

Ethical sourcing of wild-caught fish from developing countries: Opportunities and Constraints

Discussion Paper



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¹ Line caught tuna photo courtesy of Hashim Heymaa Fishing

Summary Points and Discussion Questions

1. Trade in wild-caught fish is an important contribution to the economies of many developing countries, and while there are a number of benefits including foreign exchange generation and employment, there are also potential negative implications such as over-exploitation of the resource and competition with the supply of national markets affecting food security. Market based schemes such as certification and private sector procurement policies also have the opportunity of enhancing benefits and redressing some negative impacts e.g. providing incentives for improved resource management. However, they can also exacerbate some of the negative impacts, if certification results in increased export demand.

- Q Do market based measures (e.g. certification and private sector procurement policies) benefits and opportunities to developing countries?
- Q How do the activities of Distant Water Fleets affect the potential benefits of international trade and market-based measures for developing countries?
- Q What are the potential impacts of market-based measures on developing countries?

2. There is some justification for addressing ethical issues in sourcing fish from developing countries. There are obvious benefits for developing countries where the overall development benefit of trade can be maximised. There are also potential benefits for private sector buyers and importers who have the opportunity to enhance their Corporate Social Responsibility (CSR), show provenance of their products, as well as capitalise on the marketing potential of an ethical product.

- Q Are social-economic/ethical issues worth considering within market-based measures?
- Q Are there steps that need to be addressed first before ethical issues can be considered e.g. quality of produce and traceability?
- Q Are there alternatives to dealing with these issues through governance mechanisms rather than market-based measures?

3. However there are also a number of challenges in addressing social and economic issues in fisheries trade, as they can be complex and context specific. For the private sector there are other priorities that are currently taking centre stage, such as sustainability and legality, and there could be concern that adding another layer of selection will further restrict supplies and increase costs. There are also a number of key issues that have to be assured when sourcing product and the quality and regular supply are prerequisites.

- Q How is it possible to address social and economic issues without increasing the burden to stakeholders and potential costs to developing countries?

4. If it is considered valid to look at ethical issues, there is still work to do to determine the important social and economic issues that should be included. This discussion document identifies a range of these issues at different levels and mainly at a generic level. It also points out that there is a difference between promoting developing country exports and certification (which can have social and economic benefits but also consequences), and addressing the potential unintended ethical consequences of trade. There will also be issues specific to each country or fishery and these would need to be agreed by the relevant stakeholders.

- Q What are the social and economic issues that are relevant to developing country fisheries and could be addressed through market-based measures?
- Q Is it important for initiatives in ethical sourcing to identify new opportunities to diversity and increase supplies?

5. Some emerging fisheries certification initiatives have already begun to address social and economic issues (e.g. Fair Fish and Naturland) but these schemes are currently periphery to the main markets. Both of these schemes are also yet to be scrutinised by all the relevant stakeholders, and particularly by international NGOs that have a considerable influence on retailers purchasing decisions. Some private sector importers and buyers are also introducing some ethical considerations into their purchasing policies but these are relatively undeveloped and likewise have not yet been opened to external audit.

Q Are current market-based initiatives that are aiming to tackle ethical issues sufficient?

6. Since it is likely that MSC currently has the greatest market share of certified products, there are opportunities to use this scheme as a base and design a compatible mechanism that could tackle ethical issues. However, this is not always the case for all markets. Friend of the Sea has made inroads into Spanish and Italian markets, although there is a lack of information on the quantity and value of sales. There are also considerable barriers for some developing countries fisheries to reach MSC certification.
7. Certified fish is still a niche product, and although it is growing in market share there may not yet be sufficient demand to make it worthwhile developing countries investing in certification. If there is not price premium paid for certified products, developing country actors may find it difficult to justify the efforts and expenditure involved when there are markets available that are not demanding certification.

Q Can a system be designed that presents tangible benefits for developing country fisheries?

Q Would a price premium make a fisheries certification system more or less sustainable into the future?

