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Pacific fisheries sector developments: Issues for ACP countries

1. Background and key issues

The combined exclusive economic zones (EEZs) of the 15 Pacific ACP countries cover 20 million square kilometres. These waters are rich in fish resources, particularly tuna, with this providing an important basis for trade with the EU.

In the last 12 months, the debate between the EU and Pacific Islands about the basis for access to the region's tuna resources has taken centre stage through the negotiation and signing of bilateral agreements, or through the Economic Partnership Agreement (EPA) negotia-

tions. However, there has been little progress, with mutual misunderstandings prevailing.

From an EU perspective, the EU fleet presence in the Pacific is limited in comparison to that of the USA or Asian countries, but there are concerns that the access conditions to be negotiated for EU tuna fleets, and the access conditions for other distant-water fishing nations supplying tuna for canning and export to the EU under the global sourcing provision, may affect the competitive position of the EU tuna sector as a whole.

From a Pacific ACP perspective, the main concern is that access to the tuna fishery should be based on the regional Vessel Day Scheme (VDS) rather than on bilateral fisheries agreements. The VDS is a tool jointly developed by the eight governments that make up the Parties to the Nauru Agreement (PNA) to manage fishing efforts in the region and increase the economic benefits accruing to PNA members. The PNA controls the world's largest tuna purse seine fishery, and defends regional access agreements based on the VDS.

"The EC says it has no problem in principle with a regime such as the VDS, provided that it is fully science-based and transparent"

The European Commission (EC) has reiterated that it has no problem in principle with a regime such as the VDS, provided that it is fully science-based and allows for the conservation objective to be achieved in a transparent and non-discriminatory manner. The EC recently welcomed the launch by the PNA of an evaluation of its VDS fisheries management regime.

The Pacific–EU regional EPA is still under negotiation. However, it is now clear that the derogation to the RoO, allowing global sourcing for tuna, included in the Papua New Guinea (PNG) Interim EPA, will remain in a future EPA. The global sourcing provisions have already generated significant benefits for PNG, particularly in terms of job creation. However, the request by Pacific ACP states to extend global sourcing to chilled and fresh fish products is still under negotiation.

In the short term, such an extension would make global sourcing attractive to other Pacific islands that do not have local canning facilities. However, it

has been argued that another avenue, which would not necessitate global sourcing, could be to develop local ACP fleets, either through reflagging of foreign vessels or through the development of small-scale/semi-industrial modern fishing fleets.

"The value of global sourcing depends on the capacity of Pacific ACP countries to meet other market-access-related requirements such as SPS and IUU fishing regulation requirements"

It needs also to be noted that the value of global sourcing depends on the capacity of Pacific ACP countries to meet other market-access-related requirements – e.g. sanitary and phytosanitary (SPS) and illegal, unreported and unregulated (IUU) fishing regulation requirements – as well as private standards such as private eco-labelling schemes. It should be noted that PNG has recently been warned by the EU that it could be listed as a country "not doing enough to deter IUU fishing". Under the EU IUU regulation, such a listing would result in a ban on PNG fish exports to the EU market, negating the benefits from the global sourcing derogation.

2. Latest developments

Pacific–EU Sustainable Fisheries Partnership Agreements

The only Sustainable Fisheries Partnership Agreement (SFPA) signed in the region in the last 12 months is the EU–Kiribati SFPA, although some discussions have started with the Cook Islands.

Two issues of interest to all ACP coastal countries were raised in conjunction with the EU–Kiribati SFPA negotiations:

- how to determine a fair price for foreign fleets' access, and ensure that the rent is fairly paid by all;
- how to respect and promote regional agreements and dynamics in a way that reinforces fisheries governance.

"Determining a fair price for access should take into account ACP countries' costs of managing their fisheries, as well as benefits to be expected for local development"

Determining a fair price should take into account ACP countries' costs of managing their fisheries, as well as benefits to be expected for local development. One element to be taken into account, that could modulate the price, is whether the catches – or part of them – are landed locally for processing.

