



PREFERENTIAL TRADE AGREEMENTS

Philippines GSP+ status enters into force

The Philippines formal graduation to GSP+ status on 25 December gives its tuna products duty free access to the EU market.² The EU Ambassador to the Philippines stated that it provides 'a comparative advantage and represents very tangible EU support to the Philippine strategy to increase exports and investments, and diversify its industry'.³ Philippine industry is likely to also benefit in other labour intensive sectors, such as preserved fruit and jams, fruit juices, and clothing and apparel. Writing in the Philippine national press, Senator Edgardo J. Angara, cites estimates that the new duty free treatment will spark investment, possibly creating up to 267,000 jobs.⁴ Interestingly, he also suggests that Spanish Members of the European Parliament provided the winning vote against opposition concerned about Philippine non-compliance with the EU IUU regulation. A Philippines delegation also assured the European Parliament's Committee on International Trade that the country 'abides by its commitments in the various conventions of the International Labor Organization'.⁵

Philippines fish exports remain subject to GSP rules of origin based on the vessel flag, registration and 50 percent ownership being held in the beneficiary country. This means that Philippine owned boats using PIC flags will not be able to supply factories in the Philippines if the intention is to benefit from GSP+ treatment. Whether this will result in significant reversals of local flagging remains to be seen. The impact on other processing countries that enjoy duty free access into the EU for tuna products may be significant. For example, while one German exporter does not expect any major short term change on supply to the EU, the medium term effect could be very negative for competitors, especially for Ecuador on the German market.⁶

TUNA ACCESS ARRANGEMENTS

Tokelau Arrangement on Southern Albacore; too late for Fiji's domestic industry?

As reported in earlier issues of *FFA Trade and Industry News*, the South Pacific Albacore crisis has created significant challenges to tuna fishing interests in the WCPO.⁷ The crisis has been acute in Fiji, where competition from low cost, foreign, subsidised vessels has been blamed for low catch volumes and deep concerns about the economic viability of the fishery. These dynamics have squeezed long-standing Fijian operators, leaving three of the main firms – Fiji Fish, SeaQuest and Solander – considering their options.⁸

In early November, FFA announced that Pacific Island countries will take more control over the fishery through an agreement on joint harvest control measures. The agreement, known as the Tokelau Arrangement, includes catch limits for each zone and the signatories now include Australia, New Zealand, Cook Islands, Fiji, Niue, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu. Although the arrangement is not binding,⁹ it provides a framework for implementation of a set of subregional understandings which are already guiding national policy and being implemented in management plans and (in some cases already law). Following a lack of action at the WCPFC meeting (see detailed story below), PICs and PIC-industry groups have re-emphasised the importance of sub-regional management action.¹⁰

However, these moves might not be enough to save Fiji's long standing domestic tuna fishery. Fiji Fish has announced that it does not plan to renew its tuna fishing

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licenses and will instead focusing on developing its business in other species. This follows hundreds of layoffs of captains, engineers, fishers and factory staff since late 2013; likewise, the vast majority of the broader Fijian fleet (roughly 35 vessels) has been tied up due to a lack of profitable fishing.¹¹ Fiji Fish's Graham Southwick has been highlighting signs of decline in Fiji's tuna sector for many years, and feels that a lack of political action has prevented a turn-around in conditions.¹² It is understood that the other companies plan to continue fishing, and will no doubt benefit from recent falls in the price of fuel. This may also reduce the value of China's operational subsidies as they are based on holding the fuel price at a fixed level, which is now not much above the current price.¹³

Value of EU-Kiribati FPA increases, deemed 'efficient' in EU-sponsored evaluation

Revenues from fisheries licensing fees represent about 70 percent of Kiribati's total government revenues (excluding external grants). A recent report of the EU-Kiribati 2012-2015 Fisheries Partnership Agreement (FPA) evaluates the FPA in terms of its effectiveness, efficiency, coherence and acceptability.¹⁴ Stated EU objectives of the FPA were to contribute towards resource conservation and environmental sustainability through sustainable exploitation of living marine resources; protect EU distant water fleet interests and employment linked to the fleet; and support the development of a sustainable fisheries sector in the partner country.

- The evaluation points out that the EU presence as a foreign fleet in Kiribati is small: 4 Spanish purse seines with fleet catch averaging 14,600mt per year, or 5 percent of total catch in Kiribati waters. Nonetheless, the evaluation found that:
- In 2013, EU purse seine catch exceeded the FPA reference tonnage by 40 percent (20,881mt caught vs 15,000mt reference tonnage).
- Compared to the previous FPA, the terms of the current FPA have increased profitability for Kiribati in several ways, suggesting that growing competition and demand for WCPO access is translating into economic returns in the Pacific. In exchange, the EU fleet increased its total catch volume. For example, total simulated payments under the FPA for 2013 were 2.89 million, while actual payments were 4.7 million.
- The current FPA was negotiated with reference tonnage, rather than fishing days used in the Vessel Day Scheme. Converting tonnage payments (excluding shipowner registration fees, observer fees and EU sectoral support) to effort for vessels over 80m (SPC estimates based on CPUE and charged 1.5 fishing days because of the EU's large vessels), in 2013, the EU paid US\$ 9,527/ fishing day. This is in excess of the 2013 minimum benchmark of US\$ 5,000. (Note that the PNA is raising the benchmark price to US\$ 8,000 per day 1 January 2015.)

