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

PORTUGAL

REVISED 1980



Government
of Canada

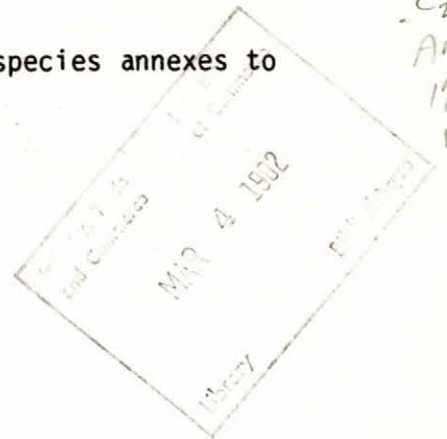
Gouvernement
du Canada

Fisheries
and Oceans

Pêches
et Océans

(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

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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. Wong
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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 a new dynamic 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 global potential on a country and species basis.

Specifically, the purpose of the Study is to identify the longer term market opportunities for selected traditional and non-traditional species in existing and prospective markets and to identify factors which may hinder or help Canadian fisheries trade in world markets. To date, over 40 country markets and 8 species groups have been analyzed. It should be noted that while the information contained in the Reports was up-to-date when collected, some information may now be dated given the speed with which changes are occurring in the marketplace. In this same vein, the market projections 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 GATT 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. The results of the Study should, therefore, 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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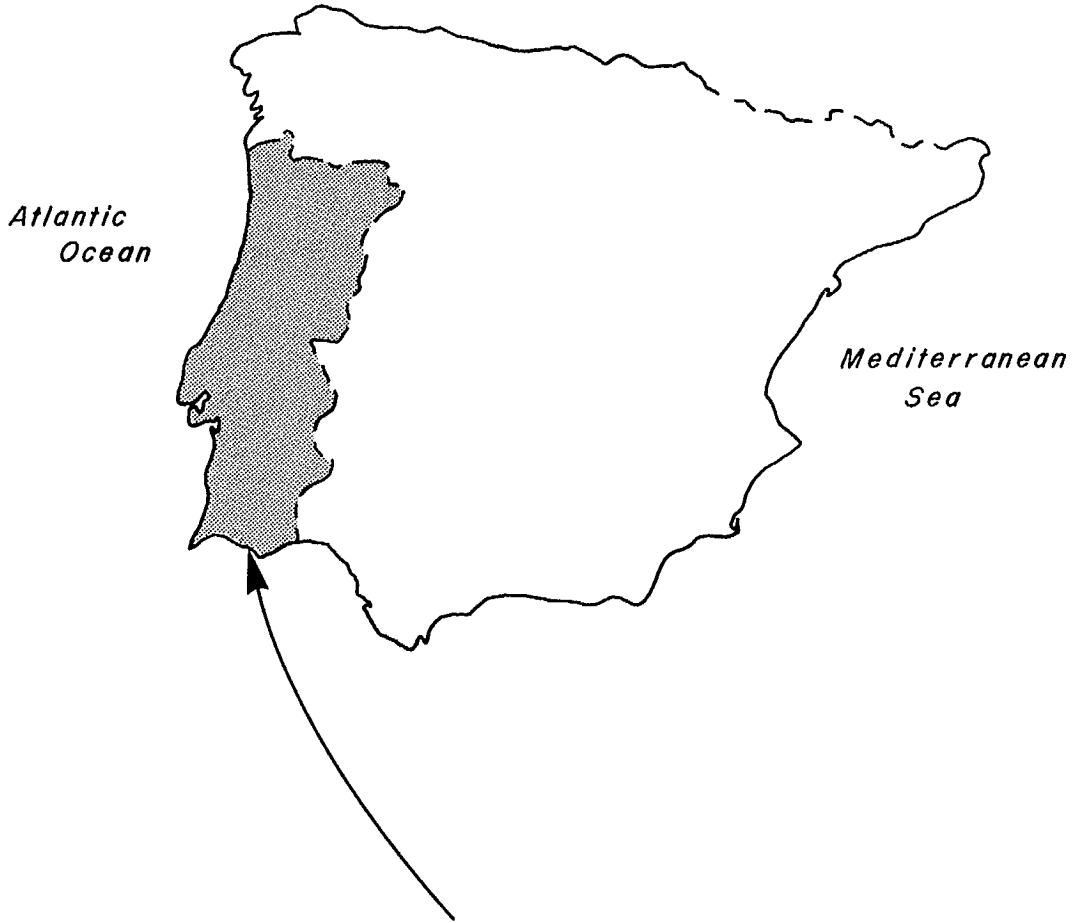
WORLDWIDE FISHERIES MARKETING STUDY

PORTUGAL

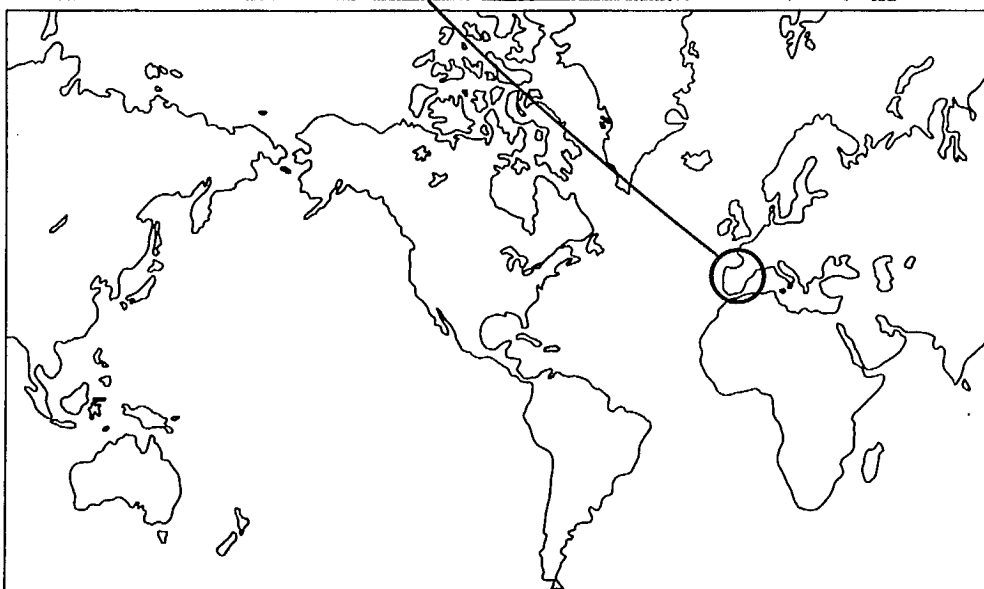
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PORTUGAL



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A. DEMAND FOR FISH

YEARLY AVERAGE EXCHANGE RATE

1978 1 Escudo = C\$.02602

1979 1 Escudo = C\$.02397

1980 1 Escudo = C\$.02340

1. The Market in General

Portugal covers a territory of 91 632 square kilometres, making it slightly larger than New Brunswick, and in 1979 the country had a population of 9.8 million with a work force of 4.3 million.

Since the 1974 revolution, Portugal's economy has been state-dominated and highly protected from international competition. The combination of state management and lack of confidence on the part of private investors has resulted in low productivity and high unemployment.

The nation's economy grew by 2.5% in 1979. In that same year exports were worth US \$3.4 billion, while imports amounted to US\$5.9 billion, resulting in a trade deficit of US\$2.5 billion.

Through 1980, the Portuguese economy showed some improvement. Inflation, which reached a peak rate of 27.3% in 1977, was running at 24.2% in 1979 and dropped to around 20% for 1980. Income taxes were reduced and the trade balance improved, but the unemployment rate remained relatively high at 8.3% in April 1980.

The present government is giving first priority to Portugal's application for membership in the European Economic Community (EC) and in preparation for this has promised a transformation of the country. The target for admission is 1984, although negotiations were adjourned in July 1980 because EC member states had not agreed on common policies concerning agriculture and fishing.

It is expected there will be a gradual move toward the creation of a free market economy and efforts to bring about a climate of confidence in which both Portuguese and foreign capital are willing to invest. In 1980, a decree was issued approving the principle of permitting private banks and insurance companies to operate alongside those nationalized in 1974.

Restrictions related to the transfer of profits and dividends of foreign investors were lifted in January 1980. At present there is an intricate system of state subsidies on a number of products, including edible oils, fertilizers, cereals, dairy products and fish. It is not anticipated that these can be dismantled in the near future.

