

A NEW START FOR PAPUA NEW GUINEA'S DOMESTIC TUNA FISHERY

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INTRODUCTION

Papua New Guinea's tuna industry closed down at the end of 1981 because of poor world prices for tuna, and because of re-organisation by the companies operating the fishery in Papua New Guinea. The companies involved were subsidiaries of Japanese, American and Australian companies. All were foreign-owned. For a full explanation of the closure see HARVEST Volume 8, No. 3, pp. 110-116.

The tuna fishery using the pole and line method of fishing, began in this country in 1970 and became our fifth most important primary industry. From 1971 to 1981 some 310,000 tonnes of tuna were landed and exported, mainly to the U.S.A., with an export value of almost K150 million. The fishery provided work for around 1200 Papua New Guinean fishermen and shore-based workers. It was based in the Islands Region, with fishing going on around Kavieng and the headquarters in Rabaul. The closure hit businesses in that region very hard.

When the tuna fishery closed, the Papua New Guinea Government realised that it had had almost no control of what happened in this important industry. In 1982 it was decided to try to re-start the fishery, but this time the Government would decide how it would be organised. At the same time, several Japanese companies also showed interest in starting tuna fishing operations again.

After discussions between D.P.I. and the Japanese, it was clear that the Japanese would co-operate with the Papua New Guinea Government. Discussions were helped greatly by the fact that the leader for the Japanese was a man who had plenty of experience with the tuna fishing industry

in this country and throughout the world. He was Mr O. Narasaki, formerly Managing Director of New Britain Fisheries Pty. Ltd., which stopped fishing operations in Papua New Guinea in 1981. Mr. Narasaki is now President of New Fisheries Development, Ltd, Shimizu, Japan.

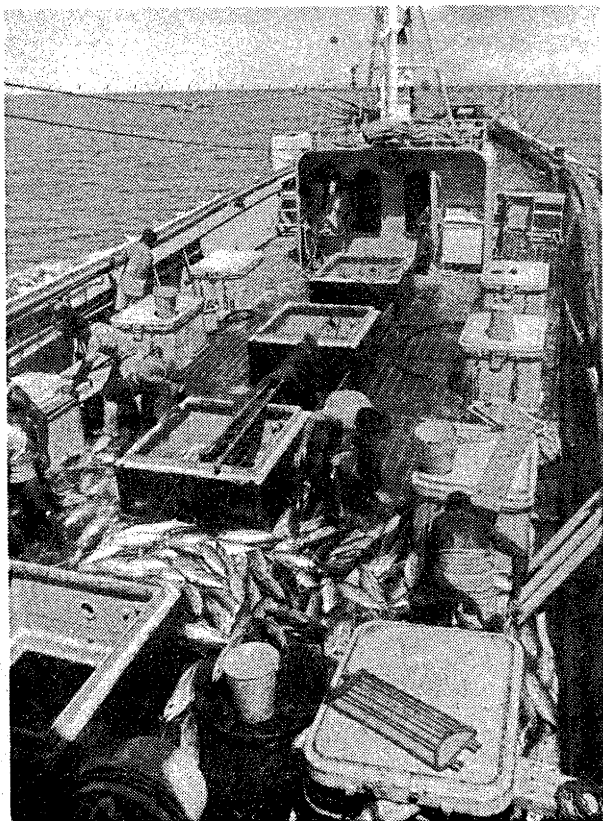
Even as these discussions were going on, many other tuna fisheries in the world were still facing financial problems or were closing down. However, the Government believes that because this country has large tuna and bait-fish resources, it is in a good position to have a stable pole-and-line and eventually purse-seine fishery.

The final agreement between Papua New Guinea and Japan was signed in May 1984. Three parties signed: The Independent State of Papua New Guinea; Okinawa Kaigai Fisheries Co. Ltd (the Japanese or parent company); and Papua New Guinea Tuna Fisheries Pty. Ltd (the PNG based company). The agreement is known as the Okinawan Agreement.

TERMS OF THE AGREEMENT

At the moment the PNG based company is a wholly owned subsidiary of the parent company, that is, it is owned by the parent company but considered separate. However, the Government (or people or organisations named by the Government) can take up to 49% ownership of the company within the next 5 years. If fishing is reasonably profitable, the provincial governments in the Islands Region, and other businesses, will probably take up this offer.

