

Fishing Industry in Prince Edward Island

January 2009

INDUSTRY HIGHLIGHTS

- There are two lobster seasons in PEI: the Spring season and the Fall fishery. There were 22.9 million pounds of lobster landed in 2009, and about 19.5 million (85%) was landed in the Spring.
- In 2008, there were a total of 4,200 commercial fishermen in the province, and 1,294 were licensed to fish lobster.
- Lobster, mussels and snow crab comprise the top three most valuable species in PEI, and collectively make up around 85-90% of the total landed value of the fishery.
- In 1988, there were 6.6 million pounds of aquaculture production in PEI (oysters comprised 3.4M and mussels 3.2M). In 2008, a total of 43 million pounds were produced (5.7M of oysters and 37.3M of mussels).
- The volume of mussel production expanded by an average annual rate of 21% throughout the 1990's. Since 2001, there has been no growth in mussel production in PEI.
- There are two Bluefin tuna seasons in PEI: in 2009, the early season began on August 3 and the late season, October 10. There were a total of 287 tuna fishers who shared a 139 mt quota in 2009. A total of 368 bluefin tuna was landed.
- There are currently 44 processing plants operating in the province: 18 are in seafood processing and 26 are shellfish processing operations.

Did you know...???

...that PEI is the largest producer of mussels in Canada and accounts for 85-90% of Canadian exports?

...there were about 1,300 in-shore fishing vessels in 2008?

...that lobster made up two-thirds of the total value of fish landings in 2008; but only 20% of landed weight?

...by weight, there are more mussels landed/harvested than any other species in the Island fishery?

...that the Spring lobster fishery runs from May 1-June 30; and the Fall fishery, August 9-October 10?

...that there were 2.8 million pounds of Irish moss landed in 2008?

...that the price of market sized lobsters was around \$3.50/lb. in 2009; about half of their wharf price in 2008?





...the average weight of a Bluefin tuna landed by PEI fishers was 666 lbs?

...in June 2009, snow crab sold for about \$1.75/lb. and rock crab, 25 cents?

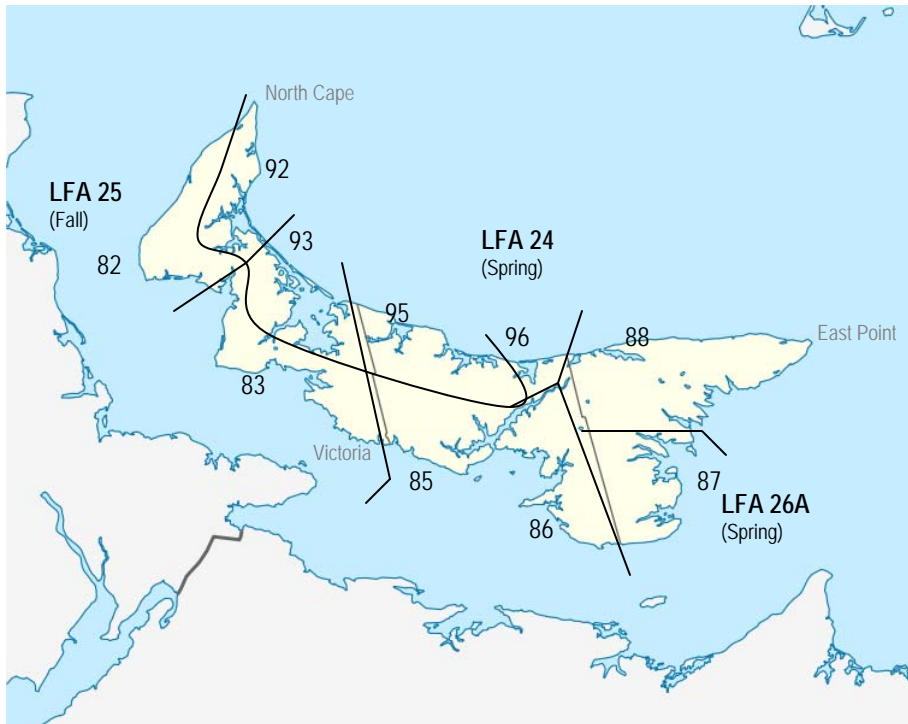
...that there are 2 processing companies that employ over 250 employees?

