

STANDING FISH PRICE-SETTING PANEL

SEA CUCUMBER 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 parties met on January 23, 2025 and the Panel then set this year’s Hearing date and the dates by which the Minister would set the price of Sea Cucumber for this season. The Panel set May 9, 2025 as the date by which collective agreement(s) binding on the processors that process Sea Cucumber in the province must be in effect. If a Panel was required, the date of the hearing was set for May 2, 2025.
2. On April 29, 2025, the parties requested that the Panel hearing be moved to May 30, 2025, due to uncertainties in the Sea Cucumber market. The Panel agreed to that request.
3. On May 14, 2025, the date by which the price and conditions of sale of Sea Cucumber had to be in effect was moved to June 6, 2025.
4. On May 25, 2025, the parties mutually requested that the Panel delay its hearing due to continued uncertainty in the Sea Cucumber market, particularly in China. The Panel granted that request. The date by which the price and conditions of sale of Sea Cucumber had to be set was then changed to August 31, 2025.
5. On July 25, 2025, the parties requested that the Panel conduct a hearing during the week of August 2, 2025. The Panel set Friday, August, 8, 2025 as the hearing date. The date by which the price and conditions of sale has to be set has remained at August 31, 2025.
6. The Panel noted 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 Sea Cucumber. As a result, under Section 19(11) of the *Act*, should a hearing be required for Sea Cucumber, 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”).

7. The Parties were unable to successfully negotiate the terms of the collective agreement for the price and conditions of sale of Sea Cucumber for the 2025 season. The hearing took place on Friday, August 8, 2025 via videoconferencing.

Setting the price of Sea Cucumber in 2025

8. As stated above, the parties engaged in negotiations for the price of Sea Cucumber in the week leading up to the hearing. They were unsuccessful in negotiating a price. The day before the hearing, in keeping with Panel rules and procedures, the parties exchanged briefs and documentation they intended to rely on.

Information considered

9. 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 Sea Cucumber industry reports provided to the Parties and the Panel by the Department of Fisheries and Agriculture ("DFA"). This information included:
 - USA sea cucumber imports, 2020-25 (Feb);
 - China sea cucumber imports, 2020-25 (Mar);
 - Atlantic Canada sea cucumber exports, 2020-25 (Feb);
 - NL monthly sea cucumber exports, 2020-25 (Feb);
 - Sea cucumber exports by province, 2020-25 (Feb);
 - China sea cucumber market update (MEROS – April 2025);
 - Production, 2020-24
 - China sea cucumber market update (MEROS – July, 2025)
10. The July Meros report [the "second Meros Report"] was conducted in response to the following questions from the parties: whether there had been any change in demand since the initial report was prepared; whether there was any update on the market outlook; and whether there was any change in the inventory situation.
11. At issue in this hearing is the price of sea cucumber to be paid by processors to harvesters. All other terms and conditions were agreed to between the parties. The parties also agreed as to the amount of water deduction, as a percentage.

Market information

12. The initial Meros report in April, 2025 showed concern that pricing would be affected following China's 25% tariff on Canadian seafood imports. One importer

indicated that he thought Canada's market share would decrease due to higher prices caused by the tariff. On the other hand, another interviewee thought it might take some time until the impact of the tariff would be seen. The same interviewee also highlighted fierce competition from Mexican and Ecuadorian giant sea cucumbers and Indonesian sea cucumbers in the lower price range.

