

Fishery

The Newfoundland and Labrador seafood industry experienced a good year in 2011. Higher market prices for key species, particularly snow crab and shrimp, combined with continued growth in the value of the aquaculture sector, resulted in a rise in total production value despite a decline in total production volume. Total production was valued at over \$1 billion in 2011, an increase of 7.3% compared to 2010. The United States and China remained the province's primary export markets.

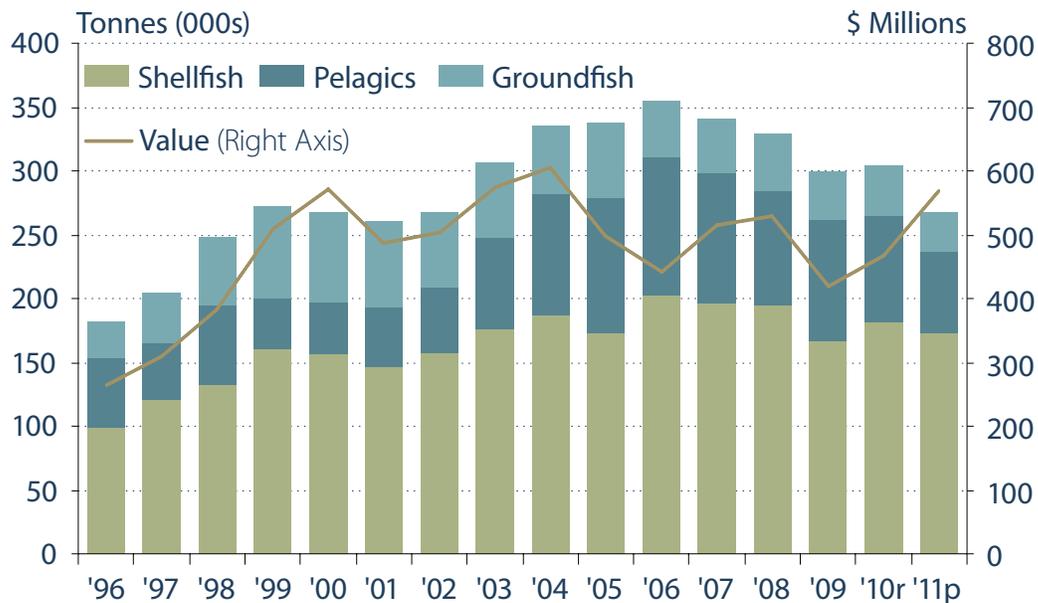
Employment levels in the seafood industry declined slightly in 2011. There were 21,289 people employed in the industry compared to 21,426 in 2010. The number of fish harvesters declined from 10,943 in 2010 to 10,882 in 2011 and the number of people employed in processing activities decreased 1.9% to 9,902⁵. However, the number of people employed in aquaculture hatchery and grow-out activities is estimated to have increased from 393 in 2010 to 505 in 2011.⁶

5 Processing employment data are from Department of Fisheries and Aquaculture's annual Employment Insurance survey 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 report a higher employment number than the Statistics Canada Labour Force Survey data (included in the table on page 92), which uses a person year concept of employment.

6 Aquaculture employment data are based on hatchery and grow-out operations only—processing employment data related to aquaculture are reported in total processing employment (9,902). It is estimated that total aquaculture employment, including processing, was about 1,000 persons in 2011.



Volume and Value of Fish Landings



r: revised; p: preliminary
 Note: Annual value includes seals
 Source: Department of Fisheries and Aquaculture

