



COMMITTEE ON FISHERIES

SUB-COMMITTEE ON FISH TRADE

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ILLEGAL, UNREPORTED, AND UNREGULATED (IUU) FISHING, THE AGREEMENT ON PORT STATE MEASURES (PSMA) AND TRADE-RELATED ISSUES

Executive Summary

This document highlights the importance of utilizing the Port State Measures Agreement (PSMA) to avoid products originating from illegal, unreported and unregulated (IUU) fishing entering markets at the landing point and preserving the economic value of fishery stocks and the associated value chains. It also emphasizes the importance of parallel implementation of other instruments capable of detecting and discouraging IUU-fishing products at various nodes in the supply chain towards having a system that will strengthen over time, contributing to eliminating trade of IUU-fishing-originated products.

Suggested action by the Sub-Committee

- Note the key role that the PSMA plays in avoiding IUU-fishing-originated products entering into markets.
- Underline the potential of the PSMA's applicability to national vessels as a powerful additional tool for preventing IUU-fishing-originated products from entering markets.
- Recognize the importance of implementing other FAO instruments concurrently with the PSMA to eliminate alternative routes for IUU-fishing-originated products to affect markets.

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INTRODUCTION

1. IUU fishing can encompass fishing activities violating laws and obligations and activities conducted without any governance framework. Different varieties of IUU fishing exist.¹ In all cases, IUU fishing is detrimental to sustainable and responsible fishing, undermining fisheries conservation and management efforts.

2. The most apparent consequence of IUU fishing is the negative pressure on natural resources. Since all forms of IUU fishing occur outside the framework of a legal fisheries management system, the natural capital of fishery stocks is likely to be compromised. IUU fishing increases the risk of degrading the ecosystem that sustains the stock since it circumvents ecologically relevant regulations on legal fisheries.

3. The covert nature of IUU fishing makes it challenging to assess its magnitude and scope. Most analyses have only quantified illegal and unreported (I&U) catches, potentially underestimating total losses due to the exclusion of unregulated fisheries. One of the first estimations of global I&U fishing suggested that, between 2000 and 2003, 11-26 million tonnes of catch, equivalent to USD 10-23.5 billion in value, were lost annually.² This same method was recently updated for 2005-2014 to estimate the value of the lost I&U catch and the potential losses to the legitimate associated economic activities, including trade. The results indicated that the I&U catches diverted from the legal market are valued at USD 9-17 billion, with additional losses of USD 34-67 billion attributable to secondary economic, income, and tax revenue effects.³

4. The results are inherently uncertain since IUU fishing estimates are based on assumptions and approximations. To strengthen such assessments, FAO's Technical Guidelines for Responsible Fisheries series is publishing guidance on scoping and executing estimation studies, refining estimation methodologies, and developing indicators for IUU fishing, including a specific volume on economic impacts.⁴

THE ECONOMIC CONSEQUENCES OF IUU FISHING

5. The negative consequences of IUU fishing are multi-faceted and potentially severe. When legal fish production occurs, the multiplier effect yields revenues in the value chain higher than the captured fish value, in addition to other societal and economic benefits, such as:

- Economic benefits to directly involved parties (for example, employment; revenues from processing, storing, and transport; and value-added sales in stores and restaurants);
- Economic benefits to actors not directly involved (for example, livelihoods for families of employees, tax revenues for authorities, incomes for secondary suppliers);
- Food security and nutrition benefits; and
- Regulatory and enforcement benefits for maintaining a safe and secure supply of fish (for example, products are only monitored within legitimate supply channels).

¹ www.fao.org/3/y1224e/Y1224E.pdf

² <https://journals.plos.org/plosone/article/file?id=10.1371/journal.pone.0004570&type=printable>

³ <https://www.science.org/doi/epdf/10.1126/sciadv.aaz3801>

⁴ Four volumes of the FAO Technical guidelines on methodologies and indicators for the estimation of the magnitude and impact of illegal, unreported and unregulated (IUU) fishing are in preparation addressing “Guiding Principles and Approaches”, “A practical guide for undertaking IUU fishing estimation studies”, “A catalog of examples for estimating IUU fishing” and “Developing and Using Indicators of Performance in Fighting IUU Fishing”.

6. Therefore, when a catch is lost to the legal economy, the losses are also enhanced. These benefits can be maintained by preventing the infiltration of IUU-fishing-originated products into the value chain.

