FFA TRADE AND INDUSTRY NEWS

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FISHERIES TRADE

WTO members table six proposals on overcapacity and overfishing

The second wave of negotiations to eliminate subsidies contributing to overcapacity and overfishing (OCOF) is now fully underway, following the establishment of the Agreement on Fisheries at MC12 in June 2022. The third 'fish week' took place from 5-9 June 2023. Another fish week is scheduled for 10-14 July, with four more fish weeks to come during the latter part of the year. The ambitious aim is still to conclude an agreement by MC13 in February 2024.

A total of six proposals on the discipline of subsidies relating to OCOF were presented during the third fish week. They engage to varying degrees with the negotiating mandate established at MC12, which is to "achieve a comprehensive agreement on fisheries subsidies, including through further disciplines on certain forms of fisheries subsidies that contribute to overcapacity and overfishing, recognizing that appropriate and effective special and differential treatment [S&DT] ... should be an integral part of these negotiations". The following table summarise selected provisions from the six proposals against the negotiation mandate.

WTO submission	Disciplines on OCOF	S&DT	Other
African, Caribbean and Pacific (RD/TN/RL/169)	List-based approach to the prohibition of subsidies; concentrates on large-scale industrial fishing	*De minimis* provision based on % share of global catch; full S&DT within a member's EEZ; no restrictions on small-scale fisheries	--
Argentina, Colombia, Costa Rica, Ecuador, Peru and Uruguay – the '6LATs' (RD/TN/RL/168/Rev.1)	Lists subsidies that are (i) presumed to be prohibited *or* (ii) prohibited if shown to contribute to OCOF, unless effective fisheries management is implemented; prohibits subsidies contingent on fishing in ABNJ	5-year delay on implementation; *de minimis* defence, specified in terms of total subsidies rather than share of global catch; S&DT defence is not available for distant water fishing	--
Australia, New Zealand and Vanuatu (RD/TN/RL/167)	Does not permit any subsidies where the fishery is not sustainable from a subsidy limit at 5% of a Member's total value of marine capture production; places onus of proof on the subsidizing Member.	None	No use of Law of Sea distinctions

CONTENTS

Fisheries Trade

WTO members table six proposals on overcapacity and overfishing

US continues to push for increased presence and relations with and in the Pacific

Fisheries Regulation

Sea Shepherd Global will conduct IUU patrols and law enforcement in Tuvalu's EEZ

Fisheries Management

WCPFC commences negotiation of a new tropical tunas measure

Tuna Industry

Processing operations continue to face supply and cash flow challenges in Papua New Guinea

China National Fisheries Corporation continues to acquire rivals

Container freight rates slump; reefer rates at bottom but remain competitive

Crewman murdered at sea onboard a Taiwan distant water tuna longliner

Despite criticism, MSC maintains strong foothold with major tuna players

Tuna Price Trends

China (RD/TN/RL/166)	Shifts focus from subsidies to fisheries management; rejects discipline of subsidies for fishing in ABNJ; promotes 'green' subsidies.	None	Promotes non-discriminatory treatment of vessels, including in others' waters
Fiji (RD/TN/RL/170)	A cap on the largest subsidisers would bring about a substantial reduction in the global total subsidies; further, all subsidies provided to distant water fishing would be prohibited.	Cap would not apply to *de minimis* % global catch *or* a $100mn financial limit; defence is not available for distant water fishing; no restrictions on artisanal fisheries	Insists that AFS must not undermine fisheries management nor coastal state rights
Norway (RD/TN/RL/165)	No attempt to regulate subsidies further than Article 5.1 (the main discipline/ prohibition) in WT/MIN(22)/W/20	Deploys principle of proportionality; temporarily reduced notification obligations	Encourages notifications

Some distance exists between many of the six proposals, and it remains to be seen if and how these differences can be narrowed at the July fish week. Yet, it is not small island developing states or developing coastal states that caused OCOF through subsidies. They should not be penalised or suffer reduced future policy space under new disciplines. The onus is now on the Pacific to be proactive, since proponents of each proposal will be strongly promoting their own favoured approach and national or group interests.

Meanwhile, as of 3 July, 11 WTO Members and the EU (27 Members) formally accepted the Protocol establishing the Agreement on Fisheries Subsidies, including Canada, China, Japan, and the USA.[2] The 2022 Agreement focuses on eliminating subsidies to IUU and overfishing, but does not address the more commercially significant issue of subsidies to OCOF.

