

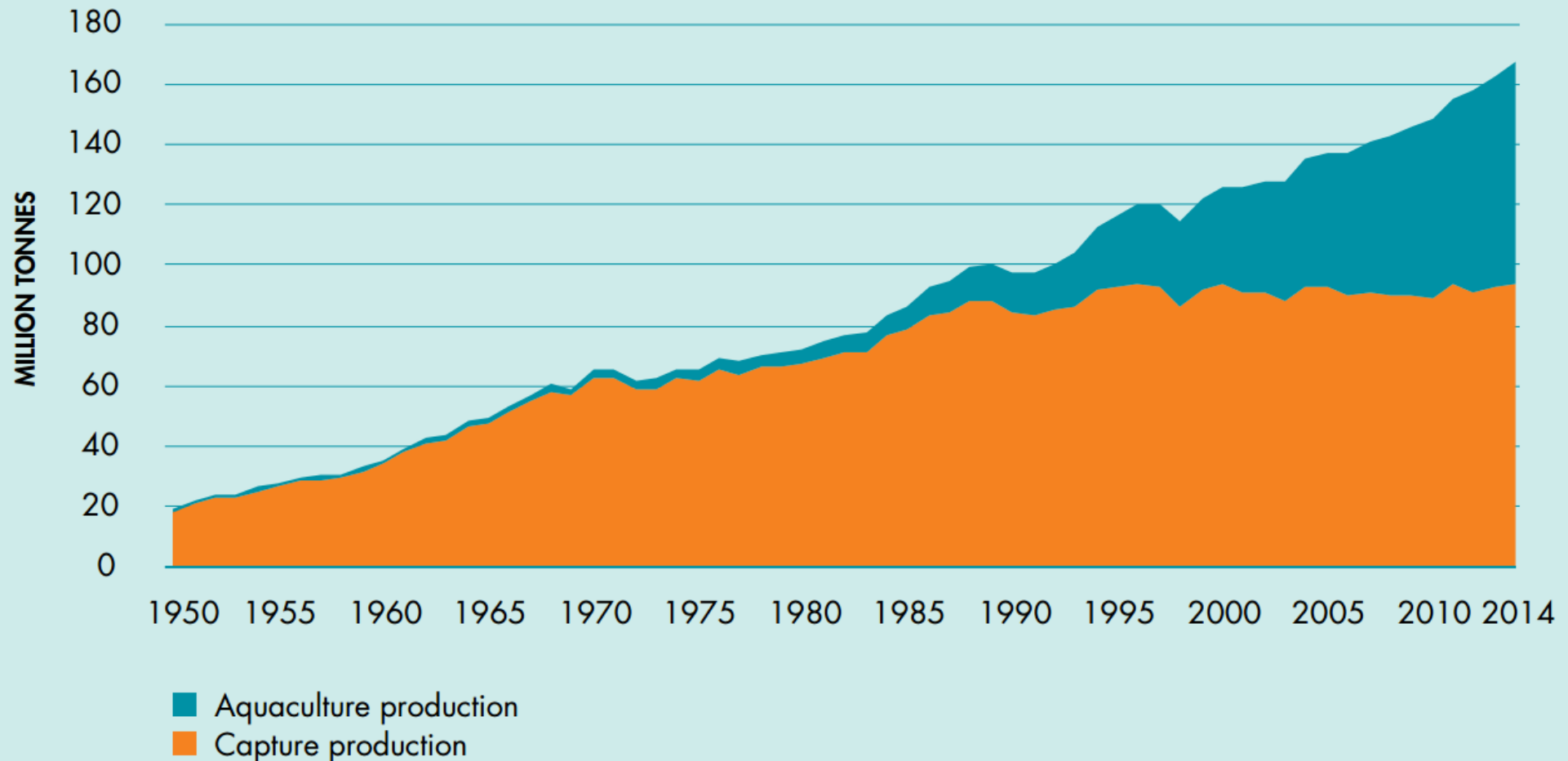
Certification in the Seafood Industry

Global Situation

Quick overview

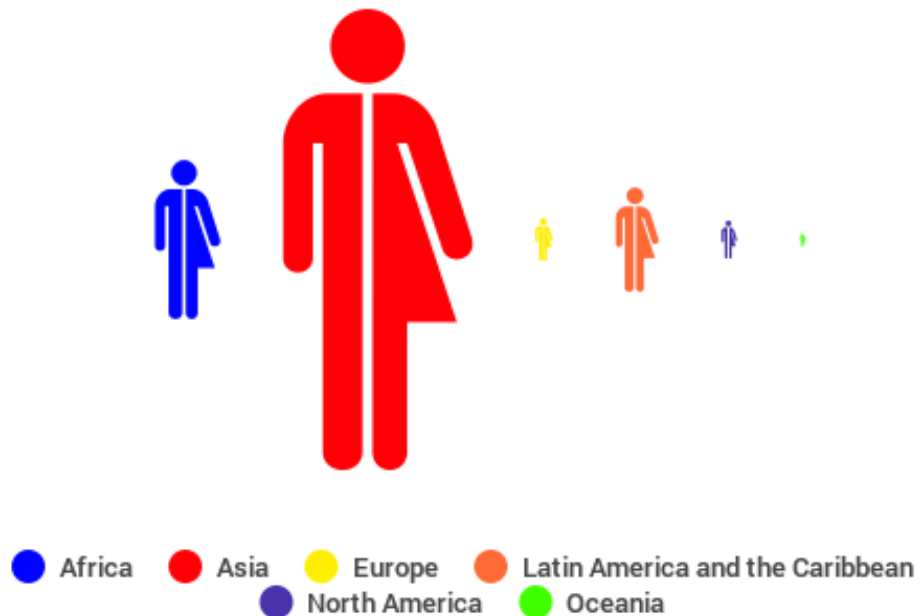
Fisheries Production

WORLD CAPTURE FISHERIES AND AQUACULTURE PRODUCTION



Fisheries and Employment

Direct Employment in Fisheries



Women Employment in Fisheries



10.8 million

Number of women employed directly in the fishing activity



19%

Women force employed in fish production (primary sector)

