



PUHA NEWSLETTER

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RESIDENT'S REPORT —MIKE FEATHERSTONE

The total landings at the end of November were slightly ahead of the 2008 season, however this is misleading as the fishery commenced in October this year and the landings were small but steady, whereas there were virtually no landings in October in the previous season. November is lagging behind previous years and there hasn't been much interest from Japan to pick up the production. Hopefully this will change over the next few weeks. If the demand does stay at this level the industry may be facing a drop in landings this season. This would be a big disappointment as it looked as if the industry had started to turn the corner last year.

The domestic marketing program has been steady with 1 or 2 vessels doing dock side sales in Steveston and 1 vessel selling intermittently at the False Creek fish sales dock. The Steveston vessels have sold every weekend since the program began. One of the keys to developing the market is consistently providing fresh sea urchin every Friday, Saturday and Sunday (Urchin Fridays). There are 3 distributors who have been taking both reds and greens each Friday for distribution. These distributors have been happy with the product but the sales stagnant, not showing much growth. PUHA is going to increase the marketing effort over the next 2 months leading into the Olympics.

The Urchin Friday video is now completed and translated into Mandarin. The purpose of the video is to educate consumers on how to handle, clean and prepare fresh sea urchin. There are a number of great recipes from some of Vancouver's top chefs. The video is another useful marketing tool and will be sold to consumers at the dock side. It will also be provided to distributors for use to educate chefs and retailers who may have not had a chance to use sea urchin in their seafood operations.

On the legal front the BC Supreme Court ruled on the Ahousaht et. al. claim on November 3.. From the UHA newsletter "The judgement is a massive one available at:

<http://www.courts.gov.bc.ca/jdb-txt/SC/09/14/2009BCSC1494.htm>

Inside this issue:

- President's Report **1**
- D. & D. Pacific **2**
- D. & D. Pacific continued **3**
- Marketing **3**
- Marketing continued **4**
- Marketing continued **5**
- President's Report continued **6**

CONTINUED ON PAGE 5

D. & D. Pacific—DON & DARIN

LANDINGS

The total landings coastwide to date is very similar to last season, as of the end of November 7% of the TAC (709,299 lb.) has been harvested. The breakdown of landings by region is as follows; North Coast: 575,386 & South Coast: 133,913. For a more detailed seasonal comparison see below.

