

Common Vision – Common Future

Be sustainable. Be economically viable.



*A Fisheries Renewal Framework
for New Brunswick*



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Common Vision – Common Future

A Fisheries Renewal Framework for New Brunswick

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Province of New Brunswick

PO Box 6000

Fredericton NB E3B 5H1

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Message from Minister Rick Doucet



This framework represents the results of a comprehensive review of the state of the fishing and seafood processing industry in New Brunswick, and includes a strategic direction to maintain its position as a significant contributor to the economic well-being and self-sufficiency of the province.

Our fishing industry is a vital component of our social and economic fabric. Generations of families have proudly lived off the resources harvested from the ocean. Competitive resource industries such as the fishery continue to be critical to securing our economic base, and as such constitute one of the key pillars in our government's agenda of achieving a self-sufficient New Brunswick.

Just as a home must be built on a solid foundation, the province's fish and seafood processing industry requires a solid footing. The *Fisheries Renewal Framework* is meant to serve as that support structure. As such, it lays out strategic goals, identifies priorities and recommends actions which will ensure the fishery remains the economic engine of many of the province's rural coastal communities, while also continuing to support indirect employment and economic activity throughout the province.

But for our fishery to remain an economic force and a viable way of life for our coastal communities, change is necessary. It is necessary because a downward trend in prices, increased operating costs in both harvesting and processing, and decreasing commercial landings have pushed our fishery to the point where its economic viability is threatened. This, along with domestic challenges and emerging global competition from lower-cost producers, makes it imperative to take action to ensure this industry is sustainable and strong for future generations.

One fundamental adjustment we must make is to change the emphasis of our fishery from quantity of fish to quality of fish products. We have to focus more on producing high quality products, and less on shipping commodities. The seafood products we produce have to be high-end in order for us to get the greatest possible return from the limited amount of accessible fish. If we do not take this step, we risk becoming an irrelevant player in an ever-evolving world of global seafood marketing.

Our fishery is at a crossroads. If we do not change we become increasingly vulnerable. But if we do change the way we harvest, process and market our catches, we stand to profit greatly. The proven benefits of eating seafood have resulted in increasing consumption of seafood all over the world. Our fishery in New Brunswick can benefit from this world-wide trend. The secret is to find out what the market wants, develop the products to fill those demands, and fish and process accordingly. Together we must recognize the essential role that markets will play in all of the decisions we make.

Government support will be focused on market-driven initiatives which enhance productivity and encourage value-added production, cutting-edge technology and innovation, and the expansion to year-round activity in the fisheries industry. However, the solutions cannot come from government alone. This will require a team effort from all stakeholders. From harvesting to processing and marketing, we must make sure we are all doing the right things to support each other and move the industry forward to a secure, sustainable and economically prosperous future.

Since being appointed as Minister of Fisheries in October 2006, I have had the good fortune to meet many of the men and women who have dedicated their lives to the fishery and believe in the future of their industry. This framework reflects the vision of a group of individuals who share my passion for ensuring the province's fishery remains vital and sustainable. I am grateful for the countless hours that have been devoted to this important renewal process.

We must accept fundamental change if we are to maximize the benefits of our resources and remain a recognized leader in the harvesting and processing of high-quality, world-class seafood. If we do, the rewards are considerable.

We already have the main ingredients – dedicated professionals in the fish and seafood harvesting and processing industry, and a high-quality product. We now need to become more strategic in how we remodel our fishery to address the challenges and benefit from the opportunities of the world in which we now live. I invite you to work with me collectively and embrace this plan for renewal.

A handwritten signature in blue ink that reads "Rick Doucet". The signature is fluid and cursive, with a long horizontal stroke at the end.

Minister of Fisheries

Executive Summary

The purpose of the *Fisheries Renewal Framework for New Brunswick* is to present a look at our fishery as it now exists, to provide a long-term vision, and to identify priorities and a strategic direction in order to secure its future as a viable industry and a key ingredient of a self-sufficient New Brunswick. A separate detailed Action Plan that identifies specific priorities and strategies for 2008-09 has also been developed.

