

## **LEGISLATIVE COUNCIL BRIEF**

### **A BAN ON TRAWLING ACTIVITIES IN HONG KONG WATERS**

#### **INTRODUCTION**

At the meeting of the Executive Council on 28 September 2010, the Council ADVISED and the Chief Executive ORDERED that –

- (a) trawling activities (i.e. fishing using pair trawlers, stern trawlers, shrimp trawlers and hang trawlers) should be banned in Hong Kong waters; and
- (b) the Government should launch a voluntary one-off buy-out scheme for trawlers to be affected by the initiative in (a) above. Subject to meeting the eligibility criteria, the affected fishermen should be paid ex-gratia allowance (EGA) while affected local deckhands be given one-off grants.

#### **JUSTIFICATIONS**

2. The capture fisheries sector in Hong Kong comprises approximately 3 700 fishing vessels, of which about 1 100 are trawlers while the remaining are mostly sampans and small fishing boats engaged in inshore fishing. Some 400 of the trawlers operate partly or wholly in Hong Kong waters and the rest are larger vessels which operate further afield in the South China Sea. The estimated total engine power of these some 400 trawlers accounts for roughly 80% of

the total engine power of the fishing fleet operating in Hong Kong waters, which is nearly double of the environmentally sustainable level according to a study conducted by the Chinese Academy of Fishery Science in 2006 <sup>Note 1</sup>.

3. Hong Kong waters are important fish spawning and nursery grounds, supporting a wide diversity of fishes, crustaceans, mollusks, corals and other marine species. However, the non-selective nature of trawling operations capturing fish of all sizes particularly in inshore waters, irrespective of their commercial and ecological value, and its damaging effect to the seabed, are detrimental to the marine ecosystems. Over the years, these operations have led to a continuous decline in the quantity, species diversity and size of marine organisms and deterioration of the marine environment.

4. A consultancy study carried out by the Agriculture, Fisheries and Conservation Department (AFCD) in 1998 has revealed that 12 of the 17 evaluated fish species were heavily over-exploited, while the remaining five were fully exploited. Local catch composition had shifted from mainly large, slow-growing and high-value species to small, fast-growing and low-value species. Many of the once commercially important and abundant species are now rare in Hong Kong waters (e.g. yellow croaker 黃花, Hong Kong grouper 紅斑, longtooth grouper 泥班, painted sweet lips 細鱗 and John's snapper 牙點 and Malabar red snapper 紅魚) or have disappeared from commercial catches altogether (e.g. Chinese bahaba 黃唇魚). Against this background, the Committee on Sustainable Fisheries (the Committee) was set up by the Government in 2006 to study the long term goals, the direction and the feasible options for the sustainable development of the local fisheries industry. The background and the major recommendations of the Committee are at **Annex A**. The Committee has recommended, inter

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<sup>1</sup> The study estimated in 2006 that the maximum sustainable yield of Hong Kong waters was about 20 500 tonnes annually, and the fishing effort in terms of engine power should be kept below 140 000 kilowatts. However, fisheries production of Hong Kong waters in 2006 was about 26 700 tonnes, and the overall engine power of fishing vessels was some 270 000 kilowatts (i.e. 30% and 93% higher than the maximum sustainable yield and the maximum sustainable fishing effort respectively).

alia, a ban on trawling activities in Hong Kong waters in its final report.

#### Benefits of the proposed trawl ban

5. The following are the benefits of the proposed trawl ban -

(a) *Marine conservation*

A ban on trawling activities will bring the harmful depletion to an immediate halt and thus enable the marine ecosystems to be gradually rehabilitated to an ecologically sustainable level. Not only would the species with commercial value as mentioned above return to our waters, those of ecological value such as corals and sea turtles would also benefit from a less disturbed and better marine environment. As a matter of fact, a ban on trawling activities in inshore waters is a common fisheries management practice world-wide. Both the Mainland and Taiwan have introduced similar measures for marine conservation and fish stock rehabilitation purposes. According to some published reports on the Mainland, the fisheries resources as well as its composition of commercially important species have increased after the implementation of these measures. Restoration of the habitats of marine animals will in turn promote the diversity of marine life and safeguard the ecological integrity of our marine environment. It would also allow the public at large and our future generations to enjoy a better marine environment.

