2002 Seafood Industry Year In Review

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Front Cover Design: Jeff Patey

Message from the Minister

Welcome to the 2002 Seafood Industry Year in Review

The seafood industry continued to be a vital contributor to the province's economy in 2002 and a key employer of thousands of Newfoundlanders and Labradorians, particularly in our rural regions.

Today's fishery is a revitalized, modern and dynamic industry based on diversification, professionalism and quality. Industry and Government have been very successful rebuilding our fishery over the last decade and this past year was no exception. The industry recorded another $1 billion production value in 2002, the third time since 1999 that this remarkable feat has been achieved. The seal fishery experienced a very successful year with the value of the industry estimated at $45 million.

The export value of the aquaculture sector rose again in 2002 to $20.5 million. This sector shows great promise for continued growth and expansion and the increased level of private sector interest and investment bodes well for the future. The opening of the Bay Roberts cod hatchery this coming year is another positive and exciting development involving egg-to-plate cod aquaculture.

Overall, 2002 was a very good year for our fishery and I congratulate all industry participants on your achievements. I am sure the level of cooperation displayed this past year will continue. It is my fondest hope that all stakeholders will work together to ensure that our valuable marine resources are protected and managed for the benefit of future generations of Newfoundlanders and Labradorians.

Yvonne Jones, MHA
Cartwright, L'Anse au Clair

Performance in 2002

The Newfoundland and Labrador fishing industry turned in a strong performance in 2002, registering a production value exceeding $1 billion, up 12 percent from last year's $917 million. This marks the third time since 1999 that the production value surpassed $1 billion. The increase in 2002 was due, in large part, to higher prices for crab and groundfish, increased shrimp landings and a higher-valued seal fishery.

Total landings were 267,470 tonnes in 2002, up 3 per cent from 260,962 tonnes in 2001. The landed value in 2002 increased 6 percent to $515 million from $487 million in 2001. The only reduction in landings occurred in the groundfish sector, declining 12 per-cent to approximately 60,000 tonnes. This decline was primarily a function of lower turbot and yellow-tail flounder catches.

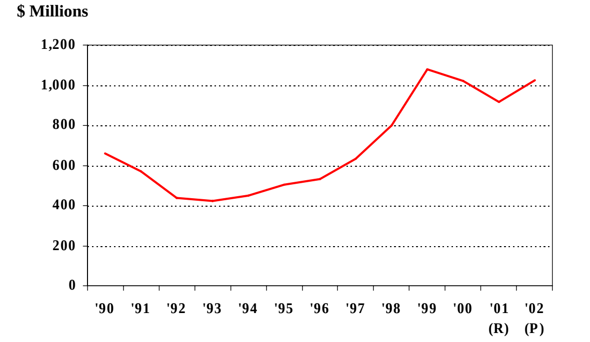
Fishing Industry Performance
Newfoundland and Labrador, (2001 & 2002)

	2001(R)	2002(P)	% Change
LANDINGS (t)			
Groundfish	68,223	59,880	-12%
Pelagics	45,993	50,750	10%
Shellfish	146,746	156,840	7%
Seals (number)	240,000	294,000	22%
Total *	**260,962**	**267,470**	**3%**
LANDED VALUE ($ millions)			
Groundfish	$72,844	$64,218	-12%
Pelagics	$10,018	$9,839	-2%
Shellfish	$395,921	$421,325	6%
Seals	$8,400	$20,000	138%
Total	**$487,183**	**$515,382**	**6%**
PEAK EMPLOYMENT			
Harvesting (individuals)	11,900	12,700	7%
Processing (individuals)	12,400	14,400	16%
ANNUAL EMPLOYMENT (Person Years)			
Harvesting	7,400	8,300	12%
Processing	7,200	7,900	10%
TOTAL INDUSTRY EMPLOYMENT(PYs)	14,600	16,200	11%

Source: DFO; DFA; Statistics Canada
Note: R - Revised; P - Preliminary

(* Does not include seals)

Production Value
Newfoundland and Labrador, 1990 - 2002



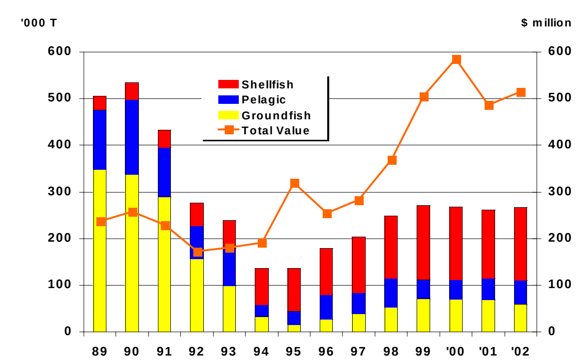
Source: DFA & DFO P = Preliminary: R = Revised

Pelagic landings increased 10 percent in 2002 to approximately 51,000 tonnes. Higher mackerel and herring landings offset a decline in capelin landings.

Shellfish landings increased 7 percent to 156,840 tonnes and the landed value increased by 6 percent to $421 million. Higher shellfish landings were a reflec-tion of higher shrimp, crab and surf clam landings.

Annual average employment in the fishing industry increased 12 percent to 16,200 person years from 14,600 in 2001. Higher employment levels were a reflection of increased activity in most sectors, partic-ularly the shrimp sector. Peak employment increased 11 percent in 2002 to 27,100 individuals from 24,300 the previous year. The majority of fishing activity in the province occurs during the summer months and the peak employment estimate is a good indicator of the number of people participating in harvesting and processing.

