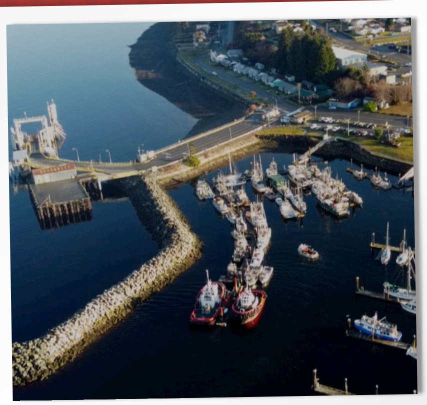
JULY 20TH, 2020 VOLUME #20 ISSUE #3

PUHA NEWSLETTER

Presidents Report
Mike Featherstone

The new season is approaching next month with the uncertainty of Covid 19 still hanging over the market. Landings this past season are down approximately 300,000 lbs which is largely attributable to the market challenges due to Covid. Market lockdowns, worker challenges and flight logistics have all presented challenges. These challenges are expected to persist into the fall and what the winter will present is anyone's guess.Tokyo started to reopen in May but into July the number of cases was increasing again, and the situation is at level 4 of 4 level system. California is also experiencing an increase in cases and restaurants are mostly closed. China is pushing Covid testing for imported seafood products which is challenging exports to that market.



PRESIDENTS REPORT

MARKETING REPORT

D&D PACIFIC REPORT

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Hong Kong is also reaching new highs and restaurants are forced to close at 6 pm daily. Overall the situation is unpredictable and generally not positive.

For our companies, crews and workers, the Government has provided a number of programs to help financially through these troubled times. The BC Seafood Alliance has been active advocating for the Seafood Industry, chiefly to ensure that none of our members fall thru the cracks.

Information on these programs can be found at Fish Safe: https://www.fishsafebc.com/financial-assistance?utm_source=Cyberimpact&utm_medium=email&utm_campaign=Financial-aid-programs-re-COVID-19

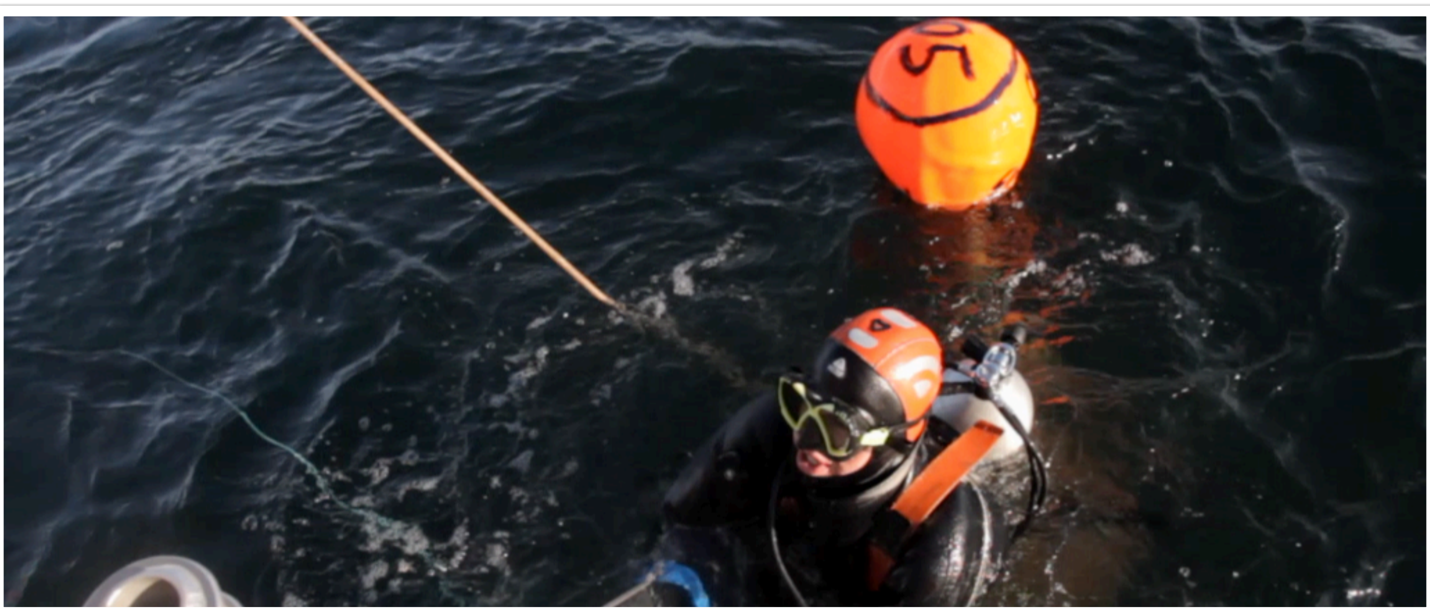
Fish Safe also has best practices guidelines for fishers and crew while working in the Covid environment: https://www.fishsafebc.com/info-and-useful-links

Darin has provided a summary of the licence changes and the new quotes for south and north in his report. There are fishermen looking for licences, and licence holders and fishermen can contact PUHA to connect. The trade shows are currently up in the air although organizers are still planning for shows in the fall. The Seafood Expo Asia Show (Hong Kong) has been cancelled and moved to Singapore in November. The China Seafood and Fisheries Exposition is scheduled for the end of October. Geoff is working with Agri-Food Canada and PUHA is still planning to attend the shows if they go ahead. Geoff has provided full details in his report. Ron Ross is completing the website update with a new look and great new videos.

The Northern Shelf Bioregion Network now has the report submitted by the Commercial Fishing Marine Planning Team. The report summarizes the recommendations of the commercial fishing industry from the collaborative work undertaken by the Marine Planning Team Download the report here: https://a7ce15a9-7044-4e18-b9e7-36d109e46cf5.usrfiles.com/ugd/a7ce15_5e7d3ed0b7854476822bcee7509f1371.pdf

This season there are minimal changes in the management plans or research programs with DFO and First Nations. There will be opportunities in the 2021 season to update quotas and fishing plans for both red and green sea urchins. For research and surveys, DFO is conducting multi species surveys with their own crew and vessels. PUHA will supply crew as required.

