

How the Fisheries Eco-Label Began to Spread in Japan ¹

A Sense of Crisis and the Need for Evolution in Toyosu Market

Hiroyuki Matsuda, Professor, Graduate School of Environment and Information Studies,
Yokohama National University; Pew Marine Conservation Fellow

December 21, 2020

With the Tokyo Olympics and Paralympics and the revised Fisheries Law that went into effect in fiscal year 2020, momentum for dealing with fisheries eco-labels is spreading in the Japanese fisheries industry. Fisheries eco-labeling is a mechanism for consumers to select marine products procured in an environmentally friendly manner, and the Food and Agriculture Organization of the United Nations (FAO) has established international guidelines. Internationally, the Marine Stewardship Council (MSC) and Aquaculture Stewardship Council (ASC) are known for their ecolabels, and in Japan, the Marine Ecolabel Council's (MEL) new standard received international certification in December 2019.



Chilled red snow crab with the Marine Ecolabel Japan logo.

However, few Japanese consumers are still willing to buy only eco-labeled seafood. Freshness, taste, price, and other criteria unrelated to the eco-label are much more important. Why, then, are eco-labels becoming so popular? We will discuss the mechanism and consider

¹ * This is originally published in Asahi Newspaper Online Journal “Ronza” in Japanese.
<https://webronza.asahi.com/science/articles/2020121000004.html>
(Translated with www.DeepL.com/Translator (free version))

the future of the wholesale market.

Can't fish in Toyosu Market be served in the athletes' village at the Tokyo Olympics?

The trend to use only eco-label-certified products as ingredients for the Olympic Games has been growing since the London Olympics, and marine products handled at the London and Rio Olympics were limited to MSC and ASC certified products. In holding the Olympics in Tokyo, there was concern that there were still few MSC and ASC certified fisheries in Japan, and that few domestic products could be provided. In the end, the Tokyo Olympics decided that any product that meets its own certification scheme that takes sustainability into consideration², including MEL, the old standard created by Japan, is acceptable, but it is up to the traders to decide what they will actually handle. It seems that those involved in the Toyosu market, which has just relocated, had a sense of crisis that they would not be able to handle fish from the Toyosu at the Olympic athletes' village just a few blocks away.

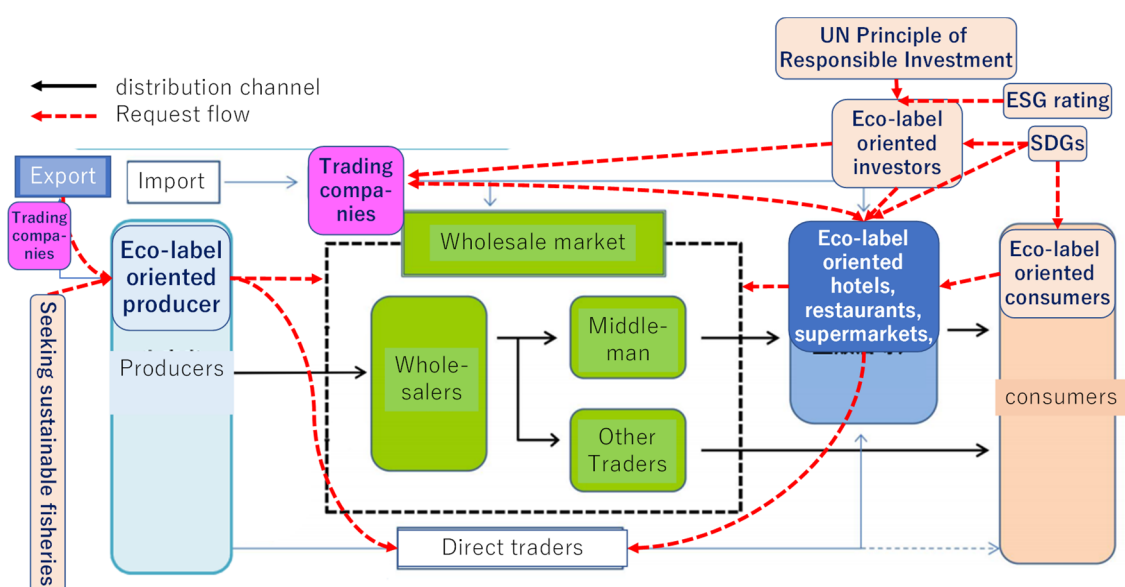


Figure 1: Major distribution channels for fresh food and other products surrounding wholesale markets and the flow of requests for eco-label orientation = from the Tokyo Metropolitan Government Reform Headquarters (2018) Visualization and Reform Report, "Operation and Development of Existing Markets. Red lines and red frames are Matsuda's additions.

Tokyo Metropolitan Government Reform Headquarters (2018³) Visualization Reform Report, "Operation and Maintenance of Existing Markets."

² <https://www.wwf.or.jp/activities/basicinfo/3924.html>

³ <https://www.toseikaikaku.metro.tokyo.lg.jp/mierukahoukokusyo/12tyuouoroshiuri/49-kisetushijo.pdf>

There are two types of eco-label certification: producer certification for "fisheries" and "aquaculture," and chain-of-custody (CoC) certification for processing and distribution companies. Any seafood that has gone through even one non-certified vendor along the way cannot be eco-labeled. Therefore, if the wholesalers and brokers at the wholesale market (Figure 1), as well as trading participants, did not obtain CoC certification, marine products that passed through the wholesale market could not bear the eco-label, making it difficult to sell them at the Olympic Village.

