



PUHA NEWSLETTER

JULY 28, 2009

Volume 10 Issue 3

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RESIDENT'S REPORT—MIKE FEATHERSTONE

The new 2009/2010 season is set to go with area selection complete and licence renewals already mailed out. The north coast IQ is 139,688 lbs with 61 licences designated, while the south coast quota is 32,306 lbs with 49 licences selected. Last season PUHA instituted a graduated payment system for the industry management fees which provided flexibility later in the season for fishermen who did not anticipate completing a whole quota. This successful program will continue in the new season.

Overall fees should remain constant for the upcoming season and with fuel costs down this should provide a more positive economic climate for the fishery. Last season the landings were up slightly over the previous season indicating at least a leveling off in market demand. The forecast is for continuing improvement in the market and with a better labour situation the processors should be in a stronger position to increase market sales.

The upcoming 2010 Olympics in Vancouver provides an opportunity for a strong domestic market promotion and PUHA is developing a program to take advantage of the world coming to Vancouver. The promotion will focus on preparation and recipes for buyers at the retail level as well as events to promote the products to chefs at the food service level. Product attributes will include the sustainable fishing practices, overall health benefits as well as the unique taste and different menu applications. PUHA has applied again for CAFI funding for the international marketing program with a continued focus on the China market. This includes trade shows in Hong Kong and China.

PUHA has managed the financial side of the industry management with continued positive results. The OGC program has drastically reduced on ground monitoring costs, survey costs have been largely funded through DFO and validation costs have remained stable thanks to the efforts of D&D. If landings continue to improve this will allow reductions to the industry management fee in the future as fixed costs can be spread out over a larger number of licences.

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MARKETING — GEOFF KRAUSE

The season carried on a bit longer this year and total product landings were improved at least a bit over last year. That things are at least moving in the right direction is good but there are a few challenges to the industry.

The first involves our old nemesis: the Russian IUU fishery. I completed that case study of the fishery a couple of years back as part of a wider study into IUU fisheries being put together for the Asia Pacific Economic Cooperation (APEC) fishery committee. Reports from a couple of guys representing Canada from DFO who work on, or at least with, that committee suggest that the Russians are interested in working with Canada on this issue. They are worried about a couple of other larger IUU fisheries, like King Crab and pollock, that are higher priority but the smaller IUU urchin fishery might offer some advantages for learning lessons that might be applied to other IUU fishery actions. Given the joint interests of Canada and Russia in effectively and sensitively managing arctic waters, any opportunity to establish effective relationships with Russia should logically be strenuously supported by the Canadian government.

When looking at all Russian exports of sea urchin products, the significance of the Russians in the market is even larger. The Russians have formed a new Fisheries agency and proclaimed legislation that requires an initial landing on Russian soil of all fishery products caught in Russian waters by Russian fishermen. Of course the problem in the Kuriles is that the closest accredited Russian ports are a few hundred kilometres away while the fully equipped Japanese port of Hanasaki is only about 20 clicks away. Coupling this with the fact that the enforcement effort is pretty much handicapped because the main Coast Guard base responsible for the area is in Vladivostok, call it about 1,200 km distant, and you can tell they still have some work to do. Another of the strategies the Russians are contemplating is to regularize the renegade fleet(s) so they can keep operating but they will then be legal. Overall though I think the effect on the catch and import levels is going to turn out less than what we have been hoping for.

So how are the Russians doing on the ground when it comes to the IUU urchins fishing in the Kuriles.

Well, unfortunately the landings in Hanasaki from the IUU fishing in the Kuriles provide a picture that is still a bit foggy. It looks like they are definitely off the peak seen in 2006 but while their volumes are off a little bit, their prices are doing a bit better. How much is due to weather and how much to increased enforcement by the Russian coast guard is impossible to tell.

Internationally there are moves afoot in the UN and other bodies to get all countries working together on monitoring catch and subsequent sales and movements of fishery products so IUU fishing can be more effectively controlled. Unfortunately relations between countries are still very complex and getting agreements like this in place can take decades. The Japanese are still not interested in implementing any Port or Market state measures and feel that all the regulatory responsibilities for managing the fishery lie with the Russian authorities and, given how countries and their governments are so very concerned over issues of sovereignty, it is actually a fairly realistic position at this point. My guess is that Russian sea urchin imports are not likely going to drop much below 10,000 MT in the foreseeable future.

Another not-so-great, although not unanticipated, development has also reared its head. The Chinese have started ramping up culture production of sea urchin. This may not seem like a very big deal at this point but I would argue that it could be a game changer in the not too far future if it grows to its potential and stable low cost supplies from Russia and China carry greater weight in the market. There will still room for the high-end wild production, but the mid-market squeeze is going to continue and probably get worse.

