

MEDIA RELEASE

Price Panel adds to bad news, crab markets at risk New raw material price adds additional jeopardy to the industry

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(St. John's, NL) The Association of Seafood Producers (ASP) says today's Standing Fish Price Setting Panel decision on raw material crab prices compounds the already bad news on quota cuts, and places the industry at substantial risk of a market collapse.

"The Panel has set crab raw material prices at a historic high, well above any previous level. ASP's offer to harvesters of \$4.10 was rejected and the Panel has gone with the FFAW price of \$4.39," said Derek Butler, Executive Director of ASP.

"The market reports contracted by the province were both clear," said Butler. "Consumption is reducing, the price has gotten too high, and it is spot pricing in response to quota reductions in Alaska and here that is being used. That is wrong. It is not the reality of our snow crab industry."

The Panel's premise as reported in their written decision today is that the market is at the USD\$8 or higher, but Butler says the Panel failed to take into account contracts that are done at USD\$6.95.

"We expect the Panel to be evidence based, and the latest evidence on prices for NL crab – not spot pricing based on no supply - are the contracts established with large Japanese buyers at USD\$6.95 per pound," said Butler. "How can actual contracts as reported on not be relevant?"

Butler says the market report from the US in particular notes that there is a redline that should not be crossed in terms of market prices.

"We found that in shrimp, and the result is growing inventories and falling market prices. Shrimp is a disaster, even on reducing volumes. Now the Panel has ignored that risk, that history, and decided to go with spot pricing, for case load sales, as opposed to the volumes we are dealing in," said Butler. "It will not be pretty."

Butler says the Panel has also completely ignored the assessment of the Gulf of St. Lawrence's ability to support the growing inventories it will have, and the market will take advantage of that.

"This decision leaves processors and our plants exposed to a market collapse," said Butler. "It is a disservice to this industry, to be so cavalier about the future, or to think that a single reconsideration on price, provided for in legislation, can correct this."

Butler says the panel has neglected its own mandate, to set minimum prices, and not to set the market price.

"Even at the \$4.10, the landed value of crab this year – even after the quota cuts - would have been higher than last year, with less cost to harvesters in terms of fishing. The Panel has instead seen fit to place all the risk on producers, less volume, less hours for plant workers, and now a utopic view of the market. It simply does not add up," said Butler