

## **Tuna: Papua New Guinea's Development Dilemma**

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(with powerpoint)

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First I would like to say thank you to Senor Vieites, General Secretary of ANFACO-CECOPESCA and President of Eurothon, and all of you distinguished guests. I begin by apologizing for the absence of my comrades from the Department of Commerce and Industry in Papua New Guinea, none of whom were available to present for Orry Becker today, due to a change of government and a temporary vacuum in the department. Nevertheless, I will present a powerpoint created in 2009 by Mr Becker that describes the plans at that time for the Pacific Marine Industrial Zone, although they are dated by 2011, and now, alas, outdated by recent governmental developments.

I am myself an anthropologist with 24 years' experience in Papua New Guinea, also, despite appearances, married with children and grandchildren there, and a very committed PNG resident. My company, Nancy Sullivan and Associates, is comprised of Papua New Guinean ethnographers who conduct social assessments in development projects across a broad range of subjects in the country, and we have, over the past 8 years, conducted four surveys of the tuna processing conditions in PNG and the wider region, including Fiji and Kiribati. What I say here today should no way be taken as a criticism of our tuna industry in general, of which we are all avid supporters. It is a resource PNG needs to control more closely and harvest greater, more local development from. I will discuss this later.

[Power point presentation]

One addendum: Where are we now?

### **Uneven development**

Papua New Guinea is the biggest contributor of tuna in the world. We learned this two weeks ago from Chairman of the Fisheries Industry Association and Executive Vice-president and managing director of RD Tuna Cannery Ltd, Pete Celso, at the National Development Forum in Port Moresby. In 2010 PNG supplied 720,000 metric tons of tuna, or about 70 per cent of the world's tuna cuts. Celso said if PNG were to work closely with the other seven Pacific Island

countries who were also Parties to the Nauru Agreement (PNA), they could control 33 per cent of the world's tuna supply. He said at the current price, which is about 1,600 to 1,700 US dollars per metric ton, PNG tuna cuts would be valued at 1.2 billion US dollars. "The question we should be asking ourselves is that, is PNG getting that value?" Mr Celso asked (PINA 2011).

The answer to that, of course, is the Pacific Marine Industrial Zone, which I have just described. My presentation here is but a caveat to these generalised ambitions on the PNG industry, and its efforts to become a Global Tuna Hub by transforming the PNA into an OPEC of tuna (see Pokajam 2011, Truk Pacifica Development Corp 2010). I am myself an anthropologist with 24 years' experience in Papua New Guinea, married and settled in there, and directing a social science research company with Papua New Guinean ethnographers. We have conducted several social assessments of the PNG tuna industry as well as one regional study of PNG, Fiji and Kiribati (Sullivan et al 2003, 2005, 2011; Sullivan and Ram-Bidesi 2008; Diffey 2007).

Papua New Guinea signed the Interim Economic Partnership Agreement was signed in July 2009 to provide a concession to the Pacific ACP countries allowing a derogation of the rules of origin for fisheries products (see Havice 2010; Havice and Campling 2009, 2010; Hamilton, Havice and Campling 2011; Tsamenyui et al 2008). The economic gains coveted by PNG are premised upon the derogation of the Rules of Origin, as you well know, and also upon upgraded management measures like the high seas pockets closure, controls on Fish Aggregating Devices (FADs), 100% coverage of purse seiners with observers, and the IEU Partnership Agreement.

Global sourcing is the linchpin of the new PMIZ (see European Union 2010). To some, however, it is an erosion of the sustainability of the tuna resource guaranteed by Rules of Origin by facilitating the use of raw material from any country's vessels, and opening the door to greater IUU fishing (see Banks 2011). At very least, and everyone would agree, these FSM licenses being acquired by foreign investors, which stipulate domestic investment, are and must be linked to conservation and compliance by the National Fisheries Authority (cf. Pokajam 2011).. But the fish is only one resource at risk here. The other is the onshore community, the young female labour pool, and a form of humane appropriate development that is so important to Papua New Guinea. That is, we need to address the conservation of a unique quality of life enjoyed by most Papua New Guineans, and this requires greater attention to micro rather than macro economics. This is what the MSC and FOA as well as Susan Jackson and others yesterday refer to as the social pillar that for various reasons has remained poorly defined. Too often the formula leaves off at saying efficiencies along the value chain, better profits, more sustainable resources, all equal, ipso facto, a better quality of life in the home port. But it is an inadequate formulation, we would argue, for countries like PNG.

