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PREFERENTIAL TRADE AGREEMENTS

Is the EU-PACP clash over global sourcing rules of origin for fish 'fillets' necessary?

As reported in FFA Fisheries Trade News (Sept-Oct 2013), PNG withdrew from October EPA negotiations because of concerns over growing EU demands for commitments to conservation and management of fisheries resources in the EPA text and it was concerned that a comprehensive EPA would threaten existing 'global sourcing' rules of origin (RoO) for canned tuna and loins for reprocessing.[2] As PNG is the only country to have ratified the Interim EPA, the EU is reluctant to re-engage if PNG is not a part of Comprehensive EPA negotiations because it would result in two distinct agreements in the region.[3] According to one senior insider, PNG continues to feel threatened that global sourcing RoO will be diminished under the revised Goods agreement of a comprehensive EPA.[4] This would be unacceptable given that these RoO were a negotiated outcome of the IEPA and, as two independent studies commissioned by EU agencies have shown, their threat to EU industry from canned tuna exports from PNG is minor.[5]

However, Adam Janssen, the head of the political and economic section of the Suva-based Delegation of the European Union in the Pacific, has since insisted that 'existing concessions given in the interim EPA would not be called into question'. Presumably, then, additional conditionalities (e.g. around resource management) for existing IEPA RoOs cannot be demanded by the EU ex post facto. If parties agree to this, it would seem sufficient grounds to bring PNG back to the table. If this is the case, the two fisheries-related stumbling blocks remaining are (1) the PACP demand for global sourcing for fish products categorised under HS codes 0304/05 and (2) the connected EU demand that, as stated by Mr Janssen, 'any further concession ... has to be accompanied ... by measures regarding the sustainable management of resources'.[6]

On global sourcing for fish products under 0304/05, EU officials appear to be fearful that European industry will be negatively impacted.[7] However, as pointed out in two studies on the topic for the Pacific Islands Forum, even if the PACP proposal for global sourcing was applied to all products under 0304/05, the impacts on EU markets – markets that are actually fairly small to start with (at least for the types of species that the PACP could export) – are very likely to be minor.[8] For example: only three PACP states currently have the institutions in place to guarantee the sanitary standards necessary to export fish to the EU (e.g. EU recognised competent authorities); new EU requirements for catch documentation and measures to combat IUU fishing impose new challenges for small Pacific Island fisheries administrations; airfreight and seafreight costs to Europe are around double those in major competing countries producing 0304 products; and the costs of energy and labour are generally much higher in PACP states. At best, in the medium term, global sourcing for 'fillets' (0304) would provide a level playing field for the development of a seasonal export window to EU markets when competitors were unable to provide supply (e.g. Sri Lanka during the down season of fishing in the Western Indian Ocean).[9]

If EU industry is concerned that PACP-based firms would abuse global sourcing RoO for 'fillets' by, for example, importing species of fish caught in other oceanic regions (e.g. cod, herring or salmon) for export-orientated processing, a simple solution would be to draw up an exclusionary list of tariff codes under 0304/05 that would disallow non-tropical species from being exported. Restrictions on species and/or location of capture are believed to have been discussed in the negotiations.

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On sustainable management, EU officials want 'assurances', summarised by Mr Janssen, that global sourcing for 0304/05 'would not lead to over fishing in the Pacific' or 'be in contradiction with [EU] domestic fisheries policy'.[10] First, and most obviously, the EU would never accept interference in its Common Fisheries Policy as part of a deal in a bilateral free trade agreement negotiation; it is unorthodox that it would ask the same from another group of sovereign states, especially considering the limited benefits global sourcing for 0304/05 would provide for the PACP and the limited costs such rules would incur for the EU. Second, and moreover, because the terms of an EPA are unlikely to be reopened for negotiation for several years and given the rapidity of change in fisheries management and science, 'technical conservation and management elements for fisheries should not be detailed in a trade agreement', as pointed out by the FFA Director-General James Movick. Third, and related, the primary agency for the management of tuna resources is the WCFPC where the EU has a seat and which regularly introduces new conservation and management measures.[11] Finally, as pointed out by Shaheen Ali, Fiji's Permanent Secretary for Industry and Trade and Chairperson of the Pacific ACP Trade and Fisheries meeting in April, 'the PACP side is still awaiting a proposal on global sourcing for fresh, frozen chilled fish, whilst the Pacific side has provided unprecedented concessions on our sub-regional conservation and management measures'.[12]

In summary, while the PACP 'have a primary offensive interest in securing an extension to global sourcing provisions' to products under 0304/05, as pointed out by the Pacific Islands Forum Secretariat deputy secretary general Andie Fong Toy,[13] two reports on the issue for the Forum show that the actual developmental gains to be made are unlikely to be major.[14] Similarly, the European market for fish products under 0304/05 is not vast and European industry would not be seriously threatened by PACP exports. For example, despite extensive protests by Spanish industry against global sourcing RoO for PNG canned tuna, it saw a slightly drop in exports to the EU in 2013 compared to the previous year.[15] This indicates that preferential market access and liberalised rules of origin are insufficient on their own to grow industry. This data also raises concerns that boats associated with Philippine-owned canneries in PNG are sending their catch to the Philippines and that this possible trend will deepen if the Philippines graduates to GSP+ status and gains duty free access to EU canned tuna markets.

