STANDING FISH PRICE-SETTING PANEL

TURBOT FISHERY 2025

Background

1. The Standing Fish Price-Setting Panel, hereinafter referred to as "the Panel," issued its Schedule of Hearings for 2025. Pursuant to Section 19 of the *Fishing Industry Collective Bargaining Act*, hereinafter referred to as the "Act", the Minister set Monday, June 2, 2025 as the date by which collective agreement(s) binding on all processors that process Greenland Halibut (also referred to as "Turbot" throughout this decision) in the province must be in effect.

2. The Panel has been advised by the Department of Fisheries, Forestry and Agriculture that the Association of Seafood Producers ("ASP") represents processors that process the majority percentage of the species Turbot. As a result, under Section 19(11) of the *Act*, should a hearing be required for Turbot, the parties appearing before the Panel would be the Fish, Food and Allied Workers' Union ("FFAW"), and ASP. Section 19.11(1) of the *Act* and regulations made thereunder 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 first be obtained.

3. The parties were unable to come to an agreement on all aspects of the price and conditions of sale for Turbot for the 2025 season. Therefore, the Panel conducted a hearing on Friday May 23, 2025 at 10:00 via videoconferencing.

4. In keeping with the Panel's Rules of Procedure, FFAW and ASP provided their written submissions at 4:00 p.m. on May 22, 2025. They appeared before the Panel and provided their arguments in support of their final offers, as well as rebuttal to each other's arguments, and answered the Panel's questions. The Panel thanks them for their submissions and attendance.

5. Prior to the commencement of bargaining, and in keeping with past practice, the Department of Fisheries, Forestry and Agriculture NL ("FFA") provided the parties and the Panel with information on NL Turbot, namely the May 12, 2025 Meros Consulting Report on Greenland Halibut – China ("Meros China"); May 12, 2025 Meros Consulting Report: Japan's Greenland Halibut Market Update ("Meros Japan"); Atlantic Canada Turbot Exports 2020-25 (March); NL Turbot Monthly

Exports 2020-25 (March). The Panel thanks our colleagues at FFA for that information.

The issue in dispute

6. There was one discrete issue put to the Panel for consideration this year: to determine the price for landed and frozen Turbot.

7. The parties negotiated the price of turbot for 2024 as being $1.95 / lb. This year, ASP is proposing $1.85 / lb., a decrease to the price of 2022 and 2023, and FFAW has sought an increase to $2.05 / lb.

8. For the reasons below, based on the parties oral and written submissions to the Panel, the Panel has set the minimum price of Turbot in the 2025 fishery to be $2.05 / lb.

The Market Information

9. As articulated above, FFA obtained reports on the Chinese and Japanese markets for Turbot.

10. 2024 Turbot landings for NL were 6,114, 341 lbs. inshore and 15,760,508 offshore, for total landings of 21,874,849 lbs. In 2023, there were totals landings of 16, 775,786, 2022 had total landings of 21,946,723, 2021 had 18,634,354, and 2020 had 21,004,317 lbs. total.

11. Based on the statistics provided on provincial turbot export products Newfoundland and Labrador accounts for approximately 69% of the total export volume and value of Turbot in Canada.

12. Meros reports that changing fishing quotas and difficulties in procuring Turbot from suppliers have emphasized the importance of maintaining a stable and sufficient supply volume. They noted that if supply is too low, prices will rise, making the species unacceptable to buyers.

13. China's seafood import market is "poised for continued expansion" due to the falling domestic supply and rising imports.

14. There is currently a Chinese ban on the import of Japanese seafood, which was imposed following the release of treated wastewater from the Fukushima nuclear power plants last year (Meros, p 6).

15. Canada is second to Greenland in terms of supplying Greenland Halibut to China.

16. Due to the 25% tariff on Canadian seafood imports imposed by China from March 2025, the price of Canadian products is expected to rise for both wholesale and retail in China. Meros cautions that Canada is at risk of losing its market share as Chinese importers turn to cheaper suppliers form other countries.

17. That said, Meros China reports that the global prices for Greenland halibut are expected to rise overall and the general rise may give Canada some buffer room in the face of the tariffs that are making Canadian exports less competitive compared to other supplier countries. Most importers in China are taking a "wait-and-see" approach to the market. If prices go "too high" they may switch to alternative products.

