

PRIVATE SECTOR PERSPECTIVES ON PROPOSED CHANGES TO SIMP

2020-2021



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2020-2021 PROJECT

INTRODUCTION

Over the past decade, increased attention has focused on curbing and deterring illegal fishing using import control measures. The United States – one of the top three market states for seafood imports – relies heavily on its newest and largest trade monitoring program, the Seafood Import Monitoring Program (SIMP). SIMP was established in 2018 as a reporting and recordkeeping program mandating the collection of supply chain information to trace select seafood products back to the point of origin to verify legal harvest or production. The degree to which U.S. seafood importers work within their global supply chains to support compliant and legal practices, and the degree to which they have traceability data to document those practices, is critical to the success of the regulation in curbing illegal imports from entering the U.S. market.

FEEDBACK PROJECT

Between 2019 and 2020, FishWise, with support from the Walton Family Foundation, solicited global feedback from seafood companies regarding their experiences with SIMP. That initial study aimed to identify industry perspectives on challenges and solutions for strengthening the program's implementation.

Building on the findings from that study, from 2020 to 2021, FishWise undertook additional research to gather perspectives from seafood companies on eight proposed changes to SIMP via an online survey. FishWise also asked companies about their willingness to directly participate or collectively share feedback with regulators and advocate for specific policy recommendations. As U.S. customs brokers and importers play an integral role in interfacing with SIMP, hearing directly from these stakeholders is intended to make recommendations and proposed changes to SIMP more actionable and effective at spurring government action.

Information collected from the survey was also used to illustrate areas of greater or lesser alignment within the U.S. seafood industry. The survey gathered asks from stakeholders for the National Oceanic and Atmospheric Administration (NOAA) and assessed companies' preferred modes of engagement with NOAA and additional regulatory agencies such as Customs and Border Protection (CBP).¹

¹ This was an independent project and was not conducted on behalf of NOAA, although NOAA and other offices charged with supporting SIMP are intended audiences of future advocacy efforts.

PROPOSED CHANGES TO SIMP

FishWise drew from many major NGO stakeholders groups to define the eight proposed changes to SIMP implementation included in the project survey (seen below). FishWise modified the wording of these changes to be easier understood by seafood companies while remaining aligned with the many NGO asks shared with the U.S government.

The proposed changes are:

1. NOAA should increase transparency and accountability around SIMP's performance by publishing public-facing materials or reports and/or establishing regular communications back to the importer of record.
2. NOAA should increase staffing capacity to support targeted and random SIMP inspections, efficient auditing, and implementation coordination.
3. NOAA should improve data-sharing across government agencies to inform and strengthen risk-based targeting of SIMP imports for inspection.
4. To reduce entry filing errors, the Biden Administration should incentivize the use of electronic traceability records and standardized electronic catch verification for improved compliance and interoperability with other systems.
5. NOAA NMFS should work with CBP to change data fields currently labeled optional to be mandatory for SIMP Automated Commercial Environment (ACE) filings.
6. NOAA NMFS should publish clear guidance and examples of what chain of custody records are needed to document physical chain of custody through the supply chain for purposes of auditing or investigation.
7. NOAA should increase and strengthen proactive capacity-building outreach to seafood stakeholders and foreign governments.
8. The U.S. government will commit to expanding SIMP to cover all imported seafood species.