In the case of Kiribati, it should be noted that, under the new protocol, the shipowner's fee was substantially increased. Some concerns were raised regarding the Kiribati FPA, over whether it respected the regional VDS scheme set up by the PNA, of which Kiribati is a member. The European Parliament (EP) rapporteur for the SFPA therefore proposed that the EP should reject the protocol since it did not respect the VDS (see *Agritrade* article '[EP rapporteur highlights her concerns about the EU–Kiribati FPA](#)', 5 August 2013). It was also argued that, when taking out the aid component, the price per day actually paid by the EU through the financial compensation was significantly less than what was being paid by other distant-water

fishing nations under the VDS (see [Agritrade Interview with Maurice Brownjohn, OBE](#), 6 July 2013).

The Solomon Islands had also undertaken initial negotiations for an SFPA, but finally refused to renew a fisheries access agreement with the EU. The Solomon Islands' Permanent Secretary for Fisheries and Marine Resources explained that his country has refused to ratify the FPA protocol "in solidarity with PNA arrangements" as the EU was refusing to apply the VDS to its vessels (see [Agritrade article 'As the Fiji local tuna sector is collapsing, Pacific countries are advised to give preference to local fleets'](#), 3 March 2014).

Regarding private arrangements, Nauru, a PNA member, has also declined to renew arrangements with the Spanish tuna operators' organisation OPAGAC, citing the association's refusal to agree to be bound by national laws that implement measures agreed within the PNA (see [Agritrade article 'EU-Pacific relations over VDS remain tense'](#), 28 April 2014).

Action in the Regional Fisheries Management Organisation

The tuna-relevant Regional Fisheries Management Organisation (RFMO) in the Pacific, in which the Pacific ACP and the EU participate, is the Western Central Pacific Fisheries Commission (WCPFC). One of the main regional concerns is the status of the stock of bigeye tuna, which remains overfished. This issue was discussed at the annual meeting of the WCPFC. It was agreed to reduce catches of bigeye by foreign longliners, and to freeze the number of foreign purse seiners. However, the WCPFC director, the PNA director and the EC all expressed disappointment at the limited scope of the measures taken, considering a more drastic

reduction of fishing effort of purse seiners and longliners to be necessary to promote recovery of the bigeye tuna stock.

"The PNA proposed that every conservation and management measure proposed at WCPFC should be accompanied by a statement showing how the measure would impact on Pacific countries and territories"

Another important issue addressed at the WCPFC meeting was the potentially disproportionate burden that RFMO conservation measures place on small island developing nations. The PNA, supported by the Pacific Island Forum Fisheries Agency (FFA), proposed that every conservation and management measure proposed at WCPFC should be accompanied by a statement showing how the measure would impact on Pacific countries and territories. If the measure is likely to have a negative impact on Pacific Island countries, it should be changed to counter negative impacts. Such statements should address issues such as:

- Who is required to implement the proposed measure?
- Which small island developing states (SIDS) would be affected this proposal, to what extent, and in what ways?
- What are the resource implications, including financial and human and institutional capacity implications of the proposed measures?
- What assistance mechanisms and associated time frame for implementation need to be set in place before such a proposal can be implemented? (See [Agritrade](#)

article '[Pacific Regional meeting to cut overfishing offers disappointing results](#)', 13 January 2014.)

Negotiation of the Economic Partnership Agreement with the EU

There is growing political will in Pacific ACP countries to take more control of their tuna resources, and to maximise economic and social benefits, often by linking the allocation of fishing licences to onshore investment for processing of fish products destined for export.

Taking the view that tuna fisheries management has become intrinsically linked to trade-related elements, the EC placed both access to resources issues (the VDS scheme) and fish trade issues on the table during the EPA negotiations.

The Pacific ACP governments did not agree that these two elements should be linked to the EPA negotiations. At a meeting of Pacific ACP Trade and Fisheries ministers and officials, organised by the FFA, it was stressed that technical conservation and management elements for fisheries should not be addressed through legally binding trade agreements. It is considered that such issues should be dealt with in a fisheries context, between EU and Pacific ACP fisheries officials.

