



Fisheries Council of Canada
Conseil Canadien des Pêches

***Leveraging the Recovery to
Achieve Longer-Term Potential***

Submission to FINA Pre-Budget Consultations

August 2020

Recommendations

The following recommendations will help the fish and seafood industry to rapidly recover, strengthen essential contributions to food security, and continue being the lifeline for small coastal communities across the country that rely on the sector. Some recommendations are applicable more generally to business sectors throughout Canada, upon which FCC wanted to express its support.

- Getting Canadians back to work – remove disincentives to accepting work when it is available
- Keeping supply chains moving
 - Working with industry to identify and remove policy and regulatory barriers to supply chain innovation.
 - Leading the federal, provincial, and territorial governments to remove all or most of their exceptions to the Canadian Free Trade Agreement (CFTA) no later than the end of 2020
 - Working with the provinces and territories to dedicate additional resources to the Regulatory Reconciliation and Cooperation Table under the CFTA.
- Facilitate innovation investment
 - Conduct a comprehensive review of Canada's tax system to mobilize capital investment to facilitate and incent innovation and improved competitiveness
- Advance digital trade and e-commerce
 - Accelerate existing plans and programs to rollout high-speed broadband to all locations in Canada, particularly small and remote coastal communities
 - Accelerate CFIA's adoption of electronic export certificates to expedite approval processes for food exports.
- Improve sustainable fisheries management and associated science assessments
 - DFO must expand its science assessments and economic data collection of our fish stocks that underpin Canada's sustainable fisheries management decisions and the sector's third-party certification
- Maintain access to important seafood markets
 - CFIA/AAFC Market Access Secretariat is an important resource for agri-food sectors and must be maintained.
 - Negotiate a bilateral agreement with the UK to maintain Canada's fifth largest fish and seafood export market.
- Navigating global fragmentation
 - Working with coalitions of likeminded allies to protect the critical elements of the rules-based trading system.
- Planning for Business Continuity
 - Leaving government-backed COVID-19 liquidity programs in place after winding them down to readily reintroduce them when next required and reviewing programs annually to ensure effectiveness to changing circumstances
 - Simplifying the eligibility criteria for support programs, consulting with the business community on how to do so and communicating criteria and available programs regulatory through public and private sector channels.

- Rethinking Government's Role and Priorities
 - Continuing the high level of collaboration with the business community and establishing a recovery, growth and prosperity task force at the highest level.
 - Transitioning from emergency supports and a subsidy-based response to the COVID-19 crisis to a growth-led approach that makes Canada among the most competitive investment environments in the world.
 - Review government emergency responses to identify new best practices to improve the effectiveness of government programs, the efficiency of government operations and crisis response times and to reduce administrative/regulatory burdens on business.
 - Accelerating e-government and m-government adoption in line with availability of high-speed broadband

Introduction

From coast, to coast, to coast, the COVID-19 pandemic impacted Canadians' health and finances. For many small coastal communities that rely on the fisheries for their economic well-being, the disruption to international trade had significant impacts. Some fish and seafood processing plants needed to shutdown completely while others needed to cut their workforce in order to manage the financial impacts to their businesses. At the same time, some facilities faced significant challenges in finding labour to operate. While the fish and seafood industry suffered, the residents of these small communities suffered even more from the economic downturn. We also need to think of how all this disruption has affected the eating habits of Canadians, particularly how fish and seafood can contribute to healthy eating and broader food security.

2019 was a strong year for Canada's seafood sector. The value of exports was up 25% from 2015-2019, to \$7.5B. The disruption of the global trading system impacted our sector. The decline in exports in March, down 15%, was muted by some panic retail buying. Exports were down 30% for both April and May. But the overall results mask the impacts on individual companies, which varies depending on species, product format, geographic market, and market segment. Higher valued and live products that would typically go to food service and white-table cloth restaurants were hardest hit.

In recognition of its critical function in the food system, the fish and seafood industry was deemed essential by every province in Canada. For those harvesters and processors that serve the Canadian market, they were able to stay open and continue to employ thousands of Canadians. The large movement during the pandemic around buying Canadian products helped some cope with the economic impacts. However, the industry continues to be predominately export-driven to markets in the US, Asia and Europe. When overall trade decreased between Canada and the world, it was the fish and seafood industry that felt significant impacts.

