



PREFERENTIAL TRADE AGREEMENTS

Brexit: Potential implications for the Pacific Islands

In June 2016, the United Kingdom voted to leave the European Union. The uncertainty about what the vote will mean in practice extends to some canned tuna exports from the Pacific that are destined for the UK market. In terms of timeline, the formal process will be triggered when the UK government informs the European Commission of its decision to leave under Article 50 of the Lisbon Treaty, likely in 2017. Once Article 50 has been triggered, the UK will have two years to negotiate its withdrawal from the EU. At the end of two years, negotiations can be extended by the EU-27, but not by the UK. The 'exit' process will require disentangling 43 years of treaties and agreements covering thousands of subjects. Since no other country has left the EU, there is no roadmap for how it is to be done.²

It is not clear if the process of disentangling British laws from EU laws will happen at the same time as negotiations to set up new trade agreements. Formally, there can be no negotiations between the UK and either the EU-27 or any other state on a new trade regime until after Brexit has happened because the UK remains a part of the EU and all of its trade agreements until the day it leaves. It is likely that informal talks will be held in the interim, but unlikely that any substantial and ready to sign deal (between the UK and the EU-27 or between the UK and other countries) will be on the table upon the conclusion of the UK's departure from the EU, not least because the details of any trade deal will be impacted by the details of the exit deal. Potential trade partners will not know exactly what they are signing up for until the exit is complete and the UK will not know what it can offer without prejudicing its access to the European single market.³

In the midst of this uncertainty, canned tuna producers in island states, many of which have strong political and economic ties with the UK as part of the Commonwealth and have gained access to its markets through trade relationships with the European Union, stand to be impacted. Ghana in West Africa and Mauritius and Seychelles in the Indian Ocean target the UK market and are likely to be impacted. For example, the UK is Seychelles' second biggest market for canned tuna produced by the Indian Ocean Tuna Ltd, one of the largest tuna canneries in the world (and majority owned by Thai Union). Government officials in Seychelles have expressed concern that the Economic Partnership Agreement between the EU and Seychelles will not be applicable between Seychelles and the UK and have raised the potential of negotiating a new trade deal directly with the UK.⁴

In the Pacific, the core consideration is those countries that have access to the EU market under the Interim Economic Partnership Agreement (EPA) (Fiji, Papua New Guinea) or other trade preferences such as Everything But Arms (Solomon Islands) and use them to export tuna products to the EU market. It appears that unless specific agreements are made to extend or create new market access arrangements (see potential directions below), the EU trade regime will cease to apply to imports into the UK after Brexit is complete. Reportedly, about half of the exports from the Pacific to the EU enter the UK market under tariff preferences, with Papua New Guinea being the country that would be most directly impacted by loss of duty-free market access. Fisheries and trade officials in PNG have been briefed on Brexit and emphasise the importance of beginning discussions with the UK as soon as possible.⁵

Given the importance of canned tuna to regional development and future aspirations, Pacific Island countries in association with FFA and other regional organisations will need to engage the UK directly to represent their objectives. PICs might seek to ensure that exports from Pacific trading partners are not disrupted immediately

CONTENTS

Preferential Trade Agreements

Brexit: Potential implications for the Pacific Islands
EU and Indonesia enter Free Trade Agreement negotiations

Fisheries Management

Summary of WCPFC's Twelfth Scientific Committee Meeting

Fisheries Development

PNA Ministerial meeting recognizes outgoing CEO, looks to the future
Study released on the benefits of fisheries to the Pacific Islands

Tuna Industry

Latest U.S. Trafficking in Persons Report implicates fishing and transshipment activities in several Pacific Island countries
New collusion allegations against US canned tuna brands
Certification developments: MSC considering labour practices; Spanish Government establishes own certification scheme

Tuna Price Trends

Uncertainty dominates analysis of Brexit's impacts, including on some Pacific Island canned tuna exports

following Brexit and simultaneously aim to improve upon the status quo, for example by developing closer economic relations with the UK. The following is a list of some potential directions that UK trade policy might take, with the disclaimer that these are incomplete and uncertain scenarios:⁶

- The UK could adopt some or all of the pre-existing EU regime, including replication of current EU tariffs and Rules of Origin in an effort to maintain the status quo. Potential challenges of this approach are that it could hinder intra-European movements of imported goods destined for more than one market, as is the case for pre-cooked loins, and some dimensions could be open to WTO challenge. The UK could also potentially become a party to EPAs in its own right.
- The UK could develop its own GSP, which would not require external negotiations. It is impossible to predict if this would provide a more or less liberal market access regime, which will depend on the political atmosphere of broader negotiations.
- The UK could develop a very liberal trade regime, which could erode preferences that Pacific Island Countries are currently utilising to enhance their competitiveness.
- The UK could move towards negotiating a series of free trade agreements to fill the gap of the multiple FTAs that the EU has negotiated. Again, timing and priority countries and sectors would be political and economic questions that would remain to be determined.
- The UK could use a 'transitory market access regulation' to extend preferences upon its departure from the EU. This is the approach that the EU took to extend Cotonou preferences in between the 2008 deadline for EPAs and the actual implementation of IEPAs.
- In the absence of these or other strategies being developed before the exit is complete, Pacific canned tuna products would lose preferential market access to the UK.

