



## WTO FISHERIES SUBSIDIES

### Proposed disciplines on fisheries subsidies are back on the international agenda

It is widely recognised that subsidies received by the fisheries sector are contributing to overfishing and overcapacity. The questions at the centre of the debate are what subsidies should be banned and who should bear more or less of the burden of banning them.

Failed attempts to revive disciplines on fisheries subsidies at the WTO Ministerial in Nairobi in December 2015 were mirrored more positively in the agreement among the parties to the Trans-Pacific Partnership (TPP) to include prohibitions on the provision of subsidies to boats that fish on overfished stocks or that engage in IUU fishing.<sup>2</sup> To try to overcome the multilateral impasse at the WTO, the US has led a call for willing countries to work together to develop a plurilateral agreement.<sup>3</sup> The statement, published in September, was supported by 13 countries, including Papua New Guinea. The EU followed this a month later with a proposal in a joint blog post by the Commissioners of DG Trade and DG Mare that mirrors the TPP text, but introduces a higher degree of specificity in terms of proposing disciplines for “capacity enhancing” subsidies [which] represent the majority of funding to fishing activity, according to [UNCTAD] estimates almost 60%.<sup>4</sup>

In this context, a meeting at the WTO was hosted in October by the embassies of Fiji, New Zealand and Senegal, as part of the drive to re-invigorate discussion on the establishment of limitations to the amount of government subsidies received by the global fishing industry. At the meeting, Ambassador Nazhat Khan of Fiji pointed out that local Pacific Island firms are struggling to compete with fishing fleets subsidised by China, with some unfortunately being forced to tie-up their boats. A following presentation by Liam Campling outlined several possible impacts that the proposed, rolled-back rules on subsidies could have on the Pacific Islands. He pointed out that even the proposed rule to stop subsidies to fleets targeting overfished stocks, which are relatively unambitious, will still have complex implications. Assessing winners and losers from the proposed trade rules requires specific engagement with the features of these fisheries, and of the fleets exploiting them. Some big industrial fleets are likely to have serious economic problems without subsidies, which while benefitting local Pacific Island fishers, may conversely, reduce the amount of revenue available to Pacific Island governments from fishing licences.

Those continuing to push for a specific deal on fisheries subsidies at the WTO are hoping for it to be considered at the 11<sup>th</sup> WTO Ministerial Conference to be held in Argentina in late 2017.

Meanwhile, various agencies of the United Nations system are gearing up to fight fisheries subsidies. At the apex is Sustainable Development Goal (SDG) 14.6, which specifies the prohibition of

‘certain forms of fisheries subsidies which contribute to overcapacity and overfishing, eliminate subsidies that contribute to illegal, unreported and unregulated fishing and refrain from introducing new such subsidies, recognizing that appropriate and effective special and differential treatment for developing and least developed countries should be an integral part of the World Trade Organization fisheries subsidies negotiation’.<sup>5</sup>

This particular SDG has a completed target date of 2020. Crucially, the WTO remains the main driver.

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*The USA leads a call for a plurilateral agreement on fisheries subsidies; while the EU indicates its willingness to agree to the emerging international consensus*

In a connected initiative, UNCTAD, FAO and UNEP issued a joint statement highlighting the importance of having an international regulatory framework to streamline fisheries subsidies.<sup>6</sup> The statement was supported by the ACP and Pacific Island Forum Secretariat. Four actions requested in the statement are worth highlighting:<sup>7</sup>

- Require countries to provide information on what subsidies they are providing
- Prohibit those subsidies which contribute to overfishing and illegal fishing
- Introduce new policies tools to deter the introduction of new harmful subsidies
- Provide special and differential treatment to developing countries, in particular the least developed ones and the Small Islands Development States (SIDS)

Importantly the text mirrors that of the TPP and the UN SDG, indicating a high degree of international convergence on this new, rolled-back, level of ambition.

The issue of access to decent information is echoed by the Organisation for Economic Co-operation and Development (OECD), which argues that one of the main challenges of trying to estimate current levels of subsidies in the fishing industry is serious data limitations due to governments refusing to report exact numbers.<sup>8</sup> The OECD itself is developing a new analytical programme to better understand the roles and impacts of fisheries subsidies, but the results may not be ready in time for the 2017 WTO Ministerial.

## PREFERENTIAL TRADE AGREEMENTS

### [Ecuador tuna exports to the EU benefit from temporary relaxation of rules of origin](#)

Currently, Ecuador benefits from duty free access for canned tuna and cooked loin exports to the European Union (EU) under an interim agreement established between the two parties from 1 January 2015 to 31 December 2016, while Ecuador accedes to the existing Free Trade Agreement between the EU and Colombia and Peru. Rules of Origin (RoO) under the interim agreement permit regional cumulation. That is, Ecuador can process raw material originating from a number of countries in a regional Central American/Andean grouping and continue to receive a zero duty tariff preference for canned tuna/loin exports to the EU, provided these countries are beneficiaries of the EU's Generalised System of Preferences. However, from 1 January 2016, eight of the countries in the regional grouping were no longer GSP beneficiaries (Colombia, Peru, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama).<sup>9</sup>

On 4 April 2016, Ecuador submitted a request to the European Commission (EC) for a temporary derogation from the rules of origin to continue to be able to source raw material from these eight countries, on the grounds that without regional cumulation, Ecuadorian exports to the EU would reduce by 30%. Twelve days later, a magnitude 7.8 earthquake struck Manabi Province (Manta), home to Ecuador's tuna fishing and processing sectors, causing widespread severe damage to key infrastructure. Taking these circumstances into account, the EC granted Ecuador a one-year temporary derogation to the rules of origin on 16 August 2016 for the period 1 January 2016 to 31 December 2016.<sup>10</sup> Derogations from the EU's RoO are typically temporary in nature and limited to the duration of the effects of the internal or external factors impacting a country's ability to meet the RoO. Given regional cumulation is critical

