Future of Seafood Industry in Newfoundland & Labrador

It’s Not all Doom & Gloom

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Outline for Today

• Seafood Sector Profile & Trends
• Global Trends Affecting NL Seafood Sector
• Role of MI in Advancing Seafood Value Chain
• Northern Peninsula Situation
• Outlook
SEAFOOD SECTOR PROFILE & TRENDS
## Industry Snapshot

<table>
<thead>
<tr>
<th></th>
<th>1989</th>
<th>2014R</th>
<th>2015P</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value of Production ($ millions)</strong></td>
<td>650</td>
<td>953</td>
<td>1,266</td>
</tr>
<tr>
<td><strong>Volume of Landings (tonnes)</strong></td>
<td>506,000</td>
<td>244,787</td>
<td>240,785</td>
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<tr>
<td><strong>Value of Landings ($ millions)</strong></td>
<td>242</td>
<td>661</td>
<td>738</td>
</tr>
<tr>
<td><strong>Harvesters (# registered)</strong></td>
<td>16,000</td>
<td>9,453</td>
<td>9,334</td>
</tr>
<tr>
<td><strong>Licensed Plants (primary)</strong></td>
<td>214</td>
<td>73</td>
<td>74</td>
</tr>
<tr>
<td><strong>Plant Workers (processing)</strong></td>
<td>21,000</td>
<td>7,881</td>
<td>7,721</td>
</tr>
</tbody>
</table>

R = Revised, P = Preliminary  
Source: Professional Fish Harvesters Certification Board; DFO; DFA
Shellfish represents approximately 82% of industry landed value.
Labour Market Outlook 2025 - Projected labour supply of fishing masters/fisherman is expected to lag projected job openings. Significant labour supply responses will be required to meet demand.
Total aquaculture employment of approximately 439 workers in 2015
Export value exceeding $1 billion in 2015 with products sold in more than 40 countries
2015 Record Year for NL Seafood

- Record Prices for Northern Shrimp
- Near record prices for Snow Crab
- Rebound in aquaculture production
  - Salmonid production increases over 2014
    - Aided by weak CAN$
- Production value for 2015 well over $1.2 billion
  - Significant revenue generation in rural NL in particular

Interesting to note that in a period where many other sectors are struggling, seafood is contributing significantly to the provincial economy.
Industry Competitiveness Issues

- Regulations
- Labour
- Productivity
- Innovation
- Access to capital
- Seasonality
- Market Intelligence
The Icelandic Cod Story

Growth in fresh cod production

Source: Matis
Icelandic Trends

Export of Cod products as % of value each year

Fsishing gear

% of total catch of Cod

Source: Dr. Ögmundur Knutson UNAK
UK Supermarket Visit – September 2015

Chilled
£17.39 per kg

Fresh
£13.50 per kg

Frozen
£14.62 per kg
London Billingsgate Fish Market – Sept 10, 2015

Icelandic Cod – 12-16 oz

Production date – 08/09/15

Use By Date - -14/09/15

Strong markets continue to exist for top quality cod that can be supplied on a consistent basis
GLOBAL TRENDS AFFECTING NL SEAFOOD SECTOR
**World Population Growth**

FAO estimates that 40 million tonnes of aquatic food needed by 2030 just to maintain current per capita consumption.

**Global Seafood Consumption**

Per-capita seafood consumption rose from 9.0 kg/year in 1961 to 19.9 kg/year in 2014.

OECD-FAO estimate total consumption to increase to 165 million MT in 2023.
FAO estimates that average price of traded seafood products is expected to grow by 30% by 2022.
Sustainability Certification Schemes
Potential Ecological Shift

Water Temperature

Temperature - Production

Source: Colbourne

Source: G. Rose
CETA Agreement

• Agreement in Principle on October 18, 2013
• Final Agreement Signed October 2016
• Ratification expected in early 2017
• Elimination of Tariffs
  • 99.1% upon signing
  • Up to $25 million in gains on signing
  • $100 million potential through new opportunities
• Removal of end-use restrictions (branding opportunities)
• $400 million Fisheries Investment Fund?

