

Should Retailers React to Reports of Forced Labor in Shrimp Industry?

Issue underscores importance of trusted supplier relationships

December 16, 2015, 03:42 pm By John Sackton, SeafoodNews.com



PROGRESSIVEGROCER
★ **EXCLUSIVE**

Retailers strive to build trust with consumers for their brands and banner. This is why virtually all major U.S. and European banners have adopted sustainability policies for sourcing seafood, and for many other products as well.

What happens when these policies are violated, or when they fail? How should retail seafood buyers react?

When an individual company fails to meet specifications and ships deficient products, the answer is easy: the load is rejected, and if the problems continue, the supplier is dropped by the retailer.

But for problems that can't be detected in a shipment – such as whether the item was produced in a sustainable manner; whether it was produced with acceptable labor practices; or whether it was legally caught – retailers need more than their ability to reject suppliers.

They have demanded their suppliers get third-party assurances and meet standards set by such organizations as the Global Aquaculture Alliance (GAA) and the Marine Stewardship Council (MSC). And they have demanded traceability so they can be confident about the origin of their products.

Seafood is the most heavily traded international food commodity, according to the WTO; the U.S. imported seafood from 113 countries in 2015.

No retailer can monitor its supply chain for abuse of labor standards across all these countries. Instead, they must rely on certifications, such as GAA's Best Aquaculture Practices for Shrimp.

Thailand is one of the largest shrimp and tuna exporters in the world, and also exports a range of other food commodities from rice to fruits, including canned and dried fruit.

It's also a country with structural problems that lead to abuse: undocumented migration and businesses that rely on immigrants who are ethnically different than the Thai population. The situation is the same in many other countries, from the Middle East to Europe, and even in some parts of the U.S.

So when a major story from The Associated Press on forced labor and slavery – where workers are bought and sold, and unable to voluntarily leave – hits the public, they naturally question whether their store is tainted by this problem.

Trust But Verify

However, simple denial is not enough. The banner has to extend its umbrella of trust to its major shrimp suppliers.

Thai Union Foods, a multinational company that sells shrimp, frozen seafood and tuna, and is owner of many global canned tuna brands, was the supplier highlighted in the AP story.

Thai Union purchased shrimp that had been peeled by sub-contractors who used forced labor. They had audits in place to make sure this did not happen, but audits were clearly insufficient.

Thiraphong Chansiri, CEO of Thai Union, admitted this in statements and a letter to customers. He said the company would institute an outright ban on using external "peeling sheds," which up until now, has been a common practice in Thailand.

Thai Union is bringing all of its shrimp peeling into its own facilities, planning to hire thousands of workers to do so, and will employ legitimately and legally many of those workers whose illegal factories may close due to this decision. Thiraphong says the change will cost Thai Union about \$5 million dollars next year.

The GAA, which is responsible for the Best Aquaculture Practices (BAP) certification, under which most of the retail shrimp in the U.S. is sold, announced that they were updating BAP requirements so as to prohibit third-party shrimp processing and peeling.

"The current BAP processing plant standards require facilities that outsource their peeling or heading operations to maintain appropriate controls over the environmental, social and food-safety practices of those outsourced operations," said GAA Executive Director Wally Stevens. "But obviously it would be far better if these processing steps were conducted in-house. Accordingly, we will prohibit BAP-certified facilities from outsourcing their peeling and heading operations, effective Jan. 1, 2016."

Retailers and Suppliers Are Vulnerable

No supplier or retailer mentioned in the AP article condones forced labor. Yet because peeled shrimp is such a fungible commodity, once it enters into a legitimate supply chain, it's impossible to segregate. That's why the retailers and suppliers mentioned in the article are vulnerable to the charge of profiting from forced labor, because under U.S. anti-trafficking laws, there is no difference whether it's a small amount of product or a large amount. If any forced labor or child labor is used in making the product, the company is in violation.

Initial reports of forced labor in Thailand frequently focused on fishing vessels. These charges have been documented, but most of these fishing vessels have a very tenuous connection to the international supply chain. The primary connection to the shrimp industry was indirect, through use of locally produced fishmeal from these catches as part of shrimp feed.