While the government has declared that productivity should be increased by promoting investment, it is expected there will be a long transitional period after Portugal's admission to EC membership. For one thing, Portuguese agriculture and industry could not cope with EC competition in their present state. Furthermore, the free migration of labour from Portugal would not be welcomed by the community, because of existing surplus labour in member nations.

In October of 1980, the EC granted Portugal US\$472 million in pre-accession assistance, made up mostly of subsidized loans from the European Investment Bank.

2. Domestic Consumption

According to available statistics, per capita consumption of fish and seafood products has been declining in Portugal, but the precise extent of the decline is difficult to assess.

The United Nations Food and Agriculture Organization (FAO) estimated Portugal's per capita consumption at 58.5 kilograms per year (live weight) during the period 1972-74, and at 50.4 kilograms in 1975. At those rates, the Portuguese ranked third in the world among fish consumers, after Japan and Iceland.

Consumption patterns since then are unclear. In 1979 Portugal landed 244 000 tonnes of fish (live weight), imported 72 000 tonnes (product weight) and exported 45 000 tonnes (product weight). These figures would suggest that 1979 domestic demand was not much higher than landings, resulting in per capita consumption of about 30 kilograms live weight.

It is difficult to reconcile the difference between the FAO figures for earlier years and the available data for 1979. Officials in Portugal said they were not aware of any dramatic decline in fish consumption. According to one estimate, consumption has been declining by only 0.5% per annum during recent years.

At least part of the drop in consumption is related to government restrictions on imported seafood. Because of balance of payment considerations, Portugal does not allow the free entry of imported fish products. This could suggest that there may be a significant unsatisfied demand, and that the level of imports is substantially lower than would be the case if trade were not restricted.

Official estimates show that fresh fish is by far the most popular form in the Portuguese market, accounting for 65.4% of sales from the country's 1978 catch. Frozen fish accounted for 6.5% of the market, cured products for 7.5% and canned products 17.8%, while 2.8% of the catch was reduced to fish meal.

Among the species in demand on the fresh fish market are sardines (pilchard), horse mackerel, whiting, blue whiting and sea bream. And while the preference obviously is for fresh fish, there are indications that the Portuguese market is following the trend of other fish-consuming countries, with frozen products gradually gaining at the expense of fresh fish.

It is worth noting that Portuguese consumers are not enthusiastic about canned fish. They purchase only small quantities of canned sardines, tuna and mackerel. Most of Portugal's production of canned fish is exported.

B. SUPPLY

1. Domestic Landings

For centuries, Portugal has been one of the world's major fishing nations. But like others, it has suffered from the establishment of 200-mile economic zones, which has meant the loss of traditional fishing grounds or severely restricted access.

Between 1971 and 1979, the Portuguese fish catch dropped from 343 000 tonnes to 244 000 tonnes. Cod landings declined from 57 000 tonnes to 23 000 tonnes.

TABLE 1

PORTUGAL: landings of marine fish & shellfish
(000 tonnes, landed weight)

	<u>1971</u>	<u>1978</u>	<u>1979</u>	<u>Jan.-June</u> <u>1979</u>	<u>1980</u>
Cod	56.9	30.2	22.7	5.6	5.0
Horse mackerel	57.8	35.9	32.3	13.1	13.9
Hake	32.0	19.2	14.7	3.1	3.4
Sardines	84.5	83.6	91.0	27.6	33.0
Other fish	105.6	75.6	76.9	29.3	27.6
Shellfish	5.7	10.6	6.7	2.5	3.8
TOTAL	<u>342.5</u>	<u>255.1</u>	<u>244.3</u>	<u>81.2</u>	<u>86.7</u>

Source: Boletim Mensal das Estatísticas Da Agricultura e da Pesca (Monthly bulletin of Agricultural and Fisheries Statistics) and Estatísticas da Pesca (Fisheries Statistics).

Off its own territories, Portugal has in effect three 200-mile zones. There is the continental coastal zone, the zone off Madeira, and around the Azores.

Biological knowledge of the resources in these zones is lacking, but it is the general belief that stocks are either seriously depleted or fished out. Exceptions are the abundant stocks of pelagic species such as tuna off the Azores and Madeira,

and trumpet fish, which are reduced to fish meal, in the Portuguese coastal zone, and sardines in the same zone.

For 1979, landings amounted to 228 000 tonnes from the continental coastal zone, 11 400 tonnes from the Azores and 4 700 tonnes off Madeira.

Except for sardines, the coastal waters off Portugal are not particularly rich because of the continental shelf is relatively narrow. Moreover, these waters have been heavily overfished for a number of years. Because of declining stocks, the government has imposed catch restrictions in certain areas, and this is one reason that catches from continental waters have not increased in recent years.

The 12 mile area around the mainland is now fished exclusively by the Portuguese and some Spanish vessels under licence. One of the conservation aims is to restore the stocks of hake and other demersal species as well as pilchards and horse mackerel in this area.

Traditionally, Portuguese fishermen have fished not only around Portugal but also in international waters off Newfoundland, Greenland, Spain, Norway, Morocco, South Africa and Mauritania. The worldwide introduction of the 200 mile economic zone excluded Portugal from its traditional fishing grounds and drastically reduced its fish harvest, particularly of cod. Previously most of the cod was salted at sea and shipped back to Portugal for drying in shore-based plants. In 1971, Portugal caught 57 000 tonnes of cod in the Northwest and Northeast Atlantic, representing 17% of its total catch. By 1979, this declined to 23 000 tonnes, reflecting only 9% of the total.

The future of the Portuguese fishing industry depends heavily on the country's ability to negotiate agreements with foreign powers to gain access to their fishing grounds and also on joint venture agreements between Portuguese and foreign companies.

As a traditional fishing nation off the Atlantic coast of Canada, Portugal obtained access to Canadian waters after the declaration of the 200 mile economic zone. In 1976 a bilateral framework agreement was concluded between the two countries.

In 1980 the following allocations were given to Portugal by Canada:

- 4 100 tonnes 2GH cod
- 7 000 tonnes 2J 3KL cod
- 420 tonnes 2 + 3K redfish
- 600 tonnes 3LN redfish
- 1 000 tonnes 2J 3KL witch
- 2 650 tonnes 30 redfish
- 2 500 tonnes white hake
- 3 000 tonnes squid

In exchange Portugal undertook to purchase the following products from Canada in 1980:

- 5 000 tonnes wet salted cod
- 3 750 tonnes frozen cod
- 3 750 tonnes dry salted cod
- 3 000 tonnes squid
- 2 000 tonnes redfish

A fishing agreement was signed at the end of 1980 between Portugal and the United States. It allows the entry of Portuguese fishing vessels into the US zone to harvest fish according to quotas set in early 1981 and to be set in later years. In exchange, Portugal undertook to improve and increase fisheries trade opportunities in Portugal for the US fishery industry through the reduction of trade barriers.

Efforts have been made to initiate joint ventures with Angola, Mozambique, Morocco, Mauritania, Guinea-Bissau and Cape Verde. It was reported in December 1980, that a joint venture agreement was concluded between Portuguese and Mauritanian companies.

It is difficult to forecast the volume of the Portuguese catch for 1985. Insufficient biological research has been carried out in the past, with the result that, only limited data are available on the state of the existing stocks. The industry is beset by labour problems, and strikes contributed to reduced landings in recent years. It is estimated that Portuguese boats are occupied for an average of only 180 fishing days a year. If labour problems could be eliminated and 250 days could be fished, with a modernized fleet the Portuguese continental zone catch could increase to certain extent. Under the present political and economic realities, however, this is unlikely and perhaps no major increase in landings can be expected during the next five years.

2. The Portuguese Fishing Industry

Though the fishing industry in Portugal contributes less than 1% to the gross national product, it is an important sector of the economy, employing about 36 000 fishermen and 30 000 to 35 000 people in related activities.

Portugal has an outdated fishing fleet, made up of relatively old vessels. The inshore fishery employs about 11 000 boats, many of them powered by sails and even by oars. In 1979 Portugal had 6 284 fishing vessels with engines, representing a total of 199 190 gross registered tonnage (GRT). The distant water fleet includes 15 freezer trawlers and 56 cod fishing vessels. Of the latter, 18 are being refitted as freezer vessels, 27 are partly freezer and partly salting vessels and 11 are equipped for salting only. Some of the old hake trawlers that worked the Mauritanian coast are being converted to take trumpet fish in the coastal zone. A Norwegian-Portuguese joint venture has been formed in which the Norwegian partner will build a plant in Portugal to produce small coastal fishing boats of fibreglass.

