



PUHA NEWSLETTER

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PRESIDENT'S REPORT - MIKE FEATHERSTONE

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In various ways the current season can be viewed as an improvement over last year. Currently we have exceeded the overall catch by 2% (161,942 lbs) and there continues to be 4 vessels fishing. What is unsuspected is that the south coast landings are down slightly (22,262 lbs) in spite of the reduced fees and the efforts to increase landings. Only 23 tabs were activated in the south coast compared to 27 in the previous year. In the north nine vessels took advantage of the incentive plan which allowed for a payment of 50% of the validation fee to encourage late season fishing. If the fishing vessels currently working can continue to find good product this season can continue well into May.

Generally the roe quality and recovery have been good and the weather has cooperated. The supply of product was steady through much of the season and this had an effect of bringing some end users back to our market. It is a key component of any marketing efforts to have a consistent supply available. This is particularly important now that Mexico is competing head to head with us in the Japanese market.

The reduction in fuel costs has also been beneficial to the bottom line for many fishermen. Fuel costs are down considerably from last year and the fleet has matured in terms of the rotation from area to area. Fishermen have also been careful when validating new tabs. Last year we had 61 tabs activated and this year only 58, this has resulted in a better utilization of the active tabs.

In early April a nine vessel fleet traveled to the QCC Islands and fished two of the East Coast quota areas for a total of 277,769 lbs. In spite of the higher costs and the slow market the fleet managed to work 6 days with 3 days off for the market and only 2 weather days. This is the first landings from the QCC Islands in 2 years.

DFO held the Red Sea Urchin sectoral meeting in March with no major changes to the overall quotas or the fishing plan. DFO has requested to move the lottery for the 2009/2010 season to an earlier date. By now everyone should have received the balloting information for the area selection. This will allow DFO to include the licence splits in the new management plan when it comes out in August.

CONTINUED ON PAGE 3

Inside this issue:

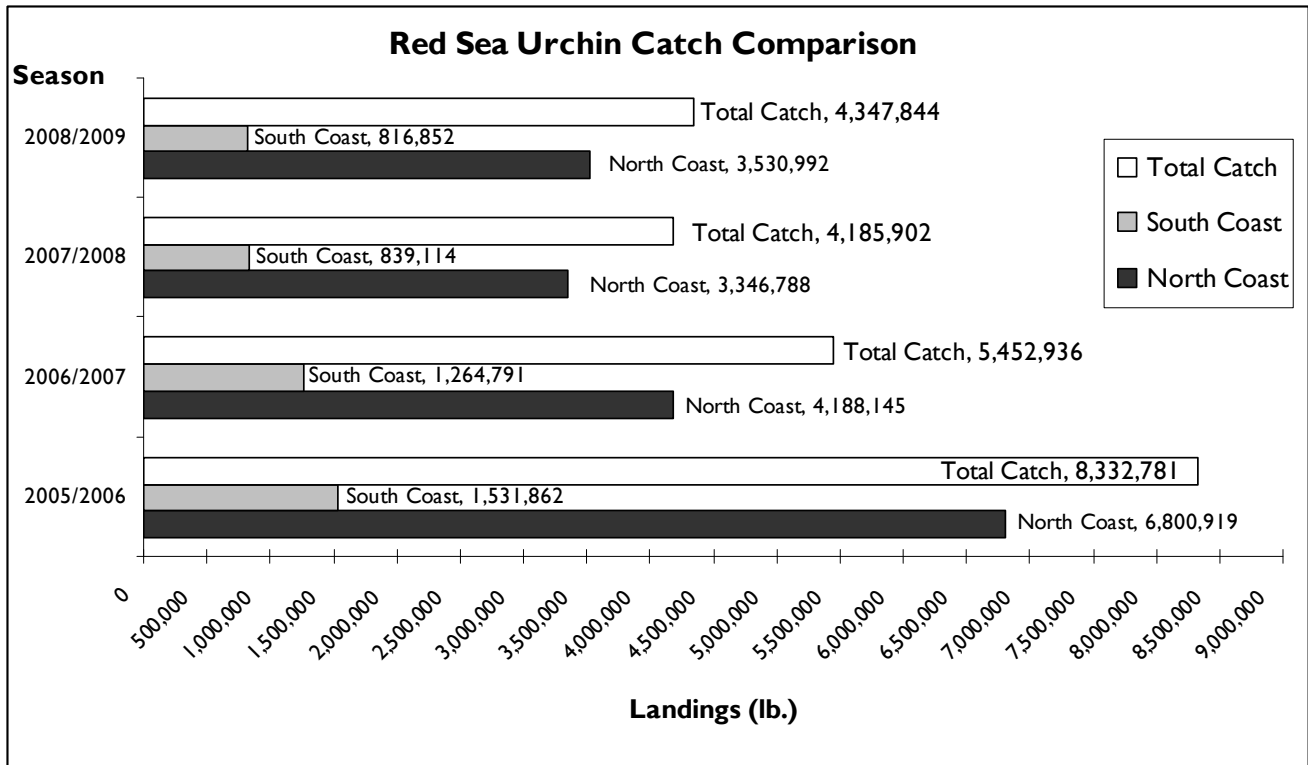
- President's Report 1
- D. & D. Pacific Report 2
- President's Report – 3
- D. & D. Pacific Report— 4
- Marketing 5

