A Balanced and Integrated Fishery for Sustainable Communities

Municipalities Newfoundland and Labrador – November 3, 2017

Alberto Wareham, President & CEO, Icewater Seafoods
Martin Sullivan, CEO, Ocean Choice International

Groundfish Enterprise Allocation Council

Who is the Groundfish Enterprise Allocation Council?

- Industry association representing the year-round harvesting sector in Atlantic Canada
- Focused on sustainability and stability
  - Contributes to research that will improve the sustainability and management of groundfish fisheries by actively supporting science, sustainability certifications and responsible fisheries management.

GEAC Members in Newfoundland and Labrador:

- Majority are family-owned, local companies
- Unique position of being the harvester, processor and marketer of NL fish products - enables supplying premium markets worldwide
- Approx. 2,000 employees in more than 300 communities throughout the province
- Year-round operations at sea and on land



What has changed since the Cod Moratorium 25 years ago?

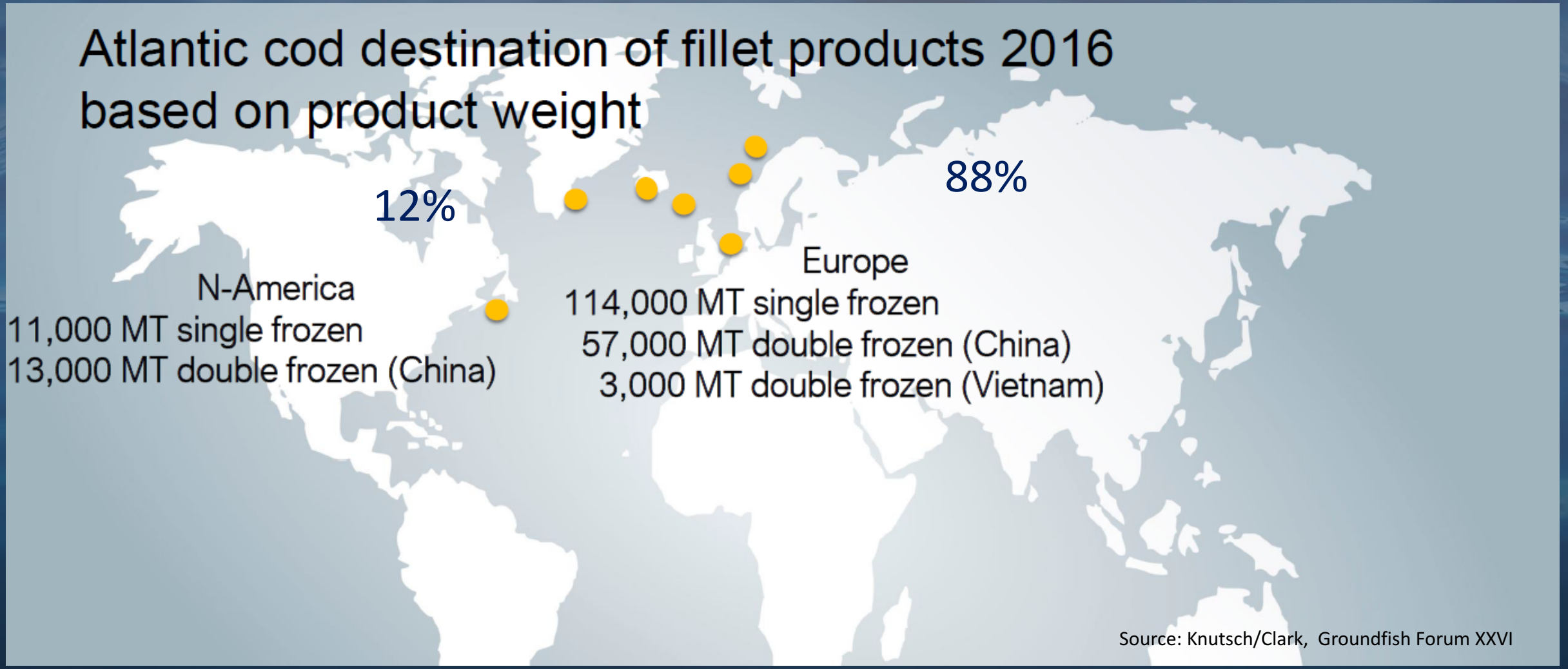
- Prior to 1992, the market was driven by:
  - Volume landings
  - Seasonal oversupply
  - Commodity-based products (blocks)
  - Low-value markets (fish sticks/mince products)
- In 2017 – this has completely changed to:
  - Changing world markets
  - Quality
  - Sustainability



