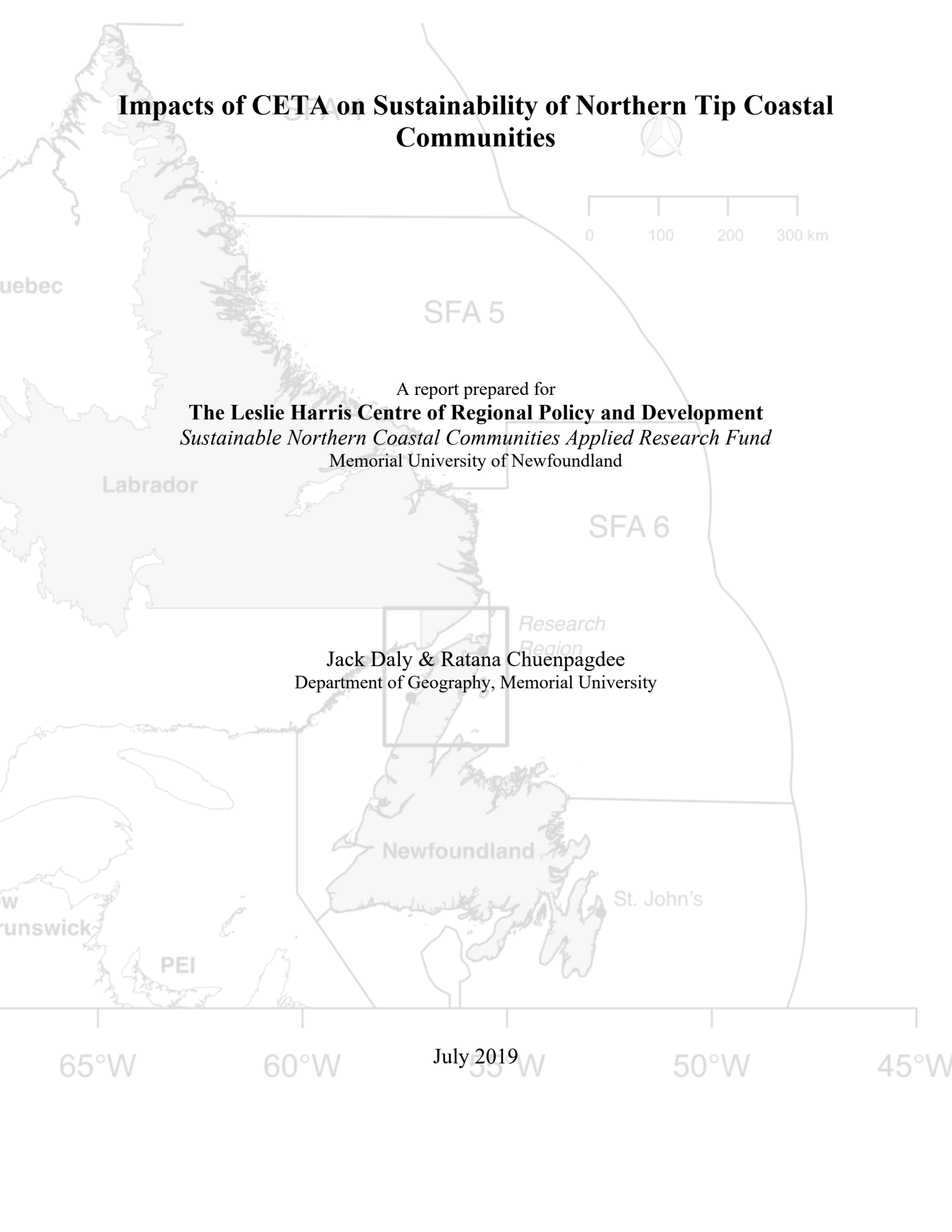


Impacts of CETA on Sustainability of Northern Tip Coastal Communities

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TABLE OF CONTENTS

1. ACKNOWLEDGEMENTS	1.
2. EXECUTIVE SUMMARY	2.
3. INTRODUCTION	3.
3.1. The Great Northern Peninsula Region and Fishery	3.
3.2. Newfoundland and Labrador Trade in Seafood Products	4.
3.3. Rationale	4.
3.4. Objectives	5.
3.5. Methodology and Theoretical Framework	5.
3.6. Clearances	6.
4. RESULTS	6.
4.1. CETA and the Seafood Sector	6.
4.2. Institutional Assessment of CETA	9.
4.3. Initial Responses to CETA	12.
4.4. CETA one-year update	15.
5. CONCLUSION AND MOVING FORWARD	16.
6. REFERENCES	18.
7. APPENDIX	21.
7.1. Report on Research Engagement Session	21.

Tables and Figures

Table 1: Tariff reduction chart

Table 2: Synthesis of responses found through informant interviews

Figure 1: Map of Great Northern Peninsula

Figure 2: Percent Value of NL Seafood exports by Market (2013-2018)

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***Authors Note: Findings and excerpts from Daly's (2019) Master's thesis titled *Impacts of International Trade Policy on Fisheries-Dependent Coastal Communities: A Newfoundland Case Study*, are included in this report.**

2. EXECUTIVE SUMMARY

The main objective of this research project was to contextualize the Canada-EU Comprehensive Economic & Trade Agreement (CETA) for the fisheries of the Great Northern Peninsula (GNP), Newfoundland and Labrador. This research was first discussed in a regional engagement session in December 2017 in St. Anthony where it received final approval from community partners (Harris Centre, 2017).

Assessing the impact of CETA on the coastal communities and fisheries of the GNP was accomplished through a two-pronged approach. First, an institutional assessment, informed by a governance perspective analyzed CETA as an institution in the governing system of the region, looking at the extent of compatibility between the agreement and current fisheries management policies. Second, fieldwork was completed in the GNP to capture initial responses to the agreement.

There were two main findings of this research. First, it was found through an institutional assessment that CETA impacts the governing system of the region through its principle of ‘national treatment’ which enables market access. Although CETA increases access to one of the largest seafood import markets globally by reducing tariffs on key seafood products (i.e., Northern shrimp, snow crab, Northern cod), the ‘national treatment’ principle contributes to the phase out of a domestic fisheries policy, the provincial minimum processing requirement (MPR). This phase-out has been pointed to as a potential threat to coastal communities (Sabau & Boksh, 2017, Song & Chuenpagdee, 2015), and this research suggests that it contributes to one of multiple external stressors enacted on seafood processing plants.

Second, through interviews carried out with local and non-local informants, it was found that there were three major aspects of CETA that initially impacted communities. These aspects are the reduction and elimination of tariffs for seafood products destined to the EU, the provincial MPR phase-out, and the joint provincial-federal funding scheme, the Atlantic Fisheries Fund (AFF). Although tariff phase-outs were initially considered to be positive as it represented easier access to the EU market, the MPR phase-out was incompatible with local goals of processing sector viability, and the AFF was seen as inadequate to address the long-term problems in the fishery and processing sector.

The report is structured as follows. First, it presents a summary of key findings. Second, a background of the study area is presented, followed by rationale, objectives, and methodology. Next, CETA is described in relation to fisheries policy and seafood trade. Following this the results of the research are presented. The report concludes with a summary of the research as well as a brief report on the Research Engagement Session held after the completion of the research in July 2019.

3. INTRODUCTION

3.1. The Great Northern Peninsula Region and Fishery

The fisheries of the GNP are integral to the region's economy as well as contributing to the cultural identity of the region. Although the region has been reliant on the fishery practically since its settlement, the fishery has gone through substantial changes. The past few decades highlight that change, with a transition to a more lucrative shellfish fishery after the Cod collapse of 1992 (Murray et al., 2008). Community leaders and fish harvesters of the region showed their ability to adapt to the new fishery and have ensured that some benefits of the fishery are kept locally, aided in part by regionally-specific allocation policies (Foley et al., 2015).

Previous reports done in the region have highlighted the significance of the fishery, including “*The Report of the Great Northern Peninsula Fisheries Task Force*” in 2006 as well as the “*Fisheries Allocation Policies and Regional Development*” in 2013 that touched on the shrimp fishery of the region. Those reports highlighted the importance of the fishery in the region, as well as innovative social policies used to ensure the fishery benefits the coastal communities and the people living in them.