• EU largest seafood market (32.2 billion in imports in 2015) in the world with a population of 500 million & per capita seafood consumption in the range of 24 kilos. This is a game changer for CAN seafood industry
Other Global Trends

Global Trends

- Sustainability
- Trade Agreements
- Transforming Technologies
- Supply Chain Consolidation
- Consumer Awareness
- Labour Standards
- IUU Requirements
- Biodiversity Targets
ROLE OF MI IN ADVANCING NL SEAFOOD VALUE CHAIN
MI School of Fisheries

**Structure**
- 3 applied research centres
- 1 industrial training centre
- 2 undergraduate programs
- 4 Graduate diplomas
- 2 Post-graduate certificates
- 2 Masters programs
- Supporting research based graduate students

Offers complete seafood value chain approach

**By the Numbers**
- More than 90 employees
- Manage 90-100 applied research projects per year
- Approximately $8 million research & training project value
- Excess of 1000 participants in industrial training programs annually
- More than 100 diploma/degree students

Most comprehensive academic and research capacity in Canada
Specialized Research Centres

• Centre for Fisheries Ecosystems Research - Largest non-government research capacity in Canada that studies fisheries ecosystems

• Centre for Sustainable Aquatic Resources - Global leader in sustainable harvesting technology & houses largest flume tank in the world

• Centre for Aquaculture & Seafood Development - Comprehensive industrial response unit focused on seafood processing, sustainable aquaculture and marine bioprocessing.

• Centre for Community Based Education Delivery (CBED) – Supports the industrial response education and training needs of industry

Fisheries Science  Harvesting  Handling/Landing  Processing  Logistics  Marketing
Case Study: Halibut Research

- Results will guide development of new survey for the stock
- The survey will allow setting quotas based on abundance of the resource and increasing value through MSC certification
NORTHERN PENINSULA SITUATION
Northern Peninsula Industry Snapshot

• Harvesting – 40,000 tonnes of fish landed at 62 ports (2012 data)
  • Diverse fleet sector from small multi-species vessels to larger shrimp fleet
  • Significant offshore sector employment and trans-shipment of product
  • Hundreds of inshore sector harvesters

• Processing – 13 Active fish processing plants processing nearly 11,000 tonnes of end-weight fish and employing 750 workers (2015 data)
  • 4 active shrimp processing facilities
Northern Peninsula Industry Advantages

- Critical mass in shrimp processing sector
  - Despite resource decline NP operations likely to remain as strategic locations and operations
  - Access to both gulf and northern stocks critical
- World Class Cold Storage operation and trans-shipment facility
  - Eimskip provides direct access to global markets
    - Europe & US in particular (former critical with CETA)
- Strategic proximity to recovering Northern cod resource
  - Above infrastructure critical to maximize opportunity
- Emerging opportunities with other recovering resources
  - i.e. Gulf redfish, Atlantic halibut, etc.
Northern Peninsula Industry Strategic Considerations

• Regional hub for Northern Shrimp fishery
  • Ensure critical support services are in place i.e infrastructure, servicing, etc.

• Strategic opportunities around groundfish recovery i.e. N. cod, redfish, halibut, etc..
  • Align value chain to support this;

• Become an innovation hub demonstrating best practices for industry success
  • Quality initiatives, marine bioprocessing, etc.
  • Better utilization of available resources

• Place particular focus on the needs/future of the inshore fleet
  • Requirements for viable operations
  • Assess best practices elsewhere

• Focus on needs of next generation
  • What will attract/keep youth interest in this industry
    • Consider future industry leaders forum
Outlook

• Harvesting & Processing sector continued employment decline
  • Those remaining should see improved economic returns
    • Decline in non-renewable sector may drive renewed interest in seafood

• Continued growth in Aquaculture sector particularly on south coast
  • Grieg Aquaculture expansion in Placentia Bay could be game changer

• Continued groundfish recovery (cod in particular)
  • Focusing on quality and value will be critical

• Fisheries regime shifts due to climate change will require adaptive strategies

• Global seafood consumption will continue to expand
  • NL seafood sector can capitalize on this through market based approach

• Continued expansion of innovation and technology adoption
  • Driven by demographics & competitiveness requirements
  • Direct role for government in supporting and enabling this
Final Thought

• The historical public policy consideration of the fishery in our province was one of a high volume and low value approach that was focused primarily on employment maximization.

• The future public policy consideration will have to be one that is focused on value over volume and places resource sustainability and economic viability for participants as its primary objectives.

• Northern Peninsula can play a significant role in the fishery of the future but it has to be a value based approach.