



## WORLD TRADE ORGANISATION

### Outcomes from the Eighth WTO Ministerial Conference

Trade Ministers from around the world met in Geneva from 15-17 December, 2011 for the Eighth Biennial WTO Ministerial Conference (MC8).

An important item on the agenda for discussion was the future of the Doha Round of Negotiations, including fisheries subsidies disciplines. In his opening speech, WTO Director-General, Pascal Lamy, explained that the Doha Development Round is at an impasse, while the number of bilateral and plurilateral free trade agreements (FTAs) are rising. Lamy suggested that the latter point demonstrates that the benefits of free trade are well understood by members. He indicated that politically difficult issues such as fisheries subsidies, agriculture, anti-dumping and tariff peaks have slowed negotiations and some members have opted for bilateral FTA's in the meantime. Also, in some cases, the rise in FTA's has been driven by geopolitics rather than economics and some members preferring to pick and choose trade partners.<sup>2</sup>

Lamy called for WTO members to work towards understanding the root causes of the inability to advance the multilateral trading system and build a collective response. In 2012, Lamy will convene a "panel of multi-stakeholders of the WTO" tasked with analysing the real drivers of world trade, obstacles to trade, trade patterns, and how to keep transforming trade in development, growth, jobs and poverty alleviation. The findings of the panel are to contribute to the quest to progress the Doha Round and develop an operational work plan.<sup>3</sup>

Some members have urged the WTO to take on new issues such as climate change, exchange rates, energy and global value chains, while others have raised concerns that introducing new issues will divert attention away from existing unresolved issues still on the negotiating table.<sup>4</sup>

Following two days of informal discussions, WTO Ministers expressed regret at failure to conclude Doha Development Agenda negotiations as a single undertaking and acknowledged that negotiations have reached an impasse due to significantly different perspectives between members.

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Ministers remain committed to work actively towards a successful multilateral conclusion of the Doha Round in accordance with its mandate. To advance negotiations, members will focus on individual elements of the negotiations where consensus can be reached earlier than full conclusion of the entire negotiating agenda (termed 'single undertaking' at the WTO). Ministers also re-affirmed members' commitment to fully respecting the development component of the mandate.<sup>5</sup>

During MC8, Solomon Islands' Permanent Secretary for Foreign Affairs and External Trade, Mr. Robert Sisilo, expressed disappointment over the deadlock reached after ten years of negotiations and the lack of decision on how best to revive the negotiations. Following the conclusion of MC8, he also expressed concern that some members were attempting to include new issues outside the Doha Round mandate into the MC8 discussion agenda. Mr. Sisilo also commended the WTO on a decision to facilitate an easier and more efficient accession process for LDC's.<sup>6</sup>

### **Samoa accepted by Ministers as a WTO member**

During the Eighth WTO Ministerial Conference, Samoa was officially welcomed as a new WTO member (with Russia & Montenegro), after a thirteen year accession process. Samoa is the fifth least-developed country to join the WTO. WTO Ministers adopted Samoa's terms of WTO entry – Samoa now has until 15 June 2011 to ratify its accession package and will become a fully fledged member 30 days after it notifies the WTO of ratification.<sup>7</sup> For further details regarding Samoa's accession package, see FFA Fisheries Trade News – October-November 2011.

## **PREFERENTIAL TRADE AGREEMENTS**

### **PACPs and the EC hold informal EPA discussions**

On 22-24 November 2011, the EC and Pacific ACP representatives held informal discussions in Brussels regarding the way forward for negotiations of a comprehensive Economic Partnership Agreement (EPA). Discussions centred on a revised draft legal text and draft market access offers (i.e. PACPs offer to reduce import duties on goods from the EU over a given time frame) submitted to the EC by PACPs in July 2011, following an intensive national consultation process with all PACP states. Key issues covered in the informal discussions included fisheries,

**WTO Ministers remain committed to concluding the Doha Development Round and will firstly focus on elements where consensus can be reached**