INDUSTRY CHARACTERISTICS

The top 3 fish species measured by value are lobster, mussels and snow crab

	LOBSTER	MUSSELS	SNOW CRAB	OYSTERS	OTHER	TOTAL
					<u>OTHER</u> Tuna Herring Rock Crab Finfish Mackerel Scallops	
Value of landings: <i>(\$ Millions)</i>	\$75M (2009) \$103M (2005)	\$22.4M (2008) \$21.4M (2005)	\$11.6M (2008) \$15.1M (2005)	\$5.6M (08) \$5.5M (05)	\$14.9M (08) \$18.7M (05)	\$155.2M (08) \$163.7M (05)
Landings: <i>(Millions of lbs)</i>	22.9M (2009) 18.4M (2005)	37.3M (2008) 35.4M (2005)	5.8M (2008) 7.6M (2005)	5.6M (2008) 6.3M (2005)	44.1M (08) 70.6M (05)	\$114.7M (08) \$138.3M (05)
Share of fishery: <i>(2008, By value)</i>	65%	14.5%	7.5%	3.6%	9.4%	100%
Prices: <i>(Per lb.)</i>	\$3.50 (2009) \$6.50 (2005)	\$0.65 (2009) \$0.65 (2005)	\$1.75 (2009) \$2.00 (2005)	\$22/peck (2009) \$24/peck (2005)	-	-
Season(s):	Spring, Apr 30-Jun 29 Fall, Aug 9-Oct 10	All year	May 2-July 18 (Subject to quota)	Sep 15-Nov 30 (Commercial)	-	-
Method:	Lobster traps	Hand tools; long line releases	Crab traps	Tongs	-	-
Export Markets: <i>(2008, By volume)</i>	U.S. (75%), France(6%), Belgium(3%)	U.S.(92%) Japan(7%)	U.S.(96%) Japan(4%)	U.S.(100%)	-	-

The PEI lobster fishery has three lobster fishing areas (LFA) and ten fishing districts



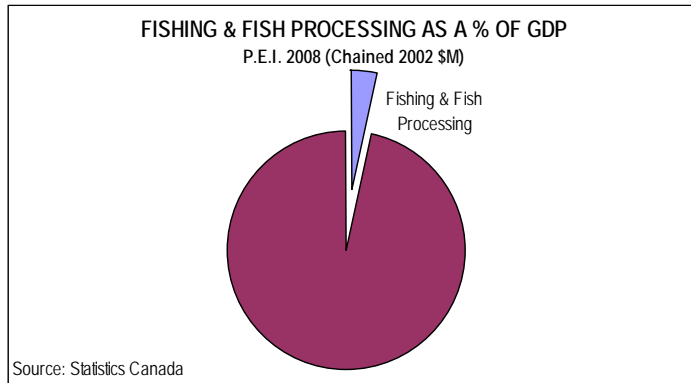
Lobster Fishing Area

- LFA 24
North Cape-East Point
- LFA 26A
East Point-Victoria
- LFA 25
Victoria-North Cape

Lobster Fishing Licenses

District 92	288
District 93	63
District 95	72
District 96	32
District 88	287
District 87	289
District 86	30
District 85	17
District 83	35
<u>District 82</u>	<u>141</u>
Total:	1,254

The fishing industry makes up an important piece of the Island's economy

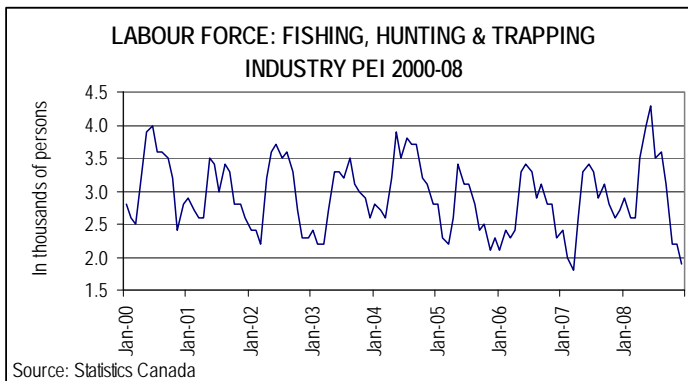


Based on Statistics Canada's Gross Domestic Product by industry estimates, the value added associated with the traditional fishing industry in PEI made up about 3% of total economic activity in the province in 2008. The share increases to about 4% when fish processing activity is accounted for. Value added in this context includes wages and salaries paid out to employees in exchange for

labour services; self-employment income for fishermen/women; business profits; etc. Although a seemingly small piece of the overall pie, Census 2006 estimates show that there were 3,800 persons that comprised the labour force of the traditional fishery, and an additional 1,800 in fish processing. The economic benefit of the fishing industry extends beyond the waters and into other industries such as accommodation and food services; transportation; manufacturing; finance; retail and wholesale trade, etc.

INDUSTRY TRENDS

Fishing industry is the most seasonal industry in the province



The fishing industry is subject to the highest degree of seasonality in the province. Over the past decade, the labour force has fluctuated from as low as 2,500 in the Winter months to as high as 3,400 during the busy Summer months, on average. This translates into seasonal variation of about 40%, significantly higher compared to 15% associated with the goods-producing sector, and 8% for service-sector industries.

