



SPECIAL FEATURE: INFOFISH TUNA 2014²

On 21-23 May 2014, the Thirteenth Infish World Tuna Trade Conference and Exhibition (Tuna 2014) was held in Bangkok, Thailand. The conference's theme was *'Working Together towards a Sustainable Industry'*, with over 30 presentations delivered over three days centred on global supply, global and regional tuna trade and markets, industry overviews, market access, sustainability, environment and eco-labelling.

Key note address

The key note address was delivered by Tuna 2014 Chairman, Mr. Renato Curto, Chairman and CEO of Tri Marine Group. Mr. Curto highlighted that the health of the oceans is increasingly gaining public attention worldwide and that industry needs to address sustainability issues more urgently and directly. He acknowledged that while there are many differences amongst the various tuna industry stakeholders, that there is also much common ground and urged industry to engage NGOs in an open and responsible manner.

Mr. Curto stressed the need for better science to improve management of tuna resources and called for urgent action on setting reference points, improvements in annual catch monitoring systems, by-catch management measures, elimination of IUU offenders and most urgently, the need to start limiting fishing effort. Mr. Curto stressed that while RFMOs must all have relevant data to manage tuna stocks properly, some member states continue to fail to share data with RFMO science providers. He commended RFMOs for adopting some important management measures, but highlighted that there is room for improvement. Measures introduced outside the RFMO process, such as the PNA Vessel Day Scheme and ISSF capacity resolution have the potential to significantly improve tuna management, if properly implemented and administered.

He also acknowledged that attempts are being made by developed fishing nations to address the development aspirations of coastal states through payment of higher access fees and increased investment in joint venture fishing and shore-side processing facilities. However, he questioned the legitimate intentions of some joint ventures, highlighting that some are simply a means to dispose of old vessels in order to replace them with larger, more efficient ones, while onshore investments may simply serve to obtain fishing access on favourable terms, rather than creating jobs and contributing to economic growth. He stressed that if harvest capacity is not limited in an equitable manner that leaves room for participation of coastal states in the fishery, that fishing capacity will continue to increase to eventually exceed maximum sustainable yield. Mr. Curto suggested a moratorium on new vessel entrants to RFMOs with limited additional capacity allocated for SIDS. He stressed that continued fleet expansion is foolish and irresponsible, given global catches are limited and called for capacity measures that prevent exceptions and loopholes.

Global supply and international trade

Total global fish production is currently around 160-165 million metric tonnes. While wild capture fishery catches remain fairly stable, aquaculture production continues to increase and may overtake capture fisheries in years to come. World fish prices are expected to continue to rise due to strong demand, rising production costs and stabilisation of catches. However, fish prices, in comparison to other competing protein sources, beef and chicken, will continue to be somewhat volatile.

Global tuna production has increased markedly over the last few decades, now exceeding 5 million metric tonnes. The tuna sector continues to retain its importance,

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Mr. Curto questioned the legitimacy of some joint ventures, such as the dumping of old boats and onshore investments being a shell for favourable fisheries access



but needs to continue to improve its long-term sustainability.

Western and Central Pacific Ocean (WCPO) tuna catch in 2013 was around 2.5 million metric tonnes and has been fairly stable for the past few years. While longline vessel numbers continue to decline (4,633 in 2000; 2,966 in 2013), purse seine numbers continue to increase and are expected to reach 305 in 2014. An additional 17 WCPO purse seiners are under construction with another 78 vessel replacements notified. Both longline and purse seine effort continues to rise reaching almost 1,400 million longline hooks and 60,000 purse seine fishing days. In 2014, new stock assessments will be conducted for bigeye, yellowfin and skipjack with changes made to the model used. Under the new assessments, which will take into account factors such as technology improvements, effort creep and changes in the recording of purse seine fishing days, it is possible that results will indicate that fishing mortality on skipjack, yellowfin and albacore is higher than current estimates indicate.

In 2013, 10 new conservation and management measures (CMM) were introduced by WCPFC members, including a revised measure for bigeye, yellowfin and skipjack (CMM 2013-01). Concerns were raised about the ability of members to effectively implement this measure given a considerable number of issues within the measure need to be re-visited at WCPFC11 in 2014, as well as extensive reporting requirements for CMMs and the Secretariat. A new CMM was also introduced in 2013 to assess the impact of new proposed CMMs on small island developing states and territories. A concern was raised that this will further slow the process of introducing new management measures. WCPFC10 also agreed that similar consideration should be given to small fishing communities of non-SIDS WCPFC members, which weakens provisions on SIDS aspirations. At WCPFC11, the key issues expected to be discussed are stock assessment outcomes, CMM 2013-06 on assessment of new proposals on SIDS and WCPFC leadership changes. Industry and developed flag state members were strongly criticised for continuing to build and licence more purse seine vessels and catch more fish, despite management measures in place to limit effort. They were challenged to focus more on long-term sustainability rather than short-term profitability, as well as being urged to better understand the science, 'play by the rules' and accept collective responsibility for management of the fishery.

