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GUIDANCE  
PAPER

MARCH  
2019

Fish Forward II guidance paper

# Illegal, unreported and unregulated fishing

## And how the EU ensures the legality of seafood entering its market

Illegal, unreported and unregulated (IUU) fishing is a global problem that undermines efforts to achieve sustainable fisheries. IUU fishing negatively impacts legitimate fishing activities and livelihoods, jeopardises food security, is associated with other offences like human trafficking, supports international crime and distorts competition.

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Seafood is one of the world's most valuable renewable commodities and about 35 % of global fish production enters international trade every year. IUU fishing takes advantage of this situation as it is a low-risk, high-return activity driven by weak governance, poor monitoring and enforcement, overfishing, fishing fleet overcapacity and declining fish populations.<sup>i</sup> As the world's largest importer of seafood, the EU plays a pivotal role to help combat IUU fishing by steering European purchasing power towards legitimate seafood products.

### **Size of IUU fishing globally**

Estimating the scale of IUU fishing is not straightforward as it is dynamic, adaptable, highly mobile and clandestine in nature. However, a conservative estimate is that the value of illegal and unreported fishing is as much as USD \$23.5 billion annually which represents as much as 26 million tonnes of catches each year.<sup>ii</sup>

#### **Definition of IUU fishing**

##### **Illegal fishing**

- Fishing conducted in contravention of national, regional or international laws

##### **Unreported fishing**

- Non-reporting or misreporting of information on fishing operations and catches

##### **Unregulated fishing**

- Fishing operations in areas where there are no applicable conservation and management measures, and where is the failure by States to regulate activities consistently with their responsibilities under international law
- Fishing by Stateless (unregistered) vessels, or by those not party to an RFMOs in a manner not consistent or in contravention to the conservation and management measures of that organisation

### **Harmful impacts of IUU fishing**

Developing countries are most at risk as IUU fishing operators tend to target regions with less developed legal systems, limited capacity for control and surveillance of their waters, and weaker governance.<sup>iii</sup>

West Africa is, for instance, known to be severely impacted by IUU fishing, with total catches estimated to be 40 % higher than reported catches.<sup>iv</sup> This means that vulnerable coastal States lose out on revenue and employment opportunities, while simultaneously suffering the consequences of reduced food security and biodiversity loss. This is especially true where large vessels target the same fishing grounds as local, small-scale fishers.<sup>v</sup>

This will often lead to a vicious cycle where IUU fishing operators deplete fish populations and degrade the marine environment which further reduces fish populations to the detriment of those living in nearby coastal communities. According to the UN Food and Agriculture Organisation (FAO), nearly 4.3 billion people depend on fish as a source of dietary protein. Anticipated world population growth will almost certainly increase overall demand for fish products.<sup>vi</sup>

Catches from IUU fishing are generally unaccounted for in the assessment of the state of fish populations which leads to an underestimate of the level of fishing pressure. Consequently, fisheries management measures might not serve their objectives properly, as there is a chronic state of over-exploitation.

IUU fishing is often connected to other forms of serious and organised crime such as drug trafficking, illegal arms trade, migrant smuggling or other human rights violations and abuses, including child labour and modern forms of slavery (including forced, bonded and slave labour).<sup>vii</sup>

IUU fishing also puts honest fishers at an unfair disadvantage and distorts competition. IUU fishing operators are not constrained by e.g. quotas, area restrictions, gear limitations or any of the various environmental and health standards which gives them a competitive catches which further disrupts earnings for legitimate fishers. advantage over legitimate fishers. IUU-caught products enter the same markets as legitimate. Regarding seafood imports to the EU, estimates indicate that IUU-caught products account for approximately 500,000 tonnes annually, for a value of €1.1 billion.<sup>viii</sup>

