

# Tuna Market Intelligence

Issue 71, May 18, 2018

*Your fortnightly report on trends and influencers on the global tuna market from the Pacific Islands.*

## MARKET UPDATE

As of May 2, Bangkok prices for frozen whole round skipjack remain at USD 1,800/mt.

## INFLUENCERS REPORT

### PNA's building becoming a reality

PNA's CEO Ludwig Kumoru and PNA Commercial Manager Maurice Brownjohn met with PII CEO Jerry Kramer last week for a small signing ceremony that sets the stage for a big PNA building project.

PII has already commenced demolition/site preparation work at the former Won Hai Shien/Jemen Ei Corporation facilities next to Uliga Dock.

In addition, procurement of construction materials is in progress for the new four-story building. When complete, it will provide a place of business and be able to host meetings for the Parties to the Nauru Agreement office staff.

Meanwhile PII and PNA await the completion of the detailed design which they expect to have in another four to five weeks.

The project, which is funded in total by PNA, is expected to be constructed in a year's time.

### Micronesian leaders resolve to fight IUU fishing

Leaders from the Marshall Islands, Federated states of Micronesia, Palau, the Northern Marianas and Guam met recently for the 23rd Micronesian Islands Forum in Saipan. They resolved, among other things, to combat illegal, unregulated and unreported fishing in the Western and Central Pacific Ocean. The resolution states, "IUU [fishing] represents a serious threat to the sustainability of tuna stocks of the Pacific, which generate significant financial benefits to the economies of Pacific islands, especially Micronesia."

According to Saipantribune.com, leaders urge Pacific Island flag states to "exercise effective control" over fishing vessels and to penalize offenders.

### Agreements and updates made at Forum Fisheries Committee Meeting

"A number of very impressive agreements and updates were made during the two weeks of work and I must acknowledge and thank the member countries for sustaining pro-active fisheries management within the region. This will help underpin the estimated USD 1 billion in direct benefits that are now flowing to members from this sector," were comments made by Forum Fisheries Director General James Movick during the 106th Officials Forum Fisheries Committee Meeting.

Delegates from the Pacific Islands Forum Fisheries Agency (FFA) and its 17 member states attended the forum May 7 - 11 in Rarotonga, Cook Islands. It concluded with agreement on several key issues that will be addressed at the 15th Forum Fisheries Committee Ministers Meeting (FFCMIN15) in Rarotonga from July 3-5.

Members agreed to develop a regional longline strategy to ensure stronger economic benefits, including a focus on albacore. They also addressed illegal, unreported and unregulated (IUU) fishing, which is problematic with the longline fishing industry.

The forum noted that the Pacific Maritime Surveillance Program (PMSP), funded by the Australian Government will be implemented with two King Air aircraft replacing the current Cessna Skymaster currently in use to monitor IUU fishing in the South Pacific.

Forum members also agreed on the priorities for the Western and Central Pacific Fisheries Commission (WCPFC): Tropical Tuna and harvest strategies work on a new Compliance Monitoring Scheme (CMS), slated to be ready by the end of 2018.

In addition, FFA will adopt a new Monitoring, Control and Surveillance (MCS) Framework that will give them "emerging and 'over-the-horizon' technologies including e-reporting, e-monitoring, and enhanced satellite surveillance," according to Mr. Movick.

### SPC, PEW, UN recognize World Tuna Day and call us to action

Tuna was celebrated in a big way around the Pacific on World Tuna Day, May 2<sup>nd</sup>, including a parade and festival in the Solomon Islands, Poetry and drawing contests in Kiribati, recipe contests in the PNG, a fishing tournament in FSM and a filleting competition in the Marshall Islands. These were just a few of the festivities enjoyed in the PNA member countries.

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Meanwhile, other organizations used the UN ratified day as a call for action, reminding us that tuna is a precious commodity that needs to be protected.

