FISHERY OF NEWFOUNDLAND AND LABRADOR

Presentation to Philippine Study Group by David Vardy

Harris Centre - September 17, 2007

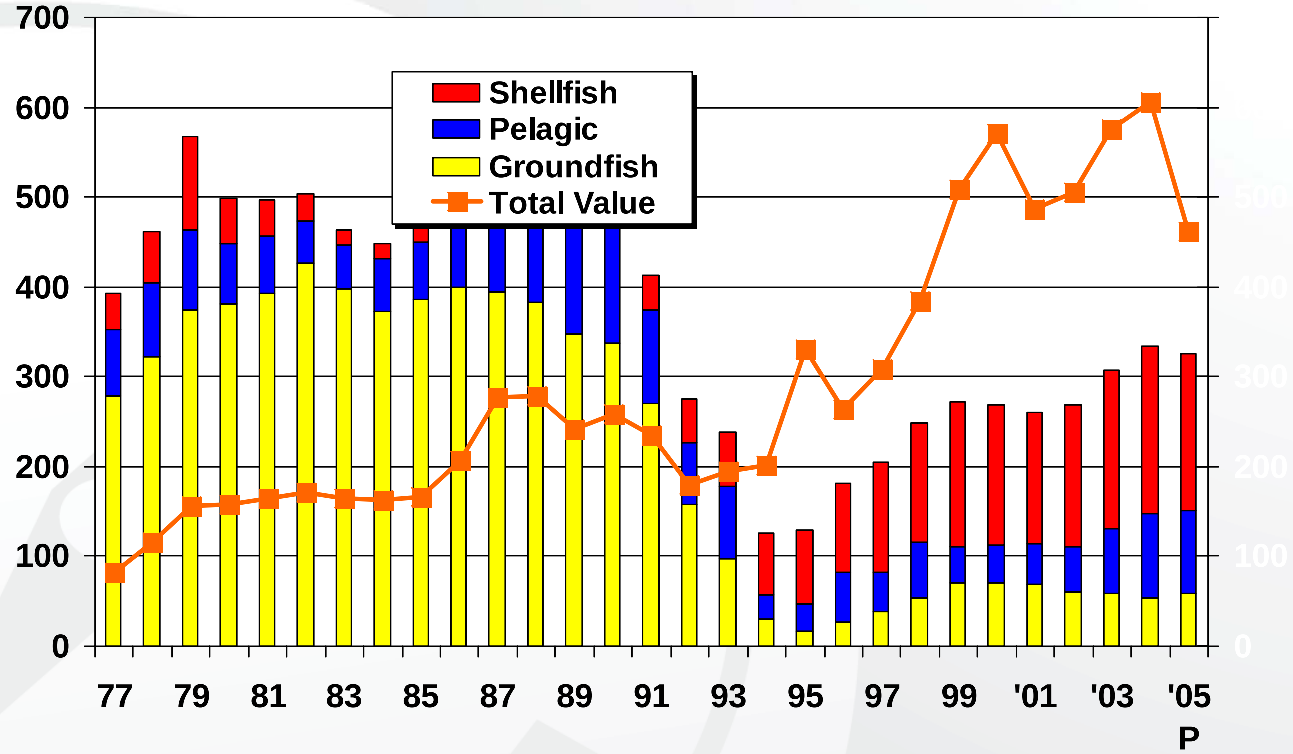
History of the Fishery

- Europeans came to Newfoundland and Labrador to fish
- Original fish harvesters could not settle
- Ultimate settlement pattern around Coast
- Small boat fishery up to 1950s
- Development of offshore dragger fleet
- Groundfish and pelagics dominant- small role for shellfish, such as snow crab and lobster, and for anadromous fisheries

