

13th INFOFISH WORLD TUNA TRADE CONFERENCE

Bangkok, Thailand

May 21-23, 2014

“Working Together Towards a Sustainable Industry”

The Chairman’s Opening Remarks

Renato Curto, Chairman and CEO, Tri Marine Group

It is my honor to serve as Chairman of this 13th Infofish World Tuna Trade Conference, and I welcome you all to the great city of Bangkok. This biennial gathering gives us another chance to collectively focus on how we are doing, particularly with regard to sustainability, a critically important subject we first began to address in depth at our 2008 World Tuna Trade Conference. We will hear over the next three days how much more leaders of this global industry need to do to ensure responsible use of the roughly 4.5 million metric tons of tuna being harvested around the world. We will also focus again on what is needed to serve the consumer better, to operate our businesses successfully, and to meet our important environmental and social responsibilities.

The world is watching us. Daily we all read about deep concerns over the health of the oceans that are gaining more and more attention. We can't focus only on short term prices and profitability. We must address sustainability more urgently and directly, or we will have much more serious issues to deal with in the future. We must realize that we urgently need to do much more than we have done until now. This year's theme: "Working Together Towards a Sustainable Industry" -- recognizes both the global nature of fishing, processing, and sales as well as the greater world-wide public demand for accountability in utilizing one of world's greatest, renewable, but limited, fishery resources -- the tropical tunas.

Over the three days of our Tuna Conference we will have a unique opportunity to hear representatives of governments, industry, environmental organizations, and other stakeholders debate the important challenges facing us all. We have over 30 speakers who will address these challenges. We should debate directly what are, and what are not, sustainable fishing practices, and what can be done to improve our success in the marketplace. We all know there are many differences among us, but I have always believed that there is also much common ground if we choose to communicate and find it. My hope is that we are capable of developing lasting relationships that help us meet our many challenges in a collaborative manner, focusing on what we can agree on in moving forward to achieve greater success.

There isn't really much more that I can add to what my predecessors said in this same Tuna Conference in past years. The only difference is that the need for action becomes more urgent as the years go by. We all know what the issues are. And we all know very well what could be done to properly address and resolve them. At this stage, I suggest that we stop talking about what should be done and "JUST DO IT" with integrity, honesty, transparency, and a true commitment. Those of us who operate businesses rely on many factors for our success. These include working hard, managing conflicts, building strong relationships, engaging other players, and being able to compromise and work cooperatively with others. These are precisely the skills we need to bring to bear on the problems of tuna resources management.

If we make an effort to work together, we should be able to look at sustainability with a different perspective and potentially different outcomes. In this way, we will find common ground and true solutions rather than continuing controversies that should have no reason to exist. We all want our tuna resources to be sustainable. We all want our Oceans to be clean and healthy, our children to have a future with hope and confidence, an industry that is economically sustainable, and coastal and Island states with improving economies as they participate more substantially in the use of their fishery resources.

These past several months have been very revealing for all of us. When early in 2013 the price of tuna reached the highest levels in the history of our industry, all of a sudden tuna fishing became one of the most lucrative businesses in the world. Everybody wanted to join the party. Those who were already enjoying it decided that they wanted to have more “fun”, more boats. Then the wakeup call: in less than 12 months, tuna lost more than 50% of its value, and so did the assets employed to catch it. Should we hope for another dream? Or should we keep our feet on the ground and think more carefully how we can make this industry more stable and more reputable?

As I look at the status of our industry worldwide, a number of questions come to my mind. I would like to pose these questions to all of you here, and I am hopeful that by the time this conference is over, we will have found the answers, if not to all, at least to a good part of them. I apologize ahead of time if what I say may offend anyone. It is really not my intention. Please consider my comments as a simple means to stimulate dialogue for the purpose of looking, together, for long term solutions.

The first question that comes to my mind is: how do we define sustainability and best industry practices for the common methods of fishing tuna (purse seining, long-lining and pole-and-line), given the differences in each method? Are we working effectively for an accepted, universal standard of good practices?

Do we believe in the scientific approach? If so, what are we doing to support it? Those of us that founded ISSF back in 2008 certainly do. Our principal objective is to enable better science to improve management of tuna resources. We need action on a number of issues without delay: fixed annual reference points for management; a more complete and timely annual catch monitoring system; improved measures to limit by-catch; every country to do a better job of enforcing current management measures; a definition of IUU fishing to focus on the really bad actors and eliminate them; and we absolutely and urgently need to start limiting effort.

