Topics

- IFT and GFTC
- Review of GFTC research
  - Consumer findings & ROI tool
  - Business and industry findings
  - Recommendations
- Traceability perspective: Presidential Task Force
- Implications for seafood industry
IFT and GFTC

- Founded 75 years ago to advance the science of food

- Science-based, professional, non-profit society with 18,000 members from over 100 countries

- Launched Global Food Traceability Center in 2013

- GFTC vision is to be the global resource and authoritative voice on the science of food traceability
GFTC Sponsors

Logos are the copyright of their respective organizations and are used here for illustrative purposes only.
Whole Chain Perspective on the Value and Role of Seafood Traceability
Acknowledgements

Project Team
- Brian Sterling
- Martin Gooch
- Benjamin Dent
- Nicole Marenick
- Gil Silvia
- Alex Miller
- Colin Siren
- Kate Stiefelmeyer

Expert Advisors
- Cathy Roheim
- Vicky Salin
- Steve Otwell
- Robert Hanner
- Vinay Kanetkar
Project Purpose

- Clarify the business case for traceability
  - The impact of “inter-party” traceability on businesses’ performance from a whole of chain perspective
  
  - The impact of traceability on consumer perceptions
    - Identify attributes of specific species of seafood that most influence consumers’ purchasing decisions and consumers’ willingness to pay.
    - Canada, China, Germany, The Netherlands, USA

- Develop a tool to help businesses validate their own business cases
Traceability Defined

Definition of traceability that guided the research:

“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”

(Olsen & Borit, 2013)
Project Approach

- Literature review
- Interviews with businesses
- Consumer research
Literature Review

- Rising demand for seafood leading to supply-driven industry
  - Health, nutrition, experiential considerations driving increased consumption
  - Demand increasingly supplied by aquaculture located in developing nations and southern climates

- Supply concerns driving vertical integration
  - Driving species substitution, especially in developed markets (e.g., tilapia)
  - Will force changes in aquaculture (e.g., source of feed and species produced)

- Aquaculture and wild caught are different sectors
  - Can apply traceability with greater precision vs. hunt and gather
  - Traceability can help with consistency and predictability of supply, and resulting ability for leaders to differentiate themselves from their peers
Consumers voicing growing concerns regarding ecological issues and sustainability – Transparency
  • Considerably more research conducted into changes in consumer attitudes than changes in purchasing behavior

Traceability can help businesses/industry manage transition
  • Uncoordinated global policies, regulations, and systems relating to traceability and verification remain a barrier

Methods used to investigate value of traceability from business case perspective are evolving
  • Most effective techniques incorporate value chain analysis approaches
Value Chain Characteristics (*How, Why, What*)

- **Fragmented**
- **Cooperative**
- **Coordinated**
- **Collaborative**
Interview Methods

- Recruiting participants:
  - Research brief, chain captain, largely self-selected

- Business interviews - Guide designed to produce standardized data
  - Impact of inter-party relationships on willingness of companies to invest in traceability, willingness and extent of information exchange, and sharing benefits
  - How/if traceability helped reduce waste, lower the costs of ensuring food safety and quality, reduce business risk (incl. costs of food recalls), and enhance reputation
  - Achieved/expected return on investment (ROI) from traceability and sources of those returns
  - Barriers that were encountered during the systems’ adoption and development, and how (if) they were addressed

- Consumer research
  - USA, Canada, Germany, Netherlands, China
  - Purchase incidence across two distinct formats (canned, fresh/frozen)
    - Species: salmon, shrimp/prawns, tuna, sardines, mahi mahi (*dolphinfish, dorrado*)
  - Discrete choice, including willingness to pay for specific attributes (e.g., verification)
    - Species: salmon, shrimp/prawns, tuna – fresh/frozen/canned
Industry Participants

A total of 48 businesses, together comprising 9 value chains:

- fishing fleets
- aquaculture farms
- primary processors
- secondary processors
- distributors
- retailers
- food service operators