Fish Landings by Species Group

Newfoundland and Labrador, 1989 - 2006

000’s tonnes

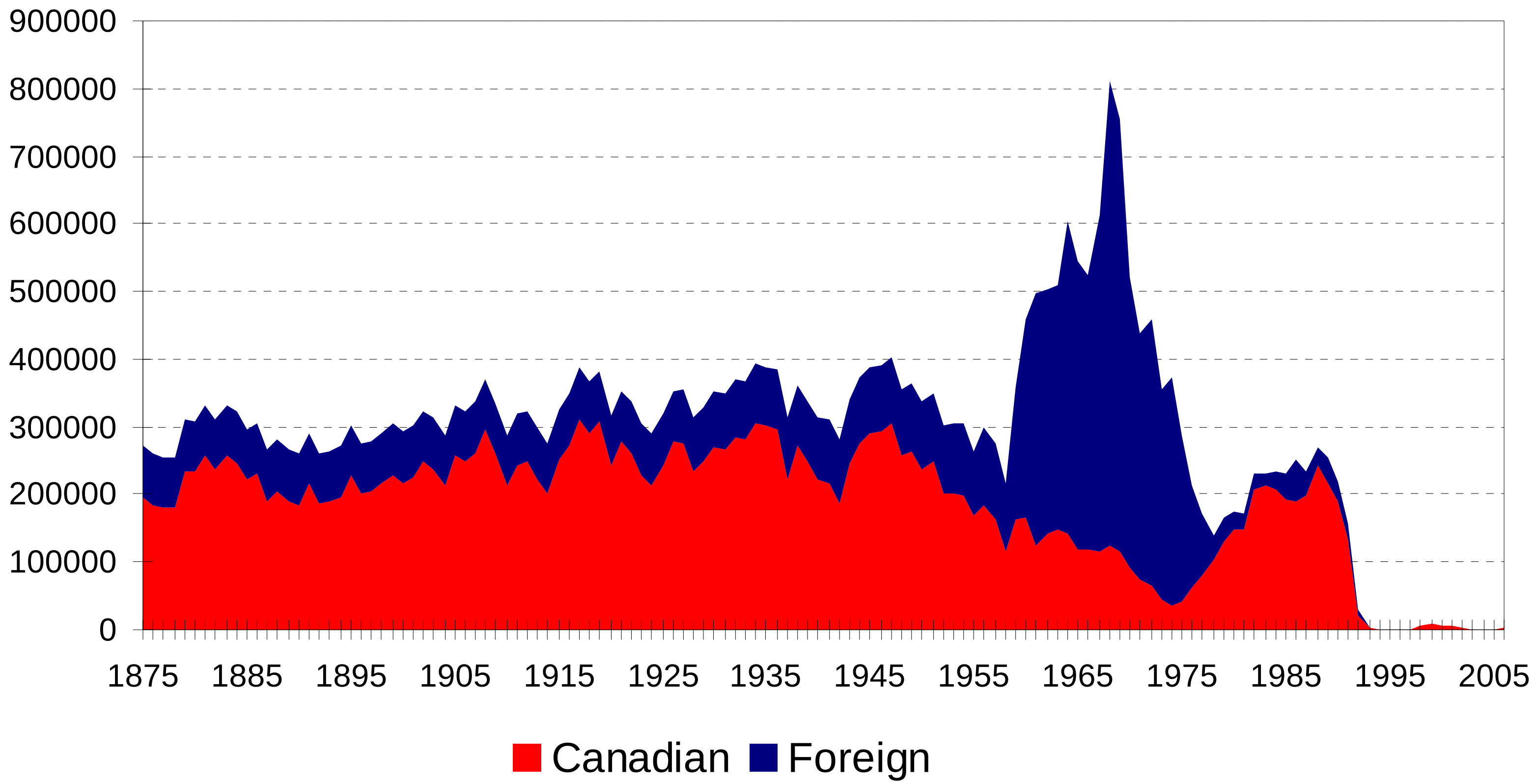


Source: DFA & DFO

P = Preliminary: R = Revised

Northern Cod (2J3KL) Catches

1875 - 2006



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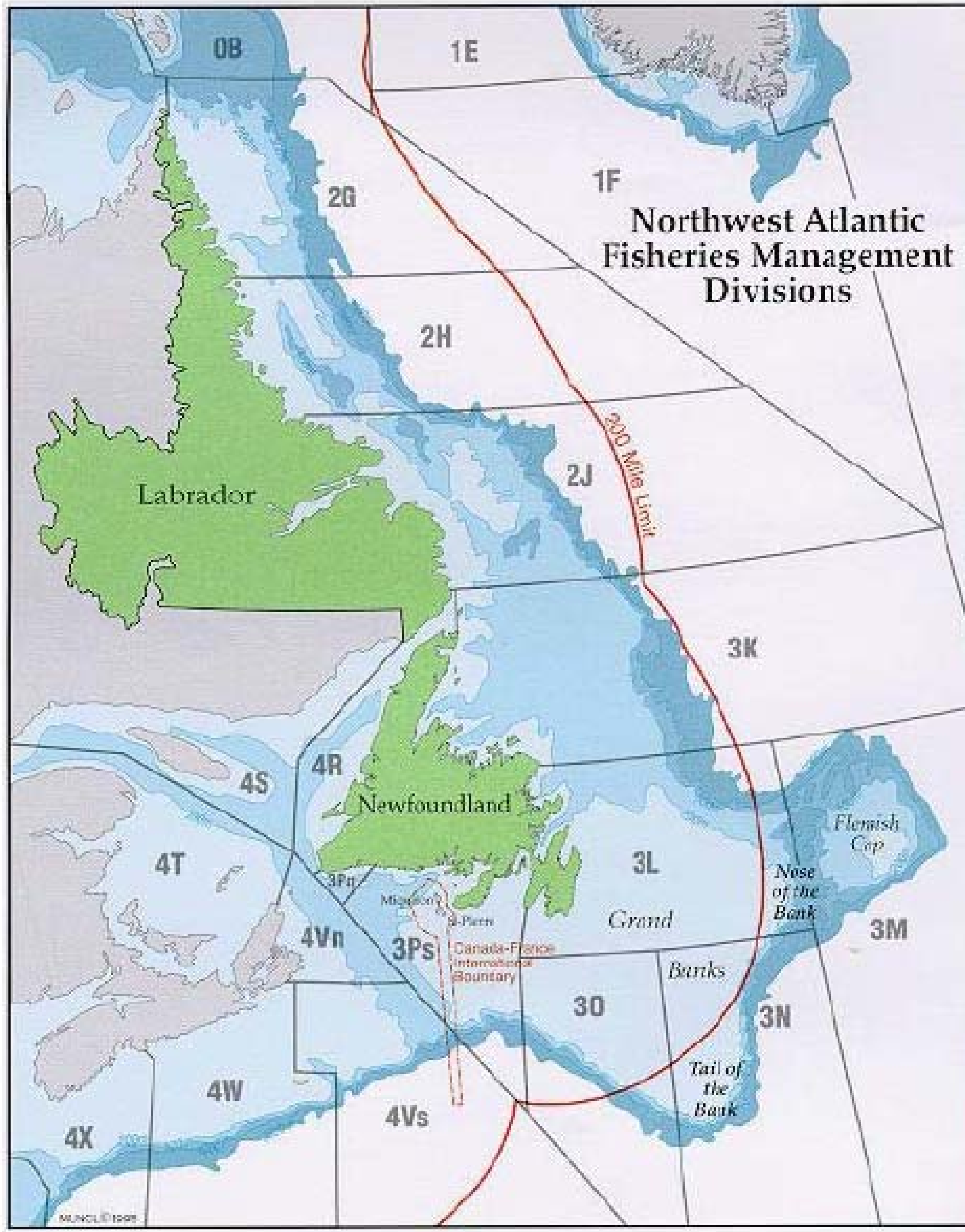

Inshore vs Offshore fishery

- Inshore fishery less than 65 feet
- Mostly fixed gear
- Offshore fishery over 100 feet
- Mobile gear mostly otter trawl
- Middle Distance fleet 65-100 feet
- Offshore plants operated year round
- Groundfish mainstay of inshore and offshore sectors, until recently

Jurisdiction (1 of 2)

- Federal Government manages resource, issues licenses to harvest, conducts fishery science and conducts international negotiations on fisheries
- Provincial Government manages fish processing sector and establishes pricing framework for primary fish markets/collective bargaining
- Quality control both federal and provincial

Jurisdiction (2 of 2)

- Federal government responsible for inland and coastal fishery
- Aquaculture is a shared responsibility with the province responsible for licensing coastal areas for farms
- Historically local governments have not been involved
- Some community management is beginning, but slowly

Regulations

- Vessel Replacement controlled to limit capacity using cubic numbers and vessel length restrictions
- Fleet separation policy for inshore sector – license holders must be vessel owners
- Restriction on vertical integration
- Minimum processing requirements imposed by Province
- Opening and closing dates

