

Executive Summary

There has been a sustained and determined effort by the federal and provincial governments to make sealing a viable, economically independent industry in Atlantic Canada. Despite these efforts, dependable markets for fur, leather, oils, organs and other products have not materialized, and the sealing industry has not evolved into a sound economic sector. Nor has it developed into a long-term employer of people in Newfoundland & Labrador and Quebec.

In 1995, the federal government announced its intention to revitalize the Atlantic sealing industry. Since that time, over one million seals have been taken, and at least \$20,504,962 in taxpayers' financial support has been allocated to the industry. These subsidies have taken the form of grants and soft loans (low- and no-interest), and have been channeled through federal and provincial government agencies. Between 1995 and 2001, an average of close to \$3 million per year was granted in government subsidies to the sealing sector - to support an industry that, according to the most optimistic of government estimates, brought in only \$6 million in landed value to the sealers in 2000.

Following an in-depth review of the sealing industry in Canada, we found that:

- The sealing industry sector once played a role in supporting the development of communities throughout Newfoundland & Labrador and Quebec.
- Changing consumer preferences, and the measures taken in Europe and the United States to protect seal stocks, have caused the sealing industry worldwide to decline.
- To put the sealing industry into proper perspective, the federal government's estimate of \$7.2 million in sealing industry income in 1999 accounted for less than 0.02 per cent of Newfoundland's Gross Domestic Product (GDP).
- The federal and provincial governments have invested over \$20,000,000 in the sealing industry in Atlantic Canada since 1995.
- The sealing industry has not responded in kind with any major growth in revenues. Seal product markets remain volatile and unstable.
- Evolving demographics in the Atlantic Provinces, including urbanization and increased access to post-secondary education, have resulted in a more diversified economy.
- New industry sectors, including information technology, environment and tourism, have spurred economic growth and employment in the Atlantic region, and present a different international image of the region than that afforded by the commercial sealing industry. Given the largely negative international perception of the seal hunt, this industry will likely have a growing net detrimental effect on the region's economy.
- The sealing industry, and the Canadian and Newfoundland economies in general, will benefit from the elimination of the subsidies allocated to the commercial seal hunt. Government spending priorities should be refocused on growth industries and away from money-losing endeavors such as the commercial seal hunt.