Haida Gwaii Kuu (Sea Otter) Ecosystem Model Project is a new project involving Haida, Gwaii Haanas, DFO, Dive Associations and International sea otter expert folks.



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The goal is to look at all aspects of sea otter recolonization and build a model to predict the changes. The Gwaii Haanas Kelp Forest restoration is continuing.

Currently the in-person AGM is on hold and PUHA is considering the options, stand by for updates in early August.

Stay safe and use all precautions when at work and out in public.

NEWS LINKS

CHINA BLAMING PANDEMIC ON SEAFOOD AGAIN: https://www.undercurrentnews.com/2020/06/25/seafood-sales-take-hit-as-chinese-public-steers-clear-over-virus-fear/

https://www.undercurrentnews.com/2020/07/10/chinese-e-commerce-giants-pull-santa-priscila-shrimp-from-sale/

5 WAYS SUSTAINBLE SEAFOOD BENEFITS: https://oceana.org/blog/5-ways-sustainable-seafood-can-benefit-people-and-environment

FISHERMAN'S WHARF: https://www.visitrichmondbc.com/blog/post/a-day-at-fishermans-wharf/

CHINA TABLOID BLASTS CANADA: https://www.seafoodnews.com/Story/1174514/Chinese-Tabloid-Blasts-Canada-Over-Lobster-Dispute

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It is kind of hard figuring out how to start building a narrative about everything that has been going for the past few months but I suppose the place to start is with just that and try to project what things look like for September onwards. Back in April, COVID-19 was breaking and has since taken a wrecking ball to economies around the world, though most particularly to that of the US, the EU and the UK. Asian markets, including South Korea, China, Hong Kong, Japan, Taiwan, Singapore and Vietnam, have more experience with emergent contagions so have more effective testing, tracking and treatment systems in place but even they remain on high alert for new outbreaks. They also have more established social mores on wearing masks in these sorts of situations, something western society remains reluctant to adopt.

In the early part of the year it seemed that the impact of the virus was not pounding seafood markets too badly, and indeed reports of uni markets standing up nicely continued until the end of the season. Export data from Stats Canada support this: Japan, South Korea, Hong Kong, Taiwan and the US kept up their buying of fresh product through April, which is the last month export data is available for. Japan and the US were looking good on live through to the end of February, in Japan's case implying they were buying and processing greens, but sales fell off from the $360 K mark to around $30K in March and April when the US was the predominant buyer and Taiwan jumped in as well.

Despite these positive signs, it is hard to project what is going to happen once things start up again in August as a lot of the market effects lagged the actual appearance of the disease. On top of that, US infection rates which seemed to be under control in late April through May really took off again in June and are unfortunately still accelerating. Japan saw initial impacts in February but felt superior hygiene protocols would allow them to avoid the worst effects seen in other countries. Unfortunately they too were also again soon seeing increasing infections after entertainment districts re-opened and even now there are increasing worries about what is going on although so far there are no plans to shut things down again. Food service was affected though and prices for high value seafoods, like scallops and sea urchin, took the biggest hit. In the case of urchins the average unit auction prices in April were about 50% of those seen in January and in April 2019.

In summary, the estimates on the impacts of the pandemic on national, regional and the overall global economies range from not bad to catastrophic but any expectations of a quick rebound even with the successful development of an effective vaccine and/or treatment have been discounted as unrealistic. China was looking at annual GDP growth of around 1% but with everywhere else, i.e. their export markets, looking squarely at declines of between 4- 8% , even their meagre growth is looking a tad optimistic. There are still a lot of uncertainties on the specifics and on the overall impact generally so we are going to have to wait and see. It seems though that the coming season is more than likely going to be slow, maybe even really slow.

It may take some time to get things rolling again in the international seafood trade again as while the lockdowns have affected many industries few have been hit harder than travel, tourism and food service. Regarding the latter I have seen estimates that anywhere from 25% to 85% of restaurants are likely to close permanently depending on the particulars of the market and the format. It sounds like the industry is consolidating around larger chains in most markets as independent operators are more vulnerable to liquidity shortfalls. There may be a quicker- than- expected rebound in demand through supermarkets and surviving chains (like Sushi Express in Hong Kong), but again - that is something that will come out in the wash.

More constructively perhaps, another interesting data point I recently came across is that, according to Stats Canada CATSNET Analytics (published in 2018 BC Agrifood and seafood export highlights - October 2019), Hong Kong was the 5th most important market for British Columbia seafood exports in 2018. Its intake that year represented just over 35% of our seafood exports, a value share that is up by 49% since 2016. Of special note as well the three most important products to Hong Kong, and perhaps coincidentally to Macao (market # 9) were geoduck, sea cucumber and sea urchin. Urchins also rated within the top products category in our seafood exports to Japan (#3), Taiwan (#7) and the UK (#8).

This I believe emphasizes how important Hong Kong is to BC dive fisheries and from this I believe we should put in an appearance there as soon as safely possible to support our products. Recall as well that they firmly believe we produce the “very best uni” in the world so they are probably some the best ambassadors for our product that we could possibly find. Unfortunately the safe part must now also take some account of the new National Security Law imposed on Hong Kong under which the Central Government can arrest and extradite to the Mainland any person it deems to have offended the Central Government, and therefore to have threatened National Security, for detention and trial even before any charges are laid. Given the diplomatic difficulties Canada and China are facing because of the Meng Wanzhou situation we might not want to rush it. It also seems that Chinese government is preparing for a long-ish standoff with the West, and may even be considering shifting back to a more pre- 1980's-like isolated stance to protect its authority and standing in the country. This would be a real step backwards for the country, and now including Hong Kong, to say nothing of international trade and cooperation.

been our most successful seafood exhibition for years, in part because we strongly supported the show in the beginning so were able to get a very prominent location for a number of years right at the very entrance to the show. This in itself allowed us to make a bit of a splash each year, but it appears the easy part of this opportunity may be slipping away. The show was cancelled last year because of ongoing anti-government demonstrations and the organizer decided to move it to Singapore this coming year to avoid a repeat cancellation from the same reason. Singapore is undoubtedly another sophisticated and potentially very valuable market for us so building a presence there does make sense, but that does not mean we should or need to sacrifice what we have developed in Hong Kong.

