



PUHA NEWSLETTER

P.U.H.A.
NEWSLETTER

VOLUME 8 ISSUE 2

APRIL 15, 2007

OFFICE

604-524-0322

FAX

604-524-1023

E-MAIL

puha@telus.net

WEBSITE

www.puha.org



INSIDE THIS ISSUE:

President's Report	1
D. & D.	2
D. & D.	3
Marketing	4
Marketing	5
Biologist	5
President's Report	5

President's Report — MIKE FEATHERSTONE



The season is nearing a close with just over 50% of the TAC harvested (by the beginning of April). Less than 70 licences have validated leaving PUHA with a budget shortfall of over \$200,000. To cope with this unexpected challenge PUHA has cancelled the Joint Project Agreement with DFO, reduced the CAFI activities, cut back on the OGM coverage, consolidated landings to reduce validation costs, stopped funding our biologist and requested bridge financing from DFO to cover our science and research programs.

I have met twice with the Parliamentary Secretary to the Minister of Fisheries, met with the DG for C&P in Ottawa, provided a presentation to the Seafood Value Chain Roundtable in Ottawa, written the Minister of Fisheries, met with the Pacific Region ADG for Management in Ottawa and applied to appear before the Standing Committee on Fisheries and Oceans, along with 17 other Fishing Associations, to request a full appropriation from Parliament to cover all Fisheries science and research across Canada.

The beginning of all this activity started with the Sea Urchin Summit which PUHA and the WCGUHA hosted on March 6, 2007 in Vancouver. The Summit was sponsored by the Seafood Value Chain Roundtable, Agriculture and Agri-Food Canada in cooperation with the BC Seafood Alliance. The purpose of the Summit was to review, discuss and prepare an action plan based on the recommendations of the Benchmarking Study on competitiveness in Canadian sea urchin fisheries. PUHA is preparing a special report of the Summit and the recommendations generated by the group, including a political action plan for all members to raise the awareness of our challenges. All the summit proceedings will be posted on the website in the near future.

As far as next season, PUHA is preparing for the worst. D&D has been very helpful in spite of the financial challenges and we are developing an alternative revenue system for the validation program which will encourage consolidated validations to balance the costs. There are proposals for a basic Association fee to cover core activities and an alternate system of electronic vessel monitoring combined with reduced OGM coverage to meet the DFO requirements for C&P coverage. PUHA is also applying to have DFO refund the \$530 annual licence fee for any licences who validate to fish in 07 -08. As touched on above PUHA also hopes that DFO will fund our science and research.



D. & D. PACIFIC

South Coast

There has been minimal fishing activity over the last few months. Vessels were active in the Victoria area and randomly up the eastside of the island. The south coast has achieved almost 77% of their quota, with the majority of pounds remaining in the Barkley Sound area. Bates Pass still has a large amount of quota, but the sea otters seem to have consumed the 78, 000 pounds that are still left in the area.

The south coast monitoring costs have again far exceeded the budget. The individual offloads in multiple ports on Vancouver Island has left the budget in the red. The south coast fishery seems to exceed their budget every year as an increasing trend of single vessel landings at multiple landings ports over time as exploded. The unloading of the product has suffered as a result, and fishermen have started offloading their own product and even trucking to Vancouver themselves in order to continue fishing. The unloading and validation in the south coast has changed dramatically.

North Coast

The fleet moved to the Queen Charlottes to harvest in the east side quota areas. Fourteen vessels headed over with Jeremiah, and have had a productive week with only a few days of downtime due to weather, and buyer shutdowns. The fleet is on their final few days at the bottom of the Charlottes during the week of April 4th.

It has to be noted that there is enough quota on the mainland to fulfill the active vessels remaining quota, but the importance of PUHA harvesting in the Charlottes relates to maintaining the rights to continue fishing in the Charlottes. The federal park being established for Moresby Island has strict guidelines for historical rights to fish within a federal park. PUHA must maintain their activity in the area in order to maintain fishing rights on the Island. The memory of the Sea Cucumber fishery still haunts everyone as that fishery has yet to return to the Charlottes since they ceased fishing the Islands nine years ago.

The north coast has achieved 45% of their quota including the harvest from the Charlottes up to April 4th. After the Charlotte fishery, the fleet will resume fishing on the mainland with a fishing schedule that will see the fleet move from Banks Island in a southerly direction ending up in the Smith / Grief Bay quota areas.

