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TRANSCRIPT

Event

Ocean Security and Human Rights Forum Panel Discussion

From Fish to Ships – Continuing to Address Shared Maritime Governance Challenges in a Time of Change

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FEATURING

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Dr. Whitley Saumweber: Hello. Good morning. It's great to be here again. This is obviously something that we do every year here at CSIS. We have hosted the Stephenson Ocean Security Project Ocean Security Forum since 2019, every year. And in the past three years, we've been joined, in partnership and as a co-host, by the Human Rights Initiative. And I really want to thank my colleague Andrew Friedman for his enthusiastic partnership, and really just to be a great colleague on these issues because they are so intertwined, as Enoh said.

Just following up on Enoh's conversation and remarks there, I think she really wonderfully highlighted the challenge that is presented by IUU fishing, by human rights abuse at sea, and the ways in which these linked issues are representative of much deeper and broader challenges that we have around ocean governance and collective action to deal with problems that occur at sea.

The oceans are a commonwealth. They are a shared resource that we, collectively, all nations, have to work together to manage sustainably to ensure are used appropriately, and that there are basic norms and standards that we all follow while operating at sea. So I really see this idea of IUU fishing as an entryway into a broader suite of issues and challenges that encompass a range of ocean governance issues. We've heard about the linkage between IUU fishing and human rights, but there are other deeper challenges as well, things like shipping and sanctions avoidance, that can be thought of as being related in various ways.

So that's why today I'm really thrilled to be joined by two excellent panelists, honored to be joined by Dr. Ruth Perry, who is the deputy – excuse me – the Principal Deputy Assistant Secretary for Oceans and International Environmental Scientific Affairs at the Department of State, and Erik Giercksky, who is the head of the Ocean Sustainability Coalition with the U.N. Global Compact. I'd like to pause now and just give each of them a few minutes to tell you a little bit about their roles, about what they do, and about some of the priorities that they have as they're moving forward. And I think maybe we'll go ahead and we'll start with you, Dr. Perry.

Dr. Ruth L. Perry: Great. Thank you, Whit. Thank you, Andrew. And thank you to the CSIS team for having us today, and convening this important discussion. It's great to have a full room and, as I understand, a full virtual audience as well.

And by background, I'm an oceanographer. I've worked both as a research oceanographer in the academic and government space, to energy for the last 15 years, offshore energy. And all of those areas across the world have had, I don't know, a benefit, but certainly eyes on the water to see the – see the interaction and the complexity playing out. And I think everybody, you know, loves to refer to the oceans as big and vast, but much of this activity is happening in areas where we do have eyes on the water. And how do we really develop that synchronous, or – oh, now you've got me – but how do we develop the collaboration that we need between all of our assets to be able to utilize the observing and on the water to really get at this issue?

I think one of the themes you'll hear today is that this can't be done in isolation by governments alone. There is an important role for nongovernmental organizations, for academics, for countries, for the energy sector, for the maritime sector to really get out the crux of the issue. And so certainly I want to start with why framing today's discussion matters so much. When we talk about illegal fishing, we're often talking about it in isolation. Typically, it comes up as a fisheries management issue in my space, or purely an environmental issue, which you heard from the long title that I have squarely fits into that board. However, what was highlighted in the opening remarks, and by your intro, Whit, is that the reality on the water is far more complex. And this issue is intertwined.

It's not a high seas issue. It's not a coastal issue. But it's an integrative issue from the water to the land to the movement of goods to the entry of goods. And so there's a social element of that as well that we really have to think about. So I tend to frame it as a neural network problem. It has spokes and nodes. And we have to be able to look at it in that four-dimensional neural network type approach, because if they – and if you want to add more spatial complexity, it often is a 4-D issue, right? So if we isolate – if we look at fish, and then we look at criminal network, and we look at logistics, and supply, and funding, now we're starting to build this kind of four-dimensional aspect of our neural network.

And so you'll hear a little bit more about this, but this is really how State is approaching it, alongside war, our intelligent community – our intelligence community, as well as our scientific mission agencies. We really have to evolve the way that we're looking at this issue to be able to map the complexity in a way that allows us, in our individual and respective areas, target where we need to put our full equities and resources at. So I'll talk a little bit more about that. And so certainly a vessel engaged in IUU fishing isn't just breaking fisheries rules. I think we all know that here. It's often evading customs, operating outside port controls, potentially employing harmful labor practices and undermining the economic security of legitimate fishermen, including our own U.S. fishermen.

So increasingly we're seeing the same governance gaps exploited for other illicit activities, from sanctions evasion to narcotics trafficking. So when we ask whether IUU fishing is a governance problem, a security problem, an enforcement problem, or a trade problem, the simple answer is, yes. I think that's the – probably the only way that we can get the complexity out, is to recognize that it is all of those things. And we have to look at it in that way. The oceans, as we know, do not respect our bureaucratic silos. (Laughs.) I love to hear this one, right? And I hear it quite a bit from our stakeholders over at the State Department. You know, the same vessels, the same networks, the same governance failures that enable legal fishing also enable other illicit maritime activities. And this is why this integrated economic and security discussion is so important.