38 WTO members deposit formal acceptance of Agreement on Fisheries Subsidies

US continues to push for increased presence and relations with and in the Pacific

There has been a flurry of activity around US efforts to demonstrate robust engagement with the Pacific region in recent months. First, two of three new Compacts of Free Association have been signed between the US and the Federated States of Micronesia and the US and Palau. The agreements outline the next 20 years of Compact relations and US President Joe Biden has included the agreements in his budget request to Congress.[3] Though the US and the Marshall Islands have completed an MOU on their agreement, they have yet to sign a final agreement; news reports suggest that the two parties' discussion over addressing the nuclear testing legacy in the Marshall Islands – one particularly difficult negotiating point – is ongoing.[4] US Secretary of State Antony Blinken indicates that the US will commit USD 7.1 billion to the Freely Associated States under the agreements over the next twenty years, and that funds will address concerns in the Pacific including climate change adaptation and economic development, among other issues.[5]

The Compacts of Free Association must also be approved by the US Congress. To that end, in mid-May, the US House Committee on Natural Resources, Subcommittee on Indian and Insular Affairs, held an oversight hearing on the topic of *Preserving U.S. Interests in the Indo-Pacific: Examining how U.S. Engagement Counters Chinese Influence in the Region*.[6] At the hearing, expert testimonies focused on: the role of US-Pacific relations in national security, particularly the role of China in US territories and insular areas; how the Compacts of Free Association and US engagement in the Pacific more broadly help to support US interests; and, the importance of building genuine relations and re-engagement in the Pacific to support these goals (contra 'dollar diplomacy').

The Compacts of Free Association continue to move closer to new 20-year agreements

Also during this period, the US and Papua New Guinea signed a defence and maritime cooperation agreement.[7] PNG Prime Minister James Marape emphasised that the agreement will help PNG build defence capabilities and address illegal fishing in PNG waters, as well as illegal logging and drug smuggling. Some have voiced concerns that the agreement is an encroachment on PNG's sovereignty because it reportedly offers US personnel and contractors legal immunity and allows US vessels and vehicles to move freely within PNG and PNG's waters. There are also ongoing concerns about increasing militarization and the way that PICs are situated between US and Chinese interests. Notably these activities coincided with a 10-day tour of the Pacific islands by China's foreign minister, Wang Yi. During the trip, Yi unexpectedly proposed a regional security and economic agreement; this proposal was quickly withdrawn after receiving a lack of support from Pacific Island countries.[8]

More broadly, the US's Pacific Partnership Strategy includes attention to rethinking and upgrading U.S. trade policy in the Pacific region. To this end, earlier this year, the US International Trade Commission held a public hearing on *US-Pacific Islands Trade and Investment: Opportunities and Impediments as part of a project requested by US Trade Representative Ambassador Katherine Tai. Part of this discussion has involved the General System of Preferences (GSP)*, and ways in which GSP might more effectively serve Pacific Island beneficiary country development goals and US policy. There are thirteen GSP beneficiary countries in the Pacific: the Cook Islands, Fiji, Kiribati, Niue, Papua New Guinea, Pitcairn, Samoa, the Solomon Islands, Tokelau, Tonga, Tuvalu, Vanuatu, and Wallis and Futuna. The Pacific Islands region includes over 10% of all 119 current GSP beneficiary countries, though GSP imports from this group are low, varying between USD 10 million and USD 20 million over the last decade. The US is a major market for PICs, purchasing about a quarter of their exports, with export products concentrated in fishery products and natural resource goods (with the exception of Fiji).[9]

Addressing illegal fishing is a focal point of a new US-PNG security agreement

While tariff preference programmes can create pricing advantages for small country-producers, they also have limits that are important for Pacific Island countries generally and fisheries products specifically, including: many Pacific Island country exports already have zero tariffs as is the case for all fresh and frozen fishery products; high tariff products, including canned tuna produced by non-LDCs, are generally excluded from US GSP; tariff preferences only have limited ability to offset geographical disadvantages such as high transportation costs. At present, the Solomon Islands is eligible for duty free canned tuna export to the US as an LDC country, but its graduation from LDC status is set for 2024 and lack of market connections has translated into very little export to the US market over the years. For canned tuna, lifting the LDC requirement for receiving GSP beneficiary status would also mean that competitor countries including Thailand would become eligible for tariff preferences, a move that would eliminate any competitive benefit for PICs.[10]

Ed Grisser of the Progressive Policy Institute was one of two expert witnesses at the hearing, and urged the USITC to consider options that would enable PICs more comprehensive use of trade policy generally, and the GSP system specifically.[11] Options include: (1) renew the GSP system soon; (2) add an environmental eligibility criterion during this renewal; (3) allow Pacific Island Forum members to "cumulate" one another's inputs to qualify products for duty-free treatment under the GSP rule of origin; (4) develop a program of regular visits to the region to help local businesses and governments understand their potential GSP benefits; (5) work closely with Australia, New Zealand, Japan, and other allies in upgrading the US government's capacity-building and technical assistance programs in trade facilitation; sustainable fisheries, mining and forestry; financial exchanges including remittance costs. It is not clear what actions the USITC might take or recommend based on this hearing, however, the hearing and attention to trade policy is an additional part of the US tool-kit for meaningful relations and re-engagement in the region.