FINDINGS

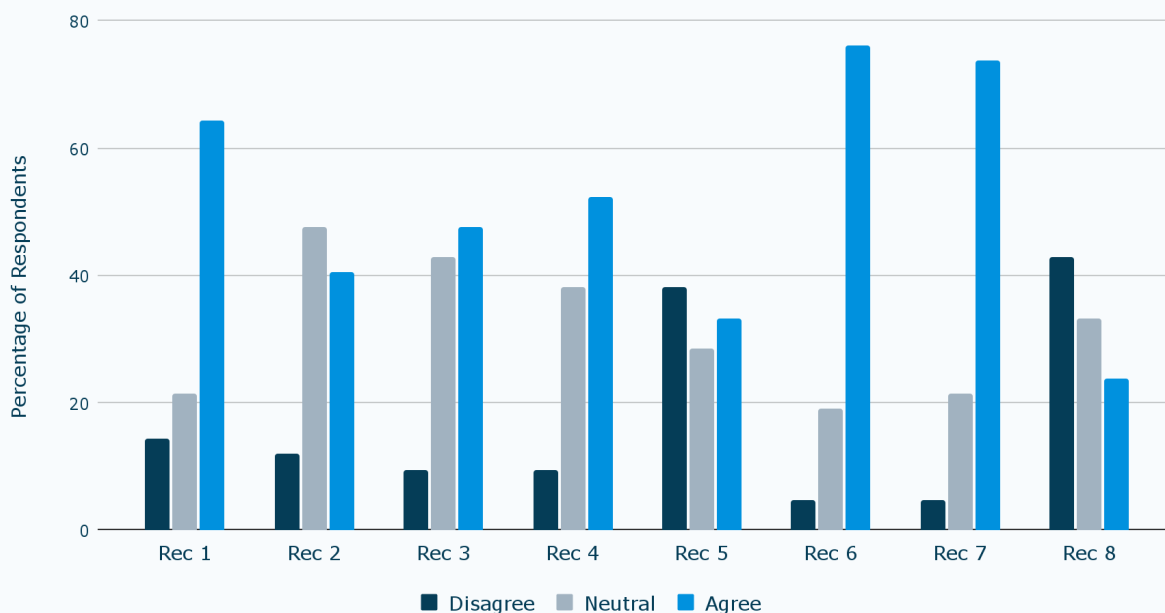
The following findings are reflective of 42 survey responses. The respondents included customs brokers (25), importers (11), and exporters/processors (7). Some respondents represented multi-function companies..

As seen in Figure 1, six of the eight proposed changes received support from over three-quarters of the survey respondents. Only two proposed changes – mandating optional key data elements (KDE) and SIMP expansion – received support from less than half of the respondents (33% and 24%, respectively). These findings are significant because while SIMP has historically been a polarizing program,

the results indicate that at a high level, there is more agreement than previously thought and points to opportunities for multi-stakeholder advocacy.

Over half of the survey respondents were customs brokers. Customs brokers play a unique intermediary role between importers and government agencies (e.g., NOAA, CBP, FDA). They are often the entity completing the shipment-by-shipment data entry into the ACE portal and fielding audits or questions from NOAA. They are also one of the stakeholders SIMP has financially impacted the most. The high response rate from brokers

Figure 1. Survey Respondents' Support for Proposed Changes to SIMP Implementation



demonstrates their interest in providing input and experience-based feedback on SIMP and their potential to actively participate in future engagement and advocacy initiatives.

All but one customs broker respondent noted that they would be willing to participate in additional government feedback activities (especially sign-on letters and roundtable discussions).² Seventy percent of survey respondents who “strongly agreed” with each proposed change were customs brokers, making it clear that they represent a crucial audience to target for NGO-aligned SIMP advocacy and engagement efforts.

INDUSTRY AGREEMENT

Of the eight proposed changes to SIMP that FishWise included in its survey, #6 (better audit clarity) and #7 (increased capacity building) received the most support, with 75% of respondents “strongly agreeing” with both.³ These are areas ripe for future advocacy opportunities and would greatly benefit from leveraging widespread support from seafood companies. Support for enhancing audit clarity is not surprising; it was one of the most referenced themes in [FishWise’s past industry research](#), mentioned across more than 90% of industry interviews. Additionally, the industry signaled that capacity-building efforts (such as training for company staff and suppliers, greater assistance

² The suite of engagement options include, but is not limited to: group sign-on letters, individual (company) letters, 1:1 meetings, roundtable discussions, op-eds, and written and/or oral testimony.

