

Ministerial Inquiry into use and operation of Foreign Charter Vessels

7 October, 2011

1. Introduction

- 1.1 This submission is prepared on behalf of the New Zealand Seafood Industry Council (SeaFIC) and the Deepwater Group (DWG). SeaFIC acknowledges that it specifically requested the Government to establish this Ministerial Inquiry, in light of the concern of its Board regarding allegations made in the news media relating to working conditions and remuneration of crew on Foreign Charter Fishing Vessels (FCVs).
- 1.2 It is acknowledged that there are a variety of views in the seafood industry on the use and operation of Foreign Charter Vessels (FCVs). In recognition of this, the Board of SeaFIC agreed that a submission to the Inquiry be prepared and that SeaFIC work with the commercial interests directly involved in the use of FCVs. Individual companies will make their own submissions to the Inquiry that accord with their individual views.
- 1.3 SeaFIC is a company established by the seafood industry at large to provide policy advice and technical services of a generic, industry wide nature to industry stakeholders. SeaFIC is funded in large part through a Commodity Levy Order on all fish, including shellfish, landed or produced in New Zealand.
- 1.4 DWG is a company established by, and to represent the interests of, quota owners for fish species predominantly caught in fisheries beyond the territorial sea but in New Zealand's Exclusive Economic Zone. DWG represents the interests of quota owners who may fish the EEZ fisheries with New Zealand flagged, owned and operated vessels and/or contract Foreign Chartered Fishing Vessels and/or sell some or all of their Annual Catch Entitlements to enterprises that independently charter FCVs. DWG is funded by voluntary contributions from its shareholders.
- 1.5 The submission directly addresses the Terms of Reference for the Inquiry. The submitters note the short period of time provided by the Inquiry to make written submissions and request the opportunity to provide further written submissions during the course of the Inquiry, should the need arise. The submitters request the opportunity to meet with the members of the Inquiry panel.

2. Executive Summary

- 2.1 The economic model that has developed for fishing in the EEZ fisheries in New Zealand over the last thirty years has built-in the opportunity to contract FCVs as part of its normal operating practice. New Zealand has an unsubsidised industry and the New Zealand owned fleet is utilised at very high rate in the most profitable fisheries. While at any given time there will be vessels that owners wish to sell for operational reasons, there is no excess capacity in the New Zealand owned and operated freezer factory fleet that is tied up because of FCVs.¹
- 2.2 The opportunity to charter FCVs enables decisions to buy or build new vessel capacity to be made on terms that are more likely to ensure that such investment will further maximise ACE values and returns on quota shares as principal capital assets.

¹ At the time of preparing this submission, two companies acknowledged that they have one vessel each for sale that is unsuitable for their current operations. However in their view, this does not constitute "excess capacity".

- 2.3 FCVs are engaged on internationally competitive terms as Mode 3 Services, in international trade jargon. Their foreign national crew (a Mode 4 service) must be compensated at remuneration rates that exceed minimum wages guaranteed at law to New Zealand resident workers. FCV crew are guaranteed minimum paid hours of work that are intended to ensure their overall compensation is superior to the minimum wage conditions for many New Zealand workers.
- 2.4 Compliance with New Zealand minimum labour conditions is a vessel registration condition under Section 81 of the Fisheries Act for foreign controlled vessels registered as New Zealand fishing vessels. Failure to comply would be an offence under the Fisheries Act. The Code of Conduct between the industry and the Department of Labour imposes further conditions that should have the effect of ensuring that crew are hired on terms superior to those guaranteed to New Zealanders under domestic legislation. Failure to comply should lead to refusal to grant temporary visas for crew and ensure that a non-complying FCV operator cannot operate.
- 2.5 Given the regulatory controls imposed to ensure FCV crew working conditions and remuneration, the reputational risks to New Zealand, if any, from contracting FCVs into New Zealand appear largely to be as a consequence of public criticism based on “evidence” that has yet to be independently tested. There is no corroborated evidence that companies are failing to comply with their obligations as a general rule and there is no evidence that officials are failing to implement audit and compliance measures.
- 2.6 There are some market access risks associated with contracting FCVs. The most acute is related to New Zealand documenting exports to the EU from FCVs when the relevant EU regulation (EU Council Reg. 1005/2008) states that is a responsibility for Flag States (rather than the Coastal State exercising jurisdiction over fishing in its EEZ). That risk would apply equally to demise chartered vessels crewed in New Zealand but retaining their original Flag State status. Removal of FCVs would not be an appropriate response to a potential market access problem arising from a clash with the EU over fisheries governance policies.
- 2.7 Removal of FCVs would not remove the emerging interest in the New Zealand fishing industry to employ foreign crew on fishing vessels. That interest is already being articulated within the New Zealand vessel operator sector as they face increasing difficulty attracting and retaining suitable crew. Assuming that FCV vessel capacity could be replaced at reasonable cost, the challenge to crew the replacement vessels would more than likely require the recruitment of foreign labour, presumably under temporary visa conditions.
- 2.8 Removal of FCVs is more likely to lead to a reduction in total landings and a consequent reduction in economic return from New Zealand’s fisheries. The market for vessels is becoming extremely tight and there is doubt that sufficient capacity could be obtained at an economic cost to maintain the fishing currently contracted to the 19 FCVs that operate in the New Zealand EEZ.
- 2.9 If some lower value stocks become economically unfishable, there is every reason to expect that the flag states of the former FCVs – and perhaps others – would seek the opportunity to fish in the New Zealand EEZ under foreign licensed access terms. The Fisheries Act recognises that obligation but seeks to limit the liability to unallocated, and effectively unsaleable Crown owned ACE. There is no provision at present for quota owners facing potentially worthless quota assets seeking innovative ways to exercise New Zealand’s residual legal obligation under the Law of the Sea for their direct benefit.

3. Background

- 3.1 Foreign charter vessels have been a core part of the fishing sector operating in the Exclusive Economic Zone beyond the territorial limit since the commencement of New Zealand’s commercial fishing interest in those resources. The background paper, prepared by the

Ministry of Fisheries² for the Inquiry, sets out some of the history of use of FCVs since the late 1970s. The opportunity for New Zealand industry to hire foreign catching services is a central part of the commercial model of fishing in the EEZ. **All** major New Zealand deep water fishing companies use some foreign vessels and/or “lease” quota (i.e. sell Annual Catch Entitlement) to companies that operate foreign vessels, there are no exceptions to this.

