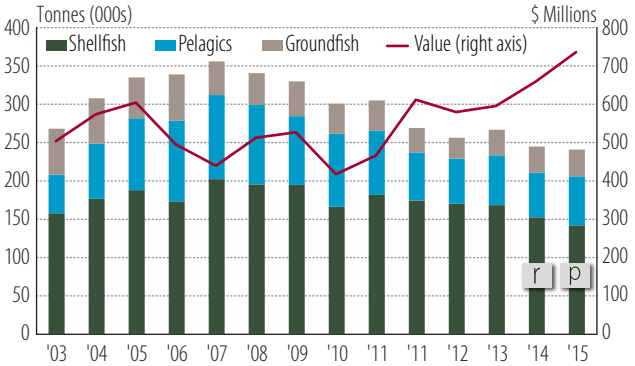
Fishery and Aquaculture

Atlantic Salmon Cages, Northern Broad Cove. Courtesy: Department of Fisheries and Aquaculture

The Newfoundland and Labrador seafood sector continues to be a significant contributor to the provincial economy. The overall value of commercial landings reached the highest value ever recorded in 2015. Meanwhile, the aquaculture industry rebounded after a challenging year in 2014. Together, the province's fishing and aquaculture industries total fish and seafood production value exceeded $1.2 billion, a 33% increase over the previous year.

Commercial Fishery Landings



r: revised; p: preliminary
Source: Fisheries and Oceans Canada; Department of Fisheries and Aquaculture

The seafood industry continued to be a major source of employment in Newfoundland and Labrador in 2015, particularly in rural areas. Throughout more than 400 communities in the province, the industry employed approximately 17,500 people, representing a small decrease from the previous year. The number of fish harvesters was down 1.3% to just over 9,300 workers and the number of processing sector workers declined by 2.0% to approximately 7,700.[2] Aquaculture employment in 2015 was on par with 2014.

Capture Fisheries

Fish landings remained fairly stable in 2015 at approximately 240,800 tonnes (see table and chart). Increased landings of pelagics and groundfish mostly offset declines in shellfish. The associated landed value reached an all-time high of $738 million, representing an 11.6% increase from $661 million the previous year. Growth was driven by increased raw material prices for key species, most notably lobster and shrimp.

Shellfish

The shellfish sector remained the dominant species group in 2015, accounting for 58.9% of total fish landings and 82.5% of the associated total landed value. Shellfish landings decreased to about 141,900 tonnes in 2015, a 6.9% drop from a year earlier. Lower catches of snow crab in Northwest Atlantic Fisheries Organization (NAFO) Division 3Ps and lower catches of other shellfish were mainly responsible for the decline in total shellfish landings. The corresponding landed value of shellfish increased 11.7% to $609 million in 2015, a significant rise from $545 million in 2014 due mainly to higher prices for lobster and shrimp.

The shrimp fishery in Newfoundland and Labrador increased in terms of both volume and value in 2015. Shrimp landings increased 1.9% to 73,300 tonnes, primarily due to higher catches of northern shrimp in Shrimp Fishing Areas 5 and 6. The total landed value of shrimp increased 33.3% to $282 million in 2015, attributable mainly to higher raw material prices. The minimum landed price paid to inshore harvesters for shrimp in the 2015 summer fishery was $1.64/pound, almost double the 2014 summer fishery price of $0.87/pound. The minimum price also increased notably in both the spring and fall shrimp fisheries. Shrimp prices increased mainly due to lower global supply stemming from lower production in Greenland and Norway (due to quota cuts in both countries).

Snow crab landings dropped 5.3% to 47,300 tonnes in 2015, as a result of lower snow crab catches in NAFO Division 3Ps. The corresponding snow crab landed value, however, remained constant at $258

[2] Processing employment data are from the Department of Fisheries and Aquaculture's annual employment survey and are based on the number of individuals employed during the year. The harvesting employment data are based on the number of fish harvesters registered with the Professional Fish Harvesters Certification Board. These data differ from Statistics Canada Labour Force Survey data (included in the table on page 3) which uses a person year concept of employment.

