



# PUHA NEWSLETTER



## Presidents Report / Mike Featherstone

The best wishes to all for 2019. There are always new challenges as well as opportunities each year. The outlook is positive for both red and green urchins. This past year has seen better cooperation between fishermen and

processors to reduce transportation costs and get fresher product to the market. Some of this cooperation is related to the lower than normal landings and fishing activity. As D and D has indicated the red fishery is quite behind the past

few years. Hopefully the demand and activity will jump in January and thru to the end of the season.



PRESIDENTS REPORT



MARKETING REPORT

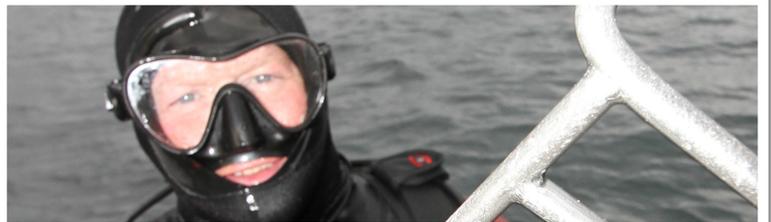


D&D PACIFIC REPORT



## Presidents Report / Continued

The red market has been steady but not high demand, product from Peru has taken some share in Asia. The product looks very nice but the taste is off, the cheap price makes it attractive for some buyers. From the summertime thru December Mexican product has been prevalent in the California market, along with their own domestic production from September. Going forward from January there will be less Mexican which will benefit demand from the US.



As far as greens the fishery is now winding down, the usual disruptions from Russian fishery changed the demand pattern from the past few seasons however the landings have been steady in December and into January.

On the research and science file DFO has stopped funding surveys. PUHA is now doing all the surveys in the reds, although there is still some support on the green urchin index sites for now. The sudden change in policy has left PUHA with cost increases and this coupled with the lower landings and validations may result in missed budget targets for this season.

The Gwaii Haanas kelp reforestation project is going ahead after stumbling late last fall and PUHA scrambling to provide support after the project was unexpectedly put out for bid at the last moment. Some PUHA members did start some preliminary removals late in September. The more intense harvest and removal is now scheduled to take place in conjunction with the fleet fishing in Haida Gwaii. Any interested vessels can provide their names to Geoff or Karolyn at the PUHA office. It should be noted that any participants will need to provide all documents and current certifications as required by WCB.

There were 3 courses coordinated with PUHA and Dive Safe International this fall. Training weekends were held in Richmond, Campbell River and Prince Rupert. Over 50 divers and tenders attended these sessions.

## Safe fishing to all Divers and Tenders in 2019

### Industry Links:

<https://ipolitics.ca/2019/01/01/talking-kettles-of-fish-with-jonathan-wilkinson/>

<https://www.seafoodnews.com/Story/1128234/Huge-Trash-Collecting-Boom-in-Pacific-Ocean-Breaks-Apart>

<https://www.seafoodnews.com/Story/1127832/China-Cuts-Tariffs-on-Some-Seafood-Imported-from-Countries-Other-Than-the-US>

<https://www.timescolonist.com/news/local/fishing-industry-blasted-for-lax-safety-rising-death-toll-1.23480230>

<https://www.seafoodnews.com/Story/1128121/Sea-Watch-Seafood-Industry-Faces-More-Uncertainty>

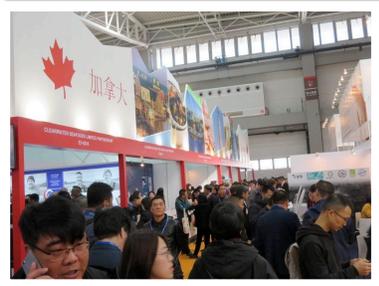
<https://www.seafoodnews.com/Story/1127155/Government-of-Canada-Investing-in-Clean-Technology-Solutions-to-Aid-Fisheries>

<https://www.seafoodnews.com/Story/1128108/Opinion-The-Big-Seafood-Risk-with-China-is-not-Trade-but-a-Drop-in-Consumer-Spending>



# Marketing Report / Geoff Krause

It sounds like things have been a bit slow this year so far but it also sounds like quality is looking pretty good, which should mean that everyone is making a bit of money this year without having to work too hard, and that is a good thing. It also sounds like a more cooperative atmosphere is allowing pooling of packer capacity so one day loads are kind of standard so far this year, something that is hopefully working for everyone and that will lead to more of the same.