The report concluded that the current FPA is essential for the EU purse seine fleet active in the WCPO, generates socioeconomic benefits for Kiribati and achieves the goals of the EU. EU shipowners report being generally satisfied with the conditions of the FPA and support its renewal, a different story than the increasingly challenging US Treaty, in which vessel owners cite increasing costs as unsustainable.¹⁵ Future challenges to the FPA will continue to revolve around compliance with the VDS: whether the FPA should be strictly based on the VDS and negotiated around fishing days, or if it can continue to utilise a format based on tonnage. The EU continues to state that it cannot make an agreement based on the VDS until the

Fiji Fish has announced that it does not plan to renew its tuna fishing licenses

The Spanish fleet remains interested in FPAs, while EU remains concerned about VDS



PNA countries adopt and enforce measures that ensure transparency and consistent implementation. The report does not recommend an increase in the number of EU vessels operating under an FPA.

FISHERIES MANAGEMENT

WCPFC11 yields disappointing outcomes¹⁶

The WCPFC's Eleventh Regular Session (WCPFC11) was held in Apia, Samoa from 1-5 December. The meeting was attended by over 450 representatives from 25 WCPFC members, 6 participating territories, 6 cooperating non-members, 8 inter-governmental organisations and 16 NGOs.

One of the most important items on the agenda for discussion was the Conservation and Management Measure for Tropical Tunas (CMM 2013-01), requiring a number of outstanding issues to be considered which were deferred to WCPFC11 when the measure was adopted in 2013 at WCPFC10, these being: i) additional FAD measures, including a fifth month closure (contingent on the disproportionate conservation burden to SIDS being addressed); ii) capacity management; iii) revised high seas purse seine effort limits; and, iv) the establishment of purse seine and longline limits for yellowfin.

The Commission opted to establish a small working group to discuss these outstanding issues, as well as a proposal tabled by PNA and Tokelau for revisions to CMM 2013-01. PNA and Tokelau's proposal centred heavily on addressing the disproportionate conservation burden to PNA's purse seine fishery from CMM 2013-01, with additional measures proposed for the longline fishery and high seas purse seine fishing to try to mitigate this burden. The PNA+Tokelau proposal was strongly supported by FFA members who held the position that CMM 2013-01 needs to be revised and strengthened at WCPFC11, particularly in light of the declining status of bigeye which is now in an overfished state with overfishing occurring. FFA members were supportive of PNA and Tokelau's proposed revisions and identified their priorities for consideration at WCPFC11 to be improved purse seine measures (i.e. FAD closures, high seas effort limits, addressing disproportionate burden, effort creep management), a greater contribution to bigeye conservation by the longline fishery (i.e. improved compliance, stronger effort management and establishment of yellowfin limits), and provision of operational data. However, the US and EU, with support from Asian distant water fishing nations, opposed revisiting substantial items that were agreed in 2013, on the grounds that CMM 2013-01 has not been implemented long enough to be able to measure its effectiveness.

Although opposing the FFA proposal to remove a major loophole in the WCPFC's scientific data rules, Japan facilitated agreement on the inclusion into the tropical tuna measure of more specific data provision requirements, whereby Japan, Indonesia, Taiwan, China, Philippines and Korea will provide operational level catch and effort data for all fishing in EEZs and high seas south of 20°N in accordance with WCPFC's scientific data rules. However, agreement could not be reached on any of the other outstanding tropical tuna management issues. A revised text has been adopted (CMM 2014-01, replacing CMM 2013-01) which includes the new data provision requirements and defers the outstanding issues for consideration to 2015. PNA members and Tokelau, while pleased with the progress made on operational data, expressed disappointment that no progress was made on any other aspects of CMM 2013-01, which as a result, will continue to transfer a disproportionate conservation burden on SIDS. PNA indicated that in light of WCPFC's failure to

PNA and Tokelau proposals on purse seining limits and bigeye conservation not supported by distant water fishing nations

WCPFC11 failed to reach consensus on outstanding issues for the Tropical Tunas measure



strengthen management measures for tropical tunas, it will continue its efforts to do so outside the WCPFC process by continuing to improve the effectiveness of VDS, increasing the price of fishing days under VDS to strengthen capacity management, and developing additional FAD measures including FAD registration, tracking and usage charges.

Another top priority for FFA members at WCPFC11 was a strengthened management measure for South Pacific Albacore, given the dire situation of the fishery with CPUE declining to unprofitable levels for all fleets, except the subsidised Chinese fleet. FFA members tabled a proposal for a more comprehensive CMM to replace CMM 2010-05. This proposal seeks to establish zone-based catch limits for FFA members under the Tokelau Arrangement, with an option for non-FFA member territories (most likely to include New Caledonia and French Polynesia) to also establish zone-based limits as an 'Associate Participant'. In addition, the proposal set high seas catch limits for albacore by flag, with some flexibility for Members, Cooperating Non-members and Participating Territories (CCMs) to combine high seas and in-zone catch limits, as well as transferral of catch quota between CMMs. The proposal established a total catch limit for the entire WCPO albacore stock south of the equator based on MSY as a starting point (around 100,000 mt), which would be replaced once a harvest strategy is established for albacore.