- 3.2 As the background paper notes, there are alternatives to either owning and operating fishing vessels under the New Zealand flag or chartering FCVs as foreign flagged and crewed outsourced full service providers of catching and basic processing services at sea. The background paper identifies demise (or bare-boat) charters as an alternative. There is no obligation under maritime law in New Zealand for demise chartered vessels to be flagged to New Zealand. There is a significant past history of use of foreign flagged, demise chartered vessels where the vessel remains under its original flag and the interests of the owners and insurers of the vessel are maintained with the key officers being recruited from the flag state. The crew of such vessels have often been recruited in New Zealand. For demise charters that flag under the New Zealand flag, Maritime New Zealand requires that they must be placed in the full control of the New Zealand entity that charters the vessel. That means the key officers must be hired by the New Zealand charterer and they must meet all qualification and manning practices stipulated by MNZ for New Zealand flagged vessels. In these cases, all crew would normally be recruited in New Zealand as though the vessel was owned in New Zealand.
- 3.3 As New Zealand registered fishing vessel, FCVs are subject to the same legal requirements as all other New Zealand fishing vessels. All catch must be recorded and reported, they may be required to carry official observers and to deploy vessel monitoring equipment. All catch belongs to the vessel charterer. It must be landed in New Zealand and sold to New Zealand Licensed Fish Receivers.
- 3.4 All fishing vessels, regardless of Flag State, must be registered under Section 103 of the Fisheries Act as New Zealand fishing vessels and are subject to the same operational rules as all other fishing vessels under the Fisheries Act in all but one respect. Section 103 (5) makes it a condition of registration for vessels owned or operated by an overseas person, and approved by the Chief Executive to be registered as a New Zealand fishing vessel, that they must observe the Minimum Wage and Wages Protection Acts and deems all persons employed to work on such vessels under temporary entry class visas to be employees of the New Zealand based operator. Section 103 (5) (g) provides all such persons with the full protections of New Zealand employment law including recourse to the Employment Relations Authority and Employment Court. This rule primarily is for application to FCVs, however it would equally apply to demise chartered vessels that chose to continue to operate under their original non-New Zealand flag rather than re-flag to New Zealand jurisdiction.
- 3.5 The Code of Practice on Foreign Fishing Crew agreed between the Department of Labour, SeaFIC and the Fishing Industry Guild³ sets minimum terms and conditions for all foreign nationals employed under temporary entry class visas on board Foreign Chartered Fishing Vessels and that must be observed by all companies that charter foreign flagged fishing vessels. The Code of Practice requires that crew receive compensation that, in total,

² Background Paper on the Use of Foreign Charter Vessels, Ministry of Fisheries
<http://www.fish.govt.nz/NR/rdonlyres/0E670425-B6B0-4A74-8985-4B4F360CE80C/0/BackgroundpaperforFCVconsultation.pdf>

³ Code of Practice on Foreign Fishing Crew, October 2006
http://www.immigration.govt.nz/NR/rdonlyres/A1F84CCF-D285-45D3-AD42-5C50F00CC9C9/0/CodeofPracticeonForeignFishingCrew_201006_.pdf

amounts to a premium of at least \$2 per hour over the current minimum wage in New Zealand – the regulated minimum wage is presently set at \$13 per hour. The Code of Practice also addresses other conditions of work and living conditions at sea, the net effect of which may be said endeavours to ensure that crew on FCVs have living and working conditions and remuneration on an at least equivalent level to minimum expectations for people living and working in New Zealand.

- 3.6 FCVs are required to be operated under safety at sea requirements equal or at least equivalent to those applying to New Zealand flagged and registered vessels. Maritime New Zealand requires all FCVs to join the New Zealand Safe Ship Management system within 2 years of arrival in New Zealand. In the interim FCVs are subject to 6 monthly Port State Inspections.
- 3.7 FCVs are permitted to fish only in New Zealand fisheries waters beyond the territorial sea. Due to their length, over 46 metres, and in common with all fishing vessels of that length or greater, they are required to fish at much greater distance from the shore than 12 miles. They may not fish in several fisheries management areas. In so doing, separation from the smaller vessels that make up the inshore fleet can be assured. Electronic monitoring by the Ministry of Fisheries enables officials and vessel operators to know where vessels are at all times.
- 3.8 FCVs are all at least limited processing freezer vessels, if not full freezer factory vessels. They must be registered with MAF/NZFSA and operate either under the same Animal Products Act mandated Regulated Control Scheme as applies to all limited processing vessels. If they are full processing factories, they must operate under approved company-based Risk Management Programmes as apply to all New Zealand fish factories either at sea or on land, and be subject to regular, performance-based audit by MAF/NZFSA. In line with New Zealand limited processing and freezer factory vessels, MAF identifies most FCVs as New Zealand registered fish factories. It notifies all such vessels to the EU (DG Sanco) who lists them among all New Zealand fish factories subject to New Zealand control and eligible to supply processed fish products to the EU under the Veterinary Agreement between New Zealand and the EU.

4. Response to Terms of Reference

- a) *The application of New Zealand's legislative regime to the use and operation of fishing vessels, and in particular foreign charter vessels (FCVs), with respect to labour, immigration, maritime safety and fisheries management and the compliance with that regime by such vessels and their operators;*

- 4.1.1 As noted in the Background section above, FCVs are subject to the same mandatory regulations as apply to all registered New Zealand fishing vessels. In addition the Code of Practice with the Department of Labour sets conditions for crew payment and conditions on that have the objective of ensuring the foreign recruited labour work in conditions and receive remuneration at least on a par with minimum expectations for workers in New Zealand. Compliance must be demonstrated through regular audit by the Department. A record of compliance determines whether an operator will be permitted to continue to contract foreign crew to work in New Zealand under temporary work visas. Compliance is mandatory. Proof of compliance has the intent of ensuring that FCVs operate on a level regulatory "playing field" with New Zealand owned and operated vessels. Failure to comply should ultimately lead to companies being excluded from the opportunity to contract FCVs. Exclusion of rogue, non-complying operators is supported by industry – as is prosecution of those that set out to break New Zealand law.

- b) *Any international reputation risks associated with the use of FCVs;*

- 3.2.1 Demonstrating compliance with the legal obligations set out in the background section places companies contracting FCVs on the same operational footing as operators of New Zealand flagged vessels. In so far as compliance encompasses compliance with labour legislation, including full recourse to the Employment Relations Authority and Employment Court, contractors of FCVs are subject to the same legal employment disciplines as any other New Zealand business. Demonstrated records of compliance should mean there is no threat to international reputation.
- 3.2.2 However, reputation is not only a function of compliance. It is also a result of public opinion. The intensity of comment in the media, whether based on fact or allegation, may present risk to international reputation. This Inquiry is the opportunity to test whether there has been compliance with legal obligations that have the intent to ensure that FCVs operate on a level playing field with New Zealand domestic operators. The Inquiry is therefore also an opportunity for the Inquiry to examine whether a regulated level playing field is sufficient to satisfy public criticism and defend international reputation.
- 3.2.3 It could be inferred from the recent interest of the US Government in whether there are instances of people trafficking or “slave labour” in New Zealand that media comment on conditions on FCVs has caught their attention. The most recent State Department report (see Annex 1 attached) makes reference to foreign labour on fishing vessels in the context of commenting also on allegations of sex trafficking in New Zealand and concern about conditions for foreign temporary labour in the horticulture sector. The key comment made in that report however is “The Government of New Zealand fully complies with the minimum standards for the elimination of trafficking.”

c) Any trade access risks associated with the use of FCVs;

- 3.3.1 This section discusses several market access implications that may arise from the contracting of FCVs. They include:
- a discussion of Rules of Origin of fish related to where a fishing vessel may work and the Flag State of the vessel;
 - situations where the Flag State of FCVs permits fish caught from such vessels to be traded to the Flag State as domestic product and enter without the border restrictions that normally apply to imports of fish and fish products;
 - responsibilities for documentation of fish caught by FCVs that is exported to markets in the European Union;
 - the potential for market access to be jeopardised as result of negative publicity associated with FCV operations.

