Courtesy of The Express

Message from the Minister

The focus of the Newfoundland and Labrador fishery over the past several years has been revitalization, and this past year has been no exception. However, the industry's increasing revitalization would not have been possible without the total commitment of all sectors of the fishery, both private and public, and our steadfast willingness to work together as partners to achieve this common goal.

I am proud, as Minister of Fisheries and Aquaculture, to have been able to witness this rejuvenation in our industry. *The 1998 Seafood Industry Year In Review* shows just how far the industry has come in the last year. Read it, and be proud of your accomplishments, which, I am certain, will be exceeded in 1999.

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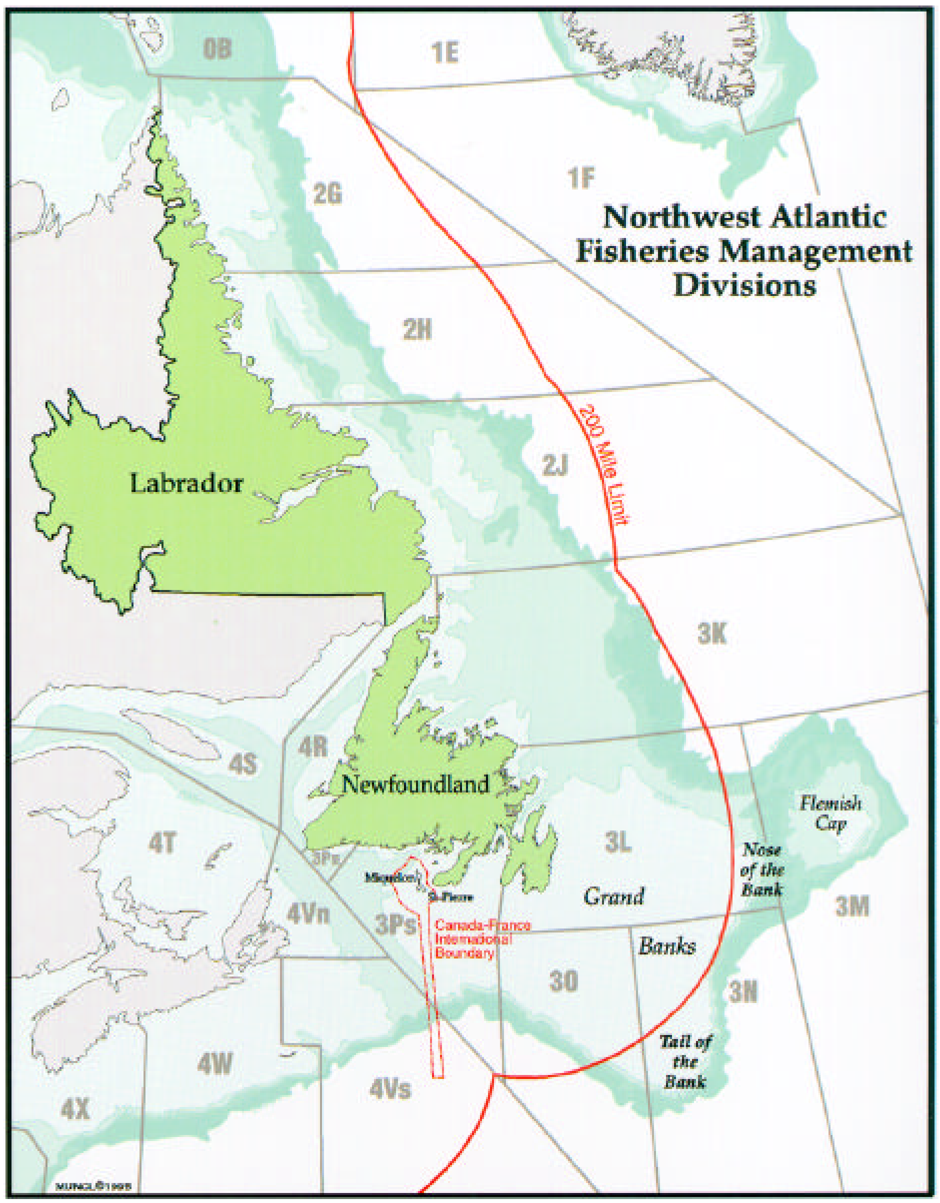
Tables and Graphs



The 1998 Seafood Industry Year in Review

A Revitalized Fishery

The Newfoundland and Labrador fishing and aquaculture industries underwent continued revitalization in 1998. The industry focus on shellfish, primarily crab and shrimp, contributed to an increasingly successful fishery this past year. The development efforts of government and industry promoted industry diverisfication, value-added processing, and improved product quality.

