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Delegations will find attached the above-mentioned document.

Encl.: Final report (June 2012)

FRAMEWORK CONTRACT MARE/2011/01 – EVALUATION AND IMPACT  
ASSESSMENT ACTIVITIES FOR THE DG MARE

Lot 3 - Retrospective and prospective evaluations on the  
international dimension of the CFP

SPECIFIC CONTRACT 03

*EX-POST EVALUATION OF THE CURRENT PROTOCOL TO THE FISHERIES  
PARTNERSHIP AGREEMENT (FPA) BETWEEN THE EUROPEAN UNION  
AND SOLOMON ISLANDS, AND EX-ANTE EVALUATION INCLUDING AN  
ANALYSIS OF THE IMPACT OF THE FUTURE PROTOCOL ON  
SUSTAINABILITY*

FINAL REPORT

JUNE 2012

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COFREPECHE: 32 rue de Paradis, 75010 Paris, France. [info@cofrepeche.fr](mailto:info@cofrepeche.fr)

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Action	SURNAME	First name	Organisation
			Position
Authors	ARTHUR	Robert	MRAG Ltd Team leader
	HAMILTON	Amanda	MRAG Ltd Fisheries economist
Peer review	BANKS	Richard	POSEIDON Director / Fisheries economist
Proofreading	MEES	Chris	MRAG Ltd Managing Director / Senior fisheries expert
Edition	MEES	Anna	MRAG Ltd Editor
	LE FOL	Gwendal	COFREPECHE Project officer
Approval	DEFAUX	Vincent	COFREPECHE Projects Director
Validation	SILVA	Jean-Pierre	COFREPECHE Deputy Managing Director

**Acronyms and abbreviations**

ACIAR	Australian Centre for International Agricultural Research	MGA	Main Group Archipelago
ACP	African, Caribbean, Pacific	MFMR	Ministry of Fisheries and Marine Resources
ADB	Asian Development Bank	MSC	Marine Stewardship Council
AFAD	Anchored Fish Aggregating Device	MSSIF	Mekem Strong Solomon Islands Fisheries
ALC	Automatic Location Communicator	MSY	Maximum Sustainable Yield
AUD	Australian Dollar	MTC	Minimum Terms and Conditions
CBSI	Central Bank of Solomon Islands	MTU	Mobile Transmission Unit
CCM	Commission Cooperating Member	MY	Management Year
CCS	Catch Certificate Scheme	NCRA	National Coalition for Reform and Advancement
CFP	Common Fisheries Policy	NZAID	New Zealand Agency for International Development
CGIAR	Consortium of International Agricultural Research Centers	OPAGAC	Organización de Productores Asociados de Grandes Atuneros Congeladores
CFFA	Coalition for Fair Fisheries Arrangements	ORTHONGEL	Organisation de Producteurs de Thon Congelé
CIF	Cost, Insurance and Freight	OPRT	Organisation for the Promotion of Responsible Tuna Fishing
CMM	Conservation and Management Measures	PACER	Pacific Agreement on Closer Economic Relations
CNM	Commission Non Cooperating Member	PAE	Party Allowable Effort
CSIRO	Commonwealth Scientific and Industrial Research Organisation	PROCFISH	Pacific Regional Coastal Fisheries Development Programme
DEVFISH	The Development of Tuna Fisheries in the Pacific ACP Countries Project	PNA	Parties to the Nauru Agreement
DFAD	Drifting Fish Aggregating Device	PNG	Papua New Guinea
DG MARE	Directorate General for Maritime Affairs and Fisheries	PNAO	Parties to the Nauru Agreement Office

Consortium: COFREPECHE (leader) – MRAG – NFDS – POSEIDON

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DWFN	Distant Water Fishing Nation	RAMSI	Regional Assistance Mission to the Solomon Islands
EAFM	Ecosystem Approach to Fisheries Management	RFMO	Regional Fisheries Management Organisation
EDF	European Development Fund	RMI	Republic of the Marshall Islands
EEZ	Exclusive Economic Zone	SBD	Solomon Islands Dollar
EP	European Parliament	SC	Science Committee
EPA	Economic Partnership Agreement	SciCOFish	Scientific Support for the Management of Coastal and Oceanic Fisheries in the Pacific Islands Region
EPO	Eastern Pacific Ocean	SEAPODYM	Spatial Ecosystem and Populations Dynamics Model
EU	European Union	SIDS	Small Island Developing States
EUR	Euro	SINPF	Solomon Islands National Provident Fund
FAD	Fish Aggregation Device	SMACFish	Sustainable Management of Aquaculture and Coastal Fisheries in the Pacific Region for Food Security and Small-scale Livelihoods
FFA	Forum Fisheries Agency	SPARTECA	South Pacific Regional Trade and Economic Cooperation Agreement
FAO	Food & Agriculture Organisation	SPC	Secretariat of the Pacific Community
FOB	Free On Board	SPS	Sanitary and Phytosanitary Regulation
FPA	Fisheries Partnership Agreement	TAE	Total Allowable Effort
FSM	Federated States of Micronesia	TUFMAN	Tuna Fisheries Database Management System
FSMA	FSM Arrangement	UNCLOS	United Nations Convention on the Law of the Sea
GATT	General Agreement on Tariffs and Trade	UNFSA	United Nations Fish Stocks Agreement
GDP	Gross Domestic Product	USD	United States Dollar
GRT	Gross Registered Tonnage	USMLT	United States Multi-Lateral Treaty
GSP	Generalised System of Preferences	VDS	Vessel Day Scheme
HS	High Seas	VDSC	Vessel Day Scheme Committee

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IEO	Instituto Español Oceanográfico	VMS	Vessel Monitoring System
IEPA	Interim Economic Partnership Agreement	WCPO	Western Central Pacific Ocean
ISSF	International Seafood Sustainability Foundation	WCPFC	Western Central Pacific Fisheries Commission
IUU	Illegal, Unregulated or Unreported	WTO	World Trade Organisation
LDC	Least Developed Country	WTPO	World Tuna Purse Seine Organisation
MCS	Monitoring, Control and Surveillance		

#### Currency exchange rates used in this report

EUR 1 =	2007	2008	2009	2010	2011	2012
USD	1.35	1.58	1.41	1.22	1.45	1.34
AUD	1.59	1.64	1.74	1.44	1.35	1.25
SBD	9.39	11.0	9.79	9.11	9.92	9.07

Rates are mid-year (30 June) rates; except for 2012, which is rate at time of writing (1 March 2012)

Source: Oanda, 2012.

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## **EXECUTIVE SUMMARY**

### **INTRODUCTION**

- i. This report provides an ex-post evaluation of the current Fisheries Partnership Agreement (FPA) between the European Union (EU) and Solomon Islands. The evaluation considers the Protocol in terms of its relevance, coherence, effectiveness, efficiency and sustainability, and also provides a prospective analysis of impacts and ex-ante evaluation of a future Protocol in order to provide sufficient data and information for the negotiation and implementation of a potential future Protocol. The Protocol evaluated in this report covers a period between 9 October 2009 and 8 October 2012. The current FPA provides fishing opportunities for EU purse seine vessels to fish in the waters of Solomon Islands.

### **COUNTRY BACKGROUND**

- ii. Solomon Islands is an archipelago in the Southwest Pacific Ocean approximately 1,900 km northeast of Australia and directly east of Papua New Guinea. The major cities in the Solomon Islands include Honiara (the capital), Gizo, Auki and Kirakira. Solomon Island's population in 2011 was 571,890 with a 2.2 % growth rate. Most islanders live in small, widely dispersed communities along the coasts – many with fewer than 200 people. Guadalcanal is the largest island with the political hub, Honiara; whereas the most populous island is Malaita. Per capita income in 2010 was reported at USD 1,357 (EUR 1,112). Overall, employment figures in Solomon Islands appear poor and inconsistent. Despite this, of the total population, Asian Development Bank (ADB)(2012) reports that 214,600 people were within the labour force age-range. However, only 81,200 were reported to be in paid employment in 2009 - labour force overall participation rate is 62.7 % including family workers and own account.
- iii. Through political instability in the early 2000's the Regional Assistance Mission to the Solomon Islands (RAMSI) – a multinational force of 15 Pacific nations led by Australia – entered the country in 2003. RAMSI still has a presence in Solomon Islands, yet there is pressure from Solomon Islands to outline timetables for handing tasks back to its Government. Following this, greater political and social stability and further elections were held to appoint the current Prime Minister in August, 2010 – this government was formed as the National Coalition for Reform and Advancement (NCRA).
- iv. In light of environmental concerns resulting from an economy shifting from subsistence to cash-based, Solomon Islands has implemented necessary environmental legislation and policy. This includes the Environment Act 1998, Wildlife Protection and Management Act 1998, and other potential relevant Acts such as National Parks Act; and Wild Birds Protection Act.
- v. A series of grant and loans have been made to Solomon Islands by major development partners such as the EU, the ADB, and the World Bank. Individual countries have also contributed either through their governments or development arms. The wider objectives of these grants largely focus on governance capacity development, rural assistance, health, and gender equality. Notable increases in donor funding were seen in 2009, likely due to poor economic climate. These were then mirrored by large decreases estimated for 2011. In 2009, 5.9 % of government revenue was derived from development grants whilst only 3.6 % in 2011. Australia continues to be one of the largest donor funders to Solomon Islands largely due to Regional Assistance Mission to Solomon Islands (RAMSI).
- vi. NCRA have stated they are committed to implementing the Rural Dweller Investment Programme given that firstly, the importance of rural dwellings to the wellbeing and sustained livelihoods of the population has been recognised. Secondly, enhancing and sustaining these micro economies should allow resizing of public sector administrations – a stated political objective – with minimal socio-economic impacts. They recognise that fisheries' contribution to the economy has been less than anticipated and that this could and should be rectified through good policy given the country's rich marine resources.

- vii. Generally, the Central Bank of Solomon Islands (CBSI) and many major donor organisations, provide a relatively positive outlook to Solomon Islands' economy. ADB (2010) reported a contraction in GDP for 2009 on the back of poor commodity prices but between the years 2006 and 2008, production increased by 7–10 %. However, by 2009, Solomon Islands has reversed the trend, posting 4 % growth in 2010 on the back of favourable world commodity prices. Unpublished Ministry of Finance documents indicate that production in 2011 was higher than anticipated, with 30 % greater volumes in logging production and the commencement of gold and silver mining production.
- viii. The Central Bank's deficit moved negatively to SBD 1.58 billion (EUR 173 million) in 2010. Obligations to external and domestic lenders were reduced in 2010 from SBD 1.42 billion (EUR 145 million) at the end of 2009 to SBD 1.35 billion (EUR 148 million).
- ix. Despite growth in exports of 37.5 %, trade balances were widened due to a 50.8 % increase in imports. Major export destinations for Solomon Islands include China (~50 %), Spain (12 %), and Thailand (7 %). 100 % of Solomon Islands' cooked tuna loin exports are sent to Italy while whole round tuna exports (canning-grade skipjack and yellowfin) are exported to Thailand. Fish products made a constant contribution to GDP in all years, providing 11 % of export value in 2010.
- x. Fishing production increased by 10.8 % in 2010 compared to 2009 levels. However, it should be noted that this level of production is still lower than that in 2008. While the fisheries sector contributes a relatively constant 5 % to Solomon Islands' GDP, it is not a large contributor when compared to forestry at 15 %, transport and communications at 13 %, and electricity and water at 12 %. Statistics show that in urban areas, 87 % of fish consumed per capita is purchased locally. This indicates fishing is a useful source of income for those with access to the resource.
- xi. Aside from FPA revenue, EU provides funding through the EDF. The current 10th EDF commitments consist of an initial envelope of EUR 22.44 million for programme funds and a supplementary envelope of EUR 17.675 million for unforeseen needs. The previous 9th EDF commitments consisted of an initial envelope of EUR 6.7 million and a supplementary envelope of EUR 7.8 million.
- xii. Compared to some other island States (particularly Kiribati), Solomon Islands is reported to have low risk of food security issues. Although, it should be noted that food production rates do not appear to be meeting the population growth rates.
- xiii. A range of government-offered incentives are also in place for businesses meeting certain criteria based on the list of priority investment sectors. The Solomon Islands National Coalition for Reform and Advancement (NCRA) Government's development objectives are to increase the shore-based seafood sector infrastructure. Therefore, foreign investors will be well placed if their projects ultimately assist in meeting this objective. The Solomon Islands Government is currently considering two major proposals from foreign investors for the establishment of large-scale onshore canning/cooked loin processing developments in Guadalcanal Province. Three developments are also under way to establish onshore processing/packing facilities in conjunction with longline fishing operations.
- xiv. In addition to the European Union, Solomon Islands has fishing access agreements with a number of other distant water fishing nations including Japan, Korea, China Taipei, China, New Zealand and the USA.



### TUNA FISHERIES IN SOLOMON ISLANDS EEZ

- xv. Solomon Islands' vast and highly productive exclusive economic zone (1.34 million km<sup>2</sup>) supports an economically significant tuna resource.
- xvi. Since 2008, total tuna catch from Solomon Islands' waters has exceeded 100,000 tonnes annually; in 2010, total tuna catch was estimated to be 128,599 tonnes, valued at around USD 210 million (EUR 157 million). Of total catch, only 10 % is landed locally, while 90 % is transhipped or landed outside Solomon Islands.
- xvii. The purse seine fishery is the most significant tuna fishing activity operating in the Solomon Islands' waters, accounting for around 87 % of total catch in 2010 (~110,000 tonnes); the majority of catch being skipjack (85 %).
- xviii. Solomon Islands has one domestic fishing company, National Fisheries Development (NFD), which currently operates five purse seine and three pole and line fishing vessels, all within the Solomon Islands EEZ. Solomon Islands also host several locally based foreign longline fishing companies operated by Korean (Global, Mako) and China Taipei interests. One newly established local longline fishing company (SOLFISH) plans to commence operations shortly.
- xix. Solomon Islands' tuna fishery is the predominant offshore fishery, and the most commercially significant of all fishing activities, whereas inshore (coastal) fisheries are critical for food security and sustainable livelihoods, particularly for rural communities. The Fisheries Act 1998 is the national legislative framework currently underpinning fisheries conservation and management in the Solomon Islands. This Act establishes the principles, institutional framework, resource control, and the requirements for managing foreign fleets. A new Fisheries Management Bill is in the final stages of drafting and will replace the Fisheries Act 1998 and will be presented to Cabinet in mid 2012.
- xx. Plans are in place to review and update the National Tuna Management and Development Plan in 2012. It is anticipated that the revised plan will reflect relevant changes in the new Fisheries Act, as well as incorporate strengthened policies for management of the purse seine and longline fisheries including the purse seine fishery Vessel Day Scheme (VDS), longline authorisation limits and access to archipelagic waters.
- xxi. In 2010, the Ministry of Fisheries and Marine Resources (MFMR)'s total recurrent budget was SBD 10.4 million (EUR 1.1 million). In 2012, the budget forecast is SBD 12.1 million (EUR 1.2 million), including 55 % for payroll expenditure. The forecasted overall development budget for 2012 is SBD 28.6 million (EUR 9 million); 65 % of which is non-appropriated funds received from New Zealand under a bilateral arrangement for funding of the 'Mekem Strong Solomon Islands Fisheries' (MSSIF) Institutional Strengthening Project (SBD 18.4 million; EUR 1.8 million).
- xxii. Solomon Islands' national monitoring, control and surveillance (MCS) system includes the following key components: i) vessel authorising and logsheet system; ii) vessel monitoring system (VMS); iii) observer programme; iv) boarding and inspection; and, v) maritime surveillance. MFMR is responsible for the collection and management of fisheries data for any fishing activity within the Solomon Islands EEZ. Sources of data include logsheets, port sampling, observers, transhipments and unloading, vessel monitoring system, landings and weekly/zone (telex) data.

### TUNA FISHERIES IN THE WESTERN CENTRAL PACIFIC OCEAN

- xxiii. The purse seine fishery of the Western Central Pacific evolved from a series of trials during the late 1960s and early 1970s. Currently, the Western Central Pacific Ocean (WCPO) 2010 purse seine catch is 1.8 million tonnes. The majority of the historic WCP purse seine catch has come from four main distant water fleets which predominantly target skipjack (*Katsuwonus pelamis*) – 81 % of the total catch.

- xxiv. Longline fishing in the WCPO accounts for around 6 % of the catch of total tropical tuna species caught inside the range in the tropical area bound by 20°N and 20°S. The WCPO catch by the longline fleet amounted to 232,000 tonnes in 2010. The total number of vessels involved in the tropical WCPO fisheries has generally been around 3,000, but around 780 vessels operate in the Pacific island waters, with a further 500 or so operating specifically on the high seas. Secretariat of the Pacific Community (SPC) data show that the number of EU longliners from Spain operating for at least part of their fishing time in the WCP area has declined from eighteen (18) vessels in 2008 to four (4) in 2011.
- xxv. Skipjack is being exploited to moderate levels, overfishing is not occurring and the stock is not in an overfished state. Yellowfin is at least fully exploited and that there is a 50 % chance that overfishing is occurring. Recent bigeye assessments show that overfishing is currently occurring and that catches are still around 7 % higher than the Maximum Sustainable Yield. Albacore fishing mortality has risen notably although current mortality is still well below  $F_{MSY}$  and spawning biomass levels indicate that the stock is not overfished.
- xxvi. The key components of the governance and fishery management framework for tuna and related species in the WCPO, and the tuna purse seine fisheries in particular, include: the Western and Central Pacific Fisheries Commission (WCPFC), the tuna RFMO for the WCPO Parties to the Nauru Agreement, known as PNA or the Nauru Group; regional organisations that provide management services to the WCPFC and the PNA, including and in particular the FFA and the SPC; and the PNA national governments.

#### The EU/SOLOMON ISLANDS FPA

- xxvii. The FPA currently in place is in line with the Council Conclusions on the Fisheries Partnership Agreements which separates the FPA into two parts, one in exchange for access rights, the other devoted to the support of the sectoral fisheries policy of the third country. The current annual EU financial contribution to Solomon Islands under the existing FPA is set at EUR 400,000 in line with 2004 Council Conclusions. Of this, 50 % is devoted to supporting sectoral fisheries policy.
- xxviii. Spain uses all four of the fishing authorisation possibilities under the Protocol. The French fishing authorisation possibility is provided by France to Spain each year, without any direct compensation being paid by Spain to France. The Protocol provides a reference tonnage of 4,000 tonnes per year although this is not a quota and more tonnage can be purchased - up to EUR 1,200,000 per year (that is not more than the triple of the amount of the annual financial contribution). Catch data were well within the reference tonnage, with only 390 tonnes being taken over the period of the Fisheries Partnership Agreement. Catches in the one year where fishing was recorded were less than 10 % of the reference tonnage defined. It should be noted that in 2011, Solomon Islands closed off their EEZ and due to the short notice given to EU, negotiations resulted in a pro rata temporis repayment of authorisation fees paid from EU to Solomon Islands.
- xxix. Currently, no catches made by EU vessels in the Solomon Islands' waters are landed, processed or marketed locally in Solomon Islands. The catches taken under the Fisheries Partnership Agreement are transshipped in Honiara. Whilst currently there is no requirement for landing in Solomon Islands under the current FPA, MFMR policy is evolving and this includes priority fishing access (in the form of fishing days) to vessels that have invested locally in fishing operations and onshore.
- xxx. EUR 1.6 million of value-added is accrued each year when considering the benefits to both the European Union and Solomon Islands. Solomon Islands receive almost double the amount of value-added compared to the EU. The majority of this comes from fishing access revenue.

## EVALUATION

- xxxi. The Protocol has been relatively efficient for the fishing industry given that access payments per tonne of fish caught have remained constant over the period of the Protocol, while ex-vessel fish prices rose by 49 % and 32 % for skipjack and yellowfin tuna respectively in the period 2009/10 to 2011/12. However, due to lack of utilisation, calculations of total cost to EU equates to EUR 34,166/day in Solomon Islands EEZ across the life of FPA. The EU fleet has spent little time fishing within the Solomon Islands EEZ and for two of the three years where data are available, there was no recorded fishing within Solomon Islands waters. On average 88 % of the total payments made to Solomon Islands is made by the EU through public funds.
- xxxii. Taking into account the closures to fishing activity, the Protocol has cost the EU a total of EUR 0.95 million in the period 2009/10 to 2011/12, and vessel operators a total of EUR 0.125 million, with total payments from the EU being EUR 1.076 million over a three-year period. These costs have directly resulted in a total value-addition for the EU of EUR 156,522, with a cost-benefit ratio for the EU of 0.15. This shows that for every EUR 1 invested by the EU and vessel operators generated EUR 0.15 in terms of value-added. The relatively strong concentration of total value-added in the catching sector and the small value-added in the upstream and downstream sub-sectors in the EU represent a low overall cost-benefit ratio.
- xxxiii. The EU is a Member of the WCPFC, the Regional Fisheries Management Organisation responsible for the conservation and Management of tuna and tuna-like species in the Western and Central Pacific Ocean, and the Protocol is coherent with the CFP and WCPFC policies and management measures. The Protocol also contains a VMS protocol that is being followed, and all vessels must be duly authorised and registered as per the requirements of the CFP and WCPFC. Perhaps the key issue of concern in relation for consistency is the fact that the Protocol is a tonnage-based Protocol. The National policy of the Solomon Islands, in line with evolving regional initiatives, is apparently now strongly in favour of negotiating and providing access based on vessel fishing days (although this fact has not been directly communicated to the EU). The current FPA text does not explicitly take into account recently agreed measures by the Parties to the Nauru Agreement under the Third implementing arrangement.
- xxxiv. Within the EU, the Protocol most strongly meets the interests and needs of the EU purse seine fleet although this is more in terms of catch possibilities. The Protocol could be described as relevant to the needs of EU consumers in that it provides some tuna supplies to the EU market. However, the quantities are very small compared to the overall EU market, so the relevance is also small. The Protocol is also relevant to the needs of EU processors, and stakeholder consultations confirmed that some catch made under the Protocol is destined for processing in the EU, although not in significant amounts.
- xxxv. From an EU stakeholder perspective, the EU remains in favour of a tonnage-based FPA, consistent with the other tonnage-based FPAs in the region (Kiribati and Federated States of Micronesia). The EU considers that the use of tonnage-based agreements can be more easily reconciled with regional conservation objectives and allowable catches than an agreement based on vessel fishing days. The EU also recognises the strategic importance of the FPA to the EU private sector, especially to the EU catching sector, in particular the options that it provides for the sector to follow the fish. The EU has concerns over the transparency of the VDS, heightened after the recent WCPFC meeting (Guam, 30 March 2012), and has not yet been formally notified by the Solomon Islands authorities that they intend to pursue a future Protocol based on the VDS. On the back of the 2011 closure, The EU hopes that under a future Protocol the issue of closures can be avoided and that there will be greater uptake of the fishing opportunities as a result. The EU also hopes that under a future Protocol, the Solomon Islands authorities will be able to ensure more timely provision of the documentation and information needed before sectoral policy payments can be made.

- xxxvi. Consultations with Member State officials and with private sector representation suggest that the views of Member States and their private sector are aligned. The private sector in the EU, is keen to see a future Protocol agreed between the EU and Solomon Islands. They suggest there might be greater uptake if the operators could be sure that they will have access to the fisheries and can plan trips without risk of closures to the fishery. A protocol on the basis of VDS would be less attractive to the vessel owners as the fishing grounds are far away from their main activities and demand for days is high. The EU private sector as a whole is also concerned about the implications of potential WCPFC management measures that could be put into force during the lifespan of a future Protocol.
- xxxvii. From the perspective of the MFMR, the FPA is important in terms of access fee revenue, but the EU fleet has very minimal presence in the fishery. On the other side, the MFMR considers that the process for determining the fisheries sector policy support is time consuming and asymmetrical and the criteria used to monitor progress are in some cases inappropriate. From the Solomon Islands' industry perspective, EU presence in the region to date is very minimal. The FFA also notes that the FPA remains underutilised; the EU fleet are less inclined to fish in the Solomon Islands EEZ than in the Kiribati EEZ because it is further away from the Eastern Pacific Ocean (EPO).

### RECOMMENDATIONS

- xxxviii. The ongoing CFP reform means that direction or guidance on changing the balance of access per tonne between the EU and ship owners is emerging, most recently in the Council Conclusions on the External Dimension of the CFP (19 March 2012). Given the current level of benefits from the Fisheries Partnership Agreement and the balance of costs between the EU and the vessel operators this should perhaps be examined in developing a new Protocol.
- xxxix. A new protocol should seek to obtain a better balance between the value of fishing rights negotiated and the likely utilisation of fishing opportunity by the purse seine fleet. At the same time, in doing so, consideration should also be given to how the Solomon Islands FPA fits within a wider network of agreements and how the costs balance against the overall economic and social benefits of this wider network as well as strategic interests of the EU.
- xl. The longline fishing opportunities should remain absent from the Protocol. A final decision on this issue however, would also need to reflect the political desire and agreement by EU Member States.
- xli. Careful attention should be given to the wording of a future Protocol. It should include the application to the EU fleet of PNA measures under the Third Implementing Arrangement as the current FPA text does not explicitly take into account recent developments, particularly VDS that make the text open to interpretation with regard to how VDS could be applied under the FPA.
- xlii. The evaluation recommends the continued active participation by the EU within the WCPFC, so as to ensure responsible fisheries. Most specifically, an important support action would be to encourage the setting of Target and Limit Reference points across the three tuna species with explicit management measures tied to these, and provision of support to strengthen and support regional fisheries management.

**RÉSUMÉ****INTRODUCTION**

- i. Ce rapport présente l'évaluation ex-post de l'actuel Accord de Partenariat dans le secteur de la Pêche (APP) entre l'Union européenne (UE) et les Îles Salomon. L'évaluation considère le protocole en termes de pertinence, cohérence, efficacité, efficience et durabilité et fournit aussi une analyse prospective des impacts et une évaluation ex-ante d'un future protocole afin de fournir suffisamment de données et d'information pour sa négociation et sa mise en œuvre potentielles. Le protocole évalué dans ce rapport couvre la période du 9 octobre 2009 au 8 octobre 2012. L'APP en cours fournit des opportunités de pêche à des navires senneurs de l'UE (navires communautaires) pour pêcher dans les eaux des Îles Salomon.

**CONTEXTE DU PAYS**

- ii. Les Îles Salomon sont un archipel dans l'Océan Pacifique du sud-ouest, approximativement à 1 900 km au nord-est de l'Australie et directement à l'est de la Papouasie-Nouvelle-Guinée. Les villes majeures des Îles Salomon incluent Honiara (la capitale), Gizo, Auki et Kirakira. La population des Îles Salomon en 2011 était de 571 890 avec un taux de croissance de 2,2 %. La plupart des îliens vivent dans des communautés restreintes et très dispersées le long de la côte – beaucoup comptant moins de 200 personnes. Guadalcanal est l'île la plus large avec le centre politique, Honiara; alors que l'île la plus peuplée est Malaita. Le revenu par habitant en 2010 est rapporté à 1 357 USD (1 112 EUR). Globalement, les données sur l'emploi dans les Îles Salomon semblent pauvres et incohérentes. En dépit de ce constat, la Banque Asiatique de Développement (BAD ; *Asian Development Bank* (ADB))(2012) rapporte que, sur la population totale, 214 600 personnes sont dans le groupe d'âge de la population active. Cependant, seuls 81 200 sont comptabilisés en tant que travailleurs rémunérés en 2009 – le taux global d'activité est de 62,7 % dont les travailleurs familiaux et ceux à leur propre compte.
- iii. Durant l'instabilité politique du début des années 2000, la Mission Régionale d'Assistance aux Îles Salomon (RAMSI en anglais) – un appui multinational de 15 nations du Pacifique menées par l'Australie – est entrée dans le pays en 2003. La RAMSI maintient une présence aux Îles Salomon, cependant il existe une pression des Îles Salomon dans le but de définir des calendriers pour retransférer les responsabilités à son gouvernement. Suite à cela, une stabilité politique et sociale plus importante et des élections furent tenues afin d'élire un Premier Ministre en août 2010 – ce gouvernement a été formé en tant que Coalition Nationale pour la Réforme et le Progrès (*National Coalition for Reform and Advancement*, NCRA).
- iv. A la lumière des préoccupations environnementales résultant de la transition d'une économie de subsistance à une économie monétaire, les Île Salomon ont mis en œuvre les politiques et législations environnementales nécessaires. Ceci inclut la Loi sur l'Environnement de 1998, ainsi que d'autres Lois telles que la Loi sur les Parcs Nationaux; et la Loi sur la protection des Oiseaux Sauvages.

- v. Une série de subventions et de prêts a été mise à disposition des Îles Salomon par des partenaires majeurs de développement tels que l'Union européenne, la Banque Asiatique de Développement et la Banque Mondiale. Des pays ont aussi contribué à titre individuel soit au travers de leurs gouvernements ou de leurs organes de développement. L'objectif général de ces subventions se focalise principalement sur le développement de la capacité de gouvernance, l'assistance rurale, la santé et l'égalité des sexes. Des augmentations notables des financements des bailleurs de fonds ont été vues en 2009, probablement due à un climat économique médiocre. Celles-ci ont ensuite été reflétées par des diminutions importantes estimées pour 2011. En 2009, 5,9 % des recettes publiques étaient issus des subventions de développement contre seulement 3,6 % en 2011. L'Australie continue à être un des bailleurs de fonds les plus importants pour les Îles Salomon, en grande partie grâce à la Mission Régionale d'Assistance aux Îles Salomon (RAMSI).
- vi. La NCRA a déclaré être engagée dans la mise en oeuvre du Programme de Développement Rural (*Rural Dweller Investment Programme*) puisque, premièrement, l'importance des habitations rurales pour le bien-être et l'existence durable de la population a été reconnue. Deuxièmement, améliorer et soutenir ces micro-économies devrait permettre le redimensionnement des administrations du secteur public – un objectif politique déclaré – avec des impacts socio-économiques mineurs. La NCRA reconnaît que la contribution de la pêche à l'économie a été sous-anticipée et que cela pourrait et devrait être rectifié au travers de bonnes politiques étant donné les ressources marines abondantes du pays.
- vii. Généralement, la Banque Centrale des Îles Salomon (*Central Bank of Solomon Islands*, CBSI) et de nombreuses organisations donatrices prévoient des perspectives relativement positives pour l'économie des Îles Salomon. La BAD (ADB, 2010) associe une contraction du produit intérieur brut (PIB) pour 2009 à des prix de denrées médiocres mais, entre 2006 et 2008, la production a augmenté de 7 à 10 %. Cependant, à partir de 2009, les Îles Salomon ont inversé la tendance, affichant 4 % de croissance en 2010 grâce à des prix mondiaux de denrées favorables. Des documents non publiés du Ministère des Finances indiquent que la production en 2011 s'est révélée plus importante que prévue, avec des volumes de production de bois supérieurs de 30 % et le début d'une production minière d'or et d'argent.
- viii. Le déficit de la Banque Centrale a été réduit à 1,58 milliards de SBD (173 millions d'EUR) en 2010. La dette aux prêteurs externes et domestiques a été réduite de 1,42 milliards de SBD (145 millions d'EUR) à la fin de 2009 à 1,35 milliards de SBD (148 millions d'EUR) en 2010.
- ix. Malgré une augmentation des exportations de 37,5 %, le déficit commercial fut élargi suite à une augmentation des importations de 50,8 %. Les destinations principales des exportations à partir des Îles Salomon incluent la Chine (autour de 50 %), l'Espagne (12 %), et la Thaïlande (7 %). 100 % des exportations de longues cuites de thon des Îles Salomon partent pour l'Italie, alors que les exportations de thon entier (albacore et listao de qualité-conserved) sont à destination de la Thaïlande. Les produits de la pêche ont constamment contribué au PIB, représentant 11 % de la valeur des exportations en 2010.
- x. La production halieutique a augmenté de 10,8 % en 2010 par rapport aux niveaux de 2009. Cependant, il est à noter que ce niveau de production est plus bas qu'en 2008. Alors que le secteur des pêches contribue à un niveau relativement constant de 5 % au PIB des Îles Salomon, ce n'est pas un contributeur important comparé au secteur forestier avec 15 %, au transport et communications avec 13 %, ainsi qu'à l'électricité et l'eau à 12 %. Les statistiques montrent que dans les zones urbaines, 87 % du poisson consommé par habitant est acheté localement. Ceci indique que la pêche est une source utile de revenu pour ceux ayant accès à la ressource.
- xi. En plus du revenu de l'APP, l'UE apporte des fonds au travers du Fonds Européen de Développement (FED). Les actuels engagements du 10<sup>e</sup> FED consistent en une enveloppe initiale de 22,44 millions d'EUR pour des fonds de programmes et une enveloppe supplémentaire de 17,675 millions d'EUR pour des besoins imprévus. Les engagements passés du 9<sup>e</sup> FED consistent en une enveloppe initiale de 6,7 millions d'EUR et une enveloppe supplémentaire de 7,8 millions d'EUR.

- xii. En comparaison avec d'autres États insulaires (particulièrement Kiribati), les Îles Salomon auraient, selon différents rapports sur le sujet, de faibles risques liés à la sécurité alimentaire. Cependant, il doit être noté que les niveaux de production de nourriture n'apparaissent pas comme suffisants pour le taux de croissance de la population.
- xiii. Une gamme de mesures incitatives gouvernementales est aussi en place pour des sociétés remplissant certains critères basés sur la liste des secteurs prioritaires d'investissement. Les objectifs de développement du gouvernement de la Coalition Nationale pour la Réforme et le Progrès (NCRA) sont d'augmenter l'infrastructure du secteur terrestre côtier des produits de la mer. Ainsi, les investisseurs étrangers seront bien placés si leurs projets aident à atteindre cet objectif. Le Gouvernement des Îles Salomon considère actuellement deux propositions majeures d'investisseurs étrangers pour l'établissement à grande échelle et à terre d'usines de transformation de thons en conserves/longes cuites dans la province de Guadalcanal. Trois développements sont également en cours pour établir des usines à terre de transformation/d'emballage en conjonction avec des opérations de pêche à la palangre.
- xiv. En sus de l'Union Européenne, les Îles Salomon ont des accords d'accès à leurs eaux pour des activités de pêche avec d'autres nations de pêche distantes dont le Japon, la Corée, Taiwan, la Chine, la Nouvelle-Zélande, le Vanuatu et les Etats-Unis d'Amérique.

### LA PÊCHE AUX THONS DANS LA ZEE DES ÎLES SALOMON

- xv. La zone économique exclusive vaste (1,34 millions de km<sup>2</sup>) et hautement productive des Îles Salomon abrite une ressource de thons importante économiquement.
- xvi. Depuis 2008, la capture totale de thons dans les eaux des Îles Salomon a dépassé les 100 000 tonnes annuelles ; en 2010, la capture totale de thons a été estimée à 128 599 tonnes et valorisée à environ 210 millions d'USD (157 millions d'EUR). De la capture totale, seuls 10 % sont débarqués localement, tandis que 90 % sont transbordés ou débarqués en dehors des Îles Salomon.
- xvii. La pêche à la senne est la plus importante pêche aux thons dans les eaux des Îles Salomon, représentant environ 87 % de la capture totale en 2010 (autour de 110 000 tonnes); la majorité de la capture étant composée de listao (85 %).
- xviii. Les Îles Salomon ont une société de pêche nationale, la *National Fisheries Development* (NFD), opérant actuellement avec cinq thoniers senneurs ainsi qu'avec trois canneurs (pêche à la canne) et palangriers, tous actifs au sein de la ZEE des Îles Salomon. Les Îles Salomon accueillent aussi plusieurs sociétés de pêche à la palangre étrangères basées localement et opérées par des Coréens (Global, Mako) et des Taiwanais. Une société de pêche à la palangre (SOLFISH), nouvellement établie, compte démarrer ses activités rapidement.
- xix. La pêche thonière est la pêche hauturière prédominante des Îles Salomon, et la plus importante économiquement de toutes les activités de pêche, alors que les pêcheries côtières sont critiques pour la sécurité alimentaire et la subsistance durable de la population, particulièrement pour les communautés rurales. La loi des pêches de 1998 est le cadre législatif national appuyant la conservation et la gestion des pêches dans les Îles Salomon. Cette loi établit les principes, le cadre institutionnel, le contrôle des ressources, et les règles de gestion des flottes étrangères. Un nouveau projet de loi des pêches est en phase finale de rédaction et remplacera la loi sur les pêches de 1998 et sera présenté au Cabinet (du Premier ministre) à la mi-2012.

- xx. Des projets sont en cours pour revoir et mettre à jour le Plan National de Gestion et de Développement du Thon (*National Tuna Management and Development Plan*) en 2012. Il est anticipé que le plan révisé reflètera des changements pertinents dans la nouvelle loi sur les pêches, ainsi que d'incorporer des politiques de gestion renforcée des pêches à la senne et à la palangre dont le régime de contrôle par jours de pêche par navire (*Vessel Day Scheme*, VDS), les conditions d'autorisations de pêche à la palangre et l'accès aux eaux de l'archipel.
- xxi. En 2010, le budget récurrent total du Ministère des Pêches et des Ressources Marines (*Ministry of Fisheries and Marine Resources*, MFMR) était de 10,4 millions de SBD (1,1 millions d'EUR). En 2012, la prévision budgétaire est de 12,1 millions de SBD (1,2 millions d'EUR), dont 55 % de frais de personnel. En 2012, le budget prévisionnel global pour le développement est de 28,6 millions de SBD (9 millions d'EUR); dont 65 % sont des fonds non affectés reçus de la Nouvelle-Zélande dans le cadre d'un accord bilatéral pour le financement du projet de renforcement institutionnel des pêcheries des Îles Salomon (*Mekem Strong Solomon Islands Fisheries*, MSSIF) (18,4 millions de SBD; 1,8 millions d'EUR).
- xxii. Le système national de suivi de contrôle et de surveillance (SCS) des Îles Salomon comprend les éléments clés suivants : i) système d'autorisation des navires et de journal de bord ; ii) système de suivi des navires (*Vessel Monitoring System*, VMS) ; iii) programme d'observation ; iv) embarquement et inspection; et, v) surveillance maritime. Le MFMR est responsable de la collecte et de la gestion des données de pêche pour toutes les activités de pêche au sein de la ZEE des Îles Salomon. Les sources de données incluent les journaux de bord, l'échantillonnage au port, les observateurs, les transbordements et déchargements, les données « VMS », les débarquements et les données hebdomadaires/zone (fourni par télex).

#### LA PÊCHE AUX THONS DANS L'OCEAN PACIFIQUE DU CENTRE OUEST

- xxiii. La pêche à la senne dans l'Océan Pacifique du Centre Ouest (OPCO) a évolué à partir d'une série d'essais dans les années 1960 et le début des années 1970. Actuellement, la capture totale à la senne dans l'Océan Pacifique occidental et central est de 1,8 millions de tonnes. La majorité des prises à la senne dans l'Océan Pacifique Central (OPC) est issue des quatre principales flottes de pêche lointaines ciblant majoritairement le listao (*Katsuwonus pelamis*) – 81 % de la capture totale.
- xxiv. La pêche palangrière dans l'OPCO compte pour environ 6 % de la capture totale d'espèces de thons tropicales prises à l'intérieur de la zone tropicale limitée par les latitudes 20°N et 20°S. La capture par la pêche palangrière au sein de l'OPCO représentait 232 000 tonnes en 2010. Le nombre total de navires impliqués dans les pêcheries tropicales de l'OPCO a généralement été autour de 3 000, mais 780 navires opèrent dans les eaux des îles du Pacifique, et environ 500 de plus opérant en haute mer spécifiquement. Les données du Secrétariat Général de la Communauté du Pacifique (CPS) montrent que le nombre de palangriers européens sous pavillon espagnol opérant durant une partie de leur déploiement dans la zone de l'Océan Pacifique Occidental (OPO) a diminué de dix-huit (18) navires en 2008 à quatre (4) en 2011.
- xxv. Le listao est exploité à des niveaux modérés, il n'y a pas de surpêche et le stock n'est pas surexploité. Le thon albacore est au moins pleinement exploité et il y a une probabilité de surpêche de 50 %. Des évaluations récentes du thon obèse montrent que le stock est soumis à une surpêche et que les captures sont toujours en moyenne 7 % supérieures au Rendement Maximal Durable (RMD). La mortalité par pêche du thon germon a augmenté considérablement même si les valeurs actuelles sont toujours bien en dessous du RMD et les niveaux de biomasse reproductrice (soit le nombre de géniteurs dans la population à un instant donné) indiquent que le stock n'est pas surexploité.



- xxvi. Les éléments clés de la gouvernance et du cadre de gestion des pêcheries pour le thon et les espèces liées dans l'OPCO, et en particulier pour les pêcheries thonières à la senne comprennent : la Commission des Pêches du Pacifique occidental et central, CPPOC (*Western and Central Pacific Fisheries Commission*, WCPFC), l'organisation régionale de gestion des pêches thonières, ORGP, pour les Parties de l'Océan Pacifique occidental et central à l'Accord de Nauru (*Parties to the Nauru Agreement*, PNA), connus sous le nom de PAN ; des organisations régionales fournissant des services de gestion à la CPPOC et aux PAN, dont et en particulier l'Agence des Pêches du Forum des îles du Pacifique (*Forum Fisheries Agency*, FFA) et le CPS; ainsi que les gouvernements nationaux des PAN.

#### L'ACCORD DE PÊCHE ENTRE L'UE ET LES ÎLES SALOMONS

- xxvii. L'APP en place actuellement est en phase avec les Conclusions du Conseil sur les Accords de Partenariat dans le secteur de la Pêche qui séparent l'APP en deux parties, une portant sur les modalités des droits d'accès, et l'autre dévouée au support des politiques des pêches sectorielles du pays tiers. Actuellement, la contribution annuelle de l'UE aux Îles Salomon sous l'APP existant est fixée à 400 000 EUR - en ligne avec les Conclusions du Conseil de 2004. De cela, 50 % sont voués au support de la politique des pêches sectorielle.
- xxviii. L'Espagne utilise les quatre possibilités d'autorisations de pêche dans le cadre du protocole. La possibilité d'autorisation de pêche française est transférée par la France à l'Espagne chaque année, sans compensation directe payée par l'Espagne à la France. Le protocole définit un tonnage de référence de 4 000 tonnes par an bien que ce ne soit pas un quota et du tonnage supplémentaire peut être acheté pour un paiement / tonne additionnelle - jusqu'à 1 200 000 EUR par an (soit pas plus de trois fois le montant de la contrepartie financière annuelle). Les données de capture étaient bien dans le tonnage de référence, avec seulement 390 tonnes capturées durant la période de l'accord de partenariat. Les captures pendant l'année d'enregistrement des données étaient 10 % inférieures au tonnage de référence prédéfini. En 2011, les Îles Salomon ont toutefois fermé leur ZEE et, dû au préavis court donné à l'UE, les négociations ont abouti à un remboursement au pro rata temporis des montants payés par l'UE aux Îles Salomon.
- xxix. Actuellement, aucune des captures des navires de l'UE dans les eaux des Îles Salomon n'est débarquée, transformée ou vendue localement dans les Îles Salomon. Les captures réalisées dans le cadre de l'Accord de Partenariat sont transbordées à Honiara. Tandis qu'il n'y a actuellement aucune exigence de débarquement aux Îles Salomon au sein de l'APP en vigueur, la politique du MFMR est en train d'évoluer et elle comprend des accès prioritaires à la pêche (sous la forme de jours de pêche) pour des navires ayant investi localement dans des opérations de pêche et des opérations à terre.
- xxx. Une valeur ajoutée de 1,6 millions d'EUR est accumulée chaque année lorsque l'on considère les bénéfices pour à la fois l'Union Européenne et les Îles Salomon. Les Îles Salomon reçoivent presque le double de la valeur ajoutée comparée à celle de l'UE. La majorité de celle-ci provient des revenus de l'accès à la pêche.

## ÉVALUATION

- xxxi. Le protocole a été relativement efficace pour l'industrie de la pêche, étant donné que les paiements d'accès par tonne de poisson capturé sont restés constants sur la durée du protocole, tandis que les prix du poisson au bateau ont augmenté respectivement de 49 % et 32 % pour le listao et l'albacore durant la période 2009/10 à 2011/12. Cependant, à cause d'un manque d'utilisation, les calculs du coût total pour l'UE sont de EUR 34 166 / jour dans la ZEE des Îles Salomon pendant la durée de vie de l'APP. La flotte de l'UE a passé peu de temps à pêcher dans la ZEE des Îles Salomon et, pendant les deux des trois ans pour lesquels les données sont disponibles, il n'y a pas eu de pêche enregistrée dans les eaux des Îles Salomon. En moyenne 88 % des paiements totaux effectués aux Îles Salomon proviennent de l'UE par le biais de fonds publics.
- xxxii. Prenant en compte les fermetures d'activité de pêche, le protocole a coûté à l'UE un total de 0,95 millions d'EUR durant le période 2009/10 à 2011/12 et 0,125 millions d'EUR aux exploitants des navires, les paiements totaux de l'UE sur une période de trois ans étant de 1,076 millions d'EUR. Ces coûts ont directement résulté en une valeur ajoutée pour l'UE de 156 522 EUR, avec un ratio de coût-bénéfice pour l'UE de 0,15. Cela montre que chaque euro investi par l'UE et les exploitants des navires a généré 0,15 EUR en termes de valeur ajoutée. La concentration relativement forte de la valeur ajoutée totale dans le secteur de capture et la valeur ajoutée faible dans les secteurs en amont et en aval au sein de l'UE représentent un ratio coût-bénéfice total faible.
- xxxiii. L'UE est un Membre de la CPPOC, une organisation régionale de gestion des pêches responsable de la de la préservation des thonidés et des espèces apparentées dans l'Océan Pacifique occidental et central. Le protocole est cohérent avec la PCP (Politique Commune des Pêches) ainsi que les politiques et mesures de gestion de la CPPOC. Le protocole comprend aussi un protocole VMS qui est respecté, et tous les navires doivent être dûment autorisés et enregistrés selon les exigences de la PCP et de la CPPOC. Il est probable que l'élément clé de préoccupation en relation avec la cohérence soit que le protocole est basé sur le tonnage. La politique nationale des Îles Salomon, en ligne avec les initiatives régionales en évolution, serait maintenant fortement en faveur de la négociation et de la délivrance d'accès à la pêche dans ses eaux basés sur des jours de pêche par navire (même si ce fait n'a pas été communiqué directement à l'UE). Le texte actuel de l'APP ne prend pas explicitement en compte les mesures acceptées récemment par les Parties à l'Accord de Nauru sous le Troisième accord de mise en œuvre.
- xxxiv. Au sein de l'UE, le protocole remplit très fortement les intérêts et les besoins de la flotte des senneurs européens même si cela l'est plus en termes de possibilités de captures. Le protocole pourrait être décrit comme pertinent aux besoins des consommateurs de l'UE puisque il fournit quelques approvisionnements au marché européen. Cependant, les quantités sont très faibles comparé au marché européen global, donc la pertinence est aussi faible. Le protocole est aussi pertinent pour les besoins des transformateurs européens, et les entretiens avec les acteurs concernés ont confirmé qu'une partie des captures effectuées dans le cadre du protocole est destinée à être transformée en Europe, même si ces dernières sont en quantités non significatives.
- xxxv. De la perspective d'un acteur européen, l'UE reste en faveur d'un APP basé sur le tonnage, cohérent avec les autres APP dans la région (Kiribati et les États Fédérés de Micronésie) également basés sur le tonnage. L'UE considère que l'utilisation des accords basés sur le tonnage peut être plus facilement conciliée avec les objectifs de conservation régionaux et les taux de captures admissibles qu'avec un accord basé sur des jours de pêche par navire. L'UE reconnaît aussi l'importance stratégique de l'APP pour le secteur privé européen, particulièrement les options qu'il fournit au secteur pour suivre les thons. L'UE a des préoccupations sur la transparence du VDS, accrues suite à la réunion récente de l'CPPOC (Guam, 30 mars 2012), et n'a pas été formellement notifié par les autorités des Îles Salomon de son intention de poursuivre un futur protocole basé sur le VDS. Sur la base de la fermeture de 2011, l'UE espère que des fermetures puissent être évitées dans le futur protocole et qu'il en résultera une utilisation

accrue des possibilités de pêche. L'UE espère aussi que, dans un futur protocole, les autorités des Îles Salomon seront en mesure d'assurer une mise à disposition en temps plus opportun de la documentation et de l'information nécessaires avant que les paiements de politique sectorielle puissent être réalisés.

- xxxvi. Les consultations réalisées auprès des officiels des États membres et de la représentation du secteur privé suggèrent que les points de vue des États membres et de leurs secteurs privés sont similaires. Le secteur privé de l'UE est désireux de voir un futur protocole approuvé entre l'UE et les Îles Salomon. Ils suggèrent qu'il y aurait une utilisation accrue des opportunités de pêche si les opérateurs étaient assurés d'avoir accès à la pêche et pouvaient prévoir des campagnes sans risque de voir la pêche clôturée. Un protocole sur la base du VDS (gestion en jours alloués par navire) serait moins attractif pour les armateurs car les zones de pêche sont éloignées de leurs activités principales et la demande en jours est élevée. Le secteur privé de l'UE en général est aussi préoccupé par les implications de mesures de gestion de la CPPOC qui pourraient être mises en application durant la durée de vie d'un futur protocole.
- xxxvii. Du point de vue du MFMR, l'APP est important en termes de revenus issus des droits d'accès, mais la flotte de l'UE a une présence minimale dans la pêche. A l'opposé, le MFMR considère le processus de détermination de l'appui de la politique sectorielle des pêches est consommateur de temps et asymétrique, et les critères utilisés afin de suivre l'avancement sont inappropriés dans certains cas. Du point de vue de l'industrie des Îles Salomon, la présence européenne à ce jour est minimale. La FFA note aussi que l'APP reste sous-utilisé ; la flotte européenne est plus encline à pêcher dans la ZEE de Kiribati que dans la ZEE des Îles Salomon car cette dernière est plus éloignée de l'Océan Pacifique de l'Est.