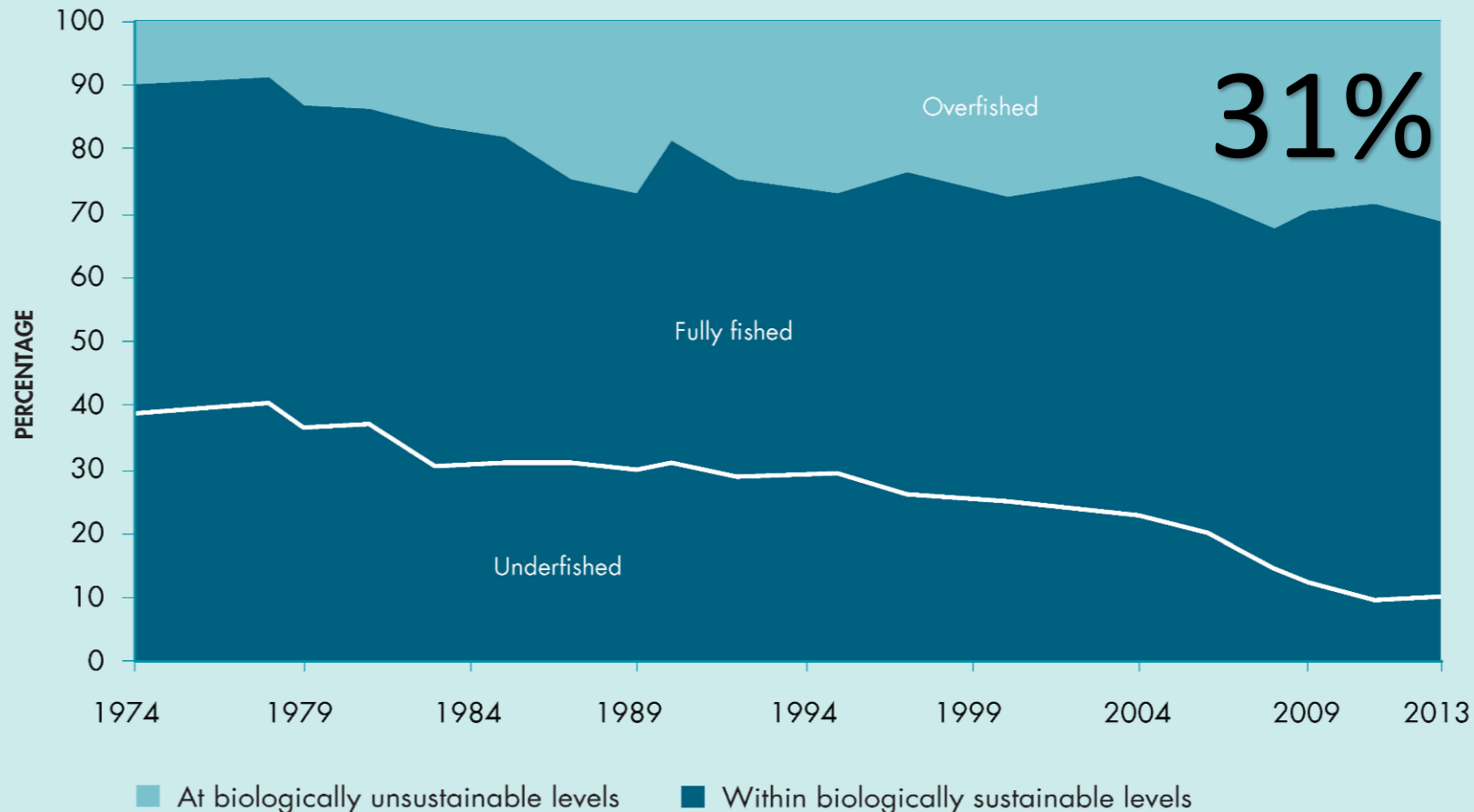


50%

Women force employed in fish production, processing and distribution (primary and secondary sectors)

Global Trends in the State of World Marine Fish Stocks

GLOBAL TRENDS IN THE STATE OF WORLD MARINE FISH STOCKS SINCE 1974



Notes: Dark shading = within biologically sustainable levels; light shading = at biologically unsustainable levels. The light line divides the stocks within biologically sustainable levels into two subcategories: fully fished (above the line) and underfished (below the line).