The fisheries and region are at another point of transition ushered in by declining shellfish stocks, wavering Northern cod stocks, and uncertainty surrounding other groundfish species. Along with a decline in fish stocks, the global seafood trade is becoming more integrated, with global markets offering new opportunities and challenges (Bennet et al., 2016). Declining fish stocks mixed with expanded market access force the region to look at ways to get the most out of their seafood products. The rise in value of Northern shrimp and snow crab has been one way of ensuring local gains. In order to find other ways to shore up the sector, a better understanding of the trade agreements and policy mechanisms that allow for trade need to be analyzed and presented, an objective this report aims to achieve.

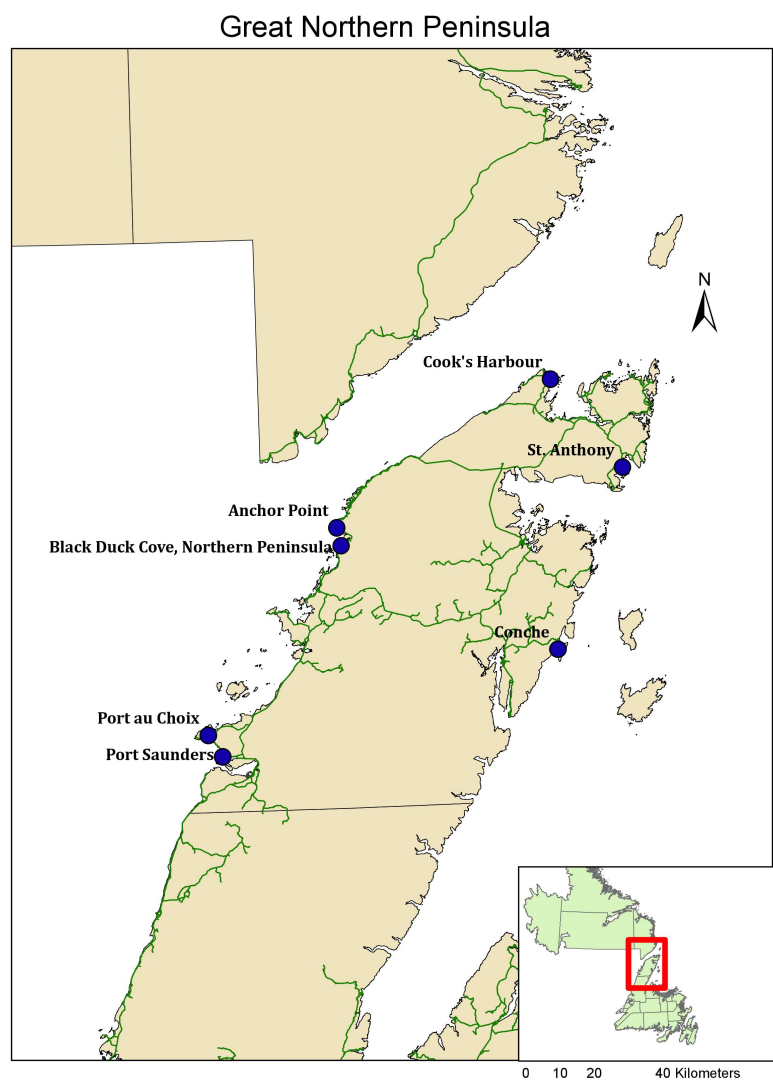


Figure 1. Map of Great Northern Peninsula

3.2. Newfoundland and Labrador Trade in Seafood Products

Seafood is one of the most traded food commodities in the global market, with worldwide production reaching 174 million tons in 2017 (FAO, 2018). 35% of global seafood production is traded, with the value of seafood exports increasing year after year.

Moving from the global level to the provincial focus, the fisheries of Newfoundland and Labrador are highly export-oriented, with a value of \$860 million in exports alone (FLR, 2018). The markets that Newfoundland and Labrador sell to are global, with the largest entities being the United States, China, and the European Union as shown in Figure 2. The United States is a preferred export destination due to strong consumer demand and proximity to market (FLR, 2017). Some markets, such as Denmark, are highly dependent on a select few species caught and processed in Newfoundland and Labrador. Denmark, an EU member, in 2017, accounted for 5.3% of Newfoundland and Labrador's export value with 95% of the export value attributed to Northern shrimp (FLR, 2017). In the EU market, shrimp products are sought after commodities, with other major importers being the United Kingdom, also at 5.3% export value for Newfoundland and Labrador seafood products, and in the past year Northern shrimp exports to Bulgaria increasing by 144% (GAC, 2018).

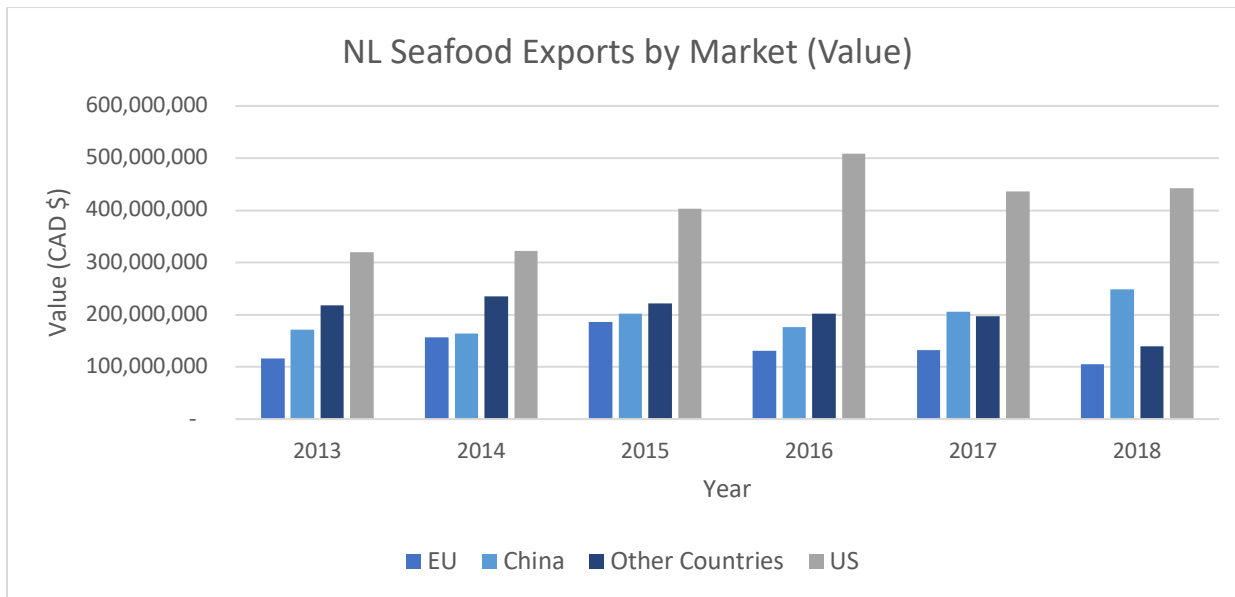


Figure 2. Percent Value of NL Export Markets: 2013-2018. Figure created through data provided by DFO.

The fisheries of Newfoundland and Labrador are innately tied into the global marketplace and although the EU is not the province's top export designation, CETA will allow for the current trading relationship to become more formalized. The fisheries of the GNP are particularly dependent on export markets due to their reliance on shellfish fisheries.

3.3. Rationale

CETA is an agreement between Canada and the member states of the EU that commits to reducing trade barriers between the two parties. The agreement is comprehensive in that it does not only focus on reducing

tariffs but also has language regarding environmental sustainability, homogenization of sanitary guidelines, and other measures aimed at integrating the markets of Canada and the EU.

This agreement has been promoted as being especially beneficial to the natural resources sector in Canada, of which a major sub-sector is fisheries and seafood production. CETA is touted as a modern, 21st century trade agreement, partly for the inclusion of language regarding sustainability.

The communities of the GNP expressed interest in this agreement due to the opening up of one of the largest markets for seafood products globally. The GNP is a region of the province of Newfoundland and Labrador that has expertise in the seafood sector, with fishing and fish processing being a major economic entity in the region. Leaders in the region and in the provincial and federal government see possibilities from CETA, but the agreement needs to be contextualized for the fisheries of the region and the province in order for the agreement to be fully understood and therefore prepared for in a way that assures the benefits are accrued locally and within communities.

