

Executive brief



© IFAD Steven M. Lellelid



© FAO Ami Vitale

1. Background and key issues

2. Latest developments

- Sustainable fisheries partnership agreements
- Coherence with EU development policy
- Coherence with trade policy
- Implementation of the EU illegal, unregulated and unreported fishing regulation

3. Implications for Indian Ocean countries

- Promoting regional fisheries management as a basis for developing local fisheries
- Developing an appropriate response to the EU demand for sustainable fish products
- Promoting private investments in sustainable fisheries development

The new EU fisheries-related policies in the Indian Ocean: Issues for ACP countries

1. Background and key issues

Since 2013, Indian Ocean/Eastern Africa ACP countries' fisheries relations with the EU have focused on tuna exploitation and trade, although they have also covered trade in fresh water fish (Nile perch in Lake Victoria) and in other products (such as shrimp and octopus).

The EU tuna fishing fleet, representing more than 40% of EU external fleets' fishing capacity, is one of the key players in the Indian Ocean, where it operates in high seas under international regulatory frameworks – in particular

the Indian Ocean Tuna Commission (IOTC). The EU fleet also operates in the exclusive economic zones (EEZs) of coastal nations, including ACP countries, under bilateral sustainable fisheries partnership agreements (SFPAs), or private licensing. It should be noted that a series of EU tuna purse seiners have successfully reflagged to the Seychelles. The EU is also the largest world market for canned tuna products, some of which come from the Indian Ocean, where EU companies have invested in processing facilities (in particular Seychelles and Mauritius).

“The EU tuna fishing fleet, representing more than 40% of EU external fleets’ fishing capacity, is one of the key players in the Indian Ocean”

Although the bilateral SFPAs between the EU and countries of the Indian Ocean/Eastern Africa remain a key component of fisheries relations, the focus on the migratory stocks of tuna, shared by the whole region, means that regional dynamics also have a major influence on EU-Indian Ocean fisheries relations. The EU is financing regional projects, such as Smartfish, under the auspices of the Indian Ocean Commission (IOC), which looks at, among other things, the harmonisation of access conditions.

Apart from Réunion, the EU has a Fisheries Partnership Agreement (FPA) with all other IOC members (Seychelles, Mauritius, Comoros and Madagascar), and one with Mozambique (which is not yet a party to the IOC). In the last 12 months, a major development was the entry into force of a new Seychelles-EU SFPFA protocol. An access agreement has also been initialled to allow the Seychelles tuna fleet, comprising tuna seiners of Spanish origin, to fish in the waters of Mayotte (now one of the EU outermost regions). Over the last year, the EU and Madagascar have also initialled a 4-year protocol to their SFPFA, and the EU has opened talks with Mozambique for the renewal of their SFPFA protocol. Discussions over potential SFPFA negotiations between the EU and Kenya and Tanzania have also been ongoing.

Fishing activities by foreign and national vessels in the Indian Ocean had been seriously hindered by the increase of piracy, with some EU tuna vessels leaving for the Atlantic Ocean. A regional coalition, with the support of the EU’s Atlanta operation, has been successful in decreasing the level of piracy.

2. Latest developments

Sustainable fisheries partnership agreements

EU-Seychelles SFPFA

A new SFPFA protocol, covering access to tuna and tuna-related species, entered into force in early 2014 and will apply for 6 years. Various elements of the SFPFA protocol (some of which have been part of previous protocols) were commented on by the Director of the Seychelles Fishing Authority, including:

- the significant progress made in monitoring and control, with the introduction of an electronic system for the registration of catch data, which provides far quicker and more reliable access to data on catch levels for the Seychelles;
- the use of the SFPFA sectoral support in the Seychelles to improve services for the seiners fishing under the SFPFA (e.g. unloading catches and nets) as well as for building infrastructure for small-scale fisheries, since local populations rely heavily on this sector for the supply of fresh fish;
- the introduction of a social clause that builds on the recognition of the need to train crew members so that they can secure formal qualifications which will enhance their employment status;
- the increased transparency introduced under the new SFPFA with Seychelles, which sees the Seychelles authorities making the commitment to publish all fishing agreements

entered into with foreign countries, as recommended by the IOTC. This will provide better public information and facilitate harmonisation of access conditions across the region (see [Agritrade Interview with Philippe Michaud, President of the Seychelles Fishing Authority](#), 5 May 2014).

