

# Private standards and certification in fisheries and aquaculture

Current practice and emerging issues



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# Private standards and certification in fisheries and aquaculture

Current practice and emerging issues

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PAPER

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by

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## Preparation of this document

The Food and Agriculture Organization of the United Nations (FAO) Sub-Committee on Fish Trade was established by the FAO Committee on Fisheries (COFI) at its sixteenth session (1985) to provide a multilateral forum for consultations on technical and economic aspects related to international trade in fish and fishery products, including pertinent aspects of production and consumption. The work of the COFI Sub-Committee on Fish Trade includes:

- periodic reviews of the situation and outlook of the principal fishery commodity markets;
- on the basis of special studies, discussion of specific fish trade problems and possible solutions;
- discussion of suitable measures to promote international trade in fish and fishery products and formulation of recommendations to improve the participation of developing countries in this trade, including trade-related services;
- in conjunction with the FAO/WHO Codex Alimentarius Commission, formulation of recommendations for the promotion of international safety and quality standards and the harmonization of safety and quality control and inspection procedures and regulations; and
- consultation and formulation of recommendations for economically viable fishery commodity development, including processing methods, the upgrading of products and production of final products in developing countries.

Whereas the promotion of food safety and quality standards has been a standing agenda item from the early sessions of the Sub-Committee on Fish Trade, interest of the Sub-Committee on Fish Trade in private standards and certification schemes commenced in the early 2000s, first in relation to the development of the FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries. It then expanded to aquaculture certification and to the other areas covered by private standards along the supply chain. A main task of FAO in this respect was to monitor developments and trends and report to the Sub-Committee on Fish Trade for recommendations.

In 2006, the FAO Fisheries and Aquaculture Department published an issues paper on the subject in the FAO flagship publication *The State of World Fisheries and Aquaculture*. This paper highlighted the need to conduct a study of private standards and certification in fisheries and aquaculture and their implications for fish trade from developing countries. Various research projects, desk studies and consultation with stakeholders interested in fish export, fish trade policies, sustainability, ecolabelling and market access followed. In addition, FAO and the Organisation for Economic Co-operation and Development (OECD) organized a Conference on “Globalization and Fisheries” in 2007 and a Roundtable on “Ecolabelling and Certification in the Fisheries Sector” in 2009.

This Technical Paper was written by Sally Washington, Consultant, and Lahsen Ababouch, Chief, Products, Trade and Marketing Service, Fisheries and Aquaculture Department, FAO. It draws on work undertaken since 2006, including studies conducted by the former of the two authors, the outcomes of the two FAO/OECD events, and a preliminary survey of the importance of private standards for European retailers undertaken by Marie Christine Monfort. William Emerson, Senior Fisheries Officer, FAO, provided comments throughout. Thanks are extended to the many individuals from the fishing and aquaculture industries, the retail and processing

sectors, certification schemes, and governments who shared their views and experiences with the authors. Assistance from Jamila Bengoumi, Tina Farmer and Gloria Lorienté in the preparation of the final document is gratefully acknowledged.

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## Abstract

Private standards and related certification schemes are becoming significant features of international fish trade and marketing. They have emerged in areas where there is a perception that public regulatory frameworks are not achieving the desired outcomes, such as sustainability and responsible fisheries management. Their use is also becoming more common in efforts to ensure food safety, quality and environmental sustainability in the growing aquaculture industry.

Private standards are now a key mechanism for large-scale retailers and commercial brand owners wishing to translate requirements—both product and process specifications—to other parts of the supply chain. This is especially important as supply chains become more vertically integrated. Indeed, from the perspective of the firm, private standards and the certification sitting behind them can serve as mechanisms for safety and quality assurance. They can also facilitate traceability, standardization of products from a range of international suppliers, and transparency of production processes.

