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# RSIS COMMENTARIES

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## China's Growing Fishing Industry and Regional Maritime Security

By Zhang Hongzhou

### *Synopsis*

*The evolution of China's fishing industry - from inshore to offshore fishing - is posing both challenges and opportunities for regional maritime security.*

### *Commentary*

Facing rising demand for aquatic products and depleting fishing resources in its inshore waters, China's fishing industry has been undertaking some major structural adjustments, which include the dramatic shift from inshore to offshore fishing. This shift is leading to Chinese fishermen's growing fishing operations in neighboring countries EEZs and in the disputed waters, which presents both challenges and opportunities for regional maritime security.

### **China's Demand and Supply Imbalance for Aquatic Products**

China's rapid economic development in the past 30 years has contributed to substantial increase in the real incomes of its people, and higher income has spurred greater demand for aquatic products. Per capita consumption of aquatic product of the Chinese has increased from 5 kg in 1970 to 25 kg in 2010. Considering the expansion of China's total population, significant rise in per capita consumption of aquatic product means an even greater demand for aquatic products.

However, even though China has by far the largest fishing industry in the world, it has become increasingly difficult for China's fishing industry to meet the rising demand. Marine catch from its inshore waters used to account for more than half of the country's fishery production, yet overfishing and heavy pollution has led to rapid depletion of China's fishery resources in the inshore waters. In addition, fishery agreements between China and neighboring countries have further reduced the marine fishery resources available for the Chinese fishermen. As a result, millions of Chinese fishermen are trapped in the inshore waters with no fish.

### **Government Efforts to Address the Imbalance**

Chinese government has made serious efforts to address this imbalance. The top priority has been given to promote inland and marine fish farming. This strategy has been quite successful in that production of aquaculture is currently accounting for over 70% of total production of aquatic products in China. With regards to marine catch sector, in order to cap overfishing and preserve fishery resources, serious steps have been

taken at both central and local level to downsize China's fishing fleet and transfer fishermen, in addition to imposing fishing bans and other measures. However the number of ships as well as China's fishing workforce continues to expand although the production of marine catch was stabilized.

There are several reasons why Chinese government's attempt to downsize fishing fleet and fishing workforce has achieved only limited success. First, the fiscal budget allocated to fishing sector has been too small and poorly targeted. Second, conflicts of interest between central and local governments also hindered the effectiveness of the downsizing efforts. Third, it is very difficult for the fishermen to transfer to other sectors due to lack of education and training as well as accustomed lifestyle in seas. Fourth, despite the economic difficulties Chinese fishermen have experienced in recent years, fishing is still a very attractive sector. It continues to attract inflow of investment and workforce, particularly poor farmers from the inland provinces, which leads to overcapacity in China's marine catch sector.

### **Implications for Regional Maritime Security**

When fishery resources in China's inshore water were quickly depleted, more Chinese fishermen naturally went out to fish in their traditional fishing grounds in the country's offshore waters where they have fished for generations. However, when UNCLOS entered into force globally in the mid-1990s and regional competition for marine resources intensified, large areas of China's offshore waters have become either neighboring countries' EEZs or disputed areas. Consequently, the dramatic shift from inshore to offshore fishing is leading to growing fishing operation of Chinese fishermen in waters which now belong to neighboring countries' EEZs and disputed areas.

When the fishery dispute involving Chinese fishermen are politicized or handled by neighboring countries' law enforcement agency in a tough and unilateral manner, escalation of violence occurs and fishery disputes become triggers for regional diplomatic and security tensions. In April 2012 fishery disputes involving Chinese fishermen who were accused of illegally fishing in the disputed area has led to several maritime standoffs between the Chinese and the Philippine vessels; in December 2011, the killing of one South Korean Coast Guard by a Chinese fishermen started a huge diplomatic backlash from South Korea against China; and in September 2010, the arrest of the captain of a Chinese trawler by Japan after a collision dramatically increased the tension between China and Japan over Diaoyu island.

While growing fishing disputes have become catalysts for maritime conflicts in the region, these challenges could be turned into opportunities for regional cooperation. The region's fishing industry has some common enemies such as illegal fishing, overfishing, maritime piracy and degradation of marine environment. Given the nature of these threats, efforts from one single country could not succeed and bilateral and multilateral cooperation are needed to manage fishery disputes and ensure sustainability of fishing in the region. Fishery cooperation could become a very useful instrument for regional countries to build mutual trust and understanding, which is crucial for safeguarding regional maritime security.

### **Looking Ahead**

Facing depleting fishery resources in China's inshore water and excess fishing capacity, the shift from inshore to offshore fishing will continue in the years to come. This means that fishery disputes between China and regional countries will continue and intensify. Both national and regional efforts are needed to manage fisheries disputes and prevent fishery disputes from escalating into regional diplomatic and security conflicts. While China need to step up efforts to address the demand and supply imbalances, regional cooperation and coordination is key to preventing fishery disputes from escalating. If the structural shifts of China's fishing industry could be well managed, the fishing sector could be the starting point for regional maritime cooperation which could then have a "spillover effect" into other areas of cooperation.

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