18. Meros notes "the focus on nutrition is a bright spot in the economic landscape. Chinese consumers are very willing to maintain their spending levels in the health sector, particularly food, despite the "rational consumption" trend in which consumers purchase good value for money. This is promising for Greenland halibut, which is viewed by Chinese consumers as being high in nutrition with relatively good value for money." They also note a growing market for "Complementary food" for babies, noting that products like Greenland halibut are highlighted as having high nutritional value and noting that the product lives in cold and clean waters, and has a taste and texture suitable for babies. (Meros China, p. 14)

19. Meros provided the following key takeaways – market outlook for 2025:

> Based on our interviews with Greenland halibut industry representatives, several factors are expected to impact the Greenland halibut market in China in the short- and mid-term.
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> **Overall Greenland halibut market**
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> Chinese Greenland halibut will remain popular and viable in the domestic market as long as the price is right. The main issues that will impact Canadian Greenland halibut are pricing due to the tariff, lowered supply and higher prices amid decreases in fishing quotas, and insufficient promotion leading to lower name recognition than some other fish.
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> **Frozen-at-sea products opportunities and concerns about pricing**
> Frozen-at-sea products offer better quality and freshness compared to frozen-at-land products, but are generally supplied at a higher price. Our importer interviewees emphasized that they are pursuing deals for frozen-at-sea products given their quality, but reported issues in creating relationships with suppliers amid falling supply.

Although interviewees expressed concern about rising prices due to the tariff on Canadian seafood imports as well as decreasing fishing quotas, they appeared to be taking a “wait-and-see” approach, at least until the new Greenland halibut fishing season.

One interviewee noted that as of April 2025, the tariff had not yet had a significant impact.

One importer stated that her clients told her they would not accept prices exceeding her company's current supply rate of 75,000 RMB/ton, with future shipments potentially reaching 80,000 RMB/ton. Similarly, a distributor stated that if prices rise to 8.98 USD/kg (including tariffs and VAT), his company would consider switching to substitute products such as black cod. We have seen a similar trend in the Japanese market since 2023 when the high price of Greenland halibut forced Japanese importers to substitute it with lower priced black cod.

Although interviewees reported exploring potential substitutes for Greenland halibut, they generally found the alternatives lacking in both quality and value for money. Nevertheless, they acknowledged that they would be compelled to turn to these options if Greenland halibut prices rise too high.

One interviewee noted that the price of halibut is currently in an awkward position in China, given that it neither has a low-price advantage or a price high enough to be positioned in the high-end segments.

Exchange rate fluctuations

One interviewee said that exchange rate fluctuations should have limited impact to importers and consumers. If the exchange rate rises, importers would be able to gain more profit when exporting. Moreover, for consumers, any exchange rate changes would be relatively minor compared to the impact of the 25% tariff. The interviewee recommended focusing on supply to ensure that shortages do not further drive up the price. However, another interviewee pointed out that exchange rates do have a large impact when making large orders.

While not a mainstream fish, Greenland halibut continues to be popular

Chinese consumers are showing growing interest in healthy eating and food safety. Greenland halibut aligns well with this demand thanks to its excellent nutritional profile and origin in clean, cold waters.

Greenland halibut performs well at membership stores such as Sam’s Club, but

is less successful on e-commerce platforms like JD.com.

Greenland halibut is still mainly sold as a raw material, rather than ready-to-eat products and processed products. Processed foods are hampered by the relatively high price of Greenland halibut as well as difficulty in developing products that satisfy the tastes of a wide variety of consumers. Cuts of Greenland halibut have been performing well, with sales increasing 15% year-on-year in 2024.

Our interviewees all pointed out that Greenland halibut is not that well-known in the Chinese market, with the exception of some areas such as coastal Fujian province where it is used in local cuisine. One interviewee stated that promotion should be conducted to carve a niche for Greenland halibut in the market, as customers do not know enough about it. Specifically, he said that efforts should be made to highlight that Greenland halibut is tasty, cost-effective, and nutritious, and caught in clean waters according to high standards.

(Meros China, at p 17)

20. The Meros report on the Japanese Market the agreement provided the following key takeaways for the market outlook for 2025:

Mixed Views on Current Greenland Halibut Inventory Levels

Some of our interviewees believe that inventory is currently low, noting that most importers, including themselves, are holding relatively limited stocks. This situation is attributed to the seasonal transition from winter to spring, a period when the volume of fish landed is typically low. Harvests are expected to pick up from June onward.

On the other hand, another interviewee reported that domestic sales remain steady and that, in their view, most importers still hold sufficient inventory.

The Outlook for Greenland Halibut Remains Uncertain and Challenging for Importers

The continued high-price since last year has created significant stress across the supply chain. While traders are committed to maintaining business continuity, they may be forced to accept higher-priced offers later in the year, passing the increased costs on to customers.