Attachment to an environmental standard or ecolabel provides retailers and brand owners with insurance against boycotts from environmental groups and negative media coverage. Moreover, it also helps them tap into and grow consumer demand for ethical products. Consequently, the fisheries procurement policies of most large retailers typically include a significant sustainability component, often with targets for wild-caught fish to be certified to an ecolabel, and for farmed fish and seafood to be certified to an aquaculture certification scheme. Suppliers working at the post-harvest level are increasingly required to be certified to a private food safety management scheme. Therefore, the onus is increasingly on suppliers to verify that their products meet certain standards. Certification provides this “burden of proof”.

Although the impact of private standards is not uniform across markets, species or product types, it is likely to increase, including in developing countries, as supermarket chains consolidate their role as the primary distributors of fish and seafood products, and as their procurement policies move away from open markets towards contractual supply relationships. As the leading retail transnationals extend their global reach, their buying strategies are likely to progressively influence retail markets in East Asia, Africa, Eastern Europe and Latin America. Key issues related to the overall impact of private standards in fisheries and aquaculture and how they affect various stakeholders require resolution.

The compliance costs associated with certification to a private standard represent another contentious issue. These costs are borne disproportionately by those upstream in the supply chain rather than those downstream where the demands for certification generate. However, arguably more problematic is the distribution of those costs: Is some redistribution of costs possible, and using what levers?

Furthermore, the multiplicity of drivers for the traceability aspects of private standards schemes, which retailers and brand owners find most compelling, requires integration to meet the multiple requirements relating to food safety, catch certification, illegal, unreported and unregulated (IUU) fishing and the chain-of-custody aspects of private voluntary certification schemes, as well as public regulatory requirements.

Most importantly, the proliferation of private standards causes confusion for many stakeholders: fishers and fish farmers trying to decide which certification scheme will maximize market returns; buyers trying to decide which standards have most credence in the market and will offer returns to reputation and risk management; and

governments trying to decide where private standards fit into their food safety and resource management strategies.

This technical paper analyses the two main types of private standards affecting fish trade, namely ecolabels and food safety and quality standards, and their importance for a range of stakeholders. It addresses issues that are driving their development and examines *inter alia* their policy and governance implications, their impact on costs, their role in traceability, the assessment of their credence, and the challenges and opportunities for developing countries.

**Washington, S.; Ababouch, L.**

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## Abbreviations and acronyms

<b>AB</b>	accreditation body
<b>ACC</b>	Aquaculture Certification Council
<b>AQS</b>	Alaska Quality Seafood
<b>ASC</b>	Aquaculture Sub-Committee
<b>ASEAN</b>	Association of Southeast Asian Nations
<b>ASMI</b>	Alaska Seafood Marketing Institute
<b>B2B</b>	business-to-business
<b>B2C</b>	business-to-consumer
<b>BMP</b>	best management practice
<b>BRC</b>	British Retail Consortium
<b>BSE</b>	Bovine spongiform encephalopathy
<b>CAC</b>	Codex Alimentarius Commission
<b>CCvD–HACCP</b>	Netherlands National Board of Experts–HACCP
<b>CEO</b>	chief executive officer
<b>CJD</b>	Creutzfeldt-Jakob disease
<b>Code</b>	FAO Code of Conduct for Responsible Fisheries
<b>COFI</b>	FAO Committee on Fisheries
<b>CSR</b>	corporate social responsibility
<b>EFM</b>	effective fisheries management
<b>EU</b>	European Union
<b>FAM</b>	Fisheries Assessment Methodology
<b>FAO</b>	Food and Agriculture Organization of the United Nations
<b>FDA</b>	Food and Drug Administration (the United States of America)
<b>FMI</b>	Food Marketing Institute
<b>FOS</b>	Friend of the Sea
<b>FSIG</b>	Fish Sustainability Information Group
<b>FSMS</b>	Food Safety Management Scheme
<b>GAA</b>	Global Aquaculture Alliance
<b>GAP</b>	good aquaculture practice
<b>GFSI</b>	Global Food Safety Initiative
<b>GHP</b>	good hygienic practice
<b>GTZ</b>	German Agency for Technical Cooperation
<b>HACCP</b>	Hazard Analysis and Critical Control Point (system)
<b>IAFI</b>	International Association of Fish Inspectors
<b>IFFO</b>	International Fishmeal and Fish Oil Organisation
<b>IFS</b>	International Food Standard

