

STANDING FISH PRICE-SETTING PANEL

CAPELIN FISHERY - 2025

Procedural history

1. The Standing Fish Price-Setting Panel, hereinafter referred to as the “Panel”, issued its Schedule of Hearings for 2025, on March 21, 2025. Pursuant to Section 19 of the *Fishing Industry Collective Bargaining Act*, hereinafter referred to as the “Act”, the Panel set Thursday, June 16, 2025, as the date by which collective agreement(s) binding on all processors in the province that process Capelin (“Capelin”) must be in effect or a hearing would take before the Panel to determine the price and conditions of sale of Capelin. The Panel was required to provide the minister with the price of Capelin no later than three days before that date, being Friday, June 13, 2025.
2. The Panel also noted at that time that it had been advised by the Department of Fisheries, Forestry and Agriculture, that the Association of Seafood Producers, (hereinafter referred to “ASP”) represented processors processing the majority percentage of the species Capelin. As a result, under Section 19(11) of the Act, should a hearing be required for Capelin, the Parties appearing before the Panel would be the Fish, Food and Allied Workers’ Union, (hereinafter referred to as “FFAW”), and ASP. (FFAW and ASP are also referred to as “the Parties”).
3. The Parties were unable to successfully negotiate the terms of the collective agreement for the price and conditions of sale of Capelin for the 2025 season. The hearing took place on Thursday, June 5, 2025 via videoconferencing.

Setting the price of Capelin in 2025

4. As stated above, the Parties engaged in negotiations on the price of Capelin in the week leading up to the hearing. The day before the hearing, in keeping with Panel rules and procedures, the Parties exchanged briefs and documentation they intended to rely on.
5. As became apparent in the hearing, to say that the Parties ‘negotiated’ in the week leading to the hearing is inaccurate. At the hearing, ASP notified the Panel that FFAW attended bargaining, put forth its argued price for grade “A” capelin, and refused to move from it. ASP says it brought arguments for FFAW to consider, but they were told that the FFAW number would not change. FFAW unapologetically confirmed this at the hearing: they admitted that they entered negotiations with a

number and refused to negotiate from it or otherwise consider ASP's positions. FFAW submitted that, in light of the moratorium in Iceland and Norway, the market would accept its price of \$47 cents per pound for Grade "A" with the attached schedule.

6. The number FFAW put forward in its proposal to the Panel was, according to FFAW and ASP, the same number it had used in negotiations as the price for grade "A" capelin for 2025.

Information considered

7. The documents relied on by the Panel in reaching its decision in this matter included the Parties' briefs, the *Fishing Industry Collective Bargaining Act*, and the data and capelin industry reports provided to the Parties and the Panel by the Department of Fisheries and Agriculture ("DFA"). This information included Atlantic Canada capelin exports 2014-2025 (March); Capelin Production 2020-2023; Japan capelin imports 2020 -2025 (March); Japan Capelin imports (quarterly) 2020-2025 (March); NL capelin monthly exports 2014-2025 (March); *The Capelin Market 2024, Japan, China and Taiwan* Meros, May 26, 2025; various press articles regarding capelin roe and capelin sales.
8. The information and documentation relied on by the Parties in their submissions was largely the same. In the past, the Panel set the price of capelin (or the Parties agreed on a price) in accordance with a schedule. The schedule showed all sizes of capelin. This year, as in previous years, the Parties submitted their price for "Grade "A" capelin, with the schedule showing their proposed price for all sizes of capelin.
9. There are three major exporting countries for Capelin: Iceland, Norway, and Canada (NL). Primarily, the largest Capelin fisheries are Iceland and Norway. The NL quota for 2024 was set at 14,533 tonnes. It has not been set for 2025 but is not expected to change.
10. It has been accepted by the Parties that there is a near total ban on capelin fishing in Iceland and Norway this year, leaving Newfoundland and Labrador as the "only show in town" (as described by FFAW).
11. Norway has a complete fishing ban this year, down from a 118,000-t quota in 2023/24. Iceland's quota was 459,800 t in 2022/23, 0-t in 2023/24, and a small quota in 2024-25. FFAW lists this as 4,683 t, but an article provided by the Province of NL cited the quota as 8,589 t. In any event, it is a very small quota and the Icelandic fishery has concluded for the season.

