



**SUSTAINABLE
FISHERIES
PARTNERSHIP**

SFP

February 2008

UPDATE

The mission of the Sustainable Fisheries Partnership is to maintain healthy ocean and aquatic ecosystems, enhance fishing and fish-farming livelihoods and secure food supplies.

The Sustainable Fisheries Partnership Update is a quarterly newsletter reporting on the partnership's work to improve fisheries and fish farms.

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McDonald's Seeks Sustainable Fish

Interview with McDonald's Gary Johnson
Senior Director,
Worldwide Supply Chain



Q: What was it that got McDonald's thinking about sourcing fish sustainable?

From the time we started our Global Fish Board in 1997, we understood the importance of assured supply, and sustainability is a clear requirement for assured supply of fish. Around the same time, we, as a broader McDonald's team, began to form a vision for sustainable supply – one that profitably yields high-quality, safe products without supply interruption and balances a net benefit for employees, their communities, biodiversity and the environment.

Q: What's been most successful for you and McDonald's in pursuing a sustainable sourcing policy/strategy for fish? What (if anything) hasn't worked?

The most successful thing we did was to create our sustainable fisheries program in a collaborative manner. By including issue experts like Jim Cannon, from SFP, as well as industry experts from our suppliers, we ensured that the end result would be both science-based and practical.

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CEO UPDATE

Dear Readers,

It's generally unpleasant to be called "slow moving and incredibly unsexy". That's how IntraFish, reporting on the Seafood Choice Summit in Barcelona, recently described the "mind-numbing" dialogs with government bureaucrats necessary to improve fisheries in the water, before urging NGOs to do more on this front. SFP focuses on translating retailer and supply chain interest in sustainability into meaningful dialog with catchers and regulators, so we clearly agree that more attention is needed on this work. But we beg to differ on a number of issues.

First, the exciting piece of the seafood sustainability movement for us is seeing fishing companies, NGOs and big buyers agree on what needs to be done in the next 6 to 12 months to improve fisheries, and then working together to convince regulators to respond. In this newsletter we highlight some recent advances, for instance in the Baltic Sea. We don't know yet whether the cod fish stock will rebuild this year or next, but the conditions are certainly more favorable after seafood companies helped bring about a shift in political attitudes and a significant clamp down on overquota fishing. "Unsexy", perhaps, but ultimately what it is all about.

Second, and as the Baltic case illustrates, this is not a job just for NGOs, but for seafood businesses as well. In fact, in most parts of the world, change in the water is unlikely to happen without the

active participation of local seafood businesses themselves. They are often the only players with the political connections, knowledge and leverage to engage regulators. In many countries even the regulators have little ability to fully control and manage fisheries, and seafood businesses will need to find ways to drive change on their own, for instance through procurement policies that require and reward legal compliance and the use of lower impact fishing practices. NGOs have in fact been working diligently for decades to change fisheries policy around the world, unfortunately often doing battle with the catch sector. It's now time for the rest of the seafood industry to weigh in and help find solutions that are good for fishers, consumers and the environment. And while seafood businesses may moan about "being outgunned by rich NGOs", all of the funding going to all of the NGOs working on sustainable seafood is a tiny percentage of the profits made in the seafood industry. If more of the seafood industry does not engage in fisheries management bodies directly, then the declines in many fish stocks will continue, and those profits will decline as well.

Third, seafood businesses need greater clarity and support from NGOs to encourage them to step into fisheries policy making processes. This is not a world of easily communicated "good" versus "bad", but complicated shades of "not great, but better than the current situation". As Simon Rilatt, Seafood Sourcing Director for FoodVest Group noted in a presentation in Barcelona, companies risk being misunderstood and attacked for helping problem fisheries improve, rather than simply walking away. Of course companies cannot use engaging the fishery as an excuse for buying for years without demonstrating results. Both the NGOs and the seafood industry need ways to measure and prove improvements. One option is to certify a fishery as "legal and managed", or using

"lower impact practices" - both critical steps towards sustainability.

Fourth, seafood suppliers need smarter incentives from big buyers. Simply asking for sustainable seafood causes everyone to chase the limited product available today. As in soccer or basketball, if everyone chases the ball, few goals or points get scored, and fewer fisheries will improve. Sure there will be a bigger price premium, but fishers in depleted fisheries already know if they can straighten out their fishery they will make a lot more money, with or without a premium for sustainability. The problem is how to overcome the political obstacles, and that is where the seafood industry needs to lend a helping hand. Big buyers need to encourage and reward their suppliers to engage in the fisheries they buy from today, to help them fix whatever their problems, to become sustainable, and ultimately to come forward for MSC certification. And as Gary Johnson of McDonald's notes in our cover story, big buyers need to work together to achieve results. The definition of sustainable is unchanged, but the game plan is a little different.

