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# NEWS RELEASE

## Association of Seafood Producers renews calls for processing licence freeze in face of speculation on still more processing licences

(St. John's, NL) - The Association of Seafood Producers is concerned that recent media reports on new processing licences in the province will result in a big step backward for industry, and says any new licences would represent a contradiction of the provincial Fish Processing Policy and Fishing Industry Renewal, both geared to reduced capacity, not add more.

ASP's Executive Director Derek Butler says the rumour mills are rife with speculation that new processing licences for shrimp and crab are in the works, for places like Lascie, Conche, Englee and more recently, Valleyfield. Butlers says it would be a complete reversal of direction for the industry to be adding capacity, when for years all the talk has been about how to reduce capacity.

"We've been working as an industry, together with the federal and provincial governments, to address overcapacity in the industry for several years now. It's been clearly acknowledged that 'status quo is not an option' and that we have too many processing facilities in the province, all operating on very thin margins," says Butler. "No one could have imagined when we said status quo was not an option' two short years ago that it would mean adding plants, instead of reducing them."

"We need to confirm that the direction of the industry is to remove capacity, to make current operators more viable. We all agreed on that a few years ago, it's what we are supposed to be working towards," said Butler, "but we are concerned that these new applications could very well result in new plants. It's a remarkable position to be in given where we thought industry and government were a few years ago."

The Association is seeking a meeting with government to clarify its position with respect to new licences.

- 30 -

Selection quotes (with sources) on overcapacity in recent years:

**Tom Rideout on overcapacity, 2007:** <http://www.releases.gov.nl.ca/releases/speeches/2007/rideoutfeb23.htm>

In addition to the pressure on wild stocks, we are facing overcapacity in the processing sector. In fact, overcapacity was one of the key issues identified by all industry stakeholders last May during the Premier's meeting with fisheries stakeholders. Unfortunately however, it is not a problem that is unique to this province as across the globe seafood processing work is shifting to low-cost producing regions.

**Fishing Industry Renewal Backgrounder, 2006**, [http://72.14.205.104/search?q=cache:T7K4tzuHA3AJ:www.nfl.dfo-mpo.gc.ca/fir/FIR\\_NL\\_backgrounder\\_e.htm+Most+plant+workers+recognized+that+change+in+the+fishing+industry+is+required+to+improve+the+overall+viability+of+plants&hl=en&ct=clnk&cd=1&gl=ca&client=firefox-a](http://72.14.205.104/search?q=cache:T7K4tzuHA3AJ:www.nfl.dfo-mpo.gc.ca/fir/FIR_NL_backgrounder_e.htm+Most+plant+workers+recognized+that+change+in+the+fishing+industry+is+required+to+improve+the+overall+viability+of+plants&hl=en&ct=clnk&cd=1&gl=ca&client=firefox-a) (cached)

Most plant workers recognized that change in the fishing industry is required to improve the overall viability of plants. There was a strong view that overcapacity in the processing sector is a significant challenge and, if resolved, could improve employment stability for those that remain in the industry.

#### **CBC media story on Fishing Industry Renewal, 2006**

<http://www.cbc.ca/canada/newfoundland-labrador/story/2006/10/20/fishery-decisions.html?ref=rss>

...Williams and Hearn said tough decisions — which will likely lead to reductions in the number of plants, vessels and workers — cannot be made until more meetings are held over the next few months. That means axes could fall leading into the October 2007 provincial election in Newfoundland and Labrador, and quite possibly in the midst of a federal election campaign as well.

Hearn said any decisions will not be swayed by votes. "I don't care if an election comes in between or not. It has to be done." Williams suggested tough decisions cannot be put off any longer. "No politician in their right mind going into two elections would even be considering this. But we're prepared to look at it," Williams said.

Earle McCurdy, president of the Fish, Food and Allied Workers union, said Friday's announcement was not a surprise, but said extra consultations — even after this spring's summit — will not hurt.

#### **Industry overcapacity**

McCurdy said the key is ensuring there are measures to help some workers get out of an industry that — 14 years after the first cod moratorium — is still riddled with overcapacity.

#### **Cashin Review on RMS, 2005.**

Indeed, some of the crab licences issued never operated; resource availability was already inadequate even before the declines of this decade began. The main results of that abdication of responsible public policy [addition of new licences] included the maintenance of some operations that would, and should, have left the industry, the establishment of other facilities in uneconomic locations and even the entry into the crab processing sector of new operators. The overcapacity created by these licensing actions drove the various industry-led attempts to find rationalisation measures and plans for the crab and shrimp sectors over the last six years or so;

#### **Minister Trevor Taylor, 2005.**

The provincial government bears a responsibility to encourage a prosperous fishery that provides strong, stable incomes to workers, and conditions for healthy regions throughout the province. We are faced with the calamitous forces of a stronger Canadian dollar, excess inventory, depressed market prices, processing overcapacity, and the prospects of a quota cut. It would be irresponsible and incomprehensible for us to sit idly by, and fail to act in the public interest.

#### **Special Panel on Corporate Concentration in the NL Fishery, 2001**

<http://cbott701.ic.gc.ca/cbsc/stj/sectorst.nsf/6008bd843cd72d4b8425674d0066fe07/df28d1979690c9aaa3256baa0050b8ef?OpenDocument>

It is evident there continues to be severe overcapacity in the processing sector...

#### **For more information:**

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