13. Meros also noted that Chinese trade initiatives may offer some respite to Canadian sea cucumber exporters because of the Hainan Free Trade Port, which aimed to transform the province into a free trade and investment hub. This would allow imports without paying tariffs, under certain conditions. A news article provided by Meros highlighted that one company was able to sell sea cucumber products imported from Canada and the US at a lower price at a trade show after benefiting from a Hainan Free Trade Port tariff exemption – the company imported sea cucumbers, then processed and packaged them at a factor in the port in order to receive the exemption.
14. Meros reported (In April), that in 2024, China imported a total of 1,024 MT of dried sea cucumbers, down 69% from the 3,282 MT it imported in 2023. “This large decrease in dried sea cucumber imports reversed the recovery trend seen over the three-year period from 2021 to 2023, when imports rose from 2,007 MT to 3,283 MT.” they further reported that:

Imports of Canadian dried sea cucumbers to China dropped sharply in 2024, falling 85% from 1,200 MT in 2023 to 185 MT. This significant decrease came after a four-year period of steady growth between 2020 and 2023, when imports climbed 751% from 141 MT in 2020 to 1,200 MT in 2023.

This fall in Canadian dried sea cucumbers imports meant Canada lost its position as top exporter, a title it had retained for two consecutive years in 2022 and 2023. Canada's share of the import market is now in third place at 18%, following the Philippines at 41% and Hong Kong at 36%. As shown on the next slide, while the price of imports from the Philippines and Hong Kong fell, the price of Canadian dried sea cucumbers rose 140%.

(Meros, April, at p.9)

15. In terms of overall trends, Meros reported in April that:
 - Sea Cucumber consumption continued to grow in China in 2024. However, demand is not keeping up with the increasing supply thanks to improved domestic production, which is driving prices down. Chinese imports of both frozen and dried sea cucumbers fell in 2024 and have still not returned to pre-pandemic levels.

- Canada maintained its position as the top supplier of frozen sea cucumbers to China in 2024 despite its decreasing import volume. However, Canada dropped from the top position to become the third-largest supplier of dried sea cucumbers to China.
 - The 25% seafood tariff introduced in March 2025 could have a negative impact on Canada's exports going forward.
16. Meros said overall, their interviewees were optimistic about overall demand for sea cucumber in China, but felt that import volume would continue to decrease in 2025, in part due to domestic production. They also expressed caution about Canada's prices due to the tariff implemented in March 2025 (Meros April, at p. 18).
17. Canadian sea cucumbers have better quality compared to Icelandic and Russian, but quality was only one component: the price of Canadian sea cucumbers was increasing and that was seen as a negative. One importer predicted that Canada's market share would decrease going forward as its sea cucumbers become more expensive due to tariffs. Another marketing manager felt it may take some time for the impact of the tariff to occur.
18. The updated Meros report of July was more optimistic in its outlook re tariffs. It concluded:
- Frozen sea cucumber imports in the first five months of 2025 did **not show a different trend in terms of total volume compared to last year**. During this period, a total of 2,060 MT of frozen sea cucumber was imported to China which is only slightly lower – by 70 MT – compared to the same period in 2024 (emphasis added).
 - Canada traditionally supplies the largest portion of this volume. In the first five months of 2025, a total of 1,753 MT of frozen Canadian sea cucumber was shipped to China which corresponds to 85% of the total imports in this period. The remaining volume came from Iceland. During the same period in 2024, the share of Canadian products in the total import volume was only 66%, at 1,423 MT.
 - However, the trend in monthly shipments in 2025 showed some shifts with increased volumes from Canada in March, April and May....
 - The other product in the market – dried sea cucumber – did not show any notable trend in the researched period. Only a few tons of dried sea cucumber were imported to China in the first five months of 2025, from Myanmar and Nicaragua.

(June Meros at page 3)

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- China imposed a 25% tariff on Canadian seafood exports effective March 20, 2025, as a retaliatory measure against Canadian tariffs on Chinese electric

vehicles, steel, and aluminum products. The new Chinese tariffs target a wide range of seafood products, including sea cucumbers, as well as lobster, crab, shrimp, halibut, clams and prawns.

