



PREFERENTIAL TRADE AGREEMENTS

Fiji implements Interim EPA with the EU

Almost seven years after initialling the text of the Interim Economic Partnership Agreement (IEPA) on the trade in goods with the EU (alongside PNG), Fiji has implemented the Agreement in domestic law. This provides for duty-free, quota-free market access into the EU for all of Fiji's exports. In return, Fiji will gradually open its market to European exports, with the exception of some agricultural and industrial sensitive products, over a transitional period until 2023.

The government of Fiji stated that the IEPA was implemented to 'ensure that preferential market access of Fiji's most important exports—sugar, fish, garments and processed foods—to the EU will not be disrupted' and 'that thousands of Fijian jobs are protected'.² For its part, the EU claims that the move by Fiji is 'a very significant step in our relationship' and 'a true partnership for trade and development'.³ In contrast, the Pacific Network on Globalisation (PANG) argues that the IEPA limits the government's future policy space and does not take into account the 'very specific characteristics' of 'fragile' small island economies.⁴

In terms of fisheries, unlike PNG's focus on the export of mass produced canned tuna to the EU, the emphasis of Fiji-based industry in the EU market has been on smaller volumes of high-value fish fillets, steaks and related products. The IEPA provides duty free treatment for a range of fish fillet and steak products compared to most-favoured nation tariffs ranging from 7.5 to 18 percent.

Fiji's duty free exports under the IEPA will be subject to rules of origin, as well as to EU rules on SPS measures and IUU fishing. Global sourcing rules of origin are only available for canned tuna and tuna loins for canning. The Pacific islands continue to push for the extension of global sourcing to fish fillets in the negotiations for a comprehensive EPA, which are ongoing.⁵

Ecuador concludes a Free Trade Agreement with the EU

On 17 July 2014, the European Union and Ecuador concluded negotiations on a Free Trade and Development Agreement, which provides Ecuador with preferential market access for fisheries products, including tuna and shrimp, as well as a range of agricultural products (bananas, cut flowers, coffee, cocoa, fruits and nuts). Similarly, the EU is provided with reciprocal preferential market access to Ecuador and is expected to boost its automotive and alcoholic beverage exports, amongst others.⁶

This brings great relief to Ecuador's tuna processing industry, which held serious concerns about Ecuador's continued duty free access for canned tuna and cooked loins exports since its existing 24% duty preference under the EU's Generalised System of Preferences Plus (GSP+) is due to expire on 31 December, 2014. It is expected that Ecuador's GSP+ duty preference will be extended until the new FTA enters into force after it has been ratified by the European Parliament and Assembly of Ecuador, likely in 2016.⁷ Ecuador relies heavily on EU markets for canned tuna and loins, accounting for around 60% of Ecuador's total tuna exports.⁸ In 2013, Ecuador was the largest exporter globally of canned tuna (around 84,000 mt) and cooked loins (35,796 mt) to the EU.⁹ Had Ecuador have lost its duty free status, it would have struggled considerably to maintain competitiveness with other major tuna processors supplying the EU including those based in Thailand, Mauritius, Seychelles and the Philippines.

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Together with Colombia and Peru, Ecuador was originally part of negotiations of the EU-Andean Community Free Trade Agreement which commenced in 2007. In mid-2009, Ecuador opted to withdraw from negotiations due to conflicting concerns relating to the agreement itself, as well as a long-running dispute with the EU over banana tariffs.¹⁰ With reforms to the EU's GSP scheme in 2012 resulting in Ecuador graduating from GSP+ and losing duty free access from 31 December 2014, Ecuador utilised a provision in the Andean Agreement that enabled it to recommence negotiations.

Philippines' EU-GSP+ application outcome remains uncertain

On 21 July, a press release was circulated stating that according to the Philippines' Trade Undersecretary, Adrian Cristobal Jr, the Philippines had received a verbal note from the EC stating that they will endorse the Philippines' EU-GSP+ application for European Parliament approval.¹¹ A follow-up press release was released three days later, stating that the European Commission indicated that this was not true and it would be another 4-6 weeks (i.e. mid-September) before a decision is likely to be made by the EC. If endorsed by the EC, the European Parliament will then have two months to decide whether or not to approve the Philippines' application.¹² Based on these indicative timeframes, a final decision would be available by earliest, November 2014.

If Philippines is awarded GSP+ status, the ability of its tuna industry to take advantage of EU duty free access depends on Philippines adequately addressing short-comings identified in its efforts to fight IUU fishing. On 10 June 2014, Philippines was 'yellow-carded' for potentially being deemed a non-cooperating third country and given six months to implement corrective actions. Should the Philippines fail to adequately respond and address these issues, it could officially be deemed 'non-cooperating' by the EU and issued a 'red-card' resulting in trade sanctions. DG Mare has highlighted 16 weaknesses, mostly relating to insufficient traceability systems and inadequate controls of the Philippines' distant water fleet. Philippines' Bureau of Fisheries and Aquatic Resources (BFAR) is apparently working hard to address these issues within the six-month deadline which falls in December 2014.¹³

In November 2013, the EU issued 'yellow-card' warnings to Ghana, Korea and Curacao and, in a similar vein to the Philippines, they were given six months to address their short-fallings. On 27 June 2014, the EC granted these countries another six months to improve their situations, on the grounds that they have made credible progress towards complying with their obligations and have worked closely with the EC in doing so.¹⁴ This sets a useful precedent for the Philippines in receiving an extension, if it can also demonstrate that considerable effort is being made to address its weaknesses in applying the EU's IUU Fishing Regulation.