**Samoa's accession package to the WTO has been officially accepted by WTO Ministers**



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development cooperation, trade in goods, and sustainable development elements of the EPA, as well as two broader issues: proposals for the reform to the EU Generalised System of Preferences (GSP) and amendment of the Market Access Regulation.<sup>8</sup>

In return for PACP states' flexibility on market access offers, PACP countries have called for flexibility from the EC on a number of key contentious issues including global sourcing for fresh and frozen fish (HS 0303/0304), export taxes and development cooperation.<sup>9</sup>

Following the November informal discussions, PACPs remain committed to continuing negotiations and have agreed to a technical round of negotiations, the first since September-October 2009, tentatively scheduled for March/April 2012. PACPs are aiming to conclude negotiations in 2012, nine years after negotiations first commenced.

## FISHERIES MANAGEMENT

### **PNA Skipjack Purse Seine fishery is awarded MSC certification**

The PNA skipjack fishery has successfully attained Marine Stewardship Council (MSC) certification, following a lengthy objections and adjudication process. On 13 December, 2011, the independent adjudicator delivered a decision to uphold the certifying body's determination that the fishery is sustainable under the MSC's principles and assessment criteria. This is a landmark decision for MSC and the Parties to the Nauru Agreement, marking the world's first tuna purse seine fishery to receive MSC certification.

The certification covers purse seine skipjack catches in PNA waters<sup>10</sup> for net sets on free-swimming tuna schools. Based on 2009 catches, around 270,000 mt would be eligible to carry the MSC label, accounting for around 30% of total skipjack catch within PNA waters.

PNA have agreed to meet a number of certification conditions relating to the setting and adoption of appropriate limit and target reference points<sup>11</sup>, the development of more effective harvest control rules by the PNA and/or WCPFC, implementing additional management strategies for by-catch reduction and developing additional information about the fishery's interaction with protected species.<sup>12</sup> These conditions are incorporated

**After two and half years, formal negotiations for a comprehensive EPA look set to recommence between the EC and PACPs in early 2012**

**PNA's skipjack fishery is the world's first tuna purse seine fishery to attain MSC certification**



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into the Client Action Plan, which must be implemented within the five year certification period. Environmental NGO, WWF, has committed to working with PNA and WCPFC to help fully meet the conditions of the assessment.<sup>13</sup>

Before PNA can use the eco-label, the fishery must be able to ensure product traceability throughout the entire supply chain in compliance with MSC's Chain of Custody (CoC) requirements. In the coming months, PNA, in conjunction with its marketing arm, Pacifical will work together with purse seine fleets to comply with CoC requirements, including the demarcation of dedicated storage wells to separate MSC-certified free school catches from non-MSD complaint catches on fish aggregation devices (FADs) – which can be taken by the same vessel on the same fishing trip.

PNA and Pacifical have also commenced working with buyers to develop product specifications. While supply volumes will be limited to start with, over time, PNA estimates that up to 500,000 mt annually of MSC-compliant skipjack could be potentially taken from within its waters. Canned skipjack tuna from the fishery will carry both the MSC logo and Pacifical co-brand.<sup>14</sup>

Hoping to follow in the footsteps of the PNA skipjack fishery, the Fiji Albacore Longline fishery is progressing with its full MSC assessment. The draft report has been completed by the certifying body (Intertek Moody International) and is due for release for public comment on 15 February, 2012. The final report is expected to be completed in mid-April 2012.<sup>15</sup>

### **Negotiations continue for renewal of the US Treaty**

The Pacific Island Parties (PIPs) met with the US in mid-January 2012 for a fifth round of negotiations concerning renewal of the US Multilateral Treaty. The third phase of the US Treaty is due to expire in June 2013. However, the treaty looked set to end 12 months early in 2012, following PNG's notification to withdraw in May 2011.

