



**SIXTH REGULAR SESSION**  
**Papeete, French Polynesia**  
**07-11 December 2009**

---

**Report on purse seine vessel increase in WCPFC area created by Chinese-Taipei and Chinese fishing companies and associated entities such as trading companies and canneries**

---

**WCPFC6-2009/IP21**  
**1<sup>st</sup> December 2009**

**Submitted by Japan**

## **1. Introduction**

Over capacity is a crucial issue in many oceans. This issue was discussed at the 2<sup>nd</sup> Joint Tuna RFMOs Meeting, San Sebastian, 2009, and the Meeting reached an agreement to hold a Workshop in 2010 to seek ways for solution, while ensuring the legitimate rights and obligations of SIDs seeking to develop their own domestic fisheries.

In WCPFC area, explosive capacity expansion was observed; forty (40) large purse seine vessels were constructed and entered into operation during the last 10 years mainly as a result of investment by Chinese-Taipei's fishing companies and the three major trading companies. Among them, thirteen (13) vessels were constructed only in two years, 2007 and 2008. This expansion happened not because of the single Chinese-Taipei fishing company's action, but because of the coordinated movements by several players such as (i) fishing companies in Chinese-Taipei, (ii) main trading companies, (iii) canneries, and (iv) other capitals in China and US and CCMs.

Japan summarized the observed purse seine increase in WCPFC region based on the analysis of the WCPFC vessel register and hearings from industry sources; particular attention was given to vessels constructed by Chinese-Taipei capital.

The report was prepared to show how fast the fishing capacity grew in this region, while it was not intended to criticize any particular party or entity.

## **2. Players other than fishing companies**

### **(1) Trading companies**

Almost all purse sine catches are transshipped, transported and supplied to canneries. It is a trading company that handles all those transactions from the fishing grounds to canning factories. Three (3) companies are major players in the WCPFC area: FCF (Chinese-Taipei), Itochu (Japan), and Tri-Marine (US). According to the reliable sources, trading relation between fishing companies and trading companies are relatively stable in recent several years, and the shares of the 3 companies are roughly: FCF: 50%, Itochu: 25%, FCF: 25%. In many cases trading companies, in order to increase volume of their handlings, provided assistance to a fishing company to build a new vessel and acquire a license.

## **(2) Canneries**

Major canneries have been steadily increasing their production. Under such trend, how to secure raw material (tuna) becomes an essential factor that is why involved companies also joined investment for building new purse seine vessels.

In this context, trading companies and canneries have common interest that is “to expand their operation”, which in turn encourage fishing companies to introduce new vessels. No incentive is observed to control fishing capacity.

## **(3). Chinese-Taipei fishing companies**

In Chinese-Taipei, fifteen (15) companies are engaged in tuna purse seine fisheries in WCPFC area with seventy-two (72) vessels: thirty-three (33) vessels are operating under Chinese-Taipei flag, and thirty-nine (39) vessels under other flags such as SIDs and US. Nine (9) companies have twenty-one (21) Chinese-Taipei flag vessels and no foreign flag vessels; four (4) companies have twelve (12) Chinese-Taipei flag vessels and thirty-one (31) foreign flag vessels; two (2) companies have eight (8) foreign flag vessels but no Chinese-Taipei flag vessels.

All - but one - Chinese-Taipei flag vessels (32 out of 33) are relatively small ones constructed before 1998, while all foreign flag vessels (39) are large ones constructed after 1999.

These thirty nine (39) vessels were constructed in Chinese-Taipei and deployed to other flags in two phases as follows.

### **(1) Phase 1: expansion to SIDs (See Attachment 1)**

With an initiative of FCF, six (6) fishing companies constructed new vessels and registered as Vanuatu flag so that they can operate entire PNA waters under FSM arrangement. The deployment expanded rapidly and, in 2003, as much as 22 newly constructed vessels were registered in Vanuatu. Further, six (6) vessels were registered in Marshall by other company.

During the phase 1, five (5) old vessels operated by Chinese-Taipei fishing companies were sold to Chinese fishing companies, which constituted basis for the development of Chinese purse sine industry.

### **(2) Phase 2: expansion under US flag (See Attachment 2)**

While US has been entitled to issue up to forty (40) purse seine licenses under the multilateral treaty, the actual number of licenses decreased to twelve (12) in 2006. To utilize this vacancy, a new scheme was crafted: a company was established in the US to get US license by the coalition of Chinese-Taipei interests, canneries, and US interests; Chinese-Taipei fishing companies provide purse seine vessels and they account for fishing operation. This scheme caused another vessel construction boom by Chinese-Taipei fishing companies.

As a first step, six (6) Vanuatu flag vessels were reflagged to US, then, in 2007 and 2008, twelve (12) new purse seine vessels were constructed in Chinese-Taipei. As a result, eighteen (18) purse seine vessels were newly registered in US, and total number of US license issued increased to thirty-nine (39), almost maximum number of license (40).

During the phase 2, three (3) vessels – one vessel was constructed in 2001 – operated by Chinese-Taipei fishing companies were sold to Chinese fishing companies.

### **(3) China**

China started purse seine operation in the WCPFC area in 2002. Since then China has expanded its capacity by purchasing old vessels from Chinese-Taipei companies, and, as of April 2009, four (4) companies own eleven (11) purse seine vessels. At least eight (8) vessels were purchased from Chinese-Taipei fishing companies.