- While our interviewees mentioned that the tariffs have potentially brought some impact on the supply, the trade statistics data we analyzed on the previous slide showed **no meaningful decline in the sea cucumber volumes that are shipped from Canada, on the contrary, volumes increased slightly compared to 2024.** (Emphasis added)
- As for the import price of Canadian products, **only a negligible increase of 1 % was recorded in the trade statistics for unit price from Canada** (emphasis added).
- It was reported that some trading companies have rerouted sea cucumbers from Canada to China through Hainan province, which is a duty-free zone in China. In addition, imports from member countries of the Association of Southeast Asian Nations (ASEAN), such as Indonesia, have also helped meet demand in the imported sea cucumber market, since China imposes zero tariffs on sea cucumbers imported from Indonesia. This trend is not visible in the trade data yet.
- On the other hand, our interviewee emphasized that the impact of tariffs is less significant than the more market impact caused by the sharp drop in the price of domestically grown sea cucumbers. The interviewee reported that the current price of domestically grown sea cucumbers is two-thirds of the price in 2024 and only half of the price in 2023. He explained that this was caused by the “involution” in the sea cucumber industry in China. Involution is a widely used term in contemporary China to describe a phenomenon of excessive, often irrational, internal competition within a market or industry, where increased effort and input from participants do not lead to meaningful progress, innovation or improved outcomes but to diminishing returns and stagnation.
- According to this industry representative, domestic suppliers have kept lowering the unit price of domestically grown sea cucumbers to compete in the market, which has spilled over into the broader sea cucumbers market that includes the imported sea cucumbers sector. As a result, some companies that used to import a significant amount of sea cucumbers from overseas, including Canada, are turning to domestic suppliers, causing a drop in demand for overseas sea cucumbers.
- The interviewee has also begun turning to domestic suppliers to take advantage of the lower prices, reducing the volume of *Cucumaria frondosa* he used to purchase from Canada and other countries.
- Chinese media report that some companies engaged in sea cucumber breeding, processing and distribution (such as Zoneco Group and Shandong Oriental Ocean Schi-Tech) have experienced profit losses ...
- One company representative stated in Chinese media that sales volume and prices of some of the company's aquatic products had declined compared to

last year, due to the weak demand of end consumers and intensified market competition.

- Another company, Shandong Homey Aquatic Development, shared that while they were profitable in the past year, the average price of the company's fresh sea cucumbers was CNY 125.16 (approximately USD 17.15) per kilogram in 2024, **a year- over-year decrease of 4.5%** (Emphasis added).
- One of our interviewees mentioned that Fuyuan Sea Cucumber, one of the largest sea cucumber importers in Shandong Province, China, had recently ceased operations due to challenging market conditions.

(June Meros a p 4 -5).

Summary of the parties' offers

19. The parties agree that there has been significant uncertainty in the Sea Cucumber industry in 2025. Price negotiations that were initially scheduled for early May were postponed multiple times, at the request of both parties, while they monitored the market for potential improvements.

20. ASP summarized its outlook on the season as follows:

The market remains unfavourable for NL sea cucumber. Weak consumer demand, elevated inventory levels of Canadian sea cucumber, particularly in Chinese bonded warehouses, and intensified competition from China's domestic production have all contributed to the market downturn. Further compounding these pressures is a 25% tariff imposed by China on Canadian sea cucumber imports, significantly undermining competitiveness and market access. (ASP submission, at p. 2)

21. ASP argued that given the evidence they presented, and based on their "market data and macroeconomic analysis...it is both prudent and necessary that the minimum price for sea cucumber be significantly reduced in 2024 to reflect current supply, demand, and broader economic conditions." Their offer of \$0.50 / lb, representing a 32% decrease from 2024, aims to:

- Maintain competitiveness with significantly lower-priced domestic Chinese sea cucumber;
- Acknowledge the reduced purchasing power of Chinese consumers amid ongoing economic slowdown;
- Recognize the discretionary and luxury nature of sea cucumber, which places it among the first items cut from household budgets during periods of reduced consumer spending; and
- Preserve long-standing relationships with Chinese buyers by offering a realistic and sustainable price aligned with current financial conditions in the market.