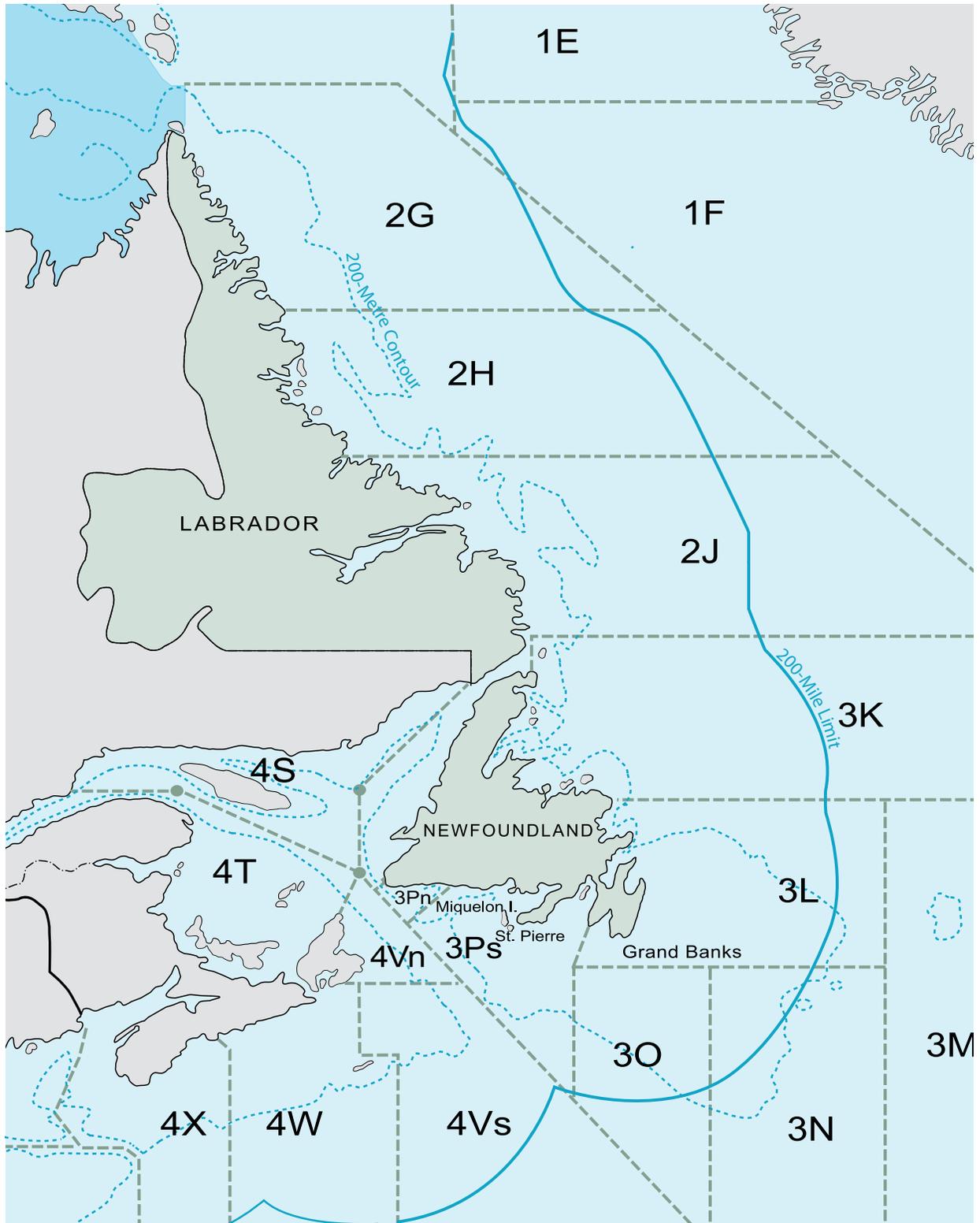
Capture Fisheries

The total landed value of capture fisheries increased 21.3% to \$568 million in 2011 (see chart). An increase in raw material prices of snow crab and shrimp more than offset decreased landings. The volume of fish landed was down 12.1% to 267,900 tonnes. This decline was mainly the result of lower mackerel landings and a shrimp quota reduction.

Shellfish

Shellfish comprised 85.5% of total landed value in the capture fisheries in 2011. Shellfish landings decreased 4.3% to approximately 173,800 tonnes, mainly due to lower shrimp catches. Total shrimp landings were down 8.7% to 86,800 tonnes because of quota cuts in Shrimp Fishing Area (SFA) 6 and SFA 7. The volume of snow crab landed last year increased 1.4% to 52,946 tonnes. The associated landed value for shellfish fisheries rose 34.2% to \$485 million as a result of higher raw material prices for snow crab and shrimp.

FISHERIES MANAGEMENT DIVISIONS



Groundfish

Groundfish landings totalled about 31,700 tonnes in 2011, marking a 20.1% decline relative to 2010. The decline was largely the result of lower yellowtail flounder and cod landings, down 51.0% and 20.3% respectively. Yellowtail flounder catches were lower in 2011 partially due to a labour disruption early in the year. The decline in cod landings was mainly the result of lower catches and reduced fishing effort in NAFO division 3Ps and a quota reduction in NAFO division 4R. The value of groundfish landings decreased 14.8% to about \$70 million.