3.4. Objectives

This research was guided by three main objectives listed below.

1. Examine how well the goals of CETA align with the preservation of the fisheries in the GNP.
2. Evaluate responses to the policy initiatives coming into place under CETA.
3. Research ways that the region can best utilize the change that CETA will bring.

3.5. Methodology and Theoretical Framework

A comprehensive review of CETA with a focus on the aspects of the agreement that pertain to Canadian fisheries, Newfoundland and Labrador fisheries, and the GNP's fisheries was carried out. Secondary literature was reviewed which included documents from the provincial government, federal government, and EU member states and institutions regarding the agreement, as well as media sources. Various fishery management policies were reviewed as well, along with media reports about CETA both at regional and national levels.

The analysis of the agreement was bolstered through fieldwork done in the GNP with both formal interviews and informal conversations. A field visit to the GNP took place during May and June 2018. This phase of the research was conducted primarily through key informant interviews during this field visit, supplemented by informal conversations with relevant actors in the area. Key informants, who were chosen through purposive sampling, were actors working in the fishery, processing sector, or governance entities, including decision makers in the region or those making decisions that affect the region. Following the field visit, further discussions were held with government actors in the provincial capital St. John's, as well as some follow-up phone interviews.

The formal interviews, of which there were 20 in total, were semi-structured and open ended. Interviews aided in evaluating how informants in the region perceived CETA, as well as offering insight into current issues in the fishery and region and the ways in which CETA may help, hinder, or have no effect.

The theoretical approach for this study was informed by interactive governance theory (Kooiman et al. 2005). This holistic and multi-faceted approach has been used to examine fisheries systems globally in order to

systematically examine the fishery and how it is governed at multiple levels. This iterative framework is useful in analyzing issues pertaining to governance and fisheries policy with a focus on communities.

3.6. Clearances

Ethical clearance for this research was secured through Memorial University's Interdisciplinary Committee on Ethics in Human Research (ICEHR 20182092-AR).

4. RESULTS

4.1. CETA & the Seafood Sector

CETA is a free trade agreement that touches on many issues pertaining to fisheries, from the tariff reductions and eliminations which are the focal point, to other measures aimed at homogenizing the markets of Canada and the EU. The tenants of the agreement, as laid out by the government of Canada and the EU state that "CETA embodies the shared commitment of Canada and the European Union and its Member States to free and fair trade in a vibrant and forward-looking society" (EU, 2016, p. 2). The objective of the trade agreement, as stated in Chapter two, "The Parties shall progressively liberalize trade in goods in accordance with the provisions of this Agreement over a transitional period starting from the entry into force of this Agreement." (CETA Article 2.1, p. 18). This trade agreement has been widely discussed by the two parties subject to the agreement as being mutually beneficial as well as modern and progressive (EU, 2016). The agreement went into provisional effect on September 21st, 2017, with the full agreement going into effect once all parties sign on (all parties being each of the EU member states). The rest of this section will outline the areas of the agreement that directly deal with fisheries in Canada and in Newfoundland and Labrador more specifically.

Chapter two of the agreement addresses national treatment and market access for goods. Neither of the parties subject to the agreement can "adopt or maintain any prohibition or restriction on the importation of any good of the other Party" (CETA Article 2.11, p. 27). There is a carve out in this article in Chapter four that this article does not apply to, "for a period of three years following the entry into force of this agreement, the export of unprocessed fish pursuant to Newfoundland and Labrador's applicable legislation" (CETA Article 2.11, p. 28). This carve out refers to the MPR phase-out that is an area of contention in the agreement. The MPR was seen by the EU as restriction for more liberalized trade, and therefore had to be phased out. Chapter two also includes Article 13 which outlines the functions of the "Committee on Trade in Goods." This committee's main functions are to promote trade between the parties, accelerating tariff elimination and dealing with issues related to movement of goods through ports of entry, something that may affect the ease of which fish products can be traded between the parties.

Chapter seven of the agreement addresses the issue of subsidies, one that has plagued fisheries and especially the fisheries of the northwest Atlantic for decades (Burke & Brander, 1995). This trade agreement defines a subsidy by using the definition put forth by the World Trade Organization's (WTO) Agreement on Subsidies and Countervailing Measures which in part states a subsidy as "a financial contribution by a government or any public body within the territory of a Member" (WTO, 2009, p. 229). In article 7.4 the parties state the objective that they will work jointly to reach an agreement to enhance agricultural trade and "to help develop a global, multilateral resolution to fisheries subsidies" (CETA Article 7.4, p. 73). This article also states that a party can express concerns about subsidies to the other party and that the responding party must "use its best endeavours to eliminate or minimize the adverse effects of the subsidy" (CETA Article 7.4, p.73).

Chapter twenty-four, titled "Trade and Environment" addresses fisheries in terms of conservation and sustainability goals. Article 24.5 is dedicated to upholding levels of protection, stating that the encouragement of trade or investment by weakening environmental protection is inappropriate (CETA Article 24.5, p. 382). Article 24.11 directly deals with trade in fisheries and aquaculture, stating that conservation and sustainability are essential for providing economic and social opportunities for present and future generations. In order to achieve this the article states that the parties will "undertake to" prevent overfishing, combat illegal, unreported, and unregulated (IUU) fishing, party cooperation, and to "promote the development of an environmentally responsible and economically competitive aquaculture industry" (CETA Article 24.11, pp. 387-388). This chapter gives the agreement the understanding that environmental sustainability is paramount but needs to be recognized in accord with economic opportunity. This follows the trend of increasingly conservation-based language in trade agreements (Morin et al., 2017).

Annex's and Reservations

The topics noted above were all stated in the chapters of the agreement and the following will be about the various annex's and reservations. Annex 2-A lays out the categories used to delineate when the customs duties of each party will be eliminated. This Annex states that there will be some transitional rate quotas, one being for processed shrimp where an allocated amount (23,000 metric tons) is immediately duty free while the over the quota tariff will be phased out over 7 years (CETA Annex 2-A, p. 4). The transitional rate quotas will also have no end use restrictions, which allows the companies that buy product from that quota to engage in further processing (Informant #17, 2018). Another fish that is pertinent to the fisheries of Newfoundland and Labrador mentioned is cod, specifically frozen cod which has a transitional rate quota of 1,000 metric tons, with the over the quota tariff being phased out over seven years like the processed shrimp. Besides these transitional rate quotas which are explicitly spelled out, the rest of the products under the agreement are listed in the "Tariff Schedule Breakdown of Products" which lists items based on the "combined nomenclature" (CN) which is a classification system of the EU. This section of the agreement is substantial and describes what tariffs will be phased out and when. For the fisheries of Newfoundland, and for the GNP specifically, the fish affected are Northern shrimp, Snow crab, Lobster, and Northern cod as the most notable.

Tariffs immediately being eliminated and being touted by the government as an immense opportunity for the fisheries of Canada are the tariffs on frozen shrimp (12%), cooked and peeled shrimp in retail packages (20%), frozen snow crab (7.5%), fresh crab (7.5%), live lobster (8%), and dried and salted cod (13%) (GAC 2017b). There is also various phase out designations put on some of these same species but in different forms. For example there is a seven year phase-out of processed shrimp and frozen fillets of cod which both fall under the terms of the transitional rate quotas previously mentioned. Ultimately this agreement does reduce tariffs on the most economically important fish to the province. Global Affairs Canada (GAC) does lay out some provisions to keep in mind though for those exporting fish products to the EU which include; having your establishment approved by the EU, a catch certificate by the Department of Fisheries and Oceans Canada (DFO), correct labeling, a health certificate from the Canadian Food Inspection Agency (CFIA), and finally the assurance that maximum residue levels are respected per EU requirement (GAC, 2017b). These factors underscore that this agreement does not indicate open season for cross border trade, but does lessen the burden of access to goods and increase the distribution of fished aquatic species (Frank et al., 2007).

