

INTER-AMERICAN TROPICAL TUNA COMMISSION

83RD MEETING

La Jolla, California (USA)

25-29 June 2012

PROPOSAL IATTC-83 H-1

SUBMITTED BY JAPAN

**DRAFT RESOLUTION ON MANAGEMENT OF FISHING
CAPACITY**

EXPLANATORY NOTE

1. Japan is concerned about over capacity of purse seine fishing vessels in the Eastern Pacific Ocean as it is likely to negatively affect stocks of tunas and species incidentally caught, especially where there is no catch limit on these stocks. Although IATTC has been adopting the measures on specified closure period and area to offset such negative impacts, adjustment of capacity to the level commensurate with the stock level would be much better in terms of enforcement feasibility and response to unexpected decrease of stocks of tunas.
2. Based on these ideas, Japan submitted to the 12th meeting of the Permanent Working Group on Fleet Capacity last October DRAFT RESOLUTION ON FREEZE AND REDUCTION OF PURSE SEINE CAPACITY. Taking into account comments received from CPCs during the 12th meeting of the Permanent Working Group on Fleet Capacity, Japan revised the draft and submitted it to the 1st Workshop on Vessel Buybacks last April for further discussion.
3. Throughout discussions at the Working Group and Workshop, several CPCs stated that not only purse seine fishing vessels but also long line fishing vessels should also be subject to capacity management measures.
4. Japan believes that at this moment no capacity management measure is necessary for long line fishing vessels, but at the same time shares the view that this may be required in the future. In this regard, it will be important for IATTC to establish a system to monitor changes of active fishing capacity of long line fishing vessels so that IATTC can adopt necessary measures quickly if the active capacity of long line fishing vessels has surpassed or is likely to surpass a threshold.
5. There are two other issues raised repeatedly during discussions in the Working Group as well as Workshop; relationship with sovereign rights and long liners' financial contribution to the purse seine buy-back scheme. With regard to the relationship between sovereign rights and capacity buy-back, Japan acknowledges that some CPCs consider the capacity as sovereign rights and thus it is difficult for them to accept reduction of their capacity. This scheme would not work, however, if all the purse seine CPCs stick to consider that the capacity belonging to them as part of their sovereign rights. Japan hopes that purse seine CPCs will show certain flexibility to achieve meaningful capacity reduction of purse seine fishing vessels in the EPO. Furthermore, Japan would like to remind that the proposal requires CPCs' approval for any capacity transaction.
6. As to the financial contribution from long line fishing vessels to the purse seine buy-back scheme, we have already explained that this scheme is not expected to result in the reduction of total catch by purse seine vessels until it reduces the total active capacity to less than 158,000 cubic meters

since the closure periods are expected to be decreased corresponding to the reduction of capacity towards the target. Therefore, there will be no benefit for long line fishing vessels at least in foreseeable future, while remaining purse seiners will get more benefit. Also, it should be recalled that the number of long line fishing vessels has been reduced substantially using a large amount of financial resources. Based upon those reasons, Japan believes the financial contribution for the purse seine buy-back scheme should be sought for from purse seine fishing vessels, if contribution from outside proved to be impossible.

7. The draft attached hereto consists of two parts: Capacity Management Scheme for Purse Seine Fishing Vessels and Capacity Monitoring Scheme for Long Line Fishing Vessels. The first part is a revision of the revised paper submitted to the 1st Workshop based on comments received. The second part is a new element to materialize the idea expressed in paragraph 4 above. Japan hopes that this draft will be a good basis for discussions on capacity issues.

DRAFT RESOLUTION ON MANAGEMENT OF FISHING CAPACITY

The Inter-American Tropical Tuna Commission (IATTC), gathered in La Jolla, California (USA) on the occasion of its 83rd Meeting:

Concerned that purse-seine fishing capacity in the eastern Pacific Ocean (hereinafter referred to as “EPO”) has been increasing in recent years;

Understanding that excess fishing capacity in a region makes it more difficult for governments to consent on and implement effective conservation and management measures for the fisheries of that region;

Believing that it is important to limit fishing capacity in the EPO in order to help ensure that the tuna fisheries in the region are conducted at a sustainable level;

Recalling that the Commission adopted Resolution on the Capacity of the Tuna Fleet Operating in the Eastern Pacific Ocean (C-02-03) at the 69th Meeting in 2002 in order to address the problem of excess capacity in the tuna purse-seine fleet operating in the EPO;