Fish Landings by Species Group
Newfoundland and Labrador, 1989 - 2002

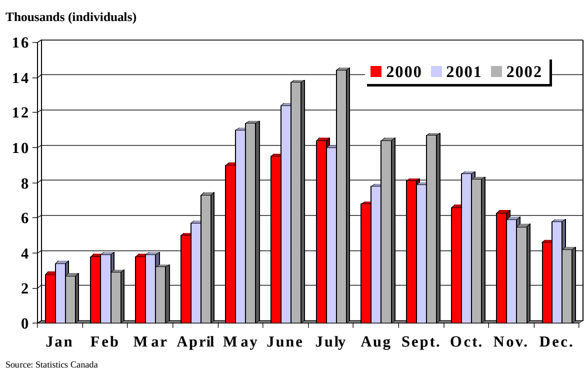


Source: DFA & DFO

Average processing employment increased 10 percent to 7,900 person years in 2002, up from 7,200 in 2001. Processing employment, which usually peaks in July, increased 16 percent in 2002 to 14,400 individuals from 12,400 in 2001. The closure of the shrimp fishery in early July 2001 negatively impacted processing levels. In 2002, the shrimp industry continued to operate in July and helped contribute to employment growth.

Average harvesting employment increased 12 percent to 8,300 person years from 7,400 person years in 2001. Increased activity in the seal harvest and higher shrimp landings contributed to higher harvesting employment.

Processing Employment
Newfoundland and Labrador, 2000 - 2002



The export value of the aquaculture sector rose slightly to $20.5 million in 2002 from $20 million in 2001. Overall output from the province's aquaculture industry increased 4 percent in 2002 to 4,663 tonnes from 4,470 tonnes in 2001. Salmon production increased 9 percent in 2002 to 1,190 tonnes. Mussel production increased 17 percent to 1,700 tonnes in 2002.

Steelhead trout production showed a slight decrease, dropping 10 percent to 1,546 tonnes from 1,719 tonnes in 2001. There was continued interest shown by private sector investors in the Bay d'Espoir aquaculture industry in 2002, with approximately 30 companies or individuals visiting the Bay d'Espoir region to investigate potential investment opportunities.

Species Review

Shellfish

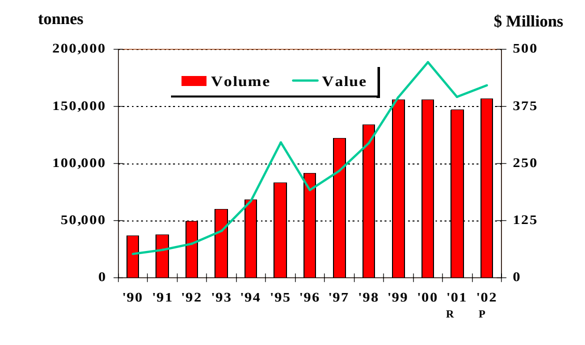
The shellfish sector was again the dominant force in the fishery in 2002, representing 82 percent of total landed value. Market conditions improved in 2002, with higher prices for certain principal species such as crab. The landed value of shellfish increased 6 percent to $421,325 in 2002 from $395,921 in 2001.

Volume and Landed Value, 2001 & 2002

Shellfish	2001(R)	2001(R) $(000)	2002(P)	2002(P) $(000)
Species	**Volume**	**Value**	**Volume**	**Value**
S.S. Clams	12,927	$10,589	15,215	$11,367
I. Scallops	1,346	$1,986	914	$1,384
Lobster	2,118	$25,942	2,381	$26,770
Shrimp	70,687	$135,314	76,462	$143,820
Queen Crab	56,709	$218,786	59,422	$235,803
Other	2,959	$3,304	2,446	$2,181
Total	**146,746**	**$395,921**	**156,840**	**$421,325**

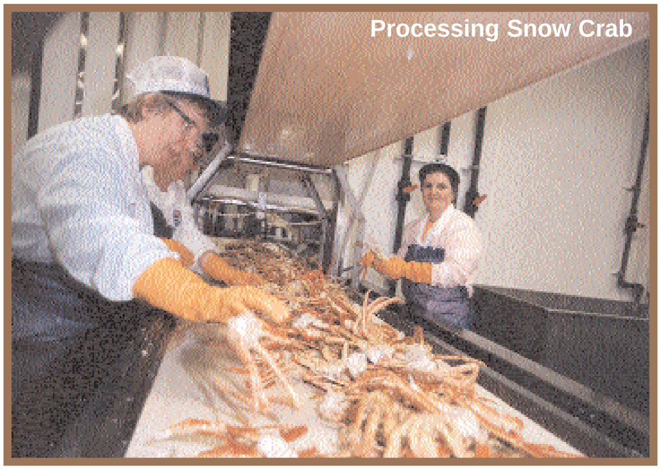
Source: DFO & DFA.
R-revised; P-preliminary

Shellfish Landings
Newfoundland and Labrador, 1990 - 2002



Crab

Crab landings increased 5 percent in 2002 to 59,422 tonnes from 56,709 tonnes in 2001, due to increased landings from exploratory fisheries. The landed value of crab increased by 8 percent to approximately $236 million from about $219 million. Higher market prices, combined with strong port market competition, resulted in higher prices to harvesters.



Processing Snow Crab

Shrimp

Shrimp landings increased 8 percent from 70,687 tonnes in 2001 to 76,462 tonnes in 2002, due primarily to an increased effort by the inshore fleet. The total landed value of the shrimp sector increased 6 percent from approximately $135 million in 2001 to about $144 million in 2002. Smaller size shrimp, and, hence, lower prices to harvesters resulted in landed values increasing at a lower rate than landings.

To improve the quality of shrimp landed, industry implemented measures such as a predetermined temporary closure of the fishery during the warm summer months and seasonal trip limits. These measures, along with other existing practices relating to icing and improved handling techniques, resulted in superior quality shrimp.

In 2002, the Inshore Shrimp Panel submitted its report to Government outlining structural problems in the shrimp fishery. These structural problems are primarily a result of rapid growth of this sector. A cooperative approach by industry participants should result in the industry realizing its full potential.

Other Shellfish

Landings of other shellfish such as surf clams, lobster and Icelandic scallops are also important to the industry. In 2002, surf clam landings increased 18 percent to 15,215 tonnes. Lobster landings increased 12 percent to about 2,400 tonnes, with a corresponding 3 percent increase in value to approximately $27 million. Icelandic scallops remained at low harvest levels of about 1,000 tonnes.