European Parliament calls for canned tuna to be excluded from EU-Thai FTA

On 12 March 2014, the European Parliament (EP) adopted a resolution on the 'situation and future prospects of the European fishing sector in the context of the Free Trade Agreement between the EU and Thailand'.[16] This resolution stemmed from an 'own-initiative' report adopted by the EP's Committee on Fisheries, presented by Spanish MEP, Gabriel Mato Adrover, which echoes concerns raised by the Spanish processing industry that the survival of the sector will be jeopardised if the EU liberalises trade in fishery products with Thailand and offers duty free access.[17] Thailand is the world's largest producer of canned tuna and the second largest exporter of canned tuna to the EU, following Ecuador, accounting for 13% (50,202 mt) of total EU canned tuna imports in 2013 (382,632 mt).[18]

The resolution centres on the exclusion of canned and prepared fish and shellfish from tariff reductions under an EU-Thai FTA. It calls for canned fish products that have the potential to disrupt the EU's production and

PACP exports of fish products under 0304/05 are unlikely to be a panacea for development and would be only a limited threat to EU industry

A exclusionary list of sensitive species could mitigate EU concerns

Contrary to European industry fears, global sourcing for canned tuna has not been a panacea for PNG as evidenced in drop in exports to EU in 2013 marketing of these products, namely canned tuna, to be treated as 'sensitive' and to remain subject to the current tariff regime (24% import duty on canned tuna). The resolution recommends that rigorous impact assessments be undertaken in close consultation with industry prior to any decision being made to grant more liberalised access for Thai canned tuna. Should tariff reductions be introduced, the resolution recommends long transitional periods, partial liberalisation commitments (e.g. apply a reduced tariff rather than zero duty), as well as the imposition of quotas. In addition, the resolution calls for the enforcement of strict rules of origin, the inclusion of an ambitious trade and sustainable development chapter in the FTA that encompasses human rights/labour standards (in light of recent accusations of human rights abuses in the Thai fishing and processing industries), sustainable use of fisheries resources and environmental protection, as well as commitments to full cooperation in the fight against IUU fishing and conformity with the EU's sanitary and phytosanitary rules.[19]

European Parliament adopts resolution calling for canned fish from Thailand to be treated as 'sensitive' in FTA

The treatment of canned tuna is expected to be a contentious issue in EU-Thai negotiations. The EU industry's aggressive lobbying efforts to protect its canned tuna processing sector appear to have gained traction in light of the European Parliament's resolution. However, as canned tuna is one of Thailand's leading export industries and the EU is one of its largest and highest value markets, is it anticipated that Thai trade negotiators will push strongly for zero tariffs for canned tuna in the FTA. Both sides are strongly committed to concluding the FTA within a two year period and the EU-Thai FTA is viewed by the EU as an integral pillar in the eventual development of a possible regional FTA between EU and the ASEAN group of countries.[20]

While the EP resolution itself is not legally binding and as such the European Commission has no legal obligation to take this into account during the course of negotiations, it sends a strong signal to EU trade negotiators that the European industry is pushing strongly for fisheries issues to be given due consideration. The resolution may be used by fishing industry stakeholders to lobby MEPs once the final Thai-EU FTA proposal is put before parliament. In this process, like all international agreements, the European Parliament has an assent power to deliver a "yes" or "no" decision, but the contents of the agreement cannot be changed once negotiations are final.

Thai trade negotiators are expected to push strongly for tariff liberalisation for canned tuna

FISHERIES DEVELOPMENT

Annual PNA meeting focuses on plummeting skipjack prices and VDS

In March, the Parties to the Nauru Agreement held their annual meeting against a backdrop of plummeting skipjack prices.

PNA countries set a slightly reduced Total Allowable Effort, based on the WCPFC agreement that total efforts would be set at 2010 levels. A new stock assessment will be available in late 2014 and will be considered in setting the 2016 TAE, if any relevant changes emerge. The group also aimed to develop a strategy for allocating and distributing US Treaty payments, which were US$93 million for an 18 month period ending in December 2014, and which has recently been formally included in the VDS. Identifying the countries that will provide the 8,000 days promised under the US Treaty remains a contentious issue, but agreement was reached for 2014 to take the required number of days 'off the top' of the TAE before distributing PAEs to each member. Although the actual per day rate of the US payments will be above the current US$6,000 minimum benchmark fee for bilateral access (notably, the current Treaty was negotiated when the benchmark price for a Vessel Day was US$5,000), there is still concern that the agreement is not yielding optimum returns to PNA members because some countries can get more than the benchmark, 15 percent of fees are distributed equally to all FFA members (including PNA countries), and many view that a day which allows fishing in any Pacific Island EEZ is inherently more valuable than a day restricted to one zone.[21]

