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23<sup>rd</sup> June 2023

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**Re. MSC submission on the discussion paper *Measures to prevent the importation of Illegal, Unreported & Unregulated (IUU) seafood.***

Dear [Redacted],

Please find the MSC submission regarding the discussion paper on Illegal, Unreported and Unregulated (IUU) seafood.

Yours sincerely,

[Redacted Signature]

Matt Watson  
Senior Fisheries Program Manager, Asia Pacific



**MSC SUBMISSION, JUNE 2023**

# Measures to prevent the importation of Illegal, Unreported & Unregulated (IUU) seafood

The Marine Stewardship Council (MSC) is an international non-profit on a mission to end overfishing by setting the world's leading standards for sustainable fishing and seafood supply chain assurance. In Australia, the MSC has offices in Sydney, NSW and Fremantle, WA with further office locations across key seafood producing, and consuming nations.

MSC's program vision is of the world's oceans teeming with life, and seafood supplies safeguarded for this and future generations.

We welcome the opportunity to contribute to the discussion paper on measures to prevent the importation of Illegal, Unreported and Unregulated seafood, which can only be a good thing. We also welcome efforts to ensure Australian seafood markets are free from the environmental, economic and social impacts associated with IUU fishing.

## RECOMMENDATIONS

- ✓ Explore equivalence opportunities between any Australian import control scheme and credible voluntary sustainability standards.
- ✓ Provide a non-discriminatory, cost-effective solution assessing the legality of imported seafood into Australian markets.

## THE IMPACT OF IUU SEAFOOD

Illegal, unreported and unregulated (IUU) fishing activities threaten marine biodiversity, livelihoods, food security, and human rights across the globe (Longo et al., 2021). With IUU fishing estimated to account for 11-19% of global wild catch and costing legal fishers up to US\$23bn annually (Agnew et al., 2009), it is important for all stakeholders to explore all mechanisms that help to mitigate the risk of IUU product from entering legal markets.

Whilst not set up to deal exclusively with IUU fishing, the MSC program is a mechanism which uses a voluntary, market-based approach to incentivise the adoption of best practice solutions for ecosystem approaches to sustainability.

The MSC program is recognised to simultaneously showcase sustainable fishing practices and reduce risk of IUU product from entering certified supply chains (Roheim, 2008, Ward and Phillips, 2008, Young, 2016) providing a value proposition for both legal fisheries and sustainable seafood markets. To date, over 600 fisheries are engaged in the MSC program (engaged = in transition to MSC, in assessment or certified), representing 19% of global marine wild catch production.

**The role of the MSC program to mitigate the risk of IUU include:**

- 1. The MSC Fisheries Standard outlines best practice guidelines for improved catch documentation, monitoring, control and surveillance (MCS)**
- 2. MSC Chain of Custody (CoC) certification can highlight where there is a risk of IUU product and how sustainable product should be segregated to manage the risk of substitution.**
- 3. CoC certificates should not source from vessels on RFMO blacklists for IUU fishing.**
- 4. Market commitments to sustainability can indirectly put pressure on 'bad actors' in the IUU space.**

Longo et al., 2021



An MSC certified Patagonian toothfish fisher

©Tony Fitzsimmons/MSC





## THE MSC FISHERIES STANDARD

The MSC Fisheries Standard is the leading international standard for sustainable fishing and is used to assess if fisheries are well-managed and environmentally sustainable.

MSC Fisheries Standard is based on the United Nations FAO guidelines for ecolabelling and reflects the most up-to-date understanding of fisheries science and best practice in fisheries management.

Whilst MSC was not set up to exclusively deal with the risks of IUU fishing practices and its entry into seafood supply chains, there are numerous examples where pursuit or maintenance of MSC certification have driven an improvement in fishery policies to mitigate the risk of IUU. These include the UK Poole Harbour clam fishery (MSC, 2023) and South Georgia toothfish fishery (MSC, 2018) where MSC assessment reports recognise regulatory improvements to IUU risks through improvements to Monitoring, Control and Surveillance assessment outcomes. Recent estimates of IUU fishing within these fisheries is now at zero, with no significant non-compliance risks detected in these example fisheries in recent years.

With v2.01 of the MSC Fisheries Standard, IUU-related improvements have been tracked in MSC certified fisheries against 15 of the 28 Performance Indicators of sustainability (Longo et al., 2021). This research has helped demonstrate the effectiveness of the MSC program in mitigating the risk of IUU fishing within certified fisheries. The added transparency of the MSC program also offers other stakeholders access to assessment reports to determine what mechanisms have been implemented to address environmental challenges, be they IUU or high bycatch rates.