Further recalling that the Commission adopted Plan for Regional Management of Fishing Capacity at the 73rd Meeting in 2005 toward the same objective;

Reminded that Article VII, paragraph 1 (h) of the Antigua Convention reads “adopt appropriate measures to prevent or eliminate over-fishing and excess fishing capacity and to ensure that levels of fishing effort do not exceed those commensurate with the sustainable use of the fish stocks covered by this Convention”:

Agrees:

I. CAPACITY MANAGEMENT SCHEME FOR PURSE SEINE FISHING VESSELS

Objective

1. The Commission shall freeze and then reduce the capacity of purse seine fishing vessels in order to ensure sustainable use of tuna stocks in the EPO.

Basic principle

2. Any capacity change under this scheme shall be effective only with the consent of the flag Member and Cooperating non-Member of IATTC (hereinafter referred to as “CPC”).
3. Any one CPC shall not possess at any time more than 30% of the total active capacity of purse seine

vessels in the EPO.

4. The Director shall revoke any transactions if he detects violation of any rules and restrictions contained in this document or those adopted by the Commission.

Freeze of capacity

5. After January 1, 2013, each CPC shall not increase the total active capacity of its purse seine fishing vessels beyond the maximum level of 2012 except the case permitted in paragraph 6 below.
6. As an exception to paragraph 5 above, each developing CPC may increase its active capacity by utilizing up to 50% of Inactive/Sunk capacity and Available capacity (hereinafter referred to as “non-active capacity”) that it possesses. In case of developed CPCs, this percentage shall be 30%.

Reduction of capacity

7. The total active capacity of purse seine fishing vessels shall be reduced to 158,000 cubic meters in the medium- to long-term, while giving due consideration to development of purse seine fisheries by coastal developing CPCs. The benchmark “158,000 cubic meters” may be changed by the Commission based on advice of the Scientific Advisory Committee and the scientific staff of the Secretariat.
8. Reduction of active capacity will be achieved by two approaches: (1) buy-back of active capacity by the Commission through auction; and (2) automatic reduction of active capacity at the time of replacing current active vessels with other ones.

Buy-back of capacity through auction

9. Active capacity may be auctioned for buy-back purposes.
10. For the purpose of buying back active capacity through auction, the Commission shall establish a Capacity Reduction Fund to be administered by the Director (hereinafter referred to as “the Fund”).
11. The Director shall first seek assistance from intergovernmental organizations such as the World Bank or GEF or donation from industry group for operation of the Fund as well as voluntary contribution from CPCs. If this is not feasible, the Director shall seek a low-interest loan from international financial institutions, which shall be paid back later by the fees collected from owners of active purse seine fishing vessels. If this is not feasible, owners of active purse seine fishing vessels shall contribute to the Fund annually [50] dollars per 1 cubic meter of fish hold capacity. The Commission shall decide details of the Fund operation, including how to deal with cases of change of owners and cases of retirement of owners from fishing, etc.
12. During each annual meeting, the Director shall hold an auction using the Fund in the margin of the meeting to buy back active capacity. A flag CPC authority or owner, who offered the lowest price per 1 cubic meter of the fish hold capacity, shall win the auction and receive the amount (the price multiplied by the capacity amount for the buy-back)¹. In return, the capacity bought-back shall be relinquished from the CPC. The Director shall hold a second auction and thereafter if there remains enough amount in the Fund after the first auction.
13. The vessel bought-back shall be scrapped under the supervision of the Director. The cost for scrapping the vessel shall be paid by the Fund. If any money is accrued from the scrapping, it shall be put into the Fund.
14. The owners of the purse seine vessels who wish to participate in an auction shall obtain approval from the flag CPC authority in advance of the auction. Before the commencement of an annual auction, the

¹ The upper limit of the amount shall be 80% of the money accumulated in the Fund at the time of the auction. The Director shall decide the total amount of capacity available for buy-back and the starting price, taking into consideration the amount of remaining money and the reasonable bid price.

Director shall consult with the flag CPC to confirm if such owner is duly authorized to do so.

