

PUHA NEWSLETTER

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PRESIDENT'S REPORT —MIKE FEATHERSTONE

The new season has started with a few vessels fishing in both the South and the North. This positive start is a continuation of the steady increase in landings over the past 5 years. The industry is continuing a slow but steady growth which is good news for everyone. Landings last season were the highest in the past 6 years.

The early landings are in large part due to innovation and investment in equipment and handling techniques.

In the South the product is being brought in live, in circulating refrigerated sea water, using the same equipment as the Prawn fishermen. PUHA is still waiting for the adjusted validation protocol for live product which will improve the economics. The live fresh program is now in its 3rd season of supplying high quality, live product to the fish sales dock in Steveston. A refrigerated truck has been purchased by the Steveston group with an eye on expanding the sales of the live fresh sea urchin to lower mainland restaurants and sushi bars. In terms of the international effort PUHA has agreed to work with the California sea urchin harvesters to develop best practices and handling techniques for the shipment of live product. The ultimate goal is to land top quality live fresh product into the Asian market.



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MARKETING—GEOFF KRAUSE

Summer is here and life has got to be at least pretty good for most everybody reading this but there are a few things to talk about for the coming year. On the marketing side we have gotten Federal approval and funding for our ongoing international marketing effort so we are again sending a delegation to the Asia Seafood Expo (ASE) in Hong Kong in September and the China Fisheries and Seafood Expo (CFSE) in Dalian China in November. Sending a small delegation to check out the European Seafood Expo in Brussels in April this year, continuing market research and monitoring and work on the website and marketing materials are also included. At \$35 K, the funding came in a bit lower than the last few years but because the cukes are sharing the load more now it should not affect what we can undertake too much.

Dave McRae and yours truly (Geoff Krause) attended the European Seafood Expo in April this past year, as much to check out import regulations, shipping options and economic conditions in the EU as to see what other competing suppliers and industry players have to offer at what is one of the worlds largest seafood shows. A report on the trip has been prepared and should be available through the website for all to read should you desire.

In short, there is some interest in uni in the EU, especially as, perhaps unsurprisingly, sushi is about the fastest growing food service specialty in the EU (just like it is most everywhere else in the world). Spain has a great seafood tradition and there are apparently ex-pat communities in many Canadian locales that would be good markets for urchins. Canada and the EU are negotiating a Free Trade Deal which should have some longer term benefits but the talks are still some ways away from completion.

Also, the EU is having a few economic problems right now and a lot of people and businesses (like restaurants etc) are going through a pretty rough time right now. Spain especially is being hit particularly hard by the European credit woes and suffering the consequences. What it means is that sales growth for luxury items like uni is not likely until they find some resolution. Even when times are good there, it sounds like the food service business in the EU is more diverse with perhaps smaller establishments serving lower volumes than we might be used to in Canada. Labour costs are generally high and they often prefer options like buying value-added supplies in small volumes rather than, say, taking a full 10 kg case of bulk and then having to process and sell it within a very short time.

Things over in Asia are holding up better but they are not immune to the changes affecting Western economies and things are looking a bit shaky over that way as well. There was some hope that Japan was going to come back this past year with spending on recovering from the 2011 tsunami, but rumour has it that the market was, and remains, very soft for any number of seafood products. This may reflect a certain reluctance of Japanese to spend and their propensity to sacrifice when there are still so many who obviously lost everything they had, or it could be the effects of the ongoing power shortages since all the country's nuclear reactors have been shut down since shortly after the tsunami or perhaps simply a business reality as they respond to softening demand for just about everything worldwide. What ever the reason, it just seems to be the way it is right now.

There is also a big change going on in China this year as they are changing out their leadership in November. On the plus side it is looking like it is going well and that they are keeping their eyes firmly on the ball (economy). On the other hand, they only do it once every 10 years so it is a really big deal and they do not have a great tradition in this regard. As a result, there is a remote possibility it could still go sideways. Industrial growth in the country is slowing but it seems that most pundits anticipate economic growth and re-balancing to a more consumer oriented economy to suffice until better times return as Western economies and consumer demand again start growing.

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Overall then, it is hard to argue against the idea that China and Asia are still the places to be for the best sales prospects.