The total production value for the fishing industry in Newfoundland and Labrador was $750M, a 30% increase over 1997.

Total landings exceeded 250,000 tonnes, and increase of 22% over 1997. Landed value exceeded $380M, the highest on record.

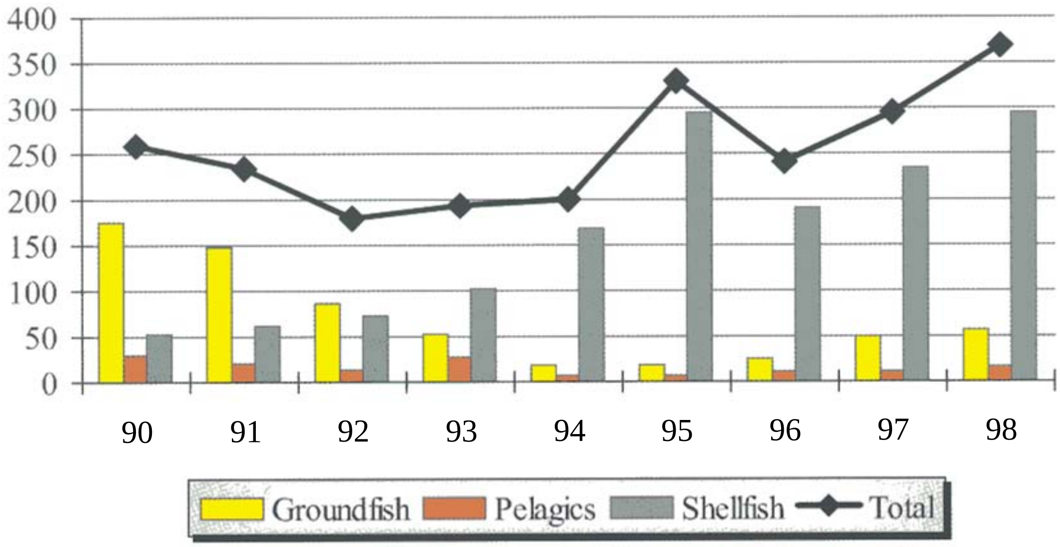
At peak employment periods, 13,000 individuals in the processing sector(10,500 in 1997) and more than 14,000 fish harvesters(11,000 in 1997) participated in the 1998 fishery. Combined with this employment activity and other indirect employment, the fishery accounted for 11% of the total provincial employment and 35% of employment in the goods producing industries.

Fishing Industry Performance
Newfoundland and Labrador (1997 & 1998)

	1997	1998	%Change
Landings(t)			
Goundfish (including lumpfish roe)	41,065	54,030	31.6
Pelagics	43,573	62,182	42.7
Shellfish	121,386	133,258	9.8
Seals (Animals)	269,932	275,000	1.9
Total (excluding seals)	**206,024**	**249,470**	**21.1**
Landed Value (Million $)			
Groundfish (including lumpfish roe)	43.9	60.9	38.7
Pelagics	11.1	16.6	49.5
Shellfish	243.5	294.9	21.1
Seals	10.3	12.0	16.5
Total	**308.8**	**384.4**	**24.5**
Landed Value (Million $)[1]			
Groundfish (including lumpfish roe)	179.8	295.5	64.3
Pelagics	50.0	42.2	-15.6
Shellfish	382.5	392.0	2.5
Seals	20.0	25.0	25.0
Total	**632.3**	**754.7**	**19.4**
Employment (individuals)			
Harvesting	11,000	14,000	27
Peak Processing Period	10,500	13,000	24

1 Methodology for calculating production values for 1997 & 1998 has been revised from previous years.
Source: Statistics Canada; Department of Fisheries and Oceans; and Department of Fisheries and Aquaculture

Landed Values (1990 – 1998)



1998 Fishing Industry Highlights

Shellfish species, particularly shrimp and crab, contributed significantly to the success of the 1998 fishery. Groundfish landings have steadily increased over the past five years as certain stocks recover. Pelagics, particularly capelin and herring, also contributed significantly to the overall improvement in 1998 over 1997.

Shellfish

Shellfish species again dominated the industry in 1998, with the total landed value increasing 21.1% to $295M. Shellfish accounted for 54% of total fish landings and more than 77% of the total landed value.

- The inshore Northern shrimp fishery generated substantial economic benefits throughout the province in 1998, with seven plants processing shrimp during the year. Approximately 250 inshore vessels and 2,000 people (vessel operators and plant workers) participated in this fishery.