Whilst fisheries work to meet the MSC Fisheries Standard, best practice within a certification program rarely stays still. As such, every five years, the MSC reviews the relevance of its Fisheries Standard. In May 2023, the roll-out of the MSC Fisheries Standard version 3.0 followed the most extensive review of marine science and fisheries best practices ever undertaken by the organisation. The launch of v3.0 of the Fisheries Standard means that fisheries catching seafood sold with the MSC's blue label will remain leaders in sustainable fishing, going further to protect marine wildlife, fish stocks and ecosystems.



## SUPPLY CHAIN ASSURANCE

Another important area to consider in the way in which MSC can mitigate the risk of IUU is the integrity of the supply chain. Traceability, or the collection and verification of information on the product's origin and movements, has gained increasing prominence in its ability to support efforts to prevent IUU products reaching markets.

The MSC is an example of a non-regulatory market measure helping to demonstrate MSC certified fish and seafood products are kept separate from non-MSC certified products. For products to carry the blue MSC label, every company in the supply chain must have a valid [Chain of Custody](#) certificate. To be certified, businesses are audited by independent certifiers.

Prior to Chain of Custody, MSC traceability reporting checks begin at sea within a fishery assessment. To demonstrate legality, key data elements, such as the species or stock, gear type(s), catch location, quantity, crew information and vessel registration may be required. A fishery assessor will determine whether the systems are sufficient to prevent mixing, substitution and misreporting, and publish their determination on the MSC website for transparency. From this point onward, all actors in the supply chain that wish to trade products that can carry the MSC ecolabel must have a valid MSC Chain of Custody.

The CoC Standard requires accurate documentation and reviews the capability of all businesses in a given supply chain to maintain it through periodic audits and ad hoc investigations. This closes data gaps from one jurisdiction's scheme to another while enhancing a level playing field by applying the same requirements to actors entering global markets from outside of import control schemes

In validating the credibility of the CoC approach and certified labeling, MSC has reported DNA barcoding results of over 1,400 MSC-certified products, finding a mislabeling rate of less than 1% (Barendse et al., 2019). This rate is well below the average mislabeling rates (8–30%) in reviews of non-certified seafood substitution studies (Willette et al., 2021).

To date, 134 Australian supply chain companies have active Chain of Custody certificates with 344 products (from both domestic and overseas fisheries) being sold to consumers bearing the MSC ecolabel. This represents annual sales in Australian markets of over AU\$250m of sustainable, MSC labeled seafood.

## MSC MARKET REACH IN AUSTRALIA

The MSC program has strong market relevance with Australian retail sustainable sourcing commitments. Such commitments lead to high on-shelf presence of MSC-labelled products helping to inform consumers the seafood they are purchasing is caught within a sustainable fishery. There is an even larger presence of wholesale labelled MSC product moving through supply chains giving a B2B assurance seafood is sourced from a sustainable fishery.

The program approach provides assurance a product came from an MSC certified sustainable fishery (and therefore with a mitigated risk against IUU practices) for a particular species, though not which specific fishery, as it does allow mixing of catch from different certified sources.

Comparing the top 10 MSC labeled, imported species sold in Australian markets (Table 1), there is high market alignment to the key import wild catch species sold in Australia according to import data presented by ABARES (ABARES, 2007)

Rank	Species Category	Species Common Name(s)	Weight (MT)	Financial Year
1	Tuna	Skipjack tuna	9,933.90	2021/22
2	Hoki	Blue grenadier	5,512.00	2021/22
3	<Mixed>	Mixed species origin	2,499.33	2021/22
4	Whiting	Southern blue whiting	2,008.59	2021/22
5	Salmon	Pink, sockeye, coho salmon,	1,478.26	2021/22
6	Pollock	Alaska pollock	999.83	2021/22
7	Sprat	Euro. sprat	645.60	2021/22
8	Tuna	Yellowfin tuna	266.40	2021/22
9	Herring	Atlantic herring	210.91	2021/22
10	Hake	Cape hakes	193.28	2021/22

Table 1: Volume of imported, MSC labeled, Australian sales, 2021/22

The top MSC labelled commodity species in Australia align with ABARES import data. This includes prepared tuna as the #1 species by volume for both MSC and import data. Prepared whitefish, salmon, sardines and pollock all show alignment between Australian consumer preferences and what the MSC program is able to offer in terms of product coverage. Cephalopods are probably the most noteworthy absence from the MSC portfolio of available species in Australia.



## GLOBAL BEST PRACTICE

With the MSC being the only wild-capture fisheries certification and ecolabelling program that meets the best practice requirements of the United Nations Food and Agriculture Organisation (UN FAO) and the ISEAL Alliance, it demonstrates high market integrity in addressing solutions to combat overfishing and IUU.