“The increased transparency introduced under the new SFPFA with Seychelles will provide better public information and facilitate harmonisation of access conditions across the region”

Seychelles-Mayotte access agreement

Mayotte waters came under the EU when Mayotte became an outermost EU region on 1 January 2014. Because eight seiners (of Spanish origin) registered in the Seychelles are fishing in Mayotte waters, the Seychelles, as a flag state, had to negotiate an access agreement with the EU to continue to access Mayotte waters. The EU and the Seychelles successfully initialled a fishery access agreement for the next 6 years against the payment of licences and fees coming directly from the shipowners. This is the first inter-governmental agreement that has provided the right for vessels of a third country to fish in EU waters on the basis of the payment of fees. The agreement will promote “joint efforts to maintain and expand general fishery governance based on the highest standards of sustainability, transparency, control and monitoring of the respective fleets”, and will “serve as a benchmark for similar types of agreements for access to fisheries resources between sovereign states in the region and for the entire Indian Ocean tuna

fisheries management approach" (see *Agritrade* article '[EU and Seychelles initial access agreement for Seychelles' vessels to fish in EU waters](#)', 13 January 2014).

This highlights the case of a fleet of seiners which successfully reflagged to the Seychelles some years ago. Compared to similar EU vessels fishing under a fisheries agreement, seiners of EU origin fishing under the Seychelles flag pay more than when fishing under an agreement (but in the case of an agreement, the EU public contribution through sectoral support also adds to the benefits of the coastal country). However, reflagging offers the shipowners a better guarantee to perpetuate their access to resources, and thus their activity. Sometimes it is also considered that a reflagged vessel is better integrated into the national economy: the vessel unloads its catch locally and makes the necessary repairs in the local port (see *Agritrade* [Interview with Philippe Michaud, President of the Seychelles Fishing Authority](#), 5 May 2014).

EU–Mozambique SFPA

The existing EU–Mozambique FPA protocol allows 43 purse seiners and 32 longliners to fish in the Mozambique EEZ. In 2013 the EU and Mozambique met in Maputo to launch negotiations for the renewal of the SFPA protocol due to expire on 31 January 2015.

"Mozambique was the first country in the history of EU FPAs to receive catch data by an electronic transmission system"

A European Commission (EC) *ex post* *ex ante* evaluation, published prior to the negotiations, highlighted some unsatisfactory aspects of the latest protocol (notably the absence of

employment of Mozambican crews and the lack of utilisation of Mozambique ports), which meant that "the agreement has not contributed much to local economic development." The evaluation recommended that these issues should be taken up in the future. On the positive side, the evaluation highlighted how Mozambique was the first country in the history of EU FPAs to receive catch data by an electronic transmission system, noting that Mozambique is considering expanding these provisions to all other foreign vessels fishing in their EEZ.

The evaluation also highlighted some questionable operations undertaken (at least until 2012) by four trawlers flagged in Portugal under a chartering arrangement. The activities of these four vessels appear to be outside the scope of the FPA and, therefore, may be in contravention of the exclusivity clause of the agreement (see *Agritrade* article '[Mozambique evaluation study](#)', 23 June 2014).

These negotiations come at a time when Mozambique has a clear ambition to develop its own tuna fishing fleet: a fleet development plan submitted to the IOTC in early 2013 envisages the introduction of 130 tuna vessels under the Mozambican flag over the next 15 years. The Mozambique fleet development plan noted that currently 130 tuna licences are allocated each year to foreign tuna fleets. The first step in Mozambique's tuna strategy is to replace foreign tuna fishing vessels with vessels "fishing directly for Mozambique, either under charter or reflagged". Another aspect of the Mozambican strategy is to require tuna vessels operating in its domestic waters to unload all their catches in local ports.

As a first step, Mozambique has ordered 30 vessels from a French shipyard, funded under a US\$500 million

bond issued by a new Mozambican company, Ematum. Although technically Ematum is a private company, its three shareholders are state bodies (see *Agritrade* article '[Mozambique to build up its own tuna fleet](#)', 11 November 2013).

