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FISCIL

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Discussion Paper
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The Overview:

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 number 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 by increasing the value of these corporations we will return the volume of life in the oceans back to pre-industrial levels within about twenty years.

When there are substantial environmental imperatives, reducing the number of players in an industry is a must; such a thing should be avoided where money is the only or driving imperative.

A critical understanding is required of the reader of this document. In the design of a solution that would be a real solution and not just a pretender to the title, who do we need to satisfy?

If you come across something in here that you feel would not be necessary, think about this question.

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, is going to be adopted. Not to 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.

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.

And this sort of thing permeates through the entire H3 operation, and none of it is by accident.

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.

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.

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 is under pressure.

To try and get money for these licenses, would turn the companies 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.

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, that are owned by all the existing commercial fishing entities under a ten or fifteen year accrual contract.

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 in the last few years, a memo and articles, a standard corporate constitution, is hardly sufficient to ensure good behaviour.

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 many elements of FISCIL that will impact what these optimum levels are.

Finally for this section, the relationship between the Regional Multinationals and all of the existing fishing corporations would lend itself to a system where we use management contracts, but we need to resist this temptation, and indeed we must exclude this 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 in 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 fisherman, is what the FISCIL environment relies upon.

The easiest and absolute best way to increase the value of FISCIL reform 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. The volume of fish will be an audited calculation.

Existing Fishing Corporations:

All existing fishing corporations get to retain roughly the same level of ownership autonomy they have now. The regulation in the fishing industry throughout the world is such that in a FISCIL environment, fishing companies are going to have far 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 entity 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 where the smaller business units have their own budgetary controls and make their own decisions, but must operate within the ideology, ethics and morals of the parent company. And 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, and a freer one than what they have at the moment.

Ownership Distribution:

Everybody who fishes commercially is to share in the ownership of the Regional Fishing Multinational for their region of the globe.

Distributing the ownership of the five Regional Multinationals is a massive logistics exercise: We calculate the volume of fish taken in each of the regions in the year immediately preceding the announcement of the FISCIL reform of the global fishing industry. For the purposes of the calculation, the announcement should mean as soon as it is put onto the global agenda, or perhaps a specific date like the twelve months to September 30, 2010, to make sure there is no ambiguity. And the full share ownership threshold is five years with a

sliding scale down to twelve months. A date like September 30, 2010 ensures there will be no carpetbaggers. So if you started your fishing business in November 2009, then that's very unlucky for you, but there will be provisions for long standing participants in the industry. For example, someone who has been in the industry for twenty years but started a new business two years ago will still get a full share.

The percentage of fish taken in that year by an entity will determine their share of the Regional Multinational in their part of the world.

For the purposes of this calculation a coastal fishing village is to be considered a single entity that is to be compensated accordingly; compensated with their relevant percentage of their Regional Multinational.

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 with D-SAT, in addition to its main function that I just mentioned, 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 on 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, it is not as massive as people will initially imagine.

Lastly, an upgrade of the existing fishing fleet will also be on the agenda for those who want the new boats. Where you say: Everywhere.

Government Involvement:

Clearly, governments need to be hip deep in this one with the negotiation of the international agreement and the 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, so that they can remain hip deep in these big and flashy actions that actually and truly solves one of the world's biggest problems, then this is a good thing.

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 the ongoing consultative pricing, and there will an annual or biennial get together of maritime nations to discuss FISCIL related issues, probably at the UN; either that or Tahiti I suppose, and no that's not a dig; call it an enticement.

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

More Money for the Industry:

One of the principal semi-ecbatic effects of the FISCIL reform of the Global Fishing Industry is the enormous increase in power the industry will achieve. The current gap between its power and its size is enormous. Contrast its power to that of the Oil Industry or any other mining industry for example. 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 the price to 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.

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 ocean, whether it be the D-SAT environments mentioned earlier or something else. Somebody has to produce and maintain them and it might as well be those in the industry. Firstly with shareholdings in the production companies, and secondly with all commercial fishing entities being involved in the ongoing maintenance of the process. The D-SAT production company will be worth over \$30 billion, maybe even over fifty.

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, the H3 operation will be pushing many other global reforms that are equally attractive to those the reforms target, as FISCIL is to the fishing industry. When the 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 H3 reforms are designed to increase the size of the global economy by over \$50 trillion. 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?

Obvious Implementation Issues:

1. FISCIL does not impact recreational fishing, and 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 great many unsophisticated individuals will be issued ownership in the five Regional Multinationals and they will be protected against predatory practices.
3. In a FISCIL environment 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 twice the number of fishing boats within about five years.
4. FISCIL corporations cannot operate on a free market basis in competition with the 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 hurdy gurdy is picked up on the roundabout. Corporations will not be permitted to put up walls or nets at the boundaries, nor anything similar.

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. It will allow them to bring in bigger hauls and consistently. 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 decade or two.

It is big and flashy actions that solves one of the world's biggest problems (obviously so) and requires politicians to be hip deep in it, so they will love it too. 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 would 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, and Saharawi also for that matter), Africa generally, the region from the Bay of Bengal to the Philippine and Arafura Seas and many other regions. It deals with what we do in the event of massive

environmental catastrophes or man made ones, and a dozen other things that have not been dealt with in this discussion paper. The section entitled More Money for the Industry should give you an idea of the scope and depth of the White Paper that will be released for the Global Fishing Industry; the very last White Paper that should ever be needed for the industry.

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