

Net Worth

How the Chinese Government & US Stock Investors
are Funding the Illegal Activities of a Major
Chinese Fishery Company



ABOUT C4ADS

C4ADS (www.c4ads.org) is a 501(c)(3) nonprofit organization dedicated to data-driven analysis and evidence-based reporting of conflict and security issues worldwide. Our approach leverages nontraditional investigative techniques and emerging analytical technologies. We recognize the value of working on the ground in the field, capturing local knowledge, and collecting original data to inform our analysis. At the same time, we employ cutting edge technology to manage and analyze that data. The result is an innovative analytical approach to conflict prevention and mitigation.

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OUR TECH PARTNERS

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Cover Image

Photo by Khanh Bui

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Abbreviations & Definitions

AIS	Automatic Identification System: A radio communications system through which vessels broadcast data signals, including details of the vessel name, latitude, longitude, speed, and direction, among other information. AIS was initially introduced in order to improve maritime safety but is increasingly used by authorities to monitor vessel traffic. ¹	IUU	Illegal, Unreported, and Unregulated (IUU) Fishing
BRI	Belt and Road Initiative	IATCC	Inter-American Tropical Tuna Commission
CCP	Chinese Communist Party	PME	Pingtian Marine Enterprise
MARA	Chinese Ministry of Agriculture and Rural Affairs	RFMO	Regional Fishery Management Organization: An intergovernmental organization formed by member nations or countries that share practical and financial interests in a particular region of international waters or of highly migratory species. RFMOs are dedicated to the sustainable management of fishery resources, and most of them have management powers including setting catch and fishing effort limits, technical measures, and control obligations. ⁴
CPPCC	Chinese People's Political Consultative Conference	SPRFMO	South Pacific Regional Fisheries Management Organization
DWF	Distant Water Fishing: The practice of commercial fishing vessels operating outside the territorial waters of their countries of origin, and usually extend their range of action to faraway places, whether on the high seas or in another nation's EEZ. ²	SOE	State-Owned Enterprise
EEZ	Exclusive Economic Zone: An area which extends up to 200 nautical miles off the coast over which a state assumes jurisdiction over the exploitation and exploration of marine resources, including exclusive fishery management authority over all fish and fishery resources. ³	SIMP	Seafood Import Monitoring Program
		UFWD	United Front Work Department
		UNESCO	The United Nations Educational, Scientific and Cultural Organization
		SEC	U.S. Securities and Exchange Commission
		NPFC	The North Pacific Fisheries Commission
		WCPFC	Western and Central Pacific Fisheries Commission

Executive Summary

Global demand for seafood is on the rise. Over the past few decades, this demand has put increasing pressure on the world's fish population, in some cases threatening the survival of in-demand fish species. For example, between 1990 and 2018, fish consumption rose 122% while the number of sustainable fish stocks declined by almost 25%.⁵ Given that the fishing industry is both a major source of employment and a major source of food for much of the world's population,⁶ the continuation of unsustainable fishing practices poses a significant threat to food security and coastal states' economies around the world.

Despite sustainability concerns, several countries have set out to meet rising demand by increasing the size and capacity of their fishing fleets. China in particular has invested heavily in the country's distant water fishing (DWF) fleet by offering subsidies and loans to fishery companies to build new, modernized DWF vessels that can remain at sea for months at a time.⁷⁻⁸ As a result, China currently controls the largest DWF fleet of any

The size of China's fleet has troubled observers who note that the fleet has been repeatedly linked to illicit activity, including forced labor and illegal, unreported, and unregulated (IUU) fishing.

and unregulated (IUU) fishing.¹⁰⁻¹¹ Distant water fishing entails unusually high costs for critical supplies, such as fuel, resulting in relatively low profits.¹² This unprofitability may drive DWF vessels to cut corners where possible by targeting protected, high-value species; withholding fishermen's wages; transshipping catch illegally; and engaging in other crimes.¹³

nation in the world, counting at least 2,700 vessels in operation as of 2019.⁹

The size of China's fleet has troubled observers who note that the fleet has been repeatedly linked to illicit activity, including forced labor and illegal, unreported,



AP Photo/Joshua Goodman

In *Net Worth*, we examine one of the largest publicly traded Chinese fishery companies, Pingtan Marine Enterprise (PME) Limited, and find indicators of behavior consistent with the criticisms levied on the broader DWF fleet. We break our findings down into five primary sections:

- **What is Pingtan Marine Enterprise?** explains the company's background, and describes the company's network of subsidiaries and affiliated companies. Particular attention is paid to the companies owned by various family members of Pingtan Marine Enterprise's CEO, Zhuo Xinrong, since they appear to be closely tied to Pingtan Marine Enterprise's operations.
- **Fishing on the High Seas** follows Pingtan Marine Enterprise's shift in focus from fishing within Indonesian and Timorese waters to fishing in international waters
- **IUU Fishing & the Shark Trade** describes specific allegations of IUU fishing and involvement in the shark trade related to Pingtan Marine Enterprise's affiliated vessels.

- **Forced Labor on Pingtan Marine Enterprise Vessels** reviews allegations of forced labor, exploitation, and death onboard Pingtan Marine Enterprise's associated fleet.
- **Links to Chinese State Activity: Investment and Representation** explains how Pingtan Marine Enterprise is supported by the Chinese government and the Chinese financial sector through subsidization, partial ownership, loans, and political affiliations amongst its directorship.

Despite proven instances of illicit activities conducted by their vessels around the world, Pingtan Marine Enterprise's associated fleet has nearly tripled in size in the recent past and remains authorized by Chinese government authorities to operate abroad. The Chinese government and fisheries authorities should monitor Pingtan Marine Enterprise, and the broader Chinese DWF fleet, more closely to ensure that government funds are not supporting illegal or unsustainable fishing activity. Relatedly, the Chinese government and fisheries authorities should work to improve transparency and traceability requirements for the DWF fleet, as well as fishery management regulations, in order to ensure the compliance and sustainability of Chinese fishing abroad.

Methodology

The information contained within Net Worth is based on extensive multi-lingual analysis of publicly available sources, including, but not limited to:

- Local and international news reporting from the United States, Indonesia, Timor-Leste, Ecuador, China, and the Philippines;
- Pingtan Marine Enterprise's United States Securities and Exchange Commission (SEC) filings, including annual and quarterly reports;
- Official Pingtan Marine Enterprise press releases and public statements;
- Corporate records from China, Hong Kong, Indonesia, New Zealand, and Australia;
- Official government announcements from the Ministry of Agriculture and Rural Affairs ;
- Academic articles and journal entries pertaining to DWF;
- Trade data;
- AIS data accessible via Global Fishing Watch or Windward;
- Social media posts involving Pingtan Marine Enterprise or any relevant linked entities (e.g. executives, subsidiaries, affiliates); and
- Interviews with enforcement officials and Chinese DWF experts.

CORPORATE NETWORK AND TRADE ANALYSIS

C4ADS conducted a combination of corporate network analysis and trade analysis to identify Pingtan Marine Enterprise's subsidiaries and affiliate companies, as well as the corporate holdings of the company's directorship, including the Zhuo family. To do so, we accessed official corporate registry data from China, Hong Kong, Indonesia, New Zealand, and Australia. Once we had completed our broader corporate network buildout, we screened key entities, including companies and individuals, across other publicly available datasets, such as:

- 1 Chinese Ministry of Commerce overseas investment data (MOFCOM);
- 2 Chinese judicial records;
- 3 Chinese Ministry of Agriculture and Rural Affairs (MARA) announcements and press releases; and
- 4 Publicly available trade data aggregators, such as Panjiva and Veritrade.

VESSEL ACTIVITY AND OWNERSHIP ANALYSIS

C4ADS also collected and structured data for all vessels associated with Pingtan Marine Enterprise and its close affiliates. We collected vessel authorizations and licenses, audits and appraisals, and subsidy allocation data from a variety of sources, including Regional Fishery Management Organizations' (RFMOs) vessel registries, the Chinese Ministry of Agriculture and Rural Affairs (MARA), third-party vessel audits and appraisals made available on Pingtan Marine Enterprise's website and elsewhere, maritime intelligence platforms like IHS Markit, and other open source fishing vessel databases.

Once we collected identifying information and ownership data for every relevant vessel, we then conducted vessel activity analysis for each using maritime domain analytical platforms like Global Fishing Watch (GFW) and Windward. More specifically, we examined:

- 1 Historical AIS patterns of behavior;
- 2 Suspected port calls; and
- 3 Suspected and confirmed at-sea encounters.

Finally, we searched for all relevant vessels across accessible port data, social media sites, media reports, and fishing blacklists to identify noteworthy activity (such as allegations of forced labor) and links to other reporting (such as official government announcements or local news reports).

Introduction

With an estimated value of \$153 billion,¹⁴ the seafood trade is a critical component of the global economy, building upon fishing-based economies in coastal and island nations; large processing centers in China and Indonesia;¹⁵ and major destination markets in Asia, Europe, and North America. Globally, an estimated 3.3 billion people rely on seafood as one of their primary sources of protein,¹⁶ and over the last few decades, increased demand for fish has put further strain on the world's fish stocks. According to a 2020 U.N. Food and Agriculture Organization (FAO) report on fisheries and aquaculture, more than a third of the world's fish stocks are currently being overfished.¹⁷

The prevalence of unsustainable fishing poses a particular challenge for developing coastal and island nations, which rely heavily on healthy fish stocks for economic security, nutrition, and development.¹⁸ These nations tend to have historically abundant fish populations coupled with limited fisheries enforcement infrastructure, such as national coast guard vessels, leaving them extremely vulnerable to exploitation by foreign fleets. This threat has become more prominent as DWF fleets that can sail on the high seas for months at a time have grown in size and capacity, meaning they can sail to far-flung coastal nations' waters, harvest huge amounts of fish, and return home without stopping in foreign ports and facing local enforcement authorities. And no country has a bigger DWF fleet than China.

As of 2019, China's DWF fleet had at least 2,700 vessels in operation (in comparison, Taiwan, the country with the second largest DWF fleet, counted 1,100 DWF vessels¹⁹).^{20 21 22} The number of active Chinese DWF vessels has grown substantially over the last two decades, in large part due to support from the Chinese government to build, modernize, and increase the capacity of the country's fleet.^{23 24} The Chinese government also supports the DWF fleet by heavily subsidizing diesel fuel²⁵ and

allegedly by sending medical ships to fishing grounds to enable DWF vessels to remain at sea.²⁶

The Chinese government's support of the country's DWF fleet is likely driven in part by an increase in Chinese demand for seafood; the country currently ranks as the largest consumer and the third largest importer of seafood in the world.²⁷ China is also the world's largest seafood producer and exporter, and as such may export as much as 50% of the species groups (squid, cuttlefish, and tuna) targeted by the country's DWF fleet.²⁸ As Chinese vessels have depleted fish populations within China's waters, Chinese fleets have increasingly gone abroad to satisfy domestic and international demand. This has led to huge numbers of Chinese DWF vessels turning up on the high seas and near foreign countries' waters. In one example, a fleet of several hundred Chinese vessels received international attention in 2020 after the fleet was discovered fishing for squid along the southern border of the Galapagos Islands, a UNESCO world heritage site. The fleet was accused of operating with limited oversight and putting undue pressure on fishery resources in the region, as well as "disabling their public tracking devices" and "engaging in suspect transshipment practices."²⁹

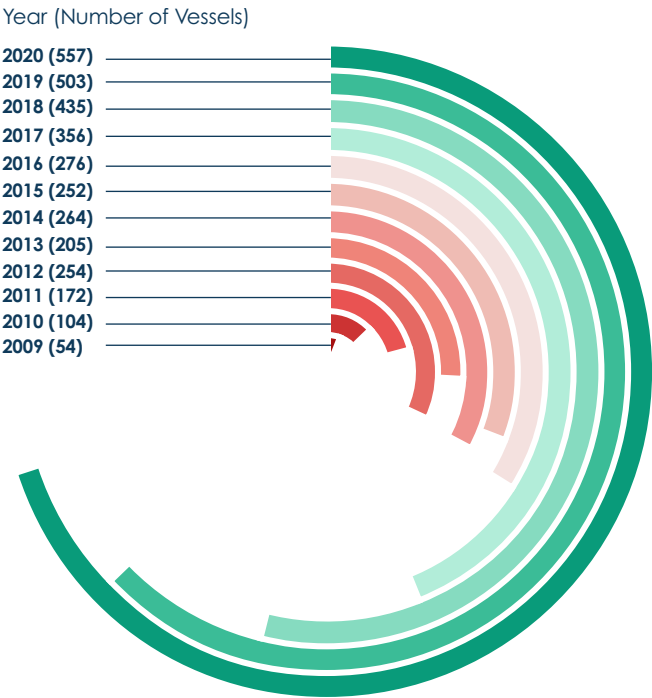
Given both its sheer size and recent capacity upgrades, the Chinese DWF fleet can harvest vast amounts of fish abroad – one report claimed that one Chinese DWF vessel can "scoop up as many fish in a week as a local boat might catch in a year."³⁰ The strategic use of reefers ensures that the Chinese DWF fleet can bring this catch straight back to China, rather than stopping in foreign ports to resupply or unload catch, complicating external oversight of China's fishing activities. This is compounded by the DWF fleet's recent focus on squid species, which are not always subject to oversight by regional fishery management organizations (RFMOs).