At the end of 1980 the West German Ministry of Development allocated 30 million marks, as a contribution to the restructuring of the Portuguese fishing industry. The aid will be concentrated on the improvement of the ports of Sesimbra and Aveiro.

The increasing cost of fuel as well as the establishment of 200-mile limits resulted in higher costs and fewer ocean resources, and in turn this has seriously affected the processing sector, where some companies are working now at less than 50% of their 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 during 1980. The proposed program advocates the adoption of five major measures:

1. to exploit to the maximum all fishing resources offered by the 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, Cape Verde, Angola and Mozambique
4. to convert the existing fishing fleet in order to utilize its full capacity (at present, only 40% of capacity is used)
5. to determine the most suitable type of vessels to fish in Portugal's 200-mile zone.

3. Imports and Exports

Between 1976 and 1979, Portuguese imports of fish products dropped from 86 000 tonnes to 72 000 tonnes. For cod alone, the decline was from 44 000 tonnes to 27 000 tonnes. Iceland, Norway and the Soviet Union (USSR) were the major suppliers.

Portugal's exports of fish products amounted to nearly 45 000 tonnes in 1979, and of this volume about 70% was made up of canned sardines and more than half of it went to EC countries.

In examining the fish marketing situation in Portugal, it is necessary to consider the degree of government control over the fisheries industry.

The Comissao Reguladora do Comercio de Bacalhau (CRCB) or Cod Trade Regulatory Commission is the state organization assigned the task of buying and importing frozen dried and wet salted cod and other products not supplied by the Portuguese domestic industry. It also has import licensing authority. Private industry can import fish and shellfish only with the prior approval of the CRCB. The CRCB determines at the beginning of each fiscal year the total amount of fish that will be consumed in Portugal and how much is likely to be landed by Portuguese vessels, assesses the expected performance of the economy, the country's balance of payments position and the amount of foreign currency available. The commission then sets an import volume by species, and the quota levels are made public. The goal is to import as much raw material as possible for processing domestically.

The CRCB has full commercial facilities for the storage and resale of fish products.

The Instituto Portuguese des Conservas de Peixe or Portuguese Canned Fish Institute (IPCP) licenses fish imports for the canning industry in conjunction with the CRCB. The institute certifies the quality of canned products for exports.

Import Control

All imports into Portugal must be under the authority of an import licence, called the "Bulletin of Import Registration." For imports originating from other signatories to the General Agreement on

Tariffs and Trade (GATT), for goods 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 licence, 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, are contained in a non-liberalized class. These goods are subject to quota restrictions and require licences which must be obtained from particular government agencies. For fish, this agency is the CRCB. A licence 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 commitments, including bilateral agreements.

For fish destined to be canned and re-exported a licence must be obtained from the CRCB and from the IPCP.

Any licence 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.

Foreign Exchange Control

Foreign exchange transactions are controlled by the Ministry of Finance through the Bank of Portugal. The import licence 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 (Appendix IV).

Price Control

The Ministry of Trade and Tourism fixes the price of salted and dried cod and of some related species. The last time such prices were fixed was September 1978 (see Appendix V). Despite rapid inflation, these prices are still in force, for social and political reasons.

Since the buying prices paid by CRCB are now higher than the domestic selling price, CRCB is reimbursed for its losses from the state budget.

Frozen fish markups are fixed by law. From wholesaler to retailer these are intended to cover processing, administration and distribution costs and are fixed at 15%. The retail mark up is fixed at 20%, except for cod and redfish the markup for which is set at 8 and 9 escudos per kilogram respectively. Thus the government, by setting the permitted markups, 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 that consumers would substitute frozen fish for fresh, 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 advent of the supermarket and use of home refrigeration, this is expected to be less of a problem.

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 them special benefits. The minimum tariff applies to goods from countries entitled to most-favoured nation (MFN) treatment, as well as to those that are signatories of the GATT. Exports from Canada face the minimum tariff. (For the tariff schedule see Appendix VI).

According to an agreement with the International Monetary Fund, all fish under tariff items 03.01 and 03.02 were supposed to be levied with a 10% surcharge and crustaceans and molluscs (item 03.05) with a 60% surcharge until December 31, 1980. The government, however, exempted all fishery products, with the exception of shellfish, from duties and surcharges as a temporary measure. (Shellfish products also enter duty and surcharge free if imported for canning and re-export).

Fish samples may enter Portugal free of custom duties and licensing requirements from CRCB if the weight is less than five kilograms and the documentation clearly states that samples are involved.

From January 1, 1980 the EC increased its tariff concessions on Portuguese canned tuna, bonito, mackerel, anchovies and sardines. The agreement is incorporated in a supplementary protocol to the basic EC-Portugal trade agreement of 1972.

C. POTENTIAL FOR CANADIAN SALES

1. Import Market Projections

Because of the uncertainties of the political and economic situation, it is difficult to forecast Portugal's import requirements to 1985. It can be assumed, however, that the country will join the EC before 1985 and will be heading in the direction of relatively free international trade, to be fully implemented at a later time.

In all likelihood, balance of payments considerations will continue to influence the level of fisheries imports. At the same time, a further shift in import patterns can be expected in favour of those countries that grant fishing quotas to Portugal. An unknown factor is the success or otherwise of joint ventures between Portuguese and foreign companies.

According to Canadian statistics, Canada was running a deficit in value terms in fisheries trade with Portugal, but figures for the first nine months of 1980 indicate a significant reversal of that situation.

In 1979, Canada exported 2 700 tonnes of seafood to Portugal, and imported 2 200 tonnes from the country. But in value terms, Canadian imports were worth \$4.2 million, while exports to Portugal brought in only \$2.8 million.

For the January-September period of 1980, Canadian exports to Portugal had risen dramatically to 5 778 tonnes valued at C\$9.297 million. The largest single item was wet salted cod at 2 903 tonnes worth C\$5.897 million.

Projections based on available data indicate that by 1985 Canada could be selling to Portugal 7 000 tonnes of salted cod, 2 000 tonnes of dressed cod, 1 500 tonnes of frozen dressed redfish and 3 000 tonnes of squid.

Details of Canada's fisheries trade with Portugal are set out in the tables that follow.

TABLE 2
Canadian exports of fisheries products
to Portugal
Quantities (Q) tonnes Value (V) \$000

	1977		1978		1979	
	Q.	V.	Q.	V.	Q.	V.
Cod, Atlantic, frozen, whole or dressed	--	--	89	87	1 523	1 318
Haddock, hake, frozen whole or dressed	--	--	--	--	89	103
Perch fillets, frozen	9	11	--	--	--	--
Cod, fillets, frozen	--	--	--	--	185	180
Cod, boneless, salted	--	--	44	102	27	70
Cod, heavy salted, 46-50% moisture	--	--	--	--	66	205
Cod, heavy salted, 43% or less moisture	1 211	2 107	--	--	24	98
Salmon, pink, canned	--	--	1	2	--	--
Salmon, coho, canned	--	--	1	3	--	--
Sardine, canned	--	--	17	43	1	4
Fish and fish products canned	--	--	3	22	2	9
Lobster in shell, fresh or frozen	0	3	--	--	--	--
Squid, whole, fresh or frozen (incl. round)	--	--	--	--	807	837
Total	<u>1 220</u>	<u>2 121</u>	<u>166</u>	<u>259</u>	<u>2 724</u>	<u>2 824</u>

Source: Exports by Commodities, Statistics Canada

TABLE 3

Canadian exports of fisheries products
to Portugal, January-September, 1979-1980

	JANUARY-SEPTEMBER			
	1979		1980	
	<u>Q.</u>	<u>V.</u>	<u>Q.</u>	<u>V.</u>
Cod, Atlantic, frozen, whole or dressed	1 276	1 216	466	643
Haddock, hake, frozen, whole or dressed	35	28	--	--
Cod fillets, Atlantic, frozen	185	180	--	--
Cod, boneless, salted	27	70	39	99
Cod, green salted, wet salted NES	--	--	2 903	5 897
Cod, heavy salted, 46-50% moisture	10	21	--	--
Cod, light salted, 43% or less moisture	--	--	20	51
Cod, heavy salted, 44-45% moisture	--	--	18	44
Cod, heavy salted, 43% or less moisture	24	98	963	2 119
Sardine, canned	1	4	--	--
Fish and fish products, canned NES	2	9	--	--
Squid, whole, fresh or frozen (incl. round)	--	--	369	66
Fish meal NES	--	--	1 000	378
Total	<u>1 560</u>	<u>1 626</u>	<u>5 778</u>	<u>9 297</u>

Source: Exports by Commodities, Statistics Canada.