The US is exploring options for maximizing use of trade preferences for PICs, but options are limited

FISHERIES REGULATION

Sea Shepherd Global will conduct IUU patrols and law enforcement in Tuvalu's EEZ

Some parts of the Pacific are recognised as having IUU problems, and recent advances in satellite monitoring have highlighted and added urgency to this concern. A recent study estimated the lost value from IUU fishing in the Pacific tuna sector alone at roughly USD 300 million/year between 2017-2019.[12] As awareness of the problem has increased, PICs have also developed strategies for enforcing regulations and addressing IUU fishing.

One such recent approach comes from Tuvalu: IUU enforcement is key to Tuvalu's fishery-dependent economy, yet the country has very limited enforcement capacity. Reportedly, its only patrol boat, the *Te Mataili II*, was damaged and is presently under repair in Australia. To fill the gap, Tuvalu and Sea Shepherd Global have entered into a partnership;[13] the two parties have developed an MOU which grants the Sea Shepherd's *Allankay* marine conservation vessel the authority to board, inspect and arrest fishing vessels engaged in criminal activities within Tuvalu's waters. This is the first time that Sea Shepherd has undertaken this model – in which a sovereign state grants a third-party body the legal rights to undertake IUU law enforcement activities in its EEZ – in the Pacific region. However, Sea Shepherd reports that the strategy has been highly effective in other ocean regions where it has led to arrest of 85 vessels for illegal fishing and other fisheries crimes. Sea Shepherd will provide the *Allankay* to Tuvalu at no charge and the vessel will undertake monitoring and surveillance activities.

Tuvalu and Sea Shepherd will collaborate on IUU enforcement in Tuvalu's EEZ

FISHERIES MANAGEMENT

WCPFC commences negotiation of a new tropical tunas measure[14]

On 28-29 June, the Western and Central Pacific Fisheries Commission (WCPFC) commenced negotiation of a new tropical tunas measure via a virtual workshop (TTMW3). This workshop is the first of two workshops to be held in 2023, ahead of the Twentieth Annual Session (WCPFC20) scheduled for December. TTMW3 followed on from two workshops held previously in 2021 to discuss revisions to CMM 2018-01, after which a decision was made by WCPFC18 to roll over the existing measure with minor updates for two years (CMM 2021-01). WCPFC19 agreed that any new tropical tuna measure would be based on the current measure, as far as possible, particularly in maintaining the balance between the tropical purse seine, longline and other commercial fisheries. However, the new measure needs to address the development of allocation frameworks for high seas purse seine and tropical longline bigeye fisheries.

The main objective of TTMW3 was to identify and prioritize the necessary scientific advice required from the Commission's Scientific Services Provider (SPC) to assist in considering relevant hard limits and allocation frameworks, as well as other elements of the tropical tunas measure including the management procedure for skipjack, bigeye and yellowfin stock status and FAD management. SPC prepared an updated table of requested analyses, which were prioritised based on feasibility and availability of SPC resources.

The workshop was also intended to provide Commission members, cooperating non-members and participating territories (CCMs) with an opportunity to introduce their views on hard limits and allocation frameworks, as well as revisions to the existing tropical tunas measure. CCMs generally agreed on the importance of development of hard limits and allocation frameworks and expressed their commitment to progressing this work. It was agreed that the WCPFC Convention (particularly Article 10) and the UN Fish Stocks Agreement will provide direction to the Commission for decisions on allocation. Members also acknowledged that allocation is a challenging topic and as such, achieving consensus will take time. FFA members, together with PNA + Tokelau, reiterated their commitment to development of an allocation framework that is compatible with zone-based management, which includes a dynamic high seas purse seine allocation for its members which accommodates expansion of SIDS fleets and a corresponding reduction in distant water fleets' fishing activity. FFA and PNA+ highlighted that effective monitoring and independent verification of the agreed allocation framework is critical. Climate change impacts should also be taken into account in the allocation scheme.

A fourth workshop (TTMW4) will be held in Pohnpei (hybrid format) on 29-30 September, directly after TCC19. The main objective for TTMW4 will be to review scientific analysis results, taking into account recommendations from Scientific Committee (SC19), to inform discussions on the review and possible revision of certain elements of the tropical tunas measure. A decision is yet to made if a fifth tropical tunas measure workshop should be planned immediately prior to WCPFC20 in December.

TUNA INDUSTRY

Processing operations continue to face supply and cash flow challenges in Papua New Guinea

As reported previously in the March-April 2023 issue of the *FFA Trade and Industry News*, PNG's RD Tuna Canners has faced supply and cash flow problems, caused in part by RD's larger financial restructuring and related decision to tie up and sell its PNG-based purse seine vessels. Papua New Guinea's larger tuna-based development strategy has faced another challenge as Majestic Seafood, a joint venture among Thai Union (Thailand), Century Canning (Philippines) and Frabelle (Philippines and PNG owned company) based in Lae, has announced a temporary shut-down in its operations.

