

A Message to Canadian Lobster Harvesters

Via Email

March 23, 2020

SUBJECT: Call for a Delay to the Spring Lobster Fishery and Suspension of the SWNS Fishery

Dear colleagues:

On behalf of Canadian lobster processors, we are writing to share our deep concerns about the upcoming spring season, calling on DFO Gulf and DFO Maritime for a “minimum” two-week delay of the spring lobster fishery for all LFAs in Eastern Canada and supporting the call for an immediate suspension of the Southwest Nova Scotia fishery (all to be reviewed at a later date in consultation with all parties).

The COVID-19 pandemic is creating unprecedented uncertainty and damage to our traditional lobster markets in the United States, Europe and Asia. As of today, market indications are distressing. Many believe 2020 will be much worse than the combined impact of the 2008 economic crisis and the 2012 glut season.

Consider the following from this week:

- Movement of frozen lobster products came to an abrupt stop. The live trade has collapsed and is just now showing very tentative signs of recovery in Asia;
- Thursday, *Urner Barry* was unable to price live lobster prices because “supply is outweighing current demand”;
- Dine-in restaurants are prohibited in jurisdictions all over North America. Two days ago, the *National Restaurant Association* estimated a decline in sales by \$225 billion in the next three months alone, with up to 7 million jobs at risk. One-third of that industry’s workforce – the foundation of Canadian lobster sales - has already been laid off;
- 95% of US casinos have been closed as of Friday and the cruise line industry has been completely shut down;
- The shore price in LFAs 33-34 fell from \$8 to \$4 in the past 2 weeks, millions of pounds of stranded lobster are expiring and all processors will be shut down next week;
- Saturday, citing “the substantial toll” of the COVID-19 pandemic, Maine Governor Janet Mills [wrote](#) to President Trump asking him to marshal the resources of the U.S. government to support Maine’s fishing and seafood industries.

Looking ahead, experts predict we are likely looking at a minimum of two months of crippling economic conditions and major customers can provide us with no visibility as to when market conditions will recover. In the event that finished product cannot be sold during the spring season, cash flow pressures will be severe. To compound the problem, cold storage availability is already severely compromised in Atlantic Canada, with several major third-party freezers who typically hold our inventories already advising they are at capacity.

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No public health expert today predicts that the spread of the virus will be curbed in the short-term. In Canada, many believe we will peak in mid to late April. In our anchor US market for frozen product, mitigation efforts appear to have been largely unsuccessful and new cases are growing almost exponentially.

At a plant level, we are hard at work ramping up our COVID-19 preparedness in collaboration with local, provincial and federal authorities. We will spare no effort in this regard and we all recognize that the safety of all our workers and local communities is paramount. That said, we must be clear-eyed in recognizing that our workforces are likely to be highly impacted by absenteeism, flexible sick leave, constraints dictated by public health considerations and potential quarantines. It would be the height of irresponsibility to put lives at risk in order to maintain business operations.

Although we were encouraged by the federal government's quick response in resolving the travel ban's impact on our international workers, implementing the exemption will be highly challenging. Virtually all commercial flights have been grounded from our source countries. The availability of charters is limited and the Canadian agricultural sector is now gearing up to transport some 60,000 workers in late March and early April. Lobster processors will be required to use dozens of charters to transport some 4,000 workers landed at Trudeau Airport in Montreal and bused to Atlantic Canada and Eastern Quebec.

If it is the wish of the harvesters to proceed with a May 1 start, Canadian processors will be ready to receive product and manage the situation as best as we can. However, **our consensus view is that it is in the best long-term interest of all participants in the fishery – harvesters and processors alike – that we request that DFO Gulf and DFO Maritime (LFAs 27-32) delay the start of the spring fishery in all LFAs by at least 2 weeks (to be reviewed at a later date in consultation with all parties) and to suspend fishing in LFAs 33 and 34 immediately.** More time will hopefully provide some clarity on market demand and give us more confidence on workforce availability. By then, we all hope we will have turned the corner on this unfolding COVID-19 crisis. It will also provide more separation with what is expected to be an early April snow crab season in the Gulf, which cannot be delayed because of the North Atlantic right whale issue. We urge you to consider these two steps immediately.

The Government of Canada is looking to all of us for direction on how to proceed at this time of maximum uncertainty. Simply put, the 2020 season will not be normal for any industry stakeholders.

We look forward to working with you in the days ahead.

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