Total catch in the Indian Ocean was around 1.3 million metric tonnes in 2012 and has been fairly stable for at least five years, after dropping from a peak of around 1.7 million metric tonnes in 2007. Piracy off the coast of Somalia resulted in displacement of longline effort further east. Vessels are now returning to the west, indicating that piracy is starting to dissipate. Yellowfin and bigeye stocks are close to full utilisation, while skipjack stocks remain robust. For albacore, fishing mortality exceeds maximum sustainable yield, indicating overfishing is occurring. In 2012, IOTC members agreed to the adoption of interim target and limit references points (Resolution 12/08) for key target species. IOTC members also agreed to the implementation of a limitation on fishing capacity and mandated the introduction of fleet development plans (Resolution 12/11). For most fleets, capacity is currently well below the projected level of capacity stated in development plans. While compliance with IOTC management measures is improving, there are still deficiencies in statistical data submission and observer coverage.

Total catch in the Eastern Pacific Ocean (EPO) is around 500,000-600,000 metric tonnes and has stabilised. Skipjack stocks remain healthy, while bigeye and yellowfin are currently overfished. IATTC imposes an annual 62 day fishing closure to try and manage this. Should capacity increase, this closure may need to be lengthened. Overfishing is occurring on albacore, with continued effort restrictions in place. Bluefin is highly depleted with continued overfishing. IATTC aims to limit longline capacity to 160 million hooks and purse seine well capacity to 158,000 m³. While

Unless fishing capacity is limited in an equitable manner and eliminates loopholes, fishing capacity will exceed maximum sustainable yield

Industry and developed flag states were criticised for continuing to build and licence more purse seine vessels and catch more fish in the WCPFC, despite management measures to limit effort



longline effort is on track with this capacity limit, further purse seine capacity reductions are required. FAD fishing has had the greatest impact on bigeye spawning biomass in the EPO.

Industry efforts towards a sustainable tuna industry

The tuna fishing industry faces a barrage of challenges including *inter alia* low fish prices, high operating costs, overcapacity, competition from other competing protein sources, an increasingly complex regulatory environment, as well as the accommodation of small-island developing states' aspirations to participate in tuna fisheries.

PNA members, as well as the fishing and processing industry operating in WCPO, benefit most when tuna prices are high. The low prices experienced recently are the result of an over-supply situation, likely through a combination of excess purse seine fishing capacity, new technology, limited effectiveness of the FAD closure, and some fleets failing to fully apply and comply with the VDS. With PNA members committed to tightening limits applied under VDS from 2014, the over-supply situation is expected to correct itself and fish prices are expected to rise. PNA will continue to develop conservation and management measures for consideration at WCPFC, and if not supported by all members and adopted, will continue to apply measures outside the WCPFC process in their own waters as part of the Nauru Agreement.

To address tuna sustainability challenges, a multi-stakeholder approach is required where key players including fishers, processors, retailers, scientists, governments, RFMOs and NGOs cooperate to align their interests and collectively work together on solutions. One notable example of bringing stakeholders together is the International Seafood Sustainability Foundation (ISSF), which is a global coalition of scientists, industry and WWF. ISSF has laid out a three-tiered approach which focuses on improving the sustainability of global tuna stocks and their ecosystems, enhancing transparency and compliance, and exercising market and policy influence. This approach is designed with the aim of implementing verifiable, science-based practices, commitments and international management measures that become the industry standard and result in tuna fisheries reaching a level of sustainability where they could unconditionally meet Marine Stewardship Council (MSC) certification standards.

The International Pole and Line Foundation (IPNLF) and partners are working with coastal pole and line fishing communities to increase supply to meet growing consumer demand for sustainably-caught canned tuna, as well as generate local employment. IPNLF estimates that by 2020, market demand for sustainably-caught pole and line tuna will reach 145,000 mt/year, more than double the current volume of 60,000 mt/year. To date, the highest demand for pole and line canned tuna comes from the UK and northern Europe. Continued growth is expected in these markets, as well as Australia/New Zealand and North America. Currently, total global pole and line production is estimated at around 417,000 mt, but only a small portion of this (around 15%) is canned for export. Indonesia, Japan and Maldives have the largest pole and line fisheries.

Global and regional tuna trade and markets

The US market for canned tuna has been stable in value terms over the past five years at around US \$1.6 billion, while consumption in volume terms has declined from 29.2 million cases in 2009 to 27.2 million in 2013. Household penetration has declined from 65.9% in 2011 to 62.1% in 2013 and canned tuna is used less frequently in meals. Light meat accounts for two-thirds of US tuna consumption and is consumed

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more by lower income households, while white meat purchases are skewed towards higher income households. Starkist remains the US' leading brand accounting for 40% of category value, followed by Bumble Bee (28%), private label (16%) and Chicken of the Sea (14%). The top three brands are continuing strong marketing efforts, including in-store activation, consumer education and product innovation to drive demand for shelf-stable tuna.

The EU canned tuna market was 694,000 mt in 2012, with an average per capita consumption of 1.2 kg. This demand was met by EU canned tuna production (350,000 mt less exports of 183,705 mt), as well as imports (534,564 mt). Spain remains the largest EU producer of canned tuna (68%), followed by Italy (20%). Ecuador is the largest exporter to the EU (87,836 mt). EU consumers purchasing decisions are increasingly being driven by health concerns (e.g. tuna in brine vs. oil), convenience (e.g. ready to eat, ready to cook) and product innovation.

