

STANDING FISH PRICE-SETTING PANEL FALL SHRIMP FISHERY 2017

The Shrimp Schedule which forms part of the Master Collective Agreement, between the Association of Seafood Producers, hereinafter referred to as “ASP”, and the Fish, Food and Allied Workers Union, hereinafter referred to as “FFAW”, states in part:

“In the event there is no agreement on the price for summer or fall periods, the parties agree to refer the matter to the Standing Fish Price-Setting Panel, hereinafter referred to as “the Panel”, for binding resolution in accordance with the provisions of the *Fishing Industry Collective Bargaining Act*.”

The Act, Section 19.11, and the Regulations, provide that the Panel decide on matters relating to “price and conditions of sale” by final offer selection. The FFAW and ASP were not able to agree on prices to be paid to harvesters for the fall shrimp fishery. At the request of the parties, the Panel set Thursday, September 7, 2017, as the date for a hearing to set a collective agreement binding on all processors in the province that process fall shrimp. Upon request of parties, the hearing was subsequently rescheduled to Friday, September 8, 2017.

The Panel convened its hearing for the species fall shrimp at 9:00 a.m. on Friday, September 8, 2017, at the Labour Relations Board Hearings Room, Beothuck Building, 20 Crosbie Place, St. John’s. Appearing before the Panel were the FFAW and ASP. The parties, having previously exchanged their final offer submissions, and filed copies with the Panel, (copies attached), supported their submissions in main argument and rebuttal. The parties and the Panel had the benefit of a market update report provided by the Department of Fisheries and Land Resources. It was prepared by Gemba Seafood Consulting and provides an update on the supply, demand, currency and market situation in Europe.

The Gemba report notes that the market for *pandalus borealis* shrimp remains much lower than the peak of 2015, however; as noted in the spring report, it has recovered from its low point, is stable and showing positive signs over the past few months. This is particularly true for larger size shrimp in the UK and Europe, which are in demand. Prices for small size shrimp remain quite low and inventories are high. Major currencies have depreciated against the Canadian dollar over the summer and are trending in the wrong direction. There remains some uncertainty as to how the market will react to recovering prices for larger shrimp, what this means for prices of other sizes; and whether some substitution (i.e. to warm water shrimp) might occur.

At the hearing, there was a general agreement between the parties that markets have stabilized, however, ASP were more cautious about the fall outlook than the FFAW. Both sides acknowledge that the relevant currencies had declined over the summer and would likely impact market returns.

Both parties offered WAMP comparisons between fall 2016 and 2017, and noted that market returns were expected to be lower in fall 2017, than in fall 2016. However, there was no agreement of the detailed WAMP calculations with the parties using different sources of UK market prices resulting in fall over fall results that were different.

The FFAW noted that over the past three years, the fall shrimp size distribution resulted in landed shrimp with approximately two thirds at or above the 6 grams and believed this distribution would meet the large shrimp specifications of buyers in the UK and Europe. Large shrimp are currently more favorably priced in the market and this should be considered in price comparisons. The ASP was not as confident that all shrimp in this size category would fetch the higher prices. The ASP also noted that slightly less than 4.0 million pounds of shrimp remained to be caught and this quantity would be caught relatively quickly, likely by the end of September. The result being that the benefit of improved yields, observed in previous years on shrimp caught later in the fall, would not accrue to processors this fall.

Both parties agreed that market prices had improved over the summer, but did not agree on the summer starting position for the summer to fall comparison and WAMP calculations. Given the stated position of the Panel in its spring decision, that “the ‘right’ price is somewhere in between the two offers,” the ASP felt the starting point is less than the awarded offer of \$1.25 which was too high. Also, with the recent and expected actions of the Bank of Canada on interest rates, the appreciation of the Canadian dollar is a significant risk. On the other hand, the FFAW felt the starting point should be the \$1.25 and the comparison should be based upon current exchange rates.

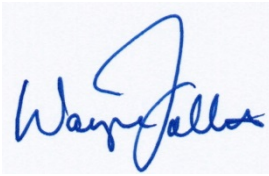
The Panel is encouraged by the tone of the negotiations and that the positions of the parties (\$1.30 offered by ASP, \$1.36 offered by the FFAW) are quite close. It also notes that the ASP offer is a significant improvement over its offers in the spring and fall of \$.95 and \$1.04, respectively. Accounting for changes in size distribution between the summer and fall, as well as current exchange rates, both offers result in a price to fish harvesters above the price range the Panel felt reflected the market at the time of its June, 2017 decision.

In its deliberations, the Panel shared the view that the market is stable and leaning positive. However, based upon the Gemba report, it also sees risks in terms of foreign exchange trends and that rising market prices may cause some buyers to looking at alternatives to *pandalus borealis* shrimp, particularly, in the UK. The Panel is also concerned that gains from rising market prices on larger shrimp sizes may be offset by lower yields than normally the case for fall shrimp.

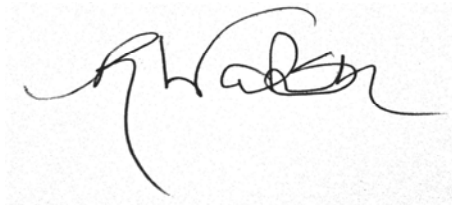
After carefully considering the submissions, the market report and the comparisons of WAMP, it is the decision of the Panel to accept the ASP offer. The prices for the species shrimp will be \$1.30 as per the attached schedule.

These prices will form a collective agreement or part of a collective agreement binding on all processors that purchase the species shrimp.

Dated the 11th day of September, 2017.



Wayne Follett



Rosalind Walsh



Bill Carter

Schedule "A"

Size Categories	Distribution Fall 2016 (%)	Plant Price
2.0-2.9	4.66	0.437
3.0-3.9	9.47	0.740
4.0-4.9	9.14	0.904
5.0-5.9	8.95	1.069
6.0-6.9	7.67	1.259
7.0-7.9	9.30	1.351
8.0-8.9	13.23	1.444
9.0-9.9	13.55	1.586
10+	24.03	1.678
		\$1.30

* Prices for trucked shrimp are 3¢/lb. less.