

**Assessing Alternative Markets:
Pacific Islands Canned Tuna & Tuna Loins**

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for

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The content of this report (including all analysis and opinions) are solely the responsibility of the consultant and do not necessarily reflect the position or thinking of the Pacific Islands Forum Fisheries Agency.

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ACRONYMS

AANZFTA	Australia-New Zealand Free Trade Area
ANZCERTA	Australia-New Zealand Closer Economic Relations Trade Agreement
AQIS	Australian Quarantine and Inspection Service
AQSIQ	Administration of Quality Supervision, Inspection and Quarantine
ASEAN	Association of Southeast Asian Nations
ATPA	US-Andean Trade Preference Act
AUSFTA	Australia-United States Free Trade Agreement
CA	competent authority
CCA	China Customs Administration
CFDA	China Food and Drug Administration
CNCA	Certification and Accreditation Administration
CIQ	China Inspection and Quarantine Bureaus
CIS	Commonwealth of Independent States
COMESA	Common Market for Eastern and Southern Africa
COSI	Chicken of the Sea International
DCFTA	Deep and Comprehensive Free Trade Agreement
EBA	Everything But Arms Agreement
EC	European Commission
EFTA	European Free Trade Association
EII	Earth Island Institute
ENAS	Emirates National Accreditation System
EPA	Economic Partnership Agreement
ESMA	Emirates Authority for Standardisation and Methodology
EU	European Union
FAD	fish aggregation device
FAO	UN-Food and Agriculture Organisation
FOS	Friend of the Sea
FSANZ	Food Standards Australia New Zealand
FTA	free trade agreement
GAFTA	Greater Arab Free Trade Area Agreement
GCC	Gulf Cooperation Council
GSP	EU Generalised System of Preferences
HS code	Harmonised System code
IEPA	Interim Economic Partnership Agreement
INVIMA	Instituto Nacional de Vigilancia de Medicamentos y Alimentos (National Institute of Food and Drug Monitoring)
IUU	Illegal, unreported, unregulated fishing
LDC	Least developed country
MFN	Most-Favoured Nation

MSC	Marine Stewardship Council
mt	metric tonne
NRCS	National Regulator for Compulsory Specifications
NTM	Non-tariff measure
OIC	Organization of Islamic Cooperation
ONAC	National Accreditation Organization, Colombia
PACER	Pacific Agreement on Closer Economic Relations
PACPs	Pacific ACP States
PAFCO	Pacific Fishing Company
PAFTA	Pan Arab Free Trade Area
PCB	Polychlorinated biphenyls
PICs	Pacific Island countries
PNG	Papua New Guinea
PPF (RMI)	Pan Pacific Foods (RMI) Ltd.
RoO	Rules of Origin
SADC	Southern African Development Community
SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
SPS	sanitary and phytosanitary standards
SSTC	South Seas Tuna Corporation
STP	Samoa Tuna Processors
TAFTA	Thailand-Australia Free Trade Agreement
TBT	Technical barriers to trade
TUF	Thai Union Frozen Foods
UAE	United Arab Emirates
UN	United Nations
UNCTAD TRAINS	United Nations Conference on Trade and Development – Trade Analysis Information System
UAE	United Arab Emirates
US	United States of America
WCPO	Western and Central Pacific Ocean
WTO	World Trade Organisation

EXECUTIVE SUMMARY

The world's largest traditional canned tuna markets – Europe and the USA – are maturing. Consumption levels are stabilising in the EU and are declining in the US. However, Pacific Island processors continue to depend heavily on the European market for light meat canned tuna and pre-cooked loin exports due to duty free access, as well as the US market for pre-cooked albacore loins.

Access to the EU market is becoming increasingly complex for Pacific Island processors due to strict regulatory requirements, particularly in relation to food safety and IUU fishing. Pacific Island processors are also facing increasing competition from other more cost-effective tuna processing sites in part due to the erosion of tariff preferences.

Future growth in canned tuna market demand will likely stem from the Middle East, Latin America and other emerging markets such as Eastern Europe. This study analyses opportunities for Pacific Island exporters of canned tuna and pre-cooked frozen loins to access alternative markets, taking into account five factors: dynamics of market demand, existing suppliers, tariffs and duty preferences available to PICs, non-tariff measures and freight costs.

Based on the interplay of these five factors, no clear market opportunity is apparent for PIC exporters of canned tuna and only limited opportunities may exist for pre-cooked loins (see Table below). Importantly, each alternative market considered is more cheaply supplied by competitors in terms of freight costs. This is of central importance because where a possibly significant tariff preference is apparent for PIC processors, it is probable that the freight costs alone outweigh the tariff advantage. Or, in some cases, major competitors already have duty free access under existing trade agreements. Even if PICs can offer an advantage of cheaper fish due to their close proximity to fishing grounds, this appears to be countered by the other widely documented costs of doing business in island economies and lower levels of labour productivity.

Based on the research undertaken for this study, the following opportunities were identified:

- **Canned tuna** – a significant tariff preference exists for Least-Developed Countries (i.e. Solomon Islands) in Russia (however, this may be offset by high freight costs and bureaucratic non-tariff requirements).
- **Pouches** – an increasing focus on pouch production might be more commercially viable than canned production as it solves the issue of 'importing air' in empty cans and can be packed by hand which requires less expensive filling machinery.
- **Pre-cooked loins** – the Thai market may offer limited opportunities at times when fish prices are very high and raw material supply is scarce; a small potential market may exist in Turkey for good quality loins if Turkish branded-processors continue to expand into the Middle East and Central Asia; an opportunity may exist for small volumes of loins from Solomon Islands to Japan to replace imports from Philippines and Indonesia.

The critical importance of the EU market to PIC tuna processors cannot be underestimated - it appears to be the only real sizeable market with high demand and a high price/quality ratio that PIC processors can competitively supply. The major trade preferences provided by the EU to PIC processors (under the Interim Economic Partnership Agreement (IEPA) and Everything But Arms) continues to be the most commercially viable competitive advantage, especially given the relaxed rules of origin under the IEPA. Given the pivotal importance of the EU market to PIC processors, PIC governments need to ensure that adequate resources are dedicated to ensuring PICs can comply with the EU's strict regulatory requirements for market access on an ongoing basis.

Alternative Canned Tuna Markets at a Glance

Market	Product popularity (scale 1-3)	Market price point (scale 1-3)	Tariff Protection (MFN rate %)	Tariff Rate		Non-tariff Measures (scale 1-5)	Relative freight costs (scale: more, less or equal to competition)
				PNG	Solomon Is		
Argentina	Low	Low	16	0	0	Medium	More
Australia	High	High	5	0	0	High	More
Brazil	Low	Low	16	16	16	Very high	More
Chile	Medium	Medium	6	6	0	Very low	More
China	Low	High	5	5	0	Medium-high	More
Colombia	Medium	Medium	15	15	15	Medium	More
Ecuador	High	Low	30	30	30	Medium	More
Egypt	High	Low	5	5	5	Medium	More
Japan	Medium	High	9.6	6.4 - 7.2	0	Low	More
Libya	High	Medium	0	0	0	Medium	More
Peru	Medium	Low	0	0	0	Low	More
Russia	Low	Medium	15	11.25	0	Very high	More
Saudi Arabia	Medium	High	5	5	5	Medium	More
South Africa	Low	Low	6c/kg	6c/kg	6c/kg	Medium	More
Tunisia	Medium	Medium	36	36	36	Not known	More
Turkey	Medium	High	80	80	80	Medium	More
UAE	Medium	Medium	5	5	5	Medium	More

Notes: For detail and sources see Tables and text in main body of report.

1. INTRODUCTION

1.1 Background

The world's largest traditional canned tuna markets - Europe and the USA - are maturing. Consumption levels are stabilising in the EU and are declining in the US. Future growth in canned tuna market demand will likely stem from the Middle East, Latin America and other emerging markets such as Eastern Europe.

Pacific Island processors depend heavily on the European market for canned tuna and frozen cooked loin exports due to duty free access under the EU-PACP Interim Economic Partnership Agreement (IEPA) (PNG, Fiji) and the GSP's 'Everything But Arms' Agreement (EBA) (Solomon Islands). This preferential access gives Pacific Island processors a 24% duty preference over major Asian competitors, particularly Thailand, Philippines and Indonesia (and Vietnam and China, to a lesser extent). Tuna trade with the US is dominated by tuna loins, with Fiji being the principal supplier of albacore loins, as well as small volumes of light meat loins exported duty free from the Marshall Islands under the US-COMPACT agreement. More recently, Solomon Islands has also started exporting small volumes of longline-caught albacore loins. Prospects for PIC canned tuna exports to the US market are limited, given high tariffs in place, particularly for tuna in oil.

Access to the EU market is becoming increasingly complex for Pacific Island processors due to strict regulatory requirements, particularly relating to sanitary and phytosanitary (SPS) standards and illegal, unreported and unregulated (IUU) fishing. Only three PICS (PNG, Fiji and Solomon Islands) have been able to meet EU's requirement for the establishment of national competent authorities (CA) for EU's SPS and IUU fishing standards, but face ongoing challenges. Both Fiji and PNG have been forced to suspend exports at certain times in the past due to issues with their SPS CAs. All three countries have been issued 'yellow card' warnings by the EU for non-compliance with the IUU Fishing Regulation and have risked losing EU market access as a consequence. Even two Pacific Island Countries that do not export to the EU – Vanuatu and Tuvalu - have been issued yellow cards.

Pacific Island processors are also facing increasing competition from other more cost-effective tuna processing sites, particularly Asia, due to erosion of their 24% tariff preference.

This study analyses opportunities for Pacific Island exporters of canned tuna and pre-cooked frozen loins to access alternative markets to the EU and US markets.

The report presents information on product volumes, value and major suppliers to each market; tariff schedules and non-tariff requirements; future prospects; freight costs; niche markets; and, concluding comments. Recommendations are provided on further investigation of any promising options, which are unfortunately, quite limited based on the research findings of this study.

1.2 Approach

The approach to this study was largely desk-based, centred on literature available in the public domain (i.e. grey literature, company websites, fisheries news website), as well as analysis of import data using the United Nation's Comtrade database. Semi-structured telephone interviews were also conducted with a number of industry experts.

The following alternative markets were considered:

Product	Alternative Markets	PIC Processors
Canned Tuna	Middle East Latin America Australia China Japan South Africa Russia	PNG Solomon Islands
Pre-cooked frozen loins	Thailand American Samoa	PNG Solomon Islands Fiji Marshall Islands

Each market was analysed taking into account five factors: dynamics of market demand, existing suppliers, tariffs and duty preferences available to PICs, non-tariff measures and freight costs.

For some alternative markets, only limited information is available in the public domain (i.e. Russia, South Africa). Nonetheless, a brief overview is provided of these markets with the information available.

UN Comtrade was selected as the primary database to extract data on the volume and value of canned tuna and loins imports by major suppliers, as it has information readily available for almost all of the alternative markets considered and is relatively easy to navigate in comparison to FAO's Fishstat database. One drawback is that data is disaggregated only to the 6-digit HS code level (i.e. HS160416 for processed tuna) and groups canned tuna and pre-cooked loins together. For those markets where a notable volume of pre-cooked loins is known to be imported, alternative data sources were also consulted to separately estimate the volume of loin imports (i.e. Japan, Thailand). No import data was available for American Samoa, so the author relied on estimates from industry experts. UN Comtrade data reports in whole round equivalent.

An estimation of unit price of imports from major suppliers was conducted by simply dividing total import value by total import volume, using UN Comtrade data. However, the author feels this is not a particularly reliable estimate of market prices, with some anomalous results generated. It is understood that in some markets it is common place to falsely under-estimate import values to reduce the amount of import duty payable. Hence, unit prices are not discussed in depth in the report (besides recommended retail prices provided by industry sources). However, the tables are presented in Appendix 5, should the audience wish to give further consideration to comparative unit prices, but this data should be used cautiously.

2. ALTERNATIVE MARKETS – CANNED TUNA

2.1 Australia

2.1.1 Current market status

Australia's canned tuna market is growing (47% growth from 2010-2014) and now exceeds 60,000 mt/year¹ (~34,000 mt finished goods equivalent)² (see Table 1. Canned tuna represents around 80% of total canned seafood consumption (~43,000 mt) and is currently valued at around US \$350 million.³ Australia now imports 100% of its canned tuna since Port Lincoln Tuna Processors, Australia's last tuna processing facility, ceased production of John West tuna in 2010. Thailand is the largest supplier, accounting for 90-97% of imports over the past five years. Indonesia is the second biggest supplier and the primary source of pole-and-line caught tuna. Small volumes are also imported from Philippines, South Korea and China.

Table 1 Australia canned tuna imports (in tonnes unless otherwise specified), 2010-2014

Partner	2010	2011	2012	2013	2014
Thailand	40,286	52,024	50,623	52,602	55,363
Indonesia	409	643	1,652	3,243	4,516
Philippines	490	307	763	733	729
South Korea	107	101	79	218	237
China	209	247	250	224	113
Italy	81	130	96	124	95
Vietnam	124	115	95	77	83
Others	170	200	225	271	224
Total	41,875	53,767	53,784	57,491	61,361
Value in US dollars	161,320,026	206,265,551	247,794,983	264,325,786	245,885,452

Source: UN Comtrade 2015

The Australian market is dominated by two brands. John West is the brand leader with around 40% market share and is owned by Simplot Australia, a subsidiary of a large US seafood, meat and vegetable food manufacturer that diversified into the Australian market in 1995. Sirena is the second largest brand with around 20% market share. Sirena is owned by Valcorp Fine Foods, an Italian family-owned company which first established a business in Australia in 1954 to import fine foods from Italy for the Italian community. Both John West and Sirena tuna is manufactured in Thailand. Other brands include Greenseas (Heinz), Safcol, Sole Mare, Paramount and ALDI's brand, Portview. The private label segment of Australia's two major supermarket chains, Coles and Woolworths is also very competitive.⁴

The Australian canned tuna market is characterised by a very diversified product range including standard tuna (e.g. chunks in brine, water, olive oil), flavoured tuna (e.g. chilli, cracked pepper and

¹ UN Comtrade 2015

² Industry source, pers. comm., 2015

³ Industry source, pers. Comm., 2015. Note: This value provided by industry sources is considerably higher than US Comtrade's estimate of US \$245.8 million in 2014.

⁴ Industry sources, pers. comm., 2015; John West 2015; Sirena 2015

lemon) and value-added products (e.g. tuna and rice, tuna pasta salad, ready-to-go tuna lunch kits, tuna slices/filletts). Canned tuna is typically available in three sizes – 95g snack pack, 180g standard pack and 425g family pack; pouches are also available. Packaging innovations have also been introduced including no drain tuna, easy-pull can lids, lithographed cans⁵ and multi-packs (i.e. 3-4 cans in a cardboard sleeve). The most popular market segment is the 95g snack-pack range (for flavoured tuna)⁶, accounting for around 60% of total canned tuna sales, while 180g standard packs account for around 35% of sales. Value-added products are an emerging market, currently accounting for around 6% of sales, but this segment is growing. Thailand's dominance as the major supplier to Australia will continue, as it is the most advanced and competitive processor of flavoured and value-added tuna products in the world.⁷

The Australian canned tuna market is also high value. At the time of writing, 95g cans of flavoured John West and Sirena tuna were retailing in supermarkets for AUD \$2.00/can (US \$1.63) and \$2.50/can (US \$2.03) respectively. ALDI's Portview 95g range was retailing for AUD \$1.09/can (US \$0.88).⁸

Sustainability is becoming an increasingly significant focal point for Australia's major canned tuna brands. In 2015, Simplot Australia has made a commitment under its sustainable sourcing policy to only source tuna caught by sustainable fishing methods (i.e. pole-and-line and FAD-free purse seining) and from sustainable stocks. Simplot has ceased sourcing yellowfin; 100% of John West products use skipjack; 95% of which is sourced from the Western and Central Pacific Ocean and 5% from Maldives (pole-and-line). Sirena's tuna is 100% pole-and-line caught under their ethical sourcing program. ALDI's Portview is 100% pole-and-line caught and some product lines are Marine Stewardship Council (MSC) certified.⁹

2.1.2 Tariffs and non-tariff requirements

The Australian market is very open to international competition with an MFN tariff of only 5% and duty free access available to scores of countries, including those with major tuna processors (Table 2).

The South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA) has been in place since 1981 and offers PICs duty free access to Australian and New Zealand markets for canned tuna. There have however, been few gains. This can be explained by three factors

1. As noted, the MFN duty is only 5%, and thus SPARTECA offers an insignificant competitive advantage compared to the lower cost structure of non-PIC producers;
2. SPARTECA rules of origin (RoO) are quite demanding and have been hard for PICs to comply with;¹⁰

⁵ Lithography refers to cans where background colours, text and logos are printed directly onto the can vs. traditional 'bright' cans which are plain steel-plate cans that printed paper labels are attached to.

⁶ John West offers 19 different flavoured 95g snack packs in its 'Tuna Tempters' range; Sirena offers 12 flavours in its 95g flavoured tuna range. Source: John West 2015, Sirena 2015

⁷ Industry source, pers. comm., 2015

⁸ Industry source, pers. comm., 2015

⁹ Company websites, various. 2015

¹⁰ For more detail and references on RoO see Campling et al. 2007, Chapter 8.

3. Major competitors now have duty free access to Australian canned tuna markets, making the SPARTECA advantage redundant. This includes Thailand since 2009¹¹ and the rest of the ASEAN countries since 2014 (including Indonesia, the Philippines and Vietnam).

In this context, the Pacific Agreement on Closer Economic Relation (PACER) among PICs and Australia and New Zealand cannot offer any advantage in terms of tariff preferences.

Table 2 Australia tariff regime for canned tuna*

Partner	Tariff rate	Scheme
World	5	Most Favoured Nation duty rate treatment
Developing countries	0	Australia General System of Preferences (GSP) for Developing Countries
LDCs	0	Australia GSP for Least Developed Countries
PICs	0	Preferential tariff for Forum Island Countries (including Fiji) under the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA)
ASEAN	0	Brunei, Myanmar, Cambodia, Indonesia, Laos, Malaysia, the Philippines, Singapore, Thailand and Vietnam (ASEAN)-AANZFTA - Australia-New Zealand Free Trade Area
Thailand	0	Preferential tariff for Thailand under (TAFTA) the Thailand-Australian Free Trade Agreement
Others	0	Preferential tariff for Brazil; Australia-Chile Free Trade Agreement (6 March 2009); Australia-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA); Australia-United States Free Trade Agreement (AUSFTA)

*2011 tariff data for canned tuna, skipjack and bonito (HS Code 16041400). Ad valorem tariffs unless otherwise specified.

Source: UNCTAD TRAINS 2015

Non-tariff measures

There are several different categories of NTMs, including Sanitary and Phytosanitary (SPS), Technical Barriers to Trade (TBT), and Export Related measures. Government standards for imported food are strict in Australia. Australia and New Zealand have a Joint Food Standards Treaty and a Food Standards Code. Food Standards Australia New Zealand (FSANZ) administers this code and develops science-based measures to do so.¹² Both countries are considered to be vulnerable to invasive species and the spread of non-indigenous diseases and as such, quarantine (biosecurity), customs and food authorities work closely together.

Rather than testing at the border, the emphasis is on overseas responsibility for the control of exports, as long as that country meets or has equivalent food safety standards as Australia.¹³ A risk-based approach categorises imported food as high-, medium- and low-risk, and emphasises placing controls on the high- and medium-risk items.

¹¹ Australia/ New Zealand-Thailand FTA was concluded in 2005. Canned tuna was one of most important elements for Thailand and the tariff phase out to 0% was complete by 2009 (Campling et al. 2007: 88).

¹² Full detail available here: <http://www.foodstandards.gov.au>

¹³ Bremner 2014

Australia also has some country specific import measures for food.¹⁴ The Australian Customs Service is the first agency to inspect food, deciding import levies according to tariff codes and categorising an item's level of risk. It is then referred to the Australian Quarantine and Inspection Service (AQIS) for sampling and inspection.¹⁵ Currently, canned tuna is categorised as a risk food. The specific tests that apply are detailed on the DAFF website.¹⁶

Other NTMs include import conditions, necessary documentation, permits, etc. These are detailed in an online database called ICON.¹⁷ Alert notices are also posted online to inform importers of pending changes in import conditions.

2.1.3 Future prospects

The Australian market will continue to be supplied largely by Thai processors, given Thailand's global dominance in the production of flavoured packs, Australia's largest product segment, and value-added products, which is an emerging segment. There is very limited opportunity for PIC processors who typically produce standard products (i.e. tuna in vegetable oil, brine) and use standard packaging (i.e. 'bright' steel plate cans with paper labels). While several PNG processors have developed flavoured ranges, their product formulations are not of high enough quality to be able to compete with those from Thailand. Also, PIC processors have no duty advantage over Thailand and other ASEAN processors, with zero duty being charged for PICs and ASEAN countries.