Labour force in fishing is largely comprised of males, aging workforce

The employment composition of the fishing industry is predominantly male, comprising about 85% on average over the past decade. The share of men in the core-age group 25-54 years has shown little change over the past twenty years, however a greater share of the employed workforce are in the 55+ age category. For example, from 2006-08, males aged 55+ years made up a quarter of the employed workforce which is up by close to 10 percentage points compared to the late 1980's. There has been a declining trend in the number of youths (persons aged 15-24 years) employed in the fishing industry over this period.

Shipments of processed fish products have been in decline, US recession

In the first three quarters of 2009, shipments of manufactured fish products valued \$98.9 million in PEI, which is down by nearly 50% compared to the same period last year. In fact, this was the

lowest Quarter 1 to Quarter 3 total since 1994 for processors. The U.S. market for lobster, a luxury commodity, has been seriously affected by the recession South of the border.

INDUSTRY CHALLENGES

(The following summaries were derived from industry consultations)

U.S. economic conditions and high dependency on the U.S. market

The U.S. is the industry's largest trading partner, accounting for about 75-80% of total exports of seafood products. Economic conditions in the U.S. can greatly influence seafood production in PEI. During periods of poor economic conditions, there tends to follow a reduced level of demand for luxury products, such as lobster, as consumers substitute for cheaper consumables.

Exchange rate pressures

The high exchange rate puts pressure on profit margins of processors. Contracts are priced in American dollars so when the Canadian dollar appreciates, this results in lower Canadian dollar values when converted from US currency.

Reduced processing activity and low prices

Given the existing economic climate of the U.S., low demand has left seafood manufacturers in PEI to process for orders only, with little to no inventory build-up. That is, processors are only buying from fishermen what they can sell to market. This results in surplus product and ultimately lower prices. Lobster prices in particular have been the lowest in quite some time, around the \$3.50/lb. mark in 2009, which compares to over \$6.00 in recent years.

Increased operating expenditures further impact margins

In addition to reduced demand dynamics (i.e. lower shipments and prices), fishermen are contending with higher operating expenditures, particularly in the areas of fuel, labour, maintenance, bait, and so forth.

Mussels industry: Invasive species tunicate

The managing of the invasive species (such as the vase and clubbed tunicate) results in higher production costs for mussel growers. The federal-provincial Productivity Improvement Fund provides funding for the purchase of new equipment and technologies to enhance the productivity of the mussel sector on farms.

INDUSTRY INITIATIVES

(The following summaries were derived from industry consultations)

Lobster license rationalization

A federal-provincial initiative, this is a plan to reduce the number of Fall lobster licenses in Lobster Fishing Area 25. The plan includes low interest loans, a marketing and promotions campaign, and new product development.

Expansion of export markets

The industry has been looking at expanding export markets to reduce dependency on the U.S. market. The PEI Government in association with industry representatives participated in a number of promotions and trade missions, i.e. promoting Atlantic lobster in Central Canada; and in the Fall 2009, a trade mission to China to promote new markets for lobster products. With respect to the mussel industry, a company in PEI developed the Modified Atmospheric Pressure (MAP) package which increases the shelf-life of live mussels. This has enabled producers to broaden their geographical bases with respect to potential export markets.

Development of value added seafood products

Part of the Lobster Council of Canada initiatives includes the research and development of value-added seafood products (i.e. raw frozen lobster tails; frozen raw split lobster body and tail; etc.).

