

DRAFT MAFAC Recommendations for the Seafood Import Monitoring Program (SIMP)

Executive Summary

Illegal, unreported, and unregulated (IUU) fishing is a threat to global ocean ecosystems, food security, economic viability, and geopolitical stability. The NOAA Seafood Import Monitoring Program (SIMP) requires documentation and reporting for 1,100 species that are at high risk for IUU fishing and/or seafood fraud. In an effort to improve the program, the NOAA Office of International Affairs, Trade, and Commerce (IATC) is conducting a thorough review to update the program. To assist in that effort, IATC asked the Marine Fisheries Advisory Committee (MAFAC) members to consider and respond to three questions. Based on the questions, MAFAC developed a set of suggested recommendations on the scope and contents for an updated program.

An effective and cost-efficient traceability program should address both countries and products that present the greatest risks for abuse. This report recommends fully digitizing data collection and reporting, as well as increasing data sharing among the various federal agencies. A well-structured digital system could quickly identify and reject shipments based on seasonal restrictions, ecologically sensitive fishing areas, embargos, and data insufficiencies, thereby eliminating the need for physical inspection. Meeting these goals would reduce the reporting burden, improve the accuracy of the data collected, enhance enforcement, reduce the paperwork burden, provide real time information, and reduce the number of products of IUU fishing, seafood fraud, and human rights abuses entering the U.S. marketplace.

Introduction

IUU fishing can be extremely damaging to ocean ecosystems, global food security, and the economic viability of sustainable fisheries worldwide. Methods for IUU fishing significantly undermine sustainable fisheries management efforts meant to avoid depletion of both targeted species and the surrounding fish populations, as well as harm to important marine habitats. Additionally, products from IUU fishing put law-abiding commercial fishing entities at a disadvantage and can encourage negative environmental practices and human right abuses. The International Trade Commission (ITC) estimates that the United States imported \$2.4 billion worth of seafood derived from IUU fishing in 2019, or nearly 11% of total U.S. seafood imports.¹

¹ United States International Trade Commission. *Seafood Obtained via Illegal, Unreported, and Unregulated Fishing: U.S. Imports and Economic Impact on U.S. Commercial Fisheries* (Feb 2021). <https://www.usitc.gov/publications/332/pub5168.pdf>

In 2016, NOAA Fisheries established the Seafood Import Monitoring Program (SIMP)² to address IUU fishing by imposing additional reporting and recordkeeping requirements on imports that are especially vulnerable to IUU fishing and/or seafood fraud activities in both wild-caught fisheries and aquaculture production. Starting in 2018, the program followed products from 1,100 species from thirteen seafood species groups from harvest until arrival into the United States. Importers submit filings to the U.S. Customs and Border Protection (CBP) on each entry, and the importer is required to obtain an International Fisheries Trade Permit (IFTP) from NOAA Fisheries to report certain harvest information at the time of entry filing and to keep records regarding the chain of custody of the fish or fish product from harvest to point of entry into the United States.

NOAA Fisheries IATC requested MAFAC input as the office conducts a comprehensive review of SIMP. MAFAC prepared this report based on public comments the agency received and MAFAC expertise. The report suggests actions and opportunities to consider in the development of an effective and transparent seafood traceability scheme to help eliminate seafood products from IUU fishing, economic fraud, and human right abuses from the U.S. market. MAFAC applauds NOAA's efforts to be responsive to past SIMP criticism, and work closely with industry to develop the most effective and efficient system possible. We recognize that this is a challenging endeavor, especially with current budget constraints.

Background

The ability for a nation to provide access to reasonably priced, high quality, nutritious food is a cornerstone of national security. Historically, America was a fishing nation with abundant stocks of fish and other marine resources to allow rapid growth and economic prosperity. Over the years, factors like industrialization, gentrification of waterfronts, and overfishing have altered the fishing traditions in this country. Now, close to 85% of the seafood that is consumed in the United States is imported.