The Japanese tuna market was around 700,000 mt in 2012 and has fluctuated since 2008 between 680,000-750,000 mt. Skipjack, mostly for katsuobushi production, accounts for around 45%. Bluefin remains the highest value species, however prices for both fresh and frozen bluefin are very volatile in comparison to other tropical tuna species. In Southeast Asian markets, consumer demand for canned and fresh/frozen tuna remains relatively low, as other species are preferred (i.e. sardines, mackerel, salmon) and intra-regional marketing efforts are lacklustre.

The Middle East canned tuna market is growing, despite the ongoing high costs of doing business (45-50%). In 2004, 2,963 containers were imported; in 2013 the volume had more than doubled to 7,160 containers. The majority of tuna sales are in the canned tuna market segment, with limited fresh and frozen sales. The major Middle Eastern markets are Saudi Arabia, Libya and Egypt. The United Arab Emirates is the most progressive market in terms of product innovation and marketing.

Latin America offers strong market opportunities for tuna – currently the region has the fourth highest level of canned tuna consumption behind Europe, US and Asia. The Latin American diet is protein centric and tuna is a popular choice, particularly during Easter and spring/summer. Ecuador has the highest consumption of canned tuna (2.8kg/capita). The Latin American consumer is moving towards convenience products and while price is still the primary consideration, environmental sustainability is a rising factor in purchasing decisions. Product innovation is centred on formulation changes, the introduction of gourmet lines and packaging innovations, including easy-open cans.

Thailand's production of canned tuna and frozen cooked loins has remained fairly stable over the past three years at around 550,000 mt, with the major markets continuing to be the US, EU and Middle East. (See story below on the Thai tuna industry's efforts to address forced labour and human trafficking allegations.)

Sustainability, environment and eco-labelling in the tuna industry

Sustainability concerns are increasingly influencing seafood consumers' purchasing decisions and have given rise to the establishment of a number of voluntary sustainability certification schemes. To date, the three most prominent eco-labelling schemes in the tuna industry are the Marine Stewardship Council (MSC), Friend of the Sea (FOS) and Earth Island Institute (EII).

MSC's scheme encompasses all wild catch fisheries, with more than 221 fisheries certified (8.2 million metric tonnes) and another 108 fisheries in assessment (1.3 million metric tonnes). This represents 10.5% of global fishery production, with over

The US canned tuna market has been stable in value terms, but has contracted in volume terms, with decreasing household penetration and less frequent use

In Southeast Asian markets, consumer demand for canned and fresh/frozen tuna remains relatively low

The Middle East and South America are growing canned tuna markets



20,000 seafood products bearing the MSC eco-label. Currently, nine tuna fisheries are certified (approximately 540,000 mt) for skipjack and albacore, with a further seven fisheries in assessment (73,000 mt). The Maldives pole and line skipjack fishery's MSC certification has 'bullet-proofed' price premiums offered for pole and line-caught fish. While US West-Coast albacore received premiums in the beginning, as the first MSC-certified tuna fishery, they have since eroded. However, MSC certification continues to prove beneficial for albacore fisheries in helping to keep a foothold in the market and in weathering low prices. To date, MSC-certified PNA free-school skipjack has limited market penetration, despite potentially large volumes available.

Friend of the Sea certification applies specifically to tuna fisheries. To date, 26 fleets, covering 376 vessels across 24 countries are FOS-certified. Earth Island Institute is a dolphin-safe standard for canned tuna certifying the non-encirclement of dolphins during purse seine net sets. EII reports that their dolphin safe eco-labelling scheme has helped to rebuild consumer confidence that buying canned tuna does not contribute to dolphin slaughter, and after 24 years, 95 percent of the world canned tuna supply is dolphin-safe.

A survey investigating the penetration of seafood sustainability certifications - MSC, FOS and EII - was conducted in 2013 by Pacific in 24 different supermarkets across Germany, UK, France, the Netherlands and Belgium. The survey concluded that there is wide penetration of the MSC eco-label in Germany and the Netherlands and good presence in Belgium, France and the UK for the frozen wild caught seafood segment and other canned seafood, but not for canned and frozen tuna. The EII dolphin safe logo was present in all five markets, but FOS was not found.

Eco-labels that set strong, verifiable standards provide opportunities to recognise good practice by industry in improving sustainability. However, consumer feedback suggests that they are becoming confused and overwhelmed by seafood eco-labelling schemes, which is giving rise to scepticism over the credibility of schemes, as well as rigour of certification criteria and procedures.

PREFERENTIAL TRADE AGREEMENTS

Can the Philippines meet EU GSP+ labour standards?

With the Philippines government's application for GSP+ status working its way through the EU bureaucracy, there is considerable speculation on whether it will succeed and if it does, what effect it will have on the EU market and competing suppliers.³ The most difficult aspect of the application is ratification and implementation of 27 conventions on labour standards, good governance and the environment.⁴ The four industries in Philippines most likely to benefit from the GSP+ are textiles and footwear, processed fruit and fruit juices, canned tuna, and bicycle manufacturing.⁵ Given that most of these industries are highly labour intensive, it is logical to look at the Philippines' track record on the labour standards element of GSP+ eligibility.