One of the key negotiating points for PIPs has been the inclusion of US vessels under the Vessel Day Scheme – under existing treaty arrangements, US vessels are currently exempt from a limit on fishing days. During the fourth round of negotiations in November 2011, PIP's proposed an offer of 6,000 fishing days to US vessels (with 5,500 days to be fished in PNA waters and 500 days in non-PNA PIPs' waters) for US \$ 60 million annually

***Before PNA can use the MSC logo, the fishery must comply with MSC's Chain of Custody requirements for traceability throughout the supply chain***

***The US treaty will extend to 2013, following a US offer to increase fees to US \$45 million for 2012-2013***



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(i.e. US \$10,000/day). In contrast, the US' proposal was US \$ 45 million for 9,000 days (i.e. US \$5,000/day) which could be fished anywhere within the US Treaty area (i.e. any PIPs waters).<sup>16</sup>

In addition to the introduction of a cap on fishing days, PIPs are also pushing for arrangements supporting domestic industry development (e.g. onshore investment, compulsory offloading or first right of refusal on US fleet catches to PIP processing facilities), as well as preferential market access to the US.

The US previously proposed that in the event that both parties cannot reach an agreement, that the existing Treaty arrangements be extended to 2013 and the US increase its licences fees to US \$ 35 million<sup>17</sup>, from the current level of \$ 21 million (which includes US \$18 million from the US Government for broader development cooperation and US \$3 million from industry). During the most recent round of negotiations, PNG indicated its willingness to retract its intention to withdraw from the treaty, following an offer from the US to pay US \$45 million in fees for 2012. On this basis, the current phase of the treat will now continue until June 2013, its original expiry date. Negotiations will continue for a fourth phase of the US Treaty, with the next negotiating round scheduled for February 2012 in Honolulu<sup>18</sup>.

### **PITIA expresses concerns over Southern Longline fleet expansion<sup>19</sup>**

The Pacific Islands Tuna Association (PITIA), which represents national fishery associations in the Pacific Islands, has publicly expressed serious concern over the rapid build-up of the Southern longline fleet, operating in high seas areas primarily south of Vanuatu, Fiji and Tonga.

According to PITIA, new fleets displaced from the Indian Ocean (due to piracy issues) and voluntarily relocating from the Northern Pacific are moving to the South Pacific fishery to target albacore. While stock assessment models indicate that southern albacore stocks are in a relatively robust state, stocks are susceptible to localized depletion, which negatively impacts on vessels' profitability. PITIA members have indicated that declines in catch per unit effort (CPUE) and fish size are already being experienced by their small-scale domestic vessels.

In addition, while the majority of catch of vessels operating within the fishery is albacore, bigeye and yellowfin are also caught. Given these stocks are less robust than albacore, with bigeye stocks subject to overfishing and yellowfin stocks fully

***Small domestic vessels operating in the South Pacific Albacore fishery are suffering from competition from a rapidly increasing number of foreign vessels in the fishery***



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exploited, the rapid increase in vessels operating in the fishery also raises cause for concern for the sustainability of these two species.

PITIA is supporting calls for southern albacore management to be given higher priority within the WCPFC agenda, including the preparation of a comprehensive report on the fishery that integrates all available data sources. The Association also strongly supports the push by FFA members for the establishment of zone-based, rather than flag-based limits in the Southern Longline fishery.

### **Cook Islands domestic industry raises concerns about foreign licencing**

As reported previously in FFA Fisheries Trade News (Aug-Sep 2011), the Cook Islands has established a three-year agreement with foreign longline fishing interests to undertake exploratory fishing of bigeye and swordfish within its waters.<sup>20</sup>

A total of 24 licences have been approved – ten longline licences to target bigeye, ten longline licences for swordfish, as well as four purse seine licences targeting skipjack. To date, 17 longline licences have been issued to Taiwanese interests which will generate US \$810,000 in licence fee revenue annually.

A local fishing company has publicly raised concerns regarding the granting of licences to foreign fishing entities, given Cook Islands' domestic vessel operators are already struggling to survive and fear further reduced catches due to increased competition. A call has been made to Greenpeace by local fishermen to assist the Cook Islands' industry, given sustainability issues surrounding bigeye.<sup>21</sup>

Cook Islands Ministry for Marine Resources has indicated that they will be monitoring catches carefully through a weekly catch reporting system, as well as satellite tracking of vessels. In addition, foreign vessels will be restricted to fishing only outside 48 nautical miles off shore.<sup>22</sup>

**Cooks Islands industry are concerned about exploratory licences issued to Taiwanese fishing interests**



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## TUNA MARKETS

### **Solomon Islands bans live dolphin exports**

The export of live dolphins from the Solomon Islands has been a long-standing controversial issue. In the past, the Solomon Islands Government has allowed 100 live dolphin exports per year, mostly from Guadalcanal and Malaita Provinces.

