THE OCEANS AND FISHERIES PARTNERSHIP

LEARNING SITE: GENERAL SANTOS CITY, PHILIPPINES

VALUE CHAIN ASSESSMENT

OVERVIEW

The Oceans and Fisheries Partnership (USAID Oceans) conducted a study in late 2016 to assess the value chain in the General Santos City tuna industry. The study was undertaken by Bold Native Advisors. The assessment was conducted as a key first step to understand the catch documentation and traceability (CDT) processes and requirements along the value chain, identify the main exporting markets and explore market/buyer requirements and customer preferences. In turn, this study will support the CDT design approach, partnership development and industry engagement in General Santos and along the value chain.

FINDINGS

FISHERY OVERVIEW

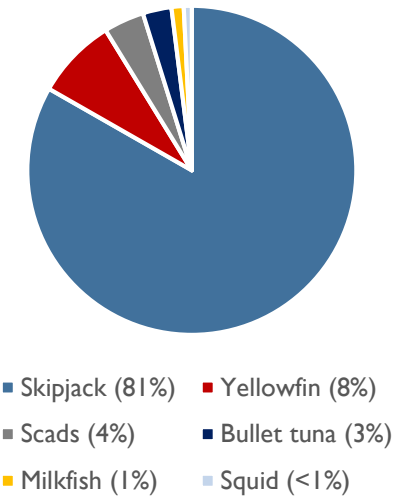
Tuna Landings at General Santos City Fish Port Complex (GSCFPC): 217,630 million tons in 2015

Export Markets: The United States, European Union, and Japan account for 88% of Philippine tuna exports, in volume (2015).

Vessel and Gear Types:

- *Handline fishery:* Mainly company-operated handline motherships (15 – 35 gross register tonnage (GRT)) with up to 20 pakura (handlining dories) and a declining number of traditional bancas (8 GRT) catching large pelagic tuna.
- *Philippines purse seine and ring net (chilled) fisheries:* Fish Aggregating Device (FAD)-based fisheries catching small juvenile pelagic tunas, neritic tuna and small pelagic fish.
- *Frozen (reefer) landings:* Bulk consignments of frozen skipjack and yellowfin tuna caught in high seas or other coastal state waters (mainly Papua New Guinea) destined for the canneries in General Santos. These are either landed by Philippine-flagged reefer vessels or foreign-flagged reefer vessels.

Landings into GSFPC (2015)



The following table summarizes export data by product in GSFPC:

Product type	Species	Export volume	Export value	Main markets
Canned tuna	Skipjack	72%	66%	55% to EU 29% to US 11% to Japan
Frozen tuna (whole and loins)	Yellowfin (approx. 90%)	23%	29%	60% to EU 15% to US 20% to Japan + fillets to Israel
Fresh tuna (whole & loins)	Yellowfin (approx. 90%)	4%	5%	50% to EU 10% to US 9% to Japan + fillets to Switzerland
Total		**105,466 mt**	**$357 million**	

EXISTING CATCH DOCUMENTATION AND TRACEABILITY PRACTICES

The Philippines Government, mainly via the Bureau of Fisheries and Aquatic Resources (BFAR), has put in place a fairly complex set of catch, transshipment and processing reporting requirements at a national level. All paper-based, they require considerable cross-correlation with other foreign and domestic reports (e.g. to receive a catch certificate a *Catch Origin Landing Declaration* is required).