## RECOMMANDATIONS

- xxxviii. La réforme de la PCP, actuellement en cours, implique l'émergence d'une orientation ou d'un encadrement sur la répartition de l'accès par tonne entre l'UE et les exploitants des navires, en particulier dans les Conclusions du Conseil sur les dimensions externes de la PCP, (19 mars 2012). Étant donné le niveau actuel des bénéfices de l'Accord de Partenariat dans le secteur de la Pêche et l'équilibre des coûts entre l'UE et les exploitants de navires, ceci devrait probablement être examiné lors de l'élaboration d'un nouveau protocole.
- xxxix. Un nouveau protocole devrait chercher à obtenir un meilleur équilibre entre la valeur des droits d'accès négociés et l'utilisation probable de l'opportunité de pêche par la flotte des senneurs. En même temps, en appliquant cet équilibre, une considération particulière devrait être portée sur l'agencement de l'APP des Îles Salomon avec un réseau plus large et la façon dont les coûts s'équilibrent avec les bénéfices économiques et sociaux globaux ainsi que les intérêts stratégiques de l'UE.
- xl. Les opportunités de pêche à la palangre devraient rester absentes du protocole. Toutefois, une décision finale sur ce sujet devrait également refléter le souhait politique et l'aval des États membres de l'UE.
- xli. Une attention particulière devrait être accordée à la formulation du futur protocole. Il devrait y être inclus l'application à la flotte européenne des mesures du PAN dans le Troisième Accord de Mise en Œuvre car l'APP actuel ne prend pas explicitement en compte les développements récents, particulièrement le VDS qui rend le texte sujet à interprétation sur la façon dont ce mécanisme pourrait être appliqué sous l'APP.
- xlii. L'évaluation recommande la participation active et continue de l'Union européenne au sein de la CPPOC, afin d'assurer une pêche responsable. Plus spécifiquement, une action d'appui importante serait d'encourager l'instauration de points de référence cibles et de limites pour les trois espèces de thons avec des mesures de gestion explicites y étant rattachées, et prévoir de l'assistance afin de renforcer et soutenir la gestion régionale des pêches.

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## 1 INTRODUCTION – PURPOSE AND SCOPE OF THIS EVALUATION

This evaluation provides a retrospective ex-post evaluation for the existing Protocol to the Fisheries Partnership Agreement (FPA) between the EU and Solomon Islands<sup>1</sup>. The evaluation considers the Protocol in terms of its relevance, coherence, effectiveness, efficiency and sustainability. It also provides a prospective analysis of impacts and ex-ante evaluation of a future Protocol, in order to provide sufficient data and information for the negotiation and implementation of a new Protocol.

The framework and scope of the evaluation are defined by the Terms of Reference provided to the consultants and are informed by the Council Decision of 19 July 2004 on Fisheries Partnership Agreements (COM (2002) 637 final) and the more recent Council conclusions of 19 March 2012<sup>2</sup>. The conclusions in particular set out the principles and standards that will apply in relation to Fisheries Partnership Agreements, including long term fisheries sustainability, strengthening RFMOs and negotiating bilateral and multilateral agreements. In addition, evaluation guidelines including the Specific Methodological Guidelines for Evaluation of Fisheries Partnership Agreements (Oceanic Development and Megapesca Lda, 2008), and European Commission guidelines (EC, 2004) were used. The period of the Protocol evaluated in this report is 9 October 2009 to 8 October 2012.

According to the Article 27(4) of the Financial Regulation and Article 21 of its Implementing Rules, Commission Services have to ensure that the spending activities they manage are subject to an ex-post and/or ex-ante evaluation in terms of the human and financial resources allocated and the results obtained in order to verify consistency with the objectives set. These evaluations must be proportionate to the resources mobilised for, and the impact of, the programme and activity concerned. The Commission requires the evaluation and analysis of impacts to support its focus on improving the quality and coherence of the policy development process. Before the Commission begins negotiating a new Protocol with Solomon Islands, it requires:

- factual information and an analysis of the general situation in Solomon Islands and its fishing sector, covering the economic, financial, political, institutional, social and environmental aspects, and likely developments in the short and medium term;
- a cost–benefit analysis, for the European stakeholders, of the conditions of access to Solomon Islands waters and fishing possibilities allocated to the European distant-water fleet under the current FPA; and
- a cost–benefit analysis of the current FPA for the EU and Solomon Islands, assessing in particular its impacts on Solomon Islands, at the political, institutional, economic, financial, social and environmental level.

This report presents information collected from various sources, including Directorate Generals of the European Commission (EC) including Maritime Affairs and Fisheries (MARE) and European External Action Service (EEAS), DG DEVCO, Delegations of the EU, Member State administrations, the Western Central Pacific Fisheries Commission (WCPFC), the Parties to the Nauru Agreement Office (PNAO), the Oceanic Fisheries Programme (OFP) of the Secretariat of the Pacific Community (SPC), the Forum Fisheries Agency (FFA) and the professional association groupings of European Union (EU) ship-owners, Organización de Productores Asociados de Grandes Atuneros Congeladores (OPAGAC) and Organisation de Producteurs de Thon Congelé (ORTHONGEL), concerned with the utilisation of fishing possibilities. It also includes the findings of a mission in Solomon Islands that took place between 20 March and 1 April 2012 during which discussions were held with key Solomon Islands stakeholders (government authorities, private sector).

<sup>1</sup>Throughout this report when referring to the 'FPA' we refer to the FPA, Protocol, and Annex. And when referring specifically to the 'Protocol' we refer to both the Protocol and the Annex.

<sup>2</sup> Council conclusions on a communication from the Commission on the external dimension of the Common Fisheries Policy', 19 March 2012.



## 2 GENERAL BACKGROUND AND SITUATION IN THE PARTNER COUNTRY

### 2.1 COUNTRY BACKGROUND

#### 2.1.1 Geography

Solomon Islands is an archipelago in the Southwest Pacific approximately 1,900 kilometres northeast of Australia and directly east of Papua New Guinea (see Figure 2.1). Terrain on different the islands is generally rugged mountains or low-lying coral atolls. Situated close the equator, the Islands' climate is hot and humid all year around with stable temperatures. November to April is considered the wet season with more frequent rainfall and the possibility of cyclones. The region is geologically active and often experiences earth tremors (U.S. Department of State, 2011). Major cities in the Solomon Islands include Honiara (the capital), Gizo, Auki and Kirakira.

The U.S. Department of State (2011) noted that historically, the islands were 90% dense forest. However, these forests have come under pressure from the lucrative logging industry, which still makes the greatest contribution to the nation's GDP (see Table 2.1). Soil quality ranges from extremely rich volcanic to relatively infertile limestone. More than 230 varieties of orchids and other tropical flowers brighten the landscape.



Figure 2.1: Geographical location of Solomon Islands and EEZ

Source: Google Maps; VLIZ (no date); Commonwealth Secretariat (no date)

#### 2.1.2 Population

Nationals from the Solomon Islands are 'Solomon Islander(s)' and a 2011 estimate placed the population at 571,890 with a 2.2% growth rate (U.S. Department of State, 2011). There are three major ethnic groups – Melanesian (93%), Polynesian (4%) and Micronesian (1.5%), with the others comprising 1.5%. 92% of the population is reported as Christian. Whilst approximately 120 vernaculars are spoken throughout the islands, English is the official language. The UN reports that life expectancy has been constantly increasing since 1990 (55.8) to current estimates of 66.4 years. There is also a positive trend reported for infant mortality: from 90 per 1,000 live births in 1990 to 43 in 2010.

Most islanders live in small, widely dispersed communities along the coasts – many with fewer than 200 people. Guadalcanal is the largest island with the political hub, Honiara; whereas the most populous island is Malaita.

## 2.2 POLITICAL, ECONOMIC AND SOCIAL ISSUES

### 2.2.1 Institutional framework, political context and governance

Solomon Islands has a parliamentary system and as part of the Commonwealth, Queen Elizabeth II is the Head of State. Parties are elected into Government for a four-year term by Parliament. However, Parliament can be dissolved with a majority vote and the disbandment of Government has occurred often through Solomon Islands' history.

In 2000, the governance system at the time was losing effectiveness as a result of ethnic rivalries. This was caused by an increased presence of Malaita migrants into Honiara. The outcome was an insurrection by Malaitan militants and a forced resignation of the existing Prime Minister. Whilst an interim Prime Minister was chosen, new elections held in 2001 introduced a new Prime Minister (Sir Allan Kemakeza). Kemakeza sought to reduce the level of lawlessness and poor governance structures throughout the Islands, but failure to do so and a worsening political, economic and social-security situation led to the unanimous parliamentary vote to seek foreign assistance.

The Regional Assistance Mission to the Solomon Islands (RAMSI) entered the country in 2003. They are a multinational force of 15 Pacific nations, led by Australia, with an overarching goal to secure a peaceful, well-governed, and prosperous future for Solomon Islands (RAMSI, no date). Whilst initially successful, further unrest erupted after elections in 2006 following allegations of bribery from businessmen and subsequent buying of parliamentary votes. This led to the resignation of the newly elected Prime Minister.

RAMSI still has a presence in Solomon Islands, yet there is pressure from Solomon Islands to outline timetables for handing tasks back its Government. Since the political tensions in 2006, and leading into 2007, Solomon Islands appears to have experienced greater political and social stability and further elections were held to appoint the current Prime Minister in August, 2010 as part of the National Coalition for Reform and Advancement (NCRA).

Currently, land ownership is reserved for Solomon Island citizens – foreign nationals can become Solomon Islands citizens through a process of naturalisation. There are no national military forces, but the police force does include a border protection and maritime surveillance element (U.S. Department of State, 2011).

### 2.2.2 Environmental policy

Various threats to Solomon Islands biodiversity have been listed; these include invasive species, loss of land and marine habitats, overexploitation and destructive harvesting techniques (SPREP, 2012). Much of this has been driven by a shift from a subsistence economy scenario to one that is more cash based.

In light of this, Solomon Islands has implemented necessary environmental legislation and policy. With various Acts passed stipulating environmental and, more specifically, fisheries management, it is important to have an understanding of the legal requirements when entering into agreements. The following is a list and short description of environmental policy relevant to fishing operations in Solomon Islands.

#### *Environment Act 1998*

This Act provides the general legal basis for good environmental management practices for all resources in Solomon Islands. It lists its objectives as:

- (a) to provide for and establish integrated systems of development control, assessment of environmental impact and pollution control;
- (b) to prevent, control and monitor pollution;
- (c) to reduce risks to human health and prevent the degradation of the environment by all practical means, including:

- (i) regulating the discharge of pollutants to the air, water or land;
- (ii) regulating the transport, collection, treatment, storage and disposal of wastes;
- (iii) promoting recycling, re-use and recovery of materials in an economically viable manner;

and  
(d) to comply with and give effect to regional and international conventions and obligations relating to the environment.

The Act establishes the institutional framework required to manage and meet its objectives – including the establishment of a relevant public division. As a means to meet the objectives from a technical perspective, the Act states that the precautionary principle is to be applied in a scenario where insufficient scientific certainty exists. In addition to fishing operations, this Act will be relevant to any infrastructure development, as sections of the Act outline the requirements for assessment of impacts of any future development.

Perhaps the most relevant aspect of this Act to fishing operations is the specific reference to discharges of any kind from fishing vessels beyond set standards.

#### *Wildlife Protection and Management Act 1998*

Having signed to the Convention on International Trade in Endangered Species, Solomon Islands was required to draft and pass a Bill into Act establishing methods and legal basis to comply with the Convention's requirements. The objectives listed are that protection of wild flora and fauna will occur through regulating:

- (a) the export of specimens that are, or derived from, native Solomon Islands animals or native Solomon Islands plants;
- (b) the export and import of specimens that are, or are derived from animals, or plants of a kind that are threatened with extinction;
- (c) the export and import of specimens that are, or are derived from, animals, or plants, of a kind that require, or may require, special protection by regulation of international trade in such specimens;
- (d) the import of animal specimens or plants specimens that could have an adverse effect on the habitats of native Solomon Islands animals or native Solomon Islands plants; and
- (e) the management of flora and fauna to ensure sustainable uses of these resources for the benefit of Solomon Islands.

This applies to any fish species subject to the convention and will need to be considered, along with up-to-date lists of species included, when entering into any new fishing authorisations.

#### *Other applicable legislation*

There are several other pieces of legislation that may be applicable to fishing operations in Solomon Islands. These include the:

- National Parks Act; and
- Wild Birds Protection Act.

### 2.2.3 National budgetary, social and development objectives

A series of grant and loans have been made available to Solomon Islands by major development partners such as the EU, Asian Development Bank (ADB), and the World Bank. Individual countries, either through their governments or their development arms, have also made contributions to Solomon Islands' development plans. The wider objectives of these grants largely focus on governance capacity development, rural assistance, health, and gender equality. Specific contributions have also been made by countries like Japan to assist in developing disaster awareness as a result of the 2007 earthquake and tsunami. Further details of donor amounts and sources are outlined in Section 2.3.

Much of the call for governance and capacity development has come from poor performance in public sector management (ADB, 2012), including managing of development programmes for which donor funds have been allocated. However, ADB (2012) also reports that good developments have been made in this respect following recently coordinated increases in development assistance. ADB suggests that new focuses on development will centre on transport infrastructure and increasing the attractiveness of the Solomon Islands economy to private and foreign investors.

Domestically, these objectives are also acknowledged. The Central Bank's 2010 report (CBSI, 2011) highlights basic infrastructure, schools and clinics as critical to continued development. The Coalition Government elected in August 2010 also published a policy paper (NCRA, 2010) echoing some of these points and the planned achievements for the new Government, including proposed economic and social reforms.

As discussed in Section 2.2.1, land ownership is reserved for Solomon Island citizens and is largely on a customary right basis. CBSI (2011) and NCRA (2010) recognise this as a limiting factor to foreign private investment. Proposed reforms to land registry should make land ownership and leasing rights clearer; it is perceived that this will attract new investment. This is particularly important given that commodities such as copra and cocoa have been a fallback industry of the economy since independence, but investments into these sectors have notably reduced in recent years.

A key point in the steps to economic reform is the current economic climate. NCRA has stated it will seek donor resources and technical expertise to provide an economic snapshot of Solomon Islands to assist with development planning. The intention is also that through this technical assistance, more effective donor funding application and development project planning will be achieved. There is also the recognition that relaxed policies such as tariff exemptions have left treasury finances unable to meet creditor obligations.

As a means to achieving rural development objectives, the NCRA committed to implementing the Rural Dweller Investment Programme. The purpose of this programme is twofold. Firstly, the importance of rural dwellings to the wellbeing and sustained livelihoods of the population has been recognised. Secondly, enhancing and sustaining these micro economies is expected to increase opportunities in the private sector so as to allow resizing of public sector administrations with minimal socio-economic impacts. It is recognised that public administration and state-owned entities have become too large and inefficient, requiring higher public revenue than is sustainable.

As part of the programme, the government aims to protect businesses owned by Solomon Islands citizens, and those located in these rural areas, by providing preferential procurement. The expectation is that through this preferential procurement and rural dwelling assistance, Solomon Islands' economy and export portfolio can diversify.

Specific reforms to Solomon Islands' fisheries are also discussed in NCRA's policy statement. It recognises that fisheries' contribution to the economy has been less than anticipated and that this could and should be rectified through good policy given the country's rich marine resources. Part of the Rural Dwelling Investment Programme will include assistance to develop inshore fisheries programmes. The coalition government also aims to facilitate the construction of new fish marketing structures. The concept then is that through infrastructure developments, a series of transport networks will link the rural areas to these new developments as a means to increase economic sustainability.

Aquaculture is also recognised as a potential inroad for meeting future fish and economic demands of both rural and urban areas. In 2001, the WorldFish Center (2011) reported that limited aquaculture currently exists in Solomon Islands and with the exception of some ornamental corals and giant clam farming, only the exotic Mozambique tilapia (*Oreochromis mossambicus*) is farmed for food purposes. Given that the environmental and economic conditions do not appear appropriate for large-scale farming of Mozambique tilapia, the report highlights possible species that could also be farmed.

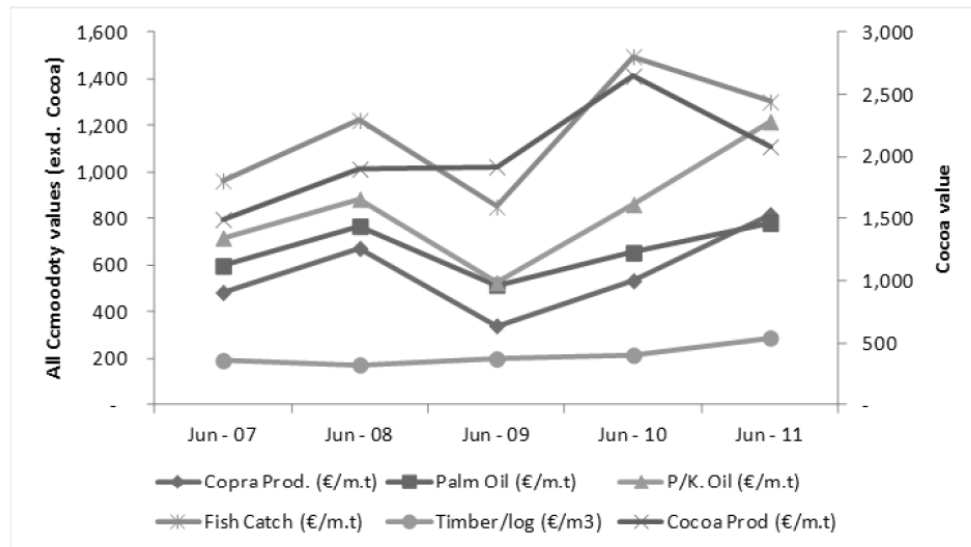
With respect to foreign fishing arrangements, NCRA also highlights some areas for reform. Under some of the fishing authorisation, conditions were set requiring the applicable State to provide assistance or deliver shore-based industry facilities. These appear not to have been regularly met – as NCRA has committed to setting timelines for delivery of these conditions under future arrangements. This is also evident through reform of longline fisheries authorisation requiring landing of product caught in Solomon Islands' EEZ to Solomon Islands' facilities.

Furthermore, fishing authorisations have generally been agreed and set in US dollars. As a method to minimise inflation, Solomon Islands has pegged its currency to the US dollar on a yearly basis. However, with the US dollar weakening against other currencies, NCRA has committed to reviewing all authorisation set in this currency.

## 2.2.4 Economic situation and outlook

### *General*

Generally, CBSI, and many major donor organisations, provide a relatively positive outlook to Solomon Islands' economy. ADB (2010) reported a contraction in GDP for 2009 on the back of poor commodity prices; but between the years 2006 and 2008, production increased by 7–10%. Since the contraction in 2009, Solomon Islands has reversed the trend, posting 4% growth in 2010 and 10.7% in 2011 – this was largely on the back of favourable world commodity prices, with the exception of fish and cocoa towards the end of 2010 (see Figure 2.2). Another key driver to this economic growth has been the reopening of Gold Ridge Mine. CBSI (2012) indicate that production in 2011 was higher than anticipated, with 30% greater volumes in logging production and the commencement of gold and silver mining production in March 2011. This led to a GDP growth figure for 2011 of 10.7%.



**Figure 2.2: World average commodity prices relevant to Solomon Islands export industry. See legend for details.**

Source: World Bank, 2012

The economy has elements that promote stability. More than 60% of production is exported, providing a constant flow of foreign receipts (Foreign Investment Division Solomon Islands, 2012), and new investments have allowed for the reopening of the Gold Ridge mine – this is, of course, provided the economy can be structured to minimise import requirements. However, there was a price increases for imported products leading into 2012 and this is expected to widen the trade balance deficit unless sufficient increases in export industries can be made to counter this. In 2010, all major industries posted increases in production. Until 2011, mining had been showing contractions in production, though gold and silver mining recommenced in 2011 it provided notable positive impacts to the economy once according to figure from CBSI (2012). It should be noted though that despite the increased production in logging volume in 2011, and as Solomon Island’s greatest contributor to GDP, the logging industry faces heavy criticism and has been recorded to be at unsustainable levels since 1992 (Foreign Investment Division Solomon Islands, 2012). Currently unpublished records indicate that that the timing in commencement of gold and silver mining has been beneficial as logging output is expected to decline in the near future.

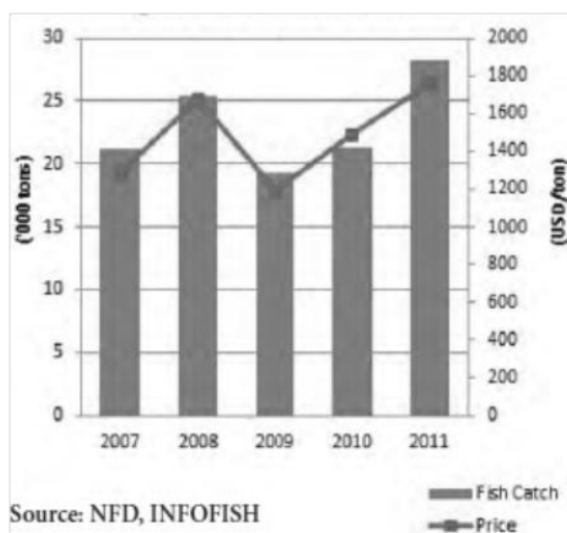
The greatest challenges to economic growth in Solomon Islands appear to be its lack of diversity in production, poor political will, reliance on donor funding and a growing population seeking quality public services.

Important from a social perspective, the consumer price index in 2011 increased to 7.4% from 1% in 2010. The low index in 2010 was driven by food price reductions as competition with retail expanded and the pegging of the Solomon Islands dollar to the US dollar has also been cited as a key driver to reduced inflation fluctuations. However, with no oil resources, inflation rose in early 2011 as a result of rising oil and food prices.

The Central Bank’s deficit moved positively to from SBD 1,694 million in 2010 to SBD 491 million (EUR 49.5 million) in 2011. Trade balances narrowed tremendously from 2010 due to a surge in exports of 74.9%, while imports only increased by 9.4%. The spike in exports in 2011 was attributed to the resumption of commercial production by the mining sector. Total government debt stock decreased by 13% by the end of 2011 to SBD 1.19 billion (EUR 120 million) from SBD 1.35 billion (EUR 136 million) in 2010, representing 19% of Solomon Island’s GDP. The public debt stock is expected to decline to SPD 975 million (EUR 98.3 million) by the end of 2012.

*Contribution of fisheries to national economy*

Fishing production increased by 31.8% in 2011 compared to 2010 levels. This is the first time that the level of production exceeds that of 2008 (see Figure 2.3). A number of factors are attributed to the growth, including increase in the number of fishing days, a larger number of purse seine boats, favourable weather conditions and increase in international price and demand for fish. (CBSI, 2012). The average international fish price increased by 18% from 2010 to USD 1,736 (EUR 1,296) per tonne due to limited global supply – however, this figure contradicts values provided by World Bank, 2012 and illustrated in Figure 2.2.



**Figure 2.3: Fish production ('000 t) and average prices (USD/t) 2007-2011**

Source: CBSI, 2010

As noted in Section 2.2.4, CBSI has indicated that greater contributions from the fishing sector are anticipated. While the fisheries sector contributes a relatively constant 5% to Solomon Islands' GDP, it is not a large contributor when compared to forestry at 15%, transport and communications at 13%, and electricity and water at 12% (see Table 2.1). 2011 saw a reduction in the contribution percentage of fisheries to GDP which was primarily driven by the large increase from the mining sector. However, the actual value of fisheries increased in 2011 – this was despite the average fish price reduction noted in Figure 2.2.

**Table 2.1: Solomon Islands GDP index (1985 = 100)**

Industry	2005	2006	2007	2008	2009	2010	2011
Agriculture	118.1	120.8	147.6	167.7	167.7	176.1	197.7
Forestry, Logging, Sawmilling	288.3	306.5	381.5	398.6	287.0	379.5	501.9
Fishing	104.4	130.6	116.5	122.1	117.4	128.0	140.4
Mining and Exploration	- 3.3	- 3.3	- 5.0	- 5.6	- 55.7	- 55.7	533.4
Manufacturing	137.1	141.0	144.1	147.7	145.1	161.5	146.7
Electricity and Water	250.6	255.0	285.6	291.1	283.0	296.1	316.1
Construction	52.9	70.6	101.2	110.3	115.3	115.2	212.3
Retail and Wholesale Trade	143.3	143.3	152.6	165.0	164.3	167.4	178.4
Transport and Communications	146.7	187.6	225.9	250.9	301.7	330.9	327.9
Finance	231.7	236.0	257.8	262.6	267.5	272.5	283.4
Other Services	135.4	144.2	153.8	170.4	183.4	187.0	201.7
Non-monetary: Food	169.6	174.3	179.2	184.2	189.4	194.7	188.9
Non-monetary: Construction	164.4	169.0	173.8	178.6	183.6	188.8	182.3
<i>% of Fishing</i>	5.38%	6.29%	5.03%	5.00%	5.00%	5.04%	4.12%
<b>Index of total GDP production</b>	<b>151.8</b>	<b>161.1</b>	<b>178.4</b>	<b>191.5</b>	<b>189.1</b>	<b>202.6</b>	<b>226.3</b>
<b>Annual % movement</b>	<b>5.0</b>	<b>6.1</b>	<b>10.7</b>	<b>7.3</b>	<b>- 1.2</b>	<b>7.1</b>	<b>10.7</b>

Source: CBSI, 2011

Details and impact of fishing authorisation contributions to the economy are discussed in Section 3.6.

The ratio of fish consumed via subsistence or purchased means is an indicator of the importance of fisheries to the domestic economy. In urban areas, 87% of fish consumed per capita is purchased (see Table 2.2). This shows that fishing is a useful source of income for those with access to the resource regardless of whether this is from the small domestic offshore fleet or inshore fisheries. What is unclear from this statistic is exactly how beneficial this proportion of purchased fish could be as a livelihood security for those with access to inshore fisheries resources.

**Table 2.2: Estimate of fish protein consumption percentages, subsistence and purchased**

National		Urban		Rural	
Subsistence	Purchased	Subsistence	Purchased	Subsistence	Purchased
64%	36%	13%	87%	73%	27%

Source: SPC and CSIRO, 2011

#### *Balance of trade*

Balance of trade figures indicate a trade deficit in 2011 of EUR 2.3 million). This is a decrease of 98% from the trade deficit of EUR 109 million in 2010. This is attributed to a 73% growth export from EUR 184 million) to EUR 318 million (see Table 2.3).

Fish products made a constant contribution to GDP in all years, providing 11% of export value in 2010 and 10.8% in 2011. Indeed, fishery exports jumped 73% in 2011 due to increase in tuna loins export and stronger international price for fish products. Other strong increases in exports were recorded in 'Palm oil and kernels' and 'Copra and coconut'. Overall, there was a 43% increase in exports compared with a 37% increase in 2010. Major export destinations for Solomon Islands include China (~50%), Spain (12%), and Thailand (7%). 100% of Solomon Islands' cooked tuna loin exports are sent to Italy while whole round tuna exports (canning-

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grade skipjack and yellowfin) are exported to Thailand. Unlike 2010, where the large increase in export is counteracted by a large increase in imports, there was only an increase of 9% in import. The only large increase in import compared to 2010 is 'Crude Materials, excluding Fuels', 'Chemicals' and 'Mineral Fuels'. 'Machinery and transport equipment' experienced a drastic decrease in 2011 after a jump in import in 2010. Mining production is the driver behind the increase in 'Mineral Fuels' and 'Chemicals'. A point worth noting considering Table 2.3 is that over time there has been a large decrease in 'Goods not specified elsewhere'. Given these point, a possible scenario is that some of the line item increases have been driven by better recording (for example of under-exported goods).

**Table 2.3: Solomon Islands goods trade balance – EUR '000s using 2011 conversion rate**

	2008	2009	2010	2011	% change 2010–2011
<b>TOTAL EXPORTS (f.o.b.)</b>	<b>164,459</b>	<b>133,930</b>	<b>184,154</b>	<b>318,151</b>	<b>73%</b>
Copra & coconut	17,885	5,388	9,896	21,759	120%
Fish	17,747	13,509	19,839	34,382	73%
Logs	86,177	71,577	101,380	146,915	45%
Cocoa	6,970	11,769	14,179	12,034	-15%
Timber	5,100	5,209	4,722	7,489	59%
Palm oil & kernels	16,547	13,569	25,831	32,888	27%
Minerals	2,067	2,978	2,594	52,218	1913%
Other exports	3,896	4,601	2,612	3,595	38%
Re-exports & unrecorded	8,070	5,330	3,101	6,869	122%
% Fisheries	11%	10%	11%	11%	
<b>TOTAL IMPORTS (f.o.b.)*</b>	<b>228,533</b>	<b>194,211</b>	<b>292,932</b>	<b>320,482</b>	<b>9%</b>
<b>IMPORTS (c.i.f.)</b>	<b>256,318</b>	<b>217,677</b>	<b>328,716</b>	<b>359,472</b>	<b>9%</b>
Food and live animals	49,696	49,015	63,838	64,840	2%
Beverages and tobacco	2,831	3,154	4,084	5,742	41%
Crude materials, excluding fuels	794	1,846	1,708	4,316	153%
Mineral fuels	65,730	42,096	46,070	73,847	60%
Animal, vegetable oil/fats	1,382	721	1,563	2,286	46%
Chemicals	17,139	7,818	18,226	32,880	80%
Basic manufactures	33,856	30,345	46,844	57,889	24%
Machinery and transport equipment	61,287	60,286	116,565	86,718	-26%
Miscellaneous	16,973	16,483	26,300	25,933	-1%
Good not specified elsewhere	2,902	1,567	111	0	-100%
Re-imported & unrecorded imports	3,728	4,347	3,407	5,019	47%
'Freights and insurance'	27,785	23,466	35,784	38,990	9%
<b>TRADE IN GOODS BALANCE (f.o.b.)</b>	<b>-64,074</b>	<b>-60,281</b>	<b>-108,779</b>	<b>-2,331</b>	<b>-98%</b>

NB: Imports FOB = (imports CIF) – ('freights and insurance')<sup>3</sup>

Source: CBSI, 2010

<sup>3</sup> FOB (Free on Board) – indicant cost of goods as supplier pays for shipping costs; CIF (Cost, Insurance, and freight) – supplier pays for good up to port of origin. Shipping costs are liabilities of purchasing parties.

### Government revenues

As an economic driver, government revenues generally followed the same trends as many of the economic indicators (Table 2.4 figures converted from SBD using single exchange rate to allow comparison and avoid distortions caused by exchange rate conversion). Notable increases in donor funding were seen in 2009, likely due to poor economic climate. These were then mirrored by large decreases in 2011.

The smaller growth percentages shown in 2011 compared to 2010 are deceptive given that they indicate growth over the 2010 period and include the large reduction in 'Budget Support' revenue – large growth percentages in 2010 were on the back of the contracting economy in 2009.

**Table 2.4: Government revenues 2008–2011 – EUR '000s using 2011 conversion**

	2008	2009	2010	2011	2009 ±%	2010 ±%	2011 ±%
<b>Total Revenue and Grants</b>	<b>158.7</b>	<b>171.9</b>	<b>228.0</b>	<b>264.9</b>	<b>8%</b>	<b>33%</b>	<b>5%</b>
<b>Recurrent Revenue</b>	<b>150.6</b>	<b>161.7</b>	<b>216.8</b>	<b>248.4</b>	<b>7%</b>	<b>34%</b>	<b>6%</b>
<i>Local Revenue</i>	<i>138.1</i>	<i>150.2</i>	<i>175.7</i>	<i>225.1</i>	<i>9%</i>	<i>17%</i>	<i>26%</i>
Inland Revenue	84.1	93.3	111.6	135	11%	20%	23%
Customs	39.2	38.6	50.0	70.6	-1%	30%	28%
Non-tax (incl. airspace)	14.8	18.3	14.1	19.6	24%	-23%	41%
Unidentified deposit							
<i>Budget Support</i>	<i>12.5</i>	<i>11.5</i>	<i>41.1</i>	<i>23</i>	<i>-8%</i>	<i>256%</i>	<i>-77%</i>
<b>Development Revenue</b>	<b>8.1</b>	<b>10.2</b>	<b>11.2</b>	<b>16.5</b>	<b>27%</b>	<b>9%</b>	<b>-23%</b>
Grants for consolidated funds	8.1	10.2	11.2	16	27%	9%	-23%

*NB: % changes are on previous years' performances; 2011 data from Ministry of Finance unpublished documents.*

**Source:** CBSI, 2012 and Solomon Islands Ministry of Finance, unpublished

### 2.2.5 Employment

Per capita income in 2010 was reported at USD 1,357 (EUR 1,112) (U.S. Department of State, 2011). Overall, employment figures in Solomon Islands appear poor and inconsistent. Despite this, of the total population, ADB (2012) reports that 214,600 people were within the labour force age-range. However, only 81,200 were reported to be in paid employment in 2009 – this does not include family workers or own account workers. One of the main sources of employment figures available domestically is the Solomon Islands National Provident Fund (SINPF). As a social security contributing fund, the details of employment are recognised to be underestimated as it is based only on figures from contributing employers (CBSI, 2012) – SINPF information only suggests that 43,014 people are employed in Solomon Islands. However, in CBSI (2012) it is used to provide some breakdown of employment contributors (Table 2.5). CBSI (2012) note that based on these figures, mining contribution has increased by 47% which is consistent with the reopening of Gold Ridge Mine; yet they also report a 19.7% decrease in fishing employment despite increases in revenue from the sector in 2011. At least with regards to job advertisements, public sector employment is still dominant with 60% of the job vacancies advertised in 2010 and 2011.

**Table 2.5: Breakdown of employment, by industry, from SINPF in 2011**

Industry Contribution	
Primary Industries	22%
Manufacturing	20%
Public Administration	12%
Education	12%
Wholesale & Retail	11%
Other Industries	8%
Health & Social Services	6%
Hotel & Restaurant	3%
Transport & Communication	3%
Construction	3%

Source: CBSI, 2012

### 2.2.6 Food security

Across the Pacific island states, generally there have been reductions in growth rate of the agricultural sector since the 1990s; with the exception of some expansion in a small number of states, including Solomon Islands (SPC & CSIRO, 2011). Compared to some other island States (particularly Kiribati), Solomon Islands is reported to have low risk of food security issues.

It should be noted though, that food production rates do not appear to be meeting the population growth rates (see Table 2.6). Also, the calorie consumption per capita has been increasing since 1990. This may contribute to the increases shown in food imports given their consumption of imported cereals (primarily rice and a basic food source) increased from 50 kg/year/capita in 2002 to 100 kg/year/capita in 2007 (SPC and CSIRO, 2011).

**Table 2.6: Net food production per capita index – 1999–2001 = 100**

Period	Food production index per capita
1990–1994	104.4
2000–2008	97.9

Source: SPC & CSIRO, 2011

In terms of domestic protein sources for Solomon Islands, fisheries (wild and farmed production) and poultry are seen as the primary sources. Whilst current levels of production do not meet the required demand, these industries are still viewed as the possible source to do this. It should be noted though, that ACIAR (no date) reports this is not likely to be through major further development of inshore fisheries given their current highly (perhaps over) exploited status. As reported in section 2.2.3, aquaculture is not currently a major industry, but with development of new species, this is seen as a viable way of increasing fish protein production for Solomon Islands domestic consumption.

Despite this seemingly deteriorating scenario of food production to population growth ratio, there is still justification for the low food security vulnerability, particularly when compared to some other Pacific island states. Currently, food import costs are equivalent to just 17% of total export income in the Solomon Islands – compared to 14% in Fiji and 7% in PNG (SPC & CSIRO, 2011). Therefore, worst-case scenario or during a period of poor production, there is further possible capacity for accessing food. As a comparison, currently Kiribati's food import cost to export income ratio is greater than one.

## 2.2.7 Business and investment climate

Solomon Islands Government's Foreign Investment Division cites the reopening of Gold Ridge Mining (the source of gold and silver exports) as a testament to investor confidence in the domestic economy and business climate. The most recent Government has placed a high emphasis on rural economy development, diversification of private sector opportunities and capacity building (NCRA, 2010). This is also reflected in the priority Solomon Islands has placed on investment projects. The following is a list of investment project priorities listed by the Foreign Investment Division (2012):

- strengthen the technical and marketing expertise of the private sector;
- maximise the use of local raw materials in the production stages;
- target production to export and import substitutes;
- create employment and training for the local people;
- integrate or transfer knowledge and technology to the country's economic system;
- create efficiency in the private sector; and
- have a vision of long-term investment.

Foreign investment is likely to have been encouraged by the recent period of political stability and reasonably strong, stable growth in many sectors. A range of government-offered incentives are also in place for businesses meeting certain criteria. These include tax holidays, import concessions for raw materials including machineries and plants, duty free exports, carry forward losses, accelerated depreciation, export market development incentives and training incentives. All foreign investment is subject to rules and regulations (Solomon Islands Department of Commerce, Industries and Employment, 2006).

### *Fisheries-specific investment climate*

As discussed in Section 2.2.3, as an important industry to Solomon Islands, one of NCRA Government's development objectives is to increase the shore-based seafood sector infrastructure. Therefore, foreign investors will be well placed if their projects ultimately assist in meeting this objective (Foreign Investment Division Solomon Islands, 2012). Additionally, Solomon Islands' offshore fleet is small when compared to the number of foreign authorisations (see Section 3.6.3). Therefore, with the clear intention that this is a sector Solomon Islands' Government would like to see developed, and offering substantial incentives for preferred investment projects such as these, this industry could prove to be a viable option.

Foreign investment in the seafood sector is welcome not only to sustainably increase production or infrastructure. There is an understanding that sustainably increasing production levels requires a good understanding of fishery dynamics and species biology. Therefore, investment projects are also welcome if their outcome increases scientific understanding of species or marine resource management capacity.

## 2.3 EXTERNAL RELATIONSHIPS

### 2.3.1 EU and Solomon Islands relationships in the regional context

This section considers European Union development support to Solomon Islands. In addition to the support outlined below, revenues from the FPA are drawn from the No. 4 Development Account to support fisheries structural and policy development initiatives. The sectoral support programme focuses on supporting a number of projects, as highlighted in Section 5.3. Additional comment is provided in later evaluation sections of the report.

*EU cooperation strategy*

The EU relations with the African, Caribbean, Pacific (ACP) countries are structured, and have been so for decades, first on the basis of the Lome Conventions, and now by the Cotonou Agreement (EC, 2008a). In political terms, an important objective for the EU has been to underpin a successful stabilisation following decolonisation, while at the same time supporting economic and social progress. Considering the political volatility experienced in a number of Pacific ACP countries, the EU considers that this goal has not yet been convincingly attained (EC, 2006), and that a concerted effort needs to be made to accelerate progress to achieving the Millennium Development Goals (MDGs) (EC, 2010a).

In 2006, the EU tabled a proposal for a strengthened partnership with the Pacific islands (document COM (2006) 248) further adopted by the Council. The strategy proposed consists of three components:

- strengthened relationship between the EU and ACP Pacific States and region, to pursue a broad political dialogue mostly with and through the Pacific Islands Forum, but also at national level with key Pacific ACP countries in accordance with the provisions of the Cotonou Agreement;
- more focused development action on three priorities: governance, regional integration and sustainable management of natural resources. Fisheries is seen as a sector with great potential for cooperation, including promotion of sustainable utilisation of resources and of good governance practices; and
- more efficient aid delivery: facilitation of donor coordination; a more efficient and effective cooperation with the smallest countries; and increased use of budget support – three axes identified by the EU.

In a resolution adopted in February 2007 (EC, 2007), the European Parliament (EP) welcomed the initiative of the European Union to develop the first EU integrated strategy for the Pacific after 30 years of cooperation. The EP emphasises the potentially positive role of fisheries in the development of the Pacific islands and supports the initiative of the EU to support monitoring, control and surveillance (MCS) and fight against illegal, unreported and unregulated (IUU) fishing. Interestingly, the EP has encouraged the EU to negotiate any future tuna Fisheries Partnership Agreements with the entire region, rather than with individual States, given the high degree of regional integration of fishery management functions adopted by Pacific island countries. There is additional comment on this issue later in this report.

The 2010 revision to the Cotonou Agreement (Article 23a: Fisheries) (EC, 2010b) also stresses the importance of the development and implementation of fisheries development strategies and management plans, the mainstreaming of fisheries into national and regional development strategies, the development of infrastructure and technical know-how to enable ACP countries to achieve maximum sustainable value from their fisheries, capacity building of ACP countries to overcome external challenges that hinder them from taking full advantage of their fisheries resources, and the promotion and development of joint ventures for investment in the fisheries sector of ACP countries. It is also stated that any Fisheries Partnership Agreement that may be negotiated between the Community and ACP States shall pay due consideration to consistency with the ACP development strategies.

*10th EDF commitments***Solomon Islands**

Lessons learned from previous round of funding indicated that capacity to deliver and monitor project cycles was not sufficient. Therefore, objectives of funding to assist with capacity building were included in this EDF round. The EU also acknowledged that the Government's strategy of enhancing livelihoods of rural population was consistent with previous development assistance objectives. This was recorded in the August 2010 government policy paper.

It was expected that 85% of envelope A was to be allocated for programmes focusing on rural development – particularly capacity building to assist with rural development. The 10th EDF commitments from EU after the mid-term review in 2011 are in two sections:

- envelope A consists of EUR 22.44 million for programme funds;
- envelope B consists of EUR 17.675 million for unforeseen needs;
- total EUR 40.115 million.

Whilst the above priority was listed as a wider focal point of this funding, other points were also acknowledged as crosscutting and indirect symptoms of poor rural development and to be considered for and during development initiatives. These included:

- Environment;
- HIV/AIDS; and
- Gender issues with the intention of strengthening the input of women and disadvantaged people.

Therefore, it was noted that whilst development is required to increase Solomon Islands' resilience to certain economic, political, social, and natural disaster events it should not occur through disenfranchising vulnerable populations or at avoidable expense of natural resources.

#### **At regional level**

At the regional level, the two main priorities under the 10th EDF 2008–2013 are detailed in the Regional Strategy Paper and the Regional Indicative Programme approved by the EU and the 15 ACP Pacific States, which include Solomon Islands, Micronesia and Kiribati (EDF, 2008) Pacific region – European Community, 10th EDF (2008)). They are:

- Regional economic integration: EUR 45 million available for development of human resources, key industries and trade capacity, trade arrangements and integration into the world economy. Regional integration is seen as a way of bringing stability and development to the Pacific islands; and
- Sustainable management of natural resources and the environment: EUR 50 million to support measures to help low-lying atolls respond to rising sea levels, protect biodiversity and support fishery development. The latter includes initiatives to promote greater regional integration of fishery management, increase the efficiency and competitiveness of the local tuna processing industries, strengthen the region's capacity to fight IUU fishing, including stock assessment and the development of the MCS strategy. These are encompassed by three programmes:
  - The Development of Tuna Fisheries in the Pacific ACP Countries Project (DEVFISH II, 2008), an EUR 8.2 million programme managed by FFA in collaboration with the South Pacific Commission (SPC);
  - Scientific Support for the Management of Coastal and Oceanic Fisheries in the Pacific Islands Region (SciCOFish, 2008), a EUR 9 million programme to manage the Oceanic Fisheries Programme of the South Pacific Commission in collaboration with FFA ; and
  - Sustainable Management of Aquaculture and Coastal Fisheries in the Pacific Region for Food Security and Small-scale Livelihoods (SMACFish, 2008), a EUR 10 million programme managed by the Coastal Fisheries Programme of SPC.

A brief synopsis of these programmes is summarised in Box 1.

**Box 1: Summary of fisheries programmes covered under the 10th EDF**

**DEVFISH II:** Focuses on: support for the development of national fisheries management plans; strengthening industry associations and artisanal fishers' representation in decision making; providing training and advice on fishing access agreements and authorisations to national government staff; providing support to the EU-approved 'Competent Authority' to certify fish exports so as to meet EU export standards, and to comply with the IUU catch certification standards; to implement regional strategies, such as strengthening regional MCS capacity, supported by a coordination centre and training and technical assistance in each country – this also includes legislative reviews, providing advice for the implementation of FAO's Port State Measures, and supporting feasibility studies trialling new technologies, and planning for the acquisition of new enforcement asset; supporting regional integration of surveillance operations through strengthening of an electronic system for monitoring and surveillance of vessels at sea; and facilitating information exchange between national agencies and other surveillance partners such as the US, Australia, New Zealand and France.

**SciCOFish:** Focuses on: the strengthening of SPC's scientific capacity by strengthening observer training systems; extending the Tuna Fisheries Database Management System (TUFMAN) database to all countries; improving the quality of bio-economic and ecosystem modelling to support stock assessments of all tuna, tuna-like species and sharks; support to tuna tagging; developing management advice; and developing local capacity for implementing field monitoring protocols.

**SMACFish:** Focuses on: supporting coastal marine resource management through institutional strengthening and co-management; developing community-based awareness training; reviewing vulnerability to long-term climate change; and developing appropriate marine-based and other alternative livelihood programmes.

Source: EDF concept notes

*9th EDF commitments***Solomon Islands**

As part of the agreement to the 9th EDF commitment to Solomon Islands, a timeline of deliverables of resources was established. As part of the commitment, a set of development priorities were outlined and agreed by both parties. These included:

- health;
- human resources development (education and capacity building);
- transport and communication;
- rural development and community development;
- development of natural resource industries;
- small businesses and tourism; and
- police/judiciary.

As was the case in 10th EDF round (see above), rural development and improving access to education, health and safe water facilities were highlighted as key focal points to application of funding. There was the expectation that 140 micro projects in rural areas were to be achieved over a 4–5 year period. 85% of envelope A was to be allocated to the two focal points and envelope B would be made available as required.

- EUR 6.7 million was allocated under envelope A;
- EUR 7.8 million was allocated under envelope B.

**At the regional level**

Under the 9th EDF (2003–2007), the following projects were funded to support strengthening of fisheries management, including research and control:

- Pacific Regional Coastal Fisheries Development Programme (PROCFISH) signed with SPC (EUR 10.2 million), with a focus on management of certain coastal fisheries and oceanic fisheries, and with an extension (CoFISH, EUR 2 million) to cover ACP States not included under PROCFISH;
- Development of Tuna Fisheries in the Pacific ACP countries (DEVFISH) signed with FFA (EUR 3 million in total) with a focus on development of locally based tuna industries, training to fisheries access negotiation, and support to fishery policy development in certain Pacific countries; and
- Scientific support to Oceanic Fishery Management in the WCP area (SciCOFish) signed with SPC (EUR 6.5 million) with a focus on improvement of scientific advice (data collection, stock assessment) and pilot projects on control of fishing activities (for example, use of modern technology, including satellite-based technology to detect IUU fishing).

**2.3.2 Trade relationships between Solomon Islands and the EU**

In September 2004, the EU and 14 Pacific ACP countries, including Solomon Islands, opened negotiations on an Economic Partnership Agreement (EPA), which should eventually replace the preferential access scheme contained in the Cotonou Agreement that expired at the end of 2007. These negotiations target an ambitious and development-oriented arrangement, which should promote regional integration and economic development, policy reform, and sustainable management of resources, such as fisheries, and thus also help to reduce poverty. EPA negotiations entered a crucial phase during 2007, as the deadline jointly set by the ACP and EU in the Cotonou Agreement was approaching. Under time pressure, negotiations focused on preserving ACP market access and complying with the parameters for a World Trade Organisation (WTO) compatible free trade area (as per Article XXIV of General Agreement on Tariffs and Trade (GATT)). Papua New Guinea (PNG) and Fiji were anxious to avoid trade disruption with the EU as of 1 January 2008 and signed the Interim Economic Partnership Agreement (IEPA) (EC, 2008b). By having done so, they benefit from preferential tariffs, as has historically been the case for canned tuna (HS code 1604), and new favourable rules of origin for canned tuna offered by the EU. But the other Pacific ACPs including Solomon Islands have not yet signed the agreement. Negotiations for a comprehensive EPA with all Pacific ACP countries are still in progress.

Under existing rules, without the EPA, for the six Pacific Least Developed Countries (LDCs) of the Pacific ACP countries, including Solomon Islands, trade relies on “everything but arms” preferential access to the EU market, and Solomon Islands continues to export mainly tuna loins at 0%. However, this is not a contractual arrangement and does not contain improved EPA rules of origin for processed fishery products. So whilst the thrust towards regional economic integration of the Pacific ACP countries has been accelerated by the IEPA initialled with Papua New Guinea and more recently Fiji, a regional agreement still remains outstanding. Among the reasons for the delay is that the smallest Pacific ACP countries are now seeking to expand the rules-of-origin concessions to include semi-processed fresh-chilled and frozen fish products (HS 0304 and 0305). By comparison, Solomon Islands appears to be interested in the current derogation from rules of origin (heading 1604 and 1605) granted to PNG rather than the extension to HS 0304 and 0305, as this would benefit existing processing industries (like Soltai). Regionally, there is a concern that concluding the comprehensive EPA negotiations prior to concluding Pacific Agreement on Closer Economic Relations (PACER)-plus negotiations with Australia and New Zealand could set an unfavourable precedent (especially with respect to labour mobility and reduced tariff revenue). However, both the Pacific ACP countries and the EU remain committed to building a long-term partnership and concluding a comprehensive EPA supportive of development and regional integration.



## 2.4 OTHER DONOR RELATIONS

A number of other agencies and State Governments have been listed as providing donor funding to the Solomon Islands. Several World Bank projects have also been implemented, but with the exception of one project, these are financed in the form of small interest development loans rather than grants.

Australia continues to be one of the largest donor funders to Solomon Islands largely due to Regional Assistance Mission to Solomon Islands (RAMSI) requirements. Whilst there is talk and pressure from Solomon Islands Government to reduce to the role of RAMSI, no indication of funding reductions is noted by the Australian Government under this line item. Table 2.7 outlines the most recent donor funding made by governments and organisations – where possible, only grant funding has been considered.

**Table 2.7: List of most recent donor funding to Solomon Islands by governments and organisations**

Donor entity	Period	Total (million)	Currency	Exchange rate to EUR	EUR (million)	Notes	Information source
AusAID	2011–2012	124.3	AUD	1.3	95.6	Overall funding	AusAID website
Australian Government	2011–2012	134.4	AUD	1.3	103.4	Overall funding	AusAID website
NZAID	2011–2012	40	NZD	1.69	23.7	Overall funding	NZAID website
NZAID	2011–2012	19.5	NZD	1.69	11.5	Pacific regional agencies – not all for Solomon Islands	NZAID website
China Taipei	2011	15	SBD	9.92	1.5	Overall funding	Solomon Islands Govt Comms Unit
Japan	2011	0.8	USD	1.45	0.55	Overall funding	Japan Ministry of Foreign Affairs website
Japan	2010	504	JPY	108.19	4.7	Improvement of radio broadcasting network	Japan Ministry of Foreign Affairs website
EU	2008–2013	40	EUR	1	40	Overall funding	EU EEAS interview
ADB	2011	37	USD	1.45	25.5	Overall funding	ADB website
World Bank	2010	0.9	USD	1.45	0.62	Single grant	World Bank website

## 2.5 SUMMARY OF LIKELY DEVELOPMENTS IN THE SHORT AND MEDIUM TERM

The current Government has recognised the limited nature of logging resources and its possible long-term commitment to Solomon Islands' economy. For several years, annual reports have been suggesting that logging production will plateau or decline, and while this has not yet occurred, it is reasonable to assume it will do so in the near future. As a current major contributor to the national economy, relevant players in Solomon Islands' policy development are seeking new avenues and diversification of economic activity. The reopening of Gold Ridge Mining will provide some of the diversification sought, but much like the logging industry; this is a finite resource and depending on gold deposits, cannot be considered a sustainable contributor to the economy. Policy statements published by the NCRA Government have included fisheries and seafood as development opportunities on the basis that these industries are currently contributing less to the economy than anticipated and possible.