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<b>IPPC</b>	International Plant Protection Convention
<b>ISEAL</b>	International Social and Environmental Accreditation and Labelling Alliance
<b>ISO</b>	International Organization for Standardization
<b>IUU</b>	illegal, unreported and unregulated (fishing)
<b>MEL</b>	Marine EcoLabel-Japan
<b>ML</b>	maximum limit
<b>MRL</b>	maximum residue limit
<b>MSC</b>	Marine Stewardship Council
<b>NGO</b>	non-governmental organization
<b>NMFS</b>	National Marine Fisheries Service
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OIE</b>	World Organisation for Animal Health
<b>PCB</b>	polychlorinated biphenyl
<b>PPM</b>	production and processing method
<b>RBF</b>	risk-based framework
<b>RFMO</b>	regional fisheries management organization
<b>SeaFIC</b>	Seafood Industry Council (New Zealand)
<b>SIGES</b>	Integrated Management System
<b>SOP</b>	standard operating procedure
<b>SPS Agreement</b>	Agreement on the Application of Sanitary and Phytosanitary Measures
<b>SQF</b>	Safe Quality Food
<b>SSPO</b>	Scottish Salmon Producers' Organisation
<b>TBT</b>	technical barrier to trade
<b>TBT Agreement</b>	Agreement on Technical Barriers to Trade
<b>UNCLOS</b>	United Nations Convention on the Law of the Sea
<b>URI</b>	University of Rhode Island
<b>WHO</b>	World Health Organization
<b>WTO</b>	World Trade Organization
<b>WWF</b>	World Wide Fund for Nature

## Executive summary

Private standards and related certification are becoming significant features of international fish trade and marketing. In the food safety area, private certification schemes emerged to verify compliance with government-mandated requirements for firms to introduce Hazard Analysis and Critical Control Point (HACCP) food safety management systems. These apply to food generally, including fish and seafood. The more recent proliferation of private standards schemes in fisheries and aquaculture has emerged in areas where there is a perception that public regulatory frameworks are failing to achieve desired outcomes, such as sustainability and responsible fisheries management, or to ensure food safety, quality and environmental sustainability in the growing aquaculture industry. A relatively new development is governments themselves utilizing private market certification schemes to gain traction in their own policy frameworks. The public-private interface is changing and private standards and certification schemes are an important part of that dynamic.

There is scant empirical evidence on the market significance of private standards. This report analyses the two main types of private standards affecting fish trade and their implications for a range of stakeholders, as well as their overall policy and governance implications. It concentrates on:

- “Ecolabels”, or private standards and certification schemes related to the sustainability of fish stocks (Chapter 4), designed to incentivize responsible fisheries practices and to influence the procurement policies of large retailers and brand owners, as well as the purchasing decisions of consumers.
- Private standards and certifications related to food safety and quality (Chapter 5). Quality and safety criteria apply to fish and seafood from both marine capture and farmed sources. Private certification schemes specific to aquaculture have also emerged over the last decade. Aquaculture now accounts for almost half (47 percent) of fish for food supply. Private standards respond to concerns about aquaculture by offering guarantees related to quality, safety, environmental impacts, social responsibility, traceability, and transparency of production processes.