Although the FFA proposal to replace CMM 2010-05 was amended to take into account substantive comments, particularly from the USA, the Commission as a whole could not approve it since a wide divergence of views remained. Some members wanted the troll fishery to be exempted, some remained worried about the potential interactions of the measure with fisheries in which albacore is a minor bycatch, while others were simply opposed to the concept of albacore catch limits, or of collective zone-based management through the Tokelau Arrangement, or felt that the stock assessment was not firm enough to set an initial regional limit based on maximum sustainable yield. FFA members once again expressed disappointment that a strengthened measure for South Pacific Albacore could not be adopted and reiterated their intention to proceed with implementation of the collective zone-based management system under the Tokelau Arrangement, while continuing to draw attention to the compatibility requirements of the WCPFC Convention, particularly Article 8.2(b)(i) which requires WCPFC to ensure that Commission measures do not undermine the effectiveness of measures in areas subject to national jurisdiction.

One of the notable CMMs actually accepted was for more comprehensive management measures for sharks, which was once again introduced by FFA members. The measure requires CCMs to choose between several mitigation methods and land sharks with fins naturally attached (to replace the current 5% fin:carcass weight ratio requirement under CMM 2010-07). After several revisions to accommodate other CCMs positions, a new CMM for sharks was adopted which focuses only on mitigation measures and requires CCMs to choose one of two options – i) a ban on the use of wire traces as branch lines or leaders; or, ii) a ban on the use of shark lines (CMM 2014-04). This measure does not replace existing shark measures and was viewed by a number of members as a compromised, watered-down measure, but nonetheless, a step in the right direction.

FFA members also successfully tabled a proposal to establish a formal framework for the development of harvest strategies for WCPO's key fisheries and stocks (CMM 2014-06). The adopted measure tasks WCPFC with agreeing on a work plan and indicative timeframes to adopt or refine harvest strategies for key stocks by WCPFC12. PNA and Tokelau's proposal to establish a target reference point for skipjack of 50% of spawning biomass without fishing was not adopted. Japan was

*FFA proposal
on South Pacific
Albacore
blocked by
other WCPFC
members*

*A weakened
measure was
adopted for
implementing
mitigation
measures for
sharks*

*WCPFC has
been widely
criticised for
failing to deliver
any significant
outcomes during
its eleventh
session.*



the main opponent, with a counter proposal to establish a more conservative target reference point of 60% of spawning biomass, in an attempt to protect its coastal artisanal fisheries from what is claimed to be reduced skipjack migration from the equatorial region to the northern area of WCPO.

Overall, widespread criticism has been aired that WCPFC11 failed to deliver any significant outcomes. Stalemates plagued all major issues, with only a few CMM proposals adopted on less contentious issues. FFA and PNA indicated on numerous occasions that given WCPFC's disappointing failures, they will continue to improve management effectiveness by applying management measures within their EEZs and lobbying for compatible measures to be implemented in the high seas.

At WCPFC11, a new Executive Director, Tuvaluan, Mr. Feleti Teo (former FFA Director General and Deputy-Secretary of PIFS) was appointed, together with a new Chair, Ms. Rhea Moss-Christian of Marshall Islands. This is the first time Pacific Islanders concurrently hold the Executive Director and Chair positions. Mr. Teo replaces Prof. Glen Hurry (Australia), while Ms. Moss-Christian replaces Dr. Charles Karnella (USA).

Updates on Atlantic and Pacific Bluefin regulation

Debates over the appropriate management approaches and catch levels for Atlantic and Pacific bluefin continue to remain in flux. In the Atlantic, assessments revealed a surge in the spawning stock, evidence of an ongoing recovery in the bluefin tuna populations. In turn, the International Convention on the Conservation of Atlantic Tuna (ICCAT) Standing Committee on Research and Statistics (SCRS) said that gradual and moderate increases in the catch would not jeopardise stock health.¹⁷ The ICCAT membership interpreted these results very liberally and agreed to increase quota for the Mediterranean stock by 20 percent each year for the next three years.¹⁸ This is despite that the SCRS suggested that the quota should be changed in three year intervals (e.g. quota held constant for two years after a change) so that scientists can assess the impact of the change. Environmental groups Greenpeace, WWF and Pew quickly responded to this change, criticising ICCAT members for acting too quickly and taking an overly-optimistic interpretation of the SCRS recommendations.¹⁹ For its part, the SCRS publically noted that this agreement was beyond what was recommended by the scientific committee.²⁰

Much recent attention has turned to the catastrophic status of Pacific bluefin.²¹ In early November, Pacific Bluefin was officially added to the IUCN 'red list' of species listed as at risk of extinction and has been declared 'vulnerable' to extinction.²² Both IATTC and WCPFC have recently made moves to protect the species. In the Eastern Pacific, IATTC reduced quota by over 45 percent, capped any single country's catch at 3,500mt, and required that fishing nations develop a catch documentation scheme in 2015. The scientific and advocacy communities have recognised this as a step in the right direction, though the Scientific Committee had recommended a 50 per cent quota reduction.²³ Meanwhile, the WCPFC agreed to peg catches to half of the 2002-2004 levels for juveniles under 30kg and hold to 2002-2004 levels for larger fish.²⁴ However, both IATTC and WCPFC failed to develop long term recovery plans for the imperilled species.