One stated policy objective is that the Government will now seek to ensure that the conditions of onshore development that are included as conditions for fishing authorisations are met. If such conditions are within EU authorisations and are yet to be met, it is likely this will impact the EU, but perhaps not the fleet directly.

Although not explicitly stated, a possible action by the Government to raise economic returns from offshore fisheries will be to increase revenue from fishing authorisations if demand will allow. One indication of this becoming reality is the Government's plan to review all authorisations set in USD.

Policy changes may also have impacts on the EU fleet. With the expected passing of the new Fisheries Management Bill, there is the potential that this will have implications on the way fisheries are currently managed and authorisations are granted. The change to landing requirements for longline catch in Solomon Islands' waters is likely to also create a change in conditions if any new longline authorisations were to be granted. EU fleets should expect that under these new policies, any future arrangements may require adjustments or at least further discussions/negotiations.

### 3 TUNA FISHERIES IN SOLOMON ISLANDS EEZ AND WESTERN CENTRAL PACIFIC OCEAN

#### 3.1 FISHERY SECTOR STAKEHOLDERS

##### 3.1.1 Domestic stakeholders

Key Solomon Islands' based tuna fishery sector stakeholders include the Solomon Islands Government, domestic and locally based foreign tuna fishing and processing industries; and relevant regional and international organisations with offices hosted by the Solomon Islands.

Important issues pertaining to Solomon Islands' tuna fishery sector are the responsibility of a number of Government Ministries, including:

- Ministry of Fisheries and Marine Resources (MFMR) – responsible for managing fisheries and marine affairs issues, including fisheries management and regulation, fisheries development, authorisation, and monitoring, control, and surveillance. MFMR is also Solomon Islands' EU-approved Competent Authority for implementation of the EU-IUU Fishing Regulation;
- Ministry of Finance and Treasury – responsible for taxation policy and granting investment incentives to approved fisheries-sector investors (i.e. fishing, onshore processing entities);
- Ministry of Foreign Affairs and External Trade – lead Government agency in negotiations for the Pacific ACP – EU Economic Partnership Agreement (EPA), which includes a chapter relating specifically to fisheries;
- Ministry of Health – the Ministry of Health's Environmental Health Unit hosts Solomon Islands' EU-accredited Competent Authority for implementation of the EU Sanitary and Phytosanitary Regulation (SPS) relating to the export of fish and fisheries products from Solomon Islands to the EU; and
- Ministry of Lands and Housing – lead Government agency overseeing the acquisition of leasehold land for investors in onshore tuna processing facilities or land-based operations for fishing companies.

Solomon Islands has one domestic fishing company, National Fisheries Development (NFD), which currently operates five purse seine and three pole and line fishing vessels, all within the Solomon Islands EEZ. Catches from the NFD fleet are supplied to Solomon Islands' Western Province-based canned tuna and cooked loin processing facility (Soltai Fishing and Processing) (see Section 3.6.2). Solomon Islands also host several locally based foreign longline fishing companies operated by Korean (Global, Mako) and China Taipei interests (South Seas Investments). In addition, one newly established local longline fishing company (SOLFISH) plans to commence operations shortly and NFD and Soltai will extend their fishing and processing operations to incorporate longline activities, also.

The headquarters of the regional organisation Pacific Islands Forum Fisheries Agency (FFA) is based in Solomon Islands' capital, Honiara. FFA provides advisory services to Pacific island countries in tuna fisheries management and fisheries development, as well as coordination of regional monitoring, control and surveillance operations (see Section 3.5.5).

WorldFish Center, an Asia–Pacific-based international organisation within the CGIAR group, which focuses on the reduction of poverty and hunger by improving fisheries (inshore) and aquaculture, has a country office based in Solomon Islands. WorldFish Center, in partnership with the NZAID funded '*Mekem Strong Solomon Islands Fisheries*' Institutional Strengthening project attached to MFMR, is currently implementing a fisheries livelihood project across the Solomon Islands. The project focuses on developing community-based fisheries management plants. Under this project, a strategy for mainstreaming gender issues within the fisheries sector is also being developed.

### 3.1.2 External stakeholders

There are several other key external stakeholders in Solomon Islands' tuna fishery sector – both direct external stakeholders undertaking tuna fishing in Solomon Island waters, and indirect external stakeholders, with an interest in broader issues pertaining to the Western and Central Pacific tuna fishery, in which Solomon Islands is a key player.

In addition to the European Union, Solomon Islands has fishing access agreements with a number of other distant water fishing nations including Japan, Korea, China Taipei, China, New Zealand, Vanuatu and the USA. These agreements cover purse seine, longline and pole and line fishing vessels (see Section 3.6.3). Bilateral and multilateral Fishing agreements have also been made between other PICs and DWFNs (see box 2).

#### Box 2: Summary of Fishing Agreements in Pacific Region

It is widely known that fishing access agreements are made with varying content and in varying forms. That is, depending on the agreement, it may be made between PICs and governments, industry associations, or individual countries. Typically, negotiations have been conducted in the same manner depending on the participating parties – in terms of the negotiation entities. However, it is noted that as the competitiveness for these agreements increases, the traditional methods of negotiations have been shifted.

The details of such agreements are extremely well protected and generally will not be publically available. Depending on the number of parties involved in these agreements, this typically does not benefit PICs if negotiated with individually.

The following sections provide some details of the overarching framework within typical fishing access agreements. It should be noted that more commonly now, VDS is used as a method of reaching agreements when they're made with PNA countries. However, non-PNA countries will likely still apply the traditional method of agreeing on access.

#### Japan

All Japanese industry associations are represented in negotiations as a single entity. This covers the three different main gear types deployed by Japanese tuna-targeting vessels. Whilst the Japanese Government and various departments may assist with negotiations, the final agreement is between the industry association and the PIC. This differs from the US multilateral Treaty in the sense that the agreement is made between the US Government and PIC. Technically, the Japanese government does not subsidise these agreements, although there are claimed links between Japanese Aid to PICs and partnership agreements. In these agreements, typically, 5% of the value of fish harvested at the end of the season is used as the method of determining the annual access fee. However, in the past this has been criticised as an incentive for Japanese vessels to underreport catch.

#### China, Korea, and China Taipei

The lack of public information is specifically noted on fishing agreements between East Asia and PICs. The agreements differ from Japanese negotiations in the sense that different fleets negotiate agreements separately – longline and purse seine agreements can differ.

The individual agreements reached between companies and PICs tends to provide PICs with the upper hand in negotiations as there is reduced risk of total negotiation failure as can be possible through the Japanese style of negotiations where all industries were willing to leave negotiations if one did. However, the number of agreements and their high resolution are seen to be administratively cumbersome and create enforcement complexities.

As with Japanese agreements, and when access is not arranged under VDS rules, the access fee is determined through catch levels and is based on a rate of return. Though, as countries operating with lower cost structures, China Taipei and Korea have been able to provide a 6% rate of return and this has been seen

as pricing out higher-cost fleets such as US, EU and Japan.

Many of the agreements include clauses where local crew must be hired – sometimes this is not obligatory and may only require attempts to do so. Gifts are also sometimes included but are seen as detrimental to the process as they may pressure PICs into entering into agreements. These gifts are reported to come from industry or potentially from the government in the case of China.

Source: Havice (2007) & Havice (2010)

The Western and Central Pacific Fisheries Commission (WCPFC) is the Regional Fisheries Management Organisation (RFMO) responsible for highly migratory fish species (primarily tuna) in the Western and Central Pacific Ocean region, of which Solomon Islands, as well as distant water fishing nations operating within Solomon Islands' EEZ, are members (see Section 3.5.1).

Several industry groups representing the international interests of fishing and processing entities operating within the WCPO region (as well, as other ocean areas) are also external stakeholders.

The International Seafood Sustainability Foundation (ISSF) was established in 2009 and represents collaboration between leading players in the global canned tuna fishing and processing sectors, marine scientists and prominent environmental NGO, WWF. ISSF serves to lobby RFMOs to adopt conservation and management measures that are based on scientific grounds. ISSF members have also committed to adopting practices that promote and complement the efforts of RFMOs. Recently, ISSF took on a very active role as an external stakeholder in the Marine Stewardship Council (MSC) certification of the PNA skipjack tuna fishery.

The World Tuna Purse Seine Organisation (WTPO) represents the global purse seine fishing sector and its membership consists of over 300 purse seine vessels; 80% of which operate in the WCPO. WTPO was established in 2001 to stabilise the severe collapse in canning-grade tuna prices experienced in 1999–2000, due to serious overcapacity experienced in the purse seine fishery. The WTPO continues to play a lobbying role as an NGO (for example, WTPO has observer status in the WCPFC), and meets periodically in the margins of other major regional/international tuna fisheries-related meetings, but according to industry sources, progress has been stalled in recent years due to a divide in the membership between the EU and Asian members (Hamilton *et al.*, 2011).

The Organisation for the Promotion of Responsible Tuna Fishing (OPRT) was established in Tokyo, Japan in 2000 to address overcapacity, IUU fishing and by-catch issues in the global tuna longline fishery, as well as to promote responsible bluefin tuna farming. OPRT's membership consists of over 1,000 large-scale longline vessel owners and 21 organisations representing traders, distributors and consumers in Japan. OPRT represents vessels that fish in WCPO waters, as well as vessels operating in other ocean areas.

Environmental NGOs (e-NGOs) are taking an increasingly active interest in lobbying for the sustainable management of the Western and Central Pacific tuna fishery – notably, WWF, Greenpeace and Pew (and each of these organisations has observer status in WCPFC). In recent years, NGOs such as WWF, Oxfam and Oceana have also been active in international trade issues pertaining to fisheries, including WTO Fisheries Subsidies negotiations and preferential trade agreement negotiations (for example, ACP-EU Economic Partnership Agreements).

With respect to EU-ACP issues (including Fisheries Partnership Agreements), two NGOs are particularly proactive – The Coalition for Fair Fisheries Arrangements (CFFA) (Brussels) and TransparentSea (Kenya). CFFA represents a platform of NGOs and documents the development and environmental impacts of EU-ACP fisheries relations on small-scale fishing communities. TransparentSea is a newly established NGO (2011) which promotes access to information and accountability in marine fisheries. In 2011, TransparentSea initiated a petition to the European Union to disclose ex-ante evaluations of FPAs held with six African countries.

## 3.2 REGIONAL OVERVIEW – THE WESTERN CENTRAL PACIFIC OCEAN

### 3.2.1 The purse seine fishery

#### *Fleet evolution*

The purse seine fishery of the Western Central Pacific evolved from a series of trials largely sponsored by the Japanese during the late 1960s and early 1970s (Gillett, 2007). The purse seine technique evolved from other regional fisheries, namely Eastern Pacific and off Japan, but faced particular development problems in the Pacific because of characteristically clear water and a deep thermocline in the equatorial Pacific, which created unfavourable conditions for purse-seining – the tuna schools tend to be smaller, faster-moving, and dive deeper than those in the Eastern Pacific Ocean. By the late 1970s there were several fully commercial Japanese and American purse seine operations in the western equatorial area of the Pacific. The number of purse seine vessels operating in the Pacific increased rapidly during the early 1980s. The USA purse seine fleet moved in quickly from the eastern Pacific, due partly to the very strong El Niño event of 1982–83 and partly in response to pressure to reduce dolphin mortality in the fleet’s traditional fishing grounds. In 1983, 62 USA seiners caught 179,000 tonnes of tuna in the Pacific area. During the period from the mid-1980s to 2003, the regional purse seine fleet expanded, albeit at a slower rate, and the national composition of the fleet became more diverse (Table 3.1), with an expansion to include other Asian fishing nations, firstly China Taipei, Korea, and the Philippines, followed by China and New Zealand. The EU, along with Latin American vessels from El Salvador and Ecuador, represent a more recent group of entrants to the fishery. Access for all groups of vessels takes the form of regional or bilateral fisheries partnership arrangements or agreements, including:

- bilateral intergovernmental agreements between individual fishing states and individual PNA Parties;
- European Union Fishery Partnership Agreements (between the EU, and Solomon Islands, Kiribati and Federated States of Micronesia (FSM));
- an assortment of commercial agreements between associations or companies and individual PNA Parties; and
- the US Treaty (between the governments of certain Pacific States and the USA).

Pacific island countries have also sought to promote investment in their countries by encouraging reflagging, chartering, joint ventures or similar arrangements between Island states and foreign investors. This has led to growth in Pacific island fishing capacity, with agreed access to PNA EEZs through the FSM Arrangement<sup>4</sup>. Table 3.1 below highlights the evolution of the different purse seine fleet groupings.

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<sup>4</sup> The FSM Arrangement was developed as a mechanism for domestic vessels of the PNA to access the fishing resources of other parties. It came into force in 1995. Signatories are Federated States of Micronesia, Marshall Islands, Nauru, Palau, Papua New Guinea and Solomon Islands. The FSM Arrangement aims to: provide access for domestic vessels to parties’ waters on terms no less favourable than those granted to distant water fishing nations; secure maximum sustainable economic benefits from tuna resources; promote greater participation by nationals of parties in fisheries and assist in development of national fisheries industries; and allow access to vessels on terms consistent with the Palau Arrangement.

**Table 3.1: Breakdown of purse seine distant water vessels (EEZ and high seas) fishing in the western Pacific, 31 June 2010 and at three prior times in the fishery**

Country grouping	1988	1995	2003	2010
Korea	23	30	27	28
China Taipei	1	42	38	39
Japan	39	35	34	36
New Zealand	0	0	4	4
Vanuatu	0	2	15	5
China	0	0	4	12
Philippines	9	13	22	22
EU (Spain)	0	0	1	4
Ecuador	0	0	0	7
El Salvador	0	0	0	2
Indonesia	3	0	0	0
Other (now non active)	8	0	2	0
<b>Total DWFN</b>	<b>83</b>	<b>122</b>	<b>147</b>	<b>159</b>
FSMA	4	12	24	36
Domestic				37
Total DWFN FSMA and Domestic	119	177	191	232
USLMT	32	43	20	36

**Source:** Gillett, 2007; and updated from PNAO vessel records, 2010. Note: Indonesian industrial purse seiners (>30 Gt) are excluded from the above table, but are reported as 18 vessels fishing within the Indonesian EEZ. DWFN: Distant Water Fishing Nations; FSMA Federated States of Micronesia Agreement; USLMT: United States Multi-Lateral Treaty

#### *Purse seine catch, by species*

The WCPO 2010 purse seine catch of 1.8 million tonnes (Williams and Terawasi, 2011) was the third highest on record for this fishery, at 80,000 tonnes lower than the record attained in 2009. However, it should be noted that this includes minor catches of billfish whereas the tables below only consider the main tuna species. The majority of the historic WCP purse seine catch has come from the four main distant water fleets (see Table 3.2).



**Table 3.2: Purse seine catches (tonnes) 2010, by tropical tuna species**

	Yellowfin	Bigeye	Skipjack	Total	Per cent
Japan	38,544	2,679	200,011	241,233	13%
Korea	58,314	2,972	216,026	277,312	15%
USA	25,686	4,251	215,587	245,524	13%
China Taipei	29,203	3,437	166,211	198,851	11%
<b>Early DWFN entrants</b>	<b>151,747</b>	<b>13,339</b>	<b>797,835</b>	<b>962,920</b>	<b>53%</b>
China	10,513	948	42,255	53,716	3%
European Union	4,890	6,666	26,363	37,919	2%
El Salvador	707	1,203	5,461	7,371	0%
New Zealand	765	131	23,615	24,511	1%
<b>Recent post-2000 DWFN entrants</b>	<b>16,875</b>	<b>8,948</b>	<b>97,694</b>	<b>123,517</b>	<b>7%</b>
FSM	2,673	380	19,395	22,448	1%
Kiribati	4,686	3,593	23,153	31,432	2%
Rep Marshall Is	7,028	1,546	47,387	55,961	3%
Papua New Guinea	48,174	4,473	149,780	202,427	11%
Solomon Is	4,212	546	8,207	12,965	1%
Tuvalu	1,996	99	8,459	10,554	1%
<b>FSMA and domestic</b>	<b>68,769</b>	<b>10,637</b>	<b>256,381</b>	<b>335,787</b>	<b>18%</b>
Vanuatu	2,452	237	21,031	23,720	1%
Philippines	39,789	3,722	123,679	167,190	9%
Indonesia	20,670	6,201	179,826	206,697	11%
<b>Other Pacific</b>	<b>62,911</b>	<b>10,160</b>	<b>324,536</b>	<b>397,607</b>	<b>22%</b>
<b>Grand total</b>	<b>300,302</b>	<b>43,084</b>	<b>1,476,446</b>	<b>1,819,831</b>	<b>100%</b>

Source: SPC, 2011

These groups are divided into the following:

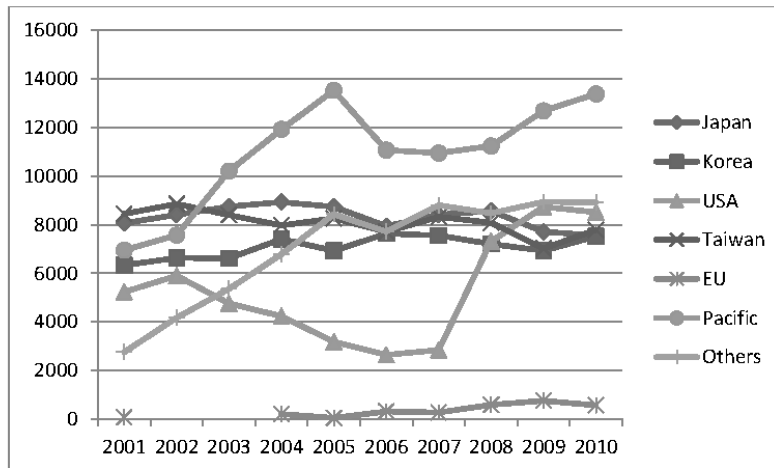
- *The early entrants*: China Taipei, Japan, USA and Korea, which numbered 95 vessels in 1988, but which have gradually increased vessel numbers to 139 vessels in 2010. This group of vessels caught 53% of the total catch in 2010 (almost 1 million tonnes). Fourteen of the US vessels are beneficially owned in China Taipei;
- *Vessels from Pacific islands fleets*: These totalled 54 vessels in 2010, with a catch of 336,000 tonnes, or 18% of the total. PNG represents the largest contingent of this fleet. Vessels from this group are divided into two groups, domestic (21) allowing access to only respective national flag EEZs and their archipelagic waters, and PNG FSMA vessels (33 vessels). The ownership structure within the FSMA group of vessels comprises predominantly China Taipeiian and some other foreign beneficial owners including 1 EU-owned vessel in Kiribati. Non-FSMA vessels, defined as 'domestic' vessels are registered in Solomon Islands, PNG, FSM, and two in Kiribati. These are owned by a combination of foreign and domestic owners, but in most cases, fishing activities directly support domestic investments in the onshore processing and servicing sectors.
- *New distant-water entrants*: This group includes the EU (Spain), New Zealand and China, as well as a more recent increase in the number of vessels from Ecuador and El Salvador. This group of vessels was not present in the Pacific before 2000. Catches are now collectively around 124,000 tonnes (7% of the total). EU and South American vessels fish in both the Western and Eastern Pacific Ocean (as do some of the US fleet).

- *Other Pacific*: Philippines and Vanuatu, as well as a number of Indonesian vessels. The Vanuatu fleet comprises vessels chartered through Vanuatu but beneficially owned in China Taipei, and these vessels fish through bilateral arrangements with specific countries. Filipino vessels fish both inside their own EEZ, as well as through specific bilateral arrangements, whilst Indonesian vessels (18 in number) fish inside their EEZ and in Indonesian archipelagic waters.

It is noteworthy from the above table that the fleets predominantly target skipjack (*Katsuwonus pelamis*), accounting for 81% of the total catch. However, yellowfin tuna (*Thunnus albacares*), accounting for 17%, may be caught in large numbers. The other target species, bigeye tuna (*Thunnus obesus*), accounts for 2% of the total catch and is often caught in large numbers when using Fish Aggregation Devices (FADs). The EU fleet, which is particularly reliant on FADs, has a much higher dependency on bigeye tuna (18%) than the other fleets. The EU fleet also catches 15% of the overall level of bigeye catch in WCPO.

*Purse seine effort*

Figure 3.1 below summarises the historic levels of purse seine effort by the major countries/groups in WCPO waters. The data show the significant growth in effort by vessels based in the Pacific island region, whilst most other groups have remained stable. However, there are two additional changes: the decline and resurrection of the US Multilateral fleet, following a transfer of 14 China Taipei vessels to the US register in 2007; and an increase in other vessel catches, mostly from China, Philippines and Vanuatu.



**Figure 3.1: Trends in annual effort (days at sea) for the top four purse seine fleets, FSMA/domestic and others operating in the tropical WCP, 2001–2010**

Source: SPC, 2011

The above figures do not contain any adjustment for weighting against effort as set out in the vessel day scheme (VDS). Details of this are shown in Section 3.5.1.

*FAD and free school set dependencies*

Whilst different fleets demonstrate different dependencies on set types, the overall dependency on free school fishing has increased over the years. Fishing on drifting FADs evolved from a traditional dependency on log sets in the mid-1990s. The current distribution (2011) between set types shows 79% on free schools (no doubt a response to the three-month closure from 1 July to 30 September), 14% on set FADs, and 7% on drifting FADs. Table 3.3 shows that EU purse seine vessels have the highest dependency on drifting FADs of all the main fleets operating in the region.

**Table 3.3: PNA catch, by set type (average 2005–2009)**

	Free school	Log	DFAD	AFAD	Other	Total
Korea	63%	18%	19%	0%	1%	100%
China Taipei	42%	40%	18%	0%	0%	100%
Japan	41%	42%	16%	0%	0%	100%
New Zealand	27%	4%	69%	0%	0%	100%
Vanuatu	50%	20%	22%	9%	0%	100%
China	58%	8%	33%	1%	0%	100%
Philippines	28%	30%	9%	32%	0%	100%
EU (Spain)	11%	0%	89%	0%	0%	100%
Ecuador	11%	1%	88%	0%	0%	100%
El Salvador	13%	0%	87%	0%	0%	100%
Total DWFN	48%	28%	22%	2%	0%	100%
FSMA and Domestic	43%	25%	24%	7%	1%	100%

Source: SPC / Williams and Terawasi, 2011

### 3.2.2 The longline fishery

#### *The fleet*

Longline fishing in the WCPO accounts for around 6% of the catch of total tropical tuna species caught inside the range in the tropical area bound by 20°N and 20°S, mostly yellowfin and bigeye tunas, but also albacore (*Thunnus alalunga*), and a range of billfish including three species of marlin (blue marlin, striped marlin and black marlin), swordfish (*Xiphias gladius*), pelagic and reef sharks (mostly blue shark, shortfin mako, silky shark, oceanic whitetip and hammerhead) and a bycatch of other species.

There are four types of fishery that occur using longline within the area of the Pacific islands:

- Fisheries for yellowfin and bigeye, targeted by large distant sashimi freezer longliners (typically >250 GRT). These vessels almost exclusively operate from Japan and Korea and fish long voyages, transshipping at sea, exclusively supplying the sashimi market in Japan and Korea. They fish in the high seas, in the high seas pockets and within national EEZs, the latter under bilateral agreements.
- Fisheries for albacore, targeted by smaller (typically <100 GRT) offshore vessels, undertaking trips of less than one month, with freezer, ice or chill capacity, and serving frozen markets, with product transshipped or landed direct into one of a small number of regional hubs including Fiji, American Samoa and French Polynesia. Most product is destined for canneries, specialising in albacore (which provides 'white meat tuna' for the US market), but may also be sold fresh, frozen and or as cooked loins to EU and Japanese markets. The largest component of these fleets are China Taipeiian and Chinese, operating through bilateral or domestic charter agreements with Western Pacific islands including Solomon Islands, Vanuatu, Fiji, FSM, Republic of the Marshall Islands (RMI) and Kiribati. In addition, there are some 200 vessels domestically owned and operated from a number of Western, Central and South Pacific countries and territories including French Polynesia, Fiji, New Caledonia, Cook Islands, Samoa and PNG.
- A South Pacific distant water fishery, which is a new fishery comprising distant water vessels from EU (Spain). These vessels exclusively target swordfish, in the high seas south of 20°S.
- Domestic fisheries in sub-tropical and temperate waters comprising vessels targeting different species in sub-tropical and temperate waters. Fleets include those from Japan, Australia, New Zealand and USA.

The total number of vessels involved in the tropical WCPO fisheries has generally been around 3,000, but around 780 vessels operate in the Pacific island waters, with a further 500 or so operating specifically on the high seas. Of the vessels known to be fishing in the island EEZs, the group has seen an increase of around 180 vessels in the last 5 years, with new entrants joining the fishery from the Indian Ocean (FFA, 2011). The bulk of this increase has taken place post Conservation and Management Measure (CMM) 2008-01.

SPC data (WCPFC, 2010) show that the number of EU longliners from Spain operating for at least part of their fishing time in the WCP area has declined from 18 vessels in 2008 to five in 2010. The Spanish vessels operate on the South Pacific distant-water swordfish fishery, which is a relatively new fishery and lies outside the EEZs of Pacific island countries. This fishery is very distinct from the longline fisheries exploiting tropical tunas and albacore.

In the past, the EU longline fleet did make an attempt to expand its fishing grounds towards zones in the Central South Pacific. Experimental fishing was undertaken in 2004 and 2005 within the WCPFC convention area in both the North and South Pacific. As part of this initiative, authorisations may have been taken up under the Fisheries Partnership Agreement with Solomon Islands. No catches were declared for the Solomon Islands EEZ and the results of the experiments suggested that the continuation of the previous strategy targeting billfish in the more southern areas would be more profitable than attempting to enter the competitive equatorial longline fishery for sashimi or albacore that is already dominated by Asian interests.

#### *Longline catch by species*

The WCPO catch by the longline fleet amounted to 169,818 tonnes in 2010. Table 3.4 shows the total catch of Pacific island and distant water fleets by species.

**Table 3.4: Longline catches in the WCPO, 2010.**

Group	Pacific island EEZs					% dependence on island EEZs
	Yellowfin	Bigeye	Albacore	Billfish	Total	
Japan	5,486	1,785	1,499	562	9,332	31%
Korea	3,578	3,145	665	1,035	8,423	26%
China Taipei	3,383	1,057	10,839	685	15,964	28%
China	982	1,212	1,158	289	3,641	24%
Pacific islands	8,398	2,706	21,003	1,834	33,942	100%
EU	0	0	0	0	0	0%
<b>Total</b>	<b>21,826</b>	<b>9,906</b>	<b>35,165</b>	<b>4,405</b>	<b>71,302</b>	<b>42%</b>
Group	High seas					% dependence on high seas
	Yellowfin	Bigeye	Albacore	Billfish	Total	
Japan	5,698	5,749	4,064	5,627	21,138	69%
Korea	4,887	11,591	4,887	2,247	23,613	74%
China Taipei	11,656	10,600	11,656	7,156	41,068	72%
China	1,081	7,653	1,081	1,864	11,680	76%
Pacific islands	0	0	0	0	0	0%
EU	2	8	7	1,001	1,018	100%
<b>Total</b>	<b>23,325</b>	<b>35,602</b>	<b>21,695</b>	<b>17,895</b>	<b>98,517</b>	<b>58%</b>
<b>Grand total</b>	<b>45,150</b>	<b>45,508</b>	<b>56,861</b>	<b>22,300</b>	<b>169,818</b>	
<b>% by species</b>	<b>27%</b>	<b>27%</b>	<b>33%</b>	<b>13%</b>	<b>100%</b>	<b>27%</b>

Source: SPC

WCPO data for 2010 show that the EU longline fleet caught 100% of their catch on the high seas (1,001 tonnes) and was not dependent on Pacific Islands' EEZ. Furthermore, the majority of this catch was targeting billfish (swordfish), which in general is not caught within Pacific Island EEZs (only 6% of catch was taken within EEZs).

### 3.3 STATUS OF FISH STOCKS IN THE REGION

The status of the three main stocks exploited in the WCP equatorial area is monitored by the Scientific Committee installed under the WCPFC. The following sections summarise the latest scientific advice produced by this Committee from 7th meeting and incorporates information from the 8th meeting.

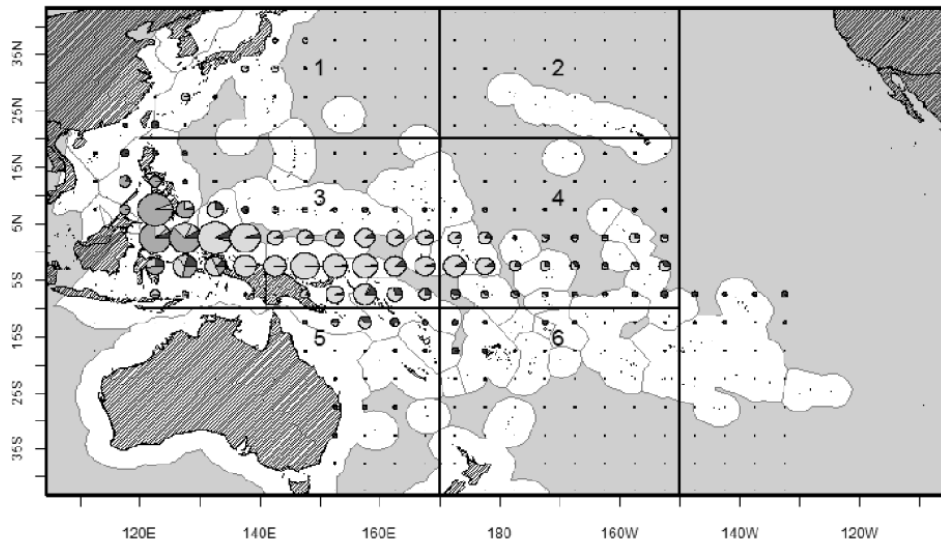
#### 3.3.1 Skipjack

Skipjack tuna is a fast-growing, short-lived species (maximum age ~3 years) that has a rapid population turnover. It has high resilience to fishing and can support annual catches at the current level (1.7 million tonnes). The majority of exploitation occurs on fish that have already reached reproductive maturity (age 1+). Most skipjack therefore have the opportunity to reproduce before they are exposed to intensive fishing. According to the key conclusions of the models presented in 2011 (Hoyle *et al.*, 2011), the skipjack species is being exploited to moderate levels, overfishing is not occurring and the stock is not in an overfished state. Recent catches (2009–2011) are considered to be sustainable unless recruitment falls persistently below the long-term average. The Summary Record of the WCPFC 7th Scientific Committee notes that: current high catches can result in range contractions of the stock (para 224); WCPFC should consider developing limits on fishing for skipjack (para 225); and catches are specially high in the western equatorial region and additional purse seine effort will yield only modest gains in long-term skipjack catches and may result in a corresponding increase in fishing mortality for bigeye and yellowfin (para 226).

#### 3.3.2 Yellowfin

Yellowfin tuna has a life span of up to ~7 years of age, grows rapidly and has a moderate population turnover. Yellowfin begins spawning at ~1.5–2 years of age (~100 cm fork length or 20 kg). Yellowfin are taken by a variety of gears – purse seine (>50% of the WCPO catch by weight, with a wide size range of fish), longline (16%, mostly adults), pole and line (4%), plus a range of gears in the domestic fisheries in Indonesia and Philippines, taking mostly smaller fish (25–30%). The total WCPO yellowfin catch has been between 270,000 and 440,000 tonnes since 2000, but reached a record 543,000 tonnes in 2008 before falling back to 350,000 tonnes in 2010 and level trend is now expected. Langley *et al.* (2011) undertook the most current yellowfin assessment on a regional basis across six regions within the WCPO (Figure 3.2), where a majority of the Solomon Islands falls into region 4 and fractionally into region 3. The assessment (Langley *et al.*, 2011) concludes that the WCPO yellowfin stock is not in an overfished state, but that depletion has increased steadily over time and is considerably higher in equatorial region 3. Recent depletion levels in region 3 are approximately 0.30 for total biomass (i.e. a 70% reduction from the unexploited level). Impacts are moderate in region 4 (37%), lower (about 15–25%) in regions 1, 5, and 6 and minimal (9%) in region 2. If stock-wide overfishing criteria were applied at the level of the stock assessment model regions, region 3 would be fully exploited and the remaining regions are under-exploited. The Langley *et al.* (2011) stock assessment for yellowfin indicates that the stock is at least fully exploited and that there is a 50% chance that overfishing is occurring. The WCPFC Scientific Committee has recommended that there be no increase in fishing mortality.

The attribution of depletion to various fisheries or groups of fisheries indicates that the associated purse seine fishery and Philippines/Indonesian domestic fisheries have the highest impact, particularly in region 3, while the unassociated purse seine fishery has a moderate impact.



**Figure 3.2: Distribution of cumulative WCPFC yellowfin tuna catch from 2000–2009, by 5 degree squares of latitude and longitude and fishing gear**

**Source:** Langley *et al.*, 2011. Longline (blue), purse seine (green), pole and line (grey) and other (principally Indonesia and Philippines, dark orange). The grey lines indicate the regional spatial stratification of the assessment models.

### 3.3.3 Bigeye

Bigeye tuna lives to at least 12 years of age, grows more slowly than yellowfin, has lower natural mortality, and a smaller stock size. Bigeye reaches a maximum size of ~120 kg, and begins spawning at ~3–4 years of age (~110 cm fork length or 30 kg). Bigeye is caught in large quantities by both the longline and purse seine component of the catch (Harley *et al.*, 2010). Purse seine and other surface fisheries have an equal or greater impact on the spawning stock biomass than longliners (WCPFC, 2011). This is because significant exploitation of juveniles occurs in the purse seine FAD fishery<sup>5</sup>, as well as in the domestic fisheries of Philippines and Indonesia. These juvenile catches have high impact on the subsequent adult population, and at the same time, the adult spawning stock continues to decline (Davies *et al.*, 2011). Recent assessments show that overfishing of bigeye tuna is currently occurring (i.e.  $F > F_{MSY}$ ). Catches are still around 7% higher than the Maximum Sustainable Yield (MSY) of 131,400 tonnes. This is despite current high levels of recruitment into the fishery. Therefore, the current levels of catch are unlikely to be sustainable (WCPFC SC7, 2011). The WCPFC Scientific Committee has recommended that fishing mortality be reduced by a minimum of 32% from the average levels for 2006–2009. These years are the set reference years for effort restrictions applied under CMM 2008–01 (See Section 3.4.1).

<sup>5</sup> Catches of bigeye tuna in the free school fishery and 0.8% (Hampton, 2009), whilst in FAD fisheries catches are upwards of 5 % or greater.

### 3.3.4 Albacore

Albacore are an initially rapid growing species, reaching fork length (FL) of 45–50cm in year one. Otolith analysis indicates this rate reduces to 10 cm per year in years 2–4 until reaching minimum mature FL of 80 cm (Hoyle, 2011). The maximum recorded length of albacore is 120 cm (FL) and Hoyle (2011) reports that a significant number reach an age of 10 years or more.

Catch for this species in 2010 (81,217) represented a 6.5 % increase on the previous year's catch – the previous record. In the past, albacore has been fished with various gear types, but recently catch has almost exclusively been from longline fishing; >90% (SPC, 2011). Longline generally takes adult sized albacore between 90 and 105 cm, but some juvenile catch in this sector has been recorded.

Stock assessments conducted and reviewed by the SPC (SPC, 2011) indicate that fishing mortality of albacore has risen notably although current mortality is still well below  $F_{MSY}$ . Additionally, spawning biomass levels are above  $SB_{MSY}$  indicating that the stock is not overfished. Whilst overall fishing mortality is at biologically safe levels, it must be noted that longline fishing is seen as having a larger impact on biomass of stock components targeted by the sector (i.e. between 90 and 105 cm). Therefore, any increase in catch from this sector is likely to result in reduced CPUEs (SPC, 2011). It should be noted that this species is not fished by the EU under this FPA.

### 3.4 ECOSYSTEM ISSUES ASSOCIATED WITH TUNA FISHERIES

The purse seine bycatch species vary according to whether sets are associated (FAD fisheries) or unassociated (i.e. free-swimming schools). Molony (2007) estimated retained catch of non-target species (i.e. other than skipjack, bigeye and yellowfin tuna) to be around 1.8% by weight of the total purse seine catch in the WCPFC Convention Area, equating to approximately 36,000 tonnes in 2008.

Langley *et al.* (2008) analysed fishery observer data from the equatorial purse seine fishery for the period 2001–2006 to determine the species composition of catches (by weight) from non-associated (free-school) and associated (log, drifting FAD and anchored FAD) sets (Figure 3.3).

Apart from skipjack tuna, yellowfin and bigeye tuna are clearly the main species taken in the purse seine fishery. Langley *et al.* (2008) found that all set types were dominated by catches of skipjack tuna and yellowfin, with these two species accounting for 99% of the unassociated sets and 91% of the catch from the associated set types.

Other species represented less than 0.2% of the catch from non-associated sets, and 1–2% of the catch from associated sets, of which rainbow runner (*Elegatis bipinnulata*) was the most significant component. The remainder of the catch from associated sets is comprised of surface-orientated species that are principally oceanic in habitat (for example, mackerel scad (*Decapterus macarellus*), frigate tuna (*Auxis thazard*) and mahi mahi (*Coryphaena hippurus*)) or occupy both reef and oceanic habitats (for example, rainbow runner, oceanic triggerfish (Balistidae), silky shark (*Carcharhinus falkiformis*) and oceanic whitetip shark (*Carcharhinus longimanus*)).

Kirby (2006) attributed fishing mortality by purse seine set type and ranked by productivity risk. Of the main bycatch species identified as taken in FAD fisheries, frigate tuna, spotted and black triggerfish, mahi mahi and mackerel scad were assessed as relatively low risk, whilst silky shark was assessed as having the highest relative risk. The rate of shark bycatch is significantly greater in FAD fisheries, recording 88% and 93% of the sharks respectively in regions 3 and 4 respectively (Clarke, 2011), with an estimated 1–10 silky sharks caught per day, amounting to between 48,000 and 84,000 silky sharks, and 1,000 oceanic whitetip sharks caught per annum (Lawson, 2011). Oceanic whitetip sharks are found throughout the WCPO between latitudes 30° N and 30° S. This species is also commonly encountered in the purse seine fishery, particularly in areas just south of the equator. Silky sharks have a similar distribution to oceanic whitetips but appear to be concentrated in a narrower band between latitudes 20° N and 20° S. Silky sharks interact with purse seine fisheries over nearly

the entire geographic range of the fishery. Silky sharks were particularly skewed toward juveniles in tropical waters. However, both species have experienced progressive reductions in Catch Per Unit Effort (CPUE) since 1999 (Lawson, 2011). As part of the current shark research programme (WCPFC SC7, 2011), preliminary results show that silky sharks are in an overfished state.

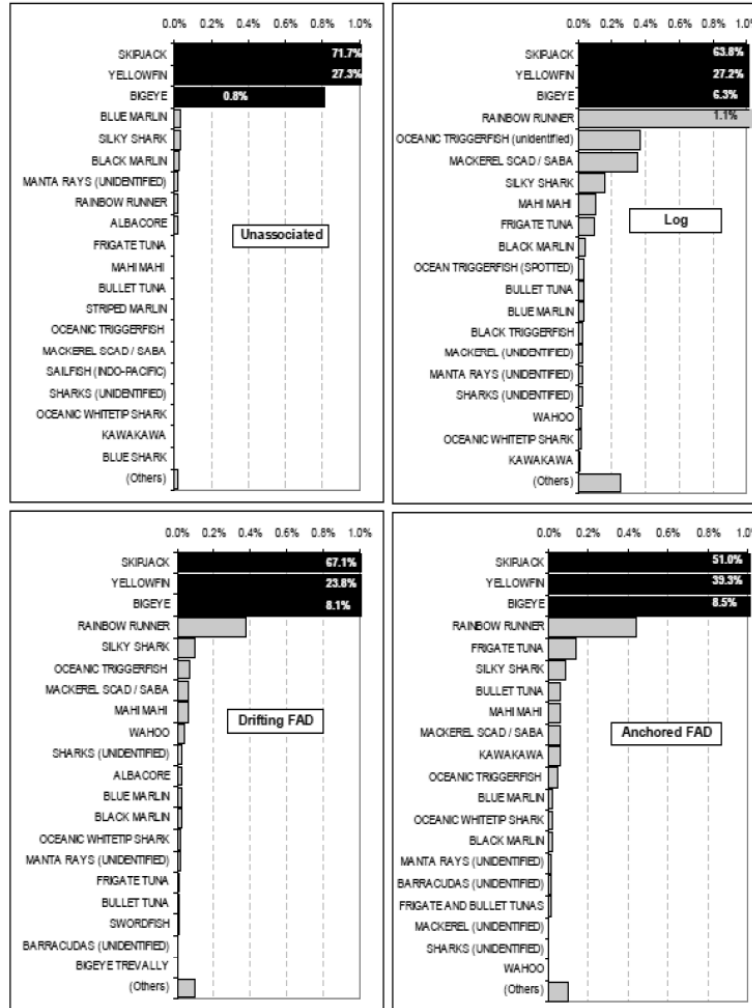


Figure 3.3: Percentage composition of the 20 main species caught by unassociated, log-drifting FAD and anchored FAD purse seine sets (by weight) in the WCP-CA determined from recent observer data (2001–2006)

Source: Langley *et al.*, 2008

Bycatch is perhaps the most significant ecosystem impact associated with longlining for tuna in the Pacific. Longlining is cited as one of the threat to the declining turtle populations in the region, with loggerhead (*Caretta caretta*) and leatherback (*Dermochelys coriacea*) being two of the turtle species most often caught in longlines (Gilman *et al.*, 2006). Bycatch of seabirds has also been identified as a substantial threat to some albatross and large petrel populations (Brothers *et al.*, 1999; FAO, 2004a,b; Gilman, 2001; Gilman *et al.*,



2006a) As a result, much effort has been made to identify effective, commercially viable, and even operationally beneficial methods to significantly reduce seabird and sea turtle bycatch in longline fisheries (Gilman *et al.*, 2006a; Watson *et al.*, 2005). In contrast, relatively little progress has been made to reduce cetacean and shark interactions in longline fisheries (Gilman *et al.*, 2006b).

### 3.5 MANAGEMENT AGREEMENTS IN THE WCP AND THEIR IMPLICATIONS

The key components of the governance and fishery management framework for tuna and related species in the WCPO, and the tuna purse seine fisheries in particular, include:

- i. the Western and Central Pacific Fisheries Commission (WCPFC), the tuna RFMO for the WCPO;
- ii. the Parties to the Nauru Agreement, known as PNA or the Nauru Group;
- iii. regional organisations that provide management services to the WCPFC and the PNA, including and in particular the FFA and the SPC; and
- iv. the PNA national governments.

Specific details of the Western Central Pacific Fisheries Commission (WCPFC) are given in Appendix C.

#### 3.5.1 The Palau Arrangement and Vessel Day Scheme (VDS)

The VDS is a scheme under the Palau Arrangement for the Management of the Western Purse Seine Fishery, which establishes a system of tradable fishing days allocated to the Parties as Party Allowable Effort (PAE). The Arrangement was established to:

- regulate the number of purse seine vessels to be licensed by the Parties at any one time, in response to scientific advice on resource sustainability and the rapid influx of foreign purse seine vessels into the WCPO; and
- provide a basis for increasing economic benefits to resource-owning states and economic returns to participating vessel owners.

Prior to the coming into force of the Palau Arrangement, the PNA had already set in 1990 a provisional limit of 164 purse seine vessels to be licensed by the Parties. The licence allocation limit under the Palau Arrangement in 1995 was for 205 purse seine vessels until the licence allocation management scheme was replaced by the VDS in December 2007. The introduction of the VDS was the result of an external review commissioned by the Parties in 2000 (Geen, 2000) to assess the effectiveness of the licence allocation management scheme in achieving its objectives under the Palau Arrangement. The review by Geen (2000) recommended the adoption of the VDS to regulate the number of fishing days by purse seine vessels as a long-term approach to the management of the purse seine fishery. The Parties adopted the VDS in 2006 following the completion of the signing by all Parties of the Memorandum of Understanding for the provisional application of the amendments to the Palau Arrangement to facilitate the implementation of the VDS. VDS formed an important element of the WCPFC CMM 2008-01 (and now 2011-01), and the VDS text is incorporated as Attachment A of the CMM. This CMM requires that effort levels across WCPA be capped to what was 2004 levels and has now been capped to 2010 levels following the WCPFC Regular Session in Guam, March 2012. The implications of VDS to this effort cap were that WCPFC recognised VDS for PNA countries as an appropriate method to achieve this effort cap.

The VDS scheme is managed by the PNA Office (PNAO). The VDS is overseen and reviewed by an Inter-Party VDS Committee (VDSC), and reports to the annual meeting of the Parties to the Palau Arrangement. The role of the VDSC is to have oversight on the operational aspects of the VDS and provide recommendations as appropriate to the plenary meetings of the Parties to the Palau Arrangement, unless mandated to decide on certain operational aspects of the VDS.

A Total Allowable Effort (TAE) was set at 28,469 days based on the 2004 TAE in PNA waters, and specific Party Allowable Efforts (PAEs) were decided based on a combination of two factors: the average level of purse seine effort in the waters of the Parties for the period 2001 to 2004 (50%); and the relative biomass within each Party EEZ (50%)<sup>6</sup>. In 2011, PNA have made progress on effort allocation, including trading between the Parties and closure of at least two EEZs to fishing upon reaching their PAEs (including Solomon Islands) and the setting and use of a regional benchmark value for a fishing day.

Other important factors included the following elements:

#### *VDS PAE management*

The sequence of events leading to the present PAE management arrangement was:

As from 2008–2009 (MY1–MY2):

- parties could transfer days between Management Years of the same Management Period, and between Management Periods;
- parties could seek temporary increases subject to the approval of the Parties;
- VDS applied a rolling three year Management Period; and
- exchanges between parties were allowed, to make up for any excesses and shortfalls.

As from 2010 (MY3):

- the ability to transfer days from one year to the next ceased;
- exchanges between parties allowed in order to avoid over excesses in individual PAEs, or corresponding shortfalls;
- a hybrid adjustment was introduced to the original allocation allowing for 50/50% or 100/0% historical effort/biomass formulation and applying whichever ratio results in a higher PAE for each Party; and
- the resultant adjusted TAE based on the hybrid PAE formulation was 33,798 days. The Parties agreed in the same meeting in June 2009 to strictly apply a limit of 28,469 days for MY3 (2010) irrespective of the hybrid Adjusted TAE total of 33,798 days, which meant that each Party could use up their hybrid PAE provided that the agreed limit of 28,469 days was not exceeded.

As from 2011 (MY4):

- in determining the TAE/PAEs for 2011, the Parties adopted the approach of applying the higher PAE of the hybrid 50/50% and 100/50% effort/biomass formulation and this time to standardise the PAEs such that the total of the standardised PAEs equate to the agreed limit of 28,469 days;
- in agreeing to apply a hard limit of 28,469 days in MY4 (2011), the Parties agreed to further amend the VDS Management Scheme (Attachment C), not to allow transfer days between Management Years and between Management Periods and not to allow temporary increases for special circumstances;
- in enforcing the hard limit of 28,469 days, each Party thus needed to ensure that its agreed respective PAE was not exceeded by enabling the transfer/trading of days from other Parties which have surplus days available for transfer/trading, provided the agreed overall limit of 28,469 days was not exceeded, otherwise for the Party that has reached its PAE to close off its EEZ to foreign fishing vessels under bilateral access agreements and to FSMA vessels of other Parties; and

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<sup>6</sup> The model applied by SPC for FFA to determine relatively biomass has spatial parameters allowing for estimation of biomass by areas. This is based on thermal, spawning, feeding and movement indices. The model is called Spatial Ecosystem and Population Dynamics Model (SEAPODYM). <http://www.spc.int/oceanfish/en/ofpsection/ema/ecosystem-a-multispecies-modelling/seapodym>.

- with respect to PAE overruns in 2010, if the level of fishing in the EEZ of a Party exceeds its PAE for a Management Year, that Party's PAE for the following Management Year shall be adjusted by deducting in the case of the overrun 120% of the excess. In this case the Administrator alerted the Parties and those who were likely to exceed their PAEs by the end of the year of the possibility. In agreeing to apply the hard limits in 2011, and also in standardising the hybrid model as adjusted by the Parties in April 2010, the Parties effectively reduced their individual PAEs by 18% in order to arrive at the Hard Limits of a PAE of 28,469 days.

#### *Definition of a fishing day*

For the purpose of the Scheme, a fishing day is defined as any calendar day, or part of a calendar day, during which a purse seine vessel is in the waters of a Party outside a port, but does not include days for which advance notice has been given that a vessel will be in the waters of a Party but will not be undertaking fishing activities, such as when a vessel is in transit. Vessel days involving fishing in more than one zone in a day shall be apportioned according to the distribution of reported positions in a day between zones. This principle shall also apply to days involving reporting from the waters of non-parties and the high seas. The definition of a fishing day is the same for foreign and domestic vessels;

#### *Fishing power*

Recognising that the fishing power of vessels varies, particularly with the size of vessels, the Parties decided that fishing days by vessels of different sizes should be accounted for as follows:

- small vessels of less than 50 metres in length: 0.5 days;
- vessels in the 50 to 80 metres range as equal: 1 day; and
- vessels over 80 metres: 1.5 days.