D. & D. PACIFIC—DARIN MACEY

So far to date there has been fifty-eight licences active coast-wide. Although a decrease from last season (61), we are ahead in pounds landed (see figure below). The start of the season was slow, even though they started early in some areas. November, January and March had less pounds landed than normal.

The concern for April was whether PUHA can get the fleet to move into the Queen Charlotte Islands for a few weeks before the season ends. A fleet of 9 vessels made it to the east coast of the Charlottes, which was good to have PUHA in the islands working. Last time was over two years ago.

As everyone knows, the world economic situation has hurt the market for sea urchins. We must not forget the weather, the Canadian dollar, buyer conflicts, and the IUU fishery out of Russia. Fishermen did well if you put them against the all of the above issues.



Season	North Coast	% Quota Taken	# of Licences	South Coast	% Quota Taken	# of Licences	Total Catch	% Quota Taken	Total # of Licences
2005/2006	6,800,919	93%	83	1,531,862	92%	17	8,332,781	92%	100
2006/2007	4,188,145	47%	53	1,264,791	77%	16	5,452,936	51%	69
2007/2008	3,346,788	41%	34	839,114	56%	27	4,185,902	43%	61
2008/2009	3,530,992	43%	35	816,852	55%	23	4,347,844	45%	58

CONTINUED ON PAGE 4

The only other issue at the sectoral meeting was the discussion regarding Parks Canada's creation of the "Gwaii Haanas" National Marine Conservation Area. These discussions are still ongoing and PUHA is working closely with the UHA, the sea cucumber representatives and the BC Seafood Alliance to ensure the objectives of the NMCA are met with the least impact to our fishery.

Other items of interest are that sea urchins will be front and center when "**Glutton for Punishment**" premieres on **Monday, May 11, 2009 at 12:30pm and 8:30pm EST**. The episode was filmed aboard the Kuroshio and should provide some great exposure and entertainment. For those of you who wish some more info check the website at <http://www.foodtv.ca/ontv/titledetails.aspx?titleid=106830>

A delegation of 74 members from World Association of Chinese Cuisine visiting Vancouver on May 29th. This group is comprised of mostly large restaurants chains and hotel groups. Fortune House Chinese Seafood Restaurant will be organizing a dinner for this group on May 29th and PUHA will be providing product information and samples for the dinner.