INTRODUCTION

Though the Chinese DWF fleet's focus on squid is likely driven by increasing global and domestic demand,³¹ this focus, and China's prioritization of DWF fishing in general, does not appear to make economic sense. A 2018 study of fisheries profitability determined that "China's squid fishing was consistently unprofitable."³² The study further found that China's distant water fishing activity remains unprofitable even once subsidies are considered (China's most profitable fishing activity occurs near China, in the Northwest Pacific, due to low fuel costs).³³ Still, the Chinese government reportedly supports the country's squid fleet by "providing it with an informational forecast of where to find the most lucrative squid stocks, using data gleaned from satellites and research vessels."³⁴ But if DWF fishing, and squid fishing in particular, is so unprofitable, why then would the Chinese government and the Chinese fishing industry invest so many resources and so much effort in developing and supporting the country's DWF fleet?

Potential explanations include the possibility that the authors of the 2018 study did not adequately account for underreporting of real catch sizes, additional government subsidies, reduced labor costs due to forced labor, or reduced costs due to at-sea transshipment.³⁵ Other explanations include the geopolitical benefits of possessing a large fleet of vessels able to travel for months on the high seas, as well as profits from illegal activities, poor regulation, and offshore shell companies and tax havens.³⁶ This suggests that much of the Chinese DWF fleet is both unprofitable without government subsidization and heavily incentivized to engage in IUU fishing, as well as forced labor and other illicit activity, in an effort to increase likely meager profits.³⁷ That so many of China's DWF landings may be exported internationally further indicates that global seafood supply chains may be exposed to IUU activity perpetrated by the Chinese DWF fleet.

Registered Chinese Fishing Vessels in the South Pacific Ocean



In this report, we focus on one Chinese DWF company in particular, Pingtan Marine Enterprise (PME) Limited, as an exemplar for the broader fleet. Pingtan Marine Enterprise has expanded its global fishing operations in recent years despite operating at a capital deficit and possessing an extensive track record of illicit activity at sea. As of December 31, 2020, the company claimed to own or hold operating rights for a total of 141 fishing vessels operating primarily in four regions: the Southeast Pacific Ocean, the Southwest Atlantic Ocean, the North Indian Ocean, and the Northwest Pacific Ocean. This growth has occurred alongside repeated allegations of IUU fishing, forced labor, and other illicit activities on Pingtan Marine Enterprise-associated vessels. But despite widespread coverage of these infractions, Pingtan Marine Enterprise and its affiliates continue to operate with relative impunity.

Timeline of Major IUU Fishing & Forced Labor Incidents Related to Pingtan Marine Enterprise

INDONESIA

2014: PT Avona Mina Lestari and PT Dwikarya Rekasa Abadi, two Indonesian companies subcontracted by Pingtan Marine Enterprise "to apply and renew [their] Indonesia[n] fishing licenses,"¹¹ have their fishing licenses revoked after violating a number of regulations.^{2,3} The companies allegedly forged documentation for several vessels, abused and tortured crew members, traded in protected species, and paid bribes to public officials.⁴

TIMOR-LESTE

November 2016: A fleet of vessels registered to Honglong Ocean Fishing, the Fu Yuan Yu 9607 through 9621, are granted a 12-month fishing license by Timor-Leste fishing authorities to harvest tuna in designated fishing grounds.^{7,8}

9 September 2017: A joint operation conducted by Sea Shepherd Global and the Timor-Leste National Police (TLNP) observe the Fu Yuan Yu 9607 through 9621 with what appeared to be "thousands and thousands" of frozen sharks on board multiple vessels, suggesting the vessels were targeting shark species despite only being licensed to catch tuna in Timor-Leste.^{11,12}

ECUADOR

13 August 2017: The Fu Yuan Yu Leng 999, a refrigerated cargo ship owned by Fuzhou Honglong Ocean Fishing Company Limited., is boarded near the Galapagos Islands. Officials discover 300 tons of fish on board, including 6,620 sharks. The vessel's twenty crew members are arrested and await trial in Ecuador.^{15,16}

CHINA

February 2018: The Chinese Ministry of Agriculture temporarily halts the operations of all DWF vessels owned by Fuzhou Honglong Ocean Fishing Company Limited and revokes the company's offshore fishing license. The captain of the Fu Yuan Yu Leng 999 is also blacklisted.¹⁸

UNITED STATES

7 December 2020: The US Department of State revokes more than 15 visas for "those complicit in IUU fishing who also have links to human trafficking, including associates of Pingtan Marine Enterprise."^{20,21}

9 September 2015: The Hai Fa, a vessel linked to numerous affiliates of Pingtan Marine Enterprise, was issued a INTERPOL Purple Notice in response to repeated reports of illegal fishing activities in the Indonesian EEZ between 2013 and 2014, including: (1) transporting hammerhead shark (CITES) from Indonesia to China; (2) illegal imports and exports; and (3) deactivating Vessel Monitoring and Automatic Identification Systems⁶

2016: The decision by the Indonesian Ministry of Maritime Affairs to revoke the license of PT Dwikarya is upheld by the Jakarta Administrative Court.⁵

February 2017: Drone footage reveals what appears to be unauthorized transshipments of sharks and rays between the Fu Yuan Yu Leng 999 and the Fu Yuan Yu 9607 through 9621. In response, Honglong Ocean Fishing is fined \$500 and the vessels are allowed to resume fishing operations.^{9,10}

22 September 2017: Honglong Ocean Fishing's fishing licenses are temporarily suspended and their vessels are impounded pending an investigation into their alleged illegal fishing practices.

After a nine-month investigation, the crew, the vessels, and their illegal catch are permitted to return to China for a fee of \$100,000.^{13,14}

25 to 27 August 2017: The twenty crew members of the Fu Yuan Yu Leng 999 are found guilty of the destruction of wild flora and fauna. They are sentenced to prison terms varying from one to four years.¹⁷

May and June 2019: Chinese media reports allege that Fuzhou Honglong Ocean Fishing and Fujian Pingtan County Ocean Fishing smuggled up to 26 fishing vessels back to China that were supposedly scrapped in Indonesia. Of the 26 vessels, eleven were believed to be the Fu Yuan Yu 739 through 749.¹⁹

What is Pingtan Marine Enterprise?

Pingtan Marine Enterprise is a publicly-traded, NASDAQ-listed fishing conglomerate majority-owned by the company's Chief Executive Officer (CEO) and Chairman, Zhuo Xinrong.³⁸ Pingtan Marine Enterprise operates one of the largest Chinese DWF fleets, controlling a total of 143 DWF vessels.³⁹ The company is part of a larger network of subsidiary and affiliated companies owned by the Zhuo family that operate throughout China (including Hong Kong), Timor-Leste, and Indonesia.⁴⁰ ⁴¹ ⁴² ⁴³ In the past, indirect affiliations such as these have helped distance illegal fishing and forced labor incidents from the Zhuo family, protecting family members and Pingtan Marine Enterprise itself from public scrutiny and significant enforcement actions.

History & Background

Pingtan Marine Enterprise was created through a series of mergers between companies incorporated in the British Virgin Islands and the Cayman Islands in 2012 and 2013.⁴⁴ While Pingtan Marine Enterprise is officially incorporated in the Cayman Islands, the company largely operates out of China, and its executive office is in Fujian Province.⁴⁵ Pingtan Marine Enterprise conducts the majority of its fishing operations through its subsidiary Fujian Pingtan County Ocean Fishery Group Co., Ltd. [福建省平潭县远洋渔业集团有限公司], which it owns through a series of intermediate holding companies, and it's close affiliate Fuzhou Honglong Ocean Fishing Co., Ltd. [福州宏龙海洋水产有限公司], which is ultimately owned by Zhuo Longjie [卓龙杰], the brother of Pingtan Marine Enterprise's CEO, Zhuo Xinrong.⁴⁶

According to the company's September 2021 quarterly filings, Pingtan Marine Enterprise is operating with a working capital deficit of over \$102 million.⁴⁷ ⁴⁸ In order to "mitigate [their] liquidity risk," the company relies on a combination of bank loans and government subsidies. For example, between January and September 2021, Pingtan Marine Enterprise received \$44.8 million from short-term bank loans, \$78.7 million

from long-term bank loans, at least \$19.8 million from government subsidies, and \$23.4 million from a "government subsidy for a group of fishing vessels."⁴⁹

Pingtan Marine Enterprise's primary business operations are likely not profitable absent external support from the Chinese government and financial institutions.

Additionally, Zhuo Xinrong reportedly provides the company financial support when necessary.⁵⁰ This suggests that the company's primary business operations—the harvest, processing, and distribution of seafood—

are not profitable absent external support from the Chinese government and financial institutions.

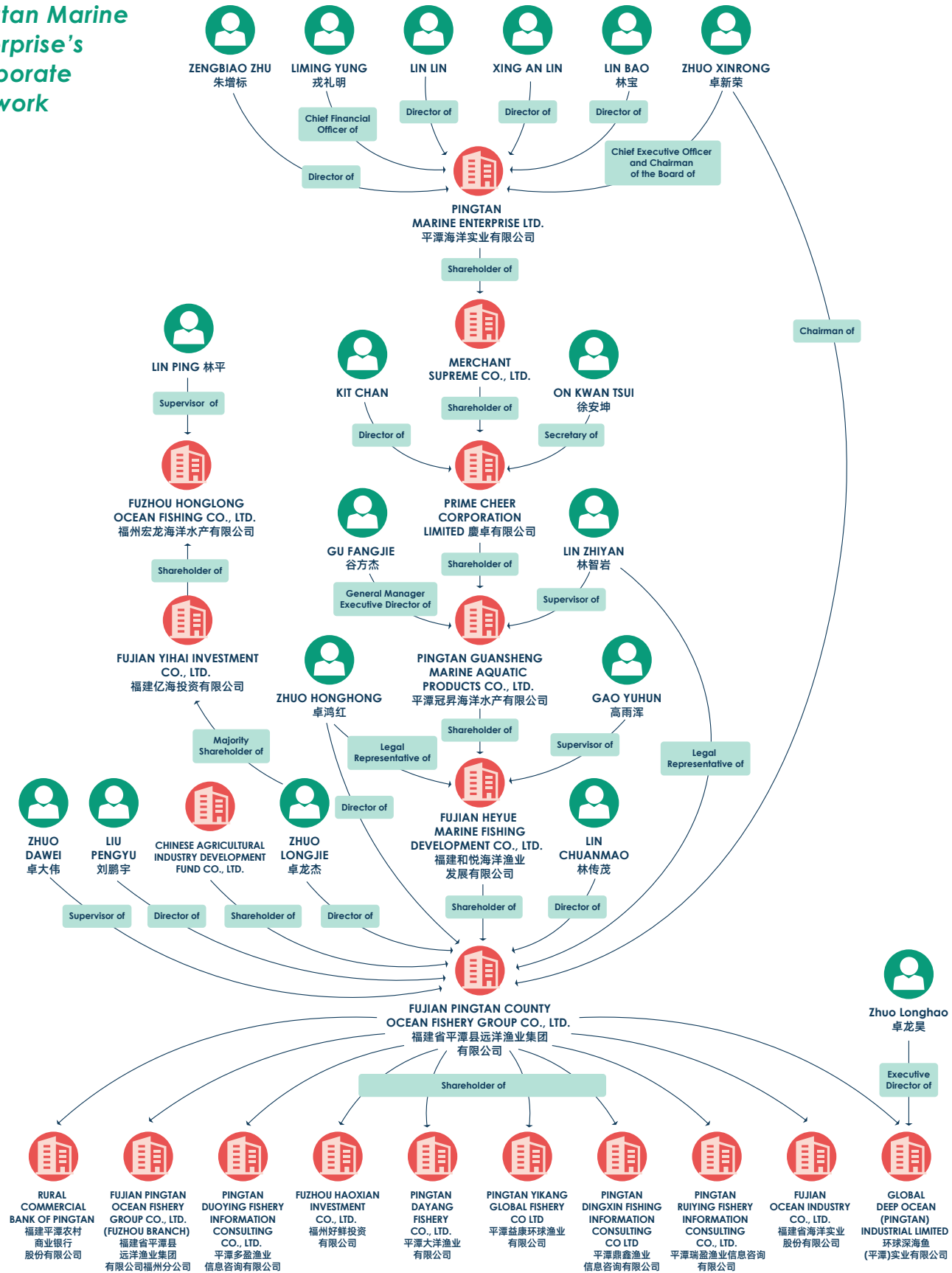
Pingtan Marine Enterprise's Corporate Network in Mainland China