Certification and Seafood

- Major issue for seafood products
- Expansion of schemes
 - Increase market presence
 - Increase product coverage
- Increase demand by retailers and brand owners
 - Strong incentives for processors and exporters
 - Two Phase Expansion
 - Beginning – developed countries
 - Recently – many developing country initiatives

Main FAO Instruments linked to Certification

- Code of Conduct for Responsible Fisheries (CCRF)
 - FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries
 - FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Inland Capture Fisheries
 - FAO Technical Guidelines on Aquaculture Certification
- Basic Approach of the Instruments
 - Agreed by Consensus
 - Transparent
 - Inclusive (all Member Countries)
 - Voluntary
 - Guidelines
 - General Acceptable Principles

FAO and Certification

- Certification is a market reality
- Role of FAO in supporting initiatives in the area
 - To create incentives
 - Adherence and dissemination of FAO Instruments and principles
 - Sustainability of the resources
 - Transparency
 - Be inclusive for participants
 - Small and artisanal
 - Developing countries
 - Quality assurance
 - Information dissemination
 - Transmission of knowledge
 - Clarity for consumers
 - To avoid
 - Trade Barriers
 - Duplication

GSSI Evolution and Adherence to FAO's Principles

- 2013 – Establishment of GSSI
 - A multi-stakeholder platform
 - Improve efficiency and information throughout the supply chain
 - Utilization of FAO instruments as basis for benchmarks
 - Enhance the confidence in seafood products
- 2015 – 20th Year Anniversary Conference for the FAO Code of Conduct (Vigo)
 - Launch of the GSSI Benchmark Tool
 - GSSI being required
 - Many major retailers and brand-owners
 - “Tuna 2020 Declaration - Stopping illegal tuna coming to market”
 - Sourcing guidelines for the Summer Olympics (Tokyo – 2020)

2017 and Beyond on Certification

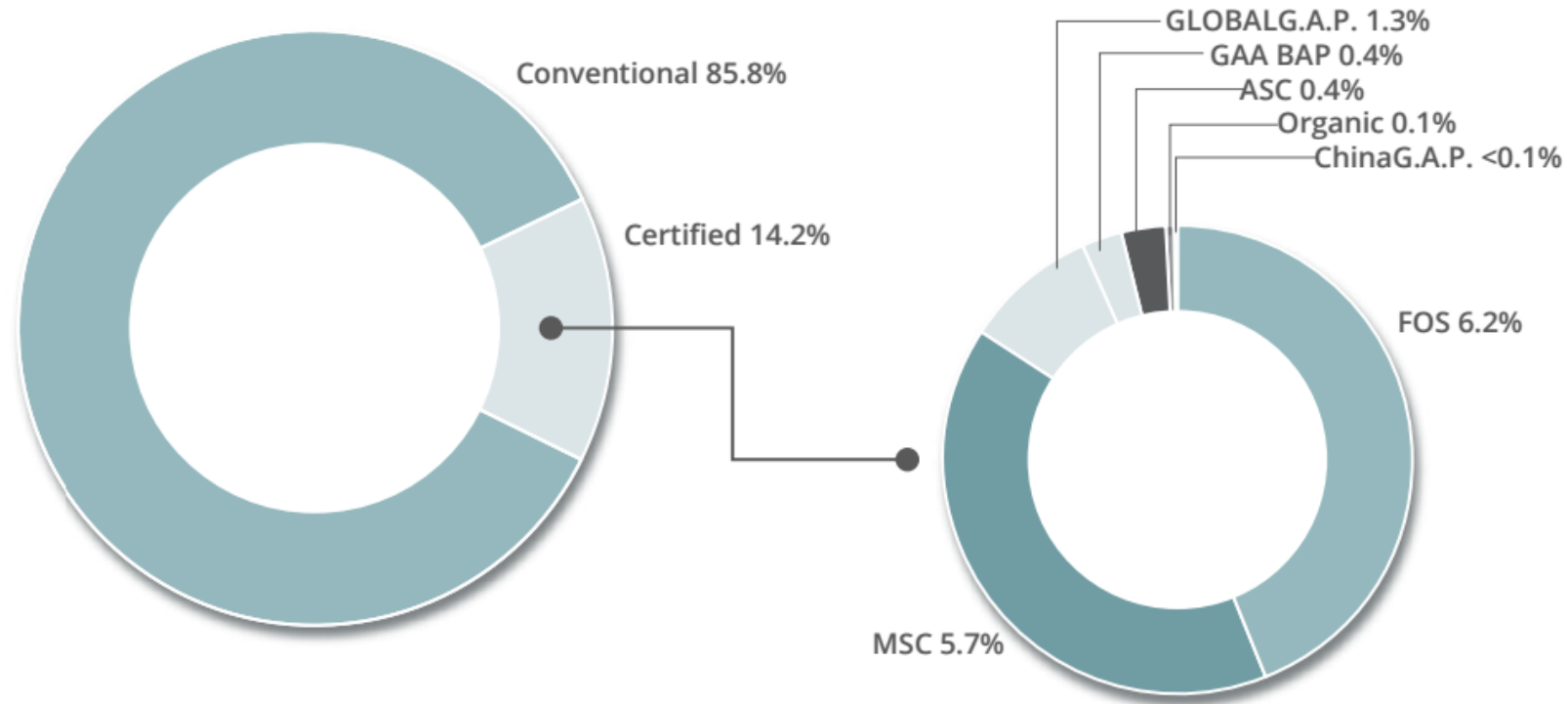
- Continuous importance of certification
- Escalation of the participation of developing countries
- Small-Scale and Artisanal Participation
 - FAO Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries
- Increase of efficiency
 - More transparency
 - Reduce the costs of certification
- Cannot become a trade barrier
 - Inclusive
 - Transparent
- Continuous Adequacy of the System
 - FAO Guidelines and Instruments as parameters
 - SDGs
- FIPs – Fishery Improvement Projects

Ecolabelling evolved from its humble roots of single-issue tuna labels in the 1970s.