Interim EPA deals in Southern and West Africa

In July, there was important movement in the negotiation of two Interim Economic Partnership Agreements (IEPAs) with the EU, involving the West Africa and Southern Africa groupings. The West Africa grouping signed the IEPA text and West African heads of state commented that it 'is a fair, balanced and mutually beneficial Agreement for both parties'.¹⁵ The EU claims that the Agreement 'fully takes into account the differences in the level of development between the two regions', by providing for asymmetrical and gradual opening of the West African goods market. However, if an enhanced market access deal is eventually offered by West Africa to Europe's main

Ecuador will retain uninterrupted duty free status for tuna exports to the EU after joining the Andean Free Trade Agreement

Philippines will receive a decision on its EU-GSP+ application by November 2014, at the earliest

Philippines ability to benefit from duty free status for tuna products under GSP+ rests on it improving efforts to eliminate IUU fishing



competitors, then the EU will claim those same improvements (the 'MFN clause').¹⁶ Canned tuna exports to the EU from three signatories to the Agreement – Ghana, Ivory Coast and Senegal – are dependent upon ongoing duty free access. (As an LDC Senegal could have switched to the duty free access available under the EU's Everything But Arms Initiative.) Ghana and Ivory Coast are major locations of canned tuna production, providing an annual average of 4.6 and 5.5 percent respectively of total EU volume imports in the period 2009 to 2013 (including intra-EU trade).¹⁷

The IEPA will provide impetus to two investment projects in the region. The Ivorian government has begun a modernisation and expansion of the port at Abidjan, which is planned to reach completion in 2020.¹⁸ It will also be a boost to a proposed tuna canning joint venture in Ghana involving the Taiwanese tuna trading giant FCF and the vertically integrated Korean firm, Silla. The factory is projected to annually process around 20,000mt of canned tuna, of which 25 percent is to be pole and line caught.¹⁹

The Interim EPA between the EU and the Southern African Development Community (SADC) grouping was initialled in July after achieving compromise on several contentious issues. These include export tax bans, MFN treatment, and infant industry protection,²⁰ each of which have concerned several Pacific Island negotiators in comprehensive EPA negotiations. If the SADC deal had not been completed by October, several countries would have lost trade preferences to the EU for a range of goods. In particular, Botswana, Namibia and Swaziland would have shifted to the EU's standard Generalised System of Preferences which would impose higher duties on major national export sectors of beef, processed fish, table grapes and sugar. The EU has assured the SADC parties that the act of initialling the IEPA ensures that the current market access will continue until the agreement enters into force.²¹ Namibia is a major exporter of hake to the EU – largely by Spanish-owned firms based there – but it also exports small volumes of tuna.

FISHERIES MANAGEMENT

Bigeye in spotlight at 10th WCPFC Scientific Committee meeting

In preparation for the 10th WCPFC scientific committee meeting, the Secretariat of the Pacific Community released updated stock assessments on the key regional species.²² In 2013, skipjack and purse seine catch broke records for total volume of catch (1.8 million mt and 1.9 million mt, respectively). The stock assessments indicated that skipjack and yellowfin are currently reasonably healthy, but are likely to be at their full potential. SPC warned that recent and pending increases in capacity in the fishery²³ stand to impact the biological health and economic profitability of the fishery. SPC urged decisions on capacity limits and allocation issues for newly entering vessels.²⁴

A new bigeye stock assessment, updated from 2011, revealed that the bigeye stock has been reduced to less than 20 percent of its unfished stock size, current catches exceed MSY, recent levels of fishing mortality exceed the level that will support MSY, and recent levels of spawning potential are most likely at or below the level which will support MSY.²⁵ The 20 percent figure is significant because this is the limit reference point that WCPFC members have agreed represents an unacceptable risk to the stock. SPC scientist John Hampton is quoted as saying that WCPFC should now take firm action to reduce catches of bigeye and allow the stock to rebuild.²⁶

West Africa-EU deal sees continuation of canned tuna preference for Ghana and Ivory Coast

SADC EPA includes compromise on 'contentious issues' such as a ban on export taxes and infant industry protection limits

Skipjack and yellowfin stocks are relatively healthy, but capacity increases are a concern



Bigeye represents 6 percent of the total regional tuna catch, but 12 percent of overall value of the fishery. Bigeye are a key species for the tropical longline fishery, and a key challenge for curbing bigeye catch is that doing so will require changes in the region's skipjack fishery. Bigeye, especially juvenile bigeye, are often landed by seiners fishing on FADs and targeting skipjack. In 2013, even with the 3-4 month FAD ban for purse seiners and longline catch limits, total bigeye catch was still high (158,622 mt) and there was a record high catch of bigeye by purse seiners (82,151mt versus the 70,925 in 2012, which was then the second highest on record). Any WCPFC efforts to implement bigeye catch restrictions will likely target FAD fisheries and as such, lead to lower skipjack and yellowfin landings.