The picture for the shows has also been complicated by the arrival of COVID-19. Even though that has put a lid on the enthusiasm for any and all international shows and associated travel, the SEA is apparently still going ahead in Singapore. The organizer Diversified Communications of Portland Maine, was also forced to cancel the Seafood Expo North America in Boston in March and the Seafood Expo Global in Brussels in April. They did not actually cancel those shows until much closer to the start dates but I am thinking it is looking more and more likely that that will actually be the best option in this year’s SEA as well.

The issues with such trips are not only related to the risks of encountering the contagion on the trip, there are also travel restrictions, complications and increased costs in the mix as well. For example, international destinations, like Singapore, and Canada for that matter, have mandatory 2 week quarantines for all travellers arriving from out of country. That in itself would add 2 weeks on each end of the trip which would make it that much harder to justify. The quarantine protocols in Singapore are also very strict and intensively monitored meaning all travellers are trapped within their hotel room 24/7 for the full quarantine period with absolutely no relief. Canadian authorities are reportedly taking the same sort of approach. At any rate, we are in ongoing discussions with the organizers on their and our plan(s).

The China show (CFSE) is our other big travel and exhibition commitment each year. The show is moving to a new ve nue this year in Qingdao but is no doubt going to be suffering from the same sort of travel and quarantine restrictions. The BC Government though is again committed to having a BC booth at which it is offering information counters at no charge to BC companies and Associations. It is also planning on facilitating the use local personnel, probably the interpreters we have join us every year in any case, so Canadian based personnel do not have to attend. Given that all we have to do is supply some product and promotional material for display we are going for it with two dedicated info counters- one for the urchins and one for the cukes. There has been some discussion of setting up dedicated computer links so direct communications between visitors and members can be accommodated through Zoom or something similar.

It might also be worth pointing out that because the COVID thing is layered on top of a self-inflicted trade war and now apparently developing “new Cold War” between the US and China, international cooperation and collaboration that could speed resolution of the crisis is not likely in the cards at this point. In fact, some countries are apparently more interested in blaming others and poking them in the eye than actually dealing with the problem at hand. There are at least two major powers pursuing greater geopolitical strategic competition as they look for not just advantage in the distress of others but also for distractions from their own apparent ineptitude to buttress and/or protect their domestic political credibility and authority. This is eroding our (humanity’s) ability to mount a coordinated international defence against the COVID-19 pandemic but they are not the only ones to hold this in light regard and unworthy of serious attention. Experts in epidemiology point out that this means the costs of the pandemic globally are going to be much higher in terms of human well-being as well as in a more tightly defined economic sense as international trade, collaboration and cooperation dwindle.

Many people hoped we were past this stage in our social evolution but it seems at this point that we are again captured in a rivalry between great (self-appointed?) powers with opposing world views on a course where a train wreck is clearly seen in the end game. Hopefully it does not become something seen as inevitable - as happened in the years leading up to WWI- but is something that drives leaders the world over to drive changes that will see us working together through the coming known and unknown challenges we face in the years, decades and even centuries ahead. That may all sound a bit over the top and epochal, and maybe it is, but it is also true that transformative change often only occurs in response to in-your-face challenge(s) that are in fact true existential threats and this may just be one of those times. At any rate, with any luck we will get a much better idea of what is in store one way or the other by about November - which is of course when the election the US will produce a decision that will determine which paths are likely to open and/or close.

This is the final year of our approved 3 year project with Agriculture and AgriFood Canada and it is looking increasingly likely that we are going to badly undershoot our project budget. The program folks are completely on board on understanding this so it shouldn’t be too much of a drag on our next proposal. The Federal funding is in place for the program to carry on for an additional two years and they have apparently upped the attractiveness of the program by offering 75% support, up from the current 50%. The last show we are approved for in the current project is the 2021 Boston show (SENA) but I suspect the probability of even that going off as planned is still similarly less than 50:50. The Seafood Expo Global (SEG) is moving to Barcelona next year and I have been encouraged to include that in our new proposal. The 2021 edition is kind of close so it might be provisional but I am hopeful that everything will be getting back to normal (-ish) by the time the SEA rolls around in September 2021. Given that, I will include it and the 2022 edition, the CFSE 2021/22, SENA 2021/22 the SEG 2021/22 in the proposal. If you are interested in attending any of those, please let us know.

RED SEA URCHIN FISHERY - to July 1st, 2020

North Coast Fleet

- The fleet ceased fishing activities in Haida Gwaii on April 23 on Hippa Island
- Harvest resumed two weeks later in Dundas North, and continued around weather and COVID-19 restrictions until the last dive date of June 17th.

South Coast Fleet

- South coast fleet worked up to the Covid-19 shutdown around the 20th of March and is not expected to return harvest activities until August in the new season

Area Licensing Selection Process Red Sea Urchins – results

A licence area selection process was held to give commercial Red Sea Urchin (ZC or FZC) licence eligibility holders an opportunity to change licence areas for the next two seasons (August 1, 2020 to July 31, 2022). The final results are:

After the second (final) round, a total of 36 licences are currently designated to the south coast licence area. 74 licence tabs are designated to the north coast licence area.