This *Fisheries Renewal Framework* comes at a time when the fishing industry in New Brunswick is at a crossroads. The fishery remains a mainstay of the New Brunswick economy and the life force for numerous coastal communities, but transformational change is necessary if the fishery is to meet the challenge of increased competition from low-cost producing countries. The good news is that we have within our grasp the ability to not only meet these challenges, but to prosper from the growing opportunities that have materialized as fish and seafood experience an unprecedented revival in popularity.

The *Fisheries Renewal Framework* is based on several premises. Among them:

- the status quo is not an option as it risks our becoming irrelevant in a quickly evolving world of global fish marketing;
- the renewal must be a collaborative effort of the Government of New Brunswick, the Government of Canada, and the seafood industry itself at the harvesting, processing and marketing stages; and
- decisions need to be driven by the opportunities and demands of the market.

The framework includes five goals aimed at achieving the vision that New Brunswick fisheries will be sustainable, economically viable and self-sufficient. These include:

1. A New Brunswick reputation for high quality and practices that guarantee sustainability of our fishery resource
2. Market-driven and diverse seafood enterprises
3. Efficient and globally competitive enterprises that participate actively in innovation and the adoption of new technologies
4. Contribution to the New Brunswick economy overall, and to the sustainability of our coastal communities
5. Working together to manage the fishery as an all-inclusive, sustainable industry for the benefit of future generations

Strategic directions are included for all three fisheries sectors: marketing, harvesting and processing.

The Marketing strategy direction is to research and explore new markets, and to focus on our competitive advantages: superior product quality and a commitment to responsible resource management and development. There is also a renewed focus on the government to do more on the marketing side, including working with federal agencies and Trade Commissioners to ensure they are better positioned to create awareness of what our fishery has to offer potential new markets.

The Harvesting section focuses on the need for a better balance between the capacity of fishing and the available resources, more effective regulations enforcement, improved licensing processes, quality certification standards and eco-labelling, efforts to attract young people to the industry, and training for fishers. As well, the strategy recognizes that the federal government needs to invest substantially in infrastructure, including wharf repair and ports upgrading.

The Processing section points out that market demand must be at the centre of all decisions, and that the focus has to be on value-added products. Because of increased competition from low-cost producing countries, this sector must undergo a dramatic improvement in productivity, operational efficiency and technology transfer. In the future, processing sectors will require fewer people, but opportunities will be created for highly-skilled, well-paid, specialized employees. In addition to regular seafood production, there are thousands of tons of waste products that have commercial potential beyond fish meal, and this needs to be explored by partnering with research centres.



Introduction: Towards a *Common Vision – Common Future*

Upon taking office as the Minister of Fisheries in October 2006, the Hon. Rick Doucet initiated a series of direct consultations with fishing industry representatives throughout the province,

culminating in the Fisheries Summit in February 2007 hosted by the Minister in cooperation with the Hon. Loyola Hearn, Minister of Fisheries and Oceans Canada. At the conclusion of the Summit, Minister Doucet committed to develop a *Fisheries Renewal Framework* that would provide a long-term vision and strategy for renewal of the fisheries industry in New Brunswick to make it sustainable and profitable. This was happening at the same time as the review by the Self-Sufficiency Task Force. These two initiatives led to an Action Plan that identified several fundamental changes that are integral to the future success of our fishery. By extension, these changes will help transform our fisheries economy and contribute to making New Brunswick self-sufficient.

This *Fisheries Renewal Framework* identifies the current state of the industry as well as where it needs to be to secure a positive future, and offers a strategic direction that

will guide and formulate a more detailed plan on how to get there. A separate detailed Action Plan has been developed that identifies the specific priorities and strategies for 2008-09.

Full implementation of the Framework is an ambitious undertaking. It will require looking at new technologies and new species, as well as new products and at fisheries practices in other jurisdictions. It will also include development or modification of programs, policies and legislation, and negotiation of agreements with other partners to this initiative. This will take time to fully roll out, starting in the first year with the highest priorities.

If the long-term implementation of the Framework falters, the continuation of existing difficulties within the industry can be expected, which could ultimately lead the New Brunswick seafood industry to become increasingly irrelevant in international markets. But if it succeeds – and with the cooperation and commitment of all stakeholders there is no reason why it would not – then the future is indeed bright.

