

CAPELIN – 2007

The Standing Fish Price-Setting Panel, hereinafter referred to as “the Panel” issued its Schedule of Hearings for 2007 on February 12, 2007. Pursuant to Section 19 of the *Fishing Industry Collective Bargaining Act*, hereinafter referred to as “the Act”, the Panel set Wednesday, June 6, as the date by which collective agreement(s) binding on all processors in the province that process capelin must be in effect. In the absence of such collective agreement(s), the Panel set Friday, June 8, 2007, as the date on which the Panel would conduct a hearing with respect to capelin.

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 capelin. Accordingly, under Section 19(11) of the Act, should a hearing be required for capelin, the parties appearing before the Panel would be the Fish, Food and Allied Workers, hereinafter referred to as “FFAW”, and ASP. Section 19.11(1) of the Act, and regulations made pursuant thereto required 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 submissions 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 capelin was scheduled to take place at 2:00 p.m. at the Battery Hotel and Suites, 100 Signal Hill Road, St. John’s.

At the request of the FFAW and ASP the hearing for capelin was deferred to Wednesday, June 13, 2007. By notice, dated June 3, 2007, the Panel approved the request advising that, in the absence of a binding collective agreement being in effect by Tuesday, June 12, 2007, the hearing would take place at 7:00 p.m. at the Battery Hotel and Suites, St. John’s.

The Panel met with the FFAW and ASP on June 12 at the Comfort Inn in St. John’s at 7:00 p.m. as a result of a referral of an issue arising from the capelin negotiations to the Panel under Section 19.8(4) dated June 11, 2007. With the agreement of the parties the Panel conducted an informal hearing on the issue referred and subsequently issued its decision with respect to the referral on June 13, 2007 (copy attached). At the time of the informal hearing on the referral it was agreed by the parties and the Panel to defer the hearing on capelin to Friday, June 15, at 3:00 p.m. at the Battery Hotel and Suites in St. John’s.

The Panel received the report of the facilitator on June 15, 2007. In the absence of agreement on prices the submissions of the parties were exchanged and submitted to the Panel on June 15, 2007 (copies attached). The Panel convened the hearing on the species capelin at 3:00 p.m. on June 15, 2007, at the Battery Hotel and Suites in St. John’s. The written submissions of the parties were supported by oral representations in main argument and rebuttal.

At the commencement of the hearing the FFAW advised the Panel that they would be willing to agree to other than Final Offer Selection and provide the Panel with latitude to make a decision, other than that of one of the positions submitted by the parties. This was subject to the agreement of ASP. ASP said they would consult with the membership and advise the Panel accordingly. It was agreed that the hearing would proceed and if there were mutual agreement

prior to the decision of the Panel, the Panel would not be bound by the provisions of Section 19.11(1).

The *Fishing Industry Collective Bargaining Act* and Regulations provide that Final Offer Selection under 19.11(1) may be varied by the mutual agreement of the parties; section 2(2) of the Regulations. Subsequent to the hearing ASP contacted the Panel and agreed that the Panel was not bound by the provisions of Section 19.11(1) and could substitute its own decision for that of one of the positions submitted by the parties.

At the time of the hearing no firm prices had been established and little market information was available to the Panel and the parties. The market information that is available, attached to the submission of the parties, provides background with respect to supply and demand. Differing opinions are expressed with respect to prices based on differing views on the impact of a Norwegian capelin fishery, if one should occur, in 2008. From the information provided it is clear that the better prospects for the capelin fishery in the past two years have resulted from the lack of production from the Norwegian fishery and last year there was a decline in the production from Iceland.

The prices for capelin in Japan are testing the limits of the market according to some reports. However, the reality of the situation, especially for larger size capelin, is that product is in demand. The issue of increasing supplies resulting in reduced prices appears to be totally dependent on whether or not the Norwegian fishery will resume in 2008. A decision is not expected to be announced before October of 2007.

The concept of reducing prices to appease a tight market situation does not sit well with the Panel. Supply and demand are driving forces in the market place. The rise in returns to the Icelantic fishery reflect that fact. The production from Newfoundland and Labrador, especially in the larger sizes should have the same benefit. There is no substitute to supply the market in the short term, and a large element of risk for importers in Japan if they assume the possibility of a Norwegian fishery in 2008.

There are local issues which will affect the conduct of the capelin fishery this year. As ASP points out the increasing strength of the Canadian dollar must be noted. As well, the requirements with respect to the weighing and grading of the catch in 2007, will have an effect on processors and buyers, who must cope with these issues within a relatively short time frame. These issues, coupled with the uncertainties in the market, provide a basis for some adjustment in prices for the raw material in 2007.

Given the fact that the Panel is able to exercise its discretion, by agreement of the parties, in its view an adjustment in the 2006 prices is appropriate. The Panel decision is to set the following prices for capelin in 2007:


51 to 55 count per kilo - 12 cents per pound

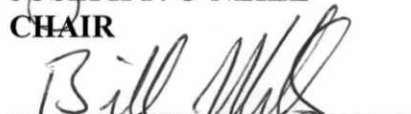
50 count per kilo and under - 16 cents per pound.

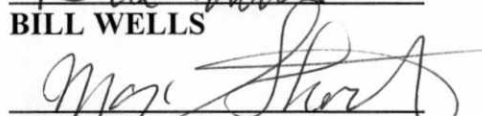
The agreed conditions of sale between FFAW and ASP are to apply.

These prices and the price schedule is binding on ASP and all other processors that process capelin in the province and will form a collective agreement or part of a collective agreement with the FFAW.

Dated the 18th day of June, 2007.


JOSEPH P. O'NEILL
CHAIR


BILL WELLS


MAX SHORT