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SOCIO-ECONOMISCHE ONDERZOEKSCHEL VISSERIJ

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Take home message of the North Atlantic Seafood Forum 2014
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NORTH SEA FISH

Socio-economische onderzoekscel Visserij

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ARNE KINDS, KIM SYS, NICK RILEY

I. SUMMARY

Nick Riley (University of Hull), Kim Sys (ILVO) and Arne Kinds (ILVO) attended the North Atlantic Seafood Forum 2014 in Bergen to disseminate the North Sea Project, to attract people to the NSF end conference in Hull and to learn about how the seafood industry perceives 'sustainability' and how they see the future for seafood businesses.

- Overall there seemed to be little interest in our project stand among the participants, although we were able to attract some important stakeholders: Judith Batchelar (Group Executive Director and Head of Sainsbury's Brands), Camiel Derichs and Nicolas Guichoux from MSC, Marc Geselle from Icelandic Gadus, Julien Mahieu from Delhaize, Mike Berthet (M&J Seafood) and Hans Juergen Matern (Metro Group, Germany).
- The term 'sustainability' is often misinterpreted by the industry and it serves mainly as a commercial strategy for many companies (especially so in aquaculture). However, some companies do invest in sustainability and traceability as they have come to understand that it is the only way to be competitive in the future.
- Many companies use FAO figures to justify increased production in the future (especially aquaculture), but fail to recognize that the 'much-needed' animal protein does not reach the people who need it the most.



European Union

**The Interreg IVB
North Sea Region
Programme**

*Investing in the future by working together
for a sustainable and competitive region*



NorthSeaFish
Innovation from catch to plate



Instituut voor Landbouw- en Visserijonderzoek

II. OBJECTIVES OF OUR PRESENCE AT NASF

- Disseminate the NSF project and invite people to the NSF end conference in September.
- Broaden our professional networks
- Learn more about the concerns and future perspectives of the seafood industry

III. TAKE HOME MESSAGE

The three of us tried to cover as much topics as possible. We kept notes during the talks and here report on some interesting things we have heard throughout the seminar – the take home message.

1. Retail – presentations by major European retailers

a) **Judith Batchelar, Group Executive Director and Head of Sainsbury's Brands**

- Vision: be the most trustworthy retailer in the UK
- Sainsbury's has adopted a sustainable seafood strategy: Fish With Thought campaign (<http://www.sainsburys-live-well-for-less.co.uk/products-values/fish-with-thought>). As part of this strategy, the 'switch-the-fish' initiative aims to introduce less known fish to consumers (<http://www.j-sainsbury.co.uk/media/latest-stories/2013/20130123-sainsburys-helps-the-nation-switch-the-fish>).
- According to a survey from MSC, consumers are convinced that buying sustainable seafood has a positive effect on the environment, but only a small percentage is prepared to pay more for it or to visit multiple stores until they have found what they are looking for.
- Sustainability is an important part of Sainsbury's business strategy ("sustainability is good business"). From our conversation with Judith Batchelar after her talk, we found out that Sainsbury's is mainly focusing on MSC to convey their message to consumers. Furthermore, Sainsbury's is looking at ways to organize full traceability (in both directions: from vessel to consumer and back from consumer to vessel). Closing the information stream seems to be a problem as suppliers all have their own ways to transfer sustainability information to retailers.
- Remark: catch method is not part of the communication strategy of Sainsbury's, although it is a very important criterion for evaluating sustainability. Also in most other presentations, catch method was not considered.

b) **Hans-Jurgen Matern, Group Executive Board Member of Metro**

- Metro is organizing traceability 'in the cloud', according to GS1 standards. The concept of traceability in the cloud is that market actors upload their information on provenance of the seafood, scientific species name, catch area, catch method, time of catch, time of processing, etc. in the cloud, so that it is accessible to other actors. Metro aims to do this for all their products, not only for seafood. There are several pilot projects running in 2013-2014.
- Metro was also one of the initiators of the Global Sustainable Seafood Initiative (GSSI). GSSI aims to develop a benchmarking tool to compare different certification programmes. The reason to do this is the fast expansion of labels and certificates which confuses consumers. For more information: <http://sustainableseafoodcoalition.org/news/new-gssi-website-launches>. GSSI is a collaboration between retailers (a.o. Delhaize, Anova Seafood, Sodexo, Sainsbury's, Metro, ...) and NGOs (a.o. WWF, MCS, FAO, etc.) The vision of GSSI is that retailers have to ensure that their products are sustainable, regardless of the label on the package. However, retailers have to know which labels are trustworthy.

