By Alec Bruce

THE LONG, HARD TACK BACK TO BOUNTIFUL
In the two decades since the federally imposed cod moratorium, the East Coast fishery has staged a comeback thanks to higher-value species and products, savvier international marketing, and smarter resource management. Still, many in the industry now worry the region is perilously close to repeating its old mistakes. What will it take to create a truly sustainable livelihood for the men and women who go down to the sea in boats?

Once a common sight, wooden wharves and stages are now a rarity. Shown here, Cyril Whitten’s stage in Petty Harbour, Newfoundland. Photo: Karl Chafe
E. Derek Butler is rarely at a loss for words. He snatches them easily from the thick fog of metaphor that invariably hangs above the port city of St. John’s at the edge of the North American consciousness. Of course, that doesn’t mean the executive director of the Association of Seafood Producers of Newfoundland and Labrador is always, or even necessarily, trenchant in his choice of analogies.

“Well, now, let me ask you this,” he chirps from his downtown office. “What if you are running a magazine and you have to put out an issue on a regular basis, except you have to do it all in, say, a few weeks? Or what if you own a coffee shop, or a restaurant, or a hotel and expect to make money, only you have to do it all in just a few days? What we have here is a situation where everybody who comes into Tim Horton’s winds up drinking out of the same small cup of coffee. You know what I mean?”

Not really. Maybe his tale about the kid and the plane crash might serve to clarify. “When a baby was killed in the western USA in 1989 by being ripped out of its mother’s arms and dashed up against the bulkhead,” he regaled a St. John’s Rotary Club luncheon in 2008, amid (one can only assume) the sound of forks dropping to their plates, “a political solution was proposed by having a federal law requiring babies to be strapped into their own seats on airplanes.”

His point: “Such a law, requiring
of marine science – that Butler, and others like him, routinely employ arrestingly discursive ways to frame the major challenge now facing one of the East Coast's most iconic and economically significant industries.

But strip away the convolutions and the contrived figures of speech used to illuminate them, and the central problem remains as plain as it is achingly familiar: In the second decade of the 21st Century, too many people still chase too few fish in Atlantic waters, a circumstance that undermines the industry's competitiveness and its ability to provide a decent living. Even more ominous is evidence of incipient resource depletion as the federal government (which issues and administers commercial fishing licenses) and provincial governments (which regulate and manage on-shore processing functions) continue to favour policies that encourage over-capacity in the interest of creating and maintaining jobs regardless of how impoverished these positions actually are.

All of which have generated an unusual degree of unanimity among the industry's private-sector stakeholders about the future of their way of life. Nearly everyone interviewed for this piece, from small-timers to large-scale fleet operators, from seafood producers to union organizers, says some form of rationalization is necessary to build long-term sustainability. The nagging question, of course, is how.

“As commercial fishermen, we owe it to ourselves and to the resource to take on much of the responsibility ourselves,” says Gerard Chidley, the newly appointed chairman of the federally appointed Fisheries Resource Conservation Council (FRCC), an advisory body, and a crab and shrimp harvester who operates a vessel out of Renews, Newfoundland. “We can’t leave everything up to the governments. We can’t blame everything on DFO. We have to take every opportunity to streamline ourselves, to inject some business sense into our own practices.”

Jean-Guy d’Entremont, the outgoing chairman of FRCC, and a 30-year veteran of the southwest Nova Scotia ground fishery, agrees. “The notion that this industry is permanently unsustainable is simply wrong,” he says. “Where I fish, we knew we had to change and we had to change to higher quality and to greater efficiency. We had to have operations that provide opportunities to attract young people. It’s about business: You have to be able to pay people properly and give them enough challenge to keep them in their careers. And we’ve been able to do that.”