12. FFAW highlighted that in years there the volume of exports from Norway and Iceland had previously collapsed (such as 2013, and 2019-2020) there was an increase in the price of capelin prices for Canadian (NL) capelin exports.
13. FFAW argued that the severely restricted global supply of capelin is the most significant driver of market conditions this year (FFAW, p. 7). As a result of the 2023-24 moratorium in Iceland, Canada increased its market share from 3% to 9% of the Japanese capelin market. In the same period, Norway increased its market share in Japan from 34% - 57%. Because there is no fishery in Norway this year, FFAW anticipates that Canada's market share for capelin will increase, as it did in 2020.

Market information

14. In spite of the fact that there is no capelin available from Norway and Iceland, Meros noted that Canadian capelin received negative feedback, especially in terms of freshness. One importer said Canadian suppliers show little interest in quality improvement and that he only buys their product upon specific customer requests (Meros, p.7).
15. An importer reported raising prices to his customers (mainly processors) to offset the cost increase in 2024. He suspected that customers who relied solely on Canadian capelin in 2024 likely incurred losses due to the high cost (Meros, at p 10).
16. Another Japanese importer interviewed said that he will continue using 100% Canadian capelin, provided that sufficient volume is available. He plans to maintain purchase volumes as long as prices remain stable (Meros, p. 12).
17. Overall, the consensus from Japanese interviewees was that Canadian capelin is low quality, particularly when considering its price. Despite this, one interviewee indicated a preference for Canadian capelin due to its high roe content (Meros, p 12).
18. In terms of the Chinese market, noted that Canada exported 4,300 MT of capelin to China in 2024. Interviewees emphasized that Canadian capelin is well appreciated in the domestic market for its high roe content and ranks first in this product specification (Meros, at p 15). However, they also pointed out that Canada's processing and sorting techniques are not as refined as those of European suppliers. Canada typically provides large-size capelin with high roe content, which makes it less suitable for processing and more commonly sold raw in the market. (Meros, at p. 15) they went on to state, "in my opinion, if raw materials remain scarce globally, Canada's relative importance in the market will rise not

because it's more competitive, but simply because it becomes one of the few remaining sources of supply. That said, the quality of ...Canadian capelin still needs improvement." (Meross, p 19)

19. Meros noted that Chinese domestic capelin consumption has been declining over the past two years and is not expected to grow significantly in the near future. They noted "while prices are likely to rise due to limited supply, sales are not expected to improve. Capelin is a volume-driven product and its affordability depends on large-scale availability." They went on to note that Chinese interviewees emphasized that in the current economic climate in China, with real estate and other sectors underperforming, "higher prices will only make it harder to sell in the domestic market." That said, Meros nevertheless recognized that "with tightening global quotas and reduced harvests, particularly the zero quota from Norway's Barents Sea this season and the ongoing ban in Iceland, Canada may find itself in a stronger position by default." (Meross, at p 19).
20. In terms of the Taiwan market, Meros reported that Canadian capelin is preferred in Taiwan for its higher roe rate, with hand sorting allowing for more female selection, whereas Norway and Iceland use mechanical sorting, which results in a lower roe rate. One Taiwanese interviewee reported, "Canadian capelin is more expensive, but we prefer using the 40-50 size range because the larger fish look better when lined up on polystyrene trays. I also have the impression that Canadian capelin tends to look nicer and is less damaged" (Meross, at p 24).
21. Meros further reported that "Although Canada tends to have the highest CIF price at 3.34 USD/kg, its capelin products are praised for their higher roe content and larger size by the Taiwanese industry. However, importers and processors point out that Canadian suppliers could improve their overall quality, particularly when it comes to more accurate roe content sorting." (Meros at p. 27) Importantly, Meros also reported that Taiwanese interviewees concluded that domestic consumption may decrease or may remain flat for the next 2-3 years, and an increase is unlikely.
22. Further, recent changes in regulations requiring domestic food in institutional meals may further reduce demand for imported capelin, especially affecting Norway and Iceland's exports (at p. 27).
23. In 2024, as reported in the Panel's decision, Japanese importers knew there would be very little Icelandic supply for 2024 and ensured that they purchased extra volume early in the year. This year, as referenced by FFAW, there was no 2024 capelin to buy or stock up on at the beginning of the season. Therefore, inventories are low, making it an anticipated good year for Canadian capelin prices.