I have been tracking the market again this year using Tsukiji and the Japan Customs website as the index sources. I believe these data provide a good way to track at least part of the market since they seem to correspond to each other in terms of prices realized. There are significant discrepancies between data from other different countries- say- Stats Canada and Japan Customs, differences that make it very difficult to reconcile between the various countries and which I believe is used to great effect by international traders to move money between jurisdictions. Using the data from a single source country though provides a single time series with at least one less variable, which even though perhaps is not entirely accurate, does over time provide a pretty good idea of how things are moving.



Data on RSU and GSU from Canada are directly available on the Japan Customs website and I also like using this data because the import data from other countries are similarly available. I have been using that to track Russian production out of the Kuriles for years and it is also useful for getting intel on other sources. The data is posted within about 1 month of arrival so I have data current up to November 2018.

Imports from Russia are still pretty much all live product which is then processed in Japan. Their numbers are still substantial, approximately 9,000 MT last year overall with just over 2/3 of that, ~ 6,000 MT, coming out of the Kurile Islands. The Kurile product used to be sourced from IUU fishing and even though I do not know how it works any more, fishing still falls right off from July through September to zero, the timing of which used to coincide with the local deployment of Russian coastguard vessels from Vladivostok. Of note as well: their prices have improved over the years though, more or less doubling from an average of ¥460 per kg in 2006, the year of peak IUU production, to about ¥900 this past year.

Based on this same data, live GSU from Canada are down in volume a bit to around 200 MT but the cost is looking pretty good at a little north of ¥1,360 per kg, or about \$16 CAD. RSU are of course processed in Canada and we are running lower volumes than we have been in recent years for this time of year. How much of this is due to diversion to other markets I do not know but it is also worth noting that the average (wholesale?) price, at least as it is reported to Japanese authorities, is looking pretty steady at around ¥8,800/kg (~\$101 CAD), and just a shade under the price for US RSU @ ¥ 9,500. This price is similar to the prices realized through sales on Tsukiji which work out to somewhere between ¥ 6,500 in the summer to north of ¥ 11,000 in the winter.

I also heard that Japan's uni markets were getting pounded because of oversupplies of Peruvian product this year. I did not find any evidence in the Japan Customs data for this. According to Japan Customs, Peru did almost triple their imports this year into Japan but that total was still only about 24 MT of fresh product for the year to the end of November. It sold at an average price of about ¥ 6,800 /kg. Fresh Chilean imports were about double that at 53 MT, down from close to 70 MT the year previously, and priced at just below ¥ 6,500. Frozen imports from Chile were considerably more substantial totalling 1,550 MT priced at about ¥ 4,300/kg.



# Marketing Report /Continued

Moving along- there have been a few things going on since the last newsletter. Mike Featherstone, Dave McRae, Pat Fantillo (RBS) and yours truly were joined by Paddy Wong, Melody Fan and Crystal Gao at the China Fisheries and Seafood Expo in Qingdao. We did not join a ministerial mission that went on to Shanghai and Beijing, even though it looked interesting, because we have not been approved for funding yet so there was no way to check whether the extra expenses would have been part of the project expenses. The latest word is that they are hoping to release their decision(s) in February and I am just going to leave it at that for now.



