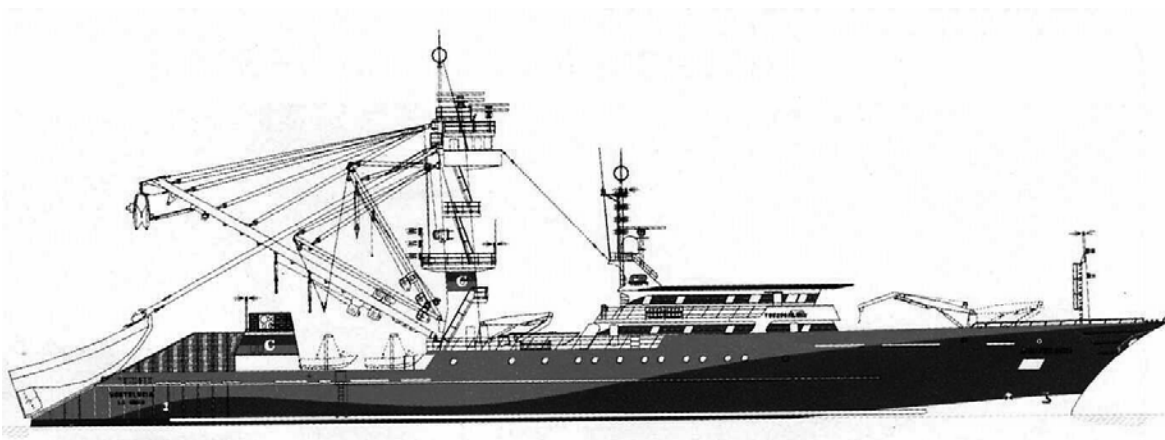




SCTB15 Working Paper

FTWG-6

The WTPO and its Significance in the World tuna Purse seine fishery



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WTPO and its Significance in the World tuna

Purse seine fishery

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INTRODUCTION

The tuna purse seine catch, around 2 million Mt since 1999, contributes with 58% of the Total World tuna catch. Therefore purse seine is the most important fishing gear catching tunas in the World. More than ten countries have a fleet that catch over 50,000 Mt of tunas per year. It is well known that tuna fishing is the most global fishing in the World, and contributes with 5% of the Total World Catch. Therefore if tuna purse seining contributes with 58% of the World Tuna catch, means that this fleet alone catches almost 3% of the Total World Catch.

From the 2 million Mt caught by tuna purse seiners, 65% of that catch is made by fleets associated under the World Tuna Purse-Seine Organization (WTPO), reaching a total of 1,1 million Mt. Considering that the estimate number of boats dedicated to tuna purse seining in World could be around 540-550 boats, WTPO counts with 60% of the World Tuna purse seine fleet (340 boats).

THE WTPO CREATION PROCESS

During the Tuna 2000 INFOFISH Conference, held in Bangkok, the Asian and the European ship-owners, in view of the deep crisis affecting the World Tuna Market, agreed to meet and study the origin of that price crisis, to act accordingly.

The initiative was taken by the French Tuna Producers Organization ORTHONGEL, that called for a meeting in July 2000 in Paris to the Asian and European ship-owners. During that meeting a principle of cooperation was established. But no measures were adopted until the second meeting organized by the Philippine Tuna Industry Association in Manila from the 30th November until the 1st December. During that meeting apart from adopting some regulatory measures to control supply to the tuna market, the commitment for the creation of the WTPO during the first quarter of 2001 was taken. The measures adopted during the Manila meeting, were quite effective and in two months time price started to recover. In January 2001, a follow-up meeting was summoned in Manila again to reinforce the measures adopted and to control the level of compliance among the ship-owners.

The success of these measures, adopted on a voluntary basis by each ship-owner, lead to the creation of WTPO in Guayaquil (Ecuador) on 12th March 2001. During the Guayaquil meeting, the principles of work for the WTPO were established, and Mr. César



Rohón, Chairman of the Cámara Nacional de Pesquerías del Ecuador, was elected as first President of the WTPO. At the time of the creation, the signatories of WTPO were:

