand, appears to be minimal as the government will wish to protect their existing processors. The market for fresh chilled appears to be small also, as the cost of transportation is too high. However, it is worth noting that CP Air has twice-weekly flights between Canada and Lisbon. A commodity rate of approximately $1.10 per kg was given for fresh fish presently shipped from Lisbon to Toronto.

2. Redfish

The Portuguese have some knowledge of our redfish, having made some catches in Canadian waters. After cod, the processors stated they would like to purchase redfish from Canada. The government plans to purchase 750 m.t. of redfish this year.

Assuming that this product gains public acceptance and the Portuguese are able to pay our price, one can foresee a market for Canada of 1,000 m.t. by 1981, and at least 1,500 m.t. by 1985. The product form for Canadian exports will probably be frozen dressed in blocks.

3. Hake

The "merluccius" hake, caught off Africa, is one of the most popular fish in Portugal. In 1976 they caught 33,000 m.t. and imported another 20,000 m.t. It is graded and priced

TABLE 6

IMPORT MARKET PROJECTIONS, 1981 AND 1985: PORTUGAL

(thousand metric tons, product weight)

		1977		1981		1985	
		TOTAL	FROM CANADA	TOTAL	FROM CANADA	TOTAL	FROM Canada
1.	COD						
	1.3 Frozen, Round or Dressed	0.5	----	1.2	1.0	2.3	2.0
	.4 Frozen Fillets	0.2	----	----	----	----	---
	.6 Cured, Dried	10.0	1.3	10.0	7.0	10.0	7.0
	.8 Cured, Wet Salted	23.9	----	5.0	----	2.0	---
3.	REDFISH						
	3.3 Frozen, Round or Dressed	----	----	1.0	1.0	1.5	1.5
7.	HAKE (Merluccius)						
	7.3 Frozen, Round or Dressed	10.0	----		----		---
	.4 Frozen Fillets	0.0	----		----		---
21.	SQUID						
	Round	1.9	----		----		---
22.	LOBSTER (European)						
	In shell	.034	----		----		---
23.	CRAB						
	In shell	0.242	----		----		---
25.	SHRIMP						
	Raw	0.401	----		----		---

into a few different sizes, the most popular being extra large, 3-4 kg. per fish (pischados).

The comparable Canadian species would be the Pacific hake (merluccius productus) and the silver hake. At the present time, Canadian prices are too high; however, there could be a long-term potential market here. Freezer trawlers are necessary to harvest this species.

4. Squid (Illex)

The Portuguese government intends to purchase 1,050 m.t. of squid in 1979. Yet the price they hope to pay is lower than the current market price. In 1976 their imports were 3,500 m.t. which dropped to 1,900 m.t. in 1977. While there is a market here, it appears that Canadian efforts are better rewarded by more lucrative buyers.

5. Shellfish

Large quantities of mussels, crawfish and shrimp are consumed. These are mainly caught in African and European waters. The duty on imported shellfish is said to be 204 percent and this makes the cost of Canadian shellfish products prohibitive.

6. Other Fish Products

For the long-term, there could be markets for other

Canadian species. If the economic situation worsens, the Portuguese will be looking for less expensive fish which Canadians could supply form our non-traditional inventory.

The canning industry should not be ignored. As mentioned earlier, it is willing to look at other species now. Opportunities for Atlantic herring and grenadier should be investigated.

E. TRADE PRACTICES

I. Distribution Systems

(i) Retailers: In general, the distribution of goods to consumers is dominated by small private retail outlets, including many outdoor stalls and markets. It has been estimated that there is one shop for every 65 people. Retail outlets for food stuffs resemble the Canadian neighbourhood store. In addition to the sale of fresh fish, they offer vegetables, meats, cereals, soft drinks and wine. A more recent development in retail distribution, but not seen extensively is the supermarket. One reviewed in Aveiro sold frozen fish in retail packs (including breaded and fish in batter), fresh and frozen meat, vegetables, canned goods, wines and liquor.

(ii) Wholesalers: Portugal has a fairly extensive system of wholesale distribution run by private enterprises.

There is usually one wholesaler for every three retailers. The majority of retail outlets therefore,have well established links with their suppliers. Fish product wholesalers can be of several different types:

- distributors who only break down bulk purchases into retail lots;
- processors who distribute their own product;
- vessel owners who process their own product and distribute it;
- importers serving the retail market directly.

