U.S. House of Representatives
Committee on Natural Resources
Subcommittee on Water, Oceans and Wildlife

Hearing on
"Russian Seafood Ban Implementation and Seafood Traceability"

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Chairman Huffman, Ranking Member Bentz, and members of the House Natural Resources Subcommittee on Water, Oceans and Wildlife, thank you very much for the opportunity to testify before you today.

My name is Tabitha Mallory, I run a consulting firm that conducts research on Chinese ocean and fisheries policy using primary language sources, and I am also an affiliate professor at the University of Washington. I appear before you today to address the executive order banning Russian seafood imports into the United States, the role that China plays in this trade, and how the United States can best respond in terms of improving seafood traceability.

On 11 March 2022, President Biden issued an executive order prohibiting the importation into the United States fish, seafood, and preparations thereof that are of Russian Federation origin. This action is important not only for ending trade that provides indirect U.S. support for the unjust Russian invasion of Ukraine, but also for mitigating flows of unsustainable seafood from Russia into the United States. However, fully implementing the ban on Russian seafood imports will require additional steps, given the nature of the trade. Even though the United States imports seafood directly from Russia, it also imports seafood from China that is of Russian origin but processed in China.

In my remarks, I will first briefly explain the importance of seafood traceability, discuss the seafood trade involving Russia and China, and conclude with some policy recommendations.

Seafood Traceability

Traceability is defined as "the ability to access any or all information relating to that which is under consideration, throughout its entire life cycle, by means of recorded identifications."[1] Traceability improves global seafood governance by addressing issues of sustainability and

[1] Olsen, P. and Borit, M. (2013). How to Define Traceability. Trends in Food Science and Technology. 2013-02, Vol. 29 (2), p.142–150.

legality of catch, as well as issues such as criminality and fraud.[2] Seafood traceability is an important tool for stopping illegal, unreported, and unregulated (IUU) fishing, which causes estimated losses of $26–50 billion annually.[3] As much as one-fifth of global catch is IUU. In addition to economic losses, governments around the world lose an estimated $2–4 billion annually in tax revenue.

U.S. seafood imports may contribute to IUU fishing. According to one index, in 2021, China scored the highest in the world on measures of IUU fishing, and Russia scored the second highest.[4] In the same year, the United States imported $1.76 billion in seafood from China and $1.21 billion in seafood from Russia.[5]

Efforts to create a global seafood traceability system are based on a framework of critical tracking events (CTEs) and key data elements (KDEs).[6] CTEs are points along the supply chain—such as harvest, landing, processing, distribution, and market—at which the product is moved between locations, changed, or otherwise requires a capture of data to ensure traceability. KDEs are the data components—such as vessel identification, time and location of catch, landing, distribution, and market entrance—necessary to maintain traceability throughout the CTEs. A fully electronic, globally interoperable system using blockchain technology is key to the success of seafood traceability.

In January 2018, the United States government launched the U.S. Seafood Import Monitoring Program (SIMP) to prevent IUU fish imports.[7] In its initial phase, the United States requires information about the provenance of 13 species of fish. However, as the United States imports a majority of its seafood, and a number of species are not covered by SIMP, the United States is likely still importing IUU catch.

Another significant challenge to seafood traceability is the lack of customs granularity and proper customs categorization. In some cases, harmonized system (HS) codes are not standardized at the genus- or species-level, and in other cases HS codes are not standardized across countries at the eight- or ten-digit level, making it impossible to preserve traceability across borders.[8]

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[2] Moe, T., "Perspectives on Traceability in Food Manufacture," *Trends in Food Science & Technology*, Vol. 9, No. 5, May 1998, pp. 211–214; Garcia-Torres, Sofia, Albareda, Laura, et al., "Traceability for Sustainability—Literature Review and Conceptual Framework," *Supply Chain Management: An International Journal*, Vol. 24, No. 1, 14 January 2019, pp. 85–106.

[3] Sumaila, R. et al., "Illicit trade in marine fish catch and its effects on ecosystems and people worldwide," *Science Advances* 6, 2020.

[4] IUU Fishing Index, https://iuufishingindex.net/ranking

[5] NOAA Fisheries, *Foreign Fishery Trade Data*, Foreign Trade Division of U.S. Census Bureau and U.S. Customs and Border Protection, https://www.fisheries.noaa.gov/national/commercial-fishing/foreign-fishery-trade-data.