- The inshore and offshore shrimp landings were 32,000 tonnes in 1997 and increased to 54,400 tonnes in 1998. The landed value was $129M in 1998, up from $83.5M in 1997. In 1997, the inshore shrimp quota for the Northeast Coast and Southern Labrador (Shrimp Fishing Area 6) was 9,050 tonnes (not including the 3,000 tonne allocation to St. Anthony Basin Resources Inc. - SABRI). In 1998, this quota was 29,840 tonnes.

- Shrimp products are marketed primarily in the United States and the United Kingdom.

- The snow crab fishery was another key contributor to the Province's seafood industry and the economy in 1998. Landings and production value increased by 15% in 1998 to 52,645 tonnes and $230M respectively, making crab the highest revenue producing species.

- In 1995, DFO initiated an exploratory snow crab fishery in 3LNO, outside 200 miles, with a nominal quota of I 00 tonnes. In 1998, the quota for this area was 2,500 tonnes, all of which was landed. Most of the fishing activity in this area, has occurred in Division 3L, with a lesser amount of activity in Division 3O. Apart from some exploratory work in the autumn of 1998, there has been very little activity in Division 3N.

- Many harvesters chose to concentrate on the more lucrative shrimp fishery in 1998, resulting in a reduction of landings for Icelandic scallop. Scallop landings declined by 48% from 12,144 tonnes in 1997 to 6,274 tonnes in 1998. Landed value was also reduced by the same rate from a high of $16.1 M in 1997 to $8.3M in 1998.

- Offshore surf clam landings have remained unchanged over the past five years, with approximately 16,000 tonnes landed each year. The landed value in 1998 was $25M.

- Lobster landings in 1998 were consistent with previous years at 2,265 tonnes, with a landed value of $24M.

Groundfish

This was the second year of a reopened commercial cod fishery on the Province's South and West coasts. Groundfish landings increased by 14,000 tonnes in 1998 to 54,030 tonnes (a 32% increase), with a corresponding 39% increase in landed value to $61 M.

- The 20,000 tonne cod quota in area 3Ps (South Coast) contributed greatly to the $34M landed value for cod in 1998. There was a decrease in the cod quota for 4RS3Pn from 6,000 tonnes in 1997 to 3,000 tonnes in 1998.

- For the groundfish sector, redfish had the highest landed volume (apart from cod) at 11,624 tonnes (a landed value of $5M) while turbot had the highest landed value at $ 1 OM (a landed volume of 8,527 tonnes).

- Other groundfish species such as lumpfish roe, haddock, hake and pollock accounted for an additional 11,943 tonnes, with a landed value of $12M, representing 22% of all groundfish landings.

Pelagics

Pelagic landings increased 43%, (mainly due to capelin landings which rose from 21,3 1 0 tonnes in 1997 to 39,878 tonnes in 1998), to more than 62,000 tonnes in 1998; the total landed value was $17M.

- Capelin and herring accounted for 97% of total landings.

- Small volumes of swordfish, tuna, mackerel, eels, shark, and char were also landed.

1998 Aquaculture Industry Highlights

The rural-based aquaculture industry showed further growth in 1998. The main commercial species are steelhead trout, Atlantic salmon and blue mussels. All three increased their volume and value over the preceding year.

Aquaculture Industry Profile 1998

Peak Employment	461
Export Value	$12.9 M
Commercial Shellfish Sites	68
Commercial Finfish Sites	57

Shellfish

There were a number of positive developments in the shellfish sector in 1998.

- In the mussel sector, production increased from 750 to 950 tonnes and its export value reached $1.7M

Photo courtesy of Mr. Cyr Couturier, Marine Institute.

- Mussel producers continue to gain confidence and increase farm size. The Province now has four growers with commercial production in 1998, approaching 225 tonnes each.

- In late 1998, Federal and Provincial agencies announced the creation of a $5M Aquaculture Working Capital Fund. The purpose is to develop the shellfish industry, specifically the mussel and scallop sectors.

- The Department actively promoted mussel farm mechanization to increase productivity and profitability, with a 50% contribution from the Mussel Incentive Program. This is a $100,000 Provincially-administered and funded program to assist mussel farmers purchase equipment such as floats, socking tables and seed graders.

- The scallop hatchery at Belleoram placed more than 5 million seed into the nursery phase in Fortune and Notre Dame Bays (available for sale in early summer of 1999). Given this success, the Department has prepared an action plan to promote industry development with existing growers and to encourage shellfish farmers to diversify their operations.

Finfish

- Steelhead and salmon production increased by 76% and its value nearly doubled from $6M to $11M in 1998.