- Catch certificates at the harvest stage (simplified for vessels smaller than 12m/20 GT) *Regular Catch Certificate (RCC)* for those vessels >20GRT and the *Simplified Catch Certificate (SCC)* for smaller vessels (e.g. <20 GRT)
- Upon landing, vessels must submit a number of documents in order to obtain a validated catch certificate (if catch to be exported to the EU). These include:
  - Vessel details
  - Product species and volumes
  - Catch areas and dates
  - Estimated landing weight.
  - A Transshipment Certificate is also required if fish is transferred from a catcher to a carrier vessel
  - *A COLD*, one of the prerequisites for the BFAR-issued catch certificate, should also be submitted to BFAR by the Captain or Master of a fishing vessel or his representative.
- Processing statements for fish caught by foreign-flagged vessels entering the Philippines for processing
- Other processing records are required by BFAR, including:
  - Freezing records
  - Cold storage records
  - Processing records at various stages
  - Dry storage records
- Transport records, such as pre-trip inspection report and van loading reports
- Other CDT requirements downstream include:
  - Health Certificate
  - Export Commodity Clearance
  - Export Declaration
  - Airway Bill/Bill of Lading

OPPORTUNITIES AND CHALLENGES FOR CDT ALONG THE SUPPLY CHAIN

POINT OF CATCH/HARVEST

Opportunities

National and Local Catch Documentation Exists: There is an opportunity to build on existing national and local catch documentation requirements in General Santos. However, they are currently entirely paper-based, and lack rigorous quality assessment and verification.

Larger Supply Chains Already Receive Scrutiny: Frozen tuna from purse seiners and other distant water fisheries such as reefer imports of frozen tuna represent the majority (75%) of inputs to General Santos' six canneries, tend to be from well-established larger supply chains (both Philippine-flagged and others) that are already well scrutinized by both the overseas buyers and BFAR.

Tuna landed at GSFPC is documented in preparation for sale to brokers and end markets.

Focus on IUU and Ecosystem Indicators: There is an opportunity to improve catch documentation by making it more risk-based, focusing on fisheries where misreporting or other IUU activities might be prevalent. Additionally, better integration of market and landings data with CDT and catch accounting will allow for the integration of more ecosystem indicators.

Challenges

Current Catch Documentation is Paper-based: The Philippines' current catch documentation system for fresh tuna from purse seine and ring net fisheries is paper-based. Catch reporting is based on the verification of paperwork and landings at port as declared by boat captains and this information is not provided to the authorities, so the documentation can be incomplete or inaccurate. The paper-based logbook system is prone to damage or loss at sea.

Transshipment Complicates CDT: GSFPC is the key tuna port in the Philippines, with relatively small quantities of locally-caught handline yellowfin tuna, larger quantities of domestically caught purse seine/ring net fishing landed fresh, large volumes of frozen

fish transshipped from other fisheries in the Philippines, and small volumes of containerized frozen fish from other harbors in the Philippines. The large daily volumes landed or transshipped in from these different fisheries presents a real challenge, particularly for smaller vessels, as the catch, transshipment and processing reporting requirements are all paper-based and require considerable cross-correlation with other foreign and domestic reports, as well as data entry and verification to achieve the mass balance and traceability outputs.

Cost is Prohibitive: Smaller fishing operations, which are struggling financially, may find it difficult pay for increased CDT, in terms of time and purchase of e-reporting and monitoring equipment. The cost of data transmission will also be an issue as vessels move out of GSM range and data volumes increase with increasing CDT complexity.

Estimating Catch Volumes on Vessels is Difficult: On board vessels, a lack of weighing scales prevents accurate logging of catch volume of fish caught at the point of harvest, leaving open the opportunity for fish losses or at-sea distribution without any control measures and records in place.

Weak Telecommunication Signals Prohibit Data Transmission: Weak telecommunication signals at sea is a hindrance to electronic transmission of data by observers and boat captains.

Incentives to Misreport: For some fishers, the wages they earn depends on what the report on the catch documentation forms, creating an incentive to misreport. Additionally, to maintain a competitive edge and protect their fishing grounds from rival fishers, boat captains might be inclined to hold back the truth when completing catch documentation forms.

Lack of Transparency: The competitiveness of the fishing industry leads supply chain actors to reduce transparency concerning catch location, volumes, species and size grades. Companies may be wary of digitally transmitting this sensitive information because it raises issues of data confidentiality.

