

PUHA

PACIFIC URCHIN HARVESTERS
ASSOCIATION



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PRESIDENT'S REPORT —MIKE FEATHERSTONE

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The QCC Island fishery opened as planned on Feb 12th. To date approximately 500,000 lbs have been landed. The weather is a challenge as expected but the landings have been steady. Three fleets are operating with a total of 15 vessels and 4 packers. The product has been reported as good. The weather would influence the fishing in any case as all remaining areas on the mainland are quite exposed.

Approximately 5 million lbs have been landed this season which puts us ahead of landings to date over the past 6 years. This continues the trend of increasing landings since 2006. Unfortunately there has not been an increase in price over the same period.

DFO licensing is going to an on line system which unfortunately is still not available. There have been recent sessions to review and discuss the system this month. The system is still not ready to go live. You can get more online licensing information by visiting: <http://www.dfo-mpo.gc.ca/fm-gp/sdc-cps/index-eng.htm>

The PUHA marketing Long Term Strategy application is prepared and ready to submit. The focus remains the same as the past 3 years with participation in the China Seafood Exposition (Dalian) and the Asia Pacific Seafood Exposition (Hong Kong). The recent market growth has been to the China/Hong Kong market.

There is a Public meeting for The Save Nanaimo Harbour on March 4th, please see the details following in the newsletter. As you probably know a private group has taken over the operation of the Nanaimo Harbour and they are trying to exclude Commercial fishing vessels.

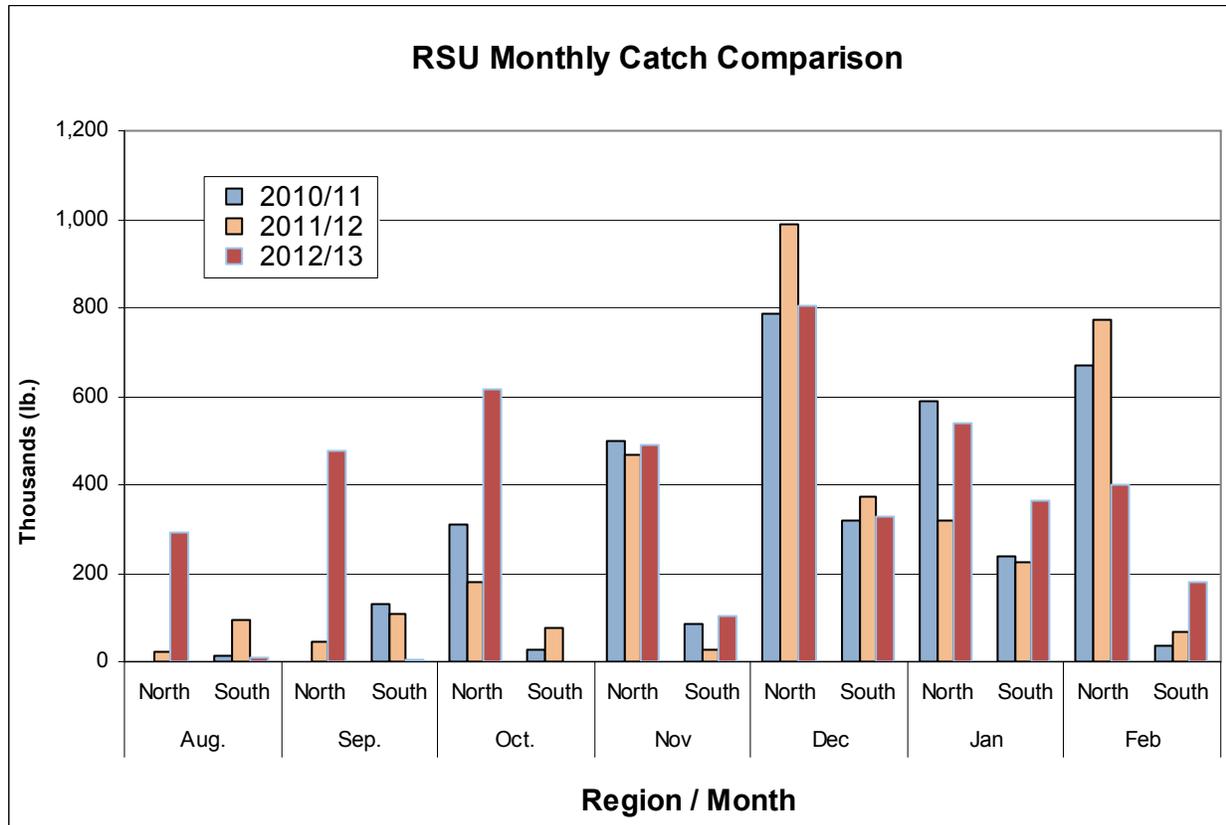
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D. & D. Pacific

Red Sea Urchin Update – February 28th, 2013



The 2012-2013 RSU season is approaching the spring fishing season and landings show strong performance that is comparable to the 2005-2006 season harvest levels (*see chart below*).