### **WHAT IS DRIVING THE DEVELOPMENT OF PRIVATE STANDARDS IN FISHERIES AND AQUACULTURE?**

Large-scale retailers and food services now drive the demand for certification to private standards schemes, in both the food safety/quality and sustainability areas. Private standards are a key mechanism for large-scale retailers and commercial brand owners to translate requirements – both product and process specifications – to other parts of the supply chain. This is especially important as supply chains become more vertically integrated. From the perspective of firms, private standards and the certification sitting behind them can serve as mechanisms for safety and quality assurance, traceability, standardization of products from a range of international suppliers, and transparency of production processes. Attachment to an environmental standard or ecolabel provides insurance against boycotts and “bad press” from environmental groups and in the media, but it also helps retailers and brand owners tap into and grow consumer demand for ethical products. Corporate social responsibility policies now regularly include references to a range of private standards. The fisheries procurement policies of most large retailers typically include a significant sustainability component, often with targets for wild-caught fish to be certified to an ecolabel, and for farmed fish and

seafood to be certified to an aquaculture certification scheme. Suppliers working at the post-harvest level are increasingly required to be certified to a private food safety management certification scheme. The onus is therefore increasingly on suppliers to verify that their products meet certain standards. Certification provides this “burden of proof”.

## **ECOLABELS AND MARINE CAPTURE FISHERIES**

Despite national and international mechanisms to improve the sustainability of fish stocks, the state of some of the world’s fisheries remains fragile. Disappointment with progress on sustainability has led to the development of ecolabelling certification schemes to influence the purchasing decisions of consumers and the procurement policies of retailers and food services selling fish and seafood products, as well as to reward fisheries engaging in responsible fishing practices. A range of ecolabelling and certification schemes exists in the fisheries sector, each with its own criteria, assessment processes, levels of transparency and sponsors. What is covered by the schemes can vary considerably: bycatch issues, fishing methods and gear, sustainability of stocks, conservation of ecosystems and even social and economic development. The sponsors or developers of standards and certification schemes for fisheries sustainability also vary – private companies, industry groups, non-governmental organizations (NGOs), and even some combinations of stakeholders. A relatively new development is government-sponsored national ecolabels (e.g. in France and Iceland). The range of schemes is described in Chapter 4, as are the FAO Guidelines for the Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries. The Guidelines set substantive minimum criteria and have become the international reference for ecolabelling schemes.

While it is difficult to estimate the volume of ecolabelled certified products on the international market, the two largest international schemes (both NGO-sponsored), claim to cover 7 percent and 10 percent, respectively, of the world’s capture fisheries. However, together this amounts to less than one-fifth of wild capture landed product. Probably only a small percentage of certified raw material ends up as a labelled product. Moreover, despite the exponential growth in the number of ecolabelled products on the market overall, they are also concentrated in certain species (salmon, white groundfish) and certain markets. The main demand for ecolabelled products appears to be in pockets of the European market (Germany, the Netherlands, the United Kingdom of Great Britain and Northern Ireland), and the United States of America (especially in the food service industry).

The costs and benefits of ecolabelling and certification accrue differently to different stakeholders. Retailers are the main drivers of the ecolabelling phenomenon and reap the most rewards in terms of value-addition to their brand and reputation, risk management, ease of procurement, and potential price premiums, at relatively low or no cost (relating to chain of custody certification or licence fees). In contrast, fishers assume the main cost burden. The actual costs of certification, including experts’ fees, can range from a few thousand United States dollars to up to US\$250 000 depending on the size and complexity of the fishery, and on the scheme chosen. In terms of benefits to fishers, there is some evidence of more secure supply relationships based on certification, consolidation of position existing markets, and of new niche markets for environmentally friendly products. However, there is only spotty evidence of price premiums accruing to certified fish and seafood.

At present, fisheries in developing countries represent a small minority of certified fisheries, most of which are large-scale. This is because developing countries have a limited presence in the markets, species, types of products, and supply chains where pressure to be certified is greatest. In addition, ecolabelling schemes do not translate well into the typical fisheries environment in developing countries (insufficient

fisheries management regimes, data deficiencies, small-scale multispecies fisheries), while the high costs of certification are often prohibitive for small-scale or resource-poor operators.

