

Fishery



Fisher persons setting capelin traps off the shores of Greenspond

The fishing industry continues to be an important contributor to the Newfoundland and Labrador economy, providing employment for over 26,000 individuals and contributing more than \$400 million per year to the province's real GDP. The fishing industry is of particular importance in many rural areas of the province.

During 2006, the industry faced challenging conditions. On the harvesting side, lower raw material prices and higher input costs, particularly fuel, squeezed harvesters' profit margins. On the processing side, lower market prices, unfavourable exchange rate movements, stiff competition from low cost producers and high tariffs presented difficulties. Despite these challenges, total fish landings increased and the value of production, while lower than 2005, remained near historically high levels.

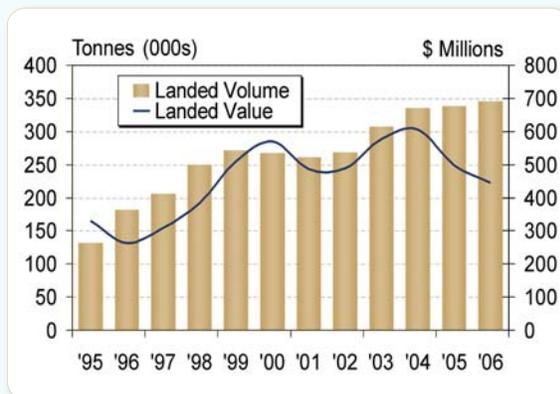
Fish Harvesting

The volume of fish landings totalled 346,200 tonnes in 2006, an increase of 2.2% compared to 2005. Increased shellfish landings more than offset lower landings of groundfish. The overall

landed value fell by 10.5% to \$445.3 million, a reflection of weak markets, which ultimately depressed raw material prices.

Shellfish is of major importance to fish harvesters—it comprised 56.4% of landed volume and 70.7% of landed value in 2006. Shellfish landings increased by 12.7% to 195,290 tonnes, due primarily to higher catches of crab, shrimp and surf clams. Despite increased landings, the value of shellfish dropped by about

Fishery Landings and Landed Values



Department of Fisheries and Aquaculture

13% to \$315 million due mainly to lower prices for crab and shrimp. Average prices for crab fell to \$0.96 per pound from \$1.45 per pound in 2005. Shrimp prices to harvesters were also significantly lower in 2006, however, some recovery was evident in the latter part of the year.

Fish Landings			
	2005 (r)	2006 (p)	% Change
Landings (000s tonnes)			
Shellfish	173.3	195.3	12.7
Groundfish	60.3	43.6	-27.7
Pelagics	105.1	107.3	2.1
Total	338.7	346.2	2.2
Seals (# - 000s)	290.2	296.6	2.2
Landed Value (\$ millions)			
Shellfish	362.6	315.0	-13.1
Groundfish	78.6	63.7	-18.9
Pelagics	39.6	36.4	-8.0
Seals	16.5	30.2	82.7
Total	497.3	445.3	-10.5

Note: r-revised; p-preliminary; % change calculated on unrounded numbers.
Department of Fisheries and Aquaculture

Both the volume and value of groundfish landings fell significantly last year. Landings fell to 43,640 tonnes from 60,346 tonnes in 2005, a decline of almost 28%. The decline was due mainly to a large drop in catches of yellowtail flounder, American plaice and redfish. In 2006, a major quota holder did not harvest its yellowtail flounder quota of 13,000 tonnes because of a labour dispute. Subsequently, catches of American plaice, a by-catch species from the yellowtail fishery, also fell. The landed value for groundfish declined 18.9% to \$63.7 million from \$78.6 million in 2005.



Cleaning squid in Moreton's Harbour

Pelagic landings increased by 2.1% to just over 107,000 tonnes in 2006. This gain was due almost entirely to an increase in capelin catches resulting from an increase in quota (over 5,000 tonnes). Mackerel and herring catches remained virtually unchanged from 2005. The value of pelagics fell by 8% to \$36.4 million. Lower prices for mackerel was the primary cause of the decline in landed value. Average mackerel prices fell to 18 cents per pound from a high of 23 cents per pound in 2005.

Seals

The seal industry experienced another very successful year in 2006 with 296,600 seals harvested by Newfoundland and Labrador sealers. The landed value rose to a record \$30.2 million, due to a substantial increase in pelt prices. Prices to sealers were \$105 per pelt in 2006 compared with \$56 in the previous year. The full quota was utilized in 2006 as consumer demand for seal products remained strong. As a result, production value hit \$55 million, up notably from \$40 million in 2005.

Fish Processing

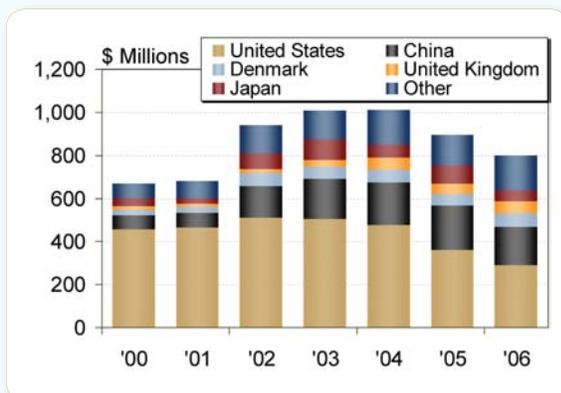
In 2006, 130 fish processing facilities operated in the province, employing approximately 13,000 individuals. The volume of seafood products supplied to the marketplace by provincial producers increased slightly from almost 199,000 tonnes in 2005 to 203,000 tonnes in 2006.

Despite growth in volume, seafood production value declined by 5.1% to \$900 million from \$948 million in 2005. Lower production value mainly reflected weak markets, competition from low cost producers and the continued appreciation of the Canadian dollar.

Groundfish processing fell sharply due primarily to significant reductions in yellowtail flounder, American plaice and redfish landings while shellfish processing increased as a result of higher crab and shrimp landings. Pelagic processing also increased in 2006, due mainly to higher capelin landings. In addition, a new directive issued by the Department of Fisheries and Aquaculture that requires all capelin to be fully utilized meant increased production of capelin in 2006.

The United States and China remain the province's key markets for seafood products. In 2006, these two countries purchased 36.4% and 22.1% respectively of the province's fish exports. Other important markets included Denmark, the United Kingdom and Japan, which together comprised 21.5% of export value in 2006.

Seafood Export Value by Major Destination



Statistics Canada

China presents both an opportunity and a challenge for the province's seafood producers. That country has emerged as a major export



Surf clam processing

market, yet it is also one of the province's major competitors in seafood processing. China has relatively low wage rates and easy access to capital, making it a major competitor in the processing sector.

Aquaculture

Provincial aquaculture production for 2006 is estimated at 10,500 tonnes compared to 8,164 tonnes in 2005 and the sector employed 370 persons. More detail on the aquaculture sector is provided on the following pages.

Outlook 2007

- Landings should be on par with 2006.
- Value is expected to rise as both shrimp and crab prices increase.
- The industry will remain challenged by the strong Canadian dollar and competition from low-cost producers.
- The aquaculture sector is expected to expand further, boosted by a significant investment by Cooke Aquaculture.