

# Pacific tuna fisheries: an interview with Dr Transform Aqorau

by Matthew Dornan and Transform Aqorau

1 March 2016



*The eight Pacific island members of the Parties to the Nauru Agreement (PNA) control waters where over 50 percent of the world's skipjack tuna is caught (skipjack is the most commonly canned species of tuna). For many of these countries, tuna is their most valuable economic resource. Their return from this resource has increased significantly in recent years as a result of the vessel day scheme.*

*Matthew Dornan spoke over the phone with Dr Transform Aqorau, the CEO of the PNA Office based in Majuro, Marshall Islands, to discuss the vessel day scheme, the Pacific Islands Forum's Fisheries Roadmap, and efforts by Pacific island countries to move up the value chain.*

**Matt:** Transform, could you begin by telling our readers, the majority of whom don't work in the fisheries sector, about the Parties to the Nauru Agreement and the vessel day scheme?

**Transform:** The Nauru Agreement is between eight Pacific island countries and dates back to 1982. It was effectively aimed at maximising returns for those countries from the skipjack tuna industry, which is the most economically significant tuna species. In the Pacific, the bulk of fishing is done by fleets that are owned and flagged to countries outside of the region – what are commonly called 'distant water fishing nations'. At the time the Nauru Agreement was reached, Japan was the most important such player in the region. It had played these Pacific island countries off against one another in order to extract low licensing fees (the fees that distant water fishing nations pay to Pacific island countries to fish in their waters). The Nauru Agreement sought to address that imbalance in power by enabling Pacific island countries to come together.

The Parties to the Nauru Agreement are simply the countries that are signatories to that agreement: the Federated States of Micronesia, Palau, Marshall Islands, Tuvalu, Kiribati, Nauru, Solomon Islands, and Papua New Guinea.

If you look at the total catch of the PNA member countries plus Tokelau, which

participates in the vessel day scheme, it makes up about 95 per cent of the total catch of all Pacific island countries.

I guess the experience of the PNA group is now largely shaped by the vessel day scheme, which has generated increased economic returns, particularly in the last six years (licensing revenue accruing to PNA members under the vessel day scheme increased from \$64m USD in 2010 to \$357m USD in 2015).

The strengthening of securities rights under the scheme has also improved flexibility and improved transferability for vessel operators. And it has enhanced one of the underpinning strategic goals and visions of this particular group: self-reliance. So what we've seen in the last six years is an increase in the returns that countries have received, driven by a sense of self-reliance. It is really transforming in many ways.

In the PNA, we also work towards having a reduced role for the secretariat, which is now based in Marshall Islands (having previously being located in the Forum Fisheries Agency). So instead of trying to build up the secretariat, we actually decentralise a lot of the roles, responsibilities and functions. Because as rights holders, really the power should remain with the countries that own the fisheries resources: it should not be taken away and invested in some regional agency.

We also work to reduce our dependency on donors, and to that extent, we have very little donor support. The office itself is totally self-funded. So we don't have any reliance on donors, unlike other regional secretariats that operate in the region.

On the vessel day scheme itself, it is a cap and trade instrument under which a total allowable effort is set in terms of the number of days that vessels can fish in the region. And then each year we meet and there is a formula that's used to divide up the total allowable fishing effort between the eight member states. The allocation is known as the 'party allowable effort'.

**Matt:** I understand that part of the increase in the revenues to which you refer are the result of a greater fishing effort, and associated with that, increases in the total catch among the PNA member states. So I wanted to ask you, to what extent is that sustainable?

**Transform:** I'd like to correct some of that because I think that's some of the misinformation that's going around about the increase in the catches in the PNA.

The increase in revenue has been largely driven by demand for the days, because the days are now a valuable commodity. The minimum benchmark has been set at \$8,000 a day (the price paid for one vessel to fish for one day in PNA waters), but

the actual value of the days has been much more than that. Vessel day scheme day prices are now on average around \$11,000 to \$12,000 a day, and that is likely to increase, despite falling tuna prices, given the growth of the domestic fleet of PNA members and reductions in the number of days available for foreign fishing fleets.

In terms of catches, yes, there have been increasing catches overall in the Western and Central Pacific Ocean, but that includes catches in the high seas (areas over which no country has sovereignty) and catches in non-PNA waters (such as in the waters of Indonesia, the Philippines, and the Cook Islands, a non-PNA member). We've seen catches relatively stable in the PNA region, except for in 2014.