8. Alongside opportunities to address social and economic through certification schemes, there are also possibilities to develop ethical sourcing through private procurement policies. Given the time and resources necessary to develop effective, robust and credible certification schemes, private initiatives may offer a shorter-term solution, more flexibility and provide guidance for future certification initiatives. The draw-backs of this approach are that it lacks the independent nature of third-party certification schemes and may mean that developing country fisheries are tied into relationships with limited negotiation power.

Q What are the responsibilities of private sector compared to that of governments, for example in providing social services such as health, education?

Q Can social and economic issues be integrated with environmental, legality and carbon-footprint concerns?

9. A way forward could be to trial different approaches through partnerships, building on current initiatives, and ensuring continuous dialogue between actors to allow coordination and eventual consolidation of approaches. There are opportunities through the FAO Guidelines on Responsible Fish Trade to channel these discussions at an international level.

Q Are there ethical sourcing mechanisms that can be piloted?

Q What are the most effective partnerships or forum to further develop 'ethical fish sourcing'?

Q What further research or information is needed before ethical issues can be addressed?

Q How should wild-caught fisheries certification link with aquaculture certification that does in general address social and economic issues?

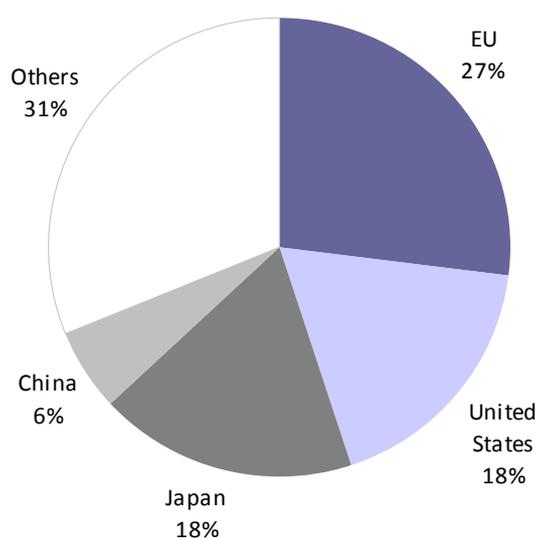
Trade in wild-caught fisheries from developing countries

Fisheries exports provide an important source of foreign revenue earnings for developing countries, and their net revenues (value of exports less the cost of imports) were US\$ 20.4 billion in 2004. This is greater than the net revenue of other major agricultural commodities such as coffee, rubber and cocoa combined.

Shrimps and prawns feature highly as key fishery export products for many of the countries. Although export data for shrimps and prawns includes aquaculture production, several countries do have shrimp capture fisheries (e.g. Belize, Senegal, and Mauritania). Tuna is important for a number of countries, such as Cape Verde, Seychelles, Maldives and Vanuatu. Octopus and lobster are also high-value products that feature among the main export products of Belize, Mauritania, Senegal and Viet Nam. Fresh, chilled and frozen fish and fish fillets are also important, for example in Gambia, Guinea-Bissau, Namibia, Panama and Senegal.

Figure 1: Share of world import values of fish and fishery products excluding intra-EU trade (2006)

Source: FAO, 2007.



International trade in fish and fisheries products has increased substantially from US\$ 58 billion in 2002 to US\$ 78 billion in 2005. Half of this trade originates in developing countries, and almost three-quarters is destined for developed-country markets of the EU, USA and Japan (Figure 1). These are the same markets that are increasingly demanding certification.

Certification and market-based measures

Demand for certification is being driven by retailers in Europe and the US who have provided clear commitments to sourcing sustainable product (Box 1). There is also increasing demand from Japan, and estimates suggest that up to 20% of Japanese fish imports are from fisheries certified under the MSC standard or fisheries currently in assessment².

Certification is still a relatively small part of the overall trade in fisheries product, but is growing. Recent figures suggest that the Marine Stewardship Council (MSC) certified fisheries accounts for 4 million tonnes of production (which is around 3-4% of global production). There are a number of other fisheries certification initiatives emerging, each with slightly different specifications (Table 1).

