

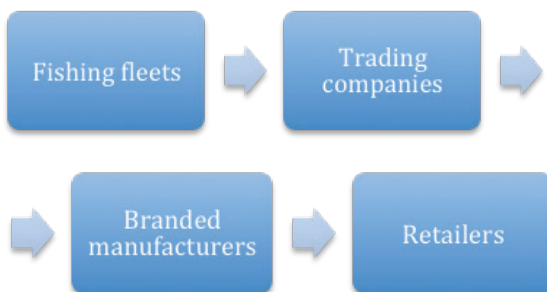


# Tuna supply chains

Tinned tuna is a highly popular low cost source of protein, and, after prawns/shrimp, is the world's second most popular seafood product in terms of value and volume traded: In 2008, total global tuna consumption was valued at USD7.5 billion.

The vast majority of tinned tuna is produced for the US and European markets. These markets are reliant on imports from all over the world, and manufacturers tend to source fish from several oceans in order to guarantee consistency of supply. As a result, **tuna consumption in the US and Europe is reliant on global supply chains** involving various players, including:

- The fleets that catch the fish
- The traders that act as middlemen between the fishing fleets and the manufacturers
- The manufacturers that process and package the fish
- The retailers that sell the fish to the final consumer



Transport workers play a vital role in these supply chains. Each of these stages is connected by transport workers moving tuna by road, rail, sea and air between companies and sites.

### Lead firms in tuna supply chains

Tinned tuna supply chains are known as **buyer-driven supply chains**. This is because the lead firms that exercise power over other players in the supply chain are the large supermarkets that dominate the grocery markets in the US and Europe. Companies such as Walmart (USA), Tesco (UK) and Carrefour (France) have come to dominate the market for fast-moving consumer goods in their respective

countries. In supply chains for tinned tuna this has created a situation known as an 'oligopsony', where there are a few powerful buyers and many sellers. These retailers use their massive buying power to exert pressure on other companies in the supply chain in order to influence prices and standards.

### The structure of tuna supply chains

The power exercised by retailers has several important effects on the rest of the supply chain.

First, it is leading to the **concentration of manufacturers into a few major brands**. For example, the 'big three' brands (StarKist, Bumble Bee and Chicken of the Sea) command over 80 percent of the value in the US market. This is because big supermarkets will only give shelf space to the two or three most popular brands, and it is only the biggest brands that have the economies of scale to meet the supermarkets' demands for low prices. Ownership of the major tinned tuna brands is becoming increasingly concentrated in the hands of a small number of major multinational corporations. In addition, the market in procuring tuna from fishing fleets and supplying it to manufacturers is typically dominated by large trading companies. For example, three firms dominate the tuna trade in the Western and Central Pacific Ocean region: FCF, Tri Marine and Itochu. As such, although retailers are the lead firms in these supply chains, branded manufacturers and trading firms are also relatively powerful.

By contrast, the fishing firms that supply the branded manufacturers with raw material are geographically dispersed across the globe, their ownership is highly fragmented, and there is a high level of competition between fleets. This allows the supermarkets, branded manufacturers and trading firms to **play suppliers off against each other, forcing down the price of raw materials in the process**.

Big supermarkets engage in price wars to compete for customers, and tuna is often sold on promotion. **Suppliers are expected to absorb the costs of discounts, putting them under intense pressure.**

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This pressure is transmitted down the supply chain to boat owners who respond by looking for ways to cut costs by

- Lowering wages and expecting crew to work longer and harder for less money
- Avoiding national regulations by flying flags of convenience instead of national flags

As a result, **the pressure put on the whole supply chain by retailers has a negative effect on working conditions further up the chain.**

### **What does this mean for transport workers and their unions?**

Across global tuna supply chains, workers are engaged in fishing, trading, transporting, processing and retailing tuna. In order to improve conditions for these workers, it is necessary to combat the immense buying power of lead firms. This can only be achieved by the different types of worker involved in tuna supply chains cooperating in order to improve their collective bargaining power. Unfortunately, however, only a

small percentage of workers in the fishing industry are unionised. In order to address this, the ITF has joined forces with the International Union of Food, Agricultural and Hospitality Workers (IUF) to establish the **catcher to counter initiative**. This initiative is designed to address the lack of regulation and union activity by achieving the following objectives:

- Increase union membership
- Increase union power
- Standardise conditions across different companies
- Improve workers' terms and conditions
- Guarantee conditions of work
- Establish process to assure that fishing is not illegal, unregulated and unreported

These objectives can only be achieved by organising across the sector as a whole – from catcher to counter – and **encouraging co-operation between unions that represent different types of worker engaged in fishing supply chains.**

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