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7,200
 METRIC TONNES

EXPECTED catch
 from Chinese-Sri
 Lanka vessels

510
 METRIC TONNES

REPORTED catch
 from Chinese-Sri
 Lanka vessels

6,690
 METRIC TONNES

UNREPORTED catch
 from Chinese-Sri
 Lanka vessels

What caused Europe to ban the import of fish from Sri Lanka?

The European Commission recently banned the import of Sri Lankan fisheries products for violating guidelines on Illegal, Unreported and Unregulated fishing. This *Insight* suggests that the ban was triggered by the behaviour of a small number of very large Chinese vessels run by a BOI registered company in Sri Lanka.

What is IUU and how did it affect Sri Lanka? IUU stands for the three kinds of fishing irregularities that the European Union attempts to combat: that is **Illegal**, **Unreported** and **Unregulated** fishing. On 14th October 2014, the EC proposed to ban imports of fisheries products from Sri Lanka based on IUU fishing concerns.

A ban is a key instrument the European Commission (EC) uses to tackle IUU fishing. Such bans stem from EC Council Regulation No. 1005/2008. The regula-

tion aims to ensure that no illegally caught fisheries products are sold on the European Union (EU) market.

A Sri Lankan government delegation headed by Foreign Minister Mangala Samaraweera recently returned from Brussels. The Minister inherited the problem from the previous regime and now has the unenviable task of negotiating with the EC. This *Insight* examines the circumstances leading up to the event and uncovers data that sheds fresh light on the EC's decision to impose a ban.

THE BAN'S DEVASTATING IMPACT ON THE FISHING COMMUNITY

Sri Lanka is the second largest exporter of fresh and chilled swordfish and tuna to the EU. In 2013, Sri Lanka accounted for Euro 74 million (or Rs. 13 billion) of fisheries imports to Europe. The ban's strongest and most devastating impact will be borne by Sri Lanka's fishing community – over 192,000 households and 222,160 fishermen and women are dependent on fishing as a livelihood.

YELLOW TO RED: EVENTS AND REASONS THAT LED TO THE FISHING BAN

Prior to the proposed ban, on 15th November 2012, the EC issued a 'yellow card' to Sri Lanka for not fulfilling its duties in tackling IUU fishing. The EC decision sent to Sri Lanka in 2012 explained that, in order to avoid being identified as a non-cooperating third country, a yellow-carded country needed to establish and implement an action plan to rectify the shortcomings identified. According to EC decision last year, Sri Lanka neither refuted the facts invoked by the EC nor implemented a plan of action to rectify the situation.

The 'red card' decision which took effect in January 2015 specified a number of shortcomings in Sri Lanka's efforts to take action against IUU fishing. These included (a) the failure to adopt an adequate legal framework to implement international law obligations, (b) the lack of an adequate and efficient monitoring system, (c) the lack of a deterrent sanctioning system, and (d) the failure to comply with international obligations including the Regional Fisheries Management Organisations (RFMOs) recommendations and resolutions, and the United Nations International Plan of Action against IUU fishing.

Alongside all the above, Sri Lanka's main IUU shortcoming appears to be in the area of Unreported fishing: failing to report the quantity and source of catches.

CHINESE VESSELS AND THE EU BAN

In May 2013, while Sri Lanka was under 'yellow card' status, then Fisheries Minister Rajitha Senarathne unveiled a plan to bring down Chinese vessels to increase Sri Lankan fishing exports. According to news reports, he stated that

the vessels would be operated under the Sri Lankan flag. He indicated that these large vessels would significantly increase the overall quantity of fisheries exports. He observed: 'Sri Lanka would need 300 multi-day boats to match the capacity of a single such vessel'.

Following the announcement of the EC ban in October 2014, former Media Secretary to the Fisheries Ministry, Daya Sri Narendra Rajapaksa made it a point to state that the main EC concern was with local fishermen (presumably in multi-day boats) poaching in foreign waters; and that the large Chinese vessels managed by China-Sri Lanka BOI entities did not engage in any illegal fishing.

But the statement didn't speak to the main concern of Sri Lanka's non-compliance with respect to IUU fishing. Were the Chinese vessels engaging in Unreported fishing? The answer to this question can be found in the figures provided in December 2014, when then Acting Fisheries Minister Sarath Kumara Gunaratne claimed that eight Chinese vessels fishing in international waters under the Sri Lankan flag were not compensating Sri Lanka with 10% of their catch as agreed.

UNREPORTED FISHING BY CHINESE VESSELS WILL IMPACT SRI LANKA'S COMPLIANCE WITH EC REGULATIONS

According to the former Acting Minister, only three Chinese vessels reported their catch, while the remainder arrived in Sri Lanka without any fish. The three vessels had delivered 51,254 KG in nine months as per the agreement to deliver 10% of their catch. That means the total catch reported by the three vessels was approximately 510 tonnes.