CONTINUED ON PAGE 4

The 2009 red urchin survey season is well under way with surveys completed in Victoria and Tofino and plans for Pt. McNeil, Larson Harbour Louise Island and Nanaimo over the next 2 months. Our recent trip to Tofino surprised all of us with barely a dozen red urchins spotted by all 4 divers on 52 dives. PUHA and DFO have been surveying the same sites in Tofino since 1994 and have historically had red urchin counts approaching 10,000. Over the past few years we have observed a steady decline coinciding with sea otter repatriation in the area with only about 1000 urchins counted in 2008.

In 2007, the Committee On the Status of Endangered Wildlife In Canada (COSEWIC) declared the “Sea Otter no longer threatened with extinction” (http://www.cosewic.gc.ca/eng/sct7/sct7_3_9_e.cfm), however it is still protected under the Species At Risk Act (S.A.R.A.) where it is still listed as ‘Threatened’.

Dan Leus

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President's Report—continued

The summer survey season is well underway and there are continued indications of healthy stocks and improving bio-mass. Larsen Harbour in the north is showing improving stocks. This is very positive as the area is showing strong productivity while supporting a strong fishery.

This year the management plan is relatively unchanged and as a result PUHA will hold only one General meeting. There are very few management issues to deal with and the plan is already set. Consultations with DFO are positive in almost every regard with the only exception being the negotiations around the Qwaii Haanas marine conservation area. At this time PUHA is waiting to hear back regarding PUHA's recommendations on the areas closures. PUHA provided recommendations which met the areas conservation goals while minimizing the impact to fishing. In this regard PUHA is working closely with the BC Seafood Alliance coordinating overarching industry policy recommendations.

The Annual General Meeting will take place on August 11th at Beban Park in Nanaimo. I look forward to seeing all of you at that time for your input and to discuss all industry issues important for a successful fishery.

ANNUAL GENERAL MEETING

PLEASE REVIEW A.G.M. MINUTES

OF LAST YEAR ON OUR WEBSITE

—WWW.PUHA.ORG

—NEWS & EVENTS

—PUHA MEETINGS

—AGM MINUTES 2008—JULY 29/08

**AUGUST 11, 2009
BEBAN PARK
NANAIMO, B. C.
9:30 A.M.**

MARKETING—continued

Japan has been hit pretty hard by the current market problems because so much of their economy relies on export sales of manufactured goods. Japan officially re-entered a deflationary recession back in

China's cultured sea urchin production (MT)

2003	2004	2005	2006	2007
3,342	6,554	5,703	8,552	7,428

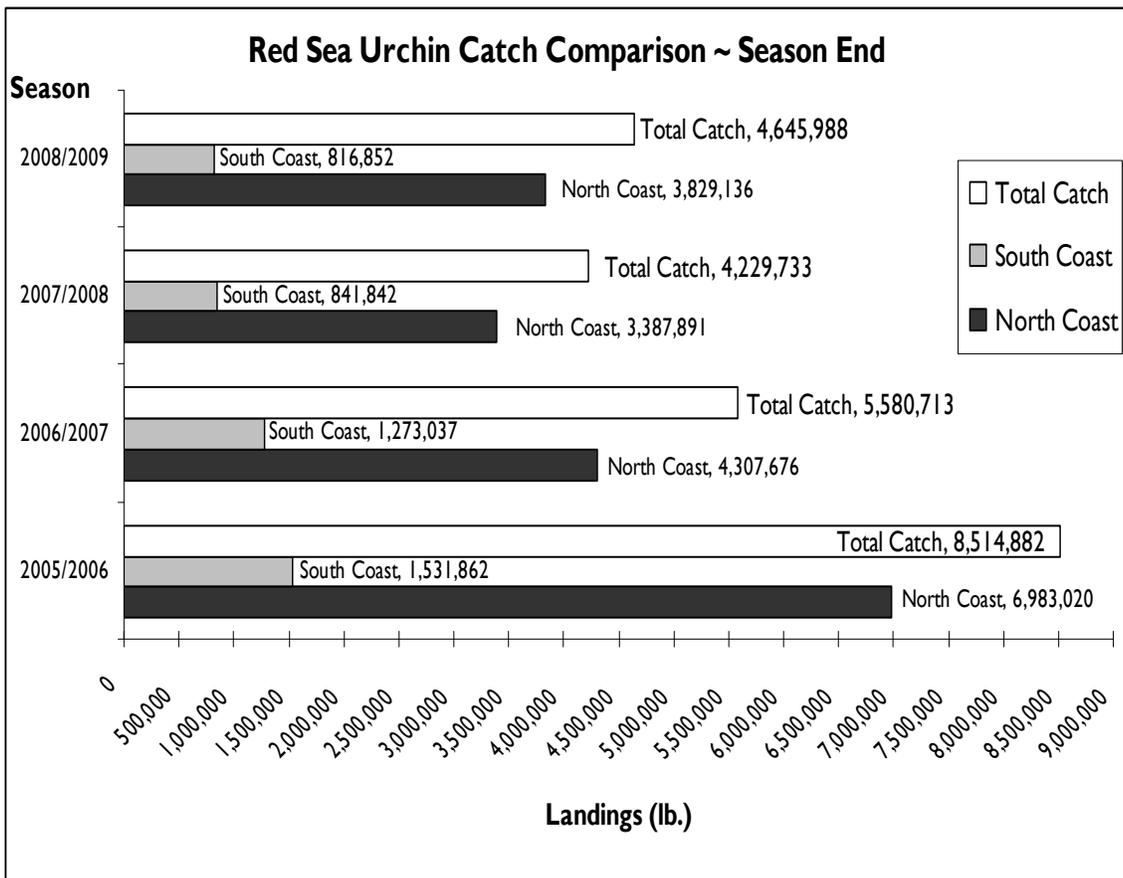
(From FISHSTAT)