Table 1. Tariff Phase-out Schedule; select species important to GNP

Affiliation	Count
Frozen Shrimp	12%
Cooked and peeled Shrimp in retail packages	20%
Frozen Snow crab	7.5%
Live Lobster	8%

Dried and Salted Cod	13%
Fresh or Chilled Halibut	15%
Frozen Herring	15%
Frozen Mackerel	20%

A major component of free trade is "rules of origin," described by Sinclair (2013) as the economic nationality of a traded good. For

fish products in this agreement, a product is considered wholly obtained if the products obtained by fishing are conducted there and not beyond the outer limit of a Party's territorial sea, and if it is taken outside of the territorial sea it must be registered in a member state of the EU or in Canada. Regarding fish taken by a Canadian vessel outside of its territorial sea, the holder of the fishing license must be a Canadian national and an enterprise that is no more than 49% foreign owned and has a commercial presence in Canada (CETA Protocol on rules of origin, pp. 7-10). This part of the agreement ensures that foreign ownership of Canadian fish licenses does not take place. In regard to aquaculture, all fish and crustaceans, mollusks and other aquatic invertebrates are only considered as originating from a party if they are raised in the territory of that party. This essentially states that fish raised in say, the United States, cannot be sold through Canada to the EU to evade the tariffs. There are annual quota allocations for fish and seafood exported from Canada to the EU, which sets out that a set amount of product can be exported if it is considered to have been sufficiently produced in Canada. (CETA Protocol on rules of origin Annex 5-A, pp. 14-15). A fish product is considered sufficiently produced only if it is wholly obtained in Canada (CETA Protocol on rules of origin, Annex 5 p. 6). The rules of origin assure that third party nations do not benefit from the trade agreement which they are not party to.

Other Amendments and Provisions specific to Newfoundland and Labrador

Newfoundland and Labrador do have some specific reservations, as does every province and territory in regard to certain sectors of their economy. Reservation I-PT-66, under Annex I-PT, is a performance reservation that is applicable to the fisheries sector in NL. This measure allows the province to regulate and issue authorizations relating to production, processing or marketing of fish and aquaculture fish product, mostly in the senses to provide performance requirements, allowing the jurisdiction to remain at the provincial level (CETA Reservation I-PT-66, p. 124). This is an important measure because of the concern raised in past trade agreements that national or provincial sovereignty is weakened.

Trade agreements cannot remain static and need to have mechanisms built in that deal with future measures or circumstances, as is laid out in Annex II; "Reservations for future measures." Under Annex II, Reservation II-C-5 deals with fisheries and essentially states Canada's sovereignty over its fisheries. This annex states that:

"1. Canada reserves the right to adopt or maintain a measure with respect to collective marketing and trading arrangements for fish and seafood products, and licensing fishing or fishing related activities, including entry of foreign fishing vessels to Canada's exclusive economic zone, territorial sea, internal waters or ports, and use of any services therein.

And 2. Canada shall endeavor to accord to vessels entitled to fly the flag of a Member State of the European Union treatment no less favorable than the treatment it accords, in like situations, to vessels entitled to fly the flag of any other foreign State." (CETA Reservation II-C-5, p. 10)

Annex II also states that Canada reserves the right to adopt new trade agreements, specifically in regard to aviation, fisheries, or maritime matters. Not only is Canada's sovereignty assured but also the rights of NL are reiterated in Reservation II-PT-21 which states that in regard to fishing and hunting, Newfoundland and Labrador is allowed to adopt measures that limits or restricts investments into the sector (CETA Reservation II-PT-21, pp. 59-60). If the government felt that an entity were making an investment into the sector that the government disagreed with, it would have power to limit such an investment.

This paper has focused mainly on how the fishing industry of Canada and more specifically Newfoundland and Labrador will be affected by CETA. One notable reservation in Annex II also ensures that the EU reserves the right to adopt or maintain any measure that is within the Common Fisheries Policy framework, ensuring that its fisheries cannot be overly influenced by this trade agreement (CETA Reservations applicable in the European Union, p. 4).

When focusing this trade agreement on the region of the GNP specifically, the major opportunities present themselves in the form of tariff reduction. These benefits can also be seen as areas of further inquiry if the region wants to take advantage of the agreement, the possibility of further investment in quality may be needed to compete in EU market. This section has provided an overview of CETA in relation to the seafood trade, with the following sections presenting the community-based aspects of this research.

4.2. Institutional Assessment of CETA

An institutional assessment was undertaken to examine the fisheries and regional problems from an analytical perspective (Chuenpagdee & Jentoft, 2013). The assessment, informed by governability assessment of interactive governance theory (Kooiman et al., 2005), was used to frame the current state of the fishery, its governing system, and how CETA may impact this system. This section examines how the principles and policies of CETA interact with fisheries management policies currently in place, as well as the issues currently present in the communities and fisheries of the region.

The GNP Region

The analysis of the GNP was completed by using a ‘systems approach.’ The region’s social system (coastal communities) and natural system (natural environment) were examined to contextualize study region. The governing system of the region was also examined, looking at governing actors, institutions, and the policies and principles that they are supported by. In this section an overview of the natural environment is presented, followed by the coastal communities. Then the governing system is presented, followed by how CETA interacts with the system as a whole.

Natural Environment

The ecological make-up of the region’s fisheries contributes to the system complexity and a highly variable food chain. The cold waters of the North Atlantic that surround the GNP compose the Northwest Atlantic Fisheries Organization’s (NAFO) designated areas labeled 2J, 3K, and 4R. An assessment of the region’s ocean productivity showed a reduction in macronutrients, phytoplankton, and zooplankton in 2017, negatively affecting fish in higher trophic levels (DFO, 2018a). Other factors that affect productivity are the Labrador Current, and prevalence of sea ice, which impact nutrient flows and phytoplankton production, respectively (DFO, 2017a).

Important fisheries are Northern shrimp, snow crab, and Northern cod. Other species in the fishing areas include American Plaice, Capelin, Flounders, Gulf cod, Haddock, Herring, Lobster, Lumpfish, Mackerel, Pollock, Redfish (Perch), Scallops, Sea Urchins, Skate, Turbot (Greenland halibut) and Whelk. Marine mammals are also present in the region including whales and seals, the latter of which prey on both Capelin and cod and has had a fourfold increase in population since the 1970’s (DFO, 2011). The interactions between these fisheries (e.g., Northern cod, Northern shrimp, Capelin, Seals, Etc.) highlight the complexity of the food chain. For instance, Northern cod rely on the Capelin stock as a key source of food, but they also prey on younger cod, young snow crab, and various life stages of Northern shrimp (DFO, 2014). The climate variation of the region is a factor of the boom and bust nature of the fisheries, with climate conditions that are good for groundfish

(warmer water) at odds with conditions ideal for shellfish (colder water) (DFO, 2014). The Northern cod stock has shown little improvement in recent years, due in part to lack of growth of the Capelin stock, a key species (DFO, 2016). Another groundfish species of interest, Redfish (Perch), has seen significant growth in the past few years (DFO, 2017b). The most important drivers of decline in the system are environmental conditions and increased predation for both Northern shrimp and Northern cod (DFO 2017a, DFO 2016).

Coastal Communities

The GNP is composed of dozens of small towns, defined by Municipalities Newfoundland and Labrador (MNL) as having populations under 3,500. The region had permanent non-aboriginal settlement in the early 1900s, although the land was not settled in substantial numbers due to conflicts in settlement rights between the French and English (Sinclair, 1985). The population of approximately 14,000 people (Simms & Ward, 2016) continues in the region today with the larger towns of St. Anthony in the north and Port au Choix further south acting as regional hubs. Major sources of employment for the region are in resource-based sectors (e.g., fish harvesting, forestry), services, and construction (White & Vodden, 2014).

The fishery is composed of inshore and offshore fleets, which in some fisheries, like the Northern shrimp, are clearly delineated. The inshore fishery is composed of small boats (under 35') and the midshore (35-65'), both of which land their products in the processing plants in the region due to the provincial minimum processing requirement (MPR), a policy ensuring economic benefits of the fishery stay onshore (NL, 2007). The inshore fishery brings wide-ranging economic benefits to the communities of the region, to onshore businesses as well as to municipal governments (Carruthers et al., 2019). The industrial offshore fleet, which operates year-round, process their product on-board, limiting the amount of product to be processed in the communities (Mather, 2013).

