Securing economic benefits from Pacific Fisheries

Licensing, Industry Development and Certification

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Director – Fisheries Development
Overview of presentation

- Nature of Pacific Island Fisheries
- Current status of tuna fisheries
- Prospects for economic development
- Markets, trade and market access EU, US
- Ecolabelling
- Conclusions/outlook
The FFA region
Oceanic and coastal fisheries

Industrial tuna fisheries

Inshore (coastal) fisheries
## Relative economic importance (2007 data)

<table>
<thead>
<tr>
<th>Measure</th>
<th>Coastal Fisheries</th>
<th>Offshore Fisheries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catch in EEZ</td>
<td>$ 295 million</td>
<td>$ 1,632 million</td>
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<tr>
<td>Catch by nationals</td>
<td>$ 295 million</td>
<td>$ 546 million</td>
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<tr>
<td>Contribution to GDP</td>
<td>$ 224 million</td>
<td>$ 188 million</td>
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<td>Employment</td>
<td>50-90% of coastal rural households</td>
<td>12,300</td>
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<tr>
<td>Licence fees</td>
<td>negligible</td>
<td>$77 million</td>
</tr>
</tbody>
</table>

Values in US$ for Pacific Island countries combined
Aquaculture development

- Only accounts for around 0.2% of value of fisheries production from P.I. Countries
- Significant production and exports from French Territories
- Mariculture products mainly for export; freshwater (tilapia) for domestic consumption;
- Considerable potential.
Coastal fisheries products traded

- Sea cucumber – 2\textsuperscript{nd} largest export after tuna; also MoP shell;
- Aquarium fish and coral – significant in several countries;
- Snapper – mainly from Tonga;
- Crayfish, reef fish;

Resource limited
Key facts about WCPO Fishery

- 2014 WCPO total tuna catch 2.6 million mt (worth USD5.5 bn) representing about 60% of global tuna catch
- Around 60% of WCPO catch from FFA waters worth $3 bn. In 2014 (1/3 global catch by volume).
- 4 key target species are Skipjack, Yellowfin, Bigeye, Albacore
- Main fishing methods Purse seine, Longline
Catch by gear

<table>
<thead>
<tr>
<th>Year</th>
<th>PURSE SEINE</th>
<th>OTHER</th>
<th>POLE-AND-LINE</th>
<th>LONGLINE</th>
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<tbody>
<tr>
<td>1960</td>
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<td>2008</td>
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<td>2010</td>
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<tr>
<td>2012</td>
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</tbody>
</table>

Catch (mt)
Catch by Species

Catch (mt)

- SKIPJACK
- YELLOWFIN
- BIGEYE
- ALBACORE

Years:
- 1960
- 1962
- 1964
- 1966
- 1968
- 1970
- 1972
- 1974
- 1976
- 1978
- 1980
- 1982
- 1984
- 1986
- 1988
- 1990
- 1992
- 1994
- 1996
- 1998
- 2000
- 2002
- 2004
- 2006
- 2008
- 2010
- 2012

Catch (mt) ranges:
- 0
- 400,000
- 800,000
- 1,200,000
- 1,600,000
- 2,000,000
- 2,400,000
- 2,800,000

Species categories:
- SKIPJACK
- YELLOWFIN
- BIGEYE
- ALBACORE
### Total Purse Seine and LL tuna catch

<table>
<thead>
<tr>
<th>Country</th>
<th>Purse Seiners</th>
<th>Longliners</th>
<th>Catch value(^1) $m, 2012</th>
<th>Fleet size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>232</td>
<td>72</td>
<td>1083</td>
<td>42 Purse seiners, 546 Longliners</td>
</tr>
<tr>
<td>Taiwan</td>
<td>201</td>
<td>68</td>
<td>980</td>
<td>35 Purse seiners, 35 Purse seiners, 198 Longliners</td>
</tr>
<tr>
<td>Korea</td>
<td>262</td>
<td>33</td>
<td>886</td>
<td>34 Purse seiners, 986 Longliners</td>
</tr>
<tr>
<td>US</td>
<td>260</td>
<td>6</td>
<td>691</td>
<td>40 Purse seiners, 1,529 Longliners</td>
</tr>
<tr>
<td>PNG</td>
<td>236</td>
<td>5</td>
<td>624</td>
<td>34 Purse seiners, 1,529 Longliners</td>
</tr>
<tr>
<td>Indonesia</td>
<td>131</td>
<td>19</td>
<td>461</td>
<td>104 Purse seiners, 104 Purse seiners</td>
</tr>
<tr>
<td>Philippines</td>
<td>110</td>
<td>0</td>
<td>277</td>
<td>103 Purse seiners, 103 Purse seiners</td>
</tr>
<tr>
<td>Marshall Islands</td>
<td>72</td>
<td>1</td>
<td>184</td>
<td>16 Longliners, 16 Longliners</td>
</tr>
<tr>
<td>Kiribati</td>
<td>62</td>
<td>2</td>
<td>167</td>
<td>12 Purse seiners, 12 Purse seiners</td>
</tr>
<tr>
<td>Others</td>
<td>331</td>
<td>26</td>
<td>988</td>
<td>3 Longliners, 3 Longliners</td>
</tr>
</tbody>
</table>

