

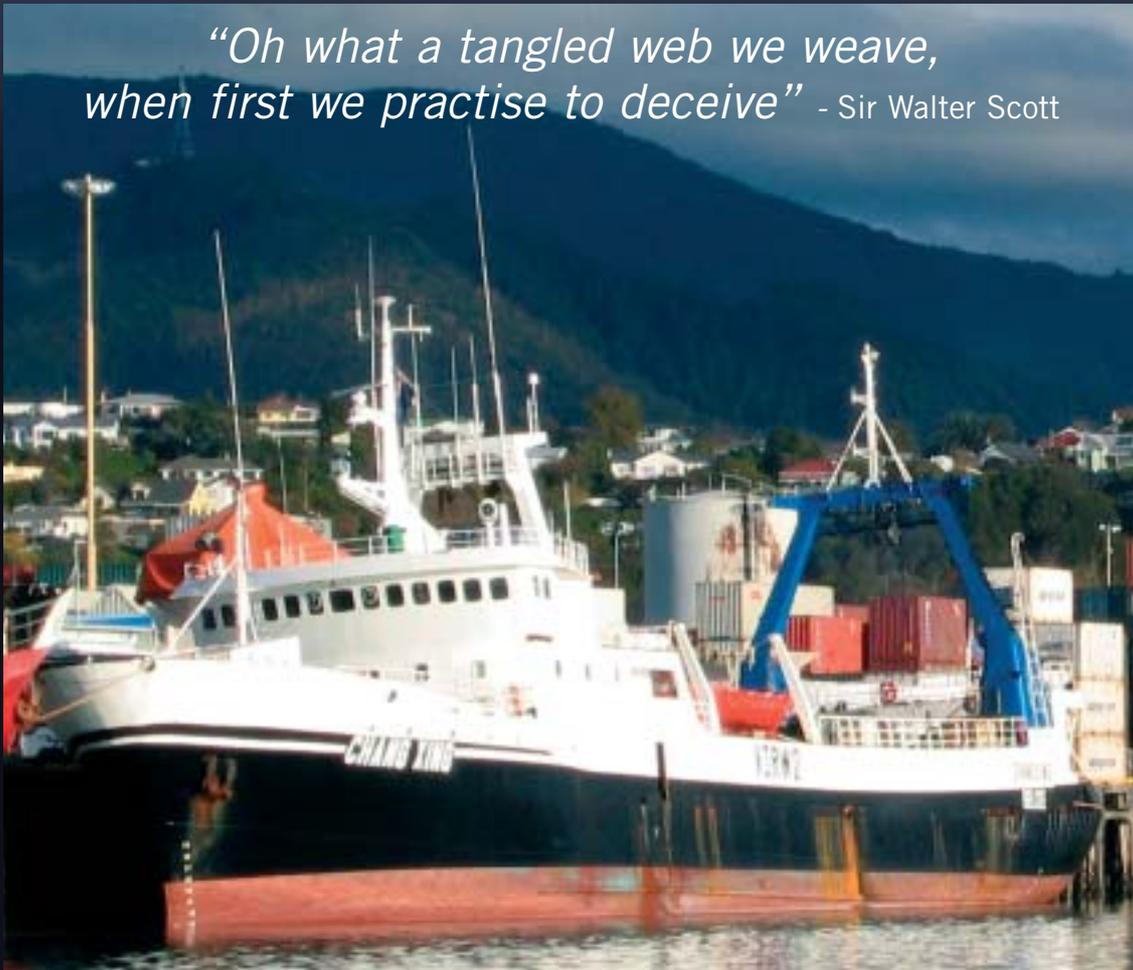
GREENPEACE

Case Studies on IUU Vessels No.2

JUNE 2005

Chang Xing

*“Oh what a tangled web we weave,
when first we practise to deceive”* - Sir Walter Scott



The Chang Xing at Port of Nelson, New Zealand mid-May 2005. ©Doo

**Taking action to conserve deep-sea biodiversity
sustainably and equitably now and for the future.**

Introduction

One of the primary threats facing high seas biodiversity, is the impacts of illegal, unregulated and unreported (IUU) fishing.¹ Some of the most destructive high seas fishing is unregulated, goes unreported and has major implications for marine biodiversity in international waters. Therefore, eliminating IUU fishing is not simply a fisheries management issue, it requires attention from a broad range of relevant international agencies and agreements that either have an obligation to manage and protect the biological diversity of the High Seas.

