

## Export Opportunities for New England Fishery Products

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### INTRODUCTION

Extended jurisdiction has placed an additional 2 million miles of ocean and about 20 percent of the world's fishery resources under U.S. control. Henceforth, Regional Management Councils will mandate allowable catches for resources that fall under U.S. jurisdiction and will allocate those catches to U.S. and foreign fleets. United States allocations will be based on the harvesting capacity of the U.S. fleet.

It will take years for the United States to build to the offshore fishing capability of foreign fleets. Foreign fleets now take over 90 percent of the fish harvested in the 12-200 mile zone, while the U.S. fleet expends 95 percent of its effort inside 12 miles. It is clear that there will be foreign fishing activity in U.S. waters for some time to come.

Extended jurisdiction should revitalize depleted resources and strengthen the overall economy of the fishing industry within 5 - 10 years. Short-term benefits are less apparent. However, in our opinion, the New England fishing industry can begin to realize significant benefits immediately by gradual expansion of fisheries for several species that are now fished heavily by foreign fleets off the New England coast. There are large markets for some of the so-called "under-utilized" species in Europe and Asia, and foreign buyers are already seeking New England suppliers. Fortunately, the New England industry has been laying the foundation for expansion of these fisheries for the past 3 years.

### PROGRAM UNDERWAY

In 1973, when the hope for extended jurisdiction was dim and confidence in

the future of the New England fishing industry was very low, NOAA-NMFS and the New England fishing industry started the New England Fisheries Development Program (NEFDP). Cod, haddock, and other valuable northwest Atlantic species had been seriously overfished during the 1960's. This had disrupted the economy of the industry, caused a disastrous decline in total landings, and reduced the size of the fishing fleet. Industry acknowledged the potential of latent species, but requested assistance to solve the harvesting, processing, and marketing problems that these species presented. The NEFDP was established to provide that assistance.

NEFDP developmental projects are tailored to the problem areas in each species' fishery and include activities such as: reviews of existing data on resource availability and harvesting technology to establish availability and optimum catch rates; development of mass handling and sorting methods for



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vessels and shore plants; investigation of processing technology and product engineering problems as necessary to permit efficient manufacturing of traditional as well as new products; and studies to ascertain the market potential of the species here and abroad.

### NEFDP TARGET SPECIES

The NEFDP has a 5-year plan to increase New England catches of six target species. The following tabular data shows the 1976 total allowable catches (TAC's) and U.S. allocations for the target species in a management area fished by New England vessels. The table reveals that, at this time, foreign fleets have 81 percent of the TAC's for target species in this particular area. This illustrates the tremendous potential for expansion of these fisheries. As stated earlier, as U.S. capability increases foreign fishing will be phased down.



A retail fresh fish market in Milan, Italy. There is a strong preference for fresh fish throughout Italy. Various species arrive in Milan daily by truck, rail, and air.



Species	Metric tons	U.S. quota 1976
Squid	74,000	6,000
Whiting	103,000	27,000
Herring	50,000	15,400
Mackerel	254,000	5,200
Red Hake	42,000	7,000
Misc. Species	150,000	68,000
<b>Total</b>	<b>673,000</b>	<b>128,600</b>

## EXPORT OPPORTUNITIES

The NEFDP is working to expand domestic markets for the target species as well as for eels, mussels, skates, off-shore crabs, and ocean quahogs. However, these species are relatively unfamiliar to the American public and progress will be slow. European or Asian consumers are probably no different in their attitude toward new and different products, but because of their ethnic backgrounds, fishery products are much more favored on the menu. Therefore, the prospect for rapid expansion of foreign markets for some of these species is infinitely more promising.

The enormous foreign fisheries for the NEFDP's target species off the New England coast testify to the popularity of these species in Europe and Asia. User countries are uncertain what effect extended jurisdiction will have on their future supplies and they are obviously concerned. Indeed, shortly after the Fishery Conservation and Management Act of 1976 was passed by Congress, foreign buyers began contacting fishery firms along the eastern seaboard to inquire about their future production plans. These direct contacts, the increased exports of some of the target species in recent months, the results of a European study conducted by the NEFDP, and reaction to the target species at a European food show in April 1976 confirm that the New England fishery has a real opportunity to increase its foreign trade.

## EUROPEAN MARKET STUDY

In 1975, the NEFDP financed an illuminating study of Western European markets for squid, whiting, dogfish, mussels, skate wings, and monkfish (anglerfish) tails. The study report provided information on imports and exports, consumption, and market form preferences on each species, by country. The report also gives general



Prospective European buyers sample New England underutilized products at the Milan Trade Show sponsored by the New England Fisheries Development Program, April 1976.



Street sales are common in coastal cities, such as pictured here in Vigo, Spain. The per capita consumption of fish in Spain is over 30 pounds per year.

country specifications for each species. The report is most comprehensive and we will not try to summarize the very specific information it contains in this paper. However, we can convey the general message of the results.

The report concluded that there are large potential markets for New England squid and whiting and somewhat smaller but significant markets for the

other species included in the study in Western Europe. It points out that West European buyers are extremely skeptical about the ability and desire of U.S. firms to supply the quantity and quality of fishery products demanded by the European market. Past performance of U.S. firms has been generally poor. However, European companies are very concerned about



Early arrivals inspect cod for freshness at the Hull, England, wholesale market. Most of this fish comes from Icelandic waters and is sold daily at auction.

future supplies and are eager to do business with New England producers. The foreign buyers interviewed cautioned New England companies that they must be prepared to ship quantities ordered, and shipments must be made on schedule. Furthermore, producers must understand that shipments that fail to meet quality and grade specifications will be rejected. They should also expect to encounter strong domestic and third country competition in terms of quality and price. Foreign buyers do not feel that the obstacles to rapid expansion of trade are insurmountable.