FISHING ACTIVITY

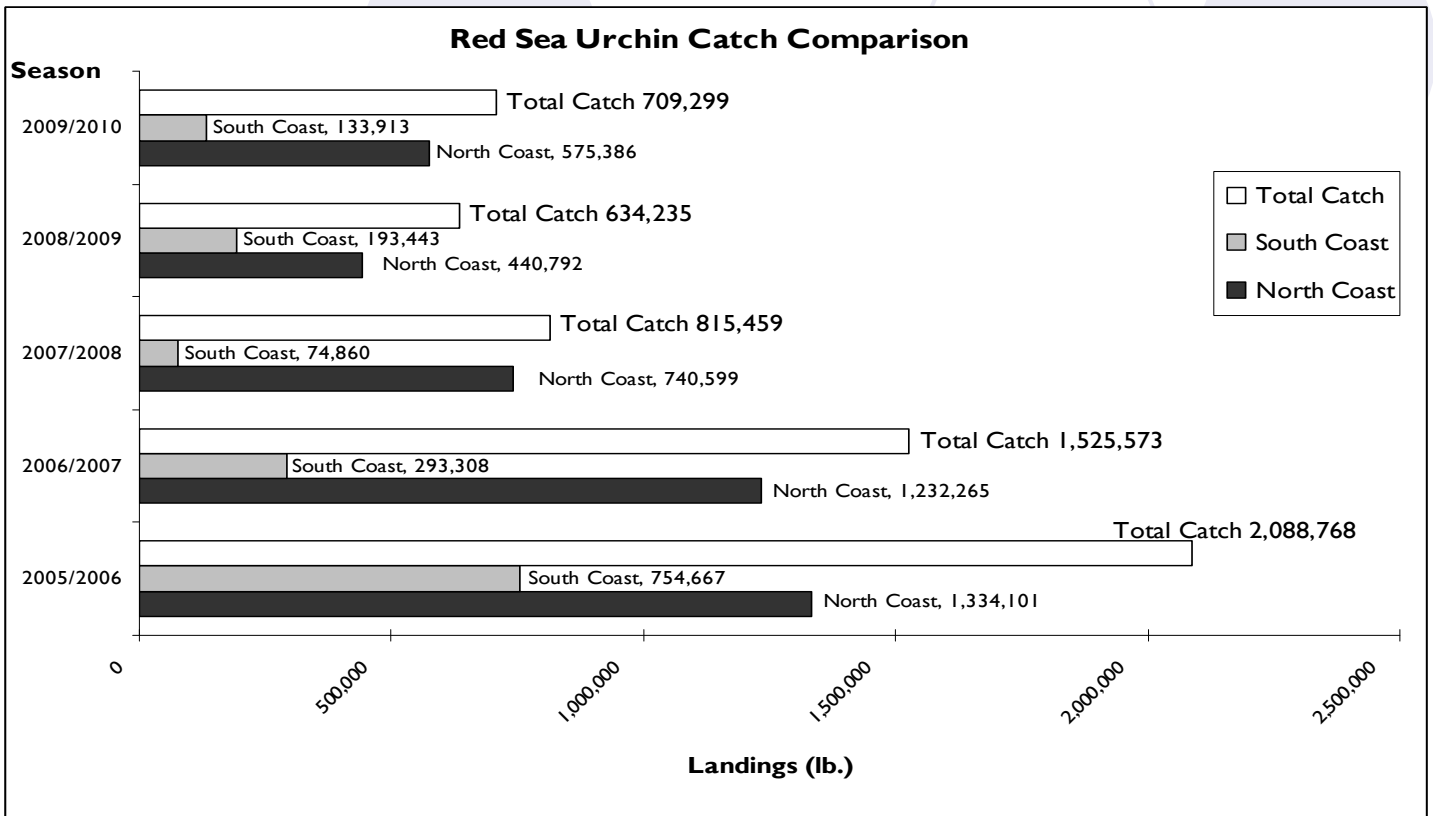
North Coast: Currently there are seventeen licenses registered and eleven vessels active in the north coast. Again, this season certain buyers are not cooperating with each other and are divided into two factions. This forces the fishing vessels into two fleets each with their own transport and offloading infrastructure. From D&D's perspective, it appears that this will be in place indefinitely as there are no indications of any change. Fleet A (*Seagate, Sung*) has four vessels active in RU23 Upper Principe and are on a two day load schedule. Fleet B (*Paladin, GHMP, Territory*) has seven vessels and they are currently active in RU36A Estevan Group East and are fishing alternating days.

South Coast: Currently there are seven licenses registered and three vessels active in the south coast. The landings in the south have been minimal and sporadic; presently there is one vessel active in 12D Pt McNeil and two in the Gulf Islands. There have been two vessels providing public sales regularly every weekend at Steveston with positive results. However, the primary role for the south coast vessels has been to fulfill the buyers demand in-between the north coast supply.

CATCH TO DATE SEASONAL COMPARISON

Landing period: beginning of each season to Nov.30

Season	North Coast	% Taken	South Coast	% Taken	Total Catch	% Taken
2005/2006	1,334,101	18%	754,667	45%	2,088,768	23%
2006/2007	1,232,265	14%	293,308	18%	1,525,573	14%
2007/2008	740,599	9%	74,860	5%	815,459	8%
2008/2009	440,792	5%	193,443	13%	634,235	7%
2009/2010	575,386	7%	133,913	8%	709,299	7%



* Please note, fishers are required to register with the P.U.H.A. prior to fishing and will not be issued a validation log until D&D receives clearance from the association. Fishers will again have the option of registering half a north coast licence at a time starting Jan.01, 2010.