The Trump administration has really fundamentally reframed how we approach these challenges. And when we have – when we discuss it from a national and economic security lens, it drives a different innovation and targeted approach to really, again, back to those – what I like to say, the spoke and node problem. Where do we need to hit those nodes? Where do we need to be in a responsive mode to see how that, you know, four-dimensional neural network changes, and then be able to continue targeting that without the traditional silos that we have as a large bureaucracy?

For me at the State Department, it brings together all parts of the State Department. Not just our fisheries experts, but our regional bureaus, our missions, our posts, our sanction teams, our trade negotiators, and our intelligence community, to coordinate a comprehensive response. We are convening this for the first time at the highest levels, championed by both our secretary and our deputy secretary. And so if you think about State Department, you know HST down the road is typically at the tip of the triangle, and then it increases in terms of people and presence globally. And the base of the triangle is quite large when you look at our regions and posts.

But when we're dealing with IUU, we almost have to flip that triangle around. And so it's about bringing all of those groups together in State Department at the very top to ensure that we are giving the right level of attention, integration, coordination and deployment. And so that's – for an issue that has traditionally been a fisheries management issue, it is personally exciting to have that kind of bold approach, which sounds very simple, right? Let's get the bureaucracy coordinating. But we all know that requires championing, it requires a prioritization, and it requires a focus that really needs top-down leadership, and bottom-up attention.

Second, what it means is using all the tools in our tool kit in new ways. Last month, Deputy Secretary Landau announced new visa restrictions against individuals, and individuals connected to those individuals, that are involved in IUU fishing. And so, surprisingly, what I think people fail to recognize, this also includes immediate family members. Anybody in that network that is affiliated back to IUU fishing, including a former – even a former Argentinian official involved in corrupt fishing practices and a Mexican national engaged in illegal operations that fuel trafficking of endangered fish species – is included in this. And we've used that authority specifically to target IUU fishing.

So that was really kind of opening up a – I wouldn't it a Pandora's box, but a jewelry box, right? It opened this kind of big shiny space that we could really say, look, if you were involved in this type of illicit activity, you are not welcome in the U.S. And so it's an example of looking across all of the tools. So traditionally we've focused on the toolset that we know is specific to IUU fishing, but there are so many other things, again, that target not only what's happening on the seas, but is targeting the people that are on land that are also contributing to moving product.

We are further exploring how this tool can address human rights abuses that accompany IUU, including forced labor. Forced labor has its own complexity, which I'm sure we can get into, but illegal fishing and labor do go hand in hand. And it does have a compression of our markets that we really have to address. And that's not only U.S., but that's partners and allies too. And so we are looking at what the next evolution of that tool could be, as well as some other tools that have been underutilized in closing the gap of IUU fishing.

Second – or, third, I should say – I'm probably going a little longer than you expected, Whit, but I get a little bit excited about this topic. But the visa sanctions also fills a gap that that has formed and has continued to widen in our multilateral forums. These organizations are designed for purpose, but that purpose is regulated by a large governance system. And that allows individuals and adversaries, and other countries, to really manipulate that governance to kind of distill the problem. So as part of our international organizational reform, we're really looking at how we could take harder diplomatic approaches to getting at the crux of IUU fishing in those, which is also related to fisheries management accountability, among other things.

I think this morning the USAID piece was mentioned. I want to be very clear that USAID has come into State Department fully as foreign assistance. What that has enabled, when I talked about that triangle flipping, is that now we have global foreign assistance that we are operating to supplement what our regions, posts, and embassies are doing on the ground. Because, as we know, and many of you that have experience with State Department, those silos kind of tend to get into this issue. But if we also don't have an ability to provide foreign assistance funding at the 60,000-foot level, then we're not fully integrated as we get down to – you know, to use another analogy – down at sea level to fight that.

So this is also, again, I think I hear quite a bit the criticism around USAID. Certainly understand those feelings and concerns. But from the beneficial side, now having more flexibility with foreign assistance to fuel this kind of global approach that we're taking is really going to do some major – some major good here. And so stay tuned for some of that. But, again, now we can use foreign assistance to work with partners, allies to uplift some of the challenges we've had – whether that be fisheries management, traceability, vessel ownership, port state measures, foreign assistance as a monetary tool becomes an important hard diplomatic negotiating tool. And so that's really opening up some avenues that we haven't quite focused intently on, where we want to make sure that we are looking at closing the gaps across all of the various components of this. And ensuring that we're holding partners and allies accountable to that if we are making those foreign assistance investments, because that affects our businesses' and our people's ability to operate abroad.