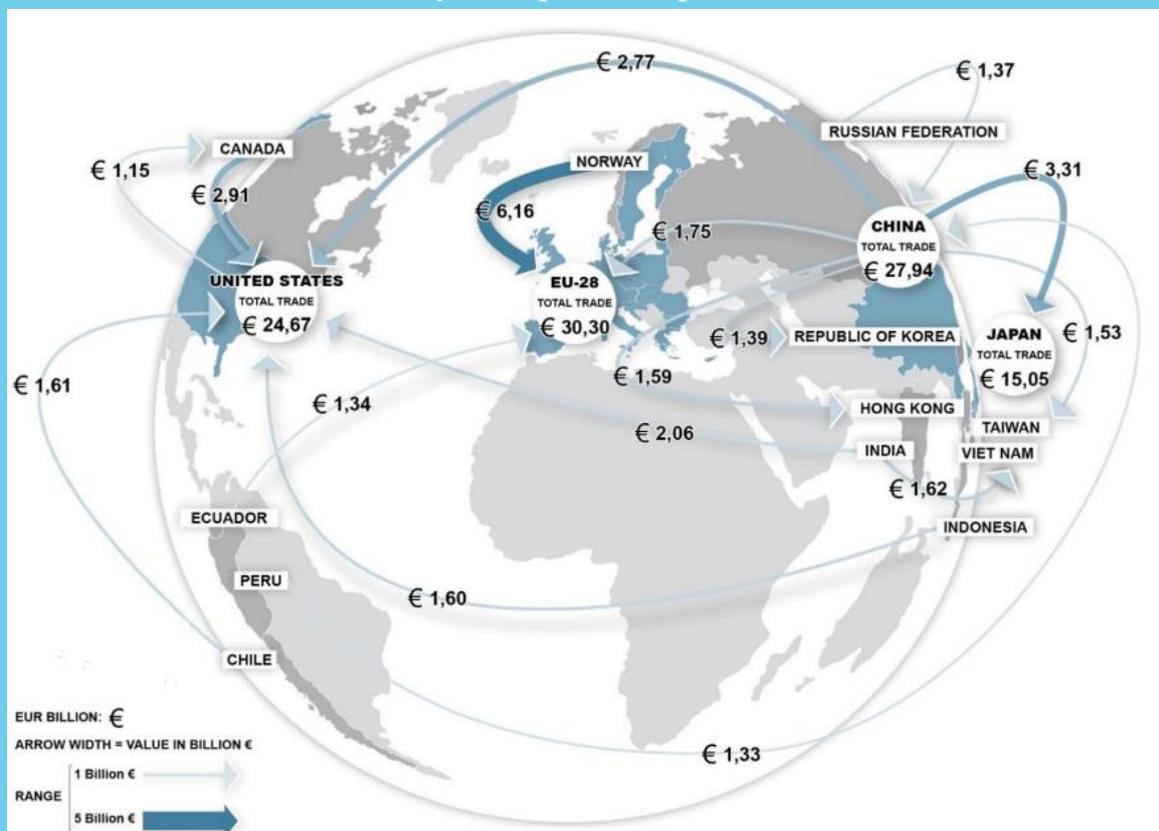
## Trade

Seafood products are some of the most traded food items in the world today. In 2016, about 35 % of global fish production entered international trade.<sup>ix</sup>

The EU is the world's largest trader of fishery and aquaculture products in terms of value. In 2017, the EU imported fisheries and aquaculture products valued over €25.3 billion, mainly consisting of salmon, cod, shrimp and tuna. This surpasses the trade flow of China, the second largest trader, by over €2.3 billion.<sup>x</sup>

The top importing Member States are Spain, the UK, Germany, Italy, the Netherlands and France.<sup>xi</sup>

Main trade flows of fishery and aquaculture products in the world (2017)<sup>xii</sup>



## **The EU's response to IUU fishing**

The European Union's IUU Regulation entered into force on 1 January 2010.<sup>xiii</sup> Its core aim is to make sure that no illegally caught products end up on the EU market. The Regulation establishes controls on imported seafood and creates a system of trade sanctions to prompt improvements in fisheries governance and traceability systems in those countries that export fish products to the EU.

