



Fisheries Council of Canada
Conseil Canadien des Pêches

2019 Pre-Budget Submission

August 3, 2018

Recommendations:

- 1. Restore investment confidence:** FCC urges Fisheries and Oceans Canada to resume its use of a willing-buyer-willing-seller model for reallocations as part of the Reconciliation Agenda. Re-establishing the confidence for investment and financing will enable the growth aspired by the sector and envisioned by the Government.
- 2. Fund Science-Based Decision-Making:** FCC urges the Government of Canada to allocate additional funding to close the gap on fish stock assessments and other science work that are the foundation of science-based decision-making as part of Canada's sustainable fisheries management. This is important for the sector to invest in equipment and conservation, and access some international markets.
- 3. Expand trade and market opportunities:** FCC urges the Government of Canada to continue discussions with China regarding a free trade agreement, and to enter into formal negotiations to create advantages for Canadian seafood products. FCC also urges the Government of Canada to ratify the CPTPP agreement without further delay.
- 4. Address labour shortages:** FCC urges more coordinated action by Immigration, Refugees and Citizenship Canada and Employment and Social Development Canada with the fishery sector to look for opportunities to enhance existing policy and programs and provide more meaningful solutions to the sector's labour challenges.

About FCC:

Fisheries Council of Canada is the voice of Canada's fish and seafood industry, promoting a healthy resource and working to develop an economically sound, market-driven, competitively-structured industry. FCC is a non-profit trade association representing companies engaged in the harvesting, processing, and marketing of fish and seafood. It is an organization of like-minded fisheries and seafood associations and enterprises that support shared, fundamental principles.

Since 1915, FCC has represented small, medium and larger-sized, primarily family-owned companies from rural, coastal and Indigenous communities operating along Canada's three coasts and in freshwater lakes. FCC's member companies create jobs in their communities and provide an economic base that sustains and creates other local businesses. Our members also play a vital role in supporting independent fishers by providing access to both capital and operating costs.

Our members process the majority of Canada's fish and seafood production and harvest a significant portion of the fisheries resources of Canada – making FCC a key contributor to the conversation on Canada's fishing sector. In addition, Canadian and international companies and institutions providing products and services to the industry are associate members of the FCC.

The industry has a significant presence in Atlantic Canada and Quebec, followed by BC, and Nunavut, with some freshwater fishing concentrated in Manitoba and the Great Lakes.

In 2017, Canada's fisheries sector directly employed 80,000 Canadians and exported \$7 billion in goods. Canada's largest seafood importer is the United States (63% in 2017), followed by China (14%) and the European Union (7%). Amongst Canada's food manufacturing sectors, seafood is the most highly diversified exporter and shipped their products to 139 countries in 2017.

Two-thirds of Canadian wild capture production is certified to the MSC standard, which represents almost all major stocks and is over 80 percent of the value of Canada's fishery. This is in the context of only about 10% of the world's fisheries being certified.

For over 100 years, the FCC has championed:

- Market access and global trade policies
- Adoption of world class food safety and quality programs
- Sustainable fishing practices and conservation efforts nationally and internationally
- The need to achieve and maintain economically viable fisheries

We endeavour to create a prosperous Canadian industry that is internationally competitive and believe this is achieved in part through smart legislation and good policy.

Sector Vision

FCC would like to take this opportunity to highlight the Seafood Value Chain Roundtable (SVCRT) vision: *'a prosperous and competitive Canadian seafood industry that is a world leader and the preferred supplier of high value seafood, domestically and internationally'*.

The SVCRT is an industry-led partnership, established in June 2003, which strives to increase the export market shares of Canadian fish and seafood through communication and cooperative action between industry representatives from along the value chain, as well as officials from the federal and provincial governments. Members work together to develop strategies and action plans that will secure an enduring competitive advantage for Canada.

The SVCRT has adopted a ***'Seafood Vision 2025 Strategic Plan for Global Competitiveness'***. Within this vision a number of goals have been established including:

- National recognition as a strategic sector of Canadian economy;
 - The sector is currently not supported as a strategic sector of the Canadian economy. While there are some efforts, such as the Atlantic Fisheries Fund, that are appreciated, more government and industry collaboration needs to occur.
- Return to a Top 5 position share of global seafood market;
 - According to the Food and Agriculture Organization, Canada currently ranks 8th in the top global seafood exporters. Canada needs to grow more than 16% faster than the next three national jurisdictions to reach this top 5 ranking goal.
- Increased value per kilo of catch;
 - A study commissioned by the SVCRT indicates that the sector is missing out on \$600 million of additional annual revenue because it is not maximizing the value of what we currently harvest.
- Increase export market diversity in key emerging/established markets such as the EU, China and South Korea;
 - Market diversification is important to reduce reliance on the US market and take advantage of growth opportunities in other export markets.
- The Canadian seafood sector is looking for sustainable, responsible growth into the future.
 - Global population is growing, as is the demand for protein. Fish and seafood are highly sustainable sources of protein. Canada can leverage its fish resources to generate economic benefits for Canadians while helping to feed the world.

The federal government points to the agri-food sector as a significant growth engine for Canada, setting a \$75 billion export target for 2025. The fisheries sector sees itself as being an important component of that economic engine.