The Partners in Renewal

The renewal of the fisheries in New Brunswick must be a collaborative effort of the Government of New Brunswick, the Government of Canada and the New Brunswick seafood industry, including all stakeholders to the harvesting, processing and marketing sectors. Many representatives of industry, the federal government and provincial departments have already played key roles in helping to define the future for the New Brunswick fishery. Success will be contingent on all partners continuing to come to the table with a willingness to actively participate in support of the concepts contained in this *Fisheries Renewal Framework*.

Through this renewal, the New Brunswick government will promote New Brunswick fisheries at every stage, literally from the ocean to the plate. The Department of Fisheries will advocate for decisions that support the New Brunswick industry and will deliver strategic resources and programs in support of the industry.

Fisheries management crosses federal/provincial jurisdictions, and both levels of government have a responsibility to work to successfully meet the challenges and take advantage of the opportunities the sector provides. They must be willing to improve on the cooperation and joint approaches currently utilized to ensure the resources remain productive and that economic activity is both sustainable over the long term and flexible enough to respond to market changes. Discussions with the federal government are ongoing and it is committed to supporting this Framework.

Within the industry, the long-term stability of both the harvesting and processing sectors requires a close working relationship. Both of these sectors, along with the marketers, must take the lead in securing their own future if they are to remain viable. They should investigate new methods that would allow for improvements in their respective practices. All sectors must ensure their operations are guided by the long-term health of the fisheries resource and the habitat that supports it. Everyone must realise that the value chain depends on all stakeholders being able to operate profitably over the long term.

Our success in implementing the *Fisheries Renewal Framework* depends upon the cooperation and participation of every individual employed in the fisheries, no matter their role. We all have a responsibility to work collaboratively and creatively in order to achieve our vision of a renewed and revitalized industry.



A Sustainable Self-Sufficient Fishery

The Vision

The *Fisheries Renewal Framework* is based on a clear, achievable vision for the future of the New Brunswick fishing and seafood processing industry.

The New Brunswick Fisheries will be sustainable, economically viable and self-sufficient

This vision will be realized if the following five goals are met.

Goal 1 – A New Brunswick reputation for high quality and practices that guarantee sustainability of our fishery resources

The newly defined New Brunswick fishery will be based on our primary strength – meeting the demands of the market through the provision of quality product. Along with this will be a focus on sustainability, in response to the growing pressure from consumers and retailers in new and existing markets for proof that the seafood being sold originates from a fishery that is managed sustainably. Policies and practices that will provide this proof will be developed, and as more and more of our harvesters and processors adopt these practices and meet quality and certification standards, these initiatives will be rewarded in our global competitiveness.

Goal 2 – Market-driven and diverse seafood enterprises

Market demand must be at the centre of all decisions regarding commercial activity, beginning with a product development stage that places a priority on creating the very value-added seafood products for which a demand has been identified. Our focus on existing markets must continue, but we will also use market research and market intelligence to develop new markets and to ensure that all product offerings meet the demands of both established and new customers.

Goal 3 – Efficient and globally competitive enterprises that participate actively in innovation and the adoption of new technologies

Investment in innovation and research and development will help us in three specific ways:

- It will lead to adoption of new technologies and processes and the development of bio-products that will ensure we are globally competitive;
- It will lead to full-time, highly skilled and well-paying jobs; and
- Collaboration in carrying out market-based research will result in market information that fishers and processors require. This will result in new market-driven products and improved ability to enter new markets and increase the volume and value of our exports.



Getting there



Goal 4 – Contribution to the New Brunswick economy overall, and to the sustainability of our coastal communities

The fishery is a valuable and vital common property resource to be managed for the benefit of all New Brunswickers. Conservation and sustainable use of resources and habitat must be the overarching, fundamental objective for fisheries management in New Brunswick and can only be achieved through the application of improved science. This objective will ensure sustainability of a fishery that is profitable and capable of contributing to the ongoing economic and social bases of coastal communities and the province.

Goal 5 – Working together to manage the fishery as an all-inclusive, sustainable industry for the benefit of future generations

An understanding and acceptance that we are all in this together and dependent on one another to make our fishery viable well into the future is fundamental to our success. Specifically, mechanisms that ensure all stakeholders work together and contribute specialized knowledge and experience will lead to effective decision making. Industry representatives must be active in forums to discuss how to move forward in the best interests of the industry as a whole. By sharing in the decision-making process, participants take responsibility not only for the interests they represent, but also for the overall conservation and sustainable use of fisheries resources.

