

## **Illegal, Unreported, and Unregulated Fishery: An Urgent Problem of Thailand**

**AsdawutSiriprasertchok**

Professional Trade Officer

Agricultural Trade Policy and Strategy Division,  
Trade Policy and Strategy Office, Ministry of Commerce

### **Abstract**

*Fishery products have played a crucial role in the export sector of Thailand into the European Union (EU) since they started trade. The two main marine products are canned tuna and Surimi – minced fish meat. In recent times, two major problems have been emerging to prevent the growth of the Thai fishery industry, namely human trafficking and illegal, unreported, and unregulated fishery, or so-called IUU Fishery. The IUU fishery issue was first recognized by the Food and Agriculture Organization of the United Nations (FAO) to promote global food security. However, the European Union (EU) is the first national group to formulate an IUU fishery protection scheme. The EU then penalized the Thai marine industry by announcing a yellow card which damaged the image of Thai products. As a result, Thailand is required to perform a development plan to deal with problems such as a vessel monitoring system adoption, legislation reviews, action plan formulation, market diversification, and strategic marketing communication. The plan is expected to be effectively implemented to maintain a positive image and market share of Thai marine products in the EU market.*

**Keywords:** illegal, unreported, and unregulated fishery (IUU), Thai fishery industry, Thai marine products, food security, European Union (EU) market

### **Introduction**

Fishery products have played a crucial role in the export sector of Thailand into the European Union (EU) since they started trade. Referring to the historical record of fishery products exported from Thailand to the EU in 2014, it has been found that the two main specific products are canned tuna and Surimi – minced fish meat. The export value of these two particular products accounts for five billion Baht, which is equivalent to 150 million USD (Customs Department, 2015). Apart from that, there are recently at least 150,000 laborers employed in this industry (International Labour Organization, 2013).

Nonetheless, there are two major problems challenging the Thai fishery industry during recent years which are human trafficking, i.e. forced labor, illegal migrant labor, child labor, and illegal, unreported, and unregulated fishery, or so-called IUU Fishery.

In order to enhance global food security, the Food and Agriculture Organization of the United Nations (FAO) has formulated an International Plan of Action, abbreviated as IPOA, concerning sustainable administration and utilization of marine resources. In the specific plan, the issues of IUU

fishery protection have also been defined as another effective solution which every nation needs to implement so as to deal with such problems.

However, the EU is the first national group to formulate an IUU fishery protection scheme. The scheme was effective from January 1<sup>st</sup>, 2010. According to the scheme, nations which export their fishery products into the EU are required to certify that such products are not from IUU fishery, and catch certificates need to be declared during the customs clearance process (Ministry of Agriculture and Cooperatives, 2015).

### The Current Situation and Implementation in Thailand

During October of 2014, the representatives of the Directorate-General of Maritime Affairs and Fisheries (DG MARE) inspected the IUU fishery monitoring and controlling system of Thailand. The DG MARE found that the system was still ineffective and needed to be penalized by issuing a yellow card to Thai fishery products. The detailed inspection is summarized as follows:

No.	Comments of DG MARE	Implementation Plan of Thailand to be Executed in 2015
1	effective Vessel Monitoring System	and promote installation and utilization of V
2	integration of Catch Certificate into e-licensing system	the vessel owners in vessel registration and e-licensing the Traceability system to be compatible with e-licensing systems
3	regulation in relation to fishery has not been revised until it meets international standards and the current regulation is still inappropriate	the National Assembly of Thailand had approved the amendment of new Fishery Act on January 9 <sup>th</sup> , 2015 and has been effective since the beginning of April 2015  relevant regulations have been under the review by Ministry of Agriculture and Cooperatives and revised
4	1. Plan of Action – IUU (NPOA) – has been rectified	– IUU of Thailand has recently been under the process of formulation

**Table 1:** Summary of inspection results and implementation plan of Thailand (adapted from the Department of Foreign Trade (2015))

The new Fishery Act (Ministry of Agriculture and Cooperatives, 2015) contains the enforcement of not just off-shore fishery, but on-shore fishery, aquaculture, and public participation as well. It also includes the application of fishery reporting processes to both local and foreign vessels. The vessels are; moreover, obliged to report the fishery details and declare relevant documents before leaving the mainland to fishing locations and after fishing. This is to ensure that the harvested fishery products are irrelevant to IUU fishery.

Even though the development plan of Thailand has been progressively implemented, DG MARE nevertheless decided to announce a yellow card for Thai marine products in April 2015. This was due to the fact that Thailand could not make such development effective by the time the deadline determined by DG MARE was reached.

However, Thai marine products have not yet been sanctioned or banned from import into the EU with such a yellow card. It does, however, have a negative effect on the product image. This tends to drive Thailand to adjust its implementation until it reaches the expectations of the EU within six months. If the adjustment has not been done, a red card is to be announced for Thai marine products, instead. When a red card is given, it will result in the sanction of Thai marine products being imported into the EU and all orders would be cancelled. It would lead to revocation of overseas fishery contracts and cooperation between Thailand and the EU as a result. Nevertheless, the import sanction is not applied to products from inland fisheries and aquaculture (Department of Foreign Trade, 2015).

