B5 ADFG letter to MSC RE Russia JUNE 2023



## **Department of Fish and Game**

OFFICE OF THE COMMISSIONER
Headquarters Office

1255 West 8<sup>th</sup> Street P.O. Box 115526 Juneau, Alaska 99811-5526 Main: 907.465.6136 Fax: 907.465.2332

May 30, 2023

Mr. Rupert Howes Chief Executive Marine Stewardship Council Via Email: Rupert.Howes@msc.org

Dear Mr. Howes:

I am writing to express my deep concern regarding the Marine Stewardship Council's actions regarding certification and monitoring of Russian seafood since the brutal escalation of the Russo-Ukrainian war commenced in February 2022.

As Commissioner of the Alaska Department of Fish and Game, I am proud to work every day with people who make the fisheries of our State and our region a global model of sustainability. Although many of these fisheries are certified by the Marine Stewardship Council (MSC) for market access purposes, they were sustainably managed long before your organization was conceived, and will continue to be with or without a certification scheme. In fact, sustainability is enshrined in our State constitution. For generations, consumers the world over have known that by purchasing Alaska seafood they are supporting healthy marine ecosystems and fisheries that support thriving coastal communities.

More recently, many consumers have also come to trust the MSC "blue tick". That trust is now being jeopardized by your apparent determination to deploy your program's eco-label to "blue wash" Russian seafood in global markets and lead consumers to believe they are an equivalent responsible alternative to Alaska seafood products. It is an extraordinary decision for you and your organization to have made.

While governments and corporations of good conscience reacted to the Russian invasion of Ukraine by seeking to isolate Russia and deprive it of revenue that could fuel its war machine, your program has instead spent the last 15 months working overtime to keep Russian seafood flowing to Western markets. This has ensured that Russian-certified fishery products can still enter North America and Europe, largely through China and Southeast Asian seafood processing hubs. At the same time, your actions have helped ensure that an important sector of the Russian economy with close ties to the Kremlin has remained fully intact.

As a result of the MSC's actions, lucrative revenue for Russian fisheries has been provided by seafood consumers of good conscience whose only mistake has been to trust the MSC logo. Your "blue tick" has provided a veneer of respectability to product that seafood buyers would otherwise more closely scrutinize. Many would not imagine that their reliance on the MSC logo is resulting in purchasing decisions that are ultimately providing monetary support for the Putin regime and its war.

Your actions to keep vouching for Russian fisheries in the global seafood marketplace after last year's escalation in Ukraine is unacceptable. Remarkably, the moral failure of that choice is now being compounded by the latitude you are extending to your Russian fishery clients. Judging by a series of accommodations that you have recently granted, the MSC considers the invasion of Ukraine and its consequences to be an acceptable pretext for extending differential and favorable treatment to Russian fishery clients.

As detailed below, you have seen fit to provide such accommodations to Russian salmon, pollock and crab certificate holders.

• 10 Russian salmon fisheries are certified for the MSC by Conformity Assessment Body MRAG Americas. These fisheries are all conditionally certified due to management practices that fall short of what the MSC Standard requires. As a result, MSC guidance mandates that surveillance audits be performed with the entire assessment team on site. Yet as a rationale for a variation request, MRAG Americas cited the State Department Level 4: Do Not Travel advisory for Russia. That advisory is based on "the unpredictable consequences of the unprovoked full-scale invasion of Ukraine by Russian military forces, the potential for harassment and the singling out of U.S. citizens for detention by Russian government security officials, the arbitrary enforcement of local law, limited flights into and out of Russia, the Embassy's limited ability to assist U.S. citizens in Russia, and the possibility of terrorism". The variation request sought to limit the number of assessment team members on site during surveillance and re-assessment activities to a single Russian individual. The MSC contorted its own guidance to grant the request, providing Russian fisheries with special and differential treatment due to a war that the Russian regime itself instigated.

