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WORLD TRADE ORGANISATION

'Plan B' Doha Round proposal from WTO Director-General

As reported in the April 2011 edition of *FFA Fisheries Trade News*, WTO members are exploring 'Plan B' options for an 'early harvest' package for selected issues, in the event that agreement on a full Doha package cannot be reached by the December 2011 Ministerial Conference deadline.²

A 'three-lane' proposal for reaching conclusion of the Doha Round was presented in June by the Director-General, Pascal Lamy, which has been met with broad support from WTO members. Under the proposal, LDC-specific issues would be the immediate priority ('fast lane'), while LDC-plus issues that are considered to be near conclusion and maintain a development focus (potentially fisheries subsidies) would be in the 'middle lane'. More contentious outstanding 'slow lane' issues (i.e. NAMA, agriculture) would be resolved in the longer term after the December 2011 Ministerial.³

There has been considerable disagreement amongst members about which issues should be included in the LDC-plus package. Fisheries subsidies is one of the key 'plus' issues where members have opposing positions about its readiness for inclusion in the December LDC-plus package. While the US supports its inclusion, Japan, Korea and Taiwan strongly disagree that negotiations are sufficiently mature for inclusion in the 'Plan B' package.⁴

PREFERENTIAL TRADE AGREEMENTS

PACPs striving to conclude comprehensive EU-EPA by end 2011

Despite seven years of difficult and drawn-out negotiations, Pacific ACP countries (PACPs) remain hopeful that a comprehensive Economic Partnership Agreement (EPA) with the European Union can be concluded and signed by the end of December 2011. In addition to PNG and Fiji, who already have an interim EPA in place to ensure uninterrupted EU market access while a comprehensive agreement is negotiated, the remaining twelve PACPs have reaffirmed their commitment to concluding a single regional agreement.⁵

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Following a hiatus in negotiations since September 2009, in early 2011, PACP Trade Ministers endorsed a strategy compiled by the Forum Secretariat – The Pacific ACP EPA Strategy 2011 – in an effort to reconfirm their commitment and devise a plan of action to successfully conclude a comprehensive EPA. This strategy outlines a work programme for concluding the EPA by the end of 2011. According to the strategy, PACPs will continue negotiations with a view to initialling the EPA by December 2011. However, if consensus cannot be reached on various contentious issues (including fisheries rules of origin, development cooperation and market access) by this time, the fall-back position for PACPs (excluding PNG & Fiji who have signed an Interim EPA) will be to cease negotiations and utilise existing preferential trade agreements for EU market access. Currently, the Solomon Islands, a least-developed country, enjoys duty free market access through the 'Everything But Arms' Agreement (EBA), while other PACPs are eligible for tariff preferences under the 'standard' Generalised System of Preferences (GSP) Scheme.⁶

Over the next few months a series of technical working groups are planned to finalise outstanding fisheries and other legal matters, as well as a workshop on regional market access offers. A final negotiating session between the PACP and EU is expected to take place in September. All going well, the final legal text would be finalised in October-November, before PACPs initial the comprehensive EPA by December 2011.⁷

Fisheries remains one of the most challenging aspects of EPA negotiations, particularly rules of origin and fisheries access provisions. As reported in various past editions of *FFA Fisheries Trade News*, one of the major factors influencing PACPs decision to conclude an EPA will be favourable outcomes concerning the ongoing provision of 'global sourcing' rules of origin for canned tuna and loins (HS 1604/1605) (as per the IEPA), as well as the extension of these rules to cover fresh-chilled and frozen fisheries products, such as chilled vacuum packed loins, frozen 'steaks' or 'fillets' (HS 0303/0304).⁸

FISHERIES MANAGEMENT

PNA Ministerial Fifth Special Meeting outcomes

In late July, the Parties to the Nauru Agreement (PNA) Ministers met in Samoa for the PNA Ministerial Fifth Special Meeting.⁹ Key reported outcomes from the Ministerial meeting were:

- *US Treaty Position* – PNA Ministers indicated that US vessels

PACPs will strive to conclude a comprehensive EPA by end December 2011; failing this, they will cease negotiations and utilise existing tariff preference systems



will have to operate under the Vessel Day Scheme, when the US Treaty ceases in June 2012. Like other bilateral partners, the US fleet will be required to pay the market rate for fishing days in PNA waters and provide opportunities for local economic development. US aid to the region will also need to be de-linked from fisheries access.

