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Newfoundland processors alarmed over rumors of new shrimp processing licenses

SEAFOOD.COM NEWS by John Sackton - Sept. 23, 2008 - The Association of Seafood Producers in Newfoundland is alarmed about rumors that the government may issue a new shrimp processing license to a plant in La Scie, on the Northeast Coast of Newfoundland.

There are also rumors of other applications for new shrimp and crab processing licenses being submitted to the government in Valleyfield, Conche, Englee and possibly other communities.

Derek Butler, executive director of ASP, says that processors would be shocked if the government were to grant new licenses. He says that for the past several years there has been a consensus that overcapacity in processing was one of the primary problems facing the industry - leading to marginal plant operations, short work periods for existing plant workers, and contributing to loss of profits among processors. As a result, processors are hesitant to invest in upgrades and modernization. Various reports and commissions that have studied the fishery have generally supported the idea that a reduction in overall capacity was necessary to strengthen the financial health of processors.

Butler said 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.

ASP is seeking a meeting with the government to find out if these new licenses are actually being granted.

In an interview on the fisheries broadcast, Butler was asked how the prospect of a new shrimp license at La Scie would hurt the province, since shrimp is already being landed there and trucked elsewhere. Also the plant in La Scie already employs 250 people, and the new license would create about 60 additional jobs. Finally, he was asked if his position was that rural communities like La Scie should be left with no resources.

Butler said that was the whole problem with consolidation. He said that hard decisions had to be taken so that the remaining plants would be viable. He asked whether shrimp harvesters would want to see new licenses issued to those communities where there are few shrimp fishermen.

The FFAW, which has not expressed a public opinion on new processing licenses, has stated its support for schemes that would allow for some consolidation of harvesting licenses.

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