



7 October 2011

Paul Swain
Panel Chair
Ministerial Inquiry into Foreign Charter Vessels
C/o Jenny Wood, MAF
P O Box 1020
WELLINGTON 6140.

By email: jenny.wood@fish.govt.nz

Dear Mr Swain

RE: SUBMISSION ON BEHALF OF SOUTHERN STORM FISHING (2007) LTD TO MINISTERIAL INQUIRY INTO FOREIGN CHARTER VESSELS

A Background of submitter

1. Southern Storm Fishing (2007) Ltd¹ has been involved in chartering foreign vessels for the purposes of fishing within New Zealand's EEZ for more than 10 years.
2. The company has a close working relationship with its charter partner, Sajo Oyang Corporation of Korea. Southern Storm was initially formed as a joint venture arrangement between Mr Hyun Choi, a New Zealand citizen, and the Oyang Corporation of Korea. Mr Choi owned 75.1% of Southern Storm Fishing Ltd and Oyang Corporation owned the remainder.
3. Mr Choi perceived there to be an economic benefit in forming a company of this kind (i.e. a joint venture), as there were significant amounts of Annual Catch Entitlement (ACE) available in New Zealand that was effectively underutilised. The establishment of a joint venture with a Korean company, using Korean flagged vessels to catch the fish, enabled direct access to the growing domestic market of the Republic of Korea, without attracting the normal level of duties that are imposed on imported fish products.
4. Mr Choi was particularly confident that the Oyang Corporation was an appropriate partner given the presence of that company's vessels in the New Zealand fishing industry since the 1980's. During that period, the Oyang Corporation and its vessels had never been the subject of a Ministry of Fisheries prosecution, a record which very few companies, whether foreign or New Zealand owned, could boast.
5. In late 2006, however, the Oyang Corporation of Korea encountered financial difficulties in Korea and the company was purchased by Sajo Industries, a division of a large Korean corporation. Oyang Corporation's name was changed to Sajo Oyang, with the new company having completely different shareholders and directors. As part of the changes introduced by Sajo Industries, the nature of the New Zealand operation changed from being a joint venture to straight forward commercial chartering and

¹ including its predecessor, Southern Storm Fishing Ltd