The two main components of the IUU Regulation are the *catch certification scheme* and *third country carding*.

### **Catch certification scheme**

The IUU Regulation requires flag States that export seafood products to the EU to certify the legality and origin of the fish by issuing a catch certificate.

The catch certificate is a document which follows the seafood consignment through the supply chain. In the catch certificate, the flag State of the vessel that fished the exported product verifies that the product is legal. This means that it complies with that country's own conservation and management rules as well as with other internationally agreed rules applicable to the fishery concerned. To date, some 90 third countries have notified the European Commission that they have the necessary legal instruments, the appropriate administrative structures and the dedicated procedures in place to be able to certify the catches by vessels flying their flag.

Some of the EU's largest importing Member States receive 40,000 - 60,000 seafood consignments and their accompanying catch certificates per year, which translates to between 110 and 165 per day.<sup>xiv</sup> As many of these catch certificates are paper-based or scanned copies, it is not possible for customs authorities to verify the information on each certificate. This means that an efficient, risk-based approach to the verification of catch certificates is necessary to ensure rigorous verifications for those imports that are most at risk of being an IUU-product. This may include species of high commercial value, or consignments originating from vessels, regions or companies with known IUU fishing histories.

### **Third country carding**

The catch certificate scheme is complemented by a procedure that identifies third countries as failing to cooperate in the fight against IUU fishing and enables the EU to take actions against those countries.

The IUU Regulation enables the European Commission (the Commission) to begin dialogue with non-EU countries that are considered to not be combatting IUU fishing effectively. If these third countries fail to introduce the required reforms in a timely manner, the EU can impose sanctions such as trade bans on their fisheries products.

On a practical level, the Commission conducts thorough fact-finding missions to assess a given third country's compliance with its duties as flag, coastal, port or market States under international law.

To date, the Commission has engaged with more than 50 countries to seek improvements in their measures to combat IUU fishing. In most cases, the bilateral dialogue results in key improvements to their fisheries governance.

## Carding



**Red card:** If reforms are not carried out or not achieved in a timely manner, the Commission may issue a 'red card'. This results in a ban on imports of fish products caught by vessels flying the flag of the red-carded country to the EU. It also leads to a ban on EU vessels fishing in the waters of that red-carded country.



**Yellow card:** If there is evidence of significant flaws within a third country's systems to combat IUU fishing that are not being rectified, or if there is a lack of cooperation, the Commission may decide to officially warn that country by awarding it a 'yellow card'. This means that that country is under increased scrutiny and can face red-carding.



**Green card:** Yellow and red cards can be lifted when there is clear evidence that the situation that warranted the carding has been redressed.

Since the inception of the IUU Regulation in 2010, 25 countries have been either yellow or red-carded by the EU. 15 of these were subsequently green-carded after various length of carding. At present, there are seven countries under a yellow-card and three that are red-carded.<sup>xv</sup>

