

*Submission to the  
Minister of Fisheries and Oceans  
Ministerial Advisory Panel on  
The Last In, First Out (LIFO) policy  
Specific to the Northern shrimp fishery  
(Shrimp Fishing Areas 0 – 7)*

*From the  
Prince Edward Island Atlantic  
Shrimp Corp. Inc.*

*June 1, 2016*

**Background:**

The Northern Shrimp fishery began in 1978 with 11 licenses being granted by the Department of Fisheries and Oceans to offshore participants. Over time, six additional licenses were added with participation having been established then from Nova Scotia, New Brunswick, Newfoundland and Labrador, Quebec and Nunavut. . The Province of Prince Edward Island and various fishing industry members over the course of many succeeding years developed proposals which were presented to the Federal Government in an attempt to gain access to the Northern shrimp fishery. P.E.I. did not gain entry to the fishery until a quota of 1500 M.T. was granted in the year 2000.

The 1500 M.T. quota was obtained off the East Coast of Newfoundland in the North Atlantic Fishing Organization (NAFO) Area 3L. This quota represented 30% of the new quota of 5000 M.T. established for that year. The 1500 M.T. quota amounted to 1.36% of the total Northern Shrimp quota available in the year 2000.

The Prince Edward Island Atlantic Shrimp Corporation (PEIASC), a non-profit entity, was established in 2000 to manage the allocation. A twelve member Board was put in place to manage the affairs of the Corporation.

As 1500 M.T. was not sufficient to justify the purchase of a fishing vessel in P.E.I. capable of fishing this quota, Canadian offshore shrimp vessel owners as well as groups representing the inshore fleet were invited to express interest in harvesting. The successful bidder was Farocan Inc. Subsequently the allocation has been harvested by Clearwater Fine Foods and Ocean Choice International.

In 2003, the Canadian quota in Area 3L (SFA 7) was raised to 10,833 M.T. In 2006 the Canadian quota was set at 18,325 M.T.; in 2008 – 20,824 M.T. and in 2009 and 2010 – 24,990 M.T. Representation was made to DFO by the PEIASC to receive a proportional increase each time the quota was increased, however, no increase was made available. The PEIASC’s share of the SFA7 allocation was reduced from 30% in 2000 to 6% by 2010. Furthermore PEIASC’s share of the Northern shrimp fishery decreased from the 1.36% in the year 2000 to 0.98% by 2010.

In addition to efforts to maintain a proportional increase of the allocation, the Corporation made several attempts to have our allocation made permanent.

**Performance:**

The PEI Atlantic Shrimp Corporation is a non-profit Corporation governed by a Board of Directors made up of individuals with experience in the harvesting, processing, and research and governance sectors of the PEI fishing industry. Similar to special allocations elsewhere in the Northern shrimp fishery the PEIASC allocation has been utilized to benefit the P.E.I. community. This has been

achieved through the promotion of research and development in the Fisheries and Aquaculture sectors. To December, 2015, 270 fisheries and aquaculture related projects have been approved by the Board of the PEIASC with a contribution of \$8.2 million from the PEIASC on projects having a total value of \$25.9 million.

Many of the projects undertaken by PEI industry associations, research and educational institutions are deemed to have a substantial value, as well, to many stakeholders in other areas of the East Coast fishing industry. Examples of such projects would include a catch and release study for Bluefin tuna, numerous studies of diseases in lobster and crab, field monitoring pertaining to the quality of landed lobsters, lobster science workshops, MSC certification, herring research, management technique development for invasive species such as tunicates and green crab, and multiple projects involving product innovation in the seafood processing sector.

### **Northern shrimp Allocation in SFA 7:**

The Province of P.E.I. has limited natural resources compared to other provinces and therefore depends heavily on the fishing industry to support the economy. Meaningful participation in the Northern shrimp fishery is highly valued

There was no directed fishery in NAFO area 3L prior to 2000. As mentioned previously, in the year 2000 a total Canadian allocation of 5000 M.T. was established and the PEI consortium (P.E.I. Atlantic Shrimp Corporation) was granted one of the initial allocations at 1500 M.T. or 30% of the quota. The other initial allocations granted were to the inshore fleet (50%) and the offshore fleet (20%).

The allocation in SFA 7 subsequently increased in succeeding years reaching a peak of 24,990 M.T. by 2009 and 2010. Despite the allocation increasing by almost five fold, the P.E.I. Atlantic Shrimp Corporation allocation remained at 1500 M.T. That was despite interventions from the Corporation and the Province of P.E.I. for proportional increases.

### **LIFO Experience:**

When the PEIASC received its allocation in 2000, it was temporary and as the term LIFO became relevant it was understood that the Corporation's allocation would be managed based upon LIFO. We further understand that since we were part of the initial allocation, if the allocation were to go below 5,000 M.T. any decrease would be applied on a proportional basis.

That position was confirmed by the Department of Fisheries and Oceans in a letter from the Minister, Hon. Gail Shea, to the former President of our Corporation dated December 9, 2009, which stated in part

“under the current Last-In-First-Out (LIFO) principle, the P.E.I. consortium allocation would remain at 1500 t until the TAC dropped below 5000 t (currently 24, 990 t). Should the TAC

drop below 5,000 t under current practice, allocations to all Canadian participants would be reduced proportionally.”

That in fact became the case in 2014 when the total allocation in SFA 7 dropped below 5000 M.T. and the PEIASC allocation was reduced from 1500 M.T. to 1075 M.T.

LIFO has served the interests of the PEIASC allocation in that the Corporation was part of the initial allocation in 2000 and LIFO provisions for proportional reductions allowed continued participation when the initial allocation level for the Area was reduced.

LIFO did not cause the end of the Corporation’s participation in SFA 7 in 2015. That was the result of the collapse of the stocks in SFA 7 which precipitated the decision for no directed fishery in 2015 and 2016.

**Position:**

Given the current circumstances under which there is no directed fishery in SFA 7 the priority for our Corporation is to ensure that our historical access is recognized. The P.E.I. Atlantic Shrimp Corporation must maintain historical rights to our allocation when the fishery re-opens in the future.

If LIFO is maintained in its present form it is our view that we can operate effectively under that system when our allocation is restored.

Should any changes to the LIFO system be implemented, or if it were to be abolished, the PEIASC wants to be assured that our historical rights to access our allocation in SFA 7 are clearly recognized and maintained.

Lewis Creed  
President,  
PEI Atlantic Shrimp Corp. Inc.