- ✓ With growth in consumer awareness, manufacturers/retailers serving developed countries recognized value in affiliating with sustainability standards
- ✓ It evolved over time from demonstrating environmental leadership and possibly seeking product differentiation to providing reputational risk management
- ✓ Certification has become the cost of doing business in developing countries rather than a basis for product differentiation

Certified vs. conventional seafood production (wild&farmed)

As of 2015, certified seafood made up more than 14 per cent of global seafood production. MSC- and FOS-certified production accounted for virtually all certified wild catch and for 80 per cent of global certified seafood. Six aquaculture certifications accounted for 20 per cent of certified seafood in 2015.

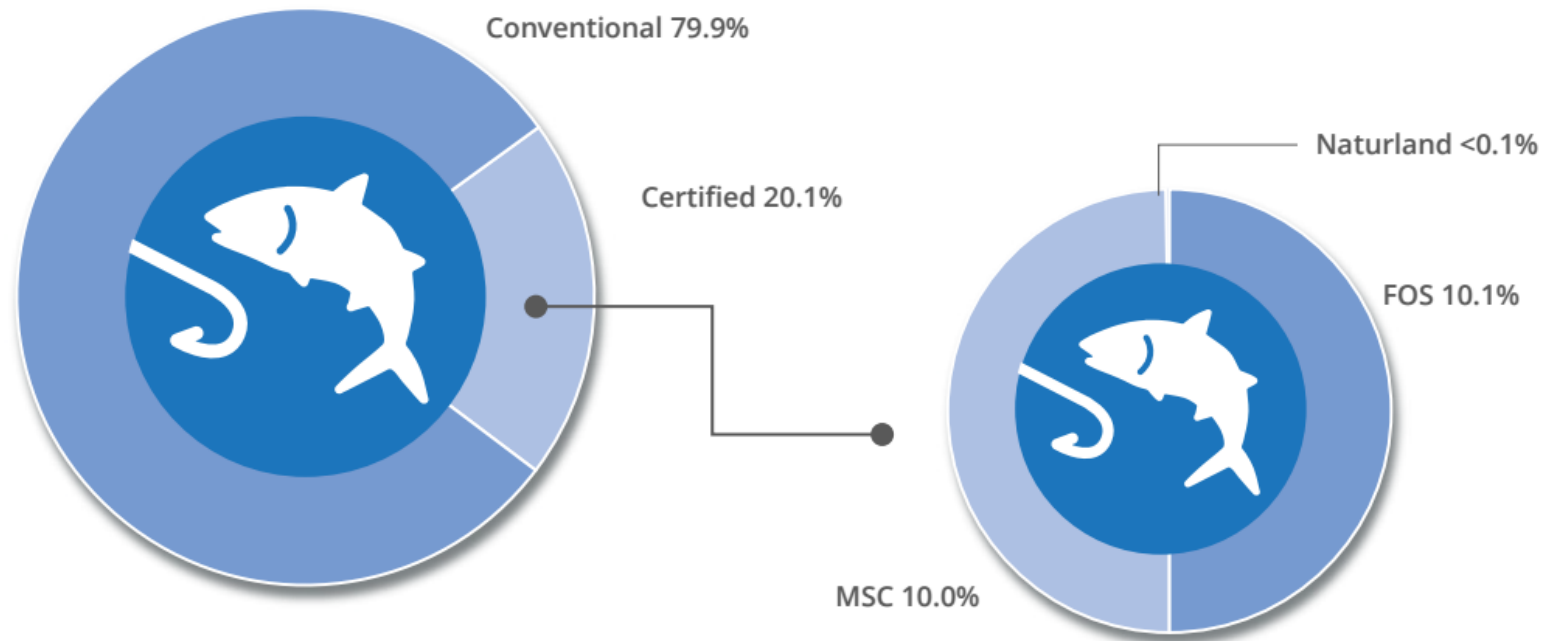


Data years: ASC, 2015; BAP, 2013; ChinaG.A.P., 2013; Conventional, 2013; FOS, 2014; GLOBALG.A.P., 2015; MSC, 2015; Organic, 2013.

Sources: FAO Fishstat, 2015; ASC, BAP, MSC, FOS, Naturland, GLOBALG.A.P., FiBL, ChinaG.A.P., personal communication, 2015.

Certified catch as portion of total wild catch

Certified wild catch accounted for 20 per cent of global wild catch in 2015, with FOS and MSC certifying nearly equal portions of total certified production.