The processing sector of the region provides a significant source of employment, even though it is seasonal and suffers from overcapacity (MacDonald et al., 2013). In order to be financially stable year-round, processing plant workers depend on employment insurance from the government. These workers need to receive sufficient hours to qualify for employment insurance, widely seen as supporting communities with processing plants in the offseason. There are less than a dozen processing plants in the region, a number that has decreased in the past decade (FLR, 2017), partly due to rationalization and lack of product.

The social system has a small population, is reliant on increasingly variable natural resources, and is in a peripheral region of the province. These challenges require policies that support rural regional viability, of which one entry point is policies related to fishery access. Exploring the challenges of this region point to a natural and social system as having clearly delineated boundaries, particularly the social system which is highly influenced by government management at varying levels. Such management measures are discussed in the analysis of the governing system. CETA comes into play more centrally in this next section, where it is viewed as an 'institution,' rather than just an economic factor.

Governing System

At the local level, the municipal governments are responsible for day-to-day town matters such as water, waste management, public works projects, and in some cases advocacy for federal and provincial funding. The local reality is that these governments face increasing responsibilities with limited human and financial capacities, which reduce their efficacy (Gibson, 2014). In order to alleviate these pressures, there has been a push for regionalization. Those involved in this push for regional governance include the provincewide organization MNL, academics studying the region (Vodden et al., 2014), and the Great Northern Peninsula Joint Council, a recently formed group of municipal leaders organizing to address persistent regional issues.

A regionally important governing actor is the St. Anthony Basin Resources Inc. (SABRI), a social enterprise that has a geographic focus on the tip of the peninsula. SABRI leases a quota for Northern shrimp and uses the royalties to secure projects that benefit the community (Foley et al., 2015). The downward trend in the Northern shrimp stock has led to SABRI's allocation being cut, limiting their functional capability. Despite the cut, SABRI still pushes for regional innovation, lobbying higher levels of government to bring high speed-internet to the region (Northern Pen, 2017). Another organization, the North of Fifty-Thirty Association (NOFTA), administers royalties from the Northern shrimp quota to achieve economic development goals. This organization represents around 300 inshore harvesters and has taken on a more vocal role in the region advocating on behalf of coastal communities.

Moving from the local to the provincial, the provincial department that oversees fisheries and processing is the Department of Fisheries and Land Resources (FLR). FLR primarily regulates the seafood processing sector and aids in quality assurance and marketing. Although the provincial government is an important actor for the fisheries of the region, much of the power, namely quota access decisions, are handed down by DFO.

DFO is responsible for "the sustainable management of these resources to ensure long-term economic prosperity for those depending on the wealth of our oceans, lakes and rivers, their livelihoods, and the health of the ecosystems supporting those resources" (DFO, 2016). Much of the power rests with DFO as it is the responsibility of the department to allocate quotas and institute management measures to ensure that the rules and regulations put forth by the department are followed by fishers. The quota allocation is seen as what makes viable communities, because if there is unsubstantial quota allocation, then harvesters or processing plant workers cannot receive enough hours or earnings to either make enough money or to qualify for employment insurance, which is widely seen as supporting some communities in the off season. Other decisions in the community are influenced by the power exerted by the federal government because so much is decided based on quota allocation. This dynamic prevents local communities from seeking longer term solutions to economic troubles since they have to adapt and prepare for the quota changes which have had a larger impact in the last few years with increased cuts.

An added layer to the governing system is CETA, which brings with it change to some domestic measures in the fishery, and allows easier trade into the EU, the largest import market for fisheries in the world (Bellmann et al., 2016). CETA's wider implications of further opening the region to globalized markets and acting as a homogenizing force for easier trade will be discussed in the following section.

CETA and the Governing System

CETA is an economic institution that, like other trade agreements, has implication for the seafood sector of Newfoundland and Labrador. As an institution, CETA has implications for the governing system of the fisheries of the GNP. CETA induces change to domestic measures in the province's fishery, and allows easier trade into the EU, the largest import market for fisheries in the world (Bellmann et al., 2016). CETA alters the governing system through the changes outlined in section 4.1 of this report, with eliminations on tariffs for seafood products destined to the EU and the change in provincial policy (e.g., MPR phase-out). This policy change is a direct result of the 'national treatment' clause in CETA. National treatment, defined by the World Trade Organization (WTO) as "The principle of giving others the same treatment as one's own nationals," (WTO Glossary, 2019) phases out locally-specific policies that are viewed as trade barriers as they give domestic producers an unfair advantage. Although in this case the 'national treatment' provision has a direct impact on fishery policies of Newfoundland, CETA as a whole states that neither of the parties subject to the agreement can "adopt or maintain any prohibition or restriction on the importation of any good of the other Party" (CETA, Article 2.11, p. 27).

The MPR, which is considered an unfair advantage to foreign firms, which do not have equal opportunity to bid for initial processing of the product, is phased out due to this provision. CETA also coincides with the

implementation of the AFF, a jointly funded federal-provincial initiative established to provide funding for the fishery, processing sector, and research. Although the AFF is not directly tied to CETA, an earlier iteration of the fund was created as a form of compensation for the province agreeing to the MPR phase-out as it was expressed from the provincial government that there was “widespread support for MPRs in communities and regions of NL” (House of Assembly, 2013).

This policy change has implications for the coastal communities of the region which depend on the fishery both for direct employment in harvesting, but also for the onshore benefits secured by policies such as the MPR. Although recently implemented, this ‘national treatment’ provision of CETA has implications for coastal community viability. This confirms early studies done that have showed that non-discrimination provisions of trade agreements conflict with policies that support inshore fisheries (Song & Chuenpagdee, 2015).

The MPR phase-out is of particular concern because of the other fishery-specific policies implemented to protect inshore fisheries. These include the Principle of Adjacency which states that those closest to the resource should have priority accessing the resource (Foley et al., 2015), as well the Fleet Separation Policy which limits the influence of processing companies on fishing enterprises (Khan & Chuenpagdee, 2014). These policies can also be viewed as contradicting national treatment and market access principles of CETA (Song & Chuenpagdee, 2015, Sinclair, 2013). As the viability of the fisheries of the region are subject to such management measures, it is important that these policies are not weakened through trade policy in the way that the MPR was phased-out due to CETA.

Although the ‘national treatment’ clause of CETA represents a concern for local fishery policy, the agreement has further language related to fisheries through its trade and the environment provisions. Although certain economically important fish stocks in the region are currently low, it is not suggested that CETA would lead to further degradation in the form of market-driven quotas. CETA addresses environmental concerns with a commitment to uphold levels of environmental protection, and that environmental protections should not be weakened for the purposes of increased trade (CETA, Article 24.5, p. 382). Furthermore, an environmental assessment completed in 2017 by GAC concluded that CETA may have a minor environmental impact with no concerns directly related to wild capture fisheries (GAC 2017a). This assessment, therefore, suggests that CETA will not affect fisheries management in terms of lessening environmental standards.

This institutional assessment has shown that although CETA does not have policies that threaten environmental standards in regard to fisheries management, it does have some principles that are incompatible with goals of coastal community viability, namely through the MPR phase-out. Although the policies of free trade are initially beneficial in their reduction of trade barriers such as seafood tariffs, they also pose complications through the phasing out regionally-specific policies which in the language of free trade agreements, are viewed as restrictions for trade.

4.3. Initial Responses to CETA

Initial responses from informants centered around a desire for the preservation of their communities, as well as opportunities for a sustainable future. As this project centered on both CETA and the fishery, responses were often interconnected. The interviews resulted in broad findings of what are the major concerns for the region’s fishery, specifically in the context of fisheries and trade – shown in Table 2. Initial responses indicate three main impacts from CETA which are (1) tariff reductions, (2) MPR phase-out, and (3) AFF implementation.