In what seems like prescient timing for seafood buyers looking for alternative suppliers amid accusations of forced labour in the aquaculture supply chain in Thailand (see story below), in June the Philippines supported an International Labour Organisation (ILO) protocol and recommendation against forced labour. The Secretary of the Philippines Department of Labor and Employment emphasised that 'We do not merely enact laws, but we have institutions and mechanisms to effectively implement them'.⁶

Consumers are becoming confused and overwhelmed by seafood eco-labelling schemes, giving rise to scepticism about the credibility of these schemes

Graduation to GSP+ requires ratification and implementation of 27 conventions on labour standards, good governance and the environment



Yet national-level changes to labour law or ratification of international conventions do not necessarily entail effective implementation on the ground. For example, while extensive legislation exists to prohibit child labour in the Philippines, a 2012 ILO report found that the effectiveness of its implementation is questionable and 'the issue of children working as labourers and unskilled workers, all remain serious concerns'.⁷ In parallel, the International Trade Union Confederation (ITUC) claims that domestic legislation on child labour does not conform with ILO Conventions 138 and 182,⁸ both of which are GSP+ conventions. Both organisations note that the government is making efforts in the areas of child labour and forced employment, but there is evidence that child labour, forced labour and debt peonage exist in several industries, including fisheries.⁹

In June 2012, the ILO's Committee of Freedom of Association named two cases from the Philippines as 'extremely serious' or 'urgent', along with only another five cases from around the world.¹⁰ One case concerns an alleged unofficial policy of 'no unions, no strike' by the Export Processing Zone Authority. The other involves the extrajudicial killings of trade unionists and violent crackdowns on protesters.¹¹ More recently, in May of this year the International Transport Workers' Federation (ITF) and International Union of Food, Agricultural and Hospitality Workers (IUF) targeted a Philippine firm – Citra Mina, the country's second largest seafood exporter – whose work force is allegedly 'dangled on short term contracts, in apparent defiance of national law'.¹²

In its report to the Philippines Trade Policy Review at the WTO, the ITUC claimed that Philippine employers systematically circumnavigate the law giving greater rights to regular workers by firing them after the six month probationary period, and in that 'contractual workers in the fish canning industry are re-hired only if they use a bogus name'.¹³ Finally, the Philippines recently abandoned the principle of government labour inspection in workplaces with more than 200 workers, putting into question the government's capacity to monitor labour standards in the six large-scale tuna processing factories in General Santos.¹⁴

To date, only Sri Lanka has lost GSP+ status due to abuses registered under the 27 conventions. So to assume that the EU would use the policy levers of the GSP+ to defend against alleged infractions of ILO labour conventions might be naive. However, GSP+ beneficiaries like El Salvador and Georgia were investigated by the EU for abuse of labour standards.¹⁵ Given Spanish industry concerns that the Philippines will become a major player in the EU market should it graduate to GSP+, it seems likely that labour standards and other elements under the 27 GSP+ conventions will be under considerable scrutiny in coming months.

FISHERIES REGULATION

UK media and US government highlight slavery in Thai seafood industry

Labour conditions and worker abuses in Thailand's seafood industries once again hit the headlines this June.¹⁶ In the UK, *The Guardian* newspaper published the findings of a six month investigation into the shrimp supply chain in Thailand. It found incidents of slavery, particularly involving crew from Burma, on boats catching 'trash fish' for processing into fishmeal feed for export-orientated shrimp farming. Moreover, in interviews with 15 current and former slaves, 10 reported that they 'had witnessed a fellow fisherman murdered by his boat captain or net master'.¹⁷ Local politicians stand accused of complicity, with some reportedly boat owners themselves.

Child labour, forced labour and debt peonage allegedly exist in the Philippines, including in fisheries

Intensive and extensive alleged abuse of workers puts Philippines GSP+ graduation into question

An investigation by The Guardian newspaper alleges slavery and murder onboard Thai fishing vessels



Supermarkets in Europe and North America are major buyers of Thai shrimp. The French giant Carrefour responded to *The Guardian's* report by suspending purchases from a major Thai shrimp supplier while it audited the supply chain. Many others across Europe are undertaking similar audits. In parallel, the UK's National Association of Pension Funds – whose members represent more than £900 billion – has recommended to pension scheme managers that they probe into the risks associated with companies' complex supply chains, including going deeper than the immediate contract supplier to look at their suppliers and their suppliers' supplier.¹⁸

Thai aquaculture industry criticised *The Guardian* investigation as being 'journalistic' and for ignoring ongoing industry-led efforts to address the problem.¹⁹ However, these practices are a long-standing problem in Thailand's fishing industry. For example, a 2009 report by the United Nations Inter-Agency Project on Human Trafficking (UNIAP) detailed the plight of 49 Cambodian men and boys trafficked onto Thai long-haul fishing boats.²⁰ These men and boys reported deception and debt bondage by labour brokers; being sold to Thai boat owners for USD \$287-\$431 (10,000-15,000 Baht); slave-like working conditions at sea, including beatings, deprivation of food, and inhumane work hours; and 59 percent of them reported witnessing a murder by the boat captain.