TABLE 4

Canadian imports of fisheries products from Portugal

Quantity (Q) tonnes, Value (V) \$000

	1977		1978		1979	
	<u>Q.</u>	<u>V.</u>	<u>Q.</u>	<u>V.</u>	<u>Q.</u>	<u>V.</u>
Haddock, hake, fresh or frozen	--	--	11	18	3	7
Seafood, fresh or frozen NES	1 054	1 562	1 095	1 961	1 078	2 156
Freshwater fish, fresh or frozen NES	14	24	3	6	42	92
Fish steaks and blocks etc. fresh, frozen	42	44	17	31	1	1
Fish, salted and/or dried	129	192	8	28	4	14
Fish, pickled NES	--	--	3	3	--	--
Anchovy, canned	20	73	BOX (121 038)	64	BOX (306 977)	145
Sardine, canned	227	454	(1 730 694)	618	(1 603 007)	760
Tuna, canned, flake pack	--	--	1	7	1	4
Tuna, canned NES	25	68	23	90	49	212
Fish and fish products, canned NES	54	128	103	238	828	262
Oysters, fresh or frozen	1	1	--	--	1	4
Shrimps and prawns, fresh or frozen	97	443	23	117	9	109
Shellfish, fresh or frozen NES	195	382	240	449	148	411
Shellfish, and products NES	16	41	6	17	9	26
Total	<u>1 874</u>	<u>3 412</u>	<u>1 533¹</u>	<u>3 647</u>	<u>2 173¹</u>	<u>4 203</u>

^{1/} Anchovy and sardine excluded

Source: Imports by Commodities, Statistics Canada

TABLE 5

Canadian imports of fisheries products
 from Portugal, January-September, 1979-1980
 Quantity (Q) in tonnes unless otherwise specified,
 Value (V) \$000

	JANUARY-SEPTEMBER			
	1979		1980	
	<u>Q.</u>	<u>V.</u>	<u>Q.</u>	<u>V.</u>
Haddock, hake, fresh or frozen	1	1	-	-
Seafish, fresh or frozen NES	813	1 569	888	1 910
Freshwater fish, fresh or frozen, NES	27	65	3	11
Fish steaks, blocks, fresh or frozen	1	1	-	-
Fish, salted and/or dried	4	14	-	-
Anchovy, canned No. of boxes	(270 127)	129	197	(270 127)
Sardine, sprats, pilchard, canned No. of boxes	(1 309 007)	552	(1 979 885)	893
Tuna, canned, flake pack	1	4	-	-
Tuna, canned, NES	44	169	2	4
Fish and fish products, canned, NES	104	220	96	235
Oysters, fresh or frozen	1	4	-	-
Shrimp and prawn, fresh or frozen	0	2	29	230
Shellfish, fresh or frozen, NES	114	267	123	499
Shellfish, and products NES	9	26	5	22
Total all products	<u>1 119</u>	<u>3 023</u>	<u>1 343</u>	<u>3 804</u>

Source: Imports by Commodities, Statistics Canada.

2. Outlook by Species

Cod - As noted previously, Portugal's landings of cod have decreased drastically since the introduction of 200-mile limits. Traditional fishing grounds of the Portuguese fleet were in Canadian, Norwegian and Icelandic waters. There is no cod in offshore waters close to the Portuguese mainland.

Saltfish was once a staple food for poor people of the country, but high prices and import restrictions have caused a substantial decline in consumption. Cod imports dropped from 44 000 tonnes in 1976 to 27 000 tonnes in 1979.

TABLE 6
Portuguese cod imports
(000 tonnes, product weight)

	1976	1979
Round, dressed	1.2	3.8
Fillets	0.7	---
Cured	12.8	5.8
Wet salted	<u>29.5</u>	<u>17.7</u>
Total	44.2	27.3

Source: IT&C tabulation

The general drop in imports notwithstanding, between 1977 and 1979 Canadian cod exports to Portugal increased from 1 211 tonnes to 1 825 tonnes. During the first nine months of 1980, Canadian sales of cod to Portugal amounted to 4 409 tonnes as compared to 1 557 tonnes in the corresponding period of 1979.

In the past, Iceland was the main supplier of wet salted cod to Portugal, followed by Norway and Spain. During January-September 1980, Canada supplied 2 903 tonnes of wet salted cod to Portugal. Traditionally, Norway was the number one source of dry salted cod for Portugal. For the first nine months of 1980 Canada sold 963 tonnes of dry salted cod to Portugal.

The salted cod import demand is mainly for the choice black nape, heavy salted 1 100 - 1 750 gram cod with a moisture content of 40% to 44% and for the choice wet salted 750 - 1 100 gram cod with a moisture content of 52% to 55%. For the headless dressed cod, 700 - 1 500 grams is the usual size range.

In 1985 Portugal may import about 25 000 tonnes of cod. However, since the Portuguese fleet is excluded from Icelandic waters and Norway may not be able to give quota allocations to Portugal because of the poor state of its cod resource, Canada has a chance to compete with these countries as a major supplier of cod. It is projected, therefore, that Canada may supply 9 000 tonnes of cod (7 000 tonnes of wet salted cod and 2 000 tonnes of frozen dressed cod) to Portugal in 1985.

Hake - Portugal's own hake catch declined from 32 000 tonnes in 1971 to 14 700 tonnes in 1979. At present the Portuguese fleet harvests hake in waters off South Africa and imports hake mainly from Spain, the USSR, South Africa, Argentina, Uruguay and Chile. Total hake imports decreased from 17 400 tonnes in 1976 to 9 800 tonnes in 1979. Imported hake, as a rule, arrives frozen, head-off, gutted. Hake is one of the species covered by government price control for the domestic market. The commercially adopted grading scale is as follows:

<u>Size number</u>	<u>gram</u>
0	up to 250
1	250 - 500
2	500 - 800
3	800 - 1 500
4	1 500 - 2 400
5	2 400+

The most popular is the extra large sized hake. As of October 1980, the CIF prices of imported hake in Portugal were: US \$450 per tonne for the 0 size, US \$1560 per tonne for the large size from South Africa and US \$1450 per tonne from Chile.

The Portuguese consumer is familiar with the hake varieties harvested off South Africa and Latin America. It is not known if the hake found in Canadian Atlantic and Pacific waters would be acceptable. Pacific hake and silver hake from the Atlantic coast may have the best chance of being accepted if Canada is able to quote an acceptable price. Because of these uncertainties, no Canadian hake exports are projected for 1985.

Redfish - Though redfish is not a popular item in Portugal, it is not unknown since the Portuguese fleet has caught it in Canadian waters. Operators believe there is a growing market for the larger size, head off and gutted. As of October 1980, there were relatively high inventories of redfish in Portugal and product movement was slow. Canada may be able to sell about 1500 tonnes of redfish to Portugal by 1985.

Mackerel - The Portuguese fleet harvests mackerel within its own 200 mile zone. Mackerel is also imported, primarily from the USSR because of the low price quoted. It is mainly re-exported by Portugal to countries like Italy in the canned form. The CIF price quoted by the USSR for frozen head on, gutted mackerel was 23.7 escudos (C\$0.50) in October 1980, while Spain offered mackerel for 27 escudos. Portuguese import statistics do not break out mackerel, but a private source estimated the volume of imports at about 6 000 tonnes. Canada could break into the market only by matching the Soviet Union's price.

Squid - Between 1976 and 1979, Portuguese squid imports dropped from 3500 tonnes to 1400 tonnes. Most of the 1979 squid imports were from the USSR because it offered the lowest prices. Portuguese import statistics record 332 tonnes of squid from Canada in 1979. According to Canadian export statistics, in the

January-September 1980 period 369 tonnes of squid were exported to Portugal. It is believed that in 1980 total Portuguese squid imports declined further because the domestic catch increased.

In general, there is a consumer preference for loligo squid in Portugal but consumption of illex is higher, due to the lower price. Latin American squid cannot gain consumer acceptance because of its lower quality.

The size of the Portuguese domestic market for squid is about 7 000 tonnes per year under the present import restrictions, but there is a latent unsatisfied demand. Canada could become the dominant supplier and might sell 3 000 tonnes of squid to Portugal in 1985.

