

Tuna Market Intelligence

Issue 62, November 23, 2017

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

MARKET UPDATE

Bangkok prices for tuna have fallen following the conclusion of the four-month WCPO FAD ban. From an October peak of USD 2,350/mt, November prices have recently concluded at USD 2,100/mt given expectations of increased supply.

INFLUENCERS REPORT

PNA recommended for MSC recertification

PNA's Conformity Assessment Body (CAB), Acoura Marine Ltd., has again reissued a report strongly determining that the PNA MSC free-school purse seine fishery should be recertified for another five years, and has submitted its report to the Independent Auditor (IA) to consider. This follows repeated objections by the International Pole and Line Foundation (IPNLF) to PNA's MSC free-school skipjack and yellowfin fishery in an attempt to block the MSC recertification process.

Pacifical, the commercial marketing arm of the PNA, responded saying, "Acoura's maintaining their position for recertification comes as no surprise to Pacifical and the PNA office, as most of the points raised in the objection were not directly related to the sustainability of our fishery, but rather mostly towards MSC policies and standards in general. We remain confident that this process will lead to a positive outcome for the PNA's ocean ecosystem and our people, who depend on it. This will allow Pacifical to continue to make fully sustainable MSC certified skipjack and yellowfin tuna available to consumers around the world for many years to come."

Mr. Kumoru, PNA CEO, said, "The global tuna retail sector and the tuna industry have clearly recognized the IPNLF agenda and commercial intentions of a campaign to discredit MSC, PNA and MSC-certified fisheries principles. It is clear that the aim of this campaign is to damage MSC, prevent PNA recertification, and in doing so, promote pole and line fishing instead. However, pole and line

fisheries have many issues and most do not meet MSC standards for sustainability."

If the IA believes there are any substantive unresolved issues, Acoura will immediately seek an oral hearing and adjudication, this following MSC procedures.

Daphine Wase begins Pacifical's first PNA internship

As Daphine Wase gets ready to head to the Netherlands, she quietly but confidently says she is "an island girl ready to bring something to the table." Wase is the first person selected for a three-month marketing internship with Pacifical, the commercial arm of PNA.

Wase learned about the internship through an email from the USP Marshall Island Association President, Kimber Rilometo. He emailed the USP marketing students details he found through Pacifical's advertisement in the Marshall Islands Journal and Wase jumped at the opportunity. She provided a letter of interest and a resume and was invited to two consecutive interviews. Three weeks later she found herself in tears of joy when she received a congratulatory email.

She says this opportunity is a good fit for her as it is in her field of study; when she finishes just two more classes, Wase will have her Bachelor of Commerce degree with a major in human resource management and a minor in international business marketing. One of her career goals is to see the RMI less dependent on donors, able to more independently provide for its people. And with fish being one of the RMI's greatest resources, she sees doing an internship with a fishery-related business as a positive step toward realizing her goal.

Wase also mentioned the Pacifical logo, an island girl with a flower in her hair. She loves the logo, finding it empowering, both as an islander and a woman.

Wase is nervous but excited. She's been put at ease by one of her interviewers, Pacifical CEO Henk Brus, who has assured her that Pacifical has a friendly work atmosphere.

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Others from Pacifical have contacted her as well, providing information and welcoming her to the team. Wase thinks Pacifical is a small business that does big work.

Once her three-month internship is over, Wase hopes to return to Majuro where she wants to work for PNA/Pacifical and take the last two classes needed for her to graduate.

Pacifical plans to offer several internships over the next few years to citizens from the different PNA countries. Qualified citizens from Nauru are currently invited to apply for Pacifical's second internship opportunity.

Healthy stocks in WCPO

Western and Central Pacific Fisheries Commission (WCPFC) data states that the spawning biomass of skipjack, yellowfin and bigeye are all "green."

The biannual ISSF report summarizes stock assessment from five different Regional Fisheries Management Organizations (RFMOs) for the 23 major tuna populations around the world. The study gives rankings of green, yellow and orange to criteria that include abundance, exploitation/management, and environmental impact. A score of green is ideal, indicating healthy stock.