Employment Insurance

- Employment insurance available to crew members and masters
- Significant component of income both for fish harvesters and processing workers
- EI for fish harvesters treated differently than other self-employed (e.g., farmers)
- Outpayments far exceed EI Premium contributions

Structural issues

- Overcapacity both of harvesting and processing sectors
- High level of seasonality
- Restricted vertical integration
- Port market prices set by collective bargaining rather than market forces
- Vessel design restricted to restrict capacity
- Fragmented marketing

Snow Crab and Shrimp

- Groundfish reduced to minor role
- Crab and shrimp dominant
- Crab harvested by inshore fleet and supports industry
- Shrimp has inshore and offshore component
- Inshore marginally profitable
- Offshore more profitable

Product Form

- Most products are frozen
- Crab sold in sections
- Inshore shrimp cooked and peeled
- Offshore shrimp cooked, shell on
- Little fresh product sold

200-Mile Limit

- 200 mile exclusive economic zone (EEZ) established 1977
- 12-mile limit prior to 1977
- Foreign fishing intensive outside 12-mile limit
- Canada wanted jurisdiction to edge of the continental shelf
- Instead, Canada had to accept 200-mile limit

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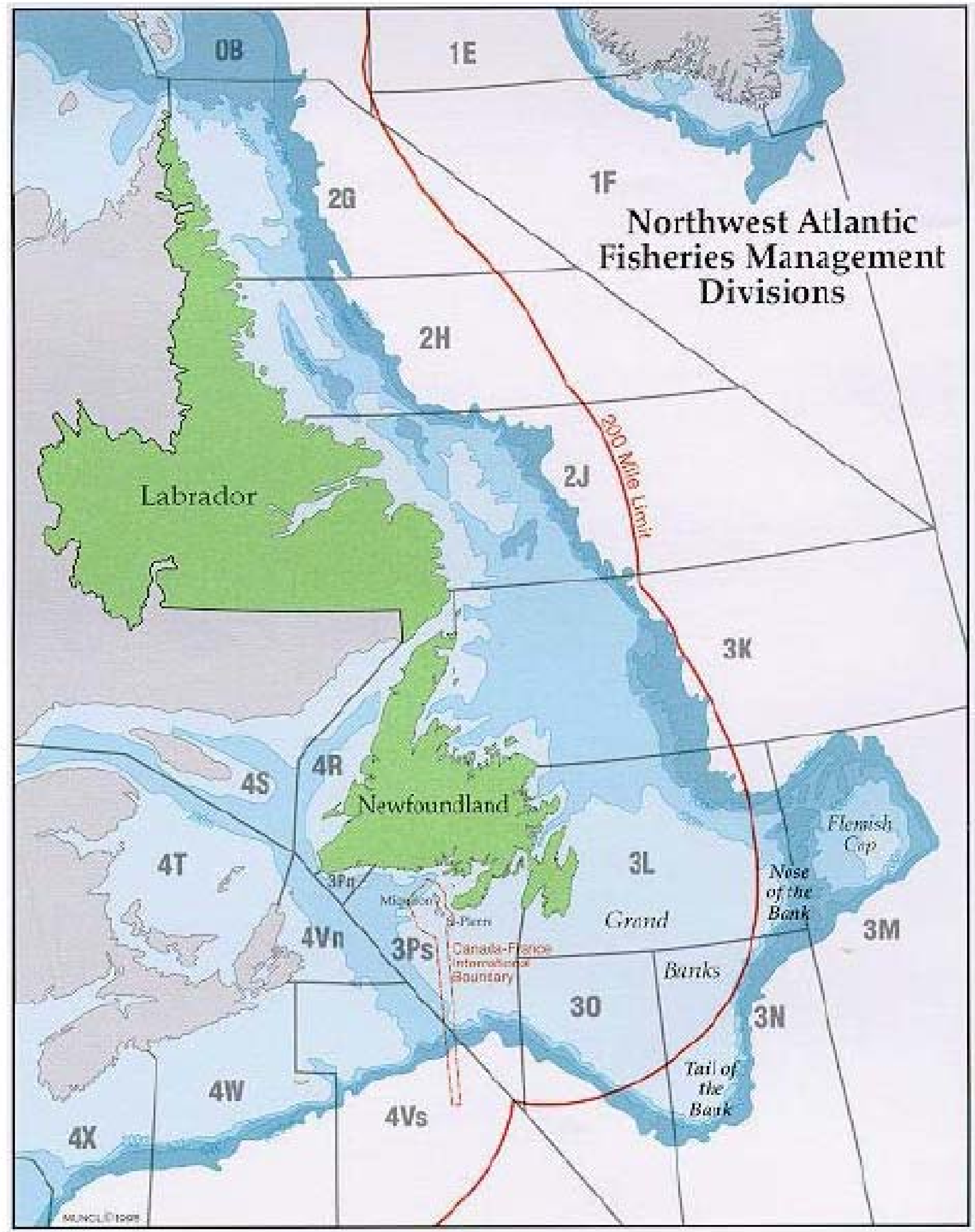
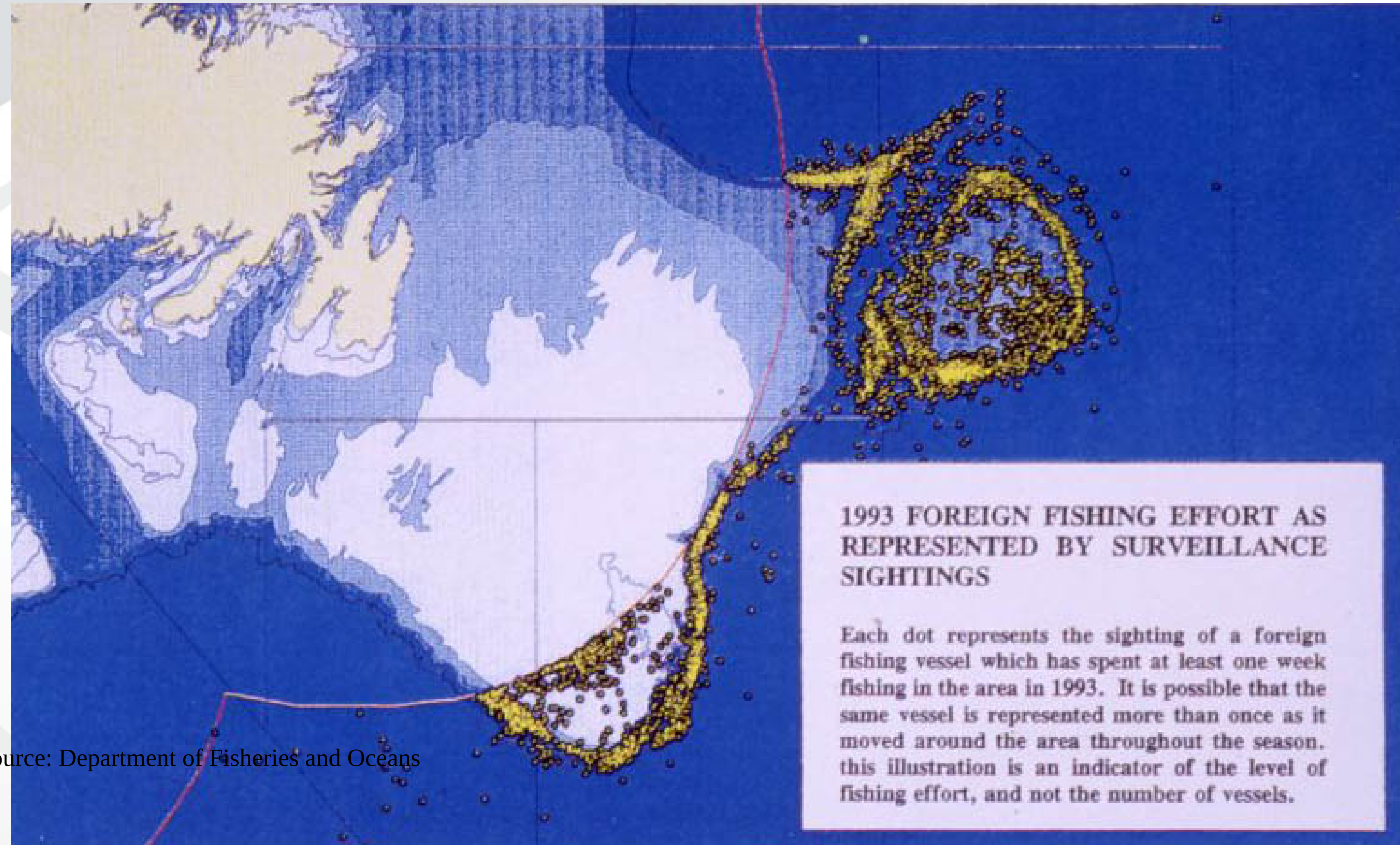




