

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

Skipjack prices in Bangkok have reached between \$1,950 and \$1,970 per metric ton, a slight increase since the end of June.

Send us your tips to rebecca@pnatuna.com

Tuna Market Intelligence is an independent publication, sponsored by the Parties to the Nauru Agreement (PNA) to unearth industry and market information from Pacific Island reporters and analysts. Reprint in the media from the PNA countries is free. All other reprints must be authorized. Contact us on rebecca@pnatuna.com or see more on www.pnatuna.com

INFLUENCERS REPORT

PNA VDS Update

Of the total 45,590 PNA and Tokelau vessel days available for purse seiners, 23,049 — 51% — have been used as of July 7th. This is a 5% increase over days reached by the same time in 2016 where 46% vessel days (21,259) were used. Effort averaged about 4,000 days during both first and second quarters of 2017.

PNA celebrates milestone

Since 2013, PNA has required purse seiners to meet strict requirements in order to maintain sustainability in their waters. Just last week PNA marked its 2,000th Marine Stewardship Council (MSC) trip. As PNA reached this benchmark, Pacifical, PNA's global marketing company, responded "Today we are proud to say that there are over 250 million consumer units of MSC certified tuna co-branded with the Pacifical logo being distributed in 26 countries spread over four continents."

PNA's MSC recertification in process

Not only has the PNA skipjack and yellowfin free school tuna fishery undergone the Marine Stewardship Council standard five-year certification reassessment, it has done so with flying colors. The aim for MSC certification is to score above 80 in 28 separate areas. PNA scored a perfect 100 in seven of these areas, 90 or above in 10, and between 80 and 90 in most others.

MSC addresses vessels with mixed certification at roundtable meeting

The Marine Stewardship Council recently hosted a round table discussion in response to stakeholders' concerns regarding fishing vessels with mixed certification activity. The concern that there are vessels that have both MSC certified and non-certified catch onboard was a major focus of the meeting.

PNA and MSC defended its practice of allowing vessels to have non-certified fish on board at the same time as eligible catch. In order for a catch to earn certification in these scenarios, the two types of catch must be completely separate and, as per MSC chain of custody, the MSC eligible catch must be completely traceable and sorted onshore.

In a free school catch triggerfish and other non-target FAD associated species will be absent; in a catch where FADs are used, these species, along with an increase in targeted juveniles, will be present.

MSC explained their rationale for the dual catch system is that they want to incentivize fisheries to make improvements in their practices and that by allowing vessels to have both certified and non-certified catch onboard, they are taking a step in the right direction.

Tuna Market Intelligence

As the meeting concluded there was clear evidence that the current system is working provided there is a strong chain of custody. MSC agreed to review the partitioning practices and will likely raise the chain of custody standards to even more stringent levels. The MSC roundtable meeting was held in London, June 6-7.

PNA industry training to take place

PNAO/NFA/FIMS are co-hosting industry training in Manila, July 19-21. Over 100 registrants indicate evidence of high interest for the fishing industry to work together with PNA. The objective of the workshop is to train industry on electronic data collection using the PNA fisheries information management system (FIMS). Topics will include strengthening catch documentation schemes (CDS), a critical topic, as the European Market requires fisheries traceability back to the vessel. For a flag state to operate as a EU approved Competent Authority (CA) the document trail must cover all vessels and onshore facilities in order to export to European buyers.

PNA mourns observer

James Junior Numbaru of Papua New Guinea was lost at sea in Nauru waters. He was serving as a PNG national observer on the Chinese purse seiner *Feng Xiang No. 818*, based out of Wewak, PNG. The local police in Nauru reported no signs of foul play but Papua New Guinea's National Fisheries Authority has requested the vessel to return to Rabaul for inspection and inquiry into the incident.

When PNA officials learned of Numbaru's death, they responded with further resolve to strengthen safety procedures for their observers. As members of PNA were assembled at the FFA Ministers Meeting in Queensland, Australia, they held a minute of silent observance in remembrance of Numbaru.

Numbaru was in his mid-twenties and had served as an observer for five years. He was the fifth observer to die in the line of duty as an observer within the Western and Central Pacific Ocean.

Observer Safety

The PNA regional observer programme has put several safety features into place for its observers. Included are two-way reporting units with distress buttons, e-reporting systems and standardized personal safety equipment for observers. In addition, PNA observers' data is sovereign for that zone or regional programmes: no data should be shared directly with industry for commercial purposes without specific authority. At the 12th Ministerial Meeting in June, PNA ministers directed the PNAO, FFA and SPC to work together to examine policy issues surrounding observer safety and use of observer data by industry, with concerns that industry access to data would endanger the observer's life as well as undermine the vital observer programs which contribute to compliance and science.

