

**The Standing Fish Price-Setting Panel
Decision on Request for Reconsideration
of its March 30, 2009 decision on Shrimp**

In the matter of the *Fishing Industry Collective Bargaining Act* and an application pursuant to Section 19.14 of the Act from the Association of Seafood Producers (ASP) to the Panel to reconsider its decision on the Shrimp Fishery dated March 30th, 2009.

On May 21, 2009, the Standing Fish Price-Setting Panel received a request from the Association of Seafood Producers (ASP) to revise its decision of March 30th, 2009, with respect to price and conditions of sale for shrimp in the spring fishery in 2009.

The Panel has met with ASP and representatives of the Fish, Food and Allied Workers (FFAW). As well, the Panel consulted with Jens Moller of Gemba Seafood Consulting. Copies of the submission of the parties and a market update from Gemba Seafood Consulting are attached.

Essentially, ASP is requesting that the Panel further reduce prices paid to harvesters in the Spring Shrimp fishery by 10¢ lb., resulting in an average price of 36.05¢ lb. In its decision of March 30, 2009, the Panel accepted the final offer of ASP in setting the price and conditions of sale for the Spring Shrimp fishery in 2009. Summer prices are scheduled to become effective on June 20, 2009.

The position of ASP is that a price reduction is essential for the fishery to continue. In their view the average market return has declined by 32¢ a lb. since March. This should result in a 10¢ reduction to harvesters. What is proposed is not in the view of the Panel a workable solution to the conduct of a shrimp fishery in 2009. While the average market return is on a downward trend, a price of 37¢ lb. can not be justified. As well, reduction in prices doesn't address the issues of overhanging supplies from 2008, and the reluctance of buyers to hold inventories.

In its spring submission on shrimp, ASP calculated the average market price to be \$3.45 lb. Their proposal, accepted by the Panel, was an average price to harvesters of 46.05¢ lb. However, ASP in the 2008 spring proposal calculated an average market price of \$3.09 lb. This price was used to calculate the percentage difference in price from the spring of 2007. In 2008, ASP, based on its calculations of the differences in average market prices, proposed a price to harvesters of 47.24¢ lb.

The fact is that market prices or market returns improved substantially over the season in 2008; in part during the spring shrimp fishery. That no doubt led to their using the figure of \$3.59 lb. in the spring of 2009 as the 2008 spring price. This creates a distortion in the calculation of the Spring to Spring price change in percentage terms. Harvesters, in terms of the spring price in 2009 never did get the benefit in raw material price related to a market price of \$3.59. However, in 2009, \$3.59 was used to determine the 2009 differential with the 2008 price. This resulted in a calculated drop in the price to

harvesters which did not have the corresponding increase related to a spring price of \$3.59 in the previous year. In effect, the drop in the average market price in 2009 from 2008 has already been priced in to the raw material price of 46¢ lb.

The Panel is of the view that while the market is in a downward trend, the current price to harvesters is not all that far off the mark. It is noted that in 2008, the ASP final offer on a market price of \$3.09 was 47¢ lb. for raw material. The current average market price according to ASP is \$3.15.

There are however, other important issues facing the participants in 2009. We have had very little shrimp landed as yet in 2009. Ice has delayed the crab fishery in 2J and 3K. It has also affected the 4R Shrimp fishery in the north. The market signals are clear, as the Gemba report states: "...there will be no building of further inventory before the 08 shrimp are out of the stock and that will still last some months (August)." If further market price reductions are to be avoided, supplies to the market must be reduced; no one is prepared to commit to holding any amount of inventory in 2009, or incur any undue risk.

Market reports available at the setting of the spring price in 2009 cautioned about potential price drops in the summer of 2009, especially if inventories were not controlled. Mr. John Sackton of Seafood.com stated it may be preferable to leave shrimp in the water to protect market prices.

Against this backdrop it is incumbent on both parties to meet and if possible achieve a consensus on the best approach to the conduct of the 2009 shrimp fishery. At this stage it is making the best of a worrisome situation and hopefully not letting things develop into a bad situation.

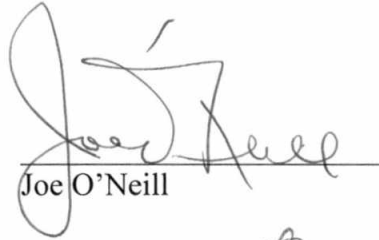
The Panel noted that a copy of the application had not been sent to FFAW. Since receipt of ASP's request, the Panel through its facilitator attempted to convene meetings between ASP and the FFAW. Unfortunately, ASP did not respond to this request. The matter of price is part of an existing collective agreement. The parties have a responsibility to deal with matters of mutual interest, especially on such important factors in the collective bargaining relationship.

A precipitous drop in prices to harvesters as proposed by ASP at this time is not in the opinion of the Panel in the best interests of the conduct of the shrimp fishery in 2009. That is not to say that current prices should be maintained. Spring prices are to be in effect until June 19, 2009. The more important issue at this time is for harvesters and processors to develop a plan for the fishery, taking into account all the information that is now available. What is essential is maintaining a market price that will afford both sides the opportunity of participating in the fishery. While achieving an agreement may be difficult, without a plan there is little hope of achieving an acceptable result for both parties. If the positions of both parties can not find a reasonable accommodation, there may be a minimal shrimp fishery in 2009.


The Panel can assist in a final price resolution, but it is essential for both parties to immediately resume discussions to explore the alternatives available going forward. Price adjustments should result as a consequence of an overall plan and should not necessarily be date dependant.

It is the decision of the Panel not to vary its decision of March 30th, 2009.

Dated the 28th day of May, 2009.



Joe O'Neill



Bill Wells



Max Short