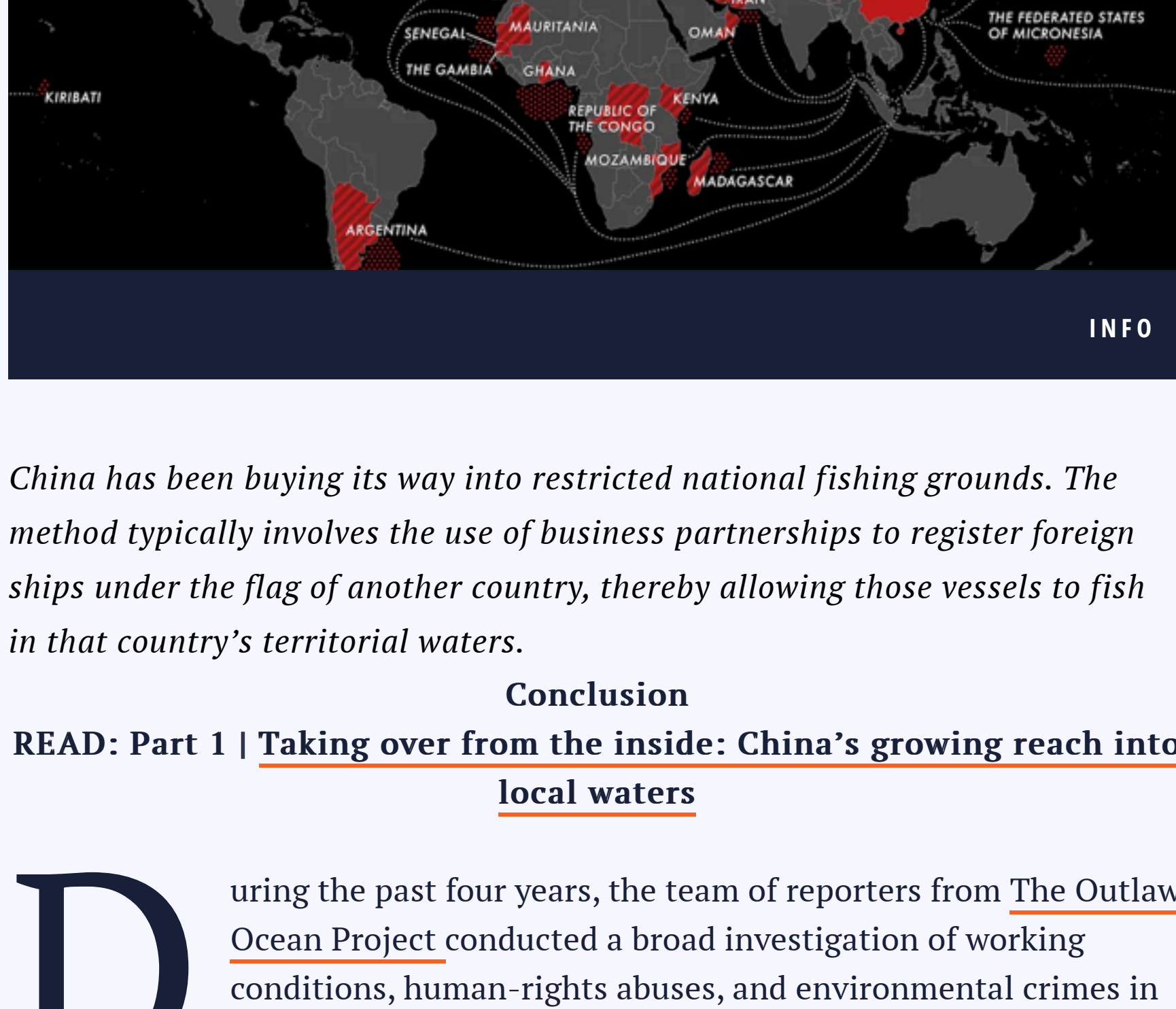


CHINA

Part 2 | Flagging in: China’s new approach to maritime and seafood power

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Conclusion

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During the past four years, the team of reporters from [The Outlaw Ocean Project](#) conducted a broad investigation of working conditions, human-rights abuses, and environmental crimes in the world’s seafood supply chain.

Because the Chinese distant-water fishing fleet is so large, so widely dispersed, and so notoriously brutal, the investigation centered on this fleet. The reporters interviewed captains and boarded ships in the South Pacific Ocean, near the Galapagos Islands; in the South Atlantic Ocean, near the Falkland Islands; in the Atlantic Ocean, near Gambia; and in the Sea of Japan, near Korea.

This new piece reveals that, in recent years, China has been buying its way into restricted national fishing grounds, primarily using a process known as “flagging in.” The trend is happening from South America to Africa to the far Pacific. The method typically involves the use of business partnerships to register foreign ships under the flag of another country, thereby allowing those vessels to fish in that country’s territorial waters.

To help create jobs, make money, and feed its growing middle class, the Chinese government heavily supports its fishing industry with billions of dollars in subsidies for things like fuel discounts, ship building, or engine purchases. The Chinese fishing companies flagging into poorer countries’ waters are also eligible for these subsidies.