Regarding the tuna conservation and management provisions proposed for inclusion in the EPA, the FFA also made it clear to the EU that FFA members have a long and successful history of tuna fisheries management, and for that reason too questioned the need for such provisions in a trade agreement (see [Agritrade article 'Fisheries conservation and management elements not to be detailed in EPA, says FFA'](#), 7 February 2014).

The main EU criticisms regarding the VDS regime relate to the fact that the VDS does not place limits on fishing capacity (number of vessels), while limiting fishing effort (number of fishing days), as increased competition among numerous fishing vessels (an element that can lead to over-capacity) may lead to higher economic returns, because the restricted number of fishing days would be allocated to the highest bidders. The owners of these vessels would have to pay higher fees for access to a restricted number of fishing days.

Some have argued that high prices for tuna on the main markets may make it easier for the PNA to get higher prices for its vessel days. However, over the past 12 months, tuna prices have fallen, in part due to over-supply. At the PNA annual meeting in 2013, key tuna industry players in the Pacific region emphasised the need for the PNA to uphold limits on fishing, in order to introduce a scarcity of tuna onto the global market, thus increasing the price of tuna (see [Agritrade article 'PNA discusses need to keep control of tuna supply'](#), 7 April 2014).

"For many Pacific islands, the costs of complying with European standards for fisheries products typically exceed their GDP"

The extension of global sourcing rules of origin for fresh and frozen tuna products to other countries and other fisheries products has also been a major focus of attention in the regional Pacific-EU EPA negotiations. This has been complicated by an increasing array of EU requirements, which are increasingly seen as non-tariff barriers to trade in fisheries products. This is a issue of considerable concern, since the costs that

these requirements give rise to are disproportionate to the size of many Pacific ACP economies.

For many Pacific islands, these compliance costs typically exceed their GDP, as they have small fleets and individually lack the capacity to meet and maintain EU recognition of a national competent authority to certify and verify compliance with EU requirements. For example, most Pacific islands do not have a national competent authority, or EU recognition for IUU measures with their ships' registry. This means that local vessels and processing factories are not eligible to supply the EU, and do not benefit from any potential tariff concessions. Hence, such non-tariff barriers could render global sourcing rules of origin useless for many Pacific ACP members (see [Agritrade Interview with Maurice Brownjohn, OBE](#), 6 July 2013).

Discussions regarding the extension of global sourcing derogation or the endorsement of the regional VDS regime have therefore been difficult, leading to a deadlock, with both parties now "taking a break". Pacific ACP governments are looking to adopt a common strategy so that regional integration efforts are supported by future relations with the EU. The EP, however, voted in September 2013 in favour of a comprehensive fishery strategy for the Pacific, calling for the necessary coherence of EU trade and fisheries policies with development objectives (see [Agritrade article 'Pacific-EU EPA trade talks stalled because of tuna issues'](#), 2 December 2013).

The EP report on "a comprehensive EU fishery strategy in the Pacific region" proposed a regional framework that would be the basis for bilateral fishing agreements to evolve, in the long term, into a multilateral

agreement that would both detail access conditions for EU fleets and centralise development aid for Pacific ACP countries. However, the Pacific Islands Forum Secretariat stated in October 2013 that the strategy adopted was "based on inaccurate data", particularly regarding the implementation of the PNA VDS regime. Indeed, apart from some specific proposals (for example, on the inclusion of a reference to the IUU regulation in the EPA) it is unclear how the EP envisages this strategy fitting in with the EPA dynamic (see [Agritrade article 'EU-Pacific fisheries strategy raises hopes and concerns'](#), 11 November 2013).

