

STANDING FISH PRICE-SETTING PANEL FALL SHRIMP FISHERY 2018

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*, hereinafter referred to as the “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 Friday, September 7, 2018, as the date for a hearing to set a collective agreement binding on all processors in the province that process Fall Shrimp.

The Panel convened its hearing for the species Fall Shrimp at 10:00 a.m. on Friday, September 7, 2018, 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.

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, hereinafter referred to as “Gemba”, 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.

With respect to the key developments, Gemba notes at page 2 that: “The market situation for CWS has been stable since the June 2018 report and prices are rather stable”.

Specifically, in terms of the UK market, Gemba explains that, “Prices have remained steady through the summer and orders for (the) Christmas season (are) taking place. The market is stable and few changes in the market is expected”, as stated on page 2.

In terms of price forecast, Gemba states at page 7: “The shrimp prices in September 2018 shows that the 150-250 pcs/lb. are traded around 84 DKK/kg. This is an increase in price of 12% since April 2018 and 35% since August 2017... the price is expected to be stable with a slightly increasing tendency as the market nears the Christmas season”.

At the hearing, there was general agreement between the parties that markets have stabilized at the higher levels observed in the past few months. While some currencies are off slightly, the overall picture in terms of market returns for the fall is consistent with the past few months. The FFAW feels that any prospect of change would be toward a slight improvement. The Parties also agreed that small volumes remain to be caught during the fall fishery (approximately 500,000 pounds). Catch rates are declining, but the fishery should be concluding within the next 3-4 weeks.

The ASP offer is for a rollover of the summer prices which were agreed to, in June 2018. This is on the basis of a stable market and no material improvement in yield during the short fishery which remains. Their contention is that water temperatures are still high and yields in the next few weeks will not materially improve.

The FFAW offer is for an increase in weighted average price of 4.1% over the summer prices. Markets remain favorable with potential upside and the yields in September are considerably better than during the summer period and fish harvesters should share in that benefit. They also claim that while the negotiated prices for the summer period were the same as the negotiated spring prices, this was in fact a significant increase due the much lower yields during the summer. This demonstrated the strength in the market at that time which continues to be the case. This is also demonstrated by actual wharf prices that are reported at over 30% higher than the negotiated price.

Both parties offered WAMP comparisons to support their positions, but did not agree on data inputs or the right comparison. The ASP believes that fall 2018 to fall 2017 is the appropriate comparison. The FFAW takes the position that comparing the fall to summer WAMP is appropriate. The Panel is encouraged by the tone of the negotiations and that the positions of the parties (\$1.633 offered by ASP, \$1.70 offered by the FFAW) are close.

In its deliberations, the Panel shared the view that the market is stable with little downside risk. Processors sales return from the market during the fall should be on par with those of the past few months. The main question for the Panel is whether shrimp yields will improve during the fall fishery.

There is little recent information or agreement on actual shrimp yields in the modern day fishery. However, previous studies of the industry have concluded that there are relative changes in yields as the season progresses. The studies indicate that shrimp yields start at the highest point in the spring, drop to their lowest point in early August and improve again into the fall. This was the basis of the original agreement to negotiate different prices for shrimp landed during the three seasons. A 2002 study of the shrimp industry commissioned by the Province of Newfoundland and Labrador, provided an independently calculated yield index which showed shrimp yields in September to be 11% and 16% higher than in July and August, respectively.

The Panel believes that while it is not possible to quantify with any precision, it is reasonable to expect that shrimp yields will improve somewhat during the duration of the 2018 fall fishery over those experienced during the summer. With stable market returns, net returns to processors should improve as a result. Some sharing of this improvement with fish harvesters appears reasonable.

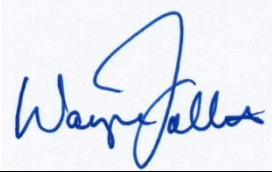
After careful consideration, it is the decision of the Panel to accept the FFAW offer. The average prices for the species shrimp will be \$1.70 per pound as per the following schedule.

Size Categories	
2.0-2.9	\$0.599
3.0-3.9	\$1.014
4.0-4.9	\$1.238
5.0-5.9	\$1.464
6.0-6.9	\$1.724
7.0-7.9	\$1.848
8.0-8.9	\$1.979
9.0-9.9	\$2.167
>10	\$2.227

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

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, 2018.



Wayne Follett



Brendan Condon



Bill Carter