The British Columbia Canned Salmon Industry.

Written by HD in 1922, 1923 or 1924

Its History, Development, Problems and Future.

~~Paper prepared by HD & read before Canadian Fisheries Convention at Vancouver [illegible]~~

It is not generally known that the first canning of Pacific Coast salmon was on the Fraser River in 1863 when Mr. Annandale put up a few cases at New Westminster. His efforts were on a very limited scale but were extensive enough to convince him there was a profitable field industry for someone with a more intimate knowledge of salmon fishing than he possessed. That winter when on a visit to his old home in Scotland, he persuaded Mr. Alexander Ewen to come to British Columbia and engage in the enterprise. Mr. Ewen arrived in 1864, and from then until his death in 1907 he was the recognized leader in the salmon industry in this province. It is largely to his energy, foresight, and the assistance he extended others to engage in salmon canning that eventually made the Fraser River the premier salmon river of the world.

Commercial canning on the Fraser River by 1876 was represented by three plants and the combined pack was 9,847 cases. By 1901 the number of canneries had increased to 48, to which must be added 25 operating on the American side in Puget Sound waters so that 73 canneries were depending on this one stream for their fish supply that year. The principal pack in those early days were of the sockeye species, and in the pinnacle year of the Fraser sockeye industry over 2,400,000 cases, of 48 lbs. to the case were packed. This represented 30 percent of the entire world's production of canned salmon that year. At today's selling values the pack of Fraser River sockeye for that one season would represent seven times the entire purchase price for which the United States secured Alaska from the Russians.

The year 1877 saw the commencement of canning operations on Skeena river, which today, with the Fraser temporarily eliminated, is the principal salmon river in British Columbia. Following in importance are Naas River, and Rivers Inlet, both starting in 1881. These four are the principal areas in which the famous sockeye species is obtained. But along the extensive coast line of the province are situated numerous other canning establishments, many of them of very large capacity, where although some sockeyes are secured, the packs chiefly consist of other grades of salmon.

In the beginning only the quinnat, or spring salmon was saleable, but as the markets extended, and the fisheries of the Sacramento and Columbia declined, the sockeye species secured the premier position, which it holds today. Its pre-eminence is due to its rich oil and red colored flesh. From sockeye the market grades down through Springs, Alaska Red, Cohoe, and Pinks to Chums, each, in the order named, being a step further away from the sockeye in color and richness. It does not mean, however, that this implies inferior food value, for as a matter of fact the Chum species contains more nutrition than the more spectacular sockeye possesses.

Since 1876, when commercial salmon canning commenced with a pack of 9,847 cases the growth of the industry has been great. The number of plants operating increased from 3 in the year mentioned to 75 in 1901, while the pack of the latter year was 1,236,156 cases. Nearly two thirds of these canneries, however, were on the Fraser river, and the competition amongst packers was so keen, and the prices paid for raw fish so great, that little or no profit could be made. Sockeyes were practically the only species canned in those days and Fraser river quality, being the standard, set the selling values for the other districts as well. In consequence the latter suffered equally in the depression that affected the industry at that time.

To remedy the existing situation an amalgamation was effected in 1902 comprising about 60% of the canning establishments in the province, with plants located in every improtant packing district. By closing down unnecessary canneries and putting up larger packs in those operated, savings were made which quickly re-established the industry on a profitable basis. From this time until the close of the war the development and growth of the business was steady. In 1918, 83 canneries were operating and a pack of 1,616,157 cases--the largest ever secured in the province--was put up.

But with the close of the war and the re-adjustment necessary to getting back to a pre-war footing, hard times again assailed the salmon canners. Packing costs were abnormally high, while the devastated condition of most countries in which our products were marketed prevented selling values approximating the cost of production. In fact unemployment and adverse exchange conditions so curtailed the purchasing abilities of our European customers that the export demand was greatly lessened. The United Kingdon is our principal market and in 1916 imported 733,856 cases of British Columbia salmon. In 1922 their imports from us dropped to 115,629 cases. Other markets which formerly purchased large quantities of our products have shown proportionate declines in the volume of their canned salmon imports.

Throughout the past four or five years of unprofitable operations losses have been so heavy that practically every company has discontinued the payment of dividends. In fact most of them would have had to close down entirely had it not been for the splendid support given by the banks financing them. With but one exception the banks have stood behind their customers, philosophically waiting until conditions again become normal. Like every other industry salmon canning experiences its cycles of depressions and expansion, but a business that has been established as long as this has, and which produces an article of food universally demanded, must eventually regain its prosperity. That this time is not far distant for British Columbia salmon canners is evidenced by the recovery which has already been achieved by their American competitors who, for the past two years, have been operating profitably, greatly due to their large home consumption and the intelligent methods employed for advertising their products.

