



Supply Chain Tools for Improving Fisheries' Compliance

Juan Manuel Caudillo

Juan Carlos Garcia



Who We Are?

Pesca Responsable y Comercio Justo is a Mexican private company aimed at supporting the fishing sector in the adaptative process to fulfill the social and environmental responsibility requirements that markets are currently demanding



Who We Are?



Pesca Responsable has ten years of experience advising civil organizations, government institutions, producer associations and private companies in different topics, including:

- Design of public policies for the management of natural resources;
- Design of monitoring programs for productive activities in protected natural areas and their areas of influence;
- Improvement projects design and implementation for artisanal and industrial fisheries;
- Design and supervision of procurement policies and purchase agreements;
- Certification processes on social and environmental responsibility; and
- Design and implementation of traceability and chain of custody systems.



Legal verification system for high risk fisheries: The case of Mexican Pacific shrimp and crab



Background:

- Mexican shrimp exports to the USA round the 27 thousand MT and the 295 million USD per year
- Mexican crab exports to the USA round the 5 thousand MT and 60 million USD per year
- 30% of the total Mexican seafood exports value
- 55% of the total exports value to the USA
- Both fisheries are in the top 5 in exports value, volume and socioeconomic importance.
- According to national statistics 56% of the seafood production could have an IUU provenance:
 - The combined volume of exports and domestic direct consumption is 92% above the national production combined with the imports.
 - The difference is 71% when considering the indirect consumption
 - Consumption *per capita* is 30% above to national production combined with imports

Key elements of a legal verification system for high risk fisheries:



1.- Regulatory framework

Regulatory instrument	Shrimp	Crab
Constitution (Mexico)	✓	✓
Fisheries Law	✓	✓
Fisheries regulation	✓	✓
Mexican Official Standard	✓	✓
Fishery Management Plan	✓	No
Seasonal/spatial closures	✓	✓
Seafood Import monitoring Program	✓	✓
Sea turtles protection	✓	N/A
Marine mammals protection act	✓	No

Key elements of a legal verification system for high risk fisheries:



2.- Mandatory & standardized registry procedures for captures and landings

- Large-scale shrimp vessels are mandated to keep a logbook during the entire fishing trip.
- Large-scale shrimp vessels are monitored 24/7 via a government Vessel Monitoring System
- All license holders are required to declare the landings using the standard landing report (paper or online).
 - Large-scale vessels one/trip
 - Small-scale one/permit (which can cover several vessels)
- When the license holder makes a first-hand sale is mandated to make reference in the invoice to the landing report exclusive serial number
- When a processor/distributor makes a second hand sale is mandated to reference the first hand sale invoice in his invoice
- When a shipment is made, a waybill needs to be processed where landing reports and invoices are declared

Additionally the processing facility registries are useful to match captures with final product invoices

Key elements of a legal verification system for high risk fisheries:



3.- Control documents

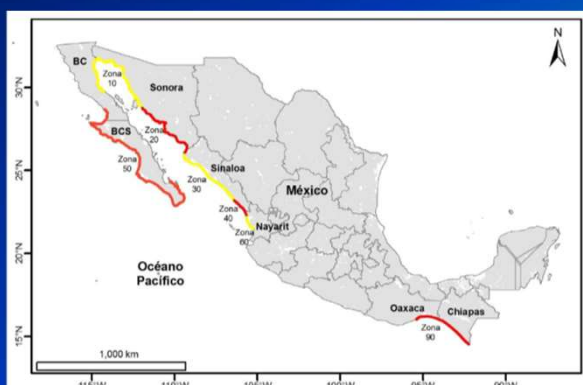
Letter of warranty where:

- Supplier certifies that, to the best of its knowledge, all products and materials supplied from an specific fishery are legally caught and conform fully to all applicable national and international laws (including all statutes and regulations) governing the capture, landing processing and transportation.
- Supplier accepts to generate, collect and make available the evidence of such compliance.
- Supplier acknowledges that activities in execution of the certification are subject to regular audit measures by independent third parties.
- Supplier Recognizes that failure to comply with the covenants, representations and warranties made in the certification may lead to legal and commercial consequences
- Supplier Lists the vessels and/or facilities subject to the warranty
- Supplier recognizes the legal instruments against which the compliance will be assessed

Key elements of a legal verification system for high risk fisheries:



3.1- Control documents' Geographic scope



The geographic scope of the Upper Gulf of California shrimp fishery is restricted to the area of study for the shrimp populations designed by INAPESCA as "Zona 10"

