

Afreighting Tuna: Opportunities and Challenges Faced by Pacific Island Countries Fresh Tuna Exporters

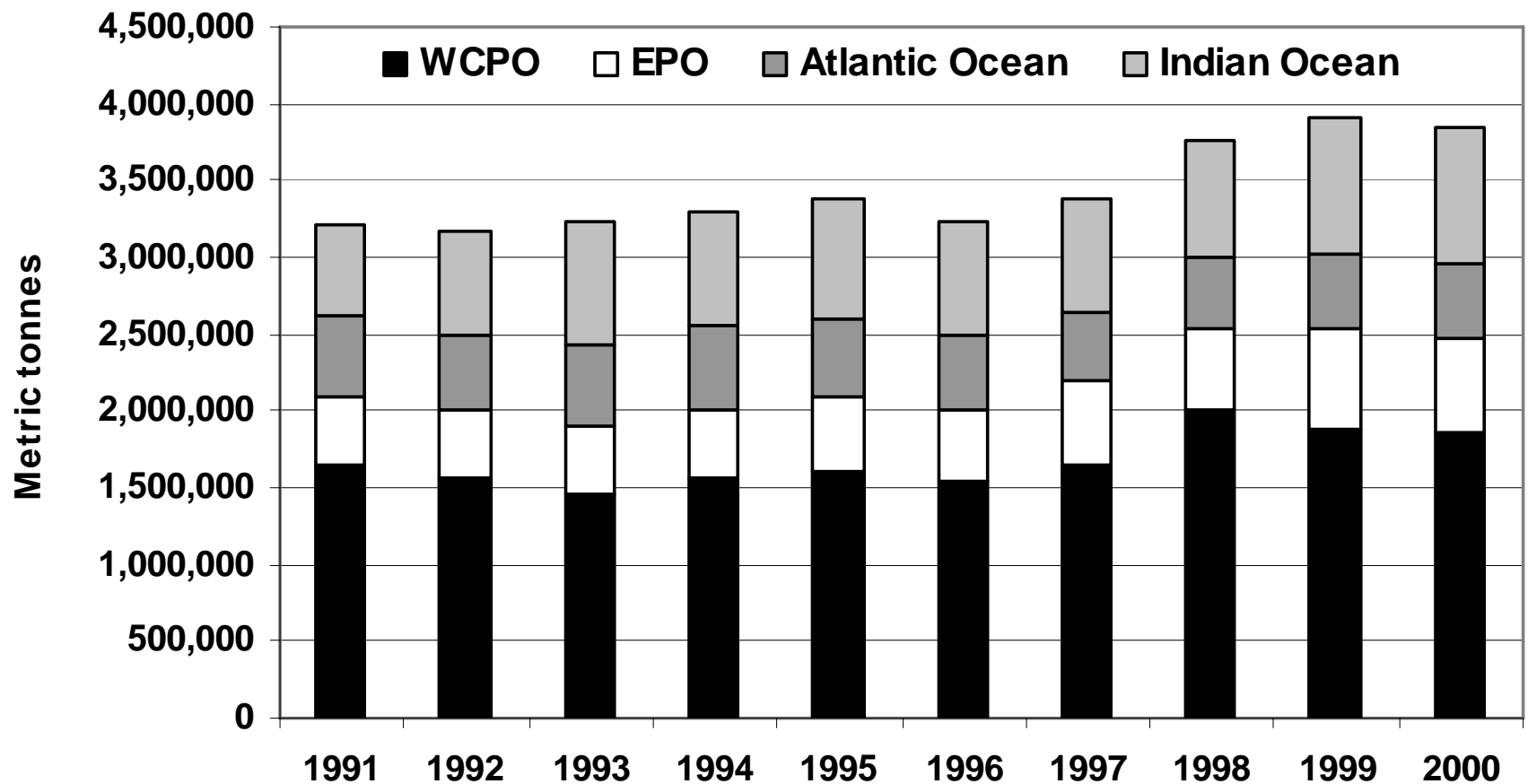


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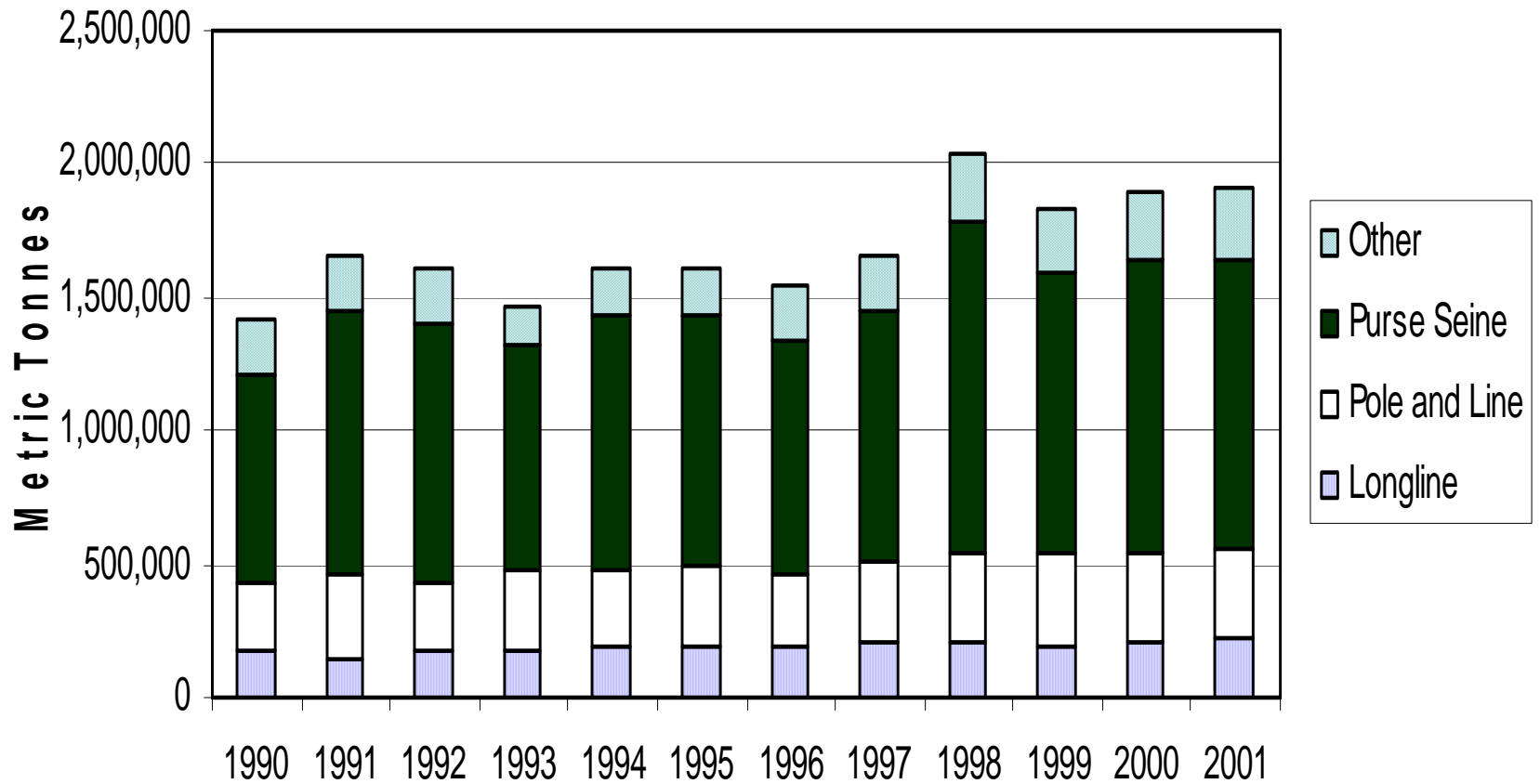
Background

- Tuna Fishery in the WCPO is diverse, ranging from small scale to large scale industrial operations;
- Main targeted species are skipjack tuna, yellowfin tuna, bigeye tuna and albacore tuna;
- WCPO tuna fishery is the largest and one of the most productive in the world with an estimated value of US\$1.9 billion.

Tuna Catches in Major fishing Areas in the World



Tuna Catch from WCPO



Airfreighting Fresh Sashimi/Chilled Tuna

- Predominantly longline fishing operators targeting fresh tuna sashimi/chilled tuna market;
- Major exporters include Papua New Guinea (PNG), Fiji, Samoa, Tonga, Federated States of Micronesia (FSM), Palau and Solomon Islands;
- Two target markets – Japanese Sashimi Tuna Market and the US fresh tuna market.

