

# PUHA

PACIFIC URCHIN HARVESTERS  
ASSOCIATION



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## PRESIDENT'S REPORT —MIKE FEATHERSTONE

The 2013 season has wound down with the fishing in the North finishing in mid May and 1 vessel currently fishing the South Coast for Live Market sales. The total landings are up near 20% from the 2012 season which is very positive. The largest increase in landings was in the North Coast, including good effort in the QCC Islands. There were steady landings for 10 months from the opening in August til May. Current landings are over 6.6 million lbs (compared to 4.7 million last season). Prices have been stable and comparable to the past few years. Better handling and refrigeration have increased quality in the warmer months. It is expected that there will be further refrigerated capacity added for next season.

The Japanese market has been relatively flat but the other Asian markets (China, Hong Kong and Taiwan) and to a lesser extent the EU markets have increased imports. PUHA has focused its marketing efforts on the Asian markets and will continue those efforts this year. More market details are described in Geoff's market report. The processors have been very supportive of the marketing efforts joining with PUHA representatives at the Trade Shows in Hong Kong and China. As well the financial support of Agri-Food Canada and market support of the BC Int'l Business Development and BC MAFF have been invaluable. In April, Processors and PUHA representatives met with Cherie Tong, BC Trade Development officer from Hong Kong to discuss further expansion of these opportunities. PUHA has submitted a proposal for trade show funding for this year. Included in the proposal is research on best handling practices and live holding and shipping protocols. Good quality and steady supply to market are key contributors to continue to build market demand. For the first time in many years a new processor has indicated they will enter the industry with a serious commitment.

The quotas for the next season will remain similar to this year. The only changes will be adjustments to the individual RU areas particularly in area 12 where otter predation has decimated the urchin populations.

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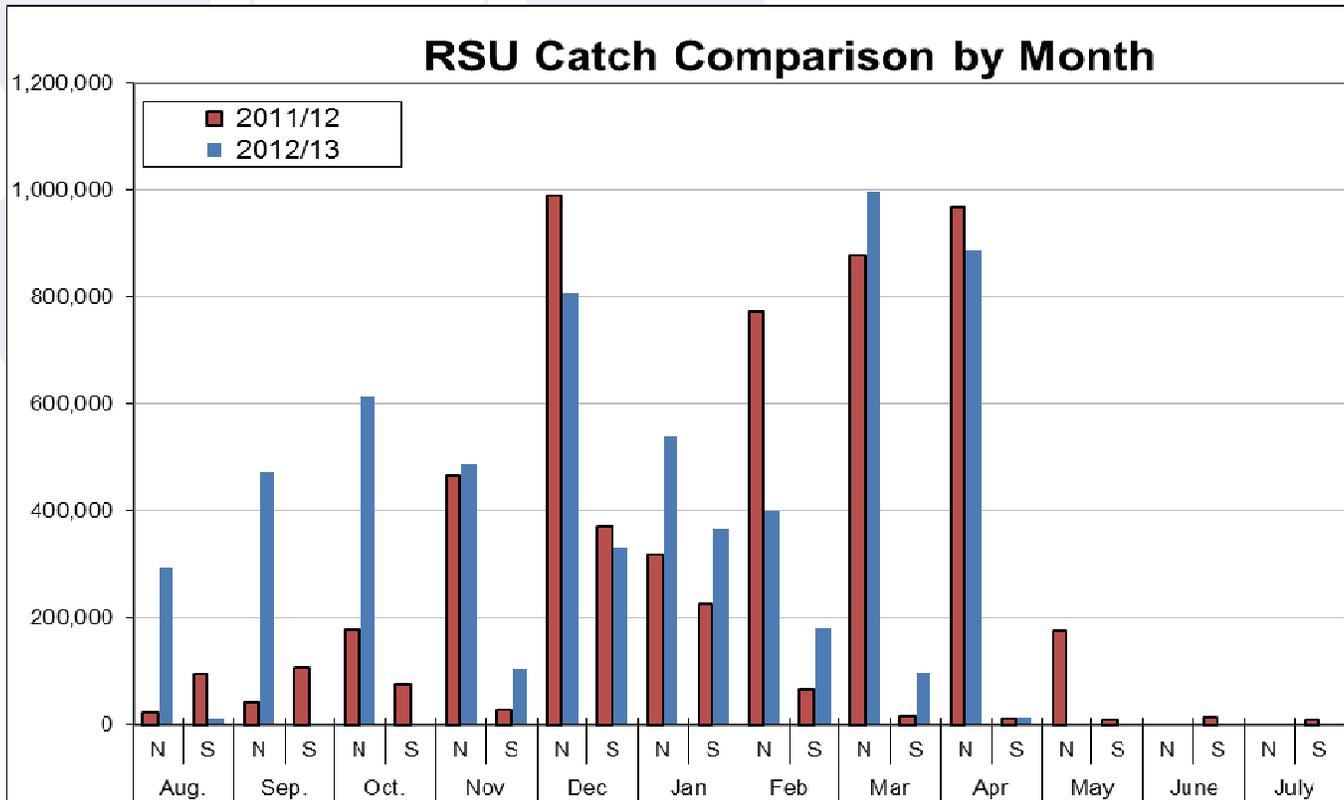
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The 2012-2013 RSU fishing season has slowed down in both the north and south areas in May. Landings have been strong, and again are comparable to the 2005-2006 season harvest levels (*see chart below*). To date, 48 tabs were active in the north and 37 in the south.