That of course brings us to the bulk of this year's marketing program. We are again attending the ASE in Hong Kong in September and the CFSE in Dalian in November. We are sharing a booth and costs with the Pacific Sea Cucumber harvesters Association (PSCCHA) and the Underwater Harvesters Association (UHA) in Hong Kong and with the PSCCHA in Dalian. This seems to be a pretty good match as many of the same techniques, players, priorities and markets are involved in all three fisheries and it helps all involved to share costs. This will be the third year exhibiting at both shows and while expecting a dramatic breakthrough is a bit over the top, we are developing a realistic presence and a positive profile for both ourselves in those markets and for those markets in ourselves. I believe both are important if we are to have the sort of discussion(s) needed to build the relationships to support business and sales growth.

On another issue of some import to the health of Japan's urchin markets, Canadian reps have updated us on the IUU situation in Russia and associated developments. There has been some talk about an agreement between Russia and Japan on an MOU to address IUU issue. Apparently this is directed towards and will only affect, crab, it will not affect the urchin trade at all. It may eventually move towards a full treaty but there is no timeline for this at present.

There was some discussion of Japan's responsibilities to follow through with Port Measures as directed by a United Nations convention on fishing. Japan is very reluctant to adopt and/or do this because of the quantity and diversity of their seafood supply. Russia for its part has Flag State responsibilities that it is having difficulties with. The Russians have increased their Monitoring, Control and Surveillance capabilities and made some management improvements, including moving to a 10 year quota system to give fishermen more of a proprietary interest in sustaining the resource. However, given the history and structure of the industry in the Kuriles, these are most likely cosmetic with the intent to more simply deflect criticism.

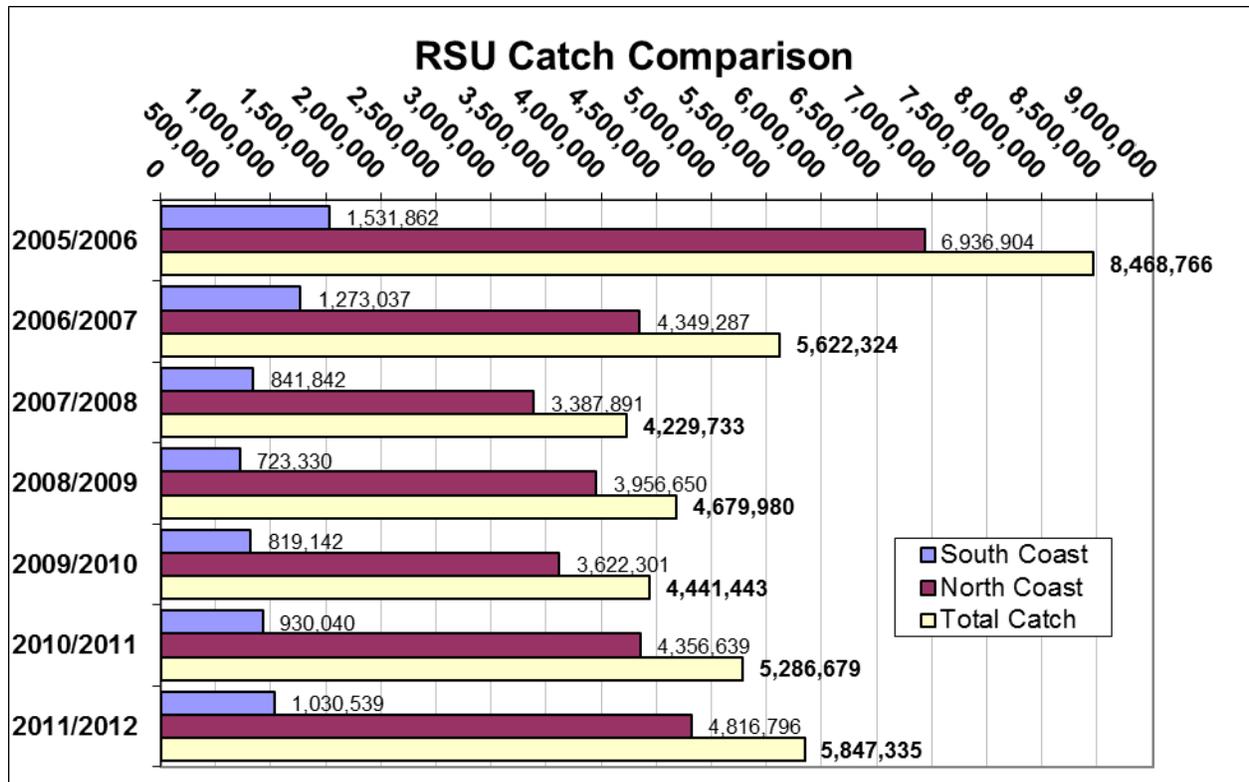
These doubts are supported by inconsistencies in the numbers put out by the Russians to show they are making progress. For example, Russia contends that Japan receives 80% of their urchin exports with S. Korea taking the other 20%. They claim that 50% of the catch in 2006 (at the peak of the IUU problem) was IUU product and this has declined to 20% now. They claim this translates into a decline from 3,500 MT then to about 1,500 MT today. Import statistics from Japan tell a somewhat different story as over 15,000 MT of Russian urchins were landed in Japan alone in 2006, which would itself suggest IUU landings in the 7,500 MT range based on Russia's 50% estimate. However, they have a current annual TAC of 8,000 MT which, when used in combination with the 9,500 MT landed in Japan even in 2011, and an imputed 1,600 MT going to S. Korea, suggests they have IUU in excess of 3,000 MT each year.

