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Update on the trade flow of Russian crab and IUU risks after the bilateral agreement between Japan and Russia

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Contents

Update on the trade flow of Russian crab and IUU risks after the bilateral agreement between Japan and Russia

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WWF works to sustain the natural world for the benefit of people and wildlife, collaborating with partners from local to global levels in nearly 100 countries.

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Background and objectives

The impact of illegal, unreported and unregulated fishing (hereafter, "IUU fishing") has become increasingly apparent in recent years. Not merely an issue of overfishing, IUU fishing also causes many other problems, such as human rights abuses[1]. IUU fishing is estimated to be responsible for 11 to 26 million tons of fish caught worldwide every year[2] (approximately three to six times the fishing catch in Japan). Due to its magnitude, measures to combat IUU have been situated as priority agenda items at many international organizations, including the UN, G7, and the G20[3], as well as regional fisheries management organizations (RFMOs).

As for Japan, previous research has estimated that approximately 30% of Japan's seafood imports are derived from IUU fishing[4]. As the world's third largest importer of seafood, Japan was expected to introduce regulations to prevent the importation of seafood originating from IUU fishing, as previously introduced by the EU and the U.S., in order to eradicate IUU fishing worldwide.

Under these circumstances, a new law, the Act on Ensuring the Proper Domestic Distribution and Importation of Specified Aquatic Animals and Plants (hereafter, the Proper Seafood Distribution Act or the Act) came into force in Japan on December 1, 2022, to prevent IUU catches from entering the Japanese market[5]. At present, however, the Act covers a very limited number of species groups; there are only three domestically-caught species groups and four species groups for which a catch certificate is required for importation (see Box 1).

The selection of species groups to be covered by the Act was discussed at the meetings of the Task Force on the Scheme of Ensuring the Proper Distribution of Fishery Products in 2021. The following criteria were used in selecting the species groups which would fall under the category of Class II Aquatic Animals and Plants; for imports of Class II Aquatic Animals and Plants, the attachment of a certificate issued by the competent authority of a relevant country/territory is required to indicate that they were legally caught[6].

I. Species groups which are highly likely to be subject to IUU fishing by foreign fishing vessels, in violation of foreign laws and regulations;

II. Species groups with poor stock status, or a high unit price per weight;

III. Species groups which are being imported into Japan above a certain amount, or whose imports are increasing rapidly;

IV. Species groups which can be handled from the perspective of law enforcement systems and other arrangements for law implementation;

1. EFJ (2013) THE HIDDEN COST: Human Rights Abuses in Thailand's Shrimp Industry https://ejfoundation.org/resources/downloads/shrimp_report_v44_lower_resolution.pdf
2. David J.A. et al. (2009) Estimating the Worldwide Extent of Illegal Fishing
3. About the Scheme of Ensuring the Proper Distribution of Fishery Products https://www.jfa.maff.go.jp/j/kakou/pdf/tekiseika_shiryo2210.pdf
4. Pramoda, G., Pitcherb, T.J. & Mantha, G. (2017) Estimates of illegal and unreported seafood imports to Japan. Marine Policy 84.
5. https://elaws.e-gov.go.jp/document?lawid=502AC0000000079_20221201_000000000000000
6. Document of the Task Force on the Scheme of Ensuring the Proper Distribution of Fishery Products (3rd session) https://www.jfa.maff.go.jp/j/kakou/attach/pdf/tekiseika_kaigi-8.pdf

Crab is one of the species groups that was shortlisted for consideration as it is widely harvested internationally. Crab was confirmed to meet conditions **I** through **III** : 1) IUU fishing has been confirmed and it is included in the U.S. Seafood Import Monitoring Program (hereafter, "U.S. SIMP"); 2) the unit price per kilogram of crab is as high as JPY 2,741; and 3) crab's import value exceeds JPY 1 billion, or the increase rate of crab's import value is greater than 20%. On the other hand, concerning **IV** concerning a lack of similar regulations in other systems, a bilateral agreement with Russia, the main country of origin for crab imported into Japan, came into effect in December 2014. Crab was excluded from the list of candidates in the initial selection of the designated species as the species groups for which import restrictions aimed at deterring IUU fishing in other systems exist were to be excluded in terms of enforcement capacity[7].

Box1

Overview of the Proper Seafood Distribution Act

Domestic seafood (Class I Aquatic Animals and Plants)

- **Designated species groups:** Abalone, sea cucumber, eel fry (total length of 13 cm or less, effective from 2025)
- **Regulations:** Entities that catch, sell, process, or export designated species are obligated to notify the Ministry of Agriculture, Forestry and Fisheries or the prefectural governor.

Imported seafood (Class II Aquatic Animals and Plants)

- **Designated species groups:** Mackerel (*Scomber spp.*), Pacific saury (*Cololabis spp.*), sardine (*Sardinops spp.*), squid and cuttlefish
- **Regulations:** The designated species shall not be imported into Japan without a certificate issued by the competent authority of the relevant country to validate that they were legally caught.

The bilateral agreement between Japan and Russia (Agreement between the Government of Japan and the Government of the Russian Federation on the conservation, rational use and management of live aquatic resources in the Northwest Pacific Ocean and prevention of illegal trade of live aquatic resources)[8] entered into force in December 2014. The agreement was aimed at conservation, rational utilization and management of biological resources in the North Pacific Ocean by preventing crabs from being caught in the waters surrounding Russia in violation of Russian domestic law and exported to Japan without following the official procedures prescribed by Russian domestic law.

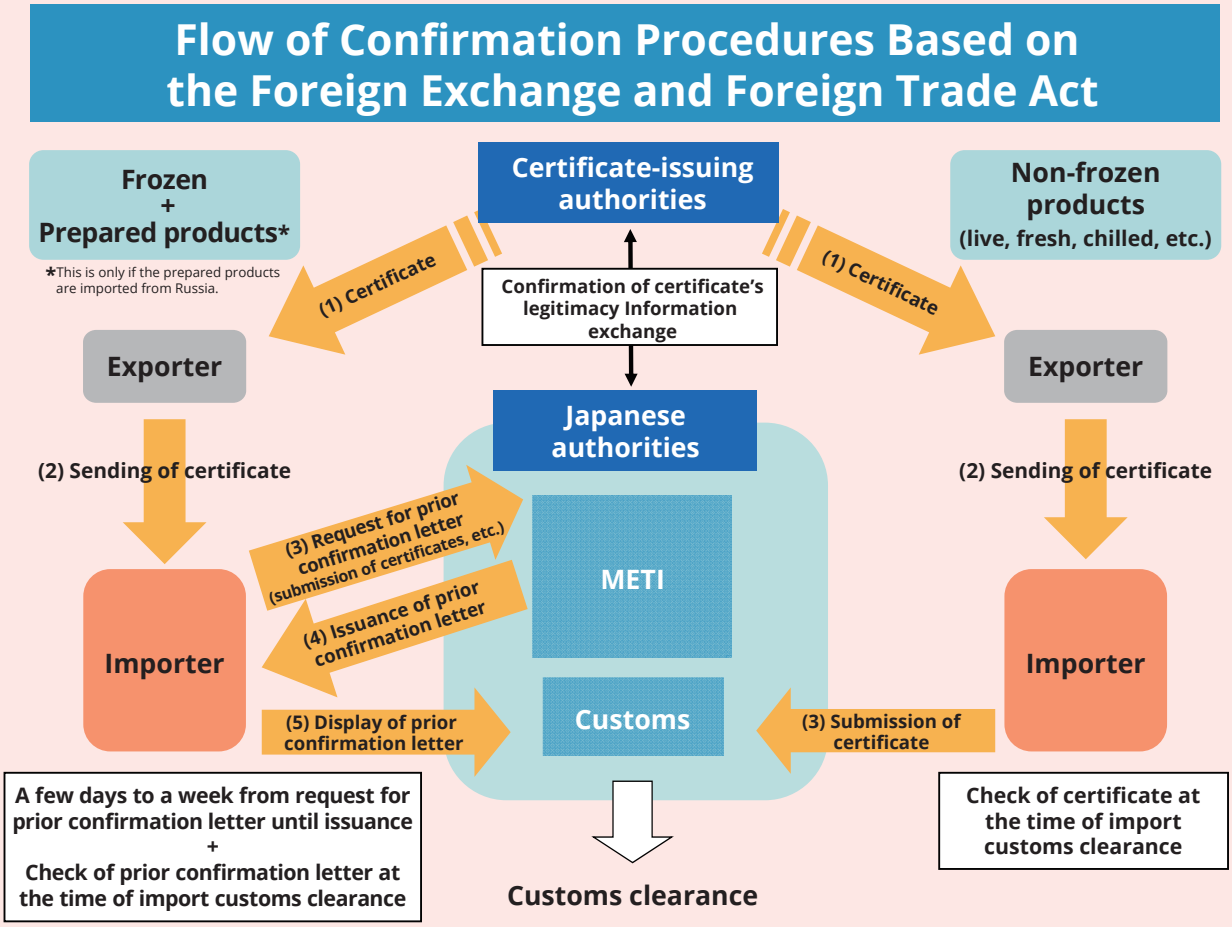
As a result, confirmation procedures were introduced under the Foreign Exchange and Foreign Trade Act for crabs imported into Japan. Crab imports from Russia now require the submission of a certificate issued by the Russian government, while those from countries and territories other than Russia require the submission of a certificate of origin[9] (for details, see Box 2).

