STANDING FISH PRICE-SETTING PANEL

<u>SQUID FISHERY 2026</u>

<u>Background</u>

1. The Standing Fish Price-Setting Panel, hereinafter referred to as "the Panel," consulted with the parties on January 26, 2026. Thereafter, in accordance with Section 19 of the *Fishing Industry Collective Bargaining Act*, (the "*Act*"), the Panel issued its Schedule of Hearings for 2026. The parties agreed that Collective Bargaining for Northern Shortfin Squid, *IIllex illecebrosus* ("Squid") would occur between August 3 - 6, 2026. Both parties agreed that should an agreement not be reached in bargaining, they would exchange their final offers and submissions to the Panel on Thursday August 6, 2026, with a hearing before the Panel on Friday, August 7, 2026.

2. On February 27, 2026, the Minister of Fisheries and Aquaculture (the "Minister") set the dates by which the price of Squid would be set. Known as the "Minister's date", August 17, 2026, is the date by which the price and conditions of sale for Squid must be set. Under the *Fishing Industry Collective Bargaining Act*, ("*FICBA")* and its regulations, the Panel is required to provide the Minister with the price and conditions of sale of Squid no later than August 14, 2026, three days before the Minister's date.

3. The Panel has been advised by the Department of Fisheries and Aquaculture ("DFA") that the Association of Seafood Producers ("ASP") represents processors that process the majority percentage of the species Squid. Pursuant to Section 19 (11) of the *Act*, should a hearing be required for Squid, the parties appearing before the Panel would be the Fish, Food and Allied Workers' Union ("FFAW"), and ASP. Section 19.11(1) of the *Act* and regulations made thereunder 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 it and should other representatives of this species wish to attend the hearing concurrence from both parties to the collective bargaining must first be obtained.

4. The parties were unable to come to an agreement on all aspects of the price and conditions of sale for Squid for the 2026 season. Therefore, the Panel conducted a hearing on Friday, August 7, 2026, at 2:00 p.m. via videoconferencing.

5. In keeping with the Panel's Rules of Procedure and an agreement between the parties and the panel, FFAW and ASP provided their written submissions prior to 12:00 p.m. on August 6, 2026. They appeared before the Panel and provided their

arguments in support of their final offers, as well as rebuttal to each other's arguments, and answered the Panel's questions. The Panel thanks them for their submissions and attendance.

Setting the price of Squid in 2026

6. The information relied on by the Panel in reaching its decision in this matter included the Parties' submissions for the hearing, the *Act,* and the data and Squid industry reports provided to the Parties and the Panel by DFA. As noted by both parties, price negotiations for Squid are unique because the primary customer for the species is NL harvesters who use it as bait in other fisheries.

7. The last year of "significant landings" of Squid was 2021: nearly 25 million pounds. The lowest landings occurred in 2024: 43,816 lbs.

8. Due to limited participation in the fishery, the data from 2022 and 2025 is unavailable, in keeping with privacy restrictions set by DFO. The following graph of Squid landings shows landed pounds and raw material price for each of the past 6 years:

	Landed Pounds	**Raw Material Price per lb**
2020	7,785,529	$ 0.77
2021	24,969,316	$ 0.66
2022	--	$ 0.70
2023	257,771	$ 0.75
2024	43,816	$ 0.75
2025	--	$ 0.85

9. In addition to the parties' submissions, the panel considered the following information provided to it by DFA:

- Industry Articles
- Atlantic Canada Bait Imports 2021-26 (May)
- Atlantic Canada Monthly Squid Exports 2021-26 (May)
- Atlantic Canada Squid Exports 2021-26 (May)
- Squid Production 2021-25

The issue in dispute

10. The sole issue in dispute in this final offer arbitration is the price per pound of Squid landed in the 2026 fishery.

Squid fishery information

11. The Squid fishery has always been highly variable, with availability and landing influenced by the short (12-18 month) life cycle and the migratory nature of the species, which is distributed from Newfoundland to the Florida Straits.