22. FFAW summarized its outlook by acknowledging that the 2025 negotiating season started with apprehension and tension about pending US tariffs. Then China announced tariffs on many Canadian products, including seafood. While the US tariffs did not materialize in the seafood sector, we are still facing tariffs in China on most seafood products, including sea cucumber. They agreed that China is a very important market for sea cucumber. (FFAW submission, at page 1).
23. FFAW argued that the Canadian export data shows a shift away from frozen sea cucumber exports to China towards dried exports to the US, and argued that this was not due to dumping of product in China prior to the tariff being applied, but due to a “doubling of export value of dried cucumbers to the US.” They refer to the Meros April market report showing a wariness in the Chinese market as to the effect of tariffs, but state that the July Meros report shows that the tariffs are not having a significant impact and Chinese importers expect little change in the volume of sea cucumbers they import from Canada. The domestically-grown sea cucumber in China, they argue, is a low-cost product, filling the low-to-mid range market. That is not the market in which the NL sea cucumbers are sold. Imported [Canadian] sea cucumbers “tend to fill the mid-to-higher-end market,” as cited by Meros. The market for those mid-to-higher-end sea cucumbers appears to be more stable, in their opinion, based on the Chinese import data.
24. FFAW also reviewed landings and exports from NL and other Atlantic provinces. FFAW argued that “our analysis and review of the information available shows dramatically increased exports of dried cucumber to the US...our offer reflects the overall stability we see from the data and market intelligence available but also accounts for the uncertainty in the Chinese market.” FFAW therefore offered \$0.69 / lb, or a decrease of \$0.05/ lb or 6.8% from 2024. The Panel notes that FFAW used a statistical analysis to determine that the 2025 sales price will be close to \$5.00 / lb. This was done comparing 2 months to 4 months, and we are unsure what the result would be if the same period were compared.

The Parties' submissions

25. ASP argued that China accounts for over 90% of NL's sea cucumber exports, showing heavy dependence on this single market and a limited ability to diversify. FFAW noted however that the export data shows large swings from year to year between sea cucumber exports to China and the US. For example, the NL export data showed:

Table 1 [FFAW]: Percent share of exports, by value, China and US, 2020 – 2024

	% Market				
	2020	2021	2022	2023	2024
US	73%	14%	42%	10%	0%
China	27%	84%	56%	79%	100%

26. While in 2024 there were 0 exports to the US, the percentage of sea cucumber exports from NL to the US have ranged from 73% in 2020, to 14 % in 2021, back up to 42 % in 2022, down to 10% in 2023. FFAW argued that there is a market in the US, but the processor ultimately chooses where it will sell its product depending on market conditions.
27. ASP advised, but did not provide any evidence in support of the statement, that there are currently 5 sea cucumber processors in the province and only some of them are able to produce dried sea cucumber; the others can produce both dried and frozen. They advised in their oral argument that exports to the US are primarily of dried sea cucumber. Therefore, not all processors are able to switch from frozen to dried products and simply switch to exporting to the US over China.
28. ASP also argued that China is undergoing an economic slowdown. Admittedly, it is not a recession, but growth has slowed to 3.8 % - 4.5 %, which is short of the government's 5% target. As a consequence, ASP sees significant consequences for the NL sea cucumber market. Considering the imposition of a 25% tariff, ASP considers there to be a "severe strain" on the NL sea cucumber fishery. FFAW argued that the evidence produced by Meros does not support this conclusion. The Panel notes that ASP did not provide evidence of this "severe strain". There are some difficulties.
29. ASP argued that the tariff directly impacts the ability of Canadian processors to maintain export pricing as Chinese buyers pass on the added cost. They argued there is downward pressure on processor selling prices. Again, however, ASP did not provide any data to back up this assertion. The Panel notes that the only evidence it has before it is articulated above at paragraph 9 and the appendices to the parties' submissions. If ASP has evidence or data to support this assertion, it ought to have brought it to the Panel.
30. ASP argued that "both Meros reports make clear that the combination of tariff exposure, domestic oversupply, price suppression, and exclusion from key retail channels poses serious risk. Canadian exporters will face an increasingly difficult path forward in their most important export market."

