

Port de Grave (Dept. of Fisheries and Aquaculture)

Fishery

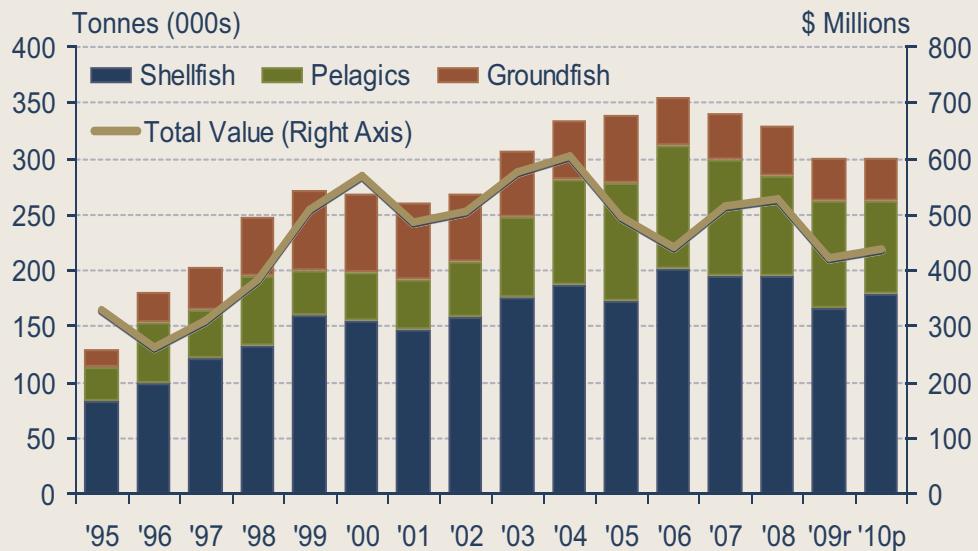
The Newfoundland and Labrador seafood industry performed well in 2010. The province's total seafood production was valued at \$942 million, up 13.9% from \$827 million in 2009. In general, improved global demand for seafood, higher market prices for crab and shrimp, and an increase in aquaculture exports contributed to the growth in 2010. These factors helped the industry endure continuing challenges associated with the strong Canadian dollar, high fuel prices and quota reductions.

Total landings for capture fisheries were approximately 301,400 tonnes in 2010, virtually unchanged from 2009 (see chart). The corresponding landed value increased to \$439.1 million, up 3.7% from 2009. An increase in landings and the raw material price of shrimp helped offset decreased landings for other species and contributed to the higher value in 2010. The overall market value of aquaculture production in 2010 increased 26.1% to \$116.3 million, mainly driven by production growth in the salmonid sector.

Total employment in the capture fisheries declined in 2010, while employment in the aquaculture industry grew. The number of fish harvesters totalled 10,802, down 7.0% compared to 2009. The number of people employed in processing activities decreased by 3.5% to 10,340.⁴ Aquaculture employment increased by 4.4% from 655 people in 2009 to 684 people in 2010.

⁴ Processing employment data are from the Department of Fisheries and Aquaculture's peak employment data and are based on the number of individuals employed during the year. The harvesting employment data are based on the number of fish harvesters registered with the Professional Fish Harvesters Certification Board. These data differ from Statistics Canada Labour Force Survey data (included in the table on page 100) which uses a person year concept of employment.

Volume and Value of Fish Landings



r: revised, p: preliminary

Note: Annual value includes seals.

