PRIMEFISH: WP3 SUPPLY CHAIN RELATIONS & REGULATION
IIFET 2016 ABERDEEN

WP Lead: No. 14 University of Stirling (UoS)
Goal & Outcome

- Supply chain evaluation for following spp. groups, inc. effects of governance, regulation & non-market values

<table>
<thead>
<tr>
<th>DOMAIN</th>
<th>SPECIES GROUP</th>
<th>SCOPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fisheries</td>
<td>Demersal: Cod</td>
<td>EU/ EAA, Canada</td>
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<tr>
<td></td>
<td>Pelagic: Herring</td>
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<tr>
<td>Aquaculture</td>
<td>Salmon</td>
<td>EU/ EAA</td>
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<td></td>
<td>Trout</td>
<td>EU, Turkey</td>
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<tr>
<td></td>
<td>Sea bass &amp; bream</td>
<td>EU, Turkey</td>
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<td></td>
<td>Pangasius</td>
<td>Vietnam</td>
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Goal & Outcome [Cont.]

- their input-output structure (i.e. material flow)/ market trends
- chain relations & drivers of strategic decision-making by leads (i.e. responsible for product specification)/ governance

- **Outcome:** clarification of critical factors & bottlenecks in supply chains for species groups

- **Contribution to** ‘strategic positioning model’ in PrimeDSS
Tasks

1. Describe configuration of global value chains (GVCs)
2. Assess impact of governance & regulatory systems
3. Assess current use & potential of market-based labeling & certification schemes
4. Evaluate industry dynamics influencing competitiveness of the European seafood industry
5. Valuation of non-market effects
Task 1: Value chain analysis

- **Description of species/country VCs supplying major European markets**
  - production, supply, processing & distribution to point of sale
  - Input-output structure inc. processing form dominance, concentration & capitalization at various nodes

- **Assessment of market dynamics**: i.e. pricing patterns linked to changing demand & supply

- Sample of markets representative of key European consumer & institutional configurations
Competitiveness: Porters Diamond Framework
Production Factors

Figure 2. Atlantic cod Landings in Canada (FAO 2014).

Figure 13  Seasonality in landings – monthly catches as share of total – Norway and Iceland; 2000–2013. Weighted average. Source: Directorate of Fisheries and Statistics Iceland
# Value Chains Shortlisted for in-depth analysis (T 3.4)

<table>
<thead>
<tr>
<th>SN</th>
<th>Species</th>
<th>Country</th>
<th>Institution</th>
<th>SN</th>
<th>Species</th>
<th>Country</th>
<th>Institution</th>
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<tbody>
<tr>
<td>1</td>
<td>Salmon</td>
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<td>Kontali</td>
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<td>Cod</td>
<td>Canada</td>
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<td>UoS</td>
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<td>Stirling</td>
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<td>Nofima</td>
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<td>Faroes</td>
<td>Syntesa</td>
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<td>Herring</td>
<td>Iceland</td>
<td>U. Iceland</td>
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<td>Parma</td>
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<td>Iceland</td>
<td>MATIS/ U.Ice</td>
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<td></td>
<td>Norway</td>
<td>Nofima</td>
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<tr>
<td>7</td>
<td>Sea bass/bream</td>
<td>Spain</td>
<td>CETMAR</td>
<td>16</td>
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<td>Germany</td>
<td>TTZ</td>
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<td>Vietnam</td>
<td>Nha Trang</td>
<td>18</td>
<td></td>
<td>Faeros</td>
<td>Syntesa</td>
</tr>
</tbody>
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Task 2. Market institutions & competitiveness

1. Formal governance: policy, laws & regulatory systems:
   e.g. EU IUU regulation, CFP discard ban, food safety etc

2. Informal institutions: traditions, culture & path dependency


4. Benefits & risks of VC participation inc. overt & hidden entry barriers (at different economic scales)
Task 2. Progress & next steps

Three institutional forms
- Internal value chain governance (‘coordination’)
- External formal institutions (inc. law & regs, tariffs, CFP, IUU, TTIP…)
- Informal institutions (socio-cultural, family, reputational)

Largely qualitative assessment:
- Frameworks: Ponte GVC & Gerefi governance structure typology

Focus on 3 species groups:
- Cod/white fish – Vietnam, Norway, UK, Canada (?)
- Sea bass/ bream: Greece and Spain
- Herring: Denmark and Germany
Task 3. Standards/labeling & certification schemes

- **Current use & potential for third-party certification schemes**, cost/ benefits, overlap between mandatory & voluntary certification (e.g. MSC, GlobalGAP, ASC, GAA-BAP, SFP, Greenpeace red-list)

- **Harmonization mechanisms/ equivalence criteria** e.g. Global Sustainable Seafood Initiative (GSSI) & cost reduction?
Task 3. Progress & next steps

- **Focus**
  - Fisheries: MSC – Aquaculture: GlobalGAP, GAA, ASC
  - Actual/potential market share re. PRIMEfish VCs
  - Cost & benefits (market access, multiple audits, consolidation?)
  - Industry responses: benchmarking/harmonisation/equivalence progress, Improver programs, group certification, ABM

- **eNGO recommendation schemes** (‘traffic-lights’)

- **Industry self-claims/ethical supply chain management**
  - Client Earth UK/European standard for self-assessment of sustainability
Task 4. Industry dynamics, opportunities & threats

- Building on Task 1 VC descriptions using interviews with key channel actors & respective interest groups for in-depth assessment of:
  - Development trends and market dynamics
  - Quality & logistics specification; demands & rewards
  - Market failures e.g. externalities, imperfect competition, agency problems, entry barriers

- For comparative analysis between administrative jurisdictions (EU & EAA, N & S, extra-EU) enterprise scale & consolidation
Task 4. Progress & next steps

- In-depth industry dynamics survey tools in development
  - Systematic & semi-structured formats developed
  - Piloting - Jul/ Aug 2016
  - Implementation from Sep 2016

- PrimeFish Roundtable – Feb/ Mar 2017
Task 5. Valuing Non-market Effects of Aquaculture & Capture Fisheries

- Compare attitudes in urban/remote area with & without fisheries or aquaculture for farmed salmon and (wild) cod using a discrete choice experiment (DCE; a stated preference method)

- Coordinated with the consumer survey in using a similar methodology to assess consumer preferences
Task 5. Progress & next steps

- Focus on –ve environmental externalities
  - *Fisheries*: by-catch, *Aquaculture*: sea lice, escapees
  - Opinion on +ve externalities in survey (but no modeling)
- Producer survey tool in draft - piloting: Nov 2016
- Survey implementation: Jan – Feb 2017
- Implementation as postal survey
  - Norwegian salmon farms (>100): all
  - Norwegian cod: sample frame = demersal vessel list
- Analysis to be extended to seabass/bream in Spain & Greece
CREATING shared value through the PrimeFish

IMPROVING the competitiveness in the Seafood sector