Niche market opportunities may exist for PIC processors. Solomon Islands' tuna processor, Soltuna (formerly Soltai), has recently appointed an Australia distributor and launched an online purchasing platform to sell premium packs of skipjack in vegetable oil and chilli-flavoured yellowfin in oil by the case (24 and 48 cans/case) in 95g and 170g can sizes. It is envisaged that initially the primary consumers would be Solomon Islanders living in Australia and returned Australian expatriates who resided in Solomon Islands and are familiar with Soltuna's products. Cases of 48 x 95g cans are priced at AUD \$54.00-55.00/case (AUD \$1.15/can) and 48 x 170g cans at AUD \$80.00-\$85.00/case (AUD \$1.66/can), which is competitively priced against the brand leaders, John West and Sirena.¹⁸

A recent food scare in Australia centred on cases of scombroid apparently connected to the *John Bull* catering brand of canned tuna consumed in a Sydney restaurant. Other product imported from Sea Value in Thailand was put on hold by the Department of Agriculture while histamine tests were undertaken.¹⁹ These investigations seem to have found no connection with the Sea Value product but in parallel up to 18 people were infected with hepatitis A after consuming allegedly contaminated berries from China. The two cases together have strengthened calls for improved public food standards suggesting that SPS-related barriers will be raised in Australia.²⁰ At a minimum, government has committed to changing food packaging laws, including possibly incorporating large symbols showing whether a product is imported or sourced from Australia. Additional pressure on

¹⁴ A NTMs search for Australia on the UNCTAD TRAINS database running back to 2004 did not retrieve any data for canned tuna.

¹⁵ Information, guidance and relevant forms to do with the inspection process are available here:

www.daff.gov.au/biosecurity/import/food/inspection-scheme

¹⁶ See: <http://www.daff.gov.au/import/food/inspection-compliance/risk-food/tuna>

¹⁷ Available at: <http://www.agriculture.gov.au/import/icon-icd>

¹⁸ Soltuna 2015

¹⁹ Tan 2015

²⁰ Pearlman 2015

seafood labelling is being put on by Greenpeace which argues that Australia's approach to consumer facing labelling is quickly falling behind the ever stricter standards of the EU.²¹

2.2 China

2.2.1 Current market status

Fish consumption in China has more than doubled over the last 20 years and stabilised at around 27-32 kg/capita per year in 2012. About 40% of consumption is from aquaculture and much of the growth has stemmed from increased aquaculture supplies, particularly carp species. China has experienced the highest rate of growth of fishery imports in the world at 18% per annum, reaching around 2.7 million tonnes in 2010, valued at US \$4.5 billion. Chinese trade statistics do not report separately the re-export of imported fishery products (all are assumed to be Chinese origin), so it is difficult to quantify trade flows for domestic consumption vs. processing for re-export. However, this growth is largely attributed to an increasing demand in the domestic market from China's growing middle class, rather than re-exports.²²

Chinese consumers traditionally prefer live or fresh fish over frozen and processed products, but due to increasingly fast-paced, modern lifestyles of many Chinese consumers, particularly those living in cities, value-added and processed products sold in supermarkets are becoming increasingly popular. A growing number of foreign retailers now operate in China, including large chains such as Carrefour (France), Metro (Germany) and Walmart (US).²³ Urban and middle class Chinese consumers have become increasingly aware of product origin and often opt for imported products for status, variety and nutrition. With various food safety scares in China and increased industrial pollution, some consumers are also reluctant to purchase local fish products. In inland China, consumption of fresh seafood products remains low due to geographic isolation and under-developed cold chain and distribution systems, amongst other issues, which creates opportunities for frozen and other processed fish products with longer shelf lives. Meat, particularly pork, remains the preferred animal protein, though.²⁴

Despite its enormous population size, growing middle class and high fish consumption, China is a miniscule market for canned tuna both in absolute and relative (per capita) terms. This very low base does leave considerable room for growth - canned tuna imports almost doubled (92%) between 2010 and 2013 to 3,382 mt (see Table 3). The relative value of canned tuna imports is increasing more quickly than the volume at 267% growth over the same period (from \$4.8 million in 2010 to \$17.6 million in 2013).

²¹ Han 2015

²² Blomeyer et. al. 2012

²³ Blomeyer et. al. 2012

²⁴ Beckman et. al. 2009

Table 3 China canned tuna imports (in tonnes unless otherwise specified), 2010-2013

Partner	2010	2011	2012	2013
Thailand	1,688	2,430	1,165	2,410
Mexico	0	0	26	540
South Korea	12	20	193	268
Others	57	73	214	164
Total	1,757	2,523	1,598	3,382
Value in US dollars	4,817,029	9,417,359	8,545,822	17,669,013

Note: UN Comtrade data for 2014 not available

Source: UN Comtrade 2015

Thailand is the most significant supplier by a considerable margin, but sources are diversifying, with small volumes of imports from Mexico and South Korea in recent years. Very small volumes of product were exported from the Marshall Islands in 2010 and 2011 (26 mt and 18 mt respectively), which is assumed to be pre-cooked loins, as Pan Pacific Foods Ltd. (PPF) does not process cans.²⁵

Industry sources confirm the domestic market for canned tuna is very small. In 2013, 80,000 mt of whole round tuna was imported by China; with 73,000 mt processed into canned tuna and pre-cooked loins for export.²⁶ This indicates around 7,000mt was retained for the domestic market. Taking into account canned tuna imports of around 3,400 mt in 2013, China consumed in total about 10,400 mt of tuna in 2013 (all tuna products, not just canned tuna), which is line with industry estimates.

China currently has nine processing plants with a combined capacity of 430 mt/day (~130,000 mt annual throughput at full capacity), but these plants mostly process loins for export to the US, Mexico, Spain, Italy, the Middle East, North Africa and Thailand. Given labour costs in China have increased considerably, China is not a competitive production site. However, the Chinese Government wants to create employment, so offers a rebate of ~10% of the value of the raw material for tuna that is processed and re-exported. This rebate is not provided for production for domestic consumption so creates a disincentive to supply the local market.²⁷ In total, China is estimated to have more than 9,000 fish processing facilities for re-export, but most of these process whitefish for export,²⁸ which also puts into perspective how minor tuna processing is.

To date, China does not have any major dominant tuna brands; rather, the local market has lots of different brands. The most well-known imported brands are Century (Thai Union, formerly Century Canning of Philippines), Dongwon (Korea) and Pattaya (Thailand).²⁹ These companies persist in attempts to develop a market for canned tuna in China, in the hope of tapping into the changing tastes of China's growing middle class which is becoming increasingly accepting of foreign foods. To date, there is little-to-no promotion or marketing of domestic canned tuna and supermarkets have very small displays.³⁰ Industry sources indicate canned tuna in China is amongst the most expensive in the world at US \$2.00/can for standard packs and is costly compared to other protein sources

²⁵ PPF is owned by China's Shanghai Deep Seas Fisheries (who also has 5 purse seiners associated with PPF).

²⁶ Globefish 2014

²⁷ Industry sources, pers. comm., 2015

²⁸ Hamilton et. al., 2011

²⁹ Industry sources, pers. comm., 2015

³⁰ Hamilton et. al., 2011

available. Foreign supermarkets import well-known international brands (e.g. Isabella) and sell these at very high prices (i.e. US \$10.00 for an 80g twin pack), most likely to the expatriate market. Products sold are typically standard packs in 170g and 80g can sizes, with very small quantities of imported pouches. Flavoured packs (i.e. chilli, soy bean) are available, but in very small quantities. Industry sources indicate the main consumers of canned tuna in China are foreigners (who are used to eating tuna in their home country) and young Chinese people as a sandwich filling, pizza topping or salad ingredient.³¹ Unlike sashimi, which is perceived as a prestigious food, canned tuna is viewed as a utilitarian item, if it is even recognised at all.

2.2.2 Tariffs and non-tariff requirements

Domestic processors in China have a very low level of tariff protection at 5% MFN rate. At the same time there is an extremely high level of ‘water’ in the tariffs with the bound rate at 90% (i.e. the difference between the bound and applied/ MFN rate); that is, the maximum rate that China could potentially apply under WTO rules in 90% (Table 4).

Given that the MFN applied tariff by China for canned tuna is very low and that ASEAN countries have an additional advantage of 0% duty, there is no prospect of any commercially significant preferential trade being available for PICs in this market. Even with a 0% duty offered to LDCs like the Solomon Islands, it would still be competing head-on with product from Southeast Asia.

Table 4 China tariff regime for canned tuna*

Partner	Tariff rate	Scheme
World	5	Most Favoured Nation duty rate treatment
LDCs	0	China Preferential tariff for Least Developed Countries
ASEAN	0	Association of Southeast Asian Nations (ASEAN) Free Trade Area
Others	0	Preferential tariffs for Costa Rica, Hong Kong, New Zealand, Pakistan and Peru
Chile	2	Preferential tariff for Chile

*2011 tariff data for canned tuna, skipjack and bonito (HS Code 16041400). Ad valorem tariffs unless otherwise specified.

Source: UNCTAD TRAINS 2015

Non-tariff measures

In terms of non-tariff measures (NTMs), China is widely recognised to be an increasingly complicated market.³² There has been a number of very high profile, lethal food scares domestically, including those involving baby formula, and involving Chinese food exports, especially in Japan and South Korea.³³ The response by the Chinese government has been to introduce a flurry of new food standards law and regulatory agencies.

³¹ Industry sources, pers. comm., 2015

³² Beckman et. al. 2009; Blaha 2013; Blomeyer et al. 2012; Clarke 2008

³³ The issue was (and is) so ubiquitous that two detailed Wikipedia pages have been established, on ‘Food safety in China’ and ‘Food safety incidents in China’. See: http://en.wikipedia.org/wiki/Food_safety_in_China and http://en.wikipedia.org/wiki/Food_safety_incidents_in_China

There are up to ten **government departments** at the national scale that deal to differing degrees with food safety, and there is ambiguity around and overlap of their functions.³⁴ The China Food and Drug Administration (CFDA) is the principal government body establishing food safety law and regulation.³⁵ Established in 2003 to deal with growing concerns about food safety, the CFDA is not perceived to have yet cracked down on 'fraudulent practices and weak food safety controls'.³⁶ The main government agencies dealing on a day-to-day basis with food imports are:

1. The Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), which is an umbrella agency dealing with a very wide range of food and product safety measures;³⁷
2. The Certification and Accreditation Administration (CNCA) falls under the AQSIQ and is responsible for dealing with the Competent Authority of the exporting country (much like the EU model) and registering establishments that process fish for export to China;³⁸
3. A subnational network of China Inspection and Quarantine Bureaus (CIQ), which also fall under AQSIQ and are responsible for food safety monitoring of imports and exports;³⁹
4. The China Customs Administration (CCA), which deals with import and export control, the levying of tariffs.⁴⁰

The CCA and CIQ reportedly collaborate using an electronic inspection system introduced in January 2008.⁴¹

The two most important **documentary requirements** for importing fish into China are a Certificate of Origin and a Health Certificate. According to Clarke (2009), the most important purposes of the Certificate of Origin in practice is the levying of import duties, not ascertaining the provenance of catch as required in modern catch certificates. Typically the Certificate requires information on: the issuing agency; name and address of exporter; country of origin; species and form, number of cartons and net weight; container number / name of transport vessel; and name and address of consignee.⁴² The Health Certificate is focussed on sanitary issues, including that 'the fisheries products derive from approved facilities; are provided under supervised sanitary conditions; are free of harmful substances; and, are fit for human consumption'.⁴³

A search on the UNCTAD TRAINS database of NTMs retrieved several measures for canned tuna imports into China. Relevant items include:

1. Animal and plant products without effective quarantine certificates issued by the exporting country's government shall be returned or destroyed.
2. The product must specify permitted food additives, the range of use and the maximum usage.
3. Pre-packaged food labels should include the production date, quality guarantee period, storage conditions and other information.

³⁴ Blaha 2013

³⁵ See: <http://eng.sfda.gov.cn/WS03/CL0756/>

³⁶ Blomeyer et al. 2012

³⁷ For more information on this organisation, see: <http://aqsiq.net/>

³⁸ Registration is done online here: <http://ire.eciq.cn> The Regulation on Registration for Foreign Establishments Intended to Export Foods to China, Order No. 16, 2002, is available here:

<http://www.cnca.gov.cn/bmzz/zcglb/bmgz/200610/U020140326518357348512.pdf>

³⁹ Each province or major city has its own CIQ, for example, Shanghai: <http://www.shciq.gov.cn/english/>

⁴⁰ Detail on the organisation and access to relevant legislation is available here: <http://english.customs.gov.cn/>

⁴¹ Clarke 2009

⁴² Clarke 2009; Gale et al. 2009

⁴³ Clarke 2009

4. Food testing methods should be in accordance with regulation GB/T5009 which determines the amount of additives in food, including moisture and heavy metals (e.g. mercury).
5. A registration system is in place for foreign manufacturers exporting animal and plant products to China.
6. Imported pre-packaged food shall be marked with the country of origin, as well as registered agent in China.
7. The food label text must be standardized Chinese characters. Hanyu Pinyin can be used simultaneously, but must be spelled correctly, no larger than the corresponding Chinese characters. Minority languages or foreign language can be used simultaneously.
8. Prior to import and export of food, the operators or agents shall be potentially subject to inspection and quarantine authorities.

2.2.3 Future prospects

As noted, given the currently very minor penetration of canned tuna in households in China, there is considerable room for growth. But this must be contextualised in the growing consumption of a very wide variety of fish and meat products, all of which have expanded at a much faster rate than canned tuna.

For PICs, there is a little hope of capturing a competitive advantage in a tariff preference because the tariff is already very low and major competitors in Southeast Asia already benefit from duty free access. This indicates that while China may offer the allure of future opportunities, the current prospects are sanguine in general and for PICs in particular.

2.3 Japan

2.3.1 Current market status⁴⁴

Consumer demand for canned tuna in Japan has progressively declined over the past 30 years and, at best, is stagnant. This is largely due to low population growth, an ageing population and changing consumer preferences for alternative protein sources. Currently, the Japanese canned tuna market is estimated to be around 145,000 mt/year (in whole round terms).

Japan's canned tuna processors produce solely for the domestic market and are currently processing around 75,000-80,000 mt/year (see Table 5). Production has declined due to decreased consumption, rising production costs and increased competition from cheaper imports.

⁴⁴ There have been no major developments in the Japanese canned tuna market since the last two reports prepared for FFA on this market (Campling et al. 2007; Hamilton et al. 2011). This report provides a brief summary of key points from these two studies, but for more in-depth information, please refer to the previous studies.

Table 5 Canned tuna production by Japanese processors, 2004-2013

Year	Finished Goods Weight (mt)	Total number of cases	Est. whole round equivalent (mt) ^a
2004	46,410	9,119,000	125,000 - 130,000
2005	45,739	9,669,000	130,000
2006	42,607	9,134,000	120,000 - 125,000
2007	35,600	7,850,000	100,000 - 110,000
2008	32,264	6,972,000	90,000 - 95,000
2009	29,384	6,024,000	80,000 - 85,000
2010	26,904	5,896,000	75,000 - 80,000
2011	25,804	5,693,000	75,000 - 80,000
2012	25,224	5,511,000	70,000 - 75,000
2013	25,380	5,751,000	75,000 - 80,000

Source: Japan Cannery Association 2015

^a Author's own estimate based on 35% loin recovery rate

An additional 65,000 mt of canned tuna and pre-cooked loins for re-processing into canned tuna is imported annually.

Canned tuna imports into Japan have been fairly stable over the last four years at around 41,000-43,000 mt, but with a notable increase from 2010 (Table 6). Thailand is the largest supplier followed by Indonesia and Philippines, while others are minor in comparison. Thailand has been the dominant supplier to Japan for almost two decades and is likely to continue to be so, given Thailand has duty free access under the Japan-Thailand Economic Partnership Agreement.

Table 6 Japan canned tuna imports (mt), 2004-2013

Supplier	2010	2011	2012	2013	2014
Thailand	23,313	28,406	29,594	30,417	29,253
Indonesia	8,168	7,869	7,811	4,748	7,542
Philippines	4,863	5,156	5,367	5,915	4,963
Vietnam	371	371	343	31	400
China	4	1	14	0	0
Others	0	165	118	309	63
Total	36,719	41,968	43,246	41,420	42,221

Source: Japan Ministry of Finance 2015

Loins imports were also relatively stable at around 6,000-7,000 mt from 2010-2014, but increased to almost 8,000 mt in 2014. Loins imports for 2010-2014 represented around 17,000 – 23,000 mt in equivalent whole round tuna requirements.⁴⁵ Thailand is also the largest supplier of loins, followed by Philippines. The only PIC supplier is PNG but with no consistency and very small volumes (i.e. 72mt in 2011 and 24mt in 2012) (Table 7).

⁴⁵ Assuming a loin recovery rate of 35-40%. Note: To achieve high quality, Japanese processors have comparatively low recovery rates of 30-35% for their chunk products. Hamilton et. al. 2011.

Table 7 Japan pre-cooked loin imports (mt), 2010-2014

Partner	2010	2011	2012	2013	2014
Thailand	3,386	3,493	3,727	3,543	4,276
Philippines	1,630	1,346	1,976	2,247	2,711
Vietnam	1,137	819	639	520	185
Indonesia	385	411	109	137	31
Malaysia	148	169	179	171	161
Papua New Guinea	0	72	24	0	0
Others	69	72	74	209	551
Total	6,754	6,382	6,727	6,828	7,916

Source: Japan Ministry of Finance 2015

Despite relatively stable import volumes for canned tuna and pre-cooked loins, the last four years has seen considerable fluctuation in combined import values from US \$366 million in 2012 to US \$297 million in 2014. This is a result of fish price movements and currency differentials (especially a weak yen).⁴⁶

Japan's leading canned tuna brand continues to be Hagoromo Foods Corporation's brand, 'Sea Chicken' which accounts for 60-70% market share for canned tuna. Unique to the Japanese canned tuna market, private label canned tuna processed by Hagoromo is double-labelled, with includes the name of the supermarket, along with the Hagoromo or 'Sea Chicken' logo, given there is significant historic consumer confidence in this brand and Japanese consumers confuse the term/brand 'Sea Chicken' as a generic tuna classification. Smaller can sizes (80g, 125g and 150g) are the most popular with Japanese consumers, given the small average family size.⁴⁷

The average retail price of canned tuna has declined over time due to supermarkets offering products are a lower price in response to lower consumer spending on food items. However, Japan's canned tuna market is a high value, high quality market compared to some other markets, including the US.

2.3.2 Tariffs and non-tariff requirements

The MFN tariff in Japan for imported canned tuna and tuna loins is 9.6% (see Table 8). The bound tariff – the maximum that Japan can apply – is also 9.6%, giving it no room for manoeuvre should it want to protect domestic tuna processing industry more.

Japan's Generalised System of Preferences (GSP) offers only a very minor advantage for developing countries with an import duty ranging between 6.4 and 7.2%. This would apply to Papua New Guinea. However, Japan's GSP for countries categorised by the United Nations as 'Least Developed'⁴⁸ offers a very substantial advantage at 0% duty for countries like the Solomon Islands.

⁴⁶ UN Comtrade 2015

⁴⁷ Hamilton et. al. 2015

⁴⁸ Updates and data on LDCs are available here:

http://www.un.org/en/development/desa/policy/cdp/ldc_info.shtml

As a whole, ASEAN producers are met with a 7.5% tariff across all products, which is no better than the GSP rate. However, Thailand agreed an FTA with Japan in 2007 which gives it duty free access. Japan's rules of origin mean that only Japanese or Thai-caught fish is able to qualify, albeit with some product-specific requirements.⁴⁹ The Philippines benefits from a preferential tariff of 1.2% for canned yellowfin (the dominant product in Japan's market) and tuna loins (where there is likely to be steady growth).

The most important point here is that two of the most competitive canned tuna producers in the world – Thailand and the Philippines – already have preferential access to Japan's canned market, leaving little space for PICs, at least for canned tuna. Of the top three suppliers on a unit value basis (USD/mt) averaged over 5 years, Indonesia is the most expensive and Thailand the cheapest. This difference in price may in part be explained by differential tariff treatment (Appendix 5).

