

# Identifying EU nationals who profit from foreign illegal fishing activities: the importance of beneficial ownership transparency

## Executive summary

Illegal, unreported and unregulated (IUU) fishing is a threat to fish stocks, coastal communities and those fishing legally. It also generates significant profits for those who orchestrate systematic and deliberate IUU fishing activities. Being able to identify who profits from fishing activities, in particular those who ultimately own or control a vessel, the “beneficial owner,” is a crucial component for the deterrence and prevention of IUU fishing. A lack of transparency in the global fisheries sector often allows beneficial owners to hide behind foreign flags, complex ownership, and corporate structures to evade sanctions and scrutiny.

The European Union (EU) has clear legal provisions prohibiting its “nationals” (legal and natural persons) from supporting or engaging in IUU fishing or from owning, including as beneficial owners, any vessel involved in IUU fishing activities. Since the revision of the EU’s fisheries control system in 2024, legal

provisions also prohibit owning any vessel flagged to countries identified to be non-cooperative in the fight against IUU fishing. However, most EU Member States do not currently have the necessary measures in place for the identification of their nationals who own foreign vessels, let alone those who ultimately benefit from such activities. Recently, the European Commission has acknowledged that the implementation of relevant regulations is severely lacking.<sup>1</sup> These implementation shortfalls thereby potentially allow profits from foreign high risk IUU fishing activities to flow back to the EU.

Following a detailed study of both the EU regulations and their application by Member States, this report has identified a number of measures that are essential to improve the operationalisation of a what is, in theory, a robust approach by the EU and its Member States:

## Recommendations

### EU Member States should:

- Introduce requirements for nationals to report any legal, beneficial or financial interests they hold in fishing vessels flagged to non-EU countries.
- Create public national registers centralising information on nationals with interests in foreign-flagged vessels.
- Proactively investigate nationals’ ownership links to non EU-flagged vessels and the activities of these vessels, prioritising vessels suspected to be involved in IUU fishing or flagged to countries identified or pre-identified as non-cooperating in the fight against IUU fishing.
- Adopt formal cooperation initiatives with non-EU countries for the identification of national offenders.
- Upload beneficial ownership information into the relevant fields of the FAO Global Record.

### The European Commission should:

- Establish a dedicated working group to enhance collaboration with Member States in implementing Articles 39 and 40(1) of the IUU Regulation and provide guidance on the operationalisation of the new obligations stemming from Article 38(10).
- Initiate infringement procedures against Member States that repeatedly fail to stop their nationals from benefiting from IUU fishing and from the operation of vessels flagged to red-carded countries.

### EU Member States and the European Commission should:

- Actively promote beneficial ownership transparency in international fora.
- Actively endorse and support the Global Charter for Fisheries Transparency.

## 1. Introduction

IUU fishing poses a severe threat to marine ecosystems and global food security, violating conservation measures and breaching national and international laws. Furthermore, the link between IUU fishing and transnational crimes, ranging from forced labour and human trafficking to money laundering, is becoming increasingly clear.<sup>2</sup> Recent intergovernmental efforts aimed at stopping IUU fishing, such as the IUU Action Alliance, have recognised this connection, underscoring the imperative need for more transparency and improved data sharing.<sup>3</sup>

Efforts to tackle IUU fishing and hold perpetrators accountable are impeded by the opaque nature of the fishing industry and its associated supply chains. In particular, this lack of transparency in the fishing sector hinders efforts to track financial profits and hold those who ultimately control and benefit the most from IUU fishing operations, the “beneficial owners,” accountable for their actions.

One of the main purposes of engaging in IUU fishing activities is to maximise profit; therefore, identifying and sanctioning the beneficial owners of vessels and beneficiaries of IUU fishing activities is a crucial component of IUU fishing deterrence and prevention. Unfortunately, it is often more difficult to prosecute the true perpetrators of IUU fishing activities when they reside, in most cases, ashore and conduct their activities at an arm’s length from the operational personnel, such as captains and crew members, or the legal owners of vessels (legal person owning registration documents and the fishing licence).<sup>4</sup> Legal owners can be separated from the beneficial owner(s) by many steps, particularly in the case of vessels involved in IUU fishing where beneficial owners are arguably incentivised to avoid identification.<sup>5</sup> Certain nations

permit vessel owners to maintain anonymity through complex corporate structures, including through shell companies, front companies, or joint ventures, rendering the identification of the beneficial owner(s) nearly impossible. In a study conducted by C4ADS, examples of the use of shell or front companies were found in over 50% of the IUU fishing networks investigated.<sup>6</sup>

In this study, C4ADS looked into 972 individual cases of industrial and semi-industrial vessels suspected or reported to be involved in IUU fishing<sup>7</sup> Researchers were able to identify the person(s) who exercised ultimate effective control for just one 1/6 of the 972 vessels involved, “with very few cases where [they] found majority shareholder information, despite using the most robust databases.” The report further highlights that the availability of ultimate beneficial ownership data varied by the nationality of the vessels, with Europe lagging behind.