Pelagics

Pelagic landings were down 25.3% to 62,400 tonnes in 2011. The associated landed value decreased 47.6% to \$12.0 million. A significant decline in mackerel availability was the primary contributor to lower landings. Both landings and landed value of mackerel fell by 78%. Capelin landings and landed value both increased 24.4%, while herring landings and landed value fell by 4.5% and 4.3% respectively.

Seals

The number of seals harvested decreased 43.5% to 37,839 in 2011 partially due to a reduced effort because of poor ice conditions and lower market prices. The corresponding landed value declined 43.2% to \$745,000. The average landed price for seal pelts was \$21.00 in 2011.

Processing and Marketing

There were 124 licensed processing facilities in the province with 105 in operation (89 primary, three secondary, five aquaculture and eight retail) last year. Total seafood production declined 17.9% to 140,211 tonnes in 2011. This decrease in production was largely the result of a drop in mackerel processing.

The focus on sustainability and eco-labelling continues to grow in key markets for Newfoundland and Labrador seafood products. The province currently has six fisheries certified to the Marine Stewardship Council (MSC) standard and four fisheries currently under assessment⁷ (see table).

⁷ MSC certification is one of the most internationally recognized certification programs available for wild capture fisheries. The MSC follows FAO (Food and Agriculture Organization of the United Nations) guidelines. The MSC principles and criteria for sustainable fishing include three core principles: health of the fish stock, fishery impacts on the ecosystem, and fishery management.

Marine Stewardship Council Certification

Fisheries Currently Certified

- Canada Northern Prawn
- Gulf of St. Lawrence Northern Shrimp Trawl Fishery Esquiman Channel
- Fogo Island Cold Water Shrimp
- Offshore Northern (Shrimp Fishing Areas 2, 3, 4, 5, 6, 7) and Striped Shrimp (Shrimp Fishing Areas 2, 3, 4)
- Eastern Canada Offshore Scallop
- Ocean Choice International (OCI) Grand Bank Yellowtail Flounder Trawl

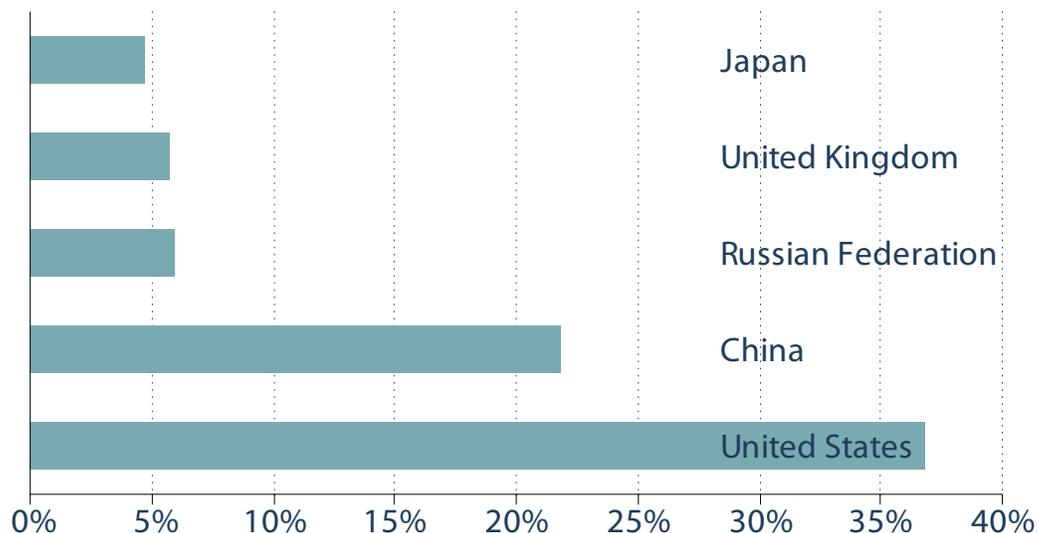
Fisheries Currently Under Assessment

- Offshore Northern Shrimp (Shrimp Fishing Area 1)
- Atlantic Halibut
- Clearwater Seafoods Banquereau and Grand Banks Arctic Surf Clam
- NAFO Division 4R Herring Purse Seine

The Newfoundland and Labrador seafood industry is export driven. Annual exports in 2011 reached 158,600 tonnes with a value of \$860 million, compared to 181,100 tonnes and \$780 million in 2010. Contributors to the growth in value included improved global demand for seafood, higher market prices for snow crab and shrimp, and an increase in aquaculture exports.