The International Trade Commission (ITC) estimates that the removal of IUU imports would lead to an increase in imported seafood prices, reducing imports, and ultimately benefiting American harvesters and fish farmers that follow a stringent set of costly rules and regulations meant to ensure that the resources of our oceans are available to future generations. It would also increase total operating income of the U.S. commercial fishing industry by an estimated \$60.8 million.³

² NOAA Fisheries. *Compliance Guide: U.S. Seafood Import Monitoring Program*. October 2022. https://media.fisheries.noaa.gov/2022-11/SIMPComplianceGuide_PDF.pdf

³ The U.S. commercial fisheries with the largest increases in operating income include those targeting warmwater shrimp, sockeye salmon, bigeye tuna, and squid. United States International Trade Commission.

The problem is complex. Addressing labor abuses and IUU fishing is a priority area for 21 agencies across the Departments of Commerce, Agriculture, Labor, State, Treasury, Health and Human Services, Interior, Defense, and Homeland Security.⁴ The situation becomes more complicated when considering the number of countries exporting to the U.S. Import partners Japan and the EU countries are developing import strategies to help keep the products of IUU fishing out of their markets.

Challenges

To meet a strong U.S. demand for seafood, the United States imported 6.1 billion pounds of seafood products, valued at \$21.4 billion, with a projected 11 coming from IUU fishing.^{5,6} The United States seafood industry, with wild caught and farm raised, is increasingly challenged by low cost imports that flood the marketplace. Those lower cost imports can be the products of IUU fishing and labor abuses on the vessel, at the fish farm, and in the processing plant.

Environmental degradation: IUU fishing has the potential to undermine national and regional efforts to manage fisheries sustainably, damage environmentally sensitive areas (such as coral reefs), and employ illegal practices (such as poisons and explosives) that can devastate target fish populations and cause irreversible harm to surrounding marine ecosystems. Habitat destruction and loss of biodiversity threaten food security around the world.

Unfair market advantages: When seafood is imported from countries that do not adhere to similar standards of food safety, resource conservation, and human rights laws that apply in the United States, it leads to an unfair competitive advantage by allowing imports to dominate in some markets. In those countries less stringent laws and oversight of fishing activities on fishing vessels, on fish farms, and in processing facilities can significantly lower the cost of production, and thus price point, and provide a competitive edge in markets. American wild harvesters and fish farmers must adhere

Seafood Obtained via Illegal, Unreported, and Unregulated Fishing: U.S. Imports and Economic Impact on U.S. Commercial Fisheries (Feb 2021). <https://www.usitc.gov/publications/332/pub5168.pdf>

⁴ NOAA Fisheries. *US Interagency Working Group on IUU Fishing* (29 January 2024).

<https://www.fisheries.noaa.gov/national/international-affairs/us-interagency-working-group-iuu-fishing>

⁵ NOAA Fisheries, Office of Sustainable Fisheries. *Fisheries of the United States*.

<https://s3.amazonaws.com/media.fisheries.noaa.gov/2022-05/Fisheries-of-the-United-States-2020-Report-FINAL.pdf>

⁶ United States International Trade Commission. *Illegal, Unreported, and Unregulated Fishing Accounts for more than \$2 Billion of U.S. Seafood Imports, Reports USITC* (18 March 2021).

https://www.usitc.gov/press_room/news_release/2021/er0318ll1740.htm

to a broad set of costly regulations designed to protect the environment, the worker, and food safety.

Human rights abuses: Human trafficking, forced labor, and other abusive practices are rampant in the global seafood industry due to fishers' exploitation of unskilled labor in distant waters, creating a sense of isolation.⁷ Weak regulatory programs with lack of oversight allows migrants to be lured into fishing jobs by illegal or unjust recruitment practices with the promise of good working conditions and wages, resulting in multiple forms of abuse. Children have been found to be involved in these schemes through debt bondage.⁸ Convolved supply chains make it difficult to trace these practices through the products.

