

Legislative Council Panel on Health Services

**INFORMATION NOTE ON
FISHING MORATORIUM IN THE SOUTH CHINA SEA**

INTRODUCTION

This paper informs Members of the measures taken by the Government to help Hong Kong fishermen to cope with the fishing moratorium in the South China Sea in 2000.

MEASURES

2. The measures are summarised as follows :-
 - (a) The fishermen who were affected by the fishing moratorium and received low interest-loans last year will be allowed on an one-off basis to extend the loan repayment period for up to six months at 3% annual interest rate if they have genuine financial hardship;
 - (b) The fishermen operating cage trappers affected by the fishing moratorium for the first time this year will be provided with special arrangements, including low-interest loans under the Fish Marketing Organization Loan Fund (FMOLF) subject to the same terms as the loans offered last year. Moreover, if they suffer financial hardship due to the fishing moratorium, they may apply for Comprehensive Social Security Allowance (CSSA) to cover their basic and essential needs. As an exceptional arrangement, the value of the fishing vessels will be disregarded for the purpose of the asset test during the period of the fishing moratorium if the fishermen meet the other eligibility criteria of the CSSA Scheme;
 - (c) The ad hoc Working Group to deal with matters arising from the fishing moratorium has been turned into a standing Working Group to enable more regular and focussed discussions on issues related to the fishing moratorium;
 - (d) As in last year, special berthing arrangements will be made at typhoon shelters to ensure safety, and vocational training will be provided for fishermen during the fishing moratorium; and
 - (e) AFCD will continue to maintain close liaison with the Mainland authorities on issues related to the fishing moratorium.

BACKGROUND

3. The Bureau of Fisheries Management and Fishing Port Superintendence of the Ministry of Agriculture in the Mainland (the Bureau) first implemented a fishing moratorium in the South China Sea in June and July 1999. Under the moratorium, all fishing operations using trawl net, purse-seine and hang trawl were banned in order to conserve fisheries resources and promote sustainable development of the fishing industry. Some 1 350 Hong Kong fishing vessels were affected. Since these vessels were not allowed to operate in the traditional fishing grounds in the South China Sea, they had to be berthed in typhoon shelters during the two-month period. In leaving their vessels idle during the moratorium, fishermen incurred additional costs for repair works (e.g. anti-fouling, and cleaning and inspection of propellers and engines) required for the vessels to resume operation after the fishing moratorium.

4. An ad-hoc Working Group comprising representatives of Government and fishermen was set up by the then Agriculture and Fisheries Department (now renamed as the Agriculture, Fisheries and Conservation Department, AFCD) to deal with matters arising from the fishing moratorium. Since announcement of the implementation of the fishing moratorium was made only in March 1999 and the moratorium was the first of its kind in the South China Sea, Government accepted the Working Group's recommendation that financial assistance should be provided since fishermen were unable to prepare themselves adequately for the moratorium. We sought Finance Committee's approval in June 1999 to inject \$65 million into FMOLF, so that special loans ranging from \$30,000 to \$50,000 at 3% annual interest rate could be made to the fishermen affected to cover the additional maintenance costs incurred in the first year. Last year, 975 loans amounting to \$46.6 million were issued.

5. In view of the special circumstances, the Social Welfare Department (SWD) also agreed to disregard the value of a fishing vessel for the purpose of asset test under the CSSA Scheme, on condition that the fishermen affected met other eligibility criteria for CSSA. About 900 applications for CSSA were approved. This assistance was restricted to the period of the fishing moratorium only.

REVIEW OF THE 1999 FISHING MORATORIUM AND RELATED ARRANGEMENTS

6. According to the Bureau's assessment, there was a considerable increase in fish catches from the South China Sea in the two months immediately following the fishing moratorium as compared with the same period in 1998. Although fish price had lowered, the overall performance of the Mainland's fishing vessels still recorded an improvement. The Bureau considered that the fishing moratorium was effective in protecting fisheries resources and improving production.

7. In August 1999, the ad-hoc Working Group reviewed the special

arrangements made in response to the fishing moratorium last year, which included special berthing arrangements at typhoon shelters and related fire prevention and crime prevention matters, the provision of vocational training courses for fishermen, the handling of Mainland deckhands staying in Hong Kong, loan assistance and CSSA grants, etc. The Working Group was generally content with the special arrangements made.