Meanwhile, the US State Department launched its 2014 *Trafficking in Persons (TIP)* report which assesses 188 countries on the prosecution and prevention of human trafficking.²¹ For the last four years, Thailand had been placed by the *TIP* report on a Tier 2 'Watch List'. In June it was downgraded to Tier 3 – the lowest ranking, shared with countries such as North Korea and Zimbabwe. The report highlighted commercial fisheries and fisheries-related industries as among the worst sectors for human trafficking in Thailand. The report's findings include:

- Burmese, Cambodian and Thai men subjected to forced labour on Thai fishing boats.
- Thai civilian and military officials profiting from the smuggling of asylum seekers and complicity in their sale into slavery on fishing vessels.
- Government systematically failing to investigate, prosecute and convict ship owners and captains for extracting forced labour from migrant workers, or the complicity of government officials.²²

The formal implications of Tier 3 status for Thailand are not yet known as they will be applied from October 2014. The US response could include restrictions on non-humanitarian and nontrade-related bilateral assistance, as well as US opposition to certain types of assistance from the International Monetary Fund and the World Bank.²³ In addition, it is certain that it will put considerable pressure on US retailers to reconsider their seafood procurement practices and investigate their supply chains that source seafood from Thailand. Thai shrimp producers are likely to be able to still sell their product as demand rises in China.²⁴ This indicates one of the constraints of ethical standards demanded by Western buyers, it can simply result in a shift in trade patterns to the growing number of consumers in the developing world.

Prior to the June publication of *The Guardian* and *TIP* reports, the Thai tuna processing sector had developed a series of measures to address labour standards. The newly formed Thai Tuna Industry Association detailed these at the Tuna 2014 conference in May. They include: combatting child labour, forced labour and trafficking; setting up a 'Good Labor Practice' code based upon Thai Law and ILO guidelines; undertaking a survey of migrant worker employment practices; and cooperating with government and NGOs.²⁵ Thai Union's CEO emphasised that his firm's own code of conduct prohibits forced labour, respects freedom of association and collective bargaining, and promotes decent working conditions and occupational health and safety, stating that 'We hold these values higher than pure maximization of profits'.²⁶

Supermarkets
respond by
auditing shrimp
supply chains

After four years
of pressure,
US State
Department
report on
human
trafficking
downgrades
Thailand to
lowest level

Thai tuna
industry
emphasises
its existing
measures to
address forced
labour and
poor labour
practices



The military regime in Thailand, which took power in a coup d'état in May, responded to these exposés by cracking down on illegal migrants. The Thai army stated that illegal workers are a threat to Thailand, anyone found without papers would be arrested and deported, and it would register all foreign workers within a year. Reports of army killings and beatings of Cambodian workers created a climate of fear, resulting in over 200,000 Cambodians fleeing the country in June. The targeting of Cambodians is probably connected to the ousted government's longstanding connection to the Cambodian prime minister.²⁷ This new political atmosphere in Thailand may be a threat to the tuna industry because it is dependent upon migrant labour from neighbouring countries.

PNG and the Philippines face fisheries export ban to EU

PNG and the Philippines were given 'yellow flag' status in June under the EU's IUU regulation. EU Commissioner for Maritime Affairs and Fisheries Maria Damanaki stated: 'We are convinced that these two countries exercise no real control on what goes on in their waters and on their ships. So that they cannot guarantee that their fish is caught respecting local and international rules.'²⁸

Having now provided an official warning, the EU enters into a 'path of formal dialogue', including a tailored 'action plan' and a progress evaluation after 6 months. If either of the countries does 'not fulfil their duties under international law and fail to improve the current situation' then the EU can list it as 'non-cooperating' under the EU IUU Regulation, which would block fish exports.²⁹

There is no doubt that the EU is willing to use its legal teeth. On 24 March, Belize, Guinea and Cambodia were listed as non-cooperating countries. As a result, they were banned from exporting fish and fish products to the EU and EU-flagged boats were prohibited from fishing in their waters. This is the first time that measures of this type were enforced at the EU level.³⁰

In the meantime, South Korea is facing the possibility of receiving a 'red card' under the EU regulation. This would mean that tuna caught by the Korean purse seine fleet could not be used in cans for the EU market. A report in the Korean media questions the motivation of the EU in this case, especially because the EU distant water purse seine fleets are in competition with the Korean fleet in the WCPO and the EU did not do the same for China or Russia which have a poorer track record on IUU fishing.³¹

However, given that the EU imports the majority of the fish that it consumes, using the IUU regulation as a protectionist tool may not be a logical explanation. In contrast, the EU points out that the 'yellowcard' can be used as a fisheries improvement tool. For example, Fiji, Panama, Sri Lanka, Togo and Vanuatu received yellowcards in 2012 and have 'cooperated constructively' to make 'significant progress in their fisheries management systems in order to curb illegal fishing'.³² That none of these countries has been defined as non-cooperating countries is evidence that both PNG and the Philippines can avoid this designation.

The EU states that informal discussions on the IUU issue began in late 2011/early 2012 with both PNG and the Philippines. However, the extent to which discussions with PNG were linked to Economic Partnership Agreement negotiations is not specified. If EU negotiators were ever to raise the issue of PNG's 'yellowcard' status in EPA negotiations, they could be accused of mixing issues and, moreover, they would undermine the EU IUU Regulation as being a narrow tool of mercantile policy.