12. In Newfoundland, Squid is harvested commercially and recreationally by jigging. It is harvested in small open boats, close to shore.

13. Squid landings are either kept by harvesters for personal use for bait, or sold to processors to freeze whole for the following year's spring fishery (usually for Crab, but other fisheries have been using Squid for bait in recent years).

14. ASP noted that in years where larger volumes allowed, processors have attempted to sell Squid for food exports, but it has been several years since this has been possible.

15. ASP noted that the ratio of bait usage to snow crab catch is 1:10; therefore, for every one pound of Squid bait, harvesters catch approximately 10 lbs. of snow crab. In 2026, for example the 133-million- pound crab quota would have required 13.6 million pounds of Squid to fill the bait demand. Because the volume of local Squid has not met those demands in recent years, processors have imported Squid from Argentina as bait. This is done, according to ASP, to provide a service to harvesters and to fill the gap in demand for bait, as Squid is harvesters' preferred bait choice.

The Market Information

16. The parties agree that there is limited specific market information for this fishery. The panel and parties have been provided with available landings, production, and export data. However, there is no data for 2022 or 2025 landings due to privacy restrictions (i.e. there were too few processors or too few harvesters, or both, to protect the privacy of the processors or harvesters who provided data).

17. Based on the press articles provided by DFA, the panel notes:

    - Prices for the largest Argentine *Illex* squid remained steady at a record high level in week 26 (June 22-29) of 2026. Although there were weaker shipment quantities of Argentine Squid fish in 2026 (a 9.1% decline in volume over April 2025), but only a 2.5 % drop in value compared with April 2025.

- DFA reported the following summary of production volume in NL Squid from 2021-2025:

Department of Fisheries and Aquaculture

Summary Year(s): 2021-2025 (P)

Total NL Squid Production (KG): 2021 - 2025 (P)

Product Type	**2021**	**2022**	**2023**	**2024**	**2025 (P)**
Frozen Bait	1,096,649	*	*	*	-
Frozen Round	9,470,233	*	*	*	27,336
Total:	**10,566,882**	**37,197**	**125,414**	**13,157**	**27,336**

The information in the table above represents production volume, not RWE
Amounts represented by (*) are included in Total

2025 data is preliminary

- Export data shows limited volumes of NL Squid being exported to other countries. Export countries have diminished from 11 in 2022 to 4 in 2025. One of the export countries is St Pierre & Miquelon, where Squid is also reportedly used for bait.

- The volume of Squid sold for export has declined significantly from 6.8 million lbs. in 2021 to 9,830 lbs. in 2023. Volumes increased in 2025 to 202,464 lbs. (still less than 3% of the volume sold for export in 2021).

- The primary consumer of Squid is NL harvesters, who buy it from processors in the spring at a price set by the processors.

- Argentine squid has been sold to harvesters by processors at $3.00 / lb in 2026 and 2025.

<u>ASP submission</u>

18. ASP argued that the price agreed by the parties for NL Squid in 2025 was $0.85 / lb and that there is no evidence to indicate that a price increase this year over last year is warranted. Therefore, ASP offers a roll-over of the price for Squid.

19. ASP's argument throughout negotiations appears to have been in favour of a rollover. Based on ASP's submission, it appears that FFAW's argument had been for a price significantly higher than $1.25 / lb, as their submission references an FFAW offer of $1.50 / lb and addressed why, in its opinion, $1.50 is inappropriate.

20. ASP highlighted that Squid has historically been a relatively small component of NL's commercial fishery, that the fishery is highly variable, and that it is a low-cost fishery for harvesters when compared to most others. They noted that is primarily inshore, in small open boats, using jiggers. The export market for NL Squid is narrow and "fundamentally different from the large international market for other frozen squid products."