PNA countries agreed to reduce fishing days beginning in 2016

In addition, the PNA Parties all agreed to enforce rigorously the definitions of 'non-fishing days', including that a fishing day is a 24 hour period.[22] According to a PNA press release, this tightening of enforcement is designed to eliminate loopholes 'used by fishing companies to the detriment of island interests'.[23] Prior to the meeting, the PNA indicated that they aimed to clarify and standardise transit and non-fishing days and to synchronise fishing rules at the national and regional levels. The malleable nature of non-fishing days is one of the key ways that total fishing days and effort in the region have crept up in recent years. Estimates of total non-fishing days (e.g. 'searching' or 'transit' days) vary, but reportedly, fishing companies attempted to claim over 9,000 non-fishing days in 2013.[24]

The group also aimed to address the issue of domestic fisheries development. In particular, it noted rapid growth in FSM licenses, licenses that grant a vessel discounted access to all PNA country waters in exchange for a range of domestic investments. In 2001, only 16 vessels held FSM licenses. In 2012, over 50 vessels did so. At the beginning of 2014 the number had grown to 65. The group aimed to discuss if the FSM licenses have been used as a vehicle for cheap licenses, rather than a vehicle for domestic fleet and shore-based development.[25] It is reported that the meeting agreed to increase the price for pooled days made available to the FSMA fleet, but not to increase the allocation of these days. Additional days required by the growing number of vessels will be provided from the PAE of the host party, with an additional premium paid if this day is actually fished in the waters of another party.

The PNA group aimed to clarify the definition of non-fishing days and issues of domestic development

Finally, the PNA Office is encouraging member countries to move away from allocating vessel days by way of bilateral agreements. The PNA Office is suggesting that selling access by way of the same relationships and negotiations that were used prior to the VDS is limiting the value that the PNA countries can charge. The PNA Office is encouraging a move away from bilateral negotiations and towards letting the market dictate price. Although mechanisms for doing so have not yet been fully developed, it is understood that some members already invite bids for packages of vessel days, but clearly the importance of access fee revenue to some members encourages a degree of caution.

Some PNA members indicate that the meeting outcomes are already having a tangible impact on fishing day prices. Glen Joseph, Director of the Marshall Islands' Marine Resource Authority announced that his country has sold 30 fishing days to a Taiwanese fishing company at US$7,000/day and attributed the high price in part to the actions at the recent PNA meeting. Beginning in 2014, the PNA group began enforcing the minimum payment of US$6,000/ fishing day.[26]

FISHERIES MANAGEMENT

Balancing capacity management with coastal state development

Global overcapacity in tuna fisheries is a serious issue which risks undermining the long-term sustainability of tuna resources. RFMOs are challenged in determining how best to limit and reduce fishing capacity. At the same time, developing coastal states' legitimate aspirations to participate in tuna fisheries must be taken into account. The transfer of capacity from developed states to developing states has been identified as one possible option for balancing capacity management with coastal state development.

At the most recent WCPFC annual session held in December 2013 (WCPFC10), the new conservation and management measure adopted for bigeye, yellowfin and skipjack (CMM 2013-01) implements capacity management provisions requiring WCPFC members, other than small island developing states (SIDS) and Indonesia, to limit the number of large-scale purse seine and longline vessels to current (31 December 2012) levels. The measure includes a work plan for capacity management where a scheme will be developed for reducing overcapacity that does not constrain coastal developing states' rights to participate in the fishery. The scheme will be centred on the transfer of capacity from developed fishing members to developing coastal fishing members and consider market-based mechanisms for voluntary transfer. WCPFC members other than SIDS are required to jointly develop a scheme to reduce the capacity of large-scale purse seine vessels for submission in December 2014 to WCPFC11.[27]

In an effort to commence meaningful dialogue on capacity transfer in tropical tuna fisheries, the International Seafood Sustainability Foundation (ISSF) conducted a three-day workshop in Barcelona on 3-5 March 2014, attended by over 30 participants representing RFMOs, government, industry and academia. In the context of this workshop, the term 'capacity transfer' referred to the transfer of fishing vessels (or other physical assets/property), as well as broader development of institutional and human capacity.