Rules of Origin

- 3.3.2 Market access is a function of the Rule of Origin attached to a good. In the case of fish taken in territorial waters, it is clearly the product of the Coastal State. For fish taken in the high seas in areas beyond national jurisdiction, the country of origin is determined by the Flag State of the vessel. There is a degree of uncertainty about the rule of origin for fish taken in an EEZ of a Coastal State. All doubt is eliminated where the flag of the vessel and coastal state with jurisdiction of the EEZ are the same. On the other hand, where a Coastal State grants access on a government to government basis for the fishery of an EEZ to be fished by foreign flagged vessels, the flag state of the vessel would normally claim Rule of Origin. This is in essence the status quo that applied at the time of the declaration of the New Zealand EEZ in 1977.
- 3.3.3 When New Zealand eliminated foreign licensed access but permitted New Zealand companies to charter FCVs to fish in the New Zealand EEZ it moved to ensure to the

maximum extent possible that the fish caught by FCVs would be New Zealand origin fish and have the same market access conditions to export markets as any other fish taken in the EEZ by New Zealand flagged vessels. New Zealand's claim to rule of origin is backed up other regulatory behaviour including the requirement to report all catch as New Zealand catch, for all catch to be landed in New Zealand and to allocate commercial fishing rights in the EEZ and territorial sea as quota shares to New Zealand domiciled companies. Limitations on foreign investment in quota may also contribute to reinforcing New Zealand's claim to country of origin for all fish taken in the EEZ as well as the territorial sea.

- 3.3.4 However the Law of the Sea requires Flag States to be responsible for the actions of their vessels when outside the territorial sea of the Flag State and in so doing enable the Flag State to continue to lay claim to the fish as product of the Flag State. Some Flag States, especially those with a history of distant water fishing, endeavour to exercise some control over their vessels even when they are clearly subject to the control and jurisdiction of a Coastal State that has permitted access to its EEZ under private contract terms, as in the case of FCVs. For example, the Flag State may require vessels to report catch taken in another Coastal State's EEZ in addition to the reporting requirements of the Coastal State. This can lead to double counting and reporting to international organisations, such as FAO.

Treatment of Exports to FCV Flag States

- 3.3.5 The Flag States of some FCVs can also enable the catch from some FCVs to be treated as domestic in origin if any fish is eventually exported from New Zealand to the FCV Flag State. Such fish can avoid tariff or other border access measure that might otherwise apply to imported fish.
- 3.3.6 We understand that Korea requires its flagged vessels contracted as FCVs in New Zealand to report catch to Korea. In the context of the current Free Trade negotiation between New Zealand Korea, Korean officials have claimed all catch taken by its flagged FCVs in the New Zealand EEZ as exports of fish from Korea to New Zealand. They have valued this "export" trade in the order of \$70 million annually, whereas the total value of New Zealand recorded seafood exports to Korea is in the order of \$50 million annually.
- 3.3.7 It is common practice for some New Zealand companies that charter FCVs to sell a portion of the catch back to the vessel operator. The Fisheries Act requires all commercial fish to be landed to licensed fish receivers and for there to be a commercial transaction between the catcher and LFR at that point in the value chain. Thus the FCV operator must purchase any fish that it eventually exports to the Flag State of the vessel. This ensures that the commercial transaction for the services of a FCV and the sale of fish landed from a FCV are kept at documented arms length. However, it clear that this is no impediment to Flag States of FCVs still treating fish exported from those vessels as domestic product – even when New Zealand ensures that fish is documented as New Zealand origin and accompanied with documentation such as health certification or certificates of origin required by that State for fish imports.
- 3.3.8 The capacity for fish caught by some FCVs to be traded as domestic catch of the Flag State in the Flag State may be seen as a market access risk for New Zealand fish exporters. An importer of non FCV caught, New Zealand origin fish will have to pay any tariff in order to clear it through the border, whereas FCV caught fish, where the market state is also the Flag State, may avoid any tariff. This enhanced status for FCV fish may crowd out sales of the same species identified as New Zealand in origin.

- 3.3.9 On the other hand the tariff free status of FCV caught fish sold into the Flag State may be seen as a benefit if it provides a ready market or if it enables a better return to be made for the sale of that fish than the New Zealand owner could obtain in the same market.
- 3.3.10 Domestic market access status is relevant for the trade of some frozen fish products to Korea discussed in greater detail in Annex 2. It is also relevant to the export of frozen southern bluefin tuna to Japan that has been landed from the seasonal visit of chartered Japanese longliners that are privately contracted to fish some of the annual New Zealand southern bluefin tuna quota. It is unlikely that the Ukraine flagged FCVs contribute significantly to increasing export sales of the fish they are contracted to catch, as exports to Ukraine in 2010 were less than 1% of New Zealand's total global seafood exports.

