

3.3 Fisheries

3.3.1 What is at stake?

The global fishing fleet is estimated to be more than twice as large as necessary to catch what the ocean can sustainably produce.²² As a result 52% of the world's fisheries are fully exploited, and 25% are overexploited, depleted, or recovering from depletion. Certain important commercial fisheries such as North Atlantic cod, Patagonian tooth fish, swordfish and blue-fin tuna have either crashed or are showing signs of significant decline.²³

Some practices such as driftnet fishing have huge impacts on many non-target fish species as well as sea turtles, seabirds and marine mammals, while others such as bottom-trawling destroy ocean habitats necessary for maintaining or recovering marine biodiversity. Unless the current situation improves, stocks of all species currently fished for food are predicted to collapse by 2048.²⁴

It is not only for the future of sea-life that fishery activities are kept in control. Protection from over fishing is also crucial for local fishing communities who can be deprived of their income as a result of industrial fishing. Communities dependent on these small-scale fishermen also suffer, losing their food sovereignty and security.

To become more sustainable the fisheries sector should:

- Abandon particularly harmful catching practices such as driftnet fishing and bottom-trawling;
- Fish more selectively using gear that doesn't catch non target species;
- Substantially reduce the volumes of many species caught;
- Acknowledge and guarantee the rights of small-scale fishing communities.

The bank's policy should ensure that it will only be involved in the financing of companies in the fisheries and seafood sector, including food and other companies using fish ingredients, which meet these criteria. In developing such a policy, the bank could make use of the best international standards available as described below.

3.3.2 Best standards available

Several international treaties, as well as agreements, action plans and codes of conduct negotiated under the auspices of the Food and Agriculture Organization of the United Nations (FAO), set out a clear and comprehensive international consensus on many aspects of fisheries management. Enshrined in the [UN Law of the Sea Convention](#),²⁵ the [UN Straddling Stocks Agreement](#)²⁶ and the [FAO Code of Conduct for Responsible Fisheries](#)²⁷, these set clear goals of achieving the sustainable management and use of the world's fisheries. Widespread consensus also exists on the following principles and measures necessary for achieving that goal:

Certification of sustainable fisheries

The leading effort for certifying sustainable marine fisheries is the [Marine Stewardship Council](#), which is the only certification scheme which is consistent with the [FAO Guidelines for the Ecolabeling of Fish](#) and that is based on the *FAO Code of Conduct for*

Responsible Fisheries.²⁸ The MSC was developed through unparalleled international consultation between stakeholders. So far, the MSC has certified 21 fisheries and has 21 under review. 42% of the global wild salmon catch and 32% of the global prime whitefish catch are included in the programme. The MSC also employs a product tracking mechanism that can help trace chain of custody and ensure fish are coming from legal sources.²⁹

Ecosystem based management of fisheries

International standards and regulations for fisheries management have evolved from emphasising particular fish stocks to a more ecosystem-based approach. Thus, for example, the *UN Straddling Stocks Agreement* not only requires the sustainable management of particular stocks, but also the assessment and conservation of non-target species in the same ecosystem.³⁰ Similarly, the *FAO Code of Conduct for Responsible Fisheries* requires users of living aquatic resources to “conserve aquatic ecosystems” and “not only [to] ensure the conservation of target species but also of species belonging to the same ecosystem or associated with or dependent upon the target species”.³¹

Additionally, the FAO has endorsed a comprehensive [Ecosystem-Based Management](#) (EBM) framework for marine capture fisheries developed by WWF.³² The *FAO Code of Conduct for Responsible Fisheries* also issues guidelines on measures to maintain livelihoods of inshore fishing in the poorest nations’ communities. A [WWF toolkit](#) with implementation examples in fisheries worldwide now also exists.³³

Precautionary principle for sustainable fisheries management

Emerging international standards for fisheries management recognise the inherent uncertainties associated with questions regarding the health, reproductive rates or populations of, or fishing impacts on, target and associated species. As a result, the main agreements mentioned above all adopt the *precautionary principle* for fisheries management. Uncertainty or an absence of adequate scientific information (over the exploitation of deep-sea species, for example) should not be used as a reason for postponing or failing to take conservation or management measures. Such uncertainty may exist in any fishery, but particularly in new or exploratory fisheries.³⁴