To Eric Roe, chief operating officer of Halifax-based Clearwater Seafoods, which is one of the biggest, vertically integrated players on the East Coast – and one of the world’s leading lobster fishers – a crucial long-term issue is protecting the ocean’s bounty. “Sustainability requires some sort of policy regime that guards against over-capacity in the fishery,” he says. “This requires political will to not respond in knee-jerk fashion to fishing license capacity, or plant processing capacity. I
Gus Etchegary: A voice of dissent

A former executive vice-president of Fishery Products International and commissioner to the North Atlantic Fishery Organization, Gus Etchegary is a vocal, sometimes harsh, critic of the Government of Canada’s approach to fisheries management on the East Coast. He does not dispute the need for industry rationalization, but he insists stakeholders in Newfoundland and Labrador must do more to force federal authorities to embrace their responsibilities. He spoke to Atlantic Business Magazine from his home in Portugal Cove-St. Philips, NL.

On federal responsibilities: “Eighteen years have elapsed since the groundfish moratorium in Newfoundland and Labrador. And there is no recovery of the resource. In fact, there’s no plan by the Government of Canada – whose responsibility it is and which they undertook under the Terms of Union – to conservatively and sustainably manage the fishery on behalf of the people of Newfoundland and Labrador. Now we are relying on a shrimp and crab fishery, both of which are beginning to diminish… Other than the Avalon Peninsula, you’ve got pretty much a welfare state. The fishermen depend on a seasonal crab fishery that lasts six to seven weeks.”

On industry rationalization: “The Government of Canada has failed in its responsibility to build a renewable resource that’s been with us for 550 years. Because of this, rationalization has to take place. There are too many participants in the fishery. But there is not one single word out of the union [Fish, Food and Allied Workers] or out of the ASP [Association of Seafood Producers] that the cause of this problem is the Government of Canada’s failure to rebuild the resource. There is not one single reference in the MOU [Memorandum of Understanding] process to the effect that the Government of Canada has got to undertake to rebuild. The basic problem is not what Earle McCurdy and Derek Butler are saying, which is rationalization only; it’s rationalization, but also a full press on the part of the Government of Canada to rebuild the resource. At the rate we are going, there is no indication that the diminishing resources of crab and shrimp will not continue.”

On the way forward: “The evidence is clear that the scientific capability of DFO [Department of Fisheries and Oceans] in Newfoundland and Labrador has been reduced and reduced and reduced beginning, in a major way, in 1995. That’s when the minister of Finance at the time, Paul Martin, cut the science budget for the East Coast fisheries by 50 per cent. As a result, much of the scientific work which is necessary to intelligent management is just not here…. We have to have more intelligence, and it has to come from people who are knowledgeable in the business of fisheries management. And this can only come from a very capable science department located in St. John’s. It’s common sense. Instead, many feel, the fishery has just been abandoned.”

tend to favour those regimes that allow industry, itself, to manage its own affairs in a responsible fashion.”

Indeed, says Earle McCurdy, St. John’s-based president of the Fish, Food and Allied Workers Union, “Some people look at rationalization as just a numbers game. We don’t share that view at all. Our goal is to improve incomes and to improve the stability of fishing enterprises. Fleet rationalization is certainly one of the options. Still, the way things are, the number of licenses right now makes it very, very difficult for all concerned. The simplest approach would be a straight license buy-back. Unfortunately, the federal government has shown zero interest in this.”

For Derek Butler, who can’t resist his metaphors, the nub of the problem is ideological. “Ours is still a social fishery,” he says. “It’s a fishery where the goal for many has been to employ as many people as possible as opposed to building an industry that increases in value and produces returns for both harvesters and processors. Remember that baby in the airplane crash? You can save that one, but in exchange for how many more, and at what cost? And is that the goal of public policy? To save one part of a business, and sacrifice so many others?”

Then again, one might wonder, how many babies must go down in flames before those who survive manage to stand on their own two feet.

For decades, the memory of near terminally depleted stocks of what was the East Coast’s signature commercial species – northern cod – has haunted the zeitgeist of a centuries’ old industry. History tells tales (perhaps apocryphal) of early explorers in the waters off Newfoundland and Nova Scotia stricken dumb by the sight of fish teeming in such abundance that they slowed the course of their ships, and could be plucked from the depths with buckets. Factual or fanciful, the stories set off a global trade in Atlantic seafood that thrived, largely unabated, for hundreds of years.