Although the afore-mentioned yellow card announcement has not lead to an import sanction of Thai marine products, the image of the products have been depreciated. During the past year, not just The Guardian publication negatively criticized the Thai fishery industry, but EU's importers, i.e., Carrefour, Delhaize, and Aldi, also suspended ordering fishery products from Thailand. Both occurrences made the image of fishery sector of Thailand deteriorate and a loss in export value.

Additionally, the EU is likely to relate the issue of human trafficking to IUU fishery since the recent EU government emphasizes social issues. The EU is attempting to push Thailand to establish a human rights dialogue so that it can be used as a mechanism for the solution of social problems. Since the Thai government views that there is an effective negotiating mechanism existing, namely the Thai-EU Senior Official Meeting, the dialogue is seen as unnecessary to Thailand.

Regarding the opposition of the European media, such as The Guardian and the Environmental Justice Foundation, to Thai marine products (Department of Foreign Trade, 2015), the Environmental Justice Foundation (EJF), which is an influential civil society in the United Kingdom, has published various documentary programs to be broadcasted from time to time in order to present the negative side of the Thai fishery industry. Examples include human trafficking in the Thai fishery industry (presented in the meeting of EU congress and broadcasted through social media), Slavery at Sea (published and broadcasted through the EJF website since March 4<sup>th</sup>, 2014), and a seminar arrangement on the topic of opposition to illegal fishery and slave trade in Thailand (the seminar was held in Brussels in March 2015 and the seminar report was distributed) (Department of Foreign Trade, 2015; Environmental Justice Foundation, 2015).

### Possible Impacts of an EU Red Card on Thai Marine Products

Regarding 2014 export statistics (Customs Department, 2015), when Thailand faced scarce raw materials, the marine goods exported to the EU accounted to 5,192 million Baht, or equivalent to around 152 million USD. In addition, if the data in 2013, when the export market situation was normal, is considered, it can be seen that the marine export value contributed to 12,469 million Baht, or equivalent to 366 million USD, approximately (Customs Department, 2015). There is a prediction; however, that there may be a negative impact on Thai marine products worth around 32,000 million Baht per year if Thailand is given a red card by the EU (Board of Trade of Thailand, 2015).

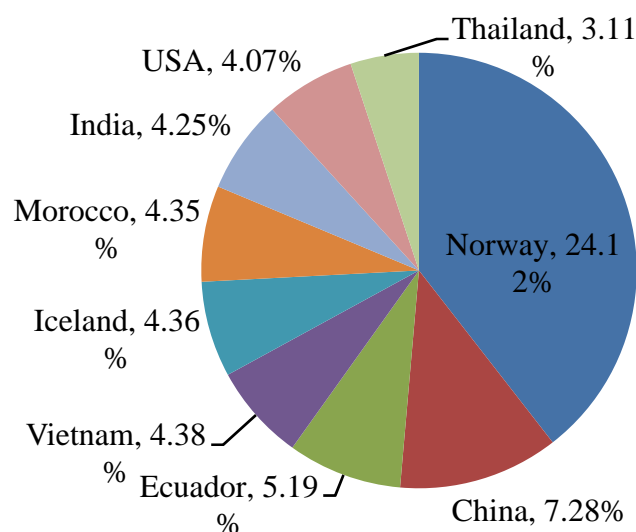


Figure 1: 2014 market share of marine products in the EU (World Trade Atlas, 2015)

In addition, Thailand is likely to lose market share to other rivals, such as China, Ecuador, Vietnam, Iceland, Morocco, India, and the USA, in the EU market by about 3.11%, as shown in figure 1. Those rivals commonly hold a market share in the EU market of around 58% (World Trade Atlas, 2015). This would impact on the trust that other trading partners, e.g. Japan, Australia, and Canada, have on Thailand.

### Critical Success Factors

When taking the current policy implementation of Thailand into consideration, it can be seen that its success depends on at least 4 factors (Trade Policy and Strategy Office, 2015). These consist of finance and budget, resource allocation, operation management, and stakeholders' collaboration. The details are described as follows;

#### 1. Finance and budget

The Vessel Monitoring System (VMS) may cause a financial burden on the Thai public sector and vessel owners in the installation of positioning devices on fishing vessels. Hence, it includes establishing a vessel monitoring system by the public sector which requires a large budget and significant human resources in operation and system maintenance. The financial cost will not be counted as worthwhile unless it results in the success of problem solving and the EU renounces its

yellow card. Project evaluation relies on its long-term benefits such as a desirable image of Thai marine products in the global market and a competitive advantage for the products. Nevertheless, these two aspects are difficult to be empirically measured.

At present, the currency of Thailand has appreciated since other countries are executing currency depreciation policies. As a result, Thailand ought to take this opportunity to import technology, human resources, knowledge, and other relevant resources into the nation so that the overall Thai fishery industry is developed at the lowest possible cost (Switzerland Global Enterprise, 2015).