Pingtan Marine Enterprise is the ultimate beneficial owner of at least eleven companies, nine of which are incorporated in mainland China. The activities of these companies range from distant water fishing and marine aquaculture to fishery consulting and company ownership⁵¹ (see **Annex 1: Pingtan Marine Enterprise Subsidiaries**). Pingtan Marine Enterprise is also a partial owner of at least three other companies in mainland China through its subsidiary Fujian Pingtan County Ocean Fishery Group (see **Annex 1: Pingtan Marine Enterprise Subsidiaries**).

According to public media reports and financial reporting by Pingtan Marine Enterprise, the company has also invested in major infrastructure projects in China through one of its partially-owned subsidiaries, Global Deep Ocean (Pingtan) Industrial Limited. The objective of these projects is reportedly to expand Pingtan Marine Enterprise's processing and storage capacity as part of a broader strategy to increase the company's vertical integration so it can directly supply internally processed fishing products to Chinese consumer markets.⁵² ⁵³ ⁵⁴

WHAT IS PINGTAN MARINE ENTERPRISE?

Pingtan Marine Enterprise's Corporate Network



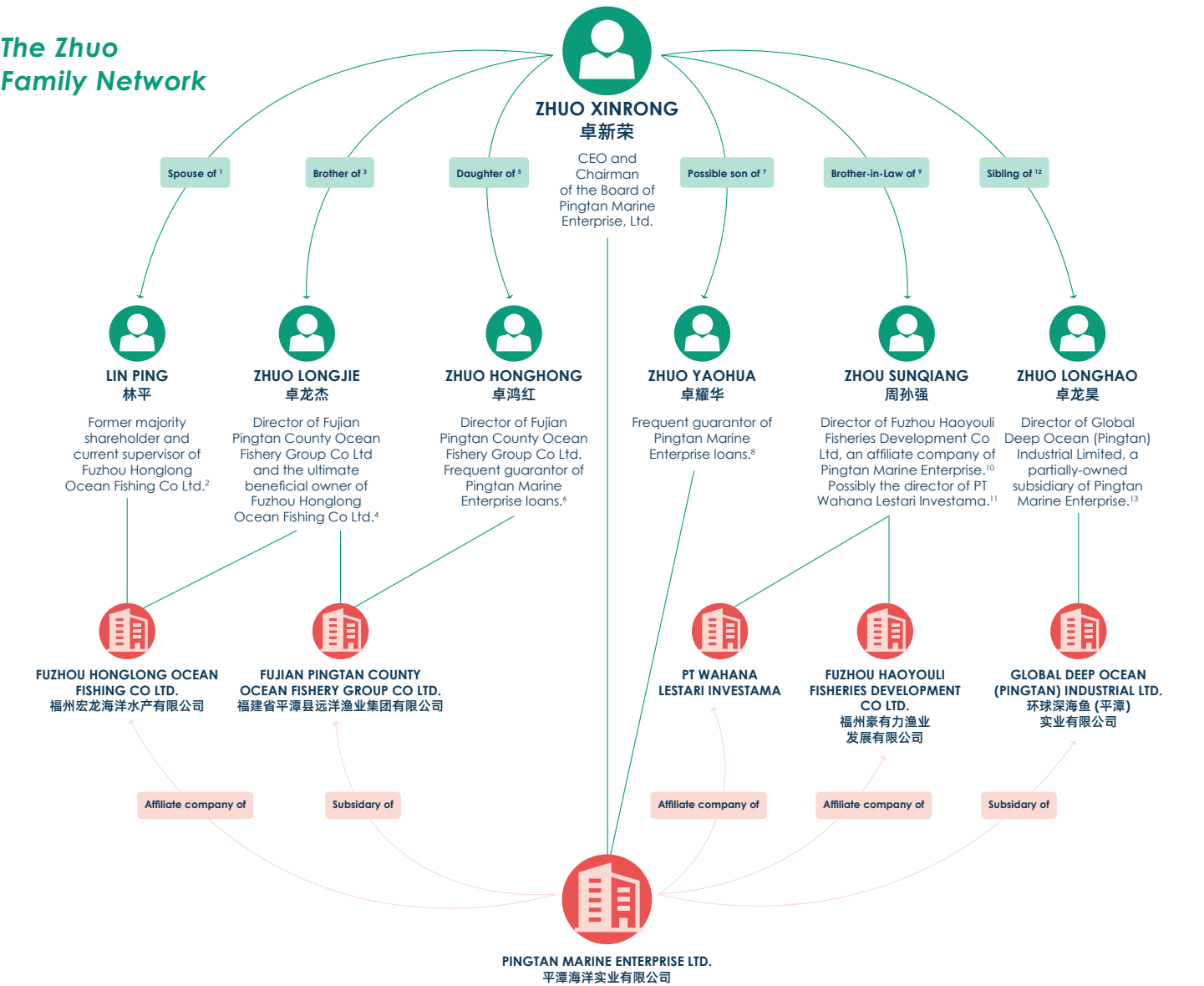
I Zhuo Xinrong and the Zhuo Family Network

Pingtan Marine Enterprise is part of a broader corporate network of subsidiary and linked companies in mainland China, Hong Kong, and Indonesia that are managed by either Zhuo Xinrong or his family members.^{55 56 57} The companies are involved in industries such as real estate and infrastructure development, trade, and aquaculture. Many of these companies are controlled by his children, his spouse, or his siblings.⁵⁸

According to financial documents submitted to the US Securities and Exchange Commission (SEC) by Pingtan Marine Enterprise, the Zhuo family's companies

frequently do business with each other. Pingtan Marine Enterprise's financial disclosures reveal purchase, vessel maintenance, storage and transportation services, and leasing agreements between Zhuo family members and companies. For example, between 2018 and 2020, Pingtan Marine Enterprise reportedly had purchase agreements totaling \$10.1 million for "fuel, fishing nets, and other onboard consumables" with Fuzhou Honglong Ocean Fishing Co. Ltd. and its wholly-owned subsidiary, Fujian Jingfu Ocean Fishery Development Co., Ltd. [福建京福海洋渔业发展有限公司].

The Zhuo Family Network



DEEP DIVE

I Overseas Investments

Pingtan Marine Enterprise's network of international subsidiary and affiliated companies has allowed the company to gain access to foreign fishing rights and licenses as well as build its overseas fishing capacity. For example, Pingtan Marine Enterprise's relationship with Hong Fa Shipping Limited [宏發船務有限公司], a company incorporated in Hong Kong, means the company can operate non-China flagged refrigerated cargo vessels on the high seas. Many of the corporate arrangements that support Pingtan Marine Enterprise's extension of influence in the fishing industry are indirect, and are therefore not publicly reported by Pingtan Marine Enterprise.

For instance, Pingtan Marine Enterprise plays a role in Indonesia's aquaculture industry through its affiliate Fuzhou Honglong Ocean Fishing Company Limited. Fuzhou Honglong Ocean Fishing initially became involved in the Indonesian fishing industry in 2006 as part of a joint investment with the Caiyunadi Group, a multinational conglomerate established by Chinese-Indonesian businessman Burhan Uray [黄双安].^{59 60 61} The companies invested in a fishery base that initially consisted of docks as well as ship repair, seafood processing, transportation, and logistics facilities.⁶² More recent investments from Fuzhou Honglong Ocean Fishing expanded the base's shrimp farming capabilities and capacity to process and export additional species.⁶³

According to recent media reports, Zhuo Xinrong is also involved in the Indonesian aquaculture industry through PT Wahana Lestari Investama, an Indonesian company allegedly run by Burhan Uray's successor, Soejono Varinata.⁶⁴ An individual by the name of "Sunqiang Zhou"—possibly Zhuo Xinrong's brother-in-law—serves as one of the company's directors.^{65 66 67} According to Indonesian corporate registry documents, PT Wahana Lestari Investama shares directors with PT Avona Mina Lestari and PT Dwikarya Reksa Abadi, two companies Pingtan Marine Enterprise relied on to manage its Indonesian fishing operations up to at least 2016, according to Pingtan Marine Enterprise's SEC filings.^{68 69 70} PT Wahana Lestari Investama has both received and sent shipments to Pingtan Marine Enterprise-affiliated entities, such as Global Deep Ocean (Pingtan) Industrial Co., Ltd., since 2019.⁷¹

Fishing on the High Seas



77%

OF PINGTAN MARINE ENTERPRISE'S FISHING VESSELS WERE LICENSED TO OPERATE IN INDONESIA PRIOR TO 2017



78%

OF PINGTAN MARINE ENTERPRISE'S OPERATIONAL VESSELS ARE FISHING IN INTERNATIONAL WATERS AS OF 2021

Since Pingtan Marine Enterprise began operations in 2013, the company's DWF fleet has more than tripled in size and shifted to primarily operating on the high seas.^{72 73 74} Prior to 2017, Pingtan Marine Enterprise and its affiliates were largely engaged in fishing activities within the EEZs of other countries, such as Indonesia and Timor-Leste. For example, in their 2017 annual report, Pingtan Marine Enterprise claimed that over 77% of their fishing vessels were licensed to operate in Indonesia.⁷⁵ Four years later, approximately 78% (91) of Pingtan Marine Enterprise's operational vessels are now fishing in international waters (see **Annex II: Pingtan Marine Enterprise-Affiliated Fleet Activity Analysis**).⁷⁶

This shift was likely driven in part by challenges Pingtan Marine Enterprise's vessels faced while operating within the EEZs of Indonesia and Timor-Leste. For example, a 2014 moratorium on foreign vessels registered in Indonesia meant a majority of the company's vessels were unable to operate.^{77 78} Pingtan Marine Enterprise's fleet also faced a series of allegations of IUU fishing and forced labor violations in Indonesian and Timorese waters between 2014 and 2017 (see **IUU Fishing and the Shark Trade** and **Forced Labor and Exploitation**). In response to these challenges, it seems that Pingtan Marine Enterprise began to develop distant water fishing capacity to shift their fishing activity to the high seas, where the fleet would no longer be beholden to the laws of coastal states. According to the United Nations Convention on the Law of the Sea (UNCLOS), the laws of each vessel's flag state govern their behavior on the high seas, meaning that Pingtan Marine Enterprise's fleet now operates largely under the jurisdiction of China alone, despite the impacts of the fleet's fishing activity on Latin American and Asian fisheries stocks.^{79 80}

As Pingtan Marine Enterprise has expanded its fishing activity on the high seas, the company's revenue from seafood products sales has changed dramatically. In 2016, ribbon and croaker fish made up 80.6% of the company's revenue generated from sales. By 2020, squid sourced from the Indian Ocean and the South Pacific Ocean made up 58.5% of the company's revenue, a substantial increase from roughly 3.4% in 2016.^{81 82} Pingtan Marine Enterprise's increasing focus on squid is likely due to growing global demand, as well as the fact that squid species in the Indian Ocean and Southwest Atlantic Ocean are currently either under-regulated or not regulated at all.⁸³

However, Pingtan Marine Enterprise's increasing focus on DWF fishing may not make long-term economic sense given its high cost. For example, in 2020 Pingtan Marine Enterprise spent 58.5% of the company's revenue for that year on fuel alone; in total, Pingtan Marine Enterprise spent 102.7% of their 2020 revenue on operating costs such as fuel, labor, spare parts, and maintenance.⁸⁴ The company ended the year with a net loss of \$2.4 million, attributing some of the loss to an over-supply of Indian Ocean squid within international markets, lowering the species' per unit price.⁸⁵

To better understand where vessels associated with Pingtan Marine Enterprise are operating, C4ADS collected data on all vessels publicly authorized to fish internationally that are associated with the company, its subsidiaries, and its affiliated entities. In total, C4ADS found that Pingtan Marine Enterprise is linked to at least 116 fishing vessels and 10 refrigerated cargo vessels⁸⁶ through its wholly-owned subsidiary, Fujian Pingtan County Ocean Fishery Group Co., Ltd., and its affiliate company, Fuzhou Honglong Ocean Fishing Co., Ltd. These vessels are authorized to operate by either certain RFMOs⁸⁷ or by the Chinese Ministry of Agriculture and Rural Affairs (MARA).