The **South Coast** has ceased fishing with the exception of Public sales in Steveston on a weekly basis. Changes in the quotas for the south coast as discussed at the annual Sectoral meeting in Nanaimo will take effect next year due to the Sea Otters in the Port Hardy area. PUHA consulted fishermen on the decline of stocks in the Port Hardy quota areas, moved quota to adjacent quota areas, and came up with new quota allotments for the 2013-2014 fishing season. The RSU IFMP is in draft form, but the quotas can be viewed online at DFO's website.

Multiple vessels surveyed the top end of Vancouver Island including the mainland side (Area 11). Strong efforts to find Sea Urchins left almost 340,000 lbs. in the water. Urchins are still in the areas, but deeper and hiding in cracks from the otters. PUHA still reserves the right to explore these areas during the season.

**North Coast** is *not* active, but we did see a return to Haida Gwaii (Langara area) by a fleet who worked the top end for 3 weeks. It was a tough go, but the vessels did a great job. Activity on the mainland saw vessels fish around Aristazabal Island, and then up into the Price Rupert area to finish off all of the little remaining quota areas around Prince Rupert before being shut down by their buyer.



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It is good to hear that things this year have been going along pretty nicely and that production has improved this year over any other since 2006. As of the end of March 2013, the harvest stood at about 6 M lbs (63.7 of the TAC) and the boats were still active. It seems that our marketing efforts over the past few years are paying some dividends as it also seems that increasing amounts of product are going to destinations other than Japan. We have a pretty good record of imports into Japan since 2000 and it is kind of interesting seeing that, according to Japan Customs anyways, our exports to them this season have been lower every month (with the exception of August) this season than last year. This would suggest that if we had not managed to diversify there would be some more hurt being shared now instead of relief that the market(s) are apparently continuing to build. It is however, not yet time to celebrate the dawning of a new golden age - there are some uncertainties on the international scene tempering, though not drowning, enthusiasm for said celebration.

Let’s start with some of the less consequential perhaps. It is interesting in comparing the export numbers from Stats Canada with the import numbers from Japan Customs- you’d think they would parallel each other but this does not seem to be the case in terms of volume since 2004 and in terms of value since 2010. The following table illustrates the differences:

		2004	2005	2006	2007	2008	2009	2010	2011	2012
Japan	MT	373	340	270	200	165	160	244	297	277
	\$C (M)	21.2	18.6	13.7	10.1	8.3	8.3	13.9	17.9	18.4
Canada	MT	385	444	380	262	190	185	177	183	204
	\$C (M)	16.7	17	13.6	10	8.2	8.7	7.7	8.3	9

It is hard to say which are the more accurate- exporters and importers have different incentives on either diminishing or bolstering the numbers they report/record and I am not capable of sorting that particular question out. The monthly record from Japan extends back to the year 2000 while the numbers obtained from Stats Canada only go back to 2004 and have not been broken to a monthly interval. The Japan site offers the advantage of being able to compare imports of product from a number of different jurisdictions, including Canada, USA, Russia and China, with some confidence that the single-service consistency makes the results comparable. It will be interesting to see if they converge further in the future as more technology comes to bear.