IUU fishing activities and ownership opacity can be facilitated by the use of so-called “flags of convenience.”<sup>8</sup> Countries with these flags typically lack effective monitoring, control, and surveillance (MCS) mechanisms and/or political or judiciary will or capacity to enforce controls.<sup>9</sup> Often, they also maintain open registries with flexible registration criteria<sup>10</sup> as well as a range of other practical benefits such as lower taxes, labour requirements, and administrative costs, further attracting illicit operators.<sup>11</sup>

As a global leader in the fight against IUU fishing, the EU should mobilise all tools available to identify and prevent any EU nationals to benefit from IUU fishing activities of foreign-flagged vessels, including by ensuring the full implementation of its ambitious EU regulation to prevent, deter and eliminate IUU fishing (the “IUU Regulation”).<sup>12</sup> How the EU might achieve that, is explored below.



## 2. State of play in the EU: shortcoming on ownership transparency undermines efforts to tackle IUU fishing

### 2.1 Legal obligations on EU nationals to prevent profits linked to high IUU-risk operations from flowing back to the EU

The importance of stopping profits from high IUU-risk fishing vessels entering the EU is clearly reflected in EU fisheries laws. The EU IUU Regulation requires Member States to impose effective and dissuasive sanctions against any nationals supporting or engaging in IUU fishing.<sup>13</sup> This includes sanctioning nationals with ownership links to vessels involved in IUU fishing, including as a beneficial owner.

A new legal provision in force since January 2024, introduced through the revision of the EU fisheries control system,<sup>14</sup> also prohibits EU nationals from owning, including as beneficial owners, vessels that are flagged to countries identified by the European Commission as non-cooperating in the fight against IUU fishing (“red carded” countries).<sup>15</sup> As well, the EU encourages Member States to ensure their nationals identify and disclose beneficial interests.

#### a) Prohibition to support or engage in IUU fishing, including as a beneficial owner

Article 39(1) of the IUU Regulation stipulates that EU nationals “shall neither support nor engage in IUU fishing, including by engagement on board or as operators or beneficial owners of fishing vessels included in the [EU] IUU vessel list.” This obligation implies a general prohibition to engage in or support IUU fishing, whether or not the vessel is officially listed on the IUU vessel list. Thus, the aforementioned clause triggers a general obligation for Member States to prevent *ex ante* (a proactive approach) or control *ex post* (e.g. through investigations, prosecution, sanctioning, etc.) any violation of that prohibition by their nationals, whether they are employed on board, are vessel operators, or are the beneficial owner(s).

A clear manifestation of this general obligation is Article 39(3) of the IUU Regulation, which states that “without prejudice to the primary responsibility of the flag State, Member States shall take appropriate action, subject to and in accordance with their applicable laws and regulations with regard to nationals identified as supporting or engaged in IUU fishing.”

Although Article 39 has been in force since 2010, only two thirds of Member States have incorporated the first paragraph of this provision directly into their national order, according to a 2022 study commissioned by the European Commission’s Directorate-General for Maritime Affairs and Fisheries (DG MARE).<sup>16</sup> In the meantime, there are indications of potential EU ownership connections with fishing fleets suspected to be involved in IUU fishing,<sup>17,18,19</sup> raising concerns that EU

nationals are still able to profit from IUU fishing activities and highlighting the need for better enforcement of Article 39 by Member States.

**Member States have the obligation to prosecute and punish nationals involved in IUU fishing activities, even when the vessels are not included on the IUU vessel list**

It is essential that Member States proactively check that their nationals do not have ownership links with vessels presumed to be involved in IUU fishing. In addition, Member States have the obligation to prosecute and punish nationals involved in IUU fishing activities, even when the vessels are not included on the IUU vessel list of regional fishing management organisations (RFMOs). This is further stipulated in Article 41(2) of the IUU Regulation, which states that the sanctioning regime will apply to “serious infringements committed by Community fishing vessels or nationals of Member States” independently on whether the vessel is IUU listed or not. Such verification should be done in cooperation with non-EU countries and, where relevant, other Member States.