With this licence distribution the south coast individual quota will equal approximately 58,944 lb.

The north coast individual quota will equal approximately 111,635 lb.

The Total Allowable Catch and Area Quotas are not yet finalized.

The following is a list of the licence tabs currently designated to the South Coast licence area for the next two fishing seasons (from August 1, 2020 to July 31, 2022).

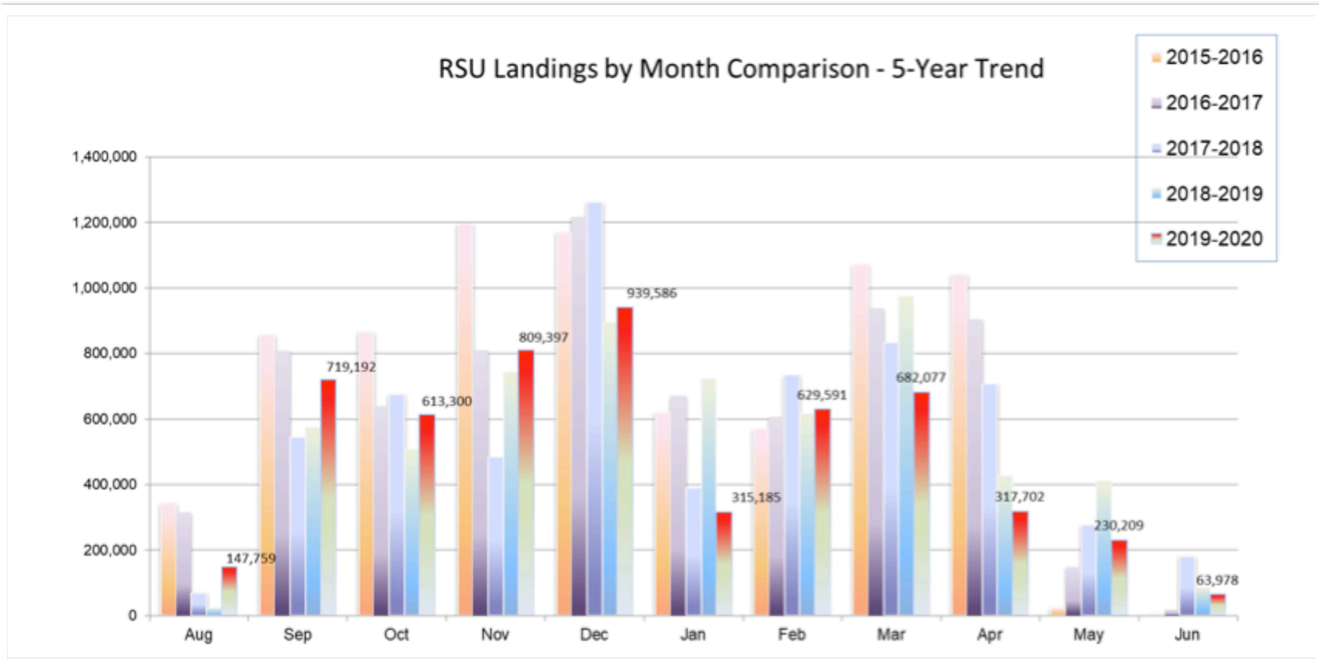
South Coast Licences:

FZC 5 - FZC 8 - FZC 9 - FZC 18 - FZC 19 - FZC 21 - FZC 25 - ZC 1 - ZC 2 - ZC 6 - ZC 17 - ZC 18 - ZC 22 - ZC 23 - ZC 24 - ZC 25 - ZC 30 - ZC 35 - ZC 44 - ZC 45 - ZC 46 - ZC 47 - ZC 57 - ZC 48 - ZC 49 - ZC 70 - ZC 72 - ZC 77 - ZC 91 - ZC 92 - ZC 95 - ZC 99 - ZC 106 - ZC 110 ZC 112 - ZC 114

Any licence not listed above is currently designated to the North Coast licence area for the next two fishing seasons (August 1, 2020 to July 31, 2022).

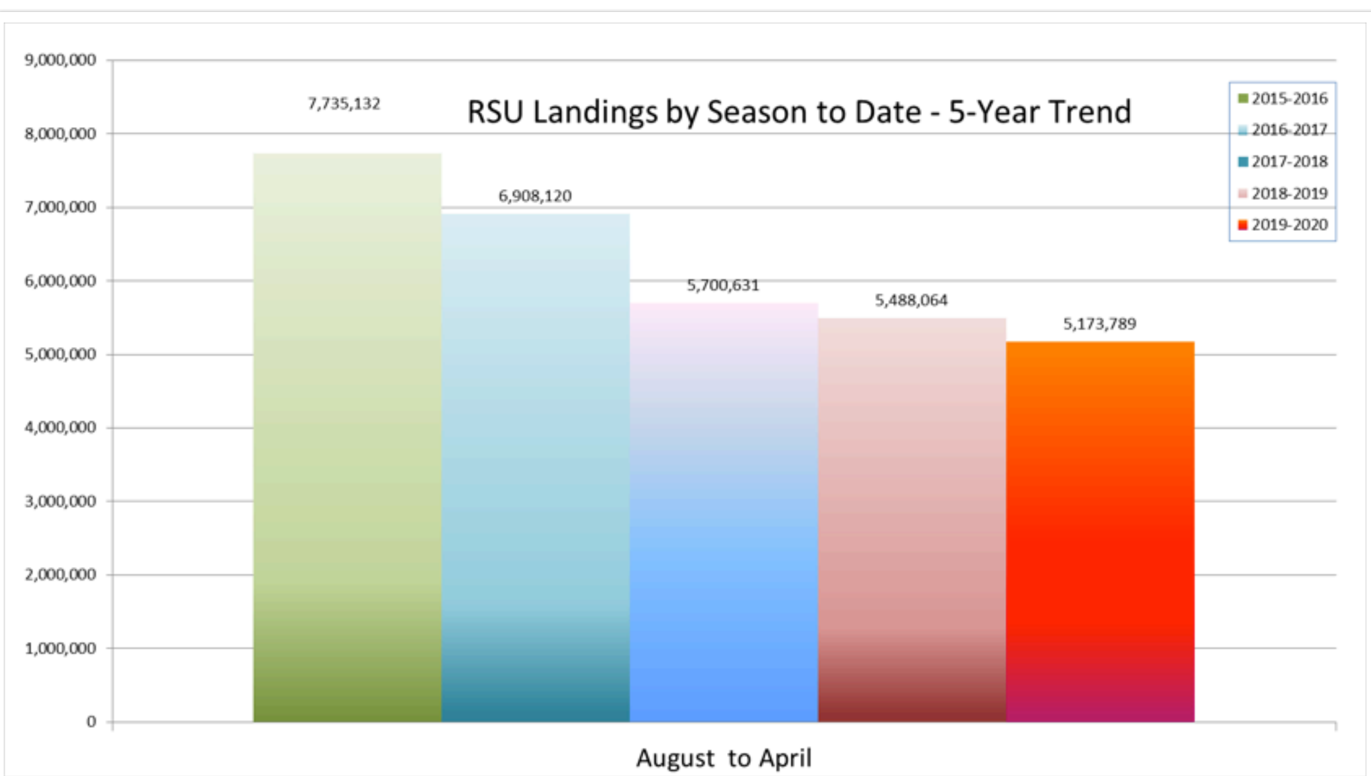
For more information please contact Pauline Ridings at Pauline.Ridings@dfo-mpo.gc.ca.