*Fiji and PNG  
are at the  
forefront of  
international  
efforts to  
curb fisheries  
subsidies*

*The UN  
Sustainable  
Development  
Goals contain  
a commitment  
to end certain  
fisheries  
subsidies by  
2020*

*Without a RoO  
derogation,  
Ecuador cannot  
source non-  
originating fish  
from 8 regional  
trading partners  
through  
regional  
cumulation*

to Ecuador's tuna processing sector, the Ecuadorian government may opt to apply for a second temporary derogation in 2017 while the industry adjusts to changes in regional raw material suppliers' trade regime and continues to rebuild following the earthquake.

In addition to Ecuador, Kenya has been successful on multiple occasions in receiving a temporary RoO derogation to source non-originating raw materials for the production of 2,000 mt loin/year for export to the EU on the grounds of unseasonably low catches, exacerbated by piracy in the Indian Ocean. Similarly, Mauritius, Seychelles and Madagascar were also granted derogations for loins. Conversely, in 2014 Solomon Islands application was unsuccessful for a rules of origin derogation for 2,000 mt loins/year for two years to supplement catches from the domestic fleet with non-originating fish during the low season for fishing in Solomon Islands waters to sustain production at Soltuna.<sup>11</sup> Unlike trade agreements for the Central American/Andean region, provisions for regional cumulation are not offered to Pacific Island Countries under the GSP scheme nor the interim Economic Partnership Agreement.

## FISHERIES MANAGEMENT

### Summary of WCPFC's Twelfth Technical & Compliance Committee Meeting<sup>12</sup>

The WCPFC's Twelfth Technical & Compliance Committee Meeting (TCC12) was held in Pohnpei, Federated States of Micronesia from 21-27 September 2016, where technical and compliance matters were discussed by 36 Commission members, participating territories and cooperating non-members (CCMs).

One of the most important tasks undertaken during TCC is the annual review of CCMs' compliance with WCPFC's Conservation and Management Measure (CMM) obligations and scientific data requirements, under the Commission's Compliance Monitoring Scheme (CMS) (CMM 2015-07). In 2015, WCPFC12 agreed to extend the CMS for two years (CMM 2015-07), with an external review to be conducted in 2017. The compliance monitoring review (CMR) was once again conducted in closed session in response to several members' ongoing concerns that non-public domain data is presented during the CMR process. This prompted NGO observers – Pew, ISSF and WWF – to deliver a joint statement referring members to their transparency concerns raised in previous years and appealing to WCPFC members to agree to a way forward to resolve this issue. The Secretariat is preparing a document on transparency and the role of observers which should assist in this matter and may consider options such as observers signing confidentiality agreements and changes to what is defined as public domain data. Despite CMM 2015-07 (and former versions of the measure) establishing an intersessional working group to develop a process for identifying a range of responses to non-compliance for consideration no later than TCC12 and adoption no later than WCPFC13, no further updates were provided during TCC12. Currently, there are no responses in place for non-compliance, such as sanctions. The Provisional Compliance Monitoring Report prepared during TCC12 will be presented to WCPFC13 for adoption. CCMs have until 30 days prior to WCPFC13 to provide additional information or evidence to close out any non-compliant ratings.

CMM 2009-06 bans high seas transshipment for longline, troll and pole and line fishing vessels, except where a CCM has determined that it is impracticable for certain vessels carrying its flag to tranship in port or within national waters. At the

*Without regional cumulation, Ecuador's canned tuna/loin exports to the EU would decrease by 30%*

*WCPFC's Compliance Monitoring Review continues to be held in closed session, despite calls from observers to open the session to enhance transparency*

time of TCC12, the Secretariat reported that out of a total of 4,590 vessels registered on WCPFC's Record of Fishing Vessels (RFV), 2,267 (49.3%) were authorised by their flag states to conduct high seas transshipment; 80% of which were longliners (1,847 out of 2,267). Under CMM 2009-06, authorisation to tranship on the high seas is intended to be the exception, not the norm. However, several CCMs have authorised their entire longline fleet, without providing the required justification on economic grounds for doing so. CMM 2009-06 (para. 27) tasked the Executive Director to prepare draft guidelines for determining the circumstances where it is impracticable for fishing vessels to tranship in port or in waters under national jurisdiction, which were introduced by WCPFC's Legal Advisor during TCC12. The draft guidelines presented were not intended to address the policy question of whether or not high seas transshipment should be banned; rather, they focus on the benefits of transshipment in port to provide accurate catch reporting (in line with Article 29 of the Convention) and deem 'impracticability' as a high threshold. The guidelines identify the different categories of longline fishing operations undertaking transshipment in the high seas and consider any justification for permitting them to do so. In doing so, freezer vessels targeting canning-grade albacore are excluded from the 'impracticability' determination (except those fishing in the WCPFC-IATTC overlap area under IATTC requirements), as well as vessels authorised to tranship shark or shark fins. China, Chinese Taipei and Japan expressed the view that high seas transshipment is a common global practice taking place in other tuna RFMOs; China and Taipei raised concerns that their fleets targeting albacore would collapse if high seas transshipment were prohibited, while Japan and China indicated that overly high port charges incentivise vessels to tranship in the high seas. No agreement was reached during TCC12 on the proposed draft guidelines.