7. Investigative meeting on the system for ensuring the proper distribution of marine products (3rd session) Ministry of Agriculture, Forestry and Fisheries (MAFF) https://www.jfa.maff.go.jp/j/kakou/attach/pdf/tekiseika_kaigi-8.pdf
8. Exchange of letters for the Japan-Russia agreement on measures against poaching and smuggling of seafood coming into force https://www.mofa.go.jp/mofaj/press/release/press4_001436.html
9. Import controls on crab (prior confirmation and confirmation at customs clearance) [Ministry of Economy, Trade and Industry] https://www.meti.go.jp/policy/external_economy/trade_control/03_import/07_kani/kani.html

Box2

Overview of Procedures under the Bilateral Agreement between Japan and Russia

- In accordance with the bilateral agreement signed in December 2014 and national legislation, crab imports from Russia require the submission of a certificate issued by the Russian government, while those from countries and territories other than Russia require the submission of a certificate of origin.
- Frozen crab became subject to prior confirmation, which require the importer to apply for and receive a prior confirmation letter from METI prior to importation, whereas live and fresh or chilled crab became subject to confirmation at customs clearance.



Source: METI
https://www.meti.go.jp/policy/external_economy/trade_control/03_import/07_kani/kani.html

- For crab from Russia, an original certificate issued by the Russian government is required for importation, whether or not the shipping region is Russia. However, if the shipping region is not Russia and the importer is unable to obtain a certificate from the Russian government, one may substitute "the original certificate of origin issued by the government or other public agency of the shipping area, or a copy."

For more information: https://www.meti.go.jp/policy/external_economy/trade_control/03_import/07_kani/download/180601_syoumeisyo_jizen.pdf

IUU crab fishing has historically been a problem in the Russian Far East. In 2015, WWF released a Japanese version of its report "Illegal Russian Crab: An Investigation of Trade Flow," revealing the actual state of trade with the U.S., Japan, and South Korea that is facilitating illegal crab harvesting in Russia[10].

The investigation showed that the total of Russian crab imports to major importing countries, including the U.S., Japan, and South Korea, far exceeded the total allowable catch (TAC) and reported catch in Russia. It indicated that Russian crab traded in consumer nations is likely to include a large amount of crab caught via IUU fishing.

Meanwhile, bilateral agreements to address IUU fishing were not only signed between Japan and Russia. Agreements were also signed between South Korea and Russia in 2009 and 2019[11], between China and Russia in 2012[12], and between the U.S. and Russia in 2015. In addition, red king crab is included in the U.S. SIMP, which came into effect in January 2018[13].

The situation surrounding the global crab trade and major markets has changed considerably over the past few years. In 2022, following Russia's invasion of Ukraine, the U.S. banned imports of seafood products originating from Russia to the U.S.[14] In addition, king crab fishing was banned in Alaska for the second year in a row due to deteriorating stock status[15].

In response to Russia's invasion of Ukraine, Russia's most-favored-nation (MFN) status for tariffs was withdrawn in Japan as well, and the statutory rates were applied instead of the WTO rates from April 21, 2022 onwards[16]. As a result, tariffs on live, fresh or chilled and frozen crab from Russia increased from 4% to 6%.

No research has been conducted on the potential importation of Russian crab caught via IUU fishing since 2015. Through desk research, this current study aimed to find out what changes have occurred in the trade of Russian crab since the bilateral agreement entered into force in 2014, including the current status of IUU fishing and illegal trade in Russian crab.

10. https://www.wwf.or.jp/activities/activity/1114.html
11. Seafood Obtained via Illegal, Unreported, and Unregulated Fishing: U.S. Imports and Economic Impact on U.S. Commercial Fisheries https://www.usitc.gov/publications/332/pub5168.pdf
12. WWF (2014) Illegal Russian Crab: An Investigation of Trade Flow
13. SIMP report to Congress on efforts to prevent import of seafood harvested by IUU fishing and seafood fraud https://media.fisheries.noaa.gov/2021-08/SIMP%20Report%20to%20Congress_Efforts%20to%20Prevent%20Seafood%20Harvested%20through%20IUU%20fishing.pdf
14. https://www.minato-yamaguchi.co.jp/minato/e-minato/articles/121198
15. https://www.cnn.co.jp/business/35194713.html
16. Application of appropriate customs tariffs to goods of Russian origin https://www.customs.go.jp/kaisei/zeikantsutatsu/kobetsu/TU-R04z274.pdf Revocation of most-favored-nation status for tariffs on Russia https://www.mof.go.jp/about_mof/councils/customs_foreign_exchange/sub-of_customs/proceedings_customs/material/20220328/kana20220328siryo1.pdf

Method

Russian crab catch data for 1991-2020 was obtained from FAO's Global Capture Production[*a] in September 2022, and trade data of relevant countries for 2011-2021 was obtained from UN Comtrade[*b] in September 2022. Trade data for Japan, China, and the U.S. in 2022 was also obtained in February-April 2023. Trade data for South Korea in 2022 was obtained from the Korea International Trade Association (KITA[*c]). At the time of data collection, trade data for Russia in 2022 was not yet available.

Information on IUU fishing and trade in crabs in Russia was obtained via Internet searches in Japanese, English, Chinese, and (some) Russian between September and October 2022.

In addition, interview surveys of stakeholders involved in the Russian crab trade were conducted by journalists from the Chunichi Shimbun Hokuriku Head Office to investigate the actual state of trade distribution, which could not be determined solely by examining trade data.

*a ▶ https://www.fao.org/fishery/en/collection/capture
*b ▶ https://comtradeplus.un.org
*c ▶ KITA; http://www.kita.org

Results and discussion

1. The current state of IUU fishing and the illegal trade in crab in Russia

Although few media reports were found on illegal crab harvesting were found in English or Japanese, many reports were identified in Russian. Illegal harvesting is therefore considered to be still prevalent in Russia.

In December 2022, it was reported that residents of Kamchatka were switching from smuggling caviar to smuggling crab, as caviar was subject to restrictions on being transported by plane as baggage.

▶ https://kamchatka.aif.ru/society/kamchatcy_s_ikry_perehodyat_na_kontrabandu_krabov_ministr_rybnogo_hozyaystva

The involvement of criminal organizations in such illegal harvesting and trade has also been revealed. In January 2019, Russian customs discovered approximately 51 tons of live crab being smuggled to China. The quoted article states, "In 2016 and 2017, contracts were signed to export more than 1,000 tons of live crab to South Korea, China, and Japan." The criminal group allegedly operated in the Far East region, and repeatedly smuggled crab out of Russia using false documents.

▶ https://primamedia.ru/news/778981/

In 2021, the accomplices of a Far East criminal organization which smuggled 3,400 tons of live crab to Japan, South Korea, and China between 2014 and 2019 were brought to trial. The crab was shipped for significantly higher prices than stated at customs, which suggests that large-scale money laundering took place (*the connection to the above cases is unclear).

Quote source ▶ https://www.interfax-russia.ru/far-east/main/ugolovnoe-delo-o-legalizacii-deneg-ot-kontrabandy-krabov-vozbudili-na-sahaline

▶ https://hab.aif.ru/incidents/chlena_opg_budut_sudit_za_kontrabandu_kraba_s_dalnego_vostoka

In June 2022, in a case believed to be the same as the above, a former member of parliament was convicted of illegally exporting 3,391 tons of live crab, worth 2.6 billion rubles[17], from Russia to Japan, South Korea, and China. He was also found guilty of evading payment of 9.2 million rubles' worth of customs duties. Foreign companies registered in Panama, Hong Kong, and the Marshall Islands were used for exports, and crab was shipped at a price that was different from the declared amount. The method used was to deposit the difference into the offshore companies' accounts.

Quote source ▶ https://www.gazeta.ru/social/news/2022/06/21/17971850.shtml?updated

It was also reported that in December 2021 the authorities seized 870 kg of Kamchatka crab (king crab) and terminated the activities of a criminal organization which had attempted to smuggle the catch by falsely claiming they harvested the crab under a fishing license.

▶ https://www.tv21.ru/news/2021/12/13/v-murmanskoy-oblasti-nakryli-deyatelnost-prestupnoy-gruppy

17. Equivalent to approximately 4.9 billion Japanese yen (as of December 26, 2022)

Cases related to illegal harvesting and illegal trade

- In October 2021, over 180 kg total weight of Kamchatka crab (king crab) were seized from a fisherman who was illegally harvesting them.
  ▶ https://www.tv21.ru/news/2021/10/14/rybaki-ukhodili-ot-pogoni-v-murmanskoy-oblasti-i-ustroili-dtp
- In January 2020, a smuggler was detained by border officials while transporting a total crab weight of approximately 115 kg by car.
  ▶ https://www.tv21.ru/news/2021/08/12/murmanchanin-nezakonno-vylovil-115-kg-krabov
- In March 2021, a person was detained while transporting 1,247 kg total weight of illegally caught Kamchatka crab to Moscow.
  ▶ https://www.tv21.ru/news/2021/03/19/na-vyezde-iz-murmanska-fsb-perekhvatila-furu-s-krabami
- In February 2021, 600 kg of illegally harvested crab were seized.
  ▶ https://www.tv21.ru/news/2021/02/11/v-murmanskoy-oblasti-izyali-600-kg-nezakonnogo-kraba
- In February 2020, 707 kg of illegally harvested crab were seized.
  ▶ https://www.tv21.ru/news/2020/02/21/v-severomorske-izyali-707-kg-nezakonno-dobytogo-kraba
- In February 2020, a smuggler was taken into custody in an attempt to illegally export 383 kg of frozen crab from Kamchatka and other products to China by boat.
  ▶ https://www.tks.ru/crime/2020/02/19/01

Russian crab from IUU fishing and imports into the U.S.