21. ASP provides a lengthy discussion of the differences between the NL Squid fishery and the Argentine Squid fishery, with Argentina fishing *Iled argentinus*, a distinct species of shortfin Squid different from NL Squid, occurring in a different geographic region in the southwest Atlantic off South America. The Argentine Squid fishery is a large-scale international commercial fishery, in some years reaching millions of tonnes. It is supported by a large industrial factory freezer fleet with specialized jigging vessels. This, they argue, account for the difference in Argentine squid import price, which reflects the economics of a different supply chain.

22. As a consequence of this difference in the Argentine fishery, ASP argued that an Argentine Squid import price cannot be used as evidence that the NL harvester should receive a higher raw material price for local Squid, "doing so would effectively compare a small-volume local bait fishery with a large-scale international fishery."

23. ASP argued that when local Squid is landed and sold to a plant in the fall, it requires additional steps when compared to imported Squid: it is landed to a plant or trucked, packaged into bags, frozen, and then kept in cold storage until the following April. ASP argued that the costs associated with this are variable and have been increasing in recent years. The panel notes that ASP did not provide any evidence in their submission as to what those costs actually are. ASP argued that imported Squid arrives frozen, ready to be distributed, and just in time for the crab fishery, meaning there is minimal lead storage time required once it arrives in the province and it is provided to harvesters at their port of exit when leaving for a trip.

24. ASP argued that "processors paid around $2.75 - $2.85 / lb for imported Squid in 2026 and once transportation costs were included, it was sold for $3.00 / lb. to harvesters." Information received by FFAW during bargaining was that processors paid approximately $2.30 / lb for imported Squid. ASP said the processor who provided that information in bargaining was mistaken, and that the price was $2.75-$2.85. ASP says that the difference between the amount paid for imported bait and the amount it is sold for is a flow -though, with no markup. ASP argues that its members provide this to harvesters as a service to them on a cost-recovery basis. They provided no evidence in support of the argument. However, they referred to the Atlantic import data, which shows that the average price paid

for Squid imported to Atlantic Canada from Argentina in 2025 was $2.72.

25. ASP noted that the price for local Squid sold to harvesters is lower than imported costs when there are volumes available. They agreed that the price for local Squid sold to harvesters each spring is set by processors. It is distinct from the price paid to harvesters for the Squid in the fall.

26. ASP highlighted that there is risk associated with increasing the minimum price of local Squid in 2026. The volume of Squid available, the crab quota in the following season, and the state of the Argentine harvest the following year were noted.

27. As an example, ASP said:

> For illustrative purposes, consider that there is 6,000 tons of NL squid landed and stored this fall. This is ample supply for a crab quota of 60,000 tons of snow crab, but there is a risk for a decline in the quota based on the forecast model. If the quota declines to 50,000 tons [in the crab quota], processors are left with 1,000 tons of quid in storage. Argentina squid landings have increased exponentially following a few years of poor catches, which are expected to maintain in 2027. With this scenario, the price for Argentina squid could level off or decline. This creates a risk of processors holding volumes of high price local squid for the following season when the local and global markets are uncertain.

28. The example provided assumes an NL Squid fishery on par with 2021 landings, which was an anomaly. FFAW countered the example by reminding ASP that if the NL harvest numbers were too much in any given year, processors were not required to buy excess catch: they could stop buying if they felt there was too much product.

29. Fundamentally, ASP argued that there has been no change in the market information provided by FFAW to justify any change in the price from last year's $0.85 / lb to this year's fishery. Therefore, their final offer is to roll over last year's price.

FFAW's submission

30. FFAW's final offer for Squid is $1.25 / lb.

31. The offer is primarily based on the argument that the NL harvest is used for bait. Squid is caught then sold to processors, who bag and box it, freeze, transport it to cold storage, and resell it to harvesters in the Spring of the year for the Crab fishery. Very little, they argue, is exported by processors.

32. FFAW also noted that there generally has not been enough Squid caught in NL to provide sufficient bait to the Crab fishery each spring. Therefore, processors have imported bait in the form of Argentine Squid. They also argued that Squid is being used for bait in turbot and cod fisheries.