With Mary-Eileen in the room, Senator Sullivan, it was hit on this morning with bipartisan support, the Hill's excitement around this is incredibly charging as well. We're grateful for the bipartisan and bicameral leadership on many things, from the Fish Act to the Stop Illegal Fishing Act, and the continuation of funding to fight this issue. So I've been – you know, politics aside, when we're talking about IUU, we're really coming at it from a monumental, moderate, collaborative, put all the terms in the box. It's really refreshing to see. And it's refreshing to be asked, what more do you need? Where can we help? And so Congress is an important partner domestically, and looking at this internationally with us. And I won't get too deep into it, but industry is also part of the solution.

But I will be frank, I'm putting quite a bit of optimism in the room. I think we still have to be clear-eyed about what's working and what's not. And we need to strengthen existing institutions so they're effective. We also need to figure out how to build new coalitions. And, again, I'm a huge proponent of that requires setting politics aside. If we're going to really focus on IUU fishing, then it truly has to be a public-private sector approach. And that includes all parties around the table focused on IUU fishing, and leaving politics outside. And, again, leveraging technology and transparency to make it harder to operate in the shadows. We can go – I could go another five minutes on that issue, but I certainly have taken up enough airtime on this.

But just to end that State Department and the United States is committed to leading on these issues. You know, for the first time the executive branch is putting fishing, domestic and international, at the White House as well. And so there's going to be some more exciting things coming out of that as it pertains to aligning all of U.S. government around IUU. So I look forward to the rest of the discussion. Thank you for giving me a few extra minutes to go into the topic.

Dr. Saumweber: Ruth, thank you so much. Really, listen, I'm not going to ever complain about the fact that a senior official from the State Department wants to talk extensively about these topics. (Laughter.)

Dr. Perry: Happy to.

Dr. Saumweber: I think that's great. And I think it's a really great sign that there is a good deal of attention on these issues. So, thank you very much for that. There's a lot there, and I look forward to diving into that. I'm particularly interested in how the administration's approach to these issues have changed over time. And you hit on a number of key points that I look forward to coming back to.

But I do want to give Erik a chance, because Erik is coming at ocean governance from a very different perspective, and from a different place, maybe some different focus areas, but which I think have some overlaps here. And so, Erik, maybe you could tell us a little bit about the U.N. Global Compact, about what you do, and about how you are thinking about ocean governance and the kinds of issues that you work on with respect to those topics.

Erik Giercksky: Yeah. Thank you, Whit. And thank you for that very interesting deep dive into state of affairs in the U.S. And maybe just to segue a bit into the similarities of the U.N. world, my name is Erik. My background is from international shipping, offshore energy, finance. But I started my career as a diplomat from Norway many years ago. And we started this project in the UNGC in 2018. And one of the first things that we did was to map the number of U.N. agencies with some kind of regulatory authority or relevance for the ocean governance. And it there were more than 22 U.N. entities – IMO, ESA, WTO, UNFCCC, UNEP, UNDP, all of them have some kind of part of that domain. It's extremely complex, like you said, Ruth. I mean, coordinating departments and bureaucracy nationally is one thing. We have this enormous, big, global bodies of governance that you have to govern.

And in the midst of this is the UNGC. It's really the private sector arm of the U.N. It's the place for non-state actors to engage with the U.N. So it's a special initiative of the secretary-general, started by Kofi Annan in the year 2000. And it's become now the biggest private sector initiative in the world for sustainability. We have 10 principles of the UNGC. that all companies have to sign up on and deliver progress report on every year. And that's actually a qualification of the U.N. conventions, basically, made into, like, common practical guidance for businesses on climate, on environment, on human rights, labor rights, and governance. And today we have 60,000 companies who are working with us, and we have 60 country networks offices around the world, also in the U.S.

And it's a go-to place if you want to engage, as you say, in public-private partnerships at the U.N. level. We work with companies all over the world to have these discussions, to set standards, to inform regulators and U.N. processes about the opportunities that the private sector can bring in, and the challenges that the industry is facing. So we produced a lot of key initiatives, like the science-based target initiatives, principles for responsible investments. I also do the first private sector, the Blue Bond Framework back in 2019, which is now part of the International Capital Management Association's formal guidelines for blue bonds issuance. So we do lots of this formative work that we hope will enter into force as regulatory compliance and regulations down the road. Also with – especially with the IMO, the International Maritime Organization, regulating shipping. We've been hard at work at informing them about the ambitions of the private sector.

Maybe to give some context on how we look at the world. I mean, it's interesting times that we live in, to say the least. (Laughs.) And, of course, the U.N. is under pressure. It's lots of headwinds for the international community these days. It's literally happening every day. Financially, the support is lower as of 10 years. And we see, staffing-wise, that we are losing colleagues every day. And on top of this, the challenges are increasing on trade wars, real wars, like we have now in Hormuz and Ukraine and Sudan, and so forth, and the geopolitical tension making it so much more difficult to get the real debates that we need to address – global issues like ocean governance. And this might not seem a very good climate to advance ocean sustainability, and especially complex issues like fisheries. And it's really needed, as you and our introductory speaker alluded to.