As reported in *FFA Fisheries Trade News* in November/December 2013, Pacific Bluefin is overfished, undergoing overfishing and has an extraordinarily low spawning stock of 4 percent of its unfished levels. Existing measures are not adequate for recovery, and the biological and commercial viability of the species are in a very serious condition.²⁷

Environmental groups have begun to lobby WCPFC members to take immediate action. The Greenpeace delegation at the Scientific Committee meeting has called for a bigeye recovery plan that includes permanent, year-long ban on FADs, cuts to longline effort, cuts to purse seine capacity and the closure of the high seas pockets to all tuna fishing.²⁸ Conservation and management measures will be taken up at the 11th regular session of the Commission in December in Apia, Samoa.

Obama's proposal to extend Marine National Monuments comes under criticism

As reported in *FFA Trade and Industry News* in May/June 2014, President Obama announced an intention to expand the Remote Pacific Islands National Marine Monument (RPINMM) during the US State Department's 'Our Ocean' conference held on 16-17 June 2014. If Obama's proposed plan goes ahead, this Marine Monument encompassing seven US Pacific Island territories and atolls, will be expanded from 87,000 square miles to nearly 782,000 square miles, creating the world's largest marine protected area.²⁹ Obama intends to follow in the footsteps of previous US Presidents and exercise his executive authority under the *Antiquities Act of 1906*, whereby a National Monument can be declared or expanded by the President without the approval of Congress. In 2009, President George W. Bush first established the Pacific Remote Islands Marine National Monument, also under the *Antiquities Act*.

While this announcement has been commended by environmental NGOs including Pew and WWF, it has also received criticism from a number of stakeholders during the public comment period which closed on 15 August.

The Western Pacific Regional Fishery Management Council (WPRFMC) has provided two written submissions to President Obama appealing to his administration to abandon its expansion plans for the RPINMM. If expansion is inevitable, WPRFMC requests that commercial fishing be allowed to continue beyond the existing 50 nm boundary within the waters of the US remote Pacific Islands (Kingman Reef, Palmyra Atoll, Howland Island, Baker Island, Jarvis Island, Johnston Atoll and Wake Island). Obama's proposed expansion would cover the entire EEZ out to 200 nm, and in doing so, close 67% of the US EEZ in the Pacific Islands to US commercial fishers. WPRFMC expressed concern about the lack of consultation regarding the expansion of the monument and stressed that this unfairly penalises US fishers who already abide by the strictest regulation in the world.

The bigeye stock is less than 20 percent of its unfished size, which is below the WCPFC reference point

President Obama has proposed an expansion of a Pacific Islands Marine Monument outside of Congress



The WPRFMC claims that the proposal compromises the competitiveness of the US purse seine fleet based in American Samoa, and subsequently the future of American Samoa's tuna industry which is heavily reliant on fish supply from these vessels. The US purse seine fleet, together with US pelagic longline fleet based out of Hawaii rely on access to these waters, particularly during El Nino periods when tuna migrate more to the eastern parts of WCPO.

The proposal is also criticised for over-stepping existing management regimes in place – the *Magnuson-Stevens Act* for US federal waters, as well as international conservation and management measures established under WCPFC and IATTC. The WPRFMC stressed that area closures have limited ecological benefit for highly-migratory species such as tuna, as the stocks simply shift into other EEZs and high seas areas and can be caught by other fleets. In addition, the proposed closure has been criticised for adding little to no additional conservation benefit to coral reefs, seabirds and sharks.³⁰

The American Tunaboat Association (ATA), representing 40 US-flagged purse seine vessels, also expressed surprise about not being consulted in the decision to expand the RPINMM which 'excludes US fishermen from traditional fishing grounds in the western Pacific Ocean'.³¹ ATA highlighted concerns that this decision has been driven by public relations and fund raising, rather than science. Members of the American Samoan Longline and Fishing Association have echoed ATA and the WPRFMC's concerns.³²

President Obama's proposal has also generated opposition from politicians, including members of his own party. In a letter to the President, the Chairman of the American Samoa Democratic Party noted that closure of Pacific Remote Islands EEZs will weaken the US fishing industry and potentially result in the collapse of the American Samoa economy which is highly dependent on pelagic fisheries. American Samoa's two tuna processors, Starkist (Dongwon) and Samoa Tuna Processors (Tri Marine) are the largest employers in the US territory and are reliant upon catches from the American Samoa fleet fishing within the Pacific Remote Islands EEZ.³³ Republican and Chairman of the House Natural Resources Committee, Doc Hastings, criticised the President for taking an 'overreaching Executive action to unilaterally lock-up huge portions of the Pacific Ocean' and stressed that decisions regarding the establishment of marine sanctuaries should go through congress.³⁴

TUNA INDUSTRY

East Asian longline fleets hope to improve performance with technological change

Tuna longline fleets from East Asia continue to seek improvements in vessel performance and undergo technical changes in response to challenges brought about by increases in fuel costs, falling catch rates, and stagnant prices in some markets.

In a speech at the offices of the Organization for the Promotion of Responsible Tuna Fishing (OPRT) in June, Hsieh Wen-Jung the president of the Taiwan Deep-Sea Tuna Longline Boatowners and Exporters Association cited high fuel prices and the weakening of the Japanese yen as some of the factors causing hardship for the tuna industry in Taiwan.³⁵ Hsieh cited areas where Taiwanese industry is improving vessel performance, including more energy efficient fishing vessels and lessening crewing requirements through adopting newer gear technologies.