EU and Indonesia enter Free Trade Agreement negotiations

Indonesia is the sixth member of the Association of South East Asian Nations (ASEAN) to commence Free Trade Agreement (FTA) negotiations with the European Union, which launched on 18 July 2016. The FTA negotiations follow on from a broader Framework Agreement on Comprehensive Partnership and Cooperation which came into effect on 1 May 2014. This agreement was established between the parties to provide a legal framework for cooperation across a wide spectrum of policy fields including human rights, political dialogue and trade. Like other bilateral negotiations currently underway or already concluded between the EU and ASEAN nations, the FTA with Indonesia is intended to serve as a pre-cursor to a future regional EU-ASEAN agreement, which is the EU's ultimate intention. The FTA will include provisions on sustainable development (presumably including fisheries), in addition to other trade related issues including *inter alia* tariffs, non-tariff barriers to trade and trade in services and investment.⁷

Indonesia is the largest economy in the ASEAN group, accounting for 36% of the region's GDP, with a population of 250 million. The EU is Indonesia's fourth largest trading partner with goods exports to the EU valued at €25.3 billion in 2015. Indonesia is the largest tuna producing country in the world.⁸ Total annual catch in Indonesian waters (spanning both the Western and Central Pacific and Indian

PICs in the IEPA and utilizing EBA will need to assess impacts and options related to Brexit

Pacific Island countries will have to begin discussions with the UK to negotiate future trade relationships

Potential outcomes of Brexit for PICs are uncertain and could range from loss of preferential market access to stronger ties with the UK

Oceans) over the past five years has ranged from an estimated 580,000 - 700,000 mt/year,⁹ accounting for up to 15% of global tuna production. The conclusion of the FTA between the EU and Indonesia will result in reduced or zero tariffs for Indonesian exports to the EU. Currently, under the EU-Generalised System of Preferences, Indonesian frozen cooked loins and canned tuna imports are charged 21-24% duty. If an FTA is concluded, the tariff preferences available to Indonesia for processed tuna products will result in increased competition for higher cost Pacific Island processors. However, given negotiations have only just commenced, it could be several years before an agreement is reached.

FISHERIES MANAGEMENT

Summary of WCPFC's Twelfth Scientific Committee Meeting¹⁰

From 3-11 August 2016, the WCPFC's Twelfth Scientific Committee Meeting was held in Bali, Indonesia and was attended by around 150 participants.

An overview of the WCPO tuna fisheries was provided using the latest scientific data available. In 2015, the total provisional tuna catch in the WCPFC-Convention Area (WCPFC-CA) was estimated at 2,687,840 mt, the third highest on record, accounting for 80% of total Pacific Ocean catch (3,379,789 mt) and 56% of global tuna catch (4,799,697 mt). In terms of gear type, the purse seine fishery accounted for 68% of the total WCPO catch (1,766,070 mt), which was the fifth highest catch on record, but more than 280,000 mt less than 2014, largely due to reduced fishing effort. The longline catch declined below both the 2014 level and the last five-years' average to 243,547mt, and represented 9% of the total tuna catch. Pole and line catch for 2015 (228,129 mt) remained amongst the lowest annual catches for the fishery since its peak in the late 1960s. In terms of species, skipjack accounted for 68% of the total WCPO catch, yellowfin 22.5%, bigeye 5% and albacore 4.5%.

The WCPO tuna catch for 2015 was valued at US \$4.77 billion, which was a decline from \$5.78 billion in 2014 (and the previous two years), due to a reduction in catches and fish prices for all four tuna species. The number of vessels in the purse seine fishery continued to expand since pre-2007 levels - 279 purse seine vessels actively fished in 2015 vs. 228 in 2007, noting that this increase is not evenly distributed amongst the fishery as evidenced by the very large recent increases in catch and effort by vessels fishing outside of the vessel day scheme. While total purse seine effort in 2015 was 15% lower than recent years, the fishing effort and catch on unassociated (free-school) sets relative to drifting FAD sets increased by 72% and 59% respectively. Catch per unit effort (CPUE) for purse seine-caught skipjack continues to increase, averaging around 35 mt/day for all fleets, but reaching as high as 50 mt/day for the Korean fleet vs. around 28-30mt/day for the US, Japanese and Taiwanese fleets. Strong El Niño conditions were sustained in 2015 which resulted in the majority of catch occurring east of 160°E and partially explaining the lowest bigeye catch by purse seiners since 2007 (48,772 mt).