WCPFC's new tropical tunas measure will establish allocation frameworks for high seas purse seine and tropical longline bigeye fisheries

FFA members are seeking an allocation framework compatible with zone-based management

Majestic's decision to halt operations means that the roughly 1,500 workers in the plant will lose their jobs, dealing a blow to PNG's tuna-based economic development approach. Majestic has not announced an estimated reopening date and has attributed the closure to fish supply challenges and related high fish costs.[15] Fish supply has been affected by a reduction in the number of domestic-based purse seine vessels supplying PNG plants. As noted, RD has tied up its vessels and aims to sell them, and Frabelle has also reduced its fleet from 20 vessels to 14 and prioritizes supply to its own plant. The PNG National Fisheries Authority has emphasized that fish supply is a function of supply chain challenges, not fish abundance in PNG's waters, which remains robust.[16] High fish costs remain an industry-wide challenge as skipjack tuna prices have remained at record highs of USD 2,000/mt.

Majestic Seafood is pausing canning operating, halting work for 1,500 employees

PNG's National Fisheries Authority is responding to the recent closures by introducing policy changes that it hopes will ease the burden for the canneries, as well as enticing offloading in PNG. First, it has reduced the price of a fishing vessel day from USD 10,500/day to USD 6,500/day for PNG-flagged vessels and USD 7,500/day to foreign flagged, domestically based vessels.[17] With the prior rate, industry complained that PNG was not providing discounted access for vessels to offload domestically; the shift in fee responds to this complaint and creates a financial incentive for those vessels directly involved in the domestic processing sector, including by offering a rate the falls below the USD 8,000/day minimum benchmark payment for foreign fishing access that Parties to the Nauru Agreement have had in place since 2015. For several years, the National Fisheries Authority has also incentivized onshore processing by offering a 'rebate', most recently of USD 308/mt, to vessels that offload domestically; at the time of reporting, there was no news of a change to this rebate programme.

More broadly, current difficulties in the canning sector in PNG point both to the important role that the sector now plays in providing employment in the country, as well as the vulnerabilities of tuna-based development that are driven by competitiveness and market dynamics in the global canned tuna sector.

China National Fisheries Corporation continues to acquire rivals[18]

In May 2023, the China National Fisheries Corporation (CNFC) Overseas Fisheries announced plans to acquire three seafood companies, with the aim of expanding its tuna supply chain and fishing operations into processing and trading. The purchase of the three companies cost CNY 1.72 billion (USD 243 million), and includes Zhongyu Global Seafood Corporation, CNADC Zhoushan Overseas Fisheries and China Aquatic Products Zhoushan Marine Fisheries. Zhongyu Global operates tuna long line vessels in West Africa and marine refuelling and marine product transportation. CNADC Zhoushan operates one of China's – and the world's – largest fleets of squid jiggers, while China Aquatic Products is a food processing enterprise.[19] The three companies are all subsidiaries of the China National Agriculture Development Group, which is also the controlling shareholder of CNFC.

PNG's NFA has reduced the price of fishing days for vessels supplying local canneries to direct supply onshore

This move by CNFC follows recent Ministry of Agriculture and Rural Affairs policy direction on China's distant water fleet (DWF), including a new focus on the stabilisation of the scale and number of enterprises in the PRC DWF through the process of agglomeration, as well as 'full-industry supply chain management' by integrating fishing, processing, the cold chain, distribution, markets and the creation of 'a number of high-end well-known brands'.[20]

Other recent examples of CNFC Overseas Fisheries expansion include the June 2022 renewal and growth of its tuna fishing operations to the tune of CNY 400 million

(USD 62.8 million)[21] and the 2019 purchase of the tuna long lining company Zhejiang Fenghui Distant Water Fishery Co.[22] This acquisition, according to information given to investors, was to consolidate the company's position in the pole and line tuna fishing sector.

An analysis of China's distant water fishery projects by the Environmental Justice Foundation (EJF),[23] found that one of the companies to be merged by the CNFC, Zhongyu Global Seafood, 'manages at least 176 trawler and purse seine vessels, company assets, and 11 fishing projects in African countries, such as Guinea, Guinea-Bissau, Sierra Leone, Senegal, and Madagascar'.[24] A trading arm of the CNFC, CNFC-Quick State Limited was established in Las Palmas, Spain in order to coordinate fishing in the waters of the African continent and to facilitate sales to European and African markets.