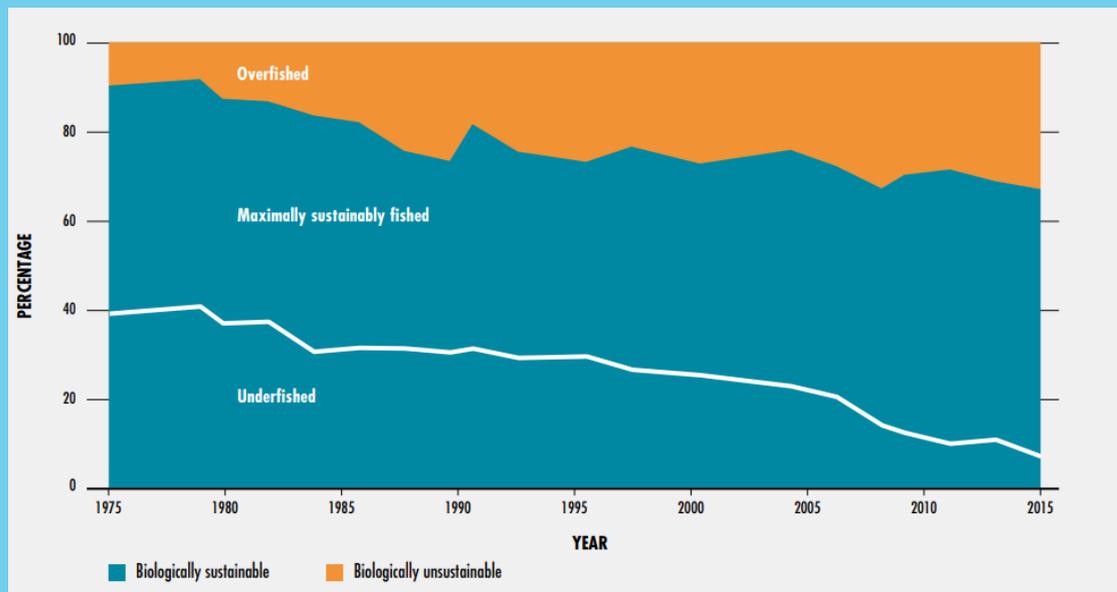
Countries that have been carded by the Commission<sup>xvi</sup>



## Overfishing

Overfishing is a major threat to the world's fish populations, as the proportion of fish populations that are overfished is increasing. Globally, 33 % of fish populations are overfished, with a further 60 % fished at their maximum sustainable levels.<sup>xvii</sup> IUU fishing exacerbates these trends as the negative impact from IUU fishing will grow as more fisheries become increasingly fragile.

Global Trends in the state of the world's marine fish stocks, 1974-2015<sup>xviii</sup>



### What remains to be done?

While the EU's IUU Regulation is generally considered to be a world leading instrument in combating trade in IUU products, there are still a number of gaps in the system. Below are three of the most significant weaknesses in the current IUU Regulation.

#### There is no EU-wide database for catch certificates

Currently, the catch certificate system is paper-based. This allows for possible fraud in the seafood consignments that arrive in the EU and it prevents EU-level cross checking of information. First, seafood exporters can use the same certificate to import multiple consignments in to different entry points across the EU, which can be exploited to import seafood in excess of the total weight certified in the original document. This constitutes a possible loophole for laundering IUU products. Second, there is currently no EU-level database to handle the catch certificate information which means that EU Member State authorities are unable to carry out EU-level cross checks of documents received in other Member States.

#### The catch certificate lacks important pieces of information

The catch certificate itself lacks certain key data elements which would make it possible to trace the seafood back to its point of origin and thereby determine if it came from a legal source or not. Notably, the catch certificate does not demand adequate data regarding the identity of the catching vessel and the area in which the fisheries took place. This makes it possible for unscrupulous operators to muddle traceability which makes it difficult for authorities to ascertain whether or not the product is legal.

### *The risk-based verifications of catch certificates across Member States are not standardised*

There is significant variability in how Member States assess the legality of fisheries imports. Although Member States are obliged to apply a risk-based approach to identify certain catch certificates for extra scrutiny, this does not always happen. As national procedures across the EU are not properly standardised, it is inevitable that weaknesses in EU border controls could be exploited by unscrupulous operators. Indeed, a recent study of trade data suggested that there might be diversions of trade taking place as a result.<sup>xix</sup>

### **Upcoming opportunities**

In spring 2018, the Commission launched a process to revise the EU Fisheries Control System. While this mainly relates to the monitoring, control and surveillance of fisheries in the EU, the revision also covers important changes for the IUU Regulation and traceability measures. Regarding IUU fishing, the Commission has proposed to digitise the catch certificates and to establish an EU-wide database for managing them. In terms of traceability, the Commission has proposed improvements to traceability via establishing a unique fishing trip identification number for fisheries in the EU and more stringent measures for product tracking. These items are significant steps in the right direction. This revision presents a unique opportunity to impact these issues and create a stronger regime for preventing IUU products in reaching the EU market.