Contrast this with the MSC process relating to the Alaska Salmon fisheries certificate. A full assessment team of four people conducted intensive in-person meetings in Anchorage and Sitka that spanned four days in December 2022. These meetings, which included fishery participant representatives and government agency staff, scrutinized every aspect of Alaska salmon fisheries management and enforcement to assess its compliance with MSC requirements. Apparently in the wake of Russia's invasion, it is acceptable to you that Russian salmon fisheries receive meaningfully less scrutiny than Alaska salmon fisheries.

• The Russian Western Bering Sea pollock fishery was "conditionally" certified by the MSC in July 2021. This conditional certification was issued despite the initial assessment process being entirely remote, which was deemed allowable by the MSC only due to COVID-19 derogations. The fishery's surveillance plan required an on-site surveillance audit to occur within 18 months of the initial certification. Yet with the Russian invasion of Ukraine providing the pretext, the MSC took the extraordinary step of ignoring its own process standards and agreeing to a variation request that extended the time between annual surveillance audits to 21 months. The lack of routine surveillance audits has meant that the fishery—which was certified with four conditions due to management practices and information that fall short of what the MSC Standard requires—has not

<sup>&</sup>lt;sup>1</sup> MRAG variation request Russian salmon

<sup>&</sup>lt;sup>2</sup> U.S. State Department travel advisory for Russia

<sup>&</sup>lt;sup>3</sup> MSC variation response Russian salmon

<sup>&</sup>lt;sup>4</sup> MSC covid-19 derogation 2020

<sup>&</sup>lt;sup>5</sup> MSC variation response WBS pollock

needed to demonstrate necessary management improvements in a timely manner as would normally be required.

It is remarkable that the Russian Western Bering Sea pollock fishery has been selling conditionally certified product since April 2021 despite not having had any in-person assessment whatsoever. Even more remarkably, an on-site audit is not planned until the third surveillance audit, which could potentially stretch into 2025.<sup>6</sup>

• The Russian Barents Sea Red King Crab fishery was certified in 2018 for a period of five years. In February 2023, however, the client submitted a variation request to extend its certificate by four months because the fishery's Conformity Assessment Body, Lloyd's Register, had halted all activities relating to Russia due to the invasion of Ukraine. Remarkably, the request was granted by the MSC.

Lloyd's Register announced its withdrawal from business contracts with all Russian entities on March 10, 2022. Rather than immediately react to this announcement, the Barents Sea Red King Crab fishery waited 11 full months to submit its variation request. The MSC's response was nonetheless to waive its own timelines and requirements to avoid any lapse in the certification.

It is profoundly jarring that the moral courage shown by Lloyd's Register in discontinuing its operations relating to Russian fisheries was itself used as a pretext to grant this fishery significant additional time to comply with central elements of the MSC program.

Another dimension of the MSC's special indulgence of Russian fisheries are grave issues relating to labor practices in Russian seafood supply chains. The MSC recently touted the expansion of its due diligence on seafood labor practices. Throughout two years of COVID workforce health and safety measures, the State of Alaska made extraordinary effort to ensure a safe work environment for seafood harvesters and processors. Vessel and shore-based operations had extensive reporting requirements and regular collaboration with the State to manage COVID risk. Beyond and since the sunset of COVID measures, fishing vessels and seafood processors are highly regulated in Alaska, with on-site inspections and active coordinated at-sea enforcement. To the extent the Alaska seafood industry engages foreign workers—the class of workforce typically considered around the world as most vulnerable and at-risk—they work exclusively under a unique visa program designed to prevent exploitative or discriminatory practices. Ironically, the largest proportion of foreign seafood processing workforce in Alaska from any single country have traditionally come from Ukraine, and before the Russian invasion they had returned year after year to support our seasonal operations. In contrast, it is widely known that the Russian economy benefits from North Korean labor and other populations at risk of exploitation. 10 The extended

