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# CANADIAN FISHERY MARKETS

**VOL. 1 : OUTLOOK FOR 1950**



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**Market Bulletin No.4**

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**May 1950**

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# Canadian Fishery Markets

Market Bulletin No. 4

May 1950.

The outlook for the marketing of Canadian fishery products during 1950 and a review of production and marketing in 1949.

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# Introduction

These Market Bulletins are designed to provide the Canadian fish trade with a review of the general marketing picture for Canadian fishery products, as well as an appraisal of the apparent supply and demand situations and the general marketing outlook in the various markets and for the various types.

The present issue of the Market Bulletin reviews the overall production and marketing situation that developed in 1949, and attempts to appraise foreseeable trends and the resultant prospects for marketing during 1950. Particular attention is paid to the effects of currency devaluations on the structure of our trade in fishery products. The forecasts are based on the best information available at the present time, but there are various uncertainties involved in the world fisheries picture, and in international economic developments, which must be borne in mind throughout.

It is hoped that the Appendix to this issue (Vol. 2) will be particularly valuable to the trade insofar as the marketing review for 1949 attempts to clarify the statistical problems brought about by Newfoundland's entry into Confederation at the end of the first quarter of 1949. The Dominion Bureau of Statistics' data on export trade in fishery products for 1949 show total Canadian "mainland" exports during the first three months of 1949, including exports to Newfoundland, and then exports from the 10 provinces for the period of April to December, so that the figures for the last nine months are not comparable with those for the same period of 1948. For the purpose of analysis in this Bulletin, the assumption is made that Newfoundland was a province of Canada for the whole of 1948 and 1949, and thus all "interprovincial" shipments in the period January 1948 to March 1949 inclusive have been cancelled out, thereby enabling proper comparisons to be made on "true" exports to foreign markets. This statistical series on exports is summarized in Table 1, and given in detail by markets and types in the Appendix, which was considered an essential addition to this issue.

The Market Bulletins are prepared by the Economics and Statistics Branch of the Department of Fisheries. Information on the prospects in various markets was obtained through branches of the Department of Trade and Commerce, in particular the Export Division and the Trade Commissioner Service.

A limited number of extra copies are available and may be obtained by writing to the Director, Information Services, Department of Fisheries, Ottawa. Comments on the material, or further questions, are welcomed, and should be addressed to the Economics and Statistics Branch.

OTTAWA  
May 16, 1950.

# Summary

## THE MARKETING OF FISHERY PRODUCTS IN 1950

### Review

The Canadian fishing industry was enlarged to a considerable extent during 1949 by the entry of Newfoundland as the tenth province. Latest available statistics indicate that Canada's position among producing countries is strengthened but that we still remain eighth in order of landings. However, in terms of the export value of fishery products, Canada now stands first. The contribution of high priced species such as salmon, halibut, lobster, and whitefish accounts for this result. In 1948 Canada and Newfoundland together exported to other countries a record total value of \$120.4 million of fish and fishery products. In 1949 this total was reduced by 12 per cent, to \$106.2 million. However, this 1949 total was still slightly higher than that of 1947 (at \$105.3 million).

Expressed in terms of U.S. dollars, and taking into consideration the seasonal flow before and after devaluation, the 1949 total value amounted to \$U.S. 102.6 million. Exports of the next highest country, Norway, were valued at approximately \$U.S. 93 million, calculated at the official selling rates of kroner per U.S. \$. Norway exports a larger volume (in terms of weight) particularly of fresh and frozen fish (especially herring), cured fish and twice the gallonage of oils, but about the same weight of canned fish and relatively little shellfish and miscellaneous fishery products. This leading position of Canada in the world fish trade makes more complex the consideration of the factors involved in looking ahead and trying to foresee what the ensuing marketing year holds in store for the Canadian fishing industry as a whole.

The slight set-back in the marketing of Canadian fishery products in 1949 from the peak levels of 1948 was due to a generally lower production, to decreased prices for a fairly large number of items (especially oils), to the decline of large-scale shipments to Europe, to a low stock position in Newfoundland in the first half of the year, and to a slowing down in sales of Newfoundland codfish in the Mediterranean markets in the second half. Canadian devaluation improved the competitive position of our fisheries in the United States market vis-a-vis the American fisheries. On the other hand the greater devaluation of European currencies left us more vulnerable in those markets where competition with European supplies is intense, such as the southern European markets for Newfoundland saltfish. There were also other factors, some favourable, some unfavourable, operating or set in motion which may have an even greater effect on the marketing of fish products in the long run. (c.f. Section B.II).

## General Outlook

The situation in 1950 appears in general to resemble that of the past year, that is, the trends which had been developing within the past two years have become dominant features of the international trade picture. There will be a few weaker spots, and a few stronger. The North American markets, which accounted for about 80 per cent of marketed values in 1949, will be stronger than they were last year, whereas overseas trade will be lower with some areas and not much stronger with others. With reference to forms, the fresh and frozen types will be in a stronger position than the cured, whereas the marketing of the canned products will depend on volume of production, marketing of shellfish will continue strong, and the use of other products will probably continue its development.

### a) By Markets

Domestic Market: - The domestic market should be inherently as strong as last year and, with continued attention of the fishing industry to its potentialities, should increase its intake substantially. Continued high levels of capital investment, private and public, should maintain national income and employment at about last year's levels, despite various export and localized problems. Peak meat prices should encourage fish consumption and help to maintain prices despite competition in the short run from other competitive protein foods, such as eggs and dairy products. (c.f. Section B.I).

Exports: - Total exports during the first three months of 1950 have held at about the previous year's levels. (Table 2).

U.S.: - The United States should prove to be a market for continually increasing supplies - the favourable competitive position of Canadian supplies being reinforced by the diversion of Scandinavian supplies into salt fish, and by continued decline of comparable U.S. production. Most encouraging is the U.S. Administration's expressed desire to undertake policies which will enable U.S. imports generally to be increased till they achieve a better balance with the high level of exports. The economic situation in the first part of the year did not exhibit the annual period of hesitancy which characterized the past three years. Inventory rebuilding, together with high levels of construction will give a considerable momentum to the economy, while government programs will provide a basic support. (c.f. Section B. III).

U.K.: - Sales to the United Kingdom market will probably consist exclusively of token shipments of canned lobster products and the \$5 million contract for canned salmon.

U.K. Colonies: - The U.K. Colonies are in a position where devaluation has increased prices of Canadian fish to the consumer, while at the same time continued dollar stringency has caused them to search for soft-currency supplies. If the latter do not materialize, Canadian shipments may be down slightly from 1949 levels, but if they do, sales may drop more drastically.

South Africa: - There seems to be some improvement in the South African general position and if their sales of products to the dollar areas improve, they may permit some revival in our potentially high sales to them.

Other Sterling Countries: - The Other Sterling Countries are permitting an increasing trickle of Canadian fish products to enter, but there is little hope of any immediate large scale reopening of these markets. USSR sales of canned salmon to sterling markets is an important factor in reducing the incentive of these markets to open the door to dollar supplies.

Western Europe: - The Western European Countries and their Colonies will not likely increase their total purchases of fish from Canada by much, if any, in view of the OEEC programme of liberalization of intra-European trade which will encourage European markets to draw on European supplies. There is also pressure in the U.S.A., to dispose of food surpluses through E.C.A. Nevertheless, there is hope that Italy, Belgium, and Switzerland will be in a strong enough position in 1950 to make purchases from Canada in dollars. A recent Government announcement indicated that all possible steps will be taken to overcome currency difficulties in the marketing of salted fish to Southern Europe.

Latin America: - The Latin American Countries will likely buy about the same as last year, though much depends on the Norwegian availabilities of saltfish with which to adequately supply markets such as Western Cuba which has been an important new outlet for the Maritime trade in the past few years. The Brazilian exchange situation is improving, and may provide some outlet for 1950 production late in the marketing year.

Other Countries: - Other countries outside the above groups provide considerable scope for ultimate development, but the important markets such as the Philippines provide little hope for expansion in 1950.

#### b) By Types

The fresh and frozen forms present the greatest opportunity for considerable expansion this year. There has actually been a shortage of supplies of such seafood products as groundfish fillets. In direct contrast to its behaviour a year previous, the freshwater fish market has been very active, and is not only favourable pricewise but also strong enough in volume terms to absorb the continued expansion of sources of supply (c.f. Section C.I.).

Cured Fish: - From the standpoint of the relation of world exportable supplies of dried salted fish to the basic demand in consuming countries, production in 1950 is likely to fall below requirements in terms of prewar usage. At the same time, however, the major marketing difficulty arises out of the fact that Canada, producing close to 50

percent of the exportable supplies, is in the dollar area while the major markets are in soft-currency countries. The currency gap has been overcome in part in recent years through limited sales of Newfoundland codfish to European markets under a convertible sterling arrangement. As a result, prices of salted fish have reflected the overall short supply position. The government has recently announced that it will take all possible steps to see that the currency difficulty interferes as little as possible with the marketing of the 1950 production.

Pickled fish and bloaters will be partially governed by the behaviour of saltfish marketing in the Western Hemisphere and partially by the extent of direct foreign competition in the U.S. market. (Section C.III).

Canned Fish:- The canned fish situation will likely be somewhat similar to that of 1949, due mainly to the stability of the domestic market which absorbs over 60 per cent of the total canned fish pack. The quantities of canned salmon contracted for by the United Kingdom are lower than in 1949, and there will be a higher ratio of the higher priced species. If sardine production is higher than last year's, it will be necessary to find new outlets. There seems little hope of increased markets at present for the other types of low priced packs. (c.f. Section C. II).

