

Executive Summary

The report *The Changing Nature of High Seas Fishing: how Flags of Convenience provide cover for illegal, unreported and unregulated fishing* is the culmination of over a year of investigation and research funded by the Australian Government Department of Agriculture, Fisheries and Forestry, the International Transport Workers' Federation and WWF International, on Flags of Convenience and Illegal, Unreported and Unregulated (IUU) fishing on the high seas. IUU fishing is one of the most serious threats to the health of the world's fisheries and oceans. This report:

- documents trends in the use of Flags of Convenience (FOCs) which allow for extensive IUU fishing operations on the high seas;
- describes specific examples of IUU activity;
- names FOC countries, companies and vessels with an opportunity to engage in or support IUU fishing;
- identifies major components of the global infrastructure supporting high seas fishing and companies that could be enlisted to address the IUU challenge;
- describes the impact of free-riding FOC fishing States on resource management, human rights and marine conservation;
- recommends solutions or steps to be taken to eliminate IUU fishing and the FOC system.

Australian
Customs and
Fisheries patrol
boat in pursuit
of the IUU boat,
Viarsa, on the
Southern
Ocean.
© Australian
Fisheries
Management
Authority





Confiscated illegal catch of Patagonian toothfish (also known as Chilean Sea Bass or Miro). © Australian Customs Service

The study analyzed information available from the Lloyd's Register of Ships between 1999 and 2005 on fishing vessels registered to the top 14 countries that operate open registries or 'Flags of Convenience' for large-scale fishing vessels. Over 1,000 large-scale fishing vessels continue to fly Flags of Convenience (FOCs) as of July 2005, in spite of significant global and regional efforts over recent years to combat IUU fishing on the high seas, primarily by FOC fishing fleets. The FOC system provides cover to a truly globalized fishing fleet engaged in what is largely illegal or unregulated fishing activity on the high seas, to the detriment of international efforts to conserve fisheries and protect other species in the marine environment. Many, if not most, of these vessels deliberately register with FOC countries to evade conservation and management regulations for high seas fisheries. The countries which issue FOCs are ultimately responsible for the activities of these vessels on the high seas, but turn a blind eye and exercise little or no control over the vessels concerned. It costs only a few hundred dollars to buy an FOC, and with that FOC vessels and fishing companies are free to catch millions of dollars worth of fish and threaten other forms of marine life on the high seas with impunity.

It is important to distinguish the three elements of IUU fishing: illegal, unregulated and unreported fishing. All three serve to undermine the conservation of fisheries and the protection of the marine environment although, by definition, unregulated or unreported fishing on the high seas may not always be illegal.

Key findings of the report include the following:

The FOC system is a thriving business: Over 1,200 large-scale fishing vessels were registered to FOC countries in 2005, only slightly less than the number in 1999. At the same time, the number of large-scale fishing vessels on the Lloyd's Register of Ships whose flag is listed as 'unknown' has grown by 50% since 1999 to over 1,600 in 2004. The result is that a high percentage – approximately 15% – of the world's large-scale fishing fleet is flying FOCs or listed as flag unknown. While not all of these vessels are necessarily involved in IUU fishing, the large number of FOC fishing vessels severely impairs the ability of responsible countries and regional fisheries management organizations (RFMOs) to monitor, control and manage fisheries on the high seas and eliminate IUU fishing. The irony is that while the FOC fishing business on the high seas may be worth a billion dollars or more per year, the top four FOC fishing countries only take in a few million dollars per year in fishing vessel registration fees. The FOC system serves as a very inexpensive and often deliberate means for vessels fishing on the high seas to evade the rules and make enormous profits.

The top FOC fishing countries: Belize, Honduras, Panama, and St Vincent and the Grenadines have consistently topped the list of FOC countries with the largest number of large-scale fishing vessels registered to fly their flag. These four countries alone have accounted for 75% or more of the fishing vessels flying the flag of the FOC countries listed between the years 1999-2005 and which are analyzed in this report. Of the FOC countries identified in the report, Bolivia, one of the top 14, and Mongolia, a new entrant in the FOC business, are entirely landlocked countries.

