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By Liam Campling, Elizabeth Havice and Mike McCoy[1]

FISHERIES TRADE

Brexit and the UK-Pacific Islands Economic Partnership Agreement

The UK and the European Union negotiated a Brexit withdrawal agreement in November 2018. But these initial 'divorce' proceedings were rejected by the UK House of Commons in January and again (twice) in March 2019.

In this context a 'No Deal' scenario became likely – this is where the UK crashes out of its membership of the EU without any transitional arrangement to negotiate an EU-UK trade agreement.

As pointed out in prior issues of *FFA Trade and Industry* News, Brexit poses a commercial threat to canned tuna exports from PNG to the UK.[2] In March 2019, the UK announced customs duties for 21 seafood products that would take immediate effect in the case of a 'No Deal'. Canned tuna imports would be hit by a 24% tariff which mirrors the current EU standard Most-Favoured Nation (MFN) tariff. Products not listed would be duty free – these are products covered by the EU system of autonomous tariff quotas, including salmon, whitefish (other than monkfish), pelagic fish and bivalve molluscs.[3]

In this context, PNG and Fiji agreed to a new trade deal with the UK. The UK-Pacific Islands Economic Partnership Agreement (EPA) is based on the EU-Pacific Interim EPA and will take effect if the latter ceases to apply to the UK as a result of Brexit.[4] Tariff preferences applied by the UK to goods from Papua New Guinea and Fiji will remain the same, as will UK preferences in PNG and Fiji markets.[5]

The 'global sourcing' (or change in tariff classification) rule of origin for canned tuna remains intact in the UK-Pacific Islands EPA. Indeed, it is reproduced verbatim from the EU-Pacific IEPA text. This raises a question as to whether the review clause will be triggered requiring examination of 'development effects and the effective conservation and sustainable management of the resources' three-years post-notification.[6]

The UK-Pacific EPA continues to allow for other Pacific countries to accede to the Agreement. For example, in December 2018, the EU agreed to Samoa's accession to the EU-Pacific EPA, which has since been ratified by Samoa's Parliament. The UK has made clear that "if Samoa wished to accede to the Agreement its application to do so would require the consent of the UK, Fiji and Papua New Guinea".[7] The UK-Pacific Agreement also reaffirms the commitment to negotiate a *comprehensive* EPA – beyond the current Agreement's focus on goods with "all interested Pacific Islands".[8]

In April, the EU granted the UK's Conservative Government an extension to the Brexit process to 31 October 2019. This 'Halloween Brexit' gives the government another six months to reach agreement with the opposition Labour Party on the UK's current withdrawal agreement. If this fails, Members of Parliament will have to agree to an alternative, which could include a second referendum.[9] Given deep polarisation within and between the UK's political parties it remains an open question as to whether the additional six months will make any difference. For example, the Conservative Party is split between a pro-Brexit right wing – the 'Brexiteers', those who want a 'soft landing' (the current negotiated withdrawal agreement) and those who would prefer to stay as full members of the EU.

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'No Deal' Brexit poses great uncertainty for seafood exports to the UK

Brexit is widely touted as the biggest crisis facing the UK Government since World War II. The UK Seafood Industry Alliance points out that 'No Deal' "will distort normal patterns of supply and demand - and potentially add to costs and margin pressures. In other words, a whole new level of uncertainty."[10] The new UK-Pacific IEPA provides a degree of certainty to exporters in Fiji and PNG should a No Deal eventuate on 31 October 2019.

Seafood industry concerns regarding mounting US-China and US-EU trade wars

International attention has been drawn to the ongoing US-China trade war. In early May, 2019, the Trump Administration increased tariffs from 10 per cent to 25 per cent on 5,745 tariff lines of Chinese goods; and the Chinese retaliated by announcing it would impose tariffs on US goods and services worth US$60 billion beginning 1 June 2019.[11] As reported in prior issues of Trade and Industry News, these tariffs will affect imports of tuna loins as China is the leading loin supplier to the US market and low-tariff loins have been the central logic of Bumble Bee and Chicken of the Sea's large processing operations in the mainland US.[12]

In the meantime, trade tensions have been mounting between the US and EU, as well. The origin of the conflict is a long-running WTO dispute over subsidies offered to aeroplane manufacturers - by the US to Boeing and the EU to Airbus. Recently, the US said it was considering tariffs on about US$11 billion of EU goods as a response to Airbus subsidies.[13] In April, the WTO found that the US had failed to remove some Boeing subsidies in a dispute that has been running for 15 years. In response, the European Commission published a preliminary list of products from the US upon which it may impose countervailing measures. In total, the list includes products estimated at around US$20 billion.[14]

Seafood products have become a potential causality in this escalating war. The US list included seafood items such as salmon and octopus.[15] The EU's list included a long list of seafood products; it included frozen albacore and frozen yellowfin tuna for onward processing into cans, however, the US is not a major supplier of these products to the EU. Industry association National Fisheries Institute (NFI) has spoken up to raise concerns that American seafood producers are now set to be disadvantaged on account of a dispute unrelated to their sector.[16]

No countermeasures have yet been implemented. Both the US and the EU have emphasised that they do not want to see a 'tit-for-tat' trade war and instead hope the two sides can come to resolution through dialogue. Both sides indicate that a WTO-appointed arbitrator should determine the appropriate level of countermeasures. In the next step, the EU will draw up a final list of countermeasures based on the current proposal, accounting for the arbitrator's decision.