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## b) Prohibition to own, including as a beneficial owner, vessels flagged to “red carded” countries

The new EU Fisheries Control Regulation<sup>20</sup> introduced changes to the EU IUU Regulation, including a new Article 38(10) which prohibits the ownership, including as a beneficial owner, operation or management of vessels flagged to red-carded countries.<sup>21</sup> This article mandates that EU owners, including beneficial owners, remove any links from such countries within two months of the European Commission’s decision to list the country as red-carded under the EU “carding scheme.” Article 38(10) has been applicable since the new fisheries control system entered into force on the 9th of January, 2024.

***The ownership, including as beneficial owner, of vessels flagged to red-carded countries is prohibited under EU law***

To ensure the full implementation of Article 38(10), it is essential that Member States adopt a mechanism by which they can identify their nationals’ interests in all foreign-flagged vessels, prioritising those countries at high-risk of IUU fishing. This includes red-carded countries and those with whom the EU has entered into formal dialogue or been pre-identified by the European Commission as non-cooperating in the fight against IUU fishing (“yellow-carded” countries).

There is evidence that EU nationals could have ownership links to over 42 vessels flagged to yellow or red carded countries (see Box 1). A 2022 investigation published by the Associated Press (see Box 2) also alleged that 14 Cameroonian flagged vessels were owned or managed by companies based in the EU,<sup>22</sup> before Cameroon was given a red-card by the EU in January 2023.<sup>23</sup> These are examples of cases that need to be investigated urgently by Member States in close collaboration with the EU Commission in order to operationalise the new obligations under Article 38(10) of the IUU Regulation.

### Box 1: EU nationals could have ownership links to over 44 vessels flagged to countries that the EU has warned or sanctioned over IUU fishing

An analysis conducted by Oceana in 2023 using data from Lloyd’s List Intelligence, an industry leading maritime data and analytics provider, revealed concerning connections: **EU nationals might have, or have had (according to Lloyd’s List Sea Searcher data), an ownership stake in at least 42 vessels flagged to countries that have been pre-identified (“yellow carded”) or identified (“red carded”) by the EU as non-cooperating in the fight against IUU fishing**, in addition to other sanctions. Specifically, in April 2024 at least one EU-owned vessel appeared to be flagged to red carded countries (Cameroon), and at least 41 EU-owned vessels appeared to be flagged to yellow carded countries (Panama, Ecuador, Ghana, and Sierra Leone).<sup>24</sup>

EU nationals are prohibited from supporting or engaging in IUU fishing, including as beneficial owners, or holding ownership links to vessels flagged to red-carded countries.<sup>25</sup> It is therefore essential that Member States adopt a proactive approach to verifying their nationals’ ownership links with non-EU-flagged vessels and the activities of these vessels. Member States should prioritise vessels presumed to be involved in IUU fishing and those flagged to countries that are at high risk for IUU fishing activities, including red or yellow-carded countries.

### Box 2: EU ownership of vessels at high risk of IUU fishing: the case of the Cameroonian flag

In a revealing investigation published in 2022, the Associated Press alleged that a total of 14 vessels flying the flag of Cameroon were then owned or managed by companies based in the EU.<sup>26</sup> None of these vessels had an obvious link to Cameroon nor had they fished in the country’s waters, and some of them had a documented history of engaging in IUU fishing practices and/or had been included on the IUU fishing list of an RFMO. The Cameroonian flag is considered a flag of convenience,<sup>27,28</sup> and is associated with an open registry system which facilitates an expedited registration process. Issues related to Cameroon’s open register and lack of control over its fleet were central to the European Commission’s decision to issue a yellow card to the country in February 2021<sup>29</sup> and to then escalate this warning to a red card in January 2023.<sup>30</sup>

## c) Requirement to identify and disclose beneficial interests

The first step Member States need to take in order to stop their nationals from supporting IUU fishing activities and deriving benefits from vessels flagged to red carded countries

(i.e. to implement Article 39(1) and new 38(10) of the IUU Regulation), is to identify these nationals.