In response to this, we are grateful for the Government of Canada for introducing various support measures and particularly the Canadian Seafood Stabilization Fund of \$62.5 million for fish and seafood processors. This enabled many businesses across Canada to better cope with the decrease in exports and sales and increased costs for PPE and distancing requirements. Also, the program is supporting companies to make costly retooling investments to shift from food service to retail markets. The support programs for harvesters are important to processors too, as the supply chain is integrated. Unfortunately, the implementation of those programs has been delayed until late August which has challenged the smaller harvest operators. As we move into the post-COVID-19 recovery phase, it will be important for the government to continue to support the sector.

In the past, many people in coastal communities looked to fisheries to solve wider social and economic problems. Today, it is generally accepted that there are simply not enough resources to fill ever-increasing needs for jobs, incomes and new allocations of fish. However, by working together, it is possible to improve international competitiveness and expand the total economic benefits from finite fisheries resources by improving conservation and management methods and developing diversification strategies and pursuing innovations in harvesting, value-added processing and marketing.

Canada has steadily fallen in global rankings for production volume and exports. For example, only 25 years ago, Canada was the top fish and seafood exporter. We are now *eighth* in the world. Another example is that while Norway produces close to four times the seafood value of Canada, Canada has

almost four times as much viable marine capacity (not including the Arctic and inland waters) and significant additional freshwater assets. While part of this fall in rankings is due to the growth in aquaculture in other parts of the world, it does not explain or rationalize our decline in the global market.

In the forthcoming Blue Economy Strategy consultations, we will be expanding on what Canada can and must do to regain global leadership, to “seize the podium” in supercharging its seafood production. We do not look to be the “biggest,” but rather the best: The most sustainable, and the best quality. Our vision is dependent on healthy oceans and waters and thriving ocean ecosystems to provide the bounty that we must cherish.

Our sector is poised to be an important part of economic recovery in the coastal, indigenous and rural communities that depend on us. This is strengthened by Canada’s recognition of the importance of sustainable seafood production, most recently identified in the Agri-Food Economic Table recommendations to the Finance Minister (2018)ⁱ, in the role this sector will play in meeting Canada’s economic growth targets as a critical part of sustainable economic growth and recovery.

Canada is a signatory to the High-Level Panel on a Sustainable Oceans Economy, an international, multi-national initiative looking at the role the oceans can play in global sustainable development. Their most recent paper, “A Sustainable Oceans Economy by 2050: Approximating its Benefits and Costs,” estimates that investments in oceans economic activity can have an economic net positive benefit ratio of 5:1, while increasing production of sustainably sourced ocean-based proteins is 10:1.ⁱⁱ With such massive potential for Canada, the sector is a very smart investment that will bear much fruit.

Conclusion

Canada needs to regain pride in its seafood sector. The sector is a critical component of our food system, supplying sustainably harvested, nutritious and great-tasting fish and seafood. We can leverage this pandemic to strengthen the sector’s role domestically while contributing to global food security. In so doing we will grow new futures for coastal and rural families and communities across Canada.

To quote the Canadian Business Resilience Network in its Roadmap to Recovery, “Our goal should not be to return to the uncompetitive business conditions that existed before the crisis. Now more than ever, we need to encourage entrepreneurship and investment, not just to undo the damage inflicted by COVID-19, but also to achieve Canada’s economic potential.”

ⁱ Report from Canada's Economic Strategy Tables: The Innovation and Competitiveness Imperative, Innovation, Science and Economic Development Canada. https://www.ic.gc.ca/eic/site/098.nsf/eng/h_00020.html

ⁱⁱ High Level Panel on a Sustainable Oceans Economy, A Sustainable Ocean Economy by 2050: Approximating its Benefits and Costs, June 14, 2020. https://oceanpanel.org/sites/default/files/2020-07/Ocean%20Panel_Economic%20Analysis_FINAL.pdf

ⁱⁱⁱ Canadian Business Resilience Network Roadmap to Recovery. <https://www.canadianbusinessresiliencenetwork.ca/resources/recovery/>