The United States and China continued to be the province's largest seafood markets in 2011, representing 36.8% and 21.8% of total export value, respectively (see chart). Other key markets included Russia (5.9%), the United Kingdom (5.7%) and Japan (4.7%). These five top markets comprised 74.9% of the provincial export value. The remaining portion (25.1%) was exported to about 50 other countries. The United States continued to be the largest importer of the province's snow crab, accounting for over 60% of total export value, followed by China and Japan. While Japan is no longer the second largest market for snow crab, a significant portion of the province's snow crab exports ultimately reach Japan after processing in China. The major markets for cooked and peeled shrimp were the United Kingdom, Denmark, the Netherlands and the United States. The major markets for offshore shell-on shrimp were Russia, China, Iceland and Denmark.

Percent of Total Seafood Export Value by Country (2011)



Source: Department of Fisheries and Aquaculture

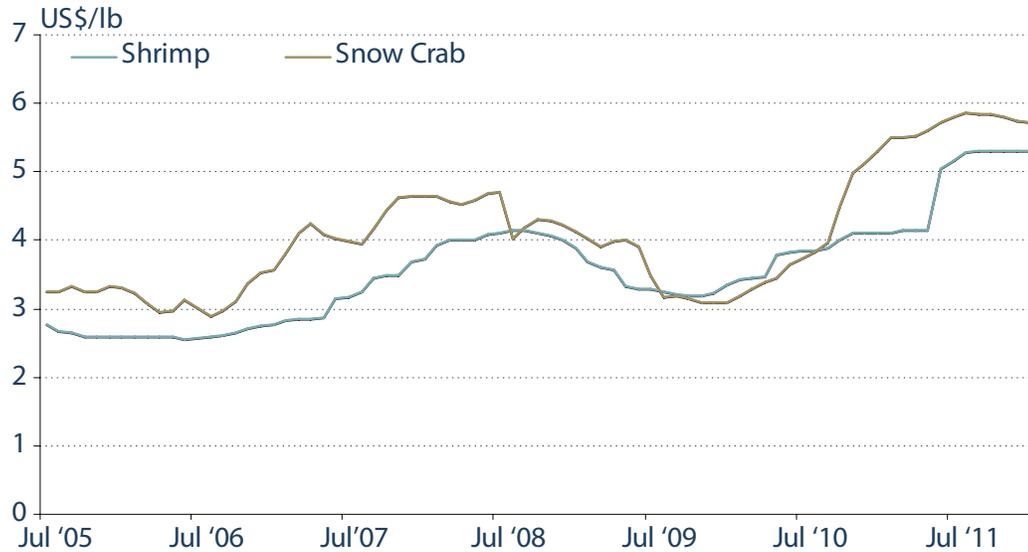
U.S. market prices for snow crab increased to record levels in 2011. The average price for 5-8 ounce sections was US\$5.66/pound, up 25.2% from 2010 (see chart). Market prices for cooked and peeled shrimp also showed significant gains. The average market price for 150-250 count shrimp was US\$4.82, up 27.9% from 2010. Increased prices for shrimp were due in part to a global supply shortage. For snow crab, a strengthening yen allowed Japanese buyers to increase purchases.

The European Union (EU) implemented legislation to ban the import of seal products on October 25, 2010. In January 2012, the Russian Federation, Belarus and Kazakhstan banned the trade of harp seal fur products. The Government of Canada is taking action through the World Trade Organization (WTO) to overturn the EU ban on the grounds that it believes it is in violation of WTO trade agreements. The province supports these efforts and has further requested that Canada be very clear with these countries that it will take similar action against any country which implements a seal product ban that violates international trade agreements. A potential Canada-China arrangement for edible products remains a significant development opportunity for the Canadian sealing industry. The province continues to work with the federal government to finalize the agreement.