This was the 10<sup>th</sup> year we have exhibited at the show and the 4<sup>th</sup> year it has been held in this new, specially built exhibition facility. The show was first moved to the new facility in 2015 because of capacity constraints at the other venues in Qingdao and Dalian, but 2018 is the first year it has actually used all the space available for the exhibition. For us the show was, like the Hong Kong show and the Brussels show (last spring) a bit slower than the last couple of years but this is not really surprising given the changes in the trade environment over the past couple of years. All in all though, even though there were a couple of things that went a bit sideways, we all felt the show was again a success.

As an example of sideways, we ran into a few issues when people quite possibly not directly invested in the industry tried to use our booth in ways that had little regard to the broader interests we are trying to serve for the industry. One fellow asked if he might discreetly display some of his brochures to advertise his activities in the BC sea cucumber fishery. Things were busy at the start and we said it would be OK but on inspection it turned out the brochures were just such a collection of blatant BS that they threatened the credibility of everything we have been doing for the past 10 years. Just so you know, once we figured that out we called him on it and told him to remove them. We also probably made him feel his welcome was running a bit thin so he did not come around much after that.

The booth we get at this show is basically a standard 100 square foot model that gets kind of crowded when there is too much going on and this likewise cropped up as an issue. We hire a couple of interpreters for this show and try to keep them front and centre as the first points of contact for any visitors to the booth so nobody gets to cream off the most interesting ones for their exclusive attention prior to allowing them to generally make themselves known to us. This keeps it fair for all the members attending and gives us the best chance to collect contact and catalogue information from visitors.



Discussions amongst members and the association executive teams resulted in a change as soon as the booth opened the second day. The cost of the booth is covered by the two associations (PUHA and PSCHA) with the understanding that all interested member companies can share the venue to develop or support business in China to benefit not just their company(ies) but also the industry in more general terms. Keeping it accessible and fair to all member companies is key, and the way things started out this year demonstrated that we now need some policies to ensure that remains the case.



## Marketing Report /Continued

As became apparent this year, it does not take a conscious or deliberate effort to mess things up. Simply not controlling the number of participants is sufficient to break up the collaborative balance in the booth. A new policy proposal for exhibiting at the booth includes requiring an application for first-time exhibitors. Approval of the application will turn on either the applicant owning a licence or having written confirmation from a licence holder that they are active in the fishery. An implied endorsement by more simply “just showing up” with an established processor or exporter is insufficient. In cases where companies are affiliates (i.e. not members by way of owning a licence), only one affiliate per company/sponsor will be approved and only one representative per affiliate will be allowed and then only as guests with restricted Rights (i.e. subordinate to members) in the booth.



We are also still working through a few problems that seem to keep recurring with getting product into China for the show. I recall hearing complaints years ago from other exhibitors who were forced to store their frozen display product in cold storage for at least 30 days prior to the show at a cost of I believe \$100 US per box per day. We have never been subjected to anything that extreme but suffice it to say that it seems the Chinese government is getting more determined to restrict our options each year. This includes more rigid customs inspections and restrictions on products for display, even

though in cases like this they are more or less empowering gouging by customs agents. I don't know if there is a conversation going on behind the scenes but at this point it seems that the Chinese authorities are still not really interested in considering, or perhaps are even aware of, the effects that overly expensive freight and customs charges can, and are increasingly going to, have on the success of “their” signature seafood show.

Another change that popped up this year is that you also now have to endure electronic fingerprinting on entering the country. This is a bit weird but also a bit off putting when you think about it in light of the increasingly pervasive CCTV (Closed Circuit TV) networks and growing AI (Artificial Intelligence) powered facial recognition and tracking initiatives that underlie an emerging comprehensive surveillance culture in the country. Still, the people we meet there are all very hospitable, friendly and helpful and it is possible that the system is helping keep things peaceable as the authorities claim.