The Solomon Islands Government has drafted legislation to enforce a ban on live dolphin exports from 1 January 2012.<sup>23</sup> This legislation will be welcomed by 'dolphin safe' accreditation body, Earth Island Institute and concerned animal welfare activists, as well as potential investors in tuna processing facilities in the Solomon Islands.

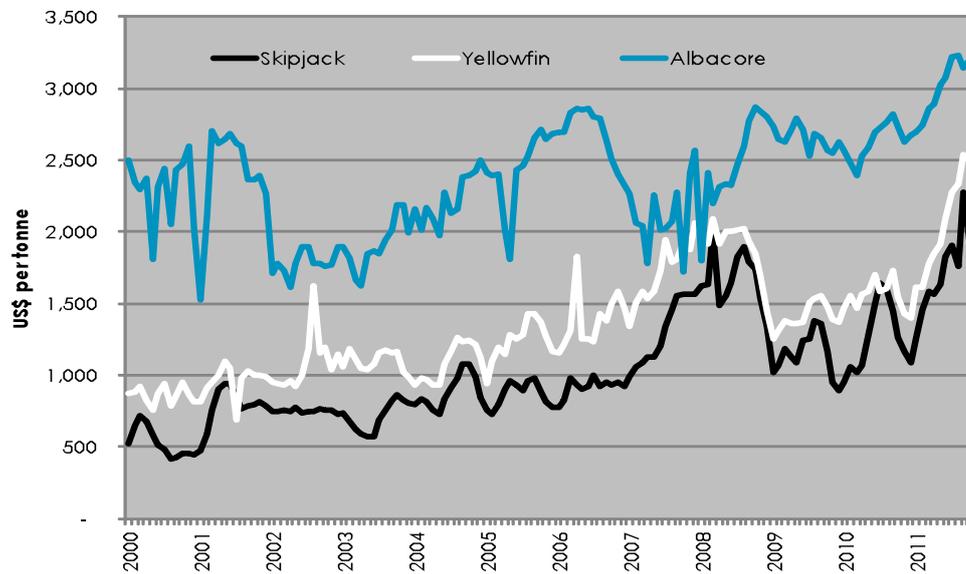
Until such time as live dolphin exports are banned, Earth Island institute will not certify tuna products from any Guadalcanal or Malaita-based processing facility to be 'dolphin safe', which would negatively impact on market access to the United States and the European Union, the two most significant markets for canned tuna exports. Potential investors who have shown interest in establishing canned tuna processing facilities in Guadalcanal Province, Philippines-based Frabelle and Korea-based Dongwon, have indicated that this issue must be rectified in order for them to proceed with their respective investments.