In the future, the procurement policies of large international food firms with targets for ecolabelled fish are likely to drive demand and spread it to new markets. More fisheries will need to be certified to meet that demand. Yet despite exponential growth in certification, some retailers have already had to downgrade their procurement targets owing to a lack of supply. Future supply gaps could also be caused by quota reductions in certified fisheries and debates over re-certification in significant fisheries. There are currently no indications that any new international private schemes are imminent. The emergence of national schemes (e.g. in France and Iceland) might affect that equation. National ecolabels, alongside regional and local quality marks based on sustainability claims, will add further complexity to international markets for ecolabelled products. The underlying rationale for any label or claim based on provenance is to promote the quality of those products over similar products from other geographical areas, a different motive than trying to improve the sustainability of the world's fisheries. In any case, whether public or private, the quality of ecolabelling schemes is crucial – they must be transparent, robust and consistent with the FAO Guidelines. A mechanism for judging the credibility of schemes is required.

There appears to be a fledgling sense of the limits of private certification. Industry representatives from some areas are starting to question the value of certification to an independent scheme, arguing that their reputations for good fisheries management are well established and that there should be another way to “prove” good management without resorting to costly certification to a private scheme. They are calling for alternative mechanisms to verify good fisheries management, perhaps based on the implementation of the FAO Code of Conduct for Responsible Fisheries. If these calls gain greater traction, they could affect the future viability of private ecolabelling schemes, and put pressure on governments to enhance global governance and regulatory frameworks for sustainable fisheries.

## **PRIVATE STANDARDS AND CERTIFICATION FOR FOOD SAFETY AND QUALITY IN FISHERIES AND AQUACULTURE**

National and international regulatory frameworks to ensure food safety systems that function across national borders are well entrenched. The joint FAO/World Health Organization (WHO) Codex Alimentarius Commission (Codex, or the CAC) is the global reference for national food safety and quality strategies. However, fish exporters still face safety and quality-control regimes that vary from one jurisdiction to the next, as well as a growing proliferation of standards being introduced by the private sector. In addition to their firm-specific product and process specifications, many large retailers, commercial brand owners and food service industry firms require their suppliers of processed fish and seafood to be certified to a national or international food safety management scheme (FSMS), and for aquaculture products to be certified to one or other scheme that merges quality and safety with environmental protection, animal health and even social development. These, along with some public certification schemes, are described in Chapter 5.

The pressure on producers (fish farmers) and processors (of both wild capture and farmed fish) to comply with private standards depends on the market, how that market is structured, and on the type of product being sold. As in the ecolabels arena, large-scale retailers and food firms are not equally demanding of all their suppliers or product lines. Requirements are more stringent for private-label and highly processed fish and seafood products than for basic commodity fish and seafood. For fish and seafood processors producing brand products or private-label products, certification would be essential. The pressure to comply with private standards is more intense for suppliers



to markets in northern Europe, where a higher proportion of fish and seafood is sold in supermarkets, where there is a greater predominance of processed and value-added products, and where there are more private-label products. In terms of requirements for certified aquaculture, the market in the United States is also important. The more direct the supply relationship and the more integrated the supply chain, the more private standards are likely to enter the equation.

The cost of certification to an FSMS could range from several thousand to hundreds of thousands of United States dollars, depending on the size of the company, the type of operation, and the gap between current systems and those required by the private standard schemes. Some costs are direct (licensing fees, audit fees to certification companies) while others are indirect, e.g. management time spent in planning and implementing any improvements required, developing new systems, and the costs of actual plant or gear upgrades. Fish farmers and processors bear a disproportionate share of the costs of certification compared with those at the retail end of the supply chain where demands for certification generate. The costs of compliance are disproportionately higher for small operators where there are few economies of scale. Retailers, alongside commercial brand owners, stand to reap the main benefits of private standards, in terms of traceability, risk management, product consistency and protection against litigation related to food safety failure.

