

Tuna Market Intelligence

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Your fortnightly report on trends and influencers on the global tuna market from the Pacific Islands.

MARKET UPDATE

Bangkok prices for skipjack are USD1550/mt. Prices dropped about 1,5% from the beginning of January, due to weak demand from Thai canners. Supply is reported strong and increased trading activity has recently begun with canners beginning to fill their cold storage with bigger volumes.

INFLUENCERS REPORT

PNG canneries likely to remain open

In response to Papua New Guinea's new policy to end discounted fishing days, the PNG Fishing Industry Association President, Mr. Sylvester Pokajam, claimed in media that the six foreign owned processors threatened to close operations if they cannot continue to get subsidized fishing and be allowed to take fish offshore. It now appears that the companies have reconsidered and will stay open.

Prime Minister Peter O'Neill announced the policy in early December, telling the industry they would no longer receive discounts for fishing for merely being affiliated with a PNG-based cannery. Instead, all boat owners are now charged the full Vessel Day Scheme (VDS) fee and the government will pay rebates at a rate of USD400/mt for catch processed in Papua New Guinea. This incentive is double the previous incentive BUT only for fish processed in PNG, thereby it keeping processing jobs and product to be processed in Papua New Guinea. The change in policy is expected to create around 16,000 jobs as well as save hundreds of millions of dollars in direct and indirect commerce, taxes and foreign exchange as processing is ramped up to the levels agreed in the State Agreements. To date only one in five fish is processed in PNG.

The current expectation is that the six canneries will all open on or around February 1 at the conclusion of their annual Christmas break. A source told Atuna that "many things are not clear to us" and that, while they will all open and honor current contracts, some of the canneries will likely close mid-year if compromises cannot be made.

Whilst it is argued that industry doesn't understand the change, the PNG government notes the change was the result of several years consultation with industry and was first announced by the Prime Minister in the second quarter of 2017.

Meanwhile, there are discussions between the government and the private sector, working to iron out myriad details that come with the change in policy. The National Fisheries Authority (NFA) has already been to Wewak, Madang and Lae, holding well received meetings with industry leaders.

Fiji company to pilot blockchain project

Tuna fishing and processing company Sea Quest Fiji Ltd. Is embarking on a new trial, volunteering to pilot blockchain technology. Blockchain is owned by US-based software company ConsenSys and the trial is a sponsored by World Wildlife Fund (WWF) of New Zealand, Australia and Fiji, partnered with information and communications technology (ICT) implementer TraSeable. The plan is for blockchain to be ready to be used in Fiji's commercial tuna industry by the end of 2018.

Blockchain is a public digital information ledger, the same technology used with the digital currency, Bitcoin. It digitalizes blocks of information to be tracked along a chain of transactions that is permanent, traceable and accessible. One of its plusses is that it is difficult to hack as no one person holds the data. Another plus is that data can be entered and accessed from personal devices such as smartphones. For fisheries' purposes it tracks fish, allowing interested parties to see where fish is caught, processed and sold. Consumers and end buyers are able to access information regarding the origin and supply chain journey of the product with their smartphones, no longer relying on labels or other printed information.

Sea Quest will use the technology throughout their products' route from sea to retail shelf, working to make their process completely transparent for both industry and consumers.

Transparency leads to trust in the product's sustainability and also offers assurance that illegal, unreported and unregulated (IUU) fishing is not occurring. It also helps safeguard workers against human rights violations on fishing boats where harsh and unfair treatment, including beatings and starvation, have been reported on other companies' vessels.

WWF is hoping to bring blockchain technology to other nations in the Pacific. This may prove challenging as the small island nations are at varying stages of having consistent dependable Internet service. , While the Forum Fisheries Agency's deputy director general Wez Norris says there's huge potential in the new digital technology being piloted to track fish, he cautions that fish tracking is complex.

"A fish that might be caught in Solomon Islands might be transported to Fiji and it might be transported there and then marketed through a company in Singapore and then eventually end up in the US, and so all of those players need to be part of this system. It is going to take quite some time to build that level of trust and commitment."

In addition, there are other technologies in place that fisheries use for similar purposes.

PNA has been establishing a transparent fishery for the last several years. PNA's purse seiners report their catch electronically using a Fisheries Information Management System (FIMS). The FIMS data

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includes information about the catch, including real time information about location, speed and course of the fishing vessels. PNA's marketing arm, Pacific, uses data from the FIMS system to deliver full transparency of their product to the consumer.

The good news for all interested parties is that the need for transparency is clear, the means to do it is readily available and fisheries are getting on board as they respond to consumers' demand for sustainable products that are achieved ethically and humanely.

Majuro's \$450 million industry

Although tuna transshipments in Port Majuro declined for the second year in a row, statistics for 2017 confirm that an 302,621 tons of tuna moved through the Marshall Islands capital last year.

Majuro has been the world's busiest tuna transshipment port for the past four years, as purse seine fishing vessels have flocked to this well-positioned — and outfitted — port for the tuna industry

Tuna prices on the world market fluctuate, but were in the \$1,500 to \$2,000 per ton level for most of 2017. At \$1,500 per ton, the 302,621 tons of tuna transshipped in Majuro for delivery to offshore canneries had a value of over US\$450 million.

Tuna transshipments set a record in 2015, when 704 vessels transshipped 444,000 tons of tuna in Majuro, according to Marshall Islands Marine Resources Authority data. The number declined to 561 in 2016 and 465 last year. But the tonnage per transshipment increased in 2016 so even with the drop of nearly 140 transshipments, the amount of tuna was nearly the same at 411,000 tons.

