

Making Sure Fish Piracy Doesn't Pay

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Introduction

Fish piracy, or illegal fishing activity, depletes global fish stocks and undermines efforts to ensure continued, renewable stocks for the future. It also damages the economic and social welfare of those involved in legal fishing, and reduces incentives to play by the rules. But despite national and international efforts, illegal, unreported and unregulated (IUU) fishing continues to thrive worldwide.

Available information suggests that fish piracy on the high seas is widespread, although most attention is mainly concentrated on a few high-value species such as Patagonian toothfish and tuna. Estimates of the total size of IUU catch and its impact on the environment vary widely, but the United Nations Food and Agriculture Organisation (FAO) reports that for some important fishing areas, IUU activity accounts for up to 30% of total catches and that for some species, IUU catches could be up to three times the permitted amount.

Whatever the size of the catches, illegal fishing threatens the sustainability of world fish stocks and the fish pirates enjoy an unfair economic advantage over those fishing legally.

In recent years, fish piracy has moved to the forefront of the international fisheries policy agenda and governments around the world have stepped up efforts to combat it. But the bottom line is that IUU fishing remains a profitable undertaking, despite the introduction of a number of preventive actions at the international level and as long as that remains the case, the fish pirates will continue to operate.

Although lots of different approaches have been tried, at heart illegal fishing is an economic issue. Therefore, this Policy Brief looks at what can be done to make IUU fishing less profitable and thus less attractive to the fishing pirates. ■

How big is the illegal fishing problem?

Illegal fishing is difficult to quantify as it can be found almost anywhere in the world, and makes no distinction between national waters and the high seas where international agreements are necessary for action. It also covers all types of fishing vessel, regardless of their registration, size or state of repair.

Accurate data are hard to establish, but the FAO believes that for some important fishing areas, IUU activity accounts for up to 30% of total catches and that for some species, the illegal and unreported catch could be three times the permitted catch.

The waters of the Pacific Ocean and Southern hemisphere in particular, are subjected to significant amounts of IUU fishing, mainly concentrated on high-value species such as tuna and Patagonian toothfish. In the area regulated by the Commission for the Conservation of Southern Bluefin Tuna (CCSBT), for example, it has been estimated that at least 4 000 tonnes, or one third of annual catches, were illegally caught in 1999. In the Indian Ocean Tuna Commission's Regulatory Area, 10% of tuna landings are thought to be from illegal catches – or some 120 000-140 000 tonnes per year.

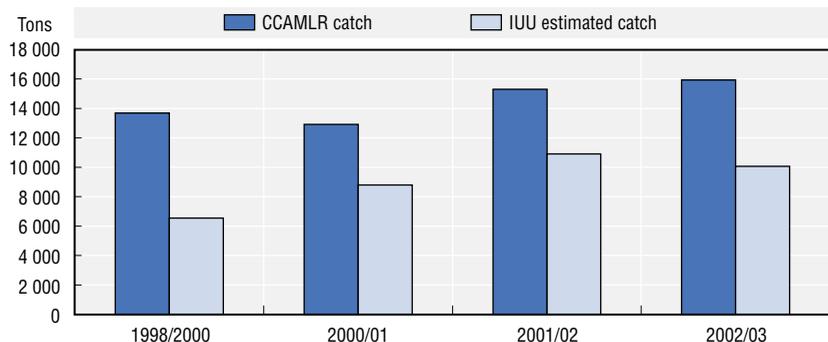
An estimated 40% of total catches of Patagonian toothfish in the area covered by the Commission for the Conservation of Arctic Marine Living Resources (CCAMLR) are illegally caught (see Figure 1).

And the damage is not just a question of over-fishing regulated stocks. The activities of the fish pirates can also harm biodiversity as illegal fishers do not abide by regulatory standards designed to protect non-target fish, or seabirds and mammals, in their areas of activity. ■

Why is it an economic issue?

International efforts to combat illegal, unregulated and unreported fishing (IUU) can only be successful if policy makers understand that the driving force behind fish piracy is basic economics. Illegal fishing operators make more money from fishing illegally than they could if they obeyed the rules. As long as this is the case and the benefits of illegal fishing continue to exceed the costs – including the likely punishment if caught – then IUU fishing will persist.

Figure 1:
CCAMLR: LEGAL CATCHES AND ESTIMATED IUU CATCHES



Source: CCAMLR.

Clearly, IUU operators have lower running costs than those fishing legally as they can evade the costs of regulation, do not have to meet safety and labour standards or monitoring, control and surveillance requirements, and can minimise the costs of flagging and registering their fishing vessels. They may also have lower labour costs as crews are often from developing countries where there are few other employment options and salaries are relatively low. In addition, as the employer does not have to follow labour or safety standards, working conditions on board IUU vessels are often dismal.