- *WCPFC Position* – At the upcoming Eighth Annual Session of the WCPFC, PNA will be seeking a conservation and management measure for skipjack tuna to be applied equally to all members (i.e. no exceptions made to selected countries or differing application of the measure from country to country).
- *Minimum Fishing Day Price* – PNA Ministers agreed to apply a US \$5,000 minimum price to purse seine fishing days in PNA waters under the Vessel Day Scheme, applicable from 1 January 2012.
- *Minimum Net Mesh & FAD Closure Rules* – PNA Ministers signed into effect rules for minimum purse seine net mesh size (no less than 90mm) and an extension of the FAD closure period from three to six months.
- *World Tuna Day* – PNA Ministers have ear-marked the 2 May to annually celebrate 'World Tuna Day'. The event is intended to bring key-tuna related issues into the spotlight and to celebrate the various 'wonders' of tuna.

Proposals released for reforms to the EU Common Fisheries Policy

On July 13, European Union Fisheries Commissioner, Maria Damanaki, released proposals to the European Parliament for reforms to the EU's Common Fisheries Policy (CFP) to be implemented in 2013. While it is widely acknowledged that the current CPF is ineffective, in the lead up to the release of proposed reforms, concerns have been raised that proposals may be too ambitious and not supported due to short-term detrimental effects that may result for fishing communities in member states.¹⁰

Key elements of the proposed reforms include a commitment to achieving maximum sustainable yield (MSY) in European waters by 2015 and the introduction of a transferable user quota system to reduce catch discards at sea. Reforms also include changes to decision-making processes to foster 'regionalisation' so that member states have a larger role in decision making, which currently falls largely to the European Parliament and Council of Ministers.¹¹

PNA will apply a minimum price to VDS fishing days of US \$5,000. The US fleet will also operate under the VDS post June 2012



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At the international level, proposed changes to the external dimension of the CFP include working towards Fisheries Partnership Agreements (FPAs) with third countries that are centred on conservation and sustainability. The EU would only enter into FPAs with countries where stock is under-exploited. Also, FPAs will be reformed to provide a strong governance framework, including the inclusion of a human-rights clause. The reforms also foresee the EU playing an enhanced role within RFMOs.¹²

Following the July 13 release of the EC, the proposals will now be discussed in European Parliament and in the Council.¹³

European Commission grants access to EU fisheries agreements evaluations¹⁴

In March 2011, Kenya-based NGO *TransparentSea* submitted a letter (on behalf of 24 NGOs) to the European Commission's Directorate General for Maritime Affairs and Fisheries (DG MARE) requesting access to *ex ante ex post* evaluations of the EU's Fisheries Partnership Agreements with non-EU countries (currently 15 countries in total, including FSM, Solomon Islands and Kiribati). The letter of request cited the *Aarhus Convention* – legislation that provides citizens the right to access information on the environment held by public authorities in Europe.

Initially, DG MARE refused this request on the grounds that the documents are treated as confidential to protect the commercial interests of the European fishing fleet and preserve the international relations of the EU. Following a complaint registered with the Secretary General of the EC and a subsequent threat of taking the issue up in court, the EC has agreed to provide full access to the evaluation documents.¹⁵

The request for access to these evaluation documents stems from mounting concern from the international community about the contribution that the lack of transparency in marine fisheries (including in the area of fisheries access agreements) has in contributing to the global decline of fisheries. The signatory organisations are seeking to obtain information about the environmental, economic and social impacts of EU fisheries agreements with developing countries, as well as information on how access fee revenue has been used by third countries. These efforts feed into a broader goal of working to ensure the reform of the EU's Common Fisheries Policy leads to sustainable and fair use of fish stocks, both in Europe and worldwide.

