

## Distant-water fishing

## A shoulder to lean on

**There is a case for governmental intervention to prop up the floundering distant-water fishing industry of Russia**

Russia has been going through an 'emerging market' period for the last ten years, which has dramatically changed the principles and rules by which all branches of Russian industry have functioned. No exception to this process is the fishing industry and the harvesting of marine resources.

In the erstwhile Union of Soviet Socialist Republics (USSR), fishing beyond the borders of the country's exclusive economic zone (EEZ) had always played a very significant part in the national fishing industry. The Soviet Union harvested only about half its national annual catch within its EEZ. Marine resources within the 200-mile EEZ were quite abundant in stock, but the Soviets did their best to maintain a balance between the capacities of the huge national fleet and the fish resources.

Intergovernmental agreements signed with 46 countries of the world allowed Soviet fleets to go fishing around the globe, from the northern Atlantic to the Antarctic seas. The country used to build floating fish-processing facilities capable of working independently in the high seas. This ocean fleet had scientific and research departments that addressed issues of the industry, both tactical (providing fleets at sea with information about the best fishing areas available) and strategic (searching for and studying new fishing areas). In the 1980s and 1990s, such research departments discovered over a dozen fishing grounds with a total capacity of over 5 million tonnes of fish (see *Weighty Opinions*, Murmansk Fish Resources, 2000).

Naturally enough, the distant-water fishery required huge investments. Even with extremely low fuel spending, governmental subsidies to the industry

would have reached over 3 billion roubles (US\$5 billion).

The emerging market put an end to governmental subsidies to national fisheries and facilitated the transfer of fishing fleets to mostly private fishing companies. All this, together with skyrocketing fleet maintenance costs, pushed the distant-water fishery close to making losses. In order to avoid spending resources on giant vessels designed especially for distant-water fishing, fishing companies got rid of such 'unprofitable' ships. As a result, in the northern fishing regions, about 62 per cent of the total number of large fishing vessels were either sold or removed from operation.

The remaining fleet that retained a huge fishing capacity had to move inside the Russian EEZ and harvest only national fish resources. It did not take long for the consequences of this development to emerge. In the very first years of Russia's market reforms, a decline of the main fish stocks in Russian waters occurred.

Today the total national catch of marine (fish and non-fish) resources is only about 4 million tonnes. The Russian fishing fleets harvest 3.5 million tonnes, or over 82 per cent of the total catch, in Russia's EEZ. This can signify only one thing: Russian distant-water fishing is in a deep crisis that has affected all areas where Russian fishing fleets have ever worked.

**No comparison**

Russia still catches some fish beyond its EEZ, but in scale and number of fishing vessels, the operations are no comparison to the Soviet fleets that used to ply in these waters 10 years ago. For the last decade, Russia has halved its catch in other countries' EEZs and in the high seas to a

tenth (see *On Enhancing Efficiency of the Fishing Industry in Russia*: from a session of the Government of the Russian Federation, prepared by the Russian Federation State Fisheries Committee, 1999). In 2000, Russia harvested only 38 per cent of its catch in other countries' EEZs and only 10 per cent in the high seas.

**T**he largest number of Russian fishing vessels remains in the northern Atlantic, where Russian harvest of marine resources reached 900,000 tonnes in 2000. Ninety per cent of this catch was harvested in the northeastern Atlantic, which is the most accessible and, consequently, the most convenient area for Russian fishing fleets.

Although the Russian catch in the northwestern Atlantic grew twofold in 2000, compared to the 1999 catch, in absolute terms, it reached only 13,000 tonnes, which is unremarkable compared to the potential of this area.

Russia has completely lost its former positions in the central-eastern and southeastern Atlantic. It continues to withdraw its fleets from this very productive region.

In fact, today there is not a single Russian fishing vessel in an area where, some 10 years ago, Russia used to catch 1 million of the 3 million tonnes of fish and invertebrates caught.

In 2000, in the Morocco zone in the Western Sahara region, the Russian catch accounted for 53.8 per cent of the estimated catch volume, while, in 1999, it was 59.8 per cent of the total catch. In the Mauritania zone, these figures were 40.6 per cent and 89.3 per cent, respectively, and in the Namibian zone, 50.2 per cent and 75.2 per cent, respectively.

In the South Africa zone, only one Russian vessel has operated in the last three years. In 2000, Russian fleets did not venture at all into the EEZs of Senegal, Guinea-Bissau, the Republic of Guinea and Sierra Leone, though, according to some estimates, Russia could have harvested up to 500,000 tonnes of marine products there. The southwestern Atlantic has been abandoned by Russian fishing fleets, too (see *Fishery Survey*, A. Mukhin and L. Solodovnikova, 2001).

The reasons for this are:

- a heavy dependence on acquiring fishing licences;
- non-availability of fuel;
- the need for floating fish-processing facilities;
- fish supply contracts; and
- market demands and preferences.

