

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

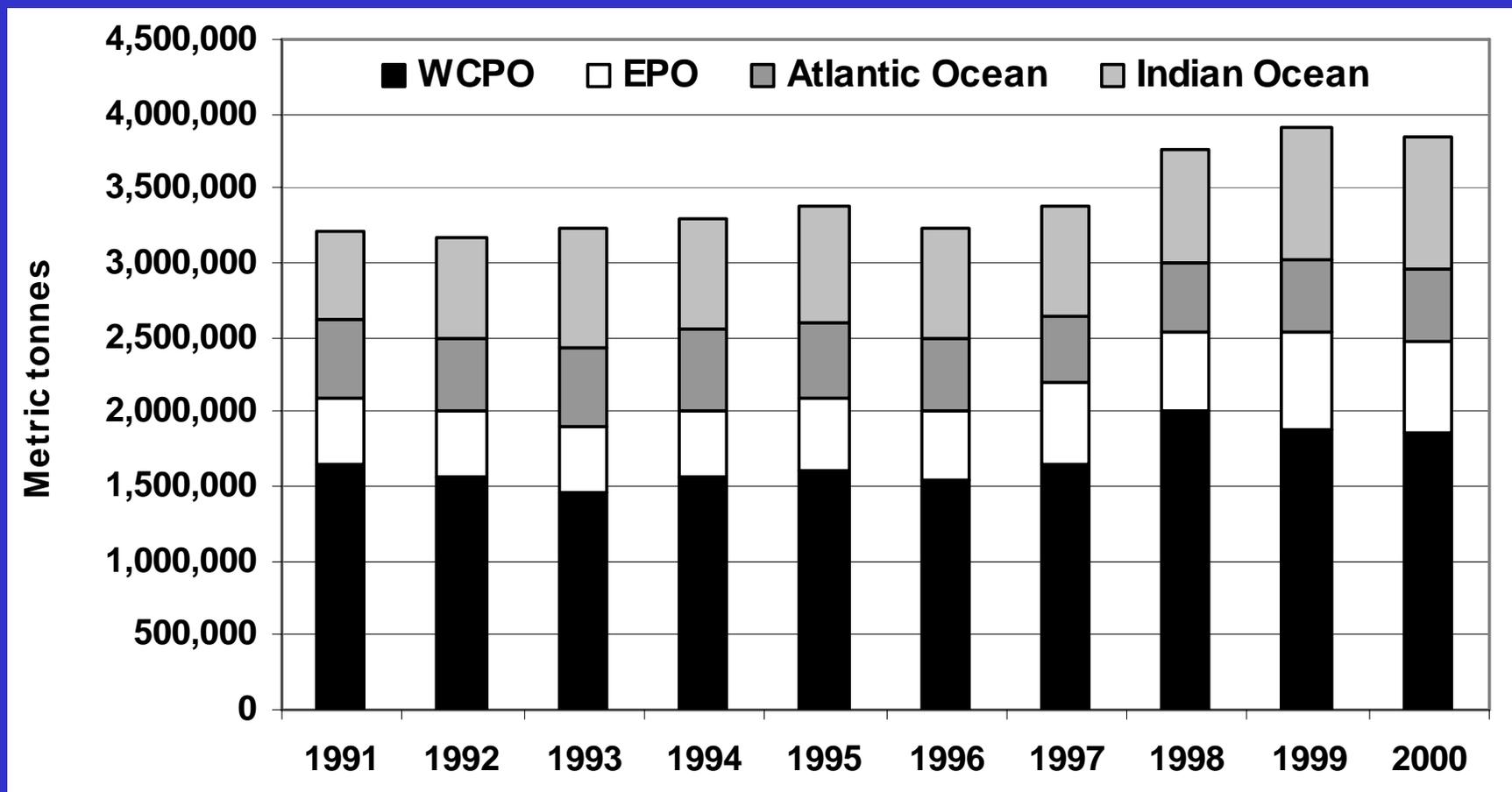


**By Josie Tamate  
Forum Fisheries Agency  