Deliberately built to fly an FOC: About 14 per cent of large-scale fishing vessels built between 2001 and 2003 were flying FOCs by the end of 2003. This is a real problem as a significant portion of new large-scale fishing vessels appear to be built with a view to engaging in IUU fishing. Of the 51 fishing vessels over 24 metres built in Taiwan during the same period, 50 were flagged in FOC countries by the end of 2003 – only one was flagged in Taiwan. Altogether, over 100 large-scale fishing vessels built since 2000 were flagged to FOC countries as soon as they rolled out of the shipyard.

EU and Taiwanese companies are top profiteers of FOC fishing: Many of the companies identified as owners of fishing vessels flagged to one of the top 14 FOC countries are listed on the Lloyd's Register of Ships as being based in European Union countries and Taiwan. Using Lloyd's data, Taiwan, Honduras, Panama, Spain, and Belize are the top five countries where companies that own or operate fishing vessels flagged to one of the top 14 FOC fishing countries are based. The EU as a whole (all EU countries combined) tops the list of countries of residence of the owners or operators of FOC fishing vessels, with Spain/Canary Islands comprising approximately one half the EU total. The owners of most FOC vessels listed as being owned by companies based in Honduras, Panama, Belize, and St Vincent and the Grenadines are likely to be fictitious or shell companies whose true owners are hidden and likely to reside elsewhere.

Laundering pirate fish catches: IUU fishing continues to plague the fisheries for Patagonian toothfish (also known as Chilean Sea Bass or Miro) in the Southern Ocean and the fisheries for high value species of tuna worldwide, such as those for bluefin and big eye tuna used for sashimi and sushi. The report identifies a recent trend of companies and vessels with a history of IUU fishing for toothfish in the Southern Ocean attempting to 'legitimize' their IUU fishing activities by moving from the use of FOCs to registering their vessels to fly the flag of one of the member countries of the regional fisheries treaty organization CCAMLR, which regulates the fisheries in the region. In the Atlantic, Pacific and Indian Oceans, laundering IUU catches of high grade tuna through at-sea transshipment of catches is a widespread practice.

Human rights abuses: Not only is FOC fishing causing damage to ocean life, there is a deadly human cost also. The report highlights these abuses using examples associated with IUU fisheries in the Southern Ocean, including the abandonment of crew members in foreign ports, forced labour and safety issues. In one case, a fishing vessel, the Amur, sank in the sub-Antarctic waters off Kerguelen Island. The life saving equipment did not function and, as a result, many of the crew died.

The infrastructure supporting high seas fishing fleets is well-organised and largely unregulated: Many high seas fishing vessels, in particular fleets fishing high value tunas, transship their catches to refrigerated cargo vessels while at sea and depend on at-sea refuelling and resupply vessels to allow them to fish longer and at lower cost. The at-sea transshipment, resupply and refuelling fleets are not, for the most part, operating illegally, but they are almost entirely unregulated. At least some vessels in these fleets provide services to IUU fishing fleets as well as legitimate fishing fleets. The report profiles the



Australian
Customs
officers in a
rigid inflatable
vessel on a
Southern
Ocean
operation.
© Australian
Customs
Service

at-sea infrastructure servicing high seas and distant water fleets and provides specific recommendations for regulating the companies and vessels providing these services.

The report provides a series of specific and practical recommendations that, if adopted by countries, regional fisheries management organizations and the international community as a whole would greatly enhance the implementation of the landmark agreement adopted by the United Nations Food and Agriculture Organization in 2001 – the UN FAO International Plan of Action to Prevent, Deter and Eliminate IUU fishing. Amongst these, the single most effective means to implement the agreement, which highlights the FOC role in perpetuating IUU Fishing, is to eliminate the FOC system; a system which allows an exceptionally large fleet of high seas fishing vessels to roam the world's oceans in search of high value species of fish and operate completely outside the rule of international law. It is a system that needs to be dismantled forthwith.