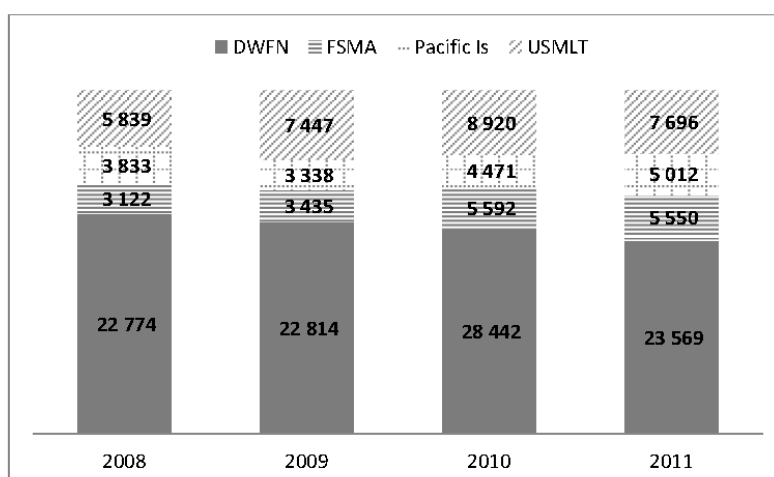
#### *Allowance for FSM and the Multilateral Treaty*

In order to meet their obligations under the FSM arrangement and the Multilateral Treaty with the US, the Parties have set aside pools of fishing days to provide for fishing effort by FSM Arrangement vessels fishing outside the waters of their Home Parties and US Treaty vessels. The number of days in these pools has been calculated as the average fishing days based on the 2004 TAE in PNA waters. These determined the allocations for vessels fishing under the FSM Arrangement and the US Treaty. These were originally set at 2,670 and 3,540 but subsequently adjusted to 3,122 and 5,838 days to take account of adjustments in fishing effort and revisions made in CMM 2008-01. Both these limits have been consistently exceeded. The US to 7,477 days, 8,920 days and 7,696 in 2009, 2010 and 2011; and FSMA by 3,435 days, 5,592 days and 5,550 days in 2009, 2010 and 2011.

Bringing the US fleet under the VDS scheme will reduce the Parties' individual PAEs and limit their development aspirations and ability to maintain existing fisheries arrangements. Agreement was not reached at the 6th round of negotiations in February, 2012. Currently, negotiations are set to reconvene in Auckland in June, 2012. Currently, proposals of 7,500 days for USD 65 million (EUR 48.5 million) have been made by Pacific island representatives, whereas US representatives have proposed 9,000 days for the sum – both proposals have been rejected (Atuna, 2012).

As part of the Palau Arrangement, domestic vessels (the definition of which includes chartered vessels) utilise VDS units when they are fishing in EEZ, but not in archipelagic waters (i.e. if a Party's PAE is expended, domestic vessels cannot fish in the EEZ (without leasing more days), but may continue to fish in archipelagic waters). Also, VDS applies to FSMA vessels fishing in their home party waters, but not when fishing in another party's waters. Days allocated for FSMA vessel are limited but are in addition to the PAE.

Figure 3.4 shows the adjustments to vessel days, following the application of the weighting system.



**Figure 3.4: DWFN/FSMA and domestic purse seine effort in number of days by PNA authorised purse seine fleet**

Source: PNA Administration, 2012

The figures shown in Table 3.5 are as presented to WCPFC Regular Session 8 in Guam, 2012. A short closure to the EEZ occurred between 16 June 2011 and 29 January 2012, however the fishery was subsequently re-opened following the acquisition of 1000 additional days by the Solomon Islands. Ultimately, the difference between the PAE and the uptake of fishing days appears to reflect a number of 'non-fishing' days being re-credited to the Solomon Islands by the end of the 2011 fishing year.

**Table 3.5: PNA VDS allocations, uptake by management year (2008–2011) and transfers**

Party allocation	Party allocation	%	Uptake in MY1–MY3			MY4 (2011)		2012	
			2008 <sup>7</sup>	2009	2010	Adjusted PAEs	%	Uptake	2012 PAEs
FSM	6,253	22%	5,047	4,591	5,648	5,522	19%	5,041	5,522
Kiribati	6,194	22%	3,998	5,687	4,528	5,450	19%	4,376	5,474
Marsh. Is	2,727	10%	712	456	566	2,234	8%	2,236	2,234
Nauru	1,452	5%	1,511	1,507	2,096	1,653	6%	1,697	1,653
Palau	595	2%	163	80	32	514	2%	543	514
PNG	7,907	28%	12,286	10,606	16,503	10,073	35%	11,613	12,170
Sol. Is	2,361	8%	2,302	2,202	2,568	2,146	8%	1,898	2,310
Tuvalu	979	3%	588	1,022	973	877	3%	941	1,055
<b>Total</b>	<b>28,468</b>	<b>100%</b>	<b>26,607</b>	<b>26,151</b>	<b>32,913</b>	<b>28,469</b>	<b>100%</b>	<b>28,345</b>	<b>30,932</b>
Annual adjustments	MY1 (2008): Adjusted to take account of 13-month operational period, and transfers from MY2 to MY1 (PNG); MY2 (2009): Transfer of unused fishing days (2008), underutilised days and extra credit to PNG (5,000 days) and Solomon Is (547 days); MY3: Overshoot in annual TAE, but VDS days in surplus from preceding years.								

Source: PNA Administration, 2012

<sup>7</sup> The full operation of the VDS commenced with the first Management Year (MY1) of 12 months from 1 December 2007 to 30 November 2008, which was extended by an additional month to include December 2008 in order to align the subsequent Management Years of the VDS to a calendar year from the second Management Year (MY2 – 1 January to 31 December 2008) onwards.

The PNA countries established a Memorandum of Understanding (PNA, 2011) setting a minimum benchmark fee on 20 July<sup>8</sup>, 2011 agreeing the following:

- a minimum benchmark fee of USD 5,000 (EUR 3,731) per fishing day under the Vessel Days Scheme shall be applied to foreign fishing vessels from 2012 as a non-negotiable benchmark;
- the minimum benchmark fee shall be applied to all foreign fishing vessels from the beginning of the 5th Management Year (MY5) (2012);
- Parties shall inform each other of their negotiations with foreign fishing vessels and collaborate with each other so that foreign fishing fleets do not play them off against each other; and
- the Parties shall duly inform foreign fishing vessels of the implementation of the minimum benchmark fee when they renew their bilateral access agreements for 2012.

Table 3.6 below summarises the present status of implementation of national VDS effort limits by the Parties.

**Table 3.6: Implementation of PAE allocations by PNA members at February 2011**

<b>FSM</b>	All agreements, except that with EU, incorporated the VDS and fleets allocated days per calendar year As from 2010. The VDS rate of USD 5,000/vessel (EUR 3,731) day is incorporated into each Agreement upon renewal.
<b>Kiribati</b>	Kiribati has implemented VDS to all bilateral agreements upon renewal, including Japan, China Taipei, China and New Zealand. The agreements with Korea and EU (where no VDS is included) lapse in April and September respectively, and the negotiations will decide whether they will be based on the VDS limit of USD 5,000/vessel day (EUR 3,731).
<b>Marshall Islands</b>	Marshall Islands has implemented VDS limits for all bilateral agreements, and has actively exchanged vessel days with PNG, Nauru and Solomon Islands.
<b>Nauru</b>	Nauru operated an Olympic system, closing the fishery as and when the PAE was reached. Nauru closed EEZ to purse seine fishing in October of 2011. As of 2012, Nauru sold its vessel days by tender. The amounts have not been disclosed.
<b>Palau</b>	Palau operated an Olympic system up until 2011. VDS as from 2012.
<b>PNG</b>	Allocated vessel days to fleets in agreements. PNG traded days from Palau, FSM and Marshall Islands at USD 5,000 (EUR 3,731)/day
<b>Solomon Islands</b>	Vessel days allocated to Korea, Japan and China Taipei only in agreements. Trading took place between the Solomon Islands and RMI, with a rate / vessel day set at USD 8,000 (EUR 5,970). Solomon Islands closed the fishery from 17 June 2011, but this was reopened to the EU on 29 January 2012 on the basis of the existing FPA.
<b>Tuvalu</b>	Tuvalu operated an Olympic system up until 2011. VDS as from 2012.
<b>USMLT</b>	Negotiations are taking place between the US and the Pacific Island Parties. Negotiations (based on an exchange of letters) currently stand at a rate of USD 10,000/Vessel Day (USD 60 million) per annum (EUR 7,463/Vessel Day, EUR 45 million), with an additional development component separated.

Source: PNA Administration, 2012

<sup>8</sup> Kiribati was not present at the meeting but subsequently signed the Memorandum of Understanding in August 2011.

The VDS is a very large management programme being applied by a group of developing countries of varying capacities. Taken together with the various other measures of the Third Implementation Arrangement and CMM 2008-01, the VDS provides a central element in the management of the target stocks and is also an important element in the regional strategy to conserve bigeye. Table 3.7 presents some strengths and weaknesses of the VDS.

**Table 3.7: Strengths and weaknesses of the VDS**

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• A binding Agreement on allocations of fishing effort</li> <li>• Has mechanisms to account for effort creep</li> <li>• Has high-level political support in the PNA Leadership</li> <li>• Is based on an extensive consultative process with stakeholders directly involved</li> <li>• Is accepted by the WCPFC as evidenced by its incorporation into CMM 2008-01</li> <li>• Uses a centralised monitoring of effort by VMS</li> <li>• Has support from the FFA VMS and the Regional Observer Programme</li> <li>• Has monitoring (logsheet) and scientific support from SPC Inter-party effort transfer provisions have been increasingly used, particularly in 2011</li> <li>• Three Parties (including Solomon Islands) closed their EEZs to fishing once their allocation was exhausted in 2011</li> </ul>	<ul style="list-style-type: none"> <li>• Although there is a link between the TAE and scientific advice on stock status based on advice from SPC, the actual levels of fishing effort may exceed the TAE</li> <li>• There are indications that difficulties in PAE allocation may have been addressed in part through increasing the TAE and individual PAEs through ad hoc adjustments</li> <li>• Transfer of days from one year to the next, which has damaging implications for stocks, was allowed until 2011</li> <li>• Some Parties have overrun their PAEs, and it is not clear whether the sanctions in the Scheme for overruns are being applied</li> <li>• There are inconsistencies in the treatment of non-fishing days between Parties</li> <li>• The Scheme does not apply to archipelagic waters (see comment and text below), and effort has increased substantially in archipelagic waters of the Parties since 2004</li> <li>• The FSMA effort is capped at 3,907 days but was exceeded in both 2010 and 2011 and represents effort in addition to the TAE</li> <li>• To date the VDS has not incorporated fishing effort under the US Tuna Treaty (8,920 days in 2010 and 7,679 days in 2011) (although this is subject to discussion in the current renegotiation of the Treaty)</li> </ul>

In response to the early experience with the VDS, including the shortfalls in performance, PNA is reviewing the VDS Management Scheme to improve the Scheme, including:

- implementing target and limit reference points for skipjack tuna, which take account of the catch throughout the range of the stock;
- requiring FSMA vessels to cease fishing once the cap for days outside home Party waters is exceeded in a Management Year;
- revising the VDS weighting limits to take account of the catch, with the possibility of introducing a further limit on super seiners;
- revising the PAEs to take account of changes to the USMLT; and
- improving the trading mechanism between Parties to ensure efficient use of allocations within each Management Year (MY).

### 3.5.2 Niue Treaty

The Niue Treaty on Cooperation in Fisheries Surveillance and Law Enforcement was adopted in 1993 and all FFA Members, except Tokelau, are parties. The Agreement is legally a stand-alone Agreement although it was adopted directly in response to Article 5 of the FFA Convention (calling for the promotion of intra-regional coordination and cooperation in fisheries surveillance and law enforcement) and the FFA has certain administrative responsibilities under the Treaty and so, in practice, taking account also of the largely concurrent membership, the Treaty can be seen as a *de facto* subsidiary Agreement of FFA.

The Treaty is an Agreement on cooperation between FFA members on monitoring, control and surveillance of fishing, and includes provisions on exchange of information and procedures for cooperation in monitoring, prosecuting and penalising illegal fishing vessels. It is designed to complement the other management frameworks in the region, and specifically defines its relationship to harmonised minimum terms and conditions of access. Despite initial broad political support for the Treaty, there has to date been minimal implementation of it. In recent years, however, there has been renewed interest resulting in the organisation and implementation of joint deployment plans.

### 3.5.3 Regional Organisations (FFA and SPC)

FFA and SPC have significant roles in the management framework for the fisheries under assessment because of the support and services they provide both to PNA and the WCPFC.

#### *Forum Fisheries Agency (FFA)*

Based in Honiara, Solomon Islands, FFA's 17 members are Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu and Vanuatu. FFA was established to help countries sustainably manage their fishery resources that fall within their 200 nautical mile Exclusive Economic Zones (EEZs). FFA is an advisory body providing expertise, technical assistance and other support to its members who make sovereign decisions about their tuna resources and participate in regional decision making on tuna management through agencies such as WCPFC.

In addition to providing services to FFA Members, FFA supports the WCPFC VMS through shared facilities with the FFA VMS, providing establishment, maintenance, diagnostic and support infrastructure and services, mobile transmission unit (MTU) or automatic location communicator (ALC) management services and communication gateways for the Commission VMS, along with training for Commission staff.

#### *Secretariat of the Pacific Community (SPC)*

With its headquarters in Noumea, New Caledonia, the Secretariat of the Pacific Community (SPC) is an intergovernmental organisation that provides technical and policy advice and assistance to its Pacific Island members. SPC was established as an international organisation in 1947 and has 26 member countries and territories, including American Samoa, Australia, Cook Islands, Federated States of Micronesia, Fiji, France, French Polynesia, Guam, Kiribati, Marshall Islands, Nauru, New Caledonia, New Zealand, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Pitcairn Islands, Samoa, Solomon Islands, Tokelau, Tonga, Tuvalu, United States of America, Vanuatu and Wallis and Futuna Islands.

SPC services are provided primarily in the form of technical assistance, training and research. The building of national capacity to monitor fisheries, manage data, provide technical support to fisheries management and participate meaningfully in regional management discussions is a cross-cutting priority. The annual budget for the core scientific services for WCPFC was USD 700,000 (EUR 573,770) for 2010, with additional funding for specific high-priority activities.

### 3.6 SOLOMON ISLANDS FISHERIES

#### 3.6.1 Fisheries governance in Solomon Islands

##### *Policy and institutional framework*

In anticipation of declines in the immediate future of economic returns and employment from the forestry sector, coupled with a perceived level of under-performance of fisheries in terms of economic development, fisheries has been identified by Solomon Islands' National Coalition and Reform and Advancement (NCRA) Government as a priority growth sector. The NCRA Government, as specified in its Policy Statement, has specifically committed to the following policy objectives to stimulate future development of its fisheries sector (NCRA, 2010):

- establishing fishing and fish processing companies (notably at Suava Bay, Malaita; Tenaru and Ndoma, Guadalcanal<sup>9</sup> and exploring the possibility of requiring fishing vessels authorised to fish in Solomon Islands' EEZ to offload a certain percentage of catches to local processing facilities;
- reviewing the conditions of foreign fishing authorisations, with a view to establishing a timeframe within which foreign fishing entities must establish shore-based facilities in Solomon Islands;
- ensuring that proper policies are put in place to oversee the commercial activities taking place within the fisheries sector, such that vigilant surveillance (in conjunction with FFA) of the EEZ, and optimum returns from Solomon Islands marine resources are realised;
- reviewing all fishing authorisation fees in US dollars;
- facilitating the building of fishery marketing infrastructure and the establishment of a network directly connecting fishermen in rural areas to Honiara; bringing fish to Honiara from fishing centres in strategic locations in specifically designed vessels for packing and air-freighting to target markets overseas;
- developing inshore fishery facilities, including aquaculture (especially mariculture and other types of farming), for subsistence and commercial development for the benefit of coastal and atoll dwellers, while at the same time encouraging the conservation of marine resources to ensure sustainable harvesting; and
- involving local fishermen in the development of the fishing industry through adequate resource provision.

NCRA Government's policy objectives underpin six key fisheries priorities and subsequent strategies identified in the Ministry of Fisheries and Marine Resources Corporate Plan (2011–2013), and its successor, the Ministry of Fisheries and Marine Resources Corporate Plan (2012–2014), which is currently in draft form (Table 3.8).

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<sup>9</sup> While not specified in the NCRA Government Policy Statement, a site at Ndoma in Guadalcanal Province has been ear-marked for establishing a tuna processing development.



**Table 3.8: MFMR Corporate Plan – Priorities and Strategies (2012–2014)**

Priorities	Strategies
Improve market access for rural fishers	<ul style="list-style-type: none"> <li>• Improve fisheries marketing facilities and infrastructure</li> <li>• Improve interisland transport systems</li> <li>• Improve fisheries services to provinces and rural communities</li> </ul>
Improve health of our fisheries and marine resources	<ul style="list-style-type: none"> <li>• Implement Ecosystem Approach to Fisheries Management through inshore and offshore fisheries management strategies</li> <li>• Improve health of offshore resources</li> <li>• Ensure that planning and management of Solomon Islands fisheries takes into account impacts of climate change on fish stocks, fisheries and marine resources sector</li> </ul>
Grow livelihoods through sustainable aquaculture development	<ul style="list-style-type: none"> <li>• Progress aquaculture development of priority species</li> <li>• Build a National Aquaculture Centre supporting the fisheries and marine resources sector</li> <li>• Develop environmental risk assessment protocols for imported freshwater and mariculture fish species</li> </ul>
Grow our economy through sustainable fisheries investments	<ul style="list-style-type: none"> <li>• Progress the development of onshore processing facilities in Suafa Bay (Malaita), Tenaru and Ndoma (Guadalcanal)</li> <li>• Create a conducive and enabling environment for development of the fisheries sector</li> </ul>
Effective enforcement of our fisheries laws	<ul style="list-style-type: none"> <li>• Improve legislative environment for fisheries management and development</li> <li>• Authorising systems</li> <li>• Compliance systems</li> <li>• Observer programme</li> </ul>
Increase skills and knowledge of partners in fisheries development	<ul style="list-style-type: none"> <li>• Increase effectiveness and efficiency of MFMR service provision through improved organisation structure and management systems, and appropriate staff training</li> <li>• Increase capacity for fisheries sector stakeholders to participate effectively in fisheries development</li> </ul>

Source: MFMR, 2012

The key intended outcomes of these priority actions of MFMR are:

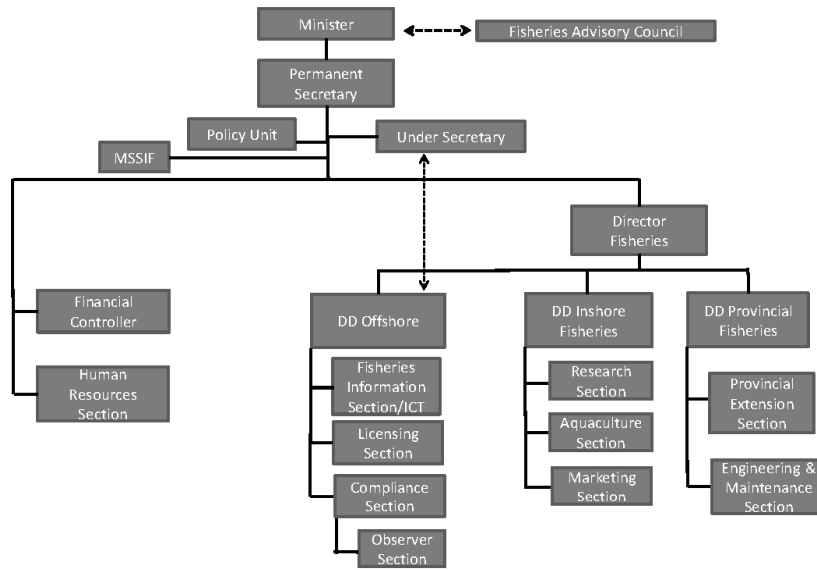
- the orderly development and quality management of Solomon Islands fisheries and marine resources; and
- Solomon Islands receives maximum economic and social benefits from the sustainable use of its fisheries and marine resources (MFMR 2012).

Plans are in place to review and update the National Tuna Management and Development Plan in 2012, given the existing plan (prepared in 1999) is outdated. It is anticipated that the revised plan will reflect relevant changes in the new Fisheries Act (see below), as well as incorporate strengthened policies for management of the purse seine and longline fisheries including the purse seine fishery VDS, longline authorisation limits and access to archipelagic waters (Main Group Archipelago (MGA)). When devising revised national-level fisheries management and development policies, MFMR will also need to take into consideration sub-regional (PNA) and regional (FFA/WCPFC) initiatives. It is anticipated that the revised Tuna Management and Development Plan will be compiled in mid-2012.

In order to facilitate onshore fisheries investment, MFMR is in the process of developing a ‘Solomon Islands Tuna Industry Investment Strategy’ to provide a transparent and robust investment framework for investors. To support the Investment Strategy, an implementation plan will be devised which includes enhanced industry-Government dialogue, the development of a prospectus for investors detailing the steps involved in establishing a fishing/processing operation in Solomon Islands, and streamlined investment application and agreement processes. In addition, guidelines will be established to assist in evaluating investment proposals. In 2010, a Solomon Islands Government Fisheries Investment Committee was established, comprising representatives from all key Government departments, to assess investment proposals and report to Cabinet.

MFMR is vested with the responsibility of advising Solomon Islands Government on fisheries and marine issues and for leading a whole-of-government process to achieve the Government’s offshore fisheries policies.

Currently, MFMR employs 91 staff (as well as 91 contracted observers) and comprises four operational divisions (Offshore Fisheries, Inshore Fisheries, Provincial Fisheries, Policy Unit) and an administration and accounts section (Financial Controller, Human Resources) (Figure 3.5). Collectively, these divisions deliver the services for four key programme areas (as specified in MFMR’s Corporate Plan (2011–2013)) – Offshore Fisheries Management, Inshore Fisheries Management, Provincial Fisheries Development and Aquaculture Development. Under the Corporate Plan, a series of strategies and subsequent activities fall under the six key priority areas specified above. These activities are reflected in annual work plans.



**Figure 3.5: Solomon Islands Ministry of Fisheries and Marine Resources organisational structure – March 2012**  
 Source: MFMR, 2012

The existing institutional structure is considered to reflect that of a small fisheries administration. However, MFMR has now outgrown this structure and subsequently, several key issues arise. The Director (both through the powers vested in the position under the Fisheries Act 1998 and the current organisational structure) has considerable power and responsibility, overseeing the three core operational divisions. Also, currently, while a critical operational area, the Compliance Unit is buried low within the organisational structure in the Offshore Fisheries Division. Currently, MFMR policy analysis and support is limited to two staff housed within a stand-alone division reporting directly to the Permanent Secretary. A new organisational structure is being considered that takes these issues into consideration. Under a proposed new structure, a new Fisheries Operations Division would be established which carries out compliance, authorising, fisheries information and industry liaison functions. The new structure would also facilitate stronger policy support to each of the core divisions and attempt to reduce the power and responsibility of the Director's position.

In September 2010, New Zealand Ministry of Foreign Affairs and Trade (NZAIT), in partnership with Solomon Islands Government, established an institutional strengthening programme – entitled '*Mekem Strong Solomon Islands Fisheries*'<sup>10</sup> (MSSIF) - within MFMR to help build capacity and support MFMR and fisheries and marine resources stakeholders to more effectively and efficiently perform their respective functions. This programme followed on from a former NZAIT institutional strengthening project – Solomon Islands Marine Resources Organisational Strengthening Project (SIMROS), which ran from 2006–2009. The programme is anticipated to be funded for at least 5–10 years and is reviewed annually. In 2012, MSSIF's budget is SBD 18.4 million (EUR 1.8 million), plus an additional SBD 1.37 million (EUR 0.14 million) is being provided to WorldFish Center for a partnership project in community-based resource management for coastal fisheries. Currently, MSSIF funds three positions – Program Coordinator (full-time), Offshore Fisheries Advisor (full-time) and Inshore Fisheries Advisor (part-time). Ad hoc inputs are also funded for a monitoring and evaluation specialist and other technical specialists, when required. MSSIF's activities are linked directly to MFMR's Corporate Plan.

#### *Budget and financial capacity*

MFMR's annual budget comprises two components:

- Recurrent budget – funds received from Solomon Islands Government's consolidated funds to cover recurrent operating expenditure (for example, staff salaries, travel, communication, utilities, rent); and
- Development budget – funds received from both Solomon Islands Government (appropriated funds) and donors (non-appropriated funds) for funding specific projects.

In 2010, MFMR's total recurrent budget was SBD 10.4 million (EUR 1.1 million). In 2012, the budget forecast is SBD 12.1 million (EUR 1.2 million), including 55% for payroll expenditure.

The forecasted development budget for 2012 is SBD 28.6 million (EUR 9 million); 65% of which is non-appropriated funds received from New Zealand under a bilateral arrangement for funding of the MSSIF Institutional Strengthening Project (SBD 18.4 million; EUR 1.8 million). Previously, in 2010, SBD 10 million (EUR 1.1 million) was contributed by New Zealand, Japan and EU (Stabex) for a range of development projects. In 2012, Solomon Islands Governments' contribution towards the development budget exceeds SBD 10 million (EUR 1 million) for a range of programmes, the most significant being implementation of a coastal fisheries program (SBD 5 million; EUR 513,500), site development for tuna processing facilities (SBD 1.5 million; EUR 50,000) and a provincial fisheries housing project (SBD 1.5 million; EUR 150,000) (Table 3.9).

<sup>10</sup> *Mekem strong* is Pidgin English for 'make strong'.

**Table 3.9: MFMR Recurrent and Development Expenditure Budget – 2010–2012**

Item	2010 (Actual)		2011 (Estimate)		2012 (Estimate)	
	SBD	EUR	SBD	EUR	SBD	EUR
<b>RECURRENT EXPENDITURE BUDGET</b>						
Payroll						
Salaries	3,289,367	305,582	3,290,147	322,763	4,353,963	447,152
Wages	260,716	24,221	260,716	25,576	0	0
Other	6,936,525	644,403	9,938,360	974,953	7,796,718	800,723
<b>TOTAL RECURRENT EXPENDITURE</b>	<b>10,486,608</b>	<b>974,206</b>	<b>13,489,223</b>	<b>1,323,293</b>	<b>12,150,681</b>	<b>1,247,875</b>
<b>DEVELOPMENT BUDGET</b>						
<b>Appropriated (Consolidated) Funds</b>						
Tuna Loin Factories Project – Suava Bay & Tenaru	91,037	8,457	2,000,000	196,200	1,500,000	154,050
FAD Program	0	0	0	0	1,000,000	102,700
MFMR Seafront Reclamation Project	0	0	0	0	700,000	71,890
Provincial Fisheries Housing Project	0	0	1,000,000	98,100	1,500,000	154,050
Coastal Fisheries Program	0	0	0	0	5,000,000	513,500
Wantok Project	0	0	350,000	34,335	500,000	51,350
Dolphin Assessments Program	13,407	1,246	250,000	24,525		0
Pilot Scale – Commercialisation of Pearl	0	0	1,000,000	98,100		0
Total Appropriated Funded	104,444	9,703	4,600,000	451,260	10,200,000	1,047,540
<b>Non-Appropriated Funds</b>						
NZ – Organisational Strengthening Project	6,900,000	641,010	na	na	18,490,000	1,898,923
NZ – Ministry Office Building	1,000,000	92,900			0	0
EU (Stabex) – Aquaculture–Seaweed Commercialisation	900,000	83,610			0	0
Japan – Fisheries Technology Training	182,750	16,977			0	0
Japan – Fisheries Technology Equipment	1,271,940	118,163			0	0
Total Non-Appropriated Funds	10,254,690	952,661	na	na	18,490,000	1,898,923
<b>TOTAL DEVELOPMENT BUDGET</b>	<b>10,359,134</b>	<b>962,364</b>	<b>na</b>	<b>na</b>	<b>28,690,000</b>	<b>2,946,463</b>

Source: Solomon Islands Government, 2012

There is a budgetary issue concerning the annual financial contribution made by the EU for fisheries policy sector support. MFMR encounters difficulties sourcing these funds (i.e. EUR 200,000 per annum) through the budgetary process in place, whereby all payments received by Solomon Islands Government are made into a single bank account and are classified as consolidated government revenue. Currently, under MFMR's recurrent expenditure and development budgets (for appropriated and non-appropriated funds), there is no specific appropriation line for fisheries sector policy support from the 50% financial contribution. This is likely due to a collective oversight on the part of MFRM and Ministry of Finance and Treasury (MoFT). MFMR is aware of this issue and has implemented steps to overcome this. For 2012, MFMR will submit a line in the supplementary budget to recoup the 50% financial contribution. From 2013, an appropriation line specifically relating to fisheries sector policy support will be included in MFMR's recurrent budget.

*National fisheries laws*

The Fisheries Act 1998 is the national legislative framework currently underpinning fisheries conservation and management in the Solomon Islands. This Act establishes the principles, institutional framework, resource control, and the requirements for managing foreign fleets. The Act lists a set of principles which can be interpreted as objectives – they are listed as the Minister requiring to have regard to:

- (a) the principle that Solomon Islands fisheries resources shall be managed, developed and conserved so as to ensure through proper conservation and management measures that the maintenance of those resources are not endangered by over-exploitation and are utilised at a level that shall ensure their optimum sustainable yield;
- (b) the principle that the marine biodiversity, coastal and aquatic environments of Solomon Islands shall be protected and managed in a sustainable manner;
- (c) the application of the precautionary approach to the conservation, management and exploitation of fisheries resources in order to protect the fisheries resources and preserve the marine environment;
- (d) the sustainable utilisation of Solomon Islands fisheries resources so as to achieve economic growth, human resource development, employment creation and a sound ecological balance, consistent with its national development objectives;
- (e) principle of sustainable yields and allowable catch which may be supported or adopted nationally or internationally from time to time;
- (f) any relevant international obligations or bilateral or multilateral agreements which Solomon Islands is a party to, or applicable rules of international law relating to the exercise of jurisdiction by Solomon Islands within its waters;
- (g) any customary rights of customary rights holders over or in relation to any area within Solomon Islands waters; and
- (h) any fisheries management and development plans made in accordance with this Act.

It should be noted that under this Act, it could be interpreted that the management objectives of fisheries resources are different to those in the EU. Where the EU, through the Common Fisheries Policy (CFP), have placed a policy focus on maximum sustainable yield, the term 'optimum sustainable yield' could be interpreted to have a greater economic focus and this does not always align with biological maximum yields.

The fishing authorisation of foreign fishing vessels is permitted under sections of this Act. The Act stipulates when and under what conditions a foreign fishing is authorised. This also includes the prohibition of fishing inside provincial waters. Whilst not included within the Act, a new condition to longline authorisation to fish within Solomon Islands waters is to land all fish in Solomon Islands ports or pay a penalty to land outside Solomon Islands<sup>11</sup>. Currently there are no longline catches recorded in Pacific Island EEZs by the EU, although this is worth noting for future reference, as past FPAs between EU and Solomon Islands have included longline authorisations. It is also worth noting that the Solomon Islands promulgated regulations to give effect to its obligations under the Third Implementing Arrangement in 2009 (see Section 3.5.1). The regulations promulgated under the Fisheries Act 1998 have been in effect since 2009 and apply to all vessels authorised by Solomon Islands.

<sup>11</sup> For more information, see: [http://www.trimarinegroup.com/news/press/Solomon\\_Islands\\_Longliner\\_License\\_Policy.html](http://www.trimarinegroup.com/news/press/Solomon_Islands_Longliner_License_Policy.html)

The Act stipulates the management requirements for revenues obtained through foreign fishing vessel authorisations. Fifty percent of revenue from these authorisations should be contributed to the Fisheries Management and Development Fund. This fund is also contributed to by 50% of offence fines and donor contributions.

However, since this legislation was introduced, there have been significant developments at the regional, sub-regional and national levels pertaining to tuna fisheries management, conservation, development, and monitoring, control and surveillance and the legislation is now considered to be outdated.

A new Fisheries Management Bill is in the final stages of drafting and will replace the Fisheries Act 1998. It is anticipated that the new legislation will be presented to Cabinet in the coming few months for approval, and will come into effect by the end of 2012, once it is passed by Parliament.

The new Bill comprises 13 parts and applies to all fishing resources and related activities, all persons and all vessels (including foreign vessel) falling within the scope of the Act. It applies to all Solomon Islands fishing vessels and persons onboard operating both within Solomon Islands waters and beyond.

The new Bill contains the following key elements:

- The Bill's objective is fisheries conservation, management, development and sustainable use for Solomon Islands fisheries and marine resources to ensure their long-term sustainable use for the benefit of the people of the Solomon Islands. It includes principles drawn from international agreements to which the Solomon Islands is a party, which need to be reflected in national policy (Part II).
- Specifies the key administrative and institutional arrangements including functions, power and duties of the Minister, Permanent Secretary and Director; establishes a Fisheries Authorising Committee, Fisheries Appeal Committee and Fisheries Advisory Council; establishes a Fisheries Management and Development Fund; specifies the responsibilities of Provincial Governments in fisheries (Part III).
- Provides the legal basis for the imposition of measures to conserve, manage and develop fisheries within Solomon Islands waters – covers Fisheries Management Plans, Community Fisheries Management Plans, recognition of customary rights, declaration of Marine Protected Areas and Marine Management Areas, prohibited activities, and data and information requirements (Part IV).
- Specifies requirements for access agreements and fisheries management agreements, whereby all foreign fishing vessels must be covered under access agreements – includes terms and conditions of access which must be set out in access agreements (Part V).
- Sets out the authorising framework – including the process for granting or renewal of an authorisation, authorising terms and conditions and reporting requirements (Part VI).
- Contains the requirements for fishing and other activities – authorising, gear stowage, reporting of unauthorised vessels, import and export of live fish, transshipment, bunkering, fish processing and storage (Part VII).
- Sets out monitoring, control and surveillance provisions – appointment and powers of authorised officers; roles and functions of observers and port samplers; appointment of fish quality control auditors; establishment of the vessel monitoring system and operating rules; provision for port state measures against fishing vessels (Part VIII).
- Specifies provisions for disposition of seized or confiscated property and items (Part IX) jurisdiction, fine and liabilities (Part X), settlements of offences under the Act (Part XI), and evidence (Part XII).

Overall, the new Fisheries Management Bill is considered to be more proactive than the Fisheries Act 1998. It allows for extra-territorial application of provisions beyond the Solomon Islands EEZ (for example, extending to high seas fishing activities) and includes stronger MCS provisions (for example, enables authorised officers to conduct high seas boarding and inspections; enables Solomon Islands observers to work and be recognised in other jurisdictions). The Bill also gives effect to obligations that Solomon Islands has under various international, regional and sub-regional treaties (i.e. UNCLOS, WCPFC, PNA). The Bill also gives effect to the use of other legal instruments (for example, regulations, access agreements, fisheries management plans, authorising conditions) to accommodate fishery developments over time, instead of amending the Act itself, which is both difficult and time-consuming<sup>12</sup>.

#### *Monitoring, control and surveillance*

Solomon Islands' national monitoring, control and surveillance (MCS) system includes the following key components: i) vessel authorising and logsheet system; ii) vessel monitoring system (VMS); iii) observer programme; iv) boarding and inspection; and, v) maritime surveillance.

MFMR is responsible for the collection and management of fisheries data for any fishing activity within the Solomon Islands EEZ, and for its national and chartered vessels operating anywhere within the WCPFC convention area. Sources of data include logsheets, port sampling, observers, transshipments and unloading, vessel monitoring system, landings and weekly/zone (telex) data. MFMR data collection and management systems have been gradually improving over time, with assistance provided by SPC. However, further improvements are required to ensure adherence to regionally agreed formats and coverage levels, and follow-up and enforcement for the non-submission of data. Port sampling has not been conducted since 2004 due to budget constraints, but MFMR intends to recommence this activity in 2013<sup>13</sup>. MFMR's authorisation database holds complete authorising records for domestic vessels and foreign vessels operating under bilateral access agreements, while authorising data for vessels operating under multilateral arrangements (i.e. US Treaty and FSM Arrangement) are administered by FFA. MFMR's data management systems (including authorising, logsheet and observer data) remain paper based, which is the case for all FFA members throughout the region. FFA is currently coordinating two trials using electronic devices for data collection and transmission in PNG (one vessel) and onboard US vessels. Plans are also in place to commence a pilot project in Solomon Islands using NFD's vessels for electronic data collection, potentially including logbook and observer data<sup>14</sup>.

Solomon Islands utilises a regional VMS system, operated by FFA to monitor fishing activity within the waters of its member countries. In compliance with authorising conditions and WCPFC obligations, any vessel fishing within Solomon Islands EEZ and the high seas, in two or more EEZs, or exclusively on the high seas must have their ALCs reporting at all times. The WCPFC also operates a VMS system in tandem with FFA's for monitoring fishing activity on the high seas, which became operational in April 2009. The Commission VMS does not currently officially receive data from waters under national jurisdiction, but negotiations are in the final stages for such data to also be accessible to WCPFC to improve compatibility between the two VMS systems. In 2012, the PNA will commence operating a VMS system (which builds on PNG's national VMS system and will be housed in Madang, PNG), which will largely subsume national VMS activity for PNA members.

<sup>12</sup> Interviews – FFA Legal Advisor, 2012; MSSIF Offshore Fisheries Advisor, 2012.

<sup>13</sup> SPC representative, pers. comm., 2012.

<sup>14</sup> P. Williams, SPC, pers. comm., 2012; W. Norris, FFA, pers. comm. 2012.



Solomon Islands currently employ 91 national observers who are placed onboard purse seine and longline vessels fishing within the EEZ. In order to meet the PNA and WCPFC requirement of 100% observer coverage on purse seine vessels (for fishing both within EEZs and on the high seas), additional observers have been recruited and trained, and coverage rates have increased. However, observer coverage rates on longline vessels have declined significantly, with 0% observer coverage since 2007. Efforts are now in place to improve longline observer coverage to reach the required level of 5% by 2013, with four new observers currently trialling onboard Solomon Islands authorised longline vessels. A full review of Solomon Islands observer programme has been scheduled for 2012.

A regional observer programme (ROP) administered by WCPFC was also established in February 2008, which is a hybrid model based on the use of existing regional, sub-regional and national observer programmes already in place. Solomon Islands observers also serve the regional observer programme. The main issues experienced currently with both national programmes (including Solomon Islands) and the regional observer programme, have arisen post-deployment. Currently, there are too few debriefers, which is an integral part of data quality control. Also, large backlogs exist in data entry, given 2.5 data entry technician days are required on average for each observer trip. Additional data entry staff have been recruited at SPC to help overcome this issue. PNA has also announced plans to establish an observer agency, which is likely to have an important role in Chain of Custody certification for the MSC PNA skipjack fishery certification, which will require 100% observer coverage for vessels utilising the certification.

Fisheries enforcement officers conduct vessel boarding and inspections to verify documents, check the validity of authorisations etc. Solomon Islands also owns two patrol boats (only one is operational at present), which are jointly operated by MFMR and the Police Maritime Unit for fisheries surveillance activities within Solomon Islands waters (as well as other surveillance operations for logging, immigration, drugs etc.). Scheduled fisheries surveillance operations are impeded by budgetary constraints, fuel and crew availability. Patrols generally take place one a month, but MFMR would ideally like to conduct 2–3 patrols per month. Solomon Islands also participates in large-scale regional maritime surveillance operations coordinated by FFA (for example, Operation Kurukuru), involving sea patrols and aerial surveillance.

According to MFMR's Compliance Unit, the most common compliance issues encountered are breaches of authorising conditions, particularly, VMS non-reporting, failure to submit logbook and high seas transshipment activity. Enforcement under the Fisheries Act 1998 is also weak in terms of prosecuting vessels operating outside Solomon Islands waters. The new Fisheries Bill (Draft) allows for the application of extra-territorial powers beyond the Solomon Islands EEZ. No compliance issues have been raised for EU (Spain) vessels authorised to fish in Solomon Islands waters.

Solomon Islands' MCS system is complemented by regional systems and activities carried out by FFA and WCPFC (often jointly). FFA MCS activity covers much of the WCPO and is guided by the Regional Monitoring, Control and Surveillance Strategy 2010–2015.

#### *Catch certification*

The implementation of the EU Illegal, Unreported and Unregulated (IUU) Catch Certificate Scheme (CCS) is laid down in Council Regulation EC 1005/2008 and subsequent legislation for third countries exporting marine fisheries products to the EU. The regulation came into force on 1 January 2010 to provide assurance that such products are compliant with existing international, regional and national conservation and management measures and do not stem from IUU fishing activities.

Given Solomon Islands domestic purse seine vessels catch canning-grade tuna which is processed and destined for the EU market, and in addition, the catches of other foreign fleets fishing in Solomon Islands waters may also be processed for export to the EU (i.e. EU (Spain)), Solomon Islands is required to implement the IUU Fishing Regulation. The Ministry of Fisheries and Marine Resources (MFMR) was notified to the Commission as the Solomon Islands' Competent Authority on 1 January 2010, in accordance with Art 20(1) and (2) of the IUU Regulation.

Under the IUU Fishing Regulation, Solomon Islands has obligations it must fulfil in terms of flag state, port state and coastal state duties pertaining to implementation of the CCS. For example, fish caught by NFD's purse seine vessels is processed in the Solomon Islands into cooked loins for onward sale in Europe, and falls under Article 12 of the regulation (domestic landings of a national industrial vessel). Any exports of fish caught by NFD's vessels ending up in the EU should be accompanied by a catch certificate validated by MFMR as the authority notified to EU. The validation should be made only for the vessels flying the flag of Solomon Islands if MFMR is satisfied with the information in the catch certificate and has no grounds to doubt its exhaustiveness, accuracy and compliance with applicable management and conservation measures.

Fish caught by vessels chartered to Solomon Islands and intended for export to EU should not be included in catch certificates of Solomon Islands. For chartered vessels, the flag State is liable to validate the catch certificate. In addition, no trade to EU can be made with fish stemming from vessels flagged to countries that are not yet notified with the EU, even if they may undergo processing in Solomon Islands.

For product transhipped from the foreign vessels (including four EU purse seine vessels) in Honiara port, the Solomon Islands competent authority signs section 7 of the catch certificate through which they will confirm that the transhipment operation has taken place and such operation was authorised in accordance with its internal legislation and/or relevant conservation and management measures approved by a regional fisheries management organisation to which the third country is a contracting party or a cooperating party.

The Solomon Islands will likely be the subject of a technical assistance project provided under the EU IUU Regulation Project (Accompany Developing Countries in complying with the implementation of Regulation 1005/2008 on IUU fishing – CRIS Number 2010/248-130 – and its one year extension) to assist in implementation of the IUU Fishing Regulation. A similar review has already been conducted for Papua New Guinea and is scheduled for Kiribati in 2012.

With the IUU Fishing Regulation now in its third year of implementation, Solomon Islands authorities and industry indicate that it has not adversely affected the volume of exports. Industry feels that whilst some adjustment was needed, compliance with the CCS has not been too onerous, and that the verification and validation processes have complemented existing MCS activities.

### 3.6.2 The fisheries and industry

#### *Tuna fisheries*

Solomon Islands' vast and highly productive exclusive economic zone (1.34 million km<sup>2</sup>) supports an economically significant tuna resource.

Since 2008, total tuna catch from Solomon Islands' waters has exceeded 100,000 tonnes annually; in 2010, total tuna catch was estimated to be 128,599 tonnes, valued at around USD 210 million (EUR 157 million). Of total catch, only 10% is landed locally, while 90% is transhipped or landed outside Solomon Islands (Honiwala, 2011) (Table 3.10).

**Table 3.10: Total tuna catches (tonnes) in Solomon Islands EEZ, by species (2006–2010)**

Year	Species					Total
	Skipjack	Yellowfin	Bigeye	Albacore	Other	
2006	67,953	22,381	732	304	91	91,461
2007	51,402	22,798	939	2,152	518	77,809
2008	73,145	23,475	1,148	2,819	911	101,498
2009	79,312	24,144	1,414	7,805	1,265	113,940
2010	94,436	23,587	2,136	6,357	2,083	128,599

Source: Honiwala, 2011

In 2010, more than 400 tuna fishing vessels were authorised to operate within Solomon Islands EEZ – 180 purse seine, 216 longline and 16 pole and line vessels. The majority of vessels fishing in Solomon Islands are foreign vessels operating under bilateral and multilateral access agreements, which generated around USD 13 million (EUR 9.7 million) in access fee revenue in 2010.

**Table 3.11: Total tuna catches (tonnes) in Solomon Islands EEZ, by gear type (2006–2010)**

Year	Gear Type			Total
	Purse Seine	Longline	Pole and Line	
2006	83,175	1,256	7,030	91,461
2007	68,375	5,462	3,972	77,809
2008	91,155	8,408	1,935	101,498
2009	97,478	16,097	365	113,940
2010	110,282	17,172	1,145	128,599

Source: Honiwala, 2011

Solomon Islands' purse seine fishery is the most significant, accounting for around 87% of total catch in 2010 (~110,000 tonnes); the majority of catch being skipjack (85%), with smaller catch volumes of yellowfin (14%) and bigeye (1%).

Solomon Islands currently has one domestic purse seine tuna fishing company – National Fisheries Development (NFD), which was purchased in the mid-1990s by Tri Marine International, one of the major global tuna trading companies<sup>15</sup>. NFD operates five small purse seine vessels (~700 GT), mostly within Solomon Islands' archipelagic waters. NFD vessels supply raw materials to Soltai's processing facility in Noro (also majority owned by Tri Marine), with the balance of catch exported to Thailand. In 2010, total catch by NFD vessels was 12,934 tonnes, which was the lowest recorded catch over the past five years due to poor fishing conditions (Honiwala, 2011).

<sup>15</sup> NFD was originally established in 1978 as a domestic pole and line fishing company and was owned under a joint-venture arrangement between the Solomon Islands Government and Japanese investor, Taiyo Gyogyo (original owner of Solomon Taiyo).

Catches from 175 authorised foreign purse seiners (Korea, China Taipei, Japan, China, Vanuatu, US, EU (Spain), New Zealand, FSMA) are destined for canneries outside the Pacific region, notably Thailand and the Philippines (97,342 tonnes in 2010).

The longline fishery has experienced significant expansion over the past five years, most notably in 2010 and 2011. In early 2012, 253 tuna longline vessels were authorised to fish in Solomon Islands EEZ either under foreign access (Japan, Korea, China Taipei) or domestic charter arrangements (China Taipei, China, Korea, Vanuatu, Fiji). A domestic longline fleet ceased operations in 2005. In association with increased vessel numbers, total longline catch has risen rapidly reaching 17,172 tonnes in 2010, which was over double the catch of 2008 (8,408 tonnes). There are two distinct longline vessel classes – larger sashimi longliners (> 40 m) targeting yellowfin and bigeye, and smaller longliners (< 40 m) targeting albacore, with a bycatch of yellowfin and bigeye. Currently, there is very limited landing or processing of longline catches domestically, with the majority landed and transshipped in Fiji. Given the rapid increase in vessel numbers and catch, sustainability concerns have risen relating to localised depletion and the subsequent impact on the fishery's economic viability. Solomon Islands Authorities have introduced an interim longline policy to significantly reduce vessel authorisations to 180.

In the 1980s–1990s, Solomon Islands had the largest and most active pole and line fleet in the WCPO. However, as a result of rising competition from more efficient purse seine vessels, as well as aging vessels and the ethnic tension, the fleet gradually declined from 36 vessels in the mid 1980s to fully cease operations in 2009. In 2011, Solomon Islands' tuna fishing company NFD took over three former Soltai pole and line vessels, and has recently purchased a fourth, in a cautious response to strong demand for pole and line-caught tuna in European markets, given ongoing doubts concerning the economic viability of pole and line fishing. Thirteen Japanese distant water pole and line vessels are also authorised to fish in Solomon Islands.

#### *Other domestic fisheries*

Solomon Islands' tuna fishery is the predominant offshore fishery, and the most commercially significant of all fishing activities, whereas inshore (coastal) fisheries are critical for food security and sustainable livelihoods, particularly for rural communities. Inshore fishing is largely conducted using non-powered canoes or swimming from the shore, targeting reef finfish species and invertebrate species (i.e. bêche-de-mer, trochus, green snail, giant clams, crabs, lobsters).

Most coastal fishing activity is conducted for subsistence purposes. However, there is some small-scale artisanal activity for sales to local markets and exports of high-value coastal species (i.e. bêche-de-mer, aquarium fish and corals). In 2007, it was estimated that approximately 3,250 tonnes of fishery products were harvested by coastal artisanal fishers for commercial purposes. By contrast, coastal subsistence harvests were considerably higher at 15,000 tonnes (Gillett, 2011).

Solomon Islands' coastal commercial fisheries have suffered from over-exploitation, and a decline in production has been experienced in export species, particularly for bêche-de-mer, which has been closed to enable stock rejuvenation. A national management plan is currently being drafted for this fishery and stock assessments being conducted in nine provinces.

Subsistence fisheries are also reported to be under increasing pressure from a rising population.

Aquaculture activities have been limited to date and focused on three main types of operations – hard and soft coral culture, seaweed and post-larval culture of lobsters, shrimp and fish. Commercial aquaculture operations ceased during the political unrest in the late 1990s – early 2000s. To date, there has only been limited private sector interest in re-establishing the aquaculture industry. Most of the current aquaculture production is supported by donors with an interest in rural development (Gillett, 2011).

MFMR's current key inshore fisheries priorities include the development of national management plans for key marine and freshwater inshore species, community-based resource management planning (in partnership with WorldFish Center), improving market access and infrastructure for rural fishers, and gender mainstreaming. A National Aquaculture centre has also recently been established to support aquaculture development (MFMR, 2012).

#### *Ports and infrastructure*

Solomon Islands has two international deep-water ports under the control of Solomon Islands Port Authority. These are utilised by commercial fishing vessels – Honiara (Guadalcanal) and Noro (Western Province). Honiara is Solomon Islands' main seaport, accounting for 90% of all international freight movements and fish transshipments (PRIF, 2011). Noro's port is utilised almost exclusively by NFD vessels and carriers associated with Soltai's processing operations.

At present, Honiara's existing port and wharf facilities and other supporting fisheries infrastructure is considered generally inadequate to meet current needs and future rising demands. Major port/wharf-related issues include limited berthing capacity, congestion and inefficient management. In terms of slipway and maintenance facilities, there is a small slipway at Tulagi, but this is too small for servicing larger vessels. In November 2011, a detailed assessment was undertaken of Honiara port and its managing authority. The assessment revealed the need for the development of a port improvement plan covering management, operations and infrastructure, and recommended improvements such as restructuring of the Port Authority, expansion of existing wharf area and facilities, improved port access roads and the development of a new wharf to support the growth in onshore tuna processing activities (PRIF, 2011).

Road infrastructure is also considered inadequate, with only around 11% of rural areas having access to roads suitable for vehicles (mostly in Guadalcanal and Malaita Province). This presents an issue for road access for onshore processing facilities that could potentially be based in rural areas. The Solomon Islands Government has identified improvements in transport infrastructure as a high priority and is currently implementing a National Transport Strategy. Donor-funded road improvement projects are funding the construction, upgrading and rehabilitation of roads and bridges, with main roads around Honiara and parts of East Guadalcanal already being rehabilitated and sealed, as well as bridge improvements undertaken in Malaita.