Recommendations

In an effort to help level the playing field, be in compliance with national legislation and global initiatives, and respond to industry comments, NOAA Fisheries is retooling SIMP. Some of the challenges identified in the current system include inefficient data reporting and management, burdensome paperwork, lack of standardization and clear audit protocol, high cost of compliance, and language discrepancies. Reporting schemes tend to vary from country to country, making it difficult to collect coherent data. Redundancies amount to federal agencies and their reporting requirements exacerbate the problem. The recommendations below address these criticisms with proposed solutions.

NOAA has made significant strides with SIMP, but budget constraints make it difficult to develop a truly effective and efficient system. A number of groups have called for the expansion of the program, and NOAA IATC is soliciting public feedback on how to proceed. NOAA IATC requested MAFAC advice on the following three questions. MAFAC developed the following recommendations through the lens of long-term goals of full traceability from the point of harvest to the final receiver, inclusion of additional commercially important species, and uniformity of data collection among major seafood producing nations.

Question One: What are the most important elements of an effective traceability program?

⁷ U.S. Department of State. *Report to Congress: Human Trafficking in the Seafood Supply Chain* (23 December 2020). <https://2017-2021.state.gov/report-to-congress-human-trafficking-in-the-seafood-supply-chain/>

⁸ In 2022, the list included 19 countries that use child or forced labor in the production of fish and shellfish. Several of the countries on the list—notably China, Indonesia, and Thailand—are major exporters to the US. Department of Labor's Bureau of International Labor Affairs. *List of Goods Produced by Child Labor or Forced Labor*. <https://www.dol.gov/agencies/ilab/reports/child-labor/list-of-goods>

(1) Develop a fully digitized, transparent data collection system from harvester to end user

Although fully digitizing the reporting and record keeping aspects of a transparent seafood traceability program is a costly endeavor, it is the most effective and efficient pathway that provides a wealth of benefits: 1) simplifying and reducing the cost of reporting (a key criticism of SIMP), 2) providing a more complete and accurate data set, 3) improving the enforcement process by providing real time information, 4) reducing agency costs through more efficient use of staff time, and 5) reducing costly delays in Customs.

In creating this new system, MAFAC recommends the following components be incorporated:

- A. **Identify the key data elements (KDE) at each block in the supply chain.** NOAA Fisheries already has a set of model data inputs for harvest, processing, and transshipment that it can review to ensure that they meet current and future needs. On an international level, NOAA Fisheries should consider harmonizing KDEs globally.
- B. **Transmission of harvest data** should include species identification (scientific name), where and when harvested, volume landed, by whom, under what flag, and with what gear. Species identification should follow to the last receiver. Everyone in the supply chain wants to get what they pay for, including the final receiver.
- C. **Ensure ease of use** by implementing a standard format for data entry via smartphone, tablet, or computer. Once data is submitted, there should be no ability to make edits or changes. Standardized data fields may eliminate some of the language discrepancies experienced in the current system.
- D. **A unique identification number** should be assigned to each lot. That number should follow the product through the entire supply chain from harvester to the final receiver. Using an identification number maintains some level of confidentiality that can be important to businesses.
- E. **Processor/packer data** should include a specific identification number, species identification, final product form, and volume amounts in and out of the country. System should be able to identify fraud anomalies (e.g., flagging when 1,000 pounds of tilapia received and 600 pounds of red snapper filets out).
- F. **Data should be verifiable** at both incoming and outgoing in terms of volume and species, with consideration of processing shrink loss.
- G. **Harmonize data collection** for species covered by other import monitoring programs, like the NOAA Atlantic Highly Migratory Species International Trade

Program⁹ and FDA's traceability program¹⁰ under the Food Safety Modernization Act. Fully digitized systems could facilitate information sharing in real time. Steps should be taken to reduce redundancies, ease the paperwork burden, and provide more accurate data through shared reporting schemes.

