

# FFA FISHERIES TRADE NEWS

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## WORLD TRADE ORGANISATION

### Vanuatu and Samoa step closer to WTO membership

On 26 October 2011, the WTO's General Council approved Vanuatu's accession package, which brings Vanuatu one step closer to becoming a WTO member. In the final stage of accession, Vanuatu's parliament will need to ratify the deal by 31 December 2011.<sup>2</sup> In doing so, thirty days following ratification, Vanuatu, a least-developed country, will become the WTO's 154<sup>th</sup> member. As reported earlier in *FFA Fisheries Trade News* (May 2011), Vanuatu's accession process has spanned fifteen years, with an initial application lodged for membership in 1995. The response to Vanuatu's accession to WTO has been mixed. Vanuatu's Government views WTO membership favourably, in that it will bring substantial gains to the country in terms of providing an impetus for modernisation, integration into the global economy and growth, while ongoing opposition exists from a series of concerned NGO's and Church organisations representing Vanuatu's civil society.<sup>3</sup>

Following in Vanuatu's footsteps, Samoa's accession package was approved on 28 October 2011 by the WTO Working Party. The accession package spells out Samoa's terms of accession, which includes a commitment to further liberalise its trade regime and fully apply all WTO provisions from the date of accession – with the exception of transitional periods sought for seven key areas (i.e. intellectual property rights, transparency, customs valuation, import ban on left-hand drive vehicles and vehicles older than 12 years, import ban on turkey tails and tax treatment of primary products). The Working Party will forward Samoa's accession package for formal adoption by Ministers at the Eighth Ministerial Conference scheduled for 15-17 December 2011. If adopted, Samoa will have until 15 June 2012 to ratify its accession package. Thirty days following ratification, Samoa will then become a full WTO member.<sup>4</sup> One potential negative implication of Samoa's accession package for Samoa's fisheries sector is a commitment that within three years of accession, an exemption currently extended to primary producers (including fishers) on paying value-added goods and services tax (VAGST) will need to be amended or eliminated. Samoa's tuna fishing operations have struggled to remain profitable for a number of years and the VAGST exemption has, at least in theory, potentially offered some relief.<sup>5</sup>



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As Vanuatu and Samoa move closer to becoming WTO members, deepened liberalisation under the WTO becomes increasingly uncertain, with the impending risk of collapse of the Doha Round. The upcoming WTO Ministerial Conference in mid-December will be critical in determining the future of the Doha Round. Despite this uncertainty, the WTO's Director-General, Pascal Lamy remains upbeat about Vanuatu and Samoa's accession to the WTO, indicating that their ongoing pursuit of membership demonstrates confidence in the WTO and the global trading system, and in turn will further serve to strengthen the multilateral trading system and bring the WTO closer to its goal of universal membership.<sup>6</sup>

## FISHERIES MANAGEMENT

### **Tuvalu joins Solomon Islands and Nauru in closing waters to foreign fishing**

Following suit from the Solomon Islands and Nauru, in mid-November Tuvalu announced that it has closed its waters to foreign fishing vessels, in order to ensure that it does not exceed its fishing days allocation (i.e. party allowable effort (PAE)) for 2011 under the PNA Vessel Day Scheme (VDS).<sup>7</sup>

Tuvalu's decision to close its fishery further demonstrates PNA members' firm commitment to enforcing hard limits for fishing effort in the WCPO purse seine fishery. Under the VDS, when a PNA member utilises all of its allocated fishing days prior to end of the VDS management year (i.e. 31 December), additional fishing days must either be purchased from other PNA members with available fishing days to trade or the member must close its fishery to foreign fishing vessels until the new VDS management year (commencing 1 January).

### **Update on the MSC objection process for the PNA skipjack fishery**

As reported in the last edition of *FFA Fisheries Trade News* (August-September 2011), the MSC certification process for the PNA purse seine skipjack fishery on free-swimming schools has entered into formal adjudication, due to objections lodged by three parties (ISSF, Eurothon and OPAGAC) concerning the certifying body's determination that the fishery should be awarded Marine Stewardship Council certification.<sup>8</sup>

On the 5 October 2011, independent adjudicator Mr. Mike Lodge handed over his duties to a new adjudicator, Ms.