The ISEAL Alliance exists to drive best practices in eco-labelling, and members must comply with its robust requirements for assessing sustainability. The MSC complies with ISEAL's requirements, which already include independent evaluations of standard-setters and robust supply chain assurance systems, which should help inform and substantiate green claims.

ISEAL is closely and actively involved with the Green Claims Directive in the European Union and the Commission's efforts to introduce more stringent regulations to tackle greenwashing, enabling consumers to make informed, credible purchasing decisions.

In 2017, the MSC became the first global seafood certification program recognised for rigour and credibility by the Global Sustainable Seafood Initiative (GSSI).

The MSC has also been recognised as a tool to achieve indicators in the UN Biodiversity Framework at COP-15 in December 2022. Several independent studies have also found the MSC label among the most trustworthy and widely available indicators of sustainable seafood.



Indonesian, MSC certified pole and line fishers



## MSC RESPONSE TO DAFF INFORMATION REQUEST

The Marine Stewardship Council is generally a non-advocacy, non-prescriptive organisation encouraging credible, outcome orientated solutions to the global challenges around overfishing. With this in mind, it is often difficult to engage in discussions such as this IUU forum without forming opinion that may deviate away from our neutral approach as a standard setter. What we do celebrate are previous efforts by leaders in the sustainability space to address concerns around egregious environmental and social issues in the seafood sector including IUU, modern and child slavery.

Where efforts have been made on voluntary or ESG-aligned improvements on binary issues impacting imported seafood such as IUU, we would encourage DAFF to consider how equivalence solutions may be sought to prevent a duplicative and costly mechanism which ultimately lead to a similar outcome.

Similarly, whilst this discussion presents a good opportunity to further mitigate the risk of IUU seafood from entering Australian markets, it is important to find solutions which are non-discriminatory especially as Australia relies on imported seafood from many developing economies which are unlikely to have the same level of regulatory capacity or industry ability to manage fisheries to an Australian benchmark of performance. Where decisions do get made around next steps for the implementation of regulatory mechanisms around IUU, MSC would encourage investment in an improvement pathway helping to culture knowledge and improved capacity in countries or fisheries which are deemed to be higher risk to IUU.

- **To what extent do Australia's seafood imports contribute to global IUU fishing and how are we affected by this activity?**

In Australia, 60-65% of seafood is consumed at home and purchased at supermarkets (Danenbergh & Mueller, 2011, Lawley, 2015). The big four Australian supermarkets (Woolworths, Coles, ALDI and IGA) have sustainable seafood sourcing commitments that refer to third party certification schemes such as MSC. Some of these retailers also make explicit references to IUU (Woolworths, 2022) which helps demonstrate a high level of self-regulation in this space.





## MSC RESPONSE TO DAFF INFORMATION REQUEST

With these four supermarkets representing 81.4% of the Australia market share of grocery retailers (Statista, 2022), it is perhaps the longer tail of retail outlets and the foodservice sector where greater risk of IUU encroachment may lie.

- **What practices are already implemented by governments, non-profit organisations and industry (including importers, wholesalers and retailers) to reduce the risks of IUU fishing products from entering Australia?**

In the absence of regulatory mechanisms, voluntary third-party certification schemes are noted to be effective in mitigating the risk of IUU seafood from entering certified supply chains (Longo et al., 2021).

Such schemes are not designed to replace strong regulatory tools but instead use market-based forces to recognise and reward best practice operators in fisheries and supply chains who have a demonstrable impact on mitigating the risk of IUU.

- **Are you aware of any evidence that Australian imports of certain species or seafood product from specific countries, regions or fisheries pose a higher risk of being derived from IUU fishing practices?**

MSC are aware of a global IUU risk that is link to tropical surimi production and captured in the [Certifications and Ratings Landscape Review into Tropical Surimi](#). Whilst the main market for tropical surimi products continues to be Asia, the report authors acknowledge Australia is a market for some tropical surimi products and therefore there is a possible IUU risk associated with such seafood products.

## CONCLUSION

We welcome the intention of this discussion paper as it is essential that imported seafood into Australia can be caught, traded and consumed without the risk of IUU diluting the environmental and socio-economic integrity of that seafood. Proven and reputable international standards and certification systems that have adopted credible practices have an important role to help market actors mitigate this IUU risk. With significant retail alignment to MSC (and other Global Sustainable Seafood Initiative-benchmarked schemes), those active in this leadership space should be rewarded for having a vision of sustainable seafood, free from the risks of IUU. We would certainly welcome further discussion where market-based solutions may be offered recognition as a credible, methodological approach to mitigating the risk of IUU seafood.