Article 39(2) of the IUU Regulation requires Member States to cooperate amongst themselves and with non-EU countries and to *“take all appropriate measures, in accordance with*

*national and Community law, in order to identify nationals supporting or engaged in IUU fishing.*" Undertaking initiatives to ensure cooperation with non-EU countries for the identification of national offenders, including beneficial owners, would demonstrate a proactive implementation of the IUU Regulation's requirement.

Furthermore, Article 40(1) of the IUU Regulation further requires Member States to "encourage" their nationals to disclose their legal, beneficial, or financial interests in fishing vessels flagged to non-EU countries.

## 2.2 Most EU Member States fail to collect information on nationals with ownership links to foreign-flagged vessels

Member States do not currently have the necessary measures in place for the identification of EU owners of foreign vessels, let alone beneficial owners, nor are they fully implementing their legal obligations, and implementation of Articles 39 and 40 is severely lacking. A 2022 study commissioned and published by DG MARE indicates that only seven Member States<sup>31</sup> have procedures in place in line with the requirements of Article 39(2) to identify nationals supporting or engaged in IUU fishing.<sup>32</sup>

Furthermore, less than half of EU Member States have introduced national measures to implement Article 40(1) to encourage their nationals to notify their interests or control in fishing vessels flagged to non-EU countries.<sup>33</sup> Even where such measures exist, these vary in nature and efficiency

and can include legal obligations, positive and negative incentives, or a combination of these – with the latter approach considered the most effective in getting nationals to notify their interests.<sup>34</sup>

**Member States do not currently have the necessary measures in place for the identification of EU owners of foreign vessels, let alone beneficial owners**

Estonia for instance incorporated the requirement to report financial interests in non-EU-flagged vessels to the Income Tax Act,<sup>35</sup> albeit research indicates that there is limited regular screening of income tax returns to identify potential instances of IUU fishing activities.<sup>36</sup> As another example, Latvia's Fishery Law has a provision requiring its nationals who own vessels (including as beneficial owners) registered to non-EU countries to inform national authorities of this ownership within a month following the initiation of fishing activities (see Box 3).<sup>37</sup> Poland and Cyprus have also developed online platforms and instruments where interested parties can submit information on financial interests in foreign-flagged vessels.<sup>38</sup> In addition, Spain has put a progressive system in place to control the activities of Spanish nationals serving as officers aboard foreign-flagged vessels (Box 4), including a requirement for nationals to notify authorities before carrying out such activities, but unfortunately a comparable obligation is absent for nationals with ownership links to foreign-flagged vessels.



### Box 3: Latvia's national measures in place to collect information on ownership of foreign-flagged vessels

Latvia has established a legal requirement which allows for the identification of nationals with ownership links to non-EU-flagged vessels. According to section 14, paragraph 1, of the Latvian Fishery Law,<sup>39</sup> Latvian legal entities or individuals who own ships or shares in commercial companies operating fishing vessels registered in non-EU countries are required to notify the State Environmental Service within a month of the initiation of the fishing activity. This notification obligation is triggered when they commence fishing activities.

This legal obligation is, however, not fully operationalised. There is currently no specific template or register form that individuals or companies are obliged to complete regarding their financial interest or activities on vessels registered in non-EU countries.

**According to information from the Latvian competent authorities, the Latvian State Environmental Service has not yet received any notification about the ownership links or interest of its nationals with non-EU vessels. Latvian authorities have acknowledged the challenges in identifying nationals who may be supporting or benefitting from IUU fishing on non-EU country vessels and have emphasised the potential utility of creating a common registry of EU nationals with ownership links to such vessels.**

Table 1. Number of notifications by nationals (Article 40(1)) from 2017 to 2021

Number of notifications by nationals (Article 40(I))						
MS	2017	2018	2019	2020	2021	Overall
Austria	0	0	0	0	0	0
Belgium	0	0	0	0	0	0
Cyprus	0	0	0	0	0	0
Denmark	0	0	0	0	0	0
Finland	0	0	0	0	0	0
France	0	0	0	0	0	0
Germany	0	0	0	0	0	0
Greece	0	0	0	0	0	0
Lithuania	0	0	0	0	0	0
Malta	0	0	0	0	2	2
Poland	0	0	0	0	0	0
Portugal	0	0	0	0	0	0
Slovenia	0	0	0	0	0	0
Spain	0	0	0	0	0	0
Sweden	0	0	0	0	0	0

As detailed in the study (see Table 1),<sup>40</sup> only Malta received notifications from nationals with a legal, beneficial or financial interest in non-EU flagged vessels between 2017 and 2021. The authors of this paper find it unlikely that in five years only two EU nationals became owners of vessels flagged to non-EU countries. Indeed, a study by C4ADS shows that

EU companies own 58 industrial trawler vessels flagged to the UK.<sup>41</sup> After the UK's departure from the EU in 2020, the owners of these vessels, now flagged to a non-EU country, should have been incentivised to report any ownership links to their respective Member States, assuming no changes in ownership or relocation outside the EU.