<sup>&</sup>lt;sup>6</sup> WBS pollock PCR see 5.5 Surveillance p. 285

<sup>&</sup>lt;sup>7</sup> UCSL variation request Russia Barents Sea RKC

<sup>&</sup>lt;sup>8</sup> MSC variation response Russia Barents Sea RKC

<sup>&</sup>lt;sup>9</sup> LR withdraws services to Russia

<sup>&</sup>lt;sup>10</sup> See for example, the U.S. State Department's most recent annual <u>Trafficking in Persons Report</u>, which includes Russia as one of just 11 countries globally with a Tier 3 ranking, indicating "a documented 'policy or pattern' of human trafficking, trafficking in government-funded programs, forced labor in government-affiliated medical services or other sectors, sexual slavery in government camps, or the employment or recruitment of child soldiers". The report finds that the Russian government "was actively complicit in the forced labor of North Korean workers" and that "[t]he government did not screen North Korean workers for trafficking indicators or identify any North Korean trafficking victims, despite credible reports in previous years that the Democratic People's Republic of Korea (DPRK) operated work camps in Russia and exploited thousands of North Korean workers in forced labor." Maritime industries are highlighted by the report as a particular area of concern.

timeline of no independent external site visits to Russian seafood platforms in combination with Russian willingness to exploit North Korean workforces makes the Russian seafood sector high risk for egregious labor practices. The MSC seems content with self-declarations of good practice while risks mount in Russia and credible external social audits are not available. No such variances are made for Alaska fisheries.

Who are the beneficiaries of the MSC's decision not only to "blue wash" Russian seafood but also to extend extraordinary differential and favorable treatment to its Russian fishery clients? The answer is clear: the MSC itself and the Putin regime.

With respect to the MSC, your revenue model, based on logo license fees, is unquestionably operating to incentivize the prioritization of product volume. It is a simple fact that your organization is continuing to derive significant revenue from the labelling of Russian seafood products that otherwise would have been lost. I find your choice to prioritize maintenance of this revenue stream despite Russia's war of aggression in Ukraine to be morally repugnant.

With respect to the Putin regime, close ties between the Kremlin and the Russian fishing industry are well documented and widely understood. To take just one example, Gleb Frank until recently served as the chairman and primary owner of the Russian Fishery Company, one of Russia's largest whitefish harvesters. He also owned a controlling stake in the Russian Crab Group, the largest crab quota holder in Russia's Far East. Frank's close ties to the Kremlin landed him on the U.S. Department of the Treasury's Office of Foreign Assets Control sanctions list in March 2022.11

Although those U.S. sanctions forced Frank to formally divest, there is absolutely no reason to believe that any new distance has been established between the Russian fishing industry and the Kremlin; quite the contrary. To take just one recent example, last month a joint investigation by the public broadcasters of several Nordic countries uncovered a Russian state-run program to use fishing vessels in the North Sea as spy ships, with capabilities to attack communications cables and other critical infrastructure.12

It is nothing short of outrageous that over the last 15 months the MSC has observed Russian actions in Ukraine, assessed the implications for its Russian client fisheries, and chosen a path of accommodation and appearament. You have preserved your own revenue stream from Russian fisheries while providing indirect support for the Putin regime and his brutal war of aggression all the while applying more strict standards to Alaska's fisheries.

I urge you and your organization in the strongest possible terms to belatedly act with decency and immediately end your operations in Russia.

Sincerely,

Doug Vincent-Lang Commissioner

<sup>11</sup> RFC owner sells out on day of US treasury department sanctions

<sup>&</sup>lt;sup>12</sup> Russian spy network operating in North Sea

cc: Werner Kiene, Chairman, MSC Board of Trustees Tyson Gallagher, Chief of Staff, Governor's Office, State of Alaska

The Honorable Lisa Murkowski, United States Senate

The Honorable Dan Sullivan, United States Senate

The Honorable Mary Sattler Peltola, United States House of Representatives

Sam Rabung, Director, Commercial Fisheries, Department of Fish and Game, State of

Alaska

Drue Pearce, Government Affairs Director, Holland & Hart LLP