

Fishery Damage Compensation System of Japan

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Abstract

This paper introduces the fishery damage compensation system in Japan and suggests its suitability for other areas of the world.

Introduction

The fishery damage compensation system is a mutual aid system among fishermen that is supported by the national government of Japan. The system came into existence due to the many difficulties that affect fishermen and the fishing industry. These include loss of or damage to fishing vessels and fishing gear, as well as decline in harvests. Aquaculture is not an exception. It also faces problems such as the loss, escape or death of cultured fish, shellfish or seaweed as well as loss or damage to aquaculture facilities.

Japan's geographical location makes it prone to exceptional weather, typhoons and tsunamis. These natural but unpredictable events can significantly affect fisheries and livelihoods. Environmental degradation resulting from pollution, such as oil spillages and discharges of industrial waste into the sea, also damages both the flora and fauna in the aquatic environment and creates problems for fisheries and fishermen. To provide stability to the fishing business, the Japanese government provides assistance to fishermen who are affected by natural or man-made disasters through the Mutual Insurance Scheme. The stakeholders participate voluntarily in this scheme and co-operate with each other and the government, leading to an effective fishery damage compensation system.

The Fishery Damage Compensation System

According to Yamamoto (1984), the insurance scheme in Japan is used to provide help and compensation to fishermen who are affected by major losses. The national government provides the following assistance measures: subsidies covering part of the premium for each fisherman; additional government insurance for disasters that are not covered by the fishermen's mutual insurance (excluding fishing gear insurance); and subsidies covering part of the administrative and labor costs related to the mutual insurance associations of fishermen. The government also provides subsidies for two-thirds of the insurance premium for red tides and makes special credit available for agriculture, forestry and fishery enterprises. These measures indicate the high priority placed by the Japanese government on the welfare of its citizens, especially its fishermen.

Several insurance schemes have been initiated by the government for fishermen (Yamamoto 1984). Fish catch insurance was initiated to compensate for losses incurred during a fishing season and is based on the total income from the operation. The compensation level for this insurance is calculated as follows: (Average Annual Gross Income) x (Compensation Rate: 0.7-0.9) where 'average annual gross income' is based on

the average annual gross income per fisherman by type of operation for three selected years from the previous five years, excluding the two years showing the lowest and the highest gross income. The premium is calculated from (Compensation Level) x (Coverage Rate) x (Premium Rate).

Aquaculture insurance was initiated to compensate for losses based on damage to cultured fish and other products. The compensation is based on the 'Sum Insured per Unit' and the quantity of cultured sea products affected. The 'Sum Insured per Unit' of an aquacultural facility is determined by the size, materials and depreciation of the facility. (It should be noted that this insurance does not cover theft, damage caused by civil disturbances, damage caused by water pollution due to discharged waste or other pollutants, and damage due to carelessness of the policyholders.)

There is also a Special Aquaculture Insurance for seaweed such as larver, sea mustard and tangle. This Special Aquaculture Insurance was initiated to cover losses and damage to cultured seaweeds as well as loss due to the lowering of market prices for the products.

Fishing Gear Insurance covers loss or damage to fishing gear and is calculated on the materials, their size and depreciation.

The Japanese Government's effort to make life easier for its fishing population is further enhanced by a policy known as Insured Events. Under this system, any losses due to natural disasters such as typhoons, storms and red tides are covered by insurance.

Co-operative societies of fishermen have also been established. Apart from individual contracts that indicate the rights and obligations of each fisherman as a policy holder, a fishery co-operative society can make an insurance contract on behalf of its members in which the co-operative is the policy holder. If all the members of a fishery co-operative participate in a Fishery Mutual Insurance for four consecutive years, after going through the required procedure set by the regional government, the premium subsidy given by the national government is double the one for voluntary participation. The Japanese experience serves as an example of the way in which national governments can support and encourage their fishing communities.

Conclusion and Recommendations

The fisheries compensation scheme enacted by the Japanese government could be used as a model in developing countries to help safeguard the livelihoods of the fishing communities – as these are often amongst the poorest and most vulnerable citizens. The fishermen, on their part, could form well coordinated and vibrant co-operative societies. Governments could encourage oil companies to pay regular and appropriate compensation to those affected by oil spills.

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References

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