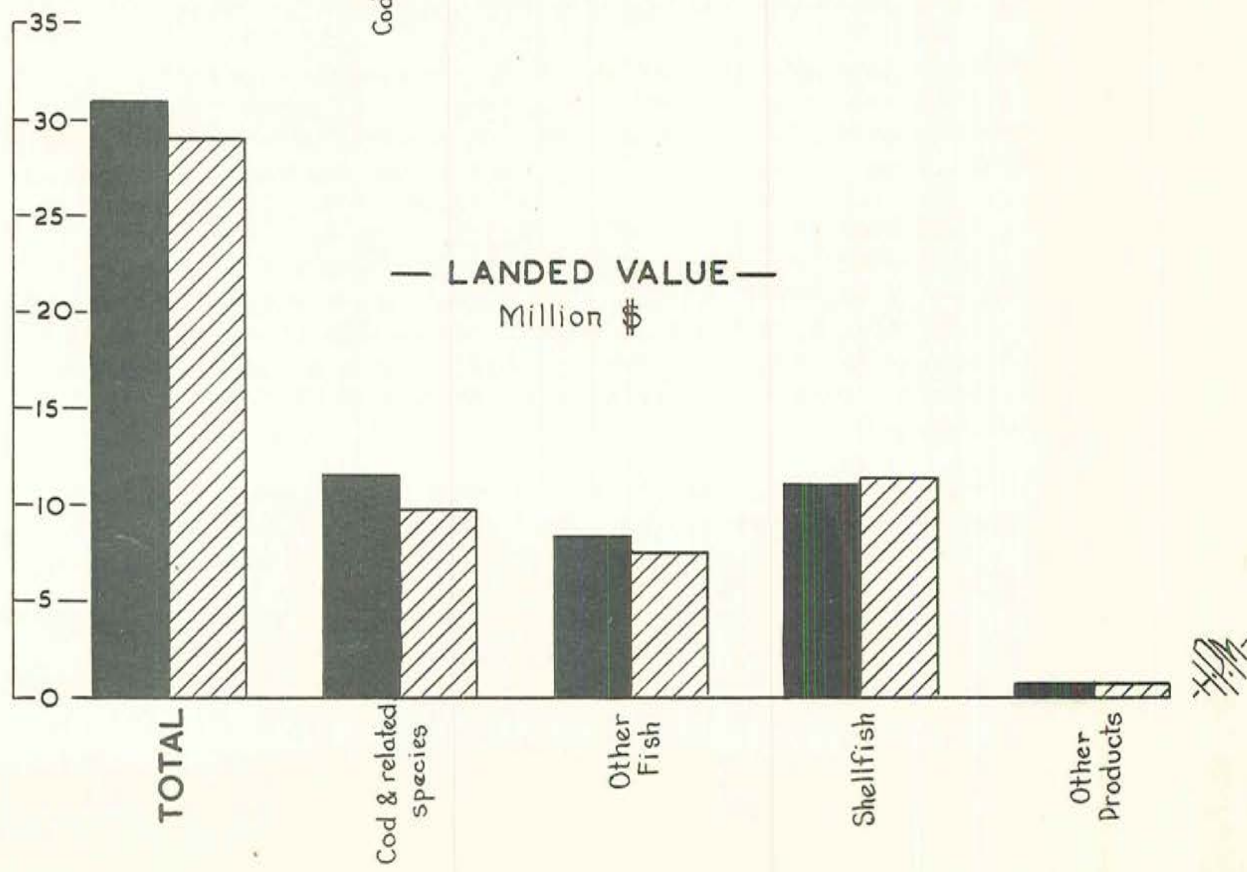
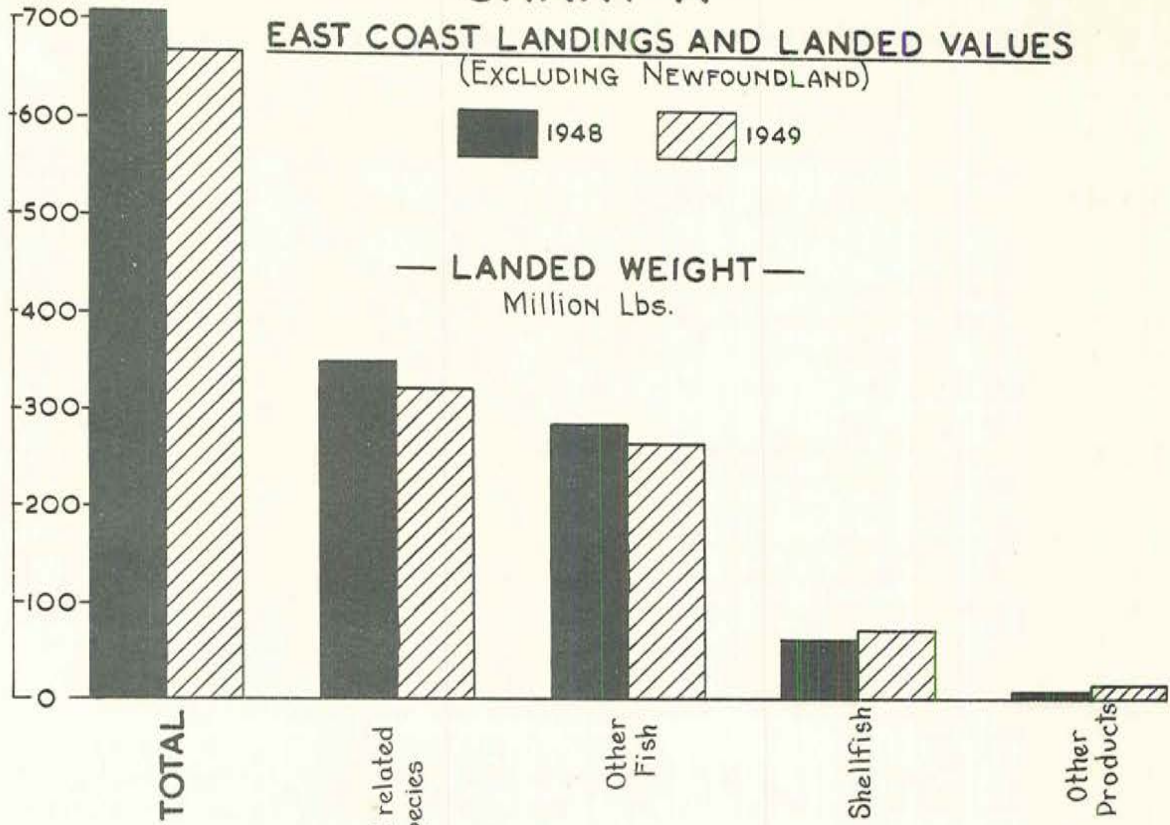
Shellfish:- The market for shellfish is expected to be as strong, if not stronger, than in 1949. (c.f. Section C. IV).

Marine Oil:- The marine oil market has improved slightly and production has moved though at lower prices, but there is little hope of substantial further improvement in prices even though supplies of seal and possibly whale oil will be down this year. The vitamin oil market will also probably remain weak due to competition from Japanese and synthetic production.

Fish Meal:- Fish meal is still in good demand. Other fishery products will probably see a considerable expansion (e.g. homogenized condensed fish). (c.f. Section C. V).

# "CHART A"

## EAST COAST LANDINGS AND LANDED VALUES (EXCLUDING NEWFOUNDLAND)





# Fisheries Production and Food Supply

## A I. CANADIAN PRODUCTION AND DISTRIBUTION

### Economic Conditions in the Canadian Fisheries - 1949

The fisheries of Canada as a whole continued to prosper during the year 1949. Registered landings were down by eight per cent and there was a slight set-back in total marketed values from the record levels of 1948 due to this lower production, to decreased prices for a number of items (especially oils), and to the closing or constriction of certain export markets. Nevertheless, the returns from the fisheries were still close to peak values.

Total landings of all species - including an estimate for Newfoundland and the freshwater fisheries - reached a total of about 1.8 billion lbs., indicating a satisfactory yield. The landed value or gross return to fishermen in the Maritime provinces, at \$28.8 million, was down \$1.7 million from 1948 levels (see Chart A), but was still over \$3 million higher than income in 1947. On the Pacific Coast (Chart B, page 8), landed values were \$27.3 million, down \$5 million from 1948 but still higher than in any other year. In the inland fisheries, returns were higher. The landed value of the Newfoundland fisheries is as yet difficult to estimate but it would also appear to have been higher. The Appendix contains an extensive review of domestic production in 1949.

The total marketed value of all fishery products, including Newfoundland, was approximately \$170 million compared to about \$180 million in 1948. The domestic market was strong, but exports were down by about 12 per cent in terms of value. In 1948, Canada and Newfoundland together exported to other countries, a record total value of \$120.4 million worth. In 1949 this total had dropped to \$106.2 million due to a combination of a 10.4 per cent decline in terms of product weight and a 1.6 per cent drop in terms of average unit price. The slight price decline was caused by the price adjustments in the U.S. market during the first half of the year, and to the break in the oil market, which was not compensated for by somewhat higher prices (in terms of the Canadian dollar) after devaluation in September.

On the Pacific Coast, the fishery enjoyed a good year. Landings have been high in recent years though the 1949 total of 514 million lbs represented a decrease of 62 million lbs from the 1948 level. This drop is attributable chiefly to a decline in the catch of herring from the record catch of the previous year. The output of canned herring dropped from 408,700 cases in 1948 to 78,000 cases. The pack of canned salmon at 1,433,700 cases was 125,000 cases higher than in 1948 and did not present the same marketing problem because of the E.C.A. financed shipments of \$7.15 million worth to the United Kingdom, and the vigorous efforts of the industry to expand domestic consumption. Sales of fresh and frozen

salmon and halibut were well sustained. The chief difficulty which arose on that coast was the drastic drop in prices of vitamin oils due to the renewed competition of Japanese exports in the U.S. market.