Expansion of the Pacific Remote Islands Marine Monument is claimed to have limited ecological benefit for tuna stocks, coral reefs, seabirds and sharks

Closure of the Pacific Remote Islands EEZ will negatively impact the US purse seine and longline fleets, and American Samoa tuna canneries



Hsieh's comments and recent news from the industry highlight trends in the East Asia longline industry's efforts to improve financial and operational performance. These include:

- Increased use of ultra-low temperature (ULT) freezers at minus 55° C or minus 60° C, particularly by smaller Taiwanese longliners³⁶ and newer Chinese longliners
- More efficient longliners built of fiberglass reinforced plastic (FRP) as well as steel
- Greater acceptance of US-style monofilament longline reels that lessen crew requirements while increasing the number of hooks that can be deployed.

A combination of these attributes has been adopted by much of the Taiwanese longline fleet, where the trend of equipping smaller longliners with ULT or 'super freezers' has accelerated in the last few years. In addition to those vessels built in Taiwan, the Japanese press has reported that around 20 small Taiwanese longliners with super freezers are being built in the Philippines for Taiwanese owners.³⁷

Some smaller coastal vessels have been retrofitted with ULT freezers and the longline reels, and almost all new FRP longline vessels are so equipped. The vessels can be deployed in the bigeye/yellowfin targeting and albacore targeting longline fisheries, giving flexibility to target specific markets.

Equipping even the smaller, coastal FRP longliners with ULT freezing provides greater operational flexibility, with increased time at sea possible for vessels that previously delivered all or a portion of their catch as fresh. When equipped with ULT freezers, the smaller vessels are now able to fish in more distant waters and are not tied to ports for the unloading of fresh fish for air transport to distant markets. The catch can be transshipped at sea or delivered to sites where ULT shipping containers or shore-based freezers accept the catch for later transport to markets.

These developments in Taiwan are not without problems however, as many of the smaller retrofitted coastal vessels are not members of the Taiwan Deep Sea Tuna Longline Boatowners and Exporters Association, a group that works closely with Japan's OPRT in furthering cooperation within the longline industry. In a recent speech, president Hsieh of the association alluded to a problem of lack of control over the smaller coastal vessels by noting an 'absence of governing laws' in Taiwan.³⁸ He said that his association was working with the Taiwan and Japan governments to 'carefully collect information on the state and activity of small-type vessels with refrigeration capability aimed at encouraging them to join the association'.³⁹

In the case of China, a newer generation of steel longliners has been built in China with ULT freezers and employed in the southern albacore fishery since around 2010. Similar vessels have been moving into the yellowfin/bigeye fishery north of the Equator in the last few years as well. A report in the Japanese press noted that the China subsidy fund for 'small size super freezer longliners (SSFLL)' in this calendar year was almost completely subscribed during the first six months of this year.⁴⁰

More efficient and bigger longline vessels: The boom in the building of small ULT freezer longline vessels in Taiwan has meant an almost complete cessation in the building of larger vessels in recent years. Recently however, there have been reports of increased interest in a new generation of larger Taiwanese longliners. According to the Japanese press, some owners are looking to build larger vessels equipped to enable some processing onboard and be of a standard that would allow export of products to Europe.⁴¹ Ten such vessels were built in the second half of 2013 and more are expected. It is not clear if these vessels are or will be deployed in the WCPO.

*Taiwanese
longline
industry
investment in
ULT freezers
allows smaller
boats to stay at
sea for longer*

*Concerns that
some retrofitted
coastal
longliners
are escaping
controls exerted
by industry
association*



The available sizes of FRP vessels built in Taiwan continues to increase, with various sizes available depending on the economics of the fishery concerned. FRP vessels that still qualify as small scale, i.e. under 24 meters in length overall, are built with fish holds measuring around 175 cubic meters. Larger FRP vessels of 39 meters length overall are being built in Taiwan with fish holds of nearly 400 cubic meters.⁴²

Monofilament longline reels: There are several recognised benefits from using monofilament longline over the more traditional tarred kuralon (polyvinyl chloride) line that was in use for many years on Asian longliners. One of the advantages of monofilament line is its lower initial and replacement cost. From an operational standpoint, monofilament line offers less resistance in the water and is generally easier and faster to haul, enabling more hooks to be fished. Line repair is also easier.

In recent years more and more Asian longline vessels have adopted the US hydraulic single reel system. Its advantages over traditional hauling and storage systems are many.⁴³ The reel itself acts as both a line hauler and storage spool for the line and can be situated almost anywhere on the deck where there is adequate space. The equipment also requires fewer crew than with traditional East Asian longline systems. In the case of large distant water longliners with a normal crew size of up to 30 using the older gear and methods, a 20 percent reduction in the number of crew can be realised with the appropriate monofilament reel system.⁴⁴

US government report on purse seine fleet crew deaths and injuries

As is well known, working on fishing boats is one of the most dangerous jobs in the world. The United States is no exception. Despite being one of the most highly regulated and monitored fishing industries globally, it is one of the most dangerous occupations in the country. During the period 1992–2008 an annual average of 58 reported deaths occurred, a rate of 128 deaths per 100,000 workers, compared with the national average among all US workers of 4 per 100,000.

