The role of Traceability in Combating Illegal Unreported Unregulated (IUU) fishing

Use of Traceability Schemes to Combat IUU

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Introduction

- What does traceability mean?
- Why is traceability important for combating IUU?
- Who must apply the traceability… fishermen, traders, processing companies
- What are effective traceability systems in combating IUU?
- IUU risk assessment. How to identify risks and mitigation measures for combating IUU?
- MRAG has worked with WWF to develop a tool that is being considered in a broader sense but has not been fully developed at this stage.
Business and IUU fish

• Businesses are the perpetrators of and yet most affected by IUU fishing.
• Legally operating businesses desire to prove they are trading legally and punish those companies operating illegally.
• The AIPCE traceability scheme, the MSC (Marine Stewardship Council) Chain of Custody or SEAFISH Responsible Fishing Scheme.
• Understand the fishery and fishing process to ensure sufficient / effective traceability
• Vessel v Landing Site traceability
Implications to Fishing Sector of IUU fishing

- Lower price of fish
- Limited access to markets
- Degradation of the resource
- Increased legislation
- Verification of catches by flag state
- Creation of problems for future generations of fishermen
- Cooperation to develop robust systems
Traceability

“the ability to follow the movement of a food through specified stage(s) of production, processing and distribution” Codex Alimentarius Commission (CAC)

• Different levels of traceability:
  – One-up one-down
  – Chain of custody
  – “Invoice to invoice” traceability
  – Full chain traceability
  – First, second and third party verified
Traceability in the context of the Baltic Cod Fishery and IUU

- Unreported Cod landings
- Unreported and unrecorded catch
- Lack of effective control measures
- Overcapacity
- Market demand for certified, responsibly caught fish
- Many small-scale vessels
- Designated ports
Overview of Fishing Control, IUU and role of Traceability
Why traceability to combat IUU fishing?

- Opportunity for industry / market to provide positive evidence of source, clarity and transparency
- With a robust traceability system all product included in the system can be monitored
- Provides a marketing advantage
- Enables cooperation between participants / partners
- Reduce risks of handling IUU fish
- Internal systems based so may not need additional resources / investment
Key Aspects of Robust Traceability

• Due diligence
• Identification / transparency of source
• Data logging
• Data transfer (between all owners of the fish)
• Data verification
• Third party verification
• Corrective actions / monitoring plan
Key Traceability Documentation

• Policy document / Management procedures
• Purchase receipt (invoice from vessel)
• Landing authorisation (from Fisheries Authority)
• Bill of lading (delivery)
• Processing records (internal)
• Storage records
• Transportation documents
• Invoice to customer
• And .. Secure maintenance of documentation
Effective Traceability

- Traceability to Legal Catch (Quota) and Vessel (Licence)
- Recording of the information - electronic means, VMS check, log book review
- Transfer of catch and vessel information to traders
- Recording of conversion factor when quantities are transformed
- Verification procedure… who checks?
- Guarantee traceability but not guarantee legality
Information Requirements for Verification of Catches

• **Vessel** – The identification of the vessel is key to the verification of the catches (local / regional registration numbers and relevant licences held by the vessel should also be documented.

• **Catch Verification** – Details of the catches landed need to be fully detailed and verified. The verification should also show that the vessel catches were within the quota allocation for the vessel where quota management is in place and all licence conditions.

• **Effort Verification** - The trip under which the catches have been made should also be verified to ensure that the dates and locations (ASD code) of the trip are accurately recorded and VMS records should be checked to validate dates and locations recorded are accurate.

• **First sale record** - Details of the first sale record which is normally the first link in the traceability chain are critical. These should record the species, weight of fish, the lot no. (this will be first traceability reference identifier) and a reference of the auction / agent sales slip.
Challenges

- What is sufficient due diligence?
- Companies need advice on what is likely to be illegal fish in terms of risk assessment
- Business innovation
- How to prove the traceability?
- Some businesses are spending large amounts of resources on efforts to avoid IUU fish
- Awareness of the IUU issue
- Responsible sourcing policy / fishing programme
Example Traceability Schemes

- AIPCE Standard (Baltic)
- MSC Chain of Custody
- ISO Traceability (22000)
- BRC / IFS
- FAO Guidelines / Codex
- Private Initiatives
- Risk assessment approach
Industry Example of Traceability - AIPCE Standard for Baltic Cod

- Control systems
- Information on invoice, packing lists, health certificate, trade identity document:
  - Vessel name and registration number
  - Port and date of discharging
  - Total purchased quantity of fish
  - Catching area
  - Date and number of first sale document
- Declaration from the supplier that the catch is legally caught within the given quota by the “Letter of Warranty / Guarantee”
- Third party / government verification
MSC Chain of Custody

“Ensuring purchase from MSC ‘Certified’ source and identified as certified throughout handling until delivery”

- Control systems
- Confirmation of inputs
- Segregation
- Labelling
- Outputs
- Recording

Registered Trade Mark
Vessel Certification

- Licence from flag state
- Registration with RMFOs and ‘white lists’
- Certification by responsible fishing scheme such as SEAFISH (UK & Holland)
- Private catch registration scheme – e.g. Youngstrace
- Compatibility with processing company traceability
- Holistic full-chain data management
Technological Data Management

Information and Data Transfer

1. Legal Verification
2. Veterinary analysis
3. Processing
4. EU Authorities
5. Importer
6. Client
7. Access to information online
8. Vessels
Dist./transport
Traceability Verification Exercises

- Original documentation examples (incoming batch to outgoing products)
- Catch documentation
- Systems tests
- Physical verification and viewing of handling
- Mass balance / weight reconciliation
- Interviews
- Sampling
Risk Assessment Process

**Risk assessment**
- Key weaknesses (incentives and disincentives to IUU) in fishery & supply chain
- Where are the entry points of illegal fish into the chain?
- What are the key documents to prove that the authority has approved the batch?
- Is it auditable?

