

Presentation given at the Marine Katoomba meeting

**Katoomba XVI:
Building a Blueprint to Harness New Investment for the Protection
of Marine and Coastal Ecosystem Services**

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Moore Foundation, Palo Alto, CA

Hosted by the Katoomba Group



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Employing Market-based Mechanisms Towards Sustainable Fisheries

**February 2010
Katoomba XVI, Palo Alto**

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CEO, SFP (Sustainable Fisheries Partnership)**

US Retailers & Sustainable Seafood



Sustainable Fisheries Partnership

- US total retailer sales are approx \$750 billion.
- US total retailer seafood sales approx \$24 billion.
- US total food service seafood sales approx \$50 billion



Restaurants Engaged

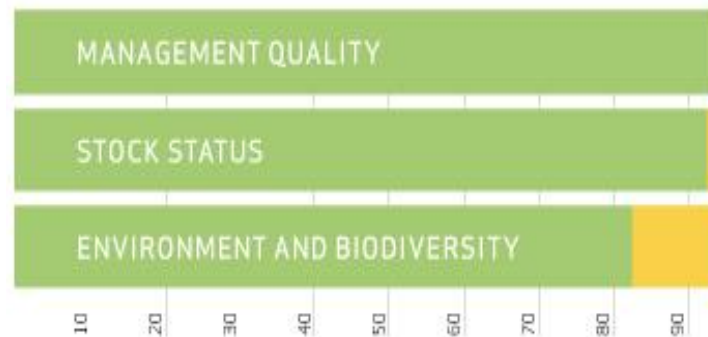


Sustainable Fisheries Partnership



A Filet-O-Fish we can
all feel good about

2008 RATINGS BY CRITERIA: % of metric tons of fish bloc



*Measured in metric tons of fish blocks purchased by our suppliers.

In 2008, more than 98% of all
McDonald's fish originated from
fisheries favorable
sustainability ratings.



Red Lobster – Red Lobster was among the first restaurant chains to remove certain diminishing species from its menu. All of its seafood comes from sustainable sources, and it's led the industry in developing and employing responsible aquaculture to relieve pressure on high-demand seafood.

Suppliers Engaged



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About SFP



Sustainable Fisheries Partnership

- **Vision:** healthy marine and aquatic ecosystems, secure seafood supplies, and a thriving, responsible seafood economy.
- **Mission:** to engage global seafood supply chains in rebuilding depleted fish stocks and reducing the environmental impacts of fishing and fish-farming.
- **Measuring Results:** increase in stock biomass, reduction in fishing mortality, reduction in bycatch, increase in population of protected, endangered and threatened species, reduction in habitat impacts through improved gears and better protection.