Japan Fresh Tuna Imports From FFA Is Countries (in mt)

	1997	1998	1999	2000	2001
Fiji	974.42	967.57	806.23	1,262.06	1,872.81
FSM	2,444.90	2,555.28	1,799.85	2,310.13	2,926.98
Marshall Is	2,512.35	599.14			52.33
Nauru				3.56	1.06
Palau	1,494.30	1,356.46	2,111.13	2,025.87	1,618.30
PNG	235.17	479.92	576.15	1,135.15	1,781.95
Solomon Is	2,502.25	214.01	1,384.71	766.85	1,006.32
Tonga	11.07	7.15	28.44	45.43	22.50
Total	10,174.46	6,179.53	6,706.51	7,549.05	9,282.25

US Fresh Tuna Imports (in mt)

	Fiji	Tonga	Samoa	Marshall Is	Other FFA	FFA Is Total	World Total
2000	1,748	171	721	-	-	2,640	6,729
2001	1,099	382	848	-	7	2,335	7,318
2002	584	138	284	106	107	1,219	4,093

Summary

- Increasing volume of fresh tuna imports from FFA island countries to the two markets;
- Majority of the exports has been transported by scheduled passenger flights with some charters;
- Charter flights are only utilised for the Japanese shipment.

Sashimi Airfreight Study

- Commissioned by FFA in 2000 to identify the constraints prevailing for the fresh sashimi tuna exports in the region and the problems that limit the availability of freight.

General Conclusions of the Study

- Freight rates below allocated costs;
- Individual shippers have been successful in making arrangements to meet their particular needs;
- New generation twin jet operations may reduce freight space available on passenger services;
- Transshipment is a constant constraint;
- Very limited number of specialist freighter operations with aircraft suitable even for transshipment connecting services to hub airports;
- Regulatory impediments is not a significant constraint to the operation of suitable services.

Recommendations

- Improve co-operations, co-ordination and communication between exporters;
- Develop stable market conditions by having reliable, consistent and reasonably predictably loads of fish for exports;
- Facilitate airfreight development...;
- Add complementary traffic;
- Consistent airfreight strategy;
- Avoid one-off charters;
- Quality control.

Challenges for Fresh Tuna Exporters

- High dependence on existing scheduled passenger flights to transport air cargo to markets;
- Substantial risks faced by exporters of fresh tuna;
- 3 major challenges:
 - Increasing use of twin jet aircrafts thus reducing the current space capacity;
 - Minimising financial loss due to poor quality of fish through delays/cancellation of flights;
 - Consistent volume of supply of fish to justify the establishment or the on-going operation of freight services.

Increasing Use of Twin Jet Aircrafts

- Majority of the freight from FFA island countries are transported on commercial passenger flights.
- Study highlighted the increasing use of twin jet aircrafts as a potential constraint beyond the control of the fresh tuna exporters because:
 - this will reduce freight space and capacity, and
 - subsequent increase in cost due to an increase in demand for freight space.

Minimising Financial Loss

- Quality of fish very important
 - Poor quality -> low price (or worse, loss of market)
 - Good quality -> Attract premium prices and high returns
- Exports to the major markets have to go through a regional hub and connect with flights heading to the two markets;
- Desirable characteristics with respect to services and facilities at the regional hubs should include better flight connection, minimal delays and adequate holding facilities;
- Coordination and communication links between the parties involved are imminent for high returns.

Consistent Supply/Volume of Shipment

- Essential for the provision or availability of a freight service in the region;
- A market analysis is currently in progress to determine the volume of fish exported by airfreight;
- Information indicated that there is a consistent supply of fish from the existing operators in the region and the volume will increase as more operators enters the fishery;
- Recent developments in the fishery have indicated potential increase in demand for freight space.