The Seafood Supply Chain – Profile

The fisheries sector is an important contributor to the economic growth and social well-being of New Brunswick, mainly in rural coastal communities. A healthy marine environment that supports sustainable levels of fish stocks, and the abundance of fish on which to base a fishery, are fundamental to a vibrant seafood industry. In 2006, fish and seafood exports surpassed \$795 million. Combined with the domestic market, this means a total production of seafood and seafood products of nearly \$1 billion. The industry provides direct employment for more than 12,000 New Brunswickers, primarily in harvesting and seafood processing. In addition, the fishery supports thousands of indirect jobs in transportation, manufacturing and other industries.

The harvesting sector, consisting of 2,650 vessels and employing 7,000 full and part-time fishers, landed 110,000 tonnes of fish worth more than \$150 million in 90 New Brunswick harbours in 2006. The vast majority of the boats, in fact 93 percent of them, are less than 45 feet in length.

The seafood processing sector, which also includes the processing of aquaculture product, consists of 120 companies, carrying 130 seafood processing licences and employing 5,000 full-time equivalents. Virtually all fish harvested, with the exception of species sold live, undergoes some processing in New Brunswick. More than 80 percent of all fish and seafood products are exported outside of Canada. The dominant export market is the United States (87 percent of exports), with other principal export markets including Japan, China, Denmark, Belgium, the Dominican Republic, as well as other Caribbean and European destinations.

Strategic Direction

The New Brunswick seafood industry is facing significant challenges but also considerable opportunities. It is therefore in need of a long-term plan to successfully overcome the former, and effectively exploit the latter and, by so doing, achieve the vision of being sustainable, economically viable and self-sufficient. It is worth repeating that this document, the *Fisheries Renewal Framework*, is a blueprint for industry and government to use to develop more detailed plans of action. Following are the strategic directions that have been developed for all three fisheries sectors: marketing, harvesting and processing.

Marketing

As the recent fluctuations of the U.S. dollar has shown, there is significant risk associated with relying almost exclusively on a single export market. While the U.S. will likely remain the number one export market for seafood processors, given both its size and proximity, diversifying into new domestic and export markets will reduce exchange rate and economic cycle risk and lead to opportunities that would otherwise be missed. However, competing in these markets requires improved market intelligence and an ability to mobilize resources that have traditionally been available only to larger operations. This means that a focus upon superior product quality, environmentally responsible resource management and development, service to niche markets and innovative alliances will be critical for success.

In order to capitalize on the opportunities, a number of initiatives must be considered. Industry must respond to market changes as opportunities rather than threats and New Brunswick seafood companies must actively search out new markets.

Government must also play its part. The Department of Fisheries currently undertakes limited marketing activities, including support for staff and industry participation in trade shows and missions. The Department's efforts must be enhanced to increase the knowledge base, develop innovative marketing strategies and work aggressively to sell New Brunswick seafood to targeted new markets, in support of developing greater self-sufficiency within industry itself. Communications among industry, market development staff, federal agencies and Trade Commissioners must be improved so they are all better informed and positioned to create awareness of New Brunswick's products.

With the support of government, industry must take a more collaborative approach by forming strategic partnerships to spread the risk and the cost of exploring new markets and launching marketing strategies that will benefit more than just one company. At the same time, exploration of niche markets, especially domestic ones, should be encouraged through these collaborations.

Finally, and in conjunction with the initiatives on harvesting and processing, New Brunswick marketing plans should take advantage of the growing interest from consumers and retailers in improved quality, safety and proof of sustainable fishing practices.