The Agreement lasts for 10 years. Parties may extend the period if they wish. The port of operation for the fleet is Kavieng, New Ireland Province. Kavieng was chosen



A good catch of tuna on board a catcher boat

because it is very close to the baiting grounds.

The parent company

Under the Agreement, the parent company is responsible for project management and marketing, as well as providing money to run the PNG based company when needed. Contracts for managing operations in Papua New Guinea and for marketing the catch have been worked out by the parent company with New Fisheries Development Ltd. A representative from New Fisheries Development Ltd will have a seat on the Board of Directors of the PNG based company. (The Board of Directors of a company is the group of people who together discuss and decide how the company should be run.)

The parent company owns and operates all the vessels in the fishery. However, under the Agreement, it must transfer about one per year to the PNG based company. Terms of sale for the vessels being handed over are included in the Agreement.



A fisherman handling tuna on a catcher boat

The PNG based company

The responsibilities of the PNG based company are as follows:

- setting up shore-based facilities
- development of domestic markets for the species of fish which are caught but cannot be exported
- setting up again the katsuobushi (smoked tuna) plant
- managing a cold-store to service distant-water purse-seine vessels (once the store is constructed).
- looking after the pole-and-line vessels as they are transferred from the parent company.

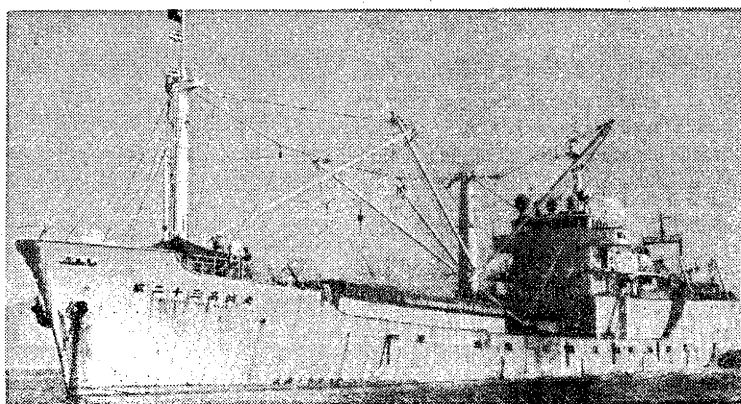
To start with, all the tuna landed will be sold to the PNG based company by the parent company under an agreed pricing system, and the PNG based company will market them. As the parent company hands



Transferring the catch from the catcher boat to the mothership



Weighing the catch on the mothership



A mothership at anchor waiting to receive tuna from the catcher boats

over vessels, buying from the parent company becomes less important. A profit-sharing scheme for the two companies has been worked out. Both the pricing and the profit-sharing are designed to protect the finances of the PNG based company.

Both the parent and PNG based companies must buy goods and services within Papua New Guinea as much as possible. This is very important for business activities in the Islands Region. For example, each pole-and-line vessel in 1981 spent K166,000 in Rabaul on things like fuel, food and repairs.

Markets

Contracts for the sale of tuna to a cannery in Fiji have already been worked out. Sales are also likely to be made to a katsuobushi plant in Okinawa, and possibly to canners in Australia, the USA and Thailand.

Training

A training programme will be conducted by English-speaking Japanese training officers for PNG Nationals employed by the parent and PNG based companies. The programme will cover all aspects of fishing, management and marketing.

How is the Government involved?

It is generally felt in Government that the Agreement is a good one - the interests of Papua New Guinea are safeguarded, and at the same time the project helps to develop Papua New Guinea's tuna resources. The Agreement gives the Government power to influence developments within the fishery. A Director chosen by the Government will be appointed to the board of Directors of the PNG based company. The person chosen is Mr Ronald Kuk, an economist

from the Fisheries Division. Mr Kuk comes from Rabaul.

The Government has agreed to assist the fishery by allowing easy access to the tuna grounds and baitfish areas. This includes keeping restricted areas for the pole-and-line fleet, and granting approvals and authorizations needed to carry out the project.

A GOOD START FOR THE NEW FISHERY

It was originally planned that the project would begin in early 1985. However, sales

contracts for the tuna have already been arranged, so the fishery has been re-opened ahead of schedule!

A fleet of 8 pole-and-line vessels and one mothership arrived in Papua New Guinea in early August 1984. Fishing began on 22 August. It is planned to gradually increase the number of vessels operating as new sales contracts are arranged and the world tuna market improves.