But illegal operators not only escape the costs faced by legal fishers, they also widen their competitive advantage by increasing the costs associated with fishing for everyone else. When illegal fishers operate, there are less available fish for legal fishers and their profits are reduced. Already-critical stocks are further decimated and efforts to protect and manage marine species are undermined. Because the costs of fishing illegally are lower, illegal operators can afford to put more effort into locating catches, maintaining their profits and further contributing to the decline in stocks.

Make no mistake, fish pirates regard their endeavours as a highly profitable business, and they are becoming increasingly sophisticated about maximising the gains and minimising the costs. A recent development for IUU operators is to co-operate by sharing the costs of sophisticated communications technology to reduce the likelihood of being caught. ■

Can economic forces be used to combat it?

If economics is a key driving force behind IUU fishing, it makes sense to use economic principles to make the practice less attractive. This can be achieved by making it more costly to mount and conduct IUU operations and by reducing the revenue from fish piracy.

Increasing the expected costs of IUU fishing can be achieved by making illegal fishing riskier through increasing the likelihood of getting caught and raising the penalties placed on IUU fishers if caught. If penalties are sufficiently high and uniform in scope and applicability, they could act as an important deterrent to illegal operators. A harmonised and co-ordinated approach to port controls can also increase costs by forcing IUU vessels to take action to avoid detection and prosecution, thereby increasing steaming time (the travel time to and from fishing grounds) as well as re-provisioning and refuelling costs.

Increasing the likelihood of getting caught relies on increased monitoring, control and surveillance (MCS) measures, both on vessels and in ports.

On board vessels, increased use can be made of Vessel Monitoring Systems (VMS): an electronic automatic location and communication device placed aboard a fishing vessel that monitors where the vessel is, sending the information back via satellite in real time to a control station. While not without some technical issues, compulsory use of VMS can place significant pressure on IUU vessels.

Increased MCS measures in ports include port inspections and the use of Catch Documentation Schemes (CDS). Regular port inspections can ensure fish have been caught in accordance with relevant conservation and

management measures, ensure the authenticity of paperwork and require advance notice of port access, allowing authorities to check licenses and vessel history prior to arrival, thereby preventing access where suspicion exists. Harmonised minimum standards for State control of ports make it harder for fish pirates to gain access to goods and services and assists governments in acting decisively and effectively. To achieve this, necessary domestic legislation must be in place as well as co-operation mechanisms to enable the country concerned to co-ordinate action with other countries operating ports, registering vessels under their flag or buying or selling fish.

Increased MCS measures will also help to reduce the potential revenues for IUU fishers. Requiring all fish imports to be accompanied by certified documentation as part of a CDS, confirming that they were caught legally, as well as by validated VMS data, increases the likelihood of identifying IUU fish as it enters the supply chain.

OECD countries already have systems in place that may allow for capturing unreported and misreported catch but better use of existing systems, plus increased use of on-board observers on fishing vessels, coupled with more frequent random searches, could improve reporting.

The private sector can also play an important role as closer co-operation between private operators such as processing plants, wholesalers and supermarkets could help facilitate an accurate and verifiable chain of information. This would reduce the available market for illegally caught fish, leading to lower sales and reduced revenues for illegal operators. The legal fishing industry can also lend support through both co-operating and reinforcing monitoring and enforcement schemes. However, such cooperation is likely to be more forthcoming if the legal operators are consulted on the design and implementation of enforcement approaches.

Governments can also help make illegal fishing less financially attractive by reducing fisheries subsidies and removing excess capacity. This is because subsidies have generated overcapacity in fleets, which means there is a large pool of excess idle vessels. These vessels are easily mobile, offering plentiful supply of vessels for illegal operators at relatively low cost. Combined with lower repair, maintenance and safety equipment costs, this significantly reduces the operating costs associated with IUU operations. Government scrapping policies, if properly implemented, will help reduce overcapacity in the fleet. ■

Who monitors the high seas?

One of the reasons that unregulated and unreported fishing has become such a major problem has been due to incomplete governance of the high seas through poor fisheries management, ineffective mechanisms for the allocation of fishing rights and lack of concerted political interest. The international regulatory framework for the high seas must be comprehensively implemented and further developed to provide an adequate and comprehensive governance structure if fish piracy is to be tackled effectively.

Under present governance of the high seas, Regional Fisheries Management Organisations (RFMOs) regulate some areas that are outside national

jurisdictions. However, their role could be greatly enhanced to combat IUU fishing. Current non-members should be encouraged to join the relevant RFMO in order to ensure that sound practices are adopted for fishing in these areas, or, at the very least, that vessels follow the rules of the RFMO. Publishing lists of vessels that fail to abide by RFMO regulations (“black lists”) or lists of vessels authorised to fish in an area (“white lists”), can be a particularly helpful measure to put pressure on countries to more tightly regulate fisheries.