Proposed reforms of the EU Common Fisheries Policy focus on achieving MSY in European waters by 2015

EU Fisheries Partnership Agreements with third countries could include human-rights clauses

DG MARE has agreed to provide full access to evaluations of EU-Fisheries Partnership Agreements



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NGO activist groups embark on new tuna campaigns

Environmental NGO activist group, Sea Shepherd Conservation Society launched its second campaign in early July against the illegal fishing of bluefin tuna in Mediterranean waters. Under 'Operation Blue Rage 2011', Sea Shepherd has dispatched two vessels to monitor war-torn Libyan waters for vessels targeting bluefin tuna, despite closures in place put into effect by ICCAT and the European Commission. Sea Shepherd leaders have warned that activists will cut the nets of any vessels found to be illegally fishing to free the caught tuna and will alert ICCAT and the EU of these vessels' operations. In the first week of the campaign, Sea Shepherd's vessels approached seven Tunisian purse seiners to determine the legality of their operations, which resulted in a violent encounter.¹⁶

In an effort to encourage the South Korean Government to improve the regulation of its tuna fishing fleets and fulfil its obligations as a responsible international player, Greenpeace recently projected a provocative animated film on the office building of Sajo Industries in Busan. The film depicts Sajo Industries, one of Korea's major tuna fishing companies operating purse seine and longline vessels in the WCPO, as well as a canned tuna processing facility in Korea, as a contributor to the decline of Pacific tuna stocks and other incidental by-catch species.¹⁷

TUNA MARKETS

PNA establishes 'Pacifical' brand for sustainable tuna¹⁸

In anticipation of successfully attaining MSC certification for free-school caught skipjack tuna in PNA waters, the PNA Group has recently established a global tuna marketing company, Pacifical, in partnership with Netherland's based sustainable tuna trading company, Sustunable. PNA leaders rationale for embarking on this initiative is to enhance the PNA Group's commercial presence in the global tuna supply chain, as well as promoting sustainable tuna fishing and deriving a fairer share of economic returns from tuna caught in their waters.

The PNA Group has chosen to partner with Sustunable given the company's pioneer status in marketing responsibly-caught tuna. In order to capitalise on Sustunable's existing expertise and marketing networks (currently fifteen European supermarket chains) and be in close geographic proximity to customers in Europe, PNA has opted to also locate Pacifical's marketing office in the Netherlands.

Sea Shepherd is monitoring Libyan waters for illegal bluefin tuna fishing operations

Greenpeace has targeted a major South Korean fishing company to exert pressure to improve sustainable management of Pacific tuna stocks.



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While the PNA Group awaits the outcome of the MSC full-assessment, Pacifical is already actively promoting various initiatives in place or under development to preserve tuna stocks. Pacifical guarantees that only adult skipjack which have been caught by purse seine nets set on free swimming schools will be marketed under the Pacifical logo. In addition, Pacifical is currently channelling efforts into establishing social standards in all PNA-based tuna processing facilities.¹⁹

Recent Marine Stewardship Council developments

Over the past several months, a number of MSC-related developments have been reported.

The final report from MSC certifying body, Moody Marine, has recommended that the PNA WCPO skipjack tuna unassociated set fishery be certified. Given various shortcomings in meeting MSC Principles and Criteria, the log set component of the fishery has not been recommended for certification. In the final stage of the certification process, any party in disagreement with the determination had until the end of July (15 working days) to notify the certification body of an intention to lodge an objection. While yet to be publicly released, objections have likely been received from several parties, including ISSF, who have raised a series of concerns throughout the certification process.²⁰

The New Zealand Albacore tuna fishery has successfully attained MSC certification and products from the fisheries' 175 vessels (around 3,000 mt per annum) are now able to carry the MSC eco-label.²¹