Fishers Have Limited Capacity and Willingness: The fishers responsible for completing catch documentation forms generally have limited education and limited willingness to ensure the forms are completed in a correct, comprehensive and legible manner. Resistance on the part of fishers to new procedures and requirements may slow compliance with catch documentation and traceability requirements, as it did in the initial implementation stage of the EU catch certification program.

LANDING

Opportunities

Greater Integration of Market and Landings Data with CDT: There is an opportunity to integrate information currently being collected on market throughput, species, size grades and quality into the catch documentation process so it can be cross-correlated with CDTS-derived data.

Challenges

Capacity Barriers: As catch documentation moves towards a digital platform, considerable skill and human capacity issues must be addressed through awareness-raising and both formal and informal/on-the-job training in a wide range of disciplines, from marine biology to information technology.

Cost of Certification and Permits: Certifications and permits, especially for international accreditations, are costly for some exporters, particularly for those who are only selling tuna in low volumes.

Delayed Transshipment Certificates: Due to competition in export markets, the National Fisheries Authority of PNG (if catch is from PNG waters by foreign or Philippines-flagged vessels) often issues the transshipment certificate or the fish origin declaration form, prerequisites for export, only after several weeks' delay, slowing down the export process for Philippine products.
Informal Unloading Practices: At the landing, an assumption is made about the typical weight and species of fish contained in the banyera (tub) and vessel's reported weight estimated is not rigorously verified. More accurate weighing and oversight is needed to verify species, weights and absence of juvenile fish in the catch.

Port Conditions: To be on a par with the requirements of international markets, GSFPC needs improvements (i.e. -60° refrigeration facilities, full air-conditioning market, waste water treatment, etc.).

PROCESSING

Opportunities

Strong Data Collection Processes: The canneries and processors at GSFPC have thorough data collection processes and forms.

Challenges

Inconsistency in Data Collection: Each buyer, canner and processor has their own unique forms for data collection, and completing the various forms multiple buyers, canners or processor is both time consuming and confusing. Furthermore, as the forms are paper based there is the opportunity for forms to be misplaced, damaged or illegible.

MARKET

Opportunities

Leverage from Markets: Overseas buyers create demand and leverage for CDT given much of Philippines tuna is exported. Seafood buyers will be demanding more reassurances on the environmental provenance of fish, which will present particular challenges for General Santos' FAD-based domestic purse seine fishery.

Challenges

Inconsistent Export Market Requirements: The E.U. and U.S. have various forms and requirements that need to be completed for import, which is time-consuming.

High Tuna Price: The price of tuna in the Philippines is higher than in other tuna-producing countries, which makes the Philippines less competitive as a tuna exporter than other countries such as the Maldives and Thailand due to the lower prices they offer.

METHODOLOGY

The identification of main actors and stakeholders was accomplished through determining the scope of the tuna value chains from point of catch to final consumer. A series of semi-quantitative interview tools were then developed to further capture data and views at the main value chain transaction points. Extensive 'on the ground' interviews were conducted with the main actors and stakeholders at GSFPC. Lastly, the team established positions on CDT drivers, progress and barriers through looking at two separate activities (i) the nature of external market for tuna products and their CDT requirements and (ii) current and emerging customer and preferences and trends. This was conducted through a mixture of desktop research and interviews.

The Oceans and Fisheries Partnership (USAID Oceans), a partnership between the U.S. Agency for International Development and the Southeast Asian Fisheries Development Center (SEAFDEC), is working to strengthen regional cooperation to combat IUU fishing, promote sustainable fisheries, and conserve marine biodiversity in the Asia-Pacific region. The backbone of the program is the development and implementation of country-specific, financially sustainable Catch Documentation and Traceability (CDT) system. This CDT system will be integrated with existing government systems, will also incorporate human welfare data elements, and will be demonstrated within an Ecosystem Approach to Fisheries Management (EAFM) framework.

For More Information, contact info@oceans-partnership.org or:

Tim Moore
USAID Oceans
Senior Partnerships Advisor
Tim.Moore@oceans-partnership.org