Harvesting

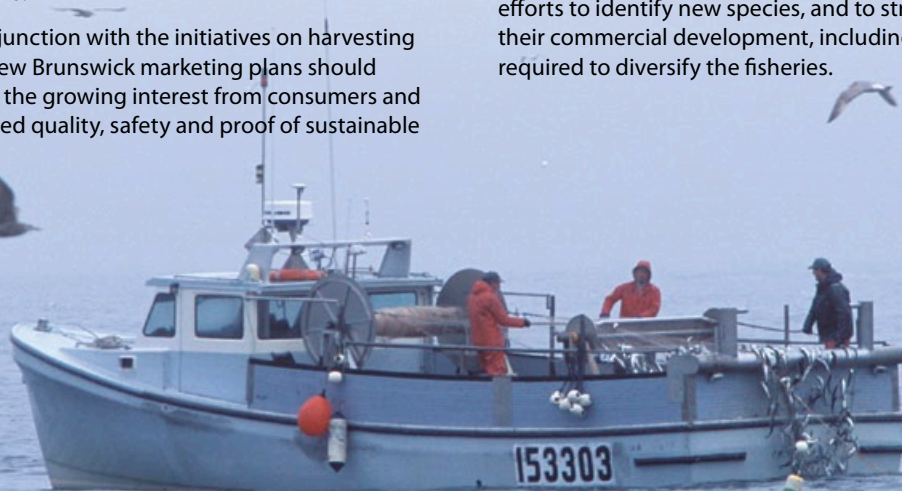
The long-term viability of New Brunswick's harvesting sector requires the establishment of measures to support a better balance between fishing capacity and the fish available. In order to achieve this, the right number of boats and the utilization of these vessels must be optimized so that more boats could be used for longer periods of time than is now the case.

Improvements to the fisheries management system by the federal Department of Fisheries and Oceans (DFO) should create numerous opportunities for New Brunswick's harvesters and processors. For example, more transparent and predictable decision-making models would likely improve the trust in the management policies and provide more stability to the industry. DFO must provide mechanisms that will protect and reward investment in improved sustainability and contribute to improved economic viability, resilience and self-reliance.

Consumer awareness of issues such as food safety, sustainability of resources and protection of the environment will require more effective regulations enforcement by both levels of government. This will create a more level playing field for harvesters and processors who are following the rules. Jurisdictions that are ahead of the curve and impose and enforce more stringent food safety and environmental regulations will be rewarded by the market, while those that do not are more likely to be left behind.

The Department of Fisheries will work with industry to identify specific opportunities for access to new and/or underutilized resources. This will need to include the identification of a strategy for protecting the existing New Brunswick share of resources and more effective advocacy with the federal government. This will help to ensure that New Brunswick harvesters and processors maintain access to their historical shares of the fisheries resource while also increasing the diversity of fish harvested.

Fisheries management strategies can also be modified to increase the available quantities of fish. The amount of the available resource can also be improved if both levels of government encourage research and stocking projects in areas where the known technique can promote an increase in resource populations. Complementary to this, increased efforts to identify new species, and to streamline processes for their commercial development, including licensing, are also required to diversify the fisheries.





More research needs to be carried out and, specifically, there needs to be a better process to ensure that research money is spent on activities that best serve the industry. By maintaining a healthy resource, industry can better respond to market requirements for the sustainable use of our natural resources. Quality certification standards and eco-labeling must be promoted amongst industry in order to obtain recognition for these efforts.

The viability of the fishery will depend on having access to enough people with appropriate skills. Improvement in working conditions, recognition and training are required to move the fishery from “employment of last resort” to a rewarding profession.

Efforts to promote the benefits of a career in the fishery are needed early, when career choices are being made. These activities would also raise the profile of the fishing industry, especially in coastal communities.

In addition, a recognized professionalization program for the fisheries should be promoted to ensure that appropriate training is in place and utilized. Such a program would increase the ability of fishermen to succeed in business, with a significant focus on developing commercial/business management skills and enhancing sales and marketing awareness.

Upgrades to infrastructure are also critical. The federal government must ensure proper planning and implementation of wharf repair and renewal, as well as make certain that ports meet new quality standards required by markets and certification agencies. There will be a high cost to improving the infrastructure and funding needs to be allocated to accommodate this.

Industry must play its part by developing well-defined codes of practice, and harvesters must assist authorities through the reporting of evident infractions. Collaborative efforts between the two levels of government will ensure mechanisms are in place to allow for cooperative enforcement so that existing regulations are enforced at both the harvester and buyer/processor levels, and to ensure that penalties for non-compliance are sufficient to act as a deterrent.