(b) *Sustainable development*

To the fisheries sector, the cessation of trawling activities in Hong Kong waters would substantially reduce the total engine power of fishing vessels operating in local waters by roughly 80% (i.e. from 270 000 to 64 000 kilowatts) and fish catch in local waters by more than 40% (i.e. from 26 700 tonnes to 14 700 tonnes). It would effectively restructure the local fishing industry into a more sustainable one, comprising large trawlers operating further afield in the South China Sea and smaller non-trawlers fishing with selective fishing methods in Hong Kong waters. Slow-growing fish and species of high value will be allowed to grow and reproduce in Hong Kong waters.

Availability of sustainable stocks of high-value species in Hong Kong waters would in turn improve cost efficiency and the operating environment for the fisheries industry, thereby enhancing the vibrancy of the trade and livelihood of practitioners. The fisheries industry has attained a steady state of mainly family-based operations targeting low value species in recent years and this initiative will give it the necessary impetus for the industry to turn to selective fishing methods targeting high value species. Examples on the Mainland and in some overseas countries such as Indonesia have amply demonstrated that the productivity and financial performance of the fishermen who have switched from trawling to selective fishing methods would improve as a result of the replenished fisheries resources after a ban on trawling.

(c) *Supply of marine fish*

A well managed marine environment will also ensure stable supply of quality marine fish for Hong Kong people. The local capture fisheries industry contributes about 30% of marine produce to local consumption. A stable local supply of fisheries produce would also help buffer against possible impact caused by fluctuation in imports. The ban on trawling activities in local waters will improve the quantity and quality of catch in Hong Kong waters in the long run. A simulation study by the University of British Columbia in Canada estimated that if measures including controlling the growth of the fishing fleet, banning trawling in Hong Kong waters and other fisheries management measures are implemented, Hong Kong's fisheries resources and the catch value per unit fishing effort would be 50% and 70% higher respectively in 25 years' time than if no such measures are taken. As mentioned above, our marine environment is now close to its limit of rehabilitation ability. Should we not conserve the marine environment by implementing the trawl ban now, it is likely that our fisheries resources would become increasingly depleted in the near future and some of the economically and ecologically important species would become locally extinct in our marine environment.

(d) *Eco-tourism*

A diversified and healthy marine environment would attract

local and overseas tourists to engage in activities such as recreational fishing, scuba diving and ecotourism in Hong Kong which has a deep root in fishing heritage.

#### Impact on fishermen

6. A trawl ban in Hong Kong waters would mean that trawling activities can only take place outside Hong Kong waters. The smaller trawlers that operate mainly in Hong Kong waters due to vessel and equipment limitations, or the lack of relevant licence to fish in Mainland waters, will be adversely affected. This group of trawlers is estimated to be about 400.

#### *The proposed one-off buy-out scheme*

7. The proposed trawl ban in Hong Kong waters would mean that trawler fishermen will lose part of their fishing grounds. The effect is not dissimilar to the permanent loss of fishing ground resulted from marine development works, for which EGA is payable to affected fishermen. In order to overcome the likely resistance of the trade against the trawl ban, we propose to bundle it with the introduction of a one-off buy-out scheme for trawler vessel owners with a view to adequately addressing the adverse impact of the trawl ban on their livelihood. Subject to the funding approval by the LegCo, the proposed scheme will include -

- (i) making EGA payments to the trawler vessel owners affected by the trawl ban;
- (ii) voluntary buying out of the affected trawlers; and
- (iii) providing one-off grants to assist the affected local deckhands employed by the trawler vessel owners who take part in the buy-out scheme.

The EGA for affected trawling vessel owners should be determined in

line with the established EGA formula<sup>Note 2</sup> for fishermen affected by marine works projects. An inter-departmental working group comprising relevant government departments would be convened to consider any EGA claims according to the eligibility criteria and formula agreed.

8. Offering EGA on this occasion is justifiable because fishermen, as with operators of other primary industries operators, generally do not have a high education level. Very often, the only means that they may rely on for making a living is by fishing. They would have difficulty in switching quickly to other means of making a living if their fishing operations are affected. There have been precedent cases for offering EGA to fishermen for loss of fishing grounds due either to marine works projects or designation of an area as a Marine Reserve.

9. The proposed buy-out scheme will help address the impact on the livelihood of trawler fishermen as a result of the proposed trawl ban. It also provides a direct incentive for the trawler fishermen to quit their operations which are harmful to our marine environment and to dispose of their vessels. To the trawler fishermen who intend to turn to other sustainable operations, the buy-out scheme will help pave their way of leaving the trawling operations.