Eliminating overfishing and restoring stocks

Under the *UN Straddling Stocks Agreement*, states are obliged to “prevent or eliminate overfishing”.³⁵ Conservation and management decisions for fisheries should be based on the best scientific evidence available and should be directed at maintaining or restoring stocks.³⁶ States and fisheries managers should make every effort to restore critical habitats or others adversely affected by human activities.³⁷ *Marine Protected Areas* (MPAs) are now recognised as critical for maintaining and restoring fish and other marine biodiversity. Some Fisheries MPAs are designed to be “no-take zones” where fish and their habitat can be restored over time, thus serving as reservoirs for the rest of the ocean.

Eliminating and avoiding overcapitalisation

Overcapitalisation of fishing fleets, often supported by large subsidies, is a recognised driver of over fishing in many regions of the world. Governments have consented in the *UN Straddling Stocks Agreement* to take measures to prevent or eliminate excess fishing

capacity and to ensure that fishing efforts do not exceed those commensurate with the sustainable use of fishery resources.”³⁸ Governments at the FAO agreed to “review the capacity of fishing fleets in relation to sustainable yields of fish resources and where necessary reduce these fleets.”³⁹

Eliminating destructive fishing practices

The *FAO Code of Conduct for Responsible Fisheries* accords a general priority to selective and environmentally safe fishing gear and practices,⁴⁰ recommends measures to phase out the use of any irresponsible gear, methods or practices,⁴¹ and calls for the assessment of impacts on habitats before new fishing gear is introduced on a commercial scale. International standards have also been identified for restricting or banning certain types of fishing practices or gear, including the use of explosives or cyanide fishing,⁴² the use of driftnets,⁴³ high seas bottom-trawling, and [shark-finning](#).⁴⁴

Minimising by-catch

By-catch is the amount of non-target species caught and typically discarded while fishing for other species. The industry average for all fisheries is 250g of by-catch for every 1kg of target species. Some fishing practices such as shrimp trawling lead to as much as 3kg of wasted fish or non-fish species for every 1kg of target species. As much as 7kg of marine animals are killed by beam trawlers to produce 450g of marketable sole. The figure is similar for plaice.⁴⁵

The *FAO Code of Conduct for Responsible Fisheries* states that users of aquatic ecosystems “should minimise waste, catch of non-target species, both fish and non-fish species, and impacts on associate or dependent species”. Action plans have been adopted to reduce the impact on by-catch of certain species or groups of species, including [seabirds](#) and [sharks](#).⁴⁶

Illegal, Unregulated and Unreported fishing and flags of convenience

A significant problem in fisheries management is the illegal, unregulated or unreported (IUU) fishing conducted in violation of international or national fisheries conservation measures. This often involves vessels registered under “flags of convenience” in countries that are notoriously lax in their regulations. The [FAO’s Plan of Action on IUU fishing](#) seeks to eliminate the practice in part by encouraging states to prohibit doing business with companies engaged in IUU fishing.⁴⁷ A recent [WWF Report on IUU fishing](#) recommends that the banking sector should ensure it supports only legal operations by requiring the catch to be documented through the full chain of custody.⁴⁸

Endangered species

Commercial trade in many fish species, including some that are commercially important, is now either banned or restricted under [Convention on International Trade in Endangered Species of Wild Fauna and Flora](#) (CITES).⁴⁹ The *FAO Code of Conduct for Responsible Fisheries* also recognises the particular importance of protecting endangered species.⁵⁰

Sustainable aquaculture

Although aquaculture has been heralded as important for diversifying income and diet in many coastal communities, it can also have substantial impacts on sensitive coastal wetlands, water quality and the genetic diversity of native fish. The *FAO Code of Conduct*

for *Responsible Fisheries* calls on states to ensure that adverse environmental impacts of aquaculture are assessed and minimised.⁵¹ Resources should also be used responsibly such as where some types of aquaculture have unsustainable protein conversion ratios (salmon require 3kg of protein for every 1kg of salmon produced, tuna require 10kg). Aquaculture investments should be directed towards herbivorous fish species such as catfish and tilapia.