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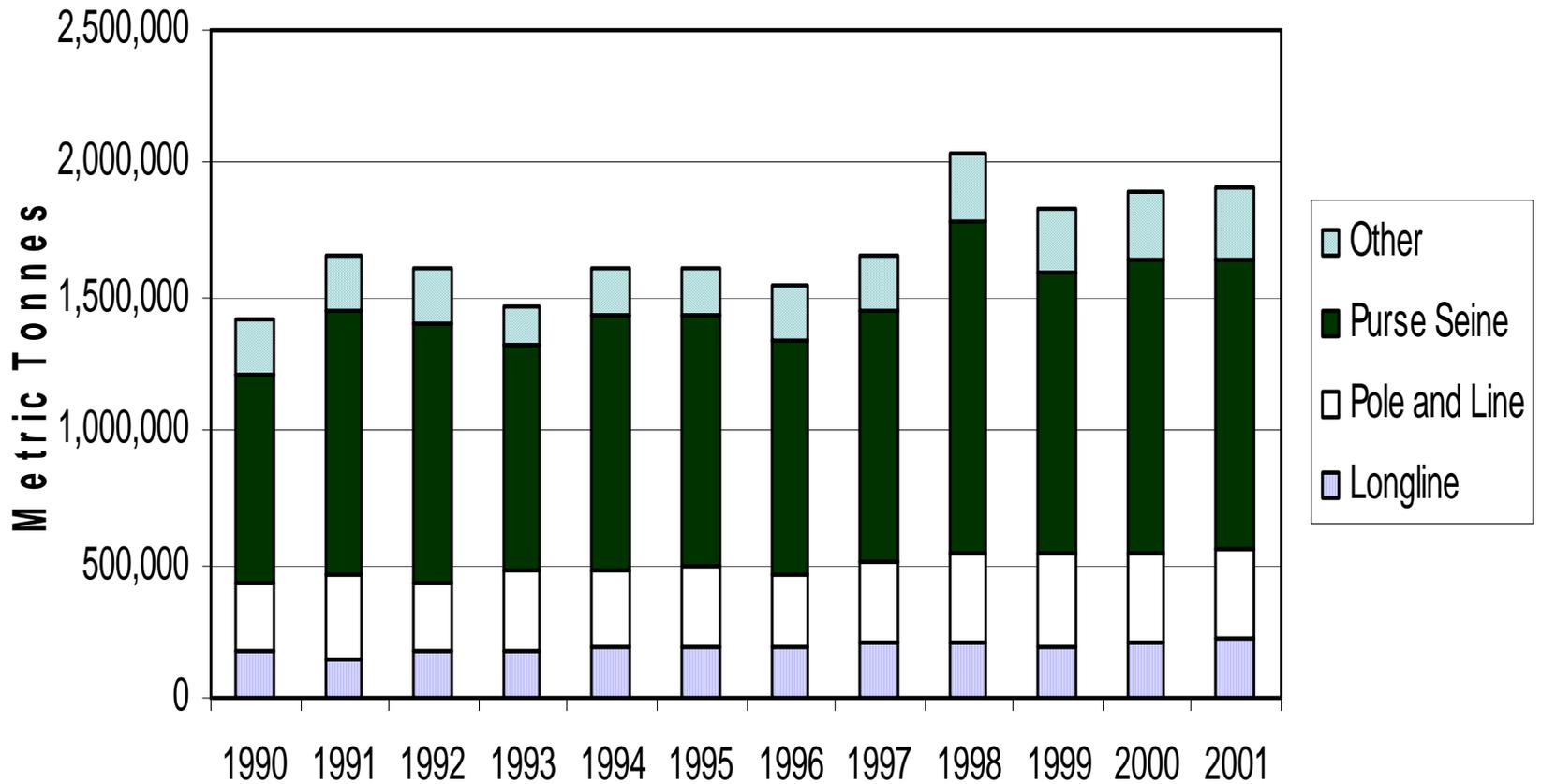
# Background