Speaking of the Japan Customs data, NOAA just came out with a list of IUU countries and Russia is not on it. Mention of the report is included on page 82 of the Feb. 2013 edition of Sea Technology but this may be a reflection of changed regulation as opposed to the elimination of IUU fishing in Russia *per se*. Seafood Business states that crab smuggling from Russia is also still a concern for the Japanese. Crab, and other species such as sea urchin, caught by Russians in Russian waters have been required to be landed first for recording in Russia since 2007. Only about half of the crab catch is recorded in Russia before export to Japan according the import stats kept by Japan Customs. I expect that the same is likely happening with urchins caught in the Kuriles but they now have the cover that the whole thing has been ‘regularized’ so it is now again regulated by the Russian government. This past year, according to the Japan Customs data, the harvest of urchins out of the Kuriles has shown no real decline over the past few years. The harvest last year (2012) was 6,853 MT, averaging 800- 900 MT/month between October to March. It is not likely to disappear as a strong competitor in the Japanese market any time soon.

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## MARKETING—CONTIUED from page 3

I recall reading once that more money has been made in the seafood business from currency fluctuations than was ever made from simply selling the goods. This then would apparently be a good time to make some extra money as the government of Japan has effectively pushed down the value of its currency by about 25% since about October last year. It argues that it is simply doing the same as the US with its quantitative easing program to stoke economic growth in Japan to break out of a long-running deflationary environment by pursuing policies targeting domestic conditions. I believe they make this argument based at least partly on the fact that their exports are priced in USD and these are remaining stable so as not to inflict undue damage on other nations' products through a currency advantage. However, as a result of this new policy, the profitability of domestic companies is increasing, again by about 20-some % year over year which is boosting the Nikkei stock market to highs not seen for many years.

Unfortunately the most obvious and substantial effects so far internationally is a rush to cut interest rates by many other nations to arrest the relative appreciation of their currencies and increasing chatter that the risks of a general currency war are rising. The Government of Japan is however adamant that this is the best solution for what ails them.

Of some interest to seafood suppliers to the Japanese market, the main impact on the ground for consumers in Japan thus far is price inflation as the price of imports such as fuel and seafood is increasing while business has not yet translated its good fortune into rising wages, Nor is there any guarantee that it will. It is worth recalling that despite deflation in Japan, the population is declining at a faster rate and the per capita GDP has actually been increasing for a number of years although distribution inequities have still resulted in increasing long-term unemployment and homelessness.

As a reflection of this perhaps, Seafood Business (May 2013) reports that Japanese imports of snow crab from the US have dropped by 4% over last year while the price in yen has dropped by around 8% The yen has depreciated from less than 80 ¥/USD to more than 100 over that period so the effect in USD terms is closer to a 30% reduction in price. Using the Japan Customs website again, it appears that the imports of urchin products from Canada and the US in 2012 declined about 6.5% and 27.3% respectively even as the unit prices (expressed as ¥/kg) increased by 9.2% and 10.1% respectively. Once the ~25% currency depreciation is factored in though this still works out to an approximate 15% decline in terms of the home currencies (CAD and USD). I am still working on the Tsukiji data for US product to see if the same is reflected although it should be noted that the average Tsukiji price is considerably higher, I'd say by ~ 50%, than the valuation given by Japan Customs.

At this point it seems that Hong Kong, Taiwan and China are providing growth opportunities. We have submitted another international marketing proposal to Agriculture and Agri-Food Canada so we can continue to build on our marketing efforts in these countries over the past few years and further reduce our dependence on the Japanese market. The success seen over the past several years has been instructive and the proposal is essentially based on continuing what has been working thus far. The main activities centre on attending the Asian Seafood Expo in Hong Kong in September and the China Fisheries and Seafood Expo in Dalian in November. There is also provision for a side trip to Taiwan and/or possibly Japan after the China show although these legs will depend on arrangements by processors with their buyers. We have also included meeting with California producers as part of an on-going effort to establish and differentiate Red Sea Urchin as a signature seafood distinct from the more generalized uni as a commodity market. The total budget in the proposal is about \$107 K and we are expecting to hear back from the Program in mid-to-late June.

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## MARKETING—CONTINUED from page 4

There has been some chatter of late about worries on the economic state of China and on whether it can continue as the main locomotive for global growth. Of course it is, as Yogi Berra famously pronounced, especially hard to make predictions about the future, but it seems that demand for urban living space, things of modern life like cars, trains and stuff and a desire to see and experience the world is still growing. Yes, they might have lots of empty apartments and excess capacity but the fact remains that they want to move around 600 million people into cities over the next 15 or so years. Think about that for a sec- that is almost 20 times the population of Canada - if they are to succeed it is going to require 150 or so cities the size of Vancouver, or 10 such cities each and every year for the next 15 years. Yes, there is risk in that, but also opportunity.