After a positive stock assessment, ICCAT membership dramatically increase bluefin quota

IATTC and WCPFC take action on Pacific bluefin, advocacy groups note steps in the right direction



TUNA INDUSTRY

Thai Union's purchase of Bumble Bee one in a series of seafood M&As

Several months after private equity group Lion Capital's announcement that it was selling Bumble Bee, the tuna giant Thai Union announced that it will acquire the brand. Thai Union has agreed to buy Bumble Bee Seafoods for US\$ 1.5 billion, which is part of a wider plan to double revenue to US\$ 8 billion by 2020 through overseas acquisitions. Lion Capital had purchased Bumble Bee from another private equity firm for US\$ 980 million in 2010. The purchase gives Thai Union control of two out of three of North America's best known seafood lines (along with Chicken of the Sea). Bumble Bee employs 1,300 people, generates annual sales of about US\$ 1 billion and had estimated earnings before interest, taxes, depreciation and amortisation (EBITA) of US \$145 million in 2014.²⁵ The buy will boost Thai Union revenue by 25 percent and is expected to close in the second half of 2015 following US government anti-trust approval. Given the small number of canned tuna brands, persuading US anti-trust authorities to approve the deal will likely require major asset sales.²⁶ Following the sale, Thai Union will own 38 per cent of US canned tuna sales, a bit more than Starkist (parent company Dongwon), whose market per cent share is 36 per cent.²⁷

Reportedly, the acquisition will boost Thai Union's gross margin from 15 to 17 percent, as Bumble Bee's margin is more than 20 per cent. But US canned tuna consumption has been stagnant in recent years, raising the question of if the deal and Thai Union's vision can contribute to a turn-around. While US consumers have been buying less canned tuna, they have been purchasing more expensive lines, and in doing so, have generated an increase in dollar sales.²⁸ Bumble Bee reports that the merger, and the potential to unite procurement, production and administrative functions of Bumble Bee and Chicken of the Sea, present opportunities for product and packaging innovations.²⁹

The Thai Union purchase rounds out a big year of consolidation in the tuna sector specifically and the seafood sector more generally. Bumble Bee is Thai Union's third acquisition in 2014 in an increasingly consolidating processed seafood landscape. The firm has also purchased Norwegian canned fish producer King Oscar and French smoked salmon supplier MerAlliance. Given Thai Union's rising debt to fund these purchases, it is likely that the firm will sell shares to raise capital to fund further expansion.

Meanwhile, Dongwon, owner of the Starkist brand has acquired a minority share (12.5 per cent) in Silver Bay Seafoods, a major US salmon processor. Silver Bay is an integrated processor of frozen, headed and gutted salmon for domestic and export markets. This is Dongwon/Starkist's first move into salmon, and indicates an interest in expansion into other product lines as salmon has overtaken tuna as the US's most consumed seafood.³⁰ In Mauritius, Thon des Mascareignes (TDM) and Princes Mauritius have signed an agreement to combine their tuna activities. In the deal, TDM will connect a strong brand to its operations and Princes will benefit from increased production capacity and raw material access. TDM is owned 75 percent by Ireland Blyth Limited and 25 percent by Spanish fishing company Echebstar, which supplies the plant. The merger will potentially give Princes access to a supply of MSC certified skipjack that is caught by Echebstar group boats using FADs; the fishery is currently under assessment.³¹

Thai Union plans to purchase Bumble Bee, boosting its revenue by 25 per cent

Mergers and acquisitions continue to consolidate the canned tuna and processed seafood sectors



Scrapped IPO offers lens into China's tuna fishing and shows how financial levers can influence conservation

China's record as a fishing nation has been called into question in several recent studies: a 2012 report suggests that China regularly exceeds international limits on certain species and often underreports catches,³² and the heavy subsidies the Chinese government offers the distant water fleet have been criticised as contributing to price and resource declines.³³ However, the functioning of the Chinese fleet and the investors behind it remain largely obscured. A recent bungled IPO for a large Chinese tuna firm sheds some light on dynamics and offers a window into new strategies that advocacy groups are employing to make conservation gains.³⁴

China Tuna Industry Group was the largest Chinese supplier of premium tuna to Japan from 2011-2013 and it sold over 70 percent of its US\$ 62 million in annual sales to a subsidiary of trading company Mitsubishi. China Tuna filed a draft prospectus in June, aiming to raise upwards of US\$ 150 million to expand operations. However, the draft IPO documents contained several statements that, when combined, could be seen as misleading investors on the value of the company, including:

- The goal of China Tuna was to *expand* South Pacific tuna fishing, particularly by targeting the Japanese bigeye market. To justify this business strategy,
- China Tuna reported 2011 stock status information, rather than the most recent stock assessment data which has indicated that bigeye are overfished and are at dangerously low levels,³⁵ and
- Indicated that Chinese fishing companies need not comply with catch limits set by RFMOs and that non-compliance penalties were non-existent or not upheld.

