UNCTAD Consultation on Trade in Sustainable Fisheries Products

Port Vila 5th August 2015

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# Securing economic benefits from Pacific Fisheries

## *Licensing, Industry Development and Certification*

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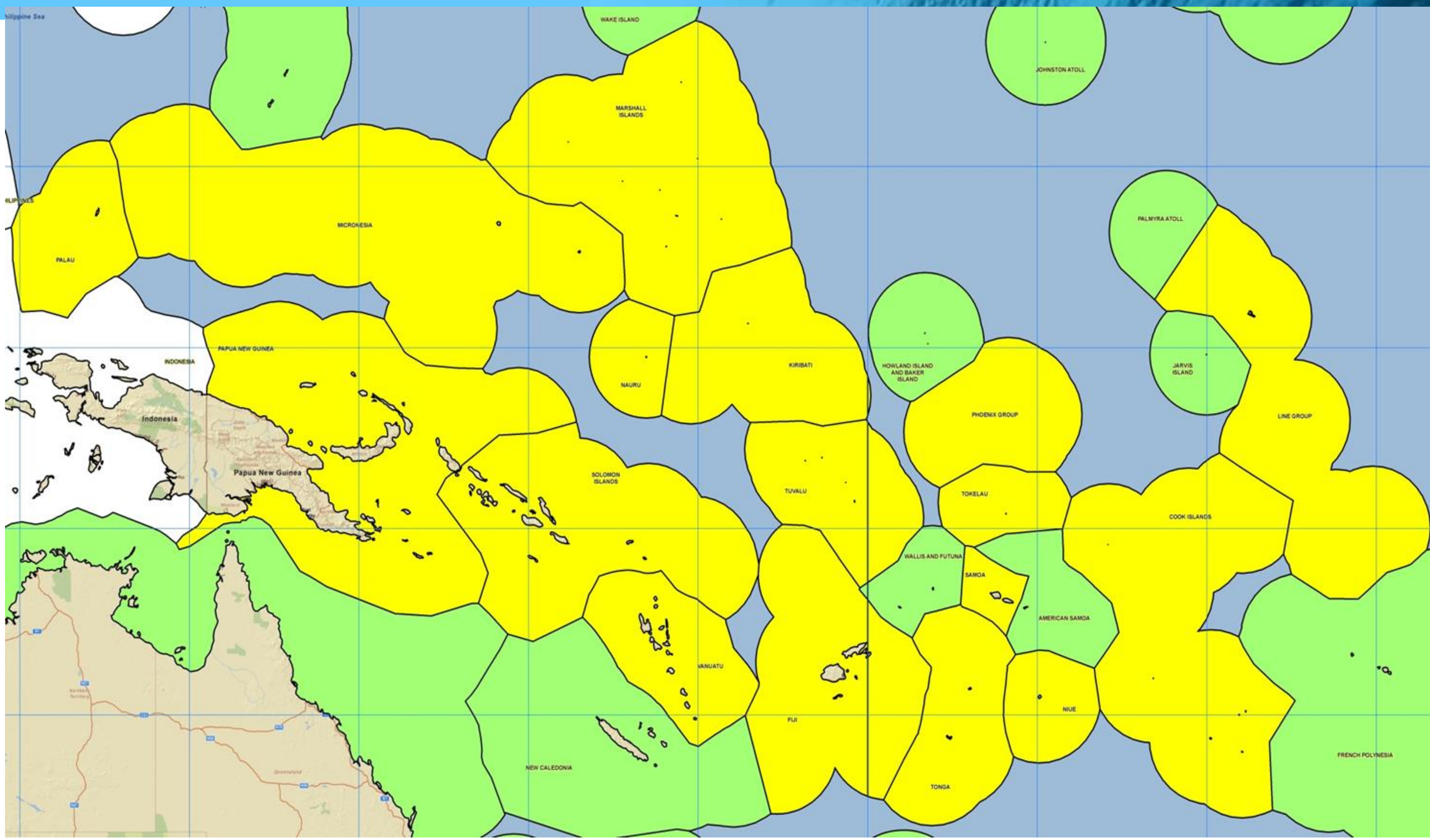
# Overview of presentation

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

# The FFA region



# Oceanic and coastal fisheries

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## Industrial tuna fisheries

## Inshore (coastal) fisheries

# Relative economic importance (2007 data)

| Measure | Coastal Fisheries | Offshore Fisheries |
|---|---|---|
| Catch in EEZ | $ 295 million | $ 1,632 million |
| Catch by nationals | $ 295 million | $ 546 million |
| Contribution to GDP | $ 224 million | $ 188 million |
| Employment | 50-90% of coastal rural households | 12,300 |
| Licence fees | negligible | $77 million |