These statistics did not, however, include activities of US flag distant water purse seiners, a fleet that has grown significantly in size between 2006 and 2012 from 14 active vessels to 39. There does not appear to have ever been a comprehensive review of fatalities in this fleet in the past, in spite of the fact that all US flag commercial fishing vessels, irrespective of the fishery in which they operate, are required to promptly report accidents (fatal and non-fatal) to the US Coast Guard.

Several aspects of the US purse seine fleet set it apart from other domestic US fishing vessels, including: that they are the largest US flagged vessels in terms of size; crew size is also the largest, averaging 28 per vessel; many operate out of non-US ports; and it is the only US fishing fleet allowed to have licensed foreign officers (other than the master) to occupy key leadership positions onboard.⁴⁵ It is important to point out that, in comparison to other tuna fleets in the WCPO, the US purse seine fleet is subject to far stricter labour regulations and closely monitored for occupational health and safety.⁴⁶

In 2012 the Coast Guard asked the National Institute for Occupational Safety and Health (NIOSH), a government agency responsible for safety in the workplace, to conduct a review of fatal and non-fatal traumatic injuries in the distant water tuna purse seine fleet. The report was published in May and shows that compared to most other fishing fleets in the US, crew working on US flag purse seiners are at a

Chinese annual subsidy to small ULT longliners used within six months

New spate of building larger Taiwanese longliners designed for partial onboard processing of product for Europe

US-style longline system can support a 20 percent reduction in crew



high risk of suffering a fatal injury, with falls overboard cited as the leading cause of death. The report also cites a very high risk for non-fatal injuries, including finger amputations, head injuries, and asphyxiation due to exposure to hydrogen sulfide gas from decaying fish in a confined space. During the period covered by the report, 2006-2012 there were 14 deaths and 20 non-fatal traumatic injuries, with 70 percent of fatalities (11) occurring during 2010-2012. The report does not count fatalities involving non-crew members such as one stevedore crushed while working onboard during unloading and a marine pilot that fell overboard.⁴⁷

The report attributes the increase in number of fatalities at least partially to the increased fleet size, however the increase in fleet size actually began in 2007. The report provides a calculated annual fishing industry fatality rate of 316 per 100,000 workers for 2010-2012, nearly three times the rate experienced by the fleet during 2006-2009 of 111.

NIOSH points out that the single leading cause of death was falls overboard, and most of those were witnessed, leading to a conclusion that the deaths were 'most likely preventable' by the wearing of personal floatation devices (PFDs). To increase PFD use 'devices must be identified that overcome crew discomfort in their particular environment'. It also recommends making vessel modifications under the direction of a naval architect or engineer such as raising gunnels or installing rails and creating more enclosed workspaces to prevent falls overboard.⁴⁸ The inability to communicate effectively seems to exacerbate emergency situations, with the report noting that 'language barriers among the crew are cited numerous times in Coast Guard investigative reports as being a problem during emergencies at sea'.

Some segments of the industry appear to be responding positively to safety concerns. Some companies have begun to place more emphasis on safety measures, including one company employing a fleet safety officer who checks on the maintenance and inspection needs of each vessel in its fleet. It is to be hoped that other distant water fleets take adopt this forward-thinking initiative.

Treating crew safety more seriously is not only of obvious humanitarian concern, but is good business practice as well. The US fleet has the highest protection and indemnity (P&I) insurance costs in the industry, brought about not only by incidents such as are described in the report, but also US laws governing the rights of injured seamen (irrespective of their nationality) and the financial obligations of responsible parties.

FISHERIES DEVELOPMENT

Advocacy groups emphasise financial instruments for fisheries conservation

A recent *FFA Fisheries Trade News* story on the World Bank's new Global Partnership for the Ocean noted an emphasis in the Partnership's planning documents on financial and investment instruments as a tool that could be used to improve both economic and ecologic conditions in fisheries.⁴⁹ Several high profile environmental and finance groups have since partnered and launched new studies and/or programmes in this vein.

For example, The Nature Conservancy (TNC) launched 'NatureVest', a programme designed to help institutional investors and wealthy individuals understand and

Compared to most other US fishing fleets, crew working on US flag purse seiners are at a high risk of suffering a fatal injury

The report details several measures to improve crew safety



harness opportunities for investing in nature. It seeks 'nothing less than to create a mainstream market for investment in ecological conservation'.⁵⁰ Founding sponsor, JPMorgan Chase provided an initial US\$ 5 million with ongoing support to build financial infrastructure and products. An example in the realm of marine conservation is a debt swap project with Seychelles in which TNC exchanged US\$ 80 million with the government that was put towards marine conservation and climate adaptation. TNC is also one of the largest fishing quota owners in the western United States. New projects would be funded through investments, rather than charitable donations. In the coming months, NatureVest plans to publish research that will identify segments within the natural capital market-place and sketch out opportunities for investments, including in fisheries.