10. We expect that, upon the implementation of the trawl ban, not all fishermen will leave the trade for good. AFCD will be introducing a special training programme to the trawler fishermen who give up their operations in the buy-out scheme with a view to equipping them (both the vessel owners and the local deckhands) with the skill and knowledge for switching to other sustainable fishing operations such as mariculture and recreational fishing.

11. Mariculture is regulated under the Marine Fish Culture Ordinance (Cap. 353), and must be conducted by licence holders in one

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<sup>2</sup> For eligible fishermen affected by marine works projects which would lead to permanent loss of fishing grounds in Hong Kong waters, the EGA payments are the notional value of seven years' fish catch in the affected area of the fishermen derived from the Port Survey conducted by the AFCD.

of the 26 designated marine fish culture zones. Since 1987, the Government has introduced a moratorium on the issue of new licences to reduce the possible impact of mariculture on the marine environment. Advances in mariculture techniques in recent years, e.g. the use of pellet feed, have significantly reduced such possible impact and the Committee has recommended a review of the moratorium and a study on the expansion and rotation of fish culture zones to facilitate the switching of trawler fishermen to mariculture. This idea is worth considering and it is indeed the international trend to move towards mariculture. AFCD is following up with relevant Bureaux/Departments in this respect.

12. As we anticipate that some local deckhands would lose their job temporarily before they can look for other employment as a result of the cessation of trawling operations or the switch to non-trawler fishing with selective fishing methods of their employers, we propose to provide a one-off grant to each local deckhand employed by the trawler vessel owners who take part in the buy-out scheme to assist them to tide over this transition period. We estimate that about 1 000 local deckhands will be eligible for the one-off grants.

13. Affected fishermen may also apply to the Fisheries Development Loan Fund for low interest loans for switching to sustainable fisheries operations using selective fishing methods. The Fund, with a fund capital of \$290 million, is established by the Government to facilitate the sustainable development of the fisheries industry with the objectives, among others, to provide loans to fishermen to help them switch to sustainable fisheries or related operations, which are conducive to reducing fishing effort and conserving fisheries resources in local waters.

14. As part of the fisheries management measures, AFCD will use some of the bought-out trawlers as artificial reefs, which are conducive to enhancing the rehabilitation of the fisheries resources, in Hong Kong waters. Bureaux and Departments would explore and flesh out details of other fisheries management measures recommended by the Committee in the coming year for discussion with the relevant parties.

## **TIMETABLE**

15. When announcing the trawl ban on 13 October 2010, we have also announced a cut-off date such that any person who seeks to license a trawler in Hong Kong after that date would not be eligible for the EGA and the vessel buy-out scheme even though the proposed trawl ban would apply to such trawler. Also, local deckhands employed by these trawler vessel owners would not be eligible for one-off grants. We will brief the relevant Panel of the Legislative Council on the legislative amendments to be made under the Fisheries Protection Regulations (Cap. 171A) and the EGA package in the first quarter of 2011. We plan to introduce the legislative amendments in the second quarter of 2011 to provide the legal instrument for the trawl ban. In the meantime, Bureaux and Departments would also explore other fisheries management measures recommended by the Committee. Subject to the legislative progress, we will seek funding approval for the buy-out scheme from the Finance Committee of LegCo before the end of the 2010-11 legislative session.

16. Subject to the negative vetting of the legislative instrument for the proposed trawl ban and funding support from LegCo, we plan to roll out the trawler buy-out scheme around late 2011, and provide a one year transitional period before the trawl ban becomes effective in late 2012 at the earliest. According to this tentative timetable, affected trawler fishermen would have a period of about two years from the announcement of the initiative to consider and prepare for ceasing their trawling operations in Hong Kong waters, and switching to sustainable fisheries operations before implementation of the trawl ban in Hong Kong waters.

## **IMPLICATIONS OF THE PROPOSAL**

17. The proposed trawl ban in Hong Kong waters is in conformity with the Basic Law, including the provisions concerning human rights. The financial, civil service, economic, environmental and sustainability implications are set out at **Annex B**.