"The PNA director sees moving away from bilateral agreements as essential and is encouraging national fisheries officials to move towards selling days through the VDS regime"

As an element to improve future dialogue, the FFA (at the request of the PNA) will undertake a study to strengthen the institutional design of the VDS (a major EU concern), as well as help with the drafting of regulations to fully incorporate the VDS into Kiribati legislation (a major PNA concern). The PNA director sees moving away from bilateral agreements as essential for ensuring the success of the VDS regime and is therefore encouraging national fisheries officials to move towards selling days through the VDS regime, rather than granting access under bilateral fisheries agreements. This would allow the market to dictate the price of access, which would be expected to push up the price paid to well above the current US\$6,000-a-day benchmark (see [Agritrade article 'EU-Pacific relations over VDS remain tense'](#), 28 April 2014).

Labelling

The eco-certification of some Pacific tuna fisheries has triggered innovation and compliance by the private sector, and has helped to address long-standing issues in relation to Fiji's access to the EU market. In recent years, Pacific ACP countries have made significant efforts to gain Marine Stewardship Council (MSC) certification for several Pacific tuna fisheries:

"The eco-certification of some Pacific tuna fisheries has triggered innovation and compliance by the private sector"

- In 2012, the PNA received the MSC label for their free school-skipjack tuna.
- Also in 2012, the Fiji Tuna Boat Owners Association (FTBOA) was granted the MSC label for its albacore longline fishery – becoming the first in the world to be MSC certified.
- In June 2013, the first consignment of MSC-labelled tuna left Fiji for Spain. This is important as, from 2007, Fiji tuna products were banned from EU markets because of lack of compliance with EU SPS standards. (See *Agritrade* article 'First MSC-certified tuna from the Pacific enters EU market', 22 July 2013.)

MSC eco-labelled skipjack tuna produced by the PNA is now ready to supply the global markets for sustainably harvested canned tuna, after attaining the long awaited MSC Chain of Custody certification for the catch, processing and supply of sustainable PNA free school skipjack tuna. This is seen as a reward to those fleets who are fishing free school tuna sustain-

ably, and who land their catch locally for domestic processing. A further PNA initiative is working towards SA8000 social accountability certification. This will be yet another first for the region (see *Agritrade* [Interview with Maurice Brownjohn, OBE](#), 6 July 2013).

An issue which has recently emerged relates to growing concerns over the impact that the booming exploitation of offshore oil, gas and minerals may have on fishing exploitation and trade in Pacific ACP countries. In PNG, various media reports have highlighted plans by the Nautilus Minerals Company to exploit seabed minerals, with concerns being expressed over the negative impacts that this could have on local fishing communities' activities (see *Agritrade* article 'Oil, gas and minerals exploitation raise fisheries concerns in several ACP countries', 3 March 2014.)

Implementation of the EU illegal, unreported and unregulated fishing regulation

The EU has repeatedly expressed its concerns regarding the extent of IUU fishing in the Pacific, most recently in the EP strategy report. The PNA argues that these concerns are exaggerated, maintaining that control systems are well developed, especially in the purse seine fishery, where all vessels are registered, 100% of vessels are covered by the Vessel Monitoring Scheme (VMS), and there is 100% compulsory observer coverage in port transshipments (see *Agritrade* article 'EU-Pacific fisheries strategy raises hopes and concerns', 11 November 2013).

The implementation of the EU IUU regulation led in December 2013 to the pre-identification of Fiji as a supplier against which measures might need to be introduced. Following this, Fiji developed new legislation and

improved its monitoring, control and surveillance systems (see *Agritrade* article 'EU IUU regulation: Fish import bans to be proposed against Guinea, Belize and Cambodia', 23 December 2013). The EU is now working closely with the Fijian government to remove the country from its "yellow card" list of countries carrying out IUU fishing in the region. However, since this process "is covered by confidentiality principles", "insights or comments cannot be provided" on the current state of play.

In June 2014, a further warning was issued to PNG that it risked being identified as a non-cooperating country in the fight against IUU fishing. The EC identified concrete shortcomings with regard to the need to:

- amend the legal framework to combat IUU fishing;
- improve control and monitoring actions; and
- take a proactive role in complying with international regulations, such as those agreed by RFMOs.

