

In the matter of the *Fishing Industry Collective Bargaining Act* and the findings and decision of the Standing Fish Price-Setting Panel following a hearing on price and conditions of sale for

CAPELIN

For the 2006 fishing season.

INTRODUCTION:

The Association of Seafood Producers, ASP, and the Fish, Food and Allied Workers, FFAW, began negotiations on an agreement for the capelin fishery during the week of 5th of June, 2006. Both parties have, through negotiations been able to reach an agreement on all **NON PRICE MATTERS** with respect to the prosecution of the capelin fishery in Newfoundland and Labrador in 2006. Since the parties were unable to reach an agreement on price and related matters, both parties appeared before the Panel on Friday, 16th June 2006, at the Battery Hotel to make their respective presentations to the Panel in accordance with the relevant provision of the Act.

It should be noted this hearing had been previously scheduled for 14th June, 2006 at the same location, however, following a meeting with both parties on the evening of 14th June, 2006, and at the request of both parties the Panel agreed to defer the actual hearing of the presentations until 3:30 p.m. on 16th June, 2006.

Unlike other species such as shrimp, crab and lump roe where the parties, and by extension the Panel had access to market information that undoubtedly impact these fisheries, no such market information was readily available in relation to capelin. The absence of market information has obviously made the challenge to reach a collective agreement between the parties much more onerous. Accordingly, the parties found themselves appearing before the Panel with presentations on price and conditions of sale in the absence of any reliable market information.

The absence of this information, as can be appreciated by the parties also presents a similar challenge for the Panel particularly where the Panel is required, yet again to select either the position of ASP or FFAW/CAW without the possibility of engaging the parties in further dialogue with a view to a mutually acceptable agreement on the most appropriate price for the 2006 capelin fishery.

CONSIDERATION:

In arriving at its decision the Panel considered a number of points made to it by the Parties in their respective presentations. The Panel also considered the decision/direction of the Department of Fisheries and Agriculture with respect to "full utilization" of the capelin fishery.

i) Supply:

The Panel was advised that the traditional supply of roe-bearing, female capelin into the Japanese market has principally come from Norway and Iceland. In prior years both Norway and Iceland have been able to fill the Japanese market demand thereby creating a lesser demand for the Newfoundland and Labrador capelin fishery. However, in recent years, 2004 – 2005, Norway supply has not been a factor in the market place and Icelandic production has been limited to the smaller size capelin.

ii) Market:

As stated earlier, neither ASP, FFAW/CAW nor the Panel had access to any sort of reliable market data on which to rely in making decisions on the most appropriate price for the 2006 capelin fishery. However, we do know that the absence of the traditional competitors in the market place in 2006 should provide greater opportunity for returns to the Newfoundland and Labrador fishery in 2006.

The Panel was also advised that at the time presentations were made to the Panel, no processors to the Panel's knowledge had price arrangements in place with buyers for purchase of the 2006 capelin harvest. This created, in the Panel's view, a further opportunity to negotiate a premium price for capelin in 2006.

iii) Resource/Quality:

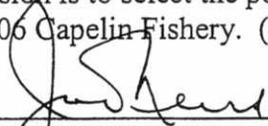
The Panel was advised of noticeable positive improvements in the size, quantity and overall appearance of capelin in previous years. Early indications are that this improvement will continue into 2006 as early harvests have seen an abundance of larger size capelin.

iv) Full Utilization Policy:

While on the surface the direction of the Department of Fisheries and Agriculture with respect to full utilization of the capelin harvest in 2006 may be seen as a detriment to the harvesting and processing operations, it also requires a greater effort to seek an expanding market for male capelin. In its presentation to the Panel, ASP identified that the market for male capelin is gradually expanding. While not reflected in its formal presentation, ASP advised the Panel of recent market opportunities in the Russian market. Accordingly, the Department of Fisheries and Agriculture requirement may indeed create a greater impetus to explore that market with improved returns to harvesters and processors.

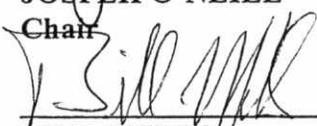
CONCLUSION:

For the reasons outlined above, the Panel's decision is to select the position of the FFAW/CAW on price and conditions of sale for the 2006 Capelin Fishery. (Appendix A).

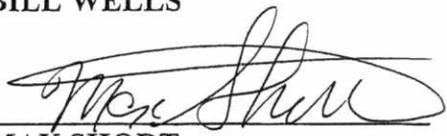


JOSEPH O'NEILL

Chair



BILL WELLS



MAX SHORT

St. John's, July 7, 2006.