Values in US$ for Pacific Island countries combined

# Aquaculture development

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

# Coastal fisheries products traded

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

Resource limited

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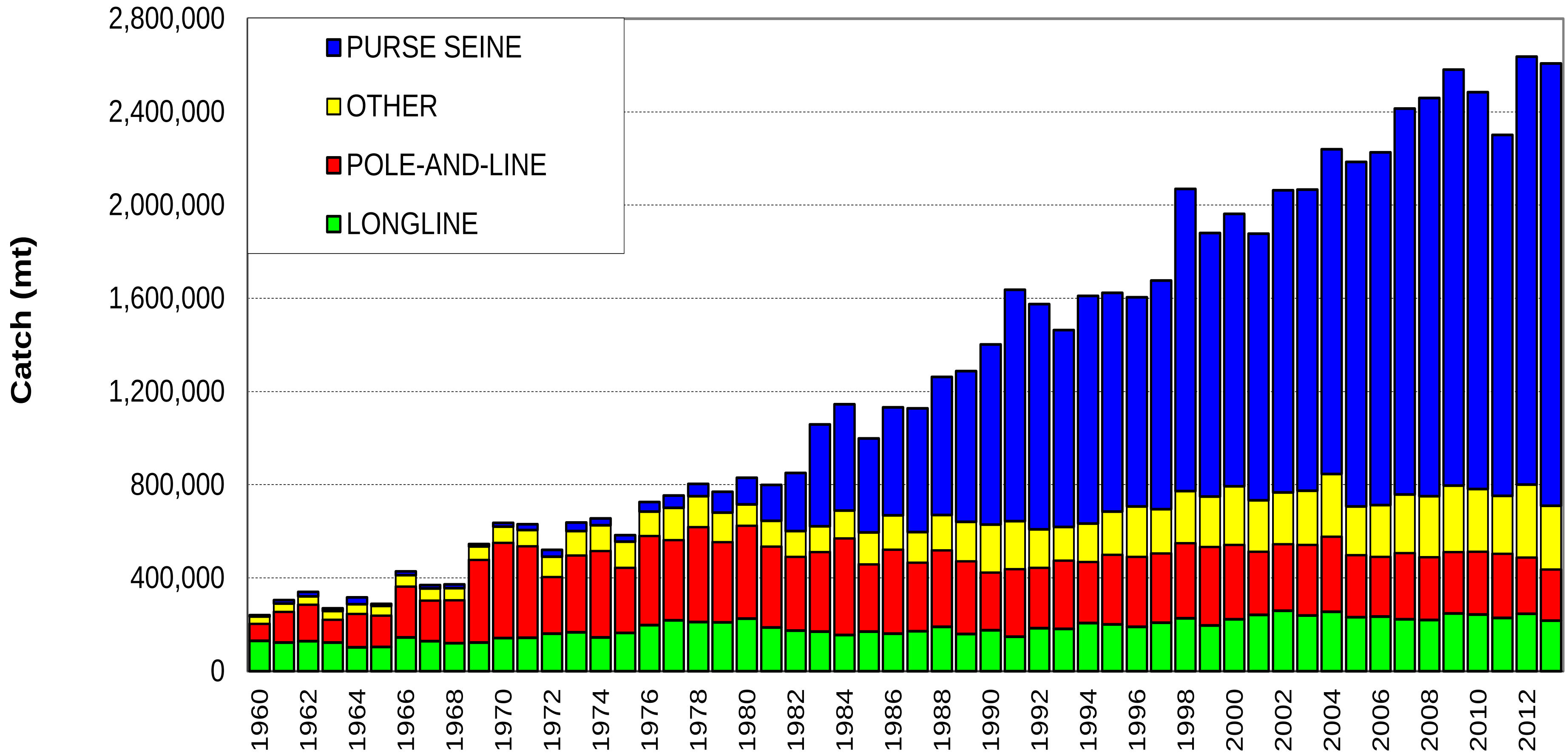
# Tuna Fisheries