Shrimp - Portugal imports warm water shrimp from countries like Senegal, Cuba, Mozambique and Macao. It is partly imported as raw material for the canning industry and re-exported. Cold water shrimp is not popular. Trial shipments were made from Norway but did not gain acceptance.

Lobster - Portugal has a small lobster fishery in its coastal waters. It also imports limited quantities from European sources, the volume of which fluctuates according to the size of the domestic catch. Since European lobster is blue and Canadian red, consumers are not accustomed to the Canadian variety, and efforts to market it have had little success. Canned lobster is hardly known in Portugal.

Crab - Canned crab is not popular. Some king crab is imported from the UK and France and some spider crab from France, but the market is small and static.

Scallops - There is a small domestic scallop catch in Portugal. In addition, red scallops are imported from France and some scallops also from Scotland. Imports come in the shell with roe. There are some possibilities to expand consumption but it is unlikely that Canada will be able to develop a market.

Based on the foregoing survey of import markets, the following table summarizes the relatively well defined Canadian trade opportunities in Portugal to 1985.

TABLE 7
Portugal: import market projections, 1985
(000/tonnes, product weight)

	19791		1985	
	Total	From Canada	Total	From Canada
Cod				
Frozen dressed	2.5	1.9	5.0	2.0
Salted (wet)	23.5	0.6	20.0	7.0
Redfish				
Frozen dressed	0.9	0.9	1.5	1.5
Squid	1.4	0.3	4.0	3.0

Source: Department of Industry Trade & Commerce tabulation and author's estimates.

Because of increasing seafood prices, Portugal is looking for relatively low priced fish. There may be possibilities to market some of Canada's underutilized species in Portugal.

D. TRADE CHANNELS AND PRACTICES

The physical distribution of fresh fish begins with an auction at the port where 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.

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 retail outlets, mostly supermarkets. Very little frozen fish, if any, is sold by the small neighbourhood shops.

From FRESCAL, a distributing firm that buys fresh fish from the auction to distribute directly to retailers and institutions (which sell directly to consumers), the following information on markups was obtained. From wholesaler to retailer the markup is 15% plus transportation and from retailer to consumer 20 %.

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

Retail Trade

In general, distribution is dominated by small private retail outlets, including many outdoor stalls and markets. It has been estimated that there is one store for every 65 people in Portugal. In addition to 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, selling frozen fish in retail packs (including breaded and fish in batter), fresh and frozen meat, vegetables, canned goods, wines and liquor.

Wholesale Trade

Portugal has a fairly extensive system of wholesale distribution run by private companies. The majority of retail outlets 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 products
- vessel owners who process their own products and distribute them
- importers serving the retail market directly.

There are about 6 major wholesaler/processors who distribute nationally, with perhaps 20 or so significant smaller ones serving regional markets. Three national distributors GELMER, FRESCAL, FREGO estimated that they each had 30 % of the market.

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

There seems to have been a consolidation of wholesalers/processors in the last few years. Many of the larger companies have 15 to 20 partners. There are still, though, a significant number of single-owner firms. The neighbourhood retail outlets appear to be family-owned establishments. Integration appears 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 mainly by sea. Lisbon and Leixoes in the Porto area have major port facilities. Most inland transport is by truck (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.

Agents

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

Labelling

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

Name of fish, name of firm, price, storage temperature, weight and date prepared.

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.

E. SUMMARY AND CONCLUSION

1. With a territory of 91 632 kilometers, Portugal is slightly larger than New Brunswick. In 1979, it had a population of 9.8 million and a work force of 4.3 million. Since the revolution of 1974, the state-dominated and highly protected economy of the nation has been beset by difficulties, including high inflation, high unemployment, low productivity and a lack of confidence on the part of the private investors.
2. The government of Portugal is giving top priority to the country's application for membership in the European Economic Community (EC) and to that end has promised to work toward an economic transformation. Some improvements have already been noted: the inflation rate dropped from 24.2% in 1979 to around 20% for 1980; income taxes were reduced, and the balance of payments situation eased, but unemployment remained relatively high at 8.3% as of April 1980.
3. The Portuguese have been among the world's heaviest consumers of fish, but in recent years there has been an apparent decline in per capita consumption, although the extent of the decline is difficult to determine. The Food and Agriculture Organization (FAO) estimated per capita consumption at 58.5 kilograms per year (live weight) for the period 1972-74 and 50.4 kilograms for 1975. Based on available data, it would appear that consumption dropped to about 30 kilograms in 1979, but officials in Portugal were unable to reconcile the great difference between this and the earlier FAO figures. They said they were not aware of any such dramatic decline.
4. At least part of the reason for a drop in consumption is related to government restrictions on imported seafood, due to balance of payments considerations. This suggests a significant unsatisfied demand and a level of imports considerably lower than would be the case with free or easier entry of imports.

5. Like many a traditional fishing nation, Portugal has suffered from the establishment of 200-mile economic zones. With many of its fishing grounds lost or access severely restricted, the country's domestic catch dropped from 343 000 tonnes in 1971 to 244 000 tonnes in 1979 (landed weight). For cod alone, the catch was down from 57 000 tonnes to 23 000 tonnes.
6. The future of the country's domestic industry depends heavily on the success of negotiating agreements for access to foreign controlled fishing grounds, and joint-venture arrangements between Portuguese and foreign companies.
7. Between 1976 and 1979, Portuguese imports of fish products dropped from 86 000 tonnes to 72 000 tonnes. For cod alone, the decline was from 44 000 to 27 000 tonnes. Iceland, Norway and the Soviet Union (USSR) were the major suppliers.
8. The country's purchases of cod from foreign suppliers could amount to around 25 000 tonnes by 1985. However, since the Portuguese fleet is excluded from Icelandic waters and Norway may be unable to offer quota allocations because of the depleted state of its resource, Canada stands the chance of becoming a major supplier.
9. Therefore it is projected that by 1985 Canada could be supplying 9 000 tonnes of cod (7 000 tonnes of salted cod and 2 000 tonnes of frozen dressed cod).
10. Other possibilities for Canadian suppliers to 1985 include 1 500 tonnes of frozen dressed redfish and 3 000 tonnes of squid. As well, prospective Canadian exporters could explore the possibilities of selling underutilized species that could be offered at relatively low prices.

APPENDICES

APPENDIX I

PORTUGAL: EXPORTS OF MAJOR FISHERY PRODUCTS BY COUNTRY OF DESTINATION

	JANUARY-DECEMBER						% Change	
	1978			1979				
	tonnes	million esc.	000 esc/t	tonnes	million esc.	000 esc/t	weight	average value
<u>Fresh, Chilled or Frozen¹</u>								
Spain	1 599	105.6	66.0	2 014	232.1	115.2	+ 26	+ 75
Canada	1 262	87.1	69.0	1 333	131.2	99.2	+ 5	+ 44
Other	2 267	218.9	96.6	2 298	361.6	157.4	+ 1	+ 63
Total	5 128	411.6	80.3	5 635	724.9	128.6	+ 10	+ 60
<u>Sardines-Prepared or Preserved</u>								
FRG	9 128	714.8	78.3	7 728	767.8	99.4	- 15	+ 27
UK	4 429	242.9	54.8	4 596	311.4	67.8	+ 4	+ 24
France	4 000	225.5	56.4	3 625	252.9	69.8	- 9	+ 24
USSR	2 660	127.6	48.0	1 330	80.6	60.6	- 50	+ 26
US	2 241	189.6	84.6	2 122	214.7	101.2	- 5	+ 20
Zaire	2 168	108.1	49.9	1 099	73.4	66.8	- 49	+ 34
Austria	1 788	155.9	87.2	1 786	175.6	98.3	---	+ 13
Bel/Luxem	1 556	149.9	96.3	1 368	158.5	115.9	- 12	+ 20
Other	7 452	473.1	63.5	7 572	623.7	82.4	+ 2	+ 30
Total	35 422	2 387.4	67.4	31 226	2 658.6	85.1	- 12	+ 26
<u>Other Sardine-like Fish-Prepared or Preserved</u>								
Italy	2 750	239.8	87.2	3 406	363.4	106.7	+ 24	+ 22
US	1 216	173.7	142.8	1 117	183.2	164.0	- 8	+ 15
USSR	--	--	--	1 216	74.2	61.0	--	--
Other	2 009	220.6	109.8	2 278	278.8	122.4	+ 13	+ 11
Total	5 975	634.1	106.1	8 017	899.6	112.2	+ 34	+ 6
TOTAL	46 525	3 433.1	73.8	44 878	4 283.1	95.4	- 4	+ 29