In the Maritime region, landings have also been maintained on a high level. The 1949 catch of 663 million lbs, although 36 million lbs smaller than that of the previous year was still 153 million lbs above the 1935-39 average. Compared with 1948, landings of cod and allied species suffered a marked decrease, especially in Nova Scotia: the drop in sardine landings had an even greater impact on the New Brunswick industry. Nova Scotia landings had a total value of \$18 million compared with \$18.5 million in 1948. New Brunswick landed values dropped from \$7.5 million to \$6.1 million. Prince Edward Island's catch fell slightly in value, from \$2.2 million to \$2 million, but Quebec's landings actually rose, from \$2.7 million to at least \$2.8 million. Apart from 1946 which was a record year for the East Coast, and 1948, the 1949 results were the highest reported in this fishery. Markets for the fresh and frozen forms were down early in the year as inventory adjustments took place in the U.S. but recovered to the extent that there was actually a marked shortage of groundfish fillets. The salted fish markets in the West Indies absorbed increased supplies readily. Canned fish production was down considerably, having finally adjusted itself to normal market possibilities for this product.

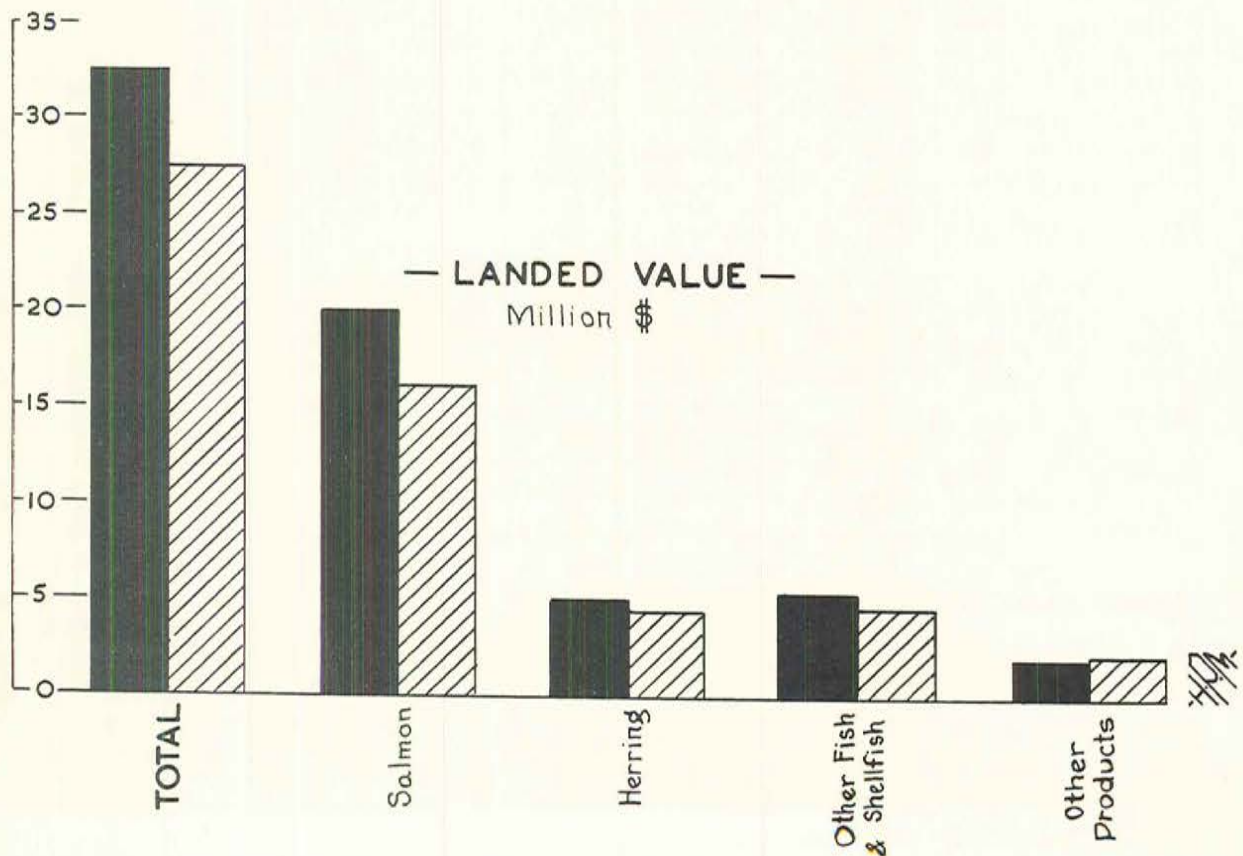
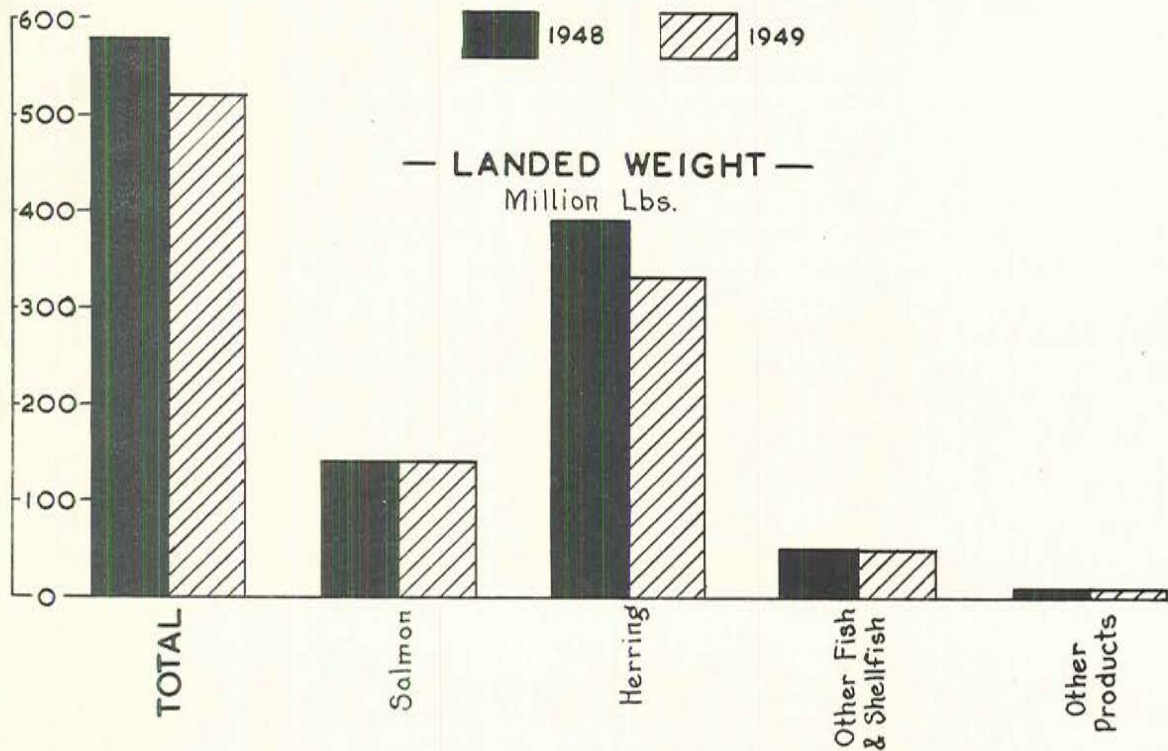
In Newfoundland, fishing was good during 1949, the total catch being about 520 million lbs. The 1949 production of salted cod at over 1,050,000 quintals was at high levels, but restricted marketing opportunities in the Mediterranean markets and Brazil brought about a difficult marketing situation so that a substantial carry-over into 1950 was experienced. Part of these stocks (4.3 million lbs) were purchased for \$600,000 by the Canadian Commercial Corporation as a gift from the Government of Canada to the U.N.I.C.E.F. To allay fears about the marketing of the 1950 catch, the Federal Government also guaranteed the disposal of up to 400,000 quintals which represents normal sales in traditional southern European outlets.

Early in 1949, the inland fisheries encountered a marketing problem which called for action by the Fisheries Prices Support Board. This matter was cleared up and the marketing situation has been favourable since. Exports of freshwater fish in 1949 amounted to 62.1 million lbs, valued at \$14.1 million, an increase of 6 million lbs, and \$0.5 million over 1948. The total catch is estimated to have been 94 million lbs, about 10 million lbs more than in 1948.

The fisheries industry has been undergoing extensive changes during the past few years and is faced with the necessity for further progressive adjustments. First, canned fish production was stimulated during the war to a great expansion, and then readjusted back to more normal levels with some interim transitional aid from the Fisheries Prices Support Board. The salt fish situation was favourable until the marketing of 1949 production and this sector of the industry is now also being faced with somewhat of a rehabilitation problem. The pattern of trade is in flux and the only reliable and expanding market has been the North American market with

# "CHART B"

## WEST COAST LANDINGS AND LANDED VALUES



the result that a partial reconversion is in order to divert more of total production to those forms which are acceptable to the North American palate. During 1949, the Minister of Fisheries announced a programme for the development of Canada's commercial fisheries, designed to expand markets and give industrial aid for special areas. The industry itself has continued to invest in new capital goods, particularly since the trawler policy of the Government was changed to permit the licensing of new trawlers, built in United Kingdom yards or of the better type of second-hand trawlers bought either in the United Kingdom or in the United States on the condition that a new keel be laid down in Canada. These developments should create considerable changes in the fishing industry in the coming years, designed to improve the long term economic conditions and prospects for the industry.

#### Distribution of Fishery Products in Canada - 1949

It has not been possible to present at this time a general picture of the distribution of Canadian fishery products, such as was given in the Market Bulletin a year ago. The main reasons are the lack of complete fishery production statistics for Newfoundland, the presence of stocks with as yet indeterminate market value, and the greatly increased importance of what are now intra-provincial shipments which were formerly traceable through imports and re-exports but now have to be measured in other ways.

The production picture has been given insofar as it is available. The total market value of this production is likely to be down somewhat, from the 1948 level of approximately \$180 million, to perhaps \$170 million. Exports, at \$106 million, therefore absorbed the equivalent of about 62 per cent of total value of production. (See Appendix for extensive review of exports in 1949). The remainder or domestic retention went mainly into domestic consumption which tends to absorb a higher percentage of total production. Part of it, however, went into the increased stock position that took place. There was a considerably greater liquidation of inventories during 1948 than during 1949, there being a net decrease in stocks during 1948 and a net increase during 1949.