Significantly, the actions that follow China Tuna's draft prospectus point to finance as a new entry point for environmental advocacy.³⁶ After digging into the prospectus, Greenpeace filed complaints with the Chinese government and with the Hong Kong Stock Exchange. In response to Greenpeace, China's Bureau of Fisheries stated that China Tuna – which holds licenses for 17 vessels to operate throughout the Pacific – was in violation of laws because the Ministry does not give approval for offshore fishing to companies registered overseas. China Tuna is a Cayman Islands company and run by a foreign national. The Chinese government indicated that the company's draft prospectus is both gravely misleading and incompatible with China's conservation and management measures. Greenpeace is also pressuring underwriter Deutsche Bank to apply its social and environmental risk framework policy to the deal, and to back out of supporting the expansion of an environmentally irresponsible firm. Currently, the IPO has been delayed, though it is not clear if the firm will attempt to raise funds again.

TUNA MARKETS

Tuna at the 2014 China Fisheries and Seafood Expo

The three-day 2014 China Fisheries and Seafood Expo was held in Qingdao, China from 5 to 7 November. Organisers reported 1,189 exhibitors representing 44 countries were present to welcome approximately 27,000 registered visitors, a 23 percent increase from the previous year.³⁷ The number of exhibitors and visitors were both records, as the Expo has increased in size each year to a point where it is now the second largest global seafood and fisheries exposition in the world after the annual Brussels Seafood Expo Global (formerly the European Seafood Exposition).³⁸

*China Tuna's
failed IPO
reveals finance
as an emerging
site for
environmental
advocacy*



Seafood expo in China second largest in world

A total of 20 large national pavilions displayed products from European, Asian, and North and South American countries. Papua New Guinea had a large, well-visited pavilion showcasing inshore as well as tuna products staffed by members of the National Fisheries Authority. Many countries also had companies manning booths outside of national pavilions. Canada for example had 62 separate firms and associations represented at the Expo, only some of which were at the national pavilion.

The primary motivation of overseas suppliers was of course the large Chinese market. It has been reported that China's seafood imports last year reached US\$8.6 billion, an amount that is probably understated but nevertheless an increase of about 10 percent over the previous year's figure.³⁹ Since China is a major seafood processor and re-exporter, the Chinese processing firms at the Expo had numerous products on offer, including tuna. Major manufacturers of processing equipment, both Chinese and foreign, displayed working examples of their machinery in a special no cameras allowed exhibition hall. Ancillary industries such as transport, refrigeration, and packaging were also well represented at the Expo.

A searchable database of exhibitors was posted on the Expo website online prior to the Expo. It showed 143 exhibitors listing tuna in their product mix, with 31 of those specifying skipjack tuna. By far the largest number of exhibitors involved in tuna were processors and/ or traders who offered prepared tuna sashimi, whole round, cooked loins and other product forms. Several exhibitors acting as manufacturers' representatives were offering innovative tuna-based products, including shaved katsuobushi and hon-dashi (dry soup stock made from skipjack). Overall as one would expect in China, tuna took a back seat to salmon, squid, tilapia, shellfish, and other aquatic products offered by exhibitors.

Major exhibitors involved with tuna included Luenthai Fishing Venture, a well-known fleet operator and marketer of tuna in the western Pacific, and Shanghai Fisheries General Corporation that has investments through subsidiaries in the Marshall Islands, Fiji, Kiribati and elsewhere. Both companies as well as several other traders involved with tuna brought in large, fresh bigeye for display and to demonstrate butchering and presentation. Such demonstrations were carried out at several pavilions and drew interested crowds. Several ultra-low temperature tuna longline fleet operators, including one from China that operates from Fiji and one from Taiwan, were direct-marketing their catch and had their booths manned with English and other foreign language speakers.

Unlike some past Expos, there were no tuna fishing equipment or gear manufacturers present. Also notable was the absence of tuna at the large booth operated by the China National Fisheries Corporation, a state-owned enterprise that is the largest fishing enterprise in China and owner of several tuna purse seiners and a fleet of Suva-based longliners operating in the Western and Central Pacific Ocean.

This year's Expo can be compared with the one held 10 years ago (also in Qingdao) to get an idea of the growth of fisheries commerce in China over the period. The attendance cited above was significantly larger than the 7,400 visitors reported in 2004 and the number of exhibitors in 2014 represented nearly two and a half times the approximately 500 that were present in 2004.

There has also been an increased presence of tuna and the marketing of tuna compared to a decade ago. Whereas in 2004, tuna were more of a novelty (particularly sashimi-grades), tuna products are now more mainstream and available from a larger number of suppliers. This may be a reflection of an increase in Chinese

*Tuna is a minor
but growing
player at
annual China
seafood expo*



sources of tuna that attract foreign buyers as well as increased consumption of tuna within China itself.