Annual revenues range from US $190,000 to over US $60 billion

<table>
<thead>
<tr>
<th>Chain</th>
<th>Species</th>
<th>Aquaculture or Wild-Caught</th>
<th>Country of production or capture</th>
<th>Country in which sold to consumers</th>
<th>Market type: retail or foodservice</th>
<th>Form in which sold to consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Cod</td>
<td>Wild</td>
<td>Iceland</td>
<td>Netherlands</td>
<td>Retail</td>
<td>Fresh</td>
</tr>
<tr>
<td>B</td>
<td>Tuna</td>
<td>Wild</td>
<td>Fiji</td>
<td>United States</td>
<td>Retail</td>
<td>Canned</td>
</tr>
<tr>
<td>C</td>
<td>Sardines</td>
<td>Wild</td>
<td>Canada</td>
<td>Canada</td>
<td>Retail</td>
<td>Canned</td>
</tr>
<tr>
<td>D</td>
<td>Tuna</td>
<td>Wild</td>
<td>Thailand</td>
<td>Canada</td>
<td>Retail</td>
<td>Canned</td>
</tr>
<tr>
<td>E</td>
<td>Salmon</td>
<td>Aquaculture</td>
<td>Faroe Islands</td>
<td>United States</td>
<td>Retail and Foodservice</td>
<td>Fresh</td>
</tr>
<tr>
<td>F</td>
<td>Plaice</td>
<td>Wild</td>
<td>Iceland</td>
<td>Germany</td>
<td>Retail</td>
<td>Fresh</td>
</tr>
<tr>
<td>G</td>
<td>Shrimp</td>
<td>Aquaculture</td>
<td>Thailand</td>
<td>United States</td>
<td>Retail</td>
<td>Frozen</td>
</tr>
<tr>
<td>H</td>
<td>Mahi mahi</td>
<td>Wild</td>
<td>Ecuador</td>
<td>United States</td>
<td>Retail</td>
<td>Fresh</td>
</tr>
<tr>
<td>I</td>
<td>Tuna</td>
<td>Wild</td>
<td>Indonesia</td>
<td>United States</td>
<td>Retail</td>
<td>Frozen</td>
</tr>
</tbody>
</table>
Value Chain Findings

- Concept of seafood traceability is evolving, especially regarding its commercial benefit (ROI)

- Distinct differences in extent that businesses and their value chains benefit from traceability
  - Correlation between chain type and ability to derive value
  - Business size does not directly correlate to this value

- Upstream businesses voiced more consistent (and often greater) benefits from implementing traceability vs. downstream businesses

- The more imbedded traceability is in businesses’ practices & systems, the more challenged they are to calculate its value

- Lack of alignment in regulations/requirements drives up costs of traceability and opens door for exploitation
### Chain G: Thai Shrimp sold in US Retail (Frozen)

#### Critical Tracking Events as selected by individual businesses
- Fry received
- Feed delivered
- Fry in nursery
- Young shrimp in pond
- Shrimp grown
- Ponds managed
- Caught
- Harvested
- Cleaned
- Ice slurry added
- Loaded on truck
- Road transport to processor
- Inspected
- Cleaned
- Graded
- Shelled
- Cooked
- Further processed
- Packaged
- Frozen
- Inventory
- Dispatch
- Road transport to port
- Seafreight USA
- Road transport in USA
- Shipments received
- Inventory
- Display
- Sell

#### Key Data Elements
- Species
- Fry source (hatchery)
- Fry Movement Documentation (FMD)
- Date fry delivered
- Fry quality
- Mortality rate
- Feed source
- Feed quality
- Feed inputs
- Feed batch ID
- Feeding rate
- Growth rate
- Water quality
- Farm ID
- Pond ID
- Stocking density
- Water quality
- Health incidents
- Health treatments
- Processor’s yield
- Shrimp quality
- Specification
- Grading feedback
- Harvest date
- Species
- Farm ID
- Pond ID
- Fry hatchery
- Water quality
- Harvest method
- Harvest date
- Size at harvest
- Ice slurry quality
- Ice slurry temp
- Shrimp quality
- Yield
- Batch code
- Fry Movement Documentation (FMD)
- Movement Documentation (MD)
- Truck ID
- Shipment number
- Dispatch date
- Where dispatched
- Destination
- Species
- Date received
- Time received
- Temp received
- Farm ID
- Pond ID
- Time from harvest to receipt
- Time from receipt to processing
- Temperature log
- Management “short code”
- Line of which shelled
- Yield (quality, size, weight)
- Date cooked
- Time cooked
- Line on which cooked
- Ingredients
- Specifications
- Undersized “keep code”
- Quality tests
- Lot code
- Batch code
- Quality measures
- Inventory
- Date dispatched
- Where dispatched
- Truck ID
- Order number
- Vessel IMO
Benefits of Traceability