**Following  
WTO Working  
Party approval  
of Samoa's  
accession  
package, it will  
be presented  
to WTO  
Ministers for  
adoption in  
mid-December  
2011**

**Tuvalu,  
Solomon  
Islands and  
Nauru have  
closed their  
waters to  
foreign fishing  
fleets under  
the VDS**



Melanie Carter due to an inability to reach agreement with the relevant parties on a suitable location and date for the oral hearing within a reasonable time period.<sup>9</sup> (Note that the oral hearing is supposed to take place within 30 days following the adjudicator's decision to move to an oral hearing, but in this case was pushed out to 60 days.)

The objections hearing on the final report and certifying body's determination was held in London on 7-8 November 2011. Under the objections process, the independent adjudicator was tasked with issuing a written decision either confirming the determination of the certifying body in the final report (in this case, that the PNA skipjack fishery receive MSC certification), or to remand the determination for reconsideration by the certification body.

After taking into account all written and oral submissions and supporting evidence, Ms. Carter delivered a decision to remand the determination to the certification body (Intertek Moody Marine). This was done on the basis of mistakes of facts identified by the objectors made in determining scores for five of the performance indicators (i.e. three indicators relating to Principle 1 – status of target stock, and two indicators relating to Principle 3 – Fisheries Management).<sup>10</sup>

Intertek Moody Marine must now respond to the independent adjudicator in writing by 1 December 2011 with one of two responses: i) a statement of 'no change' in relation to the scoring of performance indicators; or, ii) indication of any proposed changes to the justification for a score or a change in the score in relation to any of the performance indicators.

The objectors (and any other parties) then have until 7 December 2011 to respond to the certification body's response. Within ten days, the independent adjudicator will then either accept the response of the certification body and confirm the determination or determine that the objection shall be upheld. The objections process is expected to be completed before the end of the year.

### **PNG's South Seas Tuna Corporation becomes one of ISSF's newest members**

Three new tuna processing companies have recently become members of the International Seafood Sustainability Foundation (ISSF) – a coalition of tuna processors, scientists and the e-NGO, World Wildlife Fund (WWF) dedicated to

***Given mistakes in fact identified in the scoring process, the independent adjudicator has remanded the determination back to the certification body for review***



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improving sustainability efforts of global tuna stocks. When ISSF first established in 2009, eight companies were onboard. Two years later, membership has now grown to 18 companies.<sup>11</sup>

PNG's South Seas Tuna Corporation (SSTC) is one of ISSF's three new members. SSTC was established in Wewak, PNG in 2003 and is majority-owned (95%) by the major Taiwanese tuna trading company, FCF. SSTC contract processes frozen cooked loins (currently 70-80mt/day), mainly for export to the US, and increasingly the EU market.<sup>12</sup>

While Tri Marine International, the majority owner of Soltai, Solomon Island's sole tuna cannery, was one of ISSF's founding members, SSTC is the first actual Pacific-Islands based tuna processor to become an ISSF member in its own right.

The other two new ISSF members are Pataya Food Industries, a medium-sized Thai canned tuna processor and Sealord, New Zealand's second largest seafood company owned by Japanese seafood giant, Maruha Nichiro.

### **Operation Kurukuru 2011 – the WCPO's largest MCS operation to date**

FFA members' annual coordinated maritime surveillance operation, 'Operation Kurukuru 2011' was successfully conducted in 7-14 November 2011. Operation Kurukuru has been deemed the largest monitoring, control and surveillance (MCS) operation ever conducted in the WCPO region, covering an estimated 30 million square kilometres and involving 17 Pacific Island countries, as well as four quadrilateral defence countries (i.e. France, US, Australia and New Zealand).

The operation included combined aerial and surface surveillance involving eight aircraft and 19 patrol vessels. The operation involved 400 fishing vessel sightings and 80 vessel boardings and inspections. These resulted in the apprehension of eight vessels, the identification of four vessels potentially conducting IUU fishing, and the issuing of citations and fines to several other vessels for breaching licencing conditions.

In line with observations made during 'Operation Island Chief 2010' conducted in August 2010, a marked reduction in the number of vessels conducting illegal activities in the WCPO region has been identified.<sup>13</sup>

**PNG's South  
Seas Tuna  
Corporation is  
the first PIC-  
based ISSF  
member**



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Operation Kurukuru is hosted and coordinated annually by FFA's Regional Fisheries Surveillance Centre and compliments ongoing MCS efforts conducted throughout the year, including sub-regional MCS operations.