### Top 3 export markets

| Japan            | Thailand, US |
| Taiwan           | Japan, Spain |
| Korea            | Japan, Thailand |
| US               | Spain, Canada |
| PNG              | Japan, Philippines |
| Indonesia        | US, Thailand |
| Philippines      | Japan, China |
| Marshall Islands | China, Mexico |
| Kiribati         | Japan, Thailand |
| Others           | Japan, US |

**SOURCE:** WCPFC, World Bank, UN Comtrade; FFA
And who processes it?

<table>
<thead>
<tr>
<th>Country</th>
<th>Processing capacity (thousand metric tons; 2008)</th>
<th>No. of processors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>736</td>
<td>15</td>
</tr>
<tr>
<td>Phillipines</td>
<td>225</td>
<td>5</td>
</tr>
<tr>
<td>American Samoa</td>
<td>132</td>
<td>1</td>
</tr>
<tr>
<td>Korea</td>
<td>110</td>
<td>3</td>
</tr>
<tr>
<td>PNG(^1)</td>
<td>100</td>
<td>14</td>
</tr>
<tr>
<td>Japan</td>
<td>78</td>
<td>3</td>
</tr>
<tr>
<td>Vietnam</td>
<td>45</td>
<td>3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>20</td>
<td>6</td>
</tr>
<tr>
<td>China</td>
<td>20</td>
<td>2</td>
</tr>
<tr>
<td>Fiji(^1)</td>
<td>18</td>
<td>1</td>
</tr>
<tr>
<td>Solomon Islands(^1)</td>
<td>15</td>
<td>1</td>
</tr>
<tr>
<td>Marshall Islands(^1)</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,453</strong></td>
<td><strong>55</strong></td>
</tr>
</tbody>
</table>

1 2013 data

Market share by traders (%):

- **Tri Marine** 30%
- **Others** 70%

SOURCE: FFA; McGowan & McCain 2010
Stock Status Overview: “Kobe Plot”

3 main stocks accounting for 95% of the catch are ‘biologically healthy’

Rate of stock reduction generally accelerating

May be at or below preferred target levels

BET the main focus of management action, but some by-catch - species of sharks - are severely overfished

Albacore longline fisheries becoming uneconomic due to depletion of large adults
Opportunities

- Economic opportunities for members:
  - Contribution to GDP
  - Access fees
  - Domestication of fleets
  - Onshore processing and employment
  - Exports
Measuring economic contribution

Access Fees

Success of the PNA VDS

- Zone based ‘rights’
- Generally profitable fishery with competition for access
- Sets ‘common currency’ in vessel days
- Countries agree benchmark price
- Some threats – abuses, over-supply, alternative fishing areas.
Growth in processing

- Mainly driven by PNG policy of onshore development;
- Access to resource linked to processing facilities;
- Some concerns that cost of preferential access exceeding benefits;
- Processing plants operating below capacity.
Development challenges
competitiveness for processing

![Bar chart showing the multiple of Thai or Gen San costs/efficiency for various categories such as Labour, Electricity, Fuel, Water, Unloading, Tin can, Carton, and Efficiency. The chart compares minimum and maximum cost in FFA.](chart.png)
FFA

Trade in Tuna Products
Exports from FFA members

By product

- CANNED
- LOINS
- SASHIMI / OTHER

By destination

- Japan
- EU
- US

US$ (millions)

US$ (millions)
Tariff preferences
A key driver of EU exports

- EU MFN rate of duty on canned tuna and tuna loins is 24%;
- 5 (now 6) of the top 7 exporters of canned tuna to EU benefit from duty free access;
- In the Pacific, the iEPA is credited with attracting new investment in tuna processing in PNG – particularly due to flexible rule of origin;
- Recent grant of GSP+ status for Philippines is a challenge;
- Possible erosion of preferences – Thailand processors are highly competitive.
EU Market Access - Competent authority (sanitary)

- Clear system based on official guarantees by a competent authority (fisheries or health departments).
- Only Fiji, Solomons, PNG meet requirements and all face challenges (resources, independence).
- FFA developing system of delegation to a regional body.
- Participating countries will still need basic CA function with adequate staff and resources.
Implementation of IUU regulation raises some concerns.