Capture Fishery Landings and Landed Value

Species	2014 Revised		2015 Preliminary		2014/2015 Comparison	
	Volume (tonnes)	Value ($000s)	Volume (tonnes)	Value ($000s)	% Volume	% Value
Shrimp	71,932	211,492	73,306	281,834	1.9	33.3
Snow Crab	49,949	257,673	47,310	257,618	-5.3	0.0
Other Shellfish	30,543	75,582	21,271	69,159	-30.4	-8.5
SHELLFISH	152,423	544,747	141,887	608,610	-6.9	11.7
Turbot	11,351	54,990	11,663	65,772	2.7	19.6
Cod	10,324	12,597	10,466	13,026	1.4	3.4
Flounders	8,257	10,826	7,000	9,132	-15.2	-15.7
Other Groundfish	4,290	19,156	5,823	22,045	35.7	15.1
GROUNDFISH	34,222	97,569	34,952	109,975	2.1	12.7
Capelin	28,861	9,162	36,486	10,216	26.4	11.5
Herring	25,731	5,673	26,697	6,651	3.8	17.2
Other Pelagics	3,548	2,561	763	1,145	-78.5	-55.3
PELAGICS	58,141	17,395	63,945	18,011	10.0	3.5
Harp Seals (Number)	59,486	1,621	35,842	1,123	-39.7	-30.7
TOTAL	244,787	661,332	240,785	737,719	-1.6	11.6

Notes: Species components may not sum due to independent rounding.
The value of flounders may be understated as they may not be representative of port prices.
Total volume does not include the number of seals.
Source: Fisheries and Oceans Canada; Department of Fisheries and Aquaculture

million due to an increase in raw material price. The average price of snow crab increased from $2.34/pound in 2014 to $2.47/pound in 2015.

The performance of the lobster fishery in Newfoundland and Labrador in 2015 was strong. Landings and landed value increased by 26% and 75.1%, respectively. Total lobster landings rose from around 2,100 tonnes in 2014 to just under 2,700 tonnes in 2015. The associated landed value rose from $18 million to $32 million. Lobster prices increased by approximately 40% to an average of $5.44/pound in 2015.

Groundfish

Groundfish remained an important contributor to the Newfoundland and Labrador wild fisheries in 2015. In total, groundfish represented 14.5% of total fish landings and 14.9% of landed value. Landings increased 2.1% to nearly 35,000 tonnes in 2015. A large increase in redfish catches offset a decline in flounder landings, while cod landings remained relatively stable. The corresponding groundfish value increased 12.7% to approximately $110 million in 2015. Increased value stemmed from higher raw material prices of certain species, specifically turbot, redfish and halibut.

Pelagics

Pelagics accounted for 26.6% of total wild fisheries landings and 2.4% of total value in 2015. Compared to 2014, total landings increased by 10.0% to 63,900 tonnes, mainly due to increased capelin catches. The associated landed value of pelagics rose by 3.5% in 2015 to $18 million. Capelin landings reached 36,500 tonnes (the highest in eight years) and the landed value was $10 million, up by

26.4% and 11.5%, respectively, from 2014. Herring landings rose modestly while mackerel landings recorded a significant decline.

Harp Seals

The seal fishery in Newfoundland and Labrador continues to be challenged by market access restrictions. The number of seals harvested totalled 35,842 in 2015, down from 59,486 in 2014. The overall Atlantic-wide Total Allowable Catch (TAC) was 400,000 animals in 2015. Associated landed value of seals was $1.1 million. The average landed price per pelt was just over $30, a slight increase from 2014.

Aquaculture

The Newfoundland and Labrador aquaculture industry is primarily focused on the production of Atlantic salmon, blue mussels and steelhead trout. Since the adoption of the Newfoundland and Labrador Aquaculture Strategic Plan in 2000, the industry has grown significantly. This growth has created socio-economic opportunities for rural communities in the Coast of Bays region and other areas of the province. The Province released a new Sustainable Aquaculture Strategy in 2014 to support the aquaculture industry.