Source: Department of Fisheries and Aquaculture; Fisheries and Oceans Canada

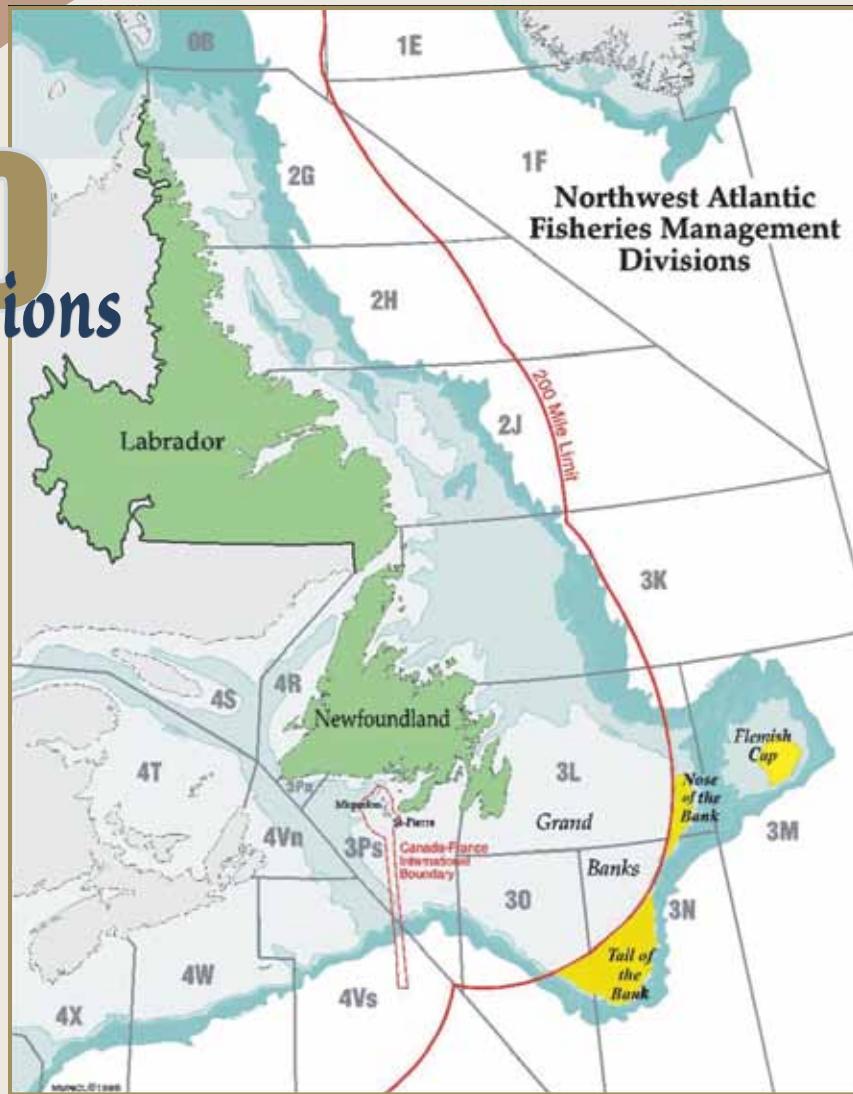
Capture Fisheries—Shellfish

Shellfish comprised 59.6% of fish landings and 84.0% of landed value in 2010. Overall, shellfish landings increased 7.7% in 2010 to over 179,600 tonnes compared to the previous year. The associated landed value rose 4.8% to \$368.7 million. Increased shrimp catches and higher raw material prices for shrimp primarily accounted for the growth.

The volume of shrimp landed increased significantly in 2010 due to increased fishing effort. This occurred despite a 28.0% reduction in the shrimp quota on the Northeast coast. Compared to 2009, total shrimp landings were up 22.4% to 95,100 tonnes in 2010, while total value was up 27.4% to \$139.2 million. Inshore and offshore shrimp landings increased by 20.1% and 27.3% respectively. The average landed price for inshore and Gulf shrimp was \$0.48/pound in 2010, up from \$0.42/pound in 2009.

Snow crab landings totalled just over 52,200 tonnes in 2010, down 2.3% from 2009. A price dispute in the snow crab fishery, which delayed its opening, had a limited impact on the volume landed in 2010. The total landed value decreased by 5.6% to \$155.4 million.

NAFO Divisions



Most of the quota was taken with the exception of about 2,000 tonnes in NAFO Division 3K (see map). Efforts to harvest the quota in this area were impacted by the delayed opening. In 2010, the negotiated minimum price to harvesters for snow crab was \$1.35/pound compared to a minimum price of \$1.40/pound the year before.

Surf clam landings totalled 22,800 tonnes in 2010 with a landed value of approximately \$42.0 million. Both landings and value in this fishery declined by 7.7% compared to 2009. Both lobster and whelk landings were essentially on par with 2009. Approximately 2,500 tonnes of lobster were landed in 2010, valued at \$18.1 million. Whelk landings totalled over 5,000 tonnes, valued at \$5.5 million. Improved market prices for whelk in 2010 increased the landed value by 20.9% over 2009.

Capture Fisheries—Groundfish

Groundfish accounted for 13.0% of landings in the capture fisheries in 2010 and 11.5% of the total value. While groundfish landings were on par with 2009 at about 39,100 tonnes, the landed value in 2010 increased by 1.4% to \$50.5 million. Cod, turbot and yellowtail flounder were the primary groundfish species landed in the province in 2010.

Approximately 12,000 tonnes of cod were landed in 2010 valued at \$12.3 million. Compared to 2009, this represented a 16.9% decrease in landings and an 18.1% decrease in landed value. The cod fishery was impacted by quota reductions in NAFO Divisions 3Pn4RS and lower catches in NAFO Division 3Ps. An increase in turbot and yellowtail flounder landings more than offset the decline in cod catches. Turbot landings increased 10.0% to 11,500 tonnes in 2010, while yellowtail flounder catches increased by 47.7% to 8,000 tonnes as a result of increased effort.