The current tropical tunas measure (CMM 2015-01) will introduce a total ban on FAD fishing in the high seas for 2017 (except for Kiribati vessels fishing in high seas adjacent to its non-contiguous EEZ). However, fleets that have reduced their bigeye catches to at least 55% of average 2010-2012 levels are not required to implement this measure (under footnote 5). TCC12 recommended that this footnote 5 exemption be applied in 2017 to a number of fleets who achieved the 55% reduction in 2015 – EU, Ecuador, El Salvador, Marshall Islands, New Zealand, Solomon Islands, Tuvalu and Vanuatu. Of these eligible countries, only the EU expressed an intention during TCC12 to apply the high seas FAD ban exemption in 2017. TCC12 also strongly encouraged those fleets seeking to rely on the FAD ban exemption to ensure their 2017 BET catch does not exceed a 55% reduction of 2010-2012 levels.

TCC12 discussed the inability to assess compliance with the current 5% fin:carcass ratio in place for shark conservation (CMM 2010-07) and recommended to WCPFC13 that compliance with the requirement for full utilisation of sharks is strengthened (para. 6). TCC12 also recommended that WCPFC13 require CCMs to provide detailed information on why it would be impracticable to implement a measure requiring fins to be naturally attached, as a demonstration of full utilisation.

The WCPFC Chair, Ms. Rhea Moss-Christian, also took the opportunity during TCC12 to discuss the proposed bridging CMM to replace the existing tropical tunas measure, which will expire at the end of 2017. The Chair circulated consultative draft text which is intended to reflect the WCPFC Convention and covers all four key tuna species, including South Pacific albacore, across the full range of the stocks. The bridging measure would serve as a transitional arrangement while the Commission continues to develop the harvest strategy framework. FFA and PNA members provided feedback on their respective priorities for the new tropical tunas measure. FFA members' priorities include removal of the disproportionate bigeye conservation burden to SIDS, removal of exemptions and alternative options conferring benefits

*Under draft transshipment guidelines, longline vessels targeting albacore or transshipping shark or shark fins could not apply 'impracticability' to tranship in high seas*

*The EU's purse seine fleet will not be subject to the high seas FAD ban in 2017, as it has reduced its bigeye catches by more than 55% on 2010-2012 levels*



to all members (while retaining those benefitting SIDS), and strengthened measures for South Pacific albacore which recognise zone-based mechanisms (notably, the Tokelau Arrangement). PNA reiterated FFA's concerns regarding the disproportionate burden and also called for reform to longline fisheries management (i.e. introduction of a longline VDS and stronger high seas management). The US indicated that it is in the process of developing a separate new tropical tunas proposal that will be structured around fisheries, not stocks, but links to relevant harvest strategies and will not include South Pacific albacore. It will include limits on fishing effort, flag-based limits on FAD sets to replace seasonal FAD closures, plus limits on purse seine numbers, while still allowing for SIDS fleet development. Longline management controls will incorporate spatial elements for areas with high exploitation, as well as flag based limits for bigeye catches. Japan indicated that it intends to submit a proposal on capacity management that will feed into a new tropical tunas measure. It is anticipated that separate meetings will be scheduled in 2017 to progress the new measure before adoption by WCPFC14 in 2017.

### **IOTC yellowfin and skipjack measures come into force; no agreement from IATTC**

In the final stages of the Twentieth Session of the Indian Ocean Tuna Commission (IOTC) in May, members adopted two key resolutions for skipjack and yellowfin; the final texts of which are now available on IOTC's website.<sup>13</sup>

IOTC adopted a precautionary resolution on harvest control rules (HCR) for skipjack (Resolution 16/02) consistent with scientific advice, which is intended to maintain Indian Ocean stocks at, or above, the target reference point (TRP) of 40% of unfished biomass and well above the limit reference point of 20% of unfished biomass (being the estimated maximum sustainable yield). The adopted harvest control rule will be an annual total catch limit for skipjack that should not exceed a recommended maximum of 900,000 mt to allow for uncertainty in stock assessments, nor should it exceed 30% above or below the previous recommended catch limit to enhance stability of the management measure. Reductions in fishing mortality will be required if the spawning biomass level falls below the 40% TRP (threshold level) and the commercial fishery will be closed if biomass falls to 10% of unfished levels (safety level). This measure will enter into force on 26 November 2016 and will be reviewed in 2019, provided the skipjack stock is not at risk of breaching the LRP.<sup>14</sup> For several years now, Maldives has been working hard on a HCR proposal for skipjack and gained wide support from other IOTC coastal member states, NGOs, industry and 38 key international businesses. The adoption of this resolution marks the first time a tuna RFMO has adopted harvest control rules as a precautionary approach to preserve an already healthy stock, rather than rebuild a stock which has reached an overfished state.<sup>15</sup>

While IOTC has been applauded for its HCR resolution for skipjack, the NGO community and several members have expressed disappointment at the adoption of a resolution establishing an interim plan for rebuilding the Indian Ocean's yellowfin stock (Resolution 16/01). Indian Ocean yellowfin stocks were deemed to be in an overfished state in the most recent stock assessment due to large, unsustainable catches in recent years. While scientists recommend a 20% reduction in yellowfin tuna catches on 2014 levels for stock recovery to levels above the interim target reference point by 2024 (with 50% probability), the new measure falls short, amounting to a reduction in catches of about 10%.<sup>16</sup> To achieve yellowfin catch reductions, IOTC members will reduce purse seine catches by 15% and apply a limit of 425 fish aggregating devices (FADs) per vessel. A limit will also be placed on the number