**T**he absence of governmental support for the fishing industry only fuels the negative trends of the last 10 years—the constantly decreasing scale of the distant-water fishery.

The situation in the Pacific is somewhat different. The same skyrocketing costs of harvesting bioresources drove Russian fishermen out of the southeastern and southwestern Pacific, where they had worked for a long time and where the estimated catch was 2 million tonnes. They were also driven out of the Antarctic waters of the Pacific Ocean (estimated catch: 3 million tonnes). It soon became a lot more profitable to catch fish in Russia's EEZ. Besides, the huge and extremely productive Russian zone in the Far East withstood for some time the huge capacity of the fleet operating there, though, according to some expert estimates, the fleet's capacities were not used to the full at that time, exceeding the quotas for walleye pollock twofold and for crabs threefold.

Since the main fishing areas in the Bering Sea and the Sea of Okhotsk were exhausted, the total allowable catch for these regions decreased as well. For example, according to the scientific community, the walleye pollock catch has decreased from 3.5 million tonnes in the early 1990s to 1.7 million tonnes in 2001. Fishery scientists say that the situation in

this region will further deteriorate. In a situation when the fish stock is decreasing, fishermen are getting more and more anxious about using large-capacity fishing vessels in Russia's EEZ.

Today, fishermen openly acknowledge the grave mistakes in the management of fish resources. However, they tend to blame the Russian Federation State Fisheries Committee for recent losses. They claim that even after knowing about decreasing fish stocks in Russia's 200-mile EEZ, the government officials did nothing to either economically or administratively encourage fishing companies to withdraw their large-capacity fleets from the high seas.

Only now have Russian high-ranking officials started realizing the necessity to protect and maintain the distant-water fishing industry, but Russian vessels will never be able to return to the abandoned areas on the same terms. Most of the international agreements on harvesting marine resources in other countries' EEZs that the Soviet Union has signed in the past have expired, and the waters that used to be the exclusive operation areas of Soviet fleets have been taken over by fleets from Spain, Portugal, China and South Korea.

#### **Intergovernmental pacts**

Despite this fact, Russia's share in the international fishing operations is still

based on 57 intergovernmental agreements. Half of them have been signed with countries that have maritime borders and fish stocks common with Russia.

The rest are with countries in Africa, North and South America, Asia and Oceania. The State Fisheries Committee of the Russian Federation has its offices in 11 partner countries. In recent statements, Russian fisheries officials frequently mention the need to revive distant-water fishing, hoping that it may help significantly increase Russia's total catch volumes and restore national fish stocks. The Fisheries Committee pledges to encourage fishing companies to work in foreign waters, promising them, in particular, additional quotas for harvesting of valuable fish species and marine products in the Russian EEZ in return (news releases of the State Committee for Fisheries of the Russian Federation).

Both Russian fishermen and fishing industry executives understand that without governmental support, they will never be able to revive distant-water fishing. Ships get out-of-date and worn-out, and buying new ones requires significant funding. Russian fishermen have often appealed to the government and the Fisheries Committee suggesting the following measures to encourage distant-water fishing:

- low-cost State contracts to supply widely consumed fish species;
- subsidized fuel for fishing vessels operating beyond Russia's 200-mile EEZ;
- establishment of medium and large State-owned fishing companies specializing in harvesting fish resources beyond the Russian EEZ;
- developing a reasonable taxation policy that encourages fishery and research activities in the high seas; and
- deferring loans.

Today, all over the world, the fishing industry enjoys significant governmental subsidies. Only Russian fishing companies have to survive on their own. Since 1994, the fishing industry in Russia has got no budget allotments, investments, deferred loans or subsidies and compensation payments.

"You can't but feel envy when you see how Portuguese or Chinese authorities treat their fishermen working together with us somewhere in Mauritania, giving them all kinds of privileges. Looks like only we, Russian fishermen, with our capacity for work and our ability to feel OK with the bare minimum can survive without leaning on the government's shoulder," said Yuri Prutkov, President of the Murmansk trawl fleet consortium (interview in *Expert North-East*, No. 22(29), 25 December 2000).

Despite all the recent negative changes in the fishing industry, Russia still remains one of the leading fishing countries of the world. In certain Russian regions, fishery still remains a vital part of local economies, giving jobs to a larger part of the local population, despite the fact that for the last 10 years, the number of fishing industry workers has decreased by 30 per cent (see *The Share of Fishing Industry in Ensuring Russia's Independence in Foodstuffs and in the Income Part of the Federal Budget*, an analytical note of the Accounting Chamber of the Russian Federation, 1998).

Today, a lot of hope is put into optimization of fishing activities that is expected to use the entire capacity of fish-processing facilities in the coastal area, saturate the internal market for marine products, create a lot of jobs at fishing fleet maintenance facilities and, in the long run, maintain the countries independence in food. Distant-water fishing is an essential part of this process.

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