FISHERIES MANAGEMENT

Overview of PNA Official's Annual Meeting

On 18-22 March 2019, the Parties to the Nauru Agreement (PNA) Officials held their annual meeting in Palau. During this meeting, PNA Fisheries Officials reviewed and endorsed a number of initiatives which are planned for implementation in 2020.

The UK and PNG/Fiji agreed to mirror EU tuna preferences and 'global sourcing' rule of origin

The US increased tariffs to 25 percent on loins from China as part of the trade war

Industry is concerned that seafood is set to be caught in an escalating EU-US trade conflict

Officials agreed to textual revisions to the PNA's Third Implementing Arrangement to the Nauru Agreement (3IA) which will prohibit all bunkering (re-fuelling) in the high seas as a licencing condition for purse seine vessels fishing in PNA members' EEZs. Consideration is also being given to improving control of bunker/tanker vessels through vessel tracking, registration on PNA's Vessel Register and observer monitoring. This move is in line with a strategy of the Pacific Island Forum Leaders' Roadmap for Sustainable Fisheries which calls for progressively restricting fishing on the high seas through licensing conditions. At the moment the WCPFC and other international processes appear to be unable to level the playing field between heavily-regulated EEZs and strongly-defended freedoms of the high seas and to prevent Pacific Island SIDS EEZ fishery conservation measures being undermined by cheaper fishing outside their borders. Forum leaders have encouraged Pacific Island SIDS to continue to take action through the only direct means at their disposal – the application of harmonised licencing conditions.[17]

Since the implementation of PNA's Purse Seine Vessel Day Scheme (VDS) in 2007, access fee revenue has increased considerably. In 2011, PNA members set a minimum benchmark price for bilateral fishing days of US $5,000/day. In 2015, this increased to US $8,000 and has remained at this level ever since. The minimum benchmark price has done its job of providing confidence to Parties to negotiate, and the price of a vessel day now floats above this minimum depending on its perceived value. PNA members are now typically receiving well above the minimum benchmark price for both bilateral and multilateral fishing days. For several years, five PNA members have pooled some of their fishing days which provides purse seine vessels who are not licenced under the US Multilateral Treaty or FSM Arrangement with the flexibility of utilising a single pool fishing day in any of five PNA EEZs – these days are obviously more valuable than bilateral fishing days. Other PNA members are selling bilateral fishing days by competitive tender, with preferential allocation given to fleets/vessel owners willing to pay the highest price. PNA members are also now considering longer-term allocation of fishing days as an additional way to derive higher value from the VDS, where fishing days would be valid for longer than one-year, providing a higher level of certainty to PNA members and industry. This was one of the key purse seine VDS initiatives discussed during the officials' meeting. A presentation was also delivered by an investment fund manager to discuss options for PNA members to invest VDS revenues.[18]

PNA parties also provided updates on progress with full implementation of the longline VDS. Following the success of the purse seine VDS, PNA members opted to establish a similar scheme to strengthen management and economic benefits derived from the tropical longline fishery in PNA waters. One non-PNA member country has also expressed an interest in participating in the longline VDS.[19]

PNA Officials also reviewed recommendations for the text of a FAD registration and tracking measure, which were developed in a working group session in February 2019, following two FAD management workshops held in 2018 and the development and testing of a full FAD registration and tracking information management system. After extensive trials and scientific analysis, the system is ready to roll and this measure is expected to come into force 1 January 2020, following review by PNA Officials and consideration for endorsement by Ministers at the end of May. PNA Officials also continued discussions on PNA's new strategic plan and the three business plans that will support it focussed on strengthening the PNA office; growing PNA's influence on tropical tuna management; and, identifying and capturing additional economic development opportunities.[20]

PNA Officials' recommendations will be presented to PNA Ministers for final endorsement in Palau from 27-31 May 2019.

Purse seiners licenced to fish in PNA EEZs will be prohibited from bunkering in high seas from 1 January 2020

PNA members are considering options to invest VDS revenue and longer-term allocation of fishing days

US swordfish closure adversely impacts Hawaii longline fleet

On 19 March 2019, the Hawaii-based shallow-set pelagic longline fishery was closed by US Federal fisheries management officials when an annual fleet-level limit of interactions with loggerhead sea turtles was reached. Regulations that govern the fishery include a hard cap of a total of 17 interactions with loggerheads and 26 leatherback sea turtles that when reached causes the fishery to be immediately closed. Interactions are defined as situations where sea turtles come in contact with the fishing gear; interactions need not be confirmed fatalities. The fishery is monitored by on-board observers who cover 100% of the fleet. When closed, Hawaii longline vessels are prohibited from shallow-set fishing north of the Equator for the remainder of the calendar year.