4 main requirements: Competent Authority (IUU); NPOA; Port State Controls; Catch Documentation.

Countries reliant on market access have little choice.

On the positive – many of the required actions make sense for P.I. fisheries
Leaders’ direction is to conclude an agreement;

- 11 red-line issues on fisheries conservation and management – fisheries access provisions not yet discussed;

- No clear commitment on global sourcing; PNG concerns;

- EU recommending signature of the iEPA and suspension of talks for 3 years.
For the products most likely to be exported, duty is 6% rising to 12% for canned tuna when the quota is exceeded (every year). Compact countries: duty free for everything except tuna in oil. Other preferential agreements (e.g. Caribbean) provide duty free for everything; but this is not true of FTAs – Korea receives very minor reductions in duty at present.
Other market access issues

- **Food Safety:**
  Based on importer/exporter guarantees rather than Govt. CA (EU, China) – but not ‘easy’.
  
  **HACCP** – process control system to US standards;
  
  **Bio-terrorism act** – registration of all overseas food processors;
  
  **Food safety modernisation act** – mandates inspection of overseas plants by FDA, capacity building for government systems (not yet fully implemented).
Other market access issues

- **Dolphin safe** - All tuna products except fresh require a certificate of origin and Captain’s statement – now applies to WCPO.

- **IUU and Seafood Fraud** – US is developing systems to prevent import of IUU caught fish and fraudulently sold seafood products.
China – following EU model of Govt issued sanitary guarantees, but limited enforcement;
Japan – based on importer inspection: special documentation required for Bigeye (ICCAT);
Australia – testing at point of importation; expensive and delays fresh imports
New Zealand – similar but with ‘approved importer’ status for local companies.
Consultation on Trade in Sustainable Fisheries Products

Port Vila 5th August 2015

FFA

Ecolabelling
Eco-labelling in general

- Provides opportunity to increase returns, penetrate new markets and/or meet customer demands;
- Fisheries schemes mainly focus on sustainability of fisheries resource;
- Pressure for adoption mainly from NGOs on large retailers;
- 2 elements: certification of the fishery and chain of custody.
3rd party certification scheme for sustainability of fisheries resource;

- Regarded as the ‘gold standard’ of fisheries ecolabels;
- Relatively few tuna fisheries certified: in the Pacific Islands - PNA skipjack free-school fishery; Fiji albacore longline fishery; and Cook Is. albacore LL fishery.
- Recent certifications have raised queries.
Fisheries Improvement Programmes
Friend of the Sea
Dolphin Friendly (Earth Island Institute)
FAD – free tuna
Fair-trade certification

Some importers considering eco-label standards or government approval.
Purse seine
- Catch rates remain high
- Fish prices, particularly Skipjack are very low
- Lower fuel prices
- Many vessels would seem to be operating at a loss
- Various plans to curtail over-supply

Longline - albacore
- Some improvement in prices for cannery albacore;
- Lower fuel prices;
- Increasing use of alternative markets by domestic fleets;
- Key problem is low catch rates due to increasing capacity.
Development of processing

- Continuing development of canning/loining in PNG
- Opportunities in Solomon Islands
- Fiji developing as regional ‘hub’ for processing longline caught tuna
- Vanuatu – good albacore fishery
Other employment opportunities

- **Crewing** – estimated that up to 19,000 jobs could be taken by Pacific Islanders;
- **Observers** – around 700 employed now - potential to increase coverage;
- **Fisheries management positions.**
The Future

- The tuna fishery is a major resource for all Pacific Island nations – for some it represents almost the only chance for economic development.
- Despite more than 30 years of sovereignty over 200 mile EEZs, 70% of the tuna is caught by foreign fleets and around 90% is processed outside the region.
- While there are many challenges – this creates a considerable potential to secure increased development benefits.
- Terms of trade and market access are crucial.