How do we address the interests and aspirations of coastal and Island states, taking into account the highly competitive nature of global markets and the reality of business risk and reward? What are the responsibilities and rights of established fishing nations, with their historical fishing practices?

Tuna is a highly migratory species and as such, it belongs to the world. Coastal and Island Nations, however, have the right (and also the obligation) to “control” the fishing efforts allowed in their waters by everyone’s vessels.

We are addressing the interests of developing coastal and Island states in more than one way. First, through licensing schemes that provide more income to these states than ever before. Second, through more investment in joint fishing ventures and shore-side processing facilities. However, are some of these joint

ventures simply a means of conveniently “disposing” of older vessels in order to replace them with larger, more efficient ones? Are we simply increasing fishing effort by continuing to operate the older vessels under joint ventures while we bring into the fishery new, often larger and certainly more efficient ones? And are some of these “on-shore investments” really aimed at job-creation and economic growth, or simply the price being paid for obtaining access on favourable terms? If we all agree that there is sufficient capacity, and if we accept that we have social responsibilities towards the Island and coastal States, shouldn't we do better than this?

Established fishing nations, and other nations new to the world tuna fisheries, must begin to limit harvest capacity in an equitable manner to leave room for local development and participation in the fishery. If not, I have no doubt that the number, size and fishing power of the world's tuna fishing vessels will increase until we pass the limit of what the scientists will after the fact tell us “was” the maximum sustainable yield.

Are the Regional Fishery Management Organizations (RFMOs) doing as good a job as they should? How can they be improved or strengthened? Is there a uniform commitment to make them work and to enforce agreed-upon measures?

Just recently we learned that basic information about catches is not being shared by some member flag states with the scientific arm of an RFMO. But to

manage tuna stocks properly we must have all the relevant data. Although RFMO's need to improve, it is very encouraging to know that they have adopted many important conservation measures. We also have other tools like the PNA Vessel Day Scheme, and an ISSF capacity resolution, that can significantly improve tuna management if properly implemented and administered. The VDS should be a very effective tool for the Pacific Island states to control and limit the fishing effort in their waters. I believe however, that the VDS should include a component of the revenue based on actual "catch". Limiting fishing days without limiting fishing effort and actual catch is an incentive for vessel owners to catch as much as possible in the shortest possible time: a "fast and furious" way of operating that is certainly not consistent with the need for a precautionary approach. **We must do better.**

How many more newcomers can enter the competition for tuna in the world oceans now that we know of the pressure on bluefin, yellowfin and bigeye tunas? Can effort be fairly and successfully limited to ease this pressure?

I suggest a moratorium on new vessel entrants to the existing RFMOs, with limited additional capacity for Small Island States. We need to be more serious about limiting capacity, in a manner that respects previous investment but prevents exceptions and loopholes, such as loose vessel replacement guidelines. Given that global tuna catches are not likely to go up very much in future,

continued expansion of the harvesting fleet is simply foolish and irresponsible. Robert Payne of FAO, speaking to this Conference in 1993, warned us about excess catching capacity and its consequences. His words were prophetic, and I quote: “With unlimited entry the benefits ... will eventually be dissipated in excess fishing capacity”. I think we may have reached that point.

How do we deal effectively with IUU (illegal, unregulated, and unreported) fishing that undercuts our efforts at sustainability, and can we agree on a common definition of this serious problem?

The most important first step here is requiring traceability standards for the entire industry. The next step is to focus on the really bad guys who are not playing by any rules, shutting them out of the marketplace if we can. We cannot attack all the problems all at once, but we can start with these important first steps.

Can we improve fishing techniques to limit by-catch and should we consider reasonable limits on use of fish aggregating devices?

I will not discuss here if FADs are good or bad in relation to sustainability. I am sure that this will be a subject for discussion in other presentations during the conference. I can say, however, that we can certainly start by designing and fabricating less entangling and more bio-degradable FADs. I can also say that, in my opinion, we need to develop a better understanding of the scientific

dynamics of how they work. This requires close collaboration with scientists. As part of the ISSF by-catch research work, several owners have made available their vessels to teams of scientists who have been given full support by the captains and the crews on board. In fact, one of those research cruises is in progress as we speak on a large Spanish vessel. I personally agree on the need to consider limits on numbers of FADs employed by the various fleets, and some form of registration. I also welcome new technology being developed by buoy manufacturers which will hopefully allow the fishing captains to “see” the species and size of fish under a raft, and be able to determine if it is a good idea or not to set on that particular FAD.