³ Half of respondents whose portfolio is made up of 75-100% SIMP species “strongly agreed” that NOAA should increase capacity building and publish guidance on CoC requirements and audit clarity.

developing appropriate traceability documentation, and help navigating government processes) would be greatly welcomed, especially amongst customs brokers.⁴

FishWise evaluated responses to determine if company or product attributes could be correlated with support for specific proposed SIMP changes (e.g., species imported, volume of species imported, type of company). However, the findings indicated no significant correlation between particular company attributes and support for specific proposed changes with this study’s sample size. For example, two companies that exclusively import tuna had very different survey responses, suggesting that future research would need a larger sample size to determine the effectiveness of targeting companies for advocacy by species groups.

While there was no clear correlation between species makeup or stakeholder group and support for specific proposed changes to SIMP, product volume was a factor. Companies whose majority of products are SIMP species (75-100%) indicated a more substantial need for increased capacity building, publishing guidance on chain of custody record requirements, and general audit clarity.

Not all seafood supply chains are the same (e.g., farmed shrimp and wild-caught tuna are very different, especially at the harvest or production level). Thus, as the variety and volumes of species increase within a company, so does the capacity needed (time,

⁴ Of the companies who support increased capacity building, 70% were customs brokers, and 30% were a mix of importers, exporters, and wholesalers.

effort, money) to address increased data collection for SIMP compliance and potential audit responses. Therefore, NGO SIMP expansion advocates should anticipate more calls for industry capacity building and traceability record guidance as more products are brought under the program. Working to address these capacity and transparency challenges could also generate more support for the other proposed changes.

There were three additional strongly supported proposed changes: #1 (increased program transparency and communications back to industry); #3 (better data sharing between government agencies); and #4 (incentivizing the use of electronic traceability).

Almost 65% of survey respondents "strongly agreed" with proposed change #1. This finding aligns with previous feedback FishWise solicited from the industry, where industry respondents called for increased transparency from the U.S. government about data verification, enforcement, and the program's performance in general.⁵ Companies have communicated that increased transparency would help them understand the program's efficacy and whether some trends or findings affect sourcing risks. Providing this information to the industry may ultimately build more perceived value in the program. For brokers, transparency and clarity needs around data requirements, acceptable supply chain documentation, and the audit process pass/fail rates were likely key

⁵ Of the companies with strong support for increased transparency and accountability from NOAA, 70% were customs brokers and 30% were a mix of importers, exporters, and wholesalers.

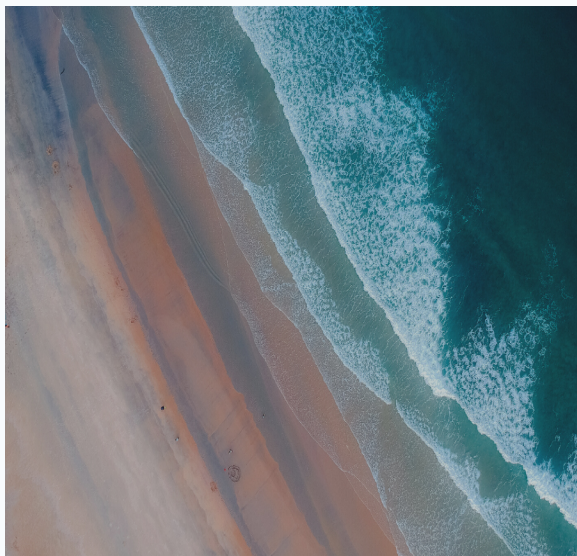
reasons they largely support better communication from the government back to the industry.

Given the high levels of support shown for proposed change #3, there is substantial agreement from survey respondents that intergovernmental data sharing and communications between agencies such as the State Department, NOAA, and CBP is a high priority. Updated and shared analyses of IUU fishing and seafood fraud risks based on the best available science, enforcement data, and agency knowledge would help prioritize which nations or exporting markets are in greatest need of support. This prioritization would directly support capacity-building efforts outlined in proposed change #7 (increased capacity building).