<table>
<thead>
<tr>
<th>Traceability Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean Score</td>
</tr>
<tr>
<td>Cooperative</td>
</tr>
<tr>
<td>Coordinated</td>
</tr>
<tr>
<td>Collaborative</td>
</tr>
<tr>
<td>Variability</td>
</tr>
<tr>
<td>Cooperative</td>
</tr>
<tr>
<td>Coordinated</td>
</tr>
<tr>
<td>Collaborative</td>
</tr>
</tbody>
</table>
Combined Effects

- Driving Efficiency
- Competitive Advantage
- Mitigating Risks
Why Chain Structure Determines the Potential Value of Traceability

Basic traceability is most important when business relationships are transactional and distrusting.

Opportunities to maximize the value of traceability occur when business relationships are trusting and collaborative.
10 Primary Research Implications

1. Characteristics of the value chain influence the value that businesses can derive from traceability
2. Business perceptions about purpose and role of traceability are rapidly changing in seafood
3. Attitude determines which businesses derive most value from traceability systems
4. Primary value of traceability is reducing costs and risks, not short-term revenue increases
5. ROI from traceability relies on exchange of reliable, relevant, readily accessible information
10 Primary Research Implications

6. Business’ size has relatively low impact on its ability to capture value from traceability.

7. Justifying investment in traceability is challenging, since benefits diffused – particularly if supplying food service market.

8. Ability to verify the authenticity of a product and critical dates (e.g. use by) is more influential to consumer purchasing decisions than production methods.

9. Upstream businesses perceive themselves as gaining greater benefit from implementing traceability vs. downstream businesses.

10. NGOs can play an important role in encouraging purposeful change among businesses and consumers.
Recommendations (Businesses)

1. View traceability from a strategic perspective
   • Benefits of traceability are greater when businesses closely integrate traceability systems into their respective value chains and practices

2. Establish purpose/objectives before picking technology and supplier
   • Knowing why traceability is needed and the benefits sought strengthens decision of which system is best suited to a particular business situation
   • Offers greater ability to build on existing capabilities and resources

3. Approach traceability with big vision, small steps
   • Technology will not substitute for processes that are performed incorrectly
   • Not wise to try to accomplish everything at once, or assume that the technology being implemented will produce the desired outcomes
   • Changes also must occur in management and staff behaviour
Recommendations (Government)

1. Enforce legislation and regulations that already exist
   • A common concern emerged that governments tend to develop new regulations to address an issue, often ahead of enforcing existing rules

2. Enforce legislation in ways that produce intended outcomes
   • Enforcement includes ensuring that legislation and regulations perform as intended to encourage businesses to use traceability

3. Pursue consistency and harmonization → International
   • Lack of harmonization on international policies and regulations creates weakness and limitations that are difficult for individual businesses to address
   • Lack of interoperability increases costs and opens gaps for exploitation
Recommendation (NGOs)

1. Drive constructive dialogue
   - Attitudes consumers express often differ from actual shopping behaviour
   - Most effective means of enabling and motivating changes in business practices is via market drivers
   - NGOs need to collaborate with industry to research and find the means to influence changes in consumer behaviour
Future Research

1. Investigate challenges of operationalizing best-practices inside organizations
2. Research consumer behaviour
3. Quantify actual financial impact of traceability on business performance
4. Quantify the relationship between commercial and environmental sustainability
5. Conduct scenario analysis on drivers and impact on traceability investments
6. Conduct comparative analysis of NGO activities
7. Identify role and value of traceability in fragmented value chains (i.e., beef)
8. Conduct international policy assessment of specific gaps and mismatches
9. Identify role of traceability in enabling flow of information back up the value chain
10. Identify what combination of drivers most impact adoption of traceability
11. Conduct comparable research in other sectors
Consumer Perspective on Traceability
Consumer Survey Methodology

- Ipsos designed, programmed and hosted a survey
  - Executed online using *iSay* panel capabilities.