With budget and fleet size issues, the north coast fishery will operate only one fleet, as there will not be enough vessels to operate two fleets and cover the costs for packing, offloading, trucking of product from Prince Rupert and Port Hardy. The processors need to fill a truck completely to justify the cost of trans-shipment to Vancouver.

continued on page 3

Coast Wide Fishing Effort

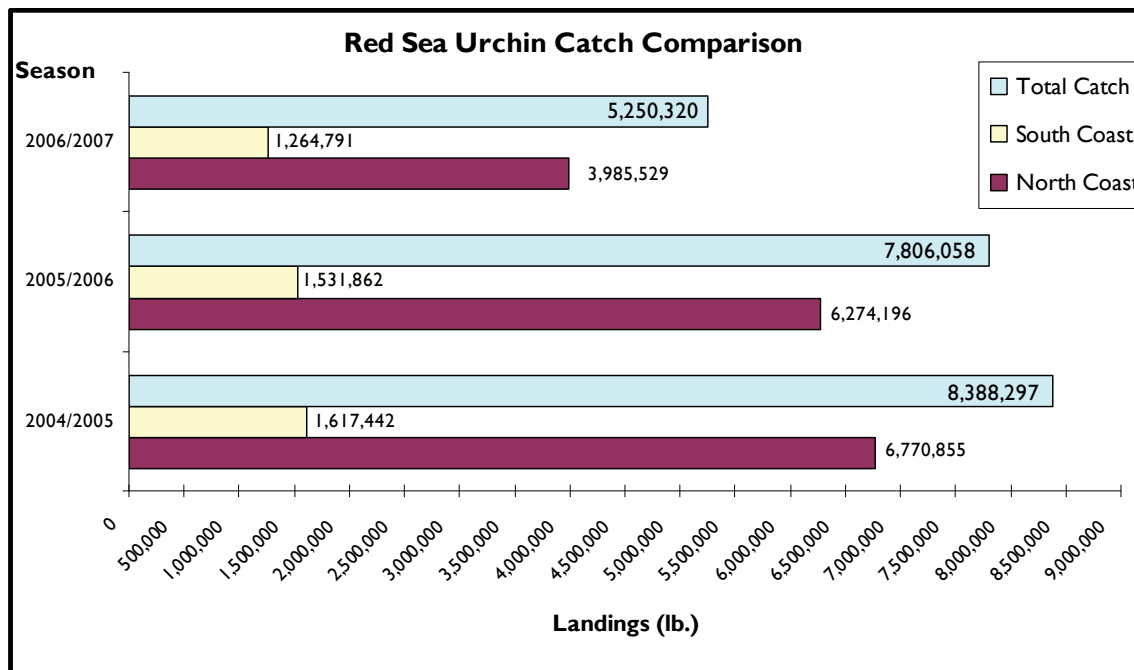
To date, Industry has achieved 49.8% of the TAC. D&D anticipates 55% of the TAC will be achieved by the end of April. D&D expects minimal activity in the south coast and the balance of the season will come from the north coast fishery.

It will be important for industry to maintain a supply of product to the market, but at what level and cost is uncertain. D&D is working very hard to provide PUHA with the ability to maintain fishing opportunities while industry is financially troubled. Efforts are being made by PUHA to reduce the 2007-2008 season financial responsibilities to DFO in order to maintain fishing opportunities during the poor market conditions industry is working through as a result of the IUU fishery in Russia.

A quick note on the green sea urchin fishery:

By the end of the regular season, less than 7% of the TAC was achieved. The Association asked DFO for an extension into March, which was granted, and the fishery closed achieving 12.8% of the TAC. Almost half of the TAC was landed in March.

Red Sea Urchin Catch Comparison (August of every season to April 1st)



Season	North Coast	% Quota Taken	# of Licences	South Coast	% Quota Taken	# of Licences	Total Catch	% Quota Taken	Total # of Licences
2004/2005	6,770,855	74%	84	1,617,442	97%	17	8,388,297	78%	101
2005/2006	6,274,196	69%	81	1,531,862	92%	17	7,806,058	72%	98
2006/2007	3,985,529	44%	52	1,264,791	76%	16	5,250,320	49%	68

The 2006/07 season can be best categorized as variable and unpredictable, both from the perspective of the market in Japan and the weather affecting operations along the BC coast. The annual report for the Canadian Agriculture and Food International (CAFI) Marketing Initiative includes a fairly extensive examination of trends affecting the economic climate and markets internationally and in Japan, including recent news on Illegal, Unregulated and Unreported (IUU) fishing and on conditions in Russia.

Continuing and reportedly increased activity in a Russian IUU urchin fishery in the Kurile Islands had cascading effects throughout the Japanese sea urchin products market that had detrimental impacts on demand for BC product. The impact was again especially severe on the Green Sea Urchin (GSU) fishery as less than 10% of the Total Allowable Catch (TAC) was taken but the impact on the Red Sea Urchin (RSU) fishery was also substantial. Although the final tally for the RSU fishery is not yet in, it appears that only about 76 (of 104) licences were actually activated this season and that less than 70% of the TAC was taken. In absolute revenue terms this is a larger impact than that imposed on the GSU fishery.