In various international meetings, representatives of the US Government's fisheries management structure have described the US management system's actions and policies as 'leading the world in social and environmental sustainability'. But what happens when the bureaucratic machinery set up to operate such a system fails or is seriously compromised? The current situation in the Hawaii-based shallow-set longline fishery provides an example.

The US has described its fishery management system as leading the world in social and environmental sustainability.

The pelagic longline fishery based in Hawaii consists of two components: a deep-set fishery that targets bigeye tuna and a shallow-set fishery that targets swordfish. Some vessels also undertake what are called "mixed trips" where swordfish and albacore/ yellowfin are targeted using similar gear configurations. The shallow-set portion of the Hawaii-based longline fishery fishes primarily in areas north of the Hawaiian Islands and consists of an estimated 20 of the 140 vessels allowed in the Hawaii-based fleet. According to the Western Pacific Regional Fisheries Management Council, the shallow-set longline fishery landed 2,791,000 lbs (1,265 mt) or 7% of all commercial landings in Hawaii in 2015. The head of the Hawaii Longline Association has been quoted as saying that the value of the Hawaii swordfish fishery varies from $2.5 million to $7.5 million per year and has accounted for between 24% and 55% of all US domestic swordfish landings.[21]

Interactions with loggerhead turtles take place because both swordfish and loggerheads occur in areas of the North Pacific where currents, sea temperature fronts and other oceanographic factors tend to congregate prey for both species.[22] Loggerheads spend much of their time at or near the surface in these geographic areas, making them susceptible to shallow-set longlines intended for swordfish.

Loggerhead turtles spend much of their time at or near the surface making them susceptible to shallow-set longlines intended for swordfish

The number of allowed sea turtle interactions has been a source of contention among the industry, regulators and environmental groups since at least 2004 when the National Marine Fisheries Service (NMFS) implemented the limit of 17 loggerhead interactions. The fishery was closed in March 2006 when the loggerhead limit was reached, and again in 2011 when the limit of 16 interactions with leatherback turtles was reached. In 2012 the limits were revised upwards from 17 to 34 interactions for loggerheads and from 16 to 26 for leatherbacks. In the following four years, 2013-2017 interactions remained below the original 17 and 16 limits that had been in place. Nonetheless, several environmental groups sued NMFS, claiming that increasing the interaction limits put sea turtles at risk. In May 2018, a court order closed the fishery and replaced the 34/26 interactions with the original 17 and 16 in October 2018.[23] Eventually NMFS agreed to settle and revert back to the original 17 and 16 limits, beginning in 2019.

While the legal activity was taking place in late 2018, NMFS was working on a biological opinion that would form the basis of new regulations and new limits if warranted. That biological opinion was supposed to be completed by October 2018, but NMFS missed the deadline and then was further delayed by the US Government shut-down that lasted 35 days in early 2019. Fishermen started fishing under the

17 and 16 interaction caps in January 2019, which brings us to the 19 March 2019 closure, when the loggerhead interaction limit was reached.

The Western Pacific Regional Fishery Management Council had been waiting for NMFS to complete a new biological opinion for the fishery that would enable the interaction cap for loggerhead turtles to be once again modified. A draft opinion was released by NMFS on 28 March 2019, increasing the collective limits to 36 for loggerheads and 16 for leatherbacks. The manner in which this might be implemented puts NMFS at odds with the Council again. The Council wants an individual vessel trip limit of five loggerhead and/or two leatherback turtle interactions. According to the Council's proposal, if a vessel reaches either of the limits during a single fishing trip, the vessel must return to port but would be allowed to target swordfish again on the next trip (assuming the overall caps had not been reached).[24]

NMFS missed the deadline for providing a biological opinion that would have enabled management measures to move forward

NMFS, on the other hand, wants to place an annual limit on individual vessels of six loggerhead turtle and two leatherback turtle interactions. If a vessel reaches those limits it would be prohibited from the shallow-set swordfish fishery for the remainder of the year. While this position and that of the Council remain unresolved, environmental groups are waiting in the wings and may challenge the increased limits as they have in the past.

TUNA INDUSTRY

Bolton buyout of Tri Marine? Implications for Solomon Islands

In April 2019, *Undercurrent News* broke the story that Bolton Group, Europe's leading canned tuna brand owner, is in negotiations to fully acquire global tuna trading company, Tri Marine Group.[25] Bolton is a large privately-owned fast-moving consumer goods company, which has historically maintained a very low public profile. In March 2019, not long after his 100th birthday, Mr. Joseph Nissim, Bolton's founder, passed away. His daughter, Marina Nissim, took over as CEO in 2017. Bolton Foods, a subsidiary of Bolton Group, controls several of Europe's canned tuna brands, including Rio Mare (Italy's number 1 brand), Calvo and Isabel (Spain's number 1 and 2 brands) and Saupiquet (France's number 2 brand).[26]

Bolton and Tri Marine have worked together as strategic partners in the canned tuna supply chain for more than 25 years, with Tri Marine serving as Bolton's exclusive supplier of frozen cooked loins for its plant in Italy. In 2013, Bolton acquired an undisclosed, but significant minority shareholding in Tri Marine.

