US threatens to withdraw from major Pacific fisheries treaty

John Braddock
25 January 2016

The United States last week gave Pacific Island nations notice that it plans to withdraw from the 27-year-old South Pacific Tuna Treaty, its most important commercial, aid and trade pact within the region.

Washington had agreed to pay $US89 million for its 2016 fishing rights and then reneged on the deal. Unless it is renegotiated, the treaty will expire in 12 months, with devastating economic and social consequences for jobs and livelihoods, as well as government revenues, in many small Pacific states.

The treaty governs US access to the world's biggest fishing grounds, within the 200-mile exclusive economic zones of 17 mostly small Pacific Island states, many dispersed over vast areas of ocean. The State Department negotiates access on behalf of the US fishing companies, which operate the largest fleet in the Pacific.

The State Department's move was signalled last month when the US government asked the Forum Fishing Agency (FFA), based in Papua New Guinea, to "take back" 2,000 fishing days that the US had initially demanded during negotiations last August as part of a package that covered over 6,000 days. The FFA refused, saying it was a signed agreement.

After pushing the Pacific nations to increase its quota during the negotiations, the US tuna industry was hit by sharply declining fish prices. From a record high of $US2,350 per tonne in mid-2013, prices for skipjack tuna on the world market plummeted to $1,000 by December 2015, accentuated by an oversupply of fish to Thai and other canneries.

Last month, several US-flagged fishing companies claimed they were in "economic dire straits" and could not or would not pay their portion of the $17 million quarterly payment due on January 1. As a result, the FFA refused to issue licenses for 37 US vessels, which are either anchored in port or fishing in other regions.

The US responded by declaring the treaty was "no longer viable for the US fleet." In a letter to the FFA, the State Department's director of marine conservation, William Gibbons-Fly, bluntly declared: "Rather than serving as a means of facilitating opportunities for the US fleet to fish in the region, the treaty itself prevents the fleet from doing so."

The move is another sign that the US is using its economic muscle to assert its geo-strategic interests across the Pacific region. Washington's commercial arrangements are inseparable from its overall strategic and military objectives. The Obama administration's "pivot to Asia" aims to push back China's influence in a range of trade, aid and military arenas. Tensions have risen as some Pacific states, resentful over their current and historical treatment by US imperialism and its allies, Australia and New Zealand, have strengthened economic and diplomatic ties with Beijing.

In November 2010, then US Secretary of State Hillary Clinton and Defence Secretary Robert Gates visited Canberra to sharply express Washington's concerns that the management of the South West Pacific by their Australian and New Zealand counterparts was allowing increased Chinese influence.

Washington's threat to cancel the Tuna Treaty is a sharp warning to the tiny Pacific states that they must do business on its terms, and buckle under on more fundamental strategic issues, or suffer the consequences. The treaty is an instrument through which the US also delivers economic aid to the region, and in return receives broader rights, such as maritime surveillance. It includes an Economic Assistance Agreement that commits the US to pay $21 million annually into an economic development fund administered by the FFA.

The 17 Pacific parties to the treaty are Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Marshall Islands, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, United States and Vanuatu.

According to a report on Australia's ABC Radio on January 19, the move will have a "frightening" impact on the economies of Pacific nations, which are among the world's most impoverished. Tokelau (a NZ territory) fisheries director, Mika Perez, said US withdrawal from the treaty could "starve" his country of much-needed income. More than 90 percent of Tokelau government revenue in recent years has come from offshore fisheries. Niue faces a similar predicament, while processing American-caught tuna accounts for thousands of jobs in the US Pacific territory of American Samoa.

The FFA's deputy director general, Wez Norris, said the Pacific nations would suffer immensely. "There's a lot of revenue that's supposed to flow through to governments that pays for hospitals and schools," Norris declared.

Immediately, the State Department's move appears to be an attempt to restructure the treaty more favourably for US companies. Norris criticised the US of resorting to an "extreme measure"—dumping the treaty—rather than "sitting down and trying to fix" the issues.

The harsh US action could backfire. For a start, the US risks its own boats being shut out from thousands of square kilometres of ocean as other global fishing countries, including China, use the opportunity to gain more access. Already, China has reportedly increased its tuna fishing fleet in the Pacific by more than 100 boats between 2012 and 2015.

It is unclear how the treaty will operate over the coming 12 months. Some US fishing companies that are able to pay their 2016 allocation have indicated they may seek to negotiate their own deals on commercial terms. American Samoan processing company Tri Marine International told the *Samoa News* that it will look for "other opportunities" to source tuna supply for its Pago Pago cannery from other fleets.

The FFA has issued a tender to test the market for selling days unused by the US fleet. The FFA fears it may be difficult to sell the days at the level—over $11,000 per day—that the US had agreed to pay. Under conditions of a sharp global downturn in commodity prices, of which the price of tuna is a part, a competitive "fire sale" of fishing days could emerge.

The FFA is attempting to pull together an emergency consultation with its members in early February to address the issue. It has urged its members to consider "the worst case scenario"—no payment and no fishing by the US fleet—when reviewing possible options in negotiation with the US.