PUHA has scaled back it's promotional and marketing work as a result of last years failed CAFI funding application. Currently, PUHA is developing a new long term marketing strategy. Part of the focus is to promote the Chinese market with attendance at the China Sea Food Exposition and the Hong Kong Food Show. On the domestic side the goal is too provide special promotional events with local chefs and restaurants prior to the Olympics. Both activities are important to the industry's longer term strategic goals of developing new markets and increasing demand. Geoff Krause is preparing the new application for submission May 7.

The research and survey work was all completed last year as scheduled and at the end of the survey season DFO contributed extra funding and an extra south coast survey was added. In the upcoming season PUHA and DFO will survey another 5 – 6 areas, including our experimental management areas. This is significant as it provides DFO with important data to manage the fishery. It is also beneficial to the industry as the DFO is completely funding the current program.

On the downside there is still a lack of cooperation amongst the processors. PUHA advocates an open transportation system which works for the benefit of all fishermen - no matter who they are selling to. Splitting the fleet has negative impacts on the economics of the fishery what with having two off loaders, 2 validators and potentially less efficient transportation costs. We have encouraged the processors to cooperate by setting minimum wholesale prices and working together on joint market initiatives. This approach has worked well for herring which is trying to overcome its own challenges in the Japanese market. Having a fragmented processor group was one reason we lost our CAFI funding last year. During the summer PUHA will try again to get the industry cooperating where possible. It's a matter of defining more appropriate objectives than trying to succeed by hurting others, when in fact the outcome is hurting the fishermen upon whom the industry depends.

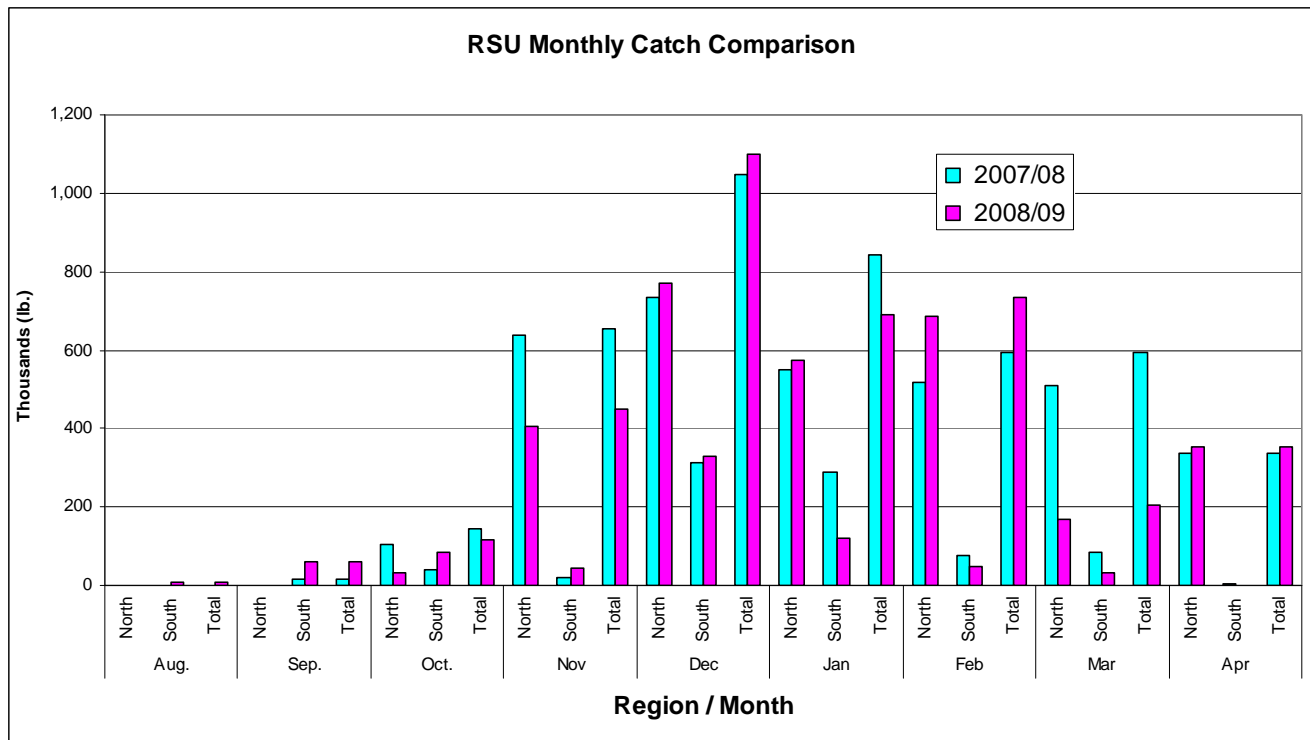
Although the season has had many challenges and we certainly are down significantly from our peak (50% down from 2005/2006 where 92% TAC was landed). It seems as though we have started a small turn around to the upside. If we can keep that upward trend in place and continue to manage our costs next year should provide continued improvement. Watch for upcoming notices regarding the annual general meeting which will be held once the management plan is released. If you have any recommendations for agenda items for discussion please contact Ross at the PUHA office at 604 524 0033 or e-mail: puha@telus.net