31. FFAW agrees that this year's sea cucumber market will be more difficult than last year, but disagrees with the ASP's outlook and interpretation of Meros. Meros' conclusions are above. FFAW agrees that the product that is the lowest price is the Chinese domestic product, where the producers there are in a race to the bottom. This is already causing some Chinese producers to leave the market. However, FFAW highlights that the Canadian product is a superior product as the poorer-quality Chinese domestically grown product, and the information from the Canadian export data as well as the Chinese import data shows that the Canadian sea cucumber has increased market share over last year, that prices have held, or decreased slightly over last year, and that the tariffs imposed have not had a significant impact on pricing in the first six months of 2025, contrary to earlier predictions.
32. Both parties made submissions as to their overall outlook on the sea cucumber market this season. Neither of them related their price to the 2024 price, or clearly explained how or why their proposed price was related to last year's agreed price and tied it back to the current market conditions. ASP provided an overly-grim portrait of the sea cucumber prices, talking about "price collapse" and other descriptors that were not supported by the evidence provided in the Meros reports or in the export data. FFAW's outlook was not entirely rosy, and was perhaps a little more optimistic than the picture painted by the export prices and the Meros reports, but it was grounded in the export data, the prices for dried and frozen cucumber, and the fact that Meros concluded that so far this year, the potential significantly negative impacts of tariffs have not materialized.
33. The export data average price in 2024 was \$2.37/ lb compared to \$3.08 in 2023. Neither ASP nor FFAW was able to give a reasoned, definitive response to the Panel's request to explain why they chose the price they put forward to us. ASP put forward the price they were willing to pay for raw materials. FFAW put forward the price their members would fish for, given the time and distance involved reaching the fishing grounds for this particular fishery. The Panel must choose one submission or the other, given that this is final offer arbitration. As such, based on the information provided to it, the Panel is not convinced that the catastrophic drop in prices predicted by ASP is reflected in the data provided.
34. A member of the Panel was significantly troubled by the fact that FFAW used the "value" of exported sea cucumber (instead of volume, without knowing the conversion factor) to conclude that prices for dried sea cucumber were relatively stable and that overall sea cucumber exports, based on a dollar value, were similar to 2024 this year to date. FFAW relied on the fact that the export data showed a shipment of dried sea cucumber to the US in 2025. Neither FFAW nor ASP provided any information on the conversion factor for dried cucumber vs. frozen. The Panel member found it inappropriate to compare the value of dried product to

the value of frozen when setting the minimum purchase price for raw sea cucumber, given that we have no data as to the conversion factor used or cost to produce dried sea cucumber versus frozen. FFAW admitted that this was a comparison of value of export, done to check the value of sea cucumber exports in 2024 vs 2025. The Panel did not unanimously accept this as a valid measure. The Panel was satisfied that the export data did show that over the past five years, there have been significant swings between exporting frozen sea cucumber to China versus dried sea cucumber to the USA, and the decision as to which product to export is the processors' to make.

35. FFAW notes that Meros shows a stable market in China for 2025, and reminds the Panel that if a significant change in circumstances should occur following this Panel decision on price, one or both of the parties could seek a reconsideration of the Panel's decision. This ability to seek a reconsideration would provide a safeguard in the event that the tariffs suddenly had an impact on imports, or currency exchanges, for example, or other changes in circumstances of the market occurred.

Conclusion

36. The majority of the Panel has accepted FFAW's proposed pricing for sea cucumber for 2025. Its proposal was acceptable to the Panel in light of market conditions and information provided and updated by Meros.
37. Therefore, the price per pound of Sea Cucumber shall be set at \$0.69/ lb for 2025.

All of which is respectfully submitted this 20th day of August, 2025.

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