[6] Global Dialogue on Seafood Traceability, https://traceability-dialogue.org/

[7] NOAA Fisheries, *Compliance Guide: U.S. Seafood Import Monitoring Program*, 11 March 2019, https://www.iuufishing.noaa.gov/Portals/33/SIMPComplianceGuide2017.pdf.

[8] Cawthorn, Donna-Maree and Mariani, Stefano, "Global trade statistics lack granularity to inform traceability and management of diverse and high-value fishes," *Nature Scientific Reports*, Vol. 7, No. 12852, 2017, pp. 1–11.

U.S. Imports of Russian Seafood

In 2021, the United States imported from Russia 50 million kg of seafood worth $1.21 billion. Approximately 91 percent of these imports by value are crab—including snow crab, red king crab, and blue king crab. Of the crab imports, 62 percent were not covered by SIMP.

Of the remaining seafood imports, none of those species were covered by SIMP either, including groundfish such as pollock. Together, Russia and the United States account for 94 percent of global pollock production, with Russia providing 50 percent and the United States 44 percent.[9] Pollock sourced from Russia is more likely to be of illegal and unreported (IU) origin than that from the United States. U.S.-sourced pollock raw material generally originates from a well-regulated U.S. fishery, though occasionally with exception.[10] The Russian Pollock Association obtained MSC certification for pollock from the Sea of Okhostk in 2013, accounting for 43 percent of Russia's pollock catch.[11] However, the remainder of Russian catch—nearly 60 percent—does not conform to any sustainability standards. Outside of the MSC-certified portion, the Russian pollock industry faces problems with illegal fishing, bycatch and ecosystem impacts.[12]

Aside from direct imports of pollock from Russia, the United States also imports Russian pollock indirectly through China, where it is sent for processing. The Chinese fishing fleet does not engage in pollock fishing, so does not contribute raw material to the processing industry. Instead, about 89 percent of Chinese imports of pollock raw material comes from Russia. After processing, over 75 percent of Chinese pollock exports are destined for EU and U.S. markets.

The United States also sends pollock raw material to China for processing, and final products are then re-exported back to the United States. About 10 percent of China's pollock imports in 2018 were from the United States. An analysis of these 2018 trade flows using mandated yield ratios (the percentage of material retained after processing) indicates that raw inputs of U.S. pollock could only account for 68–70 percent of the pollock fillet outputs that were re-exported to the United States. Almost all of the non-U.S. material inputs would have to come from Russia, given that 99 percent of Chinese pollock imports are from either Russia or the United States. In some years, the amount could be even higher depending on trade fluctuations—U.S. pollock inputs only accounted for 34–35 percent of outputs in 2017.

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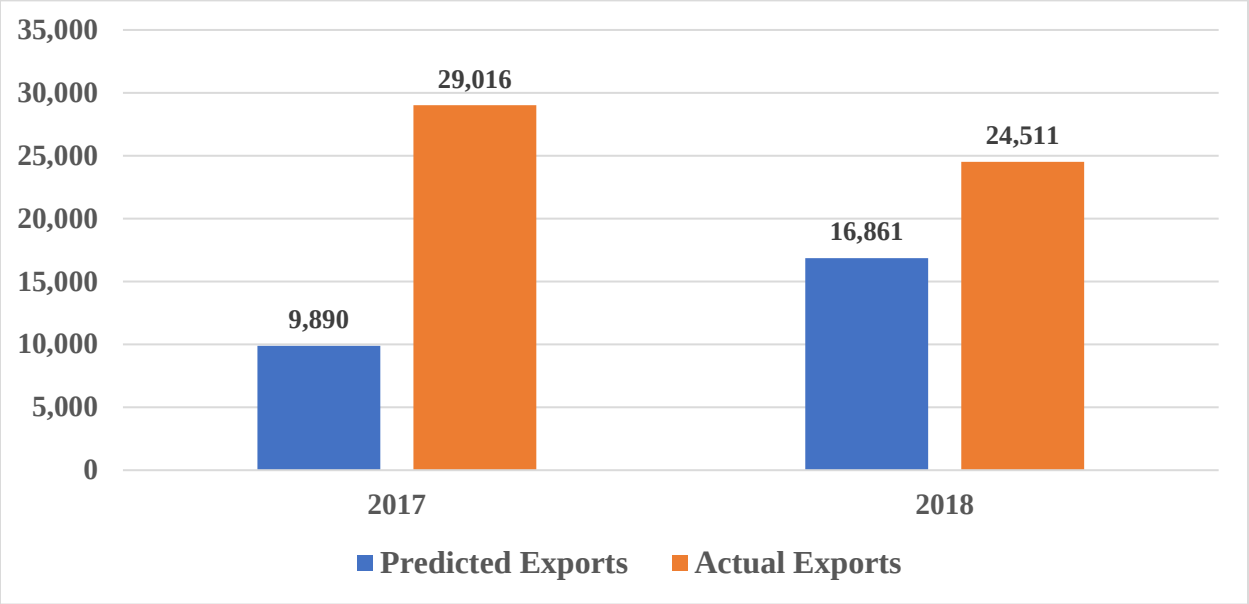
[9] FAO, *Wild and Aquaculture Capture Production*, 2018.