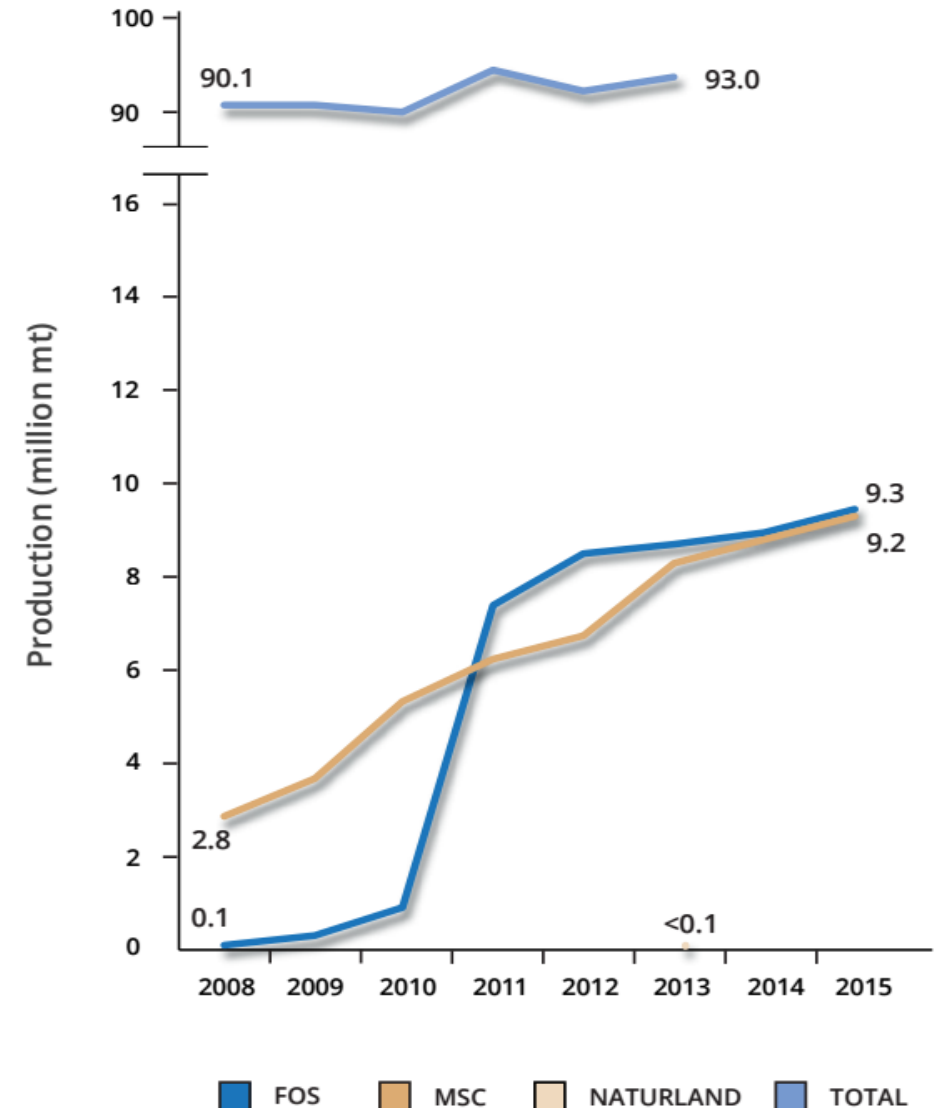


Data years: Global total, 2013; FOS, 2015; MSC, 2015

Sources: FAO Fishstat, 2015; MSC, FOS, personal communication, 2015.

Wild catch production growth, global total and by initiative, 2008– 2015

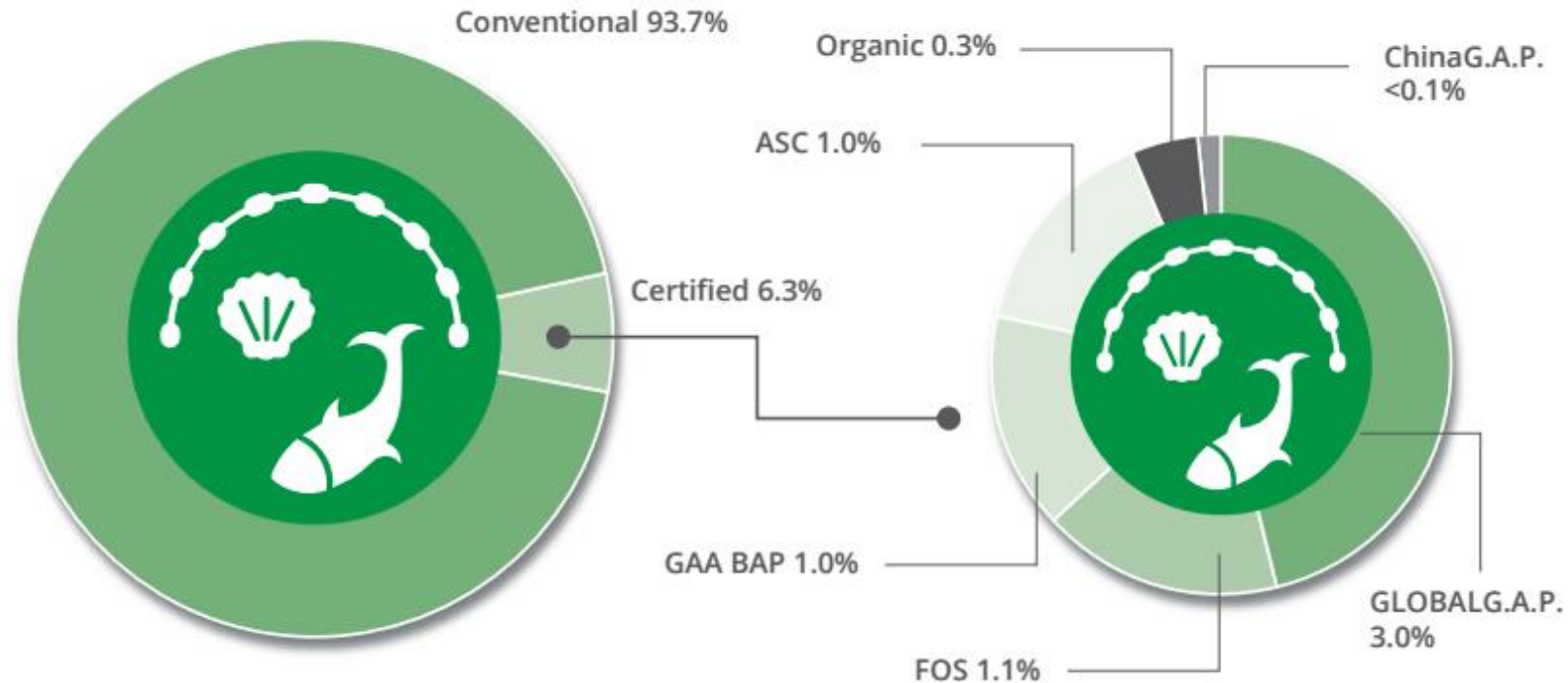
Certified wild catch is growing substantially faster than conventional wild catch production. FOS has grown five times as fast as MSC over the last seven years. By 2015 the total production volumes of the two initiatives converged at just over 9 million metric tons, growing at a rate of around 6 per cent per annum (2014–2015).



