

## **STANDING FISH PRICE-SETTING PANEL SQUID FISHERY 2019**

The Standing Fish Price-Setting Panel, hereinafter referred to as “the Panel”, issued its Schedule of Hearings for 2019, on February 5, 2019. Pursuant to Section 19 of the Fishing Industry Collective Bargaining Act, hereinafter referred to as the “Act”, the Panel set Thursday, August 1, 2019, as the date by which collective agreement(s) binding on all processors in the province that process Squid must be in effect.

The Panel also noted at that time, that it had been advised by the Department of Fisheries and Land Resources, hereinafter referred to as the “DFLR”, that the Association of Seafood Producers, hereinafter referred to as “ASP”, represented processors that process the majority percentage of the species Squid. As a result, under Section 19(11) of the Act, should a hearing be required for Squid, the parties appearing before the Panel would be the Fish, Food and Allied Workers’ Union, hereinafter referred to as “FFAW”, and “ASP”. Section 19.11(1) of the Act, and regulations made pursuant thereto, require that the decision of the Panel must be in accordance with one of the positions on price and conditions of sale submitted to the Panel by the parties at the hearing. The Panel further advised that no other positions would be accepted by the Panel, and should other representatives of this species wish to attend the hearing, concurrence from both parties to the collective bargaining must be obtained.

The hearing, if required, for Squid was scheduled to take place at 10:00 a.m. on Thursday, August 1, 2019, at the Ramada Hotel, 102 Kenmount Road, St. John’s.

The Panel convened its hearing for the species Squid at 10:00 a.m. on Thursday, August 1, 2019, at the Ramada Hotel, 102 Kenmount Road, 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, supported their submissions in main argument and rebuttal. In preparing their positions, the parties had the benefit of squid landings, production and import statistics provided by the DFLR. They also had benefit of a recently completed report: “Market Analysis of Squid & Small Pelagic Species; Used for Non-Human Consumption”, prepared by TriNav Fisheries Consultants Inc. (TFC Inc.).

The parties noted and accepted that there was not much information in recent years on the Squid fishery, since the landings were almost exclusively for the local bait market. They also agree that limited information exists on Squid imports in 2019 and what does exist is unreliable. Approximately 1,200 tonnes of Squid were landed in 2018, up from 300 tonnes in 2017. The market for these landings was the domestic bait market, primarily for the Crab fishery. The local fisheries currently consume approximately 4,500 tonnes of bait and most of that bait market has been supplied by Squid imported from other countries, most recently Argentina, which have become increasingly expensive in recent years.

The FFAW takes the position that the international market forces for imported Squid set the bait market price and there is no material differentiation of locally supplied and imported Squid sold as bait. Squid bait prices to Cod and Crab harvesters have been steadily increasing. Bait prices have increased by \$0.90 since 2015 (from \$1.20 in 2015 to \$2.10 in 2018/19), while prices to Squid harvesters have increased from \$0.55 to \$0.85. As result, they contend there is a widening margin between prices to Squid harvesters and bait prices and increases in landed prices to Squid harvesters have not kept pace with the increase in bait prices and processors margins. The FFAW provided copies of actual settlement sheets issued by five Newfoundland processors, indicating fishermen were charged \$2.10 per pound for Squid bait during the spring 2019. They contend that receipts to harvesters do not distinguish between locally sourced or import Squid for bait. They also maintain that Squid processors have little risk and full control over their market price for bait since they sell it all directly to harvesters that have no other commercial bait supply. The FFAW's offer is for a 17.6% increase in Squid prices in 2019.

The ASP takes the position that local Squid should not be priced based on international benchmarks. They contend that locally sourced Squid bait is often sold to local harvesters at reduced prices. Harvesters prefer imported Squid since it is often of better quality than locally caught and frozen Squid. In many instances, harvesters insist on imported Squid. The ASP further takes the position that their members records of actual bait prices charged for imported and locally sourced are confidential and they should not be expected to produce receipts to verify their claim that they charge lower prices for locally sourced Squid bait. The TFC Inc. report has identified a differential in pricing for imported and domestic Squid for bait and this is enough evidence to support their position. Bait prices to Cod and Crab fishermen have not increased in 2019, thus there should be a rollover of 2019 prices.

The Panel has carefully evaluated both positions and notes that the vast majority of Newfoundland Squid landings in 2019 will again be processed for sale locally as bait. In the event of landings above 4,500 tonnes, the estimated local bait market, there is agreement between the parties for a lower price on the remainder. The Panel further notes that there is agreement that internationally supplied bait has steadily and sharply increased in price.

As was the case last year, ASP has provided no documentation to support their assertion that locally produced Squid is often sold at lower prices than imported Squid for bait. This is despite having such information readily available and having provided similar types of information to support their positions in respect of other species that have been before the Panel in the recent past. They have also provided no information as to what an average discounted price might be for locally supplied Squid bait.

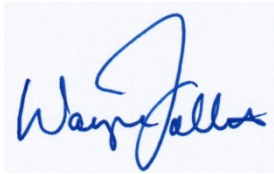
In any case, it would appear that the margins to Squid processors have grown in recent years as bait prices have proportionately increased faster than prices paid to Squid harvesters. This gives rise to the need to consider fair sharing of these market gains. In light of a review of the submissions of the parties, it is the decision of the Panel to accept the final offer of the FFAW.

The prices for the species Squid will be:

- All Squid landed up to 4,500 tonnes – \$1.00/lb.
- All Squid landed in excess of 4,500 tonnes – \$0.75/lb.

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

Dated the 5<sup>th</sup> day of August 2019.



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Wayne Follett



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Bill Carter



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Brendan Condon