It is noted that the ISSF report is cautious about the WCPFC green status, stating a measure of uncertainty in assessment results, thus upgrading the spawning biomass level from orange to yellow, rather than the green WCPO status.

PNA's various conservation efforts are also largely credited for the improved bigeye tuna stocks in the WCPO, with the bigeye coming off of a 2014 overfished status. The Status of the Stocks report states that the bigeye stocks in both the Eastern Pacific and the Western and Central Pacific have improved one sustainability level since ISSF's report last February.

The Western and Central Pacific Ocean catches a higher proportion of free school skipjack and yellowfin than any other region. In 2015, 43 percent of skipjack and 31

percent of yellowfin landings were from free school catches, this in part reflecting the economic incentives of MSC.

At this time, only 11% of the globe's tuna catch is reported to come from overfished stock. Yellowfin stock from the Indian Ocean and bigeye stock from the Atlantic Ocean continue to be overfished.

Kurukuru 2017

Kurukuru 2017 was a ten day surveillance operation the Pacific Forum fisheries Agency (FFA) conducted to combat IUU fishing in October. Over 500 officials were involved from across the Pacific. Pacific Forum Fisheries Agency (FFA) member states and partners organized and led the operation, including 12 patrol boats and 15 maritime headquarters. Australia, France, New Zealand and the US also supplied aerial and surface support to the effort. The operation detected 480 vessels with optical sensors, resulting in more than 100 vessels boarded and inspected.

The Federated States of Micronesia participated in Kurukuru with their three patrol boats, seizing a Taiwan purse seiner they suspect of illegal fishing. The vessel is under investigation as to whether the vessel breached license conditions.

According to Radio NZ, FSM's National Oceanic Resources Management Authority, Eugene Pangelinan said, "We want those vessels given the right to fish in our EEZs to take their license conditions seriously, or face prosecution."

Philippines concerned over PNG policy

The Philippine government has voiced concern over Papua New Guinea's plans to require that all fish caught under local processing ventures in PNG to be processed on PNG soil, and thereby providing jobs, commerce and foreign exchange earnings. This follows revelations that only about 1 in 5 fish from domestic catches associated with local processing plants is actually being processed in

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PNG. The PNG government has been financially supporting all vessels including the Philippine fleet that is associated with some PNG processors for decades, with the intent that the cheap fish should be processed in PNG.

In the new shift, PNG is looking to charge full fees for all fishing regardless of flag and instead generously support the costs of processing in country. As each company is vertically integrated it should incentivize landings as the future support is based upon what is processed.

Business Mirror quotes the Philippine Agriculture Secretary, Emmanuel F. Piñol as saying, “We have a problem with Papua New Guinea right now. Before, Filipinos can catch tuna in Papua New Guinea and process it in the Philippines. Now, their government wants all tuna caught in their waters to be processed in Papua New Guinea. If that pushes through, then our tuna processing industry here would be affected. The request of the stakeholders in the tuna industry is for them to be allowed to process part of their catch in the Philippines. Currently 40% of the Philippine’s catch comes from PNG.”

The Philippine president, Rodrigo Duterte and PNG’s Prime Minister Peter O’Neill met during the Philippines-Papua New Guinea bilateral meeting on the sidelines of the Asia-Pacific Economic Cooperation Summit in Vietnam. Duterte asked O’Neill to reconsider his policy, asking him to allow Filipino fishing companies to bring part of their catch to General Santos City in the Philippines. In exchange Duterte offered to help exploit PNG’s rice and coconut industries. According to ABS CBN News, O’Neill “promised to review the new fishing regulations and promised consultations with Filipino investors in his country.”

Australia to aid in IUU detection in the South Pacific

Australia has committed to fighting Illegal, Unreported and Unregulated (IUU) fishing in South Pacific Waters in an initiative called the Pacific Maritime Security Program (PMSP). Their defense department will spend AUD10 to 15 million annually to fund contracted aerial surveillance. They will also purchase 19 patrol vessels to gift to South

Pacific island nations. These measures will enable them to more effectively cover the exclusive economic zones and adjacent high seas of the 15 countries associated with the Forum Fisheries Agency, an area of more than 21 million square kilometers. It will also enable faster enforcement for investigation of suspected IUU vessels.