“The reason why the Chinese subsidize these fleets could be not only for the fish,” said Fernando Rivera, chairman of the Argentine Fishing Industry Chamber. “It has a very important geopolitical aspect.”

As US and European fishing fleets and navies have shrunk, so too has Western development funding and market investment in Latin America, Africa, and the Pacific. This has created a void that China is filling as part of its Belt and Road Initiative, Beijing’s global development program.

Between 2000 and 2020, China’s trade with Latin America and the Caribbean grew from US\$12 billion to \$315 billion, according to the World Economic Forum. China Development Bank and the Export-Import Bank of China, two major state-owned Chinese banks, provided \$137 billion in loans to Latin American governments between 2005 and 2020. In exchange, China has, at times, received exclusive access to a wide range of resources, from oil fields to lithium mines.

The maritime domain is an important front in China’s growth plans, which include exerting power not just over the high seas and contested waters like those in the South China Sea, but also consolidating control over shipping, fishing in foreign coastal waters, and ports abroad.

Chinese companies now operate dozens of overseas processing plants and cold-storage facilities, and terminals in more than 90 foreign fishing or shipping ports abroad, according to research by Kardon.

Though most of these business ventures go unnoticed, some of them have sparked controversy. Starting in 2007, China extended more than a billion dollars worth of loans to Sri Lanka as part of a plan for a Chinese state-owned company to build a port and an airport. The deal was made based on the promise that the project would generate more than enough revenue for Sri Lanka to pay back these loans.

By 2017, however, the port and airport had not recuperated the debt, and Sri Lanka had no way to pay back the loan. China struck a new deal extending credit further. The deal gave China majority control over the port and the surrounding area for 99 years.

In 2018, a Chinese company purchased a 70-acre plot of land in Montevideo, Uruguay, to build a “megaport” consisting of two half-mile-long docks, a tax-exempt “free-trade zone,” a new ice factory, a ship-repair warehouse, a fuel depot, and dorms for staff. The plan was eventually canceled after local protests, but the Uruguayan government later announced that it would build the port itself, with foreign investment, and China’s ambassador, Wang Gang, expressed interest in managing the project.

More recently, in May 2021, Sierra Leone signed an agreement with China to build a new fishing harbor and fishmeal processing factory on a beach near a national park. In response, local organizations pushed for more transparency around the deal, which they said, would harm the area’s biodiversity, according to a 2023 report by The Stimson Center.

In Argentina, China has provided billions of dollars in currency swaps, providing a crucial lifeline amid skyrocketing domestic inflation and growing hesitancy from other international investment or lending organizations. China has also made or promised billion-dollar investments in Argentina’s railway system, hydroelectric dams, lithium mines, and solar and wind power plants.

For Beijing, this money has created a variety of business opportunities. But it has also bought the type of political influence that became crucially important for the crew of the *Lu Yan Yuan Yu 10*, which Argentine authorities sank in 2016 for illegal fishing.

All 29 of the men on the Chinese jigger were rescued from the water that day. Most of the men were scooped up by another Chinese fishing ship, *Zhong Yuan Yu 11*, which was also owned by CNFC and had its own history of illegal fishing in Argentine waters. These men were immediately taken directly back to China.

Four of the crew, however, including the captain, were rescued by the Argentine Coast Guard, brought to shore, and charged with a range of crimes, including violating fishing laws, resisting arrest, and endangering a coast guard vessel, and put under house arrest.

Roberto Wyn Hughes, a lawyer who frequently handles Chinese fishing companies, said that in these years, Argentine authorities typically did not prosecute the companies involved. Instead, they normally allowed the Chinese companies to pay a fine, after which their crew would be released. The sinking of the *Lu Yan Yuan Yu 10* was different, however, because it sparked a storm in Argentina and could not be handled as discreetly. Local news outlets described the ramming by the Chinese and showed footage of the sinking.

Hugo Sastre, the judge handling the case, initially justified the charges filed. The Chinese officers had placed “both the life and property of the Chinese vessel itself and the personnel and ship of the Argentine Prefecture at risk,” he said. But China’s foreign ministry soon pushed back. A spokesman told reporters that he had “serious concerns” about the sinking and that his government had been engaged on behalf of the crew.

Three days later, the posture from the Argentine government began to shift. Susana Malcorra, Argentina’s foreign minister, told reporters that the charges had “provoked a reaction of great concern from the Chinese government.” She explained that she had reassured China that Argentina would follow local and international laws.

“We hope it will not impact bilateral relations,” she told reporters. Several weeks later, the Argentine judiciary also fell in line. “Given the doubt that weighs on the facts and criminal responsibility” of the captain, he and the three other sailors would be released without penalty, the court announced. On April 7, the four Chinese crew members were flown back to China.