Proposed change #4, incentivizing electronic traceability records, was strongly supported by all respondents. Companies usually rely on others to invest in electronic traceability systems, even if they don't invest themselves. Based on FishWise's [initial research](#), it is expected that the majority of support for electronic traceability records stems from importer's desires to assure that



their supply chains are using reliable, electronic tools for recordkeeping. For the most polarizing proposed change (#8 – SIMP expansion), it is essential to note that a quarter of survey respondents who strongly support expanding the program to all species also support the remaining seven proposed changes. In short, respondents that support expansion support all other SIMP improvements. While this subgroup of respondents did not have a typical profile or set of unique characteristics (e.g., all tuna importers or companies that deal in only one SIMP species), brokers again made up the majority of respondents, followed by two companies who play a multi-function role (i.e., importer and exporter). While it's clear that some brokers would be strong advocates for SIMP expansion over the next few years, this subgroup could also participate in more generalized advocacy initiatives that are broad in scope and not reliant on any one specific proposed change such as sign-on letters, leveraging their voices for multiple outreach activities.⁶



⁶ Of those respondents who “strongly agreed” to expand SIMP to all species, they preferred a relatively shorter timeline of one to three years.

INDUSTRY DISAGREEMENT

FishWise found that the two proposed changes that involved additional data collection on industry were those least supported by respondents. With a respective 33% and 24% of support, mandating optional data fields (proposed change #5) and SIMP expansion (proposed change #8) will be the most challenging to amass industry support.

At present, optional data fields include a unique Unique Vessel Identifier (UVI) and an Authorization to Fish. Although NOAA requires importers to provide this information, technical constraints within the ACE portal prevent it from actually requiring this information. Therefore, an importer could voluntarily choose not to disclose this information and still comply with SIMP.⁷

Although companies might have challenges collecting this data in the future, this information could greatly help governments take a risk-based approach to more quickly and accurately identify potential IUU-sourced shipments. Reliance on supply chain companies outside of their direct control to collect and transmit data for SIMP compliance has long been a concern for importers. Similarly, customs brokers have acknowledged that data submission into the ACE portal can be overwhelming, especially for certain products like farmed shrimp or canned tuna, given the complex nature of those supply chains and challenges due to disparate data formats and acceptable forms.

⁷ Aylesworth, Sandy (2021). *On the Hook - How the United States Enables Illegal, Unreported, and Unregulated Fishing*. <https://www.nrdc.org/sites/default/files/on-the-hook-iuu-fishing-report.pdf>

To address challenges in data collection, companies have had to invest resources into training their upstream supply chains, so there is a natural hesitation to have to re-invest and onboard to new, additional data requirements.

In addition to challenges accessing data, cost and workload heavily impact implementation burdens for seafood companies and general industry disagreement towards SIMP. Currently, brokers deal with massive amounts of information required to be provided at entry per shipment. Data for these shipments are entered manually, which must be repeated for every entry (and for each line on an entry), quickly becoming an inefficient process. Given the complexity of a typical seafood shipment, time and money costs are associated with every data collection requirement. Because the amount of data has increased over time, customs brokers find it challenging to deal with increasing compliance costs. A product might have cleared customs at a certain price but with additional data requirements, double to triple the work must be done to be compliant, forcing customs brokers to pass increased costs down to their clients (importers). Until more efficient supply chain traceability methods are deployed or SIMP is expanded to all species, the program will continue to distort import prices for some species.

The least supported proposed change across all survey respondents was #8 - SIMP expansion - although still supported by 33% of respondents, with another 25% remaining neutral. FishWise asked companies to state their preferred timeline for SIMP expansion regardless of their levels of agreement or disagreement, which

yielded a wide variation in suggested timelines across both expansion supporters and opponents. Many companies that opposed expansion explained they would like to see current challenges addressed before (or in conjunction with) expansion efforts, as indicated by the wide-ranging timeline of 5 to 75 years. Customs brokers generally say they would like to see NOAA address current challenges before expansion to all species (i.e., reduce confusion in SIMP forms and move away from auditing in response to non-substantive errors like misspellings).