²http://www.fishupdate.com/news/fullstory.php/aid/10754/Japanese_MSC_products_reach_100.html, 28th April 2008

Box 1 Private sector commitments towards sourcing sustainable fisheries products

- Sainsbury's (UK retailer) has made a commitment to source all its wild-caught fish from sustainable sources by 2010;
- Metro (German retailer) had a target to stock 80 MSC products by 2008. There are currently 32 MSC-certified products on the shelves;
- In the Netherlands, the Dutch retail consortium Centraal Bureau Levensmiddelenhandel (made up of 25 chains of retailers) has set targets to sell only MSC-certified (or Global-GAP certified) seafood from 2011 ;
- Marks & Spencer (UK retailer) has committed to sourcing 100% of their fish from sustainable sources (MSC certified or equivalent) by 2012;
- Wal-Mart (US retailer) has announced that they intend to shift their supplies of wild caught fresh and frozen fish to MSC certified fisheries by 2009-2011. Their UK counter part Asda has matched this commitment to source MSC certified fish by 2010.

Table 1 Comparison of the main certification schemes: markets, criteria, use of an eco-label and application to developing countries

Certification scheme	Main markets (examples)	Criteria					Eco-label on product	Application to developing countries*
		Environmental			Social	Economic		
		Vessel practices	Fisheries stock	Fisheries management				
MSC	Europe (UK, Germany, Switzerland, France), US, Japan, Australia, South Africa	✓	✓	✓	x	x	✓	Mexico – Rock Lobster South Africa – Hake Vietnam – Ben Tre Clam <i>Pilots</i> Mauritania – mullet Gambia – sole Argentina – mullet Ecuador/Peru – dolphin fish
Friend of the sea	Spain, Italy	✓	✓	x	x	x	✓	Senegal – multi-species artisanal fishery Sri Lanka – yellowfin tuna Indonesia – prawns Morocco – sardines & mackerel
Fair Fish³	Switzerland	✓	✓	✓	✓	✓	x	<i>Pilot</i> Senegal – multi-species artisanal fishery
Naturland	Germany, Switzerland	x	✓	x	✓	x	✓	<i>Pilot</i> Lake Victoria – Nile Perch
Seafish RFI	UK	✓	x	x	x	x	✓	<i>Pilot</i> Long-line tuna in Sri Lanka
Fish4Ever	Europe, US	✓	x	x	x	x	✓	No developing countries

Note:

* Fisheries that have gone through the assessment process or are currently going through this process

³ Fair Fish also includes a wide range of other criteria such as animal welfare which has not been expressed as a concern by customers or NOGs in relation to wild-caught fish.

