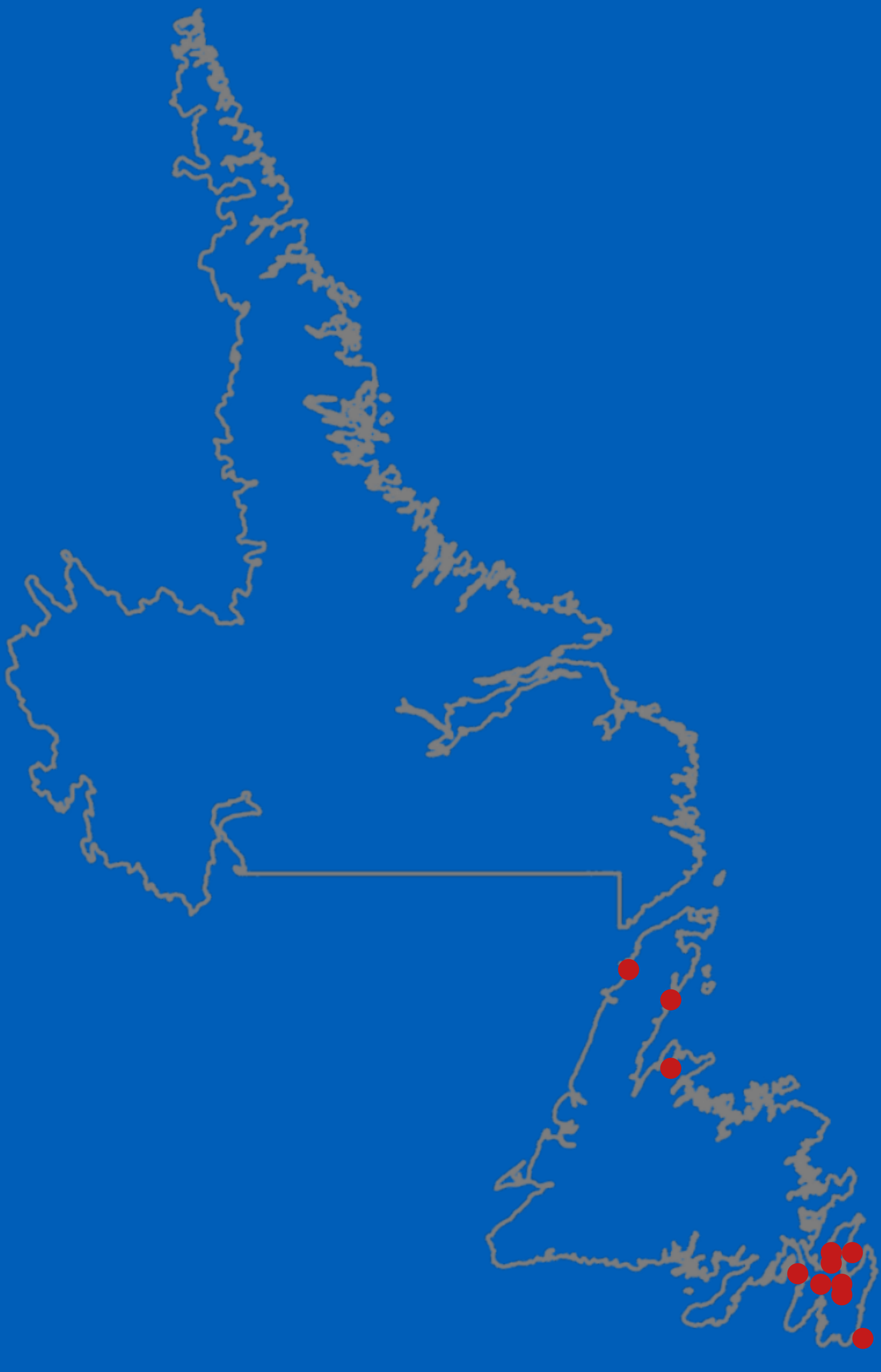
# FFAW-UNIFOR
# Submission to the Fish Processing Licensing Board



FFAW | UNIFOR
Fish, Food & Allied Workers

# CORPORATE CONCENTRATION IN FISH PROCESSING

This submission is in response to a request by the Fish Processing Licensing Board on the issue of corporate concentration as it pertains to two purchases of processing plants by Royal Greenland.

FFAW strongly opposes the purchase of Quinlan Brothers Ltd. by Royal Greenland. Such a purchase will do irreparable harm to the inshore fishery and will move our province one step closer to having a processing sector dominated by 2 to 3 large companies. Fish harvesters are terrified at the prospect of further plant consolidation which further undermines the balance that once existed between the harvesting and processing sector. The processing sector has more control over the fishery today than it did 20 years ago. Royal Greenland purchasing Quinlan Brothers will only make it worse.

FFFAW does support the Royal Greenland acquisition of an interest in the St. Anthony fish plant that is  that is currently co-owned by Clearwater Seafoods and SABRI. For important economic and social reasons there needs to be a viable fish plant in St. Anthony. However, given past Royal Greenland behaviour, FFAW does recognize the need for accountability to ensure good corporate citizenship in the community. Past behaviour by Royal Greenland in other areas of the province towards communities and municipalities must not continue in St. Anthony, as that is  to the detriment of fish harvesters, plant workers, the community and the region.