Fuel supplies in Solomon Islands are very expensive due to high taxes charged (i.e. import duty, sales tax, goods tax). Tax exemption on fuel is not offered as an investment incentive for investors in fishing and onshore processing investments. Also, delivery delays are often experienced due to congestion of Honiara wharf.

#### *Fish processing, distribution markets and trade*

To date, investment in onshore tuna processing facilities in Solomon Islands has been limited to one loining and canning operation established in 1999 in Noro, Western Province (formerly Solomon Taiyo, now Soltai Fishing and Processing Ltd.). Soltai began as a small-scale canning operation in Tulagi, Central Province, in 1973 under a joint venture between a Japanese investor (first Taiyo Gyogyo, then Maruha) and Solomon Islands Government. In 1990 the operation relocated to Noro, Western Province. In 2000, due to accumulated debts and civil unrest, Maruha pulled out and gifted its shareholding to Western Province Government. In September 2010, following a lengthy break in operations due to serious profitability and management constraints, Tri Marine became Soltai's majority investor (51%) and injected capital to introduce a fourth processing line. Soltai's current production is around 65–70 tonnes/day, a decline on production in 2010 of 75 tonnes/day, due to raw material constraints. Soltai's raw material needs are fully supplied by NFD, which makes the plant susceptible to production interruptions due to seasonality of catches. Production is planned to eventually reach 150 tonnes/day over two shifts (80 tonnes/shift). Currently, Soltai employs around 900 Solomon Islanders, and at full production is expected to provide up to 2,000 jobs (Hamilton *et al.*, 2011).

The Solomon Islands Government is currently considering two major proposals from foreign investors for the establishment of large-scale onshore canning/cooked loin processing developments in Guadalcanal Province.

Korean food industry giant, Dongwon Industries Co. Ltd has submitted a proposal on behalf of a consortium of Korean investors to construct a marine and industrial complex (10 ha), consisting of a loin and canned tuna processing factory (100 tonnes/day), fish meal plant, net yard, engine repair yard and storage warehouse ('Wantok' Project), potentially located at Ndoma, Guadalcanal Province. In conjunction with Dongwon's proposal, the South Korean Government has offered the Solomon Islands Government a long-term, low-interest soft loan through the Korean Economic Development Cooperation Fund for the construction of a fishing port and cold storage facilities (3,000 tonnes). Solomon Islands Government is currently reviewing a feasibility study for the fishing port development under soft loan arrangements.

A second proposal has been submitted by joint venture partners Frabelle (Philippines) and Silla (Korea) to establish an integrated tuna fishing and onshore processing development at Tenaru, Guadalcanal (SFC Co.). Frabelle has an existing tuna fishing and processing operation in Lae, PNG, and Silla is one of Korea's prominent fishing companies. The proposal includes ten purse seine fishing vessels, a tuna loining and canning facility (100 tonnes/day), fish meal plant, ice plant, cold storage facility (3,000 tonnes), wharf, net repair yard, ship repair yard, packaging plant and biomass-fuelled boilers and power generators, as well as a community livelihood project.

Three developments are under way to establish onshore processing/packing facilities in conjunction with longline fishing operations. China Taipei investor, Yuh Yow Fisheries has established an onshore processing and packing facility in Honiara, which is expected to commence operations in second quarter of 2012 and will handle exports of catch from its longline fishing operations based in Solomon Islands (Southern Seas Investment Ltd. (SSI)). SOLFISH, a 100% locally owned company operating four domestic passenger and cargo ships in the Solomon Islands, is now extending its operations to tuna longline fishing and processing and is currently constructing an onshore processing facility at Lungga, Guadalcanal on a 20 ha site. Soltai also has plans in place to expand its operations to processing and marketing longline-caught tuna.

Currently, Soltai exports frozen cooked skipjack and yellowfin loins to Italy, with smaller volumes of canned tuna supplied to the domestic market and several other Pacific island countries (Vanuatu, Fiji, PNG). Surplus raw material supplies from NFD's purse seine vessels are exported whole round to Thailand. Fish meal is exported to Australia and Japan (export volumes unavailable) (Table 3.12).

**Table 3.12: Solomon Islands tuna exports, by volume and value (2009–2010)**

Year	Whole frozen round (Thailand)		Cooked loins (EU (Italy))		Canned tuna (Pacific islands)	
	Volume (tonnes)	Value (EUR m)	Volume (tonnes)	Value (EUR m)	Volume (tonnes)	Value (EUR m)
2009	7,320	4.45	2,949.8	7.5	764.8	1.65
2010	14,421	9.09	2,221.2	6.1	463.4	0.92

Source: Honiwala, 2011; Soltai in ANCORS, 2011 (confidential).

The proposed Dongwon and Frabelle/Silla onshore processing developments have indicated that they will primarily target the EU market. With the extension of NFD's and Soltai's operations to incorporate longline fishing and processing operations, Soltai intends to begin processing albacore and diversify to the US market. Other longline fishing and export operations intend to export fresh-chilled and frozen sashimi grade product to Japan and the US markets. Market opportunities for sashimi export operations have been improved due to increased availability of air freight services, with regular flights from Honiara to Brisbane, Port Moresby and Nadi for connection to Japan and the USA.

Solomon Islands benefits from preferential market access to the EU under the Generalised System of Preferences (GSP) 'Everything But Arms' Agreement which is offered to Least Developed Countries (LDCs). Under this tariff preference, Solomon Islands enjoys a 24% duty exemption on canned tuna and cooked loin exports to the EU, subject to specific Rules of Origin which restrict the availability of 'wholly originating' raw materials. Only fish caught by Solomon Islands-flagged or EU-flagged vessels, or by any vessels fishing within Solomon Islands' archipelagic waters is classified as originating raw material and is eligible for the duty exemption (which must also comply with EU SPS and IUU Fishing Regulations). Hence, under current fishing arrangements, only fish caught by NFD's vessels and by EU (Spanish) vessels authorised to fish in Solomon Islands EEZ would qualify for the duty preference. However, there is very little EU fishing activity in Solomon Islands waters and catches are currently transhipped rather than landed locally.

As mentioned (Section 2.3.2), the Pacific ACP countries are currently negotiating an Economic Partnership Agreement (EPA) with the EU. Since the Pacific ACP EPA was not concluded when the Cotonou Agreement expired at the end of 2007, PNG and Fiji initialled an Interim-EPA (IEPA) to ensure uninterrupted market access to the EU. Under the IEPA, signatories are entitled to relaxed Rules of Origin (referred to as 'global sourcing') that deems fish to be originating regardless of where the fish is caught or vessel ownership, if 'substantially transformed' (processed) into canned tuna or cooked loins by a domestic-based processing facility prior to export. To date, only PNG has made use of the global sourcing Rules of Origin derogation; Fiji is yet to submit its notification.

Solomon Islands is not yet a signatory to the IEPA, but Solomon Islands Government is currently giving serious consideration to the benefits associated with signing the IEPA, particularly global sourcing for development of the fisheries sector. Global sourcing is an important incentive for onshore processing investors because they have much greater access to raw materials that qualify for duty free access. However, Solomon Islands has been reluctant to date to sign, while considering the benefits and costs associated with signing the IEPA or comprehensive EPA in comparison with maintaining its current access under EBA. Solomon Islands Authorities are wary of the potential for unfavourable precedents to be set for PACER-Plus negotiations, if an agreement is firstly concluded with the EU.

Solomon Islands also enjoys duty free access for tuna products to Australia and New Zealand under the South Pacific Regional Trade and Economic Cooperation Agreement (SPARTECA). Negotiations are currently under way for a new reciprocal trade agreement, PACER-Plus (Pacific Agreement on Closer Economic Relations), which will replace SPARTECA. However, under PACER-Plus there is likely to be limited impact on tuna exports given export volumes to these markets are currently negligible and already subject to very low or zero tariffs.

### 3.6.3 External fleets fishing in the Solomon Islands EEZ

#### *EU purse seine fleet*

At present, the EU has three ongoing Fisheries Partnership Agreements in the WCP area, with Kiribati, the Federated States of Micronesia, and the Solomon Islands. These three partner countries are all parties to the Palau Arrangement. The Spanish purse seine ship-owner association (OPAGAC) has concluded private agreements with Tuvalu (since 2009) and Tokelau (since 2011) and expects to conclude one with Cook Islands. An additional private agreement with Nauru has been allowed to lapse.

As outlined in the previous sections, the EU purse seine fleet is a minor operator in the WCPO, with only four vessels active and catches averaging below 29,000 tonnes per year (2007–2010). The EU purse seiners represent around 2% of the total purse seine fishery, which is dominated by fleets from Asia and from Pacific island countries. The main fishing grounds of the European purse seine fleet remain the Indian Ocean and the Atlantic Ocean, with catches in the WCPO accounting for 7.25% of total EU purse seine catches.

Table 3.13 presents EU zonal purse seine catches in the WCPO, illustrating an effective Solomon Islands EEZ catch dependency that reached a maximum of 4% during the FPA, and a high seas dependency averaging 31% in the same period. High seas dependency is linked to dependency on Kiribati for EU vessels due to the fact that the Kiribati EEZ is split by high seas areas. This illustrates the WCP nature of current fleet operations.

**Table 3.13: EU zonal catches (tonnes) in the WCPO**

	Kiribati	Solomon Islands	Tuvalu	High seas	Total	Solomons dependency within WCPO
<b>2006</b>	0	0	0	11,034	11,034	0%
<b>2007</b>	4,133	0	0	18,825	22,958	0%
<b>2008</b>	17,308	427	0	18,470	36,205	1%
<b>2009</b>	12,806	0	3,240	10,517	26,563	0%
<b>2010</b>	15,717	1,316	4,411	8,023	29,468	4%
<b>2011</b>	14,261.5	0	3,825.5	9,270	27,357	0%
<b>2012</b>						
<b>Total 2009-2012</b>	29,979	1,316	8,237	17,293	56,825	2%

Source: SPC, 2012

The fleet is more of a 'central pacific fleet' than other fleets operating in the Pacific. Several of these operate more strongly in either the EPO, or in the WCPO. Catches in Solomon Islands are far from constant during the year, with the majority of fish caught at the end of the year. Over the course of the Fisheries Partnership Agreement, the entire catch each year was taken in a single month.



*EU longline fleet*

Under the current Fisheries Partnership Agreement there is no provision for longline vessels. Previously, ten longline vessels were covered and this was due to interest in developing new fisheries. However, experimental fishing did not produce catches in the Solomon Islands EEZ. Results of the experiments suggested continuing the previous strategy, targeting billfish in the more southern areas, would be more profitable than attempting to enter the competitive equatorial longline fishery for sashimi or albacore that is already dominated by Asian interests.

*Other distant water fishing activity in the Solomon Islands EEZ*

In addition to EU vessels, Solomon Islands maintains bilateral fishing agreements with a number of distant water purse seine fishing fleets, including Korea, Japan, China Taipei, Vanuatu, China and New Zealand. US Treaty vessels and Pacific-flagged vessels operating under the FSM Arrangement are also authorised to fish in Solomon Islands waters under multilateral access agreements.

In 2010, there were 177 distant water purse seine vessels operating in Solomon Islands EEZ (Table 3.14).

**Table 3.14: Total number of distant water purse seine vessels – Solomon Islands EEZ (2006–2010)**

Flag	2006	2007	2008	2009	2010
China	6	6	6	7	5
Japan	26	34	34	34	35
Korea	28	28	30	26	28
New Zealand	4	4	4	3	4
China Taipei	33	33	34	33	35
Vanuatu	7	8	6	7	3
FSM Arrangement	24	26	27	30	30
US Treaty	13	12	0	39	30
EU	4	4	4	4	4
Tuvalu	0	0	1	0	1
Marshall Islands	0	0	0	0	2
<b>TOTAL</b>	<b>141</b>	<b>151</b>	<b>146</b>	<b>183</b>	<b>177</b>

Source: Honiwala, 2011

In terms of catch volumes, Korea is the most significant distant water fleet operating in Solomon Islands waters. In 2010, Korean catch represented 50% of total catch by foreign vessels (49,138 tonnes). In recent years (2009–2010), China Taipei has been the second most prominent fleet in terms of catch (12,688 tonnes in 2010) (Table 3.15).

**Table 3.15: Purse catch (tonnes) in Solomon Islands EEZ by distant water purse seine fleet (2006–2010)**

Flag	2006	2007	2008	2009	2010
China	0	0	870	598	2,161
Japan	12,449	8,382	5,321	11,635	9,885
Korea	24,817	35,830	51,812	28,281	49,138
New Zealand	1,964	4	3,479	107	1,147
China Taipei	3,441	7,036	9,271	12,066	12,688
Vanuatu	10,548	6,080	4,319	7,034	3,871
FSM Arrangement	0	0	0	8,637	8,552
US Treaty	7,542	0	0	11,268	9,905
EU <sup>16</sup>	0	235	48	0	0
<b>TOTAL</b>	<b>60,761</b>	<b>57,567</b>	<b>75,120</b>	<b>79,626</b>	<b>97,347</b>

Source: Honiwala, 2011

It is recognised that there are discrepancies between data sources. Data from the Instituto Español Oceanográfico (IEO) in Spain are the official catch data for the purpose of the FPA as agreed by both the EU and Solomon Islands. These data are different to the data held by SPC (as Table 3.16 illustrates). The reasons for such differences are not well understood, especially given that the EU provides data to the WCPFC, but EU fleet owners suggest<sup>17</sup> that they may in part be explained by approaches to sampling. The SPC relies on logbook and port sampling, cross checked against observer reports and VMS data, but this does not always cover the landings places of the fleets. On the other hand, the IEO in Spain get information from logbooks and IATTC records that sample fish unloaded in Ecuador and processing information in Ecuador and El Salvador.

Catches from all foreign vessels fishing in Solomon Islands are either transhipped or landed outside the Solomon Islands for canned tuna and cooked loin production (Table 3.16).

<sup>16</sup> A discrepancy exists between data held by EU Authorities and Solomon Islands Authorities. The data contained in this table reflects data presented to WCPFC by Solomon Islands. EU Authorities' data provided to the consultants indicates the following catch volumes – 65 tonnes (2009), 390 tonnes (2010).

<sup>17</sup> OPAGAC, Pers. Comm., April 2012.

**Table 3.16 Overview of distant water fleet operations – vessel ownership and markets**

Fleet	Authorisations (a)/ Ownership	Products	Processors	Markets
Korea	28 authorisations – dominated by 3 large diversified companies (2 – vertically integrated tuna processors)	Canned tuna	50% to Korea; 50% elsewhere (mostly Bangkok) 50% Korea; 50% elsewhere (EU, US, others)	Mostly sold to traders for canning, Bangkok; small volumes to PNG (SSTC) for loining EU, US, others
China Taipei	33 authorisations – mostly solely fishing companies; conservative operators	Canned tuna	Katusobushi – Japan; canning – Japan, Bangkok Katusobushi – Japan;	canned tuna – Japan; low grade sashimi – Japan (supermarkets, sushi train)
Japan	16 authorisations – 4 large companies; 19 authorisations – small family-run operations	Cooked loins	Mostly sold to traders for canning, Bangkok; small volumes to PNG for loining. EU, US, others	Small volumes to China, rest transshipped to BKK EU, US, others
Vanuatu	6 VU flagged + 13 VU-flagged under FMSA (but PNG is home party)	Katsuobushi (SKJ) – 60% catch; canning and – low grade sashimi (20%)	30% Pago Pago (old fleet); 70% Bangkok & Latin American Pago Pago – US	Bangkok – US, EU
China	12 – China registered (also 3 flagged RMI, 1 FSM); 4 large companies, subsidiaries of state-owned enterprises	Canned tuna	Latin America – EU	50% to Bangkok, rest to Middle East, Vietnam EU, US, others (Middle East)
US	37 authorisations – 18 vessels 'old fleet', individual owners, historical players; 19 vessels 'new fleet' since 2007; joint ventures between US & mostly China Taipei investors	Cooked loins	50% to Korea; 50% elsewhere (mostly Bangkok) 50% Korea; 50% elsewhere (EU, US, others)	Mostly sold to traders for canning, Bangkok; small volumes to PNG (SSTC) for loining EU, US, others

<sup>a</sup> Authorisation numbers listed reflect the total fleet operating within WCPO waters; this number may vary from the number of vessels within each fleet authorised to fish in Solomon Islands EEZ.

Source: Hamilton *et al.*, 2011.

Prior to the introduction of the Vessel Day Scheme for the purse seine fishery in 2007, access agreements were negotiated on a per vessel basis, with fees calculated on a % rate of return on the total gross value of catch (typically 5–6%). An up-front authorisation fee was charged at the beginning of the authorising period, with an adjustment fee paid at the end of the authorising period, should the up-front authorisation fee paid be lower than that due under the specified rate of return.

Incorporation of the VDS into access agreements has been a gradual process (which is a similar case for all PNA members), whereby fleets may have been issued an allocation of fishing days, but access fees were still charged applying 6% rate of return. During 2011, Solomon Islands switched to selling fishing access on a per fishing days basis, whereby all fleets were charged USD 5,000 (EUR 3,731 at 2012 rates) per fishing day (with the exception of the EU (Spain) vessels, and vessels operating under the US Treaty and FSM Arrangement), with fishing days allocated according largely to historical effort in zone. During 2011, China Taipei exceeded its allocated fishing days and as a result was charged a penalty price of USD 8,000 (EUR 5,970 at 2012 rates) per fishing day. The price set for a fishing day in 2011 (USD 5,000) was based on a minimum fishing days price agreed to by PNA members.

### 3.7 LIKELY DEVELOPMENTS IN THE SHORT AND MEDIUM TERM

A number of recent and likely developments have the potential to shape the Solomon Islands tuna fishery (and also the Western and Central Pacific tuna fishery, as a whole) (Hamilton *et al.*, 2011).

- Since the removal of the 205 purse seine vessel cap under the Palau Arrangement in 2007 (replaced by the Vessel Day Scheme (VDS)), total purse seine vessel numbers operating in the WCPO have increased considerably from around 180–220 during the 1990s–mid 2000s to an estimated 280 vessels in 2010. This growth stems largely from re-expansion of the US fleet (from a low of 13 up to 38 vessels). In addition to US fleet growth, a further 34 vessels have been added to the WCPO purse seine fleet since that time. Less than a quarter of these are newly constructed vessels; some vessels from distant water nations have been transferred to Pacific island flag in joint-venture ‘islandisation’, with the majority of new entrants being relocations and/or renaming vessels from within the region, most notably from Philippines to PNG. Some vessels were also brought in from outside the region. This increase in vessel numbers has directly influenced increases in regional fishing effort and catch levels.
- To date, the VDS has been largely ineffective in limiting purse seine fishing effort in the region due to various implementation issues. Recognising these issues, PNA members committed to improving implementation in 2011. Parties agreed to enforce fishing day limits by closing their waters when limits are reached and/or trading surplus fishing days between PNA parties, as well as introducing a cap on multilateral fishing days under the FSM Arrangement. PNA is also determined to implement a fishing days cap on the US fleet and is currently pushing strongly for this in US Treaty renegotiations. In order to increase economic returns from the purse seine fishery, PNA introduced a minimum value for fishing days of USD 5,000 (EUR 3,731 at 2012 rates)/day.
- Under the VDS, when a PNA member utilises all of its allocated fishing days prior to end of the VDS management year (i.e. 31 December), additional fishing days must either be purchased from other PNA members with available fishing days to trade or the member must close its fishery to foreign fishing vessels until the new VDS management year (commencing 1 January). In 2011, Solomon Islands closed its waters on 17 June, following a Cabinet decision made on 16 June, as all allowable fishing days had been utilised (2,146 days). PAE was reached early, as China Taipei vessels significantly exceeded their allocated fishing days (and were subsequently penalised by being charged USD 8,000 (EUR 5,517)/day). Also, fishing conditions in the first few months of 2011 were considered to be very good, so there was a lot of fishing activity during this time. An additional 1,000 fishing days were purchased from Marshall Islands and sold to Korea (for USD 5,000 (EUR 3,731 at 2012 rates)/day). The remaining bilateral fleets (Japan, China Taipei, China, New Zealand and EU) were unable to fish between 16 June 2011 and 29 January 2012. In future years, if PAE is reached prior to 31 December, Solomon Islands will continue to either purchase additional fishing days from other PNA parties or close the fishery.

- The issue encountered during 2011, with China Taipei exceeding its allocated fishing days and PAE being reached within only six months of year, indicates that Solomon Islands (and the overall PNA VDS Administrator) will need to improve systems for tracking individual fleets' fishing effort during the fishing year to ensure that this does not continue to occur, to the detriment of other fleets that still have days that are unfished (or in the case of the EU fleet, still have valid fishing authorisations during the closure period).
- Management of the purse seine fishery has been strengthened by additional measures introduced under PNA's Third Implementing Arrangement (and subsequently through WCPFC) including closure of two high seas pocket areas, a three-month FAD closure, catch retention and 100% observer coverage. Despite a decision being made at WCPFC 8 to enable Philippines' domestic vessels to re-access these high seas pocket areas (and should this decision eventually be extended to allow all purse seine fleets re-access), under the Third Implementing Arrangement, it is likely that PNA members will maintain high seas area closures as an authorising condition (that is, should a vessel wish to retain an authorisation in a PNA member's EEZ, they must not fish in the designated closed high seas areas). This applies to any vessels (including EU vessels) authorised to fish in PNA members' waters.
- The PNA skipjack fishery successfully attained Marine Stewardship Council (MSC) certification in December 2011. The certification deems catches of free-swimming skipjack within PNA waters to be sustainable. A significant list of conditions and recommendations must be met in order to maintain the certification, including setting and adoption of appropriate limit and target reference points, the development of more effective harvest control rules by the PNA and/or WCPFC, implementing additional management strategies for by-catch reduction and developing additional information about the fishery's interaction with protected species. Attaining MSC certification provides opportunities for PNA members to derive higher economic returns through the marketing benefits associated with having an independently certified sustainable fishery. Based on 2009 catches, around 270,000 tonnes would be eligible to carry the MSC label, accounting for around 30% of total skipjack catch within PNA waters. In addition, in meeting the required conditions, it will assist in further enhancement of management of the fishery.
- PNA members (and some other Pacific island countries) have committed to tightening control of their tuna resources by using fisheries access as leverage for deriving greater economic returns, particularly investment in onshore processing. To date, this policy stance has generated significant interest from foreign investors in PNG, with firm commitments for an additional five processing plants, as well as Solomon Islands, with interest expressed from two major investors.
- Not all fishing fleets and/or individual vessel owners have the capacity or the inclination to invest onshore given issues such as lack of adequate capital, no prior experience in tuna processing or prior negative experiences in tuna processing operations in Pacific island countries. Solomon Islands is also constrained by the number of fishing days it has available in its EEZs, hence, this will limit the number of onshore investments that can be accommodated in Solomon Islands. Other policy options to extract greater economic returns from these fishing fleets are likely to be considered, to ensure access to the fishery in future (for example, compulsory offloading policy and graduated fee structure where those vessels delivering the lowest economic benefits (i.e. 100% foreign vessels) have to pay considerably higher access fees).
- Since 2008, PNG has benefitted from relaxed Rules of Origin (referred to as 'global sourcing') for canned tuna and cooked loin exports to Europe under the Interim Economic Partnership Agreement (IEPA). This enables any raw materials processed by PNG processors to qualify for zero import duty, irrespective of where the fish was caught or vessel flag (subject to meeting EU SPS and IUU fishing regulations). Less-restrictive Rules of Origin will have a vital role in expansion of PNG's tuna processing sector, as readily available 'originating' raw material for duty free export to the EU provides an additional incentive for investment. Fiji, also a signatory to the IEPA, could potentially benefit from global sourcing, but is yet to submit notification to the EU. If other Pacific island countries, including

Solomon Islands, sign onto the IEPA or alternatively, if a comprehensive EPA is concluded between the EU and all Pacific-ACP states, they too would potentially benefit from globally sourcing.

- While there has been a contraction of the number of large-scale distant water longline vessels operating in the WCPO (and globally) due to economic pressures, there has been rapid expansion in the number of small-scale tuna longliners (mostly Chinese and China Taipei) operating in the southern longline fishery, commonly in high seas areas south of Vanuatu, Fiji and Tonga, as well as the Solomon Islands EEZ. Concerns about this rapid increase have been raised from a sustainability standpoint in terms of increased pressure on already fragile bigeye and yellowfin stocks. Also, localised depletion of albacore stocks could compromise the economic viability of existing Pacific island country domestic longline vessels operating within the fishery.
- PNA members are currently trialling a vessel day scheme to improve management of the longline fishery within their EEZs. Calls are also being made for the establishment of zone-based limits for the southern longline fishery.
- There is some level of interest in reviving domestic pole and line fisheries in Pacific island countries, influenced largely by strong demand for sustainably caught tuna in European markets. Concerns prevail about the economic viability of pole and line operations, as well as the sustainability of live bait fisheries.

## 4 EX-POST EVALUATION SPECIFIC TO THE PROTOCOL OF THE FISHERIES PARTNERSHIP AGREEMENT

### 4.1 INTRODUCTION TO THE FISHERIES PARTNERSHIP AGREEMENT

The EU has three Fisheries Partnership Agreements (FPAs) with 'third countries' in the Pacific, one of them being the Solomon Islands FPA for the protocol evaluated in this evaluation. As with all FPAs, the Pacific FPAs have multiple objectives, including: supporting responsible fisheries; better use of EU fleet capacity; creation of employment and value-addition both in the EU and in third countries; provision of product to the EU processing industry; and contribution to EU market supplies.

The first Pacific FPA entered into force in 2003 with Kiribati, was renegotiated in 2006, entered into force on the 30 April 2008, and runs from 16 September 2006 to 15 September 2012 (EC 893/2007). Solomon Islands was second to be negotiated by the EU in 2004 (renegotiated in 2009) and lastly the Federated States of Micronesia (Protocol negotiated in 2010 but not yet in force). These FPAs provide for EU vessels (Spain, Portugal and France) to operate within the waters of the third countries.

All the current FPAs are complementary, reinforcing the EU's strategy aimed at creating a network of tuna fishing opportunities for EU fishing vessels in the Pacific Ocean. The FPAs are focused on promoting partnership arrangements that secure access for EU vessels to the highly migratory species (and in particular to yellowfin tuna, bigeye tuna and skipjack tuna), while at the same time providing financial contributions for access and support to the fisheries sectoral policy and sustainable management of fish stocks in the third countries.

All the FPAs currently in place are in line with the Council Conclusions on the Fisheries Partnership Agreements (EC, Com 2002/637/final<sup>18</sup>) which separates the FPA into two parts, one in exchange for access rights, the other devoted to the support of the sectoral fisheries policy of the third country. The current annual EU financial contribution to Solomon Islands under the existing FPA is set at EUR 400,000<sup>19</sup>. This comprises 4,000 reference tonnes at EUR 65/tonne, plus sectoral support of EUR 140,000, i.e. 35% of the total payments. Of the total financial contribution of EUR 400,000, however, 50% is devoted to supporting sectoral fisheries policy, with a view to promoting responsible and sustainable fisheries in Solomon Islands waters. This approach is in line with the 2004, and more recent 2012 Council Conclusions. The Protocol covers a reference tonnage of 4,000 tonnes of tuna per year and fishing opportunities for four purse seiners (three from EU (Spain) and one from EU (France)). No longliners are provided for under the current Protocol. The longline fisheries of the EU fleets are more directly linked to the temperate water fishery for billfish rather than the tropical fisheries associated with tunas (see also Section 3.2.2).

Vessel owners must obtain valid yearly fishing authorisations charged at EUR 35 per tonne for 371 tonnes per purse seine vessel fishing authorisation, with an additional EUR 35 per tonne paid if catches in any year exceed these amounts. In the event that total catches by EU vessels in Solomon Islands waters exceeds the 4,000 tonnes per year, the amount of the EU financial contribution increases by EUR 65 per tonne.

<sup>18</sup> <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2002:0637:FIN:EN:PDF>

<sup>19</sup> Although for reasons discussed in Section 4.2.2, the amount paid has been reduced pro rata in response to fisheries closures.

The technical conditions of the FPA governing tuna fishing have been revised to take account of the practices specific to highly migratory species fisheries. These include the placing of observers on board EU vessels and the obligation to employ fishermen from the ACP states. Implementation of the Regional Observer Programme is based on the use of existing regional, sub-regional and national observer programmes already in place when the 'Conservation and Management Measure for the Regional Observer Programme CMM 2007-01 entered into force on 15 February 2008. CMM 2007-01 provides for gradual development of the programme through to 2012. Up to 700 observers are deployed in the region, representing 100% coverage for all purse seine vessels<sup>20</sup>. The FPA also includes a VMS protocol.

## 4.2 UTILISATION

### 4.2.1 Authorisations and uptake of the possibilities negotiated

The Protocol provides for four purse seine fishing authorisations, with one for EU (France), and three for EU (Spain).

As can be seen in Table 4.1, the overall utilisation of the four purse seine fishing authorisations has been 100% for each of year of the Protocol. EU (Spain) uses all four of the fishing authorisation possibilities under the Protocol. The French fishing authorisation possibility is provided by France to Spain each year, without any direct compensation being paid by Spain to France, as there is no French purse seine activity in the Pacific at the present time. The provision of longline authorisations in the previous Protocol with Solomon Islands has been removed.

**Table 4.1: Utilisation of fishing authorisations provided for in the Protocol**

Fishing category	Fishing possibilities		2009/10		2010/11		2011/12	
	Country	Authorisations	Uptake	%	Uptake	%	Uptake	%
Purse seiners	ES	3	4	133%	4	133%	4	133%
	FR	1	0	0%	0	0%	0	0%
<b>Total</b>		<b>4</b>	<b>4</b>	<b>100%</b>	<b>4</b>	<b>100%</b>	<b>4</b>	<b>100%</b>

ES = Spain, FR = France

Source: [http://ec.europa.eu/fisheries/cfp/international/agreements/solomon\\_islands/index\\_en.htm](http://ec.europa.eu/fisheries/cfp/international/agreements/solomon_islands/index_en.htm)

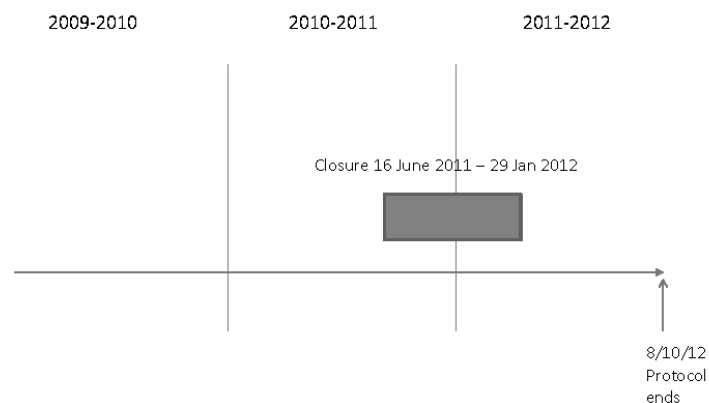
There is a much reduced utilisation of the authorisations in the Solomon Islands when compared to the rest of the region (i.e. Kiribati, FSM) where the EU has concluded Fisheries Partnership Agreements. Only one vessel was recorded as having fished during one single year of the Fisheries Partnership Agreement, with only 21 days' fishing recorded. Although all the vessels are authorised, the vessels only utilise the authorisations to allow for the possibility for opportunistic fishing whilst they are travelling to Honiara to transship catches made on the high seas or in other States' waters.

<sup>20</sup> <http://www.wcpfc.int/regional-observer-programme>



#### 4.2.2 Catches and utilisation of the possibilities negotiated

The Protocol provides a reference tonnage of 4,000 tonnes per year (Table 4.2). It is important to note that the reference tonnage is not a quota, but rather a catch quantity used to estimate the minimum financial contribution paid by the EU to Solomon Islands under the Protocol on the basis of EUR 65 per tonne, and the basis on which vessel fishing authorisation fees are calculated (at EUR 35 per tonne). In the event of catches over and above the reference tonnage, the Protocol to the Agreement provides for additional payments to be made to the Solomon Islands by the EU of EUR 65 per tonne up to a maximum of EUR 800,000, i.e. double the reference tonnage, and by vessels of EUR 35 per tonne. Catch data were well within the reference tonnage, with only 390 tonnes being taken over the period of the Fisheries Partnership Agreement. The only fishing activity in the Solomon Islands was in 2010/11 and was 21 days fishing by a single vessel. Catches in this one year were still less than 10% of the reference tonnage defined. It should be noted that in June 2011, the Solomon Islands Government closed Solomon Islands' waters to all purse seine fishing to comply with the Total Allowable Effort limit agreed for the Solomon Islands (2,146 days) as part of the overall PNA Vessel Day Scheme allocation of 28,468 days. This is illustrated in Figure 4.1 below. The Solomon Islands closed the fisheries on 16 June 2011 and the EU was notified on 17 June 2011.



**Figure 4.1: Illustration of the period of the FPA showing the period of the closure. Vertical lines indicate the start/end of each year of the Protocol on 8/9 October.**

Source: Consultants summary

The reason for the closure in 2010/11 season was that fishing by purse seiners in the Solomon Islands EEZ had been reported as being particularly good in the first half of 2011 and subsequently the allocation had been used up by June. This restricted any options for EU vessels to fish in the second half of 2011 (i.e. the majority of the last three months of 2011 and the first three months of 2012). The EU was able to successfully argue that the closure should not apply to them given the terms of the agreement (see also Annex D) and an exchange of letters established that the payment for access and authorisations (but not the sectoral support) should be reduced pro-rata. It was suggested that the decision by Solomon Islands to allow the EU vessels to fish was made in the knowledge, that should EU vessels be permitted to continue fishing, the impact would be minimal (i.e. if they entered the zone to fish at all, it would only be for a few days – any fishing days would be reconcilable at the end of the fishing year with unused days and/or credits for non-fishing days).

**Table 4.2: Utilisation of catch possibilities provided for in the Protocol**

Fishing category	Country	Catch (tonnes)			
		2009/10	2010/11	2011/12	Average
Purse seiners	Spain	0	390	0*	130
	France	0	0	0*	0
	Sub-total	0	390	0*	130
Reference tonnage (tonnes)		4,000	4,000	4,000	4,000
% utilisation		0.00%	9.75%	0.00%	3.25%

\* No catches have been recorded to date in current fishing season.

Source: EU (2012).

The EU was consulted on the closure as soon as it came into place (i.e. 17 June 2011). In this respect it is worth noting that while two months notice is supposed to be given, this is impractical in the case of VDS as it can be difficult to predict in advance exactly when the PAE limit would be reached, especially when there may be high levels of effort in the zone.

The closure of the fisheries in 2011 as a result of reaching the 'hard limit' of the VDS day allocation was a source of debate between the Solomon Islands and the EU. The EU was notified on 17 June 2011 of a closure of the fishery to all foreign purse seine vessels with immediate effect. The EU authorities responded in writing to the Solomon Islands Government expressing their concerns that the appropriate level of notice was not served as per the terms of the Fisheries Partnership Agreement (i.e. two months) and that the closure should not apply to the EU vessels as they were not part of the PNA or fishing under the VDS arrangements. The issue was formally discussed during the Joint Committee Meeting held on 2–3 August 2011. At the time of the closure, vessel owners had paid in full for four purse seine authorisations during the period 9.10.2010–8.10.2011.

The outcome of negotiations was a pro rata reduction in the payments for access. This also led to pro rata reductions in the payments for authorisations for 2012. According to Article 6.4 of the Protocol, in the event of a suspension, the fishing authorisations should be extended by a period equal to the suspension (rather than a pro rata reduction in the fees for authorisations). While Solomon Islands did offer to extend the period of the authorisations, Article 6.4 can only be applied when there is a Protocol in force, which would not be the case here where the period of validity of the Protocol is only until 8 October 2012. Thus, this Article cannot be applied. As an alternative, Solomon Islands agreed to a pro rata reduction for the authorisation fees and this was recorded in the minutes of the Joint Committee Meeting. Despite the closure being lifted from 29 January 2012, the vessel owners have only recently (March) applied for authorisations and on 26 April have received the authorisations to fish. Given that the Protocol expires in October and fishing has usually occurred in the period November–January, the uptake of the opportunities may be low. With a high level of uptake of VDS days in Solomon Islands waters, there is concern that the fisheries may again be closed in 2012 when the hard limits are reached and that this may require further negotiation between the EU and Solomon Islands Government. For the purposes of the economic assessment, it is assumed that there will be no further catches in 2012.

Uncertainties created by the fisheries closure are likely to have affected uptake of the opportunities. Solomon Islands lies to the west of the main fishing grounds for the EU purse seine vessels and further from the main transshipment and processing routes through Ecuador. With few agreements with other third countries nearby and high costs for fuel to travel to Solomon Islands, there is a need to plan such trips carefully. If there is uncertainty about when, or if, there will be a closure, then travelling to fish in Solomon Islands represents a risk to the ship owners. It is likely that uptake would be positively affected if there were other agreements (EU or private) with other nearby countries or greater certainty about the fishing opportunities.

Currently, no catches made by EU vessels are landed, processed or marketed locally in Solomon Islands. The catches from Solomon Islands taken under the Fisheries Partnership Agreement are transhipped in Honiara, where they are combined with catches from other Pacific states and the high seas. The fish is then either sold in Bangkok (estimated to be around 50% of the catch) or it supplies Spanish-owned EPO-based plants in Ecuador (it is uneconomic to transship catches all the way back to Spain for processing). From Ecuador some 50% of the processed fish is sent to the EU for final processing and sale.

#### **4.3 COMPLIANCE WITH THE COVENANTS AND OBLIGATIONS SPECIFIED IN THE FISHERIES PARTNERSHIP AGREEMENT, PROTOCOL AND ANNEX**

A detailed examination of the covenants and obligations required by the FPA, and the status of compliance with them, is provided in Appendix D, which highlights that in many areas the covenants and obligations are being complied with by all parties.

##### **4.3.1 Access by community vessels**

For the reasons provided in Section 4.2, the uptake of fishing opportunities to date has been low. While four vessels are authorised each year, there was fishing only in one year (2011) for a reported period of 21 days (based on data supplied by SPC). For 2012 there has been no fishing to date and authorisations have not yet been received. With the Protocol ending in October and uncertainty about further closures created by the high uptake of VDS days by foreign purse seiners, it is unlikely that there will be further fishing in 2012. Where fishing has occurred, compliance for the covenant related to access to the fishery by community vessels is good. While there have been delays, authorisation applications have been received and issued accordingly by Solomon Island authorities and the authorisation application processing procedures have been improved. However, there have been some delays in processing applications that have been raised at the Joint Committee meetings, which Solomon Islands authorities have committed to address. As part of the improvement, the Protocol includes commitments to the introduction of electronic authorisation and logbook systems. To date these systems have not been put in place. The reasons for this are the low levels of capacity and resources within the MFMR. However, there is little elaboration of the particular capacity and resource needs to the extent that it would identify what could be addressed through the targeting of the sectoral support.

##### **4.3.2 Promotion of responsible fishing**

Compliance with all the requirements related to responsible fishing is varied. There is minimal fishing activity by the EU fleets within the EEZ, so there is little impact on the target species. Solomon Islands closed the fishery when all the days had been allocated, which suggests they are working towards improving the implementation of VDS and so responsible fishing.

The fishery is monitored through the WCPFC scientific committee, who meet annually. Objectives to be attained related to responsible fishing are identified by the two parties during the Joint Committee meetings along with any proposed amendments to the programmes. However, for the Solomon Islands authorities the process for developing programmes within the Sectoral policy matrix is perceived to be relatively complex and has sometimes proved challenging. Theoretically, 50% of the financial contribution is allocated to the support and implementation of objectives related to the promotion of responsible fishing, however, MFMR has encountered difficulties in sourcing these funds from the Solomon Islands Government.

##### **4.3.3 Joint venture / local arrangements**

There are currently no provisions within the FPA text related to voluntary or compulsory catch offloadings, developing joint ventures, or onshore investment in fish processing and support industries.

#### 4.3.4 Employment analysis of the Fisheries Partnership Agreement

Table 4.3 shows that there is little employment potential for Solomon Islands nationals. They are not employed to work on vessels or as observers as this would be impractical due to the short time that vessels tend to spend within the Solomon Islands EEZ. Also, potential employment opportunities are eroded by the inclusion of a provision that seamen just need to be of ACP origin (hence, if African and Caribbean crew members are employed on board, the EU vessels have fulfilled their obligations). There are only occasional transshipments by EU vessels in the ports of Solomon Islands and these operations tend to be conducted with little interaction with shore-based industries, so there are limited opportunities offered by this process.

**Table 4.3: Employment generated by the Protocol (full-time equivalent per annum)**

Catching sub-sector	100m+ vessel segment	Total for fleet	%
Fleet	1		
Vessel crew			
EU crew	15	15	50%
Solomon Islands crew	0	0	0%
Solomon Islands observers	0	0	0%
Other crew	15	15	50%
Total	30	30	100%
Dependency on Solomon Islands	1%		
<b>FPA-related employment/vessel</b>			
EU FPA related crew	0.16	0.16	50%
Solomon Islands FPA-related crew	0.00	0.00	0%
Solomon Islands FPA-related observers	0.00	0.00	0%
Other FPA-related crew	0.16	0.16	50%
Total FPA-related jobs	0.33	0.33	100%
<b>Upstream sub-sector</b>			
EU jobs per fleet segment	22	22	
FPA-related EU jobs	0.24	0.24	
Solomon Islands jobs		0.00	
Other country FPA-related jobs	Not estimated		
<b>Downstream sub-sector</b>			
Employment within EU		300	
Yearly production capacity (t)		75,000	
Input of loins from FPA (t)		47	
FPA EU-related jobs		0.19	
<b>Total EU FPA-related jobs</b>		0.59	100%
<b>Total Solomon Islands FPA-related jobs</b>		0.00	0%
<b>TOTAL FPA-related jobs</b>		0.59	100%
<b>Jobs per tonne of fish</b>		0.001	
<b>Payments to Solomon Islands per EU job (EUR)</b>		608,053	
<b>Tonnes of fish per job</b>		220	

Notes: 1. Upstream jobs based on estimate of 22 jobs per vessel for EU purse seiners in the Indian Ocean; 2. All jobs estimated on full-time equivalent basis

Source: Consultants calculations

### 4.3.5 Supplies to the market

Based on stakeholder consultations, an estimated 50% of the catches made under the Protocol is destined for processing in Bangkok, and the remaining 50% for processing in Ecuador. Of the catch processed in Ecuador each year, an estimated 50% is processed into cans, and the other 50% into loins, which are then sent to the EU (Spain/Galicia) for processing into cans. No fish is supplied to the local markets and the local processors in Solomon Islands, as their needs are fully met by other suppliers (see Section 3.6.2). There has also been no interest to date from EU stakeholders to invest or develop joint ventures given the low level of utilisation under the Protocol.

Based on an analysis of trends, following a high of 426,592 tonnes in 2007, canned tuna imports to the EU have been declining. More recently, the table below (Table 4.4) shows that catches made under the Protocol and canned in Ecuador contribute a small proportion of the total EU market for canned tuna (a maximum of 0.03% per year). With respect to the import of loins to the EU, the FPA catch in Solomon Islands is again negligible at 47.5 kg against a total of 354,307 kg estimated imports in the same period.

**Table 4.4: EU imports of canned and loined tuna (tonnes) and estimated contributions of catch made under the Protocol to EU imports**

	Import of canned tuna to EU (tonnes)	Imports from Solomons FPA (tonnes)	% of imports
2009/10	371,013	-	-
2010/11	346,933	98	0.03%
2011/12	325,616	-	-
<b>Total</b>	<b>1,043,562</b>	<b>98</b>	<b>0.00%</b>
	Import of frozen pre-cooked loins (tonnes)	Imports from Solomons FPA (tonnes)	% of imports
2009/10	104,686	-	-
2010/11	119,983	47.29	0.04%
2011/12	129,638	-	-
<b>Total</b>	<b>354,307</b>	<b>47</b>	<b>0.01%</b>

Notes: Assumes constant 50% of catch from FPA destined for the EU, and 50% as cans and 50% as loins EU imports include tuna in pouches as same tariff code loin to whole conversion ratio estimated at 0.485 2010/11 and 11/12 import estimates based on existing trends

Source: EU trade statistics and IEO catch data

### 4.3.6 Sectoral support

The Fisheries Policy of Solomon Islands Matrix of Indicators for 2010 – 2012 has been structured using a logframe framework. While the matrix specifies objectives and key indicators against which performance is to be measured, there is no explicit inclusion of activities to be undertaken and/or outputs to be achieved, which makes both implementation and monitoring difficult. Also, without specific activities/outputs being specified, it is difficult to ascertain the degree to which the FPA has contributed to outcomes, rather than other development funds (i.e. Solomon Islands Government non-appropriated development funds, support under the NZ-AID funded MSSIF program) and how well the fisheries sector policy is aligned with MFMR's Corporate Plan (2012-2014) and Annual Workplan. In some instances, it is likely that funding provided under FPA Sectoral Support has been pooled with other funding sources to carry out various activities, rather than funding specific activities in isolation (see Section 5.3).

The matrix includes three overarching objectives and under these objectives a total of eight sub-objectives. Without having specific activities listed, it is difficult to ascertain how effective the fisheries sector policy support has been. However, there is a risk that the development support provided (EUR 200,000) is spread too thinly across a range of activities to effectively deliver outcomes.

In some instances, the performance indicators specified are somewhat irrelevant and/or subject to external influences, which makes it difficult to isolate the impact that MFMR's activities have had in achieving objectives. For example, the key indicators against which 'development of offshore fisheries' is assessed included GRT for the domestic fleet, improvement in catch rates (CPUE) of the domestic and foreign fleets and catch for the domestic fleet. Each of these indicators are influenced by factors well-beyond the control of MFMR. Catches and CPUE are influenced heavily by seasonality. Expansion of GRT of the domestic fleet will be driven by commercial decisions made on the part of investors.

## 4.4 ECONOMIC ANALYSIS OF THE FISHERIES PARTNERSHIP AGREEMENT

The basis for the approach to be taken is described in Appendix E and this section presents some of the key results.

### *Value-added*

Table 4.5 provides an estimate of the average annual value-added accruing from the Protocol, based on the methodology described above and was generated by the FPA. The table shows that a total of EUR 411,618 of value-added is accrued each year when considering the benefits to both the European Union and Solomon Islands.

Solomon Islands receive a comparatively high amount of value-added compared to the EU. The majority of this comes from fishing access rights and so the upstream sub-sector. There was no flow on benefits such as employment and there is likely to be little or no spending in local businesses, as transshipping activity is very low.

**Table 4.5: Average value-added accruing to the EU and to Solomon Islands from the Protocol**

Upstream sub-sector (i.e. inputs)	% in EU	% in Solomon Islands	Rate of Value Added	EU Value Added (EUR)	Solomon Islands Value Added (EUR)	TOTAL (EUR)
Port calls Solomon Islands		20%	25%		203	203
Insurance	100%		40%	885		885
Depreciation	100%		25%	4,117		4,117
Overhead/management charge	100%		100%	3,320		3,320
Fishing access rights		100%			358,741	358,741
Total upstream sub-sector				8,322	358,944	367,267
<b>Catching sub-sector</b>						
Crew	60%		100%	7,800		7,800
Observers			100%		500	500
Vessel profit	100%			29,134		29,134
Total catching sub-sector				36,934	500	37,434
<b>Downstream sub-sector</b>						
Fish processed in EU	25%		25%	6,917		6,917
Total processing sub-sector				6,917		6,917
<b>TOTAL all sub-sectors</b>				<b>52,174</b>	<b>359,444</b>	<b>411,618</b>

Notes: 1. Upstream inputs only included if the value-added estimated is thought to accrue to either the EU or Solomon Islands

2. Fuel not included in value-added estimations, as taken at sea by tanker from international sources
3. Repairs and maintenance assumed to take place in South America
4. Port calls comprise the cost of labour for transshipment, supplies, management charges and taxes
5. No repairs and maintenance take place in Solomon Islands, and vessels are assumed to split costs between Ecuador and the EU
6. Vessels assumed to be insured and constructed in the EU
7. Access fees considered and input and thus included in upstream sub-sector not in catching sub-sector
8. Observer value-added based on standard EUR 1,500 fee paid by vessels for days in Solomon Islands zone.

Source: Consultants calculations

#### *Discussion of the economic and financial impacts of the FPA*

The total annual budget of the MFMR is around EUR 3.9 million, while payments made to Solomon Islands are around EUR 358,000 per year, so revenue from fishing authorisations makes up around 12% of the total fisheries budget (based on 2012 figures). However, 50% of the financial contribution from the EU is devoted to supporting the sectoral fisheries policy with a view to promoting responsible and sustainable fisheries in Solomon Islands waters.

It is unlikely that the EU fishing sector will invest onshore in Solomon Islands and the EU's fleet access is vulnerable due to the shift in policy giving preferential access to vessels generating the highest economic returns. See 'Budget and financial capacity' in Section 3.6.1 for further details.



The balance of value-added between sub-sectors, and between EU and Solomon Islands is given in Table 4.6. This shows that the majority of the value-added for the EU is in the catching sub-sector (70.8% of total value-added), while for Solomon Islands almost the entire value-added (99.9%) is derived from the upstream/input sub-sector in the form of payments made by the EU and ship owners. When considering the total value-added to the EU and Solomon Islands, the analysis shows that 87.3% of the value-added accrued to Solomon Islands, and 12.7% to the EU.

**Table 4.6: Balance of value-added (EUR) between sub-sectors, and between the EU and Solomon Islands**

Value-added	EU (EUR)	% of EU	% of EU & Solomon Islands	Solomon Islands (EUR)	% of Solomon Islands	% of EU & Solomon Islands
Upstream/input sub-sector	8,322	16.0%	2.3%	358,944	99.9%	97.7%
Catching sub-sector	36,934	70.8%	98.7%	500	0.1%	1.3%
Processing sub-sector	6,917	13.3%	100.0%	-	0.0%	0.0%
<b>Total</b>	<b>52,174</b>	<b>100.0%</b>	<b>12.7%</b>	<b>359,444</b>	<b>100.0%</b>	<b>87.3%</b>

Source: Consultants calculations

#### *Costs and benefits*

The costs paid to Solomon Islands through fishing authorisations are shown in Table 4.7 below.