El alcance geográfico de la pesquería de camarón en el Alto Golfo de California se restringe al área de estudio de las poblaciones de camarón designada por INAPESCA como "Zona 10"

Key elements of a legal verification system for high risk fisheries:



3.2- Control documents' seafood products scope

Shrimp and shrimp products captured and/or landed in the Upper Gulf of California	Final Processing:
<u>Species:</u> <ul style="list-style-type: none"> Blue shrimp (<i>Litopenaeus stylirostris</i>) Yellowleg shrimp (<i>Farfantepenaeus californiensis</i>) 	<ul style="list-style-type: none"> Headless Shell-on in 5-Lb blocks packaged in 50-lb master box. Headless Shell-on individually frozen packaged in plastic bags and master boxes of different volumes Peeled and deveined tail-on or tail off individually frozen packaged in plastic bags and master boxes of different volumes Easy-peel individually frozen packaged in plastic bags and master boxes of different volumes Head-on in 5-Lb blocks packaged in 50-lb master box Head-on individually frozen packaged in plastic bags and master boxes of different volumes
Fishing method: Bottom-trawl net as described in the numeral 4.3.2.1 and the Normative Appendix "C" of the Mexican Official Standard NOM-002-SAG/PESC-2013, published in the Diario Oficial de la Federación on July 11, 2013.	
Onboard processing: brine frozen bulk packaged in sacks or plastic boxes	

Key elements of a legal verification system for high risk fisheries:



3.3- Control documents' audit protocol

Based on:

- The product flow map through the entire supply chain (from capture to final wholesale)
- License holder declarations and registries related to the capture:
 - Logbook
 - Vessel Monitoring System
 - Landing report
 - Processing report
 - First and second hand invoice sales
- USA Import documentation:
 - SIMP certificates (harvest and processing)
 - Shrimp Exporter/Importer declaration (sea turtles protection program)
 - Shrimp Certificate of admissibility (MMPA)

■ Given the lack of a mandatory registry process for the vessels operations, a landings reception format was developed and included in the purchase agreement. License holders are required to fill the format and delivered with the landing report and invoice.

- [illegible]

1. Pesca Responsable receives the documentation related to a shipment or a product lot, including:
 - o Fishing licenses
 - o Logbooks/VMS track records
 - o Landing reports
 - o Processing facility reception notes
 - o Processing reports
 - o First & second hand sales invoices
 - o USA import documents:
 - SIMP certificates
 - Shrimp exporter/importer declarations
 - Certificates of admissibility

But...How it Works?

The information of the shipments subject to Audit is processed into a set of dynamic tables where, using logic formulas, the auditor is able to detect inconsistencies between declarations and registries of the product transit through the supply chain.

Examples: Captures reception form volume \geq Landing report volume > Processing report volume \geq Sales invoice

Once the product lots with inconsistencies are detected, a visit is agreed to work deeper on the inconsistent lots identified.

During the visit the auditor works with the supplier to review the inconsistencies and require additional information.