Where the Parties agree

24. The Parties agree that the Newfoundland and Labrador capelin fishery in 2J3KL is one of the best-managed fisheries in the province. They each highlighted that daily industry calls between FFAW, ASP, their respective members, and DFO, allows for quick opening and closing of bays and gear types and very close monitoring of the amount of the Total Allowable Catch taken each day.
25. The Parties agreed that while they usually don't find the Canadian export data helpful for other species, the Capelin industry is an exception. Capelin is unique when compared to other fisheries because it has only one HS code and all exports in Atlantic Canada are NL product, regardless of the stated province of export. Therefore, the Parties agreed that Canadian export data, while not without flaws, is more comparable for capelin than other species.
26. The Parties agree that 61% of all capelin exports go to Japan, China, and Taiwan.
27. The Parties agree that there is a capelin moratorium in Norway this year and a near-moratorium in Iceland this year. Based on the cyclical nature of the capelin fishery they also agree that the price of capelin for 2025 will be higher than the price of capelin last year. Where they disagree is on the methodology for determining the minimum price of Grade "A" capelin, with its attached schedule, and ultimately what that minimum price of Grade "A", with schedule, should be.

Summary of the Parties' offers

28. ASP noted that for the 2024 season, the Parties were unable to agree on price. For that season, FFAW had proposed \$0.40 /lb for Grade "A" and ASP had proposed \$0.25. ASP used the schedule of corresponding grades as had been used and agreed to between the Parties in previous years. The differing grades of capelin were priced in the same proportionate increments for each schedule, once the price for Grade "A" had been set, as a percentage of that Grade "A" price. The Panel chose the ASP offer. The Panel again noted that it was not the most appropriate price, given the data, but that of the two offers, it provided a minimum price that could be increased with the agreement of the Parties if the market supported it, whereas the Panel thought the FFAW price was too high (see the Panel's 2024 decision for further details).
29. Following the 2024 capelin hearing, harvesters refused to harvest for the minimum price set by the Panel. A number of processors offered harvesters \$0.30 per pound, and there was a fishery. \$0.30 became the *de facto* minimum price for Grade "A" as set between the Parties for 2024 following the Panel decision.

30. This year, recognizing the moratorium in Norway and Iceland, but taking into consideration the quality concerns raised by numerous interviewees (as documented in the Meros report), costs associated to the producer, and Canadian export values, ASP used a weighted average price using export data, to propose a minimum price to be paid at the wharf for Grade "A" capelin to be \$0.36 / lb, which equates to a 44% increase over the Panel price of 2024, and a 30% increase over the 2024 post-panel agreement of \$0.30 /lb, with the same proportional corresponding schedule as has been agreed between the Parties in previous years.
31. FFAW, recognizing the moratorium in Norway and Iceland, making no comments about quality concerns and other issues raised by interviewees in China and Japan, FFAW argued that this would be an unprecedented year, in accordance with values from other years in which the cyclical capelin fishery had been 'bust' in Norway and Iceland. They proposed a weighted average that relied on placing more weight on capelin sold to countries with a higher contribution to the overall value of the exported capelin, and proposed an unexplained change to the percentages in the price schedule.
32. While the Panel recognizes that as a result of the increase in demand that will result from the steep decline in Norwegian and Icelandic fisheries, it prefers the reasoned proposal advanced by ASP for 2025. For the reasons below, the Panel has unanimously chosen the ASP final offer for the 2025 capelin season.

FFAW's submissions

33. FFAW argued that the price of \$0.36 / lb was more reflective of the actual 2024 market, based on its calculation using a weighted average – to be discussed below. The Canadian quota has not been released for 2025, but it is expected to be set at 14,500 metric tonnes, the same as it has been for the past three years. If the Canadian quota remains the same, and Iceland has landed 8,600 MT, it will mean a limited amount of capelin to supply markets in Japan, China, and Taiwan.
34. FFAW agreed that the Meros report indicates a quality issue with Canadian capelin, but they argued that we continue to sell into the Japanese, Chinese and Taiwanese markets.
35. FFAW argued that NL is the "only show in town" in the capelin fishery this year and in essence, because NL capelin is the only capelin available on the market, buyers will pay premium prices. In the FFAW's submission, they said that their members have repeatedly told them that "this is our year," and due to the cyclical nature of the capelin fishery and this would be the year for premium prices.

