



Fisheries

The Pacific region has the greatest remaining viable fisheries resource in the world. Provided this valuable resource is managed correctly the future for the fisheries industry and associated aquaculture industry is positive.

Regional Management

Regional cooperation will create economies of scale in the industry and provide synergy for the development of the fisheries industry. PNG hopes that its Pacific Marine Industrial Zone (PMIZ) will encourage other Pacific countries (most likely Solomon Islands) to process tuna in the PMIZ. Fiji is a hub for transshipment of regional catch.

The **Forum Fisheries Agency (FFA)** comes under the umbrella of the Pacific Islands Forum (PIF) and is primarily concerned with the management of tuna fishing. All the Pacific Islands countries are members of the FFA including Australia and New Zealand.

The FFA provides:

Fisheries management – providing policy and legal frameworks for the sustainable management of tuna

Fisheries development – developing the capacity of members to sustainably harvest, process and market tuna to create livelihoods

Fisheries operations – supporting monitoring, control and surveillance of fisheries as well as treaty administration, information technology and vessel registration and monitoring.¹

Trends

Historically, commercial fishing in the Pacific has been dominated by catch and carry foreign vessels. There has been a push for local registration of fishing vessels and PNG in particular has increased its domestic registered fleet. This is a major contributor to the development of the industry.² The regional catch by domestic registered vessels currently stands about 20% and of that about 5% is processed onshore.³

Tuna

Tuna is the dominant catch and over 50% of the global US\$7 billion tuna catch is sourced from the Pacific. Pacific tuna is based on four key species: skipjack, yellowfin, bigeye and albacore tuna. PNG's domestic based commercial fishing has grown in size by a factor of ten in the past decade and PNG licensed vessels account for half of the overall regional catch. The tuna industry is managed regionally by organisations such as the Parties to the Nauru Agreement and the Forum Fisheries Agency.

Preferential Trade Agreements

All of the Pacific Island countries enjoy various preferential access to the EU market.⁴ PNG, Vanuatu, Samoa, Tuvalu, Kiribati and Solomon Islands enjoy duty free export of fisheries to the EU. PNG's trade agreement also includes fish caught outside of PNG's EEZ but processed onshore in PNG.⁵ The EU imposes a 24% tariff on processed tuna from other markets. This gives some of the Pacific countries including PNG, Solomon Islands and Fiji

a distinct competitive advantage. Several Pacific Islands countries also enjoy preferential agreements with the US.

Papua New Guinea

PNG has an abundant fisheries resource and an excellent natural environment for aqua culture. PNG has an exclusive economic zone (EEZ) covering 2.4 million square kilometres and a tuna catch accounting for some 10% of the world's total.⁶

Positive developments such as PNG's duty free exports of fisheries to the EU, including fish caught outside PNG waters, encourages the local industry. This along with increasing transport links to an expanding Asian market means that there is every chance that PNG can become a regional processing and export hub.

The PNG government is supporting the domestic commercial fishing industry by providing investment incentives (see Papua New Guinea overview section) and licence preferences to local vessels.

Processing in PNG

There has been a significant rise in processing in PNG as the result of a government policy to entice fishing companies to establish shore bases by tying fisheries access to the building of processing facilities. Located near to major fishing grounds, provinces in PNG's northern regions are being turned into a regional processing powerhouse.

Processing in PNG is a proven industry. There has been significant development in the past 15 years with the investment of three major processing plants;

- R D Tuna is a Philippines owned integrated tuna fishing and processing operation located in Madang. They process 200 tonnes per day and produce canned tuna and frozen cooked tuna loins. RD sell locally, regionally and worldwide and employ 3,500 people.⁷
- International Food Corporation is a Malaysian company based in Lae and processes canned mackerel for sale to the domestic market. In 2009 the company expanded into frozen loin and canned tuna for export.⁸
- Frabelle Fishing Corporation from the Philippines

is building the largest cannery in the Southern Hemisphere in Lae, capable of processing 350 tonnes per day and employing 6000 people.

Pacific Marine Industrial Zone (PMIZ)

The US\$300 million PMIZ is slated to be built on 215 hectares, in the Madang region on the North coast and nearby major fishing grounds. The PMIZ is an initiative of the PNG government and the regional Parties to the Nauru Agreement.⁹ The PMIZ will provide wharfing, processing facilities and infrastructure to support export focused fisheries processing.¹⁰ Construction of the PMIZ is still in the design process and completion is expected to offer incentives to invest such as preferential fishing licences and tax relief.

Aquaculture in PNG

PNG has considerable natural advantage for Aquaculture; it's unexplored waters and ideal propagation conditions combined with increasing transport options to major markets in Asia point to a strong future. There is also domestic market demand, a lack of competition and government incentives such as the special waiver on imports of agricultural production equipment which will extend to aquaculture.¹¹

Solomon Islands

Solomon Islands has rich fishing grounds but the fisheries industry is yet to recover to pre-tensions levels. Solomon Islands enjoys duty free export to the EU and has potential for further development in processing or aquaculture for the export market.¹²

Processing has a long history in Solomon Islands with a working tuna cannery in Noro (Soltai) which works in partnership with **National Fisheries Development Ltd (NFD)** who operate a fleet of fishing vessels in partnership with global fishing company Tri Marine. They are increasingly focussed on pole and line fishing for export to environmentally sensitive markets including the UK.

Fiji

For Fiji the predominate catch in the cooler water Albacore tuna belt which produces a white meat canned product. About half of Fiji's catch is exported fresh to the markets of Asia and the rest is the Super Frozen product preferred by the EU and US markets. Fiji is a major trans shipment hub for fish caught on the high seas.

In 2011 Fiji was re-listed as being compliant with the sanitary regulations for exporting fish to the EU and is authorised to export under the Market Access Regulation until 1 January 2014. However if Fiji does not ratify its interim Economic Partnership Agreement with Europe (signed in 2009) by then, exports of fish to Europe will have to stop.

Fiji has an excellent domestic market for aquaculture that is being met with local production. Fiji's abundant natural fisheries resource means there is ample opportunity for both aquaculture and fisheries supply to the domestic market.

Opportunities for UK Business

With the depletion of fish stocks in other regions of the world, an investment in the Pacific could secure a foothold in the world's best sustainable fisheries. For those exporting to Europe favourable terms for access to the EU market are of considerable advantage. Proximity to the lucrative Asian market means that demand for Pacific fisheries will remain high and the outlook for the future optimistic. Investment costs are likely to increase and as regional and government policies favour local operators, conditions for market entry might be less favourable in the future.

>> The Pacific has the richest fishing grounds in the world <<

V. Naupoto, Permanent Secretary
Fiji Fisheries & Forest



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