Imports, at \$6.2 million, were down slightly in value terms, and considerably so in volume due to a higher content of imports of such commodities as oysters. (See Appendix for more extensive notes on imports).

Apparent domestic consumption is still indeterminate although indications are that it is about the same in value terms due to higher purchases of such domestic products as canned salmon and imported products such as oysters.

#### Results of the First Quarter of 1950

A satisfactory yield was obtained in the fisheries during the first quarter of 1950. Catches on the Atlantic Coast - exclusive of Newfoundland - and in British Columbia reached 221.5 million lbs compared with 191.4 million lbs during the same period of the previous year. An increase is also apparent in the total landed value, which reached \$5.7 million.

TABLE 1.

## EXPORTS OF CANADIAN FISHERY PRODUCTS (1)

1948 and 1949

	Total		Fresh and Frozen		Canned		Cured		Shellfish All Forms		Other Fishery Products	
	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949	1948	1949
TOTAL EXPORT SALES												
Product Weight:-												
Millions of lbs.	700.4	610.8	243.3	209.2	88.7	63.1	268.7	218.0	80.1	28.0	69.6	92.5
Millions of Gals.	3.1	4.7	-	-	-	-	-	-	-	-	3.1	4.7
Value:												
Millions of Dollars	120.36	106.15	39.80	35.68	18.65	14.91	36.88	28.12	13.18	13.48	11.84	13.96
DISTRIBUTION OF EXPORTS (Millions of Dollars)												
United States	70.07	67.22	39.54	35.46	.98	.87	7.65	7.31	12.69	12.98	9.21	10.60
U.S. Dependencies	5.57	4.82	.06	.09	.10	.05	5.37	4.66	∅	∅	.04	.02
United Kingdom	2.28	8.22	∅	-	1.58	7.09	-	∅	.23	.24	.47	.89
U.K. Dependencies	7.46	7.51	.06	.03	1.75	1.88	5.40	5.55	.22	∅	.02	.05
Union of South Africa	3.49	.09	.02	-	3.43	.09	.04	-	∅	-	∅	-
O. Sterling Countries	.16	.44	-	-	.16	.38	-	-	-	∅	-	.06
E.R.P. Countries	21.63	9.96	.12	.10	7.82	3.46	11.91	4.04	.04	.25	1.74	2.11
Latin America	7.35	7.08	∅	∅	.98	.51	6.35	6.54	∅	-	.02	.03
All Other Countries	2.35	.81	∅	∅	1.85	.58	.16	.02	∅	.01	.34	.20

(1) These statistics record only the exports from Canada and Newfoundland to other countries, and thus exclude Canadian shipments to Newfoundland during 1948 and the first three months of 1949, that is prior to Union, as well as, Newfoundland "Exports" to Canada during the same period.

The most important species caught were herring, on the Pacific Coast, and groundfish on the East Coast. The winter freshwater fishery has also given better results than in the previous year.

On the Atlantic Coast (excl. Newfoundland), catches reached 47.9 million lbs during the first three months, for which the fishermen obtained \$3.3 million. These results are slightly higher than those of the corresponding period of 1949. The catch of cod and related species, as well as halibut, was especially high. On the other hand, the "sardine" fishery was insignificant, and the lobster fishery produced but a relatively low yield during March, although the total for the first quarter was satisfactory.

Being mainly a winter operation, the smelt fishery deserves special mention. It is conducted on the East Coast from September to February, the largest catches being made as a rule in December and January. The open season was extended a little during February but the over-all catch still did not come up to the level of the previous year. The season's take amounted to 5.7 million lbs compared with 7.4 million lbs for the 1948-49 season. Prices, however, were slightly better, averaging 13.5¢ per pound against 11.2¢ during the previous season.

British Columbia landings reached 173.7 million lbs during the first quarter with a value to the fishermen of \$2.4 million. Compared to 1949, these figures indicate an increase both in quantity and in value. The herring fishery, which was particularly active during the first two months of the year, accounted for this rise. However, for the season as a whole - from October to February - the yield of the herring fishery was a trifle lower than it was in 1948-49. Landings of 183,000 tons were about 6,000 tons less than those of the 1948-49 season, but these results were satisfactory. The chief products derived from this herring, together with the pattern of disposition of the previous year's yield, were as follows:

<u>Products</u>	<u>1948-1949</u> <u>season</u>	<u>1949-1950</u> <u>season</u>
Dry salted (tons)	360	3,285
Meal (tons)	31,606	30,679
Oil (Imp. gals)	2,568,000	3,305,500
Canned (48 lb. cases)	92,815	75,862

Exports of fisheries products and by-products during the first quarter totalled \$24.4 million, almost equivalent to those of the corresponding period in 1949. Shipments of fresh and frozen fish, shellfish and of cured fish exceeded those of the first three months of 1949, but this gain was more than offset by smaller sales of canned fish, fish meal, and fish oils.

Stocks of fresh-frozen fish are generally low at the beginning of April. A decrease of 5.8 million lbs in the inventories of freshwater fish, (as compared with those of last year), is especially noteworthy. Stocks of smoked-frozen fish were also lower. In the case of salted pro-

ducts - cod and allied species - stocks in the Maritimes and in Quebec, although higher than those of last year, were at normal levels. The decrease during March indicated a rate of sales which should leave no surplus when the current year's production becomes available for marketing. Pickled fish is in the same situation. The somewhat high stocks of spring mackerel will likely be disposed of before the 1950 production reaches the market. In Newfoundland, salt cod stocks were still high.

TABLE 2: CANADIAN FISHERY EXPORTS IN THE FIRST QUARTER OF 1950

Values in Millions of Dollars

(N.B. All figures include Newfoundland)

	<u>To end of March 1950</u>	
	<u>1950</u>	<u>1949</u>
<u>All Fishery Products</u>	24.43	24.64
<u>By Market:</u>		
To U.S.A.	15.97	14.02
To All Other Countries	8.46	10.62
<u>By Form:</u>		
Fresh and Frozen Fish:		
(a) Whole or Dressed	6.41	5.58
(b) Filleted	2.98	2.69
Smoked Fish		
(a) Herring (Bloaters & Kippers)	.32	.22
(b) All Other	.22	.28
Salted & Dried Fish		
(a) Cod	6.25	5.90
(b) All Other	.78	.64
Pickled Fish		
(a) Herring	.49	.63
(b) All Other	.45	.41
Shellfish		
(a) Fresh Lobster	2.12	1.93
(b) All Other Forms	.55	.35
Canned Fish		
(a) Salmon	.87	1.00
(b) Sardines	.19	.35
(c) All Other	.06	.32
Miscellaneous Products		
(a) Meal	1.22	2.48
(b) Oil	1.00	1.48
(c) All Other Products	.52	.38

## A II FOREIGN FISHERIES' PRODUCTION AND TRADE

World landings of fish in 1949 remained at about 1948 levels. On the basis of information obtained from 12 of the chief producing countries (Canada, U.S., United Kingdom, Ireland, Iceland, Norway, Sweden, Denmark, Germany Bizone, Netherlands, France and Japan), the Fisheries Division of F.A.O. found that landings in 1949 amounted to 99 per cent of comparable landings in 1948.

A brief survey for 1949 of those sectors of the world fisheries that are of special interest to the Canadian fisheries is given in the Appendix, with a number of production and trade tables.

The current season is tending to show changes with wide implications, particularly with respect to utilization of the catch. The growth of domestic production in important European consuming countries such as the U.K., Germany and France and certain other developments have led to an abrupt decline of the fresh and frozen trade and a consequent diversion on the part of the producing countries such as Norway, Iceland and the Faroes towards the dried and salted product. Saltfish consuming countries such as Portugal and Spain are aiming to catch more in order to decrease import requirements, and France may catch more than her domestic requirements, which will lead to a more difficult marketing situation in Southern Europe. The intra-European payment scheme with its drawing rights, and the trade liberalization programme will tend to favor European sources of supply at the expense of dollar supplies.

The emerging picture may be deduced from the following notes and tables on the results so far of the current season in Norway and Iceland.

Norway obtained an exceptionally large catch of winter herring, and was catching somewhat more cod than in 1949. In the principal region for Norway's winter cod fishery, the Lofoten Islands, the authorities supervise the utilization of the catch very closely, so that it is directed into those forms which appear to be more readily marketable. Landings of cod and herring caught during the first quarter, and their forms of utilization, are presented in Tables 3 and 4 which follow, with comparisons with the preceding year.

Table 3

### Norway: Winter Cod Fishery On Or About April 29

(All quantities are cumulative figures in millions of lbs., from each season's beginning).

	<u>1947</u>	<u>1948</u>	<u>1949</u>	<u>1950</u>
Total Catch, all areas	460.1	254.8	226.8	259.0
Utilization:				
Hanging	112.9	34.7	40.4	87.3
Salting	266.4	133.8	88.0	138.1
Fresh & Frozen	80.8	86.3	98.4	33.6



Table 4

Norway: Winter Herring Fishery On Or About March 19  
(All quantities are cumulative figures in millions of lbs.,  
from each season's beginning).

	<u>1949</u>	<u>1950</u>
Total Catch	1,164.1	1,657.1
Utilization:		
Fresh for export	259.7	121.2
Salting	263.4	123.9
Canning	26.9	21.0
Reduction	587.3	1,367.7
Bait	15.2	17.6
Home Consumption	11.6	5.7

Although statistics are not available for as much of the Icelandic fishery, the pattern of disposition for the 1st quarter (Table 5) may suggest changes similar to those of Norway.

Table 5

Iceland: Landings And Disposition In First Quarter, 1948-1950  
(Quantities in millions of lbs)

	<u>1948</u>	<u>1949</u>	<u>1950</u>
Mainly Cod:			
Total (landed weight, dressed, head on)	114.0	159.0	157.7
Utilization:			
Chilled for export	50.2	64.3	37.8
Frozen	49.3	69.5	54.7
Salted	13.3	23.4	63.3
Dried	-	0.1	0.8
For canning, home consumption and other uses.	1.2	1.7	1.1

This trend in utilization is paralleled by trade changes which show that exports of chilled cod, etc. to the U.K. declined from 21.6 million lbs in January 1949 to 7.9 million lbs in January, 1950, and exports of frozen cod from 8.7 million to 2.2 million due mainly to the temporary closing off of shipments to Germany, whereas exports of wet salted cod rose from 3.6 million lbs to 5.5 million lbs on the strength of increased shipments to Italy and Greece.