Australia’s plan aims to strengthen regional cooperation by allowing FFA members to work together with increased levels of shared information. They also aim to enhance the FFA members’ abilities to monitor and control their own resources.

Prime Minister Malcolm Turnbull describes the program as “the centerpiece of Australia’s defense engagement in the South Pacific.”

The PMSP is designed to complement continuing support provided by the Quadrilateral Defense Coordinating Group, which involves Australia, US, France and New Zealand.

Fisheries revenue up in Micronesia

The impact of tuna fisheries revenue in Micronesia has more than doubled in the past several years compared to the mid-2000’s according to the Marshall Islands Journal.

A presentation by the Graduate School USA on the “value added” by fisheries to national economies of the Republic of the Marshall Islands, Federated States of Micronesia and Palau shows that last year, fisheries revenue amounted to 12 percent of gross domestic product. This compared to about six percent in 2006. The rise is directly related to the participation in Parties to the Nauru Agreement’s vessel day scheme that has seen a region wide increase in tuna revenue from \$60 million in 2010 to \$460 million last year.

Two joint ventures are making a difference for Solomon Islands fisheries.

Tri Marine and Maersk have signed a memorandum of understanding with the Solomon Islands Ports Authority (SIMPA) to expand the Port of Noro to enable greater tuna transshipments and exports.

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The Solomon Star reports Mr Kotelawala, CEO of SIMPA, as saying the MOU will help the Solomon Islands “transform into a regional export hub in the Pacific.” He added that expansion of the port will create jobs and improve the livelihood of those living in the Noro Port area. He adds that it will also “let exporters get competitive shipping rates to export their products to the rest of the world.”

With the signing of the MOU, Tri Marine commits to bring more fishing vessels for off-loading to the Port of Noro. Tri Marine owns SolTuna, a tuna processing company in the Solomons. They also have a tuna pole and line fleet that operates in Solomon’s waters as well as a purse seine fleet, all of which are MSC certified.

Maersk, the world’s largest container shipping company, commits to providing the port two fish off-loaders in addition to training.

Meanwhile, a joint venture between Taiwanese Global Fisheries Limited and Solfish commenced last February and has resulted in over 50 reefer containers exported to overseas markets. Global Fisheries Executive Officer Jack Chi Tien-I reports they have “managed to bring in more long line vessels into Honiara after they have seen our joint venture.” They have also improved their onshore storage facility, which has a 200 M/T raw material cold storage capacity.

The Solomon Star reports, “This join-venture displays steps taken by the Democratic Coalition for Change Government (DCCG) to reform its respective fisheries policies ensuring the creation of a conducive investment environment, one that is competitive regionally. In doing so, the DCC Government is purposely striving to create more employment opportunities for Solomon Islanders residing in Honiara.”

Meanwhile, purse seiner discharges in up to 40-foot reefer containers is also occurring in Kosrae, FSM and RMI under other arrangements with several hundred containers shipped directly to processors in the last month. Maurice Brownjohn, PNA Commercial Manager,

commented, “this is an extremely positive trend in the region, increasing exports, commerce and jobs.”

FAO Director urges PSMA adherence

Food and Agriculture Organization (FAO) met with Pacific leaders November 11th in Rome. As FAO Director General José Graziano da Silva addressed the leaders he stressed the importance of the FAO Ports State Measures Agreement (PSMA) as the main tool countries have to combat to Illegal, Unreported and Unregulated (IUU) fishing in their waters. He urged all nations to adhere to the agreement saying, “You are countries with more water and natural resources to preserve than any other countries. This is why the Port State Measures Agreement is important. FAO is committed to support you to implement and monitor your PSMA process. We can provide assistance for your national legislations, training and funding to put the agreement in place. We will not be able to safeguard our ocean environment if we don’t combat illegal fishing.”

The FAO Ports State Measures Agreement was signed November 2009 and put into force June 2016 with 34 participating parties. Under the treaty fishing vessels are required to request permission to dock in port and to inform the port of its fishing operations details. The treaty includes requirements including equipment inspections, paperwork catches and ship’s records.

Send us your tips to rebecca@pnatuna.com

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