## **PUBLIC CONSULTATION**

18. Before finalising its report, the Committee has consulted various stakeholders including the relevant advisory bodies under AFCD, fishermen associations and green groups on a number of occasions regarding the recommendations in its report, in particular, that on banning trawling in Hong Kong waters. The Administration consulted the Panel on Food Safety and Environmental Hygiene of LegCo in May 2010, the Aquaculture and the Capture Fisheries Subcommittees of the Advisory Committee on Agriculture and Fisheries, and the Fish Marketing Advisory Board in June and July 2010 respectively on the findings and recommendations of the Committee, including the proposed trawl ban in Hong Kong waters. We also conducted briefing sessions for fishermen bodies including the umbrella organisations such as the Hong Kong Fishermen Consortium and the Hong Kong Fishery Alliance and fishermen communities in the major fishing ports from June to July 2010. While some members of the Panel and the Subcommittees and some fisherman representatives indicated their support to the proposed trawl ban, they were concerned about the implementation timetable and urged the Government to adequately address the livelihood issue of the affected fishermen if the proposal is to be taken forward.

## **PUBLICITY**

19. Following the announcement in the Policy Address on 13 October 2010, SFH will brief the Panel on Food Safety and Environmental Hygiene on this policy initiative. A spokesman will also be available to respond to media enquiries.

## **ENQUIRIES**

20. For enquiries, please contact Miss Diane Wong, Principal Assistant Secretary for Food and Health (Food) 2, at 2973 8232.

**Food and Health Bureau**

**13 October 2010**

**THE COMMITTEE ON SUSTAINABLE FISHERIES AND  
ITS MAJOR RECOMMENDATIONS**

**Background**

As compared to the last century, the fisheries resources within the traditional fishing grounds of Hong Kong's fishing fleet, namely local waters and the South China Sea, have been beset with problems of excessive fishing effort, marine pollution and marine works, leading to a significant reduction in the quality and quantity of fish catch. Taking into account the rise in operating cost, the fishermen's business has become increasingly difficult, as is the case of capture fisheries around the world. Against this background, the Government established the Committee on Sustainable Fisheries (the Committee) in late 2006 to study the long-term direction and goals for the development of the territory's fisheries industry, and to recommend feasible strategies and options to promote the sustainable development of the fisheries sector to the Government for consideration.

5. Chaired by the Director of Agriculture, Fisheries and Conservation, the Committee comprises Legislative Council members, representatives from the fisheries industry, academics and experts from various fields and representatives from relevant Government departments. The Committee has studied and discussed in detail matters relating to the sustainable development of the fisheries industry. It has also made two local and one Mainland study visits as well as listened to and collected views on different occasions from various stakeholders including the fisheries industry, green groups and advisory committees relevant to local fisheries. The Committee submitted a report in April 2010 to the Government for consideration.

3. After carefully studying the international and local fisheries industries, as well as the contributions of the local fisheries industry to Hong Kong's economy and society, the Committee considers that the

local fisheries industry, as an important local cultural asset with a long history, has potential for sustainable development. To achieve the goals of the sustainable development of the fisheries industry, it has formulated two directions:

- i. to assist fishermen to develop or switch to modernised and sustainable modes of operation; and
- ii. to protect, conserve and rehabilitate the marine ecosystem and fisheries resources.

### **Recommendations**

4. The Committee recommends the following measures to promote the sustainable development of the local fisheries industry.

#### *Promoting modernised and sustainable practices*

5. The technology employed by the fisheries industry in Hong Kong is not advanced enough, resulting in high operating costs and low efficiency, and hence low competitiveness. Therefore, the Committee proposes to promote modernisation and development of sustainable fisheries through the following measures:

- (a) enhance fishermen's understanding of sustainable fisheries and raise their awareness of the importance of marine conservation to the ecology and economy;
- (b) promote fisherman cooperative enterprises to assist fishermen in acquiring multi-disciplinary knowledge and financing the development of the industry;
- (c) provide stable financial support to sustainable fisheries development programmes;
- (d) review the existing criteria and terms of fisheries loans;
- (e) implement specific support measures for sustainable fisheries operations (e.g. aquaculture, recreational

- fisheries, fisheries product logistics and processing); and
- (f) strengthen communications with the Mainland counterparts to help fishermen seek business opportunities.

6. On promoting the sustainable development of aquaculture, the Committee recommends to:

- (a) conduct a review of the existing management and regulatory regime of aquaculture, which may include, for example, studying the culture environment and operation of local marine fish culture zones, and reviewing the moratorium on issuing new marine fish culture licences;
- (b) study the development of new sites for fish culture, extension or alternative use of fish culture zones, etc, with a view to supporting the future development of aquaculture;
- (c) enhance existing studies and training in relation to hatchery and step up effort to develop new culture species and improve the quality of cultured fish; and
- (d) foster the development of marketing networks in the local and Mainland markets for local quality fisheries products through setting up and enhancing promotion and publicity of the brand name of “Accredited Fish Farms” and by making use of the “Mainland and Hong Kong Closer Economic Partnership Arrangement”.