### **Pew estimates Atlantic bluefin catch exceeds quota by 141 per cent**

In advance of the 22<sup>nd</sup> annual regular meeting of the International Commission for the Conservation of Atlantic Tunas (ICCAT) held in Turkey on 11-19 November, Pew Environment Group released a report entitled 'Mind the Gap', which estimated that the amount of eastern Atlantic bluefin traded globally in 2010 exceeded the official quota by 141 per cent (note that this is considered a conservative estimate as it excludes bluefin traded on the black market which is missing from official databases). This increase has occurred in spite of ICCAT members adopting stronger enforcement and trade measures, such as lower catch limits and the introduction of a paper-based catch documentation scheme, in response to serious declines in Atlantic (and Mediterranean) bluefin stocks in recent years. Pew reports that in 2008, the amount of eastern Atlantic bluefin traded also exceeded the quota, but by 31 per cent compared with 141 per cent in 2010.<sup>14</sup>

This finding has been used to support Pew's push for ICCAT to adopt an electronic catch documentation scheme for Atlantic bluefin as a means of further strengthening management and enforcement. This call was supported by the European Commission's Fisheries Minister, Ms. Maria Damanaki, who committed to tabling this proposal at the annual ICCAT session in November.<sup>15</sup>

The Spanish fishing industry, through the Bluefin Tuna Fishing, Trade and Consumption Association (APCCR) has denounced Pew's report for being inaccurate and lacking rigour. Particular concerns were raised about inaccurate analysis of international trade data in terms of growth and sales weight conversion factors applied.<sup>16</sup>

NOAA reports that at the annual ICCAT session plans were advanced to adopt an electronic, real-time tracking system for Atlantic bluefin tuna catch that enters international trade to help prevent fraud and reduce the burden of the existing paper-based system.<sup>17</sup>

***Pew estimates that Atlantic bluefin catch exceeded the 2010 quota despite stronger enforcement and trade measures in place***



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## TUNA MARKETS

### **FFA releases major global tuna industry status report**

The FFA Secretariat has commissioned a major study on the status of the global tuna industry - *'Market and Industry Dynamics in the Global Tuna Supply Chain'*.

The tuna industry is one of the most complex and highly dynamic of the world's seafood industries. Hence, as major stakeholders in the global tuna industry, it is critical that Pacific Island countries have a comprehensive understanding of supply chain dynamics which extend beyond issues pertaining to tuna resource management. An enhanced understanding of how industry drivers and market dynamics shape the global tuna supply chain and influence the major industry players is critical to PICs achieving stronger control and deriving greater economic benefits from their tuna resources.

In recognising the need to develop a systematic approach to improving the provision of accurate and useful global tuna industry and market information to its Pacific Islands members, the FFA Secretariat commissioned consultants, Amanda Hamilton, Antony Lewis, Mike A. McCoy, Elizabeth Havice and Liam Campling to undertake this study and prepare a report.

Over a series of ten chapters, the report provides an overview of the current status of the global tuna industry in terms of major tuna fishing fleets, tuna trading companies, processing sites and principal markets.

The study was completed over a twelve month period from April 2010-April 2011 and largely focuses on industry and market developments during a 12-24 month period spanning the beginning of 2009 to late 2010. In addition, future prospects and potential developments in the following 12-24 months (2011-2012) are discussed, as well as important historical events of direct relevance to current industry status.

The report is available for download at: <http://www.ffa.int/node/567>

### **ISSF publishes FFA study on the promotion of Pacific pole and line fishing**

FFA recently commissioned a study (with funding support provided by ISSF for associated travel) – *'The Promotion of Pole-and-Line Tuna Fishing in the Pacific Islands: Emerging Issues and*

**FFA has commissioned a major study on the current status of the global tuna industry covering major fishing fleets, trading companies, processing sites and principal markets**



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*Lessons Learned*'. The purpose of this study was to examine issues associated with promoting the revitalisation of pole and line fishing in the Pacific region and identify important lessons learned from the past that could guide future development efforts. This study was undertaken by Mr. Robert Gillett and has been published online by ISSF.