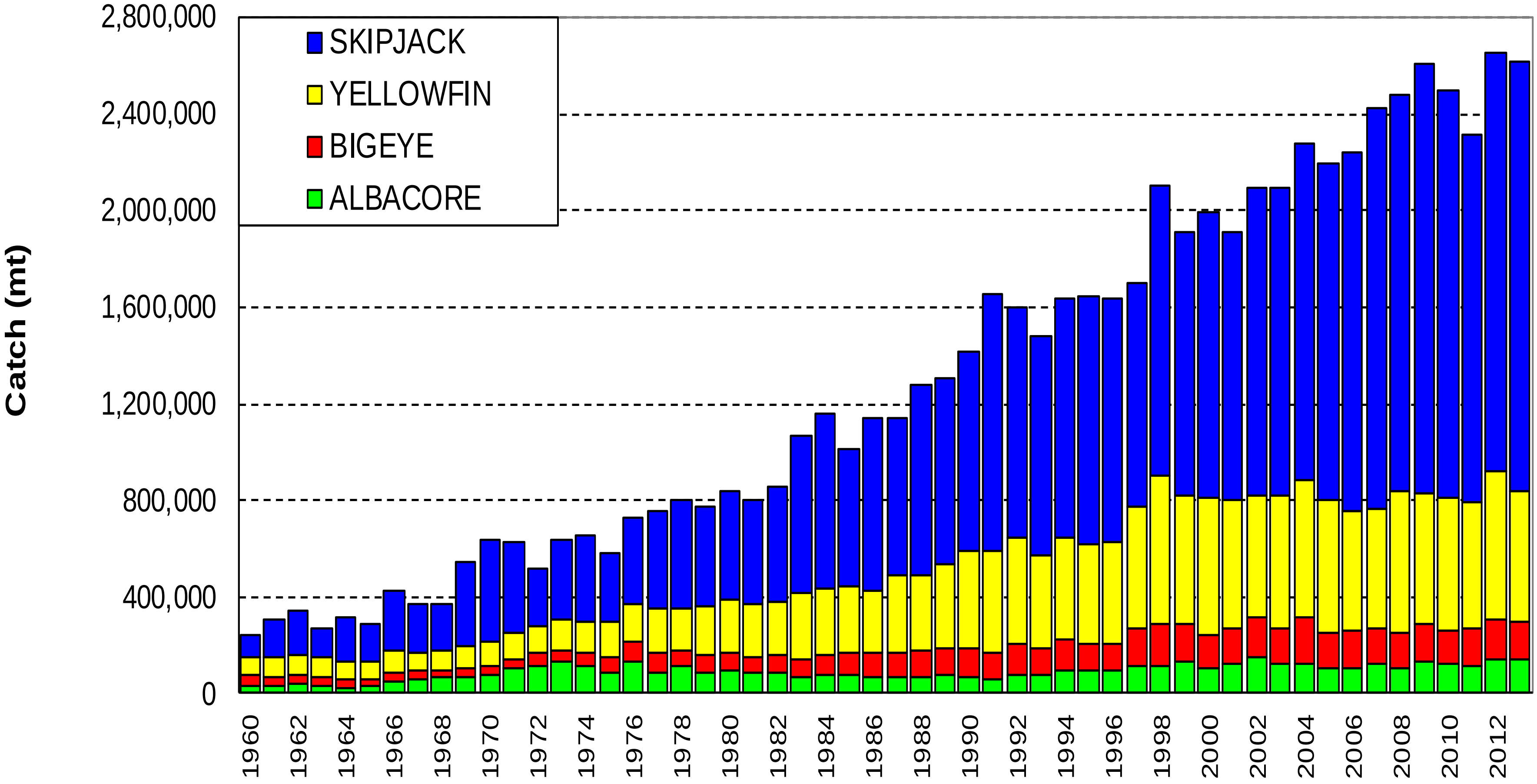
# Key facts about WCPO Fishery

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

# Catch by gear



# Catch by Species



# Who catches the fish?

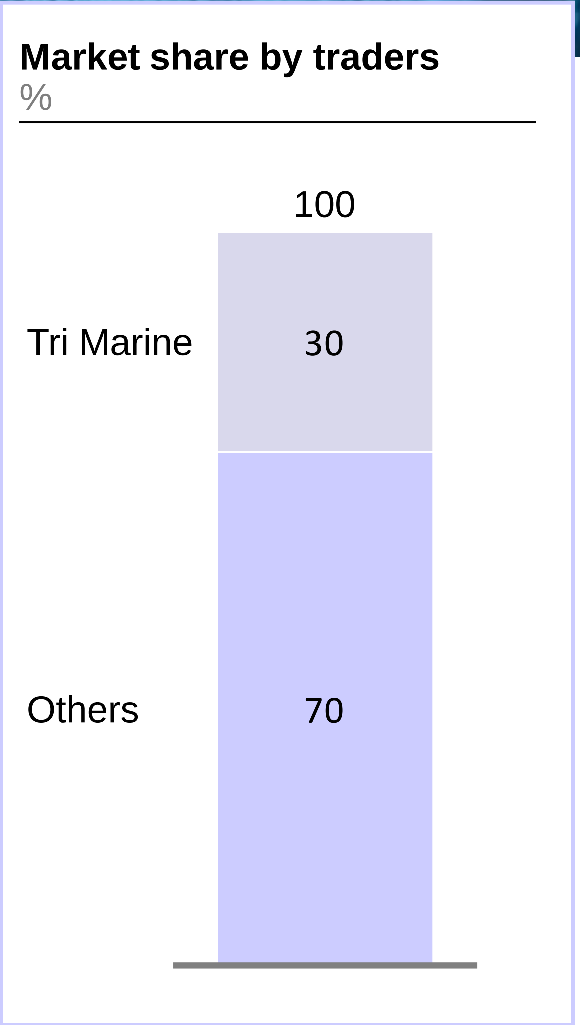
Purse Seiners ■ Longliners

| | Total Purse Seine and LL tuna catch (Thousand metric tons, 2012): Purse Seiners | Longliners | Catch value[1] ($m, 2012) | Fleet size | Top 3 export markets |
|---|---|---|---|---|---|
| Japan | 232 | 72 | 1083 | 42 Purse seiners; 546 Longliners | Thailand; Guam; US |
| Taiwan | 201 | 68 | 980 | 35 Purse seiners; 198 Longliners | Japan; Thailand; Spain |
| Korea | 262 | 33 | 886 | 34 Purse seiners; 1,529 Longliners | Japan; US; Thailand |
| US | 260 | 6 | 691 | 40 Purse seiners; 138 Longliners | Canada; Japan; Spain |
| PNG | 236 | 5 | 624 | 18 Purse seiners; 17 Longliners | Germany; Philippines; Japan |