Renato Curto, the CEO of Tri Marine and its controlling shareholder, immediately released a statement in response to the *Undercurrent News* report stating that 'nothing has changed'.[27] But, Curto did make clear that 'conversations have been held and are continuing . ... [on] considering deepening the relationship between our groups'.

A Bolton-Tri Marine merger would cement Bolton's standing as a world-leading tuna firm, adding raw material trading to its business mix

A Bolton-Tri Marine merger would certainly cement Bolton's standing as a world-leading tuna firm of a similar scale to Thai Union. Acquisition of Tri Marine would provide Bolton with an opening into raw material trading, which is an area of the tuna business in which Bolton currently does not have a presence. Bolton's historic experience is in shelf-stable tuna processing and brand ownership; in recent years it extended into vessel ownership, through its shareholdings in Saupiquet, Calvo, Garavilla and Tri Marine.

The Solomon Islands Government will likely be watching the evolution of this deal closely, should it go ahead. Tri Marine owns a fleet of seven Solomon-Islands purse seiners and four pole-and-line vessels, which supply raw material to Soltuna, Solomon Islands' tuna processing facility. In 2010, Tri Marine became a 51% shareholder of Soltuna, together with several Solomon Islands Government entities. However, even prior to Tri Marine becoming a shareholder, Soltuna (formerly Soltai) was contract-processing frozen cooked loins for Tri Marine to supply Bolton. Realistically, given Bolton has been closely connected to Tri Marine's Solomon Islands fishing and processing operations for over ten years, a Bolton buy-out of Tri Marine is likely to have little impact on Tri Marine's operations there and will serve to strengthen the importance of Solomon Islands to Bolton's tuna business.

Of greater concern for Solomon Islands Government than a Bolton buy-out of Tri Marine is continued duty free access to EU markets, which underpins the viability of tuna canning/loins processing in Solomon Islands. Currently, Solomon Islands relies upon duty-free access under the Everything But Arms (EBA) initiative for least-developed countries (LDC). As reported in a recent issue of *FFA Trade and Industry News,* the Solomon Islands' was scheduled to graduate from LDC status in 2021.[28] However, the Solomon Islands' Government made a successful request to the United Nations General Assembly for an extended transition period of three-years to 2024, before the start of the three-year preparatory period leading to graduation.[29] This buys Soltuna several years of grace, while Solomon Islands negotiates continued EU-duty free access under an Interim or Comprehensive Economic Partnership Agreement with the EU, once it loses its LDC status.

Solomon Islands has been granted 'exceptional' transition period from LDC status, securing several years of duty-free access to the EU market

Solomon Islands skipjack and yellowfin tuna fishery achieves Fair Trade certification

Solomon Islands is the first Pacific Island country to receive certification under Fair Trade USA's Capture Fisheries Program. Skipjack and yellowfin tuna caught by National Fisheries Developments Ltd.'s (NFD) fleet of small purse-seiners and pole-and-line vessels and processed by Soltuna is now eligible to carry the Fair Trade Certified logo. As mentioned in the previous article, NFD and Soltuna are subsidiaries of global tuna company, Tri Marine.[30]

Fair Trade USA is a North American third-party standard for 'fair trade' products with a mandate to ensure safe, equitable working conditions and sustainable livelihoods for people involved in producing Fair Trade Certified goods, as well as environmental protection and transparent supply chains. Typically associated with agricultural products produced by small-scale farmers such as coffee, cocoa and coconuts, Fair Trade USA expanded to fisheries and launched its wild seafood program in 2014, with the intention of bringing the benefits of fair trade to small-scale fishermen and their communities. One of the fundamental elements of the program is a guaranteed price premium for Fair Trade Certified products which is paid into a Community Development Fund for farmers/fishers and their communities.[31]

Guaranteed Fair Trade premiums will be paid into a Community Development Fund for NFD's fishers and their communities

To become Fair Trade Certified, NFD needed to formally establish a Fisher Association comprised of vessel crews. The Fisher Association then elected a Fair Trade Committee to help identify and plan areas where Fair Trade premiums paid into the Community Development Fund can be used. According to Fair Trade requirements, at least 30% of the premium needs to be used for environmental projects. NFD also needed to demonstrate policies are in place relating to fundamental human rights including prevention of discrimination and abuse, freedom from forced labour and human trafficking, protection of children/minors and freedom of association. In addition, minimum requirements need to have been met relating to wages, working conditions and occupational health and safety. Lastly, the purse seine and pole-and-line fisheries needed to meet requirements relating to resource management including effective systems for fishery documentation and data collection, healthy stocks, biodiversity and ecosystem protection, governance and waste management.[32]

NFD's Fair Trade Certification compliments its Marine Stewardship Council (MSC) certification for sustainable fishing obtained in 2016 and demonstrates Tri Marine's ongoing global leadership in environmental sustainability and social accountability. Given Fair Trade USA certification is tailored to small scale fisheries and rewards social and environmental improvements on a community level, this provides NFD (and Soltuna) with a niche marketing opportunity to brand-owners and retailers demanding sustainable and socially responsible tuna products.