Capture Fisheries—Pelagics

In 2010, the pelagic fisheries accounted for 27.4% of the total landings for the capture fisheries and 4.2% of the total landed value. Overall landings decreased to 82,700 tonnes in 2010, down 13.4% from 2009. The associated landed value was \$18.6 million, representing a 10.8% decrease from 2009.

Capelin, mackerel and herring landings declined in 2010. Total capelin landings fell by 27.1% compared to 2009 (from 33,200 tonnes to 24,200 tonnes) due to lower catches in NAFO Division 3K. Overall, mackerel landings decreased to 32,400 tonnes in 2010, down 5.5% from 2009. Herring landings fell to 26,000 tonnes, down 6.7%.

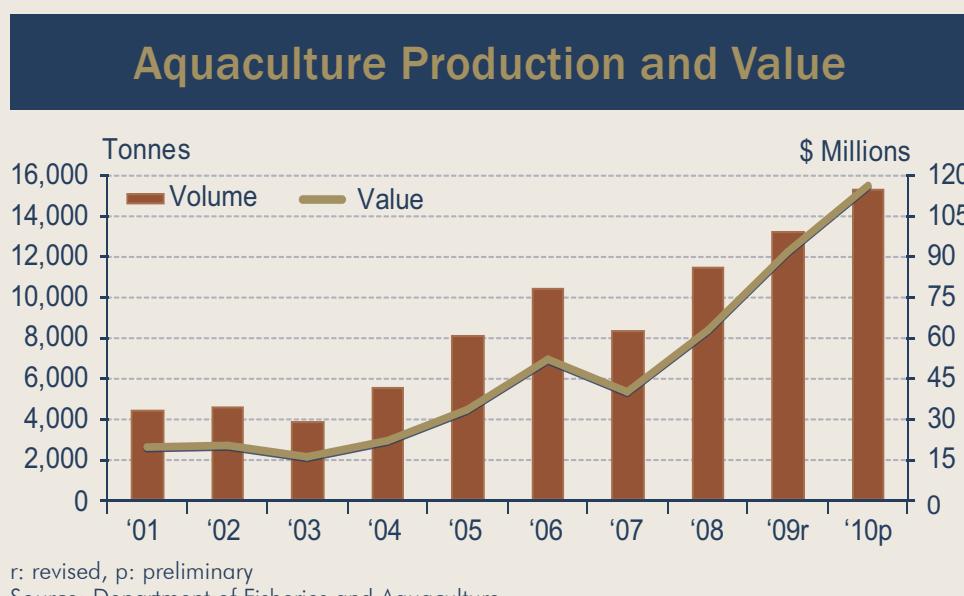
Capture Fisheries—Seals

There was an improvement in the seal harvest in 2010 even though landings remained low compared to historical levels. In total, about 67,000 seals valued at \$1.3 million were harvested in 2010. This represented an increase of 25.2% in harvest levels and an increase of 53.0% in value compared to 2009. The average landed price per pelt in 2010 was approximately \$19/pelt compared with \$14/pelt in the previous year. Despite the improved performance in 2010, results were well below the \$6.7 million earned from the harvest of 208,000 seals in 2008. The seal industry continues to be challenged by restrictions on the sale of seal products to some countries. However, a recent trade agreement between China and Canada is expected to expand market opportunities.

Aquaculture Sector

The aquaculture industry in the province continued to grow in 2010. Newfoundland and Labrador is currently the third largest aquaculture producer by value among the provinces, next to British Columbia and New Brunswick. The province's industry focuses on three primary species: steelhead trout, Atlantic salmon and blue mussels.

Total aquaculture production was 15,400 tonnes in 2010, up 12.7% compared to 2009. The corresponding market value was \$116.3 million, up 26.1% from 2009 (see chart). This rise was mainly driven by growth in the production of Atlantic salmon. In 2010, salmonid production reached 12,900 tonnes, valued at \$110 million in the marketplace. A shortfall in the international supply of farmed salmon, caused by problems in Chile's



aquaculture industry, has created opportunities in the U.S. marketplace. The mussel sector continues to address marketing issues but is starting to see markets slowly recover. In 2010, mussel production totalled approximately 2,500 tonnes, valued at \$6 million. Last year, the provincial government and the mussel industry identified market constraints and opportunities and are currently implementing strategies to facilitate market development and growth.

