



P.U.H.A. NEWSLETTER

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President's Report — MIKE FEATHERSTONE



The season is off to a slow start with fishermen working hard to find both good quality and good recoveries. Meanwhile the market is struggling to balance price and supply. The current landings reflect a continuing trend of lower landings however in some cases prices are considerably higher than those seen in past years. Obviously those fishermen who are being rewarded for their efforts are considerably more optimistic than those who are having difficulty selling any product at all. Presently we have 35 licences active as compared to 47 licences active as of the same time last year. The north landings are approximately 50,000 lbs behind last year however the south landings are 440,000 lbs behind making a total of 490,000 lbs behind the 2005/2006 season. Some processors are focusing on a good pay for good product but all processors are requiring better product just to maintain last years prices. The market is still being flooded by cheap product from Russia.

The weather during September and October was generally good and sea temperatures lower, which has increased kelp productivity. The recoveries in many areas are showing an improvement over last year. Just recently the coast was hit with a number of extreme storms however it looks as though this pattern has changed and a high pressure system is bringing outflow winds. If the outflow pattern establishes itself the northern fleet could get back to the outside where the recoveries are considerably better than the current Tree Knob area. Principe Channel is set to open December 7 which should allow steady fishing through Christmas. Everyone is crossing their fingers that the market will gain steam in December.

It is still too early to forecast the year end financial outcome but it is hard to be optimistic. PUHA has not yet signed the Joint Project Agreement (JPA) for this season due to a reluctance to commit to a fixed expenditure program with uncertain revenues. Recent court cases on the East Coast have thrown DFO's fixation on cost recoveries into question. PUHA continues to negotiate more flexible terms with respect this years JPA which reflect the current fiscal uncertainties.

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Marketing — GEOFF KRAUSE

Fishing is ramping up nicely for the new season now that the processors have cleared the decks of other major fisheries. The reports on urchin quality are pretty good thus far with recoveries of about 10%. This should be sustainable as long as everyone pays attention to what they are doing. This is key from a marketing perspective because the reputation of the BC product is based on the poorest quality put out as BC uni. Projections from processors on demand and prices this year are not great, although in some cases this might be positioning on the part of the processors to limit price expectations. There are also reports that some of the current excess going to consignment through Marawasu is already exerting downward pressure on the prices on product from Canada. This is especially unfortunate this early in the season because it may well adversely affect prices throughout the year.



The key to breaking out of this is to establish a reputation as a good value specialty or niche item by increasing the consumer's value perception of the product so prices can rise and support better margins. This contrasts to the constant need to reduce costs and seek economies of scale in ever increasing volumes which holds when one is supplying a commodity market. Competition in commodities markets focuses solely on price and life is not, as you all know, necessarily fair. We need to get the best possible product to the market to support favourable impressions of our product by consumers and, by extension, demand for it. There is wide agreement in the industry that continuously raising the quality bar is the only way to get demand and prices turned around to everyone's benefit. There is some related discussion of this on pages 6-7 in the November 06 issue of Pacific Fishing.

This year we are sending out some temperature loggers to get a better handle on what sort of temperature(s) the urchins are experiencing when they are en route to the plants. The Association picked up a bunch of temperature loggers this year and is sending them out on a number of boats so we can get objective numbers on what is actually happening. Setting up a system to measure something is the one of the first steps in managing it and this will at least let us ID any problems so they can be dealt with appropriately. The information obtained will also be uploaded onto the website where consumers can access it if they so desire. The first batch of T-loggers will be moving through the system before the end of November and will continue throughout the season to give a much better picture of changes showing up at different times.

Another part of this will be coordinated quality evaluations from select loads using pictures taken by the divers and plants for pre and post trans



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Marketing—continued

port colour and texture comparisons. A tablet with an embedded colour reference strip will be provided to the plants and the fishermen so the quality of the light (eg. full sun, shade, artificial lighting) does not affect the grade assessment of the uni in the pictures. The inclusion of the strip in each of the uni pictures will allow consistent assignment of the uni in the picture to a particular 'grade' represented on the strip.



Survey's—DAN LEUS

Have been working on a few projects right now, but nothing is complete. We did complete a successful survey in the Cordero Channel area, but that is about the only thing to report on. The rest of the stuff is on-going and will be analyzed/written up in the next couple of months.

Looking for input from anyone who knows of restaurants and stores that handle Red Sea Uni, as we would like to have a section on our website listing all the places anyone can go to, to purchase or eat uni. Please forward the information to any of the addresses listed on the cover page of this Newsletter.

President's Report—continued

PUHA has contributed considerable funds toward management, research, validation and monitoring in past years. These programs are important and necessary but if industry cannot support the programs relative to industry earnings then new ways will have to be found to meet the requirements of a well managed fishery. One new opportunity to reduce costs involves electronic vessel monitoring. Last year PUHA, in cooperation with D&D, undertook a test program to evaluate the system. PUHA and D&D will develop a proposal to institute this system based on the results of the tests. DFO seems open to the idea and in fact on the East Coast provides funding and personnel to monitor the vessels activities.

PUHA is currently running a study on the factors effecting quality after harvest. The study is focused on the temperature changes on the harvest vessel, packer and truck. The study is funded with 50% dollars from Agri-Food Canada and the Brand Canada Quality Program. With information generated from the study PUHA will make recommendations to improve quality getting to the market.

Harvesting abalone from B. C. waters is illegal. Help stop the illegal harvest and sale of northern abalone. Report suspicious or illegal boating activity in Pacific waters to D.F.O's **OBSERVE, RECORD AND REPORT 1-800-465-4336**. Reports relating to abalone are given priority!