- Research continued on halibut aquaculture at the Memorial University of Newfoundland Ocean Sciences Centre. Also, two private sector halibut farms collected additional wild fish for broodstock development.

- The Daniel's Harbour Char Farm completed Phase I construction in 1998. An experimental eel farm in Robinson's began operation.

- Cod grow-out was low due to the late start of the commercial cod fishery in 3Ps. There is, however, considerable interest developing in this opportunity.

Processing Policy Update

In 1997, the Minister of Fisheries and Aquaculture announced a new licensing framework for the processing sector to address overcapacity in the processing area. The policy focussed on the development of the processing sector around core/multi-species plants.

- In 1998, there were 169 active plants, down from about 240 in 1996.

- This policy provides for the conditional transfer of licences and several were approved in 1998.

- The number of licensed core plants in 1998 was 73, whereas 96 were licensed non-core.

Seals

The commercial sealing industry continues to be an important contributor to the Province's fishery and economy. Its value and importance to the seafood industry continues to grow, due to the diligence and commitment of government and industry. Markets remained stable in 1998 and the industry generated significant employment and returns to the fish harvesting and processing sectors in the Province.

- Approximately 4,000 sealers harvested the entire quota of 275,000 seals in 1998. There were 300 plant workers employed in the production of pelts, Omega-3 oil products, meat, and other specialty products such as sausages, canned seal, seal salami and pepperoni.

- The landed value was $12M in 1998 with a corresponding production value of approximately $20M.

- Two new seal processing plants opened in 1998, the Atlantic Marine Ltd. facility in Catalina and the Northeast Coast Sealers Cooperation plant in Springdale. Both plants are producing quality tanned pelts for world markets.

- The meal plant in Burgeo was reactivated to process seal meal and seal oil.

Quality Assurance

In an effort to maximize the value of all the Province's fish resources, the Department of Fisheries and Aquaculture, in close co-operation with industry, continued its emphasis on quality assurance measures. This industry-wide initiative included increased dockside and in-plant inspections, fish quality education and training, and promotion of the benefits of a "premium quality" philosophy. Industry has also implemented grading measures that adopts many of the principles of the Department's Quality Assurance Program for shrimp and snow crab. This has paid dividends to both fish harvesters and fish processors by adding value to the fish at the wharf and in the market place.

Support was also given to projects designed to improve and enhance the onboard handling/quality of raw material.

Fisheries Diversification

Fisheries diversification continued as a significant core activity of the Department of Fisheries and Aquaculture for 1998. The Department provided considerable support to the private sector in its pursuit of new fisheries opportunities (e.g., sea urchin, whelk, seaweed) to diversify the resource/products base. This will help to stabilize the industry, making it less vulnerable to resource shortages and sudden changes in the marketplace.

The primary focus of the program is to encourage smaller vessels (under 45') to pursue non-traditional fisheries opportunities, with the view of promoting a multi-species harvesting approach to their fishing operations.

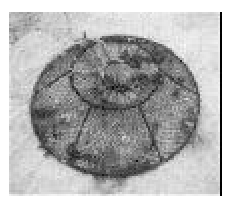
- Sea Urchins - The Department continued to work with industry to further develop and expand the sea urchin industry. In 1998/99 the sea urchin industry employed close to 200 harvesters, and approximately 200 people in the processing sector. Departmental initiatives were focussed toward resource identification, and promotion of the industry.

- Inshore Shrimp - The Department continued its support of an inshore Northern shrimp fishery for smaller vessels using beam trawls and pots. Initiatives were undertaken in partnership with a number of private companies and individuals.

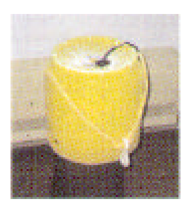
- A major shrimp resource identification survey was undertaken in NAFO areas 2J3KL and 3Ps. The survey identified commercial quantities of shrimp in the Trinity and Fortune Bay areas, however, minimum quantities were identified outside of these locations. There were also encouraging signs of commercial sized shrimp in Placentia and St. Mary's Bays and the Ramea and La Poile areas.

- Whelk - The Department introduced a new, more efficient, whelk pot to the industry as part of a fishing gear demonstration initiative. Projects were also undertaken with regard to the identification of additional resource opportunities. Additional resources were identified along the West Coast/Northem Peninsula area and in St. Mary's Bay.

- Eighteen whelk projects were undertaken in 1998, involving exploratory fishing and gear demonstrations. New fishing technology (Portzic pot design or English whelk pot) proved to be much more effective, with three times higher catch rates than traditional gear (conical whelk pots), resulting in increased interest in pursuing this fishery by the inshore fishing sector.