In August 2006 the [International Principles for Responsible Shrimp Farming](#) were launched after a five-year consultative process involving several partner organizations, including the Network for Aquaculture Centres for the Asia Pacific, WWF, the World Bank and the UN Environmental Programme, the new principles represent the first-ever attempt to provide an overarching international framework for improving the sustainability of the shrimp farming industry.⁵²

3.3.3 Content of a bank policy

Banks active in this sector should adopt a policy that commits them to the internationally accepted goal of the sustainable management of fisheries. The policy should require fisheries to be sustainably managed according to ecosystem-based and precautionary approaches, and certified where possible by the MSC or other credible, independent third party sustainability certification systems. Clients should be screened to ensure that they do not participate in or buy fish from fisheries over fishing, using destructive or wasteful fishing practices, operating in an over-capitalised fishery or fishing illegally or in an unregulated or unreported manner.

The policy should also require catch documentation schemes to be used to verify the legality of fishing operations, support “no commercial fishing” zones in and around *Marine Protected Areas*, and prohibit trade in endangered or threatened species. In addition, the policy should address the environmental and social impacts of all fishing and related activities, including aquaculture.

The FAO identifies bankers and insurers as important targets for efforts to combat fishing by vessels flagged under the authority of countries with lax resource conservation laws.⁵³ The *FAO Code of Conduct for Responsible Fisheries*, for example, discourages financial institutions from requiring as a loan or mortgage condition, fishing vessels to be flagged in a jurisdiction other than that of the country of beneficial ownership, where such a requirement would increase the likelihood of non-compliance with international conservation and management measures.⁵⁴ Banks should ensure that their support is not going to companies that operate under flags of convenience and ensure that the link to the beneficial owner is apparent.

Finally, it is critical that the banking sector considers the impacts of its investments in seafood throughout the supply chain. Sustainable investment is required for seafood businesses whether at the catching, processing, transport, retailing or food service points of the chain. The banking sector can foster sustainability, for example by requiring proof of legal activity, encourage preferential purchasing of more sustainable product and by promoting MSC certification throughout the supply chain.

3.3.4 Scoring table

The considerations in the previous paragraphs lead to the following scoring table with regard to bank policies on fisheries:

0. *The bank has no policy on this sector;*
1. *The bank's policy is vaguely worded or aspirational, with no clear commitments;*
2. *The bank's policy includes specific elements to identify better fisheries such as minimising by-catch and a preference for certifying sustainable marine fisheries, but does not commit univocally to the goal of the sustainable management and use of fisheries;*
3. *The bank's policy commits to the FAO Code of Conduct for Responsible Fisheries for financial services provided to the fisheries sector directly;*
4. *The bank's policy commits to the FAO Code of Conduct for Responsible Fisheries and the International Principles for Responsible Shrimp Farming, for its financial relationships with all companies throughout the seafood chain of custody.*

3.3.5 Results

Rabobank (the Netherlands) is the only bank that has developed a fairly good policy on the fisheries and seafood sector. Barclays (United Kingdom) has a guidance note which lists the issues but does not set clear preconditions for financing. Banco do Brasil (Brazil) makes an aspirational statement on fisheries, but does not elaborate on lending criteria or sustainability standards in the sector. All other banks have disregarded the importance of the fisheries sector and have not developed any policies for the sector.

Scores on Fisheries policies					
Rabobank	3	Credit Suisse	0	RBS	0
Banco do Brasil	1	Deutsche Bank	0	Royal Bank of Canada	0
Barclays	1	Fortis	0	Saudi-American Bank	0
ABN AMRO	0	Goldman Sachs	0	Santander	0
ANZ	0	HSBC	0	Scotiabank	0
Banco Bradesco	0	ICBC	0	Société Générale	0
Banco Itaú	0	ING Group	0	Standard Bank	0
Bank Mandiri	0	Intesa Sanpaolo	0	Standard Chartered	0
Bank of America	0	JPMorgan Chase	0	State Bank of India	0
Bank of China	0	KBC	0	Sumitomo Mitsui	0
BBVA	0	Merrill Lynch	0	UBS	0
BNP Paribas	0	Mitsubishi UFJ	0	Unicredit	0
China Construction	0	Mizuho Financial	0	WestLB	0
Citi	0	Morgan Stanley	0	Westpac	0
Crédit Agricole	0	Nedbank	0	Dexia	X