**Solomon  
Islands  
Government  
has  
implemented  
a ban on  
live dolphin  
exports from 1  
January 2012**

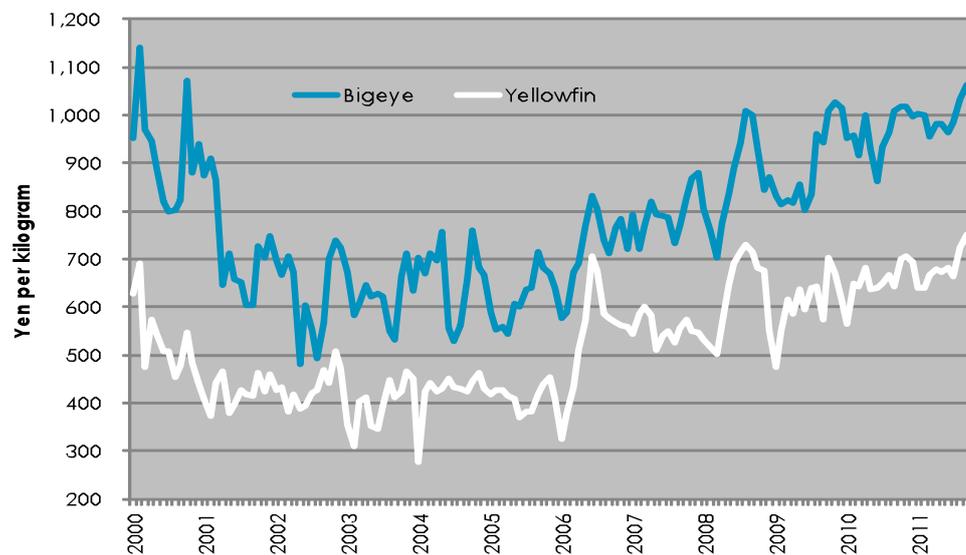


## TUNA PRICE TRENDS<sup>24</sup>

### Bangkok canning-grade prices to October 2011<sup>25</sup>

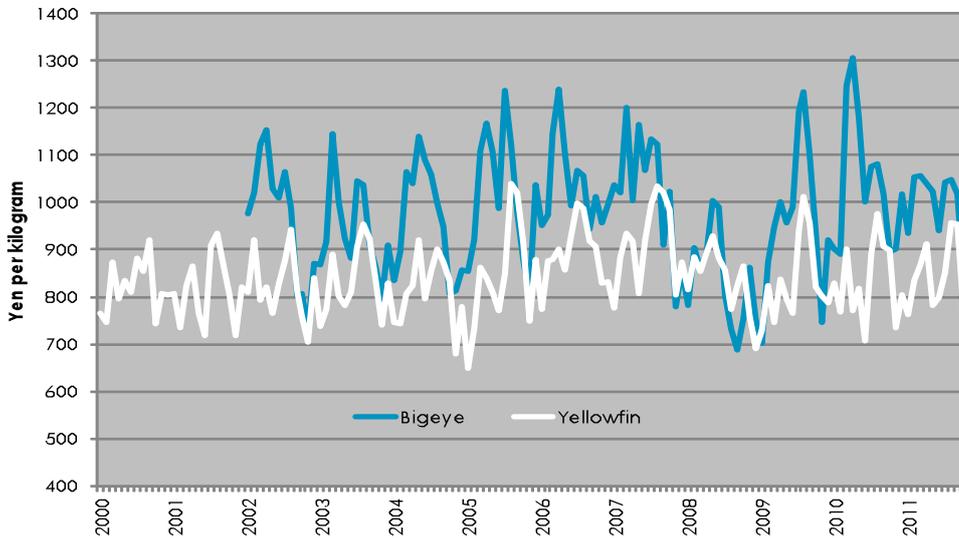


### Japan frozen sashimi prices (ex-vessel, Japanese ports) to September 2011<sup>26</sup>

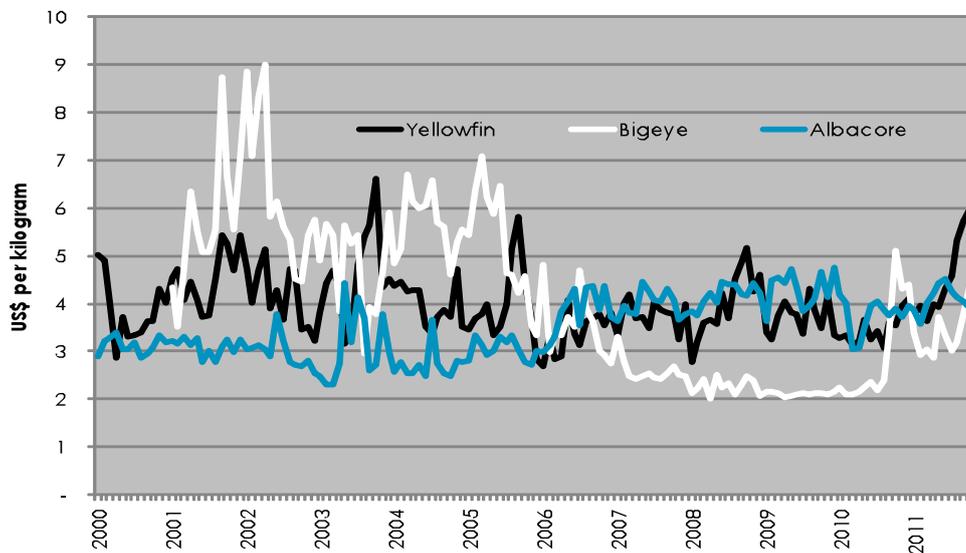




### Japan fresh sashimi prices (origin Oceania) to September 2010<sup>27</sup>



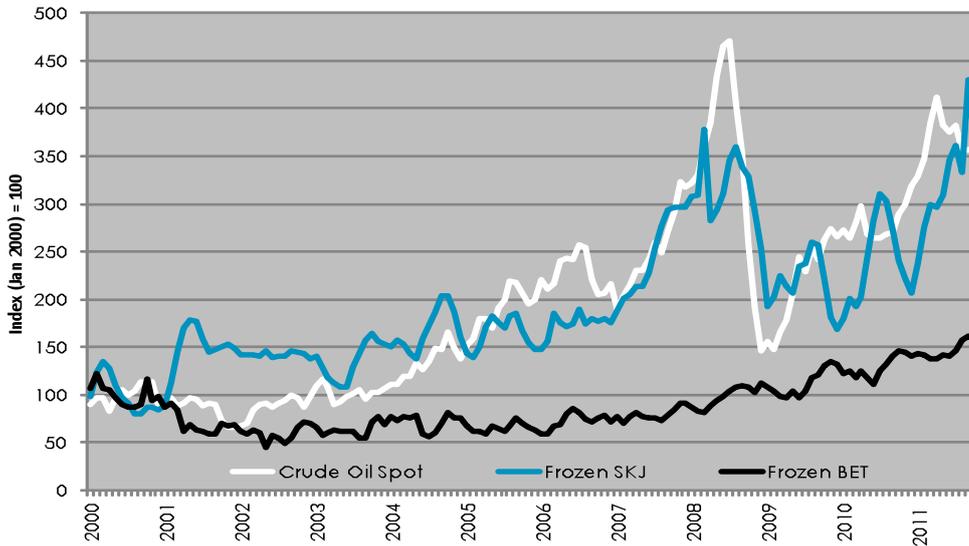
### US imported fresh sashimi prices to September 2011<sup>28</sup>





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### Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to October 2011<sup>29</sup>





<sup>1</sup> Prepared for the FFA Fisheries Development Division by Liam Campling, Consultant Fisheries Trade Analyst, FFA and School of Business and Management, Queen Mary, University of London, Amanda Hamilton, independent consultant and Elizabeth Havice, University of North Carolina at Chapel Hill. Desktop publishing by Antony Price. The authors would like to thank Hugh Walton for his input on an earlier draft of this briefing. The contents of this briefing (including all analysis and opinions) are the responsibility of the authors and do not necessarily reflect the positions or thinking of the FFA Secretariat or its Members.

<sup>2</sup> WTO 2011, 'Lamy: Stand up for the values of multilateralism', *WTO News*, 15 December 2011. Available at: [www.wto.org](http://www.wto.org)

<sup>3</sup> Ibid. WTO 2011.

<sup>4</sup> WTO 2011, 'Day 2: Russia membership accepted as minister's debate WTO's role', *WTO News*, 16 December 2011. Available at: [www.wto.org](http://www.wto.org)

<sup>5</sup> WTO 2011, 'Day 3: Samoa and Montenegro join Russia with membership agreed, as ministers wrap up conference'. *WTO News*, 17 December 2011. Available at: [www.wto.org](http://www.wto.org)

<sup>6</sup> PACNEWS 2011, 'Solomon Islands expresses disappointment at WTO conference', *PINA*, 10 January 2012.