Compound annual growth rates (2008–2015): FOS: 91 per cent; MSC: 18 per cent; Total: 1 per cent.
Source: FAO Fishstat, 2015; FOS, MSC, personal communication, 2015.

Certified vs. conventional aquaculture seafood production

Certified aquaculture accounted for just over 6 per cent of total aquaculture production in 2015. GLOBALG.A.P. accounted for almost half of all certified aquaculture production, while BAP, ASC and FOS shared near-equal portions of the remainder.



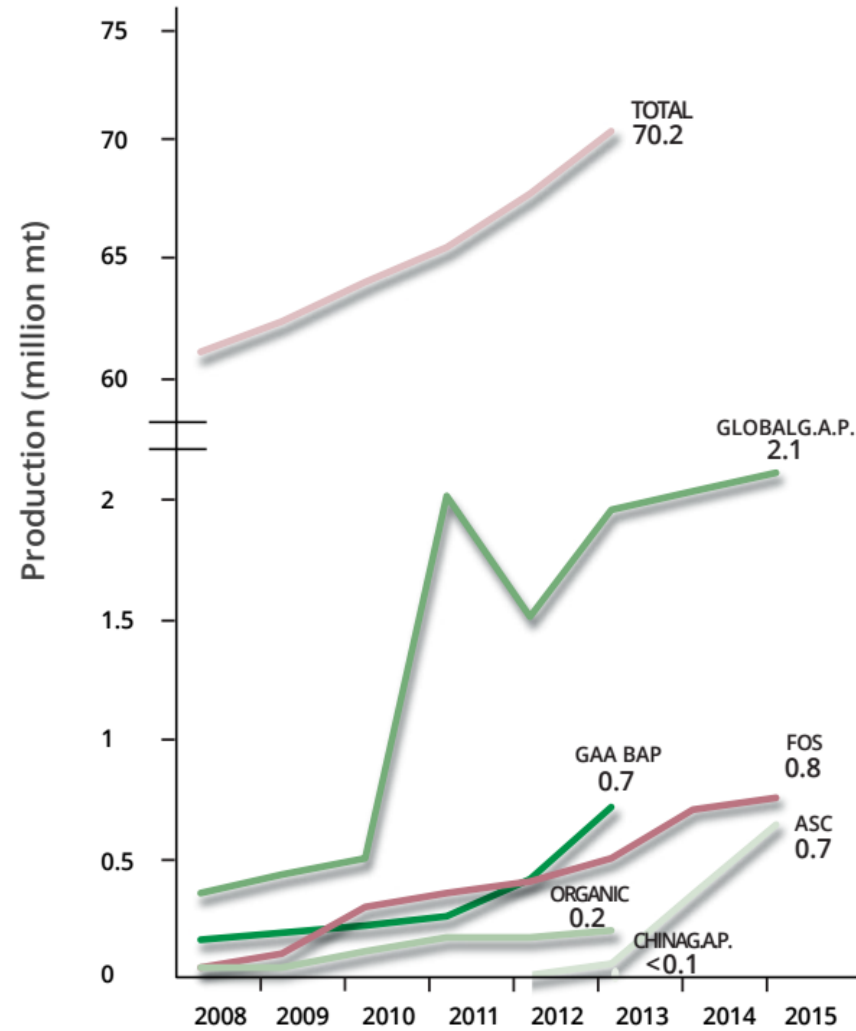
Data years: ASC, 2015; BAP, 2013; ChinaG.A.P., 2013; Conventional, 2013; FOS, 2014; GLOBALG.A.P., 2015; Organic, 2013.

Sources: FAO Fishstat, 2015; ASC, BAP, ChinaG.A.P., FOS, GLOBALG.A.P., Organic, personal communication, 2015.

Aquaculture production growth, global total and by initiative, 2008–2015

Global production 70.2 million tonnes

The most significant growth in certified aquaculture occurred between 2009 and 2010, with GLOBALG.A.P. growing by 400 per cent in that year. ASC led per annum growth between 2014 and 2015 at a rate of 52 per cent.



Compound annual growth rates (2008–2015): ASC: 98 per cent; BAP: 35 per cent; FOS: 47 per cent; GLOBALG.A.P.: 29 per cent; Organic: 35 per cent; Total: 6 per cent. Sources: FAO Fishstat, 2015; ASC, BAP, ChinaG.A.P., FiBL, FOS, GLOBALG.A.P., MSC, Naturland, personal communication, 2015.