Aquaculture

The aquaculture industry in Newfoundland and Labrador focuses on three commercial species: Atlantic salmon, steelhead trout and blue mussels. 2011 was another record year for the industry—aquaculture production grew to 17,264 tonnes, representing an increase of 12.4% over 2010 (see chart). This growth was facilitated by the continued

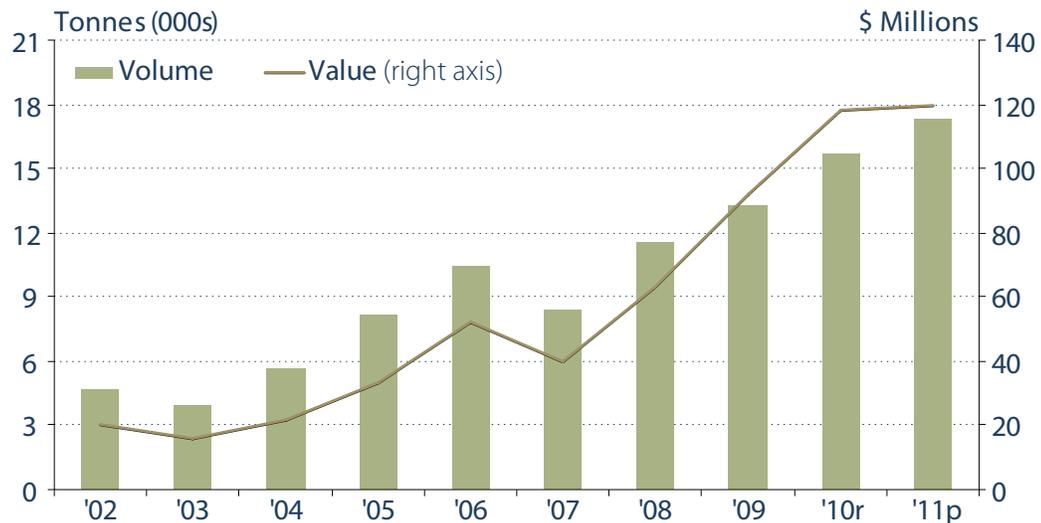
Prices for 150-250 Count Coldwater Shrimp and 5-8 Ounce Frozen Snow Crab Sections, United States



Note: Urner Barry Publications price data were unquoted for several months. These data were estimated by the Department of Finance.

Source: Urner Barry Publications Inc.; Department of Fisheries and Aquaculture; Department of Finance

Aquaculture Production and Value



r: revised; p: preliminary

Source: Department of Fisheries and Aquaculture

FISHERY

Total fish landings are expected to show marginal declines in 2012 as a result of quota reductions in some fisheries.

Demand for seafood currently appears to be stable; however, fluctuations in pricing can be expected during the year.

- An increase in the Alaskan snow crab quota (up 64% over 2011) will likely result in downward pressure on snow crab prices.
- An expected decrease in global shrimp supply should support prices for all coldwater shrimp in 2012; however, global economic uncertainty may limit price growth.

Aquaculture production is expected to build on record levels posted in 2011, largely due to continued expansion in the salmonid sector.

- Modest downward pressure on the market value of Atlantic salmon is expected to continue in 2012 due to increased global production.
- Mussel production and market value are expected to be stable over the next few years.

expansion of the salmonid (Atlantic salmon and steelhead trout) sector and a rebounding mussel sector. Market value also rose to \$120.1 million, an increase of 1.8%.

Total salmonid production for 2011 was 14,264 tonnes, up 10.6% over 2010, while value was \$111.8 million (up 1.4%). The re-entry of Chile into the market, following a 2008 outbreak of the infectious salmon anaemia virus, along with expanded production in Norway, created additional supply in 2011. This caused market prices for Atlantic salmon to decline. Blue mussel production continued to rebound in 2011, reaching 3,000 tonnes. Market value grew by 8.3% to total \$8.2 million.

The provincial government has supported industry development through significant investments in infrastructure. In 2011, the Centre for Health and Development was opened in St. Alban's. The centre includes an accredited, state-of-the-art diagnostics facility to enable veterinarians and aquatic animal health personnel to best serve the industry's emerging needs. The province also opened two new aquaculture-dedicated wharves in Hermitage-Sandyville and Pool's Cove to facilitate best practices in biosecurity protocols.

Aquaculture continues to be a growth sector for the provincial economy in general and for the seafood industry specifically. According to a recent report by the Atlantic Provinces Economic Council, Newfoundland and Labrador had the strongest growth in aquaculture output over the last five years and, in 2010, had the second largest aquaculture industry in Eastern Canada in terms of production value.