- Overall survey included a choice-based exercise,
  - Respondents were presented with a series of choices based on a variety of product configurations (e.g. farmed versus wild-caught)

Market Participation
- United States: n=500 (+/- 4.4%)
- Canada: n=400 (+/- 4.9%)
- Germany: n=400 (+/- 4.9%)
- Netherlands: n=402 (+/- 4.9%)
- China: n=400 (+/- 4.9%)
Total: 2102

Respondent Qualifications
- Principal grocery shoppers
- Have eaten shrimp, tuna or salmon P3M, at home or restaurant
- Will likely purchase shrimp, tuna or salmon N3M, at home or restaurant

Three-step Process used in Phase 2:

*Online Survey Using Ipsos iSay Panel*

1. **Principal Grocery Shoppers Identified in the Panel**
2. Respondents are forwarded a link to an online survey
3. Respondents complete a 20 minute survey
Consumer Findings by GFTC

- Over 2100 people - distinct differences in consumption habits across 5 countries studied
  - These differences occur at a national level & between species of fish bought
  - Foremost concern among consumers is ‘quality’ – Seek simple surrogates

- Relative importance and perceived value of traceability factors, such as sustainability claims and species authentication, differ by market and species

- Species authentication is comparatively less important to consumers than the ability to verify that seafood was produced or harvested in a sustainable manner

- Sizeable opportunity to capture value: Differentiate specific products by verifying environmental sustainability attributes
Discrete Choice

- Discrete choice mimics the decision making process by asking the respondent, to choose between a variety of products given their respective set of attributes.
  - Choices made in these hypothetical market situations provide the underpinning of a model of their choices and ultimately determine the “choice share” any given combination is expected to achieve

- One output from this exercise is a Seafood Consumer Preference Tool (www.globalfoodtraceability.org)

- Simulator is a user-friendly tool within which a user can select any two product configurations (e.g., any combination of tested attributes such as species, or traceability claims, or price, etc.) out of the thousands of potential combinations

- Can visualize the economic value of any attribute (e.g., method of production) as well as any specific level within an attribute (e.g., farmed vs. wild caught)
# Seafood Sustainability Preference Simulator

**Select Species:** Salmon  **Select Packaging:** Canned

## Production Verification
- None
- Farmed
- Wild

## Species Verification
- None
- Sockeye
- Pink

## Critical Dates Verification
- None
- Best before date
- Best before and packaging dates

## Sustainability Verification
- None
- Certified by government
- Certified by independent 3rd party
- Certified by manufacturer/retailer

## Price
- -25%
- Current
- +10%
- +25%

## Country Universe and Selection

<table>
<thead>
<tr>
<th>Market Size</th>
<th>Include in Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>1,000</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1,000</td>
</tr>
<tr>
<td>Germany</td>
<td>1,000</td>
</tr>
<tr>
<td>Canada</td>
<td>1,000</td>
</tr>
<tr>
<td>China</td>
<td>1,000</td>
</tr>
</tbody>
</table>

## Preference Share
- **Product A:** 68%
- **Product B:** 32%

## Relative Impact of Market Attributes

### Production
- 15%

### Species Verification
- 10%

### Critical Dates Verification
- 26%

### Sustainability Verification
- 24%

### Price
- 25%

©2014 Ipsos Agriculture & Animal Health
Seafood Sustainability Preference Simulator

Select Species: Salmon
Select Packaging: Canned

Production Verification
- None
- Farmed
- Wild

Species Verification
- None
- Sockeye
- Pink

Critical Dates Verification
- None
- Best before date
- Best before and packaging dates

Sustainability Verification
- None
- Certified by government
- Certified by independent 3rd party
- Certified by manufacturer/retailer