Externalized and Internalized IUU-fishing products

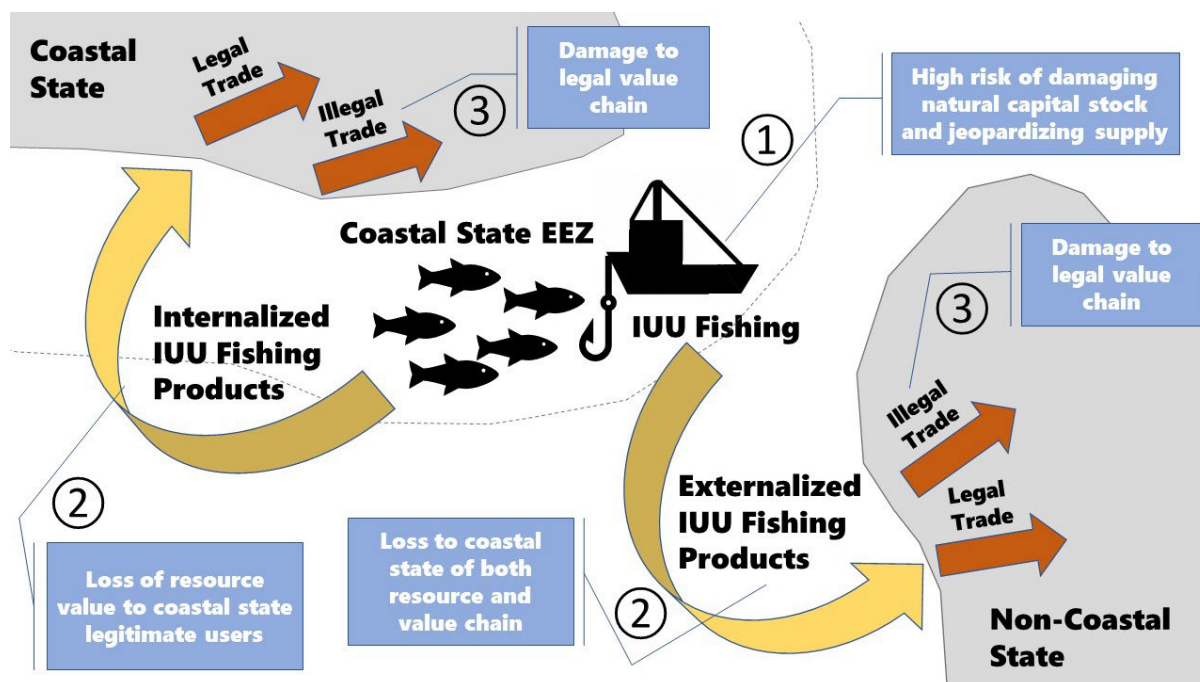
7. If IUU fishing occurs, the products may be externalized or internalized from the perspective of the coastal State holding fishery stock assets.

8. Externalized IUU-fishing products never reach the domestic market of the coastal State and do not contribute to the domestic value chain. They include, for example, fish captured by an unlicensed distant water vessel in the EEZ of a coastal State and landed outside the region.

9. In contrast, internalized IUU-fishing products enter the domestic market of the coastal State but may or may not flow through traditional channels. Internalized IUU-fishing products would include, for example, fish caught by a licensed domestic vessel fishing in a non-authorized area, landed and sold at the regional port.

10. Externalized IUU-fishing products result in higher economic losses for coastal States. The stock is endangered, and the fish and value chain economic benefits are lost. In the case of internalized IUU-fishing products, even though some economic benefits to the coastal State may be lost, others, such as employment, revenues from value-added activities, sales, and taxation, may still be generated (see Figure 1).

Figure 1. Economic consequences of IUU fishing



- ① Regardless of where or who engages in IUU fishing, the natural capital of the fishery stock is affected.
- ② If IUU-fishing products are removed from the coastal State, economic losses include both the value of the resource and its value chain; if IUU-fishing products remain in the coastal State, legitimate users experience a loss of value.
- ③ If IUU-fishing products penetrate trade, the legal value chain will suffer economic losses.

Source: FAO (2023)

11. Market States that receive IUU-fishing-originated products may also incur economic losses if they fail to maximize the benefits of their value chains. In addition, IUU-fishing-originated products jeopardise value chain sustainability by endangering the source stock and increasing future uncertainties on the quantity and quality of the supply.

Preventing Economic Consequences from IUU Fishing

12. States can prevent market and value chain damages from IUU fishing by ensuring that fish captured or handled by vessels flying their flag have legal provenance. Furthermore, products of IUU fishing can be identified and prevented from entering markets, whether caught by domestic or foreign-flagged vessels. In this regard, product sourcing that complies with legal requirements and is documented through a chronology of ownership, custody or location is crucial.

