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Seafood and the Provincial Economy

Today's Commercial Fishery, Aquaculture and the Sportfishing Industry

Exporters drive Canadian jobs and prosperity! There is no better example of the value of exports than in the seafood sectors. More than 90% of the product landed in Nova Scotia is exported to other countries. Our largest trading partner, the United States, benefits from more than 65% of our fish exports and Japan imports over $110 million worth of our seafood. Fishing and fish processing combined are consistently Nova Scotia's single largest source of export earnings.

Primary industries, including fishing, have always contributed to the provincial economy. The market value of the industry exceeded $1.0 billion in 1998 and has shown a continuous growth for decades. Although the groundfish moratorium, imposed in the early 1990's, resulted in a reduction in landings, the market value steadily increased and for the first time in Nova Scotian history it exceeded $1.0 billion. Fish exports accounted for 26% of the NS exports in 1998.

Commercial fishing, aquaculture and sport fishing industries are an intrinsic component in the economy of our province. Aquaculture has grown from a $3 million industry to a $33 million industry. Sportfishing generates more than $80 million per year, mainly for rural Nova Scotia.

Commercial Fishing

Activities associated with the evolution from a harvester of a natural resource to a producer of a value-added seafood product must become the focus of the fisheries' economy. The Department of Fisheries and Oceans statistics for 1998 indicates that the landed value of seafood was $540 million, and the Nova Scotia Department of Fisheries estimates that the market value for the same period exceeded $1,027 million. Most processors would agree that without a significant change in emphasis, the ratio of landed value and market value (1:1.9) could increase.

Landed value of lobster tops the list at 42% or $230 million, followed by scallops ranked second at $67 million. Pelagic fish including herring, mackerel, swordfish and tuna account for $86 million and groundfish landed value exceeded $78 million.

The collapse of the groundfishery resulted in a substantial reduction in the landed tonnage as compared to catches in the 1980's. Processing facilities faced with a shortage of supply supplemented the groundfish harvest with the importation of a frozen semiprocessed product from Russia, Iceland and Alaska.

Fortunately the shellfish landings have increased and the market value of most species has also increased. This increase has buoyed the market value of the fishery.

Aquaculture

The Aquaculture Association of Nova Scotia (AANS) states that "the fish and shellfish farming industry can fit perfectly into the new economic development strategy" "improving the quality of jobs, encouraging economic growth, fostering innovation, promoting our competitive advantage, providing equal opportunities

and supporting sustainable development."
The reputation of our high quality products has played a significant role in the development of aquaculture industries here. The AANS has written that "The aquaculture industry has been able to take advantage of and add to this tradition and we are now selling farmed fish and shellfish in markets once flooded with captured products."

In 1988 Nova Scotia Aquaculture production generated $3 million. Today this figure has grown to more than $33 million. Atlantic Salmon, Trout and Steelhead Salmon account for about 83%, Shellfish (primarily mussels) contributes 10% and about 7% is classified as alternate species. The figures do not include monies generated by feed production, suppliers, processing, transportation or consulting.

Nova Scotia Fisheries and Aquaculture staff have surveyed aquaculture farms to determine the number of jobs associated with the industry. The 1998 survey estimates 444 full time jobs, 504 part time jobs (less than six months), and 156 part time jobs (more than six months). The industry has changed over the past couple of years from a labour intensive industry to a more technical industry which relies on skilled workers and highly educated technical/biological staff who are equally competent with both technological demands and scientific challenges.

Sportfishing

Angling is important to the economy of Nova Scotia, providing employment and outdoor experiences for more than 100,000 anglers each year. The two provincial fish hatcheries stock in excess of one million fingerling, yearling, and trophy speckled trout, brown trout, rainbow trout, and landlocked salmon throughout the province as well as an additional 1.1–1.4 million eggs and fry annually.

Issues affecting Economic Growth - Fishing and Aquaculture

Life science's economy

A growing demand for foods which carry health benefits and superior nutritional content is fast becoming one of the most important sectors in the new economy. Nutraceuticals and pharmaceuticals from seafood products are growing in popularity and have significant potential for our economy. It is estimated that sales of "functional foods" or "designer foods" in the USA will top $17 billion next year.

The Canadian Institute of Fisheries Technology, DalTech is world renowned for their work on the superior nutritional content of seafood and particularly the research/commercialization of marine oil products.