Figure 1 – RSU Comparison by Month to Date - 5-Year Trend



Note: April data for current season only to April 15th

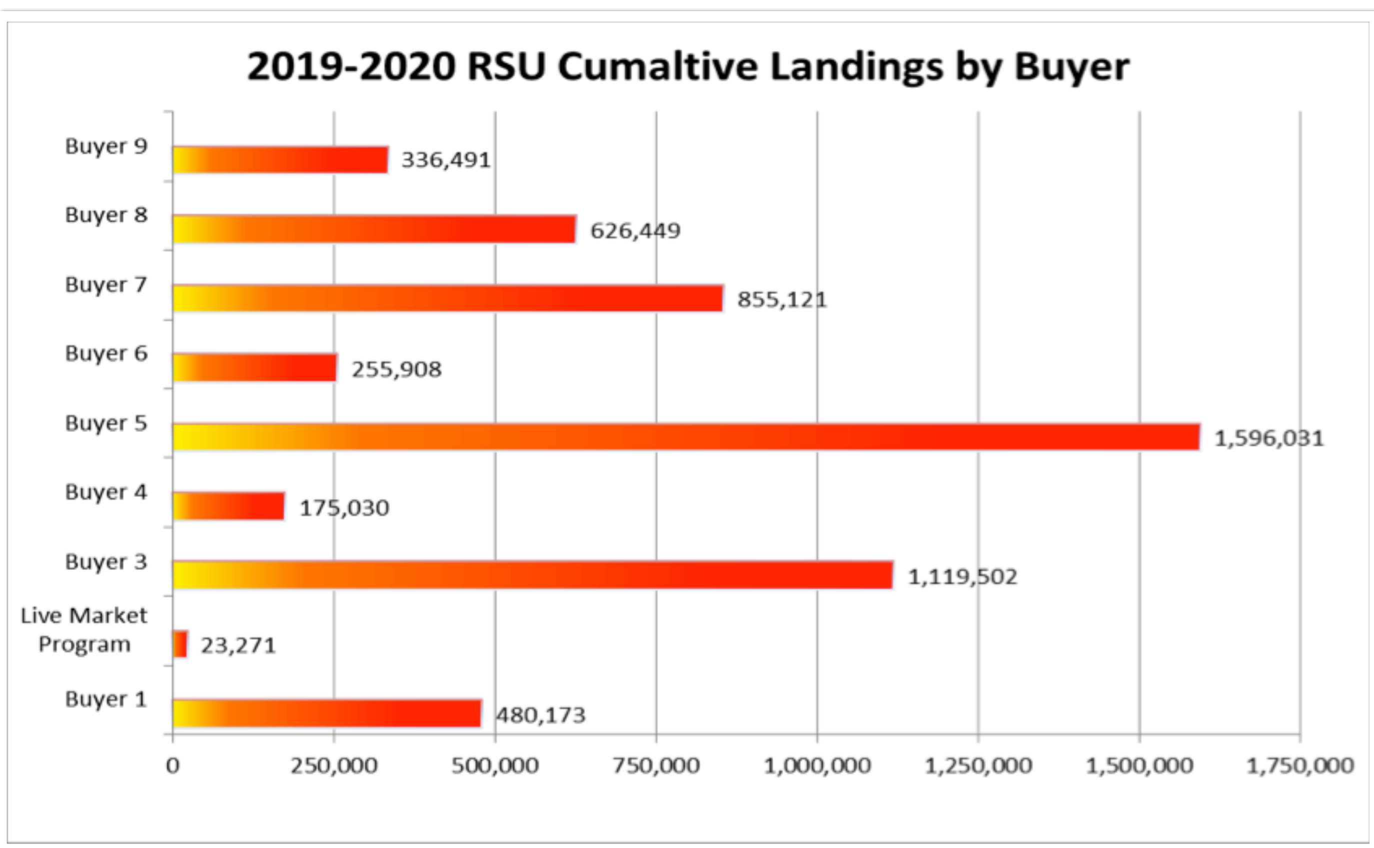
Figure 2 – RSU Landings by Season to Date - 5-Year Trend



RSU Harvest Chart Data Submission

- Overdue charts continue to be an issue this current season, a requirement prior to 1994. We have chart data missing from October 2019
- A few reminders
    - Charts completed by midnight of the harvest day
    - 30 day requirement for submission to D&D
- These conditions are not being met by multiple Vessel Masters
    - DFO contacting licence holders
- Digitization of the 2018-19 seasons' harvest data will now run into June of 2020 due to outstanding chart data, backing up our digitization of the current season
- On a brighter note, Harvest charts available online has reached 7300 downloads. Good to see it being utilized by vessel masters more often

Figure 3 – RSU Landings by Buyer



2019-20 GSU FISHERY- to July 1st, 2020

- The 2019-20 GSU fishing season is open until August 31st 2020
- No landings since the 1st of March

Note: Figures 4 & 5 reflects the GSU fishery increase of the total allowable catch the past two seasons.