Our perspective is that ocean is instrumental for all the 17 SDGs, being energy, food security, trade, but also climate action, biodiversity, human rights, labor rights, and governance. The ocean is at the center of all of these issues. So we really have to get it right. And I work a lot with the Office of the Secretary-General, key governments around the world. I'm co-chairing the G-20 ocean last two years. Not this year. That's on hold this year. And I started this morning, actually, with France on preparing their meeting for the G-7 next week. And, you know, I'm trying to get one message across, also with the secretary-general. It's his last year as the secretary-general of the U.N. There has been a lot of progress. And the ocean has been at the center of a lot of this multilateral progress that we've seen so far.

Maybe start a few years back with the SDGs and the climate deal. I mean, that was a milestone for the U.N. Wherever I travel in the world, the SDGs are at the center of the discussion. Not everybody likes them. Not everybody really adhere to them. But they have to say if they are delivering them or not. And extremely interesting being in Korea, Johannesburg, Chile, Beijing, Brussels, the last few weeks only, that is the center of the discussion, is the SDGs. We are not performing well on them, but we relate to them. We have to understand how we can perform better. So I think the U.N. has set some milestone directions for the world where we're heading. And what I like about SDGs is that all nations are developing nations, according to the SDGs, on gender, on climate action, on circular economy. We all have to improve.

The businesses are, of course, at the center stage here, because they have to do the investments, they have to do the innovation, they have to do the operation – especially in the oceans. Most ocean activities is private sector driven. So it's very important then to – and this is my job as head of the ocean at the U.N. Global Compact – how do you translate the SDGs into operational targets for the ocean industries? How can we create more renewable energy? How can we create more sustainable food production? How can we create green trade and accessible trade for the world?

And I think we have – you know, we have to celebrate some of the success that we have seen the last few years. Today, clean energy, renewable energy is the cheapest form of the new energy that you can deploy in any system almost anywhere in the world. Ninety-five percent of all new capacity globally is renewable energy. And offshore wind is, of course, a critical part of that. We are no longer looking at a four degree scenario, but two point something scenario. This is critical for ocean, you know? The ocean is the most impacted by climate change. And getting that down is extremely important for fish stocks, but also for all kinds of habitats and life below water.

We see this, you know, every day at the Global Compact. Our membership is growing. More and more companies are coming to us, how can we get guidance and direction on being a more sustainable company? I think it's driven by leadership in these companies, but also many pressure points – from their investors, from their clients, and supply chains, and their employees. They have to show that they are future proof. That's extremely important. So a lot of work that we're doing in the UNGC is to see how can finance companies, and insurance companies, and class societies better understand performance of companies? How can we monitor and report performance on this?

And in the fishery sector, which is one of the most complex and challenging sectors in the world, this is super critical. It's very hard to detect illegal fishing, slavery, forced labor, illicit trade. There are so many points and stops in the supply chain before the fish actually hits the consumer. So many ways to hide it. But technology, driven by the U.S. largely, and satellites and tracking of products, is improving rapidly. We had a meeting in New York with the Norwegian sovereign wealth fund, the biggest wealth fund in the world, owning like 2 percent of all stocks. And, you know, they have been inquiring for reports, and MSC certification, and ASC certification.

But what I said is that with AI they can scrape data from all kinds of systems so efficiently that they will know more and more and more about the performance of the company than the company report themselves. So they know what questions to ask. And this, I think, will be a helpful tool, maybe to point to your nodes, because this is a multilayer challenge. It's finance. It's governance. It's security. And we see that finance can be a very strong enabler if we put the right criteria of this ownership of the clients in the supply chain to put pressure on this.

So these are, I think, some of the things. And we have to remember we have some very concrete milestones internationally on this. We have the BBNJ. It's entered into a force, the Biodiversity Beyond National Jurisdiction. It's the High Seas Treaty. It's quite interesting that one of those who have been mostly criticized for IUU, China, will be hosting, most likely, the secretariat of the BBNJ. I think it's a good sign about stepping up and taking responsibility. It will put a special focus on China on performing on this. We have the Fish 1 agreement, the phase one of WTO over subsidy negotiations, leading into Fish 2, currently ongoing.

Stalling a bit, but there are – there are real progress on this, on international agreements on addressing IUU. And, as you said, Whit, on shipping we have a very strong regulatory body, the IMO. And we are currently discussing the net zero framework we all agreed upon just over a year ago, which has not been adopted because we want to do some more work. Some of the member states are not happy with how it looks now. But I think we will get there. We will have a regulatory framework, decarbonize the shipping over time. Most of the member states wants to see this happen. It's about how we do it and what instruments we're using to get there.

And, of course, we see regional measures on this in the EU, in China, in India, and Brazil stepping up that, I think, are very positive on supporting international action. What we do to really supercharge this in the next few years is to improve international market mechanisms, like blue bonds, contract for difference. And we are exploring to have a one ocean finance facility with multiple countries to see if we can have an inter-U.N. tool, a gold star on how to make sure that investments in the ocean industries actually performs well, and especially on fisheries, which is the really hard one to address.

