



Overfishing Poses Risks for Investors

Depleting fish stocks harms more than ocean ecosystems.



Source: Pexels

By Marlene Cimons

The world's oceans provide an important source of protein and other nutrients for many coastal countries, and a livelihood for those who live there. They also generate income for those who invest in the global fishing companies that harvest the seafood.

But a group of researchers who studied the practices of many of the world's largest fishing companies believes that fish stocks may be threatened by overfishing, depleting fish stocks and bringing them to the brink of ruin. Also, they said, many fishing companies hide their behavior from shareholders, putting their investments at risk. Their findings are described in a recent [report](#) released by the [Fish Tracker Initiative](#) in partnership with the [Sea Around Us](#), a project of the University of British Columbia.

“Continued short term exploitation of fish stocks is leading to a long term reduction and eventual collapse of these stocks, on which we depend for nutrition and, in the case of investors, financial return,” said Ben Metz, who led the “Fish Tracker” project. “All companies should be moving towards increased transparency and improved sustainability practices, regardless of location, country of origin or existing levels of transparency and sustainability.”



Local catch at a fish market. Source: Pexels

Ocean health has become the focus of increasing concerns in recent years, as the effects of climate change continue to disrupt delicate marine ecosystems. Global warming is raising water temperatures. Oceans are also absorbing more atmospheric carbon dioxide, causing them to become more acidic. Marine advocates, therefore, insist protecting ocean life must become a higher priority within global plans to mitigate global warming.

A number of organizations, academic institutions and companies, in fact, have signed on to the [Ocean & Climate Platform](#), a [policy](#)

[framework](#) that calls for more sustainability, including a [warning](#) that fishing companies consider the impact of climate change on ecosystems and fish stocks. One [study](#) published in the journal *Nature Climate Change* concluded that more than two-thirds of nations do not include ocean issues and resources in their climate action plans.

The “Fish Tracker” study, which examined the behavior of more than 200 publicly listed world-wide fishing companies with revenues of more than \$70 billion, predicted that companies with significant catch from overfished areas risk a crash in fish supplies that could then lead to a plunge in revenues. This is “something shareholders certainly would like to be aware of,” said Benjamin McCarron, the report’s author. “Even before they incur any such losses, companies that target overfished stocks face substantial reputational risk.”

By shareholders, the researchers mean institutional investors — not individuals. However, individuals also could become vulnerable if their pension funds are invested in these companies, and the companies incur substantial losses.

“From an investment point of view, if the underlying asset is at risk of reduced performance, then the investor is also at risk of reduced performance. It’s as simple as that,” Metz said. “A well-managed fishery delivers more value than a poorly managed one, so we should all care about improved management, especially investors as it materially affects them.”



Commercial fishing nets. Source: Pixabay

No single international organization monitors global fishing. Most fishing is regulated by national governments within their 200-mile exclusive economic zone, that is, the waters they control. Beyond that area, fishing is regulated by regional management fishing organizations and their member countries.

The problems outlined in the report occur when companies catch more fish than the population can replace through natural reproduction, a scenario that can seriously upset the balance of the ecosystem. “Unless companies are fishing an endangered fish stock at very low levels, if the biomass continues to deplete, it logically cannot go on forever,” said Tim Cashion, a researcher with the Sea Around Us. “When a point is reached when they can no longer fish that stock, they will need to reduce their current level of catches to let the stock rebuild.”

One of the strongest examples of the economic consequences of overfishing cited by the study was the case of Atlantic cod caught off Newfoundland. The stock collapsed, having a significant impact on fishers—the value of the fish caught and brought to land plummeted from a 1987 peak of \$980 million to \$20 million eight years later. The region still has not recovered, and revenues since 1999 have not risen above \$100 million, according to the report.



Atlantic cod have been overfished. Source: Pixabay

The study found that nearly a third of the regions mostly fished by giant companies, including those in South Korea, Norway and Canada, are overfished. Moreover, the analysis also found that most publicly listed companies don't tell their shareholders where they are getting their fish, and "at what risk to ecological and economic sustainability," the report said. "Only six of the 19 companies with the largest direct fishing revenues disclosed this information in their annual reporting or corporate websites," McCarron said.

Two dozen scientists and finance sector researchers worked on the report. They said obtaining the information was a significant challenge, since it is difficult to trace fishing supply lines. Also, many companies don't disclose what species they catch, the scientists said. The researchers matched companies' records in regional fisheries management organizations with the vessels they have registered there, "then, we evaluated the fishery's broader sustainability," Cashion said.

The report urged all companies to adopt greater transparency and improved sustainability practices, "regardless of location, country of origin or existing levels of transparency and sustainability," Metz said.

Cashion agreed. "The local and global supplies of fish are expected to change drastically under a changing climate," he said. "If all fish stocks started collapsing at a faster rate, there would be massive negative consequences across the world for people and the seas."

Marlene Cemons writes for [Nexus Media](#), a syndicated newswire covering climate, energy, policy, art and culture.

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