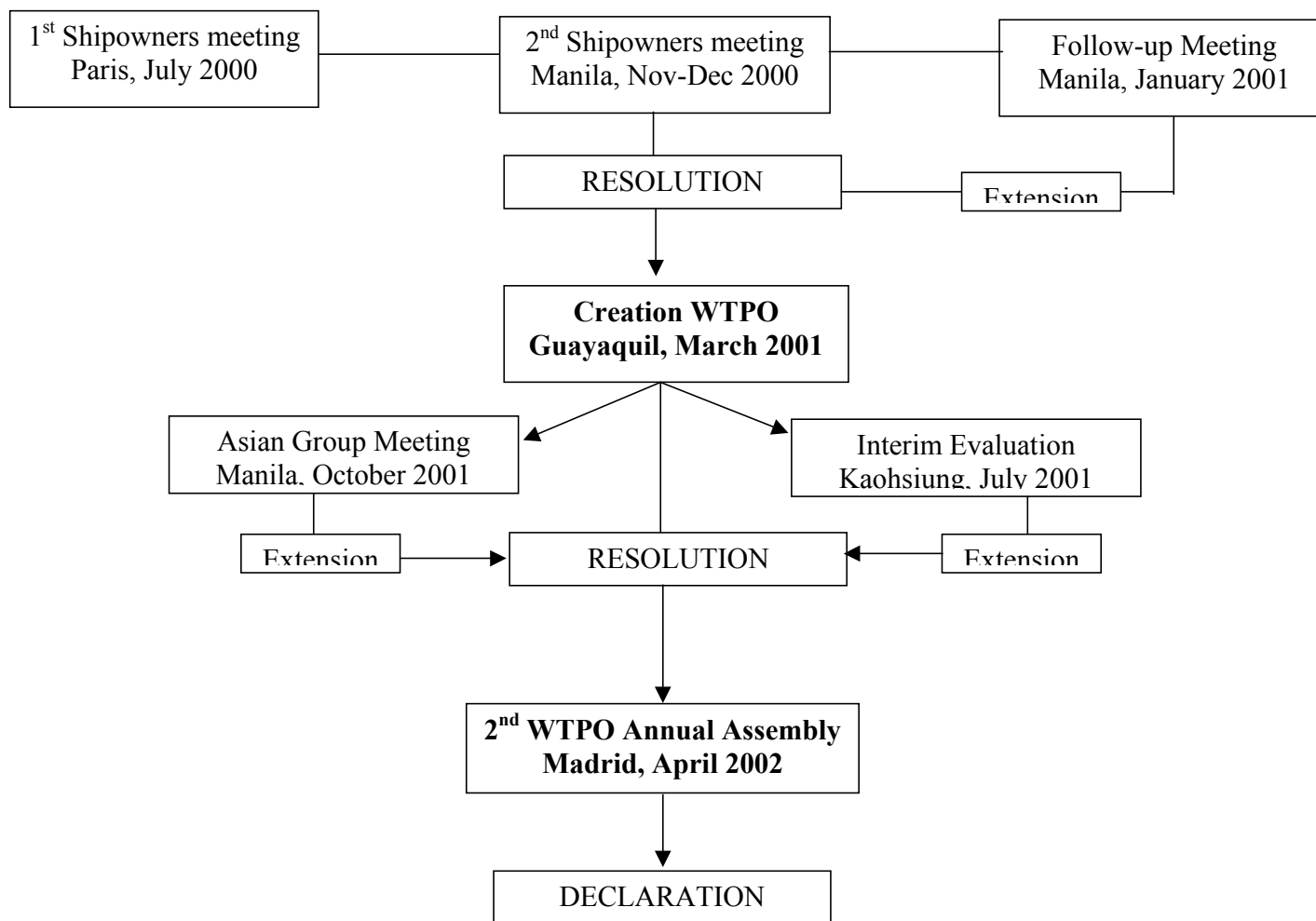
- Japan Far Seas Purse Seine Fishing Association (Japan)
- Korea Deep Sea Fisheries Association (South Korea)
- ORTHONGEL (France).
- ATUNEC (Ecuador).
- Cámara Nacional de Pesquerías (Ecuador).
- Philippine Tuna Industry Association (Philippines).
- Taiwan Deep Sea Tuna Boat Owners & Exporters Association (Taiwan).
- Odette Therese Inc. y Vasco Enterprises Inc. (USA).
- Mar Pacífico Fishing (Panamá).
- Atunes de Colombia y Seatech Int. Inc. (Colombia).
- Grupo Ortisi y Cannavo S.A. (Venezuela).
- Organización de Productores Asociados de Grandes Atuneros Congeladores (OPAGAC) (Spain).

In July 2001, the Taiwan Deep Sea Tuna Boat Owners & Exporters Association, was kind enough to organize an Interim Evaluation meeting in Kaohsiung (Taiwan). That was an important meeting to transmit the intentions of WTPO to all the Taiwanese members. In October 2001, the Asian Group of WTPO had another meeting to Evaluate the effect of the effort reduction applied by the Asian members and reinforce the compliance among the Asian members.

The Second Annual Assembly of WTPO was held in Madrid during April 2002. In this meeting, the Organization consolidated its procedures and functioning. Following the rule established at the creation of WTPO, the rotating Presidency went to the organizer of the Annual Assembly, and Mr. Ignacio Lachaga, former Chairman of OPAGAC, was elected as President of WTPO.