The workshop included discussion on the objectives for capacity transfer and options, indicators of success, constraints and challenges and financing options for facilitating transfer. Participants recommended that capacity transfers take place on a voluntary basis and be market-based. In addition, capacity transfers should occur in a phased and collaborative approach, with industry closely involved. ISSF's intention is that workshop outcomes will contribute to future discussions taking place at the regional and sub-regional levels, including those conducted to progress the development of WCPFC's capacity management scheme. [28]

Following ISSF's Barcelona workshop, European Commissioner for Maritime Affairs, Maria Damanaki, hosted an international conference in Thessaloniki in Greece called 'Global Fishing Capacity – Less is More'. It also centred on sustainably managing fishing capacity and a joint statement on efforts to promote sustainable fishing capacity management on a global scale was signed by the EU, Philippines, Indonesia, USA, Japan and Colombia.[29]

Most recent estimates indicate that 693 active large-scale tropical tuna purse seiners are registered with RFMOs globally, with another 50-60 under construction. In WCPFC, the tropical tuna purse seine fleet actively operating

WCPFC will develop a scheme to transfer fishing capacity from developed to developing states

Capacity transfers should be voluntary, market-based, phased and collaborative within 20°N-20°S is around 295 vessels (with 416 authorised on the WCPFC register of vessels).[30] At least 20 new vessels are currently under construction and notifications have been provided to WCPFC for the future construction of almost 70 vessels – some new and some as replacements for existing vessels.[31] Prior to the introduction of the Purse Seine Vessel Days Scheme in 2007, purse seine vessel numbers were capped at 205.

IPCC report: Global oceans face bleak future

Living on the front of global environmental change, Pacific Islanders are experiencing the ongoing effects of anthropogenic climate change such as coral bleaching and sea level rise. The launch in late March of the 5th Intergovernmental Panel on Climate Change (IPCC) assessment – seven years since the last one – featured extensively in global media. The assessment once more emphasised how the global oceans act as a sink for heat and carbon, which is causing acidification and decreasing oxygen.

The physical science report by Working Group I pointed out that, from 1750 to 2011, the cumulative anthropogenic emissions of CO_2 produced 555 gigatonnes of carbon (GtC).[32] Of this, around 30% has been absorbed by the ocean causing acidification. There is high confidence that the pH of ocean surface water has decreased by 0.1 since the beginning of the industrial era, corresponding to a 26% increase in hydrogen ion concentration (a character of acidic chemicals). In terms of projected ocean warming, there is high confidence that the greatest threat in terms of ocean surface water will be in tropical and Northern Hemisphere subtropical regions. Best estimates of ocean warming in the top 100 metres are about 0.6°C to 2.0°C by the end of the 21st century.[33]

The report by IPCC Working Group II on 'Impacts, Adaptation, and Vulnerability' contains a section on marine systems.[34] It states with high confidence that projected climate change by the mid 21st century and beyond will result in global marine-species redistribution and marine-biodiversity reduction, which will challenge the sustained provision of fisheries productivity. In terms of spatial shifts, marine species richness and fisheries catch potential are projected to increase, on average, at mid and high latitudes and decrease at tropical latitudes.[35]

Finally, the progressive expansion of oxygen minimum zones and anoxic 'dead zones' is projected to further constrain fish habitat. These major global changes to the ocean – warming, acidification and decreasing oxygen levels – combine with local changes such as pollution and can lead to interactive, complex, and amplified impacts for species and ecosystems. [36]

TUNA INDUSTRY

New report summarises impacts of American Samoa minimum wage increases as Tri Marine investment moves forward

In 2007, the US enacted a law incrementally increasing the minimum wage in American Samoa until it equals the US minimum wage. Since this time, American Samoa's minimum wage increased by US$0.50 per hour three times before legislation delayed further increases amid concerns of their effect on the economy. The most recent increase in American Samoa occurred on

IPCC assessment finds with high confidence that oceans will continue to warm and become more acidic

Climate change adds to the threats of over-fishing and other non-climatic stressors, thus complicating marine management regimes

25 May 2009; the current minimum wage in the tuna canning industry is US$4.76. The next is scheduled for 30 September 2015 with an additional increase every three years thereafter. Under current law, the minimum wage in American Samoa's tuna canning industry will reach the US minimum of US$7.25 in 2027. As mandated, the US Government Accountability Office (GAO) recently reported on the impact of the minimum wage increases; it will release subsequent reports every three years.[37]

The GAO found that between 2007 and 2013, the number of tuna canning hourly workers in American Samoa declined by 58 percent, reflecting the 2009 closure of the Chicken of the Sea plant, among other changes. Between 2012 and 2013, the number of tuna canning hourly workers declined by 13 percent. Average inflation-adjusted earnings of those employed fell by 5 percent overall from 2007-2012, and by 2 percent from 2011 to 2012.

The number of workers in American Samoa's canneries and their earning have declined since 2007

Future prospects for workers in American Samoa's tuna sector are mixed. On one hand, the GAO report indicates that employers in the tuna canning industry took cost cutting actions from 2010 to 2013, including labour saving strategies and reduced over time, and attribute many of these changes to a moderate or large extent to minimum wage increases (as well as increased utility and material costs). Two employers are reportedly planning more costs cutting actions, which they attribute to a moderate or large extent to minimum wage increases, among other increased costs and business factors. Notably, ten Star-Kist workers who participated in a research discussion group generally opposed minimum wage increases and expressed concerns that any increase would result in lost jobs or a closure of the cannery. Further, current efforts by the Obama administration aim to build support for a US minimum wage of US$10.10 per hour; if that or a similar level is research, the disparity between US and American Samoa minimum wage will persist despite the planned increases.