Iceland's whole economy underwent a far-reaching adjustment as the currency was devaluated by a further 42.3 per cent beyond the reduced level at which it had stood since its initial 30 per cent devaluation in September 1949 — the Icelandic krone is now worth only 40 per cent of its pre-September rate. This could place Icelandic fish exports in a strong competitive position in the coming year.

### A. III WORLD FOOD SITUATION

In most parts of the world, food consumption is now at the highest level since before the war. By 1949, world food production had recovered much of the ground lost during the war and immediate post-war years. While per capita supplies of food in many areas were still below pre-war levels, a more effective utilization of the supplies has promoted levels of consumption approaching those of the pre-war period. On the whole, greater supplies of the more desirable foods - fish, meats, dairy products and fats - have become available. However, there is still a considerable variation among countries in the degree of their recovery in food production and in the kinds of food now being produced as compared with pre-war.

The past year has been marked by a new impetus in the drive toward self-sufficiency in foodstuffs on the part of many countries. This has been the result, partly of a desire for greater security, but mainly due to changes in the structure of the world economy, and related exchange difficulties. On the other hand, countries producing foods in surplus quantities have continued their efforts to supply the needs of war-affected regions and only recently have they realized that if these war-inflated levels of production are maintained, the problems of surpluses are unavoidable.

This situation is now at hand for a number of foods produced in Canada and the United States, as a result of the curtailment of food imports by European countries in an effort to conserve dollars, supported by the progressive development of home production. Evidence of this change is the recent increase in the degree of competition that imported foods are meeting from home-produced foods in the markets of many countries, as well as additional competition from these foods in export markets.

Production of protein foods including fish has increased, and further gains are expected throughout 1950. In Europe there will be larger supplies of fish, meat, eggs and dairy products. Rationing of many of these foods has been abandoned. Given a favourable agricultural season this year, rationing, if continued, will be on only a relatively small scale in most countries of western Europe. In China on the other hand, the general food situation this year has deteriorated due to the political upheaval and an unfavorable wheat harvest. Food consumption levels in other parts of the Far East have risen as the result of better crops. In spite of the increased production of rice, there has been only a small recovery in trade. In India and Pakistan, food consumption levels have improved although these levels are still far from adequate.

In most parts of the Mediterranean area there has been some improvement in the food situation. However, in the areas affected by strife, a large refugee population continues to exist on relief feeding. Some fish has been used in this relief feeding programme, and it is possible this need will continue throughout 1950. In the Mediterranean area in general, food consumption levels could be considerably increased through higher

levels of production and better utilization of existing resources. Any significant improvement in this area can at best be effected only through a very long-term programme.

For the northern hemisphere, expectations are for a somewhat better out-turn of grain crops in 1950 than in 1949. In Europe the acreage sown in bread grain crops already exceeds that of the past year and weather conditions during the winter have been satisfactory. In the United States an appreciable reduction took place in the winter wheat acreage sown for harvest in 1950, but favourable weather conditions throughout the winter point to a good crop.

In the southern hemisphere a near-record Australian wheat crop was offset by a mediocre harvest in the Argentine. Thus, while world wheat supplies are ample to meet the needs of the coming year, based on ability of importing countries to buy, the situation could be rapidly altered by adverse growing conditions in the export countries and particularly in Canada and the United States.

Outstanding among the changes occurring in available food supplies is the development of a satisfactory position in respect to the world supply of fats and oils. During the past year greater supplies of both vegetable and animal oils have entered into trade. To some extent the increased supply of vegetable oils and animal fats has provided sharp competition to the marketing of marine oils. It is expected that the supply of oils other than marine (e.g. palm oils) will show further increases in 1950.

Table 6  
World Production Of Selected Food Products  
Average 1935-39 And Annual 1946-1949 1/

Commodity	Unit	Average 1935-39 2/	1946	1947	1948 2/	1949
<u>Food products:</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Rice.....:	Bushels :	7,322	7,065	7,102	7,579	7,390
Wheat .....	" :	6,010	5,785	5,815	6,385	6,185
Rye .....	" :	1,730	1,451	1,490	1,665	1,655
Sugar, raw ...:	Sh. tons :	34.7	31.3	33.9	37.2	36.7
Edible veg. oils....:	" "	8.3	8.0	9.2	8.9	9.3
Palm oils.....:	" "	2.7	1.5	2.2	2.2	2.4
Animal fats...:	" "	8.1	6.8	7.3	7.5	8.1
Marine oils ..:	" "	0.9	0.3	0.6	0.6	0.7
Potatoes .....	Bushels :	8,274	7,132	7,468	8,764	7,968
Pulses 3/ 4/...:	Bags :	268	290	281	333	332
Deciduous fruits 7/...:	Sh. tons :	22	21.6	21.9	19.4	22.9
Citrus fruits :	" "	9.6	12.7	13.5	12.7	11.8
Meat 4/ .....	Pounds :	67,000	61,900	65,900	64,700	67,600
Milk 4/ 6/ .. :	"	267,000	5/ 325,000	327,000	267,000	278,000
<u>Feed crops:</u>						
Corn..... :	Bushels :	4,750	5,277	4,826	5,990	5,680
Oats .....	" :	4,364	3,960	3,722	4,200	3,980
Barley .....	" :	2,358	2,085	2,185	2,380	2,250
<u>Total calories</u>						
per cent of 1935-39 .....	Per cent:	100	94	97	103	102

1/ From World Food Situation 1950, Office of Foreign Agricultural Relations, U.S.D.A.

2/ Revised.

3/ Haricot beans, peas, lentils, chickpeas (garbanzos).

4/ In the most important producing countries only.

5/ 1934-38 average.

6/ Omitting Soviet Union, India and Germany.

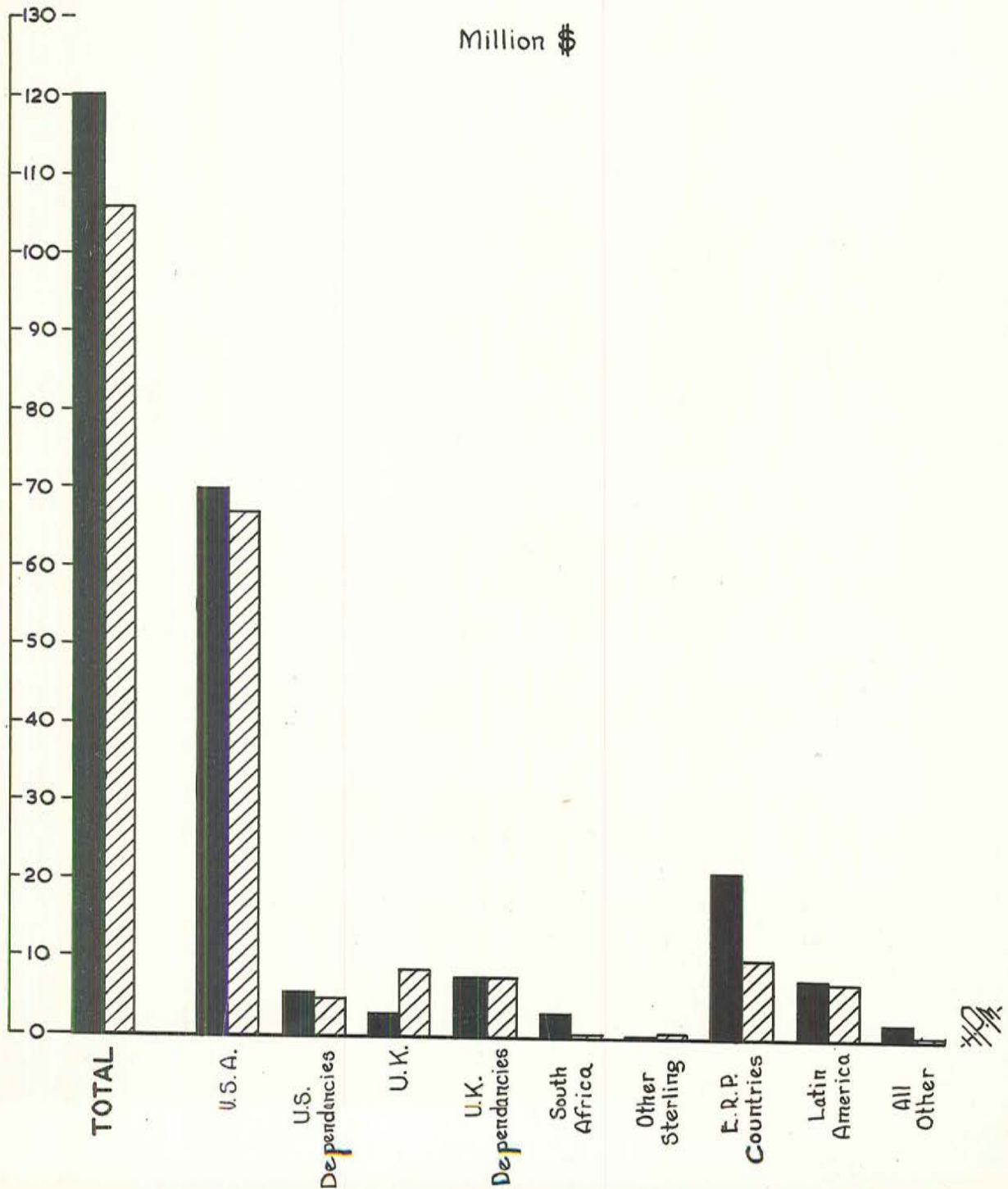
7/ Includes apples, pears, peaches, apricots, cherries, plums, and prunes.