Lastly, Royal Greenland is owned by the Government of Greenland. While the Greenlandic government appears to be rational and responsible, at the end of the day Royal Greenland is going to do what is in the best interest of its sole shareholder; the Government of Greenland. This will inevitably create a conflict of interest, whereby Royal Greenland prioritizes Greenlandic harvesters and employees over the best interests of harvesters and employees in Canada. As a government-owned company, Royal Greenland has certain social responsibilities and accountabilities in Greenland that it does not have elsewhere.

# WHAT IS ROYAL GREENLAND?

Royal Greenland was officially granted a Royal Warrant in 1985 by the Danish Royal Family and Household, an appointment reflecting the fact that 100% of its shares are owned by the Greenlandic Government. Royal Greenland is a powerful force in the global seafood industry, with a current ranking among the top 25 largest seafood companies in the world, and the top 10 global shellfish industry companies.

The control and presence of Royal Greenland is built upon a vertical integration strategy between the fishing fleets and the processing side of the seafood industry. According to its website, the Royal Greenland business structure is:

> a truly vertically integrated company that depends upon Royal Greenland securing conditions to control of all aspects of the fishery, including ensuring subsidiaries have privileged access to quotas or landings

Pursuant to their *North Atlantic Champion Strategy* Royal Greenland has been acquiring subsidiaries from the coast of Greenland, Europe, Chile, Nova Scotia, Quebec, and Newfoundland and Labrador to control the supply chain in the north Atlantic. Royal Greenland acquired all shares in the Nova Scotia firm A& L Seafoods and in 2016 it purchased sole ownership of Quin-Sea, one of the largest processing companies in this province. This sale included five processing plants:

- Quin-Sea Cupids – which does pelagics and groundfish
- Quin-Sea Long Cove (this plant burned down and Royal Greenland acquired a plant in southern Southern Harbour as a replacement) – pelagics, groundfish, and lobster
- Quin-Sea Cape Broyle – A variety of species including snow crab, with an increasing focus on sea cucumber
- Quin-Sea Old Perlican – primarily shrimp, snowcrab, and groundfish
- Quin-Sea New Harbour – lobster

Since its initial entrance into the NL market, Royal Greenland has expanded its footprint by entering into a joint ownership arrangement with Quinlan Brothers to operate two Gulf Shrimp Limited plants (Black Duck Cove, since burned and will not be rebuilt, and Baie Verte, which focuses on groundfish and pelagics). Royal Greenland also acquired a major interest in Independent Fish Harvesters Inc., which processes snow crab and groundfish at a plant in Brigus. It is also the sole owner of Conche Seafoods, whose entire Board of Directors are made up of Royal Greenland executives. Conche Seafoods is licensed to process a broad variety of species but appears to be focused primarily on lobster.

In a period of three years, Royal Greenland went from having no presence in NL, to owning or being the lead operator in 9 processing plants. There are approximately five to six thousand people employed in processing plants for wild fisheries in this province. Five years ago, Royal Greenland employed no plant workers in this province, now they employ approximately 1500-1800 plant workers. If the purchase of Quinlan Brothers is approved, Royal Greenland will employ approximately 2300 workers, nearly half of the processing workforce.

As a corporate philosophy, and keeping with its North Atlantic Champion Strategy, Royal Greenland does not believe in a diverse seafood processing sector. When the purchase of Quin-Sea was announced in late 2015, Royal Greenland CEO Mikael Thinghuus stated that, “If we want to invest in developing existing markets and building new ones, it is imperative that we consolidate and cooperate within our core species.” To Mr. Thinghuus, processing companies should not be competing against each other, but between other sources of protein, like chicken or beef. That is a perspective that is harmful to independent suppliers of raw material, like fish harvesters. As Thinghuss also said, “The consolidation and cooperation must be across national borders that are of little interest to both the fish and the consumers” (Undercurrent News article, Dec. 3, 2015) Absent from this perspective is the interest of workers, fish harvesters, and national policies of limiting foreign ownership in Canadian resource development.

It is easy for Royal Greenland to discount national borders because it already has the backing of a country. It is a Crown Corporation, wholly owned by the government of Greenland, an autonomous country overseen by Denmark. In 2009 it acquired a $93 million bail out from the Government of Greenland. This is troubling because its privileged position as a crown corporation provides Royal Greenland with a competitive advantage in terms of access to capital that no processing company in NL has or should have. Royal Greenland was established to be a monolithic presence in the Greenland economy, and it should not be permitted to transfer such purpose to Newfoundland and Labrador.

It is important to note that significant amounts of profit and tax revenue will not be garnered here in the province of Newfoundland and Labrador but in the salaries and bonuses of the Royal Greenland executives and the CEO living in Europe. As noted in the annual report. “the maximum bonus available to the CEO in 2018 was DKK 2.87 million. The fulfilment of targets for the year was 65%, and thus a bonus of DKK 1.86 million was paid. Total compensation to the CEO thus amounted to DKK 6.33 million.” In a province with a struggling economy and a difficult fiscal projection, selling off our public waters and rural resources to profit the executives of another nation is a financial and social miscalculation.

# QUINLAN BROTHERS LTD.

Quinlan Brothers was once part of Quinlan Group, which was split into two separate companies - Quinlan Brothers and Quin-Sea - in the early 2000s. The Quinlan Brother plants that will be sold in this transaction is the multi-purpose plant located in Old Perlican and the snow crab processing plant in Baie de Verde, which is the largest in the province. The exact amount of snow crab produced at the Quinlan Brothers plant is Baie de Verde is not know, however, it is believed that the plant processed a fifth to a quarter of all snow crab landed in the province, NL's largest and most valuable fishery. According to the Quinlan Brothers website, the company employs close to 500 people, some of whom are temporary foreign workers.