On the other hand, Tri Marine International is renovating the other canning facility in American Samoa that has been closed since 2009. The firm has completed construction of a new cold-storage facility on site and is constructing other facilities for expanded operations. The company has commenced limited operations in sashimi-grade tuna and plans to re-open the cannery in 2015; the firm expects the plant will employ 1,200 people. On that front, Tri Marine has announced that Herman Gebauer will be the new General Manager for the American Samoa plant; Gebauer was GM of Samoa packing from 1996 until the plant's closure.[38]

Prospects in American Samoa are mixed: existing firms are cutting costs while Tri Marine is ramping up its investment

TUNA MARKETS

Growing supply to Japanese market of 'purse seine special' tuna

In Japan, 'purse seine special' (PSS) grade refers to incidental bigeye and larger yellowfin tuna stored in on-board freezers at -40 to -45°C or at ultra-low temperature (-60°C).[39] The fish is offloaded directly in Japanese ports or transhipped by reefer to Japan to be marketed as lower grade sashimi products (minced sashimi, saku blocks) and tataki (seared skipjack loins) for sale in supermarkets and sushi-train style restaurants (kaiten-zushiya).[40]

All Japanese distant water seiners have super freezers installed and sales of

PSS grade are a major prop to profitability, totalling around 20% (or ~40,000 mt) of the fleet's total catch.[41] According to Japanese industry press, other boats operating in the WCPO with super freezer capacity producing PSS are 6 Taiwanese and 2 Korean owned purse seiners. However, based on recent reports on PSS volumes transhipped from the WCPO, it is believed that there are 'many' additional boats operating in the region with super freezer capacity.[42]

There are two trends currently driving the increase in PSS yellowfin: (1) the price of yellowfin is falling in Bangkok (as illustrated below in the first Tuna Price Trends figure); and (2) continued fishing in the Solomon Islands EEZ is producing sizes of yellowfin suitable for PSS. If these trends continue, there is likely to be an increase in the flow of PSS grade yellowfin to the Japanese market and elsewhere.

Purse seine special grade competes on the Japanese market with lower grade longline-caught tuna, including that caught by PIC-based firms.[43] Market competition from PSS grade will increase with the French-firm Sapmer's expansion to seven purse seiners with -40°C freezer capacity in the Western Indian Ocean this year (with another three planned by 2015) and if its proposed deployment to the WCPO of up to ten purse seiners goes ahead.[44]

New moves into crowded seafood certification realm in USA

The United States National Oceanic and Atmospheric Administration (NOAA) is seeking public comment on a proposal to offer a NOAA-based sustainable seafood certification. NOAA proposes a business-to-business scheme, rather than a consumer-based scheme. The framework for identifying sustainable seafood would rely on the 10 National Standard principles in the Magnuson-Stevens Fishery Conservation and Management Act. These include preventing overfishing, targeting maximum sustainable yield, adopting conservation and management measures, conserving habitat, and using the best available scientific information. The proposed scheme would utilise and further develop existing NOAA resources, including the NOAA FishWatch seafood sustainability website and the NOAA seafood inspection programme.[45]

The rationales for the label are that (1) the US fishing industry wants to label their products to show buyers that they are 'green', but that consumer-oriented seafood guides and eco-labels can be expensive, and (2) that NOAA claims that, 'if it's harvested in the United States, it is inherently sustainable as a result of the rigorous US management process that ensures that fisheries are continuously monitored, improved and sustainable'.[46] According to seafood sellers interviewed in the proposal development phase, consumers trust their sellers to make decisions on sustainability and then base their own decisions on prices. The proposal recommends that domestic producers be offered an opportunity, on a fee-for-service basis, to obtain a unique registration number identifying their product as sustainable seafood. With this number, sellers would be authorised to market their product as 'sustainable USA seafood'. The scheme would initially focus on wild-caught seafood from federally managed waters, and phase in a process for seafood derived from state-managed commercial fisheries or aquaculture products.[47] The public comment period on the proposal has been extended to 28 May 2014.

The push for a national sustainability certification may well represent industry

Increased PSS supply fed by yellowfin catches in Solomon Islands

The growing player Sapmer is likely contributing to the global supply of purse seine special yellowfin

NOAA is seeking public comment on its proposal to offer a sustainable seafood certification push-back against often costly third-party certifications, as well as to buyer requirements that seafood is certified by a specific certification scheme (e.g. MSC). These debates have been hotly contested in the United States, particularly in Alaska, where the Alaska Seafood Market Institute has heavily promoted its Responsible Fisheries Management (RFM) programme as a direct competitor and cheaper alternative to the MSC's certification plan.[48] The RFM programme has been accepted by Wal-Mart as meeting its sustainable sourcing standards, suggesting that MSC's lead over sustainability labelling in the USA is open to competition.[49] Further, the US industry lobby group, National Fisheries Institute, has noted that NOAA's track record for managing fisheries is 'generally excellent', and has advocated that NOAA is a far better body than third parties to make determinations of sustainability.[50]