Table 2. Synthesis of responses found through informant interviews. (Adapted from Daly's 2019 Master's Thesis)

OVERARCHING THEME	POSITIVE	NEGATIVE	NEUTRAL
TARIFF REDUCTIONS	<ul style="list-style-type: none"> - Increased access to EU market - EU as largest seafood importer globally, and a higher income market 	<ul style="list-style-type: none"> - Unequal benefits of tariffs - Market-driven quota 	<ul style="list-style-type: none"> - Extent of benefit uncertain with minimal inshore resource access - Taking advantage of tariffs require change in structure of the fishery
MINIMUM PROCESSING REQUIREMENT (MPR) PHASE-OUT	<ul style="list-style-type: none"> - Could act as a push to spark innovation in the sector 	<ul style="list-style-type: none"> - Weakening processing sector - Supports narrative for needed rationalization 	<ul style="list-style-type: none"> - Necessary concession for increased market access
ATLANTIC FISHERIES FUND (AFF)	<ul style="list-style-type: none"> - Aiding single enterprises in Newfoundland with technology (e.g., long-line haulers) 	<ul style="list-style-type: none"> - Not adequate to address MPR phase-out - Short term funding for long-term problem 	<ul style="list-style-type: none"> - Unsure of extent of community-wide benefits
NON-CETA SPECIFIC RESPONSES	<ul style="list-style-type: none"> - Fish resource, although not substantial, is high quality - Fishery has potential for diversification - Policies that support inshore fishery and processing sector are important (e.g., MPR, Principle of Adjacency, Fleet Separation) 	<ul style="list-style-type: none"> - Ecological pressures affecting stock dynamics - Weakened shellfish stocks and laggard groundfish recovery - Lack of fish allocated to inshore impacting, processing sector - Market pressures (e.g., competition with markets that can provide year-round product) - Inequity in fishery regarding quota distribution - Social concerns such as population decline and opportunity for meaningful employment 	<ul style="list-style-type: none"> - Processing sector essential for coastal community viability - Infrastructure integral to community viability - Regional representation and organization needed - Uncertainty regarding the future of the region

Tariff Reduction

The most agreeable aspect of CETA was the tariff reduction for the fisheries. Reductions in tariffs are seen as offering the most concrete gains for the seafood sector, as they will reduce the cost for processors to sell to the EU bloc, and have a particular benefit to the Northern shrimp fishery.

The Northern shrimp offers a unique and high-quality product to export to the EU, which has historically imported this product. The most imported commodity group in value into the EU are crustaceans (EU Fish Market, 2017). Although the majority of the crustaceans imported are frozen tropical shrimp at 69% of the total of frozen shrimp in 2017, there is opportunity to import frozen Northern shrimp since it is a product that is Marine Stewardship Council (MSC) certified and because the province has a history of exporting that product to the EU. Some of the largest importers of frozen shrimp in the EU are the United Kingdom, France, and Spain. These countries have customer bases that are more attuned to where their product is coming from and appreciate sustainable sourcing and sustainability certification (CBI, 2018). This is an area where Newfoundland caught shrimp could take advantage. The Northern shrimp fishery is MSC certified and, when caught by the inshore, sustains many local communities in the region, a point that could be used in the marketing of the product. One of the main benefits for this species is the reduction in tariff which before the agreement stood at 12% for frozen shrimp and 20% for cooked and peeled shrimp in retail packaging. There is a longer phase-out for cooked and peeled shrimp in wholesale packages or airtight containers, but this reduction is in phases and therefore the tariff will reduce each year until being totally eliminated in 2023.

The tariffs on Northern shrimp, Snow crab, and Northern cod are not the only ones being phased-out over the next seven years. Tariffs will be reduced on Redfish (Perch), Lobster, and Halibut, as well as a number of value-added fish products. This could open up an opportunity when it comes to other fisheries in the region. Although the Northern shrimp and Snow crab have become staples of the GNP's fisheries, there may be a market for other fish products. For example, Redfish, which has seen a resurgence of its stock in the Gulf, will have its tariff of 8.5% phased-out over the next seven years. For these benefits to be felt at the community level a significant amount of Redfish would need to be allocated to the inshore and the processing capabilities of the region would need to prepare for the new fishery, points noted by informant interviews.

Although the response regarding the tariffs was indicated as generally positive by all informants, there were some additional points made. These points included questioning which fisheries would benefit the most from the reductions, and furthermore who in each fishery would benefit. An informant familiar with market access strategies in the EU market noted that tariffs alone won't result in an influx in demand for seafood products offered by the region. Tariffs need to be considered along with a market entry strategy, as well as consideration of what exactly is desired by the market. Also, concerns expressed regarding tariff reductions leading to a form of market-driven quota is a concern that was not corroborated by this research as DFO stressed that it does not enforce market-driven quotas. Discussion about tariffs quickly evolved into concerns being raised about what was given up for the tariff phase-out, such as the province's MPR.

Minimum Processing Requirement & Atlantic Fisheries Fund

A major concern around CETA in the province from the negotiations of the agreement to the final signing was the MPR phase-out for seafood products destined for the EU. This debate played out between the provincial and federal government initially, with the provincial government concerned about the MPR phase-out and requesting some form of compensation which was agreed upon after correspondence between the two parties (House of Assembly, 2013). This compensation eventually became the AFF. Responses around the MPR phase-out differed between informants, with those situated the closest with the inshore fishery expressing concern and raising a number of points. These points of concern included the compensation not being enough, the compensation being implemented without clear goals, feeling of unfairness that the maritime province's getting to take part, and a concern that the MPR phase-out was not studied in any depth.

The MPR phase-out elicited concerns that it threatened the viability of the processing sector, a sector which contributes to the economic viability of the coastal communities of the region (Carruthers et al., 2019). One informant expressed concern that for such a large change in policy, very little studying was done. The MPR phase-out is a contentious issue, but also needs to be contextualized with some other findings of the research.

First, the MPR phase-out applies only to products destined for the EU market, not other major processing markets such as those in Asia. Second, the province has allowed many waivers in the cases of the MPR, allowing unprocessed product to be exported without meeting the MPR (CBC News, 2015), although that has lessened in recent years. An informant familiar with the government's allowance of MPR exemptions stated that in the past twenty years there have only been three or four requests for an exemption by the European market, and therefore does not see the phase-out as opening the floodgates (Pers comm. 2018).

Although this research does not suggest that the MPR phase-out alone will directly lead to processing plant closures, it continues a trend of the sector facing external stressors which include low fish quotas limiting the amount of production, corporate pressures and calls for rationalization (Clift & Cooper, 2014), and market pressures that contribute to the downward impact on the pricing of seafood products (Davis, 2015). One policy indirectly put in place to aid the sector and the fishery as a whole was the AFF.

The AFF has objectives that align with desires by actors in the region, including “increase productivity, quality and sustainability in the fish and seafood sector” (DFO, 2018b, p. 3). The other two objectives relate to addressing ecosystem shifts as well as recognition of Canadian fish and seafood products as market-leading in both quality and sustainability. Funding will be allocated under the three pillars of “Innovation,” “Infrastructure,” and “Science Partnerships” (DFO, 2018b). Many different actors are eligible for this fund, from individual fishers to industry associations and provincial crown corporations.

This fund, in part set up to address the concerns of the concessions given by Newfoundland and Labrador in the negotiations for the trade agreement. The fund initially earmarked \$280 million from the federal government to be partnered with the provincial government and now applies to all Atlantic Provinces. Perceptions of the AFF in the region are mixed. With some actors seeing it as a way to increase investment in the region, with others raising concern of its efficacy, as well as legitimacy as a compensation package. So far over \$19 million has been allocated to Newfoundland and Labrador, out of a total of over \$25.9 million. In this province the fund has gone to single-enterprises to aid in upgrading on-board handling tech (\$4.3 million), over \$6.1 million for improving quality in the processing and aquaculture sectors, and further investments in science partnerships (\$4.3 million) and innovation/research and development (\$4.5 million) (DFO, 2019b). Informants in the region expressed a desire for money going to more community-oriented projects in order to have a larger benefit, or to aid in the modernization of processing plants. There were also concerns raised from those that applied for the fund that the money allocated is not enough for projects, and that it comes with too many conditions.

As shown in this research, initial responses, both in regard to CETA and to other issues including equitable access to resource, are informed by desires for sustainable fisheries and viable communities. Although tariff reductions present an opportunity, there is uncertainty regarding the extent of benefits to the inshore fishery. When looking to the MPR phase-out there is a concern regarding processing plant viability due to its importance to the regional economy through employment and revenue. Finally, the AFF, although viewed as positive in terms of its attempt to modernize the fishery, is seen as not robust enough to address long-term challenges. International trade policy has tangible impacts on the fisheries and communities of the GNP, and although it presents opportunity, it contributes as an additional exposure on the region.