Groundfish

The groundfish sector declined somewhat in 2002. The landed value of groundfish decreased 12 percent from approximately $73 million in 2001 to about $64 million in 2002. Landings declined 12 percent to 59,880 tonnes in 2002 from 68,223 tonnes in 2001. Lower landings are a reflection of lower quotas and low resource availability. Groundfish landings remain well below historical levels.

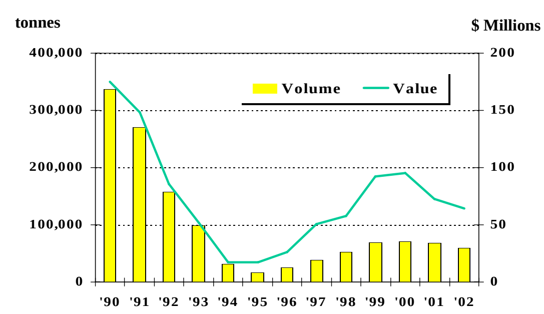
The main commercial groundfish species currently harvested are cod, turbot (Greenland halibut), yellowtail flounder, and American plaice.

Volume and Landed Value, 2001 & 2002

Groundfish Species	2001(R) Volume	2001(R) $(000) Value	2002(P) Volume	2002(P) $(000) Value
Cod	23,737	$32,846	20,916	$29,350
Redfish	8,113	$5,363	6,870	$4,542
American plaice	2,816	$2,285	2,611	$2,134
Flounder	14,061	$11,216	11,579	$9,325
Turbot	12,023	$10,638	9,629	$9,191
Hake	1,348	$851	1,237	$784
Monkfish	751	$1,201	2,260	$3,727
Skate	2,170	$552	2,481	$610
Other	3,204	$7,892	2,297	$4,555
Total	**68,223**	**$72,844**	**59,880**	**$64,218**

Source: DFO & DFA
R-revised; P-preliminary

Groundfish Landings
Newfoundland and Labrador, 1990 - 2002



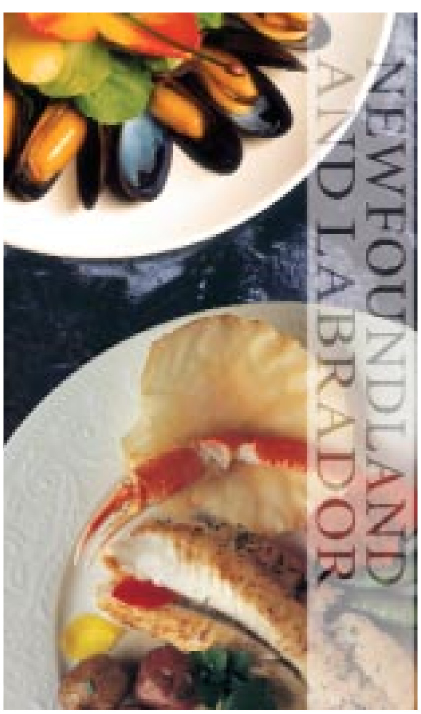
Source: DFA & DFO
P = Preliminary; R = Revised

Turbot landings were lower than expected due to declining catch rates with landings down by 20 percent to 9,629 tonnes in 2002. Flounder landings declined by 18 percent to 11,579 tonnes. High by-catch of American plaice, a species under moratorium, has resulted in lower catches due to fishery closures. Lower effort resulted in redfish landings dropping by 15 percent to 6,870 tonnes with a value of $4.5 million.

Pelagics

Pelagic landings increased by 10 percent in 2002 to 50,750 tonnes from 45,993 tonnes in 2001. The landed value decreased by 2 percent to approximately $9.8 million in 2002 from about $10 million. Herring, the dominant pelagic species, accounted for 37 percent of total pelagic landings followed by mackerel and capelin. Capelin landings declined relative to 2001, however, this was offset by higher herring landings and an 89 percent increase in mackerel landings.

Capelin landings have been below historical levels in recent years due, in large part, to poor markets, as a result of strong fisheries in Norway and Iceland. Buoyed by higher prices, mackerel landings increased to 17,005 tonnes in 2002, an 8,024 tonne increase from 2001. Typically, landings of mackerel are market driven.

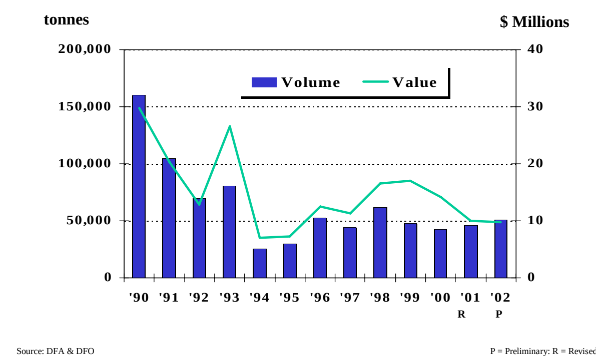


Volume and Landed Value, 2001 and 2002

Pelagics	2001(R)	2001(R) $(000)	2002(P)	2002(P) $(000)
Species	**Volume**	**Value**	**Volume**	**Value**
Herring	16,817	$2,677	18,890	$3,031
Mackerel	8,981	$1,674	17,005	$3,031
Capelin	19,662	$3,076	14,570	$2,202
Other	533	$2,591	285	$1,575
Total	**45,993**	**$10,018**	**50,750**	**$9,839**

Source: DFO & DFA
R-revised; P-preliminary

Pelagic Landings
Newfoundland and Labrador, 1990 - 2002



Seals

The sealing industry experienced a dramatic economic upturn in 2002 with 294,000 animals harvested, a 23 percent increase from 240,000 animals in 2001. The landed value of seals and seal products grew to $20 million in 2002, up 138 percent from $8.4 million in 2001. Pelt prices to harvesters reached $80, well above the $35 average price of last year. Strong demand in international markets contributed to higher landed prices.