The aquaculture industry in Newfoundland and Labrador experienced positive growth in 2015. The industry rebounded from lower production in 2014 attributable to the removal of fish from the production cycle (due to the detection of the virus that may lead to Infectious Salmon Anaemia) in 2012 and 2013, and the superchill event during the winter of 2014. Total aquaculture production in 2015 was 22,800 tonnes, up significantly relative to the 9,200 tonnes produced in 2014 (see chart). The growth was mainly attributable to increased salmonid production, particularly Atlantic salmon. The total value of aquaculture production in 2015 was $161 million, up 172% from 2014. The increase in total market value was also mostly due to the rise in Atlantic salmon production.

Direct employment for the aquaculture industry in 2015 was estimated at 439 persons, on par with 2014.

Salmonids

Atlantic salmon and steelhead trout are the two major commercial salmonid species in the province. In 2015, there were 87 commercial salmonid site licences, covering a combined area of 2,402 hectares.

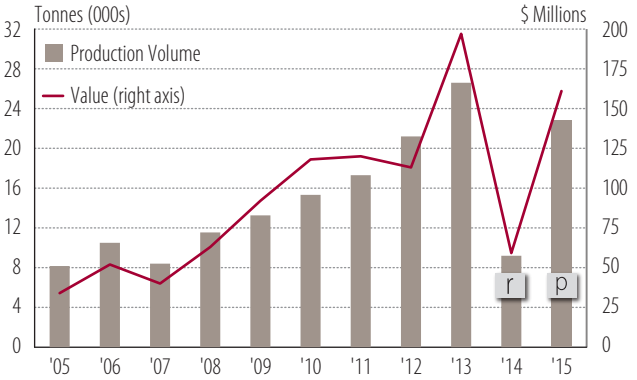
In 2015, salmonid production increased significantly. Total aquaculture salmonid production was approximately 19,700 tonnes and was valued at $149 million. This represented large increases in both production volume and production value compared to 2014. Market prices for 8-10 pound wholefish Atlantic salmon declined over 2014; however, the lower value of the Canadian dollar partially offset the reduction in U.S. dollar prices.

Shellfish

In Newfoundland and Labrador, the blue mussel is the main commercial aquaculture shellfish species. In 2015, there were 51 commercial shellfish site licences that covered a combined area of 4,090 hectares.

Mussel production declined 4.0% to 3,100 tonnes in 2015, while market value increased 10.4% to $12.8 million. The mussel sector experienced challenges

Aquaculture Production Volume and Value
(all species)



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Source: Department of Fisheries and Aquaculture

harvesting product during the winter season in 2015, limiting the product supply available for processing and lowering total production volume. The rise in shellfish value was due to the lower value of the Canadian dollar, as U.S. dollar prices were relatively stable.

In 2015, the first commercial oyster sites were licensed in the province with commercial production anticipated in the next two to three years.

Future Expansion

On May 14, 2015, the Department of Fisheries and Aquaculture announced it would provide $8.15 million of funding to Northern Harvest Sea Farms Inc. to expand the company's aquaculture operations in the province. The investment will increase production capacity and is expected to generate additional employment for the south coast region.

In the 2015-16 fiscal year, the Provincial Government invested $1.33 million in marine infrastructure for the aquaculture industry. Minor repair work was completed on both the Harbour Breton and Hermitage wharfs. Furthermore, major construction on the Milltown wharf was completed this past winter.

Marketing

Newfoundland and Labrador's seafood products are exported to more than 40 countries around the globe. In 2015, the province's seafood industry exported products valued at over $1 billion, up 15.0% from the same period in 2014. Snow crab and shrimp comprise the largest share of exports, accounting for over 70% of the total value of seafood exports.