Figure 4 – GSU Historical Landings by Month– 6 Season Trend to July 1st 2020

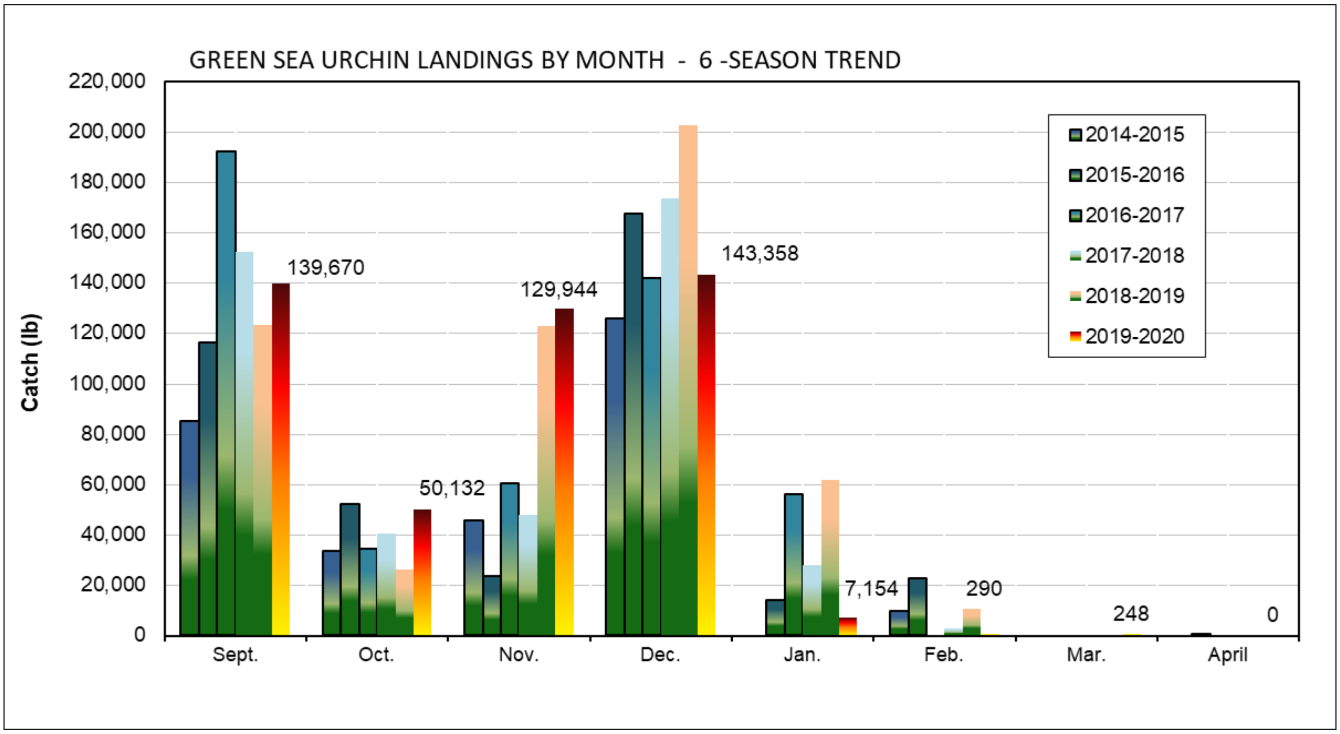
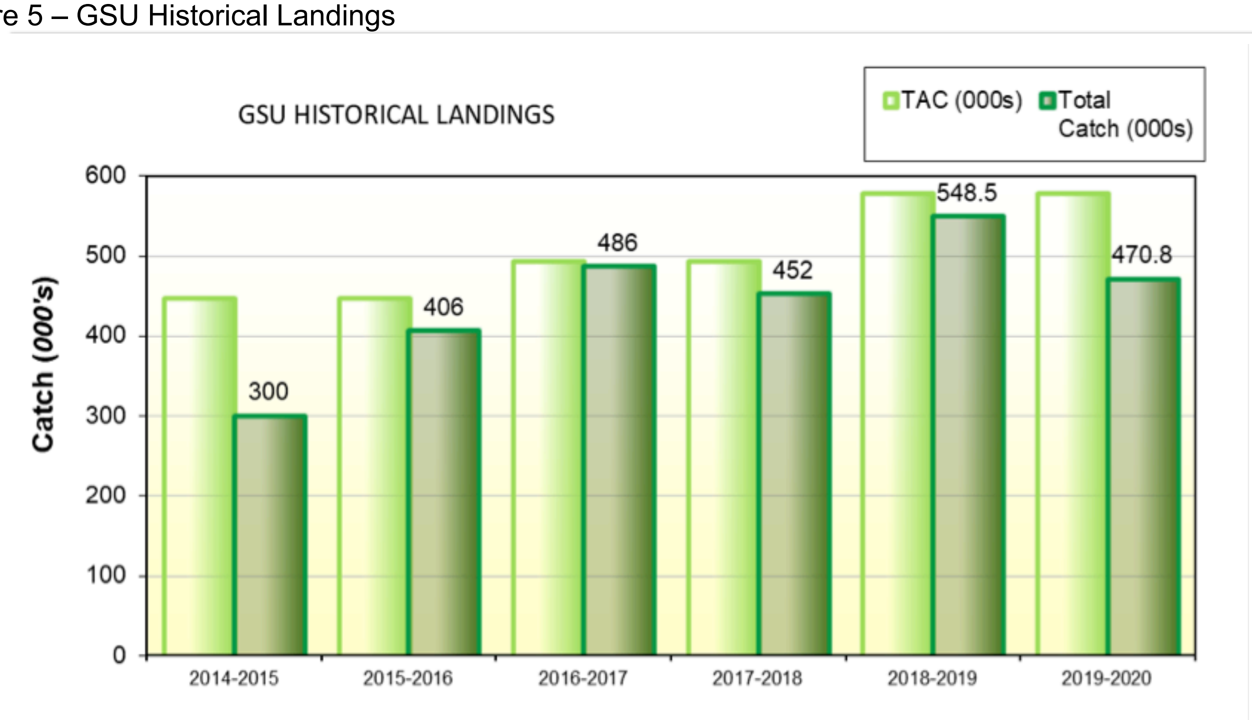