Import growth appears unlikely, as prices have doubled over the past two decades, pushing Greenland halibut from a once-affordable option for Japanese

consumers into the high-end category. At the same time, declining catch volumes from Greenland suggest further upward pressure on prices.

In this context, while securing product is essential to sustain operations, expanding the market under current pricing conditions is unlikely.

In the current market, shifting supply sources isn't always straightforward. While some Japanese importers may anticipate reduced supply from Greenland and recognize potential in other countries, establishing new business relationships takes time. Even with similar products, switching suppliers, especially from unfamiliar countries, is rarely seamless.

Some Importers Expect Larger Volumes of Canadian Products to Japan due to China's Tariff

Interviewees expect Canadian exports to Japan to rise, as China is imposing a 25% tariff on Canadian seafood starting in March 2025. However, one interviewee noted that their company prefers larger fish, and Canada mainly supplies small-to medium-sized Greenland halibut. Meros' research in the China market also indicates that under some circumstances, such as the Hainan Free Trade Port initiative, some Canadian seafood may be able to bypass the tariff as long as it undergoes processing in China.

No major decreases in supply volumes from major exporters were predicted overall. One interviewee anticipated a potential decline in imports from Greenland and Norway, as demand from China for their products is expected to strengthen.

(Meros Japan, at p. 20)

21. The Meros Japan report provided market information showing that import prices increased slightly year on year in 2024 in China. Canada regained the position of top supplier of Greenland Halibut in Japan, with significant volume increase in market share in 2024. It was noted that in Japan, processors and importers pay significantly higher prices for frozen-at-sea halibut due to higher quality versus frozen on land products. Wholesale prices for Greenland halibut have been on an upward trend in Japan, increasing 7% year on year to 9.37 USD / lb. Canada's import price was USD 6.83/kg in 2024, which was a 6.2% increase over 2023.

22. Information provided by DFA provided the Panel and the parties with Canadian export data as well as NL monthly Turbot export data for the past five years.

The parties' positions and Panel's analysis

23. FFAW sought a price of $2.05 / lb. Their written submission discussed current market conditions such as inventory, supply and demand, currency, the market reports referenced above, and tariffs.

24. FFAW noted that based on market reports, inventory levels do not seem to be influencing market conditions this year in China or Japan.

25. Meros documents the decline in global supply of Greenland halibut, the impact of that on the price, as well as the sentiment of buyers. FFAW cited Meros (page 6) nothing that if supply is low, the market shortage will increase prices, and that suppliers in China tend to "prioritize their long-term partners amid limited production and high market demand." They also cited Meros Japan, noting that Japanese importers felt pressure to "secure product and ultimately accept higher prices, indicating a willingness to pay more in order to maintain supply in the domestic market" (referencing p. 6 Meros Japan).

26. Overall, FFAW argued that while there is a limit to the price increases the market is willing to bear, the market is strong and buoyed by limited supply and a preference for turbot in China and Japan.

27. FFAW emphasized that while turbot is traded in USD, the key consideration (per the Panel 2021 decision) is the relative strength of the currencies for which the product is destined. At the time of this hearing, when compared to the Canadian dollar, the US dollar, Chinese Yuan and Japanese Yen had all strengthened, which FFAW argued is favourable to Canadian exporters. USD is up 2.2%, CNY is up 2.6% and YEN is up 8.9%. FFAW argued that as in the case of the inventory situation and the supply and demand considerations, currency is another market consideration that demonstrates the strength of the turbot market.

28. FFAW considered the market reports and the import and export data provided by FFA. FFAW used DFO's fish landings and landed value to estimate that 6 M pounds of turbot is landed by the inshore and 16 M pounds is landed by the offshore (FAS). According to the Meros reports, FAS for turbot has a premium of $0.40-0.70 / kg USD, which is currently equivalent to CAD $0.25 – 0.44 / lb.

29. To ASP's point, the Panel recognizes that given the premium paid for FAS product, and given that there was significantly more (more than 2.6 times as much) FAS exported compared to inshore landed and frozen exported, the FAS premium results in a higher average price of turbot than what the inshore turbot actually fetches at market.

30. FFAW referred to previous Panel decisions where the “share” distribution between harvesters and processors has been discussed. It has generally been recognized as a 2/3 harvester 1/3 processor sharing of the Canadian export price (see Panel decision 2022).

31. This year, FFAW has argued that the Chinese import prices can be used to show that harvesters have received between 45.8% and 51.4 % of the Chinese import price.

32. FFAW used data year over year from 2020 – 2025 (See page 7 of the FFAW submission for further information) to argue that, consistent with Market prices reported in the Meros reports, the Chinese import price is up 17% from January 2025- March 2025 over the same period 2024, and up 15% in Japan.

