



FISCIL Discussion Paper

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Introduction

FISCIL (Fishing Industry Segmentation Creating International Licenses) is the name of the reform that has been created to address the issue of Overfishing.

FISCIL segments the world's oceans into five regions, North and South Atlantic, North and South Pacific, and the Indian Ocean. East and West is another alternative for the split, and it is probably the better of the two.

We then issue exclusive licenses to fish those waters to five newly created public multinational corporations that will be owned by the existing commercial fishermen, even those that fish to support small villages.

By doing this we create huge assets (the licenses) that can be leveraged to greatly increase the value of these corporations.

With over a hundred billion dollars being made available through leveraging these new assets, we will be able to undertake initiatives that will dramatically increase the volume of fish in the ocean.

The principal way to increase the value of these licenses, and subsequently the value of the corporations inside the FISCIL reform, is to increase the volume of fish in their region of the ocean.

There is reforms infrastructure and technology designed to do this, and simply by doing what is required to increase the value of these corporations, we will return the volume of life in the oceans back to pre-industrial society levels within about twenty years; a direct and unambiguous connection between improving environmental conditions and the making of hundreds of billions of dollars.

When there are substantial environmental imperatives, then removing competition and reducing the number of players in an industry (to five in this case) is a must; such a thing should be avoided where money is the only or driving imperative (banks for example).

In the design of a solution that would be a real solution and not just a pretender to the title, whom do we need to satisfy? If you come across something in here that you feel would not be necessary, think about this question.

The H₃ suite of reforms, of which FISCIL is one, has been developed under a major breakthrough in social theory called The Prince Principle.

The Global Fishing Industry

The state of the global Fishing Industry has become a truism. It doesn't need to be covered here, except to say that a reform of the industry that creates a lot more jobs (as in another twenty, thirty or forty percent), makes everybody in the industry richer, creates more bureaucracy (so we get them onside as well), creates a fully funded hundred billion dollars in infrastructure projects, and puts politicians at centre stage in solving one of the world's biggest problems, with a solution that obviously does; such a thing is going to be adopted. Not to even mention that the greenies will love it too.

For every single major problem in the world, everybody really can win; we just need to think harder. The days of the zero sum, in everything, are over.

A Clean Slate, A Better World

Just like a solution to deforestation from H3, this solution to overfishing directly links the making of huge sums of money with improving environmental conditions:

We shouldn't underestimate the sociological and psychological impact such a thing will have. Up until now, we have always, ALWAYS made the opposite association. The effect of this new approach will be far more wide ranging than just the problems they will solve.

Everything inside FISCIL must be newly created for the FISCIL reform. To do this right, to do everything inside H3 well, a fresh start or clean slate is needed right across the board. We don't just add bits of FISCIL or Oasis or CODIN or PHAIR into existing organizations. When proposing something that is close to the opposite of what we've always done the structure of existing organizations will not serve. A clean slate is needed.

The Five Regions

The five regions are fairly intuitive and the only real room for debate on the regions is whether to split the Pacific and the Atlantic into North and South or East and West. So, East Pacific, West Pacific, East Atlantic, West Atlantic, and the Indian Ocean. This is the five regions. Bureaucracy will have such fun getting together and drawing the lines will they not.

Obviously an arbitration committee should be set up out of the UN, and did I mention that the FISCIL reform requires a new UN Agency to oversee the FISCIL environment on an ongoing basis. This is who would run the arbitration committee.

Just like everything inside FISCIL, responsibility cannot be given to an existing agency; a fresh start is needed right across the board. There's nothing wrong with the FAO, but no existing agency could do the job because existing agencies carry too much baggage and are set in their ways; an existing agency will insist that FISCIL does things its way, and that's the old way we're trying to get away from.

The headquarters for the five different Regional Multinationals are almost pre-determined by the regions: China, India, United States, Brazil and the European Union.

The Licenses

The licenses need to be issued under the authority of an international agreement, preferably out of the United Nations, and preferably out of the UN agency that needs to be created for the FISCIL process.

The licenses cannot be for sale by governments. The corporations will be created and part of their creation is the license to fish a specific region of the ocean exclusively.

The Regional Multinationals need to leverage these licenses to provide the lion's share of the funding for the massive amount of infrastructure that is an integral part of the FISCIL reform. If we hobble them at the outset by forcing them into debt just to pay for the licenses what would be the point. If the five Regional Multinationals do not have a massive war chest, they will struggle and make bad, panicky decisions, just like every other corporation in the world does when it's under pressure.