Renewed PMIZ talks have revealed tension between national and provincial level priorities

Potential loan breathes new life into PNG's proposed industrial zone

Over the last decade, industry groups and government officials in Papua New Guinea have sought to develop the Pacific Marine Industrial Zone (PMIZ) as a shipping and processing hub in Madang on the north coast of the country. The project would be the country's first special economic zone (SEZ), though over the past several decades SEZs have been a common and controversial development tool.[33] While the PMIZ is still in its early phases and the legal provisions of the zone have not been elaborated, SEZs are generally areas that have corporate, trade and labour laws that are distinct from the rest of the country and are designed to enhance economic competitiveness of firms in the pursuit of attracting foreign investment, promoting export-oriented growth and generating employment. SEZs commonly offer tax breaks to and exemptions from tariffs for business operating in the zone; they also often include labour provisions on wages, rights to unionise, workplace safety and government responsibility for labour rights.

The future of the PMIZ has been embattled in conflicts over land ownership and broad concerns over the potential legal, environmental and labour dimensions of the project. There are also questions over whether the endeavour would be enough to make domestic processing commercially significant in the highly competitive global processing sector, especially given the expansion – and subsequent concerns over the commercial viability – of processing ventures in nearby Lae.[34]

The PNG government hopes to secure a China Exim bank loan to restart progress on the PMIZ

Despite these concerns, the project has remained of interest as a part of a broader effort to bring processing and benefits from the global tuna industry 'onshore' in the Pacific. Papua New Guinea's Planning Minister has announced PNG's ongoing intention to solicit a US$168 million concessional loan from the Chinese Exim bank to build a fishing wharf and container wharf that would service the PMIZ, and an aim to have ten canneries operating in the zone. The terms of the loan have not been made public, but concessional loans aimed at developing countries generally include provisions such as below-market interest rates or repayment grace periods. China Exim Bank links loans to the participation of Chinese contractors in projects and require a certain percentage of materials, equipment and services to come from China.

As the project has gathered some momentum, reporters questioned the Central Government on where and how prior funds devoted to the project have been used.[35] When it was revealed that the Department of Lands and Physical Planning had issued ten titles to land inside the PMIZ, Madang Provincial Government officials demanded a right to review the titles and have a say in the development process. The Minister of Trade and Commerce countered that the terms of the concessional loan from the Chinese Exim bank will detail the roles and responsibilities of the Madang Provincial Government, the National Fisheries Authority and the Department of Commerce and Industry in how the project will unfold.[36] The PNG government is hoping to sign the loan agreement with China Exim in late April 2019 at the Second 'Belt and Road Forum for International Cooperation', a meeting of nearly 40 leaders of foreign governments.

US processors update: Price fixing settlements continue, Starkist Samoa faces fines and labour shortages

The US canned tuna price fixing scandal continues to make news as the 'Big Three' processing firms continue to reach settlements and receive fines. In March 2019, Chicken of the Sea settled lawsuits with Target and US Foods.[37] Though the terms of the settlements will remain sealed, Chicken of the Sea noted that the agreement has both financial and commercial programs, the latter of which are likely aimed at helping the brand improve its reputation and standing with consumers, as was the case for its settlement with WalMart.[38] Also in early April, news broke that StarKist had tentatively agreed to a fine of at least US$50 million for its participation in the conspiracy to fix canned tuna prices. The fine could be as high as US$100 million, which StarKist argues could bankrupt the company. The US$100 million maximum was determined using federal sentencing guidelines and an estimated sales volume of US$600 million of canned tuna between 2011-2013. Reportedly, StarKist plans to request an evidentiary hearing to present evidence of its (in)ability to pay the fine.[39] Starkist also reached agreement with some of its largest customers, including Target and distributors US Foods and Sysco. These agreements resolved lawsuits that had alleged that companies had been damaged by the canner's price fixing. The terms of the settlement were not made public. StarKist reached similar agreements with over 30 retailers that were represented in several different complaints.[40]

StarKist and Chicken of the Sea have each reached price-fixing settlements with several large customers