*IOTC is the first tuna RFMO to adopt harvest control rules to preserve a stock that is healthy, rather than rebuild an overfished stock*



of supply vessels to not more than half the number of purse seiners actively fishing in IOTC waters. Longline and gillnet vessels are required to reduce their yellowfin catches by 10% and other gear types by 5%. Individual flag states will determine the method/s they will employ to achieve these catch reductions and advise the IOTC Secretariat of measures taken. This interim measure comes into force from 1 January 2017 and will be reviewed no later than 2019.<sup>17</sup>

Conversely, Inter-American Tropical Tuna Commission (IATTC) members, at the recent 90<sup>th</sup> annual meeting held on 12-14 October, were unable to reach agreement on a new measure for tuna conservation before the conclusion of the meeting, despite the current measure being due to expire on 31 December 2016. Three proposals for a new measure from the US, Mexico and jointly, Colombia and Ecuador were under consideration. Consensus could not be reached on rolling over the existing measure to 2017 and instead, another meeting is scheduled in February 2017 to progress discussions and hopefully reach agreement on a new measure.<sup>18</sup>

## FISHERIES DEVELOPMENT

### Fisheries remain a high priority for Pacific Island Leaders<sup>19</sup>

On 8-10 September 2016, Pacific Island Leaders gathered at the 47<sup>th</sup> Pacific Islands Forum in Pohnpei, Federated States of Micronesia to discuss key issues for the region, with fisheries continuing to be one of the highest priorities going forward.

Leaders commended the progress made in implementation of fisheries-related priorities endorsed in 2015 under the Framework for Pacific Regionalism – these being, greater economic returns on fisheries and strengthening of maritime surveillance and enforcement.

They were pleased with the positive collaboration between FFA, SPC, PNA Office and PIFS, under the 'Fisheries Task Force' established in 2015 to increase economic returns and ensure sustainable management of the fisheries. Leaders endorsed the Taskforce's Economic Returns Work Programme and Report which includes four key work areas: i) reform of the management of the longline fishery; ii) increasing the value of employment and ensuring effective labour standards are in place; iii) facilitating investment and trade; and, iv) value chain participation. They also concurred with the Taskforce's position that at present there is no need to change the management regime for the region's purse seine fishery (the Vessel Day Scheme) in the foreseeable future, although a change could be considered at some time, if appropriate. Leaders encouraged FFA to ensure the rapid implementation of the Tokelau Arrangement for in-zone management of the South Pacific albacore longline fishery and noted the positive outcomes from the final renegotiation session of the US Treaty.

Leaders also agreed that the region's Monitoring, Control and Surveillance (MCS) Framework is world class, and achieves positive results for FFA members. They endorsed a review of regional MCS arrangements and FFA is tasked with continuing to pursue further improvements. Leaders called for action to end IUU fishing and associated activities including high seas bunkering, human trafficking and illicit trade. Flag states were urged to strengthen efforts in carrying out their flag state responsibilities.

In the past, US and French territories in the Pacific region have participated in the Pacific Islands Forum as observers. However, French Polynesia and New Caledonia

*IOTC's interim  
yellowfin  
measure  
falls short of  
scientific advice  
to reduce  
catches by  
20% for stock  
recovery*

*IATTC failed  
to reach  
agreement on  
a new tuna  
conservation  
measure*

*Leaders concur  
there is no need  
to change the  
purse seine  
Vessel Day  
Scheme for  
managing the  
fishery*



were accepted by Leaders as full members during this meeting. American Samoa has also expressed interest in accepting an invitation to become a full member, recognising the benefits of working closely and maintaining strong ties with independent Pacific Island countries that share similar development concerns.<sup>20</sup>

## TUNA INDUSTRY

### Tri Marine closes American Samoa plant; concern over overcapacity growing

Tri Marine has announced that it will close its Samoa Tuna Processing factory in Pago Pago in December 2016, resulting in 800 lost jobs and an economic blow to the American Samoa economy. The move comes less than two years after the company invested US\$ 70 million to upgrade the former Chicken of the Sea plant in Pago Pago with the aim of producing shelf-stable and frozen products marketed and sold to the US market as 'Made in America' through Tri Marine's downstream distribution arm, 'The Tuna Store'. The investment was intended to highlight and capitalise on Tri Marine's commitment to quality, sustainability and the communities where it does business.

Tri Marine cited the combination of multiple factors in explaining the closure. First, in early 2016, Tri Marine's US flagged vessels lost access to fishing grounds in the Western Pacific until the US Treaty negotiations were solidified half way through the year. This, combined with poor catches later in the year, created supply problems for the factory. Second, Tri Marine missed out on tax savings when it was not eligible for reinstated tax breaks for American Samoa-based tuna processing facilities from the US federal government because of the date of its investment (only firms active prior to 2006 qualified). Third, and most importantly, the high quality 'Made in America' tuna line failed to gain traction in the US market, pointing to the continued stubbornness of the US market to accept product and quality diversification – and related price increases – in the canned market tuna segment.<sup>21</sup>

Tri Marine is keeping a range of options open for the plant, including a potential sale. However, buyers might be scarce as the Tri Marine move has revived long-standing debate over whether the processing sector is over-capitalised. Reportedly, some in the sector are hopeful that the closure will help to reduce overall sector-wide capacity and alleviate one of many factors that contributes to price depression. Finished goods prices are reported to be as much as US\$ 350 per metric ton below the price of skipjack raw material.<sup>22</sup> 'Sustainable' raw material such as MSC certified product is more economically viable, but lacking in volume.<sup>23</sup> In recent months, there has been a reduction in fishing vessels registered in the WCPFC, following a period of low skipjack prices. Some have predicted that reduction in fishing capacity will lead the canning sector to recalibrate, unless canned good buyers in the major markets will pay more for product. Tri Marine COO Joe Hamby has remarked that overcapacity in fishing and processing is particularly damning for American Samoa, where production costs are higher than in competitor sites and where low market prices reduces the value of American Samoa's duty exemption.<sup>24</sup>