D. & D. PACIFIC—CONTINUED

PUHA members and the Canadian processors are doing everything possible to rid this rough wave in the international market. Everyone is trying to work together in efforts to reduce overhead and expenditures. Increasing communication and coordination in areas where it is in the best interest to:

- fill a packer properly,
- not overloading trucks, and
- not to over-supply the market in Japan that has Canadian processors under-cutting each other to the point where no one makes a profit, and
- to protect the fishermen who pay the biggest price at the end of rope, we need to keep fishery participants from leaving the industry.



Balance of the 2008/2009 SeasonPage

At this time, there are 7 vessels hailed to fish Sea Urchins. We have one in the South Coast, and the rest are in the North Coast either in Dundas North or Smith Inlet. The buyer's active in the fishery at this time expressed that they would like to keep buying into May. D&D expects the northern fleet to move into Tree Nob from Dundas in the next week or so, as it is a small travel to port. The Smith Inlet area may be active also into May as long as both ports can supply trucking.

The Port Simpson First Nations approached the Dundas fleet expressing concerns about their Abalone stocks. Discussions were had between the Red Sea Urchin fleet and the First Nation crew from Port Simpson. After the life cycle and habitat of the urchin was discussed, the Port Simpson members felt more at ease with the fleet being there. Good work to the guys on the front line helping everyone understand how PUHA and industry operate on the grounds.Page

MARKETING_GEOFF KRAUSE

Market conditions remain challenging and the global economic crisis is definitely not helping, especially Japan which is again enduring a recessionary conditions in large part because of a brutal reduction in its export sectors. This is affecting primarily the middle and lower income brackets and can be expected to impact sales of Canadian urchin products especially as Russian IUU imports are apparently continuing at levels consistent with the previous few years. I have included a table showing the overall Russian imports, legal and illegal, into Japan which shows total urchin imports from Russia have declined by about 20% from their 2006 peak of about 15,000 MT to about 12,000 MT in 2008. The proportion of IUU product has also apparently declined from about 70% to closer to 55% over the past couple of seasons suggesting more legitimate Russian firms are getting established. Their prices are still very competitive.

There was a recent article in the Moscow Times which looks at the increasing efforts to control the IUU fishing in the Kuriles <http://www.moscowtimes.ru/article/600/42/376303.htm> It actually sounds like the Russian authorities might be getting more serious about controlling the urchin fishing in the Kuriles. The Japanese on the other hand are still not apparently intervening in the trade. The table below details the IUU landings into Hanasaki and it appears they have to reflect the extra regulatory effort, although it is notable that the price declined considerably for the month of February 2009 even as volume was ramping up as per normal. It might mean they were a bit more anxious to move their product.