A new stock assessment was released for skipjack which yielded results broadly similar to the 2014 assessment. The WCPO skipjack stock remains healthy, with fishing mortality remaining well below the level associated with maximum sustainable yield (MSY) and estimated to have reduced in the latest assessment. However, the SC did note that recent catches are close to MSY and recommended that management action be taken to maintain stocks around the target reference point (50% of unfished spawning biomass). The SC also reviewed the latest stock assessment of Pacific bluefin tuna, with the conclusion that bluefin has been depleted to an

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*Total provisional
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56% of global
tuna catch*

appalling 2.6% of unfished spawning biomass, coupled with an alarming decrease in recruitment trends to the lowest level observed since 1980. Bigeye, yellowfin and albacore stocks were not formally assessed in 2016, with stock status' and management advice reported in line with the last assessments. Bigeye remains overfished with overfishing occurring, with a 36% reduction in fishing mortality from 2008-2011 average levels recommended to return the levels that would achieve MSY and allow the stock to rebuild above the limit reference point (20% unfished spawning biomass). Yellowfin stocks remain healthy, with a recommendation that catches not be increased above the 2012 level and measures implemented to maintain current spawning biomass levels until a target reference point is agreed. South Pacific albacore also remains biologically healthy, but it is recommended that longline catches be reduced to avoid further declines of the stock towards the agreed limit reference point and ensure economically viable catch rates can be maintained. Both silky shark and oceanic white tip shark stocks remain in an overfished state, with overfishing occurring.

Improvements in data provision were noted, with the majority of Commission Members and Cooperating Non-Members (CCMs) providing annual catch estimates for 2015 by the deadline. Japan provided operational data for the first time for 2015 and Korea and China for the second year running. Several CCMs are still yet to provide aggregated and/or operational level catch and effort data for key tuna species and sharks.

Under management issues, SC12 noted that WCPFC13 is scheduled to record management objectives for each fishery/stock as part of the development of a harvest strategy framework. To help progress this task, the WCPFC Chair has circulated draft management objectives (biological, social, economic and ecosystem-based) for consideration by CCMs, based on 'strawman' discussions held during the second Management Options Workshop in 2013. WCPFC13 is also scheduled to agree on a target reference point for South Pacific albacore (FFA members propose 45% of unfished spawning biomass). Analysis was presented at SC12 of three management alternatives to achieve a 45% TRP by 2033, with an early effort reduction (immediate 53% cut from 2013 level) identified as the option resulting in the least loss of profits in the long-term vs. break-even scenarios of a delayed reduction until 2024 (49% effort cut on 2013 level in 2024) and a spread reduction (3% annual reduction from 2013-2033). The Scientific Committee was also tasked to determine a "biologically reasonable timeframe" for bigeye stock recovery. An analysis of five rebuilding scenarios over 30 years indicated only a full fishing closure would enable the stock to rebuild within the average generation time (2-4 years), while the status quo scenario (current management arrangements) could take 8-30 years depending on the acceptable level of risk adopted. While the acceptable level of risk adopted by other tRFMO's ranges from 5-20%, WCPFC requires the risk to be "very low" (i.e. 5-10%). FFA members will present a proposal to WCPFC13 in line with the 5% interim risk level for skipjack and albacore and 10% for yellowfin and bigeye currently considered. Scientific analysis presented at SC12 will also assist the Commission in developing harvest control rules and management strategy evaluations for albacore and skipjack in 2016-2018, as per the 2016 Harvest Strategy Workplan, as well as performance indicators to evaluate harvest control rules and a monitoring strategy to assess performance against reference points.

The tropical tuna measure (CMM 2015-01) requires the Commission to formulate and adopt purse seine and longline yellowfin catch limits for CCMs at WCPFC13, in line with advice by SC12. Yellowfin tuna stocks status is relatively insensitive to purse seine set type (unassociated vs. FAD) and 2015 catches for both the purse seine and longline sectors are fairly stable. Hence, FFA members indicated that yellowfin catch

The new skipjack stock assessment indicates stocks remain healthy, with fishing mortality well below maximum sustainable yield

Provision of operational level catch and effort data is improving for key tuna species

limits are not immediately necessary, but expressed concern about the increase in yellowfin catch by the Indonesian and Philippines' "other gear" fisheries. SC12 recommended that WCPFC13 considers the need for continued improvement in data collection in these fisheries. CMM 2015-01 includes a provision that CCMs who have achieved a verifiable reduction in bigeye catches by their purse seine fleet to 55% of 2010-2012 levels are able to claim an exemption from the 2017 high seas FAD closure. SPC data analysis indicates that several fleets, including the EU have achieved catch reductions in 2015 greater than the required 55% reduction. However, some CCMs expressed concern that CMM 2015-01 does not stipulate the period of time over which the reduction has to have been achieved, nor how long it needs to be sustained for. PNA members indicated that they are considering alternative FAD management measures (i.e. FAD charging, FAD tracking) to reduce bigeye catches in their waters (see story on PNA annual meeting).