They have a new President who is not expected to even start making much of a personal mark on the direction of the country until at least November this year but who so far seems to be successfully consolidating his position among all the varied factions. There are some nationalist types, particularly in the Army, who are causing some friction with neighbours and other nations, but it remains to be seen if these are temporary distractions for, or become established characteristics of, the New China as it distinguishes itself as a primary actor on this very finite planet. I remain hopeful.

## PRESIDENT'S REPORT—CONTINUED from page 1

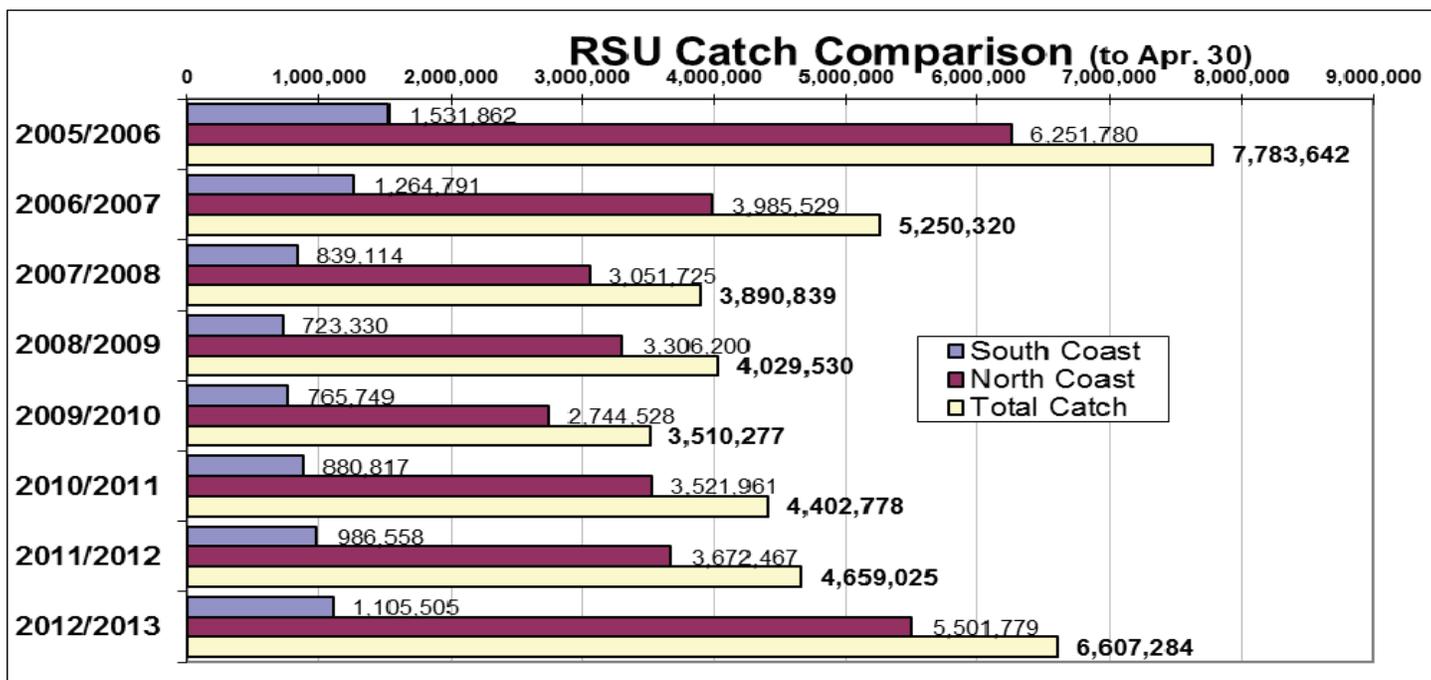
PUHA consulted with fishermen and provided input on which areas could support more effort within the science guidelines. The effort will increase in the areas adjacent to the otter populations. The urchins near to the otter areas have moved deeper and the populations are more patchy. The new management plan is available on the DFO website. PUHA and DFO have agreed to a 3 year plan commencing next season.