As a note, several US buyers have filed a class action suit alleging they were harmed by price collusion engineered by large salmon farmers. There are several similarities with the canned tuna price fixing scandal, including that it involves some of the biggest firms in the sector, will likely follow the same trajectory through the courts, and resolutions will involve big sums of money. The global nature of the salmon aquaculture market means that even though the alleged conduct happened in Norway, it had global ramifications on prices of salmon produced in Canada, Chile the UK because of the way that global commodity prices converge, meaning that legal actions may take place in many countries.[41]

Back in the realm of tuna, StarKist Samoa in Pago Pago faced a new fine from the US Environmental Protection Agency. In 2018, the firm paid a US $6.5 million penalty to resolve a violation of federal environmental law involving its waste water dumping. However, in April 2019, the US Environmental Protection Agency has fined StarKist Samoa again for violating the terms of its settlement. The new US$84,500 fine is a penalty for repeatedly discharging wastewater into the Pago Pago harbour and deliberately re-routing wastewater to avoid steps in the agreed treatment process.[42] Related, reports have suggested that StarKist has been considering additional production in American Samoa.[43] The move would necessitate an amendment to the Pago Pago facility National Pollutant Discharge Elimination System permit. Government officials in American Samoa are supporting the amendment because of potential economic boosts, however, progress has been delayed while StarKist resolves current challenges.[44]

StarKist Samoa was again fined over waste-water treatment, but saw a guestworker programme with Samoa reinstated

It is well known that Starkist's plant has long relied on labourers from neighboring Independent Samoa. This exchange was historically facilitated by a guest worker programme, which has been controversial on grounds that it supports the Samoan economy, rather than the American Samoa economy. For a time, the guest worker permit program was suspended. However, in January 2019, it was reinstated on account of soft demand for the positions in Pago Pago.[45] Early in 2019, StarKist Samoa hired 200 workers from Independent Samoa, indicating that there was little interest in the jobs locally and that they would prioritise American Samoans in hiring.[46] Demonstrating sufficient labour is important to any plan to expand production in the US Territory.

New Marine Stewardship Council Chain of Custody measures to combat labour abuse[47]

Since 2014, the Marine Stewardship Council (MSC) has taken a serious policy stance on forced labour, announcing that companies successfully prosecuted for forced labour violations would be ineligible for MSC certification. Following extensive stakeholder consultations on MSC labour requirements which commenced in 2016, MSC introduced a requirement effective from 28 February 2019 that all fisheries participating in the MSC program must complete a declaration detailing measures they have in place to mitigate the presence of forced or child labour by 31 August 2019.

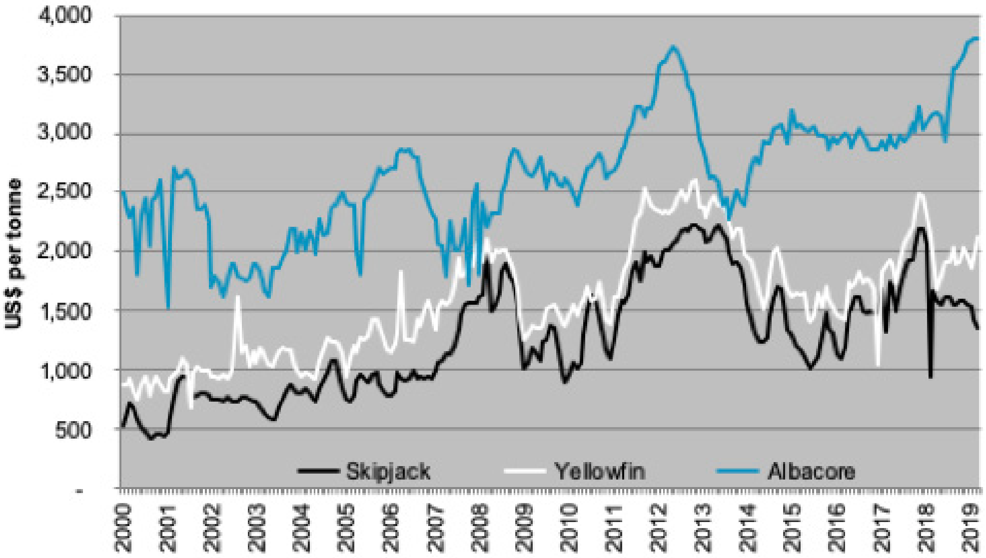
In order to extend forced and child labour requirements beyond certified fisheries to entire MSC seafood supply chains, MSC has also introduced new requirements into its updated Chain of Custody Standard (Version 5.0) released on 28 March 2019. All MSC Chain of Custody (CoC) certificate holders (currently over 4,500 seafood companies and subcontractors) will be assessed to determine the level of risk of labour violations occurring during processing, packing/re-packing and manual offloading in the countries they operate in. Companies assessed as higher risk will require on-site, independent third-party social audits under one of three MSC-approved labour audit programs: Amorfi Business Social Compliance Initiative, Sedex Members Ethical Tarde Audit and Social Accountability International's SA8000 certification. Only companies operating in countries considered to be of lower risk will be exempted from this requirement. In order to qualify, the country needs to be deemed lower risk in two or more of the following globally recognised indicators: Country Risk Assessment process for SA8000; International Trade Union Confederation Global Rights Index; Ratification of five or more UN Conventions on forced or child labour, human trafficking or seafood/fishing; or, the US Department of Labour List of Goods made with incidence of forced or child labour. These requirements are applicable from 28 September 2019 for new companies obtaining MSC CoC certificates. Existing CoC certificate holders will be required to sign a statement agreeing to complete a labour audit before their next audit (typically within 12 months).