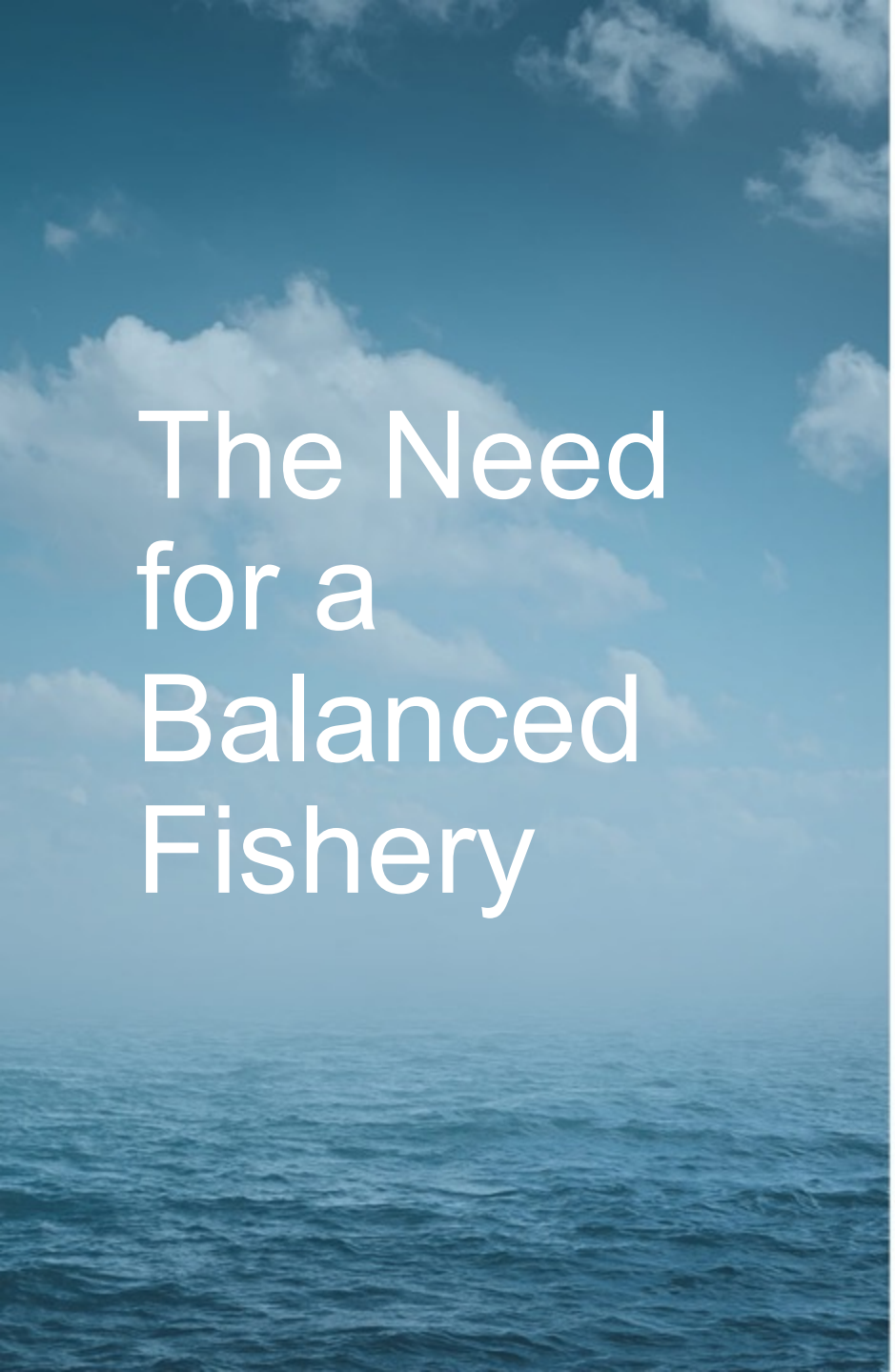
CERTIFIED SUSTAINABLE SEAFOOD
MSC
www.msc.org
™



Atlantic Cod 2016 World Markets



Source: Knutsch/Clark, Groundfish Forum XXVI



The Need for a Balanced Fishery

- Year-round supply needed for employment and markets
- A balanced fishery protects the viability of all fleet sectors, maximizes the advantages of each to ensure the long-term sustainability of the fishery
- Stability for investment and innovation

The Arnold's Cove Success Story

The only world-class cod processing plant in North America

- Balanced fishery enables 10 months of operations, opportunity for more
- 200 employees (avg. 32 weeks, good pay and benefits, avg. 18 yrs. service)
- Better prices for harvesters created by year-round operations and focus on premium markets
- Strengthened community



Image Source: CBC.ca

Challenges facing the NL cod industry

- Lack of consistent resource supply
- Focus on quality
  - 500 years of history
- Logistics/current structure
  - Example approx. 350 landing ports means average collection cost is $0.23/lbs.
  - Icelandic example
- Lack of inshore/offshore integration
  - Impacts investments, marketing and employment