- The US International Trade Commission (ITC) estimated in a report on seafood imports into the US and IUU fishing[18], which was published in 2021, that 5.3% of snow crab and 16.3% of king crab imported into the U.S. in 2019 were IUU products. Notably, it was estimated that 20.8% of US imports of both snow and king crab in the Russian Far East were IUU fishing.
- In Russia, a rule was made that all seafood products caught in its EEZ were to be declared at customs in Russian ports and were subject to bilateral agreements, not only in Japan, but also in South Korea and the U.S, and US SIMP. It has been reported that while SIMP was effective in reducing the flow of IUU seafood into the U.S. market immediately upon its inception, participants in the supply chain have found means of circumventing the reporting requirements through means which include false or incorrect documentation and triangular trade routes. The report also mentioned misdeclaration of product quantities in ports by fishing vessels, false labeling, and falsification of documents.
- It has also been reported that trade routes for crab harvested via IUU fishing have shifted from Japan to South Korea, then to networks that run through North Korea and China.

18. Seafood Obtained via Illegal, Unreported, and Unregulated Fishing: U.S. Imports and Economic Impact on U.S. Commercial Fisheries https://www.usitc.gov/publications/332/pub5168.pdf

2. Data analysis and interview surveys

(1) Russian crab TAC, comparison of Russian crab catch with imports/exports

Russia's crab catches increased every year, from 42,612 tons in 2011 to 96,550 tons in 2021—more than double the 2011 figure. For 2016-2020, when TAC data were available, the catches were below the TAC in most years (Figure 1). It is noted, however, only fragmentary information was available for TAC for Russian crab, and the credibility of the TAC should be taken into account. In addition, further information would be needed on the stock status of crab, and whether TACs are set based on stock assessments as crab catches are in increase.

Although many factors can contribute to trade discrepancies, and differences between catch, export and/or import quantities do not necessarily mean illegality, global imports of Russian crab are supposed not to exceed Russia's crab catch or Russia's crab exports to the world. However, the trade data suggests that global imports of Russian crab had been higher than Russian crab catches and Russia's crab exports to the world for a number of years.

Global crab imports from Russia were higher than Russian crab catches until 2013, but these have been lower than the catch since 2014. Global crab imports had also significantly exceeded Russian crab exports to the rest of the world until 2014, after which the volume of exports and imports have been comparable (Figure 1).

Given these facts, it appears that the apparent anomaly of global crab imports from Russia exceeding the amount of Russian crab catches and exports appears to have been resolved since 2015, at least based on the data.

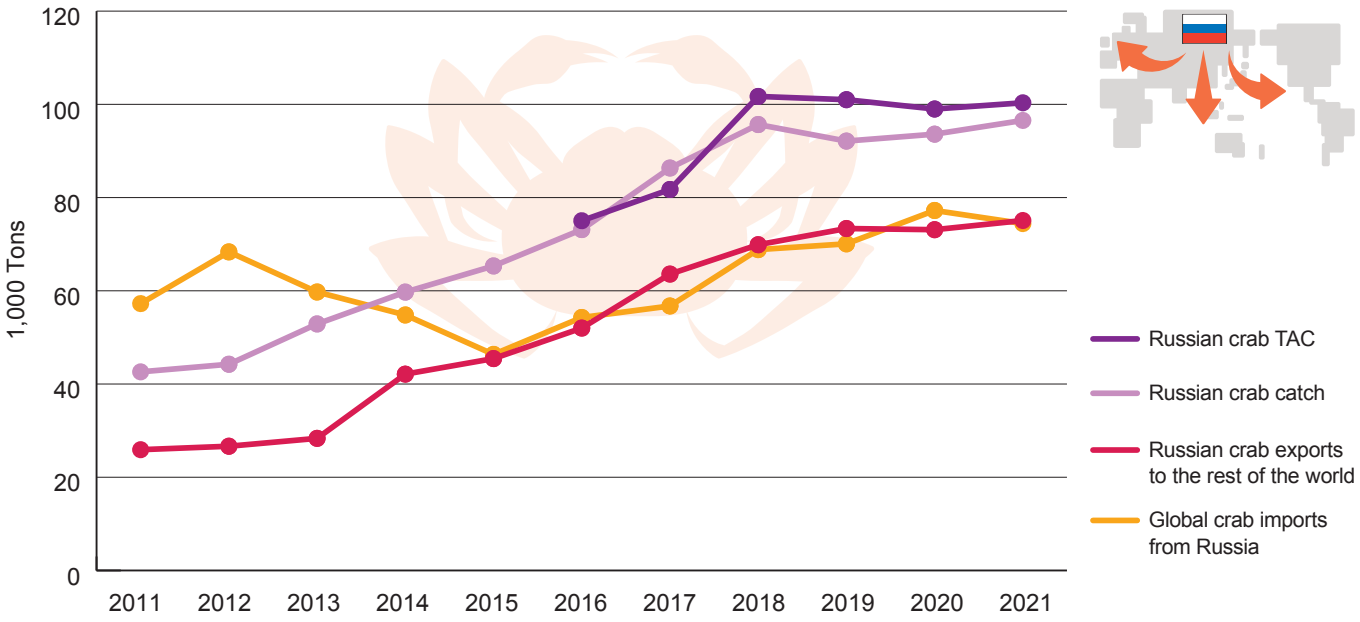
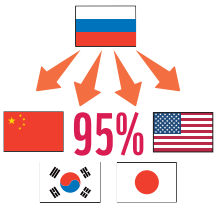


Figure 1: Comparison of Russian TAC, catch, exports, imports

Data sources: FAO Global Capture Production (catch), UN Comtrade (imports/exports), Minato Shimbun, Suisan Keizai Daily News[19] (TAC)

19. Minato Shimbun, November 11, 2017（https://www.minato-yamaguchi.co.jp/minato/e-minato/articles/74476），
November 25, 2019（https://www.minato-yamaguchi.co.jp/minato/e-minato/articles/96722），
The Suisan-Keizai Daily News, November 4, 2020（https://www.suikei.co.jp/ロシア%EF%BC%8F（21年）カニｔａｃ１０万トン、極東/）

Crab imports (excluding prepared products[20], the same below) to China, Japan, South Korea, and the U.S. from Russia accounted for more than 95% of the total global crab imports from Russia in 2011-2021 (Figure 2). These four countries are therefore still considered to be key importers of Russian crab. Japan had been the top importer of Russian crab until 2014, after which the US became the largest importer (US sanctions led to ban on seafood imports from Russia in 2022).



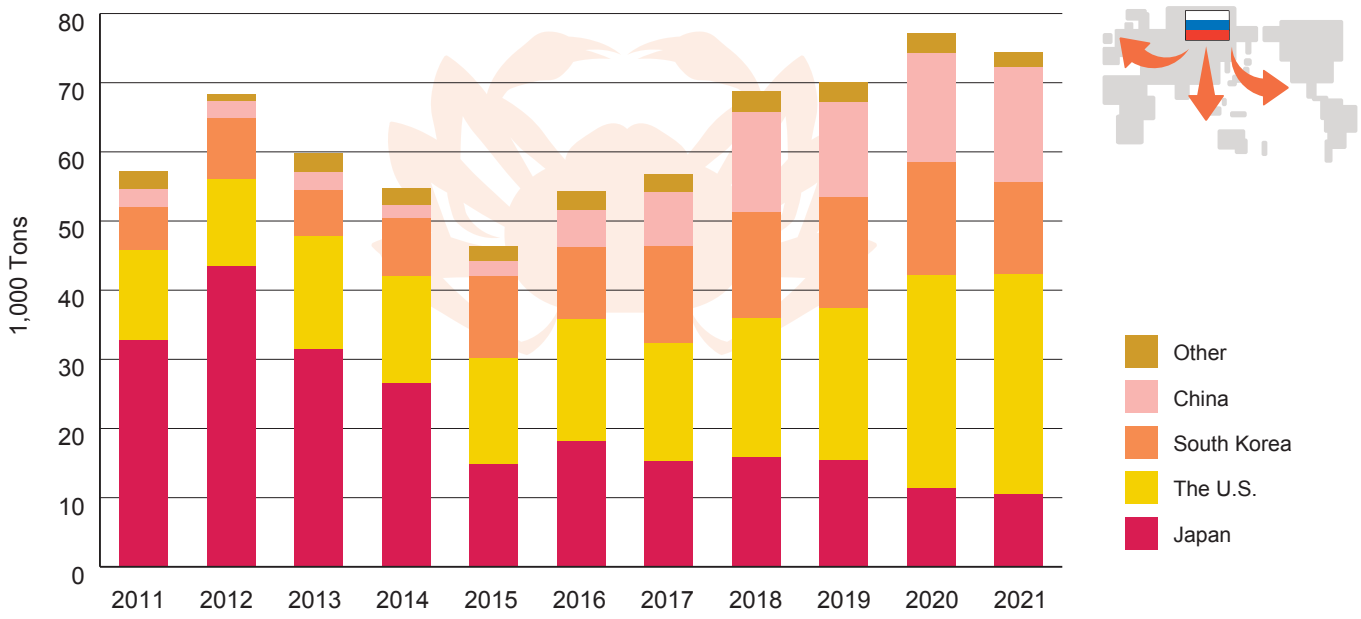


Figure 2: Global crab imports from Russia by country
Data sources: UN Comtrade

20. A prepared product is a food product made up of a mixture of several ingredients.

China, Japan, South Korea, and the U.S have been the main destinations for crab exported from Russia. Exports to these countries accounted for 90% of total crab exports until 2013, but the percentage gradually decreased to 75% in 2020. The Netherlands has become the emerging export destination from Russia. According to trade data, exports of frozen crab from Russia to the Netherlands have increased from 2,328 tons in 2013 to 15,885 tons in 2020 (Figure 3). On the other hand, Dutch import data shows that frozen crab imports from Russia were in decline (41 tons in 2013 and 21 tons in 2020), resulting in a major discrepancy between import and export volumes. The data suggests the Netherlands may have been playing a key role as a transit point for Russian crab.

