

SPRING SHRIMP FISHERY 2014

The Standing Fish Price-Setting Panel, hereinafter referred to as “the Panel”, issued its Schedule of Hearings for 2014, on February 11th, 2014. Pursuant to Section 19 of the Fishing Industry Collective Bargaining Act, hereinafter referred to as “the Act”, the Panel set Wednesday, April 16th, 2014 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 10:00 a.m. on Thursday, April 17th, 2014 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 11:00 a.m. on Thursday, April 17th, 2014. Appearing before the Panel were the FFAW and ASP. The parties, having previously exchanged their final positions, and filed copies with the Panel, (copies attached) supported their submissions in main argument and rebuttal.

The parties and the Panel have had the benefit of marketing reports provided by the Department of Fisheries and Aquaculture. The reports (copies attached) were provided by Seafood.com, Gemba Seafood Consulting and Canada UK Partners.

All three marketing reports provide a clear picture of the market situation in the UK, Northern Europe and the United States, the three principal markets for cooked and peeled cold water shrimp produced in this province. The conclusions drawn in the marketing reports related to inventories, supply, consumption trends and pricing are remarkably consistant.

The parties appear to have made a concerted effort to arrive at a settlement on a price to harvesters for the spring fishery. In fact, the Chair congratulated the parties on their recent settlement on crab prices and the conduct of the shrimp price negotiations. The fact that the Panel must decide the issue by accepting one of the

two positions submitted did not detract from the effort made by both sides. The primary reason for not being able to conclude an agreement may be the result of the differing perspective of each side with respect to the conclusions in the marketing reports.

Shrimp prices peaked during 2011 into 2012, a fact attributed largely to the decline in supply. As well, warm water shrimp experienced supply problems and higher than normal prices. It became obvious toward the end of 2012, that the higher prices which had been achieved could not be sustained. There was during the spring of 2013 in the words of Gemba at the time a: "dramatic decline" in prices for cold water shrimp. As a result, prices to harvesters declined in 2013. At the present time, it appears that the market returns are close to the peak levels of 2012, however, the pricing components are different.

It is generally agreed that market prices are not in decline and are in fact increasing, however, the principle factor contributing to the market return has been the exchange rate resulting from the decline in the Canadian dollar vis-a-vis the currencies in the UK, US and Denmark.

The FFAW take the position that market prices are not expected to decline and are more likely to move up going forward. Lower quotas, a favourable ATRQ, low inventories, all provide a basis for higher prices to harvesters, as they note at P.7: "This points to an opportunity to be aggressive on price with minimal risk...". It is acknowledged by the FFAW that currently quoted market prices are lower than they were in 2012.

ASP accepts that overall market returns are similar to 2012. Their concern is the fact that a substantial part of the increase in market returns over 2013 is based on the differing exchange rates, rather than increases in actual market prices for product. Exchange rates can, in their opinion be extremely volatile. They note the price to harvesters in 2012, when the Panel accepted the FFAW position of .76¢. The Panel had been concerned about the movement of product in the markets even though impending price declines had not then occurred. The Panel was of the opinion that it was not the time to push the market.

ASP has in any event proposed .76¢ as its final offer noting that the overall result in the Average Weighted Market Price is similar to 2012. They also point to the fact that some projected market price increases have yet to materialize. If they do appear at mid year, the parties will be negotiating a summer price to be effective, June 21st, 2014.

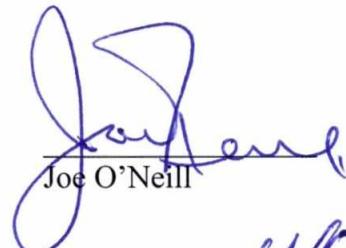
The marketing reports refer to the issue of price increases and what the markets can bear before consumption is affected. This is all considered in the light of significant quota reductions here and elsewhere. At this point in 2014, it is a bad news good news situation. The dramatic cut in quotas affect both harvesting and processing operations. The fallout from this situation has yet to materialize at the harvesting and

processing level. The good news is that the overall market returns have rebounded from last years decline.

The Panel is of the view that the ASP offer is more reflective of the current situation and restores the price to harvesters at its highest level in the past decade. The more "aggressive" approach on price advanced by the FFAW, is based more on market dynamics, than current returns, and places the risks on processors. Given the market return similarities to 2012, that currently exist, the final offer of the ASP is on balance the more reasonable.

It is the decision of the Panel to accept the position of the ASP. 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 23rd day of April, 2014.



Joe O'Neill



Bill Wells



Max Short

SCHEDULE "A"

Size Categories	Distribution Spring 2013	Plant * Price	Average Price
2.0-2.9	5.70%	0.300	
3.0-3.9	14.64%	0.507	
4.0-4.9	14.33%	0.620	
5.0-5.9	16.79%	0.733	
6.0-6.9	17.51%	0.863	
7.0-7.9	14.78%	0.925	
8.0-8.9	9.53%	0.991	
9.0-9.9	4.27%	1.086	
10-10.9	1.51%	1.150	
11-11.9	0.53%	1.150	
12-12.9	0.21%	1.150	
13-13.9	0.10%	1.150	
14-14.9	0.04%	1.150	
15-15.9	0.02%	1.150	
16-16.9	0.01%	1.150	
17-30	0.03%	1.150	
			\$0.760

* Less three cents trucked to plant.