This report is timely, given increasing commitments of major European retailers to implement stronger sustainable tuna sourcing policies. To date, at least five major retailers have committed to sourcing 100% pole-and-line caught fish over the next several years (i.e. Tesco, Sainsbury, Waitrose, Coop and Marks & Spencer), while others have committed have committed to sourcing pole and line, as well as FAD-free caught tuna (i.e. ASDA and Morrisons).<sup>18</sup> Increased market demand for pole- and-line caught tuna, coupled with subsequent price premiums offered in European markets has been a major contributing factor sparking renewed interest in the promotion of pole and line fisheries.

Gillett highlights that while a significant level of attention and effort has been channelled into the promotion of pole-and-line tuna fishing in recent years given the obvious environmental and social benefits of this fishing method, serious questions remain concerning the commercial viability of such operations and the availability of bait resources. Hence, there is no consensus on the existence of opportunities or the necessary interventions required to take advantage of opportunities.<sup>19</sup>

Some of the major study's findings include:

- The major pole-and-line producers are Japan (about 125,000 tonnes of skipjack and yellowfin annually), Indonesia (100,000 tonnes), and the Maldives (100,000 tonnes). World production is about 400,000 tonnes annually, some of which is for domestic consumption. Between 100,000 and 150,000 tonnes of pole-and-line caught skipjack and yellowfin are traded on the international market.
- In the Pacific Islands the availability of bait, rather than tuna, has often been the resource factor limiting expansion of a pole-and-line tuna fishery.
- Information from a company in the Solomon Islands shows high production costs and low productivity of pole-and-line fishing relative to that of purse seining.
- Pole-and-line development or revitalisation in the region is a very difficult task and certainly not as easy as stated in some of the NGO promotional literature. Experience from other

**A timely study has been conducted which examines emerging issues and lessons learned concerning promotion of pole-and-line tuna fishing in the Pacific**

**Little consensus exists on opportunities for the revitalisation of pole-and-line fishing or the necessary interventions required to do so**



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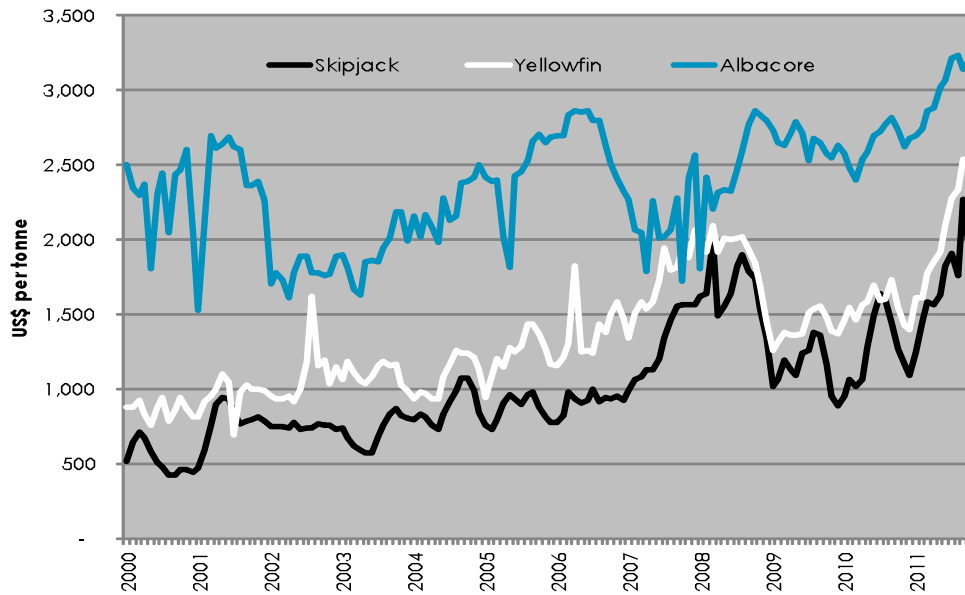
regions seems to indicate that the Pacific Islands is not the only region struggling to succeed in pole-and-line promotion.