Real development in a country like PNG requires different priorities than, for example, in South America or Southeast Asia. The benefit PNG seeks to gain from foreign investment must not be restricted to the resource end of the supply chain. We face the challenge of providing appropriate development for these coastal communities involved in processing tuna. The difficulty will be in linking foreign investment to a local economy that is rural, predominantly non literate, and barely engaged in a cash economy. I refer not simply to the issues of corruption, which so often divert proceeds from the upper tiers of the system. But also about priorities, and it may be an RFMO concern first, but it is also a civil society concern, and a corporate social responsibility issue. Some would argue that it is a myth that conscientious consumers will monitor a supply chain, and only a hope that ILO signatories will be scrupulously monitored<sup>1</sup> (although I am happy to say that the ILO is in Papua New Guinea this very week).

The investors in PNG tuna generally restrict their local social responsibilities to providing some management training, offering security and transport contracts to landowners, as spin-offs, and resting on the 3000 total, to date, entry level jobs in production.

But if countries like PNG are going to leverage their access agreements, they must take seriously the mandates in these agreements to benefit local communities. The FSM licenses include the proviso of local development including the support of a domestic fishing industry.

It is a challenge that the National Fisheries as well as the Partners of the Nauru Agreement countries all need to address, and which they can do by collective bargaining for better working conditions, better wages, better institutional engagement for island people. The Maritime College capacity in these Pacific States is limited at present, and to expand the opportunities for training in health, sanitation and compliance more generally will take another generation. Timing is everything, though, and while income from foreign investments pays foreign consultants to monitor the tuna stocks, and salary the few Papua New Guineans working hard to police IUU, there are pressing needs for health, education, banking and community enterprise that can and should command the attention of all stakeholders.

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<sup>1</sup> See Ballinger 2011:54-55: "here is one myth that has served the most vulnerable industries (electronics, toys, garments, and footwear) well over the last decade: a global brand will meticulously monitor its supply chain because conscientious consumers, informed by the latest technologies, will punish the company at the retail level for any transgression." ---A point to keep in mind during this conference's discussions of eco-labeling and consumer choice. Note also that PNG could learn from the Vietnamese case, where, in a socialist state, there is beginning to be some worker agency (see Ngoc Tran 2011); cf. Nopo on Latin American factory women.

## Women are cheap

What do these cannery/loinery jobs mean to Papua New Guineans? We currently have three processing plants, two Filipino and one American. There are plans for anywhere from 4 to 14 more.<sup>2</sup> The World Bank's IFC is happy to see the prospect of thousands of jobs to be created in places where people are underemployed (Tabureguci 2011, Albaniel-Evara 2011, FIAS 2008). In effect, however, it is hard to know who will fill these positions. The majority of tuna plant workers everywhere are young women who loin or can on production lines for 8 and

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<sup>2</sup> See Pokajam 2011:

Company	Product Type	Output/Day (Target)MT	Employment		Status
			Direct	Indirect	
Nambawan Sea Food, <i>Lae</i>	Cannery	150	2,500	5,625	Construction November 2011
IFC, <i>Lae</i>	Cannery	150	2,000	5,000	Full operational June 2011
Majestic Sea Food, <i>Lae</i>	Cannery/ Loin	350	6,000	15,000	Construction start: Jan 2011 Completion: Dec 2011
Niugini Tuna, <i>Madang</i>	Cannery/ Loin	200	3,000	7,500	Construction Start: May 2011
<b>TOTAL</b>		<b>850</b>	<b>12,750</b>	<b>33,125</b>	

sometimes more hours a day (see Sullivan and Ram-Biudesi 2008, Diffey 2007, Demmke 2006). Often they are in trainee roles for as long as six weeks, allowing employers to temporarily bypass minimum wage (an amount that until recently was roughly 30 cents/hour, and is now more like 75 cents/hour). Production workers often have their safety gear, transport, union dues, and superannuation all deducted from a fortnightly pay packet, so that a fortnightly wage of US \$75 can be a take-home amount of \$30, \$40, \$50. When we conducted our first study of RD Tuna in Madang, in 2003, we saw pay stubs for 80 hour's work that were as small as \$10, and one was even 1 Kina or 30 cents US. Depressingly, we have just completed a 2011 review of all 3 canneries and it looks like very little has changed (Sullivan et al 2011).

Keep in mind that PNG is not wholly engaged in the cash economy, and that these plants are built near or in towns where they attract women from rural villages or settler communities.<sup>3</sup>

Women in these villages---which are on customary land---have long subsisted by gardening and sales from local fishing groups, where even today they can get as much as K200/day from their efforts. We have tens of market studies conducted in Wewak, Madang and Lae (all tuna processing towns) that demonstrate how weekly market incomes are at least double that of cannery pays.

The need for cash is growing, but it is still a small minority of people who live exclusively on it, and the difference between having some and having plenty of money is painfully extreme.