A number of factors affect seafood production in the province, including demand from other countries, availability of raw material, prices and exchange rates. For the Newfoundland and Labrador seafood industry, a weaker Canadian dollar results in more favourable returns for exporters. The Canadian dollar was significantly weaker against the U.S. dollar and the British pound in 2015, down 13.6% and 6.8%, respectively, compared to 2014. While the Canadian dollar was stronger against the Euro for most of 2015 compared to the previous year, it weakened in the latter part of the year and has continued to weaken into 2016.

The U.S. remains the largest export market for Newfoundland and Labrador seafood products, representing 39.6% of export value in 2015. China was the second largest export destination, representing 19.6% of export value. Other key markets, in terms of export value, included the United Kingdom at 9.2%, Denmark at 6.0% and Vietnam at 4.1%. Combined, these markets represented 78.5% of the province's total value of seafood exports.

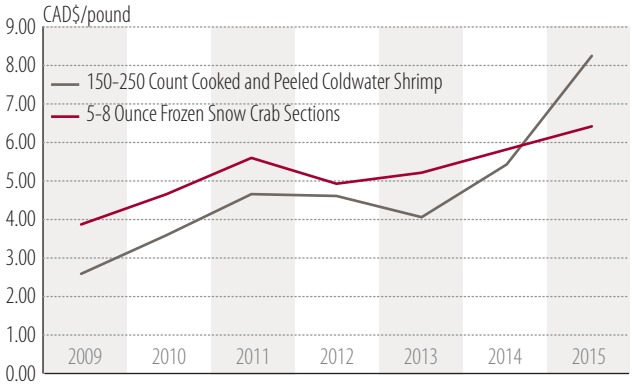
Global seafood demand remained stable in 2015. Emerging and expanding markets, particularly in China, are driving fish consumption growth.

Snow crab was the most valuable seafood export for the province in 2015, valued at over $376 million. The U.S. remained the largest export destination for snow crab, accounting for 74.0% of export value, followed by China with approximately 17.0% of export value. Market prices remained fairly strong through 2015. According to Urner Barry Publications Inc., the average market price for 5-8 ounce sections decreased 4.7% to US$5.02/pound in 2015, down from US$5.27/pound in 2014; however, taking into account the U.S./Canadian exchange rate, the price actually increased in Canadian dollars (see chart). This contributed to an increase in returns to exporters.

The value of shrimp exports was nearly $347 million in 2015, up 31.4% from 2014 due to record high shrimp prices. The key markets by value for cooked and peeled shrimp (which are mainly supplied by the inshore fleet) were the United Kingdom (59.3%), Denmark (23.4%) and the U.S. (9.0%). The major markets, for shell-on, frozen-at-sea shrimp (which are supplied by the offshore fleet) were China (40.7%), Iceland (16.6%) and Denmark (13.3%).

The average market price for cooked and peeled 150-250 count coldwater shrimp was $8.26/pound, up over 41% from 2014 (see chart).[3]

Shrimp and Snow Crab Average Market Prices



Source: Urner Barry Publications Inc.; Gamba Seafood Consulting; Canada UK Partners

Fishery

2016 Outlook

- Total fish landings are expected to be similar to those of 2015. An anticipated rise in groundfish landings will likely be offset by declines in shellfish landings as quotas for snow crab and shrimp will be reduced.
- A low Canadian dollar relative to the U.S. dollar will result in more favourable market returns for Newfoundland and Labrador exporters.
- Global supply of snow crab is expected to continue to tighten as there has been a substantial cut to the Alaskan crab quota. This should result in stable or slightly higher market prices in 2016.
- The global supply of coldwater shrimp will likely continue to decline in 2016 due to decreased quotas, leading to continued support for high prices.
- Global whitefish supply is expected to remain relatively stable.
- Aquaculture production in the province is expected to increase in 2016 to a level near the peak recorded in 2013.

[3] This was the dominant processed product of Newfoundland and Labrador shrimp fishery, representing 48.9% of total shrimp production volume.