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Author

Akaha, Tsuneo

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Tsuneo Akaha¹

Commentary

on

Ocean Policy Toward Russia
& the Pacific Fisheries

(A paper by Vladimir Kaczynski)

Professor Kaczynski argues that (A) Russia's struggle to transition from central-command economy to market economy has so far imposed enormous costs on the economy and the people; (B) the resulting problems are threatening the very future of Russia's marine industries, including fisheries and there are already many signs of dire consequences, including overexploitation and depletion of fisheries, illegal fishing, and destruction of fishing industry in Pacific Russia; (C) the problems have serious consequences for other countries; (D) given the inability of Russia to solve these problems on its own, the international community, particularly the United States, need to offer assistance.

(A) and (B) have been documented in this and many other studies. The following questions remain unexplored: Has the impact of the painful or unsuccessful transitions in post-Soviet Russia been uniform on all marine-based industries? How about the Sakhalin offshore oil and gas development? Is this a success story or a story of failure? From whose perspective? Who are the stakeholders? Isn't there a conflict among the stakeholders, e.g., between the energy sector and the fishery sector, between the central and the provincial governments, and within Sakhalin Oblast? Is there any room for intervention by outsiders, particularly from the perspective of environmental concerns and resource conservation considerations? A study of Sakhalin citizens' views on the

¹ Associate Dean and Professor, Graduate School of International Policy Studies & Directory of the Center for East Asian Studies, Monterey Institute of International Studies (email: takaha@miis.edu). All rights reserved by author.

offshore oil and gas development² indicates that the local population are deeply concerned about the environmental impact of the energy development projects but have very little trust in the international community's ability or motivation in its offer to assist in the control of the environmental impact.

With respect to (C), the case for international involvement can be made more effectively adequately made if Professor Kaczynski can spell out the potential partners with whom the international community, including the United States and Japan, should and can cooperate. One of the major problems on the Russian side is the competing claims to authority and jurisdiction between government agencies and between the central and provincial governments, as well as the conflicting interests that exist in the Russian Far East with respect to the exploitation of fisheries and other marine resources. For example, virtually all groups in Russia agree that the current system of allocation of fish quotas, poaching by Russian fishermen, and unregistered and illegal sales of marine resources—most notably salmon and crab—to foreign entities are threatening a depletion of these resources. And yet it is obvious that some powerful stakeholders, including criminal elements in Russia and Japanese importers, are benefiting from the current disorder. The recent decision by the Russian prime minister to suspend the official duties of Chairman of the State Fisheries Committee Nazdratenko—former governor of Primorskiï Krai—is reportedly based on the allegation that the chairman was usurping his power to allocate fish quotas for his personal gain. The decision coincides with the federation government's move to increase the size of marine resources that would be placed under the centrally administered auction system and out of the control of the fisheries committee. It should be added that even the auction prices appear to be rigged when marine product markets in the country are not free markets based on consumer demand.

The experience of U.S. investors in Russian Far East fisheries closely parallels the experience of Japanese investors, particularly with respect to the failure of most, if not all joint ventures involving Russian partners. If international assistance or involvement is to be secured, we need to be clear about the factors that have contributed to the dismal record of such international "cooperative" ventures, so that the potential Russian and foreign partners can remove or circumvent such problems. Many problems are attributable to regional and local factors, e.g., multiple and competing decision-making authorities, absence of a culture of legal and social contract, inconsistent/contradictory legislation, ineffective enforcement of law, distrust of outsiders, and technical problems. A study of the problems of Russian-foreign ventures can start with a

² Tsuneo Akaha & Anna Vassilieva, *Environmental Consciousness in Sakhalin: Background and Views on the Sakhalin Offshore Oil-Gas Development*, in *RUSSIAN REGIONS ECONOMIC GROWTH AND ENVIRONMENT* 215-248 (Takashi Murakami & Shinichiro Tabata eds., 2000)

systematic compilation of all cases and development of a typology of problems in terms of both causes and consequences. Causes would include those of a legal, political, economic, managerial, human resources, social, and cultural nature. Consequences would include resource mismanagement, resource overexploitation, wasted resources, business failure, and legal disputes. Such a typology would point to possible remedies, encompassing legal, political, economic, managerial, and human resources measures. Some problems would likely require bilateral or multilateral solutions. Some problems might have to await social and cultural changes for their solution and such changes might very well be beyond the capacity of any government.