The weather patterns over the BC coast this past season have been characterized by high winds, cold temperatures and heavy precipitation to a degree that this past winter is generally acknowledged as severe and bizarre, although recent research on global warming and pollution impacts on the North Pacific suggest that it may become more the norm in the future. The impacts of the weather this winter on the North and Central coast RSU fishing operations were serious, adversely affecting the continuity of supply and limiting the fleet's ability to take advantage of the intermittent market opportunities which arose when the Russian IUU deliveries were cut off. The Japanese market is very sensitive to sea urchin product availability from the Russian IUU fishery, mainly because overwhelming volumes from this fishery subsequently flood the market with low cost product.

Sea urchin products from Canada have not as yet developed sufficient distinction in the Japanese market that demand for them is not affected by abundant low-cost alternatives. In contrast to this, RSU product from California has apparently achieved a greater degree of 'immunity' even in Japan. This results, in part, from stable domestic US sales which reduce their reliance on Japan but they have also built an identity as a 'brand' in Japan that translates into constant demand as a prestige or luxury product where the value allotment is independent of cost *per se*. This may be a prominent example of co-branding as at least some of its distinction no doubt arises through association with the idealized image of California projected to all world markets through Hollywood (entertainment) and perhaps Silicon Valley (innovation), undoubtedly among the most dominant brand icons ever known.

The industry in BC has recognized an enhanced brand identity for BC urchin products may well provide benefits in the market and is embarking on a program to this effect. The effort this past year included ongoing enhancements to the website, a redesign of the PUHA brochure that better accommodates the Brand Canada guidelines and continuing communication with all members on the importance of producing the best possible quality. The industry has also started profiling the post-harvest product temperatures and is examining other quality assurance measures with the aim of developing objective metrics that will be useful to all participants in the production, distribution and, eventually, consumption of the products.

The SUFC group completed the activities listed in the project schedule for the year save for the annual trip to Japan just after the start of the season. Delegates did commit to the trip but unfortunately events kept intervening and the forcing delays and eventually made the trip unfeasible this year. The Marketing Committee though has already endorsed the trip to Japan next year and including the addition of a China leg to identify market opportunities in that country. Delegations did attend the European Seafood Exposition in Brussels and the Tokyo Marine Technology and Seafood Show in Tokyo in 2006.

BIOLOGIST —NEWS

Quota recommendations for the 2007/2008 fishing season have been calculated with the new Linear Shoreline Length model for red sea urchin habitat. These calculations are dependant upon the availability of stock status data. PUHA and DFO would like to thank the fishermen who participated in the data gathering sessions for the new model as this allowed much greater flexibility in quota recommendations.

Although the initial coast wide quota recommendations from the new model are lower than in 2006/2007, the new model has greater capability to adapt to otter expansion, allowing longer term sustainability of quotas at current levels. The new model also has potential to increase quotas from their existing levels; however this is dependant upon further development of the model along with cooperation between Industry and DFO.

The suspension of the science research program and budgetary constraints have put planning for the upcoming field season on hold. DFO is hopeful to survey the Tofino research site but there are no further surveys planned for the 2007 field season.

These surveys are a critical component of the quota recommendations model. With only one survey completed in the previous two years, and none planned for the upcoming year, PUHA and DFO are looking for alternative measures to allow completion of the surveys. If you are able to provide a boat or are willing to dive on one of the surveys (approximately one week long) please contact PUHA

President's Report —continued

This is the worst season in history, poor prices and reduced landings, compounded by escalating fuel costs and a hot economy which draws away divers and tenders. PUHA needs to work all that much harder to overcome these challenges to ensure our future. Without a doubt as soon as the Russian landings drop our market shoots up - so there is some hope for the future.



Marketing —continued

A Sea Urchin Summit built around the recommendations of last year's Benchmark Report on BC's Sea urchin Fisheries was held in the first week of March 2007 at the Marriot Pinnacle Hotel in Vancouver. The summit was funded by the Agriculture and Agri-food Canada and was attended by some 48 delegates including representatives from PUHA, the West Coast Green Urchin Association, California and Alaska harvester associations, DFO Science, DFO Management (Vancouver), DFO International Trade (Ottawa) and the BC Seafood Alliance. Masao Hashimoto, a Japanese processor from Sapporo Hokkaido trying to affect change in the Russian IUU fishery also attended. The summit examined issues affecting sea urchin fisheries with a bit of a focus on the Russian IUU situation and y was considered very successful by all who attended. The Proceedings for the summit are included as one of the Appendices for the report.