Table 8 Japan tariff regime for canned tuna, katsuobushi and tuna loins*

Partner	Tariff rate	Scheme
World	9.6	Most Favoured Nation duty rate treatment
GSP	6.4 - 7.2	Japan Generalized System of Preference
LDC	0	Japan GSP for Least Developed Countries
ASEAN	7.5	Association of Southeast Asian Nations (ASEAN) Free Trade Area
Thailand	0	Japan–Thailand Economic Partnership Agreement (JTEPA)
Philippines	1.2	Preferential tariff for Philippines applies to canned yellowfin tuna and loins only
Mexico	0	Preferential tariff for Mexico
India	3.2 - 3.6	Preferential tariff for India

*2012 tariff data for canned skipjack and other bonito (HS Code 160414010); canned yellowfin tuna (160414092); skipjack and other bonito boiled and dried (Katsuobushi) (160414091); and tuna and skipjack loins for reprocessing (160414099). Ad valorem tariffs unless otherwise specified.

Source: UNCTAD TRAINS 2015; Globefish 2011

Non-tariff measures

A search of the UNCTAD NTM database was done for the HS codes detailed in Table 8, but only highly incomplete information was available. It is however, possible to capture a snap shot of NTMs for canned tuna in Japan from other publications.

Two legal frameworks govern imported canned tuna in Japan: the Food Safety Basic Law, which came into force in 2003, and the Food Sanitation Law.⁵⁰ Under the former, the Food Safety Commission is charged with applying a risk analysis approach to food safety relying on scientific assessment. The Food Sanitation Law includes two sets of activities:

1. The creation of standards for food, food additives, and food establishments;
2. The undertaking of inspections to see whether these standards are complied with.

⁴⁹ For detail see the texts of the Japan - Thailand Economic Partnership Agreement, available here:

<http://www.customs.go.th/wps/wcm/connect/custen/thailandjapan/thailandjapan>

⁵⁰ Toyofuku 2014

This includes strict standards on food additives and limits on environmental contaminants and marine biotoxins (e.g. PCBs⁵¹ must be below 0.5 ppm, while mercury and methylmercury are limited at 0.4 ppm and 0.3 ppm, respectively, but not for tuna or swordfish⁵²). A 'positive list' is applied to agricultural chemical residues in food where over 0.01 ppm is found. This means that even if a limit has not been established (e.g. for a new chemical) it can still be recalled.

In 2009, around 7% of 30.4 million tonnes of food, fish and fish products imported was rejected under the Food Sanitation Law.⁵³ The vast majority of violations for fish and fish products have been residues of veterinary drugs (e.g. in shrimp from Vietnam).

The Japanese Agricultural Standard System requires that the labels must have the name, country of origin for fish, content quality, manufacturing date, and the preservation method for processed marine products.⁵⁴

In sum, Japan's public food safety regime is transparent, science-based and predictable. It offers no meaningful barrier to entry for PIC exporters of canned tuna.

2.3.3 Future prospects

There have been no major developments in the Japanese canned tuna market for almost a decade. Canned tuna consumption is likely to remain stagnant or continue to decline over time.

While domestic production of canned tuna will continue to decrease in preference for cheaper imports, some level of domestic production is likely to be preserved in the future, given Japanese consumer's strong preference for domestically produced products, their affinity for Hagojima's 'Sea Chicken' brand and their preference for high quality products. The volume of imports of canned and pouched catering packs will likely continue to increase, as consumers are less able to see the country of origin of the product being consumed. Thailand's tuna processors are likely to benefit the most from this trend.⁵⁵

In ongoing cost-saving efforts, Japan canned tuna processors are likely to follow suit with other high-cost tuna processing locations by focussing more attention on the development of value-added products which require less raw materials to produce, as well as increasing use of imported frozen cooked loins. There may be a small opportunity for Solomon Islands exports of loins, given that LDC's benefit from duty free imports. However, it is likely that exports from Solomon Islands would need to replace imports from Philippines and Indonesia, who are subject to 7.5% duty, as it would be difficult to compete with loins from Thailand that are duty free.

⁵¹ Polychlorinated biphenyls

⁵² It is not clear whether this exemption applies to canned tuna.

⁵³ Toyofuku 2014

⁵⁴ JETRO 2005

⁵⁵ Hamilton et. al. 2011

2.4 Latin America

2.4.1 Current market status

Latin America, comprised of 23 countries with a population of 480 million, accounts for around 15 per cent of global canned tuna consumption. The Latin American population is developing – the lower class is comprised of around 250 million people (52%), but standards of living are improving with more of the lower class moving into the middle class category (currently around 42% at 200 million). It is considered an ‘emerging’ region, with total GDP reaching 3.5 trillion dollars and has grown at around 3.5% per annum since 2003.⁵⁶

Many consumers in Latin America view canned tuna as a versatile, healthy food stuff and a ‘must have’ in the house. Seasonality influences consumption patterns, with higher consumption during the spring-summer and during Easter, given a high proportion of the population is Catholic. However, canned tuna (and seafood, more generally) competes heavily with red meat and chicken, as Latin Americans are typically high consumers of meat. Per capita consumption of canned tuna across Latin America is varied, ranging from around 0.2 kg-2.8 kg, while chicken consumption is around 30-35 kgs. Latin American consumer preferences for canned tuna are developing, with an increasing focus on natural nutrition, convenience (i.e. easy-open packaging), product innovation (i.e. formulation advances on standard packs) and environmental sustainability.⁵⁷

Latin America can be characterised into two geo-political sub-regions – the ‘Pacific Alliance’ and the ‘Atlantic Mercosur Alliance’. The ‘Pacific Alliance’ includes Mexico, Colombia, Chile and Peru. These economies are comparatively open and fast growing, export-driven and focussed on free-trade. Tuna consumption averages 1kg/capita and these countries benefit from their own established tuna processing sectors (i.e. Mexico and Colombia) supplied by an abundant source of raw material from the Eastern Pacific Ocean. By contrast, the ‘Atlantic Mercosur Alliance’ – Brazil, Argentina, Paraguay and Uruguay – are relatively closed, politically orientated state-interventionist economies, with lower growth and high levels of protectionism. Tuna consumption is less than 350 grams/capita and this region has very limited canned tuna production capacity, as well as limited tuna supplies from the Atlantic Ocean.⁵⁸

Table 9 presents Latin American canned tuna imports for 2010-2014. Total canned tuna imports in Latin America grew by 29% between 2010 and 2013, reaching 113,798 mt in 2013. The largest importers are Venezuela, Colombia, Chile, Peru and Argentina. The major growth markets are Brazil, Costa Rica, Peru, Venezuela and Chile. In general, the main supplier across these markets is Ecuador followed by Thailand (see Appendix 3 for import data on selected individual Latin American countries). Producers in Ecuador benefit from a 30% protective import tariff.⁵⁹

⁵⁶ Chemerinski 2014

⁵⁷ Chemerinski 2014

⁵⁸ Chemerinski 2014

⁵⁹ WTO 2015a

Table 9 Latin America canned tuna imports (in tonnes), 2010-2014

Country	2010	2011	2012	2013	2014	% growth (2010- 2013)
Argentina	11,012	13,946	14,064	13,043	n.a.	18%
Bolivia	450	654	307	573	511	27%
Brazil	2,292	3,411	2,723	4,678	8,737	104%
Chile	10,750	12,419	10,827	16,354	16,920	52%
Colombia	22,806	24,557	25,485	26,575	n.a.	17%
Costa Rica	2,909	4,356	6,884	5,804	n.a.	100%
Ecuador	664	724	408	720	n.a.	8%
Guatemala	1,065	1,205	618	n.a.	n.a.	-42%
Mexico	7,971	3,830	4,793	3,300	n.a.	-59%
Paraguay	511	412	347	935	1,204	83%
Peru	7,706	11,562	10,317	13,372	n.a.	74%
Uruguay	630	905	901	982	n.a.	56%
Venezuela	19,345	25,357	26,883	27,462	n.a.	42%
Total	88,111	103,338	104,557	113,798	n.a.	29%

Source: UN Comtrade 2015

The major supplier to **Venezuela** is Ecuador accounting for 90 to 99% of import volumes from 2010-2013. It also imported very small volumes from Portugal in 2012 and 2013. It is feasible that import volumes of canned tuna may decline in 2014 and 2015 due to Venezuela's challenging political-economic situation, especially low levels of foreign exchange.

Colombia has fairly stable import volumes. The main import suppliers are the 'Free zones'⁶⁰ and Ecuador under the Andean Pact (between Ecuador, Colombia and Peru), which provides duty free access for canned tuna. Colombia consumes around 3-4 million cases of canned tuna per year, which is largely supplied by two Colombian processors producing a combined 265 mt/day. Van Camp is Colombia's leading canned tuna brand.⁶¹ Colombians consume around 0.5 kg/capita of canned tuna currently, which is relatively low compared to several other high consuming countries in the region (i.e. Ecuador 2.8 kgs; Mexico 1.5 kgs).⁶²

The market in **Argentina** was also fairly stable in 2011-2013 at around 14,000 mt. The major suppliers are Ecuador and Thailand. The canned tuna market centres on flakes and is price, rather than quality, driven. Canned tuna consumption is low – less than 0.5 kg/capita⁶³ – and is not expected to grow, given fish is a minor animal protein compared to red meat and poultry. Argentina has a very strong private label market, with Wal Mart and Chilean private-label brands dominating the market. Argentina has one traditional brand, La Compagnola, owned by Arcor, with a canning-only plant that imports loins. The plant is protected from imported competition by a MFN applied

⁶⁰ It is unclear which countries constitute 'Free Zones', as 13 Latin American countries, including Ecuador and Peru are members of Latin American Integration Association, which enjoy tariff preferences for exports to other Latin American members.

⁶¹ Industry source, pers. comm., 2015

⁶² Chemerinski 2014

⁶³ Chemerinski 2014

tariff of 16%.⁶⁴ This plant also handles a range of canned fruit and vegetable products, in addition to tuna. Thailand mainly supplies private label tuna flakes to Argentina – despite an increase in duty from 16% to 32%, Thailand has still been able to compete in this market and is considered a superior supplier to Ecuador in quality terms for flakes.⁶⁵

Peru is a growing market for canned tuna given its strong tradition of fish consumption. Canned mackerel was historically more popular than canned tuna, but due to declines in mackerel raw material supplies in Peru and Chile and competition from West Africa for frozen mackerel supply, there has been a marked increase in canned tuna consumption, which is now around 0.6 kg/capita,⁶⁶ following high growth in past five years or so. Demand for canned tuna may continue to grow, but will also face competition from fresh fish. The market leader is the brand Florida (one million cases per year). From 2010-2013, import volumes increased by 74%, mostly from Ecuador and Thailand. Unlike other Andean Pact countries (Colombia and Ecuador), Peru opened trade with Asia 3-4 years ago, resulting in increased volumes imported from Thailand, particularly in 2013, which has displaced some volume of imports from Ecuador.⁶⁷ Peru has a small domestic canned tuna processing industry (90 mt/day).

Chile has seen import volumes increase by 57% from 2010 to 2014. The main suppliers are Ecuador, Thailand and Colombia. Similar to Peru, Chile has opened up trade with Asia in recent years, with imported volumes from Thailand increasing in 2013 and 2014, while supply from Colombia has decreased. Tariffs are low and the ease of doing business in Chile is considered very good. Private label is very strong, as well as the historical brands of Van Camp (from Ecuador), San Jose and Angelmo.⁶⁸ Canned tuna consumption is around 0.7kg/capita.⁶⁹

Brazil's strong Portuguese food culture makes it one of the world's main canned sardine consumers. Brazil imported 31,600mt of fresh/ frozen whole sardines in 2009 and produced 21,200mt of canned sardines.⁷⁰ An industry estimate put total consumption of canned sardines at around 17 million cases/year. Two brands, Gomez de Costa (owned by Spain's Calvo) and Coqueriro, account for 85% of Brazil's canned sardine market.⁷¹ By comparison, canned tuna consumption is the lowest in the region at around 0.2 kgs/capita.⁷² Brazil is also a major meat producer, particularly poultry, so it is difficult for tuna to compete with affordably priced chicken. Calvo has put considerable effort into marketing efforts for canned tuna but to no avail. The main product is canned flakes, which is priced almost the same as solid packs, which is an anomaly as flake is usually considerably cheaper. There is also a small market segment for tuna paté and tuna pouches.⁷³

Mexico's imports are declining (-59%) as it becomes an increasingly self-sustaining market, given its large and expanding purse seine fleet and efficient processing sector (585 mt/day). Industry sources report it is a very difficult market for new entrants.

⁶⁴ WTO 2015a

⁶⁵ Industry source, pers. comm., 2015

⁶⁶ Chemerinski 2014

⁶⁷ Industry source, pers. comm., 2015

⁶⁸ Chemerinski 2014

⁶⁹ Chemerinski 2014

⁷⁰ Globefish 2013

⁷¹ Industry source, pers. comm., 2015

⁷² Chemerinski 2014

⁷³ Industry source, pers. comm., 2015

Ecuador's import volumes are also very low, given its huge tuna processing industry, consisting of at least 16 processors producing 1,750 mt/day.⁷⁴ As noted, the Ecuadorian industry is also heavily protected with a 30% MFN tariff. It does however, offer duty preferences on a regional level in Latin America, including zero duty for members of the Andean Community.⁷⁵

2.4.2 Tariffs and non-tariff requirements

Four markets are the focus of this section – selected because either they have growth potential (e.g. Brazil), imported canned tuna consumption is significant and growing (e.g. Chile and Peru), or because of a high but stable levels of consumption (e.g. Colombia). They also represent a range of tariff and NTM regimes, from highly protective (e.g. Brazil) to very open (e.g. Chile).

The **Brazil** import market for canned tuna is very well protected with a 16% MFN tariff, which is what PICs would pay. Countries in the region have duty free access to the Brazilian market under MERCOSUR, which is a customs union and a trading bloc whose members are Argentina, Brazil, Paraguay, Uruguay and Venezuela. But otherwise Brazil has not been a driving player in the move to establish more FTAs.⁷⁶

Chile has a low MFN import tariff of 6%. This is the import duty that canned tuna from PICs would be subject to, unless they are categorised as an LDC like the Solomon Islands, in which case imports are treated as duty free. But this minor competitive advantage available to LDCs is countered by the fact that Chile simultaneously offers duty free access to its markets for canned tuna producers from the region, including the processing giant Ecuador (see Table 2.4.2). It is also a partner in FTAs with China, Vietnam and Thailand, all of which are canned tuna producers, although the tariff preference was not recorded on TRAINS or the WTO.⁷⁷

Colombia has a high MFN tariff of 15%, which combined with a large market for canned tuna identifies it on first glance as a market of interest to PICs. However, like Chile, it is also extremely keen on trade agreements and has signed FTAs with several individual countries or associations, which include the Central American Northern Triangle (El Salvador, Guatemala, and Honduras), Canada, Mexico, and Chile. Colombia finalized FTA negotiations with the EU in 2010 and with the USA in 2012.⁷⁸ Of particular importance here is Ecuador's duty free access to the Colombian market under the terms of the Andean Community. While domestic production capacity supplies some of the canned tuna market, product from Ecuador makes up the majority of the excess.⁷⁹

Peru is party to several FTAs,⁸⁰ but given that its MFN duty is now 0 these do not give any suppliers a tariff preference. In the past Peru used to import canned tuna under the Andean Community preference, but unlike the other members it opened trade with Asia 3 to 4 years ago, which meant that Ecuadorian imports were displaced.

⁷⁴ Industry source, pers. comm., 2015

⁷⁵ UNCTAD TRAINS 2015

⁷⁶ A list of Peru's FTAs and other trade agreements and selected legal texts is available here: http://www.sice.oas.org/ctyindex/BRZ/BRZagreements_e.asp

⁷⁷ A list of Chile's FTAs and other trade agreements and selected legal texts is available here: http://www.sice.oas.org/ctyindex/CHL/CHLagreements_e.asp

⁷⁸ A list of Colombia's FTAs and other trade agreements and selected legal texts is available here: http://www.sice.oas.org/ctyindex/COL/COLagreements_e.asp

⁷⁹ Industry source, pers. comm., 2015

⁸⁰ A list of Peru's FTAs and other trade agreements and selected legal texts is available here: http://www.sice.oas.org/ctyindex/PER/PERagreements_e.asp

Table 10 Selected Latin America tariff regimes for canned tuna*

Importer	Partner	Tariff rate	Scheme
Brazil	World	16	Most Favoured Nation duty rate treatment
	MERCOSUR	0	MERCOSUR (The Southern Common Market) is a customs union and a trading bloc whose members are Argentina, Brazil, Paraguay, Uruguay and Venezuela.
Chile	World	6	Most Favoured Nation duty rate treatment
	LDCs	0	LDC duty scheme
	Andean	0	Preferential tariff for The Andean Community (Bolivia, Colombia, Ecuador and Peru)
	Korea, USA	0	Preferential tariff under FTAs for Korea, United States
Colombia	World	15	Most Favoured Nation duty rate treatment
	Andean	0	Preferential tariff for The Andean Community (Bolivia, Colombia, Ecuador and Peru)
Peru	World	0	Most Favoured Nation duty rate treatment

* All tariff data for 2012 for canned tuna (HS Code 16041400), except Peru which is 2011. All ad valorem tariffs unless otherwise specified.

Source: UNCTAD TRAINS 2015; WTO 2015a

Non-tariff measures

The extent of non-tariff measures (NTMs) is highly varied across the region. In general, there is a very lengthy registration process for firms wanting to export to Latin America, but there are exceptions. There is also effort to standardise NTMs in the region such as under the Andean Standardization, Accreditation, Assays, Certification, Technical Regulations, and Metrology System.

On the one hand, the Mercosur countries tend to have very tough import requirements – for one industry observer ‘it’s like a kick in the groin’.⁸¹ For example, Venezuela is a major consumer of canned tuna but can take up to two years to register importing companies. Brazil is also very complicated: to export animal products there a prior recognition of equivalence between sanitary inspection services is necessary. When the country is already recognized as equivalent by Brazil, it is only necessary for the competent authority to document the product and that the establishment complies with Brazilian law.⁸² To get to this stage a site visit by an inspector is essential and this can be a slow process.⁸³ Various other forms of national authorisation are also required.⁸⁴ For example, and as is the norm elsewhere, product specific requirements must be met.⁸⁵ Registration for a company to import in Brazil can reportedly take between 3 and 12 months. Argentina is reportedly

⁸¹ Industry source, pers. comm., 2015

⁸² Information provided by Dr. Alex Augusto Gonçalves.

⁸³ Industry source, pers. comm., 2015

⁸⁴ The various government agencies include, the: Ministry of Agriculture: <http://www.agricultura.gov.br/animal/importacao> (only in Portuguese); Ministry of Fisheries and Aquaculture - <http://www.mpa.gov.br/index.php/legislacao> (only in Portuguese); Brazilian Health Surveillance Agency (Anvisa): <http://portal.anvisa.gov.br/wps/portal/anvisa-ingles>; and Brazil Export: <http://www.brasilexport.gov.br/?l=en>

⁸⁵ Detail on these are available here (only in Portuguese):

<http://sistemasweb.agricultura.gov.br/sisrec/manterDocumento!abrirFormConsultarDocumento.action>

the least difficult of the three, but it still requires the plant to be registered and for an inspector to visit.⁸⁶

On the other hand, the Pacific Alliance countries have less difficult import requirements. At one extreme, and a major exception for Latin America, is Chile. Here the importer is automatically registered with authorities via the first container it sends there. Peru is also reportedly not too difficult – a plant can be registered to import there in one month, but this depends on the level of cooperation of the authorities and how interested they are.⁸⁷ Colombia is also at the forefront of involvement of the private sector in regulation making and implementation. In 2007, the Ministry of Foreign Trade and over 90 private entities including product certifiers, product inspectors, and accredited testing, calibration and assay laboratories, enacted the creation of Colombia's National Accreditation Organization (ONAC) as a public-private organization with the aim to allow international recognition of the country's conformity assessment certificates. The INVIMA is the organization responsible for inspecting food products other items related to human health.⁸⁸ New regulations on food and food ingredients are aimed at establishing traceability as part of Colombia's total food safety system.⁸⁹

2.4.3 Future prospects

By 2020, the Latin American population is forecast to grow to 500 million, with sustained GDP growth of 3% average per year. The middle class will continue to grow and is predicted to comprise 50% of the population, surpassing the lower class. The 'Pacific Alliance' countries are expected to grow at a faster rate than the 'Atlantic Mercosur Alliance' and at the country level, Brazil's relevance will reduce, while Mexico's will rise.⁹⁰

FAO estimates that fish consumption will rise to 1 kg/capita across Latin America, while consumption of red meat and poultry will stabilise. In terms of canned tuna, consumer preferences are expected to continue to develop with increasing focus on quality and formulation changes (i.e. less flakes, more chunk/solid packs, value-added products including salads). As tariff levels reduce in some of the more open economies, the regional dominance of Ecuador as the major supplier will be challenged by cheaper imports from South East Asian supplies, including Thailand, Philippines and Vietnam.⁹¹ However, there are minimal opportunities for Pacific Island processors who cannot compete with South-East Asian competitors in terms of both production and freight costs.