SFP approach to PES and Fisheries



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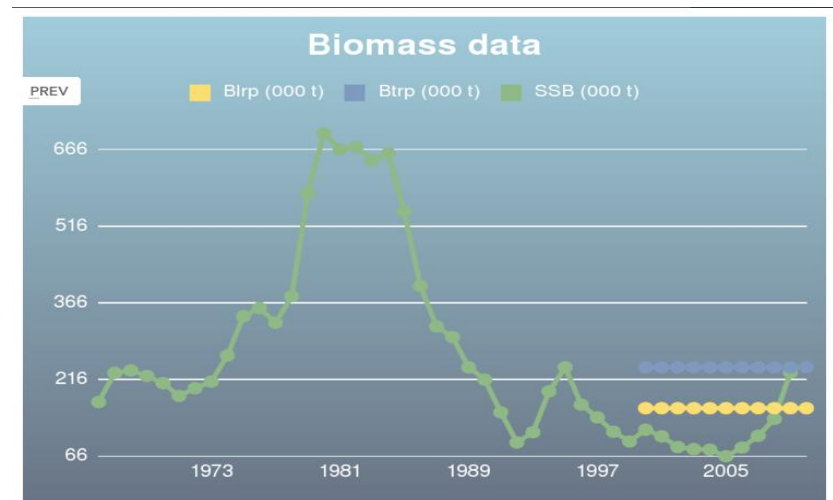
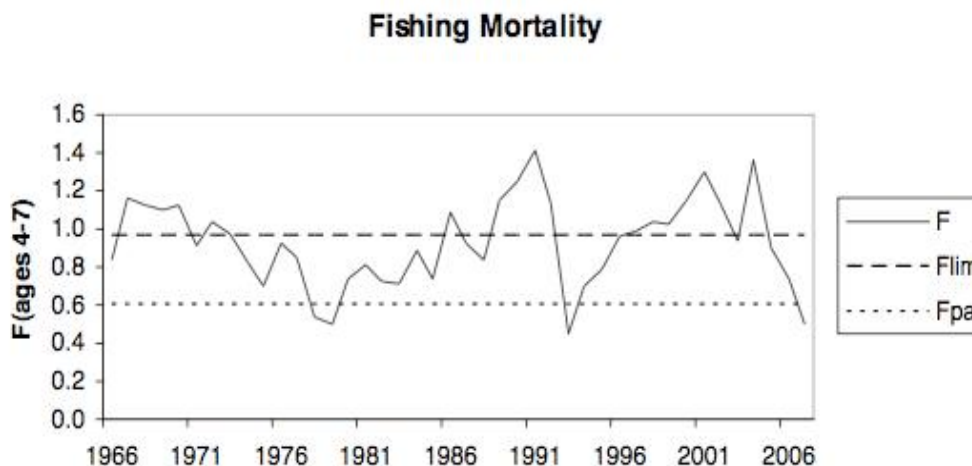
- Priority is on finding a buyer. SFP focus is on seafood supply chain.
- Sustainable seafood demand includes “provision” (and regulatory and support services, to the extent those are required to provide seafood) and biodiversity as a “cultural” service.
- Over-capitalized fisheries the norm, dissipate profits. Such fishers not a good place to raise funds for PES.
 - ITQs rationalize fisheries, and increase opportunity for PES. An ITQ is a market mechanism, but only PES with cost-recovery.
- Others in seafood supply chain can also make payments, but – because of free-rider problem – prefer industry-wide agreements. Can be voluntary, regulated, or blended model.

Select Results and PES



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- **Baltic cod:** change catalyzed by Espersen, Findus. Fishing mortality now at historic lows. Stock rebuilt, increase of over 200% since 2005.
- Improvements through legislation and enforcement, government payments “not to fish”, backed by private industry-wide supplier control documents to counter illegal fishing. ITQs are next step, could ultimately lead to cost-recovery and more PES.
- Part driven by McDonald's model: “[We] moved away from Eastern Baltic Cod several years ago due to sustainability concerns. Through leadership from our European supplier...the...fishery has shown significant improvement and recently completed pre-assessment for MSC...It also now meets our own sustainability standards and will be accepted again as supply for our Filet-O-Fish sandwiches.”



Select Results and PES



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- **Gulf of California shrimp:** “Reduced impact” initial pilot project unable to pay adequate PES, due to profit-gap in fishing legally and illegally. Next step: working with all main US importers on adopting industry-wide supplier control documents, following success in Europe.
- **Indonesia blue swimming crab:** Driven by Phillips Seafood, ABRI and now US Crab Council. Discussing export tax to pay for improvements, leveraging aid funds. Will require “PES-like” scheme to incentivise fishers.



Lessons Learned



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- Lack of enforcement a problem for marine PES: but seafood buyers deal with contract enforceability all the time, and have developed supplier “control documents” with real teeth.
- Some sustainable fisheries challenges remain in Nth America, Nth Europe, New Zealand etc, but main challenges going forward are in the developing world.
- What worked in the “north” won't work in the “south”.
- But the “north” imports from the “south” and supply chain has a key role to play.
- One such key role is controlling vested interests.
- Involvement of government increases risk of political “hijacking”, changing PES into just P! (subsidies).

Future Challenges



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- Standardizing definitions, measures and proof points in FIPs are needed to create a true PES market for biodiversity conservation (lower TCs):
 - E.g., so shrimp buyers willing to pay for more environmentally friendly shrimp can choose between fisheries.
- Need new combination “bycatch offsets” / “biodiversity PES” models:
 - E.g., high value fisheries with low bycatch of an endangered species can buy out lower value fisheries with high bycatch.
- Provisioning, export tax – fundraising model for FIPs. A fee (i.e., export tax of 0.5%) can generate significant revenue, but basic improvements in fisheries management require public sector match.
- Worthwhile: Landed value of global catch is approx \$200 billion. Total global value of seafood sales may soon be worth up to \$1 trillion.
- All marine conservationists – species or geography based – can benefit from engaging supply chains.