Quinlan Brothers actively opposed to the fleet separation principle in the inshore fishery, which has recently been cemented in legislation by the Government of Canada in the amended Fisheries Act. The position of Quinlan Brothers is not surprising, they are the only processing company in the province to have admitted that it purchased and controlled a license held in the name of a harvester, establishing what is commonly referred to as a controlling agreement. As part of this agreement, Quinlan Brothers controlled all aspects of the fishing license, from when fishing occurred, to how fishing profits were shared, and to how the license could be transferred or sold.

There is a section on controlling agreement later in this submission but suffice to say Quinlan Brothers remains one of the most active companies in the illegal acquisition of inshore fishing licenses for its sole benefit.

# CORPORATE CONCENTRATION AND THE SEAFOOD PROCESSING LICENSING BOARD

When considering requests for operator and/or license transfers, the Board is required to consider the level of concentration of ownership in the NL processing sector. As the Board's Policy Manual states at page 17:

> The intent of this policy [review of corporate concentration] is to ensure that any one company or corporate group does not acquire a position within the industry that could result in it having an undue influence in day-today dealing with harvesters or other processors.

That is a sound policy that echoes conventional economic wisdom on corporate concentration. From a corporate perspective, further acquisitions are often argued as a means of efficiency, but as York University's study on Food Policy for Canada notes:

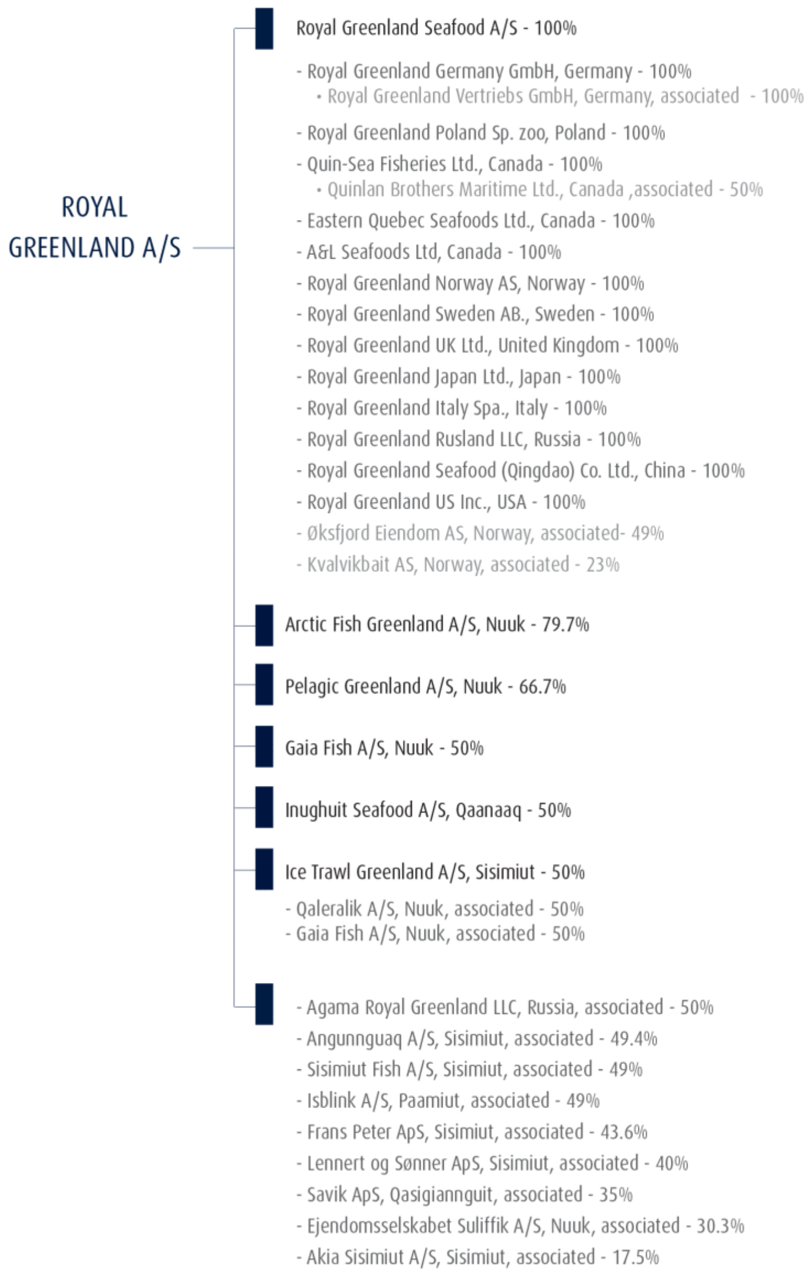
> Typically, when corporate concentration surpasses levels that generate "efficient" business activities, processes, and products, then negative social and economic effects are produced. Beyond that level of concentration, firms are able to extract excessive profits and/or control entry into marketplaces, to the detriment of other firms.

