

INTER-AMERICAN TROPICAL TUNA COMMISSION
PERMANENT WORKING GROUP ON FLEET CAPACITY
12TH MEETING
DEL MAR, CALIFORNIA (USA)
23-24 OCTOBER 2011

PROPOSAL CAP-12 A-1

PRESENTED BY JAPAN

**DRAFT RESOLUTION ON FREEZE AND REDUCTION OF PURSE
SEINE CAPACITY**

The Inter-American Tropical Tuna Commission (IATTC);

Noting that the stock status of yellowfin and bigeye in the Eastern Pacific Ocean (EPO) is in the yellow zone of Kobe Chart;

Also noting that the target capacity of purse seiners stipulated in Resolution C-02-03 is 158,000 cubic meters, whereas the current active capacity of purse seiners is about 220,000 cubic meters;

Concerned about the possibility of increasing another about 70,000 cubic meters of additional capacity, which likely causes further negative impacts on the tuna stocks in the EPO;

Recognizing that the current over-capacity of purse seine fishing vessels should be reduced urgently to ensure sustainable use of tuna stocks in the EPO, while giving due consideration to development of purse seine fisheries by coastal developing countries;

Resolves as follows:

1. The Commission shall establish a scheme to freeze and reduce the capacity of purse seine fishing vessels in order to ensure sustainable use of tuna stocks in the EPO
2. The scheme is aimed at freezing the capacity of purse seine fishing vessels registered in Members and Cooperating non-Members of IATTC (hereinafter referred to as "CPCs") at a certain level and reducing the total capacity (active and non-active) of purse seine fishing vessels 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.
3. As an initial step, each CPC shall not increase the total capacity of its active purse seine fishing vessels from the level as of xxxx, 2012.
4. As the second step, the capacity of purse seine fishing vessels shall be reduced through auction and capacity trade after the establishment of a fund and replacing active purse seine vessels described in Annex.
5. The scheme shall be terminated when the total capacity (active and non-active) is reduced down to 158,000 cubic meters. The validity of 158,000 cubic meters shall be reviewed from time to time based on advice from the Scientific Advisory Committee.

Annex

1. Establishment of a fund for the capacity reduction

Owners of active purse seine fishing vessels shall pay 50 dollars per 1 cubic meter of the fish hold capacity to the Capacity Reduction Fund to be established by the Commission and administered by the Director (hereinafter referred to as “Fund”). 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.

2. Reducing the capacity through auction using the Fund

- (1) During each annual meeting, the Director shall hold an auction to buy out active capacity, using the Fund.
- (2) 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-out)¹. In return, the capacity for the buy-out shall be relinquished. The vessel subject to the buy-out shall be scrapped under the supervision of the Director. The cost for scrapping vessel shall be covered by the Fund.
- (3) In case that owners of the purse seine vessels participate in auctions, they shall obtain permission from the flag CPC authority in advance that their vessels are to be subject to the auction. Any successful bid without such permission shall be revoked.
- (4) The Director shall hold a second auction if there remains enough money in the Fund after the first auction.

3. Capacity trade through internet capacity auction

- (1) The Director shall establish an internet capacity auction site in order to facilitate capacity trade. The Director shall collect 3% of the traded price from both the buyer and seller and put it into the Fund. Participants in auction shall obtain prior authorization of the flag CPC authority.
- (2) Capacity may be traded for purposes of buying new vessels or additional capacity as described in 4. (2) below. However, owners from developed CPCs except for those from French Polynesia may buy capacity only for the purpose in 4. (2) below.
- (3) The Director shall not hold auction when detecting a violation against any rules and restrictions contained in this document. If a violation is found after auction, such auction shall be revoked. Auction shall also be revoked if 3% of the traded price is not paid.

4. Reducing the capacity through replacing active purse seine vessels

- (1) When an active purse seine vessel is replaced with a second-hand vessel, only 90% of the existing vessel’s capacity may be used. Only 70% of the existing vessel’s capacity may be used in the case that the vessel replacing the existing one is a newly built vessel.
- (2) If more capacity is necessary, such additional capacity shall be obtained (if the capacity of the vessel replacing the existing one is found later to be bigger than the originally thought, i.e., 70 or 90%, the owner shall obtain such additional capacity, too). Under any circumstance, the capacity of the vessel replacing the existing one shall not exceed 100% of the existing vessel’s capacity even after obtainment of additional capacity.

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-out and the starting price, taking into consideration the amount of remaining money and the reasonable bid price.

5. Consideration to development of purse seine fisheries by coastal developing CPCs

- (1) Any capacity which becomes available as a result of actions in 2. and 4. above shall go to a reserve capacity to be established by the Commission and administered by the Director (hereinafter referred to as "Reserve Capacity").
- (2) 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 having a concrete utilization plan may submit such request. Owners shall obtain permission of the flag CPC before submitting such request.
- (3) When there are more than two capacity requests and the total requested amount of capacity is more than the available capacity, the following order shall be applied:
 - 1st priority: utilization of the capacity authorized under paragraph 10 of Resolution C-02-03
 - 2nd priority: utilization of capacity authorized by the Commission as necessary for fishery development of coastal developing CPCs (other than 1st)
 - 3rd priority: utilization of non-active capacity (other than 1st and 2nd)
- (4) 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.
- (5) When the amount of all the non-active capacities becomes zero, the utilization of Reserve Capacity shall be suspended.

6. Cost of the scheme

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 shall be expended from the Fund for management of the scheme, holding auctions and observing scrapping.