Catch Documentation of FCV caught fish exported to the European Union

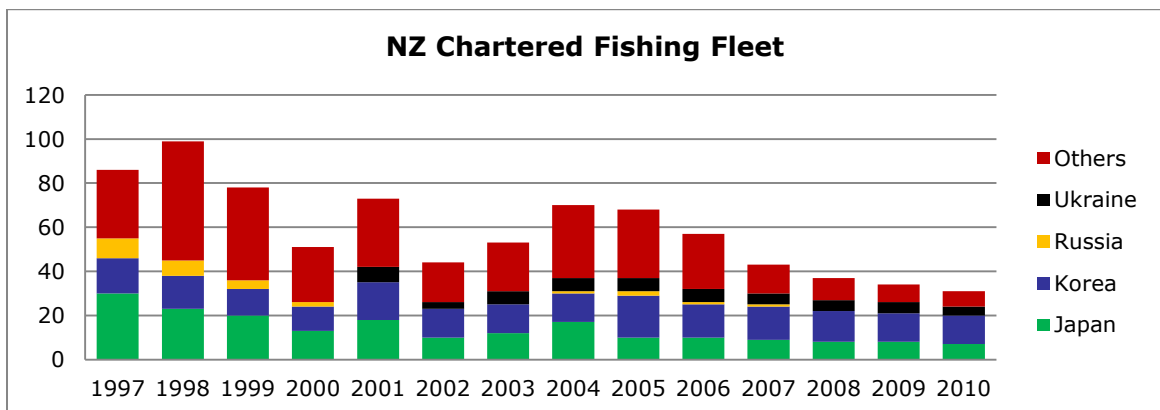
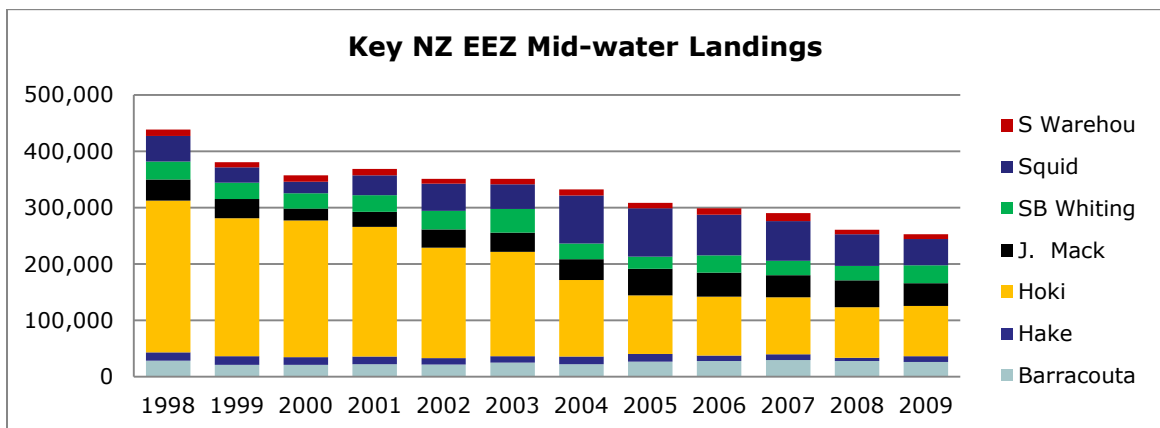
- 3.3.11 One area of potential market access risk is to exports of wild caught fish to the EU. Since the start of 2010, all wild caught finfish imported into the EU must be accompanied with a certificate validated by the Flag State that the fish was caught with the appropriate legal authority of the Flag State. The New Zealand government and industry recognised the potential risk this might have for fish landed from FCVs and exported to the EU – either directly or following further processing prior to export to the EU. The Flag State of a FCV has no legal capacity to control its vessel when in the New Zealand EEZ and therefore would have difficulty validating a Catch Certificate to the effect that the fish had been caught legally.
- 3.3.12 An Administrative Agreement was negotiated in good faith between New Zealand and the EU that permits New Zealand to supply a simplified version of the rather detailed and prescriptive standard EU Certificate and that agrees to New Zealand supplying Catch Certificates for catches originating from New Zealand registered fishing vessels. This wording was clearly understood by both sides to mean FCVs as well as New Zealand owned and operated vessels, as all are legally New Zealand fishing vessels.
- 3.3.13 Towards the end of 2010, after several months of using the New Zealand certificate, the EU proposed that the Agreement could only apply to catch from New Zealand flagged vessels, as the substantive regulation (1005/2008) could not encompass the construction that had been negotiated by both sides. This issue remains unresolved for the time being. Trade of all wild caught fish from New Zealand to the EU continues to be documented by New Zealand, but it may only be a matter of time until the EU takes action to uphold its interpretation of its own regulation.
- 3.3.14 It should be noted that the risk is not simply a risk for FCV caught fish. It would equally apply to any catch from a demise chartered, foreign flagged fishing vessel operating in New Zealand fisheries waters.
- 3.3.15 The EU interpretation ignores the fact that New Zealand is a responsible Coastal State that fully controls all fishing within its EEZ and coastal waters, whereas the Flag State of any FCV or demise chartered vessel has no legal capacity to control the activities of flagged vessel when in New Zealand waters. The EU motivation for its interpretation has little to do with being assured that the fish it is receiving has been legally caught – that is clearly validated in the New Zealand certificate. Rather it is an outcome of the EU's unwillingness to give up any right to "control" vessels flagged to EU member states when they operate in other states' EEZs – either under fisheries access arrangements or private contract.
- 3.3.16 Given that this market access risk is also a risk for demise chartered, New Zealand crewed vessels, it cannot be seen as a FCV issue only.

General Market Access risk arising from the use of FCVs

3.3.17 In general there is little chance in our view for international concern that New Zealand permits contracting of FCVs per se leading to market access problems. As already stated, the industry **strongly supports New Zealand authorities exercising their full authority if they find non-compliance among FCV operators or charterers**. In so doing, we feel sure that national reputation would be safeguarded and market access would remain unthreatened.

d) *Whether the economic factors supporting the use of FCVs deliver the greatest overall benefit to New Zealand's economy and to quota owners;*

3.4.1 As noted in the background, the New Zealand EEZ fisheries have been harvested through a mix of New Zealand owned and operated vessels and FCVs since the start of the EEZ fisheries. That reliance continues to the present day and strongly suggests that overall long-term returns to quota share owners (and therefore the value of their quota shares) are perceived to be higher when the opportunity to use FCVs is available. That was most recently put to the test when industry had to confront how to deal with an emerging oversupply of vessel capacity following the severe cuts to the hoki quota at the turn of the century. The graphics below illustrate that the number of FCVs was cut back in relatively close alignment to the reduction in landings over the period from the late 1990s to now, but FCVs were not eliminated entirely. At the same time, New Zealand companies also chose to sell off, or release from charter, relatively recently built or acquired New Zealand flagged factory vessels rather than try to continue deploying them and eliminate FCVs in their entirety.



- 3.4.2 A significant day to day measure of economic return is the price of Annual Catch Entitlement (ACE). ACE is widely traded between fishing companies through the course of the year as companies must balance (or account for) catches of quota stocks with ACE. Owners of quota shares who don't fish need to sell the ACE that their quota shares generate in order to recover costs associated with quota share ownership, including meeting MAF/M'Fish cost recovery and other associated industry costs and obtain a return on capital that is tied up in owning quota shares. Most mandated iwi enterprises that have received quota shares as part of their Treaty of Waitangi related distributions and settlements fall into this group.
- 3.4.3 The price that a purchaser of ACE is prepared to pay is a reflection of the competition from other ACE purchasers who also must balance catches with ACE. ACE prices reflect the margin remaining after all the costs of fishing and a return on assets are accounted for by the ACE purchaser from the anticipated price for fish caught. If a FCV operator can fish more cost efficiently than a New Zealand flagged vessel operator then the FCV operator can pay a higher price for ACE. If FCVs were to be removed from the New Zealand ACE market, it is reasonable to conjecture that this will reduce competition in the ACE market and consequently the price that an ACE owner could expect to obtain for sale of ACE. In time, any structural adjustment to the value of ACE in the open market will reflect through to the value of quota shares. A reduction in ACE market prices arising from reductions in competition for ACE and/or cost efficiency of fishing will inevitably mean a reduction in value of the underlying quota share asset and therefore a reduction in the overall benefit to the New Zealand economy.
- 3.4.4 This will hold true unless New Zealand companies can increase market prices for their fish and fish products. Given that, in the main, New Zealand seafood companies are price takers rather than makers, they lack market power to impose price increases to recover increases in their unique operating costs.
- 3.4.5 On the other hand the value of quota shares will increase when the price of ACE increases. ACE prices will increase from either an increase in competition for ACE due to the presence of competing fishing interest or from an increase in market prices for fish leading to increased competition for ACE.
- 3.4.6 The opportunity to make a "free" market choice either to use NZ flagged vessels (whether or not NZ owned) or foreign flagged, demise chartered vessels or FCVs has enabled rational investment decisions when it comes to vessel ownership. The FCV fleet has been significantly reduced in the last 15 years in line primarily with reductions in the TACC for hoki and the flow-on effect to fishing for other stocks in the EEZ. Using FCVs has meant that they could also be readily dismissed when catch opportunities were reduced and the industry has been able to avoid over-capacity in fleet resources. However, as noted, companies also chose to sell, or release from lease, NZ flagged vessels in order to ensure that fleet capacity remained fully utilised in the most profitable fisheries.
- 3.4.7 Some limited evidence is now emerging of expansion of fleet catch capacity, at this stage an increase in vessel size or catching power rather than total numbers of vessels – both NZ flagged and FCV – with the recovery of hoki stocks and increasing Total Allowable Commercial Catch levels. However, market prices for second hand freezer vessels are high. There is a recent example of factory freezer vessel similar to other Sterkoder vessels favoured in the NZ fishery close to 25 years of age being offered for sale for use in New Zealand at US\$15 million (see Annex 3). A newly built factory freezer vessels is likely to cost at least \$55 million⁴ and the delivery period will be significant as the yards