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

# Tuna Catches in Major fishing Areas in the World



# Tuna Catch from WCPO



# Airfreighting Fresh Sashimi/Chilled Tuna

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

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

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

# US Fresh Tuna Imports (in mt)

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

# Summary

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

# Sashimi Airfreight Study

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

# General Conclusions of the Study

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

# Recommendations

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

# Challenges for Fresh Tuna Exporters

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

# Increasing Use of Twin Jet Aircrafts

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

# Minimising Financial Loss

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

# Consistent Supply/Volume of Shipment

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

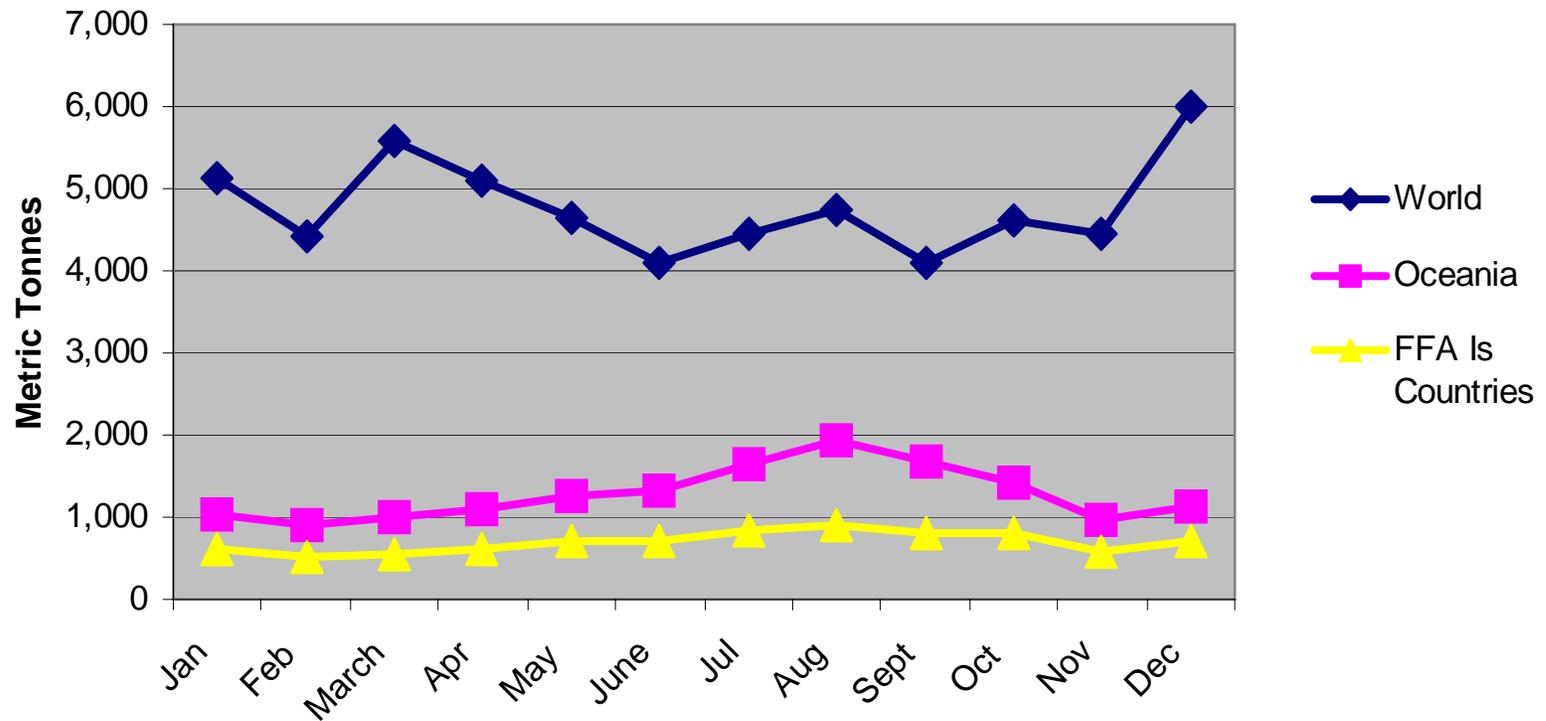
# Supply to the Japanese Market

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



# Japan Fresh Tuna Imports (1997 – 2001)

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



# Future Prospects For Fresh Tuna Exporters

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

## **Future prospects cont....**

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

**BUT WHO SHOULD KICKSTART THE  
PROCESS?**

# Conclusion

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