To try and get money for these licenses would turn the companies (and the reform) into junk, and if we were to do this then it might even be a non-starter. This time, let the first thing we do, be the smart thing to do; pretty please, with sugar on top???????

The FISCIL reform is going to make hundreds of billions of dollars if we let it, so let's, let it.

The Five Corporations

The five corporations set up under the FISCIL reform of the global Fishing Industry will be fairly standard public companies with a wrinkle or two. The corporations will be owned by all the existing commercial fishing entities under a ten or fifteen year accrual contract, but it is certainly possible that the timeframe will be considerably less than this.

The structure of the five multinationals will be that of a public corporation with a board of directors operating under a public trust deed that will limit their possible actions, but within some very wide parameters. As we've seen all around the world since we first started down the corporate path, a memo and articles (a standard corporate constitution) is hardly sufficient to ensure good behaviour. And we'll double down on ensuring this good behaviour by opening up every little part of FISCIL corporations for public scrutiny. Public access to information, just like in government, except that there are no confidential documents and there are to be no redacted sections of documents provided. FISCIL removes competition from the primary production end of the global Fishing Industry, and so there are NO trade secrets to protect. If someone in FISCIL East Atlantic comes up with a good idea to improve efficiency, increase yields, make more money or anything else, then everybody gets access to that good idea. It serves no purpose to withhold in the environment created by FISCIL. There is no competitive advantage to be gained because they don't compete with each other.

These companies need to be run conservatively and debt and equity levels need to be kept under control. The level of debt and IPO equity will be predetermined, and this is one of a dozen major elements that will be worked through when we get to the business end of FISCIL's pre-adoption. There is no optimum level that can be defined right now, because there are too many conditional factors that will impact what these optimum levels are.

Now the relationship between the Regional Multinationals and all of the existing fishing corporations would lend itself to a system where we use management contracts (smaller companies being contracted to manage the FISCIL corporations). We must positively exclude this as an option in the public trust deeds for FISCIL corporations that govern what they can and cannot do.

The whole point of the FISCIL exercise is to encourage long term planning and thinking, and this does not happen inside a management contract environment. A board of directors and an executive that are solely focused on how to create value for their corporation and their shareholders, most of whom also happen to be the fishermen, is what the FISCIL environment relies upon.

The easiest and unquestionably best way to increase the value of FISCIL corporations will be to increase the volume of fish in the ocean. And we're talking about more than just the comfort of shareholders leading to a higher PE ratio. The value of the fishing license that each fishing corporation will own will be directly linked to the volume of fish in their region of the oceans, and the volume of fish will be an audited calculation that is the baseline asset valuing statistic of a FISCIL corporation. Again, the direct link between improving environmental conditions and making hundreds of billions of dollars.

Existing Fishing Corporations

All existing fishing corporations get to retain roughly the same level of ownership autonomy they have now. Regulation in the Fishing Industry throughout the world is such that in a FISCIL environment, fishing companies are going to have more autonomy in their freedom of movement than they enjoy at the moment. They will not have the freedom to do absolutely anything otherwise there would be no point doing any of this, but the situation will be better for them than it is now and they will all make more money; and of course they will be richer through their partial ownership of the larger entities as well.

The relationship between the Regional Multinationals and the existing fishing corporations in a FISCIL environment will be like smaller business units of a large corporation. In this case the smaller business units have their own budgetary controls and make their own decisions, but they must operate within the ideology, ethics and morals of the parent company. They never get a visit from the "parent company" except as a how do you do or if they're cooking the books. It will be a better environment for them, and a freer one than what they have at the moment.

Ownership Distribution

Everybody who fishes commercially and “commercially” (communal villages) is to share in the ownership of the Regional FISCIL Multinational for their region of the globe.