[10] Hilborn, Ray, et al., "Pramod et al. methods to estimate IUU are not credible," Marine Policy, Vol. 108, 2019, https://doi.org/10.1016/j.marpol.2019.103632; Pramod, Ganapathiraju and Pitcher, Tony J., "In defence of seafood import analysis: Credulity bamboozled by supply chain laundering," Marine Policy, Vol. 108, 2019, https://doi.org/10.1016/j.marpol.2019.103651; Blank, Christine, "American Seafoods settles scale-tampering cases," SeafoodSource, 15 October 2014, https://www.seafoodsource.com/news/supply-trade/american-seafoods-settles-scale-tampering-cases.

[11] Marine Stewardship Council, https://fisheries.msc.org/en/fisheries/.

[12] Seafood Watch, *Walleye Pollock*.

China Pollock Fillet Exports versus Predicted Exports to the United States under Import and Contract Processing, by weight in tons, 2017 and 2018



Even though now the United States forbids the use of the name "Alaska pollock" if the fish does not originate from Alaskan waters, it is impossible to know the source of processed pollock in the United States because country-of-origin labeling is not required. Labels of processed pollock frequently state that the fish is a "product of China" even though the fish was not caught by the Chinese fleet, but only processed in China. Current regulations mean that we do not know whether the fish was caught by the U.S. or Russian fishing fleet.

Cross-border trade between Russia and China also makes it easier for the supply chains to intersect. In China, there are 21 HACCP-certified fishery processing plants licensed to export pollock to the United States, and 17 of them are located near Russia in the Chinese northeast provinces of Shandong, Liaoning, and Jilin.[13] China's General Administration of Customs has a different import classification for border trade, allowing imports across the border to receive fewer tariffs in an effort to encourage the local economy—such imports are intended for local consumers. However, it has been anecdotally reported that some of these border trade imports are used for processing inputs for export purposes.[14] While China requires catch certificates from Russia for pollock imports, these certificates are taken at face-value, and no inspection of the legitimacy of Russian catch certificates occurs in China.[15] Sometimes catch certificates are

[13] The latest List of Approved HACCP Verified Fishery Processing Plants Intended to Export to U.S. released by China GAC (http://www.customs.gov.cn/customs/jyjy/qyzzgl/dtxx5/hgwjwzcdspscqymd/2295439/index.html)
[14] Interview with Chinese processing company.
[15] In accordance with the 2012 "Cooperation Agreement between the Government of the People's Republic of China and the Government of the Russian Federation on the Prevention, Prohibition and Elimination of Illegal, Unreported and Unregulated Fishing of Living Marine Resources" (中华人民共和国政府和俄罗斯联邦政府关于预防、阻止和消除非法、不报告和不管制捕捞海洋生物资源的合作协定), as of 1 November 2014, China requires a "Certificate of Legal Wild-Capture Fishery Products for Customs Clearance" for some fish species imported from

issued after the product has left Russian territory, and some products transit through South Korea, where oversight of catch certificate integrity may be spotty.[16]

Salmon is a similar case. The United States imports salmon directly from Russia, but also likely indirectly through China because of the processing industry. None of the salmon species are covered by SIMP. China does not have its own large-scale salmon capture industry. The United States, Russia and Chile are the top three suppliers of salmon to China. Nearly all of U.S. and Russian exports to China are wild, raw pacific salmon species that are sent for processing and then re-exported. The United States is the top importer of Chinese salmon exports. Despite Russia being one of the top two raw salmon suppliers to China, Russia is not one of the top ten importers of Chinese salmon. Analysis of the 2018 trade flows using yield ratios indicates that, given the volume U.S. raw material inputs, predicted exports were 56 percent smaller than actual exports. Processed salmon fillet exports to the United States cannot be fully accounted for by imports of salmon raw materials from the United States, and salmon raw materials imported from other countries account for the gap—Russia likely fills much of this gap given the high volume of Russian raw material sent to China.