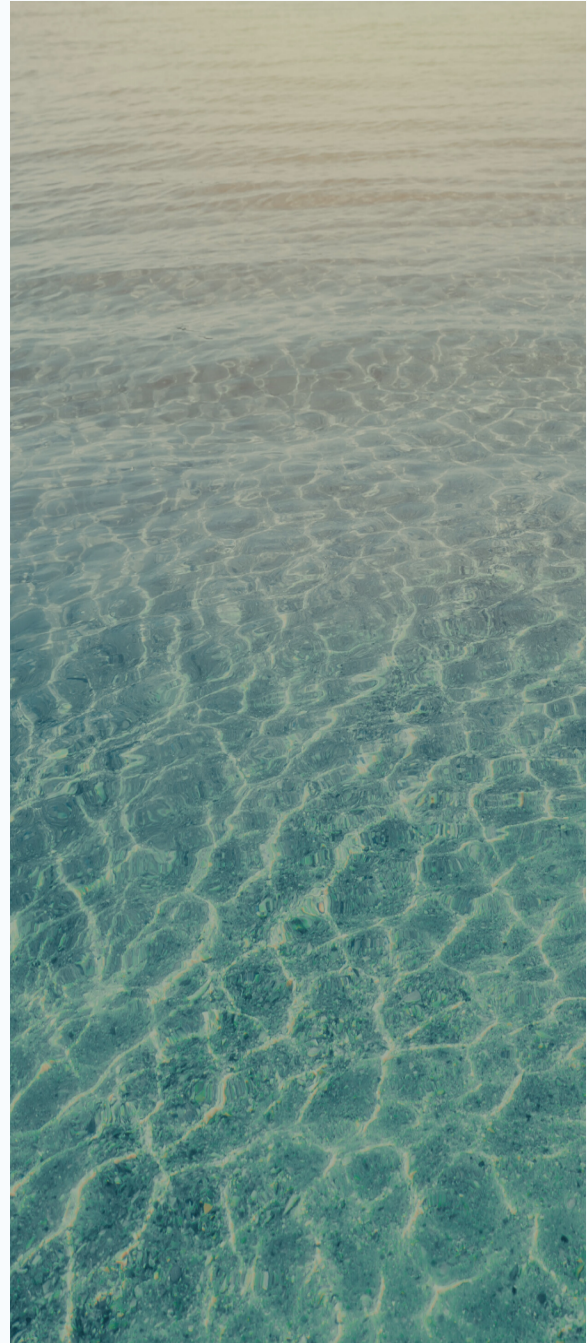
Alternatively, an exporter's willingness to support expansion is often impacted by their anticipation of needed investment in education and training around SIMP requirements for overseas suppliers and the deployment of additional traceability tools.

Focusing on these implementation costs may explain exporters' desires for a more extended rollout (or total opposition to expansion). Importers bear the most considerable financial burden because they are ultimately responsible for SIMP compliance, and many hire customs brokers to send supply chain data to NOAA. Given this financial burden, it is significant that only one respondent said they never want to see SIMP expanded. That respondent opposed expansion based on increased costs for data entry, indicating that if compliance costs go down, so might industry opposition. Although expansion was the least supported proposed change, it is crucial to recognize that of these groups, only 20% of customs brokers, 28% of exporters, and 9% of importers and processors stated they never wanted to see an expansion of the

program. Fortunately, this does leave room for future advocacy efforts if implementation timelines can be negotiated amongst stakeholders and current program challenges addressed in parallel with expansion efforts.

There is a broad spectrum of positions about what should be done to improve SIMP based on individual experience with specific aspects of the program. Still, on average, those who have overly positive or negative experiences are more willing to provide feedback. FishWise found that those companies who “strongly disagree” with all the proposed changes tend to have an overwhelmingly negative perception of the program. Companies who “strongly agree” with all proposed changes generally support the program in its entirety.

Addressing the concerns of those who “disagree” with or dislike SIMP with a discrete set of identified and aligned issues (e.g., the importer discussed above worried about increasing costs) can slowly bridge the gap between polarizing opinions. Similarly, those who are neutral about SIMP and future improvements generally understand why increased traceability and supply chain transparency are needed, given the state of global supply chains. Thus, they could be more receptive to engaging on contentious issues like expansion or increased data collection.



