



Beyond Commercial Sealing: the Case for a Sealing Industry Buyout

In recent years, sealers, animal protection groups and parliamentarians have promoted the concept of a sealing industry buyout. The following information provides an overview of the concept.

What is a sealing industry buyout?

Fishing industry buyouts have been successfully implemented in Canada, the United States, Britain, Europe, Australia, and elsewhere in the wake of fishery closures and reductions.¹ The programs can take many forms, but generally involve provision of federal funds in exchange for retirement of fishing licenses. In some cases, further funding is provided for development of economic alternatives in the communities affected.

While they are often used in situations of fish stock depletions, buyouts have also been implemented in ending marine mammal hunts; in the 1970s Canada declared a moratorium on commercial whaling and instituted a buyback program for whaling licenses.² In a similar fashion, a sealing industry buyout could be a constructive way for Canada to move beyond commercial sealing.

Why would sealers support it?

50 percent of Newfoundland sealers holding an opinion support a sealing industry buyout (Ipsos Reid 2010). There are many good reasons sealers endorse this plan. From the dangers posed to vessels and crews by working in ice infested waters, to low economic returns, to ongoing labour shortages in Newfoundland, fishermen are increasingly choosing not to participate in the seal hunt.

Canada's two largest trading partners – the United States and European Union – have prohibited their trade in seal products. Mexico and Croatia banned seal product trade in 2006, and other nations, including in Southeast Asia, are considering similar legislation. Notably, the 2010 Ipsos Reid poll also revealed two thirds of Newfoundland sealers believe the industry won't rebound from the low profits it experienced in 2009.

Why would Canadians support it?

Polling consistently shows that the vast majority of Canadians want the commercial seal hunt to end (Angus Reid 1997, Environics Research 2000, Environics Research 2005, Pollara 2007, Environics Research 2008, Environics Research 2010). Moreover, a 2011 Ipsos Reid poll shows 80% of Newfoundlanders support a ban on the killing of seals less than one year of age, which would effectively end the commercial seal hunt. A very high percentage of Canadians also wants government subsidies to the sealing industry to stop (Angus Reid 1997, Environics Research 2008, Environics Research 2010). However, the one sealing subsidy that Canadians seem willing to embrace is a program to transition sealers into other industries, with at least 79% approving of the use of their tax dollars for this purpose (Environics Research 2008, Environics Research 2010).

¹ Nautilus Consultants. 1997. A Review of UK Structure and Licensing Policy, Executive Summary. 5. <http://www.nautilus-consultants.co.uk/pdfs/decom.pdf>

² Williams, C., and M. George. n.d. Whaling in Dildo, Trinity Bay, Newfoundland. <http://www.nfld.com/nfld/nfld/other/whales/trinitybay/story0001.html>

Why should the Canadian government consider it?

In addition to the support it receives from sealers and the vast majority of Canadians, a sealing industry buyout makes sound economic sense. In each of the past two years, the seal hunt has generated in the region of one million dollars in landed revenue. Yet the cost of providing the various Coast Guard services in support of the industry exceeds \$4 million annually. Added to this are the ongoing direct costs of sending trade delegations to market seal products, providing grants and interest free loans to sealing entities, and government efforts to counter international prohibitions on seal product trade. While indirect costs are harder to measure, Foreign Affairs Canada indicates the Department receives more international criticism on this issue than any other Canadian issue. Ongoing boycotts of Canadian products result in even more negative economic impacts. Our government is now at a critical juncture. It can continue to provide the millions of dollars required each year to subsidize the sealing industry or it can invest those funds in a one-time federal buyout of the commercial sealing industry paired with community-specific transition programs.

What would a sealing industry buyout cost?

Given sealers are commercial fishermen who earn, on average, less than five percent of their annual incomes from sealing, the costs of a sealing industry buyout would be relatively modest. Informal discussions with sealing industry experts in Newfoundland have suggested the funds required for a generous sealing industry buyout would be less than 2 percent of what has been invested in fisheries buyouts/diversification programs on Canada's east coast since 1992. Moreover, economists have suggested the costs of a sealing industry buyout would be less than the subsidies that would be needed to keep the seal hunt operating.³

What other industries could be developed in sealing communities?

Fishing communities in regions as distinct as Quebec and Labrador participate in the commercial seal hunt. Thus, it is crucial that any economic development plan involve in depth consultations with stakeholders to identify opportunities appropriate for each area. One industry that could be developed is marine ecotourism. While it remains a relatively undiscovered tourism activity in Canada, seal watching already generates more revenue in one key sealing community (the Magdalen Islands) than commercial sealing does. Moreover, whale watching provides vastly more income for Canada's economy than all commercial sealing revenue combined. According to Parks Canada, "Annual Canadian direct revenue from whale watching is estimated to be between \$27 million to \$50 million nationally. These figures do not include the spin-off economic benefits from hotels, restaurants or travel expenditures, which are substantial..."⁴ Hoyt (2001) estimated that, including indirect tourism expenditures, whale watching revenues in British Columbia *alone* were \$69 million.⁵ The landed value of the commercial seal hunt, in comparison, has been in the region of \$1 million for each of the past two years.

What political action has already been taken?

In 2010, Liberal Senator Mac Harb introduced a historic bill to end Canada's commercial seal hunt through a sealing industry buyout. While the Liberal Party has not endorsed the idea, Mr. Ignatieff has been clear that he is willing to talk with sealers if they are indeed in favour of a buyout. Currently, the Green Party of Canada, which won nearly 7 percent of the popular vote in the 2008 federal election, supports by policy a phase out of the commercial seal hunt in favour of economic alternatives in conjunction with a federal sealing industry buyout.

³ Livernois, J. 2009. "The Economics of Ending Canada's Commercial Harp Seal Hunt, University of Guelph, Department of Economics.

⁴ Parks Canada. Feasibility Study for the Proposed Southern Strait of Georgia National Marine Conservation Area Reserve. http://www.pc.gc.ca/progs/amnc-nmca/cnamnc-cnmca/dgs-ssg/itm5-/page6_e.asp

⁵ Hoyt, Erich. 2001. Whale Watching 2001: World Tourism Number, Expenditures, and Expanding Socioeconomic Benefits.