A major success for MSC has been a commitment from global fast food chain, McDonalds, to commence selling MSC certified whitefish from October in its 'Filet-O- Fish' sandwiches throughout Europe (7,000 restaurants in 39 European countries). McDonalds serves over 13 million customers daily in Europe and sold more than 100 million Filet-O-Fish in 2010.²² McDonalds has indicated that the company will absorb any additional costs incurred with procuring MSC certified whitefish (including 0.5% commission on sales paid to MSC for use of the logo), rather than increasing the retail price. McDonalds sources much of its whitefish from Alaska's Bering Sea Pollock fishery.²³

In June, the number of MSC eco-labelled products sold in the global seafood market reached 10,000. MSC has reported

PNA have established a joint venture global tuna trading company to market responsibly-caught skipjack from PNA waters

MSC certifying body's final determination is to certify the PNA skipjack tuna unassociated set fishery



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significant growth in the number of products traded which bear its logo. Reportedly, MSC-certified products have doubled in numbers every twelve months for the past four years, which is indicative of the burgeoning demand for sustainably sourced seafood products.²⁴

MSC has launched a new online tool on its website (www.msc.org) to assist consumers in locating businesses selling MSC-labelled products. The product finder includes more than 5,000 products available in stores in over 60 countries. To date, tuna is the second most frequently searched species (12%), after salmon (16%).²⁵

'Tuna the Wonderfish' campaign boosts US canned tuna sales

As reported in *FFA Fisheries Trade News – Jan & Feb 2011*, in a world-first joint effort to revitalise US consumer interest in canned tuna, the 'Big Three' US tuna brands (Starkist, Chicken of the Sea and Bumble Bee), as well as Thai tuna processing partners, launched 'Tuna the Wonderfish'. This three-year, US \$60 million campaign markets canned tuna as being healthy, convenient, cost-effective and versatile.²⁶

According to a consumer attitude's survey conducted by a US-based market research firm, marketing efforts are already starting to pay-off. Canned tuna sales volumes increased by 4.23 per cent from January to May, in comparison to 2010 sales over the same period. A modest increase in unit price to USD \$1.23 per can (0.07 per cent growth) has also been recorded. The market research indicates that consumers who have been exposed to the advertising campaign (through television and print ads, an interactive website and billboards stationed at health clubs) are purchasing 1.5 more cans of tuna per person each month.²⁷ The interactive website is proving very popular, with an estimated 20,000 people visiting the site every two weeks, the majority of which view the website's recipe section: <http://tunathewonderfish.com/> Also, 30 per cent of consumers who have experienced 'Tuna the Wonderfish' marketing efforts indicated that they are likely to try new ways of preparing meals with canned tuna. In September, the campaign's facilitator, the National Fisheries Institute's Tuna Council, plans to more comprehensively evaluate sales results stemming from the campaign.

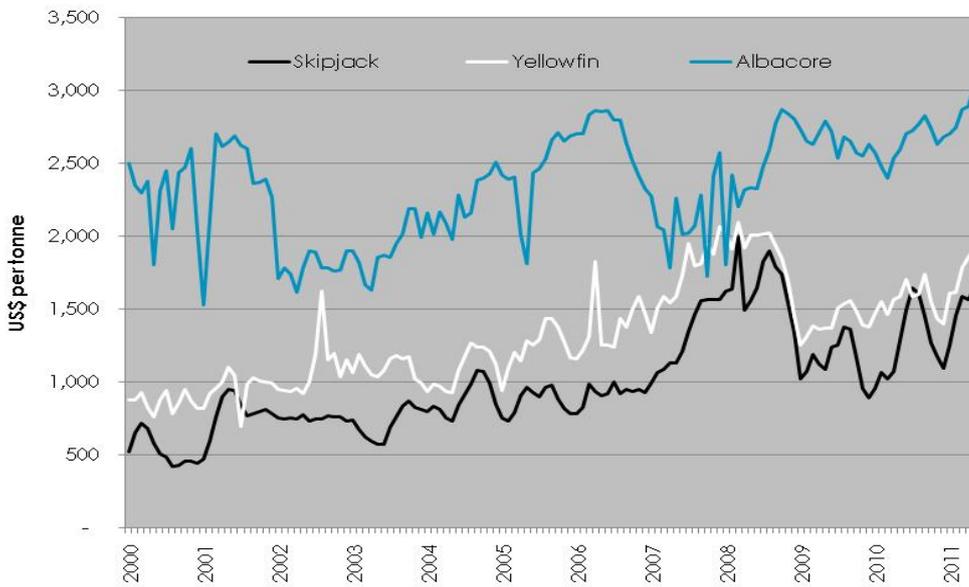
**McDonalds
has committed
to using MSC
certified fish
in Filet-O-Fish
sandwiches
sold in its
European
outlets**