Exporting to Europe and the U.S. Requires Eco-Labeling

The government is talking about making agriculture, forestry, and fisheries products an export industry. In particular, when exporting to Western countries, it is difficult to sell products without eco-labels, which are widespread in Europe and the United States. Therefore, some producers and brokers aiming to export are acquiring eco-label certification.

In the case of seafood products from the Toyosu market, the eco-label cannot be affixed unless a large wholesaler obtains the certification. Those companies that are able to procure directly from producers without going through the wholesale market may be further diverted away from the Toyosu market.

Investors begin to demand eco-label certification from hotels, food service companies, and major wholesalers.

Wholesalers, mass merchandisers, and restaurants to which wholesale market brokers sell marine products are called actual consumers. When those actual consumers receive loans from major banks and other institutions, the major banks will comply with the Principles for Responsible Banking, which the United Nations Environment Programme (UNEP) and Financial Initiative put into effect in 2019, among others. Under these principles, evaluation agencies will rate companies on their ESG (environmental, social, and governance) considerations, and in the case of fisheries, companies that damage ecosystems, overwork their workers, or engage in accounting irregularities will be shunned.

Eco-labels are also evaluated not only on the sustainability of resources, but also on impacts such as bycatch and corporate governance. In other words, not obtaining CoC certification can be a disadvantage in terms of ESG ratings.

After the 2011 earthquake, many plans for new coal-fired power plants existed in Japan, many of which are said to have been abandoned for ESG divestment. If actual consumers are to obtain CoC certification, the Toyosu market major wholesalers must also

obtain CoC certification or it will not be able to sell fish.

On November 7, 2020, the Toyosu market officials hosted "Thinking about Fisheries Resources from Toyosu." This video can be viewed on YouTube⁴. I had the opportunity to give a keynote speech there, in which I explained my idea described in this paper. I was also able to hear the voices of those involved in the panel discussion.



Middle wholesalers at the expanded Toyosu Market (September 23, 2020; photo by Yusuke Nagano, Koto-ku, Tokyo).

Connoisseurship Skills Needed in Wholesale Markets

Of course, eco-label orientation is increasing among general consumers. However, what is important is export and ESG investment, and the Tokyo Olympics is an opportunity for this momentum to spread rapidly.

However, the eco-labeling process is costly, with registration fees ranging from several million to several tens of millions of yen for each three to five-year renewal required to obtain ASC/MSC fishery certification, and the main concern for CoC certifiers is the difficulty in passing these costs onto prices. This is one of the limitations of the ESG, which is not consumer-driven. Even producers who have certified their products with the eco-label do not fulfill the eco-label requirements for a part of their products, but the use of their products to export.

Sustainable fisheries cannot ensure a stable supply of seafood.

⁴ <https://www.youtube.com/watch?v=Y3rdxCYeRPE>

Obtaining CoC certification is a solution to a weakness rather than a strength of the Toyosu market. If the central wholesale market Toyosu, a system unique to Japan and Korea, is to be maintained in the future, it will need to evolve in line with the new era, based on the features of the Tsukiji market era.

It is important to emphasize to the reader that sustainable fisheries do not guarantee a stable supply of each species of fish every day of the year in the case of fisheries that catch fish rather than cultivate them. The national catch of Japanese sardines increased about 500-fold between 1965 and 1988, and is often referred to in ecology textbooks as an organism with a large range of natural fluctuation. Fishing a naturally fluctuating resource in fixed quantities leads to overfishing during periods of low levels. At that time, the catch must be further reduced to ensure sustainable fisheries. In some cases, sustainable fishing and stable supply are incompatible. Furthermore, catches change on a daily basis.

It is the important role of the middleman as a "connoisseur" to mediate the species and quantity of fish available in today's market to meet the demand of each actual consumer. This remains true even in the age of eco-labeling. This is where the middleman has an advantage that direct trade contracts cannot offer.

The Increasingly Important "Connoisseur" Role of the Broker

To begin with, the eco-label is a system whereby a certifying organization judges environmentally friendly marine products on behalf of consumers. Even if the same label is applied, environmental friendliness is not always uniform. On the other hand, what consumers and consumers are most interested in is not environmental friendliness but the taste and freshness of the fish. In the end, the role of a connoisseur who comprehensively judges these factors is expected of middlemen.

As the criteria for judgment, including ESG, have become more complex, it has become increasingly difficult for consumers and actual buyers to make their own judgments. This is why we expect middlemen/brokers to understand the circumstances behind the ecolabel criteria, such as sustainability, bycatch and dumping, and responsible investment principles, and to make daily decisions with an understanding of the difficulties of balancing a sustainable fishery with a stable supply.

There may be more competition and differentiation in connoisseurship among middlemen/brokers. I hope that this will not lead to exhaustion of the wholesale market but to revitalization, which in turn will drive the entire society, including government officials, politicians, and the press, to deepen their understanding of the "sustainable use of fluctuating marine resources".



Tuna auction at the expanded Toyosu market (photo by Shinnosuke Ito, Koto-ku, Tokyo, November 2, 2020, 5:38 a.m.)

There remains no end to concerns about what will happen to the Tokyo Olympics and Paralympics. However, it is certain that the event has played a role in promoting the use of eco-labels for agricultural, forestry, and fishery products in Japan. The fact that the Toyosu market is located so close to the athletes' village may also be a twist of fate.

I could sense that the eco-labeling is not the end of the wholesale market, but the beginning of a new history.