about March but the impacts are not yet appearing on the uni auction sale volumes or prices. The Tsukiji sales of white and red Japanese sea urchins and RSU from the USA have remained seasonally stable in terms of price and volume

over the past couple of years. This suggests the market is not apparently overly sensitive to the economic malaise, signifying opportunity for producers able to differentiate their product as other than a commodity.

This is something we have been striving for and have in many respects been successful at for a some time now. Weather interruptions are still a problem, less so this past year than say the year before, but it is at least recognized as an issue deserving attention. Continuity of high quality supply is needed to support demand when it is there. When suitable supply is not available to satisfy demand, the demand simply moves on to the product that is available. When the supply again comes back it must first win back the attention of consumers. I am sure that scenario has hit sales of BC product, or at least kept more pressure on price hikes, a few times over the past few years. In a time when the Canadian dollar is again appreciating, this has to be a concern.

D. & D. PACIFIC—DON & DARIN



D. & D.—continued

Fishing Protocol & schedule

The 2007/08 season was the first attempt with a new fishing schedule system. The block system was intended to relieve the last minute requests by fishers to have new area(s) opened for fish while addressing the request for more flexibility and a need to reduce travel costs. One block of quota areas would be opened at a time and the fleet would have the option to fish any one area within the block as a group and work that block to provide the best roe quality available. However, the difficulty with such a system was the direct, or lack of, from the fleet. Often was the case were there would not be a consensus amongst the fishers were to fish. Personal ideals and needs superseded a common objective to work with any form of coordination and often there was no structure or direction to the fishing effort. Therefore, the block system was removed for the 2008/09 season and a new system was introduced. The new system along with designated On-ground Coordinators (OGC's) was a considerable success compared to the previous season and will likely be adopted for the 2009/10 season. The fleet used the schedule as a baseline and followed a new version of fishing protocol as stated below;

- A limit of two separate fleets allowed to operate within the north coast region at any one time, this includes the central coast.
- A maximum of four quota areas can be opened and available for fishing by each fleet. However, the fleet is limited to fishing one area at a time unless approved by DFO.
- If an area is selected outside of the four previously opened areas this requires advance planning and a minimum of 48 hours notice (not including weekends and holidays) to open prior to fishing.
- Attempts will be made to complete each quota area before moving to a new area. If weather or roe quality prevents further fishing effort in a quota area the fleet will be permitted to move to another area, as a group, but will not be permitted to switch within the same day.
- Clean-up protocol involves the estimated or actual remaining quota for an area to be divided equally between all vessels hailed prior to the day of the clean-up. Each vessel will have a harvest limit imposed, any overages of this limit will be tracked and reported to DFO.

Fishing Stimulus Plan

PUHA decided to initiate a stimulus plan in an effort to stimulate fishing activity that will enable a north coast designated licence to be fished in two portions. Therefore, allowing members to register and fish half of a north coast licence quota at a time. This program was intended to ease the decision on whether or not to register a new licence by reducing the financial strain of having to put up the full fee and risk not being able to finish the quota before the season ends in these unpredictable market times. This appeared to be successful as there were six licences that took advantage of the plan.

Missing information

The comparison of the amount missing data, primarily harvest charts, at the season end this year to previous years has improved. However, there are still five licences with missing data.

D&D wishes to thank PUHA and its members for their cooperation and for working together to make it though these difficult times. A special thanks to those that stepped up and acted as the OGC's in the north coast, without them fishing would have been considerably restricted or in some cases terminated by DFO.