On ecosystem and by-catch mitigation issues, SC12 noted the limitations in evaluating compliance and the effectiveness of CMM 2010-07 for sharks, given difficulties evaluating the 5% fin to carcass ratio requirement. It also considered applying a definition of longline fisheries "targeting" sharks as problematic, given fisheries need not be targeting sharks to have a significant impact on vulnerable shark stocks. SC12 will recommend that WCPFC13 considers adopting guidelines for the safe release of Manta and Mobula rays caught incidentally in WCPFC fisheries.

FISHERIES DEVELOPMENT

[PNA Ministerial meeting recognizes outgoing CEO, looks to the future](#)

Ministers and officials from the eight Parties to the Nauru Agreement held their annual meeting in Kiribati in late July. Attendees recognized Dr. Transform Aqorau's work and contributions as founding CEO of the PNA and confirmed the appointment of Ludwig Kumoru of Papua New Guinea into the role. Ministers also indicated that the Vessels Day scheme management structure is here to stay, endorsing the conclusion of a recent study on options for regional purse seine management. A recent PNA press release summarises the main outcomes of the meeting:¹¹

- Conservation: PNA acknowledged progress by WCPFC for adopting a target reference point for skipjack and the need for further improvements on rebuilding bigeye stocks and strengthening high seas management. The group agreed to continue to extend FAD tracking, monitoring and charging trails through 2018.
- VDS: PNA expressed appreciation for increasing stability of the purse seine VDS and agreed to maintain the US\$ 8,000/day benchmark price. Ministers also noted the introduction of the longline VDS with eight participating countries and an agreed up on Parties Allowed Effort (PAE) for 2017-2018 (of 45,590 fishing days).
- Commercial development: Ministers agreed to build on the VDS to leverage domestic development, including exploring using the VDS PAEs as capital assets and establishing a PNA-owned company to manage PNA's Fisheries Information Management System. They noted and endorsed the new flexibility for bilateral or pooling arrangements under the new terms of the US Treaty, and confirmed the first dividends of US\$500,000 from Pacifical, the PNA joint venture vehicle for vertical integration in the processing and marketing of regionally identifiable tuna.

FFA members are concerned about growing yellowfin catches by Indonesia and Philippines' handline fisheries

PNA ministers laude VDS gains and strategise on future conservation and economic opportunities and challenges

- Domestic development: issues in this area revolved around limiting the conservation burden of WCPFC measures, approval for construction of Tuvalu's second purse seine vessel, and the development of a signed memorandum of understanding between ISSF and PNA.
- Fisheries observer safety was identified as a priority and Ministers endorsed a proposal for the PNA Office to provide support for improvement in this area.

Ministers reaffirmed commitment to maximizing opportunities for the future through innovative approaches to management, conservation and development by strengthening the rights of the Parties to their shared resources. Discussion also emphasised how the strengthening of rights and the VDS have generated independence from major donors that have historically had a direct role in the management of tropic tunas.¹²

Study released on the benefits of fisheries to the Pacific Islands¹³

FFA, in collaboration with SPC and the Australian Department of Foreign Affairs and Trade, has launched a 630-page publication, 'Fisheries in the Economies of Pacific Island Countries and Territories', which provides information on the economic benefits derived from fisheries in 22 Pacific Island countries and territories (PICTs). This publication follows on from two previous Asian Development Bank-funded studies undertaken in 2001 and 2008 by the same author, Robert Gillett. The study presents available data on annual harvest volumes and values for six fishery production categories: 1) coastal commercial fishing; 2) coastal subsistence fishing; 3) locally based offshore fishing; 4) foreign-based offshore fishing; 5) freshwater fishing and, 6) aquaculture. It also covers fishing contribution to GDP, fishery exports, government revenue from the fisheries sector (i.e. access fees and other revenue), fisheries-related employment and contribution of fisheries to nutrition.

Some key points from the study include:

- Total fisheries production in the Pacific region in 2014 was around 2 million mt, valued at US \$3.2 billion. This represented a 32% increase in production and a 30.7% increase in value since 2007.
- Since 2007, the share of offshore foreign-based fishing expanded largely at the expense of the local offshore fishing. Coastal fisheries production remained fairly stable, while aquaculture decreased significantly.
- In volume terms, Kiribati was the highest fish producing country in 2014 exceeding 700,000 mt; mostly from the offshore foreign-based sector (US \$1.1 million), followed by PNG at almost 500,000 mt. Nauru, FSM, Marshall Islands, Solomon Islands and Tuvalu produced between 100,000-200,000 mt, with the remaining countries producing less than 2,000 mt up to 50,000 mt.
- Nauru, Tuvalu and Tokelau had no locally based offshore fishery production and Kiribati had only a very minor amount.
- While fish exports represented below 40% of the value of all national exports, the contribution of fisheries in some countries in nominal terms is quite large. In 2014, the total value of fishery exports was around US \$820 million, with American Samoa, PNG and French Polynesia collectively accounting for 76% of this total.
- Foreign fishing access generated US \$349 million across all 22 PICTs, with Kiribati and PNG receiving the highest proportion of fees; in real terms the region has experienced an eight-fold (848%) increase in the value of access fees from 1982-

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2014, largely in relation to introduction of the purse seine vessel day scheme.