"The yellow card shown to PNG doesn't entail any measures affecting fish trade between the EU and these two Pacific ACP countries – but if the situation has not improved within 6 months, the EU could take 'further steps'"

While the "yellow card" listing does not entail any measures affecting fish trade between the EU and these two Pacific ACP countries, if the EU considers that the situation has not improved within 6 months of the notification, "the EU could take further steps, which could entail trade sanctions on fisheries imports". This has already occurred in the cases of Guinea, Belize and Cambodia.

While the EU is extending support for the establishment of robust and cost-effective regional capabilities to combat IUU fishing (through the EU-funded DevFish2 programme implemented in association with the Pacific FFA), it is maintained that nothing which could be undertaken within the framework of the DevFish2 programme could replace “the country’s own responsibility [as regards] the implementation of the requirements” (see Agritrade article ‘[The EU warns PNG and the Philippines that they are not doing enough to combat IUU fishing](#)’, 5 July 2014).

3. Implications for the Pacific ACP

Increasing regional cohesion to improve the sustainability of tuna fisheries

Limiting the foreign tuna fishing presence

In the Pacific fishing area covered by WCPFC, tuna fishing capacity continues to increase. Despite management measures put in place by the PNA to limit the fishing effort (e.g. the VDS regime), a significant increase in the number of tuna vessels (including newly built vessels) fishing in the PNA area has also been registered in recent years. The licensing of an increasing number of foreign vessels may also jeopardise the development of a local fishing fleet, in a context where Pacific Island governments have been advised by the PNA to give preference to local fishing fleets instead of granting more licences to foreign fishing vessels.

It is therefore of paramount importance that Pacific ACP governments establish a common strategy to limit the number of vessels (i.e. the fishing capacity) allowed to fish in WCPFC waters, as well as continue their collective efforts, within the PNA and WCPFC, to control the fishing effort deployed through the VDS regime.

“It is paramount that Pacific ACP governments establish a common strategy to limit the number of vessels allowed to fish in WCPFC waters”

A moratorium on the entry of new vessels, as suggested at the last WCPFC meeting, with limited additional capacity allocated for SIDS that wish to develop their domestic fishing fleets, is a first step that could be worth considering by Pacific ACP governments. However, this is likely to be opposed by many fishing nations active in the region. Interestingly, the EU – a relatively modest fishing nation in the region – shares the view that fishing capacity should be capped. Dialogue on this issue could be developed between Pacific ACP governments and the EU, with a view to adopting a common position and approach within the relevant international fisheries management bodies.

At the level of the PNA, it was already announced that the PNA would continue to develop conservation and management measures for consideration at WCPFC. If these were not supported by all members and adopted, the PNA announced that it would continue to apply measures outside the WCPFC process, in its members’ own waters, as part of the Nauru Agreement.

Sharing the burden of tuna conservation and management costs fairly between the Pacific ACP and the international community

A common issue that Pacific ACP governments have to face for policing their waters is the fact that they have very limited monitoring, control and surveillance capacities, but have immense EEZs to police. The PNA/FFA proposal that every conservation and management measure proposed at the WCPFC should be accompanied by an evaluation of how each measure would impact on Pacific countries and territories requires urgent consideration. This then needs to be linked to the mobilisation of assistance and financing to ensure that Pacific ACP governments do not bear a disproportionate part of the burden of tuna fisheries management while long-distance fishing states reap most of the benefits.

Attracting foreign investment for sustainable fisheries development

Pacific ACP countries have important comparative advantages in developing a local onshore fishing industry: the benefit of low-cost tuna raw material, given the proximity of the fishing grounds to the processing units; and duty-free access to the EU market. However, these need to be weighed against the high costs of transport, labour and utilities.