Even the United States Federal Reserve, a great bastion of free market economics, notes the economic damage that can occur from high corporate concentration:

> It is useful in analyzing horizontal mergers because such mergers affect market concentration, and economic theory and considerable empirical evidence suggest that, other things equal, the concentration of firms in a market is an important element of market structure and a determinant of competition.

At the end of the section on corporate concentration, the License Board Policy Manual puts forth in a series of bullets factors to be considered when reviewing corporate concentration. We will address as many of these points as we can. However, the Policy Manual also notes that, because we export most of our fish, the Board should focus on corporate concentration with respect to raw material prices paid in this province.

In the past, this may have been a valid perspective, but with a large multinational company like Royal Greenland a strictly local perspective does not work.  The information below is taken directly from the Royal Greenland website. This is the scope of their holdings:




*As the graphic sets out, Royal Greenland has holdings in 11 different countries. Its NL interests are but a smaller part of a worldwide business.*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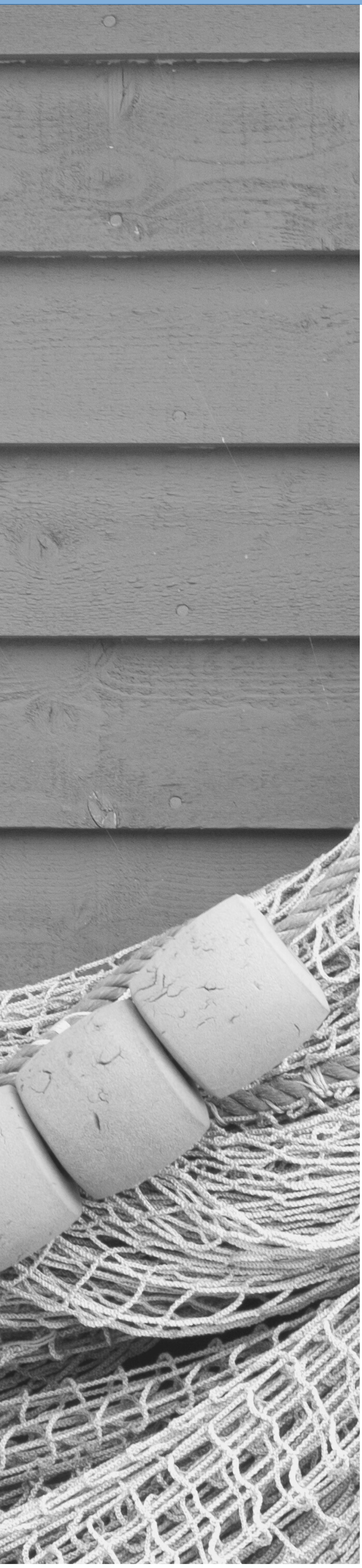


With such large holdings, it is quite possible that a decision by Royal Greenland in another market would have an impact on the price of raw materials in NL. In particular, it is likely that Royal Greenland's sole shareholder ownership will be a detriment to harvesters in this province. For example, Royal Greenland is likely the largest purchaser of cold-water inshore shrimp in this province. This year, Royal Greenland has made little effort to buy inshore shrimp, telling harvesters fishing by the tip of the northern peninsula to land shrimp directly to Old Perlican, hundreds of miles away. Trucks for shipping would not be provided. In Greenland, Royal Greenland is also the largest buyer for cold water shrimp. Despite little difference in the price to harvesters in Greenland and NL, Royal Greenland has been purchasing vast amounts of cold water shrimp from Greenlandic harvesters. According to a report from Gemba Consulting dated August 28, 2020, Greenland expects to land more than a 100,000MT of cold water shrimp in 2020. In NL, we will probably not catch our full quota of 21,000MT because processing companies, particularly Royal Greenland, have shown no interest in buying NL shrimp.

Why would Royal Greenland purchase large amounts of Greenlandic shrimp, where the cost of processing is much higher, and ignore NL shrimp? Could it be that Royal Greenland feels a stronger obligation to the economy and people of Greenland, where it is accountable to the government compared to the people and economy of NL? Royal Greenland will always be operating within a conflict of interest in this province, since its priorities will be driven by the Government of Greenland, its sole shareholder.

## FACTORS TO BE CONSIDERED

**Geographic Area**

The policy manual is vague as to what geographic area consideration means. For the purposes of the purchase under consideration, the main operations of Quinlan Brother are concentrated in two small communities located on the northern tip of the Avalon Peninsula – Old Perlican and Bay de Verde. Royal Greenland already has an important processing plant in Old Perlican. Given the presence of these two companies in these communities, this small region has perhaps the most processing capacity of any region in the province.

This processing capacity is needed since that region is one of the largest landing areas of raw material in the province. This region is likely the largest landing location for snow crab and cod in the province and was, until the recent decline, a major landing port for cold water shrimp.

In the modern fishery in NL, it is rare to have two large processing companies operating in a small geographic region.Through consolidation, most regions now have one large plant and perhaps a few smaller plants doing a small amount of product. The presence of Royal Greenland and Quinlan Brothers operating next to each other creates a competitive dynamic – if a harvester is not happy with a price being offered, that harvester does not have to travel far to receive an alternate bid.

If Royal Greenland is permitted to purchase Quinlan Brothers, that competitive dynamic will be lost. Royal Greenland will have a de facto monopoly in the area and fish harvesters will have to accept Royal Greenland prices and conditions or travel much further down the Avalon for another buyer.