### Pacifical moves into UK market, IKEA and social accountability

Pacifical is the global tuna marketing company that the eight Parties to the Nauru Agreement (PNA) have developed to promote and trade their MSC-certified free-school skipjack and yellowfin. In recent months, Pacifical MSC products have

*French  
Polynesia and  
New Caledonia  
have been  
accepted as full  
members of the  
Pacific Islands  
Forum*

*Tri Marine  
is closing its  
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Processing  
factory*

*The STP closure  
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tuna fishing and  
processing*



penetrated new markets. New social accountability requirements have also been introduced. On the former, beginning in October, the Princes brand become the first in the UK to sell Pacifical MSC products. The tuna, though sourced from PNA waters, will be processed in Princes' Mauritius facility in the Indian Ocean. Princes indicates plans for its 160g singles range of products to move from 0 to 100 per cent MSC certified by the first quarter of 2017.<sup>25</sup>

In addition, global furniture and food retailer IKEA is now selling Pacifical MSC-certified tuna in its 16 stores in Spain. In 2015, IKEA made a global commitment to source seafood from MSC-certified fisheries, and recently, IKEA Spain has begun to offer 100 per cent certified tuna. MSC officials report that demand for sustainable seafood is growing among Southern European consumers and that in Spain the value of MSC certified seafood has grown over 110 per cent in the last year.<sup>26</sup> Pacifical has emphasised that the IKEA product will be processed in Pacific Island facilities, generating local employment opportunities.<sup>27</sup>

Meanwhile, as attention to labour abuses in fisheries has mounted, Pacifical has announced social accountability guidelines for fishing vessels participating in its MSC certification program. Citing a lack of binding legal instruments specifically formulated to ensure fair labour conditions in the global fishing industry across flag states, Pacifical developed the guidelines 'to protect the rights of fishermen and ensure that they are decent, safe and meaningful employment on board fishing vessels.'<sup>28</sup> The new social accountability guidelines require that fishing companies catching tuna for Pacifical do not use forced or child labour, provide good living conditions for crew and decent employment with fair remuneration and benefits.<sup>29</sup>

Pacifical will urge all vessel owners involved in PNA's MSC fishery to start implementing the guidelines. In lieu of a formal enforcement mechanism, Pacifical has outlined 'cooperative implementation' procedures in which Pacifical and fishing vessel owners shall work together to implement, monitor and enhance the guidelines and progressively improve crew welfare. The guidelines indicate that vessel owners shall facilitate Pacifical to annually assess vessels, appraising living and working conditions, as well as crew training. Pacifical will publish and maintain a list of companies that agree to follow the guidelines. Pacifical sees the guidelines as a living document that it will adapt over time.<sup>30</sup>

### Labour practices aboard fishing vessels face increased scrutiny

An investigative report by the U.S. Associated Press published in early September, 2016 as part of AP's global investigations of labour abuses in the fishing industry focused on the labour situation aboard U.S. flag longline vessels based in Hawaii.<sup>31</sup> The report emphasises two main issues: the inability of foreign crew on these vessels to legally go ashore in the U.S. except under exceptional circumstances, and the poor living and working conditions on some vessels, including low salaries relative to other U.S.-based employment. In particular, the report noted the total lack of basic labour protections afforded to other workers in the U.S, even though the vessels are U.S. flag and operating from a U.S. port (Honolulu).

U.S. law requires that U.S. citizens must make up at least 75 per cent of the crew on most U.S. flag commercial fishing vessels fishing within the U.S. EEZ. However, since the late 1980s, U.S. vessels fishing outside the U.S. EEZ and/or those fishing for highly migratory species have been exempt from this requirement. According to AP, about 700 foreign crewmen from countries such as the Philippines, Vietnam, Indonesia, and Kiribati work onboard Hawaii-based longline vessels targeting tuna

*Pacifical MSC  
product is  
now available  
through Princes  
in the UK and  
IKEA in Spain*

*Pacifical aims to  
cooperatively  
implement  
social  
accountability  
guidelines for  
vessels its MSC  
fishery*





and swordfish. In addition to not being allowed ashore, they are not able to fly into Hawaii to board their respective vessels. Rather, they must first go to American Samoa or foreign ports and be boarded there, either by their destination vessel or another Hawaii vessel that will transfer them at sea to their destination vessel. The AP report highlights the fact that since the law requires them to not set foot in the U.S., they are virtually prisoners onboard their vessels for the duration of their employment, sometimes lasting years. The overall situation has continued since at least 2005 when the National Marine Fisheries Service published an extensive report on Filipino fishermen working onboard Hawaii-based longliners that documented the difficulties and problems facing undocumented foreign fishermen employed in the fleet.<sup>32</sup>

The AP report brought to light squalid and unsafe conditions aboard some vessels, and low pay and lack of safeguards relative to other jobs in the U.S. Following release of the AP article, a Honolulu news outlet reported that the local fishing industry had formed a task force of vessel owners, suppliers, the Honolulu fish auction and the Seafood Council to address the problem.<sup>33</sup> The result was a standardized crew employment contract, the use of which would be a prerequisite for vessel owners wishing to sell their fish at the auction. The new contract approach was criticized by one Hawaii-based labour activist, quoted as saying 'The system is a problem, not a faulty contract'.<sup>34</sup>