**'Tuna the
Wonderfish'
marketing
campaign is
boosting US
canned tuna
sales and
inspiring more
creative use in
meals**

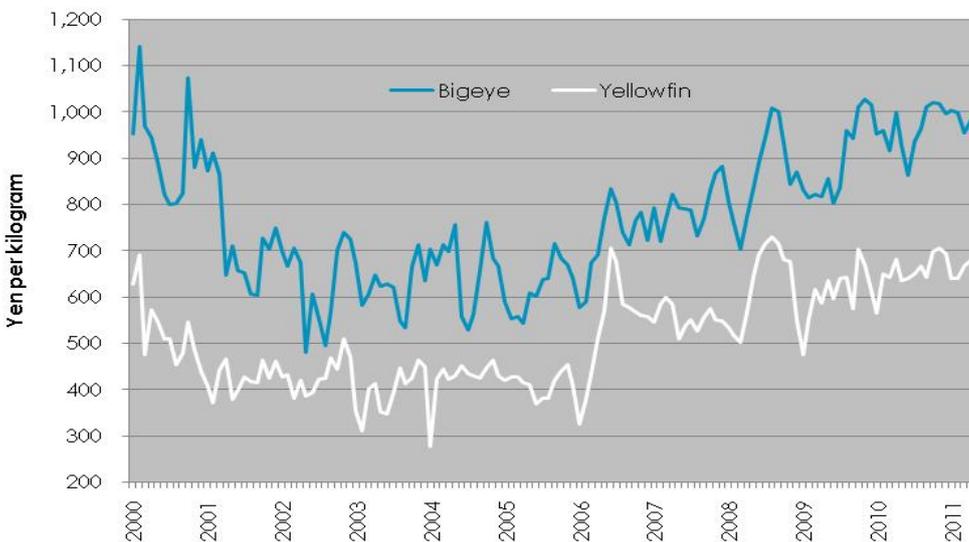


TUNA PRICE TRENDS²⁸

Bangkok canning-grade prices to May 2011²⁹

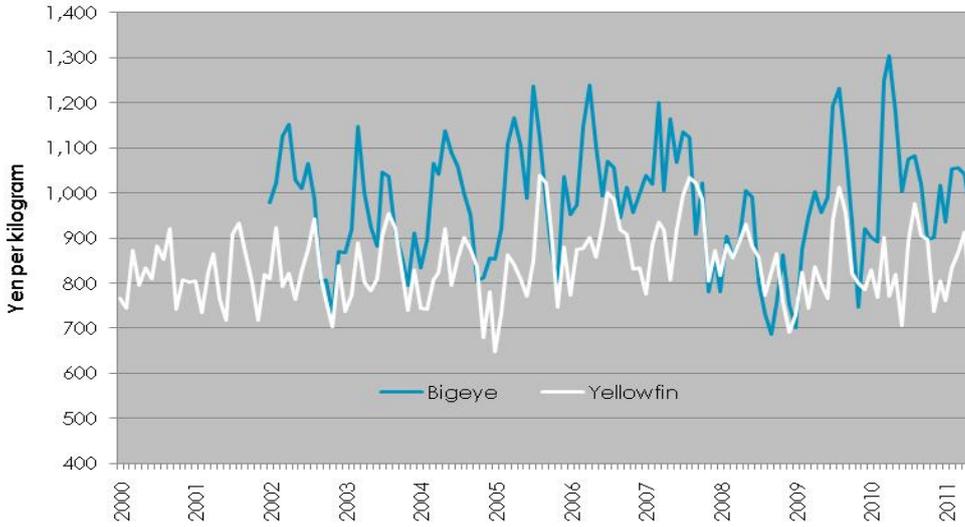


Japan frozen sashimi prices (ex-vessel, Japanese ports) to May 2011³⁰