# POTENTIAL FOR INFLUENCE ON RAW MATERIAL PRICE OR SERVICES

FFAW has extreme concern that the purchase of Quinlan Brothers by Royal Greenland will have a significant negative effect on raw material prices. Collective bargaining is but one part of the price setting structure in this province. Collective agreements between processors and harvesters set minimum prices, a processor can pay more but not less. This concept is poorly understood by many who assume that the collectively bargained price is the price. It is not.

Since we negotiate minimum prices, the true value of the fish is intended to be achieved through wharf competition, whereby various companies compete for the raw material that the harvester will land. However, wharf competition is in decline. We are currently dominated by 4 to 5 large processing companies. In some instances, they appear to work in unison to keep prices low and not compete against each other. Instead, we now have a "bonus" system, whereby harvesters receive an extra payment at the end of the season at the discretion of the processor. It is an old-time merchant approach to doing business and is a major step back from wharf competition.

If the second biggest processor in the province purchases the fourth largest processor, as is the case if Royal Greenland purchases Quinlan Brothers, it will have a further negative effect on wharf competition. One company will be able to exert a significant amount of influence over wharf competition and overall pricing. Smaller companies, many of whom rely on larger processing companies for assistance with transportation and the acquisition of raw material, have voiced concerns about going against the position of the larger processing companies on issues of pricing. There is a long history of larger companies bullying smaller ones to shape the marketplace in the favour of the larger companies.

Related to wharf competition are the business relationships that develop between harvesters and processing companies. Most harvesters have a specific processor to whom they sell every year. While this is a consistent relationship, it is not binding and in theory the harvester could start selling to a different processor if a better price or condition of sale is being offered.

In recent years, moving between processors has become very difficult for harvesters. With only a few major buyers, there appears to be an agreement amongst them to not take harvesters who want to leave their existing buyer for a new buyer. This is a strong signal that corporate concentration has gone too far already in this province. Harvesters, who are independent of processing companies, are currently permanently attached. This situation will be exacerbated by the Royal Greenland purchase of Quinlan Brothers. Firstly, there will be less competition and less ability for harvesters to seek a buyer of their preference. Moreover, it is likely that all buyers currently tied to Quinlan Brothers will now be bound to Royal Greenland, though they did not consent to this.

# COLLECTIVELY BARGAINING VERSUS NON-BARGAINED SPECIES PRICES

For Royal Greenland's purchase of Quinlan Brothers, there should be no distinction between bargained and non-bargained species prices. In the past few months, FFAW filed notice under the Fishing Industry Collective Bargaining Act to negotiate two species it had not negotiated before – sea cucumber and turbot – because an already far too concentrated processing sector, with Royal Greenland being a key part, pushed to drastically reduce prices the non-negotiated price of both species. Going forward, the Processing Licensing Board should consider that every species will have to be collectively bargained; the processing sector is already too concentrated to assume otherwise.

While it is important that fish harvesters have a strong union and an established collective bargaining process, it is also important that not every aspect of the fishery require union involvement. Currently, there are many species that we do not negotiate, which is a function of sufficient competition that ensures that market prices are paid. That system is breaking down under the downward pricing pressures of a processing sector that already has too much corporate concentration.  That system will face further strain if Quinlan Brothers is absorbed into Royal Greenland

The last time corporate concentration in processing was really assessed was in the 2001 Report of the Special Panel on Corporate Concentration in the Newfoundland and Labrador Fishery. That Report acknowledged that:

> The linkage between corporate concentration and competition for raw material within the inshore sector has clear implications for fish prices. The Panel holds the view that the interest based/final offer selection price bargaining system now in effect has worked extremely well over the past four years and presents a solid basis for the province to enhance its competitive position in world markets. It also brings a healthy measure of transparency to price negotiations between the inshore harvesting and processing sectors.

**The Special Panel then went on to recommend that a Price Setting Panel along the lines of what is currently in place be established. The above statement from the 2001 report points out three things:**

**1.** The level of corporate concentration in the processing sector was already so high that a mandatory binding arbitration system was needed to protect the collective bargaining rights of harvesters, which could easily be trampled upon by a consolidated processing sector working in concert.

**2.** The fish price setting system that we now have can never move away from binding arbitration. Any weakening of the current system would be to the detriment of harvesters. Labour peace can only be maintained through this mechanism, since it provides harvesters with a meaningful voice and protections in a highly consolidated processing sector.

**3.** In recognition of the collective bargaining challenges that are created through extreme corporate concentration, which will be exacerbated by Royal Greenland's purchase of Quinlan Brothers, the 2001 report on corporate concentration recommended a price setting model that would provide a healthy measure of transparency to price negotiations. The transparency aspect of the price setting model was never implemented and has left fish harvesters at a distinct disadvantage. Harvesters do not know what yields are achieved in certain species and the prices that are paid in the market, particularly the price achieved for various pack-outs and domestic sales, which are not captured or disclosed in any manner. We have some fisheries where sales are almost entirely domestic, and the negotiations for these species are conducted with little information provided to harvesters. In many ways, harvesters are negotiating with one hand theoretically tied behind their backs.