Draft reports for the trips this year (Brussels, Hong Kong and Qingdao) are done but have not been uploaded to the web site because we are still waiting on the approval. Putting a draft copy that does not acknowledge the support of the program might be a problem as might putting up a copy that does acknowledge their support. That being the case we are just holding them back until we get that confirmation, again, something that is expected sometime next month.

We have gotten quite a bit accomplished this year and still have the Seafood Expo North America in Boston to attend in March before we have a wrap for the year. We also have an upcoming update on the MPA Network initiative coming up in February as well as an evaluation by DFO of some biological parameters for use in managing BC urchin fisheries. I will be playing a small role in both processes and will report on them as well once I have a better handle on what they might mean.

**Until then- Be safe-Good fishing**



# D&D Pacific Report

## RED & GREEN SEA URCHIN FISHERY SEASON UPDATES

### North Coast Fleet

Zero landings in August (down 300k from 2 plus seasons ago) and fishing did not start until the 6<sup>th</sup> of September in Bonilla. With buyers sharing packers, daily trips into port eliminated multiple day loads of multiple packers. Good for the product, good for the fishermen.

With the start of the Sea Cucumber fishery in October, the Red fleet shrank dramatically but we managed to land over 500k in October. Down 100k plus compared to previous seasons.

November had the fleet landing product similar to the 2016 season. The end of November and into December had the fleet compromised by weather and resulted in landing close to 300k less than previous seasons. Once the weather cleared, the fleet worked hard landing through the holidays

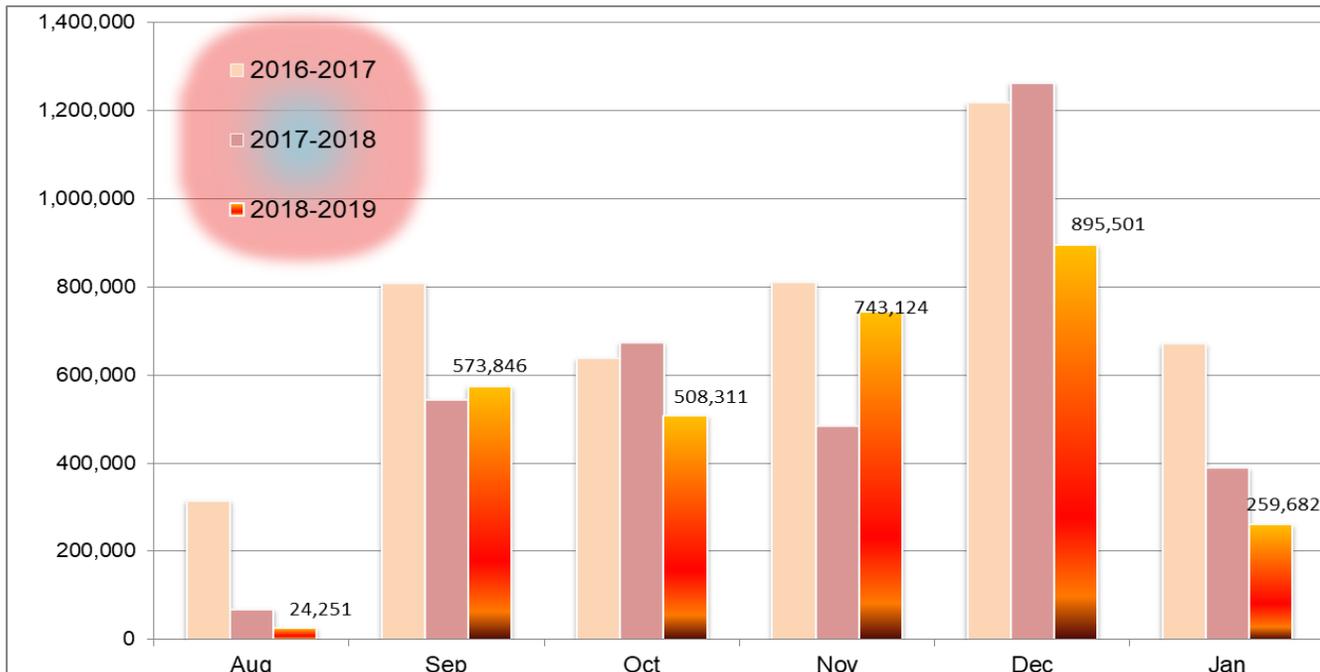
### South Coast Fleet

Vessels were active in QMAs around Sidney, Victoria, and Sooke in August, and attempted the QMAs around Campbell River in September, but quality was poor.