The first five vessels, due to start fishing in 2014, are expected to catch 1,500 tonnes of tuna per year. Ematum would only be fully operational in 2015 with the arrival of another 16 fishing vessels.

The Mozambican Fisheries Minister has emphasised that other investments are being made. For example, a total of 15 tuna fishing projects, including processing plants, have recently been presented by potential Mozambican and foreign investors from countries such as Indonesia, China, South Korea and Portugal. These will be contributing to the creation of new jobs that should help reduce poverty in some coastal regions. Further investments in the region's fishing sector to an estimated value of US\$10 million by Chinese and Portuguese companies to catch shrimp, lobster and grouper for export have also been identified (see *Agritrade* article '[EU and Mozambique open talks on renewal of protocol to sustainable fisheries partnership agreement](#)', 24 September 2014).

EU–Madagascar SFPA

The EU and Madagascar initialled a 4-year protocol to the SFPA between the EU and Madagascar. The EU financial compensation for this agreement is around €6 million over the 4 years. The shipowners will double their contribution to the costs of access. There will also be an overall increase of the price paid per tonne. The share of the contribution earmarked for sectoral support has also increased to €700,000 per annum compared to €550,000 in the previous protocol. According to the

EC, compared with the current situation, the overall financial benefits will be 20% higher.

The EC *ex ante ex post* evaluation included a series of recommendations, notably on improving the validation mechanism for tuna catches. To address this issue, the new protocol spells out a number of technical improvements related to monitoring and declaring catches, including:

- quarterly statements of catches and fishing effort;
- the establishment of conditions for daily electronic transmission of catch data;
- the embarking of observers and a clear definition of the Malagasy fishing zone limits.

The EC has reported that the initialised protocol is “fully in line with the national strategy for tuna fisheries recently adopted by Madagascar with the support of the EU-funded regional programme Smartfish” (see *Agritrade* article ‘[EU and Madagascar agree new SFPAs protocol](#)’, 22 September 2014).

Update on EU discussions with Kenya

Apart from existing FPAs, the EC has launched an *ex ante* evaluation for a potential negotiation of an SFPAs with Kenya and Tanzania, but no further steps have been taken in that direction.

According to a Kenyan industrial fisheries sector representative, the price to be paid for the fish caught is a key issue in the negotiations. However, it is also proposed that fisheries sector relations need to be developed within a long-term perspective, focusing on the promotion of local sustainable fisheries sector development. A critical

question to be discussed should be what role an SFPAs with the EU could play in maximising the economic, social and food security benefits derived by the coastal country from the granted fisheries access. A long-term development-focused approach to fisheries sector relations is therefore favoured in Kenya.

“A critical question to be what role an SFPAs between Kenya and the EU could play in maximising the economic, social and food security benefits”

It is recognised that some part of the SFPAs negotiations would need to be undertaken at the regional level, within the East African Community (EAC), with focus on allowing “the region to participate more effectively in the global fisheries supply chain”. It is felt that any EU–Kenya SFPAs needs to be based on the estimated catch potential of the entire region, and not simply on the current geographical positioning of the harvesting of this migrating biomass. Regarding the SFPAs sectoral support, the tuna management strategy plan developed by Kenya’s Ministry of Fisheries could be used as a framework, with monitoring, control and surveillance (MCS), research and support to small-scale artisanal fishing sector being the main focus of support (see *Agritrade* [Interview with Peter Sol Rogers](#), 9 March 2014).

Coherence with EU development policy

Regarding the issue of complementarity between SFPAs sectoral support and European Development Fund (EDF) programmes, it has been noted that fisheries do not often feature as a priority for EDF spending. It is considered that the fisheries sector does not carry much political weight

because its value is not sufficiently visible. Seychelles has been cited as an example: when talking about the Seychelles’ economic statistics, one speaks mainly of tourism, even though fisheries have an equivalent economic weight. Information and data collection should be improved, not only on fisheries, but also on its ‘side effects’. For example, in the Seychelles, 60% of the containers on cargo ships leaving the commercial port transport canned tuna produced in the Seychelles for export. Tuna is literally the backbone of cargo traffic, but this is not sufficiently well known or visible.