Path to Sustainable Communities





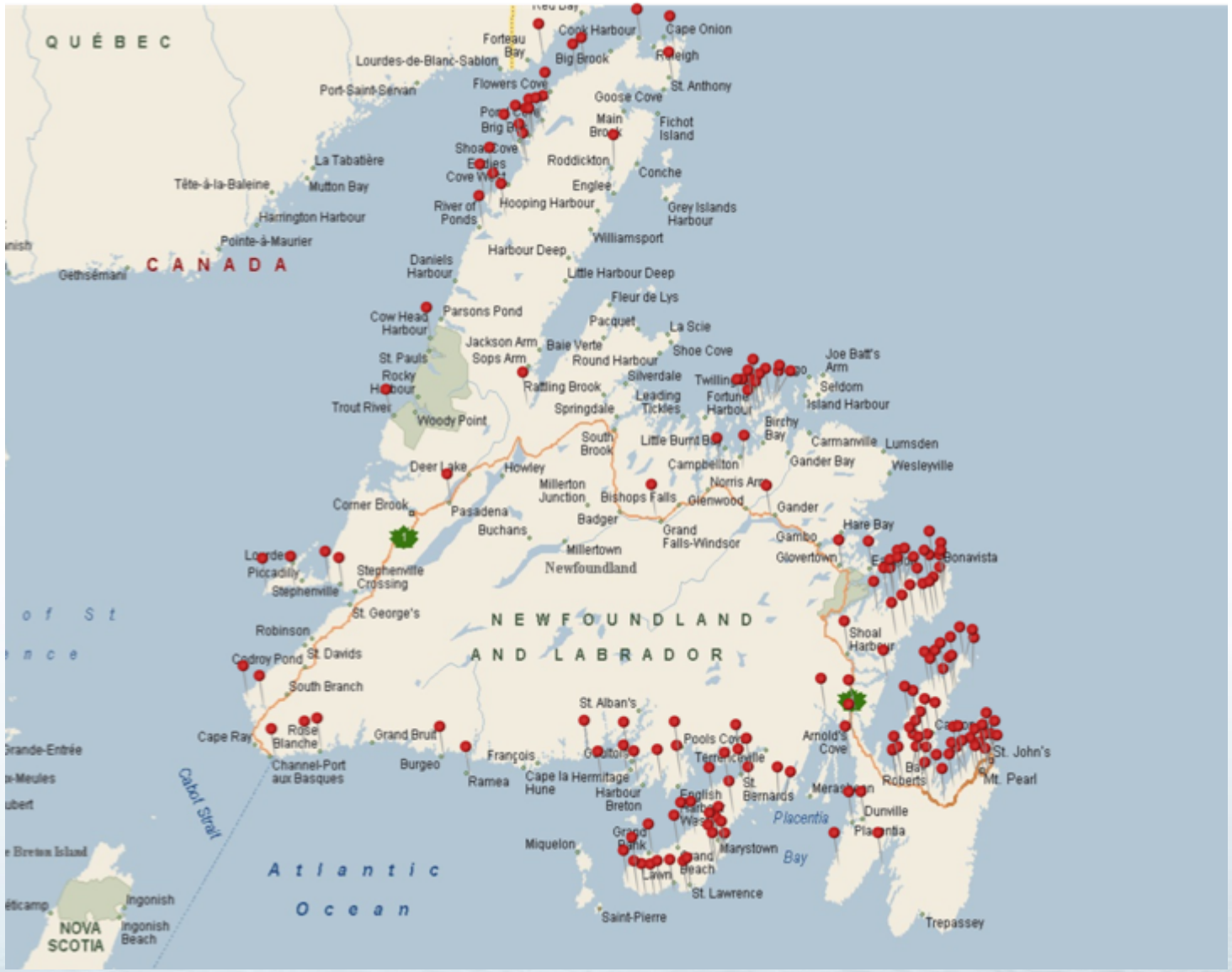


Sustainable Resource → Sustainable Industry → Sustainable Communities

Image Source: CBC.ca

Ocean Choice International

- 100% NL family-owned
- 1,700 employees in over 300 communities
- Buys from 1,600 independent fishers
- 5 year-round, multi-species vessels
- Processing in 5 locations in NL
- Total payroll of $130 million annually