The Survey in Discovery Pass was completed in September, and the QMA opened finally in December. The fleet is still active in completing this quota.

Weather was an issue and vessels struggled in QMAs out of Port McNeill until 12K QMA opened.

Figure 1 – RSU Comparison by Month 3-Year Trend





# D&D Pacific Report/Continued

Figure 2 – RSU Comparison - Landings to Date 3-Year Trend

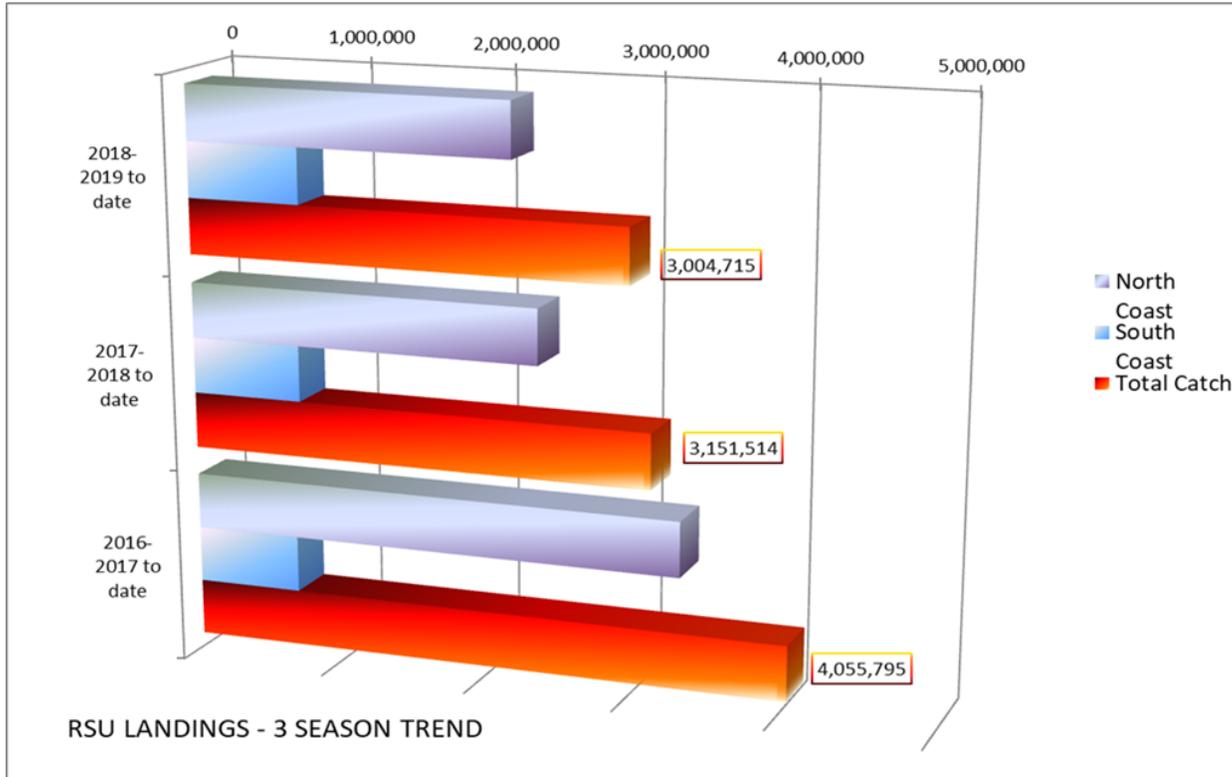
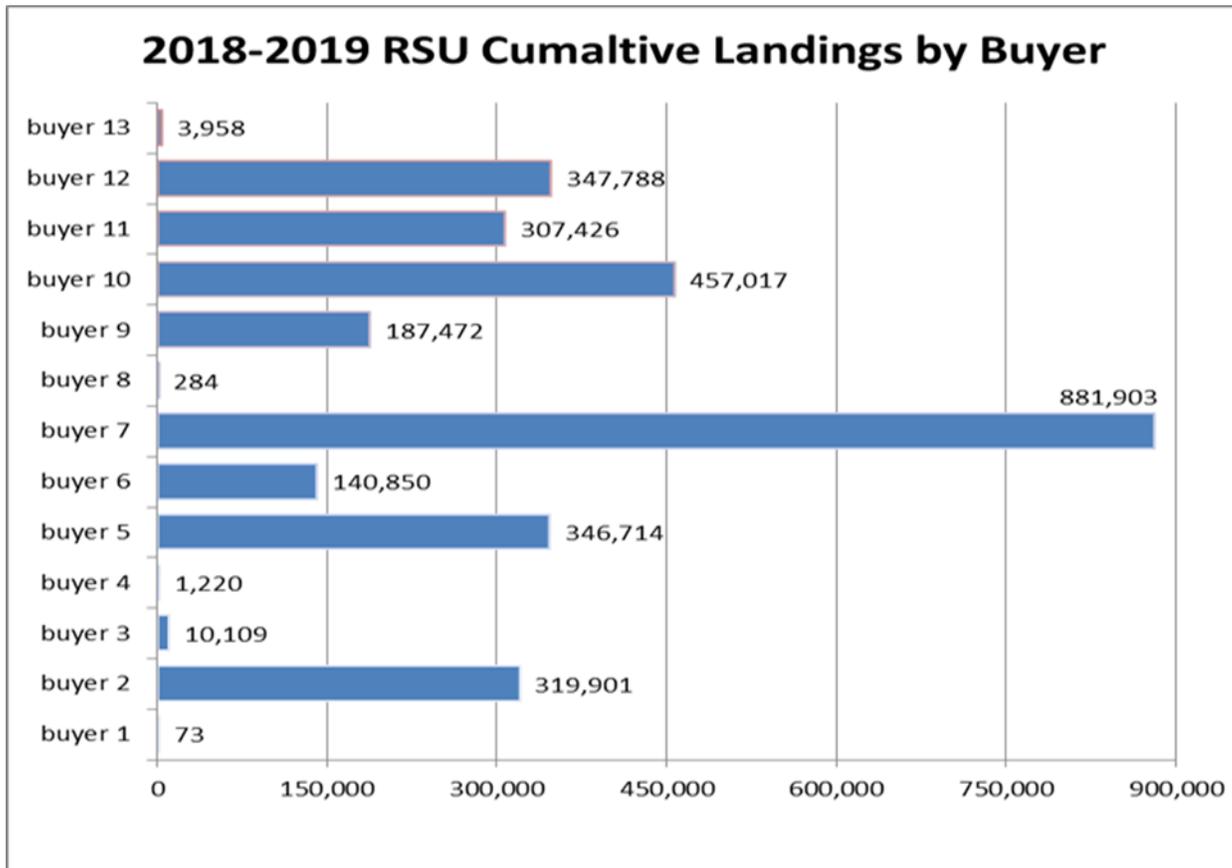


Figure 3 – Landings by Buyer





# D&D Pacific Report/Continued

## 2018-19 GSU FISHERY

The 2018-19 fishing season started off slower compared to the last two seasons, but maintained high harvest levels in September. The Campbell River QMAs were fished first as the Victoria area QMAs seemed to be not ready (quality) as in past seasons.