### 2. *Resource Allocation*

The improvement of VMS needs continuous budget and human resource allocation in operations and system maintenance. Then, in the context of Thailand, Public-Private Partnership (PPP) is considered to be the best alternative in administering the VMS project. PPP offers more flexible decision-making and higher efficiency than a bureaucratic management approach. This alternative will encourage a sense of belonging to the private sector as well which will promote realization of their responsibility toward the problems.

### 3. *Operation Management*

Relevant government bodies are required to holistically implement the plan of action so that the IUU problem can be solved in all its dimensions. That is, the Ministry of Agriculture and Cooperatives is expected to be in charge of VMS and traceability system design. The Ministry of Commerce is to be in charge of marine product image promotion to EU importers and consumers so that correct understanding relating to disputes is effectively communicated. The Ministry of the Interior, The Ministry of Social Development and Human Security, The Ministry of Labor, The Marine Police Division, and The Marine Department need to cooperatively monitor and arrest those who commit crimes regarding illegal fisheries, and human trafficking, including migrant labor registration. In addition, The Ministry of Foreign Affairs is to effectively communicate the situation of particular problems and limiting conditions of the Thai marine industry with diplomatic organizations of the EU so as to make a comprehensive understanding about such issues. Communicating the disadvantages that the EU needs to confront due to a red card announcement for Thailand can also be another effective communication choice.

In order to efficiently respond to the problem, Thailand has formed the illegal fishery protection board at both central and local levels. For example, staff of The Office of the Governor of Chonburi has recently been appointed to the Board of IUU Fishing Protection (Ministry of Agriculture and Cooperatives, 2015; The Government Public Relations Department, 2015).

In addition, the government needs to establish a complaints channel utilizing the existing government call center so that beneficial information can be reported. Indirect socialization needs to be employed to create social pressure against illegal fishery. To create a positive attitude toward Thai marine products, lobbying foreign governments can be another effective method as well.

### 4. *Stakeholders' Collaboration*

The Department of Fishery has to finish formulating NPOA – IUU no later than the designated time. Brainstorming and group discussion are to be conducted to explore feasible policy recommendations. In the meantime, Thai marine entrepreneurs have to provide collaboration

to the public sector in solving the IUU problems, otherwise, the plan of action will tend to be unsuccessful.

### **Discussion**

The above analysis offers not just practical (Golicic, Davis, & McCarthy, 2005) but also administrative views of IUU fishing since the analysis was performed by relevant public officers (Creswell, 1998, cited in Golicic, *et al.*, 2005). This is beneficial to policy makers concerned with fishery products to effectively implement problem solving schemes.

In contrast, it can be seen that the above critical success factor analysis lacks theoretical background and is derived from the opinions of public officials only. It needs to be verified empirically in order that the analysis can be generalized. Therefore, the analytical framework can be proved through in-depth interviews with specialists or stakeholders across the marine supply chain. The interview results are then to be utilized in a focus group. The findings obtained will enhance the generalizability of the framework until the final framework is gained and idiosyncrasy is minimized.

However, the critical success factors of each stakeholder group are different based on the interests of each group, the data collection and analysis then needs to be separately performed so as to minimize potential biases (Grunert & Ellegaard, 1992). To ensure that the factors are key success factors, a two-step interview method has been proposed by Rockart (1979). Such interview method requires respondents to share their opinions toward each factor in the first round and rate the importance of each factor in the second round. This method tends to maximize validity and reliability of the data in terms of stability of measure, consistency, and construct validity (Sekaran, 2003).

### **Policy Recommendations**

To deal with IUU fishery, various policy implementations need to be conducted which are described as follows:

1. Legal advisors should be hired to monitor and analyze the situation in order that necessary actions are performed properly.
2. Thai Trade Officers in each country, especially ones in the EU, are to promote comprehensive information about the Thai marine industry and the efforts of the Thai government to solve IUU problems. The target audiences may consist of the European Commission, importers, and EU consumers to re-establish the credibility of Thai marine products in the EU market.
3. Marine business entrepreneurs should be supported by the government in terms of knowledge transfer, subsidizing equipment installation costs, facilitating the vessel registration process, production of quality improvement, and others.
4. The vessel registration process needs a preparation stage. In this particular stage, government officials are to classify whether each vessel aims to catch marine products for export to the EU market or not. Then, on the one hand, the vessels which aim to export marine products to the EU are obliged to be registered, and report fishing activities. On the other hand, vessels which do not export marine products to the EU may be temporarily exempted from this

regulation during the transition period so that the new system does not cause unnecessary financial burden to local consumers. Furthermore, the exemption tends to maintain the competitiveness of Thai marine exporters in other markets.

5. Contingency plans should be formulated in case the Thai marine export sector is negatively impacted. Thailand may need to seek new export markets apart from the EU. New markets can be extended to Middle East countries, Eastern Europe, and CLMV (Cambodia, Lao, Myanmar, and Vietnam) countries which can be served as secondary markets for Thai marine products.

In conclusion, the issues of IUU fishery and human trafficking are no longer avoidable. The private sector is to proactively solve the problems themselves without cooperation from the government, or else the Thai fishery industry will tend to lose market share to rivals and the product image is likely to be ruined permanently.

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