**Table 4.7: Summary of total payments made to Solomon Islands, 2009–2011**

	2009/10	2010/11	2011/12	Total
EU payments due (EUR )	400,000	275,069	276,164	951,233
Fleet payments due (EUR )	52,000	53,330	19,660	124,990
Total payments due (EUR )	452,000	328,399	295,825	1,076,223
Tonnes caught	0	390	0	390
EU payment/t (EUR )	0	705	0	2,439
Fleet payment/t (EUR )	0	137	0	320
Total payment/t (EUR )	0	842	0	2,760
Days in Solomon Islands	0	21	0	21
Tonnes per day	0	19	0	19
EU payment/day (EUR )	0	13,098	0	45,297
Fleet payment/day (EUR )	0	2,540	0	5,952
Total payment/day (EUR )	0	15,638	0	51,249
Total payment/day (USD)	0	22,675	0	22,675
Adjusted days (1.5*)	0	31.5	0	31.5
Total payment/ adjusted day (EUR )	0	10,425	0	34,166

\*Adjusted days made for payment purposes based on vessel size

Source: Consultants calculations

Total finances received by Solomon Islands are based on a number of elements:

- Financial contributions for access paid by the EU based on the reference tonnage;
- Financial support for sectoral policy paid by the EU;
- Financial contributions for access paid by the EU for catches over the reference tonnage;
- Payments made by vessel owners based on the reference tonnage in the form of fishing authorisation payments; and
- Payments made by vessel owners for catches over the reference tonnage.

Payments paid by the EU averaged EUR 45,297 per day of access or EUR 2,439 per tonnes of fish caught (Table 4.7). The EU fleet has spent little time fishing within the Solomon Islands EEZ. For two of the three years with data available, there was no recorded fishing within Solomon Islands waters. For the year when there was fishing within the EEZ (2010/2011), the total annual payment/tonne (EU and vessel owners combined) was EUR 842 but equivalent to EUR 2,760 averaged over the period of the agreement.

The EU pays on average 88% (i.e. 2,439t /2,760t) of the total payments made to Solomon Islands, with ship owners paying 22%. The costs to the fleet of the FPA are high considering the low utilisation of the fishing opportunities. Conversely, this allows the Solomon Islands to receive high benefits as the access fees are paid but very little fishing occurs.

There is little negative environmental impact due to this low utilisation but this impact is increased if the fishing activity rises or the FPA falls outside the VDS. Catches of bigeye tuna by the EU fleet during the period of the Fisheries Partnership Agreement was zero and catches of bigeye within the Solomon Islands EEZ has generally been low. There are benefits in terms of support for activities through the fisheries sector promoting conservation and management of highly migratory species in the Solomon Islands fishing zone.

There are few economic benefits to Solomon Islands outside the financial contributions from the EU as there is no employment of Solomon Islands nationals onshore. There is also little interaction between the FPA and the artisanal and inshore fleets through the fisheries sector support as this is focused mainly on the commercial offshore fishery while donor funding and partnerships cater for the inshore and artisanal fisheries.

The fisheries sector policy support should help to move Solomon Islands towards economic development and the tuna fishery should be developed sustainably in order to optimise the economic benefits. There will be institutional impact in the form of fisheries sector support assistance to strengthen MFMR activities, including MCS, fisheries management, staff training and meeting participation.

A summary of the costs and benefits of the FPA to the European Union, to ship owners and to the Solomon Islands is given in Table 4.8. In total, the existing FPA generated an average cost/benefit (C/B) ratio of just 0.15 for the EU. In contrast, the EU ship owners benefited from the FPA, given that the vast majority of the EU value-added benefits accrue to the catching sub-sector. The annual average catch values made under the FPA were a modest EUR 117,681, and given operating and fixed costs, the profit as a proportion of the sales revenues was about 26%.

Solomon Islands received approximately EUR 358,000 per year on average from the European Union with negligible or no value-added from port calls or local crew and observers on board EU vessels.

**Table 4.8: Average annual costs and benefits (EUR) of the Protocol (2009/10–2011/12)**

<b>Total costs and benefits (EUR) (2009/10–2011/12)</b>			
<i>To European Union</i>	<b>Costs</b>	<b>Benefits</b>	<b>B/C ratio</b>
Total value-added benefits		52,174	0.15
Total payments to Solomon Islands	358,741		
Payments to Solomon Islands per tonne of fish	2,760		
Payments to Solomon Islands per PNA-weighted day	34,166		
<i>To ship owners</i>			
Payments to Solomon Islands	41,663		
Payments to Solomon Islands per tonne of fish	320		
Profit before interest and tax		29,134	
Catch value		117,681	
Operating costs per day	16,654		
Profit as % of catch value		26.3%	
<i>To Solomon Islands</i>			
Payments received per PNA-weighted day under FPA		11,389	3.03
Payments received per PNA-weighted day from others	3,759		
Value-added from port calls		203	
Value-added from vessel crew		-	
Payments made for access and sectoral support		358,741	

Notes: Solomon Islands Benefit/Cost (B/C) ratio estimated based on difference between average yearly payments made under FPA over 2009–2012, and average yearly payments made by other countries for access 2009–2012

Source: Consultants calculations

In addition to examining the outcomes of the Fisheries Partnership Agreement against some of the more specific elements and objectives (see sections above), a more cross-cutting analysis against broader evaluation questions including effectiveness, efficiency and coherence is also possible. The sections below present the results of this analysis.

#### 4.5 EFFECTIVENESS – THE EXTENT TO WHICH THE SPECIFIC FPA OBJECTIVES WERE ACHIEVED

##### To what extent has the FPA contributed to the development of responsible fishing?

In relation to IUU fishing, the EU was correctly notified about the IUU certificates so it appears that this is not a significant issue in relation to Solomon Islands. In terms of catches and effects on fish stocks, the EU fleet has played only a minimal role in terms of overall fleet activity in Solomon Islands and only a small role within WCP (see for example Table 3.14 and Table 3.16). Its ability to impact on responsible fishing is therefore limited given the large number of purse seine vessels from other flag States operating in the region. Overall, there have been concerns related to the strong reliance on drifting FADs (DFADs) by the EU fleets (Table 3.3) that catch higher proportions of juvenile tuna, particularly skipjack and yellowfin. There is also the potential risk of discarding so as to high-grade the catch, contrary to CMM requirements. The status of yellowfin tuna has been highlighted as being fully exploited and there is a 50% chance of it being overfished. The strong reliance on drifting FADs also results in high interactions with pelagic sharks, some of which are estimated to be in danger of overexploitation. However, in respect to the Solomon Islands Fisheries Partnership Agreement, with a total of only 390 tonnes caught during the period of the Protocol to date, of which only 58 tonnes was yellowfin, against a total catch in that year of 97,347 tonnes, the real impact of the fishing activities on the stocks is likely to have been almost insignificant. Furthermore, no bigeye was caught in Solomon Islands waters during the period of the Protocol to date.

It is a concern for regional stocks that has led to support by the EU for FAD management plans to be adopted by WCPFC (as stated in a submission by the EU to the WCPFC in February 2012 on a CMM for the conservation and management of tropical tunas (bigeye, yellowfin and skipjack) in the WCPFC Convention Area). The EU submitted a comprehensive FAD management plan in October 2010, but there is no reference to any reporting of the plan's outcomes, a requirement of CMM 2009-02. Such a report should demonstrate how the EU has implemented the plan, and the extent to which it has been successful.

The EU also actively participates more generally in the WCPFC and its deliberations with regard to responsible fishing and effort limitations. Other ways in which the Protocol is contributing to the development of responsible fishing include: the Protocol being a means by which EU vessels fishing in the Solomon Islands EEZ can be subjected to the management measures recommended by the WCPFC, the regional fisheries organisation covering the region to which the European Union is a full Commission Cooperating Member; provision in the Protocol for a modification of the fishing opportunities should conservation and protection measures so require; and support for sectoral policy. While the financial contributions for sectoral support for 2011 and 2012 have been adjusted pro rata as a result of the closure of the fishery in 2011, the sectoral support payments also represent a contribution to the development of responsible fishing through improved management systems.

The sectoral support matrix includes three overarching objectives and, under these objectives, a total of eight sub-objectives (see Section 5.3). However, without having specific activities listed, it is difficult to ascertain how effective the fisheries sector policy support has been and it can be difficult to isolate the impact of the sectoral support given that there is other sectoral support (e.g. from the New Zealand government) that contributes to the MFMR development budget (Table 3.9). Some of the indicators are broad and it can be difficult to attribute change to the EU sectoral support. For example improvement in catch rates (CPUE) of the domestic and foreign fleets and catch for the domestic fleet may be influenced by a wide range of factors, many of which will be beyond the control of MFMR.

### **To what extent has the FPA contributed to the processing industry and the market in both the EU and the partner country?**

The Protocol has not contributed to any forms of processing in Solomon Islands. No catches made by EU vessels are landed, processed or marketed locally in Solomon Islands. The Protocol has not led to any joint processing enterprises being established in Solomon Islands and the EU vessel owners have little interest in investment given the existing level of dependence. Very low EU fishing activity in Solomon Islands EEZ indicates that Solomon Islands is not currently a strategic commercial location for the EU fleet, which would influence the decision to invest in joint enterprises (see Section 3.2.1). As highlighted in Section 5.2, Solomon Islands authorities will likely encourage the EU to consider onshore investment as part of a broader policy shift to derive greater economic benefits from the tuna fishery, by giving preferential fisheries access to foreign fleets who have invested domestically.

As highlighted in Section 4.2, catches taken from Solomon Islands under the Fisheries Partnership Agreement are transhipped in Honiara and combined with catches from other Pacific states and high seas. The fish is then sold in Bangkok (estimated to be around approx. 50% of the catch) or supplied to Spanish-owned EPO-based plants in Ecuador. Within Ecuador, the tuna are loined before being canned locally (50%) or exported for canning in the EU (50%). These loins represent around 2% of the EU demand for imported loins.

Canning of product in the EU generates both employment and value-added within the EU and the Protocol has the potential to contribute to sustaining this employment. The Protocol also benefits Ecuadorian processing operations, which loin the tuna and can an estimated 25% of catches made under the Protocol. However, the limited catches mean that direct contribution to the processing sector is small. For example, based on an assessment of imports, the export of this canned product to the EU represents an average of 0.01% of the total EU imports of canned tuna in 2009–2012.

### **What has been the contribution of the Fisheries Partnership Agreement to the activities of the EU catching sector?**

The Protocol has not been very significant in terms of the operations of the four purse seine vessels authorised to fish in Solomon Islands waters. During the three-year period between 2009/10 and 2011/12, only one purse seine vessel took up fishing opportunities during December 2010, fishing for 21 days. This coupled with provisional data for the 2011/12 season indicates vessels do not currently show a high dependency on catches made within the Solomon Islands EEZ.

As a fleet based in the central Pacific and operating in both the WCP and the EPO, access to the waters of Solomon Islands does not currently appear essential for vessel viability. In terms of fishing, the vessel has come into the zone and set nets while travelling to port (Honiara) to transship catches. The contribution of the Protocol to purse seine operations is evident from the low rates of utilisation, as shown elsewhere in this report. However, there are possible mitigating factors that can be considered. Firstly, the closure in 2011 has potentially limited the opportunity for catches by the fleet during 2011 and into 2012 as the applications for authorisations have been delayed. But it is also likely that these catches would not have made a significant difference to the overall utilisation, as the main focus of the fleet activities remains in the central Pacific (Section 3.2). Secondly, leading from this, is the wider biological and political context in which the fleet operates. The fish are moving around the Pacific and their distribution and abundance plays a major part in the operations of the fleet. However, even over a period where there are likely to have been changes in distribution and abundance, utilisation has remained low. The most significant contribution of the FPA has probably been in relation to overall operations in the Pacific and the fact that the existence of a network of EU Fisheries Partnership Agreements helps secure beneficial access in other areas and secures the engagement of the EU in Pacific fisheries issues. The Solomon Islands FPA is probably significant in this respect beyond its direct benefits. Operations are affected by the political nature of the agreements and should there be changes in access arrangements in other areas that affect the nature of the EU purse seine fleet fishing operations, the Solomon Islands Fisheries Partnership Agreement may take on a greater significance.

### **To what extent has the Fisheries Partnership Agreement been successful in creating employment for EU nationals and those in the partner country?**

The Protocol is estimated to create around 0.2 jobs (Full-time Equivalent per annum) for the EU catching sub-sector, 0.2 in the upstream sectors and 0.2 in the downstream (processing sector) for a total of 0.6 EU FPA-related jobs (Table 4.3). The Protocol has not led to any employment opportunities for Solomon Islands directly within the catching sector, although the estimated level of dependency on Solomon Islands (1%), suggests that there may be some limited local employment generated through transshipment and other services. There are no jobs created in the processing sector and, because of the limited activity in Solomon Islands, there has been little opportunity or interest to date in investment or development of joint ventures. Additional indirect employment may also be created through the sectoral support and the direction of the access funds by the Solomon Islands Government.

While only 0.6 jobs result from the Protocol in the EU based on catch dependencies, it is estimated that around 404 EU jobs are dependent on the operations of the EU purse seine fleet and that the Protocol makes a contribution to securing these jobs in its role as part of a network of Fisheries Partnership Agreements in the region. The Protocol also contributes to employment in South America, and in Ecuador in particular, in the processing sub-sector.

### **4.6 EFFICIENCY – THE EXTENT TO WHICH THE DESIRED EFFECTS WERE ACHIEVED AT A REASONABLE COST**

#### **To what extent is the cost of the fishing possibilities negotiated under the FPA advantageous for the EU fishing industry?**

The Protocol has been relatively efficient for the fishing industry given that access payments per tonne of fish have remained constant over the period of the Protocol, while ex-vessel fish prices rose by 49% and 32% for skipjack and yellowfin tuna respectively in the period 2009/10 to 2011/12). With catches low, the EU is effectively covering the majority of the costs, with the ship owners liable to pay only EUR 41,663 to Solomon Islands against a catch value of EUR 117,681 in the same period. The access fees paid by vessels represent 35% of the value of the catches. These factors help explain the profits for vessels using the Protocol (earnings before interest and tax of 26.3% of sales revenues), and suggest that the current cost of fishing possibilities under the Protocol are advantageous for the EU fishing industry. The Protocol has contributed to employment in the EU, and a measure of efficiency can be inferred from the fact that total combined payment from the EU (EU and ship owners) per EU-job created over the evaluation period was more than EUR 608,053 (see Table 4.3).

The relatively strong concentration of total value-added made in the catching sub-sector (Table 4.6), the small value-added in the upstream and downstream sub-sectors in the EU and the low overall cost–benefit ratio (Table 4.8) all suggest that the ship owners are the group that are currently directly benefitting most from the Protocol. In this respect the direct benefits to the EU would appear to be extremely marginal given the low uptake. Given the low levels of uptake, value added and employment generated to the EU and the balance of contributions (Table 4.8) the current structure of the FPA is questionable and the opportunity to shift some of the costs to the vessel owners or create incentives for higher utilisation could be explored. However, as mentioned above, it is important to consider the Solomon Islands FPA is part of a network of FPAs in the Pacific and assessing the efficiency in isolation may underestimate the overall contribution and cost. Additional analysis that includes the other Pacific FPAs could help determine the full costs and opportunities that the Solomon Islands FPA provides within this wider context.

### **To what extent is the cost of the fishing possibilities negotiated under the FPA advantageous for Solomon Islands?**

Total payments made to Solomon Islands in the period 2009/10 to 2011/12 were more than EUR 1 million, at an annual average of just under EUR 360,000 (see Section 4.3). During the period of the Protocol (and assuming no further closures) it can be expected that around EUR 475,000 will have been paid in sectoral support. Due to the limited operations and modest catches taken by the EU fleet, little or no value-added is created through onshore services provided to vessels during port call, fishing crew or observer employed on EU vessels (see Table 4.8). In terms of the benefits to Solomon Islands compared to what they might secure from other fleets for access, the situation is highly beneficial with a cost–benefit ratio of 3.03, indicating that they were receiving on average three times what they might otherwise have secured. However, with low catches, the potential for the upstream and downstream benefits is also reduced. There is a further cost to the benefits gained by Solomon Islands in that it is achieved outside the VDS (See section 3.5).

Despite the high cost-benefit ratio, it is important to consider some of the sectoral objectives of the Solomon Islands. MFMR authorising policy is evolving and includes the development of a Solomon Islands tuna investment strategy that prioritises fishing access to vessels that have invested locally in fishing operations and onshore and/or offload to onshore processing facilities. Under this policy, access by the EU fleet is less advantageous as they currently operate as 100% foreign access vessels.

### **What is the cost-benefit ratio of the FPA?**

Taking into account the closures to fishing activity, the Protocol has cost the EU a total of EUR 0.95 million in the period 2009/10 to 2011/12, and ship owners a total of EUR 0.125 million, with total payments from the EU being EUR 1.076 million over a three-year period. These costs have directly resulted in a total value-addition for the EU of EUR 156,522, with a cost–benefit ratio for the EU of 0.15. This shows poor value for money under the existing Protocol: every EUR 1 invested by the EU and ship owners generated EUR 0.15 in terms of value-added.

Over the evaluation period of 2009/10 to 2011/12, the payments made by the EU per PNA-adjusted fishing day, and per tonnes of fish caught, were more than three times greater than payments made by other countries for access to Solomon Islands (a benefit–cost ratio of 3.03).

## **4.7 SUSTAINABILITY – THE EXTENT TO WHICH POSITIVE/NEGATIVE EFFECTS ARE LIKELY TO LAST AFTER THE FPA HAS TERMINATED**

### **How far has the FPA ensured the viability of the EU fishing sector?**

To date, the existing Protocol has generated comparatively little in terms of value-added (EUR 52,174 annually) and annual profits for the EU catching sub-sector (EUR 29,134 equal to 26.3% profit on sales before interest and tax). This represents a minor contribution to the investment capacity of the fishing sector.

The level financial and economic sustainability of the catching sub-sector has contributed directly only a small amount to the employment of 15 EU crew working (per year) in the catching sub-sector and to the 404 EU jobs that are estimated to be dependent on the operations of the EU purse seine fleet. The weak dependency on Solomon Islands in terms of total catches (~1% of total catches for the 100+ m vessels) and the fact that the EU fleet is currently a central Pacific fleet, mean that the Protocol has not been particularly important during this three-year period in ensuring the sustainability of the four vessels authorised to fish under this Protocol. However, it should be noted that this assessment ignores the extent to which the Solomon Islands Fisheries Partnership Agreement contributes to the overall viability of the fleet operating in the Pacific

In terms of the upstream sector in the EU, the Protocol has made little direct contribution to the sustainability of suppliers of operational inputs to the catching sub-sector in the EU, but may have made small contributions to the sustainability of vessel construction operations given the comments made above about the Protocol having supported investment capacity in the catching sub-sector.

Downstream of the catching sub-sector there has also been a small contribution to the sustainability of the processing operations in the EU, which process loins of tuna in cans, but this contribution is reduced by the levels of processing that take place in South America and the fact that 50% of the fish caught under the FPA is sold in Bangkok.

#### **How far has the FPA ensured the viability of the partner-country fishing sector?**

The EU purse seine fleet is only a minor operator in the WCP, representing only 2% of the total purse seine fishery. The limited catches by EU vessels as a percentage of total WCPO catches, and the current under-utilisation of Solomon Islands PAE vessel days, mean that the fishing under the Protocol does not appear to threaten the sustainability of the Solomon Islands fishing sector.

The activities and visits of foreign vessels, including those from the EU, contribute to the sustainability of the domestic upstream sector by providing revenues and employment opportunities, i.e. for transshipment services, agents, etc. However these contributions are negligible given the low levels of utilisation. The Protocol has also not been successful in bringing about sustainable joint catching sub-sector operations, or in making any contributions to sustainable Solomon Islands processing sector operations.

#### **To what extent has the EU fleet exploited the surplus available in Solomon Islands?**

Under the existing arrangements, the bilateral agreements such as the EU/Solomon Islands Fisheries Partnership agreement included within the total effort limits that are identified for the coastal states. This ensures that the fleets are targeting only surplus stocks. With the low reference tonnage (compared to overall annual catches in the Solomon Islands EEZ) and low catches, the risk of contributing to overexploitation is minimal. The majority of the catches taken by the EU fleet is skipjack, which is considered only moderately exploited with only a small proportion (58 tonnes) of yellowfin tuna, which is considered to be fully exploited. .

Within the period of the Fisheries Partnership Agreement there has been only limited fishing activity in the Solomon Islands EEZ and total catches to date of only 390 tonnes (332 tonnes skipjack and 58 tonnes of yellowfin), representing only 0.004% of total catches (Table 3.10). There are a number of reasons for this, including the central Pacific nature of the fleet, the cost of fuel to travel from the central Pacific to the Solomon Islands EEZ, the closure of the fishery in 2011 and the uncertainty that this closure has created. While fishing activity and catches by EU vessels have been low, the uptake of vessel days by other fleets within the Solomon Islands EEZ has been high and this is the reason for the closure in 2011. However, this fishing has taken place against a backdrop of high levels of utilisation of the available vessel days and this aspect deserves closer attention should utilisation of the reference tonnage increase.



#### **4.8 COHERENCE – THE EXTENT TO WHICH THE INTERVENTION LOGIC IS NON-CONTRADICTIONARY / THE INTERVENTION DOES NOT CONTRADICT OTHER INTERVENTIONS WITH SIMILAR OBJECTIVES**

**How consistent is the FPA with CFP in general and with the regional fisheries policy (RFMO and network of FPA)?**

International fisheries instruments, including the CFP and WCPFC management measures, contain a number of requirements to manage capacity and fishing effort, control catches and minimise bycatch. The CFP recognises the important role RFMOs must have in managing regional stocks, and the need for the EU to participate<sup>21</sup>, and so for the Protocol to be coherent with the CFP, it must also be coherent/consistent with WCPFC management measures.

The EU is a Member of the WCPFC, and the Protocol is coherent with the CFP and WCPFC policies and management measures. For example, the Protocol is coherent with Commission Regulation (EC) No 500/2001 of 2001 laying down the rules for the application of Council Regulation (EEC) No 2847/93 on the monitoring of catches taken by EU fishing vessels in third country waters and on the high seas. The Protocol also contains a VMS protocol that is being followed, and all vessels must be duly authorised and registered as per the requirements of the CFP and WCPFC. In other aspects, there is coherence by the Protocol and vessel activities with other CMM measures, including 100% on-board observer coverage and the three-month FAD closure, and because of the strong emphasis in the CFP on responsible fisheries and working within RFMOs, the Protocol is thus also coherent with the CFP in this regard.

In terms of regional policy there is coherence in terms of the approach taken to Fisheries Partnership Agreements with Pacific island states but there is less coherence in the context of WCPFC CMMs, the Nauru Agreement and Palau Arrangement that underpin the management system for the Pacific Ocean. One of the main developments over recent years has been the VDS, which is increasingly recognised as an economic instrument capable of optimising rents from foreign fishing fleets. The VDS is also beginning to influence multilateral and bilateral fishing agreements favoured by the Asian DWFNs. PNA Parties are now largely working cooperatively to introduce arrangements to maximise the value of a VDS day. The net effect of these changes has been to maximise resource rentals and benefits for Pacific communities (the price of a VDS day has increased from USD 2,000 (EUR 1,493)/day to USD 5,000 (EUR 3,731)/day in the past few years) and transform the process of negotiating fisheries agreements. While VDS has strengths and weaknesses, it does represent an emerging regional approach to fisheries agreements.

Comment has been made under the section on effectiveness (Section 4.5) about the extent to which the Protocol is contributing to responsible fishing – a key principle of the CFP. The EU regulations and the Protocol are coherent in terms of prohibiting fishing on marine mammals and on shark finning.

The FPA also refers to, and is consistent with, both the FAO's Code of Conduct for Responsible Fisheries, and with the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

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<sup>21</sup> Communication from the Commission to the Council and the European Parliament Community – participation in Regional Fisheries Organisations (RFOs): COM/99/0613.

**In what ways is the FPA consistent with the other EU policies (i.e. development and cooperation policy, trade policy, EPA, environmental policy, etc.)?**

Whilst the Solomon Islands Protocol specifies a sectoral support component, this is provided separately from other development assistance provided by the EU. The current 10th EDF (2008–2013) contains provisions for support for water sanitation and renewable energy and non-focal technical cooperation. As such, the Fisheries Partnership Agreement can be considered complementary to the objectives of the 10th EDF. At the regional level, there is coherence in that regional 10th EDF focus includes fisheries issues such as training and capacity development for access negotiations, training of observers, etc. Support for SPC under regional programmes is entirely coherent with the Protocol and ensuring responsible fisheries. In more general terms, there is potential for inconsistencies with a development framework that emphasises regional integration if Fisheries Partnership Agreements are negotiated with states individually. This point is recognised by the European Parliament (see Section 2.3.1).

In terms of trade there have also been efforts to secure a regional trade agreement, but this is still under way (see Section 2.3.2). However, it is important to note that to date, that while in the draft EPA there is a chapter on fisheries where access is also discussed, the EU trade and FPA negotiations have been addressed separately, which might raise the prospect of potential inconsistencies.

**In what ways is the FPA consistent with the fisheries and developing policy of the partner country?**

Perhaps the key issue of concern in relation to consistency, however, is the fact that the Protocol is a tonnage-based Protocol, with payments for access made per tonne. National policy, in line with evolving regional initiatives, is now strongly in favour of negotiating and providing access based on vessel days (although this fact has not been directly communicated to the EU).

In the past several years there has been a policy shift by PNA members (including Solomon Islands) towards exercising greater control over the fishery (i.e. preferential access given to vessels/fleets that deliver the highest economic benefits, in terms of onshore investment, catch offloading etc.) Also PNA members have been attempting to implement the Vessel Day Scheme. While the implementation has been slow and there have been some serious issues encountered, PNA members are committed to improving the effectiveness of the VDS (evidenced by several PNA members (including Solomon Islands) opting to close their fisheries during 2011 when PAE levels have been reached until additional fishing days could be purchased from other parties, the commencement of fishing days trading between PNA parties, and the establishment of a minimum price for a fishing day (USD 5,000/EUR 3,731).

The current FPA text does not explicitly take into account recently agreed measures by the Parties to the Nauru Agreement under the Third implementing arrangement. The next protocol should make specific reference to these measures or simply state adherence to measures agreed by PNA. Currently there are inconsistencies in the FPA text, which potentially confuses the interpretation by EU and Solomon Islands Authorities regarding implementation of the Palau Arrangement and other PNA agreements:

- (Protocol) Article 1 makes explicit reference to annual fishing opportunities offered to EU vessels being within the limits established by the Palau Arrangement for the Management of the Pacific Purse Seine Fishery. The Vessel Day Scheme is the management system implemented for the purse seine fishery under the Palau Arrangement.
- (Protocol) Article 3 specifies that there should be 'non-discrimination' between different fishing fleets when promoting responsible fishing in the Solomon Islands. In the case of allocation of fishing days or fishery closure under the Vessel Day Scheme, this provision could mean that this should similarly apply to EU vessels, as it would to any other fleet operating within Solomon Islands waters.
- (Agreement) Article 4 indicates that a reduction in financial contribution could be incurred if fishing opportunities are reduced, which supports a pro rata reduction due to lost fishing opportunities due to the 2011 fishery closure under VDS.
- (Agreement) Article 6 may enable closure of the fishery under VDS to be considered 'usual circumstances', thereby warranting suspension of payment of the financial contribution.

#### 4.9 RELEVANCE – THE EXTENT TO WHICH THE FPA’S OBJECTIVES WERE PERTINENT TO THE NEEDS, PROBLEMS AND ISSUES FACED BY STAKEHOLDERS

##### Does the FPA satisfy various needs of the different interest groups in the EU?

The key interest group is the purse seine fleet who require access to productive areas of the fishery that can allow them to effectively and efficiently catch fish. Catches are not constant during the year, and fleet movements are mainly determined by fish migrations. With much of the WCPO covered by national EEZs, the fleets require access to a number of EEZs to meet this need. In terms of those fleets, the Spanish operate a fleet of four purse seine vessels that operate mainly in the central Pacific, the French have no purse seiners in the Pacific (see Section 5.1). Portugal has also expressed an interest in purse seine operations in the Pacific using a single purse seine vessel but this would be with the intention of fishing in Kiribati and the central Pacific and would be unlikely to fish in the Solomon Islands (see Section 5.1). The EU supports the operations of the fleet with the intention of achieving better use of EU fleet capacity; creation of employment and value-addition both in the EU and in third countries; provision of product to the EU processing industry; and contribution to EU market supplies. The EU has approached this through the development of a network of tonnage-based agreements with Pacific nations.

Within the EU therefore, the Protocol satisfies the needs of the EU to have a consistent approach to negotiating agreements in the Pacific and meeting their objectives. For the fleets, given the level of activities, the Protocol most strongly meets the interests and needs of the Spanish purse seine fleet. At the current time, Solomon Islands is not at the centre of EU fishing activities and due to high operational costs and reduced fishing opportunities elsewhere in the western Pacific region, fishing activities have remained minimal. The Protocol is currently more than adequate in meeting the needs of the Spanish fleet in terms of catch possibilities. While utilisation and catches remain low, the Protocol does represent part of an overall set of EU fleet activities in the Pacific. In this respect, the Protocol provides limited direct benefits and is of greater significance as a strategic asset representing part of a network of agreements and an EU interest in regional fisheries management. The importance of this asset could increase if the EU and/or the Spanish fleet is not able to secure fishing opportunities in the central Pacific but has also been compromised to a degree by the closure in 2011 that has had the effect of making trips to fish in Solomon Islands waters potentially more risky. These risks may be increased with the staff turnover within the MFMR and the fact that there is currently a draft Management Bill, and a rather dated Act. Changes in the national policy framework and regulations could introduce additional access conditions (e.g. investment in Solomon Islands) that may place additional demands on the fleet.

In terms of other fleets, the Fisheries Partnership Agreement has provision for a French purse seine vessel. France does not maintain any purse seine activity in the Pacific at present, and the one purse seine fishing authorisation available for French vessels is, on its own, deemed by French stakeholders as an insufficient basis on which to commence activities given the benefits of vessels working in pairs/groups when searching for free schools (the focus of French activities). During the period of the existing Protocol, French vessels have not attempted to fish in the Pacific, and consultations with stakeholders suggest that even had France had more than one fishing authorisation, it would have been unlikely that they would have been used. So in this sense the Protocol fully meets the current needs of French vessels, as well as fulfilling a requirement of French vessels to retain some possibility of fishing under the Protocol in the future should they chose to expand the area of their operations into the Pacific. Consultations with Portuguese vessel owners indicate that they would like to develop purse seine operations in the Pacific. However, their main interest is in the opportunities in the central Pacific rather than in the west. There is currently no provision for longline fishing, and consultations confirm that there are no EU longline vessels operating in tropical waters.

The Protocol could be described as relevant to the needs of EU consumers in that it provides some tuna supplies to the EU market. However, the quantities are very small compared to the overall EU market, so the relevance is also small.

The Protocol is also relevant to the needs of EU processors, and stakeholder consultations confirmed that some catch made under the Protocol is destined for processing in the EU. However, the quantity of loins from catch made under the Protocol that is imported to the EU for processing into cans is small compared to total EU imports (see Table 4.4), and so the relevance of the Protocol to EU processors is not significant.

#### **Does the FPA satisfy the various needs of the different interest groups in Solomon Islands?**

The Protocol is relevant to Solomon Islands in terms of a means to generate income from surplus stocks, and satisfies its needs in terms of the income generated through selling access to its resource. As noted above, for the years 2009/10 to 2011/12, payments made by the EU under the Protocol represented over three times the reference payment for access. The EU could therefore be considered attractive, in that payments in return for access have represented greater returns compared to payments made by other countries, on both a tonnage and day basis, over the evaluation period (see Table 4.8). In addition, the Protocol provides for sectoral support that contributes to the development of the sector and resource management. At the same time, MFMR authorising policy is evolving and includes the development of a Solomon Islands tuna investment strategy. Solomon Islands will look to give priority fishing access to vessels investing locally or offloading to onshore processing facilities. Under this policy, the EU fleet fall into the least desirable category as they currently operate as 100% foreign access vessels. The Protocol has much less relevance to the fishing industry in Solomon Islands as there are no crew on the EU vessels, fish are not processed in Solomon Islands and the employment related to the transshipment of fish is minimal. While there is provision for the development of the local fisheries sector and joint ventures there has been little interest in these aspects. This is due mainly to the fact that the operations in Solomon Islands have been limited to date and the focus of activity for the EU fleet is elsewhere.

In addition to investments, the arrangements for the management of the Fisheries Partnership Agreement and the sectoral support are sometimes seen as somewhat onerous and time consuming, especially compared with the administration of the Vessel Day Scheme. The Vessel Day Scheme is an important consideration. There is an important political dimension that should not be underestimated in that the existing Protocol does not satisfy the needs/desires of Solomon Islands to have a Protocol that is structured around paying for access based on vessel days.

## 5 ANALYSIS OF IMPACTS AND EX-ANTE EVALUATION OF A FUTURE PROTOCOL OF THE FISHERIES PARTNERSHIP AGREEMENT

Catches made by the EU purse seine fleet represented just 2% of purse seine catches in the WCPO in 2010 and, at 390 tonnes, catches by the EU purse seine fleet represented only 0.004% of purse seine landings from Solomon Islands EEZ in 2010. At present the EU purse seine fleet utilises drifting FADs to target skipjack and yellowfin tuna. While skipjack are not currently reported as being overfished, concerns have been raised over the targeting of juvenile animals. These issues are likely to be part or fully addressed under appropriate FAD management plans adopted by WCPFC. Given the total catch and number of days spent fishing under the existing Protocol, there remains scope to maintain or even significantly increase the current level of fishing activity within the Solomon Islands EEZ. This is also consistently requested at the Joint Committee meetings. However, the extent to which this potential is realised will depend to a large extent on the nature of fishing opportunities elsewhere as the fleet is predominantly a central Pacific fleet. Future fishing activities may also be affected by VDS uptake. Protocol Article 1.1 states that fishing opportunities should be granted within the limits established by the Palau Arrangement for the Management of the Western Pacific Purse Seine fishery (i.e. VDS). The closure of the fishery on these grounds in 2011 has created some uncertainty. The situation if uptake and utilisation was greater might be more complex and any future agreement will need to be clear on the implementation arrangements and communication to avoid any potential confusion.

With the low level of uptake there has been a high benefit ratio for Solomon Islands, well above what it might have received for allocating the surplus to other vessels, even with competition for days. This suggests that Solomon Islands might be willing to provide similar opportunities in the future. However, it should be emphasised that there is a desire amongst Solomon Islands stakeholders to use a single VDS system. This, together with the perceived complexity and difficulty of negotiating and implementing the Fisheries Partnership Agreement and the possibility of allocating the opportunities through the VDS to fleets that may be more willing to invest in Solomon Islands, could mitigate against these opportunities being realised.

Further analysis is based on the responses received by the consultants during the consultations completed during the evaluation (see Appendix B).

### 5.1 KEY EU STAKEHOLDERS

#### *European Union*

The EU remains in favour of a tonnage-based FPA, consistent with the other tonnage-based FPAs in the region (i.e. Kiribati and Federated States of Micronesia). The EU considers that the use of tonnage-based agreements can be more easily reconciled with regional conservation objectives and allowable catches. The EU also recognises the strategic importance of the FPA to the EU private sector, especially to the EU catching sector, in particular the options that it provides for the sector to follow the fish.

In respect of the context in which the Fisheries Partnership Agreement is situated, the EU has concerns over the transparency of the VDS, heightened after the recent WCPFC meeting, and has not yet been formally notified by the Solomon Islands authorities that they intend to pursue a future Protocol based on the VDS. Other wider concerns related to a future Protocol include the implications of potential WCPFC management measures that could be put into force during the lifespan of a future Protocol, and which could significantly impact on the value-added that would be generated for the EU.

Of greater significance is the way that the Solomon Islands Government manages fisheries access. In 2011 the fishery was closed to all vessels (including EU vessels) when the VDS hard limit was met. This led to negotiation to agree a pro rata reduction in the financial contributions. This was unfortunate, as not only did it affect the fishing opportunities of the EU fleet (see below) but it also meant a reduction in the contributions to Solomon Islands. The EU hopes that under a future Protocol the issue of closures can be avoided and that there will be greater uptake of the opportunities as a result. This will depend on how Solomon Islands takes account of the tonnage and effort of the EU fleet. The EU also hopes that under a future Protocol, the Solomon Islands authorities will be able to ensure more timely provision of the documentation and information needed before sectoral policy payments can be made.

#### *Member States and their private sector*

Stakeholder consultations with Member State officials and with private sector representation suggest that the views of Member States and their private sector are aligned. Purse seine catches also generate benefits both upstream, and downstream, in Spain. While the benefits from the Solomon Islands FPA are small in these terms, they cannot necessarily be seen in isolation. As part of overall operations in the Pacific, Spain maintains an interest in a future Protocol. The French purse seine sector also wishes to see a future Protocol agreed, and for its purse seine fishing authorisation possibility to be retained, even though it has no intention of using it in the short term.

The private sector in the EU, especially the Spanish purse seine vessel owners and their representatives OPAGAC, are keen to see a future Protocol agreed between the EU and Solomon Islands. While the dependency on Solomon Islands is less than other areas, the Fisheries Partnership Agreement provides important fishing opportunities and there might be greater uptake if the operators could be sure that they will have access to the fisheries and can plan trips, particularly as Solomon Islands is some distance from the main fishing grounds in the central Pacific. The extent to which these opportunities are taken up will depend on the nature of any future agreement as well as the fishing opportunities that exist elsewhere in the region. It is also unlikely, given the existing levels of effort that the EU fleets would look to secure private agreements in the absence of the Protocol. The costs to the fleet would be much higher and operations would take place in the context of a fishery where there is high demand for the vessel days and closures due to the vessel day limits being reached. Spain has indicated to the European Union that it would like to make use of the three plus one purse seine fishing authorisation possibilities under a future Protocol, again suggesting that the current Protocol meets the current needs of the Spanish private sector.

The Fisheries Partnership Agreement is beneficial to the EU fleet that is currently fishing in the Pacific in that it means that they have secure access to the fishery apart from the Vessel Day Scheme. Operating under the VDS would be far less attractive to the vessel owners as the fishing grounds are far away from their main activities and demand for days is high. The latter point would mean that days might have to be bought to secure access and these might be expensive yet the need to use them might be low. From the vessel operators' perspective, the EU Fisheries Partnership Agreement has secured fishing opportunities in Solomon Islands and the EU has been able to argue effectively on their behalf. There is also a strategic interest as the Solomon Islands FPA represents part of a wider network in the Pacific and also maintains EU involvement and interest in the management of stocks in the Pacific (for example, through the WCPFC). The EU private sector as a whole is concerned about the implications of potential WCPFC management measures that could be put into force during the lifespan of a future Protocol, and which could have a significant impact on their operations and the value-added they would generate.

With regard to the specific Solomon Islands FPA, communications between the Solomon Islands Government, the EU and the vessel operators could be improved to reduce uncertainty, reduce the delays in processing applications and assist planning.

The French purse seine sector wishes to see a future Protocol agreed, and for its fishing opportunities to be retained even though it has no intention of using them in the short term. However, all the companies represented by ORTHONGEL would like to retain the option although none have any immediate plans to fish. As the French tend to fish on free schools and large fish this is a fleet operation requiring a number of vessels involved in searching, a single licence is not that interesting but they would like to retain the option should this change in future and the option for more licences arises. Other issues that currently mitigate against uptake include identifying a suitable base for the vessels and links to markets. These operational issues mean the French fleet has no immediate plans to take up the option.

Portugal has also expressed an interest in purse seine operations in the Pacific using a single purse seine vessel but this would be with the intention of fishing in Kiribati and the central Pacific – they would be unlikely to fish in the Solomon Islands. Portugal does not appear to have any plans to develop tropical tuna longline fishing opportunities.

## 5.2 KEY SOLOMON ISLANDS STAKEHOLDERS

Solomon Islands Authorities consider the FPA to be important in terms of access fee revenue (financial contribution) and fisheries sectoral policy support. However, the EU fleet is considered one of the most minor players in the fishery; given the fleet has had a very minimal presence in the fishery, with only four vessels authorised and minimal fishing activity. The FPA negotiation process is different and considered to be more onerous than other bilateral access agreement negotiations, given the FPA text is more detailed and complex and Solomon Islands has much less control in the process. The process for determining the fisheries sectoral policy support is considered time-consuming and, at times, asymmetrical. Also, the criteria used to monitor implementation of the sector policy support are considered inappropriate in some cases. The different approaches to the agreements have created difficulties over the lifespan of the current Protocol and resulted in communications difficulties over the closure of the fishery. Solomon Islands Authorities would like to bring the FPA into line with all other bilateral access agreements, in terms of incorporating the Vessel Day Scheme into the agreement and basing fishing authorisations (and subsequently, calculations for the financial contribution) on a fishing days basis. In terms of the financial contribution, the sectoral support represents only a small part of the overall budget of the MFMR and, while welcome, has proved to be challenging to manage given the number of objectives and the sense that the criteria used to monitor progress are in some cases inappropriate. Should there be a future Protocol with Solomon Islands, efforts to simplify the sectoral support and to identify how communications channels can be strengthened could help address the perceptions of a more onerous process and conditions.

MFMR authorising policy is evolving and includes the development of a Solomon Islands tuna investment strategy. Solomon Islands will give priority fishing access (in the form of fishing days) to vessels that have invested locally in fishing operations and onshore. They will be followed by vessels that offload to onshore processing facilities. Least preference for access will be given to vessels classed as 100% foreign access and only generates fishing authority fee revenue. Under this policy, the EU fleet are vulnerable as they currently operate as 100% foreign access vessels.

### *Solomon Islands Industry*

Solomon Islands industry has noted that the EU's participation in Solomon Islands purse seine fishery is very minimal to date. Both Solomon Islands fishing and processing industry representatives indicated that there has been no commercial interaction with the EU fleet or representatives, to date.

From the processing industry's perspective, should Solomon Islands Government opt to maintain preferential market access to the EU under the 'Everything But Arms' agreement, which has stricter Rules of Origin (RoO) than those offered under the Interim and Comprehensive Economic Partnership Agreements through the 'global sourcing' derogation, catch from EU vessels fishing in Solomon Islands waters offloaded to local processing facilities would provide a source of RoO compliant catch for export to the EU. However, this opportunity would be very limited if EU vessels fishing activity in Solomon Islands waters continues in future at current low levels. Also, from an operational perspective, even if EU vessels fished more in Solomon Islands EEZ, and were interested in offloading to the domestic processing facility, availability of onshore cold storage space could prove to be a limiting factor. If the processing plant's stock of raw material in cold storage was already reasonably full (current capacity is around 3,000-3,500 tonnes), the plant may only be able to accommodate a portion of an EU vessels' catch, rather than the entire catch, which could serve as a disincentive for offloading locally.

To date, the EU fleet's fishing and transshipping activity has been concentrated in Kiribati, given its closer proximity to the Eastern Pacific Ocean and Latin American-based processors which are supplied by these vessels. Solomon Islands industry believes that this focus is likely to continue, with Solomon Islands EEZ being a much less significant fishing ground. Solomon Islands' industry believes that an FPA is maintained with Solomon Islands (and also FSM) despite the fishing opportunities being barely utilised to enable the EU to maintain a presence in the WCPO region.

### *Forum Fisheries Agency*

Fishing opportunities offered under the EU-Solomon Islands FPA are currently very underutilised by the EU. The EU fleet are less inclined to fish in Solomon Islands EEZ than Kiribati because it is located further away from processing operations in the Eastern Pacific Ocean.

If comparing access fees paid on a per vessel days, the FPA has become less valuable over time, given fish prices have increased and the Euro has devalued. Access fees paid are likely less than the current minimum fishing days value of USD 5,000 (EUR 3,731) per fishing day.

### *NGO'S*

Key NGO's with a keen interest in the WCPO tuna fishery (e.g. Greenpeace, WWF) failed to respond to the consultants' request for their perspectives on the EU-Solomon Islands FPA. Two notable NGO's involved in EU-ACP issues including FPA's - The Coalition for Fair Fisheries Arrangements (CFFA) (Brussels) and TransparentSea (Kenya) - declined to comment, given their unfamiliarity with the EU-Solomon Islands FPA. In the past these organisations (in particular CFFA, WWF and Greenpeace) have welcomed measures in the FPA related to a ban on transshipments but suggested that the EU should address a number of issues, inter alia, a need to ensure wider public participation in the development of the FPA; stipulations on a limit to the catches that can be taken and ensuring coherence for development as well as supporting regional efforts by the PNA through the Protocol<sup>22</sup>.

<sup>22</sup> CFFA, WWF and Greenpeace: NGOs recommendations concerning the EU-Solomon Islands Fisheries Partnership Agreement <http://www.cfp-reformwatch.eu/wp-content/uploads/2010/08/Joint-Ngos-Statement-Solomon-Islands.pdf>



### 5.3 SECTORAL POLICY DEVELOPMENT

A number of observations can be made with respect to the existing sectoral policy matrix in terms of structure, content and implementation that may serve to guide sectoral policy development supported by the EU within a future Protocol. These observations are made against the objectives specified within the sectoral policy development logframe and are based on discussions with stakeholders and observations in country.

#### Objective 1: To promote conservation and management of highly migratory species in the Solomon Islands fishing zone

##### 1.1 To carry out MCS activities

MCS activities have been implemented and infringements detected. Scope exists for enhanced implementation of maritime surveillance activities, as only one of Solomon Islands' two patrol boats is currently operational. Also, as mentioned previously, scheduled fisheries surveillance operations are, at times, impeded by budgetary constraints, fuel and crew availability.

Solomon Islands participation in large-scale regional maritime surveillance operations (for example, Operation Kurukuru), involving sea patrols and aerial surveillance is not specifically referred to in the logframe matrix.

With plans in place to increase observer coverage on longline vessels to 5%, as well as ongoing efforts to achieve 100% coverage on purse seine vessels, fisheries sector policy support within a future protocol may assist in further strengthening the observer program (e.g. training of observers and de-briefers, data entry). In addition, since budgetary constraints have been the primary impediment preventing the implementation of a port-sampling program, this presents another potential opportunity.

##### 1.2 To improve management of off-shore and in-shore fisheries

According to Solomon Islands Authorities, during the 2011 Joint Committee Meeting, an agreement was made that FPA Sectoral Support funds would be used to solely support offshore fisheries activities to avoid duplication, given the NZ AID-funded MSSIF project has considerable funding dedicated for inshore fisheries-related activities. Sectoral support has been limited to commercial-scale offshore fisheries activities, given the artisanal fishing sector operates largely in coastal water areas. Sectoral support funds have likely contributed to the development of the new Fisheries Act, due for implementation in 2012.

In 2012, the National Tuna Management and Development Plan will be updated, as well as the development of a management plan for the baitfish fishery (which supports the pole and line tuna fishery). Plans are also in place to update regulations supporting the new Fisheries Act (likely 2013). Sectoral support could potentially contribute to these activities, as well as enhanced implementation of fisheries management frameworks (i.e. VDS for purse seine fishery, VDS for the longline fishery which is currently under trial by PNA, national longline fishery policy).

##### 1.3 Development of IT tools for fisheries management

Solomon Islands Authorities report that the VMS system is functioning well, and SPC's TUFMAN electronic catch and effort database is being readily utilised by MFMR staff.

MFMR's national data management systems (including authorising, logsheet and observer data) remain paper based (which remains the case for all FFA members throughout the region). Similarly, the authorisation system also remains paper-based.

A pilot project is being designed for implementation in Solomon Islands using the five domestic purse seine vessels for electronic data collection, including logsheet and observer data. Sector support funds could potentially be used to support this activity.

#### 1.4 Training on off-shore fisheries

In order to improve observer coverage on purse seine vessels, in line with the introduction of 100% observer coverage under PNA's Third Implementing Arrangement, Solomon Islands has recruited and trained additional national observers since 2008, to bring the total number of observers to 91 currently. Attention is now also being focussed on expanding observer coverage on longline vessels, which requires further training and recruitment. Solomon Islands Authorities report that the training of Compliance Officers is ad hoc and needs to be more comprehensive. Sectoral support could potentially contribute to funding ongoing training for observers and compliances officers.

#### 1.5 To participate in international meetings/workshops

Sectoral support funds have been utilised for funding participation of MFMR officials in international meetings/workshops (e.g. WCFPC, regional (FFA), sub-regional (PNA) and bilateral meetings). It is likely that improvements could be made in mission/trip reporting.

### Objective 2: To develop sustainably the tuna fishery in order to optimise economic benefits

#### 2.1 Development of offshore fisheries

A number of activities are currently being undertaken by MFMR to develop offshore fisheries, however, it is not clear to the consultants which particular activities are receiving funding support under the FPA Protocol. Activities include development of the Solomon Islands Tuna Industry Investment Strategy and implementation of a new Solomon Islands Longline Tuna Fishery Policy.

The indicators currently included in the logframe matrix for measuring outcomes relating to development of off-shore fisheries should be revised under a future protocol, as some of these indicators are not extricably linked to MFMR's performance in delivery of outcomes. Examples of potential new indicators that could be considered include: i) tonnage of catch offloaded to onshore processing facilities; ii) number of Solomon Islander employees (e.g. vessel crew, processing plants); iii) value of onshore domestic investment. It should be noted that these are simply suggestions and any new indicators should be linked to specific activities relating to offshore fisheries development cover under Sector Policy Support in a new agreement. Further, the identification and selection of key indicators should be undertaken in the first instance by Solomon Islands' Authorities, in conjunction with EU Authorities during negotiations and/or upcoming Joint Committee Meetings.

#### 2.2 Infrastructure development

Solomon Islands Authorities' primary focus in recent years relating to infrastructure development has been the acquisition of land at two sites for the development of onshore tuna processing facilities (i.e. Ndoma and Tenaru in Guadalcanal Province).

Infrastructure improvement to ports/landing sites is a shared responsibility between MFMR and several other Government agencies, including the Ports Authority. The consultant's understand that there have been no recent improvements to Noro wharf. Honiara's existing port and wharf facilities and other supporting fisheries infrastructure is also considered generally inadequate to meet current needs and future rising demands.

Following an assessment undertaken of Honiara Port and its management authority in late 2011, it is likely that plans will be put in place to improve existing port facilities. Attention is being given to the development of a new wharf to support the growth of onshore tuna processing activities. If this is to proceed, donor funds will most certainly be required to supplement Solomon Islands Government funds.

### Objective 3: To improve safety and quality of fishery products for export

### 3.1 To ensure the Competent Authority is fully functional

Solomon Islands' Competent Authority (CA) for verification that exports of fish and fish products to the EU comply with the EU's Sanitary and Phytosanitary (SPS) Regulations is considered to be adequately performing its functions. Solomon Islands industry stakeholders report that the CA conducts its quarterly inspections, as required.

Solomon Islands' CA, which sits within the Ministry of Health, has received funding assistance over the past few years from several funding sources, in addition to sector support provided under FPA protocol, including EU funding under STABEX (2007/08), EDF9 (2009/10) and currently, EDF10, through DEVFISH II. Funding assistance has been used for staff training, equipment purchases, development and improvement of systems for the laboratory and CA office, sample testing and travel for inspections.