Cost

- One of the more obvious barriers to certification in developing countries
- Certification costs go beyond payments for the 3rd party audits during assessment process. They have also to pay for upgrades and use of working hours for required training, additional monitoring and extra administrative tasks
- Once the certification is achieved – there are licensing fees associated with carrying certification labels
- Incurred costs could be prohibitive to fisheries and farms in developing countries, especially those in the small scale sector that do not generate enough revenue to afford baseline certification costs
- One option for small-scale aquaculture: cluster certification (Asia)

MSC

- MSC certification incurs costs to producers from certification assessments, audits and required upgrades
- Estimated that can range from a few thousand USD to US 20,000 for the pre-assessment phase alone
- Full assessment estimated to cost between USD 10,000 and USD 500,000 (MSC reports that most fisheries incur costs ranging from USD 15,000 to USD 120,000 for the entire certification process)
- Estimates are largely anecdotal; it is unclear if these costs include necessary upgrades or extra working hours spent on activities associated with the certification.
- Once certified, a fishery must pay for an annual audit and every five years a fishery must undergo a complete re-assessment in order to retain their certified status

FOS

- FOS has estimated that the average cost of certification is approximately 5,000 euros for capture fisheries and 3,000 euros for aquaculture.
- Audit costs are dependent on the size and complexity of the operation.
- Upgrade costs are dependent on what changes are required in order to achieve certification.

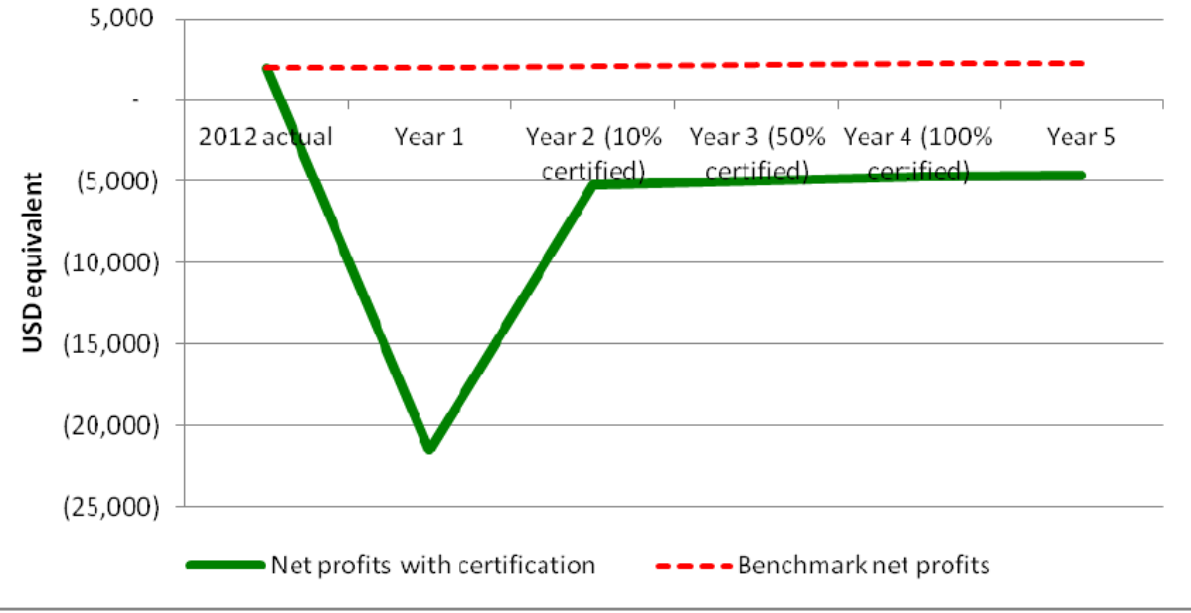
BAP - ASC

- Do not report estimated certification costs
- ASC notes that the cost of certification is determined by the certification bodies, depends on their estimate of time required for the audit, travel costs, laboratory costs - associated with analysing water samples required by the standards.

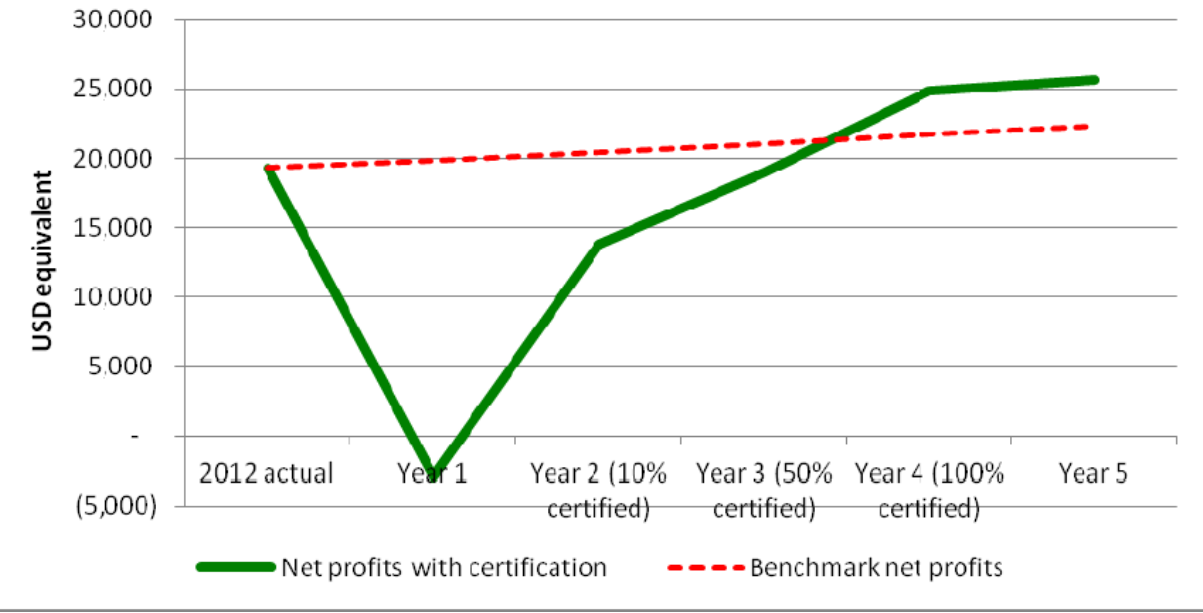
As the the fish farm must also cover the cost of travel for the auditors, certification costs could become especially high for fish farms in rural areas that are more expensive to reach.