THE COMING FISHING MORATORIUM

8. Details of this year's fishing moratorium have just been announced by the Bureau today. The area affected and the duration of this year's fishing moratorium will remain the same as that of last year. But its period will be slightly deferred by 12 hours, i.e. "starting from 12:00 noon, 1 June 2000, and ending at 12:00 noon, 1 August 2000". The ban on fishing operations will be extended to cover cage trapping, such that only gill-netting, long-lining and hand-lining will be allowed. AFCD estimates that about 50 cage trappers may be affected in addition to the original 1 350 fishing vessels affected last year.

ARRANGEMENTS FOR CAGE TRAPPING FISHERMEN

9. Due to the relatively short notice and limited time for preparation, fishermen operating the 50 cage trappers might face similar problems encountered by those of the 1 350 fishing vessels last year. We will therefore extend special loans to them through FMOLF on the same terms as the loans offered last year. FMOLF is a revolving loan fund with capital allocated from FMO to provide loans to fishermen for repair, replacement or provision of fishing vessels, gear and equipment and other production purpose. AFCD expects that FMOLF would have a balance of about \$6 million by June 2000, which should be sufficient for making special loans to the 50 cage trappers. In addition, SWD will apply last year's special arrangement to the fishermen operating cage trappers, i.e. the value of their fishing vessels to be disregarded for the purpose of the asset test under the CSSA scheme during the period of the fishing moratorium.

REQUEST OF OTHER FISHERMEN FOR LOW INTEREST LOANS

10. Some fishermen have suggested that low-interest loans should be provided to all fishermen affected by the fishing moratorium this year as in last year. We consider that since the fishing moratorium is an annual exercise, the fishermen who were affected last year should be able to take into account its implications in planning their operation every year. AFCD has reminded fishermen time and again that they should make early preparations for the fishing moratorium this year and that no special loans would be made available. The provision of low-interest loans last year was a special case, in view of the limited time available for fishermen to make necessary preparations.

11. Furthermore, applications for loans from FMOLF for repairs and maintenance subject to normal eligibility criteria and procedures and availability of fund will continue to be available to all fishermen.

REPAYMENT OF LOANS

12. The majority of the special loans issued last year will fall due in around July this year, i.e. during the period of the fishing moratorium. Some fishermen have suggested that Government should allow them to defer loan repayment. In order not to increase their burden during the fishing moratorium, we will grant a one-off extension of loan repayment for up to six months at 3% annual interest rate on a case by case basis if the fishermen concerned have genuine financial hardship. The maximum amount of interest forgone is estimated to be \$760,000 on a “no-gain-no-loss” basis. Any outstanding loan amount plus interest not yet repaid after the approved extension period will be subject to the prime rate. Of the 975 loans issued, 53 loans have been repaid in full and 213 loans are being repaid by quarterly instalments. The remaining 709 loans are to be repaid in lump-sum in July 2000, i.e. one year after drawdown.

OTHER MEASURES

13. The following measures to assist fishermen will also continue :-

Establishment of a standing Working Group

14. The ad hoc Working Group referred to in paragraph 4 above has effectively provided a forum for discussions between fishermen and Government on issues related to the fishing moratorium. AFCD has now turned it into a standing Working Group on Fishing Moratorium and enhanced its representation to include more members from the fishing industry, environmental conservation groups and academics. AFCD will make use of this forum as well as regular liaison meetings at major fishing ports to apprise fishermen of the need to plan ahead for the annual fishing moratorium.

Berthing Arrangements at Typhoon Shelters

15. Marine Department, Hong Kong Police Force and Fire Services Department would continue to ensure safety and order in typhoon shelters through implementing special berthing arrangements, strengthening patrols and enhancing publicity to alert fishermen on prevention of fire and crime.

Vocational Training for Fishermen

16. AFCD would continue to provide vocational training classes for

fishermen during the fishing moratorium. Fishermen would then be able to use the free time for upgrading the qualifications and skills for operating vessels. In addition, AFCD would jointly organise with the Mainland authorities seminars on fishing moratorium and fisheries management to educate fishermen on the conservation of fisheries resources.

Close Liaison with the Mainland Authorities

17. AFCD has established direct communication channels with the Bureau on issues related to the fishing moratorium. AFCD will continue to liaise with the Mainland authority to see whether the details of the future fishing moratorium can be made as early as possible to enable Hong Kong fishermen to have more time to make the necessary preparations.

CONSULTATION

18. AFCD will go through the details on the measures referred to in this paper with fishermen representatives at the Working Group on Fishing Moratorium.

Environment and Food Bureau /
Agriculture, Fisheries and Conservation Department

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