Estimates for IUU salmon in the Russian Far East as a percentage of legal catch have ranged from 40 percent to as high as 90 percent.[17] One study used sockeye salmon trade data from Russia, China, Japan and South Korea to estimate that true catch in Russia was 60–90 percent higher than reported catch.[18]

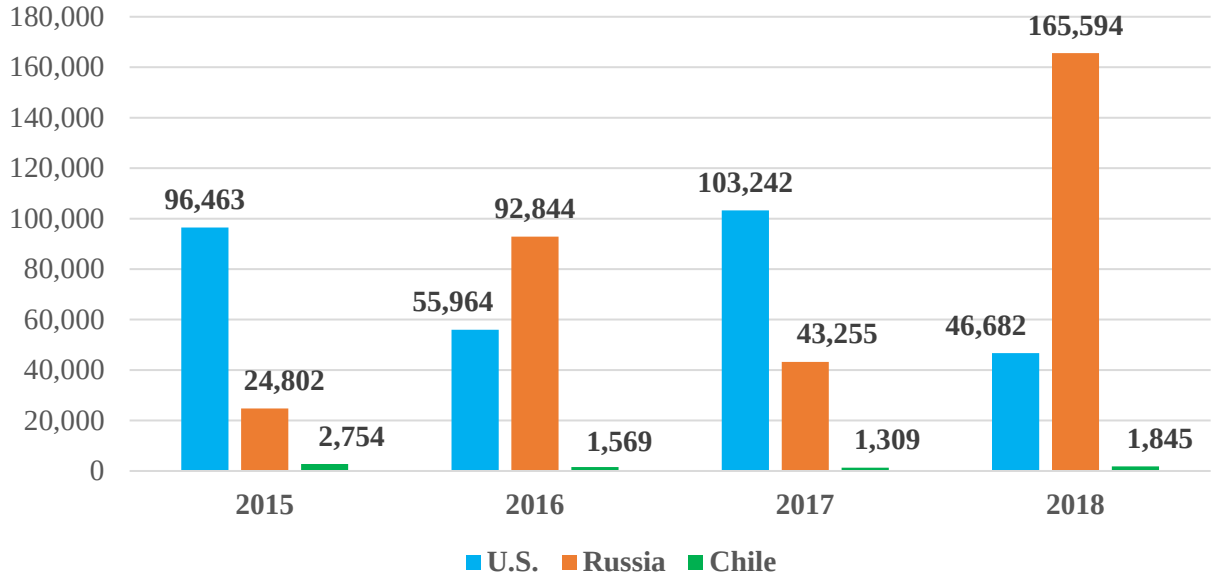
Russia. Interview with Chinese processing company; 新华社 [Xinhua News Agency], "中俄总理第十七次定期会晤联合公报 [Sino-Russian Prime Minister's Seventeenth Regular Meeting Joint Communique]," *人民日报* [*People's Daily*], 7 December 2012, http://politics.people.com.cn/n/2012/1207/c1024-19818361.html; 农业部 [Ministry of Agriculture] and 海关总署 [General Administration of Customs], "中华人民共和国农业部 中华人民共和国海关总署公告第 2146 号 [General Administration of Customs and the Ministry of Agriculture Notice No. 2146]," 29 September 2014, http://jiuban.moa.gov.cn/zwllm/tzgg/gg/201409/t20140929_4069117.htm.

[16] Clarke, "Traceability, Legal Provenance, and the EU IUU Regulation."