But, for a multitude of reasons having to do with perennially inattentive fisheries policy, domestic and foreign over-harvesting, inadequate or incomplete resource management, and a wide variety of insufficiently understood scientific factors, the traditional ground fishery
began to fail in the early 1980s. By the early 1990s, it was all but dead as the federal government imposed a sweeping moratorium on commercial cod catches. The move devastated communities (particularly in Newfoundland, Cape Breton and northeastern regions of mainland Nova Scotia), threw thousands of people out of work, bankrupted dozens of harvesting and processing operations, and precipitated one of the biggest and costliest public bailouts of a single industry (fishing license buy-backs, workforce retraining, and emergency relief to hard-hit families) in the nation’s history.

“We should never forget what those days were like,” says Chidley. “We were subsisting in the cod fishery. And I mean it really was subsisting. Some people may say there was a romantic quality, but certainly there wasn’t much of a monetary quality. There was absolutely no disposable income for 95 per cent of the fishers.”

Still, since then, the industry has learned and, in many ways, matured. Indeed, thanks to improvements in data collection, widespread computerization and electronic record keeping, and more sustainable fishing practices in both the near- and offshore grounds, the commercial business has staged something of a comeback. In scope, at least, the context is more international than ever before.

In a global enterprise that’s worth, by some estimates, $240-billion (USD) a year, the gross value of Canada’s fishery in 2008 included $1.8-billion (CDN) from seafood landings and $4.2-billion from preparation and processing. That same year, the total volume brought ashore at ocean ports, on all coasts across the country, by 22,000 plant workers. Meanwhile, the aggregate value of all fish (including freshwater and farmed) shipments from Canada (to Germany, Japan, the United States, the United Kingdom, France, Spain, Italy, South Korea, and Denmark) was $4-billion, yielding a positive trade balance of nearly $2-billion, and making the

Exit Rocks the Rock with Mansbridge

ANNE SQUIRES, owner/franchisee of Exit Realty on the Rock, would like to thank the committee members, auction donors, attendees, speakers, performers and all those who in any way assisted in helping raise $100,000 for Ronald McDonald House Newfoundland and Labrador.

“The need for a Ronald McDonald House in Newfoundland and Labrador is truly great,” says Squires. “For those children and families that travel great distance for care, there is an added financial and emotional burden related to the uncertainty of where they would live. By providing affordable and comfortable accommodations, Ronald McDonald House Newfoundland Labrador will remove this burden for many of these families and enable them to concentrate on helping their sick children to get well.”

“As a real estate office with over 90 agents across the province, we’re in the business of helping people and businesses find homes, so of course this cause resonated with us in a special way,” says Squires.
country the sixth-largest and most diversely marketed marine exporter in the world.

In all of this, the four Atlantic provinces, which together account for less than 10 per cent of Canada’s population, have been responsible for more than 85 per cent of the nation’s annual seafood outputs, both domestically and internationally (volume, value and employment). In 2008, 772,574 metric tonnes worth of landings, with a value in excess of $1.6-billion; and more than 18,500 registered, licensed fishing vessels plying the cold, clean, coastal waters of the world’s second-largest ocean.

Of course, the real key to this rebound since the bad, old, “cod-damned” days of late 20th century has been the precipitous shift towards harvesting and processing more plentiful and more internationally valued (read: marketable) species along the East Coast. “Today, Atlantic Canada’s commercial bounty from the sea is very broad,” Derek Butler says. “It includes stone crab, cold water shrimp and lobster. And then there’s herring and mackerel, the so-called pelagic fish which live higher up in the water column than ground varieties, like cod and flatfish. We still fish cod, but it is quite a small enterprise, compared to its size of only a generation ago.”
In fact, the big money (if that is the right phrase) is in the shell-fisheries, which replaced the ground catch following the moratorium. Crab and shrimp are now kings in and around Newfoundland and Labrador’s sea shelves, as are oysters and mussels for Nova Scotia, Prince Edward Island and New Brunswick. And, almost everywhere you travel in the Atlantic region you meet the nearly ubiquitous, multi-million-dollar-a-year lobster cull for fine diners from Halifax to Paris, France.