The Pacific Community (SPC) and the PEW Foundation called on Regional Fisheries Management Organizations (RFMOs) to tighten their rules on FADs. FAD use has increased dramatically over the past twenty years, increasing targeted catch as well as non-targeted bycatch. Roughly half of canned tuna comes from skipjack caught with the aid of FADs. Pew urges using science-based limits on how many times a vessel can fish on a FAD as a significant means to sustain tuna stocks.

PNA, has begun to address the FAD issue by electronically monitoring and tracking FADs in their waters, actions Pew commends.

The United Nations used World Tuna Day as occasion to launch a “Clean Seas” campaign, working to reduce the volume of plastic in ocean waters.

## Islanders see world largest fishing expo

Pacific Islanders from PNA member countries traveled for up to 30 hours to Belgium to attend Brussel’s Seafood Global and Seafood Processing Global Exposition. The expo, the largest in the world, featured more than 1,900 exhibiting companies from 78 countries.

The event was a huge eye-opener for PNA as they saw a huge array of both products and ways to process fish. Media commented Ferral Lasi from the Solomon Islands, was particularly impressed with an icemaker that runs on solar energy, seeing the possibilities for small islands that often lack electricity. The representatives also gained ideas as they saw what other island nations are doing with their fish. This information is critical for the small developing island nations working towards self-reliance. For many of the PNA countries fisheries is 90 percent or more of their national income, revenue used to support schools, hospitals, infrastructure and more.

The contingency from Kiribati, Solomon Islands, Marshall Islands, Palau, Federated States of Micronesia, and Tokelau later met in Oosterhout, Netherlands to attend a Pacific Meeting.

## Majuro aims to be one stop shopping for fisheries

Pacific International Inc. is poised to establish the largest private sector fisheries support operation in the Pacific region following RMI EPA approval of its plan to fill a large portion of the ocean side reef area across from its lagoon side industrial site past the bridge.

“The aim is to develop a one-stop fisheries support facility,” PII CEO Jerry Kramer told the Marshall Islands Journal. The commercial tuna fishery is the big industry in this region, and the Marshall Islands needs to do more to attract and maintain fishing business, said Kramer.

The initial — and most costly — stage of the ocean side plan is land filling the ocean side reef to reclaim land to build facilities on. What will follow the land reclamation is a plan for developing a wide-range of on-shore facilities and services to support fishing vessels. The land reclamation project will develop over six acres of new land on the ocean side reef adjacent to its lagoon side dock property that already sports a large commercial dock and a net repair facility.

PII has already completed phase one of its development plan with the opening of the net repair yard for purse seiners over a year ago. PII saw business at the net yard pick up significantly in the second half of 2017. The next phase on the lagoon side is to extend the PII dock westward to a length of 1,200 feet to accommodate multiple vessels.

The dock expansion and ocean side development plan will be used to support a range of fisheries related needs from fuel to freezer storage of tuna that can be offloaded from fishing boats for short-term storage before being transported by container to off-shore canneries. Shipping companies are looking to fill their vessels without-bound cargo from Majuro, which the proposed off-loading and tuna storage facilities would support.

Kramer said having shore-based freezer capacity can expand tuna exports by container ship that will reduce use of carrier vessels that are currently the main means of tuna transshipment in Majuro.

Of the benefits for the RMI Kramer noted, “Many local companies and the government will benefit from spin off activities. Everything happens with economic development.”

## PNG Fisheries have different stories

While RD Tuna Cannery, Majestic Seafood Corporation Limited and Frabelle PNG Limited are all Papua New Guinea fishing companies, it seems that is the only thing RD Tuna Cannery has in common with the other two enterprises.

RD Tuna Cannery General Manager Erwin Ortiz commented on the PNG government’s new rebate system saying, “The rebate given by the National Fisheries Authority and the government to manufacturers is very good.”

The new rebate system has been in place since the first of the year and rewards industry for fish processed in PNG. Previously the government sold heavily discounted, even free, fishing days to domestic flagged and locally based foreign flagged vessels linked to PNG factories on the premise that they would process their catch in PNG. In reality, however, fishing companies took close to 80 percent of the fish caught in PNG EEZ’s off-island to process in other countries. As a result, PNG was deprived of fish, jobs and income. The new rebate system works to correct this situation.