33. FFAW argued that the NL average import price for bait was $2.30 / lb in 2025. They argue that it was confirmed by a processor in negotiations that $2.30 / lb was a reasonable approximation of what processors paid for imported bait in 2025. ASP, as noted above, says that the processor who provided that information at bargaining was wrongly informed, and the price paid for Argentine bait by processors was $2.75 - $2.80 / lb last year. Processors then sold the imported bait to harvesters in 2025 for $3.00 / lb.

34. FFAW's argument is that if companies are paying $2.30 for imported Squid and selling it to harvesters for $3.00 / lb, then they can pay $1.25 / lb for Squid caught in NL and sell it to harvesters for $3.00 / lb while covering their costs and maintaining a profit margin.

35. To illustrate their point, FFAW used ASP's submission for the 2026 SFPSP Capelin price-setting hearing. They argue that multiple expenses involved in the Capelin harvest / processing are relevant to the Squid harvest. In particular, FFAW had provided a quote from B & L Cold Storage in Boyd's Cove. This, FFAW argues, is also a place where processors and harvesters store their Squid and other products. The quote was for $60 / t for the first month and $30 / t per month for each month thereafter. This equates to 2.7 cents per pound for the first month and 1.4 cents for each month thereafter. Six months of cold storage (from August 2026 when the Squid fishery occurs – March 2027 when the Crab season opens) would cost $0.105 / lb.

36. FFAW also noted that Squid used for bait in the hook and line cod fishery in the fall of the year would only be frozen for one month, thereby reducing the overall storage cost.

37. FFAW argued that labour costs in the plant concerning Squid would be "much lower" than those for capelin, given that Squid it is not graded for sex or size, and ice is not used to the same degree in the Squid fishery as in Capelin.

38. FFAW estimated a cost of $0.73 / lb. for the collection, labour, packaging and storage costs for Squid based on the prices provided by ASP for Capelin, but they argued that they believe such costs would actually be lower, given the difference in the two fisheries.

39. Nevertheless, FFAW argued that at $1.25 / lb. to harvesters, plus storage costs,

collection, labour, packaging and storing Squid amounting to approximately $0.745 / lb, the cost of buying, collecting, packaging and storing Squid locally – even at $1.25 / lb, is cheaper than buying imported Squid at $2.30 / lb.

40. The data forming the basis of their calculation is at figure 4, (page 4) of their submission, which is a Table of cost data taken from ASP 2026 Capelin submission. It is reproduced below:

Description	Cost
Fishers Price Grade A	0.38 Suggested price by FFAW for 2026.
At a yield loss of 14% due to slinks, broken, ROE discharge, water and overpack	$ 0.09
Trucking, unloading and ice	$ 0.18
Packaging	$ 0.10
Labour, overhead, and financing	$ 0.36
Trucking to Halifax and overseas	$ 0.22
Average cold storage	$ 0.06
Total	$ 1.39

41. FFAW argued that Processors are currently paying $2.30 / lb for imported bait and selling it to harvesters for $3.00 / lb. That is a $0.70 / lb margin to processors. The articles provided by DFA show that the Argentinian fishery has concluded and prices are no higher this year than last. When questioned, they said that even if we use the average price of $2.72 / lb provided by the import data for imported bait being sold for $3.00 / lb, FFAW's offer of $1.25 plus $0.745 in collection, labour, and storage costs comes to $1.995 / lb. The $1.995 / lb plus the $0.70 margin obtained by ASP in 2025 brings the price to $2.695 / lb. (or the 28 cent 'margin' between the average import price and the sale price of Squid) is still significantly less than the $3.00 / lb paid by harvesters for imported Squid in 2026.

42. FFAW argues that this calculation demonstrates that $1.25 / lb raw material price to harvesters for Squid is viable for processors because it covers their costs and provides a margin, and it also provides lower cost Squid (bait) than what was seen in the 2026 fishing season.