In June 2004 the Greenpeace ship s/v **"Rainbow Warrior"** sailed into the international waters of the Tasman Sea to focus global attention on the destruction caused to deep sea biodiversity by high seas bottom trawl fishing.

Bottom trawling has been identified by scientists as the most destructive activity currently impacting deep sea life. Deep-sea features, such as seamounts, typically support slow-growing, long-lived species that are particularly sensitive to disturbance. Fish inhabiting such ecosystems can live for up to 150 years and coral structures may reach several thousands of years in age. A single bottom trawl across such a vulnerable area does not only destroy these coral structures, but alters the topography in such a way that they may never recover. And because many of the creatures – some of which have yet to be discovered – only occur in specific seamount ecosystems, they can be driven to extinction before they have even been identified.

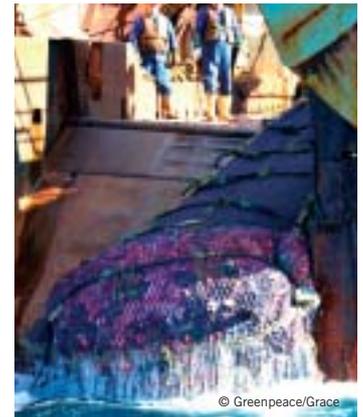
The **Rainbow Warrior** documented the high seas bottom trawling activities of the vessels that she encountered. One such vessel was the Belizean-flagged **Chang Xing**.

The ownership, flag and fishing history of the **Chang Xing** is provided to the OECD High Seas Task Force as an example of unregulated fishing on the high seas. It is hoped that the example of the activities of this one vessel spurs decision-makers to act to prevent the ongoing destruction of deep sea biodiversity by the many others like it.

The **Chang Xing** is a Belize-flagged stern trawler with a long history of involvement in the worldwide bottom trawl fishery for slimehead – more commonly known by its more appealing market name, "orange roughy" (*Hoplostethus atlanticus*).

Greenpeace believes it is the same vessel that was involved in the fisheries off Namibia and the high seas south of Madagascar during 2000 and 2002, and more recently observed in the high seas off New Zealand, including the Tasman Sea and the Louisville Ridge.

Since 1998 the vessel has been owned by the China National Fisheries Corp. (CNFC) Overseas Fishery (Yantai) Company Ltd, but is also connected to New Zealand and Fijian businesses. The **Chang Xing** is also indirectly connected to the notorious Pacific Andes Company (see below). Pacific Andes is a company which has come under fire for involvement in illegal toothfish fishing. The international Coalition of Legal Tooth fish Operators (COLTO), a Coalition of industrial fishing companies with permits to fish for Patagonian Toothfish (*Dissotichus eliginoides*) in the Southern Ocean, has accused Pacific Andes of "facilitating operations of a fleet of illegal longliners" by disguising the origins of fish and fish products from illegal operations through processing and distribution arrangements, and then selling the recycled products through legitimate trading relationships across the world.²



Chang Xing brings in a haul of orange roughy in international waters 350 miles west of New Zealand in the Tasman Sea.

¹According to a document on deep sea fisheries before the Committee on Fisheries of the UN Food and Agriculture Organisation this week, "few regional fisheries management organizations (RFMOs) have a mandate to manage deepwater species, which are generally found in the high seas situations. ... Given that usually these fisheries take place in the high seas, they may be commonly characterized as unregulated and unreported. ... They may be considered illegal *stricto sensu* only where and when in breach of applicable measures adopted for instance by a competent RFMO and binding the flag State concerned under international law." (COFI/2005/6, paragraph 6)

²http://www.thestandard.com.hk/thestandard/news_detail_frame.cfm?articleid=44580&intcatid=2