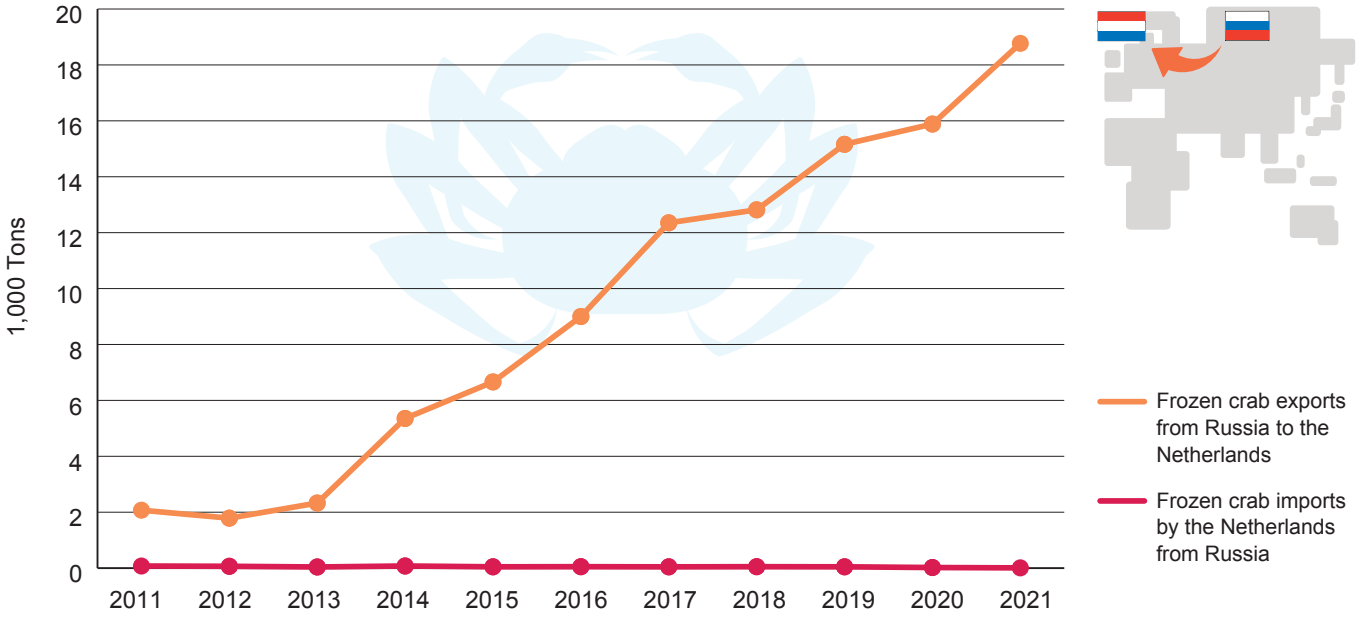


Figure 3: Frozen crab imports and exports between the Netherlands and Russia
Data sources: UN Comtrade

According to interviews, there is some information that most of the Russian crab traded via the Netherlands is harvested in the Barents Sea and not imported to Japan in large quantities. However, one domestic seafood trader in Hokuriku who is involved in the transit trade of frozen crab from Russia, admitted that the Netherlands has grown "as a loophole to make up for tighter regulations between Japan and Russia," as certificates of origin are issued by the Netherlands Chamber of Commerce and are easier to obtain than certificates from the Russian government when the crab is shipped via the Netherlands. They further testified that although the transit trade is legal, there is greater scope for IUU fishing to enter the trade (see Appendix 1 for details).

(2) Value of crab exports

A comparison of the value of Russian crab (including prepared products) exports to the entire world to the value of Russian crab imported to China, Japan, South Korea, and the US shows that imports exceeded exports from 2011 to 2020, after which the values were almost comparable (Figure 4). While the difference in import and export value fluctuated over the years, it decreased significantly from USD 576.15 million in 2011 to USD 20.78 million in 2021. Although the factors causing the difference in import and export value are unclear, there have been reported cases of criminal organizations being involved in under-reporting at customs in Russia.

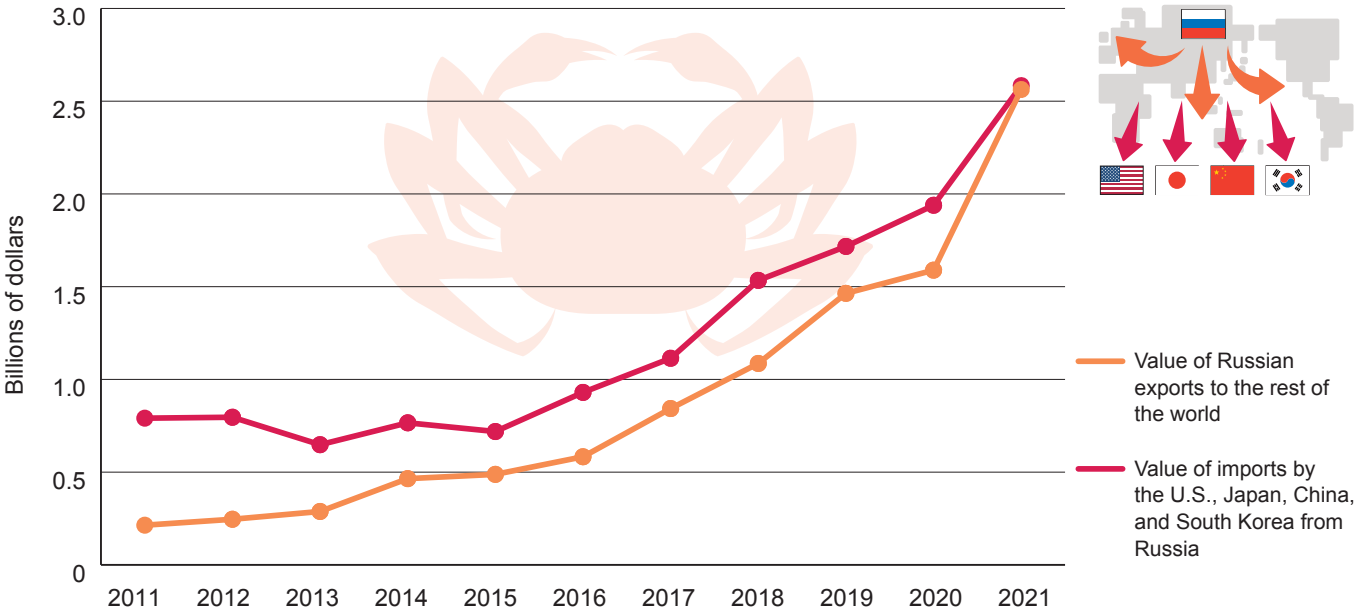


Figure 4: Comparison of import and export value of crab (including prepared crab)
Data sources: UN Comtrade

Similar to the import and export value, the unit price of exports and imports also showed an upward trend through 2021 (Figure 5). Although the unit price per kilogram of crab (including prepared crab) imported from Russia to China, Japan, South Korea, and the US fell to USD 11 in 2013, the price subsequently continued to rise, especially to USD 36 in 2021, with the value raising by more than USD 10 from the previous year.

The unit price per kilogram of crab exported from Russia to the world began to rise around 2017 after leveling off, and reached USD 34 in 2021. The difference between import and export unit prices showed a growing trend from 2015 to 2019, after which the price became almost the same in 2021. Note that the relationship between changes in export/import value and export/import unit prices and the introduction of the bilateral agreement was not clear.