# "CHART C"

## EXPORTS OF CANADIAN FISHERY PRODUCTS (INCL. NEWFOUNDLAND)

1948
  1949

— BY MARKETS —



# General Outlook By Markets

## B I THE DOMESTIC MARKET

In 1950, the domestic economy is expected to operate at a level slightly higher than that prevailing in 1949. Industrial production, currently at comparatively high levels, is expected to increase further as the year progresses. The volume of capital investment for the year 1950 is expected to exceed the high levels of 1949. Should average weather conditions prevail throughout the year, agricultural output in 1950 will be greater than in 1949. If these increases in output are realized, farm cash incomes may be higher than last year despite price declines. Other income factors are also pointing to a continued high level of consumer income.

Based on these internal factors, a survey of the domestic economy for 1950 would justify an optimistic outlook for the marketing of fishery products. This optimism is tempered somewhat by the impact of certain changes which have their origin in external factors. The sharp decline in demand for certain export items (eggs, bacon, cheese, pulpwood, pit props, etc.), has had or will have a direct effect on incomes in areas where these commodities are produced. In some cases the full effects of the decline in exports have been parried by a downward adjustment in production or a re-direction of effort, but nevertheless they may have an effect on fish marketing.

Thus while the overall outlook for 1950 is generally favourable, there are likely to be changes in the pattern of regional marketing. The higher level of industrial activity in 1950 will be a result mainly of increases in consumer goods production, and since these industries are located in the central provinces of Ontario and Quebec, these regions will enjoy somewhat more favourable economic conditions. Curtailment of foreign demand for certain primary products will be felt most heavily in Newfoundland, the Maritimes, and the Prairie Provinces. In these areas, economic conditions may be relatively less favourable than in the central provinces.

Fishery products will encounter somewhat less competition from other protein foods in the Canadian market during 1950. The inroads on levels of fish consumption by eggs has already been noted. However, egg production throughout the remainder of 1950 will likely decline, and by midsummer higher egg prices will make fish relatively more attractive. Prices of meat are high at present but may fall somewhat for beef prices have risen in response to heavy demand in the United States and this situation may ease during the summer. Canadian pork prices may fall somewhat from present levels but no great change is expected, although a great deal depends upon how, when, and whether the United Kingdom contract for 60 million lbs of bacon is filled and whether action is taken to lift existing bans on the trade in live hogs and pork products between Canada and the United States.

The present position with respect to supplies of protein foods presents a favourable opportunity for the fishing industry to achieve some gains that might well be permanent in the per capita consumption of fish in Canada. The present scarcity and high prices for red meats is likely to continue well on into 1951 and perhaps will not materially correct itself for at least two years. While at the moment supplies of poultry meat and eggs are relatively good, the unfavourable relationship between poultry prices and feed prices is likely to lead to a reduction in output of eggs and poultry meat which will be most apparent during the latter part of this year and early in 1951. While the present and emerging situation is not by any means unique and will occur again in the future, it is rare and a position as favourable may be some time in developing. Low points in the supply position of the hog, beef cattle and sheep cycles do not occur simultaneously very often. That situation coupled with the outlook for lower supplies of poultry and eggs over the next few months is not likely to be duplicated for some years.

The result of these declines in supplies of relatively important protein foods has been that retail fish prices in general have been well maintained and in some cases increased, as would be expected with supplies remaining approximately the same. However, if over the next six months at least, prices are not increased and fish kept in good supply, the consuming public might respond favourably and take greater supplies. Even further, if retail prices are moderately reduced, and a judicious advertising programme undertaken, the Canadian public would consume fish at a considerably higher rate than otherwise would be the case.

It cannot be expected that the gains in consumption per person per year in a short-run period, of say three to six months, could be held over a long period, especially as meat supplies increase and the relationships between meat prices and fish prices return to normal. If only a portion of the possible gain in the rates of consumption per person were held over the long period it would still be a worthwhile achievement. In order to do so, however, quality standards must be maintained throughout the expansion of supplies.

## B II GENERAL FACTORS AFFECTING EXPORT MARKETING

In as much as during January the Department of Fisheries cooperated with the Department of Trade and Commerce in publishing "World Survey of Fish Trade, 1950", it is not felt necessary at this time to review the prospects for marketing fish in the various individual countries of the world. The comments made at that time are still valid with few exceptions, and they would merely be repeated here. Consequently, the discussion on export markets in this issue will be of a more general nature - except for the prospects in the U.S. market, which are discussed separately.

Lately, the focus of attention in international trade and finance has been on the readjustments in progress since the dramatic devaluation of sterling and other "soft" currencies last September. It is now clear that while devaluation succeeded in arresting the threatening further drain on the sterling area's already depleted gold and dollar reserves, any expectations that this move in itself would mean a swift solution to the international trade problem known as the "dollar gap" were disappointed, as they were bound to be.

Basically, the problem of the "soft" currency countries is that, taken together, they are spending on consumption and new investment more than they are earning from current production or services and from investments abroad. The difference they borrow or receive as a gift from other countries who are earning more than they spend. Changing the exchange rates cannot, of itself, correct this situation and the "soft" currency countries can get out of the "red" only by the difficult alternatives of spending less, earning more, or doing both. Earnings depend largely on productivity, and much of their spending goes toward maintaining and increasing productivity. Savings must therefore come out of the limited amount of unproductive spending - devaluation helps a little in this.

From the point of view of a devaluing country, devaluation is best looked upon as a subsidy on exports to (and a levy on imports from) countries which have not devalued their currencies, or have devalued them but to a lesser extent. It increases therefore both the opportunities and the incentives for exporting to non-devaluing countries, of which the U.S. is by far the most important. To the extent to which the exporter passes the "subsidy" on to the consumer in the form of lower dollar prices (Norwegian sardines, for instance, dropped 14 per cent in price on the U.S. market after devaluation), his competitive position in the foreign market is improved; and to the extent to which he retains the "subsidy" in the form of higher profits in his own currency, the attractiveness to him of that market is increased. The effect should be an increased volume of exports to the non-devaluing countries.

This effect would, however, last only as long as price increases in the devaluing countries do not wipe out the "subsidy". Unfortunately, they will have a tendency to do so. On the one hand the shortages due to increased exports to non-devaluing countries themselves would tend to put prices up, and the higher prices that must be paid in devalued currency for goods and services from other countries would also push up-



wards the general price level in the devaluing countries. In particular, the cost of the imported raw material components of exports, such as the tins for Norwegian sardines, would go up, thereby erasing some of the initial advantages. Imports in general will be similarly affected. At first, the additional cost of goods from non-devaluing countries would discourage potential buyers, but as and when prices of competitive goods from devaluing countries rise, the effect would wear off.

However, some lasting improvement in the balance of payments of the devaluing countries may be expected because the fact that so large a proportion of their production was in the past consumed or invested internally rather than in other countries is partly a matter of tradition and once this tradition is broken by the impact of devaluation, the new pattern of exports may persist even after that force is spent. The contribution which devaluation can make to the closing of the "dollar gap" is, however, found to be not very great, in spite of the publicity it has received. Last December, for instance, nearly three months after devaluation, exports from other countries into the U.S. were less both in value and in quantity than a year earlier.

#### Organization Of European Economic Co-operation

Much more important is the attempt by "soft" currency countries to raise productivity and production and so bring their earnings into better balance with their spending. The most conspicuous effort of this kind is being made by the group of countries forming the Organization of European Economic Co-operation. Helped by Marshall Aid to the tune of \$4 to \$5 billions in each of the last two years, these countries have succeeded in increasing their annual production by about \$30 billion, with industrial output now 10 per cent above pre-war levels and agricultural output only slightly below. Even so, they still have a deficit of about \$4 billion a year with the dollar countries. This is due to a number of factors; one is the loss of overseas investments which earned dollars before the war; another is the fact that although consumption still is lower than pre-war, investment is high and must be if productivity is to increase; thirdly, much of the trade of this group used to be conducted with Eastern countries on favourable terms, but has had to be diverted to the West where the terms of trade are much less favourable; and last but not least, a sizeable proportion of European exports goes to other "soft" currency areas where the proceeds are applied to repayment of debts or otherwise invested so that they are not available for current needs.

To cope with the dollar deficit, the O.E.E.C. countries propose to increase production still further and to devote it partly to an expansion of their dollar exports (where success will depend largely on the continuance of a high level of economic activity in the U.S. - the most important factor in the whole international situation) and partly to replacement of dollar imports. By this means and by gradually reducing investment in their own area, they hope to be able to cut their dollar expenditures by nearly 25 per cent (or over \$1 billion) by 1951/52 and if the dollar export drive succeeds it will further reduce the gap by another \$750 million. But the gap will still not be fully closed and, if consumption and investment is not to fall below what is considered a tolerable level, over \$2 billion

annually will have to be borrowed or obtained as gifts from outside until further progress is made.

There is therefore no prospect of exports from the dollar area as a whole to the O.E.E.C. countries being maintained at their present level, let alone increased, as matters stand now. But while the general level is bound to fall, there may be shifts between commodities. After a stage when more and better equipment was the best answer to the demand for higher productivity, there may follow one in which incentives in the form of desired consumer goods may be more effective. Traditional staple foodstuffs such as salt-cod in the British West Indies and perhaps in some Mediterranean countries or canned salmon as a cheering addition to the diet in the U.K. may come under this heading. Every effort will be made to obtain such goods from "soft" currency sources.

A multiplicity of devices, bilateral and multilateral trading and barter agreements, payment schemes, and "trade-liberalization" programmes are used to this end both within the O.E.E.C. group itself and in its relations with other "soft" currency countries. But if the "soft" currency countries cannot supply all of these goods, then one might expect that cuts may fall less heavily on imports of such commodities from dollar countries and there may even be some, perhaps temporary, relaxations of existing restrictions, especially if, as happens with many fishery products, they represent only an almost negligible fraction of total imports.

#### Sterling Area Countries

Such expectations may be held even more strongly of some of the sterling area countries, such as South Africa, Australia and New Zealand who are not members of O.E.E.C., but whose international trade policies are kept in step with those of the U.K., the most important member of the O.E.E.C. group.