And so the misinformation that people have that the PNA is responsible for the increase in catches and increase in effort is not actually true because you need to look at the whole picture in the Western and Central Pacific, not just the PNA waters.

On the question of whether it is sustainable, we have it on record that skipjack tuna, which is our primary resource, is very healthy. There's no issue at all with regards to the biological health of skipjack tuna. I think from what the scientists say, it is capable of sustaining—supporting increased efforts—and so there is no issue at all about fishing for skipjack.

[The problem is] when you're fishing for skipjack and using the fish aggregating devices, which tend to take juvenile bigeye tuna, which is the top species of tuna that is overfished. There are serious issues surrounding bigeye tuna, and unfortunately, those countries (such as Japan) who are most affected by bigeye tuna and whose vessels fish for bigeye tuna, [they are] the ones who have been the least interested in ensuring its sustainability.

**Matt:** My next question is about the Roadmap for Sustainable Pacific Fisheries agreed at the Forum Leaders' meeting in Port Moresby last year. Under that roadmap, I understand that a quota-based system is being advocated. Do you support that move away from an effort-based system, such as the vessel day scheme, to a quota-based system based on actual catch volumes?

**Transform:** If I could just premise my response by saying this. If we look at the revenues that have been generated from the vessel day scheme, in 2010, it was about 60 million. And six years later, it's about 400 million. And this is largely driven by the vessel day scheme.

Now, my response to critics of the vessel day scheme is this: show me another system where you have been able to generate the kind of revenue we've been able to generate in the last six years.

The FAO has said that transferable effort shares are a weaker form of rights than catches. But they've also cautioned that from a population dynamics perspective, an effort-based approach tends to be favoured because it's easier for you to cut back on the effort than it is to cut back on the catch when you need to, and it's more complex when you try to do it in a multi-lateral context.

There's no perfect system out there, but for me, I'm just disappointed that there's been criticism of the vessel day scheme, which has delivered so much, and which is an initiative of the island countries themselves.

But, we're participating in the process [the Roadmap], the task force that's put together by the leaders. Because that's what the leaders want.

**Matt:** Pacific island leaders have spoken repeatedly about the need to be more involved in the processing of fish, in other words, to move up the value chain in the tuna fisheries industry.

We see that's already happening in countries like PNG with a new processing area in Madang. Do you think there's potential for smaller countries to also be involved in processing? Countries like Kiribati or Tuvalu, or Marshall Islands, countries which don't have those economies of scale that are present in PNG?

**Transform:** What we've seen is that the vessel day scheme has also contributed to those developments. So in PNG, they use the vessel day scheme to develop processing. Countries now have more choices. They're really thinking seriously about whether they can use the vessel day scheme to support processing, and whether they will get more money by processing the catch.

Now we've moved away from that, within the PNA, because we have tried it. When we first started, we talked about cross-border investment. We talked about processing hubs. We talked about contract processing. But look, it becomes more complex and more difficult for countries to do these things as a group. It's really up to individual countries, whether or not they want to do that. If a country wants to do it, then by all means they can and they should do it. But we can't force that. We can't force industries to relocate and start processing. As I said, it just becomes increasingly difficult for countries to implement as a group.

There are also costs in terms of licensing revenue. And that applies with local crewing requirements as well – something I know you've [written about](#), Matt.

We've been saying we need to participate in the value chain, but I don't think you can do that as a collective group. What I'm seeing now on the ground is that countries will work well together in defining their rights, and they can use their rights

in whatever way they wish. It's not for anyone else to tell them how they do it.

More broadly, I think the innovations that you're going to see, Matt, are not so much in terms of processing, but maybe using their days and working with the brands as part of the value chain. I think that's what you'll possibly see in the future.

*Matthew Dornan is the Deputy Director of the Development Policy Centre.*

*Transform Aqorau is the CEO of the Parties to the Nauru Agreement Office.*

### **Author/s:**

#### **Matthew Dornan**

Matthew Dornan was formerly Deputy Director at the Development Policy Centre and is currently a senior economist at the World Bank.

#### **Transform Aqorau**

Dr Transform Aqorau is Vice Chancellor of Solomon Islands National University.

Link:

<https://devpolicy.org/pacific-tuna-fisheries-an-interview-with-dr-transform-aqorau-20160301/>