Source: Department of Fisheries and Oceans

200-Mile Limit (continued)

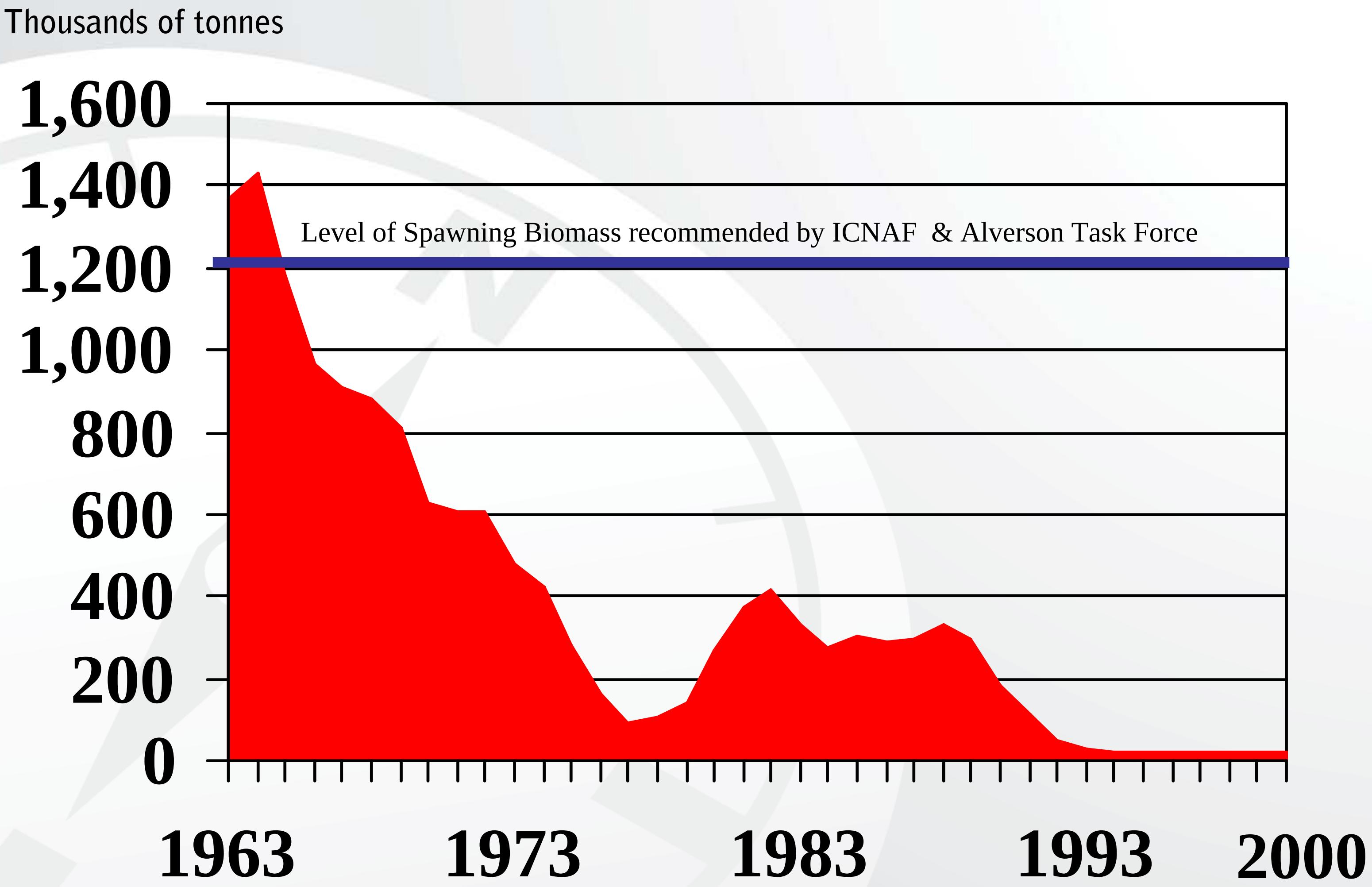
- Three areas outside 200 mile limit, Nose, Tail and Flemish Cap (see map)
- Area outside 200 miles managed by Northwest Atlantic Fisheries Organization (NAFO), established in 1978 (former ICNAF)
- NAFO ineffective
- Charges can be laid only by flag states
- Objection procedure allows for quotas to be overruled

