

Atlantic Lobster Summit
Market realities, Market Challenges and Market Opportunities
“A Plate to Ocean Approach”
October 15-16th, 2007
Holiday Inn Select
Halifax, Nova Scotia

Background Information

The lobster fishery has for many years been Canada’s most valuable fishery and leading seafood export. It is the most widely distributed of Atlantic species and contributes to the livelihood of more harvesters than any other species. It also sustains more communities than any other species, including communities home to processing plants and holding facilities.

The lobster fishery is worth (on a landed value basis during the period from 1995 to 2006) from \$406.7 million (in 1997) to \$665 million (in 2003) on a volume of from 39,934mt (in 1997) to 52,123mt (in 2001).

Looking at exports (which include US lobsters that have been processed in Canada and re-exported), the value, of course, is greater, ranging from \$559.6 million (all product forms) in 1995 to just over \$1 billion in 2003 and 2006. Volumes exported have been as low as 32,000mt in 1995, and as high as 47,538mt in 2003.

In 2006, the composition of lobster exports changed somewhat, leading to an overall decline of more than 10 per cent in value for live lobster, from \$461 million in 2005 to \$413 million in 2006. At the same time, there were value increases of 40 per cent for in-brine frozen lobster and 17 per cent for whole frozen lobster, from \$35 to \$40 million and \$311 to \$364 million, respectively. European buyers (in particular) increased purchases of frozen lobster, helping the entire category to post a 1.3 per cent overall increase in value pushing it over the \$1 billion mark.

The seafood industry as a whole has survived and even, in some sectors, prospered throughout the 1990s on the low Canadian dollar. Buying from fishermen in Canadian dollars and selling on international markets in US dollars was a profitable venture. When exchange rates began to rise in 2003 and fuel prices began to increase in 2004, some of the existing structural challenges in the industry began to be exposed. The Lobster Summit is being planned in an effort to understand and resolve some of the issues affecting the international competitiveness of the sector.

Agriculture and Agri-Food Canada (AAFC) currently hosts a Seafood Value Chain Roundtable with a mission to foster collaborative industry-government action that “secures an enduring competitive advantage for Canada in international markets”. One of the many projects initiated through the Roundtable was a Benchmarking Study on

lobsters. The study was completed by Gardner Pinfold Consulting Economists Ltd. in March of last year. The purpose of this study was to obtain a better understanding of the lobster industry in Atlantic Canada, determine whether there are steps governments and industry could take to enhance the value of the resource and identify any possible trade policy concerns.

As a follow-up to the Benchmarking Study, the Seafood Value Chain Roundtable established a Lobster Working Group to determine if there were any follow-up initiatives/projects that should be undertaken. The working group is comprised of various industry members with Patrick McGuinness (Fisheries Council of Canada, FCC) as the chair and Jane Barnett (AAFC) serving as the coordinator.

Key issues raised by the working group centered on questions of sustainability – of the resource, of export markets, of current price structures, and of the processing sector as a whole as well as the harvesting sector. To make reporting more focused the working group divided the key issues into six major sections. These sections include:

- Resource conservation and sustainability;
- Quality;
- The buyer/middleman;
- Human resources;
- Marketing and communication, and
- Industry coordination.

Overcoming the key issues and challenges identified above requires innovative approaches to the current structural problems in the Atlantic lobster fishery and the identification of strategic niche opportunities for this industry.

In an effort to address these challenges the working group identified a number of possible initiatives to operationalise the key findings and recommendations of the Benchmarking Study. One initiative that received significant support was the convening of a Lobster Summit modeled after the Haddock Workshop held in Yarmouth in January 2006 and organized by CCFI.

As a follow-up to this recommendation, the working group approached CCFI to determine its interest in organizing the Lobster Summit in 2007, in Halifax. Based on the issues and challenges associated with the lobster industry and its overall importance to Atlantic Canada, CCFI has agreed to take the lead on this initiative.

Approach

The Lobster Summit is being proposed for many reasons. It has for many years been Canada's most valuable fishery and leading seafood export. It is the most widely distributed of Atlantic species and contributes to the livelihood of more harvesters than any other species. It sustains more communities than any other species, including communities home to processing plants and holding facilities.

Guidance on the Summit is being provided by a steering committee formed by the Lobster Working Group from some of its membership as well as other key stakeholder representatives (see list below). Its mission is to guide the development of the proposal, agenda and overall initiative to ensure that everything moves forward in a manner that results in maximum exposure, information sharing and overall benefits for regional stakeholder groups. Steering Committee members include:

- Patrick McGuinness, Fisheries Council of Canada (Chair)
- Carey Bonnell, CCFI
- Andy Chapman, CCFI
- Tony Jabbour, Clearwater Fine Foods, NS
- Stewart Lamont, Ferguson's Lobster
- Denny Morrow, Nova Scotia Fish Packers Association
- Jeff Malloy, Acadian Fishermen's Co-Op, PEI
- Ken Campbell, PEI FA
- Craig Avery, PEIFA
- Norma Richardson, EFF
- Melanie Sonnenburg, EFF
- Keith Sullivan FFAW
- Christian Brun, MFU
- Ashton Spinney, LFA 34
- Estelle Bryant, NS Department of Fisheries
- Tanya Billings, NB Department of Fisheries
- Parnell Trainor, PEI Department of Fisheries and Aquaculture
- Yvon Forest, Quebec Ministry of Agriculture, Fisheries, Agri-Food
- Lisa Anderson, NS Fisheries Sector Council
- Michel Audet, DFO Gulf
- Tim Surette, DFO Maritimes
- Mike MacInnes, PEISPA
- Jerry Amirault, AVC Lobster Science Centre
- Jane Barnett, AAFC Seafood

The theme of the Summit was established by the Steering Committee following in-depth consultations with regional industry representatives in the winter of 2007. In keeping with the views expressed during the consultations, the key objective of the Summit will be the development of approaches to maximize the value of the resource for all participants of the Atlantic Lobster fishery. The Summit will aim to identify the barriers and difficulties that impede industry's ability to maximize its potential and establish a follow-up process to address these obstacles. The theme of the event will be "market realities, market challenges, and market opportunities," and the event should be inclusive, drawing together all members of the industry.