PNG makes plans to be the tuna capital, no longer a tuna donor

PNG Prime Minister Peter O'Neill stated that PNG will enforce full compliance of State Agreements for processors and associated fishing vessels. This includes stopping the discounting of vessel day prices to vessels linked to processors in Papua New Guinea. In the future, rebates would be offered to companies whose fish is first processed in PNG. O'Neill has directed the National Fisheries Authority to finalize the change and ready for the sale of 2018 vessel days by July.

Currently less than 25% of all fish caught by PNG vessels is processed in PNG. At the Leaders Summit in March, it

Tuna Market Intelligence

was reported by NFA that PNG loses about \$110 million in direct income and another \$513 million in lost taxes and contribution to their GDP with fish heading offshore unprocessed. With existing processing capacity, per States Agreements, PNG looks forward to seeing as many as 24,000 new direct fishery-related jobs, many of these for women, up from the current 9,000, this by just forcing compliance with State Agreements. By 2018 PNG will have up to nine fish processing plants in full operation, seven of those in Lae.

O'Neill maintains that "Our Government is taking firm measures to ensure officials enforce State Agreements for the benefit of our citizens and not for the benefit of foreign companies."

Majuro tuna transshipment picks up

Tuna transshipment in Port Majuro had its biggest month of the year during May, with 50 purse seiners transshipping their fish cargoes to carrier vessels anchored in the lagoon. The May-June period increased the monthly average of transshipments for 2017 to 34.

The Marshall Islands Marine Resources Authority recorded 50 transshipments in May and another 36 in June. Through the first six months of the year, there have been 205 tuna transshipments in Majuro. The monthly average is down from last year's record average of 47 per month.

Indian Ocean fishing year to end early

As 2017 fishing quotas in the Indian Ocean will be fulfilled as early as October, their affiliated canneries are nervous. Their options are to race to purchase the limited tuna quantities at the higher prices or to quit buying until 2018. An alternative solution is for them to purchase tuna from PNA if derogation for the rules of origin can be arranged. Ultimately the Indian Ocean's tuna shortage affects the fish market globally resulting in higher prices and slower sales.

Executives from tuna giants plead guilty

Executives from StarKist and Bumble Bee tuna companies have pled guilty to price fixing to keep the price of tuna artificially high on US grocery shelves from 2011 to 2013, reported The New York Times and Reuters. While the US court will sentence the StarKist executive, Stephen Hodge, in March, Bumble Bee executive Scott Cameron has agreed to pay \$25 million in fines and has been sentenced to 10 to 16 months in prison. A second Bumble Bee executive, Kenneth Worsham, will likely be sentenced similarly. Both companies have agreed to cooperate with the US government.

Sales of canned tuna have declined over recent years in the US: to offset the market loss, StarKist and Bumble Bee colluded to keep prices high despite a sharp decline in frozen skipjack prices in 2014.

Bumble Bee, StarKist and a third company, Chicken of the Sea, control roughly 80 percent of the US canned tuna market.

In addition to the Department of Justice's criminal investigations, there are also at least 53 civil complaints against Bumble Bee, StarKist, and Chicken of the Sea by retailers, consumers, commercial interests such as restaurants, and direct purchasers. Retailers include Walmart, Target and Publix. They allege that the US tuna giants not only colluded to price-fix canned tuna but also to downsize their cans from 6 to 5 ounces, and agreed to use tuna caught with fish aggregated devices, even though labels claim their products are FAD free. The US Department of Justice has put these lawsuits on hold in order to keep their criminal investigations from being compromised.

Thai Union announces reforms

Thai Union, a global seafood giant that owns several global brands including John West, Petit Navire and Chicken of the Sea, announced they have made an extensive agreement with Greenpeace. They are putting

Tuna Market Intelligence

several major changes into effect; changes that, if made, will greatly help fishing sustainability worldwide. Among their buying policy commitments is a pledge to buy only from fishing vessels that cut FAD fishing by 50% by 2020. They will also significantly curb purchases from long liners, transitioning a percentage of their buying to pole and line or troll caught fish. In addition, they vow to extend their current transshipping-at-sea moratorium unless their suppliers meet strict conditions. They have also agreed to purchase from vessels that guarantee independent observers on 100% of their longline fishing vessels. Furthermore, Thai Union has committed to full digital traceability, has agreed to create a code of conduct that will help to strengthen and protect workers' rights, and have agreed to be independently audited in 18 months.

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ABOUT THE PNA: The Parties to the Nauru Agreement (PNA) are eight Pacific Island countries that control the world's largest sustainable tuna purse seine fishery supplying 50 percent of the world's skipjack tuna (a popular tuna for canned products). They are Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Solomon Islands, and Tuvalu.

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