Thai military responds with brutal crackdown on illegal migrant workers; may impact migrant-dependent seafood sector

EU IUU regulation used to enter formal process with PNG and the Philippines

EU bans fish imports from Belize, Guinea and Cambodia, and maybe from South Korea



FISHERIES DEVELOPMENT

PNA Ministers raise fishing day benchmark price, content with VDS complexities

PNA Ministers met in Majuro on 12-13 June and contended with many complexities associated with regional management. Several key decisions around the management of the Vessel Day Scheme emerged:³³

- Noting the substantial increase in revenue to the Parties from the US\$6,000 minimum benchmark in 2013, the Parties agreed to increase the minimum benchmark to US\$8,000 as of 1 January 2015. The 33 percent increase comes in the face of skipjack price volatility that has seen the price plummet to US\$1,100/mt in April and rebound in June to US\$1,750.³⁴ The Parties noted that the drop in tuna prices did not affect the price or demand for vessels days.
- The Parties to the Palau Arrangement set the total TAE for 2014 and 2015 at 44,623 days (inclusive of days for the US Treaty, FSM Arrangement, and the allocation to Tokelau) in line with their commitments to WCPFC to cap effort at 2010 levels.³⁵ Ministers agreed to continue to improve their compliance with VDS rules.
- To reconcile revenue allocation issues from the US Treaty in which vessels pay for a total number of days and fish in multiple countries' waters, the Parties agreed on a flexible hybrid approach in which each party can select a preferred allocation model based on catch distribution, effort distribution and a combination of days contributed from PAEs and effort distribution. Results will then be normalised to the total revenue available.
- The transitional period for the US Treaty expires in December 2014. Ministers agreed that in renegotiation, the US Treaty will be subject to the new minimum benchmark and that vessels must be subject to national laws.
- Ministers noted the importance of domestic purse seine development as well as concerns about the lack of adequate financial return for the value of access granted to FSMA vessels. In an effort to reconcile these issues, the Parties have maintained a pool of 3,907 FSMA days, but increased payment for these days. Parties can now decide how many days to contribute to the pool and vessels will pay the minimum benchmark price for pooled days. To fund the pool, Parties that are not home Parties will receive the minimum benchmark price per day contributed. Home Parties will receive 50 percent of the minimum benchmark price per day contributed (on the basis that home parties get other economic benefits). The balance of fees will be distributed according to distribution of fishing effort. When the FSMA designated days expire, additional days will come from the home parties' PAE, as in the past.

In addition to these VDS-related decisions, the group advanced progress on the longline VDS, seeing the Federated States of Micronesia and the Marshall Islands sign on to the agreement. Across the meeting, Ministers emphasised sustainable national economic development, both in relation to the FSMA and WCPFC processes. In sum, the meeting outcomes reflect the relative control that the PNA group has been able to exert over fishing fees, and a continued commitment to cap fishing effort at agreed levels; as well the challenges associated with managing a shared fishery, including associated revenue distribution and commitment to agreed provisions.

To maintain integrity of the IUU Regulation, EU negotiations must not use PNG 'yellowcard' status in EPA discussions

PNA Minister increase minimum benchmark for a fishing day to US\$8,000

Ministers develop strategy for ensuring financial return from FSMA fishing effort



FISHERIES MANAGEMENT

'Our Ocean' brings science and policy leaders together

On June 16-17, US Secretary of State John Kerry hosted the 'Our Ocean' conference in Washington DC, which brought together individuals, experts, practitioners, lawmakers and the international ocean and foreign policy communities.³⁶ The objective was to draw attention to the significant challenges facing the oceans and to gather lessons learned, share science and demonstrate effective actions. FFA's Director General James Movick was invited to attend the conference, and offers some perspectives on his experience at the meeting:

"It was gratifying to see the role played by Pacific leaders in the Ocean's Conference, as well as the united approach adopted by PIC participants to ensure that their key regional issues were raised at the appropriate opportunity. The conference was particularly interesting in highlighting the commitment of the current US State Department administration to oceans health and policy and its linkage to climate change, two inter-related issues that are very important to PICs. PICs need to consider how to approach future conferences so that we are not the ones taking steps to conserve and protect our oceanic and fisheries resources without any reciprocity by the international community. Moreover, we hope that future conferences will feature more of the lessons and models that PICs have to offer the rest of the world in terms of creative and effective management arrangements."

Several outcomes coincided with and followed from the conference. In a recorded message to the conference, President Obama announced his intent to make a broad swath of the central Pacific Ocean off-limits to fishing, energy exploration and other activities. The proposal is to expand the Pacific Remote Islands marine National Monument from 87,000 square miles to nearly 782,000 square miles. The area is adjacent to seven islands and atolls controlled by the United States and would include waters up to 200 nautical miles offshore from the territories. If the proposal goes into effect, it could create the world's largest marine sanctuary and double the area of the global ocean that is fully protected.

The administration expected the decision to face objections from the tuna industry since three percent of the US tuna catch is caught in the area.³⁷ In keeping with this prediction, following the conference, ISSF released a response applauding the Obama administration for bringing together stakeholders, but also arguing that science indicates that the science on MPAs for tuna species is unproven because they are highly migratory and would need to encompass an incredible large swath of ocean.³⁸