Marketing—GEOFF KRAUSE

Our marketing plan has been unfolding as laid out in the last newsletter. The mission to the 2009 China Fisheries and Seafood Expo followed by a tour of the live and frozen wholesale markets in Beijing to assess some of the seafood distribution infrastructure in that city came off basically as planned. We were to have a food service demonstration in Beijing where we and other Canadian seafood producers would provide a range of seafoods for Chinese chefs to prepare but insufficient interest lead to cancellation of that and substitution of the wholesale market tours. After the China leg, I spent a week in Japan and met with some companies in the Osaka and Mie regions of Japan to get an assessment of their interest in building stronger business ties with Canadian sea urchin producers and to collect any comments or concerns they might have regarding the BC industry. I also managed to check out the uni auction at Tsukiji, chat up quite a few regular folks along the way and gather up some observations on life and living in Japan these days and on our, as in Canada's, profile as far as Japanese people are concerned. For the most part, when I asked what they thought about British Columbia it just drew a blank.

The 2009 China Fisheries and Seafood Expo was held in Qingdao over November 3-5. This show is generally acknowledged as the most important seafood show and the best place to meet Chinese seafood distributors and retailers. Francis Cheung, Tim Joys and Geoff Krause, were on hand in Qingdao on November 2 as exhibitors to set up the booths. I say booths because Grand Hale and PUHA had adjacent booths and Grand Hale provided some fresh and frozen trays for our display.



Marketing—CONTINUED

Tim brought some live greens to display but these were unfortunately seized at the Qingdao airport because live samples require special documentation that we were lacking. Mike Featherstone was also planning to attend but contracted the flu the day before we left and had to cancel. Pat Fantillo from RBS Seafoods came in on the 3rd and stayed for the duration to help out with the booth.

The attendance at the show was lower this year than last, likely in large part because of the world economic situation, but even then there was still lots going on. This year we were set up with a DVD and TV along with some brochures and the fresh and frozen product for display. We had a fairly steady stream of visitors come by and met a good half-dozen people expressing interest in importing fresh and/or frozen product into China, Hong and/or Taiwan. There were also lots of others interested in facilitating trade, helping out with logistics and/or developing targeted marketing programs for various cities in China. I understand that Francis made contacts there that have led to some sales and hopefully we will be hearing some more good things from this.

I think the consensus is that China holds great promise in the not too far future as far as urchin product sales go. They are not well versed in the beauty and wonder of uni at this point and some consumer and chef demonstrations/education is going to be needed. Transporter awareness of the extreme importance of timely and proper handling of fresh product is also apparently lacking and considerable care in choosing partners and distributors will be required. Entry duties of up to 40% and inspection delays are also factors that must be considered. Spotty and/or dodgy refrigeration infrastructure and other economic factors will initially restrict distribution to large Tier I cities (Beijing, Shanghai, Guanzhou and Shenzen) although laying the groundwork for sales in Tier II cities, some of which have populations similar to all of Canada, can follow on very quickly. Once a taste for uni starts catching in China, the market there should grow very quickly and, given the number of people in China, eventually overtake Japan.

On Japan, they are facing a number of economic challenges related to the economic malaise affecting the developed world and their own demographic profile but I believe they are resilient, creative and flexible enough that they will recover and continue as an important contributor on the global scene. As with the US, I believe talk of their fall from grace is premature if not entirely unwarranted. The uni market there right now though is in tough shape and the continuing squeeze on the middle class is polarizing the market towards the high and low ends with the mid-range taking the major hit. Uni sales in supermarkets have dropped by about 50% over the past 5 years and the busiest sushi restaurants now are the low cost, and very price sensitive, conveyor-type shops.