The report is available for download at:  
<http://www.iss-foundation.org>

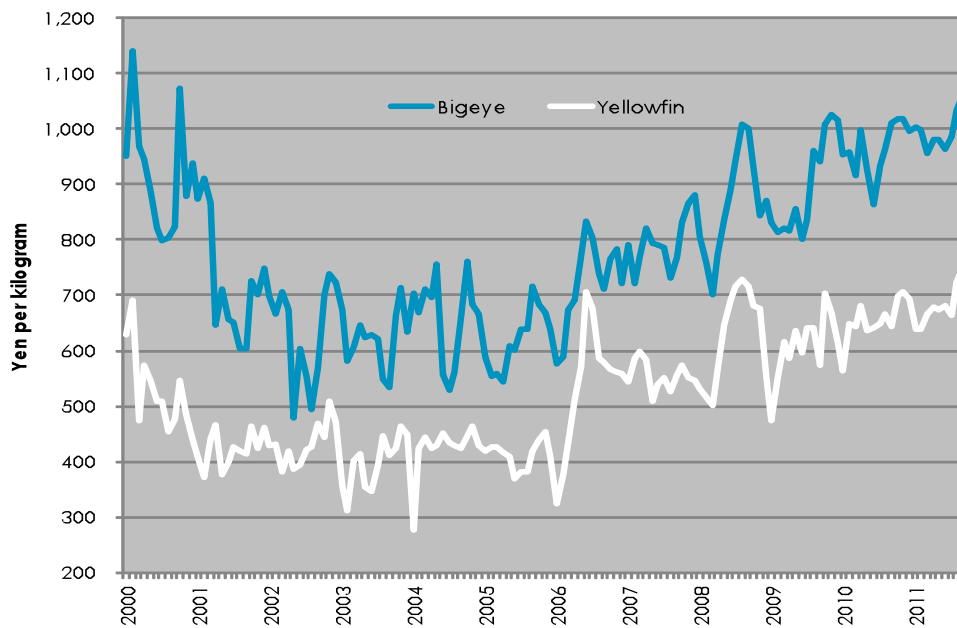


## TUNA PRICE TRENDS<sup>20</sup>

### Bangkok canning-grade prices to October 2011<sup>21</sup>

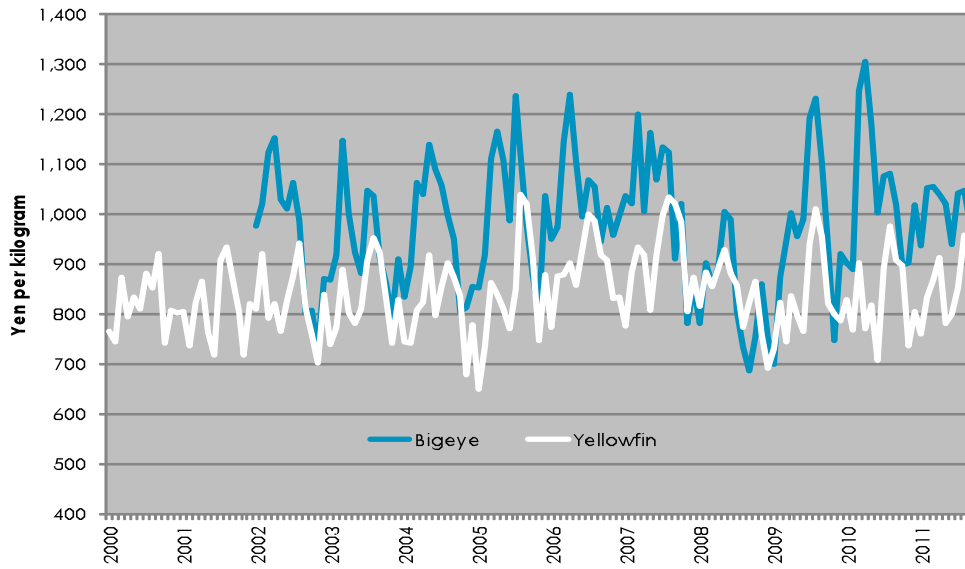


### Japan frozen sashimi prices (ex-vessel, Japanese ports) to September 2011<sup>22</sup>

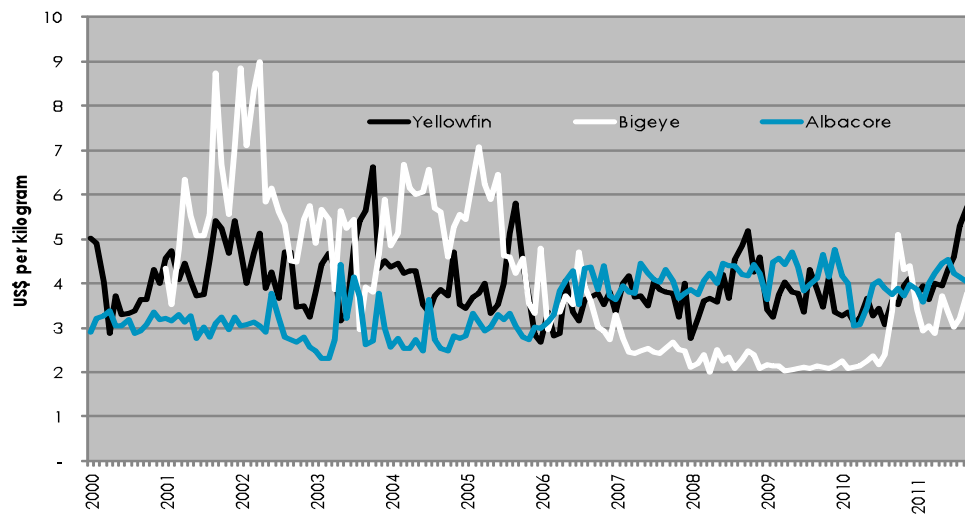




### Japan fresh sashimi prices (origin Oceania) to September 2010<sup>23</sup>

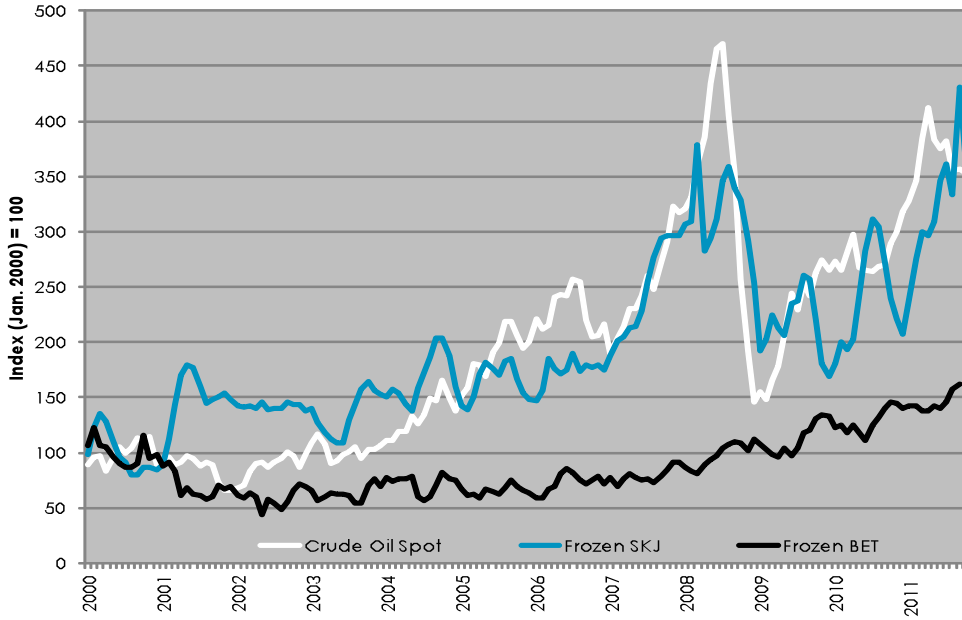


### US imported fresh sashimi prices to September 2011<sup>24</sup>





### Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to October 2011<sup>25</sup>





<sup>1</sup> Prepared for the FFA Fisheries Development Division by Liam Campling, Consultant Fisheries Trade Analyst, FFA and School of Business and Management, Queen Mary, University of London, Amanda Hamilton, independent consultant and Elizabeth Havice, University of North Carolina at Chapel Hill. Desktop publishing by Antony Price. The authors would like to thank Hugh Walton for his input on an earlier draft of this briefing. The contents of this briefing (including all analysis and opinions) are the responsibility of the authors and do not necessarily reflect the positions or thinking of the FFA Secretariat or its Members.