The market seemed to be soft during October and also the start of the Sea Cucumber fishery, but November and December have seen the best of harvest levels. We have been in January for one week and we are at a good level of effort before the crash of the market comes in February.

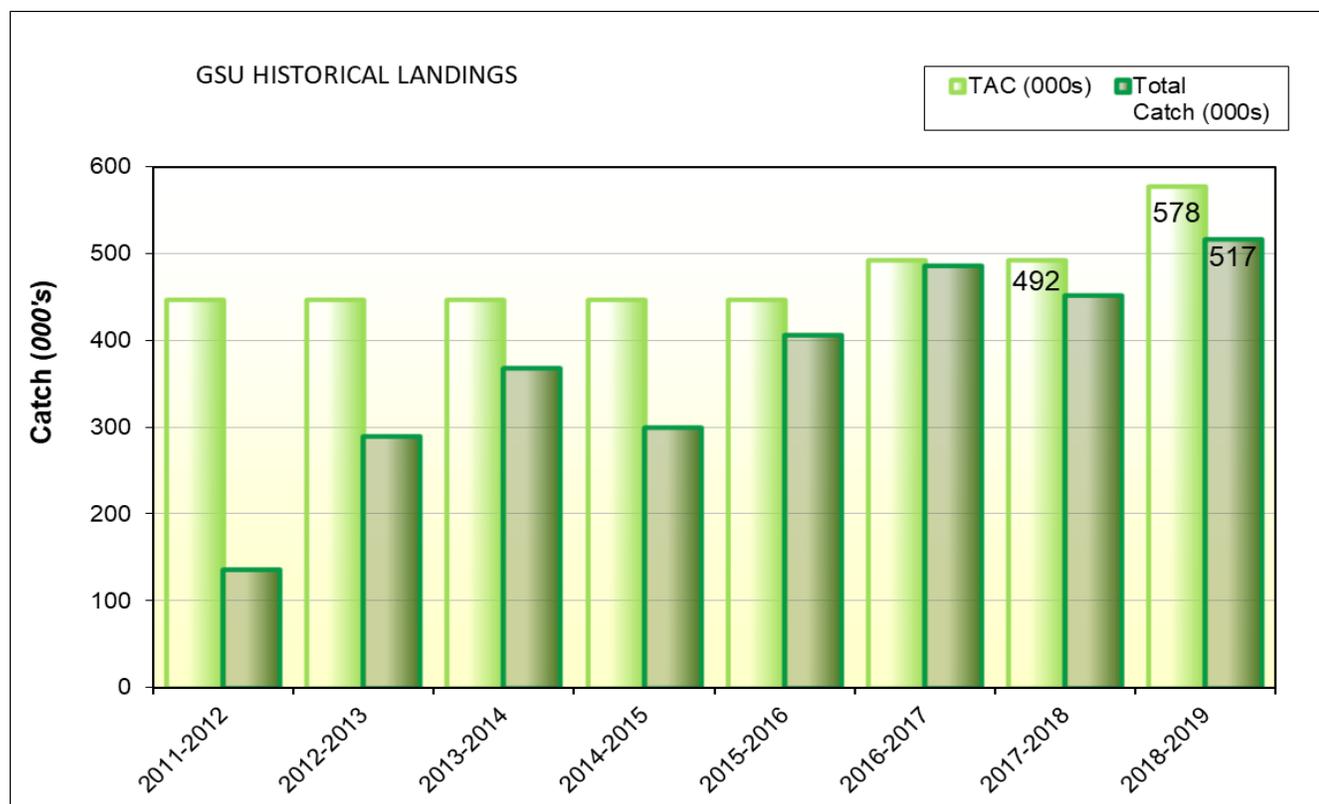
The Victoria and Sidney QMAs are closing as the last QMAs are being cleaned up this month. QMA 12 out of Port McNeill finished in the first week of January and the remaining vessels will have to complete their tabs either in QMA 11 – Allison Harbour or move down to South Johnstone Strait and Discovery Pass.