WTPO has recently met in Kaohsiung (Taiwan) from during the 17th-18th June 2002. In a special joint meeting with representatives of the tuna packers from Philippines and Thailand, and with representatives of the major tuna Traders operating in the Asian market, WTPO and those two other sectors of the tuna industry, made a joint declaration in creating a joint committee for the establishment of a standard of quality improvement of tuna delivered at canning factories. In exchange the ship owners that will comply with that standard, will receive a preferential treatment from the traders and the packers.

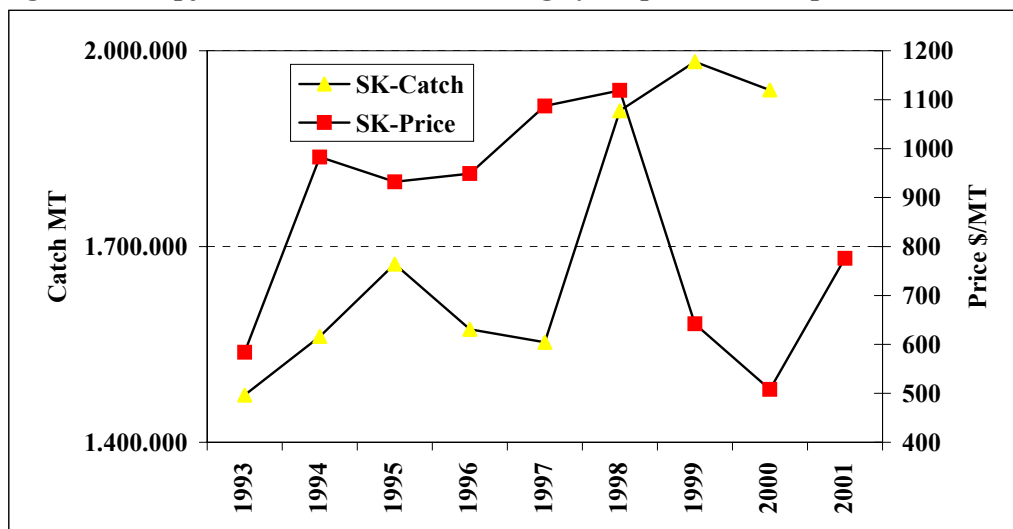
During that meeting also, the WTPO agreed in a resolution to reduce the slight oversupply situation that it was appreciated recently. All WTPO members from the Asian block (Japan, Korea, Taiwan and Philippines) will maintain their boats for ten days in port, every time they will call to unload tuna. That measure started 1st July 2002, and will last for two months. The compliance of the measure will be reviewed weekly.



Objective of WTPO and voluntary reduction measures The main objective of the WTPO is: *To apply and promote the generalized application of the Responsible and Sustainable Fishing principles, that will allow the equilibrium among the World tuna resources and its exploitation in a rational, economic and efficient way.*

The unbalanced among tuna supply and demand occurred during 1999 and 2000, lead to an oversupply situation that affected tuna price dramatically, going below prices never recorded since the last crisis suffered in the early 90's.

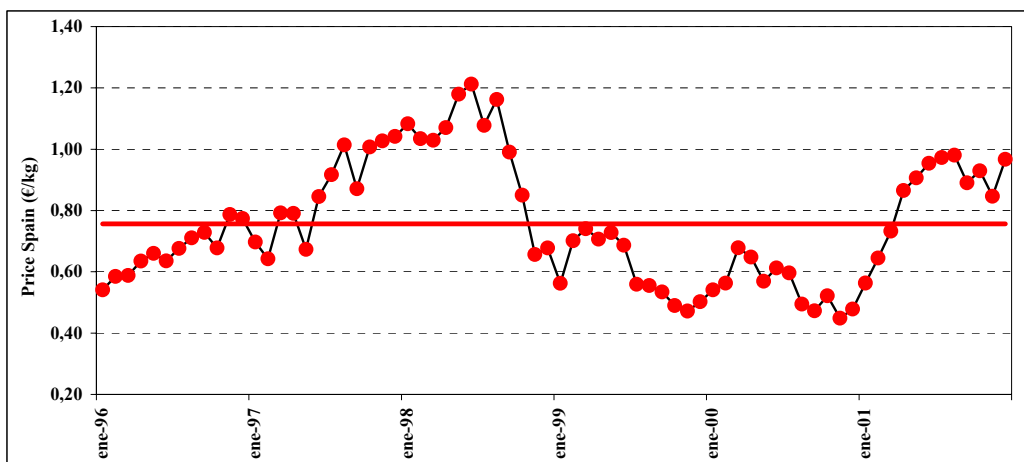
Figure 1.- Skipjack World catch vs. average year price in Europe