| Indonesia | 131 | 19 | 461 | 104 Purse seiners; 159 Longliners | US; Japan; Thailand |
| Philippines | 110 | 0 | 277 | 103 Purse seiners; 16 Longliners | Japan; Thailand; China |
| Marshall Islands | 72 | 1 | 184 | 5 Purse seiners | China; Thailand; Mexico |
| Kiribati | 62 | 2 | 167 | 12 Purse seiners; 3 Longliners | Japan; Thailand; US |
| Others | 331 | 26 | 988 | | |

SOURCE: WCPFC, World Bank, UN Commtrade; FFA

# And who processes it?

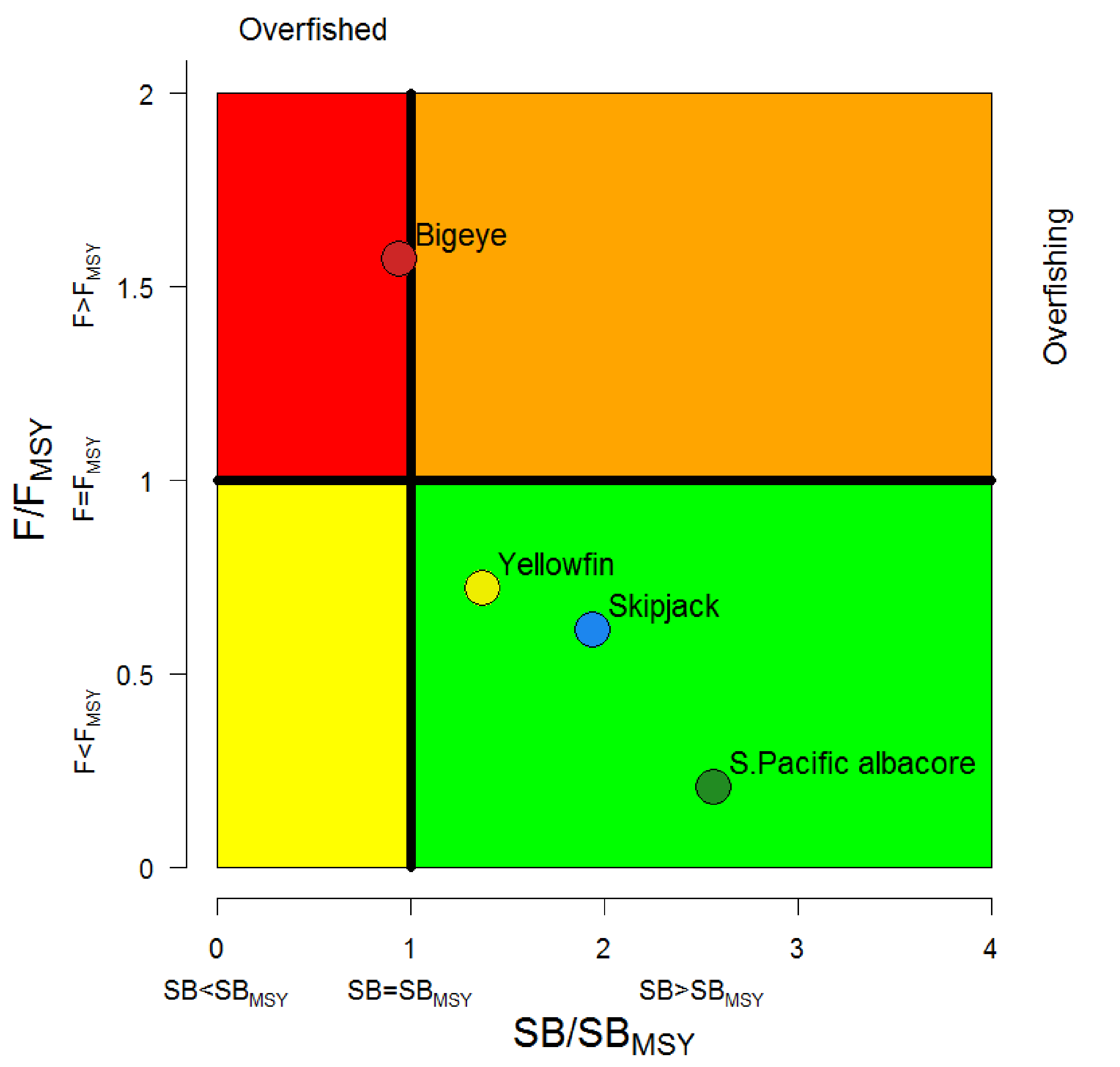
| | Processing capacity (thousand metric tons; 2008) | No. of processors |
|---|---|---|
| Thailand | 736 | 15 |
| Phillipines | 225 | 5 |
| American Samoa | 132 | 1 |
| Korea | 110 | 3 |
| PNG[1] | 100 | 14 |
| Japan | 78 | 3 |
| Vietnam | 45 | 3 |
| Indonesia | 20 | 6 |
| China | 20 | 2 |
| Fiji[1] | 18 | 1 |
| Solomon Islands[1] | 15 | 1 |
| Marshall Islands[1] | 10 | 1 |
| **Total** | **1,453** | 55 |