These additions to MSC's fisheries and chain of custody certification standards will help to provide seafood buyers and ultimately, consumers, with greater confidence that fishing vessels and land-based companies handling MSC-certified seafood are not engaging in forced or child labour abuse.

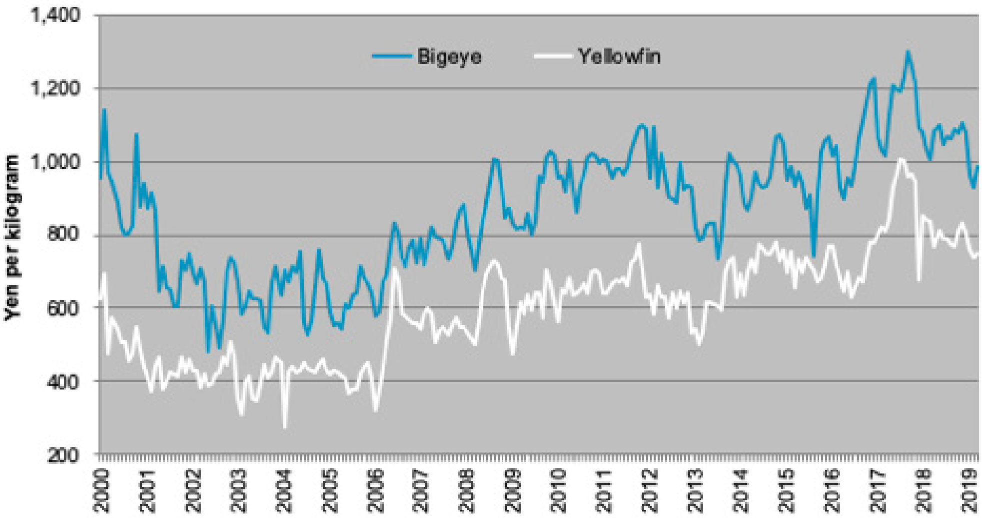
Higher-risk land-based companies handling MSC certified seafood must be audited against an approved third-party labour standard

TUNA PRICE TRENDS[48]

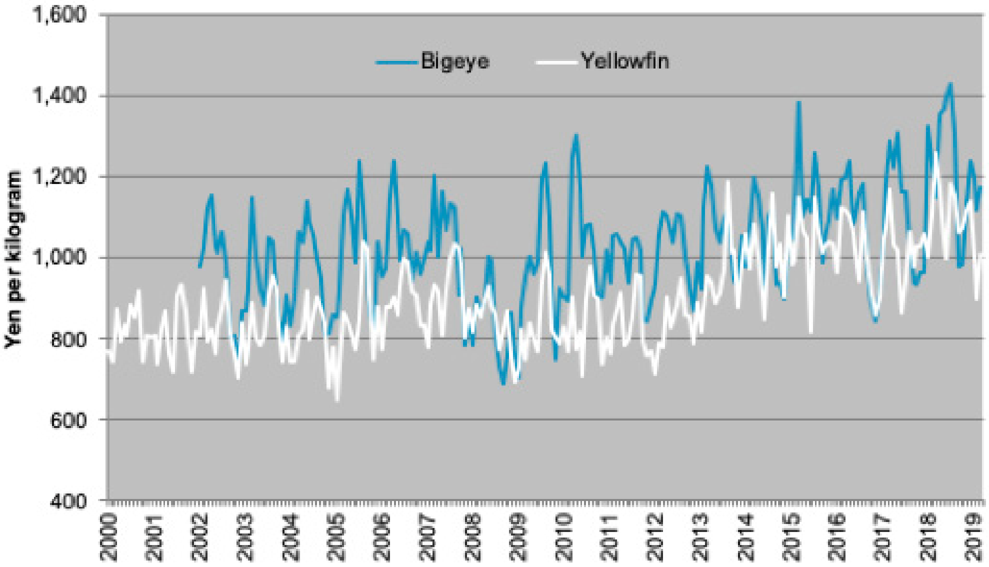
Bangkok canning-grade prices to March 2019[49]