So we try to see the positive things on the macro side. There's a lot of positive things going forward. I think one of the maybe big cracks in the system that we've seen in recent few years – and this is something the secretary-general said at the meetings of IMO and I have discussed a lot, and other key players in the shipping industry, is that we have the ghost fleet in fisheries now suddenly coming into the shipping fleet. More than a thousand tankers are now in what we call the shadow fleet, which is not properly insured, not properly classed. Ninety-nine of the 100 oldest ships in the world, they're all from the '90s, are now in the Russian shadow fleet. It's a catastrophe waiting to happen.

They do ship-to-ship transfers in the Mediterranean, in the Indian Sea, because they can't go to regular ports. And these kind of isolated things can really undermine the whole global system, if we don't address it properly. And, of course, we have the – as was said in the opening – the Strait of Hormuz, where we have 2,000 ships, almost, now trapped inside there, and a food crisis internationally waiting to happen if we don't get the fertilizers out. And these are some of the things where we need special action, firm action. And I think that's where we need to collaborate and make sure that our big global common, the ocean, is getting the collaboration it deserves. So that was maybe my opening five minutes.

Dr. Saumweber: Erik, that's wonderful. Thank you so much. So much to pull from both of your comments. But I want to start here, and I think you had a great transition there, talking about the idea of a ghost fleet of fisheries vessels becoming the shadow fleet for oil sanctions avoidance. But relatedly, you also said something else, Erik. You talked about how there is a clamoring for ocean investment from the private sector, for new directions. I was just doing an event with colleagues from the World Economic Forum, where their Ocean Innovation League talked about a very similar thing. This idea, how there was just a burgeoning of private sector investment in the oceans. But that it is sort of a prerequisite, almost, to have regulatory clarity and certainty when doing so.

You talked about guidance and direction and future proofing, but in both fisheries and in oil and other illicit commodities that are being traded, there's sort of this emergence of alternative markets, let's say, where we have, say, 30 percent of global fisheries being traded illegally, finding a market. Unfortunately, some here in the United States, but often in China or other places. Similarly, oil – sanctioned oil from Russia or Iran or other places ending up in India or China as well. So I wonder if both of you could comment on this idea about certainty and market rules avoidance, and how perhaps the United States can contribute to better enforcing against these kinds of alternative markets that are emerging now around the world, in a variety of commodities – be they seafood and fish or oil or other things.

I'll just throw it out to you.

Dr. Perry: Please.

Mr. Giercksky: No, thank you, Whit. Extremely important point. You know, as we all know, businesses have to be profitable. You know, so they can't subsidize themselves. And I think it's hard for governments to subsidize industries over a long time. So they have to rely on the current rules of the game. That said, they know the rules will change in the future, especially on shipping and green fuels. We see that many now are hedging their new builds. It is really hard to build a new ship now only relying on marine diesel, because that ship will have to run its course in 25-30 years. And that is not a viable alternative. So that's a high risk. So what we have seen, and we discussed

Höegh Autoliners, a Norwegian car carrying company. They ordered 14 dual fuel vessels, ammonia ready, but can also run on the current main fuel – marine diesel. And their share price rocketed because they are future proof, but can still run on the cheapest fuel. So they're profitable now and are more future proof than their competitors. So that's a – that's a play in the market.

When it comes to the shadow fleets, the problem is that it's a fleet sanctioned by 30 percent of the world's governments. So 70 percent of the markets have not sanctioned the Russian ships. And for them, they then will trade as always but they cannot be insured in the Western insurance regime. And they can't get classification. And that is one of the big problems that we actually wanted to avoid, because we want to insure these ships, we want to make sure they are up to the standards of classification. And the regime of the sanctions, I think, was a bit premature when they were issued, because it's a side effect nobody really wants. That said, there are now discussions on putting pressure on the offtakers, which is China and India mainly. And they do have a responsibility that the ships they are trading with are classified, are insured, properly insured, and not from a post box office in Rwanda or some other obscure state.

And this is where we have to try to find a solution. And it's extremely important work that the U.S., and EU, and others are doing in putting pressure on the international markets to make sure that nobody's offtaking this product without putting pressure on the quality of the shipping. It's going too slow. It's been lasting for years now. We see some progress, that some ships are reflagged back to Russia and have a more, you know, tangible way of being addressed. But we see it as a long-term undermining of the rule of law internationally. And as I said, it really reflects the ghost fleet in fisheries, which is also the same concern. But, again, where I think going forward better dialogue between countries can actually provide a tangible solution to address these issues.

Dr. Saumweber: Ruth, how can the U.S. work with other nations, partners, competitors, to encourage them to close their markets to illicit product, to illegal seafood? To create a level playing field for everybody – for U.S. fishers, of course, U.S. consumers, but to really try and get at this problem that is, you know, sort of essentially an alternative economy that's emerging. We need to sort of clamp down on it to make sure that we're all playing by the same rules here.