To assist with this accountability structure, governments should develop systems and programs to improve the commercial landings knowledge. As well, DFO needs to adopt measures to ensure that the volumes of landings are aligned with the processing capacity.

Processing

It should be clearly understood that the seafood sector is private industry and, while government will help develop and support many initiatives aimed at securing a positive future for this sector, it is up to the industry itself to become more proactive in defining its own destiny.

Market demand must be at the centre of all commercial activity decisions starting at the product development stage. With more competition from different markets and more product choices available, fishing and seafood processing decisions need to be based upon what the market is demanding instead of what industry has to offer. The focus has to be on value-added product as this is the most effective way to have a positive impact on the margins of both harvesters and processors.

In addition to regular seafood production, it is estimated that there are more than 58,000 tonnes of co-products (waste or products that cannot be marketed for food) generated in New Brunswick, most of which is processed into fish meal. A better use of co-products, often rich in bioactive molecules with unique properties (ex. antimicrobial, anti-cancer), offers significant commercial potential that could be developed. By partnering with industry and research centres, the costs and risks associated with developing this potential can be reduced.

Overall, the processing sector will require fewer people in the future, but with a shift from primary-only processing toward more value-added processing in more technologically advanced facilities, opportunities will be created for more highly skilled and specialized employees. This restructuring must be accompanied by greater certainty with respect to access and continuity of fish supply for processors.

It is important that the provincial government have the ability to properly manage the seafood processing industry for the benefit of all stakeholders in the New Brunswick fishery. Once proclaimed, the new Seafood Processing Act will enhance the ability of the government to achieve this.

Industry needs to advocate with both levels of government in order to deal with a range of issues affecting the processing sector. These include licensing, inter-provincial trade, programs to assist with product and market development, emerging human resource challenges, product traceability and eco-labeling requirements, and financial assistance. An association of seafood processing companies is essential to develop and advance industry positions on these issues and to serve as a single voice or window in discussions with government agencies.

New Brunswick has a reputation for high quality product, innovation and a skilled labour force. We need to maintain this edge by providing potential employees with incentives to enter this field of work as a career. These incentives should be in the form of permanent, full-time, well-paying jobs. In addition, to keep up with the evolution of the processing industry, training and skills development must be available to employees on an ongoing basis.

Complementary to enhanced market development strategies outlined elsewhere in this document, the New Brunswick seafood processing sector must work to overcome obstacles such as the lack of diversification that are currently impeding its development and its ability to generate higher returns from the market. If it is to withstand the increased pressure from low-cost producing countries, the sector must undergo a dramatic improvement in productivity, operational efficiency and technology transfer. This is certainly within our ability and the proof is in our midst.

There are a number of innovative, well-performing businesses within the sector that have achieved international success, demonstrating the potential to create a viable and more profitable and competitive sector for the future. These achievements have come with their increased focus on market-driven and value-added seafood processing. Innovation, investment in technology and development of new product lines must be supported to encourage this evolution of the sector. Governments must be prepared to provide financial support for these targeted sectors of the business.

Beyond the interference with the free trade of fish and seafood between provinces, a lack of coordination of industrial development policy further undermines a healthy processing sector. Each province pursues similar but often contradictory and competitive strategies. Often, subsidies to enterprises in one province undercut the viability of enterprises in another province, weakening the sector across the board. The New Brunswick industry is confident it can compete when all are operating on a level playing field. The Department of Fisheries will propose that a senior level multi-lateral forum develop a coordinated approach between provinces to deal with these sources of counterproductive development approaches.





In Conclusion: Achieving a *Common Vision – Common Future*

All sectors of the industry – marketing, harvesting and processing – must work together with the single purpose of achieving the vision of a sustainable, economically viable and self-sufficient fishery in New Brunswick. As we move forward with a common vision towards a common future, the look of the fishery in New Brunswick must change. The status quo is no longer acceptable. The New Brunswick fishery is critical to the economy of the province and our coastal communities; we must make every effort to renew it. With the support of the federal government, and working in partnership with industry and federal and provincial government departments and agencies, the New Brunswick fishery will be redefined. This revitalized fishery will be an important component in New Brunswick's plan to achieve self-sufficiency.