The costs of certification can be prohibitive for developing country operators. However, with the exception of farmed shrimp or processed seafood (e.g. canned tuna, frozen hake fillets), developing countries have so far had relatively little exposure to the pressure to comply with private safety and/or quality standards. They supply proportionately smaller volumes into markets where private standards are most prevalent. They typically supply non-processed or minimally processed fish, while private standards apply mainly to processed value-added products for brands or private labels. In addition, most of the fish from developing countries is traded via commodity trade arrangements rather than direct supply contracts, so they have a limited direct interface with retailers and private standards schemes.

While there have been some attempts at harmonization in FSMSs (described in Chapter 5), there is little evidence to suggest that retailers are prepared to give up their own mix of specifications and requirements for certification. Instead, it appears that global schemes sit over national collaborative schemes, which individual retailers sign up to and then add on their own individual product and process specifications (related to safety and quality as well as other aspects of their corporate social responsibility [CSR] policies). This is perhaps the clearest evidence that private standards are not only designed to provide guarantees against food safety failures, they are also tools for differentiating retailers and their products.

Private standards relating to food safety reflects the need of buyers to be assured that good practices have been implemented properly throughout the supply chain, rather than a lack of confidence in public food safety management systems, including the lack of direct access to audit reports on individual operators. This is particularly irksome for governments in exporting countries that have been certified by food inspection authorities in importing countries – as is the case in the European Union (EU) certified “competent authorities” – as having an effective food safety and quality management regime and the competence to verify compliance with food safety standards. For developing countries, it is increasingly clear that the main barrier to increased exports is no longer import tariffs but quality- and safety-related import requirements in import markets. The range of private standards adds to that challenge.

## **POLICY AND GOVERNANCE IMPLICATIONS OF PRIVATE STANDARDS**

The impact of private standards – ecolabels, safety and/or quality or aquaculture certifications animals – is not uniform across markets, species, or types of products.

However, overall, the impact of private standards in the trade and marketing of fish and seafood is likely to increase as supermarket chains consolidate their role as the primary distributors of fish and seafood products, and as their procurement policies move away from open markets towards contractual supply relationships. As the leading retail transnationals extend their global reach, their buying strategies are likely to progressively influence retail markets in East Asia, Africa, Eastern Europe and Latin America. Key issues related to the overall impact of private standards in fisheries and aquaculture and how they affect various stakeholders require resolution.

### **Assessing the quality and credence of private standards and related certification**

The proliferation of private standards causes confusion for many stakeholders: fishers and fish farmers trying to decide which certification scheme will bring the most market returns; buyers trying to decide which standards have most credence in the market and will offer returns to reputation and risk management; and governments trying to decide where private standards fit into their food safety management and resource management strategies. Transparency and good governance in private voluntary schemes is imperative. A mechanism for judging the quality of schemes is required.

The FAO Guidelines on Ecolabelling of Fish and Fishery Products from Marine Capture Fisheries provides minimum substantive criteria and an agreed international reference for capture fisheries, as will the recently agreed FAO aquaculture guidelines for aquaculture. However, debate continues as to assessment methodologies, who should carry out any benchmarking exercise, and for what purpose (as an assessment tool, a formal benchmark, or to achieve mutual recognition). Benchmarking might only provide a snapshot in time, and there is a lack of consensus on key definitions such as “sustainability” (or even more complex concepts like “social sustainability”).

### **Reducing and/or redistributing compliance costs**

Harmonization would help to reduce compliance costs, especially those associated with multiple documentation and audits (public and private). Issues related to the quality, consistency and capacity of certifiers also need to be addressed. These issues are discussed in Chapter 6.