36. FFAW proposed using a “weighted average” of the 2024 export prices to determine the 2025 price of capelin. This weighted average also used export data, but weight was placed on value, rather than volume of export. ASP argued that weighting by value received resulted in an incorrect calculation, such that when the calculation is run backward, the “math doesn’t work.”

37. FFAW argued (at page 12 of its submission) that “in a weighted average,... the calculated number attributes importance and assigns value to the various export countries. Those countries that have a higher contribution to the overall value of the exported capelin will be given more weight than those that don’t.”

38. The FFAW Submission was based on a “share” methodology. Having weighted the average price of capelin exports in 2024 more heavily on value of the export and weighing more strongly on the value of the export versus the volume of the overall export, they then submitted that harvesters ought to receive a % share of that weighted value of 35-36% share of the market.

39. FFAW argued that it was important when setting the price for this year that we take a retrospective look at the performance of last year’s market and determine whether the price to harvesters was reflective of their long-term average share of the export price. In 2024, they argued that the \$0.30 price for grade “A” was not reflective of the “long-term share” because it was 20% of the weighted average price (or 24% of the simple average price).

40. FFAW’s chart is reproduced below for illustration, with the Panel calculation to the right:

FFAW Chart Page 13								
Year	Price to Harvesters	NL Simple average	% of Market	NL Weighted Avg Export Price	%	Actual Harvester Price	%	Elim covid
2015	\$ 0.1500	0.82	18.29%	\$ 0.87	17.24%	\$ 0.13	15.49%	15.49%
2016	\$ 0.2200	0.89	24.72%	\$ 0.99	22.22%	\$ 0.17	18.81%	18.81%
2017	\$ 0.2400	0.81	29.63%	\$ 0.91	26.37%	\$ 0.14	17.78%	17.78%
2018	\$ 0.2400	0.86	27.91%	\$ 0.98	24.49%	\$ 0.17	19.75%	19.75%
2019	\$ 0.3500	1.02	34.31%	\$ 1.14	30.70%	\$ 0.27	26.28%	14.96% min
2020	\$ 0.4200	1.48	28.38%	\$ 1.55	27.10%	\$ 0.28	18.85%	26.28% max
2021	\$ 0.4650	1.39	33.45%	\$ 1.54	30.19%	\$ 0.35	24.96%	
2022	\$ 0.3500	0.97	36.08%	\$ 1.20	29.17%	\$ 0.16	16.80%	16.80%
2023	\$ 0.2500	1.17	21.37%	\$ 1.31	19.08%	\$ 0.17	14.96%	14.96%
2024	\$ 0.3000	1.26	23.81%	\$ 1.47	20.41%	\$ 0.23	18.03%	
			27.80%		24.70%		19.17%	17.26%

41. FFAW argues that its weighed average results in an export price of \$1.47/lb, versus the simple average export price being \$1.26 /lb. The Panel urges the Parties to be careful here. The “weighted” average price presented is one based on value, giving more weight to certain countries because they paid a higher price for product. As Meros has articulated, different countries prefer different products for different reasons. If processors could have sold all lower-value products to higher-paying countries that might be an argument, but interviewees unequivocally stated their reasons for choosing certain products (as noted above in the market information). The fact remains that the value received in the fishery was \$26.4 Million. Applying the FFAW’s “weighted average” based on value would have seen \$30.7 Million in exports, and not the \$26.4 in product actually exported. This is discussed further below.
42. The column marked “actual harvester price” in the chart above (to the right of the FFAW chart) is the price to the harvester, according to DFO production. The column to the right of it, marked “%” is the percentage of NL simple price. FFAW acknowledged these percentages. Eliminating the COVID-19 years, which were anomalies, the Panel notes that the average % to harvester is 19.17% over ten years. Before elimination of COVID-19 years, the maximum % to harvesters was 26.28% and the minimum was 14.96%. In 2024, the share was 18.03%, which was within the range.
43. FFAW argued that they do not agree that the long-term average percent share to harvesters has been a reasonable share of the export price. However, their submission did not seek a higher % share. FFAW argues that the price to harvesters last year ought to have been \$0.36 / lb, and therefore they use that as the foundation for the request that this year’s price ought to be \$0.47 / lb.