In a separate move, Fair Trade USA, an organisation that offers a certification for products that give producers fair prices, safe working conditions and sustainable livelihoods, has announced plans to create the first fair trade standard for capture fisheries. The seafood certification programme will focus on baseline social and environmental criteria with benchmarks for moving towards better stewardship practices, improved business capacity, community development programmes and market access to benefit both ecosystems and people.[51] The certification will be a way for seafood products to display their commitment to all of these components under a single certification scheme.[52] Fair Trade has indicated it will only offer its certification for small scale fisheries, though notably, a key component of the programme will be access to capital through Fair Trade community development funds and social lending partners and a scalable model that meets growing industry demand for responsibly sourced fish.[53]

Fair Trade USA plans to offer a seafood certification that combines environmental and social assurances

Update on EU market for seafood

A comprehensive report on the European market for seafood, covering wild-caught fisheries and aquaculture, has recently been published by the European Commission.[54]

The EU is a major consumer of seafood – 2.3 million tonnes in 2011. Seventy-five percent of EU-consumed seafood products are sourced from wild-capture fisheries, with consumption of farmed (aquaculture) products in decline. The total value of EU expenditure on seafood reached its highest recorded level of € 52.2 billion in 2011, despite the economic crisis affecting Europe and subsequently, consumer spending, in the past several years. EU seafood consumption per capita is stable at 24.5 kg per annum, although consumption volumes vary widely between EU member states. Southern EU states prefer fresh seafood and have the highest total household expenditure on seafood products, whereas the northern EU states are more focussed on processed products. Consumption in central and eastern Europe is below the EU per capita average, but is rising. Tuna, groundfish (cod, pollock), small pelagics (sardines, herring, mackerel) and bi-valves (mussels) are the highest consumed product groups.

Annual seafood consumption in Europe exceeds 12 million metric tonnes and is valued at over € 50 billion

The EU market is heavily reliant on imports. While it is only the fifth largest producer of seafood (5.5 million mt in 2011), it is the world's leading importer (8.3 million mt). In 2012, the EU's seafood self-sufficiency rating was around 45%; the remainder of Europe's needs are met through imports. Norway (20%) and China (9%) are the most significant suppliers in volume terms to the EU market. Imports from Peru (6%) have also strengthened markedly in recent years. Spain, France and Italy account for almost 60% of EU expenditure on seafood and consumption in the UK is expanding.

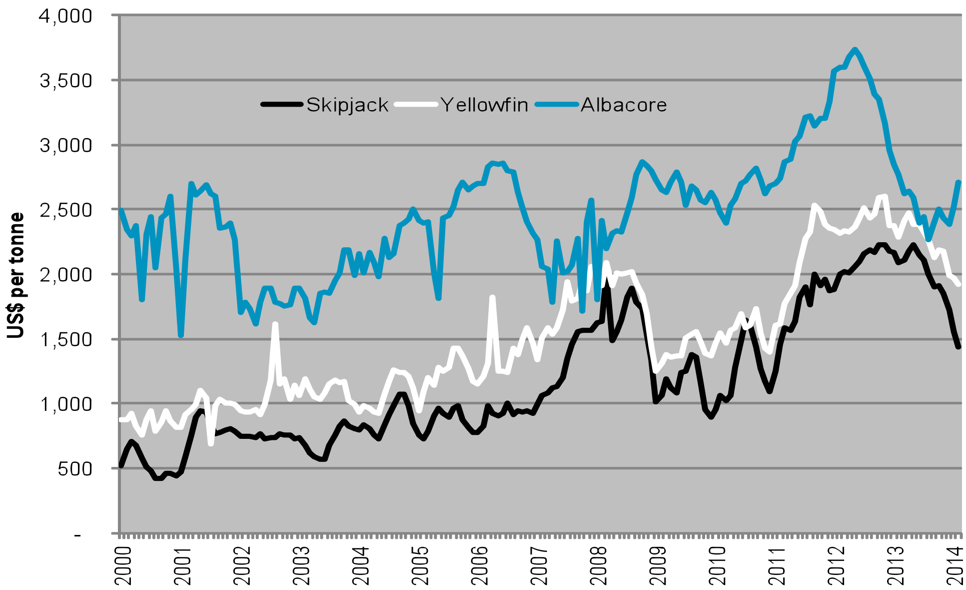
Landed catch by EU fishing fleets in 2011 was around 4 million mt – one of the lowest recorded volumes in the past decade. The majority of fish landed were small pelagics (48%), groundfish (12%) and other marine fish (18%). Aquaculture production totalled 1.24 million mt and is centred largely on salmon and bi-valve farming.