There are approximately half a dozen major wholesaler/processors who distribute nationally with perhaps twenty or so significant smaller ones serving regional markets. Three national distributors (Gelmar, Frescal, Frego) estimated that they each had 30 percent of the market.

The processors are freezing, drying, filleting and at times putting up retail packs with their own brand names. There is no attempt to advertise the latter or otherwise to identify the name to consumers.

(iii) Importers: The Comissao Reguladora Do Comercio de Bacalhau (CRCB) is the buyer/importer of dried and wet salted cod, as well as other fish species not caught or frozen on board Portuguese vessels. Other individuals may

import fish on their own, but they must first obtain approval from the CRCB. The CRCB determines at the beginning of each fiscal year the total amount of fish which will be consumed in Portugal and how much is likely to be landed by Portuguese vessels, the expected performance of the econony, the country's balance of payments position and the amount of foreign currency available. The Commission then sets an import rate by species. The quote levels are then made public. The goal is to import as much raw material as possible for processing domestically. Quotas are received directly by the CRCB and through private importers (salt cod is handled only by the CRCB).

(iv) Agents: Agents capable of keeping Canadian exporters up to date on government policy (knowing the import requirements on the CRCB both as to species mix and prices) are available. They are able to get the exporter's product into distribution network and obtain the required import licenses and documentation. Agents must be registered as such with the government.

2. Trade Regulations

(i) Tariffs: The administration of the customs and trade control procedures is conducted by the Director General of Customs under the Ministry of Finance. Portugal operates a two-tier system of tariffs with a minimum and

maximum rate. The maximum tariff applies to goods originating from countries which have not signed commercial treaties with Portugal granting it special benefits. The minimum tariff applies to goods from countries entitled to "Most Favoured Nation" (MFN) treatment, as well as to those who are signatories of the GATT. Exports from Canada face the minimum tariff. Tariffs facing fisheries products are as follows:

	Tariffs on Fisheries Products Entering Portugal	General Rate	MFN Rate
(1)	Fish, fresh (live or dead), chilled or frozen	(Escudos/kg)	
	Imported during the months of Sept-Jan.	0 04	0 04
	Imported during the other months	2 00	1 00
	Cod	0 80	0 40
	Sardines	0 30	0 15
	Fish not specified	1 60	0 80
(2)	Fish, dried, salted or in brine: smoked fish, whether or not cooked before or during the smoking process		
	Dried cod	1 20	0 60
	Edible roes	1 20	0 60
	Fish not specified	6 40	3 20
(3)	Crustaceans and molluscs, whether in shell or not, fresh (live or dead), chilled, salted, in brine or dried; crustaceans, in shell or simply boiled in water	4 00	2 00

At the time of writing there are 40 escudos to the Canadian dollar. Thus the highesr rate is E. 3.20/kg

for "fish not specified" under (2) or $0.80/kg. A further 30 percent surcharge was to be decreased to 20 percent on October 1, 1978, 10 percent on April 1, 1979 and to nil on October 1, 1979 in order to comply with an agreement with the IMF. In the same agreement the government agreed to study alternatives to the 60 percent surcharge on the importation of luxury goods (lobster) during 1979.

In general, the tariffs are low on raw materials and goods not produced in Portugal. As well as providing protection for domestic industry, they serve as a means for the government to raise revenues. The value of assessment of duty is the normal price, or the price that would be freely negotiated between a buyer and a seller. It includes all costs, freight charges, insurance and expenses incidental to the sale and delivery of goods to a Portuguese port. The customers may accept the invoice price (CIF Portugal port) for duty purposes.

(ii) Import Control: All imports into Portugal must be under the authority of an import license, also called a "Bulletin of Import Registration". For imports originating from fellow signatories to the GATT, which are considered to be in a liberalized class, the bulletin is granted automatically and is for statistical purposes only. Bulletins are issued only to registered importers. Without a license, the customs cannot grant clearance to imported

goods, nor can Portuguese banks make foreign exchange available to pay for them.