1 2013 data

SOURCE: FFA; McGowan & McCain 2010

# Stock Status Overview: "Kobe Plot"



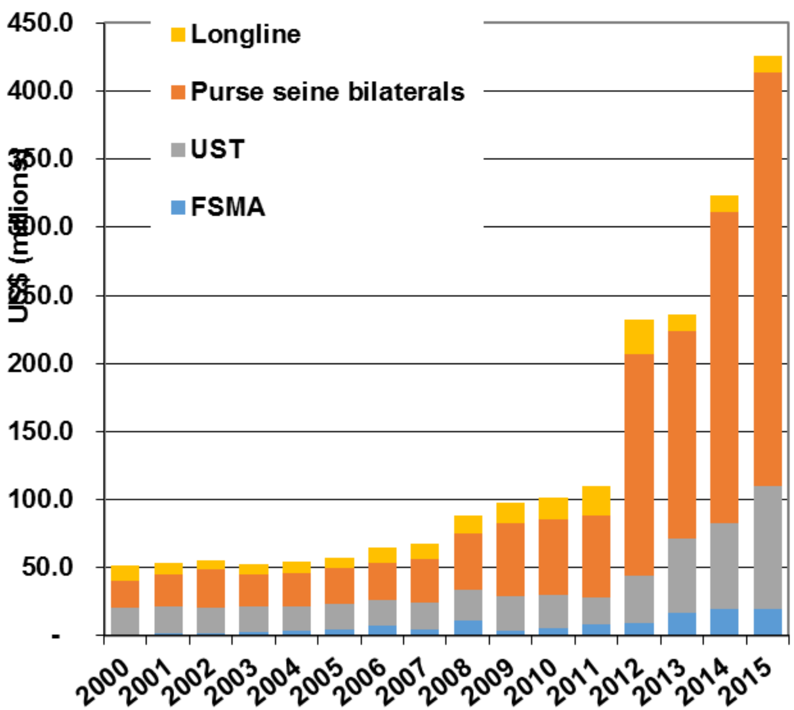

- 3 main stocks accounting for 95% of the catch are 'biologically healthy'
- Rate of stock reduction generally accelerating
- May be at or below preferred target levels
- BET the main focus of management action, but some by-catch - species of sharks - are severely overfished
- Albacore longline fisheries becoming uneconomic due to depletion of large adults

