

Tuna Market Intelligence

Issue 66, February 8, 2018

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

MARKET UPDATE

Bangkok prices for skipjack tuna have continued to fall since November and are currently around USD1500/mt, nearing 2017's lowest Bangkok prices, occurring last April. Last February prices were at USD1700/mt.

INFLUENCERS REPORT

2nd Parties to the Nauru Agreement Leaders' Summit

PNA will host the 2nd Parties to the Nauru Agreement Leaders' Summit at the end of the month in Majuro, Marshall Islands. The official opening will take place the evening of Wednesday February 28th. Thursday is an observance of the RMI Nuclear Victims Remembrance Day, a RMI national holiday, so the meeting will resume on Friday March 2nd.

PNA CEO Ludwig Kumoru has invited two guest speakers from Alaska to the meeting. Siu Alaska Corporation CEO Cora Campbell and fisheries attorney, Joe Sullivan have been asked to share how Alaska fisheries were able to successfully transition from being foreign owned and operated to being a locally owned and economically viable fishery.

The Leaders' Summit's agenda covers an update on the last eight years, including the Vessel Day Scheme, sustainable management of the tuna fishery and challenges, progress on vertical integration and other commercial activities, and integrated Fisheries Information System (FIMS) and other activities. They will also look at a strategic way forward for the next eight years.

Managing fishing revenues is meeting topic

A workshop, "Forecasting Managing Fishing Revenues," opened in Majuro on Monday, February 5th. In his opening remarks RMI Minister of Finance Brenson Wase welcomed the group of 49 participants and stressed the importance and timeliness of the workshop.

Wase highlighted the six priority areas of the RMI government under current Compact agreement with the United States: health, education, environment, infrastructure, private sector development, and public sector capacity building. As fishing revenue has increased dramatically over the past ten years and with the Compact grant funding agreement due to run out in five years, increased collaboration of the Marshall Islands Marine Resources Authority (MIMRA), Ministry of Finance and the Economic Policy Planning and Statistics Office (EPPSO) are imperative for optimizing medium-term budgeting and investment framework. He noted that, while there is a trust fund that the RMI will use when the Compact funding agreement expires, this will need to be augmented with other efforts, which includes in a big way, fisheries.

Richard Neves and Iris Claus from the Pacific Financial Technical Assistance Centre (PFTAC) of the International Monetary Fund are facilitating the workshop. Neves delineated the goals and objectives of the meeting, which include strengthening collaboration between banks and financial offices with their country's national fisheries authorities as a way to forecast budgets and cash management. The meeting is an opportunity to increase capacity in budget planning, to support peer learning and encourage professional networks.

During the Monday session, representatives from each of ten countries gave brief presentations, providing fishery related facts and figures including how much of their GDP is attributed to their fisheries. Nine of the ten countries noted steep climbs in fishing revenue since 2011. They all agreed this influx of income is attributed to the vessel day scheme (VDS) used by the eight country members of the Parties to the Nauru Agreement (PNA) plus Tokelau. (Tokelau has a special arrangement with PNA as it cannot be a full member because it is not an independent country but it participates in the VDS.) Fishing revenue in the PNA has increased from USD60 million annually to USD450 million a year in the last seven years due to the VDS.

Eugene Pangelinan from FSM voiced his appreciation of the PNA but also noted that "one size does not fit all" when it comes to trading days under the VDS. He also said there are challenges, which include resistance from fleets and higher costs for fishing companies. He also added that not all parties are using iFIMS, the PNA monitoring system. Pangelinan stressed that transparency is imperative among the parties if the PNA system is going to continue to enjoy success.

The Cook Islands is the only participating country that is not a PNA member and its data showed less dramatic growth. One reason pointed out is that the Cook Islands have passed legislation making commercial fishing within 50 miles of their islands illegal.

Each nation is unique: some have transshipment ports and some have processing plants. Others don't have the infrastructure to support these ventures but all have significant exclusive economic zones (EEZs) teaming with tuna, a resource that is becoming increasingly important to these small island nations.

Workshop participants include representatives of ministries of finance, fishing agencies, statistics offices, and central banks from FSM, Kiribati, Nauru, Palau, PNG, RMI, Solomon Islands, Tuvalu, the Cook Islands and Tokelau.