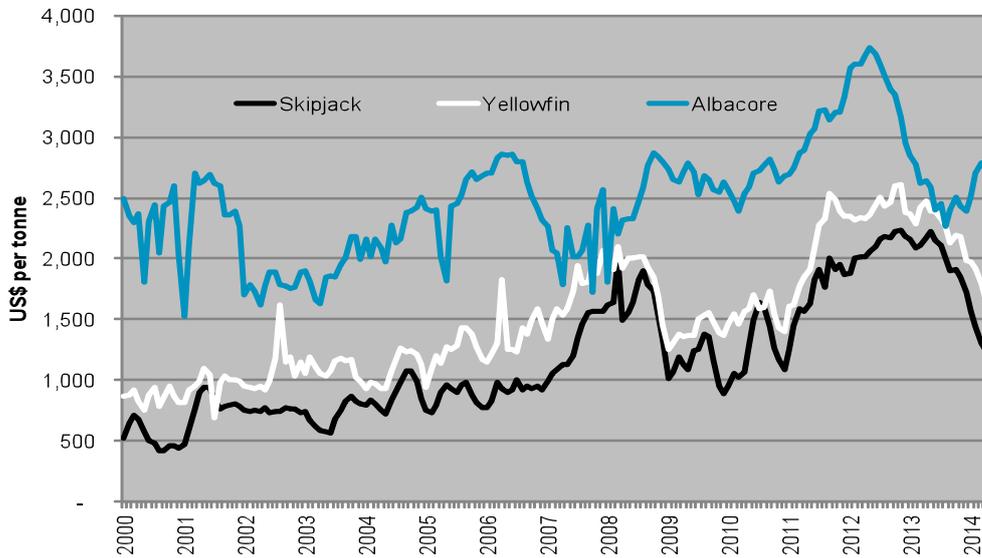
Another important announcement was the intention of the US to implement a scheme to prevent the importation of the products of IUU fishing into the US market. Consultations on the scheme will be conducted over coming months with a view to having systems in place within 12 months. This effort also coincided with NGO Oceana's launch of an interactive mapping tool that shows the global reach of seafood fraud.³⁹

Following the Conference, the US State Department announced that 1) it raised US\$ 800 million in pledges from government and private sources 'to conserve the ocean and its resources for future generations', 2) Norway will allocate US\$ 1 billion to climate change mitigation and adaptation assistance and 3) the Obama administration will immediately begin planning to expand protections for ocean habitat and deter illegal fishing.⁴⁰

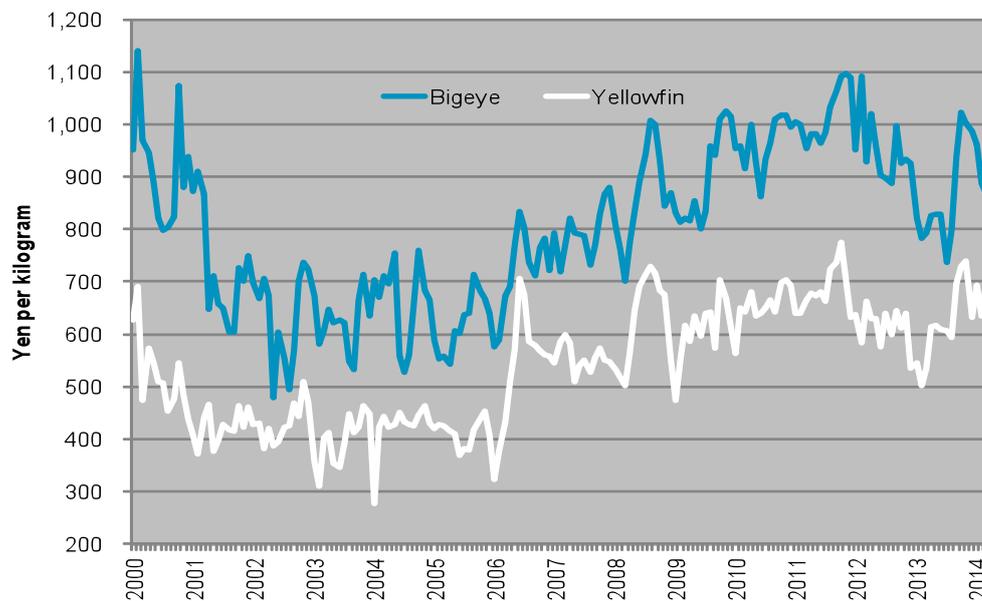
**Obama
proposes large
Pacific marine
protected
area, expects
objection from
US tuna fleet**

TUNA PRICE TRENDS⁴¹

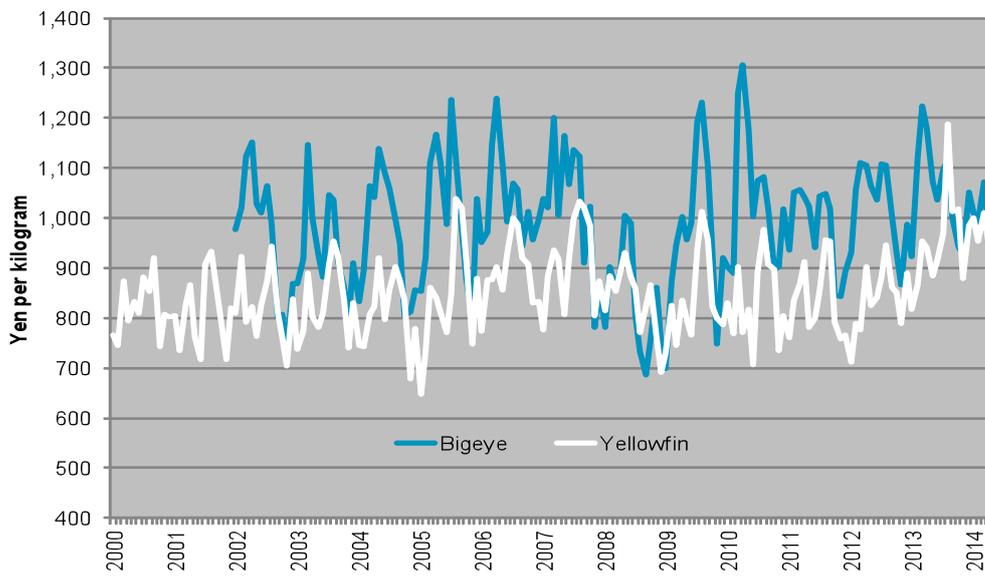
Bangkok canning-grade prices to April 2014⁴²