A number of other goods, including fish products, is contained in a non-liberalized class. The goods are subject to quota restrictions and require licenses which must be obtained from particular government agencies. For fish, this agency is the Comissao Reguladora Do Comercio de Bacalhau (CRCB). A license is granted in these cases according to the relative needs of the Portuguese economy, the availability of similar products of domestic origin, more favourable prices or terms available from other foreign sources and trade (bilateral agreements) commitments.

For fish destined to be canned and re-exported a license must be obtained from the Instituto Portuguese des Conservas de Peixe. Any product imported for canning and re-exported as a canned product enters duty free.

Any license is good for only 90 days for authorization purposes, and 120 days after authorization for settlement purposes. No extension of the 90 day period is permitted.

(iii) Foreign Exchange Control: Foreign exchange transactions are controlled by the Ministry of Finance through the Bank of Portugal. The import license is also a foreign exchange permit and its issuance guarantees the availability

of the equivalent foreign exchange for up to a year from the date of customs clearance. This available foreign exchange must be used solely for the payment of the imports applied for.

(iv) Samples: Fish samples may enter Portugal free of custom duties and licenses requirements from CRCB if the weight is less than five kilograms and documentation clearly reflects its sample nature.

(v) Labelling: There are no specific labelling requirements for fish imported into Portugal. At the consumer level frozen fish label must contain the following information:

Name of fish, Name of firm, Price, Storage Temperature, Weight and date prepared.

3. Methods of Payment

All the normal methods of payment are employed, although increasing emphasis is being placed on letters of credit, more frequently on a sight rather than usance basis.

F. MARKETING MECHANISMS IN PORTUGAL

The actual physical distribution of fresh fish in Portugal begins with an auction at the fishing port where the fish have been landed by Portuguese vessels. The auction

is run by the local port/municipal authorities. Wholesalers/ processors purchase from the auction to distribute to retailers who in some cases may sell direct to consumers. However, in the majority of cases two or three middlemen are involved before the consumer finally gets the fish. This is to allow for greater penetration of the market.

The distribution chain for frozen fish is much shorter. Wholesalers buy from the CRCB in product lots. They must buy everything in the lot even if they are unable to sell all the species offered. Wholesalers then sell the frozen fish to retailers which most often are supermarkets. Very little frozen fish, if any, is sold through the small neighbourhood shops.

From Frescal, a distributor which buys fresh fish from the auction to distribute direct to retailers and institutions (who sell direct to consumers), the following information on mark-ups were obtained. From wholesaler to retailer the mark-up is 15 percent plus transportation and from retailer to consumer, 20 percent.

However, if the larger retailer is selling to smaller middlemen, the final price to the consumer could be double that realized for the fresh fish at the auction.

Frozen fish mark-ups are fixed by law. From wholesaler to retailer these are intended to cover processing administration

and distribution costs and are (in escudos):

If the price per kilogram is	The mark-up is
0-35	5
35-45	6
45-55	7
56-65	8
65 and over	9

From the retailer to the consumer the mark-ups are exactly the same except for whiting which is 4 escudos/kilogram no matter what the price is. Thus the government, by setting the permitted mark-ups, effectively fixes the price of frozen fish, leaving little discretion or flexibility for the private distribution sector.

This is not so for the fresh fish market, where prices relative to the frozen product have soared. Although this might suggest consumers would substitute frozen fish, there is such a traditional preference for fresh fish on the part of the Portuguese consumer that this has not occurred to any great extent. Furthermore, in the past there has been a lack of proper or well maintained freezing facilities for frozen fish which has affected their presentation and taste. However, with the rise of the supermarket and use of home refrigeration, this is expected to be less of a problem.

There seems to have been a consolidation of wholesaler/

processors in the last few years. Many of the larger companies are composed of 15 to 20 partners. There are still, though, a significant number of single-owner firms. The neighbourhood retail outlets seem to be family owned and run establishments. Integration seems to have occurred between vessel owners, processors and wholesale distributors, but not between any of this group and the retailers.

Most business is done on a personal contact basis with reliance on the existence of good working relationships among buyers and sellers. In spite of overland access through Spain, the international movement of goods to and from Portugal is by sea. Lisbon and Leixoes in the Porto area have major port facilities. Most inland transport is by trucks (freezer trucks are used for frozen products) over an inadequately maintained highway system. The railroad is not used to ship freight in any significant quantities. Inland marine transport is insignificant.