- Aquaculture production in 2014 totalled 4,217 mt (9 million pieces), valued at US \$116 million; 93% of which was attributed to two French territories. This represented a 32.7% reduction in value across the region, largely as a result of downturn of prices for Cook Islands and French Polynesia pearl production.
- Regional and national statistical systems for offshore fisheries are relatively good, while data collection for coastal fisheries is given low priority, despite the important role played by this sector in food security.

TUNA INDUSTRY

Latest U.S. Trafficking in Persons Report implicates fishing and transshipment activities in several Pacific Island countries

The U.S. State Department has been issuing a Trafficking in Persons Report since 2001, with the latest report released in June, 2016.¹⁴ The current report assesses 185 countries in three tiers, with Tier 1 (36 countries) the best ranking and Tier 3 (27 countries) the worst. Marshall Islands and Papua New Guinea are currently the only two Pacific Island countries listed in Tier 3, with Fiji, FSM and Palau in Tier 2 (78 countries). An additional category, Tier 2 Watch List (44 countries), includes Kiribati, Solomon Islands and Tonga. The State Department's justifications for tier placement of Marshall Islands, Fiji, FSM, Kiribati, and Solomon Islands includes the presence of trafficking involving "foreign fishing crews" (citing crews as labour victims in some cases and abetting prostitution in others), "local women and children under age 18", and "foreign women" or "Asian women". Persons in the latter two categories are said to have been brought to the listed Pacific Island countries under false pretences and forced into prostitution. In the case of the Marshall Islands, this was the second consecutive year of being placed in Tier 3.

The spotlight on linkages between commercial fishing activities and trafficking in persons is not new. In 2000 the U.N. Convention against Transnational Organized Crime and its associated Protocol to Prevent, Suppress, and Punish Trafficking in Persons, Especially Women and Children, brought the problem to the fore on an international scale. A 2006 informal report, *Prostitution and Pacific Fishing*,¹⁵ discussed the role of transshipment in human trafficking in one Pacific Island country. In spite of the heightened awareness and actions taken by some countries to combat such trafficking, there have been only a few reports of prosecution of those involved in human trafficking involving transshipping activities.¹⁶

It is significant that Marshall Islands, FSM, Kiribati, and Solomon Islands contain four of the top five purse seine transshipment ports in the WCPO, with Suva, Fiji the largest longline unloading and transshipping port. Justifications for tier placement for each of these countries cited the presence of fishing and support vessels in these ports that contribute to opportunities for trafficking, defined in the U.S. report as, "sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such an act has not attained 18 years of age; or the recruitment, harbouring, transportation, provision, or obtaining of a person for labour or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery."¹⁷

The consequences for Tier 3 countries can be certain restrictions on assistance from the U.S., and the U.S. using its best efforts to convince multilateral development banks and the International Monetary Fund to deny loans or other assistance (except

Two PICs are ranked in Tier 3, three in Tier 2 and three in the Tier 2 Watch List by the US Trafficking In Persons report

Marshall Islands rejects its Tier 3 rating on the grounds that the US report offers no verifiable data or information

that required for humanitarian needs). In the Marshall Islands, the reaction from its government to being placed in Tier 3 was swift and vocal. The Marshall Islands' Foreign Minister said that his country "attaches great importance to combating people trafficking and the report disregards these efforts" and that "*the U.S. report offers no verifiable data or information to back up its assessment.*"¹⁸

New collusion allegations against US canned tuna brands

As reported in recent issues of the *FFA Trade and Industry News*, the big-three US canned tuna branding firms have been accused by retailers and consumers in the US of a price fixing scheme. All civil complaints have been grouped into four tracks: the direct buyers not part of a class action, direct buyers that are part of the class action, a class action from catering companies, and a class action from consumers.¹⁹ Meanwhile, the Department of Justice (DOJ) continues a criminal investigation of the sector and has put a stay on new discovery while it conducts its investigation. The DOJ stay expires on 31 December 2016 (it could be extended if DOJ requires more time), at which time the civil suits will start their discovery and trial process, which is expected to unfold over the course of several years.