Finally, this "new" focus on policy does not diminish the need for NGOs to continue to build consumer demand for sustainable seafood. In fact it increases it. Competitive global supply chains mean pressed suppliers won't be able to invest enough time and money in fisheries improvement efforts unless buyers demand it and pay for it. And more buyers will demand it if more consumers demand it. Building consumer demand for sustainable seafood and getting more retailers and major suppliers to implement sustainability policies remain hugely important.

We hope you enjoy this newsletter, and hope to see you at the Boston and Brussels seafood shows.

Jim Cannon

FishSource Serves as the Cornerstone of Whitefish Report

As the "State of the Whitefish 2008" report is readied for release this Spring, the work behind the scenes at FishSource.org is moving rapidly and dozens more fisheries are online. SFP is also thrilled to announce FishSource's new director, Pedro Sousa, of Portugal.



One of the primary motivations SFP had for developing FishSource was the critical need of major buyers to have sustainability information on individual fisheries, so

they could source from environmentally preferable fisheries, including those improving their performance and making the most progress towards sustainability. Whitefish is one key seafood sector where this information is particularly needed, as the supply of Atlantic cod into the UK illustrates.

The fish continues to be in major demand in the UK market, and few buyers there are ready to follow advice to simply avoid all Atlantic cod. But they are willing to distinguish between the different fisheries for Atlantic cod. FishSource enables them to make that distinction across measures of environmental impact and management quality, as well as information on stock status already readily available from stock assessment scientists.

A definitive review of whitefish fisheries and supply outlook is being produced by SFP this spring. This review will be based 100% on the whitefish fisheries profiles on FishSource. While our review will provide a useful snapshot, FishSource has a critical role to play in presenting the most up to date information online. The world's current main twenty five whitefish fisheries by volumes landed are profiled on FishSource, and we are adding more fisheries all the time.

FishSource's growing database of fisheries has nearly doubled since our last update and it now includes close to 100 analyses including more whitefish profiles, 11 fisheries for fishmeal and fish oil, ocean perch/redfish, crab, lobster, shrimp, flounders/sole, salmon, scallop, halibut, snapper/grouper and mahi-mahi. Reports are expected on several South America anchovy and mackerel fisheries in the near future.

Hands on demonstrations of FishSource will be available at the International Boston Seafood Show. SFP will be in booth #288.

Fishsource has a New Director



Pedro Sousa joined SFP in February as the Director of FishSource. Pedro lives in Faro, Portugal, received his PhD in Population Biology and MS in Mathematics Applied to Biological Sciences from University of Lisbon, Portugal. He has been working for more than 14 years as scientific consultant and a researcher of statistical analysis on many marine and fisheries projects in Portugal. He's also a professor at a private university in Algarve, Faro, Portugal. Inquiries to Pedro should be sent to pedro.sousa@sustainablefish.org.

Aquaculture Update Tilapia

Representatives of SFP, GAA, ASC, WWF and GlobalGAP met during the Seafood Choice Summit in Barcelona to agree how to work together to test the various draft standards.

The testing involves SFP staff and auditors designated by each scheme visiting farms and running "mock" audits to test as fully as possible all aspects of the standards that apply to the environmental performance of the farms. The role of the methods committee is to devise protocols to ensure the study is fair to all schemes. The methods committee will develop testing methods is to agree on the testing methods and ways in which findings will be analysed and reported.



To date, eight tilapia farms were contacted and have agreed to participate in the said audit. The farms are located in South and Central America, the US East Coast and Asia. Most of these farms were identified as suppliers of tilapia to the US and Europe. The first on-farm tests are scheduled for late February.

SFP has funding to include another two tilapia farms in this study. If you are interested please contact **Jack Morales**, or come by the SFP booth in Boston.



FISHERY IMPROVEMENT PARTNERSHIP UPDATE

Fishery Improvement Partnership

A Fishery Improvement Partnership (FIP) is an alliance of buyers, suppliers and producers that work together to improve a fishery by pressing for better policies and management while voluntarily changing purchasing and fishing practices to reduce problems such as illegal fishing, bycatch and habitat impacts.



How a FIP Works

Each fishery is different, and can improve at a different pace. Each Fishery Improvement Partnership (FIP) is tailored to fit the specifics of each fishery, but has the same basic process and elements that must be achieved.

