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# **Submission to Australian Senate Rural and Regional Affairs and Transport Reference Committee**

## **Inquiry into the Current Requirements for Labelling of Seafood and Seafood Products**

1 August 2014

This submission is presented by Seafood New Zealand. In Australian terms, Seafood New Zealand is the peak industry body for the combined interests of the New Zealand commercial seafood sector. Seafood New Zealand is a company owned by the five entities that represent the interests of rights owners in capture fishing and aquaculture.

This submission is in response to the Australian Senate Rural and Regional Affairs and Transport Reference Committee inquiry into the current requirements for labelling of seafood and seafood products.

The New Zealand commercial seafood sector is a significant supplier of seafood and seafood products to the Australian market. In 2013, New Zealand exporters sold a total of 40,161 tonnes of seafood and seafood products to Australian customers with a f.o.b. value of NZ\$276 million. Adjusted for the costs of freight and associated costs to market and translated to Australian dollars, New Zealand's seafood exports were worth in the order of AUS\$260 million. The 40 thousand tonnes of seafood products had a live weight equivalent in excess of 70 thousand tonnes – or about one third of Australia's domestic production of edible seafood in 2011/12.<sup>1</sup>

The Australian seafood market is of considerable importance to the New Zealand seafood sector. Seafood New Zealand estimates that New Zealand exports about 90% by value of total seafood production globally. Australia is nominally the second largest market for New Zealand exporters, after China. In reality Australia is the key market for most small to medium sized seafood producers and the leading market for a very wide range of species harvested from in-shore fisheries. In 2013 New Zealand exporters sold some 50 different species of fish, shellfish and crustaceans to Australian customers – many of them being species common to both countries and familiar to Australian consumers.

Both economies benefit enormously from the open trading conditions between the countries. While a number of submitters to the Committee have made negative comments about Australia sourcing seafood from developing countries in Asia, seafood sourced from New Zealand comes from well managed fisheries and aquaculture operations, processed to standards of food safety and quality at least as rigorous as those applying in Australia.

The submission following takes the form of responses to each of the questions asked by the Committee:

- a) whether the current requirements provide consumers with sufficient information to make informed choices, including choices based on sustainability and provenance preferences, regarding their purchases;

Australian industry has placed considerable store in the Fish Names Standard as a means of bringing transparency for consumers as to the species of fish on offer, whether from domestic or import sources. New Zealand exporters have cooperated with Australian interests in respecting the standard. The Fish Names Committee has been very prepared to accommodate some New Zealand naming conventions for some species. Overall compliance with the standard has been steadily improving and consumers are generally supplied with names that are not misleading.

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<sup>1</sup> ABARES, Australian Fisheries Statistics 2012, Table 93 Summary of Fisheries Production, Canberra

Similarly, Australian Country of Origin naming requirements, that apply to unpackaged as well as packaged seafood, clarify the origin of single ingredient fish products. The bias in the naming convention that favours identifying Australian origin wherever possible in the processing value chain to market does suppress knowledge of the origin of imported fish if it has been processed or packed in Australia and simply described as “local and imported” ingredients.

There is nothing in current labelling requirements in Australia that examines other aspects of provenance – such as “sustainability”. Customers may infer them in the country of origin of the fish – to the extent that country of origin labelling as it currently applies makes the initial origin of the fish product transparent. The developing demand for voluntary third party certification and eco-labelling of fish is a response to that customer interest to know more about the provenance of the fish they choose to eat.

- b) whether the current requirements allow for best-practice traceability of product chain-of-custody;

Complying with the fish names standard is a significant contributor to traceability. As noted, the bias in the Australian Country of Origin rules that enable origin of primary raw material in processed fish product in favour of the country where the goods were processed or manufactured reduces transparency and may reduce traceability rigour.

- c) the regulations in other jurisdictions, with particular reference to the standards in the European Union (EU) under the common market regulation (EU) No 1379/2013 Article 35;

EU regulation 1379/2013 comes into force at the end of 2014. It is the latest of three regulations relating to the reform of the Common Fisheries Policy and market related consequences arising from that reform process. The other relevant regulations are (EC)1224/2009 and (EU)404/2011. New Zealand seafood companies export close to NZ\$200 million worth of seafood to EU markets directly and several tens of millions dollars more of New Zealand origin seafood is exported to the EU after processing in third countries, notably China. We are still coming to grips with the full impact of these regulations, which need to be read in conjunction with the regulation for all other food information requirements (EU)1169/2011.

