



Fisheries and Oceans
Canada

Pêches et Océans
Canada



Challenges and Opportunities of Fisheries Globalization:

Perspectives from Canada's Pacific Coast

OECD WORKSHOP
"OPPORTUNITIES AND CHALLENGES OF
FISHERIES GLOBALISATION"

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Canada



Outline

- About the BC seafood industry
 - Industry structure
 - Regulation
- Impacts of globalization
- Case study fisheries
 - Pink salmon
 - Groundfish
 - Hake
- Summary



1970s to mid-1990s

The BC Seafood Industry

- Dominated by the salmon and herring fisheries (85% of landed value)
- Highly seasonal
- Inefficient fishing fleet (too many vessels, income assistance objectives)
- Concentrated processing sector
- Export markets
- Globalization factors: exchange rates, interest rates, other jurisdiction's fish production, strength of national economies. A manageable number of variables...
- Results mixed, participants "satisfied" if not "prosperous"



The BC Seafood Industry 1970s to mid-1990s

Government Regulation

- Fishery management (federal)
 - Seeking a balance between conservation and socio-economic objectives
 - Good years... both objectives met, other years... neither objective met
 - Fully subscribed resources – increasing demands from First Nations, recreational sectors
- Processing & transport (provincial)
 - Discourages foreign participation
 - Discourages at-sea processing
 - Seeking to maximize onshore benefits to British Columbians



The BC Seafood Industry 1970s to mid-1990s

State of the Industry

- Internal in-efficiencies
 - Industry structure
 - Government policy
- Reliance on external (global) variables
- Diminishing access to resources
 - Allocation priority
 - Changing ocean conditions
- Farmed salmon coming on-stream...
- Vulnerable





1990s - present

The “Onslaught” of Globalization

- More variables... a rapidly changing competitive environment:
 - Global economic factors (Japanese economy collapse, strengthening \$CDN, falling tariffs, rising fuel costs, consolidation of seafood distribution)
 - Global fish production (growth of farmed salmon and other finfish, record North Pacific salmon production, collapse of Atlantic cod and West Coast USA groundfish, development of Alaska pollock)
 - Developing countries (Russian seafood hits markets, China as re-processing center)
 - Shifting consumer preferences (sustainability, “wild”, traceability)





The "Onslaught" of Globalization

Impact on BC Seafood Industry

- The vulnerable salmon/herring sector collapses
 - Unable to cope with rapid change
- Groundfish and shellfish show rapid growth
 - Exploiting new competitive environment

Average Annual Landed Value (\$millions)

Period	Salmon	Herring	Groundfish	Shellfish	Total
70's	99	35	19	5	158
80's	199	53	50	21	322
90's	146	55	112	86	398
00's	47	36	132	116	331





Subject Fisheries

- Pink salmon:
 - Part of spectacular collapse
- Groundfish (bottom trawl) and Hake (midwater trawl)
 - Part of dramatic growth
- Fisheries going in opposite directions... why?





Pink Salmon Profile

- Lowest value salmon
- BC a small producer (3%) in relative terms, though pinks are BC's most abundant species
- Market swamped with Alaskan, Russian canned product
- BC displaced from market
- BC fishery not structured to serve markets (derby fishery, sporadic openings)
- Precautionary management strategy means lessened access
- Values a fraction of former levels
- Pinks no longer a meaningful contributor (used to be a backbone)



Pink Salmon Analysis & Outlook

- BC salmon industry always had fragile fundamentals...
- Industry buckled under the pressures of globalization
- Industry has lost infrastructure, willingness to invest capital
- Fishery management doesn't support product, market development
- Initiatives by Alaskan producers (frozen fish, fillets) offer promise
- Reforming the fishery will allow product and market initiatives to develop
- Fishery reform a prerequisite to a modest rebound





Groundfish Trawl Profile

- Primary species: rockfish, soles, cods
- An IQ fishery since 1997
- 80% of quota allocated to vessels, 20% through community-driven process
- Best managed trawl fishery in the world – 100% at-sea observer coverage, 100% landings validation, individual accountability, full adherence to TACs)
- High degree of cost recovery (observers, research, management)
- Stable landings; BC preferred supplier of fresh groundfish fillets to western USA market
- Globalization has brought both challenges and opportunities





Groundfish Trawl Analysis & Outlook

- Groundfish trawl sector benefited from favorable business conditions:
 - Collapse of “lower 48” groundfish fishery
 - Weak Canadian dollar relative to US dollar
 - Stable stocks
- Implementation of IQ plan fostered improved market-service and product values
- Competitive conditions have worsened:
 - Strong \$CDN
 - Competition from farmed whitefish species in US market
- Industry is addressing marketing and production cost issues
- Industry is positioned and structured to surmount globalization challenges





Hake Profile

- BC's largest volume fishery, though BC only 7% of world supply
- Same management plan as groundfish trawl
- From un-utilized specie to important fishery:
 - Hake completely un-utilized until late 1970s
 - BC fleet delivered to foreign factory ships till early 90s
 - Growth of onshore processing; shore sector now handles 80-90%
- Growth in global white fish markets has been a boon to hake fishery
- BC a commodity producer... but it's working for now





Hake Analysis & Outlook

- Hake a global commodity
- Stable fishery management plan, government & industry cooperation a positive
- BC industry's fortunes have been volatile, with a distinct growth trend
- Globalization has brought net opportunities in recent years
 - Low catches in South America
 - High demand in former Eastern Bloc
- BC hake in a “boom” period currently
- The industry is still maturing, and will no doubt endure more bumps along the way
- This stable fishery supports investment in harvesting and processing



Summary

- The BC seafood industry has been transformed in the last decade largely due to globalization forces:
 - The salmon/herring sector has collapsed
 - The groundfish/shellfish sector has flourished
- Inefficient industry structure and “protective” government regulation created vulnerability to external events
- Sectors with effective (market-driven) fishery management are coping – or thriving – under globalization
- The case study fisheries show how dramatic the varying impacts of globalization have been on Canada’s Pacific fisheries
- Canada’s precautionary fishery management mandate has resulted in generally strong Pacific fish stocks



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Thank-you!

Christina Burridge

Executive Director

BC Seafood Alliance

cburridge@telus.net



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