The Environmental Defense Fund (EDF) and Prince Charles's International Sustainability Unit (ISU) have also launched an investment initiative focused explicitly on fisheries. They claim that the transition to more sustainable management systems can generate a financial return if fisheries are structured as 'investable propositions'.⁵¹ EDF-ISU argue that philanthropic and public sources of money are not sufficient to move towards more sustainable, profitable fisheries and that current investments (e.g. investment in capacity) have undermined resilience in fisheries. Instead the initiative proposes a future in which all types of financial capital fund a movement towards self-sustaining fishery systems.⁵²

More detailed than existing NatureVest documents, the EDF-ISU report outlines four inter-related steps for generating investments in fisheries.⁵³ First, it identifies 'three key enablers of sustainable and profitable fisheries': secure tenure, sustainable harvests and robust monitoring and enforcement, and emphasises secure tenure as particularly important. Second, it recommends investments in 'three key drivers' of increased fisheries value: stock health, operational efficiency and market value. These three are the broad 'goals' of investments. Third, it outlines key requirements that make investments attractive: investments must present a clear business case; involve 'investable entities'; have mechanisms for capturing returns such as dividends, taxes or fees; and include a risk management structure. Finally, the investment must be structured so that investor goals match with the financial, environmental and social returns that a specific fishery can offer.⁵⁴

While there are few examples of financial instruments developed in this vein, the EDF-ISU report cites two 'successful' case studies. The California Fisheries Fund is a revolving loan facility targeting operational efficiency and market access. The sustainability component of the investment is based on a requirement for fisheries management conditions to be in place. The fund offers loans to commercial fishers, processors, distributors, ports, communities and NGOs for vessels, permits, equipment and working capital. Loans are most commonly made in fisheries with secure tenure, scientifically determined harvest limits and robust monitoring and enforcement. The Fund has provided loans to fishers to switch to more sustainable fishing gear and purchase more efficient vessels. The second case is the 'Sea Change Investment Fund', which claims to create greater value for environmentally preferable seafood production. Sea Change raises philanthropic and private funds that are interested in companies seeking market access for sustainable products. Investment decisions are contingent upon approval from Sea Change's 'conservation committee'.

Given the high profile attention to expanding financial tools to the realm of fisheries conservation, it is likely that projects similar to those outlined here will continue to develop. The range of 'investable' dimensions of fisheries are not fully elaborated, though here we see examples of investment in gear changes, fishing licenses and marketing for 'sustainable' products. Given an overarching emphasis on secure

NGOs and institutional investors are developing financial instruments for fisheries economic and ecologic reform

Proposed projects will be funded through private investments, rather than charitable donations

EDF-ISU identifies secure tenure as a key enabler of sustainable and profitable fisheries

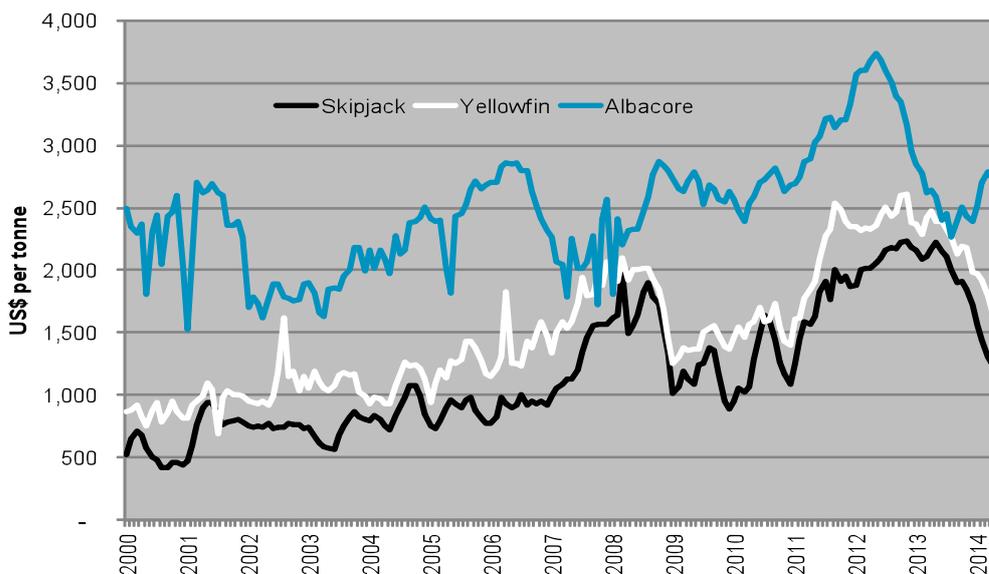


tenure in sustainable fisheries efforts, it is possible that property rights and fishing licenses (either held by states or private entities) could be further developed for investment. It is notable that the financial instruments are designed to act as a form of fisheries governance in and of themselves, since their investments will be based on sets of environmental, social or production criteria developed by each of the funds/instruments. It is not yet clear how such private governance structures will interact with state-led management efforts in fisheries. It would also be important to investigate critically any such proposals by profit-seeking interests because of the risks associated with the bundling and selling-on of financial instruments, as evidenced in the 2007-8 global crisis.