In 2011, total EU consumption of tuna and tuna-like species was around 1.35 million metric tonnes, representing 10.9% of total seafood consumed. The majority of tuna is imported and this trend is increasing. Since 2008, the EU's self-sufficiency rate in tuna and tuna-like species has decreased markedly from 34.4% to 25.6% in 2011. The EU tuna fishing fleet (Spanish and French vessels) supplied around 340,000 mt in 2011. Tuna is the highest volume commercial species consumed at 2.68 kg/capita, 2.14 kg of which is canned tuna. The next highest species consumed are cod (1.96 kg), salmon (1.72 kg) and Pollack (1.64 kg). Spain is the largest consumer of processed tuna products, while Italy is the highest value market, with prices averaging 20% higher than other EU markets. From 2009 to 2012, the EU price of tuna (averaged across all tuna species/products) increased considerably from € 3.00/kg to € 4.23/kg (41%).

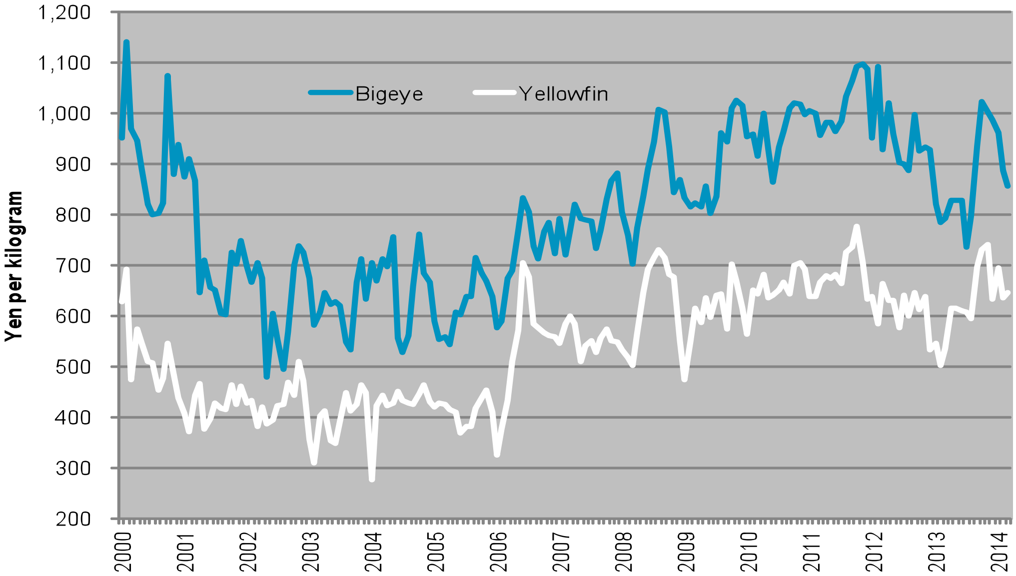
EU tuna consumption accounts for over 10% of total seafood consumed, the majority being canned tuna

TUNA PRICE TRENDS[55]

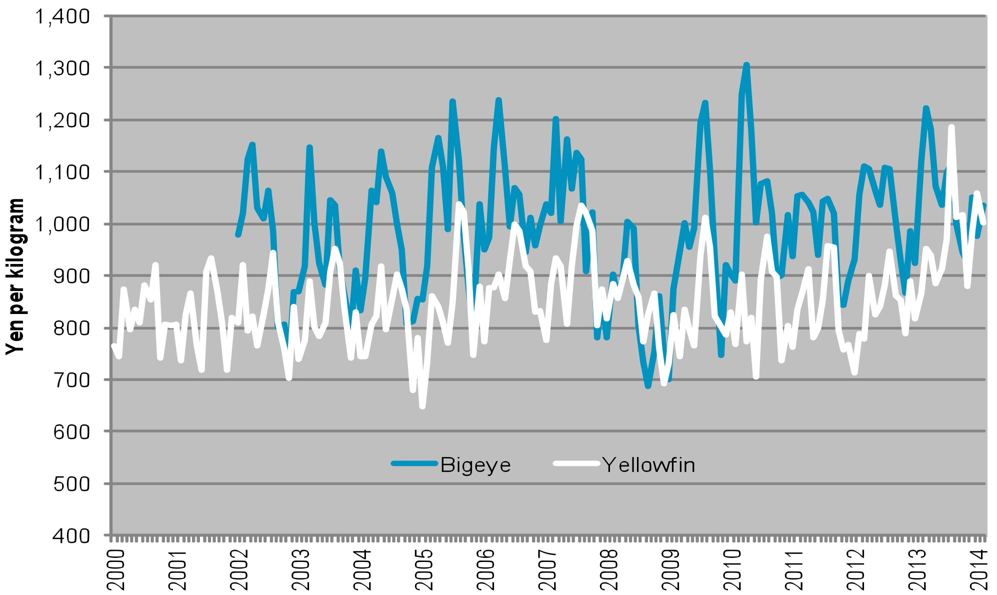
Bangkok canning-grade prices to February 2014[56]