⁴ "A new 70-metre factory trawler costs \$55 million to build and equip for fishing in New Zealand waters" in "Reform needed to get back on track" an op-ed by Peter Talley, Nelson Mail, 1 July 2011

that built vessels for use in New Zealand in the 1990s have either gone out of business or have downsized significantly.

3.4.8 Globally, concern about over-capacity in fisheries in the northern hemisphere in the last decade has led to the successful implementation of policies to remove subsidies for new fishing vessel construction and successful implementation of policies to scrap excess vessels in Europe and North Asia. As a consequence, the market for quality second hand vessels has been significantly reduced and the global fishing fleet's average age is increasing. For the present, FCVs provide an alternative to very significant capital investment. But eventually all vessels have to be replaced and an ongoing short supply and high cost of vessel replacement, regardless of flag, will inevitably be felt in the NZ fishery. Unless market returns for fish can be improved in real terms, it is likely that ACE prices and thus quota share value will be put under pressure as replacement or additional, higher priced vessels have to be brought into the fishery.

e) Whether acceptable and equitable labour standards (including safe working environments) are, or can be, applied on all fishing vessels operating in New Zealand's fisheries waters within the Exclusive Economic Zone;

3.5.1 As noted, in regard to foreign owned and operated vessels registered to fish as New Zealand fishing vessels under section 103 of the Fisheries Act, the Fisheries Act requires foreign fishing vessel operators to apply the Minimum Wage and Wages Protection Acts as a condition of registration and deems the crew of the vessels to be employees of the entity registering the fishing vessel. The same condition does not apply to New Zealand owned and operated vessels, presumably because they are already subject to that legislation directly, as New Zealand domiciled businesses.

3.5.2 Many New Zealand owned fishing vessels' crews are not employees but independent contractors. This is a long standing traditional practice in the western world's fishing sectors. Crew are risk takers in the fishing operation and payment of crew is heavily dependent on the success of each fishing trip. It is possible under such conditions on New Zealand owned and operated vessels that a trip that fails to catch sufficient fish of sufficient value could result in the crew receiving compensation for the trip that would be less than the minimum wage had they been employees under the Minimum Wage or Wages Protection Acts. There are numerous instances of small and medium sized businesses throughout the New Zealand economy where the owner of the business receives less from the business than the businesses' employees who receive the minimum wage.

3.5.3 FCV operators must comply with the Code of Practice between the industry and Department of Labour. Failure to do so will eventually lead to the operator losing the opportunity to obtain crew for those vessels as the Department will ensure that temporary work visas will not be issued. The Code of Practice requires that when final accounting is made at the conclusion of a contract, the crew must have received payment at least equal to the minimum wage plus \$2 per hour and that no costs of accommodation, meals etc may be deducted until the crewman has been paid a minimum sum equivalent to 42 hours per week. As crew are working outside the territorial sea of New Zealand, they do not pay any tax or ACC, so the gross wage is also the net wage. (It should also be noted that crew are not entitled to draw on any services that might be provided by tax and ACC).

3.5.4 A tax paying, single New Zealand resident not entitled to any additional tax or welfare assistance would need to earn in excess of \$37,650 gross (\$32,760 net) to be better paid than a crewman on a FCV who receives their full entitlement set out in Code Practice.

- 3.5.5 We know of no instance to date of any current New Zealand FCV operator being refused the opportunity to renew charter contracts or obtain replacement crew at the end of a contract. We take this as evidence that New Zealand FCV operators are being found to be in compliance with the Code of Practice and have passed Department of Labour audits to the satisfaction of the Department. Neither are we aware of any current FCV operator being refused registration of fishing vessel by the Chief Executive of the Ministry of Fisheries for failure to observe the Minimum Wage or Wages Protection Acts.
- 3.5.6 According to Statistics New Zealand, the median yearly individual income in New Zealand from all sources in 2010 was \$27,508 (\$529 per week) from which tax had to be paid as well as all living expenses including accommodation and meals. On a broad measure of equity and regulated minimum labour standards across the whole New Zealand economy as measured by the New Zealand minimum wage, crew on FCVs are required to receive better compensation than many New Zealanders.
- 3.5.7 The use of FCVs are examples of Mode Three and Mode Four trade in services, as defined by the World Trade Organisation's General Agreement on Trade in Services. The fishing vessel provides a Mode Three fish catching service within the territory (strictly the EEZ) of New Zealand by its commercial presence in New Zealand fisheries waters. The suppliers of the labour on the vessels are natural persons providing a Mode Four service as natural persons present as crew in New Zealand fisheries waters.
- 3.5.8 FCVs are reported to employ 2000 foreign workers annually. At the minimum payment stipulated in the Code of Practice, this equates to a transfer of over \$65 million annually to citizens of several developing countries. By comparison, New Zealand's official development assistance budget for 2011/12 to fund the activities of non-government organisations, such as Oxfam or VSA, is \$31 million. The normal wages available to crew employed on FCVs if they remained in their home countries or worked on fishing vessels operating internationally in fisheries outside New Zealand, would be significantly less than the total compensation they should receive under the Code of Practice.
- 3.5.9 Economic analysis undertaken for the industry in the early 2000s estimated a multiplier effect for every direct job created in fishing a further two jobs are created in associated direct and indirect services. On that basis, employment of 2000 foreign fishers at wage rates on a par with wages in the New Zealand economy should generate further 4000 jobs in associated direct and indirect services. Those jobs may be in New Zealand or, more likely, in the home countries of the foreign crew, given that they are principally paid through their overseas bank accounts.
- 3.5.10 New Zealand is an active participant in international Mode 4 service markets, both as the receiver of labour and the supplier of labour. Foreign temporary labour is being recruited to work in New Zealand throughout the primary food producing sectors. There is growing interest among the operators of New Zealand flagged fishing vessels to recruit foreign labour to crew their vessels. The common problem is a chronic shortage of appropriately skilled and motivated workers in New Zealand – despite New Zealand's somewhat elevated level of unemployment. In the fishing sector, crew must be at sea for several weeks at a time, frequently in uncomfortable working conditions and be prepared to work and live in an isolated and enforced alcohol and drug free environment while at sea. It is not seen as an attractive work place for many people.
- 3.5.11 New Zealand is seen in some countries as a source of cheap, skilled foreign labour. It is the source currently of dispute in the Australian airline industry with the Qantas subsidiary Jet Connect recruiting crew in New Zealand at significantly lesser compensation rates than their Australian counterparts, and has been a concern of US based workers in the film industry concerned about the export of film projects to New Zealand. There are now estimated to be around 1 million New Zealanders living and working outside New Zealand for better compensation than can they can achieve in New

Zealand. The New Zealand fishing industry has to compete in international labour markets to retain its key skilled labour force – especially marine engineers and officers. They are in demand to fill similar roles in the oil, gas and mining sectors.