In support of the growing salmonid sector, the province led the development of key strategic infrastructure initiatives in 2010. Specifically, marine infrastructure has been improved through wharf construction in Hermitage and Pool's Cove, and the acquisition of wharves in St. Alban's and Milltown through the Government of Canada's Divestiture Program. To secure fish health within the industry, construction of the Centre for Aquaculture Health and Development in St. Alban's began in 2010 with completion anticipated in 2011. The province also supported the construction of two salmonid hatcheries to promote biosecurity and improve access to smolts. The hatchery in St. Alban's was completed in 2010, while construction on the hatchery in Stephenville will be completed in late 2011.

Processing and Marketing

There were 121 seafood facilities operating in the province in 2010. Overall, 102 of these were engaged in primary processing, four in secondary processing, five specialized in aquaculture, and 10 were retail outlets. Seafood production for the year totalled 167,300 tonnes, down 5.9% from 2009.

Newfoundland and Labrador seafood products were exported to over 50 countries in 2010. Demand for the province's seafood was stimulated by increased global seafood consumption and the economic recovery.

The U.S. and China remained the largest international markets for the province's seafood products in 2010, accounting for 33.6% and 22.2% respectively of export value. Other major markets included Russia, the United Kingdom (U.K.), Denmark, and Japan (see chart on page 32). Snow crab accounted for \$302 million (or 38.8%) of export value in 2010, while shrimp accounted for \$237 million (or 30.3%).

The market price for snow crab rebounded in 2010, from a low of US\$3.40/pound in January 2010 to US\$5.50/pound in December 2010. Overall, the yearly average was US\$4.52, up 33.3% from 2009. The largest markets for snow crab in 2010 were the U.S. and China, accounting for 61.5% and 33.9% of the total export value

Percent of Total Seafood Export Value by Country 2010



Source: Department of Fisheries and Aquaculture; Statistics Canada

respectively. China has replaced Japan as the second largest importer of the province's snow crab since 2000. However, much of the snow crab that is shipped to China is ultimately consumed in Japan.

Average shrimp market prices improved in 2010, after dropping off somewhat in 2009. The average market price for 150-250 count cooked and peeled coldwater shrimp was US\$3.77/pound, up 10.9% from 2009, while the average market price for the 250-350 count rose 7.0% to US\$3.45. In 2010, the major markets for the province's cooked and peeled coldwater shrimp were the U.K., Denmark and the U.S., while Russia, Iceland and Denmark were the principal markets for offshore frozen shrimp.

Overall, market prices for cod and pelagic species remained steady in 2010. The bulk of cod exports went to markets in the U.S. and U.K. The major markets for capelin in 2010 were Taiwan, China and the U.S. The U.S. accounted for 82.6% of the market value of herring while the principal markets for mackerel were China, Georgia and Taiwan.

Fishery 2011 Outlook

Starting January 2010, the 2010-2012 Autonomous Tariff Rate Quota (ATRQ) for cooked and peeled shrimp dropped the 6% tariff on the first 20,000 tonnes entering the European Union (EU). In addition, the ATRQ added yellowtail flounder into the flatfish category, which has a 10,000 tonne quota at no tariff. Past EU tariffs on yellowtail flounder were as high as 15%. The province's seafood producers will continue to avail of the ATRQ in 2011.

The EU Parliament implemented legislation to ban the import of seal products into EU countries on October 25, 2010. The Government of Canada took action through the World Trade Organization (WTO) to overturn the ban on the grounds that it is in violation of the international trade agreement. A second round of WTO consultations occurred December 1, 2010 in Brussels. Canada has recently received the WTO approval to establish a dispute settlement panel on the EU ban. Despite the current ban in the EU, there remain significant development opportunities in markets such as Russia and China. The province continues to work with the sealing industry to develop and promote seal products in these markets.

Total fish landings in 2011 are expected to be slightly lower than 2010.

Market prices are expected to remain strong as the global economy continues to recover from the recent economic recession.

Snow crab prices paid to harvesters are expected to be the highest in seven years.

Demand for coldwater shrimp is expected to continue to increase as exports to Russia, China, Ukraine and Iceland improve.

A high Canadian dollar and high fuel costs will continue to present challenges to harvesters and producers.

Further expansion of the salmonid sector is expected and markets are anticipated to remain strong.

Mussel production and market value are expected to be on par with 2010.

Improved exports of seal products to China are expected as a result of an agreement between Canada and China signed in January 2011.

The fish processing sector will benefit from several investments in 2011 including:

- Construction of a new crab processing plant in Mary's Harbour by the Labrador Fishermen's Union Shrimp Company.
- Establishment of a shellfish by-product processing program in Old Perlican by Quinlan Brothers Limited.
- Establishment of a shellfish by-product processing facility in Twillingate by Eastern Star Group Canada Inc.