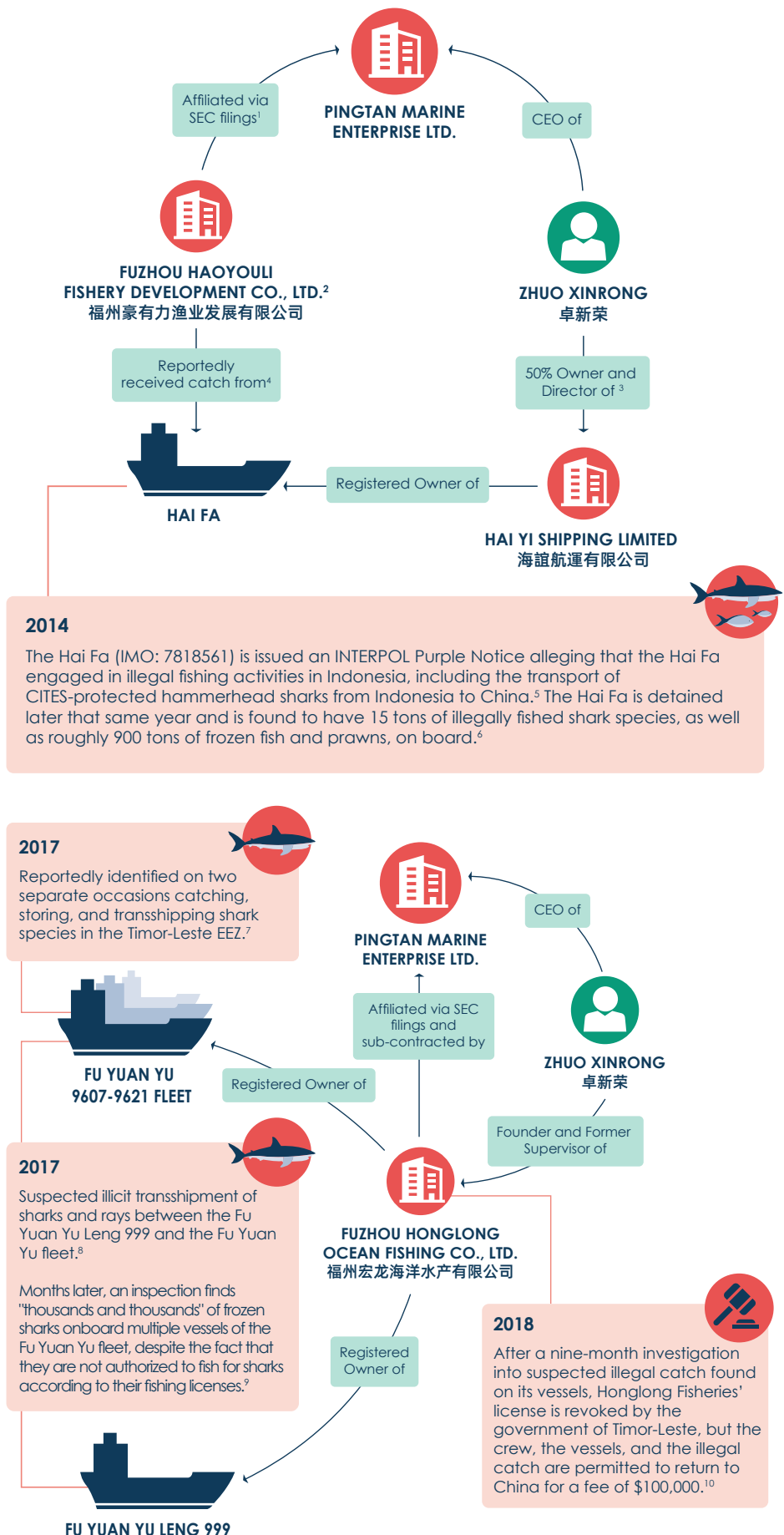
Associated Company	SPRFMO (# of vessels)	WCPFC (# of vessels)	IATTC (# of vessels)	NPFC (# of vessels)	MARA (# of vessels)
Fujian Pingtan County Ocean Fishery Group Co., Ltd. 福建省平潭县远洋渔业集团有限公司	49	4	4	51	50
Fuzhou Honglong Ocean Fishing Co., Ltd.	6	9	5	19	11
Total	55	13	9	70	61

Table 1: Pingtan Marine Enterprise-affiliated vessels that are registered to operate internationally by an RFMO or MARA. Some vessels are registered to operate internationally by multiple RFMOs and MARA.

C4ADS then analyzed each of the 126 Pingtan Marine Enterprise-associated vessels and uncovered apparent links to IUU fishing for 24 vessels, as well as forced labor issues for 11 vessels, since 2014. The prevalence of illicit activity within the Pingtan Marine Enterprise-affiliated fleet could reflect the unprofitability of distant water fishing, as the fleet's DWF vessels likely seek to increase profits by lowering labor expenses and surreptitiously targeting high-value fish species without permits.

IUU Fishing & the Shark Trade

Since 2014, there have been numerous reports linking Pingtan Marine Enterprise or its affiliates to both IUU fishing and the harvest and transport of shark products, despite the fact that none of the company's vessels are authorized to engage in shark fishing. Pingtan Marine Enterprise's affiliated vessels have repeatedly been cited for harvesting CITES-protected species, fishing outside the parameters of their licenses, violating national laws protecting marine species in Timor-Leste and Ecuador, engaging in unauthorized at-sea transshipments, and storing shark catch in violation of RFMO conventions.^{88 89 90 91} Despite this, Pingtan Marine Enterprise has not reported any revenue derived from the harvest or sale of shark species in its SEC filings. These violations reflect a pattern of disregard for both domestic and international regulations that are intended to ensure sustainable fishing practices and protect vulnerable species.

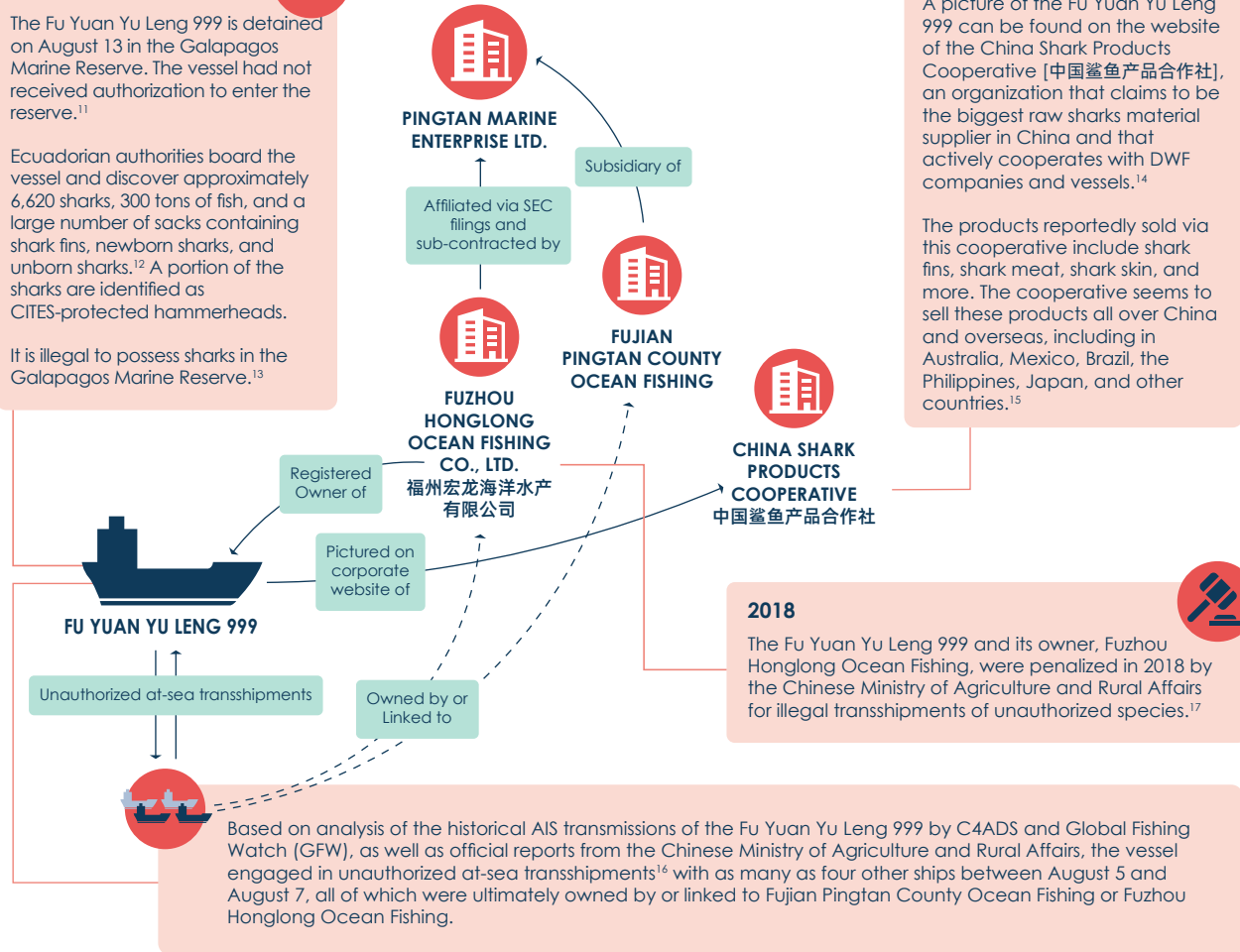


2017

The Fu Yuan Yu Leng 999 is detained on August 13 in the Galapagos Marine Reserve. The vessel had not received authorization to enter the reserve.¹¹

Ecuadorian authorities board the vessel and discover approximately 6,620 sharks, 300 tons of fish, and a large number of sacks containing shark fins, newborn sharks, and unborn sharks.¹² A portion of the sharks are identified as CITES-protected hammerheads.