1 Includes Shellfish

Source: Eurofish Report by Agra Europe

APPENDIX II

PORTUGAL: IMPORTS OF FISHERY PRODUCTS BY COUNTRY, 1977-1979
tonnes, product weight

<u>COD</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
<u>Fresh (wet salted)</u>			
Mexico	--	--	1 135.0
Denmark	--	--	--
Iceland	19 720.7	10 831.0	15 549.0
Norway	4 214.8	1 456.6	1 029.0
Spain	12.4	1 048.8	--
Canada	--	--	--
	<u>23 947.9</u>	<u>13 336.4</u>	<u>17 713.0</u>
<u>Chilled or frozen fillets</u>			
Italy	--	--	--
Norway	--	--	--
Spain	179.8	--	--
Uruguay	--	--	--
	<u>179.8</u>	<u>--</u>	<u>--</u>
<u>Chilled or frozen round/dressed</u>			
Iceland	--	2 448.8	1 911.0
USSR	15.0	83.5	--
Spain	522.2	--	--
Canada	--	--	1 856.0
	<u>537.2</u>	<u>2 532.3</u>	<u>3 767.0</u>
<u>Dried</u>			
France	--	1.5	--
FRG	--	--	--
US	--	--	14.0
Netherlands	--	11.3	--
UK	14.6	67.6	26.0
Iceland	706.0	58.5	478.0
Norway	7 865.1	6 876.5	4 559.0
Spain	30.0	--	106.0
Switzerland	--	0.1	--
Canada	1 388.9	44.2	589.0
	<u>10 004.6</u>	<u>7 059.7</u>	<u>5 772.0</u>
TOTAL COD	34 669.5	22 928.4	27 252.0

APPENDIX II (Cont'd)

PORTUGAL: IMPORTS OF FISHERY PRODUCTS BY COUNTRY, 1977-1979
tonnes, product weight

<u>SQUID</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>
Canada	--	--	332.0
FRG	--	--	--
France	301.5	--	--
Spain	574.3	50.2	11.0
Rep. of Angola	93.2	--	--
US	304.8	--	--
South Korea	45.0	--	--
Japan	440.0	--	--
Netherlands	95.2	--	--
USSR	20.3	10.9	1 050.0
Others	--	--	--
TOTAL SQUID	1 874.3	61.1	1 393.0
 <u>HAKE</u>			
<u>Fresh</u>			
Spain	--	--	29.0
South Africa	--	--	99.0
	--	--	128.0
 <u>Fillets</u>			
Spain	18.6	70.0	--
South Africa	--	--	--
Rep. of Angola	--	--	--
Argentina	--	--	58.0
	18.6	70.0	58.0
 <u>Chilled or frozen</u>			
FRG	--	--	--
Denmark	--	4.0	--
Netherlands	--	--	--
Italy	78.9	--	--
Poland	107.8	--	--
Chile	--	--	371.0
USSR	3 012.4	3 004.9	8 762.0
Spain	1 009.3	5 926.1	156.0
South Africa	4 376.9	--	279.0
Rep. of Angola	87.6	--	--
Rep. of Cape Verde	--	--	--
Argentina	743.8	1 036.3	--

APPENDIX II (Cont'd)

Portugal: IMPORTS OF FISHERY PRODUCTS BY COUNTRY, 1977-1979
tonnes, product weight

<u>HAKE</u>	<u>1979</u>	<u>1978</u>	<u>1979</u>
Peru	--	--	--
Uruguay	395.1	--	--
Japan	168.1	--	--
US	14.2	--	--
Canada	--	1.0	--
	<u>9 807.4</u>	<u>9 968.3</u>	<u>9 568.0</u>
TOTAL HAKE	10 012.7	10 042.3	9 754.0
<u>OTHER SPECIES</u>			
<u>Fresh, Chilled or frozen</u>			
<u>Tuna from Spain, Cuba</u>			
Rep. of Angola, Rep. of Cape Verde and others	5 439.8	6 650.2	2 950.0
<u>Sardine from USSR</u>			
FRG, Spain, and others	26 994.0	20 187.0	15 181.0
<u>Other species not specified</u>			
<u>from Spain, Rep. of Angola,</u>			
<u>South Africa, USSR</u>			
and others	3 877.7	5 492.8	10 968.0
<u>Salted, in brine, dried or</u>			
<u>smoked (except cod)</u>			
<u>Species not specified from</u>			
Spain, Argentina and others	3 730.6	1 015.2	255.0
<u>Fresh, Chilled, Frozen</u>			
<u>Salted in Brine, dried or</u>			
<u>boiled (except squid)</u>			
<u>Crustacea and molluscs from</u>			
Rep. of Moxambique, Spain, France and others	<u>4 554.0</u>	<u>1 095.9</u>	<u>3 779.0</u>
TOTAL OF OTHER SPECIES	<u>44 596.1</u>	<u>34 441.1</u>	<u>33 133.0</u>
GRAND TOTAL	<u>91 152.6</u>	<u>67 472.9</u>	<u>71 532.0</u>

Source: Industry, Trade and Commerce tabulation

APPENDIX III

PORTUGAL: IMPORTS OF FISHERY PRODUCTS BY PRODUCT FORM, 1976-1979
(tonnes, product weight)

	1976		1977		1978		1979	
	TOTAL	FROM CANADA	TOTAL	FROM CANADA	TOTAL	FROM CANADA	TOTAL	FROM CANADA
<u>Cod</u>								
Round-dressed	1 178.0	--	537.2	--	2 532.3	--	2 532.3	1 856.0
Filletts	689.4	--	179.8	--	--	--	--	--
Cured	12 807.2	--	9 954.6	1 338.9	7 059.7	44.2	5 772.0	589.0
Wet Salted	29 505.0	18.5	23 947.9	--	13 336.4	--	17 711.0	--
<u>Hake (Whiting)</u>								
Round-dressed	16 280.3	--	9 994.1	--	9 972.3	1.0	9 696.0	--
Filletts	1 145.9	--	18.6	--	70.0	--	58.0	--
<u>Squid</u>								
Round	3 456.9	--	1 874.3	--	61.1	--	1 393.0	332.0
<u>Lobster</u>								
In shell	177.1	--	34.9	--	9.0	0.1	15.0	--
<u>Crabs</u>								
In shell	534.8	--	242.1	--	--	--	--	--
<u>Shrimps</u>								
Raw	1 321.8	--	401.5	--	348.9	--	75.0	--
Total	67 096.4		47 185.0		33 389.7		37 252.3	
Fish, fresh, chilled or frozen	59 777.3		70 989.3		58 241.0	14.1	60 331.0	1 856.0
Fish salted, dried or smoked	13 195.2	18.5	13 685.0	1 338.9	8 074.9	49.1	6 027.0	610.0
Crustaceans & molluscs	13 256.1		6 428.3		1 157.0	0.1	5 172.0	332.0
TOTAL	86 228.6		91 102.6	1 338.9	67 472.9	63.3	71 530.0	2 798.0

Source: Instituto Nacional de Estatística, Comercio Externo

APPENDIX IV

INTERNATIONAL MONETARY FUND

ANNUAL REPORT
ON EXCHANGE ARRANGEMENTS
AND EXCHANGE RESTRICTIONS

1980

Washington, D.C.

PORTUGAL

(Position on December 31, 1979)

Exchange Rate System

The currency of Portugal is the Portuguese Escudo, the exchange rate of which is adjusted at relatively short intervals in relation to a basket of currencies, weighted according to their importance in Portugal's international transactions in merchandise, tourism, and private transfers. Periodically the Bank of Portugal announces depreciation objectives for the effective exchange rate of the escudo. The rate of depreciation was initially set in May 1978 at 1.25 per cent but by December 1979 it had been lowered progressively to 0.75 per cent a month. On December 31, 1979 the authorized bank's buying and selling rates for the US dollar were Esc 46.698 and Esc 49.864, respectively, per US\$1. Rates for other currencies¹ are quoted by the Bank of Portugal. Neither the Bank of Portugal nor the commercial banks charge buying and selling commissions but there is a tax of 0.3 per cent on all sales of foreign exchange. The Macao pataca is pegged to the Hong Kong dollar at a parity rate of P 1.0750 = HK\$1.