While the presence of China's fishery projects within the Exclusive Economic Zones (EEZ) of Pacific nations is more limited, the Pacific Ocean accounts for an estimated 52% of China's distant-water fishing vessels. CNFC Overseas Fisheries has tuna fishery projects in the Pacific Ocean, particularly in Fiji, where a CNFC representative manages 42 tuna longliners. Most of this catch used to be landed in Fiji for export to American and Japanese markets, but since late 2019, CNFC has signed a 15-year Joint Venture with the government of Vanuatu, to land and process tuna in the country.[25]

The Vanuatuan government's promise to facilitate the issuance of fishing licenses and permits within the EEZ to CNFC's fishing vessels is likely to expand the company's presence in the WCPO. However, analysis indicates that other firms, such as the Zhejiang Ocean Family (China Wanxiang Holdings), with operations in Kiribati and operating a fleet of purse-seiners, dominate the landings of tuna and tuna-like species from the WCPO.[26]

CNFC agglomeration and forward integration into processing and supply chain functions reflects China's development policy for its distant water fleet

Container freight rates slump; reefer rates at bottom but remain competitive[27]

The shipping industry enjoyed two consecutive years of record earnings following a surge in container freight rates in the post-pandemic period. Yet, it is now facing a slump in both short-term spot and long-term contract freight rates. May 2023 recorded the ninth consecutive month of rate drops, in what is seen as an end of an era of high freight rates.[28] Multiple factors have culminated to create this situation.

Container shipping firms are facing a profit squeeze, labour unrest and drought in the Panama Canal

The slump in import demand in the United States and a lack of containerised demand from East Asia has translated to the pricing of long-term contracts, which normally renew in May each year, to a rate much lower than previous years. While there was some optimism that the lifting of post-Covid restrictions in China would boost container demand, analysis of container movement between the US and China indicates that 'the hype has faded and what was once hoped to be a great reopening and much-needed boost to volumes is looking more and more like a great flop.'[29] The drop in American consumer spending was the first to register and translated to a reduction in trans-Pacific container rates.

Beyond the global macroeconomic situation, there are other factors at play. The first is that shipping corporations ordered new vessels to be built on the back of record high profits over the last two years. At the same time, to meet orders through the boom period, older container ships were not scrapped. Combined, this is resulting in bloated container capacity; with a simultaneous absence of port congestion and faster turnaround times, there is a 25% rise in *effective capacity* this year.[30]

Faced with higher fuel and labour operating costs than in the pre-pandemic period, the situation has reached unsustainable levels for shipping firms.[31] The hope of an uptick in demand is fading and it is unlikely that shipping companies will be able to introduce another round of General Rate Increase (GRI) on the trans-Pacific route.[32] Shipping companies are reverting to slow steaming, a technique to cut operating costs and absorb over-capacity.[33]

Adding further uncertainty to trans-Pacific freight routes is labour unrest and industrial action on US West coast ports, which are causing a shift in cargo landings to the East and Gulf coasts. However, with the driest month on record over the last 70 years, the Panama Canal Authority was forced to introduce draft restrictions in May. With El Niño set to return later this year, there are fears that the situation would result in a drought and cause further restrictions. Shipping carriers are now having to shuffle vessel sizes to be able to transit the Panama Canal, while other are mulling re-deploying larger box carriers via the Suez Canal. These conditions have resulted in a surcharge on container shipping from 1 June, with rumours of specific GRIs being announced for trans-Pacific Panama Canal loops.[34]

Reefer freight rates also increased over the last two years, but are back to pre-pandemic levels. Reefer trade is poised to return to growth this year and projected to grow 3.3% per year over the next five years.[35] Driving this growth is that perishable goods are more resilient to global economic downturns. Further, after China's post-Covid opening, meat and seafood demand have surged. With ongoing improvements in supply chain efficiency, costs of repositioning of empty reefer containers are set to ease, further driving growth. However, some hurdles remain in the return of reefer growth, such as the disruptive effects of El Niño on fruit production in the Pacific and Americas.[36]

Reefer shipping is healthier than containers with good prospects for growth and stability

Crewman murdered at sea onboard a Taiwan distant water tuna longliner

In mid-June, the *Feng Kuo No. 616*, a Taiwan-flagged tuna longliner returned to Kaohsiung where a team of agents from Taiwan's Criminal Investigation Bureau boarded the vessel as soon as it arrived in port. The agents arrested a 43-year-old Vietnamese crewman who allegedly had killed an Indonesian fellow crewman on 28 April 2023, while the vessel was operating about 674 miles southeast of Cape Town, South Africa in the southern Indian Ocean.[37]

The suspect was reportedly locked in a storage room onboard the vessel by the captain shortly after the incident. The vessel then headed to Mauritius where it was given permission to enter Port Louis, a port utilized by Taiwanese tuna longliners to unload or tranship their catch. Mauritian authorities allowed the vessel to obtain provisions and provided humanitarian assistance, but did not conduct an investigation, citing a lack of jurisdiction in a case that occurred on the high seas aboard a foreign flag vessel. While the vessel was in Mauritius, Taiwan's Criminal Investigation Bureau sent its liaison officer stationed in South Africa to Port Louis to collect evidence.[38]

Mauritian authorities refused to conduct a murder investigation during a port call by a Taiwanese longliner citing a lack of jurisdiction

The *Feng Kuo No.616* left Mauritius on 16 May with the suspect still locked in the storage room on the vessel and the deceased crewman in the ship's freezer. The vessel was eventually met at sea and escorted back to Taiwan by two Taiwanese Coast Guard vessels. The fishing vessel and its escort vessels arrived in Kaohsiung on 14 June where it was boarded by a police SWAT team and the suspect taken into custody. The police operation was captured by local television news and posted on YouTube where it can still be viewed.[39] The vessel eventually left Kaohsiung and was reported to be transiting the Malacca Straits on 3 July on its way back to the fishing grounds.

