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PRESIDENT'S REPORT—MIKE FEATHERSTONE

This season will be remembered for the bad weather, especially since the New Year, there have been very few days of steady fishing and too many days of sitting on the hook. Speaking with the processors all are saying they are short on their order commitments to Japan. This means that the season will continue as long as there is quality to be found as they try and make up the shortfall.

One of the strangest things this year are the reports of poor color from the Grand Hale/Paladin processor group. It seems that many of the typically good areas are returning poor color and thus corresponding and uncharacteristic poor prices. In fact some of the lowest prices over a number of weeks. In contrast the Seagate/Sung fleet has been getting some steady high prices. It will be interesting to compare notes when the fishermen get together for the Quota Planning Session, which areas were poor and why?

The Quota Planning Session will take place in Vancouver in the first week in May, tentatively May 2nd. Fishermen will gather to review the season and make recommendations on the current quotas. Which areas are working and which areas need tweaking. The confirmed date will be announced in the next few weeks after the QCC fishery closes, check the website or contact the PUHA office. The location will be the Steveston Hotel meeting room with lunch provided by PUHA. Any fishermen who are unable to attend please provide your recommendations to D&D or to any of the on grounds coordinators.

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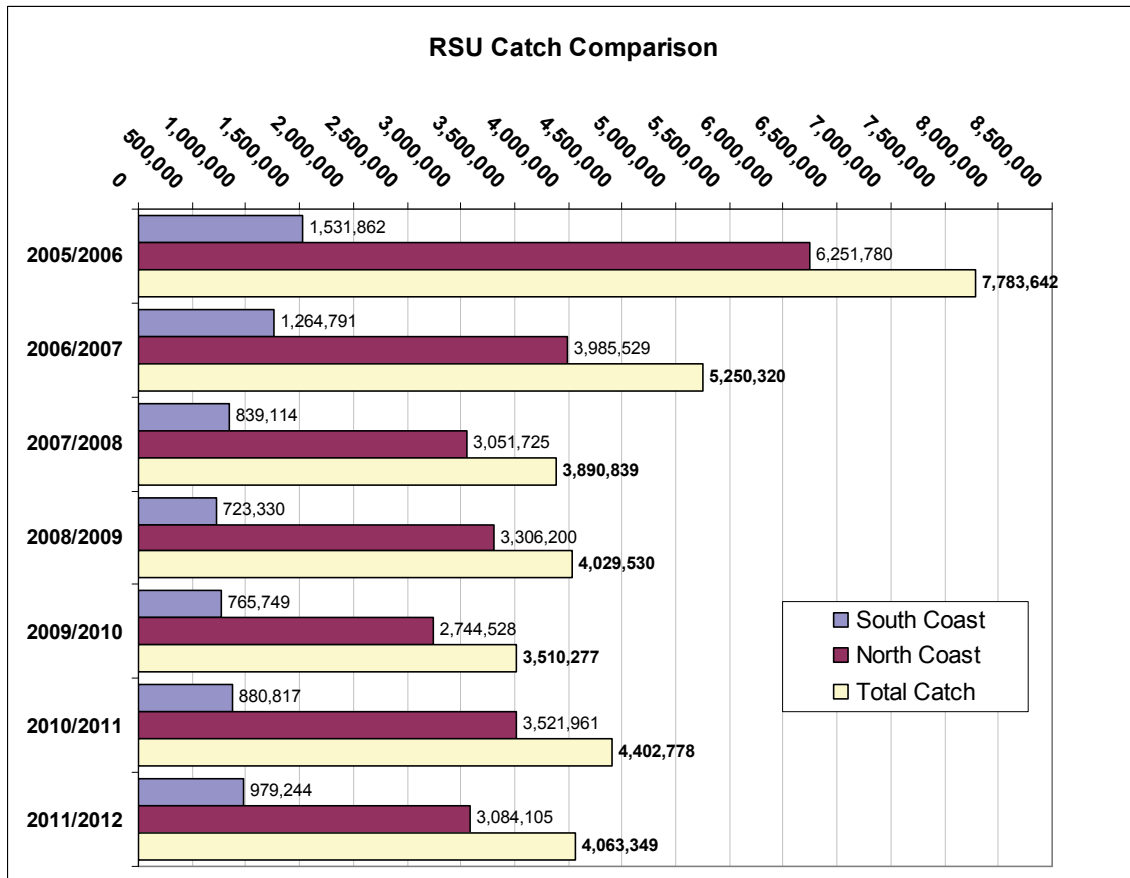
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D. & D. PACIFIC