The workshop runs through the week and will have guest speakers covering topics that range from "Understanding medium-term fiscal frameworks" and "How are fisheries measured in national statistics," to "Sustainability of the fishery." Time is allotted for questions and group discussion. The workshop is organized and facilitated by the

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International Monetary Fund's Pacific Financial Technical Assistance Center (PFTAC) and co-hosted by the Ministry of Finance with financial support from the Asian Development Bank.

Working Arrangements on the PNA presented by PNA CEO

PNA CEO Ludwig Kumoru presented on the *Working Arrangements on the PNA* at the *Forecasting Managing Fishing Revenues Workshop* held in the Marshall Islands on February 6.

In his talk, Kumoru explained the history of the Parties to the Nauru Agreement (PNA) and how they operate in conjunction to other regional entities such as FFA SPREP and others. He made it clear that PNA is a regional organization that answers to PNA leaders not Pacific Island Forum (PIF) leaders. Further, it is not part of the Council of Regional Organizations in the Pacific (CROP) and is self-financed, not beholden to donors.

As Kumoru explained PNA's Vessel Day Scheme, he noted that both the number of total days sold and stock levels in PNA waters have remained level throughout the years of the VDS. The high seas data, on the other hand, is quite different with numbers of fishing days and levels of catch escalating and causing concern for sustainability.

Of particular interest was a chart showing the number of vessels that fish in PNA exclusive economic zones (EEZs). While the number of vessels is also stable, between 240 and 270 fishing boats annually, when PNA flagged vessels are compared to foreign flagged purse seiners, the PNA flagged vessels are increasing while foreign flagged vessels are decreasing at about the same rate. This increase in domestic fishing is promising for the eight island nations that comprise the PNA as it bodes well for their economic and social well-being.

Pacificall, PNA's commercial arm was also explained to the workshop participants. Kumoru was happy to share their recent good news that Pacificall's canned skipjack tuna, caught in PNA waters, is now sold in all US states, in addition to Europe, Australia, China and others.

Kumoru touched on other topics including PNA's data system, iFIMs, and finished with a healthy question and answer session.

Nauru's Ajwo boat harbor to be upgraded

The Asian Development Bank's (ADB) Board of Directors has approved a \$21.3 million grant to help upgrade the Aiwo boat harbor in Nauru. This will make Aiwo the country's first fully functioning international port.

The Marshall Islands Journal reports that The Nauru Sustainable and Climate Resilient Connectivity Project will transform the largely inoperable boat harbor into an efficient, reliable, and climate-resilient port which will improve the quality of life of all the people in Nauru, said ADB.

Apart from ADB, the Green Climate Fund (\$26.91 million), the Government of Australia (\$14.08 million), and the Government of Nauru (\$17.3 million) will contribute financing to the \$79.59 million project, which will enhance port operations in Nauru through structural improvements and strengthened capacity of the Port Authority of Nauru.

"The people of Nauru as well as local businesses will benefit greatly from this upgrade. Nauru has been relying on the small boat harbor at Aiwo for 110 years and the time has come to upgrade its port infrastructure and operations through the Port Development Project, thanks to the joint efforts of ADB and the government of Australia, as well as the Green Climate Fund for their funding contributions," said Anton Jimwereiy, CEO of the Port Authority of Nauru. "The use of the new port will eliminate the recurrent cost of replacing the mooring system every five years, reduce other port operational costs, improve the efficiency and safety of employees, shorten the number of days a ship has to be in port to discharge cargo, and reduce the cost of imported goods through reduction in sea freight costs."

"The Nauru Port Project demonstrates how pooling of international resources can help preserve sea links that are vital for the economic prospects of vulnerable populations living in the Pacific," said Howard Bamsey, Executive Director of the Green Climate Fund. "Our partnerships with the governments of Nauru and Australia, as well as with ADB, serve as an example of how cooperation on climate action can assist small island developing states in all regions."

"Aiwo boat harbor is Nauru's main gateway for imports and exports and, for years, the people of Nauru have struggled with Aiwo's inefficient and sometimes dangerous operations," said Emma Fan, Regional Director of ADB's Pacific Liaison and Coordination Office in Sydney. "The new climate-proofed port planned for this site will better connect Nauru to the rest of the world."