In addition, unlike the EU there is no possibility of gaining a tariff advantage because either the canned tuna market is already duty free for all major competitors (e.g. Chile, Peru) or it is deliberately protected and supplied on a domestic or regional basis (e.g. Brazil and Colombia). Even if PICS negotiated an FTA to gain access to the latter category of Latin American market – which is unlikely given the high costs to both parties in return for one product – the NTMs in these markets are substantial, especially in Brazil, and would take considerable effort to comply with.

⁸⁶ Industry source, pers. comm., 2015

⁸⁷ Industry source, pers. comm., 2015

⁸⁸ See: <https://www.invima.gov.co/>

⁸⁹ OAS 2015

⁹⁰ Chemerinski 2014

⁹¹ Chemerinski 2014

2.5 Middle East and North Africa

2.5.1 Current market status

The canned tuna market in the Middle East and North Africa is valued at around USD 1 billion, with the major markets being Egypt, Saudi Arabia and Libya. United Arab Emirates (UAE) is emerging as a 'model market' with the introduction of new products and marketing techniques.⁹² The Middle East market as a whole is characterised as: primarily driven by price, rather than quality; having low tariffs with one exception, Turkey; medium difficulty in terms of non-tariff measures, at least in terms of initial company and product registration; traditionally a fragmented market with no dominant large brands; and, largely controlled by wholesalers who import directly from canneries. In recent years, attempts have been made to better identify brands through advertising and promotional campaigns, which has resulted in consolidation of the market by a few large wholesalers. Brands that have invested more heavily in advertising and promotion are starting to gain market share in the Middle East's otherwise highly fragmented market, with some niche markets developing for a few higher end brands.⁹³

Total import of canned tuna in the selected Middle East and North African countries in Table 11 decreased by 44% from 2010 to 2013 (i.e. from 152,000mt in 2010 to around 85,000mt in 2013). This decline could be attributed to tight economic and financial conditions in the key markets, Egypt and Libya; traders trying to run-down high cost inventory in light of lower raw material prices and limited trading activity in local markets due to competitive spot prices being offered by new entrants in the markets taking advantage of falling raw material prices.⁹⁴

The largest importers are Egypt and Saudi Arabia where the principal supplier in both cases is Thailand (Figure 1), followed after a considerable margin by Indonesia (Appendix 4). There are no PIC suppliers to any of the selected countries from this region. While Egypt is the largest import market, domestic political-economic volatility in recent years means that imports are volatile (dropping by 41% over 2010-2013). In addition to supply from Southeast Asia, Saudi Arabia imports small volumes from neighbouring Yemen and from Spain (Appendix 4).

Table 11 Middle East and North Africa canned tuna imports (in tonnes), 2010-2014

Country	2010	2011	2012	2013	2014	% growth (2010- 2013)
Algeria	7,803	6,354	5,693	8,083	n.a.	4%
Egypt	71,458	36,065	50,242	42,152	n.a.	-41%
Libya	38,251	n.a.	n.a.	n.a.	n.a.	n.a.
Saudi Arabia	28,571	28,429	35,193	24,794	n.a.	-13%
Tunisia	6,734	10,011	12,576	9,984	n.a.	48%
Turkey	107	27	36	28	394	n.a.
Total	152,924	80,886	103,740	85,041	n.a.	-44%

Source: UN Comtrade 2015

⁹² Sengupta 2014

⁹³ Hamilton et. al. 2011; industry source, pers. comm., 2015

⁹⁴ Sengupta 2014

As mentioned, **Egypt** is largest market, but consumption (and hence, import volumes) is volatile. Small grocery stores account for 88% of canned tuna sales. The Egyptian market is characterised by low cost, low quality canned tuna – the largest segment of the market is flakes (54%), followed by chunk (31%) and lastly, solid pack (13%), although the chunk and solid segments are growing. Light meat tuna (mostly skipjack) in sunflower oil dominates the market in 100-185 gram packs. The leading brand is Sunshine (29.1%), followed by Dolphine, which is currently the fastest growing brand (14.1%; 3.9% growth). Other notable brands are Sunshine Express, Mario, American and Sunshine Express. Saudi Arabians consider canned tuna to be an affordable and versatile alternative protein source to meat and it is eaten as both a snack (i.e. sandwiches, direct from can) and as a main meal ingredient.⁹⁵

In **Saudi Arabia**, supermarkets dominate sales, accounting for around 45% of the canned tuna business (in volume and value terms) and their dominance is growing. There are five key brands - Goody, Boton, Green Farms, Geisha and California Garden. Solid pack is the most popular product (around 72% in volume terms), but is declining, while flake packs are the second biggest segment (11.5%). Value-added ready-to-eat products represent a small market segment (2.2%), but this is growing – Rio Mare is the dominant brand in value-added products (91%). Light meat constitutes 90% of volume share, with 10% albacore and the majority of packs are in sunflower oil. The most popular can size range is 185-200 grams.⁹⁶ Industry sources indicate that the Saudi Arabia market is higher end when compared with the majority of Middle East markets with consumers demanding higher quality. They indicate there is potential for growth in this market, but that processors would need to establish relationships and work together with local wholesalers.⁹⁷

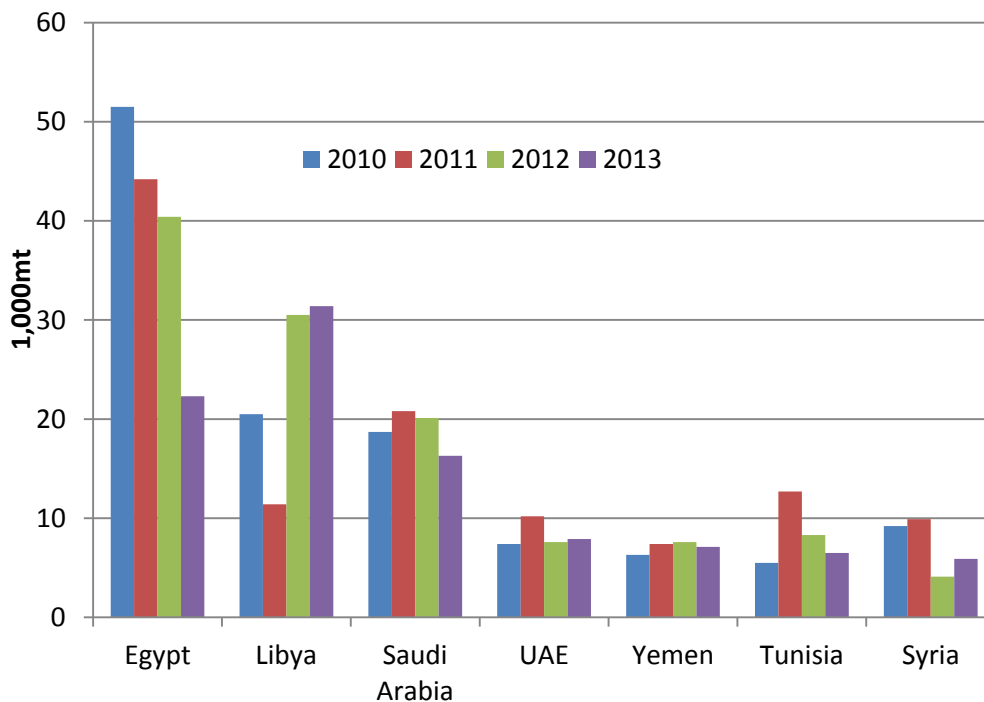
Libya is known to be a major importer of canned tuna but there are no data reported on UN Comtrade since 2011. This is presumably because of the serious ongoing political turmoil and violent conflict there. Sengupta (2014) reported that Libya imported 2,260 full container loads (FCLs) in 2013, which would be in the order of 50,000-60,000 mt.⁹⁸ It can be seen from Thailand's exports to Libya, that Libya increased its import of Thai product in 2012 and 2013 (Figure 1) to over 30,000 mt. This is possibly because canned goods are important to food security in tumultuous times because they are durable and 'shelf-stable'.

⁹⁵ Sengupta 2014

⁹⁶ Sengupta 2014

⁹⁷ Industry sources, pers. comm., April 2015

⁹⁸ Calculated based on the industry standard that one FCL of standard pack tuna (48 cans/carton of 170-180g cans) requires 25 mt of raw material to produce.

Figure 1 Thai exports of canned to the Middle East and North Africa, ('000 mt), 2010-13

Source: GLOBEFISH 2014

United Arab Emirates is a growing Middle Eastern market, but like Libya, data are not available from UN Comtrade. Sengupta (2014) reported that UAE imported 644 FCLs in 2013, which could be in the order of 16,000-17,000 mt.⁹⁹ Thailand is also a major supplier to UAE, accounting for around 8,000 mt in 2013, which is around 50% of UAE's annual supply of canned tuna (Figure 2.5.1). Supermarkets account for around 60% of UAE's canned tuna business, with small grocery stores the second largest and fastest growing supplier. In 2013, solid pack was the largest product segment and is growing (55%), followed by chunks (17.4%). The flake market accounted for around 18% of sales, but is declining (4.7% reduction from 2011-2013). Around 70% of canned tuna is light meat and 30% is albacore, with sunflower oil the most popular filler (46%). Olive oil and water packs are increasing in popularity. Traditionally, the most popular can size has been 185 grams, but the market leader, Al Alali has downsized to 170 gram cans. California Garden is the second biggest brand; Century, a Philippines brand owned by General Tuna Canning is dominating Asian imports, accounting for 15.5% market share and is popular with Filipino foreign workers living in UAE. The UAE canned tuna market is less price dependent than most other Middle Eastern markets, with consumers more concerned about packaging (i.e. preference for easy-open cans, lithographed cans), quality (i.e. solid pack more popular than flakes/chunks) and nutrition (i.e. growing preference for olive oil in favour of vegetable oils).¹⁰⁰

According to UN Comtrade data, the main growth market in the region is **Tunisia**. Once again, Thailand is the main supplier by a large margin, but product from Vietnam has become more prominent over the period 2010-13, pulling away from competitors to reach a dominant second position (see Appendix 4). Previously, Tunisia had quite a number of small plants (an estimated 17 in 2012), processing in total around 80-90 mt/day. However, according to industry sources, most of

⁹⁹ Calculation as per Footnote 98.¹⁰⁰ Sengupta 2014

these plants faced financial difficulties and have since closed due to bankruptcy. The remaining processing facilities process imported whole round skipjack, as well as small volumes of locally-caught bluefin, which is a niche product in the Tunisian market. Tunisian processors are generally reluctant to use imported pre-cooked loins as their cooking and canning style is unique and not well suited to using loins. There are 4-5 local brands sold in supermarkets, as well as 3-4 importer brands which are processed in Thailand and sold very cheaply in traditional small grocery stores.¹⁰¹

Turkey has two canneries processing around 120 mt/day which is adequate to fully meet its domestic consumption. The Turkish canned tuna market is heavily protected by an 80% import tariff, which serves as a major disincentive to external suppliers and has resulted in very low import volumes. Previously, pre-cooked loins were charged 45% import duty. However, a regulatory change in 2014 to promote export growth has deemed imported loins to be duty free if the loins are processed into canned tuna for re-export. As a result, in 2014, Turkey's imports increased to almost 400 mt, the majority of which was imported pre-cooked loins from China. In addition to supplying the domestic market, Turkey's canneries are also ramping up exports to Europe and the Middle East (for fish which does not meet EU's stringent RoO requirements). In the Middle Eastern market, Turkey exports their domestic brands and positions themselves at a mid-point between the most expensive imported European brands and low price, low quality private labels imported from Thailand. Currently, canned tuna consumption in Turkey is around 90-95 grams/capita, but is growing by 25-30% due to heavy advertising efforts by one of the two major branded processors. Turkey is a heavily meat-centric market, with annual consumption of meat and chicken being 20kg/capita and 30kg/capita, respectively, while fish consumption is 6kg/capita. The main product is skipjack tuna in olive oil which is sold at a premium price.¹⁰²

2.5.2 Tariffs and non-tariff requirements

The MFN duty for imported canned tuna is very low at 5% for Egypt, Saudi Arabia and United Arab Emirates (UAE), and zero for Libya (Table 12). This situation does not offer PIC processors any opportunities to offset their higher production costs with preferential access to any of these markets.

In contrast, Tunisia and Turkey have very high import tariffs at 36% and 80% respectively. These are designed to protect domestic canned tuna processors. At the same time, Tunisia also imports a considerable volume of canned tuna from Thailand (Figure 1), which suggests that Thai product is competitive on this market at 36% duty given that no trade preference scheme is recorded to be in place between Tunisia and Thailand.¹⁰³

However, there is some commercial potential in Turkey's import market for loins. As mentioned, while pre-cooked frozen loins imported into Turkey are hit by a MFN import tariff of 45%, a change in regulation in 2014 allows loins to be imported at 0% duty if they are re-exported as finished products within the next two years. The import quota for 2015 is reportedly limited to 1,000mt of loins.¹⁰⁴ Note that the import duty for whole round tuna is 0%. This is a classic system of tariff escalation where domestic processors are protected from foreign imports but can import raw material competitively.

¹⁰¹ Industry source, pers. comm., 2015

¹⁰² Industry source, pers. comm., 2015

¹⁰³ This was checked in a fine grained search of UNCTAD TRAINS and WTO 2015a databases.

¹⁰⁴ Industry source, pers. comm., 2015

Table 12 Selected Middle East and North Africa tariff regimes for canned tuna*

Importer	Partner	Tariff rate	Scheme
Egypt	World	5	Most Favoured Nation (MFN) duty rate treatment
	COMESA	0	Common Market for Eastern and Southern Africa FTA Member States. Except: 1% for Eritrea and Uganda; 4.5% for Ethiopia.
	Arab States	0	Preferential tariff for the League of Arab States
	EU	0	Free trade duty rates for EU
Libya	World	0	MFN
Saudi Arabia	World	5	MFN
	GCC	0	Preferential tariff for Gulf Cooperation Council countries
	Arab States	0	Preferential tariff for the League of Arab States
Tunisia	World	36	MFN
Turkey	World	80	MFN
	EU	64	Preferential tariff for European Union countries under the Association Agreement
	EFTA	0	Preferential tariff for European Free Trade Association (EFTA) countries (Iceland, Liechtenstein, Norway and Switzerland)
United Arab Emirates	World	5	MFN
	GCC	0	Preferential tariff for Gulf Cooperation Council countries
	Arab States	0	Preferential tariff for the League of Arab States

*2009 tariff data for Egypt; 2006 for Libya; 2012 for UAE and Saudi Arabia; 2011 for Turkey; 2008 for Tunisia. All for canned tuna, skipjack and bonito (HS Code 16041400), except various codes for Tunisia and Turkey. Ad valorem tariffs unless otherwise specified.

Source: UNCTAD TRAINS; WTO 2015a

Egypt has signed several trade agreements including the Egypt-EU Partnership Agreement, the Common Market for Eastern and Southern Africa (COMESA) and the Pan Arab Free Trade Area (PAFTA). In addition, Egypt has signed separate bilateral agreements with Turkey and several Arab Countries, including Libya, Syria, Tunisia, Morocco, Lebanon, Jordan and Iraq. Egypt is also negotiating a Deep and Comprehensive Free Trade Agreement (DCFTA) with the EU which could eventually lead to a gradual integration of Egypt's economy into the EU single market.

Saudi Arabia is a member of the Gulf Cooperation Council (GCC) countries which include the UAE, Saudi Arabia, Qatar, Kuwait, Bahrain and Oman; and member of the Arab League, the Organization of Islamic Cooperation (OIC), the G20, and World Trade Organization (WTO).

Tunisia was the first Mediterranean country to sign an Association Agreement with the EU, in July 1995.¹⁰⁵ Tariff dismantling under the Agreement was completed in 2008, with the resulting Free

¹⁰⁵ CFFA 2006

Trade Area, the first between the EU and a Mediterranean partner. Tunisia signed a free trade agreement with Turkey and EFTA that entered into force in July 2005. Tunisia has also signed a bilateral agreement with Libya that entered into force in 2002 and a bilateral agreement with Algeria that entered into force in March 2014. Tunisia is negotiating with the EU to establish a DCFTA, which could eventually lead to a gradual integration of Tunisia's economy into the EU single market.

The **UAE** is a founder member of the GCC. The UAE also seeks to deepen collaboration with Arab nations through the Greater Arab Free Trade Area Agreement (GAFTA) and other bilateral free trade agreements within the framework of GCC agreements. Under GAFTA, Syria, Lebanon, Iraq, Morocco and Jordan are the Arab nations with which the UAE has already signed a number of free trade pacts. Beyond the GCC and Arab world, the UAE has bolstered its trade links with 12 countries in Asia, 8 countries in Africa and Europe and two in South America and Australia. It is currently holding agreement talks to establish free trade zones with the EU, Japan, China, India, Pakistan, Turkey, Australia, South Korea and the Mercosur group of Latin American countries (see above). It has free trade agreements with, among others, Singapore, European Free Trade Association (EFTA), and New Zealand.

Non-tariff measures

The Middle East is an attractive market for packers because it does not require as strict compliance with traceability or SPS measures as the EU.¹⁰⁶

Of particular importance regarding **Egypt** is that it is one of the partners of the Euro-Mediterranean Partnership (Euromed) that promotes economic integration and democratic reform across 16 countries to the EU's south in North Africa and the Middle East. One element of this is the approximation of Egypt's trade regime to EU policies and standards with regard to sanitary and phyto sanitary (SPS) and technical barriers to trade (TBT) issues. In February 2004, Egypt signed the Agadir Agreement with Jordan, Morocco and Tunisia. This committed all parties to removing all tariffs on trade between them and to harmonizing their legislation with regard to standards and customs procedures. This is a continuing process that will take some time to reach its ultimate goal, which *logically must eventually result in alignment with the EU approach to SPS and TBT matters*. Largely because of EU influence and funding together with the scarcity of local technical knowledge the food safety legislation being introduced is largely based on EU Regulations and Directives. A major difficulty for this process is that whilst progress is being made in this area *many Egyptian technical regulations and standards still contain qualitative elements* unrelated to health, safety or the environment.¹⁰⁷ Some of these elements reflect local culture and historic trading practices. The regulatory system may therefore subject imports to technical regulations/ standards that are not justified on SPS grounds or that fulfil objectives that are not recognized as legitimate by the TBT agreement. Such technical regulations and standards can be considered unnecessary obstacles to trade and are a primary target of the EUs SPS and TBT programmes of technical assistance.

Saudi Arabia said on its WTO accession in 2005 that it would make a priority to introduce legislation to enable full compliance with the WTO SPS and TBT Agreements. Discussions in WTO working groups have however indicated that not all provisions of the SPS Agreement had been included in Saudi Arabia's national legislation and key words had been changed or omitted.¹⁰⁸ That left the legislation open to interpretation and *might lead to legal uncertainty*. Membership of the GCC raises problems where other countries' SPS regimes are less effective in practice than that of Saudi Arabia.

¹⁰⁶ Hamilton et al. 2011

¹⁰⁷ Ghali et al. 2013; Enbaby 2015

¹⁰⁸ WTO 2015b

The SPS Agreement requires that measures applied in each member are not more restrictive than necessary to deal with the risks faced by that particular member. Saudi Arabia maintains that, because there is free movement of goods between GCC countries due to the establishment of the customs union, it is not feasible to restrict imports in one GCC country and to allow imports in other GCC countries. This stance could result in Saudi Arabia applying a ban on imports simply as a result of another GCC country imposing such a ban even though those imports did not pose a disease risk in Saudi Arabia.

Like Egypt, **Tunisia** is: i) one of the partners of the Euromed which includes eventual approximation to EU policies and standards; and ii) a signatory of the Agadir Agreement with Jordan, Morocco and Egypt, which commits parties to harmonise public standards.¹⁰⁹ Tunisia's commitment to these and several other regional agreements (see above) are a spur to the upgrading of Tunisia's comparatively weak SPS and TBT regime and legislation relating to food safety and quality are among Tunisia's economic priorities. Largely because of EU influence and funding together with the scarcity of local technical knowledge the food safety legislation being introduced is largely based on EU Regulations and Directives.¹¹⁰ Because of this weakness, sector-specific guides are however still scarce in Tunisia and local companies turn to Codex or European guidelines. Some food factories (especially in fish products) have been accredited by the EU and they have a regular trading activity with the European countries, but their goods are controlled at EU borders.

