
Part A. Introduction

1.0 THE SETTING

The Province of British Columbia has commissioned a study to assess the strengths, weaknesses, opportunities, and threats (“SWOT analysis”) of the BC seafood and tidal recreational fishing sectors. The seafood sector consists of three subsectors: the capture (or wild) fishery, the aquaculture (or farmed) industry, and the processing and marketing of capture and aquaculture products.

1.1 The Need for the Study

BC’s seafood and recreational fishery sectors benefit from natural advantages and growing markets.

British Columbia offers numerous environmental, biological, and geographic advantages for the seafood and tidal recreational fishing industries. The wild fish and shellfish resource is, for the most part, healthy. Large near- and foreshore areas show very good biophysical capability for culturing seafood. In addition, BC has a relatively pristine environmental setting that attracts many types of outdoor recreationists including anglers.

Consumption of both wild and cultured seafood is rising worldwide spurred by health concerns and a desire for better nutrition in developed countries, and by increased incomes in the developing world. Outdoor recreation is one of the fastest growing tourism segments in North America. BC is also well situated next to the United States, the largest market in the world.

Physical, regulatory, and other changes challenge the sectors.

Since the early 1990s, however, BC’s seafood and tidal recreational sectors have witnessed fundamental and unprecedented changes in a number of key areas. Changing oceanographic conditions have led to lower productivity and, for some species, fewer fish. The Canadian regulatory and policy environment has altered substantially with the shift to stronger property rights in fisheries management, adoption of the precautionary approach, and the introduction of the Aboriginal Fisheries Strategy (AFS) and the Canadian Environmental Assessment Act (CEAA) review process.

Other changes relate to the effects of globalization, through the liberalization of trade, greater capital mobility, and technological advances in transportation, communications, and other services. For example, fish no longer needs to be processed adjacent to the fishing grounds or growing areas. From an economic perspective, national boundaries are essentially being erased. As a result, industry faces increased competition as well as increased opportunities.

Industry faces constraints to adapting to the new global economy.

Industry, in general, can encounter difficulty adapting to the new business conditions of this global economy. Constraints on industry success include:

- a lack of leadership, cohesion, and the will to respond to change;
- a focus on the short term, to the detriment of long-term strategic planning;
- production inefficiencies;
- the neglect of research and development such as developing new products, improving product quality, and investing in human resources;
- a lack of attention to changing consumer needs; and
- inefficient and/or inflexible government regulation.

As this report will demonstrate, many of these shortcomings characterize the seafood and tidal recreational sectors in BC. There is a compelling need and substantial

opportunity to reposition and reorient these sectors. Changes in industry behaviour and government practice can significantly enhance business financial viability.

Both industry and government must change to ensure long-term viability of the seafood and recreational sectors.

Government regulations and policy are much more pervasive and far-reaching in the BC seafood sector and recreational fishing than in almost any other economic sector. However, the responsibility and opportunities for repositioning lie primarily with private enterprise. There is considerable potential for both industry and government to change, innovate, and adapt, so that the provincial seafood and recreational fishing sectors can be viable and competitive over the long term.

1.2 Study Objectives

The study purpose is to inform industry, government, First Nations, and other interests.

The intent of this business-focused study is to provide the information foundation to support strategic planning by the Province of British Columbia. The study will also be of interest to industry groups, the federal government (including the Department of Fisheries and Oceans, the Department of Indian Affairs and Northern Development, and other federal departments and agencies), First Nations, and others. The study addresses several broad topics:

- Market demand conditions (e.g., consumer and market trends, demographic shifts, tariff and non-tariff trade barriers);
- Factor supply conditions (e.g., resources, labour and training, capital investment and viability, research and development);
- Government policies and regulations (e.g., resource access, environmental management, human health and safety, co-management and fees, aboriginal rights and policies);
- Relationships within and between industry and governments (e.g., industry leadership and associations, strategic alliances, federal-provincial cooperation); and
- Macroeconomic environment (e.g., currency exchange rates, economic growth).