- 3.5.12 Many New Zealand businesses have exported jobs previously done in New Zealand to other countries with wage rates considerably less than minimum wage rates in New Zealand. Included among them are companies in the New Zealand seafood sector who have remained internationally competitive by exporting significant processing activities to China, Vietnam and Thailand. They are not alone. Iconic New Zealand companies including Fisher and Paykel, Fonterra and Icebreaker have done likewise. Air New Zealand has been publicly criticised for contracting cabin crew in China for its services to and from that market at compensation rates significantly less than the rates for New Zealand cabin crew.
- 3.5.13 The New Zealand coast is now serviced almost entirely by foreign going cargo vessels serviced by crew recruited from many of the same countries that supply crew for FCVs. They also transport cargo between ports in New Zealand and have replaced the former New Zealand flagged and manned coastal shipping service. In the final analysis, the Code of Conduct requires that crew employed on FCVs in the New Zealand EEZ are employed at compensation rates that equate with minimum wages in New Zealand. They are receiving payments that are well in excess of what is the norm for their fellow citizens in the international fishing sector or indeed crew on some of the merchant vessels plying the coastal ports of New Zealand as part of their international cargo services.

5. Potential Consequences should FCVs be excluded from New Zealand

- 5.1 There are a number of consequences that potentially could arise if the opportunity to contract FCVs were to be removed.
- 5.2 If done immediately, the freezer trawler fleet would be reduced in capacity by some nineteen vessels, at a time when companies are starting to contemplate some limited increase in capacity as some catch limits are increased.
- 5.3 FCVs are predominantly used to provide “top-up” capacity in some fisheries, such the seasonal peak of the hoki fishery and to catch lower market value species that are uneconomic for New Zealand operated vessels to catch. This pattern of use ensures that New Zealand owned and operated freezer vessels can be fully deployed for 300 days or more a year. FCVs provide an alternative to needing to own the catch capacity to catch peak seasonal abundance. It is clear that immediate removal of all FCVs would mean that some fisheries would not and could not be fished.
- 5.4 That shortage might be overcome if equivalent vessel capacity could be found either through demise chartering or by purchase. However, as has already been noted, the world is no longer faced with an over supply of suitable freezer trawlers or ready capacity to get new vessels built for the sort of prices paid in real term 15 years ago. The global fleet is getting older and quality vessels are becoming an appreciating asset. The costs of purchasing replacement vessels would amount to hundreds of millions of dollars.
- 5.5 New Zealand companies are already facing shortages of skilled and suitably qualified, drug-free crew and some are exploring employing temporary foreign crew on New Zealand operated vessels. Companies would struggle to find in the order of 1000 to 1500 people to replace the 2000 people currently employed on FCVs, without needing to seek a temporary work arrangement for foreign crew along similar lines to the temporary work visa arrangements now common in the rest of the primary food producing sector. In summary, the questions in the public arena as to the use of foreign crew when there is high unemployment of unskilled people in New Zealand or related to the terms and conditions

under which foreign crew are employed would be unlikely to disappear simply by removing FCVs.

- 5.6 Assuming that the removal of FCVs would lead to reduction in total landings and the possibility that some fisheries might not be fished in any significance, some in the industry have begun to question whether New Zealand might be pressured to re-open foreign licensed access to the flag states that have been suppliers of FCVs and potentially to others.
- 5.7 A legal opinion obtained by one company confirms that New Zealand has an obligation under the UN Convention on the Law of the Sea to optimally utilise the resources that it has claimed in the EEZ or open the fishery to others who would have an interest in the resources.
- 5.8 The Fisheries Act recognises this obligation and in Section 81 sets out the process that the Ministry of Fisheries would follow to calculate foreign allowable catch. Section 81 (2) and (3) confine the obligation to grant foreign licensed access only to unencumbered quota held by the Crown and remaining unsold after the Crown has offered it for sale as ACE. It does not provide for quota that has been allocated to quota share owners and for which the owners have identified that there is no market for their ACE.
- 5.9 Quota owners faced with economically unfishable and unsaleable ACE are faced in the scenario with no recourse – apart from the return of quota shares to the Crown as a valueless asset. That might provide the Crown to recommence foreign licensed access and for the proceeds no doubt to go to the Crown.
- 5.10 Given that the Crown will no doubt seek to continue to recover costs associated with “managing” economically unfishable stocks, quota owners would appear to have to contemplate quota share assets that could well become liabilities. If they are precluded from seeking FCVs to catch their fish and have no other economic alternative, might they not seek to find a solution through a version of foreign licensed access that might enable them to obtain a benefit? For example, they could offer the Crown fishable parcels of ACE for the Crown to negotiate under foreign licensed terms.
- 5.11 The Fisheries Act does not contemplate this kind of solution. But in a situation where the industry is unable to economically fish certain stocks that foreign fishers would find commercially attractive, there is no reason why quota owners and their former FCV partners might not seek to find a solution through recourse to exercising the Law of Sea obligation in their favour. It is uncertain whether the Section 81 would hold up in a dispute.
- 5.12 Ironically, as demonstrated by the EU when it negotiates access to fisheries for its vessels, foreign licensed access could entail the temporary transfer of the right to fish to another State, in return for a compensatory payment akin to a resource rent. The foreign vessel or its Flag State would be under no obligation to observe legislation such as the Minimum Wage or Wages Protection Acts or conform to the Code of Practice. There is every chance that the crew on such vessels would be employed on the same international terms as they would be if the vessel was on the high seas or in any other EEZ except New Zealand.

6. Conclusion

- 6.1 We reiterate, this submission cannot be taken to represent a consensus industry view, as there is no industry consensus. It represents a view shared by the majority of rights owners in the fisheries that currently use the services of FCVs and New Zealand owned and operated fishing vessels. Individual stakeholders will make their own submissions.
- 6.2 We request the opportunity to meet with the Inquiry members and to provide further written submissions should the need arise.