Meeting international requirements, such as EU standards for SPS and the EU IUU regulation, is therefore of paramount importance in making the most of the tuna resources. The development of domestic landing and processing of fish products has a significant multiplier effect for local Pacific

economies, with direct (as well as indirect) job creation (e.g. can manufacturing and cold storage facilities operation), and increased government revenues from direct and indirect taxes.

To increase domestic landings and employment options, and taking into account the necessary balance between domestic fleets and distant water fleets required to ensure that sustainable levels of fishing effort are deployed, there is a need to attract investment into the development of local landing and processing facilities that meet EU SPS standards.

“Developing local small-scale, semi-industrial modern tuna fleets for such operations could make the extension of global sourcing less necessary”

However, most Pacific island nations, while resource rich, cannot support canneries, so they must look to smaller-scale processing of fresh and frozen fish – typically from longliners – to generate jobs and benefits. Developing local small-scale, semi-industrial modern tuna fleets for such operations would also render less necessary the extension of global sourcing.

Developments plans of this nature should be submitted to the WCPFC to ensure that Pacific ACP governments' plans to develop such fleets are taken into account in future resource management and allocation decisions within a sustainably managed tuna fishery.

Addressing SPS and IUU requirements

Duty-free access to the EU market is one of the major comparative advantages enjoyed by Pacific ACP fish products. However, this is only of value if processors in Pacific ACP countries

can meet other EU requirements, such as the SPS requirements and EU IUU regulation requirements.

Many Pacific countries still have inadequate human, financial and technical resources to meet EU SPS standards. The most important of the various requirements is the existence of an EU-approved competent authority. The associated costs are heavy for Pacific islands, and further steps should be taken to establish a regional framework where national competent authorities could pool their resources.

The EU has taken a lead at the global level to fight IUU fishing with its IUU regulation. To date, it is unclear whether, as the EU hopes, this regulation will become the template for a global catch certification system for ACP fish products. However, the issue of the fight against IUU fishing is firmly on the global agenda, and, under the stimulus of the EU, trade bans on fish products from countries “not doing enough to combat IUU fishing” are likely to be an increasingly important feature of IUU policies.

The Pacific ACP could draw from the experience of meeting the EU IUU regulation to increase their monitoring, control and surveillance capacities and improve their administrative set-up for undertaking their responsibilities as port state, flag state, etc. These actions are eligible for specific support from the EU, and would help to address not only requirements under the EU IUU regulation, but also other key markets requirements in the same area.

Developing new products and diversifying partners

A critical issue for Pacific island countries is to diversify trade partners and markets. While the European market potentially offers higher prices –

provided the exporter can comply with SPS and IUU standards – other markets closer to Pacific ACP countries, such as Japan, USA, China and Australia, may offer equally attractive market opportunities, with much lower logistical costs arising in serving these markets.

Pacific ACP countries can enhance their capacities to enter or consolidate their position in international markets such as the USA if they invest in meeting private environmental standards. Supporting and promoting collaboration between the Pacific private sector in the fisheries value chain and private initiatives promoting sustainability (such as the International Seafood Sustainability Foundation and the MSC) may help in reaching those markets.

Appropriate support – including financial, technical and information support – also needs to be provided to ACP small-scale fish producers, men and women, to maximise the contribution of such fisheries to serving local and also regional markets. The promotion of regional markets needs to be supported through political action to dismantle regional barriers to trade and promote investment in the necessary infrastructure.

Main sources

1. Forum Fisheries Agency website

<http://www.ffa.int/>

2. FFA Trade and industry news bulletins

http://www.ffa.int/trade_industry

3. Parties of the Nauru Agreement website (including Tuna Market Intelligence bulletins)

<http://www.pnatuna.com/>

4. Pacific website

<http://www.pacific.com/>

5. Western & Central Pacific Fisheries Commission (WCPFC)

<http://www.wcpfc.int/>

6. International Seafood Sustainability Foundation (ISSF)

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

7. WWF Pacific

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

8. Pacific Network on Globalisation – Fisheries

<http://pang.org.fj/category/fisheries/>

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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.

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