

Executive summary

# Dark webs:

Uncovering those behind forced labour on commercial fishing fleets



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## Executive Summary

*In 2021 alone, 128,000 fishers were trapped in forced labour aboard fishing vessels, often whilst in the high seas*

Forced labour in the fisheries sector is increasingly recognised as a human rights crisis. In 2021 alone, 128,000 fishers were trapped in forced labour aboard fishing vessels, often whilst in the high seas where workers are isolated, conditions are hazardous and there is little regulatory oversight, though this figure “likely significantly understates the full extent of the problem”, according to the International Labour Organization (ILO).<sup>01</sup>

Forced labour is defined by the ILO as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.”<sup>02</sup> The ILO provides a framework of 11 forced labour risk indicators that also apply to the fishing sector. This includes physical violence, debt-bonded labour, and abusive working and living conditions.<sup>03</sup>

Labour exploitation is particularly widespread aboard distant water fishing fleets from many countries that have not ratified these key labour protection agreements, that is, commercial fishing vessels that operate outside a nation’s 200-mile exclusive economic zone (EEZ), whether on the high seas or in another nation’s EEZ. It is estimated that between 57,000 to 100,000 individuals work on these vessels in the high seas, many of whom may have been forced labour victims.<sup>04</sup>

However, beneficial ownership information is rarely, if ever requested, by most countries when registering vessels or requesting fishing licences, meaning that those ultimately responsible for the abuses are not detected and punished. Making matters worse, they often use complex, cross-jurisdictional corporate structures to mask their ownership, ranging from using shell companies to setting up joint ventures which may be spread around the world.

01 International Labour Organization, “Global estimates of modern slavery: Forced labour and forced marriage” (ILO, 2022). (September 2022). [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---ipec/documents/publication/wcms\\_854733.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---ipec/documents/publication/wcms_854733.pdf)

02 International Labour Organization, Convention C029–Forced Labour Convention, 1930 (No. 29). [https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100\\_ILO\\_CODE:C029](https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO::P12100_ILO_CODE:C029).

03 International Labour Organization, ILO indicators of Forced Labour. [https://www.ilo.org/global/topics/forced-labour/publications/WCMS\\_203832/lang-en/index.htm](https://www.ilo.org/global/topics/forced-labour/publications/WCMS_203832/lang-en/index.htm).

04 McDonald, G., Costello, C., Bone, J. and Zahn, D. (12 December 2020). Satellites can reveal global extent of forced labor in the world’s fishing fleet. PNAS. <https://www.pnas.org/doi/full/10.1073/pnas.2016238117>



*This report sheds light on the main companies behind force labour violations, carrying out the largest ownership analysis of these incidents in commercial fleets to date.*

Despite these challenges, this report sheds light on the main companies behind force labour violations, carrying out the largest ownership analysis of these incidents in commercial fleets to date. To achieve this, we built a database of nearly 500 commercial fishing vessels accused of forced labour between January 2010 and May 2023, one of the largest in the world, and compared it with another dataset of over 1,000 vessels accused of illegal, unreported and unregulated (IUU) fishing, five times more than the IUU unified list from regional fisheries management organisations for that same period. We also used S&P Lloyd's Global IHS Markit, Orbis Moody's and local ownership registries to identify as far as possible the legal and beneficial owners of these vessels. Due to lack of verification of declared beneficial owners in these databases, we state that we found natural persons identified as shareholders rather than beneficial owners due to the concern of identified shareholders being actually nominees, i.e. acting on behalf of others and thus not being the real beneficial owners.



## Key findings

1. **Natural persons were identified as shareholders for only one-fifth of vessels accused of forced labour.** This may include either beneficial owners or natural persons acting as shareholders on behalf of others and holding business roles in hundreds of other companies. This in turn reflects the financial secrecy surrounding this industry and gaps in beneficial ownership registries more widely. Meanwhile, we were able to identify the legal owners of nearly half of the vessels accused of forced labour, even though many of them are shell companies based in secrecy jurisdictions.
2. **More than a third of vessels accused of forced labour for which location data was available operated in Asia, followed by Africa (21 percent), Europe (14 percent) and Latin America and the Caribbean (LAC) region (11 percent).** Interestingly, 45 percent of accused vessels were found in just five countries: Indonesia, Ireland, Uruguay, Somalia and Thailand.
3. **A quarter of accused vessels were flagged to China, whilst 18 percent carried flags of convenience, which have lax controls, financial secrecy and low or non-existent taxes.** In terms of regions, 54 percent of commercial vessels accused of forced labour for which flag data was available were flagged to Asian countries, 15 percent flew European flags led by Ireland, Russia and Spain, 14.5 percent were flagged to LAC countries led by Panama and Belize, and 10 percent were flagged to Africa.
4. **Top 10 companies own 1 in 9 vessels accused of forced labour. Of these, six are from China, two from South Korea and one from Russia, with some linked to secrecy jurisdictions.** China's Zhejiang Hairong Ocean Fisheries Co. Ltd. tops the ranking followed by Pingtan Marine Enterprise Ltd. which is partly owned by the Chinese government and was sanctioned by the US in December 2022 and delisted from the NASDAQ stock exchange.<sup>05</sup> Another company appearing in the ranking is the China National Overseas Fisheries Corporation Ltd. (CNFC) which is owned by the Chinese government. Both Pingtan and CNFC also feature in the top 10 companies involved in IUU fishing.