# Opportunities

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

# Measuring economic contribution

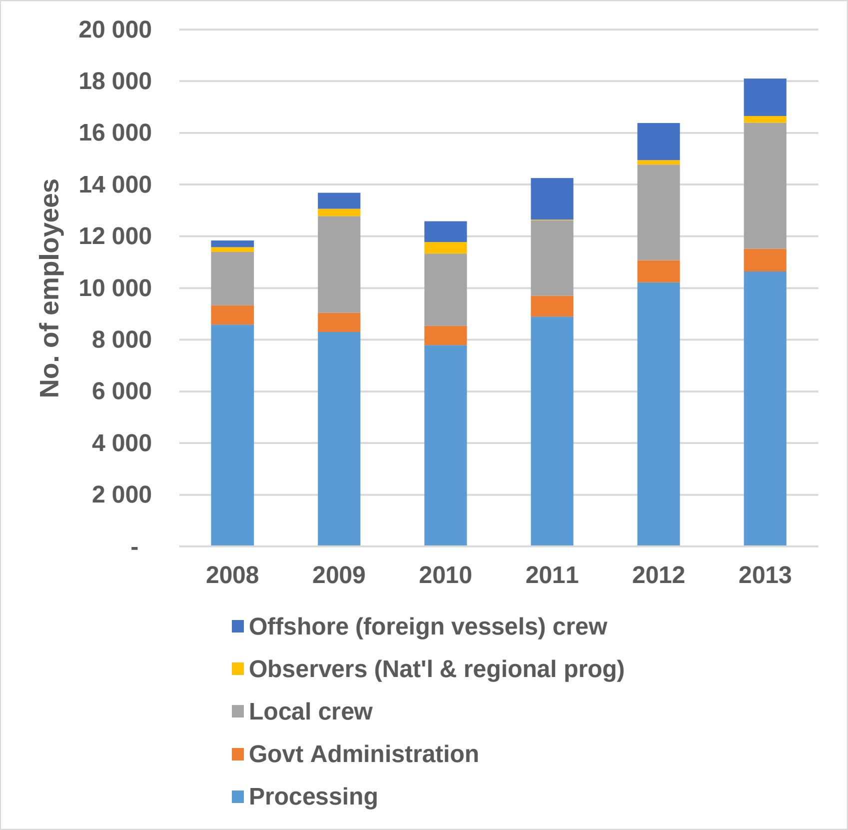
## Access Fees




## Success of the PNA VDS

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

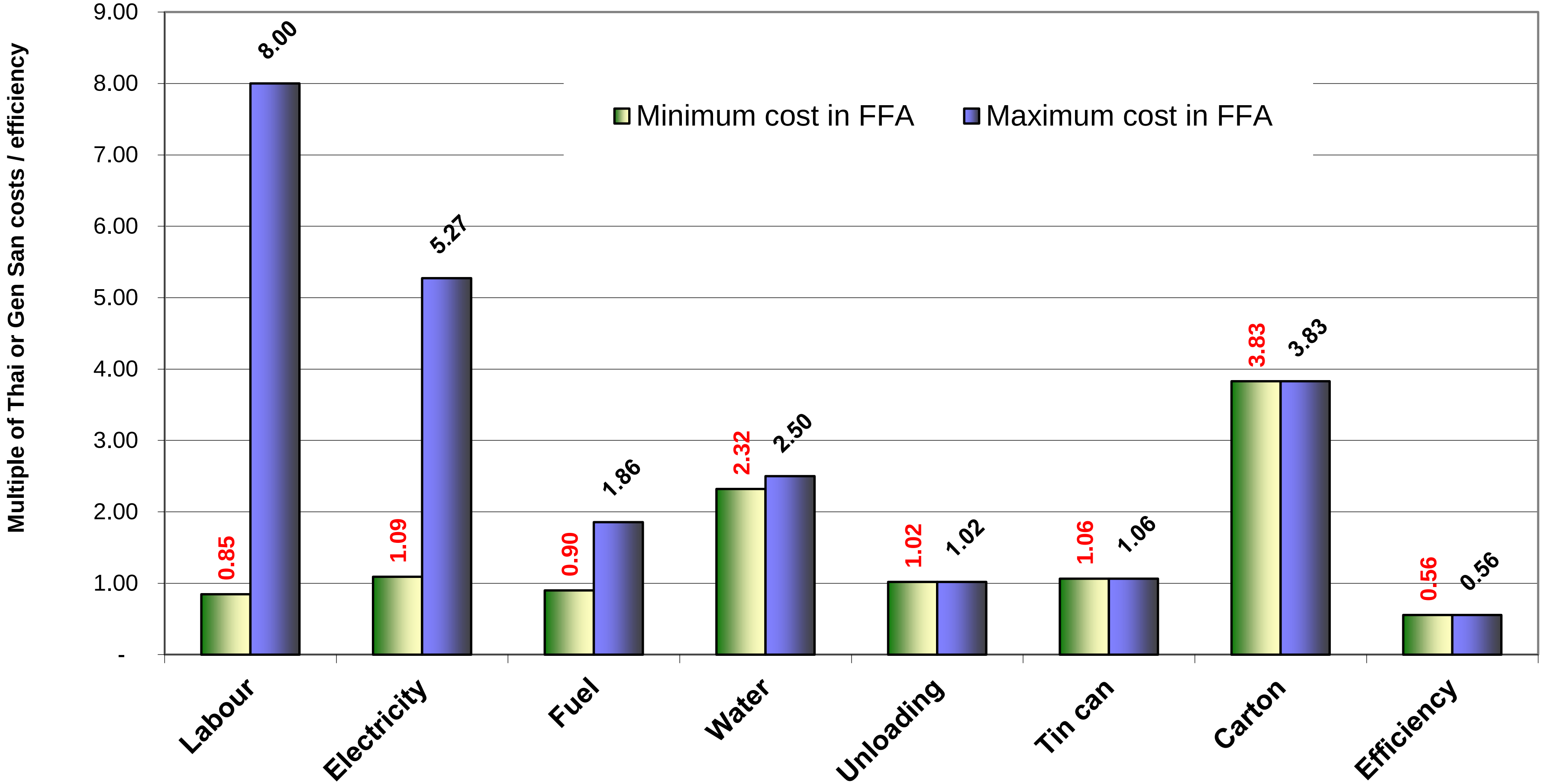