CP Foods, the other major Thai food giant, and the largest producer of fishmeal and shrimp feed, took action to bring all of its sourcing of fishmeal in house, and to no longer buy from anonymous or unregistered vessels. Thailand also cracked down on vessel registration, and has forced hundreds of vessels to leave the fishery.

Yet no laws in the world can overcome corruption. And in a climate of corruption, the supplier has to take responsibility for eliminating it.

In the case of the Thai shrimp industry, this means that simple audits and inspections of third-party shrimp peeling houses will not suffice, as corrupt police and inspectors turn a blind eye to abuses.

Only those suppliers who follow the lead of Thai Union, and agree to fully take their entire production chain in-house, can guarantee their customers that they are producing shrimp not tainted with forced labor.

The significance of the GAA statement is that it will force most Thai shrimp producers shipping to the U.S. to follow the lead of Thai Union, and cease using outside peeling houses.

This action can be reliably audited through third-party inspections. It will also provide the basis for a retailer to extend that banner of trust to its shrimp supplier.

The answer then to the consumer is not a simple denial, but an explanation that the retailer has built a robust, two-way trust relationship with particular suppliers, and knows exactly the actions these suppliers are taking to avoid being tainted by forced labor.

This long-term trust commitment is not compatible with the open auction process some retailers have used in the past to purchase shrimp.

Auctions where the companies invited to bid are not fully vetted for their compliance with GAA standards, or whether they are vulnerable to the use of external peeling sheds should be a red flag to a buyer concerned about forced labor.

Without building this two-way, long-term supplier trust relationship, retailers will not be able to confidently say to their customers, "yes, our shrimp is not tainted in any way by slavery or forced labor."

By John Sackton, SeafoodNews.com



About John Sackton

John Sackton is publisher of SeafoodNews.com and is a well-known commentator in the U.S. seafood industry. He can be reached at jsackton@seafood.com.

Labor rights campaigner: AP Thai shrimp slave revelations ‘no surprise’

December 15, 2015, 9:38 am

Ross Davies



Farmed warmwater shrimp.
Photo: Undercurrent News

“It comes as no surprise whatsoever” was Migrant Workers Rights Network (MWRN) activist Andy Hall’s succinct reaction to the latest *Associated Press* (AP) investigation into human trafficking and slave labor within the Thai seafood industry.

The report, published on Dec. 14, which links the supply chains of a number of global retailers –

including Wal-Mart, Kroger, Whole Foods, Dollar General and Petco, alongside restaurants such as Red Lobster and Olive Garden – to a shrimp peeling factory in Samut Sakhon, has already rocked the industry.

But for Hall -- who is also playing a mediatory role in the ongoing dispute between Golden Prize Canning and Burmese workers over claims by the latter of labor rights’ abuses -- the story is all too familiar.

“The story comes as no surprise, as living and working conditions for too many migrant workers in primary processing facilities in the Thai seafood sector continue to be very poor,” Hall told *Undercurrent News*. “Thai peeling sheds remain in another world, often devoid of rule and law and basic respect for human rights. The whole supply chain for workers in these facilities still remain hidden from the outside world.”

Hall called into the question the operations of the International Labor Organization (ILO), the United Nations initiative, whose good labor practices

(GLP) system is designed to tackle such abuses. The activist claimed the program has, so far, failed, to bring about any sort of change to Thai labor standards in the seafood industry.

“The ILO can and should play a complementary role in bringing all three key actors -- workers, employers and governments -- together through a program of best practice sharing and capacity building program to improve further conditions in the seafood sector,” said Hall.

“However, it has failed to deliver in the past on program and effectively build capacity of these three social partners. The GLP has for many years being poorly thought out and constructed. Most buyers or seafood retailers have likewise almost abandoned the program, with many also commenting to me personally on the weaknesses of the ILO approach as developed.”

The MWRN's belief is that "tripartite negotiation" between workers, employers and governments is the essential branch of any GLP initiative. For this to occur successfully, Hall said the European Union (EU) has an obligation to ensure the money it channels into the ILO's scheme is spent wisely.