#### Latin America

Although Latin America has not suffered the war losses which have afflicted Europe, most of the countries in this area have a similar problem of overspending. This is in some part due to the loss of profitable markets in the Eastern Hemisphere, but mostly to a greatly increased volume of spending, an aftermath of war-time shortages combined with a wave of general prosperity. The resulting dollar deficit has led to the imposition of fairly stringent import restrictions in most of the Latin American countries, the principal exceptions being Venezuela, Cuba and some of the smaller Caribbean Republics. While thus keeping dollar imports down, these countries have endeavoured to increase dollar exports by subsidizing them in various ways: devaluation, special exchange rates, tax concessions, etc.

In Brazil, Argentina, Chile, and Peru, dollar import restrictions have been particularly severe during the last year, but there are now signs that government measures together with favourable developments, such

as the sharp rise in the price of coffee, are having the desired effect. In Columbia, for instance, import restrictions have already been relaxed and there is hope that Brazil will follow suit late this year. Nicaragua and several other smaller countries are reported to be making progress as in Argentina whose problem is, however, especially great and may take longer to solve.

#### East And South East Asia

The countries of East and South East Asia have made the slowest recovery from war-time dislocation and the political upheaval that followed it and which is not yet over. While large areas have at least temporarily been completely lost to trade with the West and most of the rest of this area is sorely in need of help from the outside world, there is here a vast potential of economic resources which, if they can be mobilized by financial and technical assistance from the West, may eventually greatly increase the total volume of world trade. But this is a long-term proposition, the realization of which depends largely on the political and economic policies of the U.S.

### B III THE UNITED STATES MARKET

In the first quarter of 1950 economic activity in the United States has been slightly higher than at the close of 1949. In general there has been continued strength in aggregate demand, as reflected in continued high levels in the retail trade which has given an impetus to industrial activity once excess inventories were liquidated. Personal incomes were increased by substantial government payments to veterans which bolstered consumer purchasing. Purchasing on the part of business has been following the volume of sales closely, in contrast to a reverse situation in 1949, when business held back while the peak value of manufacturer's inventories was sharply reduced. New orders to manufacturers rose sharply at the beginning of this year and industrial production and manufacturer's sales have generally increased all along the line. The coal strike interfered with some industries, but following settlement of the dispute, trends were picked up again and in some cases the rate of output increased rapidly. Government expenditures are remaining steady at a high level, and the foreign aid programme is continuing. Private capital formation is increasing again - in particular there is a continued and improving strength in residential building and in business outlays for plant and equipment.

Prospects point to a continuation of the high level of demand in the United States this year. Automobile production is expected to continue at present high, or even accelerated rates. There is no sign of a diminution in residential building activity.

The expansion in consumer credit toward the close of 1949 and the accelerated rise in volume of credit outstanding during the early part of this year has played a considerable part in the high level and buoyancy of demand. The volume of credit in relation to disposable income is now more representative of normal conditions and from that standpoint should not be considered as an unfavourable situation in itself. However, should expansion on the basis of credit continue at the rates of the past three months, it would be a cause for apprehension in the latter part of this year if it ties up too high a ratio of current disposable consumer income in payment for past commitments.

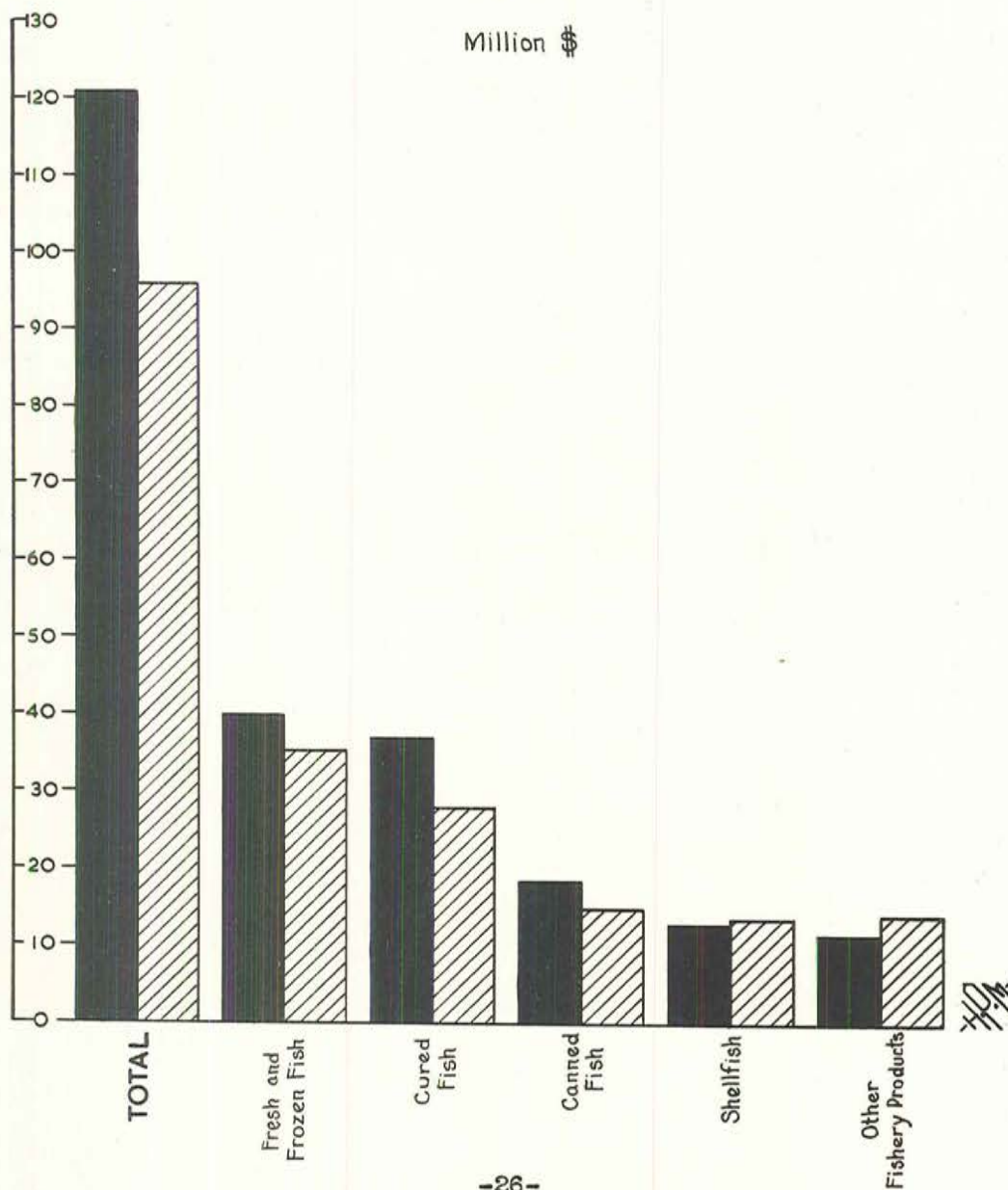
With general demand prospects good, Canadian fishery products are in a relatively favourable competitive position in the United States market. While total meat production in the United States is expected to be higher throughout the whole year 1950; the bulk of the increase will occur in the second half of the year. In the meantime meat prices are relatively high. To the extent that the full effects of devaluation have not been realized, prices of Canadian fish may still have an element of compressibility to carry into the competitive United States market. Within the United States market, the competition of fish imports from other countries has been increasing, in part the result of the drive to pick up dollar sales and in part to the return of the fish trade of some countries to normal conditions.

**"CHART D"**  
**EXPORTS OF CANADIAN FISHERY PRODUCTS**  
**(INCL. NEWFOUNDLAND)**

1948
  1949

— BY TYPES —

Million \$



# Market Outlook By Types Of Products

## C I FRESH AND FROZEN FISH

In Canada as well as in the United States, the only important export market for this group of fisheries products, demand for the more popular as well as the cheaper varieties has been good throughout the fall and winter months. This is reflected in the lower inventories for both countries, as compared with 1949, and applies particularly to the more popular varieties (excepting rosefish fillets in the case of U.S. holdings). Of course, lower landings of some varieties, principally groundfish, have contributed in some measure to the present favourable stock position but particularly encouraging is the continued high level of consumer demand. With much unfavourable fishing weather along the North Atlantic coast during March, it appears likely that holdings of frozen seafood will show further substantial reductions and thus contribute to future market strength. Stocks of frozen Canadian Inland fish and Pacific seafood are comparatively light and in the case of most varieties will probably be reduced to low levels before summer fishing commences.

Considered as a whole the North American economy does not show any ominous signs for fish sales during the current year. Greater availability and lower prices for some competitive foods are bound to be reflected to some extent in selective buying and thus militate against sales of fish over the short period. On the other hand if meat prices generally hold at or near present levels they will serve to counteract, if not counterbalance, such competition.

Apart from seasonal price fluctuations common to the fish trade, it would appear unlikely that the present general price structure will suffer any major change in the course of the next few months.

### Groundfish (Cod, Haddock, Hake, Pollock, Cusk and Rosefish)

Excellent demand and lower landings of the varieties noted (except rosefish at U.S. ports) are reflected conspicuously in the lighter Canadian and U.S. storage stocks. With the exception of some Lenten specials in retail prices, the price structure for this group has been fairly stable in recent months and might be expected to remain so.

### Halibut and Salmon

Winter and early spring sales, both domestic and export, of these popular and relatively high priced seafood (confined largely to West Coast production) appear to have been maintained at very satisfactory levels. Stocks of frozen halibut were slightly higher at April 1 than on the same date last year, but stocks of frozen salmon, all species, about 200,000 pounds lower on the same basis of comparison. The volume of sales during the Lenten season was very high. As long as meat prices remain high, these types will be relatively attractive, and the new catch should sell readily.