Authorized banks may deal in foreign exchange with the Bank of Portugal. They are also normally allowed to deal in foreign exchange with banks abroad at the rates prevailing in the Portuguese foreign exchange market. They are not allowed to buy and sell foreign exchange among themselves, or to enter into arbitrage operations in foreign markets. In dealing with their customers, the authorized banks buy and sell foreign exchange in convertible currencies for their own account. Purchases and sales of unquoted currencies can be made only through an authorized bank acting on a commission basis. Banks are required to obtain the prior approval of the Bank of Portugal to accept deposits in foreign currencies from residents or

nonresidents and to obtain short-term credits abroad. The banks may use their foreign exchange holdings for all authorized purposes, but the Ministry of Finance may set limits on the use of these resources and, in certain circumstances, may require that foreign exchange assets be sold to the Bank of Portugal. The net foreign asset positions of the authorized banks and their gross foreign exchange holdings are subject to ceilings.

Administration of Control

Exchange controls are administered by the Bank of Portugal on behalf of the Ministry of Finance, with the assistance of the commercial banks authorized for this purpose.

Trade control policy is formulated by the Directorate-General of Foreign Commerce in the Ministry of Trade and Tourism. This Directorate-General also administers trade control; import and export licenses are issued by its Foreign Trade Division, or by other duly authorized executive departments. All imports valued at over Esc 5 million and all exports values at over Esc 2.5 million are subject to prior authorization by the Foreign Trade Control Committee; this screening is intended only to prevent overinvoicing and underinvoicing. Almost all foreign trade transactions are subject

¹ Austrian schillings, Belgian francs, Canadian dollars, Danish kroner, deutsche mark, Finnish markkaa, French francs, Italian lire, Japanese yen, Netherlands guilders, Norwegian kroner, pounds sterling, South African rand, Spanish pesetas, Swedish kronor, and Swiss francs; these rates are determined on the basis of US dollar rates in exchange markets abroad.

to registration with the Ministry of Trade and Tourism. State agencies undertaking international trade transactions are required to use Portuguese vessels.

Prescription of Currency

Transactions with Greece and Turkey are settled on a monthly basis through clearing accounts maintained in US dollars. Export transactions with other countries may be settled in the quoted currencies¹ or in US dollars. (Canadian dollars, Finnish Markkaa, Japanese yen, South African rand, and Spanish peseta may only be used in transactions with the countries issuing the currency). Payments to nonresidents, may be made by crediting escudos to a nonresident account, the opening of which is subject to prior approval by the Bank of Portugal.

Nonresident Accounts

Foreign Accounts in Escudos are divided into (1) Time Foreign Accounts in Escudos, for which the opening, debiting and crediting are subject to special advance authorization of the Bank of Portugal, and (2) Demand Foreign Accounts in Escudos, which may be opened, debited, and credited without prior authorization of the Bank of Portugal for payments for transactions authorized in escudos concerning imports and exports of goods, services, and capital between metropolitan Portugal and foreign countries and for transfers between such accounts. For all other debit and credit operations, authorization of the Bank of Portugal is required. The granting of credit in the form of overdrafts on the accounts described above requires the authorization of the Bank of Portugal.

There are also provisions for resident accounts in foreign currencies.

Foreign Accounts in Escudos in the names of persons resident or domiciled in countries with which Portugal has special clearing arrangements² are opened, debited and credited according to instructions issued by the Bank of Portugal.

Special accounts in escudos have been established to which must be credited those Portuguese banknotes that have been presented by foreign correspondents and are in excess of the amounts that may be credited to Demand Foreign Accounts in Escudos. These accounts may be debited only for payment in escudos to residents, subject to the prior authorization of the Bank of Portugal.

Deposit accounts in escudos may be opened by Portuguese emigrants. Such accounts may be in the form of current accounts, accounts requiring advance notice of withdrawal, or time accounts. Without prior authorization from the Bank of Portugal, deposit accounts may be credited only with remittances from abroad received through the banking system or in the form of an international postal order, the equivalent in escudos of external means of payment sold to credit institutions by emigrants, and interest due on such deposits. Deposit accounts may be debited without restrictions.

Nonresidents may open time foreign accounts in eight foreign currencies. Such accounts may be credited with remittances from abroad and with the related interest due and may be debited without restrictions. However, a nonresident wishing to use the funds on these accounts in Portugal is subject to the exchange regulations currently in force.

2. Greece and Turkey.

Imports and Import Payments

Imports of certain products are prohibited or are allowed only under specific conditions, mainly for reasons of health, public order, and the prevention of commercial fraud. Any physical or juridical entity may be an importer; importers must have an import entitlement and must pay income taxes regularly. Prior registration (in the form of a "bulletin") is required for all imports valued at over Esc 5 000.

Almost all imports from all sources are effected on the basis of "bulletins". For imports free of quantitative restriction, the bulletin enables the importer to obtain the necessary foreign exchange. For imports subject to restriction, the bulletin is equivalent to an import license (but for imports valued at over Esc 5 million prior authorization must be obtained from the Foreign Trade Control Committee). The validity of the bulletin is 3 months for customs clearance purposes, and 12 months from the date of customs clearance for settlement purposes. Personal baggage and imports of merchandise, the value of which does not exceed Esc 5 000, do not require a bulletin, except when forming part of an order with a total value exceeding Esc 5 000 and provided they are not expressly excluded from this exemption. Payments beyond one year after customs clearance require the approval of the Bank of Portugal.

Imports of certain items, such as unassembled automobiles, household appliances, and bananas, are subject to quota limitations in value terms. Goods not on the negative list may be imported freely from most countries that are members of the GATT. The negative list includes certain foodstuffs and other agricultural products, certain natural or manufactured raw materials, some

textile fibers, and a small number of finished products, including motor vehicles; the items on the list are subject to quantitative restrictions for protective reasons or under special regimes. A somewhat more extensive negative list applies to Japan. The GATT liberalization does not apply to Ghana and Nigeria; imports from these GATT members of goods that would be liberalized if imported from other GATT countries, are subject to individual authorization, which is granted on the merits of the case. Nonliberalized imports from countries that are GATT members are admitted either under global or bilateral quotas or under individual authorization. All imports from countries that are not members of the GATT are based on individual authorizations; imports from some Eastern European countries are generally licensed in accordance with bilateral trading arrangements.

There are a few bilateral quotas for specified agricultural imports from certain EFTA countries. Imports of nonliberalized industrial products, except for certain protected steel products and automobiles, are free of quantitative restriction when originating in EFTA or EC countries. Special legislation provides that automobiles must be assembled in Portugal, and the assembly is subject to the use of certain minimum percentages of domestic components. However, imports of passenger automobiles of EFTA origin are allowed up to 150 units a year for each producer, while those of non-EFTA origin are allowed up to 15 units a producer a year for those makes not assembled in Portugal and, for other makes, up to 2 per cent of the number of passenger automobiles of the same make that were assembled in Portugal in the preceding year. Imports of some makes of EC origin are allowed up to 150 units a year for each producer. Imports of commercial

vehicles for special purposes are free of restrictions.

Domestic credit financing is restricted for certain imports and foreign financing is required for certain imports. Minimum proportions of foreign financing and minimum repayment terms are prescribed by the Bank of Portugal. Many imports are subject to a temporary import surcharge of 10 per cent or 60 per cent of the customs value, irrespective of origin.

Payments for Invisibles

Payments to foreign countries for current invisibles must be made through authorized banks and are generally free of quantitative restrictions, but for most transactions ceilings are specified for the amounts of foreign exchange that authorized banks may grant freely.

For payments to countries with which Portugal does not maintain special clearing arrangements, the authorized banks may grant foreign exchange up to the equivalent of Esc 30 000 a transaction for most types of invisibles, including income on imported capital, and the licensing centers (established in continental Portugal and the Azores) of those banks may grant up to the equivalent of Esc 250 000 the individual ceilings varying according to the type of operation. For tourism and other private travel they may grant to persons 18 years of age or over the equivalent of Esc 20 000 a person a year, Esc 15 000 for persons between 12 and 18, and Esc 10 000 for children under 12; in addition, tourists may take out of the country Esc 5 000 in local currency for each trip. The export of larger amounts of domestic or foreign currency requires the prior authorization of the Bank of Portugal. Application must be made to the Bank of

Portugal for exchange for payments of items not referred to above and for payments in excess of the above-mentioned limits.

Under the provisions of the Foreign Investment Code, individual remittances of profits and dividends may be subject to phasing for a period of up to one year, depending on the prevailing balance of payments situation. Phased amounts awaiting remittance may be deposited with domestic banks in accounts denominated in foreign exchange.