4.4. CETA One-Year Update

Provincial Actions

On April 11th, 2019, Fisheries and Land Resources Minister Gerry Byrne announced an initiative to ‘maximize shrimp processing’ in the province. This initiative focuses on having more industrial shrimp caught by the offshore fleets to be processed onshore. This initiative is an arrangement between the offshore shrimp

companies and the onshore processors (FLR, 2019). This move has the potential to aid in processor viability by providing more product in a time when the inshore fishery, which lands the majority of their catch to the processing sector, is facing continued low Northern shrimp allocations.

5. CONCLUSION AND MOVING FORWARD

The GNP, with its rich history of using its natural resources to sustain its communities is at yet another period of transition. Although the region has adapted in past periods of transition, this current change is marked by factors that are ecological (shifting stock conditions), economic (increasingly globalized market), and social (coastal community viability).

CETA offers the region a way to increase gains from their fisheries sector, but it is just one of many factors that will influence the future of the fishery. This research has shown that there is uncertainty around CETA, due in part to the current state of the fishery and processing sector, the fluctuating nature of the region's fish stocks, and the uncertainty surrounding trade globally.

CETA is an agreement that has implications for the seafood industry in Newfoundland and Labrador, and for the GNP in particular, due to this region's reliance on the fishing industry. The implementation of CETA contributes to the export-oriented nature of the region's fisheries, resulting in direct policy changes that make it more amenable to global trade. Some changes, such as tariff reductions, are positive in the sense that they allow the fisheries of the province to more easily trade into the EU market, although sustained quota cuts call into question the extent that the inshore fishery is poised to benefit from increased market access. Other changes though, such as the MPR phase-out, represent a conflict between implementing trade policy while maintaining regionally-specific fisheries policy meant to ensure onshore benefits of the fishery. Although the full effects of CETA are unknown at this early stage of implementation, it is clear that the fisheries of the region will continue to be exposed to other stressors including changing and unstable stock conditions (DFO, 2019a) and continued corporate pressures on the fishery (Foley & Mather, 2017). It is in this time of change and transition that local capacity and organization will be key, but also that the federal and provincial government "[have] an ethical as well as democratic obligation to govern and protect all the components of the nation state, even the smallest coastal community" (Ommer, 2007, p. 433). It is in this current period of transition in the fishery in both stock status and market pressures, that further work needs to be done to aid in guiding the fisheries and communities of the region to a sustainable and viable future.

The following recommendations as a result of this research are to: 1. Ensure the benefits of CETA and the subsequent tariff reductions are felt by the communities of the region, specifically in terms of the fishery and; 2. Advise all levels of government of the ways in which the region can be better governed to ensure sustainable and viable communities. The recommendations for the region are based on goals of sustainability for the communities of the region as well as the species and ecosystems that support the fisheries of the GNP.

1. **Capacity Building:** This research has shown that local institutions, rather the government actors either provincially or federally, have high credibility in the region through their push for economic development (i.e., SABRI) and in their advocacy for inshore fisheries and onshore processing plant workers (i.e., NOFTA). Particularly through their principles that ensure coastal community viability through access and innovation. Either building off of these local institutions or using them as a model for new institutions that could act as facilitators to seek out opportunity in regard to market access, secondary processing, collective use of the AFF, and achieving other recommendations laid out further in this section.
2. **Market Focus:** In order to cater to the EU market, suppliers need to understand what is being exported to the EU and the level of quality that is expected. The EU market has customer bases that value knowing where the products they purchase come from and appreciate sustainable sourcing and certification (CBI

2018). Since the fisheries of the GNP support communities and are sustainable, this offers a marketing opportunity to the EU market.

3. ***Atlantic Fisheries Fund:*** Community applications to leverage funding for longer term investments may result in more wide-ranging benefits from this federal-provincial funding scheme. Funds have been disbursed previously to single enterprises to enhance catch methods leading to better quality products, aiding the inshore harvesters in staying competitive. Direct recommendations include:
 1. Identify needs of the coastal communities that can be addressed through the fund under the three pillars of "Innovation," "Infrastructure," and "Science Partnerships."
 2. Use the funds for community investment rather than single enterprise upgrades.
4. ***Inshore quota advocacy:*** In order for the effects of CETA to be felt by the region, greater allocation of the quota to the inshore fishery. Recognition of the inshore fishery as important to regional viability is essential as it has traits that enhance the viability of coastal communities but also aid in marketing the catch of the GNP as locally sourced, more equitable and environmentally sustainable.
5. Advice expressed by informants at the provincial and federal level.
 1. ***Leveraging existing programs:***

The Atlantic Canada Opportunities Agency (ACOA) offers support as well as funding to create opportunities for economic growth in Atlantic Canada. When contemplating the market opportunities offered by the EU, ACOA can provide assistance and advice.
 2. ***Multi-species focus:***

Dependence on high-value species creates a vulnerability in the region when the stocks are not as healthy, or the distribution of access is not as beneficial to the inshore fishery. Through informant interviews, the harvesters of the region are reliant on many species, even if they are not as high value as Northern shrimp. The possible resurgence of Redfish (Perch) was mentioned by many informants, although the extent of the benefit to the GNP will depend on the level of access granted.

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7. Appendix

7.1 Report on Research Engagement Session

Research Engagement Session

July 17th, 2019

College of the North Atlantic, St. Anthony, NL

Overview:

On July 17th, 2019, a Research Engagement Session was held at the College of the North Atlantic in St. Anthony, Newfoundland and Labrador. The event was open to the public and a result of research funded by the Harris Centre's Sustainable Northern Coastal Communities Applied Research Fund. A total of fifteen people attended the event. The project, titled "*Impacts of CETA on Sustainability of Northern Tip Coastal Communities*" was carried out by Jack Daly and Dr. Ratana Chuenpagdee. The results of this research were presented as well as presentations from two community members, with a presentation from a visiting professor from Tokai University. Following the presentations, an open discussion was held with those present to discuss current problems in the fishery and the region, as well as looking towards future areas of research to address these problems and look toward solutions. Key themes that emerged from both the presentations and the open discussion were the need for further community-based collaboration and research into areas of innovation in the fishery.

Presenters:

Jack Daly, Memorial University of Newfoundland

Presentation: *Impacts of CETA on Sustainability of Northern Tip Coastal Communities*

This presentation on findings from Jack Daly's research project focused on the impacts of the Canada-EU Comprehensive Economic and Trade Agreement (CETA) on the fisheries of the region. As CETA has only recently been implemented, the focus of the research was on its compatibility with existing policies and capturing initial responses to the agreement from local and governing actors. The European Union (EU) is one of Newfoundland and Labrador's main seafood export markets after the United States and China, importing important species such as Northern shrimp which is of particular interest to the fisheries of the Great Northern Peninsula.

Findings from this research show that first, although CETA enables wider market access, some principles of the agreement, such as 'national treatment', may be incompatible with regional goals of coastal community viability as it results in changes to domestic policy such as the provincial minimum-processing requirement (MPR) for the seafood processing sector.

Initial responses to the agreement centered around (1) Seafood tariff reduction to the EU market, (2) MPR phase-out for products exported to the EU, and (3) Implementation of the Atlantic Fisheries Fund (AFF). Daly also stated that factors such as lack of adequate resource access in the fishery sector and vulnerabilities in the processing sector may affect how CETA impacts the region. Findings suggest that in order to take advantage of access to the EU and other markets there needs to be investment in local capacity building to enable innovation in the fishery, building upon strengths desired by certain foreign markets (e.g., sustainable sourcing), leveraging the AFF's pillars of "Innovation," "Infrastructure," and "Science Partnerships" for regionally-wide use, and inshore quota advocacy to ensure the benefits of the fishery are felt closest to communities.

Ben Wiper, Northern Origins Innovation Centre

Presentation: *Northern Origins Innovation Centre: Feasibility Study*

Ben Wiper presented his work conducting a feasibility study for a *Northern Origins Innovation Centre (NOIC)* which has support from the White Bay Central Development Association, the Department of Tourism, Culture, Industry and Innovation, and the Atlantic Canada Opportunities Agency. The goal of this centre is to maximise innovation and opportunities in the fishery for the communities of the Great Northern Peninsula. Wiper presented barriers to the feasibility of the centre which included the need for regional support, a history of sporadic economic development initiatives in the region, and a view of the region from the outside that can be considered as “tragic romanticism,” essentially that the region has many problems but is romanticized and therefore not taken seriously. The history of regional development initiatives, which were often short-lived or underfunded, have led to concerns that investing in a new initiative is pointless as the government could pull funding a few years after formation – an issue Wiper says can be solved by ensuring the centre is self-sustaining.