Price
- Current
- +10%
- -25%
- +25%

Country Universe and Selection

<table>
<thead>
<tr>
<th>MARKET SIZE</th>
<th>INCLUDE IN RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>1,000</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1,000</td>
</tr>
<tr>
<td>Germany</td>
<td>1,000</td>
</tr>
<tr>
<td>Canada</td>
<td>1,000</td>
</tr>
<tr>
<td>China</td>
<td>1,000</td>
</tr>
</tbody>
</table>

Preference Share

Product A: 51%
Product B: 49%

Relative Impact of Market Attributes

- Production: 15%
- Species Verification: 10%
- Critical Dates Verification: 26%
- Sustainability Verification: 24%
- Price: 25%
**Seafood Sustainability Preference Simulator**

Select Species: **Salmon**  
Select Packaging: **Canned**

### Production Verification
- None
- Farmed
- Wild

### Species Verification
- None
- Sockeye
- Pink

### Critical Dates Verification
- None
- Best before date
- Best before and packaging dates

### Sustainability Verification
- None
- Certified by government
- Certified by independent 3rd party
- Certified by manufacturer/retailer

### Price
- Current
- +10%
- -25%

**Country Universe and Selection**

<table>
<thead>
<tr>
<th>MARKET SIZE</th>
<th>INCLUDE IN RESULTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>1,000</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1,000</td>
</tr>
<tr>
<td>Germany</td>
<td>1,000</td>
</tr>
<tr>
<td>Canada</td>
<td>1,000</td>
</tr>
<tr>
<td>China</td>
<td>1,000</td>
</tr>
</tbody>
</table>

**Preference Share**

- **Product A**: 65%
- **Product B**: 35%

**Relative Impact of Market Attributes**

<table>
<thead>
<tr>
<th>Attribute</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Species Verification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Critical Dates Verification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustainability Verification</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Price</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Country Universe**

- **Germany**: Include in results

**Market Size**

- 8%
- 11%
- 33%
- 29%
- 19%
The ‘isotherm’ graphic shows us a static visual of the results of the simulator, in order to present it here.

Location of each variable shows relative strength within each factor. In this case 3 and 2 are much stronger drivers of choice than 1, but not differentiated significantly from each other.

Bar length is relatively proportional to utility scores below.

This line represents ‘zero’. Each attribute falling below the line has a negative impact on price, and each attribute falling above the line has a positive impact on price.

Utility scores for each factor. This indicates the degree to which each impacts choice. The utility scores add to 100.
Speaking of ROI . . .

- 2 parts to GFTC seafood traceability project:

1. Impact of traceability on
   - Business performance (financial)
   - Food waste reduction
   - Consumer perceptions & willingness to buy
   - Discrete Choice Simulator

2. Investment decision support tool – ‘ROI calculator’
   - Creates business case (net present value)
   - User friendly (smaller businesses) - Web-accessible
   - Identifies the costs and benefits of traceability
   - Free . . . . available at seafoodtraceability.org
General Information

Industry Segment
Identity which industry segment(s) for which you are evaluating traceability.

- [ ] Harvester
- [ ] Processor
- [ ] Distributor
- [ ] Retailer

Seafood Revenue
Identity the annual gross revenue for your organization related to seafood sales.

$ 10,000,000

Traceability Adoption Levels

Current Seafood Traceability
Select the option that best describes your current level of seafood traceability:
New Markets

Traceability within an organization opens the door for expanding business volumes in existing markets or providing opportunities with new market sectors. Factors that support market expansion benefits include:

- Knowledge of product origin and processing to date
- Ability to demonstrate care in handling
- Consumer recognition of responsible processing and handling
- Increased demand for new and existing products

Potential Future Benefit

Estimate how your annual revenue may increase from new market share after implementing traceability.

| 3% |

Help me calculate this number

An increase of 3% of your annual revenue ($10,000,000) gives an annual benefit of $300,000.

Confidence level in this estimate:

- Poor
- Fair
- Good
- Very Good
- Excellent

An organization going from No Systematic Traceability to Integrated Hardware has a potential annual revenue increase of 3% due to new market share.
## Current Cost Assessment

Estimate the current annual cost of product handling, storage, stockouts, transportation, refunds and compliance labor.