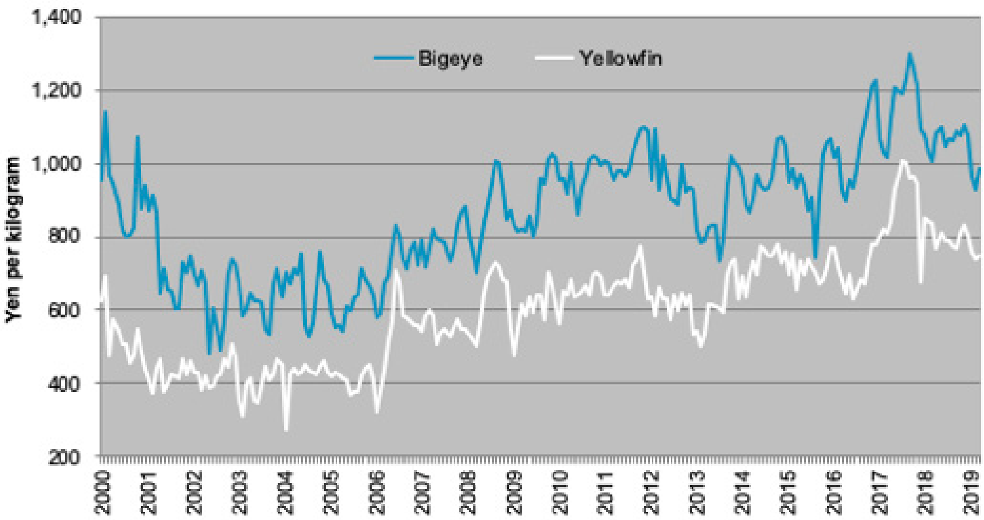
Japan frozen sashimi prices (ex-vessel, Japanese ports) to March 2019[50]



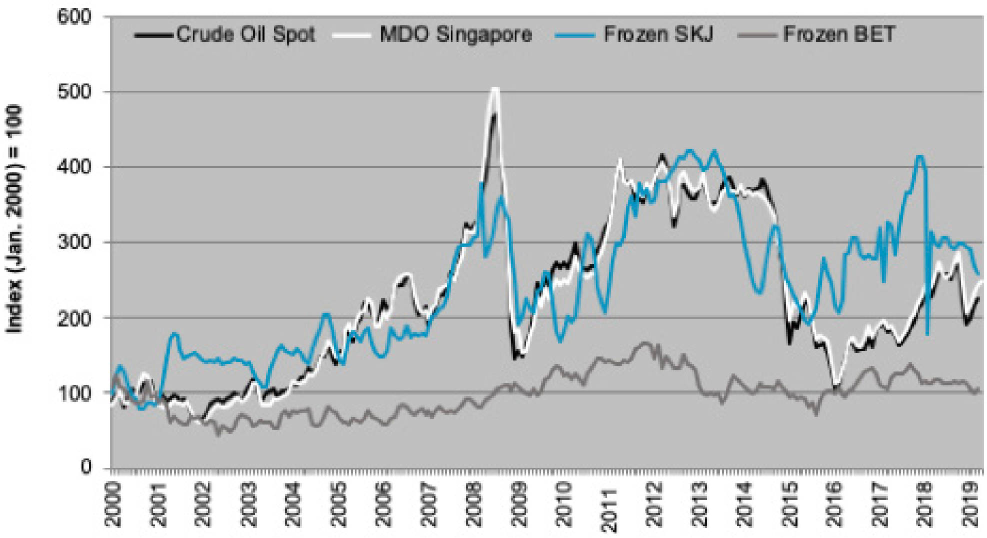
Japan fresh sashimi prices (origin Oceania) to March 2019[51]



US imported fresh sashimi prices to February 2019[52]



Crude oil, canning-grade frozen skipjack (SKJ) and frozen bigeye (BET) price index to March 2019[53]



[1] Prepared for the FFA Fisheries Development Division by Dr Liam Campling, School of Business and Management, Queen Mary University of London, Dr Elizabeth Havice, University of North Carolina at Chapel Hill and Mike McCoy, independent consultant, all Consultant Fisheries Trade and Market Intelligence Analysts, Fisheries Development Division, FFA. Desktop publishing by Antony Price. The authors would like to thank Mike Batty for his input on an earlier draft of this briefing. The contents of this briefing (including all analysis and opinions) are the responsibility of the authors and do not necessarily reflect the positions or thinking of the FFA Secretariat or its Members.

[2] Liam Campling, Elizabeth Havice and Mike McCoy 2017, 'Special Feature: Possible impacts of post-Brexit UK trade policy on the canned tuna trade', *FFA Trade and Industry News*, 10(4) July-August. See also: Elizabeth Havice, Mike McCoy, Liam Campling 2016, 'Brexit: Potential implications for the Pacific Islands', *FFA Trade and Industry News*, 9(4) July-August. Available at: https://www.ffa.int/trade_news

[3] Seafish, 'Temporary rates of customs duty on seafood imports after EU Exit', last updated 9 April 2019. Available at: https://www.seafish.org For full details see: UK Department for International Trade, 'MFN and tariff quota rates of customs duty on imports if the UK leaves the EU with no deal', 29 March 2019. Available at: https://www.gov.uk

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