**If the Licensing Board is going to allow corporate concentration to reach extreme and likely irreversible levels through the proposed purchase of Quinlan Brothers by Royal Greenland, then the Fish Price Setting System must be improved with mandatory transparency from all processors on certain key issues, such as yields, products-produced, and domestic sale volumes and values.**

# ANTICIPATED DEGREE OF POTENTIAL IMPACT

The impact of the Royal Greenland purchase of Quinlan Brothers will be the most impactful fish processing acquisition in the history of NL. As the 2001 special panel report on corporate concentration noted, the establishment in the early 1980s of Fisheries Product International, which was a merger of 8 companies that had 32 plants, was viewed primarily as an offshore company that would have minimal competitive impacts on the inshore sector. That changed after the moratorium, but such an event was not foreseen at that time.

If the Royal Greenland purchase of Quinlan Brothers is approved, it will create the largest processing company in this province since FPI, and this company will be focused almost exclusively on the NL inshore. A company that big will have competitive impacts, likely negative, on both other processors and fish harvesters.

In FFAW's submission in February to the Fish Processing Licensing Board on minimum processing requirements and resource thresholds, the challenge created by dramatically reduced capacity in the fishery over the past decade was highlighted. We noted that for most species outside of crab and shrimp, there already existed insufficient processing capacity, particularly in capelin and cod.

Given the constant push for efficiencies at the plant level, it is highly unlikely that a more dominant Royal Greenland will keep operating all the plants it currently has, in addition to those acquired from Quinlan Brothers. If the purchase goes ahead, Royal Greenland will own two plants in Old Perlican and one in neighbouring Baie de Verde, with some duplication of purpose amongst them. It is foreseeable that one of those three plants will close, thus further reducing capacity and negatively impacting the labour market.

The closure of a plant in Old Perlican will be devastating for the region. Old Perlican is the service hub for the area, built around the processing plants that attract employees from the entire region. An EI survey from 2014 showed that residents of 70 different communities in NL, from as far away as Jackson's Arm, travel to Old Perlican every year to work in one of the two plants. In total, both plants employ over 500 workers, including 66 from the town of Old Perlican, 43 from Victoria, and 23 from Western Bay. There are very few alternative employers in the region to make up for the loss of a fish plant.

The closure of the fish plant will also be devastating for the sustainability of Old Perlican, as a municipality. Approximately 40% of Old Perlican's municipal revenue is generated from commercial taxation, a very high rate for a town its size. Both processing plants make up a large proportion of that revenue. If one closed, there would be no way for the town to make up for that revenue shortfall.

It is also anticipated that if the purchase of Quinlan Brothers Ltd. by Royal Greenland is approved, it will speed up further corporate concentration in the NL fishery. Other large firms, now dwarfed by Royal Greenland, will look to merge with other large firms or buy up the few remaining smaller processing companies. A much bigger Royal Greenland will be the death knell of most smaller processing companies who are already struggling to compete with Royal Greenland's aggressive approach to acquiring raw material. Prior to Royal Greenland's purchase of Quin-Sea, there was an accepted balance between the larger and smaller companies. Royal Greenland has changed that dynamic.

## COMPETITION BUREAU

While FFAW is not a part of the complaint, there is at least one official ongoing complaint against Royal Greenland filed with the Competition Bureau of Canada. The complaint regards anti-competitive behaviour in the lobster sector.

## CONTROLLING AGREEMENTS

A controlling agreement is any agreement that allows one party to control the benefit and/or disposition of a fishing license held in the name of a fish harvester. Controlling agreements started to become a problem with the growth of the crab fishery and the issuance of individual quotas, which allowed for the commoditization of fishing licenses. Licenses now had a specific, measurable value.

Over the past 20 years, controlling agreements have become the biggest threat to the inshore fishery. Processing companies, to secure supplies of raw material and to acquire a valuable inshore license, have established arrangements with harvesters, whereby the processor pays for the fishing license that is placed in the name of the harvester. The harvester acquires no control of the license, as that rests entirely with the processor. The processor determines when the license is fished, who fishes, how much the harvester is paid, which boat is used, etc. These arrangements often take advantage of fish harvesters who would not otherwise have the means of acquiring a license.

Controlling agreements are a clear violation of the fleet separation policy, which has existed since the late 1970s. Fleet separation provides that processing companies cannot own inshore licenses. With a controlling agreement, the processing company effectively owns the inshore license, but this ownership is sheltered behind the name of the harvester.

Given the wide spread prevalence of this violation throughout Atlantic Canada, the Department of Fisheries and Oceans (DFO) is aware of the severity of the issue and has tried various policy approaches to reduce controlling agreements. However, controlling agreements are difficult to prove and a legislative solution was needed.

In 2019, Bill C-68 was passed through Parliament, which for the first-time enshrined fleet separation and owner-operator into law and gave the federal government the ability pass regulations for enforcement. Controlling agreements are currently in the process of being made illegal and subject to fines, license confiscation, and/or imprisonment.

Quin-Sea, prior to its purchase by Royal Greenland, was well-known to be involved in many controlling agreements. FFAW raised this issue with the provincial government in 2016 when Royal Greenland purchased Quin-Sea. It was not given the attention it deserved, and we were told that the province looked for such agreements and did not find them. Yet, no clarity was provided on the breath and scope of this research or how this conclusion was made because to our knowledge, the controlling agreements were included in Royal Greenland's purchase of Quin-Sea.

Quinlan Brothers already disclosed documented evidence in the Elson case of its involvement in placing harvesters in controlling agreements (Appendix A). Elson was not the only harvester in a controlling agreement, he was a test case that was argued all the way up the Canadian judicial system until the Supreme Court refused to hear any further appeals. Quinlan Brothers lost at every step of the judicial process and the license purchased and placed in the name of Kirby Elson, by Quinlan Brothers was taken away by DFO.