It is notable that all the aforementioned articles under the EU IUU Regulation lack specific obligations or guidance on how EU Member States should collect beneficial ownership data. This legislative gap, coupled with the lack of data collection by EU states on foreign vessel ownership by their nationals and companies, perpetuates the potential for EU entities to benefit from illegal fishing activities and for the individuals behind these activities to go unpunished.

Using the information available, the EU IUU Fishing Coalition concludes that no Member State at present has a comprehensive overview of the non-EU vessels owned by their nationals. This lack of information hinders the ability to both track EU nationals that are potentially involved in high-IUU risk activities globally and enforce Article 39(1) and 38(10) of the IUU Regulation.

It is also worth noting that the majority of EU Member States fare poorly when it comes to fully implementing or adhering to international frameworks or tools facilitating the sharing of beneficial ownership data. An analysis conducted in 2022 by the EU IUU Fishing Coalition found that, at the time of its release,<sup>42</sup> no EU Member State<sup>43</sup> had uploaded information on beneficial ownership to the Food and Agriculture Organization (FAO) Global Record of Fishing Vessels, Refrigerated Transport Vessels and Supply Vessels (Global Record), a global initiative aiming to deter and eliminate IUU fishing activities within the framework of legal instruments available, including the Port State Measures Agreement (PSMA).<sup>44</sup>

Similarly, despite the Indian Ocean Tuna Commission (IOTC), an RFMO, mandating since 2019<sup>45</sup> that its parties submit comprehensive beneficial owner information for vessels authorised to operate in its convention area, not all EU Member States are in full compliance; according to the relevant IOTC reports and where data is available on beneficial ownership,<sup>46</sup> in the 2021-2023 period only Spain self-reported

100% compliance to this requirement, while Lithuania had done so only once (2021). France, Italy, Portugal and the Netherlands have not submitted any beneficial ownership information yet. Furthermore, in 2022 France reported beneficial ownership data as “not available” for 35% of its IOTC vessel records, Portugal for 20%, and Italy for 1%.<sup>47</sup> The EU, collectively as an IOTC contracting party, has been given an overall beneficial ownership completeness rate of 47% in the latest Compliance Committee report (2023), which is presumptively due to Spain’s compliance.<sup>48</sup>

To address the issue of identifying nationals, **Member States should adopt mandatory requirements for nationals to report their ownership links, including as beneficial owners, in foreign-flagged vessels. This information should be centralised in public national registers which make it easy to establish a direct link between nationals and the name and unique vessel identifier (UVI) of the vessels in which they hold legal, beneficial, or financial interest.** The beneficial ownership registers established under Article 30 of the 4th Anti-Money Laundering Directive<sup>49</sup> could serve as a model for such a register. **Fisheries and financial transparency authorities across Member States should collaborate closely in designing the notification system and the national register that centralises this information.** They should also leverage best practices in the EU and globally, including the Taiwanese system for regulating operations and investments in foreign-flagged fishing vessels.

Finally, as the European Commission’s fundamental role is to oversee that Member States apply EU law and act as guardian of the EU Treaties, the European Commission should stand ready to use all tools at its disposal, including setting up dedicated working groups, to advance the effective implementation of EU law and, when applicable, initiate infringement procedures when a Member States repeatedly fails in this regard.



#### Box 4: Existing notification requirements for Spanish nationals working on non-EU flagged fishing vessels

Spanish Law 33/2014, which transposes the IUU Regulation and the EU Fisheries Control Regulation into Spanish legislation, establishes a strong framework to combat IUU fishing, including measures targeting beneficial owners.

Article 40bis of this law mandates that necessary action be taken to dissuade Spanish nationals from engaging in or facilitating IUU fishing operations by non-EU vessels, including measures to identify beneficial owners and verify their activities in non-EU country vessels.