Importing tuna loins into Turkey appears to be a relatively straight forward process. The private buyer would first send quality control to the factory for a full evaluation. Ideally, a British Retail Consortium (BRC) certification is desired as a sign of quality, but if one is not in place, the facility must meet BRC standards.¹¹¹ A functioning HACCP system is a baseline standard and an EU sanitary certificate is required (even if the fish is not originating). From the side of the Turkish government, standard requirements apply, e.g. catch certificates, histamine, toxin and heavy metal checks. To date, the importation of loins into Turkey has reportedly been smooth.¹¹²

The **UAE** policy of expanding trade arrangements internationally (see above), requires that the country also has a high state of compliance with the WTO SPS and TBT Agreements. The UAE has an extensive body of national legislation to regulate SPS measures; most of the laws are based on GCC standards which are reflective of the WTO SPS and TBT Agreements. SPS measures are enforced at the federal and the emirate level. The Ministry of Agriculture and Fisheries is the SPS focal point, whereas the Emirates Authority for Standardization and Metrology (ESMA) is the TBT focal point. A national system is in place whereby ESMA conducts laboratories accreditation and provides conformity certification. ESMA develops and adopts standards, which are in general according to existing international and regional standards. There is however no central body in charge of preparing technical regulations in the UAE.¹¹³ These may be developed by ESMA, or directly by a Ministry. ESMA also monitors the application of standards and technical regulations. The Emirates National Accreditation System (ENAS) actively and effectively assists local and foreign companies to obtain international standard certification.

Importing canned tuna into UAE requires product samples and the label must be registered with the government. It is reportedly a long and detailed process getting registered, but once this hurdle is passed, clearing customs is smooth.¹¹⁴

¹⁰⁹ Boughzala 2010

¹¹⁰ WTO 2005; USTR 2014

¹¹¹ See: <http://www.brcglobalstandards.com/>

¹¹² Industry source, pers. comm., 2015

¹¹³ WTO 2006; WTO 2015c

¹¹⁴ Industry source, pers. comm., 2015

2.5.3 Future prospects

Thailand is by far the dominant supplier to the Middle East and North Africa. The seven countries detailed in Figure 1 constituted an average of 25% of Thailand's total canned tuna exports from 2010-2013, indicating that these markets are already fully penetrated by Thai product at competitive prices. Tariff preferences are unlikely to offer any advantage to PIC processors.

Thai processors indicate that Middle East continues to be an attractive market because of increased purchasing power given the strong Thai baht. Also, they are able to sell the cheapest product, and increasingly, also high end premium products, as there are many players demanding different levels of quality, which makes the market interesting.¹¹⁵

Industry sources indicate that foreign exchange shortages in Middle East markets can be an issue at times, when importers cannot get enough US currency from local banks to pay for consignments (transactions are typically conducted in USD). Importers often switch banks to access enough USD and on occasions, will not accept product they have ordered because they were unable to raise adequate foreign currency to be able to actually purchase the order.¹¹⁶

Given strong market growth in Turkey and a heavily protected domestic canning industry, the imported loin market may offer some opportunity to PICs. While this is currently small at only 1,000mt per annum and is currently being supplied by subsidised loins processed in China, there may be increased demand in future, particularly if Chinese plants are unable to meet Turkey's quality requirements.

2.6 South Africa

2.6.1 Current market status

South Africa consumes around 1.3 - 1.4 million cases/year of canned tuna, with the main products being standard 170 gram packs of chunks and flakes, both in water or vegetable oil. South Africa's labelling requirements do not require species differentiation, so the market is focussed on low priced skipjack. The market is dominated by private labels produced for major supermarket brands such as Shoprite, Pick N' Pay and Spar. These retailers cater largely for the wealthier sector of the population. Lucky Star brand, primarily a canned pilchards (sardines) processor, holds around 10% market share and MW Brands', John West brand, 8-10%. The South African market is price sensitive and it is difficult for branded tuna to compete with private label, which is constantly on promotion. The lower income portion of the population consume canned pilchards which is considered a staple food and is value-added tax free, while canned tuna is consumed more by the middle and upper-classes and is subject to value-added tax. Private label retails for ZAR 11.00/can (US \$0.90), at the everyday, non-discounted price, while branded product retails for ZAR 13.00/can (US \$1.07). Canned tuna product packaging is evolving to be more convenient, with the introduction of easy-open cans.¹¹⁷

¹¹⁵ Industry source, pers. comm., 2015

¹¹⁶ Industry source, pers. comm., 2015

¹¹⁷ Industry source, pers. comm., 2015

Import market demand in South Africa has been reasonably stable over the past 5 years at around 12,000 mt annually (Table 13). Thailand is the dominant supplier at over 90%, although import volumes from China were increasing in 2012-2014. On a unit value basis of imports (USD/mt), China is the lowest priced supplier, Philippines the highest and Thailand mid-point. China is the lowest priced due to government subsidies, while the Philippines is higher than Thailand due to longer distance (and thus higher cost) for freight (Appendix 5).

South Africa's canned tuna import market is valued at \$30-\$50 million. The value of imports saw an increase in 2012 and 2013, most likely in relation to higher raw material price as it decreased in 2014.

Table 13 South Africa canned tuna imports (in tonnes unless otherwise specified), 2010-2014

Partner	2010	2011	2012	2013	2014
Thailand	11,954	9,440	11,125	11,294	12,389
Philippines	260	165	273	130	87
China	0	0	172	622	386
Others	138	261	199	50	75
Total	12,352	9,866	11,770	12,097	12,937
Value in US dollars	33,756,793	30,559,235	49,873,731	50,851,646	44,746,677

Source: UN Comtrade 2015

2.6.2 Tariffs and non-tariff requirements

Unusually, South Africa applies tariffs on canned tuna by weight: at ZAR 0.06/kg for MFN treatment. This rate is tiny and is verging on duty free at the equivalent of less than USD 0.01/kg. This is the tariff that all PICs would pay as South Africa does not offer duty-free, quota-free treatment for LDCs. The main countries that have duty free access to this market are members of the Southern African Development Community (SADC), whose members consist, among several others,¹¹⁸ of Mauritius and Seychelles, both of which are major canned tuna producers with short freight linkages to South Africa. Despite this close geography and preference, imported Thai product dominates this market (see above), suggesting that even if PICs were to have duty free access, they could not compete.

Table 14 South Africa tariff regime for canned tuna*

Partner	Tariff rate	Scheme
World	6c/kg	Most Favoured Nation duty rate treatment
EU	6c/kg	Interim Economic Partnership Agreement with the EU (IEPA)
SADC	0	Regional Preferential tariff for Southern African Development Community (SADC) countries
EFTA	0	Preferential tariff for European Free Trade Association (EFTA) countries

*2012 tariff data for canned tuna 'other' (HS Code 16041490). Tunas, skipjack and bonito 'Frozen' (16041410) is also listed (at 25% or 200c/kg instead of 6c/kg), but it is not clear what is meant by 'frozen', and is most likely loins.

Source: SARS 2015

¹¹⁸ For the full membership of SADC see: <http://www.sadc.int/member-states>

Non-tariff measures

South Africa applies strict checks to ensure standards are met. The standards of the National Regulator for Compulsory Specifications (NRCS) are extremely high.¹¹⁹ Every consignment is sampled and has to have the NRCS go-ahead before selling anything. In recent years the only major problem encountered in importing finished tuna products has been dented cans.¹²⁰ NRCS has inspected supplier canneries in the past and it was recommended by local industry that if a supplier wanted to import to South Africa that it would be a good idea to invite them for an inspection.

More generally South Africa is undergoing upgrading and clarification of its existing extensive regulatory system. A major drawback to progress in this area is that the legislative mandate is spread across several government authorities and regulatory agencies each with their own set of administrative requirements. This fragmentation inherently gives rise to challenges such as a lack of coordination for implementation and enforcement of regulatory requirements. For South Africa to progress towards full compliance of the WTO SPS Agreement, much greater investment in key areas of human capacity, infrastructure, financial resources and technical and/or scientific expertise will be required.

The increasing frequency of food safety incidences and pests and disease outbreaks, nationally and internationally, has exposed several weaknesses in South Africa's diagnostic and analytical laboratory capabilities. While the South African official laboratory services is generally able to handle the demands of existing SPS risks, challenges persist with regard to a number of areas including: adequate infrastructure and suitable instrumentation, access to the latest scientific technology and protocols, upgrading technical competencies for specialised testing services, standardisation and validation of testing through reference laboratories and appropriate reference collections and the aggregation of testing data through an integrated electronic data management system in certain areas.¹²¹

2.6.3 Future prospects

There are no prospects for PIC processors in the South African market due to uncompetitive freight rates and an identical tariff to Southeast Asian suppliers; it is difficult to compete with Thailand, in particular. Not least because it is a low price market dominated by private label. Other Indian ocean-based small island producers with more sophisticated plants than PNG have been unable to break into the South African market, despite benefitting from duty free access under SADC.

2.7 Russia

2.7.1 Current market status

The Russian market for canned tuna is growing market, but from a low base. It registered 71% volume growth from 2010 to 2013 and 123% in terms of value, reaching \$20.9 million in 2013 (Table 15). Thailand is the largest supplier (60-70%); but there are also consistent volumes from China, Seychelles, Spain, and Indonesia; there are no PIC suppliers. Russia is assumed to be an outlet for product not eligible for the EU processed in Seychelles; and also for Thailand, China and Indonesia, but to a lesser extent. Over the last five years the unit value of imports (USD/mt) saw Spain as

¹¹⁹ <http://www.nrsc.org.za/>

¹²⁰ Industry sources, pers. comm., 2015

¹²¹ Mukumba and Hornsby 2011

consistently the highest value supplier (presumably purchased by the Russian elite¹²²) and Indonesia as the lowest value supplier (Appendix 5).

Table 15 Russia canned tuna imports (in tonnes unless otherwise specified), 2010-2013

Partner	2010	2011	2012	2013
Thailand	2,006	2,993	2,973	3,658
China	583	677	460	1,266
Seychelles	219	282	229	135
Spain	214	353	271	83
Indonesia	121	130	148	170
Others	43	51	78	139
Total	3,186	4,485	4,159	5,451
Value in US dollars	9,379,000	15,176,015	15,463,884	20,936,314

Note: No data available for 2014

Source: UN Comtrade 2015

Premium canned seafood has been identified as a growth market in Russia. Even though 'local competition increased dramatically' in this segment through the 2000s¹²³, gaps and thus opportunities remain. However, overall consumption (including evening meals at home) is dominated by traditional species whitefish, salmon, trout and sturgeon, which are typically fried, baked or barbecued in the summer months.

2.7.2 Tariffs and non-tariff requirements

The MFN rate for canned tuna in Russia is 15%. This is the standard import tariff for all canned seafood in this country. Russia's GSP for LDCs offers a considerable potential commercial advantage at zero duty, which on first glance may be a significant advantage for the Solomon Islands. But the GSP for all other developing countries (including PNG) is 11.25% and thus offers no significant advantage over the MFN rate. There is considerable leeway ('water' in the jargon) in Russia's canned seafood tariff with a bound rate of 30% compared to the MFN rate of 15%, meaning that Russia has the possibility of doubling the current applied MFN tariff under WTO rules.

Like the EU and US, Russia uses tariff policy to secure geopolitical interests as well as economic ones as is apparent from its preferential treatment of Commonwealth of Independent States (CIS) and related countries (see the last line of Table 16). None of these countries produces canned tuna.

¹²² The emergence of the new rich in Russia explains the boom through the 2000s in consumption of sushi, which is now widely available in Russian supermarkets.

¹²³ Seafish 2008

Table 16 Russia tariff regime for canned tuna *

Partner	Tariff rate	Scheme
World	15	Most Favoured Nation duty rate treatment
GSP	11.25	Russian Generalized System of Preference
LDC	0	Russian GSP for Least Developed Countries
various	0	Preferential tariff for Commonwealth of Independent States (CIS) countries (Armenia, Azerbaijan, Belarus, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan and Uzbekistan); for Montenegro; and for Serbia.

*2012 tariff data for canned tuna, skipjack and bonito (HS Code 16041410). Ad valorem tariffs unless otherwise specified.

Source: UNCTAD TRAINS

Non-tariff measures

Russia formally joined the WTO in August 2012 and thereby signed up to the WTO SPS and TBT Agreements. The accession process was very lengthy because of a wide range of concerns held by other WTO members relating to Russia being both able and willing to make the changes to its historic approach to trade regulation that would bring its procedures into line with other WTO states.

The import of seafood into Russia is infamous for its high levels of red tape and rapid shifts in bureaucratic requirements. As such, importers play an important role, specialising in dealing with changing food safety procedures and regulatory requirements on a day-to-day basis. As one industry representative put it: "There are very lengthy contractual requirements – lots of standards. ... It's not easy to do business there time-wise. You need to do your homework. Once you get a good local partner there are no clearance or quality issues."¹²⁴

To be able to export products to the Russian Federation a GOST R Certificate of Conformity was (and still is in some instances) required (GOST is the official term for State Standards). This certification confirms the quality of the imported product and its compliance with the norms and standards of the Russian Federation. The list of products covered by this regulation includes, but is not limited to food and beverages. These products must be tested and certified according to standards of the Russian Federation by an accredited laboratory prior to importation. The manufacturer typically arranges for testing and certification. Customs entry requires presentation of a GOST R Certificate of Conformity issued by the testing agency.

All documents must be filled in and/or translated into Russian, including the following import requirements, which are drawn from Seafish (2008):¹²⁵

- Certificate of Origin;
- Health Certificate;
- Quality Certificate from the country of origin;

¹²⁴ Industry source, pers. comm., 2015

¹²⁵ A search of the UNCTAD NTM database was done for canned tuna, but only highly incomplete information was available.

- Certificate of Conformity/ Hygiene stating that the product in question confirms to Russian standards, including compliance with the regulation 'Hygienic Requirements for the Safety and Nutrition of Foodstuffs (SanPiN-01)' that specifies permissible levels of food contaminants for fresh, chilled and frozen seafood.
- Legal labelling requirements for fish are set out in State Standard GOST R-51074-2003. For canned/preserved seafood the label must indicate in Russian: product name, ingredients, name/address of manufacturer, grade (if any), net weight, nutritional content and value, storage requirements, date of production, shelf life and Russian certification number.

All imports are also met with a fee for customs-related operations, which is generally applied at about 1% of the value of the contract.

The WTO and others see Russia's non-tariff measures as potential protectionist tools that can be used as a supplement or compliment to traditional tariffs. This concern prompted a Norwegian study which looked at SPS application by Russia in recent years. The study found that according to the WTO Global Trade Alert database, the Russian Federation is second in the world ranking of countries that frequently use trade barriers since the global crisis of 2008 with 444 measures implemented as of January 1 2015. The 'leader' of the ranking is India with 619 measures implemented. More than 60 percent of measures imposed by Russia are qualified as 'red' measures, i.e. 'the measure has been implemented since November 2008 and almost certainly discriminates against foreign commercial interests' and also is disproportionately applied to sectors that are vulnerable sectors for Russia's trading partners.¹²⁶

2.7.3 Future prospects

While Solomon Islands, as a least developed country, would enjoy a 15% tariff preference over the Most-Favoured Nation tariff rate, considerably higher freight costs compared to Russia's main supplier, Thailand, would likely absorb any duty advantage. Other developing-country Pacific Island processors would only benefit from a 3.5% duty advantage over other competitors, which would certainly not be adequate to compensate for high freight costs and lower prices received in the Russian market compared with European markets that PNG (and Solomon Islands) currently supplies.

The high level of bureaucratic requirements for seafood imports and lack of diplomatic relations with Russia also serve as a disincentive. Notwithstanding serious NTMs, it may be worth representatives of Soltuna exploring the possibility of selling premium canned product in Russia in concert with a reliable local agent.¹²⁷

¹²⁶ Besedina and Coupe 2015

¹²⁷ An industry source with past experience exporting to Russia indicated difficulties in receiving payment from Russian customers and warned that payment terms need to be carefully negotiated and finalised prior to sending shipments.

3. ALTERNATIVE MARKETS – COOKED LOINS

3.1 Thailand

3.1.1 Current market status

Thailand remains the world's largest tuna processor, with around 30 processors with a combined production capacity of 3,000 mt/day.¹²⁸ Over the past five years, raw material throughput has declined by over 10% from approx. 830,000mt in 2010 to around 730,000 mt in 2014, largely in response to declines in consumption in the US and Middle Eastern markets and high raw material prices throughout 2013 (Table 17). In 2014, 684,671 mt of whole round tuna and 21,631 mt of pre-cooked loins were imported by Thailand.

The total volume of loin imports is increasing in Thailand, but continues to represent only a small proportion of total raw material demands. In 2014, pre-cooked loins accounted for about 8% of Thailand's raw material throughput.

Table 17 Thailand – whole round vs. loin imports, 2010-2014

Year	Whole Round (mt)	Loins (mt)	Loins - WR equivalent ^a	Estimated total throughput (mt)	Loins % of raw material imports
2010	816,974	7,496	17,848	834,822	2%
2011	771,203	12,101	28,811	800,014	4%
2012	712,334	16,145	38,439	750,773	5%
2013	746,615	13,094	31,177	777,792	4%
2014	684,671	21,631	51,502	736,173	8%

Source: Thai Customs 2015, author's analysis

^a Based on loin recovery of 42%

The top three suppliers of loins to Thailand are China, Vietnam and Indonesia (Table 3.1.2). They have maintained this position consistently for the last 5 years. The Philippines was a significant supplier in 2012 but has since dropped off. There have also been small volumes of loins imported from PICs – Marshall Islands, PNG and Fiji. However, there are no discernible trends, with PIC loin exports to Thailand appearing to be ad-hoc, spot purchases.

¹²⁸ Hamilton et. al. 2011

Table 18 Thailand cooked loin imports (in tonnes unless otherwise specified), 2010-2014

Partner	2010	2011	2012	2013	2014
China	3,386	5,879	6,139	4,985	11,138
Vietnam	2,891	3,152	3,643	4,237	5,268
Indonesia	1,014	1,996	3,392	2,725	4,326
Philippines	0	48	2,099	575	419
PNG	0	0	0	70	362
Marshall Islands	0	0	345	113	0
Fiji	0	0	86	0	0
Others	206	1,026	441	389	118
Total	7,496	12,101	16,145	13,094	21,631
Value in US dollars	25,042,451	50,482,991	88,525,936	61,710,446	84,325,942

Source: Thai Customs 2015

Thai packers typically use pre-cooked loins opportunistically in times when whole round supplies are in short supply or when a plant is processing at capacity and does not have enough cleaners available to handle the throughput. Thailand is an exporter of loins and is one of the most efficient converters of whole round to loins in the world. Hence, China and Indonesia are currently the most viable options for loin imports into Thailand, as China's loins are competitively priced due to government subsidies paid to Chinese plants and Indonesian plants are supplied by locally-caught fish and have fairly low labour and overhead costs.¹²⁹

Loins from PIC processors are not competitive, particularly when fish prices are low. For example, according to an industry representative, while PNG has a \$150/mt advantage on the price of fish given its close proximity to fishing grounds, at an average recovery rate of 38% (compared with 42% in Thailand), the cost advantage on finished loins equates to \$57/mt. However, PNG production costs exceed the \$57/mt saving, with high electricity, water and packaging costs, as well as high freight costs for the loins. While wage rates are lower in PNG than Thailand, low labour efficiencies means it takes on average three PNG workers to clean the same volume as one Thai migrant labourer, so labour costs in PNG are 50% higher per tonne cleaned than Thailand. The only opportunity for PNG (and other PIC processors) is when the fish price is very high.¹³⁰

The utility of pre-cooked loins is limited due to quality declines related to the extra handling required. As flesh from loins deteriorates, particularly in brine packs, thawed pre-cooked loins are best for value-added products, pouches, oil pack and lower-end water packs. Hence, Thai processors typically used loins for Middle East canned tuna production which accepts comparatively lower quality than Thailand's other major customers, as well as pouch packs.¹³¹

3.1.2 Tariffs and non-tariff requirements

At 30%, the MFN applied tariff is clearly designed to protect Thai industry from imported loins. Note that a 'specific' tariff may alternatively be applied (e.g. 100 baht per kilogram of loins under the MFN

¹²⁹ Industry source, pers. comm., 2015

¹³⁰ Industry source, pers. comm., 2015

¹³¹ Industry source, pers. comm., 2015

rate). Where both ad valorem and specific rates of duty are in place, only the rate which renders the higher amount of duty is applied.¹³²

As a developing country itself, Thailand does not administer a GSP scheme. Given that PICs do not have FTAs with Thailand, all exports are treated at the MFN rate.