The sealing industry in 2002 contributed significantly to the economies of coastal regions of the Northeast coast, particularly in areas traditionally reliant on groundfish species. Harvesters earned significant incomes from the seal harvest, at a time of the year when there are few other economic opportunities in the fishery.

The value of the sealing industry, estimated at $45 million in 2002, has increased dramatically, as new markets develop for Omega-3 oil products, high quality pelts, and consumer meat products. Markets, in general, have responded favourably to the humane harvesting of these animals and the strong resource base. The harp seal herd has increased from an estimated 2 million animals in the 1980s to 5.2 million animals in recent years.

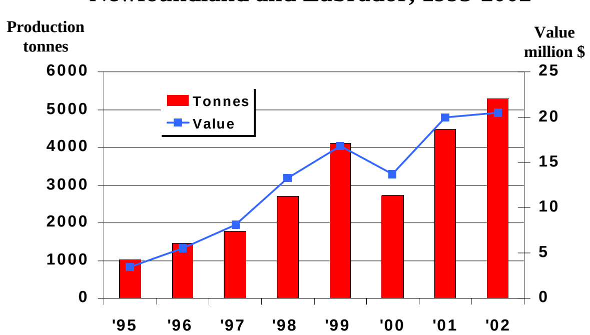
Seals continue to be promoted as a renewable resource through ongoing market development of pelt products and research into health food applications of seal oil. In 2002, the Newfoundland and Labrador seal harvest employed in excess of 350 plant workers and more than 4,000 sealers. Significant spin-off employment in trucking and infrastructure was also created.

Aquaculture

The Aquaculture Strategic Plan for Newfoundland and Labrador, adopted by all stakeholders in 2000, provided the framework for aquaculture development in 2002. The plan's emphasis continues on four established species, Atlantic salmon, steelhead trout, blue mussels and Atlantic cod. The production volume for the industry was 4,663 tonnes for all species in 2002. Since the plan was developed in 1999, the export value of the aquaculture industry has risen approximately 13 percent to $20.5 million in 2002 from $18.2 million.

Aquaculture Production

Newfoundland and Labrador, 1995-2002



Source: Department of Fisheries and Aquaculture

In August 2002, the Aquaculture Branch of the Department of Fisheries and Aquaculture received $1 million in funding under the Canada/Newfoundland and Labrador Comprehensive Economic Development Agreement for the Aquaculture Sector Development Program. Program components include extension services, aquaculture health services, investment prospecting, technology transfer and human resource development. The program will be completed in January 2004.

Shellfish

Blue mussel production in Newfoundland and Labrador reached 1,700 tonnes in 2002, an increase over the 1,452 tonnes produced in 2001. This increase is a reflection of the steady rise in the amount of culture gear (collectors and socks) deployed over the last several years.

This past year, mussel processors identified a need to diversify their product lines by re-entering the fresh markets. They are also developing strategic alliances with growers to secure product for the coming year.

Salmonids

Growth in the salmonid sector in 2002 was on par with 2001 with 2,736 tonnes of mixed products processed. This total was comprised of 1,190 tonnes of Atlantic salmon and 1,546 tonnes of steelhead trout. This represents a slight decrease of 75 tonnes from the 2,811 tonnes processed in 2001.

Four companies operated salmonid sites in 2002 in the Bay d'Espoir/Fortune Bay area. These four companies utilized 15 sites, with one company growing Atlantic salmon and three growing steelhead trout.

The industry is producing larger high quality fish due to recent improvements in fish health and growth as a result of improved husbandry measures. Interest in private sector investment involving the development of the Bay d'Espoir aquaculture industry continued. The Bay d'Espoir hatchery is undergoing expansion to produce larger numbers of salmon and the Daniels Harbour char hatchery on the Northern Peninsula has been converted to produce salmon and steelhead trout for stocking in Bay d'Espoir.

Limited access to financing for capital and operating expenses continued to restrict the expansion of operations in 2002.

Cod

Cod growout production increased again in 2002. Thirteen licensed cod growout sites stocked 186 tonnes of wild-caught cod. During the growout process over the summer and fall, this yield increased to 227 tonnes (HOG) and a market value of approximately $845,000. This represents a slight increase over 2001 when cod growout production reached 207 tonnes. Final production figures for 2002 are expected to be even higher, given that some growers are overwintering their cod.

Potential production for 2002 may exceed 273 tonnes (HOG) and a market value surpassing $1 million. Interest in cod growout has increased steadily and support from the Fisheries Diversification Program has been integral to the development of this sector. Cooperation between the Department of Fisheries and Aquaculture, the Department of Fisheries and Oceans, the Atlantic Canada Opportunities Agency, the Newfoundland Aquaculture Industry Association and the Fish, Food, and Allied Workers union has been instrumental in moving this industry forward.

Egg-to-plate cod aquaculture is undergoing significant evolution and is creating excitement and much promise in the industry. The commercial cod hatchery in Bay Roberts is expected to be in production in September 2003 and has the potential to produce two million juvenile cod annually.

These juvenile cod will be grown to market size in sea cages in suitable areas around the province, providing valuable economic benefits and employment opportunities to coastal areas. Experimental work involving the stocking of 65,000 juvenile cod, produced at the Ocean Sciences Centre, into sea cages in Hermitage Bay during 2001 has proven very successful, with good growth and minimal mortalities registered during 2002.

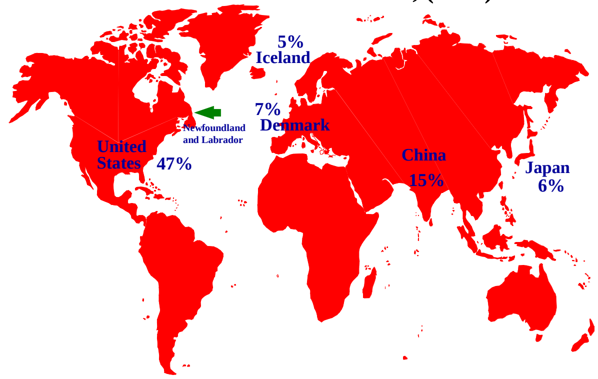
Seacage - Bay d'Espoir

Market Overview

Global supply and currency exchange rates continue to be major determining factors in the success or failure of Newfoundland and Labrador's various fisheries. In 2002, both played a key role in the relative success of the crab fishery. Newfoundland and Labrador was again the dominant crab supplier, as Alaska's landings remained very low. The market tightened even further with the news that Alaska's quota would decline in 2003, and not increase as expected.