Exports and Export Proceeds

Prior registration is required for all exports valued at over Esc 5 000. Exports are effected on the basis of "bulletins" (similar to the import bulletins). Exports valued at over Esc 2.5 million require prior authorization by the Foreign Trade Control Committee. Export bulletins are issued freely, with few exceptions; the primary purpose of this procedure is to enforce the prescription of currency and surrender regulations. The export of a few commodities is restricted, mainly to assure adequate supplies to domestic industries and to avoid depletion of local resources. Personal baggage and exports of merchandise, the value of which does not exceed Esc 5 000 do not require a bulletin, provided they are not expressly excluded from this exemption. Re-exports of merchandise are exempt from prior registration, regardless of their value.

Exporters are required to sell to an authorized bank the total amount of the export proceeds, within the period and in the foreign currency stipulated in the export bulletin; the period for repatriation of export proceeds is, as a rule, fixed at four months from the date of customs clearance. The Bank

of Portugal may authorized the deduction of commission expenses abroad, and freight, insurance, or other charges from the total amount subject to surrender.

Proceeds from Invisibles

Portuguese residents may receive freely payments in foreign currency for invisibles from residents of countries with which Portugal does not have bilateral payments arrangements. Such receipts require authorization by the Bank of Portugal, which is granted without restriction once the proposed operation proves to be real and licit. Receipts from invisibles must be surrendered.

Nonresident travelers may bring in freely up to Esc 5 000 in domestic banknotes and any amount in banknotes, coin, and checks denominated in foreign currency for their travel expenses; imports of notes and coin by nonresidents for other purposes required authorization by the Bank of Portugal, and the re-export by nonresident travelers of foreign currency in excess of Esc 20 000 requires proof of prior importation of an equal or larger amount. Returning residents may bring in up to Esc 5 000 in domestic banknotes and any amount in foreign banknotes and coin. Authorized banks are not permitted to receive or to pay domestic or foreign banknotes or coin for settlement of external transactions.

Capital

All private capital transactions between Portugal and foreign countries are subject to prior authorization by the Bank of Portugal, and for transactions exceeding Esc 50 million and with a maturity of more than one year, the approval of the Minister of Finance also is required.

Foreign direct investments in Portugal are authorized on the basis of the Foreign Investment Code. Such investments are permitted in all sectors except those which, under the general law, are closed to private enterprise corporations. An Exchange Risk Insurance Fund provides exchange risk insurance against losses caused by exchange rate movements in excess of 3 per cent on approved foreign borrowing.

The transfer abroad of the proceeds from the liquidation of foreign investments is authorized after five years, but for large amounts the Bank of Portugal may require that the transfer be phased over a period not exceeding five years. In such cases, exchange risk guarantees may be provided. Foreign loans and their repayments are authorized as necessary.

Capital movements and transfers of assets are subject to ceilings (up to which they are authorized automatically), according to Portugal's reservations to the OECD code of liberalization of capital movements. For larger amounts authorizations may be granted on the merits of each case. Direct transactions in foreign exchange between residents are prohibited.

Gold

Residents may hold gold in any form in Portugal. The purchase, sale, import, export, or re-export of coined or uncoined gold, when carried out between Portugal and foreign countries, is subject to special advance authorization from the Bank of Portugal.

There is a free market for gold in Macao, in which both residents of Macao and nonresidents who are not

resident in Portugal may freely trade among themselves in bars, leaves, and coins; settlement must take place in patacas or US dollars. In Macao, the Government sets overall limits for imports of gold in any form other than jewelry; authority to carry out such imports is delegated to a concessionary enterprise. Imports and exports of gold, unless made by or on behalf of the Macao monetary authorities, require licenses issued by the Commissioner for Economy.

Changes during 1979

January, 26: A three-year agreement with the United Kingdom was announced for voluntary restraint on Portuguese exports of textiles.

March, 31: The global quotas on imports of certain consumer goods during the 12-month period to March 31, 1980 were increased in terms of escudos. Quota restrictions on coffee and plastic products were lifted.

April, 1: The monthly rate of depreciation of the escudo was reduced from 1.25 per cent to 1 per cent.

May, 3: By Decree No. 109/79 several import items were exempted from the import surcharge and instead were made subject to basic import tariffs.

May, 3: By Decree No. 110/79 the 20 per cent import surcharge was reduced to 10 percent, effective April 1, 1979.

June, 1: The monthly rate of devaluation of the escudo was reduced from 1 per cent to 0.75 per cent.

July, 27: Imports of coffee were made subject to an additional import duty of Esc 90 a kilogram (Decree No. 253/79).

APPENDIX V
MINISTRY OF TRADE AND TOURISM
CODFISH MARKETING BOARD

Circulation No. 2/78

Subject: Revised prices for codfish and related species

Following is the revised price list for salted and dried cod and related species, in accordance with directive No. 601/78 or 29 September 1978:

<u>SPECIES</u>	<u>TYPE</u>	<u>GUARANTEED</u>	<u>COD MARKETING BOARD REGULATED PRICES</u>		
		<u>PRICE</u>	<u>TO WHOLESALERS</u>	<u>TO RETAILERS</u>	<u>TO CONSUMERS</u>
COD	Special	176.90	180.40	187.40	200.00
	Oversize	167.10	179.50	177.50	190.00
	Mature	148.20	151.50	158.10	170.00
	Regular	131.30	133.80	140.20	150.00
	Undersize	94.00	96.00	102.10	110.00
	Mixed (large)	112.90	115.00	121.20	130.00
	Mixed (small)	85.00	87.00	92.80	100.00
Ling and zarbo	Large	121.30	123.80	130.20	140.00
	Medium	102.90	105.00	111.20	120.00
	Small	94.00	96.00	102.10	110.00
	Mixed	75.00	77.00	82.80	90.00
Pollock and others	Large	102.90	105.00	111.20	120.00
	Medium	94.00	96.00	102.10	110.00
	Small	85.00	87.00	92.80	100.00
	Mixed	65.00	67.00	72.80	80.00

As specified in Directive 601/78, the maximum prices which wholesalers may charge to retailers is identical to the Cod Marketing Board's price to retailers as cited above.

Lisbon, 29 September 1978.

Dr. Mario Simoes

APPENDIX VI

PORTUGAL: TARIFF SCHEDULE FOR FISHERIES PRODUCTS

CHAPTER 3: Fish, crustaceans and molluscs.

Note - (See Brussels Nomenclature)

		GENERAL	MFN
		RATE	RATE
03.01	Fish, fresh (live or dead), chilled or frozen: Note - These products shall be duty-free when imported by national preserved fish manufacturers for use exclusively in their own factories, subject to the approval of the General Directorate of Trade. Importers shall record the quantities imported in a special register and shall supply the Customs with all details necessary to the verification of use and the control of stocks. The use of such products for another purpose than that stipulated above shall be considered as an evasion of the payment of the duties provided for under the subheadings of this heading. Tunny:		
	01 Imported during the months of September to January	kg. 0 04	0 04
	02 Imported during the other months	kg. 2 00	1 00
	03 Cod	kg. 0 80	0 40
	04 Sardines	kg. 0 30	0 15
	05 Fish not specified	kg. 1 60	0 80
03.02	Fish, dried, salted or in brine; smoked fish, whether or not cooked before or during the smoking process: Note - such fish shall be exempt from duty when originating in the overseas provinces and imported in accordance with the conditions laid down in the Preliminary Instructions to the tariff.		

01	Dried cod	kg.	1 20	0 60
02	Edible roes	kg.	1 20	0 60
03	Fish not specified	kg.	6 40	3 20

Note - These products shall be duty-free when imported by national preserved fish manufacturers for use exclusively in their own factories, subject to the approval of the General Directorate of Trade. Importers shall record the quantities imported in a special register and shall supply the Customs with all details necessary to the verification of use and the control of stocks. The use of such products for another purpose than that stipulated above shall be considered as an evasion of payment of duty provided for under this subheading.

03.03	Crustaceans and molluscs, whether in shell or not, fresh (live or dead), chilled, frozen, salted, in brine or dried; crustaceans, in shell, simply boiled in water	kg.	4 00	2 00
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Note - These products shall be duty-free when imported by national preserved fish manufacturers for use exclusively in their own factories, subject to the approval of the General Directorate of Trade. Importers shall record the quantities imported in a special register and shall supply the Customs with all details necessary to the verification of use and the control of stocks. The use of such products for another purpose than that stipulated above shall be considered as an evasion of payment of duty provided for under this subheading.