CHANG XING

Flag: Belize, **Gross Tonnage:** 1314, **Type:** Stern Trawler³

Start Date	Operator	Registered Owner
01-Jul-1998	China National Fisheries (Group) Corporation	CNFC Overseas Fishery (Yantai) Co. Ltd
01-Aug-1996	Seafresh Fisheries (New Zealand) Ltd	Seafresh Fisheries (New Zealand) Ltd
02-Jul-1996	Seafresh Fisheries (New Zealand) Ltd	Lectrica Holdings Ltd
After 01-Jan-1994	Seafresh Fisheries (New Zealand) Ltd	Seafresh Fisheries (New Zealand) Ltd
After 01-Jan-1989	FPI Ltd	Moore Equipment Ltd

The movements of the **Chang Xing** between 1975, when she was built in Alesund, Norway and 2000 when she appeared in Cape Town, South Africa are not clear. What we do know is that she worked in the Atlantic out of Newfoundland until 1987 and in the Pacific after 2002.

She is mentioned in a 2000 European Union (EU) document as fishing out of Walvis Bay, Namibia and chartered by Seikonawa Investments.⁴

According to Seasearcher she called into Cape Town, South Africa in 2000, 2001 and 2002 before showing up in Suva, Fiji in March 2003, where she was detained by authorities for deficiencies with lifesaving equipment.⁵

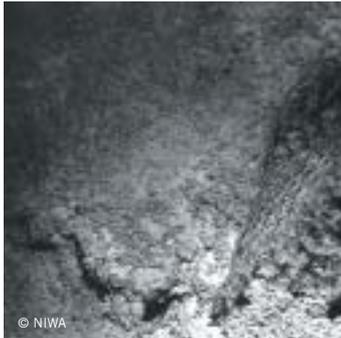
Fijian Customs has confirmed that the **Chang Xing** came into Suva twice in 2004. On the first occasion, she arrived in port in April, departing again in May. She offloaded 139 metric tons of Orange Roughy. Her last port of call was Wellington, New Zealand. She returned to Suva on the 31st of October 2004 and off-loaded 124 metric tons of Orange Roughy. By comparison the New Zealand export numbers for 2004 (Jan-Nov) for frozen Orange Roughy fillets weighed in at approx. 4476.39 metric tons.⁶ According to the Port of Suva the **Chang Xing** departed again on February 18th, 2005 for the highseas. She is expected back in New Zealand sometime soon for repairs.

Seafresh Fiji was the **Chang Xing's** agent while she was in Suva. Her agent in Wellington was Hotrocks.⁷ The Director of both Seafresh Fiji and Hotrocks is a Mr Peng Lee Lim. Lim is also the former Director of Seafresh New Zealand and former owner of the **Chang Xing**.

Port	Arrived	Sailed	Detained
Suva	31-Oct-04	18- Feb-2005	
Wellington	03-Sept-2004	8-Sept-2004	
Nelson(NZL)	05-July-2004	14-July-2004	
Wellington	27-May-2004	31-May-2004	
Wellington	08-May-2004	12-May-2004	
Suva	After 14-Mar-04	Before 8-May-04	
Wellington	05-Mar-2004	14- Mar-2004	
Nelson(NZL)	16-Jan-2004	17-Jan-2004	
Wellington	02-May-2003	Before 16-Jan-2004	
Suva	Before 12-Mar-2003	Before 02-May-2003	March 12 detained
Capetown	2-Apr-2002		
Capetown	30-Jan-2002		
Capetown	10-Dec-2001		
Capetown	8-Oct-2001		
Capetown	3-Sept-2001		
Capetown	4-Apr-2001		
Capetown	26-Sept-2000		
Capetown	9-Jun-2000		
Capetown	14-Apr-2000		
China	After 01-Jan-1987	Before 14-Jan-2001	
South Pacific	After 01-Jan-1987	Before 14-Jan-2001	
Atlantic	After 01-Jan-1975	Before 01-Jan-1987	
Aalesund		After 01-Jan-1975	



Ancient coral forest



Bottom trawled coral forest



Bottom trawled coral forest

Coral forests can be up to 2000 years old and form the habitat of orange roughy and many species currently unknown to science. Once a coral forest is bottom trawled it bears little resemblance to its natural state. Nobody knows if it can recover from this destructive fishing method.

³ <http://www.seasearcher.com/mt/seasearcher/vslownhist.jsp?lpro=202143>

⁴ <http://europa.eu.int/eur-lex/cs/dd/docs/2000/32000D0673-CS.doc>

⁵ www.tokyo-mou.org/dtn0303.xls

⁶ Approx. value of 41,457,828.00 Euros. New Zealand Seafood Industry Council, official export figures prepared by the Information Centre, SeaFIC, from information collected by NZ Customs and supplied by Statistics New Zealand.