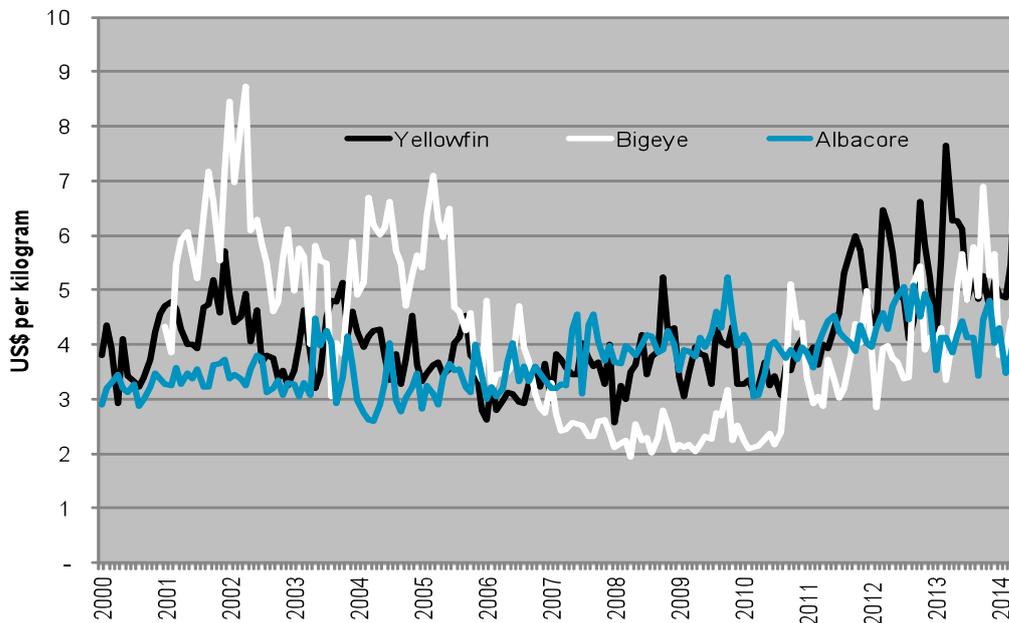
Japan frozen sashimi prices (ex-vessel, Japanese ports) to April 2014⁴³



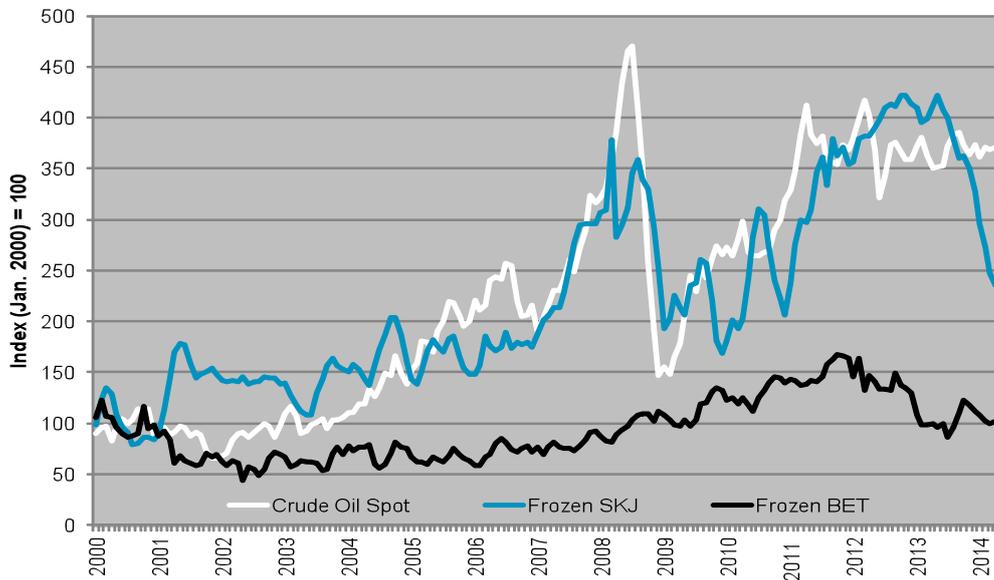
Japan fresh sashimi prices (origin Oceania) to April 2014⁴⁴



US imported fresh sashimi prices to April 2014⁴⁵



Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to April 2014⁴⁶



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

² This article summarises key points from numerous presentations delivered during the Infofish Tuna 2014 conference. The programme and list of presenters is available at: [Presentations will be made available for purchase from Infofish. The data and information presented is direct from presentations and the authors are not responsible for any factual errors \(\[www.infofish.org\]\(http://www.infofish.org\)\).](#)

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