It is illegal to possess sharks in the Galapagos Marine Reserve.¹³



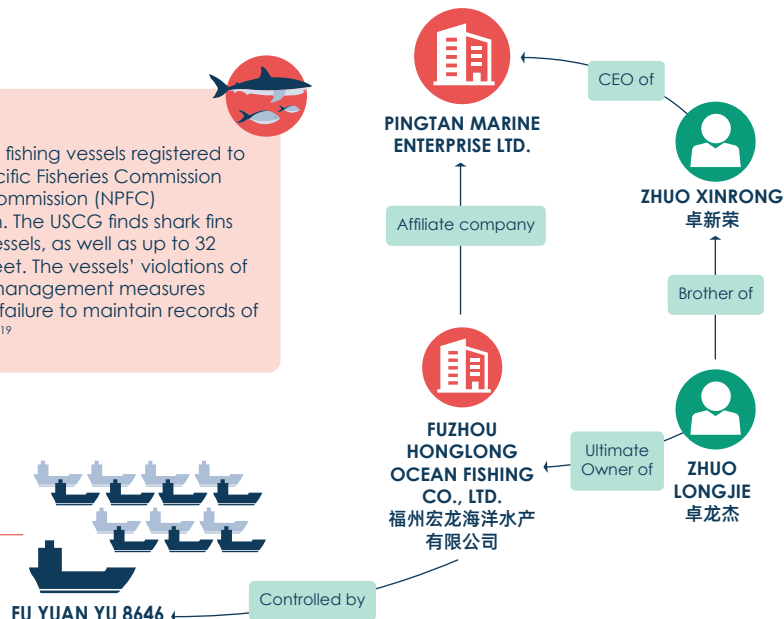
2018

The Fu Yuan Yu Leng 999 and its owner, Fuzhou Honglong Ocean Fishing, were penalized in 2018 by the Chinese Ministry of Agriculture and Rural Affairs for illegal transshipments of unauthorized species.¹⁷

Based on analysis of the historical AIS transmissions of the Fu Yuan Yu Leng 999 by C4ADS and Global Fishing Watch (GFW), as well as official reports from the Chinese Ministry of Agriculture and Rural Affairs, the vessel engaged in unauthorized at-sea transshipments¹⁶ with as many as four other ships between August 5 and August 7, all of which were ultimately owned by or linked to Fujian Pingtan County Ocean Fishing or Fuzhou Honglong Ocean Fishing.

2021

The US Coast Guard (USCG) boards 15 fishing vessels registered to fish within the Western and Central Pacific Fisheries Commission (WCPFC) and North Pacific Fisheries Commission (NPFC) convention areas in the Pacific Ocean. The USCG finds shark fins onboard at least three of the fishing vessels, as well as up to 32 potential violations across the entire fleet. The vessels' violations of WCPFC and NPFC conservation and management measures included: "the use of prohibited gear, failure to maintain records of catch, and improper vessel markings."¹⁹



DEEP DIVE

I Where Does the Seafood Go: Trade & Commerce

According to Pingtan Marine Enterprise's financial filings to the SEC, the company's revenue is largely generated through the sale of frozen marine aquatic products like squid, mackerel, and cuttlefish to seafood processors, distributors, restaurant owners, and exporters based in China.^{92 93} Perhaps as a result, Pingtan Marine Enterprise-associated vessels rarely appear to visit ports or land catch outside of China (see **Annex II: Pingtan Marine Enterprise-Affiliated Fleet Activity Analysis**). However, a January 2022 study of Chinese seafood imports and exports found that roughly 50% of Chinese imports and DWF landings of squid, mackerel, and cuttlefish are reexported from China to foreign markets, suggesting that some Pingtan Marine Enterprise-linked fish may still enter international supply chains.^{94 95}

In 2017, Pingtan Marine Enterprise began selling seafood products through e-commerce platforms after signing a strategic cooperation agreement with the Jingdong Group (JD), one of China's largest e-commerce companies. The agreement allowed Pingtan Marine Enterprise to become the sole supplier of certain fish products on JD's platform.⁹⁶ Then in February of 2021, Pingtan Marine Enterprise announced another strategic cooperation agreement with two Chinese companies, World Telecom Satellite Technology Limited (Wotelsat) and Wuhan Incar Technology Limited (Incar), to develop



a "direct communication channel" between the company's fishing vessels and urban consumers.⁹⁷ In the same month, Pingtan Marine Enterprise also announced a third strategic agreement with two other companies, Scienjoy Holding Corporation (Scienjoy), and Hangzhou Liyumen Technology Development Limited (Liyumen), "to start live broadcast marketing of [Pingtan Marine Enterprise's] pelagic aquatic products [on] Tik Tok, SnackVideo, Tmall, Taobao, JD, and WeChat Video Account."⁹⁸ Once launched, this live broadcast should make Pingtan Marine Enterprise the "first fishery company in China to engage in the [sic] live broadcast e-commerce for pelagic aquatic products."⁹⁹

Forced Labor on Pingtan Marine Enterprise Vessels

In addition to a pattern of IUU fishing allegations, Pingtan Marine Enterprise and its affiliates have a reported history of using forced labor. In one prominent example from 2014, Indonesian courts found that two Pingtan Marine Enterprise-affiliated companies, PT Avona Mina Lestari and PT Dwikarya Reksa Abadi,¹⁰⁰ engaged in abusive practices, including the use of forced labor and torture, on their vessels.^{101 102} In response, the Indonesian government revoked the licenses of both companies.^{103 104}

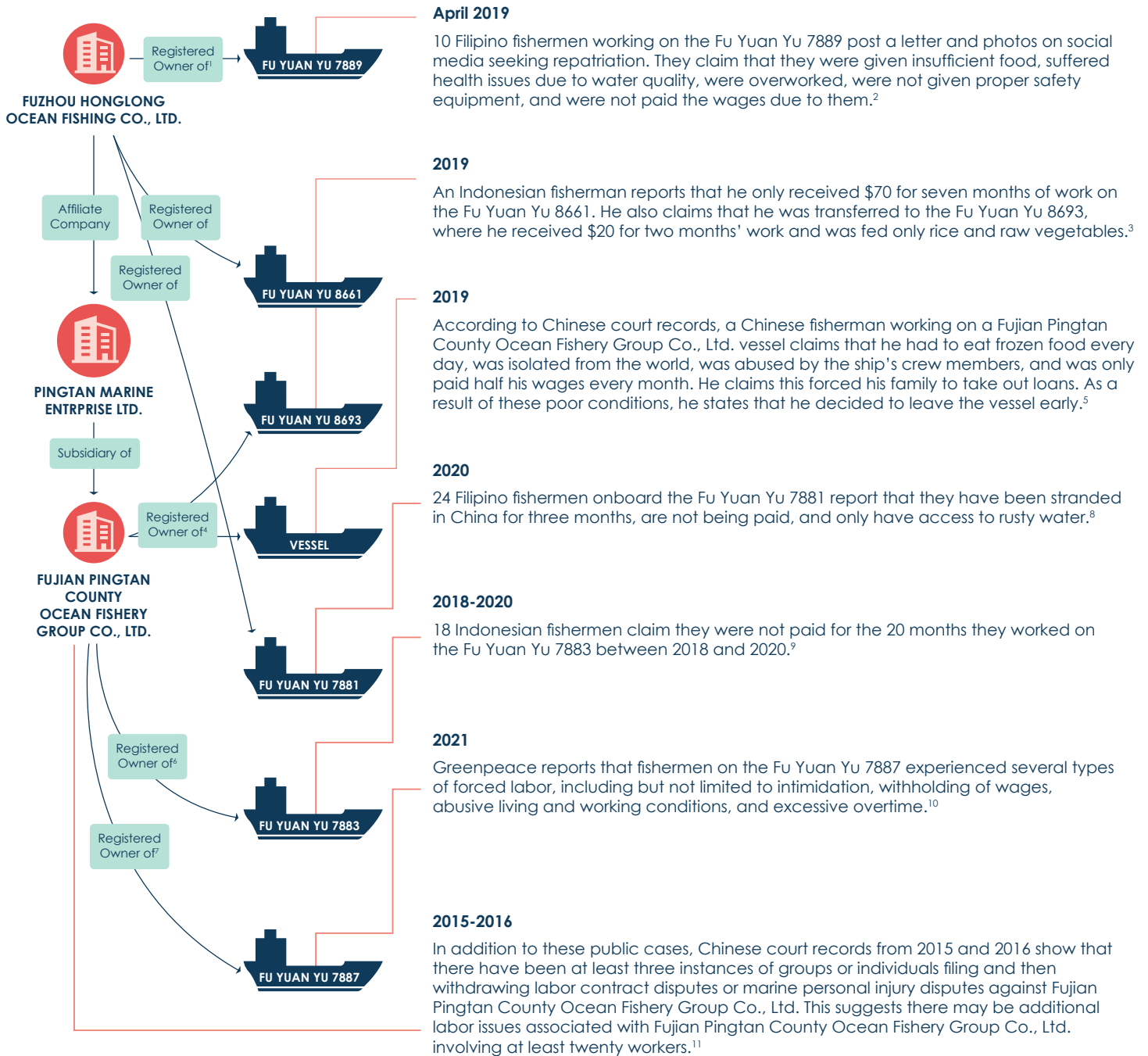
But the 2014 case is just one of a string of labor incidents onboard Pingtan Marine Enterprise vessels which have received little or no reporting, and which demonstrate a clear pattern of abuse with few serious repercussions. Using a combination of local media reports, court records, and other publicly available information, C4ADS identified fourteen other labor incidents, involving over 80 fishermen, onboard the company's vessels. Each of these incidents fell into one of two overlapping categories: 1) forced labor and exploitation, or 2) severe injury and death.



Natalie Fobes

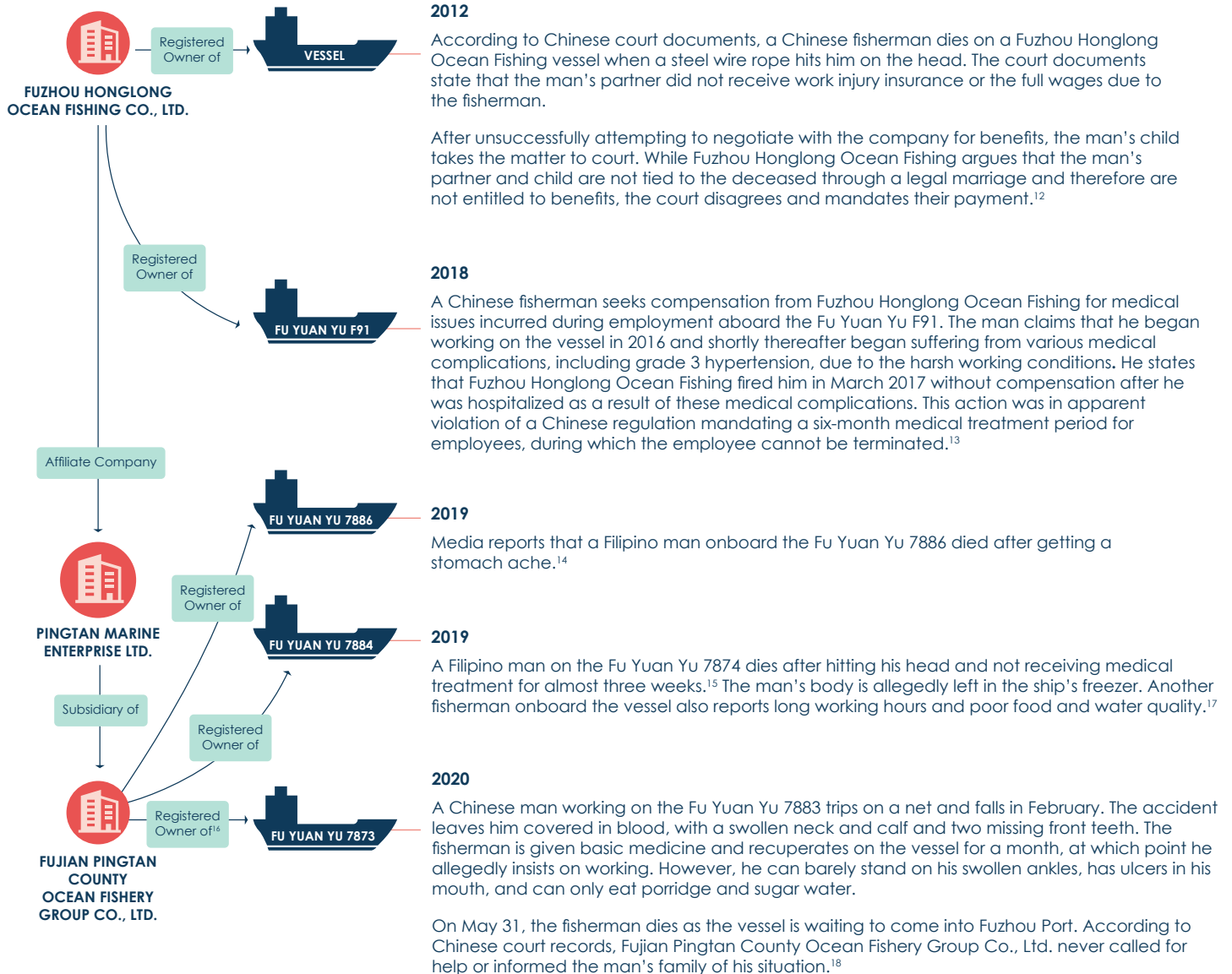
I Forced Labor and Exploitation

Over the past seven years, fishermen from Indonesia, the Philippines, and China have reported incidents of labor abuse or forced labor – such as excessive overtime,¹⁰⁵ unpaid wages,¹⁰⁶ and abusive conditions¹⁰⁷ – while working on vessels owned by Pingtan Marine Enterprise or its affiliated companies.