(The 263 metric tons the **Chang Xing** offloaded in Suva, would have an approx. market value of 2,395,885.00 Euros).

⁷ <http://www.companies.govt.nz/pls/web/dbssiten.main>

The Companies and the Connections

The web of connections among the companies that have been identified as having dealings with the **Chang Xing** is complicated and unclear. This lack of clarity is illustrative of one of the key problems concerning IUU fishing. Shelf companies, joint-ventures and hidden owners are often part and parcel of the problem of tracing who the true beneficial owners of a vessel engaged in IUU fishing are. The one thing that is clear from Greenpeace's research into this vessel is that a core aspect of combating IUU fishing must involve requiring transparency in the flagging and ownership information of vessels engaged in high seas fishing.

China National Fisheries (Group) Corporation (CNFC)

The China National Fisheries (Group) Corporation (CNFC) is China's largest state-owned enterprise in the fisheries industry. It has operations that span its product from 'ship to shelf'. It operates a fleet of over 500 ocean-going vessels, including factory trawlers and squid vessels. It has fishing operations across the Pacific, Indian and Atlantic Ocean's and is estimated to have an annual fish harvest of about 400 000 metric tons.⁸

CNFC would appear to be the group owner (the same company symbol appears on all the individual websites) of: CNFC Overseas Fishery Corporation (Yantai), CNFC International Fisheries Corporation Ltd, China International Fisheries Hong Kong, China Resources Enterprise, China International Fisheries Corporation (CIFIC).

CNFC Overseas Fishery Corporation (Yantai)

The CNFC Overseas Fisheries Corporation (Yantai) was listed on the Shenzhen securities exchange in January 1998 and named "Zhongshuiyuye" with the code of 000798⁹ by the CNFC. At the writing of this Report, the CNFC Overseas Fisheries Corporation (Yantai) were the registered owners of the **Chang Xing**, which they bought from Seafresh New Zealand in 1998. Currently, this company has three branches, one subsidiary of sole equity and one with shares in China, eleven solely owned companies, joint venture companies and offices abroad, mainly located in Southeast Asia, Oceania, Southwest Africa, Latin America and the USA.¹⁰

Bycatch is commonplace when trawling for orange roughy.



© Greenpeace/Grace



A © ExploreTheAbyss.com



B © ExploreTheAbyss.com

A. King Crab (*Paralomis zealandica*) has been likened to a cactus when young - very sharp to touch.
B. Umbrella octopus.

⁸ <http://www.infofish.org/cf/board/board.cfm?Lactionpage=7>

⁹ http://www.sse.org.cn/main/en/Catalog_1693.aspx

¹⁰ <http://www.cofc.com.cn/english/cofc.htm>



A Greenpeace activist on the *Rainbow Warrior* holds a ghost shark recovered during the day from bycatch discarded by the deep sea trawler *Chang Xing* in the international waters of the Tasman Sea, in 2004.

Seafresh Fisheries (New Zealand) Ltd

Seafresh Fisheries New Zealand Limited is a New Zealand based international fishing company. It was founded in 1982 by the Lim family and was listed on the New Zealand stock exchange until November 2002. Seafresh Fisheries NZ owned and operated the *Chang Xing* between 1994 and 1998. In August 2002 Seafresh Fisheries NZ was liquidated. The Seafresh liquidation was the result of a petition filed by the Inland Revenue Department for unpaid sales tax. The liquidation was triggered after the Executive Chairman of Seafresh, Peng Lee Lim, pleaded guilty to three charges of aiding and abetting Seafresh to apply tax payments to another purpose. Mr. Lim was convicted and fined \$15,000. The liquidators' report shows that the company had \$1.53 million of unsecured creditors.¹¹

Seafresh Fiji

Seafresh Fiji is also owned by Peng Lee Lim. Seafresh Fiji has four Chinese longliners Zhong Shui 601, 603, 604 and 610 all licensed to catch tuna in the Fijian exclusive economic zone (EEZ).¹² All vessels are owned by China National Fisheries Corporation (CNFC), the same owners as *Chang Xing*. Altogether CNFC has 18 longliners licensed with the Forum Fisheries Agencies (FFA).¹³

Seafresh Fiji is under scrutiny by the Fijian Authorities for allegedly bribing a senior fisheries officer with \$23,000 FJD in return for tuna longline licenses. The company was also penalized in New Zealand for unpaid company taxes.