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Amount</th>
<th>Help</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total annual seafood product handling labor costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total annual seafood product storage/warehousing costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total annual seafood product stockout costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total annual seafood product transportation costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total annual seafood product refund costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total annual seafood product quality compliance costs</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Amount**: Enter the amount for each cost category.
- **Help me calculate this number**: Click to get help calculating the amount.
Results: Basic v1

Organization Summary
Specified information influencing traceability calculations:

- Industry segment(s): Processor
- Annual gross seafood revenue: $10,000,000
- Current seafood traceability level: Paper-based
- Seafood traceability goal: Basic Electronic

Cost Benefit Summary
Conduct sensitivity analysis based on the information provided by adjusting the Discount Rate (interest rate for borrowing funds) and/or the Time Horizon to determine your Internal Rate of Return (IRR).

<table>
<thead>
<tr>
<th>Year</th>
<th>0</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>5 Year NPV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Costs</td>
<td>$1,100,000</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$200,000</td>
<td>$1,898,542</td>
</tr>
<tr>
<td>Benefits</td>
<td>0</td>
<td>$575,460</td>
<td>$575,460</td>
<td>$575,460</td>
<td>$575,460</td>
<td>$575,460</td>
<td>$2,297,645</td>
</tr>
<tr>
<td>Net Benefits (Cash Flow)</td>
<td>$-1,100,000</td>
<td>$375,460</td>
<td>$375,460</td>
<td>$375,460</td>
<td>$375,460</td>
<td>$375,460</td>
<td>$399,103</td>
</tr>
</tbody>
</table>
**Internal Rate of Return (IRR): 21%**

**Benefit Breakdown**

The following table illustrates the potential benefits of traceability that can be achieved. Click any of the table rows to view or edit the corresponding assessment.

<table>
<thead>
<tr>
<th>Edit</th>
<th>Assessment</th>
<th>Annual Benefit</th>
<th>Confidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>☑</td>
<td>Handling/Quality</td>
<td>$0</td>
<td>Good</td>
</tr>
<tr>
<td>☑</td>
<td>Information Management</td>
<td>$3,560</td>
<td>Good</td>
</tr>
<tr>
<td>☑</td>
<td>Lawsuits and Liability Insurance</td>
<td>$2,750</td>
<td>Good</td>
</tr>
<tr>
<td>☑</td>
<td>New Markets</td>
<td>$100,000</td>
<td>Good</td>
</tr>
<tr>
<td>☑</td>
<td>Misc. Cost Factors</td>
<td>$0</td>
<td>Good</td>
</tr>
<tr>
<td>☑</td>
<td>Recalls</td>
<td>$123,750</td>
<td>Good</td>
</tr>
<tr>
<td>☑</td>
<td>Scrap/Waste/Shrink</td>
<td>$345,000</td>
<td>Good</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$575,460</strong></td>
<td></td>
</tr>
</tbody>
</table>
Traceability Business ROI

- Regulatory compliance gets the headlines

- Business value will drive adoption
  - Raise supply chain efficiencies
    - Less waste
    - Lower working capital costs
  - Reduce business risks and costs
  - Access new markets and customers
    - Strengthen brand equity – Differentiate your brand

- Waiting for regulation is not a sound strategy
Seafood Traceability ROI Tool

- Want help using the tool?

- On-demand webcast available through GFTC website
  - www.globalfoodtraceability.org

- Part of workshop “Profiting from Traceability”
  - IFT annual meeting & food expo – Chicago @ McCormick Place
  - July 11th
Presidential Task Force
Presidential Task Force

- 4 main themes for recommendations:
  1. International effort to combat IUU and fraud
  2. Strengthen enforcement and enhance existing enforcement tools
  3. Create and expand partnerships
  4. Implement seafood traceability program