Dr. Perry: Yeah. I'm going to try to take, you know, kind of the multilateral, and then come back to the U.S. And I think you had a number of interesting examples, and presenting the landscape of those. And I think, you know, often why is the U.S. taking targeted reform efforts and other things. I want to say, on some of these issues, a net zero framework is a great one. If we become so hyper-focused on the opportunity end state, we can actually have an unintended consequence of widening the gap between the solution that we're trying to get at – which is, you know, the shadow fleet is growing larger, the market space that you talked about is widening. And we're losing the ability to do that, because we've been focused – maybe too hyper-focused – on this end state of where we want the world to be, right?

And as we widen that gap, the widening of the gap creates more opportunity for exploitation. And I think, so, you know, ensuring that, like things – the IMO, that we're staying laser-focused on what is widening the gap, where at the same time we can – we can respectfully and incrementally move up the responsibility space. But when we become to hyper-focused on the one end that is only for developed certain – parts of the developed country landscape, that's where the U.S. has been, I think, very, very frustrated. Because in our own backyard – for instance, let's talk about fishing vessels, right, and maritime infrastructure. We have lost domestic capability to build this infrastructure at pace. And that's not only at pace with what's happening with China, Russia, North Korea, who are partnering together on some of these things. We've lost – like, we've left our own fleets behind.

Because some of these things that we've worked in multilateral forums have created an even wider economic space. That if we were going to build new vessels, they can't certainly compete because the exploitation of that bottom negative piece that we've lost focus on has added to the cost and added to the pressure. So that's kind of a – that's one of the drivers behind some of the multilateral reform, is we need to take a harder look between the developed and the developing, and where are we putting our international budgets into these organizations, and are we as intently focused on all parts of that spectrum? From, I would say, the negative end, where we're looking at shadow fleet, to the positive, and where we need to go with ensuring that the fleets that are following the rules are able to compete economically?

And I will say, I think sometimes we focus on the tails in isolation of each other. And so that is some of the justification that we're looking at reform, particularly with the U.S. and many of these organizations where we're the top contributor, but we're still seeing this widening and this disadvantaged economic space. Like, you hit at some of the fishing market, for instance, right? I'll give a great example of Alaskan pollock. And this comes in. Our fishing fleet for pollock has not had vessel retrofits or new vessels built since – I think the last one was in the early '90s. So many of you in the audience think about where you were in '90 to '94. We have not built a new vessel.

Russia, North Korea, and China have gotten together to build larger processing facilities that can out-compete literally on the imaginary line of Alaska pollock, right? And so we have a problem domestically if we can't get our own fleet – new fleets built to compete with the pressures that are coming in from other countries that are able to build that infrastructure faster, cheaper, and whether or not they decide to follow international rules. So we can get into, you know, that debate that we're seeing on the ground.

OK, back to the U.S. You talked about – in terms of sanctions authorities. You know, one of the problems with the bureaucracy is stovepiping and silo and prioritization. And if we don't have top-down direction on some of these priorities, then all tend to go in our own silos and prioritize ourselves. This has become true, you know, for sanctions especially. State has sanction authority. Commerce has sanction authority. USTR has sanction authority. Are we looking at what the right sanction is, and where we need to really amplify that to get out the right parts of the seafood market? I would say, unless you have political motivation forcing those groups to get in the room, it's kind of business as normal.

And so that's really where we're trying to turn this around, where we're looking at our U.S. economies – fishing included, energy, maritime – and having those discussions where no one has ownership in the bureaucracy, right, except the White House. And so what are we going to put to the table? And if we are looking at something and saying, well, this is the way we've always done it, that's the wrong answer. Because the way we've always done it continues – we continue to see this widening exploitation in markets, in imports, exports, in maritime vessels, the ability to build those, and how we see fisheries management, right? And so it's uniquely positioned where the White House is saying, no one has ownership except us. So we need to get in the room and there is – leave the answer outside the door of this is the way we've always done it, because that way is not working. And we continue to see this widening.

And then we look at – I'm a huge fan, if you've ever worked in large corporations, Gantt charts and RACI program management. But we're taking program management to diplomacy, regulation, and investment. And those three things together, understanding that that's how businesses operate, we need to be in that commercial mindset. We need to be able to do the scenarios, understand the risk, manage and mitigate those risks, and then focus our investments as we do public policy and diplomacy. That is shaking up, I think, the bureaucracy a little bit in ways that are both comfortable and uncomfortable. But that's how, you hit it, our businesses operate. And so we have to be thinking like them and doing that better support mechanism to those sectors that are experiencing the challenges that the global market shifts are, both whether it's the legal side or the illegal side, are kind of putting in.