### **3. Conclusion and suggestion**

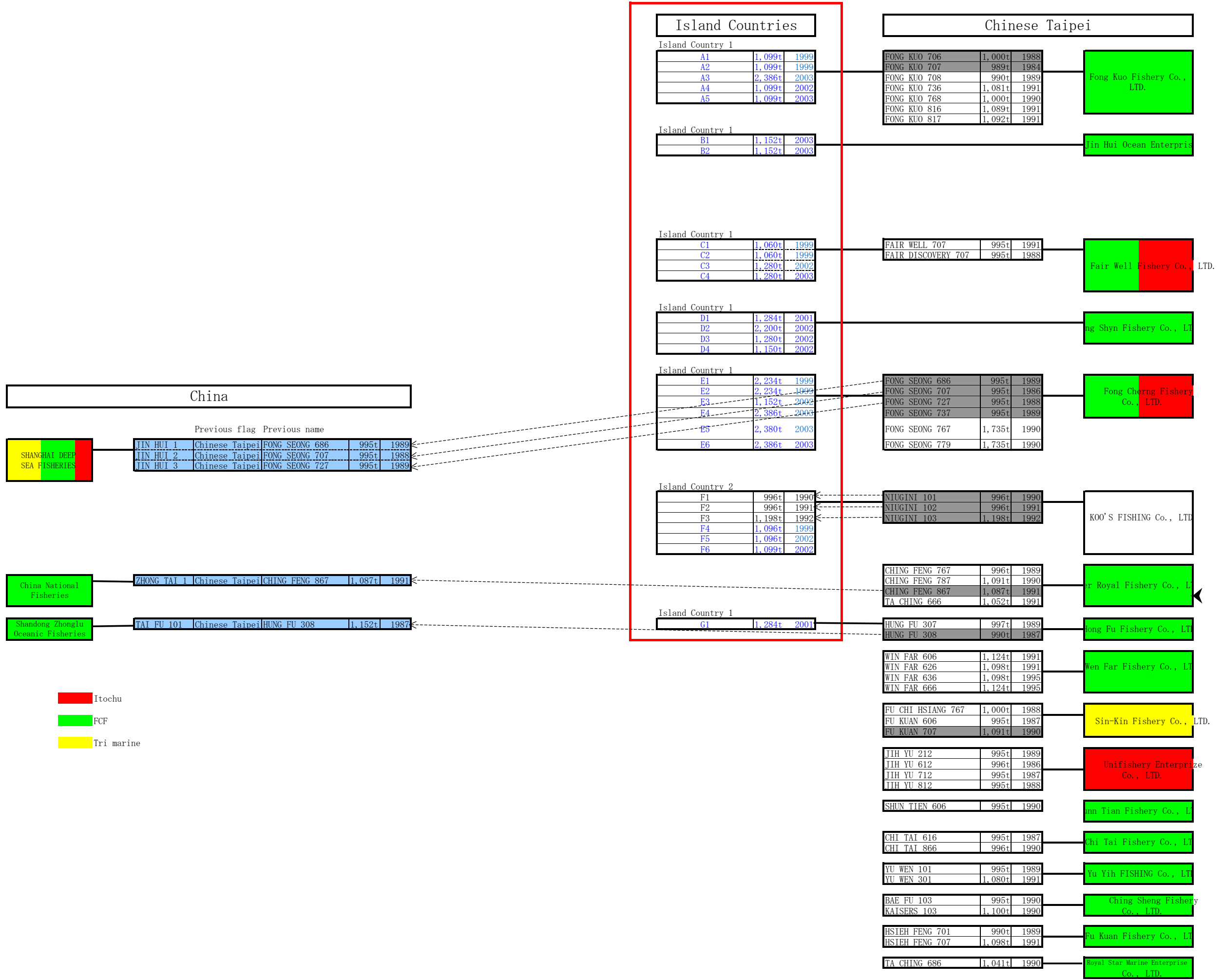
Since 1999, forty (40) purse seine vessels have been constructed and operated in the WCPFC area by Chinese-Taipei fishing companies. In addition, Chinese companies have expanded its capacity by purchasing old vessels from Chinese-Taipei. Those companies are still crafting plans to introduce new vessels.

Trading companies and canneries have been deeply involved in the capacity increase above because their common interest is to expand operations. No incentive has been observed among those players to restrict capacity expansion in the WCPFC area.

This increase is not limited to the Chinese-Taipei companies. “Industry reports suggested that the all the WCPO purse seine fleet has the potential to increase by 40 vessels within 5 years.” (paragraph 36b, WCPFC6-2009/19). As far as this movement continues, it seems inevitable that WCPFC will face more difficulties in controlling capacities.

Japan suggests that fishing nations shall jointly establish a scheme to prevent from further capacity expansion. One possible way is that a fishing nation shall obligate its fishing companies, when introducing a new purse seine vessel, to reduce equivalent capacity in the WCPFC area.

Japanese industry has already implemented this scheme: a company which planned to invest a new vessel scrapped equivalent capacity so as to keep the total capacity stable. The equivalent capacity vessel scrapped is not limited to Japanese vessels but allowed any vessels of other CCM in the WCPFC register.



Phase II : Expansion under US flag

Attachment 2