A cannery woman typically brings home K24 per fortnight. Most of these women naively expect to enter a career path. Their pay packet, however, barely contributes to the household economy. It more likely goes to the toiletries, secondhand clothes, and transport costs of staying on the job. Their labour is lost to gardening, fishing or marketing for the household, which means that, in effect, they are a drain rather than a boon to the family. Despite this, and because so many rural communities have been sorely neglected by their elected officials,

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<sup>3</sup> Indeed the European Union initiated a successful Rural Coastal Fisheries project across five provinces in PNG in 2005-6-7 where fishing groups were provided with boats, coolers and motors, and they were linked to private partners like RD Tuna who would buy those fish at market rates from them. The project folded, in the end, because there was not enough attention given to the unique conditions of a mixed-cash and subsistence economy in coastal PNG, where people commonly take off weeks at a time to harvest their gardens, and attend to traditional requirements. The loan payments were being required at the wrong times, and some of the private partners were finding their roles onerous. But the viability of these fishing groups was impressive (see Kinch et al 2005, Sullivan et al 2004).

people line up to work at the canneries, to gain paid employment experience, and to begin what they believe to be a modern life.

As a result, however, the production turnover is extremely high. The savings in wage is said to be balanced by the inefficiency of the workforce. Women leave as quickly as they enter, creating a cycle of settlers willing to give it a go, who then walk out, and cannot return home. It is a Settlement Attraction Device in a sense.

This is what we wrote in 2003 of a Madang cannery:

Conditions in the Cannery are unhygienic and inhumane. Workers have no breaks, no clean or working toilets or showers, and labor under poor lighting and windless, hot conditions. Their sweat runs off onto the fish in the production area, and the spilled fish scraps are retrieved from a crumbling cement floor only to be lightly washed and processed. There are no provisions for gloves, hair nets, masks or gum boots, although these are available: in one of the meanest of Company policies, use of these basic sanitation and safety items are deducted from the workers pay. There have been documented cases of prostitution and gang rape of local women by Filipino nationals in both the Cannery and Wharf settings, as well as sales of illegally imported cigarettes and alcohol. No unions have been allowed until very recently... The wages are well below minimum national wage, and the hours unmonitored: most workers say they are forced to work over eight hours daily without overtime pay. There are also dubious practices of deducting NPF monies and Company transport fees from workers' pay. (Sullivan et al 2003:121)

We must say that there are certainly many foreign workers, and company Directors, who respect their PNG colleagues and have excellent intentions in working here. But they are outnumbered, it would seem, by a majority of floor supervisors and vessel fishermen who prefer to treat members of the host community as second-class citizens. As one interviewee explained, albeit in exaggeration, "Management level in the RD Cannery is only for expatriates, locals, despite higher education qualifications, work as clerks and typists."

The women in these communities are left in a double bind: with no way to sustain themselves, no fish of their own, no gardens to harvest, they sell themselves to fishermen to get fish, in a sinister relationship nicknamed '*wan pis-wan koap*' (one fish, one fuck).

No one is coming to the 'PNG Tuna Hub' because they like the place, nor are they there for humanitarian reasons. They're coming for EU access, and relatively cheap labour, the twin attractions of our small island State: neither of them stable or sustainable contingencies.

This is not a country with an industrial heritage (see Imbum and Ngangan 2001). It is largely uneducated, and in all these cannery sites entirely unprepared for the kind of exploitative labour relations endemic to the industry, and even more crucial to the so-called Special Economic Zones being planned (see Maringanti et al 2009, FIAS 2008). The social relations, landowner rights, economic disparities and environmental risks with these plans are enormous, and cannot be addressed by macro economics alone (see Ballinger 2011, Sassen 2011, Trumka 2011, Nopo 2011).. Nor is it appropriate to blame government corruption in developing nations for everything from a low skill base to costly infrastructure. The global frameworks of these Special Economic Zones, what makes them necessary and what makes them profitable, are the challenge for all stakeholders now.

Stripping the terms of FSM licenses down to unrestricted and uninhibited access to tuna will do nothing to solve the growing unrest of the landowner communities, the anger at inappropriate development, and the feeling of being neglected, ignored, and disrespected.

In defense of these plants who enjoy tax breaks, license waivers and an unlimited pool of unskilled labour, the public is assured that that cash is being injected into the local economies. However, lax immigration policies have exacerbated already difficult relations between Pacific Islanders and Asian migrants who tend to set up all the trade stores, and ship their profits offshore. Riots in the Solomons, in Vanuatu, in PNG and elsewhere reflect this tension on the ground.

### **Balancing costs and benefits**

There is not enough time here to describe the life of a PNG woman and her importance to the household economy. In sum, she does much of the heavy load-bearing work in the highlands, most of the income-generating work in the coastal areas, and is now being asked to perform the tedious work of loining and canning in the tuna industry. RD Tuna and Frabelle have both had major strikes in the last year over their failure to comply with a minimum wage, with RD asking for special agricultural exemption from paying what are some of the lowest wages in the global tuna industry.