13. Flag States exercise assurances for fishing operations, while port and market States exercise assurances for fishing products. An increasing number of international instruments are available to support legal fish trade, assist parties in carrying out their responsibilities, and prevent IUU-fishing-originated products from accessing markets and causing economic damage.

HOW THE PSMA SUPPORTS LEGAL FISH TRADE

14. The PSMA, which entered into force in 2016, specifies minimum standard requirements for the parties to consider when granting foreign-flagged vessels access to their ports. Additionally, the PSMA also mandates the exchange of information between port, flag and coastal States, as well as Regional Fisheries Management Organizations (RFMOs), through systems such as the Global Record of Fishing Vessels (GRFV) and the Global Information Exchange System (GIES). This network of partners to combat IUU fishing enhances an expanding global intelligence network while providing flag States additional resources for remotely managing their vessels.

15. The 75 Parties implementing the PSMA protect markets and value chains by identifying and preventing IUU-fishing-originated products from entering land-based trade channels.⁵ Since the PSMA applies to foreign vessel landings, it is an effective deterrent against externalized IUU-fishing products (those caught by foreign vessels in non-domestic waters) and against some internalized IUU-fishing products (those captured by foreign vessels in domestic waters). Exclusion from the trade of IUU-fishing-originated products caught by domestic vessels in domestic waters (internalized IUU-fishing products) or outside domestic waters (externalized IUU-fishing products) is contingent upon the effective implementation of domestic measures compatible with the PSMA (Article 20, paragraph 6).

16. In accordance with the PSMA, when a foreign-flagged vessel requests entry into a port, it must provide, in advance, the port State with the minimum standard information required to determine if the vessel has engaged in or supported IUU fishing. Such a determination may also be made after the vessel has entered the port, based on additional information review or an inspection based on the PSMA's minimum standards, in which case access to fishing-related and other port services may be denied. In this case, the PSMA requires that the port State deny entry to the vessel.

17. Failure to manage in real-time the basic information required by the PSMA, such as vessel characteristics and identifiers, fishing authorizations, transshipment activities, and details of catch onboard, risks denial of port entry and threatens the economic viability of fishing operations significantly. Refusal of access to a port, sanitary and labelling requirements, and other non-compliances can result in rejections and detentions at any border and can be costly.^{6, 7}

18. In preventing the landing and transportation of aquatic products to market States, port States serve as the first line of defence not only for their own markets and value chains but also for other markets.

19. Many market States, even not having a specific role in PSMA, have opted to prohibit trade with countries that lack port State measures. In addition, market States can become parties to the PSMA and utilize the GIES to access certified port denial and inspection data, reducing the possibility that vessels denied entry or use of ports under the PSMA will obtain landings authorization elsewhere.

⁵ <https://www.fao.org/port-state-measures/background/parties-psma/en/>

⁶ <https://www.fao.org/3/y5924e/y5924e00.htm#Contents>

⁷ <https://hub.unido.org/rejection-data/country-profile>

20. Flag States have a solid foundation for ensuring that fish captured or handled by their vessels are of legal origin when they collect and manage the basic information required by the PSMA for port entry. The PSMA provides a powerful tool for flag States in defensive and proactive modes. It allows flag States to prevent market and value chain deterioration due to IUU fishing and facilitates smooth market access for products from their vessels.

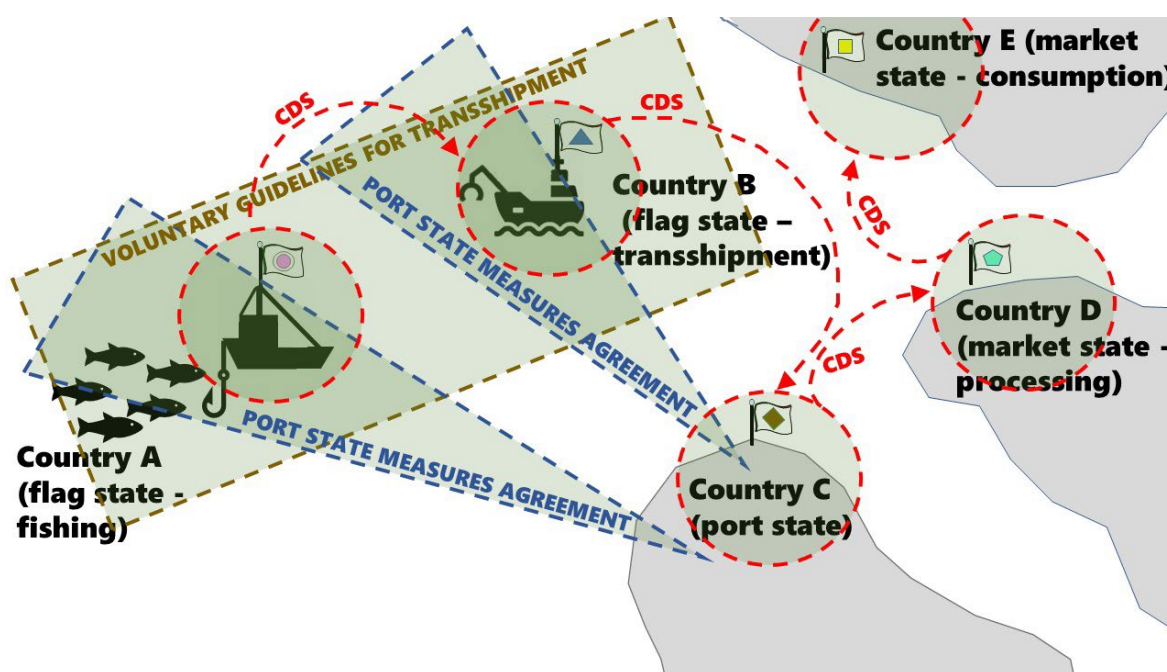
21. As the PSMA is more extensively implemented, the scrutiny applied to fishing and support vessels worldwide increases, tightening controls at the vessel-land interface and impeding the flow of IUU-fishing-originated products into markets.