Moving past barriers identified will mean weaving together disjointed initiatives and networks across the region, strengthening the regional mentality of the Great Northern Peninsula, investing in fisheries infrastructure, and ensuring government support in the goals of the region. Wiper also discussed the proposed governance structure for the centre which would include a board of partners and a community co-op board. These boards would oversee the centre which would be a multi-location network rather than one entity. In order to generate both funding and collaboration, the centre, through its multiple sites of cooperation, would provide shared services for private enterprise (e.g., equipment sharing, improvement of logistics, shared food-science researcher), offer fisheries-based services such as tourism, education, and retail, as well as offering community-specific and species-specific research. This structure would focus on ensuring each community benefits from the centre.

Wiper’s main findings are that the Newfoundland and Labrador fishery is currently a tangled net, and that it either needs to be slowly untangled or cut from the base. As the fishery of the province and region is at a point of transformation, the centre will have its main focus on making sure the fishery succeeds in its transition.

Sheila Fitzgerald, Mayor of Roddickton-Bide Arm

Presentation: *Importance of Rural Communities on the Great Northern Peninsula*

Sheila Fitzgerald presented her perspective as the Mayor of Roddickton-Bide Arm, the Vice President of Municipalities Newfoundland and Labrador, and as Mom of two. Mayor Fitzgerald discussed the challenges facing rural municipalities including population decline which is of particular concern for the Great Northern Peninsula. She posed the question of “What can we do to stay in rural areas?”

The majority of municipalities in the province are “small towns” (260 out of 276 municipalities), showing that the province has a largely rural nature and that the success of the province depends on the viability of rural areas. What limits the effectiveness of these rural municipalities are the limited amount of funding to staff town offices, the high percentage (70%) of uncontested elections, and the prevalence of empty council seats throughout the province. Other issues in rural areas include outmigration, closure of services and economic institutions such as banks, and a conflict between municipalities and higher up levels of government.

To address these issues, Mayor Fitzgerald called for more collaboration across the province and in the Great Northern Peninsula itself. Citing the participation of Great Northern Peninsula mayors on the board of Municipalities Newfoundland and Labrador, she said there are people in the region who want to ensure its viability because they care so much about it. One way of moving forward will include a more regional form of government that would include sharing of resources and services. Although regional governance will not look the same in all areas of the province, it will be successful when the whole region is working together.

Her presentation concluded by calling for regional collaboration and addressing the community-government disconnect. Although initiatives such as the Sustainable Northern Coastal Communities Applied Research Fund are great for community-academic partnerships, the change and organization must come from within communities. She ended with a call for communities to stop being chased by government and instead “start being the ones doing the chasing.”

Yinji LI, Tokai University

Presation: *The Sakura Shrimp Fishery in Japan*

The final presentation was from Dr. Yinji Li, a Professor from Tokai University in Japan. Dr. Li presented her work studying the shrimp fisheries in Suruga Bay, specifically the Sakura shrimp fishery which is very important to the regional culture and economy. The Sakura shrimp is a fishery governed at the community level, with cooperatives based in each fishing community where management decisions are made. Although the Sakura shrimp fishery has faced decline in recent years, with uncertainty of what has caused the decline, the governance of the fishery enables action to be taken at the local level. For example, the cooperative structures in the region give the fisheries an economic advantage by enabling direct fish sales and organization of a Sakura shrimp festival. These cooperatives also operate seafood restaurants, are involved in ecotourism, environmental education, and facilitate interactions between communities.

Although the fishery is locally managed with the benefits nested in communities, the fishery faced a decline in 2018. In order to solve this problem, Dr. Li suggests that a transdisciplinary approach is needed, both in the case of the Sakura shrimp, but also in the fisheries of the Great Northern Peninsula. Solving this problem needs to be addressed by both short-term (e.g., better resource management) and long-term (e.g., accuracy in stock science, formation of committee to investigate the issue) responses. Dr. Li concluded calling for fisheries to be governed in a collaborative, experiential, and deliberative way.

Open Discussion:

The discussion following the presentations centered around three key themes of (1) challenges in the fishery, (2) regional collaboration, and (3) opportunities moving forward. Participants brought up topics that have previously been identified in regional workshops and events including the *Our Way Forward* event in 2016 as well as the *Sustainable Northern Coastal Communities Regional Engagement Session* in 2017. These topics included the need for work on regional governance including intra-regional collaboration, networks between communities, economic development strategies, and a shared goal or vision for the region. Topics specific to the fishery that were discussed and also prevalent in previous reports included concerns around shifts in the natural environment and the lack of predictability in stock dynamics, policies that limit industry incentives for innovation, and the potential for increased marketing of seafood products and achieving maximum utilization of the seafood caught in the region.

Challenges in the Fishery:

Challenges in the fishery that were identified in the open discussion centered around uncertainty regarding stock dynamics, a need to focus on sustainable catch-methods, how to best utilize seafood products, a need for more organized marketing initiatives, barriers in the processing industry, and the role of politics in fisheries management decisions. The issues raised regarding the fishery centered around the limited amount of fish stock available to fish harvesters in the region. These included concerns over what was causing the weakened stock such as mismanagement of the Capelin fishery and Seal hunt, as well as what is needed to best use the seafood that is available to catch, such as utilizing more parts of fish either through secondary processing, alternative uses, or other forms of innovation that could ensure benefits of the sector are felt locally.

Barriers to innovation in the fishery and processing sector included lack of incentives for processors to innovate due to the market prices of seafood, a lack of investment in secondary processing equipment, and the lack of interaction between processing companies with each other and with other regional partners. Also mentioned were the problems in the fishery processing sector regarding recruitment and job quality concerns with younger people interested in year-round and more stable work.

Regional Collaboration:

Regional collaboration was discussed as necessary in order to address many self-identified issues in the region that include challenges in the fishery but also broader economic development and demographic challenges. Although not all participants worked directly with the fishery or processing sector, everyone present acknowledged that the fishery was extremely important to the region's economic and social make-up, and that the challenges it faces would benefit from regional initiatives.

Discussed most was the need to change the regional mind-set in terms of viewing the region as one community rather than separate communities. Viewing the region as one community would both facilitate more collaboration but also foster a better quality of relationships between communities, with one participant stating that “*we need to view a benefit or asset of one community as beneficial to the region.*” A regional focus could also enable needed initiatives that were discussed including the push for a regional-brand for seafood products, developing a tourism-fishery development model, and pooled-use of funding. Although recent efforts of regional collaboration have not been sustained, participants stated that regional organization was needed and that a handful of dedicated people could push forward such an initiative.

What may have limited the effectiveness of previous regional collaborations has been a lack of a clearly defined *shared vision* or *noble goal*. Although participants in the discussion did not develop a shared vision, it was discussed as needed to guide future efforts. The discussion more broadly indicated that the shared vision would center around regional sustainability, innovation and transformation in the fishery and seafood sector, and the need for a unified voice for the region.

Opportunities Moving Forward:

In terms of moving forward, participants discussed that change and transformation would have to come from the region and not be reliant on external sources. Although partners such as Memorial University were seen as helpful in providing research and advice, it was viewed as most helpful in facilitating organization and interactions within the region. Although the main focus for moving forward was further regional collaboration and organization, participants did discuss some areas of future research:

- ◆ Sustainable practices in fishing
- ◆ Innovative practices in the fishery and processing sector
- ◆ Fisher livelihood concerns including health and safety, access to the right gear, and fair compensation (e.g., adequate fish prices)
- ◆ Regional governance studies
- ◆ Facilitating a regional *shared vision*
- ◆ Advice on forming cooperative structures
- ◆ Examination of political agendas in decision making

Participants made clear that regardless of what future research is carried out, it needs to include community members, have a focus of helping the Great Northern Peninsula community, and be seated at the community-level.

Acknowledgements & Closing Remarks:

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