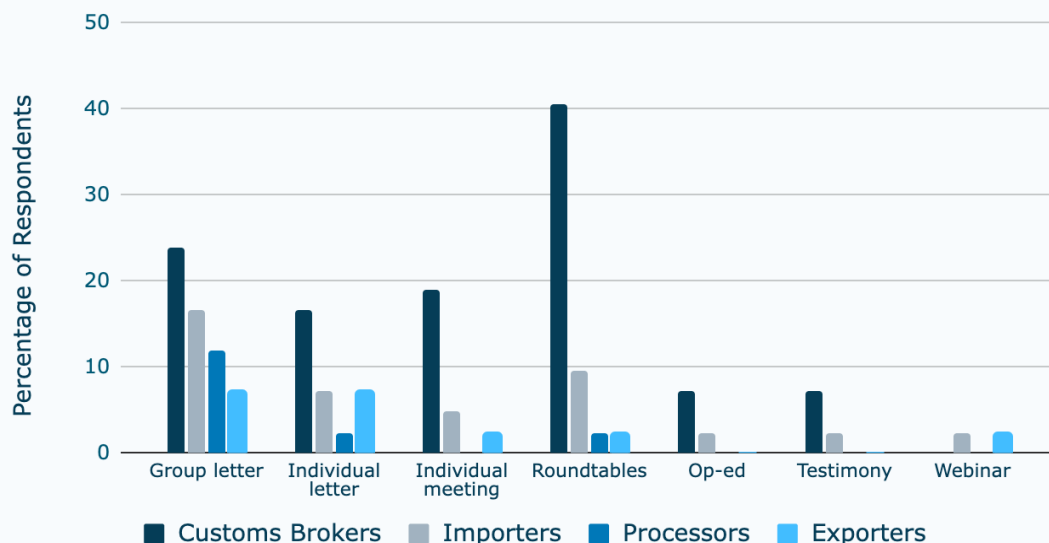
ADVOCACY ENGAGEMENT

The seafood industry can act as a powerful catalyst for policy change, given their first-hand knowledge of the complexities of supply chains. FishWise recognizes the importance of incorporating industry perspectives for more inclusive regulatory processes to ensure that policies are ambitious yet achievable. Understanding the experiences of those affected by policy can lead to better decision-making and help governments develop an accurate understanding of users' needs. Inclusive stakeholder engagement can also proactively identify solutions and support transparency in the regulatory process, creating trust and buy-in between all parties.

To facilitate this bridge between market and government actors, FishWise also solicited feedback from survey respondents about their willingness to directly participate or collectively share feedback with regulators and advocate for specific policy recommendations (Figure 2). There was a clear preference for roundtable discussions, followed by sign-on letters and individual meetings between stakeholders. Each advocacy pathway is valuable for particular audiences and specific reasons, differing in terms of:

- The degree to which it would reflect the full suite of topics relevant to SIMP improvement (i.e., its comprehensiveness)
- Its representativeness of stakeholder perspectives (i.e., its inclusiveness and representation of diverse stakeholders and views)
- The amount of effort it would take to produce it (i.e., its cost in time, effort, and political capital)
- The level of consideration it would likely get from SIMP implementers, policymakers, and administrators (i.e., its expected impact)

Figure 2. Survey Respondents' Preferred Method(s) of Advocacy Engagement



NEXT STEPS

Understanding what issues resonate most with specific stakeholder groups is essential to continue bringing industry to policy reform efforts. There are plenty of areas ripe for collaboratively driving SIMP improvements that both NGOs and the seafood industry can stand behind. It is clear from the above findings that roundtable discussions and sign-on letters may attract slightly different kinds of industry support, but are both still valuable for driving impact.

This report details the second phase of a multi-year project to gather industry feedback on SIMP. The next step will be focused on opportunities to build regular dialogues on SIMP with the U.S. government and the seafood industry. Additionally, FishWise will publish an industry-facing report of aggregated findings from over three years of research. This work aims to make future policy changes to SIMP more actionable and effective at detecting and deterring IUU products.

As momentum for policy reform builds across NGOs and industry, now is the time to leverage multi-stakeholder initiatives and collective advocacy, transition to solutions-oriented conversations, and recognize the increasing alignment around improving the Seafood Import Monitoring Program's implementation.

PROJECT TIMELINE



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