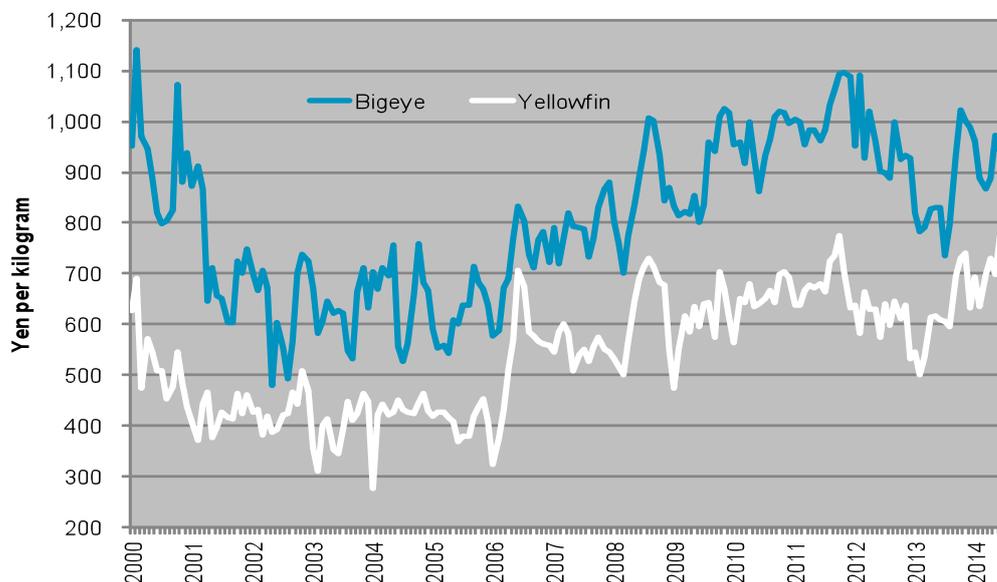
EDF-ISU indicates that private investment in fisheries must have mechanisms for capturing returns

TUNA PRICE TRENDS⁵⁵

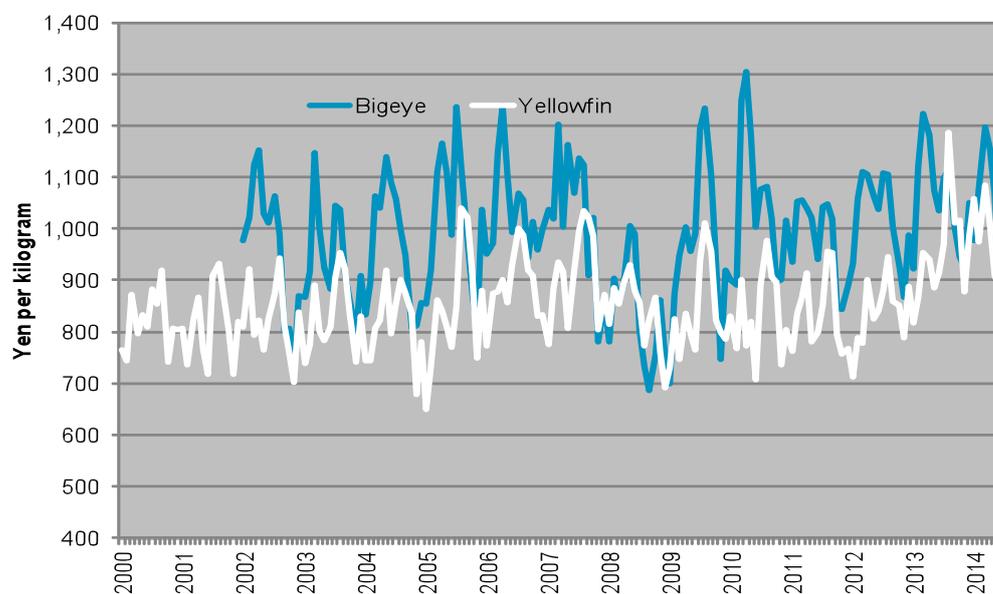
Bangkok canning-grade prices to May 2014⁵⁶



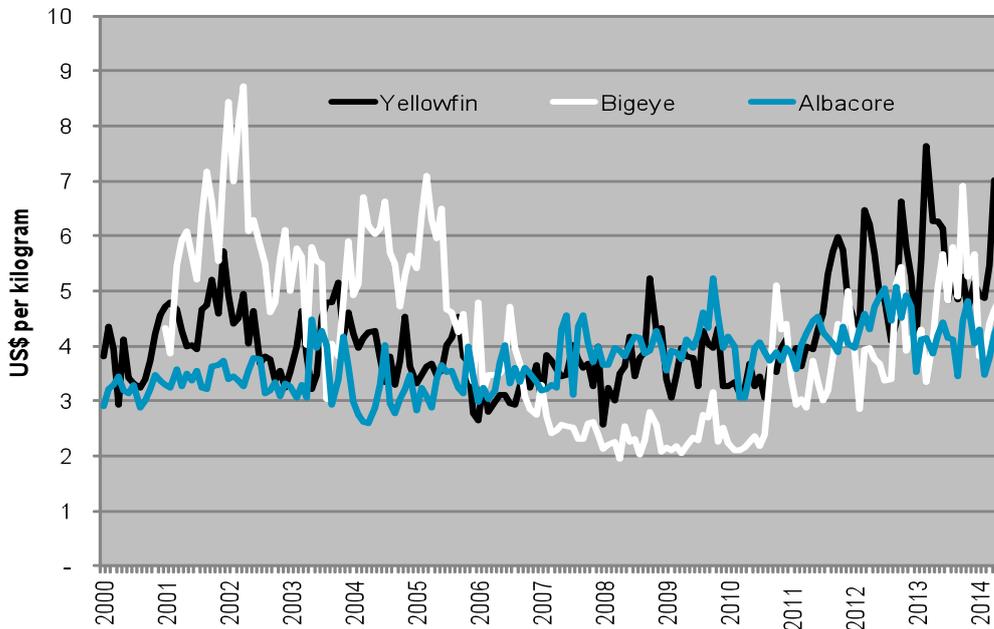
Japan frozen sashimi prices (ex-vessel, Japanese ports) to June 2014⁵⁷