- 11 of the 15 recommendations imply or require traceability practices/systems
# Task Force Recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Traceability Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Pass implementing legislation for Port State Measures Agreement.</td>
<td>N/A</td>
</tr>
<tr>
<td>2 Develop, within 1 year, best practices for catch documentation &amp; data</td>
<td>✓ Part of designing a seafood traceability system</td>
</tr>
<tr>
<td>tracking, and other measures including vessel tracking systems.</td>
<td></td>
</tr>
<tr>
<td>3 Include IUU fishing threat analysis/monitoring in efforts to increase</td>
<td>N/A</td>
</tr>
<tr>
<td>maritime domain awareness.</td>
<td></td>
</tr>
<tr>
<td>4 Use trade agreements to combat IUU fishing and fraud.</td>
<td>✓ Requires agreement on global traceability requirements</td>
</tr>
<tr>
<td>5 Pursue international commitments to eliminate fishery subsidies that</td>
<td>✓ Requires sustainability metrics that will be part of a</td>
</tr>
<tr>
<td>contribute to overfishing.</td>
<td>traceability system</td>
</tr>
<tr>
<td>6 Coordinate with multi-lateral stakeholders to prioritize building sustainable</td>
<td>✓ Requires sustainability metrics (standards) for traceability</td>
</tr>
<tr>
<td>fisheries.</td>
<td>system</td>
</tr>
<tr>
<td>7 Combat IUU fishing and fraud as a diplomatic priority.</td>
<td>✓ Requires agreement on global traceability requirements</td>
</tr>
</tbody>
</table>
## Task Force Recommendations

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Traceability Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>8 Develop, within 180 days, an implementation strategy (with deadlines) to</td>
<td>√ Part of developing a seafood traceability system</td>
</tr>
<tr>
<td>optimize collection, sharing, and analysis of information/resources.</td>
<td></td>
</tr>
<tr>
<td>9 Leverage existing and future CMAA’s to exchange relevant information and</td>
<td>√ Requires alignment of global traceability requirements</td>
</tr>
<tr>
<td>encourage foreign cooperation to combat IUU fishing and fraud.</td>
<td></td>
</tr>
<tr>
<td>10 Standardize rules on identifying species, common name, and origin of</td>
<td>√ Part of a seafood traceability infrastructure</td>
</tr>
<tr>
<td>seafood.</td>
<td></td>
</tr>
<tr>
<td>11 Work with state and local authorities to expand information sharing and</td>
<td>√ Relies on seafood traceability system</td>
</tr>
<tr>
<td>develop tools to address IUU fishing and fraud.</td>
<td></td>
</tr>
<tr>
<td>12 Broaden agency enforcement authorities (search, inspect, seize) and</td>
<td>N/A</td>
</tr>
<tr>
<td>pursue range of other enforcement options.</td>
<td></td>
</tr>
<tr>
<td>13 Establish a regular forum with industry stakeholders and NGOs to enhance</td>
<td>N/A</td>
</tr>
<tr>
<td>collaboration and improve understanding of IUU fishing.</td>
<td></td>
</tr>
<tr>
<td>14 Identify and develop, within 6 months, a list of types of data and standards</td>
<td>√ Part of a seafood traceability infrastructure</td>
</tr>
<tr>
<td>needed for effective traceability program.</td>
<td></td>
</tr>
<tr>
<td>15 Within 18 months, implement the first phase of traceability program.</td>
<td>√ Pilot project for a seafood traceability system</td>
</tr>
</tbody>
</table>
Take-aways from Task Force?

- Task Force recommendations were result of substantial stakeholder consultation
- Numerous implied and direct calls for traceability and data sharing throughout recommendations
- US regulatory action is part of the story
- Multi-stakeholder collaboration needed in addressing interoperability
- Unclear how industry will weigh ROI and respond
Key Points to Remember

- Seafood traceability can provide **both public good and commercial benefits**

- **Whole-chain traceability is a proven tool** in other industries and in other food sectors . . . It can be implemented in the seafood industry

- **Concept of commercial transparency** is essential to addressing illegal, unreported, unregulated (IUU) fishing and seafood fraud

- GFTC welcomes the opportunity to help all stakeholders, including industry, NGOs, and government
Opportunity is missed by most people because it is dressed in overalls and looks like work.

~ Thomas A. Edison