There is a high level of water in Thailand's tariff for tuna loins with the WTO rate at 40% and the bound (or 'ceiling') rate at 60%, thus allowing for considerable policy space in the context of multilateral liberalisation at the WTO.

Table 19 Thailand tariff regime for tuna loins *

Partner	Tariff rate	Scheme
World	30% or 100 baht/kg**	'General' rate ¹³³
Australia-New Zealand	0	ASEAN-AANZFTA - Australia-New Zealand Free Trade Area
China	0	ASEAN - China Free Trade Agreement
India	12	ASEAN - India Free Trade Agreement
Japan	0	ASEAN-Japan Comprehensive Economic Partnership Agreement (Tariff Schedule 1)
Korea	0	ASEAN-Republic of Korea Free Trade Agreement

* Data for 2015 using HS code 1604149000. Ad valorem tariffs unless otherwise specified.

** Where both ad valorem and specific rates of duty are in place, the rate which renders the higher amount of duty shall be applied (Kingdom of Thailand 1987).

Source: Thai Customs 2015; ASEAN 2012

Non-tariff measures¹³⁴

Thailand treats imported loins the same as imported whole round tuna in terms of the standard chain of custody (e.g. catch documentation, IUU compliance, dolphin friendly certification). In terms of SPS measures, until recently tuna product was treated differently coming in than from going out. There were two standards: one for Dept. of Fisheries for exports and one for FDA for imports. The latter's microbiological counts were very strict – treating loins as ready to eat, not as raw material. This has apparently been addressed now, but it appears that any exporters would benefit from talking to Thai importers first on this issue. Finally, in general, loins have to be kosher as many Thai packers are producing in kosher factories.¹³⁵

¹³² Kingdom of Thailand 1987

¹³³ There is some considerable lack of clarity on Thailand's import duties for loins with reporting in UNCTAD TRAINS, Thai Customs 2015, ASEAN 2012 and WTO 2015a databases including (i) a 'General' rate of 30% or 100 baht/kg and/ or (ii) a 'WTO' rate of 40% or 133.33 baht/kg. In trade nomenclature, the 'WTO' rate is normally equivalent to the MFN rate, and the 'General' rate would normally be higher because it applies to (normally a very small number) of countries that don't qualify for MFN treatment for geopolitical reasons.

¹³⁴ A search of the UNCTAD NTM database was done for canned tuna and tuna loin imports into Thailand as far back as 2007, but no data was available.

¹³⁵ Industry source, pers. comm., 2015

3.1.3 Future prospects

Thailand does not hold much potential as a major buyer of pre-cooked loins from PIC processors, or elsewhere, and will continue to largely use whole round fish for its production. Thailand is unlikely to have steady demand in reasonable volumes, and as such, orientating a PIC plant to supply loins to Thailand would be non-viable, especially being subject to 30% import duty. At best, Thailand will continue to be a client for spot-purchases of loins from PIC processors in times when fish prices are high, unless PIC processors can compete in future with subsidised loins from China and relatively cheap loins from Indonesia, which is highly unlikely.

3.2 American Samoa

3.2.1 Current market status

Currently, American Samoa has two large-scale canned tuna processing facilities located in Pago Pago – Starkist and Samoa Tuna Processors (STP). Starkist is owned by Korea's Dongwon Industries and STP, by Tri Marine. Neither facility is using frozen cooked loins to produce canned tuna.¹³⁶

Starkist established its processing facility in the 1960s to take advantage of American Samoa's duty free access to the US mainland market, close proximity to fishing grounds and comparatively lower labour costs relative to the US mainland. Starkist followed suit from Chicken of the Sea International (COSI), who established American Samoa's first cannery in 1954. Collectively, the two plants processed over 200,000 mt annually.¹³⁷ These plants have historically relied on direct delivery of whole round light meat tuna from US purse seine fishing vessels based in Pago Pago, as well as direct delivery and containerised imports of longline-caught albacore.

In the 2000s, both canneries suffered competitive pressure from lower-cost Asian and Latin American processors, which were able to compete against Starkist and COSI in the US market, despite having to pay between 6-35% import duty on tuna products. In 2007, they faced a further blow, with minimum wage legislation passed in the US, requiring American Samoa to incrementally increase wages from US \$3.21/hour to US \$7.25/hour. From 2007, the minimum wage rate increased by US \$0.50/hour three times to US \$4.76/hour, before the Obama Administration delayed further increases in 2010 until 2012 and then again in 2012 until 2015, given concerns about the negative impact on American Samoa's economy.¹³⁸ In 2009, COSI closed its plant and shifted its operations to a loin-only facility in mainland US (Georgia). Starkist continued operating, but made significant changes to its production strategy to try and combat rising labour and other operating costs and maintain competitiveness, including laying off 800 workers in 2010. Under current law, American Samoa's minimum tuna canning wage will equal the current US federal minimum wage of US \$7.25 in 2027 (12 years from now), where it will be kept at this rate until 2033. The next wage rise is scheduled for 30 September, 2015 with additional increases every three years thereafter. The American Samoa canning industry continues to oppose minimum wage increases and the negative impact this may have on the industry and the economy.¹³⁹

Prior to closing its American Samoa facility, COSI was partly using frozen cooked loins (around 20,000 mt in 2006) which were imported from COSI's parent company in Thailand, Thai Union. Starkist also

¹³⁶ Industry sources, various – pers. comm., 2015

¹³⁷ Hamilton et. al. 2011

¹³⁸ GAO 2014

¹³⁹ GAO 2014

partially switched light meat production from whole round to imported frozen loins (30 mt/day) sourced from Thailand, and on the odd occasion, Papua New Guinea and Marshall Islands. In 2010, Starkist processed 11,000mt of frozen loins and 84,000 mt of whole round tuna.¹⁴⁰ Industry sources indicate that Starkist then sold their microwave loin-thawing system and reverted back to processing only whole round fish, given freight costs to get the loins to American Samoa outweighed labour cost savings. The quality of canned tuna packed from loins was also lower than using whole round fish.¹⁴¹ In 2015, Starkist continues to produce 430-450 mt/day (around 100,000-120,00 mt raw material annually; 70% light meat and 30% albacore), relying on whole round tuna supplied mostly by US and Korean purse seiners and foreign albacore longliners. In 2013, Starkist exported 74,273 mt of canned tuna and 6,297 mt of pouches with a combined value of around US \$380 million.¹⁴²

In 2010, Tri Marine purchased COSI's plant and commenced construction of a new processing facility (\$US 70 million investment), Samoa Tuna Processors Inc. (STP). Tri Marine opted not to replicate COSI's business model and has instead established a smaller state-of-the art cannery (250 mt/day) for the production of high-quality shelf-stable tuna products. STP plans to pack retail cans and pouches for the US private label market and its own US brand, Ocean Naturals, as well as food service size cans and pouches for US military and other government contracts. STP's light meat raw material requirements will be supplied via direct delivery from Tri Marine's fleet of nine US-flag purse seiners and several US-flag contract vessels which are also based in Pago Pago. Albacore will be sourced from contracted longliners.¹⁴³

3.2.2 Tariffs and non-tariff requirements

Industry sources report American Samoan canneries have been exempted from paying duty on imported loins in the past.¹⁴⁴ In 2010, Tri Marine received an exemption from any taxes from American Samoa Government for ten years, provided Tri Marine meets minimum requirements for capital investment and employment after five years. In a similar vein, American Samoa Government agreed to a new local government tax exemption for Starkist in 2012, effective from 1 January 2013 – 31 December 2022. Under these local government tax exemptions, the canneries would not be required to pay import duty on loins.¹⁴⁵

Rules of Origin under the US Tariff Schedule require that at least 30% of product value must be added in American Samoa to qualify for duty free entry into the US market. The majority of value-added in canned tuna production is from the conversion of whole round tuna into cooked loins, given skinning and cleaning fish is very labour-intensive. Since other inputs are imported (i.e. cans, labels, oil and other condiments), for American Samoan canneries to meet this requirement substantial transformation of whole round tuna into cooked loins and then into canned tuna, needs to take place within American Samoa. However, value-added is measured by US Customs on overall annual production, not individual shipments, which gives some leeway for at least partial use of imported loins. The canneries would need to carefully balance the use of imported loins vs. whole round fish to ensure at least 30% product value is added in American Samoa overall, to avoid paying import duty.

¹⁴⁰ Hamilton et. al. 2011

¹⁴¹ Industry source, pers. comm., 2015

¹⁴² Foreign Trade Division 2013

¹⁴³ Industry source, pers. comm., 2015

¹⁴⁴ Campling and Havice 2007

¹⁴⁵ GAO 2014

American Samoa is also exempted from the Nicholson Act (since 1953), which prohibits foreign vessels from landing or delivering fish in US ports. The exemption enables foreign vessels to supply the canneries in Pago Pago, and has been particularly relevant since the mid-1990s as the number of US vessels fishing in the region declined. The US purse seine fleet has since rebuilt to take up the full 40 licences on offer under the US Treaty, but the Nicholson Act exemption gives some protection to American Samoan canneries, should the US fleet decline again in the future.¹⁴⁶

3.2.3 Future prospects

It is unlikely that American Samoa will become a sizeable market for cooked frozen loins from Pacific Island processors (or elsewhere) in the foreseeable future.

American Samoa's major strength has historically been in the production of canned albacore tuna, typically accounting for around 30% of production.¹⁴⁷ As albacore tend to be larger than light meat species, recovery rates are higher, which enhances labour productivity and in turn, reduces American Samoa's relative disadvantage of high wages to lower cost South East Asian competitors. Albacore is also a higher value species than light meat in the US, making the duty advantage more valuable. This means any economic incentive for using loins in American Samoa would relate to light meat, rather than albacore.

American Samoa canneries also continue to benefit from exclusive supply to US Government contracts (i.e. military and school lunch programs). To qualify, tuna must be caught by US-flag vessels and is also subject to the 30% value-added requirement by American Samoa canneries. The US Mainland loin-only canneries are disqualified from US Government contracts, as they cannot meet this 30% value-added requirement. As Government contracts are an important part of both canneries' business models, this presents an additional disincentive for using imported loins.

The use of imported loins also needs to be economically viable, which in both Starkist and COSI's experience, did not prove to be the case. To justify using cooked loins, the cost of labour saved in cleaning fish needs to outweigh the cost of freighting imported cooked loins, as well as higher raw material costs (reflected in the price of imported loins) due to foregone freight savings on direct delivery to canneries by US purse seiners. Using imported loins also means the canneries will not benefit from the sale of by-products (e.g. red meat, fish meal, fish oil etc.), which are also important revenue streams.

Industry sources indicate it is unlikely Starkist would revert to using loins, unless raw material availability in the future becomes tight. For now, canneries have a ready supply of whole round light meat from the US purse seine vessels based in Pago Pago which is available at a lower cost than fish delivered by carrier/containers (currently, roughly \$150 mt/tonne).¹⁴⁸ However, these vessels are currently under pressure due to low fish prices and reduced fishing access to Kiribati EEZ, which has historically been the preferred fishing ground due to its high productivity and close proximity to American Samoa. It is possible that some of the less profitable operators may be forced out of the fishery, unless these issues are resolved. The fleet may be forced to fish further away from American Samoa in more western waters, which may change their current operational model centred on direct delivery to canneries to transshipment of catch into carriers for delivery to Pago Pago.

¹⁴⁶ Campling and Havice 2007

¹⁴⁷ Campling et. al. 2007; industry sources, pers. comm. 2015

¹⁴⁸ Industry sources, pers.comm., 2015

Industry sources indicate that STP does not intend to process canned tuna from imported loins. Tri Marine's own US purse seine fleet is large enough to fully meet STP's annual raw material requirements; having fish from US-flag vessels also enables STP to qualify for US Government Contracts. Also, since STP's business model centres on the production of high quality tuna, quality losses experienced in processing loins rather than whole round fish would be another disincentive. Tri Marine has made a commitment to the American Samoa Government to employ a minimum number of 1,200 workers. As mentioned, in 2010, Tri Marine was granted an exemption from paying local government taxes for 10 years on the condition that it meets minimum requirements for employment and capital investment after five years.¹⁴⁹ In spite of planned minimum wage rate increases, for the next ten years, any labour-cost saving tactics at STP will need to focus on strategies that don't result in a reduction in the labour force below Tri Marine's minimum employment commitment. However, the logic of production from loins is based on the premise that less workers are required for labour-intensive cleaning.

4. FREIGHT COSTS

A major disadvantage for Pacific Island processors is very expensive freight costs relative to other competitors, particularly South East Asian processors. This is due to Pacific Island processors being located further away than competitors from the alternative markets being considered, as well as there not being established trade routes from the Pacific region with sizeable volumes being shipped to warrant competitive freight rates being offered by shippers.

Comparative freight rates for 20 foot dry containers (finished goods) and 40 foot refrigerated containers (frozen cooked loins) are presented in Tables 20 and 21. The only market that Pacific Island processors would benefit from a freight cost advantage is to American Samoa for the shipment of frozen loins.

Table 20 Freight Cost Comparison for 20 Foot Dry Containers of Canned Tuna (\$US/container)

Destination	Supplier					
	Lae, PNG	Noro, Solomon Is.	Bangkok, Thailand	Jakarta, Indonesia	Gen. Santos, Philippines	Guayaquil, Ecuador
Melbourne, Australia	1,100	1,100	650	550	650	2,200
Capetown, South Africa	2,890	2,890	875	800	1,150	2,500
Tokyo, Japan	1,700	2,000	350	350	750	1,000
Shanghai, China	1,300	1,600	330	400	250	1,000
St. Petersburg, Russia	3,550	3,565	900	900	1,850	1,200
Port Said, Egypt	2,505	2,505	1,440	1,450	1,700	1,200
Riyadh, Saudi Arabia	2,775	2,775	980	1,150	1,350	2,200
Buenaventura, Colombia	2,980	4,480	1,525	1,525	1,600	1,125
Santos, Brazil	2,690	4,190	720	720	800	1,675
Buenos Aires, Argentina	No service	No service	700	600	1,050	1,780
Callao, Peru	2,950	4,450	1,500	1,500	1,500	n.a.
San Antonio, Chile	2,950	4,450	1,500	1,500	1,500	n.a.

Source: Major shipping lines and freight forwarders – various, April 2015
n.a. = Not available

¹⁴⁹ GAO 2014

Table 21 Freight Cost Comparison for 40 Foot Refrigerated Containers of Frozen Loins (\$US/container)

Destination	Supplier							
	Lae, PNG	Noro, Solomon Is.	Majuro, Marshall Is.	Suva, Fiji	Bangkok, Thailand	Jakarta, Indonesia	Gen. Santos, Philippines	Ho Chi Minh City, Vietnam
Bangkok, Thailand	5,200	4,800	3,500	4,000	N/A	1,450	2,950	800
Pago Pago, Am. Samoa	5,000	5,500	4,700	3,700	6,000	6,000	6,200	6,250

Source: Major shipping lines and freight forwarders – various, April 2015

5. POTENTIAL NICHE MARKETS

5.1 Eco-Labeling¹⁵⁰

Sustainability concerns are increasingly influencing seafood consumers' purchasing decisions and have given rise to the establishment of a number of voluntary sustainability certification schemes. To date, the three most prominent eco-labelling schemes in the tuna industry are the Marine Stewardship Council (MSC), Friend of the Sea (FOS) and Earth Island Institute (EII).

MSC's scheme encompasses all wild catch fisheries, with more than 220 fisheries certified (8.2 million metric tonnes) and over 100 fisheries in assessment (at least 1.3 million metric tonnes). This represents 10.5% of global fishery production, with over 20,000 seafood products bearing the MSC eco-label. Currently, eight tuna fisheries are certified (approximately 540,000 mt) for skipjack, albacore, and very recently, yellowfin, with the Maldives pole and line fishery extending its certification to include yellowfin. A further nine tuna fisheries are in assessment (around 360,000 mt), three of which are WCPO tuna fisheries.¹⁵¹

The Maldives pole and line skipjack fishery's MSC certification has 'bullet-proofed' price premiums offered for pole and line-caught fish. While US West-Coast albacore received premiums in the beginning, as the first MSC-certified tuna fishery, premiums have now eroded. However, MSC certification continues to prove beneficial for albacore fisheries in helping to keep a foothold in the market and in weathering low prices.¹⁵²

To date, MSC-certified PNA free-school skipjack has limited market penetration, despite potentially large volumes available. However, this situation is soon to change with two major trading companies, Tri Marine and FCF, together with their associated purse seine vessels, joining PNA's MSC program to meet growing customer demand for MSC-certified FAD-free skipjack. Frabelle in PNG has also been participating in the program and was the first company to produce PNA MSC-certified canned skipjack for SPAR in Austria. Marshall Islands' Pan Pacific Foods Ltd, has also processed small volumes of PNA MSC skipjack into loins. It is likely that initial volumes of MSC-certified skipjack products from the PNA fishery will receive price premiums, but as much greater volumes become available on the market, these premiums may also erode.

¹⁵⁰ This section is taken largely from Campling, Havice and McCoy 2014, with updates and additions where necessary.

¹⁵¹ Holden 2014; MSC 2015; author's estimates based on tonnages reported on the MSC website when fisheries first entered into MSC full assessments.

¹⁵² Brus 2014

As mentioned, another three WCPO fisheries have entered into MSC assessment – the Cook Islands EEZ longline albacore fishery¹⁵³; the Solomon Islands purse seine and pole-and-line skipjack and yellowfin fishery; and the Tri Marine Western and Central Pacific skipjack and yellowfin purse seine fishery. Again, this increased interest in MSC-certification relates to growing market demand for MSC-certified product, particularly in developed country markets including the EU and US. Tri Marine is the client for both the Solomon Islands and Western and Central Pacific fisheries assessments. Assuming both assessments are successful, Soltuna, Solomon Islands’ processing plant of which Marine owns a 51% majority shareholding, will process MSC-certified products for the EU market. Tri Marine’s US-flag purse seine fleet covered under the Western and Central Pacific fisheries fleet will supply Tri Marine’s new processing facility in American Samoa, Samoa Tuna Processors Ltd. (STP), for canned tuna production for the US market. The Cooks Islands’ assessment is well advanced, but at the time of writing, is currently under independent adjudication due to two objections lodged to the fishery’s certification. Luen Thai has several longline bases in the Pacific located in the Marshall Islands and Federated States of Micronesia which typically handle yellowfin and bigeye for export. Luen Thai’s albacore is generally sold directly to processors or to trading companies, so it is unclear what benefit Cook Islands may directly receive from this certification.

Friend of the Sea (FOS) certification applies specifically to tuna fisheries. As of May 2014, 26 fleets, covering 376 vessels across 24 countries were FOS-certified. Earth Island Institute is a dolphin-safe standard for canned tuna certifying the non-encirclement of dolphins during purse seine net sets. EII reports that their dolphin safe eco-labelling scheme has helped to rebuild consumer confidence that buying canned tuna does not contribute to dolphin slaughter, and after 24 years, 95% of the world canned tuna supply is dolphin-safe.¹⁵⁴

A survey investigating the penetration of seafood sustainability certifications - Marine Stewardship Council, Friend of the Sea and Earth Island Institute - was conducted in 2013 by Pacifica in 24 different supermarkets across Germany, UK, France, the Netherlands and Belgium. The survey concluded that there is wide penetration of the MSC eco-label in Germany and the Netherlands and good presence in Belgium, France and the UK for the frozen wild caught seafood segment and other canned seafood, but not for canned and frozen tuna. The EII dolphin safe logo was present in all five markets, but FOS was not found.¹⁵⁵

Eco-labels that set strong, verifiable standards provide opportunities to recognise good practice by industry in improving sustainability. However, consumer feedback suggests that they are becoming confused and overwhelmed by seafood eco-labelling schemes, which is giving rise to scepticism over the credibility of schemes, as well as rigour of certification criteria and procedures.¹⁵⁶ Industry sources indicate that MSC seems to be the most widely recognised scheme to date, though.

The demand for certified sustainable tuna products (and seafood more generally) will continue to grow, as major retailers, particularly in developed county markets, respond to increased pressure from environmental NGOS and consumers to adopt sustainable sourcing policies and make public commitments.

¹⁵³ This assessment covers the Chinese company, Luen Thai’s longline fleet operating in Cook Islands EEZs under three companies – Liancheng Overseas Fishery (Shenzen) Company (SZLC), Huanum Southern Fishing Company (HNSFC) and China Fishery Agency (CFA).