1. SFP gathers information on the status and sustainability needs of the fishery, and reports initial findings and recommendations openly on FishSource (www.fishsource.org). SFP encourages each fishery to confirm the impartiality, completeness and accuracy of these recommendations, by undertaking a formal MSC pre-assessment.
2. Major buyers are engaged along with their suppliers. SFP organizes meetings between buyers and suppliers to build mutual understanding, negotiate long-term objectives and short-term improvement milestones to be achieved, and agree on a workplan for the next 6 to 12 months.
3. As trust grows, SFP works with the lead participating companies to form the FIP and invite other companies to join. The FIP then agrees on the "steps to sustainability, and implements procurement policies (e.g., to cut down on over-quota fishing and mitigate the impacts of certain fishing gears) and education, training and outreach activities to encourage governments to improve policies and strengthen management.
4. SFP then monitors and reports on progress in the process of the work, its impact, and the physical results or outcomes in the water:
 - Process indicators include: improvement needs articulated to policy-makers, common procurement rules are communicated to suppliers.
 - Impact indicators include: reduction in illegal fishing, increased use of lower impact fishing gears, changes in sourcing according to procurement policies, fisheries policies and management practices improved.
 - Outcome indicators include: increasing fish stock biomass, declining by-catch, increasing populations of critically endangered species impacted by the fishery.

FIP Profiles

We convene these partnerships to help seafood producers and buyers advocate for better fisheries management.



Baltic Cod

In the Baltic Sea, the EU has initiated a recovery plan for cod, where the Eastern cod stock is at low levels and illegal fishing is a major obstacle. Annual quotas for the Baltic Sea cod fisheries approved by the EU are based on scientific advice from ICES, which bases its report reported catches the previous year. But actual landings don't fall into compliance and fisheries' scientist estimate catches are higher than reported.

SFP has agreed on a Fisheries Improvement Partnership Forum with Espersen. SFP is working with Espersen and Young's through the Baltic Regional Advisory Council and other avenues to press for better implementation and compliance of the law and reducing illegal fishing as a first step on the path to fisheries improvement.

Other efforts to improve the fishery to date have included:

- Mutual co-operation between EU countries with Baltic Sea fishing to control cod landings.
- Implementation of rules that allow only EU-approved ports of a certain size to take in landings of more than 1,000 kg.
- Splitting the fishery into two management areas- East and West.



- Increasing the minimum size catch to 38 cm and increasing the mesh size in cod trawls.
- Issuing rules and supplier agreements (audited by third-parties) to avoid buying cod from unregistered catches.

Companies and their suppliers are responsible for adhering to the law and by working together, these parties have a greater chance of making the Baltic cod a sustainable fishery.



Indonesia Blue Swimming Crab

SFP, Phillips and APRI (the Indonesian Crab Producers Association) have reached agreement on a work plan to investigate improvement options in Indonesia's blue swimming crab fisheries. APRI is a relatively new association with a focus on improving the management of the source fisheries. APRI members account for 80% of the crab exported from Indonesia. Indonesia accounts for 30% of total blue swimming crab imports into the US. Although the blue swimming crab stocks generally appear quite resilient, and the fishery has relatively low environmental impact, APRI recognizes that improvements can be made. The joint work in Indonesia will begin with assessments of the biology and management of crab stocks in Jakarta Bay, and develop recommendations for actions to be taken by APRI and its members. APRI is also launching awareness raising efforts to improve the fishery, including informing fishers and local processors about the need to return undersized crabs and egg bearing females back to the sea.



Gulf of Mexico Shrimp

SFP and the Ocean Conservancy have drafted a whitepaper that discusses the opportunity to work with fishermen to introduce shrimp trawling gear that greatly reduces bycatch, improves shrimp quality and results in less impact on the ocean floor from trawl doors. Meetings with major Gulf of Mexico shrimp buyers have been scheduled for the Boston Seafood Show. Sadly, one major participant in this project, Ralph Rayburn from Texas A&M University Sea Grant Extension, passed away recently and will be missed by those committed to this project. For further information on the Gulf of Mexico FIP contact howard.johnson@sustainablefish.org.



Gulf of California Shrimp

The first environmentally preferable shrimp product from the Gulf of California recently went to market. Fisherman's Daughter Wild Sonora Coast shrimp is the first shrimp from this region to undergo catch registration and verification. The product is the outcome of a partnership between SFP, WWF and CleanFish.

