

STANDING FISH PRICE-SETTING PANEL SPRING SHRIMP FISHERY 2015

The Standing Fish Price-Setting Panel, hereinafter referred to as "the Panel", issued its Schedule of Hearings for 2015, on February 19th, 2015. Pursuant to Section 19 of the *Fishing Industry Collective Bargaining Act*, hereinafter referred to as the "Act", the Panel set Thursday, April 16th, 2015, as the date by which collective agreement(s) binding on all processors in the province that process shrimp must be in effect.

The Panel also noted, at that time, that it had been advised by the Department of Fisheries and Aquaculture that the Association of Seafood Producers, hereinafter referred to as "ASP", represented processors that process the majority percentage of the species shrimp. As a result, under Section 19(11) of the Act, should a hearing be required for shrimp, the parties appearing before the Panel would be the Fish, Food and Allied Workers, hereinafter referred to as the "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 shrimp was scheduled to take place at 10:00a.m. on Thursday, April 16th, 2015 at the Labour Relations Board Hearings Room, Beothuck Building, 20 Crosbie Place, St. John's.

The Panel commenced its hearing for the species shrimp at 10:00a.m. on Thursday, April 16th, 2015, at the Labour Relations Agency, 3rd Floor, Beothuck Building, 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 Panel and the parties have the benefit of three market reports requested and made available by the Minister of the Department of Fisheries & Aquaculture. The reports are from Seafood.com, Gemba Seafood Consulting and Canada UK Partners, hereinafter referred to as the "Sackton", "Gemba" and "Farmer" reports. (copies attached)

The market reports present an in depth analysis of the factors that most affect the trade in cold water cooked and peeled shrimp. Declines in supply, the high price of warm water prawns, especially in the UK market, drove prices of cooked and peeled shrimp to unprecedented levels in 2014. The UK market is the most important to the producers in this province. The currency factor has also been of tremendous importance. The exchange rate favouring the GBP to the Canadian dollar offset, to some extent, the cost of higher prices to importers.

It is equally clear from the market reports that current price levels for cooked and peeled shrimp from this province will decline as the volume demand reduces due to the alternatives. The real question is, by how much and when? Again, while the market reports have the same views and rationale for the projected price declines, they are also clear that this will not happen until the second half of the year.

Seafood.com concludes that the market will correct itself in the second half of the year. The report states at p. 18;

"UK retailers now can get dramatically lower prices on warm water prawns as global prices fall. At the same time they are seeing consumer resistance to the high prices of cold water prawns. As a result, the current situation of a real shortage in the market will correct itself in the second half of this year. For this reason, it seems likely that peak prices have been reached for cold water prawns, and that prices will begin to come down as the reduction in buying demand catches up with available supply."

The Gemba report concludes that prices in the UK will not increase over the next three months. It is indicated that where there is competition between cold water shrimp and warm water shrimp (such as in the UK) consumers will shift to the cheaper product which will result in a reduction in price for cold water shrimp.

The Farmer report expects the current high prices in the UK for cooked and peeled cold water shrimp will fall as a result of the shift to warm water supplies at cheaper prices.

The fact of the dramatic rise in prices for cooked and peeled cold water shrimp is reflected in the final offers of the parties. On a year over year basis, the average weighted market return for spring shrimp is up by more than \$3.00, in the submissions of both parties.

In support of their own positions, the parties have emphasized those aspects of the market reports that best serve their interests. ASP contends that market prices have peaked, all indications are clear that market returns while high, are going to drop. To support that position, they use the analysis in the market reports that indicate price adjustments will occur, especially in the UK, due to consumer resistance and the opportunity to switch to warm water shrimp at lower prices. ASP's contention is that to avoid going over a "cliff", raw material pricing must reflect market declines projected in the market reports.

The FFAW points out that the projected market decline has yet to develop and is not likely to materialize prior to the end of the spring fishery. When negotiations on the summer price for shrimp take place in June, the market reports will be updated and a clearer picture will emerge. As well, the price proposed does not take full advantage of what the harvesters price should be, based on current prices and past history, if the harvesters had the full benefit of the market price change, year over year.

Having reviewed the market reports and the analysis of the factors that will most likely affect the pricing of cooked and peeled cold water shrimp in 2015, the Panel is more inclined to the position of the FFAW for a number of reasons.

In the first place, we are not setting a price for the entire season. The prices for the spring shrimp fishery only apply until the third week of June. There are delays being experienced in the crab fishery (due to ice and weather), which is a priority for harvesters, which will delay the effort in harvesting shrimp. The spring shrimp fishery is usually less than 20% by volume of the quota for the year.

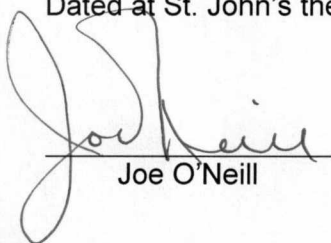
The final offer of the FFAW results in a price to harvesters that does not fully reflect 100% of the peak market prices outlined in the marketing reports. In other words, there is some flexibility to accommodate an edging down of market prices should they occur within the next two months. Prices may well decline as projected as supplies come into the market place, but they are not expected to decline sharply or suddenly. As Sackton states at p. 35, prices will;

"... most likely decline from their current levels in the second half of the year."

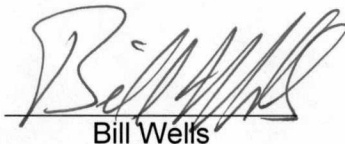
What is clear in this instance is that the market reports project a price decline in the second half of the year. Having the harvesters take a lesser price now will ensure that they don't have any benefit of the current higher prices. Harvesters did not have the full advantage of the market price rise towards their peak. They will not have any direct advantage from peak prices now. They should however, be able to obtain a reasonable result before the projected, but, yet to occur, price drops that may materialize in the second half of the year.

It is the decision of the Panel to accept the final offer of the FFAW. Under the provisions of the Act, this spring price table (attached as Schedule "A") is binding on all processors that process the species shrimp in the province and will form a collective agreement or part of a collective agreement with the FFAW.

Dated at St. John's the 21st day of April, 2015.



Joe O'Neill



Bill Wells



Max Short

"Schedule A"

Size Categories	Distribution Spring 2014	Plant * Price	Average Price
2.0-2.9	7.27	\$0.533	
3.0-3.9	11.12	\$0.902	
4.0-4.9	12.63	\$1.102	
5.0-5.9	14.58	\$1.303	
6.0-6.9	14.26	\$1.535	
7.0-7.9	15.32	\$1.645	
8.0-8.9	12.30	\$1.762	
9.0-9.9	7.21	\$1.931	
10+	5.31	\$1.983	
			\$1.400

- Prices for trucked shrimp 3¢ less per pound.