Our current conclusion is that the outcome is likely to be confused and confusing and will result in considerable complexity in supply chain management for EU suppliers. The suite of regulations will be particularly onerous for small scale suppliers, retailers and food service businesses in Europe. In summary, wild capture fish will need to be separated not only by species, but by fishery origin, vessel and catching method. If frozen, further separation by date of first freezing will be required in addition to any subsequent processing and re-freezing. These separation variables will be required to be maintained through to final point of retail sale or supply to a food service operator and the information displayed at point of retail sale.

There is no other jurisdiction in the world demanding this degree of disaggregated traceability and labelling through to final point of sale. It is difficult to establish the business case for the level of traceability complexity that the EU will demand as from the end of this year and it is unclear what

the consequences will be for EU food business operators being able to continue to source the wide range of seafood that is presently imported from all round the world.

If similarly regulated in Australia, it would make the operation of supply chains to retail considerably more complex. Australia would become a much less attractive export market for small scale suppliers from New Zealand who supply the wide range of inshore fish species in strong demand in Australia.

- d) the need for consistent definitions and use of terms in product labelling, including catch area, species names, production method (including gear category), and taking into account Food and Agriculture Organisation guidelines;

It is unclear exactly what it is that the Committee is trying to seek in this question. The FAO has a wide range of technical guidelines that serve to provide a common language for defining fishing areas at a macro level, gear types and methodologies. Australia has a well-developed standard for fish naming in English language. However the only internationally agreed way to distinguish similar species from each other – whether similar biologically or morphologically – is by the Latin species name. In multi lingual situations – as in the case of the EU – the Latin name is the final reference point. That should not be necessary in Australia.

The FAO Code of Conduct for Responsible Fishing has a section on responsible trading. Among its criteria is a reminder that technical market access requirements, implicitly including labelling, “should not directly or indirectly create unnecessary or hidden barriers to trade which limit the consumer’s freedom of choice of supplier or that restrict market access.” It is a caution worth noting by the Committee.

- e) the need for labelling for cooked or pre-prepared seafood products with reference to the Northern Territory’s seafood country of origin regulation;

This is not a matter that is familiar to New Zealand seafood suppliers to the Australian (or Northern Territory) market, as it takes place after sales by New Zealand exporters have been completed. The New Zealand seafood industry is proud of its products and welcomes food service customers taking every opportunity to inform their customers that the seafood they are going to eat has originated from New Zealand.

- f) recommendations for the provision of consumer information as determined through the Common Language Group process conducted by the Fisheries Research and Development Corporation;

Seafood New Zealand has considerable respect for the work of the Fisheries Research and Development Corporation and has confidence in its processes in Australia.

- g) whether current labelling laws allow domestic seafood producers to compete on even terms with imported seafood products; and

This submission has made cautionary remarks about the outcome of current country of origin labelling requirements in Australia that emphasise the Australian content of processed and

manufactured products wherever possible. New Zealand seafood suppliers to Australia are active wherever possible to ensure that their customers are aware of the origin of their seafood products.

h) any related matters.

Food safety related information needs to be as transparent as it can be in order to enable consumers to take responsibility for their particular interests – as for example in regard to allergenic exposure. The fact that seafood may have been produced by a particular harvest or husbandry method is not a food safety concern, although it may be of concern to some consumers. We support information transparency. However we have deep concern, as suppliers to EU markets, that the EU's new information requirements and their consequences for inventory control and separation through the supply chain to point of final sale in European markets will be particularly onerous. We certainly do not regard EU regulation 1379/2013 as international best practice and would caution against adoption in Australia. We would submit that the implementation of traceability requirements and consequential consumer information provision in the United States as a consequence of the Food Safety Modernization Act may be a more productive model to be examined for application in Australia.

This submission was prepared by:

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