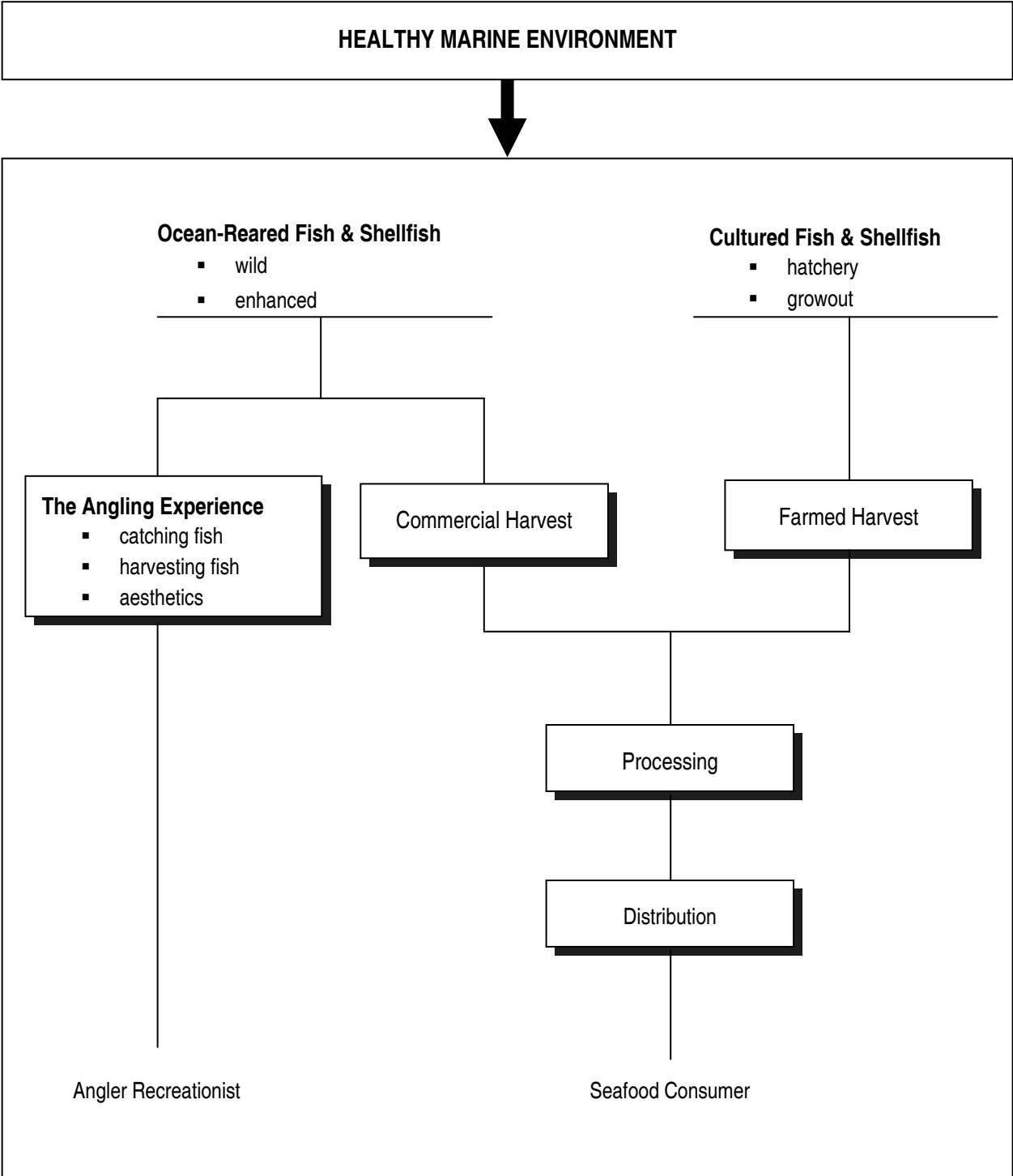
The seafood and tidal recreational fishing sectors are analyzed in this one comprehensive study since both depend on a healthy marine environment (Exhibit I). The sectors are linked through common issues such as sustainability, conservation, and regulation. One of the study's goals is to spur not only informed discussion and debate, but also the will to implement change on the part of a variety of stakeholders and interests.