### 5.4 EX-ANTE EVALUATION

This final section presents in short tabular form some key points based on the ex-ante evaluation criteria specified in Article 21(1) of the 2009 EU Impact Assessment Guidelines.

**Table 5.1: Ex-ante evaluation of the renewal of the EU/Solomon Islands Protocol**

Ex-ante evaluation criteria	Main points for consideration
Needs to be met (short- and long-term)	<p><i>Short term</i></p> <p>EU needs:</p> <ul style="list-style-type: none"> <li>• maintenance of existing fishing opportunities for the EU fleet, within the context of fishing operations within the WCP, so as to generate value-added and employment for EU companies and citizens, and viable and sustainable fisheries-related activities;</li> <li>• contribution of fish to the EU market; and</li> <li>• compliance with the covenants and obligations of the FPA.</li> </ul> <p>Solomon Islands needs:</p> <ul style="list-style-type: none"> <li>• funds to support the general government budget, from the sale of access to fisheries resources;</li> <li>• funds to support sectoral policy development and implementation;</li> <li>• sale of access based on rates at least comparable with those charged of other nations in Solomon Islands and in the region; and</li> <li>• compliance with the covenants and obligations of the FPA.</li> </ul> <p><i>Long term</i></p> <p>EU needs:</p> <ul style="list-style-type: none"> <li>• as per short term above and also contribution to the sustainable management of fish stocks within Solomon Islands and the wider WCP.</li> </ul> <p>Solomon Islands needs:</p> <ul style="list-style-type: none"> <li>• development of viable and sustainable fishing-related activities to include not just upstream vessel support and transshipment services, but also catching and processing sub-sector activity; and</li> <li>• as per short-term above.</li> </ul>

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Ex-post evaluation of the current protocol to the FPA between the EU and Solomon Islands, and ex-ante evaluation including an analysis of the impact of the future protocol on sustainability

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Added-value of EU involvement	<ul style="list-style-type: none"> <li>• Requirements of the FPA for separation of funds into access payments and support for sectoral policy development means that the sector should be able to benefit (in terms of management, development and improved human capacity) from having funds earmarked for it; and</li> <li>• Potential to enhance coherence between EU development policy and related financial support, and FPA-related sectoral policy matrix implementation.</li> </ul>
Objectives to be achieved	<ul style="list-style-type: none"> <li>• Promotion of responsible fisheries in Solomon Islands waters based on international obligations and principles/best practice;</li> <li>• Further focusing of sectoral support and monitoring of the results of sectoral policy implementation;</li> <li>• Sustainable economic and social benefits to both the EU and Solomon Islands result from the FPA;</li> <li>• Good economic and social governance, respective to the state of fish stocks; and</li> <li>• Employment of all FPA-related employment based on international obligations and principles/best practice.</li> </ul>
The policy options available, including the risks associated with them	<ul style="list-style-type: none"> <li>• Maintaining existing fishing authorisation possibilities to allow for utilisation and potentially increased uptake – potential low fishing authorisation utilisation and cost/unequal benefits to EU and Solomon Islands;</li> <li>• Increasing fishing authorisation possibilities, for example to address the desire of Spain to have four not three and provide options for the French and Portuguese purse seine fleets – associated environmental risks, increased cost/unequal benefits to EU and Solomon Islands and potential low fishing authorisation utilisation;</li> <li>• Payments based on tonnage or Vessel Days Scheme – either party may not agree / potential weaknesses in VDS, high demand for vessel days may increase costs;</li> <li>• Differing payment rates for access – potentially negative impacts on vessel viability, generation of unequal costs/benefits arising to the EU and Solomon Islands;</li> <li>• Enlargement of the protocol by including more elements concerning fisheries governance – no real risks as long as coherence ensured with WCPFC management and governance measures, and indeed may not be necessary given that WCPFC addresses governance issues at the regional level, while at the national level may also not be necessary given that sectoral policy support covers governance issues;</li> <li>• No Protocol – reduced ability of EU to influence responsible fisheries and no funds earmarked for sectoral policy developments, likely to result in even lower utilisation; and</li> <li>• Given the uptake, the costs and benefits from the Solomon Islands FPA may need to be considered against costs and benefits of the other agreements, and the overall value added from a network of agreements in the Pacific.</li> </ul>
Results and impacts expected, in particular economic, social and environmental impacts	<ul style="list-style-type: none"> <li>• Improved fisheries policy framework and its implementation;</li> <li>• Improved capacity development in Solomon Islands; and</li> <li>• Contributions to responsible fisheries and improved fishing practices.</li> </ul>

Lessons learned	<ul style="list-style-type: none"> <li>• France has not used its one fishing authorisation possibility and has no purse seine vessels operating in the Pacific. All four fishing authorisations are currently used by Spain and this pattern is likely to continue under a future Protocol, although France prefers to retain its fishing authorisation even if not used in case of future fleet developments in the Pacific;</li> <li>• Experimental longline fishing suggests that longline options may not be required. Also, Solomon Islands has stipulated that longline catches should be landed in Solomon Islands;</li> <li>• Value-added benefits for the EU are currently low given the low levels of utilisation of the FPA;</li> <li>• Value-added benefits from the Protocol are currently balanced in favour of Solomon Islands but would change with greater utilisation;</li> <li>• Compliance with the covenants contained in the text of the FPA have largely been complied with, but there have been some elements of poor performance by all parties which should be addressed under implementation of future FPA. This is particularly in terms of communication between the EU, Solomon Islands authorities and the vessel owners;</li> <li>• Solomon Islands' human capacity for sectoral management and MCS remains a constraint and should be a focus for strengthening. At the same time, the nature of the agreement places additional administrative burdens on the staff that should be simplified where possible;</li> <li>• The EU is in favour of a tonnage-based Protocol whereas Solomon Islands would prefer one based on vessel days. It can be expected that there may be challenges in agreeing a future Protocol;</li> <li>• Investment in Solomon Islands and development of joint EU/Solomon Islands enterprises has not taken place, and may well be unrealistic unless there is much greater and more consistent uptake of opportunities; and</li> <li>• Increasingly coordinated efforts by countries in the region to bring foreign fishing fleets within their EEZs and enhance the economic benefits of doing so.</li> </ul>
The most appropriate method of implementation	<ul style="list-style-type: none"> <li>• A Protocol that benefits all parties and represents better value for money for the EU; and</li> <li>• Improved functioning of communications.</li> </ul>
The internal coherence of the proposed programme or activity and its relations with other relevant instruments	<ul style="list-style-type: none"> <li>• Future Protocol likely to be coherent with CFP, with WCPFC arrangements, and with national Solomon Islands objectives and sectoral policy.</li> </ul>
Monitoring system and the indicators and evaluation arrangements needed to measure them	<ul style="list-style-type: none"> <li>• Use of quantitative and qualitative indicators, which are objectively verifiable, and contained with the sectoral policy development matrix. Indicators should directly relate to MFMR's sphere of influence (i.e. not be indicators which relate to external influences pertaining to industry, fishing season etc.) and be in-line with the level of funding provided (i.e. the measureable intended outcomes should be commensurate with the level of funding provided). Indicators to be determined on conclusion of any future Protocol; and</li> <li>• Evaluation arrangements based on ex-post and ex-ante analysis.</li> </ul>

Source: Consultants assessment

## 6 CONCLUSIONS AND RECOMMENDATIONS

### 6.1 CONCLUSIONS

The investment of the EU in a Fisheries Partnership Agreement with Solomon Islands was expected to contribute (as with all FPAs) to multiple objectives, including: supporting responsible fisheries; better use of EU fleet capacity; creation of employment and value-addition both in the EU and in third countries; provision of product to the EU processing industry; and contribution to EU market supplies.

Concerning employment and fish supply, the current Fisheries Partnership Agreement with Solomon Islands can make only minor contributions, representing as it does opportunities for four purse seine vessels and a reference tonnage of 4,000 tonnes of tuna. However, within this context, the uptake of the fishing opportunities by the EU fleet remains low, while four purse seine vessels have sought authorisations in each year, fishing has (to date) occurred in only one year of the Fisheries Partnership Agreement, producing 390 tonnes of tuna. In this respect the current FPA is failing to realise its potential. The limited uptake has also limited the opportunities for industry collaboration, employment on EU vessels, and joint ventures. With most of the fleet activity in the central Pacific, the potential for investment by the fleet in the private sector in Solomon Islands is likely to remain low.

The reasons for low uptake during the Fisheries Partnership Agreement period are several. In the first place, Solomon Islands is located in the western Pacific, while the EU purse seine fleet is mainly operating in the central and eastern Pacific. With no other agreements with nearby countries and with transshipment through Kiribati to Ecuador the main supply chain, fishing in Solomon Islands has potential when catch rates are likely to be high and/or when trips can be planned in advance. For example, under El Niña conditions fish become more abundant in the western Pacific, including the Solomon Islands EEZ, and the EU Fisheries Partnership Agreement provides an option to take advantage of the changing abundance of fish across the Pacific. It is difficult to establish how important this option is, but the low levels of historical utilisation suggest that it is not very important and is maintained only at a relatively high cost. In this respect, a network of Fisheries Partnership Agreements provides the greatest flexibility, and Fisheries Partnership Agreements with other nearby countries (for example, Papua New Guinea and Marshall Islands) could complement the Solomon Islands Fisheries Partnership Agreement and enhance the potential for fishing in the western Pacific. As it stands, with operations focused on the central Pacific and high fuel costs, travel to Solomon Islands represents a risk.

In terms of support for responsible fisheries the Protocol helps ensure that there is active EU involvement in regional fisheries issues and provides for direct sectoral support for Solomon Islands that potentially helps ensure a positive contribution of the sector to the national economy. However, the Protocol currently fails to fully account for the objectives of the Solomon Islands in terms of a commitment to the VDS and to the development of linkages between foreign fishing and the local sector through landings and investments. The VDS is a scheme under the PNA that establishes a system of tradable fishing days allocated to the Parties that compensates Pacific countries for access to resources, typically to at a cost of USD 5,000/vessel day (EUR 3,731/day at the current 2012 exchange rate). There are both strengths and weaknesses of the VDS. Current access to the EU fleet of purse seine vessels operating in the waters of Solomon Islands, as specified in the Protocol to the FPA, is based on payments per tonne of fish. Furthermore, without specific activities under the sectoral support, it is difficult to ascertain how effective it has been and/or attribute impacts. Future sectoral support is likely to be more effective if it can be focused on fewer objectives. These objectives should be identified by the Solomon Islands authorities. However, during the consultations it was identified that future sectoral support could assist in further strengthening the observer program (e.g. training of observers and debriefers, data entry) and the implementation of a port-sampling program that have been constrained by lack of resources to date. Given the inclusion of the development of electronic licensing and logbooks as a priority within the Protocol, sectoral funds could also be used to support the pilot project being developed for the five domestic purse seine vessels for electronic data collection, including logsheet and observer data.

Given the low levels of uptake, value added and employment generated to the EU and the balance of contributions the current structure of the FPA is questionable. The EU is paying more for access than other fleets. While this is beneficial to Solomon Islands, the opportunity to shift some of the costs to the vessel owners or create incentives for higher utilisation should be explored. However, when considering this it is also important to consider the place and import of the Solomon Islands FPA as part of a network of FPAs in the Pacific. This is particularly important given that the given the regional context of a high level of integration of fisheries management policies across the region. Assessing the efficiency in isolation may underestimate the overall contribution and cost. Additional analysis that includes the other Pacific FPAs could help determine the full costs and opportunities that the Solomons FPA provides within this wider context.

Risks for the EU fleet have been increased during the period of the Fisheries Partnership Agreement by the closure of the fishery in 2011. This was a move by the Solomon Islands authorities in response to reaching the hard limit for vessel days under the Vessel Days Scheme. While it was successfully argued that this closure should not apply to the EU fleet (see Section 4.2.2), and pro rata reductions in the financial commitments were obtained, there remains uncertainty about whether further closures may occur and whether these might affect the EU fleet. There are two issues at stake here. On the one hand, the delays in dealing with this issue and in processing authorisations are disincentives to fishing in the Solomon Islands EEZ that could affect utilisation. When fishing has taken place, the Protocol conditions governing fishing activities by EU vessels in Solomon Islands have been fairly applied and the vessel owners have been notified of areas to avoid etc. The conditions imposed under the Protocol are similar to those that apply to other fishing vessels (for example, reporting, observers) and are largely based on WCPFC conservation and management measures. Perhaps more importantly, on the other hand there is a need to ensure that the Protocol is adapted to ensure that there is clarity on how it relates to the VDS and the Third Implementing Arrangements as there is every possibility that the PAE could be reached early again, especially when fishing conditions are very good.

The results of the economic evaluation of the FPA suggest that the contribution paid by the EU for access and sectoral support (EUR 400,000 per year) is high when compared with the economic benefits realised by the EU through the Fisheries Partnership Agreement. The cost-benefit ratio of 0.15 for the EU clearly shows that the direct benefits of the FPA are low. Given that many of the regional tuna agreements can be expected to provide positive benefits (as would the Solomon Islands Fisheries Partnership Agreement if fully utilised) efforts to increase utilisation of the agreement or adjust the balance of payments between the EU and ship owners should be considered. It is also possible that when considered as part of a network of agreements that the overall benefits are positive and that the costs of the Solomon Islands FPA are offset to an extent.

For the Solomon Islands, the Fisheries Partnership Agreement is beneficial. The low level of access and the annual payments have provided a high level of payment for each day fished equivalent to over three times what might be expected under a VDS scheme over the Fisheries Partnership Agreement period. However, while financially beneficial, the EU Fisheries Partnership Agreement is politically costly to Solomon Islands given commitments to develop the national fisheries sector and links with foreign fishing and because it is part of the PNA group and committed to implementing the Vessel Day Scheme as the primary means of access to the EEZ.

The principal fisheries management organisation in the WCPO is the WCPFC, of which the EU is a Member. The WCPFC sets management regulations, based on scientific advice, in efforts to ensure that fish stocks are sustainably exploited. The PNA is a treaty-level fisheries management Agreement by an alliance of Pacific island states (to which the EU is not therefore a party), including Solomon Islands, whose EEZs collectively account for a significant bulk of the region's tuna catch and 54% of the purse seine catch. The VDS is a scheme under the PNA, which establishes a system of tradeable fishing days allocated to the Parties. The VDS, and other management measures (such as closure of high seas pockets) have increasingly sought distant water fishing nations to fish within Pacific country EEZs rather than high seas areas, and to compensate Pacific countries for access to resources, typically at a cost of USD 5,000/vessel day (EUR 3,731/day at the current 2012 exchange rate). While the VDS has strengths and weaknesses, access by the EU fleet of purse seine vessels to the waters of Solomon Islands, as specified in the Protocol, is based on payments per tonne of fish.

Regarding the sectoral support, in some aspects there is more that could be done. The development of electronic authorisation and logbooks and sectoral dialogue are both measures that have been identified within the protocol as specific areas for cooperation and development. However, progress has been limited, due in part to human and resource constraints but, at the same time, these constraints are not clearly identified as priorities where sectoral support could assist progress. Political and institutional developments, together with staff turnover at the MFMR, over the period of the Fisheries Partnership Agreement have also contributed to reducing the impact of the sectoral support.



## 6.2 RECOMMENDATIONS

The ongoing CFP reform means that direction or guidance on changing the balance of access per tonne between the EU and ship owners is emerging, most recently in the Council Conclusions on the External Dimension of the CFP (19 March 2012). Given the current level of benefits from the Fisheries Partnership Agreement and the balance of costs between the EU and the ship owners this should perhaps be examined in developing a new Protocol. The levels of payments in a future Protocol, and the basis on which they are paid (e.g. tonnage or vessel days), will be the subject of negotiation, but should be informed by recent catch levels and rates of utilisation. A new protocol should seek to obtain a better balance between the value of fishing rights negotiated and the likely utilisation of fishing opportunity by the purse seine fleet. At the same time, in doing so, consideration should also be given to how the Solomon Islands FPA fits within a wider network of agreements and the how the costs balance against the overall economic and social benefits as well as the strategic.

This evaluation recommends that the longline fishing opportunities should remain absent from the Protocol. However a final decision on this issue would also need to reflect the political wishes and agreement by EU Member States.

The evaluation recommends that careful attention is given to the wording of a future Protocol and include application to the EU fleet of PNA measures under the Third Implementing Arrangement as the current FPA text does not explicitly take into account recent developments, particularly VDS that make the text open to interpretation with regard to how VDS could be applied under the FPA. At the same time, the evaluation recommends that the communications channels between the EU and Solomon Islands authorities are also strengthened.

The evaluation recommends that any future Protocol, and its implementation firmly align sectoral policy support with the Government's development and sectoral policy. The following options could be considered by EU and Solomon Island Authorities when designing the next fishery sector policy support programme:

- Adapting the logframe matrix to include specific activities and outcomes;
- Ensuring the objectives and subsequent activities/outcomes are aligned with MFMR's Corporate Plan and Annual Workplan (as is currently the case).
- When determining activities to be funded under the FPA, ensure that there is no duplication with other development support, particularly MSSIF. In instances when activities are potentially co-funded (e.g. fisheries surveillance operations), this needs to be clearly highlighted.
- Reducing the number of objectives/activities covered under the fisheries sector policy support to focus on several key high priority areas for MFMR where funding support would be the most effective (e.g. observer training and debriefing, re-establishment of a port sampling program etc.)
- Redefine performance indicators and means of verification to ensure they are relevant and objectively verifiable.

Finally, the evaluation recommends the continued active participation by the EU within the WCPFC, so as to ensure responsible fisheries. Most specifically, an important support action would be to encourage the setting of Target and Limit Reference points across the three tuna species with explicit management measures tied to these, but most specifically in provision of support to strengthen and support regional management. This will help to ensure continued compliance with management measures at the level of regional fisheries management organisations and help strengthen governance in line with recent Council conclusions.

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<sup>23</sup> Should be 2009.

**Appendix B: Persons consulted**

<b>Name</b>	<b>Position, Organisation</b>
<b>In the Pacific</b>	
Mr Hugh Walton*	DEVFISH II Coordinator, FFA
Mr Len Rodwell*	Director-Fisheries Development, FFA
Ms Louisa Hodge-Koppa*	REI Advisor, FFA
Mr Matthew Hodge-Koppa*	Advisor, Ministry of Finance
Mr David Cavanough*	Advisor, Ministry of Finance
Dr Chris Ramofafia*	Permanent Secretary, MFMR
Mr Edward Honiwala*	Deputy Director – Offshore Fisheries, MFMR
Mr Barrett Salato*	Acting Director, Department of External Trade
Mr Adrian Wickham*	Managing Director, National Fisheries Development
Mr Anton Jimweirey*	PNA Administrator, PNA Office
Mr Thomas Dorku*	Manager, Soltai Fishing & Processing
Mr Pio Manoa*	Legal Advisor, FFA
Mr Wez Norris*	Director – Fisheries Management, FFA
Mr Phil Roberts*	Director – Operations, Tri Marine
Dr Peter Williams*	Principle Fisheries Scientist, SPC
Mr Tim Park*	Observer Coordinator, FFA
Mr Jonathan Peacey*	Offshore Fisheries Advisor, MSSIF
Mr Noel Taylor-Moore*	Program Coordinator, MSSIF
Mr Juan Carlos Hinejosa Martinez*	Project Manager, EU Delegation – Solomon Islands
Ms Ethel Mapolu*	Inspection and Certification Unit, Ministry of Health
Mr Charles Tobosala*	Senior Fisheries Officer (Compliance), MFMR
Mr Titus Pidiri*	Senior Fisheries Officer (Licencing), MFMR
Mr Robert Manieria*	Statistics Officer, MFMR
Dr Transform Aqora*	CEO, PNA Office
Mr John Hampton*	SPC-OPF
Mr. Lagi Toranibau*	Campaign Team Leader, Greenpeace (Australia Pacific)
Ms. Beatrice Gorez*	Coordinator, Coalition for Fair Fisheries Agreements
Mr. Andre Standing*	Coordinator, TransparentSea
<b>In the EU</b>	
Dr Julio Morón*	Director Gerente, OPAGAC
Dr Juan Pedro Monteagudo*	Asesor Científico, OPAGAC
Dr Michel Goujon*	Directeur, Orthongel
Mr Jonathan Lemeunier*	Head of the European and International Affairs Unit, Maritime Fisheries and Aquaculture Directorate, Ministry in charge of Fisheries, France
Ms Susana Salvador*	Chefe de Divisão de Recursos Externos. Direcção-Geral das Pescas e Aquicultura. Portugal
Mr. Ignacio Escobar Guerrero	Director General de Recursos Pesqueros y Acuicultura
Mr Constantin Alexandrou	Head of Unit DG MARE.B.3, European Commission
Dr Marek Beran*	Administrator for Greenland and Pacific. DG MARE B.3, European Commission

Name	Position, Organisation
Ms Gosia Lachut*	Desk Officer Kiribati, Solomon Islands, Tonga, Tuvalu, Vanuatu. Pacific Division, Asia-Pacific Department. European External Action Service
Mr Emmanuel Berck	Deputy Head of Unit DG MARE.B.3 European Commission
Mr Alan Gray*	DG MARE.B.3 European Commission
Mr Mario Alcaide*	DG MARE.B.3, Control and Inspection issues, European Commission
Mr Yann Davalo*	DG MARE.D.4, European Commission, licence and catch data officer
Dr Pavlina Nikolova*	DG MARE.B.1, European Commission, administrator for WCPFC
Mr Pawel Swiderek*	DG MARE B.2. (trade issues)
Ms Ana-Maria Caraman	DG MARE A.1 (IUU issues in the Pacific)
Mr Attila Schoenbaum	DG MARE.F.2, European Commission, evaluation and impact assessment coordination in DG MARE
Mr Dominique Phillipe Levieil*	DG MARE.C.3, European Commission, Spain desk officer
Ms. Beatrix Steiner	DG DEVCO. H.1. Geographical Coordination Asia and Pacific

\* Stakeholder directly consulted



## Appendix C: Details of regional fisheries organisations

### The Western and Central Pacific Fisheries Commission (WCPFC)

The WCPFC is the one of the newest and largest RFMOs. The Commission has 25 members, comprising Australia, Canada, People's Republic of China, Cook Islands, European Union (EU), Federated States of Micronesia (FSM), Fiji, France, Japan, Kiribati, Korea, Republic of the Marshall Islands (RMI), Nauru, New Zealand, Niue, Palau, Papua New Guinea (PNG), Philippines, Samoa, Solomon Islands, Chinese Taipei, Tonga, Tuvalu, United States of America (USA) and Vanuatu (WCPFC, 2009a).

Several other states are granted cooperating non-member (CNM) status on an annual basis, agreeing to comply with WCPFC measures, participating as observers, and entitled to authorise their vessels to fish in the WCPO within set limits. At WCPFC6, the CNM status of Belize, El Salvador, Indonesia, Mexico and Senegal was renewed, and CNM status was extended to Ecuador and Vietnam (WCPFC, 2009b).

WCPFC Commission Management Measures (CMMs) have been formulated in the annual sessions of the Commission (Table 6.1) by consensus<sup>24</sup> (WCPFC, 2004), with the support of Scientific (SC) and Technical and Compliance (TCC) committee meetings. The SC meetings deal with collection and validation of data from the fishery, monitoring and assessment of stocks, monitoring and assessment of the ecosystem and evaluation of management options. However, technical scientific work such as stock assessments is conducted by an external body (scientific services provider) – the SPC's Oceanic Fisheries Programme. Only since 2011 has the TCC dealt in a substantive manner with assessing compliance with the CMMs based on a trial Compliance Monitoring Scheme (CMM 2010-03). Unlike compliance committees in most RFMOs, the WCPFC TCC has a broad agenda similar to that of the Annual Commission Session and works as a pre-plenary for discussion on all items to be tackled at the Annual Meeting. Often, small Pacific islands are represented by the same delegates to SC, TCC and Annual Meetings, partly due to insufficient numbers of technically qualified personnel in national administrations. The WCPFC Secretariat undertakes a number of compliance duties that relate to monitoring, control and surveillance (MCS) on the high seas and collation of specified reports on compliance from the members. These reports include details on: the WCPFC vessel monitoring system (VMS), high seas boarding and inspection, the regional observer programme, transshipment verification and Port State Measures.

<sup>24</sup> The WCPFC has a consensus-based decision-making process, with provision for a two-chambered voting process requiring a 75% majority in both chambers if all efforts to reach a decision by consensus have been exhausted, (WCPFC, 2004, (Rule 22)). From the meeting records, it is evident that the voting provision has not been used for deciding on conservation and management measures. Rules of Procedure for the WCPFC are available at <http://www.wcpfc.int/doc/commission-01/rules-procedure>.

WCPFC CMMs also place an increasingly important emphasis on ecosystem management. CMM 2010 now places binding obligations on CCMs to implement national plans of action on shark management. The current focus is to minimise shark retention, but it is also likely that shark mitigation measures will form the basis of CMMs in the near future.

**Table 6.1: WCPFC measures relevant to the fisheries under assessment**

Measures	Key relevant features
CMM 2007-02 <sup>25</sup> : VMS	Ensure vessels have Automatic Location Communicator (ALC) on in high seas.
CMM 2008-01 <sup>26</sup> Yellowfin and Bigeye	<ul style="list-style-type: none"> <li>• Not undermine measure by transferring purse seine effort to areas north of 20°N or south of 20°S.</li> <li>• Within 20°N to 20°S:</li> <li>• limit high seas purse seine effort to 2004 levels or average 2001–2004;</li> <li>• limit EEZ effort to 2004 levels (PNA) or take compatible measures;</li> <li>• FAD closure – 3 months from 2010;</li> <li>• reopening of high seas pockets adjacent to Solomon Islands unlikely to impact EU fleets due to PNA requirements;</li> <li>• 100% catch retention/no discards (for tuna species);</li> <li>• 100% observer coverage; and</li> <li>• capacity of ‘other fisheries’ generally limited to 2004 levels or average 2001–2004.</li> </ul>
CMM 2008-03 <sup>27</sup> Sea Turtles	<ul style="list-style-type: none"> <li>• implement FAO guidelines;</li> <li>• comatose turtles to be brought on board and resuscitation attempted;</li> <li>• proper handling and release techniques and equipment to be applied as per WCPFC guidelines;</li> <li>• purse seine operators to follow specific procedures to avoid/release turtles; and</li> <li>• purse seine operators to report all interactions and provide reports to WCPFC.</li> </ul>
CMM 2009-02 <sup>28</sup> : FAD Closure and Catch Retention	Specific rules for FAD closure and catch retention, including prohibiting, during the FAD closure, conducting any part of a set within one nautical mile of a FAD.
CMM 2009-06 <sup>29</sup> : Regulation of Transshipment	No purse seine transshipment at sea, except in designated special cases.

<sup>25</sup> WCPFC, CMM 2007-02, Commission Vessel Monitoring scheme, <http://www.wcpfc.int/doc/cmm-2007-02/commission-vessel-monitoring-system>

<sup>26</sup> WCPFC CMM 2008-01, Conservation and management measure for yellowfin and bigeye tuna in the WCPO, <http://www.wcpfc.int/doc/cmm-2008-01/conservation-and-management-measure-bigeye-and-yellowfin-tuna-western-and-central-pa>

<sup>27</sup> WCPFC CMM 2008-03, Conservation and management of sea turtles, <http://www.wcpfc.int/doc/cmm-2008-03/conservation-and-management-sea-turtles>

<sup>28</sup> WCPFC 2009-02, High Seas FAD closure and catch retention, <http://www.wcpfc.int/doc/cmm-2009-02/conservation-and-management-measure-application-high-seas-fad-closures-and-catch-ret> WCPFC CMM 2008-03, Conservation and management of sea turtles, <http://www.wcpfc.int/doc/cmm-2008-03/conservation-and-management-sea-turtles>

<sup>29</sup> WCPFC CMM 2009-06, Conservation and management measure on the regulation of transshipment, <http://www.wcpfc.int/doc/cmm-2009-06/conservation-and-management-measure-regulation-transshipment-0>

Measures	Key relevant features
2010-03 <sup>30</sup> : Compliance Monitoring	Monitoring and reporting systems implemented to ensure that members implement: <ul style="list-style-type: none"> <li>• catch and effort limits;</li> <li>• catch and effort reporting;</li> <li>• spatial and temporal closures and gear restrictions;</li> <li>• observer and VMS requirements; and</li> <li>• scientific data provision, reporting and handling.</li> </ul>
2010-07 <sup>31</sup> : Sharks	Members comply with reporting systems confirming confirmation of the Implementation of the National Plan of Action on Sharks <ul style="list-style-type: none"> <li>• require full utilisation through retention of carcass;</li> <li>• implement 5% fin to weight ratio;</li> <li>• prohibit retention, transshipment or trading in fins caught in contravention; and</li> <li>• encourage live release of sharks in non-target fisheries.</li> </ul>
CMM 2007-01 <sup>32</sup> ROP	<ul style="list-style-type: none"> <li>• ensure that each CCM has ability to bring aboard observers; and</li> <li>• in conjunction with CMM 2008-1 and new standards from 2011<sup>33</sup>, 100% purse seine coverage and 5% longline coverage.</li> </ul>
CMM 2007-02 HS. VMS Coverage	<ul style="list-style-type: none"> <li>• VMS to be activated in high seas areas within the convention area south of 20°N, and east of 175°E in the area of the Convention Area north of 20°N;</li> <li>• any vessels fishing highly migratory stocks in areas north of 20°N and west of 175°E shall continue to have VMS activated; and</li> <li>• apply to vessels &gt;24 m in Jan 2008 and &lt;24 m by Jan 2009.</li> </ul>
CMM 2008-01 <sup>34</sup> . Yellowfin and Bigeye (likely to be replaced by Draft: CMM 2011-01)	<ul style="list-style-type: none"> <li>• not undermine measure by transferring purse seine effort to areas north of 20°N or south of 20°S;</li> <li>• within 20°N to 20°S;</li> <li>• limit high seas purse seine effort to 2004 levels or average 2001–2004;</li> <li>• limit EEZ effort to 2004 levels (PNA) or take compatible measures;</li> <li>• FAD closure – 3 months from 2010;</li> <li>• reopening of high seas pocket No. 1 to Philippines – unlikely to impact EU fleets due to PNA requirements.</li> <li>• 100% catch retention/no discards (for tuna species);</li> <li>• 100% observer coverage; and</li> <li>• VDS now using 2010 effort levels are benchmark figures.</li> </ul>

<sup>30</sup> WCPFC CMM 2010-03, Conservation and management measure for compliance monitoring scheme, <http://www.wcpfc.int/doc/cmm-2010-03/conservation-and-management-measure-compliance-monitoring-scheme>

(<sup>31</sup>) WCPFC CMM 2010-07, Conservation and management measure for sharks, <http://www.wcpfc.int/doc/cmm-2010-03/conservation-and-management-measure-compliance-monitoring-scheme>

<sup>32</sup> WCPFC, CMM 2007-01, Conservation and Management Measure for the Regional Observer Programme. <http://www.wcpfc.int/doc/cmm-2007-01/conservation-and-management-measure-regional-observer-programme>

<sup>33</sup> WCPFC Regional Observer Programme Standards. <http://www.wcpfc.int/doc/wcpfc-regional-observer-programme-standards>

<sup>34</sup> WCPFC CMM 2008-01, Conservation and management measure for yellowfin and bigeye tuna in the WCPO, <http://www.wcpfc.int/doc/cmm-2008-01/conservation-and-management-measure-bigeye-and-yellowfin-tuna-western-and-central-pa>

Measures	Key relevant features
CMM 2008-03	<ul style="list-style-type: none"> <li>• no setting of purse seine nets if cetacean is spotted prior to set;</li> <li>• report any unintentional capture and take all steps necessary to ensure safe release;</li> <li>• any instances are to be reported by CCMs in Annual Report and this is to be cross-checked against observer reports; and</li> <li>• commences Jan 2013.</li> </ul>
CMM 2011-04	<ul style="list-style-type: none"> <li>• CCMs shall not retain, transship, store, or land oceanic whitetip sharks;</li> <li>• release any incidental catch as soon as possible to minimise harm; and</li> <li>• commences Jan 2013.</li> </ul>
CMM 2011-06	<ul style="list-style-type: none"> <li>• new compliance monitoring measures implemented by Commission for CCMs; <ul style="list-style-type: none"> <li>○ evaluations will be on: <ul style="list-style-type: none"> <li>○ catch and effort limits</li> <li>○ catch and effort reporting</li> <li>○ input controls (closures, gear restrictions)</li> <li>○ observer and VMS coverage</li> </ul> </li> </ul> </li> <li>• provision of scientific data;</li> <li>• reports prepared by Commission prior to meeting of the Technical and Compliance Committee; and</li> <li>• provisional application for 2012 only.</li> </ul>

Source: SPC (2011).

The WCPFC has adopted a package of measures in CMM 2008-01 (WCPFC, 2010) for the Pacific purse seine (and longline) fisheries. The objectives are to:

- ensure through the implementation of compatible measures for the high seas, high seas pockets and EEZs that bigeye and yellowfin tuna stocks are maintained at levels capable of producing their maximum sustainable yield; as qualified by relevant environmental and economic factors including the special requirements of developing States in the Convention area as expressed by Article 5 of the Convention;
- achieve, through the implementation of a package of measures, over a three-year period commencing in 2009, a minimum of 30% reduction in bigeye tuna fishing mortality from the annual average during the period 2001–2004 or 2004;
- ensure that there is no increase in fishing mortality for yellowfin tuna beyond the annual average during the period 2001–2004 average or 2004; and
- adopt a package of measures that shall be reviewed annually and adjusted as necessary by the Commission, taking account of the scientific advice available at the time as well as the implementation of the measures. In addition, this review shall include any adjustments required by Commission decisions regarding management objectives and reference points.

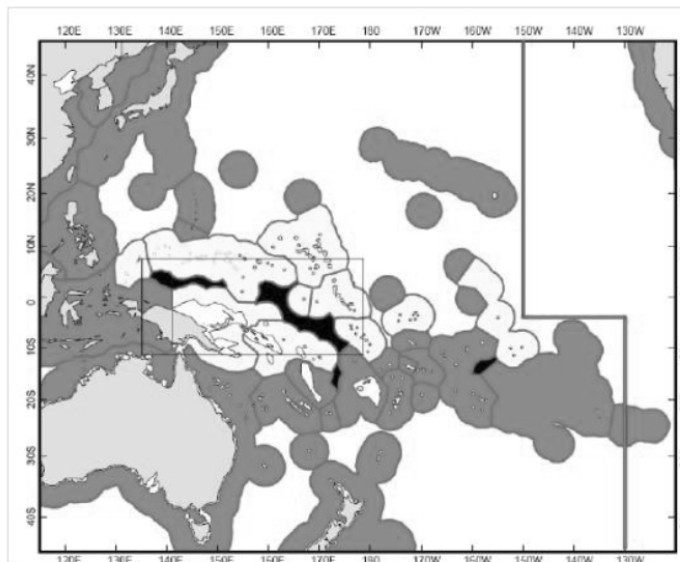
CMM 2008-01 is a complex measure. It imposes purse seine effort limits and longline catch limits, a closure relating to purse seine fishing using FADs, the closure of two high seas pockets to purse seine fishing, and measures relating to observer coverage, development of FAD management plans, catch retention, and juvenile tuna catch mitigation research, to be progressively implemented during the period 2009–2011.

For 2009, for the purse seine fishery, effort in PNA EEZs and the high seas was required to be limited to 2004 reference levels; the FAD closure was applied from 1 August to 30 September, with mandatory observer coverage during that time; and bigeye, skipjack and yellowfin tuna were required to be retained, and not discarded; and the purse seine fishery on the high seas was also subject to the FAD closure, an effort limit, catch retention and mandatory observer coverage.

The 2004 reference levels for the purse seine effort limits included effort obligated under existing Fisheries Partnership Agreements, which had been registered with the Commission (para 7). Twelve agreements have been registered with the Commission. In most cases, the effort provided for in these agreements was fully subscribed in 2004, but in the case of the United States Multi-Lateral Treaty (USMLT), only 21 of the 40 vessels provided for in the Treaty were active in 2004. Vessels of Small Island Developing State Members are exempt from the purse seine effort limits.

As an incentive to encourage exploration of innovative arrangements to mitigate bigeye bycatch, Commission Cooperating Members (CCMs) meeting certain conditions were authorised to apply a 10% reduction in purse seine bigeye bycatch as an alternative arrangement to the high seas FAD closure (para 15).

For the second two years of the measure applying (2010–2011), effort limitation continued to apply, the FAD closure is extended to cover the period 1 July to 30 September each year (3 months), and the closure of two high seas pockets wholly enclosed by the EEZs of CCMs (and one Commission Non Cooperating Member (CNM)), as shown in Figure 3.4, applied from 1 January 2010. From 1 January 2010, 100% observer coverage from the Commission's Regional Observer Programme has been required.



**Figure 6.1: WCPFC high seas pockets**

Notes: The WCPFC Convention Area, with the two high seas pockets wholly enclosed between 20°N and 20°S are shown in black. The PNA EEZs are shown in yellow, and the archipelagic waters of PNG, Solomon Islands, Fiji and Vanuatu are in white (CMM 2008-01).

Source: SPC, 2011.

For the longline fishery, the total catch of bigeye by longline gear will be subject to phased reduction such that by January 2012, the longline catch of bigeye tuna should be 70% of the average annual catch in 2001–2004 or 2004, with a phased 30% reduction for CCMs, with 10% in the first year, 20% in the second and 30% in the third year. Exemptions apply to CCMs that caught less than 2,000 tonnes in 2004, provided that their catch does not exceed 2,000 tonnes in each of the years 2009–2011, with other exemptions applying to Small Island Developing States (SIDS) and longline fleets catching less than 5,000 tonnes of bigeye and landing exclusively fresh fish.

All CCMs are required to report to each regular session of the Technical and Compliance Committee on the implementation of CMM 2008-01 measure (para 45), and the measures are reviewed annually in conjunction with the scientific advice to measure the impact and compliance with the measure (para 46). With regard to CMM 2008-01 the following is noted:

WCPFC CMMs also place an increasingly important emphasis on ecosystem management. CMM 2010 now places binding obligations on CCMs to implement national plans of action on shark management. The current focus is to minimise shark retention, but it is also likely that shark mitigation measures will form the basis of CMMs in the near future, pending the outcome of research into the status of silky sharks.

Further improvement to the effectiveness of the regional observer programme can be made. The 2011 WCPFC 3rd Annual report for the regional observer programme highlighted that 57 % of observer trip reports due had not been submitted.

It should be noted that the 8th WCPFC Regular Session concluded at the end of March 2012. Whilst official published reports have not yet been made available, discussions with representatives present at the session highlighted several points worth noting. Firstly, it was acknowledged that CMM 2008-01 (see Table 3.5) was due to expire and some temporary extensions were agreed as an interim solution. Secondly, within this CMM, one of the high seas pockets adjacent to Solomon Islands waters (see Figure 3.4) that closed to purse seine fishing effort was opened to allow Philippines purse seine fishing based on several pieces of analysis submitted as Session Documents<sup>35</sup> and are discussed at the end of Section 3.5.2<sup>36</sup>. In exchange for the Philippine fishing access (Pocket No 1), the Philippine government must report its catch and limit the number of fishing vessels to 36. Filipino vessels must also apply for international fishing permits before entering pocket 1 and have a 100% observer on board.

With respect to fisheries management in archipelagic waters and impacts on stock status, there are four major archipelagic states (Papua New Guinea, Solomon Islands, Philippines and Indonesia) with significant purse seine fishing in their archipelagic waters. These waters can be important spawning areas for tuna, however spawning also takes place widely throughout the western and central tropical Pacific where suitable habitat exists and is not just restricted to archipelagic waters. For skipjack, yellowfin and bigeye tuna, this is where the sea surface temperature is greater than about 26 °C and productivity is suitable to enable adult tuna to enter spawning condition. Modelled distribution of skipjack tuna larvae by Lehodey *et al.* (2011) based on the Spatial Ecosystem and Populations Dynamics Model (SEAPODYM) shows very wide distributions across the Pacific.

<sup>35</sup> Document 43: <http://www.wcpfc.int/node/3395>

<sup>36</sup> See analysis conducted by Hampton *et al.* (2011) & Sibert *et al.* (2011).

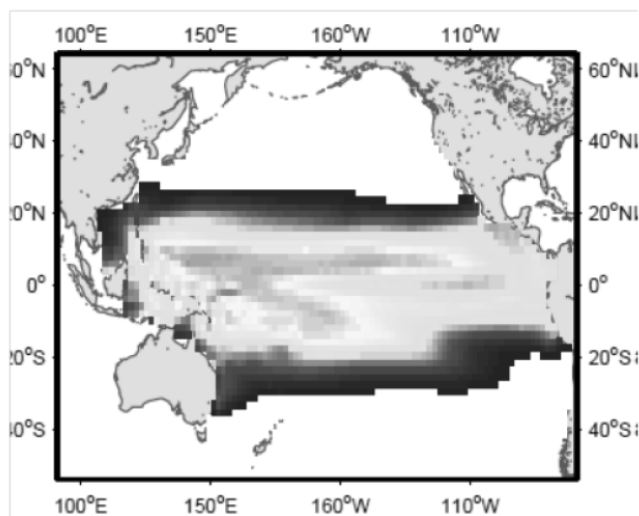


Figure 6.1: Mean distribution of skipjack larvae, 1st quarter for the decade 1990–1999

Source: Lehodey *et al.*, 2011

#### Parties to the Nauru Agreement (PNA) and related management arrangements

The PNA is an alliance of Pacific island states whose EEZs collectively account for a bulk of the globe's tuna catch (1.2 million tonnes in 2008<sup>37</sup>). The Nauru Agreement is a regional Agreement concerned with Cooperation in the Management of Fisheries of Common Interest (see Box 3 for further details). The Agreement is a binding Treaty-level instrument considered to be a sub-regional or regional fisheries management arrangement for the purpose of the United Nations Fish Stocks Agreement (UNFSA) and the WCPFC Convention. The countries of Solomon Islands, Tuvalu, Kiribati, Marshall Islands, Papua New Guinea, Nauru, Federated States of Micronesia and Palau, have worked collaboratively since 1982 to manage the tuna stocks within their national waters through the Agreement. PNA coordinate the implementation of management measures with a view to enhancing economic benefits from the fishery, including:

- harmonising the terms and conditions of access for distant water fishing vessels/fleets; and
- granting preferential access to vessels of the Parties in order to encourage domestic participation in the fishing industry.

The Organisation operates its secretariat from the Marshall Islands. Its objectives are to:

- enhance regional solidarity; and
- promote economic control and participatory rights over the tuna resources in PNA waters.

<sup>37</sup> PNA statistics: <http://www.pnatuna.com/about-us>

Its primary focus is to:

- maximise the profitability of the fishery and ancillary industries within the PNA;
- develop initiatives to maximise the sustained direct and indirect economic benefits to the Parties; and
- develop strategic fisheries conservation and management initiatives.

The PNA countries operate an access and management regime, which optimises revenue collection for the Parties, as well as promoting the development of the Parties' indigenous fishery sector

### Box 3: Contents of the Nauru Agreement

**Article I** The Parties shall seek to establish a co-ordinated approach to the fishing of the common stocks in the Fisheries Zones by foreign fishing vessels and in particular:

- a) shall establish principles for the granting of priority to applications by fishing vessels of the Parties to fish within the Fisheries Zones over other foreign fishing vessels;
- b) shall establish, as a minimum, uniform terms and conditions under which the Parties may authorise foreign fishing vessels to fish within the Fisheries Zones regarding:
  - the requirement that each foreign fishing vessel apply for and possess authorisation or a permit; the placement of observer on foreign fishing vessels;
  - the requirement that a standardised form of log book be maintained on a day-to-day basis which shall be produced at the direction of the competent authorities;
  - the timely reporting to the competent authorities of required information concerning the entry, exit and other movement and activities of foreign fishing vessels within the Fisheries Zones; and
  - standardised identification of foreign fishing vessels.
- c) seek to establish other uniform terms and conditions under which the Parties may authorise foreign fishing vessels to fish within the Fisheries Zones, including:
  - the payment of an access fee, which shall be calculated in accordance with principles established by the Parties;
  - the requirement to supply to the competent authorities complete catch and effort data for each voyage;
  - the requirement to supply to the competent authorities such additional information as the Parties may determine to be necessary;
  - the requirement that the flag States or organisations having authority over a foreign fishing vessel take such measures as are necessary to ensure compliance by such vessel with the relevant fisheries laws of the Parties; and
  - such other terms and conditions as the Parties may from time to time consider necessary.

**Article II:** The Parties shall seek to establish a co-ordinated approach to the fishing of the common stocks in the Fisheries Zones by foreign fishing vessels and in particular:

- a) shall establish principles for the granting of priority to applications by fishing vessels of the Parties to fish within the Fisheries Zones over other foreign fishing vessels;
- b) shall establish, as a minimum, uniform terms and conditions under which the Parties may authorise foreign fishing vessels to fish within the Fisheries Zones regarding:
  - i. the requirement that each foreign fishing vessel apply for and possess authorisation or a

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- permit;
- ii. the requirement that a standardised form of log book be maintained on a day-to-day basis which shall be produced at the direction of the competent authorities;
  - iii. the timely reporting to the competent authorities of required information concerning the entry, exit and other movement and activities of foreign fishing vessels within the Fisheries Zones; and
  - iv. standardised identification of foreign fishing vessels.
- c) seek to establish other uniform terms and conditions under which the Parties may authorise foreign fishing vessels to fish within the Fisheries Zones, including:
- i. the payment of an access fee, which shall be calculated in accordance with principles established by the Parties;
  - ii. the requirement to supply to the competent authorities complete catch and effort data for each voyage;
  - iii. the requirement to supply to the competent authorities such additional information as the Parties may determine to be necessary;
  - iv. the requirement that the flag States or organisations having authority over a foreign fishing vessel take such measures as are necessary to ensure compliance by such vessel with the relevant fisheries laws of the Parties; and
  - v. such other terms and conditions as the Parties may from time to time consider necessary.

**Article III:** The Parties shall seek to standardise their respective licensing procedures and in particular:

- a) seek to establish and adopt uniform measures and procedures relating to the licensing of foreign fishing vessels, including application formats, licensing formats and other relevant documents; and
- b) explore the possibility of establishing, without prejudice to the respective sovereign rights of the Parties, a centralised licensing system of foreign fishing vessels.

**Article IV:** The Parties shall seek the assistance of the South Pacific Forum Fisheries Agency in establishing procedures and administrative arrangements for the exchange and analysis of:

- a) statistical data concerning catch and effort by fishing vessels in the Fisheries Zones relating to the common stocks of fish; and
- b) information relating to vessel specifications and fleet composition.

Source: Nauru Agreement (PNA, 1982)

The Nauru Agreement is implemented through binding Implementing Arrangements and associated Arrangements, which include:

- **1st Implementing Arrangement (PNA, 1983)**, setting minimum licensing standards, including reporting, inspection and onboard observation, vessel identification and 'good standing' on the FFA regional register;
- **2nd Implementing Arrangement (PNA, 1990)**, adding additional conditions relating to VMS, high seas reporting and a prohibition on transshipment at sea;
- **FSM Arrangement (PNA, 1994)**, establishing arrangements for preferential access among the parties for vessels meeting certain standards for the provision of domestic economic benefits;
- **Palau Arrangement (PNA, 1995)**, limiting the purse seine fishery, initially by limiting vessel numbers, but now through the VDS which is described separately in more detail below;
- **3rd Implementing Arrangement (3IA) (PNA, 2008)**, applying a FAD closure, and catch retention/no tuna discards in PNA EEZs, in order to monitor compliance with such measures, 100% observer coverage is required for purse seiners operating in EEZs and high seas, and prohibition of fishing in high seas pockets for licensed vessels. The high seas closures were extended (PNA, 2010) to run from 1 January 2011, applicable to purse seine vessels licensed to fish in PNA EEZs.

These arrangements apply to all vessels, with the only differential applied in the amendment to the Third Implementing Arrangement (3IA), with a derogation to allow domestic vessels to introduce large mesh size. The proposed extension of a four-month FAD closure is to be applied to DWFN only.

The present management measures are also in the process of amendment to include additional elements of the PNA 3IA, including:

- A ban on the setting on whale sharks (PNA, 2010);
- Introduction of additional high seas closures (high seas areas between 10°N and 20°S and 170°E and 150°W 20°S and 170°E and 150°W (which would have a major impact on EU vessels fishing in Kiribati waters and high seas areas outside the EEZ); and
- An increase in the minimum mesh size for purse seine nets to 90 mm (3.5 ins) measured from knot to knot in the bunt and 240 mm (9 ins) in 70% of the body of each purse seine net.

References to the Palau and Nauru agreements are usually explicit in each of the Party's national fishery acts, and as such adoption of PNA Agreements are binding on the Parties.

The PNA also collaborate to achieve the objectives of the Nauru Agreement and other regional and international instruments through a coordinated approach to their participation in broader groups, including the FFA, SPC and the WCPFC and to their relationships with fishing access partners. In this respect, the First and Second Implementing Arrangements provide the basis for the FFA Harmonised Minimum Terms and Conditions (see Box 3) and for many of the compliance elements of the WCPFC Convention and the WCPFC compliance programmes, and the 3IA provides the major purse seine elements of WCPFC CMM 2008-01. The amendments to the Third Implementation Arrangement (PNA, 2010) will formulate the PNA's proposals for change to CMM 2008-01, but are already binding on the Parties and will be applied to the DWFNs through the Minimum Terms and Conditions (MTCs).

**Box 4: The Harmonised Minimum Terms and Conditions for Foreign Fishing Vessel Access**

- common Regional Licence Form to be carried on board at all times;
- good standing on the FFA Vessel Register: that the vessel and its operator to have good standing on the FFA Vessel Register; and vessel to be registered on the WCPFC Record of Fishing Vessels;
- transshipment: no purse seine vessel, except for group seiners, to transship at sea; 72 hours notice; submit full reports on transshipping;
- pay all fees required;
- maintain and submit catch logs in zones and high seas of WCPFA;
- reporting: each Wednesday; within a reasonable time of entry into and departure from the zone, and entry into a port. Out-turn documentation, and landing and dock receipts to be provided;
- observers to be allowed and assisted to undertake their duties, every effort to be made to achieve 100% coverage ;
- agent to be appointed to receive and respond to any legal process ;
- vessels in transit to have fishing equipment stowed or secured for fishing;
- Port State Control: FFA members to exercise powers of port State over fishing vessels in their ports;
- inspection/enforcement: operators to comply with instructions and directions given by an authorised and identified person;
- copy of the International Code of Signals (INTERCO) to be accessible at all times;
- vessels to be identified in accordance with FAO Standards;
- Flag States or Fishermen's Associations to be required in agreements to take measures to ensure compliance by their vessels;
- vessel monitoring system to be implemented;
- fish aggregating devices to be clearly marked and identified; and
- compulsory pre-fishing inspections to be carried out.