Commenting on the latter, the President of Sea Fare Expositions, the company that organises the Expo, has noted two trends that contribute to increased Chinese consumption of seafood: an increase in e-commerce sales that gives Chinese consumers an alternative to ordering seafood at high-priced restaurants, and the 100 million Chinese tourists who are now travelling abroad and acquiring tastes that they want to fulfil when back in China.⁴⁰

Two cities in northern coastal China, Qingdao and Dalian, have hosted the Expo during most years in the last decade. In 2015 the Expo will remain in Qingdao but move to a different venue, the new Qingdao Aoshan Bay International Exhibition Center, a facility that is described as one of China's largest exhibition centres capable of hosting up to 6,000 standard-size exhibition booths in 10 large exhibition halls. It thus appears that continued expansion of the Expo is anticipated to match the increased commerce in fishery products in China.

FISHERIES DEVELOPMENT

New reports ponder coastal fisheries, food security and tuna in the Pacific

Industrial tuna fishing for export has generated economic benefits for Pacific island countries, but three new reports raise questions of how the Pacific's rich tuna resources contribute (or not) to regional food security. Interlocutors ranging from scientists to advocacy organisations and to government officials regularly posit that tuna should contribute to increasing local access to fish required for good nutrition; they emphasise the role of fish in combating diabetes and obesity in which PICs have some of the world's highest rates.

The first, led by the SPC's Johann Bell, focuses on how future demographic trends will intersect with fish availability.⁴¹ In 16 of 22 Pacific Island countries and territories, coastal states will not be, or are already not, able to provide sufficient fish recommended for good nutrition. The analysis focuses on quantifying the amount of tuna needed to fill this gap, illustrating that population growth has outstripped the ability of even well-managed coastal fisheries (based primarily on coral reefs) to supply required quantities of fish. It is suggested that tuna can help to fill this gap by providing 12 percent of fish supply by 2020 and 25 per cent by 2035. By volume, these sums represent only a tiny percent of current industrial tuna catch, but of course, distributional issues loom large. The report identifies interventions that can contribute to closing this gap, including: scaling up the use of near-shore fish aggregating devices (FADs), distributing small tuna and bycatch offloaded at regional ports, and improving the distribution of affordable canned tuna products. It also highlights supporting practices – management and otherwise – that can assist in achieving food security goals, such as: extending bans on discarding small tuna and bycatch, investing fishing license revenue into efforts to distribute canned tuna into inland areas, and conducting household income and expenditure surveys to track progress.

A second study adds climate change into the mix, exploring how pelagic resources will be affected.⁴² Three key points emerge. First, while catch and effort data for coastal pelagics for commercial and artisanal harvest are sparse, the annual value of catch is estimated to be around US\$ 272 million. Second, climate change will

Population growth, diabetes and obesity trends in PICs are raising concern about food security

Near shore FADs have proven highly effective at increasing local tuna consumption



have important, though as yet not well understood impacts on pelagics. Tunas are sensitive to changes in ambient temperature, oxygen and CO₂ levels and related acidification. It is likely that there will be shifts in the distribution of pelagics, so scientists are working to incorporate a range of factors into models and are calling for more research. Finally, the authors outline several very general strategies for responding primarily to climate change, noting that these changes will have an impact on food security. Such recommendations include: developing capacity in marketing, management, and research; and improving management, particularly single species stock assessments, ecosystem analysis, and scientific collaboration across ocean basins.

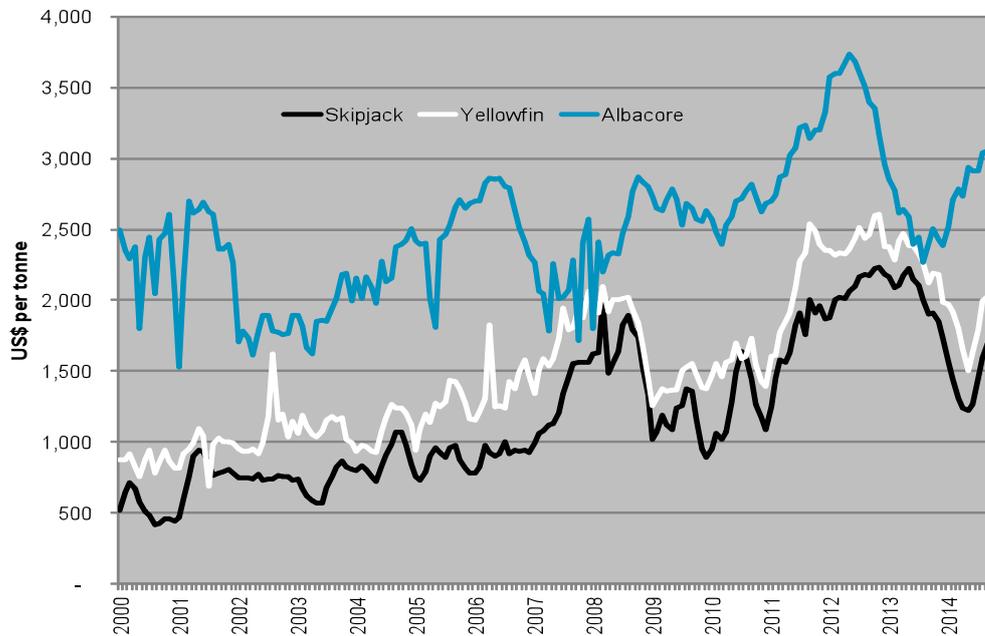
While these two studies draw general attention to food security issues, a third report offers a more on-the-ground synopsis of the food security and tuna issue. Four key points emerge. First, population pressure, weak management in coastal fisheries and lack of focus on resource protection (rather than promoting increased production) has intensified the 'food gap' and stymied investment and research on food security.⁴³ Second, there have been many attempts in PICs to encourage small scale fishers to harvest larger amounts of tuna. The most successful to-date has been FADs, but only a few countries have stable and well-funded FAD programmes. Third, NGOs have played a positive role in shifting focus from fisheries development to fisheries management and popularising the use of MPAs. However, the report pushes further, arguing that NGOs need to focus on contributing to improvements in domestic management and government capacities. Finally, it highlights the competition for government staff between offshore tuna fisheries and coastal fisheries, suggesting that highly experienced and competent staff of national fisheries agencies are being drawn towards tuna fisheries, which in turn limits skills and resources available for coastal fisheries management.