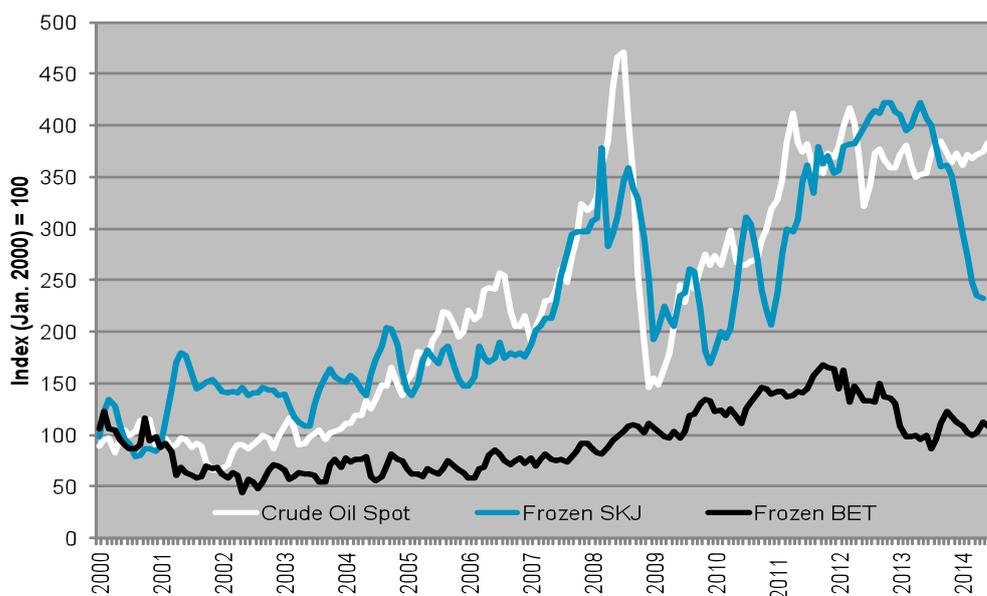
Japan fresh sashimi prices (origin Oceania) to June 2014⁵⁸



US imported fresh sashimi prices to May 2014⁵⁹



Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to May 2014⁶⁰



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³⁶ It is sometimes difficult to discern exactly what people mean by "small size" when referring to tuna longliners, as industry and management definitions do not necessarily coincide. In the East Asian fishing industry, small has usually meant vessels of fiberglass reinforced plastic (FRP), with large denoting steel vessels. In fisheries management, gross tonnage or gross registered tonnage often used (e.g. under 100 gt in Taiwan, under 20 grt in Japan) as well as an overall length limit of 24 meters.

³⁷ Katsuo Maguro Tsushin, April 9, 2014

³⁸ Unlike the larger vessels, the smaller coastal vessels are controlled at the provincial rather than national level.

³⁹ Interview with Suisan Keizai, a major fisheries daily in Japan, quoted in OPRT Newsletter Number 49, July 2014

⁴⁰ Katsuo Maguro Tsushin, July 2, 2014

⁴¹ Katsuo Maguro Tsushin, July 18, 2014

⁴² Information at www.ssf.com.tw

⁴³ Many smaller Asian longline vessels have used monofilament line for at least the last two decades or more. Monofilament can be employed in a traditional 'basket' arrangement where the mainline is broken into segments and stored separately from branch lines, or the mainline can be hauled and stored on a large hydraulic reel with branch lines in smaller portable bins that can be easily stacked and stored. Some smaller coastal Japanese longline vessels use a spool system where the mainline is hauled and stored on a succession of spools rather than one large reel.

⁴⁴ Hsieh Wei-Jung quoted in OPRT Newsletter No. 49, July, 2014



⁴⁵ NIOSH 2014, Commercial Fishing Morbidity and Mortality, U.S. Distant Water Tuna Fleet, 2006-2012, National Institute for Occupational Safety and Health.

⁴⁶ Personal communication, industry representative, 26 August 2014.

⁴⁷ Deaths attributed to medical conditions are also not counted. The report does, however, include a fatal stabbing of a crewman by a drunken crew member. Nearly half of the fatalities were from falls overboard where the fisherman was working on a line or climbing on a net.

⁴⁸ An appendix in the report offers no less than 21 specific recommendations for injury prevention in the areas of: procedures and practices for crew member safety, improving vessel equipment safety, and improving general vessel safety.

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⁵⁴ To achieve this 'match' project planners should consider: ensuring that investors' goals match with potential target returns, investments and terms; and exploring financial mechanisms for combining different sources of capital (e.g. multiple investors) to different structures to meet all investors' goals.

⁵⁵ All databases are provided by the Fisheries Development Division at FFA.

⁵⁶ Customs Department, Thailand. <http://www.customs.go.th/Statistic/StatisticIndex.jsp>

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