Earlier this spring the SVCRT submitted a position paper to the federal Agri-Food Economic Strategy Table. The paper outlined the current status, key challenges, current public policy framework, global factors affecting the Canadian seafood sector, and the SVCRT vision for the future.

FCC firmly believes the above objectives will not be realized without further action. The overall competitiveness of the fisheries sector is being compromised. Action now can address these challenges and create greater prosperity for the sector and the coastal communities that it supports.

2019 Budget Recommendations:

1. Restore investment confidence:

- Recent policy decisions regarding fishing quota allocations, including the involuntary relinquishment of a quota as part of the Reconciliation agenda, has created instability and uncertainty in the fisheries sector.
- Consequently, sector participants lack confidence to invest in equipment, new technologies, and conservation. Moreover, banks and financial institutions have less confidence leading to a tightening of access to capital and higher risk premiums. This is impeding the fishery sector's ability to grow, innovate and create employment.
- In fact, the sector needs to accelerate investment in R&D and innovations to maximize the value from what we currently harvest. This won't happen in the current climate of instability.
- As Canada is a significant exporter of seafood, this issue needs to be resolved in order for Canada to achieve its Agri-Food economic growth target of \$75 billion in exports by 2025.
- Fisheries and Oceans Canada has testified in court that involuntary relinquishment by commercial licenceholders is unnecessary and unhelpful to the principles of Reconciliation¹. Moreover, the BC Supreme Court has iterated that voluntary relinquishment should be the route to Reconciliation.
- Canada's fisheries need to have confidence in the stability and predictability of access particularly when it comes to conservation, sustainability, and reconciliation.

Recommendation: FCC urges Fisheries and Oceans Canada to resume its use of a willing-buyer-willing-seller model for reallocations as part of the Reconciliation Agenda. Re-establishing the confidence for investment and financing will enable the growth aspired by the sector and envisioned by the Government.

2. Fund Science-Based Decision-Making:

- FCC is committed to the seafood industry in Canada and we strongly advocate science-based decision-making to ensure conservation and overall investment certainty.
- Canada has recently made investments in science but gaps remain. In particular, the Commissioner for the Environment has reported on gaps in fish stock assessments. Stock assessments are the foundation of good fisheries management and the ability to get the best return from a sustainable, well-managed fishery.
- In the face of increasing environmental change in our oceans, there are growing expectations on sustainable fisheries management. For example, broader ecosystem modeling is needed to assist the industry in adapting to the effects of climate change.
- Fisheries and Oceans Canada lacks sufficient resources to conduct timely and regular fish stock assessments and broader fisheries science to meet the needs today and into

¹ Ahousesht et al v. Canada, 2018 BCSC 633, para 144.

the future. This could be affecting our resource sustainability and is creating additional uncertainty for the sector's investment and conservation decisions.

- Additionally, third-party certifications – which are required to access some international markets – are at risk or unavailable due to the lack of a timely stock assessment.

Recommendation: FCC urges the Government of Canada to allocate additional funding to close the gap on fish stock assessments and other science work that are the foundation of science-based decision-making as part of Canada's sustainable fisheries management. This is important for the sector to invest in equipment and conservation, and access some international markets.

2. Expand trade and market opportunities:

- Canada has taken a proactive approach towards negotiating free trade agreements between Canada and other nations worldwide.
- The Canadian fisheries sector has been benefiting from recent free trade agreements, such as CKFTA and CETA.
- In order for Canada's fishery sector to significantly grow and assist in achieving Canada's Agri-Food economic growth target of \$75 billion in exports by 2025, Canada must continue to expand into new markets – more specifically, in China.
- China is currently the second largest importer of Canadian fish and seafood products (14% of total Canadian exports), doubling the import levels of the European Union (7% of total Canadian exports).
- Additional market advantages in Asia can be realized with ratification of CPTPP, particularly if Canada is among the first six countries to ratify.

Recommendation: FCC urges the Government of Canada to continue discussions with China regarding a free trade agreement, and to enter into formal negotiations to create advantages for Canadian seafood products. FCC also urges the Government of Canada to ratify the CPTPP agreement without further delay.

3. Address labour shortages:

- Part of the fishery sector offers only seasonal employment due to the seasonality of certain fisheries.
- As a result, some operators face labour shortages that range from minimal to severe, especially in small rural and coastal communities.
- Current immigration policies and the Temporary Foreign Worker program are not sufficient to address the sector's labour challenges, and Canada's aging population indicates the problem is only going to get worse.

Recommendation: FCC urges more coordinated action by Immigration, Refugees and Citizenship Canada and Employment and Social Development Canada with the fishery sector to look for opportunities to enhance existing policy and programs and provide more meaningful solutions to the sector's labour challenges.

Conclusion

The Organization for Economic Cooperation and Development (OECD) has declared, “the ocean is the new economic frontier. It holds the promise of immense resource wealth and great potential for boosting economic growth, employment and innovation. And it is increasingly recognized as indispensable for addressing many of the global challenges facing the planet in the decades to come, from world food security and climate change to provision of energy, natural resources and improved medical care.”² The fisheries sector is critical to coastal communities. We need to, and can, do better to ensure the sector is positioned to realize the opportunity in front of it. That opportunity will only be realized through more investment, capitalizing on trade markets, and address labour shortages.

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² OECD (2016), the Ocean Economy in 2030, OECD Publishing, Paris. Page 13.