Automatic reduction of capacity at the time of replacing current active vessels with other ones

15. When an active purse seine vessel is replaced by a second-hand vessel, no more than 90% of the existing vessel's capacity shall be used (i.e., the capacity of the replacing second-hand vessel must be 90% or less than that of the one to be replaced). When an active purse seine vessel is replaced by a newly built vessel, no more than 70% of the existing vessel's capacity shall be used (i.e., the capacity of the replacing newly built vessel must be 70% or less than that of the one to be replaced).
16. If more capacity is necessary for replacement or if the capacity of the vessel replacing the existing one is found later to be larger than originally expected, such excess capacity shall be obtained by purchasing active capacity. The principle in paragraph 15 shall be also applied to such additional capacity (i.e., if 500 cubic meters is purchased, only 450 cubic meters may be used in case that the replacing vessel is second-hand one and only 350 cubic meters may be used in case that it is newly built one.). The purchased capacity may not be activated until the documented proof certifying that the purchased vessel has been scrapped is provided to the Secretariat.

Consideration to development of purse seine fisheries by coastal developing CPCs

17. Any active capacity which is bought-back through auction or which becomes available as a result of replacement in paragraphs 15 and 16 above shall be added to the Reserve Capacity to be established by the Commission and administered by the Director (hereinafter referred to as "the Reserve Capacity").
18. The Director shall announce the availability of capacity in the Reserve Capacity when it exceeds 3,000 cubic meters. The Director shall establish a period during which a request for utilizing such capacity can be submitted. Only owners from CPCs with non-active Capacity authorized by the Commission may utilize the capacity available in the Reserve Capacity. Such owners shall submit a concrete utilization plan which is authorized by the flag CPC.
19. When there are more than one capacity requests and the total requested amount of capacity is more than the capacity available in the Reserve Capacity, the following order shall be applied:
 - a. 1st priority: utilization of the capacity authorized under paragraph 10 of Resolution C-02-03
 - b. 2nd priority: utilization of capacity authorized by the Commission as necessary for fishery development of coastal developing CPCs (other than 1st)
 - c. 3rd priority: utilization of non-active capacity (other than 1st and 2nd)
20. If the owner whose request was accepted does not use the obtained capacity within 6 months (in case of a second-hand vessel) or within 1 year (in case of a newly built vessel), the obtained capacity shall be returned to the Reserve Capacity unless the Commission decides otherwise.
21. When the total amount of the Non-active Capacity becomes zero, the Reserve Capacity shall be terminated and the remaining capacity in the Reserve Capacity shall be voided. If the total active capacity is above 158,000 cubic meters at that time, reduction of active capacity shall be continued in accordance with paragraphs 8 to 16 above.

Administration of the scheme

22. The cost for establishment and management of the scheme (excluding the personnel cost) shall be covered by the Fund. Up to 50,000 US dollars per year may be expended from the Fund for management of the scheme, holding auctions and observing scrapping.
23. The scheme shall be terminated when the total amount of the non-active capacity becomes zero and the total amount of the active capacity is reduced down to 158,000 cubic meters unless another benchmark is agreed upon by the Commission.

24. When increase of capacity becomes possible, such newly available capacity shall be allocated based on a consensus of the Commission. In case that a consensus cannot be reached, the capacity shall be allocated in proportion to the amount of reduced capacity by each CPC.

II. CAPACITY MONITORING SCHEME FOR LONG LINE FISHING VESSELS

Objective

1. The objective of the scheme is to enable the Commission to properly monitor changes in total active capacity of long line fishing vessels operating in the EPO so that the Commission will be able to consider introduction of capacity management measures in the future.

Basic principle

2. Each CPC shall report its active long line fishing capacity every year in accordance with the scheme below.

Scheme

3. By the end of 2012, each CPC shall report to the Director the number of tuna long line fishing vessels (hereinafter referred to as "TLFV") under their flag which actually operated in the EPO in 2011. The number of TLFV shall be reported in accordance with the following categories:
 - a. 24 m or greater in overall length
 - b. Less than 24 m in overall length with freezing capacity
 - c. Less than 24 m in overall length without freezing capacity

In 2013 and thereafter, each CPC shall submit such information for the previous year to the Director by the end of March.

4. The Director shall compile the information submitted in accordance with paragraph 3 and 4 above by CPCs by category and circulate it to all CPCs one month prior to the annual meeting.
5. The Scientific Advisory Committee shall evaluate relative impact of each category and report the result back to the 2014 Commission meeting.