As to the future of the British Columbia salmon canning industry there can be no question, but before any permanent prosperity can be looked for radical changes in operation must be effected. Some scheme of amalgamation, like that of 1902, has to be brought about so that our cost of production will be in proportion to the costs in competing countries. In this province there are too many operators in practically every district, individual packs are in consequence small, and production costs correspondingly high.

British Columbia exports about 70% of its production of canned salmon. In doing so it has to compete for trade with the products of Siberia, Alaska and Puget Sound. In this province the average annual pack per cannery is 20,200 cases, as against 37,200 cases per cannery for Alaska, 42,100 cases for Puget Sound, and 44,000 cases for Siberia. All of these countries employ like plants and machinery and the fact that our competitors secure double the packs that our canners obtain simply means that each has but half the competition for raw fish.

It is manifest that if given the same machinery and equipment one plant puts up 20,000 cases and another 40,000 cases the cost of pack with the latter will be considerably less that for the former.

If in addition we consider the cheap labour employed by Siberian canners the disadvantage is still more pronounced. Our competitors can make good profits when selling at less than our cost of production, and it is only a question of time before we are forced out of the market unless, by amalgamating the existing companies and closing down at least 50% of the plants, we put ourselves on an equal basis of production per cannery with competitors in the other countries named.

It may be argued that our sockeye and pink grades of canned salmon are superior to the like products from these other countries and that therefore we will continue to receive sufficiently higher prices to offset their advantages of greater production. But while British Columbia sockeye will doubtless always command a premium over the Red salmon of Siberia and Alaska it only represents 25% of our total output and a bonus on this species would bring but little compensation. Our higher returns on Pink Salmon are largely due to superiority in packing methods, and doubtless our competitors will rectify this situation in the near future.

There is still another competition which is making serious inroads into our canned salmon trade and which particularly affects the Chum species, representing a third of our total production, and which is almost entirely exported. This new competition is from the canned sardine industry which has but recently been developed in California. Formerly we enjoyed quite a trade in Chum salmon in Asiatic markets, but this trade has largely been captured by the California product which has consistently undersold us. The only salmon packers that can afford to sell Chum salmon at a price to compete with California sardines are the packers who put up 40,000, or more, cases per cannery, so there seems no likelihood of this trade being regained until fewer plants, with larger individual packs, bring down our production cost.

Once our packing costs are brought in line with those of our principal competitors there is still another factor in their success which we will have to adopt. This is intelligent and persistent advertising. While the Canadian consumption of canned salmon is less that 30% of our production the United States consumes over 80% of its production. Their home demand has largely been built up by nation wide advertising to which canners, brokers, and the wholesale and retail distributing trade all contributed. Doubtless a much larger Canadian consumption could have been created if similar advertising methods had been pursued in our domestic markets.

Our trade in the in the United Kingdon has suffered somewhat from the competition of Siberian canned salmon and this competition has in great measure been due to the extensive advertising by which the Siberian product has been introduced to the British consumer. It is all very well to proclaim the superiority of British Columbia sockeye to Siberian red salmon but if our contention is set before the distributors only, while the Siberian producers state their case to the housewife, we are playing a losing game for in the final analysis the dealer must sell what the housewife demands. It has been said that the sale of Pear's Soap suffered a severe decline when the proprietors tried the experiment of cutting down their advertising but immediately recovered when they resumed the expenditure. If such a well established trade as this was adversely affected by the voluntary action of the owners how much more severe will be the loss to us if we continue to abstain from all intelligent advertising

while our competitors lavishly use this powerful aid to salesmanship?

With economies effected in operating costs and with proper advertisement of our products the future of the British Columbia salmon canning industry is bright. With the exception of Fraser river our salmon fisheries have not been depleted. The runs of fish to the various districts continue good, our fishing laws are impartially inforced, and continuous efforts are made by the government officials not only to maintain, but to greatly augment, the supply. Exhaustive research has been,and is being, made into the life history of our salmon, their enemies, and the nature and extent of their environment and food supply during the various stages of their existence. Enough has already been determined to demonstrate that any given water area can be made to support immensely greater quantities of salmon than they originally produced and that stocking such waters to full capacity is largely a matter of finance. Doubtless the day will come when water farming, at least of fresh water and anadromous species, will be carried on as intensively and as successfully as land farming is today. There is no reason to believe that our salmon fisheries will decline for many years to come, while there is every hope and indication that they can be increased and maintained indefinitely.