The ocean environment and its resources have great value to the aboriginal peoples of British Columbia. However, the aboriginal food, social, and ceremonial use of marine resources is outside the study Terms of Reference. Nevertheless, the study does identify existing aboriginal participation and does address aboriginal business opportunities in the seafood and recreational fishing sectors.

1.3 Approach and Methodology

To complete the SWOT analysis requires a multi-disciplinary approach and several avenues of investigation. The study project team combines expertise and experience in the four industry sectors (fish harvesting or capture fisheries, aquaculture or fish farming, fish processing, and recreational fishing) and in a variety of subject areas (economics and statistics, resource and environmental assessment, marketing, human resources, financial analysis and business viability, and fisheries policy and management).

Exhibit 1: An Overview of the Seafood and Recreational Fishing Sector



The study draws on extensive interviews, surveys, and other information sources.

The research program for the study consisted of:

- interviews with 183 individuals (see Appendix F), many of which occurred during study visits to the communities of Campbell River, Duncan, Nanaimo, Port Alberni, Port Hardy, Port McNeill, Prince Rupert, Quadra Island, Tofino, and Ucluelet;
- reviews of more than 100 reports and publications (see References);
- two surveys: one on international seafood markets and another on Queen Charlotte Islands fishing lodges;
- several one-page case studies, presented throughout the report; and
- analysis and extension of economic and statistical information for each sector.

Number of Interviews	
<i>Industry</i>	101
Fish Harvesting	20
Aquaculture	19
Seafood Processing & Marketing	32
Recreational Fishing	30
<i>Government</i>	60
Federal	46
Provincial	9
Regional and Municipal	5
<i>Other</i> (e.g., financial institutions, First Nations, environmental groups)	<u>22</u>
Total	<u>183</u>

This large array of information has been organized and synthesized to address the key study topics. The intent of the analysis is to ensure that each sector receives consistent and fair treatment of its contribution to the provincial economy. In addition, analysis and insights are included, where instructive, for important sub-segments within each sector.

1.4 Report Outline

Readers interested in a particular sector are directed to specific parts of the report.

The SWOT analysis results are presented in four major parts:

- **Part B Background** – Section 2 provides an overview of the seafood sector in terms of regulation, industry structure, revenues, employment, and other features. Section 3 examines production patterns, consumer trends, and trade issues in world seafood markets, as well as providing a market and economic outlook. In Section 4, the state of the fisheries resource is addressed, along with some key environmental and sustainability issues (e.g., climate change, the precautionary approach, species at risk legislation).
- **Part C The BC Seafood Sector** – Section 5 reviews key issues for the BC fish harvesting industry related to markets, government policies and regulations, human resources, investment and capital, supply chain issues, and industry liaison and relationships. Sections 6 and 7 offer the same for the BC aquaculture industry and seafood processing and distribution, respectively.

- **Part D The BC Tidal Recreational Fishery** – Section 8 provides an overview of recreational fishing including regulation, industry structure, revenues, and employment. In Section 9, the fishery’s key issues are presented, comparable to those for the seafood sector above.
- **Part E SWOT Analysis** – The concluding section 10 discusses the economic contribution of the seafood and recreational fishing sectors, major themes emerging from the analysis, and the summary SWOT results.

The text is supported by a series of appendices. Appendices A through D present statistics and analysis for the three seafood subsectors and the tidal recreational fishery. Appendix E contains information on fish stock assessment. The list of study interviewees is provided in Appendix F. An index follows at the end of the text.

