

# THE DEVELOPMENT OF THE TUNA INDUSTRY IN THE PACIFIC ISLANDS REGION: AN ANALYSIS OF OPTIONS

Edited by  
David J. Doulman

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INDUSTRY IN THE PACIFIC ISLANDS  
REGION: AN ANALYSIS OF OPTIONS**

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**David J. Doulman** was a fellow and the director of the Pacific Islands Development Program's tuna project at the East-West Center, Honolulu. Before joining the program in 1985, he was chief fisheries economist for the Papua New Guinea government. Doulman received his doctorate from James Cook University, Australia, and has written widely on tuna and fisheries in the Pacific islands region. Currently, he is senior economist with the Forum Fisheries Agency.

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## Foreword

Multinational Corporations in the Pacific Tuna Industry is an East-West Center research project embodying a range of issues, analyses, and findings. The project was undertaken from the perspective of Pacific island countries on a scale not previously attempted. The Standing Committee of the Pacific Islands Conference, in considering key research issues for the Pacific islands region, views the activities of multinational corporations and foreign investment in the Pacific tuna industry as being critical to the development of Pacific island nations. The tuna research project sought to enhance the understanding and knowledge of leaders and peoples of these countries to enable them to formulate policies for the effective control, management, and utilization of the tuna resources for their development.

Dr. David J. Doulman and his team of tuna specialist researchers provide us with a view of the Pacific tuna industry that is comprehensive at the macro level in its coverage of specific issues such as international marketing networks and financial issues. The research also takes us down to the micro level of the policies and production processes and how they relate to the various production and supply factors, be they fishing vessels, processing plants, fishing methods, or supply pricing.

Tuna is currently a major geopolitical issue in the Pacific islands region. This research project is therefore timely in its real and potential impact on the region's tuna industry. The project provides an avenue for the Pacific island nations to express the ideals of their sovereignty through their control and use of the large and valuable tuna resources found within their respective exclusive economic zones.

Charles W. Lepani  
Director  
Pacific Islands Development Program  
East-West Center

## Acknowledgments

The success of the Pacific Islands Development Program's tuna project has been due to the efforts and support of many individuals, regional and international organizations, and Pacific island governments. Without their contributions the project would not have achieved its high level of success and international prominence.

Research funding for the project came from several sources including the East-West Center, the United Nations Development Programme, the State of Hawaii, the Australian Development Assistance Bureau, and the United States Agency for International Development. The financial support of these organizations made the project possible.

Over the duration of the project I received encouragement from the former director of the Pacific Islands Development Program, Filipe N. Bole, and the current director, Charles W. Lepani. The former research coordinator, Michael P. Hamnett, provided excellent professional guidance while Jeanne Hamasaki and LeNora Wee gave administrative support. Jesse M. Floyd and Linda Lucas Hudgins assisted various stages of the project, contributing professional and administrative support.

In addition to the consultants who prepared reports for the project, I am indebted to Osamu Narasaki and Robert Young for their assistance. The flexibility and the highly competent approach of all the consultants made my task easier.

Secretarial assistance to the project was provided by Forrest Hooper and Joanne Yamane. In addition, Janie Aucoin, Titilia Barbour, Lynette Tong, and Mary Yamashiro contributed typing support. Barbara Yount edited the book and it was proofread by Edith Kleinjans. Production of the book was undertaken by Jacqueline D'Orazio and her staff. Special thanks go to Lois Bender for typesetting the manuscripts. Russell Fujita designed the book's layout and cover.

David J. Doulman  
June 1987

## Abbreviations and Acronyms

ACP	Asian, Caribbean, and Pacific
ADB	Asian Development Bank
AFZ	Australian fishing zone
ATA	American Tunaboat Association
ATSA	American Tuna Sales Association
BANPESCA	Banco Nacional Pesquero y Portuario, S.N.C., Institución de Banca de Desarrollo (National Fishery and Ports Development Bank, Mexico)
BFAR	Bureau of Fisheries and Aquatic Resources (Philippines)
BOI	Board of Investment (Thailand)
CDC	Commonwealth Development Corporation
CIF	Cost, insurance, and freight
CPUE	Catch-per-unit-of-effort
CSIRO	Commonwealth Scientific and Industrial Research Organization (Australia)
DO	Dissolved oxygen
DWFN	Distant-water fishing nation
EDP	European Development Programme
EEC	European Economic Community
EEZ	Exclusive economic zone
EIA	Environmental impact assessment
EIB	European Investment Bank
ESCAP	Economic and Social Commission for Asia and the Pacific
ETP	Eastern tropical Pacific
FAD	Fish-aggregating device
FAO	Food and Agriculture Organization (United Nations)