A possible strategy for NOAA to develop the complex software incorporating all these factors is to issue a competition challenge to major software companies and universities to design the traceability system. The Government Accounting Office (GAO) regularly issues challenges on behalf of other agencies. Potential competitors—particularly in the private sector and academia—may be attracted to the competition because of the possibility of ensuring healthy marine environmental and sustainably harvested fish stocks for future generations, decreasing IUU fishing and labor abuses in the seafood industry worldwide, helping harvesters achieve financial stability by reducing reporting costs, and ensuring that the American consumer has access to responsibly harvested seafood. One possible model is the Department of Homeland Security's Centers of Excellence at universities across the country; the Center at Texas A&M has developed block chain strategies for other agricultural commodities.

(2) Improve interagency cooperation and coordination on data sharing

To avoid redundancy and excessive paperwork, data collection of common traceability data sets should be coordinated and shared across agencies.¹¹ This would save staff time, be cost effective, provide a more complete data set, and increase the speed at which products can enter the market. To achieve this, MAFAC recommends the following considerations:

- A. **Establish better coordination with Customs and Border Protection (CPB)** to stop products that are non-compliant or under an embargo before they enter the country. Clearly identify those stops and communicate through the Customs network

⁹ NOAA Fisheries, Office of International Affairs, Trade, and Commerce. *Atlantic Highly Migratory Species International Trade Program*. <https://www.fisheries.noaa.gov/national/atlantic-highly-migratory-species/atlantic-highly-migratory-species-international-trade>

¹⁰ The FDA program focuses on misbranding, food safety, and economic fraud. U.S. Food and Drug Administration. *Food Traceability List* (20 March 2024). <https://www.fda.gov/food/food-safety-modernization-act-fsma/food-traceability-list>

¹¹ Members of the Interagency Working Group on IUU Fishing are National Oceanic Atmospheric Administration, U.S. Department of State, U.S. Coast Guard, Council on Environmental Quality, Director of National Intelligence, National Security Council, Office of Management and Budget, Office of Science and Technology Policy, Office of the U.S. Trade Representative, U.S. Agency for International Development, U.S. Department of Agriculture, U.S. Department of Defense, U.S. Department of Homeland Security, U.S. Department of Justice, U.S. Department of Labor, U.S. Department of the Treasury, U.S. Federal Trade Commission, U.S. Fish and Wildlife Service, U.S. Food and Drug Administration, U.S. Immigration and Customs Enforcement, and U.S. Navy. NOAA Fisheries. *U.S. Interagency Working Group on IUU Fishing*. <https://www.fisheries.noaa.gov/national/international-affairs/us-interagency-working-group-iuu-fishing>

so that the exporter can't simply port shop to gain entry. A digitized system will allow data sharing in real time.

- B. **Continue moving toward assurances that imported product is being fished by vessels that meet the same standards as U.S. vessels** (i.e. turtle excluder devices, marine mammal protection, and processing under HACCP standards). NOAA is currently working in this area to help level the playing field and allow American fisheries to become more competitive while helping protect marine resources globally.
- C. **Develop partnerships with civil society groups** who have created tools to identify IUU fishing and labor abuses.
- D. **Clear identification of enforcement policies** and identification of agencies' responsible for enforcement.

Question 2: What are the risk factors that should be considered in determining the scope of any traceability program (e.g., species, countries, market, etc.) and why?

A long-term goal is to have a mutually agreed upon uniform system across all exporting countries. IUU fishing is a global problem, and solutions will require international cooperation. According to the Government Accounting Office (GAO), IUU fishing accounts for approximately 20% of the global catch, and up to 50% in some countries.¹² As a leading importer, it is incumbent on the U.S. to develop workable systems that can be reproduced in other parts of the world. Reaching poorer nations that are dependent on fishing for economic stability will require a significant input of funds, but there may be alternative funding sources, such as the U.S. Agency for International Development (USAID) and the Food and Agriculture Organization (FAO).