### MILAN INTERNATIONAL FAIR

Two representatives of the NEFDP displayed underutilized species and interviewed hundreds of European buyers at the 52nd annual Milan International Fair in Milan, Italy, 14-23 April 1976. The NEFDP exhibit was located in the U.S. Trade Center, a permanent facility on the Milan Fair grounds that is operated year round by the U.S. Department of Commerce. Over 3 million people toured the enormous fair during its 10-day run. Several hundred food buyers visited the fishery products exhibit, and a majority of them expressed interest in importing one or more of the products.

Only one New England producer attended the fair. This was unfortunate. Producers of several of the products would have had opportunities to close numerous transactions on the spot. However, the representatives were able to answer hundreds of questions, and they gave price information that had been furnished by producers.

Fourteen seafood companies sent products to the fair. The display featured round long-fin and short-fin squid, round whiting, frozen eels, monkfish tails, canned herring, minced dried salted cod, red crab meat and red crab knuckles, flounder roe cubes, breaded dogfish portions, skin-on and skinless dressed dogfish, breaded mussels, and other products that were not of direct interest to the New England industry.

As expected, squid and whiting were the most popular products. The European study had established that squid and whiting are major consumption items in Italy and other Mediterranean countries. Italian buyers expressed a strong preference for long-fin squid, *Loligo pealei*, while Spanish and English buyers were prepared to purchase great quantities of both long-fin and short-fin, *Illex illecebrosus*, squids. There was strong interest in frozen eels, monkfish tails, and dressed dogfish; moderate interest in the other products.

Upon returning to this country, the NEFDP representatives disseminated the names, addresses, telephone numbers, and telex numbers of several dozen interested European buyers. An industry seminar was conducted in Boston to report the results of the fair. Experts in the technical aspects of exporting were present to acquaint industry members with exporting procedures.

As a result of this effort, exports of squid have increased steadily in the past few months. More importantly, numerous firms have established contact with foreign firms and New England firms have sent representatives to Europe to meet with buyers. Interest in exporting is definitely on the rise.

### QUALITY FOREMOST

Under extended jurisdiction, foreign fishing will decrease as U.S. harvesting capability increases. New England has the opportunity to increase exports of certain "underutilized" species fairly rapidly and should serve as the incentive to develop this fisheries provided certain shortcomings are overcome. The lack of experience in processing nontraditional species to European quality standards is the main disadvantage. European consumers are fresh fish oriented, but inadequate supplies have forced consumers to accept frozen products as "next best" provided that most of the "fresh" quality has been preserved. As a result, many species of fish are processed and frozen at sea aboard factory vessels. European importers are quite aware of fish processing and handling practices as they are carried out by our industry. They are somewhat skeptical about our ability to produce the quality required for their markets. They know, for example, that our vessels ice their catch and process them after landing. This practice may be acceptable for some groundfish species, but raises some eyebrows with regard to other species, squid for example.

In order to overcome the generally poor reputation that exists in Europe for New England products, processors will have to familiarize themselves with the quality and grade standards required. Strict adherence to these



standards must be maintained for continued and lasting relationships.

### PROCEED WITH CAUTION

Most New England fish processors represent small firms. They are accustomed to dealing with other individuals or companies conveniently accessible to them. The type of pack, quality of the product, method of shipment, and terms of payment are usually understood by buyer and seller. Exporting, on the other hand, is much more complex. Often buyer and seller have never met. Misunderstanding about species, quality standards, and terms and method of payment can arise.

Prices of certain fishery products can often be misleading. As an example, during the spring of 1976, representatives from Spain and Japan, as well as U.S. brokers, were traveling up and down the East Coast attempting to purchase squid. Price information was confusing but seemed to vary consider-

ably from \$0.45 to \$0.75 per pound. The difference probably reflected the quality of the pack. This type of activity could lead to serious consequences in the future. Overzealous processors attracted by apparently favorable prices may find themselves with excess inventories, packed on speculation for markets that do not materialize. This could be caused by a number of factors. Third country competition could affect the price structure, for example. A domestic fleet supplying the total need of the country or changes in a country's economical situation regarding balance of payments could also affect U.S. exports.

### COLLECTIVE INDUSTRY PARTICIPATION

Exporting fishery products can be a profitable business. Certainly vast overseas markets exist for high quality fish and shellfish now, with greater promise for the future. In some

instances, importers requiring hundreds of tons of certain species have been identified; orders much too awesome for most domestic producers to fill. It might be well for the New England industry to consider organizing into an association to collectively represent their interest in exporting fishery products. Members within this association would have knowledge of the mechanics of exporting as well as up-to-date information on the availability of products to export. Thorough knowledge of markets and price information could be gathered and used to predict the outlook for certain species in certain countries. Information on packing requirements and quality standards would be sought from foreign importers and established as criteria for U.S. processors to adopt. Establishment of such an association could provide small processors market opportunities for diverse species that he otherwise would be reluctant to undertake on his own.

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