Severe Injury and Death

In addition to abusive labor practices, a number of fishermen have died or been badly injured while working on vessels owned by Pingtan Marine Enterprise or its affiliates. Taken together, these incidents demonstrate a consistent pattern of dangerous conditions, neglect, and complete disregard for the lives of the fishermen working on the company's vessels.^{108 109}



Links to Chinese State Activity: Investment & Representation

Through subsidies, partial ownership, loans, and political affiliations, Pingtan Marine Enterprise is enmeshed within and dependent on the Chinese government and financial sector, which have thus far largely turned a blind eye to the company's alleged illicit activities. These connections have helped ensure the financial viability of Pingtan Marine Enterprise and allowed it to become one of the most significant Chinese companies operating fishing vessels on the high seas.

\$86.5M

THE AMOUNT PINGTAN MARINE
ENTERPRISE HAS RECEIVED IN UNDEFINED
GOVERNMENT SUBSIDIES SINCE 2015

\$80.16M

THE AMOUNT PINGTAN MARINE
ENTERPRISE HAS RECEIVED IN
"GOVERNMENT GRANTS FOR FISHING
VESSELS CONSTRUCTION" SINCE 2014

I Government Subsidization

Pingtan Marine Enterprise is financially supported by the Chinese government through subsidies for "modification and rebuilding projects and reimbursement of certain operating expenses."¹¹⁰ For example, according to the company's SEC filings, Pingtan Marine Enterprise has received at least \$86.5 million in undefined government subsidies since 2015 and an additional \$80.16 million in "government grants for fishing vessels construction" since 2014.¹¹¹

Pingtan Marine Enterprise's affiliated companies have also received government subsidies. According to government subsidy allocation data from 2015 through 2019, Fujian Pingtan Ocean Fishery Group Co., Ltd. and Fuzhou Honglong Ocean Fishing Co., Ltd. received at least \$4.16 million and \$3.09 million in subsidies respectively through the Fuzhou Pelagic Fishery Special Fund Subsidy Project [福州市远洋渔业专项资金项目].^{112 113 114 115} Several Pingtan Marine Enterprise-linked vessels that have faced allegations of forced labor (e.g. the Fu Yuan Yu 7883)^{116 117} and illicit transshipment (e.g. the Fu Yuan Yu 7865 and the Fu Yuan Yu 7866)¹¹⁸ have also received subsidies from the Fujian provincial government.

\$64M

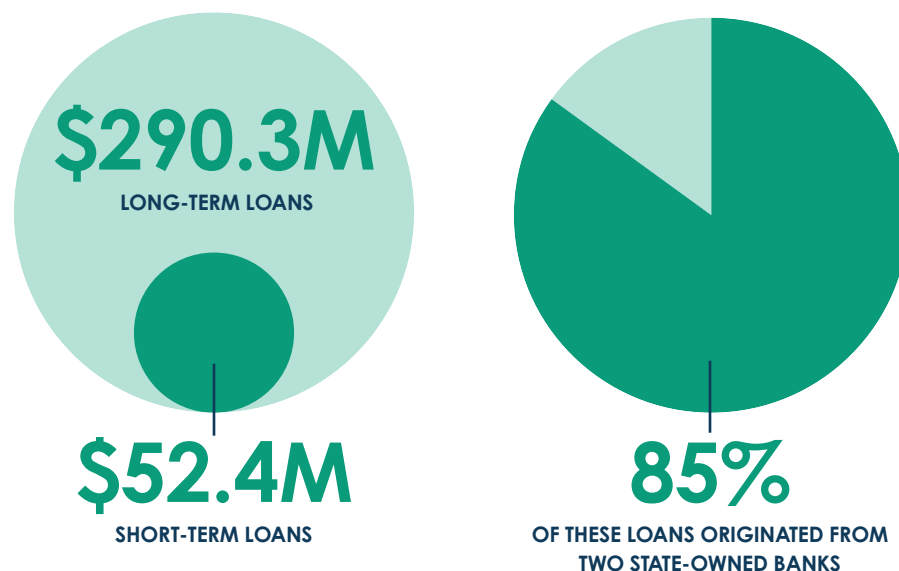
CHINA AGRICULTURAL INDUSTRY
DEVELOPMENT FUND PURCHASED AN
8% EQUITY INTEREST (EQUIVALENT TO \$64
MILLION) IN FUJIAN PROVINCIAL PINGTAN
COUNTY OCEAN FISHING GROUP CO., LTD.

I State-Owned Enterprise Investment

In addition to government subsidies, the Chinese government supports Pingtan Marine Enterprise through state-owned enterprise (SOE) investment. For example, in 2015, Pingtan Marine Enterprise announced that the China Agricultural Industry Development Fund [中国农业产业发展基金有限公司], which was established to fund agricultural investments, purchased an 8% equity interest (equivalent to \$64 million) in Fujian Provincial Pingtan County Ocean Fishing Group Co., Ltd.¹¹⁹

I Bank Loans

Pingtan Marine Enterprise has also received a variety of loans from Chinese financial institutions, including from several banks that are state-owned. According to Pingtan Marine Enterprise's 2020 Annual Report, the company holds \$52.4 million in short-term loans and \$290.3 million in long-term loans (\$342.7 million total) from a combination of four banks.^{120 121} The majority of these loans (about 85%, or \$292.3 million) originated from two state-owned banks, the Export-Import Bank of China and the China Development Bank. Both provide financing for companies engaging in the import and export of goods, as well as agricultural projects that support Chinese policy aims and promote the export of Chinese services and products.



I Political Ties Between Pingtan Marine Enterprise & the Chinese Government

According to Pingtan Marine Enterprise's official website and other media reports, several key Pingtan Marine Enterprise personnel have close ties to the Chinese government and to political industry groups.¹²²

ZHUO XINRONG, CEO AND CHAIRMAN OF THE BOARD

According to government and media reporting, Zhuo Xinrong is a member of the Fujian Provincial Committee of the Chinese People's Political Consultative Conference (CPPCC),^{123 124} a political advisory body and a central part of the Chinese Communist Party's (CCP) United Front system.^{125 126} The CPPCC incorporates business elites into the political system, giving the Chinese government the ability to align business activities with state interests.¹²⁷ Through his affiliation with the CPPCC, Zhuo Xinrong has advocated for fishing and marine-related policies, including: increased investment in and development of the fisheries industry in Fujian, the upgrade of offshore fisheries based in Fujian, and financial policy changes that should increase and stabilize fishery companies' access to capital while minimizing their costs.¹²⁸ All of these policies would likely materially benefit Zhuo Xinrong and the Pingtan Marine Enterprise network.

Zhuo Xinrong has also served as the vice chairman of the Fujian Federation of Returned Overseas Chinese (福建省侨联兼职副主席),^{129 130 131 132} an organization that has promoted the participation of Chinese businessmen abroad in the Belt and Road Initiative (BRI).¹³³ Finally, Zhuo Xinrong is an honorary chairman of the Australia China Economics, Trade & Culture Association (ACETCA), a non-profit organization in Australia that seeks to foster economic cooperation and cultural understanding between Australia and China. This organization, which reportedly has close ties to the United Front Works Department, may be financed by Zhuo Xinrong himself, according to recent research.¹³⁴

ZENGBIAO ZHU, DIRECTOR

In addition to Zhuo, Pingtan Marine Enterprise's official website claims that its director Zengbiao Zhu is a member of the National People's Congress' Standing Committee of Fujian Province,¹³⁵ which consists of top officials from Chinese communist party-linked provincial organizations.

LIN BAO, DIRECTOR

Similarly, Pingtan Marine Enterprise's official website claims that one of the company's directors, Lin Bao, has been the vice chairman of the China Overseas Fisheries Association [中国远洋渔业协会] since 2012.¹³⁶ The China Overseas Fisheries Association is a key DWF industry group that coordinates across the Chinese DWF fleet and negotiates with foreign governments and other entities.^{137 138 139}

Conclusion & Recommendations

Like the broader Chinese DWF fleet, Pingtan Marine Enterprise's vessels have faced repeated allegations of IUU fishing, forced labor, unauthorized at-sea transshipments, targeting species they are not licensed to catch, and other violations without lasting consequences. Instead, Pingtan Marine Enterprise and its affiliated companies continue to receive substantial financial support from the Chinese government to expand the scope of their operations on the high seas. And as its fleet has grown, Pingtan Marine Enterprise's vessels seem to carefully evade accountability by:

- 1 Targeting species, such as squid, without established oversight bodies;
- 2 Visiting Chinese ports almost exclusively; and
- 3 Internalizing their own supply chain so they are rarely exposed to external due diligence practices.

As a result, the Chinese government is indirectly supporting illicit activities conducted on or by Chinese DWF vessels that would otherwise likely not be profitable or economically viable.¹⁴⁰ Although China has revised and updated its IUU fishing regulations in 2020, these regulations remain relatively meaningless without evidence of decisive action taken against known bad actors.¹⁴¹ Without the promise of significant ramifications for noncompliance, increasing competition for fish and the low margins associated with DWF fishing will continue to drive DWF vessels to break existing regulations to increase their profitability and competitiveness.

In order to prevent Pingtan Marine Enterprise and other non-compliant DWF companies from engaging in illegal and harmful activity, C4ADS recommends the following actions be taken:

FINANCIAL INDUSTRY

- Banks and other financial institutions should require significantly heightened disclosures and other compliance paperwork from Pingtan Marine Enterprise prior to approving new loans or other financial instruments before financing the company and its affiliated entities. Pingtan Marine Enterprise is linked to numerous types of illicit activity, and therefore may expose its financial backers to indirect involvement in IUU fishing or other violations.
- The US SEC and NASDAQ should each re-evaluate Pingtan Marine Enterprise's public listing on the NASDAQ, and determine whether the company's history of illicit activity, as well as its failure to submit required financial documentation in a timely manner, warrant its delisting from the NASDAQ stock market.

FISHING INDUSTRY AND INDUSTRY REGULATORS

- Seafood companies, including processors and retail companies, should cease purchasing fish from the Pingtan Marine Enterprise network to de-risk their seafood supply chains.
- Relevant regional RFMOs should expand their purview to include the management of squid fisheries to improve sustainability, compliance, and cooperation across member states. For example, the SPRFMO could remove its exemption for the transshipment of jumbo flying squid without prior flag state authorization.¹⁴²
- Relevant regional RFMOs should continue to improve transparency measures pertaining to the ownership of vessels authorized to operate in their convention areas. For example, the SPRFMO should include vessel ownership and management within the publicly available SPRFMO record of vessels.

US AND LATIN AMERICAN GOVERNMENTS

- US CBP should impose a Withhold Release Order on Pingtan Marine Enterprise's affiliated fleet for its use of forced labor. Other countries with labor or IUU fishing import restrictions should impose similar import bans against Pingtan Marine Enterprise and its affiliated entities.
- Latin American governments should coordinate to share information with each other and the US about DWF fleet activity within or near their EEZs, including evidence of historical non-compliance by vessels and companies, as well as enact new regulations to restrict illegal fishing activity in the region.
- The US Congress should pass measures to expand the Seafood Import Monitoring Program (SIMP) to cover species that are not well-regulated on the high seas and that are heavily targeted by the Chinese DWF fleet, such as squid fisheries in the North Indian Ocean.¹⁴³ Other countries with similar seafood import monitoring programs should enhance coverage for unregulated fishery products.