Further contacts should be addressed to:

Alastair Macfarlane
General Manager
New Zealand Seafood Industry Council
Private Bag 24 901,
Wellington 6142
Tel: 385-4005; Fax: 385-2727; Email: alastair.macfarlane@seafood.co.nz

George Clement
Chief Executive
Deepwater Group
PO Box
Nelson
Tel: 03 545 7020; Mobile: 021 932 369 ; Email: clement@fishinfo.co.nz

Annex 1

US State Department – Trafficking in Persons Report 2011

NEW ZEALAND (Tier 1)

New Zealand is a source country for underage girls subjected to sex trafficking within the country, and a destination country for foreign men and women in forced labor. New Zealand is reportedly a destination country for women from Asian countries, such as Hong Kong, Thailand, Taiwan, and China, and Eastern Europe trafficked into forced prostitution, though no new substantive information about such cases was discovered in the past year. According to a press report during the year, women, including some from Malaysia, are recruited by labor agents, but upon arrival in New Zealand, are handed over to brothel owners, who confiscate their passports and force them into prostitution for up to 18 hours a day to repay the “loan” of recruitment and transportation costs. Child trafficking victims are found engaging in prostitution illegally in brothels and off the street, some being closely controlled by local gangs. Asians and Pacific Islanders migrate to New Zealand voluntarily to work legally or illegally in the agricultural sector, and women from the Philippines migrate legally to work as nurses. Some foreign workers report being charged excessive and escalating recruitment fees, experiencing unjustified salary deductions, restrictions on their movement, confiscation of passports, and altered contracts or working conditions without their permission – all indicators of human trafficking. According to a press report and the United Nations Inter-Agency Project on human trafficking, there were concerns that some fishermen from Indonesia, Vietnam, and elsewhere in Southeast Asia are allegedly victims of forced labor in New Zealand waters; these men may have experienced conditions including passport confiscation, significant debts, physical violence and abuse, and are often forced to work a seven-day work week. No independent research has been conducted to determine the full extent of the trafficking problem in New Zealand.

The Government of New Zealand fully complies with the minimum standards for the elimination of trafficking. The government has in the past prosecuted traffickers under a range of laws; however, the government did not prosecute or convict any offenders of trafficking during the year, nor did it identify or assist any trafficking victims during the reporting period. The government did, however, make efforts during the year to raise public awareness of human trafficking through an anti-trafficking website and trafficking brochures.

Recommendations for New Zealand: Make efforts to study sex and labor trafficking occurring in New Zealand; significantly increase efforts to investigate and prosecute both sex and labor trafficking offenders; make efforts to proactively screen vulnerable populations, including women in prostitution, foreign workers, and illegal migrants, in order to identify and assist trafficking victims, through the routine employment of formal victim identification measures; identify and assist child trafficking victims engaged in commercial sexual activity; make proactive efforts to identify victims of labor trafficking, particularly among populations of vulnerable foreign laborers; investigate and prosecute employment recruiting agencies or employers who subject foreign workers to involuntary servitude or debt bondage; and develop and implement a visible anti-trafficking awareness campaign directed at clients of the legal and illegal sex trades.

Prosecution

The Government of New Zealand continued efforts to train front-line officers on trafficking, but did not make overall progress in its anti-trafficking law enforcement efforts during the past year. Authorities did not arrest or prosecute any sex or labor trafficking offenders during the past year, nor did it cooperate on any international trafficking investigations. The police did not report any prosecutions of “sellers” of sex services who profited from the labor of children in prostitution. New Zealand does not have a comprehensive anti-trafficking law and the Government of New Zealand does not feel that such a law is necessary, relying instead on a definition of trafficking that focuses on the transnational movement of people in prostitution. Part 5 and various amendments of the Crimes Act of 1961 prohibit transnational sex and labor trafficking. Laws against sexual slavery, the receipt of financial gain from exploiting children in prostitution, and labor exploitation prohibit forms of internal trafficking. Such crimes are not specifically included within the anti-trafficking provisions of the Crimes Act and

therefore cases of internal trafficking are not recognized or tracked by the government as trafficking crimes. A press report during the year described cases of Asian women who were victims of forced prostitution in New Zealand, including a case of a Malaysian woman reportedly forced into prostitution for 16 hours a day who had her passport confiscated by the brothel owner. Authorities reported an initial investigation but the woman departed the country immediately upon having her passport returned to her, after police intervention. The Department of Labor investigated this case and reported that the woman was interviewed and found to be working willingly. The government trained staff from Customs, Immigration, Labor, and Police on People Trafficking on identifying victims of trafficking and victim interview techniques. Compliance inspectors who inspect sex industry premises use interview templates to determine whether individuals are willingly and voluntarily in New Zealand's legal sex industry; the template has questions related to trafficking indicators.

Protection

The Government of New Zealand offers an extensive network of protective services to both internal and transnational trafficking victims, regardless of whether they are officially recognized as trafficking victims. The government, however, did not report identifying or assisting any trafficking victims during the year, despite reports of children exploited in the commercial sex trade and foreign workers subjected to passport confiscation, debt bondage, threats of financial harm, and other internationally-recognized indicators of forced labor. The government did not have formal procedures for referring victims to NGOs and service providers. Authorities did not report the number of children under 18 found to be in prostitution during the year. Press reporting indicated authorities identified at least 13 girls under the age of 16 in prostitution in Auckland and put them in Child, Youth, and Family custody, but the government asserted that children under 18 identified in prostitution were not victims of trafficking, as they did not cross an international border and were not compelled into prostitution. There are currently no shelters specifically dedicated to trafficking victims. Authorities reported that were they to be identified, victims would receive food and shelter and would be informed of available physical and mental health services, legal services, and social welfare. The law allows foreign victims temporary legal residence and relief from prosecution for immigration offenses. However, as the government claims to have never identified a trafficking victim, this provision has never been offered. The Department of Labor developed a policy to allow police-certified trafficking victims, were they to be identified, to remain in New Zealand and work for up to one year on a temporary visa; however, this provision has never been utilized. It is possible that trafficking victims were deported as immigration violators instead of being investigated as possible trafficking victims.

Prevention

The Government of New Zealand made some efforts to increase public awareness of trafficking during the year. The Ministry of Social Development distributed brochures on trafficking indicators in six languages to regional departments, who distributed them to community groups around the country. In June 2010, the Department of Labor partnered with ECPAT to convene a forum on trafficking for representatives from government agencies and non-government organizations. Fraudulent employment and recruiting practices are prohibited under the Crimes Act of 1961 and the Wages Protection Act of 1983. New Zealand has never prosecuted trafficking offenders under these laws. Sufficiently stringent penalties of up to 20 years' imprisonment and/or a fine of \$250,000 under the above statutes are commensurate with those prescribed for other serious crimes. The Immigration Act prohibits retention or control of a person's passport or any other travel or identity document, but there were no prosecutions for passport confiscation during the year. During the year, the Department of Labor launched an anti-trafficking Internet website to raise awareness of trafficking. The government's Inter-Agency Working Group on trafficking, led by the Department of Labor, met once during the year. The government did not make efforts to address the demand for commercial sex acts in the decriminalized commercial sex industry. The government gave \$22,800 to ECPAT to raise awareness about child sex trafficking. **The Department of Labor reported over 1,500 labor inspection visits during the year – an increase over the previous year, including 424 compliance inspections of horticulture and viticulture businesses.** It did not report the number of brothel compliance inspections conducted during the year. In August 2010, authorities arrested one New Zealand citizen for organizing and promoting child sex tours; his case remains pending. The government provided anti-trafficking training to military personnel prior to their deployment abroad on international peacekeeping missions.