## Freshwater Fish

In sharp contrast with the marketing problems experienced in 1948 and the first part of 1949, sales of freshwater fish in the latter part of 1949, were maintained at a high volume. Exports for the whole year exceeded those of 1948 by 6 million lbs. with an increase in value of \$0.5 million. While sales of freshwater fish are affected to some extent by competition from seafish, consumer preference is a more potent factor as evidenced by the demand for fresh and frozen Canadian inland species in the larger freshwater fish markets in the U.S. To all appearances these markets look promising for 1950.

## C II CANNED FISH

As was anticipated, 1949 proved to be a difficult year with respect to export sales for all varieties of canned fish, but for the most part the difficulties were met by vigorous action on the part of producers to increase domestic sales or on the other hand to limit the packs of several varieties to carefully estimated requirements. The same general policy would appear to be necessary for 1950.

### West Coast Canned Fish

Salmon: A shorter pack than estimated plus an E.C.A.-financed \$7.15 million sale to the U.K. and a vigorous co-operative advertising campaign by the packers as well as private brand advertising featured this item in 1949. The canned salmon packers are assured of a \$5 million purchase by the U.K. from the 1950 pack, in addition to which domestic market demand should be at least as good if not better than in 1949. The latter assumption would appear reasonable in view of the fact that this popular product was in extremely short supply in Canada for a number of years and is known by the public to be available again in good volume, particularly the medium and lower priced varieties.

Herring: The quantity packed in 1949 was 78,000 cases, which is a drastic cut back to less than 20 per cent of the 1948 pack, only 5½ per cent of the 1947 pack and an even smaller proportion of the record pack of 1945 (1.4 million cases). This is indicative of only a slow trickle of export orders and limited domestic demand. However, these comparisons with the exceptional wartime and post-war packs are less valid than the favourable comparison with the pre-war pack. The prospects for 1950 appear to be about the same as for 1949, although different products are being experimented with, which may pull up demand.

Tuna: Canning of this variety in 1949 amounted to approximately 40,000 cases (48/½s), about the same as in 1948, to meet domestic demand.

### East Coast Canned Fish

Sardines: The relative scarcity of sardine herring throughout 1949 in the turbulent waters of Passamaquoddy Bay and adjacent areas resulted in a pack substantially lower than the packs of 1947 and 1948 but still somewhat larger than the long-term average. The smaller pack, the increasing acceptance of

Canadian sardines in the domestic market, and the combined efforts of packers to push sales in all export markets not closed by exchange restrictions, all contributed to the 1949-50 marketing situation which is perhaps best described as considerably easier than it might otherwise have been. Sardine packers are entering a new season with little prospect of an immediate reopening of many traditional markets in "soft currency" countries, and if the catch of sardine herring will be higher than in 1949, there will be some marketing pressure. The 1949 State of Maine pack has been largely disposed of, a condition which should reflect favourably on future markets, but on the other hand, the California pack has been high.

Other East Coast Canned Fish: This group comprises canned "groundfish" (chicken haddie and similar types), mackerel, fillets, herring, kipper snacks, tuna and Atlantic salmon. The 1949 packs of the plentiful varieties were small, representing a drastic cut back from wartime levels of production to the more normal peacetime levels. Demand is limited, restricted to domestic requirements, and will likely continue to be due mainly to the lack of any large scale export markets.

### C III CURED FISH

#### Salted Cod And Related Species

While the "mainland" production of salted cod, pollock, hake, and cusk in 1949 was maintained at a very high level, disposals have been effected at a very satisfactory rate despite some marketing restrictions such as in the case of Brazil. On the other hand Newfoundland with a somewhat larger production than in 1948 has met with slower movements in the latter half of 1949 due to her heavy dependence on Southern European markets as well as on the Brazilian market, which have been more cautious in or have restricted their purchases of this product from dollar sources.

The U.S. demand for pickled cod, soft-cure slack-salted and boneless cod of Canadian production was strong and there are few indications at present that it will be less so in the current year.

In the case of dried salted cod, etc, it is known that Norway and Iceland are attempting this year to convert much of their production from fresh and frozen to the dried and salted forms. For the season as a whole, Norway should be expected to produce more salt fish than in 1949, though still not above 1947 levels. The total output of other salt fish producers may also be expected to be somewhat higher. There are other factors which, as yet cannot be fully assessed, such as the attempt of Western Europe to become more self sufficient by liberalizing trade within its orbit, and the amount of dollar funds that may be available to our traditional western hemisphere markets for purchase of this staple item. In these circumstances, diversion of as much as is feasible to the fresh and frozen trade, without unduly affecting the market for that form, has been advised.



## Other Cured Fish

Pickled Fish (Herring, Mackerel and Alewives): With the exception of "spring" mackerel, the production of which in 1949 was substantially greater than that in any recent year, all varieties in this group showed low inventory figures and, providing normal quantities are exported pending availability of the new pack, there should be little or no carry-over. The limited availability of the 1949 pack of pickled alewives, combined with the anticipated increase in the utilization of new catch alewives for vinegar curing purposes, give reason for expectations that stocks of "spring" mackerel will be used up prior to the new pack becoming available.

Treating this group as a whole, the market outlook for new packs appears to be reasonably good although there are indications that pickled herring in the various forms usually marketed in the U.S. will likely meet with more competition from European production and that this will be reflected in somewhat lower prices as compared with 1949. The salt cod picture that may emerge could also affect the pickled fish situation.

Bloaters: Exports of 400,000 boxes between July 1, 1949 and March 1, 1950 and stocks of only approximately 50,000 boxes at the latter date are indicative of the good demand for this product during the period stated. Haiti and the Dominican Republic continue to be the outstanding markets and economic reports dealing with the principal crops as well as general conditions in these countries are quite favorable from the standpoint of their ability to import in 1950. Sales of bloaters to Continental U.S.A. and Cuba declined sharply in 1949 as compared with the previous year, but Puerto Rico took substantially more. Due to currency problems little hope can be entertained for increased sales of bloaters to the B.W.I. countries in 1950.

Dry-Salted Herring (B.C.): Of particular interest is the fact during the 1949-50 B.C. herring season, approximately 3,000 tons of this product were produced for traditional markets in the Far East. Following the total disappearance of the product during the war years, negligible quantities were produced in 1946 and 1947 and only about 300 tons in 1948-49. Future production of this item will depend largely on ability to sell in oriental markets, and though this trade is likely to regain its importance in the long run, in this coming year it will depend on the stabilizing of marketing conditions in this area and the degree of acceptance of non-selective but economical packing.

## C IV SHELLFISH (ALL FORMS)

The principal varieties in this group, lobsters, clams, quahaugs, scallops, oysters and crabs are marketed in several forms including alive, fresh-dressed, frozen and canned. All of them fall in the limited availability category of seafoods and most of them are considered as luxury products. The demand for these products, generally speaking, has been good, in some cases in excess of supply, and to all appearances there will be little if any change in either demand or price structures in 1950 with the exception of course of the usual fluctuations in price due to

seasonal availability.

## C V OTHER FISHERY PRODUCTS

### Fish Meal

The demand for fish meal has continued strong. Production of herring meal on the West Coast proceeded at high levels during the 1949-50 seasons. Export movement was slightly slower but at higher average prices (approximately \$1.90 to \$2 per unit of protein) than in the previous year. With only small quantities on hand, it is not expected that there will be any difficulties in marketing fish meal during 1950, for the market appears to be firm. Supplies of feed grains in the U.S. are large and the rate of feeding continues heavy due to the large number of livestock, swine and poultry being fed. However, there is the threat of the synthetic Animal Protein Factor and the possibility that heavy meal production in Norway, as the conversion proceeds due to the decrease of the fresh market in Europe, will reduce European outlets such as Denmark.

### Industrial Oils

The market for marine animal and fish oils for industrial (both food and non-food) purposes is not expected to recover to any great extent from the market weakness of 1949. Fish oil prices have advanced slightly in the U.S. market, but the large crop of cottonseed and soya bean oils coming up will produce a market situation for fats and oils on the whole not much changed from that of 1949. However the prospect of a low linseed crop in Canada might improve domestic marketings of the next production period. Canadian stocks of oils are not high and there should be little trouble in disposing of these stocks, new production being not as great as in 1949. Supplies of herring oil from 1949-50 production have been clearing steadily at about 7¢ per lb.

### Vitamin Oils

The vitamin oil market has also been depressed during the past year by competition, this time from the natural product from Japan and other countries, and from synthetic vitamin A concentrates.

In 1950, competition from sources such as Argentina will diminish as these areas are tending to go out of production, but on the other hand, Japanese competition will remain as strong.

The following table shows the exports of vitamin oils from Japan in 1949, the entire quantity of which went to the United States market:

High potency	-	975	drums	....	\$1,934,002
Low potency	-	5,233	"		1,652,015
Whale vitamin oils	-	118	"		209,366
		<u>6,326</u>			<u>\$3,795,383</u>

According to present plans, production of vitamin oils in Japan during 1950 will be about 6,500 drums. Approximately 98 per cent of this total will be exported. Recent information indicates that 732 drums of vitamin oils were exported in January, comprised of 106 drums of high potency oils and 626 drums of low potency oils. There were no exports of whale oil in January.

According to information received from the leading Japanese exporters, high potency vitamin oils are being sold from 10 to 11 cents per million units, low potency oils are being sold at eight cents per million units, and whale vitamin oils are being quoted at seven cents per million units (all of these prices are F.O.B. Japan).

The synthetic article also poses problems of added competition, so that the future level of production of vitamin oils in Canada is based on the assumptions that 1) the major source of the vitamin oils will be as by-products, 2) any production of vitamin oils as a primary product will have to be based on low-cost operations and a greater element of risk, 3) a steady market, such as the domestic market, is developed, particularly through the development of concentration processes which will provide a product comparable to the synthetic or that produced from the natural fish vitamin oils but by other processes.

#### Miscellaneous

The markets for other fishery products such as homogenized-condensed fish, fish solubles, fish scales, fish skins, Irish moss, etc. have been expanding and indicate a general upward trend in the utilization of such products of the sea, in new forms and for new uses.

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