“In order to make the fisheries sector more visible, information and data collection need to be improved, not only on fisheries, but also on ‘side effects’”

The local landing of tuna catches – on which ACP countries often insist when negotiating an SFPAs – requires major investment in landing facilities, something that can be encouraged through EU support. Thus, tuna vessels will come to the port if the port is well equipped, if port services are competitive, and if cold store rooms and canneries comply with high standards. Currently in Seychelles, although many purse seiners land in Victoria, there are still too few longliners landing, because of a lack of necessary infrastructure, notably cold store rooms at –60° Celsius in which to keep the fish at optimal freshness (see *Agritrade* [Interview with Philippe Michaud, President of the Seychelles Fishing Authority](#), 5 May 2014).

Coherence with trade policy

Of key importance are favourable EU trade policy arrangements that would allow Indian Ocean/Eastern Africa producers to buy tuna raw material

in appropriate quantities, at a reasonable price. In this context, matters surrounding rules of origin are still very sensitive, although they translate differently across the region's various countries.

"To address this pressing issue, Seychelles and Ghana signed an administrative agreement that provides for the two nations to buy tuna from each other for duty-free exports to Europe, in order to boost their exports"

In the case of the EAC, there was a controversy during the Economic Partnership Agreement (EPA) negotiations about whether the fish caught in the EEZ should be considered of local origin, something required by EAC countries to be able to make the best use of their EEZ's resources. The agreed compromise was that the fisheries section of the rules of origin protocol within the EPA includes an automatic derogation for 5,000 tonnes of cooked tuna loins. Granting this automatic derogation is described as "only a lifeline" by Kenyan fish processing industry representatives. The usefulness of the derogation has been brought into question since the loins that may be purchased under derogation "are processed from raw material that, on average, costs 10% more per tonne than locally caught qualifying fish" (see [Agritrade Interview with Peter Sol Rogers, Head of Trade Policy and Business Development at Wanainchi Marine Products](#), 9 March 2014).

In the case of Seychelles, a lot of tuna of origin, according to the existing rules of origin for fish products, is landed in Victoria harbour; and, therefore, rules of origin as such do not pose much difficulty. However, the increasing demands of importers

for certain specific products such as pole-and-line caught tuna (presented as caught in a more environmentally friendly way) are a challenge. If only a similar waiver is possible in response to this issue, it would be of limited value since the tonnages involved would be limited and this would constrain the development possibilities of the Seychelles' fishing industry in response to this expanding market (see [Agritrade Interview with Philippe Michaud, President of the Seychelles Fishing Authority](#), 5 May 2014).

To address this pressing issue, Seychelles and another ACP tuna processing country, Ghana, signed an administrative agreement that provides for the two nations to buy tuna from each other for duty-free exports to Europe, in order to boost their exports. The tuna catch of the two countries peaks at different times of year, so when it is low season for the Seychelles' tuna catch, it will be able to 'top up' its raw material stock from Ghana to meet the EU demand, and vice versa for Ghana. Importantly, Ghana and the Seychelles have the same traceability system and the same sanitary and phytosanitary (SPS) standards, meaning that all technical requirements for export to the EU are already in place.

The agreement between the two countries has been facilitated by the fact that Seychelles' tuna canning factory, Indian Ocean Tuna Ltd, is 40% owned by the Seychelles government and 60% by MW Brands, the largest EU tuna canning company (itself owned by Thai Union Frozen products), which also owns the biggest canneries in Ghana (Pioneer Food Cannery). Both facilities produce canned tuna and tuna loins (see [Agritrade article 'Ghana and Seychelles will cooperate to boost tuna exports to the EU'](#), 22 July 2014).

Implementation of the EU illegal, unregulated and unreported fishing regulation

In 2013 Seychelles was the first ACP country to formally ratify the FAO Port State Measures Agreement (PSMA), a key international agreement to keep illegally caught fish from entering markets. The PSMA requires nations that are party to the Agreement to take a number of practical steps to deny port entry, and access to port services, to foreign fishing and transport vessels that have illegally fished, or vessels that have supported such illegal fishing (e.g. for refuelling). The PSMA will enter into force after ratification or accession by 25 FAO members. The Seychelles government is the seventh to ratify the PSMA, following Chile, the European Union, Myanmar, Norway, Sri Lanka and Uruguay.