Leading into the New Year catch levels were shaping up to be another season that surpassed the last since the 2009/10 low. Through the month of January both, the south and north coast fleets continued to produce at comparable rates to last season even though the north did not resume fishing until January 9th. Fishing in the south was steady through January, and improved into February, slightly exceeding last season's levels. However, it was a different story in the north from January 17 there was not a single landing until February 4th due to unfavourable weather conditions. This set the overall catch levels behind even though February was an exceptional month for both the north that was 100K over last season, and the south nearly doubling last season. Presently, it is almost mid March and fishing has been relatively steady; however, even if the harvest rate continues at similar levels it is projected that the total catch will not surpass last season.

Currently, there is very little activity in the south coast, a couple of vessels working in the Gulf Island area one to two days a week. There are still two fleets operating in the north one in the Aristazabal Island area and the other around Dundas Island; however, a bit of bad weather has settled in which has prevented fishing for the past four-five days.



WILD WHALES—HAVE YOU SEEN ONE? HEATHER LORD — B. C. CETACEAN SIGHTINGS NETWORK

While working on the water, do you often see the tell-tale fin of a killer whale? The splashes of dolphins? The loud blow of a humpback whale? If so, your sightings are important and the BC Cetacean Sightings Network (BCCSN) would like to know about it!

Many species of cetaceans (whale, dolphin, or porpoise) can be found year round in BC, including killer whales, Pacific white-sided dolphins, Dall's porpoises, and harbour porpoises. Others like humpback whales and grey whales migrate through our coastal waterways in the spring and summer, sometimes lingering into the winter months. While it's a thrill to spot these animals in our marine backyard, many cetacean species are still poorly understood. What is clear is that many species of whales and dolphins are threatened by human activities such as pollution, underwater noise and vessel traffic. In recent years, the threats posed by people through entanglement in debris and fishing gear, ship strikes, vessel disturbance, and toxins have emerged as significant issues for many of these animals. Twelve of the species or distinct populations of cetaceans and sea turtles in BC are listed as either special concern, threatened, or endangered by Canada's Species at Risk Act.

To help address some of the knowledge gaps in cetacean and sea turtle ecology the BCCSN was established in 1999 by the Vancouver Aquarium in collaboration with Fisheries and Oceans Canada. To better understand and protect these animals, it's necessary to know more about where they spend time, and the sheer size of BC's coastline means it isn't feasible for scientists to regularly survey the entire area. This is where you come in. So far over 3300 people in BC have contributed to the project with nearly 70,000 sightings - and you can too! Observers come from all walks of life: coastal residents, fishermen, professional mariners, recreational boaters, and avid naturalists, to name a few. Our "citizen science" approach in turn helps researchers and government agencies learn more about cetacean occurrence and habitat use.

Observers are asked to provide as much information as possible about the animals they see including:

- Location
- Time
- Species
- Number of animals
- Sighting distance
- Behaviour
- If possible, photos/video to accompany a sighting



Members of the Pacific Urchin Harvester's Association (PUHA) are wide-ranging professionals who spend time on or near the water year-round. Because of this access to BC waters, the BCCSN would like to encourage members of the PUHA to report **any** cetacean sightings. Network observers act as the eyes of the coast and enable the BCCSN to collect and compile important information that wouldn't be available otherwise. By reporting your sightings, PUHA members will directly help cetacean research and conservation in BC.

To get involved, it's as easy as filling out a report online (www.wildwhales.org), sending an email (sightings@vanaqua.org), or call the Network's toll-free number (1 866 I SAW ONE). Logbooks are also available free of charge for frequent observers. For more information on the BC Cetacean Sightings Network and to learn more about BC's species and how to identify them, check out their website at www.wildwhales.org



PRESIDENT'S REPORT—CONTINUED

The annual Red Sea Urchin DFO sectoral meeting will take place on April 10th. We don't expect any surprises. It is unlikely there will be any changes to the quotes and DFO will wait for recommendations from the quota planning meeting before considering any changes to the fishing plan. There will be a report on the Vessel Monitoring System and it remains to be seen if the VMS units will be required for all vessels in 2012/13 season. There was good news in the recent budget when funding was provided to DFO for science and research. This means that DFO should continue to assist with funds for red sea urchin surveys and reporting.