¹⁵⁴ Phillips 2014

¹⁵⁵ Brus 2014

¹⁵⁶ Brus 2014

5.2 Fair Trade

Fair Trade is a global non-profit organisation that has established independently audited standards to help small-scale developing country producers achieve better trading conditions and to protect workers' rights. Fair Trade standards also cover terms of trade, with products typically having a Fair Trade minimum price set that must be paid to the producers, and in addition, a Fair Trade premium to invest back into their communities or businesses.¹⁵⁷

Fair Trade's efforts have largely centred on primary food commodities and other agricultural products. However, in 2014, after four years of development, Fair Trade USA launched Fair Trade's first standard for capture fisheries. This standard was developed to provide access to Fair Trade markets for small-scale fishers and communities through the establishment of fishers' cooperatives or partnerships with 'Market Access Partners' (e.g. an exporter, processor or supporting organisation). The standard is centred on four principles – empowerment, economic development, social responsibility and environmental stewardship;¹⁵⁸ it was the first wild capture fisheries certification program to include both social and environmental benchmarks.

In February 2015, US supermarket chain, Safeway and Fair Trade USA announced a new partnership to launch Fair Trade-certified tuna into the North American market. Anova Food, a recently acquired subsidiary of Bumble Bee, has imported Fair Trade-certified yellowfin tuna from four associations representing 120 small-scale fishermen in Indonesia's Moluccan (Maluku) Islands who fish with single handlines attached to handmade kites. Anova Food specialises in high-quality frozen tuna and was due to launch Fair Trade yellowfin products under their Natural Blue range through Safeway stores in Northern California, Portland and Seattle in March 2015. As additional supply becomes available, Anova Food has indicated plans to expand supply to other areas. For every Fair Trade-certified tuna sold, the fishermen receive a 10% premium on the dockside (ex-vessel) price that they can invest into community development programs.¹⁵⁹

While the Fair Trade USA Capture Fisheries Standard is tailored to artisanal-scale fisheries, it may have some potential for PIC processors dealing with artisanal fishers. For example, Solomon Islands pole & line vessels supply Soltuna. Also, there are several fresh and frozen facilities in the Pacific dealing with small-scale fishing operations. Opportunities may exist for Samoan processors handling fish from the Samoan alia fleet, Kiribati Fish Limited if they source fish from local artisanal fishermen, and Samoa Tuna Processors' fresh and frozen operations in American Samoa for fish sourced from the local alia fleet.

5.3 'Tuna with a story'

Innovations in content marketing seek to 'tell a story' about a product or brand in order to connect with a consumer on a more personal basis. It is different from an eco-label like MSC or ethical labelling initiatives such as Fair Trade because the latter are both third party certifications that require compliance by producers with a series of established standards. Marketing-with-a-story in contrast is about capturing a consumer's imagination and making the brand/ product stick in their mind through the appeal to emotion.¹⁶⁰ It is a strategy to produce affect.

¹⁵⁷ Fair Trade 2015.

¹⁵⁸ Fair Trade 2014

¹⁵⁹ Undercurrent News 2015

¹⁶⁰ For a brief overview see: <http://www.theguardian.com/media-network/media-network-blog/2014/aug/28/science-storytelling-digital-marketing>

For example, in the Australian market, Soltuna is capitalising on ‘tuna with a story’ style marketing by referencing the product as ‘wild caught and processed by Solomon Islanders in the Western Pacific’.¹⁶¹ Aside from marketing to Solomon Islander expats in Australia, the idea here is to appeal to an Australian consumer’s sense of connection to place – the nearby Pacific Islands – and to people from a particular place. However, no attempt is made to personalise this story any more than a general reference to ‘Solomon Islanders’.

Pacifical, the joint venture between the Parties to the Nauru Agreement and Netherland’s trading company, Sustunable bv, was established to market products processed with PNA’s MSC-certified skipjack. Pacifical also takes the ‘tuna with a story’ approach, centred on supplying ‘Sustainable tuna from the PNA people’. A series of promotional videos and text on Pacifical’s website serves to promote this story. While not obvious in the website’s textual content, Pacifical requires co-branding, where the Pacifical logo needs to also appear on product labels together with the company’s logo and other logos. For consumers in markets located outside the Pacific region, without heavy promotion it is questionable if they will identify with the Pacifical logo, as they are not familiar with the sub-regional ‘PNA’ grouping and without physically going into Pacifical’s website, the ‘story’ is not obvious. They would more likely recognise and identify with the MSC eco-label.¹⁶²

Another and much better developed example of marketing-with-a-story in the canned tuna segment is American Tuna, with its catch phrase ‘Pole caught by fishing families’.¹⁶³ In addition to being the first tuna fishery to receive MSC certification, the website provides considerable detail on the catching process – including video content. It emphasises that the canned product is supplied by ‘six fishing families from San Diego’, which is a considerably more precise focus on particular people and a place than Soltuna and Pacifical. In addition to a romanticised notion of small scale fishing, American Tuna also appeals to directly to nationalism – its brand uses the Stars and Stripes as a backing image.

While not specific to canned tuna, the Seychelles Hook and Line Fishermen is a very small organisation that tries to valorise its catch through marketing-with-a-story. The fish is air freighted to be sold in restaurants in France where it is accompanied by a unique code. This code can then specify which fisher caught the fish, where and when.¹⁶⁴ This literally puts a face – and thus a personality – to the product.

With consumers becoming increasingly conscious about environmental and social factors when making purchasing decisions, there is an opportunity for ‘tuna with a story’ type marketing, but more likely as niche products, unless sizeable volumes can be supplied for mainstream markets. The alternative markets considered are mostly emerging markets. In the case of some of the markets considered (i.e. some Latin America and Middle Eastern markets, Australia), preferences at least among the more affluent consumers are developing beyond purchasing tuna simply because it is a cheap protein source – environmental sustainability and social accountability may increasingly influence purchasing decisions and ‘tuna with a story’ marketing approaches can capitalise on this. However, in the short-term, this approach is likely more effective in the more traditional, mature EU and US markets.

¹⁶¹ See: www.soltuna.com.au

¹⁶² See: www.pacifical.com

¹⁶³ See: www.americantuna.com

¹⁶⁴ See: <http://www.seychelles-hookandline-fishermen.org/en/accueil.html>

6. CONCLUSIONS & RECOMMENDATIONS

This review of a number of alternative markets to the EU and US for canned tuna and tuna loins has taken into account five main factors: dynamics of market demand, existing suppliers, tariffs and (where present) preferences available to PICs, non-tariff measures, and freight costs. The report excludes a number of important commercial considerations such as relative overhead and input costs, government subsidies, and the ability of particular PICs to comply with public and private standards, amongst others.

Based on the interplay of the five factors considered in this report, no clear market opportunity is apparent to PIC exporters of canned tuna. Table 22 summarises the key findings for each market. Importantly, each market is estimated to be considerably more cheaply supplied by competitors in terms of freight costs. This is of central importance because where a possibly significant tariff preference is apparent – most notably Russia for LDCs like Solomon Islands – it is probable that the freight costs alone outweigh the tariff advantage. Or, in the case of Japan, major competitors such as Thailand already have duty free access under an FTA. Even if PICs can offer an advantage of cheaper fish, this appears to be countered by the other widely documented costs of doing business in island economies and lower levels of labour productivity.¹⁶⁵

¹⁶⁵ See for example Hamilton et. al. 2011.

Table 22 Alternative Canned Tuna Markets at a Glance

Market	Product popularity (scale 1-3)	Market Price Point (scale 1-3)	Tariff Protection (MFN rate %)	Tariff Rate		Non-tariff Measures (scale 1-5)	Relative freight costs (scale: more, less or equal to competition)
				PNG	Solomon Is		
Argentina	Low	Low	16	0	0	Medium	More
Australia	High	High	5	0	0	High	More
Brazil	Low	Low	16	16	16	Very high	More
Chile	Medium	Medium	6	6	0	Very low	More
China	Low	High	5	5	0	Medium-high	More
Colombia	Medium	Medium	15	15	15	Medium	More
Ecuador	High	Low	30	30	30	Medium	More
Egypt	High	Low	5	5	5	Medium	More
Japan	Medium	High	9.6	6.4 - 7.2	0	Low	More
Libya	High	Medium	0	0	0	Medium	More
Peru	Medium	Low	0	0	0	Low	More
Russia	Low	Medium	15	11.25	0	Very high	More
Saudi Arabia	Medium	High	5	5	5	Medium	More
South Africa	Low	Low	6c/kg	6c/kg	6c/kg	Medium	More
Tunisia	Medium	Medium	36	36	36	Not known	More
Turkey	Medium	High	80	80	80	Medium	More
UAE	Medium	Medium	5	5	5	Medium	More

Notes: For detail and sources see Tables and text in main body of report.

Importantly, some of the alternative markets considered are developing their packaging beyond the traditional standard grey steel (called 'bright') can with paper labels. They are replacing these with easy-open lids, lithographed (printed) cans (either fully lithographed or partially lithographed with paper labels), and fancy pouch designs. PIC processors are still using standard cans and paper labels - to supply some of markets considered, they would need to invest in more modern technology for packaging and labelling. However, more advanced packaging is expensive. If sourced from Thailand, easy-open can lids and lithographed cans are an additional \$US 1.00/case (48 cans) each; lithographed lids are an extra US \$0.70/case (48 cans), which could add an extra 5-10% onto already high production costs.¹⁶⁶

Given very high freight costs and that these are, in essence, doubled due to PICs importing most inputs (especially cans), it was suggested that a focus on pouched product might be more commercially viable. Not only does it solve 'the problem of importing air', but pouch can be packed by hand and thus requires less expensive filling machinery.¹⁶⁷ There is apparently a strong market for catering pouch that PICs could investigate.

In terms of tuna loins, it appears that the market in Thailand may offer limited opportunities at certain times, especially when fish price is very high and supply is scarce. However this is contingent upon a range of other competitive factors, which include cheaper loins from China and Indonesia.

Alternatively, if the quality of PIC-processed loins is high, there is a small potential market in Turkey. While this is currently limited to a quota of only 1,000mt a year, if Turkish branded-processors continue to expand in the Middle East and Central Asia then there may be increased demand for loins. If so, representations could, in principle, be made to the Turkish government to provide additional quota for domestic production to cater for increased imports from other suppliers, including PICs.

There may be a small opportunity for Solomon Islands exports of loins, given that LDC's benefit from duty free imports. However, it is likely that exports from Solomon Islands would need to replace imports from Philippines and Indonesia, who are subject to 7.5% duty, as it would be difficult to compete with loins from Thailand that are duty free.

Finally, it is important to emphasise the critical importance of the EU market to PIC processors of both canned tuna and loins. For PICs, it appears to be the only real sizeable market with high demand and a high price/ quality ratio that they can competitively supply to. In this context, the major trade preference provided under the IEPA and EBA continues to be the most commercially viable competitive advantage, especially given the relaxed rules of origin under the IEPA. Given the pivotal importance of the EU market to PIC processors, PIC governments need to ensure that adequate resources are dedicated to ensuring PICs can comply with the EU's strict regulatory requirements for market access on an ongoing basis.

¹⁶⁶ Industry source, pers. comm., 2015

¹⁶⁷ Industry source, pers. comm., 2015

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APPENDIX 1 – LIST OF PERSONS CONSULTED

Name	Organisation
Amanda Hamilton	Tri Marine International, Singapore
Martin Doherty	Independent consultant – SPS and food standards specialist
Francisco Blaha	Independent consultant – SPS and food standards specialist
Mike Copeland	Lucky Star, South Africa
Faisal Khan	Lucky Star, South Africa
Alex Augusto Gonçalves	Laboratory of Seafood Technology and Quality Control, Department of Animal Sciences, Federal Rural University of Semi-Arid, Brazil
Mehmet Önen	Dardanel, Turkey
Narin Niruttinanon	Thai Union Manufacturing, Thailand
Joe Hamby	Tri Marine Management Company, USA
Manuel Zito	Tri Marine International, Panama
Don Xu	Tri Marine International, Singapore
Masao Nakada	Forum Fisheries Agency, Solomon Islands
Rick Heroux	Chotiwat Manufacturing Company Ltd., Thailand
Blane Olsen	ANOVA Food, USA

APPENDIX 2 – TERMS OF REFERENCE

TITLE: ASSESSING ALTERNATIVE TUNA MARKETS

Purpose: The study will analyse opportunities for Pacific Island exporters of canned tuna and pre-cooked loins to access alternative markets to the European Union.

Background

Major Tuna Markets for Canned Tuna and Tuna Loins

The largest canned tuna markets are currently Europe and the US. These major traditional markets are maturing, with consumption levels stable or declining slightly. Future growth in canned tuna market demand will likely stem from Latin America the Middle East, and other emerging markets such as Eastern Europe, Russia and South Africa.

Per capita consumption of canned tuna is stabilizing in the principal EU15 markets and the EU is now broadly considered to be a mature market for canned tuna. The largest four consumer markets of the EU27 are Spain, Italy, UK and France; each of which consumes over 100,000 mt of canned product annually. New members of the EU, especially Poland, have the most probable growth potential. Another area of growth is in product innovation.

US market volume has remained stagnant in recent years. Given these conditions, branded tuna labels have begun to focus on capturing profit, rather than volume. Their major market strategies are informed in anticipation of market demographic shifts that indicate that consumers will be looking increasingly towards shelf-stable 'meals to go' and value-added tuna products.

High-cost processing locations (i.e. US, EU) are increasingly switching to using frozen cooked loins for canned tuna production that are sourced from lower-cost sites of production (or outsourcing production altogether) where labour costs are considerably less. As labour costs increase in other processing nations, such as Thailand, importation of loins may become more attractive.

Pacific Island Exports of Canned Tuna and Tuna Loins

The principal import into the EU from FFA member countries is canned tuna and increasingly loins. Fiji, Papua New Guinea and Solomon Islands are the main suppliers. There have been much lower volumes of imports of fresh and frozen tuna products. The total value of imports into the EU market in 2013 was \$216 million, \$103 million (48%) of which was value for canned tuna, \$97 million (45%) loins and \$16 million (7%) fresh/frozen products.

The EU imports from current FFA member sources presently enjoy duty free access under the Interim Economic Partnership Arrangement (IEPA - Fiji/PNG) and Everything But Arms (EBA – Solomon Islands). These tariff preferences have been considered necessary to offset the high costs of utilities and transport from Pacific Island countries. However the complexity of RoO requirements under different tariff regimes, the IUU Regulation and Competent Authority requirements represent many challenges for FFA members. Free Trade Agreements (with Philippines and Thailand), WTO rules, and Doha conclusion also raise the very immediate prospect of erosion of preferential tariffs.

Tuna trade with the US is presently dominated by tuna loins worth \$76 million in 2013 with Fiji as the principal supplier. Solomon Islands and Marshall Islands were also important suppliers. The substantial drop in tuna loins from Fiji in 2011, due to the temporary suspension of PAFCO loining

operations because of compliance issue with the United States Food and Drug Administration (USFDA), was the single factor to drive down the values of imports in 2011.

The canned tuna imports comprise only albacore (in brine) but these have been minimal and only occurred between 2000 and 2006 with PNG the sole supplier. This is because of prohibitive tariffs on tuna in oil, while product in brine is apparently unable to compete with other suppliers. Prospects of expanding the canned tuna trade to US market is limited under present tariff protections accorded to domestic processors. Even for Compact States with preferential access to this market, developmental constraints may not favour canned tuna processing.

Impediments to Market Access

In order to access this market, a country requires a national 'competent authority' (CA) that can meet EU requirements in certifying that fish from one of its vessels and/or processing plants meets EU sanitary standards.

To date, only three of FFA's island country members have been able to meet this requirement – Papua New Guinea, Solomon Islands and Fiji – all relatively large countries with substantial tuna processing industries. Even these countries face considerable challenges. Both Fiji and PNG have been forced to suspend exports to the EU for a time in the last few years, while Solomon Islands continues to rely on donor funding to maintain its CA. Each country has received substantial technical support from FFA to check systems and prepare for inspections by the EU authorities.

Smaller countries, which may have only one or two fishing vessels or a single processing plant face even greater challenges. For a small Government Department with limited budget and staffing (be it Fisheries or Public Health), establishing a dedicated CA unit to carry out all the required inspections will be costly and onerous.

In addition, countries, must also comply with the EU IUU Regulation. The IUU Regulation establishes a catch certification scheme to enhance the traceability of fisheries products through the various stages of the supply chain, from fishing vessels onwards. Fisheries products from 'third countries' (i.e. non-EU members) into the EU must be accompanied by a catch certificate issued by the competent authority of the flag state country of the fishing vessel, which verifies that fish have been caught in accordance with applicable national, regional and international laws, regulations and conservation and management measures.

The challenges facing Pacific Island Countries in implementing the IU Regulation are similar to those with respect to the sanitary standards. DG Mare have taken a very wide interpretation of the regulation, and used it to insist on changes to national legislation, management plans and the structure and staffing of national fisheries departments. Responding to these requirements is complex and challenging, particularly for smaller countries. To date only Papua New Guinea, Solomon Islands and Fiji have met the requirements. However, all three have faced difficulty in maintaining their accreditation. Fiji was yellow carded under the Regulation in November 2012 and the yellow card was only lifted in October 2014 after Fiji responded successfully to the issues identified by the EU. Papua New Guinea was yellow carded in June 2014 and that yellow card remains in place, and Solomon Islands was yellow carded in December 2014.

The Regulation has also been used against Pacific Island Countries that were not attempting to export product to the EU. Vanuatu was yellow carded in November 2012, and it was lifted in October 2014, while Tuvalu was yellow carded in December 2014.

In short, the stringent entry requirements are making the EU market expensive to access and are also acting as non-tariff barriers to trade. Under these circumstances Pacific Island Countries need to look at alternative market options as a priority. The recent declines in the Euro, with continuing problems in the Eurozone economy, also illustrate the dangers of relying on a single market.

Opportunities for Pacific Island processors

While much has been made of the competitive disadvantages faced by processors in FFA member countries – higher utility and transport costs, less productive labour, etc. – their location near the fishing grounds allows a significant saving in transshipment costs. Countries that are promoting domestic development also allow vessels that supply domestic processing plants free access to the fishery. With access costs for competitors (supplying processors outside the region) now running at more than \$8,000 per fishing day, this should confer a significant advantage in terms of raw material costs.

Terms of Reference

The study will analyse opportunities for Pacific Island exporters of canned tuna and pre-cooked loins to access alternative markets to the European Union. For canned tuna, this may include Australia, China, Japan, Russia, South Africa and the Middle East. For tuna loins the study will analyse the opportunities to supply major canning destinations such as American Samoa and Thailand.

Specifically the study will assess each market on the basis of:

- i. The price and volume of product currently entering the market and the current suppliers to that market.
- ii. Anticipated changes in price and demand over the next five to ten years and the opportunities this may create for Pacific Island exporters.
- iii. Tariff schedules and opportunities for tariff preferences for Pacific Island Countries.
- iv. The extent of non-tariff requirements for the import of canned tunas and pre-cooked loins including food safety and traceability requirements and the capacity of Pacific Island governments and exporters to meet these requirements.
- v. Transport costs and the extent to which these disadvantage Pacific Island exporters.
- vi. The potential for niche markets associated with eco-labelling and the ability of Pacific Island exporters to take advantage of these.
- vii. Conclusions and recommendations for further investigation of any promising options.