33. ASP strenuously opposed the Panel considering this import data in determining this year’s price for turbot. They argued that variables such as VAT, insurance, and freight are applied to Chinese imports and we have no reliable information as to what that import data contains. FFAW argued that year over year, the imports have been subjected to VAT, insurance and freight. They proposed using it for illustrative purposes to show that, just as Meros reported that prices were likely to increase this year, the actual import values bore that out: they were higher. The same applied in the Japanese import data. Moreover, FFAW provided the data to show that during the year, the price of turbot generally increased from May to December each year.

34. With respect to Tariffs, FFAW argued Meros China reported that “with global prices for Greenland halibut projected to increase overall, driven by a planned 10% annual reduction in fishing quotas over the next two years (a total cut of 20%) …this general rise in prices will give Canada some buffer room” in dealing with the tariffs.

35. There is no data available on the effects of the newly-imposed 25% tariffs in the Chinese market, but FFAW argued that ASP can help mitigate this by increasing supply to Japan.

36. The Panel takes ASP’s point that Meros Japan reports that inshore turbot from Canada is not a desirable product. They much prefer FAS. Therefore, the ability for ASP members to simply sell the inshore product to the Japanese market is not as easy as the FFAW argues, given that it is a product Meros Japan reports that they do not wish to buy. While there is some market diversification, we cannot ignore the fact that 67% of Canadian turbot exports currently go to China.

37. Overall, if tariffs are seen to have a significant impact on the market, FFAW argues that ASP can seek a reconsideration of the Panel decision.

38. FFAW was asked, during oral presentation, why, in a nutshell, the Panel should accept the FFAW's proposal of $2.05. FFAW responded by explaining that first, they ensured that the split between inshore and offshore hadn't changed significantly over the past four years. They determined that the proportion was virtually the same. Their submission at page 2 showed landings from 2020-2024 for inshore and offshore. This information came from the DFO landed value data. There was not a "big swing" in the proportion of land frozen vs frozen at sea. Then, the FFAW considered that the average import price increased from 2023-2024 and then there was a significant increase in the average import price between January – April 2025 versus 2024. There was an increase from 4.03 – 4.83 and in 2024 from 3.89-4.03. based on that proportionate increase in price year over year, leaving all other factors the same, FFAW argued that the price paid to harvesters this year ought to also increase, from $1.95 lb. to $2.05 / lb. while FFAW admitted the data was not perfect, they argued that the year over year comparison in price, combined with the good outlook in the Meros reports, warranted the increase in the price paid to harvesters for 2025.

ASP's arguments

39. ASP sought a price of $1.85 / lb. Their written submissions discussed export and import data, the China market, the Japan market, market diversification, and its analysis on tariff impact on its members.

40. The parties agreed to $1.95/lb in 2024, and $1.85 in 2023. The Panel set the price of $1.85 in 2022.

41. The factors being considered by the parties in their submissions were relatively the same. The parties' approaches were quite different.

42. To begin, ASP characterized the Meros report as one that "works to be neutral" but ASP states as a fact, "the overall picture for Greenland halibut in the Chinese market is not a positive one." The Panel has unanimously noted that this was not what was said in the Meros China report. They go on, at page 4 of their submission, to make a blanket statement that "Meros clearly outlines that price sensitivity is high … The prices received by processors in the market will be lower this year." Again, Meros does not state this. ASP argues it, but it is not a fact. ASP has not produced evidence to support this conclusion.

43. Throughout the ASP submission, there is commentary stated as fact. For example, ASP provides commentary at page 5 of its submission about the fat content of larger frozen at sea ("FAS") Greenland halibut being preferred in the Japanese market over smaller fish. They state, "most inshore fish landed in NL and processed as HGT, weigh under 2 kg when the head and tail are removed, which is far too small

for the Japanese market." The Panel was provided with no evidence to support this conclusion. If ASP has this information, then it begs the question why the information was not shared with FFAW and with the Panel so that both parties and the arbitration Panel could consider it.

44. With respect to the impact of tariffs, ASP argues (at page 5) that the Chinese tariff of 25% will reduce processors' selling prices to Chinese importers as the processors reduce their prices to account for the added price of the tariff. ASP presumes that 100% of the impact of the tariff will be borne by ASP members, even though Meros states that (i) buyers in China are taking a 'wait-and-see' approach to the implementation and application of the tariffs and (ii) some of the cost of the tariffs will be buffered by the exchange rate differential, given that Greenland halibut is sold in USD. Meros also noted that some of the cost of the tariff could be absorbed by the importer or the ultimate purchaser. None of this was considered in ASP's submission.

