

US-China relations

US puts sanctions on 2 Chinese companies over alleged illegal fishing practices

'Global Magnitsky' act used for first time on Nasdaq-listed group to give investors time to unwind holdings



The US Treasury placed sanctions on Pingtan Marine Enterprise, a Cayman Islands-registered Chinese company listed on the Nasdaq exchange, and Dalian Ocean Fishing © Patrick Semansky/AP

Demetri Sevastopulo in Washington YESTERDAY

Joe Biden’s administration has imposed financial sanctions on two big Chinese fishing fleet companies, including one listed on Nasdaq, that it has accused of engaging in illegal fishing and human rights abuses.

The US Treasury on Friday put sanctions on Pingtan Marine Enterprise, a Cayman Islands-registered Chinese company listed on the Nasdaq exchange, and Dalian Ocean Fishing. It also targeted two individuals — Li Zhenyu and Zhuo Xinrong — whom Treasury said controlled fishing fleet networks that included the two companies.

“These designations demonstrate how seriously we take the problem of illicit fishing and our commitment to holding the perpetrators of serious human rights abuses to account,” said Brian Nelson, a top Treasury official, who added that the practices “harm the economic prospects of local populations in the Indo-Pacific”.

The moves marked the first time Washington has put “Global Magnitsky” sanctions on a company listed on Nasdaq. The action freezes any US-based assets of the companies and individuals, but it gives US investors 90 days to unwind any financial holdings in the entities.

The Treasury also added eight other fishing entities connected to Pingtan Marine and its chief executive Li, and Dalian Ocean and its chair Zhuo, to its “specially designated nationals list”. The list names the individuals and companies whose assets have been frozen by the US.

The sanctions are part of an effort by the Biden administration to [counter illegal fishing](#) in the Pacific to help countries reduce revenues lost as a result of it. It is part of a broader Indo-Pacific strategy designed to push back against malign Chinese activities and boost the attractiveness of the US as a partner across the region.

When President Biden and the leaders of the Quad — a security grouping of the [US](#), Japan, Australia and India — met in Tokyo in May, they unveiled a satellite-based initiative to counter illegal fishing. The US Coast Guard is also working more with countries across the Indo-Pacific, including the vulnerable Pacific Islands nations.

In a recent [interview with the Financial Times](#), Canadian foreign minister Mélanie Joly said Ottawa was stepping up efforts in the Indo-Pacific to help countries tackle illegal fishing, which she said was one of the contributing factors to tensions flaring in the region.

Joly said Canada would invest in oceans management initiatives, including satellite imagery and other technologies, to help countries in the Indo-Pacific enforce their maritime boundaries.

In June, Biden issued a memorandum that instructed US government agencies to step up efforts to combat illegal fishing and related forced labour abuses. It highlighted “distant water fishing”, a practice where countries fish far from home in remote areas where it is more difficult to ensure that vessels are not engaging in illegal activity.

In designating the Chinese fishing fleet companies, the Treasury said the crew on one of the 32 vessels operated by Dalian Ocean Fishing had worked for 18 hours a day for 13 months and were living off expired food. It added that five crew members had died and that the bodies of three were dumped overboard instead of being repatriated.

Treasury said Pingtan Marine Enterprise, which operates a fleet of more than 100 fishing vessels, had been involved in human rights abuses and implicated in illegal fishing in Indonesia, East Timor and Ecuador. It added that it had found 157 Chinese flagged fishing boats that were connected with Pingtan Marine and Dalian Ocean.

Liu Pengyu, spokesperson for the Chinese embassy in Washington, said China “firmly rejects” the accusations and that the US was “is in no position to impose unwarranted sanctions on other countries or act as a ‘world policeman’ ”

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“China is a responsible fishing country. We have always worked with other members of the international community to crack down on illegal, unreported and unregulated fishing, and have done a lot in effectively combating illegal fishing,” Liu added.

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