In sum, the three reports draw attention to food security and its relation to coastal and offshore pelagic fisheries, identifying important divides between lucrative industrial practices and the growing need for nutritious and sustainable food sources in a demographically changing Pacific region. Significant political, logistical, managerial and ecological challenges remain for efforts to address the 'food gap', though bright spots including successes with coastal FADs and NGO action on fisheries management.

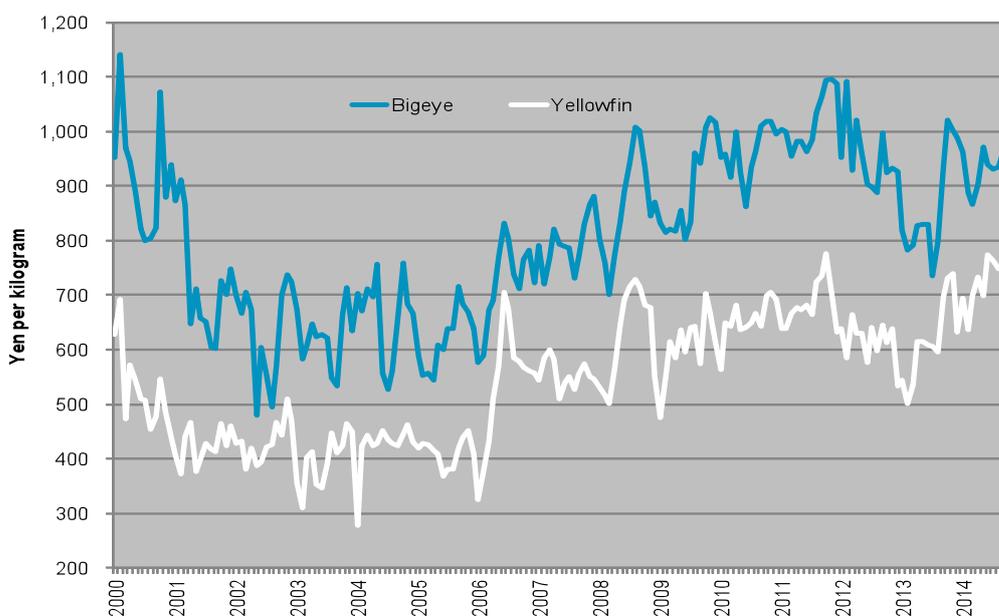
Using tuna resources to address the food gap will require stable, local investments in production and management

TUNA PRICE TRENDS⁴⁴

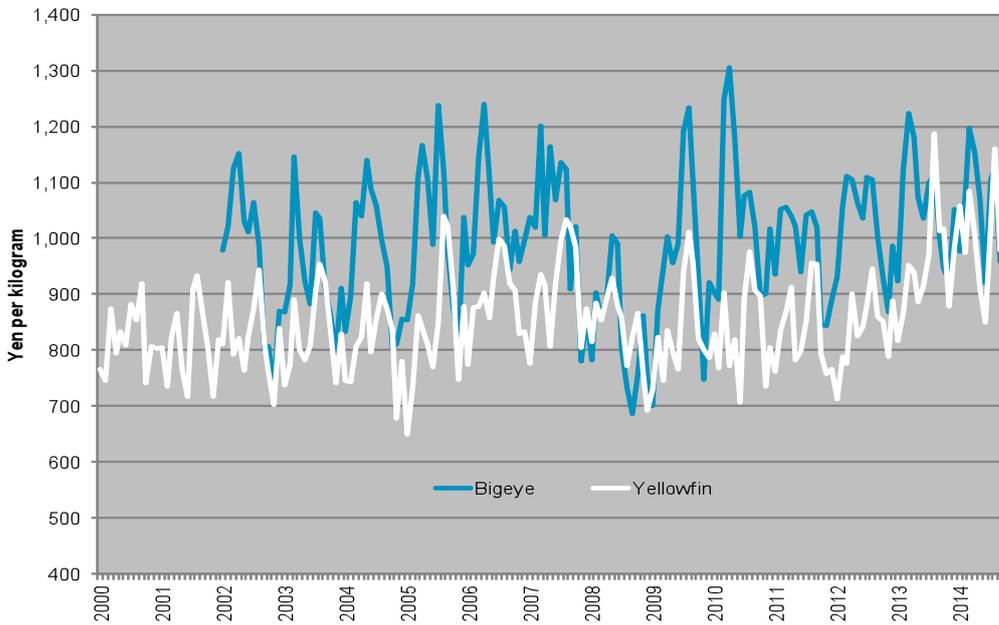
Bangkok canning-grade prices to October 2014⁴⁵