The Japanese were very aggressive in purchasing Newfoundland and Labrador crab due to lower crab inventories in 2002. Their buying power was also enhanced by favourable currency exchange rates. Exchange rates were also more favourable in 2002 for Newfoundland and Labrador shrimp exports to Europe.

World Markets for Newfoundland and Labrador Fish and Seafood Products, (2002)



Source: DFA & DFO

Note: Other Countries 20%

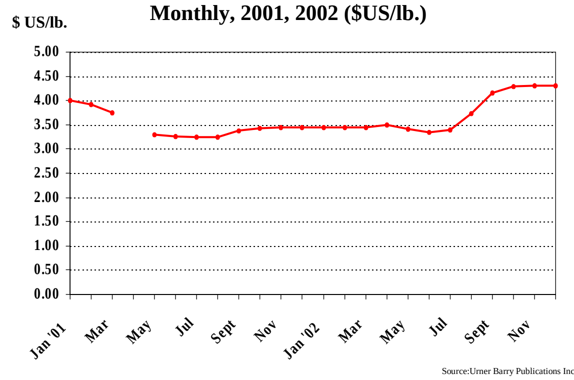
On the downside, high tariffs in Europe continued to hurt non-European shrimp producers. The global supply of shrimp, in terms of volume and variety of species and product forms available to buyers, is such that prices remained relatively weak, even though per capita consumption in the United States continued to grow.

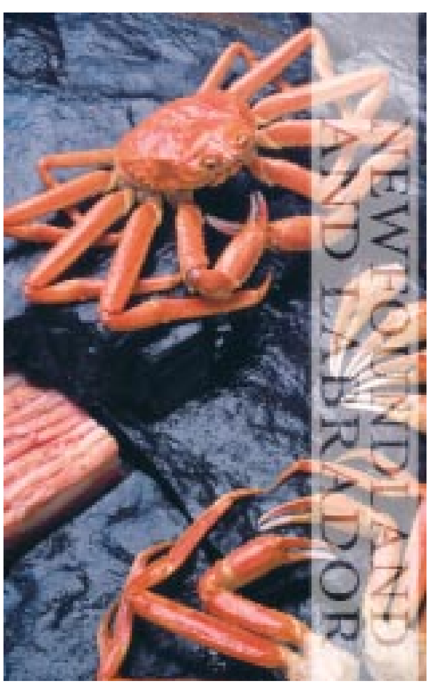
The global supply of traditional groundfish species like cod has declined, but other whitefish species like New Zealand hoki have made inroads as substitutes. Another major force in keeping groundfish prices relatively low is the increase in production of traditional species like cod in Asia and Russia. China, in particular, because of its low labour costs and large multi-species processing facilities, is producing high quality inexpensive frozen cod and pollock packs that are a competetive challenge to our industry.

Crab

The crab industry enjoyed a solid year in 2002 from a marketing perspective. Healthy sales to Japan were experienced as a result of lower crab inventories in Japan, lower Alaskan and Russian crab harvests, and more favourable currency exchange rates. This translated into an aggressive buying approach by the Japanese and ultimately higher prices. The average price of a 5 to 8-ounce pack of snow crab sections in the United States was $US 3.40/lb. at the start of the season, up from $US 3.25/lb. at the beginning of 2002. Later in the season, prices increased substantially, going beyond $US 4.00/lb., eventually reaching $US 4.30/lb. The crab meat market, while very sluggish early in the season, improved significantly as the season progressed. The price of the standard combination meat pack started out in the $US 5.00 to 5.25/lb. range, but increased to $US 7.75/lb. later in the year.

Prices for Frozen Crab Clusters (5/8oz.) in U.S. Markets





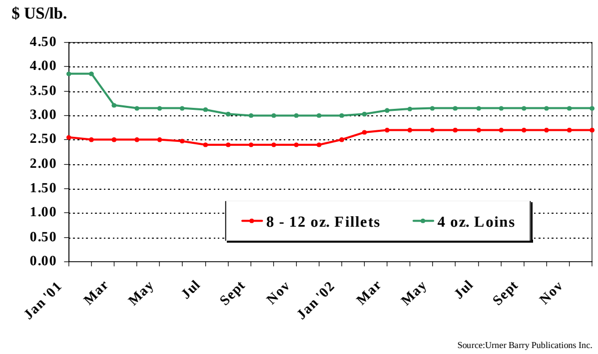
Shrimp

The shrimp markets were slightly more stable than 2001, with marginal improvements in 2002. Prices showed some stability earlier in the season due to lower inventories on the part of our main buyer, the United States. More favorable exchange rates with the United States, relative to our European competitors, had a positive impact on shrimp sales to that country during 2002; however, shrimp prices remained at historical low levels throughout the year, as world supply continues to outstrip demand.

Consumers from the United States, the largest importer of shrimp in the world, enjoy a wide range of choices of shrimp. Price is a critical factor in trading with the United States and the market does not readily recognize the differences in cold water and warm water shrimp.

Tariffs on Canadian shrimp imports into the European Union continued to place local processors at a competitive disadvantage. Producers in Greenland, Iceland and Norway have preferential market access.

Prices for Frozen Cod Fillets (8-12oz. & 4oz. Loins) in U.S. Markets
Monthly, 2001, 2002 ($US/lb.)



Cod

The average market prices for cod were fairly stable in 2002. Prices were comparable to 2001 with slight improvements for some products. Following two years of declining prices, the average price for 8 to 12-ounce shatterpack fillets firmed slightly. The 2002 price was stable at $US 2.70/lb., up from $US 2.40 - 2.50/lb. in 2001. Cod loin prices, in steady decline for two years, increased slightly and stabilized at $US 3.15/lb., compared to $US 3.00/lb. at the end of 2001. Low cost, but high quality products, especially from China, will continue to provide stiff competition in traditional whitefish markets.