**Source:** FFA, 2010

An important management implication of the MTCs is that all vessels fishing in waters of FFA members (of which Solomon Islands is a member) must comply with FFA Minimum Terms and Conditions (see Box 3) – which stipulates VMS requirements in EEZs. Vessels must also be registered on the FFA vessel registry, which requires VMS details. On this basis it should be noted that FFA requirements required VMS coverage for fishing in EEZs and WCPFC requirements cover high seas fishing.

Coastal states may choose to share VMS data, but have ability to choose to what level. Some choose to share with all FFA, some to adjacent waters and some on an ad hoc basis when conducting joint control exercises. Furthermore, references to 'reporting on entry exit an movement' in PNA implementation arrangements mean that beyond VMS records, verbal contact also be made to report other aspects such as current catch holds. This is then cross-checked against VMS and observer records.

Hampton and Harley (2011) drew a number of conclusions in assessing the WCPFC CMM 2008-01 and PNA third-party implementation arrangements:

- Purse seine effort has expanded since the introduction of CMM 2008-01, with effort (excluding domestic purse seiners based in Indonesia and Philippines) in 2010 estimated to have increased by approximately 18% compared to effort in 2004. VMS data to 30 September 2011 indicates a further increase in effort of approximately 7% over the same time in 2010.
- Catches of skipjack and yellowfin were moderately reduced during the closures, but bigeye catches were strongly reduced. In 2010, the proportions of effort associated with FAD usage outside the closure period, particularly the months immediately before and after the FAD closure, had lower FAD usage than is typically the case. While catches were reduced during the closures, the average size of the catch was higher for all species, particularly yellowfin, during the closures because of the larger average size of fish caught in unassociated sets. These larger average sizes have higher unit values.
- Available data from all sources indicate that the high seas pocket closure since 1 January 2010 has largely been respected. Since January 2010, effort has been concentrated mainly in the EEZs, with no apparent redistribution of effort to the eastern high seas.
- The 2010 longline catch of bigeye tuna of 61,676 tonnes (as reported by CCMs) is approximately 74% of the average catch for 2001–2004.
- The reduction in purse seine FAD effort in 2010 had the greatest effect in terms of removing overfishing (67.4% of overfishing removed on bigeye tuna) followed by the reduction in longline catch in 2010 (34.7% of the overfishing removed). For purse seine closures, there was a relatively small incremental reduction in fishing mortality (F)/FMSY compared to that achieved by a FAD closure.
- It was estimated that if the CMM were implemented without exemptions, approximately half of the overfishing that is estimated could occur under the CMM could be removed (reduction of bigeye tuna F/FMSY from 1.35 to 1.17).

Sibert *et al.* (2011) applying the Spatial Ecosystem and Populations Dynamics Model (SEAPODYM) found that:

- Simply closing areas to purse seine fishing produces only very small increases in bigeye biomass. Area closures could even be counter-productive in some cases if fishing effort is simply displaced and the closure is used as a justification to increase fishing effort outside the closed areas. Provisional analysis of the 2010 purse seine closure of areas alone shows that the closure was fairly well respected by the purse seine fleets, but total purse seine effort increased by 10% and was deployed in areas surrounding the EEZs. This outcome suggests that the response of the purse seine fleets to the closures was not only to deploy effort in areas adjacent to the closed areas but also to increase effort in these areas. The 2010 situation almost certainly increased fishing mortality of juvenile bigeye. However, closed areas for highly migratory species can be useful fishery management tools, if the displaced effort is eliminated, i.e. when combined with an overall reduction in effort, as opposed to transferring effort elsewhere.
- FAD prohibition with redistributed effort to free school sets resulted in a significant improvement in the adult bigeye biomass in the WCPFC convention area with a strong positive impact on bigeye stock conservation.

Benefits from any bigeye conservation measure will only be detectable after 10 years and be fully realised after two decades, i.e. in the 2030s assuming timely implementation.

### Forum Fisheries Agency (FFA)

The joint aim of members of the FFA is captured in its Vision Statement, which states:

“We, the Member Countries of the Forum Fisheries Agency, will enjoy the highest level of economic and social benefits that is compatible with sustainable use of our tuna resources.”

Approximately 50 staff at the regional FFA headquarters in Honiara support their national contact points in each member jurisdiction. FFA focuses its work on:

- a) Fisheries management – providing policy and legal frameworks for the sustainable management of tuna;
- b) Fisheries development – developing the capacity of members to sustainably harvest, process and market tuna to create livelihoods; and
- c) Fisheries operations – supporting monitoring, control and surveillance of fisheries as well as treaty administration, information technology and vessel registration and monitoring.

Within the overall FFA programme, the Fisheries Management Programme is designed to assist FFA Members including PNA Parties, to refine and maintain effective policy and legal frameworks for the sustainable management of their tuna fisheries resources. This programme provides advice on:

- i. appropriate legal frameworks for national tuna management, including members' obligations under various treaties and arrangements;
- ii. appropriate fisheries management frameworks including the incorporation of the principles of ecosystem-based fisheries management;
- iii. effective fisheries administration, including access arrangements, authorisation of foreign and domestic fishing vessels, economic implications of different management systems, and the use of new systems and technologies;
- iv. development and implementation of monitoring, control and surveillance systems and effective compliance regimes;
- v. assisting members to keep abreast of best practice fisheries management models, and develop stronger and deeper regional co-operation in fisheries management;
- vi. providing effective oversight, and where appropriate management of a regional vessel register, vessel monitoring system, and observer programme;
- vii. servicing regional fisheries treaties and arrangements; and
- viii. improving capacity in fisheries management.

Two key instruments in the implementation of these programmes are:

1. the Regional Tuna Management and Development Strategy; and
2. the Regional Monitoring Control and Surveillance Strategy.

### Secretariat of the Pacific Community (SPC)

The governing body of SPC is the Conference of the Pacific Community, which is held every two years, with each member entitled to one vote on decisions. However, debates are usually resolved in the Pacific way by consensus. The Committee of Representatives of Governments and Administrations (CRGA) meets annually, and in the years that the conference does not meet, is empowered to make decisions on the governance of SPC.

The focus of SPC's work changes over time in response to evolving regional needs and regional collaborative arrangements with other organisations. In 2010, the organisation had six divisions.

One of those Divisions is the Fisheries, Aquaculture and Marine Ecosystems (FAME) Division, which includes the coastal fisheries and oceanic fisheries programmes, together with the project co-ordination unit of the Coral Reef Initiative for the Pacific (CRISP). Within the FAME Division, the Oceanic Fisheries Programme (OFP) aims "to provide member countries with the scientific information and advice necessary to rationally manage fisheries exploiting the region's resources of tuna, billfish and related species". The OFP is the WCPFC scientific services provider and a large portion of its scientific work is funded under the EDF SciCOFiSH programme functions. It has three sections:

- i. Statistics and Monitoring: including compilation of catch and effort data, data processing and technical support for port sampling programmes and observer programmes in member countries and territories, training in fisheries statistics and database management, statistical analyses and the provision of statistical support to the WCPFC;
- ii. Tuna Ecology and Biology: including analysis of the biological parameters and environmental processes that influence the productivity of tuna and billfish populations, focusing on age and growth, movement and behaviour as observed from classical or electronic data archiving tags, and diet in a more general study devoted to the food web of the pelagic ecosystem; and development of mathematical models to understand environmental effects of tuna fishery production, including impacts of climate fluctuation; and
- iii. Stock Assessment and Modelling: including regional stock assessments, development of tuna movement and simulation models, bio-economic modelling, National Fisheries Assessments and scientific input to national tuna management plans and support for national Ecosystem Approach to Fisheries Management (EAFM) analyses, tag-recapture database management.

The FAME Division Strategic Plan (2010–2013) (SPC, 2009) addresses three priority areas in ways that are designed to be closely coordinated with, and contribute to WCPFC-level research outcomes as follows:

- i. To provide high-quality scientific information and advice for regional and national fisheries management authorities on the status of, and fishery impacts on, stocks targeted or otherwise impacted by regional oceanic fisheries;
- ii. To collect and analyse accurate and comprehensive scientific data for regional and national fisheries management authorities on fisheries targeting the region's resources of tuna, billfish and other oceanic species; and
- iii. To improve understanding of pelagic ecosystems in the western and central Pacific Ocean.

**Appendix D: Compliance with key covenants and obligations in the Agreement, Protocol and Annex**

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
Art. para	<b>The Agreement</b>			
	<b>Access by Community vessels to fisheries in Solomon Islands waters</b>			
5.2	Solomon Islands authorities shall notify the EU authorities of any amendments to that legislation. Without prejudice to any provisions which might be agreed between the Parties, EU vessels shall comply with such amendments within one month of their notification.	Yes	<p>A new Fisheries Management Bill for the conservation, management, development and sustainable use of fisheries and marine resources of Solomon Islands is in the final stages of drafting and will replace the Fisheries Act (No. 6 of 1998). Solomon Island authorities notified EU authorities during the 2010 Joint Committee Meeting that new legislation will be introduced. Solomon Island authorities anticipate that the new legislation will be passed by Parliament in 2012.</p> <p>PNA/WCPFC decisions are discussed through the WCPFC TCC meetings. WCPFC members report through the annual TCC Part 2 report which provides details of changes to legislation and compliance with the measures.</p>	Solomon Islands legislation / letters from Solomon Islands authorities to the EU / consultations with owners and EU / joint committee meeting minutes / stakeholder consultation

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
	<b>Licences/fishing authorisations</b>			
6.1	Community vessels may fish in Solomon Islands fishing zone only if they have a valid fishing licence issued by Solomon Islands authorities under this Agreement	Yes	Applications for authorisations received and issued accordingly by Solomon Islands Authorities. During the 2010 and 2011 Joint Committee Meetings, EU Authorities raised concerns about delays experienced in receiving fishing authorisations – both parties acknowledged in 2011 that there has been a reduction in the delays due to improved application processing procedures.	Licence records in Solomon Islands / joint committee meeting minutes



Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
	<b>Financial contribution</b>			
7.1	The Community shall grant Solomon Islands a financial contribution in accordance with the terms and conditions laid down in the Protocol and Annexes	Yes	<p>The financial contribution is paid into a single Public Treasury bank account at Solomon Islands Central Bank, as specified in the Protocol.</p> <p>Payments have not always been received within the timeframes specified (i.e. by 'anniversary date' – 9 October) due to delays in Solomon Islands in processing the supporting documentation.</p> <p>In 2011, financial contributions have been affected by the temporary closure of the fishery under the Vessel Day Scheme, with a pro rata reduction in fees commensurate with the closure period.</p>	EU records of payments / Solomon Islands records of monies received

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
7.2	The element of the financial contribution for sectoral support shall be determined in the light of objectives identified by mutual agreement between the Parties in accordance with the Protocol, to be achieved in the context of the sectoral fisheries policy drawn up by the Solomon Islands authorities and an annual and multiannual programme for its implementation.	Yes	<p>The strategy for managing the financial contribution is based on the MFMR Corporate Plan (2011–2013) and is presented within the Sectoral Policy matrix.</p> <p>Solomon Islands Authorities indicated the process for developing the annual and multiannual programme (i.e. the components within the Sectoral Policy Matrix) can be difficult for them.</p> <p>Solomon Islands authorities may wish to review the Sectoral Policy matrix in future to streamline the number of activities and ensure these are fully in synch with objectives/activities of the MFMR Corporate Plan. Performance indicators may also be reviewed to ensure they are appropriate measures for monitoring and evaluating progress/outcomes.</p>	Strategy plan, and sectoral policy matrix / payment records / stakeholder consultation

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
7.3	The financial contribution granted by the Community shall be paid each year in accordance with the Protocol.	Yes	The financial contribution payments are in principle made yearly, as well as vessel owner's contributions.  Delayed payment of financial contributions has budgetary implications for MFMR – funds must be drawn from other budgetary resources to enable MFMR to carry out its sector policy support obligations, until EU payment is received.	EU records of payments / Solomon Islands record of monies received / Joint Committee meeting minutes/ stakeholder consultation
	<b>Promoting cooperation among economic operators and in civil society</b>			
8.1	The Parties shall encourage economic, scientific and technical cooperation in the fisheries and related sectors. The Parties shall consult one another with a view to coordinating the different measures that might be taken to this end.	Yes	While there have been steps to encourage cooperation and consultations the concrete outcomes are less evident. The introduction of electronic fishing authorisation system to replace paper authorisations has been discussed in Joint Committee Meetings – but such a system is yet to be designed/implemented. Solomon Islands Authorities indicate that the new Fisheries Act may potentially make provisions for this. Policy Sector Support includes an activity for the development of IT tools for fisheries management (i.e. electronic system for issuing fishing authorisations).  There have been no formal expressions of	Documentation showing evidence of exchanges of information / consultations / Joint Committee meeting minutes

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
			interest or requests from Solomon Islands Authorities for economic, scientific or technical cooperation from the EU Authorities or ship owners. General exchange of views takes place through WCPFC, technical meetings and Joint Committee meetings.	
8.2	The Parties undertake to promote exchanges of information on fishing techniques and gear, preservation methods and the processing of fishery products.	Yes	General exchange of views takes place through WCPFC, technical meetings and, potentially, Joint Committee meetings. There have been no formal bilateral exchanges of information on fishing techniques and gear, preservation methods and processing of fishery products. No concrete outcomes can be identified resulting from the exchanges.	Documentation showing evidence of exchanges of information / stakeholder consultations

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
8.4	The Parties shall encourage, in particular, the setting up of joint enterprises in their mutual interest which shall systematically comply with Solomon Islands and EU legislation.	Yes	<p>While there have been exchanges of documentation between the Parties to encourage joint enterprises, there are no joint investments in fishing or onshore processing operations between Solomon Islands and EU companies. Very low EU fishing activity in Solomon Islands EEZ indicates that Solomon Islands is not currently a strategic commercial location for the EU fleet, which would influence the decision to invest in joint enterprises.</p> <p>Solomon Islands Authorities will likely encourage the EU to consider onshore investment as part of a broader policy shift to derive greater economic benefits from the tuna fishery, by giving preferential fisheries access to foreign fleets who have invested domestically.</p>	Consultations with DG MARE, Solomon Islands authorities, and private sector in EU and Solomon Islands on demand and feasibility for such joint enterprises.
	<b>Joint Committee</b>			
9.1	The Joint Committee shall perform the following functions: monitoring performance of agreement, liaison, forum for dispute settlement, assessing level of fishing opportunities and financial contributions, adapting the modalities for calculating the fishing effort and other functions including addressing IUU fishing.	Yes	<p>The Joint Committee monitors and verifies the application and implementation of the agreement.</p> <p>The Joint Committee has covered to date (2010/2011 meetings) statistical catch data, issuing of authorisations, sector policy programme, arrangements on fisheries and legislation.</p>	Minutes of Joint Committee meetings

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
9.2	The Joint Committee shall meet in principle once a year.	Yes	The Joint Committee met in December 2010 and August 2011.  The next Joint Committee meeting is scheduled for April/May 2012, preceding negotiations for the renewal of the Protocol.	Minutes of Joint Committee meetings
	<b>Settlement of Disputes</b>			
12	The Parties shall consult each other on any dispute concerning the interpretation, implementation and/or application of this Agreement.	Yes	EU authorities raised concerns about the temporary closure of the Solomon Islands EEZ during 2011 under the Vessel Day Scheme, on the grounds that it was not notified in line with the Agreement and that EU fishing vessels authorisations were still valid during the closure period.  During the August 2011 Joint Committee Meeting, EU authorities indicated that the impact of the closure would be reflected in a pro rata reduction of the financial contribution, once the impact had been assessed and this was communicated to the Solomon Islands authorities in an exchange of letters.	Joint Committee minutes / stakeholder consultations with EU & Solomon Islands authorities / EU records of payments / Solomon Islands records of monies received

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
Art, para	<b>Protocol</b>			
	<b>Financial contribution — Methods of payment</b>			
2.3	The EU shall pay the total amount fixed in paragraph 1 of this Article (i.e. EUR 400,000) each year during the period of application of this Protocol.	Yes	Annual payment of EUR 400,000 paid for 2010 authorisation period. Pro rata reduction in fees paid in 2011 due to temporary closure of the fishery (Refer 7.1, 7.3).	EU records of payments / Solomon Islands record of monies received
2.5	Payment of the financial contribution laid down in paragraph 1 of this Article shall be made no later than 1 December 2010 in the first year and no later than the anniversary date of the Protocol (9 October) for the following years.	Partial	Payments have been made, but there have been delays in receipt of the financial contribution from EU authorities, as well as vessel owners' payments. Delays in the contributions from the EU are the result of delays in receiving all the necessary documentation from the Solomon Islands to allow payment to be made. The suspension of the fishing has also led to delays in payment by the vessel owners as they required authorisation from the EU before they could make payments.  The suspension of the fishing led to negotiations on payments as the EU should not have been subject to a closure related to the VDS. The issue was resolved and the Joint Committee notes of 2011 (Point 2.1) note that the EU and vessel owners will reduce their payments by a pro rata amount for the years 2011 and 2012 to account for the closure.	EU records of payments / Solomon Islands record of monies received

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Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
2.7	The payments provided for in this Article shall be paid into a Public Treasury bank account opened at the Central Bank of Solomon Islands the details of which shall be notified each year by the Solomon Islands authorities to the EU.	Yes	Payments are made into a single Public Treasury bank account (Consolidated Fund established by the Solomon Islands Constitution) with the Central Bank of Solomon Islands.	EU records of payments / Solomon Islands record of monies received
	<b>Cooperation on responsible fishing — Scientific cooperation</b>			
3.1	The Parties hereby undertake to promote responsible fishing in the Solomon Islands fishing zone on the principle of non-discrimination between the different fleets fishing in those waters.	Partial	<p>Little impact on the tuna resource due to minimal fishing activity by EU vessels in Solomon Islands EEZ.</p> <p>EU authorities have expressed concern over the effectiveness of the current management arrangement for the WCPO purse seine fishery which is applied in Solomon Islands EEZ (i.e. Vessel Day Scheme).</p> <p>In 2011, Solomon Islands authorities closed the fishery temporarily as all fishing days allocated under the VDS had been utilised – this closure was to apply to all fishing fleets fishing under access arrangements including EU vessels. EU authorities objected to the application of this closure to their vessels.</p>	Joint Committee Meeting minutes / stakeholder consultation / WCPFC meetings



Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
3.2	During the period covered by this Protocol, the EU and Solomon Islands shall endeavour to monitor the state of fishery resources in the Solomon Islands fishing zone.	Yes	Monitoring takes place through the WCPFC – Scientific Committee, Annual Regular Sessions.	Consultations with EU and Solomon Islands Authorities to assess their engagement with stock monitoring (i.e. WCPFC Scientific Committee Meeting, Annual Regular Session)
3.3	The Parties undertake to promote cooperation at sub-regional level on responsible fishing and, in particular, within the Western and Central Pacific Fisheries Commission (WCPFC) and any other sub-regional or international organisation concerned.	Yes	Co-operation takes place primarily through WCPFC.	Consultations with EU and Solomon Islands Authorities
3.4	Parties shall consult each other within the Joint Committee and adopt, where appropriate, measures to ensure the sustainable management of fishery resources, in particular those affecting the activities of EU vessels.	Yes	EU Authorities objected to the application of the closure of the Solomon Islands EEZ under the Palau Arrangement (Vessel Day Scheme) to EU vessels, when Solomon Islands reached its party allowable effort fishing days prior to the end of the VDS management period and EU vessel fishing authorisation period for 2011.	Joint Committee Meeting Minutes / stakeholder consultation

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
	<b>Review of fishing opportunities by mutual agreement</b>			
4.1	The fishing opportunities may be increased by mutual agreement provided that the conclusions of the annual meeting of the 'Palau Arrangement' members and the annual review of the status of stocks made by the Secretariat of the Pacific Community confirm that such an increase will not endanger the sustainable management of Solomon Islands' resources.	n/a	Fishing opportunities have not been increased – remain at four purse seine vessels.	Licensing and catch data – EU authorities and vessel owners, Solomon Islands authorities, SPC, FFA
4.2	Conversely, if the Parties agree to adopt a reduction in the fishing opportunities provided for in Article 1, the financial contribution shall be reduced proportionately and pro rata temporis.	Yes	In 2011, EU vessels' fishing opportunities were reduced due to the temporary closure of the fishery (114 days of the EU vessels' authorisation period). EU authorities indicated during the 2011 Joint Committee Meeting that the impact of the closure would be assessed and financial contribution reduced accordingly.	Joint Committee Meeting Minutes / stakeholder consultation / EU record of payments
	<b>Other fishing opportunities</b>			
5.1	Should EU vessels be interested in fishing opportunities which are not indicated in Article 1, both Parties shall agree on the conditions applicable to these new fishing opportunities and, if necessary, make amendments to this Protocol and to the Annex hereto.	n/a	To date, EU vessels have not sought any new fishing opportunities.	Stakeholder consultation / Joint Committee Meeting Minutes / Licensing records

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
	<b>Suspension and review of the payment of the financial contribution in the event of unusual circumstances</b>			
6.1	Where unusual circumstances, other than natural phenomena, prevent fishing activities in Solomon Islands exclusive economic zone (EEZ), the EU may suspend payment of the financial contribution provided for in Article 2(1) of this Protocol.	Yes	EU Authorities suspended payment of the financial contribution on the grounds that temporary closure of the Solomon Islands EEZ under VDS in 2011 prevented EU fishing activities. As noted in the Joint Committee minutes, agreement was reached that the financial contribution would be reduced pro rata to account for the closures.	Joint Committee Meeting Minutes / Stakeholder Consultation
6.2	The suspension decision in the cases provided for in paragraph 1 above shall be taken following consultations between the two Parties within a period of two months following the request of one of the Parties, and provided that the EU has paid in full any amounts due at the time of suspension.	No / Partial	Solomon Islands authorities notified EU authorities (and all other distant-water fishing partners) in writing of closure of the fishery on 17 June 2011 (i.e. the day following closure of the fishery on 16 June). Following this notification, EU authorities responded in writing to Solomon Islands authorities expressing their concerns <i>inter alia</i> that the appropriate level of notice was not served as per the terms of the agreement (i.e. two months). The issue was formally discussed during the Joint Committee Meeting held on 2–3 August 2011. At the time of the Solomon Islands EEZ closure, the EU had paid in full amounts due for the fishing authorisation period 9.10.2010–8.10.2011.	Joint Committee Meeting Minutes / Stakeholder Consultation / EU record of payments

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
6.3	Payment of the financial contribution shall resume as soon as the Parties find, by mutual agreement following consultations, that the circumstances preventing fishing activities are no longer present and/or that the situation allows a resumption of fishing activities.	Yes	Payment of EU ship owners' fees has resumed for the authorisation period 09.10.2011–08.10.2012, with payment transferred on 14.03.2011. EU fleet owner's payment was EUR 19,660.28 (rather than the full amount of EUR 52,000), as a pro rata reduction in fees has been applied due to the fishery closure issue as shown in the Joint Committee minutes.  Part payment of the EU financial contribution was made on 02.12.2011 (EUR 137,534) for 09.10.2010–08.10.2011).	EU record of payments / Solomon Islands record of monies received / Joint Committee Meeting Minutes / Stakeholder Consultation
6.4	Where the validity of the fishing authorisations granted to EU vessels is suspended along with the payment of the financial contribution, it shall be extended by a period equal to the period during which fishing activities were suspended.	Yes	Following the closure, the Solomon Islands Government offered to extend the validity of the fishing authorisations to December 2012, reflecting the closure. However this would take the authorisations beyond the limit of the Protocol so it was agreed that a pro rata reduction in financial contribution would be applied instead. This was confirmed through the Joint Committee meetings and an exchange of letters.	EU record of payments / Solomon Islands record of monies received / Joint Committee Meeting Minutes / Stakeholder Consultation

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
	<b>Promotion of responsible fishing in Solomon Islands waters</b>			
7.1	50% of the financial contribution of this Protocol shall be allocated each year to the support and implementation of objectives identified in the context of the sectoral fisheries policy drawn up by the Solomon Islands authorities and approved by the two Parties as detailed below.	Yes	<p>Theoretically, 50% of the financial contribution is allocated each year to the support and implementation of the sectoral fisheries policy. Receipt of the financial contribution is categorised in the MFMR recurrent budget income estimate within the category 'Fisheries Licence Fees (Overseas)'. MFMR encounters difficulties sourcing these funds (i.e. EUR 200,000) through the budgetary process in place, whereby all payments received by Solomon Islands Government are made into a single bank account and are classified as consolidated government revenue. Currently, under MFMR's recurrent expenditure and development budgets (for appropriated and non-appropriated funds), there is no specific appropriation line for fisheries sector policy support from the 50% financial contribution (EUR 200,000).</p> <p>For 2012, MFMR will submit a line in the supplementary budget to re-coup the 50% financial contribution. From 2013, an appropriation line specifically relating to fisheries sector policy support will be included in MFMR's recurrent budget.</p>	Review of fisheries sector budgets / stakeholder consultation – Solomon Islands Fisheries and Treasury Authorities

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
7.2	Solomon Islands shall manage the corresponding amount following the identification by mutual agreement between the two Parties, in accordance with the current priorities of Solomon Islands fisheries policy for ensuring sustainable and responsible management of the sector, of the objectives to be attained and the annual and multiannual programming required to attain them.	Yes	Objectives to be attained under the sectoral programme are identified by mutual agreement between the two Parties during the Annual Joint Committee meetings.  Solomon Islands authorities indicate the process for developing the annual and multiannual programme (i.e. the components within the Sectoral Policy Matrix) is, at times, challenging to manage.	Review of multiannual sectoral programme / stakeholder consultations / Joint Committee Meeting Minutes
7.4	Any proposed amendments to the multiannual sectoral programme must be approved by both Parties within the Joint Committee.	Yes	Amendments to the multiannual sector programme are discussed by the parties in Joint Committee Meetings.	Joint Committee Meeting minutes / stakeholder consultation
7.5	Each year, Solomon Islands shall allocate the share corresponding to the amounts referred to in paragraph 1 with a view to implementing the multiannual programme.	Partial	Solomon Islands authorities notification of the allocation of the share of corresponding to the amounts referred to in paragraph 1 have been submitted later than the specified 45 days before the anniversary date of the protocol (i.e. 9 October).  Solomon Islands authorities are yet to provide notification of the allocation for the 09.10.2011–08.10.2012 authorisation period.	Joint Committee Meeting minutes / stakeholder consultation

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
7.6	Where the joint annual evaluation of the progress made in implementing the multiannual sectoral programme so warrants, the EU may adjust the amount earmarked for the support and implementation of Solomon Islands sectoral fisheries policy within the financial contribution.	Yes	To date, EU authorities have not adjusted the amount earmarked for support and implementation of Solomon Islands sectoral fisheries policy. However, payments have been delayed.	Joint Committee Meeting Minutes / Stakeholder Consultation / EU record of payments
	<b>Disputes – Suspension of application of the Protocol</b>			
8.1	Any dispute between the Parties over the interpretation of this Protocol or its application shall be subject of consultations between the Parties within the Joint Committee.	Yes	Consultations were held during the 2011 Joint Committee meeting concerning the legality of the closure of Solomon Islands EEZ under the VDS in the context of the FPA. Exchange of documentation also took place between the two Parties concerning the fishery closure prior to the August 2011 Joint Committee Meeting.	Documentation between EU and Solomon Islands authorities / Joint Committee Meeting Minutes / Stakeholder Consultation

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
<b>Ch, Sect, para</b>	<b>Annex</b>			
	<b>Issue of fishing authorisations</b>			
1.3	All EU vessels applying for a fishing authorisation must be represented by an agent resident in Solomon Islands. The name and address of that agent shall be stated in the fishing authorisation application.	Yes		Authorisation applications / Stakeholder Consultation
1.4	The relevant EU authorities shall submit electronically to the Permanent Secretary of the Ministry of Fisheries and Marine Resources of Solomon Islands, with copy to the EU Delegation in Solomon Islands, an application for each vessel wishing to fish under the Agreement at least 20 working days before the date of commencement of the period of validity requested.	Yes	Delays have been experienced in lodging applications for each vessel wishing to fish under the Agreement.  For the 09.10.2011 08.10.2-12, the application was received by Solomon Islands authorities on 14.03.2012.  All vessels are in good standing on the FFA Regional Vessel Register.	Authorisation applications / FFA Regional Vessel Register
1.5	Applications shall be submitted to the Permanent Secretary in a prescribed form in accordance with the specimen in Appendix I.	Yes		Authorisation applications / Stakeholder consultation – Solomon Islands authorities' Licensing Section



Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
1.6	The Solomon Islands authorities shall take all the necessary steps to ensure that the data received as part of the fishing authorisation application are treated as confidential. Those data shall be used exclusively in the context of the implementation of the Fisheries Agreement.	Yes		Stakeholder consultation – Solomon Islands authorities Licensing Section
1.7	All fishing authorisation applications shall be accompanied by name and address of the agent; proof of payment of the flat-rate advance for the period of validity of the fishing authorisation; and, any other documents or certificates required under the specific rules applicable to the type of vessel concerned pursuant to this Protocol.	Yes		Authorisation applications
1.8	The fee shall be paid into the account specified by the Permanent Secretary	Yes	Fees are paid into the Government Revenue Account specified by the Permanent Secretary (0260-002) with the Central Bank of Solomon Islands.	EU notification of payment
1.10	Fishing authorisations for all vessels shall be issued to shipowners or their agents via the EU Delegation within 20 working days of receipt of all the documents referred to in point 6 by the Permanent Secretary.	Partial	EU authorities have raised the issue of delays in issuing fishing authorisations during Joint Committee Meetings.	Joint Committee Meeting Minutes
1.15	The fishing authorisation must be kept on board at all times.	Yes	No reported infringements	Stakeholder consultation

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
1.16	The two Parties shall seek agreement for the purposes of promoting the introduction of a fishing authorisation system based exclusively on the electronic exchange of all the information and documents described above. The two Parties shall seek agreement for the purposes of promoting the rapid replacement of the paper fishing authorisation by an electronic equivalent such as the list of vessels authorised to fish in Solomon Islands fishing zone, as specified in point 1 of this section.	Yes	The two parties have sought agreement and discussions have been held during the 2009/2010/2011 Joint Committee Meetings about the introduction of an electronic fishing authorisation system. To date a fishing authorisation system based exclusively on the electronic exchange of all the information and documents has not been implemented.  Solomon Islands authorities have informed EU authorities that this possibility will be provided for under the new Fisheries Act (scheduled to come into effect in 2012).	Joint Committee Meeting minutes
Jo	<b>Fishing authorisation conditions — fees and advance payments</b>			
2.1	Fishing authorisations shall be valid for a period of one year. They shall be renewable.	Partial	In 2011, EU Authorities objected to the closure of the Solomon Islands EEZ under the Vessel Day effective 16 June 2011, on the grounds that EU vessel authorisations were valid until 8 October 2011. In addition, EU authorities consider the FPA text to be 'silent' on the issue of VDS and consider the closure to be not be applicable to EU vessels as the VDS is outside the terms of the agreement.	Joint Committee Meeting Minutes / stakeholder consultation

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
2.3	Fishing authorisations shall be issued once the following standard amounts have been paid to the Government Revenue Account	Yes	Fishing authorisations are issued once the EU vessel owners' contributions are received (i.e. EUR 13,000 per vessel).	SI record of monies received / stakeholder consultation – Solomon Islands authorities' Licensing Section
2.4	Member States shall inform the European Commission not later than 15 June each year of the tonnages caught during the past year, as confirmed by the scientific institutes referred to in point 5 below.	Yes		Joint Committee Meeting Minutes / stakeholder consultation
2.5	The final statement of the fees due for year n shall be drawn up by the European Commission by 31 July of year n + 1 at the latest on the basis of the catch declarations made by each ship owner and confirmed by the scientific institutes responsible for verifying catch data in the Member States, such as the <i>Institut de Recherche pour le Développement</i> (IRD), the <i>Instituto Español de Oceanografía</i> (IEO), the <i>Instituto Português de Investigaçao Maritima</i> (IPIMAR). It shall be sent via the EU Delegation.	Yes		Joint Committee Meeting minutes / stakeholder consultation
2.6	This statement shall be sent simultaneously to the Permanent Secretary and to the ship owners.	Yes		Joint Committee Meeting minutes / stakeholder consultation

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
2.7	Any additional payments shall be made by the ship owners to the Solomon Islands authorities by 31 August of year n + 1 on the basis of EUR 35 per tonne.	Yes	Additional payments (in excess of 371 mt/vessel) have been made.	Solomon Islands record of payments received.
	<b>Fishing Zones</b>			
3.1	The vessels referred to in Article 1 of the Protocol shall be authorised to engage in fishing activities within Solomon Islands fishing zone except for thirty (30) nautical miles around the Main Group Archipelago (MGA) and the archipelagic and territorial waters of the other archipelagos. Coordinates of waters A of the MGA and the rest of the Archipelagos (i.e. Waters B, Waters C, Waters D and Waters E) shall be provided by the Permanent Secretary before the entry into force of the Agreement. The Permanent Secretary shall communicate to the European Commission any modification to the said closed fishing zones at least two months before their application.	Yes	EU vessels have only been engaged in fishing activities within Solomon Islands EEZ (i.e. waters in excess of 30 nautical miles beyond the MGA and other archipelagic and territorial waters).	Stakeholder consultation – Solomon Islands authorities' Compliance Unit.
3.2	In any case, all fishing shall not be permitted within 3 nautical miles of any anchored fish-aggregating device for which notification of its location shall be given by geographical coordinates.	Yes	Coordinates have been provided to the vessel owners who have complied with this requirement.	Consultations with EU, Solomon Islands authorities and vessel owners.

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
	<b>Catch reporting arrangements</b>			
4.2	All vessels authorised to fish in Solomon Islands' waters under the Agreement shall notify their catches to the Solomon Islands authorities for verification purposes.	Yes	All vessels authorised to fish and which have utilised their fishing authorisations have notified their catches to Solomon Islands authorities through logsheet returns.	Consultations with EU, Solomon Islands authorities and vessel owners, SPC
4.4	The two Parties shall seek agreement for the purposes of promoting a catch reporting system based exclusively on the electronic exchange of all the information and documents described above. The two Parties shall seek agreement for the purposes of promoting the rapid replacement of the written declaration (logbook) by an equivalent in the form of an electronic file.	Yes	While agreement has been sought, the catch reporting system is still based on written declaration (logbook). While there has been dialogue on the issue of electronic logbooks, capacity limitations and the possibility of a regional logbook scheme have delayed development.	Consultations with EU, Solomon Islands authorities and vessel owners, SPC
	<b>Embarking seamen</b>			
5.1	Shipowners who have been issued fishing authorisation under the Agreement shall contribute to the practical vocational training of Solomon Islands nationals and to an improvement of the labour market subject to the conditions and limits set out below.	No	Shipowners have not contributed in this respect. The time spent in Solomon Islands waters by EU vessels to date has been negligible and is usually for transshipment purposes. In reality, the implementation of this obligation is not commercially or operationally practical.	Stakeholder consultation

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
5.2	Shipowners shall undertake to employ, for the tuna-fishing season in Solomon Islands fishing zone, at least 25% seamen of ACP origin, giving priority to Solomon Islands seamen. Where those provisions are not complied with, the shipowners concerned may be considered by Solomon Islands not to be eligible for a fishing authorisation under Section 1 of the Chapter 1 of this Annex.	Partial	The vessels authorised to fish in Solomon Islands waters do not carry any Solomon Islands seamen. Kiribati crew members are carried on board (fulfilling the criteria to carry ACP seamen). The time spent in Solomon Islands waters by EU vessels to date has been negligible and is usually for transshipment purposes. In reality, the implementation of this obligation is not commercially or operationally practical.	Consultations with Solomon Islands authorities and vessel owners
5.5	Shipowners shall be free to select the seamen they take on board their vessels from the names on a list submitted by the Permanent Secretary.	Partial	Shipowners can be provided on request with a list of Solomon Islands seamen available to be taken on board by local shipping agents.	Consultations with Solomon Islands authorities
5.6	The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work shall apply as of right to seamen signed on by EU vessels. This concerns in particular the freedom of association and the effective recognition of the right to collective bargaining, and the elimination of discrimination in respect of employment and occupation.	Yes		Stakeholder consultations

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
	<b>Technical measures</b>			
6.1	Vessels shall comply with the measures and recommendations adopted by the members to the 'Palau Arrangement' and/or the WCPFC and/or other subregional/regional fisheries organisations regarding fishing gear and the technical specifications thereof and all other technical measures applicable to their fishing activities.	Yes	No infringements reported	Reports to WCPFC/ stakeholder consultation with Solomon Islands authorities Compliance Unit

Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
	<b>Observers</b>			
7.1	At the time of lodging a fishing authorisation application, each EU vessel concerned shall contribute EUR 1,500 specifically for the national observer's programme.	Yes	In addition to the fishing authorisation fee paid by vessel owners (i.e. EUR 13,000), each vessel pays an observer fee of EUR 1,500.	Consultations with Solomon Islands authorities and vessel owners
7.2	Vessels authorised to fish in Solomon Islands waters under the Agreement shall take on board observers appointed by the Solomon Islands authorities.	Yes	Where it is not practical to take on board a Solomon Islands observer, an approved observer from another FFA member country through the Regional Observer Programme can serve this purpose while the vessel is within the Solomon Islands EEZ (for example, Kiribati observer).	Consultations with Solomon Islands authorities and vessel owners
7.11	Observers shall be offered every facility needed to carry out their duties. The fishing master/skipper shall give them access to the means of communication needed for the discharge of their duties, to documents directly concerned with the vessel's fishing activities, including in particular the logbook and the navigation log, and to those parts of the vessel necessary to facilitate the exercise of their tasks.	Yes		Consultation with vessel owners
7.16	The two Parties shall endeavour to consult each other as regards the development of the regional or sub-regional observer programme, in consultations with Forum Fisheries Agency (FFA) and other competent regional fisheries organisations.	Yes	Consultation occurs through WCPFC – Scientific Committee and Technical Compliance Committee.	Stakeholder consultation – Solomon Islands/EU authorities, FFA Observer Coordinator



Article, Chapter, Section, Para.	Covenant	Compliance status (yes, no, partial, n/a, unknown)	Justification, explanation, evidence and any additional comments	Basis for evaluation of compliance status, for example source of information
	<b>Control</b>			
8.1.1	At least 24 hours in advance, EU vessels shall notify the Solomon Islands authorities of their intention to enter or leave the Solomon Islands fishing zone. They shall also declare the overall quantities and the species on board.	Yes	No infringements reported.	Stakeholder consultation – Solomon Islands authorities' Compliance Unit
8.7.1	Each EU vessel shall be required to comply with the regional VMS currently applicable in the Solomon Islands EEZ. Each EU vessel shall have installed, maintained, and fully operational at all times on board, a mobile transmission unit (MTU) approved by FFA.	Yes	No infringements reported.	Stakeholder consultation – Solomon Islands authorities' Compliance Unit, FFA Fisheries Operations Division
8.8.1	All EU vessels shall only transship catches in Solomon Islands waters within prescribed Solomon Islands ports.	Yes	Vessels transship in Honiara port.	Consultations with Solomon Islands authorities and vessel owners
8.9	Masters/skippers of EU fishing vessels engaged in landing or transshipment operations in a Solomon Islands prescribed port shall allow and facilitate the control of such operations by Solomon Islands inspectors. Once the inspection has been completed in the port, a certificate shall be issued to the master/skipper of the vessel.	Yes	Solomon Islands inspectors allowed on board.	Consultations with Solomon Islands authorities and vessel owners

## Appendix E: Methodology for the economic assessment

The approach was intended to provide a degree of consistency across assessments and enable comparison through comparable outputs.

### Vessel costs and earnings

Two separate costs and earnings profiles were developed for the EU purse seine vessels (no model for longline required as no utilisation or perceived possible usage under either ex-post or ex-ante). One profile for the two 84 m vessels (2,500 Gt), and one for the 100+ m vessels (3,500–4,500 Gt). These two types of vessel may be expected to have different costs/earnings profiles given differing catch rates and investment costs. Each profile is used to determine the total estimated yearly catch (based on the same figures used for Kiribati to ensure consistency and comparability), catch in Solomon Islands and dependency on Solomon Islands, and fish prices by species, to arrive at an average annual turnover. Within the vessel costs and earnings, variable and fixed costs were broken down as far as is possible into different line items with estimates based on Spanish AER data for the over 40 m PS fleet, data presented in Miyake *et al.*, (2010)<sup>38</sup>, consultations with OPAGAC, and cross referencing with Pacific-based experts and vessel support operations.

For each of the variable and fixed cost items, an estimate will be made of the value-added derived/generated in both the EU, and in Solomon Islands. Value-added from inputs will form upstream benefits. Value-added downstream, i.e. processing, will be estimated based on the amount of product destined for processing in the EU (we have data on the estimated tonnage destined for canneries in Galicia after primary processing into loins in Ecuador), either based on DCF data on processing sector value-added, or based on investigations with Spanish experts. There is no downstream processing in Solomon Islands for catches from the EU fleet.

Based on all of the above, the model (and its two separate costs and earnings profiles for the two vessel types) enables an estimation of value-added directly attributable to the FPA to both the EU and to Solomon Islands, in the upstream sector, the catching sector and the processing sector.

### Analysis of key indicators not elsewhere covered

#### *Supplies to the market*

There is no supply going to the EU market or to local processors from the EU vessel catches. The fish go to Spanish-owned processors in Ecuador or on to the markets in Bangkok.

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<sup>38</sup> MIYAKE, M.; GUILLOTREAU, P.; SUN, C-H; ISHIMURA, G., 2010. – Recent developments in the tuna industry: stocks, fisheries, management, processing, trade and markets. FAO Fisheries and Aquaculture Technical Paper. No. 543. Rome, FAO. 2010. 125p.

**EU imports of canned and loined tuna estimated contributions of catch made under the Protocol to EU imports (note that import figures for 2012/2012 are based on linear regression of existing trends)**

	Import of canned tuna to EU	Imports from Solomon Islands FPA	% of imports
2009/10	371,013	–	0.00%
2010/11	346,933	176	0.05%
2011/12	325,616	–	0.00%
Total	1,043,562	176	0.00%
	Import of frozen pre-cooked loins	Imports from Solomon Islands FPA	% of imports
2009/10	104,686	–	–
2010/11	119,983	85.1	0.00
2011/12	129,638	–	–
Total	354,307	85.1	0.00

Notes: Assumes constant 50% of catch from FPA destined for the EU, and 50% as cans and 50% as loins

EU imports include tuna in pouches as same tariff code

Loin to whole conversion ratio estimated at 0.485

Source: EU trade statistics and IEO catch data

#### Sales values

Price data are available for product shipped to Ecuador for processing as provided by OPAGAC. The following table shows Carriage Insurance and Freight (CIF) prices in Ecuador for the three main species caught under the Protocol over the evaluation period. The table also shows percentage changes in prices over time for the three species. The table highlights how prices have risen considerably over the period of the existing protocol, and typically by around 50% in absolute terms. Prices used in the ex-ante evaluation were based on extrapolations of existing price trends using linear regression.

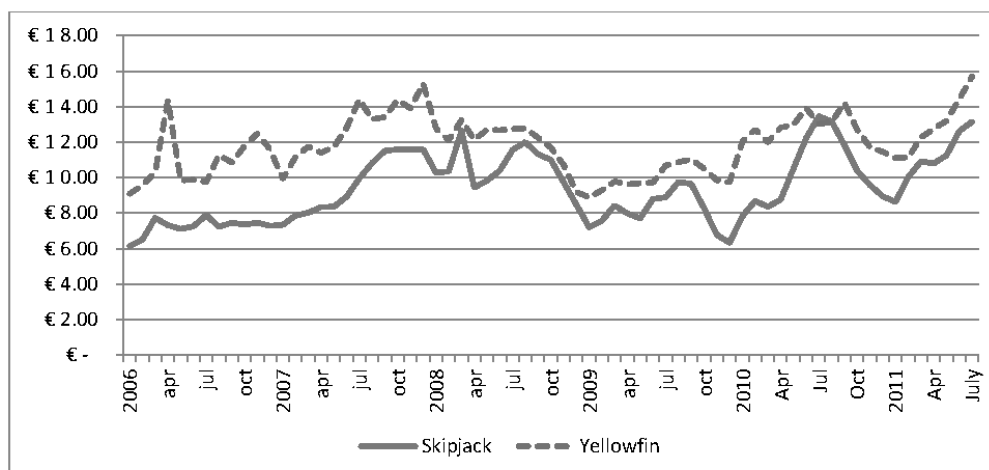
### Carriage Insurance and Freight (CIF) prices paid for fish caught by EU purse seiners fishing under the Protocol

CIF to Ecuador	EUR/tonnes			% increase on previous year		
	Skipjack	Yellowfin	Bigeye	Skipjack	Yellowfin	Bigeye
2008	966	1,400	1,105	27%	1%	16%
2009	706	1,039	904	-27%	-26%	-18%
2010	777	1,332	1,065	10%	28%	18%
2011	964	1,575	1,226	24%	18%	15%
Average 2007–2011 CIF	835	1,348	1,050			
Price change 2006–2011				49%	32%	52%

Source: OPAGAC for CIF prices (in absolute terms)

Prices paid to vessels fishing under the Protocol can be compared to import prices for tuna in Bangkok, as shown in the figure below. Even accounting for different carriage/transportation costs, the generally lower prices paid for fish caught under the Protocol and sent to Ecuador for processing are thought to reflect the smaller fish caught by EU vessels due to their high dependency on FAD-caught fish, and the smaller fish that tend to congregate around FADs. Price differentials for different sizes of fish exist because larger fish offer better quality meat and better processing yields. Bangkok reference prices for tuna 1.8–3.4 kg may be increased by around 5% for fish over 3.4 kg, and reduced by 15% for 1.4–18 kg fish, and by as much as 35% for fish less than 1.4 kg.

However, it should also be noted that drawing firm conclusions about price differentials is difficult, as price data for catches made under the Protocol may also be affected by the vertically integrated nature of the fish catching and processing sector operation, and the potential for transfer pricing to be taking place between different links in the supply chain, i.e. prices paid to vessels may be set higher or lower than would normally be the case, so as to reduce or increase respectively processing sub-sector profits. It has not been possible to explore in detail within this evaluation the extent to which this might be taking place, if at all.



**Average monthly import prices paid by Bangkok canneries for purse seine caught fish (EUR/tonne, 2006 to July 2011)**

Source: <http://www.customs.go.th/Customs-Eng/Statistic/StatisticIndex2550.jsp>

Note: Prices are import prices to Thailand, and include carriage costs. Monthly USD prices converted to EUR using mid-year exchange rate for each year 2006 to 2011.

**Average yearly import prices paid by Bangkok canneries for purse seine caught fish (EUR/tonne)**

Year / species	Skipjack	Yellowfin
2006	723	1,089
2007	966	1,279
2008	1,059	1,208
2009	811	997
2010	1,031	1,272
2011	1,106	1,294
Av. 2007–2011	994	1,210

Source: <http://www.customs.go.th/Customs-Eng/Statistic/StatisticIndex2550.jsp>

Total finances received by Solomon Islands are based on a number of elements:

- Financial contributions for access paid by the EU based on the reference tonnage;
- Financial support for sectoral policy paid by the EU;
- Financial contributions for access paid by the EU for catches over the reference tonnage;
- Payments made by vessel owners based on the reference tonnage in the form of fishing authorisation payments;
- Payments made by vessel owners for catches over the reference tonnage; and
- Payments made by vessel owners for observers.

A model of the value added, employment and costs and benefits was constructed for the existing agreement and to examine the potential for future agreements. Within the model, the sum of costs and benefits over the agreement period was calculated and this was divided by the number of years of the agreement to provide an average. This avoided issues with trending statistics and zero catch years. The results are presented as both the sum over the agreement period and the annual averages.

Within the economic analysis, a number of key assumptions had to be made. These are outlined in the table below.

Assumptions and justifications used in the economic analysis:

Assumptions	Justification
No further catches by EU vessels in 2012	The uncertainty created by the closure combined with the fact that authorisations for 2011/2012 are yet to be approved, the end of the Protocol in October and the historical timing of catches all suggest that it is unlikely there will be further catches in 2012.
Continued trends in fish supply	Total fish supply to the EU shows linear trends and these were used as a basis for future supply.
	Stakeholder consultation suggests the marketing of tuna from the EU vessels will continue in the same manner.
Continued trends in fish prices	Existing price trends have shown linear increases. Prices for all three main tuna species assumed to continue to follow the same trends.
Use 2012 exchange rates for USD/EUR	A consistent approach and allows for uncertainty in future exchange rates.
Use similar costs and earnings as Kiribati model	Allows comparison across agreements and avoids bias in the Solomon Islands model given that catches in the EEZ constitute only 1% of total catches by EU vessels in the period of the agreement.
Catch history assumes catches start on 1 October	Required for monthly calculations and not problematic as there have been no catches in any October of the agreement period.
Fishing activities by EU vessels are not affected by further closures.	Intervention by the EU during the existing agreement has clarified the situation and can be expected to reduce the likelihood of future closures affecting EU vessels. However, under certain conditions, for example if the EU fleet operates under VDS or without the support of the EU, fishing activities may be affected. However, the likelihood of closures is hard to predict and has not been incorporated into the models.

**Appendix F: Fisheries Policy of Solomon Islands Matrix of Indicators for the sustainable and responsible development of the fisheries, 2010-2012**

Part 1:

Joint Committee Agreed Objective	Suggested Allocation
Objective 1: To promote conservation and management of highly migratory species in Solomon Islands EEZ.	EUR 105,000.00 - subtotal
1.1 Carry out MCS activities	EUR 40,000.00
1.2 Improve management of offshore and inshore fisheries	EUR 15,000.00
1.3 Development of IT tools for fisheries management	EUR 10,000.00
1.4 Training on offshore fisheries	EUR 25,000.00
1.5 To participate in international meetings/workshops	EUR 15,000.00
Objective 2: To develop sustainably the tuna fishery in order to optimise economic benefits.	EUR 50,000.00 – subtotal
2.1 Development of offshore fisheries	EUR 20,000.00
2.2 Infrastructure development	EUR 30,000.00
Objective 3: To improve safety and quality of fisheries products.	EUR 45,000.00 – subtotal
3.1 To ensure the Competent Authority is fully functional	EUR 45,000.00