Increased value-added fish production

The value of the fishery is a substantial contributor to the NS Economy, especially rural Nova Scotia where unemployment rates are high. Several factors drive the level of fish processing and the extent of the utilization of fish products. Traditionally we have processed groundfish for fillets and with the downturn of the fishery the processors have sourced out their supply to Iceland, Alaska and Russia. Without the outsourcing many facilities would close.

Lobster, the largest (market value) seafood product exported, is sold primarily as a live product.

Therefore, very little added value is attributed to about 42% of our recorded seafood landings.

Furthermore, the US buyers and the Japanese markets often dictate which seafood products must be further processed. Processors often find it difficult to compete with "piece work" facilities in New England. The new Canadian regulations requiring higher standards, for processing fish are raising the quality of our products; the price for quality products is not always realized. Nova Scotia fish processors are more reactive than pro active with respect to value-added products.

The greatest opportunity to create economic growth in the fish processing sectors reside in value added processing.

Availability of appropriately trained workers

The aquaculture industry, fish processors and boat building industries have consistently witnessed a shortage of skilled workers. The workers required for the new economy, in the ocean sectors are no different from many manufacturers.

At the roundtable discussion, it was stated that workers must be well trained with a technical or biological background. These skilled workers are not readily available. It was stated that our colleges and universities are not educating workers with a mix of technology and trade skills. New processing equipment is tied to the paperless world. Managers can monitor inventory, yields at every workstation, markets around the globe and make transactions without leaving the office.

With a critical shortage in the boat building industry, the Nova Scotia Boatbuilders Association was instrumental in developing a curriculum for tradesmen and women. The Nova Scotia Fish Packers Association developed training modules and a video to improve quality. These industries and some others have taken positive steps.

Improving the fisheries image

Well-established industries such as fishing and fish processing have difficulty changing their image to reflect the modern facilities and high quality products we now produce. The cool pristine water of the North Atlantic helps promote our seafood, but images of open boats, derelict buildings and unsanitary conditions do not promote high quality, nutritious seafood. Images our province presents for tourism and the images our ocean industries promote are in conflict. We must not only showcase our superior quality products - we must promote the fishery/aquaculture businesses which are technologically advanced, meet the highest international inspection regulations and produce the best seafood in the world.

Building upon the fish/aquaculture entrepreneurial spirit

For generations rural Nova Scotians have demonstrated that they have the entrepreneurial spirit to overcome obstacles and to rise above the difficulties. No group has felt the dramatic fluctuations of the economy as the fishers have endured. Yet the group, as a whole, is very resourceful. This entrepreneurial spirit must be developed and built upon.

A significant industry, such as fishing, opens up the possibilities to build many secondary industries which service fishing and fish processing. For example, the boat building sector traditionally supplying lobster boats, draggers and longliners now also manufacturers recreational vessels and yachts for the baby

boomer generation ($50 million sales in 1999 incl. 30% exported).

Most federal programs and some provincial programs are tailored for big business, and small rural businesses find the demands for legal and accounting services greater than the benefits. Furthermore, federal programs and incentives steer the provincial economy - often contrary to the objectives of the industries. The province reacts to the federal funding without advancing our own agenda

A report prepared for the Oceans Institute of Canada and the Atlantic Coastal Zone Steering Committee (Feb. 1998) recommends an industrial cluster (businesses, universities, governments) centered around the ocean. This approach, while not novel, has merit. The communication network between the researcher and the end user is often a broken link. It is imperative that the knowledge derived from science reaches the business community.

Manage the seaplant resource

Currently the province administers the leases for rockweed, but not all other species of marine plants. As the leasing for rockweed, kelp, "storm-tossed seaweed" and Irish moss are under the jurisdiction of various agencies, the management of the resource is uncoordinated. Development of the resource is generally left to the lease holders, who manage their leases independently.

Develop a plan to make businesses export-ready

Several federal programs are currently available for small business, but the programs are under-subscribed. The programs are cumbersome and fishers or processors are impatient. Provincial programs for export ready and trade opportunities are underfunded.

The difficult first step in international marketing is often much less difficult than many businesses expect. Seafood exporters, equipment manufacturers and consultants entering new markets can benefit from the exposure when accompanied by government representatives. The collaboration of government and business in the trade activities benefits the individual business concerns and the industry sector.

