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Press Release

Hong Long Fisheries, Lda: A Transnational Crime Operation Infiltrates Timor-Leste

In March 2017, Fundasaun Mahein (FM) described illegal fishing activities conducted by the company Hong Long Fisheries, Lda (HLF). HLF is a Chinese firm that obtained a fishing license from the Ministry of Fishing and Agriculture in November 2016. Just three months later this company's fishing activities sparked controversy in Timorese society because the company was poaching shark species protected under Timorese law. The Government of Timor-Leste immediately created a joint team in order to investigate HLF. The findings of this team were not made public, and the entire investigation process lacked transparency. Shortly afterwards HLF resumed its fishing activities in the waters off Timor-Leste's south coast. On September 9th another incident occurred, in which the National Police of Timor-Leste (PNTL) found 225 tons of meat from protected shark species aboard 15 HLF ships.

This second incident provoked a strong reaction in Timor-Leste, and HLF received intensive coverage from national and international media. As a result, the government has suspended HLF's fishing activities. But there has been no final decision about this case.

Even more disturbingly, a controversy has arisen about who really owns HLF. The company's fishing license has been disseminated on social media. This publicity has spread suspicions about the nature of HLF's ownership that first appeared when the company was applying for its license. Until the present, no official sources have specified the company's true owner, although the company is widely known to be based in China.

FM determined that, although HLF's vessels have foreign status under Timorese law, HLF's fishing license states that the company's owner is a citizen of Timor-Leste. This is very strange: although HLF is publicly described as a foreign business, its owner was registered as Timorese during the license application process. While the legal process against HLF on charges of shark poaching remains incomplete, security and judicial authorities will likely make important discoveries if they open a new investigation into these dubious claims about the firm's ownership. FM wants to raise the possibility that a Timorese individual could have made a lucrative profit by obtaining a fishing license from the government and then selling it to HLF. Such actions are explicitly prohibited according to Article 30 of Government Decree Law N^o. 6/2004, 21 April 2004, the General Basis of the Juridical Regime for Management and Planning of Fishing and Aquaculture. This law states that commercial fishing licenses cannot be sold or rented to third parties. Given the likelihood that HLF has collaborated with certain Timorese individuals to violate this law, the government has a clear reason to review and suspend HLF's license.

The FM report also discovered that HLF has close ties with the company Pingtan Marine Enterprise, Ltd. In fact, Pingtan's website openly identifies HLF's 15 fishing boats as property of Pingtan Marine. This strongly implies that HLF's real owner is a Chinese company, not the Timorese citizen named on the fishing license. Consequently, Hong Long Fisheries Ltd. obtained its fishing license by fraudulent means.

FM's monitoring has determined that Pingtan Marine is involved in illegal fishing and transnational crime, including human trafficking, forced labor, and investment fraud. The government of Indonesia has banned Pingtan Marine and its affiliates from fishing in its territorial waters. Pingtan Marine has also defrauded its investors, who sued the company in a United States Court on 24 November 2014. The company was also involved in a homicide case in Fiji in 2015. Furthermore, on 13 August 2017, vessels from HLF and Pingtan Marine were confiscated in Ecuador's Galapagos Marine Reserve due to allegations of illegal shark fishing.

Clearly, the Ministry of Fishing and Agriculture should have investigated HLF's sinister background before granting it a fishing license. The Ministry's inattention allowed the firm to hide its previous misdeeds, even though this information is publicly available. It is possible that the Ministry of Fishing and Agriculture deliberately chose to avoid investigating these facts. It is also possible that the Ministry already knew this information, but chose to conceal it. The Ministry's willingness to accept HLF's claim that its owner is Timorese, despite the obviously foreign character of the country, is particularly suspicious. The Ministry should have recognized this implausible statement as a warning sign that the company was acting deceptively.

All the evidence indicates that Pingtan Marine has used HLF as a front to obtain a fishing license in Timor-Leste. Because Pingtan Marine's long history of criminal activities makes it difficult for the company to obtain new licenses, this tactic represented a convenient means of gaining access to Timor-Leste's maritime resources.

Considering the seriousness of this situation, Timor-Leste must improve its procedures for issuing licenses and regulating its fishing industry. It must also boost its capacity to patrol its territorial waters so as to effectively protect the ocean's resources. The government must prioritize maritime security so that Timor-Leste can sustainably benefit from the sea's riches and use them for national development.

Recommendations

1. The fishing license for Hong Long Fisheries must be permanently cancelled, as Hong Long Fisheries has engaged in extensive fraud and failed to disclose its relationship with its "parent company", Pingtan Marine Enterprises.
2. The 15 boats from Hong Long Fisheries should be confiscated and used for the development of a domestic fishing industry in Timor-Leste.
3. At the same time, Timor-Leste's security sector must improve its ability to patrol Timor-Leste's territorial waters.
4. The Ministry of Fishing and Agriculture must be investigated for its extremely questionable decision to grant a license to Hong Long Fisheries. Any illegal activity should be punished according to Timorese law.

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