

Capitol Hill Ocean Week Plenary Panel Session on Illegal, unregulated, and unreported fishing

- Thank you, Whit, for that introduction and overview of the challenges to security and stability posed by IUU fishing.
- To start, there are clear impacts of Illegal, Unreported, and Unregulated fishing or IUU fishing on the environment ñ with nearly 90 percent of fisheries either overfished or fully fished. But IUUF also threatens the economic and food security of communities and the national security of fishing nations. It has been linked to increasing geopolitical tensions in the South China Sea, piracy off the Horn of Africa, and the drug trade in Latin America.
- IUUF can rob resources from developing countries who are most in need and with the least capacity to fight back. Last year we issued an in-depth report ñCasting a Wider Netñ outlining the threats from IUU fishing where we laid out a series of policy recommendations to address them ñ including many focused on transparency.

Part 1

- We looked at transparency across the entire fishing industry ñ including:
 - the supply chain,
 - financial interests, and
 - vessels on the water.
- If we can light up the activities of vessels, trace seafood products and follow the money chain it will be far more difficult for IUU-caught fish to infiltrate the global market. By accomplishing this we can help enforce against IUU fishing activities whether criminal activities or taking more fish than our ocean resources can support.
- Let me unpack this a bit and describe what I mean by transparency. It means three things: traceability of the global seafood supply chain, transparency of the vessel activities on the water including fishing vessels, transport and at sea processing, and transparency of the finances and corporate ownerships around the fishing industry .
- **Traceability** is important because it levels the playing field for law-abiding fishers, processors, and across the market by requiring documentation and verification that fish are caught legally and provides for opportunities to take action against those engaged in fraud or IUU. Ultimately when implemented traceability can disincentivize fishers from engaging in IUU activity. Seafood

fraud is significant challenge. Studies have estimated that nearly 1 in 5 fish are mislabeled in the US.

- We have seen some momentum towards creating a traceability deterrent. Specifically, the EU and U.S. have initiated programs. The EU system requires the government exporting fish to certify their fish are not IUU and in the US we have a new but limited program called the Seafood Import Monitoring Program or SIMP that is focusing on tracing a discreet number of species entering the US market.
- But the SIMP program is limited to only 13 species which has created a loophole for other potential IUUF species to enter our market. Some of our recent work in Mexico for example has shown that there is a lot of confusion when trying to determine which fish are SIMP species and which are not when exporting.
- That said the EU and U.S. represent a significant portion of global demand for fish. If other large markets such as China and Japan took similar steps towards supply chain traceability, we'd be much closer to global transparency across the seafood supply chain.

Part 2 - Chinese vessels in Maputo Mozambique

- Transparency also includes uncovering the complexity and opacity of **beneficial ownership** of fishing vessels. Beneficial owners utilize front companies which hide the true ownership or company behind fishing operations. Often when an IUU vessel is caught, the captain and the crew are held responsible while the unknown beneficial owner is not pursued.
- For example, the infamous STS 50 vessel that was interdicted in Indonesia was captained by a Russian and flagged in Belize, while the company was allegedly owned by a Russian and based in South Korea. This is similar to drug trafficking on the streets, catching the dealer on the corner or the drug trafficker on the water does not topple to the leadership sustaining the network.
- Governments can take steps to help make beneficial ownership more transparent. For example, they can make access agreements and vessel ownership documents publicly available to support interagency cooperation and investigations against preparators of fisheries crime.
- Joint ventures are another way of hiding the true ownership of fishing operations. For example, in Mozambique, joint ventures are now common

practice in the country ñ where Mozambican companies partner with a foreign company. These ventures are supposed to be at least 51 percent Mozambican ownership, but during recent research in country we heard in reality side deals often diminish the equity of these partnerships, sometimes it is more like 10 percent Mozambican ownership and in the endÖ very little knowledge, skills or revenue are transfer to the locals community.

Part 3 - Global Fishing Watch

- Transparency also means increasing the level of awareness of **vesselsí activities** on the water. This includes **mandating** vessel tracking systems such as Vessel Monitoring Systems (called VMS) or Automatic Identification Systems known as AIS. And requiring them to be turned on **at all times** ñ and to make the data publicly available. This is a crucial step to ensuring that vessels are not engaged in IUU fishing or other criminal activities. I know that Johan will discuss vessel monitoring technologies in more depth.
- But this is important because countries often sell legal access and rights to their fishing grounds to foreign fleets. Without monitoring technologies and verification systems it is impossible to know if vessels are complying with the terms of their agreements.
- This is a big problem with the ìUî in unreported fish. Take for example the recent decision out of Somalia to allow 30 Chinese vessels to access their waters to fish for tuna. The deal requires the Chinese vessels to report their catches to the authorities. But without the capacity to monitor and manage their waters Somalis could benefit from mandated VMS technologies to track vessels during transit or fishing, and even know what type of gear is being utilized, and ultimately how much fish is being caught.
- Mandating AIS and VMS also helps to understand and potentially regulate at-sea **transshipment** activities, too. Transshipment occurs when a fishing vessel links up with a supply/carrier vessel or processing vessel and unloads its catch. Transshipment is not in itself a bad thing as it allows fishing vessels to spend more time fishing and less time in port.
- **BUT**, because transshipment is not tracked it can provide another venue where Illegally caught fish can be laundered with legally caught fish during these transshipment encounters. In general transshipments can muddy the chain of custody and supply chain of fish.

- We are seeing many nations particularly developing countries beginning to stand up for their own fishing industries recognizing that unfair foreign fishing access and ownership agreements has been robbing them of their own resources causing a loss to their blue economies.
- There does seem to be a growing trend globally to more transparency ñ with countries beginning to step forward to pledge making their VMS publicly available, a necessary step for more transparency in the fishing industry. So far, **Indonesia, Peru, Namibia, Costa Rica, Chile, and Panama** are sharing or have promised to share these data publicly. We need a global campaign to build on the efforts of these nations.
- Supporting transparency and traceability is just the first step. Paired with capacity building to implement laws such as the Port States Measures agreement and for law enforcement and prosecutors globally, we can more effectively deter IUU fishing activities and their impacts on economic, food, and national security.