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Congressional-Executive Commission on China

“From Bait to Plate — How Forced Labor in China Taints America's Seafood Supply Chain”

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Representative Smith, Senator Merkley, and members of the Commission, thank you for the opportunity to testify today.

My name is Sally Yozell, and I am the Director of the Environmental Security Program at the Stimson Center, a nonprofit, nonpartisan research institution based here in Washington, D.C. Our program employs a research-to-action model that supports innovative policy actions to create durable global change for good. A central focus of our work is combatting illegal, unreported, and unregulated (IUU) fishing.

IUU fishing can take many forms – from local, small-scale boats misreporting catch, to large-scale, industrial foreign-flagged vessels under-reporting their catch. Beyond this there are also coordinated efforts supported by flag state governments or transnational crime syndicates. IUU fishing is a “crime of convergence,” and has been linked to other criminal and illicit activities such as the smuggling of guns, drugs, and wildlife; human trafficking and forced labor; as well as money laundering and tax fraud.ⁱ

In all its forms, IUU fishing directly contributes to overfishing, threatening the sustainability of fish stocks and damaging marine ecosystems. The consequences of IUU fishing ripple throughout increasingly complex supply chains, far beyond the point of harvest. It harms the economic, food, and environmental security of coastal communities. IUU fishing destabilizes the security of maritime states, supports organized criminal networks, fuels corruption, destabilizes good governance, distorts markets, and drives human trafficking and labor and human rights abuses in the fishing industry.

I saw this firsthand on a recent trip to the Gulf of Guinea in support of our work to better understand the impacts of foreign-flagged fishing on coastal communities. Over the past decade, Chinese-owned and -flagged distant water fishing vessels have expanded their

presence in West Africa, including building up land- and sea-based fishing enterprises and deepening partnerships to access fish in West African waters. This rapid expansion is occurring in developing nations that lack the financial, technical, operational, and institutional capacity to manage their fisheries. There is a lack of political will to improve fisheries monitoring and management, whether linked to corruption or as a result of focusing on other pressing priorities. This, alongside food insecurity, unemployment, and environmental degradation can drive civil unrest and destabilize the security of these maritime states.ⁱⁱ

Although the clandestine nature of IUU fishing means that the size of the problem and its negative consequences can be estimated only roughly, IUU fishing accounts for up to a third of the world's total fisheries harvests and is valued at more than \$30 billion annually.ⁱⁱⁱ Ultimately, IUU fishing occurs because it remains profitable, loopholes persist, and the opaqueness and complexities of the global seafood supply chain have made it largely invisible to governments, businesses, and consumers.

That is, until last week.

Mr. Urbina's expansive and shocking reporting has revealed a dark and complicated state of affairs that has flourished undetected.

Seafood is the world's most-traded food commodity, accounting for more than \$140 billion in trade each year.^{iv} Commercial fishing is big business, with a complex global seafood supply chain and over 56 million people working on vessels to support it.^v The demand for seafood is greater than ever; in 2022, the United States imported 340,000 metric tons of seafood, valued at just over 30 billion dollars.^{vi}

Fueling this demand are distant water fishing (DWF) fleets. The details of their operations are largely obscured as they fish far from shore, often with little oversight from their home countries or accountability in the regions where they fish. The five largest DWF fleets – from China, Taiwan, Japan, South Korea, and Spain – target four main regions of the ocean: the Pacific, West Africa, East Africa, and South America.^{vii} We have little to no insight into vessel ownership, the conditions aboard these ships, nor the fisheries access agreements these fleets use. The challenges these fleets pose to coastal countries' marine resources will persist unless there is measurable shift towards improved fisheries management, accountability of flag-state responsibilities, and overall transparency throughout the seafood industry and supply chain.

Against this complicated backdrop, we know one simple truth: U.S. consumers – and consumers around the world – do not want to eat seafood that is caught illegally or that is the product of forced labor. In fact, 72% of U.S. consumers support increased traceability for seafood; they want all parts of the industry to be fair and equitable, especially for the harvesters, processors, and merchants who follow the rules.^{viii}

But how can they know?

The seafood supply chain is complex. Seafood is harvested all around the world in nearshore coastal waters, in territorial seas and Exclusive Economic Zones, and on the high seas. Depending on the fish, the seafood supply chain looks different. It is often transshipped and processed at sea, or processed in major centers often located in China where seafood can be commingled with other global catches, and altered making it difficult to distinguish, while also opening up the potential for mislabeling, all before it moves by air or sea to various wholesale suppliers, stores and restaurants. At each point in the supply chain, new and different risks emerge.

An illustrative example of this is pollock and salmon. As a result of Russia's invasion of Ukraine, Russian-caught seafood is currently banned from the United States. Yet despite this, Russian pollock and salmon still enters U.S. commerce today.^{ix} The nature of the global seafood supply chain allows this to happen. These fish are known to be commingled alongside legally harvested fish from the U.S. and other countries at huge Chinese processing facilities. In their final state – whether as frozen blocks, fish sticks, and canned products – these Russian-caught fish are re-exported to the United States as a “product of China.”^x

To prevent illegally caught and mislabeled seafood products from entering the U.S. market, the U.S. government implemented the Seafood Import Monitoring Program in 2018. It is housed in the National Oceanic and Atmospheric Administration's National Marine Fisheries Service (NOAA Fisheries). It was originally envisioned to be a cornerstone of a comprehensive risk-based seafood traceability system. It was meant to effectively and efficiently track imported seafood from the point of harvest at sea to its initial entry into the U.S. market – from bait to gate.