The insecurity of large scale investments and special economic zones are signalled by the recent amendments to the Environmental act in PNG which proscribes the rights of landowners to make claims against developers and waives the need for environmental reports.

It is the fragile skipjack stock that pulls in investors, and the endless stream of young unskilled women who secure the Chinese ExIm loans and World Bank guarantees. We have an ethical responsibility to see that these young women, born to heavily patriarchal societies, enjoy some of the benefits of this investment and can aspire to a middle class life for themselves.

There is no question that the National Fisheries Authority in Papua New Guinea has worked long and hard to raise its monitoring and enforcement capacity and they must be congratulated for their success. Compliance is coming to the fore in PNG, and that is good news for everyone.<sup>4</sup>

But we must separate rhetoric from reality and tackle the future needs of the country. The purpose of the specific provisions on rules of origin for fisheries products is to develop onshore fish processing capacity in the ACP Pacific states so as to generate local employment. But without the skills for most management and support roles, the bulk of the real jobs and virtually all the career paths will be granted to non-nationals. Education is always going to lag, and it may mean more than a decade of social disruption from these imported labour pools before PNG can take the helm, and by this point the companies will have further entrenched non-nationals in most roles.

Where does regional integration and regional markets come in? Implementation of these EPAs must take into account ACP's unique labour standards and training needs. Why is there no wiggle room on the one dimension?<sup>5</sup>

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<sup>4</sup> See Banks (2011:23): The PNG CC system is identified as being of very high quality with appropriate validation and verification procedures in place. There were some reports of problems with consignments entering the EU...the vessel stated was not on the EU SANCO accredited list. This problem has since been resolved. Both the NFA and the fishing industry have found adjusting to the CC reasonably easy, but this has largely been as a result of the industry's own internal traceability systems, and good instruction and liaison provided by the NFA, supported by quarterly meetings to discuss problem issues.

<sup>5</sup> See, for example, the EU 2010:102 pie chart (from Infofish) below that refers labour and utilities as being only 11% of production costs for plants in Thailand, Ecuador and Seychelles (where, except for Thailand, labour costs are higher than PNG) Do freight, packaging and cans cost that much more in these locations to justify a rigid minimum wage in PNG? RD's Management continues to seek a minimum wage exclusion from the PNG

Landowners and local communities must become partners and not obstacles in this very important, very controversial vision of a Pacific Tuna Hub.

We have seen our mining industry detonated by renewed critiques of the growth at all costs agenda. Landowners having been considered liabilities for so long have finally had enough. Around the world,

“Environmentally, the new critique of growth argues that the price of gold cannot possibly make up for what the environment pays,” writes Melody Kemp in the Guardian. She goes on to explain that, “Papua New Guinea’s minister for mines Byron Chan recently announced that he was changing the law to ,hand ownership from the government to land owners’. Greg Anderson, of the Australian chamber of mines and petroleum, choked on his tie when asked to respond. Obstacles and community shareholders are clearly not his thing.”

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government on the basis of this argument.

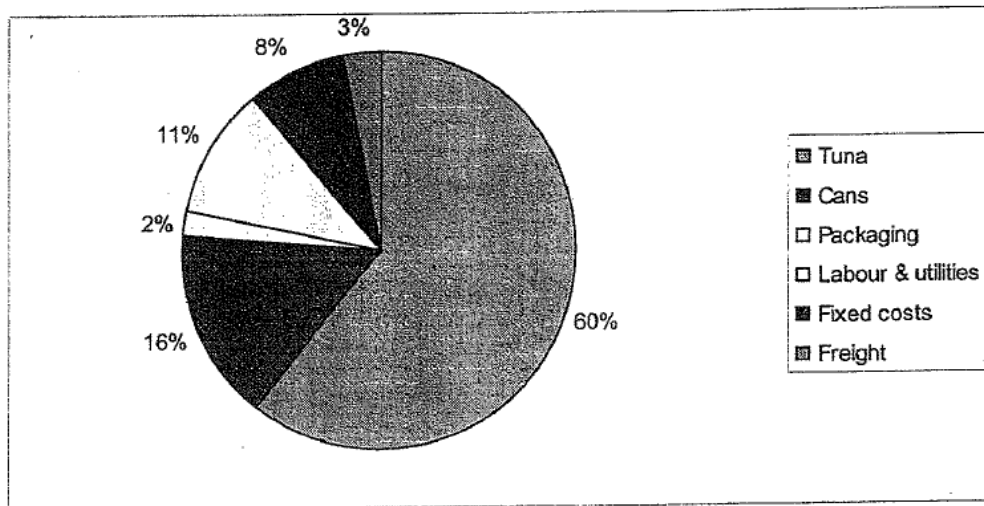


Figure 15: Breakdown of production costs of a tuna can. Source: Infofish 2008 tuna conference

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