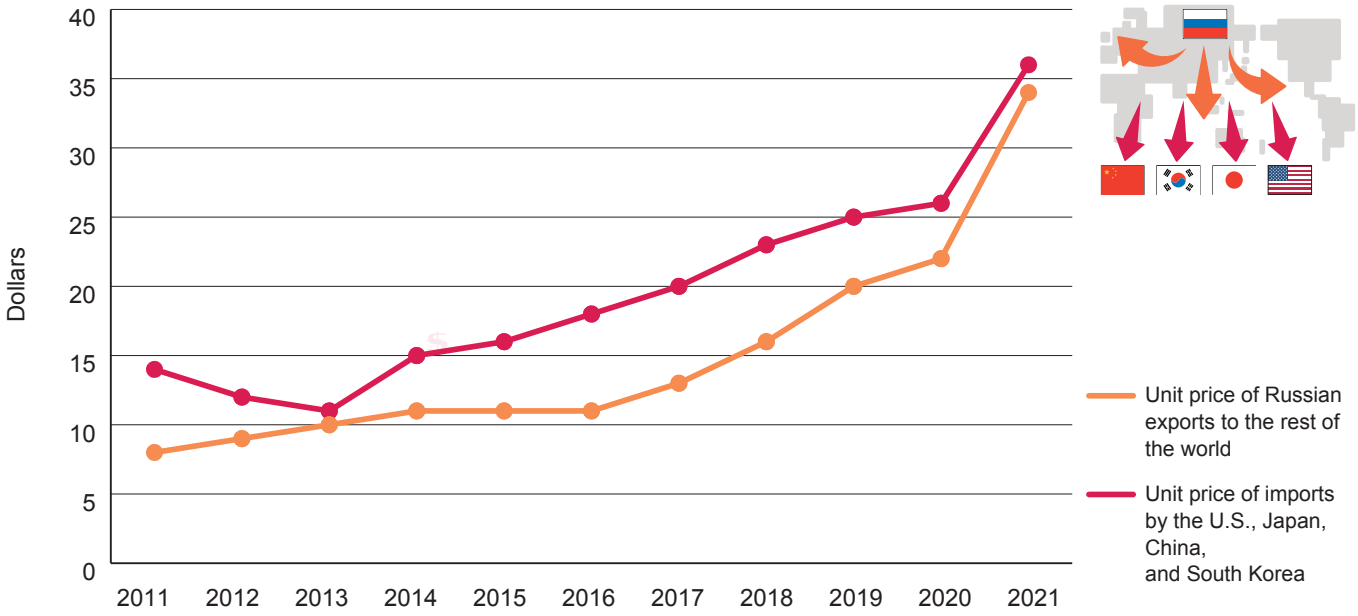
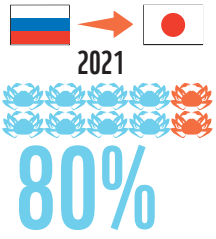


Figure 5. Comparison of import and export value per kilogram (in USD)
Data sources: UN Comtrade

(3) Crab imports and exports between Japan and Russia

Japan's crab imports from Russia (including prepared crab) declined from 43,472 tons in 2012 to 14,941 tons in 2015, after which imports further declined to 10,482 tons in 2021 with some fluctuations in between.

Frozen crab makes up the majority of Japan's crab imports from Russia, accounting for 80% of the total imports in 2021. With regard to the Japan-Russia trade in frozen crab, even before the bilateral agreement came into effect, there was a significant difference between Japan's imports and Russian exports (e.g., Russian exports in 2011: 2,198 tons; Japanese imports in the same year: 21,087 tons). Although the difference between imports and exports decreased as Japan's imports declined, import volumes still remain significantly larger than exports (Figure 6).



This discrepancy is likely due to the fact that a portion of Russian frozen crab are imported via third countries. It is therefore difficult to conclude from this data whether the imports could contain smuggled crab.

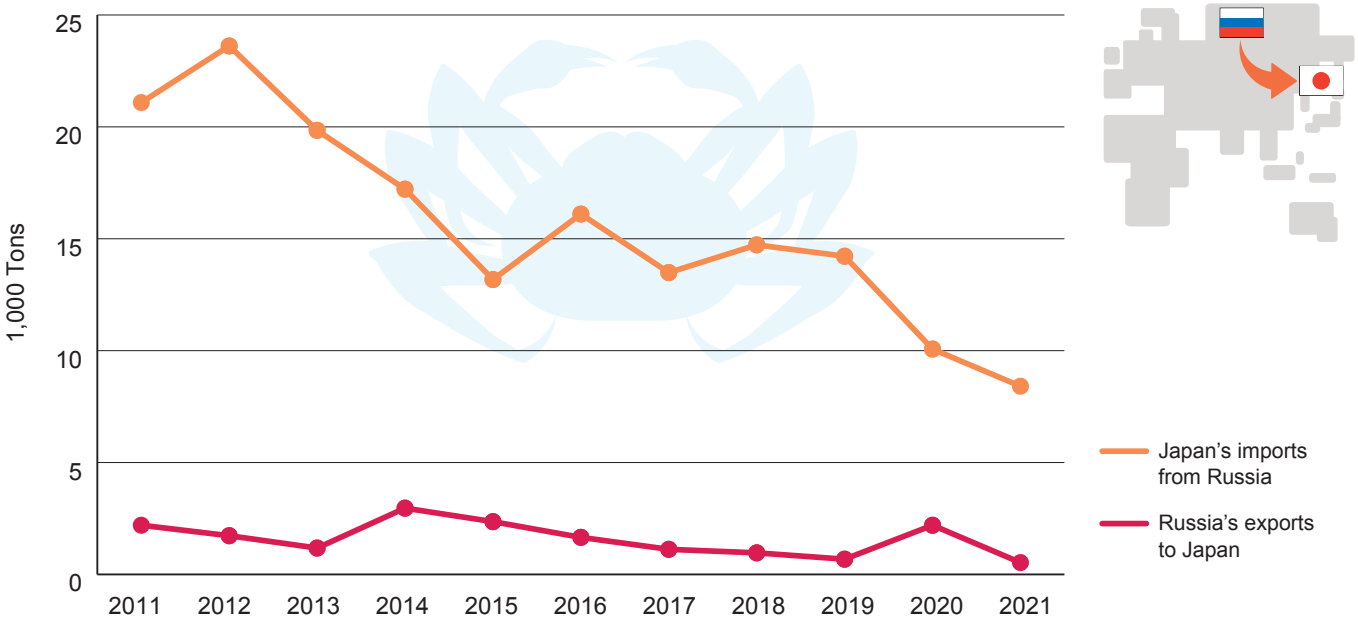


Figure 6: Imports and exports of frozen crab between Russia and Japan
Data sources: UN Comtrade

No marked difference was found between the volume of imports and exports for live, fresh, or chilled crab (codes created in 2017) (Figure 7). This is because most of the products are likely to be imported directly from Russia to Japan due to the nature of the products.

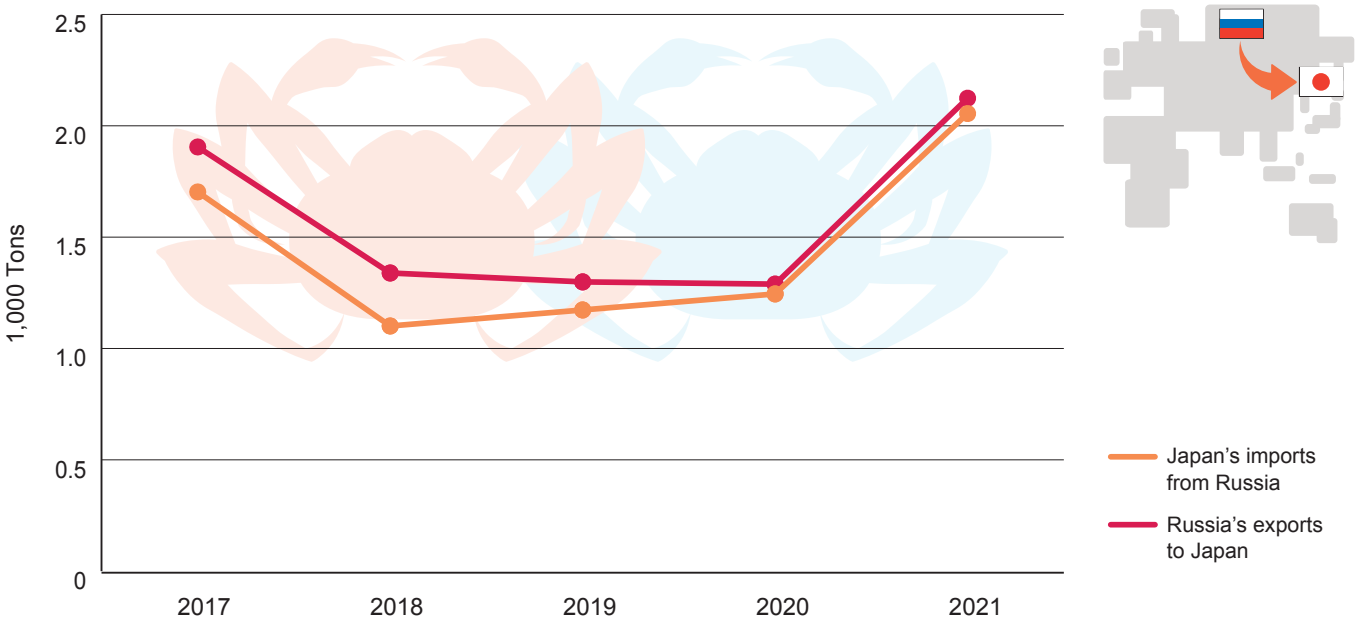


Figure 7: Imports and exports of live, fresh, or chilled crab between Russia and Japan
Data sources: UN Comtrade

For prepared crab, some differences were found in the volume of imports and exports from year to year, but the reasons for this are not clear (Figure 8). It is noted that the total volume of prepared crab is, however, much smaller than imports and exports of frozen, live, fresh, or chilled crab.