**Risk mitigation strategy**

**Internal and third party audit**
- On-site evaluation
- Audit facilities for conformance to traceability and mitigation factors
- Check product and raw material conformity
- Individual products as well as companies may need to be included in the audit

**Full traceability assessments**
- Other sites in the supply chain may need to be assessed that handle the fish

**Sea audits (if necessary)**
- In establishing the risk of IUU fish being landed there may need to be sea audits undertaken

*A final audit report will be completed by the assessment team for approval*
Risk Assessment Assumptions

Incentives for IUU fishing

Legal

Deterrents of IUU fishing

IUU

Deterrents to trade in IUU fish
Deterrents of IUU Fishing - Fines

## Deterrents of Trade in IUU Baltic Cod

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Traceability Systems</td>
<td>An independent verifiable traceability system in place will make trade in IUU fish more difficult</td>
</tr>
</tbody>
</table>

### Sub-Elements

<table>
<thead>
<tr>
<th>Element</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catch registration</td>
<td>Time, date, method and area of catch</td>
</tr>
<tr>
<td>Vessel registration</td>
<td>Licence / Quota</td>
</tr>
<tr>
<td>Guarantee of legality</td>
<td>Written assurance from the supplying vessel</td>
</tr>
<tr>
<td>Landing registration</td>
<td>Approval on every batch from landing authority</td>
</tr>
<tr>
<td>Buyer registration</td>
<td>Agreement of responsible trade practices</td>
</tr>
<tr>
<td>Third party audit</td>
<td>Audit reports supplied to scheme management, process of improving weaknesses</td>
</tr>
</tbody>
</table>
# Incentives to Trade in IUU Baltic Cod

<table>
<thead>
<tr>
<th>Incentive</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Price and Demand</td>
<td>There is a good demand for cod products within Europe and this keeps the price at a moderately high level.</td>
</tr>
<tr>
<td>Access to the Fishery</td>
<td>A large number of vessels from Baltic states have access to the fishery.</td>
</tr>
<tr>
<td>Operating costs</td>
<td>Existing vessels can fish relatively cheaply. New vessels would be moderately expensive to purchase and equip. Currently operating costs for all fishing are high due to the increase in global oil prices.</td>
</tr>
<tr>
<td>Catchability</td>
<td>The fish can be caught by a variety of fishing gears.</td>
</tr>
<tr>
<td>Remoteness of the fishery</td>
<td>The fishery is not remote, but does cover a large area.</td>
</tr>
<tr>
<td>High Volume</td>
<td>High volumes of cod are landed, making the laundering of IUU cod possible.</td>
</tr>
</tbody>
</table>
## Traceability Effectiveness Criteria Assessment

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Likely not effective</th>
<th>May be effective</th>
<th>Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>The traceability audit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>When was the traceability last audited?</td>
<td>&gt;18 months or never</td>
<td>6-18 months</td>
<td>&lt;6 months</td>
</tr>
<tr>
<td>Are the results of the audit available?</td>
<td>No</td>
<td>Yes but confidential</td>
<td>Yes</td>
</tr>
<tr>
<td>Did the audit prove outgoing material originated from the correct source?</td>
<td>No</td>
<td>No but corrective action plan in place</td>
<td>Yes</td>
</tr>
<tr>
<td>Who undertook the audit?</td>
<td>The supplier</td>
<td>First or second party</td>
<td>Approved third party</td>
</tr>
<tr>
<td>Were the results of the mass-balance audit exercise correct?</td>
<td>Major errors</td>
<td>Minor errors</td>
<td>Accurate</td>
</tr>
<tr>
<td>The traceability system</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Are traceability records maintained and available?</td>
<td>No or only partially</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Are all incoming products given a batch code?</td>
<td>No</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Are all raw material and products identifiable by batch throughout handling?</td>
<td>No</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Is it possible to accurately match the outgoing product to incoming raw material?</td>
<td>No</td>
<td>Yes but a minor mistake</td>
<td>Yes</td>
</tr>
<tr>
<td>Are all products accurately labelled?</td>
<td>No</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>How long has the system been operating successfully?</td>
<td>1 year</td>
<td>2-3 years</td>
<td>Over 3 years</td>
</tr>
<tr>
<td>For avoiding IUU</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the vessel identified?</td>
<td>No</td>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>Does the vessel have licence and quota?</td>
<td>No</td>
<td>Not clear</td>
<td>Yes</td>
</tr>
<tr>
<td>Is there a signed guarantee by the supplying company that the fish is legal?</td>
<td>No</td>
<td></td>
<td>Yes</td>
</tr>
</tbody>
</table>
Questions
Comments
Discussion

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