By May, Argentina’s foreign minister was on a plane to Beijing to meet with the Chinese foreign minister, Wang Yi. After their meeting, China’s foreign minister hailed their countries’ “voyage of overall cooperation” and promised another surge of Chinese investment to Argentina. Mr. Yi added: “China will continue its support to the efforts made by Argentina in safeguarding its national sovereignty and territorial integrity.”

Chinese political influence shows up on board the fishing vessels as well. The case of Manuel Quiquinte is illustrative. In the Spring of 2021, Quiquinte, an Argentinian crew member on a squid jigger called the *Xin Shi Ji 89*, contracted Covid while at sea. Owned by the Chinese, the ship was flagged to Argentina and jigging in Argentinian waters. Its crew was a mix of Argentinian and Chinese workers.

Several days after Quiquinte fell ill, the Argentine captain called the Chinese owners to ask if the ship could go to shore in Argentina to get medical care. Company officials said no and to keep fishing. Quiquinte died on the ship shortly thereafter, in May.

This was certainly true on Quiquinte’s ship. In court papers tied to Quiquinte’s death, several of the ship’s Argentinian crew members explained that despite Argentine law forbidding non-Argentinians from being the captains or senior officers on these fishing ships, the reality is that the Chinese crew on board make the decisions.

Even when they are designated on paper as lowly deckhands, the Chinese decide whether the ship will enter port to drop off a sick worker, like Quiquinte. The Argentinians might be designated as the engineers on board but they are not supposed to touch the machines when the vessel leaves port. “The only thing we do is to assume responsibility for any accident,” Fernando Daniel Marquez, the engineer on the *Xin Shi Ji 89*, said in the court documents.

When contacted by reporters about the death, the vessel’s parent company Zhejiang Ocean Family said that the crew member had tested negative for COVID-19 prior to working on board, but had indeed contracted the illness on the vessel and died after his condition deteriorated rapidly. Ocean Family said the vessel belonged to a local Argentine company, which Ocean Family has invested in, and it was this local company which handled the situation.

On land and at sea, the Chinese use a variety of approaches to gain access to foreign waters and circumvent rules meant to protect local interests. In some countries, they sell or lease their ships to locals but retain control over decisions and profits.

In other places where the governments forbid foreigners from fishing their waters, Chinese companies pay fees through “access agreements.” Elsewhere, China has gone around the prohibitions on foreign shipowners by partnering with local residents and giving them a majority ownership stake.

Typically about a quarter of the workers on fishing ships owned by the Chinese operating in Argentinian waters are Chinese nationals, according to a review of about a dozen crew manifests published by local media. Jorge Frias, the president of the Argentine fishing captains’ union, explained that on Argentine-flagged ships, the Chinese call the shots. The captains are Argentinians, but “fishing masters,” who are Chinese, decide where to go and when.

The scourge of illegal and overfishing did not originate with China, of course. Western industrial fleets dominated the world’s oceans for much of the 20th century, fishing unsustainably in ways that have helped cause the current crisis, explained Daniel Pauly, a marine biologist at the University of British Columbia.

China’s expansionist methods are also not historically unique. The US has a long and infamous record of intervening abroad when foreign leaders begin erecting highly protectionist laws. In the past several decades, the tactic of “flagging in” has been used by American and Icelandic fishing companies.

More recently, as China has increased its control over global fishing, the US and other nations have jumped at the opportunity to focus international attention on China’s misdeeds.

Still, China has a well-documented reputation for violating international fishing laws and standards, bullying other ships, intruding on the maritime territory of other countries and abusing its fishing workers. In 2021, the Global Initiative Against Transnational Organized Crime, a nonprofit research group, ranked China as the world’s biggest purveyor of illegal fishing.

But even frequent culprits can also be easy scapegoats: a country that regularly flouts norms and breaks the law can also at times be a victim of misinformation. When criticized in the media, China typically pushes back, not without reason, by dismissing their criticism as politically motivated and by accusing its detractors of hypocrisy.

China’s sheer size, ubiquity and poor track record on labor and marine conservation is raising concerns. In Ghana, for instance, industrial trawlers, most of which are owned by China, catch over 100,000 metric tons of fish each year, according to the Environmental Justice Foundation in 2017, and the country’s fishing stocks are now in crisis, as local fishermen’s incomes have dropped by up to 40% over the past two decades.

“Fishing vessel owners and operators exploit African flags to escape effective oversight and to fish unsustainably and illegally both in sovereign African waters,” wrote TMT, the nonprofit that tracks maritime crime, adding that the companies were creating “a situation where they can harness the resources of a State without any meaningful restrictions or management oversight.”

In the Pacific, an inspection in 2024 by local police and the US Coast Guard found that six Chinese flagged-in ships fishing in the waters of Vanuatu violated regulations requiring them to record the amount of fish they catch.

And in South America, the increasingly foreign presence in territorial waters is stoking nationalist worry in places like Peru and Argentina.

“China is becoming the only player, by displacing local companies or purchasing them,” said Alfonso Miranda Eyzaguirre, a former Peruvian minister of production. Pablo Isasa, a captain of an Argentinian hake trawler, added: “We have the enemy inside and out.” – [Rappler.com](#)

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