The Survey in Discovery Pass was completed in September, and the QMA finally opened in December with a small First Nation closure request for this season only.

Eleven Vessels have been active to date, but with over 5 re-designations the actual number of active vessels was 14.

Eight buyers have been active to date in the GSU fishery with one buyer dominating the landings.

Figure 3 – GSU Historical Landings – 8 Season Trend





# D&D Pacific Report/Continued

Figure 4 – GSU Landings by Month – 3-Season Trend

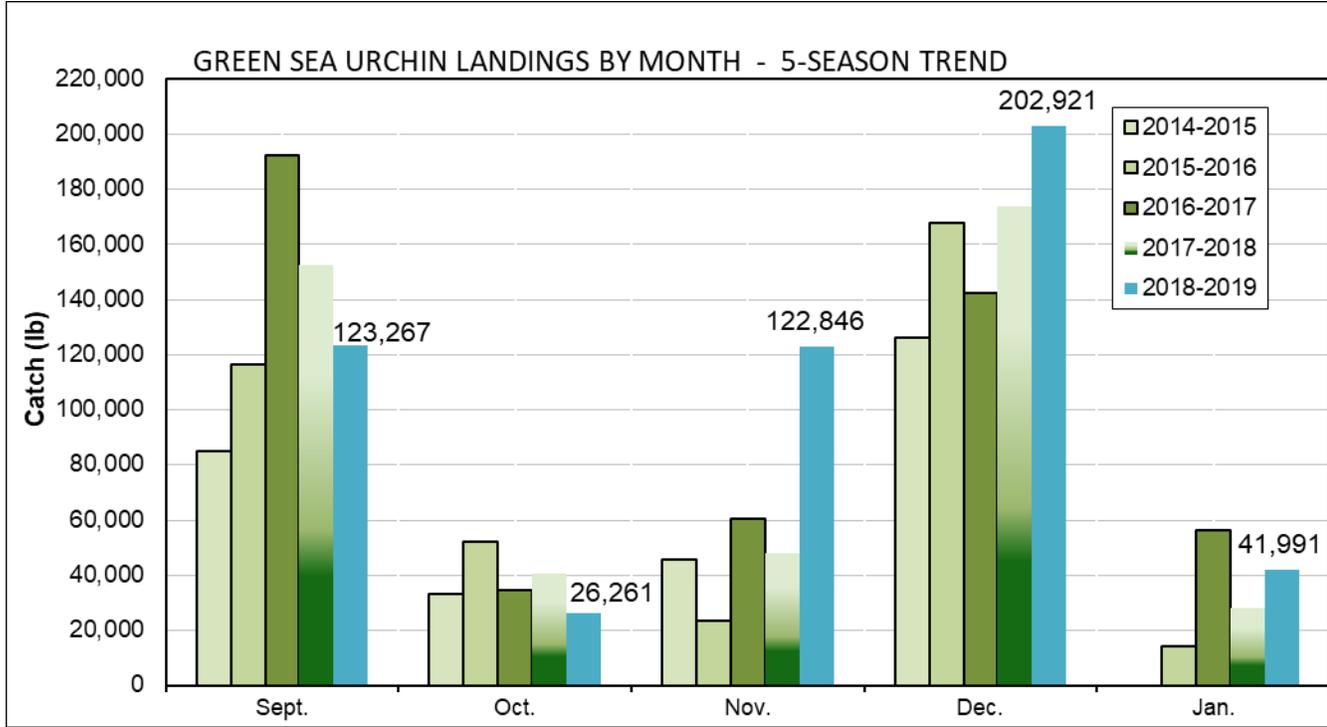


Figure 5 – GSU licence Distribution – 9-Season Trend