The FFAW's schedule

44. Following its submission on price for Grade “A”, FFAW included its schedule. The FFAW offer is as follows:

FFAW Offer - 2025				
Percent Female Capelin	Price per pound - 70 or less count Ocean Run	Price per pound 65 or less count Ocean Run	Price per pound 55 or less count Ocean Run	Price per pound 45 or less count Ocean Run
30% - 34.9%	\$ 0.26	\$ 0.28	\$ 0.31	\$ 0.33
35% -39.9%	\$ 0.27	\$ 0.30	\$ 0.32	\$ 0.35
40% - 44.9%	\$ 0.30	\$ 0.32	\$ 0.34	\$ 0.37
45% - 49.9%	\$ 0.31	\$ 0.33	\$ 0.36	\$ 0.38
50% - 54.9%	\$ 0.32	\$ 0.35	\$ 0.37	\$ 0.39
55% - 59.9%	\$ 0.33	\$ 0.36	\$ 0.38	\$ 0.41
60% - 64.9%	\$ 0.35	\$ 0.37	\$ 0.39	\$ 0.42
65% - 69.9%	\$ 0.36	\$ 0.38	\$ 0.41	\$ 0.44
70% -74.9%	\$ 0.37	\$ 0.39	\$ 0.42	\$ 0.44
75% - 79.9%	\$ 0.38	\$ 0.41	\$ 0.44	\$ 0.46
80% or greater	\$ 0.39	\$ 0.42	\$ 0.44	\$ 0.47

45. When we consider the percentage of the highest price (\$0.47) for each of the categories, they are as follows:

FFAW % of Grade A price			
55%	60%	66%	70%
57%	64%	68%	74%
64%	68%	72%	79%
66%	70%	77%	81%
68%	74%	79%	83%
70%	77%	81%	87%
74%	79%	83%	89%
77%	81%	87%	94%
79%	83%	89%	94%
81%	87%	94%	98%
83%	89%	94%	100%

46. For comparison, the Panel reviewed the schedule provided by ASP and noted that the percentages were different. The Panel then reviewed the 2023 schedule, as had been agreed to by the Parties. The percentages in the 2023 schedule were the same percentages as represented in the ASP 2025 submission, in 2024, and used by the Parties for numerous years. For comparison, the Panel provides the following 2023 Schedule for illustration:

2023									
Percent Female Capelin	Price per pound - 70 or less count Ocean Run	Price per pound 65 or less count Ocean Run	Price per pound 55 or less count Ocean Run	Price per pound 45 or less count Ocean Run	% of highest price				
30% - 34.9%	\$ 0.07	\$ 0.09	\$ 0.11	\$ 0.14	28%	36%	44%	56%	
35% -39.9%	\$ 0.09	\$ 0.11	\$ 0.13	\$ 0.15	36%	44%	52%	60%	
40% - 44.9%	\$ 0.11	\$ 0.13	\$ 0.14	\$ 0.16	44%	52%	56%	64%	
45% - 49.9%	\$ 0.12	\$ 0.14	\$ 0.16	\$ 0.18	48%	56%	64%	72%	
50% - 54.9%	\$ 0.13	\$ 0.15	\$ 0.17	\$ 0.19	52%	60%	68%	76%	
55% - 59.9%	\$ 0.14	\$ 0.16	\$ 0.18	\$ 0.20	56%	64%	72%	80%	
60% - 64.9%	\$ 0.15	\$ 0.17	\$ 0.19	\$ 0.21	60%	68%	76%	84%	
65% - 69.9%	\$ 0.16	\$ 0.18	\$ 0.20	\$ 0.22	64%	72%	80%	88%	
70% -74.9%	\$ 0.17	\$ 0.19	\$ 0.21	\$ 0.23	68%	76%	84%	92%	
75% - 79.9%	\$ 0.18	\$ 0.20	\$ 0.22	\$ 0.24	72%	80%	88%	96%	
80% or greater	\$ 0.19	\$ 0.21	\$ 0.23	\$ 0.25	76%	84%	92%	100%	