#### **Further reading**

- Briefing by the IUU Coalition on recommendations for improving the catch certificate [here](#)
- Briefing by the IUU Coalition on the carding process and carding decisions [here](#)
- More information from the European Commission about IUU fishing and links to the legal texts [here](#)
- Factsheets for the revision of the EU Fisheries Control System on [the IUU Regulation, traceability](#) and how an expanded mandate for [the European Fisheries Control Agency \(EFCA\)](#) could aid the EU's global fight against IUU.

- <sup>i</sup> Phelps Bondaroff et al. The illegal fishing and organized crime nexus: Illegal fishing as transnational organized crime. The Global Initiative against Transnational Organized Crime and the Black Fish. 2015.
- <sup>ii</sup> Agnew et al., Estimating the worldwide extent of illegal fishing. PLoS ONE. 2009
- <sup>iii</sup> Global Financial Integrity, Transnational Crime and the Developing World. 2017
- <sup>iv</sup> Agnew et al., Estimating the worldwide extent of illegal fishing. PLoS ONE. 2009.
- <sup>v</sup> North Atlantic Fisheries Intelligence Group and INTERPOL. Chasing Red Herrings: Flags of Convenience and the Impact on Fisheries Crime Law Enforcement. NA-FIG. 2017
- <sup>vi</sup> U.S. National Intelligence Council. Global Implications of Illegal, Unreported, and Unregulated (IUU) Fishing. NIC WP 2016-02. 2016
- <sup>vii</sup> Hosch, G. Trade Measures to Combat IUU Fishing: Comparative Analysis of Unilateral and Multilateral Approaches. International Centre for Trade and Sustainable Development. 2016
- <sup>viii</sup> Popescu, I. Illegal, unreported and unregulated (IUU) fishing. European Parliamentary Research Service. 2017
- <sup>ix</sup> FAO. The State of World Fisheries and Aquaculture 2018 - Meeting the sustainable development goals. FAO. 2018.
- <sup>x</sup> European Market Observatory for Fisheries and Aquaculture Products. The EU Fish Market. 2018
- <sup>xi</sup> EJF et al. The EU IUU Regulation: building on success: EU progress in the fight against illegal fishing. 2016. Note: Figures cover imports of wild-capture fish products from outside the European Economic Area in 2014.
- <sup>xii</sup> EUMOFA report
- <sup>xiii</sup> Council Regulation (EC) No 1005/2008 of 29 September 2008 establishing a Community system to prevent, deter and eliminate illegal, unreported and unregulated fishing.
- <sup>xiv</sup> EJF et al. The EU IUU Regulation: building on success: EU progress in the fight against illegal fishing. 2016.
- <sup>xv</sup> As of February 2019
- <sup>xvi</sup> ERPS paper on IUU
- <sup>xvii</sup> FAO. The State of World Fisheries and Aquaculture 2018 - Meeting the sustainable development goals. FAO. 2018.
- <sup>xviii</sup> FAO report
- <sup>xix</sup> EJF et al. THE IMPACT OF THE EU IUU REGULATION ON SEAFOOD TRADE FLOWS: Identification of intra-EU shifts in import trends related to the catch certification scheme and third country carding process. 2018



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### For further information:

#### Katrin Vilhelm Poulsen

Seafood Policy Officer  
 WWF European Policy Office  
 Email: [kpoulsen@wwf.eu](mailto:kpoulsen@wwf.eu)  
 Mobile +32 484 494 557

#### Simone Niedermüller

Scientific Expert Group and Policy Coordinator  
 WWF Austria  
 Email: [simone.niedermueller@wwf.at](mailto:simone.niedermueller@wwf.at)  
 Mobile + 43-(0)676- 83 488 259