Traditional Conical Whelk Pot



Portzic Whelk Pot

Marketing & Processing Development

In 1998, the Department established a Marketing Intelligence Unit to monitor and gather market-related information on prices, trends, and other key developments, particularly in support of the pilot price settlement mechanism.

- The Newfoundland and Labrador seafood industry was represented by both industry and government representatives at the *International Boston Seafood Show; the San Francisco Seafood Show;* the *Canadian Health Food Show* in Toronto; and the *Canadian Food and Beverage Show* in Toronto.

- In 1998, the marketing component *of* the *Aquaculture Component Of the Canada/Newfoundland Economic Renewal Agreement* (ACERA) funded a generic promotional campaign focussed on mussels, steelhead and salmon. A fully equipped portable kitchen toured the Province for two months, visiting fairs, exhibitions and retailers from Port au Choix to St. John's.

- The stability and growth of the aquaculture sector has been enhanced through a strategic planning initiative funded by the marketing component of ACERA In the mussel sector, strategic alliances have been formed for secondary operations.

- Through value-added and secondary processing, Newfoundland and Labrador processors increased the value of a wide variety of seafood products, including mussels, shrimp and crab.

- Development of non-traditional products, such as seaweed, has led to the establishment of two processing operations on the Southwest Coast. These operations are producing a wide variety of products, including nutriceuticals such as seaweed capsules, spices, animal feed supplements and soil additives.

- The Department also participated in several local promotion and trade shows such as *Newfoundland Liquor Corporation WineFest, the Agrifoods and Garden Show* in Comer Brook and the *St. John @ Waterfront Festival.*

- The Department also continued its seafood awareness training and educational services to the Chefs Association and various interested parties.

Fish Price Settlement Mechanisms

The Provincial Government partnered with industry in 1998 to implement the recommendations of the *Task Force on Crab/Fish Settlement Mechanisms.* These included the implementation of a two-year pilot project on fish price negotiations, research on a pilot fish auction model, and increased quality assurance measures. The initial year of the fish price negotiation pilot project met with very positive results and there were no delays in fisheries opening dates for the 1998 season.

Species covered by this price settlement system include cod, crab, shrimp, lumpfish roe, caplin and squid. A review will be conducted at the end of the 1999 season.

Fish Harvesters Certification Board Update

The Fish Harvesters Certification Board was established in 1996 and became fully functional in 1997.

- Approximately 16,000 fish harvesters were registered and certified by the Board in 1998, including 9,730 Level 11 harvesters. There were 1, 1 3 0 Level I harvesters, and 4,940 apprentices. Only Level 11 harvesters are eligible to operate core fishing enterprises.

- The Board is working on a Code of Ethics and is working towards a set of by-laws for consideration by the Board of Directors.

A Look Ahead

Shrimp and crab will remain the cornerstones of the industry over the foreseeable future. The industry will be dominated by the shellfish sector, particularly the growth of the Northern shrimp fishery. The inshore fleet performed beyond expectations in 1998 and approximately 300 vessels will participate in the 1999 Northern shrimp fishery. The quota available to the inshore shrimp fleet increased to 41,000 tonnes in Shrimp Fishing Area 6 for 1999. The biomass for Northern shrimp in Area 6 has been estimated at 475,000 tonnes, therefore, with an exploitation rate of 12%, these quotas are clearly well within the bounds of a conservative harvest.

The snow crab fishery continues to be of particular importance to the industry. The total quota of snow crab for 1999 is 61,185 tonnes, an increase of 18% over 1998. This quota includes the 6,000 tonne quota for 3LNO, outside 200 miles; this is a substantial increase over the 1998 quota of 2,500 tonnes.

The Department will continue to work with the private sector to develop the Atlantic king and porcupine crab fisheries.

The Department will also continue to pursue a range of fisheries diversification initiatives. These include sea urchin, seaweed, whelk, clams, and other crab species.

The markets for traditional species such as shrimp and crab should continue to remain strong in 1999. The position of the Canadian dollar and the great strides gained in the area of fish quality are two key elements for a successful seafood industry this year. Seafood processors will continue to pursue a range of opportunities in national and international markets. New product and market developments in species such as whelk and underutilized crab species will contribute to further diversify the Newfoundland seafood industry in 1999.

The growth of the aquaculture industry will continue to be a priority for the Department. Focus will continue on Atlantic salmon, steelhead trout, blue mussels and Atlantic cod growout. With increased private sector investment, the industry will continue to expand.