This law has proven to be crucial in the identification and prosecution of two cases of companies engaged in illegally fishing: Sparrow I and Sparrow II. Operation Sparrow I revealed links between nine Spanish companies and four fishing vessels operating under non-EU flags and included in RFMO IUU lists (the Kunlun, Yongding, Songhua, and Tiantai). Operation Sparrow II prosecuted companies and citizens for concealing the ownership, management, and operation of vessels in RFMO IUU lists (Viking and Thunder). As a result, fines totaling nearly 25 million euros were imposed on the Spanish operators benefiting from these activities of non-EU vessels, the largest fine ever imposed for illegal fishing. Notably, the extensive investigative powers granted by Article 95 of the Spanish law allowed authorities to conduct investigative actions, inspections of business premises and other establishments or places associated with activities related to illegal fishing, as well as inspections of company records. A significant factor to these successful prosecutions was the relevant training provided to the Spanish judiciary and their experience in dealing with cases involving complex corporate structures, the collaboration with non-EU countries, and the administrative ability to unmask the ultimate beneficiaries.

It is notable, however, that these investigative powers around beneficial ownership occur only for vessels that have been IUU-listed by an RFMO, as these lists account for only a small proportion of vessels operating illegally.

Moreover, Spanish Royal Decree 1134/2002 mandates Spanish officers assuming command responsibilities on non-EU flagged vessels provide the Spanish Fisheries General Secretariat with detailed data of their commission via an online form. This data includes vessel specifics like name, registration, and flag. This mechanism ensures government oversight and knowledge of the activities of its citizens onboard foreign-flagged vessels and allows the opportunity to act quickly when illegal activities are identified. Spain has also established a dedicated department in charge of analysing, processing, and managing data, as well as other relevant intelligence (e.g. general information, alerts, reports) related to potential participation of Spanish nationals in IUU fishing activities.

Despite these commendable efforts, Spain currently lacks explicit legislation mandating the collection and disclosure of beneficial ownership information, particularly for non-EU vessels. The ongoing adoption of a new Spanish Law on Modernisation of Fishing Control and the Fight Against Illegal Fishing presents a unique opportunity to enhance beneficial ownership data collection and transparency. A similar notification requirement to that for crew members could be established for Spanish investments in non-EU vessels.

### 3. Best practice outside of the EU: Taiwan's system for regulating its operations and investments in foreign-flagged fishing vessels

**While already at the forefront of combating IUU fishing and holding nationals to account for their participation in this egregious trade, the EU should seek to share information and draw lessons from other initiatives around the globe, including the Taiwanese anti-IUU fishing model.**

Taiwan recognises the critical importance of regulating the operations and investments of its nationals in foreign-flagged fishing vessels. Its system aims to ensure that companies and individuals engage in responsible and legal fishing practices beyond its waters.

- **Licensing and registration:** Taiwan requires its nationals who intend to operate or invest in foreign-flagged fishing vessels to secure approval before initiating any operations. They must obtain licences and register their activities with relevant authorities. Notably, Taiwan's approach differs from the EU's, where nationals can invest in foreign vessels and are subsequently encouraged to declare those interests. The Taiwanese Act mandates pre-registration before any investments can be made. Any investment exceeding 50% ownership of foreign-flagged fishing vessels or exceeding specific capital thresholds (dependent on the vessel type) requires authorisation.<sup>50</sup>
- **Refusal of authorisation:** Taiwan's system includes specific circumstances in which investment shall not be authorised or existing licences can be revoked. These include cases where the flag state lacks control over its fishing vessels; the flag state is listed on the "non cooperating country list" or is subject to a letter



of identification by other countries; the flag state is not affiliated with the RFMO managing the fish species and fishing area of the vessel; or when the vessel is IUU-listed by international organisations.<sup>51</sup> The system also integrates robust human rights provisions, notably that investments and operations can be denied if the nationals or vessel were involved in forced labour and/or human trafficking.<sup>52</sup> Taiwanese vessel owners must ensure that crew working and living conditions meet the standard set for the Taiwan-flagged distant-water fishing fleets.<sup>53</sup>

- **Penalties:** Engaging in or profiting from fishing activities in waters beyond national jurisdiction, from illegal activities listed in Article 8 of the Act to Govern Investment in the Operation of Foreign Flag Fishing Vessels, without proper approval can result in significant fines ranging from thirty (approximately EUR 0.88) to two million New Taiwan Dollars (approximately EUR 58,000) depending on the size of the vessel.<sup>54</sup>

*The Ministry of Agriculture of Taiwan has established a regularly updated public registry of foreign-flagged fishing vessels.*