Supplies from other countries, including Russia, the US and Mexico, are apparently abundant but demand is weak. RSU made up about 25- 30% of the uni at the Tsukiji auction the night I attended, in contrast to levels closer to 10 -15% seen on earlier visits (2003 - 05). On this point, it sounds like the US market is hurting because of the recession and that more product is heading over to Japan. None of the companies I met with see much to be optimistic about in Japan over the next while but on the up side, some of them are looking to the international market supplying or arranging sushi items for Japanese restaurant chains etc around the world, including China but mainly focussed now on more developed nations. There may also be some new worthwhile opportunities emerge from here once the current economic fever passes.



Marketing—CONTINUED

A couple of the companies I met with in Osaka mentioned that the collapse of Kiku a couple of years back had got them to wondering about the stability of the Canadian industry. I did my best to assure them that BC's urchin fisheries are looking for growth and that once the market is there the industry and people involved will step up and do what they have to do to meet demand. BC's urchin fisheries are now small and the exploitation rate substantially lower in comparison to others. We have held this up as a point of pride in the past but when the natural state of sea urchin ecology is considered, and that means in the presence of sea otters, the 2% exploitation rate looks artificially low. The ecological and habitat implications of maintaining excessive populations of sea urchins are fairly severe and experimentally examining a range of exploitation rates might serve as an initial step to help science start putting some meat on ecosystem-based management concepts. That the fishery might be able to expand by a factor of 10 times, or more, with coincident economic and ecological and possibly even product quality benefits, also make it worth considering. I mention this because considerable preparatory groundwork is going to be required, if only to get DFO to agree, and now would seem to be a good time to start discussing it.

President's Report—CONTINUED

The Court ruled the Ahousaht and eight other bands on the west coast of Vancouver Island have an aboriginal right to fish for any species up to 9 miles out and to sell that fish. They have no aboriginal title. The court also ruled that the Fisheries Act prima facie infringes on their rights to fish and sell fish but not necessarily unjustifiably so. The judge gives Canada and the Ahousaht two years to consult and negotiate." A number of fishing associations are now involved as third parties in the appeal process.

PUHA has been actively involved in the Qwaii Hanass Marine Parks Development. Parks Canada and the DFO recently released their Draft Interim Management Plan for the Gwaii Haanas National Marine Conservation Area. You can access the Interim Management Plan, a paper about governance, and maps showing the genesis of the proposed interim closures at:

<ftp://www.pac.dfo-mpo.gc.ca/pub/JoyceM/>

Username: dfopacificftp

Password: dfo2006!

You can cut and paste the above FTP URL to access the site, where insert the username and password to access the documents.

The following is excerpted from the BC Seafood Alliance position paper on the Gwaii Haanas NMCA:

"In 2001, the then CEO of Parks Canada told the Standing Committee on Canadian Heritage that:

"The fishing industry in particular must be a key partner in the establishment of any marine conservation area. They must be key supporters before the area goes ahead.

"The members of the BC Seafood Alliance and other undersigned organizations do not support the establishment of the Gwaii Haanas National Marine Conservation Area Reserve (or Gwaii Haanas Marine Area) in its currently proposed form because it is both contrary to the National Marine Conservation Act and the process has not treated commercial fishing as a key partner.

We have repeatedly raised the following issues with no satisfactory response:

Lack of clear ecological objectives

Reallocation without compensation

Aboriginal fishing within closed zones

Lack of scientific rigour



President's Report—CONTINUED

No analysis of economic impacts

Lack of effective consultation

Lack of a clear, transparent, acceptable decision-making process

Lack of full disclosure to Parliament

Precedent for other NMCA's

“The release of the draft interim management plan in November 2009 with the associated maps and charts of zoning considerations does nothing to allay the legitimate concerns of the commercial fishing sector that establishing the marine area will cause huge economic loss and business disruption without any compensation to those who lose their livelihood. The “plan” apparently requires us to accept it blindly and trust that government officials will act in our best interest over the next five years.

This disruption is magnified by the intent to establish three other national marine conservation areas (NMCAs) in British Columbia. What happens in Gwaii Haanas sets a troubling precedent for other areas.