Transshipment netted the fisheries department nearly \$800,000 in revenue in 2016, but spinoff benefits of having hundreds of vessels anchored in Majuro for days at a time were widespread for the local economy, including fishermen and vessels spending at local stores, restaurants, bars and hotels, and vessels refueling.

After a slow start, Pacific International Inc.'s net repair yard, opened in February, was seeing as many as five net repair jobs per week for purse seiners by the close of 2017, said PII CEO Jerry Kramer.

Numerous other islands, including Pohnpei, Kiribati and Solomon Islands, are wooing transshipment business. Coupled with this, when the location of tuna schools shift during and after El Niño climate events, vessels follow and often shift transshipment activity to ports located closer to fishing grounds.

Pacific's Daphine continues to enjoy internship

As Pacific's intern, Daphine Wase, is halfway through her three-month internship in the Netherlands, she continues to update her blog with her experiences. Her latest blog entries report that she has compiled a sustainability report as well as a translation webpage for Marshallese speakers. Daphine is also already thinking about May 2nd,

World Tuna Day, brainstorming ways to engage youth and educate them about tuna in fun and engaging ways. Debates, game booths and tuna cook-offs are just some of Daphine's exciting ideas.

To read Daphine's blog in full go to <https://pacificinsider.wordpress.com>

Tuna fares better in Pacific RFMO according to latest ISSF report

In its recently published report, the International Seafood Sustainability Foundation (ISSF) reports the state of tuna stocks in the four Regional Fishing Management Organizations (RFMO's), finding only six of 19 major commercial stocks are well managed, avoiding overfishing. The *ISSF 2017-09: An Evaluation of the Sustainability of Global Tuna Stocks Relative to Marine Stewardship Council Criteria* scores stocks against Principle 1 and part of Principle 3 of the Marine Stewardship Council (MSC) standard.

MSC's Principle 1 states: "A fishery must be conducted in a manner that does not lead to overfishing or depletion of the exploited populations and, for those populations that are depleted, the fishery must be conducted in a manner that demonstrably leads to their recovery."

MSC's Principle 3 states: "The fishery is subject to an effective management system that respects local, national and international laws and standards and incorporates institutional and operational frameworks that require use of the resource to be responsible and sustainable." Principle 3 has seven indicators. These indicators include consultation roles and responsibilities, compliance and enforcement, legal and customary framework, long-term objectives, fishery specific objectives, decision-making processes and management performance evaluation.

Western Central Pacific Fisheries Commission (WCPFC) fares better than the other three RFMOs in most areas. WCPFC was one of two RFMOs, along with the Indian Ocean Tuna Commission (IOTC) that received passing scores for all seven performance indicators under Principle 3. Western Pacific Skipjack received passing scores although Western Yellowfin and Western Bigeye did not.

The ISSF, a global coalition, is comprised of members of science, the tuna industry and the World Wildlife fund (WWF). The ISSF works to promote science-based initiatives for long-term conservation and sustainable tuna stocks, reduction of bycatch and promotion of a healthy ecosystem.

To see the ISSF report in full, see: www.iss-foundation.org

Palau acquires new patrol boat

Palau has acquired a new patrol boat, provided through funding from the Nippon Foundation and the Sasakawa Peace Foundation as part of a ten year, \$70 million assistance called Support to Enhance Coast

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Guard Capabilities and promote Eco-Conscious Tourism in Palau. A new berth and administration building as well as crew training and salaries are provided by the grant. In addition, the Nippon Foundation will provide fuel and maintenance costs for the next several years.

PSS Kadam, named for the Great Frigate Bird of Palau, arrived December 19 from Japan after the 15-man crew made a detour to the Philippines to avoid typhoons. The boat will be officially gifted to Palau in a handover ceremony next month. It will be Palau's second surveillance vessel, joining PSS HI Remeliik, previously donated by the Australian government.

Kadam will enhance Palau's marine surveillance and help to police the 200-mile Exclusive Economic Zone (EEZ).

Palau assesses new visitor fee

As of January 1, 2018, Palau is collecting \$100 per visitor, a fee dubbed the Pristine Paradise Environmental Fee. Every international airline is required to include the fee in the price of the ticket into Palau sold on or after January 1, 2018. Exempt from the fee are Palauan passport holders, pilots and crews, diplomats and transit passengers.

The environmental fee represents the primary financing mechanism for the Palau National Marine Sanctuary. Enacted in October 2015, the marine sanctuary law seeks to preserve 80 percent (500,238 sq. km) of Palau's exclusive economic zone as Palau National Marine Sanctuary and create a domestic fishing zone in the remaining 20 percent (85,896 sq. km). The law will be fully implemented in year 2020 following a five-year transition period.

The \$100 fee will be allocated as follows: \$10 dollars to Fisheries Protection Trust Fund; \$12.50 to state governments; \$25 to the security, operation, maintenance, and improvement of the Palau International Airport; \$30 earmarked for Protected Areas Network; and \$22.50 revert to the National Treasury.

Eating fish a smart idea for children

Children who eat fish once a week scored 4.8 points higher on the Wechsler Intelligence Scale IQ test than those who eat fish seldom or never. Even those who eat fish occasionally benefited with better verbal and non-verbal skills. Children who consume fish also sleep better. These conclusions come from a University of Pennsylvania School of Nursing Study published in Scientific Reports, December 21, 2017. 541 boys and girls in China, whose ages ranged from 9 to 11, participated in the study.

Jianghong Liu, lead author of the paper told the university's paper, Penn News, "This area of research is not well-developed. It's emerging. Here we look at omega-3s coming from our food instead of from supplements." But it is agreed that fish high in omega-3 fatty acids include tuna, salmon and sardines and that omega-3 fatty acids are concentrated in the brain and assist brain neurological function.

Send us your tips to rebecca@pnatuna.com

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