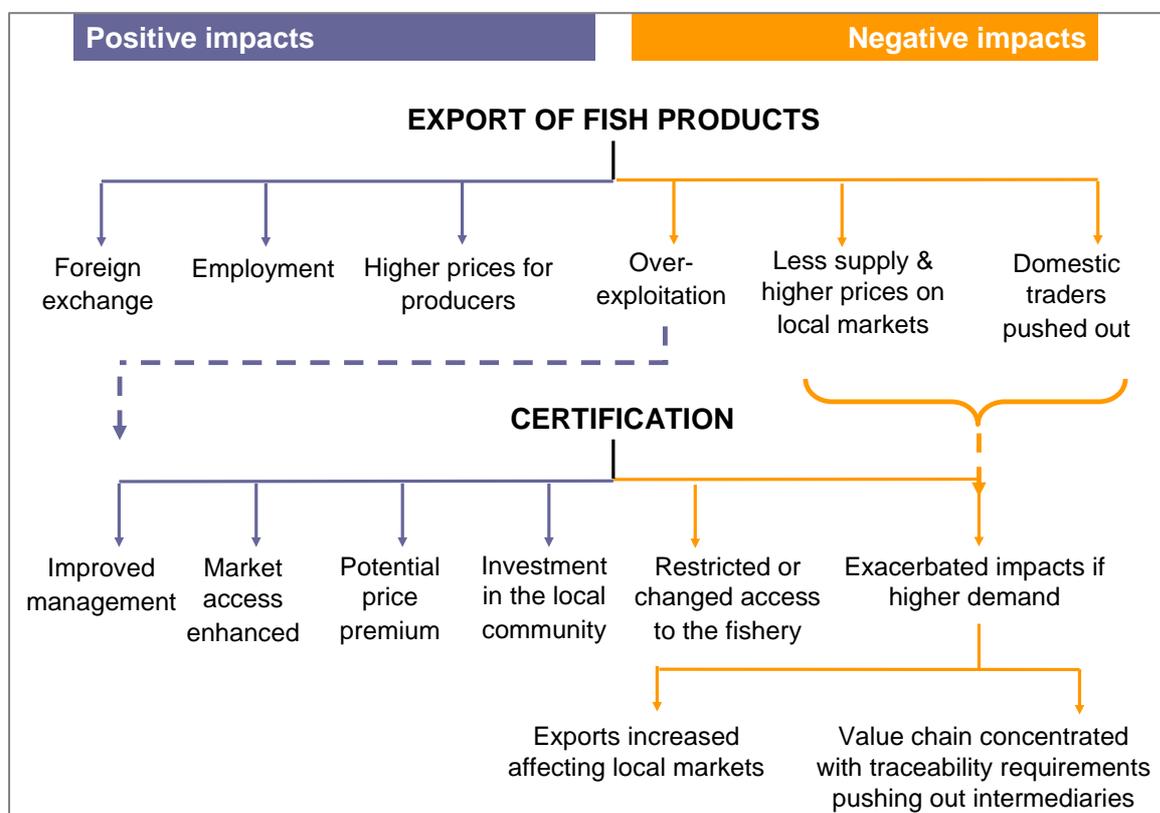
US and EU importers and processors often also have detailed compliance policies to which suppliers must respond. For instance, Young's (a UK based processor, part of Foodvest) has developed ten principles for responsible procurement. This includes legality, labelling of origin, enhanced traceability and a commitment to ethics and the environment (Youngs, 2008).

In a similar way, a number of retailers 'pre-select' on behalf of customers. For example, Waitrose favours line-caught methods while Sainsbury only stocks line-caught cod and haddock. Retailers are often influenced by NGO lists of 'fish to eat' or 'to avoid' such as the Marine Conservation Society's (MCS) Good Fish Guide. NGOs have also been instrumental in influencing retailers and buyers move towards sourcing certified products.

Positive and Negative Implications of Trade and Certification

There are a number of benefits of international fisheries trade for developing countries, and likewise benefits associated with certification (Figure 1).

Figure 1 Positive and negative implications of international fisheries trade and certification for developing country fisheries



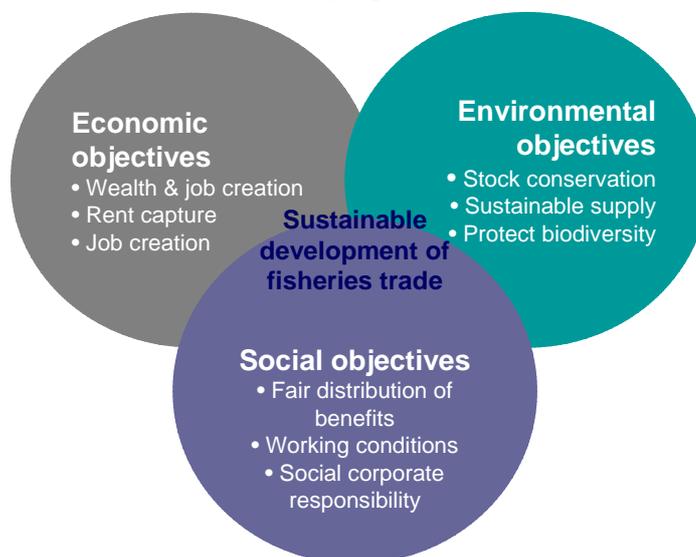
Some concerns concerning fisheries certification that have been expressed include:

- Low capacity of developing countries and high costs to achieve certification;
- Potential non-tariff barriers for developing countries;
- Credibility of certification schemes;
- Low involvement of developing countries in the standard setting process.