So I would say, you know, in terms of the multilateral organizational reform, ensuring that we're not hyper-focused on where we want the best of developed countries to be, that we are also looking at developing, and we are looking at where those things interplay and interface, and who's taking advantage of those. We have to be more diligent with how we're using developed country investments in these organizations to get at the crux of the issues, where we're seeing that exploitation in markets and infrastructure, economic development, social benefit, social license to operate, all of those things. Back down to, you know, simply looking at the way that we operate, bringing in kind of that commercial operational muscle and building that into how we do public diplomacy, how we do government prioritization, and where we invest and, you know, start to look at it.

I think if we can get that right, then it's going to start to put that inherent global pressure on the system that we need. Sometimes controversial. And I have this debate with my staff, because negotiators who are very good at their job, lawyers who are very good at their job, tend to go into soft diplomacy and soft power. It's kind of what you know. It's what you've been trained in. And it's always how you've done it in the bureaucracy. Now we need to kind of – I think, how many in the room are parents, and parents of young kids? How many of you use soft power in your parenting versus hard power? (Laughter.)

Hard power doesn't mean you're not going to be friends or that you're not going to have a relationship at the end. But if we don't prioritize U.S. interest and we don't really have honest discussions about what's happening, particularly in a security context as it relates back to economies – where all these other countries are hyper-focused on their interest – then we're stuck in soft power, doing it as we've always done. And so I think you're starting to see even the shift if you read many of the State Department's products, where we need to deploy – not be afraid to deploy hard diplomacy where it matters on some of these issues.

And when we talk about fishing, I think everybody – certainly it's easy to talk about the countries that are the most adversarial. But we have a range of partners and allies that are in this mixed space. That mixed space is where we need to really hone in hard diplomacy, because we need to close all kind of avenues of this issue, right? And not be afraid to step out of doing business as we have been.

Dr. Saumweber: It is certainly a spectrum. And I deeply appreciate your comments about sort of the bureaucracy and the way that we are stove-piped. You know, agencies have their own specific mandates, and it's very hard for them to work outside of their mandates, even when they have strong enforcement mandates. To get them to work together and to sort of coordinate and have sort of an enforcement cascade is very challenging.

Dr. Perry: And you need political cover. Like, I am not going – you know, yes.

Dr. Saumweber: Absolutely. A hundred percent. And I also deeply appreciate your idea there about how industrial capacity can be linked to effective diplomacy and effective enforcement, because you're sort of creating the capacity here at home for the rules-based order, if you will.

Dr. Perry: And I worked – I mean, I've worked in private industry. You've worked with many private industries. We can put barriers and controls in place where it gets sensitive in that kind of public-private boundary. We have to be honest about doing that, right? But we cannot do it in isolation of the private sector, because, frankly, when we're talking about IUU fishing, you know, the vessels, the processing facilities, those are all major, major assets, a part of this problem. If they're not part of the conversation and part of the solution, then I don't think we, at the political level, have done our best.

Dr. Saumweber: Yeah. Erik, we're almost at time, but I wanted to make sure – you had a comment, and I want to make sure we capture that.

Mr. Giercksky: Yeah. Just one last comment on that. I totally agree with you. If you don't have a laser focus on the shadow fleet and, you know, those things that are destructive to the system, we are missing the point. And that should be the number one discussion. Twenty-five percent of all tankers in the world are now in the shadow fleet. This is not a small thing. This is massive. And it's – you know, it might increase if the countries go rogue. They will join that shadow fleet. And –

Dr. Perry: And it's hard when some of those flag opportunities sit in multilateral forums that are discussing net zero frameworks.

Mr. Giercksky: Yes, absolutely. So it becomes part of that discussion unnecessarily. So, totally agree with you on that. So I think the other part we will resolve somehow, in soft diplomacy. But we have to have hard diplomacy. We see France, Sweden, others boarding ships, taking control, taking measures, U.S. arresting ships. Extremely important to address this before it grows even larger.

Dr. Saumweber: I want to make sure we get at least one or two public questions in. So we'll cut just a teeny bit into the break here. Is there any questions here from the audience? Sure, maybe here on the front. Yeah.

Q: Hi. Nina Gardner, adjunct professor on business and human rights at Johns Hopkins. So this is really resonating.

I was wondering, Ruth, if you could address the whole – you're talking about whole of government approach. And I really appreciate that. Not easy. Are you talking to USTR about the 301 trade issue? Because we're focusing on now forced labor in terms of tariffs. Is this something that can be used on fishing? And, of course, it would include making sure that those – that seafood doesn't come into our markets either.

Dr. Perry: Yeah. We are – the simple answer is, yes, we are talking about that. It does get complicated, particularly the human aspects of these, if we don't have the data and information to kind of back up the actions, right? USTR, I will personally say, is sorely understaffed. I would love if we could get more resources to USTR, similar that we've done with USDA and the Seafood Office, to really kind of focus in on this. Because it is – because, as we talk about the illicit activities, there are so many, right. And so now you have a small, but nimble, agency that is just trying to get all of these to some playing field. And until that can be done, then we can start to take them the next step. And I think that's one of the challenges.