The actual capacity of these eight vessels is well documented. The Indian Ocean Tuna Commission lists these vessels as purse seines owned by a Sri Lankan BOI company, each with a Gross Register Tonnage of 651 tonnes. The 'hold capacity' of such a vessel (i.e. the quantity of fish it could store) would be at least 300 tonnes. According to the International Commission for the Conservation of Atlantic Tunas, boats of this nature can remain at sea for up to two to three months. Assuming they return to port once in three months (a conservative estimate, given the fact that they can do shorter trips), it is possible to estimate the actual catch of these eight Chinese vessels over a nine-month period, and thereby estimate their magnitude of Unreported fishing (see Exhibit 1).

According to a 2013 study of multi-day boats by Oscar Amarasinghe, multi-day boats vary in size and return catches between 1.8 tonnes and 3.4 tonnes per trip. Based on the data in this study, if we make the generous assumptions that a multi-day boat returns with an average of 3 tonnes of fish and completes one trip to sea every month, a single boat will return around 27 tonnes of fish during a nine-month period.

According to the Department of Fisheries and Aquatic Resources, over 4,000 of multi-day boats are registered to operate in Sri Lankan waters. However, sources within the industry confirm that only around 1,200 such boats operate at any given time throughout the year. A reasonable estimate of the total quantity of fish caught by multi-day boats during a nine-month period is therefore approximately 32,400 tonnes

Exhibit 1: Calculation of unreported fishing by Chinese-Sri Lanka vessels during a nine month period

Number of vessels	8
Hold capacity	300
Number of trips	3
Expected catch (Mt)	7,200 (100%)
Reported catch (Mt)	510 (7%)
Unreported catch (Mt)	6,690 (93%)

(this is a generous estimate, given that a multi-day boat may average less than 3 tonnes of catch per trip). Thus, capacity wise, the eight Chinese vessels are equivalent to at least 22% of the total fleet of multi-day boats operating during a nine-month period. Under-reportage (at a staggering rate of 93%) amongst these eight vessels would have a significant impact on the overall assessment of Sri Lanka's compliance with EC regulations.

WHAT COULD HAPPEN IF UNREPORTED FISHING CONTINUES TO INCREASE?

There are no formal estimates on the precise percentages of under-reportage by Sri Lankan multi-day boats. Therefore, possible scenarios are considered where under-reportage is 15%, 25% and 35%. Exhibit 2 shows how Sri Lanka's quantity of Unreported fishing escalates under each of these scenarios as a result of the introduction of the eight Chinese vessels.

Based on the above calculations, it is clear that the overall impact of the eight Chinese vessels on compliance levels was quite drastic. In fact, the more

The solution is quite straight-forward: the government needs to act swiftly to ensure these eight vessels report their actual catch in future, penalise them for past infractions and take legal action against the directors of the BOI company that deployed these vessels.

compliant Sri Lanka was before the introduction of the eight vessels, the more non-compliant it would have appeared after their introduction. It is crucial to note that Sri Lanka was given a 'yellow card' warning prior to the introduction of the Chinese vessels. The 'red card' or the ban came after the vessels were introduced. Anything above a 30% increase in unreported fishing after the yellow card would have been just too severe for the EC to ignore, thereby prompting the ban.

SOLUTION: REPORT THE CATCH AND PENALISE PAST ACTION

This analysis suggests that the movement from 'yellow card' status to a ban resulted from the introduction of these eight Chinese vessels and their huge quantity of unreported fishing. The solution is then quite straightforward: the government needs to act swiftly to ensure these eight vessels report their actual catch in future, penalise them for past infractions and take legal action against the directors of the BOI entities that deployed these vessels. It's important to reel in the big fish.

There is a strong economic case for deterrent punitive action by the government against private entities that jeopardise Sri Lanka's international credibility and undermine its economy. In a context of increasing opportunities, when there is inadequate deterrent action against rogue behaviour, such behaviour tends to multiply and gradually strangle the whole economy. Partial actions and cover-ups undermine Sri Lanka's economic future. ■

Exhibit 2: Increase in under-reportage due to the introduction of Chinese-Sri Lanka vessels

Before introduction of 8 Chinese vessels			After introduction of 8 Chinese vessels			Increase in unreported fish (Mt)
Total catch (Mt)	Under reportage scenarios	Unreported catch (Mt)	Additional catch (Mt)	Additional unreported catch (Mt)	Total unreported catch (Mt)	
32,400	15%	4,860	7,200	6,690	11,550	138%
32,400	25%	8,100	7,200	6,690	14,790	83%
32,400	35%	11,340	7,200	6,690	18,030	59%