Coastwide, no harvesting or processing business could justify future investment under these conditions.

“BCSA members support marine planning and agree that areas closed to fishing are part of the fisheries management tool kit.

We support the concept of NMCAs, as outlined in by Parks Canada's 2001 testimony to the parliamentary committee and enshrined in the legislation, as permitting a variety of activities in accordance with “ecologically sustainable use.” We do not support the current draft interim management plan.

“For the Seafood Alliance to see progress, we would need:

An analytical, evidence-based, transparent process to set ecological objectives by identifying “special features” and “elements” along with the best means with the least negative economic impact to “fully protect” them.

Comprehensive socio-economic analysis of the costs and benefits of closing significant areas to fishing and the impact on related businesses.

Clear assurances that full protection is full protection (for instance, no fishing, restricting other activities if necessary for protection, etc.).

Compensation for individuals and businesses which lose access because of full protection on the model of Canada's policy for terrestrial parks or the Australian model for fisheries.

A draft interim management plan that provides full details of the ecological objectives and the means to protect them, as well as giving direction about future intent, including a detailed plan of how the various strategies will be implemented.

A process that leaves intact existing fishery management advisory processes and routes input through the IFMP process.

A commitment that Parliament vote on the final plan at the end of five years.

A commitment that comprehensive socio-economic and scientific analysis of the impacts of the four proposed NMCAs in BC will be undertaken before initial Parliamentary approval for the Gwaii Haanas NMCA is sought.”

PUHA has worked with other sectors in the fishing industry through the Seafood Alliance to ensure that Gwaii Haanas and other future NMCA's are developed in accordance with the above principles and minimize negative impacts on the fishing industry.

President's Report—CONTINUED

Both Tim Joys and myself attended the recent meeting where the industry presented it's requirements to support the program.

I recently attended the Value Chain Roundtable in Ottawa sponsored by Agri-Food Canada. One of the main items on the agenda was the security of access for licence holders particularly with respect to the use of a licence right as collateral with the banks. The DFO would not allow the paper prepared by Michelle James and Bruce Turriss to be presented as it contained recommendation unpalatable to the DFO. Nevertheless there was a vigorous discussion of the principles presented in the paper. Our old friends (sic) from the Professional Fish Harvesters were particularly opposed to the ideas in the paper and DFO is basically folding to pressure from East Cost Fishermen Unions who recognize that any rationalization, as implied in the paper, will mean a loss of jobs and their unions. These same unions are demanding seats at the table as they see any recognition of fishing as a Industry.Business conflicts with their goals of maintaining jobs and power.

ORDER YOUR DIVER RECALLS—GRANT DOVEY

We have a potential source of diver recalls via a Victoria based company that requires your immediate response. Please contact Maple Leaf Powder Company and order some diver recalls for your vessel. The WCGRC has agreed to purchase 250 dive recalls for their survey and enhancement programs. There are also orders from Federal Fisheries and Oceans, the Herring Conservation & Research Society and Divesafe International. These orders still fall short of the minimum order of 1000 required for production. So please contact Maple Leaf to place your order and help make these available.

Seal bombs and diver recalls are no longer readily available to the commercial fleet after tightened regulations post 9/11. Diver recalls are a weighted pyrotechnic with a strike cap that can be deployed from the surface and produce a flash and a bang underwater. This flash and bang acts as a scare device for wildlife and signals divers (i.e. surface immediately) at all levels within the water.

A number of divers have been harassed by sea lions. The potential for injury from an animal that can weigh up to a tonne is great. Sea lions have become increasingly brazen over the last few years. Diver recalls combined with an alert surface crew, will usually push off sea lions and allow the diver to finish the dive. I don't recommend boats work in areas where the herring are spawning and the sea lions are congregated and feeding without diver recalls. Aggressive sea lion behaviour increases in the spring. Order your diver recalls from Maple Leaf Powder today.

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The President and Executive of P.U.H.A. wish all members, divers, deckhands and their families a very Merry Christmas and all the best in 2010