

Inshore Shrimp Fishery – Summer 2011

The Standing Fish Price Setting Panel, hereinafter referred to as “the Panel” issued its decision setting the prices for the 2011 spring shrimp fishery, dated the 15th day of March, 2011. Subsequently, the Panel issued its full report, with respect to that decision on March 24, 2011.

The 2011 Shrimp Schedule between the Fish, Food and Allied Workers, hereinafter referred to as the “FFAW” and the Association of Seafood Producers, hereinafter referred to as “ASP” provides as follows in Article 13:

“The parties hereto agree that the spring price list as set out in the attached Price list shall be in effect from April 1, 2011 to June 25, 2011. The parties will meet prior to June 25, 2011 to commence negotiations for the price list for the summer period and prior to the expiration of the summer price list to commence negotiations for the fall period. In the event there is no agreement on price for the summer or fall periods, the parties agree to refer the matter to the Standing Fish Price-Setting Panel for binding resolution in accordance with the provisions of the Fishing Industry Collective Bargaining Act. All terms and conditions of this Schedule except price are in effect from April 1, 2011 until March 31, 2012.”

The Panel was requested by the Parties to set a date for a hearing, if required, at 2:00 p.m. on June 23, 2011.

Having previously exchanged positions and filed submissions with the Panel, copies attached, representatives of FFAW and ASP appeared before the Panel and supported their submissions in main agreement and rebuttal. The Panel in accordance with the provisions of the Act, and by the agreement of the parties, as stated above, must choose one of the positions presented by the parties, which means that the decision of the Panel is made on final offer selection.

In addition to the submissions of the parties, the parties and the Panel have the benefit of market reports from Seafood.com and Gemba Seafood Consulting. (copies attached)

As commented on by the Panel in previous decisions with respect to shrimp, the parties have directed the Panel to following a specific procedure. In each shrimp fishery; spring, summer and fall, the weighted average market price in the current year is to be compared to that of the previous year. The difference between the weighted average market prices, up or down, is used as a guide to determine the change in price to harvesters.

As the Panel has also noted in previous decisions, the parties are very subjective in their view of the market reports and assessment of market prices. This is reflected in the difference in the respective price offers; in this instance the gap is 4.5 cents a pound.

In addition to the determination of the change in the weighted average market price from year to year, the parties have never agreed on the yields from raw material and an appropriate share of the market price, increase or decrease, for harvesters.

The Panel attempts to provide an objective assessment as is possible from the market reports and the parties perspective on these reports, and their position on the other relevant factors such as yield and market

In the market reviews and price assessments the parties are fairly close on the changes in the US and UK market segments. The Panel is of the opinion that an overall weighted average market increase is somewhere in the range of 30% rather than the FFAW conclusion of 35%.

On the positive side, market returns are high and harvesters and processors are in a significantly better position than they have been during market lows in 2009, or for that matter in the previous ten years. The Panel also notes the cautionary points made in both market reports, that while the higher market prices have been accepted by our customers, with the exception of the Scandinavian market, we may well have reached a limit in their tolerance. The shortness of supply related to demand for cooked and peeled coldwater shrimp has been a principal driver of the higher prices. To maintain our current good position, we must ensure that the entire supply chain, including the final customer, has a reason to purchase the product.

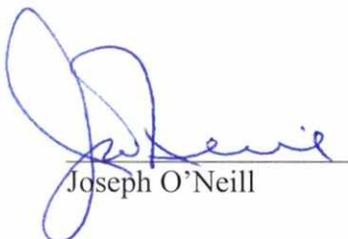
The Panel is confident that the weighted average market price, summer 2010 compared to summer 2011, is up by at least 30%. In applying that number to the FFAW 2010 weighted average market of \$3.53, results in an increase of \$1.06. Even if the Panel adopts the FFAW approach of splitting yields and harvesters share of the market between the position of the parties, and adding it to the FFAW proposal of prices in 2010 of 46.5 cents, the resulting price is marginally closer to the ASP position than the FFAW.

While that indefinable "right price" is somewhere between the positions of the parties, in the view of the Panel the benefit of the doubt goes to ASP. While it could be argued that the price to fishermen should be higher, setting the minimum price as 75 cents as proposed by the FFAW would not be the right decision at this time.

The Panel notes that its decision sets a minimum price, and that the ASP proposal results in an increase in excess of 50% of the harvester's summer shrimp price in 2010.

It is the decision of the Panel to accept the submission of ASP. By virtue of the Act, this summer price table 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 this 24th day of June, 2011.



Joseph O'Neill



William Wells



Max Short