Social and economic issues within fisheries trade

The long-term sustainability of fisheries relies on there being environmental, social and economic sustainability (Figure 2).

Figure 2 Sustainable development in developing-country fisheries



There are a wide range of potential social and economic issues associated with fisheries and fisheries trade which are likely to vary according to the situation. There are also political economy issues (i.e. governance) that affect social and economic outcomes. These issues arise at different levels, for example at the vessel level, within the fishing community, throughout the value chain or at a national level. Different stakeholders are likely to have different perceptions on the relative importance of these issues (Table 2).

Table 2 Social, economic and political-economy issues that have direct and indirect impact on fisheries and trade in developing countries

Level	Type of Fishery	
	Artisanal	Industrial
Vessel	<ul style="list-style-type: none"> • Child labour • Fair price for fishermen 	<ul style="list-style-type: none"> • Working conditions • Safety at sea • Freedom to associate • Fair pay • Child labour • Equity in access to services
Community	<ul style="list-style-type: none"> • Access to social services (e.g. health, education) • Democratic socio-professional organisations • Participation in management • Gender issues 	
Value-chain	<ul style="list-style-type: none"> • Negotiation capacity of fishermen and traders (on price and conditions of sale) • Access to markets • Access to services associated with trade (e.g. ice, transport) 	
National economy	<ul style="list-style-type: none"> • Impact of fish trade on national food security • Contribution to the economy 	
Administration/government	<ul style="list-style-type: none"> • Access allocations • Fair representation of stakeholders within management • Provision of effective services to assist export (e.g. hygiene control) 	

How social and economic issues dealt with within current certification schemes

Currently most fisheries certification schemes have focused on environmental sustainability and this is the case for MSC which is the most established scheme. A comparison of how different social, economic and political economy issues are taken into account is given in Table 3.

- While **MSC** does not explicitly look at social issues, but within Principle 3 it does require management systems to be consultative, address impacts on livelihoods, be appropriate to the cultural context, respect local access rights and incorporate a mechanism for dispute resolution (Table 4).
- The **Responsible Fishing Scheme (RFS)** run by Seafish looks at the safety at sea element of working conditions on board.
- The **Naturland** standard and certification scheme is also being piloted on Lake Victoria and while social issues have been included many of these are still under discussion with stakeholders. Naturland has a good market in Switzerland and Germany but is less well known in the rest of Europe, US and Japan.
- **Fair Fish** has been applied with artisanal fisheries in Senegal but has now been discontinued. The standard is also not well known and has not yet been scrutinised by external stakeholders e.g. international NGOs. It also includes elements such as animal welfare criteria that have not been expressed as a consumer concern in relation to wild-caught fish.

Table 3 Comparison of social, economic and political economy issues are taken into account by current certification schemes

Level	Social, economic or political economy issue	MSC	RFS	Naturland*	Fair-Fish
Vessel/Fishers	Working conditions		1	1	1
	Fair Price				
Community	Access to services for communities			2	2
	Access to the resource	1			
Value-chain	Value-chain relations				
National economy	Food security				
	Contribution to the economy				
Government/ Administration	Access rights				
	Representation in management				3
	Services to the value chain				
Notes		1 = refers to interaction with local communities – see Table 4	1 = related to safety at sea	1 = refers to fair working conditions and safety at sea 2 = relates to living conditions and social services available	1 = related to child-labour in post-capture activities 2 = price premium is reinvested into development projects 3 = requires that fishers and traders are organised into associations