The Aquaculture Working Capital Fund ($SM) will provide funding to grow mussel/scallop farms. There will be continued growth in the salmonid sector, especially if new strains of fish are permitted. Research into halibut aquaculture will continue and the first private sector halibut farm is expected to begin operating in 1999.

Efforts will continue to encourage private sector involvement in the aquaculture industry. The Aquaculture Research Facility at the Memorial University of Newfoundland will open in 1999 and will undertake research and development activities directed at commercializing cold ocean finfish species such as halibut, cod and yellowtail flounder.

The growth of the seafood industry in 1999 will also be aided by the reopening of cod fisheries along the south coast and a limited fishery on the west coast of the Province and in 2J3KL.

The Province will continue to support conservation and diversification measures to ensure a sustainable and prosperous fishing industry in 1999 and beyond. Proactive quality assurance measures will continue to play a critical role in the revitalization and profitability of the industry.

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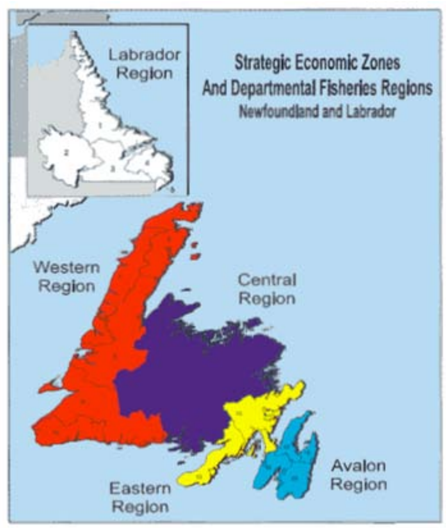
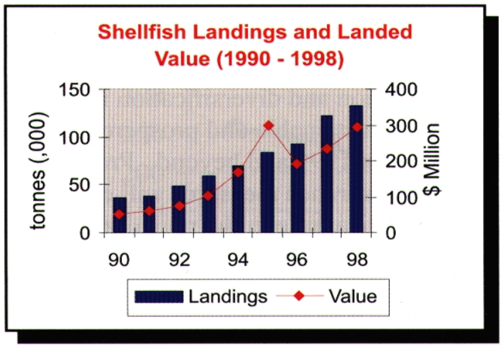
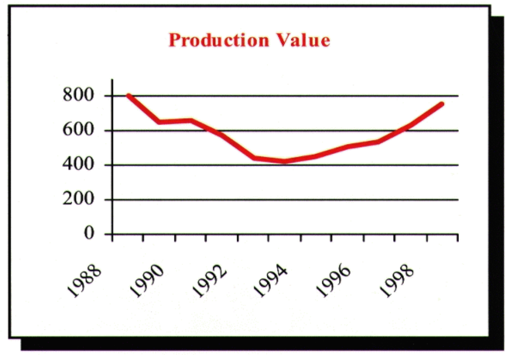
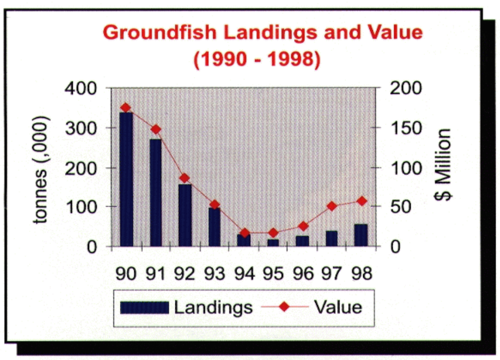