Annex 2

Exports of Fish to Korea: Calendar Year 2010

(Potentially attributable to catch from FCVs that could enter the market tariff free - highlighted in Yellow)

	Kgs	NZ\$ fob
Alfonsino		
Finfish, Frozen Headed and Guttled	480	\$527
Finfish, Frozen Other form	144	\$270
Finfish, Frozen Whole	5,904	\$4,516
	6,528	\$5,313
Barracouta		
Finfish, Frozen Fillets	30	\$64
Finfish, Frozen Headed and Guttled	62,064	\$72,828
Finfish, Frozen Other form	17,016	\$18,980
Finfish, Frozen Whole	7,746	\$4,568
	86,856	\$96,440
Bluenose		
Finfish, Frozen Other form	24	\$146
	24	\$146
Cod, Blue		
Finfish, Frozen Other form	288	\$1,354
	288	\$1,354
Cod, Red		
Finfish, Frozen Fillets	10	\$68
Finfish, Frozen Headed and Guttled	72	\$183
Finfish, Frozen Other form	8,136	\$5,780
	8,218	\$6,031
Crab		
Other Crustacea, Live, Chilled or Frozen	6,960	\$2,912
	6,960	\$2,912
Crustaceans		
Other Crustacea, Canned or otherwise processed	624,804	\$3,410,569
	624,804	\$3,410,569
Crustn, Molluscs extract		
Other Crustacea, Canned or otherwise processed	1,530	\$649,126
	1,530	\$649,126
Eels		
Finfish, Chilled Live	277,870	\$1,436,941
Finfish, Chilled Other form	300	\$5,295
Finfish, Frozen Whole	926,033	\$969,185
	1,204,203	\$2,411,421
Finfish, other fish meat		
Finfish, Processed Other	54,827	\$177,094
	54,827	\$177,094
Fish prod unfit for human		
Finfish, Processed Other	526,220	\$823,503
	526,220	\$823,503
Gemfish		
Finfish, Frozen Headed and Guttled	144	\$201
Finfish, Frozen Other form	1,272	\$9,121
	1,416	\$9,322
Ghostshark		

	Finfish, Frozen Headed and Guttled	1,902	\$1,948
		1,902	\$1,948
Groper	Finfish, Frozen Headed and Guttled	744	\$3,682
		744	\$3,682
Gurnard	Finfish, Frozen Whole	12,168	\$22,200
		12,168	\$22,200
Hake	Finfish, Frozen Headed and Guttled	26,322	\$130,647
	Finfish, Frozen Other form	51,864	\$32,572
	Finfish, Frozen Whole	7,248	\$20,590
		85,434	\$183,809
Hoki	Finfish, Frozen Fillets	36,761	\$170,461
	Finfish, Frozen Headed and Guttled	135,518	\$361,762
	Finfish, Frozen Whole	61,581	\$54,999
		233,860	\$587,222
Leatherjacket	Finfish, Frozen Whole	5,350	\$6,346
		5,350	\$6,346
Ling	Finfish, Frozen Fillets	10	\$68
	Finfish, Frozen Headed and Guttled	18,189	\$71,259
	Finfish, Frozen Other form	204,768	\$221,014
		222,967	\$292,341
Livers and Roe	Finfish, Frozen Whole	907,325	\$3,188,329
		907,325	\$3,188,329
Mackerel, Blue	Finfish, Frozen Headed and Guttled	5,784	\$9,542
	Finfish, Frozen Whole	50	\$66
		5,834	\$9,608
Mackerel, Jack	Finfish, Frozen Headed and Guttled	31,656	\$44,315
	Finfish, Frozen Other form	576	\$930
	Finfish, Frozen Whole	231,802	\$277,075
		264,034	\$322,320
Monkfish	Finfish, Frozen Fillets	13,135	\$71,929
		13,135	\$71,929
Mussels	Mussels, Freeze-dried pwd	2,576	\$127,039
	Mussels, HS Frozen	2,817,148	\$12,895,062
	Mussels, Live	1,020	\$4,908
	Mussels, Meat Frozen	21,394	\$108,938
	Mussels, Whole Frozen	37,951	\$103,442
		2,880,089	\$13,239,389
Octopus	Other Molluscs, Live, Chilled or Frozen	24	\$31
		24	\$31
Orange Roughy	Finfish, Frozen Whole	27,720	\$58,124
		27,720	\$58,124

Oreo Dory, Other			
	Finfish, Frozen Headed and Guttled	1,392	\$2,434
	Finfish, Frozen Other form	188	\$266
		1,580	\$2,700
Other chilled finfish			
	Finfish, Chilled Headed and Guttled	13	\$68
		13	\$68
Other frozen fillets			
	Finfish, Frozen Fillets	19,980	\$423,177
		19,980	\$423,177
Other frozen finfish			
	Finfish, Frozen Headed and Guttled	60,552	\$74,718
	Finfish, Frozen Other form	41,808	\$148,034
	Finfish, Frozen Whole	192,866	\$260,394
		295,226	\$483,146
Other invertebrate			
	Other Molluscs, Live, Chilled or Frozen	270	\$6,910
		270	\$6,910
Other Molluscs			
	Other Molluscs, Live, Chilled or Frozen	300	\$3,021
		300	\$3,021
Salmon, Pacific			
	Finfish, Chilled Other form	9,639	\$89,445
	Finfish, Processed Smoked	4,500	\$106,837
		14,139	\$196,282
Salmonidae			
	Finfish, Chilled Fillets	15,025	\$149,484
	Finfish, Frozen Fillets	1,211	\$12,082
		16,236	\$161,566
School shark			
	Finfish, Frozen Headed and Guttled	1,495	\$2,774
	Finfish, Frozen Other form	192	\$817
		1,687	\$3,591
Sea Bass			
	Finfish, Frozen Whole	182,973	\$235,356
		182,973	\$235,356
Skate			
	Finfish, Frozen Fillets	283,805	\$881,469
		283,805	\$881,469
Snapper			
	Finfish, Frozen Whole	227,100	\$1,230,865
		227,100	\$1,230,865
Southern Blue Whiting			
	Finfish, Frozen Headed and Guttled	112	\$246
	Finfish, Frozen Other form	2,248	\$2,611
	Finfish, Frozen Whole	30	\$30
		2,390	\$2,887
Spiny Dogfish			
	Finfish, Frozen Whole	976,283	\$1,001,575
		976,283	\$1,001,575
Squid			
	Squid, Frozen Whole	8,295,423	\$18,291,931
		8,295,423	\$18,291,931

Tarakihi			
	Finfish, Frozen Headed and Guttled	48	\$127
	Finfish, Frozen Other form	864	\$2,024
		912	\$2,151
Warehou, Blue			
	Finfish, Frozen Headed and Guttled	1,056	\$2,428
	Finfish, Frozen Other form	336	\$771
		1,392	\$3,199
Warehou, Other			
	Finfish, Frozen Headed and Guttled	168	\$830
	Finfish, Frozen Other form	72	\$738
		240	\$1,568
Warehou, Silver			
	Finfish, Frozen Headed and Guttled	189	\$427
	Finfish, Frozen Whole	216	\$273
		405	\$700
TOTAL potentially attributable to FCVs entering tariff-free		11,353,313	\$24,316,807
TOTAL Exports to Korea		<u>17,270,351</u>	<u>\$47,275,392</u>
% of Exports to Korea attributable to FCVs		65.7%	51.4%

Annex 3

Please attach File “ Vessel Offer.pdf”