CHINESE GOVERNMENT

- The Chinese government should investigate allegations of illegal fishing, forced labor, and other crimes onboard Pingtan Marine Enterprise-affiliated vessels and companies.
- The Chinese government should divest from and stop subsidizing Pingtan Marine Enterprise and its larger network.
- Moving forward, the Chinese government should ensure that fishing subsidies are tied to environmental and labor standards across its DWF fleet.
- The Chinese Ministry of Agriculture's Fisheries Bureau should add senior personnel of Pingtan Marine Enterprise and its associated companies, as well as the captains of vessels identified as engaged in IUU fishing, to its industry blacklist.
- The Chinese Ministry of Agriculture's Fisheries Bureau should revoke the offshore fishery licenses for Fujian Pingtan County Ocean Fishing and Fuzhou Honglong Ocean Fishing until they can prove their compliance with fisheries regulations.

Annex I: Pingtan Marine Enterprise Subsidiaries

Source: Chinese Corporate Registry; SEC Filings¹⁴⁴

Name of Subsidiary	Place and Date of Incorporation	Ownership	Principal Activities
Merchant Supreme Co Ltd	BVI, June 25, 2012	100% held by Pingtan Marine Enterprise Limited	Intermediate holding company
Prime Cheer Corporation 庆卓有限公司	Hong Kong, May 3, 2012	100% held by Merchant Supreme	Intermediate holding company
Pingtang Guansheng Ocean Fishing Co Ltd 平潭冠昇海洋水产有限公司	China, October 12, 2012	100% held by Prime Cheer	Intermediate holding company
Fujian Heyue Marine Fishing Development Co Ltd 福建和悦海洋渔业发展有限公司	China, January 27, 2015	100% held by Pingtan Guansheng Ocean Fishing Co Ltd	Seafood trading
Fujian Pingtan County Ocean Fishery Group Co., Ltd. 福建省平潭县远洋渔业集团有限公司	China, February 27, 1998	92% held by Fujian Heyue Marine Fishing Development Co Ltd	Oceanic fishing
Pingtang Duoying Fishery Information Consulting Co., Ltd. 平潭多盈渔业信息咨询有限公司	China, October 23, 2012	100% held by Pingtan County Ocean Fishery Group	Fishery information consulting service (Likely dormant)
Fuzhou Haoxian Investment Co., Ltd. 福州好鲜投资有限公司	China, September 5, 2017	100% held by Pingtan County Ocean Fishery Group	Investment in real estate industry, ocean fishing (Dormant)
Pingtang Dayang Fishery Co., Ltd. 平潭大洋渔业有限公司	China, July 21, 2017	100% held by Pingtan County Ocean Fishery Group	Marine fishery (Likely dormant)
Pingtang Yikang Global Fishery Co Ltd 平潭益康环球渔业有限公司	China, September 14, 2017	100% held by Pingtan County Ocean Fishery Group	Marine aquaculture, ocean fishing, aquatic seed and broodstock production (Dormant)
Pingtang Dingxin Fishing Information Consulting Co Ltd 平潭鼎鑫渔业信息咨询有限公司	China, October 23, 2012	100% held by Pingtan County Ocean Fishery Group	Fishery information consulting service (Dormant)
Pingtang Ruiying Fishery Information Consulting Co., Ltd. 平潭瑞盈渔业信息咨询有限公司	China, October 23, 2012	100% held by Pingtan County Ocean Fishery Group	Fishery information consulting service (Suspected to be dormant)

Table 2: Pingtan Marine Enterprise subsidiaries, their direct ownership, and their primary business activities. Source: Chinese Corporate Registry and PME SEC filings.

Name of Subsidiary	Place and Date of Incorporation	Percentage of Ownership	Principal Activities	Other Major Shareholders
Fujian Ocean Industry Co., Ltd. 福建省海洋实业股份有限公司	China, November 8, 2013	30% held by Pingtan County Ocean Fishery Group	Investment in ocean-going fisheries and finance	50% held by Fuzhou Honglong Ocean Fishing Co Ltd 福州宏龙海洋水产有限公司
Global Deep Ocean (Pingtan) Industrial Limited 环球深海鱼(平潭)实业有限公司 ¹⁴⁵	China, June 30, 2014	20% held by Pingtan County Ocean Fishery Group	Investment in ocean-going fisheries and finance	80% held by Fujian Xinqiao Agricultural Development Group Co., Ltd. 福建鑫侨农业发展集团有限公司
Fujian Pingtan Rural-Commercial Bank Joint-Stock Co., Ltd. 福建平潭农村商业银行股份有限公司 ¹⁴⁶	China, September 26, 2012	4.8% held by Pingtan County Ocean Fishery Group	Financial Institution	N/A

Table 3: Pingtan Marine Enterprise partially-owned subsidiaries, their ownership, and their primary business activities. Source: Chinese Corporate Registry and PME SEC filings.

Annex II: Pingtan Marine Enterprise-Affiliated Fleet Activity Analysis

Source: Global Fishing Watch

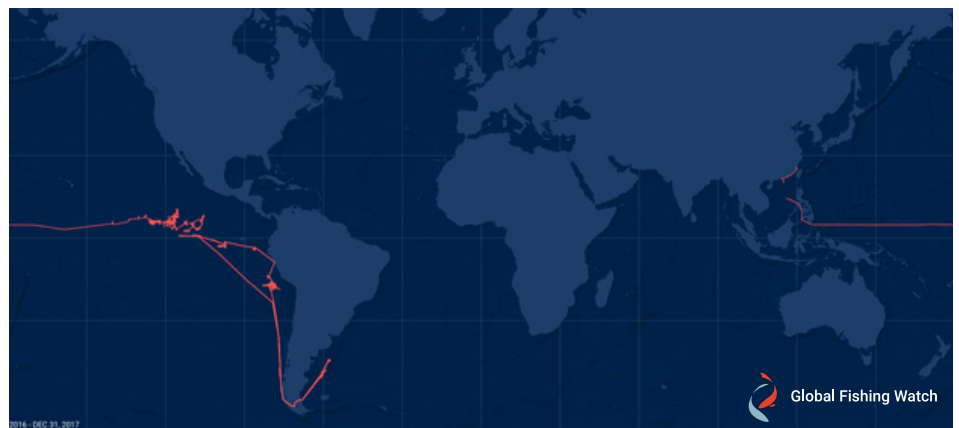
Pingtan Marine Enterprise is linked to at least 116 fishing vessels and 10 refrigerated cargo vessels¹⁴⁷ through its wholly-owned subsidiary, Fujian Pingtan County Ocean Fishery Group Co., Ltd., and its affiliate company, Fuzhou Honglong Ocean Fishing Co., Ltd. Prior to 2017, Pingtan Marine Enterprise's fleet primarily operated within the Indonesian EEZ. However, there is little Automatic Information Signal (AIS) data available for the fleet at this time, likely because the IMO does not require non-passenger vessels less than 500 gross tons (GT) to transmit AIS unless they are traveling internationally.¹⁴⁸

Pingtan Marine Enterprise Vessel Activity: January 1, 2016 - December 31, 2017

Figure 1: Fishing activity of all identified Fujian Pingtan County Ocean Fishing-owned vessels, January 1, 2016 - December 31, 2017. Green lines represent the vessels' AIS signals.



Figure 2: Fishing activity of all identified Fuzhou Honglong Ocean Fishing-owned vessels, January 1, 2016 - December 31, 2017. Red lines represent the vessels' AIS signals.



Since 2018, Pingtan Marine Enterprise's fleet appears to have dramatically increased its high seas fishing activity and its geographic reach. For example, Pingtan Marine Enterprise-associated vessels began operating in the North Indian Ocean and the Northwest Pacific Ocean, and substantially increased their operations in the Southeast Pacific Ocean and the Southwest Atlantic Ocean. This is consistent with information in Pingtan Marine Enterprise's 2018 annual report that noted the company had sought authorization to increase their fishing efforts on the high seas.^{149 150}

Pingtan Marine Enterprise Vessel Activity: January 1, 2018 - September 30, 2021

Figure 3: Fishing activity of all identified Fujian Pingtan County Ocean Fishing-owned vessels, January 1, 2018 - September 30, 2021. Green lines represent the vessels' AIS signals.

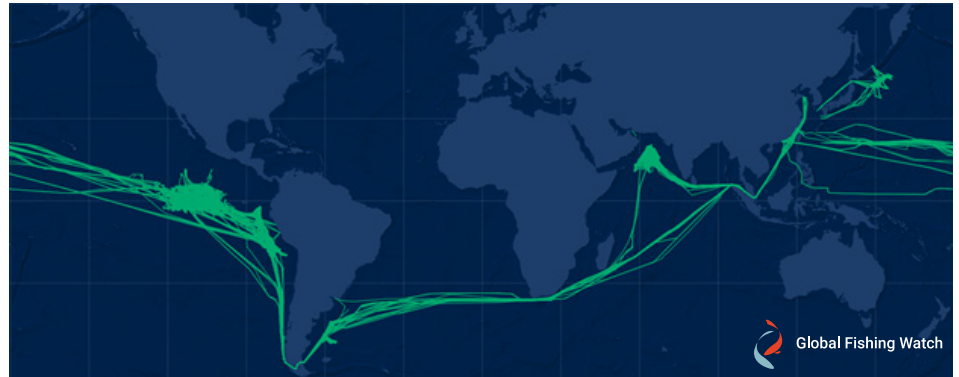
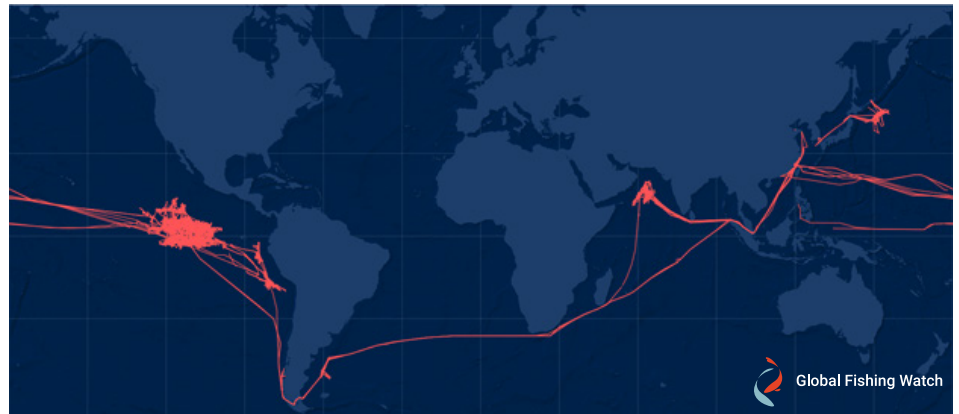


Figure 4: Fishing activity of all identified Fuzhou Honglong Ocean Fishing-owned vessels, January 1, 2018 - September 30, 2021. Red lines represent the vessels' AIS signals.



I Port Calls

According to AIS data, Pingtan Marine Enterprise-associated vessels rarely seem to visit ports outside of China. For example, between January 1, 2016 and September 30, 2021, 172 of their vessels appeared to make a total of 1,813 port calls. The vast majority (approximately 1,717, or 95%) took place in China.¹⁵¹ The other ports that the vessels appeared to call into included:

Port (Country)	Number of Port Calls	Number of Vessels
Punta Arenas (Chile)	25	18
Kaohsiung (Taiwan)*	11	3
Montevideo (Uruguay)	3	3
Suva (Fiji)	2	2
Busan (Korea)	2	1
Bangkok (Thailand)*	4	1
Songkhla (Thailand)*	1	1
Manila (Philippines)*	1	1
Vitoria (Brazil)*	1	1

Table 4: Suspected port calls made by Pingtan Marine Enterprise-affiliated vessels outside of China between January 1, 2016 and September 30, 2021. Asterisks denote port calls that only involved refrigerated cargo vessels. Source: Windward.