In practice, however, the Seafood Import Monitoring Program has not yet met its potential. The plan was to start to start small, and eventually expand to include all seafood. Five years later, in its current form, the program applies to only 13 species groups or about 45% of seafood imported into the U.S. market, leaving more than half of U.S. seafood imports exposed, including squid, pollock, salmon, and blue swimming crab.

Rather than a true traceability system, the Seafood Import Monitoring Program is a single program, siloed from other, relevant trade monitoring programs that exist within NOAA Fisheries and across other federal agencies. It is hamstrung by its reliance on a paper-based framework, which opens the door for falsification – whether intentional or accidental – and which altogether prevents the use of advanced risk analytics. The program is further constrained by inadequate enforcement capacity and limited interagency communication.

Unlike the European Union's red-yellow-green card traceability system, which relies on a government-to-government certification process, the Seafood Import Monitoring Program places the burden of proof on the importer of record. Importers of record simply do not have the ability see across the full length of seafood supply chain to verify that each unit of seafood entering U.S. commerce has been safely, legally, and sustainably harvested.

As a leading market, coastal, port, and flag state, the United States has tremendous power – and responsibility – to transform global fishing practices. Together with Japan and the European Union, we import more than 60% of all internationally traded seafood. This is a powerful market block. The United States can do so much more to improve fishery resources globally and provide consumers with the confidence that the seafood they consume is safe, legal, and sustainable.

We cannot fail.

As more seafood tracking and traceability systems are implemented around the world, other countries are looking to the United States as a global leader in supporting sustainable seafood. The United States needs a functional and effective seafood traceability system that is standardized, streamlined, and synchronized.

As importers, harvesters, and businesses in the seafood supply chain are well aware, data and information about seafood is collected and stored by numerous U.S. agencies. NOAA Fisheries examines seafood data from the point of harvest to when it enters the U.S. markets; the U.S. Coast Guard uses satellites and automatic information systems (AIS) to track fishing vessels at sea; the Department of Labor monitors forced labor allegations and evidence of human rights abuses; the Food and Drug Administration collects seafood data relating to human health and food safety and the Treasury Department follows the money. I could go on.

Despite all of this data and all of these programs, the International Trade Commission estimated that \$2.4 billion worth of IUU-caught products entered the U.S. market in 2019 alone.^{xi} Regulators, advocates, and industry are in agreement; we must do better on all fronts. There are opportunities available right now to make incremental, yet effective, changes to this system.

Lack of standardization of the data the U.S. government collects is a key barrier to a better system. Standardized data is needed – from different points in the supply chain – that is appropriately granular and verifiable so that it can be communicated across agencies in a timely manner. Moreover, the paper-based system that exists today will

never get us to a better outcome. In today's world, how many billion-dollar industries lack digitization and rely on paper-based records?

In addition to data collected, the fish species that are considered at risk for IUU fishing and mislabeling must also be standardized around the world. This is critical as more international traceability programs come online. IUU fishing is inherently a global problem; illegally-caught or mislabeled species entering one major market state are very likely to enter other global markets. For example, Japan's new counter-IUU fishing regulation covers pacific saury, squid, mackerel, and sardine. None of these species are included in the U.S. program and we know from Mr. Urbina's reporting that illegally- and unsustainably-caught squid is entering the U.S. market. On the other hand, Japan's list of species considered at risk for IUU fishing does not include sharks and tunas, which are covered by the U.S. program. The scale of our solutions needs to match the scale of the problem – Gaps in our collective efforts will only allow IUU fishing to continue to thrive.

And as regulators work towards standardizing data, they must be cognizant of the burden these data and information requirements have on harvesters and businesses. Simplifying the data collection process is imperative and creating a digitized, interoperable system is essential. Alignment of data elements across trade tracking programs opens the door to improved interagency data sharing and collaborative enforcement, while simultaneously reducing the burden on law-abiding industry.

The multidimensional problem of IUU fishing needs an equally multidimensional solution. Viewing risk in a more holistic way – and creating a synchronized system to communicate that risk between and among relevant agencies, businesses, and stakeholders – is exactly the path forward to gain more success.

Beyond simply the species considered at risk, the United States must widen the aperture of what is consider “risk” in the seafood supply chain. Forced labor and human rights abuses are undeniably a part of the global seafood supply chain. Addressing forced labor in the seafood supply chain should be a priority for the U.S. government and it should be included in the United States' definition of IUU fishing.

Federal agencies need to work together and use all of their available tools to better understand the seafood supply chain and how to target resources to reduce risks within it. Sharing information is essential. There are risks linked to vessel histories, companies and ownership information, and land- and sea-based processing facilities. Transshipment, ports, flag state activities, the role of middlemen and intermediaries, present other risks. Armed with a more detailed understanding of risk, the U.S. government can better focus its resources to target and root out bad actors and prevent IUU-caught fish from entering our markets, while rewarding those who abide by the laws.

No seafood trade tracking system is perfect. As technology advances there will be new opportunities for improvement. But there are some incremental changes that can be made now to achieve a broader, more holistic vision to prevent IUU-caught fish from entering our markets. Beyond providing confidence to consumers that the seafood they are buying is legally harvested, creating an effective seafood traceability system can positively impact environmental, economic, and human security around the world.

No single agency or organization alone can solve this challenge. IUU fishing is a global problem that requires global solutions. The United States government has the opportunity – and responsibility – to chart a path forward to move the global seafood supply chain out of the shadows. A transparent system will benefit all.

Thank you for your time and attention today. I am happy to answer any questions you may have.

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