SFP has established a Fisheries Improvement Partnership for the Industrial Shrimp Fishery in the Gulf of California, Mexico, together with Grupo Valcer of Guaymas. The FIP is aimed at improving the fishery as a whole, through incremental improvements in harvesting and management practices.

Gary Johnson

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As a result, we now have a successful fish sustainability program that is universally and globally understood and implemented within our supply chain.

Q: How does aquaculture fit in?

Our global fish strategy looks out three to five years for our supply. When one looks at the global white fish catch and its decreasing supply and reduced quota, aquaculture, with its more predictable supply, just made sense to explore. We seriously starting looking at aquaculture 18 months ago but could not get a species that met our quality and sustainability screens. We now have found this species and began testing Tilapia in Asia in 2007.

Q: What challenges does McDonald's face in increasing the percentage of sustainable whitefish in its supply chain?

The number one challenge we face is that we are only one player in a large and diverse industry. Our actions try to contribute to fishery sustainability but other end user actions may not. Even if we move away from a non-sustainable fishery, other end users may continue to use it, and that won't drive change. We continuously seek alternative species, but that is not a simple process either. First and foremost a species must meet our quality screens of flavor and color. This is a must. In addition, new species must meet our sustainability screens, whether for wild or farmed fish. This will continue to be a challenge going forward.

Gary Johnson is a Senior Director in McDonald's Worldwide Supply Chain, leading McDonald's global protein strategy, including fish.



Founded in 2006, The Sustainable Fisheries Partnership (SFP) is a nonprofit project that is fiscally sponsored and legally organized under the Trust for Conservation Innovation, a nonprofit, tax-exempt organization under Section 501(c)(3) of the USA Internal Revenue Code.

SFP operates as a 'virtual nonprofit' with low overhead so that we can direct a greater percentage of our funds towards programmatic results. We do this through our global network of experts who are based in the field and who know the fisheries we engage and advise. We welcome your support for SFP. Your donation will make a critical difference in how quickly and effectively we can restore key fisheries worldwide.

Support SFP

Donations may be made out to the:

Sustainable Fisheries Partnership
c/o: Trust for Conservation Innovation,
423 Washington Street, 5th Floor
San Francisco, CA 94111 USA.

You may also contribute online:

www.trustforconservationinnovation.org/sfp.html

Announcements

New to SFP - Ernesto "Jack" Morales



Jack Morales, director of SFP's Aquaculture work, joined SFP in November 2007. He is an aquaculturist with almost 15 years of experience managing and implementing

aquaculture projects in several countries: Thailand, Cambodia, Philippines, Mexico, China. He received his PhD on Aquaculture from University of Stirling.

In the News - Brad Warren



Growing awareness of the effects of ocean acidification is one of the primary purposes of SFP's Productive Ocean Partnership (POP) program. In a radio story that ran on

KFSK in Petersburg, Alaska, fishermen there examine the impact that global warming's "evil twin", acidification, will have on their industry. POP's Director, Brad Warren is featured in the story.

SFP in Brussels

Our next stop on the seafood trade show circuit is Brussels in late April for the European Seafood Exposition. Please drop by our booth if you're there.

Whitefish Report

The highly anticipated report on the state of whitefish is due this Spring. Sign up for our email newsletters on our website, www.sustainablefish.org, to receive the announcement of its release.

Howard Johnson - Profile



After years of working as a seafood industry consultant, Johnson began wondering about whether there would be enough seafood to meet U.S. demand.

He's now heading up

SFP's efforts to engage retailers and major suppliers in efforts to improve fisheries worldwide. By connecting buyers to each other and the fisheries they source from, he is strengthening efforts to rebuild stocks, reduce environmental impacts and clamp down on illegal fishing. Howard is also leading SFP's work in the Gulf of Mexico shrimp

fishery. Companies interested in speaking to Howard can find him at the SFP booth in Boston or via email at: howard.johnson@sustainablefish.org

Ian Heath - Profile



As SFP's Markets and Corporate Responsibility Advisor for Europe, Asia and Australia, Ian Heath supports interactions between large seafood buyers/retailers and

seafood sustainability experts. He understands commercial realities and priorities and the often competing demands that customers place on companies in regard to their environmental and social impacts. Working internally within companies with their purchasing, marketing and corporate responsibility teams, as well as externally with supply chain partners, Ian develops sustainability strategies and policies, integrating them into existing business systems and where necessary, advises on influencing organizational culture to ensure adoption. Companies can meet with Ian in Boston or by contacting him at: ian.heath@sustainablefish.org.