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Under the new system RD Cannery show signs of healthy growth. Ortiz says the Papua New Guinea company has upgraded their fishing vessels and says that 2017 was a good year for them in terms of volume, partly because of their new vessels. Ortiz goes on to say that the company has now become vertically integrated, meaning they obtain fish from their own fishing group, no longer needing external sources.

Another sign that the company is doing well is RD's plans to increase its cold storage capacity in the near future. Ortiz says one of the biggest manufacturing challenges in the industry is managing the price of fish and that in order to stay competitive cold storage will help increase their inventory. He told "Air Nuigini Paradise" that, "What we need to do is stock fish for three months. With that we can plan well, do forward bookings effectively and be protected from any changes of price."

RD Tuna Cannery is based in Madang, PNG, and is one of the region's major sources of canned tuna.

Two other PNG tuna companies meanwhile seem to be experiencing transition pains to the new system and have a different story to tell. The PNG newspaper, The National, reported that Majestic Seafood Corporation Limited and Frabelle PNG Limited are considering a possible merger in order to bring costs down and stay competitive globally. The newspaper also stated that Frabelle's processing company in Lae recently laid off more than 800 workers and stated plans to close their doors due to what local Fisheries Industry Association Executive Officer Johnathan Manieva, said was the "introduction of some Government policies in the sector having implicating and restrictive effects on the industry in terms of revenue generation and operational efficiency to achieve economies of scale."

But Frabelle PNG Limited manager Daniel Noble told Papua New Guinea Today the company is not closing its doors, but reacting to the current market situation saying, "We temporarily stopped our canned tuna line because we are not able to get orders from our European Union (EU) market. EU buyers have slowed down thus demand was low and the price is very competitive." He says employees will be recalled when market conditions improve.

Frabelle PNG Ltd has operated in PNG for about 20 years and Noble says that the company is "committed to investing in the country."

## Pacific's 2<sup>nd</sup> intern attends expo, does presentations and more

Pacific's intern, Christent Rokobuli from Nauru reports a very busy schedule that has included presenting to PNA officials in Europe, interviewing an economist who specializes in tuna and developing a Nauru translated Pacific page. She also attended the world's biggest seafood exposition in Brussels. Her lovely personality comes through in her blog, where she shares her adventures and learning. In her last

her internship short for personal reasons, but looks forward to staying connected to Pacific.

To read Christent's blog in full go to <https://pacificinsider.wordpress.com>

## Palau to establish domestic fishery by 2020

Palau aims to have a new Central Fishing Auction and Processing Facility by 2020. It will be located in Babeldaob and will include a wharf and a central market. The market will be an opportunity for local fishermen to showcase their catch and encourage both local consumers and tourists to buy pelagic fish from local fishers.

Meanwhile, by 2021, 80 percent of Palau's Exclusive Economic Zone (EEZ) will be closed to commercial foreign fishing with 20 percent created for domestic fishing.

## Transshipment in Majuro soars

An explosion of tuna transshipment activity saw this year's highest monthly amount of activity in Majuro lagoon during April.

After a slow start, with only 37 transshipments in January and February, the numbers jumped to 47 in March and then 59 last month, according to the Marshall Islands Marine Resources Authority.

That increased the four-month total to 143, putting Majuro on track for nearly as good a year as 2017 for transshipments.

The 59 transshipments in April is a two-year high, beating the 2018 monthly high of 57 set last August.

The 14 US-flagged purse seiners and 12 Taiwan-flagged purse seiners led all other flags that had purse seiners in Majuro last month to offload their tuna catches. The 59 transshipments at an average of 700 tons per transshipment amounts over 41,000 tons transshipped last month. At the current world market price of USD1,800 per mt. for skipjack tuna in Bangkok, the tuna transshipped in Majuro last month was worth over USD74 million.

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