On another matter, Agriculture and AgriFood Canada has come out with another international marketing funding assistance program which is essentially like the CAFI program which supported PUHA and the WCGUA marketing program between 2003 - 2007. I am putting together a proposal to renew funding for marketing in China and Hong Kong. The proposal will include a trip to seafood shows in Hong Kong in August and in Qingdao in November. We will use what we learn on those trips to establish a new Long Term International Strategy (LTIS) which will be required to qualify for any additional funding in subsequent years. I am working on a project that will include maybe 5-6 guys going to China and 2-3 to Hong Kong as well as a component which will see us 'hosting' delegations and events during the Olympics. The total assumed budget is going to be about \$80K, of which 50% will be covered by the new marketing program.

Total Russian Urchin imports (all ports)

Quantity (kg)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Totals
2000	258,685	217,348	462,376	488,698	827,765	798,017	527,706	276,277	84,116	575,496	869,057	800,847	6,186,388
2001	356,420	386,411	287,913	962,737	1,378,412	919,232	800,908	230,420	256,725	966,887	1,308,598	1,221,156	9,075,819
2002	473,112	892,644	1,263,160	1,167,944	1,233,979	1,017,025	519,258	267,832	249,387	1,027,874	1,047,340	1,365,338	10,524,893
2003	337,043	823,473	480,915	1,221,285	1,428,003	1,208,713	606,316	477,310	395,495	1,245,766	1,281,508	1,433,693	10,939,520
2004	265,797	555,220	1,085,132	1,330,316	1,307,924	1,381,788	870,614	683,124	431,688	1,198,418	1,602,789	1,559,353	12,272,163
2005	1,230,530	1,059,195	1,132,995	1,568,869	1,496,405	1,062,342	952,031	773,132	578,971	881,068	1,598,998	1,491,052	13,825,588
2006	1,078,969	1,466,283	1,151,825	1,340,391	1,506,838	1,683,648	967,601	770,683	327,615	1,273,880	1,517,464	1,939,728	15,024,925
2007	1,348,866	740,679	1,608,850	1,384,635	1,573,253	1,392,252	739,074	532,650	301,347	1,303,546	1,221,816	1,903,874	14,050,842
2008	559,539	548,747	1,380,292	1,513,499	1,265,459	1,215,532	714,715	346,732	246,187	987,510	1,283,072	1,694,945	11,756,229
2009	540,739	818,386	1,068,235										

Monthly volume proportion of urchins from Russia thru Nemuro

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Averages
2000	43.6%	75.3%	56.0%	58.8%	53.8%	31.4%	2.1%	0.0%	15.2%	76.2%	76.7%	79.6%	47.4%
2001	83.4%	98.1%	85.5%	76.0%	63.1%	43.4%	20.5%	0.0%	65.4%	80.1%	89.9%	89.0%	66.2%
2002	91.6%	100.0%	97.4%	84.2%	81.5%	49.2%	26.9%	0.0%	63.5%	92.8%	96.7%	92.0%	73.0%
2003	97.0%	100.0%	95.2%	94.4%	80.8%	80.9%	14.3%	7.4%	37.3%	94.1%	95.3%	90.3%	73.9%
2004	83.1%	91.6%	93.7%	81.8%	75.5%	0.6%	1.0%	1.8%	26.5%	93.1%	97.4%	92.8%	61.6%
2005	92.0%	98.3%	96.4%	82.0%	69.4%	51.8%	23.0%	11.4%	39.6%	87.5%	91.5%	95.4%	69.8%
2006	97.5%	99.3%	90.2%	86.7%	69.1%	49.8%	33.5%	22.5%	43.2%	78.0%	76.1%	92.7%	69.9%
2007	96.6%	98.8%	87.3%	66.0%	66.6%	52.7%	35.6%	9.2%	17.3%	59.7%	81.1%	82.3%	62.8%
2008	86.1%	59.8%	81.1%	84.3%	63.0%	44.9%	33.1%	2.3%	6.2%	50.3%	73.0%	78.2%	55.2%
2009	61.3%	82.0%	84.3%										