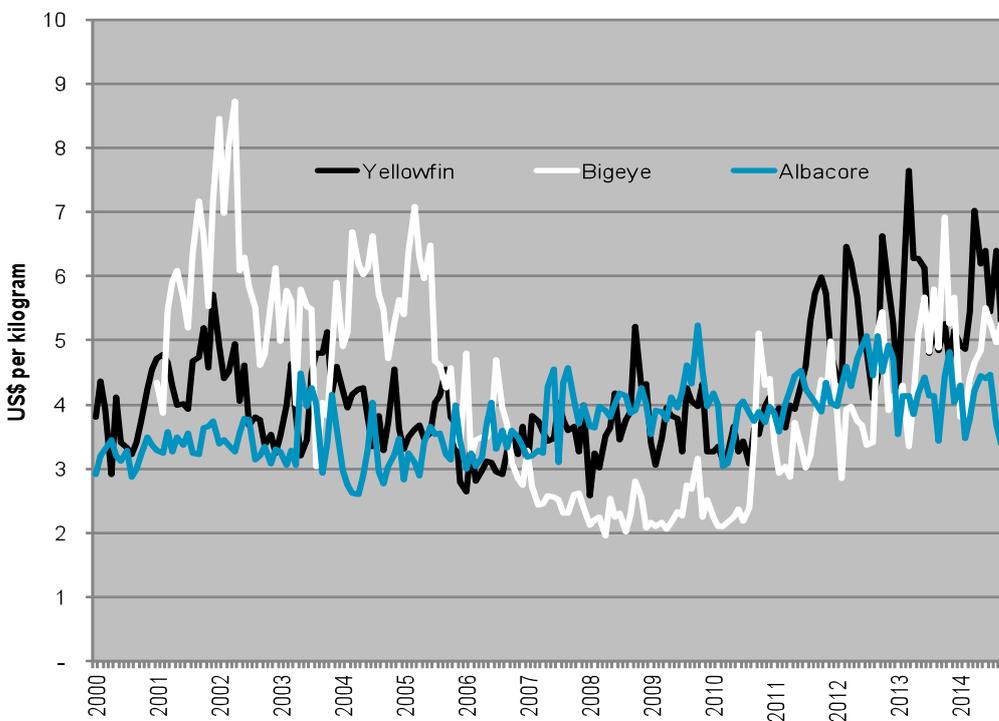
Japan frozen sashimi prices (ex-vessel, Japanese ports) to October 2014⁴⁶



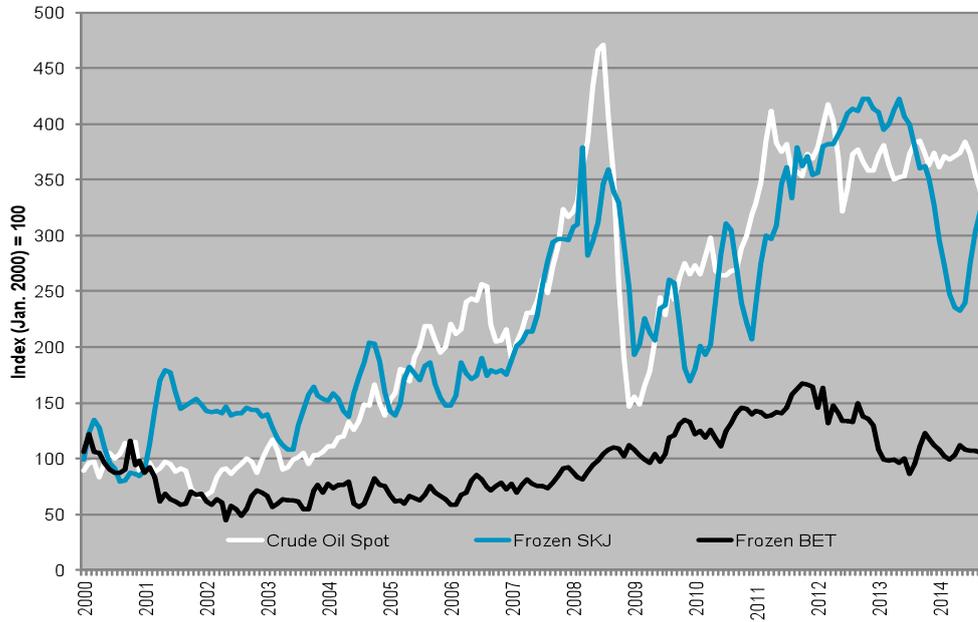
Japan fresh sashimi prices (origin Oceania) to October 2014⁴⁷



US imported fresh sashimi prices to October 2014⁴⁸



Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to October 2014⁴⁹



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