*Draft standard only – still under discussion

Table 4 Requirements for management systems outlined in MSC Principle 3

Consultation	Contain a consultative process that is transparent and involves all interested and affected parties
Address impacts on livelihoods	Address the impact of fishery management decisions on all those who depend on the fishery for their livelihoods, including but not confined to subsistence, artisanal, and fishing-dependent communities.
Culturally sensitive	Be appropriate to the cultural context, scale and intensity of the fishery
Local access rights	Observe legal and customary rights and long term interests of people dependent on fishing for food and livelihood.
Dispute resolution	Incorporate a mechanism for dispute resolution

Potential mechanisms to address ethical issues

Based on the review of the overall context of certification schemes and private sector procurement policies, as well as potential social and economic issues of concern, the following section provides an overview of potential mechanisms that could be used to address ethical issues in fish sourced from developing countries (Figure 3).

These options are not mutually exclusive and could be used in different combinations to address the issues. Where possible they draw on current initiatives rather than re-inventing the wheel.

If a number of options were tested it would be important to maintain a dialogue between stakeholders so that the different pilots could learn from each other and stakeholders move towards a consolidated approach. The draft FAO guideline on Responsible Fish Trade provides a potential opportunity to coordinate discussions at an international level.

Figure 3 Potential mechanisms for addressing ethical issues in fish sourced from developing countries



Opportunities and Constraints of different options

The opportunities and constraints of the different options presented in Table 5.

Table 5 Opportunity and constraints of different options

	OPPORTUNITIES	CONSTRAINTS
Ethical certification: Linkages between schemes		
MSC + Fairtrade	<ul style="list-style-type: none"> - Fairtrade is an established label with significant market recognition - Standard includes requirement for a price premium which could benefit developing country fishers - A number of issues could be elaborated within a specific standard for fisheries 	<ul style="list-style-type: none"> - Fairtrade has not yet been applied to fisheries - Complexity of social issues in fisheries may make standards difficult to apply - Wider issues such as national food security, contribution to the economy and governance may not be covered in the standard.
MSC + Ethical trading initiative (ETI)	<ul style="list-style-type: none"> - A number of European retailers have already signed up to the ETI base code and could apply it to their fisheries supply chains as they have done for other sectors (e.g. clothing industry) 	<ul style="list-style-type: none"> - A specific code for the fisheries sector has not been established - ETI Base Code is voluntary and annual reports on progress are not made public - Focus of the code is on working conditions and not wider issues
MSC + SA8001	<ul style="list-style-type: none"> - An established social standard that has recognition in a number of sectors - There has been interest to adapt the code for the shipping industry which may have a number of factors in common with industrial fisheries. 	<ul style="list-style-type: none"> - The code has not yet been applied to fisheries - Focus of the code is on working conditions but does not address wider social and economic issues
Broader extended certification	<ul style="list-style-type: none"> - Certification scheme could provide a 'holistic sustainable development approach' - One stop shop could reduce customer confusion 	<ul style="list-style-type: none"> - Likely to be difficult and complex to combine all aspects into one certification - May create additional barriers for developing country fisheries, and restrict supplies for private sector
Use of Governance indicators	<ul style="list-style-type: none"> - Could be incorporated into any of the approaches suggested - Potentially a quicker method of assessing social and economic aspects 	<ul style="list-style-type: none"> - Approach would need to be trialed and assessed - Governance indicators may not address tangible social and economic issues
Impact Assessment	<ul style="list-style-type: none"> - Does not add burden to standards but requires mitigating measures to be integrated within management plan - Potential to incorporate within certification audits 	<ul style="list-style-type: none"> - Addresses potential negative social and economic impacts but does not look at proactive ethical benefits - Uncertainty on who would pay for assessment and the actions needed to mitigate impacts.
Private Sector sourcing policies	<ul style="list-style-type: none"> - Gives flexibility - Ethical aspects can be integrated within sourcing policies - Trade arrangements can be set up to reinvest within development funds 	<ul style="list-style-type: none"> - Fishermen may become tied into a private sector relationship where their negotiation power may be compromised - Not necessarily open to third-party audit
Focus on traceability and certification of origin	<ul style="list-style-type: none"> - Traceability easier for developing countries to achieve than certification - Origin labels can be used to show provenance and build a marketing story 	<ul style="list-style-type: none"> - Without environmental assurances may lead to more detrimental impacts (small scale does not always mean small impact) - Unless country has a good reputation or benefits can be illustrated origin labelling may not be helpful

Potential case studies

Examples of potential areas where pilots or case studies could be conducted are given below.