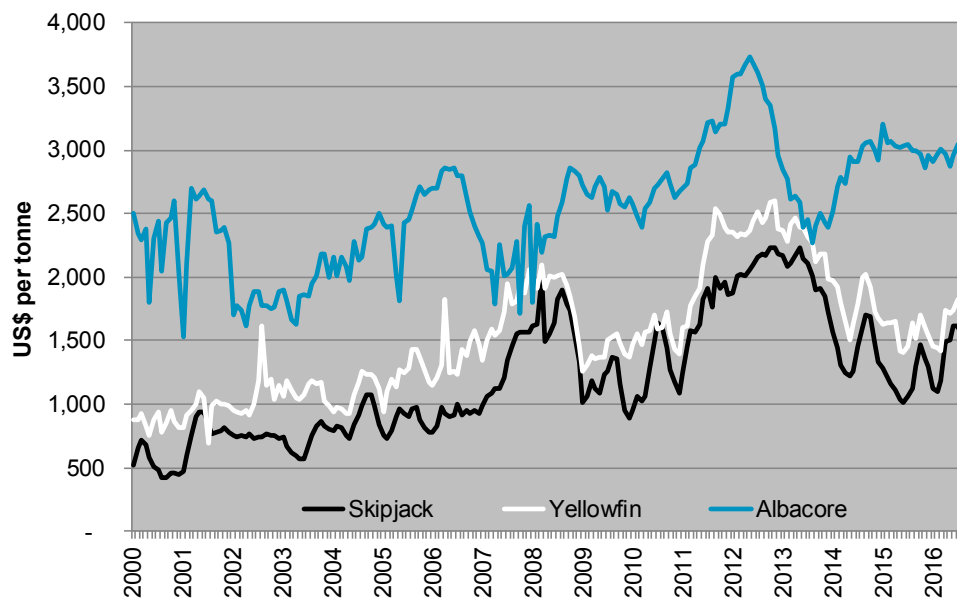
Hawaii is not the only location where fishing labour conditions have been in the spotlight. In Taiwan, where upwards of 20,000 foreign crew are employed and where several international labour and human rights organisations have been highly critical of labour practices onboard Taiwanese fishing vessels, a new law, the Distant Water Fisheries Act, takes effect on 15 January 2017. The new law will require registered agents to be used to hire foreign crew and contracts must specify workers' rights. Violators who do not follow the requirements will face large fines and vessel owners who abuse their workers may lose their fishing licenses for a year.<sup>35</sup>

*The Hawaiian longline fleet employs over 700 foreign crew members; under U.S. law they cannot enter the U.S.*

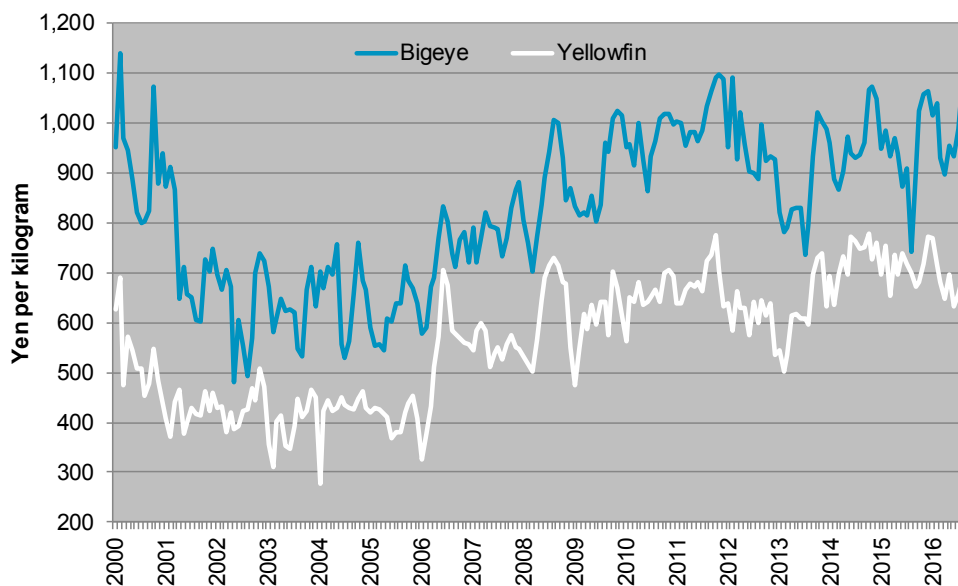
*Reportedly, some vessels have squalid and unsafe working conditions, as well as low pay and a lack of safeguards relative to jobs in the U.S.*

## TUNA PRICE TRENDS<sup>36</sup>

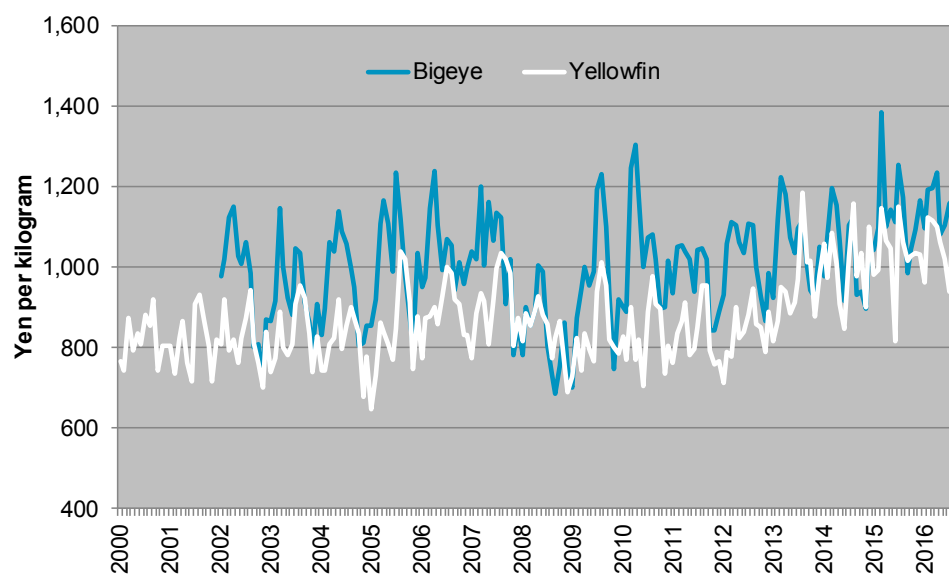
Bangkok canning-grade prices to August 2016<sup>37</sup>