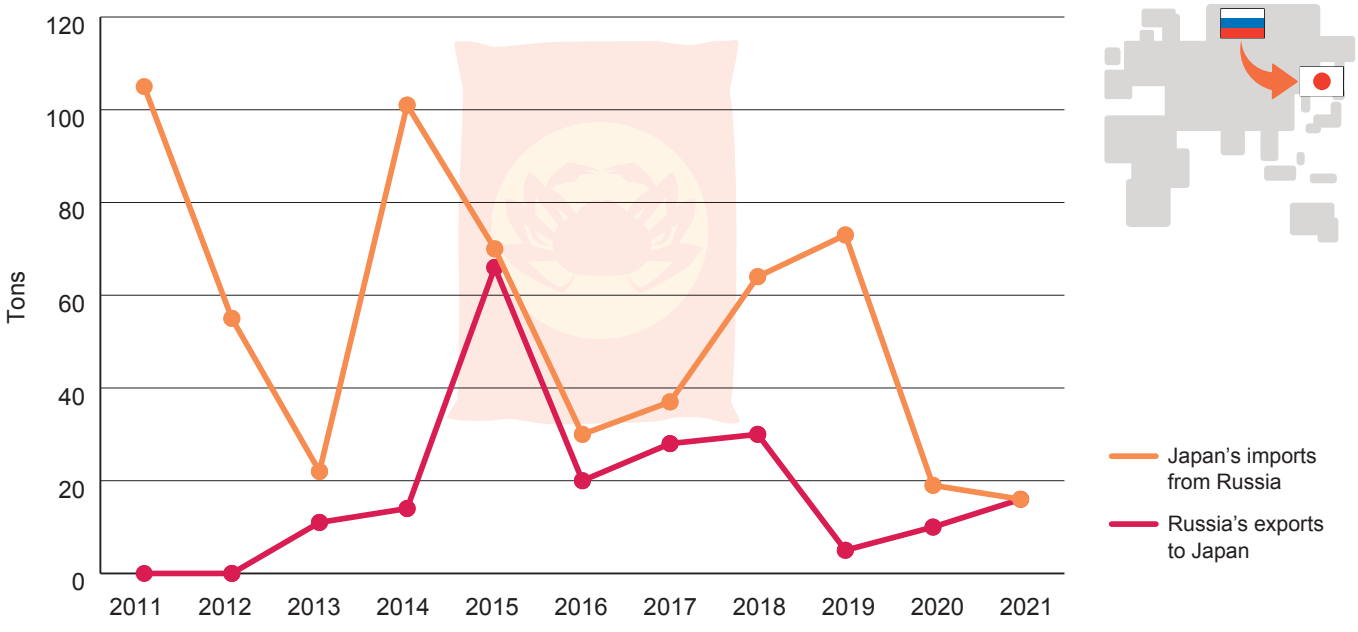


Figure 8: Imports and exports of prepared crab between Russia and Japan
Data sources: UN Comtrade

(4) Imports and exports in 2022

At the time of writing this report, the latest trade data for 2022 was only available for China, Japan, South Korea, and the U.S., so comparisons with Russian trade data was not possible.

According to the trade data, frozen crab imports from Russia increased in all four countries, China, Japan, South Korea, and the U.S., in 2022 compared to the previous year. The total imports to the four countries reached 77,242 tons—the highest since 2011 (Figure 9). In particular, U.S. imports of frozen crab from Russia increased significantly, from 31,739 tons in 2021 to 56,450 tons in 2022.

In contrast, the total value of frozen crab imports from Russia to the four countries decreased from USD 1.46 billion in 2021 to USD 1.34 billion. This resulted in a significant drop in the unit price of frozen crab in comparison to 2021. For example, the unit import price of frozen crab in the U.S. fell from USD 35 per kilogram in 2021 to USD 15 per kilogram in 2022, whereas the unit import price in Japan fell from USD 35 in 2021 to USD 27 per kilogram in 2022.

It is noted that the Netherlands recorded 93 tons of frozen crab imports from Russia in 2022, a significant increase from the previous year (9 tons).

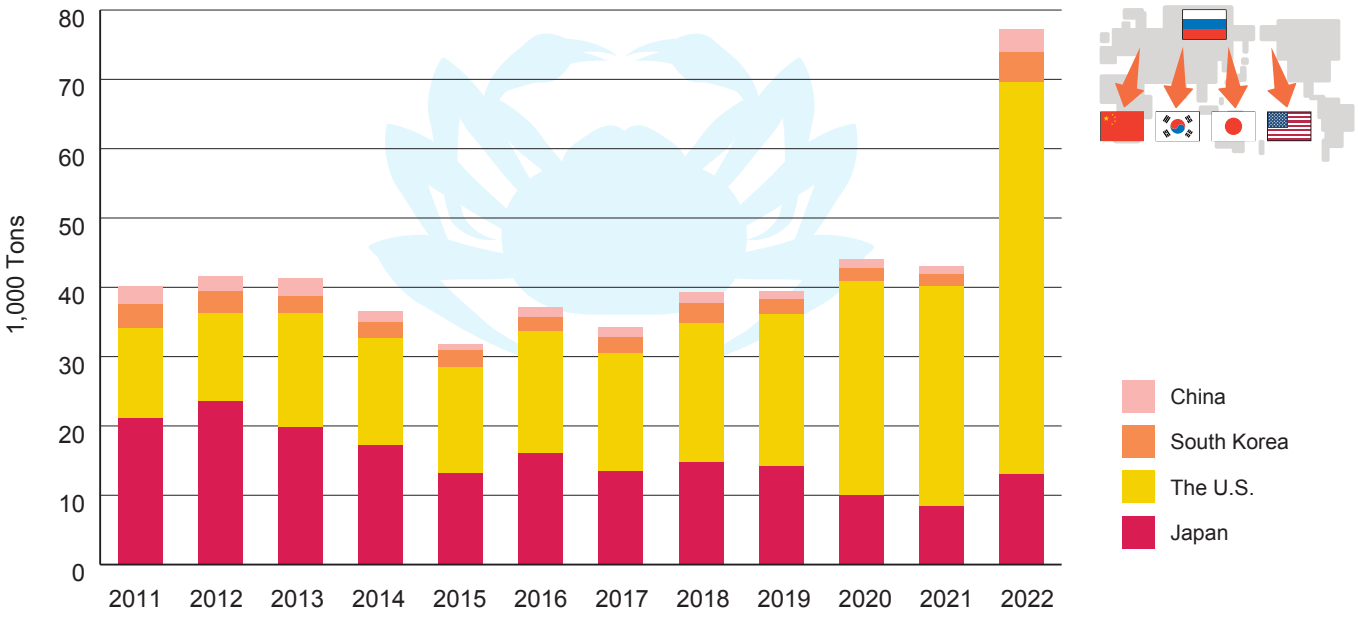


Figure 9. Imports of frozen crab by Japan, the U.S., South Korea, and China from Russia
Data sources: UN Comtrade, KITA

General discussion

Comparison of data on Russian crab catch and exports with global crab imports indicates that the apparent illegal situation where imports significantly exceeded reported catches has been resolved. It is therefore assumed that the bilateral agreement between Japan and Russia, which came into force in December 2014, has been effective to some extent in deterring the flow of crab originating from IUU fishing into the Japanese market.

However, news articles in Russia suggest that illegal crab harvesting and trade remains prevalent in Russia. Thus, the risks of illegal products entering the Japanese market remain high through 1) illegally harvested crab (including under-reported catch) being imported with certificates issued by the Russian government, or 2) illegal crab being imported via third countries.

With regard to 2), the effectiveness and risks of the system which allows substituting a "certificate of origin issued by the government, or other public agency in the shipping area" must be reviewed, as there has been a sharp increase in transactions via the Netherlands, an emerging third country since 2014.

Further studies will be also necessary to examine if there are cases of crab being brought into the Japanese market without going through customs.

In consideration of illegal cases, it is possible that there are cases of under-declaration at customs at the time of export in Russia (in violation of Russian domestic law), but legitimate procedures are followed when products are imported into Japan. It should be further examined whether such cases would be illegal in Japan. It is also possible that under-declared products at the time of export may include those sourced from IUU fishing.

It should be noted that Russian crab imports by China, Japan, South Korea, and the U.S. accounted for more than 95% of the global crab imports from Russia by volume from 2011 to 2021. Therefore, coordinated measures in these four countries remain critical to prevent Russian crab caught using IUU fishing from entering the global market.

Future challenges

While catch and trade data and interviews with stakeholders in this study was able to suggest the possibility of IUU risks from trade through third countries, such as the Netherlands, the apparent involvement of IUU fishing could not be confirmed. Further interviews and surveys will be necessary to understand the actual state of IUU fishing.

One way to prevent imports of seafood originating from IUU fishing would be to designate crab as a species group covered by the Proper Seafood Distribution Act. When doing so, it will be necessary to consider the extent to which the following issues can be resolved under the current arrangement of the Act.