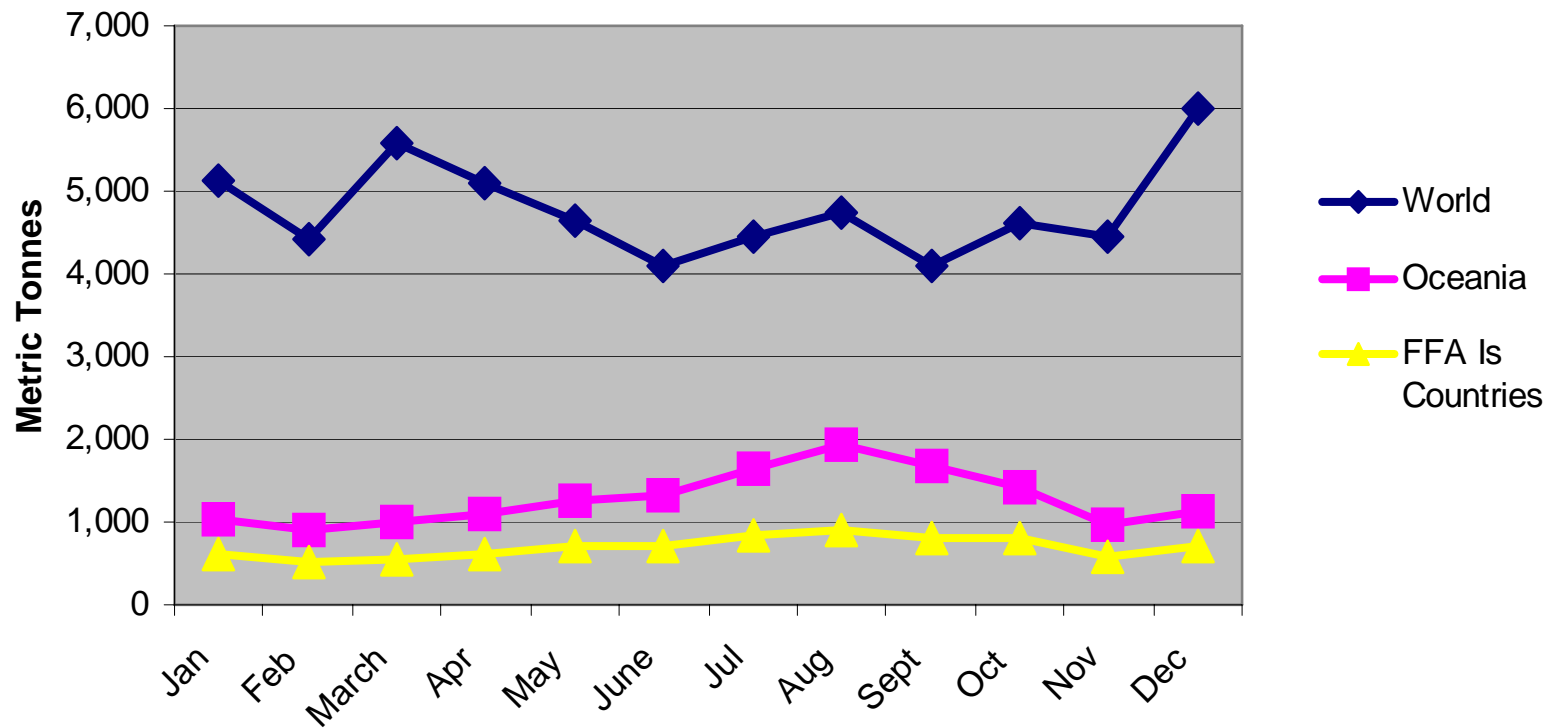
Supply to the Japanese Market

- Approximately 15% of the Japanese imports of yellowfin and bigeye tuna are from FFA island countries;
- The rest of the world supplied the remaining 85%.



Japan Fresh Tuna Imports (1997 – 2001)

Japanese Fresh Yellowfin and Bigeye Tuna Imports (1997 - 2001)



Future Prospects For Fresh Tuna Exporters

- There is a need for all stakeholders to work together and respond to the issues highlighted by the Sashimi Airfreight Study;
- Interventions should include meetings and understanding the economics and the dynamics of air transportation, particularly, freight;
- Need for better communication links and cooperation between all parties.

Future prospects cont....

- More development in the longline fishery industry is envisaged in the near future -> potential increase in demand for freight space;
- Dialogue with other exporting sectors/companies in the country will be necessary as an avenue to increase volume of shipment to improve the economics of operating a freight service in the region;

**BUT WHO SHOULD KICKSTART THE
PROCESS?**

Conclusion

- There is and has been a consistent supply of fresh tuna shipment to the main market;
- Better coordination, communication and cooperation are essential elements for the continuing operation of the fresh tuna ventures in the island countries;
- Private Sector to lead initiatives towards addressing the freight issue. Government and regional organisation's involvement should largely be on facilitating the process.....