c) **Others**

- **Swedish retailer ICA, presentation by Kent Olsson**
 - o Products have to be produced as close as the source (and end user) as possible
 - o Social standards for aquaculture

- **Belgian retailer Delhaize, presentation by Julien Mahieu**

- Per capita fish consumption in Belgium is very low. Fish only constitutes 4.5% of the turnover of a store. Due to these low sale percentages, communication about the sustainability of seafood is limited. Delhaize chooses to communicate only about sustainability when it results in direct commercial benefit. According to market studies by Delhaize, their customers do not care so much about sustainability. The reason that they invest in sustainability is because they have to.
- Delhaize explicitly treats sustainability in the 'strict sense': it *only* takes into account the health of the stocks. Also aquaculture is not part of the sustainability strategy.
- Interesting: most consumers do not realize that salmon is farmed. Delhaize recommends retailers to communicate this clearly.
- Kim and Arne were approached by Delhaize during the network dinner on Wednesday about the VALDUVIS project. They are interested in the VALDUVIS system.

- **M&J Seafood, presentation by Mike Berthet**

- The Skippers Catch Scheme (<http://www.skipperscatch.com>) ensures full traceability of the seafood. Impressive communication and business strategy. Some aspects: fishermen well-being, zero-tolerance to IUU fishing, innovation, entrepreneurship, etc.
- Remark: M&J Seafood supplies restaurants, not retailers. This position in the market allows them to carefully choose sustainable and high-end products.

- **Panel discussion**

- Inform staff on sustainability. This is a big challenge for large companies.
- Sainsbury's: communication should be year-round, not limited to yearly actions.

2. NASF Sustainability and Communications Seminar

a) Global state of fisheries and aquaculture by Arni Mathiesen, United Nations Food and Agriculture Organization (FAO)

- **Some figures**

- Worldwide, 58% of stocks are fully exploited, 12% are underexploited and 30% are overexploited.
- Recommended per capita fish consumption is 15 kg/year (FAO 2012). In Africa and Latin-America, per capita fish consumption is around 9 kg/year, in Asia 20.7kg/year (FAO 2012).
- The outlook for the future is disastrous for Africa, in all projected scenarios (model projections): per capita fish consumption will be between 5.5 and 6.4 kg/year (see table below).
- In developing countries, both populations and incomes are increasing, resulting in a higher demand for animal protein, of which fish is often the most accessible (cheaper). There is, however, a gap between the increased demand for fish and the production. This could be solved by increasing aquaculture production (current growth rate of 4%/year). Capture fisheries are not expected to grow, and will most probably keep declining.

Who will benefit from increased fisheries and aquaculture production? (Personal note by Arne)

Although I think that increasing aquaculture production is indeed part of the solution, I think that most speakers failed to recognize that the main problem is one of equity. In some parts of the world, per capita fish consumption by far exceeds the minimum recommended level of 15kg/year (24.1 kg/year in North America, 22 kg/year in Europe, 20.7 kg/year in Asia), whereas in other parts (Africa and Latin-America), fish consumption is around 9 kg/year. The reason for this is not a lack of fish in these areas, but an unequal distribution of resources and access rights.

'Fisheries agreements' allow industrialized nations (Europe, China, Russia) to buy access to fish in the EEZ of African countries, leaving coastal fishing communities with substantially less fish to catch (Alder and Sumaila 2004). Industrialized countries are offering peanuts in exchange for fishing rights worth millions of, thus abusing African countries' short term need for cash. An article in the New York Times (14/01/2008) even suggested a link between overfishing by European fishing fleets and migration of Western Africans to Europe (see link below).

In this context, the argument to increase aquaculture production to satisfy the increasing demand for fish protein should be taken with a pinch of salt. Agreed, increased aquaculture is part of the solution, but I have my doubts whether it will benefit the people who really need it. This argument was used by a Marine Harvest board member during the opening session of NASF. We would hear the same argument many more times in the next two days, always from board members or CEOs from large companies, to justify their expansion plans. I do not think that increased salmon production in Norway will feed hungry Africans.

The real question is not whether we should produce more to feed the world, but how we can redistribute access to resources. In industrialized countries, people have the choice between numerous sources of protein: red meat, poultry, fish, shellfish, eggs, beans, chickpeas, etc. People in these countries should be encouraged to eat less meat, less fish and more vegetables to help bridge the gap between demand and supply. Of course I didn't expect to hear anything like this from the powerful CEOs present at NASF. However, I think that the small scientific and NGO community present there should have addressed this issue in their presentations. Changing habits should be part of all discussions about food security.