Pingtan Marine Enterprise-associated vessels' apparent preference for visiting Chinese ports may be a result of a desire to minimize fuel expenses or avoid inspection by foreign port authorities. Avoidance of foreign ports is common amongst DWF vessels operating on the high seas, and is enabled by refrigerated cargo vessels ("reefers") that meet with fishing vessels at-sea to exchange crewmembers, supplies (e.g. fuel), and catch in order to allow DWF vessels to fish for as long as possible.¹⁵² This can contribute to the prevalence of IUU fishing and forced labor on DWF vessels, since it limits officials' ability to monitor conditions onboard.

Of the port calls made by Pingtan Marine Enterprise-associated vessels outside of China, the majority were made in South America or Taiwan. According to Uruguayan port records, one of these port calls involved a Pingtan Marine Enterprise-linked vessel, the Fu Yuan Yu 7614, which called into port in Montevideo on January 2, 2020 to "disembark crew for humanitarian reasons."^{153 154} This may suggest that Pingtan Marine Enterprise vessels only enter foreign ports for emergencies or other unavoidable reasons.

I Reefers & Transshipment

Pingtang Marine Enterprise's fishing fleet primarily transships to a group of refrigerated cargo vessels that are either directly or indirectly owned by subsidiaries or affiliates of Pingtang Marine Enterprise. The primary reefers involved in these transshipments include:

Vessel Name (IMO)	# of Encounters (GFW)	# of Encounters (WW)	Registered Owner
Fu Yuan Yun 997 (9887853)	17	60	Fujian Pingtan County Ocean Fishery Group Co Ltd 福建省平潭县远洋渔业集团有限公司
Fu Yuan Yun 992 (9910909)	N/A	57	Fujian Pingtan County Ocean Fishery Group Co Ltd 福建省平潭县远洋渔业集团有限公司
Star Mariner (8613920)	10	50	Hong Kong Yaode Asia Shipping Group Limited 香港耀得亞太船務集團有限公司
Fu Yuan Yu Yun 993 (9897066)	19	30	Fuzhou Honglong Ocean Fishing Co Ltd 福州宏龙海洋水产有限公司
Global Mariner (8813582)	18	N/A	Hong Fa Shipping Limited 宏發船務有限公司
Ocean Mariner (8217104)	3	6	Good Success Transportation Limited 興旺運輸有限公司
Fu Yuan Yun 991 (9920954)	5	4	Fuzhou Honglong Ocean Fishing Co Ltd 福州宏龙海洋水产有限公司

Table 5: Suspected encounters at sea by Pingtan Marine Enterprise-affiliated reefers and fishing vessels between January 1, 2016 and September 30, 2021. C4ADS collected data on encounters at sea from Global Fishing Watch155 and Windward, which collect and represent this data differently and are therefore presented separately. Source: Windward and Global Fishing Watch.

Of the reefers that appeared to meet with Pingtan Marine Enterprise-affiliated vessels, four are directly owned by either Fujian Pingtan County Ocean Fishery Group or Fuzhou Honglong Ocean Fishing. One vessel - the Global Mariner (IMO: 8813582) - is owned and managed by Hong Fa Shipping Limited [宏發船務有限公司], which appears to be majority owned by Zhuo Xinrong's daughter, Zhuo Honghong. Several of the vessels have been implicated in IUU fishing activity in the past (see ***IUU Fishing and the Shark Trade***).

Graphics Notes

Timeline of Major IUU Fishing & Forced Labor Incidents Related to Pingtan Marine Enterprise

1. Pingtan Marine Enterprise Limited. (2015, March 31). Related Parties Transactions. Retrieved from: <https://www.sec.gov/Archives/edgar/data/1517130/000121390015003453/R16.htm>.
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Timor-Leste. However, given that the ultimate owner of the vessels, Fuzhou Honglong Ocean Fishing Co Ltd, is a Chinese company, it is likely HLF was in violation of Timorese laws which prohibit the sale or renting of fishing licenses to "third parties". Specifically, the companies were allegedly in violation of Timor-Leste Article 30 of Government Decree Law No. 6/2004, 21 April 2004 of the General Basis of the Juridical Regime for Management and Fishing and Aquaculture Legal Code. For more information, see: Fundasaun Mahein (FM). (2017, November 22). Hong Long Fisheries, Ltd: A Transnational Crime Operation Infiltrates Timor-Leste. Fundasaun Mahein (FM). Retrieved from: <http://www.fundasaunmahein.org/wp-content/uploads/2017/12/MNH-15-Ingles-Relatoriu-Final.pdf>; Democratic Republic of Timor-Leste Government. (2004, April 21). Decree-Law No. 6/2004: General Bases of the Legal Regime for the Management and Regulation of Fisheries and Aquaculture. Retrieved from: http://timor-leste.gov.tl/wp-content/uploads/2010/03/DL_2004_6_GENERAL_BASES_REGIME_MANAGEMENT_REGULATION_FISHERIES_AQUACULTURE_.pdf.

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- 39 Ibid.
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- 45 In Pingtan Marine Enterprise's 2020 Annual Report, the company lists its executive office address as 18-19/F, Zhongshan Building A, No. 154 Hudong Road Fuzhou, P.R.C. 350001 For more information see: Pingtan Marine Enterprise, Limited. (2021, October 19). 2020 Annual Report on Form 10-K. Retrieved from: <https://ir.ptmarine.com/annual-reports/content/0001213900-21-052493/0001213900-21-052493.pdf>.
- 46 Fuzhou Honglong Ocean Fishing Company Limited (formerly referred to as Fuzhou Honglong Ocean Aquatic Products Co. Ltd.) was initially established in 1995 by the CEO of Pingtan Marine Enterprise, Zhuo Xinrong, who served as Fuzhou Honglong Ocean Fishing's supervisor until 2006. The company is currently ultimately owned by Zhuo Longjie, the brother of Zhuo Xinrong, and is often cited as an affiliated party of Pingtan Marine Enterprise in its SEC reporting. Zhuo Xinrong's wife, Lin Ping, currently serves as the company's supervisor.

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- Fuzhou Honglong Ocean Fishing is contracted by Pingtan Marine Enterprise to provide transport services and collateralize its fleet to obtain loans. Fuzhou Honglong Ocean Fishing's vessels also frequently interact with Pingtan Marine Enterprise's vessels at sea. For more information, see: Pingtan Marine Enterprise, Limited. (2021, October 19). 2020 Annual Report on Form 10-K. Retrieved from: <https://ir.ptmarine.com/annual-reports/content/0001213900-21-052493/0001213900-21-052493.pdf>; 周辰 [Zhou Chen]. (2017, September 4). 运鲨涉事企业福州宏龙隐身为中概股平潭海洋关联公司 [Fuzhou Honglong, the company involved in the transport of sharks, has been invisible as a Chinese stock Pingtan marine affiliated company.]. Caixin. Retrieved from: <https://other.caixin.com/2017-09-04/101140067.html>; and the China Corporate Registry. Documents held by the author.
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- 54 Through Global Deep Ocean, Pingtan Marine Enterprise has invested in the construction of the Pingtan International Marine Industrial Logistics Park Project [平潭国际海洋产业物流园项目] in the city of Pingtan. The marine park consists of high and low temperature freezing centers, fishing processing plants, product distribution centers, and more. Currently, the projected annual processing capacity of the park could reach 100,000 tons and its storage capacity could be more than double that at 250,000 tons. For more information, see: World Fishing & Aquaculture. (2020, October 21). Marine Industry Park opens in Pingtan. Retrieved from: <https://www.worldfishing.net/news101/industry-news/marine-industry-park-opens-in-pingtan>.
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67 Indonesian corporate records show that Fuzhou Honglong Ocean Fishing Co Ltd is the majority shareholder of PT Dwikarya Reksa Abadi, which also shares directors with PT Avona Mina Lestari and PT Wahana Lestari Investama. Source: Indonesia Corporate Registry. Documents held by the author.

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72 In 2013, Pingtan Marine Enterprise reported that it owned or operated a fleet of approximately 40 fishing vessels. By the end of 2020, the company claimed that it owned or held operating rights for a total of 143 fishing vessels. The breakdown of Pingtan Marine Enterprise's fleet by vessel type is: 51 squid jigging vessels, 26 trawlers, 25 seine vessels, 13 drifters, four longline fishing vessels, and three transport vessels. The company also has "exclusive operating rights" to 20 drifters and was in the process of constructing one krill fishing vessel through its affiliate, Fuzhou Honglong Ocean Fishing. However, Pingtan Marine Enterprise announced its plans to cancel its order to construct a krill vessel, likely due to rising input costs for vessel construction. For more information, see: Pingtan Marine Enterprise, Limited. (2021, October 19). 2020 Annual Report on Form 10-K. Retrieved from: <https://ir.ptmarine.com/annual-reports/content/0001213900-21-052493/0001213900-21-052493.pdf>; Godfrey, M. (2022, January 10). Pingtan Marine abandons plan to build krill-fishing vessel. Seafood Source. Retrieved from: https://www.seafoodsource.com/news/processing-equipment/pingtan-marine-abandons-plan-to-build-krill-fishing-vessel?utm_source=marketo&utm_medium=email&utm_campaign=newsletter&utm_content=newsletter&mkt_tok=NzU2LUZXSIOwnJEAAGB9q7KgfT_2uwgZPDlnJGVKfyYQvg2rDoQRfYxCITN5WzrHhqtZ-8vpvSuZQCKaUlqoSvXsZpsT1iScQhIWVa7Us6hX1kRgUWN4aP-1NSeB_bl.

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- 86 While Pingtan Marine Enterprise publicly reports that the company owns and operates up to 143 fishing vessels, some of these vessels were unidentifiable through publicly available information.
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- Pingtan Marine Enterprise's SEC reports also disclose "proceeds from government grants for fishing vessels construction" from 2014 to 2020. According to these reports, Pingtan Marine Enterprise has received government grants for fishing vessel construction totaling \$80.16 million since 2014, including: \$3.4 million in 2014, \$6.6 million in 2017, \$5.23 million in 2018, \$35.52 million in 2019, and \$29.35 million in 2020. For more information, see: Pingtan Marine Enterprise, Limited. (2021, October 19). 2020 Annual Report on Form 10-K. Retrieved from: <https://ir.ptmarine.com/annual-reports/content/0001213900-21-052493/0001213900-21-052493.pdf>; Pingtan Marine Enterprise, Limited. (2020, March 16). 2019 Annual Report on Form 10-K. Retrieved from: https://ir.ptmarine.com/annual-reports/content/0001213900-20-006499/f10k2019_pingtanmarine.htm?TB_iframe=true&height=auto&width=auto&preload=false; Pingtan Marine Enterprise, Limited. (2017, March 23). 2016 Annual Report on Form 10-K. Retrieved from: <https://ir.ptmarine.com/annual-reports/content/0001213900-17-002738/0001213900-17-002738.pdf>; Pingtan Marine Enterprise, Limited. (2021, November 16). Pingtan Marine Enterprise Ltd Form 10-Q Quarterly Report (September 30, 2021). Retrieved from: <https://ir.ptmarine.com/quarterly-reports/content/0001213900-21-059586/0001213900-21-059586.pdf>.
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- 145 Pingtan Marine Enterprise has pledged up to 22 vessels as collateral to secure long-term loans for Global Deep Ocean amounting to \$93.5 million. While Pingtan Marine Enterprise claims in its 2020 Annual Report that this pledge of vessels "has no beneficial purpose" for the company, this is likely inaccurate given Global Deep Ocean's important role in advancing some of Pingtan Marine Enterprise's ongoing business ambitions. For more information, see: Pingtan Marine Enterprise, Limited. (2021, October 19). 2020 Annual Report on Form 10-K. Retrieved from: <https://ir.ptmarine.com/annual-reports/content/0001213900-21-052493/0001213900-21-052493.pdf>.
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- 147 While Pingtan Marine Enterprise publicly reports that the company owns and operates up to 142 fishing vessels, some of these vessels were unidentifiable through publicly available information.
- 148 The IMO requires "AIS use by all vessels >500GT, for any vessel >300GT that is on an 'international voyage' and for all passenger vessels." For more information, see: Global Fishing Watch. What vessels are required to use AIS? What are global regulations and requirements for vessels to carry AIS? Retrieved from: <https://globalfishingwatch.org/faqs/what-vessels-are-required-to-use-ais-what-are-global-regulations-and-requirements-for-vessels-to-carry-ais/>.
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