- **Reporting:** Authorised operators must further notify the competent authority of any changes related to vessel details, investor information, or fishing method.<sup>55</sup>

Moreover, most information on beneficial ownership is publicly accessible in Taiwan. While there is no explicit legal provision for the direct publication of beneficial ownership information, the Ministry of Agriculture has established a regularly updated public registry of foreign-flagged fishing vessels. This registry includes comprehensive information on vessels owned or controlled by Taiwanese investors and operators, such as vessel details, gear types, and the family names of involved nationals.<sup>56</sup> As of 1 August, 2023, there were 224 foreign-flagged fishing vessels with Taiwanese investors and operators approved by the Ministry.

**The Taiwanese system could be improved by decreasing the beneficial ownership threshold of 50%** which is based on its national corporate law. In comparison, the EU's anti-money laundering framework includes a more stringent approach, considering anyone with ownership exceeding 25% of the capital or voting rights to be a beneficial owner.<sup>57</sup> Publicly accessible information could also include additional details such as nationality. As well, enforcement mechanisms, including vessel monitoring systems (VMS) and regular inspections should also be improved to ensure compliance.



## 4. Conclusions and recommendations

To effectively identify EU nationals profiting from IUU fishing activities and proactively implement the IUU Regulation, including the new obligations arising from the revision of the EU fisheries control system, it is key that Member States and the European Commission work together within the EU and with non-EU countries to increase beneficial ownership transparency. By implementing the following recommendations, the European Commission and Member States can lead a concerted effort to stop profits from foreign IUU fishing activities from flowing to the EU, reinforcing transparency, accountability, and responsible fishing practices within the EU and beyond.

### Recommendations for EU Member States to enhance national beneficial ownership transparency:

- Introduce new requirements for nationals to report any legal, beneficial, or financial interests they hold in fishing vessels flagged to non-EU countries, specifying the names and UVI (e.g. International Maritime Organization IMO numbers) of the vessels concerned, as well as details of the entities and structures through which they hold such interests. The notification system should be developed in collaboration with financial transparency authorities and could, for instance, be based on income tax returns like in Estonia and/or on a pre-authorisation process before any new investment is made, as is the case in Taiwan.
- Create public national registers with information on nationals with interests in foreign flagged vessels (including the name and UVI of the relevant vessels), potentially by adapting the model of the beneficial ownership registers set up under the EU 4th Anti-Money Laundering Directive.
- Adopt a proactive approach to further investigating nationals' ownership links to non-EU-flagged vessels and the activities of relevant vessels, prioritising:
  - Vessels presumed to have been involved in IUU fishing, whether or not these are officially listed in an IUU vessel list.
  - Vessels flagged to red and yellow carded countries under the EU carding scheme.
- Provide adequate training to judiciary and law enforcement officers on the technical aspects of cases involving nationals with foreign interests.
- Adopt formal cooperation initiatives with non-EU countries for the identification of national offenders.

### Recommendations for the European Commission to enhance beneficial ownership transparency at the EU level:

- Establish dedicated working groups to enhance collaboration with Member States in implementing Articles 39 and 40(1) of the IUU Regulation and provide guidance on the operationalisation of the new obligations stemming from Article 38(10) following the revision of the EU fisheries control system. In particular:
  - Facilitate the exchange of knowledge and experiences to ensure a harmonised approach.

- Develop a plan with clear milestones for collecting beneficial ownership information of non-EU-flagged fishing vessels, in close collaboration with relevant financial transparency authorities. This plan should foster consistency and transparency in the collection and disclosure of beneficial ownership data. It should also include robust monitoring and reporting mechanisms to track progress.
- Share intelligence on vessels and countries linked to high risk of IUU fishing activities with Member States to enable proactive verification of nationals' ownership links to non-EU vessels.
- Initiate infringement procedures against Member States that repeatedly fail to stop their nationals from benefiting from IUU fishing and from the operation of vessels flagged to red-carded countries.