Case Study: Small-Scale Farms in Vietnam and Certification

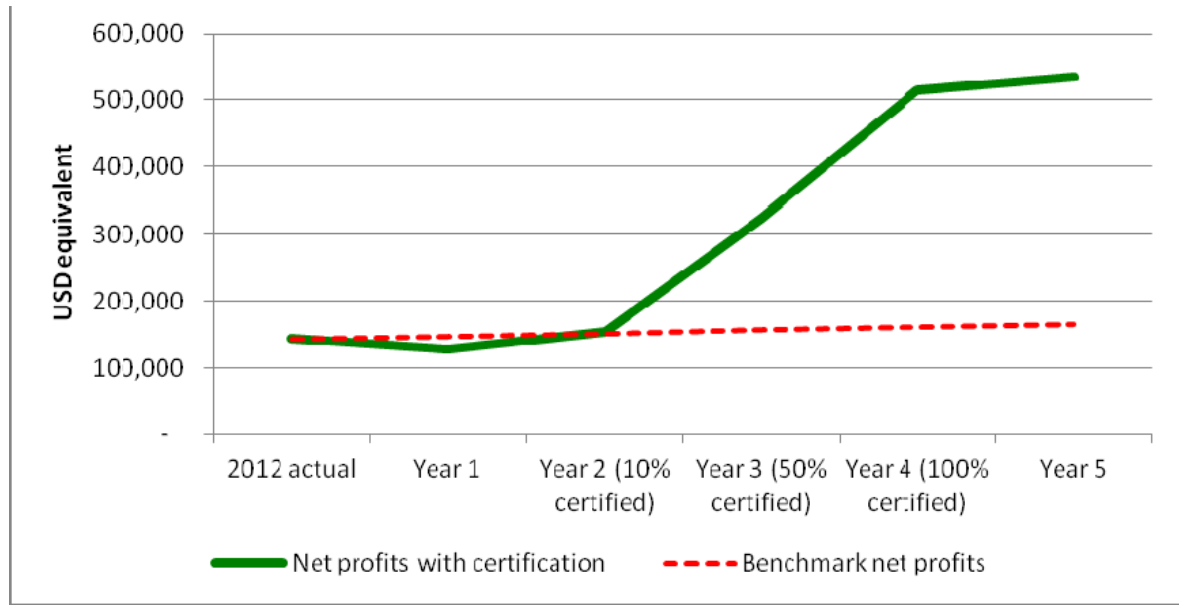
- Effort in the shrimp sector to increase the number of facilities with voluntary certification in response to demand from lucrative markets.
- It was estimated that in the Mekong Delta approximately 95% of producers are small-scale
 - Farms producing > 50 tons of shrimp annually would have net profit levels by the third year following certification
 - Small-scale producing 10 and 49 tons had the potential to benefit, contingent on a loan of US\$30,000 per farm over two years.
 - The small-scale producers producing less than 10 tons have very little potential to benefit from ASC certification - the annual costs would invariably exceed their net benefits



Net profits with certification for a small-scale shrimp mangrove integrated farm. Profits with certification do not reach the benchmark net profits, even 5 years after certification.



Net profits with certification for a median sized farm. Profits with certification exceed the benchmark net profits 3 years after certification.



Net profits with certification for intensified production (large scale farm). Profits with certification exceed the benchmark net profits approximately 2 years after certification.

Draft FAO Circular on Seafood Ecolabelling: Market Access for Developing Countries

SUSTAINABILITY?



Sustainability: future trends - bottlenecks

- Social and economic issues in fisheries not as well defined yet
- No agreed reference framework
- Beyond fisheries – need to engage with new partners

BLUE FORUM

- **There is no platform yet at the global scale that brings the sector together:**
 - Key Global issues facing the sector and approaches for its future
 - The sector's contribution to sustainable development and governance – in particular food and nutrition security, conservation and management of resources, social empowerment, decent employment and economic development/growth.
- **There is considerable potential for the sector to contribute to Blue Growth/Blue Economy**

Conclusion

1. Around 15% of total fish production is certified
2. FAO provides guidelines for eco-labelling
3. GSSI benchmarking tool
4. Certification is a fact, often a buying requirement
5. Challenges:
 1. Developing countries
 2. Improve Fisheries to allow certification