FDA	Food and Drug Administration (United States)
FDCA	Food, Drug, and Cosmetic Act (United States)
FFA	Forum Fisheries Agency
FFAP	Federation of Fishing Associations of the Philippines
FLSA	Fair Labor Standards Act (United States)
FOB	Free on board
FPLA	Fair Packaging and Labeling Act (United States)
GATT	General Agreement on Tariffs and Trade
GDP	Gross domestic product
GNP	Gross national product
GRT	Gross registered tonnes
GT	Gross tonnes
IAC	Industry Assistance Commission (Australia)
IATTC	Inter-American Tropical Tuna Commission
ICLARM	International Center for Living Aquatic Resources Management
IDA	International Development Association
IFC	International Finance Corporation
JAS	Japan Agricultural Standards
KGKK	Kaigai Gyogyo Kabushiki Kaisha (Overseas Fishing Company Ltd, Japan)
KMIDC	Korea Marine Industry Development Corporation
LIBOR	London Interbank Offered Rate
LPG	Liquified petroleum gas
MAF	Ministry of Agriculture and Food (Philippines)
MAFF	Ministry of Agriculture, Forestry and Fisheries (Japan)
MFN	Most favored nation
MIGA	Multilateral Investment Guarantee Agency
MITI	Ministry of International Trade and Industry (Japan)
MNC	Multinational corporation
MSY	Maximum sustainable yield



NFC	National Fishing Corporation (Tuvalu)
NFDL	National Fisheries Development Ltd (Solomon Islands)
Nikkatsuren	Federation of Japan Tuna Fisheries Co-operative Associations
NMFS	National Marine Fisheries Service (United States)
NOAA	National Oceanic and Atmospheric Administration (United States)
NRT	Net registered tonnage
OECD	Organization for Economic Cooperation and Development
OJT	On-the-job training
OLDEPESCA	Organización Lationoamericana de Desarrollo Pesquero (Latin American Organization for Fishery Development, Mexico)
PAFCO	Pacific Fishing Company Ltd (Fiji)
PEMEX	Petroleos Mexicanos (Mexican National Petroleum Company)
PFDF	Pacific Fisheries Development Foundation (United States)
PICOSA	Pesca Industrial Corporación, S.A. (Industrial Fish Corporation, Mexico)
PNAC	Philippine-North American Conference
PNGTF	Papua New Guinea Tuna Fisheries Pty Ltd
PPM	Productos Pesqueros Mexicanos (Mexican Fishery Products)
PTPEA	Philippine Tuna Producers and Exporters Association
SAMI	Selling Areas Marketing Inc
SBT	Southern bluefin tuna
SEAFDEC	South East Asian Fisheries Development Center
SEPESCA	Subsecretario de Pesca (Subsecretariat of Fisheries, Mexico)
SPC	South Pacific Commission
SPF	South Pacific Forum
SPFC	South Pacific Fishing Company (Vanuatu)



SPREP	South Pacific Regional Environment Programme
STL	Solomon Taiyo Ltd (Solomon Islands)
TCAP	Tuna Canning Association of the Philippines
TML	Te Mautari Ltd (Kiribati)
TOR	Terms of reference
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
USDOL	U.S. Department of Labor
USITA	U.S. International Trade Administration
USITC	U.S. International Trade Commission
USTF	U.S. Tuna Foundation
WB	World Bank

# Introduction

## Background

In 1981 the Pacific Islands Development Program (PIDP) was directed by the Standing Committee of the Pacific Islands Conference to evaluate the potential beneficial roles of multinational corporations in the Pacific islands region. The minutes of the Pacific Islands Conference Standing Committee meeting of 21 April 1981 noted in part:

In discussing the role of multinationals, the Standing Committee felt there should be a better understanding of the role of multinationals in the Pacific islands in terms of their objectives, organization, and know-how, as well as their role in development. At present there is a tendency to react with some hostility toward multinationals, which has effectively kept governments and multinationals at arm's length. At the same time, many governments have tried to develop cooperatives and local companies to achieve the same purpose as the multinationals, and, in many cases, these schemes have run into difficulties. Furthermore, the new developers tend to try to attain monopolies for themselves when, in effect, competition may be more beneficial for the countries and people of the islands.

The Committee felt that there should be a study of multinationals and, more specifically, on why they succeed, how they succeed, and in what areas. With a better understanding of the role of multinationals, perhaps systems could be developed for joint or cooperative efforts between governments and multinationals that will be beneficial for both parties.

The Standing Committee addressed the question of multinational corporations again in 1984 and resolved that evaluation of the role of these corporations should be undertaken on a sectoral basis, with the tuna industry being the first sector to be examined. Staff members for the tuna project were appointed in late 1984, and the project began in January 1985.