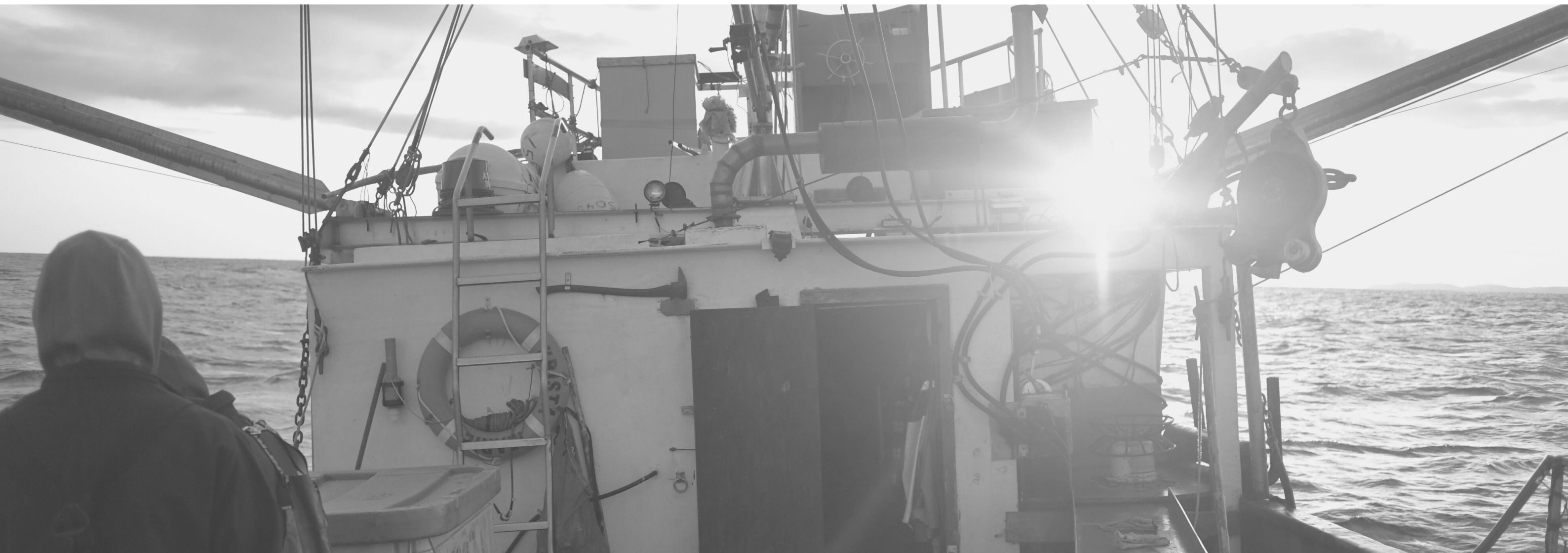
Nonetheless, Quinlan Brothers are thought to hold many fishing enterprises in controlling agreements. It has been said that Quinlan Brothers has almost enough enterprises under controlling agreements to meet its own processing needs. There is also clear and indisputable evidence that Robin Quinlan, the primary owner of Quinlan Brothers, is involved in controlling agreements. In article 6.7 of the last will and testament of [redacted] stated:

> **Direct my Trustee to give to my [redacted] Robin Quinlan for his own use absolutely and forever all of my right, title and interest in the fishing license used to currently operate the Momentum fishing enterprise, which licenses are currently held in the name of [redacted]**

Robin Quinlan is undoubtedly being gifted a controlling agreement. In the next article, Robin Quinlan also acquired an interest in the fishing enterprise registered as [redacted]. The actual name of the harvester who technically owns that enterprise is not listed.

As with the Quin-Sea purchase, it is reasonable to assume that the controlling agreements held by Quinlan Brothers will be transferred to the control of Royal Greenland. It is conceivable that Royal Greenland could have scores of inshore fishing licenses illegally under the control if the Quinlan Brothers purchase is approved.

Such agreements would be attractive to Royal Greenland, which prefers vertical integration, which is what controlling agreements create for NL processors. Before there is any further movement on the Royal Greenland purchase, there needs to be a thorough investigation of both companies, including sworn testimony at the executive level, as to their involvement in controlling agreements. To allow this purchase to go forward is to further an illegal activity under the federal Fisheries Act.



# CORPORATE CONCENTRATION IN THE NL FISHERY

There has long been a high degree of corporate concentration in the fish processing sector in this province. This has not been a positive development. It has depressed wharf competition, stifled the ability of harvesters to seek new buyers, and has forced labour relations into a binding arbitration system that is tilted in favour of processors due to the lack of transparency.