Processing Licence Update

The concept of multi-species processing facilities was introduced in 1997 and divided primary fish processing licences into two categories, core and non-core. A core licence holder can process all species except shrimp and snow crab. While a core licence holder can process multiple species, many continue to rely on only one or two key species to sustain their operations. A non-core licence holder is only permitted to process those species listed on their licence. There were 66 core and 59 non-core licences issued in 2002, down marginally from 2001.

Production continues to be dominated by shellfish species, with snow crab and shrimp accounting for 35% of the 152,000 tonnes of total production for all species in 2002. There was renewed interest in secondary processing with several companies diversifying their operations to produce a range of new value-added products like ready-to-eat mussel entrées. Many processors participated in increased by-product utilization as they attempted to maximize the economic benefits from the fishery resource. The Department continues to promote secondary processing to create added value to the province's marine resources.

Quality Assurance

The Department's Quality Assurance Program continued to receive widespread support throughout the industry in 2002. This program is a cooperative effort between Government and industry and has produced many desirable benefits to all participants. The emphasis on increased quality consciousness has accrued significant benefits to fish harvesters through better financial returns for their catch. Processors have also gained a well deserved reputation of supplying premium quality products to the marketplace.

The Department's inspection staff have worked with harvesters, truckers and processors to ensure that high-quality standards are maintained throughout all aspects of the fish handling process. Quality grading is now being used as a criteria to determine prices for snow crab, shrimp and cod. The Department supported this grading program by monitoring activity to ensure the process remains impartial to both harvesters and buyers/processors. The Department continues to conduct its own quality assessments and completed 6,754 inspections during 2002.

Fisheries Diversification Program

Under the Fisheries Diversification Program, there were 141 projects approved, with an investment of $9.85 million in government funding and an equal amount in private sector investment. Successful projects were completed relating to resource surveys, innovative harvesting technology, quality initiatives, market and product development activities, and environmental awareness and conservation technology.

Examples of the projects undertaken with Fisheries Diversification Program assistance include:

Herring Wing Trap
Fortune Bay

- Quality improvement workshops for crab, shrimp and cod conducted in cooperation with industry resulted in enhanced quality fish.

- Installation of a refrigerated seawater system onboard a 65-foot vessel which simulates the ocean environment contributing to decreased crab mortality and increased quality.

- A bait manufacturing facility was established producing bait utilizing previously discarded fish and generating increased employment.

- Market expansion of value-added mussels contributed to a 50 percent sales increase from 1999 to 2001 and the creation/maintenance of 42 jobs in the secondary processing sector.

- Development and market research of carotenoprotein and chitin/chitosan from waste crab shell. Potential sales of $1 million to the company involved and employment for 40 to 60 people.

- Seal fur market development in Korea, Russia, China and Europe generated sales of 140,000 pelts, increased employment and a $1.5 million export value to the company.

- Exploratory dive/drag harvesting for sea cucumber in Notre Dame Bay and Fortune Bay produced encouraging results and employed 35 workers.

The federal/provincial Fisheries Diversification Program (FDP) will end March 31, 2003.

Fisheries Development

Fisheries development continued to be a major component of the Department's mandate in 2002 involving projects throughout the province. These projects were undertaken by the Department, or in conjunction with industry partners, and included resource identification surveys (rock crab, toad crab, whelk, sea cucumber and jellyfish), fishing gear development (snow crab pot selectivity, high-strength beam for beam trawls), and vessel design (design and fabrication of a catamaran fishing vessel).

In 2002, staff from the Department's five regions, Avalon, Eastern, Central, Western, and Labrador were again instrumental in conducting fisheries development work, performing inspections and administering the Quality Assurance Program.

Resource Surveys

In 2002, projects included fishing surveys for rock crab, toad crab, whelk, jellyfish and sea cucumber. The results of these surveys help to determine the viability of developing a fishery for one or more of these species in areas around the province.

Fishing Gear Development

Fishing gear improvements and selectivity are ongoing requirements of the industry. The Department undertook a project to improve the durability of the beam used in beam trawling. The end result is a new beam design that will reduce breakage and costs to harvesters.

Crab Pot Retrieval

The use of a sleeve on the top of crab pots has the potential to reduce the catch of snow crab between 3 3/4" and 4". The result could be landings of a larger average crab size, worth more to the harvester.

Vessel Design

Improvements in vessel design for both safety and ergonomics is essential for the harvesters. The Department, in conjunction with an inshore harvester, supported the design and construction of a 35 foot catamaran vessel. This fixed gear vessel will be completed for use in the fishery early in 2003.

Catamaran vessel

Resource Status

Northern Shrimp

The Northern shrimp resource stretches from the Grand Banks to the Davis Strait. The more northerly areas are fished exclusively by the offshore licence holders, while the inshore and offshore sectors have access to the southern areas. The biomass in the south continues to be estimated at an historical high. Some uncertainty exists with regards to medium to long-term recruitment but a decline is not anticipated in the near future. Based on limited information, the resource appears to be stable in the north.

Gulf Shrimp

The Newfoundland and Labrador fleet fishes in the Esquiman Channel portion of the Gulf of St. Lawrence. This resource has been growing over the past few years and the Newfoundland and Labrador portion of the quota increased from 4,900 tonnes in 2000 to 5,300 tonnes in 2001 and 2002. The resource is considered stable, and no significant change in the quota is expected in 2003.

Snow Crab

The snow crab resource remains at a high level. Landings reached approximately 60,000 tonnes province wide in 2002 which represents the second largest volume of snow crab landed in the province.

From the available fisheries data, the current status of the resource appears stable in most areas. The overall harvest level, however, may decline slightly in 2003, if TAC reductions are implemented in areas where the stock appears to be in decline.