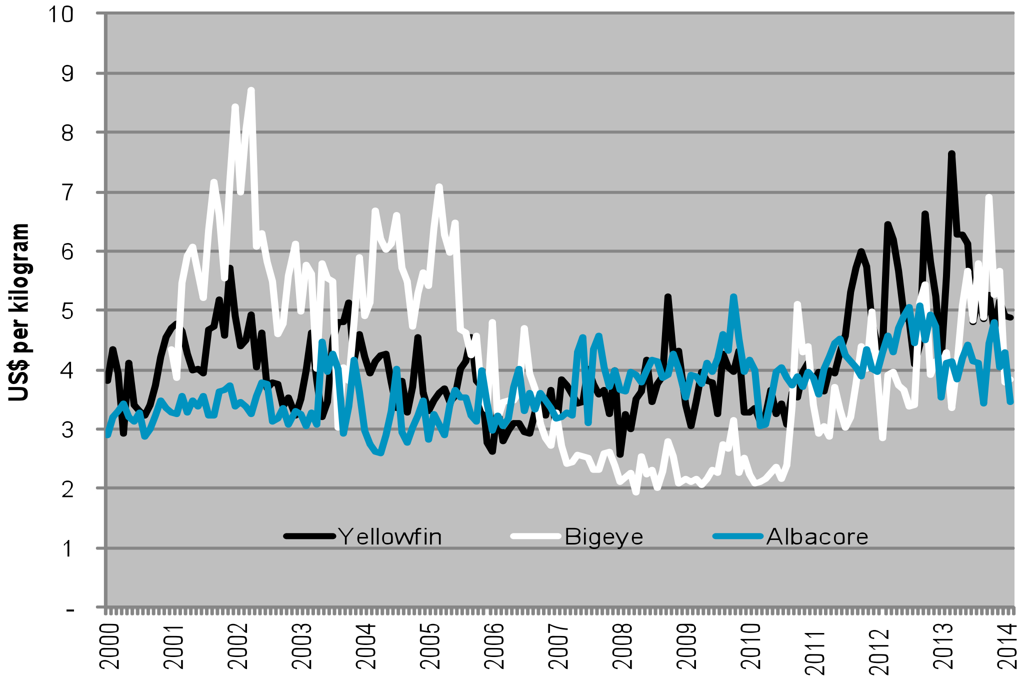
Japan frozen sashimi prices (ex-vessel, Japanese ports) to March 2014[57]



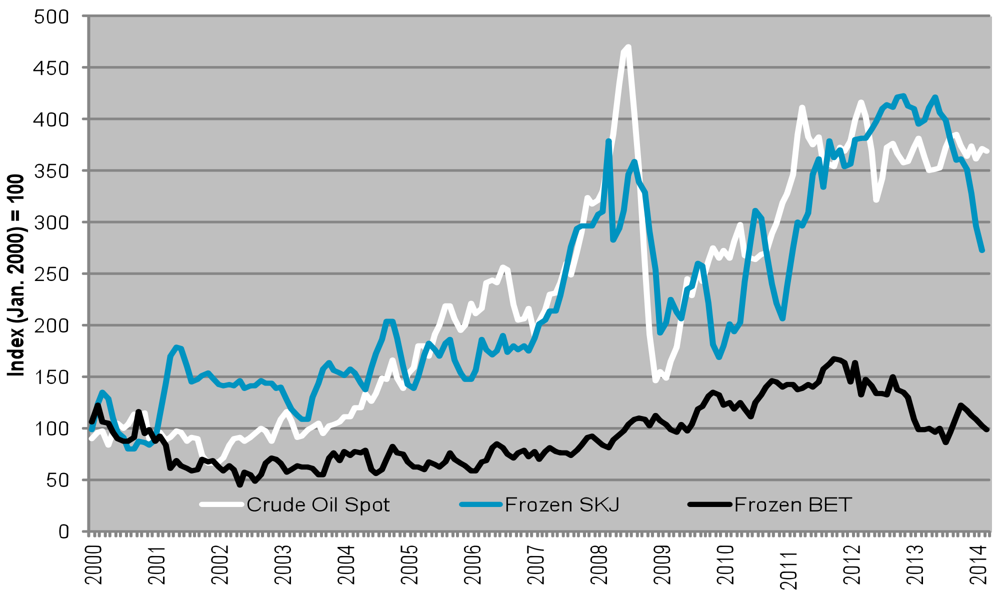
Japan fresh sashimi prices (origin Oceania) to February 2014[58]



US imported fresh sashimi prices to February 2014[59]



Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to March 2014[60]



[1] Prepared for the FFA Fisheries Development Division by Dr Liam Campling, School of Business and Management, Queen Mary, University of London and Dr Elizabeth Havice, University of North Carolina at Chapel Hill, both 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 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] Liam Campling and Elizabeth Havice, 'Pacific EPA collapses under weight of fisheries issues?', FFA Fisheries Trade News, 6(5), September-October 2013. Available at: www.ffa.int/trade_news

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