Figure 5 – GSU Historical Landings



2019-20 GSU FISHERY– to April 15th 2020

- The 2019-20 fishing season is open until August 31st 2020
- No landings since the 1st of March

Note: Figures 4 & 5 reflects the GSU fishery increase of the total allowable catch the past two seasons.

Figure 4 – GSU Historical Landings by Month– 6 Season Trend to February 1st 2020

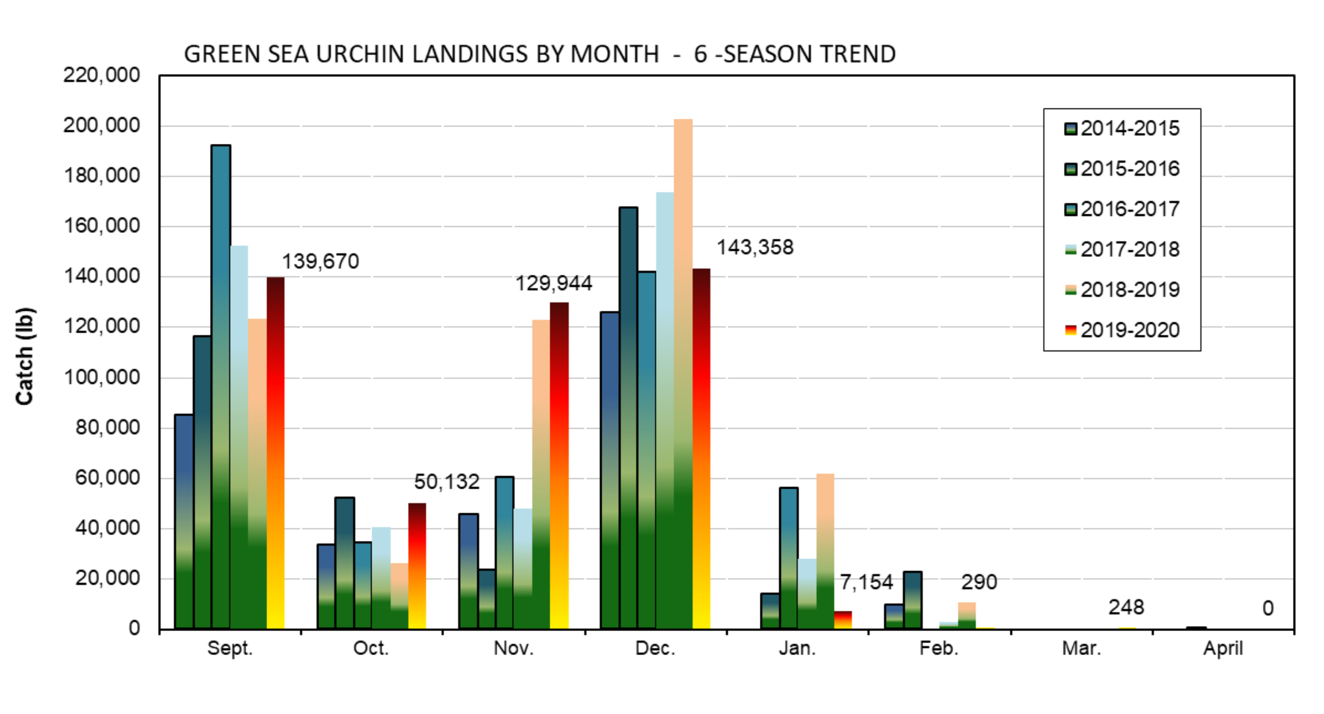


Figure 5 – GSU Historical Landings