Inshore and Offshore Integration is Critical

Harvesting



Processing

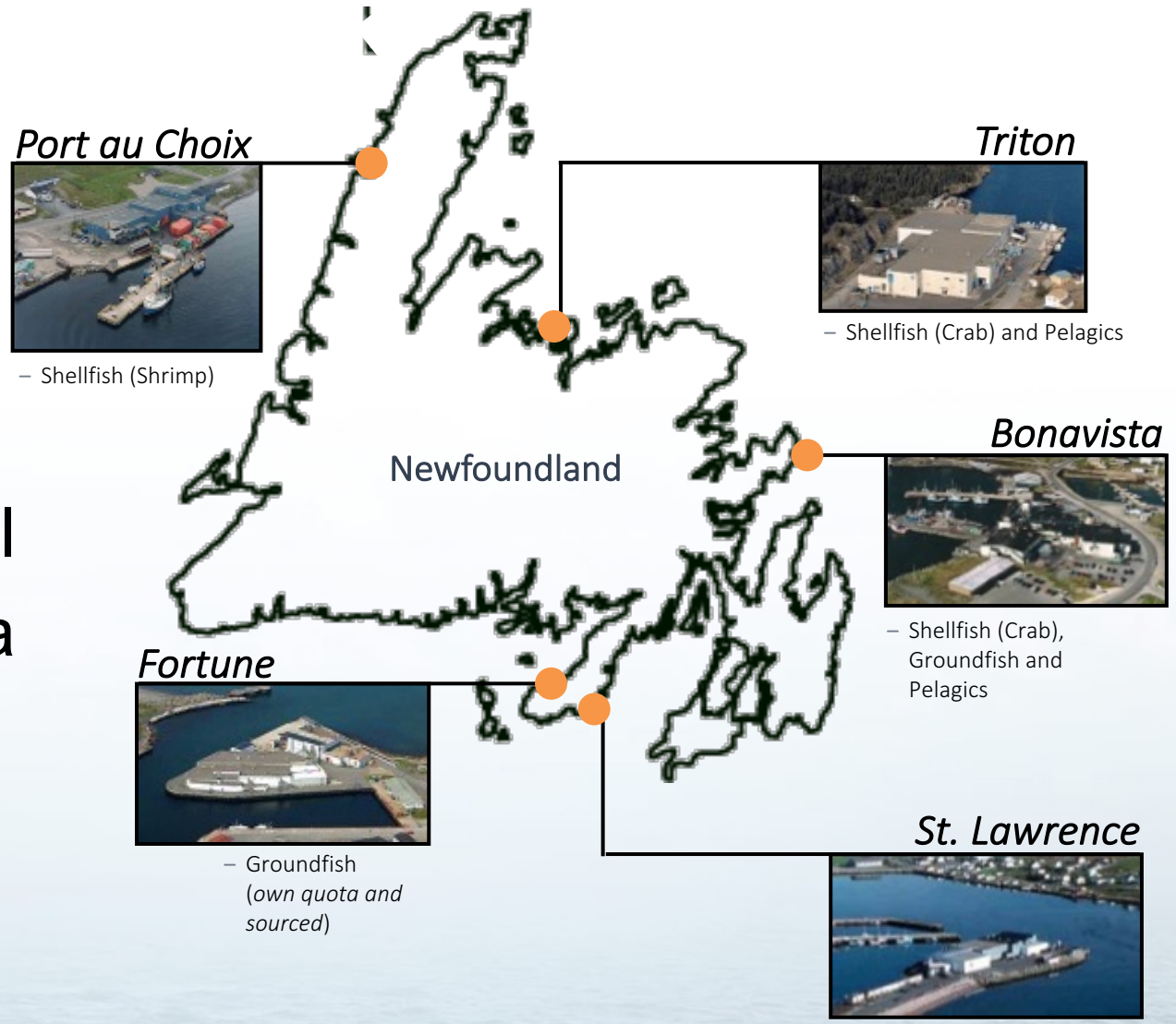


Marketing



Regional opportunities

- Year-round, multi-species approach strengthens rural operations
- Inshore/offshore work together to supply market demand resulting in better returns for all
- Processing onshore and at sea
  - Both provide value
  - Determined by markets
- Future plans for each region



Opportunities are there but changes are needed



- Inshore harvesters need a scale of enterprise that works for them
  - 115k tonnes of Cod is less than $50,000 per enterprise
- Offshore compliments and adds value
  - Creates year-round industry
  - Critical mass to invest in sales and marketing

OCI Sales and Marketing – Global Network

OCI has developed a strong global presence by establishing its own international sales office network in 6 countries

- Improved control of products route to market
- Ability to rapidly shift products between markets
- Timely market intelligence
- Ability to secure premium prices (higher returns for everyone)





Need to attract young people back to the industry

- Young people told us with their feet they're not interested in seasonal-only fishery
- A balanced and integrated fishery can attract young people:
  - Better income opportunity
  - Year-round employment and careers
  - More opportunity for technical expertise
  - Increased job stability
- Attracting young people is key to sustainable communities

Questions?

Groundfish Enterprise Allocation Council

Alberto Wareham, President & CEO, Icewater Seafoods

Martin Sullivan, CEO, Ocean Choice International

Groundfish Enterprise Allocation Council