APPENDIX 3 – IMPORT DATA FOR SELECTED LATIN AMERICAN COUNTRIES**VENEZUELA:****Venezuela - Canned Tuna Imports, 2010**

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	19,319	115,662,606	5,987
Portugal	17	78,199	4,638
Spain	7	56,613	7,701
Lebanon	1	1,000	964
Panama	1	5,928	6,306
Germany	0	1,520	11,259
Indonesia	0	13	153
Total	19,346	115,805,878	5,986

Venezuela - Canned Tuna Imports, 2011

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	25,080	159,013,903	6,340
Thailand	159	547,412	3,436
Chile	60	402,121	6,727
Portugal	20	198,684	9,983
Spain	17	116,717	7,020
Italy	14	132,785	9,485
El Salvador	7	19	3
USA	1	1,733	1,707
Panama	0	1,464	5,764
Germany	0	749	6,294
Total	25,358	160,415,587	56,758

Venezuela - Canned Tuna Imports, 2012

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	25,189	164,905,566	6,547
Portugal	1,339	7,471,668	5,578
Thailand	254	1,818,158	7,154
Panama	36	159,701	4,452
Italy	23	179,212	7,824
China	18	85,092	4,739
Spain	16	183,675	11,475
Lebanon	6	6,564	1,131
Germany	1	1,042	1,662
USA	1	2,220	3,563
Belgium	0	144	1,091
Kuwait	0	64	12,800
Total	26,883	174,813,106	6,503

Venezuela - Canned Tuna Imports, 2013

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	26,123	187,434,534	7,175
Portugal	1,322	7,327,326	5,541
Italy	11	139,697	12,700
Spain	4	48,804	11,704
Lebanon	1	1,570	1,342
Germany	1	1,973	2,219
USA	0	485	16,167
Total	27,462	194,954,389	7,099

Source: UN Comtrade 2015

Note: No UN Comtrade data available for 2014

COLOMBIA:**Colombia - Canned Tuna Imports, 2010**

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Free Zones	12,833	56,859,821	4,431
Ecuador	9,386	32,691,408	3,483
Peru	563	2,163,323	3,844
Thailand	12	88,171	7,317
Spain	12	54,732	4,639
Panama	0	2,466	16,118
Italy	0	111	8,538
Total	22,806	91,860,030	4,028

Colombia - Canned Tuna Imports, 2011

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Free Zones	11,719	57,486,834	57,487
Ecuador	10,951	43,290,991	43,291
Peru	954	4,283,542	4,284
Colombia	790	3,743,255	3,743
Faeroe Isds	78	244,612	245
El Salvador	33	192,155	192
Indonesia	15	48,600	49
Thailand	9	48,258	48
Spain	7	49,182	49
Philippines	1	3,210	3
USA	1	5,684	6
Panama	0	5,139	5
Total	24,557	109,401,460	109,401

Colombia - Canned Tuna Imports, 2012

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Free Zones	14,160	76,026,353	76,026
Ecuador	11,046	48,503,764	48,504
El Salvador	132	785,181	785
Peru	111	554,395	554
Thailand	16	96,678	97
Spain	13	85,275	85
USA	4	30,744	31
Chile	2	12,785	13
Panama	0	2,516	3
Italy	0	126	0
Total	25,485	126,097,817	126,098

Colombia - Canned Tuna Imports, 2013

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	13,359	64,483,836	64,484
Areas, nes	12,292	72,727,013	72,727
Peru	477	2,840,129	2,840
El Salvador	204	1,216,482	1,216
China	179	873,175	873
Thailand	24	162,761	163
Other Asia, nes	24	156,849	157
Spain	11	80,045	80
USA	4	34,861	35
France	1	6,380	6
Chile	0	2,245	2
United Kingdom	0	228	0
Total	26,576	142,584,004	142,584

Source: UN Comtrade 2015

Note: No UN Comtrade data available for 2014

CHILE:**Chile - Canned Tuna Imports, 2010**

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	4,619	17,637,629	3,819
Colombia	3,813	15,750,848	4,131
Thailand	1,910	6,775,512	3,547
Brazil	126	580,453	4,607
Spain	122	392,595	3,218
Mexico	102	364,518	3,572
China	40	130,382	3,261
Peru	18	99,424	5,478
Israel	0	951	3,882
USA	0	814	3,769
Total	10,751	41,733,126	3,882

Chile - Canned Tuna Imports, 2011

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	9,058	40,116,879	4,429
Thailand	1,584	6,288,075	3,970
Colombia	1,371	6,348,683	4,632
China	180	468,097	2,603
Brazil	102	428,466	4,219
Spain	98	312,226	3,170
Indonesia	16	64,373	4,139
Mexico	8	52,050	6,372
Areas, nes	1	5,498	3,768
Peru	1	1,220	1,430
USA	0	2,489	6,972
Rep. of Korea	0	131	539
Total	12,419	54,088,187	4,355

Chile - Canned Tuna Imports, 2012

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	8,311	43,722,367	5,261
Thailand	1,694	10,112,027	5,969
Colombia	547	2,949,459	5,395
Spain	152	562,726	3,693
Indonesia	62	349,882	5,688
Brazil	61	208,168	3,415
USA	1	2,520	4,624
Rep. of Korea	0	935	3,555
Peru	0	893	4,700
Italy	0	623	12,216
Japan	0	170	14,167
United Kingdom	0	85	42,500
Germany	0	20	20,000
Total	10,828	57,909,878	5,348

Chile - Canned Tuna Imports, 2013

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	10,122	56,086,786	5,541
Thailand	4,346	24,862,530	5,720
Spain	974	5,313,156	5,452
Colombia	569	3,416,008	6,005
Indonesia	108	658,557	6,117
Singapore	85	470,447	5,519
China	78	361,331	4,655
Brazil	61	248,341	4,095
Peru	9	21,664	2,547
Mexico	2	15,273	6,927
USA	2	11,249	6,074
Italy	0	627	14,250
Costa Rica	0	507	18,107
Japan	0	157	13,083
Total	16,355	91,466,633	5,593

Chile - Canned Tuna Imports, 2014

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	7,860	39,643,626	5,043
Thailand	7,834	35,708,127	4,558
Spain	522	2,723,146	5,218
China	360	1,157,625	3,212
Colombia	254	1,274,374	5,021
Indonesia	62	356,994	5,803
Viet Nam	21	161,128	7,829
Peru	6	38,005	5,925
USA	2	16,500	8,025
Rep. of Korea	0	87	813
Philippines	0	11	11,000
Total	16,921	81,079,625	4,792

Source: UN Comtrade 2015

PERU:**Peru - Canned Tuna Imports, 2010**

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	7,222	28,935,680	4,007
China	262	992,815	3,783
Thailand	144	525,298	3,658
Chile	42	184,642	4,449
Spain	15	61,021	4,013
Colombia	14	59,980	4,309
Italy	5	13,635	2,626
USA	1	8,038	6,145
Malta	1	1,158	1,223
Total	7,706	30,782,268	3,995

Peru - Canned Tuna Imports, 2011

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	9,109	37,880,204	4,159
Thailand	1,707	6,219,904	3,645
China	672	2,494,964	3,713
Chile	31	90,153	2,882
Indonesia	25	119,494	4,780
Colombia	14	67,811	4,871
Italy	4	13,446	3,678
USA	1	6,946	7,804
Spain	0	3,650	8,184
Total	11,563	46,896,573	4,056

Peru - Canned Tuna Imports, 2012

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	8,205	45,762,552	5,577
Thailand	1,380	6,238,085	4,521
China	620	2,663,629	4,294
France	59	308,754	5,255
Viet Nam	33	128,872	3,948
Colombia	14	74,635	5,362
Chile	3	11,280	3,573
Italy	2	10,847	7,155
Portugal	1	10,138	8,448
Spain	0	4,876	11,610
USA	0	32	615
Rep. of Korea	0	135	3,553
Total	10,317	55,213,835	5,352

Peru - Canned Tuna Imports, 2013

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	6,679	39,734,103	5,949
Thailand	5,593	28,276,333	5,055
Indonesia	646	3,439,741	5,322
China	440	1,996,995	4,534
France	12	60,734	4,968
Italy	1	434	667
Spain	1	6,117	11,542
Japan	0	297	18,563
Panama	0	42	7,000
Total	13,373	73,514,797	5,497

Source: UN Comtrade 2015

Note: No UN Comtrade data available for 2014

ARGENTINA:**Argentina - Canned Tuna Imports, 2010**

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	6,359	24,773,790	3,896
Thailand	2,883	8,310,138	2,883
Brazil	1,752	6,952,591	3,969
Chile	17	85,538	4,911
Spain	3	29,316	10,481
Total	11,013	40,151,373	3,646

Argentina - Canned Tuna Imports, 2011

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	7,731	36,563,499	4,729
Thailand	4,133	13,298,784	3,218
Brazil	2,066	9,759,166	4,724
Chile	15	62,708	4,230
Spain	2	22,131	10,361
Total	13,946	59,706,288	4,281

Argentina - Canned Tuna Imports, 2012

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	8,689	50,812,527	5,848
Thailand	2,962	14,128,480	4,771
Brazil	2,409	11,828,263	4,910
Spain	5	34,011	6,746
Total	14,064	76,803,281	5,461

Argentina - Canned Tuna Imports, 2013

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Ecuador	9,328	58,341,925	6,255
Thailand	2,015	9,979,952	4,953
Brazil	1,699	8,813,353	5,186
Spain	1	11,738	10,575
Total	13,043	77,146,968	5,915

Source: UN Comtrade 2015

Note: No UN Comtrade data available for 2014

APPENDIX 4 – IMPORT DATA FOR SELECTED MIDDLE-EASTERN AND NORTH AFRICAN COUNTRIES

EGYPT:

Egypt - Canned Tuna Imports, 2010

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	62,026	83,681,481	1,349
Indonesia	3,817	5,001,529	1,310
Singapore	2,237	3,588,400	1,604
Viet Nam	1,190	1,080,552	908
China	1,136	1,183,871	1,042
Canada	556	910,060	1,638
USA	313	336,697	1,076
Japan	93	175,290	1,885
Philippines	90	55,399	618
Italy	1	1,795	1,320
Switzerland	1	8,640	11,676
United Kingdom	0	35	3,182
Germany	0	2,596	324,500
Other Asia, nes	0	192	24,000
Total	71,458	96,026,537	1,344

Egypt - Canned Tuna Imports, 2011

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	33,858	102,191,608	3,018
Indonesia	1,055	3,185,711	3,018
Viet Nam	421	1,270,363	3,018
Philippines	371	1,119,559	3,018
Italy	159	479,271	3,018
Oman	117	353,362	3,018
Turkey	47	141,435	3,018
China	27	82,297	3,018
Spain	7	20,022	3,018
United Kingdom	2	7,097	3,019
USA	1	2,454	3,018
Total	36,065	108,853,177	3,018

Egypt - Canned Tuna Imports, 2012

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	47,760	207,903,713	4,353
Indonesia	741	3,226,212	4,353
Oman	434	1,887,136	4,353
Viet Nam	361	1,573,631	4,353
Philippines	286	1,245,357	4,353
Italy	180	784,069	4,353
Turkey	122	529,091	4,353
Areas, nes	119	516,773	4,353
India	69	299,622	4,353
United Arab Emira	48	207,085	4,353
China	42	182,268	4,353
Seychelles	42	181,836	4,353
Spain	39	171,667	4,353
USA	1	2,504	4,355
Germany	0	134	4,323
Total	50,243	218,711,098	4,353

Egypt - Canned Tuna Imports, 2013

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	39,146	138,354,778	3,534
Oman	1,180	3,506,374	2,971
Indonesia	957	4,028,775	4,210
Viet Nam	459	1,254,154	2,729
China	119	269,385	2,267
Seychelles	112	391,854	3,488
Saudi Arabia	67	140,933	2,097
Italy	52	857,425	16,620
United Arab Emira	41	63,841	1,545
Spain	17	144,914	8,283
Greece	2	18,265	9,669
USA	0	1,506	5,792
Total	42,153	149,032,203	3,536

Source: UN Comtrade 2015

Note: No UN Comtrade data available for 2014

SAUDI ARABIA:**Saudi Arabia - Canned Tuna Imports, 2010**

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	18,907	58,221,939	3,079
Indonesia	5,110	21,062,960	4,122
Yemen	1,832	6,378,675	3,482
Italy	1,301	4,475,472	3,440
Philippines	705	1,626,935	2,308
Japan	387	3,193,071	8,251
China	100	228,534	2,285
Seychelles	87	202,400	2,326
Oman	70	229,867	3,284
Iran	37	125,867	3,402
Areas, nes	35	77,867	2,225
Total	28,571	95,823,586	3,354

Saudi Arabia - Canned Tuna Imports, 2011

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	20,518	79,697,433	3,884
Indonesia	3,428	13,838,951	4,037
Yemen	1,655	8,737,611	5,280
Italy	1,017	9,572,812	9,413
Philippines	1,007	2,433,070	2,416
Japan	391	3,334,671	8,529
Viet Nam	136	348,800	2,565
India	82	348,000	4,244
Areas, nes	75	262,934	3,506
China	72	218,934	3,041
Iran	48	343,200	7,150
Total	28,429	119,136,416	4,191

Saudi Arabia - Canned Tuna Imports, 2012

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	29,727	137,704,172	4,632
Yemen	1,914	12,718,149	6,645
Italy	1,522	14,752,818	9,693
Indonesia	524	2,418,136	4,615
Japan	441	4,893,606	11,097
Oman	418	1,750,402	4,188
Philippines	180	320,267	1,779
Morocco	101	438,134	4,338
China	94	261,067	2,777
Viet Nam	70	226,134	3,230
India	60	291,467	4,858
Spain	54	456,267	8,449
USA	35	178,400	5,097
Other Asia, nes	30	164,000	5,467
Areas, nes	23	62,933	2,736
Total	35,193	176,635,954	5,019

Saudi Arabia - Canned Tuna Imports, 2013

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	20,813	99,138,225	4,763
Italy	1,381	16,121,344	11,674
Yemen	649	4,667,527	7,189
Philippines	486	1,264,858	2,602
Japan	392	4,189,721	10,684
Indonesia	369	1,608,629	4,354
Oman	231	966,931	4,183
China	218	523,248	2,403
Seychelles	89	289,120	3,256
Viet Nam	84	364,620	4,348
USA	42	172,554	4,125
Spain	40	191,570	4,765
Total	24,794	129,498,347	5,223

Source: UN Comtrade 2015

Note: No UN Comtrade data available for 2014

TUNISIA:**Tunisia - Canned Tuna Imports, 2010**

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	6,031	2,216,480	368
Viet Nam	367	121,195	330
Philippines	227	83,204	366
Oman	64	237,195	3,714
Libya	37	30,905	838
Areas, nes	4	22,574	5,304
Italy	4	22,723	5,441
France	0	687	5,244
Total	6,734	2,734,963	406

Tunisia - Canned Tuna Imports, 2011

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	8,403	3,856,425	459
Viet Nam	740	389,581	527
Oman	637	2,577,582	4,047
Philippines	170	65,913	387
USA	46	61,191	1,328
Morocco	15	73,470	4,802
Areas, nes	1	2,629	4,502
Total	10,012	7,026,791	702

Tunisia - Canned Tuna Imports, 2012

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	9,203	5,878,274	639
Viet Nam	2,103	1,338,294	636
Philippines	874	570,177	652
Oman	261	1,139,976	4,369
Indonesia	73	45,804	625
India	47	32,877	701
Spain	10	6,767	647
Morocco	5	28,704	5,584
Total	12,577	9,040,874	719

Tunisia - Canned Tuna Imports, 2013

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	7,279	4,557,988	626
Viet Nam	2,247	1,439,822	641
Philippines	342	211,195	617
Oman	108	370,194	3,417
Morocco	8	55,335	7,233
Areas, nes	0	926	18,520
Total	9,985	6,635,460	665

Source: UN Comtrade 2015

Note: No UN Comtrade data available for 2014

ALGERIA:**Algeria - Canned Tuna Imports, 2010**

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	6,216	6,498,288	1,045
Spain	1,332	1,469,213	1,103
Ecuador	70	87,983	1,259
Portugal	59	63,223	1,075
Viet Nam	58	76,677	1,318
China	52	54,003	1,045
France	11	23,852	2,133
Rep. of Korea	4	24,465	6,065
Seychelles	1	4,108	5,078
Japan	0	2,871	8,110
Tajikistan	0	2,485	11,667
Côte d'Ivoire	0	1,108	6,295
Italy	0	1,309	11,188
Ghana	0	1,069	11,372
Mauritius	0	250	4,464
Total	7,803	8,310,904	1,065

Algeria - Canned Tuna Imports, 2011

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	4,733	4,696,391	992
Spain	1,333	1,463,476	1,098
China	187	253,840	1,354
Tajikistan	95	90,705	958
France	4	18,969	4,476
Rep. of Korea	2	14,011	6,838
Japan	0	1,372	457,333
Total	6,355	6,538,763	1,029

Algeria - Canned Tuna Imports, 2012

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	3,613	5,778,607	1,600
Spain	1,505	1,782,979	1,185
Tajikistan	270	379,434	1,408
Ecuador	87	99,366	1,142
Viet Nam	80	197,201	2,479
Indonesia	52	235,080	4,521
China	51	212,447	4,166
Portugal	17	77,479	4,612
France	8	44,951	5,457
Ghana	5	27,224	5,999
Rep. of Korea	4	23,692	6,073
Seychelles	3	30,323	10,983
Dem. People's Rep. of	1	7,042	10,046
Total	5,694	8,895,825	1,562

Algeria - Canned Tuna Imports, 2013

Partner	Volume (mt)	Value (US\$)	Unit Value (US\$/mt)
Thailand	5,780	11,707,249	2,025
Spain	1,625	2,262,341	1,393
Viet Nam	226	442,892	1,956
Tajikistan	219	391,243	1,784
Ecuador	116	342,657	2,944
France	59	93,090	1,584
Philippines	30	126,854	4,162
Oman	14	41,464	2,967
Portugal	10	67,225	6,984
Rep. of Korea	2	18,552	8,130
Tunisia	1	5,578	6,836
Mauritania	0	702	7,389
Total	8,083	15,499,847	1,918

Source: UN Comtrade 2015

Note: No UN Comtrade data available for 2014

APPENDIX 5 – VALUE PER UNIT (MT) FOR SELECTED ALTERNATIVE MARKETS

Note: Unit value was derived by dividing total value of imports by total volume; some results are anomalous and should be interpreted with caution.

Australia - Total Unit Value of Canned Tuna Imports (USD/mt), 2010-2014

Market	2010	2011	2012	2013	2014	Average
Thailand	3,841	3,835	4,591	4,558	3,916	4,148
Philippines	4,493	4,572	4,910	4,312	3,351	4,328
Indonesia	3,006	3,392	4,866	5,483	5,027	4,355
China	1,984	2,010	2,356	2,865	2,304	2,304
Vietnam	3,017	2,605	5,040	4,344	6,211	4,243
South Korea	5,253	6,156	8,226	3,785	3,570	5,398
Italy	8,445	4,277	6,999	6,928	10,500	7,430
Others	6,662	6,019	5,250	3,614	5,892	5,487

Source: UN Comtrade 2015

China - Total Unit Value of Canned Tuna Imports (USD/mt), 2010-2013

Market	2010	2011	2012	2013	Average
Thailand	2,631	3,657	5,125	4,885	4,074
South Korea	5,036	5,361	5,937	6,567	5,725
Mexico	0	0	6,832	6,118	6,475
Others	5,537	5,832	5,858	5,072	5,575

Source: UN Comtrade 2015

Note: UN Comtrade data for 2014 not available

Japan - Total Unit Value of Canned Tuna & Loin Imports (USD/mt), 2010-2014

Market	2010	2011	2012	2013	2014	Average
Thailand	4,626	5,341	6,162	6,016	5,385	5,506
Indonesia	5,396	6,784	7,637	7,304	5,951	6,614
Philippines	4,458	5,767	6,498	6,390	5,152	5,653
Vietnam	5,064	6,288	7,071	6,866	5,269	6,112
China	6,071	7,283	7,316	6,637	5,394	6,540
Malaysia	6,363	6,971	8,295	5,943	6,266	6,768
Maldives	6,361	9,698	11,997	11,672	11,661	10,278
Others	7,930	7,132	6,597	8,062	7,100	7,364

Source: UN Comtrade 2015

South Africa - Total Unit Value of Canned Tuna Imports (USD/mt), 2010-2014

Market	2010	2011	2012	2013	2014	Average
Thailand	2,725	3,087	4,233	4,209	3,458	3,542
Philippines	2,853	3,645	4,776	4,467	4,572	4,063
China	2,450	2,556	3,788	3,877	2,934	3,121
Others	3,153	3,126	4,126	6,442	5,000	4,369

Source: UN Comtrade 2015

Russia - Total Unit Value of Canned Tuna Imports (USD/mt), 2010-2013

Market	2010	2011	2012	2013	Average
Thailand	2,701	3,107	3,466	3,622	3,224
China	2,651	2,915	3,354	4,102	3,255
Seychelles	3,858	4,203	4,986	5,707	4,688
Spain	4,934	5,856	5,388	5,910	5,522
Indonesia	2,234	2,367	3,105	3,356	2,765
Others	5,629	6,809	7,131	4,786	6,089

Source: UN Comtrade 2015

Note: No data available for 2014

Thailand - Total Unit Value of Cooked Loin Imports (USD/mt), 2010-2014

Market	2010	2011	2012	2013	2014	Average
China	3,100	3,824	5,198	4,485	3,763	4,074
Vietnam	3,605	4,125	5,417	4,477	3,957	4,316
Indonesia	3,356	4,562	5,678	5,125	4,126	4,569
Philippines	0	4,972	6,236	5,650	4,090	4,190
Marshall Islands	0	0	6,177	5,684	0	2,372
PNG	0	0	0	5,520	3,663	1,837
Fiji	0	0	6,556	0	0	1,311
Others	3,513	5,514	4,179	5,497	5,797	4,900

Source: Thai Customs 2015