The manner in which the authorities in Mauritius handled the situation on their doorstep can be contrasted with those of the U.S. government in a case that occurred on the high seas 600 miles south of Hawaii in March 2002. In that case, the 21-year-old Chinese cook onboard the Taiwanese-owned, Seychelles-flagged longliner *Full Means No.2* killed the Taiwanese captain and first mate and took control of the vessel. After two days of intimidating the rest of the crew and forcing them to sail westward "towards China", the crew managed to overpower the cook and regain control of the vessel. The U.S. Coast Guard was alerted by the owner and the vessel was subsequently located and escorted to Honolulu. In Honolulu the alleged murderer was charged in U.S. District Court and was eventually convicted and sentenced to 36 years in a U.S. federal prison, where he remains today.[40]

Despite criticism, MSC maintains strong foothold with major retailers and brandowners

The Marine Stewardship Council (MSC) continues to receive criticism from the 'On The Hook' campaign, which is comprised of twelve NGOs (including Bloom, Environmental Justice Foundation and Shark Guardian), two academics, one UK member of parliament, one South African retailer (Woolworths) and a seafood trading company which sources one-by-one caught tuna for the UK market (World Wise Foods). On The Hook was first launched in 2017 to call for reform to aspects of the MSC standard relating to MSC-certified tuna fisheries, specifically purse seine fisheries on fish aggregation devices (FADs). At the time, On the Hook objected to re-certification of PNA's free-school purse seine fishery on the basis that it was a 'compartmentalized' fishery; whereby a fishing vessel would be conducting MSC-certified sustainable sets (i.e. free-school) and non-certified sets (i.e. associated sets on logs and FADs) in the same fishing trip. As a result, MSC changed its standard to require all purse seine set types to be certified sustainable.[41]

In June 2021, the On The Hook campaign re-launched calling for a 'full, external, independent and forensic review' of the MSC standards and operation.[42] On 14 June 2023, On The Hook released an 80-page external review, conducted by MarFishEco Fisheries Consultants Ltd. The report concluded that 'MSC is failing to keep up with the pace of change required to deliver sustainable seafood', with an urgent call for reform. Due to MSC's certification of harmful fishing practices, unsatisfactory progress on key environmental issue and inaccessibility to small-sale sustainable fisheries, the report suggests that MSC has 'lost credibility as a guarantee of sustainability'. Ultimately, the report suggests that MSC's use of the term 'sustainable' does not meet market and consumer expectations, given *inter alia*, its failure to address human rights and climate change impacts.[43]

MSC responded publicly to On The Hook's external review, expressing disappointment with the report given it 'misrepresents the MSC programme' and 'gives so little credit' to significant improvements made by MSC in the new Fisheries Standard Version 3.0, some of which were key measures actually lobbied for by On the Hook. MSC defended the review process for its new standard, which spanned four-years and involved hundreds of stakeholders globally, with over 1,000 submissions received; 79% of stakeholders indicated they were likely to speak favourably of the MSC, despite On the Hook claiming that MSC's credibility has been eroded. By comparison, MSC indicated that less than 100 responses were received for On the Hook's consultation. Further, following a government inquiry which included an examination of the MSC programme and its effectiveness in response to the On the Hook campaign, MSC was found to be the '....most rigorous certification in the seafood sector'.[44]

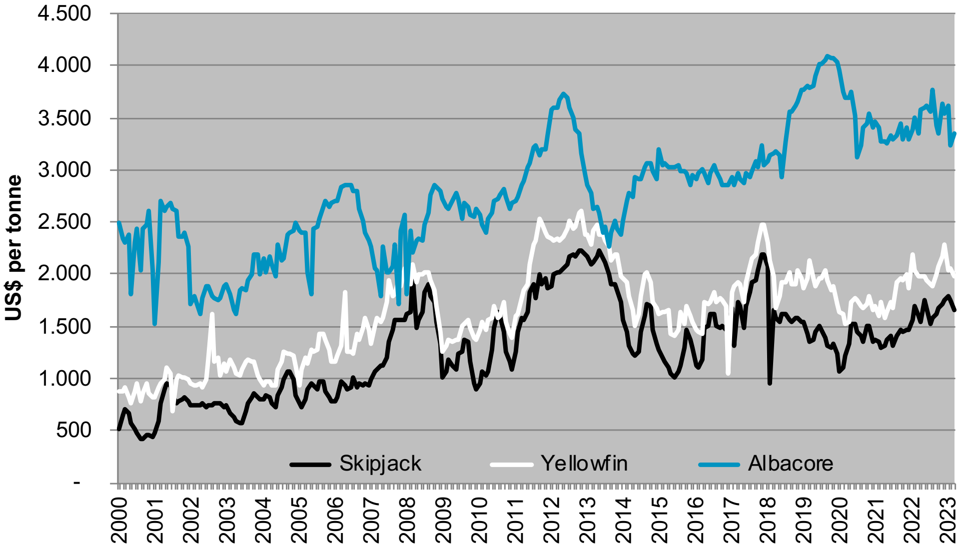
On the Hook commissioned an independent external review of MSC standards and operation which presented negative findings