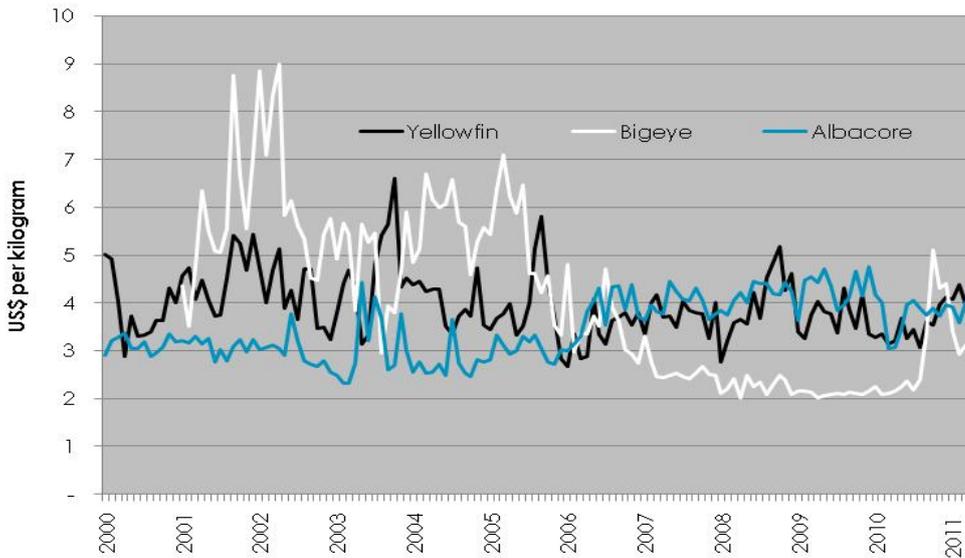




Japan fresh sashimi prices (origin Oceania) to May 2010³¹



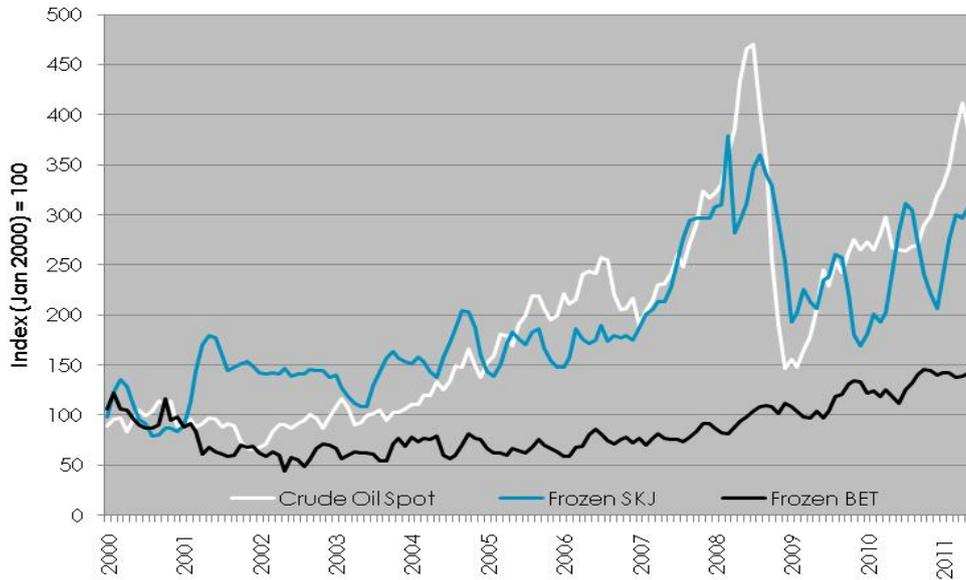
US imported fresh sashimi prices to April 2011³²





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Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to May 2011³³





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