“The reason for this public criticism now, after several private efforts that have been unsuccessful, is to urge the EU to ensure they only fund a genuinely tripartite ILO GLP program,” he said. “It has to be something that gives priority to worker right awareness, empowerment, develops genuine complaint mechanisms, like those MWRN has been increasingly using with industry associations and workers -- collective-bargaining, organizing and social dialogue with employers and the government.”

Yet, Hall suggested there were some positives to be drawn from recent events.

As he previously told *Undercurrent*, Thai Union Group's recent pledge to bring its primary processing facilities in-house by the end of the year should be seen as a step in the right direction.

“The decision to bring primary processing facilities in the house is necessary, practical, realistic and to be strongly welcomed,” said Hall. “The plan to bring these primary processing facilities in house however has been developed during the last five to six months by TU [Thai Union], with a significant amount of input from stakeholders, including MWRN.”

Hall also cited meeting on Sunday between Thai Tuna Industry Association (TTIA) and Thai Food Processors Association (TFPA) with the MWRN and Myanmar workers -- who were given to platform to air their grievances -- as cause for optimism.

Both organizations have come in for unfavorable scrutiny recently, after Golden Prize was able to transfer its membership from the TTIA to the TFPA with seemingly little effort, despite being under investigation.

“MWRN looks forward to building on our social dialogue and welfare committee strengthening program with the associations as an initial step to the strengthening of worker representation, organizing and collective bargaining in the workplace in the future,” said Hall.



GAA To Exclude Outsourcing Of Shrimp Processing To Prevent Labor Abuse

The Global Aquaculture Alliance's Best Aquaculture Practices (BAP) third-party certification program on Dec. 15 took a stand against child labor and forced labor in the shrimp supply chain by prohibiting BAP-certified processing plants from outsourcing the processing of shrimp to third-party entities. The prohibition will take effect Jan. 1, 2016.

The decision to prohibit the practice follows reports of child labor and forced labor in the shrimp supply chain, specifically at peeling and heading "sheds." A shed refers to a seasonal, temporary processing plant that operates independently and is unregistered and unlicensed. Licensed facilities that operate as part of a larger processing plant are not included in the prohibition.

"Our experience over many years with farmed shrimp is that most of the peeling and heading of shrimp is conducted at well run processing facilities, and it is only during infrequent periods of peak supply from farms that outsourcing takes place. The current BAP processing plant standards require facilities that outsource their peeling or heading operations to maintain appropriate controls over the environmental, social and food-safety practices of those outsourced operations. But obviously it would be far better if these processing steps were conducted in-house," said GAA Executive Director Wally Stevens. "Accordingly, we will prohibit BAP-certified facilities from outsourcing their peeling and heading operations, effective Jan. 1, 2016."

BAP is the world's only third-party aquaculture certification program with seafood processing plant standards; no other aquaculture program addresses the outsourcing of processing to a third-party entity. The BAP standards are comprehensive, encompassing the entire aquaculture value chain, from hatcheries and feed mills to farms and processing plants.

GAA takes very seriously allegations of child labor and forced labor in the seafood supply chain, and allegations of non-compliance can trigger an unannounced audit, in addition to routine annual audits. Since its inception in 1997, GAA has proactively addressed issues such as social justice by working with stakeholders to find practical solutions that can be implemented effectively and continuously improved over time.

GAA is fully committed to social justice as one of the pillars of its responsible aquaculture program. BAP-certified processing plants, farms, hatcheries and feed mills are required to meet standards for adequate wages, a safe and healthy working environment and prevention of child labor and forced labor. The BAP program is based on third-party audits by independent certification bodies to ensure compliance with the BAP standards.

However, the prevention of child labor and forced labor can only be accomplished with the cooperation of all stakeholders — industry, the marketplace, government and non-governmental players promoting labor rights. Third-party certification programs like BAP are a key component of the solution. But the eradication of child labor and forced labor will not be achieved without the consistent enforcement of labor laws by local officials.

About GAA

The Global Aquaculture Alliance is an international, nonprofit trade association dedicated to advancing environmentally and socially responsible aquaculture. Through the development of its Best Aquaculture Practices certification standards, GAA has become the leading standards-setting organization for aquaculture seafood.