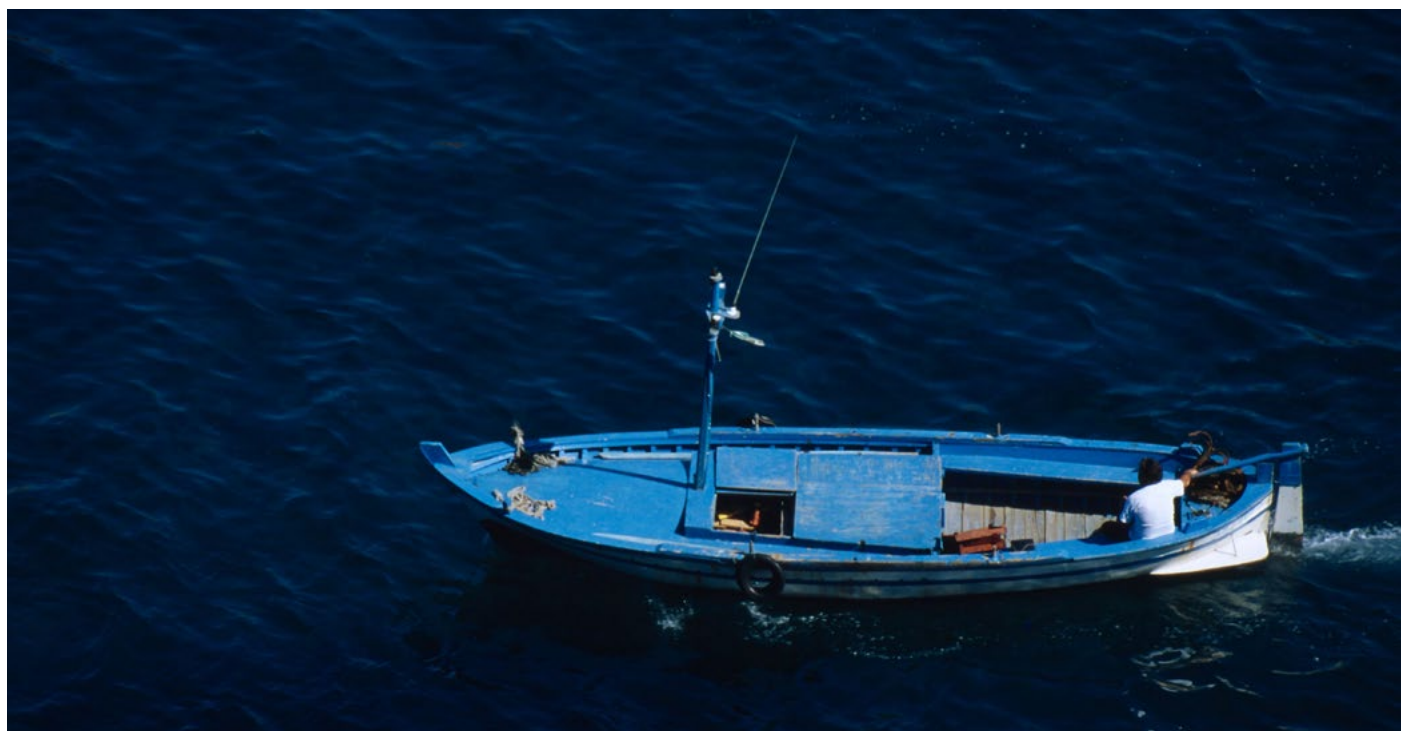
### Recommendations for EU Member States and the European Commission to enhance global beneficial ownership transparency:

- Fully engage with and contribute to the FAO Global Record:
  - Upload beneficial ownership information into the relevant fields of the FAO Global Record.. Member States should either input this data themselves or authorise the European Commission to do so on their behalf.
  - Advocate for beneficial ownership fields to become mandatory in the Global Record for all countries.
- Fully comply with existing beneficial ownership transparency requirements where they exist and become an advocate for such measures in international fora as an essential tool to fight IUU fishing:
- Ensure effective compliance with existing RFMO beneficial ownership requirements, such as those outlined in the IOTC authorised vessel list. Advocate for the incorporation of mandatory beneficial ownership information in the fishing authorisation process of all RFMOs.
- Promote beneficial ownership transparency through other existing fora such as the FAO, the IUU Action Alliance and elsewhere.
- Actively endorse and support civil society recommendations and initiatives in tackling IUU fishing, such as the Global Charter for Fisheries Transparency, which serves as a framework for implementing fisheries transparency policy reforms.<sup>58</sup>

## Endnotes

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The Environmental Justice Foundation (EJF), Oceana, The Pew Charitable Trusts and WWF, Members of the EU IUU Fishing Coalition — have been working together since 2014 to promote EU leadership in improving global fisheries transparency and governance to end illegal, unreported and unregulated (IUU) fishing.

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