Consider that in 2008 shellfish accounted for more than 60 per cent of all seafood landed commercially in Atlantic Canada, while Pelagics amounted to 30 per cent, and ground fish a mere 10 per cent, and you can understand the import of Eric Roe’s predominant musings. “I think the industry on the East Coast has managed to turn several important corners over the past few years,” says the Clearwater executive, whose firm employees 1,200 people and owns and operates a fleet of 13 offshore vessels. “We’ve figured out how to harvest the resources more responsibly and sustainably. We’ve figured out how to invest in the future of our operations to continuously supply a growing international appetite for high-quality seafood.”

But (and it’s a big but), “if we can get the policy framework right that addresses resource sustainability and industry profitability, then the opportunity for this industry is still pretty exciting in that we have wonderful renewable sources of protein at a time when the world demand for sustainable seafood is growing.”

To the extent that the practices of a multi-national company with annual revenues approaching $300-million applies to considerably smaller, less economically robust operators, Jean-Guy d’Entremont and Gerard Chidley do not disagree with the point. “It does come down to business sense,” the former says. “A sustainable fishery has four pillars. There is the economy. There’s the biology of the fish. There’s the social pillar, which involves jobs. And then there’s the institutional pillar, which is governments working together to monitor and control. It’s the balance of these four pillars that provides a sustainable fishery. As soon as you have too much emphasis on one pillar, such as the social one, the economics and the ecology will suffer.”

Adds Chidley: “Unfortunately, I think there remains some degree of romanticism about the past in some quarters. I mean, all this stuff about the good old days. My dad is 85 years old and, boy, he says anybody who wants to go back to the good, old days, well... now we should let them go back on their own. Not not a lot of people romanticize the past, but the ones who are saying it all the time are in the media. They don’t have a great big following. But why on Earth would anyone ever want to go back to that? So that’s my real point. We now have the opportunity to build a truly sustainable, long-term fishery for the future.”

On the other hand, and despite these noble sentiments and hopeful projections, there may no longer be any need to bleed the past of its awful memories, as the present seems perilously close to making its own.
it’s only human nature to want to make the most of improving circumstances. So, it’s hard to fault the East Coast fishery, or the two levels of government that minister to its needs, for seeking as much employment as they possibly can from an industry that once figured so crucially in the progress of an entire region. But, as Derek Butler bluntly points out, it’s also human nature to ignore the lessons of the past.

“The problem is,” he says, “after the cod moratorium, we never really got around to true rationalization. As shellfish grew in value and the quotas went up, pressure was put on different governments to increase the number of enterprises fishing those species, and the number of plants processing them. So, as an example, where we started with seven crab plants, we decided to add five more, and then five more after that. Now, in Newfoundland and Labrador, we have 34 or 35 crab plants, and 3,000 crab harvesters. We have 13 shrimp plants and 250 enterprises. The shrimp boats only have an average of 50 days at sea a year. The crab plants are only open for a few months each year. The average per capita crab landing is only 7,000 pounds. And then you have to collect the product and truck it and maintain the wharf infrastructure and all the monitoring and observing that takes place. I ask you, where is the business model in this?”

Is there away to ameliorate the situation by negotiating higher prices for products at the point of sale? Butler laughs grimly and deploys another one of his famous analogies. “Well, you know as well as I that when GM and Chrysler and Ford had their recent issues, no one said the fellow in the car lot had to flip up the price on the vehicles just to make the industry work. The challenge was not asking consumers to pay more for their cars. The challenge was structural to the industry itself. The companies had either too many plants or too much overhead to remain viable in the long run. This is exactly where we are in the fishery, and the market can’t be asked to carry it. First of all, it won’t.”