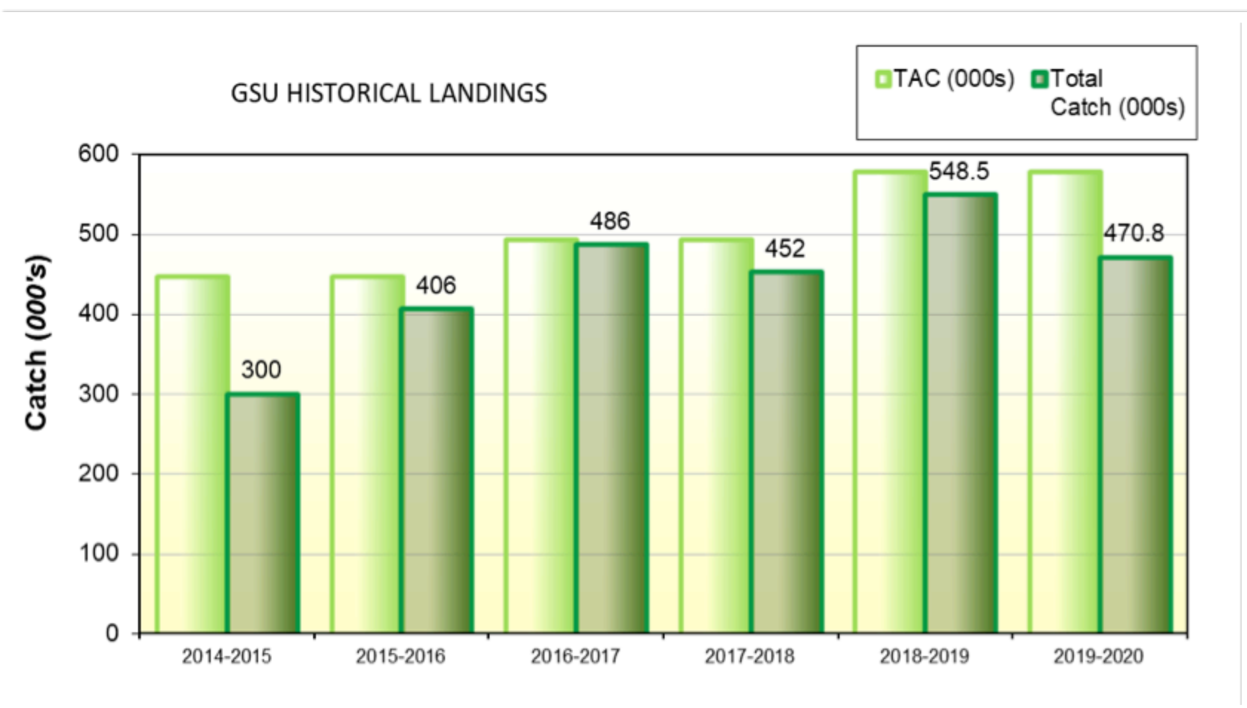
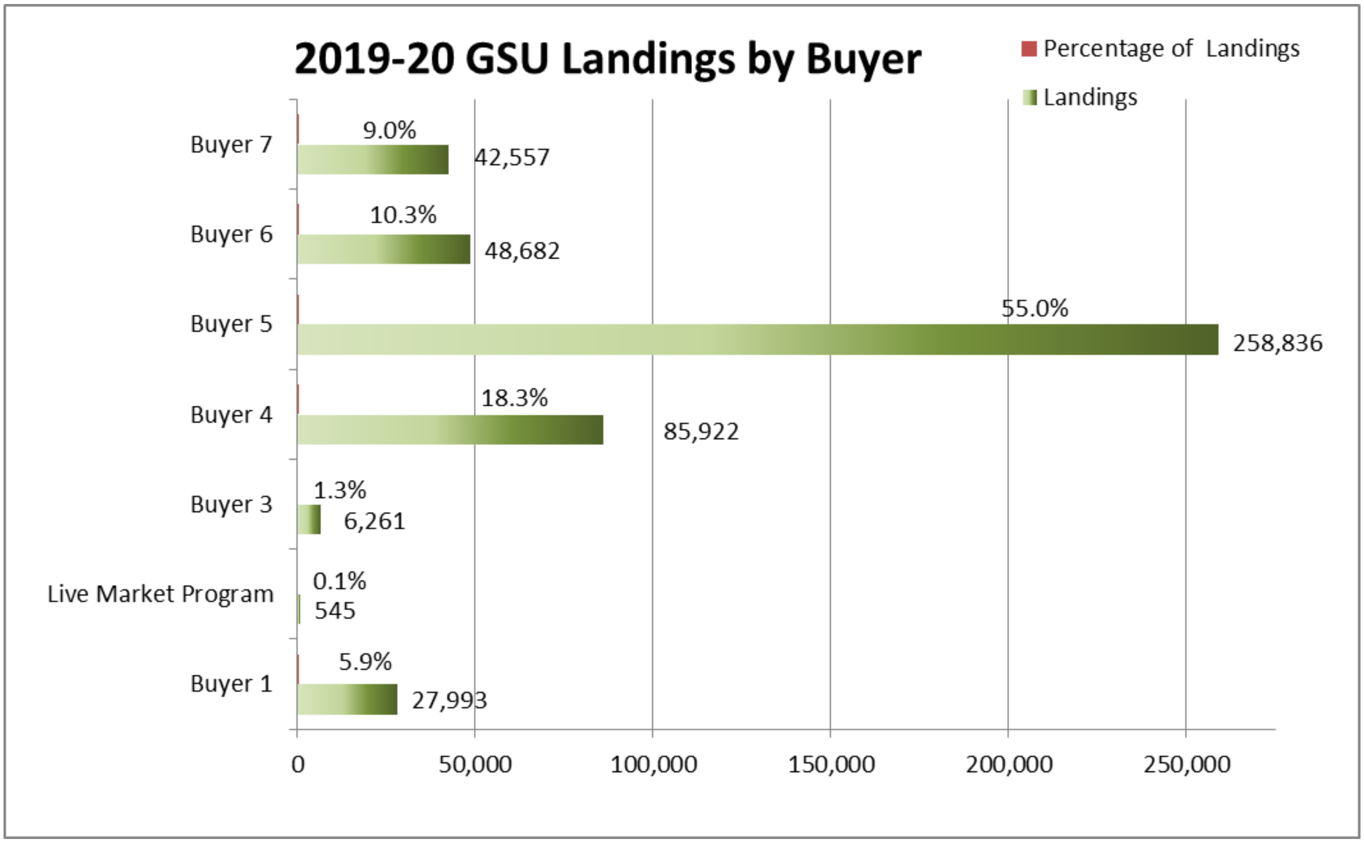


Figure 6 – GSU Landings by Buyer



- QMA 18 was not completed as in past seasons due to quality and reflects in the amount left in the water compared to the previous season

- QMA 12 also had quality issues

- QMA 11 has a 3,000 lb. quota that is left in the water again. A vessel fishing sea cucumbers this year may see an opportunity to fish this QMA.