Hotrock Limited Wellington

Peng Lee Lim is the director of the shipping agency "Hotrock Limited" in Wellington. Hotrock is the agent for the *Chang Xing*¹⁴ when she is in New Zealand.

An bycatch sample.



¹¹ nzoom.com

¹² Fiji Fishing vessel license list 2004

¹³ FFA Vessels in good standing Feb 2005

¹⁴ <http://www.centreport.co.nz/shipping/movements/>

Pacific Andes Seeks Super Fleet¹⁵

In January 2004, Pacific Andes Holdings formed a joint-venture in deep sea fishing with China International Fisheries of Hong Kong. China International Fisheries Hong Kong is an overseas subsidiary of the state-owned CNFC International Fisheries Corporation Ltd. According to Pacific Andes International (57% owner of Pacific Andes Holding) the joint venture is a means of securing a more stable fish supply for frozen fish and fillets

In 2002, China International Fisheries Hong Kong supplied approximately 25 per cent of China's US\$953 million worth of frozen fish imports. The parent company, CNFC International Fisheries Corporation, is incorporated in China and is the largest multi-national fisheries enterprise in the country. It has more than 220 bottom trawlers, long-liners, reefers and bunker service vessels operating mainly in the Atlantic, Indian Ocean, Arabian Sea, Pacific Ocean and the Mediterranean Sea.¹⁶ Its annual production is nearly 100,000 metric tons which is exported to the markets of the European Union, Japan, United States and China. It has established two factories, one in Dakar, Senegal and the other in Nouadhibou, Mauretania both are approved by the European Union and the United States as meeting import standards.¹⁷

Namibia, Madagascar, Northwest Challenger & Louisville Ridge

A Belize-flagged stern trawler was mentioned as present in the South West Indian Ocean on the Madagascar Ridge¹⁸ in 2000 during the peak of the Orange Roughy fishery. A November 2004 report by the New Zealand National Institute of Water and Atmospheric Research (NIWA) on High Seas Orange Roughy fisheries mentions the presence of a Belize flagged stern trawler on the Louisville Ridge.¹⁹ Greenpeace believes the **Chang Xing** is the most likely suspect in both cases. If so, she would share responsibility for their rapid decline.

Greenpeace observed the **Chang Xing** bottom trawling for orange roughy in the NW Challenger area in the international waters of the Tasman Sea²⁰ in June 2004. She was operating within 20 miles of six licensed New Zealand bottom trawlers. The presence of the "good operators" did not deter the "bad". Greenpeace documented the discarded catch of the **Chang Xing** and also retrieved a branch of black coral - a protected species under CITES.



A. Flytrap anemone

B. A vermilion crab ventures across a Picasso sponge.

¹⁵ http://www.thestandard.com.hk/thestandard/news_detail_frame.cfm?articleid=44580&intcatid=2

¹⁶ <http://www.cnfc-cn.com/qsomosin.html>

¹⁷ <http://www.cnfc-cn.com/qsomosin.html>

¹⁸ <http://www.wwf.org.uk/filelibrary/pdf/orangeroughy.pdf>

¹⁹ Clark, M.R. (2004). *Descriptive analysis of orange roughy fisheries in the New Zealand region outside the EEZ: Lord Howe Rise, Northwest Challenger Plateau, West Norfolk Ridge, South Tasman Rise, and Louisville Ridge to the end of the 2002-03 fishing year.* New Zealand Fisheries Assessment Report No. 2004/51.

²⁰

<http://weblog.greenpeace.org/deepsea/archives/001394.html>



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11 JUNE 2004 - TASMAN SEA

Marine biologist Kat Bolstad holds a twig of black coral recovered from the bycatch discarded from a deep water trawler in international waters in the Tasman Sea. Black coral is protected in adjacent NZ waters, and is listed under the international CITES agreement. Greenpeace along with more than a thousand scientists are supporting the call for a moratorium on high seas bottom trawling, because of the vast amount of marine life that is destroyed by this fishing method.