The **South Coast** trend in fishing shows a reduction in harvest levels which is primarily due to the Sea Otters in the Port Hardy area. Multiple vessels have surveyed the top end of Vancouver Island including the mainland side (Area 11). Strong efforts to find urchins still has left almost 340,000 lbs. in the water, or realistically, ... we may need to acknowledge that there are no more large volumes within these quota areas.

Currently, we have activity in the Bamfield and Victoria areas with herring closures in effect for the Nanaimo and Ucluelet quotas until April.

PUHA may have to eliminate the quota or as in other quotas, move pounds from these areas into other adjacent quotas. It will be interesting to see if DFO and PUHA decide to allow fishermen to fish the last of the urchins in the top end of Vancouver Island by moving quota to adjacent quota areas or eliminate the amounts entirely and give the remaining urchins to the Sea Otters.

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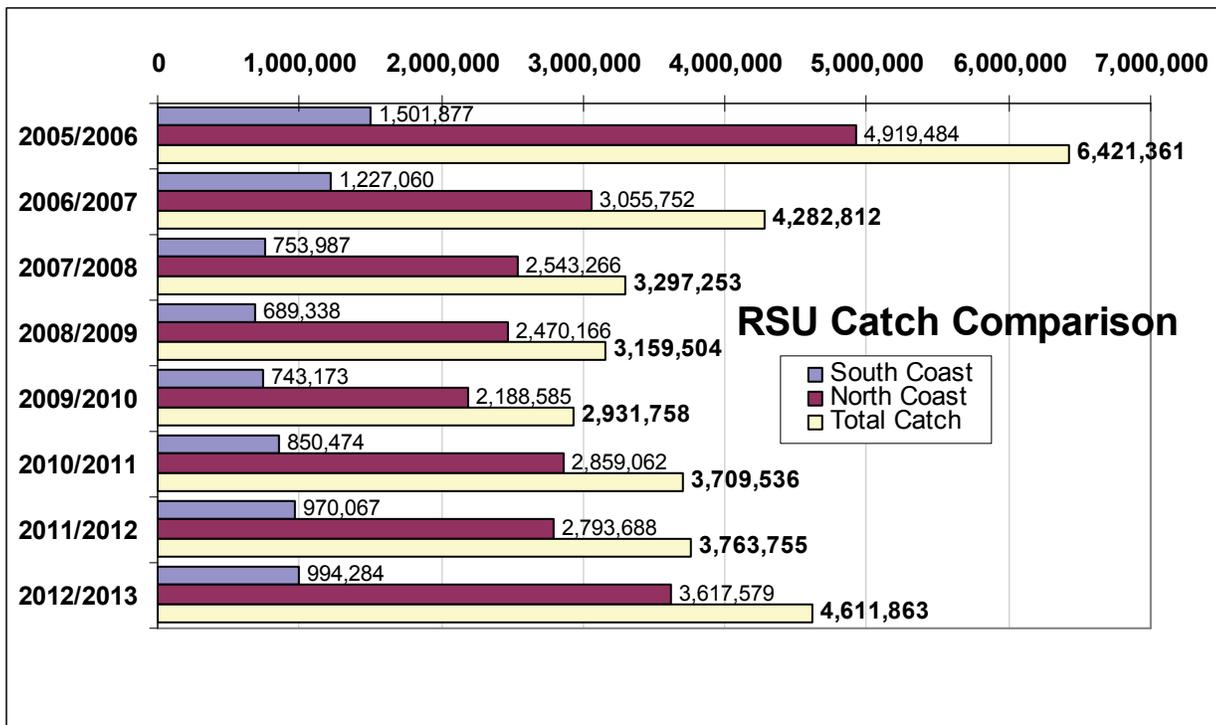
The Pacific salmon is now B.C.'s official fish. The salmon was proclaimed the provincial fish symbol to "recognize the high ecological, cultural and economic significance of the Pacific salmon to British Columbians," the government said Wednesday (Feb 22). The move will add salmon to B.C.'s existing list of official floral (Pacific dogwood), mineral (jade), bird (Steller's jay), tree (western red cedar) and mammal (spirit bear) emblems. Personally I think the sea urchin would have been a better choice!