2012 was the last year of the interim science and research funding under the 5 year Post Larocque Program. The BC Seafood Alliance has been very active meeting with DFO representatives to develop alternative programs for science and management funding. The fishing industry is very concerned that the use of fish option not be used as a re-allocation of the resource away from the commercial fishing industry. Currently PUHA does not use fish for research and management. The PUHA position is that DFO has to support the science and the DFO staff to analyze the data and write the reports. PUHA will undertake and support the surveys and research as approved at the AGM and included in the annual PUHA budget. Priorities for science and research will be set collaboratively with DFO and PUHA. In support of this position, PUHA is asking all members to write letters to DFO and Federal Gov't representatives. PUHA research activities for the summer will be reduced this year to 3 surveys. Tentatively including Tofino, Larsen Harbour and some portion of area 12. The monies for these surveys are set aside in the PUHA budget. DFO will also conduct a survey in Haida Gwaii using the Vector.

Reminder to everyone that to check out the on line licencing and to renew your licences early while there is still staff at the licence offices.

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## D. & D. PACIFIC—CONTIUED from page 2



**North Coast fishing protocol** needs constant reiteration to certain fleet participants. The Protocol, 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 and next season as a pilot, but this does not change the protocol. Problems still occur with vessels trying to deviate 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 as it is a DFO program.

**Harvest Charts** – The Conditions of Licence states that the harvest charts have to be completed (as well as the validation harvest section) by midnight of every fishing day by the vessel crew, but ultimately it falls on the responsibility of the Vessel Master. D&D has noticed that certain vessels are not completing the chart requirement and even in some cases having someone else complete the charts, and submit them. With the fleet(s) moving back and forth at such a high rate (Quota areas being fishing over and over until completed) D&D was having difficulty in keeping up to the amount of charts required for certain areas. Although this occurred it is still a requirement to submit them within 30 days of cessation of fishing. Again, the biggest concern of DFO is someone else filling out the charts that were not even on the boat. DFO is aware of this and C&P will be looking into the issue. This season, we have noticed that over half of the vessels fishing have charts missing, some back to September! This is a concern as some of the vessels fished over 5 licenses. D&D’s last electronic submission of data to DFO sparked a flurry of calls from the Data Unit and then Management, then C&P. Next season will most likely see C&P aware of the chart rule (Conditions of Licence) and will be part of the questions asked when they approach the vessels at sea or dockside. Please complete the charts yourself and submit them in a timely matter as to avoid any issues with

DFO.

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## **D. & D. PACIFIC**—CONTINUED from page 6

The DFO licence unit has finalized the licence list for each area: north with 63 licences and the south at 47. Quota for each has not yet been finalized. We should hear this after the IFMP is released from the consultation process. What has changed is this will be the number for each area for three years.

D&D anticipates minimal fishing in both areas until market and currencies improve. One buyer suggested that fishing may resume in June/July.

## **PRESIDENT'S REPORT**—CONTINUED from page 5

### ***NANAIMO HARBOUR REDEVELOPMENT CANCELLED***

The Nanaimo Port Authority announced on April 15th that their MOU with the Pacific Northwest Marina Group has expired. This means the planned 30 year lease and redevelopment of the inner harbour marina will not go ahead.

See: <http://www.npa.ca/en/the-news/121-april-15th-2013-moa-with-pnmg-will-not.html>

This should mean that it will be business as usual for commercial users of the Nanaimo harbor. Thanks to the fishermen and licence holders that presented their concerns regarding the proposal to remove commercial fishing vessels from the Harbour.

### ***ON GROUNDS COORDINATORS:***

PUHA needs responsible and knowledgeable On grounds coordinators to facilitate and advise D&D and DFO on fleet movement. This position is important for PUHA to maintain its self management and monitoring. DFO has indicated it will tighten up the opportunities and remove the flexibility if fishermen do not follow the established protocols. Unfortunately there are a few boats who have been pushing the limits and not following protocols as referred to in the D&D report. Currently the following fishermen are the On Grounds Coordinators:

#### **Area Name Vessel**

North Coast	Bob Hegedus	Westport 1
North Coast	John Parkins	Aquastar
North Coast	Al Shanks	G-Star
North Coast	James Ridgway	Karohshi
North and South Coast	David McRae	Kuroshio
North and South Coast	Gordon Angrinon/Steve Hjeldnes	Forager
North and South Coast	John Lindsay	Second Wind
North and South Coast	Richard Strong	CCC

Any other fishermen who are interested in becoming an OGC should contact Mike Featherstone or the PUHA office.

## **QUOTA PLANNING MEETING**

**PLEASE CONTACT** [puha@telus.net](mailto:puha@telus.net) or 604-524-0322 if you will be attending a June meeting. Exact date to be advised.