ASP Offer - 2025

Percent Female Capelin	Price per pound - 70 or less count Ocean Run	Price per pound 65 or less count Ocean Run	Price per pound 55 or less count Ocean Run	Price per pound 45 or less count Ocean Run	% of highest price				
30% - 34.9%	\$ 0.10	\$ 0.13	\$ 0.16	\$ 0.20	28%	36%	44%	56%	
35% -39.9%	\$ 0.13	\$ 0.16	\$ 0.19	\$ 0.22	36%	44%	53%	61%	
40% - 44.9%	\$ 0.16	\$ 0.17	\$ 0.20	\$ 0.23	44%	47%	56%	64%	
45% - 49.9%	\$ 0.17	\$ 0.20	\$ 0.23	\$ 0.26	47%	56%	64%	72%	
50% - 54.9%	\$ 0.19	\$ 0.22	\$ 0.24	\$ 0.27	53%	61%	67%	75%	
55% - 59.9%	\$ 0.20	\$ 0.23	\$ 0.26	\$ 0.29	56%	64%	72%	81%	
60% - 64.9%	\$ 0.22	\$ 0.24	\$ 0.27	\$ 0.30	61%	67%	75%	83%	
65% - 69.9%	\$ 0.23	\$ 0.26	\$ 0.29	\$ 0.32	64%	72%	81%	89%	
70% -74.9%	\$ 0.24	\$ 0.27	\$ 0.30	\$ 0.33	67%	75%	83%	92%	
75% - 79.9%	\$ 0.26	\$ 0.29	\$ 0.32	\$ 0.35	72%	81%	89%	97%	
80% or greater	\$ 0.27	\$ 0.30	\$ 0.33	\$ 0.36	75%	83%	92%	100%	

47. Above, we compare the percentage of the highest price (\$0.25/lb) for each of the categories in the 2023 schedule. As you can see, the percentages were significantly different in the FFAW's 2025 presentation to the Panel than were the percentages put forward by the ASP in their submissions, as agreed to by the Parties in the past, and as set by the Panel in previous years (more than double for the lowest grade when compared to 2023).
48. FFAW's only explanation for this part of its proposal was that it was not the presenter's intention to have changed the schedule and there must have been a mistake in the documents put to the Panel.
49. As stated in its 2024 decision, the Panel has determined that there is nothing precluding it from accepting an offer which suggests that the price be rolled-over from a previous year for certain sizes, but increased for others. Under *FICBA*, the

Panel is tasked with setting the price and conditions of sale of fish by way of final-offer selection (with the exception of the species Crab, as of 2024). Parties are free to put forward their best final offer for the Panel's consideration. However, in the case of the FFAW's submission, the "best offer" put forward by FFAW for 2025 was, as admitted by FFAW, an error, given without explanation or reasoning, and having a significant discrepancy over previous years.

50. The Panel has no other evidence to consider other than what the FFAW put in its presentation. The Parties have no schedule from bargaining, because FFAW put forward its price demand of \$0.47 for Grade "A" and nothing else. There is no evidence of any negotiation of another schedule by the Parties in bargaining. FFAW admits that the table is a "mistake" but did not provide the "correct" numbers that it intended to rely on.
51. The Panel, as noted on many previous occasions, is prevented from providing any remedy or fashioning any compromise decision because this is final offer arbitration. Even if the Panel were able to accept the \$0.47/lb for Grade "A" put forward by FFAW (which the majority is not accepting in this case), the Panel nevertheless has unanimously concluded that the FFAW offer in its entirety, with the schedule presented, is unacceptable.
52. The majority of the Panel disagreed with FFAW's use of a weighted average based on value to determine a price based on last year's fishery, for the reasons above and as will be discussed below. However, Panel member Reid supports the FFAW's position on the Grade "A" price of \$0.47 per pound. He notes that in 2021, prices were set at 42 and 46.5 cents / lb respectively for Grade "A" capelin, with approximately the same volume of raw material from Newfoundland and Labrador and therefore agrees with the FFAW that \$0.47 as a minimum for Grade "A" for 2025 is an acceptable offer. However, the entire Panel has unanimously rejected the FFAW's proposal on the price of capelin, based on the FFAW's submitted schedule, for the reasons above.

ASP's submissions

53. ASP reminded the Panel that capelin is a low-value fishery with high associated costs and sales impacted by size, availability, and price differentials of female roe-bearing and male capelin. Because of this, they argued that a high percentage of catch is processed at a loss, and processors carry the majority of the risk in this fishery, while selling lesser quality capelin into the main markets where they ordinarily compete with Iceland and Norway. In contrast to the fixed minimum price paid to harvesters, processors argued that they operate without pricing certainty and must absorb volatile market conditions, freight fluctuations and foreign

exchange impacts. Given that sales often occur months after procurement, the real return is not only uncertain but also delayed (ASP at p2).