Then there is the hoary matter of resource limitations. According to the
Canada-Newfoundland Fishing Industry Renewal Discussion Paper, released in late 2006, “The total landed value and product value of all species in Newfoundland and Labrador has declined by approximately 25 per cent in recent years due primarily to declines in the crab and shrimp fisheries. During the same period, harvesting and processing costs (i.e. fuel, capital, etc...) increased resulting in a ‘cost-price’ squeeze. This has served to highlight the need for the fishing industry to become more internationally competitive.”

Specifically, the report observes, “It must compete in a global market where China and other low-cost producers dominate the market for frozen groundfish and where production is moving towards secondary products. It must also compete with an increasing world supply of aquaculture fish with seafood products from other jurisdictions, such as Iceland and Norway, who have already successfully adapted their fishing industries.”

Still, at the top of the discussion paper’s list of “domestic industry challenges” – which includes overcapacity, policy renewal, industry structure, workforce, low or unstable wages, seasonality, dependability, varying quality, vessel design, and marketing – is resource fluctuation or decline. Says Butler: “The truth is we are once again in danger of pushing these species the way we did with cod. Science, itself, has said over-capacity compromises our ability to do better fisheries management because it is asking more fish to pay the bill, instead of letting economics take care of itself.”

It would be inaccurate to apply Newfoundland and Labrador’s precise circumstances to all geographic regions, or even segments, of the East Coast fishery. Resource and marketplace conditions for lobster, bi-valves, flatfish, tuna and the plethora of other commercially harvested species, for example, are far too complex, individual and varied to over-generalize, as are the regulatory environments. But it is fair to say that Newfoundland’s current unease is a creeping one, if only because everyone involved in the harvesting and processing of wild, marine animals faces

![Image of Keith and Walter Weir of Petty Harbour, NL as second-generation fishermen. Photo: Karl Chafe](image)

### The East Coast fishery: By the numbers

<table>
<thead>
<tr>
<th></th>
<th>1990</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of fishers (wild fishery)</td>
<td>64,000</td>
<td>51,000</td>
</tr>
<tr>
<td>Average age of fishers (wild fishery)</td>
<td>35</td>
<td>44</td>
</tr>
<tr>
<td>Total value of aquaculture (farmed fishery)</td>
<td>$100-million</td>
<td>$400-million</td>
</tr>
</tbody>
</table>
similar challenges of resource management, employment and income, as well as well-founded concerns about long-term sustainability and viability.

All of which merely demonstrates there are no easy solutions to the problem of industry rationalization; though there are clues.

Some, like Jean-Guy d’Entremont, favour a more widespread system of individual transferrable quota and enterprise allocations – which would effectively trim the number of people working in the industry as increasing numbers of marginally successful harvesters choose to sell their quotas to their more successful peers. Others think broadening existing “buddy-up” arrangements – which effectively combine enterprises, licenses and individual quotas – may be an efficacious start, if not a permanent balm.

Perhaps the most hopeful development in all of this is the industry’s clear determination to come to grips with its future in a positive, collaborative fashion. A Memorandum of Understanding, signed in July 2009 by the Fish, Food and Allied Workers, Association of Seafood Producers of Newfoundland and Labrador, and the provincial government seeks to “develop a plan to address the long-term structural issues in the province’s fishing industry.”

Or as Clyde Jackman, the province’s minister of Fisheries and Aquaculture, stated in July, “Our province’s fishing industry is overcapitalized and having great difficulty in light of the global economic challenges of the last two years. However, there are structural issues within the industry and we can see the impact of those annually. We will continue to have them until there is a new industry structure in place. The MOU process was designed to provide proposals from the participants for addressing these issues. It is important that the parties develop joint proposals that offer reasonable and practical solutions which will encourage federal government support of the restructuring process.”

And for Derek Butler, this should mean only one thing: “We’ve got to start running the fishery like any other industry, not like a social program.” No metaphors, no tortured figures of speech; and, as usual, no loss for words. ABM