7. On recreational fishing, the Committee recommends to:

- (a) designate fisheries protection areas and marine parks as well as deploying artificial reefs and restocking to enhance recreational fishing;
- (b) the AFCD, in collaboration with other departments and non-profit-making organisations, enhance the operating

environment of recreational fishing, including assisting in the identification and upgrading of spots and routing designs for recreational fishing; and

- (c) strengthen publicity to bring in more tourists, and provide loans, technical support and training to interested fishermen to help them develop or switch to recreational fishing.

#### Controlling fishing effort

8. The Committee proposes the following measures to control the fishing effort in Hong Kong waters:

- (a) establish a regulatory mechanism to restrict new entrants and ex-fishermen from rejoining the capture fisheries industry;
- (b) prohibit fishing by non-local vessels in Hong Kong waters through legislation;
- (c) restrict fishing activities by non-fishing local vessels in Hong Kong waters and allow only recreational fishing using specified fishing gear or method on these vessels;
- (d) ban non-selective trawling in Hong Kong waters and provide appropriate financial assistance to affected trawler fishermen; and
- (e) strengthen fisheries management and law enforcement.

#### Conservation and Enhancement of Fisheries Resources

9. The Committee also proposes certain measures to protect important marine and fisheries ecosystems, such as fish spawning and nursery grounds, and to promote the rehabilitation and growth of fisheries resources in Hong Kong waters. These include:

- (a) designate important spawning and nursery grounds within Hong Kong waters as fisheries protection areas and step up the management measures in these areas, such as setting up “no take” zones, implementing a seasonal fishing moratorium and deploying artificial reef etc.; and
- (b) prohibit commercial fishing in marine parks.

## **IMPLICATIONS OF THE PROPOSAL**

### **FIANANCIAL AND CIVIL SERVICE IMPLICATIONS**

The trawler buy-out scheme would include paying off the ex-gratia allowance (EGA) to the trawler vessel owners affected by the trawl ban; voluntary buying out of the affected trawlers; and providing one-off grants to the affected local deckhands employed by the trawler vessel owners who take part in the buy-out scheme. The actual expenditure on the buy-out scheme will depend on the take-up rate.

2. In addition to the above one-off buy-out package, the proposal is expected to incur further capital and recurrent expenditure for the AFCD to implement and enforce the trawl ban to be effective in 2012 at the earliest. We would seek the required resources in accordance with the established mechanism.

### **ECONOMIC IMPLICATIONS**

3. While the ban on trawling activities in local waters would reduce the overall catch of the local fishing fleet (those operating within and outside Hong Kong waters included) by roughly 5% at the outset, by restoring the marine eco-system it will improve the quantity and quality of catch in Hong Kong waters in the long run, and also help restructure the local fishing industry into a more sustainable one. The public at large will also benefit from a stable supply of quality marine fish.

4. The ban would inevitably affect the livelihood of some practitioners in the fishery trade. In particular, the smaller trawlers that cannot operate outside Hong Kong might opt out of business. The workers so affected (including the ship-owners, family co-workers and employees) may also have difficulties in securing alternative employment given their education profile. Nonetheless, the one-off buy-out scheme and other financial assistance should help address

such potential hardship. Fishermen remaining in the trade will also benefit from the availability of sustainable stocks of high-value species in Hong Kong waters in due course.

## **ENVIRONMENTAL IMPLICATIONS**

5. Inshore trawl ban has been adopted by many countries and places to conserve fisheries resources. The initiative will allow the restoration of the marine habitats, which will in turn promote the diversity of marine life and safeguard the ecological integrity of our marine environment.

## **SUSTAINABILITY IMPLICATIONS**

6. Sustainability assessment has revealed that the banning of trawling in Hong Kong waters would help enhance marine conservation and this is beneficial to marine biodiversity and the fisheries industry in the long run. It is therefore conducive to the sustainability principle of maintaining the biodiversity of Hong Kong. A ban on trawling activities is also one of the major measures to help bring the local fishing industry to a sustainable path.

7. Nevertheless, the proposal might affect the livelihood of fishermen of some trawlers and their local deckhands. It would be addressed through introducing the buy-out scheme for the affected trawler vessel owners, providing EGA to affected vessel owners and a one-off grant to the affected local deckhands, as well as implementing a special training programme to help them turn to sustainable fisheries operations.