1. **Cases where illegally harvested crab is imported with a certificate of the Russian government;**
2. **Cases where illegal crab is imported via third countries;**
3. **Cases where crab is brought into the Japanese market without going through customs**

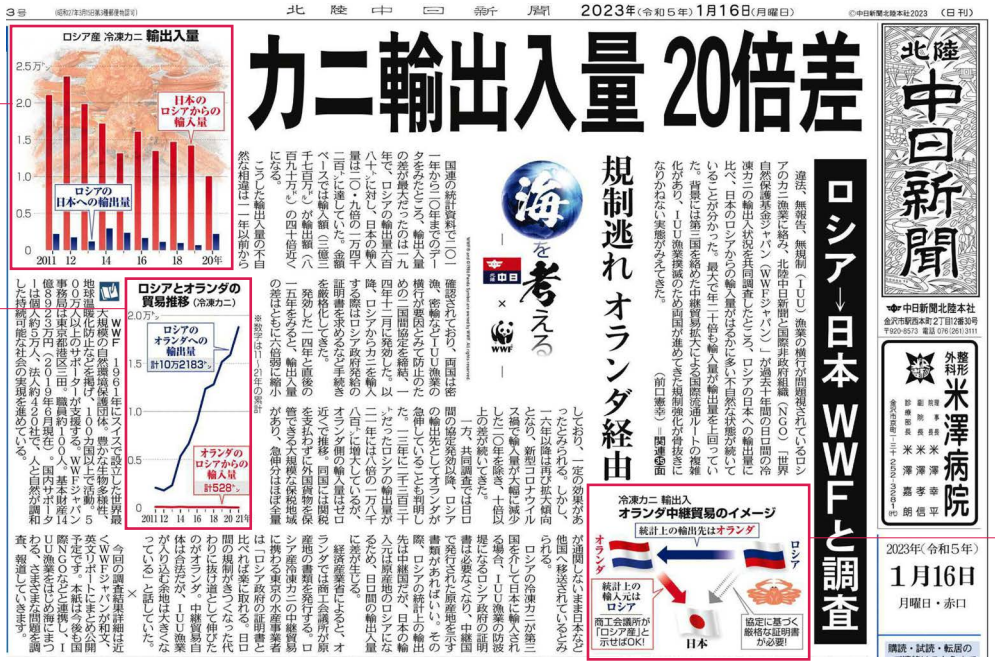
In order to eradicate IUU fishing worldwide, it would be necessary to make all species subject to the Proper Seafood Distribution Act and control imports in a consistent manner, as in the EU.

It will also be vital for the Japanese government to scrutinize the achievements and challenges of the bilateral agreement on Russian crab to improve the operation of the Proper Seafood Distribution Act.

Attachment 1 Chunichi/Tokyo Shimbun article, January 16, 2023 (Monday)

Figure B

Figure C



3号　北陸中日新聞　2023年（令和5年）1月16日（月曜日）　©中日新聞北陸本社2023　（日刊）

カニ輸出入量 20倍差

ロシア→日本 WWFと調査

規制逃れ オランダ経由

海を考える

北陸 中日新聞

ロシア産 冷凍カニ 輸出入量

日本のロシアからの輸入量

ロシアの日本への輸出量

ロシアとオランダの貿易推移（冷凍カニ）

ロシアのオランダへの輸出量 計10万2183㌧

オランダのロシアからの輸入量 計528㌧

冷凍カニ 輸出入 オランダ中継貿易のイメージ

統計上の輸出先はオランダ

統計上の輸入元はロシア

商工会議所が「ロシア産」と示せばOK!

協定に基づく厳格な証明書が必要!

日本　ロシア　オランダ

Figure A

2023年（令和5年）1月16日 月曜日・赤口

整形外科 米澤病院

中日新聞北陸本社

Figure A

Import and export of frozen crab
Illustration of transit trade through the Netherlands

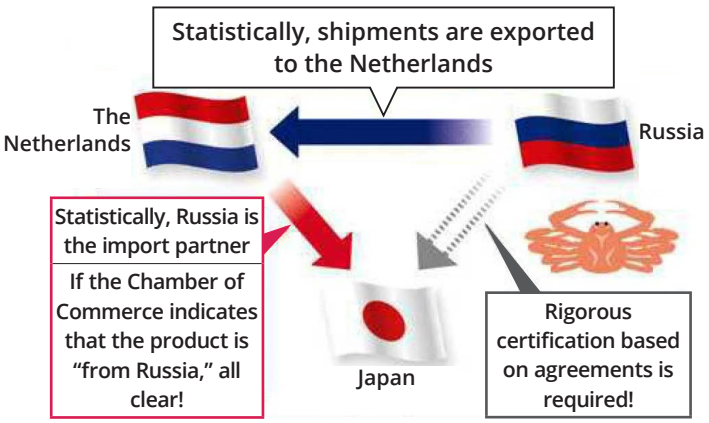


Figure C

Trend of trade between Russia and the Netherlands (frozen crab)

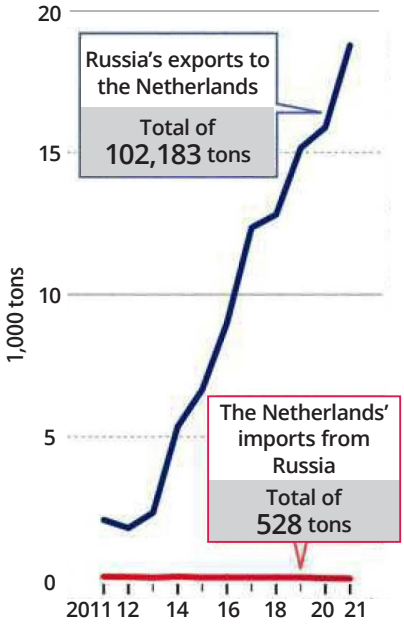
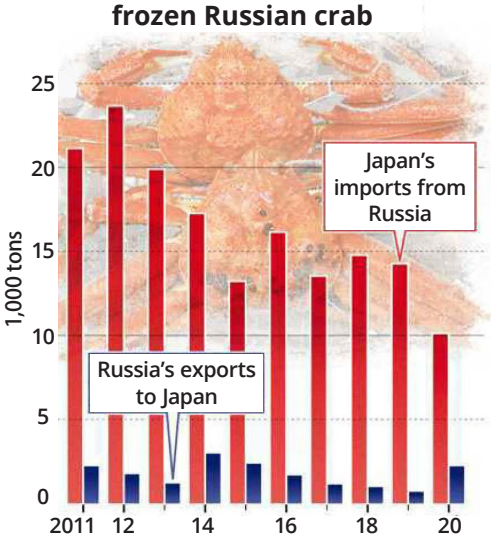


Figure B

Imports and exports of frozen Russian crab



A twentyfold difference between crab imports and exports

From Russia to Japan / An investigation with WWF Japan

The Hokuriku Chunichi Shimbun and World Wide Fund for Nature (WWF) Japan, an international non-governmental organization (NGO), conducted a joint investigation of frozen crab imports and exports between Japan and Russia over the past decade in relation to the Russian crab fishing industry, in which rampant illegal, unreported and unregulated (IUU) fishing has been seen as a substantial problem. The investigation found that the volume of Japan's frozen crab imports from Russia have greatly exceeded that of Russia's exports to Japan, which is an unnatural state. Annual imports were up to twenty times greater than exports in the same year. The background to this is the increasing complexity of international distribution routes due to the expansion of transit trade involving third countries. It has become clear that the tighter regulations which both countries have pursued to eradicate IUU fishing could be undermined. (Noriyuki Maeguchi) = Related, page 35

Circumventing regulations via the Netherlands

According to United Nations statistics from 2011 to 2020, the largest difference between imports and exports occurred in 2019, when Russia exported 680 tons, while Japan imported 14,200 tons—20.9 times the amount exported by Russia. In monetary terms, the value of imports (USD 337 million) was nearly 40 times the value of exports (USD 8.9 million).

These unnatural discrepancies between imports and exports had been observed since before 2011. Considering the prevalence of poaching, smuggling, and other IUU fishing practices as primary factors, the two countries concluded a bilateral agreement to prevent these practices, which came into effect in December 2014. Since then, procedures have been tightened, such as requiring a certificate issued by the Russian government when crab is imported from Russia.

Looking at the year 2014—the year the agreement took effect—and the year immediately afterward, the difference between imports and exports narrowed to less than a sixfold difference in both years, which suggests that the agreement was effective to some extent. However, the gap has once again expanded since 2016, and the difference between imports and exports has been more than tenfold, except in 2020 when imports fell sharply due to COVID-19.

Meanwhile, the joint investigation also found that the Netherlands has been the fastest-growing destination for Russian exports since the agreement between Japan and Russia came into effect. While Russia's exports increased eightfold from 2,330 tons in 2013 to 18,800 tons in 2021, imports into the Netherlands remained close to zero. There are large bonded areas where foreign shipments can be stored without paying customs duties in the Netherlands, and it is considered that almost all of these rapidly increasing shipments are being transferred to other countries including Japan without clearing customs.

When Russian frozen crab is imported to Japan via a third country, the certificate from the Russian government that serves as a bulwark against IUU fishing is no longer required; a document showing its origin, which is issued in the transit country, is acceptable. In such cases, Russia's statistical export destination is the transit country, while Japan's import partner is Russia, the country of origin, which results in a difference between the volume of imports and exports between Japan and Russia.

According to the Ministry of Economy, Trade and Industry (METI), the Chamber of Commerce issues documents of origin in the Netherlands. A Tokyo-based seafood trader who is involved in the transit trade of frozen crab from Russia said, "Compared to the Russian government's certificate, a document from the Netherlands is easier to obtain. The Netherlands has grown as a loophole to make up for tighter regulations between Japan and Russia. Although the transit trade is legal, there is more room for IUU fishing to enter the trade."

WWF Japan will soon publish a report on the details about the study results in Japanese and English. This newspaper will continue to investigate and report on IUU fishing and other ocean-related issues, in cooperation with international NGOs and other organizations.