The Seychelles government stated in its press release that, "as one of the major tuna fishing ports of the region where 85% of tuna caught in the South West Indian Ocean are landed or transhipped, it is important for Seychelles to be part of this global effort to help combat illegal fishing." As the fight against illegal, unreported and unregulated (IUU) fishing is becoming an increasingly important element of the ACP-EU fisheries relations, including through FPAs, ACP countries should also take the opportunity to mobilise EU support for the future smooth implementation of the PSMA (see [Agritrade article 'Seychelles first ACP country to ratify UN port state measures agreement against IUU'](#), 19 August 2013). In 2014 Mozambique became the eighth country to ratify the FAO PSMA.

3. Implications for Indian Ocean countries

Promoting regional fisheries management as a basis for developing local fisheries

In order to increase the local benefits derived from the exploitation of migratory tuna resources, some Eastern African/Indian Ocean ACP countries have successfully pursued a range of strategies. These have included the development of local fleet capacity by building up a new fleet (Mozambique); by reflagging existing vessels (Mozambique and the Seychelles); and promoting of local landings.

"The benefits of localising fishing operations can only be sustained if the resource base remains healthy and is not subject to overexploitation"

However, the benefits of localising fishing operations can only be sustained if the resource base remains healthy and is not subject to overexploitation. In cases where the development of local fishing capacity is achieved through reflagging or by chartering foreign vessels already active in the fishery, this may not change the overall fishing capacity in the region. However, establishing a whole new tuna fleet may result in an increase of tuna fishing capacity in the region, and it will be necessary to analyse what impacts this increased capacity will have on the health of tuna stocks and, ultimately, on the long-term benefits derived by Eastern African/Indian Ocean countries from the localisation of fishing activities. It is vital to ensure

that the overall fishing capacity deployed remains in line with available resources.

A regional approach is required for highly migratory species such as tuna. Close consideration should be given to how the EU can increase its support for Eastern African/Indian Ocean ACP countries' fisheries policy coordination and cooperation – including on governance, research and MCS issues. Up to now, the EU has supported several regional programmes focusing on these issues, such as the Indian Ocean regional programme against IUU fishing (involving automatic exchange of information, improved MCS, joint control operations, etc.), and the more recent Smartfish initiative, focusing on fisheries governance and sustainable management. Similar programmes could be supported in other ACP regions facing similar challenges, such as West Africa.

To complement such efforts, progress has recently been registered in individual bilateral SFPAs through the introduction of daily electronic transmission of catch data, and/or the clarification of the delimitation of 'grey areas' of some ACP countries' EEZs. Such innovations should be gradually generalised throughout the region, and across the board for all foreign fishing access arrangements.

In the Eastern Africa/Indian Ocean region, the tuna sector is not the only fisheries sub-sector providing jobs and revenue; the small-scale sector greatly contributes to maintaining the social fabric of coastal communities, but its access to resources needs protecting, including against trawler incursions. The development of aquaculture in the region has to be seen as complementary to other fishing sub-sectors, contributing to improved local/regional food secu-

ity and increased resilience of rural/coastal communities. This calls for particular attention to be given to potential conflicts between fisheries and aquaculture (e.g. occupation of coastal areas).

Developing an appropriate response to the EU demand for sustainable fish products

In the Eastern African/Indian Ocean region, one of the main challenges facing the private sector is in securing supplies of their raw material, tuna. This is a particular problem for products that need to be sourced from environmentally friendly fishing activities – a market component that is growing rapidly, particularly in the EU.

"The development of aquaculture in the region has to be seen as complementary to other fishing sub-sectors, contributing to improved local/regional food security and increased resilience of rural/coastal communities"

For various reasons, sourcing tuna complying with the current rules of origin is likely to become an increasing challenge for East African and Indian Ocean processors and exporters. This is linked to:

- a lack of tuna landings in local ports;
- the prospect of overexploitation of the resource or, conversely, stricter regulation – which leads to lower catch levels; or
- a lack of the right type of raw material (particularly pole-and-line caught tuna).