Secondary industries, especially manufacturing and knowledge-based businesses have goods and services to export. They need assistance to tap into the markets.

Resolve conflicts with oil and gas initiatives

Oil and gas exploration in the coastal waters is viewed by most fisheries interests as an infringement on the traditional fisheries' sector. Fishers have had very little competition from other industries in the past and now they face the reality that they must coexist with the oil and gas industry. What is the benefit of an oil and gas industry to the coastal communities? What are the pitfalls to the fishery and fish farming? The potential for growth in the oil and gas sector must not be at the expense of the fishery.

Federal divestiture of harbours

We have approximately 250 public harbours in the province and it is planned by the federal government to reduce that number to 168 harbours. For harbours not included in the list, it means that the communities will lose the opportunity to promote eco-tourism, sport fishing, aquaculture, commercial fish harvesting and

processing. Our government must stop the federal downloading, divestiture and privatization of public harbours.

Facilities in our harbours are the transportation links to the ocean. Traditional industries such as fish harvesting, boat building and seafood processing should not be discarded for the new economy; these industries should be strengthened and supported.

Level playing field for implementing regulations

A mechanism to monitor the introduction and implementation of regulations reflecting the industry is required. Participants in the seafood industry and secondary industries recognize the need for regulations but they also report that the regulations are not always on a level playing field. They also want to see jurisdictional overlap addressed. Although it may seem like a panacea to expect a perfectly level playing field, improvements are required especially in areas such as Aboriginal issues, Canada Coast Guard vessel regulations, Fisheries and Oceans licensing policies.

Investor Confidence

For the aquaculture industry to expand, investor confidence must be secured. Nova Scotia has the research facilities, technologies, educational programs, entrepreneurs, access to markets, environment, skilled labour and investment capital. But, investors are not confident in present federal and provincial government policies and procedures in lease acquisition and renewal. A recent survey indicates that Nova Scotia has the potential for a $75 million aquaculture industry if investor confidence was restored.

Vessel owners and processors are very concerned about the reluctance of the chartered banks to lend funds on secure investments. Industry clients indicate that at least one chartered bank is refusing to lend money to the fishing industry.

Government's Role in the Growth Strategy

Consultations with the seafood sector gave clear indications that the Nova Scotia government has a role in the economic development of their industry. The federal government has jurisdiction over fishing practices on the ocean, but the obligation of the province to create an attractive business climate for investment and development is paramount.

The province must ensure that the fisheries/aquaculture sector receives recognition as the single most significant exporter and receive an appropriate level of support from the province and the federal government. Our government must actively promote the fishery as a world class industry. Export trade activities will benefit from the knowledge base of line departments and the expertise of the lead export development department.

Development of underutilized species and value-added products must receive additional support. The image of the seafood industry needs a remake - we must emphasis the high quality product, technical advancements, expertise, and the opportunities in secondary industries. The life sciences economy needs a government stimulus to ensure that the researchers and businesses work together to develop the growing "nutraceuticals" or "functional foods" industry.

It is recommenced that the Nova Scotian government investigates clustering of Marine-Related resources. A study completed in May 2000, for the province of New Brunswick entitled "The Economic Value of Marine-Related Resources in New Brunswick" http://www.dal.ca/aczisc/aczisc, suggested they develop marine related clusters of "industries and other institutions (universities, governments), with close and frequent linkages among every part of the cluster. In this way an innovation-driven cluster of economic and industrial development begins, which once it reaches critical mass can be a potent tool for progress"

Private and public investment vehicles should be reviewed to ensure that adequate capital is available. Educators must revise public school programs to incorporate fisheries' awareness. Jobs are available for appropriately trained individuals; more emphasis on training of technical/trades people as compared to a post secondary education is needed. The Nova Scotia government must encourage entrepreneurs and assist businesses to export goods and services for international marketplaces.

Current issues affecting the aboriginal and commercial fishery need provincial government assistance to help resolve the conflicts. Although the disputes arise from a federal government Supreme Court ruling and the Department of Fisheries and Oceans policies, it is in the best interest of Nova Scotians to see the situation resolved quickly and equitably. The province should build an image of cooperation.

It is the responsibility of the province to ensure that the federal government guarantees a fair share of the fisheries resource and adequate funding for harbours along our 7400 kilometers of coastline.