Amended complaints filed in late May in the civil lawsuits contain new allegations and present details related to accusations of brands price fixing and collusion. The amended complaints specify four main facets of the alleged price fixing scheme. These include agreement: not to sell FAD-free products, to reduce can sizes across the industry, to issue collusive list prices and to limit promotional or discount activity. It is alleged that these aspects were agreed upon through secret emails, phone calls, and conversations and meetings facilitated by industry groups. The complaint by direct buyers outside of a class action alleges that these activities led to periodic coordinated price increases at similar times and in similar amounts between 2003-2012; other complaints allege that the coordination among the brands took place from August 1, 2008. Allegations that the brands agreed not to sell tuna products using raw material caught without using fish aggregation devices (FADs) indicate that the brands cooperated on this issue out of concern that a switch to a more sustainable method of fishing would decrease supply and put pressure on their margins.

It also alleges that the conspiracy went to the top executive level and involved parent companies Starkist and Thai Union. One of the lawsuits also names Del Monte Foods, parent company of Starkist from 2002-2006. However, Tri Marine, the vertically integrated traded company that was initially named in the cases has been removed as a defendant, citing evidence of Tri Marine's high barriers to entry into branding and its move to increase can size for its label while the big three reduced can size.²⁰

Certification developments: MSC considering labour practices; Spanish Government establishes own certification scheme

With growing public concern over widespread labour abuse occurring in global seafood supply chains, the Marine Stewardship Council (MSC) has undertaken to incorporate risk-based labour requirements into its certification scheme for sustainable fisheries. In doing so, MSC intends to provide consumers with greater assurance that MSC certified fisheries and their supply chains are in line with international labour standards. This follows a previous commitment made by MSC in 2014 to prohibit organisations convicted of forced labour violations from achieving MSC certification. In acknowledgement that solutions are already being sought to

**Collusions
allegations
amended
to include
agreement to
not sell FAD-free
products and to
reduce can size**

**Top execs from
US 'big three'
brands named
in price fixing
allegations**

**MSC plans to
incorporate
a risk-based
approach
to labour
requirements
into its certified
sustainable
fisheries
standard**



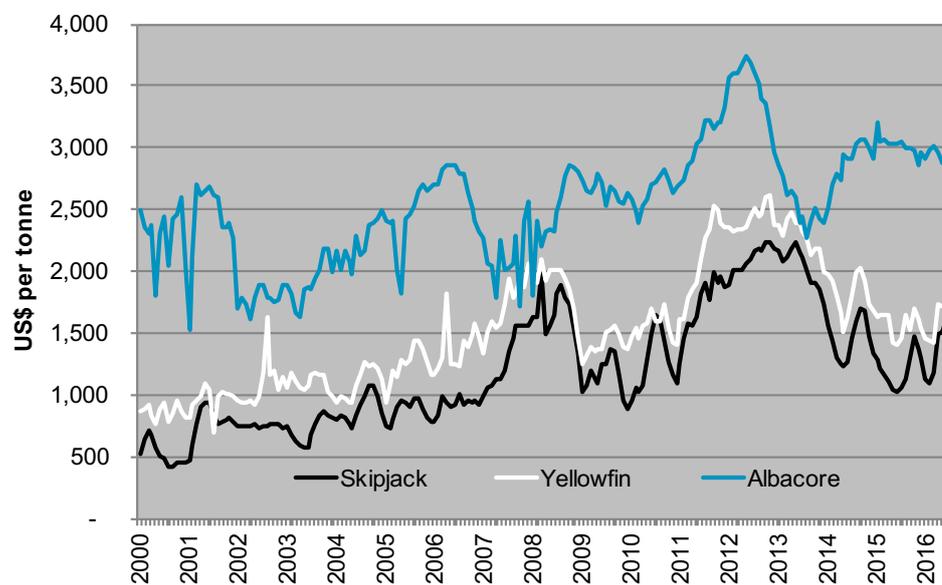
address social issues by other standard setting organisations and third parties, MSC will take these efforts into account when developing proposals and will consult widely with stakeholders. MSC proposes to introduce a risk-based system in three phases. Following consultation, the initial phase is expected to be implemented by end of 2018, requiring MSC certified fisheries to provide a declaration and supporting evidence that they are not employing unacceptable labour practices. The second phase will involve implementation of a set of auditable social requirements or declaration into MSC's Chain of Custody Standard in 2018. The third phase will be to consult on a set of auditable social requirements for labour practices in fisheries for implementation in 2020 when the MSC Fisheries Standard is scheduled to be updated.²¹

In a world first, the Spanish Government has established a certification for responsible tuna fishing practices, *Atún de Pesca (APR)*, which will measure social conditions, fisheries control, maritime security, sanitary conditions and good practices. The certification will be awarded by Spain's Organisation of Normalization and is intended to promote responsible fishing throughout the EU, improve competitiveness of the Spanish fishing sector and serve as a platform to call for compatible legality in all fisheries. According to OPAGAC, the association representing Spain's purse seine fleet, the APR certification is not intended to replace or compete with MSC, as it promotes other values and principles not covered under MSC's standard for sustainable fisheries. The government certification will be used to promote the Spanish industry's efforts towards responsible fishing to EU retailers and consumers, who are increasingly demanding third-party certification assurances that they are making environmentally and socially responsible purchasing decisions. OPAGAC intends to certify all 40 of its purse seine members (which collectively catch around 300,000mt/year) under APR.²²