Financial Institutions in BC are now accepting fishing licences as collateral. This was part of an initiative at the Value Chain Round Table and was supported by a paper prepared by Michelle James and Bruce Turris. You can contact your financial institute directly for their requirements and policy.

The Science and research meeting was held this past week. DFO is struggling to determine what activities will be prioritized, now that the Larocque funding is ended. PUHA has committed to fund Bio mass surveys and support the research as determined by our budget of \$30,000. DFO will provide their priorities for our review and discussion and work cooperatively with Industry to implement the activities

D. & D.—CONTINUED

North Coast is active as we speak in the Haida Gwaii quota areas at the bottom of the islands. Weather of course has played a role in efforts to get the product to Prince Rupert, but the fleet is working hard in association with the packers to get the job done. The buyers started out with their own packers causing multiple days of fishing before a packer can leave which can be costly if weather comes up before the packer can leave, reducing quality. As a result, weather, packer breakdowns have required buyers to work together and consolidate packers with all buyers in efforts to get the product to port. The fleet will continue until the east side is completed and then will make a decision to continue fishing in Haida Gwaii or move back to the mainland, or both.



Continued

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D. & D. PACIFIC—CONTIUED

North Coast fishing protocol was established by PUHA and DFO to accommodate the lack of an independent on-grounds monitor due to the financial strain PUHA is facing during the economic downturn of the fishery. A Vessel Monitoring System (VMS) pilot program was initiated last season and continues this season as a pilot, but this does not change the protocol. Problems still occur with vessels deviating from the protocol, and all vessels are reminded to follow the protocol as it has not changed for years and will not change in-season due to the VMS pilot. The VMS pilot does not alter the protocol established.

If vessels continue to “test” DFO on the protocol, D&D has been advised that the program will be reduced to one area open at a time for the fleet(s) and they (*the vessels*) will have to wait for another opening. Hopefully this will not occur as PUHA is contacting the vessels and their buyers involved in the issue to rectify the problem. D&D is confident that PUHA can resolve this issue “in-house” so as not to have DFO resolve it. D&D has no access to the VMS system at this time.

The DFO licence unit is changing. D&D had a briefing session with DFO and industry just had one in February on what to expect. In short, the licence unit will be online only. A help desk will be created, but fishers will be able to pay and print online for PCFL as well as commercial licenses for all fisheries. The grey area will be in renewing the licenses and especially the re-designation aspect of the commercial licence. Not sure how the later will work, but first reports by DFO is “not to leave designations to the last minute”.

At present, in the red sea urchin fishery, the timeframe for licence activation, PUHA registration, D&D notification, logbook & chart delivery and actual fishing seems to be done all on the same day. This will not be an option after March of 2013. It is required that all “red tape” be dealt with prior to leaving the dock.

Hawk Air – We have received a note from Hawk Air via one of PUHA’s members. Hawk Air provides a decent flexible rate to fishermen heading to Prince Rupert for work. Abuse of the system has caused Hawk Air to re-think their efforts in providing this rate to fishermen. From what D&D knows, too many passengers are referring themselves as fishermen causing a loss in revenue to Hawk Air. The company wants to help the fishing industry, but the fishermen rate is not supposed to be for all passengers. As a result, Hawk Air has asked industry how to deal with it before the fishermen rate is removed. One idea that may be in effect already is to provide at booking your current PCFL to verify that you are really a fishermen. This may be the easiest way to deal with the issue.

SAVE OUR HARBOUR



Save Our Harbour Town Hall Meeting

**Monday, March 4th, 7 pm
Nanaimo Conference Centre**

The coalition of stakeholders are hosting a public town hall meeting to discuss the proposed development to Nanaimo Boat Basin, to be held March 4th 2013 at the Nanaimo Conference Centre at 7pm.

Everyone is invited and encouraged to attend.

For more information
Email: savetheharbour@gmail.com
or phone: 250 741 7540

Webpage: saveourharbour.wordpress.com

MARKETING—GEOFF KRAUSE

It has been an interesting year this year. It seems that the quick start we saw back in August has been keeping pace and that things are still looking pretty good. Rumour has it that the same applies for the greens as well and that they have had the best season they've had in quite some time. I have to warn though that it might be premature to assume that things are going to get back to where they were 10 years ago and stay there. Better at this point I think to be a bit prudent so things can shake out a bit and trends establish before unreservedly jumping in with both feet on investments based on what has been the best year in some time.