54. They go on to say that producers purchase capelin from harvesters based on a pricing table that accounts for the size and percentage of females in the individual landing. The “Grade A” price paid for capelin is for the largest sizes when all other quality factors are positive. All other capelin is priced according to the table, which creates a lower overall average price than Grade “A.”
55. ASP highlighted that their price offer is based on the Grade “A” price, based on DFO annual reports for landings and landed values in the province. The 2024 report for all vessels presents the actual average price per pound paid to harvesters for 2024, as well as the overall landings and landed value. ASP highlighted that the harvester price increased by 29.7% from 2023 – 2024, while the Grade “A” price increased by 20%. The increase in harvester price was related to increased catches of larger females.
56. When producers purchase from harvesters, they are purchasing “ocean run” capelin, which is comprised in females and males, generally 50/50 in the ocean. Males are larger, and take up more mass. Females are smaller, and of lower mass. Males have a relatively lower market value, while larger high-quality roe-bearing females have the highest returns in the market.
57. ASP notes that Meros shows a stable to declining market in China for 2025, and that capelin can be substituted by other species. In spite of the decline stock from Iceland and Norway, Japanese buyers have indicated that they will buy only if there is a stable lower price, one even noted that an ideal price would be \$2.32 /lb, which is currently \$1.45 /lb CAD. Interviewees in Taiwan felt consumption may remain flat or decrease over the next 2-3 years.
58. ASP noted that FFAW had argued in negotiations that the harvester share of the export price of Capelin is 35-36%. ASP disagreed, and provided the following table showing the raw material price paid to harvesters from DFO landings data as showing a share of 15% - 25% average over a five-year period. Or a straight average of 19%.
59. The table is reproduced from the ASP submission (at p 7)below for ease of reference:

Table 4 – Harvester Share of Exports

	2020	2021	2022	2023	2024
Atlantic Canada \$/lb	\$ 1.55	\$ 1.52	\$ 1.05	\$ 1.20	\$ 1.29
NL \$/lb	\$ 1.48	\$ 1.39	\$ 0.97	\$ 1.17	\$ 1.26
RMP \$ (DFO)	\$0.279	\$0.347	\$0.163	\$0.175	\$0.227
RMP as % of Atlantic Canada exports	18%	23%	16%	15%	18%
RMP as % of NL exports	19%	25%	17%	15%	18%

Another way to look at this is by weighing the harvester share over a 5-year period relative to landings.

Table 5 – Harvester Share Weighted Average by Landings

	Harvester Price	Market Price	Harvester Share
2020	\$0.279	\$ 1.48	18.85%
2021	\$0.347	\$ 1.39	24.96%
2022	\$0.163	\$ 0.97	16.80%
2023	\$0.175	\$ 1.17	14.96%
2024	\$0.227	\$ 1.26	18.02%

	Landings (lbs)	% of total landings
2020	52,879,437	30%
2021	49,234,628	28%
2022	10,879,817	6%
2023	27,595,429	16%
2024	35,551,974	20%
Total	176,141,285	

Weighted average % share to harvester 2020-2024			
2020	30%	18.85%	5.66%
2021	28%	24.96%	6.98%
2022	6%	16.80%	1.04%
2023	16%	14.96%	2.34%
2024	20%	18.02%	3.64%
Weighted Average Share			19.65%

60. ASP calculated that the tables account for variable year-to-year landings and determine that the harvester share was 19.65% from 2020-2024.
61. ASP further noted that the increase in overall price from 2023 – 2024 was 7.7%, significantly lower than FFAW had argued in its Panel submissions, ASP's position was that the average export price is the straight average, the total value of capelin exports divided by the total volume, or the weighted average by volume. The FFAW's position was that the average export price weighted by value is more

relevant. ASP provided clear and intelligible analysis through pages 9-10 of its submission as to why the FFAW's weighted average was incorrect. In using a weighted average by volume, as proposed by ASP, multiplying it by the total capelin (lbs) exported in 2024, we arrive back at the total revenue generated; \$26,419,949.00, as seen in the export data. Using a "regular" average or "simple average" when we come up with \$21,974,120.70, which undervalues the catch relative to the export data. When we use the FFAW weighted average based on the % revenue only, the number becomes \$30,763,468.98 total export value, with overvalues compared to the export data.