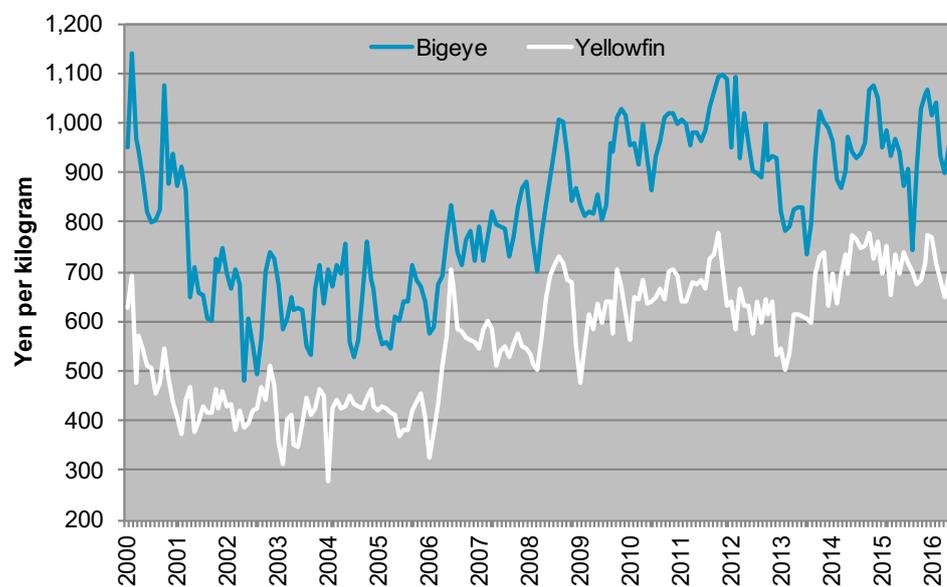
**Spain
Government's
certification
for responsible
fishing practices
is not intended
as a competitor
to MSC**

TUNA PRICE TRENDS²³

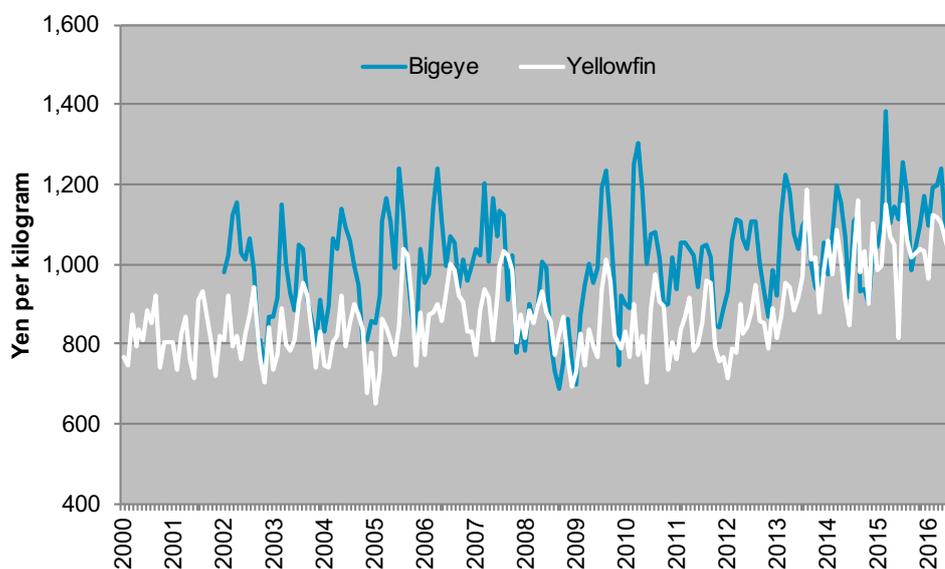
Bangkok canning-grade prices to June 2016²⁴