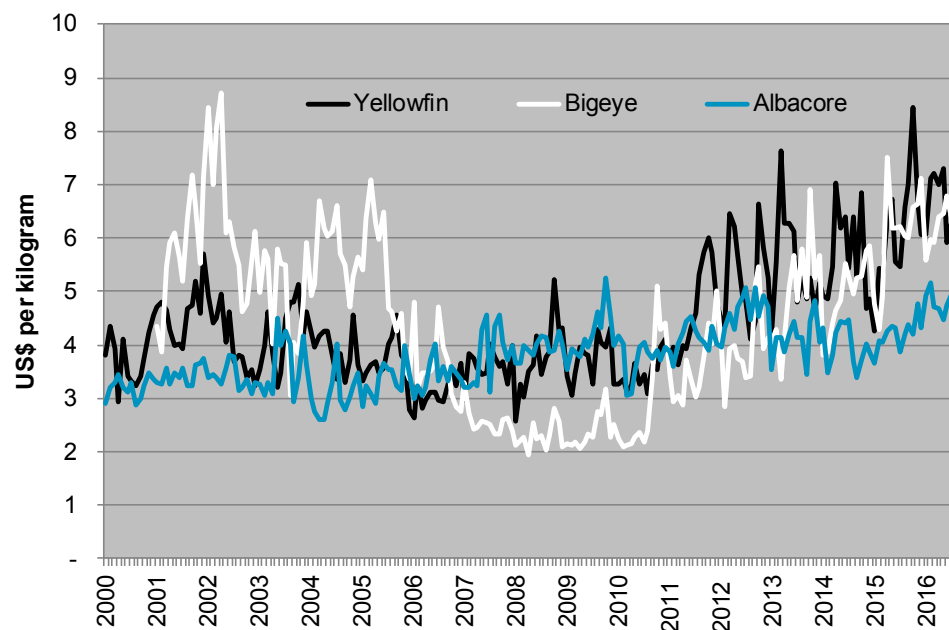
Japan frozen sashimi prices (ex-vessel, Japanese ports) to August 2016<sup>38</sup>



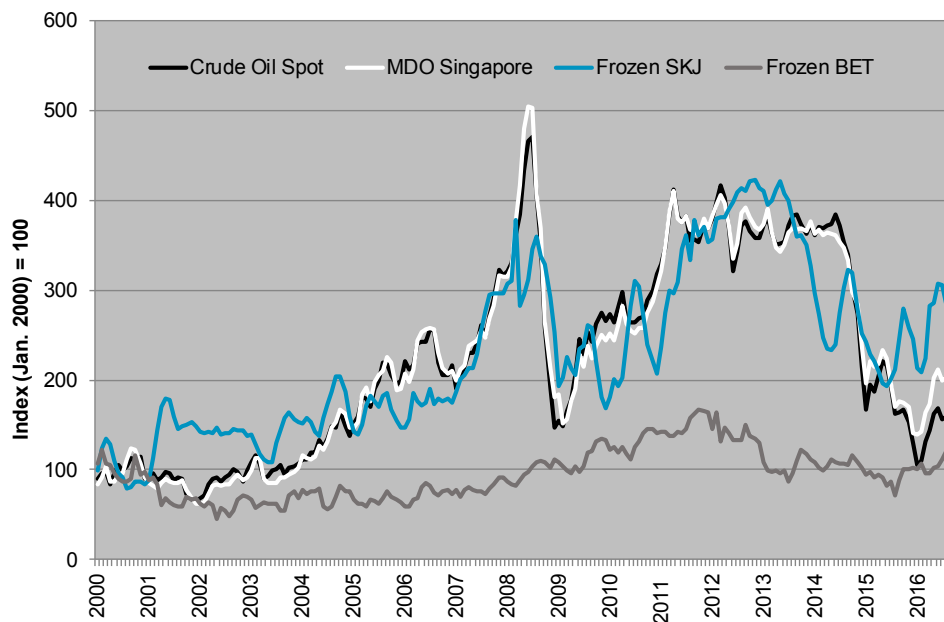
### Japan fresh sashimi prices (origin Oceania) to August 2016<sup>39</sup>



### US imported fresh sashimi prices to August 2016<sup>40</sup>



## Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to August 2016<sup>41</sup>





<sup>1</sup> 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.