"The new port will create jobs and economic growth through increased trade and investment in Nauru," said Australia's Minister for Foreign Affairs Julie Bishop. "This is one of a number of important infrastructure projects that Australia is supporting in Nauru and is part of Australia's efforts to promote prosperity and resilience across the Pacific."

Majuro's MIMRA holds NTSA implementation workshop

Marshall Islands Marine Resources Authority held a Niue Treaty Subsidiary Agreement (NTSA) implementation workshop last month in Majuro, RMI.

The Pacific Islands Forum Fisheries Agency (FFA) has conducted a series of in-country NTSA workshops in member countries that have signed and ratified the NTSA. The RMI is the latest Member Country to ratify the agreement that was put into effect last year.

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In addition to the workshop, an update on the United States fisheries treaty and stakeholder consultations were held in light of recent measures adopted at the Western and Central Pacific Fisheries Commission (WCPFC) at the end of 2017.

The objective of the NTSA workshop was to understand the operationalization of the agreement including the various modules in the Niue Treaty Information System (NTIS), a secure searchable system that is accessible to the NTSA parties. The FFA, Australian Fisheries Management Authority (AFMA) and Marshall Islands Marine Resources Authority (MIMRA) collaborated to make the workshop possible.

The Niue Treaty is a FFA multilateral treaty that aims to enhance members' abilities to enforce their fisheries laws. It involves a system of collecting data using their NTIS and sharing with the treaty parties so action can be taken against illegal, unregulated and unreported (IUU) fishing activities, whether from inshore or offshore fisheries. It is estimated that FFA countries lose around USD153 million annually to IUU activity.

Majuro's PII unveils facilities and services plan

Pacific International Inc. is proposing a major land reclamation project as part of developing a wide-range of on-shore facilities and services to support fishing vessels in Majuro.

The plan was outlined by PII Manager Bobby Muller at a public hearing sponsored by the RMI EPA. PII is currently working through the permit process with EPA to gain approval for creating over six acres of land on the ocean side reef adjacent to its lagoon side dock property past the bridge.

"This is part of an overall fisheries development plan to provide services to the fishing industry," said Muller.

PII has already completed phase one of its development plan with the opening of the net repair yard. Phase two is to extend the PII dock westward to a length of 1,200 feet to accommodate multiple vessels.

The dock expansion and ocean side development plan would be used to support a range of fisheries related needs from fuel to freezer storage for tuna that can be offloaded and transported by container to off-shore canneries. Shipping companies are looking to fill their vessels with out-bound cargo, which the proposed off-loading and tuna storage facilities would support.

Muller said the benefits of the development are numerous, including relieving congestion at Delap Dock, offering a shoreside tuna off-loading and storage location that will fuel spinoff opportunities and create jobs, while expanding frozen tuna exports by container that will reduce use of carrier vessels that are currently the main means of tuna transshipment.

Muller said there is competition in the region, including in the

Solomon Islands and the Federated States of Micronesia, to attract fishing industry business. "Without developing a fisheries dock, we'll lose out to other PNA (Parties to the Nauru Agreement) countries that are developing facilities," he said.

PII intends to create an ocean side quarry pit on the east side of the ocean reef flat to support the ocean side reclamation, while a lagoon location has been identified to support dock expansion.

EPA General Manager Moriana Phillips delivered a summary of the marine survey that was conducted by EPA's coastal advisor marine biologist Karl Fellenius. The main point of this was that new coral has grown well in previously dredged quarry pits on the ocean side reef flat that is the focus of the current project. This suggested that the new quarry pit to be used to dredge armor rocks for the land reclamation would provide a fertile environment for new coral growth.

SPC tuna tagging project a success

27,780 tuna have been tagged and released by the Pacific Community (SPC) as part of the Pacific Tuna Tagging Programme, a Western and Central Pacific Fisheries Commission (WCPFC) project. Species included skipjack, yellowfin and bigeye tuna. The purpose of the project is to provide data, allowing scientists to monitor tuna mortality, movement and growth. Species, location, condition and size of each fish was recorded. This is especially important as fisheries work to balance economics and sustainability and as climate change affects the migration patterns of sea life. The information will be invaluable to WCPFC as they continue to fine-tune sustainable management practices and conservation measures for their membership countries.