22. In principle, the authorization of port entry in the PSMA applies only to foreign vessels. However, a party can use the same standard for all vessels, foreign or domestic, considering the provision of measures to their flagged vessels in a way that they are at least as effective as foreign vessels (Article 20 of the PSMA, paragraph 6). This possibility reduces economic damages from IUU fishing, whether foreign or domestic ports are used.

Residual Gaps in the PSMA Coverage

23. The PSMA is an effective tool for flag States to ensure the legal origin of their vessels' catches and for port and market States to detect and prevent the international trade of IUU-fishing-originated products. However, considering the complexity of the fish supply chain, and the variety of entry points, additional tools must be utilized concurrently with the PSMA to eradicate alternative routes (see Figure 2).

Figure 2. Complementarity and leverage points for international instruments addressing IUU fishing and fish trade



Source: FAO (2023)

24. In terms of country coverage, a number of important port States have not yet signed on to the PSMA, leaving the possibility of IUU-fishing-originated products penetrating land-based value chains. Although non-parties may implement national port authorization processes that prevent the landings of IUU-fishing-originated products and PSMA-compliant measures to domestic vessels, these options are not always enforced.

25. When neither the flag State nor the port State is a party to the PSMA, it is less likely that the PSMA's minimum due diligence standards will be implemented and information about its results will

be communicated. Increasing the transparency and rigour of port entry and using authorization processes through expanded PSMA participation is an ongoing priority.

26. Some fisheries use transshipment, which is the direct transfer of any quantity of fish onboard from one vessel to another vessel regardless of the location of the event, without the fish being recorded as landed, as a cost-effective technique for landing fish catches. The PSMA applies equally to fishing and transshipment vessels. However, its effectiveness in dealing with transshipped fish can be lessened if the flag State of the transshipment vessel fails to provide the information required to evaluate if IUU fishing has occurred. The FAO Voluntary Guidelines for Transshipment (VGT), adopted and endorsed in 2022, describe minimum authorization, reporting and information exchange standards to prevent IUU fishing and serve as an effective supplement to the PSMA.⁸ Together, and with extensive and efficient implementation, these two instruments can connect the States responsible for the legal provenance of fish, from the point of capture to the landing point, even when transshipment occurs.

27. The FAO Voluntary Guidelines on Catch Documentation Schemes (CDS)⁹ can supplement the PSMA and VGT functions by forwarding the combined legal provenance information from both instruments as the fish goes downstream along the supply chain. CDS operates as a State-to-State chain of custody, relying on national authorities to provide traceability within their borders.¹⁰

28. However, this framework will not be effective without robust national fisheries management systems. These systems implement the requirements of international instruments, and they collect and manage the data needed to validate the information provided (e.g. vessel details, fishing and transshipment sites, catch species and quantities). These systems are also primarily responsible for detecting instances of IUU fishing outside the control framework (such as stateless vessels, unauthorized transshipments, and undesignated ports). This set of instruments underscores the continued need to promote the development of national legislation, strengthen monitoring, control and surveillance schemes, and provide new data and analytical applications for national fisheries management systems.

⁸ <https://www.fao.org/3/cc4833en/cc4833en.pdf>

⁹ www.fao.org/3/a-i8076e.pdf

¹⁰ <https://www.fao.org/documents/card/en/c/cb8243en>