09 JUNE 2004 - TASMAN SEA Several species of albatross feeding on orange roughy heads and bycatch behind the Belize-registered deep sea trawler **Chang Xing** in international waters in the Tasman Sea.

Recommendations

The activities of the *Chang Xing* illustrate the unregulated nature of high seas bottom trawl fishing. This vessel has fished the oceans with impunity, while linked to owners tied to dubious activities in other high seas fisheries. When the Rainbow Warrior documented the activities of the *Chang Xing* in the Tasman Sea, she was fishing alongside allegedly reputable industry players.

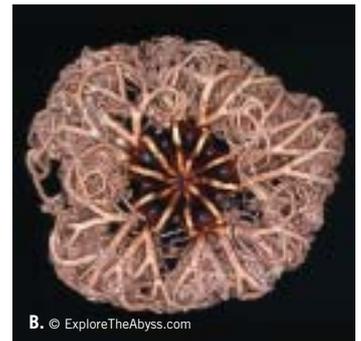
The history of IUU fishing is littered with examples of IUU vessels fishing in close proximity to legal fishers. Masters, Captains and crew switch vessels, moving in and out of the legal industry as jobs arise, and taking their skills with them. Since the beneficial owners of such vessels are often hidden behind a web of intrigue involving joint-ventures, shelf-companies and flags of convenience, isolating and identifying the key participants in the industry is very difficult. If the international community is serious about stemming IUU fishing, it is absolutely crucial that swift and effective actions are taken to develop the mechanisms to ensure transparency and clarity in ownership as well as clarify the responsibility of flag and port states in accordance with international law. In order to put such mechanisms in place, the political commitment of the international community is essential.

Greenpeace believes that coupled to that political will, the international community must:

- Establish a central monitoring, control and compliance authority for all vessels active on the high seas. Such a central authority could be funded by dues paid by States – such dues set by the number of vessels authorised to undertake extractive activities on the high seas by each State. Such a system could be copied in specific regional areas. In national areas, compliance, monitoring and enforcement could be funded by dues paid by vessels licensed to fish in such waters. This would deter such vessels from ‘turning a blind eye’ to their IUU counterparts, as they would actually be costing them money.
- Require centralised VMS system for all vessels licensed to fish on the high seas to enable states to distinguish between vessels fishing on the high seas from those fishing in an EEZ. Such a system would be operated by the centralised compliance authority (see above) and report to all states and relevant regional organisations on infractions by any vessels in their system, and permit any states participating in the system to take punitive actions against such vessels in their respective jurisdictions.
- Deny fishing authorisation to vessels (and their owner/operators) breaching conservation measures on the high seas or within regional arrangements. Denial will extend to any method and for any species, on the high seas, in waters governed by regional arrangements, as well as in EEZs (e.g. ‘redlist’ the vessels, companies, beneficial owners, captains and operators)
- Adopt legislation making it illegal for nationals to re-flag vessels to avoid compliance.
- Close ports to non-complying fishing vessels and to vessels flying the flag of non-complying states.
- Conduct intensive in-port inspections of fishing vessels including negotiation of intergovernmental port state enforcement agreements.
- Outlaw transshipment at sea of any species that could be caught on the high seas.



A. © ExploreTheAbyss.com



B. © ExploreTheAbyss.com

A. Primitive lobster (*Munidopsis* sp.)

B. Basket star (*Gorgonocephalus* sp.)

Recommendations

- Close markets to fish and fish products which do not carry credible certification that establishes that the fish and fish products were derived from licensed fishing operations, and using established international trade regulations (such as CITES) to regulate trade in species that are already under threat. Pass, as necessary, new laws and regulations to ensure effective control over nationals engaged in fishing, especially in areas beyond national jurisdiction;
- Exchange, pool and publicise information on vessels and companies involved in high seas fishing (including the operators, captains and beneficial owners of such vessels, and those providing banking, insurance and other services to them) allowing appropriate action to be taken by states.
- Require that information on vessels and companies interested in engaging in high seas fishing be provided to the central monitoring, compliance and enforcement authority, in a standard international format, before it is authorised to fish in national or international waters or flagged by a state. Where such vessels, companies, operators or beneficial owners have been 'redlisted' by the authority, such authority to fish shall not be granted.
- Require under domestic law, that prior to any vessel being granted the flag of a state, the information stated above is submitted to such a central compliance authority. A prerequisite for such 'flagging' should be that this central authority find that such a vessel has been in compliance with all international and national regulations.
- Cooperate with coastal states and those participating in relevant regional management arrangements to ensure that all states have sufficient capacity to manage and control their coastal and EEZ fisheries to ensure compliance with national regulations and international obligations.