The left part of the table below is taken from the 2001 report on corporate concentration and the right part is updated for 2020. The list for the year 2000 is based on volume of production and not value, as processors would not disclose that information. We do now have access to processing volume for the 2020 numbers, but we believe these to be reasonable conclusions. We strongly encourage the Board to acquire the official data from Fisheries and Land Resources, as we think it will closley match up to what we have below:

| Top Ten Seafood Processing Companies by Volumes Produced | |
|---|---|
| **2000** | **2020** |
| Fisheries Product International Ltd. | Ocean Choice International |
| National Sea Products Ltd. | Quin-Sea- Royal Greenland |
| Woodman’s Sea Products Ltd. | Barry Group |
| Barry Group/ Seafreeze | Quinlan Brothers Ltd. |
| Seacrest Corporation of Canada Ltd. | Labrador Fishermen’s Union Shrimp Company ltd. |
| Daley Brothers Ltd. | Beothic Fish Processors Ltd. |
| P. Janes & Sons Ltd. | Clearwater Seafoods Limited Partnership |
| Allen’s Fisheries Ltd. | Fogo Island Co-Op |
| Eric King Fisheries Ltd. | Codroy Seafood Inc. |
| St. Anthony Seafood Ltd. Partnership | Notre Dame Seafoods Inc. |
| **Top 10: 80% of Production** | **Top 10: 90% of Production** |
| **Top 4: 72% of Production** | **Top 4: 80% of Production** |

The NL inshore fishery is heavily focused on shellfish – shrimp, lobster, and snow crab. In 2019, the overall value of the NL fishery was just over $500 million, and approximately $420 million of that value was shellfish.

| Top Ten Shellfish Processing Companies | |
|---|---|
| **2000** | **2020** |
| Fisheries Product International Ltd. | Ocean Choice International Ltd. |
| Quinlan Group | Quin-Sea Royal Greenland |
| Daley Brothers Ltd. | Barry Group International Ltd. |
| Barry Group/ Seafreeze | Quinlan Brothers Ltd. |
| Beothic Fish Processors Ltd. | Beothic Fish Processors Ltd. |
| Grand Bank Seafood Inc. | Labrador Fishermen’s Union Shrimp Company ltd |
| P. Janes & Sons Ltd. | Codroy Seafood Inc. |
| RJP Seafoods Ltd. | Eastern Fish Markets Limited |
| Penney Group | Fogo Island Co-Op |
| St. Anthony Seafood Ltd. Partnership | Notre Dame Seafoods Inc. |
| **Top 10: 77% of Production** | **Top 10: 98% of Production** |
| **Top 4: 52% of Production** | **Top 4: 90% of Production** |

Both of those tables for Quinlan Brothers is a top 4 processor in 2020, part of a small group that controls 90% or more of production in the province. If you remove Quinlan Brothers from both tables, you are left with just three dominant processors and within that three Royal Greenland would be the largest once it has acquired Quinlan Brothers. It is not an appealing picture for harvesters and plant workers, and it should not be an appealing picture for municipalities and the provincial government.

## ROYAL GREENLAND PURCHASE OF ST. ANTHONY SEAFOODS

While FFAW has some of the same concerns with the purchase of St. Anthony Seafoods as it does with Quinlan Brothers, the St. Anthony purchase is unique. First, unlike the operation with St. Anthony Seafoods, Quinlan Brothers is a viable company, it does not need Royal Greenland or any other purchaser. The same cannot be said for St. Anthony Seafoods.

St. Anthony is the major hub at the top of the Northern Peninsula. It is currently a major landing port for the offshore, but its presence in the inshore fishery should be more significant. The St. Anthony plant needs investment. It is primarily focused on shrimp, but the inshore shrimp fishery is no longer substantial enough to support the plant and the processing of additional species must be explored. Royal Greenland, in its purchase announcement, did note the possibility for changing the plant to deal with groundfish, which seems like a good idea as there is currently no groundfish production on the Northern Peninsula.

FFAW does not view Royal Greenland's acquisition of an ownership stake in St. Anthony Seafoods as furthering corporate concentration because it does not involve the elimination of competition. For the past several years, St. Anthony Seafoods has been operating at extremely low levels. Given the location of the plant, it could have been much busier and productive. The lack of operation by the plant has been detrimental to both the plant workers and harvesters.

FFAW is also uneasy about Royal Greenland being the major purchaser of seafood in the top of the Northern Peninsula. St. Anthony Seafood was a social enterprise, with community roots and a belief in social responsibility, a mandate that does not exist with Royal Greenland. Therefore, there must be considerable oversight by the licensing board and a focus on accountability once the license transfer is approved to ensure the protection of the workers and community.

# RECOMMENDATIONS

**FFAW-UNIFOR RECOMMENDS THE FOLLOWING:**

1. That the Fish Processing Licensing Board recommend the rejection of Royal Greenland's application for a change of operator to acquire the processing licenses currently owned by Quinlan Brothers.

2. That the Fish Processing Licensing Board recommend the approval of Royal Greenland's application for a change of operator to acquire the processing license currently owned by St. Anthony Seafoods.

3. That, in light of the extreme corporate concentration that already exists in the province, the Fish Processing Licensing Board recommend to the Minister of Fisheries and Land Resources regulatory changes be put in place to require processing companies to disclose certain information about their processing operations, including fish yields, products produced, and prices in domestic and international markets.

4. That, in light of legislative changes at the federal level, the Fish Processing Licensing Board recommend to the Minister of Fisheries and Land Resources that regulatory changes be made to the fish processing licensing process requiring that all processing companies, on an annual basis, declare via affidavit that they, nor their executive or employees, hold any harvesters in controlling agreements, and that any processing company found to be engaged in controlling agreements have their licenses suspended or cancelled.

5. That, in light of the extreme corporate concentration that already exists in the province, the Fish Processing Licensing Board recommend to the Minister of Fisheries and Land Resources that new processing licenses be issued for groundfish and pelagics.