Interesting reads:

http://www.nytimes.com/2008/01/14/world/africa/14fishing.html?pagewanted=all&_r=0

<http://www.u4.no/publications/corruption-and-commercial-fisheries-in-africa/>

<http://jed.sagepub.com/content/13/2/156.short> (full text can be sent if interested)

b) Do we need a transition in fisheries? – World Bank

- The World Bank invests in local fisheries in developing countries in order to create sustainable economic opportunities.
- **Some figures**
 - o 2/3 (!) of the world seafood trade (in value) is from developing to developed countries.
 - o Also increasing demand for seafood in developed countries: shift from meat towards seafood.
 - o Aquaculture will constitute 2/3 of fish consumption by 2030.

TABLE E.2: Summary Results for Year 2030 under Baseline and Alternative Scenarios

	BASELINE	SCENARIO 1	SCENARIO 2	SCENARIO 3	SCENARIO 4	SCENARIO 5	SCENARIO 6	
		FASTER GROWTH	WASTE	DISEASE	CHINA	CAPTURE GROWTH	CC-a	CC-b
Total fish supply (million tons)	186.8	194.4	188.6	186.6	209.4	196.3	184.9	185.0
Capture supply (million tons)	93.2	93.2	93.2	93.2	93.2	105.6	90.2	90.2
Aquaculture supply (million tons)	93.6	101.2	95.4	93.4	116.2	90.7	94.7	94.8
Shrimp supply (million tons)	11.5	12.3	11.5	11.2	17.6	11.6	11.5	11.4
Salmon supply (million tons)	5.0	5.4	5.1	5.0	6.1	5.0	4.8	4.8
Tilapia supply (million tons)	7.3	9.2	7.4	7.3	7.4	7.2	7.3	7.3
Fishmeal price (\$/ton; % to baseline)	1,488.0	13%	-14%	-1%	29%	-7%	2%	2%
Fish oil price (\$/ton; % to baseline)	1,020.0	7%	-8%	-0%	18%	-6%	3%	3%
CHN per capita consumption (kg/capita/year)	41.0	43.3	41.5	40.9	64.6	42.2	40.7	40.7
AFR per capita consumption (kg/capita/year)	5.6	5.9	5.8	5.6	5.4	6.4	5.5	5.5

Source: IMPACT model projections.

Note: CC-a = climate change with mitigation, CC-b = climate change without drastic mitigation, CHN = China, AFR = Sub-Saharan Africa.

c) Sustainable Fisheries Management and the benefits it provides for the USA seafood industry- John Connelly

- John Connelly gives an interesting talk about fisheries management in the US: the Magnuson-Stevens act (1976) and the legal bodies and stakeholder participation that ensure responsible management.
- Yearly, almost 1 billion dollar goes to research.
- Connelly is skeptical about third party certification schemes: what are the benefits for the industry if the same things are already covered in the Magnuson-Stevens act? Connelly thinks that no extra money should be spent on third party certification as US law already provides a good framework for the industry to act in.
- European fisheries commissioner Maria Damanaki recently said this about the US management system:
 - o "I want to pay tribute to the U.S. for their great achievements in managing fisheries in accordance with the best available science and ending overfishing, based on the Magnuson-Stevens Act. The U.S. has shown us the way on sustainability." (Maria Damanaki to Pew Foundation and Ocean Conservancy, January 2014).

d) 'Sustainability' for Royal Greenland – Mikael Thinghuus

- **Background**
 - o Fishing is the only industrial branch in Greenland.
 - o Royal Greenland is the most important employer of Greenland.
 - o The government has full ownership of the company. At the beginning of the financial crisis, Greenland had to borrow 100 million dollars to pump into the company.
- Strong focus on sustainability. Align individual and collective interests: both positive incentives and sanctions are in place to ensure responsible fishing.
- Recommendations:
 - o Sustainability should not be driven by consumers and NGOs, but by policy makers and the industry.
 - o Invest in science.
 - o Incentives are required to drive motivation.
 - o Invest in technology.
 - o Controls and sanctions are necessary but not sufficient.

IV. CONCLUSIONS

- Sustainability is mostly seen by the industry as a strategy to remain competitive. Although the incentives may not be the right ones, we must recognize that it looks like the industry is increasingly taking up responsibility. This, combined with policy measures and a growing consciousness about sustainability among consumers, may benefit the environment.
- Aquaculture can help bridge the gap between demand and supply, but it should be evaluated in an appropriate context.
- Thanks to our presence at NASF, we were able to add a couple of good contacts to our networks.
- Several contacts were made for the North Sea Fish project which should be followed-up, particularly (for logistics technology aspects) those with MetroGroup, M&J seafood and Sainsburys.