05 White, C. (4 January 2023). US sanctions prompt Nasdaq to delist Pingtan Marine. Seafood Source. <https://www.seafoodsource.com/news/business-finance/us-sanctions-prompt-nasdaq-to-delist-pingt-an-marine>



5. **22.5 percent of commercial fishing vessels accused of forced labour are owned by European companies.** Spain tops this list with 12 vessels representing 5 percent of the total for which legal information is available, followed by Russia (7 vessels) and the UK (6 vessels), making it one of the top 5 countries of companies owning vessels accused of forced labour.
6. **Russia's Pescatlant Ltd. is the top European company accused of forced labour, headquartered in St. Petersburg and using the Spanish port of Las Palmas as its base.** All of the company's accused vessels were owned via subsidiaries based in Belize, a jurisdiction which does not require companies to report beneficial ownership information to the government.

*22.5 percent of commercial fishing vessels accused of forced labour are owned by European companies.*

Credit: © Chanklang Kanthong / Greenpeace



## Recommendations

Tackling forced labour abuses in commercial fishing fleets and protecting fishers, most of whom come from global South regions like Africa and southeast Asia, has not been a priority for any country until now as their vessel inspections, if any, are focused on rules around fisheries management, pollution, safety equipment and customs issues.

This is reflected in the fact that only 21 countries at the time of writing this report had ratified the ILO Work in Fishing Convention 188. Key players like China, Indonesia, Taiwan and the United States are among those that have not ratified. Other key labour treaties include the responsibility of port authorities, the Oceans Treaty that constitute the international legal framework for the fishing industry. This, together with the lack of financial and beneficial ownership transparency in the fishing sector, has allowed for those ultimately responsible for these crimes to mostly evade justice.

Making matters worse, despite fisheries often being included in the list of extractive industries, it has been largely excluded from initiatives for greater extractive industry transparency. The Extractives Industry Transparency Initiative (EITI) for instance was launched in 2002 to facilitate disclosure by governments and firms of the revenues received or paid across resource concessions and extraction has since 2020 promoted public beneficial ownership registries of all owners of companies and entities in the extractive industries. The industries covered include oil, gas and mineral resources, but it does not include fisheries.<sup>06</sup>

The Financial Action Task Force (FATF) as the global anti money-laundering norm setter, on the other hand, has identified that natural resource crimes constitute money laundering since 2022 including illegal wildlife trade, illegal logging, illegal mining and waste trafficking, however fisheries are not included in this definition either thus far.<sup>07</sup> More recently, FATF since March 2022 updated its recommendation 24 concerning registration of beneficial owners to recommend setting up centralised registries instead of this data being held

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06 EITI Beneficial ownership: knowing who owns and controls extractive companies. <https://eiti.org/beneficial-ownership>

07 Keatinge, T., Young, L. (16 November 2022) Swimming in Dirty Money: It's time to dive below the surface. <https://www.rusi.org/explore-our-research/publications/commentary/swimming-dirty-money-its-time-dive-below-surface>

at financial institutions<sup>08</sup>. This creates the global norm for all countries and jurisdictions to establish centralised (but not yet publicly accessible) beneficial ownership registries.

We therefore call for the following key recommendations to protect fishers and enhance transparency in the sector to be urgently adopted:

1. **Improve publicly available vessel information:** Before awarding a fishing licence or authorisation, flag and coastal States should require information on the managers, operators and beneficial owners of the vessel in a public asset registry. This should be accompanied by the creation of unified and publicly available lists of vessels accused of forced labour and IUU fishing.
2. **Create publicly accessible beneficial ownership registries:** Unless this is achieved, countries will only end up sanctioning or fining the vessel's captain, crew or the vessel itself, without being able to pursue the legal and beneficial owners who are profiting from these natural resource crimes and forced labour. These registries should be accessible to all citizens and civil society organisations at no cost, and should include past beneficial ownership data for the companies.
3. **Identify forced labour and IUU fishing as predicate offences for money laundering purposes:** Fisheries-related crimes should also be considered "predicate offences" for money laundering, i.e. an illegal activity that generates proceeds of crime that are then laundered, and therefore treated as illicit financial flows. This would open up the possibility of utilising money laundering tools and procedures to sanction companies and individuals behind forced labour and IUU fishing.
4. **States should ratify key international fisheries treaties and conventions to prevent forced labour:** This includes the ILO Work in Fishing Convention of 2007, whose objective is to ensure that fishers have decent conditions of work on board fishing vessels and has only been ratified by 21 countries, and the Cape Town Agreement of 2012, while improving the monitoring capacity by coastal state governments.
5. **Expand extractive industry reporting to include fisheries:** Fisheries should be included as an extractive industry in key initiatives including the Extractives Industry Transparency Initiative (EITI) and other global and regional initiatives concerning regulation and transparency of extractive industries.

*Fisheries should be included as an extractive industry in key initiatives including the Extractives Industry Transparency Initiative (EITI)*

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08 The FATF also accepts an alternative mechanism which is equally efficient, like a bank account registry or a system incorporating credit bureau data, which are populated by financial intermediaries but can be quickly accessed by authorities. These alternatives may also be deemed acceptable under the new standard, but since the alternative method must match the standard in terms of accessibility and the accuracy of recorded information, in practice, opting for a registry approach is often the simpler choice.