Cod

The offshore portion of the 2J3KL stock remains under moratorium and is showing no signs of recovery. The inshore TAC (Index Fishery) had been set at 5,600 tonnes for the period 2001-2003. In November 2002, the federal minister noted that this stock is not recovering and suggested there may be changes or a possible closure in 2003.

The TAC for the 3Ps cod stock was reduced in 2001-2002 from 20,000 tonnes to 15,000 tonnes, due to concerns about recruitment to the stock. The latest Stock Status Report was released in late November 2002 and suggests improvement, particularly regarding potential recruitment. The quota, however, will remain at 15,000 tonnes in 2003-2004.

The 4RS3Pn stock appears to be somewhat stable at levels well below historical average. The TAC for 2003 is unknown, but preliminary data from science indicates the stock may be declining and it is unlikely that the 7,000 TAC of 2002 will be maintained. The 4RS3Pn and the 2J3KL cod stock are under review by DFO. The Federal Minister is expected to provide a decision on these fisheries in March 2003.

Unit 2 Redfish
The range of this stock covers the South coast of Newfoundland and parts of the Laurentian Channel. Newfoundland and Labrador harvests between 35 to 40 percent of the quota. The stock remains relatively stable, however, with little sign of recruitment. The quota was reduced to 8,000 tonnes in 2001 and 2002 from 10,000 tonnes in 2000 and is expected to remain at 8,000 tonnes in 2003.

Skate
A small skate fishery is ongoing off the Avalon Peninsula and South coast of the province. The quota has remained at 3,000 tonnes for the past three years, however, landings remained below this level at approximately 2,500 tonnes in 2002 and about 2,200 tonnes in 2001.

NAFO-Managed Stocks
2+3LMNO Turbot
There has been growth in this stock in the past few years due to good recruitment, however this growth appears to have stopped. NAFO has decreased the quota from 44,000 tonnes in 2002 to 42,000 tonnes in 2003. The Canadian share of the TAC in 2003 is 15,540 tonnes.

3LNO Yellowtail
This stock has experienced growth in the past few years and the quota was increased from 10,000 tonnes in 2000 to 13,000 tonnes in 2001 and 2002, and will be increased to 14,500 tonnes in 2003. Canada is allocated 97.5 percent of this stock.

Other Groundfish
All other NAFO-managed straddling groundfish stocks remain under moratorium. Few are showing any recovery; these include: 3NO cod, 3NO witch flounder, 3LNO American plaice, and 3LN redfish.


Processing Shrimp

Outlook for 2003

Fisheries
The industry will continue to face many market and resource challenges in 2003. Landings of marine species will either remain on par or decline slightly relative to 2002. Landed value is expected to increase slightly, due to stable or improving markets for major species. Overall, lower landings of groundfish should be tempered by the potential for higher shellfish landings.

Shrimp markets are expected to remain oversupplied and high inventories of small shrimp will likely continue to put downward pressure on prices. Favorable exchange rate changes would help mitigate this situation, however, this is difficult to predict. Market prices for crab are expected to be stable or increasing with the continued shortfall out of Alaska.

Groundfish processors are expected to continue to face competitive markets for traditional products, despite a continued decline in groundfish landings. Pelagic landings will remain market driven and there is no clear indication of market direction at this time.

The structural issues within the shrimp sector will require the continued cooperation of the industry. The conversion of the temporary crab permits to licences should be a positive development for the less than 35 foot fleet sector. Industry and Government will continue to be challenged to make the Final Offer Selection model an effective mechanism for establishing fish prices.

Processing Mussels

Aquaculture

Mussel farm production is expected to increase in 2003, however, challenges are expected to continue with farm sales and marketing. Successful re-entry into the fresh mussel market will be an important issue.

The Bay Roberts cod hatchery is slated to start production in early 2003 and increased interest and participation in egg-to-plate aquaculture is expected to continue during the year. While interest is high, growth in the cod growout sector will be dependent on access to the cod quotas yet to be announced.

Salmon production is expected to increase slightly in 2003, due to increased smolt introductions in 2001. Market prices are expected to remain stable. Steelhead trout production is expected to rise slightly in 2003 because of increases of fingerling entry in 2002. Market prices for steelhead trout are expected to rise. Salmon production is estimated at 1,700 tonnes in 2003 and steelhead trout production is estimated at 1,800 tonnes for the year.

Department of Fisheries and Aquaculture Website

The Department is in the process of updating and modifying its website, with the inclusion of new sections and interesting features such as an educational/trivia site for the younger visitors. Please visit our site for detailed information on the Newfoundland and Labrador fishery. The address is www.gov.nl.ca/fishaq/