Distributing ownership of the five Regional Multinationals is a massive logistics exercise: We calculate the volume of fish caught in each of the regions over a selected twelve month period that we select from the two years preceding the announcement of the FISCIL reform. The percentage of the total volume of fish caught in that year by an entity will determine their share of the Regional Multinational in their part of the world. For the purposes of the calculation, the word “announcement” should mean as soon as it is put onto the global agenda, and obviously a specific date will be used to ensure there is no ambiguity. This date should be no later than six months prior to the “announcement” date, and not only will it be the date used for calculating volume and shares, it is also the cut off date. Any company coming into the industry after that date will not get a share in FISCIL corporations. Mustn’t have the inside info types diluting the pool for everybody else. The full share ownership threshold is five years with a sliding scale down to twelve months. “Full share ownership” means that if you’ve been in the industry for five years or longer then you get a full share according to what was mentioned immediately above; if only four years then you get eighty percent of a full share, and three years sixty percent or some other percentages as defined in the pre-adoption stage. A date like January 1, 2017 ensures there will be no carpetbaggers. So if you started your fishing business in February 2017 in this example (or even February 2016), then that’s very unlucky for you. Having said that though there will be exceptions and provisions for long standing participants in the industry. For example, someone who has been in the industry for twenty years but only started a new business two years prior to the FISCIL start date would still get a full share, or other such consideration for their long service in the industry (50% extra, 80% extra over their proportional share). An arbitration committee, with strong guidelines but some latitude, will be formed to adjudicate any grey area claims.

For the purposes of this calculation a coastal fishing village “in Tanzania” is to be considered a single entity that will be compensated accordingly; compensated with the relevant percentage of their Regional Multinational, and obviously a

full share. And incidentally, a share that is closer to their historical catches and not their current “fished out by larger interests” piddling little catch they get today. To not allow for something like that would be obscene. They also get a shiny new boat that will get them out to the D-SATs, which of course they will probably help to maintain as well.

Initial Infrastructure (including Aquaculture)

The obvious infrastructure for FISCIL is the creation of headquarters for each of the five Regional Multinationals and an expansion of port facilities for some cities. This will be sizable, but it will be small in comparison to the infrastructure FISCIL corporations will create to increase the volume of sea life in their region.

I have developed technology specifically for this purpose. It is called D-SAT or Deep Sea Aquaculture Technology and that is exactly what it is. D-SAT is designed to be the key to returning the volume of life in the oceans back to pre-industrial society levels, and it will do it within twenty years as we are taking even more fish out of the oceans than we are today.

Fish will move from one region to another all the time, but the more D-SAT implementations in a region the less fish a Regional Multinational will lose to this migration.

D-SAT will be a massive upfront cost, but after this massive front-end cost it will be sustainable as a cost of business. D-SAT is in its third incarnation after a ten year development cycle, and it will be pushed out into the mix when FISCIL is put onto the global agenda. I say a massive upfront cost but given what it will do and the economies of scale we'll have, it is not as massive as people will initially imagine. Of course it won't necessarily be D-SAT that is used for this purpose. If H3 or someone else comes up with something better then we'll use that. Now that other people will be thinking in these larger terms the world may come up with a half a dozen “something betters” by the time we get to implementation. Hopefully if someone comes up with something better they will also want to give it to the world.

Lastly, an upgrade of the existing fishing fleet will also be on the agenda for those who want the new boats and the refits, and it will be an ongoing process so people will not need to rush from fear they'll miss out. A global upgrade.

Government Involvement

Clearly governments need to be hip deep in this one with negotiation of the international agreement and the various legislative instruments required to facilitate the creation of the FISCIL environment.

Beyond that is up for discussion. If governments decide they want to provide additional funds or tax breaks to assist in the ongoing development of the FISCIL process then this is a good thing. Many politicians will choose to remain hip deep in these big and flashy actions that actually and truly solve one of the world's biggest problems. Reminding everybody in their country that it is they who helped solve one of the world's biggest problems is something to dine out on for many years, and deservedly so if they help it along.

Many governments will choose to set up a new bureaucratic department to oversee FISCIL in their country, and at the very least will insert a new group within their appropriate departments; fisheries, agriculture what have you.

There is as much or as little post set up involvement as governments will wish.

More Money for the Industry

Additional money comes into the industry by getting rid of any middle men and by altering the power dynamic between the industry and the large endsellers. In the world we live in today it is considered a cardinal sin to increase prices on the consumer, so the harvesters and processors won't do that. Let the larger endsellers worry about pricing for the consumer. When one of the main issues is balancing up the power dynamic, it really does work like that. I'm leaving that hang rather than explain it; figure it out. Of course seafood pricing is quite volatile already so more money can be brought into the industry using that as well.