WWF

Founded in Switzerland in 1961, WWF is one of the world's largest nature conservation organizations. With a commitment to rich biodiversity and the prevention of global warming, the organization is active in more than 100 countries and has over five million supporters worldwide. The office of WWF Japan is located in Mita, Minato-ku, Tokyo. It has a staff of roughly 100 people, and basic assets of JPY 1,489,230,000 (as of June 2019). With approximately 50,000 individual supporters and 420 corporate supporters in Japan, the organization is working to achieve a sustainable society in which people live in harmony with nature.

協定無効化、保管料も格安

中継貿易「抜け道」

ロシア産冷凍カニ

経産省「実態、統計なく不明」

海を考える 中日 × WWF

WWFジャパン 東梅 事務局長

水産物の未来 目を向けて

WWFジャパン事務局長の東梅貞義さん

The transit trade “loophole”

Invalidating the agreement, in addition to low storage fees

Russian frozen crab

METI: “The actual situation is unclear due to a lack of statistics”

“The Netherlands went under the radar.” Last October, Shuhei Uematsu, 43, manager of the WWF Japan Anti-IUU (illegal, unreported and unregulated) Fishing Project, said in October last year in a meeting room in Minato Ward, Tokyo, where this newspaper was meeting him for the umpteenth time. = Refer to page (1)

This meeting happened about four months after WWF Japan and this newspaper launched a joint study on IUU fishing, mainly related to Russia. While WWF Japan collected and analyzed UN commodity trade statistics, resource assessment information published by Russia, and customs clearance data from various countries, this newspaper interviewed businesses, experts, and relevant ministries and agencies to make sense of the data.

Unauthorized overfishing and fraudulent exports using forged documents are prevalent in the Russian crab fishing industry. Criminal organizations involved in the black market crab business are also known as the “crab mafia.” The Japanese government’s position is that the bilateral agreement concluded between Japan and Russia to overcome this situation is a strict one, under which information such as the crew ledgers of vessels harvesting crab is now recorded, and the agreement has made fraud difficult since it came into force in 2014.

However, revelations of the crab mafia have continued. Could black market crab be entering Japan?

It was the Dutch route that provided some strange data when the investigation was examining Russian exports of frozen crab, whose distribution routes are often complicated by the fact that freshness is not taken into account. Once frozen crab passes through the country, the restrictions between Japan and Russia are meaningless. The sharp increase in exports to the Netherlands before and after the bilateral agreement entered into force indicated the possibility that the Netherlands has become “a new trade route for crab sourced from IUU fishing,” according to Mr. Uematsu.

“The transit trade through the Netherlands itself began in the mid-1990s. I was involved from the beginning, but IUU fishing was not seen as a major problem at the time.” Ayumu Katano, 59, General Manager of the Logistics Department of Maruha Nichiro, one of Japan’s largest seafood companies, told us over the course of an interview.

The Port of Rotterdam in the Netherlands is considered a hub port for transit trade, with a huge group of bonded warehouses that do not require payment of customs duties. The port has drawn attention because of its storage fees, which are markedly cheaper than those in Japan, as well as its good access to European markets. While the port had been used to import Norwegian mackerel and other products, the global seafood market has changed dramatically since then. As China’s economic growth and other factors created a massive market, people flocked to the sea of money. IUU fishing expanded, and crab, which can be sold at a high price, became an attractive target.

It is impossible to individually confirm goods at a huge transit hub port to check if their distribution routes are appropriate. As Mr. Katano further explained, “In the case of frozen crab, in addition to transit trade, there is an increasing number of cases where crab is processed in other countries.” When frozen crab undergoes processing into products such as canned goods, the country of origin is changed from the country where it was caught to the country where it was processed. Crab harvested by the crab mafia may be transformed into Asian crab products.

Regarding the Dutch transit route for Russian crab, an official from METI acknowledged that “a considerable amount of crab comes into Japan by sea.” However, they said there are no statistics regarding the scale or the actual status of transit processing in fourth countries, making the situation unclear, and there are no plans to investigate the matter in the future.

Mr. Katano lamented, “When, where and by whom was the seafood on the dinner table caught? In Japan, it is not possible to distinguish seafood from IUU fishing sources even if they are mixed together.” (Noriyuki Maeguchi)

Focusing on the future of seafood

WWF Japan Chief Executive Officer
Sadayosi Tobai

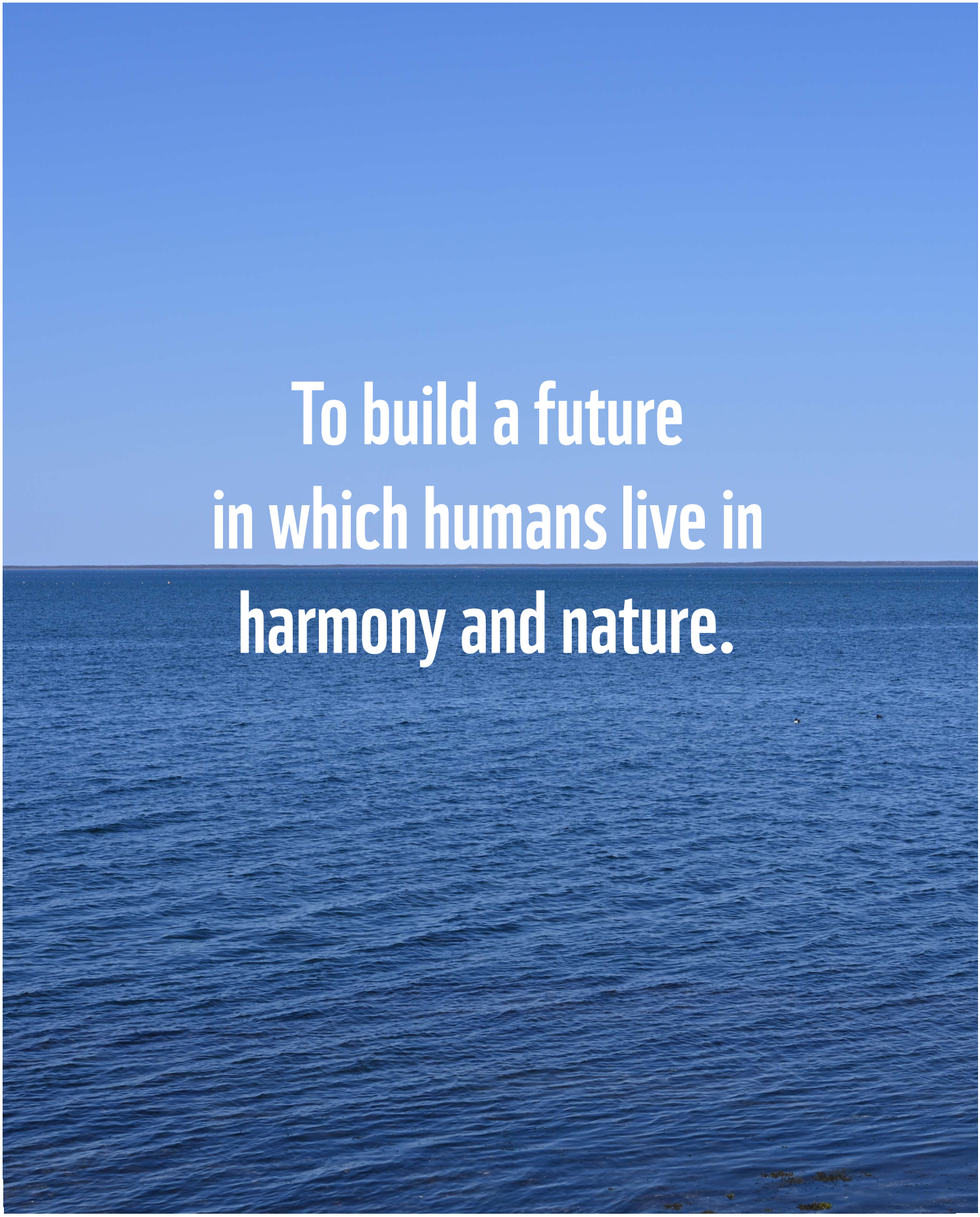
In conjunction with the joint investigation, Sadayosi Tobai, Chief Executive Officer of WWF Japan, sent a message.

Seafood such as fish, crab, squid, and octopus, which are considered the bounty of the sea, are now under serious threat as a result of the deterioration of the world's marine environment. One third of the organisms utilized as seafood are already overfished, and only 10% of them are considered to have a sustainable catch quota to spare. It will be difficult to increase the catch of wild fish any further in Japan, and indeed, around the world as a whole.

In addition, the problem known as IUU fishing is becoming more serious. This is an international issue, which causes overfishing of seafood resources, as well as human rights violations in the fishing industry, and it is a problem closely related to Japan. Japan relies on imports for 40% of the seafood it consumes, 30% of which is considered to be sourced from IUU fishing.

Global biodiversity has already declined by 69% over the past five decades, and the world's oceans will lose even more of their abundance if this situation continues.

For Japan, and especially for the Hokuriku region, seafood plays an important role in supporting the nation's food and local industries. We have been given the opportunity to publish an article jointly with the Hokuriku Chunichi Shimbun on issues surrounding the global fishing industry, and how we should now think about our relationship with the sea for the future, starting with seafood that is closely tied to Hokuriku. We hope that everyone will turn their attention to this issue of the ocean as a problem connected to their own dietary habits, and think together about what we should do now.



WWF

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