A combination of factors lead to the price crisis of 1999 and 2000. The catch during period 1998-2000 was extremely good, specially in the Pacific (both eastern and Western) and the demand from the major tuna market (USA) was declining. Consumption decline is connected with the low quality of the final product. The main tuna packers to the US market, started to add vegetable brood and hydrolysed protein to tuna cans, reducing by 20% the quantity of tuna packed in a tuna can. The price reduction policy of the tuna cans at the major supermarkets in the US, lead no option to obtain major margin for the canners that reducing production cost. As we said before, that situation in conjunction with an extraordinary catch in the Pacific, lead to the dramatic reduction of tuna prices, specially skipjack price. Although yellowfin market was not affected so severely, it was also affected because both prices are somewhere related.

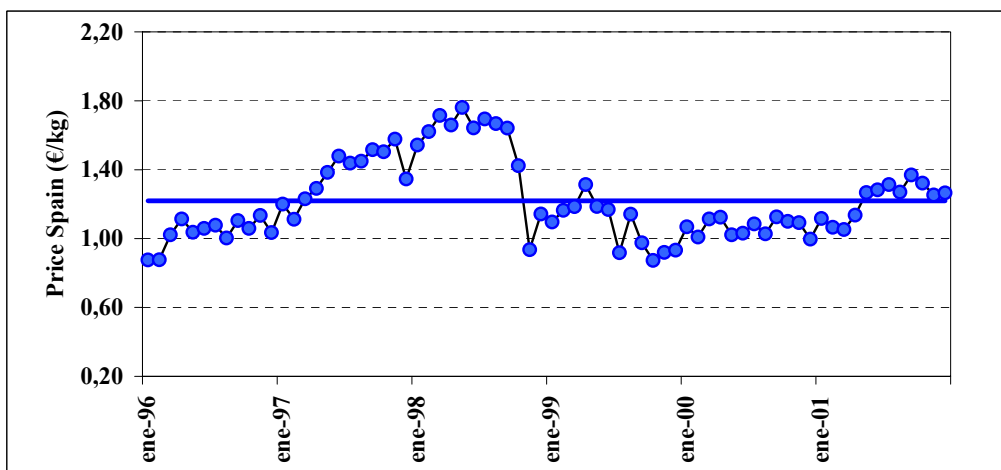
To try to solve that deep crisis, WTPO members started to apply voluntary reduction measures to try to reduce supply to the market. The kind of actions applied by WTPO are basically: Effort reduction, Catch limitation, Market oriented measures and Time-area closures.

Figure 2.- Monthly Skipjack price recovery.



This type of actions lead to a quite significant price recovery in a relative short time (six months) for both species. There are different opinions about the inter-relation among skipjack and yellowfin prices, but as it is shown in figure 3, yellowfin price it was also affected by the decline in skipjack price. The level of decline is not as severe as in skipjack, but if fact it is not recovered above the average until the beginning of 2001, when skipjack price started definitively to recover.

Figure 3.- Monthly Yellowfin price recovery.





On the belief that the World Tuna Industry has some more challenges ahead to achieve market stability on the long term, WTPO members had agreed in a series of principles that could be summarized as follows:

- 1.- To promote in the Regional Fisheries Organizations the reduction of the fishing effort finding the right equilibrium between the fleet size and the resource, considering also the concept of economic sustainable yield.
- 2.- The creation of the Worldwide tuna boat registry in order to achieve a non growing status of the tuna fleet in the World
- 3.- To minimize the catch of small tuna below 1.5 kg.
- 4.- The prohibition of the use of hydrolyzed protein or equivalent substances for the purpose of adding weight to canned tuna.
- 5.- The promotion of tuna consumption developing value added products and new tuna markets.

Those principles will be applied and promoted by WTPO at national level by every organization in its country, and jointly at international level mainly in the Regional Fisheries Organizations (ICCAT, ITOC, IATTC, FFA, WCPFC, etc) and FAO and OEDC.

Apart from that WTPO has also more immediate challenges ahead that comprise:

① Attract new members: mainly from Ghana, Russia, USA, FFA countries, Central-South America and Spain.

② Cooperation with tuna traders and packers.

CONCLUSION

Cooperation with the other sectors of the Tuna Industry is a crucial question to achieve a balanced and stable situation in the World Tuna Market. WTPO intentions are very clear and transparent, and its objective, mentioned above, could only be achieved through a stable market situation. WTPO members believe that it is on the interest of all the sectors involved in the tuna business to try to cooperate in achieving that stability, for the benefit of the preservation of Tuna Resources, on which the survival of all our industries (fishermen, traders, packers and marketers) depend.