State has specifically been initiating conversation, and I should not be ignorant to say, Colleen, who's in the room, is championing this from the State Department on my staff, to say, OK, State has utilized our authority. Now where are those joint authorities, or there's overlapping authorities between State and USTR, with larger, more depth sanctions that we need to focus on? That is a part two of the conversation that's happening. But I will say it is a challenge, particularly with USTR, because they are so under-resourced respective to the size of their mission. So.

Dr. Saumweber: One last question.

Q: Thank you. Marcos Rahmeyer-Lara, recent graduate from George Mason University, currently a research fellow there.

So my question was, a lot of action that's being taken now is targeting, like, the actual boats on the ocean, but not necessarily looking at the economic bottom line. So something that I found in my own research is that a lot of the times people that are buying IUU-sourced fishing and seafood products are doing it because it's cheaper. So my question is more on what's being done to provide help or subsidies to legal fishing practices, and also legal, like, aquacultural practices, and even land-based agriculture, to bring the cost of primary proteins down, and other alternatives to what would be IUU-sourced fishing or seafood products. Thank you.

Dr. Perry: Please, you start.

Mr. Giercksky: No, I think, I mean, that's part of the problem. The illegal way is sometimes much cheaper than to do the in orderly way. And we have to improve our traceability and verification methods and enforcement from authorities to undermine those activities. I don't think it's the right way to subsidize legal activities. (Laughs.) But it's really to put the searchlights on all kinds of illegal activities. Also in aquaculture, it's a huge problem, of course. And again, over-subsidies from foreign governments is – I think, it's still a massive headache for everybody. It's recognized by everybody. And we have to sort it out. It really depletes the whole fish stock universe, undermines the global opportunities of aquaculture. We could feed so much more people if we actually improved aquaculture and didn't have this downward spiral of competition, for sure.

Dr. Perry: Yeah. This one is hard. I'm starting to get a little bit more into the world of subsidies, WTO, we could probably go a whole 'nother panel about this. You summed it up very well. So if those sentences don't bookend your intro of your thesis, that you could – you could probably plagiarize what was said here. (Laughter.) But that's subsidies at large, right, because – but I think I am looking at this and saying, are we being overly precautionary? Or should we be taking a risk-based scenario approach, where then we kind of, you know, set some appropriate – we have to take some action, subsidies included. We have to be able to kind of monitor and track that effectiveness. We have to demand the transparency. Many of those countries that we have mentioned in various forms are part of these organizations, including – and have the largest amount of subsidy, right? But are we holding them transparent to the governance system?

So, again, where do we need to kind of step over the soft-to-hard line? We're looking at this in a number of other measures. So I feel it's time to do it for fisheries. Subsidies is hard, because it relates back to pressures on stocks. And so we have to be able to take that in a calculated way. But I don't think we take a scenario risk-based approach like private sector does with investment to how we look at things like subsidies. So I think we could benefit from some private sector integration here to think about how to model this in a way that reduces the amount of subsidies that are happening to legal and illegal markets, at the same time not be afraid to try some new approaches, but ensure that we can mitigate as we go forward.

I think there's often the enemy – perfect is the enemy of good in a lot of these situations, because we're trying to balance all things, that we just lose sight of the board that we're on or the game that we're playing. And we tend to get into a monopoly cycle that never ends. And so we're trying to figure out how to bring this kind of back to subsidies, but I think, again, we can't be shy. I think we have to be a bit more bullish and try to get out of overly precautionary that tends to creep into these multilateral settings, and look more at risk-based, right? And that allows us to look at it from a fisheries management stock pressure. It allows us to look at what are we trying to solve. It allows us to put a regional and a localized context, especially in areas that rely heavily on local-based communities and the demands that are happening to those communities, where we can be responsive in disaster situations, right?

But I think we tend to over-analyze sometimes that we can't even get to a bold and innovative step that we need to take, that then if we do the right level of mitigation setting then we've done the right level of scenarios, and we can take risk. We tend to not take risk in some of these things. That's my outsider view. I know I've been challenged on that, even by my own staff sometimes. But again, if the answer is this is the way we've always done it, and the envelope keeps expanding, then we need to not do it that way anymore, right? So that's kind of my bottom line on that one.

Dr. Saumweber: All right. Well, thank you very much, Erik, Ruth, that was really a fascinating conversation. I really appreciate your candor, your thoughts. Really, thank you for coming. Deeply appreciative.

So for folks here in the room and online, we're going to take a 10-minute break now. For those online you'll be seeing clips of the film "Before You Eat," which is about the plight of Indonesian migrant fishers in the tuna industry. And then we'll be back here on stage for our second panel, which is Collaboration, Coordination, and Contestation. Andrew Friedman will moderate and talk a little bit more about some of the human rights challenges of these issues. So thank you. Please come back in about 10 minutes. And we'll see you in just a few. (Applause.)

(END.)