Catch Our Website

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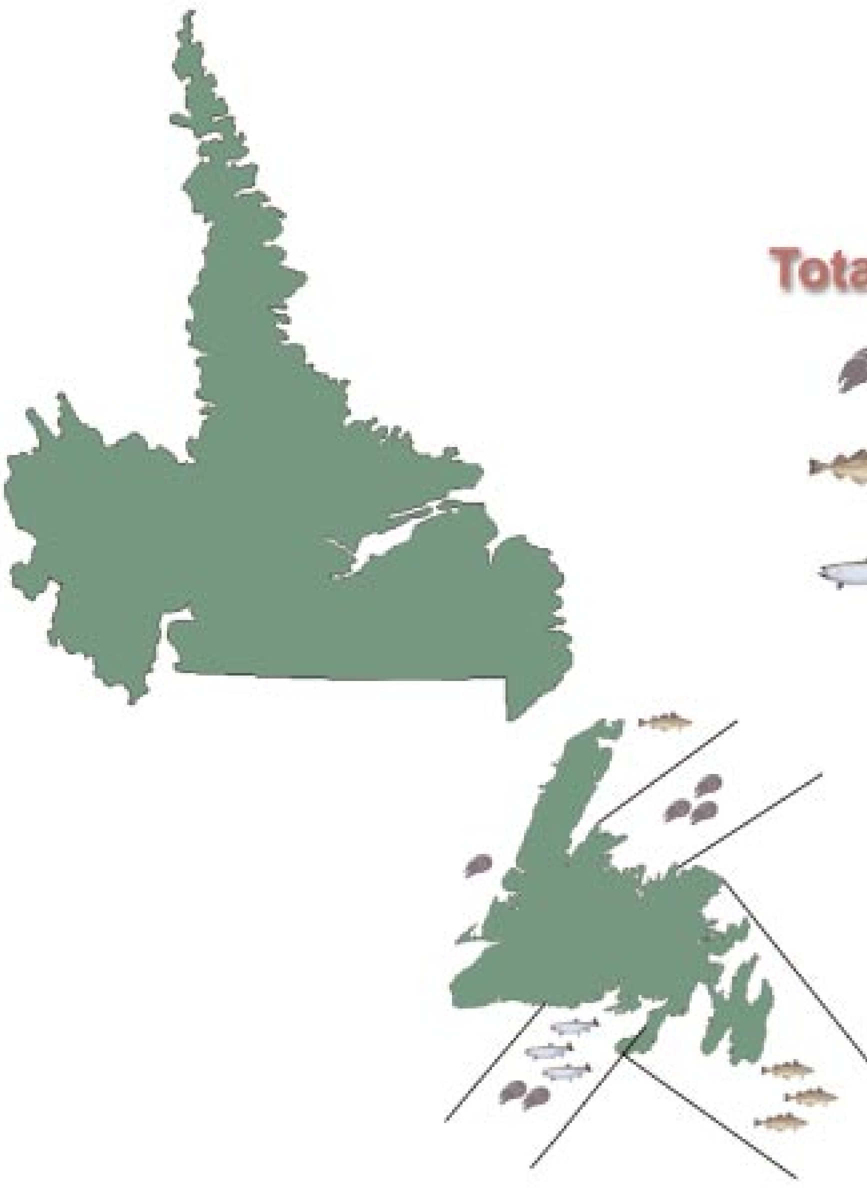
Licensed Aquaculture Sites 2002

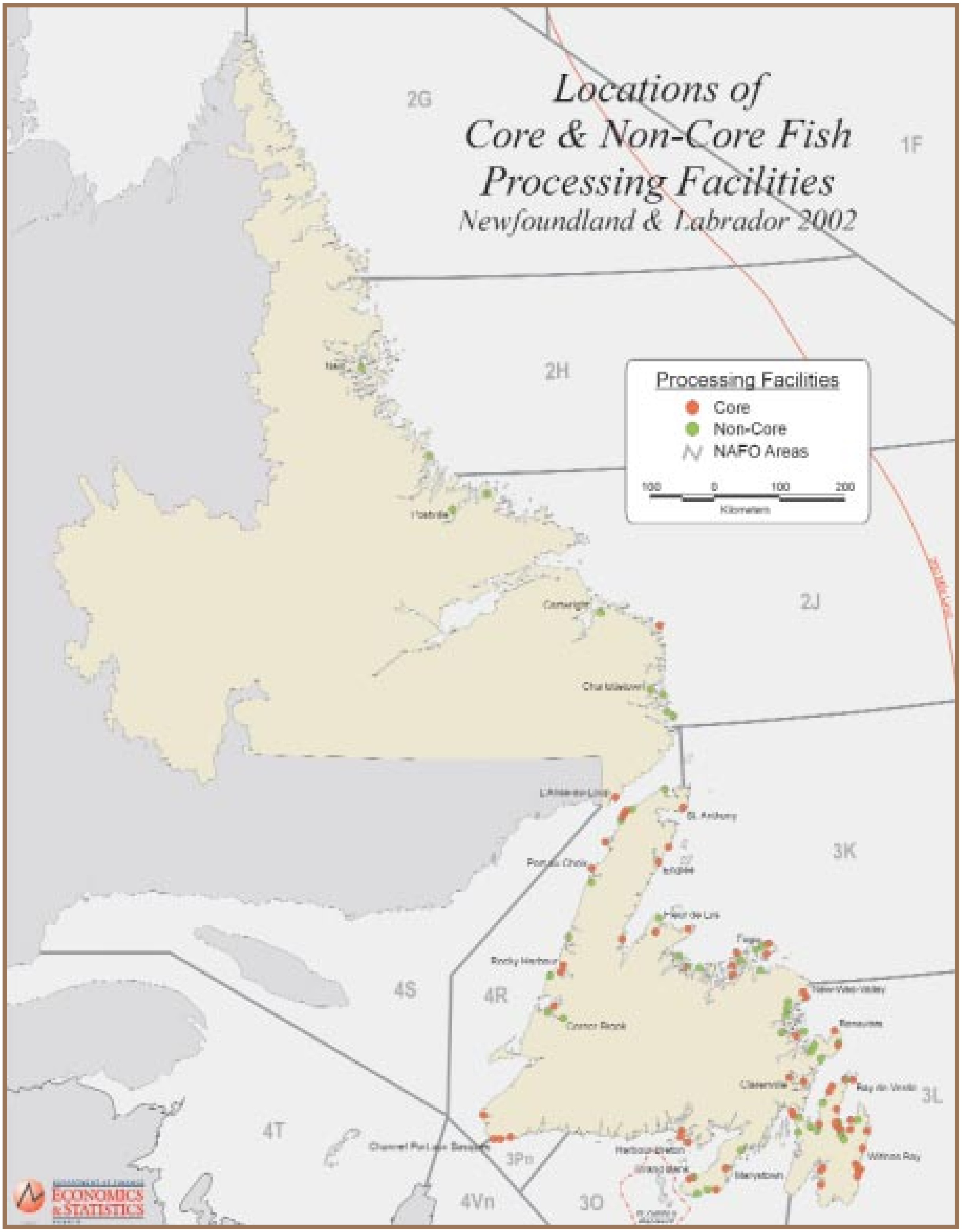
Major Concentrations



Total Number of Sites:

Mussel	78
Cod	63
Salmonid	52

Not All Sites Are Represented
Map is not to scale



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