Northern Cod (1 of 6)

- Northern Cod dominant species
- Prior to mid-fifties landings were sustainable if not stable, around 250,000 tonnes
- Heavy foreign fishery depleted resource with peak in 1968, fishing up to 12 miles from shore
- Biomass declined until 1977
- After 1977 biomass began to rebuild
- Offshore sector prepared for bonanza

Northern Cod Spawning Biomass

Age 7 & Over



Northern Cod (2 of 6)

- 1982 Task Force on Atlantic Fisheries (Kirby Task Force) projected growth in TAC to 400,000 tonnes
- 15% annual growth in stock predicted
- Ice reinforcement of draggers to fish in ice infested northern waters for spawning cod
- Keats Report of 1986 concluded that stock size was consistently overestimated
- Since 1977 annual catch had been 30-50% of fishable stock, and not 20%
- In 1987 The Task Force on the Newfoundland Inshore Fisheries (Alverson Task Force) was appointed to investigate cause of decline in inshore catches

Northern Cod (3 of 6)

- Landings increased through 1985 but inshore catch declined as offshore landings rose
- Alverson concluded that environmental factors were influencing inshore migrations
- In 1989 DFO issued new assessment indicating abundance overestimated.
- In 1989 the Harris Panel on Northern Cod was created.

Northern Cod (4 of 6)

- **Harris Panel recommended:**
  - substantial reduction in fishing mortality to 20%
  - limit fishing in spawning season
  - Reduce by-catches and harvest of young cod
  - Canada assume management of straddling stocks
  - An index of CPUE in inshore fishery
  - Increased research vessel surveys

Northern Cod (5 of 6)

- Increased research on seals along with census of harp and hooded seals
- Increased research on cod-capelin-seal interaction
- Reexamination of biological, ecological and socio-economic goals
- Joint management board to be established with clear objectives and policy direction

Northern Cod (6 of 6)

- TAC went from 138,000 in 1978 to 266,000 tonnes by 1984 and reduced gradually to 120,000 tonnes early in 1992 before the moratorium of July 2, 1992
- Moratorium imposed by fish themselves
- Moratorium was for two years
- Emergency payments of $225 per week for 10 weeks to 19,000 Canadians

Adjustment Programs

- Northern Cod Compensation Adjustment and Recovery Program (NCARP) announced July 17, 1992
- Income replacement
- Skills training, professionalization
- Early retirement
- Development of new fishing opportunities

Other Conservation Measures

- Other stocks were closed or restricted in 1993
- Fisheries Resource Conservation Council (FRCC) was created to replace Canadian Atlantic Fisheries Scientific Advisory Council (CAFSAC)
- FRCC reviewed stock assessments and provided advice on management

Other Closures

- **1993 and 1994 saw other closures (including 3Ps cod) and federal government commitment to rebuild resource**
- **Cashin Report of 1993 offered 42 recommendations including:**
  - Capacity reduction
  - Income support and training
  - Industrial diversification
- **New Atlantic Groundfish Adjustment Program (AGAP)**

Limited Re-openings

- Fishery reopened for cod in 3Ps and 4RS3Pn in 1997 with low quotas
- Few signs of recovery except 3Ps
- Limited recovery still in 2J3KL stock
- Controversy now raging between science and fish harvesters

Income Support and Adjustment

- Income support program based upon EI
- Money for training, economic development
- Early retirement, license buyouts
- Economic diversification funds
- Community development
- Diversification within fishery
- Extended notice program

Oil and Gas Sector

- Development of oil fields at Hibernia, Terra Nova, White Rose
- Avalon Peninsula oil boom
- Boom in Alberta – outmigration
- New project announced for Hebron
- Oil royalties major revenue source
- Equalization payments declining

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