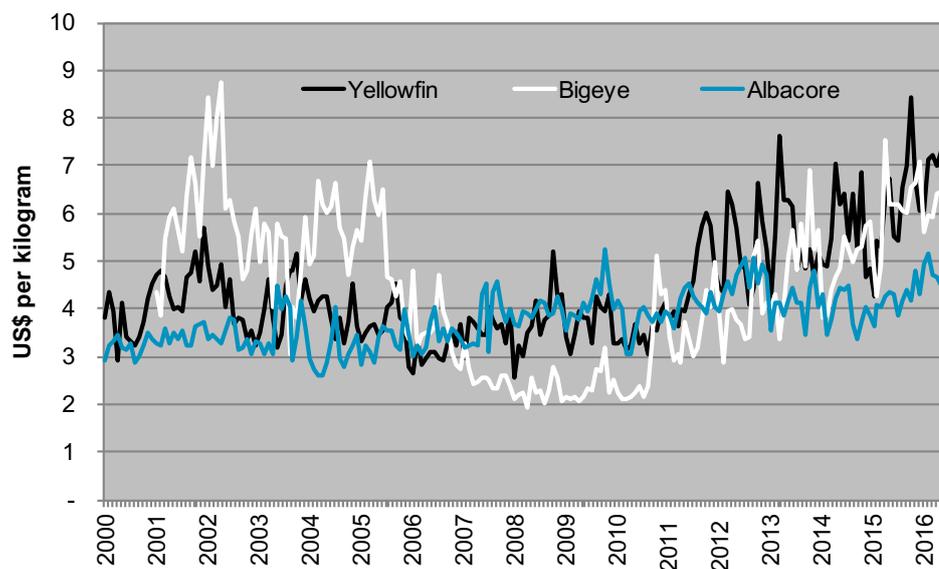
Japan frozen sashimi prices (ex-vessel, Japanese ports) to June 2016²⁵



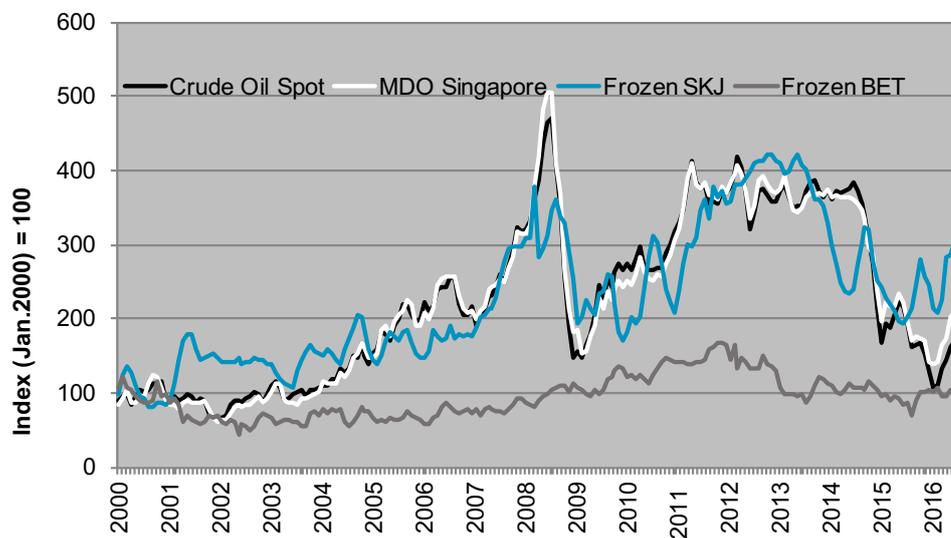
Japan fresh sashimi prices (origin Oceania) to June 2016²⁶



US imported fresh sashimi prices to June 2016²⁷



Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to June 2016²⁸



¹ Prepared for the FFA Fisheries Development Division by Dr Liam Campling, School of Business and Management, Queen Mary University of London, Dr Elizabeth Havice, University of North Carolina at Chapel Hill and Mike McCoy, independent consultant, all Consultant Fisheries Trade and Market Intelligence Analysts, Fisheries Development Division, FFA. Desktop publishing by Antony Price. The authors would like to thank Mike Batty 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.

² For a summary of potential timelines and negotiating requirements, see: Brain Wheeler and Alex Hunt. 'Brexit: All you need to know about the UK leaving the EU', *BBC News*, 24 August 2016. Available at: <http://www.bbc.com>

³ Chris Stevens and Jane Kennan. Trade Implications of Brexit for Commonwealth Developing Countries. *The Commonwealth: Trade Hot Topics*, Issue 133. 2016. Available at: <http://www.thecommonwealth-library.org>

⁴ 'Seychelles government predicts changes in economic relations with UK after Brexit', *Seychelles News Agency*, 20 July 2016. Available at: <http://www.seychellesnewsagency.com>

⁵ 'PNG could lose from UK exit', *Tuna Market Intelligence*, A publication of the Parties to the Nauru Agreement. Issue 43. 2016. Available at: <http://www.pnatuna.com>

⁶ Chris Stevens and Jane Kennan. Trade Implications of Brexit for Commonwealth Developing Countries. *The Commonwealth: Trade Hot Topics*, Issue 133. 2016. Available at: <http://www.thecommonwealth-library.org>

⁷ EC, EC DG Trade – Countries and Regions – Indonesia, 2016. Available at: <http://ec.europa.eu/trade/policy/countries-and-regions/countries/indonesia/>

⁸ *ibid.*

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²⁶ Japan Customs. http://www.customs.go.jp/toukei/info/index_e.htm

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²⁸ US Energy Information Administration. http://tonto.eia.doe.gov/dnav/pet/pet_pri_spt_s1_m.htm