## Objectives

In accordance with the directions of the Standing Committee in 1981 and 1984, the objectives of the tuna project were to

- Analyze the current and future role of multinational corporations in the tuna industry in the Pacific islands region, and
- Evaluate the potential contribution these corporations could make to industry development in the region.

In the context of the study, multinational corporations were interpreted in a broad sense to incorporate most forms of private investment.

## Research areas

The project had four major areas of research:

**Overview of the Pacific tuna industry.** The first step in studying the tuna industry in the Pacific islands region was a profile of tuna resources and an assessment of their potential for development. This work drew on the stock assessment research conducted by the South Pacific Commission (SPC) and research by Pacific island governments and other international and regional agencies.

**World tuna markets.** Success in the fishing industry depends not only on catching fish but also on knowing where and how to market the fish. In the international tuna industry particularly, this requires complete, up-to-date information on marketing opportunities, buyers' product specifications, prevailing market requirements, and price fluctuations. Success in the industry also requires a thorough understanding of the structure and dynamics of world tuna markets for frozen and processed products. Lack of this kind of information puts producers and exporters (especially in developing countries such as the Pacific island countries) at a disadvantage in their dealings with established traders. The tuna project addressed these information needs by reviewing past and present conditions in the major tuna markets: Australia, Canada, Japan, the Middle East, the United States, and Europe.

**International business and foreign investment in the industry.** The international tuna industry is dominated by a relatively small number of companies, but information on their activities and operations is not easily available. Research in this project area began by addressing this concern and by identifying and profiling each of the major companies involved in the world's tuna industry. Particular emphasis was placed on those companies involved in the tuna industry in the Pacific islands region. Data were presented on the level of their investment, the nature of their activities, the extent of their operations, and their cooperation

and involvement with other companies in the tuna industry. An important objective in this phase of the research was to provide a better understanding of the operations and strategies of, and linkages among, the major multinational corporations involved in the tuna industry.

*Development options and issues.* This research focused on evaluating options for Pacific island governments with respect to financing tuna projects, packaging tuna projects, taxing tuna projects, treatment of infrastructure, and environmental and social impacts.

## **Research methodology**

Several research methods were employed to complete the project. Data were obtained from published literature, U.S. and Japanese fisheries associations, government documents, and regional and international organizations. Information was also sought from the tuna companies involved in the Pacific islands region. In addition, this information was augmented by field research and interviews with government officials and industry leaders. Experts were contracted to undertake studies on specific issues that required specialized knowledge and firsthand experience.

## **Finance**

The tuna project was financially supported by the East-West Center, the Australian Development Assistance Bureau, the State of Hawaii, the United Nations Development Programme, and the United States Agency for International Development. The total cost of the project was approximately \$300,000.

## **Intern program**

The objectives of the internship were to familiarize middle-level fisheries professionals with PIDP's tuna research and to provide an opportunity for them to actively participate in and contribute to the output of the project. The three countries that nominated interns were Kiribati, Tonga, and the Marshall Islands.

## **Collaboration**

PIDP's policy is to collaborate with national, regional, and international organizations to the maximum extent possible. The tuna project recognized that close liaison should be maintained with the Forum Fisheries Agency as well as with other organizations such as the South Pacific Commission, the United Nations Development Programme, the Food and Agriculture Organization, the United Nations Centre on

Transnational Corporations, and the Commonwealth Secretariat. Liaison was also established with institutes in Australia, Canada, Japan, and the United States with a view to cooperating on research. Particularly close research collaboration was maintained with the University of Sydney's Transnational Corporations Project.

Close liaison was also maintained with government representatives in the Pacific islands region to ensure that research findings were disseminated quickly. The project director also assisted governments in other ways, for example, in advertising employment vacancies, recruiting fisheries staff, providing trade information, and obtaining background information on consultancy groups.

### **Staff**

The project director was Dr. David J. Doulman. Prior to joining the project he was chief fisheries economist in Papua New Guinea. Dr. Doulman will continue to work in the fisheries field as senior economist with the Forum Fisheries Agency in Solomon Islands. Dr. Jesse M. Floyd worked on the project as a senior analyst from November 1984 to December 1985. Mr. Iosefa A. Maiava from Western Samoa was a professional associate with the project from January to June 1985. Dr. Linda Lucas Hudgins joined the project as a senior analyst in 1986. Dr. Hudgins was on leave from the graduate school of economics at the University of Notre Dame, Indiana. Dr. Gary C. Anders also joined the project on a short-term appointment from January to March 1987. He is a professor in the school of business and public administration at the University of Alaska/Juneau.

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## I. OVERVIEW