What role should industry groups, such as the International Seafood Sustainability Foundation, play in setting marketplace best practices to advance sustainability goals? What is the proper role for green labels, and what standards should be applied to qualify for these labels?

Much of the tuna industry has accepted the reality of today’s global markets. We must engage NGOs who are concerned, like we are, about the health of the world’s oceans, in an open and responsible manner. And we must be prepared to invest our own money and precious time to support science and to finance research. That is why I was an original founder and I am a strong supporter of ISSF. We need to work together on the important issue of sustainability. As for green labels, they are clearly here to stay, but they remain confusing because of

the variability of the competing organizations engaged in this activity. I also understand the U.S. Government is thinking about a national label for fish products. In any case, we need a clear consensus on what is, and what is not, a sustainable product to avoid confusing the consumer - or risk the consumer ignoring the labels entirely. We should also recognize that eco-labels are about money: NGO's should not confuse their conservation objectives with the need to generate revenues. But NGOs should not be viewed as "enemies" of the industry. They are actually, at least potentially, our best allies. They are very good at communicating with consumers. Rather than rejecting their ideas, we should be active in promoting a constructive dialogue with an open mind. Achieving perfection is very difficult, but constant improvement is always possible and certainly a good idea because we all want to achieve the same goal: a sustainable tuna fishery.

What about the quality of our products?

Tuna is a beautiful and noble animal which deserves respect and consideration. It is an extremely delicious and nutritious source of lean protein, vitamins, Omega 3 fatty acids, a fantastic and very healthy food. Tuna should not be treated as a "commodity"; it should be given a well-deserved respect. If the only driver is price, I am afraid we are not bound to go very far. Are we really presenting tuna to the consumers in the best manner possible? Can we meet the high-end demands for greater quality as well as provide an affordable protein

that reaches as many people as possible? How difficult is it to produce a perfectly good can of tuna? When I came into this business 42 years ago, it was really very easy: you cook the fish, clean it, and put it in a can with water or oil. What has changed today? Let's look for example at one of the largest tuna markets, the USA. In the USA, yellowfin tuna is "light meat" – and so is bigeye, and bluefin, and skipjack, and even albacore: they are all "light meat" in conformity with the existing standard of identity. Within that group, only albacore can be labelled as "white meat". Are we really respecting the right of the consumer to know if he or she is buying a species which may be overfished or where overfishing is occurring and thereby contributing to the problem? Tuna labels should be species specific in order to avoid any confusion for the consumer. The fact that the prices are the same for all these species below 7.5 pounds doesn't help. There is no incentive for canneries and brand owners to segregate the species if it can all be labelled "light meat". Moreover, this diminishes our ability to provide scientists with the data they need to accomplish their work as we don't know how much juvenile bigeye or yellowfin is being caught. We are really not helping the scientists to give the best recommendations.

I believe better quality in the product form must be instituted to help our marketing efforts. We must have satisfied consumers returning to what we have to offer. The consumer should open a can of tuna and feel it is worth the price.

Given that consumption is declining in some of the most developed markets, it could be that product quality is hampering demand. And this is not just for shelf stable products made with tuna. An increasing quantity of tuna is consumed fresh (or thawed out from frozen) in the form of steaks or loins or even sold as “sashimi” to be consumed raw. Should we really promote the use of CO or other methods employed to treat fresh tuna in order to change its colour and give a certain impression of freshness? I personally consider that to be a blatant consumer fraud. We have control over our products and, in my opinion, we can do much better.

To do so we must focus on the consumer and be ready to adapt to changing preferences. We don't make computers and smartphones, so we don't have to introduce a new product every five months or so. But if we are not attentive to what the consumer wants, in developed and developing markets, we will lose market share to other protein choices.

Colleagues, friends (do I still have as many friends after all that I have said?), we live in a connected world, through the internet and social media that can focus attention and develop consumer attitudes in a very short period of time: sometimes negatively, sometimes positively. As an industry, we must be mindful that we live in an increasingly transparent world where information is shared across the globe at the speed of light. Which brings me back to our theme: this Conference gives us all an opportunity to communicate our

commitment to our social responsibility and to the global sustainability of tunas.
Again, I welcome you to the Conference and look forward to our discussions
over the next three days.

Thank you.