Additional money for the industry also comes in via the production and maintenance of whatever we use to increase the volume of fish in the oceans. This might be D-SAT which was mentioned earlier or it might be something else, but whatever we use to do the job somebody has to own the companies that produce and maintain the technology, and it might as well be those in the industry. Those in the industry get all the shares in the production company(s), and the commercial fishing entities (including communal villages)

will be charged with maintaining part of the infrastructure, for which they will also be remunerated. The D-SAT production company will be worth over \$30 billion, maybe even over fifty, and those in the fishing industry will own all of it; minus a small public float to fund establishment costs for the company of course.

Less than five years after FISCIL is adopted, the industry will be producing a lot more fish for sale to the various markets, and this is the other place where the industry gets more money. With more being available to harvest and the higher profile of the industry because of the FISCIL reform, the market will grow automatically.

In addition to this, H3 is pushing forward many other global reforms that are worth a lot more money to the global economy than the FISCIL reform. When these reforms start impacting Africa, all of the FISCIL corporations will be “required” to sell to Africa in massive quantities, not just East Atlantic and the Indian Ocean, and NOT at cut prices either. H3 reforms are designed to increase the size of the global economy by over \$50 trillion and “bring **everybody** up with the rest of us”; raising everybody’s standard of living is going to be the new best way to make money in this world, and all of it pure commerce; there is no charity in H3 reforms (even though some small parts of it may look that way). Consumption of a wide variety of healthy nutrition all over the world is going to increase because of this. What is better or will be better placed than seafood to fill this demand?

Obvious Implementation Issues

1. FISCIL does not impact recreational fishing. This is all about increasing the volume of fish in the world’s oceans so recreational fishing spots are not going to be fished out; quite the opposite.
2. A considerable number of unsophisticated individuals will be issued ownership in the five Regional Multinationals and they will be protected against predatory practices.
3. In a FISCIL environment the number of illegal fishing operations will be whittled down because such operations will be invited to fish legally. They don’t get a slice of the Regional Multinationals when they are created, but we’re going to need almost twice the number of fishing boats within about five years. Most should come on board.

4. FISCIL corporations cannot operate on a free market basis in competition with other FISCIL corporations. The environmental imperative needs to trump the commercial imperative in this regard. Pricing for each “product” is specified by governments in a consultative process with the Regional Multinational. Set pricing is hardly unusual for this industry.
5. Fish migrate and will pass from one region to another all the time; what is lost on the roundabout is picked up on the merry go round. Corporations will not be permitted to put up walls or nets at the boundaries, nor anything else that may restrict fish migration. The more D-SATs they deploy the less they will lose to this migration.
6. Carpetbaggers coming in and using people who have been in the industry for years as a front to gain shares in the ownership distribution won't work. A person can only get a share that is commensurate with their economic status as an owner. So in other words, an “old salty” deckhand cannot be used to grab a full or partial share under the exceptions. All H3 reforms will operate under “spirit of” (the law) rather than “letter of”, and any grey area claims will be dealt with by the arbitration committee mentioned earlier.

Conclusion

So we have a reform of the global Fishing Industry that will create over a million new jobs around the globe. It will make everybody in the industry richer and it will allow them to bring in consistently bigger hauls. The FISCIL reform of the global Fishing Industry will give the Fishing Industry a promising future to replace the doom and gloom of the last two or three decades.

It is big and flashy actions that solve one of the world's biggest problems (obviously so) and it requires politicians to be hip deep in it, so they will love it. It requires additional bureaucracy in governments around the world and at the UN also so bureaucracy will love it too. It requires a whole range of infrastructure and manufacturing projects that will add to industry generally, so they will love it too. It is plain, straightforward action that obviously solves overfishing completely so the greenies will love it too. I think you will be

very hard pushed to find someone who is not going to: Love it too.

The main thing that everybody needs to understand here is that this is just a discussion paper. The document that will be produced after this gets onto the global agenda deals with so much more: The different regulations in the various jurisdictions, implementation problems in places like Somalia (yes it will be implemented in Somalia), Africa generally, issues in the region from the Bay of Bengal to the Philippine and Arafura Seas, and all the other close quarters regions. It deals with what we do in the event of massive environmental or manmade catastrophes, and it deals with a dozen other major issues that have not been dealt with in this discussion paper. There are some preliminary notes on the FISCIL White Paper in a document on the H3 web.

To those who've been looking into H3 including the books and the other discussion papers, or even if this is your first stop, are we having fun yet????????

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