On the political front, Minister Ashfield's recently announced a change to the allocation formula in the Halibut fishery. This is a particularly troubling decision as the halibut allocation formula had been determined after 3 years of negotiations eight years ago in 2003. The original formula included room for growth, giving the recreational sector 30% more fish than they were catching at that time. Nevertheless the decision was made to give the recreational sector and additional 3% of the TAC, an increase of 25% over their previous allocation. The majority of recreational halibut is caught at sport fishing lodges which are commercial enterprises. There was a market mechanism in place which would allow these lodges to buy or lease halibut quota from the existing commercial fishery once the sport allocation was finished. "Instead of using this mechanism," Christina Burrige (BC Seafood Alliance) noted, "the recreational sector lobbied politicians to reallocate fish from the fully monitored and accountable commercial users to a poorly monitored and seemingly uncontrolled recreational sector." The commercial fishing industry needs stable, predictable and transparent policies to encourage long term employment, sustainable fisheries and necessary investment. This decision undermines these objectives. PUHA encourages all members to contact your MP's to raise your concern over this allocation decision.

PUHA is continuing collaborative efforts with the California Sea Urchin Harvesters on areas of common interest. Sea Otters, MPA's and Best Practices are some of the areas of information sharing and collaboration.

In March there was an enforcement effort in China on importers and customs brokers targeting tax evasion of duties on live/fresh imports. Shanghai has been most affected with numerous buyers and brokers in custody. The enforcement effort also affected Beijing, Shenzhen and Guangzhou. You can see a complete report from Foreign Affairs and International Trade Deputy Director on the website. It is uncertain if this will affect Canadian sea urchin product. No affects have been reported at this time.

Hope to see all the active fishermen in May at the Quota planning session!



MINISTER'S DECISION FAILS FISH

Vancouver, BC—“Playing politics with fishery allocations undermines resource sustainability and responsible management,” said BC Seafood Alliance executive director Christina Burridge following Fisheries Minister Keith Ashfield’s decision to give the recreational sector an additional 3 per cent of the Canadian catch of Pacific halibut. “Competing interest groups lobbying the politicians for more access to the resource is bad for the fish and the people of Canada.”

Fisheries and Oceans Canada (DFO) after several years of facilitation and independent advice implemented a policy in 2003 allocating the recreational sector 12% of the Canadian catch, one third above their actual historical catch. DFO also provided a market mechanism to transfer allocation between the two sectors. “Instead of using this mechanism,” Burridge noted, “the recreational sector lobbied politicians to reallocate fish from the fully monitored and accountable commercial users to a poorly monitored and seemingly uncontrolled recreational sector.”

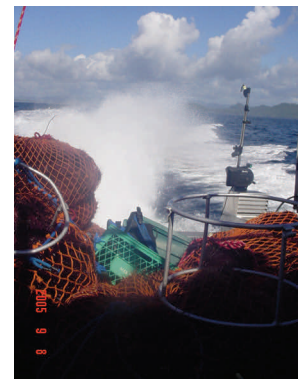
According to Burridge, Minister Ashfield and DFO staff have repeatedly made the case that Canada’s commercial fisheries need stability, predictability and transparency in order to compete and provide consumers with a sustainable, consistent and quality product. “This decision flies in the face of those principles and sends the message that whoever gets the most people to public meetings, makes the most noise in the media, and threatens politicians with losing their seats will get what they want time and time again,” she said.

Stable allocation frameworks are the bedrock of good fisheries management, Burridge noted, giving commercial fishermen the incentive to invest in conservation and the future of the resource. “This is why the Marine Stewardship Council and NGOs believe Pacific halibut is one of the best managed fisheries in the world.”

Earlier this month, the Royal Society of Canada’s expert panel on marine biodiversity called for reducing the Minister’s absolute discretion to manage fisheries. “The Minister’s decision demonstrates exactly why this needs to happen,” she said. “Fisheries management should be based on principles, policy and proper process, not politics.”

The BC Seafood Alliance is an umbrella organization whose members account for about 90 per cent of commercially harvested seafood in BC with a mandate to encourage sustainable, profitable fisheries.

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TID-BITS

UP COMING DIRECTOR MEETINGS

The Sectorial Meeting will be April 10, 2012 at the Pacific Biological Station in Nanaimo—time to be advised.

The Quota Planning Meeting will be in the first week of May in Vancouver. Time and exact location to be advised.