62. ASP argued:

The FFAW's co-called "weighted average" is mathematically flawed because it weights only the percentage of total revenue contributed by each country, without accounting for the corresponding volume of product sold (i.e., lbs). This method distorts the true average selling price by over-emphasizing high-value but low-volume markets and under-representing high-volume, low-value markets. In effect, it gives more weight to where more money was earned, even if very little product was actually sold there—resulting in a double-counting of high price points. A proper weighted average for \$/lb must use pounds sold as the weight, since we are measuring the average return per unit of volume. The ASP method—dividing total revenue by total volume—correctly reflects this principle and aligns precisely with the export data. Standard accounting and economic practice is clear: when evaluating per-unit returns, volume—not revenue share—must be the weighting factor. Any deviation from the standard risks undermining trust in the process and leads to flawed pricing benchmarks. Simply put, the FFAW's calculation inflates the average and is not a true weighted average... (ASP, at page 10)

63. ASP provided an example of additional costs such as fuel, trucking, unloading, ice, packaging, labour, overhead, trucking to Halifax and overseas, and cold storage fees to show that at \$0.47/ lb for raw material, the total cost is \$1.40 to the processor for Grade "A"., There was no evidence provided with that example to quantify the costs articulated in the example (p. 11, ASP).

64. In total, ASP argued that in 2024, the price to harvesters increased 29.7% over 2023, while the price to processors increased 7.7%. Based on the market indications in Meros, ASP offered an increase of 20% over last year's post Panel agreement of \$0.30/lb, to the following:

Grade A = \$0.36/lb.

Percent Female Capelin	Price per pound - 70 or less count Ocean Run	Price per pound - 65 or less count Ocean Run	Price per pound - 55 or less count Ocean Run	Price per pound - 45 or less count Ocean Run
30%-34.9%	0.10	0.13	0.16	0.20
35%-39.9%	0.13	0.16	0.19	0.22
40%-44.9%	0.16	0.19	0.20	0.23
45%-49.9%	0.17	0.20	0.23	0.26
50%-54.9%	0.19	0.22	0.24	0.27
55%-59.9%	0.20	0.23	0.26	0.29
60%-64.9%	0.22	0.24	0.27	0.30
65%-69.9%	0.23	0.26	0.29	0.32
70%-74.9%	0.24	0.27	0.30	0.33
75%-79.9%	0.26	0.29	0.32	0.35
80% or greater	0.27	0.30	0.33	0.36
Capelin must have a minimum 23% roe content				

65. This is the submission chosen by the Panel for 2025.

Conclusion

66. The Panel has accepted ASP's proposed pricing for capelin for 2025. Its schedule is in accordance with previous capelin schedules and the minimum price for Grade "A", capelin, upon which the schedule is based, was acceptable to the Panel in light of market conditions and quality issues outlined in Meros.

67. In keeping with its mandate to set the minimum price for capelin for 2025, and having heard and considered both Parties' submissions, for the reasons above the Panel chose the price schedule as follows, with all other terms and conditions of the schedule to remain the same:

Grade A = \$0.36/lb

Percent Female Capelin	Price per pound - 70 or less count Ocean Run	Price per pound - 65 or less count Ocean Run	Price per pound - 55 or less count Ocean Run	Price per pound - 45 or less count Ocean Run
30%-34.9%	0.10	0.13	0.16	0.20
35%-39.9%	0.13	0.16	0.19	0.22
40%-44.9%	0.16	0.19	0.20	0.23
45%-49.9%	0.17	0.20	0.23	0.26
50%-54.9%	0.19	0.22	0.24	0.27
55%-59.9%	0.20	0.23	0.26	0.29
60%-64.9%	0.22	0.24	0.27	0.30
65%-69.9%	0.23	0.26	0.29	0.32
70%-74.9%	0.24	0.27	0.30	0.33
75%-79.9%	0.26	0.29	0.32	0.35
80% or greater	0.27	0.30	0.33	0.36
Capelin must have a minimum 23% roe content				

All of which is respectfully submitted this 11th day of June, 2025.

Sheilagh M. Murphy

Art Dodd

Will Reid