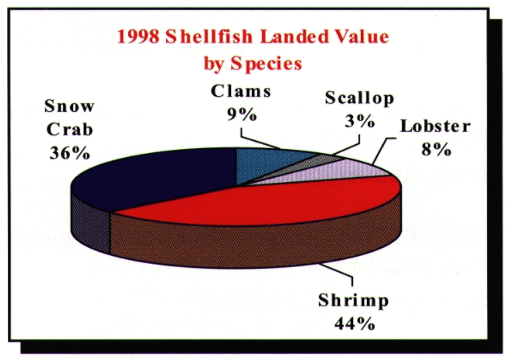
Industry Profile

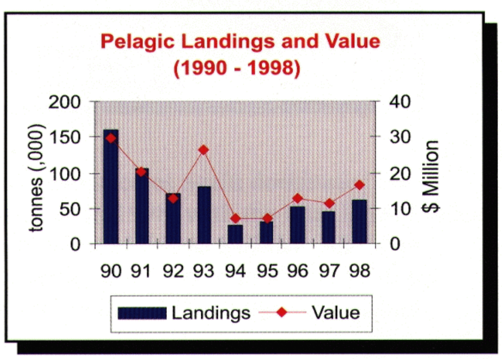


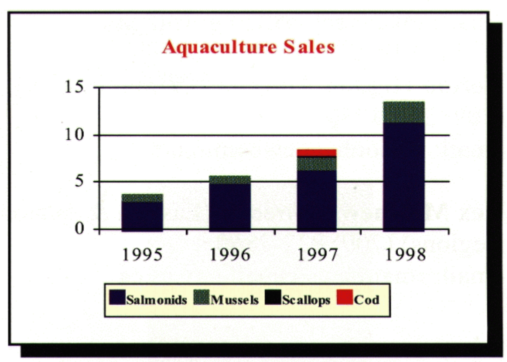


Methodology for calculating Production value was revised in 1997.