OCCUPATIONAL HIGHLIGHTS

P.E.I. Job Futures: Occupations related to the fishing industry

<p><u>Fishing Skippers and Fishermen/women (NOC 8262)</u> <i>Fishing vessel skippers and fishermen/women operate fishing vessels to pursue and land fish and other marine life. They are usually self-employed owner-operators of fishing vessels.</i></p>	<p><i>Employment Outlook to 2011 is Limited</i> Average annual income: \$47,130 Employed (2006 Census): 2,385 Age composition:15-24(9%);25-54(72%);55+(19%)</p>
<p><u>Fishing Masters and Officers (NOC 8261)</u> <i>This group manage and operate saltwater and freshwater fishing vessels greater than 100 gross tonnes to pursue and land fish and other marine life.</i></p>	<p><i>Employment Outlook to 2011 is Fair</i> Average annual income: n/a Employed (2006 Census): 175 Age composition:15-24(10%);25-54(72%);55+(17%)</p>
<p><u>Fishing Vessel Deckhands (NOC 8441)</u> <i>This group perform a variety of manual tasks on commercial fishing voyages, and maintain fishing vessels. They are employed by establishments that operate commercial fishing vessels.</i></p>	<p><i>Employment Outlook to 2011 is n/a</i> Average annual income: n/a Employed (2006 Census): 495 Age composition:15-24(31%);25-54(59%);55+(10%)</p>
<p><u>Labourers in Fish Processing (NOC 9618)</u> <i>Labourers in this unit group perform material handling, clean-up, packaging and other elemental activities related to fish processing. They are employed in fish processing and packaging plants.</i></p>	<p><i>Employment Outlook to 2011 is Good</i> Average annual income: \$18,905 Employed (2006 Census): 465 Age composition:15-24(36%);25-54(52%);55+(12%)</p>
<p><u>Fish Plant Workers (NOC 9463)</u> <i>This unit group includes fish plant machine operators, who set up and operate machinery to process and package fish products, and fish plant cutters and cleaners, who cut, trim and clean fish by hand.</i></p>	<p><i>Employment Outlook to 2011 is Good</i> Average annual income: \$30,540 Employed (2006 Census): 595 Age composition:15-24(24%);25-54(63%);55+(13%)</p>
<p><u>Aquaculture and Marine Harvest Labourers (NOC 8613)</u> <i>This occupational group includes aquaculture support workers, marine plant gatherers, shellfish diggers and other labourers in aquaculture and fishing.</i></p>	<p><i>Employment Outlook to 2011 is Good</i> Average annual income: n/a Employed (2006 Census): 175 Age composition:15-24(17%);25-54(77%);55+(6%)</p>
<p><u>Supervisors, Food Processing (NOC 9213)</u> <i>Supervisors in this unit group supervise and co-ordinate the activities of workers who operate processing machines, and package or grade food, beverage and tobacco products.</i></p>	<p><i>Employment Outlook to 2011 is Fair</i> Average annual income: \$45,460 Employed (2006 Census): 185 Age composition:15-24(10%);25-54(81%);55+(8%)</p>
<p><u>Agri and Fish Products Inspectors (NOC 2222)</u> <i>Agricultural and fish products inspectors inspect agricultural and fish products for conformity to prescribed production, storage and transportation standards.</i></p>	<p><i>Employment Outlook to 2011 is Fair</i> Average annual income: \$50,735 Employed (2006 Census): 100 Age composition:15-24(9%);25-54(82%);55+(9%)</p>

INDUSTRY PARTNERS AND RESOURCES

PEI INDUSTRY ASSOCIATIONS

PEI Fishermen's Association

420 University Avenue, Suite 102
Charlottetown, PE C1A 7Z5
Telephone: 1-902-566-4050
Fax: 1-902-368-3748
Website: <http://www.peifa.org/>

PEI Shellfish Association

Website: <http://peishellfish.ca/>

LOCAL INDUSTRY RESOURCES

Dept. of Fisheries, Aquaculture & Rural Dev.

Fifth Floor, Jones Building, 11 Kent Street, P.O. Box 2000
Charlottetown, PEI C1A 7N8
Website: <http://www.gov.pe.ca/fa/index.php3>

AVC Lobster Science Centre

Telephone 902-894-2884, Fax 902-894-2885
Email: lobster@upe.ca
Website: <http://www.lobsterscience.ca/>

PEI Weekly Fish Price Report

www.gov.pe.ca/photos/original/FA_fish_prices.pdf

EXTERNAL INDUSTRY RESOURCES

Fisheries Council of Canada

900 - 170 Laurier Avenue West, Ottawa, ON K1P 5V5
Tel: (613) 727-7450
Fax: (613) 727-7453
E-mail: info@fisheriescouncil.org
Website: <http://www.fisheriescouncil.ca/>

Canadian Centre for Fisheries Innovation

P.O. Box 4920, St. John's, NL, A1C 5R3
Phone: 709-778-0517
Fax: 709-778-0516
email: ccfi@mi.mun.ca
Website : <http://www.ccfi.ca/>

Fisheries Resource Conservation Council

P.O. Box 2001, Station D, Ottawa, ON, K1P 5W3
Tel: (613) 998-0433
Fax: (613) 998-1146
Website: <http://www.frcc-ccrh.ca/eindex.htm>

Lobster Council of Canada

PEI Seafood Processors Association
Charlottetown, PEI
902-629-1555
Email: info@lobstercouncilcanada.ca

For more information on relating to this report, please contact: Jamie Dooks, Labour Market Economist, Service Canada Regional Office, 85 Fitzroy Street P.O. Box 8000, Charlottetown, PE C1A 8K1; Tel 902.566.7750, Fax 902.368.0925; jamie.dooks@servicecanada.gc.ca

Prince Edward Island Seafood Processing Plant Locations