RFMOs themselves may also require legislative strengthening in order to respond to ongoing concerns; a major issue is that international legal frameworks apply only to states that have acceded to various conventions, making it difficult to enforce RFMO rules that must be implemented through national authorities. In some cases, a lack of enforcement capabilities has diminished the potential impact of RFMO rules. Furthermore, gaps or “hot spots”, where boundaries of adjacent RFMOs or exclusive economic zones (EEZs) do not meet, must be closed.

Cost increases for IUU operators could also come from government-sponsored actions like the elimination of tax havens, the more effective identification of beneficial owners of vessels, and laws to combat bribery. These could be incorporated alongside other “softer” options, such as education to highlight the harmful effects of IUU fishing and corporate governance initiatives. ■

What action to curb fish piracy?

Efforts are required across the board to develop a clearer incentive structure for the fishing industry. This is achievable through fully implementing existing arrangement, broadened co-operation amongst countries, harness efforts of stakeholders who have an economic interest in seeing IUU fishing stopped – particularly the legal fishing industry – and plug regulatory gaps.

Any action should incorporate short, medium and long-term approaches, preferably supported by legal fishing operators. They should include specific measures to tackle illegal fishing, unreported fishing and unregulated fishing, as well as more general action across the board to make these activities more difficult, such as improved transparency of flagging procedures and minimum standards for port control (see Figure 1). Those measures, implemented holistically, by addressing legal, institutional, economic and social dimensions, and involving national, regional and international fisheries authorities, will be most likely to achieve success. ■

How to finance anti-piracy measures?

There are significant challenges to applying these remedies, particularly as many of them require international co-ordination to plug regulatory gaps and implement reforms. Given the limited budgetary resources available to most governments to fight IUU fishing, it is important to determine the cost-effectiveness of different approaches in order to decide on the most viable options. But policy makers also have to remember that any action they do take will affect legal operators and society at large, not just fish pirates, making the decision even harder. For example, catch documentation schemes

designed to thwart illegal fishing also impose a further burden on legal fishermen who must meet the extra cost of abiding by these schemes.

The increasing prominence given to IUU fishing in the media and its move to the forefront of the international fisheries policy agenda, have been of significant help. Governments and the public are now realising the extent of the problem and have increased efforts to reduce incentives to fish illegally. Inter-governmental co-operation could see improved trans-border monitoring of foreign direct investment in the fishing sector, which would assist in tracking potential IUU fishing operations. Positive gains can also be made in lifting the veil of corporate secrecy surrounding companies undertaking IUU fishing activities and related services. Finally, enhanced communication and shared information about IUU vessels and sanctions can ensure coherence across jurisdictions, thereby reducing the opportunity for fish pirates to cover their tracks by “hopping” their vessel’s registration from one country to another, and by exploiting regulatory loopholes.

It is unlikely that IUU fishing will ever be fully eliminated, and IUU fishing may continue even with the best-designed policies. However, there is much

Box 1.

**KEY ACTIONS
TO TACKLE FISH PIRACY**

Key actions for combating fish piracy include:

Illegal fishing

- Increase surveillance in order to increase the risk of being caught
- Increase penalty levels to reduce expected returns for illegal operators
- Apply trade measures to countries whose vessels are fishing illegally
- Deprive of benefits RFMO members whose vessels have been involved in IUU fishing
- Use Trade and Catch Documentation Schemes, combined with chain-of-custody programmes

Unreported fishing

- Trace the origins of catch
- Increase co-operation between private operators
- Increase use of on-board observers

Unregulated fishing

- Undertake diplomatic efforts
- Increase RFMO scope and participation
- Increase cooperation between RFMOs
- Wage “Name and Shame” campaigns
- Introduce an International Regime for the High Seas

General measures

- De-link tax havens and flags of convenience
- Improve transparency in re-flagging and de-flagging procedures
- Apply extra-territorial sanctions
- Introduce minimum guidelines for port controls
- Harmonise controls such as prior notice and inspection requirements
- Increase technical and financial resources for capacity-building for RFMOs and developing countries
- Improve monitoring of foreign direct investment
- Ensure transparency surrounding company dealings
- Use initiatives such as corporate governance involvement and education

For further information

scope for reducing it. In this endeavour, developing countries may find themselves disadvantaged and further assistance towards capacity building is required, in particular to improve monitoring, control and surveillance. ■



For further reading

For more information about the OECD's work on illegal, unregulated and unreported fishing, please contact Carl-Christian Schmidt,
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The Economics of Illegal, Unreported and Unregulated Fishing,**
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Implications,**
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