First off lets talk about the good news. We have been more actively pursuing markets outside Japan since 2008 when we started more actively exploring other options in Asia. That was the first year we walked the China Fisheries and Seafood Expo and since 2009 we have exhibited at it. We have also exhibited at the Asia Seafood Expo in Hong Kong with the Pacific Sea Cucumber Harvesters Association since 2010, displayed marketing materials at the Canadian Booth at Food Taipei in 2011, participated in a couple of high profile functions featuring BC seafood and including our urchins in Guangzhou and contributed to a similar event in Hong Kong in September 2012. As a result we have seen respective shipments to China, Hong Kong and Taiwan increase from 298 kg, 3,258 kg and 6,079 kg in 2009 to 6,452 kg, 29,372 kg and 20,607 kg in 2012. This comprises an increase from \$C 420,726 to \$C 2,896,202, about a seven-fold increase in 3 years. Over this same period, Japan's share of our exports declined from 95% to less than 80% even as their imports increased from about 186,000 kg in 2009 to 204,000 kg. In 2012.

These results fairly impressive and with any luck we should be able to continue building on these successes over the next phase of our strategy. We are again applying to the Agriculture and Agri-Food Canada Agri-Marketing Program to exhibit at the ASE and CFSE this year. The program is about the same as previous years- keeping the request to about \$ 50 K with the main expenses being those two trips. There is also some market research included, mainly to track current events in China, Japan and other major world markets and keep an eye on trends that might affect how things go.

The global economic turmoil that has been leading the news is still in the lead and presents substantial risks to trade which, despite being geopolitical in nature and beyond our influence, remain worth mentioning. Economic growth stalled in many developed nations since the 2007/08 recession in the US and the ongoing fiscal and debt crises in Europe have not yet been resolved. So for a while there hopes for global recovery were largely vested in emerging markets, perhaps most especially China. China however is still largely dependant on exports and less on domestic consumption meaning they depend on the developed world as a market. You might notice that we have a circular argument developing - one where neither the developed nor the developing world recover and make it economically without the other.

The situation is also being kind of complicated by some recent moves by Japan. They are desperate to emerge from the deflationary economy they have been suffering through for the past couple of decades but their policy moves are unfortunately also raising the risks of an international currency devaluation war, the consequences of which not likely to help anyone. They are also currently engaged in a territorial dispute with China over the Diaoyu/Senkaku Island group that could throw a major spanner into the works if they do not find a way to peacefully resolve it. China's newly chosen government has not yet fully revealed itself or its intentions but both countries are essentially pragmatic and, being cognizant of the potential costs, will hopefully be able to satisfy their respective nationalist constituencies without resorting to war.

MARKETING—CONTINUED

Still, even assuming catastrophe is avoided on both of these, the prospects of substantially growing our business in Japan remain muted if only because the devaluation of the yen will make Canadian product(s) more expensive. Consequently we expect growth to come from other markets, most particularly China (including Hong Kong and Taiwan) where we are seeing, as previously mentioned, increasing interest and better sales.

This is particularly encouraging as China is now the world's second largest economy, trailing only the US, and is projected to continue growing at between 7-10% annually for at least another decade. The middle class in China is currently estimated to comprise about 300 million consumers and expected to increase to 800 M by 2020. Per cap GDP is also rising and projected to exceed USD 10,000 by 2020. The demand for seafood in China is increasing in concert with rising living standards and is now spreading from the coastal cities to the interior.

A new government is taking the helm in China as you are reading this and hopefully it will prove up to the tasks and challenges it faces. If they are, and some other parts of the universe unfold as they should, it may, in fact, be a very exciting cycle we are moving into as innovation stemming from accelerating technological, scientific, financial and social changes again advances growth and equitability worldwide. I expect you guys know I have to throw in a little something that sounds a bit odd so, continuing on a positive note: humanity also continues to develop stronger national and international institutions and conventions, more resilient and generous social safety nets and a more nuanced and less doctrinaire understanding of economics and the power relations affecting the distribution of benefits of our social, scientific and technological progress. Toss in some of the new technologies available to aid communication and understanding around the world and a rapidly improving energy outlook, especially with the US again moving towards energy self-sufficiency (which I believe will be huge), and it is likely that global opportunities should be multiplying in short order.

I'd just like to finish off by saying that while confidence may be characterized as conditional around the world at this point, an ongoing and active marketing program remains key to building a solid foundation to support innovation and position Canadian fisheries as leaders in sustainability, quality and accountability so we may take fuller advantage of the next round of growth. Life is good and hopefully better is just around the corner.

There are a few things going on that seem likely to affect sales next year.

