June 4, 2015

Barry Ackerman

Trawl Manager

Groundfish Management Unit

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Dear Barry,

**Re: Crisis in the British Columbia Hake Fishery**

As you heard at today's emergency Groundfish Trawl Advisory Committee (GTAC) meeting, the BC commercial hake fishery, and by extension, the BC groundfish trawl industry is facing a **serious economic crisis stemming from political decisions internationally that have significantly affected market demand for the primary hake product** (headed, gutted and tailed) our industry provides. The BC hake fishery has a landed value of nearly $40 million and provides economic benefits and employment to many coastal communities and associated industries (processing plants, cold storage facilities, shipyards, gear manufacturers, offloading facilities, trucking, ice houses, fuel docks, etc.). A report commissioned by the BC government (*Economic Impacts from a Reduced Groundfish Trawl Fishery in British Columbia. GSGislason & Associates Ltd., June 2010*) found that the BC groundfish trawl fishery generates $160 million in direct wages and 1,725 person-years of employment making it the largest economic component of the BC commercial fishing sector. Multiplier effects from indirect supplier activities and induced consumer respending of wages increases this to an estimated $240 million in wages and 2,588 person-years of employment. The collapse of the hake fishery could reduce the value of the groundfish trawl fishery by nearly 50% and would have a devastating impact on the entire commercial fishing industry.

While international events have brought about this crisis, it has revealed a deeper problem within the industry. The Canadian hake industry, and groundfish industry in general, need to be able to diversify quickly to address changing market opportunities, expand capacity and fully utilize the available total allowable catch (TAC). Such changes are also necessary to achieve the Federal and Provincial government's (and industry's) longstanding objective to fully nationalize the hake fishery so that the entire TAC is caught by Canadian vessels and processed by Canadian operations using Canadian labour and infrastructure. Unfortunately some of the existing rules, policies and regulations may impair the development of Canadian capacity to achieve this.

The Canadian industry continues to support this objective and believes that the creation of a more flexible regulatory environment will allow for increased utilization and capacity through responsive diversification, competition, and innovation within a complex integrated groundfish management framework.

Following extensive discussions by representatives of the hake industry and GTAC, a number of recommendations have been developed. These recommendations are broken down into short term and longer term. The short term recommendations are intended for implementation in the 2015 hake fishery to mitigate some of the immediate economic pain created by the sudden loss of markets and the time needed to restructure and recapitalize the industry as it moves towards alternative product forms. The longer term recommendation is meant for immediate implementation but is focussed on approaches to capacity building that may expand over time.

Recommended Short Term Measures:

1. That DFO approve as quickly as possible authorization for a Russian flagged vessel to enter the Canadian zone and participate in a 2015 Joint Venture fishery with Canadian catcher vessels;
2. That DFO amend the 2015 Category T groundfish trawl license conditions to permit the transhipment of alternative hake product types (frozen round and HGT) at sea directly from Canadian catcher vessels to foreign vessels authorized under the Coastal Fisheries Protection Act (current Category T license conditions only authorize the transfer of fresh round hake);
3. That DFO authorize for 2015 the harvesting of hake by Category T groundfish trawl vessels for the production of meal;
4. That DFO enquire with other government departments about the opportunity to purchase Canadian hake from British Columbia operations for use in Canada's Food Aid Program for the Ukraine and other jurisdictions.

Recommended Longer Term Measure:

1. That DFO authorize a 5 year pilot program, jointly designed by DFO and GTAC, for the issuance of P (processing at-sea) licenses for hake only to vessels that meet DFO and CFIA requirements. The 5 year pilot would be initiated as soon as possible and would be reviewed annually by DFO and GTAC to ensure objectives are being achieved and make program adjustments.

GTAC representatives would work closely with DFO's Groundfish Management Unit (GMU) on the operational details necessary to ensure implementation of the above recommendations is orderly and meets compliance and data collection requirements necessary for the proper sustainable management of the fishery and program evaluation.

The short term recommendations were supported unanimously by all GTAC and hake industry representatives consulted (The Provincial Government needed more time to consult internally). The longer term recommendation was supported by all GTAC and hake industry representatives consulted (including the Provincial Government), with the exception of Ucluelet Harbour Seafoods Ltd. (UHS). UHS is opposed to creating further competition for the markets they currently serve through their Canadian and US operations.

GTAC and the Canadian groundfish trawl industry realizes that there is no quick and easy solution to the serious problem facing the industry. It will take time and millions of dollars in capital investment to put the industry in a more competitive position able to respond to changing market requirements. However, the recommendations set out above are important first steps in the transition. Industry also realizes that industry, DFO and the Provincial Government need to work cooperatively to achieve our shared goals and objectives. Working together has served us well over the last 20 years as the fishery continually evolved in response to numerous biological, ecological, economic and market challenges. We look forward to continuing our collaborative work through this crisis.

Sincerely,

GTAC

cc: GTAC representatives