Please keep these dates open for attending.

MARKETING—GEOFF KRAUSE

The market this year in Japan was moving along quite nicely at the beginning of the year and there was a lot of optimism for the season. The Japanese yen was appreciating against the US dollar and the Canadian dollar, government funding for the disaster recovery was coming on stream by the fall, the world economic crisis was behind us and Russian IUU production out of the Kuriles was apparently going to face increased scrutiny from Japan's implementation of the FAO Port Measures to combat IUU fishing. The evidence for this is still MIA as shipments into Hanasaki are still of the same general magnitude as recent years so I do not think there is going to be a lot of relief on that front yet. There may also be other changes afoot to re-regulate the Russian fleet more so it can be designated as legitimate as opposed to IUU.

The yen strengthened to about 75 yen per Canadian dollar back in September all the way through to late February when it again started trading above 80. It has continued weakening and is now trading in the 83-84 range, more like where it was back in 2010. I think it has something to do with the increasing worries over Iran (a big supplier of oil to Japan) coupled with some giddy feelings about where the US economy is heading.

Based on information gleaned from the Japanese customs website, our shipments to Japan were looking good through the spring and continuing through the fall. The year over year import volume increased by about 50,000 kg (50MT) in 2011 over 2010 and the value increased by about \$ 4 M from about \$14 M to just under \$18 M. During this time US shipments to Japan continued to decline even though they are still generally about 10 - 50% higher than shipments from Canada. This proportion increases even further during the summer as they ship RSU from California every month during the year. According to the Japanese customs data, Canadian product still maybe commands a bit of a price premium over the US product but I'm not sure how this translates into real world results- I did a bit of a comparison between Canadian export and Japanese import data and the numbers don't apparently jibe: 183.5 MT reported as of December 1 exported from Canada while the Japanese record 297.4 MT for the year to the end of December. The same goes for the values: about \$8.3 M vs \$ 17.9 M. I like the Japanese data for a couple of reasons: 1- I have a good time series that goes right back to 2000; and 2- it allows import level comparisons between different countries and if one can assume consistent treatment of the different countries, a comparison of at least the relative prices and price trends.

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MARKETING—continued

Anyways, things kind of went sideways after Christmas because of the weather. Shipments in January 2012 dropped to about 6 MT (worth ~ \$425 K) from 36 MT (worth ~ \$2 M) in January 2011. I think everybody agrees that you cannot fight the weather and that weather days are part of the game, However interruptions on this scale impact not just individual operations but also BC's market reputation as a trusted and consistent supplier. It is arguably a pretty serious vulnerability for the industry, perhaps especially with most global climate change models project increasing winds for BC. Maybe there is nothing that can be done but maybe there is. I still believe having a live-hold inventory system that can be built up when the weather permits and accessed to supply the market when the weather does not permit is worth exploring. It's not something to be done all at once but more incrementally, figuring out pieces and fitting them into the bigger scheme when and as the opportunity presents. Additional benefits including perhaps measures that provide quality improvements over long packer hauls and/or shorter term rides onboard dive boats are also likely.

Getting back to the international marketing program- I summarized the proposed program in the last newsletter (January) so won't burden anyone with that part again. We are still waiting to hear on the fate of this year's proposal and are hoping word will come down during the first couple of weeks in April. I'm hopeful it is going to work out OK but of course there is a federal budget coming down in the meantime and it remains very difficult to predict the future.

We are planning to attend the trade shows we've been at for the past few years. Events have forced us to commit earlier than normal this year to the shows in Hong Kong and Dalian, China but we are again looking to advance there. Japan of course remains our primary market, accounting for approximately 77% and 74% of volume and value respectively, but we are diversifying as a way to lessen our dependence on Japan as our single market. Our shipments to Hong Kong and Taiwan have been increasing nicely over the past few years and, while the same is difficult to say of China from the information I have at hand, I think we are making inroads there as well. China suffers from problems with the cost and variability in clearing customs and it is sometimes easier to get product into the country in a more timely and dependable fashion using "grey" channels after the product is landed in another country. This is maybe especially complicated this year because of a big leadership transition taking place in China and even legitimate channels are under increased scrutiny, serving as a way for some powerful people to discredit rivals. In short it just shows that politics can be a messy business no matter where you are but we are apparently building credibility in a more diverse range of markets which has got to be a good thing.

That's about it for now. Good fishing eh.

(Queen Charlotte City—1994)

