



association of
seafood producers



**Seafood Processors of
Newfoundland & Labrador Inc**

Mackerel crisis illustrative of problems faced Industry renewal is imperative, province's Producers agree

ST. JOHN'S, September 22, 2006 – Newfoundland and Labrador's two industry associations for seafood processing - the Association of Seafood Producers (ASP) and the Seafood Processors of Newfoundland & Labrador (SPONL) - issued a joint press release today addressing the ongoing crisis in the industry, and calling for a renewed commitment to industry renewal in the province.

"This has been a difficult year in the industry, for all stakeholders – harvesters, plant workers and processors – and we want to express that we remain committed to putting this industry on a sound footing. Otherwise, things will continue to spiral downwards," says George Joyce, Executive Director of SPONL.

"On top of the overcapacity and resource issues, we've faced some difficult decisions from the Price-Setting panel. We have fisheries shut or on the verge of shutting given that markets have collapsed internationally which can't justify the prices the Panel set for raw material," says Joyce. "Squid is shut, because we have a price set that is more than the market can justify. Norwegian mackerel prices are now half what they were at the start of the season, after that fishery shut for some time. How can we account for that?" he asked. "On shrimp, we believe that the fall price decision is really without rationale. That's a concern for everyone. We'd like to see an independent review of the process and the decisions that have been made."

The joint release says the Price-Setting Panel's mandate – to get fisheries going – has been extended into other species and price setting where there is no real need. ASP's Executive Director Derek Butler echoed those concerns, saying "We need to revisit that this fall. We can't ignore market realities, and what we decide here has to correlate to the markets that buy our fish. If we are going to have these kinds of mechanisms, they have got to work. But the reality is most fisheries proceed without any intervention, and we should let them do so."

Says Joyce, "We understand the Panel has legislative obligations, but there is clearly room to tighten this up, to circumscribe the panel's operations so we can get our fisheries started. But we've got to recognize international market realities. Everyone has said it before, and we agree: we can't legislate people to lose money, in harvesting or processing."

The processors say they remain committed to restructuring and consolidation, and are hopeful government's commitment – both provincial and federal – remains strong. "The real problems remain outstanding, and they have to be addressed," says Butler. "Industry is overcapitalized on both the harvesting and processing side, and the value of the resource has been spread way too thin, among too many players. And plant workers remain at the bottom of the barrel, and we are losing them to Alberta. That's happening with crews now too."

Government launched an industry renewal process in late May, and has held a number of industry meetings with all stakeholders in various sectors, including processing and harvesting. Butler says industry remains hopeful that the process will lead to renewal: "Status quo is not an option."

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