<sup>2</sup> WTO 2011a, 'WTO welcomes Vanuatu as new member', WTO: 2011 News Items, 26 October 2011. Available at: <http://www.wto.org>. Note the deadline date specified for ratification (31 December 2011) differs to that reported by PACTRADE (26 April 2012). According to PACTRADE (W. Morgan, 26 October 2011), once the Protocol of Accession is signed by the Government of Vanuatu it must then be ratified within three months following signature by the Vanuatu National Parliament. The WTO will then be notified of the ratification and WTO membership granted 30 days later.

<sup>3</sup> Hamilton, Havice and Campling 2011, 'Vanuatu set for WTO accession' FFA Fisheries Trade News, May 2011. Available at: [http://www.ffa.int/trade\\_news](http://www.ffa.int/trade_news)

<sup>4</sup> WTO 2011b, 'Working Party adopts Samoa's membership package', WTO: 2011 News Items, 28 October 2011. Available at: <http://www.wto.org>.

<sup>5</sup> Authors' own knowledge. Samoa tuna fishing operators have reported inefficiencies in the system for receiving VAGST refunds, often experiencing lag periods well in excess of one year.

<sup>6</sup> WTO 2011a, WTO 2011b.

<sup>7</sup> PNAO 2011, '3 PNA countries close their waters to foreign tuna fleets to maintain sustainable fishing limits', PNA News, 21 November 2011. Available at: <http://www.pnatuna.com>

<sup>8</sup> Hamilton, Havice, Campling 2011. 'ISSF & Spanish industry object to PNA skipjack MSC certification', FFA Fisheries Trade News, August-September 2011. Available at: <http://www.ffa.int>

<sup>9</sup> MSC 2011, Direction by the Independent Adjudicator, 5 October 2011. Available at: <http://www.msc.org>

<sup>10</sup> MSC 2011, Decision of the Independent Adjudicator, 22 November 2011. Available at: <http://www.msc.org>

<sup>11</sup> ISSF 2011, 'South Seas Tuna Corp, Sealord and Pataya Foods Join ISSF Coalition', ISSF, 17 November 2011. Available at: <http://www.issf-foundation.org>

<sup>12</sup> Pers. comm., SSTC company representatives, October 2011.

<sup>13</sup> Havice, Hamilton & Campling 2010, 'Operation Island Chief indicates IUU fishing is in decline in the WCPO', FFA Fisheries Trade News, September 2010.

<sup>14</sup> Seafood Source 2011, 'Report: 141% gap between bluefin trade quota', Seafood Source, 18 October 2011. Available at: <http://www.seafoodsource.com>

<sup>15</sup> Seafood Source 2011, 'Damanaki backs electronic catch docs for bluefin', Seafood Source, 20 October 2011. Available at: <http://www.seafoodsource.com>

<sup>16</sup> Atuna 2011, 'Bluefin Trade Association Says "Mind the Gap" report is "seriously flawed"', ABC Spain, 8 November 2011. Available at: <http://www.atuna.com>

<sup>17</sup> NOAA 2011, 'NOAA pleased with results outcomes last ICCAT meeting',



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Atuna, 23 November 2011. Available at: <http://www.atuna.com>

<sup>18</sup> FFA Fisheries Trade News, various previous editions; Henk Brus 2011, 'The EU tuna markets – trends and opportunities for the WCPO tuna industry', presentation at the Pacific Tuna Forum, Palau, 5-7 September 2011.

<sup>19</sup> Robert Gillett 2011, 'The Promotion of Pole-and-Line Tuna Fishing in the Pacific Islands: Emerging Issues and Lessons Learned', report prepared for FFA, June 2011.

<sup>20</sup> All databases are provided by the Fisheries Development Division at FFA.

<sup>21</sup> Customs Department, Thailand. <http://www.customs.go.th/Statistic/StatisticIndex.jsp>

<sup>22</sup> FFA database

<sup>23</sup> Japan Customs. [http://www.customs.go.jp/toukei/info/index\\_e.htm](http://www.customs.go.jp/toukei/info/index_e.htm)

<sup>24</sup> US National Marine Fisheries Service. <http://www.st.nmfs.gov/st1/trade/index.html>

<sup>25</sup> US Energy Information Administration. [http://tonto.eia.doe.gov/dnav/pet/pet\\_pri\\_spt\\_s1\\_m.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pri_spt_s1_m.htm)