The gist of the results from this are that we cannot expect any remedy soon from official government action in Russia or Japan. All hope has not died yet as there are also some unverified reports that the size of the urchins from the Kuriles is getting significantly smaller now suggesting that the productivity of the area is being impacted from years of over-fishing. I don't take a lot of comfort in that though as it may recover quickly if it is as truly prodigious as it has appeared in the past.



D. & D. PACIFIC

Red Sea Urchin Update – August 9, 2012



The 2011-2012 season just finished (July 31st closure date) and surpassed the 2010-2011 fishing season in product landed. The fleet accomplished this even though the north coast fishing ceased from January 17 February 4th due to unfavourable weather conditions.

The 2012-2013 season is underway with landings on the first day of the new season in the north coast. This is a first for the north coast. The South Coast also started in the first week of the new season as well. Currently, there is very little activity in the south coast, a couple of vessels working in the Gulf Island areas one to two days a week. There are still vessels operating in the north out of Tree Nob and possibly Oval Bay.

Comments Relating to the 2012-2013 Season from DFO:

New shellfish coordinator Jeff Johansen

Licenses held by PICFI to be allocated by June. Manager Barb Schneider is open to sharing contact info of FN with PUHA to assist in getting licences fished.

Reserve area 17 in the south coast for live market fishing only.

Continue with the pilot VMS into next season, DFO will provide review of this season.



In the North, a packer has added a new refrigeration system in the off season. The system uses over 2,000 ft of stainless steel tubing strapped to the deck head to chill the product and is capable of chilling the product quickly to below 50 F and holding at 36 - 40 F. The refrigerated fish holds are capable of carrying 40,000 lbs below deck in this controlled environment. On first offload the product averaged 44 F and the 2 day old product was lively and not discolored. This investment in innovation is expected to improve the quality in the warmer weather and extend the allowable harvest season.

In July, PUHA hosted an information session at Fish Safe for 5 delegates from Guangdong Oceanic and Fisheries Administration, Insurance division. Representatives from Grand Hale Marine, Western Processors, Fish Safe, WCB, Mutual Marine and Nesika Insurance shared information regarding employee insurance and vessel insurance. The delegates are studying our system as they develop their new system.

January 1, 2013 commercial fishing licences will only be available on line as part of DFO "systems modernization". DFO is now developing the system for the renewal of licences on line. DFO licences staff will be retained until March 31st, 2013. It is strongly recommended to renew your 2013 fishing licences before the system switches to the new internet based system to avoid any delays and confusion while DFO works out the bugs. PUHA has volunteered to test the system once it is available.

On April 26, 2012 The Government introduced Bill C-38 which included some potential troubling changes to the Fisheries Act. These changes included "fisheries management activities" funded by the use of fish which is beyond the science funding which industry has requested, the additional wording of "subsistence" with respect to aboriginal fishing and the changes to the habitat provisions of the act with respect to the protection of fish. Finally, a reminder for all members and fishermen to attend the AGM in Steveston on August 29th. Hope to see everyone there.

P.U.H.A. ANNUAL GENERAL MEETING

**P. U. H .A
ANNUAL GENERAL MEETING**

**AUGUST 29, 2012
(WEDNESDAY)**

9:30 A.M.

**STEVESTON HOTEL
12111 - 3rd AVENUE
RICHMOND, B. C.**

2011 A.G.M. MINUTES AVAILABLE ON OUR WEBSITE

WWW.PUHA.ORG