43. ASP argued that the FFAW's evidence citing the process of cold storage from the Capelin hearing this year is inadmissible because the information was ultimately not admissible in the Capelin Hearing when ASP proffered it. ASP argued that because it was held that ASP didn't provide sufficient information to support its documentation in the 2026 Capelin hearing, FFAW could not now rely on it, it should not be relied on in this hearing, and FFAW's argument in support of its minimum price should be dismissed.

44. FFAW referred to the report of Tri Nav Consulting, which was quoted in the Panel's 2022 Squid decision. While ASP had argued here that harvesters prefer Argentine squid as bait, FFAW said that predated the 2022 season, where TNC concluded that due to improvements in the NL Squid harvesting, that was no longer the case.

45. FFAW argued that the only "market" or "competition" into which NL Squid was entering was the NL bait market. The only competitor is Argentine Squid. Whether that Squid is caught through a different process and brought here just in time for the fishery, the price of Argentine Squid includes the cost to the harvester, freeing, storage, and transportation. Their argument here is that if harvesters were paid $1.25 for local Squid, and the cost of processing, cold storage, and transportation were included, the price to the purchasers in the spring of the year would still be lower than the $3.00 / lb that has been charged for Argentine Squid for the past two seasons. This, FFAW argued, allows processors to continue their "flow through" model, while supporting local harvesters and plant workers.

46. Their final offer was $1.25 / lb.

<u>Analysis</u>

47. ASP argued that any increase in the RMP for NL Squid is unsupported by the data, and essentially places NL Squid on par with the imported Argentine Squid, which they say is processed differently. They argued that increasing the price and comparing the two "would effectively compare a small-volume local bait fishery with a large-scale international fishery." The panel continued to ask what was the difference? This is Squid being sold as bait. Both types are frozen in blocks and sold as bait. We are not discussing the difference between food-grade Squid and bait Squid. Both are ultimately bait. If harvesters are willing to pay $3.00 / lb for Squid bait, there was nothing provided by ASP to show a material reason why NL harvesters should not be paid more for the Squid used as bait.

48. ASP is correct in stating that the status quo is 0.85 / lb and that it is up to FFAW to show why the status quo should change. In the panel's view, they have done so.

49. ASP refuted FFAW's use of the cold storage, processing, and transportation costs for Capelin: they did not say that the information was inaccurate. They said that FFAW should not be able to use it. ASP provided none of its own data to show how much its members pay for processing, cold storage, or transportation. They are the only people in a position to do so.

50. ASP controls the cost at which it sells bait to harvesters in the spring. If setting the price of Squid for 2026 causes an increase to the processors such that the

price of local Squid bait increases in the spring of 2027, there is no evidence that the price of such local Squid will reach the price of Argentine Squid. It will still be a cheaper product. However, if by paying higher RMP for Squid in 2026 ASP's members have to sell it for a higher price in the Spring of 2027, that is a business decision they will have to make.

51. FFAW has shown that (a) the price of imported Argentine Squid used for bait averaged $2.72 / lb and it was sold to harvesters for $3.00 / lb. at the same time that processors were paying $2.72 / lb for Argentine Squid, they were paying $0.85 for NL Squid. ASP has not provided any information as to how much it costs them to process, freeze and transport that NL Squid, to provide a comparison to the $2.72 paid for Argentine Squid on average. FFAW has provided some data to support its calculation of what those costs are. ASP did not comment on the veracity of those proposed calculations and did not provide any data to counter them.

52. FFAW countered all arguments put forward by ASP with respect to the differences in the fisheries, the old data concerning preference for type of Squid as bait, and has put forward a submission that remains unrefuted by any data by ASP. As a result, the Panel has unanimously decided to accept the FFAW's submission of $1.25 / lb for Squid for 2026.

Decision

53. The panel has decided to accept FFAW's proposal of a minimum price of $1.25 per pound to be paid by processors to harvesters for Squid in 2026.

Dated at St. John's this 11th day of August, 2026.

Sheilagh M. Murphy K. C. Chairperson	Earle McCurdy Member	Brian Vallis Member