## Employment




## Growth in processing

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

# Development challenges
## competitiveness for processing



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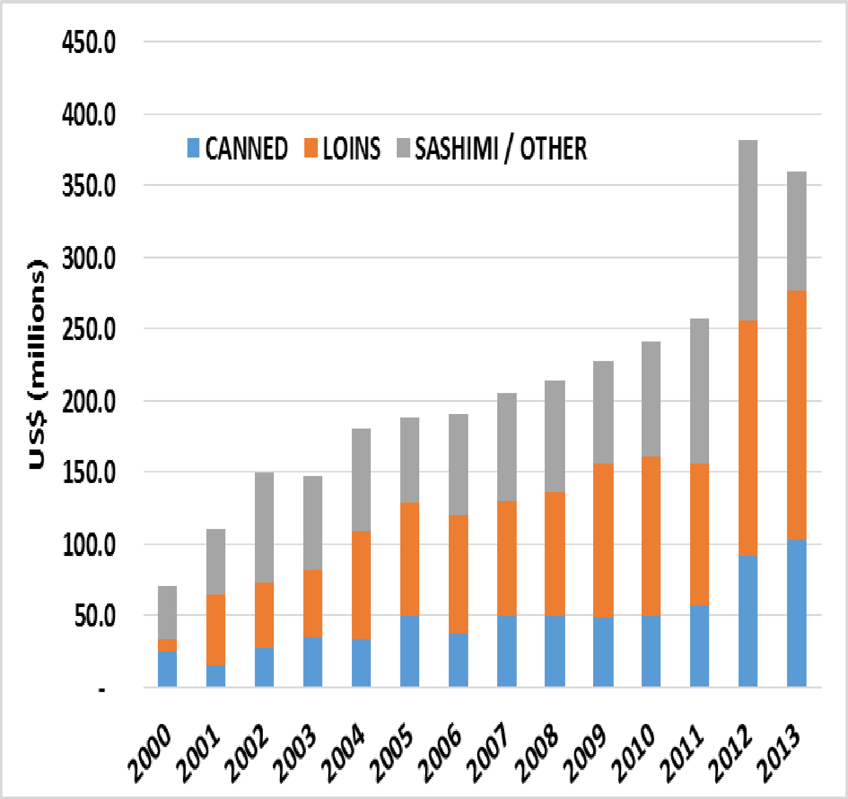
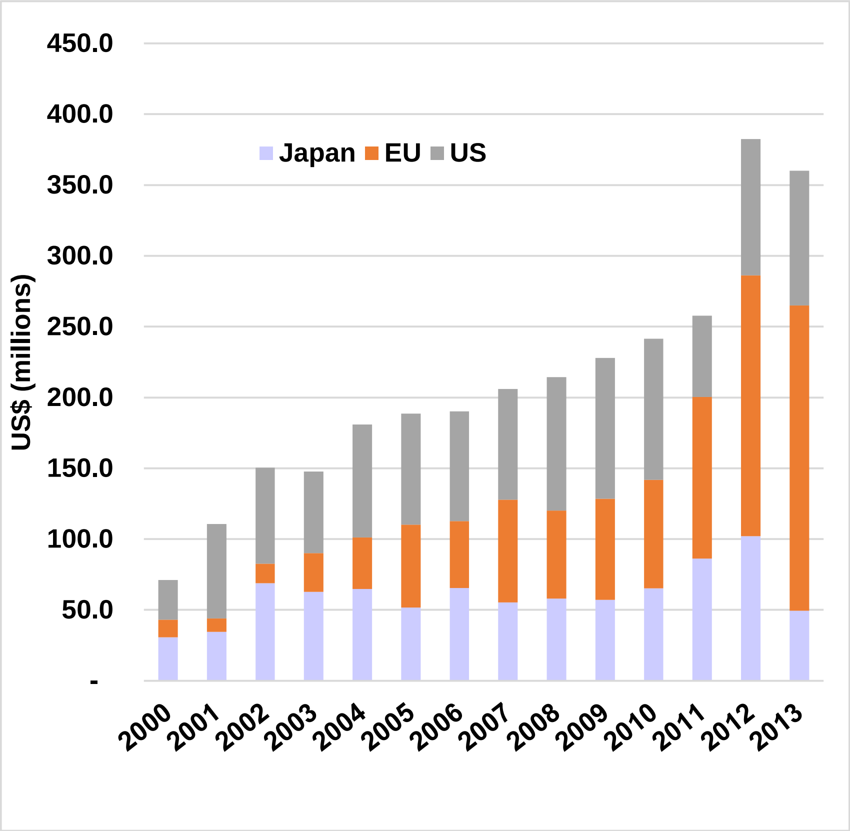
# Trade in Tuna Products