MSC is still found to be the 'most rigorous certification in the seafood sector'

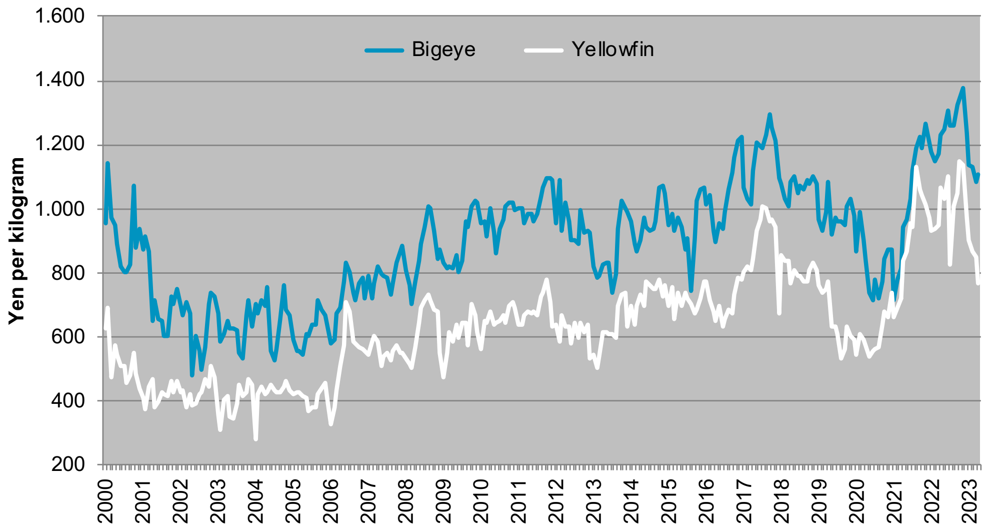
Despite ongoing criticism from On the Hook, MSC continues to be heralded as the gold standard in independent sustainable fisheries certification with key retailers and brandowners. For example, UK retailer, Sainsbury's recently announced a change to its sustainable fish sourcing policy, committing to sell 100% MSC certified, pole-and-line caught tuna for its private label canned tuna range. While Sainsbury's has long sourced pole-and-line caught skipjack caught in the Maldives, the retailer has been pursuing a goal of having 100% of its fish and seafood independently certified as sustainable. According to Sainsbury's, it is the only 'big four' UK supermarket chain to move to a 100% MSC pole-and-line commitment for its own-brand canned tuna.[45] Sainsbury's commitment is ironic, given strong criticism by the pole-and-line tuna sector of the MSC standard in recent years.

TUNA PRICE TRENDS[46]

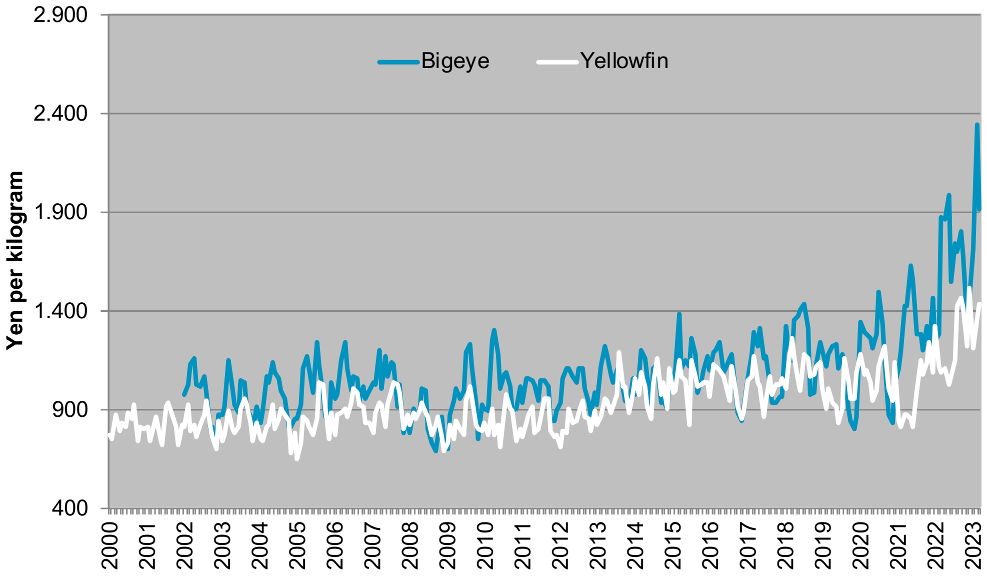
Bangkok canning-grade prices to May 2023[47]