45. ASP forcefully argued in its oral presentation that the use of Canadian export data by the parties and this Panel is "flawed." ASP has consistently and repeatedly argued to this Panel, over multiple species hearings over multiple years, that Canadian export data is an inaccurate and unreliable measure to be considered when determining price.

46. This year, FFAW has based its presentation on the Chinese import data, and the relative import price of Greenland halibut by China from Canada over the past five years, as discussed above. FFAW explained that they were not trying to be "cute with the numbers" but they were trying to take an "apples to apples" comparison: year over year of the Chinese import price. ASP argued that such a measure is inappropriate and ought not to be used. There was no alternative measure provided.

47. The Panel is left with the essential argument from ASP that the Panel can neither use the Canadian export data nor the Chinese import data on a year-over-year basis to provide it with any measure of what the price of Greenland halibut (or, arguably any species,) ought to be. When directly asked by the Panel why, in light of ASP's arguments, the Panel should therefore accept $1.85 as the price for Greenland halibut this year, ASP's answer was simply that "the $1.85 is based on where we think we can have a fishery and no one loses their shirts on $1.85. We didn't like $1.85 two years ago, and $1.95 last year was too high… at $1.85, ASP is wondering how much they would lose because they have to buy [Greenland halibut] or they don't get the crab."

48. The Panel understands ASP's argument to be that frozen-at-sea product is preferred in the market; a fact discussed in the Meros reports. ASP argued that its members are only buying the land-frozen product from harvesters because those same harvesters will sell their crab, a much more lucrative species, to processors

who will also purchase their Turbot. What was not directly stated by ASP, but understood by the Panel, is that presumably, there is a concern that the harvesters will stop selling their crab to processors who don't buy their landed Turbot.

49. The Panel notes that ASP and FFAW negotiated the amount of $1.95 / lb. for 2024, and $1.85 for 2023. If ASP "didn't like" $1.85/ lb. in 2022 and 2023, why did they agree to $1.85 in 2023 and $1.95 in 2024, which they now say was "too much"? On what basis is it "too much"? They provided no evidence or data to support their assertion, just that it was "too much."

50. ASP estimates that the price of land-frozen is $0.25 less per pound than the overall average export price, but goes on to argue that this is a "conservative approach" because "the premium for FAS can range up to $0.45 / lb. and processors are subject to continually increasing collection and labour costs that impact their margins." This is acknowledged in Meros. However, the Panel notes that FFAW's submission takes into account the fact that the proportionate share of Canadian exports FAS and landed and frozen, has not significantly changed. As acknowledged above, the premium paid for FAS props up the average price of turbot exports, given that there is proportionately more FAS turbot exported than landed frozen exported.

51. The Panel is not privy to any data or statistical analysis by either party as to what their profit margins were on turbot in the past five years. The only data the Panel really has before it is relative: what was the price of turbot the parties agreed to last year, how did that compare to the import price of Greenland halibut in China or Japan that year, how did that compare to the Canadian export data that year, and what were the changes in the market from one year over another, compared to the price they agreed to.

52. ASP has made its submission abundantly clear: the Canadian export data "shows countries we don't ship to, and combines land frozen and frozen at sea, which inflates the average price." It states that the import data from China is unreliable because it contains VAT and insurance costs. Therefore, it is an inflated price and should not be relied on to set the price here. It does not address the fact that the price of Greenland halibut is up, year over year, in both China and Japan.

53. FFAW provided a measured and reasoned approach to the data we have available to us in the circumstances and provided an explanation as to why they seek an increase in price, based on the year-over-year increases in import and export values of Greenland halibut to China and the market information provided from Meros in China and Japan. The information provided is not perfect, as noted by ASP in its submissions, but it is significantly better and there is more of it than was available to previous applications to this Panel, as noted in the 2022 decision.

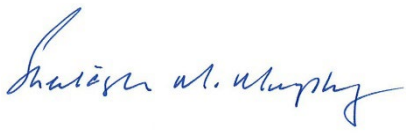
Decision

54. The parties have submitted their final offers on the price to be paid for turbot landed and frozen in Newfoundland and Labrador for the 2025 season. The Panel has decided to accept the proposal of FFAW of $2.05/ lb. As stated at the hearing and in submissions, if there is a material change in circumstances, such as tariff impact, currency fluctuations, etc. the parties have the ability to return to the Panel for a reconsideration.

Conclusion:

55. The price of Turbot for the 2025 season shall be $2.05 / lb.

Dated at St. John's this 30th day of May, 2025.



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