Given the imperative to deliver the United Nations Sustainable Development Goals (SDGs), agreed by 193 nations, including Australia, the MSC has set an aspirational target to engage 30% of global fishery landings in the program by 2030. Credible market-based programs such as the MSC can therefore continue to complement and support Government and regulatory agencies' policy objectives at a scale whilst delivering sustainable seafood for businesses and consumers.







## APPENDIX I

1	Direct effects						Indirect effects								
Stage	Pre-certification (FIPs) or during certification						Pre-certification (FIPs) or during certification			Audit	During certification				
Actors	Fishers						Fishers/ Managers		Fishers/Supply chain actors	Supply chain actors	Fishers/ Managers	Fishers	CoC/Fishery certificate holders		
MSC components <sup>2</sup>	Fisheries standard						Fisheries standard		CoC standard		Fishery public reports	Fishery/CoC certification scope			
	P1	P2	P3		P1, P3	P3	P3	P2,3,4,5		Audit and public comment stages	no shark finning	no IUU fishing <sup>3</sup>	no forced or child labor <sup>4</sup>		
Illegal	Accounting of illegal catch in target species assessments/ control rules*	Improved estimates of illegal retained <sup>5</sup> / incidental/ bycatch spp*	MCS system detects illegal activities*	Clear evidence for decision-making* creates trust and compliance	Inclusive decision-making* creates trust and compliance	Illegal catch excluded from supply chain at sea	Illegal catch excluded from supply chain			Transparent and inclusive mechanism to raise issues about illegal catch	Market exclusion of illegal (or unethical) operators	Market exclusion of IUU blacklisted operators	Market exclusion of illegal (or unethical) operators		
Unreported	Improved catch estimate of target species*	Improved catch estimates of retained <sup>4</sup> / incidental/ bycatch spp*	Improved MCS generates new data*	Coordinated monitoring and enforcement efforts, across jurisdictions, improve likelihood of detection			Unreported catch excluded from supply chain at sea	Unreported catch excluded from supply chain		Open information sharing from managers, fishers, NGOs, etc.					
Unregulated	Improved target stock management	improved management of retained <sup>4</sup> / incidental/ bycatch spp	Jurisdictions develop full regulatory frameworks	Transparent dispute- resolution and cooperative management* of transboundary/ RFMO stocks removes loopholes			Interoperative chain of custody documentation helps close loopholes across catch documentation jurisdictions			Information exchange leads to reciprocal trust and accountability					

The reference to specific components of the Fisheries Standard is further elaborated in **Supplementary Table 1**.

<sup>1</sup> Acronyms and symbols: MCS, Monitoring Control and Surveillance; CoC, Chain of Custody; P, Principle; \*, relevant conditions found in condition analysis (see **Supplementary Table 1**).

<sup>2</sup> Referring to requirements, scope and audit guidelines laid out for Fisheries Standard v. 2.1, Chain of Custody (CoC) Standard v.5.0, Fishery Certification Process v. 2.2.

<sup>3</sup> In addition to excluding shark finning fisheries from certification, requirements on finning are also present under Principle 1 for shark fisheries applying for certification.

<sup>4</sup> Since 2019 this includes additional requirements for cases needing on-site third-party labor audits, specified in "MSC Third-Party Labour Audit Requirements" v.1.0.

<sup>5</sup> 'Retained' species are landed by the fishery but not the 'target' populations assessed (or pre-assessed) under Principle 1 for carrying the MSC ecolabel.

Conceptual overview summarizing the different mechanisms, direct and indirect, through which the MSC program can incentivize practices that prevent, deter, and eliminate IUU fishing.

Source: Longo et al., 2021



## APPENDIX II

### The MSC's theory of change



- 1 Fisheries**  
that meet the MSC Standard are independently certified as sustainable
- 2 Retailers and restaurants**  
choose MSC certified sustainable seafood
- 3 A traceable supply chain**  
assures consumers that only seafood from an MSC certified fishery is sold with blue MSC label
- 4 Consumers**  
preferentially purchase seafood with the blue MSC label
- 5 Market demand**  
for MSC certified seafood increases
- 6 More fisheries**  
choose to improve their practices and volunteer to be assessed to the MSC Standard

*Our program enables everybody to play a part in securing a healthy future for our oceans.*

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### MSC 2021-22: a year in numbers

#### MSC impact on the water:

**19%** of assessed wild marine catch was engaged \* with the MSC

**628** fisheries engaged in the MSC program

**2,087** recorded improvements made by MSC certified fisheries up to 31 March 2022

\*engaged means certified, suspended or in assessment to MSC



#### MSC impact on the market

**20,447**

products with the blue MSC label

**US\$12.28 billion**

retail sales value

**62**

nations where consumers can buy products with the blue MSC label

**46,277**

sites with Chain of Custody certificate holders

6



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