<sup>7</sup> WTO 2011, 'WTO membership of Montenegro and Samoa approved', *WTO News*, 17 December 2011. Available at: [www.wto.org](http://www.wto.org)

<sup>8</sup> PINA 2011, 'The EU and Pacific region hold EPA talks in Brussels', 8 December, 2011. *PINA*, Available at: [www.pina.com.fj](http://www.pina.com.fj)

<sup>9</sup> Islands Business 2011, 'Meet us half way – Sisilo tells EU', *Islands Business*, 15 December 2011. Available at: [www.islandsbusiness.com](http://www.islandsbusiness.com)

<sup>10</sup> PNA waters covers the EEZs of Papua New Guinea, Solomon Islands, Federated States of Micronesia, Nauru, Kiribati, Marshall Islands, Tuvalu and Palau.

<sup>11</sup> Reference points are indicators of the status of a stock. Target reference points (TRP) indicate the desirable position for the stock to be in with respect to fishing mortality and recruitment, are often based on Maximum Sustainable Yield (MSY) levels and may incorporate socio-economic goals. Limit reference points (LRPs) are the minimum biologically acceptable limits to sustainable harvest. A. Lewis, pers. comm.

<sup>12</sup> MSC 2011, 'MSC confirms: PNA free school skipjack certified', *Atuna*, 9 January 2012. Available at: [www.atuna.com](http://www.atuna.com)

<sup>13</sup> WWF 2012, 'WWF: 490 Airbus A380 full of MSC skipjack tuna', *Atuna*, 10 January 2012. Available at: [www.atuna.org](http://www.atuna.org)

<sup>14</sup> Pacifical 2011, 'YEAH! PNA free school skipjack officially MSC certified', *Pacifical*, 11 January 2011. Available at: [www.pacifical.org](http://www.pacifical.org)

<sup>15</sup> MSC 2012, Assessment Timeline: MSC Full Assessment – Fiji Albacore Longline Fishery. Available at: [www.msc.org](http://www.msc.org)

<sup>16</sup> Natalia Real 2011, 'US, Pacific Islands hold next round of fishing negotiations', *FIS*, 13 January 2012. Available at: [www.fis.com](http://www.fis.com)

<sup>17</sup> Real 2011.

<sup>18</sup> FIS 2012, 'Pacific Islands earns concession in tuna talks', *FIS*, 20 January 2012. Available at: <http://www.fis.com>

<sup>19</sup> PITIA 2011, 'PITIA expresses serious concern over the rapid buildup of the Southern Long Line fleet', press release, 8 December 2011.

<sup>20</sup> Hamilton, Havice & Campling 2011, 'Recent developments in the PIC tuna industry', *FFA Fisheries Trade News*, August-September 2011. Available at: [www.ffa.int/trade\\_news](http://www.ffa.int/trade_news)



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- <sup>21</sup> ABC Radio Australia 2011, 'Cook's fishermen want Taiwan tuna deal stopped', *Atuna*, 19 December 2011, Available at: [www.atuna.com](http://www.atuna.com)
- <sup>22</sup> Cook Island News 2011, 'Cook Islands approves 24 tuna fishing licences for foreign longliners', *Atuna*, 19 December 2011. Available at: [www.atuna.com](http://www.atuna.com)
- <sup>23</sup> Solomon Times Online 2011, 'Moves to enforce dolphin export ban', *Islands Business*, 12 December 2011. Available at: [www.islandsbusiness.com](http://www.islandsbusiness.com)
- <sup>24</sup> All databases are provided by the Fisheries Development Division at FFA.
- <sup>25</sup> Customs Department, Thailand. <http://www.customs.go.th/Statistic/StatisticIndex.jsp>
- <sup>26</sup> FFA database
- <sup>27</sup> Japan Customs. [http://www.customs.go.jp/toukei/info/index\\_e.htm](http://www.customs.go.jp/toukei/info/index_e.htm)
- <sup>28</sup> US National Marine Fisheries Service. <http://www.st.nmfs.gov/st1/trade/index.html>
- <sup>29</sup> US Energy Information Administration. [http://tonto.eia.doe.gov/dnav/pet/pet\\_pri\\_spt\\_s1\\_m.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pri_spt_s1_m.htm)