On a 50-day voyage that began last September, SPC used pole and line fishing to catch tuna and then tagged and released the fish in Papua New Guinea's Exclusive Economic Zone (EEZ) for 21 days and in the Solomon Islands for another 29 days. The fish were measured, tagged with plastic tags and let go within seconds of being caught.

Similar projects have been conducted since 2006, but this is the largest to date.

Fiji's *The Jet* quoted Neville Smith, SPC's Principal Fisheries Scientist, who was highly complimentary of the team, saying, "The key highlight was obviously the number of tags Bruno and the team released, with additional highlights being the development of new tagging technicians, the amount of biological sampling conducted, without forgetting that these good results would not have been possible without the support and efforts of the vessel crew."

SPC requests return of any tags and offers compensation of a reward payment. Any one who recovers a tag is encouraged to contact SPC at tagging@spct.int or visit their webpage at www.spct.int/tagging.

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Pacific delegates learn from Iceland

Last October an Iceland-Pacific fisheries exchange took place where 16 Pacific island nation leaders from government and industry met with six representatives from Conservation International and Nia Tero and 15 members from Iceland fisheries related institutions and enterprises. The aims were to improve the management and economics of their respective fisheries and oceans through exchange of ideas and experiences. Delegates from the Pacific flew to Reykjavik, Iceland and learned how Icelanders turned their cod fisheries around; their fisheries now flourish where once Iceland was one of Europe's most impoverished countries. Conservation International (CI) with the support of the Arctic Circle Assembly, the Emerson Collective, Nia Tero, the Government of Iceland and World Bank facilitated the exchange.

One of the valuable lessons the Pacific fisheries representatives took from the exchange is how the fish are handled and managed. Iceland fisheries work to ensure their cod maintain the highest possible quality and, using superior business models bolstered by advanced technology, have developed creative innovations. These include an iceless fishing trawler that keeps their catch at a constant minus 1.5 degrees Celsius and fish processing equipment that scans fish fillets, determining how to produce the most valuable portions for fresh products. In addition, 100% of every fish is used, including heads, bones and guts, what is normally considered waste, for food, science, medicinal purposes and more. This way they can gain the highest possible economic value for their fish without increasing the harvest and compromising stocks. The catch of cod in Iceland has actually reduced from 460,000 market tons (mt) in the 1980s to 250,000 mt today to maintain sustainability, but catch value has tripled.

Iceland proactively guards its catch and its waters. It boasts a system of transparency that is more adept than most. Anyone can access the system anytime, seeing information that includes where fishing is taking place as well as catch data. This system reduces illegal, unreported and unregulated (IUU) fishing and encourages compliance and cooperation. Iceland also has state of the art Coast Guard vessels that conduct surveillance.

Pacific delegates also learned that Iceland uses a catch-based quota system that works to keep harvest within sustainable parameters. There is an incentive system where fishers own a portion of their catch. Noting this, the Pacific representatives realize they need to look at their ocean with new eyes, working to understand which countries own which tuna. Tuna is migratory, but also predictable so it is possible to analyze their patterns and determine which countries can lay claim to specific stocks. Conservation International says that it is helping the Forum Fisheries Agency and the Secretariat of the Pacific Community in this work so that sustainable catch limits can be established and maintained.

FAO summarized for the Pacific visitors stating, "The lessons learned from this exchange have inspired new ways of implementing existing regional policies that have high-level political buy-in and acceptance, and will have catalytic effects on improving fisheries management through increased inter-regional cooperation between Pacific and Iceland Partners. The Vessel Day Scheme for instance, a critical component of the zone-based Pacific Islands fisheries management model, presents significant opportunities to maximize local sustainable development, as was previously noted by the Marshall Islands Marine Resources Authority Director Glen Joseph: 'It's not about cutting out the distant-water fishing nations. It's about developing the capacity of our islands to fish our own waters and process the catch.'"

At roughly the same time the Pacific representatives were in Iceland, another Pacific group, from PNA, visited Alaska. Both trips were inspirational as the visitors saw how once impoverished communities turned their economics around through careful, deliberate, transparent changes in policy and practice. These changes allowed both Alaskan and Icelandic communities boost their economies by taking control and keeping fish that are in their exclusive economic zones and by creating transparent, science-based, sustainable harvest practices using innovative technology.

Send us your tips to rebecca@pnatuna.com

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