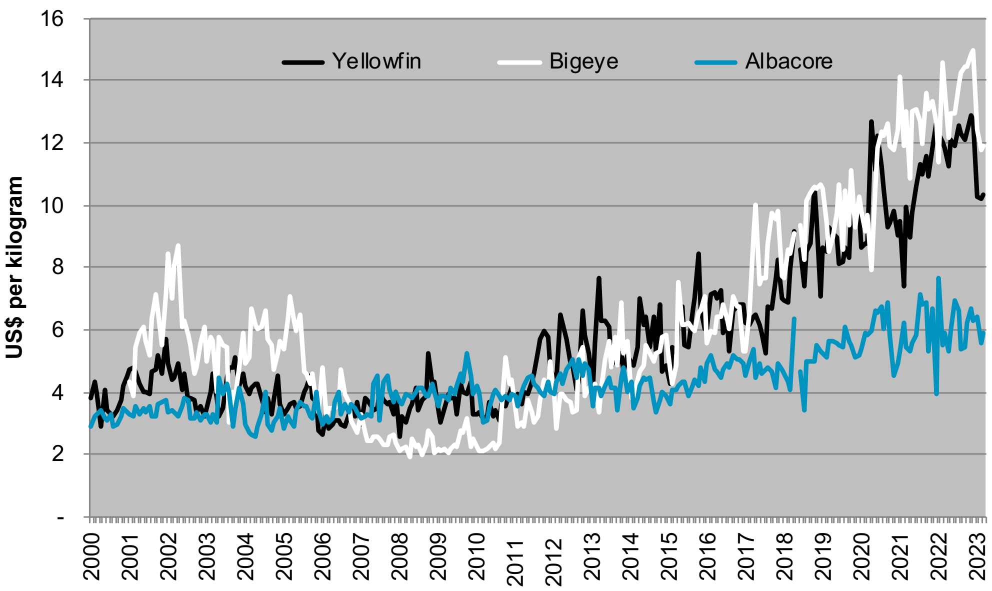
Japan frozen sashimi prices (ex-vessel, Japanese ports) to May 2023[48]



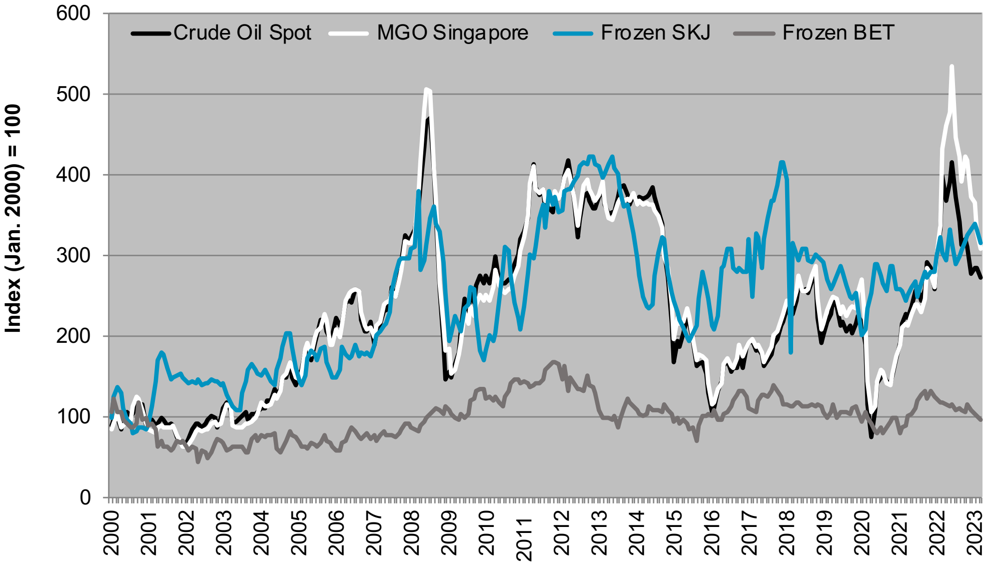
Japan fresh sashimi prices (origin Oceania) to May 2023[49]



US imported fresh sashimi prices to May 2022[50]



Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to June 2023[51]



[1] Prepared for the FFA Fisheries Development Division by Dr Elizabeth Havice, University of North Carolina at Chapel Hill, Professor Liam Campling, School of Business and Management, Queen Mary University of London, and Mike McCoy, independent consultant, all Consultant Fisheries Trade and Market Intelligence Analysts, Fisheries Development Division, FFA. Desktop publishing by Antony Price. The authors would like to thank FFA for their 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.

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