Accordingly, MAFAC recommends NOAA Fisheries consider the following factors in the traceability program's scope:

- A. Surveillance activities should emphasize those countries that have previously been identified by NOAA and others as having IUU problems and actively reject shipments lacking proper documentation to encourage greater participation. Develop and modify a system similar to the FDA Predictive Risk-Based Evaluation for Dynamic Import Compliance Targeting (PREDICT) system¹³ to electronically identify high-risk shipments based on country of origin and species for further review.

¹² United States Government Accountability Office. *Report to Congressional Requesters - Combating Illegal Fishing: Better Information Sharing Could Enhance U.S. Efforts to Target Seafood Imports for Investigation* (May 2023). <https://www.gao.gov/assets/d23105643.pdf>

¹³ U.S. Food & Drug Administration. *Entry Screening Systems and Tools* (8 February 2023). <https://www.fda.gov/industry/fda-import-process/entry-screening-systems-and-tools#predict>

- B. Identify countries that have a comparable traceability program. Although the risk is low, if there were to be close coordination among U.S., EU, and Japan (all of whom have traceability programs and all of whom are major importers), other countries would be more willing to participate if they wish to retain their markets.
- C. Work with countries that have expressed a willingness to develop an export traceability system that meets U.S. requirements. This will require technical and capacity building assistance from NOAA, and efforts are currently underway, though possibly hampered by budget constraints.
- D. Focus on species and products where there are instances of misbranding, economic fraud, IUU fishing, and labor abuses. Consider a partnership with FDA on issues of misbranding and economic fraud.
- E. In some countries, individual companies do a good job monitoring IUU fishing, although the country has problematic practices. A mechanism to green list individual companies that do a good job in countries that have violations, perhaps on a fee-for-service basis, might be considered.
- F. Develop a compliant exporter list similar to the FDA shellfish shippers list for U.S. seafood importers. A corollary might be a detention list, modeled from the FDA Protocol, that lists names of problematic foreign suppliers. This would alert U.S. importers of problems prior to entry. NOAA currently publishes U.S. importers that participate in SIMP.

Question 3: How do we identify success, particularly when a large aspect of the program is deterrence?

Because of the convoluted nature of the seafood supply chain, it is difficult to accurately assess the successful reduction in IUU fishing. Further down the supply chain, there may be an opportunity to create a demand among food service operators and retailers for a product that is free from IUU fishing, economic fraud, and human rights abuses. A more accurate and targeted data collection will provide better metrics for assessing the reduction of IUU fishing, economic fraud, and human rights abuses that can be attributed to U.S. traceability efforts. As such, MAFAC highlights the following metrics that could help determine success:

- A. **Number of applicants for an International Fisheries Trade Permit (IFTP)** increases.
- B. **Removal of bad actors from the supply chain** which, hopefully, be replaced with good actors to maintain the markets, reduce levels of IUU fishing and human rights abuses, and maintain sustainable stocks.
- C. **Confidence on the part of buyers** that products are harvested, processed and shipped legally.

- D. **Demand for certified products** free from IUU fishing and human rights abuses increases.
- E. **Number of countries that have compatible regulations** to eliminate IUU fishing increases, as demonstrated by an increase in free trade agreements and other agreements that focus on IUU fishing and agree to implement SIMP.

To achieve this, MAFAC recommends publicizing companies that are not in compliance so that U.S. industry can be aware of problems before they arise. Sharing this information will help level the playing field for U.S. harvesters who must compete with foreign products that may be produced at a lower cost through IUU fishing and abusive labor practices. Once implemented, NOAA Fisheries can measure the number of U.S. importers who have cut ties with suppliers that were found to be in violation. Note that this is a soft metric since there are company schemes that change company names to elude enforcement.

MAFAC welcomes opportunities to engage further on any of these or other matters that may assist the United States seafood industry become more competitive in the global marketplace, protect American consumers, and help ensure the sustainability of the environment.