Gorgonian coral.



© Greenpeace/Grace

Recommendations

For the past three years, the United Nations General Assembly has called for urgent action to conserve vulnerable high seas ecosystems. The World Summit has called for urgent action, and in February 2004, the Convention on Biological Diversity called for urgent short, medium and long term measures to be taken to conserve vulnerable deep-sea ecosystems.

The deep sea is one of the last frontiers on the planet and until a short time ago, it was assumed that there was little life in its cold, dark waters, which cover more than half the world's surface. Scientists are only now beginning to understand the diversity, significance and vulnerability of deep-sea biodiversity and ecosystems, and recognise it as a major global reservoir of the earth's biodiversity, comparable with tropical rainforests and shallow water coral reefs. Estimates of the numbers of species inhabiting the deep ocean range between 500,000 and 100 million.

Over the last year, Greenpeace, with the Deep Sea Conservation Coalition (DSCC), a coalition of national and international non-governmental organisations,²¹ has been working with the international marine scientific community and a growing number of countries, calling for a United Nations moratorium on high seas bottom trawl fishing. Marine scientists now consider bottom trawling to be the most destructive activity impacting on deep-sea life.²² Most high seas bottom trawling is unregulated fishing. According to a document on deep sea fisheries before the Committee on Fisheries of the UN Food and Agriculture Organisation this week, "few regional fisheries management organizations (RFMOs) have a mandate to manage deepwater species, which are generally found in the high seas situations. ... Given that usually these fisheries take place in the high seas, they may be commonly characterized as unregulated and unreported. ... They may be considered illegal *stricto sensu* only where and when in breach of applicable measures adopted for instance by a competent RFMO and binding the flag State concerned under international law."²³ Only five RFMOs currently have the competency to regulate this type of fishing and currently only one has put effective measures in place to regulate this type of fishing.

A temporary moratorium on bottom trawl fishing across the high seas would provide a 'time out' for a thorough scientific assessment of deep-sea biodiversity. It would also provide the space for policy makers to develop the necessary legal and management regimes to effectively combat IUU fishing and ensure that future deep-sea fisheries are sustainably and equitably managed.

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Glass squid (*Teuthowenia pellucida*)

²¹ Deep Sea Conservation Coalition (DSCC) members include: the Antarctic and Southern Ocean Coalition (ASOC), Birdlife International, CeDePesca, Center for International Environmental Law (CIEL), Centro de Conservacion Cetacea (CCC), Centro Eoceanos, Centro Mexicano de Derecho Ambiental, Conservation International, Deepwave, Environment and Conservation Organisations of New Zealand, Inc. (ECO), Ecology Action Centre, Forest and Bird, Fundación Jutun Sacha, Greenpeace, International Collective of Fishworkers (ICSF), Living Oceans Society, Marine Biology Institute (MCBI), Marviva, Mundo Azul, National Fishworkers' Forum, Natural Resources Defense Council (NRDC), Oceana, Ocean Futures Society, Programa Restauración de Tortugas Marinas (PRETOMA), ProNaturaleza, The Royal Society for the Protection of Birds, Seas at Risk, The Pew Charitable Trusts, World Forum of Fisher People (WFFP) Website at <http://savethehighseas.org>.

²² In February 2004, 1,136 scientists from 69 countries released a statement expressing concern "that human activities, particularly bottom trawling, are causing unprecedented damage to the deep-sea1 coral and sponge communities on continental plateaus and slopes, and on seamounts and mid-ocean ridges." The statement called on governments and the United Nations to establish an immediate moratorium on high seas bottom trawling. (Scientists statement www.mcbi.org).

²³ (COFI/2005/6, paragraph 6)