<sup>2</sup> See Liam Campling, Elizabeth Havice and Mike McCoy, 'Fisheries aspects of the Trans-Pacific Partnership' and 'Fisheries subsidies negotiations fail at WTO 10th Ministerial', FFA Trade and Industry News, 8(6), Nov-Dec 2015. Available at: <http://www.ffa.int/node/1618>

<sup>3</sup> Joint Statement Regarding Fisheries Subsidies, Washington, D.C., 14 September 2016. Available at: [https://ustr.gov/sites/default/files/09142016\\_STATEMENT\\_joint\\_statement\\_fisheries\\_partners\\_FINAL.pdf](https://ustr.gov/sites/default/files/09142016_STATEMENT_joint_statement_fisheries_partners_FINAL.pdf)

<sup>4</sup> Cecilia Malmström and Karmenu Vella, 'Blog post: Protecting global fisheries through the WTO', 16 October 2016. Available at: [http://ec.europa.eu/commission/2014-2019/malmstrom/blog/protecting-global-fisheries-through-wto\\_en](http://ec.europa.eu/commission/2014-2019/malmstrom/blog/protecting-global-fisheries-through-wto_en) See also: DG Trade press release, 'The EU proposes to curb subsidies causing overfishing in WTO countries', Brussels, 17 October 2016. Available at: <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1561>

<sup>5</sup> Available at: <https://sustainabledevelopment.un.org/sdg14>

<sup>6</sup> Available at: [http://unctad.org/meetings/en/SessionalDocuments/U14ditc\\_d16\\_FishSub\\_Statement\\_en.pdf](http://unctad.org/meetings/en/SessionalDocuments/U14ditc_d16_FishSub_Statement_en.pdf)

<sup>7</sup> Stefania Vannuccini (FAO). Presentation to the meeting 'Sustainable Fisheries and Subsidies' hosted by the embassies of Fiji, New Zealand and Senegal. WTO, Geneva, 4 October 2016.

<sup>8</sup> Roger Martini (OECD). Presentation to the meeting 'Sustainable Fisheries and Subsidies' hosted by the embassies of Fiji, New Zealand and Senegal. WTO, Geneva, 4 October 2016

<sup>9</sup> EC, Commission Implementing Regulation (EU) 2016/1380 on a derogation from Article 55 (2)(a) of Delegated Regulation (EU) 2015/2446 as regards to the rules of origin applicable to regional cumulation for tuna originating in Ecuador, 16 August 2016. Available at: <http://www.eur-lex.europa.eu>

<sup>10</sup> *ibid.*

<sup>11</sup> Confidential source, pers. comm.

<sup>12</sup> This article is based on the TCC12 Draft Executive Summary, numerous other TCC12 meeting and WCPFC documents and personal communication with selected TCC12 attendees. Meeting documents available at: <http://www.wcpfc.int/meetings/tcc12>

<sup>13</sup> Refer to: <http://www.iotc.org>

<sup>14</sup> IOTC, Resolution 16/02 on harvest control rules for skipjack tuna in the IOTC area of competence. Available at: <http://www.iotc.org>

<sup>15</sup> Neil Ramsden, 'IOTC adopts 'groundbreaking' skipjack harvest control rules', Undercurrent News, 26 May 2016. Available at: <http://www.undercurrentnews.com>

<sup>16</sup> Claire van der Geest & Wetjens Dimmlich, 'IOTC takes important steps for skipjack tuna, falls short on yellowfin', ISSF & WWF, 2 June 2016. Available at: <http://www.iss-foundation.org>

<sup>17</sup> IOTC, Resolution 16/02 on an interim plan for rebuilding the Indian Ocean yellowfin tuna stock in the IOTC area of competence. Available at: <http://www.iotc.org>

<sup>18</sup> Confidential source, pers. comm.

<sup>19</sup> PIFS, Forum Communiqué – Forthly-Seventh Pacific Islands Forum, FSM, 8-10 September 2016. Available at: <http://www.forumsec.org>

<sup>20</sup> Fili Sagapolutele, 'Gov. Lolo says American Samoa needs a voice in regional matters, Samoa News, 26 September 2016. Available at: <http://www.samoanews.com>

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<sup>23</sup> Ibid.

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<sup>28</sup> 'Pacifical launches Social Guidelines for its MSC tuna fisheries', PNA Press Release, 1 September 2016. Available at: <http://www.pacifical.com>

<sup>29</sup> 'Pacifical launches Social Guidelines for its MSC tuna fisheries', PNA Press Release, 1 September 2016. Available at: <http://www.pacifical.com>

<sup>30</sup> Detailed guidelines are available here: <http://www.pacifical.com/guidelines.html>

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<sup>32</sup> Allen, S.D. and A. Gough (2006). A sociocultural assessment of Filipino crew members working in the Hawaii-based longline fleet. U.S. Department of Commerce, NOAA Tech Memorandum NOAA-TM-NMFS-PIFSC-67

<sup>33</sup> Honolulu Star Advertiser, 'Pacific Alliance to Stop Slavery', September, 20, 2016. Available at: <http://www.staradvertiser.com>

<sup>34</sup> Katherine Xian, Pacific Alliance to Stop Slavery, quoted in Honolulu Star Advertiser, September 20, 2016. Available at: <http://www.staradvertiser.com>

<sup>35</sup> Jennings, R. 'Taiwan seeks to improve conditions in fishing fleet'. October 4, 2016. Associated Press. Available at: <http://bigstory.ap.org/article/fade2786e7224717b1d2624203ac5c34/taiwan-seeks-improve-conditions-fishing-fleet>

<sup>36</sup> All databases are provided by the Fisheries Development Division at FFA.

<sup>37</sup> Customs Department, Thailand. <http://www.customs.go.th/Statistic/StatisticIndex.jsp>

<sup>38</sup> FFA database

<sup>39</sup> Japan Customs. [http://www.customs.go.jp/toukei/info/index\\_e.htm](http://www.customs.go.jp/toukei/info/index_e.htm)

<sup>40</sup> US National Marine Fisheries Service. <http://www.st.nmfs.gov/st1/trade/index.html>

<sup>41</sup> US Energy Information Administration. [http://tonto.eia.doe.gov/dnav/pet/pet\\_pri\\_spt\\_s1\\_m.htm](http://tonto.eia.doe.gov/dnav/pet/pet_pri_spt_s1_m.htm)