Table 6 Potential case studies

Mechanism	Potential fisheries	Ongoing initiatives
<p>1. Develop a new ethical certification scheme as a combination between environmental (e.g. MSC) and ethical (e.g. Fairtrade)</p>	<ul style="list-style-type: none"> Maldives tuna fisheries Pacific tuna Amazon fresh water fish Mullet fishery in Argentina* Dolphin fishery in Ecuador and Peru* <p>*Both currently undergoing MSC GASSDD pilot</p>	<p>Fairtrade and MSC submitted a joint proposal to a Comic/Relief Sainsbury's fund to explore options for tuna from Maldives.</p> <p>Fairtrade Brazil has discussed opportunities with some retailers to source sustainable produce from small-scale fishermen.</p> <p>MSC-GASSDD pilots in countries such as Ecuador and Peru that are sensitised to the Fairtrade approach</p>
<p>2. Develop a social/economic module that could be compatible with an environmental certification scheme</p> <p>Potential use of governance indicators as a tool to assess social and economic issues</p>	<ul style="list-style-type: none"> Sierra Leone Mexican shrimp fisheries Namibian, South African or Argentinean Hake 	<p>DFID may be providing governance support to the fisheries sector of Sierra Leone</p> <p>Youngs currently source shrimp from the Gulf of Mexico</p> <p>South African hake fisheries has already been certified by MSC</p>
<p>3. Integrate social issues in to the Seafish Responsible Fishing (RFS) Scheme for Industrial fisheries</p> <p>Build on ETI and SA8000 criteria and establish links with an environmental certification scheme e.g. MSC</p>	<ul style="list-style-type: none"> Sri-Lanka tuna 	<p>SeaFish RFS is currently undergoing a pilot in Sri-Lanka involving some key UK retailers (e.g. New England Seafood, Youngs)</p>
<p>4. Test Private Sector Procurement policies</p>		
<p>4.1. Develop a purchasing policy that includes price premiums reinvested into development projects</p> <p>Make links with an environmental certification scheme.</p>	<ul style="list-style-type: none"> Lake Victoria Nile Perch Lobster from the Caribbean, Vietnam or Gambia 	<p>The Lake Victoria Fisheries Organisation has expressed interest in pursuing MSC certification. This organisation has received funding from the EU.</p> <p>Naturland is currently undertaking a pilot in Tanzania to develop and apply a standard to Nile Perch with importers Anova.</p> <p>FPH has been working with some fishing communities on Lake Victoria and European retailers to set up a system of reinvesting into development.</p>
<p>4.2. Develop a risk-based tool to ethical risks that can be combined with an IUU risk-based tool</p>	<ul style="list-style-type: none"> West African fisheries e.g. Mauritanian/Morocco octopus or pelagic species (e.g. mackerel) 	<p>Seafish has developed a protocol for assessing IUU risk.</p> <p>Private sector companies often use risk assessments in their sourcing policies.</p>
<p>5. Improve traceability (and quality issues) for developing country fisheries to assist with export where:</p> <p>a) the majority of fishermen are poor and would benefit from accessing international markets; and</p> <p>b) the fishery is low impact or there are environmental safeguards in place</p>	<ul style="list-style-type: none"> Mauritanian mullet fishery * Gambian sole fishery* <p>*Both currently undergoing MSC GASSDD pilot</p>	<p>CFFA work with West African countries to promote a fairer deal for fishers. They are following traceability systems in these countries.</p> <p>WWF are supporting some of the MSC - GASSDD pilots</p>