The use of more selective fishing gear, such as pole-and-line, is likely to gain in commercial attractiveness in EU markets, particularly as new labelling requirements linked to the type of fishing gear deployed come into force. In this context it will be important to support fishers, canneries and loining plants located in the region to develop their tuna production according to these standards in order to maintain or increase their shares of EU markets. In that context, lessons could be drawn from the experience of the agreement reached between Ghana and the Seychelles to draw on each other's raw material at different times of the year.

It should be noted, however, that challenges to be met by the region's producers go beyond sustainability issues. Currently, the most significant challenges to be met remain SPS and IUU legislative requirements. A scheme to promote trade in "sustainable tuna" that overlooks these aspects would run the risk that some products – otherwise caught in a sustainable manner – will be barred from EU markets.

ACP countries that would consider entering into an agreement (e.g. Ghana with the Seychelles) will have to meet these non-tariff requirements before they can draw on each other's fish raw material in order to optimise their access to the EU markets. This means technical cooperation must be established to ensure compatibility of the traceability systems of the countries involved in the agreement. This will facilitate a smooth exchange of information, as seen in the Ghana–Seychelles case, where both countries have the same traceability systems in place. Furthermore, IUU fishing must be dealt with by potential cooperating countries.

If the fish supply of one of the partners comes from a blacklisted country (as happened for Belize-flagged vessels

supplying the Ghanaian cannery), then these fish cannot be used to top up another country's fish raw material for export onto the EU market.

Promoting private investments in sustainable fisheries development

As shown by recent developments in Seychelles and Mozambique, fisheries relations between EU/EU member state operators and Eastern African/Indian Ocean countries go much further than the access of EU tuna vessels to their waters.

In particular, private EU companies are involved in fisheries investment projects not only for tuna, but also for other fisheries (e.g. shrimps, lobster and grouper) to be exported to international markets, including most probably EU markets.

In as much as the protection of EU private investments in third countries – since the entry into force of the Lisbon Treaty – is an EU competence, the question arises of whether there is a role for the EU to play in ensuring that EU private investment in ACP fisheries is protected. For fisheries investments, this would include ensuring that they are compatible with sustainable exploitation of the fisheries. The sectoral support currently provided under SFPAs, and increasingly complemented by actions undertaken under the EDF, which focuses on improving the capacities of the partner country for developing sustainable fisheries (such as research, MCS, support to the artisanal sector and compliance with SPS requirements) may help provide the partner country with the tools it needs to ensure that private investments do indeed deliver long-term social and economic benefits.

Main sources

1. EC, 'Fisheries partnership agreements', home page

http://ec.europa.eu/fisheries/cfp/international/agreements/index_en.htm

2. EU Long Distance (Fishing) Regional Advisory Committee (LDRAC), home page

http://chil.org/pesca/group/ldac/page/ldac_main_eng

3. EC, 'Illegal fishing (IUU): The EU rules to combat illegal, unreported and unregulated fishing', home page

http://ec.europa.eu/fisheries/cfp/illegal_fishing/index_en.htm

4. International Seafood Sustainability Foundation, website

<http://iss-foundation.org/>

5. European Tropical Tuna Fishing, Processing and Trade Committee

<http://www.eurothon.eu/>

6. Indian Ocean Tuna Commission (IOTC)

<http://www.iotc.org/>

7. Indian Ocean Commission (IOC), Smart Fish Project

<http://www.commissionoceanindien.org/activites/smartfish/>

About this Executive brief

This brief was published in December 2014. Other publications in this series and additional resources on ACP–EU agriculture and fisheries trade issues can be found online at

<http://agritrade.cta.int/>.



The Technical Centre for Agricultural and Rural Cooperation (CTA) is a joint international institution of the African, Caribbean and Pacific (ACP) Group of States and the European Union (EU). Its mission is to advance food and nutritional security, increase prosperity and encourage sound natural resource management in ACP countries. It provides access to information and knowledge, facilitates policy dialogue and strengthens the capacity of agricultural and rural development institutions and communities.

CTA operates under the framework of the Cotonou Agreement and is funded by the EU.

Technical Centre for Agricultural
and Rural Cooperation (ACP–EU)
PO Box 380
6700 AJ Wageningen
The Netherlands
Tel: +31 (0) 317 467 100
E-mail: cta@cta.int - www.cta.int