Arguably more problematic than the actual costs of certification is the distribution of those costs. At present, the compliance costs associated with certification to a private standards scheme are borne disproportionately by those upstream in the supply chain rather than those downstream where the demands for certification generate. Yet the most robust evidence of price premiums suggests that they accrue to the retailers who demand certification. Should these retailers help foot the bill for certification? Is some redistribution of costs possible, and using what levers? Some governments already allocate public funds to help their industry offset the costs of private certification. Further international dialogue and sharing of experiences are needed.

### **Integrated traceability**

It is the traceability aspects of private standards schemes that retailers and brand owners find most compelling – they provide valuable guarantees and a risk-management function when there is a lack of information on public systems and when governance in some exporting countries is perceived to be weak. Audit reports from private certifiers provide detailed evaluations on individual operators, whereas inspection reports by food control authorities are accessible to other public institutions rather than to individual buyers. Traceability is especially important in the context of increasingly complex supply and distribution systems and where products pass through multiple hands and even multiple countries before reaching the final consumer. Robust traceability and chain-of-custody mechanisms also prevent fraud, or non-certified

products (of inferior quality or different origins) being passed off as certified product.

There is a multiplicity of drivers for traceability in the food sector generally. Multiple mandatory traceability systems already operate in the fisheries and aquaculture sector (Codex document CAC/GL 60-2006, catch certification, country of origin, and mechanisms for combating illegal, unregulated and uncontrolled [IUU] fishing). These drivers are discussed in Chapter 6, as is the feasibility of designing one system that would meet multiple requirements: food safety, catch certification, IUU and the chain-of-custody aspects of private voluntary certification schemes, as well as public regulatory requirements.

### **Challenges and opportunities for developing countries**

Fish and seafood are important income earners for many developing countries. Developing countries are crucial for current and future global supplies of fish and seafood products. They account for around half by value, and about 60 percent by volume, of all seafood traded internationally. However, certification to private standards schemes is problematic for many developing countries. Developing country operators remain underrepresented particularly among the ranks of certified fisheries (ecolabels) and certified fish processors (FSMSs). They are better represented in aquaculture, where there have been proactive strategies to organize small-scale farmers into associations, self-help groups or “clusters”. In general, certified operators from developing countries tend to be those that are large-scale and involved in more integrated supply chains with direct links to developed country markets (through equity or direct supply relationships).

While some developing countries have argued that private standards pose a barrier to trade, there is no solid evidence of markets “drying up” as a result of demands for certification. Demands for certified products tend to be concentrated in markets and species that are not the main species traded by developing countries. Moreover, evidence suggests that meeting and maintaining equivalence to mandatory public standards of developed country markets currently poses more of a barrier to trade than do requirements to meet private standards. For developing countries to take advantage of the opportunities presented by private standards, they must first be able to meet the requirements of mandatory regulatory requirements in importing countries. This would create the foundations for future responses to private standards, if and when demand spreads to typical developing country species. Any technical cooperation in developing countries would be best focused on ensuring that the public systems are appropriate.

While certification is problematic for many developing country fishers, farmers and processors, it might also provide a tool for engagement with large-scale buyers. The challenges and costs of certification need to be weighed against the potential opportunities to access high-value and/or niche markets in key importing countries, and to participate in direct supply relationships, with less price volatility than selling through traditional auction markets. There is also potential for more value-addition in developing countries that have a competitive advantage in lower labour costs.

### **Impacts on international trade and World Trade Organization mechanisms**

The impact of private standards on international trade has been raised for discussion in relation to two World Trade Organization (WTO) agreements: the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement); and the Agreement on Technical Barriers to Trade (TBT Agreement).

Some countries have argued that private standards go beyond relevant international public standards, have no particular scientific rationale, and are therefore inconsistent with the obligations of the SPS Agreement. Some countries fear that private standards could allow developed countries to impose their domestic policy frameworks either

related to fishing methods and/or other standards (labour, human rights), offering grounds to discriminate against developing country products. Similarly, public sector financial support for private certification could be considered a “subsidy” to local industry. Further analysis is required to determine the consistency or otherwise of private standards with international standards and obligations of the SPS and TBT Agreements.