PEPESCA RESPONSABLE Y COMERCIO JUSTO S DE RL DE CV
LAGO ERRE 327 B VALLE DORADO ENSENADA BAJA CALIFORNIA CP 22890

LISTADO DE AVISOS DE ARRIBO

EMPRESA: AQUILASTAR

FECHA	AVISO DE ARRIBO	RAZÓN SOCIAL	BARCO	EMPA	CAMARÓN AZUL EXPORTA	CAMARÓN BLANCO EXPORTA	CAMARÓN CAJE EXPORTA	CAMARÓN AZUL MAC
13/10/2019	AE000027742	BM BARCOS CAMARONEROS SA DE CV	LINDA	50602044	1120			1000
13/10/2019	AE000027741	BM BARCOS CAMARONEROS SA DE CV	NUVEZA	50641897	1000			900
13/10/2019	AE000027740	BM BARCOS CAMARONEROS SA DE CV	VLAADIR	50602017	1000			1700
13/10/2019	AE000027740	BM BARCOS CAMARONEROS SA DE CV	DON ESTEBAN	50602049	1120			1000
13/10/2019	AE000027742	BM BARCOS CAMARONEROS SA DE CV	JORGE IVAN	50641310	1100			900
13/10/2019	AE000028243	BM BARCOS CAMARONEROS SA DE CV	DON ESTEBAN	50602049	802			525
21/10/2019	AE000028246	BM BARCOS CAMARONEROS SA DE CV	JORGE IVAN	50641310	1000			428
10/10/2019	AE000028247	BM BARCOS CAMARONEROS SA DE CV	LINDA	50602044	1041			200
24/10/2019	AE000028248	BM BARCOS CAMARONEROS SA DE CV	NUVEZA	50641897	900			130
21/10/2019	AE000028249	BM BARCOS CAMARONEROS SA DE CV	VLAADIR	50602017	379			771
14/11/2019	AE000029693	BM BARCOS CAMARONEROS SA DE CV	JORGE IVAN	50641310	4180			348
14/11/2019	AE000029700	BM BARCOS CAMARONEROS SA DE CV	LINDA	50602044	4126			400
16/11/2019	AE000029772	BM BARCOS CAMARONEROS SA DE CV	DON ESTEBAN	50602049	4100			384
21/11/2019	AE000030023	BM BARCOS CAMARONEROS SA DE CV	VLAADIR	50602017	2448			287
27/11/2019	AE000030348	BM BARCOS CAMARONEROS SA DE CV	NUVEZA	50641897	3714			400
10/12/2019	AE000031141	BM BARCOS CAMARONEROS SA DE CV	JORGE IVAN	50641310	1036			200
10/12/2019	AE000031146	BM BARCOS CAMARONEROS SA DE CV	NUVEZA	50641897	854			200


A report is prepared and presented to the involved parties. If the inconsistencies are solved that is stated in the Audit report. If the inconsistencies are not solved, the auditor prepares improvement recommendations for the involved parties.

Total traceability


The product lot history is synthesized in a document which includes, based upon the lot number, the most relevant information and support documentation.

Traceability reports are hosted in an online platform accessible to interested users through exclusive username and password.

The platform displays, based upon the product lot number the report and backup documentation



Track Your Lot



Lot number

Track

Traceability report



LOT INFORMATION

PRODUCTION LOT NUMBER: **82701**IMPORTER/DISTRIBUTOR: **OCEAN GARDEN PRODUCTS**

PRODUCT INFORMATION

PRODUCTION DAYS	2018-10-23 - 2018-10-24 2018-10-24 - 2018-10-26
DATE OF LANDING	10/24/2018
LANDING REPORT NUMBER	A1213152 A1213153
PORT OF LANDING	EL CERRO CABEZON, SINALOA
TOTAL CAPTURE LANDED	2200.00 KG
DATE OF PROCESSING	10/24/2018
PROCESSING REPORT NUMBER	82701
PROCESSING FACILITY	GARDEN FOODS
ADDRESS OF PROCESSING FACILITY	TOPOLOBAMPO KM 3.5, BURÓCRATAS, 81290 LOS MOCHIS SINALOA
FDA REGISTRATION NUMBER	18012015108
NOAA IUU/SIMP CERTIFICATE	HARVEST & LANDING PRIMARY OR SECONDARY PROCESSING

Traceability report



VESSEL INFORMATION

VESSEL NAME	SCPP JOSE MARIA PEREA S DE RL DE CV
VESSEL ID NUMBER	2505001061
VESSEL LICENSE NUMBER	125056175259
LICENSE EXPIRATION DATE	04/20/2020
FISHING COMPANY	SCPP JOSE MARIA PEREA S DE RL DE CV

PRODUCTION

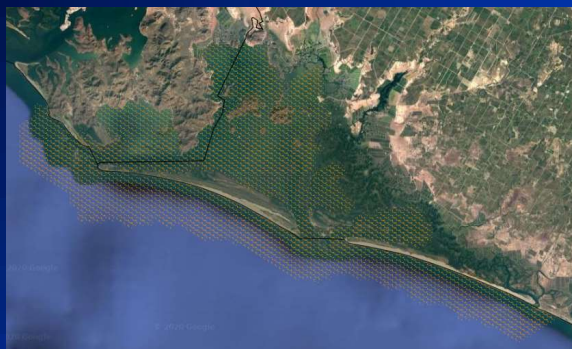
2018-10-23 - 2018-10-24 ▼

AREA OF PRODUCTION



Traceability report – fishing grounds

Small-scale shrimp and Crab



Industrial shrimp



Final remarks:



- The documentation process required is not sufficient to tackle the risks related to the procurement process from these fisheries
- Sustainability commitments and procurement policies are not sufficient to tackle the risks related to from these fisheries neither.
- Both instruments require a mandatory or complementary process to verify the legal provenance of captures and landings entering the supply chain.
- Local governments are not willing/capable to tackle IUU activities within their constituencies, while colluding with producers, processors and exporters to greenwash this landings.