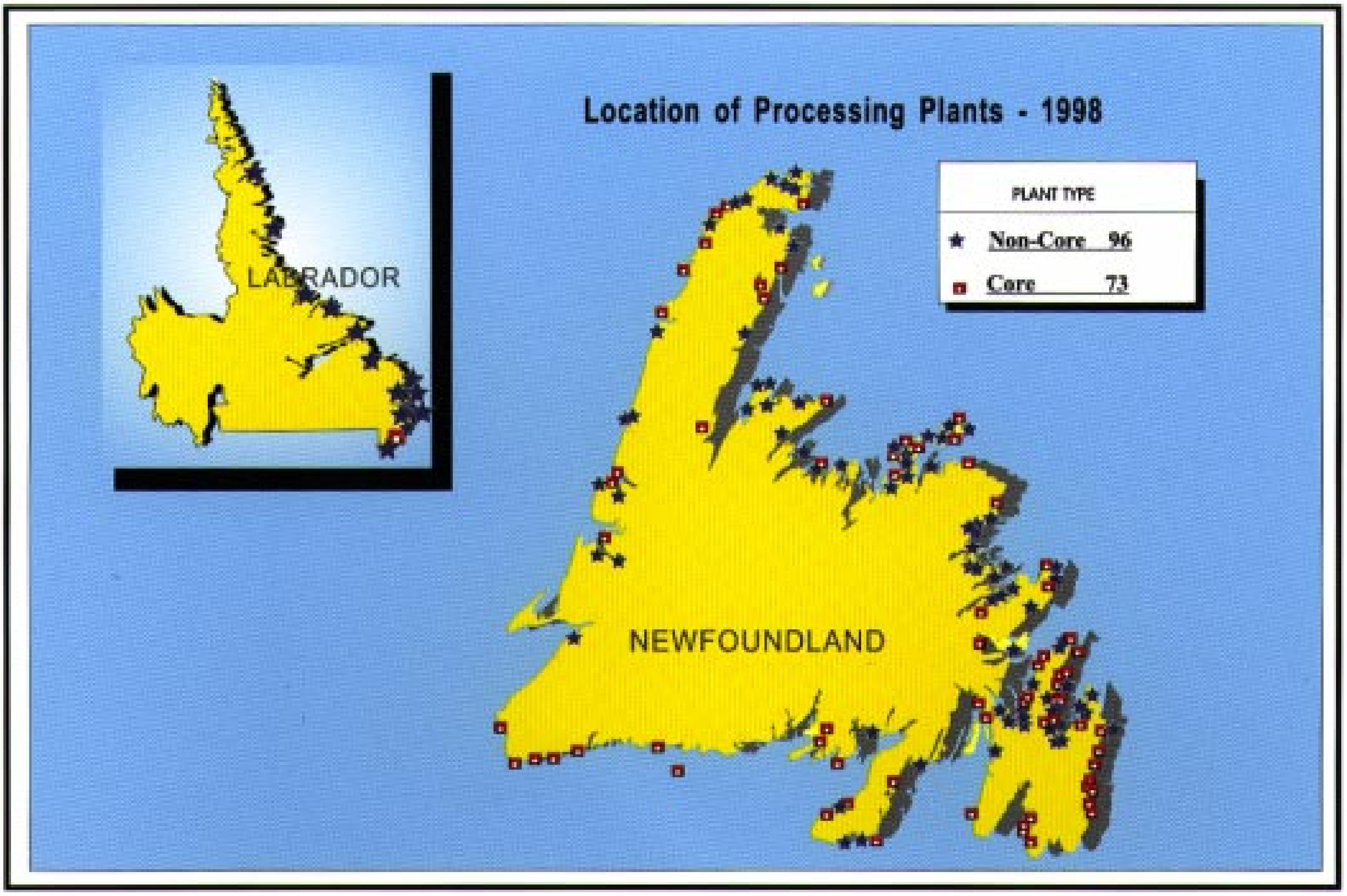


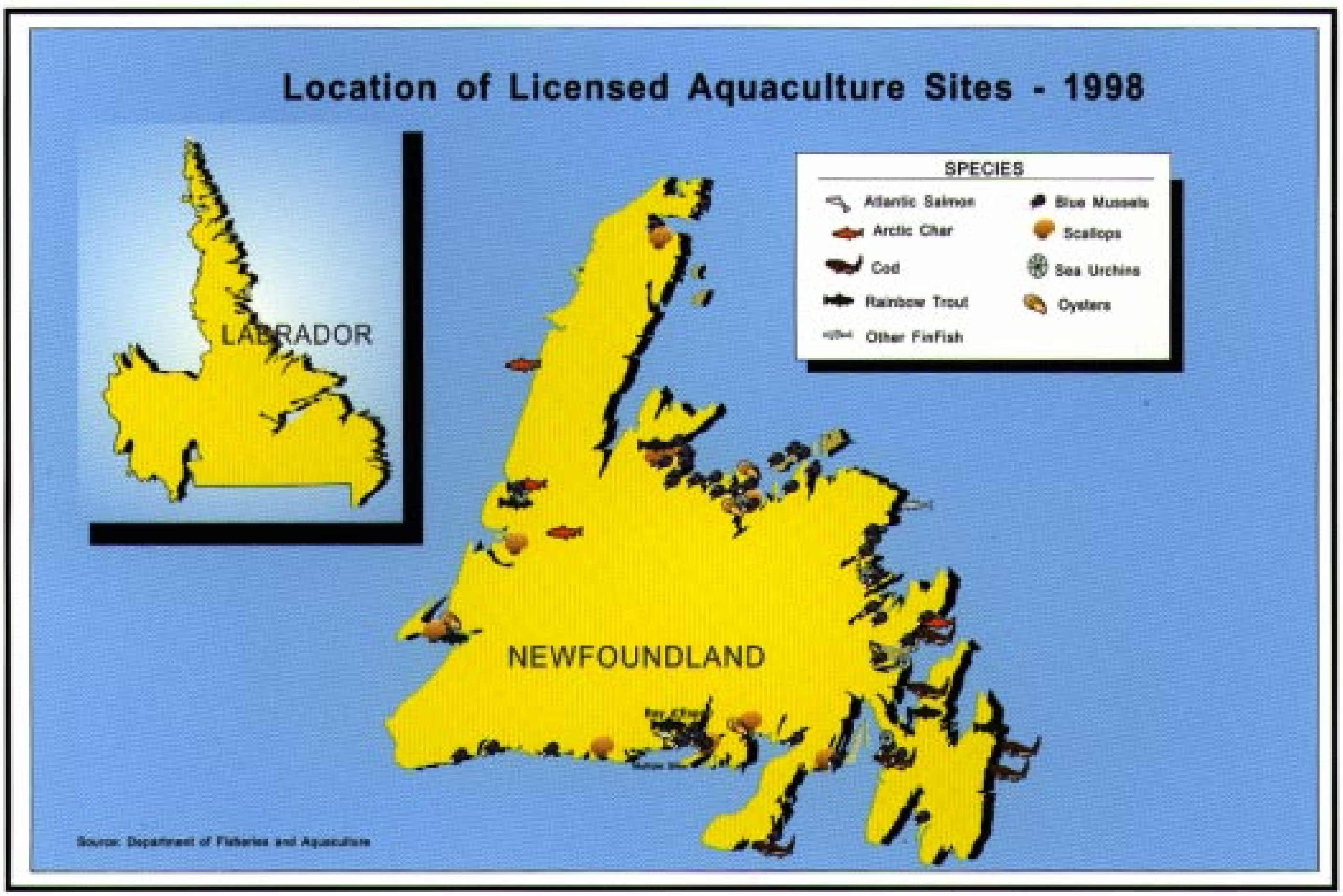






Source: Department of Fisheries and Oceans and Department of Fisheries and Aquaculture


Location of Processing Plants - 1998
LABRADOR
NEWFOUNDLAND
PLANT TYPE
Non-Core 96
Core 73


Location of Licensed Aquaculture Sites - 1998
LABRADOR
NEWFOUNDLAND
SPECIES
Atlantic Salmon
Arctic Char
Cod
Rainbow Trout
Other FinFish
Blue Mussels
Scallops
Sea Urchins
Oysters
Source: Department of Fisheries and Aquaculture