While governments have the right to challenge the actions of other governments within the context of the WTO, the grounds for challenging non-governmental actors is less clear. Requirements for only ecolabelled fish and seafood could mean that products could be excluded from certain markets because of perceptions of buyers and/or retailers about whether governments (from exporting countries) have lived up to their obligations for good fisheries management. What recourse governments have to challenge these assessments and their implications is still largely unknown. Further enquiry and evidence of the actual effects of private standards on trade opportunities, especially for developing countries, are needed. While volumes of certified products remain modest, the impact on trade is likely to be slight. However as the boundaries between public and private standards and requirements start to blur, there are implications for trade that need to be closely monitored.

### **Do private standards complement, duplicate or undermine public regulation and policy frameworks?**

Private standards pose a key question for governments: Do they duplicate, complement, or undermine public regulatory frameworks for food safety assurance and sustainable fisheries and aquaculture.

After over a decade of experience, there is some evidence of improvements resulting from ecolabelling and certification, but these are mainly indirect, such as reductions in bycatch, fewer impacts on ecosystems, improved surveillance and changes in data management. Certification methodologies are also being used as self-assessment tools for fisheries, as a means to define gaps in performance and to set a roadmap for improvement. However, in terms of overall fisheries management and stock status, it is difficult to document evidence of improvements resulting from certification. Most of the fisheries certified to date were already well managed prior to certification.

Governments need to determine how private market mechanisms fit into the overall governance framework for sustainable fisheries. Some governments have allocated funds to industry to offset the costs of certification as a mechanism for gaining traction in their own policy objectives. Others countries have co-opted the concept but under public management and ownership (national ecolabels), while still others see ecolabels more as a marketing tool. In any case, voluntary certification schemes are no substitute for good public management. Governments must continue to actively embed the FAO Code of Conduct for Responsible Fisheries into their national management strategies to ensure that fish stocks are available for future generations. The role of aquaculture needs to be part of this equation. Ecolabels may have highlighted the lack of any international framework by which governments can assess and monitor their own progress in fisheries governance, a situation that needs to be addressed.

Private safety and/or quality standards are typically based on mandatory regulation and, therefore, are not likely to conflict with public food safety regulation. Duplication is more likely to be an issue, if not in relation to the content of requirements, then in methods of compliance and verification (including multilevel documentation). There is little evidence to suggest that compliance with private standards facilitates the implementation of public standards. Rather, compliance with public standards provides a baseline for, and is therefore essential for, meeting the additional requirements included in private standard schemes. Like fisheries certified to an ecolabelling scheme, operators that achieve certification to a private FSMS are mainly those that already

run effective food safety management systems. Under this scenario, it is unlikely that certification incentivizes better food safety management. In short, efforts to improve food safety governance either at the national level or internationally are more likely to be effective if they concentrate on ensuring that the public systems are appropriate.

Private standards overall are unlikely to conflict with public regulatory systems. They are typically either based on public requirements or include compliance with public requirements as part of the criteria for certification. They may duplicate public systems (food safety) or expose gaps in governance (lack of an international framework to assess fisheries sustainability), but they are unlikely to undermine them. Whether or not private standards incentivize better management remains unclear. Moreover, the issue of whether profit-maximizing private sector firms or NGOs are the best agents for incentivizing better food safety management and sustainability in fisheries and aquaculture also requires further debate. Are private standards an efficient mechanism for achieving public policy goals of food safety assurance and the sustainable use of natural resources? If they are compensating for perceived shortfalls in public governance, then they might be simply treating the symptoms when a more effective solution would be to invest in strategies to improve those public systems. Governments need to determine, both individually and collectively, how private market mechanisms fit into public policy frameworks for fisheries and aquaculture, and how they will engage with them.