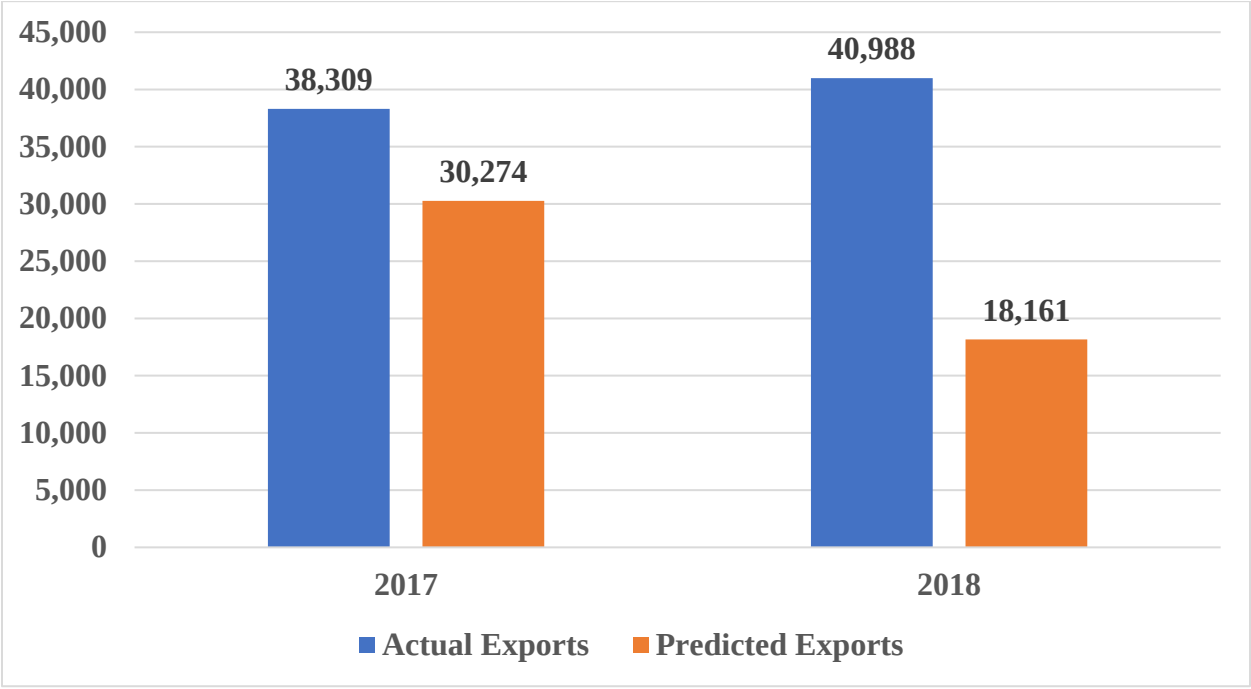
[17] The Wild Salmon Center, *A Review of IUU Salmon Fishing and Potential Conservation Strategies in the Russian Far East*, May 2009, https://www.wildsalmoncenter.org/wp-content/uploads/2016/02/WSC_IUU_paper_v3.pdf.

[18] Clarke, Shelley et al., "Estimating Legal and Illegal Catches of Russian Sockeye Salmon Using Trade and Market Data," *ICES Journal of Marine Science*, Vol. 66, Issue 3, April 2009, pp. 532–545.

China Imports of Raw Pacific Salmon from the United States, Russia and Chile, 2015–2018



Comparison of Actual and Predicted China Salmon Fillet Exports to the United States under Import and Contract Processing, 2017–2018



Another challenge to salmon traceability is proper customs categorization—countries record species on product forms differently. Compared to Atlantic salmon, a single species that is mostly farm-raised, accurate tracing of the six different Pacific salmon species along supply chains is much more difficult. Russian customs data records sockeye salmon but groups together all other Pacific salmon species, while Japanese import statistics differentiate sockeye and coho from all other salmon. China only differentiates sockeye salmon from all other Pacific salmon species. U.S. customs data differentiates each type of Pacific salmon except for Masu salmon.

Policy Recommendations

Expand SIMP to include all aquatic species, starting with the ones that feature prominently in the U.S. processing and re-export trade with China, such as pollock and salmon. A more robust U.S. traceability program would decrease the chances that the U.S. is importing seafood that originates not only from places like Russia, but also from IUU fishing activity in places like, North Korea, Indonesia, some South American countries, and on the high seas as well.

Make it mandatory to include country-of-origin labeling for seafood products, as distinguished from the country of consignment for processing purposes. This is the only way to know which country caught the fish.

Increasing transparency is critically important in addressing these issues. The U.S. seafood traceability system and trade data are optimized for regulatory traceability and compliance, but not for consumer or civil-society information demands, and thus lack transparency.[19] U.S. seafood trade data should also account for raw material that is sent to China for processing and then re-imported so that this trade can be better tracked and monitored for IUU fishing risks.

Work to standardize customs codes for seafood across countries and to increase granularity to the species level.

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Thank you very much and I look forward to your questions.

[19] He, J., "From country-of-origin labelling (COOL) to seafood import monitoring program (SIMP): How far can seafood traceability rules go?" *Marine Policy* 96, 2018, pp. 163–174; Bailey et al., "The role of traceability in transforming seafood governance in the global South," *Current Opinion in Environmental Sustainability* 18, 2016, pp. 25–32.