# Exports from FFA members

## By product




## By destination



# Tariff preferences
## A key driver of EU exports

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

# EU Market Access- Competent authority (sanitary)

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

# IUU Regulation

- Implementation of IUU regulation raises some concerns.
- 4 main requirements: Competent Authority (IUU); NPOA; Port State Controls; Catch Documentation.
- Countries reliant on market access have little choice.
- On the positive – many of the required actions make sense for P.I. fisheries

# EPA Negotiation


- Leaders' direction is to conclude an agreement;
- 11 red-line issues on fisheries conservation and management – fisheries access provisions not yet discussed;
- No clear commitment on global sourcing; PNG concerns;
- EU recommending signature of the iEPA and suspension of talks for 3 years.

# US Exports
## Mainly low tariff products

| Product | FAS | Other PICs | Pref., FTAs |
|---|---|---|---|
| Frozen tuna fillets | 0% | 0% | 0-2.4% |
| Canned tuna in oil | 35% | 35% | 0-29% |
| Canned tuna not " " | 0% | 6-12% | 0-4.9% |
| Tuna in pouches | 0% | 12% | 0-10.4% |
| Cooked loins | 0% | 1.1c /kg | 0- 4.2% |

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

# Other market access issues

- **Food Safety:**

Based on importer/ exporter guarantees rather than Govt. CA (EU, China) – but not ‘easy’.

**HACCP –** process control system to US standards;

**Bio-terrorism act –** registration of all overseas food processors;

**Food safety modernisation act –** mandates inspection of overseas plants by FDA, capacity building for

# Other market access issues

- **Dolphin safe** - All tuna products except fresh require a certificate of origin and Captain's statement – now applies to WCPO.
- **IUU and Seafood Fraud –** US is developing systems to prevent import of IUU caught fish and fraudulently sold seafood products.

# Other markets

- China – following EU model of Govt issued sanitary guarantees, but limited enforcement;
- Japan – based on importer inspection: special documentation required for Bigeye (ICCAT);
- Australia – testing at point of importation; expensive and delays fresh imports
- New Zealand – similar but with ‘approved importer’ status for local companies.

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# Ecolabelling

# Eco-labelling in general

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

# Marine Stewardship Council

- 3rd party certification scheme for sustainability of fisheries resource;
- Regarded as the ‘gold standard’ of fisheries ecolabels;
- Relatively few tuna fisheries certified : in the Pacific Islands - PNA skipjack free-school fishery; Fiji albacore longline fishery; and Cook Is. albacore LL fishery.
- Recent certifications have raised queries.

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# Others

- Fisheries Improvement Programmes
- Friend of the Sea
- Dolphin Friendly (Earth Island Institute)
- FAD – free tuna
- Fair-trade certification

*Some importers considering eco-label standards or government approval.*

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# Conclusions/Outlook

# Tuna Fishery Outlook


**Purse seine**

- Catch rates remain high
- Fish prices, particularly Skipjack are very low
- Lower fuel prices
- Many vessels would seem to be operating at a loss
- Various plans to curtail over-supply

**Longline - albacore**

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

# Development of processing

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

# Other employment opportunities


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

# The Future

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